

Deutsche Bank



Off Quarter Disclosure Statement

For the three months ended 31 March 2012
Deutsche Bank AG New Zealand

Passion to Perform



Off Quarter Disclosure Statement

For the three months ended 31 March 2012

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CORPORATE INFORMATION

Registered Bank:

Deutsche Bank AG ("DBAG").

Ultimate Parent Bank and Ultimate Holding Company: Deutsche Bank AG

There has been no change in either the ultimate parent bank or the ultimate holding company ("Deutsche Bank AG") of the registered bank since 31 December 2011.

FINANCIAL SUPPORT

Ranking of local creditors in a winding-up:

DBAG NZ is a branch of Deutsche Bank AG. It is the same legal entity, and not a separate subsidiary company. Therefore, obligations of DBAG NZ are obligations of Deutsche Bank AG to be performed through DBAG NZ.

DBAG NZ will have full access to the capital of Deutsche Bank AG. The rights of creditors located in New Zealand in an insolvency of Deutsche Bank AG would be governed by the German Insolvency Act. Subject to all claims of secured creditors and creditors mandatorily preferred by law, all unsecured creditors of Deutsche Bank AG would be treated equally in an insolvency of Deutsche Bank AG. Ordinary unsecured claims by creditors of DBAG NZ would not be subordinated to the ordinary unsecured claims by any other creditor of Deutsche Bank AG in the insolvency and winding up of Deutsche Bank AG under the German Insolvency Act. The German Insolvency Act requires Deutsche Bank AG to always hold an excess of assets over liabilities. Deutsche Bank AG has complied with all provisions of the German Insolvency Act throughout the period.

DBAG NZ is unable, due to system limitations or circumstances beyond its control, to disclose whether there are any material legislative or regulatory restrictions of all countries in the world other than Germany ("Other Countries") which subordinate the claims of any class of unsecured creditors of DBAG NZ on the assets of Deutsche Bank AG in a winding up of Deutsche Bank AG. An explanation of the circumstances is:

- (a) Deutsche Bank AG operates in over 72 countries;
- (b) while any bankruptcy of Deutsche Bank AG would be governed by German law as a general principle, it is impossible to predict whether anyone in any other Country would seek to allege that any law of that other Country should be applied in respect of any asset or liability of Deutsche Bank AG in that other Country in preference to the law of Germany;
- (c) whether a court in one country may apply the laws of that country in preference to laws of another country usually involves complex issues of public international law or private international law as well as complex and technical principles of the domestic law of the relevant country which are usually referred to as conflicts of laws rules. The interaction between principles of public or private international law and the conflicts of laws rules of any particular country is even more complex and uncertain in the context of insolvency where significant issues of public policy may arise. Therefore, it is impossible to predict whether, if someone was to allege that the law of the other Country should be applied in preference to the law of Germany, a court in the other Country would accept the allegation and apply the law of that other Country instead of German law; and
- (d) given that matters referred to in paragraphs (b) and (c) above are beyond the control of DBAG NZ and impossible to predict, DBAG NZ cannot tell whether there are any material laws or regulatory restrictions of any other Country which subordinates the claims of any class of unsecured creditors of DBAG NZ on the assets of Deutsche Bank AG to those of any other class of unsecured creditors of Deutsche Bank AG in a winding up of Deutsche Bank AG.

In the opinion of DBAG NZ, the closest available alternative to disclosing whether there are any material laws or regulatory restrictions of any other Country which subordinate the claims of any class of unsecured creditors of DBAG NZ on the assets of any other class of unsecured creditors of Deutsche Bank AG in a winding up of Deutsche Bank AG is to disclose that

- (e) as at 31 December 2011 approximately 49.2% of the total assets of Deutsche Bank Group were located in Germany and approximately 0.1% of the liabilities of Deutsche Bank Group were located in New Zealand; and
- (f) unsecured depositors of DBAG NZ would have the benefit of a Deposit Protection Fund operated by the Federal Association of German Banks, of which Deutsche Bank AG is a member. The fund protects all deposits with a member bank by non-banks irrespective of the location of the bank with which a deposit is being made, up to a protection ceiling of 30% of the core capital and supplementary capital (to the extent that supplementary capital does not exceed 25% of core capital).

In the opinion of DBAG NZ these facts indicate that, if:

- (g) there was a legislative or regulatory restriction of another Country which could have the effect of subordinating the claims of any class of unsecured creditors of DBAG NZ on the assets of Deutsche Bank AG located in that other Country to those of any class of unsecured creditors of Deutsche Bank AG in a winding up of Deutsche Bank AG;
- (h) anyone alleged that such a law of that other Country should be applied in preference to a contrary law of Germany in the winding up of Deutsche Bank AG; and
- (i) the court of that other Country accepted that allegation,

any effect on unsecured creditors of DBAG NZ would be unlikely to be "material" as that term is defined in the Registered Bank Disclosure Statement (Overseas Incorporated Registered Banks) Order (No 4) 2011.

Guarantee Arrangements:

No material obligations of Deutsche Bank AG, that relate to the business of the registered bank in New Zealand, are guaranteed as at 25th May 2012.

CORPORATE GOVERNANCE

Directors of Deutsche Bank AG:

There have been no changes to Deutsche Bank AG's Managing Board and therefore Deutsche Bank AG, New Zealand Branch's Managing Board since 31 December 2011.

The current Directors are Dr. Josef Ackermann, Hermann-Josef Lamberti, Dr. Hugo Banziger, Stefan Krause, Jurgen Fitschen, Anshu Jain and Rainer Neske.

At the Supervisory Board meeting held in Frankfurt on the 16th of March 2012, the Supervisory Board appointed Dr. Stephan Leithner, Mr. Stuart Wilson Lewis and Mr. Henry Ritchotte members of the Management Board, in each case for three years with effect from June 1, 2012. Dr. Leithner has been with Deutsche Bank since 2000 and has been Co-Head of Investment Banking Coverage & Advisory since 2010. Mr. Lewis joined Deutsche Bank in 1996 and has been Deputy Chief Risk Officer since 2010. Mr. Ritchotte has been with Deutsche Bank since 1995 and has been the Chief Operating Officer of the Corporate & Investment Bank Group Division since 2010. Dr. Banziger and Mr. Lamberti will leave the Management Board and Deutsche Bank effective at the end of May 31, 2012. Dr. Ackermann will be leaving the bank's Management Board, which he has chaired since 2002, with effect from the end of the General Meeting on May 31, 2012.

New Zealand Chief Executive Officer:

The name, occupation, technical or professional qualifications and country of residence of the New Zealand Chief Executive Officer is as follows:

Brett Shepherd
Chief Executive Officer – New Zealand
Bachelor of Management Studies (First Class Honours), University of Waikato
New Zealand

Responsible persons authorised in writing to sign this Disclosure Statement in accordance with section 82 of the Reserve Bank of New Zealand Act 1989.

Brett Shepherd
Chief Executive Officer – New Zealand
Bachelor of Management Studies (First Class Honours)
University of Waikato
New Zealand

David Penfold
Chief Financial Officer – Australia / New Zealand
Associate of the Institute of Chartered Accountants in
England and Wales (ACA)
Australia

The responsible persons have signed this disclosure statement on behalf of Dr Josef Ackermann, Stefan Krause, Hermann-Josef Lamberti, Dr Hugo Banziger, Jürgen Fitschen, Anshu Jain and Rainer Neske.

Address to which communications addressed to the Responsible Persons and New Zealand Chief Executive Officer may be sent:

Vero Centre, Level 36, 48 Shortland Street,
PO Box 6900, Wellesley Street,
Auckland, 1010
New Zealand

Audit

This Off Quarter Disclosure Statement has not been subjected to audit or review by an external auditor.

NON-CONSOLIDATED ACTIVITIES

The Banking Group does not conduct any Insurance Business.

The Registered Bank does not conduct in New Zealand, outside the Banking Group, any Insurance Business or non-financial activities.

OTHER MATERIAL MATTERS

There are no matters relating to the business or affairs of Deutsche Bank New Zealand Group which are not contained elsewhere in this Disclosure Statement which if disclosed would materially adversely affect the decision of a person to subscribe for Debt Securities of which Deutsche Bank AG (the “Registered Bank”) or any other member of the Banking Group is the issuer.

FINANCIAL STATEMENTS OF THE REGISTERED BANK AND OVERSEAS BANKING GROUP

The most recent publicly available financial statements of Deutsche Bank AG (the “Registered Bank”) and the Deutsche Bank Group (the “Overseas Banking Group”), being 31 December 2011 and 31 March 2012 respectively, can be requested from Deutsche Bank AG NZ Branch office at level 36, 48 Shortland Street, Auckland or accessed online at: www.db.com/ir/en/content/reports_2012.htm

CONDITIONS OF REGISTRATION

Deutsche Bank AG (the “registered bank”) in New Zealand was entered into the register of registered banks on 8 November 1996.

The registration of Deutsche Bank AG (“the registered bank”) in New Zealand is subject to the following conditions which came into effect from the 30th September 2011.

1. That the banking group does not conduct any non-financial activities that in aggregate are material relative to its total activities.

In this condition of registration, the meaning of “material” is based on generally accepted accounting practice.

2. That the banking group’s insurance business is not greater than 1% of its total consolidated assets.

For the purposes of this condition of registration, the banking group’s insurance business is the sum of the following amounts for entities in the banking group:

- (a) if the business of an entity predominantly consists of insurance business and the entity is not a subsidiary of another entity in the banking group whose business predominantly consists of insurance business, the amount of the insurance business to sum is the total consolidated assets of the group headed by the entity; and
- (b) if the entity conducts insurance business and its business does not predominantly consist of insurance business and the entity is not a subsidiary of another entity in the banking group whose business predominantly consists of insurance business, the amount of the insurance business to sum is the total liabilities relating to the entity’s insurance business plus the equity retained by the entity to meet the solvency or financial soundness needs of its insurance business.

In determining the total amount of the banking group’s insurance business—

- (a) all amounts must relate to on balance sheet items only, and must comply with generally accepted accounting practice; and
- (b) if products or assets of which an insurance business is comprised also contain a non-insurance component, the whole of such products or assets must be considered part of the insurance business.

For the purposes of this condition of registration,—

“insurance business” means the undertaking or assumption of liability as an insurer under a contract of insurance:

“insurer” and “contract of insurance” have the same meaning as provided in sections 6 and 7 of the Insurance (Prudential Supervision) Act 2010.

3. That the business of the registered bank in New Zealand does not constitute a predominant proportion of the total business of the registered bank.
4. That no appointment to the position of the New Zealand chief executive officer of the registered bank shall be made unless:
 - (a) the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and
 - (b) the Reserve Bank has advised that it has no objection to that appointment.
5. That Deutsche Bank AG complies with the requirements imposed on it by the German Federal Banking Supervisory Office.

CONDITIONS OF REGISTRATION *(continued)*

6. That Deutsche Bank AG complies with the following minimum capital adequacy requirements, as administered by the German Federal Banking Supervisory Office.
- (a) tier one capital of Deutsche Bank AG is not less than 4 percent of risk weighted exposures; and
 - (b) capital of Deutsche Bank AG is not less than 8 percent of risk weighted exposures.
7. That liabilities of the registered bank in New Zealand, net of amounts due to related parties (including amounts due to a subsidiary or affiliate of the registered bank), do not exceed NZ\$15 billion.

In these conditions of registration,—

“banking group” means the New Zealand business of the registered bank and its subsidiaries as required to be reported in group financial statements for the group’s New Zealand business under section 9(2) of the Financial Reporting Act 1993:

“business of the registered bank in New Zealand” means the New Zealand business of the registered bank as required to be reported in financial statements under section 8(2) of the Financial Reporting Act 1993:

“generally accepted accounting practice” has the same meaning as in section 2 of the Financial Reporting Act 1993:

“liabilities of the registered bank in New Zealand” means the liabilities of the registered bank as required to be reported in financial statements under section 8(2) of the Financial Reporting Act 1993.

CURRENT CREDIT RATINGS OF DEUTSCHE BANK AG

Deutsche Bank AG has the following general credit ratings applicable to long term senior unsecured obligations payable in any country or currency and applicable in New Zealand, in New Zealand dollars.

	Current Rating	Outlook
Moody’s Investors Service, Inc	Aa3	under review for downgrade
Standard & Poor’s Corporation	A+	Negative
Fitch IBCA, Inc	A+	Stable

Legend to Rating Scales

Long-term Debt Ratings	Moody’s (a)	S&P (b)	Fitch (b)
Highest quality/ Extremely strong capacity to pay interest and principal	Aaa	AAA	AAA
High quality / Very strong	Aa	AA	AA
Upper medium grade / Strong	A	A	A
Medium grade (lowest investment grade) / Adequate	Baa	BBB	BBB
Predominantly speculative / Less near term vulnerability to default	Ba	BB	BB
Speculative, low grade / Greater vulnerability	B	B	B
Poor to default / identifiable vulnerability	Caa	CCC	CCC
Highest speculations	Ca	CC	CC
Lowest quality, no interest	C	C	C
In payment default, in arrears - questionable value		D	D

- (a) Moody’s applies numeric modifiers to each generic rating category from Aa to B, indicating that the counterparty is (1) in the higher end of its letter-rating category, (2) in mid-range, (3) in lower end.
- (b) S&P and Fitch apply plus (+) or minus (-) signs to ratings from ‘AA’ to ‘CCC’ to indicate relative standing within the major rating categories.

STATEMENT BY THE DIRECTORS AND NEW ZEALAND CHIEF EXECUTIVE OFFICER ON BANK REGISTRATION

Each Director of Deutsche Bank AG, being the members of the Management Board and the New Zealand Chief Executive Officer, after due inquiry by them, believe that:

- This Off Quarter Disclosure Statement contains all the information that is required by the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order (No 4) 2011 as at the date on which the Off Quarter Disclosure Statement is signed.
- This Off Quarter Disclosure Statement is not false or misleading as at the date on which the Off Quarter Disclosure Statement is signed.
- Deutsche Bank AG (the "Registered Bank") has complied with the conditions of registration during the accounting period.
- Deutsche Bank AG (the "Registered Bank") NZ Branch had systems in place to monitor and control adequately the Banking Group's material risks, including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk and other business risks, and that those systems were being properly applied.

This three month Disclosure Statement is dated at Auckland this 25th of May 2012 and signed by Messrs Shepherd and Penfold as responsible persons on behalf of each of the directors.



Brett Shepherd



David Penfold

Signed at Auckland this 25th day of May 2012



Brett Shepherd
Chief Executive Officer – New Zealand

FINANCIAL STATEMENTS

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STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Deutsche Bank AG New Zealand Branch ("DBAG NZ"), domiciled in New Zealand is a registered bank in New Zealand and is a branch of Deutsche Bank AG ("DBAG"), the Overseas Bank and Ultimate Holding Company incorporated and domiciled in Germany. The Banking Group is involved in commercial and investment banking activities.

Basis of Reporting

These aggregated condensed financial statements have been prepared in accordance with NZIAS 34 Interim Financial Statements and the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order (No 4) 2011; and do not include all of the information required for full annual financial statements.

The aggregated financial statements are for Deutsche Bank New Zealand Group ("DBNZ"), the "Banking Group" comprising the New Zealand operations of Deutsche Bank AG and all those subsidiaries of Deutsche Bank AG whose business is required to be reported in financial statements for the group's New Zealand business.

These financial statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2011.

The financial statements were approved on behalf of each of the Directors on 25th May 2012.

Accounting Policies and Method of Computation

There have been no changes in accounting policies or methods of computation in the preparation of these interim financial statements since the most recent annual financial statements for the period ending 31 December 2011.

Use of Estimates and Judgments

The preparation of financial statements in conformity with IFRS and NZ IFRS requires management to make estimates and assumptions for certain categories of assets and liabilities. Areas where this is required include the fair value of certain financial assets and liabilities, the allowance for loan losses, the impairment of assets other than loans, the recognition and measurement of deferred tax assets, provisions for uncertain income tax positions, legal and regulatory contingencies, as well as other matters. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting date, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's estimates.

Measurement Base

The aggregated financial statements are based on the general principles of historical cost accounting, except for the following assets and liabilities that are stated at fair value: derivative financial instruments, trading assets, financial instruments designated as fair value through profit or loss and trading liabilities. The going concern concept and the accrual concept of accounting have been adopted.

All amounts are expressed in New Zealand dollars ("NZD") and rounded to the nearest million, unless otherwise stated.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED 31 MARCH 2012

		BANKING GROUP		
NZD in millions	Note	Unaudited 3 months 31/03/12	Unaudited 3 months 31/03/11	Audited 12 months 31/12/11
Interest income		41	16	73
Interest expense		(15)	(70)	(56)
Net interest income		26	(54)	17
Impairment of loans		-	-	(11)
Net interest income / (expense) after provision for credit losses		26	(54)	6
Net trading income		9	50	63
Other operating (expense) / income	1	(22)	54	8
Total operating income		13	50	77
Operating expense		(10)	(11)	(48)
Profit before tax		3	39	29
Income tax expense		(1)	(11)	(8)
Net profit for the period		2	28	21
Other comprehensive income		(1)	-	1
Total comprehensive income for the period		1	28	22

The accounting policies and other notes form part of, and should be read in conjunction with these financial statements

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2012

NZD in millions	BANKING GROUP			
	Share Capital	Retained Earnings	Other Reserves	Total Equity
Balance at 1 January 2012 (audited)	20	88	2	110
Comprehensive income for the 3 months ended 31 March 2012				
Net profit for the period	-	2	-	2
Other comprehensive income				
Equity compensation reserve	-		(1)	(1)
Total comprehensive income for the 3 months ended 31 March 2012	-	2	(1)	1
Balance at 31 March 2012 (unaudited)	20	90	1	111

NZD in millions	BANKING GROUP			
	Share Capital	Retained Earnings	Other Reserves	Total Equity
Balance at 1 January 2011 (audited)	20	67	1	88
Comprehensive income for the 3 months ended 31 March 2011				
Net profit for the period	-	28	-	28
Total comprehensive income for the 3 months ended 31 March 2011	-	28	-	28
Balance at 31 March 2011 (unaudited)	20	95	1	116

NZD in millions	BANKING GROUP			
	Share Capital	Retained Earnings	Other Reserves	Total Equity
Balance at 1 January 2011 (audited)	20	67	1	88
Comprehensive income for the year ended 31 December 2011				
Net profit for the period	-	21	-	21
Other comprehensive income				
Equity compensation reserve	-	-	1	1
Total comprehensive income for the year ended 31 December 2011	-	21	1	22
Balance at 31 December 2011 (audited)	20	88	2	110

The accounting policies and other notes form part of, and should be read in conjunction with these financial statements

CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2012

BANKING GROUP				
NZD in millions	Note	Unaudited as at 31/03/12	Unaudited as at 31/03/11	Audited as at 31/12/11
ASSETS				
Due from central and other banks		431	185	126
Trading securities	2	736	795	591
Reverse repurchase agreements		29	21	96
Available-for-sale securities		30	-	30
Other assets		31	120	44
Loans and advances - short term	3	14	1	14
Amounts due from related parties - short term	4	1,221	2,574	1,842
Loans and advances – long term	3	337	49	277
Investment in associate		36	37	36
Income tax asset		1	3	1
Fixed Assets		3	4	3
Deferred tax		32	30	33
Total assets		2,901	3,819	3,093
LIABILITIES				
Deposits	5	405	1,165	581
Trading securities	6	40	68	156
Repurchase agreements		225	527	444
Other liabilities		21	164	28
Amounts due to related parties - short term	4	1,885	1,568	1,562
Subordinated debt - long term		214	211	212
Total liabilities		2,790	3,703	2,983
EQUITY				
Attributable to shareholders		111	116	110

The accounting policies and other notes form part of, and should be read in conjunction with these financial statements.

CONDENSED STATEMENT OF CASH FLOWS

FOR THE THREE MONTHS ENDED 31 MARCH 2012

	BANKING GROUP		
	Unaudited 3 months	Unaudited 3 months	Audited 12 months
NZD in millions	31/03/12	31/03/11	31/12/11
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from/(applied to):			
Interest received	42	16	65
Fees and commission income	1	1	8
Movements in trading securities and derivative financial instruments	(271)	77	295
Movements in repurchase and reverse repurchase agreements	(152)	270	112
Interest paid	(13)	(72)	(53)
Operating expenses	(19)	(12)	(34)
Income tax refund	-	-	2
Movement in available-for-sale securities	-	-	(26)
Movement in loans	(60)	51	(201)
Movement in other assets and liabilities	-	9	-
Net cash flows from operating activities	(472)	340	168
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was applied to:			
Dividends received from associate	-	-	2
Net cash flows from investing activities	-	-	2
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from/(applied to):			
Decrease/increase in deposits	(247)	(47)	(683)
Increase in subordinated debt	2	7	8
Movements in amounts due to related parties	951	(112)	582
Net cash flows from financing activities	706	(152)	(93)
Net increase in cash	234	188	77
Opening cash and cash equivalents	17	(60)	(60)
Closing cash and cash equivalents	251	128	17

The accounting policies and other notes form part of, and should be read in conjunction with, these financial statements

CONDENSED STATEMENT OF CASH FLOWS (continued)
FOR THE THREE MONTHS ENDED 31 MARCH 2012

NZD in millions	BANKING GROUP		
	Unaudited as at	Unaudited as at	Audited as at
	31/03/12	31/03/11	31/12/11

RECONCILIATION OF CLOSING CASH AND CASH EQUIVALENTS TO THE STATEMENT OF FINANCIAL POSITION

Due from central and other banks	431	185	126
Call deposits	(180)	(57)	(109)
	<u>251</u>	<u>128</u>	<u>17</u>

RECONCILIATION OF NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS TO NET CASH FLOWS FROM OPERATING ACTIVITIES

NZD in millions	Unaudited 3 months 31/03/12	Unaudited 3 months 31/03/11	Audited 12 months 31/12/11
Net profit attributable to shareholders	2	28	21
Adjustments for:			
Depreciation	-	-	1
Movements in accrued interest received	1	-	(4)
Movement in other	(5)	9	11
Movements in tax provision	1	11	10
Movements in accrued expenses	(8)	(1)	13
Movements in accrued interest expense	2	(1)	(1)
Movements in trading securities and derivative financial instruments	(252)	(27)	232
Movement in available for sale securities	-	-	(26)
Movement in loans	(60)	51	(201)
Movements in repurchase and reverse repurchase agreements	(153)	270	112
Net cash flows from operating activities	<u>(472)</u>	<u>340</u>	<u>168</u>

The accounting policies and other notes form part of, and should be read in conjunction with, these financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

NZD in millions	BANKING GROUP		
	Unaudited	Unaudited	Audited
	3 months	3 months	12 months
	31/03/12	31/03/11	31/12/11

NOTE 1 - OTHER OPERATING INCOME

Other operating income			
Foreign exchange remeasurement	(23)	53	(2)
Fees and commissions	1	1	9
Income from investment in associates	-	-	1
Total other operating income	<u>(22)</u>	<u>54</u>	<u>8</u>

NOTE 2 - TRADING SECURITIES - ASSETS

New Zealand			
Government securities	355	380	480
Corporate securities	61	31	33
Certificate of deposit	291	171	10
Derivatives	16	130	26
Total New Zealand	<u>723</u>	<u>712</u>	<u>549</u>
Overseas			
Government securities	-	26	20
Corporate securities	13	57	22
Total overseas	<u>13</u>	<u>83</u>	<u>42</u>
Total trading securities	<u>736</u>	<u>795</u>	<u>591</u>

NOTE 3 - LOANS

New Zealand			
Short term loans	14	1	14
Long term loans	348	49	288
Less: individual impairment allowance	(11)	-	(11)
Total Loans	<u>351</u>	<u>50</u>	<u>291</u>

Individually impaired assets

Balance at beginning of period	36	73	73
Transfers from performing	-	-	36
Renegotiated loans	-	(36)	(36)
Amounts written off	-	(37)	(37)
Balance at end of period	<u>36</u>	<u>-</u>	<u>36</u>

Individual provision for loan impairment

Balance at beginning of period	(11)	(37)	(37)
Charge to impairment of loans in statement of comprehensive income	-	-	(11)
Amounts written off	-	37	37
Balance at end of period	<u>(11)</u>	<u>-</u>	<u>(11)</u>

The Banking Group has no collective credit impairment allowance.

Certain impaired assets were renegotiated during 2011 which resulted in de-recognition of the original instruments and the recognition of the new instruments at fair value. The new instruments fair value is equal to the carrying value of the de-recognised original instrument.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS *(continued)*

NZD in millions	BANKING GROUP		
	Unaudited as at 31/03/12	Unaudited as at 31/03/11	Audited as at 31/12/11

NOTE 4 - RELATED PARTIES

Due from Related Parties

Short term	1,204	2,461	1,820
Derivatives	17	113	22
Total due from related parties	<u>1,221</u>	<u>2,574</u>	<u>1,842</u>

Due to Related Parties

Short term	1,875	1,484	1,540
Derivatives	10	84	22
Total due to related parties	<u>1,885</u>	<u>1,568</u>	<u>1,562</u>

NOTE 5 - DEPOSITS

Certificates of deposits	175	799	422
Deposits on call	180	57	109
Deposits	50	309	50
Total deposits	<u>405</u>	<u>1,165</u>	<u>581</u>

NOTE 6 - TRADING SECURITIES - LIABILITIES

New Zealand			
Government securities	28	41	156
Derivatives	12	27	-
Total trading securities	<u>40</u>	<u>68</u>	<u>156</u>

NOTE 7 - INTEREST EARNING AND DISCOUNT BEARING ASSETS AND LIABILITIES

Interest earning and discount bearing assets	2,691	3,341	2,907
Interest earning and discount bearing liabilities	2,664	3,250	2,805

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS *(continued)*

NZD in millions	BRANCH		
	Unaudited 3 months 31/03/12	Unaudited 3 months 31/03/11	Audited 12 months 31/12/11

NOTE 8 – TOTAL LIABILITIES OF THE REGISTERED BANK IN NEW ZEALAND NET OF AMOUNTS DUE TO RELATED PARTIES

Total liabilities net of amounts due to related parties	886	1,958	1,394
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NOTE 9 – FINANCIAL ASSETS PLEDGED AS COLLATERAL FOR LIABILITIES OF CONTINGENT LIABILITIES

No financial assets have been pledged as collateral for liabilities or contingent liabilities.

NOTE 10 – RISK MANAGEMENT

There has been no material change during the three months ended 31 March 2012 to the Banking Group's policies for managing risks in relation to credit, currency, interest rates, equity, liquidity, operational or any other material business risk to which it is exposed.

NOTE 11 - INSURANCE PRODUCTS

The Banking Group has no involvement in the marketing and distribution of insurance products.

NOTE 12 – CAPITAL ADEQUACY

The Core Tier 1 and the Tier 1 capital ratio are the principal measures of capital adequacy for internationally active banks. The ratios compare a bank's regulatory Core Tier 1 and Tier 1 capital with its credit risks, market risks and operational risks pursuant to Basel 2.5 (which the Group refers to collectively as the "risk-weighted assets" or "RWA"). In the calculation of the risk-weighted assets the Group uses BaFin approved internal models for all three risk types. More than 90 % of the Group's exposure relating to asset and off-balance sheet credit risks is measured using internal rating models under the so-called advanced IRBA. The market risk component includes a multiple of the stressed value-at-risk and the value-at-risk, as well as the incremental risk charge and the comprehensive risk measure on the Group's correlation trading portfolio. All of which are all calculated on the basis of the Group's BaFin approved internal models. The market risk component now also includes securitizations in the trading book outside the correlation trading portfolio measured with the standardized approach according to Basel 2.5. For operational risk calculations, the Group uses the so-called Advanced Measurement Approach ("AMA") pursuant to the German Banking Act (Banking Act).

The following table present the Deutsche Bank Group's regulatory capital ratio. The Deutsche Bank Group's total capital ratio was 15% on March 31, 2012, significantly higher than the 8% minimum ratio required by the Banking Act.

Ratios for Deutsche Bank AG are not publicly available.

NZD in millions	DEUTSCHE BANK GROUP AG		
	Unaudited as at 31/03/12	Unaudited as at 31/03/11	Audited as at 31/12/11
Tier I	13.4%	13.4%	12.9%
Capital ratio	15.0%	14.9%	14.5%

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS *(continued)*

NOTE 13 - SEGMENTAL ANALYSIS

Deutsche Bank Group segment information is prepared in accordance with the "management approach", which requires presentation of the segments on the basis of the internal reports about components of the entity which are regularly reviewed by the chief operating decision-maker ("CODM") in order to allocate resources to a segment and to assess its performance. The CODM for the Overseas Banking Group is the Management Board of Deutsche Bank AG.

The Deutsche Bank Group's organisational structure, as reflected in its internal management reporting systems, is organised into three group divisions, Corporate and Investment Bank ("CIB"), Private Clients and Asset Management ("PCAM"), and Corporate Investments ("CI").

Deutsche Bank Group (the Overseas Banking Group) and the Deutsche Bank New Zealand Group (the "Banking Group") have the same CODM, reporting segments and measurement basis.

The Banking Group operates solely in the Corporate and Investment Bank ("CIB") segment which combines the Banking Group's corporate banking and securities activities (including sales and trading and corporate finance activities). Corporate banking revenues are represented by loans interest income, sales and trading revenues are represented by interest income excluding loans, net trading income and foreign exchange remeasurement and corporate finance revenues are represented by fees and commissions.

CIB serves corporate and institutional clients, ranging from medium-sized enterprises to multinational corporations, banks and sovereign organisations. Revenues from external customers are solely sourced from New Zealand except for related party revenues which are sourced from parties outside New Zealand.

NOTE 14 – LIQUIDITY RISK

Liquidity portfolio management

The following table shows the composition of our external funding sources that contribute to the liquidity risk position as of March 31, 2012 and are held by the Banking Group for the purposes of managing liquidity risk.

	BANKING GROUP
	Unaudited as at
	31/03/2012
NZD in millions	
Cash and balances immediately converted to cash	431
Government securities	355
Certificate of deposit	291
Reverse repo agreements	29
Total Liquidity portfolio	1,106

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS *(continued)*

NOTE 15 – EXPOSURES TO MARKET RISK

The following market risk exposure disclosures are prepared in accordance with Schedule 9 of the Registered Bank Disclosure Statements (Overseas Incorporated registered Banks) Order (No 4) 2011.

Notional capital charge is derived in accordance with Capital Adequacy Framework (Standardised Approach) BS2A; Interest rate notional capital charge is calculated using clause 126 to 131; Foreign exchange notional capital charge is calculated using clause 132; Equity notional capital charge is calculated using clause 133.

Unaudited	BANKING GROUP	
	Implied risk weighted exposure	Notional Capital Charge
NZD in millions		

Market risk end-period notional capital charges - 31/03/12

Interest rate risk	575.0	46.0
Foreign currency risk	987.1	79.0
Equity risk	0.4	0.0

NOTE 16 - CONCENTRATION OF CREDIT EXPOSURE TO INDIVIDUAL COUNTERPARTIES

Credit exposures are calculated based on actual credit exposures. Deutsche Bank New Zealand Group had no aggregate credit exposure as at 31 March 2012 or peak end of day credit exposures during the period to a Bank counterparty or non-bank counterparty as an individual counterparty or group of closely related counterparties which equals or exceeds 10% of Deutsche Bank AG's equity as at 31 March 2012, 31 March 2011 or 31 December 2011 in respect of peak end-of-day aggregate credit exposure for the quarter end on those dates. The calculation of credit exposures and peak credit exposures excludes exposures to any Central Government or any Bank with a long term credit rating of A- or A3 or above, or its equivalent. It does not include exposures to those counterparties if they are booked outside New Zealand.

NOTE 17 - OTHER ASSET QUALITY INFORMATION

The Directors deem all exposures of the Banking Group to be current except for individually impaired assets. Therefore, no additional information in respect of the following classes of assets is provided:

- Restructured assets
- Real estate assets acquired through the enforcement of security
- Other assets acquired through the enforcement of security
- 90 day past due assets
- Other assets under administration
- Financial assets acquired through the enforcement of security

For information on individually impaired assets please refer to note 3

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS *(continued)*

NOTE 18 – REGISTERED BANK ASSET QUALITY

DEUTSCHE BANK AG OVERSEAS BANKING GROUP		
ASSET QUALITY	Unaudited 3 months 31/03/2012	Unaudited 3 months 31/03/2011
EUR in millions		
Total individually impaired assets (before allowance for credit impairment loss and net of interest held in suspense)	5,815	3,712
Total individually impaired assets expressed as a % of total assets	0.3%	0.2%
Total individual credit impairment allowance	1,887	1,621
Total individual credit impairment allowance expressed as a % of total individually impaired assets	32.5%	24.3%
Total collective credit impairment allowance	2,194	1,741

Deutsche Bank AG Overseas Banking Group refers to the worldwide business of Deutsche Bank AG including subsidiary entities. All Deutsche Bank Group disclosures are presented in accordance with International Financial Reporting Standards as adopted by the European Union.

NOTE 19 – REGISTERED BANK PROFITABILITY AND SIZE

DEUTSCHE BANK AG OVERSEAS BANKING GROUP		
PROFITABILITY AND SIZE	Unaudited 3 months 31/03/2012	Unaudited 3 months 31/03/2011
EUR in millions		
Net Profit after tax	1,401	2,130
Net profit after tax over the previous 12 month period as a percentage of average total assets	0.2%	0.3%
Total Assets	2,103,295	1,842,245
Percentage increase from previous year	14.2%	10.3%