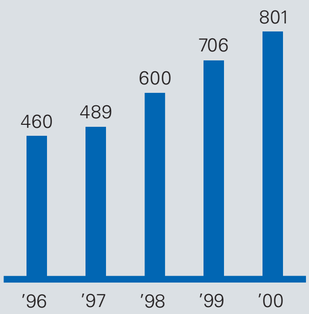
Results 2000 Annual Report

Deutsche Bank

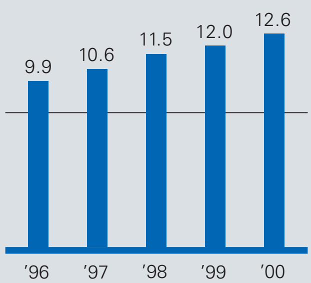
Deutsche Bank The Group at a glance according to International Accounting Standards (IAS).

Dividend appropriation of Deutsche Bank AG
in € m.



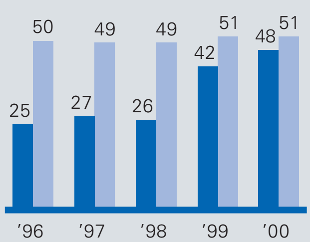
Capital ratio
in %, at year’s end

■ BIS capital ratio
– Minimum ratio 8 %



Staff
in thousands, at year’s end

■ in Germany
■ abroad



	2000	**1999**
Dividend per share	€ 1.30	€ 1.15
Dividend appropriation Deutsche Bank AG	€ 801 m.	€ 706 m.
Earnings per share (excluding goodwill amortization)	€ 9.02	€ 4.86
Earnings per share (including goodwill amortization)	€ 7.93	€ 4.06
Diluted earnings per share (excluding goodwill amortization)	€ 8.86	€ 4.67
Diluted earnings per share (including goodwill amortization)	€ 7.78	€ 3.91
Return on equity (RoE) before tax (excluding goodwill amortization)	32.4 %	22.0 %
Return on equity (RoE) before tax (including goodwill amortization)	29.4 %	19.6 %
Cost/income ratio (excluding goodwill amortization)	73.3 %	74.4 %
Cost/income ratio (including goodwill amortization)	75.6 %	76.4 %
	€ m.	**€ m.**
Net interest income	6,811	6,619
Provision for losses on loans and advances	438	616
Net commission income	11,468	8,084
Trading profit	6,891	4,521
Net income from investments	3,107	2,007
Operating expenses	21,037	15,746
Profit before expenses for restructuring and taxes	6,759	4,731
Restructuring expenses	30	884
Income taxes	1,780	1,394
Net income	4,949	2,453
	31.12.2000	**31.12.1999**
	€ m.	**€ m.**
Total assets	940,033	839,865
Total credit extended	306,981	284,149
Reported capital and reserves	27,509	23,147
BIS capital ratio	12.6 %	12.0 %
BIS core capital ratio	7.4 %	5.9 %
BIS capital	€ 37.0 bn.	€ 35.2 bn.
	Number	**Number**
Branches	2,287	2,374
Staff	98,311	93,232
Long-term rating		
Moody’s Investors Service, New York	Aa3	Aa3
Standard & Poor’s, New York	AA	AA
Fitch IBCA, London	AA	AA

This Annual Report for 2000 is based on the structure of the Group in 2000.

Our Identity

Deutsche Bank is dedicated to being the best financial services provider in the world. We endeavour to use our breadth of experience, capabilities and financial strength to create value for our shareholders, customers, employees and society as a whole.
In achieving this mission we operate by these core values:

Customer focus.
We place customers at the center of our activities and they drive all that we do.

Teamwork.
We benefit from the diversity of our people and our business by working together to achieve success.

Innovation.
We are constantly challenging conventional wisdom and developing new solutions to meet customer requirements.

Performance.
We are committed to a result-oriented culture.

Trust.
We behave reliably, fairly and honestly.

Deutsche Bank

Leading to results.

Ladies and Gentlemen,

The year 2000 was eventful for Deutsche Bank and important for the strategic alignment of the Group. We created substantial added value for shareholders, customers, staff and society.

The financial year 2000 closed with the best results ever reported by Deutsche Bank. The Group generated net income of € 4.9 billion, which was twice the figure for 1999. This was due not only to increased revenues, especially in investment banking, but also to the structured placement of a 2.8 per cent holding of Allianz shares, taking advantage of the German tax reform. The dividend appropriation proposed for distribution is 13 per cent higher at € 801 million. This corresponds to a dividend per share increased to € 1.30 (including tax credit: € 1.86).

In the course of the year, business developed very unevenly. An excellent first quarter was followed by increasingly difficult market conditions. With relatively stable revenues in all quarters and in all Group Divisions, however, we proved that we can be successful even under tough conditions.

Our success is based on the exceptionally good work of our staff, for which we thank them very much. The quality and motivation of employees are deciding factors in facing ever keener competition. We are proud of this, our most important asset, and will continue our efforts to remain an employer of choice worldwide.

During the financial year, we further increased our operating efficiency, selectively implemented our global growth strategy and expanded our leading position in Europe. In investment banking, due not least to the smooth integration of Bankers Trust, we belong to the small group of bulge-bracket institutions. In our home market of Europe, we shall further strengthen our position as industry leader. We are combining the Deutsche Bank 24 platform, which is already successful in Germany, with our other European activities, and adding to them a powerful European online broker under the "maxblue" brand name. This strategic step underlines our position as a leading European institution in personal banking, offering customers a choice of access channels. With the acquisition of National Discount Brokers Group, Inc., the online broker and NASDAQ market maker, we also expanded our position in the U.S.A.

We are convinced that the importance of e-commerce and the Internet will continue to grow. Innovation will remain the driving force behind competition in the financial sector. E-business is an integral component of our strategy, and here we are positioned for success in each of our business fields. Our investments in electronic services during the last few years have proved to be right and forward-looking. With our online offering, for example, we are among the leading international institutions and, together with others, have helped to set global industry standards at an early stage.

Besides focusing on core areas to stimulate our profitable growth, our explicit objective is to play an active part in consolidation in the European financial services sector. That is why we held discussions with Dresdner Bank at the beginning of last year. Rather than causing us harm, breaking off those talks spurred us on to refocus on our own strengths and organic growth potential. Today, one year later, we are standing on sound economic and strategic foundations and facing the future with confidence. We remain convinced that long-term success in standardized and non-advisory-intensive private client business depends on exploiting economies of scale, such as shared access to diverse distribution channels. That is why our target for the future, too, throughout Europe is to capture growing market share through internal growth and strategic partnerships.

The realignment of Deutsche Bank into two customer-oriented business groups is an important step towards additional growth by enhancing our business model. On the one hand, in the "Corporate and Investment Bank", we serve corporate and institutional clients with attractive financial products and services from one source. On the other hand, we have combined our services to private clients with our private and institutional asset management business in "Private Clients & Asset Management". In doing so, we have created the basis for taking a leading position in the growth trends of the future: in the fields of personal and institutional retirement provision, in broad wealth accumulation and in clients' growing demand for advisory services in the face of the increasingly complex field of wealth optimization. After becoming a world leader last year in investment banking, we see additional growth potential in the field of Private Clients & Asset Management, which will lead to improved balance in the profile of our Group's revenues.

This is reflected in our new Group targets, which we announced in February 2001. The Group aims to raise its earnings per share (excluding profits from the sale of industrial holdings) by at least 15 per cent p.a. to 2003 and to achieve an average return on equity (RoE) after taxes also of more than 15 per cent p.a.

Deutsche Bank operates in the interests of its quartet of stakeholders: shareholders, customers, staff and society, for whom we want to create substantial added value. There has been no change to this guiding principle behind all our actions. We look forward to the challenges ahead.

Rolf-E. Breuer
Spokesman of the Board of Managing Directors

Frankfurt am Main, March 2001

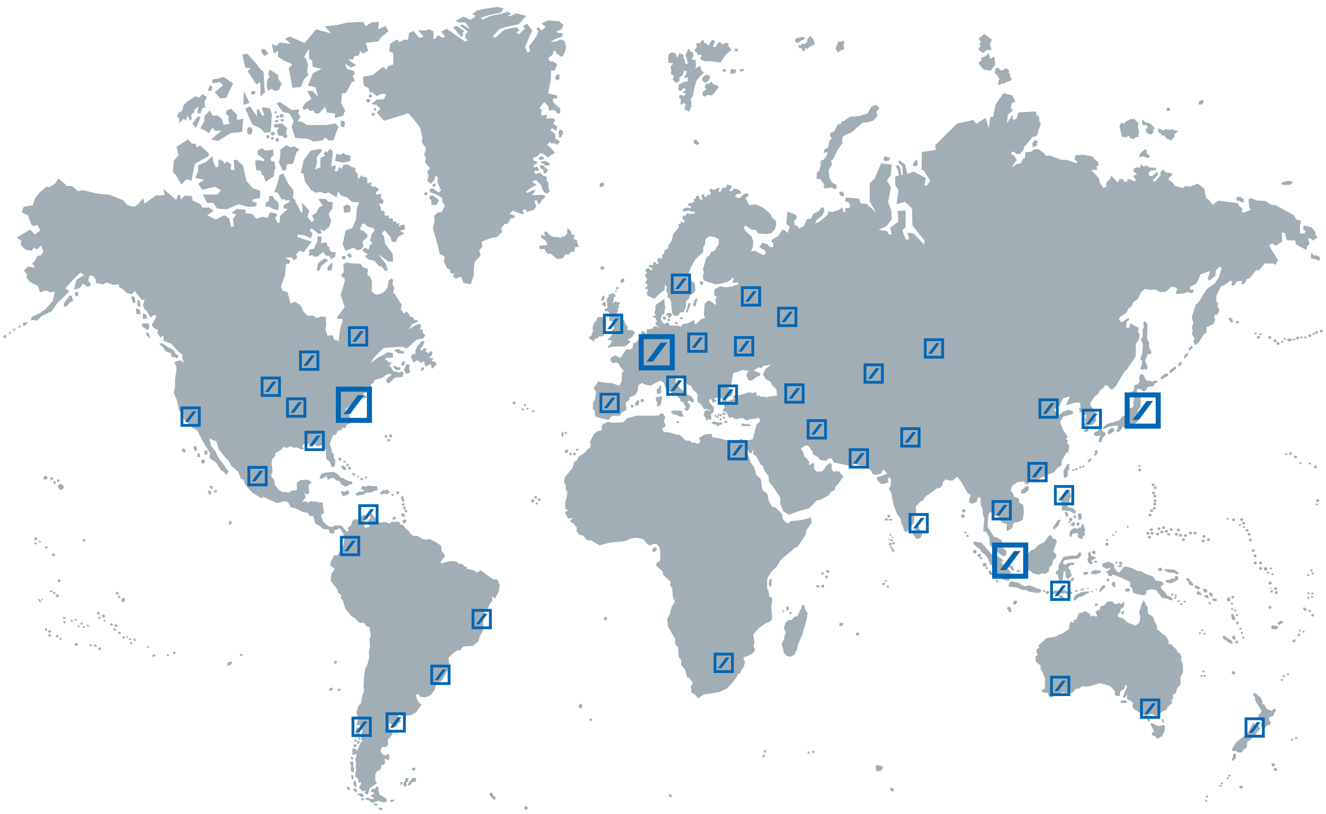
Corporate Profile Into the new millennium with improved organizational structure and ambitious targets.

Since February 1, 2001, Deutsche Bank has had a new organizational structure. Our aspiration to be one of the world's leading financial service providers made the adjustment necessary. The growth-oriented realignment concentrates the previous five Group Divisions into two business groups under the roof of the Group Board. Deutsche Bank Group, which continues to be managed in the form of a virtual holding company, now comprises the "Corporate and Investment Bank" (CIB) and "Private Clients and Asset Management" (PCAM).

The aims of the new structure are:

– to focus our comprehensive range of deposits, credit, capital market, investment and advisory products even more strongly on customers;
– to achieve optimum alignment of the interests of issuers and investors

Close to our customers*



* Directory of Deutsche Bank Offices on the Internet: www.deutsche-bank.com/offices

through close connectivity between corporate and investment banking, on the one hand, and portfolio investment and distribution, on the other, and
– to create substantial revenue and cost synergies.

The two client-oriented business groups will help our planned growth in two ways. Firstly, we are expanding our product offering tailored to the customer. An important step here is the clear segregation of client coverage and product responsibility. Secondly, internal efficiency will be improved and greater use made of sales opportunities. As a result, we intend to achieve additional revenue and cost advantages of € 1.5 billion p. a. by 2003.

Corporate and Investment Bank

CIB unites our Sales & Trading, Corporate Finance and Transaction Banking activities in the newly formed segments Corporate Banking and Securities and Transaction Banking. Institutions, small and medium-sized companies and multinational corporations are all covered from one source. Through the combination of previously segregated units, today's and tomorrow's client base can be supplied more effectively with tailored financial services.

The new structure

Group Board

Corporate Center

Corporate and Investment Bank	**Private Clients and Asset Management**
Sales & Trading	Personal Banking
Corporate Finance	Private Banking
Transaction Banking	Asset Management
Global Technology	Global Technology

DB Services

Corporate Investments

With CIB we are creating the basis for above-average participation in the forecast global growth in market segments such as M&A advisory and securities issuing.

Private Clients and Asset Management

In PCAM we bring together worldwide our traditional banking, securities brokerage and advisory business for private clients as well as our private and institutional asset management activities. We are thereby increasing the distribution strength of our private customer business and asset management. PCAM comprises Personal Banking, Private Banking and Asset Management.

With the realignment, we have also decentralized for the first time the functional responsibility for information technology. The business groups are now directly responsible for IT development and application. This will enable product and client-related IT developments to be implemented faster and more efficiently.

Corporate Investments

The new Corporate Investments unit brings together the industrial holdings actively managed by DB Investor and the bank's private equity and venture capital investments. The aim is to maximize the risk-adjusted return on these investment forms through coordinated management.

DB Services

The new DB Services unit combines the services offered inside the Group and to external customers. To achieve economies of scale, we have brought together in DB Services various operational support functions, e.g. building management and Group purchasing. Services also offered outside Deutsche Bank are to be expanded. Here, partnerships with third parties are possible.

Corporate Center

Staff functions for the Group as a whole are performed by the substantially down-scaled Corporate Center. It focuses on Group-wide planning, steering and control functions as well as on regulatory and risk-related tasks.

New targets for 2003 – Group

We are convinced that with the enhancement of our organizational structure we have created the basis for tapping additional revenue sources, restricting costs and achieving our targeted expansion in the next few years. In detail, we have set the following revenue targets:

– Our commitment to increase the value of the company aligns with the planned annual growth in earnings per share of at least 15 per cent at Group level. This does not include any profit from the sale of industrial holdings, as the time and scale of price reserves depend on the unpredictable market situation.
– The second target for the Group – the average annual return on equity after taxes – also reflects at more than 15 per cent our commitment to the profitable employment of our scarce equity capital.

Group

	Targets
Growth in earnings per share p.a.*	> 15 %
Average RoE**	> 15 %

* 2000–2003
** 2001–2003 /after taxes/excluding goodwill amortization

Corporate and Investment Bank

The strategy of CIB is to realize additional product and distribution synergies and, beyond the traditional banking products, to offer sales & trading as well as corporate finance and transaction banking services to small and medium-sized enterprises as well. In this way, we intend to strongly increase our share in this rapidly growing European market segment.

Capital-intensive business with limited revenue power will be further downscaled and a uniform credit portfolio and risk management function created. Both steps will make the use of our capital more profitable.

Finally, CIB will exploit cost-cutting opportunities. Duplication in client coverage will be reduced and rationalization potential in the common IT infrastructure will be exploited. The conversion to electronic distribution channels will be accelerated.

Corporate and Investment Bank

	Targets
Revenue growth p.a.*	> 5 %
Growth in profit before taxes p.a.*	> 10 %
Average RoE**	30 %

* 2000–2003
** 2001–2003/before taxes/excluding goodwill amortization

Private Clients and Asset Management

The strategy of PCAM is to develop further profitable growth areas. For this purpose, we intend to win more high-net-worth and wealth-accumulating clients in Europe, North America and Asia/Pacific. E-commerce is for us the key to implementing our multi-channel distribution model in all PCAM Business Divisions.

A further important target is to raise the quality of our revenues. We intend to do this by consistently expanding business areas with low capital backing requirements and stable revenue flows.

Through our global distribution platform, our customers have global access to all banking services. With PCAM we are laying the foundations for participating particularly strongly in the forecast global growth in asset management.

Private Clients and Asset Management

	Targets
Revenue growth p.a.*	> 10 %
Growth in profit before taxes p.a.*	> 30 %
Average RoE**	70 %

* 2000–2003
** 2001–2003/before taxes/excluding goodwill amortization

Board of Managing Directors

Rolf-E. Breuer
born 1937,
Board member since 1985,
Spokesman of the Board of Managing Directors,
Chairman Private Clients and Asset Management,
Chairman Corporate Investments, responsible for Brand Equity Management, Corporate Development, Internal Communications/Public Relations, Investor Relations, Legal and Compliance, Press, Senior Management Development

Josef Ackermann
born 1948,
Board member since 1996,
Chairman Corporate and Investment Bank,
responsible for Sales & Trading
and (jointly with Carl L. von Boehm-Bezing)
for Corporate Finance

Thomas R. Fischer
born 1947,
Board member since 1999,
Chief Risk Officer,
Chief Operating Officer
and responsible for Treasury

Tessen von Heydebreck
born 1945,
Board member since 1994,
in Private Clients and Asset Management responsible for Private Banking, as Chief Human Resources Officer responsible for Human Resources

Carl L. von Boehm-Bezing
born 1940,
Board member since 1990,
in Corporate and Investment Bank
responsible for Transaction Banking
and (jointly with Josef Ackermann)
for Corporate Finance

Clemens Börsig
born 1948,
Board member since 2001,
as Chief Financial Officer
responsible for Controlling,
Taxes and Audit

Michael Philipp
born 1953,
Board member since 2000,
in Private Clients and Asset
Management responsible for
Asset Management

Hermann-Josef Lamberti
born 1956,
Board member since 1999,
in Private Clients and Asset Management
responsible for Personal Banking,
as Chief Information Officer responsible
for Information Technology

Acting for all our stakeholders Deutsche Bank accepts its responsibility for its shareholders, customers, staff and society.

Companies do not operate in an economic context alone. They also act as institutions within society. In their decisions, they must therefore make allowance for the interests of different groups.

Deutsche Bank regards its shareholders, customers, staff and society as its four key stakeholders with equal status and with whom it engages in dialogue and partnership. Maintaining a balance among this quartet of interests is, for us, a demanding and compelling challenge. Part of our corporate identity is to create lasting added value for all four interest groups.

Shareholders

A bank's growth depends on its shareholders' willingness to provide sufficient capital. Shareholders, however, will only do that if they receive a return that corresponds at least to the usual capital market yield and justifies the specific risks associated with the investment. Capital markets offer a variety of investment opportunities. Deutsche Bank must continually face this competition and adjust its strategic alignment with markets and products. Only then will Deutsche Bank shares remain an attractive investment for private and institutional investors.

Customers

Any company's earnings are determined largely by its customers' satisfaction. This in turn depends on its ability to satisfy customer' needs and offer attractive products and excellent service at a reasonable price. The customer is the measure of our action. Only customers who profit from their business relationship with Deutsche Bank will be satisfied and remain loyal customers.

Staff

Financial services providers' business profits are generated by motivated, creative and well-trained employees. Given the increasing complexity of banking services and the importance of direct contact with the customer, employees play a key role.

Finding and retaining good people is a special challenge. Here, we face tough competition from companies from all sectors and of all sizes. Deutsche Bank offers a wide range of career opportunities, competitive salaries, attractive training opportunities and modern benefits. To remain an attractive employer, we continually revise our staff-oriented management instruments.

Society

Corporate success also depends on a company's relationship with its political and social environment. Deutsche Bank fulfils its responsibility to the community through its broad commitment to culture, the sciences and social causes. This includes sponsoring the arts and maintaining cultural traditions. As part of a civil society, Deutsche Bank feels called upon to contribute to society like every other citizen. Through selected social activities we above all want to improve the future prospects of young people in a lasting way. This year's topic for the Alfred Herrhausen Society for International Dialogue is "Orientation for the Future. Education in Competition". Education and training are essential to cultivating active personalities in the current generation who are prepared to assume responsibility nationally and internationally. In contrast, the Foundation "Helping People to Help Themselves" initiates action to improve social structures, as far as possible in collaboration with other partners.

Openness and diversity

Our Annual Report for 2000 continues our chosen reporting approach of addressing all stakeholder groups. Structural data, key figures and explanatory texts provide information that goes beyond the traditional contents of an annual report. Deutsche Bank offers transparency and seeks open dialogue with all interested persons. As a global enterprise, we want to play a pioneering role in a world that is getting smaller every day. We embrace this responsibility, which also includes a clear commitment to democracy, tolerance and equal opportunity across all borders.

Quartet	
Shareholders	Customers
Staff	Society

Shareholders A high return for our shareholders presupposes worthwhile relationships with our customers.

			2000	1999	1998[1]
Structural Data	**Shareholders by group**	Institutional (including banks)	81 %	77 %	64 %
	in % of share capital	Private	19 %	23 %	36 %
	Regional breakdown	Germany	48 %	51 %	–
	in % of share capital	European Union (excluding Germany)	33 %	30 %	–
		Switzerland	9 %	7 %	–
		U.S.A.	9 %	9 %	–
		Other	1 %	3 %	–
Key Figures	Change in total return of Deutsche Bank share		+7.3 %	+75.6 %	−21.9 %
	Share of Deutsche Bank equity in stock market turnover in Germany		6.0 %	5.6 %	6.6 %
	Shareholder Satisfaction Index[2]		62	60	–
Special Projects	Internet offering	Relaunch of the Investor Relations Internet pages with new functionalities added			
	Improved service quality	Increased Investor Relations activities in Euroland, optional consignment of Interim Reports via e-mail			

[1] At the end of August 1999, Deutsche Bank converted its bearer shares to registered shares. Since then, shareholders have been registered on an electronic share register on which the figures for 1999 and 2000 are based. Due to the changed data collection method, the respective figures for 1998 are not fully comparable.

[2] The Index is based on expected share performance and the assessment of general information about the company. It was calculated for the first time in 1999 in a questionnaire-based poll and in 2000 at the Deutsche Bank General Meeting.

Customers Profitability depends on satisfied customers who have firm ties with the bank.

			2000	1999	1998
Structural Data	**Number of customers**				
	Retail and Private Banking	Personal Banking Europe	11,200,000[1]	8,872,000	8,419,000
		Private Banking	493,000	449,000	400,000
	Corporates and Real Estate		127,000	117,000	112,000
	Global Corporates and Institutions		2,200	1,700	1,200
	Asset Management	Institutional	6,300	5,700	4,500
		Retail	4,700,000	4,100,000	3,600,000
	Global Technology and Services	Global Institutional Services	11,500[1]	6,000	–
Key Figures	Personal Banking (Germany)	Client Satisfaction Index	67[2]	–	70
		Client Loyalty Index	69[2]	–	72
	Corporates and Real Estate (Germany)[3]	Client Satisfaction Index	–	71	–
		Client Loyalty Index	–	82	–
	Global Corporates and Institutions	Position in Euromoney Poll of Polls	1	1	3
	Asset Management	Position in DM/Standard & Poor's[4]	1	1	1
	Global Technology and Services	Euro Cash Clearer Position in MACRO International Institute	1	1	–
Special Projects	Innovation and competence teams	Further expansion, e.g. in the areas film and television, renewable energy and medical technology (corporate clients) and for the client groups traditional family wealth management, New Economy, top managers and portfolio management for companies (Private Banking Division)			
	db-marketplaces	B2B (business-to-business) platform that, among other things, ensures the processing and settlement of transactions and allows a secure identification of market place participants			
	Client portals	Allow access to comprehensive account, portfolio and product information and offer personalized Internet pages, links to market data and research and direct trading of securities and foreign exchange (with differentiated service offerings for all client groups)			

[1] Changed calculation basis.
[2] Figures are not comparable with those for 1998, as they are based on different reference figures.
[3] The Client Satisfaction Index and Client Loyalty Index are measured on a scale of 0 to 100 points. Client polls take place as a rule every two years.
[4] In the category "Big Groups", performance over 5 years (before 1999: DM/Micropal).

Staff Strong ties with customers are created by qualified staff who identify with the bank.

			2000	1999	1998
Structural Data	**Staff**		98,311	93,232	75,306
	Education	University degree	37.2 %	36.8 %	32.6 %
		Highest school certificate	32.3 %	32.0 %	32.8 %
		Other school certificates	30.5 %	31.2 %	34.6 %
	Regional deployment	Germany	51.5 %	55.0 %	64.7 %
		Europe (excl. Germany)	24.2 %	20.9 %	20.6 %
		North America	16.2 %	15.7 %	6.6 %
		South America	0.6 %	0.9 %	0.6 %
		Asia/Pacific	7.2 %	7.3 %	7.3 %
		Africa	0.3 %	0.2 %	0.2 %
	Age structure	up to 24 years	11.2 %	12.0 %	12.5 %
		25–34 years	38.3 %	38.0 %	37.2 %
		35–44 years	29.4 %	28.9 %	28.4 %
		45–54 years	16.7 %	16.6 %	17.3 %
		over 54 years	4.4 %	4.5 %	4.6 %
Key Figures	Employee Commitment Index[1]		72	66	–
	Absentee rate[2]		2.3 %	2.4 %	2.7 %
	Share of employees leaving the bank for a new job[3]		7.8 %	6.8 %	5.7 %
	Expenses for training and advanced training in € million[4]		237.2	222.4	201.7
	Share of employees buying staff shares		65 %	65 %	62 %
	Share of eligible managers participating in the Global Equity Plan[5]		77 %	79 %	83 %
Special Projects	Fit to be global – intercultural management skills programme	Improve the efficiency and effectiveness of cross-border management processes			
	Co-investment and carried-interest plans	Enhance management and employee commitment to add value for our clients			
	Zeitinvest – interest-bearing account to which overtime and cash compensation can be transferred	Improve the bank's attractiveness as an employer through an innovative instrument for life, education and career planning, e.g. through a limited leave of absence or a shorter working life			

[1] The Employee Commitment Index (scale of 100) was calculated for the second time.
[2] The absentee rate shows absences due to sickness in relation to standard working hours.
[3] The fluctuation rate is based on the annual average number of employees.
[4] Training and advanced training for 1999 does not include the development groups allocated to the Group Divisions.
[5] The reference figure APIPS (Adjusted Pretax Income Per Share) for the Global Equity Plan developed as follows: 1995–1997 (€ 4.18), 1998–2000 (€ 4.81).

Society The bank offers staff a sense of identity through its commitment to the community.

			2000	1999	1998
Structural Data	**Number of countries in which Deutsche Bank operates**		73	70	66
Key Figures	**Spending by foundations and other charitable institutions related to Deutsche Bank Group, as well as project-related spending (in € million)**				
	Social affairs[1]	Deutsche Bank Foundation Alfred Herrhausen "Helping People to Help Themselves"	5.0	5.3	5.3
		Deutsche Bank Americas Foundation	14.4	13.5	–
		Deutsche Bank Citizenship UK	4.2	3.6	1.0
		Alex. Brown & Sons Charitable Foundation	4.2	2.0	–
		other project-related spending[2]	0.5	0.5	0.5
	Culture	Cultural Foundation of Deutsche Bank	3.7	3.5	3.1
		other project-related spending[2]	0.9	1.7	1.5
	Society and the sciences	Stiftungsfonds Deutsche Bank im Stifterverband für die Deutsche Wissenschaft	5.7	5.3	4.9
		Deutsche Bank Institute for Family-Owned Businesses at the University of Witten/Herdecke	1.1	0.6	0.2
		Alfred Herrhausen Society for International Dialogue	0.7	0.8	0.8
	Environment	ISO 14 001, Worldwide Young Researchers for the Environment (WYRE), UNEP Conference	3.3	2.3	1.9
		Prototype Carbon Fund/World Bank	5.2	–	–
Special Projects	Microcredit Development Fund	Support for economic independence of financially disadvantaged persons; focus on developing countries; multi-tier system for granting business start-up loans			
	Global Compact	Support for the UN initiative for promoting dialogue between governments, non-government organizations and industry			
	200th Anniversary of Alex. Brown	Support for non-profit education projects; examples of projects sponsored: partnership between a world-renowned art gallery and an innercity school, renovation of a historic warehouse and using it as an education centre, foundation of a university center for junior entrepreneurs			
	Women on Wall Street/ Women in European Business	Cultivation of a network to improve the career opportunities of women in the financial sector			

[1] American foundations included for the first time in 1999.
[2] In the Corporate Center only.

Performance. A rising share price and strong profits in 2000 confirm that we were right to invest in Deutsche Bank. Furthermore, Deutsche Bank and "la Caixa" have started to pool their technological know-how and the knowledge of their respective markets in joint strategic e-commerce projects.

José Vilarasau, Chairman, "la Caixa", Barcelona

Deutsche Bank share resists general pressure on share prices

The Deutsche Bank share held up exceptionally well in a difficult environment in 2000.

Share performance bucks market trend

The price of the Deutsche Bank share rose 6.8% during the year 2000, although share prices in Germany were largely in decline. In the same period, the German share index DAX representing the overall market fell by 7.5 per cent, and the CDAX for banks fell by 2.3 per cent. Deutsche Bank was the only major German bank stock that was able to avoid price losses. Deutsche Bank also far outperformed European blue chips which, measured by the Dow Jones STOXX 50, fell by an average of 2.6 %.

After our share initially fell to a low of € 68.75 (March 31), it subsequently gained 50 per cent during 2000, reaching a high of € 103.27 in mid-August. This strong rally was led by our excellent half-year results as well as the passing of tax reform legislation in Germany, which among other things benefits our industrial holdings. In particular, however, the capital markets gave Deutsche Bank credit for joining the global bulge-bracket investment banks.

Our share price closed at € 89.51 at year end in line with the generally weak performance of stock markets in the fourth quarter, which reflected above all the sharp losses in some shares amid widespread disenchantment with shares of the so-called New Economy. Investor sentiment was also dampened by fears of rising credit risks in the U.S.A.

In the German share index DAX, the Deutsche Bank equity had a weighting of 6.2 per cent at the end of 2000. Turnover in Deutsche Bank shares amounted to approximately € 232 billion in the year 2000, which is ranked fourth among the DAX securities. Contracts on our share in Eurex trading are volume leaders.

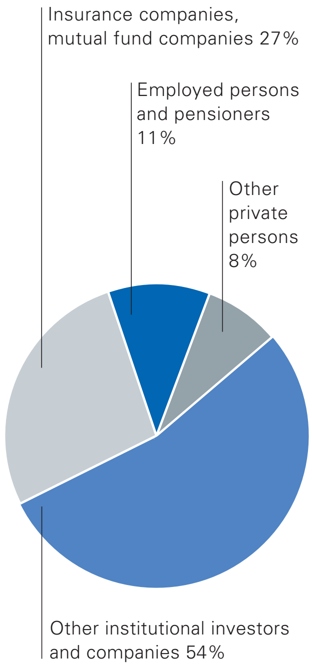
At the year's end, our share capital was divided into 616,514,046 no par value shares. This corresponds to a market capitalization of € 55.2 billion, almost € 4 billion more than in the previous year. This put Deutsche Bank in fifth place among all German corporations.

Useful information on the Deutsche Bank share

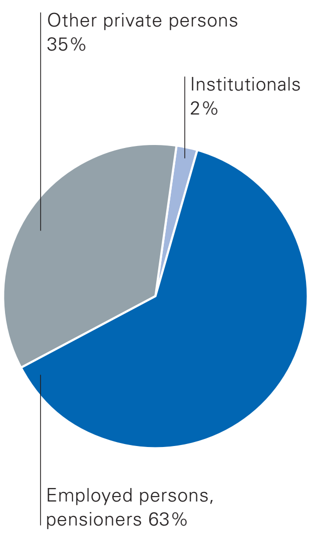
			2000
Change in total return of Deutsche Bank share			+ 7.3%
Share of Deutsche Bank equity in stock market turnover in Germany			6.0%
Average daily trading volume			10.7 million shares
			per 31.12.2000
Shares outstanding			616,514,046 shares
Share capital			€ 1,578,275,957.76
Market capitalization			€ 55.2 billion
Share price			€ 89.51
Weighting in the DAX			6.2%
Weighting in the Dow Jones STOXX 50			1.5%
Securities identification numbers:			
Registered shares	514 000	ADR Sponsored Level One*	
Reuters	DBKGn.DE	Ratio	1:1
Bloomberg	DBK GR	Symbol	DTBKY
		US-CUSIP	251 525 309

* OTC trading

Distribution of share capital
616.5 million shares



Shareholder structure
494,219 shareholders



Attractive return

In a long-term comparison of returns, the Deutsche Bank share is an attractive investment, both in absolute and relative terms: an investor who bought the equivalent of € 10,000 worth of Deutsche Bank shares at the beginning of 1980, used the cash dividends to buy more shares and took advantage of capital increases without injecting additional funds, had a portfolio worth € 127,853 at the end of 2000. This corresponds to an average annual return of 12.9 per cent. Our share far outperformed the CDAX for banks (10.5 per cent p.a.) and nearly matched the performance of the German DAX share index (13.0 per cent p. a.).

Broader shareholder base abroad

The number of shareholders registered in the share register fell from 538,548 at the end of 1999 to 494,219 at the end of 2000. Institutional investors (including banks) held 81 per cent of our share capital of € 1,578,275,958. Foreigners held 51 per cent of our shares after 48 % in the previous year. Among foreign countries, the strongest increase was in Switzerland. Roughly 1.3 per cent of our share capital is held via American Depositary Receipts, which are traded over the counter in the U.S.A.

Deutsche Bank has no major shareholders with a share of more than 5 per cent to be reported under § 21 German Securities Trading Act. The Spanish bank la Caixa, Europe's largest savings bank, has stated that it holds approximately 4 per cent of our shares.

Presence at the General Meeting

Approximately 5,600 shareholders (1999: 6,500) attended our General Meeting on June 9, 2000, representing 31.9 per cent (1999: 37.5 per cent) of the bank's voting capital. The decline to a new low in shares represented is above all due to the fact that the traditional 15-month proxy can only be used to a very limited extent for registered shares. With the changed legal situation since the start of the year 2001, however, the possibilities for representation have been substantially increased.

All resolutions at our General Meeting in 2000 were passed by a large majority. For the first time, approval was obtained to launch a share buy-back programme. As in previous years, we carried out a poll among visitors attending the General Meeting to measure the satisfaction of our shareholders. The questions ranged from their motivation to attend the General Meeting to their assessment of our share as an investment. The satisfaction rate of our shareholders increased slightly.

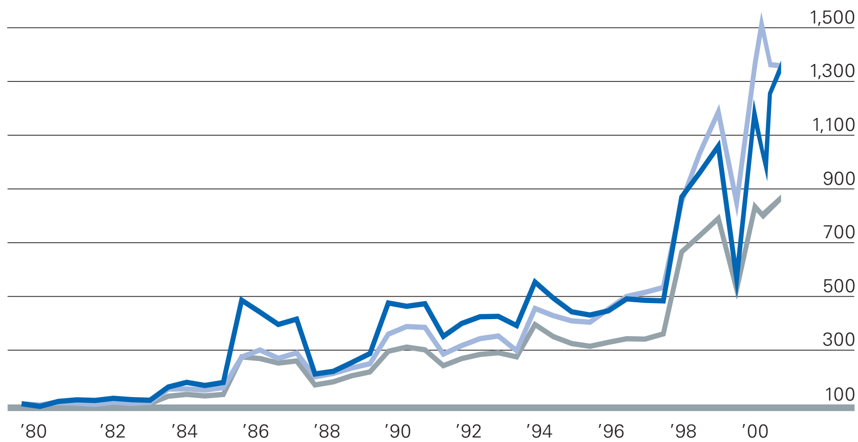
Greater use of new media

In 2000, we were one of the first companies in Germany to make it technically possible for our shareholders to give instructions regarding individual items of the Agenda for the General Meeting via the Internet. We are also making increasing use of the Internet to inform private shareholders and professionals in an equal manner, in respect of both timing and content. For example, our Interim Reports are presented to the press and placed on the Internet at the same time. Meanwhile, our Web site www.deutsche-bank.com has more than 2.7 million hits per month with a rising trend. Moreover, our shareholders can now have our Interim Reports, which appear three times a year, e-mailed to them. We will gradually expand the use of the Internet as a quick and user-friendly medium to intensify our dialogue with private shareholders*.

We continue to nurture close and direct contacts with institutional investors and financial analysts around the world. Our contact in such matters is our Investor Relations Department, which has also had a New York office since the acquisition of Bankers Trust. Deutsche Bank's results and strategy were explained at more than 300 meetings. Moreover, we presented the Deutsche Bank company to large and small groups on many other occasions in Germany and abroad. Despite the increasing usage of electronic means of communication, we are convinced that there is no substitute for personal one-on-ones with investors.

Long-term value development

- Deutsche Bank
- DAX
- CDAX for banks



Total Return Index, beginning of 1980 = 100

*** www.deutsche-bank.com/ir**

Trust. When we choose a private bank, the most important factor in our decision is our trust in the bank and in the relationship manager who looks after us. Trust is the foundation of any strong relationship and we have this trust in Deutsche Bank.

Celia and Laurence Moh, Singapore

Retail and Private Banking Deutsche Bank 24 and Private Banking still on profitable growth course.

Deutsche Bank 24

In personal banking, Deutsche Bank 24* offers its customers a comprehensive programme of capital market and real estate products as well as financial services through the channel of their choice. Deutsche Bank Group conducts personal banking throughout Europe.

In its first full financial year, Deutsche Bank 24 became firmly established as a profitable and innovative financial services provider on the German market. With its modern range of products and services, it captured about 400,000 new customers on balance. At year's end 2000, the bank already served more than 7.3 million retail and small business customers. Particularly dynamic growth was registered in the number of online banking customers. Their numbers increased by 80 % to 1.1 million. That makes Deutsche Bank 24 the biggest online bank in Germany and one of the leading online banks in Europe. Direct brokerage (BROKERAGE 24**) made a major contribution to that success. By the end of the year the number of client custody accounts had more than doubled to 260,000.

Securities and investment business was the biggest factor driving growth in 2000. Deutsche Bank 24 gave impressive evidence of its retail placement capabilities above all in connection with the new equity issues of Infineon and Deutsche Telekom (third tranche). Within one month, customers invested over € 300 million in the equity certificate Quings Global Blue Chips 24, which bundles investments in the shares of 24 companies with high returns on equity. At the end of 2000, Deutsche Bank 24 managed a securities volume of € 33.5 billion.

In the year under review, Deutsche Bank 24 further expanded its customer-focused online services. New distribution channels were opened with the launch of

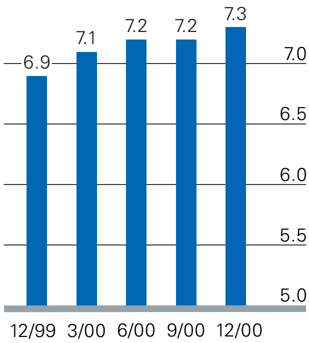
* **www.deutsche-bank-24.com**
** **www.brokerage24.com**

Retail and Private Banking*

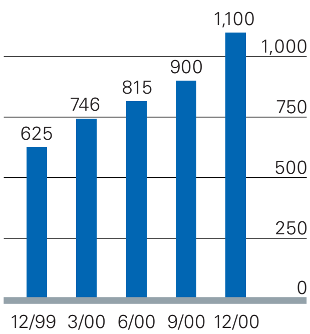
in € m.	2000	1999
Revenues	5,714	4,803
Provision for losses on loans and advances	– 170	– 94
Operating expenses	– 4,561	– 4,079
Balance of other income/expenses	– 74	– 147
including: amortization of goodwill	– 60	– 45
Profit before expenses for restructuring and taxes	**909**	**483**
Restructuring expenses	11	– 281
Profit from ordinary activities before taxes	**920**	**202**
Average capital in € m.	**2,186**	**1,945**
RoE in % (excluding goodwill amortization)	**45**	**13**
RoE in % (including goodwill amortization)	**42**	**10**
Value creation in € m.	**653**	**– 45**
Cost/income ratio in % (excluding goodwill amortization)	**80**	**87**
Cost/income ratio in % (including goodwill amortization)	**81**	**88**
Risk-weighted positions in € m.	**43,929**	**44,471**
Segment assets in € m.	**69,089**	**60,724**
Segment liabilities in € m.	**78,931**	**74,391**

* for notes, see Reporting Segment Information on page 124

Deutsche Bank 24: growing total customer figures
in millions, at end of quarter



Online customers of Deutsche Bank 24
in thousands, at end of quarter



mobile banking and WAP-based mobile broking technologies, and cooperation arrangements with e-commerce businesses were stepped up. We are the first bank in Germany whose customers can take out insurance policies at self-service terminals outside of regular working hours.

We introduced a Customer Relationship Management (CRM) system to fully leverage our client potential for the sale of additional products. It enables us to enhance our service to customers, taking into account their phase of life and access channel preferences.

Outlook

Deutsche Bank 24 intends to further increase its profitability in deposit and placement business. Deutsche Bank Group will expand the successful Deutsche Bank 24 concept to other European countries in 2001. Personal Banking activities in Germany, Italy, Spain, France, Portugal, Belgium and Poland will be combined under the roof of Deutsche Bank 24. In France, expansion is being pursued by the agreed acquisition of core parts of Banque Worms. These activities will be combined with those of Deutsche Bank S.A. in 2001. From April, the service offering of Deutsche Bank 24 will be extended to include “maxblue”, the integrated online broker.

European clients can use the channel of their choice to access the product range of Deutsche Bank 24 at any time and from any location. Customers can go to specially equipped Personal and Online Investment Centers for personal advice and access to integrated online brokerage services.

The new Deutsche Bank 24, operating on a European scale, will have roughly 21,000 employees serving over 11 million customers. Attractive investment products, a standard technology platform, the pan-European brand as well as more than 2,000 branches form a good basis for further growth. The total customer potential for modern banking services in the European countries where Deutsche Bank 24 will be represented comprises more than 60 million people.

Private Banking

In Private Banking*, Deutsche Bank established itself in 2000 as one of the world’s leaders in serving high-net-worth clients. The division achieved record profits. Assets under control grew by € 16 billion to € 208 billion. With the establishment of new Private Banking Centers in Mexico, Greece and Turkey, the division is now present in 38 countries and serves a total of 493,000 clients.

The three market regions – Germany, U.S.A. and the rest of the world – are based on a uniform business model, with relationship banking and e-commerce as well

* **www.db-privatebanking.com**

as brokerage and asset management forming the key pillars.

In Germany, Private Banking also has special Centers of Competence to look after major client groups. With the help of partnerships, our customer relationship managers enhance their knowledge on a regular basis. Examples are the course of studies as Financial Consultant at the University of Bochum, the exchange programme with New York University, and the partnership with the University of Leipzig for studies in real estate and housing economics. We were highly successful in recruiting international and German experts for asset management. This reflects the particular attractiveness of our Private Banking unit.

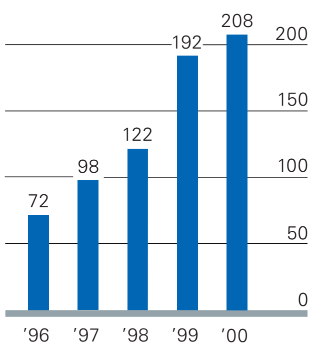
International asset management outside the U.S.A. was placed under the leadership of DB Switzerland, which was nominated Best Foreign Bank in Switzerland for the third consecutive year by Euromoney magazine. Customer volume and profitability developed very positively.

In the United States, our future Private Banking activities will be considerably strengthened by the brokerage activities of Deutsche Banc Alex. Brown. Their highly respected advisory services for new issues expand our product range, which in turn will benefit clients in Europe and Asia. The Deutsche Family Office GmbH, Frankfurt, launched in 2000, is a kind of general secretariat for large-scale wealth offering services from one source and creating transparency. Right from the start, brisk use was made of this facility.

Our e-commerce activities continue to be marked by innovation – as demonstrated, for instance, by our cooperation with FAZ.Net. Roughly 60,000 users of the paper's individually adaptable customer homepage can put together their own personal information medium. The Lafferty financial agency rated our Private Banking Internet website as one of the best three worldwide in the sector.

The new structure of the Group connects Private Banking even more closely with the other business units. This will directly benefit our customers. There has already been successful collaboration between staff from investment banking, asset management and private banking in the past. The results speak for themselves: investors in Europe had already invested nearly € 2 billion in our new Xavex HedgeSelect certificate by the end of 2000.

Private Banking growth:
assets under control in € bn.



Global Reach. To assert our position as the leader in our sector, we have chosen Deutsche Bank as one of our main partners to support our needs. Its local strength and worldwide network give us an advantage to leverage our expansion in Europe.

Francis Markus and Robert Zolade, Co-Chairmen of Groupe Elior, Paris

Corporates and Real Estate

In 2000, we mainly optimized our distribution structure and provided mid-corporates with innovative capital market products.

Internet opens up new distribution channels

We launched an Internet-based financial portal (db business direct*) for our corporate customers. A Service Center supports transaction settlement. In conjunction with SAP, we established emaro AG, which operates an electronic marketplace for office equipment and information technology products. Users profit above all from high market transparency, quick delivery and low costs. We offer new products for the operators of external electronic marketplaces

Fostering growth companies

In the year under review, our special focus was again on the growth fields of biotechnology, environmental and microtechnology, automation, multimedia and the TV/film industry. To supplement traditional forms of credit finance, we sold capital market financing forms on a larger scale. We were also active in referring private capital providers who, as business angels, participated in the foundation phase (start-up and seed investments) of growth companies or, with a later-stage equity stake, in the run-up to an IPO.

In the private equity field we cooperated with DVC (Deutsche Venture Capital), DB Investor and DB Capital Partners to achieve substantial value growth in our financings.

We again kept our risk costs at a relatively low level by concentrating on companies with exceptional credit standing and through specialization by industry.

We are one of Europe's leaders in portfolio investment for companies. The volume of funds under management rose in 2000 by 30 % to roughly € 20 billion.

Head start through know-how

The capital market expertise of our relationship managers was further enhanced by

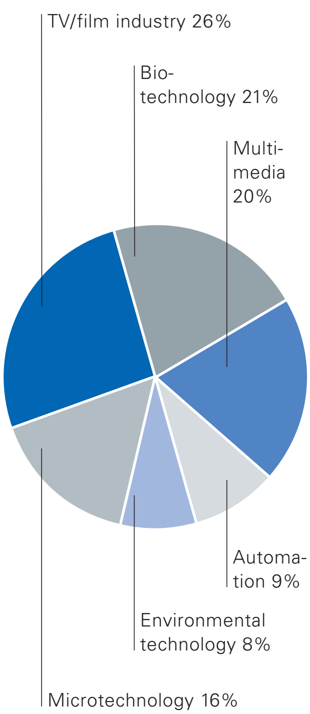
* **www.db-business-direct.com**

Corporates and Real Estate*

in € m.	2000	1999
Revenues	3,450	3,049
Provision for losses on loans and advances	– 284	– 200
Operating expenses	– 1,978	– 1,817
Balance of other income/expenses	– 145	– 129
including: amortization of goodwill	– 63	– 61
Profit before expenses for restructuring and taxes	**1,043**	**903**
Restructuring expenses	11	– 22
Profit from ordinary activities before taxes	**1,054**	**881**
Average capital in € m.	**5,223**	**4,582**
RoE in % (excluding goodwill amortization)	**21**	**21**
RoE in % (including goodwill amortization)	**20**	**19**
Value creation in € m.	**334**	**256**
Cost/income ratio in % (excluding goodwill amortization)	**60**	**62**
Cost/income ratio in % (including goodwill amortization)	**61**	**64**
Risk-weighted positions in € m.	**88,529**	**91,699**
Segment assets in € m.	**148,350**	**137,773**
Segment liabilities in € m.	**106,664**	**135,097**

* for notes, see Reporting Segment Information on page 124

Corporates and Real Estate: innovative companies
Total volume € 820 m.



improving internal know-how transfer. The European strategy launched in 2000 combines traditional relationship banking with the specialized knowledge of the industry groups and a simultaneous optimization of processing. Outside Germany, we also operate in Italy, Spain, Portugal, Austria, Belgium, the Netherlands and France, as well as in selected Central and Eastern European countries. The agreed acquisition of core parts of Banque Worms will help us build new customer relationships in France.

We advise and assist our small and medium-sized customers in all phases of their business development. To meet this client group's growing demand for M&A advisory services, we founded DB Consult on July 1, 2000.

The close collaboration between Corporate Finance and the product specialists and industry groups from investment banking gives our small and medium-sized clients convenient access to the bank's entire range of services. This led to good growth in revenues from non-capital-binding business. Jointly with Group subsidiaries, we structured, financed and placed projects to build up environment-friendly forms of energy. This included six wind farms financed in the form of an operator fund. Further installations of this kind as well as biomass heat and power generating facilities are planned and are to be offered to interested investors.

Letter-of-credit business and cross-border payments continued to grow steadily. Our entire range of interest and currency management products were very popular with customers. There was also strong demand for our risk management services, enabling companies to analyze their risks and implement suitable risk strategies.

In 2000, we also carried out securitization transactions employing credit derivatives on an increasing scale. The total volume since 1998 is € 18.8 billion. This has created scope for growth by substantially reducing tied capital.

We were able to consolidate our market position in asset financing with the financing products and services offered from one source. We continued our policy of specializing in selected industries and financing projects. Decision-making and processing channels were streamlined. Within the framework of the realignment of our Group structure as at February 1, 2001, it was decided to dispose of our European sales finance, leasing and fleet management business.

Promoting the sciences

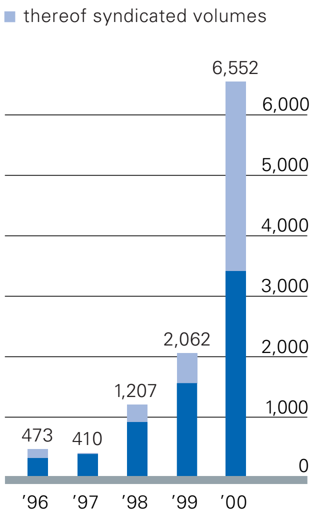
Our cooperation with the private university in Witten/Herdecke since the end of 1997 led to the foundation of the "Deutsche

Bank Institute for Family-Owned Businesses", which maintains three chairs for interdisciplinary studies and practical research into relevant subjects. This very successful institute, which is the only university-based centre of its kind in Germany, gives clear expression to our special ties with small and medium-sized companies.

Uptrend on real estate markets

We further expanded our strong market position in commercial real estate financing in Europe. Foreign business accounted for the largest part of this development, making up more than 50 % of new business at Eurohypo AG*. A pronounced business upswing was registered by our Real Estate Investment Banking unit, where we offer real estate investment advisory, restructuring and marketing services. We intend to further expand these services in future. We enhanced our real estate investment offering through a new open-end fund, "grundbesitz global"**, investing primarily in foreign real estate. For the first time investors were able to take up shares in a closed-end real estate fund via the Internet.***

Eurohypo AG: dynamic growth in international real estate finance
in € m.



* **www.eurohypo.com**
** **www.grundbesitz-invest.com**
*** **www.deutsche-grundbesitz.com**

Global Reach. Local focus, global reach. This is what makes Deutsche Bank an important partner for the Republic of Argentina.
Daniel Marx, Secretary of Finance, Ministry of the Economy, Republic of Argentina

Global Corporates and Institutions The year 2000 was extremely successful for the Group Division.

Despite more difficult market conditions, revenues and profits clearly exceeded the already good performance in 1999. We established ourselves as the No. 2 investment bank in the world by revenues. Our franchise and indisputable bulge-bracket status were firmly established with analysts, the media, and – most importantly – clients. For the second year running, Deutsche Bank was voted No. 1 in the benchmark Euromoney Poll of Polls. Thanks to our discipline in market risk, capital allocation and costs, we are recognized globally as among the best in the industry.

Outstanding growth story continued

Revenues in the Global Corporates and Institutions Division* rose by over 50 % compared with 1999 to € 14.7 billion. None of our comparable competitors have grown at this pace. High revenue growth in 2000 reflects the successful integration of Bankers Trust and the value created as a result. Our revenues demonstrated resilience and stability; in the tough capital market conditions of the second half of 2000, earnings held up as well as or better than those of our top competitors.

*** www.db.com**
All Internet addresses in Group Division Global Corporates and Institutions are being revised in spring 2001 due to the organizational realignment valid from February 1, 2001.

Group Division Global Corporates and Institutions worked very profitably in the year under review. Compared with 1999, pre-tax profit grew by nearly 80 % to € 4.0 billion. The pre-tax return on equity (excluding goodwill amortization) was 34 % (1999: 23 %). Besides the strong revenue growth, several factors contributed to this excellent result. First and foremost, cost discipline was maintained. Our cost/income ratio of 70 % (excluding goodwill amortization) was among the best in the industry. The Group Division also applied very strict standards in both credit risks and market

Global Corporates and Institutions*

in € m.	2000	1999
Revenues	14,651	9,703
Provision for losses on loans and advances	85	– 3
Operating expenses	– 10,422	– 6,916
Balance of other income/expenses	– 204	– 70
including: amortization of goodwill	– 401	– 254
Profit before expenses for restructuring and taxes	**4,110**	**2,714**
Restructuring expenses	– 135	– 495
Profit from ordinary activities before taxes	**3,975**	**2,219**
Average capital in € m.	**12,801**	**10,743**
RoE in % (excluding goodwill amortization)	**34**	**23**
RoE in % (including goodwill amortization)	**31**	**21**
Value creation in € m.	**2,456**	**861**
Cost/income ratio in % (excluding goodwill amortization)	**70**	**70**
Cost/income ratio in % (including goodwill amortization)	**73**	**73**
Risk-weighted positions in € m.	**137,120**	**135,714**
Segment assets in € m.	**584,627**	**584,939**
Segment liabilities in € m.	**555,018**	**593,760**

* for notes, see Reporting Segment Information on page 124

risks. We achieved higher revenues than in the preceding year despite virtually unchanged levels of economic capital and risk-weighted positions. This leaves the Division well positioned to face difficult times on the capital markets.

Strong revenue growth in all businesses

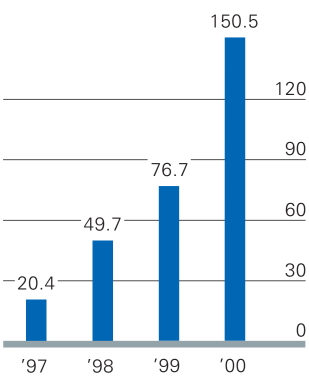
In Global Markets business, revenues rose again steeply despite the already very strong growth of 1999. Growth was driven by outstanding performance in high-value businesses such as credit trading, structured products and emerging market activities. Very good results were also achieved in the other product areas. In foreign exchange trading, for instance, Deutsche Bank was elected Global No.1 in Foreign Exchange in the benchmark Euromoney Forex Poll, thus displacing the previous winner from the No.1 spot for the first time in 22 years. We also won the Euromoney Award for Excellence in 2000, were nominated IFR Derivatives House of the Year and, for the second year running, were named Credit Derivatives House of the Year and Eurobond House of the Year. To be among the best in the eyes of our clients is, we believe, an important precondition to raising company value for our shareholders.

In Global Equities business, revenues nearly doubled in spite of extremely difficult conditions on the global equity markets. Deutsche Bank is now established as a Top 3 equities house worldwide. All product areas contributed to this high revenue growth. Here, business in equities derivatives was particularly successful. This outstanding derivatives capability gives us greater revenue stability even in times of volatile equity markets. In 2000 the revenues achieved in Global Equities roughly matched those of Global Markets. That led to a much improved overall diversification of earnings in the Division.

Major progress was made in Global Investment Banking, thus confirming our confidence in future developments. The pronounced growth in revenues reflects the excellent progress made since the integration of Bankers Trust. Equity Capital Markets completed an excellent year in 2000, which saw Deutsche Bank leading some highly important new equity offerings, for instance for the European Aeronautic Defence and Space Company (EADS), Deutsche Telekom (third tranche), Infineon and Deutsche Post.

In Mergers and Acquisitions, we advised on deals with a total value of € 326 billion compared to € 131 billion in 1999, an increase of 149 %. The market itself only grew by 47 %. Among the most significant transactions were the Vodafone-Mannesmann acquisition, the purchase of Clear Channel Communications by AM-FM

Global Corporates and Institutions: trading in credit derivatives
Notional volumes in € bn.



and NTT's acquisition of Verio Inc, the largest ever M&A transaction in the Japanese technology sector. Notwithstanding the strong growth in 2000, we shall continue to expand our M&A business. Signalling our determination to sustain growth in this area, we recruited several senior bankers with outstanding M&A expertise. We regard this as confirmation of our attractiveness as employer for top talents.

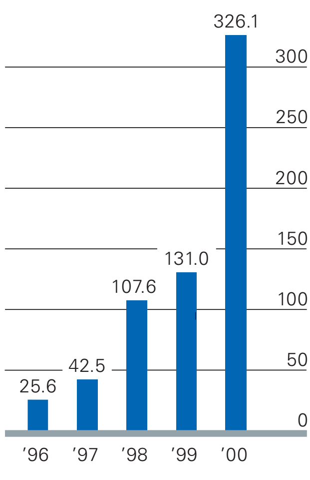
The Global Banking Division turned in clear revenue growth over 1999, while keeping the balance sheet under control. Risk positions remained stable. This gratifying development was due in part to the even closer alignment of our credit product to our strategic advisory capability.

Strategy of differentiation

Now that a world-leading platform is solidly established, the Division has developed a clear strategy for sustaining above-market growth. It is based on Deutsche Bank's unique points of competitive advantage. The Division will continue to leverage advantages of scale and balance sheet, and make targeted use of its sales and trading platform. We also have the special ability to offer connectivity between our outstanding investment banking capabilities and our placement potential with a large retail/institutional investor base. Finally, the Division will also benefit from Deutsche Bank's strong position in the European region, which is likely to become a critical driver of growth in global capital markets in the coming years.

The strategy of the Group Division receives optimum support here from our ability to retain top talents in the long term.

Global Corporates and Institutions: strong growth in M&A advisory
Transaction value in € bn.



Performance. Performance at Finanza & Futuro means more than just product results. It covers the entire customer relationship and finding the right solution to the customer's needs. We know that from our experience.
Anna Casali, Director Human Resources, Coca-Cola, Milan

Asset Management

In 2000 this Group Division was again one of the world's largest and most diversified investment management firms.

The team at Deutsche Asset Management* consists of 4,500 employees, including over 500 top investment professionals, in 21 countries. These experts strive to deliver high returns on their customers' assets and find customized products to meet investment objectives, keeping risk profile requirements in mind.

At the close of 2000, the Division adopted a new global organizational matrix structure that combines global product responsibilities with regional focus. Geographically, the business has been divided into three regions – the Americas, Europe and Asia/Pacific. Global distribution has been organized around three distinct groupings – institutional, retail and alternative investments. To fully capitalize on the synergies between products and regions, a global structure was also introduced for marketing, sales and infrastructure.

At year-end, total assets under management had grown by 7 % to € 629 billion.

Institutional asset management

The volume of equities, bonds and property investments managed for institutional clients – such as insurance companies, corporations, charities and others – grew from € 423 billion to € 436 billion in 2000.

* **www.deam-global.com**
** **www.deam-us.com**

In the Americas**, Deutsche Asset Management established several important new relationships with prominent pension fund providers as well as other prominent institutional clients. The business raised assets exceeding € 30 billion.

Through the acquisition of Prudential Institutional Business, we expanded our investment platform in the U.K. on very attractive financial terms. In this market segment, we were one of the two most successful asset managers in Britain in 2000 in terms of new business. We raised

Asset Management*

in € m.	2000	1999
Revenues	1,981	1,538
Provision for losses on loans and advances	0	0
Operating expenses	– 1,200	– 809
Balance of other income/expenses	– 72	– 86
including: amortization of goodwill	– 99	– 78
Profit before expenses for restructuring and taxes	**709**	**643**
Restructuring expenses	– 6	– 42
Profit from ordinary activities before taxes	**703**	**601**
Average capital in € m.	**886**	**775**
RoE in % (excluding goodwill amortization)	**90**	**88**
RoE in % (including goodwill amortization)	**79**	**78**
Value creation in € m.	**669**	**562**
Cost/income ratio in % (excluding goodwill amortization)	**60**	**53**
Cost/income ratio in % (including goodwill amortization)	**65**	**58**
Risk-weighted positions in € m.	**2,366**	**2,002**
Segment assets in € m.	**7,869**	**6,013**
Segment liabilities in € m.	**6,303**	**5,558**

* for notes, see Reporting Segment Information on page 124

net new business for funds managed on behalf of institutional clients to € 17 billion.

In the Asia/Pacific region, Deutsche Asset Management is one of the best-positioned global players, with funds under management of € 70 billion. We are the largest foreign asset manager in Japan* and are among the Top 5 wholesale managers in Australia** and Singapore.***

Retail asset management

Assets under management in mutual funds grew to € 188 billion worldwide. In the United States, the Group's fund operations registered assets of € 12 billion. Our position continues to be particularly strong in Europe. In 2000 we were again one of Europe's leading fund managers both in terms of managed assets of € 126 billion and in terms of our performance, which independent ranking firms considered to be excellent. In Asia, we operate retail businesses with great potential in Japan and Singapore as well as in Australia.

DWS Group had another record year in 2000, with assets under management increasing by € 7 billion to € 90 billion. In Germany****, net inflows into our mutual funds totaled € 12 billion, a rise of over 50 % on 1999. Among the most popular products were sector funds and funds of funds. We launched 38 new funds which attracted more than half of total net inflows.

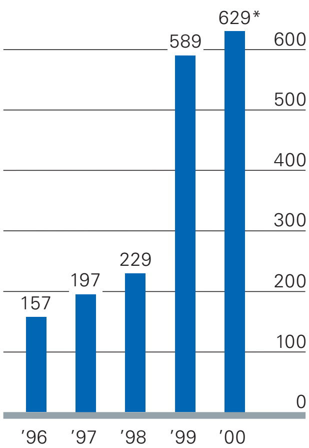
One major innovation was the successful listing of the DWS equity no load funds. For the first time, actively managed mutual funds became tradable on a stock exchange. This offered investors an additional order channel and increasing flexibility.

In Italy, assets under management at Finanza & Futuro* grew to € 9 billion. We are the largest non-domestic fund manager in the Italian market. In Poland**, we further strengthened our market position as the third-largest foreign asset manager.

Alternative investments

Our customers are increasingly demanding alternative investments – hedge funds, private equity and real estate – for their attractive performance characteristics and diversification benefits. Our fund of funds products are an increasingly important mechanism for our clients to gain access to alternative investments. In 2000, Deutsche Asset Management gained significant momentum in alternative investments, which places us among the market leaders in this arena.

Asset Management: growing investment volume in asset management
in € bn.



* thereof institutional € 436 bn., retail € 188 bn., alternative investments € 5 bn.

* **www.deam-japan.com**
** **www.db.com/dam/australia**
*** **www.deam-singapore.com**
**** **www.dws.de**

* **www.finanzaefuturo.it**
** **www.dws.com.pl**

Based in the US, hedge fund assets under management grew approximately 5 times to € 4 billion with significant growth in Europe and Japan. The business aggressively expanded its product range with diversified funds of funds as well as arbitrage and opportunistic long/short equity strategies.

Our existing private equity funds in Europe and the Far East were complemented by the launch of a global Private Equity fund of funds, which will provide clients with access to private equity opportunities around the world.

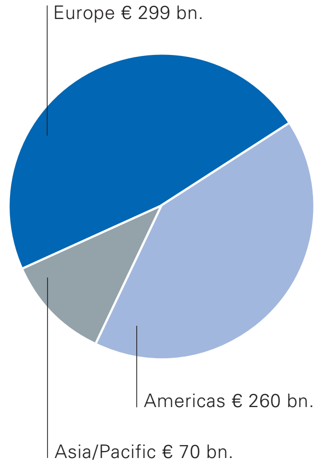
The real estate businesses in Deutsche Asset Management in Europe and Australia are being combined with the real estate fund activities carried on elsewhere in Deutsche Bank. This creates one of the world's biggest real estate asset management businesses, with more than € 20 billion under management. This gives our clients access to greater real estate opportunities and expertise globally.

Global Research Center

After careful review of the ongoing challenges the asset management industry faces and to ensure clients continue to receive value added investment solutions, Deutsche Asset Management has established a Global Research Center. The mission of this Center is to develop processes and products that enable us to offer our clients value added investment solutions. The Center brings together dedicated researchers, practitioners and academics with diverse backgrounds in finance, portfolio management, statistics, operations, research and artificial intelligence. The Center pursues an approach that is both innovative and pragmatic. One example of the Center's pioneering work is the Probabilistic Efficient Frontier, a new framework for creating optimal portfolios based on plan sponsor preferences.

In future, Deutsche Asset Management will continue the expansion of its distribution and product range, as well as extend the geographic reach of its businesses.

Asset Management: by region
total € 629 bn.



Fresh Ideas. Deutsche Bank offers innovative solutions to our business requirements. We can tap into their wealth of knowledge, not just from a financial markets perspective, but also with regard to technological developments which are ultimately determining the shape of the pensions industry.

Jenny Rosser MBE, Managing Director,
British Airways Pension Scheme, London

Global Technology and Services The specialist for Information Technology (IT) and for the processing of all banking services on Deutsche Bank's global business platform.

The Group Division works for Deutsche Bank Group and for external institutional customers as agent for payment, processing and custody services.

At the beginning of the 21st century, financial services are characterized above all by extensive digitalization. Modern bank products and efficient banking operations are inconceivable without IT support. The growing use of the Internet as a distribution channel and for the global networking of financial markets is an additional factor increasing the importance of IT for banks.

Against this background, Group Division Global Technology and Services* was aligned to meeting three main demands: high-speed implementation of IT projects, consistent orientation to the bank's core capabilities and ensuring close connectivity with each Group Division's business strategy.

Successful financial year

The positive business results in 2000 show that our policy of concentrating on the needs of our internal and outside clients is bearing fruit.

Pre-tax profit rose to € 169 million, following a negative result in 1999. This reflects, above all, the successful integration and reorientation of Global Institutional Services, a business taken over from Bankers Trust.

* **www.deutsche-bank.com/gts**
** **www.gis.deutsche-bank.com**

Global Institutional Services

The three business lines in Global Institutional Services** expanded their position among the world's leading banks in 2000. Global Cash Services was the world's biggest euro payments processor and ranked fourth in the U.S. dollar. Global Securities Services was the world's fourth-largest securities custodian, and second in the cross-border custody of international securities. Corporate Trust and Agency Services captured a leading position as issuer and paying agent for euro medium-term notes and as trustee for bonds in the U.S.A.

Global Technology and Services*

in € m	2000	1999
Revenues	1,539	920
Provision for losses on loans and advances	2	0
Operating expenses	– 1,309	– 851
Balance of other income/expenses	– 88	– 33
including: amortization of goodwill	– 51	– 30
Profit before expenses for restructuring and taxes	**144**	**36**
Restructuring expenses	25	– 44
Profit from ordinary activities before taxes	**169**	**– 8**
Average capital in € m.	**914**	**812**
RoE in % (excluding goodwill amortization)	**24**	**3**
RoE in % (including goodwill amortization)	**19**	**–**
Value creation in € m.	**83**	**– 99**
Cost/income ratio in % (excluding goodwill amortization)	**88**	**93**
Cost/income ratio in % (including goodwill amortization)	**91**	**96**
Risk-weighted positions in € m.	**3,750**	**3,996**
Segment assets in € m.	**28,825**	**7,269**
Segment liabilities in € m.	**37,708**	**14,036**

* for notes, see Reporting Segment Information on page 124

In the latter case, the business related in particular to asset-backed securities for mutual fund companies and pension funds.

We intend to expand Global Institutional Services further by offering a broad product range, client-specific solutions, global reach and local market expertise.

Transaction specialist

etb AG (european transaction bank AG*), founded in 1999, continued to develop according to plan in 2000. In August, external client business in derivatives was moved to the new platform, with securities processing being integrated into etb shortly afterwards. The payment and securities transactions processed for Deutsche Bank Group rose in the reporting year to a new record volume of up to 19 million per day.

Productivity gains in IT services

The IT Services unit combines software development, updating and maintenance with IT infrastructure. We were able to reduce the costs of IT infrastructure and specific applications in the operational area, in some cases substantially. The productivity gains made it possible to increase strongly (+ 30 %) our investments in new IT applications, thereby limiting the rise in total expenditures to 5 %. In this way, in line with our strategy, we were able to shift IT expenses away from the maintenance of existing systems to new application platforms with which rising volumes can be processed and innovative financial services offered.

Our software is developed at six international centers of competence (Eschborn, London, New York, Singapore, Barcelona and Bangalore).

Global e-activities

In the course of 2000, the importance and scope of our e-commerce activities (Global e*) expanded considerably. This cross-divisional business area encompasses the development of e-commerce platforms and systems, including those for making safe payments in the Internet and upgrading processing technology.

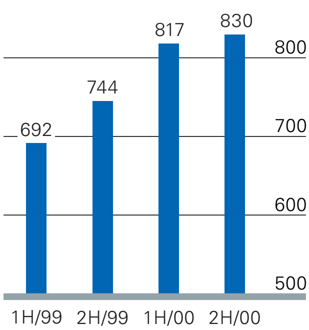
Through leading-edge alliances (eVentures**), we strengthened our position as a leading institution for Internet developments.

Last year, for example, we acquired a 50 % stake in paybox.net AG***, which allows safe and fast payments by mobile telephone. Jointly with PAGO eTransaction Services GmbH****, in which we also took a 50 % stake, we offer e-commerce solutions for transaction services such as risk

* **www.etb-ag.com**

* **www.global-e.deutsche-bank.com**
** **www.dbeventures.com**
*** **www.paybox.net**
**** **www.pago.de**

Global Technology and Services: growing payments business volume
Transactions in millions



valuation, payment processing as well as order and debt management.

Our new virtual corporate customer portal db-business direct* is made up of three elements: banking, services and information. In the banking unit, bank services can be assembled individually and processed via the Internet. Services focuses on the customer's day-to-day business. Under information, share prices, interest rates for various currencies and financial news can be retrieved.

Through db-Marketplaces, we offer integrated financial service products for virtual marketplace operators. With the Global Markets Portal, our institutional clients obtain integrated Web access to many investment banking products. moneyshelf.com**, the personal financial portal for private customers, has been available since September 1, 2000, as an innovative financial supermarket. Current accounts at different financial service providers can be aggregated, securities, mutual funds and insurance products checked, compared and purchased. Over and above that, the customer can design his personal financial page in the Internet to suit his individual requirements. For us, moneyshelf is a platform for innovation with Internet-based banking services.

* **www.db-business-direct.de**
** **www.moneyshelf.com**

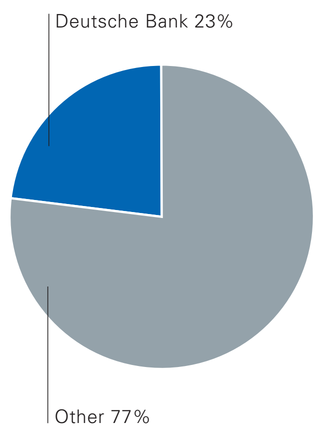
Specialized subsidiaries

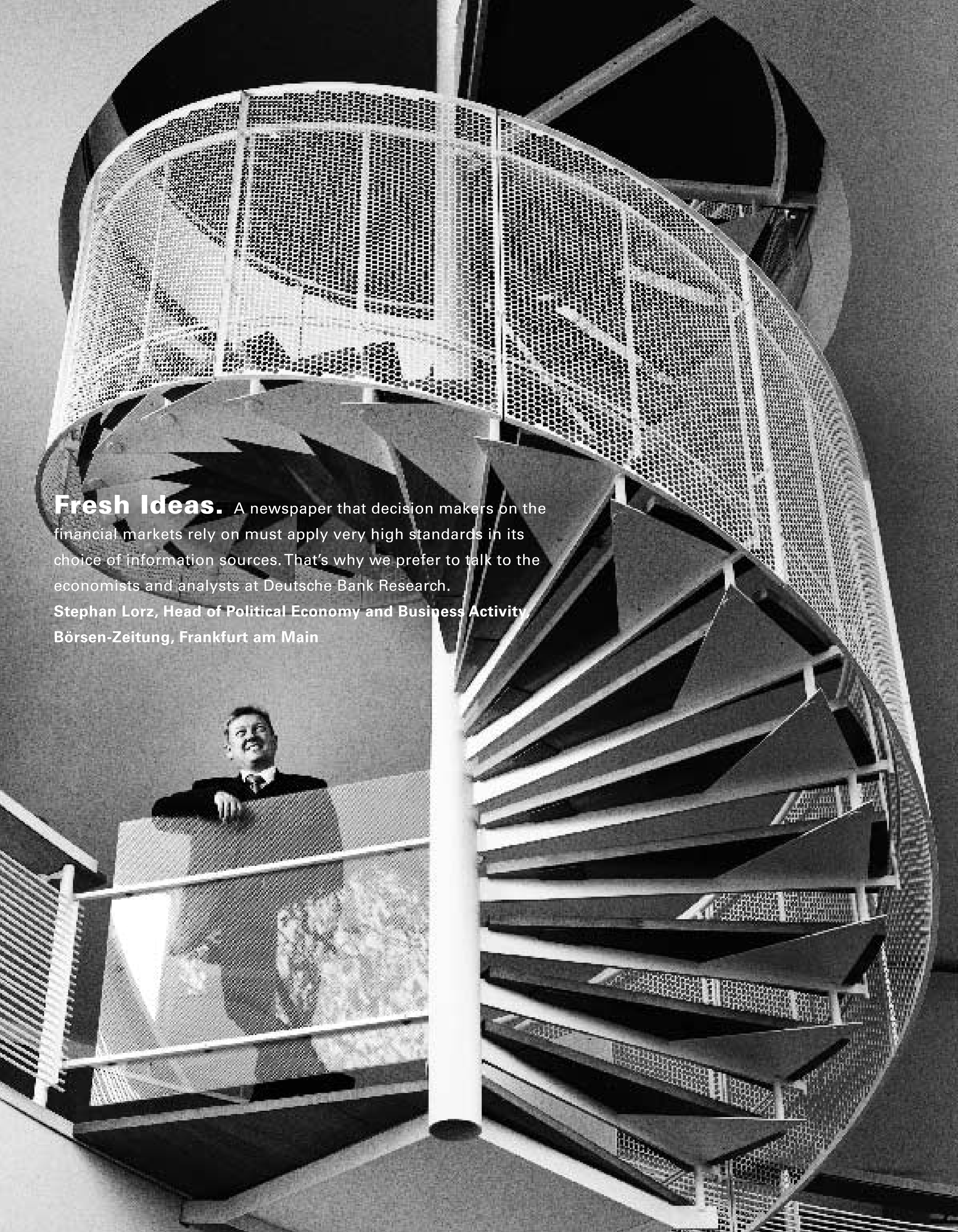
To be able to offer bank-related services not only within the Group, but also externally, we founded specialized subsidiaries.

Sinius GmbH*, for example, was set up on August 1, 2000, and brings together bank-specific know-how accumulated over years. Sinius, as an all-round service provider with roughly 1,000 employees, plans, implements and operates non-captive IT infrastructures. Its service range is directed at companies in all sectors.

* **www.sinius.com**

Global Technology and Services: global market leader in euro payments
Market share in %





Fresh Ideas. A newspaper that decision makers on the financial markets rely on must apply very high standards in its choice of information sources. That's why we prefer to talk to the economists and analysts at Deutsche Bank Research.

Stephan Lorz, Head of Political Economy and Business Activity, Börsen-Zeitung, Frankfurt am Main

Corporate Center

The Corporate Center supports the Board of Managing Directors in the uniform management of Deutsche Bank Group.

The tasks of the Corporate Center are primarily of a strategic nature. The Corporate Center units therefore focus on the strategic management of the key resources human capital and capital as well as on Group corporate branding. The Corporate Center is also responsible for ensuring that all important business processes are monitored and steered according to the same standards throughout the Group. In particular, we consider efficient risk management to be an indispensable core capability in banking business. These functions, together with internal and external communications, which are also part of the Corporate Center, make up a strong unit ensuring strategic consistency within the Group.

DB Investor

In the reporting year, DB Investor*, the management company for Deutsche Bank's industrial shareholding portfolio, placed with institutional investors 2.8 % in Allianz AG shares from the Group's holding, following the sale of 2.0 % in the year before. This transaction, whose innovative structure makes use of the approved tax reform, raised proceeds of roughly € 2.5 billion for Deutsche Bank Group.

DB Investor also strengthened its commitment in the private equity field with a number of attractive equity capital transactions. Following the acquisition of Tele Columbus in 1999, the company acquired SMATcom AG, the cable network operator, in February 2000. This raised DB Investor's share of the German cable market to 2.2 million subscribers, giving us the second largest cable network in Germany.

Other important transactions were the acquisitions of special fibre manufacturer Trevira, battery manufacturer Varta and a stake in Memec, the electronics company.

New holdings are only taken on, in principle, if the company has good business prospects and a clear exit strategy has been defined with an investment horizon of three to five years.

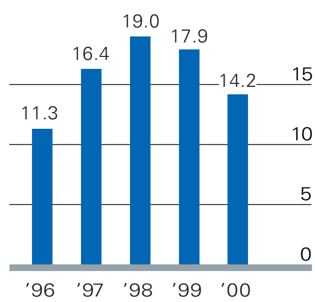
The market value of DB Investor's listed holdings was € 18.9 billion at the end of 2000. The price reserves totalled roughly € 14.2 billion. Compared with the end of 1999, they were € 3.7 billion lower. The main reasons for this decrease were the sale of part of the Allianz holding and the sharp fall in the DaimlerChrysler share price.

* www.db-investor.de

Group Treasury

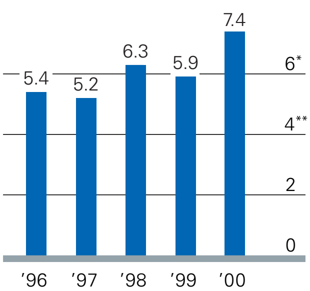
The management of capital and liquidity was of central importance to the bank in 2000, too. To balance the availability of these resources with business needs, Treasury functions were performed at Corporate Center level as well as from within the Group Divisions.

DB Investor: price reserves*
in € bn. at year's end



* shares in listed non-banking companies

Group Treasury: core capital ratio (BIS)
in %



* since 2000: at least 6% for Financial Holding Companies in the U.S.A.
** regulatory minimum

All Group Divisions had a seat in the local, regional and global asset and liability management committees (ALCO). Chaired by Treasury, they dealt at least once a month with asset and liability management issues. The Global ALCO made proposals to the Group Board with respect to all strategic decisions on financial resources, including the allocation of capital, liquidity and balance sheet to the Group Divisions.

This integrated approach enabled the Bank to release a total of € 1.4 billion of regulatory capital through asset securitizations. This, in turn, helped to raise the bank's core capital ratio.

In March 2000, Deutsche Bank was the first German institution to have the status of "Financial Holding Company" conferred upon it by the US central bank. Only with this status are we allowed to conduct merchant and commercial banking activities under one roof in the United States. To do so, however, requires a core capital ratio of at least 6 % – in contrast to the regulatory minimum of 4 %. Deutsche Bank exceeded this target comfortably at the end of the year with 7.4 %.

In 2000, the rating agencies Moody's and Standard & Poor's upgraded the outlook on their Deutsche Bank ratings from Aa3 stable to positive (Moody's) and from AA negative to stable (Standard & Poor's). This impacted the bank's funding activities favourably and helped stabilize spreads of our issues in the secondary market. In 2000, Deutsche Bank issued a total of € 14.7 billion of capital market securities with an average maturity of four years and offered highly liquid issues to institutional investors. Increased volumes of pound sterling issues added to the currency diversification of our funding profile. Deutsche Bank was the first corporate borrower to offer euro bonds to investors via an auction on the Internet, thus opening up a new distribution channel.

Deutsche Bank is determined to offer bondholder value to investors in its securities. We therefore focus on benchmark issues with high liquidity, support the secondary markets and pursue an intense dialogue with rating agencies and investors.

Group Controlling

At Deutsche Bank, Controlling is responsible worldwide for all financial data (including risk data) of the Group and for their integrity. The basis for this consists of standard Group-wide guidelines and procedures, efficient accounting systems and comprehensive control processes.

Controlling creates the basis for external reporting to shareholders, the general public, regulatory authorities and others on the financial situation and development of the Group and its units. Controlling provides decision makers in the bank with up-to-date planning, steering and control information.

To ensure the necessary independence from business, Controlling at Deutsche Bank is organized as an integrated unit with direct reporting lines and uniform direction. The structural organization of Controlling corresponds to that of the Group. A Business Area Controlling department is allocated to each operating unit. Besides reporting, the Business Area Controlling departments support their respective managements in the planning, steering and control of their activities.

In 2000, numerous measures were taken in Controlling to expand and accelerate reporting, and thereby strengthen the value-driven management of the Group. It was possible, for example, to complete Deutsche Bank's Consolidated Financial Statements for the 2000 financial year at the end of January 2001, more than three weeks earlier than in previous years.

The production of parallel Group accounts according to US GAAP was begun in the middle of 2000, after Deutsche Bank had decided to seek a listing of the Deutsche Bank share on the New York Stock Exchange based on US GAAP accounts. The project is running in line with the very ambitious timetable.

The fundamental redesign of the overall architecture of our systems in accounting and reporting was initiated.

Deutsche Bank also aims to achieve a leading position in the transparency of reporting to our shareholders and the general public. In this connection, Controlling has developed the so-called "Financial Transparency Initiative". The revised reporting of segment information will be published for the first time for the first quarter of 2001. Financial transparency is to become the trademark of Deutsche Bank and its Controlling.

Trust. If we need multimedia language and advanced training programmes, we work together with Deutsche Bank's Learning and Development department. In this cooperation based on trust, we all agree that our staff are our most important capital.
Astrid Tietgens, Managing Director, M.I.T newmedia, Friedrichsdorf im Taunus

Banking is people

Capable, client-focused professionals are needed to achieve the bank's ambitious corporate targets.

The Group's total staff figure rose to 98,311 (pre-year: 93,232) in 2000. The main factor behind this growth was the first-time inclusion of further subsidiaries in the group of consolidated companies.

Both regional and divisional shifts in staff distribution were registered. Employees were taken on in various locations and business units in line with market opportunities and customer needs.

Strong personnel growth was registered in the Group's foreign operations (+ 5,751), particularly in London, New York and Singapore. Nearly half of the bank's employees work outside Germany. At home, the employment figure declined slightly (– 672). Our Group Divisions with global operations take up the following shares of human resources: Retail and Private Banking 33 %, Global Technology & Services 25 %, Global Corporates and Institutions 18 %, Corporates and Real Estate 14 %, Asset Management 5 % and Corporate Center including Services 5 %.

Shared values give guidance

The ongoing reorganization of the bank has had a considerable impact on staff. Examples are the acquisition of National Discount Brokers Group, Inc., the hivedown of Sinius GmbH with roughly 1,000 employees, and the realignment of employment conditions at several other subsidiaries. In times of constant change and structural renewal, shared values give people guidance – beyond divisional and geographical boundaries. A unique corporate culture and a pronounced corporate identity foster staff identification with the company and their performance mentality.

We therefore continued to promulgate our broad-based "Our Identity" programme, extending its reach to the remotest parts of the Group. The focus was on interpreting these values in everyday working life and making them part of concrete patterns of conduct. Each and every member of the bank needs to apply these values to his or her function and role. The overwhelming majority of our employees firmly believe that shared values help us to reach Group, divisional and personal targets.

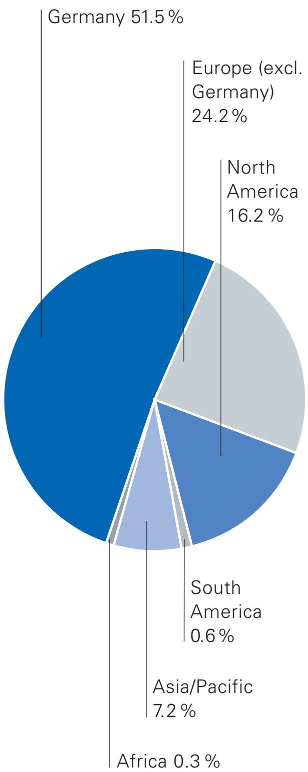
Leadership is needed – DB University is the answer

Employees are called upon to keep pace with rapidly changing professional requirements and respond flexibly to new strategic initiatives. To do so, they need superiors

Staff

	2000
Employee Commitment Index	72
Absentee rate	2.3 %
Share of employees leaving the bank for a new job	7.8 %
Expenses for training and advanced training in € million	237.2
Share of employees buying staff shares	65 %
Share of eligible managers participating in the Global Equity Plan	77 %

Regional distribution of our staff
total 98,311



with the leadership qualities to convey knowledge, experience and motivation, and give targeted support on the basis of common values. For us, good leadership is about giving people a perspective. One of our primary concerns is to find such leadership personalities, enlist them for our company and develop the desired qualities. Leadership is required at all levels of the bank. That is why our programmes are designed for everyone, including talented young people about to assume their first leadership assignments.

In line with our Group strategy, DB University has been introduced as an overall concept that integrates all our training and development schemes. It not only consists of compiling and transmitting knowledge electronically, but also involves global teams that process strategic questions. This produces close links between personal development and strategic planning and the shaping of our corporate culture. Learning takes place in a didactic mix of Internet-supported training, personal attendance classes and virtual forums, monitored by tutors in some cases.

DB University will establish a separate business school for each business division; six already exist. It also covers a number of cross-divisional academies, such as the School of Leadership.

DB University enhances our standing as an attractive and modern employer of choice with a clearly staff-oriented human resources policy. Increasingly, talented professionals want to know what their company is doing to enhance or sustain their market value.

Compensation and staff participation schemes motivate and add value

To strengthen executive commitment and dedication and enhance staff motivation, we have upgraded our compensation concepts and added innovative new elements. A variable performance-oriented compensation component was introduced for the roughly 14,000 tariff employees of Deutsche Bank 24. This means that, in future, this employee group will also have greater personal responsibility for part of their compensation. Our staff share scheme, db-share, was introduced in 17 further countries. At 65 %, the total take-up rate worldwide roughly matches the previous year's level. It reflects the successful harmonization of staff and shareholder interests.

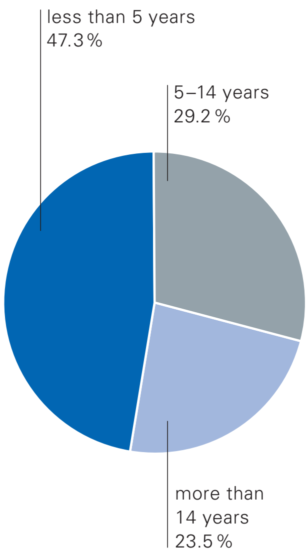
Last year, Deutsche Bank recruited more than 1,200 university graduates*. They come from all over the world and work at all major financial centres and locations of the bank. A global campaign to recruit specialists and young talents through Internet and intensive university contacts

* **www.deutsche-bank.com/career**

has brought us much closer to our goal of becoming an employer of choice.

Apprentices are Deutsche Bank's second major source of promising young staff. The bank continues to be a very popular employer for young people, as evidenced by the 1,388 basic training agreements concluded last year. At year's end, 2,953 apprentices were training for professions in banking, information technology and office communications.

Length of service of our staff



Partnership. I applaud Deutsche Bank and its Microcredit Development Fund for taking a global leadership role in helping to put credit within the reach of over 100 million of the world's poorest households. The whole family of microcredit practitioners feels strengthened by its partnership with Deutsche Bank.

Dr. Mohammed Yunus, Founder of Grameen Bank, Dhaka

Commitment today – taking responsibility for tomorrow

Deutsche Bank is committed to improving the future prospects of young people in a lasting way.

Deutsche Bank's activities in society focus on the areas of social affairs, culture, the sciences, social dialogue, sports and the environment – and not only where we engage in business. In a global context, we support measures in the field of sustainability and further economic progress in developing countries via the Microcredit Programme.

Social commitment

Since 1987 the bank has demonstrated its social commitment in Germany via the Deutsche Bank Foundation Alfred Herrhausen "Helping People to Help Themselves"*. Funded with more than € 50 million, the Foundation above all seeks to help young people and improve their prospects for the future. In 2000, the successful project "Youth – School – Industry" was continued, in which more than 2,500 young people researched economic issues and reported about their experiences in newspapers. Moreover, in partnership with the Bundesanstalt für Arbeit, the Foundation helped young unemployed persons to set up their own small businesses.

In the U.S., the Deutsche Bank Americas Foundation won the rare distinction "Outstanding" awarded by the Federal Reserve Board for its extensive community activities (CRA: Community Reinvestment Act). They range from strengthening public infrastructures to supporting disadvantaged persons to career-counselling programmes for young people and unemployed persons.

In the U.K., the bank focused on youth projects, where our employees go to schools to reach out to disadvantaged youngsters to give them a positive outlook on life. In addition, there were partnerships with communities which helped young people understand the significance of e-commerce in working life.

* **www.deutsche-bank-stiftung.de**

Society

Spending by foundations related to Deutsche Bank and project-related spending in € m.	2000
Social affairs	
Deutsche Bank Foundation Alfred Herrhausen "Helping People to Help Themselves"	5.0
Deutsche Bank Americas Foundation	14.4
Deutsche Bank Citizenship UK	4.2
Alex. Brown & Sons Charitable Foundation	4.2
other project-related spending	0.5
Culture	
Cultural Foundation of Deutsche Bank	3.7
other project-related spending	0.9
Society and the sciences	
Stiftungsfonds Deutsche Bank im Stifterverband für die Deutsche Wissenschaft	5.7
Deutsche Bank Institute for Family-Owned Businesses at the University of Witten/Herdecke	1.1
Alfred Herrhausen Society for International Dialogue	0.7
Environment	
ISO 14001, Worldwide Young Researchers for the Environment (WYRE), UNEP Conference	3.3
Prototype Carbon Fund/World Bank	5.2

Sponsoring culture and the arts

Since the late seventies, the bank has been building up a collection of contemporary art* under the motto "Art in the Workplace", which meanwhile comprises nearly 50,000 works. Publications and events make the collection accessible to a wide public. Deutsche Bank collaborates with the Solomon R. Guggenheim Foundation and organizes four exhibitions a year in the Deutsche Guggenheim Berlin gallery**.

In the U.S., the bank supported several museums, including the Guggenheim and the Jewish Museum in New York and the Baltimore Museum of Art. It was a partner of the key Millennium Concert at the Metropolitan Opera in New York. In England, young artists from various disciplines were supported.

The Cultural Foundation*** is an expression of Deutsche Bank's global cultural commitment. In the year 2000, it placed a stronger emphasis on its own projects. With "GrenzDenker" and "Literalog", it launched two new series of events which reflect and interpret processes of social change in a cultural context. One example of our support for young talent is the opera scholarship in collaboration with the Frankfurt Opera. As part of the cultural programme of EXPO 2000, the Cultural Foundation supported the much acclaimed new production of Faust I and II by Peter Stein.

* **www.sammlung-deutsche-bank.com**
** **www.deutsche-guggenheim-berlin.de**
*** **www.kultur-stiftung.org**

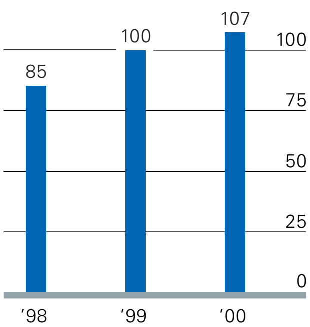
Social dialogue and academia

In sponsoring academic causes, the Stiftungsfonds Deutsche Bank seeks to improve conditions for basic research and special research projects in collaboration with the Stifterverband für die deutsche Wissenschaft. At the University of Potsdam, an endowment chair in religious studies with a focus on rabbinical studies was approved in the reporting year. The Alfred Herrhausen Society for International Dialogue* regards itself as a forum for social issues of our time. The focal theme of its forums, conferences and publications in 2000 was the global generational conflict.

The independent Historical Institute of Deutsche Bank** draws on both its own and external research in an attempt to provide an honest account of the bank's history. One of its main tasks will continue to be the study of the bank's activities under National Socialism. A new focus of the Institute's work is the history of German-American economic and financial relations.

* **www.deutsche-bank.de/ahg**
** **www.deutsche-bank.com/history**

Deutsche Guggenheim Berlin
Visitors in thousands



Environment and sustainability

The Jugend forscht Foundation and Deutsche Bank extended their 10-year commitment to "Young Europeans' Environmental Research" to all continents in 2000. At the first global competition during EXPO 2000 in Hanover, more than 140 young scientists from over 70 countries showed new ways to promote the sustained development of natural resources.

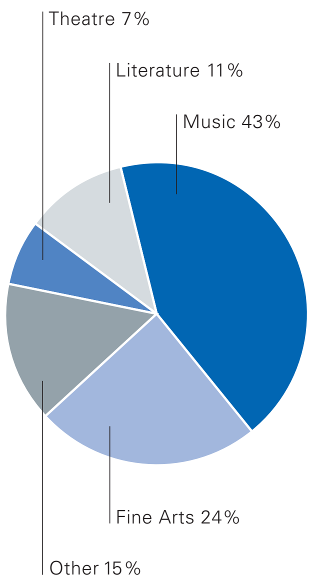
Deutsche Bank supports the sustainable development of mankind. The sustainability concept*, introduced in the year 2000, combines our environmental management system, which again received the international standard ISO 14 001 certification in the reporting year, with economic, societal and social aspects. The bank joined the World Business Council for Sustainable Development and hosted the Financial Services Conference of the Environmental Organization of the United Nations (UNEP). The bank regards its investment of € 5.2 million in the Prototype Carbon Fund of the World Bank as a further way of realizing its commitment to sustainability. With a fund volume of U.S.$ 145 million at the end of 2000, the fund supports projects in Asia, Eastern Europe, Latin America and Africa which reduce greenhouse gas emissions.

Owing to its global commitment to sustainability, the bank was invited to become a member of the "Global Compact" of the United Nations in which selected non-government organizations (NGOs), governments and companies are included in its network on environmental, human rights and work environment issues.

Deutsche Bank Microcredit Development Fund

The Deutsche Bank Microcredit Development Fund makes a valuable contribution to the promotion of stable economic structures in developing countries by extending micro-credits to business start-ups, training young people, or buying equipment for village communities which could otherwise not be financed. National partner organizations and local banks support this work. Last year, a total of 51,000 micro-credits in the amount of U.S. $ 19 million were extended.

Areas sponsored by the Cultural Foundation
1995–2000: 395 projects



* **www.deutsche-bank.com/sustainability**

Partnership. For me, a bank should be there when I need it, no matter where I am and at any time. My choice is Deutsche Bank 24 because they're always available with good advice on all products – at my branch, by phone or online. They're the right partners for me.
Kathrin Sprunck, Teacher, Frankfurt am Main

Management Discussion First financial year with Bankers Trust fully integrated and Deutsche Bank 24 independent.

In 2000, strategic foundations laid in the previous years became fully effective for the first time: Bankers Trust was included in the Group figures for the whole year. For Deutsche Bank 24 AG, it was the first full year of legal independence. Extensive enhancements of our IT platforms allowed us to combine diverse e-commerce activities in our Group Divisions and in the Global Technology and Services Division into a comprehensive e-commerce strategy that received a generally very positive assessment. The build-up of qualified human and technical resources in investment banking, asset management and portfolio investment business as well as in risk management made it possible for us to make use of the special opportunities in the stock market in 2000 to the benefit of our customers and the Group.

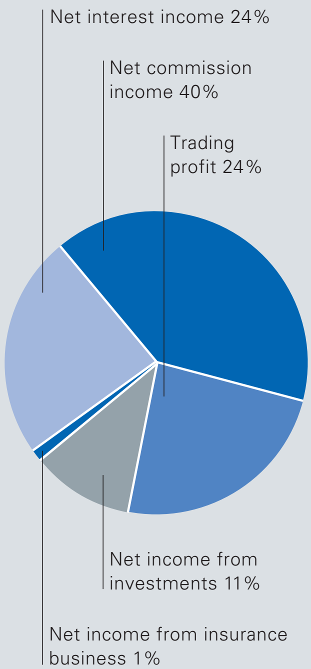
At € 4.9 billion, Deutsche Bank Group doubled its already high net income in the previous year. Revenues rose by a third compared with the previous year to € 28.7 billion. Here, the successful integration of Bankers Trust had an important share. This put us among the world's leading investment banks.

The revenue structure saw a further shift towards commission business and the trading units. These two segments generated almost two-thirds of revenues, compared with 40 % in 1995. Net income from investments made a particularly strong contribution of 11% to revenues as a result of the structured placement of Allianz shares.

Operating expenses were influenced by the high share of performance-related payments, especially in investment banking. Also reflected here are the investments in the implementation of our comprehensive e-commerce strategy. Furthermore, the weakening of the euro against the U.S. dollar and British pound contributed to the rise in expenses. Despite moderate growth in the remaining costs, cost management has high priority, which is underlined by the appointment of Chief Operating Officers in all important units.

With the new organizational structure which came into force at the beginning of February 2001, we intend to realize revenue and cost advantages of an additional € 1.5 billion per annum until 2003.

Structure of revenues
total € 28,659 m.



Net interest income before provision for losses on loans and advances

Net interest income before provision for losses on loans and advances increased by 2.9 % compared with the previous year to € 6.8 billion. The increase is largely due to the growth of the group of consolidated companies in 2000. Furthermore, the inclusion of Bankers Trust for the full year also contributed to the rise in net interest income.

The share of interest business in total revenues fell further to 24 % (1999: 31%) as commissions and trading profits rose strongly.

Provision for losses on loans and advances

To cover risks in credit business, provision for losses on loans and advances of € 438 million was sufficient. This is € 178 million or 28.9 % less than in the previous year.

The provision requirement of € 773 million net for creditworthiness risks was mainly in domestic credit business. Measures to improve the quality of our credit portfolio have enabled us to reduce the provisioning requirement in the last few years.

Due to the reduction of credit exposures and the upgrading of internal ratings for several countries, provisions for country risks amounting to € 186 million net were released. Total provisions for country risks are meanwhile less than € 0.3 billion. Owing to the sale and rescheduling of debts, exposures bearing country risks have been reduced strongly in the last few years.

Of the general value adjustment for latent credit risks, which is calculated in the Group according to a uniform procedure, we were able to release € 149 million.

The Group's total provisions for losses on loans and advances amount to € 7.2 billion, which is 2.3 % of total credit extended.

Write-offs in credit business came to € 1.3 billion, of which € 0.3 billion related to cross-border credits, especially in connection with rescheduling agreements. These write-offs only put a small burden on profits in 2000, as the corresponding provisions had already been formed to a very large extent in the previous years.

The default ratio of 0.43 % (in relation to total credit extended) is slightly above the comparable average figure of 0.41 % for the period 1994 to 1999.

Net interest income after provision for losses on loans and advances rose by 6.2 % to € 6.4 billion.

Net commission income

With another considerable growth rate of 41.9 % (1999: + 52.2 %), net commission income entered a new dimension. In only two years, net commission income has doubled to € 11.5 billion, becoming by far the most important revenue category in the Group.

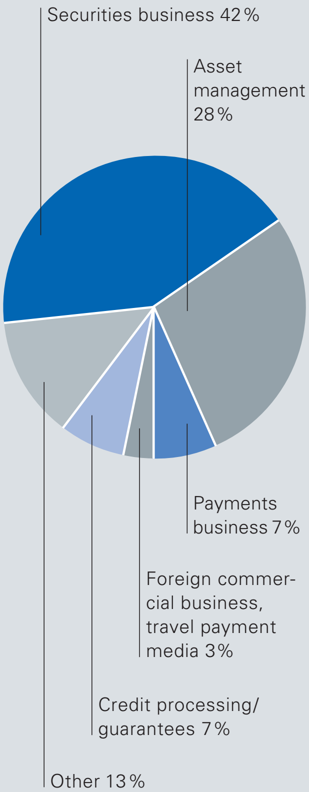
Almost two thirds of the increase of € 3.4 billion, compared with the previous year, stem from organic business growth and a good third from first-time consolidations and Bankers Trust. All areas of commission business exceeded their pre-year results, especially securities business which contributed 42 % to net commission income. Commission business in shares and investment fund units developed particularly well.

We further expanded asset management activities for our customers. The resulting commissions improved by 50 % to € 3.2 billion. The volume in asset management (excluding capital investments in insurance business) rose to € 703 billion.

Credit processing and guarantee business generated revenues of € 0.8 billion. The same amount came from payments business. The growth rates compared with the previous year are double-digit.

Mergers and acquisitions advisory expanded particularly strongly in the reporting year. The transaction volume and the related commission revenues more than doubled over 1999. For 2001, we see potential for further growth in our M&A business.

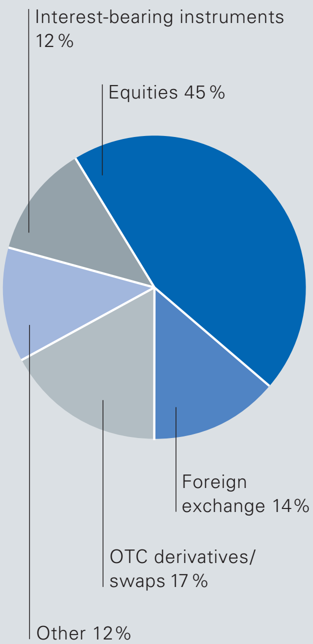
Structure of net commission income
total € 11,468 m.



Trading profit

In the financial year ended, the trading businesses were again very successful with regard to the stability and size of revenues generated. This applies not only to the first quarter of 2000, with a profit of € 2.5 billion. In each of the subsequent quarters, too, roughly € 1.5 billion was earned despite divergent market conditions. The trading profit of € 6.9 billion generated in the reporting year exceeded the already high pre-year figure by € 2.4 billion or 52.4 %.

Structure of trading profit
total € 6,891 m.



More than half of trading profit was achieved in securities trading. The focus was on the equities sector, where – despite conditions which had become more difficult over time on the worldwide equities markets – profit was more than doubled. With effect from the 2000 financial year and calculated according to SIC-16, the net gain from trading in own shares (€ 180 million pre-tax) is no longer to be presented in the income statement, but directly in equity; the comparative figures have been adjusted accordingly.

For the first time, foreign exchange trading contributed more than € 1 billion to trading profit. This outstanding result was generated largely in Europe. Our foreign exchange trading was also successful in North America, benefitting from the integration of Bankers Trust, and in Asia/Pacific. The globally integrated foreign exchange business has built a powerful client-focused global franchise.

Trading in OTC derivatives/swaps earned a considerable profit of € 1.2 billion and thereby made the second-largest contribution to trading profit after equities trading.

Net income from insurance business

Net income from insurance business, at € 382 million, was roughly at the previous year's level. Business volume and premium revenues increased due to sales successes, above all in 1999, and to the generally recognized need for improved private and company provision for retirement. The substantially higher premium volume is matched by correspondingly higher benefit commitments in favour of life insurance customers.

Net income from investments

Net income from investments was € 3.1 billion. It contains – besides the first-time consolidation effect of special funds – mainly the revenues from the structured placement of Allianz shares.

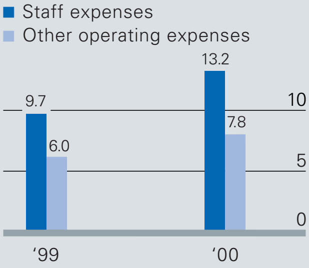
Operating expenses

Operating expenses rose in the reporting year by € 5.3 billion to € 21.0 billion. The growth of 33.6 % compared to the previous year was significantly influenced by first-time consolidations and the integration of Bankers Trust, as well as by exchange rate changes. Performance-related compensation increased appreciably due to the strong improvement in profits, especially in investment banking. Adjusted for these effects, the growth rate of operating expenses falls to less than 5 %, reflecting, among other things, investments in the future.

The rise in staff expenses by € 3.5 billion to € 13.2 billion is due largely to performance-related compensation. The annual average number of employees (effective full-time equivalents) increased by 14 % to roughly 88,800, mainly abroad, where the integration of Bankers Trust primarily took place.

Other operating expenses (including depreciation) came to € 7.8 billion, which corresponds to growth of € 1.8 billion or 29.5 %. Key factors here were the considerably higher transaction volume and investments in cross-divisional e-commerce activities of almost € 400 million. We also recorded higher depreciation on property and equipment and other assets (+ € 324 million).

Operating expenses
in € bn.



Other income/expenses

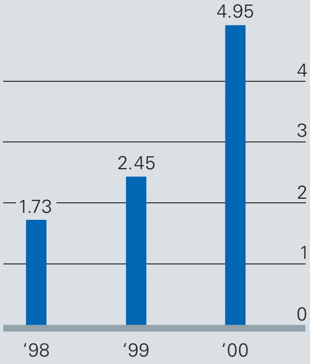
The balance of other income/expenses of minus € 425 million includes € 672 million in amortization of goodwill from corporate acquisitions amortized on a straight-line basis over 15 years; of this, € 446 million was attributable to Bankers Trust goodwill.

Net income

Profit from ordinary activities (before taxes) rose by 74.9 % to € 6.7 billion. Income taxes increased by only 27.7 % to € 1.8 billion. This divergent development reflects the release of provisions for deferred taxes following the reduction of the corporate tax rate in Germany from 2001 onwards and the tax-free gain from the placement of Allianz shares.

After income taxes, there remains net income of € 4.9 billion, which exceeds the previous year's figure by € 2.5 billion or 101.8 %.

Net income
in € bn.



Key figures

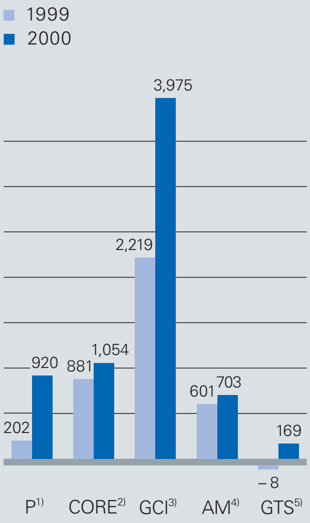
The key figures for the 2000 financial year improved considerably compared with the previous year. At € 9.02, earnings per share – excluding goodwill amortization – were almost twice the figure for the previous year (€ 4.86); including goodwill amortization, earnings per share rose by € 3.87 to € 7.93. The return on equity before taxes increased – excluding goodwill amortization – to 32.4 % after 22.0 % in the previous year (including goodwill amortization 29.4 %, 1999: 19.6 %).

The cost/income ratio is calculated on the basis of all income and expense components excluding provision for losses on loans and advances, restructuring expenses and income taxes. The figure calculated in this way – excluding goodwill amortization – improved by 1.1 percentage points to 73.3 %; after inclusion of goodwill amortization, the figure is 75.6 %.

Consolidated profit

The consolidated profit of the Group of € 801 million is the distributable profit of Deutsche Bank AG. We propose to the General Meeting on May 17, 2001 that this profit be used to distribute a dividend increased from € 1.15 to € 1.30 per share. Including the imputable corporate tax of € 0.56 per share, this gives total income for our domestic shareholders of € 1.86 per share (1999: € 1.64). The dividend increase of 13 % is based on the good development of business in 2000 and on our confidence in a positive development of profits in the coming years.

Profit before taxes of Group Divisions
in € m.



1) Retail and Private Banking
2) Corporates and Real Estate
3) Global Corporates and Institutions
4) Asset Management
5) Global Technology and Services

Divisional results

With respect to the profits of the divisions, as with the income statement of the Group, it should be taken into account that Bankers Trust was only included for seven months in the previous-year figures. Furthermore, the weakness of the euro led to – in some cases – material exchange rate effects. For profit from ordinary activities before taxes and the derived key figures, both effects were of minor significance.

The reporting of segment information (see page 124) shows how Group results are made up of the results of the five Group Divisions and the Corporate Center, as well as the position “Other/Reconciliation/Consolidation”.

For the 2000 financial year, the Group Divisions report profit from ordinary activities before taxes of € 6,821 million. All Group Divisions improved strongly and contributed to the significant profit growth of € 2,926 million. An excellent development was recorded by Group Division Global Corporates and Institutions (gain of € 1,756 million to € 3,975 million) and Group Division Retail and Private Banking (gain of € 718 million to € 920 million).

The negative profit from ordinary activities before taxes of the Corporate Center, at € 440 million, was largely due to operating expenses, which were reduced by € 24 million compared with the previous year.

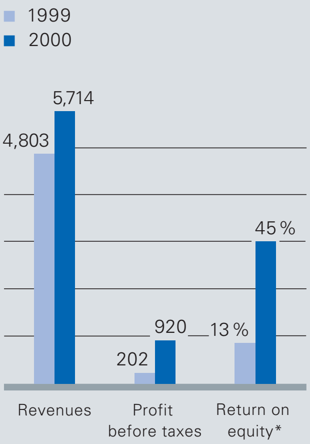
In the 2000 financial year, the position "Other/Reconciliation/Consolidation" contributed € 348 million to profit from ordinary activities before taxes in the Group. The decrease of € 56 million, despite the higher placement profit from Allianz shares compared with the previous year, is attributable, among other things, to the costs of cross-divisional projects such as strategic e-commerce projects and the planned listing of the Deutsche Bank share on the New York Stock Exchange.

To increase the transparency of segment information, the results for the Corporate Center and elements of the "Other/Reconciliation/Consolidation" position will be allocated to the Group Divisions starting with the 2001 financial year. This simplifies the reconciliation between results for the Group Divisions and the consolidated Group result.

Retail and Private Banking

Following the restructuring and expansionary measures carried out in 1999, Group Division Retail and Private Banking achieved its highest ever profit in the 2000 financial year. A major part of the strong revenue growth of € 911 million related to commission business in securities. Here, the Group Division gave impressive proof of its placing power both in equity issues and with its own innovative products (for example, Xavex HedgeSelect and Quings Global Blue Chips 24). Over and above that, higher volumes and margins in deposit business led to a substantially higher net interest income. Operating expenses rose by € 482 million, which was less than revenues. In addition to first-time consolidation effects and higher performance-related compensation and transaction costs due to the growth of business, the increase is mainly attributable to higher IT costs and the further expansion of the Business Divisions Personal Banking and Private Banking.

Retail and Private Banking
in € m.



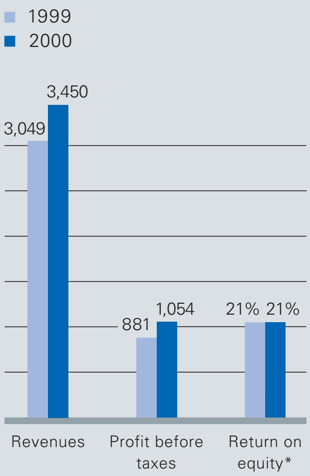
*excluding goodwill amortization

The Personal Banking Business Division took a higher share in the growth of profit from ordinary activities before taxes by € 718 million to € 920 million in the 2000 financial year than the also strongly improved Business Division Private Banking. This confirms the "Deutsche Bank 24" concept, which, as from 2001, will be extended to other European countries. With a return on equity (excluding goodwill amortization) of 45 %, the Group Division Retail and Private Banking achieved an improvement of 32 percentage points and, after Group Division Asset Management, recorded the second-highest return on equity among all Group Divisions.

Corporates and Real Estate

Group Division Corporates and Real Estate achieved very good results in the 2000 financial year. Special mention should be made of the revenue growth of € 401 million to € 3,450 million, to which the Business Division Corporate Banking made a particular contribution with higher interest revenues from deposit business and increased commission revenues from interest and currency management, international payments and corporate finance. The comparatively moderate rise in operating expenses, by € 161 million to € 1,978 million, reflects, in addition to first-time consolidation effects, higher IT costs and investments in e-commerce. Taken in total, Group Division Corporates and Real Estate, with an unchanged return on equity (excluding goodwill amortization) of 21 %, improved its profit from ordinary activities before taxes in the 2000 financial year by € 173 million to € 1,054 million.

Corporates and Real Estate
in € m.

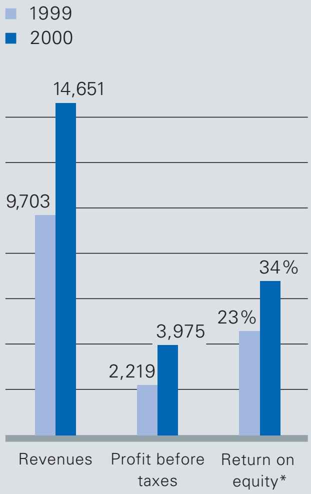


*excluding goodwill amortization

Global Corporates and Institutions

Group Division Global Corporates and Institutions ended the 2000 financial year again with a record result and proved in the second half of the year that it can be successful in a more difficult market environment. Profit from ordinary activities before taxes, in the amount of € 3,975 million, clearly exceeded the already very good result for the previous year by € 1,756 million. Particularly impressive was the revenue growth of € 4,948 million to € 14,651 million, to which all Business Divisions contributed. The largest share came from Business Division Global Equities, which, due among other things to its strong business with equity derivatives, almost doubled its revenues compared with the previous year. A similarly positive development was recorded by revenue growth in Business Division Global Investment Banking, which, following the quick integration of Bankers Trust, was successful in business with equity issues and M&A advisory. Compared with revenues, the rise in operating expenses by € 3,506 million to € 10,422 million was much lower. Besides first-time consolidation effects (for example, National Discount Brokers) and higher performance-related compensation, the growth in costs is attributable to the considerably higher transaction volumes. The cost/income ratio was maintained compared with the previous year. Over and above that, the Group Division stepped up its investments in e-commerce and the further expansion of its business, for example in the Business Division Global Investment Banking. The return on equity (excluding goodwill amortization) in the Group Division improved by 11 percentage points to 34 % in the 2000 financial year.

Global Corporates and Institutions
in € m.

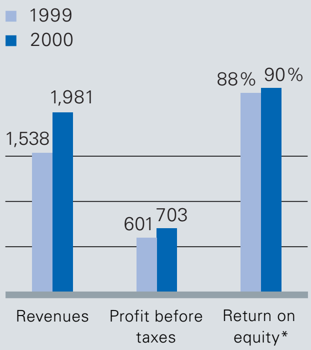


*excluding goodwill amortization

Asset Management

Group Division Asset Management improved its profit from ordinary activities before taxes in the 2000 financial year by € 102 million to € 703 million and its return on equity (excluding goodwill amortization) by 2 percentage points to 90 %. The basis for this was revenue growth of € 443 million, mainly resulting from commission income in asset management. Investment volumes were increased both in the institutional sector and in business with private customers. Total assets under management at year's end were € 629 billion worldwide, after € 589 billion in the prior year. The rise of € 391 million in operating expenses includes, besides higher performance-based compensation, costs for business expansion in the Americas, Europe and Asia/Pacific.

Asset Management
in € m.

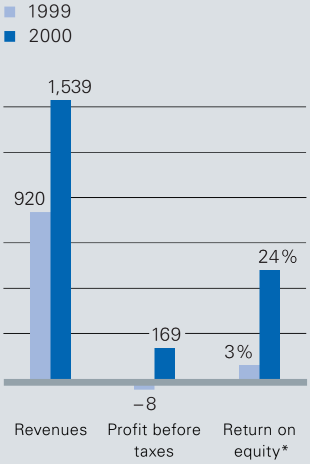


*excluding goodwill amortization

Global Technology and Services

Group Division Global Technology and Services increased its profit from ordinary activities before taxes by € 177 million to € 169 million. The return on equity (excluding goodwill amortization) improved strongly by 21 percentage points to 24 %. This development was largely due to the Business Division Global Institutional Services taken over from Bankers Trust. The product areas Global Securities Services, Global Cash Services as well as Corporate Trust and Agency Services, combined here, expanded their position among the world's leading banks in the

Global Technology and Services
in € m.



*excluding goodwill amortization

2000 financial year. Further focal points in the business activities of Group Division Global Technology and Services in the past year were projects to expand our global presence in e-commerce (among other things, the foundation of money-shelf.com AG and participations in paybox.net AG and PAGO eTransaction Services GmbH) and the optimization of our IT applications. Furthermore, with Sinius GmbH, a subsidiary was hived down which in future will offer our IT expertise outside the Group as well.

Balance sheet

The total assets of the Group rose in 2000 by € 100.2 billion (+11.9 %) to € 940.0 billion. The companies newly consolidated in the reporting year added € 32 billion to total assets, after + € 82 billion in the previous year. The moderate growth in volume is the result of consistent management above all of risk-bearing positions.

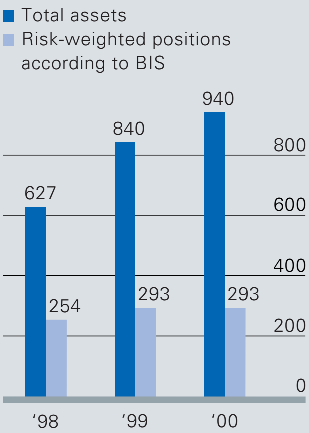
Risk-weighted positions according to BIS (risk-weighted assets and market risk positions) requiring capital backing were unchanged at € 293 billion. We thus reached our target of not allowing our risk-weighted positions to increase further.

Over half of the volume growth related to assets held for dealing purposes, which grew to € 290.4 billion due to the rise in holdings of fixed-income securities (+ € 28.4 billion) and equity shares and other variable-yield securities (+ € 34.6 billion); they now make up 31 % of total assets (end of 1999: 28 %).

On the other hand, our total credit extended, which rose by 8.0 % to € 307.0 billion, decreased further in proportion to total assets. This trend has been continuing for years and reflects the greater influence of investment banking on total assets.

The growth of € 22.8 billion in total credit extended is due – in addition to exchange rate changes – primarily to higher loans and advances to companies and financial institutions (+ € 20.1 billion), especially to West European customers. Loans and advances to private and small business clients only increased slightly by 1.4 % to € 86.1 billion.

Balance sheet
in € bn.



Investments

Investments rose by € 12.1 billion to € 82.3 billion mainly due to the increase in holdings of bonds. The market value of listed securities (including those held through special funds) amounted to € 61.5 billion; the corresponding book value is € 46.6 billion, which leaves a price reserve of € 14.9 billion. The decrease of € 3.4 billion compared with the end of 1999 is due to the placement of Allianz shares and the fall in the DaimlerChrysler share price.

Liabilities

Deposits from other banks increased by 1.8 % to € 177.8 billion, all of this growth being in the repayable-on-demand segment. On the other hand, amounts owed to other depositors increased by 15.0 % to € 334.6 billion; of the growth of + € 43.5 billion, € 24.1 billion related to time deposits and € 17.9 billion to deposits repayable on demand, and the rest to savings deposits (+ € 1.5 billion). We also raised our funding through the issuance of bonds and money market instruments, so that total liabilities evidenced by paper rose by € 36.7 billion to € 201 billion. Here, we preferred money market instruments with maturities of up to one year (+ € 26.9 billion). The subordinated capital is reported almost unchanged at € 15.4 billion.

Equity

Of Group net income, € 4.1 billion were added to retained earnings. Group equity then came to € 27.5 billion.

Capital and reserves according to BIS increased to € 37.0 billion. As the risk-weighted positions remained constant, the new capital base led to a higher capital ratio of 12.6 % (end of 1999: 12.0 %); the core capital ratio improved to 7.4 % (end of 1999: 5.9 %).

Income Statement

Deutsche Bank Group

Income Statement

in € m.	[Notes]	1.1.–31.12. 2000	1.1.–31.12. 1999
Net interest income	[3], [9], [15]	**6,811**	**6,619**
Provision for losses on loans and advances	[4], [16]	438	616
Net interest income after provision for losses on loans and advances		**6,373**	**6,003**
Net commission income	[17]	**11,468**	**8,084**
Trading profit	[18]	**6,891**	**4,521**
Net income from insurance business	[19]	**382**	**385**
Net income from investments	[6], [20]	**3,107**	**2,007**
Operating expenses	[7], [8], [21]	**21,037**	**15,746**
Balance of other income/expenses from ordinary activities	[7], [22]	– 425	– 523
Profit before expenses for restructuring and taxes		**6,759**	**4,731**
Restructuring expenses	[12], [23]	30	884
Profit from ordinary activities before taxes		**6,729**	**3,847**
Income taxes on profit from ordinary activities	[13], [24]	1,780	1,394
Profit from ordinary activities after taxes		**4,949**	**2,453**
Extraordinary profit		–	–
Income taxes on extraordinary profit		–	–
Net income		**4,949**	**2,453**

Appropriation of net income

in € m.	[25]	2000	1999
Net income		4,949	2,453
Profit attributable to minority interests		80	50
Loss attributable to minority interests		3	5
Addition to retained earnings		4,071	1,702
Consolidated profit		**801**	**706**

Earnings per share figures

in €	[26]	2000	1999
Earnings per share (excluding goodwill amortization)		9.02	4.86
Earnings per share (including goodwill amortization)		7.93	4.06
Diluted earnings per share (excluding goodwill amortization)		8.86	4.67
Diluted earnings per share (including goodwill amortization)		7.78	3.91

Balance Sheet

Deutsche Bank Group

Assets			
in € m.	[Notes]	**31.12.2000**	**31.12.1999**
Cash reserve	[27]	17,972	21,879
Placements with, and loans and advances to, other banks	[3], [28]	117,413	115,453
Loans and advances to customers	[3], [29]	373,605	352,371
Total provisions for losses on loans and advances	[4], [32]	– 7,198	– 7,850
Assets held for dealing purposes	[5], [33]	290,404	233,000
Investments	[6], [34]	82,290	70,206
Intangible assets	[7], [35]	8,553	8,536
Property and equipment	[8], [36]	9,196	9,049
Insurance companies' capital investments	[37]	28,900	21,472
Income tax assets	[38]	5,151	7,277
Other assets	[39]	13,747	8,472
Total Assets		**940,033**	**839,865**

Liabilities and Equity			
in € m.		**31.12.2000**	**31.12.1999**
Deposits from other banks	[10], [42]	177,767	174,655
Amounts owed to other depositors	[10], [43]	334,589	291,042
Liabilities evidenced by paper	[10], [44]	200,741	164,060
Liabilities from dealing activities	[11], [45]	127,137	123,268
Provisions	[12], [46]	39,191	31,755
Income tax liabilities	[47]	5,811	7,852
Other liabilities	[48]	11,287	7,705
Subordinated capital	[49]	15,410	15,504
Minority interests		591	877
Equity	[50]	27,509	23,147
Subscribed capital		1,578	1,573
Capital reserve		10,626	10,438
Own shares		131	118
Retained earnings		14,109	10,067
Cumulative difference from currency translation		264	245
Consolidated profit	[25]	801	706
Total Liabilities and Equity		**940,033**	**839,865**

Statement of Changes in Equity

Deutsche Bank Group

Statement of Changes in Equity			
in € m.	[Note 50]	**2000**	**1999**
Subscribed capital at end of previous period		**1,573**	**1,363**
Increase in subscribed capital of Deutsche Bank AG		+ 5	+ 210
Subscribed capital at end of period		**1,578**	**1,573**
Capital reserve at end of previous period		**10,438**	**7,265**
Allocation of share premium from the increase in subscribed capital to capital reserve		+ 188	+ 3,173
Capital reserve at end of period		**10,626**	**10,438**
Own shares at end of previous period		**118**	**–**
Stock as at 31.12.		– 119	–
Profit/loss from trading in own shares (after taxes)		+ 132	+ 118
Own shares at end of period		**131**	**118**
Retained earnings at end of previous period		**10,067**	**8,323**
Allocation to retained earnings from net income		+ 4,071	+ 1,702
Change in the group of consolidated companies, other changes		– 29	+ 42
Retained earnings at end of period		**14,109**	**10,067**
Cumulative difference from currency translation at end of previous period		**245**	**90**
Difference from currency translation		+ 19	+ 155
Cumulative difference from currency translation at end of period		**264**	**245**
Consolidated profit at end of previous period		**706**	**600**
Net income after addition to retained earnings		+ 801	+ 706
Distribution by Deutsche Bank AG		– 706	– 600
Consolidated profit at end of period		**801**	**706**
Equity of the Group at end of period		**27,509**	**23,147**

Cash Flow Statement

Deutsche Bank Group

Cash Flow Statement

in € m. [Note 51]	2000	1999
Net income	**4,949**	**2,453**
Non-cash positions in Net income and reconciliation of Net income to Net cash used/provided by operating activities		
Write-downs, depreciation, adjustments, write-ups and change in provisions	16,646	9,963
Change in other non-cash items	– 4,288	19,500
Profit from the sale of investments, property and equipment	– 3,661	– 1,787
Other adjustments (net)	– 6,622	– 4,595
Sub-total	**7,024**	**25,534**
Change in assets and liabilities from operating activities after adjustments for non-cash components		
Placements with, and loans and advances to, other banks	– 1,183	– 22,137
Loans and advances to customers	– 22,659	– 50,325
Securities held for dealing purposes and Other assets held for dealing purposes	– 49,550	– 12,226
Other assets from operating activities	– 4,533	– 15,338
Deposits from other banks	3,125	24,268
Amounts owed to other depositors	41,348	29,622
Liabilities evidenced by paper	8,377	43,265
Other liabilities from operating activities	8,627	3,410
Interest and dividend receipts	42,951	32,135
Interest payments	– 35,866	– 25,516
Payments designated for specific use of restructuring provisions	– 612	– 912
Income tax payments	– 1,819	– 1,467
Net cash used/provided by operating activities	**– 4,770**	**30,313**
Proceeds from the sale of investments	43,635	30,005
Proceeds from the sale of property and equipment	1,460	1,598
Payments for the purchase of investments	– 34,378	– 50,356
Payments for the purchase of property and equipment	– 2,132	– 5,972
Effects of change in the group of consolidated companies	– 980	– 5,271
Cash flow from other investing activities (net)	– 6,152	– 4,754
Net cash provided/used by investing activities	**1,453**	**– 34,750**
Proceeds from the issuance of shares	193	3,383
Dividend payments	– 706	– 600
Change in Subordinated capital	– 94	3,318
Net cash used/provided by financing activities	**– 607**	**6,101**

Cash and cash equivalents (cash reserve) at end of previous period	**21,879**	**20,175**
Net cash used/provided by operating activities	– 4,770	30,313
Net cash provided/used by investing activities	1,453	– 34,750
Net cash used/provided by financing activities	– 607	6,101
Effects of exchange rate changes on cash and cash equivalents	17	40
Cash and cash equivalents (cash reserve) at end of period	**17,972**	**21,879**

Notes

The Consolidated Financial Statements of Deutsche Bank are in accordance with the International Accounting Standards (IAS) in force on balance sheet date. They fulfil both the conditions of § 292 a German Commercial Code for exemption from preparation of consolidated financial statements in accordance with German commercial law and the disclosure requirements of the European Union.

These Consolidated Financial Statements apply all existing IAS currently in force. We do not apply in advance any standards that have already been passed but have not yet come into binding force. The Financial Statements have been drawn up in euros. The published figures are expressed in millions of euros for reasons of clarity. Differences between the Consolidated Financial Statements according to IAS and German reporting are detailed in the Reconciliation Comments on pages 134 to 136.

[1] Companies included in consolidation

The Consolidated Financial Statements include, besides Deutsche Bank AG, 117 domestic enterprises (1999: 94) and 1,061 foreign enterprises (1999: 873). 25 domestic enterprises and 238 foreign enterprises were consolidated for the first time including 45 special purpose entities due to the first-time application of SIC-12. Furthermore, 22 special funds were included in consolidation due to the first-time application of SIC-12. Two domestic enterprises and 50 foreign enterprises were excluded from the group of consolidated companies.

Relevant acquisitions which expanded the group of consolidated companies in 2000 were First Australian Property Group Holdings Pty Ltd, Sydney, with four subsidiaries, Bank Wspólpracy Regionalnej Spólka Akcyjna w Krakowie, Cracow, and National Discount Brokers Group, Inc., Jersey City, acquired at the end of the year, including its 13 subsidiaries.

Furthermore, the following e-commerce enterprises
- easycash GmbH, Ratingen,
- emagine gmbh, Eschborn,
- emaro Aktiengesellschaft, Walldorf, and
- moneyshelf.com AG, Frankfurt am Main, including its three subsidiaries,

were included in consolidation.

The newly consolidated companies are marked accordingly in the List of Shareholdings.

The change in the companies included in consolidation affected relevant positions of the Group Balance Sheet and Group Income Statement as follows:

Impact of the change in the group of consolidated companies on relevant Balance Sheet positions

in € bn.	31.12.2000
Total Assets	**+ 32**
Assets held for dealing purposes	+ 13
Investments	+ 17
Liabilities evidenced by paper	+ 28

Impact of the change in the group of consolidated companies on relevant Income Statement positions

in € m.	2000
Profit before expenses for restructuring and taxes	**+ 353**
Net interest income	+ 269
Net commission income	+ 227
Net income from investments	+ 246
Operating expenses	+ 345

Owing to their minor importance for the assets, liabilities, financial position and profit situation, a total of 477 domestic and foreign related companies were not consolidated; their share in the Group's aggregated total assets is roughly 0.1 %. A further 78 companies are excluded from consolidation pursuant to IAS 27 as the exercise of voting rights is restricted or the shares are held for reasons of subsequent disposal.

The group of enterprises valued at equity was extended by 17 companies, one company was excluded due to merger. A total of 37 are valued at equity; the financial statements of these enterprises were not adjusted to uniform accounting policies of the Group.

265 associated enterprises were not valued at equity owing to minor importance.

The complete List of Shareholdings is deposited with the Commercial Register in Frankfurt am Main. It can be ordered free of charge using the form on page 191.

[2] Principles of consolidation

Capital consolidation is carried out using the book value method. For companies consolidated for the first time in 2000, the basis taken was the respective time of acquisition. Goodwill is amortized on a straight-line basis.

Intra-Group claims and liabilities, expenses and profits as well as interim results are eliminated, unless they are of minor significance. The financial statements of the insurance companies are included in the Consolidated Financial Statements without any adjustments, except equalization reserve. Owing to the special nature of this business, intra-Group positions of the insurance companies, in principle, are not offset.

[3] Loans and advances

Placements with, and loans and advances to, other banks as well as loans and advances to customers are reported at their nominal amount or at cost, where necessary less write-offs. Premiums and discounts are deferred in line with maturity and reported under interest. Prematurity compensation payments are booked to revenue over four years (average remaining life).

Despite the existence of a legal claim, interest income is not booked to revenue in cases where realization of the interest income is almost certainly not to be expected.

[4] Provision for losses on loans and advances

Provision for losses on loans and advances comprises value adjustments and provisions for all discernible creditworthiness and country risks and for latent default risks. The amount added to total provisions for losses on loans and advances is determined by estimates of loan defaults to be expected in the future, the economic situation, the composition, quality and performance of the various loan portfolios and other significant factors. This valuation covers cash drawings and off-balance-sheet positions, e.g. interest rate or currency deals, guarantees and letters of credit.

Creditworthiness risks are provisioned in accordance with prudent standards applied uniformly throughout the Group in the amount of the expected default.

The transfer risk from credits to borrowers in foreign states (country risk) is valued using a rating system which takes into account the respective economic, political and regional situation.

The latent default risk in lending business is provided for by general value adjustments based on empirical values of Group companies relating to past defaults.

[5] Assets held for dealing purposes

All dealing activities are reported at fair values in the balance sheet; changes in fair values are booked to P&L. Assets held for dealing purposes and liabilities from dealing activities are netted if there is an enforceable netting right and the netting reasonably reflects expectations of actual future cash flows.

Trading in own shares

In accordance with resolution SIC-16 of the Standing Interpretations Committee, no expense or revenue for trading in own shares is reported in the Income Statement in the IAS Consolidated Financial Statements as from the beginning of the 2000 financial year. Trading profit in the IAS Consolidated Financial Statements is adjusted for the respective results which – after taxes – are reported, along with the stock of own shares, in equity.

[6] Investments

Shares in related companies which are not consolidated are shown at cost. Associated enterprises are valued at equity in the Consolidated Financial Statements; in case of minor significance, valuation is at cost. Write-downs are made for declines in value which are probably other than temporary.

Bonds and other fixed-income securities, equity shares and other variable-yield securities as well as other shareholdings – serving investment purposes – are reported at cost; write-downs are deducted for permanent declines in value.

[7] Intangible assets

Acquired intangible assets are accounted for at cost of acquisition, reduced by scheduled depreciation.

Goodwill from corporate acquisitions is amortized largely over 15 years; if it stems from economically separate business units acquired, it is amortized on a straight-line basis over five years.

Software developed in-house is capitalized if the bank will probably derive an economic benefit from it and production costs can be determined in reliable measure. Software is amortized on a straight-line basis over the probable useful life of three to five years.

Unscheduled write-downs are carried out in case of declines in value which are probably other than temporary or if a future economic benefit will not be received.

[7] Intangible assets

	Amortization period in years
Goodwill	5–15
Software developed in-house	3–5
Other intangible assets (licences and rights)	3–6

[8] Property and equipment

Property and equipment are accounted for at cost of acquisition, reduced by scheduled depreciation. The respective assets are depreciated on a straight-line basis over their estimated useful lives. In determining the useful life of an item of property or equipment, physical life, technical progress as well as contractual and legal restrictions are taken into account.

In case of declines in value which are probably other than temporary, unscheduled write-downs are made.

Measures to maintain property and equipment are recorded as expense, as long as they recur regularly and do not change the nature of the asset.

[8] Property and equipment

	Normal useful life in years
Land and buildings	25–50
EDP equipment	2–6
Other office furniture and equipment	3–10

[9] Leasing

The Group as lessee

Lease payments for assets under leasing agreements where the risks and rewards incident to ownership of an asset rest with the lessor (operating lease) are treated as rental expense for the lessee.

The Group as lessor…

… finance lease

In accordance with the IAS, finance lease is involved if nearly all risks and rewards incident to ownership of an asset are transferred to the lessee. For the lessor, a claim vis-à-vis the lessee is reported in the amount of the present values of the contractually agreed payments, taking into account any residual values.

… operating lease

Leasing assets to be attributed in accordance with IAS principles to the lessor (operating lease) are reported under property and equipment. Depreciation is made in accordance with the principles applicable to the respective fixed assets. Lease payments are booked to revenue in accordance with usage.

[10] Deposits, amounts owed, liabilities evidenced by paper

Deposits, amounts owed, liabilities evidenced by paper are valued at their repayment or nominal amount. Bonds issued on a discounted basis and similar liabilities are reported at present value.

[11] Liabilities from dealing activities

All dealing activities are reported at fair values; changes are booked to P&L. Liabilities from dealing activities include negative market values from derivative financial instruments if these are not netted with assets held for dealing purposes, as well as short positions from short sales of securities.

[12] Provisions

Pension obligations

Provisions for pensions and similar obligations are calculated using the projected unit credit method in accordance with actuarial principles. As a principle, the rates used for salary development, pension adjustment and interest discounting reflect specific country conditions. Some Group companies comply with national regulations by forming benefit funds.

Restructuring provisions

Restructuring provisions are recognized if the conditions set out in IAS 37 are met, a detailed, formal restructuring plan has been drawn up and approved and its future implementation is ensured.

Other provisions

Other provisions are formed in the amount of uncertain liabilities or possible losses from pending transactions.

[13] Deferred taxes

Deferred taxes are computed by the balance sheet-related temporary concept which compares the carrying amounts of assets and liabilities with the tax bases relevant for the respective Group company. Differences in these valuations lead to temporary differences in value for which – regardless of the date of their release – deferred tax assets or deferred tax liabilities must be formed. Deferred taxes are computed according to the liability method using future tax rates applicable in the specific countries. Deferred tax assets are netted against deferred tax liabilities if income taxes are collected by the same tax authority.

[14] Currency translation

Assets and debts denominated in foreign currency and spot deals not yet settled are translated in principle at the spot mid-rate on balance sheet date; forward exchange deals at the forward rate on balance sheet date.

In the Consolidated Financial Statements, the items in the balance sheet of foreign consolidated companies are translated into euros at mid-rates on the respective balance sheet date (reporting date method). The items of the Income Statement as from the 2000 financial year are converted at weighted average rates (average rate method). Effects of exchange rate changes on relevant positions of the Income Statement are explained on page 127. Translation profits and losses from capital consolidation are reported in equity as the cumulative difference from currency translation. Translation of goodwill is effected at the exchange rate as at the time of acquisition. Translation profits and losses resulting from the consolidation of debts, expenses and income are treated neutrally for profit purposes.

Information on the Income Statement

[15] Net interest income

in € m.	2000	1999
Interest income	**41,115**	**29,592**
from lending and money market business	39,348	27,742
from fixed-income securities	1,767	1,850
Current income	**971**	**1,502**
from equity shares and other variable-yield securities	627	1,221
from equity investments	230	154
from shares in companies valued at equity	86	96
from shares in related companies	28	31
Interest expenses and similar charges	**35,754**	**24,905**
for deposits	24,895	17,601
for liabilities evidenced by paper	9,702	6,305
for subordinated capital	1,157	999
Profit from leasing business	**479**	**430**
Current income from leasing business	865	1,112
Depreciation of leasing assets	274	441
Other expenses from leasing business	112	241
Total	**6,811**	**6,619**

[15] Net interest income

[16] Provision for losses on loans and advances

in € m.	2000	1999
Provisions formed to the debit of P&L	1,675	2,079
Provisions released to the credit of P&L	1,111	1,321
Amounts received against claims written off	76	50
Profits (–) / losses (+) from currency hedging	– 50	– 92
Total	**438**	**616**

[16] Provision for losses on loans and advances

[17] Net commission income

in € m.	2000	1999
Securities business	4,828	3,320
Asset management	3,227	2,153
Payments business	770	700
Foreign commercial business, travel payment media	367	336
Loan processing and guarantees	795	676
Other activities	1,481	899
Total	**11,468**	**8,084**

[17] Net commission income

Commission income amounted to € 13,032 million (1999: € 9,205 million) and commission expenses to € 1,564 million (1999: € 1,121 million), especially in securities business and for asset management.

The following administration and agency services were provided for third parties: custodian, asset management, administration of assets held on trust, referral of mortgages, insurance policies and property finance agreements, as well as mergers & acquisitions.

[18] Trading profit

[18] Trading profit*

in Mio €	2000	1999
Securities	**4,021**	**2,650**
Debt instruments and related derivatives	822	1,161
Equities and related derivatives	3,199	1,489
Foreign exchange, metals and commodities	**1,105**	**833**
Foreign exchange	1,012	756
Metals and commodities	93	77
Other dealing activities	**1,945**	**1,278**
OTC derivatives/swaps	1,174	744
Other financial transactions	771	534
Trading profit	**7,071**	**4,761**
adjusted for gain (–)/loss (+) from trading in own shares	– 180	– 240
Trading profit according to Income Statement	**6,891**	**4,521**

* including interest and dividend income, funding costs and commissions attributable to trading activities

Other financial transactions consist above all of trading in emerging markets and money market papers and derivatives. In accordance with SIC-16 of the Standing Interpretations Committee, which came into effect at the beginning of the 2000 financial year, no expense or revenue for trading in own shares is reported in the Income Statement. The respective results are to be included in equity according to SIC-16. The comparative figures are adjusted accordingly.

[19] Net income from insurance business

[19] Net income from insurance business		
in € m.	**2000**	**1999**
Net premiums earned	3,784	3,591
Contributions from gross provision for premium refunds	259	226
Income from capital investments	1,860	1,831
Other income	38	73
Total Income	**5,941**	**5,721**
Expenses for claims	1,730	1,488
Change in net provisions in insurance business	1,996	2,748
Expenses for insurance operations	330	350
Expenses for capital investments	791	143
Other expenses	209	180
Total Expenses	**5,056**	**4,909**
Net income before premium refund allocation	**885**	**812**
Expenses for premium refunds	503	427
Total	**382**	**385**

Through higher net premiums and more income from capital investments, net income from insurance business increased by € 73 million (+ 9.0 %) to € 885 million before the allocation to the provision for premium refunds. As a result, policyholders received € 503 million through expenses for premium refunds, which was € 76 million higher than in the previous year.

[20] Net income from investments

[20] Net income from investments		
in € m.	**2000**	**1999**
Profit/losses from investments	3,647	2,062
Write-ups/write-downs to investments	– 540	– 55
Total	**3,107**	**2,007**

In the 2000 financial year as in 1999 net income from investments consisted mainly of the gains from the placement of Allianz AG shares.

[21] Operating expenses

[21] Operating expenses		
in € m.	**2000**	**1999**
Staff expenses	**13,169**	**9,670**
Wages and salaries	10,983	8,020
Compulsory social security contributions	1,037	857
Expenses for pensions and other employee benefits	1,149	793
Other operating expenses	**6,580**	**5,112**
Depreciation and adjustments	**1,288**	**964**
Office furniture and equipment	687	633
Land and buildings	203	155
Intangible assets	349	140
Other sundry assets	49	36
Total	**21,037**	**15,746**

[22] Balance of other income/expenses from ordinary activities

[22] Balance of other income/expenses from ordinary activities		
in € m.	**2000**	**1999**
Other income	**842**	**1,082**
Other current income from ordinary activities	842	481
Sundry income	–	601
Other expenses	**1,267**	**1,605**
Other current expenses from ordinary activities	440	597
Amortization of goodwill	672	473
Other taxes	95	97
Expenses from assumption of loss	2	3
Sundry expenses	58	435
Total	**– 425**	**– 523**

Other current income from ordinary activities

Other current income from ordinary activities consisted above all of rental income from real estate and buildings and profits from property and equipment sold.

Sundry income

Sundry income reported in the previous year resulted above all from the non-recurrent profit of € 576 million from currency hedge transactions for the purchase price of Bankers Trust contracted in U.S. dollars.

Other current expenses from ordinary activities

Other current expenses from ordinary activities consisted, among other things, of additions to provisions for uncertain liabilities and possible losses not relating to lending or securities business, as well as the expenses for residential property maintenance of Deutsche Wohnen AG, Eschborn.

Sundry expenses

Sundry expenses consist, among other things, of costs incurred in connection with the conversion to the euro; additionally in 1999, with the conversion to the year 2000.

[23] Restructuring expenses

[23] Restructuring expenses		
in € m.	**2000**	**1999**
Expenses for restructuring measures	38	898
Bankers Trust retention payments	154	107
Income from the release of restructuring provisions	162	121
Total	**30**	**884**

Expenses for restructuring measures

This item includes € 30 million in expenses for restructuring measures at Deutsche Financial Services Corp. In addition, expenses of € 8 million at Eurohypo AG are included for restructuring measures in connection with the closure of the branch network in business with private customers.

Bankers Trust Retention Payments

In connection with the acquisition of Bankers Trust a retention payment program was agreed for certain employees.

The claims are acquired over a contractually agreed minimum period averaging three years of service for the company. The proportionate share for the 2000 financial year amounts to € 154 million.

Income from the release of restructuring provisions

Of the restructuring provision formed in the 1997 financial year within the framework of the Strategic Group Restructuring plan, € 71 million were released. Over and above that, € 64 million of the restructuring provision formed in the 1999 financial year in connection with the integration of Bankers Trust and € 27 million of provisions for restructuring measures in the Corporates and Real Estate and Global Technology and Services Divisions were released. These releases had to be effected as certain measures will no longer be implemented upon expiry of the respective programme.

[24] Income taxes on profit from ordinary activities

[24] Income taxes on profit from ordinary activities

in € m.	2000	1999
Actual taxes	1,713	1,784
Deferred taxes	67	– 390
Total	**1,780**	**1,394**

Actual taxes were calculated on the basis of the tax results for the financial year, using the relevant country tax rates to be applied by the various Group companies.

In Germany, the corporate tax rate of 40 % for retained earnings valid since 1999 is subjected to a solidarity surcharge of 5.5 %. This leads to an effective corporate tax rate of 42.2 %. Together with the effective tax on trade earnings of 10.225 %, the total domestic tax liability in 2000 amounted to 52.4 % as in the year before. In as much as taxable income comprises dividend income or other income from trade investments, which was already subject to a corporate tax liability of 45 %, the corporate tax rate will continue to be 45 %. Under German corporate tax law, the initial 42.2 % burden on profits is reduced for dividend payments to 31.65 % (30 % corporate tax plus 5.5 % solidarity surcharge). Alongside this reduction in corporate tax, which is part of the pay-out, shareholders liable to pay tax in Germany also receive a tax credit that can be offset against their personal tax liability, which corresponds to the remaining tax liability of 31.65 % applicable to the company making a pay-out (imputation method).

The deferred taxes resulted from the formation and dissolution of temporary value differences (– € 8 million), changes in tax rates (– € 147 million) and the value adjustment of deferred tax assets (+ € 222 million).

The following table shows the relationship between income taxes derived from profits before taxes and income taxes for 2000 actually reported in the Income Statement (reconciliation). The derived income taxes are based on the total domestic tax liability of 52.4 %.

in € m.	2000	1999
Derived income taxes from profit before taxes	**3,526**	**2,020**
Reduction of domestic income tax on dividends	– 172	– 204
Tax rate differences on foreign results	– 535	– 53
Non-deductible expenses	+ 183	+ 131
Tax-exempted income	– 1,805	– 803
Adjustments in value to deferred tax assets	+ 222	+ 197
Amortization of goodwill	+ 358	+ 247
Other	+ 3	– 141
Reported income taxes	**1,780**	**1,394**

[25] Appropriation of net income

It will be proposed to the General Meeting on May 17, 2001 that the distributable profit of Deutsche Bank AG of € 801 million be distributed, which corresponds to a dividend increase from € 1.15 to € 1.30 per share.

[26] Earnings per share figures

Companies whose shares are traded on a stock exchange are required to report earnings per share and give details of how it is calculated. “Earnings per share” have to be published as well as “Diluted earnings per share”. For the calculation of the earnings per share figures, the stock of own shares is not deducted in the computation of the average number of shares outstanding.

Earnings per share

“Earnings per share” according to IAS is net income (excluding profit/loss attributable to minority interests) divided by the average number of ordinary shares outstanding in the period.

Diluted earnings per share

"Diluted earnings per share", reported additionally, shows the possible dilution effect of an increase in the number of shares due to pre-emptive rights granted. Net income is also adjusted for changes in revenue or expense which would have resulted from conversion of the diluted potential ordinary shares. Accordingly, "Diluted earnings per share" are obtained by dividing the adjusted profit for the period (excluding minority interest) by the higher potential numbers of shares.

The following table gives the key figures and the numbers of shares on which they are based:

	2000	1999
Earnings per share (excluding goodwill amortization)	€ 9.02	€ 4.86
Earnings per share (including goodwill amortization)	€ 7.93	€ 4.06
Diluted earnings per share (excluding goodwill amortization)	€ 8.86	€ 4.67
Diluted earnings per share (including goodwill amortization)	€ 7.78	€ 3.91
Average number of shares in issue	614,698,508	592,894,817
Number of shares including increases, which have resulted, or may result, from pre-emptive rights granted	625,948,432	616,580,994

For the purposes of the Global Equity Plan resolved at the 1998 General Meeting and of the db Share Plan in place since 1999, the underlying figure "Adjusted Pretax Income Per Share" (APIPS) will continue to be computed according to the method of calculation applied so far and will not be affected by the reformatting of the Income Statement carried out in 1999.

Information on the Balance Sheet

[27] Cash reserve

[27] Cash reserve

in € m.	31.12.2000	31.12.1999
Cash on hand and balances with central banks	**16,113**	**13,404**
Debt instruments of public-sector entities and bills of exchange eligible for refinancing at central banks	**1,859**	**8,475**
Treasury bills, discountable Treasury notes and similar debt instruments of public-sector entities	1,673	8,346
Bills of exchange	186	129
Total	**17,972**	**21,879**

[28] Placements with, and loans and advances to, other banks

[28] Placements with, and loans and advances to, other banks

	Domestic banks		Foreign banks	
in € m.	31.12.2000	31.12.1999	31.12.2000	31.12.1999
Current/clearing accounts	8,709	5,717	10,993	21,544
Money market	4,855	8,505	75,967	64,328
Loans and advances	7,675	9,255	9,214	6,104
Total	**21,239**	**23,477**	**96,174**	**91,976**
thereof: money market business backed by securities	3,511	6,946	50,812	54,085

[29] Loans and advances to customers

[29] Loans and advances to customers

in € m.	31.12.2000	31.12.1999
Domestic customers	**154,681**	**149,937**
Enterprises and financial institutions	60,743	57,006
Retail and private clients	69,685	68,860
Public sector	23,522	23,251
Other	731	820
Foreign customers	**218,924**	**202,434**
Enterprises and financial institutions	197,571	181,723
Retail and private clients	16,636	16,133
Public sector	4,556	3,763
Other	161	815
Total	**373,605**	**352,371**
thereof:		
money market business backed by securities	75,365	82,840
mortgage loans and other claims secured by mortgage charges	61,764	60,311
loans to or guaranteed by public-sector entities	28,876	29,594

Loans and advances to related companies and companies with which a participation relationship exists

in € m.	Related companies 31.12.2000	Related companies 31.12.1999	Companies with which a participation relationship exists 31.12.2000	Companies with which a participation relationship exists 31.12.1999
Loans and advances to banks	–	165	63	126
Loans and advances to customers	993	1,885	1,986	1,181
Insurance companies' capital investments/other assets	11	6	–	–
Recourse claims	–	92	–	85
Irrevocable credit commitments	48	66	82	147

[30] Total credit extended

[30] Total credit extended

in € m.	31.12.2000	31.12.1999
Loans and advances to customers*	289,897	268,660
Discounts**	195	130
Placements with, and loans and advances to, other banks	16,889	15,359
Total	**306,981**	**284,149**

* excluding money market business backed by securities and securities spot deals
** unless reported under loans and advances

Total credit extended includes accrued interest, receivables from brokers and clearing houses and other amounts receivable not deriving from credit business in a total amount of roughly € 25 billion.

Of total credit extended, € 162.3 billion (1999: € 159.0 billion), or 52.9 %, related to domestic borrowers and € 144.7 billion (1999: € 125.1 billion), or 47.1 %, to foreign borrowers.

[31] Leasing business

The finance leases included in total credit extended increased to € 5,873 million (1999: € 4,807 million).

The gross investment in leases reported as finance leases was € 6,622 million (1999: € 5,564 million). This figure is spread over the following periods:

in € m.	31.12.2000
up to 1 year	1,189
> 1 year – 5 years	3,089
more than 5 years	2,344
Total	**6,622**

The present value of leasing payments still receivable was € 5,497 million. This figure is spread over the following periods:

in € m.	31.12.2000
up to 1 year	960
> 1 year – 5 years	2,656
more than 5 years	1,881
Total	**5,497**

The total amount of unearned finance income was € 883 million. The non-guaranteed residual values accruing to the benefit of the lessor amounted to € 299 million. The result includes € 2 million as contingent rents. Accrued value adjustments to amounts receivable in leasing business came to € 6 million.

[32] Total provisions for losses on loans and advances

Development of total provisions for losses on loans and advances

[32] Total provisions for losses on loans and advances

in € m.	Creditworthiness risks 2000	Creditworthiness risks 1999	Country risks 2000	Country risks 1999	Latent risks (general value adjustment) 2000	Latent risks (general value adjustment) 1999	Total 2000	Total 1999
as at 1.1.	**6,307***	**5,917**	**756**	**1,034**	**836****	**830**	**7,899**	**7,781**
Additions								
formed to the debit of P&L	1,653	2,020	22	59	–	–	1,675	2,079
Deductions								
write-offs	1,027	842	303	–	–	–	1,330	842
released to the credit of P&L	776	931	186	370	149	20	1,111	1,321
Difference from currency translation	57	100	5	33	3	20	65	153
as at 31.12.	**6,214**	**6,264**	**294**	**756**	**690**	**830**	**7,198**	**7,850**

* after adjustment of € 43 million due to change in the group of consolidated companies
** after adjustment of € 6 million due to change in the group of consolidated companies

Analysis of total provisions for losses on loans and advances

in € m.	31.12.2000	31.12.1999
Placements with, and loans and advances to, other banks	234	573
Loans and advances to customers	6,510	6,704
Discounts (unless reported under loans and advances)	1	4
Other positions (guarantees, letters of credit, etc.)	453	569
Total	**7,198**	**7,850**

The loan portfolio included non-accruing value-adjusted exposures in the amount of € 4.4 billion (1999: € 4.1 billion).

Key ratios of total provisions for losses on loans and advances

in % of total credit extended	2000	1999
Default ratio	0.43	0.30
Portfolio ratio	2.32	2.75

[33] Assets held for dealing purposes

in € m.	31.12.2000	31.12.1999
Bonds and other fixed-income securities	**152,338**	**123,960**
Money market instruments	19,585	21,816
Bonds and notes issued by		
public-sector issuers	80,705	66,364
other issuers	52,048	35,780
thereof: own bonds	2,880	1,743
including: securities eligible for stock exchange listing	152,338	123,960
thereof: listed	130,012	95,875
Equity shares and other variable-yield securities	**80,298**	**45,703**
Equity shares	77,714	43,225
Investment certificates	1,064	1,632
Other	1,520	846
including: securities eligible for stock exchange listing	80,284	45,340
thereof: listed	77,726	42,223
Positive market values from derivative financial instruments	**53,764**	**61,351**
Other assets held for dealing purposes	**4,004**	**1,986**
Total	**290,404**	**233,000**

The current replacement cost for derivatives transactions from dealing activities still outstanding amounted to € 144.6 billion as at year-end (1999: € 119.8 billion).

Taking into account enforceable netting agreements in the amount of € 90.8 billion (1999: € 58.4 billion), the Positive market values from derivative financial instruments amounted to € 53.8 billion (1999: € 61.4 billion).

[34] Investments

The position Investments, reported at € 82,290 million (1999: € 70,206 million), included shares in non-consolidated related companies and in companies valued according to the equity method, as well as Other investments.

Structure and development

The following table details the structure and development of Investments:

[34] Investments

in € m.	Shares in non-consolidated related companies	Shares in companies valued at equity	Other investments: Bonds and other fixed-income securities	Other investments: Equity shares and other variable-yield securities	Other investments: Other share-holdings
Acquisition cost					
as at 1.1.2000	1,494	1,533	50,611	13,579	3,651
change in the group of consolidated companies	– 6	–	20,024	– 2,782	112
exchange rate changes	–	– 33	722	46	195
additions	308	495	24,304	7,944	1,327
transfers	– 4	143	–	56	– 195
disposals	622	44	34,212	4,327	975
as at 31.12.2000	1,170	2,094	61,449	14,516	4,115
Cumulative changes from valuation at equity	–	– 154	–	–	–
Write-downs					
as at 1.1.2000	86	–	176	179	89
exchange rate changes	– 1	–	10	11	2
current write-downs	6	–	40	392	105
write-ups in the reporting year	–	–	–	3	–
transfers	–	–	–	–	–
disposals	34	–	153	2	3
as at 31.12.2000	57	–	73	577	193
Book values					
as at 31.12.1999	1,408	1,401	50,435	13,400	3,562
as at 31.12.2000	1,113	1,940	61,376	13,939	3,922
including:					
securities eligible for stock exchange listing	–	–	61,376	8,842	–
securities listed on the stock exchange	–	–	38,604	7,655	–

Of the shares in non-consolidated related companies, € 39 million related to shares in banks. Shares in banks valued at equity amounted to € 79 million. Other investments included equity investments in the amount of € 5,404 million, of which € 898 million related to investments in banks.

The cumulative changes from valuation at equity included the balance of proportionate profits and losses as well as dividends in the sum of minus € 22 million from the 2000 financial year.

There were no syndicate commitments and no further restrictions on disposal or on the receipt of income from disposal.

The non-consolidated related companies, associated companies, other major shareholdings of 20 % or more, and holdings in large public companies where the holding exceeds 5 % of voting rights are shown in the list of shareholdings after the consolidated companies. This also includes information on those companies in which Deutsche Bank AG is a shareholder with unlimited liability. The list of shareholdings is deposited with the Commercial Register in Frankfurt am Main, but can also be ordered free of charge using the form on page 191.

Securities held as financial fixed assets

in € m.	31.12.2000	31.12.1999
Bonds and other fixed-income securities	**61,376**	**50,435**
Money market instruments	14,790	9,293
Bonds and notes issued by		
public-sector issuers	20,804	18,022
other issuers	25,782	23,120
thereof: own bonds	7,388	9,875
Equity shares and other variable-yield securities	**13,939**	**13,400**
Equity shares	12,837	6,804
Investment certificates	969	6,372
Other	133	224
Total	**75,315**	**63,835**

The increase in bonds and equity shares as well as the decrease in investment certificates are due largely to first-time consolidations according to SIC-12, especially to the inclusion of special funds.

Information on price reserves

The market value of listed securities (including securities held by intermediary holding companies) totalled € 61.5 billion. This amount resulted from the market values of shares in non-banking enterprises of € 17.9 billion (see table below), other shareholdings of € 5.2 billion – mostly less than 5 % – and bonds and other fixed-income securities of € 38.4 billion. The corresponding book values were € 38.6 billion for bonds and € 7.7 billion for equity shares as well as € 0.3 billion for intermediary holding companies, resulting in a price reserve of € 14.9 billion (1999: € 18.3 billion).

Significant shareholdings in the non-banking sector...

The capital shares and market values directly and/or indirectly attributable to the bank are as follows:

... listed companies

	Share of capital* in %	Market value 31.12.2000 in € m.
Allianz AG**	4.2	3,987
BHS tabletop AG	28.9	8
Continental AG	7.8	175
DaimlerChrysler AG	12.1	5,312
Deutsche Beteiligungs AG Unternehmensbeteiligungsgesellschaft	15.3	85
DEUTZ AG	25.4	43
Heidelberger Zement AG (Share in voting capital 8.9 %)	9.2	267
Philipp Holzmann AG	19.6	33
LEONI AG	8.8	17
Linde AG**	10.1	613
mg technologies ag	9.3	212
Motor-Columbus AG	9.9	92
Münchener Rückversicherungs-Gesellschaft AG	9.7	6,521
NÜRNBERGER Beteiligungs-AG**	26.4	304
Phoenix AG	13.1	24
Südzucker AG (Share in voting capital 14.2 %)	11.4	199
Vossloh AG**	8.4	18
WMF Württembergische Metallwarenfabrik AG** (Share in voting capital 15.2 %)	10.1	23
Total		**17,933**

... unlisted companies

	Share of capital* in %	Market value 31.12.2000 in € m.
Clean Car AG	43.8	
DIVACO AG & Co. KG (Share in voting capital 19.4 %)	38.9	
Gerling-Konzern Versicherungs-Beteiligungs-AG (Share in voting capital 24.9 %)	30.0	
Mannesmann Arcor AG & Co. KG	8.2	
SMATcom AG	45.0	
Tele Columbus GmbH	100.0	

* including shares held by consolidated special funds
** partly insurance companies' capital investments

With regard to the above shareholdings, we pursue purely financial objectives and exert no influence on operating decisions. The shares are therefore valued at cost.

[35] Intangible assets

[35] Intangible assets

in € m.	Goodwill	Software developed in-house	Other
Cost of acquisition/manufacture			
as at 1.1.2000	9,325	722	145
goodwill adjustment	– 62	–	–
change in the group of consolidated companies	812	22	20
effects of exchange rate changes	–	1	8
additions	–	180	84
transfers	–	–	–
disposals	–	1	37
as at 31.12.2000	10,075	924	220
Depreciation			
as at 1.1.2000	1,229	406	21
effects of exchange rate changes	–	–	2
current depreciation	672	126	51
unscheduled depreciation	–	170	2
write-ups	–	–	–
transfers	–	–	–
disposals	12	–	1
as at 31.12.2000	1,889	702	75
Book values			
as at 31.12.1999	8,096	316	124
as at 31.12.2000	8,186	222	145

Of the goodwill adjustment, € 60 million (after taxes) result from the release of restructuring provisions at Bankers Trust. A further € 2 million relate to a subsequent purchase price reduction for Deutsche Bank S.A./N.V., Brussels.

The additions to goodwill from first-time consolidation included in particular € 678 million from the acquisition of National Discount Brokers Group and € 57 million from the purchase of First Australian Property Group.

Production costs for intangible assets developed in-house (self-developed software) in the amount of € 180 million were capitalized.

Software capitalized in the previous years, both developed by the bank and bought in, was re-assessed in the light of e-commerce projects; we abstained from the admissible capitalization of overhead costs for software developed in-house. The value reductions resulting from that re-assessment were taken into account through unscheduled depreciation.

[36] Property and equipment

in € m.	Land and buildings	Office furniture and equipment	Leasing equipment
Cost of acquisition/manufacture			
as at 1.1.2000	4,828	4,206	3,904
change in the group of consolidated companies	37	162	248
effects of exchange rate changes	49	36	101
additions	382	847	903
transfers	– 4	–	4
disposals	87	369	2,163
as at 31.12.2000	5,205	4,882	2,997
Depreciation			
as at 1.1.2000	652	2,246	991
effects of exchange rate changes	–	9	– 1
current depreciation	203	687	274
unscheduled depreciations	–	–	–
write-ups in the reporting year	–	–	–
transfers	–	–	–
disposals	13	276	884
as at 31.12.2000	842	2,666	380
Book values			
as at 31.12.1999	4,176	1,960	2,913
as at 31.12.2000	4,363	2,216	2,617

[36] Property and equipment

Land and buildings with a book value totalling € 2,652 million (1999: € 2,275 million) were used within the scope of our own activities. Rental income from property and equipment amounted to € 198 million (1999: € 199 million) in the financial year. Downpayments of € 71 million (1999: € 43 million) were made for property and equipment.

Operating Lease

The leasing assets are spread over the following classes of fixed assets:

in € m.	31.12.2000	31.12.1999
Land and buildings	21	264
Office equipment and communication technology	37	178
Vehicles	851	722
Aircraft	1,698	1,306
Technical plant and machinery	10	217
Other	0	226
Total	**2,617**	**2,913**

The future minimum lease payments under non-cancellable operating leases in the sum of € 1,804 million (1999: € 2,122 million) have the following maturity structure:

in € m.	31.12.2000
up to 1 year	459
> 1 year – 5 years	1,127
more than 5 years	218
Total	**1,804**

[37] Insurance companies' capital investments

Insurance companies' capital investments were made up as follows:

[37] Insurance companies' capital investments

in € m.	Balance sheet value 31.12.1999	Consoli-dation change	Additions	Transfers	Disposals	Write-ups	Write-downs	Balance sheet value 31.12.2000
Land and buildings	686	–	25	–	–	–	26	685
Participating interests and shares in related companies	147	– 32	1	–	–	–	–	116
Equity shares, investment certificates and other variable-yield securities	4,995	– 923	3,964	– 308	3,305	1	159	4,265
Bearer bonds and other fixed-income securities	1,576	1,123	2,788	– 99	2,485	–	6	2,897
Registered bonds, Schuldschein claims and loans	7,846	35	1,411	–	506	–	–	8,786
Claims for mortgages, land charges and annuity land charges	2,270	1	801	–	1,076	–	1	1,995
Deposits with banks	386	5	209	–	98	–	–	502
Capital investments for account and risk of policyholders	3,139	9	14,714	407	8,734	21	147	9,409
Other	484	–	46	–	217	–	–	313
Total	**21,529**	**218**	**23,959**	**0**	**16,421**	**22**	**339**	**28,968**
Offsetting	– 63							– 68
Capital investments after offsetting	**21,466***							**28,900**

* after adjustment of € 6 million for exchange rate effects

Insurance companies' capital investments included placements with consolidated related companies in the sum of € 1,298 million (1999: € 1,195 million). The offsetting related exclusively to the shares in consolidated companies included in the capital consolidation.

The consolidation change results mainly from the first-time consolidation of special funds pursuant to SIC-12.

[38] Income tax assets

in € m.	31.12.2000	31.12.1999
Actual taxes	1,178	1,896
Deferred taxes	3,973	5,381
Total	**5,151**	**7,277**

The deferred tax assets are stated after offsetting with the corresponding deferred tax liabilities.

Before the offsetting, the deferred tax assets were spread over the following positions:

in € m.	31.12.2000	31.12.1999
Investments	549	606
Property and equipment	329	513
Finance leasing	576	1,250
Other assets	1,702	1,495
Tax losses carried forward	823	942
Total provisions for losses on loans and advances	350	361
Pension provisions	390	694
Other provisions	586	425
Dealing assets/liabilities	12,155	2,013
Other liabilities	5,711	80
Deferred tax assets (gross)	**23,171**	**8,379**

No deferred taxes were stated for the € 866 million (1999: € 978 million) in tax losses carried forward for an indeterminate period and for tax privileges of € 574 million not yet utilized because, in our current estimation, they are not realizable.

New information in future financial years may require the deferred tax assets to be adjusted accordingly.

[39] Other assets

[39] Other assets		
in € m.	**31.12.2000**	**31.12.1999**
Sundry assets	9,112	4,926
Other assets of the insurance companies	1,482	1,137
Deferred items	3,153	2,409
Total	**13,747**	**8,472**

Sundry assets

Sundry assets contain, among other things, option and swap premiums (investment book), offsetting items from currency hedging business, items received for collection and private equity investments, unless attributable to investments.

The increase in the total position is due largely to the private equity investments and higher option premiums.

Other assets of the insurance companies

Other assets of the insurance companies mainly include claims arising from the insurance business, current balances with banks, as well as interest and rental claims.

[40] Subordinated assets

[40] Subordinated assets		
in € m.	**31.12.2000**	**31.12.1999**
Placements with, and loans and advances to, other banks	2	61
Loans and advances to customers	115	389
Bonds and other fixed-income securities	250	558
Equity shares and other variable-yield securities	28	76
Insurance companies' capital investments	415	538
Total	**810**	**1,622**

[41] Business subject to repurchase agreements

As at December 31, 2000, the book value of assets reported in the Balance Sheet and sold subject to a repurchase agreement amounted to € 47,401 million (1999: € 23,619 million).

[42] Deposits from other banks

in € m.	Domestic banks 31.12.2000	Domestic banks 31.12.1999	Foreign banks 31.12.2000	Foreign banks 31.12.1999
Repayable on demand	9,089	8,480	43,086	36,406
With agreed period or period of notice	20,361	16,220	105,231	113,549
Total	**29,450**	**24,700**	**148,317**	**149,955**

Deposits from other banks included registered mortgage Pfandbriefe in issue in the amount of € 1,063 million (1999: € 989 million), registered public-sector Pfandbriefe in issue in the amount of € 868 million (1999: € 614 million) and securities-backed deposits in the amount of € 34,474 million (1999: € 49,665 million).

[43] Amounts owed to other depositors

Savings deposits and building saving deposits

in € m.	Savings deposits with agreed period of notice of three months 31.12.2000	31.12.1999	Savings deposits with agreed period of notice of more than three months 31.12.2000	31.12.1999	Building saving deposits 31.12.2000	31.12.1999
Domestic customers	**6,422**	**7,218**	**14,357**	**12,256**	**2,482**	**2,375**
Enterprises and financial institutions	7	10	17	16	–	–
Retail and private clients	6,387	7,174	14,207	12,132	2,482	2,375
Public sector	1	3	6	4	–	–
Other	27	31	127	104	–	–
Foreign customers	**3,564**	**3,763**	**1,513**	**1,269**	**–**	**–**
Enterprises and financial institutions	181	6	–	1	–	–
Retail and private clients	3,376	3,749	1,509	1,266	–	–
Public sector	1	1	1	–	–	–
Other	6	7	3	2	–	–
Total	**9,986**	**10,981**	**15,870**	**13,525**	**2,482**	**2,375**

Other deposits

in € m.	repayable on demand 31.12.2000	31.12.1999	Other deposits with agreed period or period of notice 31.12.2000	31.12.1999
Domestic customers	**38,451**	**33,864**	**47,893**	**46,237**
Enterprises and financial institutions	24,340	18,776	34,043	32,821
Retail and private clients	13,351	14,279	11,848	11,883
Public sector	274	309	1,191	750
Other	486	500	811	783
Foreign customers	**96,226**	**82,872**	**123,681**	**101,188**
Enterprises and financial institutions	83,625	74,032	102,829	84,418
Retail and private clients	10,604	8,053	10,929	10,062
Public sector	1,203	619	9,634	6,346
Other	794	168	289	362
Total	**134,677**	**116,736**	**171,574**	**147,425**

Amounts owed to other depositors included registered mortgage Pfandbriefe in issue in the amount of € 7,949 million (1999: € 7,959 million), registered public-sector Pfandbriefe in issue in the amount of € 4,444 million (1999: € 4,536 million) and securities-backed deposits in the amount of € 50,557 million (1999: € 57,653 million).

Liabilities to related companies and companies with which a participation relationship exists

in € m.	Related companies 31.12.2000	31.12.1999	Companies with which a participation relationship exists 31.12.2000	31.12.1999
Deposits from other banks	24	185	107	114
Amounts owed to other depositors	392	418	532	836
Other liabilities of the insurance companies	2	1	–	–
Contingent liabilities	–	173	206	20

[44] Liabilities evidenced by paper

in € m.	31.12.2000	31.12.1999
Bonds in issue	94,401	88,004
Money market instruments in issue	91,268	64,319
Own acceptances and promissory notes in circulation	1,556	2,404
Other	13,516	9,333
Total	**200,741**	**164,060**
thereof:		
mortgage Pfandbriefe	11,539	9,915
public-sector Pfandbriefe	34,499	29,557

[45] Liabilities from dealing activities

Liabilities from dealing activities included the short positions from short sales of securities in the amount of € 73,118 million (1999: € 57,593 million) as well as negative market values from derivative financial instruments – unless netted with positive market values from assets held for dealing purposes – amounting to € 54,019 million (1999: € 65,675 million).

[46] Provisions

in € m.	31.12.2000	31.12.1999
Provisions for pensions and similar obligations	4,237	4,174
Provisions in insurance business	27,937	20,361
Restructuring provision	193	974
Other provisions	6,824	6,246
Total	**39,191**	**31,755**

Pension obligations

The companies of Deutsche Bank Group grant company retirement pension benefits to a large proportion of their employees. The pension plans are partly defined contribution plans, but mainly defined benefit plans. Both types of plan are salary-linked. The benefits provided by the defined benefit pension plans also generally depend on the number of years of service in the Group.

The pension benefits for staff at the German companies are largely financed internally, while those at companies outside Germany are financed externally – partly through mutual funds. Assets available in external funds (plan assets) are valued at fair value.

The defined benefit pension plans are included in the Annual Financial Statements according to the following principles:

The scope of obligations is determined according to actuarial principles as laid down in IAS 19 (revised in 1998) of the International Accounting Standards Committee (IASC). This stipulates that the so-called Projected Unit Credit Method be used to value obligations and calculate expenses. The actual value of the pension obligation is the present value of the defined benefit obligation acquired as at valuation date.

The amount of the provision for the current financial year corresponds to the provision for the previous year plus the pension expense calculated at the beginning of the financial year minus cash payments in the current financial year.

Profits and losses arising in connection with the pension plans are influenced, among other things, by the irregular development of risks (variance between actual and expected cases of invalidity or death), changes in the calculation parameters (especially the discount rate and the annual increase of future salaries and future benefit levels) and unexpected profits and losses of the plan assets. These profits and losses are not included in the Income Statement until the accrued or outstanding amounts exceed 10 % of the maximum amount of the actual value of the pension obligations and the plan assets (corridor method).

Funded status

This produces the following funded status:

in € m.	31.12.2000	31.12.1999
Provisions for pensions and similar obligations minus € 559 m. (31.12.1999: € 540 m.) capitalized overfunding of plan assets	**3,678**	**3,634**
Unrecognized transitional amount	+ 18	–
Unrecognized net gains (–) / losses (+)	+ 112	– 308
Fair value of plan assets	+ 2,402	+ 2,292
Present value of defined benefit obligation	**6,210**	**5,618**

Development of plan assets

The plan assets developed as follows:

in € m.	2000	1999
Fair value of plan assets at end of previous period	**2,292**	**794**
Additions to plan assets from first-time consolidations	–	+ 1,051
Effects of exchange rate changes	+ 88	+ 131
Actual return on plan assets	+ 44	+ 319
Contributions to plan assets	+ 92	+ 57
Pension benefits paid from plan assets	– 104	– 59
Effects of severance payments and transfers	– 10	– 1
Fair value of plan assets at end of period	**2,402**	**2,292**

Development of provisions for pensions

The following table shows the developments in the provisions for the defined benefit pension plans and of the expenses and income reported in the Income Statement:

in € m.	2000	1999
Provisions for pensions and similar obligations minus capitalized overfunding of plan assets at end of previous period	**3,634**	**3,855**
Additions to provisions for pensions minus capitalized overfunding of plan assets from first-time consolidations	–	– 344
Effects of exchange rate changes	– 4	– 3
Amortization of transitional amount	– 50	–
Amortization of unrecognized profits (–) or losses (+)	– 14	–
Amortization of past service cost	– 1	–
Current service cost	+ 321	+ 241
Interest cost	+ 337	+ 277
Expected return on plan assets	– 147	– 188
Effects of severance payments and transfers	– 77	+ 4
Pension benefits paid by the company	– 229	– 151
Contributions to plan assets	– 92	– 57
Provisions for pensions and similar obligations minus € 559 m. (31.12.1999: € 540 m.) capitalized overfunding of plan assets at end of period	**3,678**	**3,634**

For the actuarial valuation of obligations, we used parameters commensurate with the local economic conditions of each Group company.

Relevant ranges

Discount rate	4.0 % to 9.0 %
Annual increase of future salaries	2.0 % to 6.0 %
Annual increase of future benefit levels	up to 2.5 %

Current, actuarially derived probabilities were used in each case as biometric calculation bases. Fluctuation probabilities depending on age and years of service were also taken into account.

The expense for the defined contribution pension plans amounted to € 138 million in the year under review.

Provisions in insurance business

in € m.	**31.12.2000**	**31.12.1999**
Provisions in life insurance business*	**9,424**	**3,735**
Other provisions in insurance business	**18,513**	**16,626**
Cover reserve	16,129	14,623
Reserve for pending claims etc.	540	216
Reserve for premium refunds	1,395	1,143
Other provisions	449	644
Total	**27,937**	**20,361**

* provided the investment risk is borne by policyholders

Provisions in life insurance business represent the insurance company's obligations towards policyholders and beneficiaries and must be covered by capital investments on the assets side of the Balance Sheet.

Restructuring provision

The restructuring provision – broken down by programme – developed as follows during the 2000 financial year:

in € m.	Strategic Group Restructuring	Bankers Trust Integration	Other restructuring programmes	Total
as at 1.1.2000	**294**	**479***	**234**	**1,007**
Addition in the reporting year	–	–	38	38
Designated for				
staff measures	139	232	74	445
infrastructure measures	33	105	29	167
Release	71	142	27	240
as at 31.12.2000	**51**	**0**	**142**	**193**

* after adjustment of € 33 million effects of exchange rate changes

Staff measures cover the termination of employment contracts by means of severance agreements, early-retirement agreements and pre-retirement part-time employment contracts.

Infrastructure measures include in particular the cost of terminating tenancy agreements and building projects owing to the vacation of premises as well as write-offs of hardware and software no longer needed after the restructuring of processes and/or the discontinuation of the businesses concerned.

Strategic Group Restructuring

In the 1997 Consolidated Financial Statements, € 915 million – thereof € 0.7 billion for staff measures and € 0.2 billion for infrastructure measures – were set aside for the Strategic Group Restructuring plan. The programme was planned for a 3-year period and thus expired at the end of 2000.

Up to the end of the 1999 financial year, a total of € 566 million, taking account of exchange rate changes, had been designated for specific use.

In the 1999 financial year, additions of € 59 million were needed owing to additional costs deemed necessary to implement the restructuring measures planned at that time, in particular, for Group Division Retail and Private Banking. These costs could not be included when the provisions were originally formed because they could not be quantified concretely and reliably enough at that time. On the other hand, € 121 million were released in 1999 as certain measures no longer came up for implementation against the background of the Bankers Trust acquisition.

This left for the 2000 financial year an amount of € 294 million for measures still to be implemented. € 172 million of that were designated for specific use in the 2000 financial year.

For the implementation of measures in retail banking, there are still € 51 million available for 2001 from the addition in the 1999 financial year. Owing to the necessary consultation process with the Staff Council, it was not possible to begin with implementation of the respective measures until the second half of 2000. The programme will therefore be concluded in 2001.

This left a residual amount of € 71 million, which was no longer designated for specific use and which has therefore been released.

Bankers Trust Integration

Owing to the first-time consolidation of Bankers Trust in 1999 the restructuring provisions rose by € 630 million, which were included in goodwill. Furthermore, € 531 million were charged to the Income Statement in 1999 for restructuring measures in connection with the acquisition of Bankers Trust. Of the total of € 1.2 billion, € 0.9 billion were provided for staff measures and € 0.3 billion for infrastructure measures.

The implementation of the measures was already begun in the second half of 1999, and € 715 million were designated for specific use.

After that, taking into account € 33 million for exchange rate changes, € 479 million were still available for the measures to be implemented by the end of 2000. In the 2000 financial year, € 337 million were designated for specific use.

The restructuring plan was scheduled to be implemented by the end of 2000. Certain measures were not implemented, as a result of which € 142 million have been released, thereof € 64 million to the credit of P&L and € 78 million as an adjustment to goodwill.

Other restructuring provisions

This position includes the provisions for the restructuring of the distribution platform as part of the hive-down of the retail banking business and certain restructuring measures in the Global Technology & Services and Corporates & Real Estate divisions. The respective programmes foresee an implementation period of one year.

A total amount of € 103 million was designated for specific use in the 2000 financial year.

The implementation of the measures relating to the restructuring of the distribution platform of Deutsche Bank 24 AG could not be started until the second half of 2000 owing to the necessary consultation process with the Staff Council. A sum of € 135 million is therefore still available for the measures to be implemented in the 2001 financial year.

In the 2000 financial year, € 38 million were added to the restructuring provisions for restructuring measures to be implemented at Deutsche Financial Services Corp. and at Eurohypo AG, of which € 7 million are still available for 2001.

Certain measures in the Global Technology & Services and Corporates & Real Estate divisions were not implemented, as a result of which € 27 million were released in favour of P&L.

Other provisions

The increase in other provisions is mainly due to higher, still unpaid, performance-related compensation. Over and above that, this position also includes further provisions for future payments to staff, for securities/derivative business in the banking book and for litigation risks.

Other provisions developed as follows:

in € m.	Human resources area	Securities/ derivatives business in banking book	Litigation risks	Other
as at 1.1.2000	**4,927**	**129**	**262**	**928**
Exchange rate changes/change in the group of consolidated companies	136	–	6	99
Addition	5,016	79	75	1,058
Utilization	4,042	20	163	1,281
Release (unutilized amounts)	221	1	11	152
as at 31.12.2000	**5,816**	**187**	**169**	**652**

Provisions in the human resources area include for the most part performance-related compensation to be paid to employees largely in the first half of 2001.

[47] Income tax liabilities

The tax liabilities for actual taxes refer to current payments of arrears to the public sector. After offsetting with the corresponding deferred tax assets, deferred tax liabilities were reported at € 3,127 million.

The deferred taxes are future tax burdens resulting – before offsetting – from the termination of value differences in the following balance sheet positions:

Tax liabilities

in € m.	31.12.2000	31.12.1999
Finance leasing	1,593	1,578
Dealing assets/liabilities	11,052	1,008
Investments	735	383
Property and equipment	357	528
Other liabilities	7,656	3,845
Deferred tax liabilities (gross)	**21,393**	**7,342**

Deferred tax liabilities were not calculated on subsidiaries' retained earnings of € 3,344 million (1999: € 1,327 million), since this would incur a disproportionate expense.

in € m.	31.12.2000	31.12.1999
Actual taxes	2,684	3,508
Deferred taxes	3,127	4,344
Total	**5,811**	**7,852**

[48] Other liabilities

in € m.	31.12.2000	31.12.1999
Deferred items	3,552	2,146
Sundry liabilities	5,691	3,745
Other liabilities of the insurance companies	2,044	1,814
Total	**11,287**	**7,705**

Sundry liabilities

Sundry liabilities include accrued, but not yet matured, interest for subordinated capital, taxes and insurance contributions from wage and salary accounts still to be paid over, as well as other taxes. We also report here sundry other liabilities not resulting from banking business.

Other liabilities of the insurance companies

Other liabilities of the insurance companies chiefly include liabilities from insurance business towards policyholders.

[49] Subordinated capital

in € m.	31.12.2000	31.12.1999
Subordinated liabilities	10,755	11,028
Participatory capital	1,380	1,380
Equity investments of silent partners	768	713
Hybrid capital instruments	2,507	2,383
Total	**15,410**	**15,504**

Important subordinated liabilities

Amount		Issuer/Type	Interest rate	Maturity
DM	600,000,000	Deutsche Finance (Netherlands) B.V., Amsterdam, bond issue of 1992	8.00 %	6.2.2002
DM	500,000,000	Deutsche Finance (Netherlands) B.V., Amsterdam, bond issue of 1992	8.13 %	6.5.2002
DM	2,000,000,000	Deutsche Finance (Netherlands) B.V., Amsterdam, bond issue of 1993	7.50 %	10.2.2003
U.S.$	1,100,000,000	Deutsche Bank Financial Inc., Dover/U.S.A.,"Yankee Bond" of 1996	6.70 %	13.12.2006
U.S.$	550,000,000	Deutsche Bank Financial Inc., Dover/U.S.A., Medium-Term-Note of 2000	7.50 %	25.4.2009
U.S.$	300,000,000	BT Institutional Capital Trust A, Wilmington/U.S.A, Floating Rate Note	8.09 %	1.12.2026

For the above subordinated liabilities there is no premature redemption obligation on the part of the issuers. In the case of liquidation or insolvency, the claims and interest claims resulting from these liabilities are subordinate to those claims of all creditors of the issuers that are not also subordinated. These conditions also apply to the subordinated borrowings not specified individually.

Interest expenses for the total subordinated liabilities amounted to € 785 million (1999: € 746 million). Accrued, but not yet matured, interest of € 233 million (1999: € 238 million) included in this figure is reported under sundry liabilities within the position other liabilities.

Participatory capital

The issued participatory capital is made up of the following issues:

– DM 1.2 billion bearer participatory certificates with warrants of 1991, maturing on December 31, 2002. Redemption will be on June 30, 2003, subject to the stipulations on loss participation. The participatory certificate carries an annual dividend of 9 % of par value, which ranks prior to the profit attributable to shareholders.

– DM 1.5 billion bearer participatory certificates with warrants of 1992, maturing on December 31, 2003. Redemption will be on June 30, 2004, subject to the stipulations on loss participation. The participatory certificate carries an annual dividend of 8.75 % of par value, which ranks prior to the profit attributable to shareholders.

Interest on the participatory capital for 2000 in the total amount of € 122 million (1999: € 122 million) is reported under Sundry liabilities (Other liabilities).

The General Meeting on May 17, 1999 authorized the Board of Managing Directors to issue participatory certificates with warrants and/or convertible participatory certificates, bonds with warrants, and convertible bonds up to a total of € 2.5 billion once or more than once on or before April 30, 2004; conditional capital of € 80,000,000 is available for this purpose.

Furthermore, the General Meeting on May 20, 1997 authorized the Board of Managing Directors to issue participatory certificates with warrants and/or convertible participatory certificates, bonds with warrants, and convertible bonds up to a total of DM 3 billion once or more than once on or before April 30, 2002; conditional capital of € 153,600,000 is available for this purpose.

Equity investments of silent partners

The equity investment of silent partners at Deutsche Bank Luxembourg S.A. consists of two tranches with a total volume of U.S.$ 715 million:

– U.S.$ 340 million with a non-cumulative annual profit share of 6.825 % of par value ranking prior to the profit share attributable to shareholders. Redemption will be on December 28, 2007, subject to the stipulations on loss participation.
– U.S.$ 375 million with a variable profit share based on 12-month Libor plus 0.80 % related to par value. The non-cumulative profit share ranks prior to the profit share attributable to shareholders; redemption will be on December 28, 2007, subject to the stipulations on loss participation.

The interest expense for the equity investment of silent partners totalled the equivalent of € 54 million (1999: € 38 million); accrued, but not yet matured, interest included in this figure in the sum of € 0.5 million is reported under Sundry liabilities (Other liabilities).

Hybrid capital instruments

Through Group companies in Wilmington, U.S.A., eight issues of innovative capital instruments (trust preferred securities) were launched with a total nominal volume of U.S.$ 1,693 million, € 500 million and Yen 20 billion, which are part of the Group's core capital. These are non-cumulative securities with fixed and variable interest rates and unlimited maturities whereby the issuer is granted a call option upon expiry of individual periods (between 5 and 30 years). If the call option is not exercised, certain issues carry an interest premium.

The interest expense for these innovative capital instruments totalled the equivalent of € 196 million (1999: € 93 million). Accrued, but not yet matured, interest included in this figure in the sum of € 0.7 million is reported under Sundry liabilities (Other liabilities).

[50] Capital and reserves

The table shows the development of subscribed, authorized and conditional capital:

in €	Subscribed capital	Authorized capital	Authorized capital excluding shareholders' pre-emptive rights	Conditional capital
as at 31.12.1999	**1,572,716,851.20**	**531,468,910.90**	**7,052,574.80**	**350,400,000.00**
Issue of staff shares	5,559,106.56		– 5,559,106.56	
Increase pursuant to resolution of General Meeting on 9.6.2000			30,000,000.00	
as at 31.12.2000	**1,578,275,957.76**	**531,468,910.90**	**31,493,468.24**	**350,400,000.00**

Subscribed capital is divided up into 616,514,046 no par value shares; the shares are registered. In the reporting year, 2,171,526 staff shares were issued. The average number of shares in issue in the reporting year was 614,698,508. On December 31, 2000, the Group held 1,913,281 Deutsche Bank shares.

Authorizations by the General Meeting

The General Meeting granted the Board of Managing Directors four differently structured authorizations to increase the share capital – with the consent of the Supervisory Board – through the issue of new shares (authorized capital) as follows:
- by up to a total of € 255,645,940.60 against cash payments, on or before April 30, 2002, granting pre-emptive rights to shareholders (General Meeting resolution of May 20, 1997); of this, there remains authorized capital of € 103,645,940.60;
- by up to a total of € 127,822,970.30 against cash payments or non-cash capital contributions, on or before April 30, 2003, with pre-emptive rights generally being granted to shareholders; however, pre-emptive rights can be excluded if a capital increase against non-cash capital contributions was made with the intent of acquiring a company or holdings in companies (General Meeting resolution of May 20, 1998);
- by a further € 50,000,000 against cash payments, on or before April 30, 2004; shareholders' general pre-emptive rights can be excluded if the issue price of the new shares is not substantially lower than the market price of the already listed shares at the time the issue price is fixed (General Meeting resolution of May 17, 1999);
- by up to a total of € 250,000,000 against cash payments, on or before April 30, 2004 with pre-emptive rights being granted to shareholders (General Meeting resolution of May 17, 1999).

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

Furthermore, the Articles of Association contain four other authorizations for the issue of shares and/or options to Deutsche Bank staff.

The authorized capital granted by the General Meeting resolution of May 28, 1996, of which € 1,493,468.24 is still outstanding and the authorization of the Board of Managing Directors on June 9, 2000 to increase the share capital, with the consent of the Supervisory Board once or more than once on or before May 31, 2005 through the issue of new shares against cash payment by up to a total of € 30,000,000.00 are intended for the issue of staff shares. Shareholders' pre-emptive rights are excluded.

Pursuant to an authorization of May 17, 1999, the Board of Managing Directors may, in addition to staff shares, grant all staff of the company and of its related companies non-transferable options to purchase shares according to conditions stipulated in detail; conditional capital of € 40,000,000 is available for this purpose.

Furthermore, the authorization of May 20, 1998 allows the Board of Managing Directors to issue interest-bearing convertible bonds to executives on or before May 10, 2003. In this connection, the capital was conditionally increased by € 76,800,000. The authorization was partially utilized in 2000 in a third tranche. Bondholders have the right to convert their convertible bonds into new shares of Deutsche Bank AG.

Equity-based compensation elements

With our entire range of compensation policy instruments we want to create an incentive to increase the value of our share and offer a competitive compensation package to talented people and specialists, for whom demand is strong.

Global Equity Plan

Year of issue	2000	1999	1998
Expires in	2003	2002	2001
Nominal interest rate	4.75 %	3 %	3 %
Conversion price*	€ 29.83	€ 38.30	€ 62.81
Originally granted rights (nominal)	TDM 34,841	TDM 28,424	TDM 28,411
Take-up in %	76.90 %	78.70 %	83.10 %
Balance at start of year	–	5,587,800	5,389,000
Forfeited in 2000	56,400	272,000	220,800
Allocations in 2000	–	–	–
Balance at end of year	6,911,800	5,315,800	5,168,200
thereof: non-cancellable rights	0	31,000	105,400

* Assumption: APIPS constant, Deutsche Bank share price at end of 2000

In 2000, we gave roughly 3,250 of our executives the possibility of taking part in the Global Equity Plan (GEP). Roughly 77 % of the entitled executives took up the offer and acquired convertible bonds. Participation in this plan is voluntary. The possibility of conversion depends directly on the bank's Adjusted Pretax Income Per Share (APIPS). Only if this figure exceeds the predetermined threshold in the respective reference period can the convertible bonds be converted into Deutsche Bank shares. 200 shares are granted per bond of DM 1,000 nominal value. If the conversion right is exercised, an additional cash payment must be made per share in the amount by which the conversion price exceeds the respective nominal amount of the bond to be converted. The conversion price is calculated according to criteria already established today and taking into account the profits for the financial years 1998 to 2002.

No expenses arose in 2000 for the Global Equity Plan owing to the link with conditional capital.

db Share Plan

Issued in	**2000**	**1999**
Number of staff shares subscribed	2,171,526	1,900,074
thereof: by retired employees	281,519	263,292
Take-up rate	65.3 %	65.2 %
Expense for staff shares	€ 81 m.	€ 54 m.
Market value of staff shares at date of issue	T€ 215,850	T€ 131,960
Options – exercisable in	**2003**	**2002**
Original number of option rights granted	1,889,237	1,636,782
thereof: subscribed by Divisional Board members	0.02 %	0.02 %
participation rate of Divisional Board members	66.7 %	75.0 %
Balance at start of year	–	1 633,288
Forfeited in 2000	4,771	29,783
Balance at end of year	1,884,466	1 603,505
thereof: non-cancellable rights	1,240	9,856
Mark-down as at 31.12.2000*	66.67 %	57.21 %

* Assumption: APIPS constant, Deutsche Bank share price at end of 2000

We continue to support the shared responsibility of our employees through staff participation. We again offered staff shares to our employees in 2000; participation is voluntary. As in the year before, employees received one free option for each share bought (maximum 60 shares). This option can be exercised after three years. Here, too, the possibility of exercise depends directly on Adjusted Pretax Income Per Share (APIPS). Only if this figure exceeds the established threshold in the respective reference period can the options be exercised. No expense has arisen in this connection, as the free options are tied to conditional capital.

db Share Scheme			
Grant in	**2000**	**1999**	**1998**
Originally granted rights	10,162,112	4,874,106	3,489,296
Balance at start of year	–	3,425,999	1,441,368
Forfeited in 2000	299,272	130,400	44,729
Allocations in 2000	1,975,126	1,269,146	998,368
Balance at end of year	7,887,714	2,026,453	398,271
thereof: allocation in			
2001	2,670,378	1,482,569	398,271
2002	4,429,812	543,884	–
2003	749,785	–	–
2004	37,739	–	–
Bank's average expense per right	€ 86.02	€ 60.17	€ 69.12

Within the framework of the annual bonus payments, members of staff in Global Corporates and Institutions, Asset Management, Private Banking and Global Technology and Services divisions receive part of their performance-related compensation (bonus) in the form of equity rights. Employees participating in this plan are entitled to subscribe to a certain number of shares or may, under certain conditions, receive a corresponding cash payment upon maturity. Allocation is usually in three equal parts. The expenses attributable to the respective financial year for the db Share Scheme are included in the Income Statement. This instrument underlines the special importance of value-based compensation in our bank.

Stock Appreciation Rights (SAR)	
Grant in	**2000**
Original number of granted SAR	6,214,992
Forfeited in 2000	165,851
Balance at end of year	6,049,141
Exercise price of SAR	€ 70.00
Original number of granted SAR in Private Banking	458,500
Forfeited in 2000	0
Balance at end of year	458,500
Exercise price of SAR in Private Banking	€ 86.50

In February 2000, selected executives of the Group were granted Stock Appreciation Rights (SAR) for the first time, with a special programme being launched for Private Banking. The SAR are tied until January 2003 and as from that time can be exercised during the following three years. The executives receive the right to a cash payment equal to the difference between the exercise price and the share price on the day of exercise. This instrument, too, is an element of the value-based compensation for our bank's management.

The expense for the Stock Appreciation Rights is deferred over the maturity of the instrument and adjusted for share price changes. In 2000, € 46 million were charged to P&L.

Own shares

By resolution of the General Meeting on June 9, 2000, Deutsche Bank AG was authorized to purchase its own shares representing up to five per cent of its current share capital on or before September 30, 2001. The shares may be purchased via the stock market or by means of a public purchase offer to all shareholders. The countervalue for the purchase of the shares must not be more than 5 % above or below the shares' average daily quotation on the Frankfurt Stock Exchange on the last three trading days prior to their purchase via the stock market. If a public purchase offer is made, the countervalue must not be more than 5 % below or more than 15 % above the shares' average daily quotation on the Frankfurt Stock Exchange on the last three trading days prior to the day on which the offer is published.

The Board of Managing Directors of Deutsche Bank AG was authorized, with the consent of the Supervisory Board, to dispose of the purchased shares other than via the stock market or by means of an offer to all shareholders, provided this is done against non-cash capital contribution for the purpose of acquiring companies or holdings in companies.

Furthermore, the Board of Managing Directors of Deutsche Bank AG was authorized, when disposing of its purchased own shares by means of an offer to all shareholders, to grant the holders of warrants, convertible bonds and convertible participatory 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 Board of Managing Directors 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 related companies, or if they are to be used to fulfil option rights to shares of the bank granted to employees of the bank.

On December 31, 2000, the Group held a stock of 1,913,281 Deutsche Bank shares.

At the end of the year, 1,592,962 Deutsche Bank shares were pledged to Deutsche Bank AG and its related companies as security for loans (1999: 1,718,461); that was 0.26% (1999: 0.28%) of our share capital.

Regulatory capital and capital ratios

The regulatory BIS capital calculated according to IAS of € 36,957 million (1999: € 35,172 million) comprised core capital of € 21,575 million, and supplementary capital of € 15,382 million. There was no eligible Tier III capital. Based on risk-weighted positions of € 293,408 million (1999: € 292,621 million), the BIS capital ratio amounts to 12.6 % (1999: 12.0 %) and the core capital ratio is 7.4 % (1999: 5.9 %).

The components of core and supplementary capital for the group of companies consolidated for regulatory purposes are as follows at year-end 2000:

Core and supplementary capital

in € m. Core capital	31.12.2000	Supplementary capital	31.12.2000
Subscribed capital	1,578	Unrealized reserves in listed securities (45 % eligible)	5,287
Capital reserve	10,626	General value adjustments	690
Retained earnings, consolidated profit, own shares, cumulative difference from currency translation	15,305	Cumulative preferred securities, participatory capital	2,786
Minority interests	591	Subordinated liabilities, if eligible according to BIS	6,619
Hybrid capital instruments	2,507		
Equity investments of silent partners	768		
Items deducted*	– 9,800		
Total	**21,575**	**Total**	**15,382**
		eligible at most in the amount of core capital	**15,382**
		surplus supplementary capital	–
		thereof eligible as Tier III capital for covering market risk positions	**–**

* essentially goodwill not yet amortized, the planned dividend, adjustments for differences in the group of companies consolidated for regulatory purposes

The group of companies consolidated for regulatory purposes includes all credit, financial services and financing companies as well as companies providing auxiliary banking services in Deutsche Bank Group; it does not include insurance companies, fund management companies or companies outside the finance sector.

Information on the Cash Flow Statement

[51] Size and development of cash and cash equivalents

In addition to the Balance Sheet, Income Statement, Statement of Changes in Equity and Notes, the Cash Flow Statement is a further mandatory component of the Consolidated Financial Statements according to IAS.

It provides information about the size and development of the Group's cash and cash equivalents, subdivided into the sections "Operating Activities", "Investing Activities" and "Financing Activities". Besides the overriding Standard IAS 7 the reporting duties resulting from the bank-specific German accounting standard DRS 2-10 are also taken into account in its preparation.

Against the background of internationally restrictive interpretation, an allocation of extraordinary cash flows is not appropriate at present; on the other hand, payments designated for specific use of restructuring provisions were included for the first time. The pre-year figures were adjusted accordingly.

The reported amount of cash and cash equivalents specifically comprises cash on hand, balances with central banks and debt instruments of public-sector entities, and bills of exchange eligible for refinancing at central banks.

Cash flows are allocated to operating activities in line with the definition of profit from ordinary activities. The change in other non-cash items contains in particular the positive and negative market values from derivative financial instruments.

Net cash provided or used by investing activities results largely from proceeds from the sale and payments for the purchase of investments as well as property and equipment. Also reported here are the effects of the development of the capital investments of insurance companies.

In calculating net cash provided or used by financing activities, only relations with equity providers are taken into account. Relations with providers of borrowed funds from outside sources are part of the bank's operating activities and reported accordingly in the calculation of net cash provided or used by operating activities.

A total of € 1,024 million net (1999: € 5,272 million) was paid in the financial year on the acquisition of shares in consolidated companies and of other business enterprises. € 44 million were received from the sale of consolidated companies of which € 19 million were credited to P&L.

Cash and cash equivalents increased by € 395 million as a result of changes in the group of consolidated companies. The significant changes in the group of consolidated companies as well as the composition of relevant categories of assets and liabilities of newly included, consolidated enterprises are disclosed on pages 70 and 71.

There were no non-cash investing or financing activities.

Other information

[52] Reporting segment information

Principles of reporting segment information

The Group's reporting of segment information according to IAS relates in its primary format to the results of the Group Divisions. The basis is the internal management information system "Divisional Profitability Calculation", which has central importance as a planning, steering and control instrument within the scope of the bank's divisional management organization. The figures include results components as well as assets and liabilities of the Group Divisions which are reconciled with the Consolidated Financial Statements according to IAS. The column "Other/Reconciliation/Consolidation" includes, on the one hand, items not directly related to the Group Divisions. In addition to costs for cross-divisional strategic projects, this category also includes results from balance sheet positions not assigned to the Group Divisions, including industrial holdings. On the other hand, the column "Other/Reconciliation/Consolidation" includes reconciliation items if, for internal steering purposes, the amounts recognized in the Consolidated Financial Statements according to IAS are different in exceptional cases. They include, for example, the reporting of trading profits from own shares and the measurement of the Treasury position.

In its secondary format, the reporting of segment information shows the results of the Group by regional segment on the basis of the Consolidated Financial Statements according to IAS. The allocation criterion is the domicile of the Group company or branch. The geographical segments are presented on a consolidated basis. The consolidation position contains Group-internal positions between regions.

Structural changes and methodological improvements were taken into account both in reporting on the current financial year and in pre-year comparisons.

Reporting segment information…

The information published in the reporting of segment information by Group Division corresponds to internal reporting to the Group Board and goes further than the requirements according to IAS.

…by Group Divisions

The revenue position consists primarily of net interest income, net commission income, trading profit, net income from insurance business and net income from investments. The revenues of the Group Divisions result mainly from business with third parties outside the Group. Business between Group Divisions is in general transacted at normal market conditions.

The net interest income contains, in addition to external expenses and external income, notional components based on the Matched Funds Transfer Pricing Concept. The internal conditions calculated in this way assume that Group Divisions fund or invest all positions via the money and capital markets (debt financing hypothesis). To create comparability with legally independent units with their own equity funds, the interest received on the Group's consolidated capital is allocated proportionately to the Group Divisions as part of net interest income.

Provision for losses on loans and advances includes both net new value adjustments formed for creditworthiness risks and amounts received against claims written off, value adjustments for country risks and general value adjustments.

The Group Divisions' operating expenses consist of direct and indirect costs. Direct costs, which comprise staff and other direct operating expenses, are allocated according to the responsibility principle. Indirect costs include allocations between Group Divisions and internal service providers operating on a non-profit-making basis. They are included at the service provider's end as a cost refund and at the service recipient's end as a cost burden. The allocation criteria are, as a rule, contractually agreed.

Goodwill amortization is allocated to the Group Divisions as incurred. It is a substantial component of the balance of other income/expenses.

The position restructuring expenses includes results relating to approved restructuring programmes, including the addition and release of restructuring provisions.

Average capital is allocated to Group Divisions on the basis of economic capital and thus takes account of their risk situation.

The ratio between profit before taxes and average capital is the return on equity. This key ratio in the value-driven management of Deutsche Bank measures the profitability of the capital allocated to Group Divisions.

The comparison of return on equity and the cost of capital derived from the capital market (15 %) leads to the key figure of value creation. If the return on equity exceeds the capital cost rate, value is created. Otherwise, value is depleted. Value creation is calculated excluding goodwill amortization.

The cost/income ratio, which compares resources input (operating expenses and other expenses) with resources output (revenues and other income), measures the efficiency of the Group Divisions.

Reporting segment information by Group Divisions

in € m.	Retail and Private Banking	Corporates and Real Estate	Global Corporates and Institutions	Asset Management	Global Technology and Services	Corporate Center	Other/ Reconciliation/ Consolidation	Total Group
Revenues								
1.1.–31.12.2000	5,714	3,450	14,651	1,981	1,539	2	1,322	28,659
1.1.–31.12.1999	4,803	3,049	9,703	1,538	920	0	1,603	21,616
Provision for losses on loans and advances								
1.1.–31.12.2000	– 170	– 284	85	0	2	0	– 71	– 438
1.1.–31.12.1999	– 94	– 200	– 3	0	0	0	– 319	– 616
Operating expenses								
1.1.–31.12.2000	– 4,561	– 1,978	– 10,422	– 1,200	– 1,309	– 442	– 1,125	– 21,037
1.1.–31.12.1999	– 4,079	– 1,817	– 6,916	– 809	– 851	– 466	– 808	– 15,746
Balance of other income/expenses								
1.1.–31.12.2000	– 74	– 145	– 204	– 72	– 88	0	158	– 425
1.1.–31.12.1999	– 147	– 129	– 70	– 86	– 33	14	– 72	– 523
including: amortization of goodwill								
1.1.–31.12.2000	– 60	– 63	– 401	– 99	– 51	0	2	– 672
1.1.–31.12.1999	– 45	– 61	– 254	– 78	– 30	0	– 5	– 473
Profit before expenses for restructuring and taxes								
1.1.–31.12.2000	909	1,043	4,110	709	144	– 440	284	6,759
1.1.–31.12.1999	483	903	2,714	643	36	– 452	404	4,731
Restructuring expenses								
1.1.–31.12.2000	11	11	– 135	– 6	25	0	64	– 30
1.1.–31.12.1999	– 281	– 22	– 495	– 42	– 44	0	0	– 884
Profit from ordinary activities before taxes								
1.1.–31.12.2000	920	1,054	3,975	703	169	– 440	348	6,729
1.1.–31.12.1999	202	881	2,219	601	– 8	– 452	404	3,847
Average capital in € m.								
1.1.–31.12.2000	2,186	5,223	12,801	886	914		516	22,526
1.1.–31.12.1999	1,945	4,582	10,743	775	812		451	19,308
RoE in % (excluding goodwill amortization)								
1.1.–31.12.2000	45	21	34	90	24			32
1.1.–31.12.1999	13	21	23	88	3			22
RoE in % (including goodwill amortization)								
1.1.–31.12.2000	42	20	31	79	19			29
1.1.–31.12.1999	10	19	21	78	–			20
Value creation in € m.								
1.1.–31.12.2000	653	334	2,456	669	83		– 173	4,022
1.1.–31.12.1999	– 45	256	861	562	– 99		– 111	1,424
Cost/income ratio in % (excluding goodwill amortization)								
1.1.–31.12.2000	80	60	70	60	88			73
1.1.–31.12.1999	87	62	70	53	93			74
Cost/income ratio in % (including goodwill amortization)								
1.1.–31.12.2000	81	61	73	65	91			76
1.1.–31.12.1999	88	64	73	58	96			76
Risk-weighted positions in € m.								
31.12.2000	43,929	88,529	137,120	2,366	3,750		17,714	293,408
31.12.1999	44,471	91,699	135,714	2,002	3,996		14,739	292,621
Segment assets in € m.								
31.12.2000	69,089	148,350	584,627	7,869	28,825		17,754	856,514
31.12.1999	60,724	137,773	584,939	6,013	7,269		– 33,538	763,180
Segment liabilities in € m.								
31.12.2000	78,931	106,664	555,018	6,303	37,708		71,020	855,644
31.12.1999	74,391	135,097	593,760	5,558	14,036		– 54,313	768,529

The risk-weighted positions comprise risk-weighted assets, including market risk equivalent, according to the Basle Minimum Standards (BIS rules).

The segment assets assigned to a Group Division include loans and advances to other banks and to customers, assets held for dealing purposes, and investments. The segment liabilities include deposits from other banks and from customers, liabilities evidenced by paper, subordinated capital, and liabilities from dealing activities.

The following table shows the secondary format of reporting segment information:

...by geographical regions

Reporting segment information by geographical regions

	Total assets		Total credit extended		Liabilities*		Revenues from ordinary activities**	
in € m.	31.12. 2000	31.12. 1999	31.12. 2000	31.12. 1999	31.12. 2000	31.12. 1999	2000	1999
Germany	357,547	348,191	174,190	164,818	282,334	262,048	13,686	10,981
Europe (excluding Germany)	461,662	324,983	94,105	81,136	364,423	270,147	8,890	5,444
Asia/Pacific/Africa	97,005	107,319	13,631	14,589	81,495	78,486	2,275	1,991
North America	344,544	283,368	61,603	48,282	270,203	222,746	7,318	5,784
South America	12,926	12,321	11,967	10,695	11,504	10,508	251	289
Consolidation	– 333,651	– 236,317	– 48,515	– 35,371	– 296,862	– 214,178	– 2,919	– 1,791
Total	**940,033**	**839,865**	**306,981**	**284,149**	**713,097**	**629,757**	**29,501**	**22,698**

* to banks and other depositors as well as liabilities evidenced by paper

** comprise net interest income, net commission income, trading profit, net income from insurance business, net income from investments and other income from ordinary activities

[53] Fair value of financial instruments

[53] Fair value of financial instruments				
		31.12.2000		31.12.1999
in € bn.	Fair value	Book value	Fair value	Book value
Assets				
Cash reserve	18.0	18.0	21.9	21.9
Placements with, and loans and advances to, other banks	117.2	117.2	114.8	114.9
Related derivatives	0	–	0	–
Loans and advances to customers	369.0	367.1	347.7	345.7
Related derivatives	0	–	0	–
Assets held for dealing purposes	290.4	290.4	233.0	233.0
Investments	73.1	71.6	63.4	62.2
Related derivatives	– 0.7	–	– 0.6	–
Liabilities				
Deposits from other banks	178.0	177.8	174.8	174.7
Related derivatives	– 0.1	–	– 0.1	–
Amounts owed to other depositors	335.1	334.6	291.5	291.0
Related derivatives	– 0.2	–	– 0.3	–
Liabilities evidenced by paper	200.8	200.7	162.9	164.1
Related derivatives	0.2	–	0.6	–
Liabilities from dealing activities	127.1	127.1	123.3	123.3
Subordinated capital	15.6	15.4	15.7	15.5
related derivates	– 0.2	–	–	–
Other positions				
Contingent liabilities	34.7	34.7	36.9	36.9
Credit commitments and placement obligations	113.5	113.4	107.5	107.5
Non-attributable derivatives	0.2	–	0.4	–

The fair value of amounts receivable and amounts payable of non-fixed term and at short-term with maturities and/or fixed interest periods of up to 180 days was either recognized at book value or calculated using the present value method depending on the product or the market situation.

The stated values correspond in our opinion to the amounts at which the financial instruments could have been traded on a fair basis on balance sheet date between knowledgeable, willing parties in arm's-length transactions.

Market prices were taken where available. This was largely the case for securities and derivatives traded on stock exchanges and on active markets. For other financial instruments we used internal valuation models, in particular the present value method. Shareholdings in the non-bank sector as well as insurance companies' assets and liabilities were not taken into account.

As at December 31, 2000, the aggregate difference between the fair value and the book value of financial instruments amounted to € 2.1 billion (1999: € 3.1 billion). The development of this figure over time depends on movements in the market parameters which are included in the valuation, as well as additions to and disposals of financial instruments.

[54] Foreign currency

The tables show the effects of exchange rate changes on the Balance Sheet and the Income Statement:

Exchange rate changes in the Balance Sheet

in € m.	31.12.2000	31.12.1999
Foreign currency assets	592,100	414,400
thereof U.S.$	331,200	276,900
Foreign currency liabilities (excluding capital and reserves)	634,400	452,300
thereof U.S.$	329,900	303,600
Change in total assets owing to parity changes for foreign currencies*	+20,300	+33,500
thereof due to U.S.$	+18,400	+24,700

* based on the assets side

Exchange rate changes in the Income Statement

in € m.	Effects of exchange rate changes	Adjusted changes 1999/2000	Adjusted changes 1999/2000 in %
Net interest income	+ 121	+ 71	+ 1.1
Net commission income	+ 333	+ 3,051	+ 36.2
Trading profit	+ 245	+ 2,125	+ 44.6
Net income from investments	+ 35	+ 1,065	+ 52.2
Operating expenses	+ 646	+ 4,645	+ 28.3
Profit before expenses for restructuring and taxes	+ 115	+ 1,913	+ 39.5

[55] Relevant maturity groupings based on the remaining period

The table shows selected loans and advances and liabilities in maturity groupings based on the remaining period:

[55] Relevant maturity groupings based on the remaining period

in € m.	up to 3 months 31.12.2000	up to 3 months 31.12.1999	> 3 months – 1 year 31.12.2000	> 3 months – 1 year 31.12.1999	> 1 year – 5 years 31.12.2000	> 1 year – 5 years 31.12.1999	more than 5 years 31.12.2000	more than 5 years 31.12.1999
Loans and advances								
Loans and advances to customers	183,280	180,922	43,425	34,446	68,557	62,219	78,343	74,784
Dated placements with, and loans and advances to, other banks								
Loans and advances	4,003	2,645	2,175	2,218	2,893	3,465	5,530	6,464
Money market	36,269	43,879	4,376	7,995	6,880	601	–	–
Bonds and other fixed-income securities in investments	17,055	9,294	4,312	9,540	19,834	17,648	20,175	13,953
Total	**240,607**	**236,740**	**54,288**	**54,199**	**98,164**	**83,933**	**104,048**	**95,201**
Liabilities								
Time deposits from other banks	86,789	96,433	15,842	16,541	12,337	7,131	10,624	9,664
Savings deposits and building saving deposits	16,622	16,855	6,692	5,081	4,536	4,478	488	467
Other dated amounts owed to other depositors	115,056	107,789	26,041	16,680	13,528	9,331	16,949	13,625
Liabilities evidenced by paper	49,057	53,848	57,881	25,792	60,557	53,844	33,246	30,576
Subordinated capital	220	128	159	512	5,234	5,132	9,797	9,732
Total	**267,744**	**275,053**	**106,615**	**64,606**	**96,192**	**79,916**	**71,104**	**64,064**

[56] Contingent liabilities and other obligations

[56] Contingent liabilities and other obligations

in € m.	31.12.2000	31.12.1999
Contingent liabilities	**34,744**	**36,925**
from rediscounted bills of exchange	1	2
from guarantees and indemnity agreements	34,743	36,923
Other obligations	**225,914**	**183,447**
Placement and underwriting obligations	656	837
Irrevocable credit commitments	112,741	106,670
Netted repo business	64,917	49,350
Delivery obligations from securities borrowing	26,135	14,917
Other obligations	21,465	11,673
Total	**260,658**	**220,372**

Placement and underwriting obligations

The placement and underwriting obligations not utilized amounted to € 656 million. € 298 million was utilized at the end of 2000.

Irrevocable credit commitments

Of the irrevocable credit commitments, € 98,802 million related to commitments to non-banks in respect of book credits and discounts.

Netted repo business

On the basis of enforceable rights of set-off (master netting agreements), repo business in the amount of € 64,917 million had to be set off.

Other obligations

The annual payment obligations resulting from rental and leasing agreements totalled € 889 million, with a remaining period of up to 61 years. Of these obligations, € 304 million are towards related companies.

There were obligations of € 3,224 million at the end of 2000 for the acquisition of leasing assets.

Liabilities for possible calls on not fully paid-up shares in public and private limited companies and other shares amounted to € 412 million at the end of 2000, and other liabilities for possible calls to € 44 million. Joint liabilities pursuant to § 24 GmbH Act amounted to € 31 million. Where other joint liabilities exist, the standing of co-shareholders is beyond doubt 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 € 66 million and a proportionate contingent liability to fulfil the capital obligations of other shareholders belonging to the Bundesverband deutscher Banken e.V., Berlin.

Liabilities for possible calls on other shares amounted to a total of € 14 million on December 31, 2000.

Pursuant to § 5 (10) of the Statute of the Deposit Insurance Fund, Deutsche Bank AG has undertaken to indemnify the Bundesverband deutscher Banken e.V., Berlin, for any losses incurred through measures taken in favour of banks majority-held by Deutsche Bank.

In the course of our business activity, collateral security was required in a total amount of € 7,239 million as a result of legal stipulations.

Obligations from transactions on futures and options exchanges and towards clearing centers, for which securities had to be deposited as collateral, amounted to € 9,479 million as at December 31, 2000.

DWS Investment Management S.A., Luxembourg, has given performance guarantees for specific periods for some of the funds it manages.

With the placement of real estate properties, various Group companies granted the buyers irrevocable, time-limited sellback rights (repurchase offers). Where, according to present information, the value of a sellback right is above the countervalue of the real asset, appropriate provisions have been formed.

In connection with the resale of the trading house Klöckner & Co. AG, Duisburg, there were contingent liabilities totalling € 67 million.

[57] Assets pledged as security

Assets were pledged as security in the amounts stated for the following liabilities and contingent liabilities:

in € m.	31.12.2000	31.12.1999
Deposits from other banks	21,054	21,657
Amounts owed to other depositors	12,235	10,700
Liabilities evidenced by paper	1,304	278
Contingent liabilities	28	22
Total	**34,621**	**32,657**

The assets pledged as security were made up as follows:

in € m.	31.12.2000	31.12.1999
Debt instruments of public-sector entities and bills of exchange eligible for refinancing at central banks	666	1,460
Placements with, and loans and advances to, other banks	1,970	346
Loans and advances to customers	8,696	7,881
Assets held for dealing purposes	22,238	19,968
Investments	668	3,002
Property and equipment	383	–
Total	**34,621**	**32,657**

[58] Trust activities

The tables set out our trust activities:

Trust assets

in € m.	31.12.2000	31.12.1999
Placements with, and loans and advances to, other banks	1,462	1,006
Loans and advances to customers	4,154	1,033
Bonds and other fixed-income securities	1	1
Equity shares and other variable-yield securities	157	197
Participating interests	–	886
Property and equipment	79	78
Total	**5,853**	**3,201**

Trust liabilities

in € m.	31.12.2000	31.12.1999
Deposits from other banks	39	78
Amounts owed to other depositors	3,078	3,123
Liabilities evidenced by paper	2,736	–
Total	**5,853**	**3,201**

[59] Our staff

The average number of staff (effective full-time equivalents) employed during the financial year totalled 88,799 (1999: 78,229), of whom 38,717 (1999: 33,667) were women. Part-time staff are included in these figures proportionately. An average of 44,404 (1999: 35,586) members of staff worked abroad.

[60] Declaration of backing

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

[60] Declaration of backing*

ALD AutoLeasing D GmbH, Hamburg

DB Investments (GB) Limited, London

Deutsche Asset Management Europe GmbH, Frankfurt am Main (formerly: Deutsche Fonds Holding GmbH)

Deutsche Asset Management International GmbH, Frankfurt am Main (formerly: Deutsche Asset Management GmbH)

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

Deutsche Australia Limited, Melbourne

Deutsche Bank Americas Holding Corp., New York/U.S.A. (formerly: Deutsche Bank North America Holding Corp.)

Deutsche Bank Bauspar-Aktiengesellschaft, Frankfurt am Main

Deutsche Bank Canada, Toronto

Deutsche Bank Finance N.V., Curaçao

Deutsche Bank Financial Inc., Dover/U.S.A.

Deutsche Bank Lübeck Aktiengesellschaft vormals Handelsbank, Lübeck

Deutsche Bank Luxembourg S.A., Luxembourg

Deutsche Bank (Malaysia) Berhad, Kuala Lumpur

Deutsche Bank OOO, Moscow

Deutsche Bank Polska S.A., Warsaw

Deutsche Bank (Portugal), S.A., Lisbon (formerly: Deutsche Bank de Investimento, S.A.)

Deutsche Bank Rt., Budapest

Deutsche Bank S.A., Buenos Aires

Deutsche Bank S.A., Paris

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

Deutsche Bank S.A./N.V., Antwerp (business domicile Brussels)

Deutsche Bank Saar Aktiengesellschaft, Saarbrücken

Deutsche Bank, Sociedad Anónima Española, Barcelona

Deutsche Bank Società per Azioni, Milan

Deutsche Bank (Suisse) S.A., Geneva

Deutsche Bank Trust Aktiengesellschaft Private Banking, Frankfurt am Main

Deutsche – Equities S.A., Paris (formerly: Deutsche Morgan Grenfell – Equities S.A.)

Deutsche Finance (Netherlands) B.V., Amsterdam

Deutsche Futures London Limited, London (formerly: Deutsche Morgan Grenfell Futures Limited)

Deutsche Futures Singapore Pte Ltd., Singapore (formerly: Deutsche Morgan Grenfell Futures Pte Ltd.)

Deutsche Grundbesitz-Investment-gesellschaft mbH, Eschborn

Deutsche Grundbesitz Management GmbH, Eschborn

Deutsche Morgan Grenfell Group plc, London

Deutsche Securities Limited, Hong Kong (formerly: Deutsche Morgan Grenfell Capital Markets Limited)

Deutsche Securities Asia Limited, Hong Kong

DWS Investment GmbH, Frankfurt am Main (formerly: DWS Deutsche Gesellschaft für Wertpapiersparen mbH)

DWS Investment S.A., Luxembourg (formerly: DB Investment Management S.A.)

EUROHYPO Aktiengesellschaft Europäische Hypothekenbank der Deutschen Bank, Frankfurt am Main (formerly: Frankfurter Hypothekenbank Centralboden Aktiengesellschaft)

Schiffshypothekenbank zu Lübeck Aktiengesellschaft, Hamburg

Versicherungsholding der Deutschen Bank Aktiengesellschaft, Berlin and Bonn

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

[61] Emoluments of the Board of Managing Directors and Supervisory Board, and loans granted

In 2000, the total emoluments of the Board of Managing Directors amounted to € 63,409,804.56. Former members of the Board of Managing Directors of Deutsche Bank AG or their surviving dependents received € 30,998,330.04. In addition to a fixed payment of € 174,580, the Supervisory Board received dividend-related emoluments totalling € 1,522,500.

Provisions for pension obligations to former members of the Board of Managing Directors and their surviving dependents totalled € 176,724,627.

At the end of 2000, loans and advances granted and contingent liabilities assumed for members of the Board of Managing Directors amounted to € 5,254,212.26, and for members of the Supervisory Board of Deutsche Bank AG to € 953,191.85.

[62] Board of Managing Directors in the reporting year

[62] Board of Managing Directors in the reporting year	
Josef Ackermann	**Tessen von Heydebreck**
Carl L. von Boehm-Bezing	**Hermann-Josef Lamberti**
Rolf-E. Breuer (Spokesman)	**Edson Mitchell** (from 9.6.2000; † 22.12.2000)
Michael Dobson (until 9.6.2000)	**Michael Philipp** (from 9.6.2000)
Thomas R. Fischer	**Ronaldo H. Schmitz** (until 9.6.2000)

[63] Mandates

The List of Mandates gives details of mandates in Germany and abroad. It can be obtained free of charge using the order form on page 191.

Reconciliation Comments Different accounting and valuation methods in the Consolidated Financial Statements: IAS compared with German Commercial Code (HGB).

In contrast to German reporting, the International Accounting Standards seek creditor protection by providing relevant information rather than by conservative reporting and valuation rules. In the following cases, the different objective of the IAS leads to different accounting and valuation methods or to different reporting in the Consolidated Financial Statements:

Loans and advances from leasing business

Leasing assets, which IAS principles attribute to the lessee (finance lease), are reported in the Consolidated Financial Statements under loans and advances to customers – instead of under property and equipment – provided the Group is lessor and the criteria for a finance lease have been fulfilled. Tax aspects are ignored here.

Netting of claims and liabilities

Claims and liabilities, which have the same due date, are in the same or a freely convertible currency and have been concluded with the same counterparty are netted, provided the conditions for netting set out in the IAS have been fulfilled. This includes in particular the existence of an enforceable netting right. Over and above that, the netting must appropriately reflect the expectation of actual future cash flows. Netting is used largely for claims and liabilities in repo business if the Group acts both as seller and as buyer.

Risk provisioning

In accordance with standard international practice, risk provisioning is disclosed on the assets side as a separate position after loans and advances. This gives a better view of risk-provisioning policy.

Assets held for dealing purposes

All trading activities are reported in the balance sheet at fair values. This leads to the inclusion of result components qualified under German law as unrealized profits. The position Assets held for dealing purposes mainly contains securities trading stocks reported at market values and the positive market values from derivatives transactions still outstanding on balance sheet reporting date.

Trading in own shares

According to resolution SIC-16 of the Standing Interpretations Committee, no expense or revenue for trading in own shares is to be reported in the Income Statement in the IAS Consolidated Financial Statements as from the beginning of the 2000 financial year. Trading profit in the IAS Consolidated Financial Statements is adjusted for the respective results which – after taxes – are reported, along with the stock of own shares, in equity.

Netting in trading activities

Trading assets and trading liabilities are netted if there is an enforceable netting right and the netting appropriately reflects the expectation of actual future cash flows.

Securities lending

In accordance with the economic content of the transactions, the collateral in securities lending continues to be reported in securities holdings if the Group is the lender. On the other hand, German Commercial Code reporting would require the booking of a claim. This applies analogously to cases where the Group is borrower. Here, the German Commercial Code would require reporting of a liability.

Investments

Investments also include securities which, under the German Commercial Code, are allocated to the liquidity reserve, as well as shares in (non-consolidated) related companies, shares in associated companies, and equity holdings.

Intangible assets

Software developed in-house is capitalized if the bank will probably derive an economic benefit from it and production costs can be determined in reliable measure.

Property and equipment

Tax bases are not reported in the IAS financial statements. The result is that property and equipment are usually reported at a higher value compared with German Commercial Code statements.

Liabilities from dealing activities

Liabilities from dealing activities comprise the negative market values from derivative financial instruments, unless they have been netted with positive market values from derivative financial instruments. The German Commercial Code would require provisions for possible losses from pending transactions to be recorded here, unless these losses are compensated because valuation units in the sense of compensatory valuation are recognized.

According to the German Commercial Code, the short positions also reported under liabilities from dealing activities would have to be reported under liabilities to banks and/or liabilities to customers.

Provisions
for pensions and similar obligations

The forecasted development of salaries is taken into account in the actuarial calculation of pension provisions. Adjustments of current pension payments are deferred and not written off immediately in full. Market interest rates are also used.

Deferred taxes

Deferred taxes are formed in accordance with the balance sheet-related temporary concept. Here, the carrying amounts of individual assets and liabilities in the balance sheet are compared with the values for tax purposes. Deviations in these values create as temporary differences – irrespective of when they are booked out – deferred tax assets or deferred tax liabilities. On the other hand, tax deferrals according to the German Commercial Code are only admissible as timing differences between commercial-law results and the profit to be calculated in accordance with tax regulations.

Minority interests

Minority interests are reported on the liabilities side outside equity in a separate position.

Trust business

In accordance with its economic content, trust business which the bank transacts in its own name, but for third-party account, is not reported in the balance sheet.

Risk Report

Risk management – a core competence

The long-term viability and the continued success of a global financial institution are critically dependent on an optimal enterprise-wide management of risks inherent in all of its businesses. Risk management, a core competence of Deutsche Bank, is functionally independent of risk takers in the various Group Divisions. Deutsche Bank believes excellence in risk management is centred on the ability to identify, measure, aggregate and manage risks, to attribute capital and to price risks appropriately. The bank's risk philosophy is underpinned by its objective to maximize shareholder returns within the framework of the overall risk appetite. The bank's risk management framework promotes an internal risk environment across the firm that is culturally attuned to its overall risk philosophy. Deutsche Bank manages risk through a comprehensive framework of risk principles, organizational structure and risk processes that are closely aligned with the activities of the Group Divisions.

Risk management principles

The following five key principles underpin Deutsche Bank's approach to risk management:

- The management of credit, market, liquidity, operational and business risks is carried out in an integrated manner at all levels within the organization, since they are inseparably linked.
- The dedicated global risk management organization is closely aligned with the structure of the business divisions.
- Risk management is functionally and organizationally independent of the Group Divisions.
- The Group Risk Board (since February 2001, Group Risk Committee) has enterprise-wide responsibility for managing risks.
- The Group Board and the Supervisory Board will maintain their overall responsibility for risk within the Group.

Risk management organization

Group Chief Risk Officer

The Group Chief Risk Officer, a member of the Group Board, has overall responsibility for all risk management activities within the Group. The Chief Risk Officers of the individual Group Divisions report directly to the Group Chief Risk Officer.

Group Risk Board

The Group Risk Board, which is chaired by the Group Chief Risk Officer, has the responsibility of managing risk on a Group-wide basis. This Board also includes the Chief Risk Officers from the Group Divisions. The Group Risk Board has the mandate to:

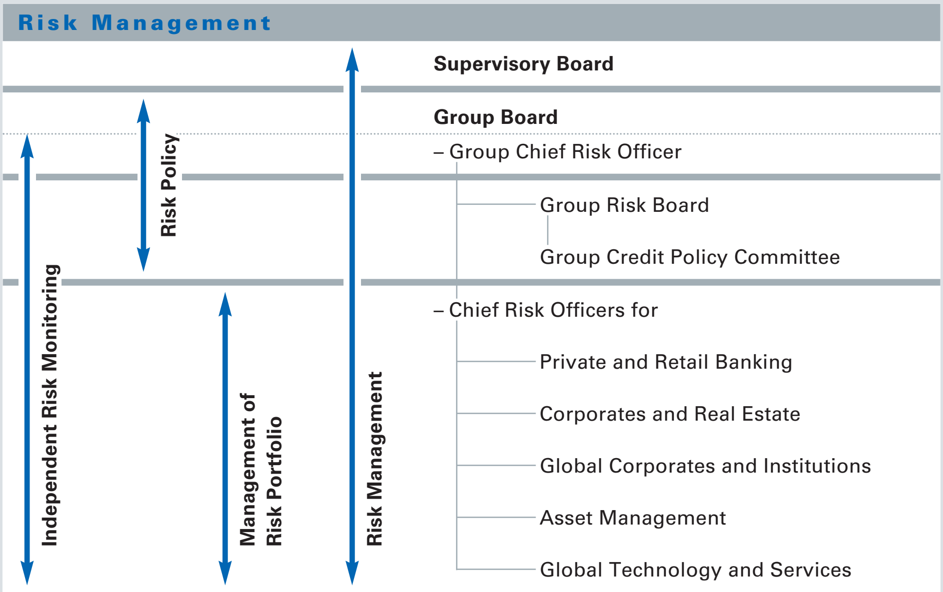
– set risk appetite that is consistent with the Group's overall business strategies;
– approve risk policies, procedures and methodologies that are consistent with Group risk appetite;
– manage the portfolio of risks throughout the bank;
– allocate Economic Capital in a rational manner that is consistent with the quantum of risks undertaken in the Group Divisions;
– approve the organizational structure as well as appoint key risk management personnel.

Divisional Risk Units

The Divisional Risk Units, under the management of the respective Chief Risk Officers, have the following principal responsibilities:

– management of specific portfolios within the framework of risk policies and strategies set by the Group Risk Board;
– approval of credit risk, market risk and operational risk limits;
– performance of periodic portfolio reviews;
– development and implementation of an appropriate risk management infrastructure and systems.

In addition, control functions are provided by Controlling, Audit and Legal which are independent of the Group Divisions and Risk Management. The Controlling function measures risk and ensures related data quality and integrity. The Audit function monitors the internal control procedures to ensure they are adequate to satisfy internal and regulatory standards. The Legal function provides the legal framework and gives general support and advice.



Following the organizational realignment within Deutsche Bank announced in February 2001, risk management responsibilities were realigned with the new structure.

Types of risk

The most important risks Deutsche Bank is exposed to are specific banking risks and risks that arise from general entrepreneurial activity or business risks. In addition, there are insurance risks in the Group's insurance companies.

Banking risks

Risk is an inherent part of the bank's business and activities. The bank distinguishes between credit risk, market risk, liquidity risk and operational risk.

Credit risk

Credit risk reflects the potential that customers might not fulfil their contractual payment obligations to the bank.

For Deutsche Bank this is the largest single risk and is comprised of the following types:

– Default risk: the failure of customers to meet contractual payment obligations.
– Country risk: the inability of customers to fulfil their payment obligations owing to government measures (e.g. transfer restrictions) or country-specific economic factors (e.g. currency devaluation).
– Settlement risk: the risk that arises if financial obligations are not settled on time or at all, either for the bank or when the bank acts as an intermediary for its clients or other third parties.

Market risk

Market risk arises from the uncertainty about changes in market prices and rates (interest rates, equity prices, exchange rates, commodity prices) and the correlations between them and their levels of volatility.

Liquidity risk

Liquidity risk refers to the possibility that the bank's payment obligations are not met fully and punctually when due. It also covers potential losses from being forced to borrow at excessive interest rates or to invest surplus funds at rates below market.

Operational risk

Operational risk is the potential for incurring losses through unmanageable events, business disruption, inadequately defined controls or control/system failure in relation to staff, customer relationships, technology, assets, other third parties/regulators as well as project and other risks.

Business risks

General business risk denotes the uncertainty of earnings due to changes in business conditions, such as market environment, client behaviour and technological progress. These could result in revenues declining faster than adjustments to the cost base.

Insurance risks

The risks regarded as typical of insurance business are that payments to be made may, for unforeseen reasons, be higher than expected (additional risk), the overall conditions or the behaviour of insured persons may change over time, and that such changes are not recognized promptly and allowed for by adjustments to contributions or insurance conditions (change risk).

Risk management tools

Deutsche Bank uses a comprehensive range of quantitative tools for monitoring and managing risks. Some of these tools are common to a number of risk factors, while others are tailored to the particular features of specific risk categories. These quantitative tools generate information to:
- quantify the susceptibility of the market value of single positions or portfolios to changes in market parameters (commonly referred to as sensitivity analysis);
- measure aggregate risk, taking into account interdependencies and correlations, using statistical techniques;
- capture exposure to risks from extreme movements in market prices through scenario analysis.

Deutsche Bank's policies and risk limits are aligned with such quantitative tools across the Group Divisions to effectively manage risks. As a matter of policy, Deutsche Bank continuously assesses the appropriateness and the reliability of quantitative tools in light of the evolving risk environment.

The following are the most important quantitative tools used to measure, manage and report risk:

Economic Capital

The equity capital that appears in the balance sheet serves to absorb any losses that result from the risks assumed in the Group Divisions. Deutsche Bank uses Economic Capital as the primary tool to allocate the book capital to its five Group Divisions and to assess their profitability and their relative abilities to employ capital efficiently. Economic Capital is a measure designed to state with a high degree of certainty the amount of equity capital needed at any given date to absorb unexpected losses arising from exposures on that date. It is used to show an aggregated view of the bank's risk position at each level from individual business divisions up to the Group level. Deutsche Bank calculates Economic Capital for credit risk, market risk, operational risk and general business risk.

Expected Loss

Deutsche Bank uses Expected Loss as a measure of the default and country risk components of credit risk. Expected Loss represents the potential losses from credit defaults within a one year period based on the bank's historical loss experience.

Regulatory risk reporting

German banking regulations assess the capacity to assume risk in the following ways:

- Risk position: the total risk assumed, which is calculated according to regulations by risk-weighting the bank's assets for default risks and market risks. The German banking regulators permit Deutsche Bank to use its proprietary value-at-risk approach to calculate the market risk component of the required regulatory capital.
- Regulatory capital and reserves: the regulatory capital the bank must maintain to back its risk position.

Value-at-risk and stress testing

Value-at-risk and stress testing is explained in the market risk section starting on page 156.

Credit risks

Credit risk is the largest component of the bank's overall risk position. Credit risk arises when Deutsche Bank places reliance on another counterparty to perform contractual obligations that are of economic value to the bank.

Deutsche Bank's guiding principles for managing credit risk are as follows:
- The Group Risk Board defines the appetite for credit risk as part of its overall risk management role. The Group Board approves these risk levels.
- Credit policies are determined by the Group Credit Policy Committee (GCPC), a subgroup of the Group Risk Board.
- The Group Divisions implement credit policies and apply credit strategies.

Credit risk management units are assigned to the individual Group Divisions. These units have the primary day-to-day responsibility for:
- assessing the creditworthiness of credit counterparties;
- approving credit limits;
- managing credit exposure;
- managing credit portfolios through periodic reviews;
- developing and implementing tailored credit risk management infrastucture and systems.

Credit policies and procedures

Deutsche Bank has established a set of principles to define its appetite for default risk and to measure and actively manage this risk. Approval of transactions and management of exposures that result in credit risk takes place within the framework of portfolio guidelines and the bank's credit strategies arising from these principles. The bank has implemented a number of core principles in this respect:

One obligor concept

The bank bases its lending decisions for each counterparty on the aggregate credit exposure to that counterparty and – in the case of companies – to all related Group entities.

Credit reports

A written report forms the basis of every credit decision. This report presents and assesses all relevant information for a credit decision. Deutsche Bank's credit policies specify detailed standards for the contents of this report.

Decision-making authority levels

The Group Board has delegated a large part of its authority for credit decision-making to the risk management function, differentiated by client group and risk category. The highest authorities below the Group Board are the Divisional Credit Committees.

Risk assessment

A primary element of the credit approval process is a detailed risk assessment. For a corporate counterparty, the risk assessment consists of an analysis of the obligor's financial condition and market position, the business environment in which the obligor operates and the quality of the obligor's management. For cross-border transactions, the bank also conducts an analysis of country risk.

This risk assessment process generates a risk rating for each exposure. Deutsche Bank has different risk rating scales for different groups of customers, such as corporates, banks, non-bank financial institutions, insurance companies, commercial real estate finance companies, private customers and self-employed individuals.

The risk rating not only affects the outcome of the credit decision but also influences the level of decision-making authority required to extend the credit and terms and conditions of the transaction.

Credit limits

Credit limits set the upper boundary of credit exposures to a customer and are further broken down by product and tenor.

Regular credit review

As a general principle, all credit decisions are reviewed once a year.

Risk Profile for 2000

Credit risk development

In 2000, the external environment displayed a steady deterioration in credit outlook, from a relatively robust start to a more uncertain conclusion. The public debt markets witnessed increasing incidence of downgrades, bankruptcy filings and widening credit spreads, whilst new financial crises affected Emerging Markets.

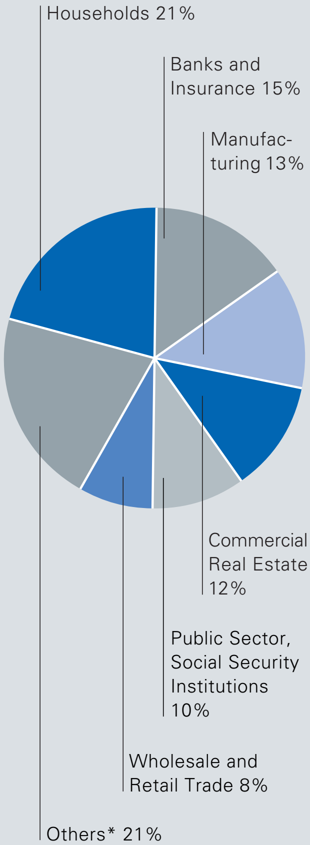
Deutsche Bank's credit profile was well positioned against this environment. Lending exposure in the bank's wholesale business was kept roughly stable in volume terms, giving effect to exchange rate movements, above all the appreciating U.S. dollar. Total Credit Extended was managed under disciplined allocations of regulatory and Economic Capital, contributing to an improved performance on risk adjusted profitability measures and the favourable development of risk provisioning requirements. Apart from foreign exchange movements, the observed modest increase in reported Total Credit Extended arose mainly from lower risk areas of the Western European business.

Credit exposure to derivative and foreign exchange counterparties grew during the year under persistent U.S. dollar strength and volatile conditions in other traded risks. Deutsche Bank's leading market profile in these products was underpinned by active management of the credit exposures in individual and aggregated client portfolios under a variety of stress scenarios, supported by sophisticated technology and specialized professional and operational credit staff. Under this focused attention, the volume expansion of this business has far outpaced the increase in associated credit risk.

Total net new loan loss provisions for the year of € 564 million achieved the lowest level in recent years in relation to Total Credit Extended and compared with a statistically calculated Expected Loss of € 895 million. Credit Risk Economic Capital at the year-end was € 8.2 billion, after giving effect to diversification benefits across business lines. The reduction against 1999 is principally due to model refinements to better reflect the adjustments for provisions and collateral held.

The bank's credit risk management process and organization are designed to focus strongly on the areas of highest credit risk in the portfolio. Specialized corps of highly experienced credit officers oversee the risks in sub-investment grade leveraged and structured transactions. Emerging Markets, hedge funds,

Total Credit Extended by industry
Total: € 281 bn.



* Supranationals, Telecoms, Pharma and others

asset backed transactions, etc. are also areas of focused specialization in managing portfolio and transactional risks.

Importantly, well defined exposure limits apply to these key sub-portfolios. Disciplined adherence, consistently applied throughout the year, ensured that the less favourable year-end environment had only modest effects on the portfolio quality. The leveraged hold portfolio was less than 3 % of Total Credit Extended at the year-end. Total Credit Extended to all Emerging Markets-based counterparty groups was only slightly larger.

Credit risk profile by division

in € bn.	Global Corporates and Institutions 31.12.2000	Corporates and Real Estate 31.12.2000	Retail and Private Banking 31.12.2000	Other[1] 31.12.2000	Total Group 31.12.2000	Total Group 31.12.1999
Total Credit Extended[2]	88.10	133.02	56.63	3.65	281.40	261.45
Contingent Liabilities	17.57	15.54	1.01	0.62	34.74	36.93
Irrevocable Credit Commitments	74.81	33.50	4.43	0.00	112.74	106.67
OTC Derivatives[3]	49.14	1.02	0.00	1.02	51.18	61.35[3]
Total Credit Risk, gross[4]	229.62	183.08	62.07	5.29	480.06	466.40
Total Credit Risk, net of Allowances	227.69	179.38	60.58	5.21	472.86	458.55
Expected Loss	0.33	0.35	0.21	0.01	0.90	1.00
Credit Risk Economic Capital	3.98	3.01	1.09	0.16	8.24	11.28

[1] Asset Management, Global Technology and Services, and Corporate Center
[2] In the Risk Report, Total Credit Extended excludes receivables from brokers and clearing houses, other amounts receivable and accrued interest totalling approx. € 25 bn.
[3] For OTC derivatives the Positive market values are shown after netting. Recalculating 1999 figures in accordance with current netting would reduce the total to € 42 bn.
[4] Figures apply before collateral and allowances.

Credit risk profile by industry

The credit portfolio is well diversified by industry sector (see chart on page 145). Banks and other financial institutions, together with G-10 sovereigns, account for more than half of the counterparty risk in the trading business, underpinning a strong credit profile and minimal loss experience in these products. Within wholesale and middle market corporate credit business, industry exposure is well spread.

Each year, a formal review of total Group exposure to each major industry is undertaken, covering trends and outlook and their likely impact on the portfolio. Industry exposure strategy and risk appetites for the largest counterparty groups are affirmed or adjusted at this time (or more frequently if conditions require). Certain industry exposures are managed within explicit industry caps.

Credit risk profile by credit rating category

The overall rating profile of the credit risk profile improved modestly in fiscal year 2000.

The effects of deteriorating ratings in certain industry sectors, such as Telecoms, were limited through adherence to industry limits and by a preponderant share of large investment grade counterparties. Likewise, a modest downward rating trend in the North American wholesale business was offset by the effects of active repositioning of average credit quality in other geographic and industry portfolios.

Deutsche Bank's prominent presence in the government and agency trading markets is reflected in the bank's Tradable Assets position, which has a significantly higher credit quality than the other products.

Credit risk profile by credit rating category

Products by Standard & Poor's Rating Equivalent in € bn.	Total Credit Extended[1) 31.12. 2000	31.12. 1999	Contingent Liabilities 31.12. 2000	31.12. 1999	OTC Derivatives[2) 31.12. 2000	31.12. 1999	Tradable Assets[3) 31.12. 2000	31.12. 1999
AAA – AA	31.20	26.07	3.02	3.92	18.42	12.51	127.50	113.65
A	42.82	32.66	3.91	4.27	20.54	32.72	36.58	13.06
BBB	66.87	65.52	14.18	15.88	8.72	8.08	7.65	20.37
BB	115.16	107.10	10.98	11.01	2.68	4.42	4.69	11.13
B	23.07	28.52	2.52	1.76	0.66	2.72	2.81	3.86
CCC and below	2.28	1.58	0.13	0.08	0.16	0.90	0.06	0.71
Total	**281.40**	**261.45**	**34.74**	**36.92**	**51.18**	**61.35**[2)	**179.29**	**162.78**

1) In the Risk Report, Total Credit Extended excludes receivables from brokers and clearing houses, other amounts receivable and accrued interest totalling approx. € 25 bn.
2) For OTC derivatives the Positive market values are shown after netting. Recalculating 1999 figures in accordance with current netting would reduce the total to € 42 bn.
3) Bonds and other fixed-income products, except for securities with special-purpose entities in the amount of € 24 bn., which are not considered a bank risk.

Credit risk profile by region

Western Europe and North America accounted for more than 85 % of the overall credit portfolio. Likewise, exposures in the Asia/Pacific region were predominantly in Japan, Australia and other investment grade countries. Borrowers in Emerging Market regions included a significant share of business with subsidiaries of multinational corporates and international financial institutions.

Credit risk profile by region (borrower's domicile)

	Total Credit Extended		Contingent Liabilities		OTC Derivatives*	
in € bn.	31.12. 2000	31.12. 1999	31.12. 2000	31.12. 1999	31.12. 2000	31.12. 1999
Eastern Europe	3.46	4.19	0.69	0.70	0.28	0.26
Western Europe	221.11	198.70	25.00	23.47	26.33	28.61
Africa	0.30	0.58	0.38	0.60	0.46	0.36
Asia/Pacific	13.48	17.49	3.21	5.65	7.48	7.23
North America	38.92	35.15	4.56	5.46	13.15	16.73
Central and South America	4.10	5.27	0.90	0.99	3.09	4.56
Other	0.03	0.07	0.00	0.05	0.39	3.60
Total	281.40	261.45	34.74	36.92	51.18	61.35*

* For OTC derivatives the Positive market values are shown after netting. Recalculating 1999 figures in accordance with current netting would reduce the total to € 42 bn.

Allowance for credit losses

The allowance for credit losses is available to absorb losses arising from credit risks. The allowance for credit losses is created and maintained at a level considered appropriate in relation to the risk of credit loss inherent in the portfolio.

Management determines the adequacy of the allowance on the basis of

- credit risk in the portfolio;
- prevailing economic conditions;
- the quality of the portfolio according to Asset Quality Review (independent internal credit quality review team at work in parts of Global Corporates and Institutions);
- the actual loss experience and the overall level of the allowance.

The level of specific allowance for credit losses is evaluated regularly in order to determine the adequate provisioning amount. Write-offs must be taken when, in the opinion of management, the claims are regarded to be non-recoverable.

Allowance for credit losses by Group Division

As the table below shows:

- Allowances for Specific Risks remained largely stable reflecting the good performance of the portfolio throughout the year;
- Allowances for Country Risks dropped, largely reflecting the sale of underperforming loans, notably in Russia, and the write-off of non-recoverable loans in Iraq;
- General Value Adjustments decreased reflecting the bank’s average write-off experience over the last five years.

Allowances for credit losses by Group Division

in € bn.	Global Corporates and Institutions 31.12.2000	Corporates and Real Estate 31.12.2000	Retail and Private Banking 31.12.2000	Other 31.12.2000	Total Group 31.12.2000	Total Group 31.12.1999
Credit Risks	229.62	183.08	62.07	5.29	480.06	466.40
Allowances/Provisioning						
for Specific Risks*	1.459	3.340	1.370	0.046	6.214	6.264
for Country Risks	0.274	0.016	0.004	0.000	0.294	0.756
for General Value Adjustments	0.199	0.348	0.110	0.032	0.690	0.830
Total Allowances/Provisioning	**1.932**	**3.704**	**1.484**	**0.078**	**7.198**	**7.850**
Credit Risks net of Allowances	227.69	179.38	60.58	5.21	472.86	458.55

* includes allowances for Contingent Liabilities

Country risks

Deutsche Bank manages country risks on a number of different levels. The three main areas of focus comprise:

Cross-border transfer risks

Cross-border transfer risks are risks arising from claims on counterparties in jurisdictions different from that in which the lending unit resides. Cross-border transfer risks include credit extended to the bank's own international branches and subsidiaries. Control of cross-border transfer risks was particularly relevant in the Latin American crisis of the 1980s.

Total country credit exposure

Total country credit exposure represents credit claims on clients of a particular country viewed as being at risk. This includes credit extended by the bank's local operations to local clients (even if lent in local currency). It also includes credit extended to offshore subsidiaries of those local clients. Control of total exposure was of particular value in the Asian crisis of 1997/1998.

Event risk scenarios

Highly stressed event risk scenarios serve to control potential market risks on trading positions. (These are addressed in more detail in the market risk section).

The bank sets limits on the acceptable level of risk for each country and on a regional basis using these three main controls. These country limits are set either directly by the Group Board or by the Group Credit Policy Committee acting on behalf of the Group Board. Country limits are based on the bank's appetite for risk, reflecting its internal country risk ratings (established by an independent country risk research team).

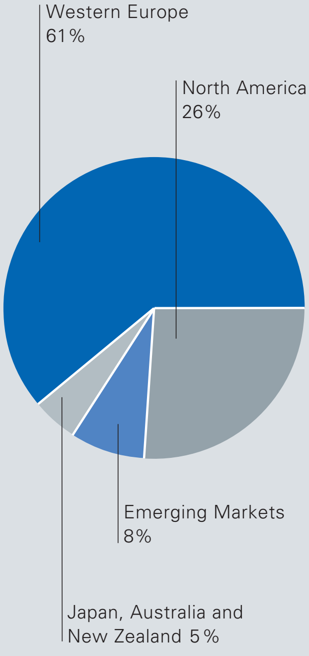
Data on utilization of these limits is regularly reviewed in the bank's risk committees as well as by the Group Board.

Country risk exposure

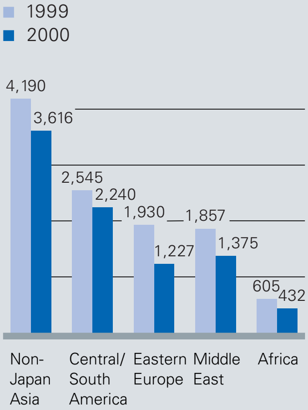
As at December 31, 2000, the bank's total international portfolio was € 106.9 billion in cross-border transfer risk terms. This includes all margin and lending products, excluding undrawn facilities and funding of local units. This compares with € 115.4 billion as at December 31, 1999. The adjacent chart gives a regional breakdown of the cross-border claims at the year-end. Of this amount, the significant majority represents claims on highly rated OECD countries (including countries in the eurozone), which is of limited concern in transfer risk terms. Only € 8.9 billion represents cross-border claims on Emerging Markets borrowers (all countries in Latin America, the Caribbean, Non-Japan Asia, Eastern Europe, the Middle East and Africa), down from € 11.1 billion in 1999. The breakdown can be seen on the following page.

In that context, in 1999 the bank made a conscious decision to reduce its Emerging Markets exposure whilst maintaining a level of business consistent with its global strategy and franchise. In view of the experience of the Asian

Country risk by region
total € 106.9 bn.



Emerging Markets country risks
in € m.



crisis, it was determined that the bank's exposure reduction strategy should not only focus on cross-border transfer risks but should also concentrate on reducing the total counties credit exposure especially for the most risky area of term lending. The consequence was a reduction in Deutsche Bank's total Emerging Markets loan exposure to € 7.4 billion. This was achieved against the background of a weakening euro (relevant as much Emerging Markets activity is conducted in U.S. dollar); in constant U.S. dollar equivalent terms, outstandings would have been cut to € 7.0 billion.

As part of this rationalization, the bank also took the opportunity to exit from certain under-performing loans (notably in Russia) through sales in the secondary markets, with the use of value adjustments and a consequent write-off against provisions. The bank also decided to write-off loans to Iraq, where it was no longer considered prudent to expect any recovery.

Settlement risks

As one of the leading firms in international capital markets, Deutsche Bank is also exposed to settlement risk, mainly in relation to foreign exchange and precious metal transactions. Settlement risk primarily arises if reciprocal settlement of liabilities is not effected in time or at all. The bank is continuously monitoring these risks under approved limits. Deutsche Bank also seeks the execution of payment netting agreements. Deutsche Bank is also an active participant in industry initiatives to reduce settlement risks and is for example a member of CLS Bank established for this purpose.

Default risks from derivatives business

The table on pages 154/155 shows the derivatives transactions by product area from the bank's trading activities still outstanding on balance sheet date and average figures for the full reporting year.

As in the previous years the derivatives business expanded due to the continued growth of investment banking activities. Replacement costs (Positive market values) in the derivatives business amounted to € 141.98 billion (1999: € 119.75 billion). After taking into account enforceable netting agreements, the net replacement costs were € 51.18 billion (1999: € 61.35 billion – if recalculated in accordance with current netting this amount would be € 42 billion).

Trading activities in credit derivatives led to Positive market values of € 601 million at the year-end. Credit derivatives are included in the table on pages 154/155; they are assigned to interest-rate or equity/index-related transactions in accordance with German banking regulations.

Outside the trading activities, derivatives transactions are also used to manage credit risks in the banking book.

In particular, the bank entered into a number of credit protection transactions. As at December 31, 2000 the loan volume covered by these transactions amounted to € 25 billion.

Business in OTC derivatives by regulatory counterparty group

Trading activities in OTC derivatives by counterparty group

in € bn.	Positive market values after netting 31.12.2000	31.12.1999
OECD central governments	1.70	1.89
OECD credit institutions	24.61	39.05
OECD financial institutions	11.09	6.70
Other (e.g. enterprises, private individuals)	9.65	9.93
Non-OECD central governments	0.01	0.04
Non-OECD credit institutions	3.01	1.82
Non-OECD financial institutions	1.11	1.92
Total	**51.18**	**61.35**

Recalculating 1999 figures in accordance with current netting would reduce the total to € 42 bn.

Trading activities in derivatives

December 31, 2000 in € m.	Nominal amount with remaining life of up to 1 year	 >1–5 years	 over 5 years	 Total
Interest-rate-related transactions				
FRAs	646,730	61,292	0	708,022
interest rate swaps (same currency)	2,013,576	1,899,169	1,373,344	5,286,089
OTC products				
interest rate option purchases	179,798	346,321	90,244	616,363
interest rate option sales	222,331	342,201	116,571	681,103
other interest rate trades				0
Subtotal	3,062,435	2,648,983	1,580,159	7,291,577
Exchange-traded products				
interest rate futures	1,283,688	436,851	55,894	1,776,433
interest rate option purchases	127,586	15,897	0	143,483
interest rate option sales	86,570	22,235	0	108,805
Subtotal	4,560,279	3,123,966	1,636,053	9,320,298
Currency-rate-related transactions				
OTC products				
forward exchange trades	1,142,305	35,356	1,187	1,178,848
cross currency swaps	308,206	146,114	101,652	555,972
forex option purchases	152,807	17,499	392	170,698
forex option sales	120,493	10,628	527	131,648
other forex trades				0
Subtotal	1,723,811	209,597	103,758	2,037,166
Exchange-traded products				
forex futures	2,386	636	2	3,024
forex option purchases	460	0	0	460
forex option sales	741	0	0	741
Subtotal	1,727,398	210,233	103,760	2,041,391
Equity/index-related transactions				
OTC products				
equity/index swaps	42,726	12,539	2,268	57,533
equity/index option purchases	28,627	49,705	6,538	84,870
equity/index option sales	30,955	57,425	14,268	102,648
other equity/index trades	22	0	0	22
Subtotal	102,330	119,669	23,074	245,073
Exchange-traded products				
equity/index futures	72,839	131	0	72,970
equity/index option purchases	18,825	1,618	12	20,455
equity/index option sales	15,850	2,995	44	18,889
Subtotal	209,844	124,413	23,130	357,387
Other transactions				
OTC products				
precious metal trades (including gold)	17,405	17,481	4,688	39,574
commodities	6,069	5,288	216	11,573
Subtotal	23,474	22,769	4,904	51,147
Exchange-traded products				
futures	9,889	1,733	0	11,622
equity/index option	2,405	348	0	2,753
equity/index option	2,706	332	0	3,038
Subtotal	38,474	25,182	4,904	68,560
Total excluding Exchange-traded products	4,912,050	3,001,018	1,711,895	9,624,963
Positive market values after netting agreements recognized for bank-regulatory purposes				

* market values only given for OTC derivatives

Positive market value*	Negative market value*	Net market value*	Average values for 2000: Notional volume	Positive market values	Negative market values
394	283	111	754,416	485	471
60,455	65,341	– 4,886	5,241,699	57,062	62,454
7,610		7,610	590,020	6,842	73
	6,751	– 6,751	660,834	88	6,965
		0	163	20	40
68,459	72,375	– 3,916	7,247,132	64,497	70,003
			2,290,138		
			193,416		
			201,438		
68,459	72,375	– 3,916	9,932,124	64,497	70,003
30,764	27,969	2,795	1,477,095	31,948	29,146
19,892	18,849	1,043	328,163	16,067	15,037
4,625		4,625	175,561	4,649	9
	3,256	– 3,256	136,836	13	2,652
		0	0	0	0
55,281	50,074	5,207	2,117,655	52,677	46,844
			4,328		
			719		
			5,659		
55,281	50,074	5,207	2,128,361	52,677	46,844
3,262	4,010	– 748	55,289	3,616	4,073
9,644		9,644	65,121	11,855	0
	10,682	– 10,682	70,308	4	13,379
20	21	– 1	675	292	304
12,926	14,713	– 1,787	191,393	15,767	17,756
			60,712		
			32,144		
			24,961		
12,926	14,713	– 1,787	309,210	15,767	17,756
1,591	1,426	165	49,961	851	822
3,727	3,252	475	12,108	2,265	2,221
5,318	4,678	640	62,069	3,116	3,043
			11,705		
			1,407		
			1,771		
5,318	4,678	640	76,952	3,116	3,043
141,984	141,840	144	9,618,249	136,057	137,646
51,177					

Market risks

At Deutsche Bank, the trading units in the Group Division Global Corporates and Institutions, as well as a designated unit also in Global Corporates and Institutions responsible for the management of interest rate risk arising from the non-trading businesses, are authorized to assume market risks within the scope of their authority to manage assets, liabilities and liquidity. In certain subsidiaries, interest rate risk arising from the non-trading businesses is managed by the responsible business division under the overall responsibility of Group Market Risk Management.

Value-at-risk

The value-at-risk approach is used to derive a quantitative measure specifically for market risk under normal market conditions. For a given portfolio, value-at-risk measures the potential future loss (in terms of market value) which, under normal market conditions, will not be exceeded in a certain period and with a certain probability. The value-at-risk measure enables a consistent and uniform measure to be applied across all the trading businesses and products. This facilitates comparisons of the risk estimate both across time and with actual daily trading results.

Deutsche Bank's value-at-risk model uses a Monte Carlo simulation process. The volatilities and correlations of market parameters are observed over the most recent twelve-month period and used on an unweighted basis. The value-at-risk estimates are made at a 99 % confidence level and for a one-day time horizon.

Deutsche Bank has obtained approval from the German Banking Supervisory Authority to use its proprietary value-at-risk models for the regulatory reporting and calculation of required capital for market risk.

Back-testing to check value-at-risk model figures

The meaningfulness of the value-at-risk procedure, based on historical market movements, is verified by back-testing whereby the daily profits and losses are compared with the estimates forecast using the value-at-risk procedure.

A back-testing committee that meets on a quarterly basis discusses back-testing results at Group, divisional and business area levels.

The committee consists of risk managers, risk controllers and business area controllers. They analyse performance fluctuations and assess the predictive power of the bank's value-at-risk models. Using the outcome of statistical analyses of the back-testing results, the committee contributes to improving the risk estimation process.

Group value-at-risk

The Group’s value-at-risk comprises the market risks of the trading units in Global Corporates and Institutions as well as the interest rate risks and foreign exchange risks of the non-trading units.

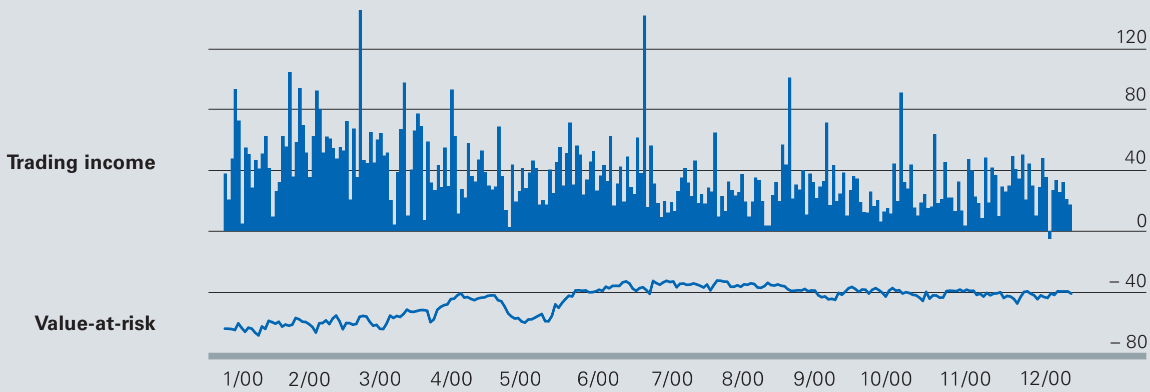
Group value-at-risk

in € m.	Total value-at-risk[1)] 2000	1999	Interest rate risk 2000	1999	Equity price risk 2000	1999	Commodity price risk 2000	1999	Foreign exchange risk[2)] 2000	1999
Year-end value-at-risk	37.7	61.3	35.2	58.0	12.3	17.8	2.9	1.4	5.0	8.0
Minimum value-at-risk	30.9	33.8	25.8	31.0	10.8	9.0	1.3	0.6	3.5	2.7
Maximum value-at-risk	65.5	61.3	62.6	58.0	42.2	27.4	6.8	3.8	11.8	19.9
Average value-at-risk	43.6	47.8	38.3	44.5	18.7	14.5	3.5	1.9	7.5	8.6

1) one day holding period; confidence level 99 %
2) without items excluded pursuant to § 5 (1) sentence 2 Principle I

The value-at-risk and actual trading income for the Group throughout the year are shown in the graph overleaf. Such back-testing shows that there were no downside value-at-risk band-breaks in the year 2000.

Trading income and value-at-risk of the Group in 2000*
in € m.



* income and value-at-risk of trading units of Global Corporates and Institutions and of the units responsible for the management of interest rate and foreign exchange risks of non-trading units

Deutsche Bank's market risk disclosure is based on the German banking regulatory reporting rules which determine:

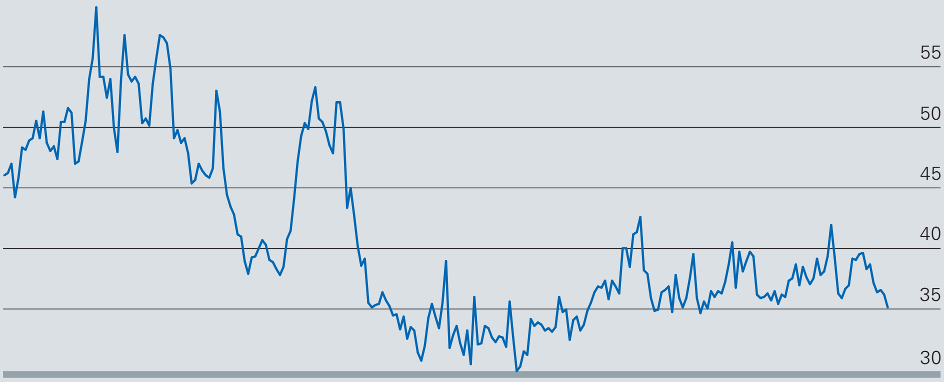
– the definition of assets and liabilities held for trading purposes (trading book) and for other than trading purposes (banking book);
– the set of consolidated subsidiaries which has been determined in accordance with the German Banking Act and other rules and regulations derived thereof.

The resulting market risk disclosure ensures the consistency of market risk reporting for internal risk management, for regulatory purposes and for external disclosure. This is compliant with upcoming Basle requirements under which banks are expected to use internal modelling techniques for both capital adequacy purposes and information purposes under a transparency/market discipline pillar.

Value-at-risk of the trading units of Group Division Global Corporates and Institutions

The value-at-risk of Global Corporates and Institutions trading units (confidence level 99 %, one day holding period) fluctuated between € 29.4 million and € 60.8 million with an average value of € 40.8 million and was € 34.9 million as at December 31, 2000. The overall value-at-risk limit for Global Corporates and Institutions for the whole of 2000 was € 73 million. The table shows the development of the value-at-risk in the 2000 financial year.

Daily value-at-risk in 2000, one day holding period, confidence level 99%
in € m.



The value-at-risk rose after the 1999/2000 year changeover, driven primarily by interest rate exposure to the higher available yields that were reflecting the general anxiety that existed in the market at that time. Global Corporates and Institutions also started the year with above-average exposure in the equity market. Thereafter, a generally decreasing trend in value-at-risk over the first six months was only punctuated by a sharp rise and fall in May as a result of increased exposures in interest rates in anticipation of a flight to quality as equity markets weakened. After interest rate and equity positions had been reduced, the latter half of the year saw the bank return to and generally stay around the value-at-risk levels that were held prior to the Bankers Trust integration. Classified by the risk categories stipulated in the German banking regulatory reporting system, the market risk of the Group Division's trading units is set out in the table below:

Value-at-risk of trading units by risk category

in € m.	Total value-at-risk* 2000	Total value-at-risk* 1999	Interest rate risk 2000	Interest rate risk 1999	Equity price risk 2000	Equity price risk 1999	Commodity price risk 2000	Commodity price risk 1999	Foreign exchange risk 2000	Foreign exchange risk 1999
Year-end value-at-risk	34.9	45.3	32.1	41.1	12.3	17.8	2.9	1.4	5.0	6.7
Minimum value-at-risk	29.4	30.7	25.4	27.5	10.8	9.0	1.3	0.6	3.6	2.7
Maximum value-at-risk	60.8	54.1	49.2	48.4	42.1	27.6	6.8	3.8	12.0	25.9
Average value-at-risk	40.8	41.4	35.1	37.6	18.7	14.5	3.5	1.9	7.4	8.7

* one day holding period; confidence level 99%

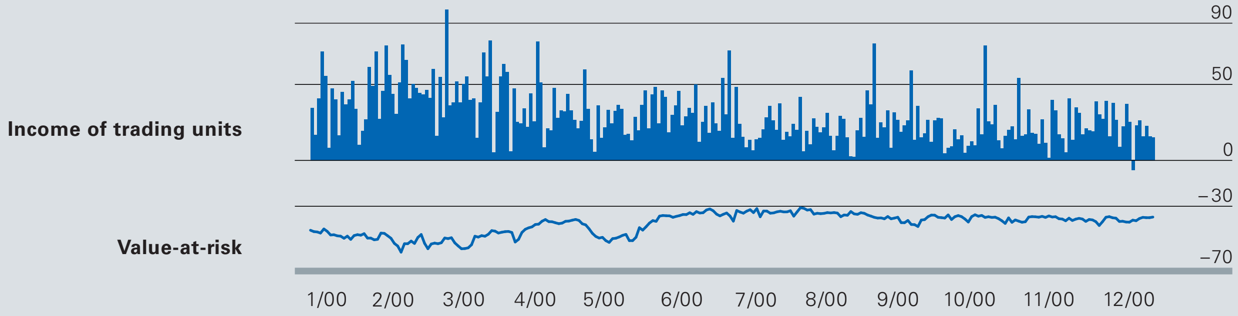
The minimum and maximum value-at-risk figures show the range within which the value moved in the 2000 financial year.

The value-at-risk for interest rate and equity price risks are made up in each case of two components. The general risk describes value changes due to general market movements, while the specific risk derives from issuer-related factors.

The average value-at-risk of € 35.1 million for interest rate risks comprises € 24.4 million in general risk and € 24.8 million in specific risk. The average value-at-risk of € 18.7 million for equity risk comprises € 12.9 million in general risk and € 10.8 million in specific risk.

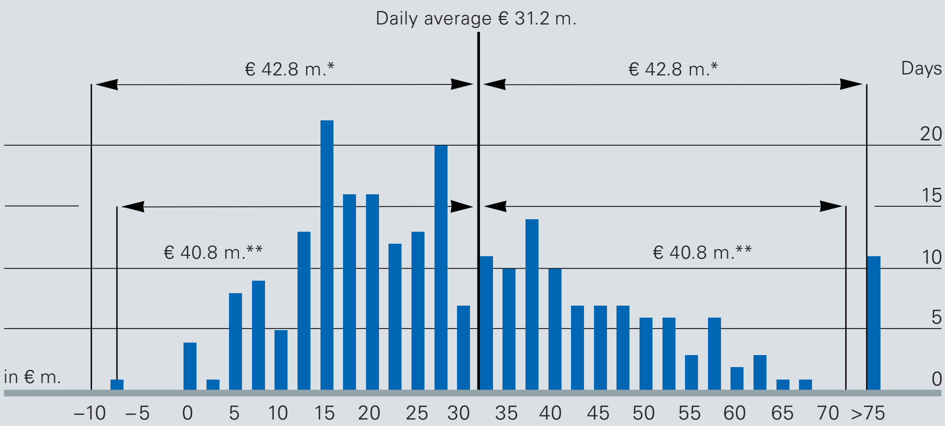
The graph below shows that a positive trading income was achieved on 99 % of trading days. On no trading day in 2000 was a loss incurred which exceeded the value-at-risk for that day. This shows that Deutsche Bank's value-at-risk model has not underestimated market risks and indeed remains a conservative estimate of the risk.

Income of trading units and value-at-risk in 2000
in € m.



The statistical distribution of the trading units' income shown below enables us to compare the reasonableness of the bank's value-at-risk prediction with the volatility of actual trading results. As shown on the next chart, the trading units of Sales & Trading showed an average daily trading income of € 31.2 million, with an implied actual value-at-risk level of € 42.8 million. At € 40.8 million, the average value-at-risk estimate for Global Corporates and Institutions was very close, showing that the value-at-risk predictions were a very good estimate of actual revenue volatility around the mean level of revenues.

Global Corporates and Institutions: daily income of trading units



* normal distribution quantile (confidence level 99%) of daily income
** average value-at-risk (confidence level 99%)

A similar analysis based on purely "Buy & Hold" (as opposed to actual) income versus value-at-risk is also used and emphasizes further the validity of value-at-risk as both a downside risk and revenue volatility predictor.

Stress tests simulate extreme market movements

While value-at-risk, calculated on a daily basis, supplies forecasts for maximum losses under normal market movements, extreme market movements are simulated by weekly stress tests on trading portfolios.

Such stress tests, including event risk scenarios, form the basis of the assessment of Economic Capital required to support the market risks of the different businesses and Group Divisions.

Event risk scenarios supplement Emerging Markets risk analysis

The analysis of country-specific event risks, for example, has great importance for the risk management of portfolios in Emerging Markets. Large movements in the equity, interest rate and foreign exchange markets of various countries are simulated and their probability estimated by the assignment of an event risk rating. The (internal) event risk ratings, with their greater frequency and shorter-term observation horizon (one to three months), must be distinguished from the longer-term country ratings for the assessment of credit. A downgrading of the country event risk rating leads, via limit management, to a reduction in the trading positions that may be taken.

Deutsche Bank calculates country-specific event risk scenarios for all of the major Emerging Markets where it takes material risk. Event risk ratings are assessed weekly and a committee reviews the ratings and the limits bi-weekly. Group Market Risk Management can alter these limits, just as they can alter any other market risk limits at any time.

Risk management of equity holdings

Apart from its trading assets, Deutsche Bank holds a portfolio of non-bank equity holdings, including non-banking industrial holdings.

Industrial holdings

As a management holding company, DB Investor is responsible for administering and restructuring the whole of the industrial holdings portfolio (some industrial holdings are directly held by Deutsche Bank AG). DB Investor currently plans to sell most of its publicly listed holdings over the next few years, subject to the legal environment and market conditions.

In the future, Economic Capital will be accounted for in this industrial holdings portfolio based on extreme movements of the specific equity holdings.

Private equity investments

Private equity is defined as the provision of equity capital to enterprises or funds which are in principle not quoted on a stock exchange or at least not at the time of the initial investment – either for the bank´s own account or using third party funds. The aim is to primarily realize capital gains by disposing of such investments at a later date. Private equity investments include venture capital, which refers to equity investments made for the start-up, early development or expansion of a business. Private equity investments are not restricted to direct corporate investments but also include passive investments in leveraged buy-out (LBO) funds and co-investments alongside other third party investors.

Private equity investments confer varying degrees of ownership rights and management influence. The provision of subordinated loans to companies in the private equity portfolio is also considered part of Deutsche Bank's private equity activities.

The Global Corporates and Institutions, Asset Management, Global Technology and Services and Corporates and Real Estate Divisions, as well as DB Investor, were engaged in the private equity business. (In early 2001 these activities were reorganized as part of a realignment within Deutsche Bank.)

Within the business and limit authority delegated to them by the Group Board, the Group Divisions commit to and manage their private equity investments subject to policies, guidelines and limits approved by the Board of Managing Directors. Any commitments to investments exceeding set levels require the approval of Board members or full Board approval. Risk Management and Controlling have implemented a standard format for reporting investments and performance for comparability across divisional lines.

Economic Capital is calculated for private equity investments and thereby included in the overall quantitative framework that measures the total risk to which the bank is exposed. For risk management purposes a performance and risk rating, approved by senior risk managers, is assigned to each investment in the various private equity entities. Regular portfolio reports are produced showing the risk profiles, performance, estimated market values and Economic Capital usage of all investments.

At the year-end 2000, the book value of the private equity positions amounted to € 7.9 billion (of which € 194 million was held for trading purposes and included in the value-at-risk calculation). 58 % of the portfolio was concentrated in North America, 37 % in Western Europe and 4 % in Latin America (in terms of book value). Deutsche Bank's private equity portfolio reflects a good balance between Old Economy and New Economy investments and covers a wide range of industries.

Liquidity risks

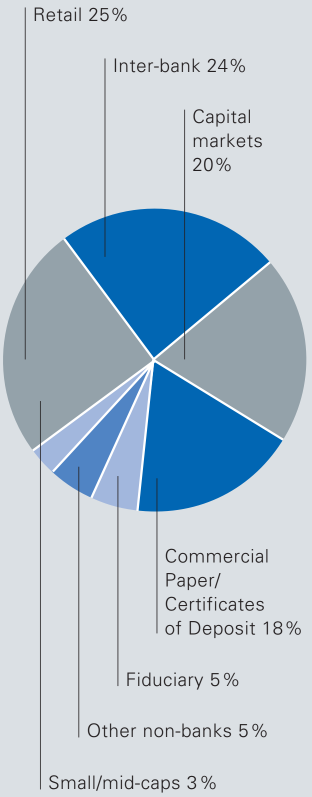
In view of the significant increase in the Group's balance sheet over the recent years, liquidity management has taken centre stage. Liquidity risk management ensures the protection of the bank's solvency and the ability to support asset portfolios with funding of appropriate term and at reasonable cost.

Deutsche Bank monitors net cash flows by currency and location as well as globally. An internal system used for cash flow monitoring captures future expected cash flows, both by day and by currency. The monitoring process also includes the ongoing assessment of the ability to sell liquid assets, mostly trading inventories.

The bank finances a substantial portion of its balance sheet on a collateralized basis by taking advantage of available security inventories. As a result, reliance on unsecured funding in the money and capital markets is limited.

The chart shows the composition of unsecured funding as at December 31, 2000.

Diversification of unsecured funding



The liquidity of assets held on the balance sheet is an important element in protecting the bank against short-term liquidity squeezes. It is monitored on an ongoing basis. The securities inventory consists of a large variety of liquid securities which can, even in times of market stress, be converted into cash. These liquid assets also protect the bank against unexpected liquidity squeezes resulting from customer drawings under committed credit facilities. In addition, the bank maintains an average portfolio of about € 30 billion of highly liquid securities at several major locations to supply collateral in support of substantial cash clearing activities in euro, U.S. dollar and other major currencies.

Based on its global presence, the bank has access to many different funding sources which are well diversified in terms of geographic region, currency, instrument and maturity. They include retail and fiduciary deposits as well as other customer deposits and funds raised through long-term capital market issues. The strong diversification of funding sources has enabled Deutsche Bank to reduce funding from more volatile money markets.

Operational risks

Operational risk will be a major challenge to the banking sector in the coming years. This is especially true in view of the new capital adequacy regulations under discussion, which are likely to come into effect in 2004 and which will impose a capital charge for operational risks. In addition, the new regulatory framework will contain qualitative requirements regarding a bank's organization and risk management as well as quantitative directives for risk recognition and risk measurement. Deutsche Bank has already fulfilled a number of these requirements.

Deutsche Bank participates actively in the work of national and international banking associations and seeks to provide practical input for the discussion on incorporating operational risks into the new capital adequacy rules. In addition, the bank is preparing to meet future regulatory conditions governing the bank’s internal management of operational risks.

Operational risk management (organization and guidelines)

Deutsche Bank has begun to implement a framework for operational risks on a global basis. An operational risk guideline, implemented last year, defines roles and responsibilities concerning the management and reporting of operational risks in the Group. Responsibility for operational risk management essentially lies with the Group Divisions. They bear the risk and they decide in what form and on what scale they accept, control or reduce risk. They also decide what form of risk prevention measures have to be applied. In this context, an important role is played by a cost/benefit analysis.

Responsibility for operational risks – parallel to the existing functions for credit and market risks - has been integrated into the bank's risk management, which is independent of the business divisions. The Group Chief Risk Officer has appointed a Chief Risk Officer for Operational Risk (CRO OR) with Group-wide responsibility. The Chief Risk Officer is represented on the Group Risk Board and is Chairman of the Operational Risk Committee.

The Operational Risk Committee, whose members include the divisional Operational Risk Officers and representatives of important staff functions, develops and implements the Group's internal guidelines for managing operational risk.

Instruments and reporting

An important element of the framework is the self-assessment for operational risk developed by the bank (db Risk Map). This self-assessment creates an overview of the current risk profile within the business divisions and helps to define risk management measures, priorities and risk indicators. These will be monitored, besides other risk indicators for operational risk identified as relevant by the industry, in the bank's scorecard system which is currently being rolled out. A Group-wide database for the reporting of losses from operational risk events (db IRS) provides information about the success of the risk management as well as feedback on the quality of the risk indicators selected. The use of these instruments will enable complete and consistent operational risk reporting at divisional and Group level.

Insurance risks at the Group's insurance companies

There are adequate sets of instruments to counter the risks specific to the insurance business. They include: in personal insurance the use of proven biometric calculations with statistically adequate security margins, exact guidelines for risk assumption, compliance with which is monitored continuously and risk equalization on a collective basis through diversification within the insurance portfolio.

In non-life insurance, risks taken into the portfolio and their development are monitored continuously. Knowledge gained from changes in the development of claims and market trends is used in risk assessment and the pricing process.

At all insurance companies, provisions are formed in accordance with the principle of prudence. Furthermore, the proprietary risk is limited by passing on risks to selected reinsurers.

Overall risk position

To calculate the overall risk position, the Economic Capital figures for all types of risk are added up without taking into account diversification between types of risk, i.e. the basis taken is a conservative assumption that extreme losses occur simultaneously in all types of risk.

As at December 31, 2000, the Group's Economic Capital usage came to € 15.8 billion (1999: € 15.2 billion), taking into account cross-divisional diversification effects of credit risks. This figure does not yet include liquidity risk, settlement risk, insurance risk and the industrial holdings of DB Investor.

Economic Capital

In € bn.	31.12.2000
Credit risks	8.2
Market risks (including Private Equity)	3.7
Operational risks	2.8
Business risks	1.1
Total	**15.8**

Capital and risk position according to supervisory law

From the point of view of bank regulation, the risk position (risk-weighted assets including market risk equivalent) looks as shown in the table below, calculated in accordance with German transposition of the Basle minimum standard rules (BIS).

Risk position according to BIS

In € m.	31.12.2000	30.9.2000	30.6.2000	31.3.2000	31.12.1999
Risk-weighted assets	285,480	299,034	283,620	299,174	283,945
Market risk equivalent	7,928	7,302	8,523	10,325	8,676
Total	**293,408**	**306,336**	**292,143**	**309,499**	**292,621**

Capital and reserves

Capital and reserves according to BIS are as shown in the following table.

With a capital ratio of 12.6 %, Deutsche Bank is well above the minimum ratio of 8 % required by BIS.

Capital and reserves according to BIS

in € m.	31.12.2000	30.9.2000	30.6.2000	31.3.2000	31.12.1999
Core capital (Tier I)	21,575	22,143	21,302	18,421	17,338
Supplementary capital (Tier II)	15,382	17,207	17,185	18,212	17,338
Available Tier III funds	0	0	0	0	496
Total eligible capital and reserves	36,957	39,350	38,487	36,633	35,172
Core capital ratio (including market risks)	7.4 %	7.2 %	7.3 %	6.0 %	5.9%
BIS capital ratio	12.6 %	12.8 %	13.2 %	11.8 %	12.0 %

Outlook

For 2001, we expect a gloomier global cyclical environment. This is mainly due to a decline in economic growth in the U.S.A.

The eurozone should only be affected on a limited scale by this slowdown in business activity. The reason for this is the sustained strength of private demand and the possibility of further interest rate cuts by the European Central Bank.

For Germany, economic growth of roughly 2% is expected in 2001. Both the anticipated positive effects of the tax reform and the strength of exports will limit the impact of weaker U.S. business activity on the German economy. Slackening expansion and lower energy costs will keep inflation down in 2001. We forecast parity for the euro/U.S. dollar exchange rate in 2001.

Despite the generally somewhat moderate cyclical prospects for 2001, we assume a continuation of the very good medium-term growth prospects for the market segments in which we are represented by the two new business groups Corporate and Investment Bank (CIB) and Private Clients and Asset Management (PCAM) and their business divisions. This applies in CIB, for example, to issuing business in equities and bonds and to advisory activities relating to mergers and acquisitions. For Europe in particular, after consolidation in 2001, we expect double-digit growth rates in the market volume of M&A business in the years that follow.

In wealth management, i.e. in business with wealth-accumulating and high-net-worth customers or asset management, we are well positioned with the new PCAM business group to participate in the growth of this market segment.

Our product and service offering in the other segments of business with private customers will be strengthened.

To implement the new management structure consistently and completely is at this time one of our most important tasks. We consider the advantages of this to lie not only in the realization of cost synergies, but above all in the creation and development of new revenue potential through improvements for our customers.

The positive consequences of this growth and revenue-driven alignment of our internal processes and structures are already visible in the good business results for the first few months of this year.

Taken in total, we expect for the 2001 financial year, despite the slight cyclical dip in growth and the ongoing high volatility of the stock markets, a good result similar to that in 2000.

Statement by the Board of Managing Directors

The Board of Managing Directors of Deutsche Bank AG is responsible for the Consolidated Financial Statements. They have been prepared in accordance with the International Accounting Standards and thus fulfil the conditions of § 292a German Commercial Code for exemption from preparation of consolidated financial statements in accordance with German commercial law. In addition, the disclosure requirements of the European Union are satisfied.

The responsibility for correct accounting requires an efficient internal management and control system and a functioning audit apparatus. Deutsche Bank's internal control system is based on written communication of policies and procedures governing structural and procedural organization, enlarged risk controlling for default and market risks as well as the segregation of duties. It covers all business transactions, assets and records. Deutsche Bank's audit is carried out in accordance with the extensive audit plans covering all divisions of the Group and also including compliance with the organizational terms of reference.

KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft audited the Consolidated Financial Statements in accordance with International Standards on Auditing (ISA) and German auditing regulations, and issued an unqualified opinion. KPMG Deutsche Treuhand-Gesellschaft and the Audit Department of Deutsche Bank had free access to all documents needed in the course of their audits for an evaluation of the Consolidated Financial Statements and for an assessment of the appropriateness of the internal control system.

Frankfurt am Main, March 13, 2001
Deutsche Bank AG

Josef Ackermann | Carl L. von Boehm-Bezing | Clemens Börsig

Rolf-E. Breuer | Thomas R. Fischer | Tessen von Heydebreck

Hermann-Josef Lamberti | Michael Philipp

Independent Auditors' Report

We have audited the consolidated financial statements, comprising the balance sheet, the income statement, the statements of changes in shareholders' equity and the cash flows as well as the notes to the financial statements prepared by Deutsche Bank AG for the business year from January 1 to December 31, 2000. The preparation and the content of the consolidated financial statements in accordance with International Accounting Standards (IAS) are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit of the consolidated financial statements in accordance with International Standards on Auditing (ISA) and German auditing regulations. Those standards require that we plan and perform the audit such that it can be assessed with reasonable assurance whether the consolidated financial statements are free of material misstatements. The evidence supporting the amounts and disclosures in the consolidated financial statements are examined on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the net assets, financial position, results of operations and cash flows of the Group for the business year in accordance with International Accounting Standards.

Our audit, which also extends to the structured presentation of additional disclosures with regard to the Group's position required by Article 36 of the 7th EC Directive prepared by the Company's management for the business year from January 1 to December 31, 2000, has not led to any reservations. In our opinion on the whole the structured presentation, together with the other disclosures in the consolidated financial statements, provides a suitable understanding of the Group's position and suitably presents the risks of future development. In addition, we confirm that the consolidated financial statements and the structured presentation of additional disclosures with regard to the Group's position for the business year from January 1 to December 31, 2000 satisfy the conditions required for the Company´s exemption from its duty to prepare consolidated financial statements and the group management report in accordance with German law.

Frankfurt am Main, March 16, 2001
KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Rolf Nonnenmacher	Reinhard Prahl
Wirtschaftsprüfer	Wirtschaftsprüfer

Report of the Supervisory Board

Hilmar Kopper
Chairman of the Supervisory Board

In its four ordinary meetings last year, the Supervisory Board held extensive discussions on the bank's business situation and strategy and the development of its business divisions, as well as on current events and fundamental policy issues.

Alongside the Annual Financial Statements for 1999 and planning for the financial year 2000, discussions concentrated on the restructuring of risk management, the development of lending business in the Group, the bank's e-commerce strategy and the future structure of retail banking.

The Supervisory Board also discussed changes in the bank's portfolio of holdings. The relevant proposals of the Board of Managing Directors were closely examined and approved, where required by German law or the Articles of Association.

The general economic situation was also the subject of regular and thorough discussion, particularly with regard to its effects on the bank. Talks centred on the currency and interest rate situation, oil price movements and the development of the New Economy and its influence on Germany and Europe.

Furthermore, individual topics of current interest were also dealt with in regular discussions between the Spokesman of the Board of Managing Directors and the Chairman of the Supervisory Board.

At its four extraordinary meetings, the Supervisory Board deliberated and took resolutions on the planned merger with Dresdner Bank AG, the failure of those plans, as well as personnel matters relating to the Board of Managing Directors.

In the course of its six meetings, the Credit and Market Risk Committee discussed in due time all commitments subject to mandatory approval under German law and the Articles of Association, and all major loans and loans entailing high risks. Where necessary, the Committee gave its approval. Apart from credit and market risks, the Committee also reviewed operational risks. Global industry portfolios were presented and discussed at length.

The Chairman´s Committee and the Audit Committee met twice in the period under review. The Mediation Committee, established pursuant to the regulations of the Co-Determination Act, was not convened in 2000.

At its meeting on January 26, the Supervisory Board discussed the development of business in 1999 as well as the business plans for 2000. Reports were presented on the restructuring of risk management in the Group and the latest developments relating to Philipp Holzmann AG. In addition, the Supervisory Board resolved to appoint Professor Dr. Clemens Börsig as full member of the Board of Managing Directors from January 1, 2001 and to comply with Dr. Ronaldo Schmitz´ wish to terminate his appointment with effect from the General Meeting in 2000.

Two extraordinary meetings on March 8 and 14 dealt with the planned merger with Dresdner Bank AG. At the first meeting, the Supervisory Board was informed of the envisaged basic agreements with Dresdner Bank AG and Allianz AG. At the second meeting, relevant resolutions were taken.

At the ordinary meeting on April 5, the Annual Financial Statements for 1999 were approved and thus established. In addition, the Audit Committee and the Credit and Market Risk Committee reported on their activities. The Group's risk situation was also presented. The agenda for the General Meeting in 2000 was agreed, as was the renewed appointment of Dr. Tessen von Heydebreck as member of the Board of Managing Directors and Labour Director of Deutsche Bank AG. Furthermore, the Supervisory Board complied with Michael Dobson's wish to terminate his appointment with effect from June 9, 2000 and to release him from his contract as member of the Board of Managing Directors.

The Board of Managing Directors informed the Supervisory Board of the failure of the merger with Dresdner Bank AG at an extraordinary meeting on April 20.

At its fourth extraordinary meeting on June 8, the Supervisory Board resolved to appoint Edson Mitchell and Michael G. Philipp full members of the Board of Managing Directors of Deutsche Bank AG with effect from June 9, 2000.

At its meeting on July 25, the Supervisory Board was informed of business developments in the first half of 2000, and a report presented on the Global e initiative to promote e-commerce.

At its last meeting of the year on October 23, reports were given on the Group's business developments in the first nine months of the year and on planned private banking activities. Furthermore, the acquisition of National Discount Brokers, U.S.A., and Banque Worms, France, were discussed. A resolution was taken to increase the bank's share capital in connection with the issue of staff shares.

Representatives of the bank's auditor attended the Financial Statements Meetings of the Supervisory Board, the meetings of the Audit Committee and the Credit and Market Risk Committee, and commented on questions raised.

KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, the auditor of the Annual Financial Statements elected at last year's General Meeting, has audited the accounting, the Annual Financial Statements for 2000 and the Management Report as well as the Consolidated Financial Statements and the Notes, and issued an unqualified opinion. Relevant auditor's reports were given to the Supervisory Board for inspection. The Supervisory Board agrees with the results of these audits.

The Annual Financial Statements, prepared by the Board of Managing Directors, have been approved by the Supervisory Board today, and are thus established. The Supervisory Board agrees with the proposed appropriation of profits.

Louis R. Hughes resigned from the Supervisory Board with effect from August 19, 2000. The Supervisory Board is indebted to him for his loyal support and commitment in his seven years of membership. Professor Dr. Henning Kagermann, Co-Chairman and CEO of SAP AG, Walldorf/Baden, was appointed as his successor by the District Court in Frankfurt am Main with effect from September 7, 2000.

On December 22, 2000, Edson Mitchell died in an airplane accident in Maine, U.S.A., at the age of 47. He had been with the bank since 1995, throughout which time he worked with untiring dedication and resolve to further the bank´s interests. Distinguished by outstanding professional capabilities, exceptional leadership qualities, sure business instincts and a winning and motivating personality, he will be remembered for his unique and lasting accomplishments, especially in promoting our investment banking activities. He was held in high regard internationally.

The Supervisory Board would like to thank the Board of Managing Directors and the bank's employees for their deep personal commitment.

Frankfurt am Main, March 28, 2001
The Supervisory Board

Hilmar Kopper
Chairman

Supervisory Board

Supervisory Board

Hilmar Kopper
Chairman
Frankfurt am Main

Heidrun Förster*
Deputy Chairperson
Deutsche Bank AG, Berlin

Dr. rer. oec. Karl-Hermann Baumann
Chairman of the Supervisory Board
of Siemens Aktiengesellschaft,
Munich

Heinz Brülls*
Deutsche Bank AG, Aachen

Dr. Ulrich Cartellieri
Frankfurt am Main

Klaus Funk*
Deutsche Bank AG, Mainz

Sabine Horn*
Deutsche Bank AG,
Frankfurt am Main

Louis R. Hughes
President and Chief Operating Officer
Lockheed Martin Corporation, Bethesda
until August 19, 2000

Prof. Dr. Henning Kagermann
Co-Chairman and CEO
of SAP AG, Walldorf/Baden
from September 7, 2000

Ulrich Kaufmann*
Deutsche Bank AG, Düsseldorf

Adolf Kracht
Consultant, Munich

Professor Dr.-Ing. E. h.
Dipl.-Ing. Berthold Leibinger
Chairman of the Board of Management
of TRUMPF GmbH + Co. KG, Ditzingen

Dr. Klaus Liesen
Chairman of the Supervisory Board
of Ruhrgas AG, Essen

Margret Mönig-Raane*
First Chairperson of the Gewerkschaft
Handel, Banken und Versicherungen,
Düsseldorf

Dr. Michael Otto
Chairman of the Board of Management
of Otto-Versand (GmbH & Co.),
Hamburg

Gerhard Renner*
Member of the National Executive of
Deutsche Angestellten-Gewerkschaft,
Hamburg

Dr. Hermann Scholl
Chairman of the Board of Management
of Robert Bosch GmbH, Stuttgart

Klaus Schwedler*
GTG Gesellschaft für Technisches
Gebäudemanagement mbH, Eschborn

Michael Freiherr Truchseß
von Wetzhausen*
Deutsche Bank AG, Frankfurt am Main

Lothar Wacker*
Deutsche Bank AG, Cologne

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

Committees

Chairman's Committee
Hilmar Kopper
– Chairman
Heidrun Förster*
– Deputy Chairperson
Dr. Ulrich Cartellieri
Lothar Wacker*

Mediation Committee
Hilmar Kopper
– Chairman
Heidrun Förster*
– Deputy Chairperson
Dr. Ulrich Cartellieri
Gerhard Renner*

Audit Committee
Hilmar Kopper
– Chairman
Heidrun Förster*
– Deputy Chairperson
Dr. rer. oec. Karl-Hermann Baumann
Heinz Brülls*
Dr. Ulrich Cartellieri
Michael Freiherr Truchseß
von Wetzhausen*

Credit and Market
Risk Committee
Hilmar Kopper
– Chairman
Dr. Ulrich Cartellieri
Dr. Klaus Liesen
Dr. rer. oec. Karl-Hermann Baumann
– Substitute Member
Adolf Kracht
– Substitute Member

* elected by the staff

Advisory Board

Advisory Board

Dr. Mark Wössner
Chairman
Gütersloh

Dipl.-Volkswirt Dr. h. c. Tyll Necker
Deputy Chairman
President of Hako-Werke GmbH & Co.,
Bad Oldesloe

Sir John Craven
London

Dr. jur. Walter Deuss
KarstadtQuelle AG, Essen

Michael Dobson
Frankfurt am Main
from June 27, 2000

Dr. Karl-Gerhard Eick
Member of the Executive Board
of Telekom AG, Bonn
from February 1, 2000

Dr. Michael Endres
Frankfurt am Main

Prof. Dr. Dr. h. c. Joachim Funk
Mannesmann AG, Düsseldorf
until December 31, 2000

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

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

Max Dietrich Kley
Member of the Board
of Executive Directors
of BASF Aktiengesellschaft,
Ludwigshafen

Dr. Jürgen Krumnow
Frankfurt am Main

Georg Krupp
Frankfurt am Main

Yoh Kurosawa
† on January 2, 2000
Chairman of the Board of Directors
IBJ The Industrial Bank of Japan, Ltd.,
Tokyo

Francis Mer
Président Directeur Général
UNISOR, Paris

Heinz-Joachim Neubürger
Member of the Management Board
of Siemens Aktiengesellschaft,
Munich

August Oetker
General Partner
of Dr. August Oetker, Bielefeld

Eckhard Pfeiffer
Houston

**Dr. techn. h. c. Dipl.-Ing. ETH
Ferdinand Piëch**
Chairman of the Board of Management
of Volkswagen AG, Wolfsburg

**Dr. rer. pol. Dipl.-Kfm.
Gerhard Rüschen**
Bad Soden am Taunus

Dr. Ronaldo H. Schmitz
Frankfurt am Main
from June 27, 2000

Jürgen E. Schrempp
Chairman of the Board of Management
of DaimlerChrysler AG, Stuttgart

Dipl.-Ing. Hans Peter Stihl
Chairman and
Chief Executive Officer
of Andreas Stihl, Waiblingen

Dr. Frank Trömel
Deputy Chairman of the
Supervisory Board
of DELTON Aktiengesellschaft
für Beteiligungen,
Bad Homburg vor der Höhe

Marcus Wallenberg
Executive Vice President
INVESTOR AB, Stockholm

Dr. Ulrich Weiss
Frankfurt am Main

Werner Wenning
Member of the Board of Management
of Bayer AG, Leverkusen

Dr. Jürgen Zech
Chairman of the Board of Management
of Gerling Group
Versicherungs-Beteiligungs-
Aktiengesellschaft, Cologne

Group Ten-Year Record

in € m.	Figures according to IAS[1]			
Balance Sheet	**2000[2]**	**1999[2]**	**1998**	**1997**
Total Assets	**940,033**	**839,865**	**626,603**	**533,259**
Assets				
Cash reserve	17,972	21,879	20,175	10,272
Placements with, and loans and advances to, other banks	117,413	115,453	92,697	83,043
Loans and advances to customers	373,605	352,371	274,825	265,098
Total provisions for losses on loans and advances	– 7,198	– 7,850	– 7,158	– 7,176
Assets held for dealing purposes	290,404	233,000	169,003	118,404
Investments	82,290	70,206	45,309	34,112
Property and equipment[4]	9,196	9,049	5,560	5,895
Total credit extended[5]	**306,981**	**284,149**	**248,585**	**229,016**
Liabilities				
Deposits from other banks[6]	177,767	174,655	151,032	146,631
Amounts owed to other depositors[6]	334,589	291,042	229,208	224,260
thereof: savings deposits and building saving deposits	28,338	26,881	24,516	23,893
repayable on demand	134,677	116,736	87,091	91,260
with agreed period or period of notice	171,574	147,425	117,601	109,107
Liabilities evidenced by paper	200,741	164,060	102,947	77,942
Provisions[7]	39,191	31,755	24,598	26,391
Subordinated capital	15,410	15,504	7,186	6,615
Equity	27,509	23,147	17,641	16,405
Income Statement	**2000**	**1999**	**1998**	**1997**
Net interest income	6,811	6,619	5,539	5,689
Provision for losses on loans and advances	438	616	835	1,102
Net commission income	11,468	8,084	5,311	4,569
Trading profit	6,891	4,521	1,774	1,841
Net income from insurance business	382	385	336	311
Net income from investments	3,107	2,007	1,182	469
Operating expenses	21,037	15,746	10,121	9,347
Profit before expenses for restructuring and taxes	**6,759**	**4,731**	**4,032**	**2,315**
Restructuring expenses	30	884	–	1,271
Income taxes	1,780	1,394	2,306	523
Net income	**4,949**	**2,453**	**1,726**	**521**
Key Figures	**2000**	**1999**	**1998**	**1997**
Dividend per share	€ 1.30	€ 1.15	€ 1.12	€ 0.92
Dividend appropriation of Deutsche Bank AG	801	706	600	489
Earnings per share (excluding goodwill amortization)[9]	€ 9.02	€ 4.86	€ 3.50	
Earnings per share (including goodwill amortization)	€ 7.93	€ 4.06	€ 3.17	€ 0.94
Diluted earnings per share (excluding goodwill amortization)[9]	€ 8.86	€ 4.67	€ 3.50	
Diluted earnings per share (including goodwill amortization)	€ 7.78	€ 3.91	€ 3.17	€ 0.92
Return on equity before tax (RoE) (excluding goodwill amortization)[9]	32.4 %	22.0 %	25.9 %	
Return on equity before tax (RoE) (including goodwill amortization)	29.4 %	19.6 %	24.8 %	6.4 %
Cost/income ratio (excluding goodwill amortization)[9]	73.3 %	74.4 %	69.1 %	
Cost/income ratio (including goodwill amortization)	75.6 %	76.4 %	70.2 %	74.6 %
BIS capital ratio at year's end[10]	12.6 %	12.0 %	11.5 %	10.6 %
Capital and reserves pursuant to BIS at year's end[10]	36,957	35,172	29,343	24,692
Staff at year's end	98,311	93,232	75,306	76,141

[1] Due to application of IAS, the figures from the Balance Sheet, the Income Statement and key figures from 1994 are only partially comparable with the previous years.
[2] Due to application of SIC-16, the figures from the Balance Sheet, the Income Statement and key figures from 1999 and 2000 are only partially comparable with the previous years.
[3] Due to application of bank accounting law, the balance sheet figures for 1992 and 1993 are only partially comparable with the previous years; in the Income Statement, the comparative figures were adjusted.
[4] From 1998 without software developed in-house

			Figures according to German CommC		
1996	**1995**	**1994**	**1993[3]**	**1992[3]**	**1991**
453,051	**368,981**	**303,009**	**284,603**	**254,987**	**229,460**
11,840	9,159	6,492	3,846	4,575	4,226
69,536	55,842	51,708	50,076	48,903	56,216
235,229	209,389	180,568	158,123	150,606	139,333
– 6,750	– 7,319	– 7,565			
90,587	56,670	33,556			
28,326	25,244	20,763			
5,305	4,633	4,600	6,310	5,694	5,132
210,324	**193,990**	**178,201**	**170,154**	**164,391**	**153,246**
109,392	91,446	63,327	54,700	50,553	52,462
192,056	154,096	134,917	141,093	123,844	116,265
24,040	23,727	23,065	23,898	23,228	21,294
69,497	49,470	42,125	42,367	35,868	30,462
98,519	80,899	69,727	74,828	64,748	64,509
72,404	64,880	58,295	55,981	51,368	42,885
22,013	18,414	15,193	12,817	11,290	5,168
5,330	4,244	4,200	4,185	2,948	614
15,180	14,338	13,230	10,745	9,880	8,726
1996	**1995**	**1994**	**1993**	**1992**	**1991**
5,391	5,527	5,777	5,985	5,573	5,281
338	678	1,237	1,680	977	849
3,502	2,864	2,861	2,989	2,367	2,125
1,649	1,040	531	1,021	580	570
317	311	286	261	47	38
683	105	444			
7,781	6,972	6,407	5,998	5,328	4,941
2,652	**1,954**	**1,866**			
152	131	58			
1,366	739	931	1,053	805	899
1,134	**1,084**	**877**	**1,147**	**936**	**721**
1996	**1995**	**1994**	**1993**	**1992**	**1991**
€ 0.92	€ 0.92	€ 0.84[8]	€ 0.84	€ 0.77	€ 0.77
460	459	400[8]	398	355	352
€ 2.19	€ 2.16	€ 1.82	€ 2.35	€ 1.99	€ 1.53
€ 2.16	€ 2.10	€ 1.78			
17.1 %	13.7 %	14.1 %	24.5 %	21.0 %	21.3 %
74.8 %	73.8 %	69.1 %	58.5 %	62.2 %	61.7 %
9.9 %	10.1 %	10.4 %	11.3 %	10.5 %	10.7 %
22,389	20,405	19,194	20,830	17,849	16,934
74,356	74,119	73,450	73,176	74,256	71,400

5 Excluding money market business backed by securities and securities spot deals
6 From 1998 without short position
7 From 1998 without income tax liabilities
8 Excluding anniversary bonus of € 0.15 per share or € 73 million
9 Against the background of the acquisition of Bankers Trust, key figures "excluding goodwill amortization" were included for the first time in 1999 (with 1998 comparison) in order to disclose the material effects of all goodwill amortizations.
10 From 1998 on the basis of IAS

Glossary

Glossary

Alternative investments
Investments in items other than stocks, bonds or other marketable securities. Examples are → Hedge funds and → Private equity.

APIPS
(Adjusted Pretax Income Per Share)
Income before expenses for restructuring and taxes (according to IAS) per share, adjusted for net income from investments, special distributions paid by non-consolidated companies, sundry expenses and sundry income. The calculation of APIPS is not affected by the reformatting of the Income Statement carried out in 1999.

Arbitrage
The simultaneous buying and selling of the same security in different markets, intended to achieve profits with little to no risk.

Asset backed securities
Particular type of securitization of payment receivables in the form of tradable securities. These securities are created by the repackaging of certain financial assets (→ Securitization).

Asset financing
A type of finance for selected assets in the corporate and consumer sector.

Balanced scorecard
Tool for transforming strategic management goals into qualitative and quantitative targets. The combination of financial and non-financial figures allows a balanced performance measurement at various management levels.

Banking book
All risk positions that are not entered in the → Trading book.

BIS capital ratio
Ratio used by international banks to cover their default risk (risk-weighted assets including off-balance-sheet transactions) and → Market risk with regulatory capital (core capital, supplementary capital and Tier III capital; → Capital and reserves according to BIS). There is a minimum ratio of 8 % for Tier I, Tier II and Tier III capital to risk-weighted assets and the market risk positions multiplied by a factor of 12.5. A minimum of 4 % is prescribed for the ratio of core capital to risk-weighted assets.

Broker
Brokers accept orders to buy and sell securities from banks and private investors and execute them in the name of the customer. For this activity, the broker usually receives a commission.

Business angels
Wealthy private individuals who contribute their entrepreneurial experience, business or technical know-how, their networks of professional contacts and capital to help get young technology companies started. The advantage for the business angel lies in the alternative form of investing capital: while a direct investment in new technology-oriented companies entails high risks it also holds a high return potential.

B2B (business to business)
Term used to describe the settlement of → E-business between companies, i.e. between suppliers, manufacturers and commercial firms. B2B business thus relates to the entire value-added chain.

Business risk
Business risk describes the general uncertainty surrounding a company's performance as a result of changes in certain parameters such as the market environment, customers' behaviour and technological advances.

Capital allocation
Allocation of available capital to the business areas of a company.

Capital and reserves according to BIS
Regulatory capital and reserves according to the Basle Capital Adequacy Accord of 1988 (last amended in January 1996) for international banks. They consist of core capital (essentially share capital and reserves), supplementary capital (primarily participatory capital, subordinated liabilities and revaluation reserves in listed securities, bonds, equity and participating interests) and Tier III capital (mainly short-term, subordinated liabilities).

Cash flow statement
Calculation and presentation of the cash flow a company has generated or consumed during a financial year as a result of its business, investing and financing activities, and reconciliation of holdings of cash and cash equivalents (cash reserve) at the beginning and end of a financial year.

Cash management
Cash management covers the management of liquid assets in dollars, euros and other currencies for companies and financial institutions to optimize financial activities.

Commitment
Ability to identify with one’s company, its goals and values, the willingness to work hard and the inclination to stay with the company.

Confidence level
The probability of a potential loss arising within the interval stated by the → Value-at-risk.

Corporate finance
General term for capital market-related, innovative financing services with special consulting requirements in corporate customer business.

Corporate Trust Services and Agency Services
Services to safeguard the smooth administration of equity and fixed-income financings.

Cost/income ratio
In general: a ratio for assessing a company’s cost effectiveness which expresses operating expenses in relation to operating income.
Here: general administrative expenses plus other expenses from ordinary activities expressed as a percentage of the sum total of net interest income, net commission income, trading profit, net income from insurance business, net income from investments and other income from ordinary activities.

Country risk
The inability of customers to fulfil their payment obligations owing to government measures (such as transfer restrictions) or economic factors in their home countries (such as currency devaluation).

Credit derivative
Instruments with which → Credit risks connected with loans, bonds or other risk-weighted assets or market risk positions are transferred to collateral providing parties. This does not alter or reestablish the underlying credit relationship of the original risk takers (parties selling the credit risks).

Credit equivalent
Method used, for the purposes of comparability, to translate volatile claims on a customer into constant claims that are equivalent in terms of their risk content. In the case of credit lines or derivative instruments, the bank’s volume of claims on a customer will be subject to fluctuation over time. The credit equivalent is made up of the current exposure, a part of unutilized credit lines, and in derivatives business at times also a mark-up for a potential increase in claims in future.

Credit risk
Risk that customers may not be able to meet their obligations. Credit risk includes default risk, country risk and settlement risk.

Credit risk equivalent
Figure showing the → Credit risk for regulatory purposes (risk-weighted assets) that must be backed by capital and reserves (corresponding to the product of the → Credit equivalent and a weighting depending on credit standing).

Credit trading
Trading in loan or credit-related products.

Custody
Custody and administration of securities as well as additional services in the field of securities.

Derivative
Product whose value derives largely from the price, price fluctuations or price expectations of an underlying instrument (e.g. share, bond, foreign exchange or index). Derivatives include → Swaps, → Options and → Futures.

Direct brokerage
Securities trading by telephone or using online media such as the → Internet. Direct Brokerage clients decide themselves what securities they trade and when they trade them. In doing so, they do not receive any personal advice from the bank.

Earnings per share
Key figure determined according to → IAS which expresses a company's net income (excluding profit/loss attributable to minority interests) in relation to the average number of ordinary shares. Apart from basic earnings per share, diluted earnings per share must also be shown if pre-emptive rights granted have led – or could lead – to an increase in the total number of shares (dilution).

E-business/e-commerce
The aggregate total of all electronic data exchanged in connection with commercial activities: information flows and transactions with products or services. E-commerce covers relations between companies, companies and authorities and companies and private individuals. E-commerce uses various forms of data transmission (telephone, television, data networks → Internet).

Eco-audit
An official certificate documenting that a company's environmental management system complies with EU regulations. It is awarded after the company's environmental management has been audited by an official environmental expert.

Economic capital
Capital designated to cover unexpected losses suffered as a result of → Credit risk, → Market risk or → Operational risks and → Business risks. It must therefore be clearly distinguished from reported capital and reserves. Required economic capital corresponds to the estimated loss that, based on a certain probability (→ Confidence level), will not be exceeded in any given year. The aggregate economic capital figure for the overall bank states how much equity capital the bank needs to hold to be able to meet its obligations even in case of extreme losses.

Electronic banking
The transaction of banking business via electronic networks → Internet or by data carrier exchange.

Emerging markets
Up-and-coming markets in developing nations, mainly in the financial sector.

Equity capital markets
Primarily, activities connected with the IPO of a company or the placement of new shares. This also covers the privatization of state-owned companies.

Equity method
Valuation method for holdings in companies whose business policy can be significantly influenced (associated companies). Under the equity method the pro rata share of the company's net income/loss for the year is reflected in the book value of the holding. For distributions the value is reduced by the pro rata amount.

Euro medium-term notes (MTNs)
Medium-term notes are flexible bond programmes used to issue unsecured debt instruments at different times. Volumes, currencies and maturities (one to ten years) can be adjusted according to financing needs. Euro-MTNs are issued on the Euro-market mainly in U.S. dollars; bank syndicates guarantee the complete placement of each issue.

Expected default frequency
Probability of a counterparty defaulting on a payment within a fixed period of time (e.g. one year).

Exposure
Amount of money the bank stands to lose in case of losses suffered as a result of a risk taken on, for instance in case of payment default on the part of a borrower or contracting partner.

Fair value
Amount at which assets or liabilities would be traded fairly between knowledgeable, willing and independent counterparties. Fair value is often identical to market price.

Finance Center
On the basis of a relationship banking approach, personal and small business customers can obtain advice on questions of company pension schemes, company start-ups or property finance.

Fund of funds
In Germany: a securities fund that invests in other funds. Investments can be made in any fund registered for public distribution in Germany. For reasons of risk diversification, funds of funds may not invest more than 20 % of their assets in any one target fund. For customers, funds of funds combine a risk-adjusted → Portfolio with professional fund picking.
International: a mutual fund that invests in other mutual funds. These can be securities funds, real estate funds, hedge funds or private equity funds.

Futures
Forward contracts standardized with respect to quantity, quality and delivery date, in which an instrument traded on the money, capital, precious metal or foreign exchange market is to be bought or sold at an agreed price at a certain future date. Cash settlement is often stipulated for such contracts (e.g. those on equity indices) to meet the obligation (instead of physical delivery or purchase of securities).

Global-E activities
For Deutsche Bank, Global-E means all of the electronic business activities. Global-E is a synonym for Deutsche Bank's Internet strategy. Features of Global-E include several major products in → E-commerce.

Goodwill
The amount the buyer of a company pays in expectation of future earnings, over and above the → Fair value of the individual identifiable assets and liabilities.

Hedge funds
A fund generally invested in by institutions and wealthy individuals. Hedge funds can employ strategies often unavailable to mutual funds. Examples include short selling, leveraging, → Arbitrage and → Derivatives. Because there is a legal restriction of no more than 100 investor in the U.S.A., the minimum investment is typically U.S.$ 1 million. Hedge fund returns are often uncorrelated with traditional investment returns.

Hybrid capital instruments
Capital instruments characterized by profit-related payments that are not accumulated in case of loss. Under banking regulations they are part of core capital. They are shown as subordinated capital on the balance sheet.

IAS (International Accounting Standards)
Accounting standards developed by international associations of accountants, preparers of financial statements and financial experts; these standards ensure comparability of accounting and disclosure not just within the European Union but worldwide. The main objective of such reporting is to present information needed for decision-making by a broad group of parties interested in financial statements, especially investors. The body of rules contains general reporting principles and, at present, roughly forty standards.

Internet
The world's biggest computer network that consists of numerous interlinked networks and individual resources. The Internet's main services include electronic post (e-mail), the world wide web (www), search engines, file transfer (FTP) and discussion forums (Usenet/newsgroups).

Internet portal
A gateway on the → Internet designed as a navigation aid for users through the World Wide Web. Data is compiled and processed to present web contents in a clearly structured manner.

Intranet
An in-house company network that uses Internet technologies and is located in the → Internet. It often offers features like company magazines, job offers and

e-mail facilities for staff. Usually a firewall will be installed between the → Internet and the Intranet which protects the internal network from damage and unauthorized access from the → Internet but allows full access to it.

Investment banking
Generic term for capital market-oriented business. This primarily includes the issuing and trading of securities and their → Derivatives, interest and currency management, → Corporate finance, M&A advisory functions, structured financing and → Private equity.

Investor relations
Investor relations describes the systematic and continuous two-way communication between companies and both current and potential providers of capital. Information is made available on major corporate events, financial results, business strategy and the capital market's expectations of management. One of the main objectives of investor relations is to en-sure that a company's equity is correctly valued by the market.

Investor Services
Offers investment services, performance measurement, portfolio advisory services, trust and portfolio administration, securities lending and structured investment management.

Later-stage equity
Capital participation in a relatively late phase of company development in preparation for an IPO.

Leveraged finance
Financing a company purchase, usually transacted with the help of outside capital investors and, as a rule, involving the management. Typical is a very high leverage on the financing of the purchase price, that is serviced solely on the basis of the future cash flow of the take-over target and collateralized with the company's assets.

Liquidity risk
Liquidity risk is the risk that a bank will not be able to fulfil its current or future contractual payment obligations punctually at standard market conditions or within the prescribed term.

Mark to market
Valuation at current market prices. Applies, for instance, to trading activities (→ Trading profit).

Market risk
Risk of the bank incurring a sudden loss in value as a result of unforeseeable changes in market prices (interest rates, equity prices and exchange rates, commodity prices) taking place before it was possible to close or hedge the corresponding positions.

Mergers & acquisitions (M&A)
Company amalgamations and takeovers.

Mobile banking
Possibility of accessing accounts and securities portfolios at any time and from any location using a mobile device such as a → WAP mobile telephone which can be used to carry out all kinds of services and transactions.

moneyshelf
moneyshelf.com AG is a 100 % subsidiary of Deutsche Bank AG. It offers an electronic platform in the → Internet (moneyshelf.com) with a large selection of financial products from different suppliers. The customer can compare prices and services directly online and execute transactions. moneyshelf works together with renowned mutual funds and insurance companies. moneyshelf is one of the → Global-E activities of Deutsche Bank.

Netting agreement
An arrangement reached between two parties that under certain circumstances – insolvency, for instance – mutual claims from outstanding business can be offset against each other. The inclusion of a legally binding netting agreement reduces the default risk from a gross to a net amount.

Online banking
The transaction of banking business via electronic networks (→ Internet).

Operational risk
Potential for losses through unmanageable events, business disruption, inadequately defined controls or control/system failure in relation to staff, customer relationships, technology, assets, other third parties/regulators as well as to project and other risks.

Option
Right to purchase (call option) or sell (put option) a particular asset (e.g. security or foreign exchange) from a counterparty (seller) at a predetermined price at or before a specific future date.

Opportunistic long/short equity strategy
An investment strategy aiming at the generation of an above-average return through simultaneous buying and short selling of stocks.

OTC derivative
Non-standardized financial instrument (→ Derivative) not traded on a stock exchange but directly between market participants (over the counter).

Personal and online investment centers
Deutsche Bank 24's personal investment center offers customers investment facilities with advice at the bank's branches. maxblue, Deutsche Bank's online investment center, enables clients to trade securities over the → internet. Taken together, these offerings provide customers with an optimum level of service in securities and investments.

Personal Banking
In general: business with private individuals, self-employed people and small businesses.
Here: branch business including complementary distribution channels such as self-service, online banking and cards. Personal Banking does not include → Private Banking.

Portfolio
In general: all or a selection of assets held, belonging to one or more category (e.g. securities, loans, equity participations or real estate). The formation of portfolios is intended primarily to diversify risk.
Securities: similar deals, in particular securities and/or → Derivatives, grouped together according to price risk criteria.

Private Banking
Business with high-net-worth and capital-accumulating clients.

Private equity
Equity investment in non-listed companies. Examples are venture capital and buy-out funds.

Probabilistic efficient frontier
Portfolio optimization technique based on diverse targets.

Profit from ordinary activities
An internationally accepted key figure for indicating banks' profits from customary business:

	net interest income (after provision for losses on loans and advances)
+	net commission income
+	trading profit
+	net income from insurance business
+	net income from investments
–	operating expenses
+	balance of other income/expenses from ordinary activities
–	restructuring expenses
=	profit from ordinary activities before taxes
–	income taxes on profit from ordinary activities
=	profit from ordinary activities after taxes.

As a rule, the profit from ordinary activities after taxes corresponds to net income, provided there were no extraordinary expenses or income.

Projected Unit Credit Method
An accrued benefit valuation method, according to IAS 19 (revised 1998), used to determine the actuarial present value of an enterprise's defined benefit obligations and the related current service cost. This method takes into account the expected rates of salary increases, for instance, as the basis for future benefit increases. The rate used to discount post-employment benefit obligations is determined by reference to market yields at the balance sheet date on high quality corporate bonds.

Rating
Standardized evaluation of issuers' credit standing and debt instruments, carried out by specialized agencies.

Registered shares
Shares registered in the name of a certain person. As required under joint stock company law, that person is registered in the share register with several personal details and the number of shares owned. Only those persons entered in the share register are deemed to be shareholders of the company and are entitled, for instance, to exercise rights at the General Meeting.

Relationship banking
In general: together with product specialists, qualified relationship managers look after selected corporate customers in a defined market segment.
Here: a relationship management approach in national and international corporate client business.

Repo
An agreement to repurchase securities sold (genuine repurchase agreement where the asset is still the property of the seller). From the buyer's viewpoint, the transaction is a reverse repo.

Return on equity (RoE)
In general : ratio showing the income situation of a company or bank, relating profit (net income) to capital employed.
Here: net income before tax as a percentage of average capital employed over the year.

Risk management services
Services to identify and quantify a company's risks that are dependent on each other, and to derive effective strategies of risk diversification.

Risk position according to BIS
The risk position according to BIS is made up of risk-weighted assets, comprising above all the counterparty risks of the → Investment book and the → Trading book, and the risk-weighted amounts of the market risk position (interest, currency, stock and commodity price risks). The bank's risk position must be computed in accordance with regulatory requirements and backed by equity.

Securitization
In general: rights evidenced by securities (e.g. shares or bonds).
Here: replacing loans or financing various kinds of claims by issuing securities (such as bonds or commercial paper).

Segment information
Disclosure of a company's assets and income, broken down by activity (division) and geographical area (region).

Shareholder value
Management concept that focuses strategic and operational decision-making on steadily increasing a company's value. The guiding principle is that only returns above the cost of capital add value for shareholders.

Standard risk costs for credit risks
Risk premiums calculated ex ante for lending business. They denote the expected loss through credit default in the course of one year on the basis of past experience.

Start-up investment
Capital participation in an early phase of company development.

Structured products
Financial products comprised of elementary investment instruments from the interest, stock, foreign exchange or commodities areas.

Sustainability
Sustainability stands for the interplay of the economy, ecology and social responsibility with the objective of sustainably advancing the basis of human life while preparing it for the future.

Swaps
In general: exchanging one payment flow for another.
Interest rate swap: exchanging interest payment flows in the same currency with different terms and conditions (e.g. fixed or floating).

Currency swap: exchange of interest payment flows and principal amounts in different currencies.

Trading book

A banking regulatory term for positions in financial instruments, shares and tradable claims held by a bank and which are intended for resale in the short term to benefit from price and interest rate fluctuations. This also includes business that is closely associated with trading book positions (e.g. for hedging purposes). Risk positions not belonging to the trading book are shown in the → Investment book.

Trading profit

Balance of income and expenses from proprietary trading in securities, financial instruments (especially → Derivatives), foreign exchange or precious metals valued at market prices (→ Mark to market). This item also includes the proportion of interest accruing, dividends and funding components allocated to trading activities, plus commissions from proprietary trading.

Trust banking

Generic term for all types of securities transactions. It mainly comprises financial analyses, investment advice for clients, portfolio management and securities custody and settlement.

US GAAP (United States Generally Accepted Accounting Principles)

U.S. accounting principles drawn up by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA). In addition, the interpretations and explanations furnished by the Securities and Exchange Commission (SEC) are particularly relevant for companies listed on the stock exchange. As in the case of → IAS the main objective is to provide information needed for decision-making in connection with financial statements, especially for investors.

Value-at-risk (VAR)

Method for calculating the potential loss from market price movements. Value at risk states the maximum loss to a certain pre-determined level of probability (e.g. 99.90 %) for a given holding period (e.g. one day) under normal market conditions.

WAP mobile telephones

Mobile telephones equipped with special software (WAP = wireless application protocol) for mobile → Internet access. The data retrieved appears on the phone's display.

Xavex HedgeSelect Certificate

Share (certificate) in a → Portfolio of → Hedge funds combined to spread risk.

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Publications relating to the Financial Statements

Publications relating to the Financial Statements

2000 Annual Report of Deutsche Bank Group (IAS)
☐ German
☐ English
☐ French
☐ Spanish
☐ Japanese (from mid-year)

Annual Financial Statements and Management Report of Deutsche Bank AG for 2000
☐ German
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Forward-looking statements contain risks

This Annual Report contains statements concerning Deutsche Bank's future performance. These statements are based on assumptions and estimates. Although we are convinced that these forward-looking statements are realistic, we cannot guarantee that this is the case.

This is because our assumptions harbour risks and uncertainties which could lead to actual results diverging substantially from the expected ones. Reasons for this may be, for example, the fluctuations on capital markets, in exchange rates or interest rates, or fundamental changes in the economic environment.

It is not planned to update the forward-looking statements.

Photos

Harry Borden, London:
page 10
Wolfgang von Brauchitsch, Bonn:
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Andreas Pohlmann, Munich:
pages 10, 11 and 174
Matthias Ziegler, Munich:
pages 18, 22, 26, 30, 34, 38, 42, 46, 50 and 54

Financial Calendar for 2001/2002

May 3, 2001	Interim Report as at March 31, 2001
May 17, 2001	**General Meeting in the Festhalle, Frankfurt am Main (Exhibition Centre)**
May 18, 2001	Dividend payment
August 1, 2001	Interim Report as at June 30, 2001
November 1, 2001	Interim Report as at September 30, 2001
May 22, 2002	**General Meeting in the Festhalle, Frankfurt am Main (Exhibition Centre)**

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