Deutsche Bank Privat- und Geschäftskunden AG

Non-binding translation

Financials 2007

Leistung aus Leidenschaft.

Deutsche Bank

Non-binding translation

Management report for the 2007 fiscal year

A. Growth trend in 2007

1. Trend towards success continues consistently

The globally characterizing topic in 2007 was the subprime crisis in the US. The subprime mortgage market in the United States may not be large in relation to the international financial system, but the difficulties there still had pervasive consequences in other industries as well, and had a negative influence on both investor confidence and the liquidity situation in the global financial markets.

The effects of the subprime crisis on the banking sector and the overall economy can still be felt today. The Deutsche Bank Privat- und Geschäftskunden AG (hereinafter Deutsche Bank PGK), as a 100% subsidiary within the Deutsche Bank Group, is the primary platform for the market segment Private & Business Clients and is part of the Private & Business Clients Division (hereinafter PBC), which has had stable, steadily increasing profit contributions for years. Thanks to our business model, the subprime crisis had no direct influence on the results of Deutsche Bank PGK, since we made no financial investments at all in the US mortgage market. The difficult market situation still resulted in extremely volatile short-term market movements on the assets of our clients and therefore on our service business as well, particularly on securities and investments consulting.

The uncertainty of many investors was and is significant. A flexible yet balanced investment strategy is of fundamental importance in this situation. Moreover, transparency is essential, so that trust in and reliance on the financial markets can recover.

Based on a slightly increased demand for credit, significantly higher deposit volumes, and a significant increase in securities transactions, we were able to increase our revenue even further over the already high level of the prior year. Our goal of balanced growth over the three dimensions of client, employee, and shareholder was systematically pursued as in to previous years, and was outstandingly successful.

Dare to try new things – exciting people and markets with innovation, is the challenge we seek. The alpha and omega of our business philosophy is to strive for superior product performance as well as consistently provide the best consulting and service quality. Our motto is: We want to excite the enthusiasm of our customers for us and our services – in short, make them fans. With our customer charter, we establish a uniform understanding of customer orientation, and want to make our service promises a reality. Our success can be seen in the customer polls we continually carry out. With our PBC 2011 growth program, we define our expectations for the future in the PBC business division in our home market of Germany, whose supporting pillar is Deutsche Bank PGK.

In addition to customer focus, we concentrated on our growth offensive in 2007, in order to build our market position regardless of the harsh competition. In Berlin, we significantly strengthened our presence by the acquisition of the Berliner Bank, effective as of the start of 2007. The Berliner Bank, with its 60 branches, is now a 100% subsidiary of Deutsche Bank PGK in the Berlin location. The acquisition of the branches, brands, and customer portfolio of norisbank in the fourth quarter of 2006 by the Deutsche Bank Group permitted the PBC division an entry into a Germany-wide dual-brand strategy, giving us the opportunity to position our offerings more clearly and more sharply, and thus to approach our clients in a more differentiated manner. Differentiation is a core element of our PBC 2011 growth program, since only a bank with the right offering for different client needs can win clients on a long-term basis. In the PBC division, Deutsche Bank PGK continues to appear as the premium brand, where highly qualified consulting, client experience, and special expertise have top priority. The norisbank brand, on the other hand, is qualified as a powerful quality discounter with an independent brand that strives for a lower price with a few simple products, and can thus focus on the corresponding target groups. This permits both brands to stand clearly and unmistakably for a certain intent, and complement one another in competition.

We have also continued to invest successfully in organic growth. In the 2007 fiscal year, we continued to improve our public relations and increase our market presence by specific investments in our Investment & Finance Center (IFC) and financial consulting offices. We obtained new client groups with excellent product offensives and in unconventional ways using successful cooperation and/or strategic measures. New productive strategies are continually implemented to better utilize existing acquisition potential. In addition to the establishment of target-group-specific management approaches, for example, the middle class offensive or the 4 to 4.5% savings action, the success of our business model can be traced back to many other conceptual components. The premise of offering innovative products at a fair price is one of the turning and hook points.

After we managed to build our share in the stock of our subsidiary Deutsche Bank PBC Spólka Akcyjna, Warsaw, Poland, to over 99% in 2006, we invested another €81 million in an additional increase in capital. Poland is among the most important growth markets in Eastern Europe. Through specific measures such as opening the "db kredyt" shops through our subsidiary, we also want to expand in that market, positioning ourselves well in the hard-fought market segment of consumer financing.

Since 2002, the PBC division has acted under uniform management and under the Deutsche Bank umbrella brand. By bundling banking services for private and business clients into the PBC division, we set the standards for our growth trends of today, and the success of Deutsche Bank PGK and of the PBC division. With a pre-tax profit of €723 million, Deutsche Bank PGK has had the best results in its corporate history. As a significant pillar of the PBC division, Deutsche Bank PGK contributed significantly to the profitability of the entire PBC division again in 2007. That makes PBC a significant profit producer for the Deutsche Bank Group, and a function which is impressively highlighted by a growth in results to €1.146 billion before taxes (pre-tax profit according to international accounting standards IFRS).

2. Marketing networks permanently developed

Deutsche Bank PGK works with its private and business clients in 774 Investment & Finance Centers, the Q110 branch of the future, and 395 self-service (SB) banking units as of the end of December 2007. A total of 1,170 sales units offer our clients a broad self-service banking offering, the best service, extensive customer service, and outstanding advice with an extensive first-class product offering. This marketing network, which is also positioned well in comparison with our competition, is a solid starting basis for continued increases in customer satisfaction.

The concept of the branch "Q110 – the Deutsche Bank of the Future" is an outstanding example of creativity and innovation. New concepts are tried out here under real-world conditions. Successfully tested elements were also successively moved in 2007 into our stationary marketing network, which has been systematically and consistently modernized since 2003. In the context of our modernization program, 280 locations have now been remodeled from the ground up with extensive investment. Customers and employees alike confirm that this has created a significantly more pleasant service and consulting atmosphere. Improved working conditions in a modern work environment have a positive effect on client satisfaction. We will continually invest more in our stationary sales network in the future, modernizing IFCs as needed and placing tested elements from Q110 into the areas.

The considerable extension of our mobile sales carried out in the past few years, with 200 financial advice offices today, is an ideal complement to our network of IFCs and SB banking units in 2007, contributing still more to client proximity. The number of our independent financial advisors could be kept stable, at about 1,500. Due to the acquisition of new clients, mobile sales has made an important contribution to the extension of our client base, whether in the financial advisor offices, supported in the IFCs, or even through advice given to clients at home. Our financial advisors are available as qualified contacts to our new and existing clients independent of banking hours throughout Germany. Mobile Sales, as an integrated sales channel, is a significant component of our value creation chain. In this function, it optimizes cross-sales potential and acquires new capital assets and/or credits. To improve service in daily banking business for our customers on-site in the financial advisor offices, 50 selected financial advisor offices were equipped with banking terminals in 2007. Cash supply to clients free of charge was already provided using nearby ATMs in the Cash Group.

For continued improvement in service quality and scope, we continued investment in our SB banking units in 2007. By the end of 2007 throughout Germany, our clients had access to about 3,100 banking terminals, of which about 1,600 had document readers, and 2,000 ATMs, of which 630 had deposit functions. At around 260 million client contacts, this was the most-used access to our account services by clients. As a member of the Cash Group, we offer our clients the option of withdrawing cash free of charge at over 7,000 ATMs in Germany and about 35,000 ATMs in 32 countries around the world. We also rearranged the working hours of our IFCs at selected locations in our home market of Germany to be more client-friendly, in part by opening on Saturdays or late afternoons.

3. Online Brokerage: Trade online like the professionals with maxblue

In 2007, our online brokerage offering maxblue continued the positive trend of previous years. In an intensively competitive market environment, maxblue was able to increase transaction volume in 2007 by 6% to €10.3 billion. A significant driver of this success was the positive volume trend in private investment business. The online brokerage business benefited from the introduction of the new price model last year, especially from the consistent further development of the comprehensive service offering. By optimizing the brochures and simplifying the form inventory, by and making additional improvements to the website to and many customer-relevant processes, the attractiveness of the maxblue offering to clients could be further increased. With the implementation of the Markets in Financial Instruments Directive (MiFID) introduced throughout Europe, the already high quality standards of maxblue could be increased further through even more transparency and additional client information.

4. Growth-intensive cooperation and third-party sales

In 2007, Deutsche Bank PGK could also significantly positively influence the private client business through its cooperation partners, thus permanently strengthening its position as a leading private client bank. Good experiences in previous years validated our plan to enter into additional strategic partnerships. Selected cooperations are described below.

Since 2001 Deutsche Vermögensberatung AG (DVAG) has extended the mobile sales force of Deutsche Bank PGK. With over 33,000 investment advisors, DVAG is number 1 in the world in independent financial sales organizations. Our strategic sales partnership opens the attractive product line of Deutsche Bank PGK to the over 4 million clients of DVAG, along with the extensive investment fund offering of DWS Investments GmbH (hereinafter DWS) and, if needed, access to the entire consulting expertise of the Deutsche Bank Group. Our investment and bank products today are an essential component of the overall financial advice of DVAG. Innovative, targeted product solutions – such as ZinsKonto Plus as an attractive, interest-bearing salary account for deposit clients – extend the range of offers in a way specifically tailored to the needs of the client.

The sales cooperation with DVAG is a meaningful, profitable sales channel that we will continue to extend dynamically in the future with new, innovative, exclusive offers. In all since the start of the cooperation, 530,000 active client relationships have been gained.

Since October 2005, Deutsche Bank PGK has cooperated with the ADAC automobile club, the largest in Europe, in the sale of exclusive savings products. Among ADAC members, the product offering continues to be viewed very positively, since the competence of Deutsche Bank PGK is an ideal complement to ADAC's brand values. Demand in particular focuses on ADAC FlexSparen, a flexible savings account with a savings card that, in addition to very attractive interest rates, also includes the option of being able to access cash free of charge at about 35,000 ATMs worldwide. The ADAC also offers its roughly 16 million members ADAC-ZielSparen to support increased savings, with medium- to long-term savings contracts, as well as the ADAC driver's license savings. In all, with nearly 100,000 new customers over the entire period of the cooperation, we have been able to sell about 136,000 products.

In Partnership Banking, we offer the employees of companies attractive banking offers (e.g. account, card, deposit, private credit), stock option plans, team stock share programs, or innovative solutions for company retirement plans). In this business field, we are moving with the times to provide increased support and employee participation and the establishment of invested pay programs. Here, we were able to gain the mandate of numerous publicly traded firms. In all, we are cooperating with over 100 partner companies in this area, and since starting in August 2006, we have gained about 300,000 new customers in this manner.

After bringing point-of-sale financing to the market in April 2005, we have succeeded in rising from zero to third place in this hard-fought segment, overtaking strong competitors who have been active in this market for years. In the meantime, cooperation contracts have been concluded with numerous retailers, primarily from the areas of entertainment electronics, furniture, building supply stores, and lenses.

With the motto "Strong brokers have strong partners," the 2007 fiscal year saw the inauguration of exclusive cooperation with the largest real estate broker organization in Germany, the Immobilienverband Deutschland (IVD). With over 6,000 IVD real estate brokers and companies, Deutsche Bank PGK thus has access to over 50% of the buyers and sellers of real estate marketed in Germany. The goal of the cooperation is the intensification of existing, and the establishment of new, feeder contacts – particularly in the area of construction financing.

After setting up the strategic partnership db Investment StarPartner in 2003, new benchmarks and accents were set in terms of the active marketing of third-party funds. We have concluded StarPartner cooperations with nine selected globally active mutual fund societies. In addition to the powerful premium fund products of DWS, our clients also receive qualified, comprehensive advice in top products from selected big names among mutual fund societies. This highlights our "best in class" approach as we also offer high-quality products from selected third-party providers. The funds of our StarPartners are an integral component of our advising and service program "db Finanz & VermögensPlanung." The acquisition of the Berliner Bank provided the opportunity to integrate LBB-Invest into our product line as another partner. In particular the Lingohr Systematic-LBB-Invest investment fund was received by our clients with interest and great success.

5. Differentiated use of growth potential

Since the start of 2007, Berlin has been the largest location for the private and business client business in the German home market of the Deutsche Bank Group. With the acquisition of the Berliner Bank, we are permanently strengthening the PBC division. In addition to 60 additional branches in Berlin, about 320,000 customers, and around 1,100 employees, the Berliner Bank brought a well-penetrated market with it. The Berliner Bank will continue to operate as a strong local brand, but has extended its product range with products from Deutsche Bank PGK and its partners. For example, DWS has created several investment funds exclusively for clients of the Berliner Bank. Another extensive product offering was developed in time for market introduction. Mature products – such as the BB MAGIC account for private clients that offers numerous add-on services as well as a travel booking service – were retained and further supported. More services, such as participation in the Cash Group, add to client satisfaction. The 2007 fiscal year, with the market introduction as a part of the PBC growth strategy, was a complete success for the Berliner Bank. In addition to a satisfactory positive result, the Berliner Bank has completed an outstanding acquisition performance. In the context of the growth strategy, we added a capital increase at the Berliner Bank in 2007 in the amount of €30 million by adding to the capital reserves.

Our participation in the share capital of Deutsche Bank PBC Spólka Akcyjna, Warsaw, Poland, allows us to utilize growth opportunities in Poland, a country with a young, less regulated market – in short, one of the most interesting markets in Eastern Europe. By doubling the number of IFCs in the previous year, we created the conditions for future organic growth. In the 2007 fiscal year, our subsidiary entered the consumer credit business in Poland on the offensive with the opening of 66 db kredyt shops. After a fulminate market start with db kredyt shops, we are confident that Deutsche Bank PBC Spólka Akcyjna will prevail in that market segment, despite tough competition, and will have become one of the biggest providers on the Polish market within a few years. Uncomplicated credit and comprehensive credit solutions are among the offers, as well as credit refinancing. The new product line will also be offered through brokers, agents, and direct sales. We will also consistently continue to implement our growth strategy.

In the meantime, we own 99.73% of the capital of Deutsche Bank PBC Spólka Akcyjna. To increase that to 100%, the squeeze-out process (forced cash purchases from minority shareholders) was started by shareholder resolution on December 4, 2007. This process should be complete in 2008.

B. Business development in 2007

1. Consistent focus on profitable growth

Overall, 2007 was an extraordinarily successful business year for Deutsche Bank PGK. Profit before taxes, at €723 million, easily exceeded that of the previous year (€671 million).

In our business with private and business clients, in 2007 we have consistently continued to follow the path taken in previous years, using targeted product, performance, and cost management to lay the groundwork for permanent growth in the dimensions of client, employee, and shareholder, and, in particular due to outstanding customer acquisition performance, we have experienced permanent organic growth.

With sales activities oriented towards client needs in combination with outstanding products and conditions and the excellent performance of our employees, in the 2007 fiscal year we were able to achieve a significant increase in the already high level of the prior year's results. The deciding factors here were the notable increases in both interest rates and commission income with only moderate increases to personnel and materials costs and a significant reduction on net risk expenditures from client business. On the other hand, risk costs were burdened by the write-off of investment fund shares held on pension obligations for insolvency insurance.

In association with the growth strategy of the PBC division, the new strategic orientation of mobile sales started at the end of 2003 and the more targeted integration in the sales measures of PBC resulted in additional positive results contributions.

The internal business processes further optimized as part of an ongoing process also contribute regularly to the positive business trend. In our service centers, numerous highly standardized account-related work processes and selected special tasks are performed to relieve the stationary sales units of administrative burdens and thus to increase our capacity for individual advising of our customers in the IFCs. As an interface to sales, our service centers make a valuable contribution to results and represent a central element in the value creation chain of the bank. To utilize synergistic effects and strengthen service thinking, several service center areas were combined in 2007 under the uniform umbrella of "DB Service". One important reason for this rearrangement was our growth program, which requires us to be able to react more flexibly and efficiently to increase volatility in incoming orders. The permanent development of quality management led to an increase in process quality at the service center locations. One expression of this increased efficiency is the continually growing number of processes and activities handled by the service center. This success was also documented in the year reported by the "Best Quality Management" award in the Euro Banking Test (05/2007).

1.1 Concentration on the significant: Performance for our clients

Our goal is to provide outstanding performance and to question the conventional in order to offer our clients superior solutions. The focus of our offering is a consistently high-quality service and advising that we provide to our eight target client groups through the Personal Banking and Private & Business Banking sales channels. Excellent financial solutions at a fair price for private and business needs characterized the business model of Deutsche Bank PGK and PBC. Good knowledge of our markets and access to the global network of products and services of the Deutsche Bank Group make it possible for us to offer our clients tailor-made financial solutions. In our home market of Germany, a total of more than 8.4 million clients have decided on Deutsche Bank PGK as of the end of 2007. This represents a 5% net increase.

An elementary component of our overall consulting approach is db Finanz & VermögensPlanung, based on the individual life situation of the client. This provides the client a complete overview of his or her financial situation, including the resulting opportunities and options. Based on this analysis, our experts can provide our clients with personal solutions adapted to the client’s stage in life, taking into consideration both business and private needs, since financial success is the sum of correct decisions.

Within our eight target groups, we also always select differentiated approaches. Bankamiz (“the bank for us” in Turkish) was started in select locations in 2006 as an initiative to win and keep customers of Turkish descent with the slogan "The bank that speaks your language." Our well-educated senior client consultants of Turkish descent are the core of Bankamiz. They understand the culture and mentality of our Turkish clients and can therefore better target their specific financial needs. This offer is supported by bilingual communication and advertising. Based on the very positive experiences of the previous year, the Bankamiz approach was expanded to 30 subsidiaries throughout Germany in 2007.

In Business Banking, we started with target-group-oriented health care consulting in the beginning of 2008. In 2007, selected senior client consultants were prepared for this task by means of corresponding qualification measures. Equipped with well-founded industry know-how and health care-specific consulting documentation and tailor-made product offers, our health care consultants will address themselves more intensively to this target client group in the future.

To expand stationary sales, two new IFCs were opened in Geretsried, Bavaria, and Munich-Waldtrudering in the 2007 fiscal year. This also allows us to focus on winning new clients, and we are increasingly looking at our proximity to clients in communities and city precincts where we have previously had no representation.

In the direct channels (online, telephone, and self-service banking), the total number of individual client contacts increased significantly in 2007. To increase the already high attractiveness of the direct channels for our clients, a number of improvements were implemented using innovative solutions. The focus of all these measures was continued increases in client satisfaction.

The number of clients in online banking grew in comparison with the previous year by 170,000, to nearly 2.9 million users. This makes us the leading bank in online banking in Germany. The number of logins grew in 2007 to 190 million. Service functions such as the online viewing of account and deposit overviews or the charging function for prepaid mobile phones in the transaction area are very popular with our clients and used with enthusiasm. Due to increasing usage of mobile phones and other mobile devices, in 2007 a transaction manager for mobile terminals was provided as a new access channel. This was separately optimized for the parameters of the devices and after successful introduction was also especially adapted to all smart phones.

For the safety of our clients, the extended iTAN procedure was introduced in February 2006. A number of preventive measures were also implemented to permit us to protect our clients from online fraud, with the result that 2007 saw not a single case of iTAN fraud.

The quality of our entire online presence is rated very highly by our clients. In the home page polls carried out during the year, as well as in continuous feedback from clients and interested people through the feedback manager, we received thoroughly positive comments.

In addition to the satisfying growth in the number of online banking clients, we have also been able to achieve continuous growth in our telephone banking clients, so that the number of users has grown from 1.8 million to over 1.9 million clients.

The high availability of telephone client service to which our clients are accustomed could be ensured throughout the year. In order to further simplify communication with our sales units for our clients, all consultants in the Personal Banking sales channel throughout Germany were equipped with a forwarding service in 2007, by means of which clients could be forwarded to the Communications Center if their consultant was not available. In 2008, this service was extended to additional sales channels. The strategic initiative started in the previous year for increasing client satisfaction in telephone client service by means of high quality during the first client contact, providing our clients with more in terms of simple, competent, and uncomplicated service, was concluded successfully in 2007. During peak times, up to 71,000 calls are answered daily by the employees in telephone client service. Moreover, the number of meeting appointments made at IFCs in 2007 was significantly expanded over the previous year by outbound campaigns (client conversations initiated by the bank), by about 40% to 456,000.

More and more clients value and use our customer-friendly, convenient self-service banking offering. In the 1,200 self-service locations, with 2,000 cash and 3,100 non-cash units, we have the most powerful, most modern self-service banking infrastructure in Germany. To be able to provide our clients with nearly all self-service banking devices seven days a week and 24 hours a day, we work with competent, long-term reliable service and product partners. In addition, our clients are offered products at the banking terminals for which they can request information or make consulting appointments. Selected products can also be concluded directly at the self-service banking units.

It is our goal to continue to improve the already high service quality of the direct channels, in order to continue to build client relationships. The basis for the above-average use and acceptance of our online and self-service banking offering in 2007 were their unrivaled stability and constant availability.

Deposit volumes could be increased in the reporting year by €2.2 billion. The number of consulting deposits remained nearly constant. Despite the volatility in the stock and bond markets triggered by the subprime crisis, 2007 was still a good year for assets in the European stock markets (EuroStoxx 50 + 7%). However, returns on Euro bonds fell sharply on average during the year.

We were again able to increase the retention of our clients continually in 2007. This reflects the success of our growth strategy. The many awards in the press such as "Best Service" (Deutsches Institut für Service-Qualität [German Institute for Service Quality], 09/2007) and "Best Investment Consulting" (Manager Magazin, 03/2007, and Börse online, 11/2007), etc. naturally please us very much, but our undivided attention is still on increasing client satisfaction and client retention.

1.2 Employees and mobile financial consultants as success factors

With their outstanding engagement and high motivation, our employees again contributed significantly to our success in the 2007 fiscal year. Business and personal competence, experience, and particularly motivation are the keys to optimum consulting and advising of demanding clients. For this reason, we continually invest in the qualifications and personal development of our employees. First-class training and continuing education opportunities, modern instruments for personal guidance and a variety of career opportunities, and last but not least performance-based pay are all prerequisites for being and remaining attractive as an employer, particularly for employees who strive for responsibility and performance in their careers.

In 2007 as in previous years, with about 50,000 training days we again made a significant investment in the ongoing education of our employees. Based on our PBC qualification offering, each individual employee's development needs are addressed. The successful completion of extensive qualification measures in selected business areas is documented with an external certificate. This certificate of expertise is not only advantageous for the employees, but also establishes transparency concerning the qualifications of our employees for our clients.

The number of trainees in the Deutsche Bank PGK in the 2007 fiscal year totaled 1,369. In addition to career training, we also offer employees studying in parallel with their careers and college graduate trainees the opportunity to enter their career life. Both the development of our business and the demographic trends in Germany make these measures absolutely essential. Moreover, these incoming generations enjoy talent programs very early. An example of this is the "Perspektive XXL" training program, oriented towards banking sales staff with above-average sales and performance. The goal of the program is to support young talent and to make their rapid business and personal education possible, so that they can quickly enter demanding consulting positions.

Our talent management, however, not only addresses young employees, but rather identifies all employees from hourly workers to management who have above-average performance and the corresponding potential. Retaining this talent in our company is essential to our long-term success. In particular, we continue to develop the PBC career model both for talents in client careers and also in back-office careers. This has allowed us to broaden our career range and to offer high-performing employees for whom a management career is not an option an equally interesting outlook.

We offer our management participation in "Management Sparring" to support their development in management qualifications. This is a professional form of management coaching tailored to the individual needs of management personnel and has been offered successfully for several years. Management feedback, in which the self-assessment of the manager is compared by a moderator with external assessments by all direct employees and then discussed in a moderated team discussion, has also proved useful as a feedback tool for managers.

The quarterly employee poll carried out in the past few years has become firmly established as an instrument for guidance and control. Intensive work with the polling results has led to a significant increase in employee retention.

In the future, we will continue to address the development of our employees intensively. The personnel strategy will support enterprise strategy with targeted initiatives. Systematization in ensuring replacement and training of the workforce, as well as the adaptation of our recruiting strategies to the changed background of demographics and education policy, are both in focus in order to allow us to retain access to excellent employees and remain attractive as an employer in the future. We will also address the optimization of the selection mechanisms for our talent programs and the further development of our remuneration systems.

The training and continuing education measures of our independent mobile financial consultants are carried out by our subsidiary, the Vertriebsgesellschaft mbH der Deutschen Bank Privat- und Geschäftskunden, which initiates, designs, and controls the hiring training for all financial consultants as well as continuing business and management seminars. In addition to a comprehensive product and sales competence, we also strive for the qualification of personal competence. Through structured training of mobile financial consultants with clearly defined development goals, we create the basis for a growing organization with significant sales force.

About 220 PBC employees, of which about 140 are from Deutsche Bank PGK, made use in 2007 of the opportunity to support the norisbank integration by being employed in the PBC division in the framework of employer transition to norisbank. Due to the recruiting offensive of norisbank, the number of transitioned employees was reduced to about 100 by the end of the year. In 2008, the employee transition ended, with the option for employees of switching permanently to norisbank or returning to their original positions at Deutsche Bank PGK.

Based on our strong competitive position and our long-term successful business model, we can offer our employees attractive positions and a good development outlook, achieving permanent values and long-term growth together with our employees. Our staffing level at the end of 2007, with 13,652, is slightly higher than the previous year's level of 13,632.

1.3 Attractive returns for shareholders of Deutsche Bank

In 2007, Deutsche Bank PGK earned a payable profit of €719 million and thus lies €28 million above the already high level of the previous year (€691 million). In comparison with the previous year, profit before taxes even rose by €52 million to €723 million.

The Return on Equity rose from 25.2% in the previous year to 27.1% in 2007. The cost/income ratio correspondingly improved in comparison with 2006 (70.1%) to 67.4%, and has thus returned to the level of 2005.

In the 2007 fiscal year, we again succeeded in reaching the goals we set. The jump in profitability of our core market in Germany was impressively demonstrated over the past few years.

2. Results of our business activities

In the 2007 fiscal year, our business fields, well-positioned in the market, performed admirably. The significant growth in results was due to outstanding interest and commission income in 2007. The costs of risk from our client business again fell significantly. The increase in risk costs still recorded was due exclusively to the value trends of our investment fund shares. Over the course of this fiscal year, we demonstrated that even in the difficult market environment and under continuing competitive pressure, we could further cement our leading position in 2007. We will consistently drive the establishment of this position in the years to come.

No events of particular importance occurred after the conclusion of the fiscal year.

2.1 Increase in interest income from client business

Interest income improved over the fiscal year in both volume and income by €45 million, to €1,831 million. Client assets in 2007 grew significantly in 2007, particularly due to our attractive fixed-interest savings offering, by more than €12 billion – corresponding to more than 30%. Client credit volume grew slightly to its present value of €50 billion. The margin-induced increase in income is due to the significantly lower interest costs from interest security transactions – due to market interest trends. The interest income includes €4 million from fixed-interest securities and government ledger bonds.

Current income from shares and other variable-interest securities, participation, and shares in associated companies rose in 2007 by €74 million to €77 million. The determining factor for this increase was the payment of yields from our investment fund shares from Outside Funding of pension obligations. Due to the change in balancing methods for the income from yields from these investment fund shares carried out in 2006, no yields could be counted as income in the previous year.

The basis for holding these investment fund shares is a decision made in 2002 by the group board of Deutsche Bank AG to found a company pension trust on the international system. The fund assets were held in trust by an independent asset trust and used exclusively for pension obligations of the bank. Independent of this, Deutsche Bank PGK continues to be liable in full for pension obligations.

Yields from profit-transfer agreements in 2007 fell by €3 million to €7 million.

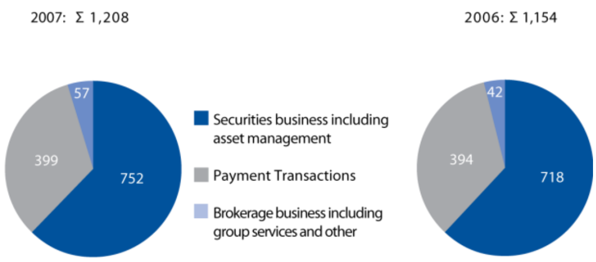
If interest income is examined for the 2007 fiscal year according to the product segments Credits and Deposits, business in personal credit and special-purpose instruments accounted for an increase in volume on the credit side. In the credit business, the db FestzinsSparen and db GeldmarktSparen savings accounts are largely responsible for the increased volume. These increases also led to a volume-based increase in interest income from client transactions. The growth in interest rates also led to greater playing room in margins in the demand deposit business, so further improvement in income from the deposit business was possible.

2.2 Expanding commission income

In the 2007 fiscal year, commission income grew even further than the previous year's high level. Net commission income grew by €53 million (+5%) to €1.208 billion. The good commission income, in addition to the significantly larger income from securities, was particularly characterized by the growth in commission amounts from insurance and retirement products.

Securities, with a contribution to income of €752 million (including income from asset administration), still represented the main pillar of commission-dependent business in the 2007 fiscal year. The turbulent stock markets and the placement of investment funds and innovative certificates tailored to the needs and risk behavior of our clients taking the stock market situation into consideration, had a positive influence on our securities income in the 2007 fiscal year. Due to the market volatility caused by the subprime crisis, client's needs grew for investment products with safe strategies and broad risk diversification.

Securities business driving increase in results
Commission income (in millions)



Business with funds, stocks, and pensions, certifications and closed-end funds grew significantly again in 2007, so that this product group, with €664 million, contributed an income contribution higher by €33 million.

In all, despite the turbulence of the international stock markets, 2007 was a good year for stocks, especially for assets in the German stock market (Dax 30 + 22%). The yields for Euro bonds with a remaining contract length between one and ten years, on the other hand, fell to only 3.1% over the course of the year, thus significantly lower than the level for three-month fixed deposits.

Over the already high level of the previous year, we were able to increase the yield from certificates and structured products by €6 million to €97 million. The trend already noted in previous years towards substitution of direct investments by certificates and structured asset products continued in the past fiscal year. The trend was augmented by our client's increased needs for investment products with safe strategies and broad risk diversification.

Investment funds business (including ongoing brokerage fees), with a contribution of €446 million, represented the largest source of income in the securities business and could be kept nearly at its level from the previous year (€472 million). In 2007, this class of assets was expanded with various interesting investment topics. Products with long-term focus such as climate change, raw materials, agribusiness, and value-oriented investments were in particular demand among our clients. Due to the subprime crisis, in the second half of the year our clients invested more in defensive products like investment funds on bonus or discount certificates, money markets, and hedge products.

In the product segment of closed funds, after the income drop in 2006, 2007 saw a return to the success of 2005, with income growing from €27 million to €46 million. The business could be expanded both in terms of volume and in terms of the number of new placements. The broadening of the offering was introduced by the acceptance of additional initiators, whereby a permanent line of associated placement products was established. The product line, which is representative of the overall market in closed funds in Germany in its balance, gained market and innovation leadership in this segment with different trend products.

Expansion of product segments of closed funds and certificates

Securities commission income (in millions)

The stock market environment and the targeted sales activities with innovative products led to a client securities volume in the 2007 fiscal year that was higher by €2.2 billion. Due to uncertainty in the financial markets, however, in the second half of the year our clients tended to move securities volume into deposit volume with attractive interest rates. At €35.3 million, therefore, the income from the securities business was slightly under the figure from the previous year.

Of our five membership products, particularly the fund-based membership product PrivatMandat Comfort, and PrivateMandat Aktiv were in demand among our clients. Membership security volumes could be increased in the reporting year by 22%.

The contribution to income of domestic and foreign payment traffic slightly exceeded the high level of the previous year, and at €339 million in 2007 continued to represent the second largest income source in commission-based business. With our account models, we offer our private and business clients the option of selecting account management and payment services tailored to their needs in terms of price and services. Although the market for private accounts was very greatly influenced in 2007 in the public eye by the massive advertising campaigns of the providers of free accounts, the demand for quality in banking services continued to grow, so we were able to obtain massive growth in the higher-priced models db PlusKonto and db BestKonto in new client business. Moreover, on the private client side, the account model db AktivKonto was still in great demand.

In the card business, debit and credit cards are a fixed part of the personal account. In comparison with the previous year, we achieved significant growth in the inventory of cards. Sales initiatives were successful, for example, with the World Flex Card, a card with optimum repayment flexibility, and the Motivekarte, in which the client can personalize the card with a photo or design of his or her choice. With pension products tailored to client needs, combined with targeted use of intelligent consulting tools and flexible sales channels, we were able in 2007 to utilize the market environment intensively in the insurance and pension segment.

In 2007, well over 60% of all insurance contracts were concluded with lifetime pension payments. The other insurance served largely for the financial security of dependents – preferably for the security of regular payment obligations for credit.

In 2007, we brokered about 238,000 life insurance and pension contracts with a total contribution of €5.2 billion. The total inventory of brokered insurance contracts as of the end of December 2007, was 1.46 million contracts, with a total insured sum of €49.0 billion.

With almost 100,000 brokered db FörderRenten pension plans, sales of Riester pensions sponsored by the state with bonuses and tax advantages grew by about 50%. The success story here was the db FörderRente Premium newly introduced in 2007. Forty-one thousand db FondsRenten brokered, flexibly managed during their lifetime, for example in terms of payments and insurance protection, show our clients' needs for additional private pensions to close growing gaps as they age. The db BasisRente (Rürup pension), in which the self-employed can particularly benefit from tax advantages during the savings phase, were in greater demand among our clients in 2007.

The db FondsRente, as an innovative pension product, unites both life insurance and pension components in a modern fund concept. Our long-term pension clients can thus adapt their pensions later to changing needs, for example increasing or reducing their payments, making bonus payments, and adjusting insurance protection during the life of the product.

The sales of products associated with commercial pensions was weaker in 2007 than in the previous year. In 2007, we still brokered about 14,000 contracts for commercial pensions, with a total contribution of €620 million.

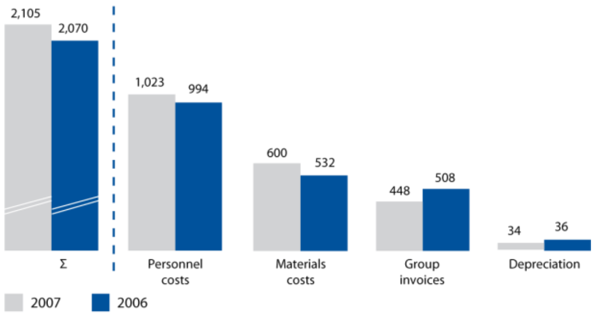
The significantly positive trend in the insurance and pension segment is not apparent in the income from brokering and other services, since this item also includes the costs for brokerage activities of our mobile financial consultants, DVAG brokers, and ADAC sales cooperations. These expenses also include expenses for brokering activity of banking and securities products. The corresponding incomes from brokered transactions are assigned to income items by the type of transaction.

2.3 Administrative costs slightly higher

Our cost management is characterized by clear responsibility structures for organizational units and fixed definitions for cost categories. Specific reporting and detailed analysis of cost center areas and cost types results in complete cost transparency for management and/or the various responsible parties.

Stable management costs despite growth initiatives

General administrative costs including depreciation on fixed assets (in million €)



In the 2007 fiscal year, administrative costs rose by €37 million (+2%) in comparison with the previous year, to €2.071 billion. Personnel costs rose in 2007 by €29 million in comparison with the previous year, to €1.023 billion. The increase in wages and salaries by €52 million to €775 million is due primarily to the effect of employee hires in 2006, since their wages were only paid to their full extent in 2007. Scale and non-scale wage increases, performance-dependent bonus payments, and increased expenses for early retirement and partial retirement contracts also contributed to the increase. Social security contributions and expenses for retirement plans and support fell by €23 million in comparison with the previous year, to €247 million. This was characterized not only by significantly lower pension expenses due to the adjustment of the pension provision in the context of raising the regulatory age limit for entering legal retirement, the reduction in the contribution amount for legal unemployment insurance, and a one-time burden in the 2006 fiscal year. This previous year effect was based on a change to the law associated with conversion of the financing process of the Pensions-Sicherungsvereins aG to full capital coverage.

Other administrative costs in the reported year, at €1.048 billion, were €8 million above the previous year. Materials costs rose by €68 million in comparison with the previous year, to €600 million. This includes €60 million IT and other operating expenses that were assigned to group-internal invoicing in the previous year and that will be posted to materials costs starting in 2007 due to changed invoicing modalities. The growth in expenses for rents and maintenance of business offices, communications expenses, printed material and office supplies, and for other operational expenses, is partly compensated by lower IT and consulting costs. The cause for the higher expenses for business offices was the modernization and expansion of our stationary sales network. Communications costs in 2007 were burdened by increased postage in connection with the new securities services directive of the EU (MiFID) and with the provision of our clients with Deutsche BankCards and SparCards. The IT investments of the previous year had a positive effect in 2007.

Group-internal invoices, posted to materials costs in 2007, fell by €60 million in comparison with the previous year, to €448 million. Negative effects such as increasing expenses in connection with continually growing requirements to prevent money laundering could be entirely compensated for by positive effects, for example from group-internal IT project invoicing.

Write-offs from operational and business equipment, reduced by €1 million from the previous year to €34 million, resulted primarily from lower write-offs from software and hardware.

2.4 Risk provisioning

Write-offs and value adjustments to receivables and certain securities, as well as input into provisions in the credit business increased, according to the settlement of amounts permitted pursuant to § 340 f. Section 3 of the HGB [German Commercial Code], by €21 million to €303 million. The increase in risk costs resulted from the write-off of investment fund shares used to cover pension obligations in the context of outside funding. Despite slightly higher credit volumes, a significant shrinking effect could be seen in the credit business in the reported year. Risk costs from the credit business could be reduced by 13% from the previous year. This was characterized not only by the economic recovery, but by strategic measures for the successful liquidation of written-off receivables as well as strict portfolio risk control management.

2.5 Other success and cost components

Other operational earnings fell in 2007 by €69 million in comparison with the previous year, to €38 billion. Other operational costs fell by €7 million to €30 million. These drops were characterized by the disappearance of the previous year's effects associated with fair compensation for investors in the open real estate fund grundbesitz-invest. A trade tax allocation payment affecting earlier years and the profit taken from the sale of an office building in Lübeck (the "Kohlmarkt") that was owned by Deutsche Bank PGK due to the merger with Deutsche

Bank Lübeck AG, previously Handelsbank, the drop in other operational earnings could partly be compensated for.

The other operational earnings and costs also include the costs for incorrect processing and damage claim payments and/or earnings from incorrect processing and credits from the resolution of provisions, costs for All-Risk Insurance and corrections from interest and provision costs from previous years.

Due to a change in German tax law associated with the treatment of corporate tax credits, €20 million was earned in 2006 in taxes on income and earnings. In 2007, this item was corrected by €4 million due to corresponding changes in tax statements.

3. The balance sheet trend

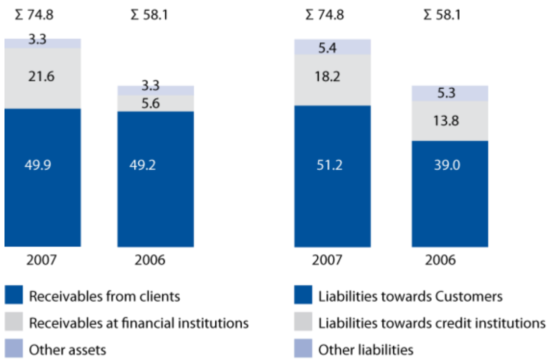
As of December 31, 2007, the balance sheet of Deutsche Bank PGK grew significantly in comparison with the previous year's closing date, by €16.6 billion (+29%) to €74.8 billion. This trend was characterized by outstanding acquisition performance in savings deposits. The excess liquidity from this will largely be invested within the Deutsche Bank Group with different periods. The growth in assets resulted largely from the extremely sharp growth in payments to credit institutions (+€16.1 billion, to €21.6 billion). In addition to the excess liquidity from saving deposits, an optimization in the hedge strategy in the Deutsche Bank Group led to growth in other payments to credit institutions. Claims to clients could be increased during the 2007 fiscal year by €0.7 billion, to €49.9 billion. Special-purpose instruments such as automotive credit and consumer credit especially contributed to this growth.

Debentures and other fixed-interest securities fell by €99 million during the reported year, due to final maturity and sales, to €26 million. The input from shares in associated companies in the amount of €754 million resulted from the purchase of the Berliner Bank with legal effect at the start of 2007 and capital increases for both Berliner Bank and Deutsche Bank PBC Spólka Akcyjna, Warsaw, Poland.

The preliminary purchase price for shares of Berliner Bank Beteiligungs AG and for the equity share in Berliner Bank AG & Co. KG was payable at the end of 2006. Ownership of the shares, on the other hand, was transferred to Deutsche Bank PGK only at the start of 2007, so the purchase price payment in the previous year is listed in "Other Assets." Other Assets also include option premiums paid for purchase of swaptions and caps for interest hedges, DWS and DeAM investment fund shares purchased in the context of db zeitinvest, a tax payment on the collection of checks received, mature securities and interest and dividend certificates, as well as assets constructed in the context of the branch modernization program.

The increase in liabilities is essentially determined by strong growth in savings deposit volume (+€10.9 billion) and increased amounts of "Other liabilities towards clients" (+€1.3 billion). At the same time, "Liabilities towards credit institutions" grew by €4.4 billion; analogous to the asset side, this is primarily due to optimization of the hedge strategy in the Deutsche Bank Group. "Other liabilities" are primarily liabilities towards the fiscal authorities due to interest income tax and solidarity tax obligations from client transactions, income tax obligations from salaries and wages, as well as liabilities to social insurance carriers and liabilities from deliveries and services.

Outstanding acquisition performance in savings deposit business
Assets and liabilities (in billions €)



In the 2007 fiscal year, the credit business of our bank managed well in a market environment with high competitive pressure. Details in the credit business:

Against the general market trends, the credit volume of personal credits was further expanded by €0.3 billion to a total of €4.3 billion during the reporting year, by means of sales support measures and targeted sales actions. The core element of this success is db PrivatKredit, in which the client's advantage can be increased by a so-called "payment holiday" – once a year, the client can leave one payment out – or by adjusting the payment in the first six months. The client can also distribute repayment into up to eight repayment tranches depending on individual needs. The volume of db StudentenKredits and our credit business at the point of sales were especially able to expand again significantly in 2007.

Commercial credit grew by 3.4% to a total volume of €3.6 billion. Core products in commercial financing are db BusinessKreditlinie and db InvestitionsDarlehen, which were accompanied by aggressive sales measures in 2007. Additional refinements in product modalities increased the attractiveness of these financing instruments for our business clients, because as a partner for midsized companies we can deliver tailored solutions. The credit product db FranchiseFinance started in 2006 was further established in the franchise industry during the reporting year. db FranchiseFinance is a standardized concept for the financing of new franchisees for pretested franchise and franchise-like systems.

In the construction finance business, the aggressive price war in the market continued. In the reported year, until summer there was a successive increase recorded in the interest curve by 60 base points. By the year's end, the interest level sank again. In the end-of-year comparison, the capital market interest was 30 base points above the previous year. Our new business volume corresponded roughly to the outstanding previous year; however, in all there were significantly more brokered real estate financing contracts for our cooperation partners – particularly including Deutsche Bank Bauspar-AG – than in the previous year. Our sales initiatives, pursued throughout the year with different top offers for construction financing such as long-term low-rate construction financing with a 25/30-year fixed interest rate, proved to be performance drivers.

To release regulatory capital, Deutsche Bank PGK concluded the SMART 2007-1 transaction in 2007. This bundled the risk from a portfolio of €2.8 billion in business client credit into a synthetic credit securitization and placed it with third parties. SMART 2007-1 includes a static portfolio in which the right to fill the repaid volume is contractually excluded. The total period of the transaction is six years. Due to changed framework conditions, the transaction was terminated at the end of January 2008. The MBS transaction HAUS 2000-2 was terminated by Deutsche Bank PGK in 2007 with effect in January or April 2008. For the securities issued in the context of this transaction, there was a listing transfer in 2007 from the "regulated market" to the "Euro MTF Market" of the Bourse de Luxembourg.

Our business with client deposits is the backbone of our refinancing, performs important functions in obtaining new clients and asset volumes, and serves as a draw for investment business. After five increases in the prime rate in 2006, the European Central Bank raised the prime rate to 4% in two steps during the reported year. We were able to utilize the expanded interest rate leeway actively and in a targeted manner to expand our margins and especially volume. The market interest rate trends thus provided favorable framework conditions for us. Due to the overall increase in interest rates, medium asset periods were especially attractive to our clients. Client deposit volume could be significantly increased in 2007 by means of targeted acquisitions, by €12.2 billion (+31.3%) to €51.2 billion. The dynamic increase in savings volume by €10.9 billion was characteristic of this process; in addition, the volume of other fixed-period liabilities rose by €1.1 billion. Demand deposits grew slightly from the high level of the previous year, to €14.7 billion (+€0.2 billion).

This outstanding growth in volume is the result of an extraordinary acquisition with very attractive FreshMoney actions, in which clients and/or selected non-clients are offered particularly interesting conditions for new deposits. Members of our cooperation partner ADAC were also convinced using attractive savings products. From these new volumes – and also using cross-selling as planned – an extraordinarily high portion of inventory could be retained after expiration of the special interest period. The continued success of the client deposit business depends especially on future interest trends as well. By active conversion, a stable security business can also surely be fed from our deposit volume in the future – particularly from FreshMoney actions.

The volume growth of savings deposits in 2007 was due partly from savings deposits with agreed termination periods of three months, with €2.1 billion, and savings deposits with agreed termination periods of over three months, with €8.8 billion. In savings deposits with three-month periods, the volume trends of individual production in 2007 must be seen in a differentiated manner. In our core product db GeldmarktSparen, we saw strong growth of nearly €2.5 billion to €9.5 billion. This growth in volume is interest-rate-driven and is also due to systematic marketing activities and sales success. In the rewarded savings products built up in the past in the context of new client actions, the volume in the reported year fell by €0.2 billion, since in 2007 we moved our FreshMoney offerings to the FestzinsSparen. In times of rising interest rates, the deposit volumes in the classical saving segment db Sparbuch and db SparCard also showed falling trends. Savings deposits with periods of over three months more than doubled in the 2007 fiscal year, with a growth of €8.8 billion, or 129.2%. The increase resulted from the excellent positioning of our db FestzinsSparens in the context of our FreshMoney actions, in which existing clients and also new clients, through TV advertisement, were offered attractive fixed interest rates for new deposits. The volume of db FestzinsSpar grew in 2007 by €8.9 billion to €15.2 billion. Our deposit inventory in savings plans fell slightly due to high rates of maturity.

The other liabilities with agreed period grew by the balance sheet closing date by €1.1 billion to €6.5 billion.

The cash inflow in the fixed term deposit area resulted primarily from the short-term liquidity retention of our business clients. The liabilities payable daily to clients increased slightly on the date of closing of the balance sheet, to €14.7 billion (compared with €14.5 billion in the previous year).

C. Risk management system

1. Organization of risk management

Risk management at Deutsche Bank PGK includes the identification, measurement, control, and monitoring of the risks associated with banking business and is integrated into the group-wide risk management of Deutsche Bank AG. The structure of the system for measurement and control of risk is largely based on group-wide specifications. Framework conditions were defined differentiated by risk type, describing details about risk handling.

Among the most important tasks of risk management and controlling at Deutsche Bank PGK are:

- Control of risks in bank portfolio in accordance with the business strategies and risk principles determined by the Group Risk Committee of Deutsche Bank AG and the Board of Directors of Deutsche Bank PGK,
- Development and introduction of tailor-made risk control systems,
- Risk identification and preparation of quality-controlled, timely information about the risk profile,
- Regular checking of business transactions and the associated risk positions to optimize risk-adjusted yields on economic capital in use, and
- Monitoring of limits in the area of credit, market, and operational risks.

For the monitoring and control of risks, we use Deutsche Bank group-compliant risk control instruments. In addition to sensitivity analyses, stress testing, and value-at-risk calculations, portfolio analysis is performed using process and risk costs, and the portfolio is optimized from the ROI point of view.

2. Typical risk categories

The significant risks to which Deutsche Bank PGK is exposed are bank operational risks and the risks from general business activity.

2.1 Bank operational risks

Bank operational risks are taken consciously by banks in the context of performance control. Due to the structure of our business, we are exposed to market and liquidity risks in the context of our business activities and credit extended. Of these, credit risk is – from a capital requirements point of view – by far the largest risk category. Operational risks and market risks are present to a much smaller extent.

2.1.1 Credit risks

Credit risk describes the danger of partial or complete omission of contractually promised payment on the part of a lender. Credit risk management (market consequence function) and sales (market function) are completely separate from the standpoints of both organization and responsibility. The significant tasks of credit risk management include:

- Working out and ensuring adequate credit standards and guidelines,
- Development of credit strategies and monitoring of their implementation,
- Further development and implementation of rating procedures,
- Ongoing monitoring and control of the credit portfolio and portfolio structure,
- Establishment of a uniform competence structure and its regular auditing, as well as
- Competent decision on credits and the formation of appropriate risk securitization.

In addition to central credit risk management, at the regional level there are four credit risk management units whose organizational structure from the standpoint of regional control of the credit portfolio is primarily oriented towards the main processes of credit decision and problem credit management. To optimize credit processes and processing, management of problem credit units is largely standardized.

We have differentiated credit processes that are tailored to the specific characteristics and needs of client and product segments. These take into consideration different access channels, such as IFC, call center, Internet, and mobile sales.

Credit decision rules and workflows are recorded in detailed credit process descriptions and guidelines. Credit rating and credit decisions are largely carried out using a standardized, systematic rating process that is binding in the sales and credit risk management units. For evaluation of risk, the bank uses automated rating procedures for most of its credit product, in which quantitative factors (e.g. financial analysis, account behavior, external figures) are taken into consideration. The client risk is calculated as a client failure probability using statistical principles on objective credit application data. Securities are included in the calculation of the expected losses (to reduce risk). The engagement risk is shown in the form of the expected loss proportion. Even with the high unit counts typical for our business, quick credit decisions are provided at a constant high level of quality.

Furthermore, workflows are supported effectively by the IT system in all phases of credit handling. The fully automatic networking of sales and credit risk management units was further extended. Both consulting and decision and processing are supported by the "KreditManager" system using an integrated approach.

Credit monitoring is supported by the system. This includes a behavior scoring system, dunning letters, and monitoring of compliance with regulations. There are also extensive analysis tools for monitoring and controlling the credit portfolio. Problem engagements are identified based on standardized criteria and sent to problem credit monitoring units. These engagements are sent to a special IT system for efficient processing and risk monitoring.

In 2007, our familiar business policy was continued with respect to a broad distribution of risk in the credit portfolio. IT-supported early risk detection systems, which directly identify potentially problematic engagements, provided continued consistent, timely risk management. In addition to intensive efforts to continue building our credit business with private and business clients, our attention in 2007 remained focused primarily on continued optimization of our processes in the handling of problem credit and in the recovery area. Deutsche Bank PGK uses a standardized mechanical procedure to identify adjustment and write-offs for homogeneous portfolios. In this context, we divide the greater part of our credit portfolio into multiple homogeneous subportfolios according to credit type and client group. About 96% of our entire credit portfolios fall into these homogeneous subportfolios. Based on historical data, the adjustment needs required are determined for each payment delay category in each subportfolio. The adjustment of a homogeneous credit is modeled and posted mechanically in the IT system using fixed individual adjustment rates depending on each payment delay. The fixed adjustment rate to be calculated is omitted from the first payment delay classes according to the procedure. Write-offs and partial write-offs of credit from the homogeneous subportfolios are carried out according to the achievement of centrally specified criteria.

Credits in the non-homogeneous portfolio are primarily larger credit facilities or specific credit types, such as credits by bank guarantee, collateralized credit, and credits to unions, political parties, public budgets, and non-commercial organizations. These credits are regularly subjected to individual audits. For risk provisioning in the non-homogeneous portfolio, individual adjustments are performed for acutely default-endangered credit. To cover latent risk in credit in the non-homogeneous portfolio not in danger of default, a fixed adjustment is carried out according to the expected loss method (EL).

The risk provisioning provided for the past fiscal year was sufficiently capable of handling all detectable address failure risks. The high quality of the credit portfolio can also be seen from the fact that only 6.2% of credits – according to the internal rating procedure of the bank – have a rating lower than iB–.

2.1.2 Market risks

The term "market risk" generally denotes the possibility of sudden loss of value caused by unforeseen changes in market price.

The market risk of Deutsche Bank PGK, as a non-trading book institution – due to its business structure – is largely restricted to interest rate change risk that occurs due to client assets and liabilities. Value-at-risk figures and sensitivities are used to measure risk acceptance.

The control of market risk is the responsibility of the asset and liability management division of Deutsche Bank PGK. The future interest and capital cash flows of Deutsche Bank PGK are modeled on a daily basis using an IT system for asset/liability control and are subjected to a mark-to-market valuation. This forms the basis for the measurement and limitation of interest rate change risk, based on the value-at-risk procedure. The risk figure "value at risk" gives the potential loss in the sense of minimization of cash value of the portfolio of Deutsche Bank PGK due to future market interest rate changes that, assuming normal market movements, will not be exceeded for a holding period of one day, to a probability of 99%. The value at risk, in combination with sensitivities, is a significant figure for the evaluation of the risk position and an important component of early risk detection. The value at risk is calculated daily based on current interest rates using the system for asset/liability control and reported to Risk Management. The average utilization of the value at risk limit (€2.0 million) over the reported year was 22.2%. The maximum value of the value at risk also remained significantly below the limit set despite the very volatile overall market. To securitize interest change risk, group-internal interest swaps, options on interest swaps, caps, forward-rate agreements, and market-traded interest futures are all used. Details on derivative positions are in the Appendix.

The market risks from our investment fund shares held as insolvency security for pension obligations are globally monitored by the HR Liability Risk Committee. The effects of market events on the value of the trust assets and on the parameters that are the basis for valuation of the pension obligation according to international guidelines are seen as a valuation unit under group aspects. The investment strategy in investment funds is continually examined in the context of the asset allocation guidelines applicable throughout the Deutsche Bank Group by a committee on which Deutsche Bank PGK is represented by a member of the board, and reworked if necessary. In the context of a two-sided trust agreement, company and employee trustees work together to monitor compliance with the agreements and trends of the assets.

2.1.3 Liquidity risks

The control of liquidity risk is the also responsibility of the asset and liability management division of Deutsche Bank PGK. Taking the special inventory behavior of the deposit and credit business of the Deutsche Bank PGK into consideration, it is ensured in advance that payable obligations can be fulfilled at any time. To securitize payment obligations, as of December 31, 2007, there was a term-limited credit commitment on the part of Deutsche Bank AG in the amount of €4.5 billion and a non-limited credit commitment in the amount of €0.7 billion.

As of December 31, 2007, the liquidity figures per Principle II were at 1.4; on average over the 2007 fiscal year, they were at 1.53. The requirements for the liquidity figures were met during the entire fiscal year.

2.2 General commercial risk

Inevitably, there are operational and general business risks associated with the banking business.

2.2.1 Operational risks

Operational risks (OR) include the potential occurrence of loss in connection with employees, project management, contract specifications and documentation, technology, infrastructure, material assets, external influences, and client relationships.

Against the backdrop of regulatory requirements (the entirety of the equity capital regulations worked out by the Basel Committee for Banking Oversight and generally referred to as Basel II) a comprehensive framework was established quickly. In addition to the function of Operational Risk Officers there is also an Operational Risk Policy that regulates the tasks and responsibilities in all areas of responsibility. Here, the basic principle applies that each business management bears the responsibility for the perception and control of operational risks. For the case of potential or existing risk, there is a progressive information hierarchy that reaches up to the Board of Directors.

The monitoring of operational risk is performed using an incident reporting system in which all events are decentrally recorded and centrally evaluated. This permits current knowledge to be gained pertaining to existing or potential risk factors that contribute to reducing operational risks using target measures. There is also a history of several years modeling the volatility of operational risk and providing differentiation between "expected losses" and "HILF" processes (high-impact, low-frequency) in the sense of Basel II. However, based on our OR management activities, we assume that large HILF events will continue to be avoided in the future. In the context of OR monitoring, moreover, timely correction of defects determined by review is monitored centrally (audit tracking). Regular reporting (the Operational Risk Report) to the board of directors with quality figures and statements rounds out the control process.

In the context of management of operational risk ("operational excellence"), error sources and weaknesses in business operations are regularly analyzed (e.g. based on loss data and review reports). The discovery of systematic process weaknesses flows directly into central process control, while error sources detected in sales are recorded during periodic training of all IFC leaders.

Moreover, in previous years a standardized approval process for new products was established. In the context of this process, the early involvement of the required business departments within the bank ensures that new products can be adequately modeled and/or processed in the posting and handling processes.

The business processing for Deutsche Bank PGK is carried out in the context of group strategy based on business supply contracts with different group-internal and external service providers. In the business supply contracts, internal control processes and the authority to issue instructions are contractually agreed upon by Deutsche Bank PGK. Moreover, the standards required by BaFin for the outsourcing of business activities and functions are implemented in an outsourcing policy that is binding for all areas of responsibility. Compliance with these standards is ensured in the context of an outsourcing monitoring system.

Coordination of crisis management is provided together with the Corporate Security department of Deutsche Bank AG. The existing planning for Business Continuity Management is regularly examined and adapted to new emergency scenarios as needed, the experience of the Deutsche Bank Group being taken into consideration.

Furthermore, since 2005, the economic capital for operational risk has already been calculated based on a Basel II-compliant calculation model. This has been assigned to the associated sales structures according to cause. As further development in 2008, assignment at the product level is planned.

After several years of falling expenses for operational risk, a floor was reached in 2007. Risks endangering inventory and risks that can detectably influence the asset, financial, or deposit situation of the bank are no longer observable and, against the background of the control measures taken, are not expected. In connection with the processes of the money supplier group Heros from 2006, our continued claims against Heros GmbH value services account (i.L.) and against the managers are covered by insurance.

2.2.2 General business risk

General business risk is the uncertainty in the course of events based on changed context in business operations, such as the market environment, client behavior, and technological change. When conditions change, these risks require fast action and adjustment to the new situation in order to avoid economic disadvantage.

In combination with Deutsche Bank AG, we set up a business risk model with which the economic effects on the forecast results of the bank can be quantified under difficult market conditions. Based on operational planning, the effects of a crisis situation on the pre-tax results can be simulated. The calculation of business risk is based on a group-wide definition of a scenario model that assumes potentially sinking profits and a disproportionate reduction in costs. The risk is that the total profits calculated in the scenario may fall below the total costs calculated in the scenario. For Deutsche Bank PGK, the total results modeled in the scenario exceed the total costs for 2007, so there is no business risk.

3. Banking oversight-relevant shareholders' equity

The balance equity consisting of subscribed capital and capital reserves is – as in the previous year – unchanged as of December 31, 2007, in the amount of €2.6663 billion.

The 7th modification to the KWG is in effect as of January 1, 2007. The § 2(a) KWG newly added in this modification permits subordinate institutions to omit compliance with the requirements of § 10 KWG, if the requirements listed of § 2(a) KWG are met. The intent of this is to utilize the option to simplify reporting on the part of the subordinate institution to the BaFin and the Deutsche Bundesbank, as well as to provide certification of compliance with requirements. On this basis, as of the 2007 fiscal year and after submission of the corresponding declarations of intent to the bank oversight authority, Deutsche Bank PGK is no longer required to comply with the regulations in Principle I.

According to a voluntary pro-forma calculation, liable equity capital pursuant to the KWG was €3.0802 billion as of December 31, 2007. This includes €2.6636 billion in core capital and €453.1 million in supplemental capital. For the core capital, intangible assets with a book value of €2.7 million are accounted for as withdrawal posts. The repayment of the supplemental capital (€990.0 million in the previous year) is based on the acceleration regulations in § 10 Section 5a Page 2 of KWG according to which lower-priority obligations may only be assigned to liable equity capital at 40% of book value if the residual time of the liability is less than two years.

D. Outlook

In the 2007 fiscal year, we again demonstrated the reliability of our mature business model, and on the basis of very good sales results in the securities and pension business and a significant growth in earnings and volume in the deposit business, we were again able to show high income.

In 2008 and 2009 we also want to continue to grow in a manner balanced between the three dimensions of client, shareholder and employee. We have already explained this at other points in this report.

In Germany, we want to continue our earnings growth, continue to develop our acquisition of the Berliner Bank, and continually invest in high-opportunity growth initiatives.

In sales, we intend to maintain the growth of the past few years by mobilizing our branches. In a concrete sense, we want to support entrepreneurship on site and best-practice transfer between branches, as well as making better use of local market potentials, particularly in economically stronger regions. We also strive to implement additional potential in the utilization of existing clients, for example in the conversion of clients we have been able to acquire through deposit products and sales financing in 2007. There is also the greater challenge of our topic competence in fields such as pensions and interest and currency management.

We assume that the trend towards flexible fund-associated products will continue in the future. Due to continuing drops in the level of legal pensions over the next years, these higher returns over the long run offer the opportunity to close the pension gap. Government-sponsored products for the construction of private life-long pensions such as db FörderRente (Riester pension), db BasisRente (Rürup pension), and direct insurance (commercial pensions) will continue to gain importance in the closure of the pension gap in old age.

The Berliner Bank, acting in concert with our mature business model, should provide synergies on the earnings and cost side after a successful market start. Its earnings contribution to the PBC division results should grow significantly.

We are also focusing in 2008 and 2009 on a bundle of growth initiatives: We will expand through continued expansion of our existing cooperations and new sales cooperations with select partners, such as non-financial businesses and large employers (partnership banking). We will also continue to carry out targeted investment in our stationary sales network and our mobile sales.

Innovations round out the balanced growth strategy: This includes the additional establishment of new business fields and the introduction of modern, attractive products, such as in the investment area, where we want to utilize the competence and product strengths of the Deutsche Bank Group as well as those of our other premium providers. We also want to continue to introduce new consulting and assistance concepts for client segments that have traditionally not been ideally utilized or that have particular potential. Market segments in the private client business – aside from product niches – cannot be significantly changed by organic growth alone, however, so that additional domestics acquisitions could be plausible in the future, insofar as corresponding opportunities exist.

In Poland, the task is to continue to drive the consistent implementation of the growth strategy and permanently expand the market presence of Deutsche Bank PBC Spólka Akcyjna.

To this end, the future will continue to see investment in expansion of the branch network, and the expansion and establishment of profitable business fields such as consumer credit.

One component of our growth strategy continues to be synergies between our sales force and the strengths of the investment bank and/or asset management of the group, in the sense of the "One Bank" strategy. An example of this would be the franchise finance area, where we make use of existing business relationships on the company client side in order to offer simplified financing for franchisees using framework contracts.

All these growth initiatives have two common goals: They put the client and his or her needs in the focus, and they support continual earning growth.

In the client dimension, we want to continue the "Making clients fans" success story and drive client retention above the high levels already achieved in 2007. The focus here is the introduction throughout Germany of the Deutschland-Card, a bonus program with numerous powerful partners, that we want to use as a "thank you" program for additional client retention. We also plan to use attractive investment products to continue to increase the number of clients and total volume.

In the shareholder dimension, we want to contribute to the financial goals for the PBC division announced by Deutsche Bank for 2008. We are confident that we can achieve this contribution in a positive market environment.

However, balanced growth also means we invest continually in our employees. This happens with intensive qualification and also by specific new hires in sales. We want to establish a permanently high standard in employee satisfaction. We are convinced that stable employee retention makes a decisive contribution to client satisfaction and to our growth goals.

At the same time, we still see business risks for 2008, primarily arising from intensifying competition and the associated margin pressure, as well as the result of the subprime crisis on the capital markets. Should the economic trends continue on a stable path towards growth, we are confident that we can continue to increase the high operational earnings level in the 2008 fiscal year. We are convinced that our mature business model "Best service and best client experience" will continue to play a pioneering role in the finance industry. Even given the continually increasing competition and the changed volatile client requirements, we are holding firmly to our position in the premium segment. We will also continue our unchanged strategy of investing specifically in internal and external growth as opportunities are recognized. Our actions will be determined by the vision of being the best bank in the dimensions of client, employee, and shareholder for private and business clients in Germany.

Frankfurt am Main, Germany, February 29, 2008

Deutsche Bank Privat- und Geschäftskunden Aktiengesellschaft

Management board

Rainer Neske

Andreas Arndt	Guido Heuveldop	Ulrich Kissing
Dr. Christian Ricken	Hanns-Peter Storr	Frank Strauß

Non-binding translation

ear-end statement

2007 Annual financial statement for Deutsche Bank Privat- und Geschäftskunden AG

Balance sheet for Deutsche Bank Privat- und Geschäftskunden AG as of December 31, 2007

Assets		EUR	12.31.2007 EUR	12.31.2006 TEUR
1.	**Cash reserves**			
	Cash holdings		829,590,294.38	864,660
2.	**Debt instruments in public positions and bills of exchange permitted for refinancing at central banks**			
	Bills of exchange		0.00	1,245
	including: refinanceable at the Deutschen Bundesbank 0 EUR			(1,245)
3.	**Receivables from financial institutions**			
	a) payable daily	2,906,530,693.97		2,828,419
	b) other receivables	18,726,737,089.30		2,752,857
			21,633,267,783.27	5,581,276
4.	**Receivables from clients**		49,900,141,028.09	49,236,660
	including: secured by collateral 22,651,297,491.43 EUR			(22,919,610)
	Communal credit 212,448,280.20 EUR			(216,142)
5.	**Bonds and other fixed-interest securities**		26,178,268.93	124,768
	Bonds and debentures from other issuers 26,178,268.93 EUR			
	including: lendable at the Deutschen Bundesbank 26,178,268.93 EUR			(124,768)
6.	**Shares and other non-fixed-interest securities**		1,009,976,101.39	1,017,274
7.	**Holdings**		9,988,910.84	10,695
	including: credit institutions 1,084,175.90 EUR			(1,084)
8.	**Shares in affiliated companies**		965,628,593.21	211,445
	including: credit institutions 937,287,462.79			(181,205)
9.	**Trust assets**		2,670,117.55	3,005
	including: Trust credits 2,670,117.55			(3,005)
10.	**Intangible assets**		2,279,875.00	882
11.	**Tangible assets**		211,487,710.00	182,926
12.	**Other assets**		140,087,466.31	850,702
13.	**Prepayments and accrued income**		52,756,134.71	57,955
Total assets			**74,784,052,283.68**	**58,143,493**

Liabilities side		EUR	12.31.2007 EUR	12.31.2006 TEUR
1.	**Liabilities relating to financial institutions**			
	a) payable daily	1,755,108,722.42		1,422,165
	b) with agreed duration or notice period	16,475,317,636.33		12,396,638
			18,230,426,358.75	13,818,803
2.	**Liabilities relating to clients**			
a)	Savings deposits			
	aa) with agreed notice period of three months	14,473,004,655.78		12,341,375
	ab) with agreed notice period of more than three months	15,551,809,063.49		6,786,476
			30,024,813,719.27	19,127,851
b)	Other liabilities			
	ba) payable daily	14,683,570,684.28		14,474,277
	bb) with agreed duration or notice period	6,496,365,142.43		5,402,638
			21,179,935,826.71	19,876,915
			51,204,749,545.98	39,004,766
3.	**Securitized liabilities**			
	Issued debentures		133,875,178.08	133,937
4.	**Trust liabilities**		2,670,117.55	3,005
	including: Trust credits 2,670,117.55 EUR			(3,005)
5.	**Other liabilities**		205,160,926.25	138,845
6.	**Prepayments and accrued income**		261,419,505.92	325,939
7.	**Provisions**			
	a) Provisions for pensions and similar obligations	809,952,526.00		773,862
	b) Tax reserves	511,000.00		629
	c) Other provisions	348,649,009.19		357,069
			1,159,112,535.19	1,131,560
8.	**Subordinated liabilities**		920,325,386.15	920,325
9.	**Equity capital**			
	a) Subscribed capital	550,000,000.00		550,000
	b) Capital reserves	2,116,312,729.81		2,116,313
			2,666,312,729.81	2,666,313
Total liabilities			**74,784,052,283.68**	**58,143,493**
1.	**Contingent liabilities**			
	Liabilities on guaranties and warranty contracts		396,162,604.66	370,646
2.	**Other obligations**			
	Irrevocable loan commitments		3,672,135,107.73	3,137,404

Income statement for Deutsche Bank Privat- und Geschäftskunden AG for the period from January 1 through December 31 2007

		Expenses	2007		2006
		EUR	EUR	EUR	TEUR
1.	**Interest expenses**			1,544,377,172.37	1,229,611
2.	**Provision expenses**			384,012,886.98	347,397
3.	**General administrative costs**				
a)	Personnel costs				
	aa) Wages and salaries	775,422,136.10			723,863
	for pensions and				
	for support	247,351,046.40			270,156
	including:		1,022,773,182.50		994,019
	for retirement plans 85,340,396.52 EUR (previous year 110,057 TEUR)				
b)	Other administrative costs		1,048,372,124.97		1,039,952
				2,071,145,307.47	2,033,971
4.	**Depreciation and adjustments on intangible assets and tangible assets**			34,311,904.44	35,986
5.	**Other operating expenditures**			29,979,999.87	36,803
6.	**Write-offs and value adjustments to receivables and certain securities, and input into provisions in the credit business**			302,665,615.26	282,157
7.	**Expenditure from assumption of losses**			0.00	0
8.	**Extraordinary expenditures**			0.00	0
9.	**Taxes on income and yield**			4,407,872.00	-20,259
10.	**Other taxes not listed under "other operating expenditures"**			0.00	27
11.	**Profits transferred based on profit-transfer agreements**			718,775,064.92	691,244
12.	**Annual net income**			0.00	0
Total expenditures				**5,089,675,823.31**	**4,636,937**

		Earnings EUR	2007 EUR	2006 TEUR
1.	**Interest received from**			
	a) Credit and money market transactions	3,371,547,535.52		3,010,505
	b) Fixed-interest securities and government ledger bonds	3,806,828.35		5,197
			3,375,354,363.87	3,015,702
2.	**Ongoing earnings from**			
	a) Shares and other non-fixed-interest securities	72,936,321.32		25
	b) Holdings	1,573,210.83		928
	c) Shares in affiliated companies	2,390,334.031,954		1,954
			76,899,866.18	2,907
3.	**Earnings from profit-transfer agreements**		6,636,028.49	9,673
4.	**Commission earnings**		1,591,738,445.22	1,501,847
5.	**Earnings from revaluation of holdings and shares in affiliated companies**		1,216,290.44	4
6.	**Other operating income**		37,830,829.11	106,804
Total income			**5,089,675,823.31**	**4,636,937**

Appendix

A. Preliminary remarks

Effective January 1, 2007, Deutsche Bank Privat- und Geschäftskunden AG, Frankfurt am Main (Deutsche Bank PGK) purchased 100% of the shares of capital in Berliner Bank Beteiligungs AG (BBB AG) as well as 100% of the limited partner's shares in Berliner Bank AG & Co. KG (BB KG). BBB AG acts as a complementary and independent shareholder of BB KG and until December 31, 2006, was a 100% subsidiary of Landesbank Berlin AG. BBB AG performs no separate operational business; earnings solely include the contractually regulated liability payments of BBB AG as complementary for BB KG. The purpose of BB KG is the operation of banking activities of all kinds except investment, and the provision of financial services with the exception of trading. After finalization of the purchase price based on contractually fixed purchase price adjustment terms and the performance of a capital increase in the amount of €30.0 million by addition to capital reserves in March 2007, the book value of the holdings in both companies as of the end of 2007 was a total of €675.4 million.

In connection with the law taking effect on January 1, 2007, concerning the implementation of the new banking guidelines (§ 2a Section 1 of KWG) and the new capital adequacy guidelines, Deutsche Bank PGK exercised its so-called waiver regulation. This grants the bank the option, upon disclosure to BaFin and the Deutsche Bundesbank, to omit compliance with certain oversight requirements, if the requirements listed in § 2a of KWG are met. The intent to exercise the waiver regulation pertaining to the regulations of §§ 10, 13, and 25a Section 1 Page 3 No. 1 of KWG was disclosed to the BaFin and Deutsche Bundesbank in a letter dated January 4, 2007.

B. Legal basis

The year-end results of Deutsche Bank PGK for fiscal year 2007 were structured according to the specifications of the HGB [German Commercial Code] (especially §§ 340ff.) in combination with the Ordinance concerning Invoicing of Credit Institutions and Financial Services Institutions (Rech-KredV) and in compliance with the applicable regulations of the Aktiengesetz (AktG).

C. Balance sheet, valuation, and statement methods

During valuation of the assets and debts listed in the year-end results, the general principles of valuation (§§ 252 ff. of HGB), the special regulations for corporations (§§ 279 ff. of HGB), and the specific valuation guidelines applicable for credit institutions (§§ 340 e ff. of HGB) were considered.

The cash reserves are valued at their face value. Foreign note and coin holdings are valued at the exchange rates applicable at year end.

Bills of exchange approved for refinancing at the central bank are valued at face value, less the proportional discount.

The statement of claims against credit institutes and clients – less required adjustments – is at face value. Differences between the face value and the issue value are reflected in passive prepayments and accrued income and resolved proportionally over time. Provision for general bank risk pursuant to § 340 f Section 1 of HGB was offset by claims against clients.

Securities are balanced in compliance with the impairment loss requirement pursuant to § 280 of HGB according to the strict lowest-value principle applicable for current assets, with their cost of procurement or with the lower market values or the lower fair value. The fair value of investment fund shares from outside funding of pension obligations (purchase of investment fund shares as security and fulfillment of pension obligations) and from insolvency security of retirement obligations is determined according to the redemption price less amounts received and not paid, which reflects the proportional value of the special fund. Yields from investment funds – from market gains and proper earnings, less proper expenses – were received until the end of 2005 as current earnings from stocks and other non-fixed-interest securities. Due to a change in balancing methods, as of 2006, earnings from investment funds are only received when there is a dividend resolution.

Deutsche Bank AG has adopted new regulations for commercial pension plans for new hires as of January 1, 2005, and set up "Contribution Plan 2005," which is analogously contractually guaranteed by Deutsche Bank PGK to its own new hires. The fund assets are built up from the contributions for the employees. Based on the valuation unit with pension reserves in the context of this plan, the time value can be determined for valuation of the fund assets.

The investment fund shares are held by Treuinvest e.V., Frankfurt am Main, as asset trustee in its legal possession in the context of insolvency security for pension and partial retirement obligations, based on the economic ownership of the bank but still shown as an asset in the balance sheet post Stocks and other non-fixed-interest securities. The trust fund is subject to access restrictions.

Investment fund shares purchased at the request of employees in the context of the db zeitinvest benefit account system are shown as assets in the balance sheet post Other assets on the closing date. db zeitinvest is an alternative remuneration scheme for the drawdown of paid longer-term exemptions by employees within the employment relationship based on a works agreement, whereby at the request of the employee, defined payment components are invested in four investment funds with different risk structures. To the same extent, other liabilities towards employees for the payment saved and reserves for the employer portion for social security are posted as liabilities. For insolvency insurance, these investment fund shares are also kept as the legal possession of Treuinvest e.V. as an asset trustee with the restrictions noted above, whereby the economic possession again remains with the bank.

Investments and shares in affiliated companies are shown at their respective costs of acquisition or – for long-term reductions in value – to the lower value on the closing date.

Fixed assets and intangible assets acquired by payment are always valued at their cost of procurement or manufacturer, which, insofar as the assets are consumable, are subject to scheduled depreciation according to their useful business life.

Unplanned depreciation is carried out for expected value reductions. Low-value items are written off in full in the year of acquisition.

Liabilities to clients and credit institutions as well as securitized liabilities are posted with their repayment amount.

Provisions for pensions and similar obligations with the exception of "Contribution Plan 2005" are posted in accordance with actuarial principles using the partial value procedure of § 6a EStG and using a base accounting rate of 6% with the Heubeck standard tables 2005 G.

In the "Contribution Plan 2005," the bank provides savings contributions and risk contributions for employees on a yearly basis. The savings contributions are invested in fund shares. The reserves for "Contribution Plan 2005" are posted as the sum of the time value of the fund assets and the cash value of the risk supplement on the date of valuation. If this value is lower than the partial value according to § 6a EStG, the reserves are raised to the partial value.

Reserves for contingent liabilities and the threat of loss from pending transactions are calculated according to the principles of reasonable business judgment in the amount of the anticipated requirement.

Provision for risk in the credit business includes value adjustments and reserves for all detectable credit rating and country risks, latent failure risks, and provision for general bank risks.

The value adjustment method for the greater part of the credit portfolio is based on a standardized mechanical single-value adjustment procedure. The credit portfolio is divided into a homogeneous and a non-homogeneous portion, whereby a distinction is made in the homogeneous portfolio among multiple subportfolio groups. The decisive criterion for the standardized single-value adjustment calculation is the performance loss depending on the days a credit or contractually agreed payment stream is overdue, or an approved credit line is overdrawn for line products. If the days late exceed a defined limit, depending on the homogeneous subportfolio group, a partial of full write-off is carried out on the security value. Using this value adjustment method based on a statistical model and past data, the objectivization of value adjustment can be achieved. As of December 31, 2007, about 96% of the total client credit volume of Deutsche Bank PGK was assigned to the homogeneous portfolio. The remaining credits – including claims against credit institutions – are classified as non-homogeneous, since they are not comparable due to their size, complexity, or low unit count. These credits continue to be subject to single-case consideration and are individually adjusted as needed.

Latent credit risk is handled in the form of fixed-value adjustments. The calculation of the fixed adjustment for the non-homogeneous credit portfolio is oriented towards the expected loss if the claim fails (expected-loss method). In the homogeneous credit portfolio, value adjustments are classified as fixed adjustments insofar as the delay in the payment stream is less than 90 days.

Value adjustments are also carried out for all detectable country risks. The transfer risk for credits to creditors in foreign states (country risks) is valued based on a Deutsche Bank group-wide rating system that takes into consideration the economic, political, and regional situation.

There is also a provision for general banking risk pursuant to § 340 f. Section 1 of HGB.

The option in § 340 f. Section 3 of HGB (closing of expenses and yields from certain posts) is exercised.

The market risk position of Deutsche Bank PGK is largely limited to interest rate change risks. The bank has no trade holdings and thus meets the requirements for recognition as a non-trade book institution. The interest rate change risks especially induced by client business are securitized using derivative financial transactions in the form of interest rate swaps, forward rate agreements, swaptions, caps, and financial futures. In the balance sheet, the delimited accrued interest from the interest rate swaps is closed under the "Claims against credit institutions" post. The option premiums paid for swaptions purchased are shown under "Other assets" until the option matures, and after the maturity date is distributed into the active invoice delimitation posts and costs distributed over the lifetime of the underlying swaps. The option premiums paid for caps purchased are also shown under "Other assets." The premium for expiration of a suboption (caplet) is distributed over the securitization period of the caplet. Liabilities from futures transactions (variation margin received) is posted under "Other liabilities." Cross-currency swaps are concluded for securitization of interest risks from US dollar demand deposits.

Forward foreign currency transactions are then carried out by Deutsche Bank PGK on the client's behalf. These are securitized by Deutsche Bank PGK on the same day using back-to-back transactions with Deutsche Bank AG. For forward foreign currency transactions, just as for other foreign currency derivatives, special coverage is defined according to § 340 h of HGB. For forward foreign currency transactions on the client's behalf and the associated back-to-back transactions, these lead to cash-value collection of the fixed margin at the conclusion of the contract.

The realized and unrealized profits resulting from this contract trade are shown in provision results.

Contingent liabilities are shown after deduction of risk provision.

D. Currency conversion

Currency conversion in the year-end report of Deutsche Bank PGK is carried out according to the principles specified in § 340 h of HGB, as well as those in statement 3/1995 issued by the Banking Committee of the Institute of Business Auditors.

E. Notes on individual items in the balance sheet and income statement

I. Balance sheet as of December 31, 2007

1. Assets

The claims payable daily (€2.9 billion) in Claims against credit institutions primarily include claims against Deutsche Bank AG.

Of other claims against credit institutions (€18.7 billion), €16.7 billion are on assets at Deutsche Bank AG for liquidity disposition and credits to Deutsche Bank AG for optimization of the hedge strategy in the Deutsche Bank Group (€4.5 billion). Other notable claims include those against the group companies Deutsche Bank S.p.A., Milan (€800.0 million), Deutsche Bank Bauspar-AG (€642.0 million), norisbank GmbH (€231.4 million), Deutsche Bank PBC Spólka Akcyjna, Warsaw (€151.8 million), and Berliner Bank AG & Co. KG (€117.8 million). The position also includes securitized claims in the amount of €100.4 million. These include Berliner Bank AG & Co. KG at €60.0 million (subordinate), Bayerische Landesbank at €5.0 million, HSH Nordbank AG at €20.4 million, and Deutsche Bank Bauspar-AG at €15.0 million (subordinate). There are also subordinate claims against Deutsche Bank AG branch Colombo at €8.7 million. Subordinate claims are only satisfied in the case of liquidation or insolvency of the debtor after satisfaction of all other non-subordinate creditors. Subordinate status cannot be limited and the period cannot be shortened.

Receivables from clients break down as follows:

	In millions of €	
Type of credit business	**12.31.2007**	**12.31.2006**
Construction financing	35,672	35,968
Commercial loans	3,563	3,445
Personal loans	4,287	4,010
Other loans	6,378	5,814
Total	**49,900**	**49,237**

Claims against credit institutions include €21.5978 billion (of which €75 million are securitized) and claims against clients include €53.2 million against affiliated companies or companies with which there is a holding relationship. As of December 31, 2007, taking the valuation regulations into consideration, the book value of market-traded debenture bonds and other fixed-interest securities ran to €26.2 million. This includes interest accrued in the amount of €46,000. In the 2007 fiscal year, no write-offs were required on these securities. Revaluations in the sense of § 280 of HGB did not occur. In the 2007 fiscal year, securities with a nominal value of €73.2 million matured, and the bond of Eurohypo AG still in our holdings will mature during the 2008 fiscal year. Securities from affiliated companies were not in our holdings on the date of closing.

The balance sheet post Stocks and other non-fixed-interest securities (€1.01 billion) includes shares in non-market-traded investment funds of Deutschen Asset Management Investmentgesellschaft mbH that may only be used for the fulfillment of pension obligations (€1.0028 billion) and partial retirement obligations (€7.2 million) to employees and retirees. Dividends from the investment funds were reinvested in the 2007 fiscal year. Fund shares in the amount of €23.4 million were used for the first time in the 2007 fiscal year for the satisfaction of pension claims.

The trends in assets of the Deutsche Bank PGK during the 2007 fiscal year are as follows:

Fixed assets In millions	**Procurement costs**			**Revaluation/write-offs and adjustments**			**Book value**	
	As of 1.1.2007	Additions	Disposals	As of 1.1.2007	Current Year	Disposals	As of 12.31.2007	As of 12.31.2006
Holdings	12.0	0.0	0.7	1.3	0.0	0.0	10.0	10.7
Shares in affiliated companies	212.7	756.3	2.1	1.3	0.0	0.0	965.6	211.4
Fixtures and fittings	393.7	64.7	8.1	213.2	33.5	7.9	211.5	180.5
Buildings/real estate	2.9	0.2	3.1	0.5	0	0.5	0	2.4
Intangible assets	4.4	2.3	0.2	3.5	0.8	0.1	2.3	0.9
Total	**625.7**	**823.5**	**14.2**	**219.8**	**34.3**	**8.5**	**1.189.4**	**405.9**

The balance sheet item Shares in affiliated companies includes:

Shares in affiliated companies Name and headquarters of company	Share in capital in %	Currency EUR/PLN	Equity capital 2007 in thousands	Result 2007 in thousands
Credit Institutions:				
Deutsche Bank PBC Spólka Akcyjna, Warsaw, Poland	99.73	PLN	803.313	36.999
Berliner Bank AG & Co. KG, Berlin	100.00	EUR	224.136	31.034
Berliner Bank Beteiligungs AG, Berlin	100.00	EUR	1.010	9
Other companies:				
KEBA Gesellschaft für interne Services mbH, Frankfurt am Main2)	100.00	EUR	1,299	976
SENA Grundstücks-Vermietungsgesellschaft mbH & Co. Object Halle II KG, Düsseldorf [1)]	99.94	EUR	-8,229	-887
Servicegesellschaft der Deutschen Bank Privat- und Geschäftskunden mbH, Bonn [2) 3)]	100.00	EUR	3,093	5,206
TEBA Beteiligungsgesellschaft mbH & Co. Objekt Wasserwerk Oranienburg KG i. L., Waltersdorf [1)]	99.79	EUR	-981	485
Telefon-Servicegesellschaft der Deutschen Bank mbH, Frankfurt am Main [2)]	100.00	EUR	2,301	454
TESATUR Beteiligungsgesellschaft mbH & Co. Object Halle I KG, Düsseldorf [1)]	94.48	EUR	-5,675	-300
TESATUR Beteiligungsgesellschaft mbH & Co. Object Nordhausen I KG, Düsseldorf [1)]	94.43	EUR	-1,402	-70
Vertriebsgesellschaft mbH der Deutschen Bank Privat- und Geschäftskunden, Berlin [1)]	51.00	EUR	1,907	1,247

1) Result 2006 2) Profit-transfer agreements 3) Control agreement

The TEBA Beteiligungsgesellschaft mbH & Co. Objekt Wasserwerk Oranienburg KG i. L., Waltersdorf, has been in liquidation since April 1, 2007.

The Vertriebsgesellschaft mbH der Deutschen Bank Privat- und Geschäftskunden has moved its headquarters from Frankfurt am Main to Berlin as of December 10, 2007.

Deutsche Bank PGK purchased 174,377 shares of Deutschen Bank PBC Spólka Akcyjna, Warsaw from minority shareholders during 2007. Moreover, there was an increase in the base capital of Deutschen Bank PBC Spólka Akcyjna of 185 million PLN to 581,655,552 PLN carried out in September 2007, with only the Deutsche Bank PGK participating. The entry in the Polish commercial register took place on September 27, 2007. In all, Deutsche Bank PGK held 580,074,640 shares by year end, and increasing its share of the base capital of Deutschen Bank PBC Spólka Akcyjna to 99.73%. To be able to purchase the remaining shares, Deutsche Bank PGK started the process of forced cash buy-out of minority shareholders (squeeze-out) of Deutsche Bank PBC Spólka Akcyjna. The squeeze-out process was started on the resolution of the shareholders' meeting at the start of December 2007, and is expected to be completed in the second half of 2008.

The balance sheet item Holdings includes:

Holdings: Name and headquarters of company of which share > 20%	Capital interest in %	Equity capital 2006 in TEUR	Result 2006 in TEUR
SOLON Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Heizkraftwerk Halle KG, Halle	30.53	-5,030	4,527
Immobilien-Vermietungsgesellschaft Schumacher & Co. Objekt Rolandufer KG, Berlin	20.53	42,331	3,333

The shares in Saarländischen Investitionskreditbank AG in the amount of €1.0044 million are capable of market trading, but the company is not listed on the stock exchange.

The trust assets and trust liabilities listed in the balance sheet are receivables from customers or liabilities to credit institutions in the amount of €2.7 million each.

The largest single items in Other assets (€140.1 million) include: Paid option premiums from swaptions and caps purchased for interest securitization (€61.2 million), DWS and DeAM investment fund shares purchased in the context of the db zeitinvest benefit account system (€33.1 million), and a claim due to repayment of corporation tax credits (€16.5 million).

Prepayments and accrued income under assets (€52.8 million) primarily include delimitations for premiums for mature swaptions and caplets (€22.9 million) and period-appropriate representation of provisions (€26.9 million).

2. Liabilities

Liabilities towards credit institutions fall primarily on group companies of Deutsche Bank AG and special credit institutions from payment of purpose-specific moneys. Of liabilities towards Deutsche Bank AG, there is a volume of €7.7 billion, of which a volume of €4.5 billion is based on transactions for the optimization of the hedge strategy in the Deutsche Bank Group. There are also liabilities towards Deutsche Bank AG from refinancing transactions of €1.8 billion as well as from security transactions connected with existing client foreign currency requirements. The liability from the profit-transfer agreement of €718.8 million is also included. Other notable deposits include those for the group companies Berliner Bank AG & Co. KG (€2.6 billion), norisbank GmbH (€2.2 billion), and Deutsche Bank S.p.A., Milan (€813.7 million). Purpose-specific moneys amount to €4.6 billion.

Liabilities towards clients apply to the following deposits:

	In millions of €	
Type of deposit business	**12.31.2007**	**12.31.2006**
Daily payable deposits	14,684	14,474
Fixed-interest savings with agreed notice period of more than three months	15,194	6,251
Savings deposits with agreed notice period of three months	14,473	12,341
Deposits with agreed duration or notice period	6,496	5,403
Other savings deposits	358	536
Total	**51,205**	**39,005**

Liabilities towards credit institutions include €13.3371 billion and liabilities towards clients include €35.8 million towards affiliated companies or companies with which there is a holding relationship.

Securitized liabilities (€ 133.9 million) are debentures issued in the context of mortgage-backed securities (MBS) transaction Haus 2000-2 (€132.5 million) and delimited interest in the amount of €1.4 million. This MBS transaction was terminated by the Deutsche Bank PGK in 2007 with effect in January or April 2008. For the securities issued in the context of this transaction, there was a listing transfer in 2007 from the "regulated market" to the "Euro MTF Market" of the Bourse de Luxembourg. Due to the listing transfer, the terms of the HBG for capital market-oriented companies no longer apply.

Other liabilities (€205.2 million) consist largely of the following items: Liabilities from income tax and insurance contributions to be deducted (€14.7 million), liabilities from interest income tax and solidarity surcharge (€98.5 million), liabilities from the db zeitinvest benefit account system (€27.7 million) and liabilities from products and services (€35.9 million).

The balance sheet items listed above on the liability side include a total of €8.069 billion in liabilities with a remaining period of over five years. Under passive prepayments and accrued income, €261.4 million is listed in which differential amounts in the sense of § 340e Section 2 Page 2 of HGB in the amount of €56.9 million are included. Furthermore, an item is closed therein in connection with a restructuring of the swap portfolio induced by group accounting and carried out in 2000 in the amount of €71.4 million, and credit processing fees in the amount of €125.7 million. The accruals are pro-rated over the remaining period of the transactions.

Other provisions (€348.6 million) primarily include personnel-related provisions (€319.8 million) for final special payments, anniversary bonuses, preretirement and partial retirement payments, social security contributions in the context of the db zeitinvest benefit account system, share-based remuneration programs, and vacation claims outstanding on the date of closing. There are also provisions (€28.8 million) primarily for rental obligations and demolition costs for unused office space in the context of the bundling of our sales network carried out in the previous years, regranting liabilities for provisions from brokered transactions, and risks inherent in the credit business.

With the credit contract of September 1, 1999, Deutsche Bank PGK received a subordinate loan in the amount of €894.8 million from Deutsche Bank AG. With maturity in 2009, this subordinate liability is equipped with the three-month Euribor rate plus usual market margin. The average interest rate for 2007 was 4.3%. The merger of Deutsche Bank Lübeck AG, previously Handelsbank, with Deutsche Bank PGK in the 2003 fiscal year resulted in two subordinate promissory note loans against insurance companies in the total amount €25.6 million with an average interest rate of 5.4% and a remaining period until 2008.

On subordinate liabilities for fiscal 2007, interest expenses were incurred in the amount of €44.1 million. Interest included here in the amount of €4.3 million are listed under the balance sheet item Other liabilities.

For subordinate borrowing of funds, under no circumstances there is an obligation to early repayment on the part of Deutsche Bank PGK. In the case of liquidation, insolvency, or any other process to avoid insolvency, the claims and interest claims from these liabilities are subordinate to the claims of all creditors of Deutsche Bank PGK that are not also subordinate. The prerequisites of § 10 Section 5a Page 1 of KWG concerning the recognition of subordinate liabilities as supplemental capital in the context of offsetting as liable equity capital are fulfilled.

Equity capital as of December 31, 2007, breaks down into €550.0 million in subscribed capital and €2.1163 billion capital reserves. Subscribed capital is divided into 275 million bearer shares with an arithmetic share of two Euros each.

The exercise of the waiver regulation of § 2a of KWG by Deutsche Bank PGK means that it is no longer subject to single-institution oversight pursuant to § 10 of KWG (Principle I) and is thus free of the obligation to calculate liable equity capital.

According to a voluntary pro-forma calculation, liable equity capital pursuant to the KWG was €3.0802 billion as of December 31, 2007. This includes €2.6636 billion in core capital and €453.1 million in supplemental capital. For the core capital, intangible assets with a book value of €2.7 million are accounted for as withdrawal posts. The decrease in supplemental capital (previous year €990.0 million) is based on the acceleration regulations in § 10 Section 5a Page 2 of KWG, according to which subordinate liabilities may only be assigned two-fifths of the book value of liable equity capital if the remaining period of the liability is less than two years.

To release regulatory capital, Deutsche Bank PGK concluded the SMART 2007-1 transaction in 2007. This bundled the risk from a portfolio of €2.8 billion in business client credit into a synthetic credit securitization and placed it with third parties. Due to changed framework conditions, the transaction was announced at the end of January 2008.

Deutsche Bank AG, Frankfurt am Main, is the sole shareholder of Deutsche Bank PGK. Deutsche Bank PGK held none of its own shares during the reporting period or on the date of closing.

For liabilities towards credit institutions of €4.6406 billion and liabilities towards clients of €0.1 million, assets in the amount of €4.6407 billion were used as collateral. The background of these transactions is the transmission of purpose-specific assets (e.g. credits from the Kreditanstalt für Wiederaufbau (KfW) from special sponsorship processes) to our clients, assigning the client claim and the securities for them to the sponsoring institution.

3. Balance sheet remarks

The Contingent liabilities listed under the balance sheet line include €25 million from the placement of securities for third-party liabilities. Deutsche Bank PGK placed a security with a nominal value of €25 million as collateral for a credit line from the KfW to Deutsche Bank PBC Spólka Akcyjna, Warsaw, Poland.

The irrevocable loan commitments included in other liabilities resulted primarily from book and currency credits to non-banks as well as an irrevocable loan commitment of €700 million to Berliner Bank AG & Co. KG.

4. Remaining time distribution of selected balance sheet items

Remaining time distribution of claims:

In millions of €	12.31.2007	12.31.2006
Other receivables at financial institutions	**18,727**	**2,753**
With a remaining time		
Up to three months	6,874	525
More than three months to one year	5,376	374
More than one year to five years	2,852	1,202
Over five years	3,625	652
Receivables from clients	**49,900**	**49,237**
With a remaining time		
Up to three months (including payable daily)	3,792	3,756
More than three months to one year	2,429	2,273
More than one year to five years	12,083	11,800
Over five years	31,524	31,343
Indeterminate period	72	65

As of December 31, 2007, as in the previous year, other claims against credit institutions do not include credits from construction savings reserve contracts concluded.

Remaining time distribution of liabilities:

In millions of €	12.31.2007	12.31.2006
Liabilities to credit institutions with agreed duration or notice period	**16,475**	**12,397**
With a remaining time		
Up to three months	2,381	3,927
More than three months to a year	1,720	1,644
More than a year to five years	4,609	2,449
Over five years	7,765	4,377
Savings deposits with agreed notice period of over three months	**15,552**	**6,786**
With a remaining time		
Up to three months	6,198	2,611
More than three months to one year	8,345	2,910
More than one year to five years	995	1,248
Over five years	14	17
Other liabilities to clients with agreed duration or notice period	**6,496**	**5,403**
With a remaining time		
Up to three months	5,465	4,723
More than three months to one year	363	222
More than one year to five years	511	325
Over five years	157	133
Securitized liabilities	**134**	**134**
With a remaining time		
Up to three months	1	1
More than three months to one year	0	0
More than one year to five years	0	0
Over five years	133	133

5. Relationships with affiliated companies and companies in which participating interests are held

Relationships with affiliated companies

In millions of €	12.31.2007	12.31.2006
Receivables at financial institutions (not securitized)	21,523	5,245
Receivables at clients (not securitized)	53	54
Subordinate liabilities at financial institutions (securitized)	75	75
Liabilities relating to financial institutions (not securitized)	13,377	9,537
Liabilities relating to clients (not securitized)	36	30
Subordinate liabilities relating to financial institutions (securitized)	895	895

Relationships with companies, in which participating interests are held

In millions of €	12.31.2007	12.31.2006
Receivables at financial institutions (not securitized)	0	0
Receivables at clients (not securitized)	0	0
Subordinate liabilities at financial institutions (securitized)	0	0
Liabilities relating to financial institutions (not securitized)	0	0
Liabilities relating to clients (not securitized)	58	714
Subordinate liabilities relating to financial institutions (securitized)	0	0

II. Income statement for period from January 1 to December 31, 2007

Earnings from interest and interest-like yields (€1.9145 billion) grew in the 2007 fiscal year by €115.8 million in comparison with the previous year. Interest income on a volume and margin basis rose by €44.9 million. €72.9 million were from dividends from our investment fund shares in the context of the Outside Funding of pension obligations.

Commission income (€1.2077 billion) rose in 2007 by €53.3 million (+5%) in comparison with the previous year. This is largely due to the increase in earnings from securities, by €38 million to €748.8 million.

Personnel costs (€1.0228 billion) rose in 2007 by €28.8 million in comparison with the previous year. The reasons for the increase are primarily new hires of employees, pay increases in scale and non-scale wage, and performance-dependent bonus payments.

Other operational earnings fell by €69.0 million in the 2007 fiscal year to €37.8 million. Other business earnings primarily list earnings from a trade tax allocation payment by Deutsche Bank AG from earlier years and the profit taken from the sale of an office building in Lübeck that was transferred to Deutsche Bank PGK due to the merger with Deutsche Bank Lübeck AG, previously Handelsbank, Lübeck.

Other operational expenses (€30.00 million) fell in the 2007 fiscal year by €6.8 million in comparison with the previous year. Other operating expenditures primarily resulted from costs from incorrect processing and damage compensation.

In 2006, the item Taxes on income and earnings amounted to €20.3 million. This amount was due to a change in German tax law associated with the treatment of corporate tax credits. Due to the results of tax audits, however, the earlier corporate tax payment claim was reduced, so that the tax repayment claim had to be reduced by €4.4 million in 2007. This difference was posted as tax expenses in the 2007 profit and loss statement, in analogy to 2006.

Due to the existing control and profit-transfer agreement, profit in the amount of €718.8 million was transferred to Deutsche Bank AG.

F. Other information

I. Liability situation and other financial obligations

The payment obligations for next year from rent and leasing agreements were €410.8 million as of the date of closing; of that, €299.1 million applied to liabilities to affiliated companies.

Futures transactions not yet carried out on the closing date of the balance sheet primarily include interest rate swaps, cross-currency swaps, forward rate agreements, swaptions, caps, and futures used to securitize the market risk position, as well as client-induced foreign currency transactions for which back-to-back transactions were concluded with Deutsche Bank AG.

From cooperation agreements with different contractual partners such as Arvato GmbH, there resulted financial obligations in the amount of €68.6 million. The agreed terms of contracts end in the period between December 2009 and September 2012.

From Shares in affiliated companies consisting of TEBA Beteiligungsgesellschaft mbH & Co. Objekt Wasserwerk Oranienburg KG i. L., the SENA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Halle II KG, the TESATUR Beteiligungsgesellschaft mbH & Co. Objekt Nordhausen I KG, and the TESATUR Beteiligungsgesellschaft mbH & Co. Objekt Halle I KG there is a resumption of liability in the amount of €15.5 million pursuant to § 172 Section 4 of HGB.

From holdings in SOLON Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Heizkraftwerk Halle KG, TELO Beteiligungsgesellschaft mbH & Co. Objekt Kläranlage Waßmannsdorf, and the Immobilien-Vermietungsgesellschaft Schumacher & Co. Objekt Rolandufer KG there is also a resumption of liability in the amount of €15.5 million pursuant to § 172 Section 4 of HGB.

The following table – broken down by residual maturity – shows the nominal amounts and market values of derivative finance transactions concluded for the management of interest change rate from client business:

Values in millions of €		OTC			Market-traded
Residual maturity		**Interest Rate Swaps***	**CCY swaps**	**Swaptions/Caps**	**Futures**
Up to 1 year	Nominal value	21,597	0	0	6,050
	Market value	18	0	0	-3
1 to 5 years	Nominal value	22,345	113	2,340	0
	Market value	–120	–7	39	0
Over 5 years	Nominal value	38,989	0	2,760	0
	Market value	249	0	49	0
Total	Nominal value	82,931	113	5,100	6,050
	Market value	147	–7	88	–3

* Includes EONIA swaps and Forward Rate Agreements

For valuation of derivatives, generally recognized methods (discounted cash flow, e.g. for interest rate swaps, single-factor interest structure curve model, e.g. for swaptions) and generally accessible market data are used.

Forward foreign currency transactions are then carried out by Deutsche Bank PGK on the client's behalf. These are securitized by Deutsche Bank PGK on the same day using back-to-back transactions with Deutsche Bank AG. The nominal values of transactions totaled €187.7 million. The market value of the position is €159,000.

II. Information about affiliated companies

100% of the fully paid subscribed capital of €550.0 million is held by Deutsche Bank AG, Frankfurt am Main.

Deutsche Bank PGK is a subsidiary institution in the exempting consolidated financial statement pursuant to § 292a of HGB in combination with Article 58 Section 5 Page 2 of EGHGB of Deutsche Bank AG, Frankfurt am Main, on December 31, 2007. This was prepared according to the International Financial Reporting Standards (IFRS) and can be requested from Deutsche Bank AG. For the explanations of the balancing, valuation, and consolidation methods deviating from German law in the exempting consolidated financial statement, we refer to the Appendix of the Yearly Report for Deutsche Bank AG. Documentation subject to mandatory disclosure is submitted to the operator of the electronic Bundesanzeigers [federal gazette] in Bonn. A partial consolidated statement was not prepared by Deutsche Bank PGK.

G. Composition of the organizations and information about the organizations

Members of the Board of Directors

Rainer Neske
Spokesperson

Andreas Arndt
Denis Hall

until September 30, 2007

Guido Heuveldop

Ulrich Kissing

Dr. Christian Ricken

since April 1, 2007

Hanns-Peter Storr
Since November 1, 2007

Frank Strauß

Members of the Supervisory Board

Hermann-Josef Lamberti Chairman	Member of the Board of Deutsche Bank Aktiengesellschaft
Stefan Rudschäfski Chairman pro tem	Appointee of Deutschen Bank Privat- und Geschäftskunden Aktiengesellschaft
Dr. Hugo Bänziger	Member of the Board of Deutsche Bank Aktiengesellschaft
Udo Behrenwaldt	Supervisory Board
Artur Biehler	Appointee of Deutschen Bank Privat- und Geschäftskunden Aktiengesellschaft
Heiner Birnstiel	Appointee of Deutschen Bank Privat- und Geschäftskunden Aktiengesellschaft
Martin Edelmann Since July 12, 2007	Head of Finance Group, Deutsche Bank Aktiengesellschaft
Jürgen Fitschen	Member of the Group Executive Committee, Deutsche Bank Aktiengesellschaft
Klaus Funk	Appointee of Deutschen Bank Privat- und Geschäftskunden Aktiengesellschaft
Jürgen Hain	Appointee of Deutschen Bank Privat- und Geschäftskunden Aktiengesellschaft
Dr. Tessen von Heydebreck until July 12, 2007	Former member of the Board of Deutsche Bank Aktiengesellschaft
Dr. Stephan Kunze since February 2, 2007	CEO, DWS Investment GmbH, and Head of DWS Europe
Wolfgang Matis	Head of Global Markets Germany, Deutsche Bank Aktiengesellschaft
Gabriele Platscher	Appointee of Deutschen Bank Privat- und Geschäftskunden Aktiengesellschaft
Karin Ruck	Union representative of Deutschen Bankangestelltenverbandes DBV
Rolf Stockem	Union secretary of ver.di Vereinte Dienstleistungsgewerkschaft
Dr. Axel Wieandt Division manager	Global Head Corporate Investments/Corporate Development Deutsche Bank Aktiengesellschaft

Committees of the Supervisory Board

Executive committee

Hermann-Josef Lamberti
Chairman

Stefan Rudschäfski*
Chairman pro tem

Dr. Hugo Bänziger
Since July 12, 2007

Dr. Tessen von Heydebreck
until July 12, 2007

Gabriele Platscher*

Mediation committee

Hermann-Josef Lamberti
Chairman

Stefan Rudschäfski*
Chairman pro tem

Martin Edelmann
Since July 12, 2007

Jürgen Hain*
Since March 16, 2007

Dr. Tessen von Heydebreck
until July 12, 2007

Balance sheet committee

Hermann-Josef Lamberti
Chairman

Stefan Rudschäfski*
Chairman pro tem

Artur Biehler*

Martin Edelmann
Since July 12, 2007

Dr. Tessen von Heydebreck
until July 12, 2007

Committee for credit and market risks

Hermann-Josef Lamberti
Chairman

Dr. Hugo Bänziger
Since March 16, 2007
Replacement member until March 16, 2007

Martin Edelmann
Since July 12, 2007

Dr. Tessen von Heydebreck
until July 12, 2007

Udo Behrenwaldt
Replacement member

Dr. Stephan Kunze
Replacement member since March 16, 2007

* selected by employees

The total income of the Board of Directors in the 2007 fiscal year was €7.0 million. For the 2007 fiscal year, the Board of Directors received stock options in the amount of €1.5 million (20,000 options). In the 2006 fiscal year, the value of stock options granted to the Board of Directors was €1.5 million (thousands 14 options). The members of the supervisory board of Deutsche Bank PGK were paid amounts totaling T€91 in the 2007 fiscal year. Previous members of the Board of Directors received pension payments in the amount of €0.3 million in the 2007 fiscal year. Reserves for pension obligations towards previous members of the Board of Directors totaled €9.5 million. There are no other obligations towards former members of the Board of Directors and earlier members of the supervisory board.

As of December 31, 2007, there were T€346 in advances and credits to members of the Board of Directors. Advances and credits in the amount of T€875 were granted to members of the supervisory board.

Task description of the committees

Executive committee

The executive committee is responsible for concluding, changing, and canceling the employment and pension contracts of the Board of Directors and for issuing approval for service or works contracts for members of the supervisory committee with Deutsche Bank PGK pursuant to § 114 of AktG. The responsibilities of the executive committee also include legal business of a basic nature between Deutsche Bank PGK and the members of the Board of Directors, especially the purchase and sale of real estate.

Mediation committee

Pursuant to § 27 Section 3 of MitbestG, the mediation committee must present the supervisory committee with a draft appointment of members of the Board of Directors within one month after approval if the majority prescribed by § 27 Section 2 MitbestG is not achieved in the supervisory committee.

Balance sheet committee

In the meetings of the balance sheet committee, the intrayear business trends and the yearly statement of Deutsche Bank PGK is prepared for the meetings of the overall supervisory committee. The balance sheet committee makes decisions about ordering audits from the business auditor pursuant to § 111 Section 2 of AktG, and payment of the auditor. The balance sheet committee can determine the focus of audits.

Committee for credit and market risks

According to § 8 Section 1 of the Articles of Association of the supervisory committee, the committee for credit and market risks is responsible for handling credits that require the approval of the supervisory committee according to law or articles (intercompany loans pursuant to § 15 of KWG). It also reports about credits, markets, and technologies that are of particular important due to the associated risks or liabilities or other reasons.

H. Mandates in supervisory committees required by law in large corporations

Boards of Management

Rainer Neske Spokesperson	Zurich Beteiligungs-Aktiengesellschaft (Germany), Frankfurt am Main	Member of the Supervisory Board
Andreas Arndt	Deutsche Bank Sociedad Anónima Española, Barcelona, Spain	Member of the Executive Board
Guido Heuveldop	Deutsche Bank Societá per Azioni, Milan, Italy	Member of the Executive Board
	RREEF Investment GmbH, Eschborn	Member of the Supervisory Board
	Servicegesellschaft der Deutschen Bank Privat- und Geschäftskunden mbH, Bonn	Chairman of the Supervisory Board
Ulrich Kissing	Deutsche Bank Bauspar-Aktiengeseilschaft, Frankfurt am Main	Chairman pro tem of the Supervisory Board
	Deutsche Bank PBC Spólka Akcyjna, Warsaw, Poland	Chairman of the Supervisory Board
	Deutsche Bank Polska Spólka Akcyjna, Warsaw, Poland	Member of the Supervisory Board
	Xchanging Transaction Bank GmbH, Frankfurt am Main	Member of the Supervisory Board
	Zurich Deutscher Herold Lebensversicherung Aktiengesellschaft, Bonn	Member of the Supervisory Board
Frank Strauß	Deutsche Bank Bauspar-Aktiengeseilschaft, Frankfurt am Main	Chairman of the Supervisory Board

Employees

Dr. Michael Berendes	Deutsche Bank PBC Spólka Akcyjna, Warsaw, Poland	Member of the Supervisory Board
Ulrich Christmann	Servicegesellschaft der Deutschen Bank Privat- und Geschäftskunden mbH, Bonn	Member of the Supervisory Board
Thomas Klee	Servicegesellschaft der Deutschen Bank Privat- und Geschäftskunden mbH, Bonn	Member of the Supervisory Board
Dr. Thorsten Koch	Deutsche Bank PBC Spólka Akcyjna, Warsaw, Poland	Member of the Supervisory Board
Dr. Hans-Martin Kraus	Servicegesellschaft der Deutschen Bank Privat- und Geschäftskunden mbH, Bonn	Chairman pro tem of the Supervisory Board
Dario Di Muro	Finanza & Futuro Banca Societá per Azioni, Milan, Italy	Member of the Executive Board
Dr. Christoph Siemons	Deutsche Bank Bauspar-Aktiengeseilschaft, Frankfurt am Main	Member of the Supervisory Board
Jochen Weller	Saarländische Investitionskreditbank Aktiengesellschaft, Saarbr	Member of the Supervisory Board

I. Number of employees

Deutsche Bank PGK employed the following employees on average in 2007:

Employees of Deutsche Bank PGK	Male employees	Female employees	Total
Full-time employees	4,990	4,594	9,584
Part-time employees	95	2,669	2,764
Other employees	120	1,210	1,330
Staff	**5,205**	**8,473**	**13,678**

As of the end of the year, the number of employees rose in comparison to the previous year, from 13,632 to 13,652.

Frankfurt am Main, Germany, February 29, 2008

Deutsche Bank Privat- und Geschäftskunden Aktiengesellschaft

Board of Directors

Rainer Neske

Andreas Arndt | Guido Heuveldop | Ulrich Kissing

Dr. Christian Ricken | Hanns-Peter Storr | Frank Strauß

Auditor's report

We have audited the year-end report – comprising the balance sheet, profit and loss accounts as well as appendix – together with the bookkeeping system and the management report of Deutsche Bank Privat- und Geschäftskunden AG for the financial year from January 1 through December 31, 2007. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law (and supplementary provision of the shareholder agreement/articles of incorporation) are the responsibility of the bank's Board of Directors. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We have conducted our year-end audit per §317 HGB [German Commercial Code] with observance to the German guidelines for a regular audit as determined by the Institut der Wirtschaftsprüfer (IDW) [German Institute of Auditors]. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statement in accordance with the [German] principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the bank and expectations as to possible misstatements are taken into account in the determination of audit procedures. Within the framework of the audit the effectiveness of the accounting system is evaluated based on an internal control system as well as documentation for the details in accounting, year-end results, and management report realized based on spot checks. The audit includes assessing the accounting principles used and significant estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has led to no discrepancies.

Per our evaluation on the basis of the knowledge gained through the audit, the annual financial statement is in accordance with legal regulations and presents and accurate picture of the company's assets, finances and earnings situation in the Deutsche Bank Privat- und Geschäftskunden AG, in accordance with the principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, Germany, February 29, 2008

KPMG Deutsche Treuhand-Gesellschaft
Public limited company
Audit firm

Kuppler	Bose
Auditor	Auditor