

Deposits and investments with Deutsche Bank AG are covered by two German protection schemes:

- 1. Entschädigungseinrichtung deutscher Banken GmbH (EdB), the German private commercial bank's statutory compensation scheme for depositors and investors**
- 2. Einlagensicherungsfonds des Bundesverbands deutscher Banken e.V. (BdB), the deposit protection scheme of the German private commercial banks**

1. Entschädigungseinrichtung deutscher Banken GmbH (EdB), the German private commercial bank's statutory compensation scheme for depositors and investors

The German Deposit Guarantee and Investor Compensation Act (Einlagensicherungs- und Anlegerentschädigungsgesetz - EAEG) protects deposits and liabilities arising from investment business at the private commercial banks and private building and loan associations to the extent provided for under this Act by the Entschädigungseinrichtung deutscher Banken GmbH (EdB), Burgstraße 28, 10178 Berlin, Germany, www.edb-banken.de, on top of any other guarantee schemes that may exist.

a) Right to compensation

All private individuals as well as partnerships and small corporations are entitled to compensation. Not protected are deposits of banks and financial services institutions, insurance enterprises and medium-sized and large corporations or deposits of public authorities (see in this connection Section 3 of the EAEG).

b) Scope of the claim to compensation

The EdB protects:

- deposits up to a limit of €100,000 and
- 90 % of liabilities arising from investment business, limited to the equivalent of €20,000.

Besides all types of deposits – mainly demand, term and savings deposits -, registered savings certificates are also protected. Liabilities in respect of which a bank has issued bearer instruments such as bearer bonds and bearer deposit certificates are, on the other hand, not protected.

There is no claim to compensation unless deposits are denominated in Euros or the currency of an EU member state.

Compensation is provided in connection with investment business particularly if, contrary to its duties, a bank is unable to return securities owned by the customer and held in custody on his behalf.

c) Compensation procedure

EdB will be required to settle duly checked claims, provided these relate to deposits, within 30 working days at the latest.

Creditors are notified immediately that compensation is payable. A claim to compensation must be submitted in writing by the customer to the EdB within one year of notification that

compensation is payable. After expiry of this period, a claim to compensation can, as a rule, no longer be asserted.

A claim to compensation is barred under the Statute of Limitations after a period of five years.

Disputes about the reasons for, and the amount of, a claim to compensation may be settled through civil proceedings in German courts.

d) Extract from the German Deposit Guarantee and Investor Compensation Act

3. Right to compensation

- (1) If compensation is payable, the creditor of an institution shall have a right to compensation as provided in Section 4 from the compensation scheme to which the institution has been assigned.
- (2) No right to compensation pursuant to subsection 1 shall be granted to
 1. institutions as defined in Section 1, subsection 1, number 1 and financial institutions as defined in Article 1, number 6 of Council directive 89/646/EEC of December 15, 1989 on the coordination of laws, regulations and administrative provisions relating to the taking up and pursuit of the business of credit institutions and amending Directive 77/780/EEC (Official Journal of the European Communities no. L 386, p. 1) domiciled in Germany or abroad, if they are acting in their own name and for their own account,
 2. private and public insurance enterprises domiciled in Germany or abroad,
 3. investment companies, including the special funds managed by them, or public limited investment companies or collective investment undertakings domiciled abroad,
 4. the Federal Government, a Land government, a legally dependent special fund of the Federal government or a Land Government, a local authority, another state or a regional government or a local authority of another state,
 5. managers, general partners or members of supervisory bodies of the institution, persons holding 5 % or more of the institution's capital, auditors as defined in Section 28 of the German Banking Act (Kreditwesengesetz – KWG) and creditors with a similar status or function in an enterprise which, together with the institution, constitutes a group as defined in Section 18 of the German Stock Corporation Act (Aktengesetz – AktG), irrespective of their legal form,
 6. spouses and first and second-degree relatives of the persons referred to in number 5 unless the deposits, funds or financial instruments stem from the spouses' or relatives' own assets,
 7. enterprises which, together with the institution, constitute a group as defined in Section 18 of the German Stock corporation Act (Aktengesetz – AktG),
 8. creditors who have any responsibility for or have taken advantage of certain facts relating to the institution (especially if they have received high rates of interest or financial advantages by virtue of individually negotiated agreements) which gave rise to the financial difficulties or significantly contributed to the deterioration of the institution's financial situation,
 9. incorporated enterprises which are required under the provisions of the Third Book of the German Commercial Code (Handelsgesetzbuch – HGB) to prepare a management report or are exempted from this requirement solely because of their inclusion in consolidated financial statements, similar enterprises domiciled abroad, and
 10. Creditors whose claims on the institution arise out of transactions in connection with which a criminal conviction has been obtained against certain persons for money laundering, as defined in Article 1 of Council Directive 91/308/EEC of June 10, 1991 on prevention of the use of the financial system

for the purpose of money laundering (Official Journal of the European Communities no. L 166, p. 77).

If the creditor of an institution has acted for the account of a third party, determination of the right to compensation in accordance with sentence 1 shall relate to the third party provided that the trust relationship is clearly shown in the account designation.

- (3) The claim of the person entitled to compensation on the compensation scheme shall be barred under Statute of Limitations after five years.
- (4) Disputes about the reasons for and amount of the claim to compensation may be settled through civil proceedings.

4. Scope of the claim to compensation

- (1) The claim to compensation of the creditor of the institution shall be based on the amount and size of the creditor's deposits or the liabilities to him resulting from the investment business, taking due account of any set-off and counterclaims of the institution. There shall be no claim to compensation unless deposits or funds are denominated in the currency of an EU member state or in euros.
- (2) The amount of the claim to compensation shall be limited to
 1. the equivalent of € 100,000 of deposits and
 2. 90 per cent of the liabilities arising from investment business and the equivalent of € 20,000

Liabilities arising from investment business of an institution as defined in Section 1, subsection 1, number 1 holding a licence to conduct banking business or to provide financial services as defined in Section 1, subsection 1, sentence 2, numbers 4 or 10 or subsection (1a), sentence 2, numbers 1 to 4 of the German Banking Act (Kreditwesengesetz – KWG) shall be deemed to be deposits provided that the liabilities relate to the institution's obligation to give the customers possession or ownership of funds.

- (3) The calculation of the amount of the claim to compensation shall be based on the amount of the deposits or funds and the market value of the financial instruments on the date when it is determined that compensation is payable. The claim to compensation shall include, up to the limit specified in subsection 2, also interest claims. These shall exist from the time when it is determined that compensation is payable until repayment of liabilities and until the opening of insolvency proceedings at the longest. The claim to compensation shall be reduced if and to the extent that the financial loss sustained by the creditor due to the occurrence of a compensation case is cancelled out by payments made by third parties.
- (4) The limit provided in subsection 2 shall apply to the creditor's aggregate claim on the institution, irrespective of the number of accounts, the currency and the location where the accounts are operated or the financial instruments are held. The compensation may be paid in euros.
- (5) In case of joint accounts the limit provided in subsection 2 shall be based on each account holder's share. In the absence of special provisions, the deposits, funds or financial instruments shall be divided equally among the account holders.
- (6) If the creditor has acted for the account of a third party, the limit provided in subsection 2 shall apply to the third party.

5. Compensation procedure

- (1) The Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin) shall determine that compensation is payable immediately, but not later than five working days after it has come to its notice that an institution is unable to repay deposits and not later than 21 days after it has come to its notice that an institution is unable to meet obligations arising from investment busi-

ness. It shall also determine that compensation is payable if measures pursuant to Section 46a, subsection 1, sentence 2 number 4 - 6 of the German Banking Act (Kreditwesengesetz – KWG) have been ordered and these last longer than six weeks. Objections to an appeal against the ruling shall have no postponing effect. The Federal Banking Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin) shall publish the ruling pursuant to sentences 1 and 2 in the Federal Gazette. It shall immediately notify the compensation scheme to which the bank has been assigned of the ruling.

- (2) The compensation scheme shall immediately notify the creditors of the institution that compensation is payable and of the period provided in subsection 3, sentence 1; it shall take appropriate measures to compensate the creditors within three months of the date when it was determined that compensation is payable. To this end, the institution shall make available to the compensation scheme the documents necessary for the compensation of the creditors. It shall do so immediately, but within one week at the latest.
- (3) The claim to compensation shall be submitted in writing to the compensation scheme within one year from the date of notification that compensation is payable. The right to compensation shall be barred after expiry of this period unless the failure to meet the deadline is beyond the control of the person entitled to compensation.
- (4) The compensation scheme shall immediately check the claims submitted. It shall settle duly checked claims relating to compensation for deposits not later than 20 working days after determination by the Federal Banking Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin) that compensation is payable. It shall settle claims which are submitted later than two weeks after determination that compensation is payable within 20 working days after receipt of the claim. Section 4, subsection 2, sentence 1 shall apply mutatis mutandis. In special cases the period specified in sentences 2 and 3 may be extended by up to thirty working days with the approval of the Federal Banking Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin). The compensation scheme shall settle claims relating to compensation for liabilities of an institution arising from investment business not later than three months after the establishment of eligibility and the amount of the claims. In special cases this period may be extended by up to three months with the approval of the Federal Banking Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin).
- (5) To the extent that the compensation scheme pays the claim to compensation of an eligible person, the latter's claim on the institution shall be transferred to the compensation scheme.
- (6) If a creditor's claim is related to business in connection with which persons are under investigation in criminal proceedings relating to money laundering as defined in Article 1 of Directive 2005/60/EEC, the compensation scheme may suspend any payment until the proceedings have been terminated.

2. Einlagensicherungsfonds des Bundesverbands deutscher Banken e.V. (BdB), the deposit protection scheme of the German private commercial banks

The Deposit Protection Fund of the Association of German Banks (Einlagensicherungsfonds des Bundesverbands deutscher Banken e.V. - BdB) exists in addition to above described statutory compensation scheme for depositors and investors.

a) Scope of deposit protection

The Deposit Protection Fund of the Association of German Banks (Einlagensicherungsfonds des Bundesverbands deutscher Banken e.V. - BdB) fully secures the deposits of every cus-

together at the private commercial banks up to a ceiling of 30 % of the relevant liable capital of each bank as of the date of the last published annual financial statements. This protection extends to all “deposits held by on-banking institutions”, i.e. deposits held by private individuals, business enterprises and public bodies. The deposits protected are for the main part demand, term and savings deposits and registered savings certificates. Liabilities in respect of which bearer instruments, e.g. bearer bonds and bearer certificates of deposit, have been issued by a bank are, on the other hand, not protected.

On request, the Association of German Banks (Bundesverbands deutscher Banken e.V. - BdB) will advise any interested parties of the current deposit protection ceiling of a member bank. This ceiling is also available on the website of the Association of German Banks (Bundesverbands deutscher Banken e.V. - BdB) at www.bankenverband.de.

Even in the unlikely event of a bank ceasing to participate in the Deposit Protection Fund, provision has been made for all depositors to be informed in good time so that they can make appropriate arrangements while still enjoying deposit protection. Furthermore, deposits are protected until the next due date, i.e. possibly well beyond the date on which a bank's participation in the Deposit Protection Fund ends.

b) Legal framework

The financial resources of the Deposit Protection Fund are raised by the participating banks on a voluntary basis.

German legislators recognized the necessity of deposit protection in the 1976 Amendment to the German Banking Act (Kreditwesengesetz – KWG), which established an important precondition for the efficient operation of the Deposit Protection Fund. Their confidence in the effectiveness of the Deposit Protection Fund is also reflected in the fact that under the provisions of the German Civil code (Bürgerliches Gesetzbuch – BGB) trust funds may be deposited up to the individual protection ceiling with banks participating in the Deposit Protection Fund.

c) Subsidiarity of the Deposit Protection Fund

The deposit Protection Fund only covers deposits and depositors of and to the extent that these are not already secured by the EdB.