



Deutsche Bank reports 2002 pre-tax income of Euro 3.5 billion, up from Euro 1.8 billion in 2001

Fourth quarter 2002 pre-tax income of Euro 237 million versus loss of Euro 1.1 billion in fourth quarter 2001

- *Underlying 2002 pre-tax profit of Euro 1.9 billion versus Euro 2.2 billion in 2001 in spite of increased credit loss provisions of Euro 0.9 billion to Euro 1.9 billion*
- *Costs cut by Euro 3.8 billion, or 17%, in 2002, significantly ahead of target and more than offsetting decline in underlying revenues of 10%*
- *Provisions for credit losses of Euro 423 million for fourth quarter 2002, down from a peak of Euro 790 million for third quarter 2002*
- *Proceeds from previously announced sales of non-core businesses and industrial holdings used to strengthen operating platform and balance sheet*
- *Risk-weighted assets down by 22%, increasing Tier 1 capital ratio to 9.6%*
- *Private Client and Asset Management division reports substantial improvement; Corporate and Investment Bank gaining market share; German businesses make significant strides*

FRANKFURT, 7 February 2003 – Deutsche Bank (XETRA: DBKG n.DE/NYSE: DB) today released its results for the financial year 2002. The bank reported income before income tax of Euro 3.5 billion for 2002, an increase of Euro 1.7 billion over 2001. Income before tax for the three months ending 31 December 2002 was Euro 237 million compared to a Euro 181 million loss for the previous quarter and a Euro 1.1 billion loss in the fourth quarter of 2001.

After charging credit loss provisions of Euro 1.9 billion, Deutsche Bank's 2002 underlying pre-tax profit (see following table for reconciliation data) was Euro 1.9 billion, down only 15% from Euro 2.2 billion in 2001. Underlying pre-tax profit for the fourth quarter of 2002 was Euro 242 million, up from Euro 74 million in the third quarter 2002 and from a loss of Euro 323 million in the fourth quarter of 2001.

In challenging markets, underlying revenues were down 10% to Euro 22.8 billion in 2002. However the bank has been able to reduce its operating cost base at a faster rate than the

decline in revenues. The operating cost base for 2002 dropped 14% from Euro 22.0 billion to Euro 19.0 billion compared to 2001, or 17% from a pro forma amount of Euro 22.8 billion adjusted for the net 2001 costs of Scudder/RREEF/Herold.

Provisions for credit losses, after peaking in the third quarter with Euro 790 million (Euro 590 million plus a charge of Euro 200 million due to a change in measurement of other inherent loss allowance), dropped to Euro 423 million in the fourth quarter, leading to provisions of Euro 1.9 billion for the full year.

Reconciliation of pre-tax profit*

in € m.	4Q02	3Q02	4Q01	2002	2001
Reported income before income taxes	237	(181)	(1.113)	3.549	1.803
Net gains and FAS 133 effects on industrial holdings	(533)	(21)	(202)	(3.659)	(2.259)
Significant write-downs / equity pick-ups	332	334	275	1.163	1.292
Net (gains)/losses from subsidiaries disposed	(147)	(395)	80	(755)	(100)
Write down on assets held for sale / Goodwill impairment	279			279	
Significant gain from sale of bank building					(233)
Change in measurement of other inherent loss allowance		200		200	
Restructuring activities / severance payments	56	137	409	1.054	758
Goodwill amortization			218		871
Minority interest	17	0	10	45	85
Underlying pre-tax profit	242	74	(323)	1.876	2.218

* Numbers may not add up due to rounding

Josef Ackermann, Chairman of the Group Executive Committee, said, "These results reflect Deutsche Bank's great resilience in today's tough markets. We have made good progress on all our strategic initiatives, resulting in the bank's transformation to a leaner and more disciplined organisation."

"We have continued to develop our global Corporate and Investment Banking (CIB) franchise, especially in high margin products. CIB is the leading European investment bank and continues to grow in the US. Meanwhile, PCAM has transformed into a 'bulge bracket' asset gatherer and manager. Our German businesses have made great strides - retail banking is increasingly profitable, DWS has extended its lead position and the quality of our corporate loan book has improved," he said

Against the four strategic initiatives outlined by the management in 2002, the bank has moved forward substantially:

- Deutsche Bank significantly beat its cost cutting target for 2002. The full year costs were cut by Euro 3.8 billion¹. In the fourth quarter, the operating cost base was down 21% to Euro 4.6 billion, compared to Euro 5.8 billion in the fourth quarter of 2001, and down 2% against the third quarter of 2002, reflecting a determined and rigorous approach to cost reduction.
- The bank's declared strategy of focusing on core activities has been rigorously pursued over the whole reporting period. Proceeds from the sale of non-core businesses and industrial holdings have been used to strengthen the bank's operating platform and reinforce its balance sheet.
- The bank's capital ratios were further strengthened by a 22% reduction in risk-weighted assets to Euro 237 billion by year-end 2002. The Tier 1 ratio stood at 9.6% at December 31, 2002, exceeding the target range of 8%-9% even as the bank continues to manage its share buy-back programme.
- The Private Client and Asset Management division (PCAM) saw a dramatic turnaround in 2002. Income before non-operating costs for the full year increased significantly from Euro 0.3 billion to Euro 1.1 billion in 2002 (excluding a gain of Euro 0.5 billion from the sale of insurance activities).

"Last year we concentrated on streamlining the bank," said Ackermann. "Our loan loss provisions have peaked and our cost base is falling – we now have a more efficient and focused platform. Following a strong start to 2003, we are confident that Deutsche Bank's transformation has prepared it to take full advantage of global market conditions."

Note: The Board of Managing Directors intends to propose to the Supervisory Board a dividend of Euro 1.30

¹ From Euro 22.8 billion adjusted for the net 2001 costs of Scudder/RREEF/Herold

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Notes to editor

'Underlying revenues' is defined as reported revenues adjusted for the revenue items described in the table above, and reflects insurance revenues net of policyholder benefits and claims.

'Operating cost base' is defined as reported non-interest expenses adjusted for the expense items in the table above, for policyholder benefits and claims (which are reclassified to *'underlying revenues'*), and for provisions for off-balance sheet credit losses.

These figures are preliminary and unaudited