

# General Disclosure Statement

For the six months ended 30 June 2009



Deutsche Bank AG New Zealand

Deutsche Bank AG, New Zealand

A Passion to Perform.

Deutsche Bank



# General Disclosure Statement

For the six months ended 30 June 2009

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## **CORPORATE INFORMATION**

### **Registered Bank:**

Deutsche Bank AG, New Zealand (DBAG NZ)

### **Address for service (domicile):**

Vero Centre, Level 36, 48 Shortland Street  
Auckland  
New Zealand

### **Name and Address for service (domicile) of Deutsche Bank AG (Overseas Bank, Ultimate Parent Bank and Ultimate Holding Company)**

#### **Name:**

Deutsche Bank AG, Frankfurt

#### **Address for service:**

Theodor-Heuss-Allee 70  
D-60486 Frankfurt am Main  
Germany

#### **Incorporation:**

Deutsche Bank AG originated from the reunification of Norddeutsche Bank Aktiengesellschaft, Hamburg, Rheinisch-Westfälische Bank Aktiengesellschaft, Duesseldorf and Süddeutsche Bank Aktiengesellschaft, Munich; pursuant to the Law on the Regional Scope of Credit Institutions, these had been disincorporated in 1952 from Deutsche Bank which was founded in 1870. The merger and the name were entered in the Commercial Register of the District Court Frankfurt am Main on 2 May 1957. Deutsche Bank AG is a banking institution and a stock corporation incorporated under the laws of Germany under registration number HRB 30 000.

## **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 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 2008 approximately 27.9% of the total assets of Deutsche Bank Group were located in Germany and approximately 0.07% 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 an other 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 (Full and Half-Year – Overseas Incorporated Registered Banks) Order 2008.

### **Guarantee Arrangements:**

No material obligations of Deutsche Bank New Zealand Group (“Banking Group”), as defined in the Conditions of Registration, are guaranteed.

## CORPORATE GOVERNANCE

### Directors of Deutsche Bank AG:

The Management Board of a German Stock Corporation is the body which represents the Company and is responsible for the management of its affairs (Section 76 and 78 of the German Stock Corporation Act). The name, occupation, technical or professional qualifications and country of residence of each member of the Management Board of Deutsche Bank AG are as follows:

#### **Dr. Josef Ackermann**

Chairman of Management Board  
Doctorate in Economics – University of St. Gallen  
Germany

#### **Stefan Krause**

Chief Financial Officer  
Business Administration – Julius-Maximilian  
University of Wurzburg  
Germany

#### **Hermann-Josef Lamberti**

Chief Operating Officer  
Master in Business Administration – Cologne / Dublin  
Germany

#### **Dr. Hugo Banziger**

Chief Risk Officer  
Doctorate in Economic History – University of Berne  
United Kingdom

#### **Michael Cohrs**

Head of Global Banking  
Bachelor of Arts and MBA from Harvard University  
United Kingdom

#### **Jurgen Fitschen**

Head of Regional Management Worldwide  
Business Administration – University of Hamburg  
Germany

#### **Anshu Jain**

Head of Global Markets  
BA in Economics – Delhi University  
MBA in Finance – University of Massachusetts  
United Kingdom

#### **Rainer Neske**

Head of Private & Business Clients  
BA & Computer Science – Karlsruhe University  
Germany

Michael Cohrs, Jurgen Fitschen, Anshu Jain and Rainer Neske joined the Management Board of Deutsche Bank AG on the 1<sup>st</sup> April 2009.

\* Section 24(1)1 of the German Banking Act requires Deutsche Bank AG to report to the German Federal Financial Supervisory Authority and the Bundesbank, the German Federal Bank, all facts important for assessing the trustworthiness and professional qualifications of each of its directors. If the German Federal Banking Supervisory Office (FBSO) is not satisfied at any time that the Bank's directors or any substitute directors have the necessary professional qualifications, it may revoke the Bank's licence (section 35) or demand the dismissal of the relevant director (section 36).

The Reserve Bank of New Zealand guidelines for the General Disclosure Statement requests disclosure of whether a director is an "executive director". The term "executive director" is not applicable to Deutsche Bank AG. However, all directors are members of the Management Board and are employees of Deutsche Bank AG.

### Address to which communications addressed to the Directors may be sent:

Deutsche Bank AG  
Theodor-Heuss-Allee 70  
D-60486 Frankfurt am Main  
Germany

### Non-banking group companies of which directors of Deutsche Bank AG are directors:

Dr. Josef Ackermann is a member of the supervisory board of Siemens AG, Royal Dutch Shell plc, and of the International Advisory Council of Zurich Financial Services Group.

Hermann-Josef Lamberti is a member of the supervisory board of BVV Versicherungsverein des Bankgewerbes AG and BVV Versorgungskasse des Bankgewerbers e.V., Carl Zeiss AG, Deutsche Börse AG as well as a member of the Board of Directors of European Aeronautic Defence and Space Company EADS N.V.

Dr. Hugo Bänziger is member of the supervisory board of EUREX Clearing AG, EUREX Frankfurt AG and EUREX Zürich AG.

Jurgen Fitschen is a member of the supervisory of Metro AG and Schott AG and a member of the Board of Directors of Kuehne+Nagel International AG.

Anshu Jain is a non-executive Director of Sasol Ltd, South Africa.

Rainer Neske is a member of the Advisory Board of Deutsche Vermögensberatung AG.

Michael Cohrs has no external mandates.

Stefan Krause has no external mandates.

### **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

### **Non-banking group companies of which the New Zealand Chief Executive Officer is a director:**

Brett Shepherd is on the Board of Directors of Meridian Energy Limited and is a director of Tutu No.1 Limited, Tutu No.2 Limited and Tutu Australia Pty Limited

### **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
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### **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

### **Supervisory Board and Audit Committee**

In accordance with German law, Deutsche Bank has both a Supervisory Board and a Management Board. These Boards are separate; no individual may be a member of both. The Supervisory Board appoints the members of the Management Board and supervises the activities of this Board. The Supervisory Board has 20 members. Pursuant to the German Co-Determination Act of 1976 half of the members of the Supervisory Board are elected by the shareholders and the other half are elected by the employees in Germany. The Supervisory Board has established an Audit Committee which is comprised of six Supervisory Board members, three of which have been elected to the Supervisory Board by the employees.

### **Conflicts of Interests Policy**

A number of provisions, in German law which apply to Deutsche Bank AG, aim to avoid or mitigate potential conflicts of interest. In carrying out their duties, members of both the Management Board and Supervisory Board must exercise the standard of care of a prudent and diligent business person. Both boards are required to take into consideration a broad range of considerations in their decisions, including the interests of Deutsche Bank AG and

those of its shareholders, employees and creditors (Sections 93 (1) and 116 of the German Stock Corporation Act). Moreover, members of the Management Board must not engage in businesses or transactions which are in competition with Deutsche Bank unless the Supervisory Board has given its approval (Section 88 of the German Stock Corporation Act). Loans to members of the Management Board, companies controlled by them or in which they hold a supervisory board or similar membership as well as loans to spouses and other family members of members of the Management Board may only be granted at arms-length conditions or under a plan available to employees generally and require in any event the unanimous approval of all members of the Management Board and the approval of the Supervisory Board (Section 15 of the German Banking Act).

The Terms of Reference for the Management Board of Deutsche Bank AG provide that, in order to assist the bank in avoiding conflict of interest, the members of the Management Board do not assume more than five memberships on the supervisory boards of companies not affiliated with Deutsche Bank AG and do generally not assume chairmanships on such boards.

**Name and address of any auditor whose report is referred to in the Disclosure Statement:**

KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft  
Marie-Curie-Strasse 30  
D-60439 Frankfurt am Main  
Germany

KPMG  
KPMG Centre  
18 Viaduct Harbour Avenue  
Auckland, New Zealand

**PENDING PROCEEDINGS OR ARBITRATION**

There are no legal pending proceedings or arbitration within New Zealand that may have a material adverse effect on DBAG NZ or the Banking Group. The Overseas Bank believes that there is no litigation, arbitration or regulatory proceedings that materially affects its' consolidated operating financial position.

**NON-CONSOLIDATED ACTIVITIES**

The Banking Group does not conduct any Insurance Business.

The Overseas 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 the General Disclosure Statement which if disclosed would materially adversely affect the decision of a person to subscribe for Debt Securities of which DBAG NZ or any other member of the Deutsche Bank New Zealand Group is the issuer.

**FINANCIAL STATEMENTS OF THE OVERSEAS BANK AND OVERSEAS BANKING GROUP**

Copies of DBAG NZ's most recent Supplemental Disclosure Statement, which contains a copy of the most recent publicly available financial statements of Deutsche Bank Group (the "Overseas Banking Group"), being 30 June 2009, will be provided at no charge, immediately to any person requesting a copy where the request is made at the Auckland office of Deutsche Bank AG. Financial statements for Deutsche Bank AG (the "Overseas Bank") are not publicly available as at 30 June 2009.

## CONDITIONS OF REGISTRATION

Deutsche Bank AG, New Zealand was entered into the register of registered banks 8 November 1996.

The registration of the New Zealand branch of Deutsche Bank AG ("the registered bank") is subject to the following conditions which came into effect as from 26 November 2007:

1. That the banking group does not conduct any non-financial activities that in aggregate are material relative to its total activities, where the term material is based on generally accepted accounting practice, as defined in the Financial Reporting Act 1993;
2. That the banking group's insurance business is not greater than 1% of its total consolidated assets. For the purposes of this condition:
  - (i) Insurance business means any business of the nature referred to in section 4 of the Insurance Companies (Ratings and Inspections) Act 1994 (including those to which the Act is disapplied by sections 4(1)(a) and (b) and 9 of that Act), or any business of the nature referred to in section 3(1) of the Life Insurance Act 1908;
  - (ii) In measuring the size of the banking group's insurance business:
    - (a) where insurance business is conducted by any entity whose business predominantly consists of insurance business, the size of that insurance business shall be:
      - the total consolidated assets of the group headed by that entity;
      - or if the entity is a subsidiary of another entity whose business predominantly consists of insurance business, the total consolidated assets of the group headed by the latter entity;
    - (b) otherwise, the size of each insurance business conducted by any entity within the banking group shall equal the total liabilities relating to that insurance business, plus the equity retained by the entity to meet the solvency or financial soundness needs of the insurance business;
    - (c) the amounts measured in relation to parts (a) and (b) shall be summed and compared to the total consolidated assets of the banking group. All amounts in parts (a) and (b) shall relate to on balance sheet items only, and shall be determined in accordance with generally accepted accounting practice, as defined in the Financial Reporting Act 1993;
    - (d) where products of assets of which an insurance business is comprised also contain a non-insurance component, the whole of such products or assets shall be considered part of the insurance business.
3. That the business of the registered bank does not constitute a predominant proportion of the business of Deutsche Bank AG.
4. That no appointment to the position of the New Zealand chief executive officer of the registered bank shall be made unless:
  - (i) The Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and
  - (ii) The Reserve Bank has advised that it has no objection to the appointment.
5. That Deutsche Bank AG complies with the requirements imposed on it by the German Federal Banking Supervisory Office.
6. That Deutsche Bank AG complies with the following minimum capital adequacy requirements, as administered by the German Federal Banking Supervisory Office:
  - (i) tier one capital of Deutsche Bank AG is not less than 4 percent of risk weighted exposures;
  - (ii) total 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.

For the purposes of these conditions of registration, the term "banking group" means 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, prepared in accordance with section 9(2) of the Financial Reporting Act 1993.

## FIVE YEAR SUMMARY OF FINANCIAL STATEMENTS

<b>BANKING GROUP</b>						
	-----NZIFRS-----			----- NZGAAP -----		
	Unaudited 6 months 30/06/09	Audited 12 months 31/12/08	Audited 12 months 31/12/07	Audited 12 months 31/12/06	Audited 12 months 31/12/05	Audited 12 months 31/12/04
<b>NZD in millions</b>						
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>						
Interest Income	51	426	437	527	837	861
Interest Expense	(83)	(300)	(455)	(523)	(524)	(365)
<b>Net interest income</b>	(32)	126	(18)	4	313	496
Impairment of loans	-	(1)	-	-	-	-
<b>Net interest income / (expense) after provision for credit losses</b>	(32)	125	(18)	4	313	496
Other operating income	163	(6)	62	71	86	60
<b>Total operating income</b>	131	119	44	75	399	556
Operating expense	(22)	(38)	(52)	(45)	(45)	(39)
<b>Operating profit / (loss) before tax</b>	109	81	(8)	30	354	517
Income tax expense	(31)	(23)	(8)	(9)	(78)	(117)
<b>Net profit / (loss) for the period</b>	78	58	(16)	21	276	400
<b>Branch profits repatriated</b>	-	29	26	213	-	100
<b>STATEMENT OF FINANCIAL POSITION</b>						
Total assets	3,869	3,973	5,546	6,032	5,884	14,376
Total liabilities	3,609	3,791	5,393	5,837	4,513	13,121
Equity	260	182	153	195	1,371	1,255

## 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.

	<b>Current Rating</b>	<b>Outlook</b>	<b>Previous credit rating (if changed in the previous two years)</b>
Moody's Investors Service, Inc	Aa1	Negative	Aa3
Standard & Poor's Corporation	A+	Stable	AA-
Fitch IBCA, Inc	AA-	Negative	n/a

### Rating History of Deutsche Bank AG

Moody's Investor Service, Inc (Moody's)	Long Term Rating
May 07	Aa1

Standard and Poor's Corp (S&P)	Long Term Rating
Aug 07	AA
Aug 08	AA-
Dec 08	A+

Fitch IBCA, Inc (Fitch)	Long Term Rating
May 02	AA-

### 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:

- The General Disclosure Statement contains all the information that is required by the Registered Bank Disclosure Statement (Full and Half-Year – Overseas Incorporated Registered Banks) Order 2008 as at the date on which the General Disclosure Statement is signed.
- Deutsche Bank AG, New Zealand Branch has complied with the conditions of registration during the accounting period.
- Deutsche Bank AG, New Zealand 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 during the accounting period.
- This General Disclosure Statement is not false or misleading as at the date on which the General Disclosure Statement is signed.

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

This Disclosure Statement is dated at Auckland this 30th of September 2009 and signed by Messrs. Shepherd and Penfold as responsible persons on behalf of each of the directors.



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Brett Shepherd



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David Penfold

Signed at Auckland this 30th day of September 2009



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Brett Shepherd  
Chief Executive Officer – New Zealand

## **INDEPENDENT EXAMINATION REPORT**

### **To the Directors of Deutsche Bank AG, New Zealand Branch and Deutsche Bank New Zealand Group**

We have reviewed the interim financial statements and supplementary information for the six months ended 30 June 2009 on pages 13 to 95. The interim financial statements and supplementary information provide information about the past financial performance of Deutsche Bank AG, New Zealand Branch and Deutsche Bank New Zealand Group (the 'Registered Bank and Banking Group') and its financial position as at 30 June 2009. The supplementary information is disclosed in accordance with Schedules 3 to 8 of the Registered Bank Disclosure Statement (Full and Half Year – Overseas Incorporated Registered Banks) Order 2008, as amended (the 'Order'). This information is stated in accordance with the accounting policies set out on pages 14 to 22.

#### **Directors' responsibilities**

The Directors are responsible for the preparation of interim financial statements which give a true and fair view of the financial position of the Registered Bank and Banking Group as at 30 June 2009 and the results of their operations and cash flows for the six months ended on that date.

They are also responsible for the preparation of supplementary information, in accordance with Schedule 3 to 8 of the Order, which:

- in relation to supplementary information that is required to be disclosed under Schedules 4 and 6 to 8 and Clauses 19 and 20 of Schedule 3 of the Order fairly states that the matters to which it relates in accordance with those schedules ; and
- in relation to credit and market risk exposures and capital adequacy that is required to be disclosed under Schedule 5 is in all material respects prepared in accordance with Capital Adequacy Framework (Basel I Approach) (BS2) and Capital Adequacy Framework (Standardised Approach) (BS2A) and disclosed in accordance with Schedule 5.

#### **Auditors' responsibilities**

It is our responsibility to express an independent opinion on the interim financial statements and supplementary information presented by the Directors and report our opinion to you in accordance with Clause 19(2) and Schedule 1, Clause 3 of the Order.

#### **Basis of opinion**

Our review has been conducted in accordance with New Zealand Review Engagement Standards. A review is limited primarily to enquiries of Registered Bank and Banking Group personnel and analytical review procedures applied to financial data, and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Our firm has also provided taxation and general accounting services to the Registered Bank and Banking Group. Partners and employees of our firm may also deal with the Registered Bank and Banking Group on normal terms within the ordinary course of trading activities of the Registered Bank and Banking Group. There are, however, certain restrictions on dealings which the partners and employees of our firm can have with the Registered Bank and Banking Group. These matters have not impaired our independence as auditors of the Registered Bank and Banking Group. The firm has no other relationships with, or interest in, the Registered Bank and Banking Group.

## **INDEPENDENT EXAMINATION REPORT *(continued)***

### **Review opinion**

Based on our review nothing has come to our attention that would cause us to believe that:

- the interim financial statements on pages 13 to 95 do not present a true and fair view of the financial position of the Registered Bank and Banking Group as at 30 June 2009 and the results of their operations and cash flows for the six months ended on that date in accordance with New Zealand generally accepted accounting practice;
- the supplementary information that is required to be disclosed under Schedules 4 and 6 to 8 and Clauses 19 and 20 of Schedule 3 of the Order fairly states that the matters to which it relates in accordance with those schedules ; and
- the supplementary information relating to credit and market risk exposures and capital adequacy that is required to be disclosed under Schedule 5 is not in all material respects prepared in accordance with Capital Adequacy Framework (Basel I Approach) (BS2) and Capital Adequacy Framework (Standardised Approach) (BS2A) and disclosed in accordance with Schedule 5.

Our review was completed on 30th September 2009 and our statement is made as at that date.



Auckland

# 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 financial statements are prepared and presented in accordance with the Financial Reporting Act 1993, the Registered Bank Disclosure Statement (Full and Half Year – Overseas Incorporated Registered Banks) Order 2008 and the Reserve Bank of New Zealand Act 1989.

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.

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The financial statements also comply with International Financial Reporting Standards ("IFRS").

The financial statements were approved on behalf of each of the Directors on 30th September 2009.

### Use of Estimates and Judgments

The preparation of financial statements in conformity with 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 balance sheet 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.

## **STATEMENT OF ACCOUNTING POLICIES (continued)**

### **Significant Accounting Policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Banking Group entities.

### **Basis of Aggregation**

The financial statements of Deutsche Bank AG New Zealand Branch ("DBAG NZ"), Deutsche New Zealand Limited and its subsidiaries, in-substance subsidiaries and other New Zealand incorporated subsidiaries of Deutsche Bank AG have been aggregated to form the Banking Group.

All transactions and balances between entities within the Banking Group have been eliminated.

The Banking Group's subsidiaries are those entities which it controls. An entity controls entities where it has the power to govern the financial and operating policies of the entity to obtain benefits, generally accompanying a shareholding, either directly or indirectly, of more than one half of the voting shares. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in assessing whether an entity controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Banking Group and are no longer consolidated from the date that control ceases.

When assessing whether to consolidate a special purpose entity (SPE), the Banking Group evaluates a range of factors, including whether a) the activities of the SPE are being conducted on behalf of the Banking Group according to its specific business needs so that the Banking Group obtains the benefits from the SPE's operations, b) the Banking Group has decision-making powers to obtain the majority of the benefits, c) the Banking Group will obtain the majority of the benefits of the activities of the SPE, and d) the Banking Group retains the majority of the residual ownership risks related to the assets in order to obtain the benefits from its activities. The Banking Group consolidates an SPE if an assessment of the relevant factors indicate that the SPE is controlled by the Banking Group.

### **Acquisitions or Disposals during the year**

Where an entity becomes or ceases to be a subsidiary or associate during the year, the results of the entity are included in revenues and expenses to the date that control or significant influence ceased. Where a subsidiary or associate is disposed of, the gain or loss recognised in the statement of comprehensive income is calculated as the difference between the sale price and the carrying value of the entity.

### **Foreign Currency Translation**

The aggregated financial statements are presented in NZD, which is the functional currency of DBAG NZ and the presentation currency of the Banking Group. An entity records foreign currency revenues, expenses, gains and losses in its functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in currencies other than the entities' functional currencies are translated at exchange rates at the reporting date. Foreign exchange gains and losses resulting from the translation and settlement of these items are recognised in the statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

## STATEMENT OF ACCOUNTING POLICIES *(continued)*

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates prevailing at the dates the fair value was determined.

For the purpose of translation into the presentation currency, assets, liabilities and equity of entities with functional currencies other than NZD are translated at the exchange rate at the reporting date, and items of income and expense are translated into NZD at the rates prevailing on the dates of the transactions, or average rates of exchange where these approximate actual rates. The exchange differences arising on the translation of a foreign operation are included in net gains (losses) not recognized in the income statement within shareholders' equity and subsequently included in the profit or loss on disposal or partial disposal of the operation.

### Revenue and Expense Recognition

Revenue is recognised when the amount of revenue and associated costs can be reliably measured, it is probable that economic benefits associated with the transaction will be realised, and the stage of completion of the transaction can be reliably measured. This concept is applied to the key revenue generating activities of the Banking Group as follows:

#### *Net Interest Income*

Interest from all interest-bearing assets and liabilities is recognised as interest income and interest expense respectively using the effective interest method. The effective interest rate is a rate that provides a constant return on the carrying amount of assets and liabilities. The estimated cash flows for calculating the effective interest include all contractual terms of the asset or liability (excluding future credit losses), and also includes all fees that are an integral part of the effective interest rate, direct and incremental transaction costs, and all other premiums or discounts.

Other operating income and expenses

#### *Fees and Commissions*

The recognition of revenue for fees (including commissions) depends on the purpose for which the fees are charged and the basis of accounting for any associated financial instrument. Fees are distinguished between fees that are an integral part of the effective interest rate of a financial instrument, fees that are earned as services are provided, and fees that are earned on the execution of a significant act. The treatment of fees that are an integral part of the effective interest rate of a financial instrument is explained above under net interest income. Fees earned from services that are provided over a specified period of time are recognised over the service period. Fees earned upon the execution of a significant act are recognised when the significant act has been completed. If the asset or liability is carried at fair value through profit or loss, the associated fees are recognised as revenue when the instrument is initially recognised.

Loan commitment fees related to those commitments that are not accounted for as derivatives are recognised in commissions and fee income over the life of the commitment if it is unlikely that a specific lending arrangement will be entered into. If it is probable that the Banking Group will enter into a specific lending agreement, the loan commitment fee is deferred until the origination of a loan and recognised as an adjustment to the loan's effective interest rate.

Performance-linked fees or fee components are recognised when the performance criteria are fulfilled. The following fee income is predominantly earned from services that are provided over a period of time include advisory fees and commission income. Fees predominantly earned from providing transaction-type services include underwriting fees, corporate finance fees and brokerage fees.

#### *Dividend Income*

Dividends are brought to account as income when declared except for dividends on investments in preference shares which are recognised on an accrual basis.

## STATEMENT OF ACCOUNTING POLICIES *(continued)*

### Financial Assets and Liabilities

The Banking Group classifies its financial assets and liabilities in the following categories: financial assets and liabilities at fair value through profit or loss, loans and receivables and other financial liabilities held at amortised cost. The Banking Group does not classify any financial instruments under the held to maturity category. Appropriate classification of financial assets and liabilities is determined at initial recognition and not subsequently changed.

Purchases and sales of financial assets and financial liabilities classified at fair value through profit or loss are recognised on trade date, being the date on which the Banking Group commits to purchase or sell the asset. All other financial instruments are recognised on a settlement date basis.

#### *Financial Assets and Liabilities at Fair Value Through Profit or Loss*

The Banking Group classifies certain financial assets and financial liabilities as either held for trading or designated as at fair value through profit or loss at the date of initial recognition. These financial assets and liabilities are carried at fair value and are presented as financial assets designated at fair value through profit or loss and financial liabilities designated at fair value through profit or loss, respectively. Related realised and unrealised gains and losses are included in net gain/(loss) on financial assets/liabilities at fair value through profit or loss which is reported as part of the trading income.

#### *Trading Assets*

Financial instruments are classified as held for trading if they have been acquired or incurred principally for the purpose of selling or repurchasing them in the near term, or they form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

#### *Financial Instruments Designated at Fair Value through Profit of Loss*

Certain financial assets and liabilities, other than those classified as trading, are designated at fair value through profit or loss using the fair value option. To be designated as at fair value through profit or loss, financial assets and liabilities must meet one of the following criteria: (1) the designation will eliminate or significantly reduce a measurement or recognition inconsistency; (2) a group of financial assets or liabilities or both is managed and its performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy; or (3) the instrument contains one or more embedded derivatives unless: (a) the embedded derivative does not significantly modify the cash flows that otherwise would be required by the contract; or (b) it is clear with little or no analysis that separation is prohibited. Gains and losses on the subsequent remeasurement of the financial assets and liabilities designated at fair value are recognised in net gain/(loss) on financial assets/liabilities at fair value through profit or loss.

#### *Loans*

Loans include originated and purchased non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as financial assets at fair value through profit or loss, or financial assets available for sale. Loans are initially recognised at fair value which is the cash advanced to the borrower plus the net of direct and incremental transaction costs and fees. They are subsequently measured at amortised cost using the effective interest method.

#### *Financial Liabilities*

Except for financial liabilities at fair value through profit or loss, financial liabilities are measured at amortised cost. Financial liabilities include long-term and short-term debt issued which are initially measured at fair value, which is the consideration received, net of transaction costs incurred. Repurchases of issued debt in the market are treated as extinguishments and the related gain or loss is recorded depending on whether the repurchase price of the debt was lower or higher than its carrying value. A subsequent sale of the Banking Group's own bonds in the market is treated as a reissuance of debt.

## STATEMENT OF ACCOUNTING POLICIES *(continued)*

### *Determination of Fair Value*

Fair value is defined as the price at which an asset or liability could be exchanged in a current transaction between knowledgeable, willing parties, other than in a forced or liquidation sale. The fair value of instruments that are quoted in active markets is determined using the quoted prices where they represent those at which regularly and recently occurring transactions take place. The Banking Group uses valuation techniques to establish the fair value of instruments where prices quoted in active markets are not available. Therefore, where possible, parameter inputs to the valuation techniques are based on observable data derived from prices of relevant instruments traded in an active market. These valuation techniques involve some level of management estimation and judgment, the degree of which will depend on the price transparency for the instrument or market and the instrument's complexity. The valuation process to determine fair value also includes making appropriate adjustments to the valuation model outputs to consider factors such as bid-offer spread valuation adjustments, liquidity and credit risk.

### *Recognition of Trade Date Profit & Loss*

Where there are significant unobservable inputs used in the valuation technique, the financial instrument is recognised at the transaction price and any profit implied from the valuation technique at trade date is deferred. The deferred amount is recognised using a rational and systematic method over the period between trade date and the date when the market is expected to become observable, or over the life of the trade (whichever is shorter). Such methodology is used because it reflects the changing economic and risk profiles of the instruments as the market develops or as the instruments themselves progress to maturity. Any remaining trade date deferred profit is recognised through the statement of comprehensive income when the transaction becomes observable or the Banking Group enters into offsetting transactions that substantially eliminate the instrument's risk. In the rare circumstances that a trade date loss arises, it would be recognised at inception of the transaction to the extent that it is probable that a loss has been incurred and a reliable estimate of the amount can be made.

### *Securities*

Bond forward payable and receivable accruals represent the unsettled cash position at balance date of purchases and sales of Government and semi Government securities.

## **Derivatives**

Derivatives are used to manage exposures to interest rate, foreign currency and credit risks, including exposures arising from forecast transactions. All freestanding contracts that are considered derivatives for accounting purposes are carried at fair value in the balance sheet regardless of whether they are held for trading or non-trading purposes.

The Banking Group enters into derivative contracts for trading purposes, including swaps, futures contracts, forward contracts, options and other similar types of contracts based on interest and foreign exchange rates, equity and commodity prices, and credit risk. These derivatives are carried at fair value as financial assets/liabilities at fair value through profit or loss, and related gains and losses are included in gain/(loss) on financial assets/liabilities at fair value through profit or loss.

### *Embedded Derivatives*

Some hybrid contracts contain both a derivative and a non-derivative component. In such cases, the derivative component is termed an embedded derivative. Where the economic characteristics and risks of embedded derivatives are not closely related to those of the host contract, and the hybrid contract itself is not carried at fair value through profit or loss, the embedded derivative is bifurcated and reported at fair value with gains and losses being recognised in net gain/(loss) on financial assets / liabilities at fair value through profit or loss. The carrying amount of an embedded derivative is reported in the consolidated balance sheet line item with the host contract.

Certain hybrid instruments have been designated at fair value through profit or loss using the fair value option. Those hybrid instruments designated under the fair value option are carried at fair value and recorded as financial assets/liabilities designated at fair value through profit or loss. Subsequent changes in fair value are recognised in net gain/(loss) on financial assets / liabilities at fair value through profit or loss.

## STATEMENT OF ACCOUNTING POLICIES *(continued)*

### Impairment of Financial Assets

At each balance sheet date, the Banking Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if there is:

- objective evidence of impairment as a result of a loss event that occurred after the initial recognition of the asset and up to the balance sheet date (“a loss event”);
- the loss event had an impact on the estimated future cash flows of the financial asset or group of financial assets; and
- a reliable estimate of the amount can be made.

There are two basic methods of calculating impairment losses; those calculated on individual loans and those losses assessed on a collective basis.

#### *Individually assessed loans*

Impairment losses on individually assessed accounts are determined by an evaluation of the exposures on a case-by-case basis.

Impairment loss is calculated by comparing the present value of expected future cash flows, discounted at the original effective interest rate of the loan with its current carrying value. The amount of any loss is charged in the statement of comprehensive income.

#### *Collectively assessed loans*

The collective assessment of impairment is principally to establish an allowance amount relating to loans that are either individually significant but for which there is no objective evidence of impairment, or are not individually significant, but for which there is, on a portfolio basis, a loss amount that is probable of having occurred and is reasonably estimable.

### Repurchase and Reverse Repurchase Agreements

Securities purchased under resale agreements (“reverse repurchase agreements”) and securities sold under agreement to repurchase (“repurchase agreement”) are treated as collateralised financings and are carried at the amount of cash disbursed and received, respectively. The party disbursing the cash takes possession of the securities serving as collateral for the financing and having a market value equal to, or in excess of, the principal amount loaned. The securities received under reverse repurchase agreements and securities delivered under repurchase agreements are not recognised on, or derecognised from, the balance sheet, unless the risks and rewards of ownership are obtained or relinquished. Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements is reported as interest income and interest expense, respectively.

### Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise an asset and settle the liability simultaneously. In all other situations they are presented gross.

### Fixed Assets

Fixed assets are recorded at cost less accumulated depreciation and accumulated impairment losses. Depreciation is generally recognised using straight-line method over the estimated useful lives of the assets.

Costs include (i) Purchase price, import duties and non-refundable purchase taxes, after deducting any discounts and rebates; (ii) Direct costs attributable to bring an asset to an operational level for its intended use.

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

The following ranges of depreciation rates are used:

Motor vehicles	20% - 36%
Leasehold improvements	10% - 33%
Computer equipment	20% - 48%
Furniture, fixtures and office equipment	5% - 60%

## STATEMENT OF ACCOUNTING POLICIES *(continued)*

### Lessee

For properties subject to operating leases, rental expense is recognised on a straight-line basis over the lease term, which commences when the lessee controls the physical use of the property. Lease incentives are treated as a reduction of rental expense and are also recognised over the lease term on a straight-line basis.

In sale and operating leaseback transactions, recognition of profit on sale is determined by comparing sales price to fair value. If sales price is at fair value, then the profit is recognised immediately. In a sale and finance leaseback transaction, the entire profit is generally deferred and amortised over the lease term.

### Subordinated Debt

Subordinated debt issued by the Banking Group is initially measured at fair value plus transaction costs, and subsequently measured at amortised cost using the effective interest method.

### Employee Benefits

#### *Short-term employee benefits*

Short-term employee benefits, including salaries, annual bonuses, paid annual leave and the costs of non-monetary benefits, including any related on-costs, are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

#### *Share based payment transactions*

The aggregated entity's ultimate holding company, DBAG, grants shares and share options to employees and key management personnel. The fair value of shares and share options granted is recognised as a staff cost with a corresponding increase in an equity compensation reserve within equity. The fair value of shares is measured at grant date based on the quoted market price of the share. The fair value of share options is measured at grant date using the Black-Scholes option pricing model.

Where the employees have to meet vesting conditions before becoming unconditionally entitled to the shares or share options, the total expense is spread over the vesting period, taking into account the probability that the shares or share options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative amount recognised in prior years is charged/credited to the statement of comprehensive income, with a corresponding adjustment to the equity compensation reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of shares or share options that vest, with a corresponding entry to the equity compensation reserve.

Where the aggregated entity is required to make any payments in respect of the share and share option schemes, these amounts are measured at fair value in liabilities and are treated as adjustments to the equity compensation reserve. Changes in the fair value of the recharged liability are also treated as adjustments to the equity compensation reserve.

### Provisions

Provisions are recognised when: the Banking Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, provisions are discounted and measured at the present value of the expenditure to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

## **STATEMENT OF ACCOUNTING POLICIES *(continued)***

### **Taxation**

Income tax expense comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets and liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

### **Statement of Cash Flows**

#### *Basis of preparation*

The Statement of cash flows has been prepared using the direct approach modified by the netting of certain items as disclosed below.

#### *Cash and cash equivalents*

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### *Netting of cash flows*

Certain cash flows have been netted in order to provide more meaningful disclosure as many of the cash flows are received and disbursed on behalf of customers and reflect the activities of the customers rather than those of the entity. These include customer loans and advances, customer deposits, certificates of deposit, parent company funding and settlement of trading securities and derivative financial instruments.

### **Segment Reporting**

The Banking Group operates in the Corporate Banking and Securities area of the Corporate and Investment Bank (CIB) business in New Zealand.

## STATEMENT OF ACCOUNTING POLICIES *(continued)*

### **New standards not adopted**

A number of new standards and interpretations are not yet effective for the period ended 30<sup>th</sup> June 2009 and have not been applied in preparing these aggregated financial statements:

- NZ IFRS 1 *First Time adoption of New Zealand equivalents to IFRSs (restructured), effective 1 July 2009*. Not expected to have an impact on these financial statements.
- NZ IFRS 2 *Amendment: Share-based Payment- Group Cash-settled Share-based Payment Transactions, effective 1 January 2010*. Not expected to have a significant impact on these financial statements.
- NZ IFRS 3 *Business Combinations (revised) effective, 1 July 2009*. Not expected to have an impact on these financial statements.
- NZ IAS 27 *Consolidated and Separate Financial Statements (amended), effective 1 July 2009*. Not expected to have an impact on these financial statements.
- NZ IAS 39 *Amendment: Eligible hedged items, effective 1 July 2009*. Not expected to have an impact on these financial statements.
- NZ IAS 39 *Amendment: Embedded Derivatives, effective 1 July 2009*. Not expected to have an impact on these financial statements.
- NZ IFRIC 17 *Distribution of Non-cash Assets to Owners, effective 1 July 2009*. Not expected to have an impact on these financial statements.
- NZ IFRIC 18 *Transfer of Assets from Customers to Owners, effective 1 July 2009*. Not expected to have an impact on these financial statements.

# STATEMENT OF COMPREHENSIVE INCOME

## FOR THE SIX MONTHS ENDED 30 JUNE 2009

NZD in millions	Note	<b>BANKING GROUP</b>			<b>BRANCH</b>		
		<b>Unaudited 6 months 30/06/09</b>	Unaudited 6 months 30/06/08	Audited 12 months 31/12/08	<b>Unaudited 6 months 30/06/09</b>	Unaudited 6 months 30/06/08	Audited 12 months 31/12/08
Interest income	1	51	217	426	80	229	394
Interest expense	1	(83)	(206)	(300)	(76)	(202)	(353)
<b>Net interest income</b>		(32)	11	126	4	27	41
Impairment of loans	11	-	(1)	(1)	-	(1)	(1)
<b>Net interest income after provision for credit losses</b>		(32)	10	125	4	26	40
Net trading income	2	145	20	96	140	21	94
Other operating income	2	18	5	(102)	(13)	3	6
<b>Total operating income</b>		131	35	119	131	50	140
Operating expense	3	(22)	(21)	(38)	(22)	(27)	(45)
<b>Profit before tax</b>		109	14	81	109	23	95
Income tax expense	4	(31)	(5)	(23)	(34)	(9)	(30)
<b>Net profit for the period</b>		78	9	58	75	14	65
<b>Total comprehensive income for the period</b>		78	9	58	75	14	65

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

## STATEMENT OF CHANGES IN EQUITY

### FOR THE SIX MONTHS ENDED 30 JUNE 2009

NZD in millions	<b>BANKING GROUP</b>			<b>BRANCH</b>		
	Share Capital	Retained Earnings	Total	Share Capital	Retained Earnings	Total
Opening balance as at 1 January 2008 (audited)	20	133	153	-	87	87
Total comprehensive income for 6 months ended 30 June 2008	-	9	9	-	14	14
<b>As at 30 June 2008 (unaudited)</b>	<b>20</b>	<b>142</b>	<b>162</b>	<b>-</b>	<b>101</b>	<b>101</b>

NZD in millions	<b>BANKING GROUP</b>			<b>BRANCH</b>		
	Share Capital	Retained Earnings	Total	Share Capital	Retained Earnings	Total
Opening balance as at 1 January 2008 (audited)	20	133	153	-	87	87
Total comprehensive income for 12 months ended 31 December 2008	-	58	58	-	65	65
Remittance to head office	-	(29)	(29)	-	(29)	(29)
<b>As at 31 December 2008 (audited)</b>	<b>20</b>	<b>162</b>	<b>182</b>	<b>-</b>	<b>123</b>	<b>123</b>

NZD in millions	<b>BANKING GROUP</b>			<b>BRANCH</b>		
	Share Capital	Retained Earnings	Total	Share Capital	Retained Earnings	Total
Opening balance as at 1 January 2009 (audited)	20	162	182	-	123	123
Total comprehensive income for 6 months ended 30 June 2009	-	78	78	-	75	75
<b>As at 30 June 2009 (unaudited)</b>	<b>20</b>	<b>240</b>	<b>260</b>	<b>-</b>	<b>198</b>	<b>198</b>

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

# STATEMENT OF FINANCIAL POSITION

## AS AT 30 JUNE 2009

NZD in millions	Note	BANKING GROUP			BRANCH		
		Unaudited as at	Unaudited as at	Audited as at	Unaudited as at	Unaudited as at	Audited as at
		30/06/09	30/06/08	31/12/08	30/06/09	30/06/08	31/12/08
<b>ASSETS</b>							
Due from central and other banks	7	87	78	38	78	77	30
Trading securities	8	925	1,436	605	925	1,436	605
Reverse repurchase agreements	9	98	51	22	98	51	22
Other assets	10	10	8	7	10	7	6
Loans and advances - short term	11	94	32	26	94	32	26
Amounts due from related parties - short term	21	2,423	2,163	2,885	2,734	1,705	3,521
Loans and advances – long term	11	204	302	359	204	302	359
Amounts due from related parties - long term	21	-	-	-	-	1,025	-
Other investments	12	-	296	-	-	-	-
Income tax receivable	13	-	23	-	-	-	-
Deferred tax	13	23	11	26	18	5	21
Fixed Assets		5	5	5	-	-	-
<b>Total assets</b>		<b>3,869</b>	<b>4,405</b>	<b>3,973</b>	<b>4,161</b>	<b>4,640</b>	<b>4,590</b>
<b>LIABILITIES</b>							
Due to other banks		-	5	-	-	5	-
Deposits - short term	14	640	1,317	1,391	640	1,317	1,391
Trading securities	15	198	60	236	198	60	236
Repurchase agreements	16	2	-	-	2	-	-
Other liabilities	17	37	65	38	10	37	13
Amounts due to related parties - short term	21	2,320	2,357	1,674	2,747	2,745	2,436
Income tax liabilities	13	9	-	-	47	-	16
Amounts due to related parties - long term	21	-	-	-	75	75	75
Subordinated debt - long term	18	244	300	300	244	300	300
Deposits - long term	14	159	139	152	-	-	-
<b>Total liabilities</b>		<b>3,609</b>	<b>4,243</b>	<b>3,791</b>	<b>3,963</b>	<b>4,539</b>	<b>4,467</b>
<b>EQUITY</b>							
Attributable to shareholders		260	162	182	198	101	123

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

# STATEMENT OF CASH FLOWS

## FOR THE SIX MONTHS 30 JUNE 2009

NZD in millions	<b>BANKING GROUP</b>			<b>BRANCH</b>		
	<b>Unaudited</b>	Unaudited	Audited	<b>Unaudited</b>	Unaudited	Audited
	<b>6 months</b>	6 months	12 months	<b>6 months</b>	6 months	12 months
	<b>30/06/09</b>	30/06/08	31/12/08	<b>30/06/09</b>	30/06/08	31/12/08
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash was provided from/(applied to):						
Interest received	51	220	429	81	230	395
Fees and commission income	16	6	6	16	5	6
Movements in trading securities and derivative financial instruments	(101)	40	899	(128)	50	1,032
Movements in repurchase and reverse repurchase agreements	(74)	4	33	(74)	4	33
Interest paid	(81)	(199)	(237)	(81)	(210)	(308)
Operating expenses	(20)	(24)	(44)	(22)	(49)	(45)
Income taxes	(19)	-	(10)	-	-	-
Movement in loans	87	(107)	(109)	87	(107)	(109)
Movement in other assets and liabilities	(6)	28	3	(9)	29	4
<b>Net cash flows from operating activities</b>	<b>(147)</b>	<b>(32)</b>	<b>970</b>	<b>(130)</b>	<b>(48)</b>	<b>1,008</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Cash was provided from/(applied to):						
Decrease in deposits	(702)	(1,224)	(1,232)	(702)	(1,224)	(1,232)
Decrease in subordinated debt	(56)	-	-	(56)	-	-
Repatriation to head office	-	-	(29)	-	-	(29)
Movements in amounts due to related parties	1,003	1,135	53	985	1,167	24
<b>Net cash flows from financing activities</b>	<b>245</b>	<b>(89)</b>	<b>(1,208)</b>	<b>227</b>	<b>(57)</b>	<b>(1,237)</b>
<b>Net increase / (decrease) in cash</b>	<b>98</b>	<b>(121)</b>	<b>(238)</b>	<b>97</b>	<b>(105)</b>	<b>(229)</b>
Opening cash and cash equivalents	(97)	141	141	(105)	124	124
<b>Closing cash and cash equivalents</b>	<b>1</b>	<b>20</b>	<b>(97)</b>	<b>(8)</b>	<b>19</b>	<b>(105)</b>

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

## STATEMENT OF CASH FLOWS *(continued)*

### FOR THE SIX MONTHS ENDED 30 JUNE 2009

NZD in millions	BANKING GROUP			BRANCH		
	Unaudited as at 30/06/09	Unaudited as at 30/06/08	Audited as at 31/12/08	Unaudited as at 30/06/09	Unaudited as at 30/06/08	Audited as at 31/12/08

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

Due from central and other banks	87	78	38	78	77	30
Call deposits	(86)	(58)	(135)	(86)	(58)	(135)
	1	20	(97)	(8)	19	(105)

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

NZD in millions	Unaudited 6 months 30/06/09	Unaudited 6 months 30/06/08	Audited 12 months 31/12/08	Unaudited 6 months 30/06/09	Unaudited 6 months 30/06/08	Audited 12 months 31/12/08
Net profit attributable to shareholders	78	9	58	75	14	65
Adjustments for:						
Depreciation	-	1	1	-	-	-
Movements in accrued interest received	-	3	3	1	1	1
Movement in other	(6)	(3)	28	(9)	7	56
Movements in tax provision	12	5	13	34	(13)	30
Movements in accrued expenses	1	21	(7)	-	26	-
Movements in accrued interest expense	2	7	12	(5)	(8)	(6)
Movements in trading securities and derivative financial instruments	(247)	28	938	(239)	28	938
Movement in loans	87	(107)	(109)	87	(107)	(109)
Movements in repurchase and reverse repurchase agreements	(74)	4	33	(74)	4	33
<b>Net cash flows from operating activities</b>	<b>(147)</b>	<b>(32)</b>	<b>970</b>	<b>(130)</b>	<b>(48)</b>	<b>1,008</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

NZD in millions	BANKING GROUP			BRANCH		
	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
	6 months	6 months	12 months	6 months	6 months	12 months
	30/06/09	30/06/08	31/12/08	30/06/09	30/06/08	31/12/08

### NOTE 1 - INTEREST

Interest income						
Trading securities and deposits	26	86	133	26	86	132
Reverse repurchase agreements	1	2	3	1	2	3
Related parties – Parent	14	7	16	14	7	16
Related parties – Other	1	110	232	30	122	201
Loans	9	12	42	9	12	42
Total interest income	51	217	426	80	229	394
Interest expense						
Trading securities and deposits	(40)	(111)	(215)	(34)	(108)	(192)
Repurchase agreements	(1)	(3)	(9)	(1)	(3)	(9)
Related parties – Parent	-	(10)	(10)	-	(9)	(10)
Related parties – Other	(42)	(82)	(66)	(41)	(82)	(142)
Total interest expense	(83)	(206)	(300)	(76)	(202)	(353)

### NOTE 2 - OTHER OPERATING INCOME

Net trading income						
Trading income	(78)	(50)	(265)	(78)	(48)	(263)
Related parties – Parent	99	28	317	94	27	313
Related parties – Other	124	42	44	124	42	44
Total net trading income	145	20	96	140	21	94
Other operating income						
Foreign exchange remeasurement	2	(7)	(135)	(29)	(2)	-
Fees and commissions	16	6	6	16	5	6
Gain on the fair value remeasurement of other investments	-	6	22	-	-	-
Gain on sale of subsidiaries	-	-	5	-	-	-
Total other operating income	18	5	(102)	(13)	3	6

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

NZD in millions	BANKING GROUP			BRANCH		
	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
	6 months	6 months	12 months	6 months	6 months	12 months
	30/06/09	30/06/08	31/12/08	30/06/09	30/06/08	31/12/08

### NOTE 3 - OPERATING EXPENSE

#### Staff Costs:

Salaries and other staff expenses	13	10	15	-	-	-
Share based payment transactions	2	2	5	-	-	-
Fees and commissions	-	-	1	-	-	1
Depreciation	-	1	1	-	-	-
Rent	-	1	1	-	-	-
Group services fees	3	3	7	22	19	35
Subvention payment	-	-	-	-	8	8
Other	4	4	8	-	-	1
<b>Total operating expense</b>	<b>22</b>	<b>21</b>	<b>38</b>	<b>22</b>	<b>27</b>	<b>45</b>

#### Included in other operating expenses are: (NZD thousands)

Rent	370	369	738	-	-	-
Depreciation:						
Motor vehicles	73	86	179	-	-	-
Computer equipment	25	56	102	-	-	-
Office furniture & equipment	115	182	364	-	-	-
Leasehold improvements	225	216	441	-	-	-
<b>Total depreciation</b>	<b>438</b>	<b>540</b>	<b>1,086</b>	<b>-</b>	<b>-</b>	<b>-</b>
Auditors expenses:						
Audit fees - current year	213	200	460	-	-	-
Audit fees - prior year	22	40	40	-	-	-
Tax fees	29	35	51	-	-	-
<b>Total auditors expenses</b>	<b>264</b>	<b>275</b>	<b>551</b>	<b>-</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

NZD in millions	Note	BANKING GROUP			BRANCH		
		Unaudited 6 months	Unaudited 6 months	Audited 12 months	Unaudited 6 months	Unaudited 6 months	Audited 12 months
		30/06/09	30/06/08	31/12/08	30/06/09	30/06/08	31/12/08

### NOTE 4 - INCOME TAX EXPENSE

Profit before tax for the period		109	14	81	109	23	95
Income tax expense at 30%		33	4	24	33	7	28
Adjusted for:							
Exempt dividends		(12)	(36)	(67)	-	-	-
Non-deductable dividends		20	34	30	-	-	-
FX revaluation		(8)	2	37	-	-	-
Exempt CFC income		-	-	(1)	-	-	-
Non-assessable loss on shares		-	-	(1)	-	-	-
Prior years subvention payments		-	-	-	-	2	2
Prior years under provision		(2)	1	1	1	-	-
Income tax expense		31	5	23	34	9	30

The income tax expense is represented by:

#### Current tax expense

Current period		30	6	39	30	16	53
Adjustment for prior periods		(2)	1	1	1	-	-
	13	28	7	40	31	16	53

#### Deferred tax

Origination and reversal of temporary differences	13	3	(2)	(17)	3	(7)	(23)
		3	(2)	(17)	3	(7)	(23)

Total income tax expense		31	5	23	34	9	30
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## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### **BANKING GROUP**

<b>Unaudited</b>	Unaudited	Audited
<b>as at</b>	as at	as at
<b>30/06/09</b>	30/06/08	31/12/08

**NZD in millions**

### **NOTE 5 - IMPUTATION CREDIT MEMORANDUM ACCOUNT**

Balance at beginning of period	104	94	94
Tax paid	19	-	10
Balance at end of period	123	94	104

#### **The imputation credits are available to shareholders of the New Zealand Parent:**

Through the New Zealand Parent	1	4	1
Through the subsidiaries	122	90	103
	123	94	104

DBAG NZ cannot maintain an imputation credit memorandum account in accordance with New Zealand Tax Legislation.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

NZD in millions	BANKING GROUP			BRANCH		
	Unaudited as at 30/06/09	Unaudited as at 30/06/08	Audited as at 31/12/08	Unaudited as at 30/06/09	Unaudited as at 30/06/08	Audited as at 31/12/08

### NOTE 6 - PAID IN SHARE CAPITAL

Paid in share capital	20	20	20	-	-	-
Number of Shares:						
Deutsche Bank AG New Zealand Branch				-	-	-
Deutsche New Zealand Limited	20,000,000	20,000,000	20,000,000			
Deutsche Management New Zealand Limited (2 ordinary shares and 2,000 Class A shares without voting rights)	2,002	2,002	2,002			
Deutsche Capital Finance (2000) Limited	350	350	350			
Deutsche (Aotearoa) Capital Holdings NZ Ltd	100	100	100			
Deutsche (Aotearoa) Foreign Investments NZ	100	100	100			
Authorised number of shares	20,002,552	20,002,552	20,002,552	-	-	-
Number of shares:						
On issue at beginning and end of period	20,002,552	20,002,552	20,002,552	-	-	-

All authorised shares issued are fully paid.

All ordinary shares entitle shareholders to one vote at any meeting of shareholders. Upon winding up, ordinary shareholders rank equally with regard to the Company's residual assets.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

NZD in millions	BANKING GROUP			BRANCH		
	Unaudited as at 30/06/09	Unaudited as at 30/06/08	Audited as at 31/12/08	Unaudited as at 30/06/09	Unaudited as at 30/06/08	Audited as at 31/12/08

### NOTE 7 - DUE FROM CENTRAL AND OTHER BANKS

New Zealand - Call						
Central bank	44	36	38	44	36	30
Other banks	43	42	-	34	41	-
Total due from central and other banks	<u>87</u>	<u>78</u>	<u>38</u>	<u>78</u>	<u>77</u>	<u>30</u>

### NOTE 8 - TRADING SECURITIES

New Zealand						
Government securities	105	62	22	105	62	22
Corporate securities	34	40	38	34	40	38
Certificate of deposit	720	1,132	430	720	1,132	430
Derivatives	64	75	110	64	75	110
Loans	-	83	-	-	83	-
Total New Zealand	<u>923</u>	<u>1,392</u>	<u>600</u>	<u>923</u>	<u>1,392</u>	<u>600</u>
Overseas						
Government securities	2	5	5	2	5	5
Corporate securities	-	39	-	-	39	-
Total overseas	<u>2</u>	<u>44</u>	<u>5</u>	<u>2</u>	<u>44</u>	<u>5</u>
Total trading securities	<u>925</u>	<u>1,436</u>	<u>605</u>	<u>925</u>	<u>1,436</u>	<u>605</u>

Trading securities as at 30 June 2009 included \$2 million of securities encumbered through repurchase agreements (30 June 2008: \$nil, 31 December 2008: \$nil).

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

NZD in millions	BANKING GROUP			BRANCH		
	Unaudited as at 30/06/09	Unaudited as at 30/06/08	Audited as at 31/12/08	Unaudited as at 30/06/09	Unaudited as at 30/06/08	Audited as at 31/12/08

### NOTE 9 - REVERSE REPURCHASE AGREEMENTS

New Zealand						
Reverse repurchase agreement	98	10	22	98	10	22
Overseas						
Reverse repurchase agreement	-	41	-	-	41	-
Total reverse repurchase agreements	98	51	22	98	51	22

### NOTE 10 - OTHER ASSETS

Bond forward receivables	-	3	-	-	3	-
Accrued interest	3	3	3	2	3	3
Other assets	7	2	4	8	1	3
Total other assets	10	8	7	10	7	6

### NOTE 11 - LOANS

New Zealand						
Short term loans	94	32	26	94	32	26
Long term loans	205	303	360	205	303	360
Less: collective impairment allowance	(1)	(1)	(1)	(1)	(1)	(1)
Total Loans	298	334	385	298	334	385

#### Net movement in collective loan impairment

Balance at beginning of period	(1)	-	-	(1)	-	-
Provision made during the period	-	(1)	(1)	-	(1)	(1)
Balance at end of period	(1)	(1)	(1)	(1)	(1)	(1)

Note there are no individual loans impaired at 30 June 2009 (30 June 2008: nil, 31 December 2008: nil).

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

NZD in millions	BANKING GROUP			BRANCH		
	Unaudited as at	Unaudited as at	Audited as at	Unaudited as at	Unaudited as at	Audited as at
	30/06/09	30/06/08	31/12/08	30/06/09	30/06/08	31/12/08

### NOTE 12 - OTHER INVESTMENTS

Investments in equity - overseas	-	296	-	-	-	-
Total other investments	-	296	-	-	-	-
Movement						
Balance at beginning of period	-	286	286	-	-	-
Fair value movements	-	6	22	-	-	-
Foreign exchange movement	-	4	97	-	-	-
Disposals	-	-	(405)	-	-	-
Balance at end of period	-	296	-	-	-	-

### NOTE 13 - INCOME TAX

#### Deferred Tax

Balance at beginning of period	26	9	9	21	(2)	(2)
Origination & reversal of temporary differences (Note 4)	(3)	2	17	(3)	7	23
Deferred tax at end of period	23	11	26	18	5	21

#### Income tax receivable / (Tax payable)

Income (payable) / receivable at beginning of period	-	30	30	(16)	(6)	(6)
Current tax expense for the period (Note 4)	(28)	(7)	(40)	(31)	(16)	(53)
Net income tax paid	19	-	10	-	-	-
Group tax loss transfer	-	-	-	-	15	36
Group tax transfer	-	-	-	-	7	7
Income tax (payable) / receivable	(9)	23	-	(47)	-	(16)
Total tax assets / (liabilities)	14	34	26	(29)	5	5

#### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

#### Assets

Provisions	23	12	26	18	6	21
Losses	-	-	-	-	-	-
	23	12	26	18	6	21

#### Liabilities

Provisions	-	-	-	-	-	-
Losses	-	(1)	-	-	(1)	-
	-	(1)	-	-	(1)	-

#### Net

Provisions	23	12	26	18	6	21
Losses	-	(1)	-	-	(1)	-
	23	11	26	18	5	21

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

NZD in millions	BANKING GROUP			BRANCH		
	Unaudited as at 30/06/09	Unaudited as at 30/06/08	Audited as at 31/12/08	Unaudited as at 30/06/09	Unaudited as at 30/06/08	Audited as at 31/12/08

### NOTE 14 - DEPOSITS

New Zealand						
Certificates of deposits	547	988	1,186	547	988	1,186
Other deposits - short term	33	311	109	33	311	109
Total New Zealand	580	1,299	1,295	580	1,299	1,295
Overseas						
Other deposits - short term	60	18	96	60	18	96
Other deposits - long term	159	139	152	-	-	-
Total overseas	219	157	248	60	18	96
Total deposits	799	1,456	1,543	640	1,317	1,391

### NOTE 15 - TRADING SECURITIES

New Zealand						
Government securities	98	53	33	98	53	33
Corporate securities	4	-	-	4	-	-
Derivatives	96	7	203	96	7	203
Total trading securities	198	60	236	198	60	236

### NOTE 16 - REPURCHASE AGREEMENTS

New Zealand						
Repurchase agreements	2	-	-	2	-	-
Total repurchase agreements	2	-	-	2	-	-

### NOTE 17 - OTHER LIABILITIES

Accrued interest payable	-	3	5	-	3	5
Employee annual leave entitlements	2	2	1	-	-	-
Bond forward payable	5	26	-	6	26	-
Other employee entitlements	23	24	22	-	-	-
Other liabilities	7	10	10	4	8	8
Total other liabilities	37	65	38	10	37	13

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

NZD in millions	BANKING GROUP			BRANCH		
	Unaudited as at 30/06/09	Unaudited as at 30/06/08	Audited as at 31/12/08	Unaudited as at 30/06/09	Unaudited as at 30/06/08	Audited as at 31/12/08

### NOTE 18 - SUBORDINATED DEBT

New Zealand						
Debt – long term	244	300	300	244	300	300
Total subordinated debt	244	300	300	244	300	300

DBAG NZ has issued medium term fixed and floating rate notes which are subordinated to all other indebtedness of the bank.

### NOTE 19 - INTEREST EARNING AND DISCOUNT BEARING ASSETS AND LIABILITIES

Interest earning and discount bearing assets	3,451	3,815	3,398	3,836	3,994	3,735
Interest earning and discount bearing liabilities	3,328	3,978	3,399	3,253	3,652	3,330

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 20 - INVESTMENTS IN SUBSIDIARY COMPANIES

The term "Banking Group" means 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, prepared in accordance with section 9(2) of the Financial Reporting Act 1993, the Registered Bank Disclosure Statement (Full and Half-Year – Overseas Incorporated Registered Banks) Order 2008, and the Reserve Bank of New Zealand Act 1989.

All of the Banking Group companies are ultimately owned by Deutsche Bank AG, a company incorporated in Germany and listed on the DAX and New York Stock Exchange. Investments in subsidiary companies are carried at cost.

**The following companies are wholly owned subsidiaries of Deutsche New Zealand Limited.**

	<b>Place of Incorporation</b>	<b>Principal Activity</b>
<b>Deutsche New Zealand Limited subsidiaries:</b>		
Deutsche Services New Zealand Limited	New Zealand	Investment banking
Deutsche Finance New Zealand Limited	New Zealand	Investment banking
Deutsche Securities New Zealand Limited	New Zealand	Equities broker
Deutsche Financial Corporation New Zealand Limited	New Zealand	Investment banking
Deutsche (New Munster) Holdings New Zealand Limited	New Zealand	Investment banking
Deutsche Domus New Zealand Limited	New Zealand	Investment banking
Deutsche Overseas Issuance New Zealand Limited	New Zealand	Investment Banking
Deutsche Capital Markets New Zealand (No.1) Limited	New Zealand	Investment Banking
Deutsche Trans-Pacific New Zealand Limited	New Zealand	Investment banking
<b>Deutsche Securities New Zealand Limited subsidiaries:</b>		
Kingfisher Nominees Limited	New Zealand	Custodian services
LWC Nominees Limited	New Zealand	Custodian services
<b>Deutsche Domus New Zealand Limited subsidiary:</b>		
Deutsche Foras New Zealand Limited	New Zealand	Investment Banking

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 20 - INVESTMENTS IN SUBSIDIARY COMPANIES *(continued)*

	<b>Place of Incorporation</b>	<b>Principal Activity</b>
<b>Deutsche Foras New Zealand Limited subsidiaries:</b>		
Deutsche Offshore Finance Investments (Pacific) Ltd (to be liquidated 12/10/09)	Cayman Islands	Investment Banking
DBNZ Overseas Investments (No. 1) Limited (sold 31/12/08)	Cayman Islands	Investment Banking
Deutsche Asia Pacific Holdings Limited (sold 31/12/08)	Cayman Islands	Investment Banking
<b>Deutsche Finance New Zealand Limited subsidiary:</b>		
Deutsche International Investments New Zealand Limited	New Zealand	Investment banking

**The following companies are included in the Banking Group as all business and operations are conducted in or from New Zealand. The companies are ultimately wholly owned subsidiaries of Deutsche Bank AG.**

Deutsche Capital Finance (2000) Limited	Cayman Islands	Investment Banking
Deutsche (Aotearoa) Capital Holdings New Zealand	New Zealand	Investment Banking
Deutsche (Aotearoa) Foreign Investments New Zealand	New Zealand	Investment Banking

**The following company is included in the Banking Group as it is New Zealand incorporated. The company is 100% owned, managed and controlled by Deutsche Holdings Australia Limited.**

Deutsche Management New Zealand Limited	New Zealand	Investment Banking
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## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 21 - RELATED PARTY TRANSACTIONS

During the period there have been dealings between DBAG NZ, Deutsche New Zealand Limited ("DB NZ") and subsidiaries, and other members of the Deutsche Bank AG Group. Dealings include on-balance sheet activities such as funding, deposits, foreign exchange and derivative transactions.

These transactions are subject to normal banking terms and conditions. All balances are unsecured.

NZD in millions	BANKING GROUP			BRANCH		
	Unaudited as at 30/06/09	Unaudited as at 30/06/08	Audited as at 31/12/08	Unaudited as at 30/06/09	Unaudited as at 30/06/08	Audited as at 31/12/08
<b>Due from Related Parties</b>						
Short term	2,123	2,089	2,482	2,518	1,675	3,194
Long term	-	-	-	-	1,025	-
Derivatives	300	74	403	216	30	327
Total due from related parties	<u>2,423</u>	<u>2,163</u>	<u>2,885</u>	<u>2,734</u>	<u>2,730</u>	<u>3,521</u>
Represented by						
DB AG (Parent)	1,225	335	792	1,140	291	716
DB New Zealand subsidiaries	-	-	-	1,577	1,447	1,502
DB Aotearoa Finance Limited	-	1,170	-	-	-	-
DB AG London Branch	2	2	5	5	2	7
DB AG Sydney Branch	-	519	102	-	508	102
DB AG Singapore Branch	-	104	806	-	104	806
DB Aotearoa Investments Limited	1,181	-	1,156	-	-	-
Deutsche Group Services Pty Limited	-	2	-	-	-	-
SPAN No.10A Pty Limited	-	20	20	-	374	384
Deutsche Australia Limited	4	4	4	4	4	4
Deutsche Securities Australia Limited	3	7	-	-	-	-
Deutsche Asia Pacific Finance, Inc.	8	-	-	8	-	-
	<u>2,423</u>	<u>2,163</u>	<u>2,885</u>	<u>2,734</u>	<u>2,730</u>	<u>3,521</u>

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 21 - RELATED PARTY TRANSACTIONS

NZD in millions	BANKING GROUP			BRANCH		
	Unaudited as at	Unaudited as at	Audited as at	Unaudited as at	Unaudited as at	Audited as at
	30/06/09	30/06/08	31/12/08	30/06/09	30/06/08	31/12/08
<b>Due to Related Parties</b>						
Short term	2,315	2,357	1,671	2,742	2,725	2,433
Long term	-	-	-	75	75	75
Derivatives	5	-	3	5	20	3
Total due to related parties	<u>2,320</u>	<u>2,357</u>	<u>1,674</u>	<u>2,822</u>	<u>2,820</u>	<u>2,511</u>
Represented by						
DB AG (Parent)	1	318	-	1	305	-
DB New Zealand subsidiaries	-	-	-	1,681	1,903	1,992
DB Aotearoa Investments Limited	1,180	1,170	1,155	-	-	-
DB AG Singapore Branch	807	-	-	807	-	-
DB AG New York Branch	1	-	2	1	-	2
Deutsche Group Services Pty Limited	2	-	2	-	-	-
Deutsche Capital Markets Australia Limited	3	96	3	3	96	3
DB Capital Management Limited	-	205	-	-	-	-
DB AG London Branch	3	3	1	3	-	1
DB AG Cayman Island Branch	-	44	-	-	-	-
DB AG Sydney Branch	309	516	422	315	516	429
Deutsche Securities Australia Limited	-	-	1	1	-	-
Select Access New Zealand Limited	3	-	84	3	-	84
MPC Funding Limited	4	4	4	-	-	-
DB AG Hong Kong Branch	-	1	-	-	-	-
SPAN No.10A Pty Limited	7	-	-	7	-	-
	<u>2,320</u>	<u>2,357</u>	<u>1,674</u>	<u>2,822</u>	<u>2,820</u>	<u>2,511</u>

Amounts above include preference shares (June 30 2009: 995,257 shares at NZD 1,000 per share, 31 December 2008: 995,257 shares at NZD 1,000 per share, June 30 2008: 995,257 shares at NZD 1,000 per share) which entitle but not obligate the holder to call for a dividend. If the preference shareholders do not call for the dividend then the redemption amount is simply the notional value of the redeemable preference share. It is highly likely that the preference share holder will call the dividend and therefore the dividends are accrued monthly.

The following table shows supplementary information for the following types of related party transactions.

NZD in millions	BANKING GROUP			BRANCH		
	Unaudited 6 months	Unaudited 6 months	Audited 12 months	Unaudited 6 months	Unaudited 6 months	Audited 12 months
	30/06/09	30/06/08	31/12/08	30/06/09	30/06/08	31/12/08
Group service fees - Agency relationship *	3	3	7	22	19	35
Subvention payments - Taxation grouping arrangements **	-	-	-	-	8	8

\* transfer pricing of expenses incurred in Banking Group subsidiaries

\*\* subvention payments within the Banking Group

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 22 – KEY MANAGEMENT PERSONNEL

Key management personnel compensation is directly borne by Deutsche New Zealand Limited and then recharged to other entities within the Banking Group as part of the group service fees.

<b>NZD in thousands</b>	<b>BANKING GROUP</b>		
	<b>Unaudited</b>	Unaudited	Audited
	<b>6 months</b>	6 months	12 months
	<b>30/06/09</b>	30/06/08	31/12/08
Short term employee benefits	1,240	1,361	2,293
Equity compensation benefits	88	134	188
	<u>1,328</u>	<u>1,495</u>	<u>2,481</u>

All transactions with key management personnel are in the ordinary course of business and on usual commercial terms. Apart from the details disclosed in this note and Note 23 – Equity Compensation, no key management personnel has entered into a material contract with the Banking Group since the end of the previous financial year and there were no material contracts involving key management personnel existing at period end.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 23 – EQUITY COMPENSATION

The Banking Group participates in the following share and options compensation plans operated by the ultimate parent, Deutsche Bank AG.

Weighted average prices relating to the movements prior to 1 January 2006 in the following share and options compensation plans could not be reliably calculated. As a result these have not been disclosed for the outstanding share options at the beginning and end of the relevant periods.

#### (i) Deutsche Bank Equity Plan

The DB Equity Plan is a scheme established in 2007, which awards eligible employees the right to receive common shares of Deutsche Bank at a specified future dates. The expense related to the DB Equity Plan is recognised on a straight-line basis over the requisite service period. The award vests either in multiple tranches (graded vesting) or at one date (cliff vesting). In cases where the award has a graded vesting schedule, each vesting portion is amortised separately on a straight line-basis over the requisite period.

Plan rules for the DB Equity plan allow in specific cases for retirement before the award vests. Expense recognition is accelerated for award granted to staff who are or become eligible for early retirement according to the defined criteria of the plan. During the six months, a charge of \$1.2 million (30 June 2008: \$1.71 million, 31 December 2008: \$3.3 million) was recognised in the statement of comprehensive income.

The closing price of DB shares at 30 June 2009 was €43.23 (30 June 2008: €54.96, 31 December 2008: €27.83). The NZD equivalent was NZD 93.13 (30 June 2008: NZD 113.60, 31 December 2008: NZD 68.34).

Movement in the number of deferred share rights held by employees are as follows:

	30/06/09		30/06/08		31/12/08	
	Weighted average exercise price at grant date	No. of shares	Weighted average exercise price at grant date	No. of shares	Weighted average exercise price at grant date	No. of shares
Outstanding at beginning of period		47,135		16,298		16,298
Transferred during the period		-	€ 84.53	17,937	€ 84.53	17,937
Granted during the period	€ 18.69	10,699	€ 76.11	14,078	€ 76.11	14,078
Exercised during the period	€ 106.13	(9,019)		-	€ 107.24	(1,178)
Outstanding at end of period		<u>48,815</u>		<u>48,313</u>		<u>47,135</u>

The weighted average share price of deferred share rights exercised as at 30 June 2009 was €18.69, 31 December 2008: €61.30.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 23 – EQUITY COMPENSATION *(continued)*

#### (ii) Deutsche Bank Share Scheme

Under the Deutsche Bank Share Scheme, employees may be granted deferred share rights to receive Deutsche Bank shares at a specific future date. Deferred share rights can be related to annual bonuses or be granted as a retention incentive. Bonus awards are usually vested in three equal portions over a period of approximately three years. Retention awards are vested according to individual schedules, which are generally over one, two or three years vesting in full at the end of the retention period. Unvested awards are forfeited under certain circumstances when the participant terminates service with Deutsche Bank before the vesting date. The fair value of the award is measured at grant date. No adjustments are made for the expected dividend payments, to which there is no entitlement until the award has vested. The compensation expense for each tranche of awards is recognised on a straight-line basis over the vesting period commencing from the start of the grant date to the date of vesting, taking into account the probability that the awards will vest. During the six months, a charge of \$0.0 million (30 June 2008: \$0.1 million, 31 December 2008: \$0.1 million) was recognised in the statement of comprehensive income.

Movements in the number of deferred share rights held by employees are as follows:

	30/06/09		30/06/08		31/12/08	
	Weighted average exercise price at grant date	No. of shares	Weighted average exercise price at grant date	No. of shares	Weighted average exercise price at grant date	No. of shares
Outstanding at beginning of period		454		2,832		2,832
Exercised during the period		-		-	€77.67	(2,378)
Outstanding at end of period		<u>454</u>		<u>2,832</u>		<u>454</u>

The weighted average share price of deferred share rights exercised as at 31 December 2008 was €61.30.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 23 – EQUITY COMPENSATION *(continued)*

#### (iii) Deutsche Bank Restricted Equity Unit Plan

Under the Deutsche Bank Restricted Equity Unit Plan, employees may be granted deferred share rights as a retention incentive. The deferred share rights provide the rights to receive DBAG common shares at specific future dates. The incentive is split into an initial award and an exceptional award. Deferred share rights vest in full after four and a half years from the award date and are measured based on the fair value of the share rights at the grant date. No adjustments are made for the expected dividend payments, to which there is no entitlement until the award has vested. All unvested initial awards are forfeited when the participant terminates service with DB under certain circumstances before the vesting date, and unvested exceptional awards are forfeited if the participant terminates employment for any reason prior to the end of the vesting period. The compensation expense for each tranche of awards is recognised on a straight-line basis over the vesting period commencing from the start of the employment period to the date of vesting, taking into account the probability that the awards will vest. During the six months, a charge of \$0.3 million (30 June 2008: \$0.7 million, 31 December 2008: \$1.5 million) was recognised in the Statement of comprehensive income.

Movements in the number of deferred share rights held by employees are as follows:

	<b>30/06/09</b>		30/06/08		31/12/08	
	<b>Weighted average exercise price at grant date</b>	<b>No. of shares</b>	Weighted average exercise price at grant date	No. of shares	Weighted average exercise price at grant date	No. of shares
Outstanding at beginning of period		66,598		121,531		121,531
Transferred during the period		-	€ 89.19	2,434	€ 88.46	2,888
Exercised during the period		-		-	€ 63.33	(57,821)
Outstanding at end of period		<u>66,598</u>		<u>123,965</u>		<u>66,598</u>

The weighted average share price of deferred share rights exercised as at 31 December 2008 was €61.30.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 23 – EQUITY COMPENSATION *(continued)*

#### (iv) DB Global Share Plan

In 2007, eligible employees have been granted a deferred share award, which entitles the holder to ten DB shares one year after grant. The expense is measured based on the fair value of the awards at grant date, and recognised over the vesting period of one year. Employees must have been working for DB for at least one year and have an active employment contract in order to participate. Under certain circumstances, if a participant terminates employment prior to the vesting date, global share awards will be forfeited. Participants who retire or become permanently disabled prior to vesting may still exercise their rights during the exercise period. During the year, \$nil (2007: \$0.1million) of expense was recognised in the income statement.

In 2002 and 2003 eligible employees could purchase up to 20 shares at market price. For each of the shares purchased the participant received five options. In 2001, eligible employees could purchase up to 60 shares at a discount. For each share purchased the participant received one option.

Each option entitles the participant to purchase one of DB's common shares. Options vest approximately two years after the date of grant and expire after six years. Options may be exercised at a strike price equal to 120% of the reference price of DB shares when such options are granted.

During the six months a charge of \$0.0 million (30 June 2008: \$0.0 million, 31 December 2008: \$0.1 million) was expensed in respect of the DB Global Share Option Plan in the Statement of comprehensive income.

Movements in the number of shares held by employees are as follows:

	30/06/09		30/06/08		31/12/08	
	Weighted average exercise price at grant date	No. of shares	Weighted average exercise price at grant date	No. of shares	Weighted average exercise price at grant date	No. of shares
Outstanding at beginning of period	-	-	-	348	-	348
Transferred during the period	-	-	€ 88.40	2	€ 88.40	6
Granted during the period	-	-	-	-	-	-
Exercised during the period	-	-	€ 44.20	(20)	€ 88.40	(314)
Forfeited during the period	-	-	€ 88.40	(40)	€ 88.40	(40)
Outstanding at end of period	-	-	-	290	-	-

The weighted average cash proceeds of the shares exercised as at 30 June 2008 was €73.76, 31 December 2008 was €33.53

Terms of unexpired and unexercised share options at balance date:

Date Granted	Exercise Period	Exercise Price	30/06/09 No. of shares	30/06/08 No. of shares	31/12/08 No. of shares
13/11/2002	01/01/2005 - 01/11/2008	€ 55.39	-	100	-
11/12/2003	01/01/2006 - 01/11/2009	€ 75.24	300	300	300

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 24 – TOTAL LIABILITIES OF THE REGISTERED BANK NET OF AMOUNTS DUE TO RELATED PARTIES

NZD in millions	BRANCH		
	Unaudited as at 30/06/09	Unaudited as at 30/06/08	Audited as at 31/12/08
Total liabilities net of amounts due to related parties	1,141	1,719	1,956

### NOTE 25 - DERIVATIVE FINANCIAL INSTRUMENTS AND FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

The amounts disclosed below represent the end-of-period fair values of trading derivatives. These amounts are presented gross before the impact of master netting agreements and collateral. The gross fair values of trading derivatives do not represent the amount of market or credit risk of derivatives in the trading portfolio. Rather, they indicate the extent of involvement in the over-the-counter (OTC) markets for interest rate, foreign exchange rate, equity price derivatives and exchange traded derivatives. Any measurement of risk is meaningful only when all related factors are identified such as risk-offsetting transactions, master netting agreements and the value of any related collateral. The bank considers such factors in its credit risk systems and in other internal risk analyses. The accounting impact of netting agreements in accordance with the terms of each master agreement is provided below in order to display how these amounts are reflected in trading securities in the Banking Group's and DBAG NZ's Statement of Financial Position.

Fair value of futures contracts are not included below, due to cash margining requirements by regulated exchanges. Margins are recorded in other assets and profit/losses are taken daily to the Statement of comprehensive income. Notional amounts indicate the extent of the Banking Group's involvement in the various types and uses of derivative financial instruments and do not measure the Banking Group's exposure to credit or market risks and do not necessarily represent the amounts exchanged by the parties to the instruments. Notional amounts are not included in the Banking Group's balance sheet and generally exceed the future cash requirements relating to the instrument.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 25 - DERIVATIVE FINANCIAL INSTRUMENTS AND FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK *(continued)*

<b>BANKING GROUP</b>				
Unaudited as at				
30/06/09				
Fair Value				
NZD in millions	Notional Amount	Assets	Liabilities	Credit Equivalent
<b>Derivatives</b>				
<b>OTC Financial Instruments</b>				
<b>Foreign exchange contracts</b>				
Cross currency interest rates swaps	3,364	206	94	306
<b>Interest rate contracts</b>				
Forward rate agreements	5,374	1	-	1
Interest rate swaps	35,341	447	297	491
<b>ETO Financial Instruments</b>				
<b>Interest rate contracts</b>				
Interest rate futures	46,485	n/a	n/a	n/a
Total gross fair values		654	391	798
Impact of netting agreements		(290)	(290)	
		364	101	



## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 25 - DERIVATIVE FINANCIAL INSTRUMENTS AND FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK *(continued)*

<b>BANKING GROUP</b>				
Audited as at				
31/12/08				
Fair Value				
NZD in millions	Notional Amount	Assets	Liabilities	Credit Equivalent
<b>Derivatives</b>				
<b>OTC Financial Instruments</b>				
<b>Foreign exchange contracts</b>				
Cross currency interest rates swaps	2,459	293	203	386
<b>Interest rate contracts</b>				
Forward rate agreements	9,601	12	11	12
Interest rate swaps	34,042	602	386	643
<b>ETO Financial Instruments</b>				
<b>Interest rate contracts</b>				
Interest rate futures	25,921	n/a	n/a	n/a
Total gross fair values		907	600	1,041
Impact of netting agreements		(394)	(394)	
		513	206	

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 25 - DERIVATIVE FINANCIAL INSTRUMENTS AND FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK *(continued)*

NZD in millions	<b>BRANCH</b>			
	Notional Amount	Assets	Liabilities	Credit Equivalent
		Unaudited as at 30/06/09		
		Fair Value		
<b>Derivatives</b>				
<b>OTC Financial Instruments</b>				
<b>Foreign exchange contracts</b>				
Cross currency interest rates swaps	3,289	122	94	218
<b>Interest rate contracts</b>				
Forward rate agreements	5,374	1	-	1
Interest rate swaps	35,341	447	297	491
<b>ETO Financial Instruments</b>				
<b>Interest rate contracts</b>				
Interest rate futures	46,485	n/a	n/a	n/a
Total gross fair values		570	391	710
Impact of netting agreements		(290)	(290)	
		280	101	

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 25 - DERIVATIVE FINANCIAL INSTRUMENTS AND FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK *(continued)*

NZD in millions	<b>BRANCH</b>			
	Notional Amount	Assets	Liabilities	Credit Equivalent
		Unaudited as at 30/06/08		
		Fair Value		
<b>Derivatives</b>				
<b>OTC Financial Instruments</b>				
<b>Foreign exchange contracts</b>				
Cross currency interest rates swaps	2,584	133	79	224
<b>Interest rate contracts</b>				
Forward rate agreements	12,492	2	2	2
Interest rate swaps	41,666	150	126	210
<b>ETO Financial Instruments</b>				
<b>Interest rate contracts</b>				
Interest rate futures	26,364	n/a	n/a	n/a
Total gross fair values		285	207	436
Impact of netting agreements		(180)	(180)	
		105	27	

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 25 - DERIVATIVE FINANCIAL INSTRUMENTS AND FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK *(continued)*

NZD in millions	Notional Amount	BRANCH Audited as at 31/12/08 Fair Value		Credit Equivalent
		Assets	Liabilities	
<b>Derivatives</b>				
<b>OTC Financial Instruments</b>				
<b>Foreign exchange contracts</b>				
Cross currency interest rates swaps	2,384	217	203	306
<b>Interest rate contracts</b>				
Forward rate agreements	9,601	12	11	12
Interest rate swaps	34,042	602	386	643
<b>ETO Financial Instruments</b>				
<b>Interest rate contracts</b>				
Interest rate futures	25,921	n/a	n/a	n/a
Total gross fair values		831	600	961
Impact of netting agreements		(394)	(394)	
		437	206	

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 26 - RISK MANAGEMENT

The integrated risk management framework is responsible for identifying, assessing, managing and reporting credit, market, liquidity, operational and business risks. The risk management function works in conjunction with the risk control function to ensure that appropriate risk management practices are consistent with suitable risk limit structures. The controlling, audit and legal departments support the risk management function. They operate independently both of the group division and of the risk management function. These functions ensure that dealers, trading assets and executive management are well informed on all aspects of transactions that incur market risk. Risk management processes implemented by Deutsche Bank AG are further described in Deutsche Bank AG 31 December 2008 financial statements, included in the 31 December 2008 Supplemental Disclosure Statement, and SEC filing 20-F, which can be found at [http://www.db.com/ir/en/content/sec\\_filings.htm](http://www.db.com/ir/en/content/sec_filings.htm).

The Banking Group is exposed to foreign exchange and interest rate risk as a result of its operational, financing and investment activities. The Banking Group uses a combination of derivative financial instruments, including swaps and options to economically hedge these risks.

An extensive risk limit structure has been developed to provide suitable constraints for trading activities to allow revenue budgets to be met along with a prudent approach to risk taking. The market risk limit structure addresses Value-at-Risk exposures (i.e. expected capital risk due to trading activities), operational risks as used by front office risk management staff, and possible liquidity risks. These limits cover four asset classes: foreign exchange, interest rates and equities along with their related derivative products and are determined by global business heads in conjunction with local trading heads and the local risk management group.

Risk management practices ensure that all market risks are managed against limits on the following exposures:

Value-at-Risk: the expected gain or loss in risk capital based on statistical assumptions of market rates and prices.

Yield curve risks: the gain or loss resulting from movements in the entire interest rate curve, portions thereof or related hedge positions. See Note 27 for details on of the Banking Group's interest rate risk exposures, including the interest rate repricing schedule.

Nominal/Position risk: the gain or loss resulting from the change in price of equities, foreign exchange positions or commodity contracts.

Liquidity risk: the risk of failure to meet commitments of on-balance sheet assets and liabilities and off-balance sheet settlements.

Credit risk: the extent to which there is a potential loss should the contracted counterparty or any surety fail to meet their obligations when due.

Independent reviews of these types of risks are undertaken by Internal Audit periodically. No reviews of the Deutsche Bank NZ Group's risk management systems have been conducted by parties external to the Deutsche Bank Group.

#### **Audit**

Regional Head Office Audit for Australia and New Zealand is located in Sydney and is responsible for the audit of the organisation's activities in Australia and New Zealand. The audit group has a direct reporting line to the General Auditor, Asia Pacific and United Kingdom, based in London. The General Auditor reports to the Global Head of Audit who reports to the Deutsche Bank Board in Frankfurt. This offshore reporting line ensures the independence of the local audit function. The Regional Head of Audit also presents quarterly reports and updates to the Deutsche Bank Australasian Group Board.

The Audit process includes a complete review of all key business processes and systems for each audit area. Audit steps are continuously updated to reflect changes in the business and internal / external regulations.

The scope and frequency of audits depends on the assessed level of risk associated with each business area. Higher risk areas are audited more frequently (generally annually) and low risk areas are audited on a rotational basis (minimum three years). To the extent possible, regional audits are performed that cover the relevant operations in Australia and New Zealand. Otherwise, stand alone audits are conducted at each location.

## **NOTES TO THE FINANCIAL STATEMENTS *(continued)***

### **NOTE 26 - RISK MANAGEMENT *(continued)***

#### **Securitisation**

The Banking Group has not securitised any of its assets.

#### **Insurance products**

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

#### **Custodial activities**

Financial services provided by any member of the Banking Group to entities involved in trust, custodial, funds management and other fiduciary activities and securitisation schemes have been provided on arms length terms and conditions and at fair values. As at 30 June 2009, securities held by Banking Group members on behalf of its customers were excluded from the company's statement of financial position. The value of the securities held by the company as at 30 June 2009 was \$4.1m (30 June 2008: \$7.5m, 31 December 2008: \$0.2m).

### **NOTE 27 - ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES**

#### **(a) Fair value of financial assets and liabilities**

##### **Methods and Assumptions**

For short-term financial instruments, defined as those with remaining maturities of 90 days or less, the carrying amount was considered to be a reasonable estimate of fair value. The following instruments were predominantly short-term:

- Due to / from other banks
- Trading Securities
- Repurchase and reverse repurchase agreements
- Due to / from related parties
- Deposits

For those components of the above listed financial instruments with remaining maturities greater than 90 days, fair value was determined by discounting contractual cash flows using rates which could be earned for assets with similar remaining maturities and, in the case of liabilities, rates at which the liabilities with similar remaining maturities could be issued as of the balance date.

Other assets consisted primarily of cash and cash margins with brokers and accruals on trading assets. Other liabilities consisted primarily of accounts payable and accrued expenses. Carrying value is considered to be fair value.

The fair value of equity investments are based on net asset values of those companies. The underlying assets and liabilities are held at fair value.

##### **Fair Value Hierarchy – Valuation Techniques with Unobservable Parameters**

Financial instruments carried at fair value are categorized under the three levels of the IFRS fair value hierarchy depending upon whether their values were determined based upon quoted prices in an active market ("Level 1"), valuation techniques with observable parameters ("Level 2") or valuation techniques with one or more significant unobservable parameters ("Level 3"). Level 3 assets include complex OTC derivatives, illiquid loans and certain structured bonds.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 27 – ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES *(continued)*

#### (a) Fair value of financial assets and liabilities *(continued)*

NZD in millions	<b>BANKING GROUP</b>					
	Unaudited as at 30/06/09		Unaudited as at 30/06/08		Audited as at 31/12/08	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets</b>						
Due from central and other banks	87	87	78	78	38	38
Trading securities	925	925	1,436	1,436	605	605
Reverse repurchase agreements	98	98	51	51	22	22
Other assets	10	10	8	8	7	7
Loans and advances - short term	94	94	32	32	26	26
Amounts due from related parties - short term	2,423	2,423	2,163	2,163	2,885	2,885
Loans and advances – long term	204	204	302	302	359	359
Other investments	-	-	296	296	-	-
	<b>3,841</b>	<b>3,841</b>	<b>4,366</b>	<b>4,366</b>	<b>3,942</b>	<b>3,942</b>
<b>Financial Liabilities</b>						
Due to other banks	-	-	5	5	-	-
Deposits - short term	640	640	1,317	1,317	1,391	1,391
Trading securities	198	198	60	60	236	236
Repurchase agreements	2	2	-	-	-	-
Other liabilities	37	37	65	65	38	38
Amounts due to related parties - short term	2,320	2,320	2,357	2,357	1,674	1,674
Subordinated debt - long term	244	220	300	298	300	303
Deposits - long term	159	159	139	139	152	152
	<b>3,600</b>	<b>3,576</b>	<b>4,243</b>	<b>4,241</b>	<b>3,791</b>	<b>3,794</b>

NZD in millions	<b>BRANCH</b>					
	Unaudited as at 30/06/09		Unaudited as at 30/06/08		Audited as at 31/12/08	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets</b>						
Due from central and other banks	78	78	77	77	30	30
Trading securities	925	925	1,436	1,436	605	605
Reverse repurchase agreements	98	98	51	51	22	22
Other assets	10	10	7	7	6	6
Loans and advances - short term	94	94	32	32	26	26
Amounts due from related parties - short term	2,734	2,734	1,705	1,705	3,521	3,521
Loans and advances – long term	204	204	302	302	359	359
Amounts due from related parties - long term	-	-	1,025	1,025	-	-
	<b>4,143</b>	<b>4,143</b>	<b>4,635</b>	<b>4,635</b>	<b>4,569</b>	<b>4,569</b>
<b>Financial Liabilities</b>						
Due to other banks	-	-	5	5	-	-
Deposits - short term	640	640	1,317	1,317	1,391	1,391
Trading securities	198	198	60	60	236	236
Repurchase agreements	2	2	-	-	-	-
Other liabilities	10	10	37	37	13	13
Amounts due to related parties - short term	2,747	2,747	2,745	2,745	2,436	2,436
Amounts due to related parties - long term	75	75	75	75	75	75
Subordinated debt - long term	244	220	300	298	300	303
	<b>3,916</b>	<b>3,892</b>	<b>4,539</b>	<b>4,537</b>	<b>4,451</b>	<b>4,454</b>

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 27 – ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES *(continued)*

#### (a) Fair value of financial assets and liabilities *(continued)*

##### Fair Value Hierarchy

The financial instruments carried at fair value are been categorised under the three levels of the IFRS fair value hierarchy as follows:

*Quoted Prices in an Active Market (Level 1):* This level of the hierarchy includes listed equity securities on major exchanges, quoted corporate debt instruments, Government debt and exchange traded derivatives. The fair value of instruments that are quoted in active markets are determined using the quoted prices where they represent those at which regularly and recently occurring transactions take place.

*Valuation Techniques with Observable Parameters (Level 2):* This level of the hierarchy includes the majority of the Group's derivative contracts, corporate debt held, securities purchased/sold under resale/repurchase agreements, securities borrowed/loaned, traded loans and issued structured debt designated under the fair value option.

*Valuation Techniques with Significant Unobservable Parameters (Level 3):* Instruments classified in this category have a parameter input or inputs which are unobservable and which have a more than insignificant impact on either the fair value of the instrument or the profit or loss of the instrument. This level of the hierarchy includes more complex derivatives, certain private equity investments, illiquid loans, certain highly structured bonds including illiquid asset backed securities and structured debt issuances with unobservable components.

<b>BANKING GROUP</b>			
<b>30/06/2009 - Unaudited</b>			
<b>NZD in millions</b>	<b>Valuation techniques</b>		<b>Total</b>
	<b>Quoted prices in active markets (Level 1)</b>	<b>with observable parameters (Level 2)</b>	
<b>Financial Assets</b>			
Trading securities	861	64	925
Reverse repurchase agreements	-	98	98
Amounts due from related parties - short term	-	300	300
	861	462	1,323
<b>Financial Liabilities</b>			
Trading securities	102	96	198
Repurchase agreements	-	2	2
Amounts due to related parties - short term	-	5	5
Deposits - long term	-	159	159
	102	262	364
<b>BRANCH</b>			
<b>30/06/2009 - Unaudited</b>			
<b>NZD in millions</b>	<b>Valuation techniques</b>		<b>Total</b>
	<b>Quoted prices in active markets (Level 1)</b>	<b>with observable parameters (Level 2)</b>	
<b>Financial Assets</b>			
Trading securities	861	64	925
Reverse repurchase agreements	-	98	98
Amounts due from related parties - short term	-	216	216
	861	378	1,239
<b>Financial Liabilities</b>			
Trading securities	102	96	198
Repurchase agreements	-	2	2
Amounts due to related parties - short term	-	5	5
	102	103	205

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 27 – ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES *(continued)*

#### (b) Categories of financial assets and financial liabilities

<b>BANKING GROUP</b>					
Unaudited as at 30/06/09					
NZD in millions	Trading	Designated at fair value	Loans and Receivables	Other amortised	Total Carrying Amount
<b>Financial Assets</b>					
Due from central and other banks	-	-	87	-	87
Trading securities	925	-	-	-	925
Reverse repurchase agreements	98	-	-	-	98
Other assets	-	-	10	-	10
Loans and advances - short term	-	-	94	-	94
Amounts due from related parties - short term	300	-	2,123	-	2,423
Loans and advances – long term	-	-	204	-	204
<b>Total carrying value</b>	<b>1,323</b>	<b>-</b>	<b>2,518</b>	<b>-</b>	<b>3,841</b>
<b>Total fair value</b>	<b>1,323</b>	<b>-</b>	<b>2,518</b>	<b>-</b>	<b>3,841</b>
<b>Financial Liabilities</b>					
Deposits - short term	-	-	-	640	640
Trading securities	198	-	-	-	198
Repurchase agreements	2	-	-	-	2
Other liabilities	-	-	-	37	37
Amounts due to related parties - short term	5	-	-	2,315	2,320
Subordinated debt - long term	-	-	-	244	244
Deposits - long term	-	159	-	-	159
<b>Total carrying value</b>	<b>205</b>	<b>159</b>	<b>-</b>	<b>3,236</b>	<b>3,600</b>
<b>Total fair value</b>	<b>205</b>	<b>159</b>	<b>-</b>	<b>3,212</b>	<b>3,576</b>

<b>BANKING GROUP</b>					
Unaudited as at 30/06/08					
NZD in millions	Trading	Designated at fair value	Loans and Receivables	Other amortised	Total Carrying Amount
<b>Financial Assets</b>					
Due from central and other banks	-	-	78	-	78
Trading securities	1,436	-	-	-	1,436
Reverse repurchase agreements	51	-	-	-	51
Other assets	-	-	8	-	8
Loans and advances - short term	-	-	32	-	32
Amounts due from related parties - short term	74	-	2,089	-	2,163
Loans and advances – long term	-	-	302	-	302
Other investments	-	296	-	-	296
<b>Total carrying value</b>	<b>1,561</b>	<b>296</b>	<b>2,509</b>	<b>-</b>	<b>4,366</b>
<b>Total fair value</b>	<b>1,561</b>	<b>296</b>	<b>2,509</b>	<b>-</b>	<b>4,366</b>
<b>Financial Liabilities</b>					
Due to other banks	-	-	-	5	5
Deposits - short term	-	-	-	1,317	1,317
Trading securities	60	-	-	-	60
Other liabilities	-	-	-	65	65
Amounts due to related parties - short term	-	-	-	2,357	2,357
Subordinated debt - long term	-	-	-	300	300
Deposits - long term	-	139	-	-	139
<b>Total carrying value</b>	<b>60</b>	<b>139</b>	<b>-</b>	<b>4,044</b>	<b>4,243</b>
<b>Total fair value</b>	<b>60</b>	<b>139</b>	<b>-</b>	<b>4,042</b>	<b>4,241</b>

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 27 – ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES *(continued)*

#### (b) Categories of financial assets and financial liabilities *(continued)*

<b>BANKING GROUP</b>					
Audited as at 31/12/08					
NZD in millions	Trading	Designated at fair value	Loans and Receivables	Other amortised	Total Carrying Amount
<b>Financial Assets</b>					
Due from central and other banks	-	-	38	-	38
Trading securities	605	-	-	-	605
Reverse repurchase agreements	22	-	-	-	22
Other assets	-	-	7	-	7
Loans and advances – short term	-	-	26	-	26
Amounts due from related parties - short term	403	-	2,482	-	2,885
Loans and advances – long term	-	-	359	-	359
<b>Total carrying value</b>	<b>1,030</b>	<b>-</b>	<b>2,912</b>	<b>-</b>	<b>3,942</b>
<b>Total fair value</b>	<b>1,030</b>	<b>-</b>	<b>2,912</b>	<b>-</b>	<b>3,942</b>
<b>Financial Liabilities</b>					
Deposits – short term	-	-	-	1,391	1,391
Trading securities	236	-	-	-	236
Other liabilities	-	-	-	38	38
Amounts due to related parties - short term	3	-	-	1,671	1,674
Subordinated debt – long term	-	-	-	300	300
Deposits – long term	-	152	-	-	152
<b>Total carrying value</b>	<b>239</b>	<b>152</b>	<b>-</b>	<b>3,400</b>	<b>3,791</b>
<b>Total fair value</b>	<b>239</b>	<b>152</b>	<b>-</b>	<b>3,403</b>	<b>3,794</b>

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 27 – ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES *(continued)*

#### (b) Categories of financial assets and financial liabilities *(continued)*

<b>BRANCH</b>					
Unaudited as at 30/06/09					
NZD in millions	Trading	Designated at fair value	Loans and Receivables	Other amortised	Total Carrying Amount
<b>Financial Assets</b>					
Due from central and other banks	-	-	78	-	78
Trading securities	925	-	-	-	925
Reverse repurchase agreements	98	-	-	-	98
Other assets	-	-	10	-	10
Loans and advances - short term	-	-	94	-	94
Amounts due from related parties - short term	216	-	2,518	-	2,734
Loans and advances – long term	-	-	204	-	204
<b>Total carrying value</b>	<b>1,239</b>	<b>-</b>	<b>2,904</b>	<b>-</b>	<b>4,143</b>
<b>Total fair value</b>	<b>1,239</b>	<b>-</b>	<b>2,904</b>	<b>-</b>	<b>4,143</b>
<b>Financial Liabilities</b>					
Deposits - short term	-	-	-	640	640
Trading securities	198	-	-	-	198
Repurchase agreements	2	-	-	-	2
Other liabilities	-	-	-	10	10
Amounts due to related parties - short term	5	-	-	2,742	2,747
Amounts due to related parties - long term	-	-	-	75	75
Subordinated debt - Long term	-	-	-	244	244
<b>Total carrying value</b>	<b>205</b>	<b>-</b>	<b>-</b>	<b>3,711</b>	<b>3,916</b>
<b>Total fair value</b>	<b>205</b>	<b>-</b>	<b>-</b>	<b>3,687</b>	<b>3,892</b>

<b>BRANCH</b>					
Unaudited as at 30/06/08					
NZD in millions	Trading	Designated at fair value	Loans and Receivables	Other amortised	Total Carrying Amount
<b>Financial Assets</b>					
Due from central and other banks	-	-	77	-	77
Trading securities	1,436	-	-	-	1,436
Reverse repurchase agreements	51	-	-	-	51
Other assets	-	-	7	-	7
Loans and advances – short term	-	-	32	-	32
Amounts due from related parties - short term	30	-	1,675	-	1,705
Loans and advances – long term	-	-	302	-	302
Amounts due from related parties - long term	-	-	1,025	-	1,025
<b>Total carrying value</b>	<b>1,517</b>	<b>-</b>	<b>3,118</b>	<b>-</b>	<b>4,635</b>
<b>Total fair value</b>	<b>1,517</b>	<b>-</b>	<b>3,118</b>	<b>-</b>	<b>4,635</b>
<b>Financial Liabilities</b>					
Due to other banks	-	-	-	5	5
Deposits – short term	-	-	-	1,317	1,317
Trading securities	60	-	-	-	60
Other liabilities	-	-	-	37	37
Amounts due to related parties - short term	20	-	-	2,725	2,745
Amounts due to related parties - long term	-	-	-	75	75
Subordinated debt – long term	-	-	-	300	300
<b>Total carrying value</b>	<b>80</b>	<b>-</b>	<b>-</b>	<b>4,459</b>	<b>4,539</b>
<b>Total fair value</b>	<b>80</b>	<b>-</b>	<b>-</b>	<b>4,457</b>	<b>4,537</b>

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 27 – ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES *(continued)*

#### (b) Categories of financial assets and financial liabilities

NZD in millions	BRANCH				Total Carrying Amount
	Audited as at 31/12/08				
	Trading	Designated at fair value	Loans and Receivables	Other amortised	
<b>Financial Assets</b>					
Due from central and other banks	-	-	30	-	30
Trading securities	605	-	-	-	605
Reverse repurchase agreements	22	-	-	-	22
Other assets	-	-	6	-	6
Loans and advances – short term	-	-	26	-	26
Amounts due from related parties - short term	327	-	3,194	-	3,521
Loans and advances – long term	-	-	359	-	359
<b>Total carrying value</b>	<b>954</b>	<b>-</b>	<b>3,615</b>	<b>-</b>	<b>4,569</b>
<b>Total fair value</b>	<b>954</b>	<b>-</b>	<b>3,615</b>	<b>-</b>	<b>4,569</b>
<b>Financial Liabilities</b>					
Deposits – short term	-	-	-	1,391	1,391
Trading securities	236	-	-	-	236
Other liabilities	-	-	-	13	13
Amounts due to related parties - short term	3	-	-	2,433	2,436
Amounts due to related parties - long term	-	-	-	75	75
Subordinated debt – long term	-	-	-	300	300
<b>Total carrying value</b>	<b>239</b>	<b>-</b>	<b>-</b>	<b>4,212</b>	<b>4,451</b>
<b>Total fair value</b>	<b>239</b>	<b>-</b>	<b>-</b>	<b>4,215</b>	<b>4,454</b>

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 27 – ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES *(continued)*

#### (b) Categories of financial assets and financial liabilities

##### Amendments to NZIAS 39 and NZIFRS 7, “Reclassification of Financial Assets”

During the second half of 2008 certain trading assets were reclassified to loans and receivables. No reclassifications were made in 2009.

The Banking Group identified assets, eligible under the amendments, for which at the reclassification date it had a clear change of intent and ability to hold for the foreseeable future rather than to exit or trade in the short term. The reclassifications were made at the fair value of the assets at the reclassification date. The disclosures below detail the impact of the reclassifications to the Banking Group and the Branch.

The following table shows the carrying values and fair values of assets reclassified in 2008.

<b>BANKING GROUP &amp; BRANCH</b>			
<b>Unaudited 30/06/09</b>			
<b>NZD in millions</b>	<b>Carrying value at classification date</b>	<b>Carrying value</b>	<b>Fair value</b>
<b>Assets reclassified in 2008</b>			
Trading assets reclassified to loans and receivables	51	51	51
<b>Total financial assets reclassified to loans</b>	<b>51</b>	<b>51</b>	<b>51</b>

<b>BANKING GROUP &amp; BRANCH</b>			
<b>Audited 31/12/08</b>			
<b>NZD in millions</b>	<b>Carrying value at classification date</b>	<b>Carrying value</b>	<b>Fair value</b>
<b>Assets reclassified in 2008</b>			
Trading assets reclassified to loans and receivables	51	51	51
<b>Total financial assets reclassified to loans</b>	<b>51</b>	<b>51</b>	<b>51</b>

It is estimated that \$51m (Dec08: \$51m restated) will be recovered over the next five years at an effective interest rate of 19.7% (Dec08: restated 19.7%). The fair value loss recognised in the period was \$nil (Dec08: \$51m).

After reclassification, the pre tax contribution of all reclassified assets to the income statement for the first half of 2009 was \$1.6m to interest income.

The amount that would have been recorded in the income statement for the six month period ended 30 June 2009 if the instrument had remained in its original classification is \$3.3m.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 27 – ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES *(continued)*

#### (c) Credit risks

Credit risk includes both on and off-balance sheet credit exposures to individual borrowers or aggregated groups of borrowers, and is the extent to which there is a potential loss should the contracted counterparty or any surety fail to meet their obligations due. Derivative transactions create dynamic credit exposure, which changes as markets move. The credit risk of derivatives arises from the potential for a customer to default on its contractual obligations. Accordingly, credit risk related to derivatives depends on the following:

- the current fair value of the contracts with the customer; the potential credit exposure over time; the extent to which legally enforceable netting arrangements allow the fair value of off-setting contracts with that customer to be netted against each other;
- the extent to which collateral held against the contracts reduces credit risk exposure; and
- the likelihood of default by the customer.

The Overseas Banking Group monitors and manages the credit risk associated with loans, derivatives and other credit exposures by applying a uniform credit process for all credit exposures which includes monitoring the size and maturity structure of portfolios and, where deemed appropriate, obtaining collateral based on management's credit assessment. The credit risk of derivatives is included in the Banking Group's centralised credit management system. In order to reduce derivatives-related credit risk, the Banking Group enters into master netting agreements that provide for offsetting of all contracts under each such agreement and obtains collateral where appropriate. The Banking Group monitors credit risk exposure on a gross and on a net basis and on a collateralised and an un-collateralised basis as appropriate.

Credit exposures are calculated based on actual credit exposures.

#### (i) Credit risk exposure for each internal risk rating

<b>Deutsche Bank's Internal Probability Default Rating</b>	<b>Moody's</b>	<b>S&amp;P</b>
iAAA to iA-	Aaa to A3	AAA to A-
iBBB+ to iBBB-	Baa1 to Baa3	BBB+ to BBB-
iBB+ to iBB-	Ba1 to Ba3	BB+ to BB-
iB+ and below	B1 and below	B+ and below

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 27 – ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES *(continued)*

#### (c) Credit risks *(continued)*

<b>BANKING GROUP</b>					
Unaudited as at 30/06/09					
NZD in millions	iAAA to iA-	iBBB+ to iBBB-	iBB+ to iBB-	iB+ and below	Total
<b>Asset exposure</b>					
Due from central and other banks	87	-	-	-	87
Trading securities	861	-	-	-	861
Reverse repurchase agreements	98	-	-	-	98
Other assets	-	-	-	10	10
Loans and advances	-	159	16	123	298
Amounts due from related parties	2,123	-	-	-	2,123
	<u>3,169</u>	<u>159</u>	<u>16</u>	<u>133</u>	<u>3,477</u>

<b>BANKING GROUP</b>					
Unaudited as at 30/06/08					
NZD in millions	iAAA to iA-	iBBB+ to iBBB-	iBB+ to iBB-	iB+ and below	Total
<b>Asset exposure</b>					
Due from central and other banks	78	-	-	-	78
Trading securities	1,278	-	-	83	1,361
Reverse repurchase agreements	51	-	-	-	51
Other assets	-	-	-	8	8
Loans and advances	-	249	15	70	334
Amounts due from related parties	2,089	-	-	-	2,089
	<u>3,496</u>	<u>249</u>	<u>15</u>	<u>161</u>	<u>3,921</u>

<b>BANKING GROUP</b>					
Audited as at 31/12/08					
NZD in millions	iAAA to iA-	iBBB+ to iBBB-	iBB+ to iBB-	iB+ and below	Total
<b>Asset exposure</b>					
Due from central and other banks	38	-	-	-	38
Trading securities	495	-	-	-	495
Reverse repurchase agreements	22	-	-	-	22
Other assets	-	-	-	7	7
Loans and advances	-	246	16	123	385
Amounts due from related parties	2,482	-	-	-	2,482
	<u>3,037</u>	<u>246</u>	<u>16</u>	<u>130</u>	<u>3,429</u>

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 27 – ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES *(continued)*

#### (c) Credit risks *(continued)*

<b>BRANCH</b>					
Unaudited as at 30/06/09					
NZD in millions	iAAA to iA-	iBBB+ to iBBB-	iBB+ to iBB-	iB+ and below	Total
<b>Asset exposure</b>					
Due from central and other banks	78	-	-	-	78
Trading securities	861	-	-	-	861
Reverse repurchase agreements	98	-	-	-	98
Other assets	-	-	-	10	10
Loans and advances	-	159	16	123	298
Amounts due from related parties	2,518	-	-	-	2,518
	<u>3,555</u>	<u>159</u>	<u>16</u>	<u>133</u>	<u>3,863</u>

<b>BRANCH</b>					
Unaudited as at 30/06/08					
NZD in millions	iAAA to iA-	iBBB+ to iBBB-	iBB+ to iBB-	iB+ and below	Total
<b>Asset exposure</b>					
Due from central and other banks	77	-	-	-	77
Trading securities	1,278	-	-	83	1,361
Reverse repurchase agreements	51	-	-	-	51
Other assets	-	-	-	7	7
Loans and advances	-	249	15	70	334
Amounts due from related parties	2,700	-	-	-	2,700
	<u>4,106</u>	<u>249</u>	<u>15</u>	<u>160</u>	<u>4,530</u>

<b>BRANCH</b>					
Audited as at 31/12/08					
NZD in millions	iAAA to iA-	iBBB+ to iBBB-	iBB+ to iBB-	iB+ and below	Total
<b>Asset exposure</b>					
Due from central and other banks	30	-	-	-	30
Trading securities	495	-	-	-	495
Reverse repurchase agreements	22	-	-	-	22
Other assets	-	-	-	6	6
Loans and advances	-	246	16	123	385
Amounts due from related parties	3,194	-	-	-	3,194
	<u>3,741</u>	<u>246</u>	<u>16</u>	<u>129</u>	<u>4,132</u>

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 27 – ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES *(continued)*

#### (ii) Concentrations of Credit Risk

The following table reflects the aggregate credit risk by groups of counter-parties, relating to on and off-balance sheet financial instruments, including derivatives.

NZD in millions	<b>BANKING GROUP</b>								
	Unaudited as at 30/06/09			Unaudited as at 30/06/08			Audited as at 31/12/08		
	On Balance	Off Balance	Total	On Balance	Off Balance	Total	On Balance	Off Balance	Total
	Sheet	Sheet		Sheet	Sheet		Sheet	Sheet	
<b>Credit Risk by Type of borrower</b>									
Banking and Finance	3,065	695	3,760	3,437	548	3,985	3,017	893	3,910
Media	122	1	123	153	4	157	121	2	123
Electricity, Gas and Water	56	63	119	132	36	168	125	26	151
Government & Local Authority	107	1	108	67	4	71	27	4	31
Total significant concentrations	3,350	760	4,110	3,789	592	4,381	3,290	925	4,215
All other	127	190	317	132	69	201	139	151	290
Total	3,477	950	4,427	3,921	661	4,582	3,429	1,076	4,505
<b>Credit Risk by geographical area</b>									
Within New Zealand	1,352	531	1,883	1,753	465	2,218	942	548	1,490
Overseas	2,125	419	2,544	2,168	196	2,364	2,487	528	3,015
Total	3,477	950	4,427	3,921	661	4,582	3,429	1,076	4,505

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 27 – ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES *(continued)*

#### (c) Credit risks *(continued)*

NZD in millions	<b>BRANCH</b>								
	Unaudited as at 30/06/09			Unaudited as at 30/06/08			Audited as at 31/12/08		
	On	Off	Total	On	Off	Total	On	Off	Total
	Balance	Balance		Balance	Balance		Balance	Balance	
Sheet	Sheet	Sheet	Sheet	Sheet	Sheet	Sheet	Sheet	Sheet	
<b>Credit Risk by Type of borrower</b>									
Banking and Finance	3,450	607	4,057	4,039	480	4,519	3,714	813	4,527
Media	122	1	123	153	4	157	121	2	123
Electricity, Gas and Water	56	63	119	132	36	168	125	26	151
Government & Local Authority	107	1	108	67	4	71	27	4	31
Total significant concentrations	3,735	672	4,407	4,391	524	4,915	3,987	845	4,832
All other	128	190	318	139	69	208	145	151	296
Total	3,863	862	4,725	4,530	593	5,123	4,132	996	5,128
<b>Credit Risk by geographical area</b>									
Within New Zealand	2,919	443	3,362	3,194	397	3,591	2,435	468	2,903
Overseas	944	419	1,363	1,336	196	1,532	1,697	528	2,225
Total	3,863	862	4,725	4,530	593	5,123	4,132	996	5,128

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 27 – ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES *(continued)*

#### (d) Interest rate risks

The Banking Group enters into interest rate swaps, forward rate agreements interest rate options and futures, the treatment is discussed in Statement of Accounting Policies. All derivatives are recorded at fair value. The Banking Group's and DBAG NZ's exposure to interest rate risk and the weighted average interest rate classes for financial assets and financial liabilities is set out below:

#### Interest Rate Repricing Schedule

The non-interest sensitive components of trading securities are revaluations of off-balance sheet financial instruments. These amounts are included in off-balance sheet gap.

<b>BANKING GROUP</b>							
<b>Unaudited as at</b>							
<b>30/06/09</b>							
<b>NZD in millions</b>	Weighted Average Interest Rate %	Total	6 Months or Less	6 to 12 Months	1 to 6 Years	Over 6 Years	Non- interest Sensitive
<b>Assets</b>							
Due from central and other banks	2.50%	87	87	-	-	-	-
Trading securities	2.79%	925	861	-	-	-	64
Reverse repurchase agreements	2.20%	98	98	-	-	-	-
Other assets		10	-	-	-	-	10
Loans and advances - short term	4.11%	94	94	-	-	-	-
Amounts due from related parties - short term	4.17%	2,423	2,107	-	-	-	316
Loans and advances - long term	4.55%	204	204	-	-	-	-
Deferred tax		23	-	-	-	-	23
Fixed Assets		5	-	-	-	-	5
<b>Total Assets</b>		<b>3,869</b>	<b>3,451</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>418</b>
<b>Liabilities and Equity</b>							
Deposits - short term	2.68%	640	640	-	-	-	-
Trading securities	5.91%	198	102	-	-	-	96
Repurchase agreements	2.50%	2	2	-	-	-	-
Other liabilities		37	-	-	-	-	37
Amounts due to related parties	3.23%	2,320	2,181	-	-	-	139
Income tax liabilities		9	-	-	-	-	9
Subordinated debt - long term	3.72%	244	244	-	-	-	-
Deposits - long term	6.98%	159	-	-	159	-	-
Paid in capital		20	-	-	-	-	20
Retained earnings		240	-	-	-	-	240
<b>Total Liabilities and Equity</b>		<b>3,869</b>	<b>3,169</b>	<b>-</b>	<b>159</b>	<b>-</b>	<b>541</b>
On-balance sheet gap			282	-	(159)	-	
Off-balance sheet gap			7,018	(2,875)	106	587	
<b>Total interest rate sensitivity gap</b>			<b>7,300</b>	<b>(2,875)</b>	<b>(53)</b>	<b>587</b>	

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 27 – ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES *(continued)*

#### (d) Interest rate risk *(continued)*

#### Interest Rate Repricing Schedule *(continued)*

<b>BANKING GROUP</b>							
Unaudited as at 30/06/08							
<b>NZD in millions</b>	Weighted Average Interest Rate %	Total	6 Months or Less	6 to 12 Months	1 to 6 Years	Over 6 Years	Non- Interest Sensitive
<b>Assets</b>							
Due from central and other banks	8.25%	78	78	-	-	-	-
Trading securities	8.59%	1,436	1,277	-	84	-	75
Reverse repurchase agreements	7.94%	51	51	-	-	-	-
Other assets		8	-	-	-	-	8
Loans and advances – short term	8.92%	32	31	1	-	-	-
Amounts due from related parties - short term	6.06%	2,163	1,991	-	-	-	172
Loans and advances – long term	8.10%	302	302	-	-	-	-
Other investments		296	-	-	-	-	296
Income tax receivable		23	-	-	-	-	23
Deferred tax		11	-	-	-	-	11
Fixed Assets		5	-	-	-	-	5
<b>Total Assets</b>		<b>4,405</b>	<b>3,730</b>	<b>1</b>	<b>84</b>	<b>-</b>	<b>590</b>
<b>Liabilities and Equity</b>							
Due to other banks	8.25%	5	5	-	-	-	-
Deposits – short term	8.18%	1,317	1,317	-	-	-	-
Trading securities	6.86%	60	53	-	-	-	7
Other liabilities		65	-	-	-	-	65
Amounts due to related parties	6.63%	2,357	2,164	-	-	-	193
Subordinated debt – long term	7.60%	300	71	-	229	-	-
Deposits – long term	6.98%	139	-	-	139	-	-
Paid up capital		20	-	-	-	-	20
Retained earnings		142	-	-	-	-	142
<b>Total Liabilities and Equity</b>		<b>4,405</b>	<b>3,610</b>	<b>-</b>	<b>368</b>	<b>-</b>	<b>427</b>
On-balance sheet gap			120	1	(284)	-	
Off-balance sheet gap			4,087	(2,116)	(1,326)	797	
<b>Total interest rate sensitivity gap</b>			<b>4,207</b>	<b>(2,115)</b>	<b>(1,610)</b>	<b>797</b>	

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 27 – ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES *(continued)*

#### (d) Interest rate risks *(continued)*

##### Interest Rate Repricing Schedule *(continued)*

<b>BANKING GROUP</b>							
Audited as at 31/12/08							
<b>NZD in millions</b>	Weighted Average Interest Rate %	Total	6 Months or Less	6 to 12 Months	1 to 6 Years	Over 6 Years	Non- Interest Sensitive
<b>Assets</b>							
Due from central and other banks	5.00%	38	38	-	-	-	-
Trading securities	5.39%	605	495	-	-	-	110
Reverse repurchase agreements	4.34%	22	22	-	-	-	-
Other assets		7	-	-	-	-	7
Loans and advances - short term	5.74%	26	26	-	-	-	-
Amounts due from related parties - short term	3.12%	2,885	1,303	1,155	-	-	427
Loans and advances - long term	5.33%	359	359	-	-	-	-
Deferred tax		26	-	-	-	-	26
Fixed Assets		5	-	-	-	-	5
<b>Total Assets</b>		<b>3,973</b>	<b>2,243</b>	<b>1,155</b>	<b>-</b>	<b>-</b>	<b>575</b>
<b>Liabilities and Equity</b>							
Deposits - short term	5.13%	1,391	1,391	-	-	-	-
Trading securities	6.00%	236	33	-	-	-	203
Other liabilities		38	-	-	-	-	38
Amounts due to related parties	6.63%	1,674	368	1,155	-	-	151
Subordinated debt - short term	6.76%	300	72	-	228	-	-
Deposits - long term	6.49%	152	-	-	152	-	-
Paid up capital		20	-	-	-	-	20
Retained earnings		162	-	-	-	-	162
<b>Total Liabilities and Equity</b>		<b>3,973</b>	<b>1,864</b>	<b>1,155</b>	<b>380</b>	<b>-</b>	<b>574</b>
On-balance sheet gap			379	-	(380)	-	
Off-balance sheet gap			(10,549)	459	(1,797)	797	
<b>Total interest rate sensitivity gap</b>			<b>(10,170)</b>	<b>459</b>	<b>(2,177)</b>	<b>797</b>	

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 27 – ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES *(continued)*

#### (d) Interest rate risks *(continued)*

##### Interest Rate Repricing Schedule *(continued)*

NZD in millions	Weighted Average Interest Rate %	Total	BRANCH Unaudited as at 30/06/09				Non- interest Sensitive
			6 Months or Less	6 to 12 Months	1 to 6 Years	Over 6 Years	
<b>Assets</b>							
Due from central and other banks	2.50%	78	78	-	-	-	-
Trading securities	2.79%	925	861	-	-	-	64
Reverse repurchase agreements	2.20%	98	98	-	-	-	-
Other assets		10	-	-	-	-	10
Loans and advances - short term	4.11%	94	94	-	-	-	-
Amounts due from related parties - short term	2.86%	2,734	2,501	-	-	-	233
Loans and advances - long term	4.55%	204	204	-	-	-	-
Deferred tax		18	-	-	-	-	18
<b>Total Assets</b>		<b>4,161</b>	<b>3,836</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>325</b>
<b>Liabilities and Equity</b>							
Deposits - short term	2.68%	640	640	-	-	-	-
Trading securities	5.91%	198	102	-	-	-	96
Repurchase agreements	2.50%	2	2	-	-	-	-
Other liabilities		10	-	-	-	-	10
Amounts due to related parties	1.95%	2,822	2,265	-	-	-	557
Income tax liabilities		47	-	-	-	-	47
Subordinated debt - long term	3.72%	244	244	-	-	-	-
Retained earnings		198	-	-	-	-	198
<b>Total Liabilities and Equity</b>		<b>4,161</b>	<b>3,253</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>908</b>
On-balance sheet gap			583	-	-	-	
Off-balance sheet gap			7,018	(2,875)	31	587	
<b>Total interest rate sensitivity gap</b>			<b>7,601</b>	<b>(2,875)</b>	<b>31</b>	<b>587</b>	

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 27 – ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES *(continued)*

#### (d) Interest rate risks *(continued)*

#### Interest Rate Repricing Schedule *(continued)*

NZD in millions	Weighted Average Interest Rate %	Total	BRANCH Unaudited as at 30/06/08				Non- Interest Sensitive	
			6 Months or Less	6 to 12 Months	1 to 6 Years	Over 6 Years		
<b>Assets</b>								
Due from central and other banks	8.25%	77	77	-	-	-	-	
Trading securities	8.59%	1,436	1,277	-	84	-	75	
Reverse repurchase agreements	7.94%	51	51	-	-	-	-	
Other assets		7	-	-	-	-	7	
Loans and advances – short term	8.92%	32	31	1	-	-	-	
Amounts due from related parties - short term	4.91%	1,705	1,223	-	-	-	482	
Amounts due from related parties - long term	8.87%	1,025	1,025	-	-	-	-	
Loans and advances - long term	8.10%	302	302	-	-	-	-	
Deferred tax		5	-	-	-	-	5	
<b>Total Assets</b>			<b>4,640</b>	<b>3,986</b>	<b>1</b>	<b>84</b>	<b>-</b>	<b>569</b>
<b>Liabilities and Equity</b>								
Due to other banks	8.25%	5	5	-	-	-	-	
Deposits – short term	8.18%	1,317	1,317	-	-	-	-	
Trading securities	6.86%	60	53	-	-	-	7	
Other liabilities		37	-	-	-	-	37	
Amounts due to related parties	8.57%	2,820	1,977	-	-	-	843	
Subordinated debt – long term	7.60%	300	71	-	229	-	-	
Retained earnings		101	-	-	-	-	101	
<b>Total Liabilities and Equity</b>			<b>4,640</b>	<b>3,423</b>	<b>-</b>	<b>229</b>	<b>-</b>	<b>988</b>
On-balance sheet gap			563	1	(145)	-		
Off-balance sheet gap			4,087	(2,116)	(1,401)	797		
<b>Total interest rate sensitivity gap</b>			<b>4,650</b>	<b>(2,115)</b>	<b>(1,546)</b>	<b>797</b>		

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 27 – ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES *(continued)*

#### (d) Interest rate risks *(continued)*

#### Interest Rate Repricing Schedule *(continued)*

NZD in millions	Weighted Average Interest Rate %	Total	BRANCH Audited as at 31/12/08				Non- Interest Sensitive
			6 Months or Less	6 to 12 Months	1 to 6 Years	Over 6 Years	
<b>Assets</b>							
Due from central and other banks	5.00%	30	30	-	-	-	-
Trading securities	5.39%	605	495	-	-	-	110
Reverse repurchase agreements	4.34%	22	22	-	-	-	-
Other assets		6	-	-	-	-	6
Loans and advances – short term	5.74%	26	26	-	-	-	-
Amounts due from related parties - short term	3.52%	3,521	2,803	-	-	-	718
Loans and advances - long term	5.33%	359	359	-	-	-	-
Deferred tax		21	-	-	-	-	21
<b>Total Assets</b>		<b>4,590</b>	<b>3,735</b>	-	-	-	<b>855</b>
<b>Liabilities and Equity</b>							
Deposits – short term	5.13%	1,391	1,391	-	-	-	-
Trading securities	6.00%	236	33	-	-	-	203
Other liabilities		13	-	-	-	-	13
Amounts due to related parties	5.75%	2,511	1,606	-	-	-	905
Income tax liabilities		16	-	-	-	-	16
Subordinated debt – long term	6.76%	300	72	-	228	-	-
Retained earnings		123	-	-	-	-	123
<b>Total Liabilities and Equity</b>		<b>4,590</b>	<b>3,102</b>	-	<b>228</b>	-	<b>1,260</b>
On-balance sheet gap			633	-	(228)	-	
Off-balance sheet gap			(10,549)	459	(1,871)	797	
<b>Total interest rate sensitivity gap</b>			<b>(9,916)</b>	<b>459</b>	<b>(2,099)</b>	<b>797</b>	

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 27 – ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES *(continued)*

#### **(e) Liquidity risks**

##### *Liquidity Risk*

Liquidity risk is the risk arising from our potential inability to meet all payment obligations when they come due. Liquidity Risk Management safeguards the ability of the bank to meet all payment obligations when they come due. Our liquidity risk management framework has been an important factor in maintaining adequate liquidity and a healthy funding profile during the period.

##### *Liquidity Risk management Framework*

Treasury is responsible for the management of liquidity risk. Our liquidity risk management framework is designed to identify, measure and manage the liquidity risk position. The underlying policies are reviewed and approved on a regular basis by Treasury. The policies define the methodology which is applied to Deutsche Bank AG New Zealand Branch.

Our liquidity risk management approach starts at the intraday level (operational liquidity) managing the daily payment queue, forecasting cash flows and factoring in our access to the Reserve Bank of New Zealand. It then covers tactical liquidity risk management dealing with the access to unsecured funding sources and the liquidity characteristics of our asset inventory (Asset Liquidity). Finally, the strategic perspective comprises the maturity profile of all assets and liabilities (Funding Matrix) on our balance sheet and our Issuance Strategy.

Our cash flow based reporting tool provides daily liquidity risk information to local management.

Our liquidity position is subject to stress testing and scenario analysis to evaluate the impact of sudden stress events. The scenarios are based on historic events, case studies of liquidity crises and models using hypothetical events.

##### *Short-term Liquidity*

Our reporting tool tracks cash flows on a daily basis over an 18-month horizon. This scheme allows management to assess our short-term liquidity position in any location and region and globally on a by-currency, by-product and by division basis. The system captures all of our cash flows from transactions on our balance sheet, as well as liquidity risks resulting from off-balance sheet transactions. We model products that have no specific contractual maturities using statistical methods to capture the behaviour of their cash flows. Liquidity outflow limits (Maximum Cash Outflow Limits), which have been set to limit cumulative global and local cash outflows, are monitored on a daily basis and ensure our access to liquidity.

##### *Asset Liquidity*

The Asset Liquidity component monitors inventory information of unencumbered, liquid assets which we can use to raise liquidity via secured funding transactions. Securities inventories include a wide variety of different securities. In a first step, we segregate illiquid and liquid securities in each inventory. Subsequently we assign liquidity values to different classes of liquid securities.

The liquidity of these assets is an important element in protecting us against short-term liquidity squeezes.

##### *Funding Diversification*

Diversification of our funding profile in terms of investor types, locations, products and instruments is an important element of our liquidity risk management framework. Interbank funding and long-term capital markets funding are our main sources of funding. Customer deposits and funds from institutional investors are additional sources of funding.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 27 – ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES *(continued)*

#### **(e) Liquidity risks *(continued)***

##### *Funding Matrix*

We have mapped all funding-sensitive assets and all liabilities into time buckets corresponding to their maturities to compile a maturity profile (Funding Matrix). Given that trading assets are typically more liquid than their contractual maturities suggest, we have determined individual liquidity profiles reflecting their relative liquidity value. Wholesale banking products are included with their contractual maturities.

The Funding Matrix identifies the excess or shortfall of assets over liabilities in each time bucket and thus allows us to identify and manage open liquidity exposures. The Funding Matrix is a key input parameter for our annual capital market issuance plan, which establishes issuing targets for securities by tenor, volume and instrument.

##### *Stress Testing and Scenario Analysis*

We employ stress testing and scenario analysis to evaluate the impact of sudden stress events on our liquidity position. The scenarios are based on historic events, case studies of liquidity crises and models using hypothetical events. In our analysis, we assume that all maturing loans to customers will need to be rolled over and require funding whereas rollover of liabilities will be partially impaired resulting in a funding gap. We then model the steps we would take to counterbalance the resulting net shortfall in funding needs. Action steps would include selling assets, switching from unsecured to secured funding and adjusting the price we would pay for liabilities (gap closure).

This analysis is fully integrated within the existing liquidity risk management framework. We track contractual cash flows per currency and product over an eight-week horizon (which we consider the most critical time span in a liquidity crisis) and apply the relevant stress case to each product. Asset Liquidity complements the analysis.

Our stress testing analysis provides guidance as to our ability to generate sufficient liquidity under critical conditions and is a valuable input parameter when defining our target liquidity risk position. We analyse whether the risk to our liquidity would be temporary and whether it would improve or worsen over time. We determine how much liquidity we believe we would have been able to generate at the time to close the gap.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 27 – ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES *(continued)*

#### (e) Liquidity risks *(continued)*

##### Maturity analysis schedule:

Contractual cash flows	BANKING GROUP						
	Unaudited as at 30/06/09						
NZD in millions	Total	Call	6 Months or Less	6 to 12 Months	1 to 6 Years	Over 6 Years	Not Specified
<b>Assets</b>							
Due from central and other banks	87	87	-	-	-	-	-
Trading securities	925	-	720	-	59	82	64
Reverse repurchase agreements	98	-	98	-	-	-	-
Other assets	10	-	10	-	-	-	-
Loans and advances - short term	94	-	33	61	-	-	-
Amounts due from related parties - short term	2,423	-	2,123	-	-	-	300
Loans and advances - long term	204	-	-	-	204	-	-
Deferred tax	23	-	-	-	23	-	-
Fixed assets	5	-	-	-	-	-	5
<b>Total Assets</b>	<b>3,869</b>	<b>87</b>	<b>2,984</b>	<b>61</b>	<b>286</b>	<b>82</b>	<b>369</b>
<b>Liabilities and Equity</b>							
Deposits - short term	640	-	640	-	-	-	-
Trading securities	198	-	-	-	26	76	96
Repurchase agreements	2	-	2	-	-	-	-
Other liabilities	37	-	37	-	-	-	-
Amounts due to related parties	2,320	-	2,315	-	-	-	5
Subordinated debt - long term	244	-	-	-	244	-	-
Income tax liabilities	9	-	-	-	-	-	9
Deposits - long term	159	-	-	-	159	-	-
Paid up capital	20	-	-	-	-	-	20
Retained earnings	240	-	-	-	-	-	240
<b>Total Liabilities and Equity</b>	<b>3,869</b>	<b>-</b>	<b>2,994</b>	<b>-</b>	<b>429</b>	<b>76</b>	<b>370</b>

Trading financial assets and liabilities (including derivative balances) are recorded at fair value. We believe that this best represents the cash flow that would have to be paid or received if these positions had to be closed out. Derivatives balances included in trading securities and amounts due to and from related parties, are shown in the not specified column as these amounts are netted by counterparty. The contractual maturity of these derivatives may however extend over significantly longer periods.

The liquidity analysis of financial assets and liabilities above represents contractual cash flows. Contractual cash flows match expected cash flows except for trading balances (including derivative balances) where the expected cash flow falls within the 6 month bucket, as we believe this most accurately reflects the short term nature of trading activities.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 27 – ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES *(continued)*

#### (e) Liquidity risks *(continued)*

##### Maturity analysis schedule *(continued)*:

<b>Contractual cash flows</b>		<b>BANKING GROUP</b>					
		Unaudited as at 30/06/08					
<b>NZD in millions</b>	Total	Call	6 Months or Less	6 to 12 Months	1 to 6 Years	Over 6 Years	Not Specified
<b>Assets</b>							
Due from central and other banks	78	78	-	-	-	-	-
Trading securities	1,436	-	1,157	10	122	72	75
Reverse repurchase agreements	51	-	51	-	-	-	-
Other assets	8	-	-	-	-	-	8
Loans and advances – short term	32	-	31	1	-	-	-
Amounts due from related parties - short term	2,163	541	1,204	246	-	-	172
Loans and advances – long term	302	-	-	-	302	-	-
Other investments	296	-	-	-	-	-	296
Income tax receivable	23	-	-	-	-	-	23
Deferred tax	11	-	-	-	-	-	11
Fixed Assets	5	-	-	-	-	-	5
<b>Total Assets</b>	<b>4,405</b>	<b>619</b>	<b>2,443</b>	<b>257</b>	<b>424</b>	<b>72</b>	<b>590</b>
<b>Liabilities and Equity</b>							
Due to other banks	5	5	-	-	-	-	-
Deposits – short term	1,317	61	1,252	4	-	-	-
Trading securities	60	-	-	-	52	1	7
Other liabilities	65	-	-	-	-	-	65
Amounts due to related parties	2,357	284	1,880	-	-	-	193
Subordinated debt - long term	300	-	-	-	300	-	-
Deposits - long term	139	-	-	-	139	-	-
Paid up capital	20	-	-	-	-	-	20
Retained earnings	142	-	-	-	-	-	142
<b>Total Liabilities and Equity</b>	<b>4,405</b>	<b>350</b>	<b>3,132</b>	<b>4</b>	<b>491</b>	<b>1</b>	<b>427</b>

Trading financial assets and liabilities (including derivative balances) are recorded at fair value. We believe that this best represents the cash flow that would have to be paid or received if these positions had to be closed out. Derivatives balances included in trading securities and amounts due to and from related parties, are shown in the not specified column as these amounts are netted by counterparty. The contractual maturity of these derivatives may however extend over significantly longer periods.

The liquidity analysis of financial assets and liabilities above represents contractual cash flows. Contractual cash flows match expected cash flows except for trading balances (including derivative balances) where the expected cash flow falls within the 6 month bucket, as we believe this most accurately reflects the short term nature of trading activities.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 27 – ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES *(continued)*

#### (e) Liquidity risks *(continued)*

##### Maturity analysis schedule *(continued)*:

<b>Contractual cash flows</b>		<b>BANKING GROUP</b>					
		Audited as at 31/12/08					
<b>NZD in millions</b>	Total	Call	6 Months or Less	6 to 12 Months	1 to 6 Years	Over 6 Years	Not Specified
<b>Assets</b>							
Due from central and other banks	38	38	-	-	-	-	-
Trading securities	605	-	439	2	18	36	110
Reverse repurchase agreements	22	-	22	-	-	-	-
Other assets	7	-	-	-	-	-	7
Loans and advances - short term	26	-	26	-	-	-	-
Amounts due from related parties - short term	2,885	-	1,303	1,179	-	-	403
Loans and advances - long term	359	-	-	-	359	-	-
Deferred tax	26	-	-	-	-	-	26
Fixed Assets	5	-	-	-	-	-	5
<b>Total Assets</b>	<b>3,973</b>	<b>38</b>	<b>1,790</b>	<b>1,181</b>	<b>377</b>	<b>36</b>	<b>551</b>
<b>Liabilities and Equity</b>							
Deposits – short term	1,391	-	1,391	-	-	-	-
Trading securities	236	-	-	-	31	2	203
Other liabilities	38	-	-	-	-	-	38
Amounts due to related parties	1,674	-	516	1,155	-	-	3
Subordinated debt – long term	300	-	-	-	300	-	-
Deposits – long term	152	-	-	-	152	-	-
Paid up capital	20	-	-	-	-	-	20
Retained earnings	162	-	-	-	-	-	162
<b>Total Liabilities and Equity</b>	<b>3,973</b>	<b>-</b>	<b>1,907</b>	<b>1,155</b>	<b>483</b>	<b>2</b>	<b>426</b>

Trading financial assets and liabilities (including derivative balances) are recorded at fair value. We believe that this best represents the cash flow that would have to be paid or received if these positions had to be closed out. Derivatives balances included in trading securities and amounts due to and from related parties, are shown in the not specified column as these amounts are netted by counterparty. The contractual maturity of these derivatives may however extend over significantly longer periods.

The liquidity analysis of financial assets and liabilities above represents contractual cash flows. Contractual cash flows match expected cash flows except for trading balances (including derivative balances) where the expected cash flow falls within the 6 month bucket, as we believe this most accurately reflects the short term nature of trading activities.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 27 – ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES *(continued)*

#### (e) Liquidity risks *(continued)*

##### Maturity analysis schedule *(continued)*:

Contractual cash flows	BRANCH						
	Unaudited as at 30/06/09						
NZD in millions	Total	Call	6 Months or Less	6 to 12 Months	1 to 6 Years	Over 6 Years	Not Specified
<b>Assets</b>							
Due from central and other banks	78	78	-	-	-	-	-
Trading securities	925	-	721	-	59	81	64
Reverse repurchase agreements	98	-	98	-	-	-	-
Other assets	10	-	10	-	-	-	-
Loans and advances - short term	94	-	33	61	-	-	-
Amounts due from related parties - short term	2,734	-	2,518	-	-	-	216
Loans and advances - long term	204	-	-	-	204	-	-
Deferred Tax	18	-	-	-	18	-	-
<b>Total Assets</b>	<b>4,161</b>	<b>78</b>	<b>3,380</b>	<b>61</b>	<b>281</b>	<b>81</b>	<b>280</b>
<b>Liabilities and Equity</b>							
Deposits - short term	640	-	640	-	-	-	-
Trading securities	198	-	-	-	26	76	96
Repurchase agreements	2	-	2	-	-	-	-
Other liabilities	10	-	10	-	-	-	-
Amounts due to related parties	2,747	-	2,742	-	-	-	5
Income tax liabilities	47	-	-	-	-	-	47
Subordinated debt - long term	244	-	-	-	244	-	-
Amounts due to related parties - long term	75	-	-	-	75	-	-
Retained earnings	198	-	-	-	-	-	198
<b>Total Liabilities and Equity</b>	<b>4,161</b>	<b>-</b>	<b>3,394</b>	<b>-</b>	<b>345</b>	<b>76</b>	<b>346</b>

Trading financial assets and liabilities (including derivative balances) are recorded at fair value. We believe that this best represents the cash flow that would have to be paid or received if these positions had to be closed out. Derivatives balances included in trading securities and amounts due to and from related parties, are shown in the not specified column as these amounts are netted by counterparty. The contractual maturity of these derivatives may however extend over significantly longer periods.

The liquidity analysis of financial assets and liabilities above represents contractual cash flows. Contractual cash flows match expected cash flows except for trading balances (including derivative balances) where the expected cash flow falls within the 6 month bucket, as we believe this most accurately reflects the short term nature of trading activities.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 27 – ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES *(continued)*

#### (e) Liquidity risks *(continued)*

##### Maturity analysis schedule *(continued)*:

Contractual cash flows	BRANCH						
	Unaudited as at 30/06/08						
NZD in millions	Total	Call	6 Months or Less	6 to 12 Months	1 to 6 Years	Over 6 Years	Not Specified
<b>Assets</b>							
Due from central and other banks	77	77	-	-	-	-	-
Trading securities	1,436	-	1,157	10	122	72	75
Reverse repurchase agreements	51	-	51	-	-	-	-
Other assets	7	-	-	-	-	-	7
Loans and advances – short term	32	-	31	1	-	-	-
Amounts due from related parties - short term	1,705	921	56	246	-	-	482
Loans and advances - long term	302	-	-	-	302	-	-
Amounts due from related parties - long term	1,025	-	-	-	1,025	-	-
Deferred tax	5	-	-	-	-	-	5
<b>Total Assets</b>	<b>4,640</b>	<b>998</b>	<b>1,295</b>	<b>257</b>	<b>1,449</b>	<b>72</b>	<b>569</b>
<b>Liabilities and Equity</b>							
Due to other banks	5	5	-	-	-	-	-
Deposits – short term	1,317	61	1,252	4	-	-	-
Trading securities	60	-	-	-	52	1	7
Other liabilities	37	-	-	-	-	-	37
Amounts due to related parties - short term	2,745	366	1,537	-	-	-	842
Subordinated debt – long term	300	-	-	-	300	-	-
Amounts due to related parties - long term	75	-	-	-	75	-	-
Retained earnings	101	-	-	-	-	-	101
<b>Total Liabilities and Equity</b>	<b>4,640</b>	<b>432</b>	<b>2,789</b>	<b>4</b>	<b>427</b>	<b>1</b>	<b>987</b>

Trading financial assets and liabilities (including derivative balances) are recorded at fair value. We believe that this best represents the cash flow that would have to be paid or received if these positions had to be closed out. Derivatives balances included in trading securities and amounts due to and from related parties, are shown in the not specified column as these amounts are netted by counterparty. The contractual maturity of these derivatives may however extend over significantly longer periods.

The liquidity analysis of financial assets and liabilities above represents contractual cash flows. Contractual cash flows match expected cash flows except for trading balances (including derivative balances) where the expected cash flow falls within the 6 month bucket, as we believe this most accurately reflects the short term nature of trading activities.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 27 – ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES *(continued)*

#### (e) Liquidity risks *(continued)*

##### Maturity analysis schedule *(continued)*:

<b>Contractual cash flows</b>		<b>BRANCH</b>					
		Audited as at 31/12/08					
<b>NZD in millions</b>	Total	Call	6 Months or Less	6 to 12 Months	1 to 6 Years	Over 6 Years	Not Specified
<b>Assets</b>							
Due from central and other banks	30	30	-	-	-	-	-
Trading securities	605	-	439	2	18	36	110
Reverse repurchase agreements	22	-	22	-	-	-	-
Other assets	6	-	-	-	-	-	6
Loans and advances – short term	26	-	26	-	-	-	-
Amounts due from related parties - short term	3,521	-	3,194	-	-	-	327
Loans and advances - long term	359	-	-	-	359	-	-
Deferred tax	21	-	-	-	-	-	21
<b>Total Assets</b>	<b>4,590</b>	<b>30</b>	<b>3,681</b>	<b>2</b>	<b>377</b>	<b>36</b>	<b>464</b>
<b>Liabilities and Equity</b>							
Deposits – short term	1,391	-	1,391	-	-	-	-
Trading securities	236	-	-	-	31	2	203
Other liabilities	13	-	-	-	-	-	13
Amounts due to related parties - short term	2,436	-	2,433	-	-	-	3
Income tax liabilities	16	-	-	-	-	-	16
Amounts due to related parties - long term	75	-	-	-	75	-	-
Subordinated debt – long term	300	-	-	-	300	-	-
Retained earnings	123	-	-	-	-	-	123
<b>Total Liabilities and Equity</b>	<b>4,590</b>	<b>-</b>	<b>3,824</b>	<b>-</b>	<b>406</b>	<b>2</b>	<b>358</b>

Trading financial assets and liabilities (including derivative balances) are recorded at fair value. We believe that this best represents the cash flow that would have to be paid or received if these positions had to be closed out. Derivatives balances included in trading securities and amounts due to and from related parties, are shown in the not specified column as these amounts are netted by counterparty. The contractual maturity of these derivatives may however extend over significantly longer periods.

The liquidity analysis of financial assets and liabilities above represents contractual cash flows. Contractual cash flows match expected cash flows except for trading balances (including derivative balances) where the expected cash flow falls within the 6 month bucket, as we believe this most accurately reflects the short term nature of trading activities.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 27 – ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES *(continued)*

#### (f) Market risks

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates, equities and credit spreads will affect the Banking Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The principal tool used to measure and control market risk exposure is Value-at-Risk (VaR). The VaR of the trading portfolio is the estimated loss that will arise on the portfolio over a specified period of time (holding period) from an adverse market movement with a specified probability (confidence level). The VaR model used by the Banking Group is based upon a 99% confidence level and assumes a 1-day holding period. The VaR model used is based mainly on historical simulation. Taking account of market data from the previous year, and observed relationships between different markets and prices, the model generates a wide range of plausible future scenarios for market price movements.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do give rise to some limitations, including the following:

- A 1 day holding period assumes that it is possible to hedge or dispose of positions within that period. This is considered to be a realistic assumption in almost all cases but may not be the case in situations in which there is severe market illiquidity for a prolonged period.
- A 99% confidence level does not reflect losses that may occur beyond this level. Even within the model used there is a one percent probability that losses could exceed the VaR.
- VaR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the trading day.
- The use of historical data as a basis of determining the possible range of future outcomes may not always cover all possible scenarios, especially those of an exceptional nature.
- The VaR measure is dependent upon the Banking Group's position and the volatility of market prices. The VaR of an unchanged position reduces if the market price volatility declines and vice versa.

The VaR approach is also supplemented with other quantitative tools and metrics, including Stress Testing and Economic Capital measures, which analyses capital required to absorb losses at the 99.98% confidence level over a 1 year period.

A summary of the VaR position of the Banking Group's trading portfolios at the respective balance dates and during the period is as follows:

<b>NZD in thousands</b>	<b>End of period</b>	<b>Average for the period</b>	<b>Maximum for the period</b>	<b>Minimum for the period</b>
30/06/09	4,241	3,718	5,758	1,885
30/06/08	2,530	1,977	6,676	849
31/12/08	2,077	2,571	7,923	1,008

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 27 – ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES *(continued)*

#### **(g) Operational risks**

Operational risk is the potential for incurring losses in relation to employees, contractual specifications and documentation, technology, infrastructure failure and disasters, projects, external influences and customer relationships. This definition includes legal and regulatory risk, but excludes business and reputational risk.

Operational Risk Management is an independent risk management function within the Deutsche Bank Group and responsible for defining the operational risk framework and related policies while the responsibility for implementing the framework as well as the day-to-day operational risk management lies with each business division. Based on this business partnership model we ensure close monitoring and high awareness of operational risk.

We manage operational risk based on a Group-wide consistent framework that enables us to determine our operational risk profile in comparison to our risk appetite and to define risk mitigating measures and priorities.

We apply a number of techniques to efficiently manage the operational risk in our business, for example:

- We perform bottom-up “self-assessments” resulting in a specific operational risk profile for the business lines highlighting the areas with high risk potential.
- We collect losses arising from operational risk events in our “db-Incident Reporting System” database.
- We capture and monitor key operational risk indicators in our tool “db-Score”.
- We capture action points resulting from “self-assessments” or risk indicators in “db-Track”. Within “db-Track” we monitor the progress of the operational risk action points on an ongoing basis.

Based on the organisational set-up, the governance and systems in place to identify and manage the operational risk and the support of control functions responsible for specific operational risk types (e.g., Compliance, Corporate Security & Business Continuity) we seek to optimise the management of operational risk. Future operational risks, identified through forward-looking analysis, are managed via mitigation strategies such as the development of back-up systems and emergency plans. Where appropriate, we purchase insurance against operational risks.

#### **NOTE 28 - 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 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 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. The Banking Group has no single external customer which provides 10% or more of the Banking Group’s revenue.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 29 - COMMITMENTS AND CONTINGENT LIABILITIES

In the normal course of business, there are various contingent liabilities and commitments outstanding which are not recorded on the balance sheet. Contracts are outstanding for the sale and purchase of foreign currencies, currency and interest rate swaps, future contracts, currency and interest rate options, forward rate agreements, guarantees and loan facilities. For additional information, refer also to Note 25 and 32.

There are no legal pending proceedings or arbitration that may have a material adverse effect on DBAG NZ and the Banking Group, as at balance date (30 June 2008: nil, 31 December 2008: nil).

#### Credit Facilities

Unutilised client credit facilities issued as at 30 June 2009 amount to \$303m (30 June 2008: \$316m, 31 December 2008: \$70m).

### NOTE 30 - CAPITAL COMMITMENTS

There are no capital commitments as at 30 June 2009 (30 June 2008: nil, 31 December 2008: nil).

### NOTE 31 - LEASE COMMITMENTS

Lease commitments for the rental of premises are payable as follows:

NZD in thousands	BANKING GROUP		
	Unaudited as at	Unaudited as at	Audited as at
	30/06/09	30/06/08	31/12/08
<b>INTERVAL</b>			
0 - 1 year	1,018	1,018	1,018
1 - 2 years	1,018	1,027	1,018
2 - 5 years	3,054	3,081	3,054
5 years plus	1,442	2,490	1,951

The expiry date on office premises at Level 36, 48 Shortland Street, Auckland is 30 November 2015, after which the Banking Group has the option to renew the lease until 1 December 2018.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 32 - CAPITAL ADEQUACY

The capital adequacy requirements applicable to the Deutsche Bank Group are set forth in the recommendations of the Basel Committee on Banking Supervision (which we refer to as the Basel Committee) the secretariat of which is provided by the Bank for International Settlements (which we refer to as the BIS), and by European Union directives, as transposed into German law, in particular the German Banking Act ("Kreditwesengesetz") and regulations and guidelines issued thereunder.

The BIS capital ratio is the principal measure of capital adequacy for internationally active banks. The ratio as defined under the Basel I framework compares a bank's regulatory capital with its counterparty risks and market price risks (which the Group refers to collectively as the "risk position"). Deutsche Bank's calculation of the ratio is based on the consolidated financial statement prepared in accordance with IFRS. Counterparty risk is measured for asset and off-balance sheet exposures according to broad categories of relative credit risk. The Group's market risk component is a multiple of its value-at-risk figure, which is calculated for regulatory purposes based on the Group's internal models. These models were approved by the BaFin for use in determining the Group's market-risk equivalent component of its risk position.

Amounts presented for 2008 are pursuant to the revised capital framework presented by the Basel Committee in 2004 ("Basel II") as adopted into German law by the German Banking Act and the Solvency Regulation ("Solvabilitätsverordnung").

#### Capital adequacy ratios

	<b>Unaudited as at 30/06/09</b>	Unaudited as at 30/06/08	Audited as at 31/12/2008
Tier I	11.0%	9.3%	10.1%
Capital ratio	12.5%	12.1%	12.2%

A bank's regulatory capital is divided into three tiers: core or Tier 1 capital, supplementary or Tier 2 capital, and Tier 3 capital. Core or Tier 1 capital consists primarily of share capital (excluding cumulative preference shares), additional paid-in capital, retained earnings and hybrid capital components, such as noncumulative trust preferred securities and equity contributed on silent partnership interests ("stille Beteiligungen"), less goodwill and other intangible assets and other deduction items such as common shares in Treasury. Supplementary or Tier 2 capital consists primarily of cumulative preference shares, profit participation rights ("Genussrechte"), cumulative trust preferred securities, long-term subordinated debt, unrealized gains on listed securities and other inherent loss allowance. Tier 3 capital consists mainly of certain short-term subordinated liabilities and it may only cover market price risk. Banks may also use Tier 1 and Tier 2 capital that is in excess of the minimum required to cover counterparty risk in order to cover market price risk. The minimum BIS total capital ratio (Tier 1 + Tier 2 + Tier 3) is 8 % of the risk position. The minimum BIS core capital ratio (Tier 1) is 4 % of the risk-weighted positions and 2.29 % of the market-risk equivalent. The minimum core capital ratio for the total risk position therefore depends on the weighted-average of the risk-weighted position and market-risk equivalent. Under BIS guidelines, the amount of subordinated debt that may be included as Tier 2 capital is limited to 50 % of Tier 1 capital. Total Tier 2 capital is limited to 100 % of Tier 1 capital. Tier 3 capital is limited to 250 % of the Tier 1 capital not required to cover counterparty risk.

Ratios for Deutsche Bank AG are not publicly available.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 32 - CAPITAL ADEQUACY *(continued)*

#### Risk Weighted Exposures

Risk weighted exposures are derived in accordance with the Reserve Bank of New Zealand's Capital Adequacy Framework as required by the Registered Bank Disclosure Statement (Full and Half-Year - Overseas Incorporated Registered Banks) Order 2008.

The current exposure method has been used to calculate the credit equivalent of market related contracts.

#### Calculation of Balance Sheet Exposures

<b>ON-BALANCE SHEET</b>		<b>BANKING GROUP</b>		
<b>UNAUDITED - 30/06/09</b>				
<b>NZD in millions</b>	<b>Principal Amount</b>	<b>Risk Weight %</b>		<b>Risk Weighted Exposure</b>
Cash and short term claims on Government	87	0%		-
Long term claims on Government	107	10%		11
Claims on Banks	3,072	20%		614
Other	239	100%		239
	<u>3,505</u>			<u>864</u>

<b>OFF-BALANCE SHEET</b>		<b>BANKING GROUP</b>			
<b>UNAUDITED - 30/06/09</b>					
<b>NZD in millions</b>	<b>Principal Amount</b>	<b>Credit Conversion Factor %</b>	<b>Credit Equivalent Amount</b>	<b>Average Counter-party Risk Weight %</b>	<b>Risk Weighted Exposure</b>
Other commitments to provide financial services which have an original maturity of one year or more	303	50%	152	100%	152
Market related contracts					
(a) Foreign exchange contracts	3,364	n/a	306	24%	73
(b) Interest rate contracts	40,715	n/a	492	23%	113
Total off-balance sheet exposures	<u>44,382</u>		<u>950</u>		<u>338</u>

#### Total risk weighted exposures

1,202

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 32 - CAPITAL ADEQUACY *(continued)*

#### Calculation of Balance Sheet Exposures *(continued)*

<b>ON-BALANCE SHEET</b>		<b>BANKING GROUP</b>	
<b>UNAUDITED - 30/06/08</b>			
<b>NZD in millions</b>	<b>Principal Amount</b>	<b>Risk Weight %</b>	<b>Risk Weighted Exposure</b>
Cash and short term claims on Government	103	0%	-
Long term claims on Government	41	10%	4
Claims on Banks	3,437	20%	687
Other	675	100%	675
	<u>4,256</u>		<u>1,366</u>

<b>OFF-BALANCE SHEET</b>		<b>BANKING GROUP</b>			
<b>UNAUDITED - 30/06/08</b>					
<b>NZD in millions</b>	<b>Principal Amount</b>	<b>Credit Conversion Factor %</b>	<b>Credit Equivalent Amount</b>	<b>Average Counter-party Risk Weight %</b>	<b>Risk Weighted Exposure</b>
Other commitments to provide financial services which have an original maturity of less than one year	316	50%	158	100%	158
Market related contracts					
(a) Foreign exchange contracts	2,658	n/a	292	30%	88
(b) Interest rate contracts	54,158	n/a	211	20%	42
Total off-balance sheet exposures	<u>57,132</u>		<u>661</u>		<u>288</u>

**Total risk weighted exposures**

1,654

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 32 - CAPITAL ADEQUACY *(continued)*

#### Calculation of Balance Sheet Exposures *(continued)*

ON-BALANCE SHEET		BANKING GROUP	
AUDITED - 31/12/08			Risk
NZD in millions	Principal Amount	Risk Weight %	Weighted Exposure
Cash and short term claims on Government	40	0%	-
Long term claims on Government	25	10%	3
Claims on Banks	3,017	20%	603
Other	378	100%	378
	<u>3,460</u>		<u>984</u>

OFF-BALANCE SHEET		BANKING GROUP			
AUDITED - 31/12/08				Average	Risk
NZD in millions	Principal Amount	Credit Conversion Factor %	Credit Equivalent Amount	Counter-party Risk Weight %	Weighted Exposure
Other commitments to provide financial services which have an original maturity of one year or more	70	50%	35	100%	35
Market related contracts					
(a) Foreign exchange contracts	2,459	n/a	386	23%	89
(b) Interest rate contracts	43,643	n/a	655	24%	157
Total off-balance sheet exposures	<u>46,172</u>		<u>1,076</u>		<u>281</u>

**Total risk weighted exposures**

1,265

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 32 - CAPITAL ADEQUACY *(continued)*

#### Calculation of Balance Sheet Exposures *(continued)*

ON-BALANCE SHEET		<b>BRANCH</b>	
UNAUDITED - 30/06/09			
NZD in millions	Principal Amount	Risk Weight %	Risk Weighted Exposure
Cash and short term claims on Government	87	0%	-
Long term claims on Government	107	10%	11
Claims on Banks	3,448	20%	690
Other	239	100%	239
	<u>3,881</u>		<u>940</u>

OFF-BALANCE SHEET		<b>BRANCH</b>			
UNAUDITED - 30/06/09					
NZD in millions	Principal Amount	Credit Conversion Factor %	Credit Equivalent Amount	Average Counter-party Risk Weight %	Risk Weighted Exposure
Other commitments to provide financial services which have an original maturity of one year or more	303	50%	152	100%	152
Market related contracts					
(a) Foreign exchange contracts	3,289	n/a	218	25%	54
(b) Interest rate contracts	40,715	n/a	492	23%	113
Total off-balance sheet exposures	<u>44,307</u>		<u>862</u>		<u>319</u>

**Total risk weighted exposures**

1,259

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 32 - CAPITAL ADEQUACY *(continued)*

#### Calculation of Balance Sheet Exposures *(continued)*

ON-BALANCE SHEET UNAUDITED - 30/06/08		BRANCH	
NZD in millions	Principal Amount	Risk Weight %	Risk Weighted Exposure
Cash and short term claims on Government	103	0%	-
Long term claims on Government	41	10%	4
Claims on Banks	4,039	20%	808
Other	352	100%	352
	<u>4,535</u>		<u>1,164</u>

OFF-BALANCE SHEET UNAUDITED - 30/06/08		BRANCH			
NZD in millions	Principal Amount	Credit Conversion Factor %	Credit Equivalent Amount	Average Counter-party Risk Weight %	Risk Weighted Exposure
Other commitments to provide financial services which have an original maturity of one year or more	316	50%	158	100%	158
Market related contracts					
(a) Foreign exchange contracts	2,584	n/a	224	33%	74
(b) Interest rate contracts	54,158	n/a	211	20%	42
Total off-balance sheet exposures	<u>57,058</u>		<u>593</u>		<u>274</u>

#### Total risk weighted exposures

1,438

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 32 - CAPITAL ADEQUACY *(continued)*

#### Calculation of Balance Sheet Exposures *(continued)*

<b>ON-BALANCE SHEET</b>		<b>BRANCH</b>	
<b>UNAUDITED - 31/12/08</b>			
<b>NZD in millions</b>	<b>Principal Amount</b>	<b>Risk Weight %</b>	<b>Risk Weighted Exposure</b>
Cash and short term claims on Government	40	0%	-
Long term claims on Government	25	10%	3
Claims on Banks	3,714	20%	743
Other	374	100%	374
	<u>4,153</u>		<u>1,120</u>

<b>OFF-BALANCE SHEET</b>		<b>BRANCH</b>			
<b>AUDITED - 31/12/08</b>					
<b>NZD in millions</b>	<b>Principal Amount</b>	<b>Credit Conversion Factor %</b>	<b>Credit Equivalent Amount</b>	<b>Average Counter-party Risk Weight %</b>	<b>Risk Weighted Exposure</b>
Other commitments to provide financial services which have an original maturity of one year or more	70	50%	35	100%	35
Market related contracts					
(a) Foreign exchange contracts	2,384	n/a	306	23%	70
(b) Interest rate contracts	43,643	n/a	655	24%	157
Total off-balance sheet exposures	<u>46,097</u>		<u>996</u>		<u>262</u>

**Total risk weighted exposures**

1,382

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 33 - 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 to an individual counterparty or group of closely related counterparties which equals or exceeds 10% of Deutsche Bank AG's equity as at 30 June 2009, 31 December 2008, 30 June 2008, or in respect of peak end-of-day aggregate credit exposure for the quarter end on those dates. The calculation of Peak Credit exposures excludes exposures to any OECD Government 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 34 - FOREIGN CURRENCY POSITIONS

The following table shows the net open position in each foreign currency. The net open position represents the net of the on-balance sheet assets and liabilities in each currency. The amounts are stated in New Zealand dollar equivalents translated using the month-end spot exchange rates.

	<b>BANKING GROUP</b>			<b>BRANCH</b>		
	<b>Unaudited as at 30/06/09</b>	Unaudited as at 30/06/08	Audited as at 31/12/08	<b>Unaudited as at 30/06/09</b>	Unaudited as at 30/06/08	Audited as at 31/12/08
<b>NZD in millions</b>						
<b>Net Open Position</b>						
Australian Dollar	(1)	(10)	3	(1)	(9)	4
US Dollar	(58)	(41)	(61)	(12)	13	(9)
British Sterling	1,033	29	1,032	-	-	-
EURO	(12)	(27)	(5)	5	(5)	14

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 35 – EXPOSURES TO MARKET RISK

The following market risk exposure disclosures are prepared in accordance with Schedule 5 of the Registered Bank Disclosure Statement (Full and Half-Year-Overseas Incorporated registered Banks) Order 2008.

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.

<b>UNAUDITED</b>	<b>BANKING GROUP</b>		
<b>NZD in millions</b>	<b>Implied risk weighted exposure</b>	<b>Notional Capital Charge</b>	<b>Notional capital charge as a % of the Overseas Banking Group *</b>

#### Market risk end-period notional capital charges - 30 June 2009

Interest rate risk	750.0	60.0	0.1%
Foreign currency risk	1,019.9	81.6	0.1%
Equity risk	0.3	0.0	0.0%

#### Market risk peak end-of-day notional capital charges - Quarterly peak

Interest rate risk	1,018.3	81.5	0.1%
Foreign currency risk	1,041.5	83.3	0.1%
Equity risk	0.3	0.0	0.0%

\* The calculation of market risk end-period and market risk peak end-of-day notional capital charge as a percentage of the Overseas Banking Group's equity is derived by dividing end-period or peak end-of-day notional capital charge by the BIS capital of Deutsche Bank Group as at 30 June 2009. Peak exposures are calculated on a monthly basis.

<b>UNAUDITED</b>	<b>BANKING GROUP</b>		
<b>NZD in millions</b>	<b>Implied risk weighted exposure</b>	<b>Notional Capital Charge</b>	<b>Notional capital charge as a % of the Overseas Banking Group **</b>

#### Market risk end-period notional capital charges - 30 June 2008

Interest rate risk	863.8	69.1	0.1%
Foreign currency risk	77.9	6.2	0.0%
Equity risk	0.3	0.0	0.0%

#### Market risk peak end-of-day notional capital charges - Quarterly peak

Interest rate risk	2,278.8	182.3	0.2%
Foreign currency risk	115.0	9.2	0.0%
Equity risk	0.3	0.0	0.0%

\*\* The calculation of market risk end-period and market risk peak end-of-day notional capital charge as a percentage of the Overseas Banking Group's equity is derived by dividing end-period or peak end-of-day notional capital charge by the BIS capital of Deutsche Bank Group as at 30 June 2008. Peak exposures are calculated on a monthly basis.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 35 – EXPOSURES TO MARKET RISK *(continued)*

AUDITED	BANKING GROUP		
	Implied risk weighted exposure	Notional Capital Charge	Notional capital charge as a % of the Overseas Banking Group ***
NZD in millions			

#### Market risk end-period notional capital charges - 31 December 2008

Interest rate risk	562.5	45.0	0.1%
Foreign currency risk	1,036.3	82.9	0.1%
Equity risk	0.2	0.0	0.0%

#### Market risk peak end-of-day notional capital charges - Quarterly peak

Interest rate risk	807.4	64.6	0.1%
Foreign currency risk	1,036.3	82.9	0.1%
Equity risk	0.2	0.0	0.0%

\*\*\* The calculation of market risk end-period and market risk peak end-of-day notional capital charge as a percentage of the Overseas Banking Group's equity is derived by dividing end-period or peak end-of-day notional capital charge by the BIS capital of Deutsche Bank Group as at 31 December 2008. Peak exposures are calculated on a monthly basis.

### NOTE 36 - ASSET QUALITY

The Directors deem all exposures of DBAG NZ and the Banking Group to be current. Therefore, information in respect of the following classes of assets is not required and therefore is not provided:

- Other individually impaired assets
- Restructured assets
- Real estate assets acquired through the enforcement of security
- Other assets acquired through the enforcement of security
- Past due assets
- Other assets under administration
- Financial assets acquired through the enforcement of security

For information regarding impaired assets please refer to Note 11.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### NOTE 37 – PRIOR PERIOD ADJUSTMENT

The 2008 Banking Group figures have been corrected in respect of the accounting for other investments. This results in a change to the balance sheet, reflected as a decrease in other investments, together with an offsetting effect in shareholder equity as a result of an error made in 2007.

### STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2008

<b>NZD in millions</b>	<b>BANKING GROUP</b>		
	<b>Unaudited as at 30/06/08</b>	<b>Adjustment</b>	<b>Unaudited as at 30/06/08</b>
<b>ASSETS</b>			
Other investments	310	(14)	296
<b>EQUITY</b>			
Attributable to shareholders	176	(14)	162