



## Subject: Transformation of Deutsche Bank ZRt. into a branch of Deutsche Bank AG

Dear Sirs,

We would like to inform you about an upcoming transformation of Deutsche Bank ZRt. ("**the Bank**"), which aims at strengthening the presence of Deutsche Bank in the Hungarian market. As a result of this transformation, the Bank will ultimately continue its current activities as the Hungarian branch of its sole shareholder, Deutsche Bank AG (registered seat: Taunusanlage 12, 60325 Frankfurt am Main, Germany; registration number: HRB 30 000).

The branch conversion is part of a wider European program endorsed by the Management Board of Deutsche Bank AG aiming to convert certain wholly-owned European subsidiaries into branches of Deutsche Bank AG. The objective is, *inter alia*, to simplify the group structure of Deutsche Bank Group and to enhance the efficient allocation of resources. The branch conversion will strengthen Deutsche Bank's commitment to the Hungarian market by enabling the allocation of more financial resources - to the benefit of Hungarian clients. It further intends to harmonise and extend our product portfolio in order to be able to provide clients with more integrated solutions meeting their financing and trading requirements.

### Phases of Branch Conversion

The branch conversion will comprise two main phases:

1. In a first step, the Bank will merge by way of a cross-border merger into Deutsche Bank Europe GmbH (registered seat: Taunusanlage 12, 60325 Frankfurt am Main, Germany; registration number: HRB 87 506), which is a 100% direct subsidiary of Deutsche Bank AG. Deutsche Bank Europe GmbH is a licensed bank in Germany, regulated and supervised by the German Federal Financial Supervisory Authority, Bundesanstalt für Finanzdienstleistungsaufsicht ("**BaFin**"). As a result of the cross-border merger, Deutsche Bank Europe GmbH will be the universal legal successor of the Bank regarding all its assets and liabilities held at the time of the effectiveness of the cross-border merger and the Hungarian business will be continued through a branch of Deutsche Bank Europe GmbH in Hungary. The intent to cross-border merge Deutsche Bank ZRt. into Deutsche Bank Europe GmbH has been notified to BaFin on 9<sup>th</sup> December 2010 and has been approved by the Hungarian Financial Supervisory Authority ("**HFSA**") on 29<sup>th</sup> March 2011.
2. In a second step, Deutsche Bank Europe GmbH will transfer the entire operation of its Hungarian Branch to Deutsche Bank AG's Hungarian Branch by way of a German spin-off ("**Abspaltung**"). As a result, Deutsche Bank AG will be the universal legal successor of Deutsche Bank Europe GmbH's Hungarian Branch regarding all its assets and liabilities held at the time of the effectiveness of the spin-off and the Hungarian business will be continued through a branch of Deutsche Bank AG in Hungary.

### Timing of the Branch Conversion

The planned effective date of the cross-border merger will be, subject to the authorities' approval, 30<sup>th</sup> June, 2011. The spin-off is planned to occur later in 2011. The actual effective dates are subject to external dependencies, including the timeframe for registration procedures. We will inform you in separate letters about the exact effective dates of the cross-border merger and the spin-off upon their registration in the respective Commercial Registers.

### Impacts on Client Relationship

Our clients will not be impacted adversely by the transformation. Each of Deutsche Bank Europe GmbH and Deutsche Bank AG have already extended their German banking and investment services licence to Hungary and are thus entitled to provide banking and investment services through their respective Hungarian branch offices on the



basis of the EU passporting regime pursuant to Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006. As a result, the current services of the Bank to its clients will continue to be rendered in the same manner.

All client contracts and relationships will transfer by operation of law to Deutsche Bank Europe GmbH and then to Deutsche Bank AG. All existing client bank account numbers and signatory authorizations as well as contact persons will remain unchanged. Transactions pending (i) at the date of the cross-border merger continue to be valid and will be performed by Deutsche Bank Europe GmbH's Hungarian Branch and (ii) at the date of the spin-off continue to be valid and will be performed by Deutsche Bank AG's Hungarian Branch.

Deutsche Bank Europe GmbH's Hungarian Branch and Deutsche Bank AG's Hungarian Branch will continue to have the same IBAN, SWIFT-code and bank account number after the cross-border merger and the spin-off. Further, they will each receive a new tax number, company name and company registration number.

Main (home) regulator of the new branches will be the BaFin. The HFSA will retain certain supervisory rights especially in the area of consumer protection.

## **Deposit Insurance, Investment Protection**

Currently, deposits of Deutsche Bank ZRt.'s clients are subject to protection by the Hungarian Deposit Insurance Fund (OBA) and client investments are protected by the Hungarian Investor Protection Fund (BEVA). The maximum guaranteed amount per depositor is €100,000 for OBA and €20,000 for BEVA.

As a result of the branch conversion, current and future depositors and investors of the Hungarian Branches will be protected by the German Deposit and Investment Protection Scheme. The German Scheme complies with European requirements and comprises two pillars:

- § Statutory Scheme as specified in the German Law on Deposit and Investment Protection (Einlagensicherungs- und Anlegerentschädigungsgesetz) providing protection up to an amount of €100,000 per depositor, and
- § Voluntary Scheme as specified in the By-laws of the Deposit Protection Fund of the Association of German Banks (Statut des Einlagensicherungsfonds des Bundesverbands deutscher Banken e.V.), providing protection up to a ceiling of 30 % of the relevant "liable capital" as published in the latest annual financial statements of Deutsche Bank Europe GmbH and Deutsche Bank AG respectively.

Both Deutsche Bank Europe GmbH and Deutsche Bank AG are members of the German Deposit and Investment Protection Scheme as described above. Details of the German Deposit and Investment Protection Scheme can be accessed through the website of Deutsche Bank Europe GmbH's Hungarian Branch and Deutsche Bank AG's Hungarian Branch, respectively, at [www.db.com/hungary](http://www.db.com/hungary) under topic „German Deposit and Investment Protection”.

Should you have any questions on the above, please do not hesitate to contact your relationship manager who will be happy to provide assistance, and/or consult our webpage [www.db.com/hungary](http://www.db.com/hungary).

Budapest, 31<sup>st</sup> May 2011

Yours sincerely,

Deutsche Bank ZRt.