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Chairman of the Management Board and

the Group Executive Committee

of Deutsche Bank AG

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– Check against delivery –

Ladies and Gentlemen,

It is a great pleasure to **welcome** you, also on behalf of my colleagues on the Group Executive Committee here today, to Deutsche Bank's Annual Press Conference.

The financial sector around the world is going through a severe crisis. And we have not remained unaffected by it either. Let me begin with **three key statements** about Deutsche Bank:

- **First:** Deutsche Bank concluded the **fourth quarter of 2008** with a loss after taxes of EUR 4.8 billion. As a result, we finished the **year 2008** with a **loss** after taxes of EUR 3.9 billion. Although this loss is lower than those recorded by some other leading investment banks, we are very disappointed with this result.

- **Second**: unprecedented market conditions revealed some weaknesses in our trading operations and in Asset Management. We are therefore recalibrating these businesses and adjusting their strategic focus. Substantial steps have been taken and are already showing **initial results**. Ladies and Gentlemen, our **Group strategy** as a leading investment bank with a strong private clients franchise has proven fundamentally sound during this difficult period.
- **Third:** the **trust** and support of our **shareholders** is of central importance to us. The Management Board and Supervisory Board will therefore recommend a dividend of **50 cents per share** to the Annual General Meeting in May. This reflects our confidence in the bank's future performance.

Now, I'd like to move on to the details of our results and answer the following questions:

- What caused the loss in the fourth quarter, and how have we responded?
- What risks does the bank still have on its books?
- How and where do we aim to return to profitability in the future?

The severe dislocations in the financial markets – in particular following the Lehman bankruptcy – left their mark on our results, too. **Deutsche Bank's total revenues** last year amounted to EUR 13.5 billion, which is less than half the figure for 2007. This reflects deteriorations in the market values of our assets totalling EUR 7 billion – versus EUR 2.3 billion in 2007.

With respect to our loss before income taxes of EUR 5.7 billion, it is important to note that we continued to make relatively sparing use of the fair value accounting option for our own debt. Had we reported consistent with competitor practice, our pre-tax result would have been EUR 5.5 billion higher.

The changed market environment also had an impact on the **costs** of our platform.

At EUR 18.2 billion, **noninterest expenses** were 15 percent lower than in 2007. This reflects significantly lower **personnel costs** arising from variable compensation components due to lower earnings from business operations and a systematic adjustment to our performance-based remuneration structure. Furthermore, cost reductions in underperforming business divisions were offset by investments in profitable areas.

Despite the loss, we increased our **Tier 1 capital** over the course of the year from EUR 28.3 billion to EUR 31.1 billion.

In addition to the capital increase last September, we carried out a series of measures to achieve this objective, for example, the sale of shares in Treasury, the conversion of contingent capital and the increase of our hybrid Tier I capital.

Besides a strong capital base, a **solid funding base** is critical for success in the current market environment. We have a large strategic **liquidity reserve**. Since the beginning of the credit crisis in 2007, we have been able to raise the volume of **customer deposits** by over EUR 30 billion. Our **debt issuance** on the market in 2008 was already 20 percent higher than the year before. We have thus taken precautionary measures.

For this reason, the estimated EUR 16 billion we will require in 2009 is actually somewhat less than a third of what we raised in 2008. These two sources of funding are **clear proof of the** markets' **trust** in sustained strengths of Deutsche Bank.

The **Corporate Banking & Securities** Corporate Division was hit particularly hard by the turbulence in the financial markets. At EUR 0.3 billion, **revenues** here were 98 percent lower than the year before. On a pre-tax basis, CB&S made a **loss** of EUR 8.5 billion versus income before income taxes of EUR 4.2 billion in 2007.

The main reason for this was the **poor results in sales and trading**. Many market participants, including hedge funds, were forced to **unwind** large positions in a wide variety of asset classes. This led to extremely high **volatility** and **correlation** in the markets affected as well as significant dislocations in **basis**, or the relationships between trading positions and their underlying hedges. Performance was further impacted by extremely low levels of **liquidity** in the markets and the exceptionally turbulent market environment.

This led to losses of EUR 5.5 billion – primarily in the last quarter in credit trading, equity derivatives and proprietary trading in equities.
These were compounded by **write-downs** above all in residential mortgage-backed securities and commercial real estate loans.

Having analyzed the disproportionately high losses in one quarter, we have come to the following conclusions:

First, our proprietary trading strategy, which proved itself in good market conditions, did not pay off when faced with exceptionally volatile markets in the last quarter, and led to losses.

Second, several trading positions were quite simply too large, which meant that even small market fluctuations led to high notional positions.

And – third – our very highly **complex products** suffered under conditions of extreme volatility and high correlation.

Another topic that is being critically discussed by the public are the possible risks from U.S. credit insurance agencies, from **monoline insurers**. In the closing quarter, our provisions for default risks of monoliners were significantly expanded by EUR 1.1 billion to EUR 2.2 billion. We feel we are very well covered at the level we have now reached.

Ladies and Gentlemen, there are also Sales & Trading businesses that defied the crisis and continued to operate very successfully. Thus, we were even able to improve our already strong market position in several **product areas**.

In **foreign exchange trading** we are still the number one around the world and even expanded our market share further. Since 2006, **revenues here have more than doubled**.

Revenues in client-facing money market trading business have almost **quadrupled**. And in our **Core Rates** area, revenues were actually up by 12 percent. Here we were able, especially in the USA, to achieve significant gains in our client revenues. Furthermore, we were able to record impressive growth rates in some of our new business activities launched in 2007, for example, in inflation derivatives as well as life and pension insurance policies. In general, we profited in our foreign exchange, money market and interest rate trading businesses from **increased trust** in the quality we offer and the solidity of our platform, and we recorded an impressive gain in the number of new clients.

That concludes my remarks on the results of the Global Markets Business.

In our **Corporate Finance** Business Division, the **Advisory and Origination** business was exceptionally sluggish due to the considerable uncertainties in the financial markets. The **global fee pool** in this area declined sharply.

And we were unable to escape this development. At EUR 212 million, **revenues** for the year in our **Advisory and Origination** business were 90% lower than in 2007. In

addition to the difficult environment, impacts came from large mark-downs of **leveraged loans and loan commitments** of EUR 1.7 billion.

However, I was pleased to note that we were able to gain market shares in key regions and product areas. Deutsche Bank participated in several of the most prominent M&A transactions of the year and is now one of the top five M&A firms in Europe as well as North and South America.

For **Global Transaction Banking** (GTB), 2008 was another record year. **Revenues** rose by 7 percent versus 2007 to EUR 2.8 billion. **Income** before income taxes improved by 17% or EUR 160 million to EUR 1.1 billion. GTB has thus quadrupled its profits over the last 5 years. In all regions of the world, 2008 was a year of successful growth. As before, we remain the leader in **cash management** in Europe and in arranging global **trade finance**. The numerous awards we have won here highlight our leading position.

In our **Asset & Wealth Management** Corporate Division, which comprises the two business divisions Asset Management and Private Wealth Management, we generated **revenues** of EUR 3.3 billion in 2008, 25 percent less than in 2007.

Due to the significant deterioration in asset valuations, particularly for equities, as well as the high level of uncertainty among our clients, performance fees and volume-based **commissions** were inevitably lower. We were also negatively impacted by **impairments** of intangible assets at DWS Scudder and RREEF as well as cash injections into **money market funds**.
This resulted in a **loss** before income taxes of EUR 525 million.

Client assets under management amounted to EUR 628 billion, 16 percent lower than in the year before. This is primarily due to exchange rate effects and lower market valuations. The **net outflow of funds** in Asset Management amounted to EUR 22 billion. Offsetting this, Private Wealth Management was able to attract net new money of EUR 10 billion.

At EUR 5.8 billion, PBC **revenues** were essentially unchanged from 2007 levels. Here too, there was strong reticence on the part our clients in their securities trading

due to the uncertain conditions in the fourth quarter. The decline in commissions was successfully offset by increased revenues from other products. We increased our provisions for loan losses, in particular in Spain.

Income before income taxes amounted to EUR 945 million. We were again successful in convincing many customers of the quality of our services, and thus gained 800,000 net new clients in 2008, including 420,000 in Germany alone. The total number of our clients is now 14.6 million. Furthermore, PBC attracted EUR 15 billion in new Group-wide client money.

What risks remain and how are we dealing with them?

Ladies and Gentlemen, over the past few months we have systematically brought down the critical positions in our trading book: our credit exposures in Leveraged Finance were thus reduced from EUR 34.9 billion to below EUR 1 billion. In Commercial Real Estate, they were scaled back from over EUR 15 billion to below EUR 3 billion. As a result, we do not expect any further material negative impacts on performance from these areas.

This is in addition to the reserves taken for **monoliners** which I mentioned earlier on. As a result, we believe that we have taken sufficient risk provisions.

In the area that gave us cause for concern in the fourth quarter, i.e. **proprietary trading** in credit products and equities, we have taken drastic measures. For example, we closed two dedicated proprietary trading desks. In total, we reduced our proprietary trading risk throughout the Group by approximately 75%.

Ladies and Gentlemen,
Many of you have called our **Level 3 assets** a “black box”. Allow me to make a brief statement on this: Level 3 does not mean, as it is often assumed, a “mark-to-model” valuation.

We **classify** a position as Level 3 when one significant market parameter is not currently observable in the market. As all of the other parameters may reflect current

market values, even our Level 3 assets have a valuation that is substantially close to the market.

Despite market collapses in several areas and the resulting increase in non-observable market values, we were able to maintain a **volume** of our Level 3 assets **which remained essentially unchanged** from 2007 levels. We will continue to monitor carefully the valuations and volumes of these positions. Of course, this is also part of our risk reduction program.

Some market observers have at times expressed their concerns about the possible risk from our apparently large **derivatives book**. Allow me to explain this to you. The item reported in our IFRS financial statements “Positive market values from derivative financial instruments” of EUR 1.2 trillion is reduced by offsetting positions with the same counterparties, i.e. through “netting”, to EUR 128 billion. These “netted” positions do not result in any risk for the bank. In financial statements according to U.S. GAAP, this large number would not even appear. Based on recoverable collateral and hedging instruments, the actual net risk position comes to only EUR 61 billion - and 85 percent of these positions are with investment grade counterparties (rated BBB or better), i.e. of good to very good quality.

In light of the effects of the crisis on the real economy, an increase in defaults on loans to companies and private households can be expected.

However, we have a high quality **loan book** – with more than 90 percent of the loans categorized as low and moderate risk in light of good credit ratings, collateral and other risk-mitigating measures. Thanks to this and our hedging strategies, we believe that we are well prepared against higher charges in the future.

Where do we go from here? Where and how does the bank intend to generate profits again in the future?

First of all, I would like to make it clear that we are sticking to our fundamental strategy. Our business model - a broadly diversified investment bank in terms of products, client groups and regions, with a strong and growing private clients franchise, is still intact.

We have begun **recalibrating** our investment banking operations. We are withdrawing resources from business areas that are **not likely to recover** in the near term. Wherever risks cannot be satisfactorily hedged, wherever markets are illiquid or counterparty risks are either not justifiable or not hedgable, we are systematically reducing our positions.

In **Global Markets** we have adjusted our resource base and have reduced staff numbers by roughly 30 percent since the beginning of the crisis.

Furthermore we are aggressively bringing down our **leverage ratio** – the ratio of total assets to equity. Based on a direct comparison with our peers, we aim to keep total assets at around 30 times equity. With a multiple of 28, we more than fulfilled this target already at the end of last year.

In **Global Markets**, we brought down non-derivatives trading and other assets by around EUR 300 billion. We are aiming for a leverage ratio of 25 with a robust capital base in the future.

We will invest in areas in which we can increase our **market share**, while keeping a close eye on the costs. We are extending our growth initiatives in client-related trading areas, especially in commodities, equities and prime brokerage.

In areas where we are **already strong**, including above all client-facing foreign exchange trading, money market and interest rate products, we will continue to grow and profit from consolidation in the industry.
Deutsche Bank is one of the few large financial institutions that clients prefer to do business with today.

In **Corporate Finance**, we are adjusting our portfolio in Commercial Real Estate and Leveraged Finance to changed market conditions. However, we are carrying out a targeted expansion of other activities. We expect that given the severe recession, in particular in the USA and Europe, there will be a great need for change in the market. Furthermore, a new wave of consolidation is starting in numerous industries. We will

therefore be focussing in particular on **restructuring, financing and M&A advisory**, and aim to capture additional market shares in these areas.

And we maintain our **commitment to German MidCaps**. Even in difficult times we do not leave our loyal customers in the lurch.

Investment banking remains one of our core businesses. Our platform is fundamentally intact. We are the market leader in segments that have performed well even in the crisis. Weaknesses exposed by the crisis will be addressed. We are adjusting our deployment of capital, resource levels and risk-weighted assets as well as our platform to the changed environment. But we are maintaining our flexibility. This is because we are convinced that trust will return to the markets and many products. That is when the investment banks profiting from this will be the few independent investment banks that have handled the crisis without external assistance and have positioned themselves sustainably for the future.

We will expand **Global Transaction Banking** and maintain its performance momentum of the last few years. The focus of our expansion here will be on core countries where we see the greatest revenues potential. Wherever GTB is present, we offer comprehensive services for domestic and cross-border trade, including structuring, financing and risk management.

We will **grow and gain new clients**. For this purpose we are investing in new technologies and improving our range of products. We are developing flexible, innovative solutions, for example, in the credit card business and cross-currency payments. GTB will grow organically and take advantage of opportunities for attractive bolt-on acquisitions.

We will reengineer our **Asset Management** division. A series of initiatives has already been launched in this context. Money market fund products are being restructured to avoid future cash injections. **RREEF**, our asset manager for alternative investments, will adjust its strategy to the changed conditions in the real estate markets. We will further streamline production processes for new funds, while

reducing costs in settlement. We will significantly downsize our issuing platform for new products with **hedge fund strategies**.

We will be continuing the globalization of our **DWS brand** and thus enhancing our position in the mutual fund business around the world. In general, we anticipate that customers will turn to larger, integrated providers.

We are one of the world's leaders in **private wealth management**, and we reinforced our global presence through new offices in India, Russia and Switzerland. As a result, we are now open for business in 89 locations around the world for affluent and wealthy clients.

The current environment, however, required further measures. In PWM, our stated aim is to build on the strong **Deutsche Bank brand** and profit from a "**flight to quality**". To achieve this objective, we intend to make use of select acquisition opportunities, recruit top talent and build out our discretionary portfolio management business along with our advisory mandate business.

The development of revenues in **Private & Business Clients** has demonstrated that its business model is robust. In addition, **Private & Business Clients** has initiated a **growth and efficiency program**. We will use the latest technology to simplify and accelerate clearing and settlement processes and to further improve our cost-income ratio.

At the same time, we will continue to systematically **extend our branch network** in Germany and in key European markets.

Through our future participation in **Deutsche Postbank**, we intend to further strengthen our stable businesses. Following on from our acquisitions of norisbank and Berliner Bank, this transaction gives us the option to continue to enhance our retail banking business. With customer deposits amounting to nearly EUR 100 billion as well as 14 million clients, Postbank offers us a valuable strategic option in our private clients business.

Within the scope of our cooperation agreements we are already working with Postbank on **product, sales and cost synergies** and expect to achieve a benefit of around EUR 120 – 140 million between our two platforms. The implementation of the envisaged cooperation projects will begin in spring. If we ultimately exercise our option, Deutsche Bank together with Postbank can become the **uncontested number one** in the German home market.

Ladies and gentlemen, let me conclude:

Unfortunately, the global financial crisis did not spare **Deutsche Bank**.
However, we have performed an in-depth analysis into recent events and their impact on our bank, and immediately took suitable corrective action. Not only did we drastically reduce risky or illiquid positions and activities but we also discontinued operations where it made sense to do so. In other areas where we expect good market opportunities in the future we invested. We adjusted the focus of our activities to the changed environment and repositioned some businesses.

Predictions are extremely difficult to make in this environment. Nevertheless, we are pleased to report that we have made a successful start in 2009.

In January, we generated revenues of EUR 2.8 billion. This is significantly above last year's figure for January and only slightly under the record result in 2007. With all the appropriate caution, this gives us confidence for 2009. We are certain that **Deutsche Bank will emerge from this crisis stronger**.

Thank you very much for your attention.