Results 1999

Annual Report

Deutsche Bank

Board of Managing Directors

Deutsche Bank

Ladies and Gentlemen,

Frankfurt am Main, April 2000

At the beginning of March we announced that we intended to merge Deutsche Bank with Dresdner Bank. The planned merger with Dresdner Bank would have complemented our strategy and been a great opportunity for both banks. Against the background of differences of opinion on the integration of the investment banking businesses, the merger talks with Dresdner Bank were ended on April 5, 2000. My colleagues and I regret that this merger did not take place because we were – and still are – convinced of the inherent value of the merger concept.

In the interests of the shareholders of Dresdner Bank and of the new Deutsche Bank, we would have preferred a sale of the investment banking unit. A sale as an intact entity would have preserved the value of Dresdner Kleinwort Benson. For various, partly technical, reasons, this was not accepted. As a second-best solution, we proposed a partial integration; Dresdner Bank could not agree to this solution either. An integration management of the kind which had worked for Bankers Trust could therefore not be implemented. A substantial part of the value creation concept of the merger was thus cast in doubt. We could no longer be sure of actually achieving the effects we wanted to achieve with the concept. The objectives of the merger – greater customer satisfaction, secure employment and added value for shareholders – were therefore threatened. The talks were consequently broken off.

At the time the talks were broken off, this Annual Report for 1999 had already been printed. So please bear in mind that the remarks on the planned merger with Dresdner Bank both in the Spokesman's Letter and in the section Events after the End of the Financial Year no longer apply.

We, as Deutsche Bank, will continue to pursue our business strategy. In our home market Europe, we operate in areas best described as asset gathering and asset distribution, i.e. the sale of financial services to private customers and corporate clients. We operate globally where markets are globally organized and where our customers expect us to be present. These markets are investment banking, asset management and global technology and services. The acquisition of Bankers Trust, our strategy of consolidation in retail banking and our global e-business strategy clearly show that we want to drive developments in the financial services industry and not be driven by them. That we are under no pressure to act is demonstrated by last year's impressive results.

The successful strategic orientation of all Group Divisions of Deutsche Bank is reflected even more clearly by the first quarter of 2000 after the excellent results presented for last year. All Group Divisions developed well and exceeded the previous year's results, in some cases substantially. Group Division Global Corporates and Institutions, which includes Deutsche Bank's investment banking activities, again improved upon the previous year's outstanding results and achieved a new record. In Group Division Retail and Private Banking, the restructuring and the capital investments already made produced considerable success. Taken in total, profit before taxes in the 1st quarter of 2000 is more than 50% above last year's figure. Naturally, this cannot be extrapolated for the full year. But we expect that, if the market remains favourable, we shall be able to increase our results again.

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

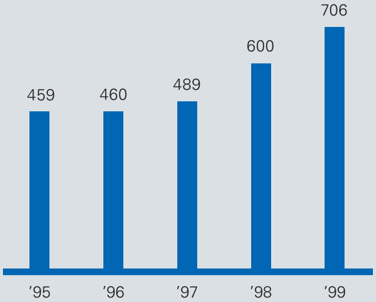
Chairman of the Supervisory Board: Hilmar Kopper
Board of Managing Directors: Josef Ackermann, Carl L. von Boehm-Bezing, Rolf-E. Breuer, Michael Dobson, Thomas R. Fischer, Tessen von Heydebreck, Hermann-Josef Lamberti, Ronaldo H. Schmitz

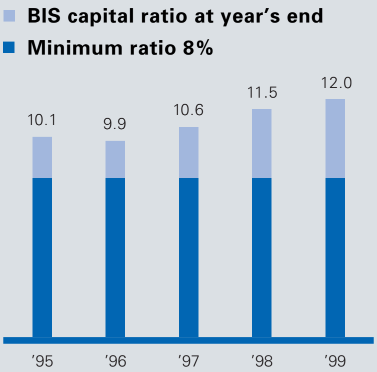
Deutsche Bank Aktiengesellschaft domiciled in Frankfurt am Main
Commercial Register No. 30 000 · Frankfurt am Main District Court
Deutsche Bank on the Internet: http://www.deutsche-bank.com

Deutsche Bank

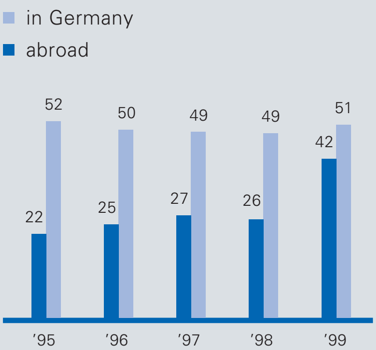
Deutsche Bank Group at a glance*

Dividend appropriation of Deutsche Bank AG
in € m.





Staff at year's end
in thousands



	1999	1998
Dividend per share	€ 1.15	€ 1.12
Dividend appropriation Deutsche Bank AG	€ 706 m.	€ 600 m.
Earnings per share (excl. goodwill amortization)	€ 5.05	€ 3.50
Earnings per share (incl. goodwill amortization)	€ 4.25	€ 3.17
Diluted earnings per share (excl. goodwill amortization)	€ 4.86	€ 3.50
Diluted earnings per share (incl. goodwill amortization)	€ 4.09	€ 3.17
Return on equity (RoE) before tax (excl. goodwill amortization)	23.3%	25.9%
Return on equity (RoE) before tax (incl. goodwill amortization)	20.8%	24.8%
Cost/income ratio (excl. goodwill amortization)	73.6%	69.1%
Cost/income ratio (incl. goodwill amortization)	75.6%	70.2%
	€ m.	**€ m.**
Net interest income	6,619	5,539
Provision for losses on loans and advances	616	835
Net commission income	8,084	5,311
Trading profit	4,761	1,774
Net income from investments	2,007	1,182
General administrative expenses	15,746	10,121
Profit before expenses for restructuring and taxes	4,971	4,032
Restructuring expenses	884	–
Income taxes	1,516	2,306
Net income	2,571	1,726
	31.12.1999 € m.	**31.12.1998 € m.**
Total assets	839,865	626,603
Total credit extended	284,149	248,585
Reported capital and reserves	23,147	17,641
BIS capital ratio	12.0%	11.5%
BIS core capital ratio	5.9%	6.3%
BIS capital	€ 35.2 bn.	€ 29.3 bn.
	Number	**Number**
Branches	2,374	2,310
Staff	93,232	75,306
Long-term rating		
Moody's Investors Service, New York	Aa3	Aa1
Standard & Poor's, New York	AA	AA+
Fitch IBCA, London	AA	AA+

* according to International Accounting Standards (IAS)

Our Identity

Deutsche Bank is dedicated to being the best financial services provider in the world. We endeavour to make maximum use of our unique breadth of experience, capabilities and financial strength to create value for our customers, shareholders, 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 business and our people 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,

Our motto "Leading to results", which is echoed in the title of our Annual Report, strengthens the Deutsche Bank brand.

A look at the figures shows that in 1999 Deutsche Bank had another successful year. Against the backdrop of lively business conditions, we implemented three major decisions affecting the future of the bank. With the acquisition and rapid integration of Bankers Trust, we expanded our position in high-potential businesses and achieved our goal of a significant market presence in the United States. We also strengthened our position as industry leader in Europe, our home market. The establishment of Deutsche Bank 24 has given new impetus to our business with retail customers. Our subsidiary European Transaction Bank has triggered change in the German banking sector; it concentrates our expertise in securities processing and payments and, with this format, is well on the way to succeeding in the market.

During the 1999 financial year, which was influenced strongly by the integration of Bankers Trust, we achieved very good results. Compared with the previous year, the Group's net income was almost 50 % higher, at € 2.6 billion.

Our success is based on the exceptional quality and performance of our employees, for which we wish to express our sincere thanks.

The dividend appropriation to be distributed will rise – mainly due to the capital increase in April 1999 – by almost one-fifth to € 706 million. On a per share basis, this corresponds to a dividend raised to € 1.15.

The net income allows us to add € 1.8 billion to retained earnings, giving the Group an equity base of € 23.1 billion. This will afford us, in future too, the necessary flexibility to take full advantage of worthwhile business opportunities.

The above-average rise in Deutsche Bank's share price last year reflects the markets' approval of our strategy. The value of our shares rose by 76 % in 1999, clearly outperforming all relevant comparable indices.

When we converted Deutsche Bank's bearer shares to registered shares last year, we took the opportunity to ask our more than 500,000 shareholders for their views. We were delighted by their extremely strong response. We are incorporating their suggestions and comments into a programme aimed at improving contacts with our private shareholders in particular.

The start of the new millennium is characterized by the unusual intensity of competition in the financial services industry. Changes caused by the Internet are presenting us with new challenges and offer great opportunities: the markets are becoming even more transparent, information and transaction costs are continuing to fall, and the number of distribution channels is increasing. E-business is the key to our future success and forms an integral part of our strategy.

We shall make full use of the potential offered by the Internet for our customers' benefit. We are applying our highly advanced technical infrastructure to provide better accessibility for our customers. We are transforming traditional marketplaces into electronic markets with the help of modern technology and new products. Additional direct selling possibilities will increase our global reach.

At the beginning of March 2000, the planned combination of Deutsche Bank and Dresdner Bank was announced. It is a quantum leap for both banks. The name of the new institution will be Deutsche Bank AG. It will have Dresdner Bank green as its corporate colour. The two institutions are a perfect match. The new bank's concentration on core capabilities in corporate customer business, investment banking, asset management, global technology and services and in business with high-net-worth private clients will create a European leader with global reach and a strong competitive position. In Bank 24, cooperation with Allianz AG will produce new standards of service.

Greater earning power, the much broader equity base and the combined reserves will further expand our capacity for strategic action as we consolidate globally. The potential for synergy will enable us to achieve greater value for our shareholders. Besides realizing substantial economies of scale, our greater size and capital allocation possibilities will increase our profit opportunities. In many areas we shall achieve both at the same time: reduced costs and income growth, especially in e-business.

Duplication and overlaps must be eliminated by restructuring measures. This will entail shedding around 16,300 jobs. A broad and diversified range of social measures as well as the use of natural fluctuation will help us to manage the required changes in a socially responsible manner.

The very real energy levels in both institutions will accelerate the process of integration. Even in a digital world, we still rely on our most important capital: our people. With their experience, creativity and enthusiasm, we willl make the merger a success.

Greater strength, stronger client focus and improved service quality are the advantages for our customers; our shareholders will profit from the increase in company value.

The new structure of the Annual Report illustrates how Deutsche Bank serves the interests of its shareholders, customers, staff and of society and is dedicated to creating added value for them. We look forward to the opportunities ahead.

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

Frankfurt am Main, March 2000

Corporate Profile

The Board of Managing Directors runs Deutsche Bank along the lines of a virtual holding company.

From under one roof, we manage client and product-driven Group Divisions which are responsible for their own profits and have to compete with the leading rivals in their respective markets. The combined range of product offerings allows us to act from a position of strength. We are driving the expansion of international banking business strategically and through innovation, just as people expect of an industry leader.

Balanced presence

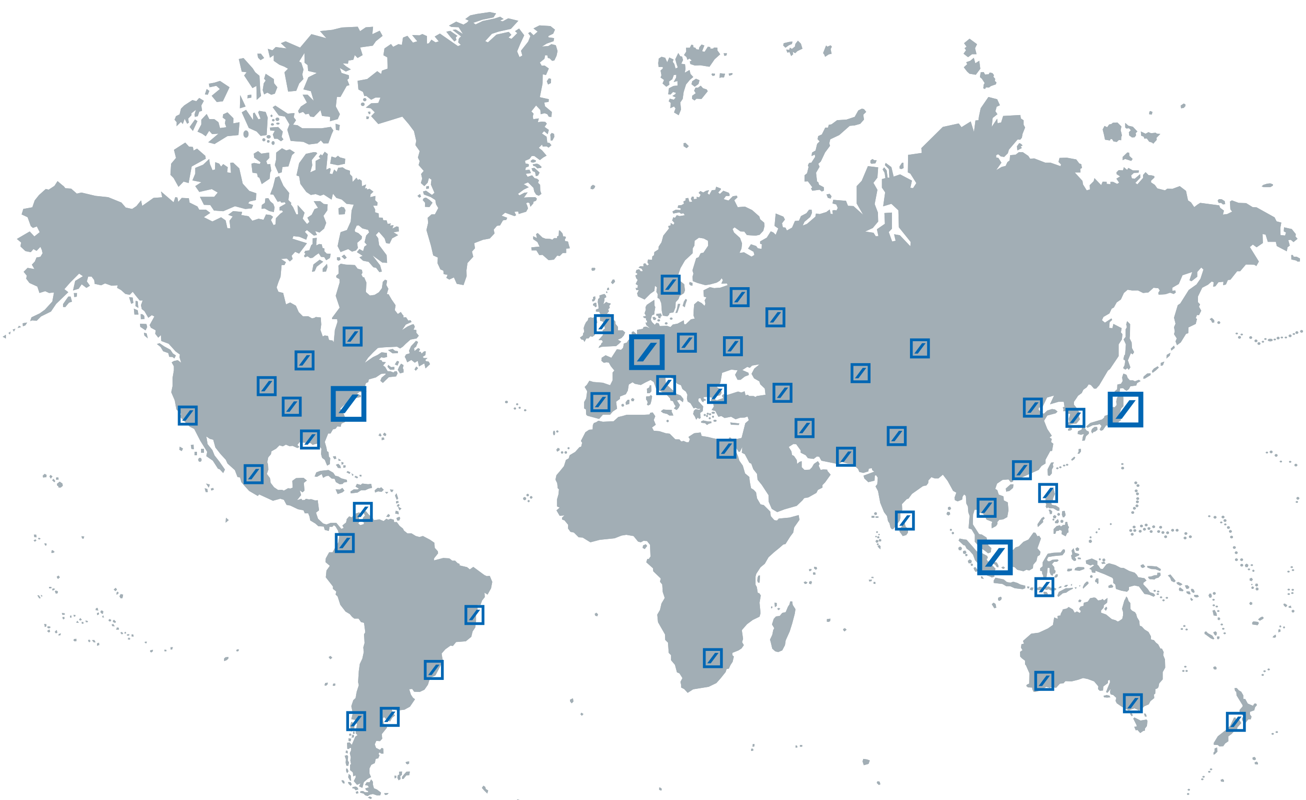
The future of the bank lies in strengthening its leading position in a consolidating market. With Europe as our home market, a broader platform in the United States and a more balanced presence in other parts of the world, we are shaping our increasingly focused business.

We operate globally wherever it is expedient to do so. Our shareholders are as international as the bank: approximately half of our shares are held by investors outside Germany.

Client-driven structure

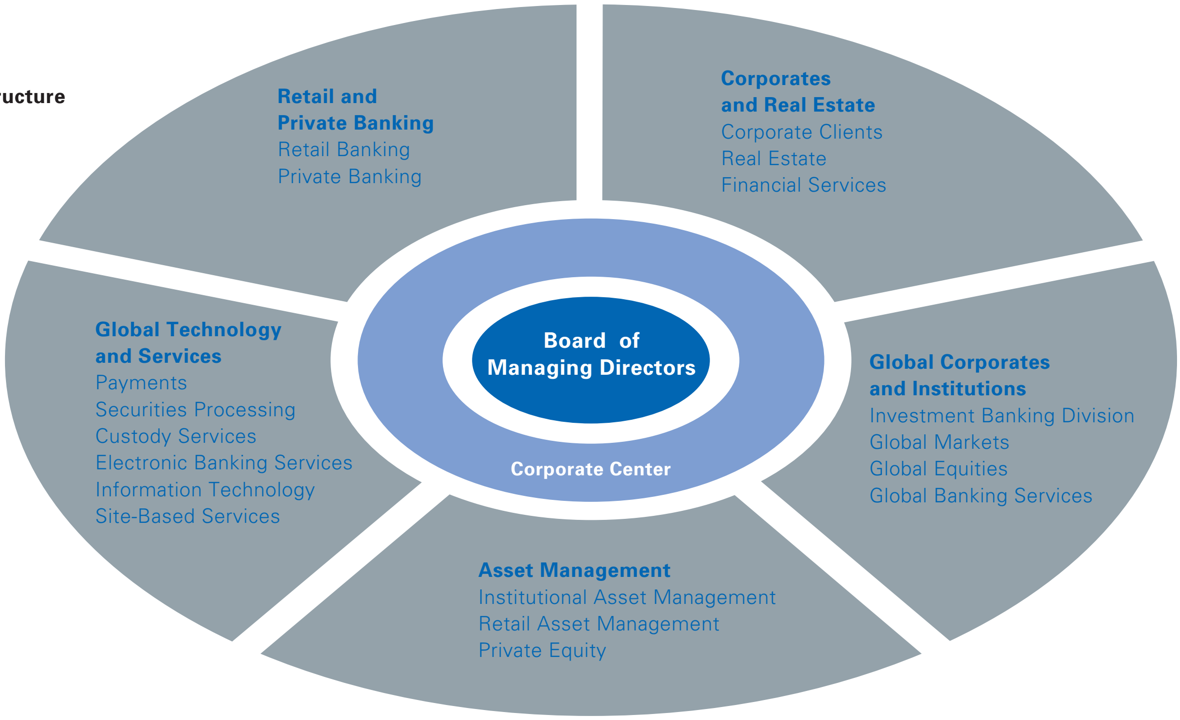
The Board of Managing Directors runs Deutsche Bank along the lines of a virtual holding company. They decide its overall strategy and define Group targets. They are

Close to our customers*



* Directory of Deutsche Bank Offices: order form on page 159; on the Internet: www.deutsche-bank.com/nlv

Clear structure



Corporate Center: Audit, Controlling, Economics, Group Marketing and Communications, Holdings, Human Resources, Legal and Compliance, Press, Risk Management, Senior Management, Taxes, Treasury

responsible for senior management development, allocate capital, determine risk policy and coordinate the business policy of the Group Divisions with independent profit responsibility. With more than 9 million customers, these units all achieve above-average performance. As the common thread running through the virtual holding company, the Corporate Center ensures uniform Group-wide policies. The transformation of the bank into an organization that will emerge as a major player in e-business has already begun. Step by step, the Internet will supplement or even replace the bank's traditional access to its customers.

Clear values

Our aim is to achieve long-term growth in the value of the company. Our strategy, based on leveraging our broad business expertise, is driven by our prime obligation to our shareholders. This is inextricably linked with our other goals: satisfied customers, motivated staff, social commitment. This quartet of goals characterizes the self-image of Deutsche Bank, whose values are customer focus, teamwork, innovation, performance and trust. These values are of crucial importance in view of the extent and pace of change in the financial services industry, for they help us shape the future. The name Deutsche Bank will continue to symbolize quality and success, change and reliability.

Board of Managing Directors

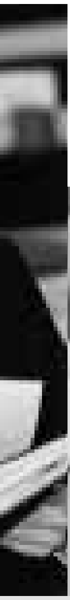
Carl L. von Boehm-Bezing
born 1940,
Board member since 1990,
responsible for Group Division Corporates and Real Estate

Josef Ackermann
born 1948,
Board member since 1996,
responsible for Group Division Global Corporates and Institutions

Rolf-E. Breuer
born 1937,
Board member since 1985,
Spokesman of the Board of Managing Directors, responsible in the Corporate Center for Holdings, Group Marketing and Communications, Press, Legal and Compliance, Senior Management, Economics

Tessen von Heydebreck
born 1945,
Board member since 1994,
responsible for Group Division Retail and Private Banking and in the Corporate Center for Human Resources

Hermann-Josef Lamberti
born 1956,
Board member since October 1, 1999, responsible for Group Division Global Technology and Services



Michael Dobson
born 1952,
Board member since 1996,
responsible for Group Division
Asset Management

Thomas R. Fischer
born 1947,
Board member since January 1, 1999,
responsible in the Corporate Center
for Treasury and Risk Management

Ronaldo H. Schmitz
born 1938,
Board member since 1991,
responsible for Group Division
Global Corporates and Institutions

Clemens Börsig
born 1948,
Board member as from January 1, 2001,
responsible in the Corporate Center
for Controlling, Taxes and Audit

Shareholders, Customers, Staff and Society

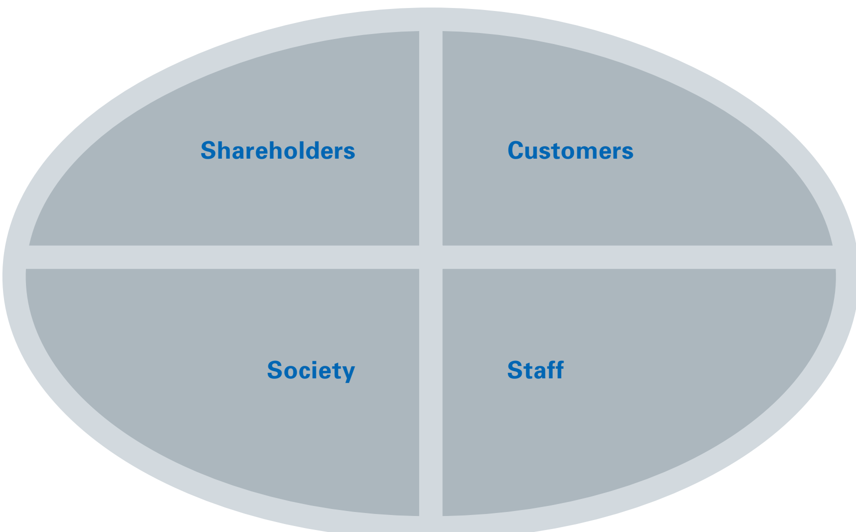
In its decisions, Deutsche Bank takes into account the quartet of interests of its shareholders, customers, staff and of society.

Shareholders, customers, staff and society often set different priorities. The bank, however, depends on the entire quartet. It must therefore create a balance between the interests of all four groups. The global networking of markets, coupled with better-informed and more discerning customers, is making stronger demands on the bank. It therefore operates in a complex system of relationships.

A company that acts responsibly

Deutsche Bank needs capital from its shareholders in order to transact business and expand with an eye to profitability. But capital can only be used profitably in the long term if customers are satisfied with the bank's performance. This in turn calls for excellent services which are not possible without motivated staff. Only when all these conditions have been met can we succeed in increasing company value, as shareholders rightly expect us to do. By the same token, business success which is reflected in a high company value makes jobs more competitive and thus safer. Finally, the bank's commitment to the community, known as corporate citizenship in the United States, lays the foundations needed for being respected as a company that acts responsibly. Shareholders, customers and staff are at the same time citizens in an international community. Deutsche Bank supports and encourages social, cultural and scientific initiatives. In this way, added value is created not only for the community but for all interest groups as well.

Serving four interest groups



Value-driven bank management based on realistic criteria

Deutsche Bank reflects these basic relationships in its Annual Report for 1999 by structuring its contents according to the quartet. We therefore report to shareholders, customers, staff and society. The foundation for this presentation is a basic model which attempts to link established concepts such as social accounts and eco-audits with modern management methods such as the balanced scorecard. This is intended to provide a solid basis for value development by corporate management, as well as for reporting quantified outcomes. The concept encompasses structural data and key figures as well as active project-related measures for the quartet of interest groups. The Employee Commitment Index, for example, gives information about employees' identification with the bank as employer and about attitudes relevant for value creation, such as customer orientation and personal initiative. Managers' participation in the Global Equity Plan establishes a direct link, under the heading of value-driven management, between shareholders' interests and performance orientation in the bank. A very positive assessment of the bank by our customers creates commitment among staff. And the bank's commitment to the community, e.g. through the Deutsche Bank Americas Foundation, reflects its attractiveness as an employer.

Our enhanced quartet model for 1999 is an important indicator for the Group. It helps us give value-driven leadership to Deutsche Bank based on measurable criteria.

Shareholders

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

			1999[1]	1998	1997
Structural Data	**Shareholders by group** in % of share capital	Institutional	77 %	64 %	64 %
		Private	23 %	36 %	36 %
	Regional breakdown in % of share capital	Germany	51 %	–	–
		European Union (excluding Germany)	30 %	–	–
		Switzerland	7 %	–	–
		U.S.A.	9 %	–	–
		Other	3 %	–	–
Key Figures	Change in value of Deutsche Bank share (total return)		+75.6%	–21.9 %	+80.5 %
	Share of Deutsche Bank equity in stock market turnover in Germany		5.6%	6.6 %	7.5 %
	Shareholder Satisfaction Index[2]		60	–	–
Special Projects	Shareholder survey at General Meeting	Aim: to determine shareholder loyalty and satisfaction			
	Increase in number of roadshows	Aim: to provide information especially on the acquisition and integration of Bankers Trust			
	Analysts' workshops	Aim: better understanding of the strategic and operational orientation of the Group Divisions			

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

[2] The Index is based on expected share performance and on the assessment of general information about the company. It was calculated for the first time in 1999.

Customers

Profitability depends on satisfied customers having firm ties with the bank.

			1999	1998	1997	1996
Structural Data	**Number of customers**					
	Retail and Private Banking	Retail Banking Europe	8,872,000	8,419,000	–	–
		Private Banking	449,000	400,000	–	–
	Corporates and Real Estate		117,000	112,000	–	–
	Global Corporates and Institutions		1,700	1,200	–	–
	Asset Management	Institutional	5,700	4,500	–	–
		Retail	4,100,000	3,600,000	–	–
	Global Technology and Services	Global Institutional Services[1]	6,000	–	–	–
Key Figures[2]	Retail Banking (Germany)	Client Satisfaction Index	–	70	–	66
		Client Loyalty Index	–	72	–	68
	Private Banking (Germany)	Client Satisfaction Index	–	76	–	69
		Client Loyalty Index	–	81	–	76
	Corporates and Real Estate (Germany)	Client Satisfaction Index	71	–	–	68
		Client Loyalty Index	82	–	–	78
	Global Corporates and Institutions	Position in Euromoney Poll of Polls	1	3	6	6
	Global Institutional Services	Position in client poll Pensions Fund Partnership Survey of UK Pension Funds[3]	1	–	–	–
	Share of customers who are also shareholders of Deutsche Bank in the total number of Deutsche Bank shareholders		40 %	–	–	–
Special Projects	Global E	Aim: systematic use and support with the development of new e-commerce business areas				
	Business angels	Aim: the network is intended to help channel private capital and experience more strongly into innovative companies.				
	Innovation teams	Aim: optimum promotion of new small and medium-sized future-oriented companies				

[1] Number of customers after integration of Bankers Trust (thereof Deutsche Bank customers: 1,000)
[2] Client Satisfaction Index and Client Loyalty Index are measured on a scale of 0–100 points. Client polls take place as a rule every two years.
[3] Product division Global Securities Services

Staff

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

			1999	1998	1997
Structural Data	**Education**	University degree	36.8 %	32.6 %	32.5 %
		Highest school certificate	32.0 %	32.8 %	32.7 %
		Other school certificates	31.2 %	34.6 %	34.8 %
	Regional deployment	Germany	51,273	48,742	49,086
		Europe (excl. Germany)	19,527	15,478	14,512
		North America	14,652	4,971	4,696
		South America	793	425	1,542
		Africa	213	190	171
		Asia/Pacific	6,774	5,500	6,134
		Total	93,232	75,306	76,141
	Age structure	up to 24 years	12.0 %	12.5 %	–
		25–34 years	38.0 %	37.2 %	–
		35–44 years	28.9 %	28.4 %	–
		45–54 years	16.6 %	17.3 %	–
		over 54 years	4.5 %	4.6 %	–
Key Figures	Employee Commitment Index[1]		66	–	–
	Absentee rate[2]		2.4 %	2.7 %	2.7 %
	Share of employees leaving the bank for a new job[3]		6.8 %	5.7 %	5.0 %
	Expenses for training and advanced training in € million[4]		222.4	201.7	184.1
	Share of employees buying staff shares		65 %	62 %	60 %
	Share of the 2,500 eligible managers participating in the Global Equity Plan[5]		79 %	83 %	–
Special Projects	Competence model	Aim: definition of capabilities critical to success as a basis for future-oriented human resources development			
	Corporate Identity Integration Survey	Aim: measurement of commitment and penetration of company values			
	Value-based remuneration concept	Aim: direct participation of managers in value creation at the bank			

[1] The Employee Commitment Index (scale of 100) was calculated for the first time this year. The process will be repeated at regular intervals.
[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] Expenses for training and advanced training in 1999 do not include the development groups which were allocated to the Group Divisions under the restructuring.
[5] With regard to participation in the Global Equity Plan, the reference figure APIPS (Adjusted Pretax Income Per Share) developed as follows: 1996–1998 € 4.15, 1997–1999 € 4.01.

Society

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

			1999	1998	1997
Structural Data	**Number of countries in which Deutsche Bank operates**		70	66	60
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"	5.3	5.3	3.5
		Deutsche Bank Americas Foundation	13.5	–	–
		Charities Committee UK Region	3.6	1.0	0.3
		Alex. Brown & Sons Charitable Foundation	2.0	–	–
		other project-related spending[2]	0.5	0.5	2.1
	Culture	Cultural Foundation of Deutsche Bank	3.5	3.1	3.5
		other project-related spending[2]	1.7	1.5	1.0
	Society and the sciences	Stiftungsfonds Deutsche Bank im Stifterverband für die Deutsche Wissenschaft	5.3	4.9	5.1
		Deutsche Bank Institute for Family-Owned Businesses at the University of Witten/Herdecke	0.6	0.2	–
		Alfred Herrhausen Society for International Dialogue	0.8	0.8	0.8
	Environment	ISO 14 001, Young Europeans' Environmental Research (YEER), Worldwide Young Researchers for the Environment (WYRE)	2.3	1.9	1.5
Special Projects	Microcredit Development Fund	Aim: to build up stable economic structures in developing countries			
	Children's Hour	Aim: support for selected projects for children and young people			
	Women on Wall Street/ Women in European Business	Aim: cultivation of a network between female executives and customers			

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

Performance.

The above-average growth in our share price is proof of our strong commitment and responsibility towards our shareholders. It also documents the impressive performance of which our worldwide organization is capable.

Wolfram Schmitt, Investor Relations, Frankfurt am Main

A Successful Year

With a total return of 76 % in 1999, our share outperformed virtually all European benchmarks by a wide margin.

Deutsche Bank shareholders have reason to be pleased

In an overall weak market in early 1999, bank shares were initially adversely affected by particular investor restraint. In March and April, our share price was additionally burdened by Deutsche Bank's capital increase. After its successful completion in late April, however, our share gained approximately 10 % within a few days. In the ensuing months, sentiment brightened on the German stock market and bank stocks were in strong demand. The Deutsche Bank share rose overproportionally and, boosted by unexpected tax reform plans, reached a high of € 90.49 shortly before year's end. The share price at the end of the year was € 83.85 (€ 48.77 at the start of the year). With a total return of 76 %, the Deutsche Bank share outperformed the German share index DAX (+ 39.1 %) and CDAX for banks (+ 37.2 %) by roughly 100 %. It had a similar lead over the Dow Jones Stoxx 50 (+ 44.9 %) and a substantially higher lead over the Dow Jones Stoxx for banks (+ 21 %).

With this outstanding share price performance, the marketplace rewarded our efforts to further the process of restructuring and consolidation in the banking industry. Our dual strategy convinced the markets. On the one hand, our strategy focuses on Europe as our home market; on the other, we are strengthening our global platform in promising business areas, in particular through the acquisition of Bankers Trust. Through intensive investor relations activities, we were able to communicate our clearly defined

SHAREHOLDERS	1999
Change in value of Deutsche Bank share (total return)	+ 75.6 %
Share of Deutsche Bank equity in stock market turnover in Germany	5.6 %

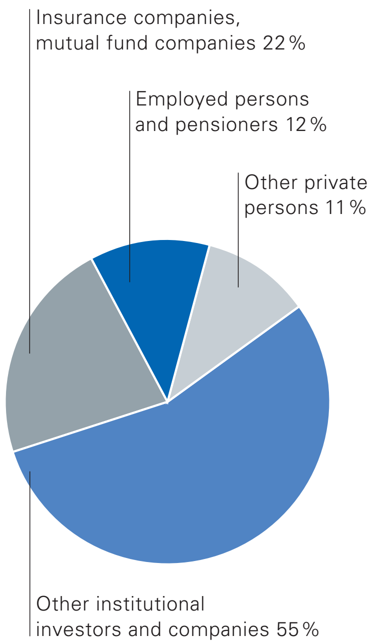
USEFUL INFORMATION ON THE DEUTSCHE BANK SHARE	as at 31.12.1999
Shares outstanding	614,342,520 shares
Share capital	€ 1,572,716,851.20
Market capitalization	€ 51.4 billion
Share price	€ 83.85
Average daily trading volume	10 million shares
Weighting in the DAX	4.95 %
Weighting in the Dow Jones Stoxx 50	1.37 %

Securities identification numbers:

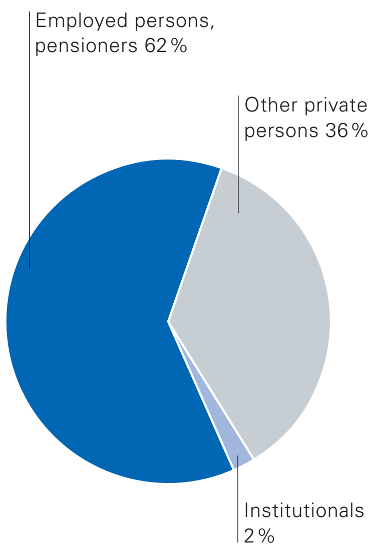
Registered shares 514 000		ADR Sponsored Level One*	
Reuters	DBKGN.DE	Ratio	1:1
Bloomberg	DBK GR	Symbol	DTBKY
		US-CUSIP	251 525 309

* OTC trading

Distribution of share capital
614.3 million shares



Shareholder structure
538,548 shareholders



Group strategy and the business policy of the Group Divisions.

Our market capitalization nearly doubled in the course of the year, rising from € 26.8 billion at the end of 1998 to € 51.4 billion at the end of 1999. The number of shares increased by 81.4 million to 614.3 million. Measured by turnover, the Deutsche Bank share was one of the most liquid shares in the German share index DAX (No. 5). In 1999, an average of approximately 10 million shares were traded per trading day.

Over the long term, Deutsche Bank has been a profitable investment for our shareholders. With an annual average return of 13.2 % from 1980 to 1999, our share strongly outperformed the CDAX for banks (+ 11.2 % p.a.) and was only slightly below the German share index DAX (+ 14.1 %). An investment of DM 10,000 in Deutsche Bank shares on January 1, 1980, was worth DM 119,141 on December 31, 1999, without the injection of additional funds.

Successful capital increase

The capital increase in April 1999 served primarily to strengthen the bank's equity base in view of the acquisition of Bankers Trust. With issuing proceeds of € 3.3 billion, this was the second-largest capital increase of a listed joint stock corporation in Germany.

Our General Meeting was held on May 17, 1999 in Frankfurt am Main. Approximately 6,500 shareholders and shareholder representatives agreed to our proposal to increase the dividend by a good 22 % to DM 2.20. With 37.5 % of the bank's voting capital represented (1998 close to 45 %), all resolutions were passed by a large majority. Shareholders who were unable to attend the General Meeting had the opportunity to follow key parts of the event at larger branches via our in-house business television or on the Internet.

Conversion to registered shares

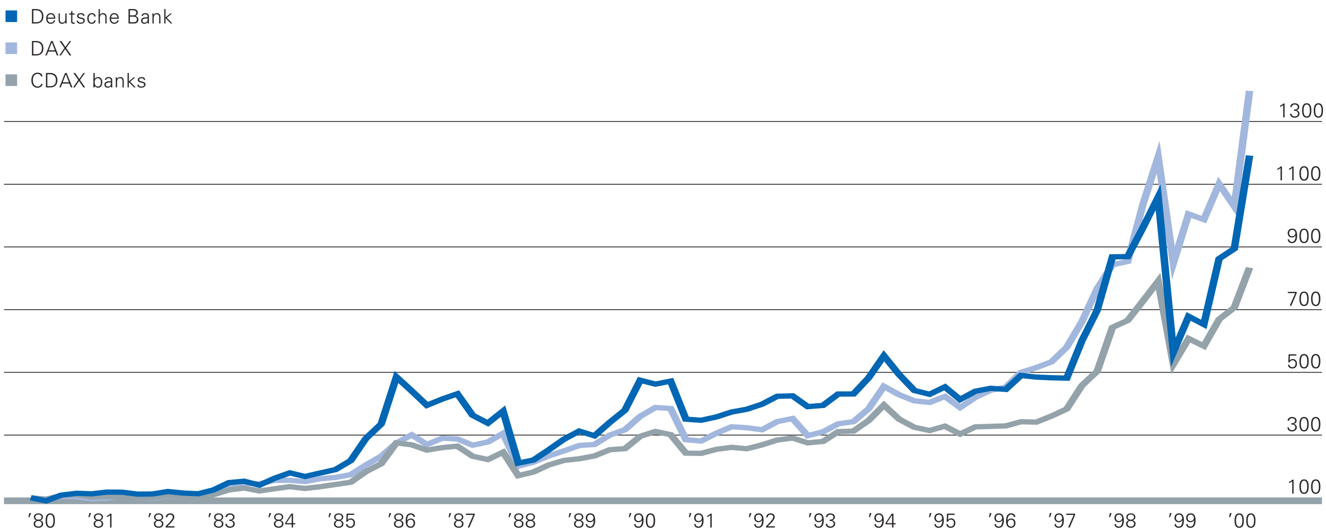
The resolution passed at the General Meeting to convert Deutsche Bank bearer shares to registered shares was implemented on August 30, 1999. The newly introduced share register, in which 538,548 shareholders were registered, reveals that 51 % of our shares are held by German and 49 % by foreign investors. Almost 23 % of the 614,342,520 Deutsche Bank shares are held by private persons and approximately 77 % by institutional investors and corporations. With a nearly 5 % voting stake (as of April 1999) in the bank's equity, Allianz AG is the largest known shareholder.

To establish a direct dialogue with our shareholders, which the share register had made possible, we polled them at the end of 1999. The feedback of approximately 88,000 replies (or 18 %) was unusually strong, showing that shareholders keenly embraced our invitation to share their opinions with us.

Higher dividend proposed

It will be proposed to shareholders at our General Meeting on June 9, 2000 that the dividend for the financial year ended be increased to € 1.15 per share (1998: € 1.12).

Long-term value development



Total Return Index, beginning of 1980 = 100, quarterly figures

Fresh Ideas.

Being close to the customer is our key operational benchmark. We understand our clients' wishes and are there for them personally – with fresh ideas and professional advice.

Claudia Eckert, Retail and Private Banking, Munich

Offering Customers More

At the click of a mouse, the Internet tears down market barriers and enables customers to compare providers as never before.

The Internet is empowering customers

The markets – especially those for financial services – are undergoing sweeping changes: traditional value chains between the production, distribution and take-up of services are being unbundled. This trend is primarily being driven by e-business. The Internet combines a high level of convenience with an unprecedented individualization of products; it is tearing down market barriers, enabling customers to compare providers as never before and, in doing so, empowering them in the marketplace.

High transparency, low transaction costs and direct access to financial services at any time are also casting a new light on one of the bank's core activities – risk transformation. Deutsche Bank is well prepared for these changes, with our strong brand, global reach and technology leadership in financial services.

All Group Divisions have grasped the opportunities offered by e-business. Private Banking is preparing an Internet-based European Personal Investment Bank. In Germany we already have a 20 % market share of online accounts, which is a good starting position. Our Global Corporates and Institutions Division is helping transform the capital markets into e-business markets. The Internet is further enhancing the bank's placement power, and in virtually all transaction services – from payments to custody – we have developed products that leverage the Internet's capabilities. E-business forms an integral part of Deutsche Bank's self-image.

CUSTOMERS

		1999	1998
Retail Banking (Germany)	Client Satisfaction Index	–	70
	Client Loyalty Index	–	72
Private Banking (Germany)	Client Satisfaction Index	–	76
	Client Loyalty Index	–	81
Corporates and Real Estate (Germany)	Client Satisfaction Index	71	–
	Client Loyalty Index	82	–
Global Corporates and Institutions	Position in Euromoney Poll of Polls	1	3
Global Institutional Services	Position in customer poll Pensions Fund Partnership Survey of UK Pension Funds	1	–

Retail and Private Banking

In retail banking business, Deutsche Bank 24 targets customers in Germany who attach importance to advice at branches or would like to do their banking through various access channels. The Group also maintains an extensive retail network in Italy and Spain. In France, private customers are advised by means of an innovative, integrated mix of distribution channels. Business activities in Poland are focused on mobile distribution of private mortgage credits.

Private Banking is designed for clients who, due to their assets and sophisticated needs, demand a customized service. This Group Division also offers housing finance and insurance.

Deutsche Bank 24 off to a successful start

September 1, 1999 was a historic date for Deutsche Bank's retail business: Deutsche Bank 24* was launched with 17,500 staff, 6.8 million customers and total assets of € 43 billion. It combines Deutsche Bank AG's German retail banking with the Group's direct bank. By the end of the year, a net 100,000 new customers had been acquired, more than twice as many as in the same period of the previous year. One particularly pleasing aspect was that one-third of these new customers are online customers. In direct brokerage (Brokerage 24)**, the number of accounts was raised by 25 % in four months. With a total of 650,000 online customers, Deutsche Bank 24 is Germany's leading direct bank.

RETAIL AND PRIVATE BANKING*

in € m.	1999	1998
Income	4,807	4,303
Provision for losses on loans and advances	– 94	– 142
General administrative expenses	– 4,082	– 3,479
Balance of other income/expenses	– 149	– 106
including: amortization of goodwill	– 45	– 22
Profit before expenses for restructuring and taxes	**482**	**576**
Restructuring expenses	– 281	0
Profit from ordinary activities before taxes	**201**	**576**
Capital in € m.	**2,030**	**2,169**
RoE in % (excluding goodwill amortization)	**12**	**28**
RoE in % (including goodwill amortization)	**10**	**27**
Value creation in € m.	**– 59**	**273**
Cost/income ratio in % (excluding goodwill amortization)	**87**	**83**
Cost/income ratio in % (including goodwill amortization)	**88**	**84**
Risk-weighted positions in € m.	**44,058**	**37,863**
Segment assets in € m.	**69,170**	**–**
Segment liabilities in € m.	**74,391**	**–**

* for notes, see Reporting Segment Information on page 108

* www.deutsche-bank-24.com

** www.brokerage24.com

As a modern institution, Deutsche Bank 24 offers more possibilities than other banks. Customers can choose where, when and how they do their banking: at branches, at finance centers, through financial advisors in the form of mobile distribution, by telephone, on the Internet or using self-service. Its collaboration with Yahoo! has provided access via the leading Internet portal.

Deutsche Bank 24 is setting new standards in retail banking. Over the next few years it will continue to push ahead with its customer-driven restructuring into a profitable and innovative financial services provider. Approximately € 250 million has been set aside until mid-2001 for its rapidly growing e-business and to bundle competences in its branch network.

Private Banking continues to grow

Private Banking continued to grow strongly in 1999. It is now represented worldwide with 450 Private Banking Centers in 37 countries, managing assets of roughly € 192 billion for 449,000 clients. In global private banking, where it is already among the top five institutions, Deutsche Bank wants to reach first place. E-business will help it achieve this goal.

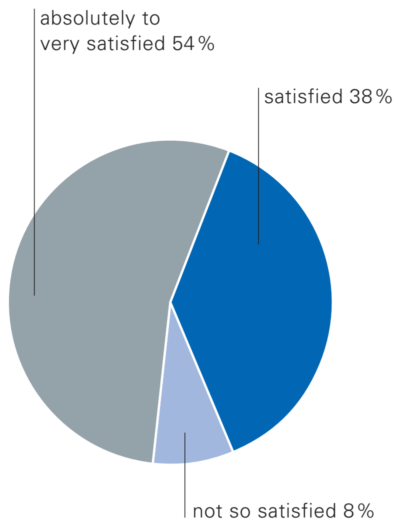
In Germany we have a market share of roughly 15 % in private banking*. 330,000 clients receive a comprehensive service from approximately 2,000 advisors, and here there is a pronounced trend towards diversified, international portfolio management. We made a special effort not only to serve traditional high-net-worth clients, but also to manage the assets of successful young people. Here we achieved good, sustainable results.

Outside Germany, this business unit** grew substantially, mainly through the acquisition of Bankers Trust. The number of staff abroad almost doubled within one year to over 2,100. Assets under management rose by 120 % roughly to € 96 billion. In the United States, Deutsche Bank has become the largest foreign institution in private banking. We combine the strengths of a client-focused universal bank with the American product-driven business approach – an advantage that is

* www.db-privatebanking.de

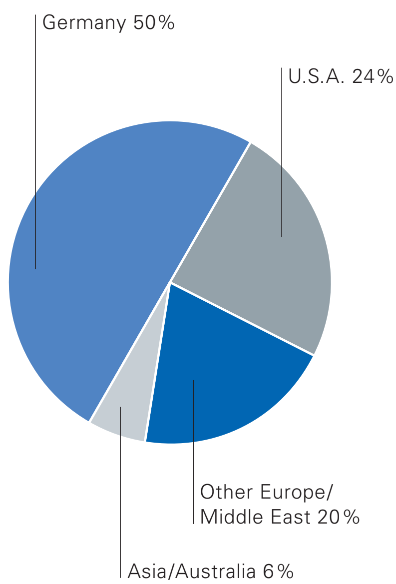
** www.db-privatebanking.com

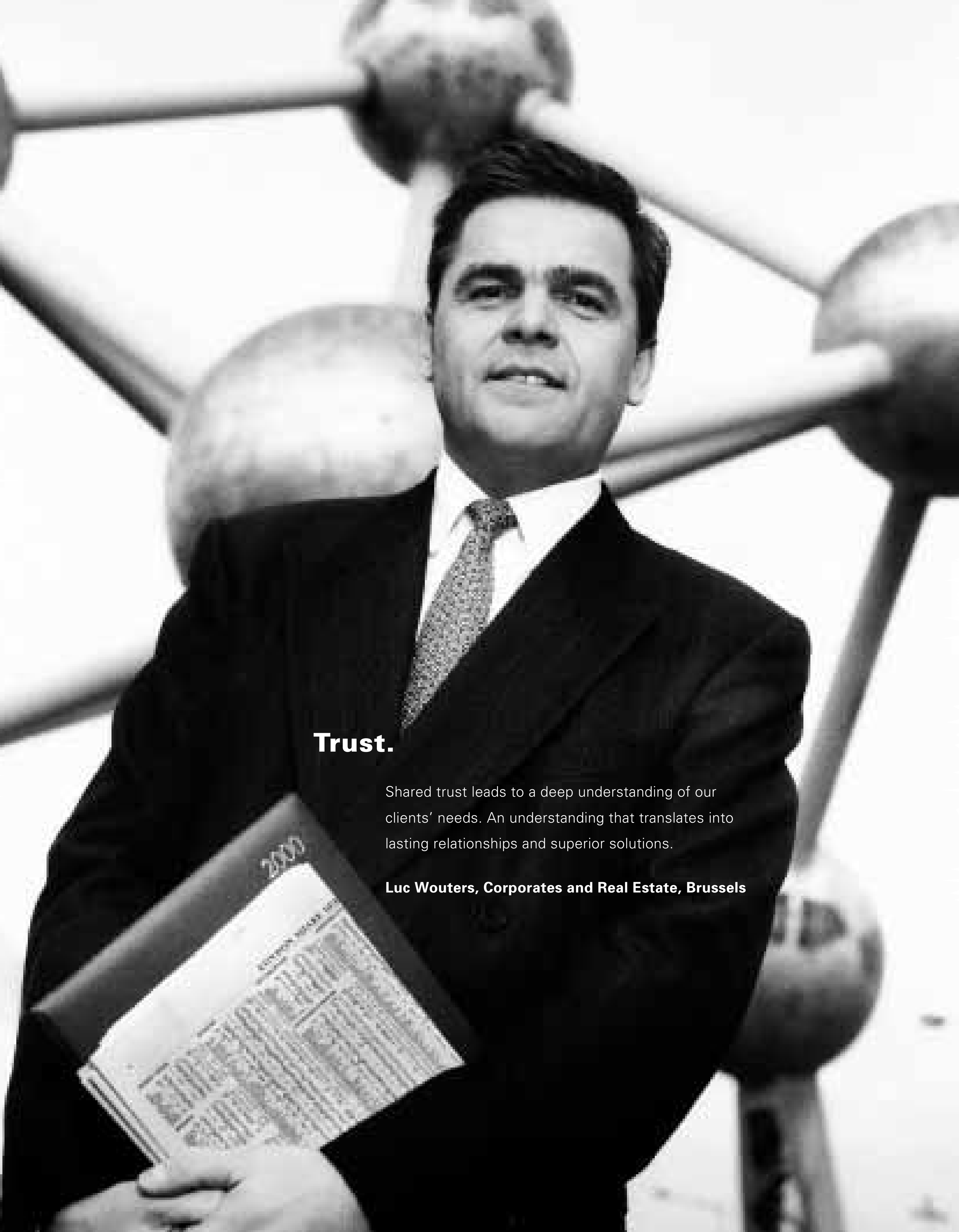
Deutsche Bank 24:
Good start – positive client response



Customer poll December 1999

Private Banking:
Assets under management
Total: € 192.2 bn.





Trust.

Shared trust leads to a deep understanding of our clients’ needs. An understanding that translates into lasting relationships and superior solutions.

Luc Wouters, Corporates and Real Estate, Brussels

difficult to replicate and appeals strongly to our clients.

In addition to our traditional Private Banking Centers we are opening new delivery channels: since September 1999, all clients in Germany have been provided with their own personalized Internet homepage. They have online access to their accounts and portfolios and can issue direct orders for payments or securities, for example. Shortly there will be a central Private Banking telephone center through which clients can contact the bank at any time. We will also be one of the first banks to provide clients in Gemany with 24-hour mobile-phone access to electronic banking services from any location. Nonetheless, the personal relationship between client and advisor will remain the decisive factor driving the growth of Private Banking.

* www.deutsche-bank.com/e-commerce

Corporates and Real Estate

Group Division Corporates and Real Estate covers in particular small and medium-sized enterprises, public-sector corporations as well as real estate customers. The changing behaviour of customers, the growing importance of the capital markets for small and medium-sized companies, e-business* as a new distribution channel and the concentration in

CORPORATES AND REAL ESTATE*

in € m.	1999	1998
Income	3,126	2,707
Provision for losses on loans and advances	– 200	– 231
General administrative expenses	– 1,813	– 1,604
Balance of other income/expenses	– 164	– 69
including: amortization of goodwill	– 61	– 52
Profit before expenses for restructuring and taxes	**949**	**803**
Restructuring expenses	– 22	0
Profit from ordinary activities before taxes	**927**	**803**
Capital in € m.	**5,595**	**5,108**
RoE in % (excluding goodwill amortization)	**18**	**17**
RoE in % (including goodwill amortization)	**17**	**16**
Value creation in € m.	**149**	**89**
Cost/income ratio in % (excluding goodwill amortization)	**61**	**61**
Cost/income ratio in % (including goodwill amortization)	**63**	**62**
Risk-weighted positions in € m.	**88,982**	**91,548**
Segment assets in € m.	**135,647**	**–**
Segment liabilities in € m.	**127,091**	**–**

* for notes, see Reporting Segment Information on page 108

the banking sector require new concepts and determined action. By optimum leveraging of our product range and combining relationship banking with first-class product and industry expertise, we intend to strengthen our market position further.

Maximum customer proximity

In German corporate client business we have shortened our decision-making procedures and further streamlined the credit process. Active portfolio management is designed to help identify risks at an early stage and make them controllable. The credit will remain an important pillar of business, but its importance has changed. As the traditional credit business increasingly fails to yield adequate returns, the decision to extend a loan is contingent on the generation of appropriate income from the client relationship as a whole. A wider range of capital market financings for medium-sized companies will further improve our commission income and free up some of our allocated capital, which is planned to earn a return of 25 % by 2002.

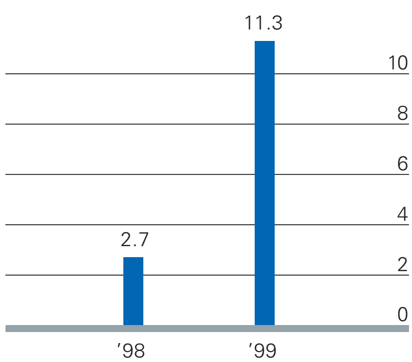
In 1998 and 1999 we executed six asset backed securities deals for € 7.1 billion and a credit derivatives transaction for € 2.9 billion; further deals are in the pipeline. The coupling of traditional discount credit business with the capital market has enabled our bill business (volume of € 4 billion to date) to continue smoothly without tying up large amounts of capital. Our interest and currency management posted gratifying growth in terms of both income and volumes.

Fostering innovation

Our special interest focuses on innovative, fast-growing companies, which are driving technological progress. With five innovation teams combining technological and business expertise, we are tapping into this business potential. In collaboration with the Fraunhofer Institute ISI, we have built up a nation-wide network to bring together wealthy individuals, as business angels, and young growth companies.

As a result of many years' experience in important European countries – expanded in Belgium and Poland in 1999 – we are a

Corporates and Real Estate: Credit securitization quadrupled in Germany
in € bn.



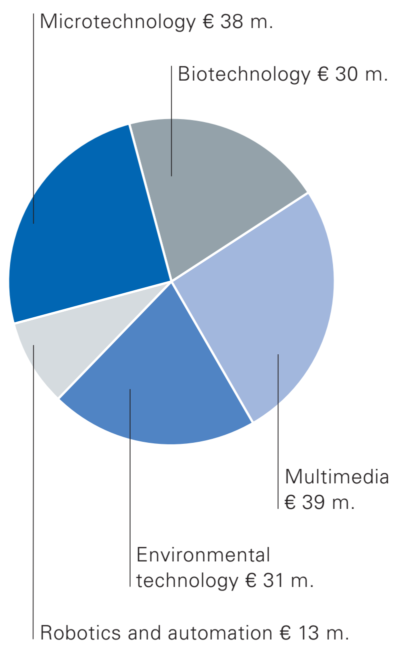
particularly competent advisor to medium-sized companies. Our market and product expertise on innovative financings in corporate finance, interest, currency and cash management, and international trade finance constitutes a decisive competitive advantage. These products' contribution to our total income in Europe will gradually grow. The ongoing deregulation and the financial weakness of the public sector offers potential for M&A advisory, innovative public-private partnerships and privatizations; we intend to use these possibilities. In asset financing, a business with considerable growth potential, we strengthened our position through acquisitions, and expanded it both in Europe and the United States. The pertinent activities were bundled in the industry groups technology, recreation, industrial and automotive.

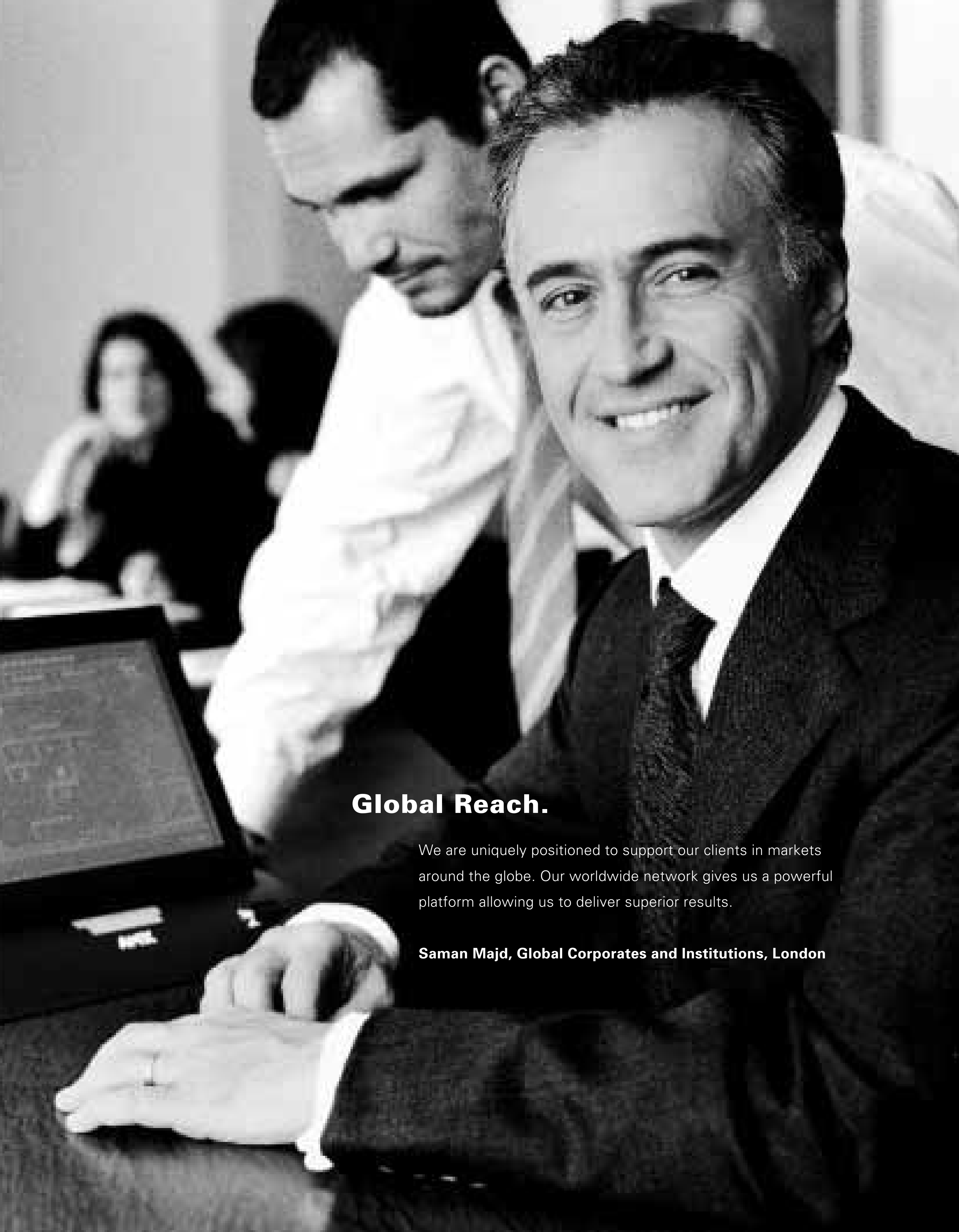
Demand in the European real estate business was noticeably brisker. Market participants have become more profit-driven and more international. In addition to our increasingly international open-ended and closed-end real estate funds, investors were for the first time offered shares in a listed real estate company with a volume of approximately € 550 million.

Commerce on the virtual marketplaces of the Internet will strongly influence the future of our business with corporates. To date, we have mainly used it to advertise our products and services. Cor@, our virtual agent who was presented to over 4,500 entrepreneurs at our SME Congress in Berlin on November 9, guides visitors through the Group Division's offering*. We are progressing intensively with the possibility for our corporate customers to use the website for their banking business.

* www.deutsche-bank.com/ui

Corporates and Real Estate:
Focus on innovative companies
Total volume € 151 m.





Global Reach.

We are uniquely positioned to support our clients in markets around the globe. Our worldwide network gives us a powerful platform allowing us to deliver superior results.

Saman Majd, Global Corporates and Institutions, London

Global Corporates and Institutions

In 1999, Deutsche Bank established its position among the global investment banking powerhouses. Group Division Global Corporates and Institutions serves its clients with a truly integrated corporate and investment banking capability, of the highest standards to be found in the industry. We generated record results in our core businesses, reaping the rewards of investment in previous years. The investment banking businesses of BT Alex. Brown were integrated quickly and successfully – a major achievement on the part of all those involved.

Benefit for our clients

Through BT Alex. Brown we greatly expanded our ability to serve global clients in all major markets and currencies, and on all major exchanges of the world. We significantly extended our North American platform in corporate finance advisory services, research, and sales and trading. Our leading position in Europe and our substantially strengthened market presence in the Asia-Pacific region are an advantage in particular for clients who came to Deutsche Bank via BT Alex. Brown.

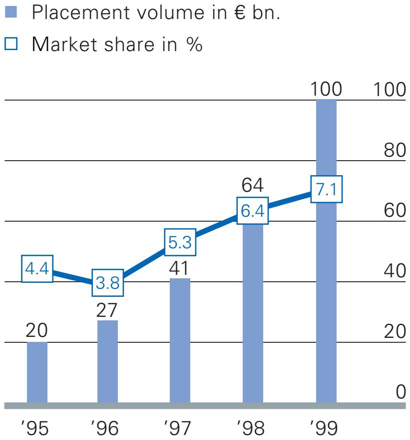
For our institutional clients, we significantly expanded our product offering. Our capabilities in securitization, equity financing and derivative products were strengthened considerably. With the introduction of the euro, we graduated from being the leader in DM issues to the leader in euro bond issues. For our corporate clients, we expanded our product

GLOBAL CORPORATES AND INSTITUTIONS*

in € m.	1999	1998
Income	9,596	4,761
Provision for losses on loans and advances	– 3	– 153
General administrative expenses	– 6,892	– 3,777
Balance of other income/expenses	18	– 311
including: amortization of goodwill	– 254	– 50
Profit before expenses for restructuring and taxes	**2,719**	**520**
Restructuring expenses	– 494	0
Profit from ordinary activities before taxes	**2,225**	**520**
Capital in € m.	**10,445**	**7,599**
RoE in % (excluding goodwill amortization)	**24**	**7**
RoE in % (including goodwill amortization)	**21**	**7**
Value creation in € m.	**911**	**– 570**
Cost / income ratio in % (excluding goodwill amortization)	**70**	**85**
Cost / income ratio in % (including goodwill amortization)	**73**	**86**
Risk-weighted positions in € m.	**132,917**	**99,441**
Segment assets in € m.	**582,164**	**–**
Segment liabilities in € m.	**593,760**	**–**

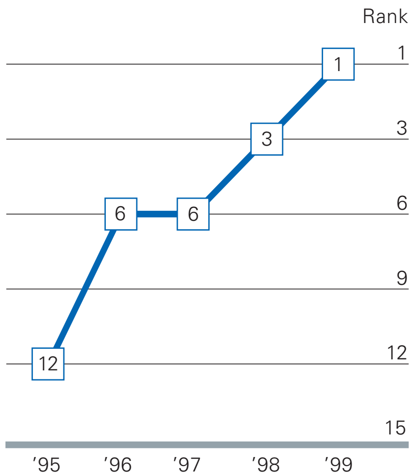
* for notes, see Reporting Segment Information on page 108

Global Corporates and Institutions: Market leader in international bonds



International Financing Review

Global Corporates and Institutions: 1st place among investment banks



Euromoney Magazine: Poll of Polls

range, above all in the areas of high yield debt and leveraged finance. We offer corporate clients an unrivalled combination of services to support them at critical phases of their business development by leveraging the strength of our balance sheet, our capital market placement power, and our advisory expertise.

On course to stay successful

Group Division Global Corporates and Institutions was delighted to receive, for 1999, an unprecedented number of accolades from the most important source of all: our clients. We took first place in the Euromoney Poll of Polls, a reflection of excellence in all aspects of investment banking – trading, underwriting and advising. The € 10.4 billion secondary offering for Deutsche Telekom shares was also a great success and received appropriate acclamation in the financial press.

These accolades reflect our performance in 1999. We have built a truly global business, offering excellence, innovation and creativity as well as a broad product range for our Corporate and Institutional clients. Our vision is: to be the global investment bank of choice with the knowledge, power and creativity to deliver superior results to our clients and shareholders. In 1999, we made considerable progress towards fulfilling that goal.

Ready for the future

E-business offers us enormous potential to serve our clients efficiently and cost-effectively. In 1999, Group Division Global Corporates and Institutions made investments in a number of projects which will place Deutsche Bank at the forefront of Internet trading and distribution of both equity and fixed-income securities. Electronic communications networks will become increasingly important sources of liquidity for our sales and trading businesses – including fixed income, foreign exchange, equities and derivatives. The Group Division will continue to complete its product offering. The far-reaching changes on the European capital markets are a welcome challenge to expand our capabilities in both equity and debt capital markets. We will combine our advisory capability in corporate finance/

mergers & acquisitions with our global industry expertise. We will build on our North American platform to further improve our position with important American corporates and institutions.

We will continue to excel, continue to innovate and continue, above all, to offer outstanding service to our clients.

Asset Management

A combination of strong internal growth and the acquisition of Bankers Trust has established Deutsche Asset Management as one of the world's largest and most diversified fund managers, with € 589 billion under management. In the United States, above all, our business has increased very substantially in size and scope, principally in the fields of passive and structured investment management. In Japan, too, it has

ASSET MANAGEMENT*

in € m.	1999	1998
Income	1,519	953
Provision for losses on loans and advances	0	0
General administrative expenses	– 809	– 501
Balance of other income/expenses	– 87	– 73
including: amortization of goodwill	– 78	– 49
Profit before expenses for restructuring and taxes	**623**	**379**
Restructuring expenses	– 42	0
Profit from ordinary activities before taxes	**581**	**379**
Capital in € m.	**332**	**316**
RoE in % (excluding goodwill amortization)	**198**	**135**
RoE in % (including goodwill amortization)	**175**	**120**
Value creation in € m.	**609**	**381**
Cost/income ratio in % (excluding goodwill amortization)	**54**	**55**
Cost/income ratio in % (including goodwill amortization)	**59**	**60**
Risk-weighted positions in € m.	**2,002**	**1,837**
Segment assets in € m.	**6,235**	**–**
Segment liabilities in € m.	**5,558**	**–**

* for notes, see Reporting Segment Information on page 108

Performance.

Performance is the driving force behind everything we do. For us, performance means exceptional commitment to achieve outstanding results for our clients.

Elisabeth Weisenhorn, Asset Management, Frankfurt am Main

also expanded strongly due to Bankers Trust. We have reorganised our Group Division Asset Management into four regional businesses.

In the Americas we have consolidated eight separate businesses into a single, powerful asset management franchise serving the United States and key Latin American markets. In the fast growing area of indexing, the U.S. business ranks third in tax-exempt assets. In Japan, we have become the biggest foreign asset management group, with assets under management of € 40 billion and a further € 12 billion under administration. In Australia we have launched new products in fixed income, Australian equities, private equity and the "Top 50" family of mutual funds.

Leading fund manager in Continental Europe

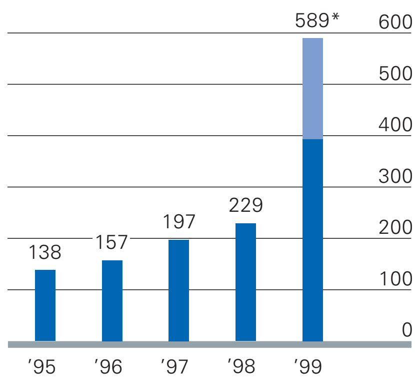
Represented in ten countries, Group Division Asset Management is the leading fund manager in Continental Europe with € 168 billion of assets under management. Our market share amounts to 5 %.

1999 has been a record year for the DWS group*. In Germany net inflows to our mutual funds totalled € 8 billion, 86 % higher than in the year before. We launched 20 new funds, focusing particularly on specialist sector funds and on funds of funds. Among the significant innovations for the German retail market was the first fund of funds, which also includes products from our competitors, the DWS BestSelect funds, and Mitarbeiterfonds, mutual funds specifically designed for employees' retirement savings. New money was above all directed towards equity funds. Net assets managed by the DWS group increased by around 37 % to € 84 billion. DWS thus continues to be the market leader in Germany with a 23 % share in the retail market. Our Luxembourg operation, which has been renamed DWS Investment S.A., manages a total of € 19.2 billion.

In Italy, assets under management in our mutual fund business increased significantly and the range of available funds was expanded. Our fund company Finanza & Futuro had a very successful year again. Assets under management rose from € 6.1 billion to € 8.8 billion. The distribution

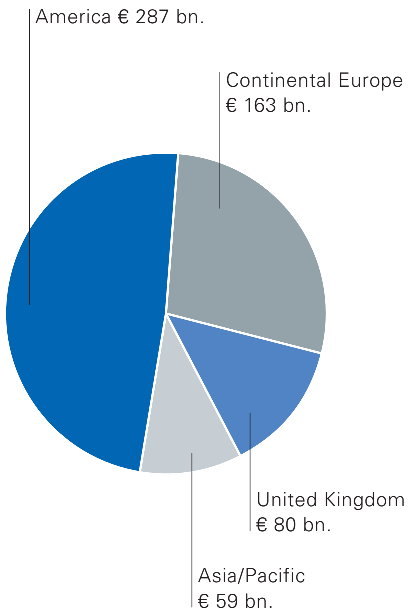
* www.dws.com

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



* thereof € 393 bn. active and € 196 bn. index-linked portfolio management

Asset Management:
Asset management by region
Total: € 589 bn.



network has been further strengthened to 1,300 advisors. Our newly established institutional asset management company had a very good start.

1999 was another year of excellent performance for our UK pension fund business, extending the track record to an unbroken eight years of top quartile performance. In response to this very strong record new mandates totalling € 9 billion were won during the year, more than any other active fund manager. We have continued to emphasized the use of pooled funds as the most efficient way of handling new business from medium-sized clients in the UK. We have also seen a strong improvement in international equity performance, which has been rewarded with significant new business gains, and continued progress in international fixed income.

Private Equity ended the year with particular success. We opened an office in Frankfurt and raised a new European buyout fund of more than € 1.5 billion and have already invested almost half the fund in a number of very promising opportunities.

Leverage client relationships

In 2000, we will make full use of our global platform: in the United States we will leverage the products and client relationships we acquired through Bankers Trust. In Japan we will build on our distribution relationships in particular with Nippon Life and Kokusai Securities for investment trust products. In the UK we will be promoting our retail business as well as extending our institutional market share on the back of strong investment performance. In Continental Europe we aim to leverage our existing strengths and expand our market position.

Global Technology and Services

For Group Division Global Technology and Services, 1999 was a year of far-reaching change. Following the integration of major businesses of Bankers Trust, our structures were upgraded to respond more closely to our customers' needs. Our services for financial institutions, for instance, are concentrated in a single business area. We also offer a wide range of services from one source and ensure that Deutsche Bank has a uniform technical infrastructure.

Globalization and the steady advance of information technology will shape the 21st century. Banking will also involve digital information services, backed by the knowledge and expertise of our staff. In Group Division Global Technology and Services we combine success factors like top quality, wide selection, convenient access and low costs. On this basis, we offer our customers tailor-made solutions.

Fostering progress

The Internet will increase prosperity for customers and the bank. An important requirement for the further dissemination of e-business is the secure identification of contracting partners. So in cooperation with other banks we established Identrus in 1999, a company designed to carry out certifications of this kind. We also

GLOBAL TECHNOLOGY AND SERVICES*

in € m.	1999	1998
Income	897	337
Provision for losses on loans and advances	0	0
General administrative expenses	– 837	– 213
Balance of other income/expenses	– 32	– 34
including: amortization of goodwill	– 30	– 3
Profit before expenses for restructuring and taxes	**28**	**90**
Restructuring expenses	– 44	0
Profit from ordinary activities before taxes	**– 16**	**90**
Capital in € m.	**454**	**374**
RoE in % (excluding goodwill amortization)	**3**	**25**
RoE in % (including goodwill amortization)	**– 3**	**24**
Value creation in € m.	**– 53**	**37**
Cost / income ratio in % (excluding goodwill amortization)	**94**	**73**
Cost / income ratio in % (including goodwill amortization)	**97**	**74**
Risk-weighted positions in € m.	**3,929**	**19**
Segment assets in € m.	**9,137**	**–**
Segment liabilities in € m.	**14,036**	**–**

* for notes, see Reporting Segment Information on page 108

Global Reach.

Our focus is on supplying clients with forward-looking value-added solutions. Solutions that create competitive advantage worldwide.

Edward J. Jones, Global Technology and Services, New York

have a holding in TC TrustCenter in Hamburg, which issues electronic identity cards for the Internet.

Alliances with partners are growing in significance for services along the entire value chain. That fact prompted us to team up with Metro in the Pago joint venture. It offers service modules for use by Internet providers. Additional partnerships are planned for 2000. Our wholly-owned subsidiary, Easycash, combines all our card-based, point-of-sale payment services under one roof.

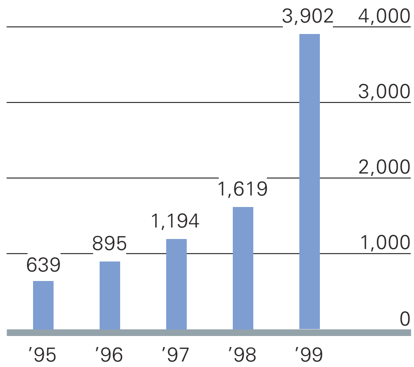
To safeguard the free exchange of goods on the Internet it is essential that state intervention be reduced. We are involved in cross-border discussions with representatives of many industries in this regard. Together with other international banks we established the Global Trust Organisation to promote worldwide Internet business.

Our Global Institutional Services unit is now one of the leading suppliers of custody, cash management and corporate trust services. We are very successful in conducting payments business and securities transactions for institutional clients, such as banks, mutual fund companies and pension funds. We offer a broad range of products together with customized solutions and access to all major international financial centers, combining global reach with local market expertise.

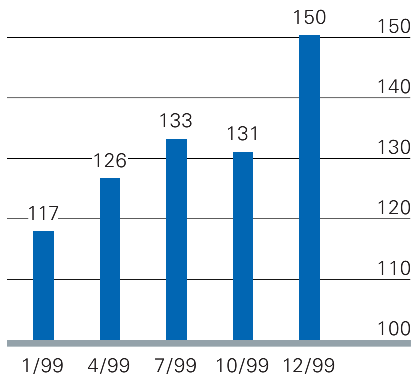
European Transaction Bank (e.t.b) was formed in 1999 as an independent company for payments and securities processing. It serves not only our own Group, but other financial services providers as well. e.t.b signed up its first external client shortly after being launched. For customers, e.t.b offers tailor-made services at particularly favourable prices thanks to Deutsche Bank's economies of scale.

Deutsche Bank's technical infrastructure is a firm foundation for stability and compatibility in its business systems. New developments and technologies are integrated as quickly and

Global Technology and Services: Securities custody expands strongly
in € bn.



Global Technology and Services: Rising volume in payments business 1999
Transactions in millions



Partnership.

Only if business relationships are understood to be partnerships can exceptional results be achieved. That’s what we work for.

Andrea Kreuder-Brühl, Corporate Center, Frankfurt am Main

efficiently as possible. We have six specialized development centers where top-grade software is developed at moderate cost. The smooth introduction of the euro, the integration of Bankers Trust, and the Y2K transition all proved that Deutsche Bank has excellent capabilities in the field of information technology, too.

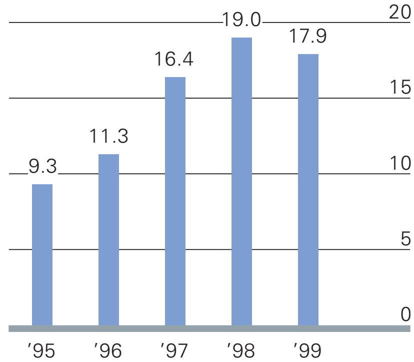
Corporate Center

Ensuring the uniform management of Deutsche Bank Group has become an even bigger challenge since the acquisition of Bankers Trust. Overall management responsibility has therefore been made more effective by the strenthening of reporting lines to the Corporate Center. Our risk management structure has been upgraded so that we can give effective support in a uniform global organization to the bank's growth in all areas. The Corporate Center also regards itself as a services provider for the Group, performing a cross-divisional umbrella function.

DB Investor

At the end of 1998, Deutsche Bank spun off its major direct industrial holdings into subsidiaries. As management holding company, DB Investor is responsible for administering and restructuring the industrial portfolio. At the end of October 1999, roughly 2% of our Allianz stock was placed with institutional investors. The sales proceeds amounted to just under € 1.4 billion.

DB Investor:
Price reserves in holding portfolio
in € bn. at year's end



Apart from conducting active portfolio management of current holdings, DB Investor also invests in attractive growth companies and supports company and industry-wide restructuring measures. One example is Divaco, which was established together with Metro to dispose of the latter's non-core businesses. Another example is the acquisition of TeleColumbus, Germany's second-biggest broadband cable TV operator after Deutsche Telekom. Holding periods of three to five years are envisaged for new businesses. New holdings are taken on only if the company has good business potential and a clear exit strategy has been defined.

The market value of listed holdings came to € 22.7 billion at the end of 1999. Undisclosed reserves amounted to roughly € 18 billion. Compared with the end of 1998, the market value of the investment portfolio fell by € 1.2 billion. The main factors responsible for this decline in market value against the previous year are the partial disposal of the Allianz holding and other smaller portfolio adjustments.

DB Investor contributed roughly € 1.5 billion to Deutsche Bank Group's net income from investments. Dividend income was approximately € 0.5 billion.

Group Treasury

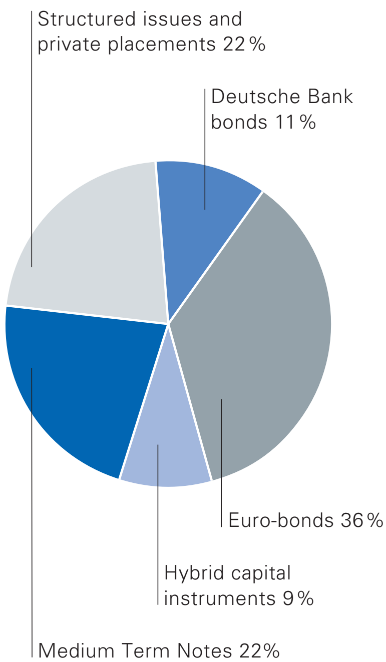
Capital and liquidity management have gained in significance for the bank. In 1999, the activities of Group Treasury focused primarily on financing the acquisition of Bankers Trust and providing resources for the integration. The Treasury functions of both banks have been merged.

As a leading European capital market address, Deutsche Bank has a broad funding base at its disposal. It was utilized to raise € 25 billion in medium and long-term funds at favourable conditions. On the one hand, the bank's sound funding base was underpinned and, on the other, the investor base was increased by issuing € 9 billion in liquid eurobonds. Furthermore, the Group's capital base was strengthened by issuing € 2.4 billion in hybrid capital instruments.

In addition, the bank's equity was raised by the first ordinary capital increase in nine years. This took place as part of a rights offer to existing shareholders and in a second tranche for which subscription rights were excluded. Both tranches of the capital increase, with a total volume of € 3.3 billion, were successfully placed. This led to further growth in our shareholder base.

The introduction of the euro at the start of 1999 enabled us to streamline liquidity management in Europe. Risks for the bank's liquidity envisaged in connection with the Y2K transition were mitigated by prudent liquidity provisioning and close cooperation with central banks. Fortunately, the worst-case scenario did not materialize: the transition went smoothly everywhere.

Group Treasury:
Issues by product group
Total: € 25 bn.



Trust.

We work hard to earn our clients’ trust by ensuring client satisfaction at the highest level.

Jessie Tan, Retail and Private Banking, Singapore

Mission and Values Foster Integration

Our most important asset is capable employees with a sense of commitment to the company and its goals.

The number of employees in the Group rose to 93,232 (previous year: 75,306) at the end of 1999. The acquisition of Bankers Trust and Crédit Lyonnais Belgium were responsible for much of this increase. There was a marked shift in the regional and divisional distribution of our staff. Our foreign operations showed strong growth (+ 15,395), above all in New York and London. Almost half of all our employees work outside Germany.

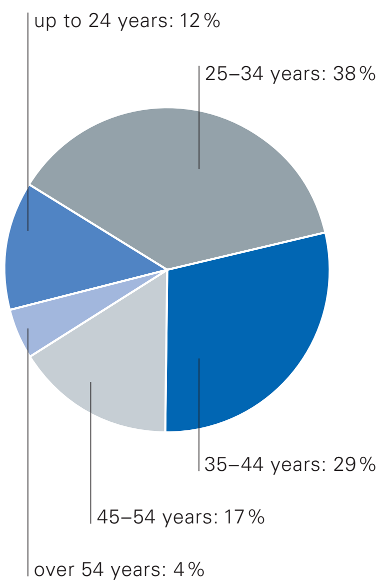
Committed staff are the key to success

At an early stage of the integration process, we compared the corporate cultures of Bankers Trust and Deutsche Bank and found enough common ground for us to complement each other meaningfully. Based on our shared strengths, above all in our customer and performance orientation, we formulated the ambitious vision of Deutsche Bank becoming the best financial services provider in the world. A common mission and shared values encompassing all divisions and regions are essential to achieving commitment, i.e. a deep sense of dedication and loyalty to the company. Capable employees make up the bank's intellectual capital. That is what you get by multiplying the factors commitment and competence. In other words: a company's business success depends on having employees with intellectual and emotional commitment. If one of the two variables is low, the end product is significantly reduced.

Commitment reflects employees' identification with the company and has a major influence on attitudes such as customer focus, personal initiative and willingness to advance. We therefore conduct regular employee surveys to measure and find ways of increasing commitment. In an international representative Group-wide survey – conducted before the large-scale project on the integration of our values was launched – commitment was shown to be high.

STAFF	1999
Employee Commitment Index	66
Absentee rate	2.4 %
Share of employees leaving the bank for a new job	6.8 %
Expenses for training and advanced training in € million	222.4
Share of employees buying staff shares	65 %
Share of the 2,500 eligible managers participating in the Global Equity Plan	79 %

Age structure of our staff



Personal responsibility and flexibility

Employees must be encouraged to pursue their professional and personal development. It was with this in mind that we introduced a competence model that covers core capabilities of Deutsche Bank and specific divisional competencies. The model pinpoints the knowledge and abilities needed to perform certain functions, and also supports employees' own endeavours to acquire new qualifications. In so doing, employees themselves can significantly influence their present and future employability.

The steady pursuit of knowledge is equally important both for individuals and the organization as a whole. Alongside seminars, we offer a growing number of learning platforms supported by Internet and Intranet technologies. This new type of learning – which is flexible in terms of content, scope, time and place – only works if employees show a clear sense of personal responsibility and personal initiative.

Employees want a more flexible approach to their working hours. We introduced new working time regulations to accommodate the demands for forward-looking and modern working time arrangements. Core elements of the scheme include employees keeping their own records of hours worked, and having the opportunity to organize their own working schedule, right up to their lifelong working time arrangements. This system is intended as a bridge to a lifetime work account, from which employees can withdraw money, leisure time or other benefits.

Value-driven compensation – in the interest of shareholders

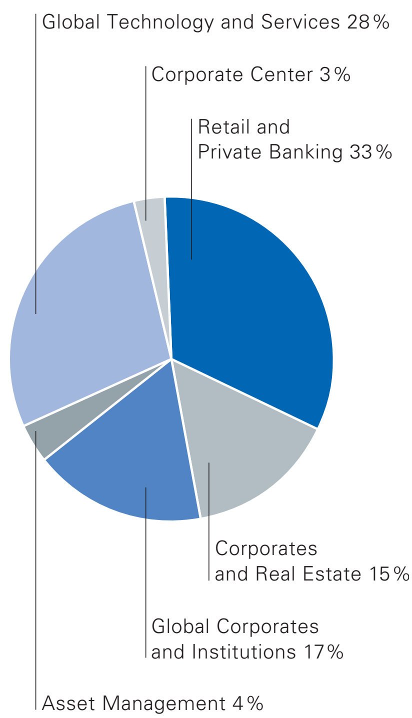
Naturally, material rewards also help to raise staff commitment. We supplemented the value-driven management of the bank by introducing a remuneration concept for managers which is geared to value creation for shareholders. It is made up of three variable elements: annual bonus, mid-term incentive and long-term incentive. The annual bonus depends on the achievement of individually agreed targets. The mid-term incentive allows managers to participate directly in the value created by the respective Group Division, and the long-term incentive is linked to the performance of the share price. This means that managers are involved directly in the value added by the bank as a whole, the Group Divisions and the individual business units, and can influence a part of their overall compensation themselves.

We also encourage employees to assume responsibility in the company through staff participation schemes. In 1999, the participation rate in the staff share scheme rose to a record 65 %. While in previous years the staff equity programme had consisted solely of staff shares, the new "db-share" concept introduced last year provides an additional feature in the form of free options. The figures show that the alignment of staff and shareholder interests – through co-ownership and profit sharing – was successful.

Demand for talented staff

Last year, Deutsche Bank recruited more than 1,000 university graduates, most of them in the United States and Germany. Talent is in greater demand than ever among companies. That's why we chose a number of new approaches: special recruitment fairs and workshops, closer ties with universities and professional human resources marketing on the Internet. Our apprentices are the second important source of promising young staff. The bank's status as employer of choice is reflected by the large number of apprentices we have. Last year, we concluded basic training agreements with 1,373 young people, so that at the end of the year the Group had a total of 3,439 apprentices training for professions in banking, information technology and office communications.

Staff structure by divisions



Partnership.

Deutsche Bank has always met its social and cultural responsibilities to the community. And today that means the world community.

Marlehn Thieme, Deutsche Bank Foundation Alfred Herrhausen “Helping People to Help Themselves”, Frankfurt am Main

Citizens in an International Community

Deutsche Bank stimulates social, cultural and academic innovation.

Social commitment

As part of its responsibility to the community, the bank demonstrates its social commitment through the Deutsche Bank Foundation Alfred Herrhausen "Helping People to Help Themselves". By providing over € 40 million, the Foundation has since 1987 been helping young people to help themselves. Originating from the successful "More Apprenticeships Now!" initiative, the outstanding project of 1999 was "Youth – School – Industry", in which 1,000 school children researched economic issues of their own region. This project was broadened to include over 2,000 young people during the current school year. In the Americas, the bank's social commitment is spearheaded by the Deutsche Bank Americas Foundation, which was created from the Bankers Trust Foundation in 1999. The UK Region Charities Committee sponsors and coordinates social activities on behalf of the bank and its staff in the U.K. In 1999, its sponsorship focused on the "National Society for the Prevention of Cruelty to Children", for which the bank's staff collected over € 300,000.

Cultural commitment

A country's cultural life is closely related to the dynamism of its economy and society. Deutsche Bank's Cultural Foundation has existed since 1994. It has endowment funds of approximately € 50 million and devotes most of its resources to contemporary music, art and literature, but is also open to innovative theatre

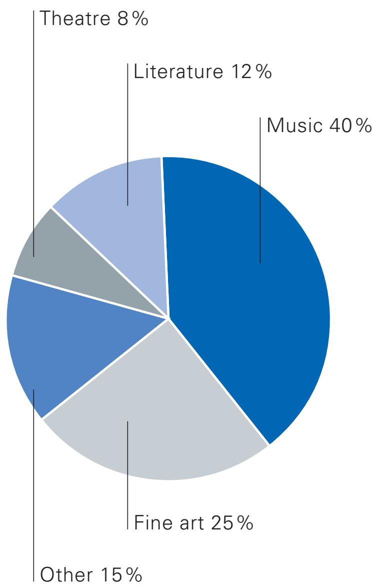
SOCIETY

Spending by foundations related to Deutsche Bank and project-related spending in € m.	**1999**
Social affairs	
Deutsche Bank Foundation Alfred Herrhausen "Helping People to Help Themselves"	5.3
Deutsche Bank Americas Foundation	13.5
Charities Committee UK Region	3.6
Alex. Brown & Sons Charitable Foundation	2.0
other project-related spending	0.5
Culture	
Cultural Foundation of Deutsche Bank	3.5
other project-related spending	1.7
Society and the sciences	
Stiftungsfonds Deutsche Bank im Stifterverband für die Deutsche Wissenschaft	5.3
Deutsche Bank Institute for Family-Owned Businesses at the University of Witten/Herdecke	0.6
Alfred Herrhausen Society for International Dialogue	0.8
Environment	
ISO 14001, Young Europeans' Environmental Research (YEER), Worldwide Young Researchers for the Environment (WYRE)	2.3

projects. The Foundation helped to establish the Ensemble Modern Orchestra, a privately financed orchestra that performs "new music". The Foundation provided the basic funding for director Peter Stein's ambitious project to stage "Faust" in its entirety. This artistic vision will become reality at the Expo 2000 world exhibition, before travelling to Berlin and Vienna.

For 20 years, the bank has been building up its own collection of contemporary art – now comprising over 45,000 works in roughly 850 offices – under the motto "Art in the Workplace". Exhibitions, publications and events have made the collection well-known. We collaborate with the Solomon R. Guggenheim Foundation and organize four exhibitions a year in the Deutsche Guggenheim Berlin gallery including commissioned works specially conceived for the Unter den Linden exhibition room. Deutsche Bank was also one of the financial partners for the celebrations marking Goethe's 250th birthday in Frankfurt am Main. The bank supported urgent renovation work on Frankfurt's Städel Art Institute, which was founded in 1815 and is one of the world's major art galleries.

Areas sponsored by Cultural Foundation
1995–1999: 329 projects



Society and academia

By sponsoring academic causes, we aim to help society find better solutions to existing problems. In 1999, Deutsche Bank's Stiftungsfonds in the Stifterverband für die Deutsche Wissenschaft focused on the subject of "Capital Markets in Eastern Europe", which the Graduate College in Frankfurt / Oder, financed by the fund, is researching. The Deutsche Bank Institute for Family-Owned Businesses at the University of Witten / Herdecke, the only one of its kind, consists of three professorial chairs and engages in interdisciplinary research, teaching and consulting to examine the conditions under which family-run enterprises operate. The not-for-profit Alfred Herrhausen Society for International Dialogue has been active since 1992. Its focal theme in 1999 was the future of capitalism. The independent Historical Institute houses the Historical Archives and 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 is the study of Deutsche Bank's activities under National Socialism.

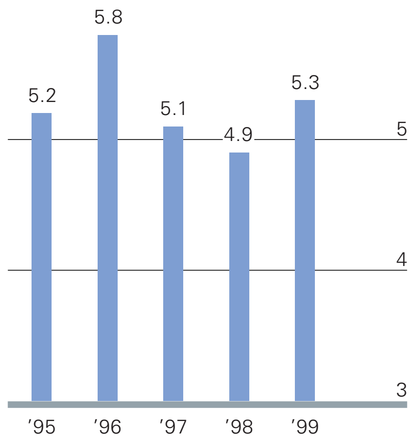
Environmental protection

The bank's commitment to the environment runs through all its divisions. Its environmental management system, certified according to the international ISO 14 001 standard in May 1999, commits the bank to a number of environmental measures and ongoing development. To underline its commitment to the community, the bank presents the competition "Worldwide Young Researchers for the Environment" in conjunction with the "Jugend forscht" Foundation, where it sponsors young scientists from every continent to work on environmental projects.

Special projects

Alongside its main programmes, individual projects give expression to Deutsche Bank's commitment beyond the purely financial. The 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 that would otherwise have no access to finance. "Children's Hour" was an appeal for each individual to donate his or her earnings from the last hour of the millennium for the young generation. Deutsche Bank is one of the founding partners of this international campaign and donated U.S.$ 500,000, mainly in Germany and the United States, to get the project under way. Through "Women on Wall Street" the bank supports the build-up of networks between female executives and clients in the United States. This year we will be launching a similar initiative entitled "Women in European Business".

Spending by Stiftungsfonds Deutsche Bank im Stifterverband für die Deutsche Wissenschaft
in € m.



Management Discussion

The 1999 financial year was characterized by decisions with significant importance for Deutsche Bank Group.

With the acquisition of Bankers Trust we realized our goal of a strong market position in the U.S.A.; in promising business areas, we have moved forward into global leading positions.

Several business units of Bankers Trust were combined with those of Deutsche Bank AG and other Group companies, especially in New York and London. The synergy effects expected from the integration of Bankers Trust are beginning to impact.

With effect from January 1, 1999, Deutsche Bank AG hived down its retail banking business in Germany into Bank 24 AG. This united the branches' range of services and their advisory competence with the direct bank's permanent availability and specialized service. The firm's name has been changed to Deutsche Bank 24 AG. It started work with 17,500 employees, 6.8 million customers and total assets of € 43 billion.

Furthermore, we transferred payments and securities processing with effect from July 1, 1999 to the separate company European Transaction Bank AG (e.t.b), which started work with 3,000 employees. It is not only at the disposal of the Group, but also offers transaction services to other banks preferring not to handle business processing themselves.

Through our capital investments abroad, we widened our business base considerably in the reporting year. This was attributable in particular to the acquisition of Bankers Trust, which was reflected clearly in the improved net commission income of € 8.1 billion. We succeeded in increasing income to € 21.9 billion.

Net income

The Group achieved its highest ever net income at € 2.6 billion. The good result in the previous year, which benefited from special income, was improved upon by almost 50 %.

Net interest income before provision for losses on loans and advances

Net interest income before provision for losses on loans and advances improved by 19.5 % compared with the previous year to € 6.6 billion. Roughly half of the growth came from companies consolidated for the first time, mainly Bankers Trust and Deutsche Bank S.A./N.V., Brussels. Furthermore, net interest income profited from incremental income due to volume growth in business with corporate and institutional clients, as well as from higher income from our investments.

Provision for losses on loans and advances

Provision for losses on loans and advances took € 616 million net in the reporting year. The provision requirement for creditworthiness risks of € 1.1 billion was above the figure for the previous year, especially due to higher adjustments and provisions in domestic credit business. On the other hand, € 0.3 billion had to be released from provisions for country risks, owing to reduced credit exposures and upgrading in the internal country rating system. The Group's total provisions for losses on loans and advances of € 7.9 billion cover 2.8 % of total credit extended (1998: 2.9 %).

Defaults in credit extended totalled € 0.8 billion. They only represented a small burden on 1999 owing to the provisions already formed in the previous years. The default ratio (in relation to total credit extended) remains unchanged at 0.30 %.

Net interest income after provision for losses on loans and advances

Net interest income after provision for losses on loans and advances increased by 27.6 % to € 6.0 billion.

Net commission income

Net commission income exceeded the high pre-year figure by 52.2 %. Net commission income has thus become the Group's strongest source of income. Of the € 2.8 billion growth in net commission income, € 1.8 billion stems from first-time consolidations and exchange rate changes; the adjusted growth rate was 17 %. This gratifying development was attributable in particular to commissions in securities business and asset management, which account for 80 % of the total rise in net commission income. The volume in asset management, excluding capital investments in insurance business, came to € 649 billion.

Trading profit

The trading profit of € 4.8 billion strongly exceeded our expectations. Compared with the previous year, the result improved by € 3.0 billion or 168 %. In each of the four quarters of 1999, the trading units achieved a result of more than € 1 billion. Securities trading, with € 2.7 billion, made the largest contribution to results, with equities trading dominating again. Trading in foreign exchange, metals and foreign note and coin together contributed € 833 million (+ 37.5 %) to results, despite the discontinuation of trading in the euro legacy currencies. Trading in other financial instruments, dampened in the previous year by the turmoil in the emerging markets, generated € 1.3 billion.

Net income from insurance business

Net income from insurance business increased by 14.6 % to € 385 million.

Net income from investments

Net income from investments of € 2.0 billion results largely from profits on the sale of Allianz shares and, to a lesser extent, from the sale of fund units.

General administrative expenses

General administrative expenses amounted to € 15.7 billion in 1999. The high growth rate of 55.6 % compared with the previous year is largely due to first-time consolidations, in particular Bankers Trust, but also to the rise in exchange rates, which increased general administrative expenses abroad. Adjusted for these effects, general administrative expenses rose by 15.4 %.

A good 60 % of general administrative expenses is due to staff expenses (€ 9.7 billion). The rise of 56 % is attributable, besides first-time consolidations and exchange rate effects, to performance-related remuneration, mainly in investment banking. The annual average number of employees rose by 16 % to 78,229, due to our capital investments abroad.

Other administrative expenses amounted to € 5.1 billion. The ongoing enhancement of our information technology continues to have high priority for us. We have therefore substantially increased the capital investment in this area. Our expenses for advertising and client information also increased.

Other income / expenses

Sundry income, which benefited in the previous year from the special dividend payment by Daimler-Benz AG, contained € 0.6 billion in profits from the hedging of the U.S.$ purchase price for Bankers Trust.

In connection with the introduction of the euro and for the IT-related preparations for the transition to the Year 2000, expenses were incurred in the amount of € 384 million. € 473 million had to be amortized for goodwill, of which € 263 million related to Bankers Trust.

Profit

Profit before expenses for restructuring and taxes improved by 23.3 % to € 5.0 billion.

Restructuring expenses

To achieve the planned synergies in connection with the integration of Bankers Trust, substantial restructuring measures were required, for which a total of € 1.2 billion had to be made available. Of this, € 630 million were reflected in goodwill as part of first-time consolidation, and € 531 million took effect as a charge to the income statement. In addition, restructuring expenses of € 0.3 billion were incurred in connection with the hive-down of retail banking business in Germany.

Income tax expenses

Tax expenses fell by 34.3 % to € 1.5 billion; this reflected above all the reduction of the corporate tax rate for retained earnings in Germany and the higher share of tax-exempt income.

Net income

After deducting taxes, a net income of € 2.6 billion remains, which is 49.0 % above the figure for the previous year.

Key figures

Earnings per share improved – excluding goodwill amortization – to € 5.05 after € 3.50 in the previous year (including goodwill amortization to € 4.25), the return on equity (RoE) before taxes stood at 23.3 % (including goodwill amortization 20.8 %).

We now calculate the cost/income ratio on a broader basis. With the exception of provision for losses on loans and advances as well as expenses for restructuring and taxes, all income and expense components are included in this key figure. The cost/income ratio, calculated using this new procedure, came to 73.6 % excluding goodwill amortization, 1998: 69.1 % (including goodwill amortization 1999 75.6 %).

Consolidated profit

It will be proposed to the General Meeting on June 9, 2000, that the distributable profit of Deutsche Bank AG be used to pay a dividend increased from € 1.12 to € 1.15 per share. Including the imputable corporate tax of € 0.49 per share, this gives total income for our domestic shareholders of € 1.64 per share (1998: € 1.61).

Retail and Private Banking

Group Division Retail and Private Banking is in a phase of restructuring and expansion. The successful hive-down of Deutsche Bank 24, the accelerated expansion of Private Banking activities together with the integration of Bankers Trust and Deutsche Bank S.A./N.V. (formerly Crédit Lyonnais Belgium) and the expansion in France, Poland and Spain deserve special mention. In consequence, general administrative expenses rose strongly compared with the previous year. The restructuring expenses to be seen in this connection also burden the profit from ordinary activities before taxes, which, at € 201 million, was € 375 million below the figure for the previous year.

Corporates and Real Estate

Group Division Corporates and Real Estate improved its profit from ordinary activities before taxes compared with the previous year by € 124 million to € 927 million. In addition to higher income from the sale of open-ended and closed-end funds in the Real Estate Division, the Financial Services Division, with its successful expansion strategy in Europe and the United States, contributes in particular to the gratifying development.

Global Corporates and Institutions

The excellent development of Group Division Global Corporates and Institutions stemmed, on the one side, from the rapid and successful integration of Bankers Trust. On the other, the potential resulting from the capital investments in the previous years and from the positive developments on the financial markets were consistently exploited in all core areas. Profit from ordinary activities before taxes in the amount of € 2,225 million more than quadrupled against this background compared with the previous year. Here, high goodwill amortization and restructuring expenses were compensated for in quantitative terms. The cost/income ratio for the Division also improved significantly. It shows that, despite the general administrative expenses, which had increased largely due to performance-related bonus payments, a strong increase in efficiency was achieved. The Division's excellent result is also reflected in an increase in RoE by 14 percentage points to 21%.

Asset Management

Group Division Asset Management has become one of the world's leading asset managers thanks to strong growth and the integration of the Bankers Trust activities. The integration of Bankers Trust led in particular to an increase of business in the U.S.A. and in Japan. Furthermore, the positive market development led to strongly increased fund volumes. Against this background, profit from ordinary activities before taxes increased gratifyingly compared with the previous year by € 202 million to € 581 million. The rise in general administrative expenses must be seen, among other things, against the background of the Bankers Trust integration. With a cost/income ratio of 59 %, the Division ranks first in this area.

Global Technology and Services

The development of Group Division Global Technology and Services is particularly strongly influenced by the inclusion of Bankers Trust. To cover business with financial service providers, the new Division "Global Institutional Services" was set up with the business units Custody, Global Cash Management-Financial Institutions, Investor Services and Corporate Trust and Agency Services. This Division generated most of the external income of the Group Division. Furthermore, with European Transaction Bank (e.t.b), the biggest German transaction bank was founded in 1999 and offers services to other banks and will thereby generate external income on a larger scale. Group Division Global Technology and Services attaches high priority to developing and expanding products for the e-commerce market of the future. The decline in profit from ordinary activities before taxes compared with the previous year by € 106 million to - € 16 million must be seen to a large extent against the background of these capital investments.

Balance Sheet

The Group's total assets rose in 1999 by € 213.3 billion (+ 34.0 %) to € 839.9 billion. The volume growth came solely in the first half-year of 1999. In the second half, total assets fell by € 7.7 billion. The first-time consolidations, especially Bankers Trust and Deutsche Bank S.A./N.V., Brussels, contributed roughly € 82 billion to the volume growth.

The growth rate of the risk-weighted positions according to BIS (risk-weighted assets and market risk positions) was much lower, at + 15.1 %, than the growth in total assets; asset-backed securities transactions were used to reduce risk-weighted assets.

Through the increase of securities holdings (+ € 39.8 billion) and the increase in positive market values from derivative financial instruments (+ € 22.4 billion), assets held for dealing purposes increased to € 233.0 billion.

Total credit extended (excluding reverse repos and securities spot deals) amounted to € 284.1 billion. The growth of 14.3 %, or € 35.6 billion, stems largely from credits to foreign companies and financial institutions.

Deposits from banks increased by € 23.6 billion, solely in the agreed term segment; deposits repayable on demand decreased by € 15.9 billion. Deposits from other depositors came to € 291.0 billion, corresponding to growth of € 61.8 billion, of which roughly € 30 billion is attributable to each of deposits repayable on demand and deposits with agreed terms.

We made greater use of the possibility to obtain funding through money market instruments and bonds, so that liabilities evidenced by paper increased by € 61.1 billion to € 164.1 billion.

Eight issues of subordinated securities for a volume of € 2.4 billion were floated by foreign Group companies. Including € 5.2 billion from first-time consolidations, subordinated capital rose to a total of € 15.5 billion.

The market value of listed securities holdings came to € 60.9 billion, the corresponding book value amounts to € 42.6 billion. This gives a price reserve of € 18.3 billion (end of 1998: € 19.3 billion).

Equity

From the capital increase carried out in April 1999, we received € 3.3 billion in equity. We also strengthened the equity base by € 1.8 billion by adding this amount to retained earnings from net income for 1999. Capital and reserves then amounted to € 23.1 billion.

Capital and reserves according to BIS grew by € 5.8 billion to € 35.2 billion. The capital ratio of 12.0 % is well above the minimum ratio of 8 %.

Income Statement

Deutsche Bank Group

INCOME STATEMENT

in € m.	[Notes]	1.1.–31.12. 1999	1.1.–31.12. 1998
Net interest income	[3], [9], [15]	**6,619**	**5,539**
Provision for losses on loans and advances	[4], [16]	616	835
Net interest income after provision for losses on loans and advances		**6,003**	**4,704**
Net commission income	[17]	**8,084**	**5,311**
Trading profit	[18]	**4,761**	**1,774**
Net income from insurance business	[19]	**385**	**336**
Net income from investments	[6], [20]	**2,007**	**1,182**
General administrative expenses	[7], [8], [21]	**15,746**	**10,121**
Balance of other income/expenses from ordinary activities	[8], [22]	– 523	846
Profit before expenses for restructuring and taxes		**4,971**	**4,032**
Restructuring expenses	[23]	884	–
Profit from ordinary activities before taxes		**4,087**	**4,032**
Income taxes on profit from ordinary activities	[24]	1,516	2,306
Profit from ordinary activities after taxes		**2,571**	**1,726**
Extraordinary profit		–	–
Income taxes on extraordinary profit		–	–
Net income		**2,571**	**1,726**

APPROPRIATION OF NET INCOME

in € m.	[25]	1999	1998
Net income		2,571	1,726
Profit attributable to minority interests		50	38
Loss attributable to minority interests		5	2
Addition to retained earnings		1,820	10
Consolidated profit		**706**	**1,680**

EARNINGS PER SHARE FIGURES

in €	[26]	1999	1998
Earnings per share (excluding goodwill amortization)		5.05	3.50
Earnings per share (including goodwill amortization)		4.25	3.17
Diluted earnings per share (excluding goodwill amortization)		4.86	3.50
Diluted earnings per share (including goodwill amortization)		4.09	3.17

Balance Sheet

Deutsche Bank Group

ASSETS			
in € m.	[Notes]	31.12.1999	31.12.1998
Cash reserve	[27]	21,879	20,175
Placements with, and loans and advances to, other banks	[3], [28]	115,453	92,697
Loans and advances to customers	[3], [29]	352,371	274,825
Total provisions for losses on loans and advances	[4], [32]	– 7,850	– 7,158
Assets held for dealing purposes	[5], [33]	233,000	169,003
Investments	[6], [34]	70,206	45,309
Intangible assets	[7], [35]	8,536	1,754
Property and equipment	[8], [36]	9,049	5,560
Insurance companies' capital investments	[37]	21,472	16,718
Income tax assets	[38]	7,277	2,750
Other assets	[39]	8,472	4,970
Total Assets		**839,865**	**626,603**

LIABILITIES AND EQUITY			
in € m.		31.12.1999	31.12.1998
Deposits from other banks	[10], [42]	174,655	151,032
Amounts owed to other depositors	[10], [43]	291,042	229,208
Liabilities evidenced by paper	[10], [44]	164,060	102,947
Liabilities from dealing activities	[11], [45]	123,268	81,555
Provisions	[12], [46]	31,755	24,598
Income tax liabilities	[47]	7,852	4,325
Other liabilities	[48]	7,705	7,842
Subordinated capital	[49]	15,504	7,186
Minority interests		877	269
Equity	[50]	23,147	17,641
Subscribed capital		1,573	1,363
Capital reserve		10,438	7,265
Retained earnings		10,430	7,333
Consolidated profit	[25]	706	1,680
Total Liabilities and Equity		**839,865**	**626,603**

Statement of Changes in Equity

Deutsche Bank Group

STATEMENT OF CHANGES IN EQUITY					
in € m.	[Note 50]		1999		1998
Equity of the Group at end of previous period			**17,641**		**16,405**
Subscribed capital					
Increase in subscribed capital of Deutsche Bank AG		+	210	+	4
Capital reserve					
Allocation of share premium from the increase in subscribed capital to capital reserve		+	3,173	+	110
Retained earnings					
Allocation to retained earnings from net income		+	1,820	+	10
Difference from currency translation		+	155	–	127
Other changes		+	42	+	48
Consolidated profit		+	706	+	1,680*
Distribution by Deutsche Bank AG		–	600	–	489
Equity of the Group at end of period			**23,147**		**17,641**

* including the allocation of € 1,080 m. to retained earnings resolved by the 1999 General Meeting

Cash Flow Statement

Deutsche Bank Group

CASH FLOW STATEMENT			
in € m.	[Note 51]	**1999**	**1998**
Net income		**2,571**	**1,726**
Non-cash positions in net income and adjustment to reconcile net income with net cash provided by operating activities			
Write-downs, depreciation, adjustments, write-ups and change in provisions		9,051	4,009
Change in other non-cash positions		19,500	3,898
Profit from the sale of investments, property and equipment		– 1,787	– 202
Other adjustments (net)		– 4,190	– 5,230
Sub-total		**25,145**	**4,201**
Change in assets and liabilities from operating activities after correction for non-cash components			
Amounts receivable			
from banks		– 22,137	– 9,654
from customers		– 50,325	– 10,645
Securities held for dealing purposes		– 12,226	– 42,996
Other assets from operating activities		– 15,338	209
Liabilities			
to banks		24,268	43,289
to customers		29,622	6,568
Promissory notes and other liabilities evidenced by paper		43,265	24,857
Other liabilities from operating activities		3,410	2,299
Interest and dividend receipts		32,135	27,927
Interest payments		– 25,516	– 22,388
Extraordinary proceeds		1,082	1,652
Extraordinary payments		– 1,605	– 808
Income tax payments		– 1,467	– 1,153
Net cash provided by operating activities		**30,313**	**23,358**
Proceeds from the sale of			
investments		30,005	11,865
property and equipment		1,598	659
Payments for the acquisition of			
investments		– 50,356	– 22,090
property and equipment		– 5,972	– 1,709
Effects of the change in the group of companies included in consolidation		– 5,271	5
Other investing activities (net)		– 4,754	– 2,329
Net cash used by investing activities		**– 34,750**	**– 13,599**
Proceeds from the issuance of shares		3,383	115
Dividends paid		– 600	– 489
Other financing activities (net)		3,318	572
Net cash provided by financing activities		**6,101**	**198**
Cash and cash equivalents at end of previous period		**20,175**	**10,272**
Net cash provided by operating activities		30,313	23,358
Net cash used by investing activities		– 34,750	– 13,599
Net cash provided by financing activities		6,101	198
Effects of exchange rate changes on cash and cash equivalents		40	– 54
Cash and cash equivalents at end of period		**21,879**	**20,175**

Notes

The Consolidated Financial Statements of Deutsche Bank for the 1999 financial year are in accordance with the International Accounting Standards (IAS) valid on balance sheet date and thus fulfil the conditions of § 292a German Commercial Code for exemption from preparation of consolidated financial statements in accordance with German commercial law. Moreover, the disclosure requirements of the European Union are satisfied.

The Consolidated Financial Statements presented here have been drawn up in euros for the first time. The published figures are expressed in millions of euros (€) for reasons of clarity. All existing and currently valid IAS are applied. We do not prematurely apply any standards that have already been passed but have not yet come into binding force.

The structure of the Income Statement of Deutsche Bank Group in the 1999 Annual Report was brought into line with global practice. The inclusion of Net income from investments in Profit from ordinary activities and the separate reporting in the layout of the Income Statement itself reflect the growing significance of the active management of banks' investment portfolios. The Balance of other income/expenses from ordinary activities covers the items formerly shown under Other operating income/expenses and Other income/expenses. Owing to internationally restrictive interpretation, there is currently no allocation of income and expenses to Extraordinary profit. The previous year's figures have been adjusted to the new layout of the Income Statement.

Differences between the Consolidated Financial Statements according to IAS and German reporting are detailed in the Reconciliation Notes on page 121.

[1] Companies included in consolidation

The Consolidated Financial Statements included, besides Deutsche Bank AG, 94 domestic enterprises (1998: 134) and 873 foreign enterprises (1998: 280). 28 domestic enterprises and 622 foreign enterprises were consolidated for the first time; 68 domestic enterprises and 29 foreign enterprises were excluded from the group of consolidated companies.

The group of consolidated companies was expanded primarily through acquisitions. These pertained to the integration of Bankers Trust Group through the purchase of the holding company, Bankers Trust Corporation, New York. Thus 12 domestic and 557 foreign companies of Bankers Trust Group were newly consolidated.

Moreover, at the beginning of 1999, we purchased and integrated Crédit Lyonnais Belgium Finance S.A., Brussels, meanwhile renamed Deutsche Bank S.A./N.V., and its subsidiaries DB Finance (Luxembourg) S.A., Luxembourg, DB Services S.A./N.V., Brussels, and Atomium plc, Dublin.

Furthermore, the group of consolidated companies was expanded to include BCH Group plc, Bristol, acquired in 1999 together with its subsidiary BCH Vehicle Management Ltd., Bristol, and Boullioun Aviation Services, Inc., Bellevue/U.S.A., acquired in late December 1998, including nine subsidiaries.

Deutsche Wohnen AG, Eschborn, and its six subsidiaries were consolidated on the basis of a control agreement with Deutsche Grundbesitz Management GmbH, Eschborn.

Other newly consolidated companies were:

- DB (Asia Pacific) Training Centre Pte. Ltd., Singapore,
- DB Immobilien GmbH, Frankfurt am Main,
- DBPB Services S.A., Geneva,
- DB Re S.A., Luxembourg,
- DB Vehicle Solutions Ltd., London,
- DB Servicios de Consultoría e Informática, S.A., Barcelona,
- Deutsche Bank S.A., Paris
- Deutsche Holdings (BTI) Ltd., London,
- Deutsche Software (India) Private Ltd., Bangalore,
- European Transaction Bank Aktiengesellschaft, Eschborn,
- RILENO S.p.A., Milan,
- Servicegesellschaft der Deutsche Bank 24 mbH, Bonn,
- Taunus Corporation, Wilmington/U.S.A.,
- Telefon-Servicegesellschaft der Deutschen Bank mbH, Frankfurt am Main,

as well as 16 companies domiciled in Wilmington/U.S.A., whose object of business is the issue of hybrid capital instruments: Deutsche Bank Capital LLC I, II, III, IV and V and Deutsche Bank Capital Funding LLC I, II and III including the holding trusts of the same name.

Within Deutsche Morgan Grenfell Group, there were additions of three and disposals of 18 companies. Two companies were newly consolidated in DB Industrial Holdings Group. Within Deutsche Asia Pacific Holdings Group there were four company additions and five disposals and at Deutsche Australia Group there were eleven additions and one disposal.

Deutsche Bank Americas Group was expanded by 13 companies, including the above-mentioned Boullioun Aviation Services Group, one company was excluded. In the sub-group Deutsche Bank Canada, Toronto, two companies were newly taken up. Versicherungsholding der Deutschen Bank Aktiengesellschaft consolidated two further companies.

The sub-group Deutsche Immobilien Leasing GmbH, Düsseldorf, excluded 64 special-purpose companies since, after changes in the shareholder structure, the basis for inclusion in the Consolidated Financial Statements of Deutsche Bank ceased to apply. One special purpose company was newly included.

In addition, the following companies were excluded from consolidation:

- Elektro-Export-Gesellschaft mbH, Nuremberg,
- Süddeutsche Vermögensverwaltung GmbH, Frankfurt am Main,
- Rangegrow, London.

KCB-Beteiligungs-Aktiengesellschaft, Duisburg, was merged into Alma Beteiligungsgesellschaft mbH, Frankfurt am Main, which in turn was merged into Deutsche Bank Aktiengesellschaft, Frankfurt am Main.

Furthermore, the following mergers took place:

- DB Service S/C Ltda., São Paulo into Deutsche Bank S.A. – Banco Alemão, São Paulo,
- DB Leasing – Sociedade de Locação Financeira Mobiliária, S.A., Lisbon, into Deutsche Bank de Investimento, S.A., Lisbon, which has been renamed Deutsche Bank (Portugal), S.A.

– Deutsche Bank France S.A., Paris, into Deutsche Bank AG, Paris Branch.

The change in the companies included in consolidation – mainly the inclusion of Bankers Trust – affected major positions of the Group Balance Sheet as follows.

The goodwill from the first-time consolidation of Bankers Trust in the amount of € 6.8 billion and of Deutsche Bank S.A./N.V., Brussels, of € 0.2 billion will be written off over 15 years.

The results of the business activities of Bankers Trust are included in the Income Statement of the Group from the time of acquisition (closing date June 4, 1999).

Owing to their minor importance for the assets, liabilities, financial position and profit situation, a total of 557 domestic and foreign related companies were not consolidated; their share in aggregated total assets of the Group is roughly 0.2%. A further 71 companies were 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 companies valued at equity was extended to include the following companies:

– Asia Leasing Ltd., Hamilton,
– Baranka N.V., Rotterdam,
– Cassa di Risparmio di Asti S.p.A., Asti,
– IMLY B.V., Rotterdam,
– Mastheads General Partnership, George Town, Cayman Islands,
– Singapore Aircraft Leasing Enterprise Pte. Ltd., Singapore.

Deutsche Financial Capital L.L.C., Greensboro, is no longer valued at equity owing to minor importance.

A total of 21 enterprises have been reported in accordance with the equity method; the financial statements of these enterprises were not adjusted to uniform accounting policies of the Group. Owing to minor importance, 68 associated companies were not valued at equity.

The complete list of shareholdings is filed with the Commercial Register in Frankfurt am Main. It can be ordered free of charge using the form on page 159.

IMPACT ON MAJOR BALANCE SHEET POSITIONS OF THE CHANGE IN THE GROUP OF CONSOLIDATED COMPANIES

in € bn.	
Loans and advances to customers	+ 27
Assets held for dealing purposes	+ 29
Investments	+ 12
Property and equipment	+ 4
Amounts owed to other depositors	+ 35
Liabilities evidenced by paper	+ 19
Liabilities from dealing activities	+ 17
Subordinated capital	+ 5
Total assets	+ 82

[2] Principles of consolidation

Capital consolidation is carried out using the book value method. For companies consolidated for the first time in 1999, 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 fluctuation provisions. 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.

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.

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.

[5] Assets held for dealing purposes

All dealing activities are reported at fair values in the balance sheet. 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.

[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, equities 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. If the reasons which led to a write-down cease to apply, the position is written up.

[7] Intangible assets

Intangible assets acquired for consideration are accounted for at cost of acquisition, reduced by scheduled depreciation.

Software developed in-house is capitalized if the bank is likely to 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 3 to 5 years.

Goodwill from corporate acquisitions is amortized over 15 years; if it stems from economically separate business units acquired, it is amortized on a straight-line basis over 5 years.

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

[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.

[7] INTANGIBLE ASSETS

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

[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

These items 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. 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.

[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.

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 office.

[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 and the income statement of foreign consolidated companies are translated into euros at mid-rates on the respective balance sheet date (reporting date method). The impact of exchange rate fluctuations on major positions of the income statement is set forth in the Notes. Translation profits and losses from capital consolidation are offset with retained earnings. 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

[15] NET INTEREST INCOME		
in € m.	**1999**	**1998**
Interest income	**29,592**	**26,227**
from lending and money market business	27,742	25,068
from fixed-income securities	1,850	1,159
Current income	**1,502**	**705**
from equity shares and other variable-yield securities	1,221	442
from equity investments	154	213
from shares in companies valued at equity	96	38
from shares in related companies	31	12
Interest expenses and similar charges	**24,905**	**21,827**
for deposits	17,601	15,956
for liabilities evidenced by paper	6,305	5,354
for subordinated capital	999	517
Profit from leasing business	**430**	**434**
Current income from leasing business	1,112	995
Depreciation of leasing assets	441	424
Other expenses from leasing business	241	137
Total	**6,619**	**5,539**

[16] Provision for losses on loans and advances

[16] PROVISION FOR LOSSES ON LOANS AND ADVANCES		
in € m.	**1999**	**1998**
Provisions formed to the debit of P&L	2,079	1,983
Provisions released to the credit of P&L	1,321	1,167
Amounts received against claims written off	50	36
Profits (–)/losses (+) from currency hedging	– 92	+ 55
Total	**616**	**835**

Profits/losses from exchange-rate hedging for euro-denominated provisioning for currency exposures, shown in the previous year under Other operating income/expenses, have been reported as part of provision for losses on loans and advances, with the comparative figure adjusted accordingly.

[17] Net commission income

[17] NET COMMISSION INCOME in € m.	1999	1998
Securities business	3,320	2,011
Asset management	2,153	1,237
Local payments	700	579
Foreign commercial business, travel payment media	336	329
Loan processing and guarantees	676	543
Other activities	899	612
Total	**8,084**	**5,311**

Commission income in the amount of € 9,205 million (1998: € 5,982 million) was registered compared with commission expenses of € 1,121 million (1998: € 671 million), mainly in securities business and for agency services.

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 € m.	1999	1998
Proprietary dealing in securities	**2,650**	**958**
Debt instruments and related derivatives	1,161	174
Equities and related derivatives	1,489	784
Proprietary dealing in foreign exchange, metals and foreign note/coin	**833**	**607**
Foreign exchange	756	568
Metals and foreign note/coin	77	39
Other proprietary dealing activities	**1,278**	**209**
OTC derivatives/swaps	744	507
Other financial transactions**	534	– 298
Total	**4,761**	**1,774**

* including interest and dividend income, funding costs and commissions attributable to trading activities
** including € 61 m. from trading in emerging market foreign exchange

Other financial transactions consist above all of trading in emerging markets and money market papers and derivatives.

[19] Net income from insurance business

[19] NET INCOME FROM INSURANCE BUSINESS		
in € m.	**1999**	**1998**
Net premiums earned	4,352	3,225
Contributions from gross provision for premium refunds	226	194
Income from capital investments	2,038	1,493
Other income	73	32*
Total Income	**6,689**	**4,944**
Expenses for claims	1,526	1,451
Change in net provisions in insurance business	3,673	2,178
Expenses for insurance operations	350	245
Expenses for capital investments	148	154
Other expenses	180	158
Total Expenses	**5,877**	**4,186**
Net income before premium refund allocation	**812**	**758**
Expenses for premium refunds	427	422
Total	**385**	**336**

* after adjustment for € 181 m. valuation profits from capital investments which are reported under income from capital investments as from 1999

Owing to the higher income from capital investments, net income from insurance business increased by € 54 million (+ 7.1 %) to € 812 million before the allocation to the provision for premium refunds. As a result, policyholders received € 427 million through expenses for premium refunds, which was € 5 million higher than in the previous year.

[20] Net income from investments

[20] NET INCOME FROM INVESTMENTS		
in € m.	**1999**	**1998**
Profit/losses from investments	2,062	1,528
Write-ups/write-downs to investments	– 55	– 346
Total	**2,007**	**1,182**

In the 1999 financial year net income from investments consisted mainly of the proceeds from the sale of Allianz AG shares, and, to a lesser extent, from the sale of fund units. In 1998 this position had consisted mainly of the profit on the sale of shares in Hapag-Lloyd AG, Hamburg/Bremen, and income from Allianz shares.

[21] General administrative expenses

[21] GENERAL ADMINISTRATIVE EXPENSES		
in € m.	**1999**	**1998**
Staff expenses	**9,670**	**6,196**
Wages and salaries	8,020	4,795
Compulsory social security contributions	857	614
Expenses for pensions and other employee benefits	793	787
Other administrative expenses	**5,112**	**3,189**
Depreciation and adjustments	**964**	**736**
Office furniture and equipment	633	506
Land and buildings	155	96
Other intangible assets	140	111
Other sundry assets	36	23
Total	**15,746**	**10,121**

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

[22] BALANCE OF OTHER INCOME/EXPENSES FROM ORDINARY ACTIVITIES		
in € m.	**1999**	**1998**
Other income	**1,082**	**2,179**
Other current income from ordinary activities	481	527
Sundry income	601	1,652
Other expenses	**1,605**	**1,333**
Other current expenses from ordinary activities	597	296
Amortization of goodwill	473	176
Other taxes	97	103
Expenses from assumption of loss	3	3
Sundry expenses	435	755
Total	**– 523**	**846**

According to the restrictive interpretation of Extraordinary profit, items that qualify as special effects on the basis of their materiality and character and are therefore not reported as Other current income/expenses from ordinary activities, are shown under Sundry income/Sundry expenses, with the previous year's figures adjusted accordingly.

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. In the previous year this had also included profits from the sale of Deutsche Bank Argentina S.A., Buenos Aires.
Sundry income	Sundry income 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.$; in the previous year this position included a special dividend paid by Daimler-Benz AG (including corporate tax credit).
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 losses from exchange rate movements which affect the capital, denominated in foreign currency, allocated to our foreign branches. In addition, this item also includes the expenses for residential property maintenance of Deutsche Wohnen AG, Eschborn, which was included in the group of consolidated companies in 1999.
Sundry expenses	Sundry expenses consisted primarily of costs incurred in connection with the conversion to the euro and the year 2000. In 1998 non-recurrent expenses from the application of new accounting principles (standard tables 1998) for the valuation of the provision for pensions were included.

[23] Restructuring expenses

[23] RESTRUCTURING EXPENSES in € m.	1999	1998
Expenses for restructuring measures	898	–
Bankers Trust retention payments	107	–
Income from the release of restructuring provisions	121	–
Total	**884**	**–**

Expenses for restructuring measures

This item includes € 531 million in expenses for restructuring measures in connection with the acquisition of Bankers Trust. Furthermore, there were restructuring expenses for the hive-down of retail banking business in Germany, especially for restructuring the distribution platform and for special projects carried out in this field, which together amounted to € 258 million.

In addition, the statements take account of certain restructuring expenses of € 109 million in the Group Divisions Corporates and Real Estate as well as Global Technology and Services.

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 3 years of service for the company. The proportionate share for the 1999 financial year amounts to € 107 million.

Income from the release of restructuring provisions

Of the restructuring provision formed in the 1997 financial year in connection with the Strategic Group Restructuring plan, € 121 million were released in 1999. This partial release was necessary as, against the background of the Bankers Trust acquisition, certain measures will not be implemented in the Group Divisions Global Corporates and Institutions and Global Technology and Services, and as it was also possible to carry out certain measures in the Corporates and Real Estate Division at lower cost.

[24] Income taxes on profit from ordinary activities

[24] INCOME TAXES ON PROFIT FROM ORDINARY ACTIVITIES		
in € m.	**1999**	**1998**
Actual taxes	1,906	2,085
Deferred taxes	– 390	221
Total	**1,516**	**2,306**

Actual taxes were calculated on the basis of the tax results for the 1999 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 %. Compared with the previous year, the effective corporate tax rate fell from 47.475 % to 42.2 %. Together with the effective tax on trade earnings of 10.225 % (1998: 9.237 %), the total domestic tax liability in 1999 amounted to 52.4 % (1998: 56.7 %). 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 formation and dissolution of temporary value differences produced deferred tax expenses of € 627 million. The changes in tax rates reduced deferred tax expenses by € 127 million.

The following table shows the relationship between income taxes derived from profits before taxes and income taxes for 1999 actually reported in the Income Statement (reconciliation). The derived income taxes are based on the total domestic tax liability of 52.4 %.

in € m.	1999	1998
Derived income taxes from profit before taxes	2,142	2,286
Reduction of domestic income tax on dividends	– 204	– 172
Tax rate differences on foreign results	– 53	92
Non-deductible expenses	131	78
Tax-exempted income	– 803	– 260
Adjustments in value to deferred tax assets	197	118
Amortization of goodwill	247	127
Other	– 141	37
Reported income taxes	**1,516**	**2,306**

[25] Appropriation of net income

It will be proposed to the General Meeting on June 9, 2000 that the distributable profit of Deutsche Bank AG of € 0.7 billion be distributed, which corresponds to a dividend increase from € 1.12 to € 1.15 per share.

[26] Earnings per share figures

The earnings per share figure as defined by IAS is net income after taxes – following systematic standardization in the banking sector now excluding the profit attributable to minority interests (with the previous year's figure adjusted accordingly) – in relation to the average number of ordinary shares. Diluted earnings per share are also reported; this figure indicates the dilution effect possible if the number of shares has increased, or may increase, as a result of rights issued.

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

	1999	1998
Earnings per share (excluding goodwill amortization)	€ 5.05	€ 3.50
Earnings per share (including goodwill amortization)	€ 4.25	€ 3.17
Diluted earnings per share (excluding goodwill amortization)	€ 4.86	€ 3.50
Diluted earnings per share (including goodwill amortization)	€ 4.09	€ 3.17
Average number of shares in issue	592,894,817	532,428,841
Number of shares including increases which have resulted, or may result, from rights issued	616,580,994	532,985,214

For the purposes of the Global Equity Plan resolved at the 1998 General Meeting, the underlying figure "Adjusted Pretax Income Per Share" will continue to be computed according to the current method of calculation and will not be materially affected by the new layout of the Income Statement.

Information on the Balance Sheet

[27] Cash reserve

[27] CASH RESERVE		
in € m.	31.12.1999	31.12.1998
Cash on hand and balances with central banks	**13,404**	**3,390**
Debt instruments of public-sector entities and bills of exchange eligible for refinancing at central banks	**8,475**	**16,785**
Treasury bills, discountable Treasury notes and similar debt instruments of public-sector entities	8,346	8,812
Bills of exchange	129	7,973
Total	**21,879**	**20,175**

[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.	31.12.1999	31.12.1998	31.12.1999	31.12.1998
Current/clearing accounts	5,717	3,192	21,544	18,911
Money market	8,505	5,445	64,328	48,605
Loans and advances	9,255	8,329	6,104	8,215
Total	**23,477**	**16,966**	**91,976**	**75,731**
thereof: money market business backed by securities	6,946	3,820	54,085	35,711

[29] Loans and advances to customers

[29] LOANS AND ADVANCES TO CUSTOMERS		
in € m.	31.12.1999	31.12.1998
Domestic customers	**149,937**	**148,403**
Enterprises and financial institutions	57,006	59,560
Retail and private clients	68,860	65,156
Public sector	23,251	23,264
Other	820	423
Foreign customers	**202,434**	**126,422**
Enterprises and financial institutions	181,723	114,719
Retail and private clients	16,133	6,479
Public sector	3,763	4,762
Other	815	462
Total	**352,371**	**274,825**
thereof:		
money market business backed by securities	82,840	43,272
mortgage banks' mortgage loans	30,140	25,619
loans to or guaranteed by public-sector entities	29,594	28,313
other claims secured by mortgage charges	30,171	27,845

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

in € m.	Related companies 31.12.1999	Related companies 31.12.1998	Companies with which a participation relationship exists 31.12.1999	Companies with which a participation relationship exists 31.12.1998
Loans and advances to banks	165	10	126	275
Loans and advances to customers	1,885	2,155	1,181	1,377
Insurance companies' capital investments/other assets	6	21	–	–
Recourse claims	92	0	85	87
Irrevocable credit commitments	66	10	147	1

[30] Discounts

(unless reported under loans and advances)

[30] DISCOUNTS

in € m.	31.12.1999	31.12.1998
Domestic customers	**111**	**1,906**
Enterprises and financial institutions	111	1,769
Banks	–	137
Foreign customers	**19**	**147**
Enterprises and financial institutions	19	83
Banks	–	63
Other	–	1
Total	**130**	**2,053**

[31] Total credit extended

[31] TOTAL CREDIT EXTENDED

in € m.	31.12.1999	31.12.1998
Loans and advances to customers*	268,660	229,988
Discounts**	130	2,053
Placements with, and loans and advances to, other banks	15,359	16,544
Total	**284,149**	**248,585**

* excluding money market business backed by securities and securities spot deals
** unless reported under loans and advances, excl. banker's acceptances

Of total credit extended, € 159.0 billion (1998: € 158.5 billion), or 56.0 %, related to domestic borrowers and € 125.1 billion (1998: € 90.1 billion), or 44.0 %, to foreign borrowers.

Leasing business

Total credit extended included finance leases totalling € 4,807 million (1998: € 3,311 million). The gross investment in leases reported as finance leases was € 5,564 million (1998: € 3,928 million) and the related unearned finance income was € 1,575 million (1998: € 618 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 1999	Creditworthiness risks 1998	Country risks 1999	Country risks 1998	Latent risks (general value adjustment) 1999	Latent risks (general value adjustment) 1998	Total 1999	Total 1998
As at 1.1.	**5,917***	**5,758**	**1,034****	**752**	**830*****	**607**	**7,781**	**7,117**
Additions								
formed to the debit of P&L	2,020	1,621	59	307	–	55	2,079	1,983
Deductions								
write-offs	842	691	–	53	–	–	842	744
released to the credit of P&L	931	1,012	370	155	20	–	1,321	1,167
Difference from currency translation	100	– 26	33	0	20	– 5	153	– 31
As at 31.12.	**6,264**	**5,650**	**756**	**851**	**830**	**657**	**7,850**	**7,158**

* after adjustment of € 267 m. owing to change in group of consolidated companies
** after adjustment of € 183 m. owing to change in group of consolidated companies
*** after adjustment of € 173 m. owing to change in group of consolidated companies

Analysis of total provisions for losses on loans and advances

in € m.	31.12.1999	31.12.1998
Placements with, and loans and advances to, other banks	573	587
Loans and advances to customers	6,704	5,924
Discounts (unless reported under loans and advances)	4	5
Other positions (endorsement liabilities, guarantees, letters of credit, etc.)	569	642
Total	**7,850**	**7,158**

The loan portfolio included non-accruing value-adjusted exposures in the amount of € 4.1 billion (1998: € 3.1 billion).

Key ratios of total provisions for losses on loans and advances

in % of total credit extended	1999	1998
Net addition ratio	0.02	0.02
Default ratio	0.30	0.30
Portfolio ratio	2.75	2.90

[33] Assets held for dealing purposes

[33] ASSETS HELD FOR DEALING PURPOSES

in € m.	31.12.1999	31.12.1998
Bonds and other fixed-income securities	**123,960**	**104,913**
Money market instruments	21,816	7,939
Bonds and notes issued by		
public-sector issuers	66,364	51,960
other issuers	35,780	45,014
thereof: own bonds	1,743	2,152
including: securities eligible for stock exchange listing	123,960	104,913
thereof: listed	95,875	94,334
Equity shares and other variable-yield securities	**45,703**	**24,958**
Equity shares	43,225	24,369
Investment certificates	1,632	296
Other	846	293
including: securities eligible for stock exchange listing	45,340	24,817
thereof: listed	42,223	24,505
Positive market values from derivative financial instruments	**61,351**	**38,920**
Other assets held for dealing purposes	**1,986**	**212**
Total	**233,000**	**169,003**

The current replacement costs for derivatives transactions from dealing activities still outstanding amounted to € 119.8 billion as at year-end (1998: € 77.9 billion).

Taking into account enforceable netting agreements in the amount of € 58.4 billion (1998: € 39.0 billion), the Positive market values from derivative financial instruments amounted to € 61.4 billion (1998: € 38.9 billion).

[34] Investments

The position Investments, reported at € 70,206 million (1998: € 45,309 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 shows in detail 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 1.1.1999	927	830	32,069	10,771	1,505
Additions from first-time consolidation	1,273	552	7,356	481	1,894
exchange rate changes	17	27	2,518	29	9
additions	992	198	31,257	4,682	1,671
transfers	28	–	–	–	– 28
disposals	1,743	74	22,589	2,384	1,400
as at 31.12.1999	1,494	1,533	50,611	13,579	3,651
Write-ups in the reporting year	15	–	16	165	14
Cumulative changes from valuation at equity	–	– 132	–	–	–
Write-downs					
as at 1.1.1999	114	–	153	214	122
exchange rate changes	3	–	6	–	–
current write-downs	23	–	72	137	33
transfers	–	–	–	–	–
disposals	39	–	39	7	52
as at 31.12.1999	101	–	192	344	103
Book values					
as at 31.12.1998	813	640	31,916	10,557	1,383
as at 31.12.1999	1,408	1,401	50,435	13,400	3,562
including:					
securities eligible for stock exchange listing	–	–	50,435	5,556	–
securities listed on the stock exchange	–	–	36,082	4,514	–

Of the shares in non-consolidated related companies, € 33 million related to shares in banks. Shares in banks valued at equity amounted to € 77 million. Other investments included equity investments in the amount of € 3,771 million, of which € 1,231 million was in banks.

The cumulative changes from valuation at equity included the balance of proportionate profits and losses as well as dividends of € 59 million from the 1999 financial year.

Syndication commitments amounted to € 0.1 million and represented restrictions on disposals in case the issued securities could not be placed in the market. Over and above these syndicate commitments there were 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 the 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 159.

Associated non-banking companies valued at equity

Share of capital in %	31.12.1999
AIH Agrar-Industrie-Holding GmbH[1]	25.0
Asia Leasing Limited	28.0
Baranka N.V.	20.3
Consortia Versicherungs-Beteiligungsgesellschaft mbH	30.0
DBG Osteuropa-Holding GmbH	50.0
DBG Vermögensverwaltungsgesellschaft mbH	45.0
Deutsche Beteiligungsgesellschaft Fonds III GmbH	33.3
Deutsche Beteiligungsgesellschaft mbH & Co. Fonds I KG[2]	92.5
Deutsche Interhotel Holding GmbH & Co. KG[2]	45.6
DMG & Partners Securities Pte. Ltd.	49.0
Energie-Verwaltungs-Gesellschaft mbH	25.0
GROGA Beteiligungsgesellschaft mbH	33.3
ILV Immobilien-Leasing Verwaltungsgesellschaft Düsseldorf mbH	50.0
IMLY B.V.[3]	40.0
K & N Kenanga Holdings Bhd.	22.3
Mastheads General Partnership	65.6
Rhein-Neckar Bankbeteiligung GmbH[4]	49.1
SEBA Beteiligungsgesellschaft mbH	50.0
Singapore Aircraft Leasing Enterprise Pte. Ltd.	35.5

1 different voting share: 4.6 %
2 different voting share: 45.5 %
3 different voting share: 19.9 %
4 different voting share: 50.0 %

Securities held as financial fixed assets

in € m.	31.12.1999	31.12.1998
Bonds and other fixed-income securities	**50,435**	**31,916**
Money market instruments	9,293	2,501
Bonds and notes issued by		
public-sector issuers	18,022	9,257
other issuers	23,120	20,158
thereof: own bonds	9,875	3,309
Equity shares and other variable-yield securities	**13,400**	**10,557**
Equity shares	6,804	4,601
Investment certificates	6,372	5,889
Other	224	67
Total	**63,835**	**42,473**

Information on price reserves

The market value of listed securities (including securities held by intermediary holding companies) totalled € 60.9 billion. This amount resulted from the market values of shares in non-banking enterprises of € 22.0 billion (see table below), other shareholdings of € 2.8 billion – mostly less than 5 % – and bonds and other fixed-income securities of € 36.1 billion. The corresponding book values were € 36.1 billion for bonds and € 6.2 billion for equity shares as well as € 0.3 billion for intermediary holding companies, resulting in a price reserve of € 18.3 billion (1998: € 19.3 billion).

Significant shareholdings in the non-banking sector …

Shares held by Deutsche Bank Group in non-banking enterprises are deemed to be significant if they amount to 5 % of the companies' share capital. The total percentages and market values directly and/or indirectly attributable to Deutsche Bank were as follows:

... listed companies

	Share of capital in %	Market value 31.12.1999 in € m.
Allianz AG*	7.0	5,675
BHS tabletop AG	28.9	7
Continental AG	7.9	197
DaimlerChrysler AG	11.9	9,219
Deutsche Beteiligungs AG Unternehmensbeteiligungsgesellschaft	15.0	49
Deutz AG	26.8	100
Heidelberger Zement AG	8.7	404
Philipp Holzmann AG	15.1	30
Leonische Drahtwerke AG	6.3	11
Linde AG	10.0	655
Metallgesellschaft AG	9.3	345
Motor-Columbus AG	9.9	93
Münchener Rückversicherungs-Gesellschaft AG	9.6	4,342
Nürnberger Beteiligungs-AG**	26.4	300
Phoenix AG	10.0	19
Südzucker AG (Share in voting capital 12.9 %)	10.1	192
VEW AG	6.2	318
Vossloh AG**	8.4	18
WMF Württembergische Metallwarenfabrik AG** (Share in voting capital 14.6 %)	9.7	21
Total		**21,995**

... unlisted companies

	Share of capital in %	
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	
Tele Columbus GmbH	100.0	

* including shares held in trading stock
** 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 produced in-house	Other intangible assets
Cost of acquisition/ manufacture			
as at 1.1.1999	2,203	562	33
additions from first-time consolidation	7,122	–	69
effects of exchange rate changes	–	16	1
additions	–	144	80
transfers	–	–	–
disposals	–	–	38
as at 31.12.1999	9,325	722	145
Write-ups in the reporting year	–	–	0
Depreciation			
as at 1.1.1999	756	279	8
effects of exchange rate changes	–	7	1
current depreciation	473	120	20
extraordinary value reductions	–	–	0
transfers	–	–	–
disposals	–	–	8
as at 31.12.1999	1,229	406	21
Book values			
as at 31.12.1998	1,447	283	24
as at 31.12.1999	8,096	316	124

The additions to goodwill resulting from first-time consolidations included € 6,759 million from the acquisition of Bankers Trust and € 161 million from the purchase of Crédit Lyonnais Belgium S.A., Brussels, which in the meantime has been renamed Deutsche Bank S.A./N.V.

[36] Property and equipment

[36] PROPERTY AND EQUIPMENT

in € m.	Land and buildings	Office furniture and equipment	Leasing equipment
Cost of acquisition/ manufacture			
as at 1.1.1999	2,938	3,225	2,438
additions from first-time consolidation	2,305	425	1,256
effects of exchange rate changes	41	147	182
additions	130	878	978
transfers	–	–	–
disposals	586	469	950
as at 31.12.1999	4,828	4,206	3,904
Write-ups in the reporting year	–	–	–
Depreciation			
as at 1.1.1999	524	1,646	871
effects of exchange rate changes	1	64	0
current depreciation	152	626	441
extraordinary value reductions	3	13	–
transfers	–	–	–
disposals	28	103	321
as at 31.12.1999	652	2,246	991
Book values			
as at 31.12.1998	2,414	1,579*	1,567
as at 31.12.1999	4,176	1,960	2,913

* € 283 m. in software produced in-house, reclassified under Intangible assets

Land and buildings with a book value totalling € 2,275 million (1998: € 1,700 million) were used within the scope of our own activities.

Rental income from property and equipment amounted to € 199 million (1998: € 59 million) in the year under review.

Downpayments of € 43 million (1998: € 16 million) were made for property and equipment.

The minimum payments to be received in future from the operating lease amounted to € 2,122 million.

[37] Insurance companies' capital investments

Insurance companies' capital investments were made up as follows:

[37] INSURANCE COMPANIES' CAPITAL INVESTMENTS

in € m.	Balance sheet value 31.12.1998	Additions	Transfers	Disposals	Write-ups	Write-downs	Balance sheet value 31.12.1999
Land and buildings	685	23	–	4	–	18	686
Participating interests and shares in related companies	132	46	–	31	–	–	147
Equity shares, investment certificates and other variable-yield securities	4,273	2,394	37	1,793	89	5	4,995
Bearer bonds and other fixed-income securities	1,230	4,477	–	4,120	1	12	1,576
Registered bonds, Schuldschein claims and loans	7,035	1,906	–	1,095	–	–	7,846
Claims for mortgages, land charges and annuity land charges	1,581	985	–	296	0	0	2,270
Deposits with banks	265	659	–	538	–	–	386
Capital investments for account and risk of policyholders	1,530	2,010	–	837	444	2	3,145
Other	489	58	– 37	26	–	–	484
Total	**17,220**	**12,558**		**8,740**	**534**	**37**	**21,535**
Offsetting	– 456						– 63
Capital investments after offsetting	**16,764***						**21,472**

* after adjustment of € 46 m. due to exchange rate changes

Insurance companies' capital investments included placements with consolidated related companies in the sum of € 1,195 million (1998: € 825 million, including offset registered bonds amounting to € 432 million). The offsetting in 1999 related exclusively to the shares in consolidated companies included in the capital consolidation.

[38] Income tax assets

[38] INCOME TAX ASSETS

in € m.	31.12.1999	31.12.1998
Actual taxes	1,896	1,300
Deferred taxes	5,381	1,450
Total	**7,277**	**2,750**

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.	31.12.1999	31.12.1998
Investments	606	156
Property and equipment	513	240
Finance leasing	1,250	1,478
Other assets	1,495	88
Tax losses carried forward	942	548
Provisions for losses on loans and advances	361	180
Pension provisions	694	725
Other provisions	425	392
Dealing assets/liabilities	2,013	168
Other liabilities	80	264
Deferred tax assets (gross)	**8,379**	**4,239**

No deferred taxes were stated for the € 978 million (1998: € 215 million) in tax losses carried forward for an indeterminate period or for tax privileges of € 442 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.	31.12.1999	31.12.1998
Sundry assets	4,926	2,511
Other assets of the insurance companies	1,137	950
Deferred items	2,409	1,509
Total	**8,472**	**4,970**

Sundry assets

Sundry assets contain, among other things, option and swap premiums, unless attributable to trading business, as well as cheques, matured bonds and items received for collection.

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.	31.12.1999	31.12.1998
Placements with, and loans and advances to, other banks	61	5
Loans and advances to customers	389	329
Bonds and other fixed-income securities	558	220
Equity shares and other variable-yield securities	76	14
Insurance companies' capital investments	538	555
Total	**1,622**	**1,123**

[41] Business subject to repurchase agreements

As at December 31, 1999, the book value of assets reported in the Balance Sheet and sold subject to a repurchase agreement amounted to € 23,619 million (1998: € 31,802 million).

[42] Deposits from other banks

[42] DEPOSITS FROM OTHER BANKS

as at 31.12.	Domestic banks		Foreign banks	
in € m.	1999	1998*	1999	1998*
Repayable on demand	8,480	4,638	36,406	56,149
With agreed period or period of notice	16,220	20,533	113,549	69,712
Total	**24,700**	**25,171**	**149,955**	**125,861**

* comparative figures adjusted owing to reclassification of short positions under liabilities from dealing activities

Deposits from other banks included registered mortgage Pfandbriefe in issue in the amount of € 989 million (1998: € 911 million), registered public-sector Pfandbriefe in issue in the amount of € 614 million (1998: € 629 million) and securities-backed deposits in the amount of € 49,665 million.

[43] Amounts owed to other depositors

Savings deposits and building saving deposits

as at 31.12. in € m.	Savings deposits with agreed period of notice of three months 1999	1998	Savings deposits with agreed period of notice of more than three months 1999	1998	Building saving deposits 1999	1998
Domestic customers	**7,218**	**7,173**	**12,256**	**12,881**	**2,375**	**2,105**
Enterprises and financial institutions	10	11	16	18	–	45
Retail and private clients	7,174	7,130	12,132	12,732	2,375	2,038
Public sector	3	3	4	6	–	19
Other	31	29	104	125	–	3
Foreign customers	**3,763**	**964**	**1,269**	**1,373**	**–**	**20**
Enterprises and financial institutions	6	0	1	1	–	0
Retail and private clients	3,749	963	1,266	1,367	–	20
Public sector	1	0	0	0	–	–
Other	7	1	2	5	–	–
Total	**10,981**	**8,137**	**13,525**	**14,254**	**2,375**	**2,125**

Other deposits

as at 31.12. in € m.	Other deposits repayable on demand 1999	1998*	Other deposits with agreed period or period of notice 1999	1998
Domestic customers	**33,864**	**30,286**	**46,237**	**43,410**
Enterprises and financial institutions	18,776	16,785	32,821	29,088
Retail and private clients	14,279	12,757	11,883	12,302
Public sector	309	283	750	790
Other	500	461	783	1,230
Foreign customers	**82,872**	**56,805**	**101,188**	**74,191**
Enterprises and financial institutions	74,032	50,605	84,418	62,675
Retail and private clients	8,053	5,267	10,062	7,007
Public sector	619	743	6,346	4,336
Other	168	190	362	173
Total	**116,736**	**87,091**	**147,425**	**117,601**

* comparative figures adjusted owing to reclassification of short positions under liabilities from dealing activities

Amounts owed to other depositors included registered mortgage Pfandbriefe in issue in the amount of € 7,959 million (1998: € 8,051 million), registered public-sector Pfandbriefe in issue in the amount of € 4,536 million (1998: € 5,422 million) and securities-backed deposits in the amount of € 57,653 million.

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

as at 31.12. in € m.	Related companies 1999	Related companies 1998	Companies with which a participation relationship exists 1999	Companies with which a participation relationship exists 1998
Deposits from other banks	185	23	114	492
Amounts owed to other depositors	418	392	836	790
Other liabilities of the insurance companies	1	11	–	–
Contingent liabilities	173	45	20	21

[44] Liabilities evidenced by paper

[44] LIABILITIES EVIDENCED BY PAPER

in € m.	31.12.1999	31.12.1998
Bonds in issue	88,004	64,239
Money market instruments in issue	64,319	32,640
Own acceptances and promissory notes in circulation	2,404	764
Other	9,333	5,304
Total	**164,060**	**102,947**
thereof:		
mortgage Pfandbriefe	9,915	9,464
public-sector Pfandbriefe	29,557	25,584

[45] Liabilities from dealing activities

Liabilities from dealing activities included € 65,675 million (1998: € 40,750 million) in negative market values from derivative financial instruments – unless netted with positive market values from assets held for dealing purposes – and short positions amounting to € 57,593 million (1998: € 40,805 million).

[46] Provisions

[46] PROVISIONS		
in € m.	**31.12.1999**	**31.12.1998**
Provisions for pensions and similar obligations	4,174	3,855
Provisions in insurance business	20,361	16,434
Restructuring provision	974	546
Other provisions	6,246	3,763
Total	**31,755**	**24,598**

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 schemes, but mainly defined-benefit. Both types of plan are salary-linked. The benefits provided by the defined-benefit pension plans also generally depend on the number of years' 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 obligations 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).

This produces the following funded status:

Funded status

in € m.		
Provisions for pensions and similar obligations (€ 4,174 million) minus capitalized overfunding of plan assets (€ 540 million) as at 31.12.1999		**3,634**
Unrecognized net gains (-)/losses (+)	–	308
Fair value of plan assets	+	2,292
Actual value of pension obligations as at 31.12.1999		**5,618**

The plan assets developed as follows:

Development of plan assets

in € m.		
Fair value of plan assets as at 1.1.1999		**794**
Additions to plan assets from first-time consolidations	+	1,051
Exchange rate changes	+	131
Actual return on plan assets	+	319
Contributions to plan assets	+	57
Pension benefits paid from plan assets	–	59
Effects of severance payments and transfers	–	1
Fair value of plan assets as at 31.12.1999		**2,292**

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

Development of provisions for pensions

in € m.		
Provisions for pensions and similar obligations as at 1.1.1999		**3,855**
Additions to provisions for pensions (€ 103 million) minus capitalized overfunding of plan assets (€ 447 million) from first-time consolidations	–	344
Effects of exchange rate changes	–	3
Current service cost for pension entitlements acquired during the reporting year	+	241
Interest expense	+	277
Expected return on plan assets	–	188
Effects of severance payments and transfers	+	4
Pension benefits paid by the company	–	151
Contributions to plan assets	–	57
Provisions for pensions and similar obligations (€ 4,174 million) minus capitalized overfunding of plan assets (€ 540 million) as at 31.12.1999		**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	4.5% to 7.8%
Annual increase of future salaries	2.5% to 5.0%
Annual increase of future benefit levels	up to 2.8%

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 € 99 million in the year under review.

Provisions in insurance business

in € m.	31.12.1999	31.12.1998
Provisions in life insurance business*	3,735	869
Other provisions in insurance business		
Cover reserve	14,623	13,929
Reserve for pending claims etc.	216	207
Reserve for premium refunds	1,143	1,076
Other provisions	644	353
Total	**20,361**	**16,434**

* 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 1999 financial year:

in € m.	Strategic Group Restructuring	Bankers Trust Integration	Other restructuring programmes	Total
As at 1.1.1999	**553***	**–**	**–**	**553**
Addition in the reporting year	59	1,161	234	1,454
Designated for				
staff measures	136	620	–	756
infrastructure measures	61	95	–	156
Release	121	–	–	121
As at 31.12.1999	**294**	**446**	**234**	**974**

* after adjustment of € 7 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 measures to be implemented by year-end 2000 as part of the Strategic Group Restructuring plan.

Of this amount, € 369 million was already designated for specific use in 1998. After adjustment of € 7 million effects of exchange rate changes, this left € 553 million for the implementation of the outstanding measures in 1999 and 2000.

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.

Bankers Trust Integration

Owing to the first-time consolidation of Bankers Trust the restructuring provisions rose by € 630 million, which were included in goodwill. Furthermore, € 531 million were charged to the Income Statement 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 began in the second half of 1999, and € 715 million were designated for specific use. The remaining amount of € 446 million was set aside for the measures to be implemented by the end of 2000.

Other restructuring programmes

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. These programmes are scheduled to be implemented by the end of 2000.

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 and for litigation risks.

[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 € 4,344 million.

Tax liabilities

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

in € m.	31.12.1999	31.12.1998
Finance leasing	1,578	1,640
Dealing assets/liabilities	1,008	1,291
Investments	383	330
Property and equipment	528	495
Other liabilities	3,845	885
Deferred tax liabilities (gross)	**7,342**	**4,641**

Deferred tax liabilities were not calculated on subsidiaries' retained earnings of € 1,327 million (1998: € 1,463 million), since this would incur a disproportionate expense.

in € m.	31.12.1999	31.12.1998
Actual taxes	3,508	2,473
Deferred taxes	4,344	1,852
Total	**7,852**	**4,325**

[48] Other liabilities

[48] OTHER LIABILITIES

in € m.	31.12.1999	31.12.1998
Deferred items	2,146	2,544
Sundry liabilities	3,745	4,041
Other liabilities of the insurance companies	1,814	1,257
Total	**7,705**	**7,842**

Sundry liabilities

Sundry liabilities include accrued, but not yet matured, interest for subordinated capital, and taxes to be paid over. The portion of sundry liabilities that relates to leasing agreements amounted to € 36 million (1998: € 61 million).

Other liabilities of the insurance companies

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

[49] Subordinated capital

[49] SUBORDINATED CAPITAL

in € m.	31.12.1999	31.12.1998
Subordinated liabilities	11,028	5,194
Participatory capital	1,380	1,380
Capital contributions of silent partners	713	612
Hybrid capital instruments	2,383	–
Total	**15,504**	**7,186**

Important subordinated liabilities

Amount		Issuer/Type	Interest rate	Maturity
DM	600,000,000	Deutsche Bank AG bearer bonds (series 2) of 1990 with warrant	8.00 %	11.4.2000
DM	600,000,000	Deutsche Finance (Netherlands) B.V., Amsterdam, bond issue of 1992	8.04 %	6.2.2002
DM	500,000,000	Deutsche Finance (Netherlands) B.V., Amsterdam, bond issue of 1992	8.165 %	6.5.2002
DM	2,000,000,000	Deutsche Finance (Netherlands) B.V., Amsterdam, bond issue of 1993	7.54 %	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 1999	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, bankruptcy, composition or any other procedure to avoid bankruptcy, 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 € 746 million (1998: € 356 million). Accrued, but not yet matured, interest of € 238 million (1998: € 173 million) included in the 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 share 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 share attributable to shareholders.

Interest on the participatory capital for 1999 in the total amount of € 122 million (1998: € 122 million) is reported under Sundry liabilities (Other liabilities).

The General Meeting authorized the Board of Managing Directors on May 17, 1999 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 authorized the Board of Managing Directors on May 20, 1997 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 non-active equity investment 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 non-active equity investment totalled the equivalent of € 38 million (1998: € 39 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., we launched eight issues of innovative capital instruments (trust preferred securities) with a total nominal volume of U.S.$ 1,693 million, € 500 million and Yen 20 billion, which counts towards 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 € 93 million. Accrued, but not yet matured, interest included in this figure in the sum of € 0.2 million is reported under Sundry liabilities (Other liabilities).

[50] Capital and reserves

Development of subscribed, authorized and conditional capital

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 31.12.1998	**1,362,555,063.58**	**434,598,099.02**	**11,916,764.24**	**230,081,346.54**
Issue of staff shares	4,864,189.44		– 4,864,189.44	
Increase pursuant to resolution of General Meeting on May 17, 1999		300,000,000.—		120,000,000.—
Capital increase in 1999	203,129,188.12	– 203,129,188.12		
Capital increase from the company's funds	2,168,410.06			
Adjustment of conditional capital pursuant to § 218 Joint Stock Corporation Act				318,653.46
As at 31.12.1999	**1,572,716,851.20**	**531,468,910.90**	**7,052,574.80**	**350,400,000.—**

Subscribed capital is divided up into no par value shares. The 532,985,214 shares in issue at the beginning of the reporting year increased in 1999 as a result of April's capital increase (79,457,232 shares) and through the issue of 1,900,074 staff shares in November to 614,342,520 shares as at December 31, 1999. The average number of shares in issue in 1999 was 586,115,042 (1998: 532,428,841). The broken euro amount of the notional value of each no par value share caused by the conversion of the subscribed capital to euros was rectified by a capital increase from the company's funds; each no par value share then accounted for € 2.56 of share capital.

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); this authorization was utilized in the amount of € 152,000,000 through the issue of 59,457,232 no par value shares, so that this authorized capital now amounts to only € 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 (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 three 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 € 7,052,574.80 is still outstanding and for which shareholders' pre-emptive rights are excluded, is intended for the issue of staff shares.

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. To this end, the share capital was conditionally increased by € 40,000,000, divided into up to 15,625,000 no par value shares.

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 1999 in a second tranche through the issue of a 3 % registered convertible bond (bullet maturity 2002) with a total par value of DM 28,424,000. Bondholders have the right to convert their convertible bonds into new no par value shares of Deutsche Bank AG. 200 shares will be granted for each bond of a par value of DM 1,000. If a conversion right is exercised to acquire a share, an additional cash payment must be made equivalent to the amount by which the conversion price exceeds the corresponding par value of the bond to be converted. The conversion price is fixed according to criteria that have already been established and takes into account the results of the 1999 to 2001 financial years.

Own shares

At the end of 1999, Deutsche Bank AG and its related companies had no Deutsche Bank shares in their holdings. On December 31, 1999, 1,718,461 Deutsche Bank shares were pledged to Deutsche Bank AG and its related companies as security for loans (1998: 3,996,047); that was 0.28 % (1998: 0.75 %) of share capital.

Regulatory capital and capital ratios

The regulatory BIS capital calculated according to IAS of € 35,172 million (1998: € 29,343 million) comprised core capital of € 17,338 million, supplementary capital of € 17,338 million and eligible Tier III capital of € 496 million. Based on risk-weighted positions of € 292,621 million (1998: € 254,192 million), the BIS capital ratio amounts to 12.0 % (1998: 11.5 %) and the core capital ratio is 5.9 % (1998: 6.3 %).

Core and supplementary capital

The components of core and supplementary capital for the group of companies consolidated for regulatory purposes are as follows at year-end 1999:

in € m. Core capital	31.12.1999	Supplementary capital	31.12.1999
Subscribed capital	1,573	Unrealized reserves in listed securities (45 % eligible)	7,323
Capital reserve	10,438	General value adjustments	830
Retained earnings, incl. consolidated profit (excl. minority interests)	11,136	Cumulative preferred securities, participatory capital	3,180
Minority interests	877	Subordinated liabilities, if eligible according to BIS	6,955
Hybrid capital instruments	2,383		
Equity investments of silent partners	713		
Items deducted*	– 9,782		
Total	**17,338**	**Total**	**(18,288)**
		eligible at most in the amount of core capital	**17,338**
		surplus supplementary capital	950
		thereof eligible as Tier III capital for covering market risk positions	**496**

* essentially goodwill not yet amortized, the planned dividend, adjustments for deviations in the group of companies consolidated for regulatory purposes, and cumulative preferred securities contained in minority interests

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". In addition to 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.

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.

Payment flows are allocated to operating activities in line with the deferral of profit from ordinary activities. Net cash used by investing activities results largely from proceeds from the sale and payments for the acquisition of investments, property and equipment. In calculating net cash provided by financing activities, only relations with equity providers are taken into account. Relations with debt capital providers are part of the bank's operating activities and reported accordingly in the calculation of net cash provided by operating activities.

The change in other non-cash positions contains the positive and negative market values from derivative financial instruments, net allocations to deferred taxes, the change in claims to tax rebates and the profit attributable to minority interests (net).

A total of € 5,272 million net (1998: € 248 million) was spent in the current financial year on the acquisition of shares in fully consolidated companies and of economically separate business units. This relates in particular to the acquisition of Bankers Trust Corporation, New York, and Crédit Lyonnais Belgium S.A., Brussels, meanwhile renamed Deutsche Bank S.A./N.V. € 1 million was received from the disposal of fully consolidated companies. Cash and cash equivalents increased by

€ 3,746 million as a result of movements in the Group of companies included in consolidation.

The principal assets and liabilities of acquired fully consolidated companies are made up as follows in total (after consolidation):

in € bn.	
Loans and advances to customers	27
Assets held for dealing purposes	29
Investments	12
Property and equipment	4
Amounts owed to other depositors	35
Liabilities evidenced by paper	19
Liabilities from dealing activities	17
Subordinated capital	5
Total assets	82

There were no non-cash investing or financing activities.

Other information

[52] Reporting segment information

Principles of reporting segment information

In addition to central key figures for business, the reporting of segment information covers the calculation of Group profits by Group Division. 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. Segments are defined, on the one hand, by business segments and, on the other, by regions.

The criterion for segmentation into Group Divisions is the Deutsche Bank Group organizational structure effective since the integration of Bankers Trust. Here, segments are presented as if they were separate legal entities with their own capital. The column "Other/Reconciliation/ Consolidation" contains result components not directly related to the segments. Due to the continuous enhancement of the methods used, further income and expense positions were allocated to the segments in the fourth quarter of the reporting year according to cause. Furthermore, this column includes the reconciliation of the result components of the Group Divisions with the appropriate components of the entire Group. Reconciliations arise where, for internal steering purposes, notional figures have to be included. Structural changes and methodological improvements are taken into account both in reporting on the current financial year and in pre-year comparisons.

Reporting segment information by Group Divisions

The reported income mainly comprises net interest income, net commission income, trading profit, net income from insurance business and net income from investments. To present segments as legally independent units with their own capital, the notional return on the capital allocated to the segments is also included.

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

The criterion for allocation of general administrative expenses is the principle of responsibility. Indirect costs are caused by internally provided services and products, and are recorded under the causation principle as a cost reduction for the provider and a cost increase for the recipient. Direct and indirect costs together form general administrative expenses.

Restructuring expenses are reported including Bankers Trust retention payments.

In the reporting year, we improved our concept for value-driven management. The central instrument is return on equity (RoE), which shows the ratio between profit before taxes and average IAS book capital. The latter is allocated to segments on the basis of economic capital, and thus takes into account the risk situation in the various segments. This ensures that segment-based figures for risk capital and RoE can be linked with the corresponding Group figures. In addition, this concept allows a comparison of RoE and the capital cost rate (15 %) derived from the capital market. If a segment's RoE exceeds capital costs, this represents value creation, otherwise value is destroyed. To support decision-making in the segments which is conducive to value creation in the long term, and for a more transparent presentation of the future value development potential, the profit before taxes is adjusted for goodwill amortization for the purposes of calculating value creation. By analogy, the RoE figure described above and the cost/income ratio are reported additionally excluding this component. The RAROC figure reported up to now by segment compared operating profit after standard risk costs with economic capital. When comparing it with the RoE concept, it must be borne in mind that the latter includes further profit components and uses IAS book capital which is higher than economic capital.

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
Income								
1999	4,807	3,126	9,596	1,519	897	61	1,850	21,856
1998	4,303	2,707	4,761	953	337	103	978	14,142
Provision for losses on loans and advances								
1999	– 94	– 200	– 3	0	0	0	– 319	– 616
1998	– 142	– 231	– 153	0	0	0	– 309	– 835
General administrative expenses								
1999	– 4,082	– 1,813	– 6,892	– 809	– 837	– 533	– 780	– 15,746
1998	– 3,479	– 1,604	– 3,777	– 501	– 213	– 188	– 359	– 10,121
Balance of other income/ expenses								
1999	– 149	– 164	18	– 87	– 32	– 36	– 73	– 523
1998	– 106	– 69	– 311	– 73	– 34	– 111	1,550	846
including: amortization of goodwill								
1999	– 45	– 61	– 254	– 78	– 30	0	– 5	– 473
1998	– 22	– 52	– 50	– 49	– 3	0	0	– 176
Profit before expenses for restructuring and taxes								
1999	482	949	2,719	623	28	– 508	678	4,971
1998	576	803	520	379	90	– 196	1,860	4,032
Restructuring expenses								
1999	– 281	– 22	– 494	– 42	– 44	0	– 1	– 884
1998	0	0	0	0	0	0	0	0
Profit from ordinary activities before taxes								
1999	201	927	2,225	581	– 16	– 508	677	4,087
1998	576	803	520	379	90	– 196	1,860	4,032
Capital in € m.								
1999	2,030	5,595	10,445	332	454		408	19,264
1998	2,169	5,108	7,599	316	374		377	15,943
RoE in % (excluding goodwill amortization)								
1999	12	18	24	198	3			23
1998	28	17	7	135	25			26
RoE in % (including goodwill amortization)								
1999	10	17	21	175	– 3			21
1998	27	16	7	120	24			25
Value creation in € m.								
1999	– 59	149	911	609	– 53		112	1,669
1998	273	89	– 570	381	37		1,607	1,817
Cost/income ratio in % (excluding goodwill amortization)								
1999	87	61	70	54	94			74
1998	83	61	85	55	73			69
Cost/income ratio in % (including goodwill amortization)								
1999	88	63	73	59	97			76
1998	84	62	86	60	74			70
Risk-weighted positions in € m.								
31.12.1999	44,058	88,982	132,917	2,002	3,929	534	20,199	292,621
31.12.1998	37,863	91,548	99,441	1,837	19	6,071	17,413	254,192
Segment assets in € m.								
31.12.1999	69,170	135,647	582,164	6,235	9,137	8,006	– 47,179	763,180
Segment liabilities in € m.								
31.12.1999	74,391	127,091	593,760	5,558	14,036	8,006	– 54,313	768,529

The cost/income ratio, which compares resources consumed (general administrative expenses and other expenses) with resources created (income and other income), forms a measure for valuing in particular the cost efficiency of segments.

The risk-weighted positions as at balance sheet date comprise risk-weighted assets including market risk equivalent in accordance with Basle Minimum Standards (BIS rules).

The segment assets as at balance sheet date used by, or directly allocated to, a segment or the Corporate Center in its business activity comprise placements with, and loans and advances to, other banks, loans and advances to customers, assets held for dealing purposes and investments. The segment liabilities as at balance sheet date incurred by, or directly allocated to, a segment or the Corporate Center in its business activities comprise deposits from other banks, amounts owed to other depositors, liabilities evidenced by paper, subordinated capital and liabilities from dealing activities.

Reporting segment information by geographical region

The following allocation in the reporting of segment information by geographical region is determined by the domicile of the Group company or the branch office:

REPORTING SEGMENT INFORMATION BY GEOGRAPHICAL REGION

	Total assets		Total credit extended		Liabilities*		Income from ordinary activities	
in € m.	31.12. 1999	31.12. 1998	31.12. 1999	31.12. 1998	31.12. 1999	31.12. 1998	1999	1998
Germany	348,191	293,323	164,818	163,795	262,048	220,942	11,205	11,928
Europe (excluding Germany)	324,983	271,554	81,136	58,823	270,147	208,335	5,460	3,055
Asia/Pacific/Africa	107,319	82,209	14,589	12,506	78,486	64,336	1,991	1,088
North America	283,368	136,334	48,282	29,719	222,746	126,341	5,784	1,475
South America	12,321	11,376	10,695	10,246	10,508	10,677	289	92
Consolidation	– 236,317	– 168,193	– 35,371	– 26,504	– 214,178	– 147,444	– 1,791	– 1,317
Total	**839,865**	**626,603**	**284,149**	**248,585**	**629,757**	**483,187**	**22,938**	**16,321**

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

The geographical regions are shown on a consolidated basis. The reported consolidations then consist of supraregional Group-internal items.

Income from ordinary activities comprises 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

in € bn.	31.12.1999 Fair value	31.12.1999 Book value	31.12.1998 Fair value	31.12.1998 Book value
Assets				
Cash reserve	21.9	21.9	20.2	20.2
Placements with, and loans and advances to, other banks	114.8	114.9	92.6	92.1
Related derivatives	0	–	– 0.1	–
Loans and advances to customers	347.7	345.7	277.2	268.9
Related derivatives	0	–	– 0.3	–
Assets held for dealing purposes	233.0	233.0	169.0	169.0
Investments	63.4	62.2	41.0	38.9
Related derivatives	– 0.6	–	–1.2	–
Liabilities				
Deposits from other banks	174.8	174.7	151.3	151.0
Related derivatives	– 0.1	–	0	–
Amounts owed to other depositors	291.5	291.0	230.8	229.2
Related derivatives	– 0.3	–	– 0.5	–
Liabilities evidenced by paper	162.3	164.1	106.2	102.9
Related derivatives	0.6	–	– 0.2	–
Liabilities from dealing activities	123.3	123.3	81.6	81.6
Subordinated capital	15.7	15.5	7.6	7.2
Other positions				
Contingent liabilities	36.9	36.9	30.2	30.2
Credit commitments and placement obligations	107.5	107.5	61.4	61.4
Non-attributable derivatives	0.4	–	– 1.1	–

The fair value of undated and short-term amounts receivable and liabilities with maturities or fixed-income periods of up to 180 days was calculated, depending on product and market situation, either at book value or at present value.

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. In calculating the values, we proceeded as follows:

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, 1999, the aggregate difference between the fair value and the book value of financial instruments amounted to € 3.7 billion (1998: € 3.3 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

[54] FOREIGN CURRENCY

in € m.	31.12.1999	31.12.1998
Foreign currency assets	414,400	363,500
thereof U.S.$	276,900	161,400
Foreign currency liabilities (excluding capital and reserves)	452,300	378,400
thereof U.S.$	303,600	178,700
Change in total assets owing to parity changes for foreign currencies*	+ 33,500	– 9,100
thereof due to U.S.$	+ 24,700	– 8,100

* based on the assets side

Exchange rate changes in important positions in the Income Statement

in € m.	Effects of exchange rate changes		Adjusted changes in %
Net interest income	+ 128	+ 952	+ 16.8
Net commission income	+ 378	+ 2,395	+ 42.1
Trading profit	+ 397	+ 2,590	+ 119.3
Net income from investments	+ 6	+ 819	+ 68.9
General administrative expenses	+ 921	+ 4,704	+ 42.6
Profit before expenses for restructuring and taxes	– 24	+ 963	+ 24.0

[55] Relevant maturity groupings based on the remaining period

[55] RELEVANT MATURITY GROUPINGS BASED ON THE REMAINING PERIOD

in € m.	up to 3 months 31.12.1999	up to 3 months 31.12.1998	> 3 months–1 year 31.12.1999	> 3 months–1 year 31.12.1998	> 1 year–5 years 31.12.1999	> 1 year–5 years 31.12.1998	more than 5 years 31.12.1999	more than 5 years 31.12.1998
Loans and advances								
Loans and advances to customers	180,922	127,909	34,446	26,820	62,219	53,253	74,784	66,843
Dated placements with, and loans and advances to, other banks								
Loans and advances	2,645	2,461	2,218	1,809	3,465	4,111	6,464	5,969
Money market	43,879	43,589	7,995	5,962	601	11	0	41
Bonds and other fixed-income securities in investments	9,294	2,530	9,540	3,973	17,648	12,392	13,953	13,021
Total	**236,740**	**176,489**	**54,199**	**38,564**	**83,933**	**69,767**	**95,201**	**85,874**
Liabilities								
Time deposits from other banks	96,433	71,160	16,541	7,251	7,131	2,456	9,664	9,378
Savings deposits and building saving deposits	16,855	13,151	5,081	6,702	4,478	4,249	467	414
Other dated amounts owed to other depositors	107,789	72,763	16,680	24,800	9,331	8,810	13,625	11,228
Liabilities evidenced by paper	53,848	30,515	25,792	16,021	53,844	32,320	30,576	24,091
Subordinated capital	128	0	512	0	5,132	3,921	9,732	3,265
Total	**275,053**	**187,589**	**64,606**	**54,774**	**79,916**	**51,756**	**64,064**	**48,376**

[56] Contingent liabilities and other obligations

[56] CONTINGENT LIABILITIES AND OTHER OBLIGATIONS		
in € m.	**31.12.1999**	**31.12.1998**
Contingent liabilities	**36,925**	**30,249**
from rediscounted bills of exchange	2	1,506
from guarantees and indemnity agreements	36,923	28,743
Other obligations	**183,447**	**132,337**
Placement and underwriting obligations	837	495
Irrevocable credit commitments	106,670	60,959
Netted repo business	49,350	37,617
Delivery obligations from securities borrowing	14,917	29,770
Other obligations	11,673	3,496
Total	**220,372**	**162,586**

Placement and underwriting obligations

The placement and underwriting obligations not utilized amounted to € 837 million. € 290 million was utilized at the end of 1999.

Irrevocable credit commitments

Of the irrevocable credit commitments, € 97,130 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 € 49,350 million had to be set off.

Other obligations

The annual payment obligations resulting from rental and leasing agreements totalled € 753 million, with a remaining period of up to 62 years. Of these obligations, € 471 million are towards related companies.

Liabilities for possible calls on not fully paid-up shares in public and private limited companies and other shares amounted to € 467 million at the end of 1999, and other liabilities for possible calls to € 47 million. Joint liabilities pursuant to § 24 GmbH Act amounted to € 30 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., Cologne.

Liabilities for possible calls on other shares amounted to a total of € 4 million on December 31, 1999.

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., Cologne, for any losses incurred through measures taken in favour of banks majority-held by Deutsche Bank.

Within the framework of our business activity, collateral security was required in a total amount of € 7,922 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 € 2,319 million as at December 31, 1999.

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, specific-period 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 € 65 million.

[57] Assets pledged as security

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

in € m.	31.12.1999	31.12.1998
Deposits from other banks	21,657	7,057
Amounts owed to other depositors	10,700	3,508
Liabilities evidenced by paper	278	–
Contingent liabilities	22	49
Total	**32,657**	**10,614**

The assets pledged as security were made up as follows:

in € m.	31.12.1999	31.12.1998
Debt instruments of public-sector entities and bills of exchange eligible for refinancing at central banks	1,460	–
Placements with, and loans and advances to, other banks	346	84
Loans and advances to customers	7,881	6,348
Assets held for dealing purposes	19,968	3,426
Investments	3,002	756
Total	**32,657**	**10,614**

[58] Declaration of backing*

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

[58] DECLARATION OF BACKING*

ALD AutoLeasing D GmbH, Hamburg

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

DB Investments (GB) Limited, London

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

Deutsche Bank Bauspar-Aktiengesellschaft, Frankfurt am Main

Deutsche Bank Canada, Toronto

Deutsche Bank (C.I.) Limited, Guernsey

Deutsche Bank de Bary N.V., Amsterdam

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

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

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, Frankfurt am Main

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)

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

Schiffshypothekenbank zu Lübeck Aktiengesellschaft, Hamburg

Süddeutsche Bank GmbH, Frankfurt am Main

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.

[59] Trust activities

[59] TRUST ACTIVITIES

Trust assets in € m.	31.12.1999	31.12.1998
Placements with, and loans and advances to, other banks	1,006	393
Loans and advances to customers	1,033	861
Bonds and other fixed-income securities	1	–
Equity shares and other variable-yield securities	197	184
Participating interests	886	849
Property and equipment	78	–
Total	**3,201**	**2,287**

Trust liabilities in € m.	31.12.1999	31.12.1998
Deposits from other banks	78	902
Amounts owed to other depositors	3,123	1,385
Total	**3,201**	**2,287**

[60] Our staff

The average number of effective staff employed during the financial year totalled 78,229 (1998: 67,578), of whom 33,667 (1998: 29,456) were women. Part-time staff are included in these figures proportionately. An average of 35,586 (1998: 25,647) members of staff worked abroad. As a result of the first-time inclusion of Bankers Trust, the average number of effective staff increased by 5,679.

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

In 1999, the total emoluments of the Board of Managing Directors amounted to € 39,128,246.30. Former members of the Board of Managing Directors of Deutsche Bank AG or their surviving dependents received € 15,566,389.29. In addition to a fixed payment of € 174,580, the Supervisory Board received dividend-related emoluments totalling € 1,508,000.

Provisions for pension obligations to former members of the Board of Managing Directors and their surviving dependents totalled € 79,907,018.

At the end of 1999, advances and loans granted and contingent liabilities assumed for members of the Board of Managing Directors amounted to € 5,477,162.23, and for members of the Supervisory Board of Deutsche Bank AG to € 1,260,122.75.

[62] Board of Managing Directors

[62] BOARD OF MANAGING DIRECTORS	
Josef Ackermann	**Tessen von Heydebreck**
Carl L. von Boehm-Bezing	**Jürgen Krumnow** (until 31.10.1999)
Rolf-E. Breuer (Spokesman)	**Hermann-Josef Lamberti** (from 1.10.1999)
Michael Dobson	**Ronaldo H. Schmitz**
Thomas R. Fischer	

[63] Mandates

The List of Mandates, which can be obtained free of charge using the order form on page 159, gives details of mandates in Germany and abroad.

Reconciliation Notes

Deviating 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.

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 security 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 produced in-house is capitalized if the economic advantages from it will probably accrue to the bank and the production costs can be reliably determined.

Property and equipment

Tax bases are not reported in the IAS financial statements. The result is that tangible assets 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 formed here, unless these losses are balanced out by the formation of valuation units in the sense of compensatory valuation.

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 forecast 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 as a core competence

A bank's ability to measure, monitor and steer risks comprehensively is becoming a decisive parameter for its strategic positioning. This must be seen against the background of increasing global competition between international banks and technical progress, which, through falling transaction costs, is fundamentally changing the financial intermediary role in many areas.

Banks are exposed to this stronger competitive pressure both in selling their products and in procuring capital as a scarce good.

Deutsche Bank has developed risk management into a core competence in order to optimize the use of capital provided by shareholders.

Types of risk

Among the risks to which Deutsche Bank is exposed, a distinction can be drawn between specific banking risks and the risks from general entrepreneurial activity. In addition, there are insurance-specific risks at the Group's insurance companies.

Banking risks

Banking risks are assumed deliberately in order to generate profit. Here, a distinction is drawn between market risks, credit risks and liquidity risks.

Market risk lies in the uncertainty about changes in market prices (interest rates, share prices, exchange rates, commodities prices) which influence the development of profits.

The credit risk lies in the potential that customers will not fulfil their contractual payment obligations to the bank. For Deutsche Bank, this is the most important single risk and comprises the following types of risk:

- Default risk: the partial or complete default of a customer's contractually agreed payments.
- Country risk: the inability of customers or contract partners 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 in the mutual settlement of obligations when the latter cannot be fulfilled, or not punctually.

The liquidity risk refers to the possibility that payment obligations cannot be fulfilled punctually and on the required scale upon maturity. It also covers potential losses from being forced to take in deposits at excessive interest rates or to invest surplus funds at rates below market.

Insurance risks

The risks regarded as typical of insurance business are that payments to be made may, for chance reasons, be higher than expected (additional risk), and the risk that 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).

General entrepreneurial risks

Operational risks and the general business risk are integral to banking activities.

Operational risks are understood to be the potential for losses due to unpredictable events, mainly business disruptions, inadequately defined controls or control or system failure in relation to human resources, third parties, contractual relationships, technology and (physical or electronic) assets.

The general business risk denotes the uncertainty about the development of profits due to changes in conditions, such as market environment, client behaviour and technological progress. Since 1999, business risk has been treated as a separate risk category.

Basic structure of risk management

The formulation and implementation of risk policy is the responsibility of the Group Board. The latter sets the overall framework for risk management. Table [A] summarizes the principal tasks of risk management at Deutsche Bank and the units responsible for them. The presentation shows the structure of risk management in the Group:

– Within the scope of their business remit and the limits imposed, the Group Divisions assume risks in a profit perspective.
– Tailored to the divisional structure of the Group but independent in disciplinary terms from the management of Group Divisions, risk management units support the Group Board in monitoring and managing risks (e.g. in setting limits).
– Controlling, which is independent of the Group Divisions and Risk Management, is responsible for risk transparency and quality assurance of risk-related data.

[A] ALLOCATION OF TASKS IN RISK MANAGEMENT

Risk measurement and reporting:	**Controlling**
Regular provision of quality-assured and up-to-date information on the Group's risk profile	
Limit determination:	**Risk Management units**
Development of a consistent limit system which reflects the bank's risk capacity	
Ensuring uniform methods and procedures	
Risk assumption:	**Group Divisions**
Initiation of transactions and creation of positions (for example through granting credit, trading activities)	
Optimization of risk/return ratio	
Exposure Management:	**Risk Management units**
Activities in case of limit overruns	
If necessary, initiation of risk-reducing measures	
Quality assurance:	**Controlling, Risk Management units**
Quality analysis of statistical measurement techniques (back-testing)	
Regular analysis of risk process	

From February 2000: new integrated risk management structure

From February 2000, organizational changes came into effect in the risk management unit. Two major ones must be emphasized:

– The Group Board delegates the implementation of risk policy to a new Group Risk Board headed by the Chief Risk Officer of the Group (a member of the Group Board).
– The independent risk management units in the Group Divisions (credit, market, operational risks) are combined to form a single risk management unit. The persons responsible for these units are represented in the Group Risk Board.

These measures give Deutsche Bank organizational structures suited to monitoring and managing all risks on an integrated basis at Group level.

Risk management instruments

The Group's risk management function has a comprehensive range of instruments for monitoring and managing risks. It includes instruments specifically adjusted to the special features of each risk category. It also has instruments required for integrated risk management.

Quantitative risk management instruments

Quantitative key figures are the principal element of the range of instruments. Here, internal figures must be distinguished from figures calculated for regulatory purposes.

On the basis of these management figures, the Group Board allocates risk limits to the individual Group Divisions for the restriction and management of risks.

Internal risk management figures

The figures used in the Group comprise:

– Figures for the presentation of individual risks.
– Figures for the measurement of total risk, taking into account the interdependencies between individual risks. These figures are based on deductive statistical procedures; they are forecasts or estimates derived from the analysis of historical data.
– Figures derived from scenario analyses simulating crisis situations (e.g. event risk scenarios).

Economic capital

The central internal management key figure is economic capital. It consists of aggregated risks, taking into account diversification effects, and states the amount of equity capital needed to absorb even unexpected losses with a high degree of certainty. Deutsche Bank calculates economic capital for default, market and business risks.

Economic capital is measured as the estimated loss which, with a given probability, will not be exceeded in a specific year. This confidence level is set at 99.98 % at Deutsche Bank and thus fulfils the highest standards.

Economic capital for market risks: value-at-risk

The value-at-risk approach, as a special method, is used to calculate economic capital for market risks. Value-at-risk measures for a portfolio the possible future loss (in terms of market value) which, under normal market conditions, will not be exceeded in a certain period (at Deutsche Bank one day holding period) and with a certain probability (99 % at Deutsche Bank). The value-at-risk for a total portfolio shows the bank's aggregated market risk. Economic capital for market risks is derived from value-at-risk.

Figures prescribed by the regulatory authority

The following values must be calculated for regulatory assessment of the bank's capacity to assume risk:

Risk position

The risk position is understood to mean the risks assumed by the bank and calculated according to bank-regulatory provisions. The risk position comprises risk-weighted assets relating in particular to default risks, and the disallowances for the market risk position (interest rate, exchange rate, share price and commodity price risks). The bank's risk position must be backed by capital in accordance with regulatory requirements.

Deutsche Bank was given permission to use the value-at-risk approch to calculate market risk position as a component of risk position.

Capital and reserves

The capital components (capital and reserves) which can be used to back the risk position and are recognized for bank-regulatory purposes consist of core capital (Tier I), supplementary capital (Tier II) and tier-three funds (Tier III). The relationship between capital and reserves reported in the balance sheet and the regulatory capital components is set out on page 105.

Internal and bank-regulatory capital backing

The bank-regulatory and internal risk measurement procedures produce different requirements regarding the minimum level of capital backing. This is due, for example, to the fact that regulatory stipulations do not take diversification effects into account for default risks.

The actually available reported capital and reserves must cover economic capital at least, but also include a buffer for risks not included in economic capital and to allow for potential business growth. For regulatory purposes, certain prescribed ratios must be fulfilled.

Information on the types of risk

The following sections give further details on the types of risk.

Market risk

At Deutsche Bank, the trading units in Group Division Global Corporates and Institutions as well as Treasury are authorized to assume market risks within the scope of their remit to manage assets, liabilities and liquidity. To manage the risks assumed, risk management sets limits based on value-at-risk and event risk scenarios.

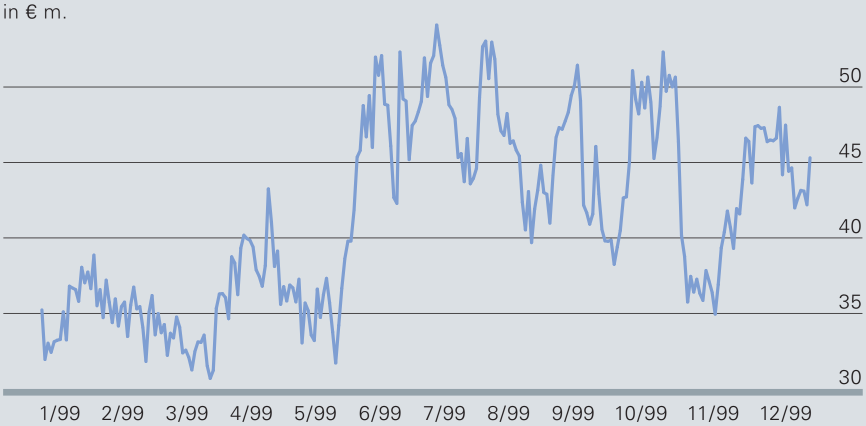
Value-at-risk of the trading units of Group Division Global Corporates and Institutions

The value-at-risk of the Group Division's trading units (confidence level 99 %, one day holding period) was € 45.31 million as at December 31, 1999. The table shows the development of the daily value-at-risk in the 1999 financial year.

The development of daily value-at-risk in the first five months of 1999 was characterized by relatively low volatility. With the integration of Bankers Trust, market risk – measured in terms of value-at-risk – rose by € 10 million on average.

Classified by the risk categories stipulated in the bank-regulatory reporting system, the market risk of the Group Division's trading units is set out in Table [B]. The minimum and maximum value-at-risk figures show the range within which the value moved in the 1999 financial year.

Daily value-at-risk 1999, 1 day holding period
in € m.



[B] VALUE-AT-RISK OF TRADING UNITS BY RISK CATEGORIES

in € m.	Value-at-risk*	Interest rate risk total	Share price risk total	Commodities price risk	Foreign currency risk
Value-at-risk as at 31.12.1999	45.31	41.09	17.83	1.35	6.73
Minimum value-at-risk 1999	30.69	27.50	9.00	0.58	2.69
Maximum value-at-risk 1999	54.11	48.44	27.56	3.77	25.86
Average value-at-risk 1999	41.44	37.57	14.47	1.89	8.69

* all figures for 1 day holding period and 99 % confidence level; including historical correlations

The value-at-risk for interest rate and share price risks is made up in each case of two components. The general risk describes value changes due to general market movements, while the specific risk has issuer-related causes.

The average value-at-risk for interest rate risks comprises € 28.54 million general risk and € 24.16 million specific risk. The average figure for general share price risk is € 10.74 million, for specific share price risk € 9.66 million.

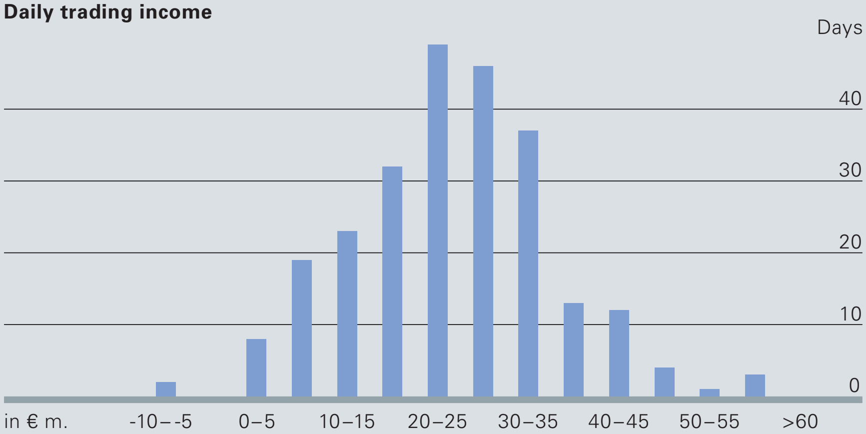
Table [C] shows the value-at-risk for the individual trading units in the Group Division Global Corporates and Institutions.

[C] VALUE-AT-RISK OF TRADING UNITS

in € m. Trading units	Value-at-risk as at 31.12.99	31.12.98	Minimum value-at-risk 1999	1998	Maximum value-at-risk 1999	1998	Average value-at-risk 1999	1998
Fixed Income*	–	21.36	–	5.36	–	21.62	–	14.01
Investment Grade Credit*	12.79	–	8.53	–	16.11	–	11.83	–
Governments*	8.87	–	8.87	–	19.42	–	13.78	–
Municipals*	0.44	–	0.44	–	7.20	–	2.97	–
Global Asset Securitization*	9.59	–	9.07	–	18.32	–	12.19	–
High Yield*	5.02	–	2.70	–	6.92	–	5.14	–
Loans/Loans Syndication*	6.43	–	0.34	–	8.54	–	5.07	–
Money Market	12.81	5.20	4.09	1.67	15.35	5.88	7.67	3.23
Debt Capital Markets	0.54	1.20	0.54	0.36	5.22	3.21	2.01	1.47
OTC Derivatives	12.57	16.91	8.54	7.97	26.31	18.45	12.43	12.61
Foreign Exchange	5.77	10.04	2.35	2.38	8.94	10.15	5.27	5.38
Commodities	1.35	1.41	0.58	0.55	3.77	2.20	1.88	1.38
Proprietary Trading	3.44	1.26	0.46	0.80	3.72	7.76	2.75	3.51
Emerging Markets	17.75	14.31	10.48	5.38	29.94	15.53	17.74	10.42
Emerging Markets** Proprietary Trading	–	6.76	–	3.72	–	18.22	–	9.03
Equities	16.66	10.65	8.85	5.38	27.42	15.53	13.99	10.42
Other*	6.39	–	3.15	–	8.19	–	4.86	–
Total* **	**45.31**	**37.17**	**30.69**	**21.68**	**54.11**	**40.49**	**41.44**	**30.51**

* Figures for Investment Grade Credit, Global Asset Securitization, Governments, High Yield, Loans/Loans Syndication, Municipals and Other cover the period from June 4, 1999; figures for Fixed Income cover the period until June 4, 1999. The reason is a restructuring of the units within the framework of the Bankers Trust integration.
** The unit was dissolved in January 1999. Remaining positions were transferred to the other units, especially Emerging Markets.
*** Including historical correlations

Daily trading income



Back-testing to check model forecasts

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

The graph shows the dispersion of daily trading income in 1999 used as a basis for back-testing. A positive trading income was achieved on 99 % of trading days. On no trading day in 1999 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.

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 currency risks of the non-trading units. It is shown in Table [D].

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, in which trading portfolios are valued under extreme market scenarios not covered by value-at-risk.

Event risk scenarios round off risk analysis

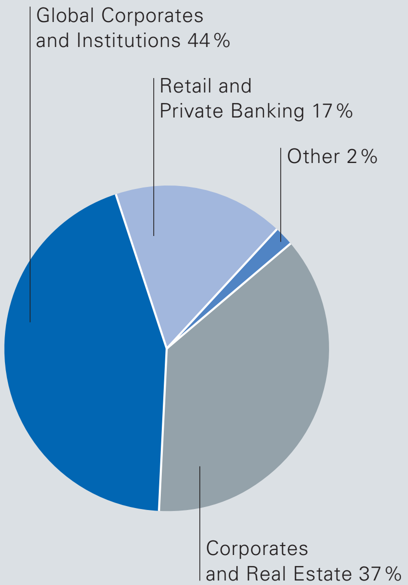
The analysis of country-specific event risks has great importance, especially for the valuation of portfolios in emerging markets. Collapses in the equities, interest rate and foreign exchange markets of various countries are simulated on the basis of regular event risk ratings. The event risk ratings are reviewed each week and state how prone a country is to financial market crises. Here, the event risk ratings must be distinguished from the longer-term country ratings for the assessment of credit risks with their greater frequency and shorter-term observation horizon

[D] GROUP VALUE-AT-RISK

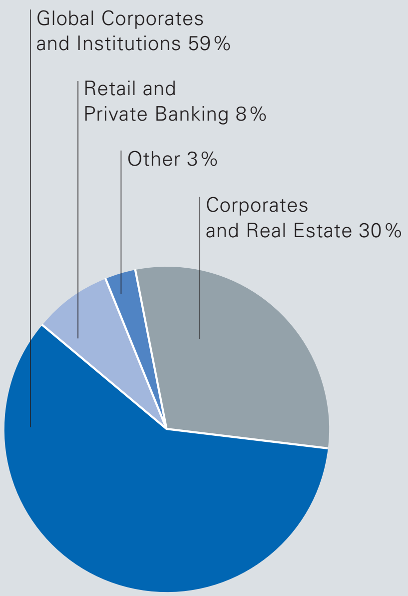
in € m.	Value-at-risk*
Value-at-risk as at 31.12.1999	61.25
Minimum value-at-risk 1999	33.84
Maximum value-at-risk 1999	61.25
Average value-at-risk 1999	47.81

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

Credit risk exposure 1999 by Group Divisions – standard risk costs*



– Economic capital*



* excluding country risks and settlement risks

(1 to 3 months). The ratings can have values on a scale of 1 (lowest risk) to 10 (highest risk). The rating determines the scenarios applied. A downgrading of the country rating leads, via limit management, to a reduction in the positions taken.

Credit risk

All Group Divisions of Deutsche Bank assume credit risks. In future, the Group credit risk will be managed via the Group Risk Board and those responsible for risk management in the Group Divisions.

The main principles are:

– The bank's risk appetite for credit risks is defined by the Group Risk Board and approved by the Group Board. The Supervisory Board monitors the bank's risk profile regularly.
– The bank's risk appetite for credit risks is implemented by credit policies in the Group Divisions and the credit strategy for the main industries by appropriate limits in operating business.
– Product or client-specific guidelines form the basis for business-oriented structuring of methods and processes in the Group's credit risk management.
– Subject to credit principles and policies, individual credit decisions are taken in the divisional credit units and, from a certain level upwards, by the Group Board.

Credit risk position

Deutsche Bank determines its overall credit risk by means of standard risk costs and economic capital. Standard risk costs are risk premiums for credit business and are derived from losses to be expected from credit defaults in a year based on historical empirical values. Standard risk costs are used for structuring terms and conditions at the transaction level and within the scope of overall bank steering.

Standard risk costs for Group credit exposure were € 1.0 billion in 1999. This is part of the amount which the bank should ideally generate through the interest margin as a risk premium (in the Group on average 0.22 % of credit equivalent).

The economic capital for credit risks was € 11.3 billion. Capital backing, expressed as economic capital in relation to credit equivalent, is 2.4 %.

As at the end of 1999, the credit risk was spread over the Group Divisions as shown in the diagram on page 130.

The shares of the Group Divisions in standard risk costs and in economic capital are derived from the shares in total exposure and the different risk levels in business.

[E] CREDIT RISK BY GROUP DIVISIONS

in % of credit equivalent	Standard risk costs* 1999	Economic capital* 1999
Retail and Private Banking	0.33	1.7
Corporates and Real Estate	0.27	2.4
Global Corporates and Institutions	0.18	2.6
Group	0.22	2.4

* Pre-year figures were dispensed with due to adjustment of calculation methods.

Table [E] shows, by Group Division, the percentage share of standard risk costs and economic capital in credit equivalent.

Credit risk exposure, which was raised by the acquisition of Bankers Trust, contributed to improving the diversification of the entire portfolio, which benefited in particular the ratios of the strongly domestic-oriented portfolios.

Table [F] gives an overview of risk profile by industries and their relative risk level.

The breakdown shows clearly that about half of our credit exposure has a relatively low risk (share of economic capital in credit equivalent of less than 2 %).

[F] CREDIT RISK BY INDUSTRY

Industry*	Share of Group credit equivalent in %	Standard risk costs in % of credit equivalent	Economic capital in % of credit equivalent
Banking and insurance	27	0.07	1.6
Manufacturing	13	0.35	3.8
Households	10	0.20	1.0
Public sector, social security institutions	13	0.03	1.1
Trade	5	0.46	4.0
Property and residential	11	0.34	3.0
Total other	21	0.35	3.3

* Industries with a share of > 5% of credit equivalent are reported separately.

[G] DISTRIBUTION OF CREDIT EQUIVALENT BY CREDITWORTHINESS CATEGORIES	
Creditworthiness categories or equivalent (Standard & Poor's Rating)	**Share of Group credit equivalent in %**
AAA – AA	31.4
A	19.3
BBB	26.3
BB	18.1
B	4.3
CCC and below	0.6

Table [G] shows the structure of the internally rated credit risk exposure by creditworthiness categories.

Development of country risks

The process of reducing risks in business with customers in emerging markets, which was started before the outbreak of the Asia crisis, was sustained in the first half of 1999 – also against the background of the critical developments in Russia in 1998 and Brazil in January 1999. Before the acquisition, Bankers Trust had already strongly reduced its not inconsiderable exposure to emerging markets; this process was continued with determination after the acquisition. Thanks to this strategy, the Bankers Trust exposure was integrated – with a few exceptions – into Deutsche Bank's existing limit structure by reporting date at the end of June. While Bankers Trust saw an increase in risks in Latin America, primarily in commercial business, the rise in Asia focused on derivatives business.

Finally, Table [H] shows the dispersion of credit equivalent by geographical regions, related to the borrowers' country of domicile.

[H] REGIONAL DISTRIBUTION OF CREDIT EQUIVALENT	
Share of Group credit equivalent in %	
East Europe	1.2
West Europe	66.2
Africa	0.4
Asia/Pacific*	8.0
North America	18.7
Central and South America	1.5
Other**	4.0

* including Australia, Japan, New Zealand
** e.g. supranational institutions

Default risks from derivatives business

There are credit risks in derivatives business, as a counterparty's default can lead to replacement costs if a comparable position is to be created.

.... by industry groups

Table [I] shows the dispersion of the Group's credit risk-bearing business in trading activities with OTC derivatives over selected industries.

[I] TRADING ACTIVITIES IN OTC DERIVATIVES BY SELECTED INDUSTRIES

Industry groups: positive market values after netting in € bn.	OTC derivatives* 31.12.1999	31.12.1998
Banking and insurance	52.05	35.21
Manufacturing	2.51	0.54
Households	0.14	0.01
Public sector	1.94	0.70
Trade	0.53	0.15
Property and residental	1.11	0.04
Services/Other**	3.07	2.26
	61.35	**38.91**

* based on counterparty-related, enforceable netting agreements
** chiefly for companies

... by regulatory counterparty groups

The corresponding classification by regulatory counterparty categories is shown in Table [J].

[J] TRADING ACTIVITIES IN OTC DERIVATIVES BY COUNTERPARTY GROUPS

Counterparty group: positive market values after netting in € bn.	31.12.1999	31.12.1998
OECD central governments*	1.89	0.67
OECD credit institutions*	39.05	20.50
OECD financial services institutions*	6.70	1.94
Other (e.g. enterprises, private individuals)	9.93	14.67
Non-OECD central governments	0.04	0.00
Non-OECD credit institutions	1.82	0.87
Non-OECD financial services institutions	1.92	0.26
	61.35	**38.91**

* OECD: 1998 Zone A countries pursuant to German banking supervisory law without Mexico. Poland and South Korea

OTC derivatives by creditworthiness categories

The classification of trading activities belonging to the OTC derivatives portfolio by creditworthiness categories (including netting) allows a more detailed analysis of the counterparty structure and is shown in Table [K].

Measured in terms of net replacement costs (positive market values after netting) 74 % (1998: 81 %) belongs to rating categories AAA, AA, A.

Table [L] on page 136/137 shows the derivatives transactions by product area from our trading activities still outstanding on balance sheet date and average figures for the full reporting year.

As in the previous years, derivatives business expanded due to the continued growth of investment banking activities. Replacement costs (positive market values) in derivatives business amounted to € 119.75 billion (1998: € 77.9 billion). After taking into account enforceable netting agreements, the net replacement costs are € 61.35 billion (1998: € 38.91 billion).

At the same time, there are trading activities in credit derivatives which, however, did not reach a materially relevant magnitude as at reporting date (positive market values of € 30 million).

Outside the trading activities, derivatives deals are also used to manage risks in the investment book.

Liquidity risk

Liquidity management and management of the liquidity risk are the responsibility of Group Treasury.

Liquidity management at Deutsche Bank centers on the principal trading currencies in the Group. Local liquidity in individual currencies is managed in the decentralized Treasury units. To ensure liquidity in these currencies, the bank maintains significant liquid securities holdings in Frankfurt, New York and Tokyo.

[K] TRADING ACTIVITIES IN OTC DERIVATIVES BY CREDITWORTHINESS CATEGORIES

Creditworthiness category or equivalent (Standard & Poor's Rating) as at 31.12.1999 in € m.	Notional volumes				Positive market values after netting	In % of notional amount
	up to 1 year	1–5 years	over 5 years	Total		
AAA	149,393	161,853	123,134	434,380	10,539	2.43
AA	85,226	56,480	60,160	201,866	1,975	0.98
A	2,982,023	1 451,095	936,702	5,369,820	32,723	0.61
BBB	612,416	395,555	127,744	1,135,715	8,082	0.71
Non-Investment grade	160,602	82,977	64,521	308,100	4,594	1.49
Other	97,632	33,534	19,875	151,041	3,438	2.28
Total	**4,087,292**	**2,181,494**	**1,332,136**	**7,600,922**	**61,351**	**0.81**

The method used to manage liquidity risk includes recording all contractual cash flows to be expected in future from existing business, both by day and by currency. Cash flows which are uncertain, i.e. dependent on market conditions or counterparty decisions, are estimated using statistical procedures.

Other important components of integrated liquidity risk management are monitoring unsecured funding and estimating the increase in short-term liquidity possible, in case of need, from the sale or loan of assets (balance sheet liquidity); their transposition into a reporting system has been started.

Business risk

The Group Board manages business risk at Group level through the strategic orientation of the bank. The individual Group Divisions are responsible for tactical and daily management activities within the scope of their mandate. Here, the principal basis for effective cost and income management is the Group's internal management information system.

Operational risks

The valuation and management of operational risks at Deutsche Bank are the responsibility of the Group Divisions. They are the risk takers, and they decide in what form and to what extent they should accept or reduce risks. Over and above the existing daily management of operational risks, Deutsche Bank, in cooperation with other institutions, has begun work on defining a framework for operational risks. This is intended to ensure that operational risks are viewed globally and on a multi-bank basis in accordance with consistent principles and measurement techniques. Over and above that, generally valid standards have been defined which must be taken into account when new products are introduced.

Year 2000 (Year 2000 readiness disclosure)

The Y2K problem harboured a special type of operational risk. The transition into the new millennium was mastered successfully by all companies in Deutsche Bank Group. There were no notable disturbances in business operations due to the Year 2000 problem either at the turn of the year or during the extended February (leap year). The intensive transition work carried out as part of a global project launched in 1996 and in which Bankers Trust had been included since June 1999 was thus successful. The total cost of the Group-wide Y2K project, in which at the peak more than 1,500 people were employed, was € 511.29 million.

The Y2K problem was caused by the use of double-digit year fields in a wide variety of computer applications, which made it impossible to distinguish, in data-processing terms, between the centuries. Over and above that, the Year 2000 is a special leap year which was not taken into account as such in many computer applications. So there was a risk

[L] TRADING ACTIVITIES IN DERIVATIVES

in € m.	Notional amount with remaining life of			
	up to 1 year	1–5 years	over 5 years	Total
Interest-rate-related transactions				
OTC-products				
FRAs	697,316	54,232	0	751,548
interest rate swaps (same currency)	1,752,459	1,624,005	1,160,528	4,536,992
interest rate option purchases	130,054	290,104	70,405	490,563
interest rate option sales	138,883	315,477	98,561	552,921
other interest rate trades	19,048	21	10	19,079
Subtotal	2,737,760	2,283,839	1,329,504	6,351,103
Exchange-traded products				
interest rate futures	1,889,447	361,350	93,641	2,344,438
interest rate option purchases	171,417	18,934	0	190,351
interest rate option sales	149,117	18,924	0	168,041
Subtotal	4,947,741	2,683,047	1,423,145	9,053,933
Currency-related transactions				
OTC products				
forward exchange trades	1,271,326	30,585	447	1,302,358
cross currency swaps	50,187	109,985	81,918	242,090
forex option purchases	82,138	8,182	7,036	97,356
forex option sales	81,843	7,199	533	89,575
other forex trades				
Subtotal	1,485,494	155,951	89,934	1,731,379
Exchange-traded products				
forex future	7,280	35	0	7,315
forex option purchases	7,767	0	0	7,767
forex option sales	6,730	0	0	6,730
Subtotal	1,507,271	155,986	89,934	1,753,191
Equity/index-related transactions				
OTC products				
equity/index swaps	26,632	10,134	2,156	38,922
equity/index option purchases	31,987	28,086	1,530	61,603
equity/index option sales	18,553	25,757	2,719	47,029
other equity/index trades				
Subtotal	77,172	63,977	6,405	147,554
Exchange-traded products				
equity/index futures	37,177	175	0	37,352
equity/index option purchases	459	31	0	490
equity/index option sales	462	17	0	479
Subtotal	115,270	64,200	6,405	185,875
Other transactions				
OTC products				
precious metal trades (incl. gold)	21,781	21,828	7,317	50,926
non-precious metal trades	4,365	4,332	788	9,485
Subtotal	26,146	26,160	8,105	60,411
Exchange-traded products				
futures	9,450	1,922	0	11,372
option purchases	650	306	0	956
option sales	1,892	249	0	2,141
Subtotal	38,138	28,637	8,105	74,880
Total excluding exchange-traded products	**4,326,572**	**2,529,927**	**1,433,948**	**8,290,447**
Total				
Positive market values after netting agreements recognized for bank-regulatory purposes				

* Market values only given for OTC derivatives.

Positive market values*	Negative market values*	Net market values*	Average values for last 12 month notional volume	positive market values	negative market values
365	356	9	641,891	396	381
52,598	58,076	– 5,478	3,208,549	47,413	50,227
7,885		7,885	352,432	6,126	
	8,147	– 8,147	400,604		10,829
61	30	31	114,793	190	58
60,909	66,609	– 5,700	4,718,269	54,125	61,495
			1,225,609		
			27,560		
			819,768		
60,909	66,609	– 5,700	6,791,206	54,125	61,495
26,595	26,288	307	988,853	21,659	21,803
12,867	12,031	836	167,808	8,758	8,010
3,067		3,067	107,488	2,824	
	1,842	– 1,842	103,954		1,877
			136	4	1
42,529	40,161	2,368	1,368,239	33,245	31,691
			1,573		
			2,133		
			185,437		
42,529	40,161	2,368	1,557,382	33,245	31,691
3,473	4,177	– 704	32,820	2,204	1,997
11,864		11,864	49,450	7,417	
	12,160	– 12,160	56,223		7,398
			441	6	58
15,337	16,337	– 1,000	138,934	9,627	9,453
			18,969		
			1,114		
			41,879		
15,337	16,337	– 1,000	200,896	9,627	9,453
201	153	48	35,343	888	819
775	815	– 40	14,102	534	621
976	968	8	49,445	1,422	1,440
			2,973		
			5,117		
			1,805		
976	968	8	59,340	1,422	1,440
119,751	**124,075**	**– 4,324**	**6,274,887**	**98,419**	**104,079**
61,351					

that, without conversion of the individual programmes in the transition to Year 2000 or during the extended month, there could be errors, data losses or systems breakdowns, which would have considerable effects especially at banks owing to the strong networking of financial services providers and the key position of the banking industry.

Insurance-specific risks at the Group's insurance companies

The are adequate sets of instruments to counter the risks specific to 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 aggregated, i.e. the basis taken is a conservative assumption that extreme losses occur simultaneously in all types of risk.

As at December 31, 1999, the Group's economic capital totalled € 15.16 billion (1998: € 12.39 billion), taking into account diversification effects. This does not include country risk, liquidity risk, operational risk or the risk at insurance companies.

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 Table [M], calculated in accordance with German transposition of the Basle minimum standard rules (BIS).

[M] RISK POSITION ACCORDING TO BIS					
in € m.	**31.12.1998**	**31.3.1999**	**30.6.1999**	**30.9.1999**	**31.12.1999**
Risk-weighted assets	240,910	257,339	295,799	285,316	283,945
Market risk equivalent	13,282	18,738	13,310	9,100	8,676
Total	**254,192**	**276,077**	**309,109**	**294,416**	**292,621**

Capital and reserves

Capital and reserves according to BIS are as shown in Table [N].

With a capital ratio of 12.0 %, Deutsche Bank is well above the minimum ratio of 8 % required by BIS.

[N] CAPITAL AND RESERVES ACCORDING TO BIS					
in € m.	**31.12.1998**	**31.3.1999**	**30.6.1999**	**30.9.1999**	**31.12.1999**
Core capital (Tier I)	15,979	16,016	16,554	16,509	17,338
Supplementary capital (Tier II)	13,364	13,377	16,554	16,509	17,338
Available Tier III funds	0	0	760	520	496
Total eligible capital and reserves	**29,343**	**29,393**	**33,868**	**33,538**	**35,172**
Core capital ratio (incl. market risks)	6.3 %	5.8 %	5.4 %	5.6 %	5.9 %
BIS capital ratio	11.5 %	10.6 %	11.0 %	11.4 %	12.0 %

Outlook

For 2000, there are signs of convergence in economic growth at a high level. In contrast to the previous years, which saw crises in Asia, Russia and Latin America, there will be no major region with serious growth problems. While the impressive upswing in the U.S.A. is entering its tenth year, business activity in most other parts of the world is picking up speed, though the cyclical engine in Japan is only revving moderately. The euro zone, and especially the German economy, are profiting from globally rising demand and the low euro exchange rate. In view of higher commodities prices and rising production capacity utilization, the low inflation rate until now will be higher than in 1999. The European Central Bank will probably counteract the threat to the price and cost climate by raising money market interest rates.

The favourable cyclical situation and the higher price risks have already caused a substantial increase in capital market interest rates; the further rise in interest rates during 2000 should be limited in magnitude. Following a substantial contraction in interest rate differentials between the various government bonds in the euro currency area, the creditworthiness and liquidity aspects are gaining in importance for bonds. For investors, Pfandbriefe, corporate bonds and emerging markets debt are becoming increasingly significant in portfolio diversification. On the corporate bond market, which exceeded even optimistic forecasts in 1999, continued dynamic growth looks likely.

The equity markets closed 1999 in many cases with strong price gains and record highs. On the euro zone stock markets in particular, there are many indications, despite the changed interest rate landscape, that the upward trend will continue at a moderate level. Here, the cyclical upswing, in conjunction with rising capacity utilization, should ensure sustained profit growth. Additional topside potential comes from acquisitions, mergers and restructuring programmes, which will be indispensable in future, too, for increasing efficiency at companies. The markets will receive fundamental support from the growing importance of the share in retirement provision and from the strengthening equity culture in Europe, reflected in Germany in particular by the success story of the "New Market"; it will attract many more companies again in 2000.

The 2000 financial year started well for Deutsche Bank. All Group Divisions are so far ahead of the pre-year figures. With regard to profit before taxes in 2000, we expect a further improvement on the good 1999 financial year, both for the Group and for most Group Divisions, against the background of strong growth in gross domestic product in major markets, and only moderate rises in inflation and interest rate levels. Deutsche Bank, with all its Group Divisions, has grasped the opportunities offered by e-business, but over and above that is also expanding its traditional business activities.

Events after the End of the Financial Year

At the beginning of March 2000, the planned merger of Deutsche Bank and Dresdner Bank was announced to the public. Both institutions are to be merged into a new company called Deutsche Bank. This combination will create Europe's leading bank. The Extraordinary General Meetings which are to resolve on the merger will probably be held in November; the effective date planned for the merger is June 30/July 1, 2000. Discussions have already begun with the authorities responsible for approval; work on the integration concept is proceeding at high speed.

After that, the new Deutsche Bank is to focus on five areas of activity: Retail and Private Banking, Corporate Clients and Real Estate, Global Corporates and Institutions, Asset Management and Global Technology and Services. A separate unit is to be created to manage the industrial holdings portfolio.

The retail banking business of the two banks is to be combined in Bank 24 after the merger. Allianz will have a minority stake in this company. Bank 24 is planned to go public within the next three years. After that, the Allianz AG share will be at least 32 % and the share of the new Deutsche Bank 10 %. The remaining shares are to be offered for sale through the stock market and placed with a broad investing public.

In Germany, the new Deutsche Bank will be market leader in business with private and corporate customers, and worldwide in third place in Private Banking. Business with high-net-worth private clients will in future form the core of activities. The new institution will be the leading European investment bank, which can compare with the best investment banks worldwide. In Asset Management and Custody, the combination will put the new bank in fourth place worldwide. The merger will thus bring a significant gain in market share.

From today's point of view, the combination will have synergy effects of roughly € 2.9 billion p.a. Of this, about € 950 million (33 %) will relate to cuts in the information technology field, roughly € 1,360 million (48 %) to the business units, and almost € 220 million (8 %) to the Corporate Center. Further synergies will total approximately € 330 million. They will come, for example, in advertising, consulting costs and in purchasing and space management. Besides the annual synergy effects, there will be non-recurrent costs for the restructuring of about € 3 billion.

A core capital ratio of more than 6 % is targeted for 2001, and an overall capital ratio exceeding 11 %.

The company value ratio between Deutsche Bank and Dresdner Bank reflects present market valuations and forms the basis for the exchange ratio, which is still to be determined. The final exchange ratio for the former shareholders of Deutsche Bank and Dresdner Bank will be fixed by the Boards of Managing Directors on the basis of a valuation prepared by auditors.

Greater earning power, the much broader equity base and the aggregated reserves in the industrial holdings will further expand our capacity for strategic action in the global consolidation process. Based on the high compatibility of the corporate structures and the focusing of core competencies on wholesale and investment banking as well as on asset management and private banking, a European bank will come into being with global reach and a strong competitive position.

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 the International Standards on Auditing 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 21, 2000
Deutsche Bank AG

Josef Ackermann	Carl L. von Boehm-Bezing	Rolf-E. Breuer	Michael Dobson
Thomas R. Fischer	Tessen von Heydebreck	Hermann-Josef Lamberti	Ronaldo H. Schmitz

Auditor's Opinion

We have audited the Consolidated Financial Statements of Deutsche Bank AG as at December 31, 1999. The Consolidated Financial Statements include the documents required in the standards laid down by the International Accounting Standards Committee (IASC) and additional information required under European law. The Consolidated Financial Statements are the responsibility of the company's Board of Managing Directors. Our responsibility is to express an opinion, based on our audit, on whether the Consolidated Financial Statements comply with the International Accounting Standards (IAS).

We conducted our audit in accordance with the International Standards on Auditing as set by the International Federation of Accountants (IFAC). These standards require that we plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free of material misstatements. Performing an audit includes examining, on a test basis, evidence supporting the carrying amounts and the disclosures in the Consolidated Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Managing Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements. We believe that our audit provides a sufficiently sound basis on which to issue our opinion.

Our audit led to no objections. The criteria for exempting a company from presentation of Consolidated Financial Statements under German law have also been met. In our opinion, the Consolidated Financial Statements give a true and fair view of the company's net assets and financial position as at December 31, 1999, and of the income and cash flow situation of the financial year then ended, and are in accordance with the standards set by the International Accounting Standards Committee (IASC).

Frankfurt am Main, March 23, 2000
KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Rolf Nonnenmacher
Wirtschaftsprüfer

Reinhard Prahl
Wirtschaftsprüfer

Report of the Supervisory Board

Hilmar Kopper
Chairman of the Supervisory Board

In its four meetings last year, the Supervisory Board was kept fully informed about the financial situation of the bank, current events and fundamental questions of business policy. Alongside the current development of business, discussions concentrated on real estate financing in the Group, the situation in investment banking and specific matters of business importance. The Supervisory Board was also kept fully informed of the status of the restructuring of Group Division Retail and Private Banking. The integration of Bankers Trust was dealt with at all meetings.

In addition, changes in the bank's portfolio of holdings were discussed. 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 and business situation was also discussed at length, along with questions relating to the currency situation and developments in the emerging markets. Individual topics of current interest were also looked at in regular talks between the Spokesman of the Board of Managing Directors and the Chairman of the Supervisory Board.

At 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 or loans entailing high risks. Where necessary, the Committee gave its approval. In particular, credit, market and operational risks were discussed in detail. The Presiding Committee met six times in the reporting period; the Financial Statements Committee met twice and the Mediation Committee was not convened.

Heinz-Jürgen Neuhaus and Peter Hahn resigned from the Supervisory Board of Deutsche Bank on March 31, 1999 and August 31, 1999 respectively. We would like to thank these two gentlemen for their personal integrity and commitment. Klaus Schwedler and Michael Freiherr Truchseß von Wetzhausen were elected to replace them on the Supervisory Board.

At its meeting on October 25, 1999, the Supervisory Board complied with Dr. Jürgen Krumnow's wish to terminate his appointment with effect from October 31, 1999 and to release him from his contract as member of the Board of Managing Directors. At the same meeting, the Supervisory Board resolved to appoint Professor Dr. Clemens Börsig as Executive Vice President with effect from December 16, 1999; at the Supervisory Board meeting on January 26, 2000, Professor Börsig was appointed full member of the Board of Managing Directors with effect from January 1, 2001.

Representatives of the bank's auditor attended the financial statements meeting of the Supervisory Board, the meetings of the Financial Statements Committee and one meeting of 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 and the Management Report, as well as the Consolidated Financial Statements and the Notes, and issued an unqualified opinion. The relevant auditor's reports were given to the Supervisory Board for inspection. The Supervisory Board agrees with the results of these audits.

The Supervisory Board examined the Annual Financial Statements as at December 31, 1999, the Management Report, the proposed appropriation of profits and the Consolidated Financial Statements drawn up in accordance with International Accounting Standards (IAS) with exempting effect, and the Notes. We had no objections here.

The Annual Financial Statements prepared by the Board of Managing Directors have been approved by us today, and are thus established. The Supervisory Board agrees with the proposed appropriation of profits.

Frankfurt am Main, April 5, 2000
The Supervisory Board

Hilmar Kopper
Chairman

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

Peter Hahn*
Deutsche Bank AG, Hamburg
until August 31, 1999

Sabine Horn*
Deutsche Bank AG, Frankfurt am Main

Louis R. Hughes
Executive Vice President
General Motors Corporation, Detroit

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

Heinz-Jürgen Neuhaus*
Deutsche Bank AG, Frankfurt am Main
until March 31, 1999

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
from April 1, 1999

Michael Freiherr Truchseß
von Wetzhausen*
Deutsche Bank AG, Frankfurt am Main
from September 1, 1999

Lothar Wacker*
Deutsche Bank AG, Cologne

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

Supervisory Board Committees

Presiding 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*

Financial Statements Committee
Hilmar Kopper
Chairman
Heidrun Förster*
Deputy Chairperson
Dr. rer. oec. Karl-Hermann Baumann
Heinz Brülls*
Dr. Ulrich Cartellieri
Peter Hahn* until August 31, 1999
Michael Freiherr Truchseß
von Wetzhausen*
from September 1, 1999

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

Dr. Mark Wössner
Chairman
Chairman of the Supervisory Board
of Bertelsmann AG
Gütersloh

Dipl.-Volkswirt Dr. h. c. Tyll Necker
Deputy Chairman
President of Hako-Werke GmbH & Co.
Bad Oldesloe

Dr. Horst Burgard
† on November 23, 1999
Frankfurt am Main

Sir John Craven
London

Dr. jur. Walter Deuss
Chairman of the Executive Board
of Karstadt AG
Essen

Dr. Michael Endres
Frankfurt am Main

Prof. Dr. Dr. h. c. Joachim Funk
Chairman of the Supervisory Board
of Mannesmann AG
Düsseldorf

Ulrich Hartmann
Chairman of the Board of Managing
Directors of VEBA Aktiengesellschaft
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
from November 1,1999

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

Dr. h. c. André Leysen
Chairman of the Supervisory Board
of Agfa-Gevaert Group
Mortsel/Belgium
until December 1, 1999

Francis Mer
Président Directeur Général
d'Usinor
Paris

Heinz-Joachim Neubürger
Member of the Management Board
of Siemens Aktiengesellschaft
Munich

August Oetker
General Partner
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

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. Herbert Zapp
Frankfurt am Main
until May 17, 1999

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	**1999**	**1998**	**1997**	**1996**
Total Assets	**839,865**	**626,603**	**533,259**	**453,051**
Assets				
Cash reserve	21,879	20,175	10,272	11,840
Placements with, and loans and advances to, other banks	115,453	92,697	83,043	69,536
Loans and advances to customers	352,371	274,825	265,098	235,229
Total provisions for losses on loans and advances	– 7,850	– 7,158	– 7,176	– 6,750
Assets held for dealing purposes	233,000	169,003	118,404	90,587
Investments	70,206	45,309	34,112	28,326
Property and equipment[3]	9,049	5,560	5,895	5,305
Total credit extended[4]	**284,149**	**248,585**	**229,016**	**210,324**
Liabilities				
Deposits from other banks[5]	174,655	151,032	146,631	109,392
Amounts owed to other depositors[5]	291,042	229,208	224,260	192,056
thereof: savings deposits and building saving deposits	26,881	24,516	23,893	24,040
repayable on demand	116,736	87,091	91,260	69,497
with agreed period or period of notice	147,425	117,601	109,107	98,519
Liabilities evidenced by paper	164,060	102,947	77,942	72,404
Provisions[6]	31,755	24,598	26,391	22,013
Subordinated capital	15,504	7,186	6,615	5,330
Capital and reserves	23,147	17,641	16,405	15,180
INCOME STATEMENT	**1999**	**1998**	**1997**	**1996**
Net interest income	6,619	5,539	5,689	5,391
Provision for losses on loans and advances	616	835	1,102	338
Net commission income	8,084	5,311	4,569	3,502
Trading profit	4,761	1,774	1,841	1,649
Net income from insurance business	385	336	311	317
Net income from investments	2,007	1,182	469	683
General administrative expenses	15,746	10,121	9,347	7,781
Profit before expenses for restructuring and taxes	**4,971**	**4,032**	**2,315**	**2,652**
Restructuring expenses	884	–	1,271	152
Income taxes	1,516	2,306	523	1,366
Net income	**2,571**	**1,726**	**521**	**1,134**
KEY FIGURES	**1999**	**1998**	**1997**	**1996**
Dividend per share	€ 1.15	€ 1.12	€ 0.92	€ 0.92
Dividend appropriation of Deutsche Bank AG	706	600	489	460
Earnings per share (excluding goodwill amortization)[8]	€ 5.05	€ 3.50		
Earnings per share (including goodwill amortization)	€ 4.25	€ 3.17	€ 0.94	€ 2.19
Diluted earnings per share (excluding goodwill amortization)[8]	€ 4.86	€ 3.50		
Diluted earnings per share (including goodwill amortization)	€ 4.09	€ 3.17	€ 0.92	€ 2.16
Return on equity before tax (RoE) (excluding goodwill amortization)[8]	23.3 %	25.9 %		
Return on equity before tax (RoE) (including goodwill amortization)	20.8 %	24.8 %	6.4 %	17.1 %
Cost/income ratio (excluding goodwill amortization)	73.6 %	69.1 %		
Cost/income ratio (including goodwill amortization)	75.6 %	70.2 %	74.6 %	74.8 %
BIS capital ratio at year's end[9]	12.0 %	11.5 %	10.6 %	9.9 %
Capital and reserves pursuant to BIS at year's end[9]	35,172	29,343	24,692	22,389
Staff at year's end	93,232	75,306	76,141	74,356

[1] Due to application of IAS, the figures from the Balance Sheet, the Income Statement and key figures for 1994 to 1999 are only partially comparable with the previous years.

[2] 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.

[3] From 1998 without software developed in-house

[4] Excluding money market business backed by securities and securities spot deals

[5] From 1998 without short positions

		Figures according to German CommC			
1995	**1994**	**1993[2]**	**1992[2]**	**1991**	**1990**
368,981	**303,009**	**284,603**	**254,987**	**229,460**	**204,440**
9,159	6,492	3,846	4,575	4,226	3,344
55,842	51,708	50,076	48,903	56,216	47,821
209,389	180,568	158,123	150,606	139,333	126,186
– 7,319	– 7,565				
56,670	33,556				
25,244	20,763				
4,633	4,600	6,310	5,694	5,132	4,008
193,990	**178,201**	**170,154**	**164,391**	**153,246**	**139,748**
91,446	63,327	54,700	50,553	52,462	42,430
154,096	134,917	141,093	123,844	116,265	104,531
23,727	23,065	23,898	23,228	21,294	19,232
49,470	42,125	42,367	35,868	30,462	26,439
80,899	69,727	74,828	64,748	64,509	58,860
64,880	58,295	55,981	51,368	42,885	41,843
18,414	15,193	12,817	11,290	5,168	4,547
4,244	4,200	4,185	2,948	614	–
14,338	13,230	10,745	9,880	8,726	7,959
1995	**1994**	**1993**	**1992**	**1991**	**1990**
5,527	5,777	5,985	5,573	5,281	4,486
678	1,237	1,680	977	849	1,154
2,864	2,861	2,989	2,367	2,125	2,009
1,040	531	1,021	580	570	310
311	286	261	47	38	16
105	444				
6,972	6,407	5,998	5,328	4,941	4,174
1,954	**1,866**				
131	58				
739	931	1,053	805	899	577
1,084	**877**	**1,147**	**936**	**721**	**546**
1995	**1994**	**1993**	**1992**	**1991**	**1990**
€ 0.92	€ 0.84[7]	€ 0.84	€ 0.77	€ 0.77	€ 0.72
459	400[7]	398	355	352	316
€ 2.16	€ 1.82	€ 2.35	€ 1.99	€ 1.53	€ 1.20
€ 2.10	€ 1.78				
13.7 %	14.1 %	24.5 %	21.0 %	21.3 %	16.2 %
73.8 %	69.1 %	58.5 %	62.2 %	61.7 %	61.2 %
10.1 %	10.4 %	11.3 %	10.5 %	10.7 %	10.7 %
20,405	19,194	20,830	17,849	16,934	14,866
74,119	73,450	73,176	74,256	71,400	69,272

[6] From 1998 without income tax liabilities
[7] Excluding anniversary bonus of € 0.15 per share or € 73 million
[8] 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.
[9] From 1998 on the basis of IAS

Glossary

of technical terms used in the Annual Report for 1999. Glossary of banking and stock exchange terms on the Internet: www.deutsche-bank.com/glossary

AS funds
Special retail pension funds that are subject to particular statutory investment regulations. They are largely invested in equities and open-ended real-estate funds.

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.

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.

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.

Capital Adequacy Directive
EU directive on the availability of adequate capital and reserves with respect to the → Market risk resulting from the trading operations of securities firms and banks. It forms the basis for the 6th Amendment to the German Banking Act and the revised Principle I.

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 such as 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 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.

Confidence level
The probability of a potential loss arising within the interval stated by the → Value-at-risk.

Corporate Trust 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 (in particular goodwill amortization) 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 (such as certain profit contributions from real estate business).

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 re-establish 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 risk-equivalent volume [→ Credit equivalent] and a weighting depending on credit standing.

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.

Discount broker
Discount brokers give private investors an opportunity to trade in securities online, or by telephone or fax. As a rule, no advisory services are provided. The fees for settlement of securities transactions are generally below rates charged by traditional bank branches.

Earnings per share
Key figure determined according to → IAS which expresses a company's net income after tax (excluding profits 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
The aggregate total of all electronic data exchanged in connection with commercial activities: information flows and transactions with products or services. E-business covers relations between companies, companies and authorities and companies and private individuals. E-business uses various forms of data transmission (telephone, television, data networks, minitel → Internet).

ECN (Electronic Communications Network)
New electronic trading platforms for securities (e.g. shares, bonds); an alternative to stock exchanges or OTC trading.

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 risk. 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 (such as the → Internet) or by data carrier exchange.

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.

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, individual and private banking customers can obtain advice on questions of company pension schemes, company start-ups or property finance.

Fund of funds
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.

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).

Hybrid capital instrument
Capital instruments characterized by profit-related payments that are not accumulated in case of loss. Under banking regulations they are part of core capital. However, since they are not part of equity 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 accounting principles and, at present, almost forty standards.

Internet
The world's biggest computer network that consists of numerous inter-linked networks and individual resources. The Internet's main services include electronic post (e-mail), 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 offers 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 the → Internet.

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.

Investment book
All positions that are not entered in the → Trading book.

Investor Services
offers investment services, performance measurement, portfolio advisory services, trust and portfolio administration, securities lending and structured investment management.

Jumbo Pfandbrief
Pfandbrief issue of at least € 500 million.

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.

Mark to market
Valuation of a bank's proprietary dealing activities (→ Trading profit) at current market prices irrespective of acquisition cost, with unrealized capital gains booked to revenue.

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.

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 (such as the → Internet). In retail business this is known as home banking, while the term → Electronic banking is used for corporates.

Operational risk
Potential for losses through unmanageable events, business disruptions, inadequate controls and control or system failure in relation to human resources, external parties, contractual relationships, technology and assets (physical and electronic).

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.

OTC derivative
Non-standardized financial instrument (→ Derivative) not traded on a stock exchange but directly between market participants (over the counter).

Point of sale
Sales outlet, selling location.

Pooled funds
This term is used to denote portfolios – similar to German specialized funds – sold to institutional or private investors. Unlike German specialized funds, however, the number of investors is not limited.

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.

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
– general administrative 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 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.

Public-private partnerships
Partnerships between the public sector and private businesses.

Rating
Standardized evaluation of issuers' credit standing and debt instruments, carried out by specialized agencies.

Registered share
In contrast to bearer shares, these shares are registered in the name of a certain person. As required under joint stock company law, the shareholder's name, occupation, address and number of shares held is entered in the company's share register. Only those parties entered in the share register are deemed to be shareholders of the company and are entitled, for instance, to inspect the share register.

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.

Retail banking
In general: business with private individuals, self-employed people and small businesses.
Here: branch business including complementary distribution channels such as self-service, home banking and cards. Retail banking does not include → Private banking.

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 – excluding minority interests.

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.

Social balance sheet
Generic term for various types of cost/benefit calculations concerned with the monetary quantification of the effects of business activities on certain groups, such as staff, shareholders or the state.

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.

Structured finance
Generic term for highly customized types of financing, as distinct from standardized corporate business. Structured finance is made up primarily of asset-backed finance, export finance, international leasing, leveraged finance, project finance, tax-driven finance and syndicated finance.

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). 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.

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.

Wholesale bank
Term used to describe a bank which focuses on business with large clients, primarily corporates and institutions.

Index

Reader Service

Deutsche Bank's reader service is available free of charge.

To order:
- e-mail your request to results@db.com
- visit our Internet site www.deutsche-bank.com/99
- send a fax to +49-69-95 00 95 29
- call us at +49-69-95 00 95 30
- write to us at the address given below

Should one of the brochures be temporarily unavailable, your order will be registered and the publication sent to you as soon as it is available again.

SHAREHOLDERS

1999 Annual Report of Deutsche Bank Group (IAS)
☐ German ☐ English ☐ French ☐ Spanish ☐ Japanese (due at mid-year)
Annual Financial Statements and Management Report of Deutsche Bank AG for 1999
☐ German ☐ English ☐ French
☐ **List of mandates 1999** (German/English)
☐ **List of shareholdings 1999** (German/English)
☐ **List of Advisory Council members 1999**
☐ **Directory of Deutsche Bank Offices worldwide 1999** (German/English)

CUSTOMERS

☐ **Private Banking** (brochure and latest magazine)*
☐ **Megatrends und Mittelstand***
Things that change the world. Global Technology and Services
☐ German ☐ English

STAFF

Our identity ☐ German ☐ English
☐ **Neue Zeiten erfordern neue Wege –** Das Deutsche Bank-Mosaik für Beschäftigung*
Humanizing change ☐ German ☐ English

SOCIETY

Tomorrow starts today ☐ German ☐ English
Deutsche Bank's commitment to the environment ☐ German ☐ English
☐ **Pensionsfonds für Europa***
☐ **E-Commerce: Katalysator für Strukturveränderungen in Deutschland***

* Available in German only

Please fold here for postal dispatch

Deutsche Bank AG
Leser-Service-PKS

D-60262 Frankfurt am Main

From:

Name/company

Street

Postcode Town/city

Country

Deutsche Bank Aktiengesellschaft
Taunusanlage 12
D-60262 Frankfurt am Main

Telephone +49 69 910-00
E-mail deutsche.bank@db.com

Investor Relations:
Telephone +49 69 910-3 80 80
E-mail db.ir@db.com

Annual Report on the Internet:
www.deutsche-bank.com/99

Photographs
Wolfgang von Brauchitsch, Bonn:
Page 9
Gabo, Hamburg:
Pages 16, 20, 24, 28, 32, 38, 42, 46
John R. Glembin, New York:
Page 36
Martin Joppen, Frankfurt:
Page 9
Andreas Pohlmann, Munich:
Pages 8 and 9

FINANCIAL CALENDAR FOR 2000/2001

May 4, 2000	Interim Report as at March 31, 2000
June 9, 2000	**General Meeting, Festhalle, Frankfurt am Main (Exhibition Center)**
June 12, 2000	Dividend payment
August 3, 2000	Interim Report as at June 30, 2000
November 1, 2000	Interim Report as at September 30, 2000
February 14, 2001	Publication of key figures for the 2000 financial year
April 5, 2001	Annual Press Conference and publication of the Annual Report for 2000
May 10, 2001	Interim Report as at March 31, 2001
May 17, 2001	**General Meeting, Festhalle, Frankfurt am Main (Exhibition Center)**
May 18, 2001	Dividend payment
August 2, 2001	Interim Report as at June 30, 2001
November 1, 2001	Interim Report as at September 30, 2001

Deutsche Bank

003 83304 02 · 4/00