ISSUER DIRECT CORP
Form DEF 14A
April 23, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934
(Amendment No. __)
Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement
Confidential, For Use of the Commission Only (As Permitted by Rule 14a-6(e)(2))
Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material under Rule 14a-12

ISSUER DIRECT CORPORATION
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1)
Title of each class of securities to which transaction applies:
(2)
Aggregate number of securities to which transaction applies:
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Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1)
Amount Previously Paid:
(2)
Form, Schedule or Registration Statement No.:
(3)
Filing Party:
(4)
Date Filed:

2019 Notice of Annual Meeting of Stockholders and Proxy Statement

Thursday, June 13, 2019 9:00 a.m. EDT	Issuer Direct Corporation 500 Perimeter Park Drive, Suite D Morrisville, NC 27560

Issuer Direct Corporation
500 Perimeter Park Drive, Suite D
Morrisville, NC 27560

April 23, 2019

To Our Stockholders:

We are pleased to invite you to attend our Annual Meeting of Stockholders to be held on Thursday, June 13, 2019, at 9:00 a.m. EDT at the Company's office at 500 Perimeter Park Drive, Suite D, Morrisville, NC 27560. The Board of Directors has fixed the close of business on April 15, 2019 as the record date for the determination of stockholders entitled to receive notice of, and to vote at, the Annual Meeting. For directions to attend the meeting and vote in person, please visit our proxy website at https://www.iproxydirect.com/ISDR.

The attached Proxy Statement describes the matters proposed by your Board of Directors to be considered and voted upon by our stockholders at our Annual Meeting. These items are more fully described in the following pages, which are hereby made part of this Notice.

The Company's Proxy Statement and Proxy Card accompany this Notice.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on June 13, 2019. Our Proxy Statement is attached. Financial and other information concerning the Company is contained in our Annual Report on Form 10-K for the year ended December 31, 2018. Under rules issued by the Securities and Exchange Commission ("SEC"), we are providing access to our proxy materials both by sending you this full set of proxy materials, including a Proxy Card, and by notifying you of the availability of our proxy materials on the Internet. The Proxy Statement and our Annual Report on Form 10-K are available on https://www.iproxydirect.com/ISDR.

Your vote is important. Whether you own relatively few or a large number of shares of our stock, it is important that your shares be represented and voted at the Annual Meeting. Please vote your shares online or by telephone or, if you requested and received a printed set of proxy materials by mail, by returning the accompanying proxy card. Further instructions on how to vote your shares can be found in our Proxy Statement.

We appreciate your support and continued confidence.

Sincerely,

/s/ William H. Everett

William H. Everett
Chairman of the Board of Directors

Issuer Direct Corporation
500 Perimeter Park Drive, Suite D
Morrisville, NC 27560
(919) 481-4000

Notice of Annual Meeting of Stockholders
To Be Held on June 13, 2019

To Our Stockholders:

Our Annual Meeting of Stockholders will be held on Thursday, June 13, 2019, at 9:00 a.m. EDT at the Company's office at 500 Perimeter Park Drive, Suite D, Morrisville, NC 27560 (the "Annual Meeting") for the following purposes:

1. To elect the five (5) directors nominated by our Board of Directors as set forth in the Proxy Statement;
2. To ratify the appointment of Cherry Bekaert LLP as our independent registered public accounting firm for the year ending December 31, 2019;
3. To transact such other business as may properly come before the meeting or any postponement or adjournment thereof.

You have the right to receive notice of and to vote at the Annual Meeting if you were a stockholder of record at the close of business on April 15, 2019. Please complete, sign, date and return your proxy card to us in the enclosed, postage-prepaid envelope at your earliest convenience, even if you plan to attend the Annual Meeting. If you prefer, you can authorize your proxy through the Internet or by telephone as described in the Proxy Statement and on the enclosed proxy card. If you attend the meeting, you may revoke your proxy prior to its exercise and vote in person at the meeting. In the event that there are not sufficient stockholders present for a quorum or sufficient votes to approve a proposal at the time of the Annual Meeting, the Annual Meeting may be adjourned from time to time in order to permit further solicitation of proxies by the Company.

Your vote is important. If you are unable to attend in person and wish to have your shares voted, please vote as soon as possible, whether online, by telephone, by fax or by returning a proxy card sent to you in response to your request for printed proxy materials.

By Order of the Board of Directors,

/s/ William H. Everett

William H. Everett
Chairman of the Board of Directors

Morrisville, North Carolina
April 23, 2019

YOUR VOTE IS IMPORTANT IT IS IMPORTANT THAT PROXY CARDS BE RETURNED PROMPTLY. THEREFORE, WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING IN PERSON,

PLEASE SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD IN THE ENCLOSED RETURN ENVELOPE OR VOTE OVER THE INTERNET FOLLOWING THE INSTRUCTIONS ON THE PROXY AS SOON AS POSSIBLE. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES. STOCKHOLDERS WHO EXECUTE A PROXY CARD OR VOTE OVER THE INTERNET MAY NEVERTHELESS ATTEND THE MEETING, REVOKE THEIR PROXY AND VOTE THEIR SHARES IN PERSON.

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Proxy Summary

2019 ANNUAL MEETING OF STOCKHOLDERS

WHEN Thursday, June 13, 2019 at 9 a.m. EDT	ITEMS OF BUSINESS 1. Election of five (5) directors nominated by our Board of Directors
WHERE 500 Perimeter Park Drive, Suite D Morrisville, NC 27560	2. Ratification of the appointment by the Audit Committee of Cherry Bekaert LLP as the company's independent registered public accounting firm for the fiscal year ending December 31, 2019
RECORD DATE Close of business on April 15, 2019	3. Such other business as may properly come before the Annual Meeting or any postponement or adjournment thereof

PROXY VOTING

Stockholders of record on the Record Date are entitled to vote by proxy in the following ways:

By calling 1 (866) 752-VOTE (8683), toll free, in the United States or Canada

By voting online at https://www.iproxydirect.com/ISDR

By returning a properly completed, signed and dated proxy card

By completing the reverse side of the proxy card and faxing it to (202) 521-3464

ANNUAL MEETING AGENDA AND VOTING RECOMMENDATIONS

Proposal	Voting Recommendation	Page Reference
1 Election of five (5) directors	FOR each nominee	6
2 Ratification of the appointment of Cherry Bekaert LLP as our independent auditors	FOR	26

DIRECTOR NOMINEES

Name	Age	Director Since	Principal Occupation	Independent	AC	CGS	AT	COC	Areas of Expertise	Other Company Boards
William H. Everett	68	2013	Chairman of the Board; Retired Executive Vice President and Chief Financial Officer of Tekelec, Inc.						Executive Leadership Public Company Management Private Equity Business Strategy Finance Multi-national Technology Industry Expertise	Hakisa SAS
Brian R. Balbirnie	47	2007	Founder and Chief Executive Officer of Issuer Direct Corporation						Executive Leadership Public Company Management, Financial Reporting and Operations Business Strategy M&A Technology Industry Expertise Entrepreneurial Experience Sarbanes Oxley	

J. Patrick Galleher	46	2014	Managing Partner for Boxwood Partners, LLC	Executive Leadership Investment Banking M&A Business Administration	
Eric Frank	54	2017	President of Internet Technology & Acceleration LLC	Executive Leadership Data & Analytics Industry Expertise M&A Private Equity Business Strategy Investment Banking Technology Industry Expertise Entrepreneurial Experience	Megalith Financial Acquisition Corp. Social Market Analytics RANE (Risk Assistance Network & Exchange)
Michael Nowlan	60	2017	Executive Consultant to private companies; retired Chief Executive Officer of Primus Telecommunications Canada Inc. and, Marketwire, Inc.	Executive Leadership Financial Management and Operations Business Strategy M&A	

Technology
and
Communications
Industry
Expertise

Accounting

Number of Meetings in 2018 6 3 4

AC – AUDIT COMMITTEE CC – COMPENSATION COMMITTEE SAC – STRATEGIC ADVISORY COMMITTEE TOC – TECHNOLOGY OVERSIGHT COMMITTEE

Chairman Member Financial Expert

PROXY STATEMENT

Questions and Answers

WHY AM I RECEIVING THESE PROXY MATERIALS?

You are receiving these proxy materials because you owned shares of common stock of our company, Issuer Direct Corporation (the “Company”), at the close of business on April 15, 2019, and, therefore, are eligible to vote at the Company’s Annual Meeting of Stockholders to be held on Thursday, June 13, 2019, at 9:00 a.m. EDT at the Company's office at 500 Perimeter Park Drive, Suite D, Morrisville, NC 27560 (the “Annual Meeting”). Our Board of Directors (the “Board”) is soliciting your proxy to vote at the Annual Meeting.

ON WHAT MATTERS WILL I BE VOTING?

Stockholders of record at the close of business on April 15, 2019 will be entitled to vote on the following proposals:

i.
To elect the five (5) directors nominated by our Board of Directors as set forth in the Proxy Statement;

ii.
To ratify the appointment by the Audit Committee of the Board of Directors of Cherry Bekaert LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019; and

iii.
To transact such other business as may properly come before the meeting or any postponement or adjournment thereof.

The Board does not know of any matters to be presented at our Annual Meeting other than those described in this Proxy Statement. However, if any other matters properly come before the meeting or any adjournment thereof, it is the intention of the persons named in the enclosed proxy to vote the shares represented by them in accordance with their best judgment.

WHERE AND WHEN WILL THE MEETING BE HELD?

The Annual Meeting will be held at the Company's office at 500 Perimeter Park Drive, Suite D, Morrisville, NC 27560 on June 13, 2019 at 9:00 a.m., local time.

HOW CAN I OBTAIN DIRECTIONS TO THE MEETING?

For directions to the location of our Annual Meeting, please visit our proxy website at https://www.iproxydirect.com/ISDR.

WHO IS SOLICITING MY PROXY?

Our Board is soliciting your proxy to vote at our Annual Meeting. By completing and returning a proxy card, you are authorizing the proxy holder to vote your shares at our Annual Meeting as you have instructed.

HOW MANY VOTES MAY I CAST?

Each holder of common stock is entitled to one vote, in person or by proxy, for each share of our common stock held of record on the record date.

HOW MANY VOTES CAN BE CAST BY ALL STOCKHOLDERS?

Our common stock is the only class of security entitled to vote at our Annual Meeting. As of the record date, we had 3,854,568 shares of common stock outstanding, each of which is entitled to one vote.

HOW MANY SHARES MUSTS BE PRESENT TO HOLD THE MEETING?

Our bylaws provide that thirty-three and one-third (33.3%) of the total number of shares of common stock outstanding constitutes a quorum and must be present to conduct a meeting of our stockholders.

WHAT IS THE DIFFERENCE BETWEEN HOLDING SHARES AS A STOCKHOLDER OF RECORD AND AS A BENEFICIAL OWNER?

If your shares are registered directly in your name with our transfer agent, Direct Transfer LLC, you are considered, with respect to those shares, the “stockholder of record.” Proxy Materials have been directly sent to you by us.

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the “beneficial owner” of shares held in “street name.” Proxy Materials have been forwarded to you by your broker, bank, or nominee who is considered, with respect to those shares, the stockholder of record. As the beneficial owner, you have the right to direct your broker, bank, or nominee how to vote your shares by following their instructions which are included with this proxy, if applicable.

CAN MY SHARES BE VOTED IF I DO NOT RETURN THE PROXY CARD AND DO NOT ATTEND THE MEETING IN PERSON?

If you hold shares in street name and you do not provide voting instructions to your broker, bank, or nominee, your shares will not be voted on any proposal for which your broker does not have discretionary authority to vote (a “broker non-vote”). Brokers generally have discretionary authority to vote shares held in street name on “routine” matters but not on “non-routine” matters. Proposals to ratify the appointment of the independent auditor are generally considered “routine” matters. Proposals to elect directors are “non-routine” matters.

If you do not vote the shares held in your name, your shares will not be voted. However, the Company may vote your shares if you have returned a blank or incomplete proxy card.

HOW DOES THE BOARD OF DIRECTORS RECOMMEND THAT I VOTE?

Our Board of Directors recommends that you vote FOR each of the director nominees set forth in this proxy statement, and FOR the ratification of the appointment of Cherry Bekaert LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019.

HOW DO I VOTE?

You may vote using any of the following methods:

In person at the Annual Meeting:

You may vote in person at the Annual Meeting, either by attending the meeting yourself or authorizing a representative to attend the meeting on your behalf. You may also execute a proper proxy designating that person. If you are a street holder of shares, you must obtain a proxy from your broker, bank, or nominee naming you as the proxy holder and present it to the inspectors of election with your ballot when you vote at the Annual Meeting.

Other ways to vote:

You may also vote by telephone or online as instructed in our proxy, or by returning a proxy card or voting instruction form sent to you in response to your request for printed proxy materials.

MAIL: Please mark, sign, date, and return this proxy card promptly using the enclosed envelope.

FAX: Complete the reverse portion of this proxy card and fax to (202) 521-3464.

INTERNET: https://www.iproxydirect.com/ISDR

PHONE: 1 (866) 752-VOTE (8683)

ONCE I DELIVER MY PROXY, CAN I REVOKE OR CHANGE MY VOTE?

Yes. You may revoke or change your proxy at any time before it is voted by giving a written revocation notice to our corporate secretary, by delivering a new revised proxy no later than the end of the day prior to the Annual Meeting, or by voting in person at the meeting.

WHO PAYS FOR SOLICITING PROXIES?

We are paying for all costs of soliciting proxies. Our directors, officers, and employees may request the return of proxies by mail, telephone, internet, telefax, telegram, or personal interview. We are also requesting that banks, brokerage houses, and other nominees or fiduciaries forward the soliciting material to their principals and that they obtain authorization for the execution of proxies. We will reimburse them for their expenses.

COULD OTHER MATTERS BE CONSIDERED AND VOTED UPON AT THE MEETING?

Our Board does not expect to bring any other matter before the Annual Meeting and is not aware of any other matter that may be considered at the meeting. However, if any other matter does properly come before the meeting, the proxy holders will vote the proxies as the Board may recommend.

WHAT HAPPENS IF THE MEETING IS POSTPONED OR ADJOURNED?

Your proxy will still be good and may be voted at the postponed or adjourned meeting. You will still be able to change or revoke your proxy at any time until it is voted.

HOW CAN I CONTACT ISSUER DIRECT TO REQUEST MATERIALS OR INFORMATION REFERRED TO IN THESE QUESTIONS AND ANSWERS?

By mail addressed to: Issuer Direct Corporation, 500 Perimeter Park Drive, Suite D, Morrisville, NC 27560, Attn: Chairman of the Board. By phone, call (919) 481-4000 or (866) 752-VOTE (8683), by fax, (202) 521-3464, or by email at proxy@iproxydirect.com.

Delivery of Documents to Security Holders Sharing an Address

We will only deliver one set of materials to multiple stockholders sharing an address, unless we have received contrary instructions from one or more of the stockholders. Also, we will promptly deliver a separate copy of these materials and future stockholder communication documents to any stockholder at a shared address to which a single copy of these materials was delivered, or deliver a single copy

of these materials and future stockholder communication documents to any stockholder or stockholders sharing an address to which multiple copies are now delivered, upon written request to us at our address noted above. Stockholders may also address future requests regarding delivery of proxy materials and/or annual reports by contacting us at the address noted above.

Proposal 1–Election of Directors

ELECTION OF THE FIVE DIRECTORS TO SERVE UNTIL THE NEXT ANNUAL MEETING OR UNTIL THEIR SUCCESSORS ARE DULY ELECTED AND QUALIFIED

NOMINEES FOR DIRECTOR

At our Annual Meeting of Stockholders, stockholders will elect five directors, each to serve a term of one year or until his or her successor is elected and qualified. Our Board of Directors is currently comprised of five directors. Our Board of Directors is not divided into classes of directors, meaning all of our directors are voted on every year at our Annual Meeting of Stockholders.

All of the director nominees currently serve as members of our Board.

Unless otherwise instructed on the proxy card, each of the persons named as proxies on the proxy card intends to vote the shares represented thereby in favor of the five nominees listed under "Certain Information Concerning Director Nominees" below.

All nominees have consented to being named in this Proxy Statement and to serve if elected. If, however, any nominee should become unable or unwilling to serve, the persons named as proxies on the proxy card will vote the shares represented by the proxy for another person duly nominated by our Board.

CERTAIN INFORMATION CONCERNING DIRECTOR NOMINEES

Certain information concerning the nominees for election as directors is set forth below. This information was furnished to us by the nominees. No family relationship exists between any of our directors or executive officers. The five directors have been nominated for election to the Board of Directors at the Annual Meeting of Stockholders to be held on June 13, 2019.

The names of the nominees and certain information about them as of April 23, 2019 are set forth below:

Nominee	Age	Position	Director Since
William H. Everett	68	Director, Chairman of the Board, Member of Audit Committee & Strategic Advisory Committee	2013
Brian R. Balbirnie	47	Director, President and Chief Executive Officer	2007
J. Patrick Galleher	46	Director, Chairman of Compensation Committee and Strategic Advisory Committee	2014
Eric Frank	54	Director, Chairman of Technology Oversight Committee, Member of Compensation Committee	2017
Michael Nowlan	60	Director, Chairman of Audit Committee	2017

William H. Everett Age 68 Director Since 2013 Chairman of the Board Member of the Audit Committee Member of the Strategic Advisory Committee	Professional Background and Qualifications Mr. Everett joined the Board of Directors of Issuer Direct Corporation on October 2, 2013. Mr. Everett has had more than thirty years of management experience and currently serves as a director of Hakisa SAS in Strasbourg France. In addition, Mr. Everett served on the Board of NeoNova Network Services until it was acquired in July 2013. In April 2010, Mr. Everett retired as Executive Vice President and CFO of Tekelec, a publicly traded telecom equipment supplier. Since that time, he has served as a corporate director and provided consulting services to public company and private equity clients. From 2011 through 2015, he served as an Executive in Residence and a member of the Board of Advisors at the Poole College of Management at NC State University. He has significant experience as both a Chief Financial Officer and a general manager working with a variety of multi-national technology companies over his career, including Epsilon Data Management, Chemfab Inc., Eastman Software and Steleus SAS. He was the Co-founder and President of Maps a la Carte, an internet mapping and spatial data company, which was acquired by Demand Media Inc. Mr. Everett received his BA in Political Science from Middlebury College and his MBA from the University of New Hampshire. He also practiced as Certified Public Accountant with Price Waterhouse for seven years before joining Epsilon Data Management.
Brian R. Balbirnie Age 47 Director Since 2007 President and Chief Executive Officer	Professional Background and Qualifications Mr. Balbirnie is a member of the Board and our President and Chief Executive Officer. Mr. Balbirnie established Issuer Direct in 2006 with a vision of creating a technology driven back-office compliance platform that would reduce costs as well as increase the efficiencies of the most complex tasks, today the company calls it Platform id. Mr. Balbirnie is responsible for the strategic leadership of the company and oversees day-to-day operations. Under Mr. Balbirnie’s direction, the Company has grown and in 2018 worked with approximately 4,000 customers. Mr. Balbirnie is an entrepreneur with more than 20 years of experience in emerging industries. Prior to Issuer Direct, Mr. Balbirnie was the founder and managing partner of Catapult Company, a compliance and consulting practice focused on the Sarbanes Oxley Act. During 2002 and 2003, Mr. Balbirnie also served as the Vice President and Chief Financial Officer of Mobile Reach International, Inc., a publicly traded company, and as the President and Chief Technology Officer of IVUE Corporation, a private company. Prior to and with Catapult, Mr. Balbirnie also advised several companies on their public market strategies, merger & acquisitions as well as their financial reporting requirements.

J. Patrick Galleher Age 46 Director Since 2014 Chairman of the Compensation Committee Chairman of the Strategic Advisory Committee	Professional Background and Qualifications Mr. Galleher joined the Board of Directors of Issuer Direct Corporation on March 11, 2014. Mr. Galleher is a Managing Partner for Boxwood Partners, a merchant bank in Richmond, Virginia, where he leads transactions for Boxwood's M&A advisory services and private equity group. In this capacity, he has led sell-side, buyout and capital raising transactions. Prior to joining Boxwood, Mr. Galleher was CEO of WILink plc (WLK: LSE), a global financial communications business with operations in the U.S., Canada, U.K., Continental Europe, and Sweden. In 2006, as CEO, he successfully led the company through a public-to-private transaction and sale to SVIP, a NYC-based private equity group. Mr. Galleher holds a B.S. in Business Administration from the University of Richmond and a degree from the London Business School as well as attending the Centre for Creative Leadership in Belgium. He is a board member and founder of the Virginia Chapter of Young President's Organization (YPO) and the Midlothian Athletic Club. He formerly served as chairman of the board for sweetFrog and Shockoe Commerce Group, both of which are private companies.
Eric Frank Age 54 Director Since 2017 Chairman of the Technology Oversight Committee Member of the Compensation Committee	Professional Background and Qualifications Mr. Frank joined the Board of Directors of Issuer Direct Corporation on September 28, 2017. Since April 2018, Mr. Frank has served as the Chief Executive Officer of Lightbox, LP which focuses broadly on building a platform related to real estate information and related matters. Since September 2012, Mr. Frank has served as the President of Internet Technology & Acceleration LLC as an executive advisor to private companies and private equity sponsors, specifically in the B2B information space. From September 2014 until March 2017, Mr. Frank served as Managing Director of DMGI/DMGT PLC, overseeing their portfolio of US CRE information companies. Mr. Frank was at Thomson Reuters, a leading news and information company, from 2006 through 2012, most recently as President, managing a $2.3 billion investment advisory division that was a combination of the Thomson Financial and Reuters which he led and helped shape into four operating units, (Investment Management & Sell-Side Research, Investment Banking, Wealth Management, and Corporate Services). Mr. Frank began his career at Morgan Guaranty, helping create the award winning ADR.com portal, which was later sold to Thomson Financial. He also currently serves on the board of directors of Megalith Financial Acquisition Corp., which trades on the NYSE, as well as Social Market Analytics and RANE (Risk Assistance Network & Exchange), both of which are private companies. Mr. Frank earned a Bachelor of General Studies from the University of Michigan.

Michael Nowlan Age 60 Director Since 2017 Chairman of the Audit Committee	Professional Background and Qualifications Mr. Nowlan joined the Board of Directors of Issuer Direct Corporation on September 28, 2017. Mr. Nowlan currently provides executive consulting services to private companies. Mr. Nowlan was Chief Executive Officer of Primus Telecommunications Canada Inc. (and its related US operating companies Primus Telecommunications Inc. and Lingo Inc.) from late 2013 to 2016. Primus was a private company whose principal business was re-selling of residential and commercial telecommunications services within Canada and the United States Mr. Nowlan supervised the sale of the Primus assets after it filed for CCAA creditor protection in Canada and related recognition under Chapter 15 of the US Bankruptcy Code in January 2016 as a result of liquidity challenges due to competitive margin pressures and over-leverage. Mr. Nowlan led Marketwired, a leading newswire service, from 2001 to 2013 as President and Chief Executive Officer. Under his leadership, Marketwired executed several successful strategic acquisitions. He transitioned the business to a SaaS business model and set the strategy for the company to embrace the emerging technology trends in the communication industry. Prior to joining Marketwired in 1999 as its Chief Financial Officer, Mr. Nowlan had wide financial management experience including starting his career in 1982 at PricewaterhouseCoopers where he remained until 1988. Mr. Nowlan is a member of the Institute of Corporate Directors with the ICD.D Certification and a CPA-CA since 1984. Mr. Nowlan has a Bachelor of Commerce degree from Queen’s University.

BOARD AND COMMITTEE MEMBERSHIP

The table below provides committee membership of each Board member as of April 23, 2019.

Board Member	Audit Committee	Compensation Committee	Strategic Advisory Committee	Technology Oversight Committee
Independent Directors				
William H. Everett *	X		X	
J. Patrick Galleher *		C	C	
Eric Frank *		X		C
Michael Nowlan *	C			
Internal Director				
Brian R Balbirnie				

C= Committee Chairman X = Committee Member * = Independent

CONSIDERATION OF STOCKHOLDER NOMINEES FOR DIRECTOR

Pursuant to our bylaws, stockholders who wish to nominate persons for election to the Board of Directors at the 2020 Annual Meeting must be a stockholder of record, both when they give us notice and at the 2020 Annual Meeting, must be entitled to vote at the 2020 Annual Meeting, and must comply with the notice provisions in our bylaws. A stockholder’s notice must be delivered to our Corporate Secretary not less than 75 nor more than 105 days before the anniversary date of the immediately preceding Annual Meeting. For our 2020 Annual Meeting, the notice must be delivered between February 29, 2020 and March 30, 2020. However, if our 2020 Annual Meeting is not within 30 days of June 13, 2020, the notice must be delivered no later than the close of business on the 10th day following the earlier of the day on which the first public announcement of the date of the 2020 Annual Meeting or 120 days prior to such meeting. The public announcement of an adjournment or postponement of the 2020 Annual Meeting will not trigger a new time period (or extend any time period) for the giving of a stockholder notice as described in this proxy statement. The stockholder’s notice must be updated and supplemented as set forth in our bylaws.

The Board of Directors recommends a vote "FOR" the election of five (5) directors, until the next Annual Meeting or until their successors are duly elected and qualified.

Corporate Governance

Our Directors will serve until our next Annual Meeting of stockholders or until their resignation or removal.

Our directors are elected at the Annual Meeting of stockholders, with vacancies filled by the Board of Directors, and serve until their successors are elected and qualified, or their earlier resignation or removal. Officers are appointed by the Board of Directors and serve at the discretion of the Board of Directors or until their earlier resignation or removal. Under the General Corporation Law of the State of Delaware, any action which is required to be taken or may be taken at any annual or special meeting of stockholders may also be taken without a meeting, without prior notice and without a vote, if consent in writing setting forth the action so taken, shall be signed by the holders of the outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the corporation by delivery to its registered office, its principle place of business, or an officer or agent of the corporation having custody of the book in which the proceedings of meetings are recorded.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 145 of the General Corporation Law of the State of Delaware provides, in general, that a corporation incorporated under the laws of the State of Delaware, as we are, may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than a derivative action by or in the right of the corporation) by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. In the case of a derivative action, a Delaware corporation may indemnify any such person against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification will be made in respect of any claim, issue or matter as to which such person will have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery of the State of Delaware or any other court in which such action was brought determines such person is fairly and reasonably entitled to indemnity for such expenses.

Our certificate of incorporation and bylaws provide that we will indemnify our directors, officers, employees and agents to the extent and in the manner permitted by the provisions of the General Corporation Law of the State of Delaware, as amended from time to time, subject to any permissible expansion or limitation of such indemnification, as may be set forth in any stockholders' or directors' resolution or by contract. Any repeal or modification of these provisions approved by our stockholders will be prospective only and will not adversely affect any limitation on the liability of any of our directors or officers existing as of the time of such repeal or modification.

We are also permitted to apply for insurance on behalf of any director, officer, employee or other agent for liability arising out of his actions, whether or not the General Corporation Law of the State of Delaware would permit indemnification.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

We have directors' and officers' liability insurance insuring our directors and officers against liability for acts or omissions in their capacities as directors or officers.

CODE OF ETHICS

We have adopted a code of ethics that applies to our officers, directors and employees, including our principal executive officer and principal accounting officer, which is posted on our website at www.issuerdirect.com.

DIRECTOR INDEPENDENCE

The Board has determined that Messrs. Everett, Frank, Galleher and Nowlan satisfy the requirement for independence set out in Section 303A.02 of the NYSE American rules and Section 10A(m) of the Exchange Act (collectively, the "Independence Rules"), and that each of these directors has no material relationship with us (other than being a director and/or a stockholder). In making its independence determinations, the Board of Directors sought to identify and analyze all of the facts and circumstances relating to any relationship between a director, his immediate family or affiliates and our company and our affiliates and did not rely on categorical standards other than those contained in the NYSE American rule referenced above.

BOARD COMMITTEES

Our Board of Directors has established an Audit Committee, a Compensation Committee, a Strategic Advisory Committee and a Technology Oversight Committee, each of which has the composition and responsibilities described below.

Audit Committee	
	Our Audit Committee was implemented on October 23, 2013 and is currently comprised of Messrs. Everett and Nowlan, each of whom our Board has determined to be financially literate and qualify as an independent director under the Independence Rules.
Members: Michael Nowlan (Chairman) William H. Everett Meetings in 2018: 6	On March 2, 2018, Mr. Nowlan replaced Mr. Everett as the chairman of our Audit Committee. Mr. Everett remained as a member of the Audit Committee. Both Messrs. Nowlan and Everett qualify as a financial expert, as defined in Item 407(d)(5)(ii) of Regulation S-K. Responsibilities The Audit Committee's duties are to recommend to our Board of Directors the engagement of independent auditors to audit our financial statements and to review our accounting and auditing principles. The Audit Committee will review the scope, timing and fees for the annual audit and the results of audit examinations performed by the independent public accountants, including their recommendations to improve the system of accounting and internal controls. During the year ended December 31, 2018, our Audit Committee met six times.

Compensation Committee	
Members:	Our Compensation Committee was implemented on October 23, 2013 and is currently comprised of Messrs. Frank and Galleher, each of whom our Board has determined to qualify as an independent director under the Independence Rules. Mr. Galleher is the chairman of our Compensation Committee.
J. Patrick Galleher (Chairman)	Responsibilities
Eric Frank	The Compensation Committee reviews and approves our salary and benefits policies, including compensation of executive officers and directors. The Compensation Committee also administers our stock compensation plans and recommends and approves grants of stock compensation under such plans. During the year ended December 31, 2018, our Compensation Committee held three meetings.
Meetings in 2018: 3	

Strategic Advisory Committee	
Members:	Our Strategic Advisory Committee was implemented on January 25, 2016 and is currently comprised of Messrs. Everett and Galleher. Mr. Galleher is the chairman of our Strategic Advisory Committee.
J. Patrick Galleher (Chairman)	Responsibilities
William H. Everett	The Strategic Advisory Committee assists our Board of Directors and management in evaluating areas such as joint ventures, partnerships, strategic acquisitions and mergers and acquisitions. During the year ended December 31, 2018, our Strategic Advisory Committee held four meetings.
Meetings in 2018: 4	

Technology Oversight Committee	
	Our Technology Oversight Committee was implemented on August 11, 2017 and is currently comprised of Mr. Frank, as its Chairman.
	Responsibilities
Member: Eric Frank (Chairman)	The Technology Oversight Committee's main objectives are (i) to ensure that our R&D function is building secure, quality and scalable application software within the time frame, specifications and budget contained in our plan of record and (ii) to ensure we are taking the necessary and prudent steps to safeguard our customers' private and confidential information, including financial date, from cybersecurity attacks.
	During 2018, Mr. Frank was integrally involved in engaging a national security consulting firm to identify, address and create policies and plans which enable us to mitigate our cybersecurity and information vulnerabilities on both a short-term and long-term basis.

MEETINGS AND ATTENDANCE

During the year ended December 31, 2018, the Board of Directors held eleven meetings and the respective committees held thirteen total meetings, and each director attended all of (i) Board meetings held during the period for which he was a director and (ii) committee meetings held during the period for which he was a committee member. We do not have a policy requiring director attendance at stockholder meetings, but members of our Board of Directors are encouraged to attend.

COMMUNICATIONS WITH THE BOARD OF DIRECTORS

A stockholder who wishes to communicate with our Board of Directors, any committee of our Board of Directors, the non-management directors or any particular director, may do so by writing to such director or directors in care of the Secretary, c/o Issuer Direct Corporation, 500 Perimeter Park Drive, Suite D, Morrisville, NC 27560. Our secretary will forward such communication to the full Board of Directors, to the appropriate committee or to any individual director or directors to whom the communication is addressed, unless the communication is unrelated to the duties and responsibilities of our Board of Directors (such as spam, junk mail and mass mailings, ordinary course disputes over fees or services, personal employee complaints, business inquiries, new product or service suggestions, resumes and other forms of job inquiries, surveys, business solicitations or advertisements) or is unduly hostile, threatening, illegal, or harassing, in which case our secretary has the authority to discard the communication or take appropriate legal action regarding the communication.

NON-EMPLOYEE DIRECTOR COMPENSATION ARRANGEMENT

Effective as of February 28, 2019, our Board, upon the recommendation of our Compensation Committee, determined to compensate our non-employee directors as set forth below.

Initial Equity Grant. Each non-employee director appointed to our Board and not by a vote of the stockholders at an annual meeting is automatically granted an initial grant of 6,000 restricted stock units (the “RSUs”) on the date of his or her appointment to our Board (with such amount pro-rated based on the number of days between the date of such director’s appointment and the date of our first annual meeting of stockholders following the date of grant (or to the extent that we have not determined the date of the next annual meeting of stockholders on or before the date of grant, June 15 following the date of grant)). The RSU’s will fully vest on the date of our first annual meeting of stockholders following the date of grant or immediately prior to the consummation of a change of control event. If an individual is appointed as a non-employee director at an annual meeting of stockholders, he or she will be granted an annual equity grant, as described below, in lieu of the initial equity grant. None of the nominees for the Board contained in this Proxy Statement would be entitled to this initial equity grant.

Annual Equity Grant. On the date of each annual meeting of stockholders, each non-employee director who is serving on our Board on the date of such annual meeting or who is elected by the stockholders at such annual meeting will be automatically granted 6,000 restricted stock units (the “RSUs”). The RSUs will fully vest on the earlier of (i) the date of the following year’s annual meeting of stockholders (but only for a non-employee director who ceases to be a member of our Board at such annual meeting as a result of not standing for re-election or not being re-elected), (ii) the date that is one year following the date of grant, or (iii) immediately prior to the consummation of a change of control event. Each of the nominees for the Board contained in this Proxy Statement would be entitled to this equity grant if elected by the stockholders.

Monthly Cash Payment. During 2019, each non-employee director will receive a monthly cash retainer of $3,000 for service on our Board and our Chairman of our Board will receive an additional monthly cash retainer of $1,500.

2018 NON-EMPLOYEE DIRECTOR COMPENSATION TABLE

The following table shows amounts earned by each non-employee director in fiscal 2018:

Director	Fees Earned or Paid in Cash	Stock Awards	Warrant Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Non-qualified Deferred Compensation Earnings	All Other Compensation	Total
William H. Everett	$54,000(1)	$95,440(2)	$-	$-	$-	$-	$149,440
Eric Frank	$36,000	$95,440(2)	$-	$-	$-	$-	$131,440
J. Patrick Galleher	$36,000	$95,440(2)	$-	$-	$-	$-	$131,440
Michael Nowlan	$36,000	$95,440(2)	$-	$-	$-	$-	$131,440

(1)
In addition to the $3,000 per month paid to all members of the Board, this amount includes an additional $1,500 per month for Mr. Everett’s service as the Chairman of our Board.

(2)
The amounts shown in this column represent the grant date fair value of the awards determined in accordance with ASC 718. Option awards are valued using a Black-Scholes valuation model. On June 1, 2018, each non-employee director was granted an option to purchase 8,000 shares of our common stock with an exercise price of $17.40 and a vesting date of June 1, 2019. RSUs are valued based on the closing price of Issuer Direct’s ordinary shares on the date of grant, which was $17.40. On June 1, 2018, each non-employee director was granted 2,000 restricted stock units with a vesting date of June 1, 2019.

Security Ownership of Beneficial Owners and Management

The following table sets forth certain information as of April 23, 2019, regarding the beneficial ownership of our common stock by (i) each person or entity who, to our knowledge, beneficially owns more than 5% of our common stock; (ii) each executive officer and named officer; (iii) each director; and (iv) all of our officers and directors as a group. Unless otherwise indicated in the footnotes to the following table, each of the stockholders named in the table has sole voting and investment power with respect to the shares of our common stock beneficially owned. Except as otherwise indicated, the address of each of the stockholders listed below is: c/o Issuer Direct Corporation, 500 Perimeter Park Drive, Suite D, Morrisville, North Carolina 27560.

Name of Beneficial Owner	Number of Shares Owned(1)	Percentage Owned(1)
Brian R. Balbirnie(2)(3)	624,663(5)	16.20%
Steven Knerr(2)	43,750(6)	1.13%
William H. Everett(3)	51,728(7)	1.34%
J. Patrick Galleher(3)	46,000(7)	1.19%
Eric Frank(3)	20,000(7)	0.52%
Michael Nowlan(3)	20,000(7)	0.52%
James Michael(4)	228,300	5.92%
All officers, directors, and management as a group (6 persons)	1,034,441	26.12%
Other beneficial holders:		
Polar Asset Management Partners	326,456	8.47%
Yorkmont Capital Partners, LP	284,765(8)	7.39%

(1) Applicable percentage of ownership is based on a total of 3,960,818 shares of common stock, which consist of 3,854,568 shares of common stock outstanding on April 23, 2019, plus shares that are beneficially owned as of that date. Beneficial ownership is determined in accordance with rules of the Securities and Exchange Commission and means voting or investment power with respect to securities. Shares of our common stock issuable upon restricted stock units and the exercise of stock options exercisable currently or within 60 days of April 20, 2019 are deemed outstanding and to be beneficially owned by the person holding such option for purposes of computing such person's percentage ownership, but are not deemed outstanding for the purpose of computing the percentage ownership of any other person.

(2) Officer.

(3) Director.

(4) Management.

(5) Includes options issued to spouse to purchase 500 shares of common stock that are currently exercisable or exercisable within 60 days of April 23, 2019.

(6) Includes 5,000 restricted stock units which vest on February 28, 2020 and options to purchase 28,750 shares of common stock that are currently exercisable or exercisable within 60 days of April 23, 2019.

(7) Includes 2,000 restricted stock units which vest on June 1, 2019 and options to purchase 16,000 shares of common stock that are currently exercisable or exercisable within 60 days of April 23, 2019.

(8) Includes 50,000 shares of common stock held by Graeme P. Rein. According to Amendment No. 5 to the Schedule 13G filed by Yorkmont Capital Partners, LP on January 11, 2019, Mr. Rein has sole voting and disposition power with respect to all of the shares of common stock held by Yorkmont Capital Partners, LP.

Executive Compensation

COMPENSATION DISCUSSION AND ANALYSIS

We formed a Compensation Committee on October 23, 2013. Prior to that date, all compensation decisions for our named executive officers were made by our Board of Directors.

The Compensation Committee of our Board of Directors will review at least annually and determine (or recommend to the Board of Directors as the case may be) the executive compensation for Mr. Balbirnie and any other named executive officers, including approving any grants of stock options or other equity incentive awards in accordance with the philosophy and components described in this Proxy Statement. To date, neither the Board of Directors nor the Compensation Committee has retained the services of a compensation consultant. The Compensation Committee does not intend to retain such services for 2019 but may decide to do so in the future.

SUMMARY COMPENSATION TABLE

The following table shows amounts earned by each officer in the years ended December 31, 2018 and 2017:

Name and Principal Position	Year	Salary	Deferred Compensation	Bonus	Stock Awards	Option/Warrant Awards	All Other Compensation	Total
Brian R. Balbirnie	2018	$200,000	$ -	$18,000	$ -	$ -	$ -	$218,000
President and Chief Executive Officer	2017	$195,000	$ -	$32,000	$ -	$ -	$ -	$227,000
Steven Knerr	2018	$165,000	$ -	$11,550	$ -	$ -	$ -	$176,550
Chief Financial Officer	2017	$160,333	$ -	$19,800	$ -	$ -	$ -	$180,133

We currently have employment agreements with Brian Balbirnie and Steven Knerr. The terms are summarized below:

BRIAN R. BALBIRNIE EMPLOYMENT AGREEMENT

On April 30, 2014, Issuer Direct Corporation (the “Company”) entered into an Executive Employment Agreement (the “Balbirnie Agreement”) with Brian R. Balbirnie to serve as the Company’s President and Chief Executive Officer. Mr. Balbirnie had served as the Company’s most senior executive officer since 2006 without a formal employment agreement. The Balbirnie Agreement will continue until terminated pursuant to its terms as described below.

On May 1, 2017, the Company and Mr. Balbirnie agreed to amend the Balbirnie Agreement as follows: (i) to increase Mr. Balbirnie’s annual base salary from $185,000 to $200,000 and (ii) to decrease Mr. Balbirnie’s eligibility to receive an annual cash bonus from 45% to 40% of his annual base salary upon the achievement of reasonable target objectives and performance goals. However, for fiscal years 2018 and 2019, our Board has decided to increase Mr. Balbirnie’s bonus potential to the previous 45% level. The revised base salary will be reviewed annually by the Company’s Board of Directors for increase as part of its annual compensation review. The cash bonus goals will continue to be determined by the Board in consultation with Mr. Balbirnie on or before the end of the first quarter of the fiscal year to which the bonus relates. In addition, Mr. Balbirnie is eligible to receive such additional bonus or incentive compensation as the Board may establish from time to time in its sole discretion.

Pursuant to the Balbirnie Agreement, if Mr. Balbirnie's employment is terminated upon his disability, by Mr. Balbirnie for good reason (as such term is defined in Balbirnie Agreement), or by us without cause (as such term is defined in Balbirnie Agreement), Mr. Balbirnie will be entitled to receive, in addition to other unpaid amounts owed to him (e.g., for base salary, accrued personal time and business expenses): (i) to the then base salary for a period of twelve months (in accordance with the Company's general payroll policy) commencing on the first payroll period following the fifteenth day after termination of employment and (ii) substantially similar coverage under the Company's then-current medical, health and vision insurance coverage for a period of twelve months. Additionally, if Mr. Balbirnie's employment is terminated for disability, the vesting of any option grants will continue to vest pursuant to the schedule and terms previously established during the twelve-month severance period. Subsequent to the twelve-month severance period the vesting of any option grants will immediately cease. If Mr. Balbirnie's employment is terminated without cause, vesting of any option grants will immediately cease upon termination except as described below relating to a Corporate Transaction.

If the Company terminates Mr. Balbirnie's employment for cause or employment terminates as a result of Mr. Balbirnie's resignation or death, Mr. Balbirnie will only be entitled to unpaid amounts owed to him and the vesting of any option grants will immediately cease.

Mr. Balbirnie has no specific right to terminate the employment agreement or right to any severance payments or other benefits solely as a result of a Corporate Transaction (as defined in the Company's 2014 Equity Incentive Plan). However, if within twelve months following a corporate transaction, Mr. Balbirnie terminates his employment for good reason or the Company terminates his employment without cause, the severance period discussed above will be increased from twelve to eighteen months and any then unvested options held by Mr. Balbirnie will immediately vest and become exercisable for a period equal to the earlier of (i) six months from termination or (ii) the expiration of such option grant pursuant to its original terms.

The Balbirnie Agreement also contains certain non-competition, no solicitation, confidentiality, and assignment of inventions requirements for Mr. Balbirnie.

STEVEN KNERR EMPLOYMENT AGREEMENT

On November 19, 2015, the Company entered into an Executive Employment Agreement (the "Knerr Agreement") with Steven Knerr to serve as the Company's Chief Financial Officer. Mr. Knerr had served as the Company's Controller since August 22, 2013 and as its interim Chief Financial Officer and interim Principal Financial Officer since May 8, 2015. The Knerr Agreement will continue until terminated pursuant to its terms as described below.

On May 1, 2017, the Company and Mr. Knerr agreed to amend the Knerr Agreement as follows: (i) to increase Mr. Knerr's annual base salary from $151,000 to $165,000 and (ii) to decrease Mr. Knerr's eligibility to receive an annual cash bonus from 35% to 30% of his annual base salary upon the achievement of reasonable target objectives and performance goals. However, for fiscal years 2018 and 2019, our Board has decided to increase Mr. Knerr's bonus potential to the previous 35% level. The revised base salary will be reviewed annually by the Company's Board of Directors for increase as part of its annual compensation review. The cash bonus goals will continue to be determined by the Board in consultation with Mr. Knerr on or before the end of the first quarter of the fiscal year to which the bonus relates. In addition, Mr. Knerr is eligible to receive such additional bonus or incentive compensation as the Board may establish from time to time in its sole discretion.

Also as part of the Knerr Agreement, Mr. Knerr was granted an incentive stock option to purchase 10,000 shares of the Company's common stock at an exercise price of $6.80 (the "Stock Option"). The Stock Option shall vest over a four-year period, at a rate of 25% of the total Stock Option on the first anniversary of November 19, 2015 and the remaining 75% vesting ratably at the end of each calendar quarter for the subsequent three years after the first anniversary of November 19, 2015, provided Mr. Knerr is employed on all such dates by the Company or one of its affiliates. In the event of a Corporate Transaction (as defined in the Company's 2014 Equity Incentive Plan), any unvested portion of the Stock Option shall be immediately vested.

Pursuant to the Knerr Agreement, if Mr. Knerr's employment is terminated upon his disability, by Mr. Knerr for good reason (as such term is defined in Knerr Agreement), or by us without cause (as such term is defined in Knerr Agreement), Mr. Knerr will be entitled to receive, in addition to other unpaid amounts owed to him (e.g., for base salary, accrued personal time and business expenses): (i) to the then base salary for a period of six months (in accordance with the Company's general payroll policy) commencing on the first payroll period following the fifteenth day after termination of employment and (ii) substantially similar coverage under the Company's then-current medical, health and vision insurance coverage for a period of six months. Additionally, if Mr. Knerr's employment is terminated for disability, the vesting of any option grants will continue to vest pursuant to the schedule and terms previously established during the six-month severance period. Subsequent to the six-month severance period the vesting of any option grants will immediately cease. If Mr. Knerr's employment is terminated without cause, vesting of any option grants will immediately cease upon termination except as described below relating to a Corporate Transaction.

If the Company terminates Mr. Knerr's employment for cause or employment terminates as a result of Mr. Knerr's resignation or death, Mr. Knerr will only be entitled to unpaid amounts owed to him and the vesting of any option grants will immediately cease.

Mr. Knerr has no specific right to terminate the employment agreement or right to any severance payments or other benefits solely as a result of a Corporate Transaction (as defined in the Company's 2014 Equity Incentive Plan).

The Knerr Agreement also contains certain non-competition, no solicitation, confidentiality, and assignment of inventions requirements for Mr. Knerr.

PHILOSOPHY OF COMPENSATION

The goals of our compensation policy are to ensure that executive compensation rewards management for helping us achieve our financial goals (increased sales, profitability, etc.), meet our product development milestone and align management's overall goals and objectives with those of our stockholders. To achieve these goals, our Compensation Committee and Board of Directors aim to achieve the following:

provide competitive compensation packages that enable us to attract and retain superior management personnel;

relate compensation to the Company's overall performance, the individual officer's performance and our assessment of the officer's future potential;

reward our officers fairly for their role in our achievements; and

align executive's objectives with the objectives of stockholders, including through the grant of equity awards.

We have determined that in order to best meet these objectives, our executive compensation program should balance fixed and bonus compensation, as well as cash and equity compensation, as discussed below. Historically, there has been no pre-established policy or target for the allocation between either cash and non-cash or short-term and long-term incentive compensation for our executive officers.

COMPONENTS OF COMPENSATION

The four principal components of our compensation program for our named executive officers are base salary, personal benefits (such as health and dental insurance), cash bonuses and or equity based grants. As noted below, cash bonuses and equity grants are not necessarily earned or granted every year.

Base Salary. The primary component of compensation for our named executive officers is base salary. Base salary levels for our named executive officers have historically been determined based upon an evaluation of a number of factors, including the individual officer’s level of responsibility and our overall performance. The Compensation Committee intends to review each named executive officer’s base salary on an annual basis and adjust such salaries as deemed appropriate.

Cash Bonus. Prior to 2016, we paid nominal cash bonuses to named executive officers. For the year ended December 31, 2018, Mr. Balbirnie and Mr. Knerr earned bonuses of $18,000 and $11,550, respectively, for achieving target objectives and performance goals determined by the Board. These bonuses were paid during 2019.

We intend to consider the amount of cash bonus that each of our named executive officers should be entitled to receive in connection with our annual compensation review, taking into account each executive’s total compensation package, and any more formal data we obtain regarding the compensation levels of similarly situated executives. We will also consider in connection with such review whether to designate certain financial or operational metrics or other objective or subjective criteria in determining the final amounts of such awards.

Equity Based Grants. An additional principal component of our compensation policy for named executive officers consists of grants of stock options and other equity awards. Prior to 2015, all equity incentive awards were made either (i) in accordance with negotiated terms at levels deemed necessary to attract or retain the executive at the time of such negotiations and determined taking into account the recipient’s overall compensation package and the goal of aligning such executive’s interest with that of our stockholders, or (ii) at the discretion of the Board of Directors without reference to any formal targets or objectives, when deemed appropriate in connection with extraordinary efforts or results or necessary in order to retain the executive in light of the executive’s overall compensation package.

On April 1, 2015, the Compensation Committee granted Mr. Knerr 10,000 restricted stock units, half of which vested on April 1, 2016 and the other half on April 1, 2017. Additionally, the Compensation Committee granted Mr. Knerr an incentive stock option to purchase 10,000 shares of our common stock, as further described above under the heading "Steven Knerr Employment Agreement." On February 28, 2019, Mr. Knerr was also granted 5,000 restricted stock units which will vest on February 28, 2020.

Other than the grants to Mr. Knerr, the Compensation Committee has not made any equity awards to the named executive officers since its inception in October 2013 but may do so in 2019. Our Compensation Committee and our Board of Directors intends to consider during our annual compensation review whether to grant equity incentive awards to our named executive officers, and the terms of any such awards, including whether to set any performance targets or other objective or subjective criteria related to the final grant or vesting of such awards. The Compensation Committee will also retain the flexibility to make additional grants throughout the year if deemed necessary or appropriate in order to retain our named executive officers or reward extraordinary efforts or achievements.

Neither the Compensation Committee nor the Board of Directors has approved any additional equity based grants for our named executive officer during the fiscal year 2019, other than the grant noted above to Mr. Knerr.

COMPENSATION OF NAMED EXECUTIVE OFFICERS

Compensation of Chief Executive Officer. During the twelve months ended December 31, 2018, Mr. Balbirnie's total compensation was $218,000. Mr. Balbirnie's total compensation was comprised of salary payments from January 1, 2018 through December 31, 2018 of $200,000 and earned bonus of $18,000, which was paid on March 15, 2019.

2018 Bonus Plan. On April 19, 2018, the Compensation Committee of the Board implemented a 2018 cash bonus plan for Mr. Balbirnie based on the following criteria:

Cash bonus target was 45% of annualized base salary of $200,000.

Cash bonus plan was based (i) 80% upon the achievement of target financial numbers during the fiscal year 2018 and (ii) 20% based upon the achievement of certain management objectives determined by the Board.

Bonus targets for solely the target financial numbers were scaled as follows: (i) below 90% of target results in no bonus paid; (ii) 90% of target results in 50% of bonuses paid; (iii) 100% of target results in 100% of bonuses paid; (iv) 120% and greater of target results in 120% of bonuses paid. The payout is a maximum of 120% of target bonus.

Based on these criteria and as noted above, Mr. Balbirnie received a cash bonus of $18,000 for the year ended December 31, 2018, which was paid on March 15, 2019.

2019 Bonus Plan. On February 28, 2019, our Board, based on recommendations from our Compensation Committee, implemented a 2019 cash bonus plan for Mr. Balbirnie based on the following criteria:

Cash bonus target was 45% of annualized base salary of $200,000.

Cash bonus plan will be based (i) 80% upon the achievement of target financial numbers during the fiscal year 2019 and (ii) 20% based upon the achievement of certain management objectives during the fiscal year 2019 as determined by the Board.

Bonus targets for solely the target financial numbers will be scaled as follows: (i) below 90% of target results in no bonus paid; (ii) 90% of target results in 50% of bonuses paid; (iii) 100% of target results in 100% of bonuses paid; (iv) 120% and greater of target results in 120% of bonuses paid. The payout is a maximum of 120% of target bonus.

Compensation of Chief Financial Officer. For the twelve months ended December 31, 2018, Mr. Knerr's total compensation was $176,550. Mr. Knerr's total compensation was comprised of salary payments from January 1, 2018 through December 31, 2018 totaling $165,000 and earned bonus of $11,550, which was paid on March 15, 2019.

2018 Bonus Plan. On April 19, 2018, the Compensation Committee of the Board implemented a 2018 cash bonus plan for Mr. Knerr based on the following criteria:

Cash bonus target was 35% of annualized base salary of $165,000.

Cash bonus plan was based (i) 80% upon the achievement of target financial numbers during the fiscal year 2018 and (ii) 20% based upon the achievement of certain management objectives determined by the Board.

Bonus targets for solely the target financial numbers were scaled as follows: (i) below 90% of target results in no bonus paid; (ii) 90% of target results in 50% of bonuses paid; (iii) 100% of target results in 100% of bonuses paid; (iv) 120% and greater of target results in 120% of bonuses paid. The payout is a maximum of 120% of target bonus.

Based on these criteria and as noted above, Mr. Knerr received a cash bonus of $11,550 for the year ended December 31, 2018, which was paid on March 15, 2019.

2019 Bonus Plan. On February 28, 2019, our Board, based on recommendations from our Compensation Committee, implemented a 2019 cash bonus plan for Mr. Knerr based on the following criteria:

Cash bonus target was 35% of annualized base salary of $165,000.

Cash bonus plan will be based (i) 80% upon the achievement of target financial numbers during the fiscal year 2019 and (ii) 20% based upon the achievement of certain management objectives during the fiscal year 2019 as determined by the Board.

Bonus targets for solely the target financial numbers will be scaled as follows: (i) below 90% of target results in no bonus paid; (ii) 90% of target results in 50% of bonuses paid; (iii) 100% of target results in 100% of bonuses paid; (iv) 120% and greater of target results in 120% of bonuses paid. The payout is a maximum of 120% of target bonus.

IMPACT OF TAX LAWS

Deductibility of Executive Compensation. Generally, under U.S. law, a company may not deduct compensation of more than $1,000,000 that is paid to an individual employed by the company who, on the last day of the taxable year, either is the company's principal executive officer or an individual who is among the three highest compensated officers for the taxable year (other than the principal executive officer or the principal financial officer). The $1,000,000 limitation on deductions does not apply to certain types of compensation, including qualified performance-based compensation, and only applies to compensation paid by a publicly-traded corporation (and not compensation paid by non-corporate entities). Because the compensation deducted in the U.S. for each individual to whom this rule applies has historically been less than $1,000,000 per year, we do not believe that the $1,000,000 limitation will affect us in the near future. If the deductibility of executive compensation becomes a significant issue, our compensation plans and policies may be modified to maximize deductibility if our Compensation Committee and we determine that such action is in our best interests.

RISK CONSIDERATIONS IN OUR COMPENSATION PROGRAMS

Our Compensation Committee believes that risks arising from our policies and practices for compensating employees are not reasonably likely to have a material adverse effect on us and do not encourage risk taking that is reasonably likely to have a material adverse effect on us. Our Compensation Committee believes that the structure of our executive compensation program mitigates risks by avoiding any named executive officer placing undue emphasis on any particular performance metric at the expense of other aspects of our business.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with the members of management of the Company and, based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

The Compensation Committee

J. Patrick Galleher (Chairman)
Eric Frank

Proposal 2–Ratification of Auditors

RATIFICATION OF THE SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors has appointed the firm of Cherry Bekaert LLP, independent registered public accounting firm, to audit and report on our financial statements for the year ending December 31, 2019. We have engaged Cherry Bekaert LLP as our independent registered public accounting firm since June 2010. We expect that a representative of Cherry Bekaert LLP will be present at the Annual Meeting of Stockholders to answer questions of stockholders and will have the opportunity, if desired, to make a statement.

For the years ended December 31, 2018 and 2017, Cherry Bekaert LLP billed us the fees set forth below, including expenses, in connection with services rendered by that firm to us.

	Year Ended December 31,	
	2018	2017
Audit fees	$121,475	$112,000
Audit related fees	35,300	23,000
Tax fees	---	---
All other fees	---	---
Total fees	$156,775	$135,000

Audit Fees. Audit fees include fees billed for the annual audit of the Company’s financial statements and quarterly reviews for the fiscal years ended December 31, 2018 and 2017, and for services normally provided by Cherry Bekaert LLP in connection with routine statutory and regulatory filings or engagements.

Audit-Related Fees. Audit-related fees include fees billed for assurance and related services that are reasonably related to the performance of the annual audit or reviews of the Company’s financial statements and are not reported under “Audit Fees.” During our fiscal year ended December 31, 2018, Cherry Bekaert LLP billed the Company $21,000 for services related to a consent for the use of its audit opinion in the Company’s filing of a Registration Statement on Form S-3 that incorporated by reference the Company’s audited financial statements for the fiscal years ended December 31, 2017 and 2016 and also billed the Company $14,300 for other audit-related services related to a business acquired by us during 2018. During our fiscal year ended December 31, 2017, Cherry Bekaert LLP billed the Company $3,000 for services related to a consent for the use of its audit opinion in the Company’s filing of a Registration Statement on Form S-3 that incorporated by reference the Company’s audited financial statements for the fiscal years ended December 31, 2016 and 2015 and also billed the Company $20,000 for other audit-related services related to a business acquired by us during 2017.

Tax Fees. Tax fees include fees for professional services for tax compliance, tax advice and tax planning for the tax years ended December 31, 2018 and 2017. During our fiscal years ended December 31, 2018 and 2017, no such fees were billed by Cherry Bekaert LLP.

All Other Fees. All other fees include fees for products and services other than those described above. During our fiscal years ended December 31, 2018 and 2017, no such fees were billed by Cherry Bekaert LLP.

The Audit Committee of the Board of Directors has considered whether the provision of services described above under "Audit-related fees" and "Other fees" is compatible with maintaining the independence of Cherry Bekaert LLP and has concluded that it is compatible.

RATIFICATION OF SELECTION OF INDEPENDENT AUDITORS

The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the independent registered accounting firm retained to audit our financial statements. The Audit Committee has appointed Cherry Bekaert LLP as our independent external auditor for the year ending December 31, 2019. Cherry Bekaert LLP has served as our independent registered accounting firm continuously since June 2010. The Audit Committee is responsible for the audit fee negotiations associated with the retention of Cherry Bekaert LLP. In order to assure continuing auditor independence, the Audit Committee periodically considers whether there should be a regular rotation of the independent registered accounting firm. Further, in conjunction with the rotation of the auditing firm's lead engagement partner, the Audit Committee and its chairperson has and will continue to be directly involved in the selection of Cherry Bekaert LLP 's new lead engagement partner. The members of the Audit Committee and the Board believe that the continued retention of Cherry Bekaert LLP to serve as our independent external auditor is in the best interests of the Company and its stockholders.

Stockholder ratification of the selection of Cherry Bekaert LLP as our independent registered public accounting firm is not required but is being presented as a matter of good corporate practice. Notwithstanding stockholder ratification of the appointment of the independent registered public accounting firm, the Audit Committee, in its discretion, may direct the appointment of a new independent registered public accounting firm if the Audit Committee believes that such a change would be in our best interests and the best interests of our stockholders. The Audit Committee has not determined what action it would take if the stockholders do not ratify the appointment, but may reconsider the appointment.

AUDIT COMMITTEE PRE-APPROVAL POLICY

The Audit Committee's policy is that all audit and non-audit services provided by its independent registered public accounting firm shall either be approved before the independent registered public accounting firm is engaged for the particular services or shall be rendered pursuant to pre-approval procedures established by the Audit Committee. These services may include audit services and permissible audit-related services, tax services and other services. Pre-approval spending limits for audit services are established on an annual basis, detailed as to the particular service or category of services to be performed and implemented by our financial officers. Pre-approval spending limits for permissible non-audit services are established on an annual basis, detailed as to the particular service or category of services to be performed and implemented by our financial officers. Any audit or non-audit service fees that may be incurred by us during a quarter that fall outside the limits pre-approved by the Audit Committee for a particular service or category of services must be reviewed and approved by the Chairperson of the Audit Committee prior to the performance of services. On an annual basis, the Audit Committee reviews and itemizes all fees paid to its independent registered public accounting firm in the prior quarter (including fees approved by the Chairperson of the Audit Committee between regularly scheduled meetings and fees approved by our financial officers pursuant to the pre-approval policies described above) and further reviews and itemizes all fees expected to be paid in the upcoming quarter. The Audit Committee may revise its pre-approval spending limits and policies at any time. None of the fees paid to the independent registered public accounting firm were approved by the Audit Committee after the services were rendered pursuant to the "de minimis" exception established by the SEC for the provision of non-audit services.

The Board of Directors recommends a vote "FOR" the ratification of the appointment of Cherry Bekaert LLP as the independent registered public accounting firm.

REPORT OF THE AUDIT COMMITTEE

On October 23, 2013, the Company established an Audit Committee of the Board of Directors. The Audit Committee consists of two members, Messrs. Everett and Nowlan. All the members are independent directors under the NYSE and SEC Audit Committee structure and membership requirements. The Audit Committee has certain duties and powers as described in its written charter, a copy of which can be found on the company's website at http://cdn.irdirect.net/IR/432/1220/Audit-Committee-Charter-Final-Exhibit-A%20(1).pdf.

The Audit Committee has reviewed and discussed the Company's audited financial statements and related footnotes for the fiscal year ended December 31, 2018, and the independent auditor's report on those financial statements, with management and with our independent auditor, Cherry Bekaert LLP ("Cherry Bekaert"). The Audit Committee has also discussed with Cherry Bekaert the matters required to be discussed by the statement on Auditing Standard No. 16, "Communications with Audit Committees" issued by the Public Company Accounting Oversight Board. The Audit Committee has also received the written disclosures and the letter from Cherry Bekaert required by applicable requirements of the Public Company Accounting Oversight Board regarding Cherry Bekaert's communications with the Audit Committee concerning independence, and has discussed with Cherry Bekaert that firm's independence.

Based on the review and the discussions referred to in the preceding paragraph, the Audit Committee recommended to the Board of Directors that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018 that were filed with the SEC.

The Audit Committee

Michael Nowlan (Chairman)
William H. Everett

Certain Relationships and Related Party Transactions and Director Independence

RELATED PARTY TRANSACTIONS

None.

DIRECTOR INDEPENDENCE

As of April 23, 2019, we had four independent directors on our Board, William H. Everett, Eric Frank, J. Patrick Galleher and Michael Nowlan. We evaluate independence by the standards for director independence established by applicable laws, rules, and listing standards including, without limitation, the standards for independent directors established by NYSE American and the SEC.

Subject to some exceptions, these standards generally provide that a director will not be independent if (a) the director is, or in the past three years has been, an employee of ours; (b) a member of the director’s immediate family is, or in the past three years has been, an executive officer of ours; (c) the director or a member of the director’s immediate family has received more than $120,000 per year in direct compensation from us other than for service as a director (or for a family member, as a non-executive employee); (d) the director or a member of the director’s immediate family is, or in the past three years has been, employed in a professional capacity by our independent public accountants, or has worked for such firm in any capacity on our audit; (e) the director or a member of the director’s immediate family is, or in the past three years has been, employed as an executive officer of a company where one of our executive officers serves on the Compensation Committee; or (f) the director or a member of the director’s immediate family is an executive officer of a company that makes payments to, or receives payments from, us in an amount which, in any twelve-month period during the past three years, exceeds the greater of $1,000,000 or two percent of that other company’s consolidated gross revenues.

Other Matters

We know of no other matters to be submitted at the meeting. If any other matters properly come before the meeting, it is the intention of the persons named in the enclosed proxy card to vote the shares they represent as the Board of Directors may recommend.

Additional Information

A copy of our 2018 Annual Report on Form 10-K is available to each stockholder in connection with this Proxy Statement. The 2018 Annual Report on Form 10-K is not a part of the proxy solicitation materials.

We file reports and other information with the SEC. Copies of these documents may be obtained at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may also obtain information on the operation of the Public Reference Room by calling the SEC at (800) SEC-0330. Our SEC filings are also available on the SEC's website at http://www.sec.gov.

ISSUER DIRECT CORPORATION
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS
ANNUAL MEETING OF STOCKHOLDERS – JUNE 13, 2019 AT 9:00 AM EDT
CONTROL ID:
REQUEST ID:

The undersigned, a stockholder of Issuer Direct Corporation (the “Company”), hereby revoking any proxy heretofore given, does hereby appoint Jeffrey Quick proxy, with power of substitution, for and in the name of the undersigned to attend the 2019 annual meeting of stockholders of the Company to be held at 500 Perimeter Park Drive, Suite D, Morrisville, NC 27560, on Thursday, June 13, 2019 beginning at 9:00 AM, local time, or at any adjournment or postponement thereof, and there to vote, as designated below.

(CONTINUED AND TO BE SIGNED ON REVERSE SIDE.)

VOTING INSTRUCTIONS
If you vote by phone, fax or internet, please DO NOT mail your proxy card.

MAIL:	Please mark, sign, date, and return this Proxy Card promptly using the enclosed envelope.
FAX:	Complete the reverse portion of this Proxy Card and Fax to 202-521-3464.
INTERNET:	https://www.iproxydirect.com/ISDR
PHONE:	1-866-752-VOTE(8683)

ANNUAL MEETING OF THE STOCKHOLDERS OFISSUER DIRECT CORPORATION

PLEASE COMPLETE, DATE, SIGN AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE:

PROXY SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

			FOR ALL	AGAINST ALL	FOR ALL EXCEPT	
Proposal 1	To elect the five (5) directors nominated by our Board of Directors as set forth in the Proxy Statement:					
	William H. Everett	Director, Chairman of the Board, Member of Audit Committee & Strategic Advisory Committee				
	J. Patrick Galleher	Director, Chairman of Compensation Committee and Strategic Advisory Committee				
	Brian R. Balbirnie	Director, President and Chief Executive Officer				CONTROL ID:
	Eric Frank	Director, Chairman of Technology Oversight Committee, Member of Compensation Committee				REQUEST ID:
	Michael Nowlan	Director, Chairman of Audit Committee				
Proposal 2			FOR	AGAINST	ABSTAIN	
	To ratify the appointment of Cherry Bekaert LLP as our independent registered public accounting firm for the year ending December 31, 2019.					
Proposal 3			FOR	AGAINST	ABSTAIN	
	To transact such other business as may properly come before the meeting or any postponement or adjournment thereof.					

MARK “X” HERE IF YOU PLAN TO ATTEND THE MEETING:

MARK HERE FOR ADDRESS CHANGE New Address (if applicable):

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IMPORTANT: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

Dated: ________________________, 2019

(Print Name of Stockholder and/or Joint Tenant)

(Signature of Stockholder)

(Second Signature if held jointly)

;	0	0	0	0	
Purchases of treasury shares	0	0	0	(9,187)	0	0

Sale of treasury shares	0	0	0	8,352	0	0

Net gains (losses) on treasury shares sold	0	(6)	0	0	0	0

Other	0	41	0	0	0	0
Balance as of December 31, 2014	**3,531**	**33,626**	**29,279**	**(8)**	**0**	**1,675**

[1] Excluding remeasurement gains (losses) related to defined benefit plans, net of tax.

[2] Includes the cumulative effect of the adoption of accounting pronouncements.
[3] Excluding unrealized net gains (losses) from equity method investments.

Unrealized net gains (losses) on derivatives hedging variability of cash flows, net of tax[3]	Unrealized net gains (losses) on assets classified as held for sale, net of tax	Foreign currency translation, net of tax[3]	Unrealized net gains (losses) from equity method investments	Accumulated other comprehensive income, net of tax[1]	Total shareholders equity	Additional equity components[4]	Noncontrolling interests	Total equity
(226)	**0**	**(1,166)**	**28**	**(1,981)**	**53,390**	**0**	**1,270**	**54,660**
67	0	(424)	(38)	681	944	0	152	1,096
0	0	0	0	0	0	0	0	0
0	0	0	0	0	(689)	0	(3)	(692)
0	0	0	0	0	(480)	0	(4)	(484)
0	0	0	0	0	(342)	0	0	(342)
0	0	0	0	0	1,481	0	0	1,481
0	0	0	0	0	2	0	0	2
0	0	0	0	0	(4)	0	0	(4)
0	0	0	0	0	4	0	0	4
0	0	0	0	0	(63)	0	0	(63)
0	0	0	0	0	(12,152)	0	0	(12,152)
0	0	0	0	0	11,434	0	0	11,434
0	0	0	0	0	77	0	0	77
0	0	(3)	0	5	398	0	(1,176)[5]	(778)
(159)	**0**	**(1,593)**	**(10)**	**(1,294)**	**54,001**	**0**	**239**	**54,240**
57	2	(1,121)	63	(1,164)	(498)	0	13	(485)

0	0	0	0	0	2,961	0	0	2,961
0	0	0	0	0	(764)	0	(13)	(777)
0	0	0	0	0	(659)	0	0	(659)
0	0	0	0	0	(385)	0	0	(385)
0	0	0	0	0	1,160	0	0	1,160
0	0	0	0	0	30	0	0	30
0	0	0	0	0	(1)	0	0	(1)
0	0	0	0	0	1	0	0	1
0	0	0	0	0	(49)	0	0	(49)
0	0	0	0	0	(13,648)	0	0	(13,648)
0	0	0	0	0	12,535	0	0	12,535
0	0	0	0	0	(49)	0	0	(49)
0	0	0	0	0	85	0	8	93
(101)	**2**	**(2,713)**	**53**	**(2,457)**	**54,719**	**0**	**247**	**54,966**
181	(2)	2,865	(35)	4,380	6,043	0	54	6,097
0	0	0	0	0	8,508	0	0	8,508
0	0	0	0	0	(765)	0	(4)	(769)
0	0	0	0	0	5	0	0	5
0	0	0	0	0	(103)	0	0	(103)
0	0	0	0	0	840	0	0	840
0	0	0	0	0	(32)	0	0	(32)
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	(65)	0	0	(65)
0	0	0	0	0	(9,187)	0	0	(9,187)
0	0	0	0	0	8,352	0	0	8,352
0	0	0	0	0	(6)	0	0	(6)
0	0	0	0	0	41	4,619[6]	(44)	4,616
79	**0**	**151**	**18**	**1,923**	**68,351**	**4,619**	**253**	**73,223**

[4] Includes Additional Tier 1 Notes, which constitute unsecured and subordinated notes of Deutsche Bank and are classified as equity in accordance with IFRS.
[5] Of which approximately (750) million are attributable to the noncontrolling interests in Deutsche Postbank AG, which were significantly reduced in 2012 as a result of both the increase in the Group s shareholdings as well as the conclusion of a domination agreement between Postbank and its immediate parent DB Finanz-Holding GmbH (a wholly owned subsidiary of Deutsche Bank AG).
[6] Includes net proceeds from issuance, purchase and sale of Additional Equity Components.

The accompanying notes are an integral part of the Consolidated Financial Statements.

Consolidated Statement of Cash Flows

in m.	2014	2013	2012
Net income	**1,691**	**681**	**316**
Cash flows from operating activities:			
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Provision for credit losses	1,134	2,065	1,721
Restructuring activities	133	399	394
Gain on sale of financial assets available for sale, equity method investments, and other	(391)	(493)	(627)
Deferred income taxes, net	673	(179)	723
Impairment, depreciation and other amortization, and accretion	4,567	2,443	3,236
Share of net income from equity method investments	(569)	(433)	(397)
Income adjusted for noncash charges, credits and other items	**7,238**	**4,483**	**5,365**
Adjustments for net change in operating assets and liabilities:			
Interest-earning time deposits with banks	8,959	55,515	1,320
Central bank funds sold, securities purchased under resale agreements, securities borrowed	5,450	11,267	(3,429)
Financial assets designated at fair value through profit or loss	70,639	(27)	(6,561)
Loans	(26,909)	16,007	11,756
Other assets	(28,812)	12,048	32,249
Deposits	1,551	(42,281)	(25,995)
Financial liabilities designated at fair value through profit or loss and investment contract liabilities	(54,334)	(18,558)	(9,126)
Central bank funds purchased, securities sold under repurchase agreements, securities loaned	(2,963)	(23,080)	(4,202)
Other short-term borrowings	(17,875)	(9,529)	3,335
Other liabilities	22,183	(17,625)	(11,483)
Senior long-term debt	14,315	(22,056)	(5,079)
Trading assets and liabilities, positive and negative market values from derivative financial instruments, net	4,288	38,013	(9,310)
Other, net	(4,360)	3,007	(2,794)
Net cash provided by (used in) operating activities	**(630)**	**7,184**	**(23,954)**
Cash flows from investing activities:			
Proceeds from:			
Sale of financial assets available for sale	11,974	18,054	7,476
Maturities of financial assets available for sale	8,745	11,564	12,922
Sale of equity method investments	124	76	163
Sale of property and equipment	133	137	197
Purchase of:			
Financial assets available for sale	(34,158)	(31,588)	(22,170)
Equity method investments	(78)	(21)	(14)
Property and equipment	(669)	(513)	(614)
Net cash received in (paid for) business combinations/divestitures	1,931	(128)	96
Other, net	(826)	(596)	(703)
Net cash provided by (used in) investing activities	**(12,824)**	**(3,015)**	**(2,647)**
Cash flows from financing activities:			

Issuances of subordinated long-term debt	101	1,217	62
Repayments and extinguishments of subordinated long-term debt	(3,142)	(2,776)	(708)
Issuances of trust preferred securities	49	11	17
Repayments and extinguishments of trust preferred securities	(3)	(49)	(30)
Capital increase	8,508	2,961	0
Purchases of treasury shares	(9,187)	(13,648)	(12,171)
Sale of treasury shares	8,318	12,494	11,437
Net proceeds from Additional Equity Components[1]	4,619	0	0
Dividends paid to noncontrolling interests	(4)	(13)	(3)
Net change in noncontrolling interests	(17)	23	(67)
Cash dividends paid	(765)	(764)	(689)
Net cash provided by (used in) financing activities	**8,477**	**(544)**	**(2,152)**
Net effect of exchange rate changes on cash and cash equivalents	**897**	**(907)**	**39**
Net increase (decrease) in cash and cash equivalents	(4,080)	2,718	(28,714)
Cash and cash equivalents at beginning of period	56,041	53,321	82,032
Cash and cash equivalents at end of period	51,960	56,041	53,321
Net cash provided by (used in) operating activities include			
Income taxes paid (received), net	377	742	1,280
Interest paid	11,423	10,687	15,825
Interest and dividends received	25,404	25,573	32,003
Cash and cash equivalents comprise			
Cash and due from banks	20,055	17,155	27,877
Interest-earning demand deposits with banks (not included: time deposits of 31,612 m. as of December 31, 2014, and 39,097 m. and 95,193 m. as of December 31, 2013 and 2012)	31,905	38,886	25,444
Total	**51,960**	**56,041**	**53,321**

[1] Includes net proceeds from issuance, repurchase and sale of Additional Equity Components.

The accompanying notes are an integral part of the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

01

Significant Accounting Policies and Critical Accounting Estimates

Basis of Accounting

Deutsche Bank Aktiengesellschaft (Deutsche Bank or the Parent) is a stock corporation organized under the laws of the Federal Republic of Germany. Deutsche Bank together with all entities in which Deutsche Bank has a controlling financial interest (the Group) is a global provider of a full range of corporate and investment banking, private clients and asset management products and services.

The accompanying consolidated financial statements are stated in euros, the presentation currency of the Group. All financial information presented in million euros has been rounded to the nearest million. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU). The Group s application of IFRS results in no differences between IFRS as issued by the IASB and IFRS as endorsed by the EU.

Some IFRS disclosures incorporated in the Management Report are an integral part of the Consolidated Financial Statements. These disclosures include Segmental Results of Operations and Entity Wide disclosures on Net Revenue Components under IFRS 8, Operating Segments provided in the Operating and Financial Review of the Management Report. Additionally the Risk Report includes disclosures about the nature and the extent of risks arising from financial instruments as required by IFRS 7, Financial Instruments: Disclosures , capital disclosures as required under IAS 1, Presentation of Financial Statements and disclosures in relation to insurance contracts as described in IFRS 4, Insurance Contracts . These audited disclosures are identified by bracketing in the margins of the Management Report.

Significant Changes in Estimates and Changes in Presentation

Funding Valuation Adjustment (FVA)

In the fourth quarter 2013, the Group completed the implementation of a valuation methodology for incorporating the market implied funding costs for uncollateralized derivative positions (commonly referred to as Funding Valuation Adjustment). The implementation of the Funding Valuation Adjustment was in response to growing evidence that term funding is an important component of fair value for uncollateralized derivatives and resulted in a 366 million loss which has been recognized in the fourth quarter 2013 in the Consolidated Statement of Income.

Interest Income and Expense for Securities Borrowed and Loaned and Advisory Fees

In the fourth quarter of 2013, the Group restated comparative information for certain line items in the Consolidated Statement of Income for the year ended December 31, 2012 for the effect of errors as follows. These restatements had no impact on net interest income, net revenues, net income or shareholders equity.

	2012			
		Securities		
	Balance as	borrowed/		
in m.	reported	securities loaned	Advisory fees	Balance adjusted
Interest income	32,315	(722)	0	31,593
Interest expense	(16,341)	722	0	(15,619)
Commissions and fee income	11,383	0	426	11,809
Net gains (losses) on financial assets/liabilities held at fair value through profit and loss	6,034	0	(426)	5,608

Interest Income and Expense for Securities Borrowed and Securities Loaned Retrospective adjustments were made to restate interest income and expense to more accurately reflect the fees paid/received on securities borrowed/securities loaned transactions. The adjustment resulted in decreases in both interest income and expense but did not have any impact on net interest income, net income or shareholders equity.

Advisory Fees Retrospective adjustments were made to reclassify advisory fees from Net gains (losses) on financial assets held at fair value through profit or loss to Commissions and fee income to reflect their nature as service based activity in line with the Group s accounting policies. The reclassification did not have any impact on net revenues, net income or shareholders equity.

Critical Accounting Estimates

The preparation of financial statements under IFRS requires management to make estimates and assumptions for certain categories of assets and liabilities. 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. The Group s significant accounting policies are described in Significant Accounting Policies .

Certain of the Group s accounting policies require critical accounting estimates that involve complex and subjective judgments and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Such critical accounting estimates could change from period to period and may have a material impact on the Group s financial condition, changes in financial condition or results of operations. Critical accounting estimates could also involve estimates where management could have reasonably used another estimate in the current accounting period. The Group has identified the following significant accounting policies that involve critical accounting estimates:

- the impairment of associates (see Associates below)
- the impairment of financial assets available for sale (see Financial Assets and Liabilities Financial Assets Classified as Available for Sale below)
- the determination of fair value (see Financial Assets and Liabilities Determination of Fair Value below)
- the recognition of trade date profit (see Financial Assets and Liabilities Recognition of Trade Date Profit below)
- the impairment of loans and provisions for off-balance sheet positions (see Impairment of Loans and Provision for Off-balance Sheet Positions below)
- the impairment of goodwill and other intangibles (see Goodwill and Other Intangible Assets below)
- the recognition and measurement of deferred tax assets (see Income Taxes below)
- the accounting for legal and regulatory contingencies and uncertain tax positions (see Provisions below)

Significant Accounting Policies

The following is a description of the significant accounting policies of the Group. Other than as previously described, these policies have been consistently applied for 2012, 2013 and 2014.

Principles of Consolidation

The financial information in the Consolidated Financial Statements includes the parent company, Deutsche Bank AG, together with its consolidated subsidiaries, including certain structured entities presented as a single economic unit.

Subsidiaries

The Group s subsidiaries are those entities which it directly or indirectly controls. Control over an entity is evidenced by the Group s ability to exercise its power in order to affect any variable returns that the Group is exposed to through its involvement with the entity.

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The Group sponsors the formation of structured entities and interacts with structured entities sponsored by third parties for a variety of reasons, including allowing clients to hold investments in separate legal entities, allowing clients to invest jointly in alternative assets, for asset securitization transactions, and for buying or selling credit protection.

When assessing whether to consolidate an entity, the Group evaluates a range of control factors, namely:

- the purpose and design of the entity
- the relevant activities and how these are determined
- whether the Group s rights result in the ability to direct the relevant activities
- whether the Group has exposure or rights to variable returns
- whether the Group has the ability to use its power to affect the amount of its returns

Where voting rights are relevant, the Group is deemed to have control where it holds, directly or indirectly, more than half of the voting rights over an entity unless there is evidence that another investor has the practical ability to unilaterally direct the relevant activities, as indicated by one or more of the following factors:

- Another investor has the power over more than half of the voting rights by virtue of an agreement with the Group; or
- Another investor has the power to govern the financial and operating policies of the investee under a statute or an agreement; or
- Another investor has the power to appoint or remove the majority of the members of the board of directors or equivalent governing body and the investee is controlled by that board or body; or
- Another investor has the power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of that entity is by this board or body.

Potential voting rights that are deemed to be substantive are also considered when assessing control.

Likewise, the Group also assesses existence of control where it does not control the majority of the voting power but has the practical ability to unilaterally direct the relevant activities. This may arise in circumstances where the size and dispersion of holdings of the shareholders give the Group the power to direct the activities of the investee.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases.

The Group reassesses the consolidation status at least at every quarterly reporting date. Therefore, any changes in the structure leading to a change in one or more of the control factors, require reassessment when they occur. This includes changes in decision making rights, changes in contractual arrangements, changes in the financing, ownership or capital structure as well as changes following a trigger event which was anticipated in the original documentation.

All intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated on consolidation.

Consistent accounting policies are applied throughout the Group for the purposes of consolidation. Issuances of a subsidiary s stock to third parties are treated as noncontrolling interests. Profit or loss attributable to noncontrolling interests are reported separately in the Consolidated Statement of Income and Consolidated Statement of Comprehensive Income.

At the date that control of a subsidiary is lost, the Group a) derecognizes the assets (including attributable goodwill) and liabilities of the subsidiary at their carrying amounts, b) derecognizes the carrying amount of any noncontrolling interests in the former subsidiary, c) recognizes the fair value of the consideration received and any distribution of the shares of the subsidiary, d) recognizes any investment retained in the former subsidiary at its fair value and e) recognizes any resulting difference of the above items as a gain or loss in the income statement. Any amounts recognized in prior periods in other comprehensive income in relation to that subsidiary would be reclassified to the Consolidated Statement of Income or transferred directly to retained earnings if required by other IFRSs.

Associates

An associate is an entity in which the Group has significant influence, but not a controlling interest, over the operating and financial management policy decisions of the entity. Significant influence is generally presumed when the Group holds between 20 % and 50 % of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in assessing whether the Group has significant influence. Among the other factors that are considered in determining whether the Group has significant influence are representation on the board of directors (supervisory board in the case of German stock corporations) and material intercompany transactions. The existence of these factors could require the application of the equity method of accounting for a particular investment even though the Group s investment is less than 20 % of the voting stock.

Investments in associates are accounted for under the equity method of accounting. The Group s share of the results of associates is adjusted to conform to the accounting policies of the Group and is reported in the Consolidated Statement of Income as Net income (loss) from equity method investments. The Group s share in the associate s profits and losses resulting from intercompany sales is eliminated on consolidation.

If the Group previously held an equity interest in an entity (for example, as available for sale) and subsequently gained significant influence, the previously held equity interest is remeasured to fair value and any gain or loss is recognized in the Consolidated Statement of Income. Any amounts previously recognized in other comprehensive income associated with the equity interest would be reclassified to the Consolidated Statement of Income at the date the Group gains significant influence, as if the Group had disposed of the previously held equity interest.

Under the equity method of accounting, the Group s investments in associates and jointly controlled entities are initially recorded at cost including any directly related transaction costs incurred in acquiring the associate, and subsequently increased (or decreased) to reflect both the Group s pro-rata share of the post-acquisition net income (or loss) of the associate or jointly controlled entity and other movements included directly in the equity of the associate or jointly controlled entity. Goodwill arising on the acquisition of an associate or a jointly controlled entity is included in the carrying value of the investment (net of any accumulated impairment loss). As goodwill is not reported separately it is not specifically tested for impairment. Rather, the entire equity method investment is tested for impairment.

At the date that the Group ceases to have significant influence over the associate or jointly controlled entity the Group recognizes a gain or loss on the disposal of the equity method investment equal to the difference between the sum of the fair value of any retained investment and the proceeds from disposing of the associate and the carrying amount of the investment. Amounts recognized in prior periods in other comprehensive income in relation to the associate are accounted for on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities.

At each balance sheet date, the Group assesses whether there is any objective evidence that the investment in an associate is impaired. If there is objective evidence of impairment, an impairment test is performed by comparing the investment s recoverable amount, which is the higher of its value in use and fair value less costs to sell, with its carrying amount. An impairment loss recognized in prior periods is only reversed if there has been a change in the estimates used to determine the investment s recoverable amount since the last impairment loss was recognized. If this is the case the carrying amount of the investment is increased to its higher recoverable amount.

Critical Accounting Estimates: As the assessment of whether there is objective evidence of impairment may require significant management judgement and the estimates for impairment could change from period to period based on future events that may or may not occur, the Group considers this to be a critical accounting estimate.

Foreign Currency Translation

The Consolidated Financial Statements are prepared in euro, which is the presentation currency of the Group. Various entities in the Group use a different functional currency, being the currency of the primary economic environment in which the entity operates.

An entity records foreign currency revenues, expenses, gains and losses in its functional currency using the exchange rates prevailing at the dates of recognition.

Monetary assets and liabilities denominated in currencies other than the entity s functional currency are translated at the period end closing rate. Foreign exchange gains and losses resulting from the translation and settlement of these items are recognized in the Consolidated Statement of Income as net gains (losses) on financial assets/liabilities at fair value through profit or loss in order to align the translation amounts with those recognized from foreign currency related transactions (derivatives) which hedge these monetary assets and liabilities.

Nonmonetary items that are measured at historical cost are translated using the historical exchange rate at the date of the transaction. Translation differences on nonmonetary items which are held at fair value through profit or loss are recognized in profit or loss. Translation differences on available for sale nonmonetary items (equity securities) are included in other comprehensive income. Once the available for sale nonmonetary item is sold, the related cumulative translation difference is transferred to the Consolidated Statement of Income as part of the overall gain or loss on sale of the item.

For purposes of translation into the presentation currency, assets, liabilities and equity of foreign operations are translated at the period end closing rate and items of income and expense are translated into euros 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 other comprehensive income. For foreign operations that are subsidiaries, the amount of exchange differences attributable to any noncontrolling interests is recognized in noncontrolling interests.

Upon disposal of a foreign subsidiary and associate (which results in loss of control or significant influence over that operation) the total cumulative exchange differences recognized in other comprehensive income are reclassified to profit or loss.

Upon partial disposal of a foreign operation that is a subsidiary and which does not result in loss of control, the proportionate share of cumulative exchange differences is reclassified from other comprehensive income to noncontrolling interests as this is deemed a transaction with equity holders. For a partial disposal of an associate which does not result in a loss of significant influence, the proportionate share of cumulative exchange differences is reclassified from other comprehensive income to profit or loss.

Interest, Commissions and Fees

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

Net Interest Income Interest from all interest-bearing assets and liabilities is recognized as net interest income using the effective interest method. The effective interest rate is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or expense over the relevant period using the estimated future cash flows. The estimated future cash flows used in this calculation include those determined by the contractual terms of the asset or liability, all fees that are considered to be integral to the effective interest rate, direct and incremental transaction costs and all other premiums or discounts.

Once an impairment loss has been recognized on a loan or available for sale debt instruments, although the accrual of interest in accordance with the contractual terms of the instrument is discontinued, interest income is recognized based on the rate of interest that was used to discount future cash flows for the purpose of measuring the impairment loss. For a loan this would be the original effective interest rate, but a new effective interest rate would be established each time an available for sale debt instrument is impaired as impairment is measured to fair value and would be based on a current market rate.

Commissions and Fee Income The recognition of fee revenue (including commissions) is determined by the purpose of the fees and the basis of accounting for any associated financial instruments. If there is an associated financial instrument, fees that are an integral part of the effective interest rate of that financial instrument are included within the effective yield calculation. However, if the financial instrument is carried at fair value through profit or loss, any associated fees are recognized in profit or loss when the instrument is initially recognized, provided there are no significant unobservable inputs used in determining its fair value. Fees earned from services that are provided over a specified service period are recognized over that service period. Fees earned for the completion of a specific service or significant event are recognized when the service has been completed or the event has occurred.

Loan commitment fees related to commitments that are not accounted for at fair value through profit or loss are recognized in commissions and fee income over the life of the commitment if it is unlikely that the Group will enter into a specific lending arrangement. If it is probable that the Group will enter into a specific lending arrangement, the loan commitment fee is deferred until the origination of a loan and recognized as an adjustment to the loan s effective interest rate.

Performance-linked fees or fee components are recognized when the performance criteria are fulfilled.

The following fee income is predominantly earned from services that are provided over a period of time: investment fund management fees, fiduciary fees, custodian fees, portfolio and other management and advisory fees, credit-related fees and commission income. Fees predominantly earned from providing transaction-type services include underwriting fees, corporate finance fees and brokerage fees.

Expenses that are directly related and incremental to the generation of fee income are presented net in Commissions and Fee Income.

Arrangements involving multiple services or products If the Group contracts to provide multiple products, services or rights to a counterparty, an evaluation is made as to whether an overall fee should be allocated to the different components of the arrangement for revenue recognition purposes. Structured trades executed by the Group are the principal example of such arrangements and are assessed on a transaction by transaction basis. The assessment considers the value of items or services delivered to ensure that the Group s continuing involvement in other aspects of the arrangement are not essential to the items delivered. It also assesses the value of items not yet delivered and, if there is a right of return on delivered items, the probability of future delivery of remaining items or services. If it is determined that it is appropriate to look at the arrangements as separate components, the amounts received are allocated based on the relative value of each component.

If there is no objective and reliable evidence of the value of the delivered item or an individual item is required to be recognized at fair value then the residual method is used. The residual method calculates the amount to be recognized for the delivered component as being the amount remaining after allocating an appropriate amount of revenue to all other components.

Financial Assets and Liabilities

The Group classifies its financial assets and liabilities into the following categories: financial assets and liabilities at fair value through profit or loss, loans, financial assets available for sale (AFS) and other financial liabilities. The Group does not classify any financial instruments under the held-to-maturity category. Appropriate classification of financial assets and liabilities is determined at the time of initial recognition or when reclassified in the Consolidated Balance Sheet.

Financial instruments classified at fair value through profit or loss and financial assets classified as AFS are recognized or derecognized on trade date, which is the date on which the Group commits to purchase or sell the asset or issue or repurchase the financial liability.

Financial Assets and Liabilities at Fair Value through Profit or Loss

The Group classifies certain financial assets and financial liabilities as either held for trading or designated at fair value through profit or loss. They are carried at fair value and presented as financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss, respectively. Related realized and unrealized gains and losses are included in net gains (losses) on financial assets/liabilities at fair value through profit or loss. Interest on interest earning assets such as trading loans and debt securities and dividends on equity instruments are presented in interest and similar income for financial instruments at fair value through profit or loss.

Trading Assets and Liabilities Financial instruments are classified as held for trading if they have been originated, 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. Trading assets include debt and equity securities, derivatives held for trading purposes, commodities and trading loans. This includes also physical commodities that are held by the Group s commodity trading business, at fair value less costs to sell. Trading liabilities consist primarily of derivative liabilities and short positions

Financial Instruments Designated at Fair Value through Profit or Loss Certain financial assets and liabilities that do not meet the definition of trading assets and liabilities are designated at fair value through profit or loss using the fair value option. To be designated at fair value through profit or loss, financial assets and liabilities must meet one of the following criteria: (1) the designation eliminates or significantly reduces 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. In addition, the Group allows the fair value option to be designated only for those financial instruments for which a reliable estimate of fair value can be obtained. Financial assets and liabilities which are designated at fair value through profit or loss, under the fair value option, include repurchase and reverse repurchase agreements, certain loans and loan commitments, debt and equity securities and structured note liabilities.

Loan Commitments

Certain loan commitments are classified as derivatives held for trading or designated at fair value through profit or loss under the fair value option. All other loan commitments remain off-balance sheet. Therefore, the Group does not recognize and measure changes in fair value of these off-balance sheet loan commitments that result from changes in market interest rates or credit spreads. However, as specified in the discussion Impairment of Loans and Provision for Off-Balance sheet positions , these off-balance sheet loan commitments are assessed for impairment individually and where appropriate, collectively.

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 AFS. An active market exists when quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm s length basis.

Loans not acquired in a business combination or in an asset purchase are initially recognized at their transaction price representing the fair value, which is the cash amount advanced to the borrower. In addition, the net of direct and incremental transaction costs and fees are included in the initial carrying amount of loans. These loans are subsequently measured at amortized cost using the effective interest method less impairment.

Loans which have been acquired as either part of a business combination or as an asset purchase are initially recognized at fair value at the acquisition date. This includes loans for which an impairment loss had been established by the acquiree before their initial recognition by the Group. The fair value at the acquisition date incorporates expected cash flows which consider the credit quality of these loans including any incurred losses and becomes the new amortized cost base. Interest income is recognized using the effective interest method. Subsequent to the acquisition date the Group assesses whether there is objective evidence of impairment in line with the policies described in the section entitled Impairment of Loans and Provision for Off-Balance Sheet Positions . If the loans are determined to be impaired then a loan loss allowance is recognized with a corresponding charge to the provision for credit losses line in the Consolidated Statement of Income. Releases of such loan loss allowances established after their initial recognition are included in the provision for credit losses line. Subsequent improvements in the credit quality of such loans for which no loss allowance had been recorded are recognized immediately through an adjustment to the current carrying value and a corresponding gain is recognized in interest income.

Financial Assets Classified as Available for Sale

Financial assets that are not classified as at fair value through profit or loss or as loans are classified as AFS. A financial asset classified as AFS is initially recognized at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. The amortization of premiums and accretion of discount are recorded in net interest income. Financial assets classified as AFS are carried at fair value with the changes in fair value reported in other comprehensive income, unless the asset is subject to a fair value hedge, in which case changes in fair value resulting from the risk being hedged are recorded in other income. For monetary financial assets classified as AFS (debt instruments), changes in carrying amounts relating to changes in foreign exchange rate are recognized in the Consolidated Statement of Income and other changes in carrying amount are recognized in other comprehensive income as indicated above. For financial assets classified as AFS that are nonmonetary items (equity instruments), the gain or loss that is recognized in other comprehensive income includes any related foreign exchange component.

In the case of equity investments classified as AFS, objective evidence includes a significant or prolonged decline in the fair value of the investment below cost. In the case of debt securities classified as AFS, impairment is assessed based on the same criteria as for loans.

If there is evidence of impairment, any amounts previously recognized in other comprehensive income are recognized in the consolidated statement of income for the period, reported in net gains (losses) on financial assets available for sale. This impairment loss for the period is determined as the difference between the acquisition cost (net of any principal repayments and amortization) and current fair value of the asset less any impairment loss on that investment previously recognized in the Consolidated Statement of Income.

When an AFS debt security is impaired, any subsequent decreases in fair value are recognized in the Consolidated Statement of Income as it is considered further impairment. Any subsequent increases are also recognized in the Consolidated Statement of Income until the asset is no longer considered impaired. When the fair

value of the AFS debt security recovers to at least amortized cost it is no longer considered impaired and subsequent changes in fair value are reported in other comprehensive income.

Reversals of impairment losses on equity investments classified as AFS are not reversed through the Consolidated Statement of Income; increases in their fair value after impairment are recognized in other comprehensive income.

Realized gains and losses are reported in net gains (losses) on financial assets available for sale. Generally, the weighted-average cost method is used to determine the cost of financial assets. Unrealized gains and losses recorded in other comprehensive income are transferred to the Consolidated Statement of Income on disposal of an available for sale asset and reported in net gains (losses) on financial assets available for sale.

Critical Accounting Estimates Because the assessment of objective evidence of impairment require significant management judgement and the estimate of impairment could change from period to period based upon future events that may or may not occur, the Group considers the impairment of Financial Assets classified as Available for Sale to be a critical accounting estimate. For additional information see Note 7 Net Gains (Losses) on Financial Assets Available for Sale .

Financial Liabilities

Except for financial liabilities at fair value through profit or loss, financial liabilities are measured at amortized cost using the effective interest method.

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 any related gain or loss is recorded in the Consolidated Statement of Income. A subsequent sale of own bonds in the market is treated as a reissuance of debt.

Reclassification of Financial Assets

The Group may reclassify certain financial assets out of the financial assets at fair value through profit or loss classification (trading assets) and the AFS classification into the loans classification. For assets to be reclassified there must be a clear change in management intent with respect to the assets since initial recognition and the financial asset must meet the definition of a loan at the reclassification date. Additionally, there must be an intent and ability to hold the asset for the foreseeable future at the reclassification date.

Financial assets are reclassified at their fair value at the reclassification date. Any gain or loss already recognized in the Consolidated Statement of Income is not reversed. The fair value of the instrument at reclassification date becomes the new amortized cost of the instrument. The expected cash flows on the financial instruments are estimated at the reclassification date and these estimates are used to calculate a new effective interest rate for the instruments. If there is a subsequent increase in expected future cash flows on reclassified assets as a result of increased recoverability, the effect of that increase is recognized as an adjustment to the effective interest rate from the date of the change in estimate rather than as an adjustment to the carrying amount of the asset at the date of the change in estimate. If there is a subsequent decrease in expected future cash flows the asset would be assessed for impairment as discussed in the section entitled Impairment of Loans and Provision for Off-Balance Sheet Positions . Any change in the timing of the cash flows of reclassified assets which are not deemed impaired are recorded as an adjustment to the carrying amount of the asset.

For instruments reclassified from AFS to loans, any unrealized gain or loss recognized in other comprehensive income is subsequently amortized into interest income using the effective interest rate of the instrument. If the instrument is subsequently impaired, any unrealized loss which is held in accumulated other comprehensive income for that instrument at that date is immediately recognized in the Consolidated Statement of

Income as a loan loss provision.

To the extent that assets categorized as loans are repaid, restructured or eventually sold and the amount received is less than the carrying value at that time, then a loss would be recognized in the Consolidated Statement of income as a component of the provision for credit losses, if the loan is impaired, or otherwise in other Income, if the loan is not impaired.

Offsetting of Financial Instruments

Financial assets and liabilities are offset, with the net amount presented in the Consolidated Balance Sheet, only if the Group holds a currently enforceable legal right to set off the recognized amounts and there is an intention to settle on a net basis or to realize an asset and settle the liability simultaneously. The legal right to set off the recognized amounts must be enforceable in both the normal course of business, in the event of default, insolvency or bankruptcy of both the Group and its counterparty. In all other situations they are presented gross. When financial assets and financial liabilities are offset in the Consolidated Balance Sheet, the associated income and expense items will also be offset in the Consolidated Statement of Income, unless specifically prohibited by an applicable accounting standard.

The majority of the offsetting applied by the Group relates to derivatives and repurchase and reverse repurchase agreements. A significant portion of offsetting is applied to interest rate derivatives and related cash margin balances, which are cleared through central clearing parties such as the London Clearing House. The Group also offsets repurchase and reverse repurchase agreements for which the Group has the right to set off and has the intent to settle on a net basis or to realize an asset and settle a liability simultaneously. For further information please refer to Note 18 Offsetting Financial Assets and Financial Liabilities .

Determination of Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an arm s length transaction between market participants at the measurement date. 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 Group measures certain portfolios of financial assets and financial liabilities on the basis of their net risk exposures when the following criteria are met:

- The group of financial assets and liabilities is managed on the basis of its net exposure to a particular market risk (or risks) or to the credit risk of a particular counterparty, in accordance with a documented risk management strategy,
- the fair values are provided to key management personnel, and
- the financial assets and liabilities are measured at fair value through profit or loss.

This portfolio valuation approach is consistent with how the Group manages its net exposures to market and counterparty credit risks.

Critical Accounting Estimates The 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.

In reaching estimates of fair value management judgment needs to be exercised. The areas requiring significant management judgment are identified, documented and reported to senior management as part of the valuation control process and the standard monthly reporting cycle. The specialist model validation and valuation control groups focus attention on the areas of subjectivity and judgment.

The level of management judgment required in establishing fair value of financial instruments for which there is a quoted price in an active market is usually minimal. Similarly there is little subjectivity or judgment required

for instruments valued using valuation models which are standard across the industry and where all parameter inputs are quoted in active markets.

The level of subjectivity and degree of management judgment required is more significant for those instruments valued using specialized and sophisticated models and where some or all of the parameter inputs are less liquid or less observable. Management judgment is required in the selection and application of appropriate parameters, assumptions and modelling techniques. In particular, where data are obtained from infrequent market transactions then extrapolation and interpolation techniques must be applied. Where no market data are available for a particular instrument then pricing inputs are determined by assessing other relevant sources of information such as historical data, fundamental analysis of the economics of the transaction and proxy information from similar transactions, and making appropriate adjustment to reflect the actual instrument being valued and current market conditions. Where different valuation techniques indicate a range of possible fair values for an instrument then management has to decide what point within the range of estimates appropriately represents the fair value. Further, some valuation adjustments may require the exercise of management judgment to achieve fair value.

Under IFRS, the financial assets and liabilities carried at fair value are required to be disclosed according to the inputs to the valuation method that are used to determine their fair value. Specifically, segmentation is required between those valued using quoted market prices in an active market (level 1), valuation techniques based on observable parameters (level 2) and valuation techniques using significant unobservable parameters (level 3). Management judgment is required in determining the category to which certain instruments should be allocated. This specifically arises when the valuation is determined by a number of parameters, some of which are observable and others are not. Further, the classification of an instrument can change over time to reflect changes in market liquidity and therefore price transparency.

The Group provides a sensitivity analysis of the impact upon the level 3 financial instruments of using a reasonably possible alternative for the unobservable parameter. The determination of reasonably possible alternatives requires significant management judgment.

For financial instruments measured at amortized cost (which includes loans, deposits and short and long term debt issued) the Group discloses the fair value. Generally there is limited or no trading activity in these instruments and therefore the fair value determination requires significant management judgment.

For further discussion of the valuation methods and controls and quantitative disclosures with respect to the determination of fair value, please refer to Note 14 Financial Instruments carried at Fair Value and Note 15 Fair Value of Financial Instruments not carried at Fair Value .

Recognition of Trade Date Profit

If there are significant unobservable inputs used in the valuation technique, the financial instrument is recognized at the transaction price and any profit implied from the valuation technique at trade date is deferred.

Using systematic methods, the deferred amount is recognized 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 profile of the instrument as the market develops or as the instrument itself progresses to maturity. Any remaining trade date deferred profit is recognized in the Consolidated Statement of Income when the transaction becomes observable or the Group enters into off-setting transactions that substantially eliminate the instrument s risk. In the rare circumstances that a trade date loss arises, it would be recognized at inception of the transaction to the extent that it is probable that a loss has been incurred and a reliable estimate of the loss amount can be made.

Critical Accounting Estimates Management judgment is required in determining whether there exist significant unobservable inputs in the valuation technique. Once deferred, the decision to subsequently recognise

the trade date profit requires a careful assessment of the then current facts and circumstances supporting observability of parameters and/or risk mitigation.

Derivatives and Hedge Accounting

Derivatives are used to manage exposures to interest rate, foreign currency, credit and other market price risks, including exposures arising from forecast transactions. All freestanding contracts that are considered derivatives for accounting purposes are carried at fair value on the Consolidated Balance Sheet regardless of whether they are held for trading or nontrading purposes.

The changes in fair value on derivatives held for trading are included in net gains (losses) 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, with the non-derivative component representing the host contract. If 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 recognized in net gains (losses) on financial assets/liabilities at fair value through profit or loss. The host contract will continue to be accounted for in accordance with the appropriate accounting standard. The carrying amount of an embedded derivative is reported in the same Consolidated Balance Sheet line item as the host contract. Certain hybrid instruments have been designated at fair value through profit or loss using the fair value option.

Hedge Accounting

For accounting purposes there are three possible types of hedges: (1) hedges of changes in the fair value of assets, liabilities or unrecognized firm commitments (fair value hedges); (2) hedges of the variability of future cash flows from highly probable forecast transactions and floating rate assets and liabilities (cash flow hedges); and (3) hedges of the translation adjustments resulting from translating the functional currency financial statements of foreign operations into the presentation currency of the parent (hedges of net investments in foreign operations).

When hedge accounting is applied, the Group designates and documents the relationship between the hedging instrument and the hedged item as well as its risk management objective and strategy for undertaking the hedging transactions and the nature of the risk being hedged. This documentation includes a description of how the Group will assess the hedging instrument s effectiveness in offsetting the exposure to changes in the hedged item s fair value or cash flows attributable to the hedged risk. Hedge effectiveness is assessed at inception and throughout the term of each hedging relationship. Hedge effectiveness is always assessed, even when the terms of the derivative and hedged item are matched.

Hedging derivatives are reported as other assets and other liabilities. In the event that a derivative is subsequently de-designated from a hedging relationship, it is transferred to financial assets/liabilities at fair value through profit or loss.

For hedges of changes in fair value, the changes in the fair value of the hedged asset, liability or unrecognized firm commitment, or a portion thereof, attributable to the risk being hedged, are recognized in the Consolidated Statement of Income along with changes in the entire fair value of the derivative. When hedging interest rate risk, any interest accrued or paid on both the derivative and the hedged item is reported in interest income or expense and the unrealized gains and losses from the hedge accounting fair value adjustments are reported in other income. When hedging the foreign exchange risk of an AFS security, the fair value adjustments related to the security s foreign exchange exposures are also recorded in other income. Hedge ineffectiveness is reported in other income and is measured as the net effect of changes in the fair value of the hedging instrument

and changes in the fair value of the hedged item arising from changes in the market rate or price related to the risk(s) being hedged.

If a fair value hedge of a debt instrument is discontinued prior to the instrument s maturity because the derivative is terminated or the relationship is de-designated, any remaining interest rate-related fair value adjustments made to the carrying amount of the debt instrument (basis adjustments) are amortized to interest income or expense over the remaining term of the original hedging relationship. For other types of fair value adjustments and whenever a fair value hedged asset or liability is sold or otherwise derecognized, any basis adjustments are included in the calculation of the gain or loss on derecognition.

For hedges of variability in future cash flows, there is no change to the accounting for the hedged item and the derivative is carried at fair value, with changes in value reported initially in other comprehensive income to the extent the hedge is effective. These amounts initially recorded in other comprehensive income are subsequently reclassified into the Consolidated Statement of Income in the same periods during which the forecast transaction affects the Consolidated Statement of Income. Thus, for hedges of interest rate risk, the amounts are amortized into interest income or expense at the same time as the interest is accrued on the hedged transaction.

Hedge ineffectiveness is recorded in other income and is measured as changes in the excess (if any) in the absolute cumulative change in fair value of the actual hedging derivative over the absolute cumulative change in the fair value of the hypothetically perfect hedge.

When hedges of variability in cash flows attributable to interest rate risk are discontinued, amounts remaining in accumulated other comprehensive income are amortized to interest income or expense over the remaining life of the original hedge relationship, unless the hedged transaction is no longer expected to occur in which case the amount will be reclassified into other income immediately. When hedges of variability in cash flows attributable to other risks are discontinued, the related amounts in accumulated other comprehensive income are reclassified into either the same Consolidated Statement of Income caption and period as profit or loss from the forecast transaction, or into other income when the forecast transaction is no longer expected to occur.

For hedges of the translation adjustments resulting from translating the functional currency financial statements of foreign operations (hedges of net investments in foreign operations) into the functional currency of the parent, the portion of the change in fair value of the derivative due to changes in the spot foreign exchange rates is recorded as a foreign currency translation adjustment in other comprehensive income to the extent the hedge is effective; the remainder is recorded as other income in the Consolidated Statement of Income.

Changes in fair value of the hedging instrument relating to the effective portion of the hedge are subsequently recognized in profit or loss on disposal of the foreign operations.

Impairment of Loans and Provision for Off-Balance Sheet Positions

The Group first assesses whether objective evidence of impairment exists individually for loans that are individually significant. It then assesses collectively for loans that are not individually significant and loans which are significant but for which there is no objective evidence of impairment under the individual assessment.

To allow management to determine whether a loss event has occurred on an individual basis, all significant counterparty relationships are reviewed periodically. This evaluation considers current information and events related to the counterparty, such as the counterparty experiencing significant financial difficulty or a breach of contract, for example, default or delinquency in interest or principal payments.

If there is evidence of impairment leading to an impairment loss for an individual counterparty relationship, then the amount of the loss is determined as the difference between the carrying amount of the loan(s), including accrued interest, and the present value of expected future cash flows discounted at the loan s original effective interest rate or the effective interest rate established upon reclassification to loans, including cash flows that

may result from foreclosure less costs for obtaining and selling the collateral. The carrying amount of the loans is reduced by the use of an allowance account and the amount of the loss is recognized in the Consolidated Statement of Income as a component of the provision for credit losses.

The collective assessment of impairment is 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. The loss amount has three components. The first component is an amount for transfer and currency convertibility risks for loan exposures in countries where there are serious doubts about the ability of counterparties to comply with the repayment terms due to the economic or political situation prevailing in the respective country of domicile. This amount is calculated using ratings for country risk and transfer risk which are established and regularly reviewed for each country in which the Group does business. The second component is an allowance amount representing the incurred losses on the portfolio of smaller-balance homogeneous loans, which are loans to individuals and small business customers of the private and retail business. The loans are grouped according to similar credit risk characteristics and the allowance for each group is determined using statistical models based on historical experience. The third component represents an estimate of incurred losses inherent in the group of loans that have not yet been individually identified or measured as part of the smaller-balance homogeneous loans. Loans that were found not to be impaired when evaluated on an individual basis are included in the scope of this component of the allowance.

Once a loan is identified as impaired, although the accrual of interest in accordance with the contractual terms of the loan is discontinued, the accretion of the net present value of the written down amount of the loan due to the passage of time is recognized as interest income based on the original effective interest rate of the loan.

At each balance sheet date, all impaired loans are reviewed for changes to the present value of expected future cash flows discounted at the loan s original effective interest rate. Any change to the previously recognized impairment loss is recognized as a change to the allowance account and recorded in the Consolidated Statement of Income as a component of the provision for credit losses.

When it is considered that there is no realistic prospect of recovery and all collateral has been realized or transferred to the Group, the loan and any associated allowance is charged off (the loan and the related allowance are removed from the balance sheet). Individually significant loans where specific loan loss provisions are in place are evaluated at least quarterly on a case-by-case basis. For this category of loans, the number of days past due is an indicator for a charge-off but is not a determining factor. A charge-off will only take place after considering all relevant information, such as the occurrence of a significant change in the borrower s financial position such that the borrower can no longer pay the obligation, or the proceeds from the collateral are insufficient to completely satisfy the current carrying amount of the loan.

For collectively assessed loans, which are primarily mortgages and consumer finance loans, the timing of a charge-off depends on whether there is any underlying collateral and the Group s estimate of the amount collectible. For mortgage loans, the portion of the loan which is uncollateralized is charged off when the mortgage becomes 840 days past due, at the latest. For consumer finance loans, any portion of the balance which the Bank does not expect to collect is written off at 180 days past due for credit card receivables, and 270 days past due for other consumer finance loans.

Subsequent recoveries, if any, are credited to the allowance account and are recorded in the Consolidated Statement of Income as a component of the provision for credit losses.

The process to determine the provision for off-balance sheet positions is similar to the methodology used for loans. Any loss amounts are recognized as an allowance in the Consolidated Balance Sheet within provisions and charged to the Consolidated Statement of Income as a component of the provision for credit losses.

If in a subsequent period the amount of a previously recognized impairment loss decreases and the decrease is due to an event occurring after the impairment was recognized, the impairment loss is reversed by reducing the allowance account accordingly. Such reversal is recognized in profit or loss.

Critical Accounting Estimates The accounting estimates and judgments related to the impairment of loans and provision for off-balance sheet positions is a critical accounting estimate because the underlying assumptions used for both the individually and collectively assessed impairment can change from period to period and may significantly affect the Group s results of operations.

In assessing assets for impairments, management judgment is required, particularly in circumstances of economic and financial uncertainty, such as those of the recent financial crisis, when developments and changes to expected cash flows can occur both with greater rapidity and less predictability. The actual amount of the future cash flows and their timing may differ from the estimates used by management and consequently may cause actual losses to differ from reported allowances.

For those loans which are deemed to be individually significant, the determination of the impairment allowance often requires the use of considerable judgment concerning such matters as local economic conditions, the financial performance of the counterparty and the value of any collateral held, for which there may not be a readily accessible market.

The determination of the allowance for portfolios of loans of smaller balance homogenous loans and for those loans which are individually significant but for which no objective evidence of impairment exists is calculated using statistical models. Such statistical models incorporate numerous estimates and judgments. The Group performs a regular review of the models and underlying data and assumptions. The probability of defaults, loss recovery rates and judgments concerning ability of borrowers in foreign countries to transfer the foreign currency necessary to comply with debt repayments, amongst other things, are incorporated into this review.

The quantitative disclosures are provided in Note 19 Loans and Note 20 Allowance for Credit Losses .

Derecognition of Financial Assets and Liabilities

Financial Asset Derecognition

A financial asset is considered for derecognition when the contractual rights to the cash flows from the financial asset expire, or the Group has either transferred the contractual right to receive the cash flows from that asset, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria.

The Group derecognizes a transferred financial asset if it transfers substantially all the risks and rewards of ownership.

The Group enters into transactions in which it transfers previously recognized financial assets but retains substantially all the associated risks and rewards of those assets; for example, a sale to a third party in which the Group enters into a concurrent total return swap with the same counterparty. These types of transactions are accounted for as secured financing transactions.

In transactions in which substantially all the risks and rewards of ownership of a financial asset are neither retained nor transferred, the Group derecognizes the transferred asset if control over that asset is not retained, i.e., if the transferee has the practical ability to sell the transferred asset. The rights and obligations retained in the transfer are recognized separately as assets and liabilities, as appropriate. If control over the asset is retained, the Group continues to recognize the asset to the extent of its continuing involvement, which is determined by the extent to which it remains exposed to changes in the value of the transferred asset.

The derecognition criteria are also applied to the transfer of part of an asset, rather than the asset as a whole, or to a group of similar financial assets in their entirety, when applicable. If transferring a part of an asset, such part must be a specifically identified cash flow, a fully proportionate share of the asset, or a fully proportionate share of a specifically-identified cash flow.

If an existing financial asset is replaced by another asset from the same counterparty on substantially different terms, or if the terms of the financial asset are substantially modified (due to forbearance measures or otherwise), the existing financial asset is derecognized and a new asset is recognized. Any difference between the respective carrying amounts is recognized in the Consolidated Statement of Income.

Securitization

The Group securitizes various consumer and commercial financial assets, which is achieved via the transfer of these assets to a structured entity, which issues securities to investors to finance the acquisition of the assets. Financial assets awaiting securitization are classified and measured as appropriate under the policies in the Financial Assets and Liabilities section. If the structured entity is not consolidated then the transferred assets may qualify for derecognition in full or in part, under the policy on derecognition of financial assets. Synthetic securitization structures typically involve derivative financial instruments for which the policies in the Derivatives and Hedge Accounting section would apply. Those transfers that do not qualify for derecognition may be reported as secured financing or result in the recognition of continuing involvement liabilities. The investors and the securitization vehicles generally have no recourse to the Group s other assets in cases where the issuers of the financial assets fail to perform under the original terms of those assets.

Interests in the securitized financial assets may be retained in the form of senior or subordinated tranches, interest only strips or other residual interests (collectively referred to as retained interests). Provided the Group s retained interests do not result in consolidation of a structured entity, nor in continued recognition of the transferred assets, these interests are typically recorded in financial assets at fair value through profit or loss and carried at fair value. Consistent with the valuation of similar financial instruments, the fair value of retained tranches or the financial assets is initially and subsequently determined using market price quotations where available or internal pricing models that utilize variables such as yield curves, prepayment speeds, default rates, loss severity, interest rate volatilities and spreads. The assumptions used for pricing are based on observable transactions in similar securities and are verified by external pricing sources, where available. Where observable transactions in similar securities and other external pricing sources are not available, management judgment must be used to determine fair value. The Group may also periodically hold interests in securitized financial assets and record them at amortized cost.

In situations where the Group has a present obligation (either legal or constructive) to provide financial support to an unconsolidated securitization entity a provision will be created if the obligation can be reliably measured and it is probable that there will be an outflow of economic resources required to settle it.

When an asset is derecognized a gain or loss equal to the difference between the consideration received and the carrying amount of the transferred asset is recorded. When a part of an asset is derecognized, gains or losses on securitization depend in part on the carrying amount of the transferred financial assets, allocated between the financial assets derecognized and the retained interests based on their relative fair values at the date of the transfer.

Derecognition of Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. If an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Consolidated Statement of Income.

Repurchase and Reverse Repurchase Agreements

Securities purchased under resale agreements (reverse repurchase agreements) and securities sold under agreements to repurchase (repurchase agreements) are treated as collateralized financings and are recognized initially at fair value, being 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 recognized on, or derecognized from, the balance sheet, because the risks and rewards of ownership are not obtained nor relinquished. Securities delivered under repurchase agreements which are not derecognized from the balance sheet and where the counterparty has the right by contract or custom to sell or repledge the collateral are disclosed in Note 22 Assets Pledged and Received as Collateral .

The Group has chosen to apply the fair value option to certain repurchase and reverse repurchase portfolios that are managed on a fair value basis.

Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements is reported as interest income and interest expense, respectively.

Securities Borrowed and Securities Loaned

Securities borrowed transactions generally require the Group to deposit cash with the securities lender. In a securities loaned transaction, the Group generally receives either cash collateral, in an amount equal to or in excess of the market value of securities loaned, or securities. The Group monitors the fair value of securities borrowed and securities loaned and additional collateral is disbursed or obtained, if necessary.

The amount of cash advanced or received is recorded as securities borrowed and securities loaned, respectively, in the Consolidated Balance Sheet.

The securities borrowed are not themselves recognized in the financial statements. If they are sold to third parties, the obligation to return the securities is recorded as a financial liability at fair value through profit or loss and any subsequent gain or loss is included in the Consolidated Statement of Income in net gains (losses) on financial assets/liabilities at fair value through profit or loss. Securities lent to counterparties are also retained on the Consolidated Balance Sheet.

Fees received or paid are reported in interest income and interest expense, respectively. Securities lent to counterparties which are not derecognized from the Consolidated Balance Sheet and where the counterparty has the right by contract or custom to sell or repledge the collateral are disclosed are disclosed in Note 22 Assets Pledged and Received as Collateral .

Goodwill and Other Intangible Assets

Goodwill arises on the acquisition of subsidiaries and associates and represents the excess of the aggregate of the cost of an acquisition and any noncontrolling interests in the acquiree over the fair value of the identifiable net assets acquired at the date of the acquisition.

For the purpose of calculating goodwill, fair values of acquired assets, liabilities and contingent liabilities are determined by reference to market values or by discounting expected future cash flows to present value. This discounting is either performed using market rates or by using risk-free rates and risk-adjusted expected future cash flows. Any noncontrolling interests in the acquiree is measured either at fair value or at the noncontrolling interests proportionate share of the acquiree s identifiable net assets (this is determined for each business combination).

Goodwill on the acquisition of subsidiaries is capitalized and reviewed for impairment annually or more frequently if there are indications that impairment may have occurred. For the purposes of impairment testing, goodwill acquired in a business combination is allocated to cash-generating units (CGUs), which are the smallest identifiable groups of assets that generate cash inflows largely independent of the cash inflows from other assets or groups of assets and that are expected to benefit from the synergies of the combination and considering the business level at which goodwill is monitored for internal management purposes. In identifying whether cash inflows from an asset (or a group of assets) are largely independent of the cash inflows from other assets (or groups of assets) various factors are considered, including how management monitors the entity s operations or makes decisions about continuing or disposing of the entity s assets and operations.

If goodwill has been allocated to a CGU and an operation within that unit is disposed of, the attributable goodwill is included in the carrying amount of the operation when determining the gain or loss on its disposal.

Certain non-integrated investments are not allocated to a CGU. Impairment testing is performed individually for each of these assets.

Intangible assets are recognized separately from goodwill when they are separable or arise from contractual or other legal rights and their fair value can be measured reliably. Intangible assets that have a finite useful life are stated at cost less any accumulated amortization and accumulated impairment losses. Customer-related intangible assets that have a finite useful life are amortized over periods of between 1 and 25 years on a straight-line basis based on their expected useful life. Mortgage servicing rights are carried at cost and amortized in proportion to, and over the estimated period of, net servicing revenue. These assets are tested for impairment and their useful lives reaffirmed at least annually.

Certain intangible assets have an indefinite useful life and hence are not amortized, but are tested for impairment at least annually or more frequently if events or changes in circumstances indicate that impairment may have occurred.

Costs related to software developed or obtained for internal use are capitalized if it is probable that future economic benefits will flow to the Group and the cost can be measured reliably. Capitalized costs are amortized using the straight-line method over the asset s useful life which is deemed to be either three, five or ten years. Eligible costs include external direct costs for materials and services, as well as payroll and payroll-related costs for employees directly associated with an internal-use software project. Overhead costs, as well as costs incurred during the research phase or after software is ready for use, are expensed as incurred. Capitalized software costs are tested for impairment either annually if still under development or when there is an indication of impairment once the software is in use.

Critical Accounting Estimates The determination of the recoverable amount in the impairment assessment of non-financial assets requires estimates based on quoted market prices, prices of comparable businesses, present value or other valuation techniques, or a combination thereof, necessitating management to make subjective judgments and assumptions. Because these estimates and assumptions could result in significant differences to the amounts reported if underlying circumstances were to change, the Group considers these estimates to be critical.

The quantitative disclosures are provided in Note 25 Goodwill and Other Intangible Assets .

Provisions

Provisions are recognized if the Group has a present legal or constructive obligation as a result of past events, if 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.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation as of the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party (for example, because the obligation is covered by an insurance policy), an asset is recognized if it is virtually certain that reimbursement will be received.

Critical Accounting Estimates The use of estimates is important in determining provisions for potential losses that may arise from litigation, regulatory proceedings and uncertain income tax positions. The Group estimates and provides for potential losses that may arise out of litigation, regulatory proceedings and uncertain income tax positions to the extent that such losses are probable and can be estimated, in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets or IAS 12, Income Taxes , respectively. Significant judgment is required in making these estimates and the Group s final liabilities may ultimately be materially different.

Contingencies in respect of legal matters are subject to many uncertainties and the outcome of individual matters is not predictable with assurance. Significant judgment is required in assessing probability and making estimates in respect of contingencies, and the Group s final liability may ultimately be materially different. The Group s total liability in respect of litigation, arbitration and regulatory proceedings is determined on a case-by-case basis and represents an estimate of probable losses after considering, among other factors, the progress of each case, the Group s experience and the experience of others in similar cases, and the opinions and views of legal counsel. Predicting the outcome of the Group s litigation matters is inherently difficult, particularly in cases in which claimants seek substantial or indeterminate damages. See Note 29 Provisions for information on the Group s judicial, regulatory and arbitration proceedings.

Income Taxes

The Group recognizes the current and deferred tax consequences of transactions that have been included in the consolidated financial statements using the provisions of the respective jurisdictions tax laws. Current and deferred taxes are recognized in profit or loss except to the extent that the tax relates to items that are recognized directly in equity or other comprehensive income in which case the related tax is recognised either directly in equity or other comprehensive income accordingly.

Deferred tax assets and liabilities are recognized for future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, unused tax losses and unused tax credits. Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profit will be available against which those unused tax losses, unused tax credits and deductible temporary differences can be utilized.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period that the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Current tax assets and liabilities are offset when (1) they arise from the same tax reporting entity or tax group of reporting entities, (2) the legally enforceable right to offset exists and (3) they are intended to be settled net or realized simultaneously.

Deferred tax assets and liabilities are offset when the legally enforceable right to offset current tax assets and liabilities exists and the deferred tax assets and liabilities relate to income taxes levied by the same taxing authority on either the same tax reporting entity or tax group of reporting entities.

Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, branches and associates and interests in joint ventures except when the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the difference will not reverse in the foreseeable future. Deferred income tax assets are provided on deductible temporary differences arising from such investments only to the extent that it is probable that the differences will reverse in the foreseeable future and sufficient taxable income will be available against which those temporary differences can be utilized.

Deferred tax related to fair value re-measurement of AFS investments, cash flow hedges and other items, which are charged or credited directly to other comprehensive income, is also credited or charged directly to other comprehensive income and subsequently recognized in the consolidated statement of income once the underlying transaction or event to which the deferred tax relates is recognized in the consolidated statement of income.

For share-based payment transactions, the Group may receive a tax deduction related to the compensation paid in shares. The amount deductible for tax purposes may differ from the cumulative compensation expense recorded. At any reporting date, the Group must estimate the expected future tax deduction based on the current share price. The associated current and deferred tax consequences are recognized as income or expense in the consolidated statement of income for the period. If the amount deductible, or expected to be deductible, for tax purposes exceeds the cumulative compensation expense, the excess tax benefit is recognized directly in equity.

The Group s insurance business in the United Kingdom (Abbey Life Assurance Company Limited) is subject to income tax on its policyholder s investment returns (policyholder tax). This tax is included in the Group s income tax expense/benefit even though it is economically the income tax expense/benefit of the policyholder, which reduces/increases the Group s liability to the policyholder.

Critical Accounting Estimates In determining the amount of deferred tax assets, the Group uses historical tax capacity and profitability information and, if relevant, forecasted operating results based upon approved business plans, including a review of the eligible carry-forward periods, available tax planning opportunities and other relevant considerations. Each quarter, the Group re-evaluates its estimate related to deferred tax assets, including its assumptions about future profitability.

The Group believes that the accounting estimate related to the deferred tax assets is a critical accounting estimate because the underlying assumptions can change from period to period and requires significant management judgment. For example, tax law changes or variances in future projected operating performance could result in a change of the deferred tax asset. If the Group was not able to realize all or part of its net deferred tax assets in the future, an adjustment to its deferred tax assets would be charged to income tax expense or directly to equity in the period such determination was made. If the Group was to recognize previously unrecognized deferred tax assets in the future, an adjustment to its deferred tax asset would be credited to income tax expense or directly to equity in the period such determination was made.

For further information on the Group s deferred taxes (including quantitative disclosures on recognized deferred tax assets) see Note 36 Income Taxes .

Business Combinations and Noncontrolling Interests

The Group uses the acquisition method to account for business combinations. At the date the Group obtains control of the subsidiary, the cost of an acquisition is measured at the fair value of the consideration given, including any cash or non cash consideration (equity instruments) transferred, any contingent consideration, any previously held equity interest in the acquiree and liabilities incurred or assumed. The excess of the aggregate of the cost of an acquisition and any noncontrolling interests in the acquiree over the Group s share of the fair value of the identifiable net assets acquired is recorded as goodwill. If the aggregate of the acquisition cost and any noncontrolling interests is below the fair value of the identifiable net assets (negative goodwill), a gain is reported in other income. Acquisition-related costs are recognized as expenses in the period in which they are incurred.

In business combinations achieved in stages (step acquisitions), a previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts recognized in prior periods in other comprehensive income associated with the previously held investment would be recognized on the same basis as would be required if the Group had directly disposed of the previously held equity interest.

Noncontrolling interests are shown in the consolidated balance sheet as a separate component of equity, which is distinct from the Group s shareholders equity. The net income attributable to noncontrolling interests is separately disclosed on the face of the consolidated statement of income. Changes in the ownership interest in subsidiaries which do not result in a change of control are treated as transactions between equity holders and are reported in additional paid-in capital (APIC).

Non-Current Assets Held for Sale

Individual non-current non-financial assets (and disposal groups) are classified as held for sale if they are available for immediate sale in their present condition subject only to the customary sales terms of such assets (and disposal groups) and their sale is considered highly probable. For a sale to be highly probable, management must be committed to a sales plan and actively looking for a buyer. Furthermore, the assets (and disposal groups) must be actively marketed at a reasonable sales price in relation to their current fair value and the sale should be expected to be completed within one year. Non-current non-financial assets (and disposal groups) which meet the criteria for held for sale classification are measured at the lower of their carrying amount and fair value less costs to sell and are presented within Other assets and Other liabilities in the balance sheet. The comparatives are not represented when non-current assets (and disposal groups) are classified as held for sale. If the disposal group contains financial instruments, no adjustment to their carrying amounts is permitted.

Property and Equipment

Property and equipment includes own-use properties, leasehold improvements, furniture and equipment and software (operating systems only). Own-use properties are carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is generally recognized using the straight-line method over the estimated useful lives of the assets. The range of estimated useful lives is 25 to 50 years for property and 3 to 10 years for furniture and equipment (including initial improvements to purchased buildings). Leasehold improvements are capitalized and subsequently depreciated on a straight-line basis over the shorter of the term of the lease and the estimated useful life of the improvement, which generally ranges from 3 to 10 years. Depreciation of property and equipment is included in general and administrative expenses. Maintenance and repairs are also charged to general and administrative expenses. Gains and losses on disposals are included in other income.

Property and equipment are tested for impairment at each quarterly reporting date and an impairment charge is recorded to the extent the recoverable amount, which is the higher of fair value less costs to sell and value in use, is less than its carrying amount. Value in use is the present value of the future cash flows expected to be derived from the asset. After the recognition of impairment of an asset, the depreciation charge is adjusted in future periods to reflect the asset s revised carrying amount. If an impairment is later reversed, the depreciation charge is adjusted prospectively.

Properties leased under a finance lease are capitalized as assets in property and equipment and depreciated over the terms of the leases.

Financial Guarantees

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

The Group has chosen to apply the fair value option to certain written financial guarantees that are managed on a fair value basis. Financial guarantees that the Group has not designated at fair value are recognized initially in the financial statements at fair value on the date the guarantee is given. Subsequent to initial recognition, the Group s liabilities under such guarantees are measured at the higher of the amount initially recognized, less cumulative amortization, and the best estimate of the expenditure required to settle any financial obligation as of the balance sheet date. These estimates are determined based on experience with similar transactions and history of past losses, and management s determination of the best estimate.

Any increase in the liability relating to guarantees is recorded in the consolidated statement of income in provision for credit losses.

Leasing Transactions

The Group enters into lease contracts, predominantly for premises, as a lessee. The terms and conditions of these contracts are assessed and the leases are classified as operating leases or finance leases according to their economic substance at inception of the lease.

Assets held under finance leases are initially recognized on the consolidated balance sheet at an amount equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. The discount rate used in calculating the present value of the minimum lease payments is either the interest rate implicit in the lease, if it is practicable to determine, or the incremental borrowing rate. Contingent rentals are recognized as an expense in the periods in which they are incurred.

Operating lease rentals payable are recognized as an expense 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 recognized over the lease term on a straight-line basis. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

Employee Benefits

Pension Benefits

The Group provides a number of pension plans. In addition to defined contribution plans, there are retirement benefit plans accounted for as defined benefit plans. The assets of all the Group s defined contribution plans are held in independently administered funds. Contributions are generally determined as a percentage of salary and are expensed based on employee services rendered, generally in the year of contribution.

All retirement benefit plans accounted for as defined benefit plans are valued using the projected unit-credit method to determine the present value of the defined benefit obligation and the related service costs. Under this method, the determination is based on actuarial calculations which include assumptions about demographics, salary increases and interest and inflation rates. Actuarial gains and losses are recognized in other comprehensive income and presented in equity in the period in which they occur. The majority of the Group s benefit plans is funded.

Other Post-Employment Benefits

In addition, the Group maintains unfunded contributory post-employment medical plans for a number of current and retired employees who are mainly located in the United States. These plans pay stated percentages of eligible medical and dental expenses of retirees after a stated deductible has been met. The Group funds these plans on a cash basis as benefits are due. Analogous to retirement benefit plans these plans are valued using the projected unit-credit method. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income and presented in equity.

Refer to Note 35 Employee Benefits for further information on the accounting for pension benefits and other post-employment benefits.

Termination benefits

Termination benefits arise when employment is terminated by the Group before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits as a liability and an expense if the Group is demonstrably committed to a detailed formal plan without realistic possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the end of the reporting period are discounted to their present value. The discount rate is determined by reference to market yields on high-quality corporate bonds.

Share-Based Compensation

Compensation expense for awards classified as equity instruments is measured at the grant date based on the fair value of the share-based award. For share awards, the fair value is the quoted market price of the share reduced by the present value of the expected dividends that will not be received by the employee and adjusted for the effect, if any, of restrictions beyond the vesting date. In case an award is modified such that its fair value immediately after modification exceeds its fair value immediately prior to modification, a remeasurement takes place and the resulting increase in fair value is recognized as additional compensation expense.

The Group records the offsetting amount to the recognized compensation expense in additional paid-in capital (APIC). Compensation expense is recorded on a straight-line basis over the period in which employees perform services to which the awards relate or over the period of the tranches for those awards delivered in tranches. Estimates of expected forfeitures are periodically adjusted in the event of actual forfeitures or for changes in expectations. The timing of expense recognition relating to grants which, due to early retirement provisions, include a nominal but non-substantive service period are accelerated by shortening the amortization period of the expense from the grant date to the date when the employee meets the eligibility criteria for the award, and not the vesting date. For awards that are delivered in tranches, each tranche is considered a separate award and amortized separately.

Compensation expense for share-based awards payable in cash is remeasured to fair value at each balance sheet date and recognized over the vesting period in which the related employee services are rendered. The related obligations are included in other liabilities until paid.

Obligations to Purchase Common Shares

Forward purchases of Deutsche Bank shares, and written put options where Deutsche Bank shares are the underlying, are reported as obligations to purchase common shares if the number of shares is fixed and physical settlement for a fixed amount of cash is required. At inception, the obligation is recorded at the present value of the settlement amount of the forward or option. For forward purchases and written put options of Deutsche Bank shares, a corresponding charge is made to shareholders equity and reported as equity classified as an obligation to purchase common shares.

The liabilities are accounted for on an accrual basis, and interest costs, which consist of time value of money and dividends, on the liability are reported as interest expense. Upon settlement of such forward purchases and written put options, the liability is extinguished and the charge to equity is reclassified to common shares in treasury.

Deutsche Bank common shares subject to such forward contracts are not considered to be outstanding for purposes of basic earnings per share calculations, but are for dilutive earnings per share calculations to the extent that they are, in fact, dilutive.

Option and forward contracts on Deutsche Bank shares are classified as equity if the number of shares is fixed and physical settlement is required. All other contracts in which Deutsche Bank shares are the underlying are recorded as financial assets or liabilities at fair value through profit or loss.

Consolidated Statement of Cash Flows

For purposes of the consolidated statement of cash flows, the Group s cash and cash equivalents include highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of change in value. Such investments include cash and balances at central banks and demand deposits with banks.

The Group s assignment of cash flows to the operating, investing or financing category depends on the business model (management approach). For the Group the primary operating activity is to manage financial assets and financial liabilities. Therefore, the issuance and management of long-term borrowings is a core operating activity which is different than for a non-financial company, where borrowing is not a principal revenue producing activity and thus is part of the financing category.

The Group views the issuance of senior long-term debt as an operating activity. Senior long-term debt comprises structured notes and asset-backed securities, which are designed and executed by CB&S business lines and which are revenue generating activities. The other component is debt issued by Treasury, which is considered interchangeable with other funding sources; all of the funding costs are allocated to business activities to establish their profitability.

Cash flows related to subordinated long-term debt and trust preferred securities are viewed differently than those related to senior-long term debt because they are managed as an integral part of the Group s capital, primarily to meet regulatory capital requirements. As a result they are not interchangeable with other operating liabilities, but can only be interchanged with equity and thus are considered part of the financing category.

The amounts shown in the consolidated statement of cash flows do not precisely match the movements in the consolidated balance sheet from one period to the next as they exclude non-cash items such as movements due to foreign exchange translation and movements due to changes in the group of consolidated companies.

Movements in balances carried at fair value through profit or loss represent all changes affecting the carrying value. This includes the effects of market movements and cash inflows and outflows. The movements in balances carried at fair value are usually presented in operating cash flows.

Insurance

The Group s insurance business issues two types of contracts:

Insurance Contracts These are annuity and universal life contracts under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specific uncertain future event adversely affects the policyholder. Such contracts remain insurance contracts until all rights and obligations are extinguished or expire. As allowed by IFRS, the Group retained the accounting policies for insurance contracts which it applied prior to the adoption of IFRS (U.S. GAAP) as described further below.

Non-Participating Investment Contracts (Investment Contracts) These contracts do not contain significant insurance risk or discretionary participation features. These are measured and reported consistently with other financial liabilities, which are classified as financial liabilities at fair value through profit or loss.

Financial assets held to back annuity contracts have been classified as AFS. Financial assets held for other insurance and investment contracts have been designated at fair value through profit or loss under the fair value option.

Insurance Contracts

Premiums for single premium business are recognized as income when received. This is the date from which the policy is effective. For regular premium contracts, receivables are recognized at the date when payments are due. Premiums are shown before deduction of commissions. When policies lapse due to non-receipt of premiums, all related premium income accrued but not received from the date they are deemed to have lapsed, net of related expense, is offset against premiums.

Claims are recorded as an expense when incurred, and reflect the cost of all claims arising during the year, including policyholder profit participations allocated in anticipation of a participation declaration.

The aggregate policy reserves for universal life insurance contracts are equal to the account balance, which represents premiums received and investment returns credited to the policy, less deductions for mortality costs and expense charges. For other unit-linked insurance contracts the policy reserve represents the fair value of the underlying assets.

For annuity contracts, the liability is calculated by estimating the future cash flows over the duration of the in force contracts discounted back to the valuation date allowing for the probability of occurrence. The assumptions are fixed at the date of acquisition with suitable provisions for adverse deviations (PADs). This calculated liability value is tested against a value calculated using best estimate assumptions and interest rates based on the yield on the amortized cost of the underlying assets. Should this test produce a higher value, the liability amount would be reset.

Aggregate policy reserves include liabilities for certain options attached to the Group s unit-linked pension products. These liabilities are calculated based on contractual obligations using actuarial assumptions.

Liability adequacy tests are performed for the insurance portfolios on the basis of estimated future claims, costs, premiums earned and proportionate investment income. For long duration contracts, if actual experience regarding investment yields, mortality, morbidity, terminations or expenses indicates that existing contract liabilities, along with the present value of future gross premiums, will not be sufficient to cover the present value of future benefits and to recover deferred policy acquisition costs, then a premium deficiency is recognized.

The costs directly attributable to the acquisition of incremental insurance and investment business are deferred to the extent that they are expected to be recoverable out of future margins in revenues on these contracts. These costs will be amortized systematically over a period no longer than that in which they are expected to be recovered out of these future margins.

Investment Contracts

All of the Group s investment contracts are unit-linked. These contract liabilities are determined using current unit prices multiplied by the number of units attributed to the contract holders as of the balance sheet date.

As this amount represents fair value, the liabilities have been classified as financial liabilities at fair value through profit or loss. Deposits collected under investment contracts are accounted for as an adjustment to the investment contract liabilities. Investment income attributable to investment contracts is included in the consolidated statement of income. Investment contract claims reflect the excess of amounts paid over the account balance released. Investment contract policyholders are charged fees for policy administration, investment management, surrenders or other contract services.

The financial assets for investment contracts are recorded at fair value with changes in fair value, and offsetting changes in the fair value of the corresponding financial liabilities, recorded in profit or loss.

Reinsurance

Premiums ceded for reinsurance and reinsurance recoveries on policyholder benefits and claims incurred are reported in income and expense as appropriate. Assets and liabilities related to reinsurance are reported on a gross basis when material. Amounts ceded to reinsurers from reserves for insurance contracts are estimated in a manner consistent with the reinsured risk. Accordingly, revenues and expenses related to reinsurance agreements are recognized in a manner consistent with the underlying risk of the business reinsured.

All new material reinsurance arrangements are subject to local Board approval. Once transacted they are subject to regular credit risk review including an assessment of the full exposure and any lending and collateral provision. Impairment is determined in accordance with the Group s accounting policy Impairment of Financial Assets .

02

Recently Adopted and New Accounting Pronouncements

Recently Adopted Accounting Pronouncements

The following are those accounting pronouncements which are relevant to the Group and which have been adopted during 2014 in the preparation of these consolidated financial statements.

IAS 32

On January 1, 2014, the Group adopted the amendments to IAS 32, Offsetting Financial Assets and Financial Liabilities (IAS 32 R). IAS 32 R clarifies (a) the meaning of an entity s current legally enforceable right of set-off; and (b) when gross settlement systems may be considered equivalent to net settlement. IAS 32 R did not have a material impact on the Group s consolidated financial statements.

IFRIC 21

On January 1, 2014, the Group adopted IFRIC 21, Levies , an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets , which clarifies that an entity recognizes a liability for a levy only when the activity that triggers payment, as identified by the relevant legislation, occurs. IFRIC 21 did not have a material impact on the Group s consolidated financial statements.

New Accounting Pronouncements

The following accounting pronouncements were not effective as of December 31, 2014 and therefore have not been applied in preparing these financial statements.

Improvements to IFRS 2010-2012 and 2011-2013 Cycles

In December 2013, the IASB issued amendments to multiple IFRS standards, which resulted from the IASB s annual improvement projects for the 2010-2012 and 2011-2013 cycles. They comprise amendments that result in accounting changes for presentation, recognition or measurement purposes as well as terminology or editorial amendments related to a variety of individual IFRS standards. The amendments will be effective for annual periods beginning on or after July 1, 2014. The amendments are not expected to have a material impact on the Group s consolidated financial statements.

IFRS 9 Classification and Measurement, Impairment and Hedge Accounting

In July 2014, the IASB issued IFRS 9, which replaces IAS 39, Financial Instruments: Recognition and Measurement . IFRS 9 introduces new requirements for how an entity should classify and measure financial assets, requires changes to the reporting of own credit with respect to issued debt liabilities that are designated at fair value, replaces the current rules for impairment of financial assets and amends the requirements for hedge accounting.

Classification and Measurement of financial assets and liabilities

IFRS 9 requires that an entity s business model and a financial instrument s contractual cash flows will determine its classification and measurement in the financial statements. Upon initial recognition each financial asset will be classified as either fair value through profit or loss (FVTPL), amortized cost, or fair value through Other Comprehensive Income (FVOCI). As these requirements are different than the assessments under the existing IAS 39 rules, some differences to the classification and measurement of financial assets under IAS 39 are expected.

The classification and measurement of financial liabilities remain largely unchanged under IFRS 9 from current requirements. However, where issued debt liabilities are designated at fair value, the fair value movements attributable to an entity s own credit risk will be recognized in Other Comprehensive Income rather than in the Statement of Income under IFRS 9.

Impairment of financial assets

The impairment rules under IFRS 9 will apply to financial assets that are measured at amortized cost or FVOCI, and off-balance sheet lending commitments such as loan commitments and financial guarantees. Impairment will move from a model whereby credit losses are recognized when a trigger event occurs under IAS 39 to an expected loss model, where provisions are taken upon initial recognition of the financial asset (or the date that the Group becomes a party to the loan commitment or financial guarantee) based on expectations of potential credit losses at that time.

The allowance for credit losses provided for on initial recognition will be based on a 12-month expected credit loss basis. Subsequently, at each reporting date, the Group must make an assessment on whether the credit risk of the instrument has increased significantly, in which case, the allowance must reflect the expected credit loss of the financial asset over its lifetime (lifetime expected losses). As a result of the changes to the impairment rules, IFRS 9 will result in an increase in subjectivity as allowances will be based on forward-looking, probability-weighted information that is continuously monitored and updated over the life of the financial asset. This is in contrast to impairment recognition under IAS 39 which requires the occurrence of one or more loss events before an allowance is recorded. IFRS 9 is expected to result in an increase in the overall level of impairment allowances, due to the requirement to record an allowance equal to 12-month expected credit losses on those instruments whose credit risk has not significantly increased since initial recognition and the likelihood that there will be a larger population of financial assets to which lifetime expected losses applies as compared to the population of financial assets for which loss events have already occurred under IAS 39.

Hedge accounting

IFRS 9 also incorporates new hedge accounting rules that intend to align hedge accounting with risk management practices. Generally, some restrictions under current rules have been removed and a greater variety of hedging instruments and hedged items become available for hedge accounting.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Group is currently assessing the impact of IFRS 9. The standard has yet to be endorsed by the EU.

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers , which specifies how and when revenue is recognized, but does not impact income recognition related to financial instruments in scope of IFRS 9/IAS 39. IFRS 15 replaces several other IFRS standards and interpretations that currently govern revenue recognition under IFRS and provides a single, principles-based five-step model to be applied to all contracts with customers. The standard also requires entities to provide users of financial statements with more informative and relevant disclosures. IFRS 15 will be effective for annual periods beginning on or after January 1, 2017. The Group is currently assessing the impact of IFRS 15. The standard has yet to be endorsed by the EU.

Improvements to IFRS 2012-2014 Cycles

In September 2014, the IASB issued amendments to multiple IFRS standards, which resulted from the IASB s annual improvement project for the 2012-2014 cycles. This comprises amendments that result in accounting changes for presentation, recognition or measurement purposes as well as terminology or editorial amendments related to a variety of individual IFRS standards. The amendments will be effective for annual periods beginning on or after January 1, 2016, with earlier application permitted. The group is currently assessing the impact that the amendments will have on the Group s consolidated financial statements. The amendments have yet to be endorsed by the EU.

IAS 1

In December 2014, the IASB issued amendments to IAS 1 Presentation of Financial Statements as part of an initiative to improve presentation and disclosure in financial reports. These amendments clarify that the principle of materiality is applicable to the whole of the financial statements, professional judgment should be applied in determining disclosures and that inclusion of immaterial data can reduce the effectiveness of disclosures. The amendments will be effective for annual periods beginning on or after January 1, 2016 with early adoption permitted. The amendments to IAS 1 will only have a disclosure impact on the Group. These amendments have yet to be endorsed by the EU.

03

Acquisitions and Dispositions

Business Combinations completed in 2014

In 2014, the Group did not undertake any acquisitions accounted for as business combinations.

Business Combinations completed in 2013

On September 2, 2013, Deutsche Bank AG announced that it completed the purchase of the remaining 51 % of the shares in its joint venture Xchanging etb GmbH (Xetb), which is the holding company of Xchanging Transaction Bank GmbH (XTB). The purchase price paid for the step-acquisition consists of a base component of 41 million, subject to certain adjustments. Of that amount, 36 million was paid as cash consideration by the acquirer. The remaining 5 million was paid by XTB to the seller, Xchanging plc. (Xchanging), in the course of closing the transaction, which resulted in a reduction of the acquired net assets. The agreement between Deutsche Bank and Xchanging was signed in May 2013. As the required approvals have been obtained, including those from regulatory authorities and the shareholders of Xchanging, the change of control to Deutsche Bank became effective on September 1, 2013 (the acquisition date). On closing the transaction, Deutsche Bank gained full ownership and operating control over XTB. The transaction is intended to contribute to Deutsche Bank s Strategy 2015+ to improve operating efficiency and to reduce process duplication, complexity and costs.

Xetb was established as a joint venture with Xchanging in 2004 and is the holding company of XTB, the Group s former wholly-owned subsidiary european transaction bank ag (etb). XTB provides services in relation to the securities processing business for Deutsche Bank as well as for external clients. The acquired entities were integrated into Deutsche Bank s infrastructure operations. Prior to obtaining control over XTB, the Group directly held 49 % of the shares in Xetb, giving it the ability to significantly influence the investee s financial and operating policies. Accordingly and up until closing date, XetB, including its subsidiary XTB, had been accounted for using the equity method. The acquisition-date fair value of the equity interest in the acquiree amounted to 21 million. The remeasurement to fair value did not result in any gain or loss.

The acquisition accounting was finalized in the second quarter 2014, resulting in a net increase of the purchase consideration paid and a corresponding increase of goodwill recognized of 1 million each. Accordingly, the final amount of goodwill originating from the transaction amounted to 38 million, which has been allocated to PBC (25 million), GTB (6 million), CB&S (5 million) and Deutsche AWM (2 million). The reconciliation of the total purchase consideration and the opening balance sheet as of the acquisition date were as follows:

Fair Value of Assets Acquired and Liabilities Assumed as of the Acquisition Date

in m.	
Cash consideration transferred	36
Fair value of pre-existing stakes	21
Deduction for settlement of pre-existing relationship	8
Total purchase consideration, including fair value of the Group s equity interest held before the business combination	**50**
Recognized amounts of identifiable assets acquired and liabilities assumed: [1]	
Cash and cash equivalents	6
Financial assets available for sale	24
Intangible assets	6
All other assets	31
Provisions	22
All other liabilities	34
Total identifiable net assets	**12**
Goodwill	38
Total identifiable net assets and goodwill acquired	**50**

1 By major class of assets acquired and liabilities assumed.

Prior to the acquisition, Deutsche Bank and XTB were parties in a joint service contract arrangement for the provision of securities processing services to Deutsche Bank. The service arrangement has been identified as a pre-existing relationship, which is accounted for separately from the aforementioned purchase transaction. The service contract, which would have expired in May 2016, was terminated in connection with the closing of the transaction. The settlement amount attributable to the service contract was determined using a discounted cash flow approach. Its recognition resulted in a loss of 8 million, which was recorded in general and administrative expenses in the Group s income statement for 2013.

Business Combinations completed in 2012

In 2012, the Group did not undertake any acquisitions accounted for as business combinations.

Acquisitions and Dispositions of Noncontrolling Interests while Retaining Control

During 2014, the Group did not engage in acquisitions or dispositions of noncontrolling interests while retaining control over the related subsidiaries. In 2013, Deutsche Bank completed acquisitions and dispositions of noncontrolling interests related to its investments in subsidiaries where the Group is not the sole owner and which did not result in the loss of control over the respective subsidiaries. In accordance with IFRS 10, they were accounted for as equity transactions between the Group and outside shareholders with no gain or loss recognized in the Group s income statement. The total consideration transferred in 2013 on these transactions amounted to 11 million. The carrying amounts of the related controlling and noncontrolling interests were adjusted to reflect the changes regarding the Group s interests in these subsidiaries. Any difference between the fair values of the consideration transferred or received and the amounts by which the noncontrolling interests were adjusted is recognized directly in shareholders equity.

The following table summarizes the aggregated effect of changes in the Group s ownership interests recorded for these subsidiaries during 2013 and 2014.

in m.	2014	2013
Deutsche Bank s ownership interests as of beginning of the period	0	24
Net increase in Deutsche Bank s ownership interests	0	7
Deutsche Bank s share of net income or loss	0	1
Deutsche Bank s share of other comprehensive income	0	(4)
Deutsche Bank s share of other equity changes	0	(1)
Deutsche Bank s ownership interests at the end of the period	**0**	**27**

Dispositions

During 2014, 2013 and 2012, the Group finalized several dispositions of subsidiaries/businesses. These disposals mainly included businesses the Group had previously classified as held for sale. The total cash consideration received for these dispositions in 2014, 2013 and 2012 was 1.9 billion, 57 million and 99 million, respectively. The table below includes the assets and liabilities that were included in these disposals.

in m.	2014	2013	2012
Cash and cash equivalents	0	156	0
All remaining assets	8,346	33	1,937
Total assets disposed	**8,346**	**189**	**1,937**
Total liabilities disposed	**6,602**	**196**	**1,592**

04

Business Segments and Related Information

The Group s segmental information has been prepared in accordance with the management approach , which requires presentation of the segments on the basis of the internal management reports of the entity which are regularly reviewed by the chief operating decision maker, which is the Deutsche Bank Management Board, in order to allocate resources to a segment and to assess its financial performance.

Starting first quarter 2014, net interest income as a component of net revenue, income (loss) before income taxes and related ratios is presented on a fully taxable-equivalent basis for U.S. tax-exempt securities for Corporate Banking & Securities. This enables management to measure performance of taxable and tax-exempt securities on a comparable basis. This change in presentation resulted in an increase in CB&S net interest income of 65.4 million for full year 2014. This increase is offset in Group Consolidated figures through a reversal in C&A. Prior period comparatives have not been adjusted due to immateriality. The tax rate used in determining the fully taxable-equivalent net interest income in respect of the majority of the US tax-exempt securities is 35 %. US tax-exempt securities held by NCOU are not being presented on a fully taxable-equivalent basis due to differing approaches in the management of core and noncore activities.

Business Segments

The Group s business segments represent the Group s organizational structure comprising five Corporate Divisions: Corporate Banking & Securities (CB&S), Private & Business Clients (PBC), Global Transaction Banking (GTB), Deutsche Asset & Wealth Management (Deutsche AWM) and Non-Core Operations Unit (NCOU).

As part of the ongoing optimisation of our business model, in response to the changing market and regulatory environment, we continued to evaluate our business portfolio, adapting it to reflect current market opportunities and meet client needs. In that context, at the end of 2014, we announced the cessation of most trading in single name CDS and physical precious metals.

In 2013 Deutsche AWM revised their revenue disclosure categories. The new revenue disclosure segregates revenues by their character and type to allow distinction into Recurring and Non-recurring components, Net interest revenues and Revenues from other products. The new disclosure is more aligned with the market convention, adds transparency and allows for more coherent analysis of the business. Prior periods were restated to reflect these changes.

The following describes other changes in management responsibilities with a significant impact on segmental reporting:

- In 2014, PBC revised product revenue disclosure categories. PBC introduced a new revenue category Postal and supplementary Postbank Services , formerly part of other revenues, to provide more transparency on PBC s revenue composition. Prior periods were restated to reflect these changes.
- During the fourth quarter of 2013, the decision was taken to scale down and discontinue elements of the commodities business. The portfolios containing discontinued activities were aggregated under the Special Commodities Group (SCG), which has been subsequently transferred from CB&S to NCOU in the first quarter of 2014. SCG contains assets, liabilities and contingent risks related to Energy, Agriculture, Base Metals and Dry Bulk exposures. The comparatives for CB&S and NCOU have been restated accordingly. The continued commodities business remains in CB&S.
- In 2013, the long-term cash lending portfolio of German MidCap clients was transferred from the Corporate Division CB&S to the Corporate Division GTB.
- Effective in the fourth quarter 2012, the management responsibility for the passive and third-party alternatives businesses, such as ETFs, was transferred from CB&S to the newly integrated Deutsche AWM.

Measurement of Segment Profit or Loss

Segment reporting requires a presentation of the segment results based on management reporting methods, including a reconciliation between the results of the business segments and the consolidated financial statements, which is presented in the Management Report: Operating and Financial Review: Deutsche Bank Group: Corporate Divisions: Consolidation & Adjustments. The information provided about each segment is based on internal management reporting about segment profit or loss, assets and other information which is regularly reviewed by the chief operating decision maker. Segment assets are presented in the Group s internal management reporting based on a consolidated view, i.e., the amounts do not include intersegment balances.

Non-IFRS compliant accounting methods are rarely used in the Group s management reporting and represent either valuation or classification differences. The largest valuation differences relate to measurement at fair value in management reporting versus measurement at amortized cost under IFRS (for example, for certain financial instruments in the Group s treasury books in CB&S and PBC) and to the recognition of trading results from own shares in revenues in management reporting (mainly in CB&S) and in equity under IFRS. The major classification difference relates to noncontrolling interest, which represents the net share of minority shareholders in revenues, provision for credit losses, noninterest expenses and income tax expenses. Noncontrolling interest is reported as a component of pre-tax income for the businesses in management reporting (with a reversal in C&A) and a component of net income appropriation under IFRS.

Since the Group s business activities are diverse in nature and its operations are integrated, certain estimates and judgments have been made to apportion revenue and expense items among the business segments.

The management reporting systems follow a matched transfer pricing concept in which the Group s external net interest income is allocated to the business segments based on the assumption that all positions are funded or invested via the wholesale money and capital markets. Therefore, to create comparability with those competitors who have legally independent units with their own equity funding, the Group allocates a net notional interest credit on its consolidated capital (after deduction of certain related charges such as hedging of net investments in certain foreign operations) to the business segments, in proportion to each business segment s allocated average active equity.

Management uses certain measures for equity and related ratios as part of its internal reporting system because it believes that these measures provide it with a useful indication of the financial performance of the business segments. The Group discloses such measures to provide investors and analysts with further insight into how management operates the Group s businesses and to enable them to better understand the Group s results. These measures include:

Average Active Equity The Group uses average active equity to calculate several ratios. However, active equity is not a measure provided for in IFRS and therefore the Group s ratios based on average active equity should not be compared to other companies ratios without considering the differences in the calculation. Effective July 1, 2013, the definition of active equity has been aligned to the CRR/CRD 4 framework. Under the revised definition, shareholders equity is adjusted only for dividend accruals (i.e., accumulated other comprehensive income (loss) excluding foreign currency translation, net of taxes, is now part of active equity). Prior periods have been adjusted accordingly.

The total amount of average active equity allocated is determined based on the higher of the Group s overall economic risk exposure or regulatory capital demand. Starting 2013, the Group refined its allocation of average active equity to the business segments to reflect the further increased regulatory requirements under CRR/CRD 4 and to align the allocation of capital with the communicated capital and return on equity targets. Under the new methodology, the internal demand for regulatory capital is derived based on a Common Equity Tier 1 ratio of 10 % at a Group level and assuming full implementation of CRR/CRD 4 rules. Therefore, the basis for allocation, i.e., risk-weighted assets and certain regulatory capital deduction items, is also on a CRR/CRD 4 fully-loaded basis. If the Group s average active equity exceeds the higher of the overall economic risk exposure or the regulatory capital demand, this surplus is assigned to C&A.

Return on Average Active Equity in % is defined as income (loss) before income taxes less pre-tax noncontrolling interest as a percentage of average active equity. These returns, which are based on average active equity, should not be compared to those of other companies without considering the differences in the calculation of such ratios.

Segmental Results of Operations

For the results of the business segments, including the reconciliation to the consolidated results of operations under IFRS please see Management Report: Operating and Financial Review: Results of Operations: Segment Results of Operations .

Entity-Wide Disclosures

The Group s Entity-Wide Disclosures include net revenues from internal and external counterparties. Excluding revenues from internal counterparties would require disproportionate IT investment and is not in line with the Bank s management approach. For detail on our Net Revenue Components please see Management Report: Operating and Financial Review: Results of Operations: Corporate Divisions .

The following table presents total net revenues (before provisions for credit losses) by geographic area for the years ended December 31, 2014, 2013 and 2012, respectively. The information presented for CB&S, GTB, Deutsche AWM, PBC and NCOU has been classified based primarily on the location of the Group s office in which the revenues are recorded. The information for C&A is presented on a global level only, as management responsibility for C&A is held centrally.

04 Business Segments and Related Information

in m.	2014	2013	2012
Germany:			
CB&S	872	1,008	1,367
PBC	7,704	7,723	7,559
GTB	1,258	1,348	1,364
Deutsche AWM	1,356	1,193	1,157
NCOU	(176)	364	1,029
Total Germany	**11,013**	**11,636**	**12,477**
UK:			
CB&S	3,849	4,027	4,426
PBC	0	0	0
GTB	319	291	318
Deutsche AWM	592	983	398
NCOU	17	(50)	(317)
Total UK	**4,778**	**5,251**	**4,825**
Rest of Europe, Middle East and Africa:			
CB&S	929	850	1,052
PBC	1,912	1,812	1,949
GTB	953	977	1,158
Deutsche AWM	795	894	823
NCOU	10	(28)	113
Total Rest of Europe, Middle East and Africa	**4,599**	**4,506**	**5,095**
Americas (primarily United States):			
CB&S	5,497	4,871	5,570
PBC	(21)	(21)	0
GTB	889	833	771
Deutsche AWM	1,432	1,173	1,669
NCOU	358	703	568
Total Americas	**8,155**	**7,559**	**8,579**
Asia/Pacific:			
CB&S	2,595	2,770	2,658
PBC	44	36	32
GTB	727	620	588
Deutsche AWM	533	491	424
NCOU	2	(25)	33
Total Asia/Pacific	**3,901**	**3,892**	**3,735**
Consolidation & Adjustments	**(497)**	**(929)**	**(975)**
Consolidated net revenues[1]	**31,949**	**31,915**	**33,736**

[1] Consolidated net revenues comprise interest and similar income, interest expenses and total noninterest income (including net commission and fee income). Revenues are attributed to countries based on the location in which the Group s booking office is located. The location of a transaction on the Group s books is sometimes different from the location of the headquarters or other offices of a customer and different from the location of the Group s personnel who entered into or facilitated the transaction. Where the Group records a transaction involving its staff and customers and other third parties in different locations frequently depends on other considerations, such as the nature of the transaction, regulatory considerations and transaction processing considerations.

Notes to the Consolidated Income Statement

05

Net Interest Income and Net Gains (Losses) on Financial Assets/Liabilities at Fair Value through Profit or Loss

Net Interest Income

in m.	2014	2013	2012
Interest and similar income:			
Interest-earning deposits with banks	683	759	928
Central bank funds sold and securities purchased under resale agreements	408	412	762
Securities borrowed[1]	(313)	(375)	(519)
Interest income on financial assets available for sale	1,341	1,312	1,449
Dividend income on financial assets available for sale	97	81	141
Loans	11,820	11,941	13,658
Other	1,161	741	986
Total Interest and similar income not at fair value through profit or loss	**15,196**	**14,872**	**17,404**
Financial assets at fair value through profit or loss	9,805	10,729	14,189
Total interest and similar income[1]	**25,001**	**25,601**	**31,593**
Interest expense:			
Interest-bearing deposits[2]	3,210	3,360	4,946
Central bank funds purchased and securities sold under repurchase agreements	160	186	315
Securities loaned[1]	(157)	(216)	(301)
Other short-term borrowings	214	285	342
Long-term debt[2]	1,882	1,568	2,686
Trust preferred securities	785	849	842
Other	371	200	140
Total Interest expense not at fair value through profit or loss	**6,465**	**6,232**	**8,971**
Financial liabilities at fair value through profit or loss	4,264	4,535	6,648
Total interest expense[1]	**10,729**	**10,768**	**15,619**

Net interest income	**14,272**	**14,834**	**15,975**

[1] Prior periods have been restated. For further details please refer to Note 1 Significant Accounting Policies and Critical Accounting Estimates of this report.
[2] For 2012, interest expense of 780 million was reclassified from interest-bearing deposits to long-term debt.

Interest income recorded on impaired financial assets was 94 million, 76 million and 100 million for the years ended December 31, 2014, 2013 and 2012, respectively.

Net Gains (Losses) on Financial Assets/Liabilities at Fair Value through Profit or Loss

in m.	2014	2013	2012
Trading income:			
Sales & Trading (equity)	1,686	1,573	1,594
Sales & Trading (debt and other products)	2,583	2,465	4,810
Total Sales & Trading	4,269	4,039	6,404
Other trading income	137	(377)	(1,205)
Total trading income[1]	**4,407**	**3,662**	**5,199**
Net gains (losses) on financial assets/liabilities designated at fair value through profit or loss:			
Breakdown by financial asset/liability category:			
Securities purchased/sold under resale/repurchase agreements	(15)	31	14
Securities borrowed/loaned	0	0	(1)
Loans and loan commitments	(20)	(46)	739
Deposits	(1)	73	(56)
Long-term debt[2]	(538)	133	(328)
Other financial assets/liabilities designated at fair value through profit or loss	467	(35)	41
Total net gains (losses) on financial assets/liabilities designated at fair value through profit or loss	**(108)**	**155**	**409**
Total net gains (losses) on financial assets/liabilities at fair value through profit or loss	**4,299**	**3,817**	**5,608**

1 Prior periods have been restated. For further detail please refer to Note 1 Significant Accounting Policies and Critical Accounting Estimates of this report.
2 Includes 48 million, (86) million and (94) million from securitization structures for the years ended December 31, 2014, 2013 and 2012, respectively. Prior period comparatives were restated. Fair value movements on related instruments of (315) million, 390 million and 358 million for December 31, 2014, 2013 and 2012, respectively, are reported within trading income. Prior period comparatives were restated. Both are reported under Sales & Trading (debt and other products). The total of these gains and losses represents the Group s share of the losses in these consolidated securitization structures.

Combined net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss

in m.	2014	2013	2012
Net interest income	14,272	14,834	15,975
Net gains (losses) on financial assets/liabilities at fair value through profit or loss	4,299	3,817	5,608
Total net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss	**18,570**	**18,651**	**21,583**
Net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss by Corporate Division/product:			
Sales & Trading (equity)	2,314	2,129	1,732

Sales & Trading (debt and other products)	6,685	6,069	7,851
Total Sales & Trading	8,998	8,197	9,582
Loan products[1]	695	599	182
Remaining products[2]	(61)	72	589
Corporate Banking & Securities	9,632	8,869	10,353
Private & Business Clients	5,962	5,966	6,220
Global Transaction Banking	2,232	1,984	2,016
Deutsche Asset & Wealth Management	1,505	1,568	1,974
Non-Core Operations Unit	(573)	245	650
Consolidation & Adjustments	(187)	19	369
Total net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss	**18,570**	**18,651**	**21,583**

[1] Includes the net interest spread on loans as well as the fair value changes of credit default swaps and loans designated at fair value through profit or loss.
[2] Includes net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss of origination, advisory and other products.

The Group s trading and risk management businesses include significant activities in interest rate instruments and related derivatives. Under IFRS, interest and similar income earned from trading instruments and financial instruments designated at fair value through profit or loss (i.e., coupon and dividend income), and the costs of funding net trading positions, are part of net interest income. The Group s trading activities can periodically drive income to either net interest income or to net gains (losses) of financial assets/liabilities at fair value through profit or loss depending on a variety of factors, including risk management strategies. In order to provide a more business-focused presentation, the Group combines net interest income and net gains (losses) of financial assets/liabilities at fair value through profit or loss by business division and by product within CB&S.

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06

Commissions and Fee Income

in m.	2014	2013	2012[2]
Commission and fee income and expense:			
Commission and fee income[1]	15,746	15,252	14,575
Commission and fee expense	3,337	2,943	2,766
Net commissions and fee income	**12,409**	**12,308**	**11,809**

in m.	2014	2013	2012
Net commissions and fee income:			
Net commissions and fees from fiduciary activities	3,745	3,646	3,298
Net commissions, brokers fees, mark-ups on securities underwriting and other securities activities[1]	4,033	3,920	3,845
Net fees for other customer services	4,632	4,742	4,667
Net commissions and fee income	**12,409**	**12,308**	**11,809**

[1] Prior periods have been restated. For further detail please refer to Note 1 Significant Accounting Policies and Critical Accounting Estimates of this report.
[2] Commission and fee income and expense were grossed-up by 316 million, each.

07

Net Gains (Losses) on Financial Assets Available for Sale

in m.	2014	2013	2012
Net gains (losses) on financial assets available for sale:			
Net gains (losses) on debt securities:	153	321	65
Net gains (losses) from disposal	144	319	116
Impairments	9	2	(51)
Net gains (losses) on equity securities:	109	77	206
Net gains (losses) from disposal/remeasurement	121	92	306
Impairments	(12)	(15)	(100)
Net gains (losses) on loans:	(9)	6	55
Net gains (losses) from disposal	16	33	63

Impairments	(25)	(27)	(8)
Reversal of impairments	0	0	0
Net gains (losses) on other equity interests:	(12)	(12)	(25)
Net gains (losses) from disposal	9	9	(24)
Impairments	(21)	(21)	(1)
Total net gains (losses) on financial assets available for sale	**242**	**394**	**301**

Please also refer to Note 16 Financial Assets Available for Sale of this report.

08

Other Income

in m.	2014	2013	2012
Other income:			
Net income from investment properties	57	23	(23)
Net gains (losses) on disposal of investment properties	5	(3)	31
Net gains (losses) on disposal of consolidated subsidiaries	18	4	41
Net gains (losses) on disposal of loans	(2)	288	4
Insurance premiums[1]	141	190	219
Net income (loss) from hedge relationships qualifying for hedge accounting	(1,349)	(1,227)	(1,081)
Consolidated investments	949	881	768
Remaining other income	290	37	(78)
Total other income (loss)	**108**	**193**	**(120)**

[1] Net of reinsurance premiums paid. The development is primarily driven by Abbey Life Assurance Company Limited.

09

General and Administrative Expenses

in m.	2014	2013	2012
General and administrative expenses:			
IT costs	3,333	3,074	2,547
Occupancy, furniture and equipment expenses	1,978	2,073	2,115
Professional service fees[1]	2,029	1,772	1,887
Communication and data services[1]	725	706	756
Travel and representation expenses[1]	500	496	579
Banking and transaction charges[1]	660	743	1,274
Marketing expenses	313	314	362
Consolidated investments	811	797	760
Other expenses[1,2]	4,305	5,151	4,736
Total general and administrative expenses	**14,654**	**15,126**	**15,017**

[1] Prior period comparatives have been restated in order to reflect changes in the Group s cost reporting.
[2] Includes litigation related expenses of 1.6 billion in 2014, 3.0 billion in 2013 and 2.5 billion in 2012. See Note 29 Provisions , for more detail on litigation.

10

Restructuring

Restructuring forms part of the Group s Operational Excellence (OpEx) Programme. Restructuring expense is comprised of termination benefits, additional expenses covering the acceleration of deferred compensation awards not yet amortized due to the discontinuation of employment and contract termination costs related to real estate. Restructuring expenses of 133 million were recognized during 2014 (2013: 399 million).

in m.	2014	2013	2012
Corporate Banking & Securities	(112)	(130)	(236)
Private & Business Clients	(9)	(22)	0
Global Transaction Banking	(10)	(54)	(40)
Deutsche Asset & Wealth Management	3	(170)	(104)
Non-Core Operations Unit	(4)	(25)	(12)
Infrastructure/Regional Management	0	0	(1)

Consolidation & Adjustments	0	0	0
Total Net Restructuring Charges	**(133)**	**(399)**	**(394)**

in m.	2014	2013	2012
Restructuring - Staff related	(124)	(364)	(394)
thereof:			
Termination Payments	(94)	(287)	(307)
Retention Acceleration	(29)	(72)	(83)
Social Security	(1)	(4)	(4)
Restructuring - Non Staff related	(9)	(35)	0
Total Net Restructuring Charges	**(133)**	**(399)**	**(394)**

Provisions for restructuring amounted to 120 million and 207 million as of December 31, 2014 and December 31, 2013 respectively. The majority of the current provisions for restructuring are expected to be utilized during 2015.

During 2014, 1,371 full-time equivalent (FTE) staff were reduced through restructuring (2013: 1,287).

Full-time equivalent staff	2014	2013
Corporate Banking & Securities	319	374
Private & Business Clients	92	42
Global Transaction Banking	157	172
Deutsche Asset & Wealth Management	207	224
Non-Core Operations Unit	11	0
Infrastructure/Regional Management	585	475
Total full-time equivalent staff	**1,371**	**1,287**

11

Earnings per Share

Basic earnings per share amounts are computed by dividing net income (loss) attributable to Deutsche Bank shareholders by the average number of common shares outstanding during the year. The average number of common shares outstanding is defined as the average number of common shares issued, reduced by the average number of shares in treasury and by the average number of shares that will be acquired under physically-settled forward purchase contracts, and increased by undistributed vested shares awarded under deferred share plans.

Diluted earnings per share assumes the conversion into common shares of outstanding securities or other contracts to issue common stock, such as share options, convertible debt, unvested deferred share awards and forward contracts. The aforementioned instruments are only included in the calculation of diluted earnings per share if they are dilutive in the respective reporting period.

Computation of basic and diluted earnings per share

in m.	2014	2013	2012
Net income (loss) attributable to Deutsche Bank shareholders numerator for basic earnings per share	**1,663**	**666**	**263**
Effect of dilutive securities:			
Forwards and options	0	0	0
Convertible debt	0	0	0
Net income (loss) attributable to Deutsche Bank shareholders after assumed conversions numerator for diluted earnings per share	**1,663**	**666**	**263**

Number of shares in m.			
Weighted-average shares outstanding denominator for basic earnings per share	**1,241.9**	**1,045.4**	**979.0**
Effect of dilutive securities:			
Forwards	0.0	0.0	0.0
Employee stock compensation options	0.0	0.0	0.0
Convertible debt	0.0	0.0	0.0
Deferred shares	27.6	27.8	25.8
Other (including trading options)	0.0	0.0	0.0
Dilutive potential common shares	27.6	27.8	25.8
Adjusted weighted-average shares after assumed conversions denominator for diluted earnings per share	**1,269.5**	**1,073.2**	**1,004.7**

Earnings per share

in	2014	2013	2012
Basic earnings per share	1.34	0.64	0.27
Diluted earnings per share	1.31	0.62	0.26

On June 25, 2014, Deutsche Bank AG completed a capital increase with subscription rights. As the subscription price of the new shares was lower than the market price of the existing shares, the capital increase included a bonus element. According to IAS 33, the bonus element is the result of an implicit change in the number of shares outstanding for all periods prior to the capital increase without a fully proportionate change in resources. As a consequence, the weighted average number of shares outstanding has been adjusted retrospectively.

Instruments outstanding and not included in the calculation of diluted earnings per share[1]

Number of shares in m.	2014	2013	2012
Forward purchase contracts	0.0	0.0	0.0
Convertible debt	0.0	0.0	0.0
Put options sold	0.0	0.0	0.0
Call options sold	0.0	0.0	0.0
Employee stock compensation options	0.1	0.2	0.3
Deferred shares	0.0	0.0	0.0

[1] Not included in the calculation of diluted earnings per share, because to do so would have been anti-dilutive.

Notes to the Consolidated Balance Sheet

12

Financial Assets/Liabilities at Fair Value through Profit or Loss

in m.	Dec 31, 2014	Dec 31, 2013
Trading assets:		
Trading securities	177,639	187,554
Other trading assets[1]	18,041	22,516
Total trading assets	**195,681**	**210,070**
Positive market values from derivative financial instruments	**629,958**	**504,590**

Financial assets designated at fair value through profit or loss:		
Securities purchased under resale agreements	60,473	116,764
Securities borrowed	20,404	32,485
Loans	15,331	15,579
Other financial assets designated at fair value through profit or loss	21,078	19,768
Total financial assets designated at fair value through profit or loss	**117,285**	**184,597**
Total financial assets at fair value through profit or loss	**942,924**	**899,257**

[1] Includes traded loans of 16.7 million and 17.8 million at December 31, 2014 and 2013 respectively.

in m.	Dec 31, 2014	Dec 31, 2013
Trading liabilities:		
Trading securities	41,112	54,951
Other trading liabilities	731	853
Total trading liabilities	**41,843**	**55,804**
Negative market values from derivative financial instruments	**610,202**	**483,428**
Financial liabilities designated at fair value through profit or loss:		
Securities sold under repurchase agreements	21,053	73,642
Loan commitments	99	193
Long-term debt	9,919	9,342
Other financial liabilities designated at fair value through profit or loss	6,061	6,927
Total financial liabilities designated at fair value through profit or loss	**37,131**	**90,104**
Investment contract liabilities[1]	8,523	8,067
Total financial liabilities at fair value through profit or loss	**697,699**	**637,404**

[1] These are investment contracts where the policy terms and conditions result in their redemption value equaling fair value. See Note 41 Insurance and Investment Contracts , for more detail on these contracts.

Financial Assets & Liabilities designated at Fair Value through Profit or Loss

The Group has designated various lending relationships at fair value through profit or loss. Lending facilities consist of drawn loan assets and undrawn irrevocable loan commitments. The maximum exposure to credit risk on a drawn loan is its fair value. The Group s maximum exposure to credit risk on drawn loans, including securities purchased under resale agreements and securities borrowed, was 96 billion and 165 billion as of December 31, 2014, and 2013, respectively. Exposure to credit risk also exists for undrawn irrevocable loan commitments and is predominantly counterparty credit risk.

The credit risk on the securities purchased under resale agreements and securities borrowed designated under the fair value option is mitigated by the holding of collateral. The valuation of these instruments takes into account the credit enhancement in the form of the collateral received. As such there is no material movement during the year or cumulatively due to movements in counterparty credit risk on these instruments.

Changes in fair value of loans[1] and loan commitments attributable to movements in counterparty credit risk[2]

	Dec 31, 2014		Dec 31, 2013	
in m.	Loans	Loan commitments	Loans	Loan commitments
Notional value of loans and loan commitments exposed to credit risk	5,146	15,393	6,874	26,349
Annual change in the fair value reflected in the Statement of Income	3	43	43	254
Cumulative change in the fair value[3]	14	470	55	742
Notional of credit derivatives used to mitigate credit risk	417	8,152	627	13,050
Annual change in the fair value reflected in the Statement of Income	(1)	(19)	(15)	(343)
Cumulative change in the fair value[3]	(3)	(257)	(14)	(574)

[1] Where the loans are over-collateralized there is no material movement in valuation during the year or cumulatively due to movements in counterparty credit risk.
[2] Determined using valuation models that exclude the fair value impact associated with market risk.
[3] Changes are attributable to loans and loan commitments held at reporting date, which may differ from those held in prior periods. No adjustments are made to prior year to reflect differences in the underlying population.

Changes in fair value of financial liabilities attributable to movements in the Group s credit risk[1]

in m.	Dec 31, 2014	Dec 31, 2013
Annual change in the fair value reflected in the Statement of Income	(23)	85
Cumulative change in the fair value	134	151

1 The fair value of a financial liability incorporates the credit risk of that financial liability. Changes in the fair value of financial liabilities issued by consolidated structured entity have been excluded as this is not related to the Group s credit risk but to that of the legally isolated structured entity, which is dependent on the collateral it holds.

The excess of the contractual amount repayable at maturity over the carrying value of financial liabilities[1]

in m.	Dec 31, 2014	Dec 31, 2013[2]
Including undrawn loan commitments[3]	18,261	28,662
Excluding undrawn loan commitments	1,621	2,357

1 Assuming the liability is extinguished at the earliest contractual maturity that the Group can be required to repay. When the amount payable is not fixed, it is determined by reference to conditions existing at the reporting date.

2 In 2014 the prior year numbers were restated (increase of 1,430 million to the excess of the contractual amount repayable on maturity over the carrying value of financial liabilities including undrawn loan commitments, increase of 1,430 million to the excess of the contractual amount payable on maturity over the carrying value of financial liabilities excluding undrawn loan commitments).

3 The contractual cash flows at maturity for undrawn loan commitments assume full drawdown of the facility.

13

Amendments to IAS 39 and IFRS 7, Reclassification of Financial Assets

Under the amendments to IAS 39 and IFRS 7, issued in October 2008, certain financial assets were reclassified in the second half of 2008 and the first quarter 2009 from the financial assets at fair value through profit or loss and the available for sale classifications into the loans classification. No reclassifications have been made since the first quarter 2009.

The 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.

Reclassified Financial Assets

in bn. (unless stated otherwise)	Trading assets reclassified to loans	Financial assets available for sale reclassified to loans
Carrying value at reclassification date	26.6	11.4
Unrealized fair value losses in accumulated other comprehensive income	0.0	(1.1)
Effective interest rates at reclassification date:		
upper range	13.1 %	9.9 %
lower range	2.8 %	3.9 %
Expected recoverable cash flows at reclassification date	**39.6**	**17.6**

Carrying values and fair values by asset type of assets reclassified in 2008 and 2009

		Dec 31, 2014		Dec 31, 2013
in m.	Carrying value	Fair value	Carrying value	Fair Value
Trading assets reclassified to loans:				
Securitization assets	1,983	2,124	1,985	1,872
Debt securities	1,067	1,160	1,062	1,068
Loans	1,146	888	2,367	2,064
Total trading assets reclassified to loans	4,197	4,171	5,415	5,004
Financial assets available for sale reclassified to loans:				
Securitization assets	1,782	1,743	1,972	1,955
Debt securities	1,378	1,493	1,220	1,284
Total financial assets available for sale reclassified to loans	3,160	3,236	3,192	3,239
Total financial assets reclassified to loans	**7,357**[1]	**7,408**	**8,606**	**8,243**

[1] There is an associated effect on the carrying value from effective fair value hedge accounting for interest rate risk to the carrying value of the reclassified assets shown in the table above. This effect increases carrying value by 86 million and 34 million as at December 31, 2014 and December 31, 2013 respectively.

All reclassified assets are managed by the NCOU and disposal decisions across this portfolio are made by the NCOU in accordance with their remit to take the de-risking decisions. For the year ended December 31, 2014, the Group sold reclassified assets with a carrying value of 137 million, resulting in a net gain of 4.1 million on positions sold.

In addition to sales, the decrease in the carrying value of assets previously classified as trading includes redemptions and maturities of 1.3 billion. The reduction in the carrying value of assets previously classified as available for sale includes redemptions and maturities of 0.5 billion.

Unrealized fair value gains (losses) that would have been recognized in profit or loss and net gains (losses) that would have been recognized in other comprehensive income if the reclassifications had not been made

in m.	2014	2013	2012
Unrealized fair value gains (losses) on the reclassified trading assets, gross of provisions for credit losses	342	245	38
Impairment (losses)/Reversal on the reclassified financial assets available for sale which were impaired	(6)	9	(29)
Net gains (losses) recognized in other comprehensive income representing additional unrealized fair value gains (losses) on the reclassified financial assets available for sale which were not impaired	137	130	415

Pre-tax contribution of all reclassified assets to the income statement

in m.	2014	2013	2012
Interest income	161	272	578
Provision for credit losses	(40)	(348)	(186)
Other income[1]	5	(141)	(35)
Income before income taxes on reclassified trading assets	**126**	**(217)**	**357**
Interest income	97	96	139
Provision for credit losses	(13)	(25)	(228)
Other income[1]	0	(66)	(58)
Income before income taxes on reclassified financial assets available for sale	**84**	**5**	**(147)**

[1] Relates to gains and losses from the sale of reclassified assets.

Reclassified Financial Assets: Carrying values and fair values by asset class

All IAS 39 reclassified assets were transferred into the NCOU upon creation of the new division in the fourth quarter of 2012. The NCOU has been tasked to accelerate de-risking to reduce total capital demand and total adjusted assets. A number of factors are considered in determining whether and when to sell assets including the income statement, regulatory capital and leverage impacts. The movements in carrying value and fair value are illustrated in the following table:

Carrying values and fair values by asset class reclassified in 2008 and 2009

			Dec 31, 2014			Dec 31, 2013
in m.	Carrying value (CV)	Fair value (FV)	Unrealized gains/(losses)	Carrying value (CV)	Fair value (FV)	Unrealized gains/(losses)
Securitization assets and debt securities reclassified:						
US municipal bonds	2,302	2,503	201	2,155	2,232	77
Student loans ABS	1,464	1,529	65	1,263	1,305	42
CDO/CLO	717	689	(28)	979	938	(41)
Covered bond	893	987	95	885	788	(97)
Commercial mortgages securities	187	192	5	281	260	(21)

Residential mortgages ABS	83	92	9	74	71	(3)
Other[1]	566	528	(38)	602	585	(17)
Total securitization assets and debt securities reclassified	**6,211**	**6,520**	**309**	**6,239**	**6,179**	**(60)**
Loans reclassified:						
Commercial mortgages	227	226	0	1,463	1,428	(35)
Residential mortgages	871	616	(255)	844	598	(246)
Other	49	46	(3)	61	38	(22)
Total loans reclassified	**1,146**	**888**	**(259)**	**2,367**	**2,064**	**(303)**
Total financial assets reclassified to loans	**7,357**	**7,408**	**51**	**8,606**	**8,243**	**(363)**

[1] Includes asset backed securities related to the aviation industry and a mixture of other securitization assets and debt securities.

Securitized Assets and Debt Securities

Municipal Bonds The US Municipal bonds have a fair value above carrying value due to being predominantly fixed rate instruments with interest rates falling since reclassification. Fair value is also impacted by liquidity and market expectation of credit risk which has generally improved in the year increasing the fair value. The carrying value increase is predominantly due to FX movements, partly offset by redemptions and impairment losses of 16 million.

Covered Bonds The majority of the exposure in the portfolio is to Spanish bank and government issuers. The fair value is above carrying value and has increased in the year following improvements in the Eurozone credit risk and increased liquidity on these positions. There was no significant impairment of the portfolio during the year.

CDO/CLO This comprises a diverse portfolio with a variety of underlying assets and tranching levels in the capital structure. The difference between carrying value and fair value arises due to a number of factors including liquidity and the fair value model capturing market expectations of lifetime expected losses compared with the amortized cost impairment model largely based on incurred credit losses. The main movement in the carrying value to fair value difference is due to principal paydowns in the period somewhat offset by FX movements and accretion of discount. No significant loan loss provisions were taken in the period.

Student Loans ABS There was continued improvement in liquidity for student loan ABS resulting in increased fair values. The carrying value increase is predominantly due to FX movements. There was no de-risking activity or impairments on this asset class in the period.

Commercial Mortgages Securities The fair value to carrying value difference is due to a number of factors including liquidity and market expectations of credit losses compared with the incurred loss model. The carrying value decreased in the period mainly due to redemptions of 55 million, impairments of 22 million and sales of 25 million.

Other Other comprises a variety of assets including securitizations with Aircraft and Commodity underlyings, Infrastructure Project Finance exposure and structured corporate bonds. The small reduction in carrying value is due to principal repayments somewhat offset by FX movements.

Loans

Commercial Mortgages The fair value to carrying value difference is due to a number of factors including liquidity and market expectations of credit losses compared with the incurred loss model. The carrying value change is predominantly due to redemptions in the period of 1.1 billion. The loan loss provisions in the period on this category were 19 million.

Residential Mortgages This category includes residential mortgages in the UK, Italy, Spain and Germany. The fair value to carrying value difference has remained consistent year on year predominantly due to a larger discount rate being applied to determine fair value which, whilst not observable in the market, reflects estimated market liquidity. There have been no sales or significant changes in loan loss provisions in the portfolio in the period.

14

Financial Instruments carried at Fair Value

Valuation Methods and Control

The Group has an established valuation control framework which governs internal control standards, methodologies, and procedures over the valuation process.

Prices Quoted in Active Markets The fair value of instruments that are quoted in active markets are determined using the quoted prices where they represent prices at which regularly and recently occurring transactions take place.

Valuation Techniques The Group uses valuation techniques to establish the fair value of instruments where prices, quoted in active markets, are not available. Valuation techniques used for financial instruments include modeling techniques, the use of indicative quotes for proxy instruments, quotes from recent and less regular transactions and broker quotes.

For some financial instruments a rate or other parameter, rather than a price, is quoted. Where this is the case then the market rate or parameter is used as an input to a valuation model to determine fair value. For some instruments, modeling techniques follow industry standard models, for example, discounted cash flow analysis and standard option pricing models. These models are dependent upon estimated future cash flows, discount factors and volatility levels. For more complex or unique instruments, more sophisticated modeling techniques are required, and may rely upon assumptions or more complex parameters such as correlations, prepayment speeds, default rates and loss severity.

Frequently, valuation models require multiple parameter inputs. Where possible, parameter inputs are based on observable data or are derived from the prices of relevant instruments traded in active markets. Where observable data is not available for parameter inputs, then other market information is considered. For example, indicative broker quotes and consensus pricing information are used to support parameter inputs where they are available. Where no observable information is available to support parameter inputs then they are based on other relevant sources of information such as prices for similar transactions, historic data, economic fundamentals, and research information, with appropriate adjustment to reflect the terms of the actual instrument being valued and current market conditions.

Valuation Adjustments Valuation adjustments are an integral part of the valuation process. In making appropriate valuation adjustments, the Group follows methodologies that consider factors such as bid-offer spreads, liquidity, counterparty/own credit and funding risk. Bid-offer spread valuation adjustments are required to adjust mid market valuations to the appropriate bid or offer valuation. The bid or offer valuation is the best representation of the fair value for an instrument, and therefore its fair value. The carrying value of a long position is adjusted from mid to bid, and the carrying value of a short position is adjusted from mid to offer. Bid-offer valuation adjustments are determined from bid-offer prices observed in relevant trading activity and in quotes from other broker-dealers or other knowledgeable counterparties. Where the quoted price for the instrument is already a bid-offer price then no additional bid-offer valuation adjustment is necessary. Where the fair value of financial instruments is derived from a modeling technique, then the parameter inputs into that model are normally at a mid-market level. Such instruments are generally managed on a portfolio basis and, when specified criteria are met, valuation adjustments are taken to reflect the cost of closing out the net exposure the Bank has to individual market or counterparty risks. These adjustments are determined from bid-offer prices observed in relevant trading activity and quotes from other broker-dealers.

Where complex valuation models are used, or where less-liquid positions are being valued, then bid-offer levels for those positions may not be available directly from the market, and therefore for the close-out cost of these positions, models and parameters must be estimated. When these adjustments are designed, the Group closely examines the valuation risks associated with the model as well as the positions themselves, and the resulting adjustments are closely monitored on an ongoing basis.

Counterparty Credit Valuation Adjustments (CVAs) are required to cover expected credit losses to the extent that the valuation technique does not already include an expected credit loss factor relating to the non-performance risk of the counterparty. The CVA amount is applied to all relevant over-the-counter (OTC) derivatives, and is determined by assessing the potential credit exposure to a given counterparty and taking into account any collateral held, the effect of any relevant netting arrangements, expected loss given default and the probability of default, based on available market information, including Credit Default Swap (CDS) spreads. Where counterparty CDS spreads are not available, relevant proxies are used.

The fair value of the Group s financial liabilities at fair value through profit or loss (i.e., OTC derivative liabilities and structured note liabilities designated at fair value through profit or loss) incorporates Debt Valuation Adjustments (DVA) to measure the change in the Group s own credit risk of the financial liability. For derivative liabilities the Group considers its own creditworthiness by assessing all counterparties potential future exposure to the Group, taking into account any collateral posted by the Group, the effect of relevant netting arrangements, expected loss given default and the probability of default of the Group, based on the Group s market CDS level. The change in the Group s own credit risk for structured note liabilities is calculated by discounting the contractual cash flows of the instrument using the rate at which similar instruments would be issued at the measurement date as this reflects the value from the perspective of a market participant who holds the identical item as an asset.

When determining CVA and DVA, additional adjustments are made where appropriate to achieve fair value, due to the expected loss estimate of a particular arrangement, or where the credit risk being assessed differs in nature to that described by the available CDS instrument.

Funding Valuation Adjustments (FVA) are required to incorporate the market implied funding costs into the fair value of derivative positions. The FVA reflects a discounting spread applied to uncollateralized and partially collateralized derivatives and is determined by assessing the market-implied funding costs on both assets and liabilities.

Where there is uncertainty in the assumptions used within a modeling technique, an additional adjustment is taken to calibrate the model price to the expected market price of the financial instrument. Typically, such transactions have bid-offer levels which are less observable, and these adjustments aim to estimate the bid-offer by computing the liquidity-premium associated with the transaction. Where a financial instrument is of sufficient complexity that the cost of closing it out would be higher than the cost of closing out its component risks, then an additional adjustment is taken to reflect this.

Validation and Control The Group has an independent specialised valuation control group within the Finance function which governs and develops the valuation control framework and manages the valuation control processes. The mandate of this specialist function includes the performance of the independent valuation control process for all businesses, the continued development of valuation control methodologies and techniques, as well as devising and governing the formal valuation control policy framework. Special attention of this independent valuation control group is directed to areas where management judgment forms part of the valuation process.

Results of the valuation control process are collected and analyzed as part of a standard monthly reporting cycle. Variances of differences outside of preset and approved tolerance levels are escalated both within the Finance function and with Senior Business Management for review, resolution and, if required, adjustment.

For instruments where fair value is determined from valuation models, the assumptions and techniques used within the models are independently validated by an independent specialist model validation group that is part of the Group s Risk Management function.

Quotes for transactions and parameter inputs are obtained from a number of third party sources including exchanges, pricing service providers, firm broker quotes and consensus pricing services. Price sources are examined and assessed to determine the quality of fair value information they represent, with greater emphasis given to those possessing greater valuation certainty and relevance. The results are compared against actual transactions in the market to ensure the model valuations are calibrated to market prices.

Price and parameter inputs to models, assumptions and valuation adjustments are verified against independent sources. Where they cannot be verified to independent sources due to lack of observable information, the estimate of fair value is subject to procedures to assess its reasonableness. Such procedures include performing revaluation using independently generated models (including where existing models are independently recalibrated), assessing the valuations against appropriate proxy instruments and other benchmarks, and performing extrapolation techniques. Assessment is made as to whether the valuation techniques produce fair value estimates that are reflective of market levels by calibrating the results of the valuation models against market transactions where possible.

Fair Value Hierarchy

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

Level 1 Instruments valued using quoted prices in active markets are instruments where the fair value can be determined directly from prices which are quoted in active, liquid markets and where the instrument observed in the market is representative of that being priced in the Group s inventory.

These include: government bonds, exchange-traded derivatives and equity securities traded on active, liquid exchanges.

Level 2 Instruments valued with valuation techniques using observable market data are instruments where the fair value can be determined by reference to similar instruments trading in active markets, or where a technique is used to derive the valuation but where all inputs to that technique are observable.

These include: many OTC derivatives; many investment-grade listed credit bonds; some CDS; many collateralized debt obligations (CDO); and many less-liquid equities.

Level 3 Instruments valued using valuation techniques using market data which is not directly observable are instruments where the fair value cannot be determined directly by reference to market-observable information, and some other pricing technique must be employed. Instruments classified in this category have an element which is unobservable and which has a significant impact on the fair value.

These include: more-complex OTC derivatives; distressed debt; highly-structured bonds; illiquid asset-backed securities (ABS); illiquid CDO s (cash and synthetic); monoline exposures; some private equity placements; many commercial real estate (CRE) loans; illiquid loans; and some municipal bonds.

Carrying value of the financial instruments held at fair value[1]

			Dec 31, 2014			Dec 31, 2013
in m.	Quoted prices in active market (Level 1)	Valuation technique observable parameters (Level 2)	Valuation technique unobservable parameters (Level 3)	Quoted prices in active market (Level 1)	Valuation technique observable parameters (Level 2)	Valuation technique unobservable parameters (Level 3)
Financial assets held at fair value:						
Trading assets	82,020	100,505	13,155	86,634	111,411	12,025
Trading securities	81,789	86,894	8,957	86,325	94,269	6,960
Other trading assets	232	13,611	4,198	309	17,143	5,065
Positive market values from derivative financial instruments	5,439	614,960	9,559	7,421	486,614	10,556
Financial assets designated at fair value through profit or loss	8,826	104,307	4,152	7,083	174,391	3,123
Financial assets available for sale	36,272	23,597	4,427	23,948	21,049	3,329
Other financial assets at fair value[2,3]	0	4,335[2]	0	60	7,347[2]	1
Total financial assets held at fair value	**132,558**	**847,705**	**31,294**	**125,146**	**800,811**	**29,033**
Financial liabilities held at fair value:						
Trading liabilities	25,290	16,510	43	36,449	19,331	24
Trading securities	25,244	15,826	43	36,438	18,490	24
Other trading liabilities	46	685	0	12	841	0
Negative market values from derivative financial instruments	5,890	597,759	6,553	7,815	467,293	8,321
Financial liabilities designated at fair value through profit or loss	2	34,763	2,366	197	88,466	1,442
Investment contract liabilities[4]	0	8,523	0	0	8,067	0
Other financial liabilities at fair value[2,3]	0	5,561[2]	(552)[5]	4	1,495[2]	(247)[5]

Total financial liabilities held at fair value	**31,181**	**663,117**	**8,410**	**44,465**	**584,651**	**9,539**

[1] Amounts in this table are generally presented on a gross basis, in line with the Group s accounting policy regarding offsetting of financial instruments, as described in Note 1 Significant Accounting Policies and Critical Accounting Estimates .

[2] Predominantly relates to derivatives qualifying for hedge accounting.

[3] Includes assets and liabilities held for sale related to BHF-BANK in 2013.

[4] These are investment contracts where the policy terms and conditions result in their redemption value equaling fair value. See Note 41 Insurance and Investment Contracts for more detail on these contracts.

[5] Relates to derivatives which are embedded in contracts where the host contract is held at amortized cost but for which the embedded derivative is separated. The separated embedded derivatives may have a positive or a negative fair value but have been presented in this table to be consistent with the classification of the host contract. The separated embedded derivatives are held at fair value on a recurring basis and have been split between the fair value hierarchy classifications.

There were transfers from level 1 to level 2 of the fair value hierarchy in 2014 on trading securities (11 billion of assets and 2.3 billion of liabilities) and transfers from level 2 to level 1 on financial assets designated at fair value through profit or loss (1.5 billion) based on liquidity testing procedures.

Valuation Techniques

The following is an explanation of the valuation techniques used in establishing the fair value of the different types of financial instruments that the Group trades.

Sovereign, Quasi-sovereign and Corporate Debt and Equity Securities Where there are no recent transactions then fair value may be determined from the last market price adjusted for all changes in risks and information since that date. Where a close proxy instrument is quoted in an active market then fair value is determined by adjusting the proxy value for differences in the risk profile of the instruments. Where close proxies are not available then fair value is estimated using more complex modeling techniques. These techniques include discounted cash flow models using current market rates for credit, interest, liquidity and other risks. For equity securities modeling techniques may also include those based on earnings multiples.

Mortgage- and Other Asset-Backed Securities (MBS/ABS) include residential and commercial MBS and other ABS including CDOs. ABS have specific characteristics as they have different underlying assets and the issuing entities have different capital structures. The complexity increases further where the underlying assets are themselves ABS, as is the case with many of the CDO instruments.

Where no reliable external pricing is available, ABS are valued, where applicable, using either relative value analysis which is performed based on similar transactions observable in the market, or industry-standard valuation models incorporating available observable inputs. The industry standard external models calculate principal and interest payments for a given deal based on assumptions that can be independently price tested. The inputs include prepayment speeds, loss assumptions (timing and severity) and a discount rate (spread, yield or discount margin). These inputs/assumptions are derived from actual transactions, external market research and market indices where appropriate.

Loans For certain loans fair value may be determined from the market price on a recently occurring transaction adjusted for all changes in risks and information since that transaction date. Where there are no recent market transactions then broker quotes, consensus pricing, proxy instruments or discounted cash flow models are used to determine fair value. Discounted cash flow models incorporate parameter inputs for credit risk, interest rate risk, foreign exchange risk, loss given default estimates and amounts utilized given default, as appropriate. Credit risk, loss given default and utilization given default parameters are determined using information from the loan or CDS markets, where available and appropriate.

Leveraged loans can have transaction-specific characteristics which can limit the relevance of market-observed transactions. Where similar transactions exist for which observable quotes are available from external pricing services then this information is used with appropriate adjustments to reflect the transaction differences. When no similar transactions exist, a discounted cash flow valuation technique is used with credit spreads derived from the appropriate leveraged loan index, incorporating the industry classification, subordination of the loan, and any other relevant information on the loan and loan counterparty.

Over-The-Counter Derivative Financial Instruments Market standard transactions in liquid trading markets, such as interest rate swaps, foreign exchange forward and option contracts in G7 currencies, and equity swap and option contracts on listed securities or indices are valued using market standard models and quoted parameter inputs. Parameter inputs are obtained from pricing services, consensus pricing services and recently occurring transactions in active markets wherever possible.

More complex instruments are modeled using more sophisticated modeling techniques specific for the instrument and are calibrated to available market prices. Where the model output value does not calibrate to a relevant market reference then valuation adjustments are made to the model output value to adjust for any difference. In less active markets, data is obtained from less frequent market transactions, broker quotes and through extrapolation and interpolation techniques. Where observable prices or inputs are not available, management judgment is required to determine fair values by assessing other relevant sources of information such as historical data, fundamental analysis of the economics of the transaction and proxy information from similar transactions.

Financial Liabilities Designated at Fair Value through Profit or Loss under the Fair Value Option The fair value of financial liabilities designated at fair value through profit or loss under the fair value option incorporates all market risk factors including a measure of the Group s credit risk relevant for that financial liability. The financial liabilities include structured note issuances, structured deposits, and other structured securities issued by consolidated vehicles, which may not be quoted in an active market. The fair value of these financial liabilities is determined by discounting the contractual cash flows using the relevant credit-adjusted yield curve. The market risk parameters are valued consistently to similar instruments held as assets, for example, any derivatives embedded within the structured notes are valued using the same methodology discussed in the Over-The-Counter Derivative Financial Instruments section above.

Where the financial liabilities designated at fair value through profit or loss under the fair value option are collateralized, such as securities loaned and securities sold under repurchase agreements, the credit enhancement is factored into the fair valuation of the liability.

Investment Contract Liabilities Assets which are linked to the investment contract liabilities are owned by the Group. The investment contract obliges the Group to use these assets to settle these liabilities. Therefore, the fair value of investment contract liabilities is determined by the fair value of the underlying assets (i.e., amount payable on surrender of the policies).

Analysis of Financial Instruments with Fair Value Derived from Valuation Techniques Containing Significant Unobservable Parameters (Level 3)

Some of the instruments in level 3 of the fair value hierarchy have identical or similar offsetting exposures to the unobservable input. However, according to IFRS they are required to be presented as gross assets and liabilities.

Trading Securities Certain illiquid emerging market corporate bonds and illiquid highly structured corporate bonds are included in this level of the hierarchy. In addition, some of the holdings of notes issued by securitization entities, commercial and residential MBS, collateralized debt obligation securities and other ABS are reported here. The increase in the year is mainly due to a combination of purchases and transfers between levels 2 and 3 due to changes in the observability of input parameters used to value these instruments.

Positive and Negative Market Values from Derivative Instruments categorized in this level of the fair value hierarchy are valued based on one or more significant unobservable parameters. The unobservable parameters may include certain correlations, certain longer-term volatilities, certain prepayment rates, credit spreads and other transaction-specific parameters.

Level 3 derivatives include customized CDO derivatives in which the underlying reference pool of corporate assets is not closely comparable to regularly market-traded indices; certain tranched index credit derivatives; certain options where the volatility is unobservable; certain basket options in which the correlations between the referenced underlying assets are unobservable; longer-term interest rate option derivatives; multi-currency foreign exchange derivatives; and certain credit default swaps for which the credit spread is not observable.

The decrease in the year was due to settlements and transfers between levels 2 and 3 due to changes in the observability of input parameters used to value these instruments.

Other Trading Instruments classified in level 3 of the fair value hierarchy mainly consist of traded loans valued using valuation models based on one or more significant unobservable parameters. Level 3 loans comprise illiquid leveraged loans and illiquid residential and commercial mortgage loans. The balance decreased in the year mainly due to sales.

Financial Assets/Liabilities designated at Fair Value through Profit or Loss Certain corporate loans and structured liabilities which were designated at fair value through profit or loss under the fair value option are categorized in this level of the fair value hierarchy. The corporate loans are valued using valuation techniques which incorporate observable credit spreads, recovery rates and unobservable utilization parameters. Revolving loan facilities are reported in the third level of the hierarchy because the utilization in the event of the default parameter is significant and unobservable.

In addition, certain hybrid debt issuances designated at fair value through profit or loss containing embedded derivatives are valued based on significant unobservable parameters. These unobservable parameters include single stock volatility correlations. The increase in assets during the period is primarily due to new issuances. For liabilities, the increase is driven by transfers into level 3 and new issuances.

Financial Assets Available for Sale include non-performing loan portfolios where there is no trading intent and unlisted equity instruments where there is no close proxy and the market is very illiquid. The increase in assets during the period is primarily due to purchases and mark-to-market gains on the instruments.

Reconciliation of financial instruments classified in Level 3

Reconciliation of financial instruments classified in Level 3

Dec 31, 2014

in m.	Balance, beginning of year	Changes in the group of consolidated companies	Total gains/losses[1]	Purchases	Sales	Issuances[2]	Settlements[3]	Transfers into Level 3[4]	Transfers out of Level 3[4]	Balance, end of year
Financial assets held at fair value:										
Trading securities	6,960	0	738	3,567	(2,081)	0	(597)	2,175	(1,804)	8,957
Positive market values from derivative financial instruments	10,556	0	740	0	0	0	(1,250)	1,167	(1,654)	9,559
Other trading assets	5,065	0	(43)	1,642	(2,167)	778	(845)	943	(1,173)	4,198
Financial assets designated at fair value through profit or loss	3,123	0	266	265	(5)	2,175	(1,802)	192	(61)	4,152
Financial assets available for sale	3,329	0	533[5]	1,901	(406)	0	(1,234)	432	(126)	4,427
Other financial assets at fair value[6]	1	(1)	0	0	0	0	0	0	0	0
Total financial assets held at fair value	**29,033**	**(1)**	**2,233[7,8]**	**7,373**	**(4,659)**	**2,953**	**(5,727)**	**4,908**	**(4,819)**	**31,294**
Financial liabilities held at fair value:										
Trading securities	24	0	2	0	0	0	(5)	40	(18)	43
Negative market values from derivative financial instruments	8,321	0	490	0	0	0	(1,434)	1,196	(2,019)	6,553
Other trading liabilities	0	0	0	0	0	0	0	0	0	0
Financial liabilities designated at fair value through profit or loss	1,442	0	(53)	0	0	557	(221)	882	(241)	2,366

Other financial liabilities at fair value	(247)	0	(69)	0	0	0	(207)	63	(93)	(552)
Total financial liabilities held at fair value	**9,539**	**0**	**371**[7,8]	**0**	**0**	**557**	**(1,867)**	**2,182**	**(2,371)**	**8,410**

1 Total gains and losses predominantly relate to net gains (losses) on financial assets/liabilities at fair value through profit or loss reported in the consolidated statement of income. The balance also includes net gains (losses) on financial assets available for sale reported in the consolidated statement of income and unrealized net gains (losses) on financial assets available for sale and exchange rate changes reported in other comprehensive income, net of tax. Further, certain instruments are hedged with instruments in level 1 or level 2 but the table above does not include the gains and losses on these hedging instruments. Additionally, both observable and unobservable parameters may be used to determine the fair value of an instrument classified within level 3 of the fair value hierarchy; the gains and losses presented below are attributable to movements in both the observable and unobservable parameters.

2 Issuances relate to the cash amount received on the issuance of a liability and the cash amount paid on the primary issuance of a loan to a borrower.

3 Settlements represent cash flows to settle the asset or liability. For debt and loan instruments this includes principal on maturity, principal amortizations and principal repayments. For derivatives all cash flows are presented in settlements.

4 Transfers in and transfers out of level 3 are related to changes in observability of input parameters. During the year they are recorded at their fair value at the beginning of year. For instruments transferred into level 3 the table shows the gains and losses and cash flows on the instruments as if they had been transferred at the beginning of the year. Similarly for instruments transferred out of level 3 the table does not show any gains or losses or cash flows on the instruments during the year since the table is presented as if they have been transferred out at the beginning of the year.

5 Total gains and losses on available for sale include a gain of 144 million recognized in other comprehensive income, net of tax, and a gain of 31 million recognized in the income statement presented in net gains (losses) on financial assets available for sale.

6 Represents assets held for sale related to BHF-BANK.

7 This amount includes the effect of exchange rate changes. For total financial assets held at fair value this effect is a gain of 585 million and for total financial liabilities held at fair value this is a gain of 128 million. The effect of exchange rate changes is reported in other comprehensive income, net of tax.

8 For assets positive balances represent gains, negative balances represent losses. For liabilities positive balances represent losses, negative balances represent gains.

Dec 31, 2013

in m.	Balance, beginning of year	Changes in the group of consoli-dated com-panies	Total gains/ losses[1]	Purchases	Sales	Issuances[2]	Settle-ments[3]	Transfers into Level 3[4]	Transfers out of Level 3[4]	Balance, end of year
Financial assets held at fair value:										
Trading securities	10,306	0	(64)	1,142	(2,981)	0	(911)	2,256	(2,788)	6,960
Positive market values from derivative financial instruments	15,210	0	(2,355)	0	0	0	(2,113)	1,924	(2,111)	10,556
Other trading assets	4,609	0	(218)	1,485	(1,744)	1,266	(651)	706	(389)	5,065
Financial assets designated at fair value through profit or loss	3,956	0	170	25	(41)	906	(1,815)	258	(336)	3,123
Financial assets available for sale	3,940	(80)	15[5]	1,143	(160)	0	(1,417)	709	(820)[6]	3,329
Other financial assets at fair value	0	0	0	0	0	0	0	1[6]	0	1
Total financial assets held at fair value	**38,021**	**(80)**	**(2,452)[7,8]**	**3,794**	**(4,925)**	**2,173**	**(6,907)**	**5,853**	**(6,444)**	**29,033**
Financial liabilities held at fair value:										
Trading securities	318	0	8	0	0	0	(169)	12	(146)	24
Negative market values from derivative financial instruments	9,286	0	224	0	0	0	(1,241)	1,684	(1,631)	8,321
Other trading liabilities	0	0	0	0	0	0	0	0	0	0
Financial liabilities designated at fair value through profit or loss	1,417	0	(275)	0	0	108	(94)	570	(284)	1,442
	(176)	0	159	0	0	0	35	(220)	(45)	(247)

Other financial liabilities at fair value										
Total financial liabilities held at fair value	**10,845**	**0**	**116[7,8]**	**0**	**0**	**108**	**(1,468)**	**2,045**	**(2,106)**	**9,539**

1 Total gains and losses predominantly relate to net gains (losses) on financial assets/liabilities at fair value through profit or loss reported in the consolidated statement of income. The balance also includes net gains (losses) on financial assets available for sale reported in the consolidated statement of income and unrealized net gains (losses) on financial assets available for sale and exchange rate changes reported in other comprehensive income, net of tax. Further, certain instruments are hedged with instruments in level 1 or level 2 but the table above does not include the gains and losses on these hedging instruments. Additionally, both observable and unobservable parameters may be used to determine the fair value of an instrument classified within level 3 of the fair value hierarchy; the gains and losses presented below are attributable to movements in both the observable and unobservable parameters.

2 Issuances relate to the cash amount received on the issuance of a liability and the cash amount paid on the primary issuance of a loan to a borrower.

3 Settlements represent cash flows to settle the asset or liability. For debt and loan instruments this includes principal on maturity, principal amortizations and principal repayments. For derivatives all cash flows are presented in settlements.

4 Transfers in and transfers out of level 3 are related to changes in observability of input parameters. During the year they are recorded at their fair value at the beginning of year. For instruments transferred into level 3 the table shows the gains and losses and cash flows on the instruments as if they had been transferred at the beginning of the year. Similarly for instruments transferred out of level 3 the table does not show any gains or losses or cash flows on the instruments during the year since the table is presented as if they have been transferred out at the beginning of the year.

5 Total gains and losses on available for sale include a gain of 10 million recognized in other comprehensive income, net of tax, and a gain of 20 million recognized in the income statement presented in net gains (losses) on financial assets available for sale.

6 Includes a transfer from financial assets available for sale to assets held for sale of 1 million related to BHF-BANK.

7 This amount includes the effect of exchange rate changes. For total financial assets held at fair value this effect is a loss of 497 million and for total financial liabilities held at fair value this is a loss of 60 million. The effect of exchange rate changes is reported in other comprehensive income, net of tax.

8 For assets positive balances represent gains, negative balances represent losses. For liabilities positive balances represent losses, negative balances represent gains.

Sensitivity Analysis of Unobservable Parameters

Where the value of financial instruments is dependent on unobservable parameter inputs, the precise level for these parameters at the balance sheet date might be drawn from a range of reasonably possible alternatives. In preparing the financial statements, appropriate levels for these unobservable input parameters are chosen so that they are consistent with prevailing market evidence and in line with the Group s approach to valuation control detailed above. Were the Group to have marked the financial instruments concerned using parameter values drawn from the extremes of the ranges of reasonably possible alternatives then as of December 31, 2014 it could have increased fair value by as much as 3.3 billion or decreased fair value by as much as 2.9 billion. As of December 31, 2013 it could have increased fair value by as much as 3.0 billion or decreased fair value by as much as 2.6 billion. In estimating these impacts, the Group either re-valued certain financial instruments using reasonably possible alternative parameter values, or used an approach based on its valuation adjustment methodology for bid-offer spread valuation adjustments. Bid-offer spread valuation adjustments reflect the amount that must be paid in order to close out a holding in an instrument or component risk and as such they reflect factors such as market illiquidity and uncertainty.

This disclosure is intended to illustrate the potential impact of the relative uncertainty in the fair value of financial instruments for which valuation is dependent on unobservable input parameters. However, it is unlikely in practice that all unobservable parameters would be simultaneously at the extremes of their ranges of reasonably possible alternatives. Hence, the estimates disclosed above are likely to be greater than the true uncertainty in fair value at the balance sheet date. Furthermore, the disclosure is neither predictive nor indicative of future movements in fair value.

For many of the financial instruments considered here, in particular derivatives, unobservable input parameters represent only a subset of the parameters required to price the financial instrument, the remainder being observable. Hence for these instruments the overall impact of moving the unobservable input parameters to the extremes of their ranges might be relatively small compared with the total fair value of the financial instrument. For other instruments, fair value is determined based on the price of the entire instrument, for example, by adjusting the fair value of a reasonable proxy instrument. In addition, all financial instruments are already carried at fair values which are inclusive of valuation adjustments for the cost to close out that instrument and hence already factor in uncertainty as it reflects itself in market pricing. Any negative impact of uncertainty calculated within this disclosure, then, will be over and above that already included in the fair value contained in the financial statements.

Breakdown of the sensitivity analysis by type of instrument[1]

	Dec 31, 2014		Dec 31, 2013	
in m.	Positive fair value movement from using reasonable possible alternatives	Negative fair value movement from using reasonable possible alternatives	Positive fair value movement from using reasonable possible alternatives	Negative fair value movement from using reasonable possible alternatives
Securities:				
Debt securities	833	725	643	542
Commercial mortgage-backed securities	57	47	39	32
Mortgage and other asset-backed securities	235	229	233	229
Sovereign and quasi sovereign debt obligations	63	37	6	6
Corporate debt securities and other debt obligations	478	412	365	275
Equity securities	124	224	32	97
Derivatives:				
Credit	432	457	524	509
Equity	157	115	281	171
Interest related	392	184	405	255
Foreign Exchange	4	2	24	6
Other	75	74	83	61
Loans:				
Loans	1,175	988	701	619
Loan commitments	6	5	17	17
Other	**79**	**79**	**255**	**277**
Total	**3,277**	**2,854**	**2,966**	**2,554**

[1] Where the exposure to an unobservable parameter is offset across different instruments then only the net impact is disclosed in the table.

Quantitative Information about the Sensitivity of Significant Unobservable Inputs

The behavior of the unobservable parameters on Level 3 fair value measurement is not necessarily independent, and dynamic relationships often exist between the other unobservable parameters and the observable parameters. Such relationships, where material to the fair value of a given instrument, are explicitly captured via correlation parameters, or are otherwise controlled via pricing models or valuation techniques. Frequently, where a valuation technique utilises more than one input, the choice of a certain input will bound the range of possible values for other inputs. In addition, broader market factors (such as interest rates, equity, credit or commodity indices or foreign exchange rates) can also have effects.

The range of values shown below represents the highest and lowest inputs used to value the significant exposures within Level 3. The diversity of financial instruments that make up the disclosure is significant and therefore the ranges of certain parameters can be large. For example, the range of credit spreads on mortgage backed securities represents performing, more liquid positions with lower spreads then the less liquid, non-performing positions which will have higher credit spreads. As Level 3 contains the less liquid fair value instruments, the wide ranges of parameters seen is to be expected, as there is a high degree of pricing differentiation within each exposure type to capture the relevant market dynamics. There follows a brief description of each of the principle parameter types, along with a commentary on significant interrelationships between them.

Credit Parameters are used to assess the creditworthiness of an exposure, by enabling the probability of default and resulting losses of a default to be represented. The credit spread is the primary reflection of creditworthiness, and represents the premium or yield return above the benchmark reference instrument (typically LIBOR, or relevant Treasury Instrument, depending upon the asset being assessed), that a bond holder would require to allow for the credit quality difference between that entity and the reference benchmark. Higher credit spreads will indicate lower credit quality, and lead to a lower value for a given bond, or other loan-asset that is to be repaid to the Bank by the borrower. Recovery Rates represent an estimate of the amount a lender would receive in the case of a default of a loan, or a bond holder would receive in the case of default of the bond. Higher recovery rates will give a higher valuation for a given bond position, if other parameters are held constant. Constant Default Rate (CDR) and Constant Prepayment Rate (CPR) allow more complex loan and debt assets to be assessed, as these parameters estimate the ongoing defaults arising on scheduled repayments and coupons, or whether the borrower is making additional (usually voluntary) prepayments. These parameters are particularly relevant when forming a fair value opinion for mortgage or other types of lending, where repayments are delivered by the borrower through time, or where the borrower may pre-pay the loan (seen for example in some residential mortgages). Higher CDR will lead to lower valuation of a given loan or mortgage as the lender will ultimately receive less cash.

Interest rates, credit spreads, inflation rates, foreign exchange rates and equity prices are referenced in some option instruments, or other complex derivatives, where the payoff a holder of the derivative will receive is dependent upon the behavior of these underlying references through time. Volatility parameters describe key attributes of option behavior by enabling the variability of returns of the underlying instrument to be assessed. This volatility is a measure of probability, with higher volatilities denoting higher probabilities of a particular outcome occurring. The underlying references (interest rates, credit spreads etc.) have an effect on the valuation of options, by describing the size of the return that can be expected from the option. Therefore the value of a given option is dependent upon the value of the underlying instrument, and the volatility of that instrument, representing the size of the payoff, and the probability of that payoff occurring. Where volatilities are high, the option holder will see a higher option value as there is greater probability of positive returns. A higher option value will also occur where the payoff described by the option is significant.

Correlations are used to describe influential relationships between underlying references where a derivative or other instrument has more than one underlying reference. Behind some of these relationships, for example commodity correlation and interest rate-foreign exchange correlations, typically lie macroeconomic factors such as the impact of global demand on groups of commodities, or the pricing parity effect of interest rates on foreign exchange rates. More specific relationships can exist between credit references or equity stocks in the case of credit derivatives and equity basket derivatives, for example. Credit correlations are used to estimate the relationship between the credit performance of a range of credit names, and stock correlations are used to estimate the relationship between the returns of a range of equities. A derivative with a correlation exposure will be either long- or short-correlation. A high correlation suggests a strong relationship between the underlying references is in force, and this will lead to an increase in value of a long-correlation derivative. Negative correlations suggest that the relationship between underlying references is opposing, i.e., an increase in price of one underlying reference will lead to a reduction in the price of the other.

An EBITDA (earnings before interest, tax, depreciation and amortization) multiple approach can be used in the valuation of less liquid securities. Under this approach the enterprise value (EV) of an entity can be estimated via identifying the ratio of the EV to EBITDA of a comparable observable entity and applying this ratio to the EBITDA of the entity for which a valuation is being estimated. Under this approach a liquidity adjustment is often applied due to the difference in liquidity between the generally listed comparable used and the company under valuation. A higher EV/EBITDA multiple will result in a higher fair value.

Financial instruments classified in Level 3 and quantitative information about unobservable inputs

						Dec 31, 2014
	Fair value					
in m. (unless stated otherwise)	Assets	Liabilities	Valuation technique(s)[1]	Significant unobservable input(s) (Level 3)		Range
Financial instruments held at fair value held for trading, designated at fair value and available-for-sale:						
Mortgage and other asset backed securities held for trading:						
Commercial mortgage-backed securities	342	0	Price based	Price	0%	106%
			Discounted cash flow	Credit spread (bps)	246	1,375
				Constant default rate[2]		
Mortgage- and other asset-backed securities	2,342	0	Price based	Price	0%	184%
			Discounted cash flow	Credit spread (bps)	72	1,648
				Recovery rate	0%	97%
				Constant default rate	0%	13%
				Constant prepayment rate	0%	22%
Total mortgage- and other asset-backed securities	**2,684**	**0**				
Debt securities and other debt obligations	5,936	1,202	Price based	Price	0%	286%
Held for trading	5,477	43	Discounted cash flow	Credit spread (bps)	32	1,629
Sovereign and quasi sovereign obligations	835					
Corporate debt securities and other debt obligations	4,643					
Available-for-sale	459					
Designated at fair value	0	1,159				
Equity securities	1,719	0	Market approach	Price per net asset value	49%	100%
Held for trading	795	0		Enterprise value/EBITDA (multiple)	1	18
Available-for-sale	895		Discounted cash flow	Weighted average cost capital	6%	13%
Designated at fair value	29					
Loans	10,648	0	Price based	Price	0%	137%
Held for trading	4,148	0	Discounted cash flow	Credit spread (bps)	95	3,040
Designated at fair value	3,719			Constant default rate	2%	21%
Available-for-sale	2,781			Recovery rate	0%	67%
Loan commitments	0	87	Discounted cash flow	Credit spread (bps)	115	1,000

				Recovery rate	20%	80%
			Loan pricing model	Utilization	0%	100%
Other financial instruments	748[3]	1,121[4]	Discounted cash flow	IRR	2%	24%
Total non-derivative financial instruments held at fair value	**21,735**	**2,409**				

[1] Valuation technique(s) and subsequently the significant unobservable input(s) relate to the respective total position.
[2] No longer a significant unobservable input.
[3] Other financial assets include 50 million of other trading assets, 405 million of other financial assets designated at fair value and 293 million other financial assets available for sale.
[4] Other financial liabilities include 1 billion of securities sold under repurchase agreements designated at fair value and 104 million of other financial liabilities designated at fair value.

in m. (unless stated otherwise)	Fair value Assets	Fair value Liabilities	Valuation technique(s)	Significant unobservable input(s) (Level 3)	Range	Dec 31, 2014 Range
Financial instruments held at fair value:						
Market values from derivative financial instruments:						
Interest rate derivatives	3,324	2,211	Discounted cash flow	Swap rate (bps)	42	2,418
				Inflation swap rate	(1)%	8%
				Constant default rate	2%	27%
				Constant prepayment rate	2%	21%
			Option pricing model	Inflation volatility	0%	8%
				Interest rate volatility	1%	101%
				IR - IR correlation	(2)%	100%
				Hybrid correlation	(70)%	95%
Credit derivatives	3,586	1,921	Discounted cash flow	Credit spread (bps)	155	9,480
				Recovery rate	0%	100%
			Correlation pricing model	Credit correlation	13%	96%
Equity derivatives	1,118	1,258	Option pricing model	Stock volatility	8%	84%
				Index volatility	8%	99%
				Index - index correlation	48%	98%
				Stock - stock correlation	9%	95%
FX derivatives	264	242	Option pricing model	Volatility	6%	26%
Other derivatives	1,267	368[1]	Discounted cash flow	Credit spread (bps)	44	1,500
			Option pricing model	Index volatility	7%	138%
				Commodity correlation	(30)%	60%
				Commodity forward (/Ton[2])		
Total market values from derivative financial instruments	**9,559**	**6,001**				

[1] Includes derivatives which are embedded in contracts where the host contract is held at amortized cost but for which the embedded derivative is separated.
[2] No longer a material exposure on this parameter.

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	Fair value				Dec 31, 2013	
in m. (unless stated otherwise)	Assets	Liabilities	Valuation technique(s)[1]	Significant unobservable input(s) (Level 3)		Range
Financial instruments held at fair value held for trading, designated at fair value and available-for-sale:						
Mortgage and other asset backed securities held for trading:						
Commercial mortgage-backed securities	361	0	Price based	Price	0%	103%
			Discounted cash flow	Credit spread (bps)	100	2,470
				Constant default rate	1%	3%
Mortgage- and other asset-backed securities	2,274	0	Price based	Price	0%	134%
			Discounted cash flow	Credit spread (bps)	70	3,180
				Recovery rate	0%	70%
				Constant default rate	0%	25%
				Constant prepayment rate	0%	30%
Total mortgage- and other asset-backed securities	**2,635**	**0**				
Debt securities and other debt obligations	4,016	1,205	Price based	Price	0%	156%
Held for trading	3,898	16	Discounted cash flow	Credit spread (bps)	438	5,000
Sovereign and quasi sovereign obligations	597					
Corporate debt securities and other debt obligations	3,300					
Available-for-sale	118					
Designated at fair value		1,189				
Equity securities	1,074	8	Market approach	Price per net asset value	62%	100%
Held for trading	428	8		Enterprise value/EBITDA (multiple)	1	14
Available-for-sale	646		Discounted cash flow	Weighted average cost capital	7%	12%
Designated at fair value						
Loans	8,878	0	Price based	Price	0%	122%
Held for trading	4,280	0	Discounted cash flow	Credit spread (bps)	59	3,500
Designated at fair value	2,621			Constant default rate	5%	22%
Available-for-sale	1,976			Recovery rate	15%	60%
Loan commitments	0	186	Discounted cash flow	Credit spread (bps)	5	1,000
				Recovery rate	35%	80%
			Loan pricing model	Utilization	0%	100%
Other financial instruments	1,875[2]	67[3]	Discounted cash flow	IRR	2%	46%
Total non-derivative financial instruments held at fair value	**18,477**	**1,466**				

1 Valuation technique(s) and subsequently the significant unobservable input(s) relate to the respective total position.

[2] Other financial assets include 784 million of other trading assets, 502 million of other financial assets designated at fair value, 588 million other financial assets available for sale and 1 million of assets held for sale related to BHF-BANK.
[3] Other financial liabilities include 67 million of other financial liabilities designated at fair value.

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						Dec 31, 2013
in m.	Fair value					
(unless stated otherwise)	Assets	Liabilities	Valuation technique(s)	Significant unobservable input(s) (Level 3)		Range
Financial instruments held at fair value:						
Market values from derivative financial instruments:						
Interest rate derivatives	2,551	2,156	Discounted cash flow	Swap rate (bps)	2	1,336
				Inflation swap rate	0%	8%
			Option pricing model	Inflation volatility	0%	3%
				Interest rate volatility	10%	95%
				IR - IR correlation	(2)%	91%
				Hybrid correlation	(70)%	95%
Credit derivatives	4,377	2,334	Discounted cash flow	Credit spread (bps)	2	4,093
				Recovery rate	0%	75%
			Correlation pricing model	Credit correlation	13%	88%
Equity derivatives	1,419	1,987	Option pricing model	Stock volatility	10%	100%
				Index volatility	11%	98%
				Index - index correlation	62%	98%
				Stock - stock correlation	10%	97%
FX derivatives	529	455	Option pricing model	Volatility	0%	30%
Other derivatives	1,680	1,142[1]	Discounted cash flow	Credit spread (bps)	320	1,500
			Option pricing model	Index volatility	4%	23%
				Commodity correlation	(30)%	100%
				Commodity forward (/Ton)	97	106
Total market values from derivative financial instruments	**10,556**	**8,074**				

[1] Includes derivatives which are embedded in contracts where the host contract is held at amortized cost but for which the embedded derivative is separated.

Unrealized Gains or Losses on Level 3 Instruments held or in Issue at the Reporting Date

The unrealized gains or losses on Level 3 Instruments are not due solely to unobservable parameters. Many of the parameter inputs to the valuation of instruments in this level of the hierarchy are observable and the gain or loss is partly due to movements in these observable parameters over the period. Many of the positions in this level of the hierarchy are economically hedged by instruments which are categorized in other levels of the fair value hierarchy. The offsetting gains and losses that have been recorded on all such hedges are not included in the table below, which only shows the gains and losses related to the level 3 classified instruments themselves held at the reporting date in accordance with IFRS 13. The unrealized gains and losses on level 3 instruments are included in both net interest income and net gains on financial assets/liabilities at fair value through profit or loss in the consolidated income statement.

in m.	Dec 31, 2014	Dec 31, 2013
Financial assets held at fair value:		
Trading securities	617	(5)

Positive market values from derivative financial instruments	951	(1,609)
Other trading assets	(251)	(50)
Financial assets designated at fair value through profit or loss	147	220
Financial assets available for sale	190	25
Other financial assets at fair value	0	0
Total financial assets held at fair value	**1,652**	**(1,419)**
Financial liabilities held at fair value:		
Trading securities	0	5
Negative market values from derivative financial instruments	(787)	(396)
Other trading liabilities	0	0
Financial liabilities designated at fair value through profit or loss	(48)	25
Other financial liabilities at fair value	46	(159)
Total financial liabilities held at fair value	**(789)**	**(525)**
Total	**864**	**(1,944)**

Recognition of Trade Date Profit

If there are significant unobservable inputs used in a valuation technique, the financial instrument is recognized at the transaction price and any trade date profit is deferred. The table below presents the year-to-year movement of the trade date profits deferred due to significant unobservable parameters for financial instruments classified at fair value through profit or loss. The balance is predominantly related to derivative instruments.

in m.	2014	2013
Balance, beginning of year	**796**	**699**
New trades during the period	650	595
Amortization	(251)	(315)
Matured trades	(173)	(127)
Subsequent move to observability	(67)	(40)
Exchange rate changes	18	(16)
Balance, end of year	**973**	**796**

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Fair Value of Financial Instruments not carried at Fair Value

The valuation techniques used to establish fair value for the Group s financial instruments which are not carried at fair value in the balance sheet and their respective IFRS fair value hierarchy categorization are consistent with those outlined in Note 14 Financial Instruments carried at Fair Value .

As described in Note 13 Amendments to IAS 39 and IFRS 7, Reclassification of Financial Assets , the Group reclassified certain eligible assets from the trading and available for sale classifications to loans. The Group continues to apply the relevant valuation techniques set out in Note 14 Financial Instruments carried at Fair Value , to the reclassified assets.

Other financial instruments not carried at fair value are not managed on a fair value basis, for example, retail loans and deposits and credit facilities extended to corporate clients. For these instruments fair values are calculated for disclosure purposes only and do not impact the balance sheet or income statement. Additionally, since the instruments generally do not trade there is significant management judgment required to determine these fair values.

Short-term financial instruments The carrying value represents a reasonable estimate of fair value for the following financial instruments which are predominantly short-term:

Assets	Liabilities
Cash and due from banks	Deposits
Interest-earning deposits with banks	Central bank funds purchased and securities sold under repurchase agreements
Central bank funds sold and securities purchased under resale agreements	Securities loaned
Securities borrowed	Other short-term borrowings
Other assets	Other liabilities

For longer-term financial instruments within these categories, fair value is determined by discounting contractual cash flows using rates which could be earned for assets with similar remaining maturities and credit risks and, in the case of liabilities, rates at which the liabilities with similar remaining maturities could be issued, at the balance sheet date.

Loans Fair value is determined using discounted cash flow models that incorporate parameter inputs for credit risk, interest rate risk, foreign exchange risk, loss given default estimates and amounts utilized given default, as appropriate. Credit risk, loss given default and utilization given default parameters are determined using information from the loan agreement or credit default swap markets, where available and appropriate.

For retail lending portfolios with a large number of homogenous loans (i.e., German residential mortgages), the fair value is calculated on a portfolio basis by discounting the portfolio s contractual cash flows using risk-free interest rates. This present value calculation is then adjusted for credit risk by discounting at the margins which could be earned on similar loans if issued at the balance sheet date. For other portfolios the present value calculation is adjusted for credit risk by calculating the expected loss over the estimated life of the loan based on various parameters including probability of default and loss given default and level of collateralization. The fair value of corporate lending portfolios is estimated by discounting a projected margin over expected maturities using parameters derived from the current market values of collateralized loan obligation (CLO) transactions collateralized with loan portfolios that are similar to the Group s corporate lending portfolio.

Securities purchased under resale agreements, securities borrowed, securities sold under repurchase agreements and securities loaned Fair value is derived from valuation techniques by discounting future cash flows using the appropriate credit risk-adjusted discount rate. The credit risk-adjusted discount rate includes consideration of the collateral received or pledged in the transaction. These products are typically short-term and highly collateralized, therefore the fair value is not significantly different to the carrying value.

Long-term debt and trust preferred securities Fair value is determined from quoted market prices, where available. Where quoted market prices are not available, fair value is estimated using a valuation technique that discounts the remaining contractual cash at a rate at which an instrument with similar characteristics could be issued at the balance sheet date.

Estimated fair value of financial instruments not carried at fair value on the balance sheet[1]

					Dec 31, 2014
in m.	Carrying value	Fair value	Quoted prices in active market (Level 1)	Valuation technique observable parameters (Level 2)	Valuation technique unobservable parameters (Level 3)
Financial assets:					
Cash and due from banks	20,055	20,055	20,055	0	0
Interest-earning deposits with banks	63,518	63,518	30,334	33,184	0
Central bank funds sold and securities purchased under resale agreements	17,796	17,796	0	17,796	0
Securities borrowed	25,834	25,834	0	25,834	0
Loans	405,612	410,769	0	29,786	380,983
Other financial assets	120,838	120,827	0	120,820	7
Financial liabilities:					
Deposits	532,931	532,581	2,754	529,826	0
Central bank funds purchased and securities sold under repurchase agreements	10,887	10,887	0	10,887	0
Securities loaned	2,339	2,339	0	2,339	0
Other short-term borrowings	42,931	42,929	0	42,825	105
Other financial liabilities	159,930	159,930	2,575	157,300	55
Long-term debt	144,837	146,215	0	135,016	11,199
Trust preferred securities	10,573	12,251	0	11,075	1,176

in m.	Carrying value	Fair value	Quoted prices in active market (Level 1)	Valuation technique observable parameters (Level 2)	Dec 31, 2013 Valuation technique unobservable parameters (Level 3)
Financial assets:					
Cash and due from banks	17,155	17,155	17,155	0	0
Interest-earning deposits with banks	77,984	77,985	2,413	75,571	0
Central bank funds sold and securities purchased under resale agreements	27,363	27,363	0	27,363	0
Securities borrowed	20,870	20,870	0	20,870	0
Loans	376,582	378,085	0	27,171	350,913
Other financial assets	92,507	92,532	0	90,379	2,153
Financial liabilities:					
Deposits	527,750	527,609	3,888	523,721	0
Central bank funds purchased and securities sold under repurchase agreements	13,381	13,385	0	13,385	0
Securities loaned	2,304	2,304	0	2,171	134
Other short-term borrowings	59,767	59,763	0	59,717	45
Other financial liabilities[2]	142,649	142,666	3,031	139,627	8
Long-term debt	133,082	134,359	0	105,954	28,406
Trust preferred securities	11,926	12,915	0	11,828	1,087

[1] Amounts generally presented on a gross basis, in line with the Group s accounting policy regarding offsetting of financial instruments as described in Note 1 Significant Accounting Policies and Critical Accounting Estimates .

[2] In 2014 the prior year numbers were restated (increase of 3.0 billion to level 1 other financial liabilities, decrease of 3.0 billion to level 2 other financial liabilities).

Loans The difference between fair value and carrying value arose predominantly due to an increase in expected default rates and reduction in liquidity as implied from market pricing since initial recognition. These reductions in fair value are offset by an increase in fair value due to interest rate movements on fixed rate instruments.

Long-term debt and trust preferred securities The difference between fair value and carrying value is due to the effect of changes in the rates at which the Group could issue debt with similar maturity and subordination at the balance sheet date compared to when the instrument was issued.

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Financial Assets Available for Sale

in m.	Dec 31, 2014	Dec 31, 2013
Debt securities:		
German government	14,370	9,076
U.S. Treasury and U.S. government agencies	235	1,571

U.S. local (municipal) governments	2,777	126
Other foreign governments	31,805	22,570
Corporates	8,512	9,248
Other asset-backed securities	646	943
Mortgage-backed securities, including obligations of U.S. federal agencies	236	53
Other debt securities	551	656
Total debt securities	**59,132**	**44,242**
Equity securities:		
Equity shares	1,184	979
Investment certificates and mutual funds	99	98
Total equity securities	**1,283**	**1,076**
Other equity interests	**976**	837
Loans	**2,906**	2,170
Total financial assets available for sale	**64,297**	48,326

Please also refer to Note 7 Net Gains (Losses) on Financial Assets Available for Sale of this report.

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Equity Method Investments

Investments in associates and jointly controlled entities are accounted for using the equity method of accounting.

The Group holds interests in 116 (2013: 115) associates and 15 (2013: 20) jointly controlled entities. One associate is considered to be material to the Group, based on the carrying value of the investment and the Group s income from this investee.

Significant investments as of December 31, 2014

Investment	Principal place of business	Nature of relationship	Ownership percentage
Hua Xia Bank Company Limited[1]	Beijing, China	Strategic Investment	19.99%

[1] The Group has significant influence over the investee through its ownership share and board seats.

Summarized financial information on Hua Xia Bank Company Limited

in m.	Twelve months ended Sep 30, 2014[1]	Twelve months ended Sep 30, 2013[1]
Total net revenues	6,350	5,398
Net income	2,109	1,815
Other comprehensive income	74	(89)
Total comprehensive income[2]	**2,183**	**1,727**
Total assets	229,921	187,305
Total liabilities	217,433	177,343
Net assets of the equity method investee	**12,488**	**9,962**

[1] The figures are based on the quarterly published financial statements under Chinese GAAP of the investee as of twelve months ended on September 30, 2014 and September 30, 2013.

[2] The Group received dividends from Hua Xia Bank Company Limited of 98 million during the reporting period 2014 (2013: 78 million).

Reconciliation of total net assets to the Group s carrying amount

in m.

	Twelve months ended Sept 30, 2014[1]	Twelve months ended Sept 30, 2013[1]
Net assets of the equity method investee	**12,488**	**9,962**
Group s ownership percentage on the investee s equity	19.99%	19.99%
DB s share of net assets	2,496	1,991
Goodwill	392	367
Intangible Assets	71	69
Other adjustments	(18)	38
Carrying amount[2]	**2,941**	**2,464**

1 The figures are based on the quarterly published financial statements under Chinese GAAP of the investee as of twelve months ended on September 30, 2014 and September 30, 2013.

2 As per December 31, 2014 the quoted market price of Hua Xia Bank Company Limited is 3,180 million and the carrying amount of the stake is 3,144 million. An impairment test according to IAS 36 is therefore not required.

Aggregated financial information on the Group s share in associates and joint ventures that are individually immaterial

in m.	Dec 31, 2014	Dec 31, 2013
Carrying amount of all associates that are individually immaterial to the Group	**999**	**1,037**
Aggregated amount of the Group s share of profit (loss) from continuing operations	130	59
Aggregated amount of the Group s share of post-tax profit (loss) from discontinued operations	0	0
Aggregated amount of the Group s share of other comprehensive income	3	69
Aggregated amount of the Group s share of total comprehensive income	**133**	**127**

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Offsetting Financial Assets and Financial Liabilities

The Group is eligible to present certain financial assets and financial liabilities on a net basis on the balance sheet pursuant to criteria described in Note 1 Significant Accounting Policies and Critical Accounting Estimates: Offsetting Financial Instruments .

The following tables provide information on the impact of offsetting on the consolidated balance sheet, as well as the financial impact of netting for instruments subject to an enforceable master netting arrangement or similar agreement as well as available cash and financial instrument collateral.

Assets

							2014
				Amounts not set off on the balance sheet			
in m.	Gross amounts of financial assets	Gross amounts set off on the balance sheet	Net amounts of financial assets presented on the balance sheet	Impact of Master Netting Agreements	Cash collateral	Financial instrument collateral[1]	Net amount
Central bank funds sold and securities purchased under resale agreements (enforceable)	17,051	(2,419)	14,632	0	0	(14,602)	29
Central bank funds sold and securities purchased under resale agreements (non-enforceable)	3,164	0	3,164	0	0	(2,386)	779
Securities borrowed (enforceable)	11,891	0	11,891	0	0	(11,406)	485
Securities borrowed (non-enforceable)	13,943	0	13,943	0	0	(13,294)	649
Financial assets at fair value through profit or loss							
Trading assets	196,157	(476)	195,681	0	(11)	(1,049)	194,621
Positive market values from derivative financial instruments (enforceable)	823,578	(217,158)	606,421	(519,590)	(61,518)	(15,330)	9,982
Positive market values from derivative financial instruments (non-enforceable)	23,537	0	23,537	0	0	0	23,537
Financial assets designated at fair value through profit or loss (enforceable)	101,845	(37,075)	64,770	(2,782)	(1,924)	(50,245)	9,819
Financial assets designated at fair value through profit or loss (non-enforceable)	52,516	0	52,516	0	0	(31,358)	21,158

Total financial assets at fair value through profit or loss	1,197,633	(254,708)	942,924	(522,373)	(63,453)	(97,982)	259,117
Loans	405,673	(61)	405,612	0	(16,259)	(46,112)	343,242
Other assets	157,771	(19,792)	137,980	(67,009)	(239)	(13)	70,720
thereof: Positive market values from derivatives qualifying for hedge accounting (enforceable)	10,723	(6,320)	4,403	(3,837)	0	0	566
Remaining assets not subject to netting	178,557	0	178,557	0	(874)	(451)	177,231
Total assets	**1,985,683**	**(276,980)**	**1,708,703**	**(589,381)**	**(80,825)**	**(186,246)**	**852,252**

[1] Excludes real estate and other non-financial instrument collateral.

Liabilities

							2014
				Amounts not set off on the balance sheet			
in m.	Gross amounts of financial liabilities	Gross amounts set off on the balance sheet	Net amounts of financial liabilities pre-sented on the balance sheet	Impact of Master Netting Agreements	Cash collateral	Financial instrument collateral	Net amount
Deposits	532,992	(61)	532,931	0	0	0	532,931
Central bank funds purchased and securities sold under repurchase agreements (enforceable)	5,673	(2,419)	3,254	0	0	(2,966)	288
Central bank funds purchased and securities sold under repurchase agreements (non-enforceable)	7,633	0	7,633	0	0	(2,278)	5,356
Securities loaned (enforceable)	1,791	0	1,791	0	0	(1,614)	177
Securities loaned (non-enforceable)	549	0	549	0	0	(209)	339
Financial liabilities at fair value through profit or loss							
Trading liabilities	42,960	(1,117)	41,843	0	0	0	41,843
Negative market values from derivative financial instruments (enforceable)	803,073	(217,597)	585,475	(518,364)	(63,172)	(3,939)	0
Negative market values from derivative financial instruments (non-enforceable)	24,726	0	24,726	0	0	(11,996)	12,731
Financial liabilities designated at fair value through profit or loss (enforceable)	52,517	(35,994)	16,523	(2,782)	0	(13,741)	0
Financial liabilities designated at fair value through profit or loss (non-enforceable)	96,452	0	96,452	0	(3,130)	(5,718)	87,603
Total financial liabilities at fair value through profit or loss	1,019,728	(254,708)	765,019	(521,146)	(66,302)	(35,394)	142,176
Other liabilities	136,294	(19,792)	116,502	(71,645)	0	0	44,858
thereof: Negative market values from derivatives qualifying for hedge accounting (enforceable)	11,383	(6,320)	5,063	(5,063)	0	0	0
Remaining liabilities not subject to netting	207,801	0	207,801	0	0	0	207,801

Total liabilities	**1,912,461**	**(276,980)**	**1,635,481**	**(592,791)**	**(66,302)**	**(42,460)**	**933,927**

Assets

							2013
				Amounts not set off on the balance sheet			
in m.	Gross amounts of financial assets	Gross amounts set off on the balance sheet	Net amounts of financial assets presented on the balance sheet	Impact of Master Netting Agreements	Cash collateral	Financial instrument collateral[1]	Net amount
Central bank funds sold and securities purchased under resale agreements (enforceable)	26,675	(2,390)	24,285	0	0	(24,271)	15
Central bank funds sold and securities purchased under resale agreements (non-enforceable)	3,077	0	3,077	0	0	(830)	2,248
Securities borrowed (enforceable)	11,438	0	11,438	0	0	(11,051)	386
Securities borrowed (non-enforceable)	9,432	0	9,432	0	0	(9,004)	428
Financial assets at fair value through profit or loss							
Trading assets	211,260	(1,190)	210,070	0	(311)	(2,881)	206,878
Positive market values from derivative financial instruments (enforceable)	738,425	(270,584)	467,841	(406,616)	(47,470)	(10,297)	3,458
Positive market values from derivative financial instruments (non-enforceable)	36,749	0	36,749	0	0	0	36,749
Financial assets designated at fair value through profit or loss (enforceable)	133,122	(19,575)	113,547	(17,121)	0	(84,266)	12,160
Financial assets designated at fair value through profit or loss (non-enforceable)	71,050	0	71,050	0	0	(50,263)	20,787
Total financial assets at fair value through profit or loss	1,190,605	(291,348)	899,257	(423,737)	(47,781)	(147,706)	280,032
Loans	376,638	(56)	376,582	0	(11,042)	(46,899)	318,640
Other assets	128,724	(16,185)	112,539	(43,574)	(278)	(385)	68,302
thereof: Positive market values from derivatives qualifying for hedge accounting (enforceable)	9,375	(5,412)	3,963	(3,518)	0	0	445
Remaining assets not subject to netting	174,790	0	174,790	0	0	(755)	174,035
Total assets	**1,921,380**	**(309,979)**	**1,611,400**	**(467,311)**	**(59,102)**	**(240,901)**	**844,087**

1 Excludes real estate and other non-financial instrument collateral.

Liabilities

							2013
				Amounts not set off on the balance sheet			
in m.	Gross amounts of financial liabilities	Gross amounts set off on the balance sheet	Net amounts of financial liabilities pre-sented on the balance sheet	Impact of Master Netting Agreements	Cash collateral	Financial instrument collateral	Net amount
Deposits	527,750	0	527,750	0	0	0	527,750
Central bank funds purchased and securities sold under repurchase agreements (enforceable)	7,098	(2,390)	4,708	0	0	(4,675)	33
Central bank funds purchased and securities sold under repurchase agreements (non-enforceable)	8,673	0	8,673	0	0	(7,080)	1,594
Securities loaned (enforceable)	2,304	0	2,304	0	0	(2,112)	192
Securities loaned (non-enforceable)	0	0	0	0	0	0	0
Financial liabilities at fair value through profit or loss							
Trading liabilities	57,702	(1,898)	55,804	0	0	0	55,804
Negative market values from derivative financial instruments (enforceable)	721,233	(268,819)	452,414	(411,547)	(40,055)	(812)	0
Negative market values from derivative financial instruments (non-enforceable)	31,015	0	31,015	0	0	(7,639)	23,376
Financial liabilities designated at fair value through profit or loss (enforceable)	88,021	(18,262)	69,759	(17,121)	(588)	(49,055)	2,995
Financial liabilities designated at fair value through profit or loss (non-enforceable)	28,413	0	28,413	0	0	(3,890)	24,523
Total financial liabilities at fair value through profit or loss	926,384	(288,980)	637,404	(428,668)	(40,644)	(61,395)	106,698
Other liabilities	182,204	(18,610)	163,595	(46,058)	0	0	117,537
thereof: Negative market values from derivatives qualifying for hedge accounting (enforceable)	6,028	(5,412)	616	(616)	0	0	0
Remaining liabilities not subject to netting	212,000	0	212,000	0	0	0	212,000
Total liabilities	**1,866,414**	**(309,979)**	**1,556,434**	**(474,725)**	**(40,644)**	**(75,262)**	**965,803**

The column Gross amounts set off on the balance sheet discloses the amounts offset in accordance with all the criteria described in Note 1 Significant Accounting Policies and Critical Accounting Estimates: Offsetting Financial Instruments .

The column Impact of Master Netting Agreements discloses the amounts that are subject to master netting agreements but were not offset because they did not meet the net settlement/simultaneous settlement criteria; or because the rights of set off are conditional upon the default of the counterparty only. The amounts presented for other assets and other liabilities include cash margin receivables and payables respectively.

The columns Cash collateral and Financial instrument collateral disclose the cash and financial instrument collateral amounts received or pledged in relation to the total amounts of assets and liabilities, including those that were not offset.

Non-enforceable master netting agreements refer to contracts executed in jurisdictions where the rights of set off may not be upheld under the local bankruptcy laws.

The cash collateral received against the positive market values of derivatives and the cash collateral pledged towards the negative mark-to-market values of derivatives are booked within the Other liabilities and Other assets balances respectively.

The Cash and Financial instrument collateral amounts disclosed reflect their fair values. The rights of set off relating to the cash and financial instrument collateral are conditional upon the default of the counterparty.

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Loans

Loans by industry classification

in m.	Dec 31, 2014	Dec 31, 2013
Banks and insurance	24,202	25,100
Manufacturing	25,619	21,406
Households (excluding mortgages)	44,839	45,440
Households mortgages	153,140	148,076
Public sector	16,819	16,228
Wholesale and retail trade	15,714	13,965
Commercial real estate activities	35,764	34,259
Lease financing	1,165	1,429
Fund management activities	12,138	10,029
Other	81,483	66,154
Gross loans	**410,883**	**382,086**
(Deferred expense)/unearned income	58	(85)
Loans less (deferred expense)/unearned income	**410,825**	**382,171**
Less: Allowance for loan losses	5,212	5,589
Total loans	**405,612**	**376,582**

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Allowance for Credit Losses

The allowance for credit losses consists of an allowance for loan losses and an allowance for off-balance sheet positions.

Breakdown of the movements in the Group s allowance for loan losses

			2014			2013			2012
in m.	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Allowance, beginning of year	**2,857**	**2,732**	**5,589**	**2,266**	**2,426**	**4,692**	**2,011**	**2,147**	**4,158**
Provision for loan losses	499	631	1,129	1,377	683	2,060	1,115	613	1,728
Net charge-offs:	(997)	(512)	(1,509)	(701)	(352)	(1,053)	(762)	(324)	(1,086)
Charge-offs	(1,037)	(613)	(1,650)	(730)	(485)	(1,215)	(798)	(483)	(1,281)
Recoveries	40	101	141	30	132	162	36	158	195

Other Changes	5	(2)	3	(85)	(25)	(110)	(98)	(9)	(108)
Allowance, end of year	**2,364**	**2,849**	**5,212**	**2,857**	**2,732**	**5,589**	**2,266**	**2,426**	**4,692**

Activity in the Group s allowance for off-balance sheet positions (contingent liabilities and lending commitments)

			2014			2013			2012
in m.	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Allowance, beginning of year	**102**	**114**	**216**	**118**	**97**	**215**	**127**	**98**	**225**
Provision for off-balance sheet positions	(13)	18	4	(15)	21	5	(7)	0	(7)
Usage	0	0	0	0	0	0	0	0	0
Other changes	(4)	10	6	0	(3)	(4)	(2)	(1)	(3)
Allowance, end of year	**85**	**141**	**226**	**102**	**114**	**216**	**118**	**97**	**215**

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Transfers of Financial Assets

The Group enters into transactions in which it transfers financial assets held on the balance sheet and as a result may either be eligible to derecognize the transferred asset in its entirety or must continue to recognize the transferred asset to the extent of any continuing involvement, depending on certain criteria. These criteria are discussed in Note 1 Significant Accounting Policies and Critical Accounting Estimates .

21 Transfers of Financial Assets

Where financial assets are not eligible to be derecognized, the transfers are viewed as secured financing transactions, with any consideration received resulting in a corresponding liability. The Group is not entitled to use these financial assets for any other purposes. The most common transactions of this nature entered into by the Group are repurchase agreements, securities lending agreements and total return swaps, in which the Group retains substantially all of the associated credit, equity price, interest rate and foreign exchange risks and rewards associated with the assets as well as the associated income streams.

Information on asset types and associated transactions that did not qualify for derecognition

in m.	Dec 31, 2014	Dec 31, 2013
Carrying amount of transferred assets		
Trading securities not derecognized due to the following transactions:		
Repurchase agreements	24,410	32,714
Securities lending agreements	52,531	42,884
Total return swaps	3,738	7,960
Consolidated Group Sponsored Securitizations	507	168
Total trading securities	**81,186**	**83,726**
Other trading assets	433	866
Financial assets available for sale	1,731	507
Loans	2,225	2,085
Total	**85,575**	**87,183**
Carrying amount of associated liabilities	**57,800**	**68,435**

Information on assets transferred that did not qualify for derecognition where associated liability is recourse only to the transferred assets[1]

	Dec 31, 2014		Dec 31, 2013	
in m.	Carrying value	Fair value	Carrying value	Fair value
Trading securities	507	507	168	168
Other trading assets	370	370	333	333
Financial assets available for sale	1,660	1,660	252	252
Loans	2,074	2,087	1,902	1,928
Total	**4,611**	**4,624**	**2,654**	**2,680**

Associated liability	4,282	4,282	2,663	2,663
Net position	329	342	(9)	17

[1] Associated liabilities are notes issued by Consolidated Group Sponsored Securitizations.

Carrying value of assets transferred in which the Group still accounts for the asset to the extent of its continuing involvement

in m.	Dec 31, 2014	Dec 31, 2013
Carrying amount of the original assets transferred:		
Trading securities	254	210
Other trading assets	0	1
Carrying amount of the assets continued to be recognized:		
Trading securities	26	57
Other trading assets	0	1
Carrying amount of associated liabilities	**25**	**58**

The Group could retain some exposure to the future performance of a transferred asset either through new or existing contractual rights and obligations and still be eligible to derecognize the asset. This on-going involvement will be recognized as a new instrument which may be different from the original financial asset that was transferred. Typical transactions include retaining senior notes of non-consolidated securitizations to which originated loans have been transferred; financing arrangements with structured entities to which the Group has sold a portfolio of assets; or sales of assets with credit-contingent swaps. The Group s exposure to such transactions is not considered to be significant as any substantial retention of risks associated with the transferred asset will commonly result in an initial failure to derecognize. Transactions not considered to result in an on-going involvement include normal warranties on fraudulent activities that could invalidate a transfer in the event of legal action, qualifying pass-through arrangements and standard trustee or administrative fees that are not linked to performance.

22 Assets Pledged and Received as Collateral

The impact on the Group s Balance Sheet of on-going involvement associated with transferred assets derecognized in full:

			Dec 31, 2014			Dec 31, 2013
in m.	Carrying value	Fair value	Maximum Exposure to Loss[1]	Carrying value	Fair value	Maximum Exposure to Loss[1]
Loans:						
Securitization notes	93	89	153	289	198	365
Other	12	12	12	0	0	0
Total Loans	**105**	**101**	**165**	**289**	**198**	**365**
Financial assets held at Fair Value through the P&L:						
Securitization notes	511	511	511	1,153	1,153	1,153
Non-standard Interest Rate, cross-currency or inflation-linked swap	33	33	33	178	178	178
Total Financial assets held at Fair Value through the P&L	**544**	**544**	**544**	**1,332**	**1,332**	**1,332**
Financial assets available for sale:						
Securitization notes	13	13	13	12	12	12
Total Financial assets available for sale	**13**	**13**	**13**	**12**	**12**	**12**
Total financial assets representing on-going involvement	**662**	**658**	**722**	**1,633**	**1,542**	**1,708**
Financial liabilities held at Fair Value through the P&L:						
Non-standard Interest Rate, cross-currency or inflation-linked swap	32	32	0	40	40	0
Total financial liabilities representing on-going involvement	**32**	**32**	**0**	**40**	**40**	**0**

[1] The maximum exposure to loss is defined as the carrying value plus the notional value of any undrawn loan commitments.

The impact on the Group s Statement of Income of on-going involvement associated with transferred assets derecognized in full:

			Dec 31, 2014			Dec 31, 2013
in m.	Year-to-date P&L	Cumulative P&L	Gain/(loss) on disposal	Year-to-date P&L	Cumulative P&L	Gain/(loss) on disposal
Securitization notes	55	171	0	323	282	0[1]
Non-standard Interest Rate, cross-currency or inflation-linked swap	30	671	0	267	729	3

Net gains/(losses) recognized from on-going involvement in derecognized assets	**85**	**842**	**0**	**590**	**1,011**	**3**

[1] Typically, sales of assets into securitization vehicles were of assets that were classified as Fair Value through P&L, therefore any gain or loss on disposal is immaterial.

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Assets Pledged and Received as Collateral

The Group pledges assets primarily for repurchase agreements, securities borrowing agreements as well as other borrowing arrangements and for margining purposes on OTC derivative liabilities. Pledges are generally conducted under terms that are usual and customary for standard securitized borrowing contracts and other transactions described.

Carrying value of the Group s assets pledged as collateral for liabilities or contingent liabilities[1]

in m.	Dec 31, 2014	Dec 31, 2013
Financial assets at fair value through profit or loss	53,699	67,059
Financial assets available for sale	3,517	4,237
Loans	45,919	46,562
Other	302	884
Total	**103,438**	**118,741**

[1] Excludes assets pledged as collateral from transactions that do not result in liabilities or contingent liabilities

Total assets pledged to creditors available for sale or repledge[1]

in	Dec 31, 2014	Dec 31, 2013
Financial assets at fair value through profit or loss	73,557	73,960
Financial assets available for sale	67	0
Total	**73,624**	**73,960**

[1] Includes assets pledged as collateral from transactions that do not result in liabilities or contingent liabilities

The Group receives collateral primarily in reverse repurchase agreements, securities lending agreements, derivatives transactions, customer margin loans and other transactions. These transactions are generally conducted under terms that are usual and customary for standard secured lending activities and the other transactions described. The Group, as the secured party, has the right to sell or repledge such collateral, subject to the Group returning equivalent securities upon completion of the transaction. This right is used primarily to cover short sales, securities loaned and securities sold under repurchase agreements.

Fair Value of collateral received

in m.	Dec 31, 2014	Dec 31, 2013
Securities and other financial assets accepted as collateral	253,722	281,974
thereof:		
collateral sold or repledged	203,321	241,700

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Property and Equipment

in m.	Owner occupied properties	Furniture and equipment	Leasehold improvements	Construction-in-progress	Total
Cost of acquisition:					
Balance as of January 1, 2013	**4,018**	**4,054**	**2,146**	**235**	**10,453**
Changes in the group of consolidated companies	0	14	9	0	24
Additions	42	247	111	113	513
Transfers	(23)	45	116	(173)	(35)
Reclassifications (to)/from held for sale	(105)	(19)	(5)	(3)	(131)
Disposals	89	279	76	0	443
Exchange rate changes	(94)	(137)	(63)	(2)	(296)
Balance as of December 31, 2013	**3,749**	**3,926**	**2,240**	**170**	**10,084**
Changes in the group of consolidated companies	(8)	11	(1)	0	3
Additions	42	332	122	173	669
Transfers	10	26	122	(153)	5
Reclassifications (to)/from held for sale	(2,507)	(1,364)	(133)	(55)	(4,058)
Disposals	0	201	39	0	241
Exchange rate changes	275	217	68	6	566
Balance as of December 31, 2014	**1,560**	**2,947**	**2,379**	**141**	**7,027**
Accumulated depreciation and impairment:					
Balance as of January 1, 2013	**1,468**	**2,717**	**1,305**	**0**	**5,490**

Changes in the group of consolidated companies	0	14	6	0	20
Depreciation	77	376	171	0	625
Impairment losses	52	17	1	0	69
Reversals of impairment losses	0	0	0	0	0
Transfers	(2)	1	(2)	0	(3)
Reclassifications (to)/from held for sale	0	(13)	(1)	0	(14)
Disposals	27	243	64	0	334
Exchange rate changes	(43)	(106)	(39)	0	(188)
Balance as of December 31, 2013	**1,525**	**2,762**	**1,378**	**0**	**5,665**
Changes in the group of consolidated companies	0	8	(1)	0	6
Depreciation	39	271	179	0	490
Impairment losses	58	105	10	0	172
Reversals of impairment losses	0	0	0	0	0
Transfers	28	10	22	0	59
Reclassifications (to)/from held for sale	(1,289)	(1,127)	(95)	0	(2,511)
Disposals	2	83	34	0	119
Exchange rate changes	140	175	41	0	356
Balance as of December 31, 2014	**498**	**2,121**	**1,500**	**0**	**4,118**
Carrying amount:					
Balance as of December 31, 2013	**2,224**	**1,164**	**862**	**170**	**4,420**
Balance as of December 31, 2014	**1,062**	**826**	**880**	**141**	**2,909**

Impairment losses on property and equipment are recorded within general and administrative expenses for the income statement.

The carrying value of items of property and equipment on which there is a restriction on sale was 57 million as of December 31, 2014.

Commitments for the acquisition of property and equipment were 42 million at year-end 2014.

The Cosmopolitan of Las Vegas was reclassified to held for sale in the year and subsequently sold. For further information please see Note 26 Non-Current Assets and Disposal Groups Held for Sale .

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Leases

The Group is lessee under lease arrangements covering property and equipment.

Finance Lease Commitments

Most of the Group s finance lease arrangements are made under usual terms and conditions.

Net Carrying Value of Leasing Assets Held under finance leases

in m.	Dec 31, 2014	Dec 31, 2013
Land and buildings	13	82
Furniture and equipment	1	1
Other	5	0
Net carrying value	**19**	**84**

Future Minimum Lease Payments Required under the Group s Finance Leases

in m.	Dec 31, 2014	Dec 31, 2013
Future minimum lease payments:		
Not later than one year	6	26
Later than one year and not later than five years	24	11
Later than five years	84	10
Total future minimum lease payments	**114**	**47**
Less: Future interest charges	71	19
Present value of finance lease commitments	**43**	**28**
Future minimum lease payments to be received	**9**	**12**
Contingent rent recognized in the income statement [1]	**0**	**1**

[1] The contingent rent is based on market interest rates, such as three months EURIBOR; below a certain rate the Group receives a rebate.

Operating Lease Commitments

The Group leases the majority of its offices and branches under long-term agreements. Most of the lease contracts are made under usual terms and conditions, which means they include options to extend the lease by a defined amount of time, price adjustment clauses and escalation clauses in line with general office rental market conditions. However, the lease agreements do not include any clauses that impose any restriction on the Group s ability to pay dividends, engage in debt financing transactions or enter into further lease agreements. The Group has one significant lease contract which contains five options to extend the lease each for a period of five years and there is no purchase option in this specific lease.

Future Minimum Lease Payments Required under the Group s Operating Leases

in m.	Dec 31, 2014	Dec 31, 2013
Future minimum rental payments:		
Not later than one year	778	824
Later than one year and not later than five years	2,370	2,324
Later than five years	1,955	1,865
Total future minimum rental payments	**5,103**	**5,013**
Less: Future minimum rentals to be received	171	161
Net future minimum rental payments	**4,932**	**4,852**

As of December 31, 2014, the total future minimum rental payments included 386 million for the Group headquarters in Frankfurt am Main that was sold and leased back on December 1, 2011. The Group entered into a 181 months leaseback arrangement for the entire facility in connection with the transaction.

In 2014, the rental payments for lease and sublease agreements amounted to 815 million. This included charges of 835 million for minimum lease payments and 10 million for contingent rents as well as 29 million related to sublease rentals received.

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Goodwill and Other Intangible Assets

Goodwill

Changes in Goodwill

The changes in the carrying amount of goodwill, as well as gross amounts and accumulated impairment losses of goodwill, for the years ended December 31, 2014, and 2013, are shown below by cash-generating units (CGU).

Goodwill allocated to cash-generating units

in m.	Corporate Banking & Securities	Private & Business Clients	Global Transaction Banking	Deutsche Asset & Wealth Management	Non-Core Operations Unit[1]	Others	Total
Balance as of January 1, 2013	**1,953**	**2,736**	**432**	**3,979**	**0**	**197**	**9,297**
Goodwill acquired during the year	4	24	6	2	0	0	37
Purchase accounting adjustments	0	0	0	0	0	0	0
Transfers	(9)	0	8	1	0	0	0
Reclassification from (to) held for sale	0	0	0	(5)	0	0	(5)
Goodwill related to dispositions without being classified as held for sale	(1)	0	(1)	(1)	0	0	(3)
Impairment losses[2]	0	0	0	0	0	0	0
Exchange rate changes/other	(84)	(2)	(14)	(133)	0	(18)	(252)
Balance as of December 31, 2013	**1,863**	**2,758**	**431**	**3,843**	**0**	**179**	**9,074**

Gross amount of goodwill	**2,963**	**2,758**	**431**	**3,843**	**651**	**646**	**11,292**
Accumulated impairment losses	**(1,100)**	**0**	**0**	**0**	**(651)**	**(467)**	**(2,218)**
Balance as of January 1, 2014	**1,863**	**2,758**	**431**	**3,843**	**0**	**179**	**9,074**
Goodwill acquired during the year	0	0	0	0	0	0	0
Purchase accounting adjustments	0	1	0	0	0	0	1
Transfers	0	0	0	0	0	0	0
Reclassification from (to) held for sale	(13)	(1)	0	(3)	0	0	(17)
Goodwill related to dispositions without being classified as held for sale	0	0	(1)	(2)	0	0	(3)
Impairment losses[2]	0	0	0	0	0	(49)	(49)
Exchange rate changes/other	166	5	44	293	0	4	512
Balance as of December 31, 2014	**2,016**	**2,763**	**474**	**4,131**	**0**	**134**	**9,518**
Gross amount of goodwill	**3,249**	**2,763**	**474**	**4,131**	**651**	**676**	**11,944**
Accumulated impairment losses	**(1,233)**	**0**	**0**	**0**	**(651)**	**(542)**	**(2,426)**

1 Includes primary CGUs NCOU Wholesale Assets and NCOU Operating Assets.
2 Impairment losses of goodwill are recorded as impairment of intangible assets in the income statement.

In addition to the primary CGUs, the segments CB&S and NCOU carry goodwill resulting from the acquisition of nonintegrated investments which are not allocated to the respective segments primary CGUs. Such goodwill is summarized as Others in the table above. The nonintegrated investments in the NCOU consist of Maher Terminals LLC and Maher Terminals of Canada Corp.

25 Goodwill and Other Intangible Assets

In 2014, changes in goodwill (other than those related to exchange rate changes) mainly included the impairment of 49 million recorded in the NCOU upon write-off of goodwill related to the nonintegrated investment in Maher Terminals LLC (included in column Others of the above table), which was based on the continuing market uncertainty on the demand for U.S consumables impacting business volumes. The fair value less costs of disposal of the investment was determined based on a discounted free cash flow model. Accordingly, the fair value measurement was categorized as level 3 in the fair value hierarchy. The carrying amount of Maher Terminals LLC exceeded its recoverable amount, resulting in an impairment loss of 194 million, which was recorded as impairment of intangible assets. Of that impairment amount, 49 million was allocated to fully write-off related goodwill and another 145 million was allocated to other intangible assets included in the CGU (see Other Amortizing Intangible Assets in this Note). Key assumptions used in the fair value estimation included a discount rate (weighted average cost of capital, post-tax) of 9.3 % (prior year 9.1 %), a terminal value growth rate of 5.3 % and an average EBITDA growth rate of 13.2 %.

During 2013, changes in goodwill mainly included additions of 37 million related to the step-acquisition of the Group s joint venture Xchanging etb GmbH. For more details on this transaction, please refer to Note 3 Acquisitions and Dispositions .

In 2012, goodwill changes mainly included impairments of 1,595 million recorded in the fourth quarter as a result of the annual goodwill impairment test conducted under the organizational structures both prior to as well as post re-segmentation.

Goodwill Impairment Test

For the purposes of impairment testing, goodwill acquired in a business combination is allocated to CGUs. On the basis as described in Note 1 Significant Accounting Policies and Critical Accounting Estimates , the Group s primary CGUs are as outlined above. Other goodwill is tested individually for impairment on the level of each of the nonintegrated investments. Goodwill is tested for impairment annually in the fourth quarter by comparing the recoverable amount of each goodwill carrying CGU with its carrying amount. In addition, in accordance with IAS 36, the Group tests goodwill whenever a triggering event is identified. The recoverable amount is the higher of a CGU s fair value less costs of disposal and its value in use.

The carrying amount of a primary CGU is derived using a capital allocation model. The allocation uses the Group s total equity at the date of valuation, including Additional Tier 1 Notes (AT1 Notes), which constitute unsecured and subordinated notes of Deutsche Bank and which are classified as Additional equity components in accordance with IFRS. Total equity is adjusted for specific effects related to nonintegrated investments, which are tested separately for impairment as outlined above, and for an add-on adjustment for goodwill attributable to noncontrolling interests. The carrying amount (excluding the AT1 Notes) is allocated to the primary CGUs in a two-step process. In the first step, total equity that is readily identifiable is allocated to the respective individual CGUs. This includes goodwill (plus the add-on adjustment for noncontrolling interests), unamortized other intangible assets as well as certain unrealized net gains and losses recorded directly in equity and noncontrolling interests. In the second step, the remaining balance of the carrying amount (excluding the AT1 Notes) is allocated across the CGUs based on the CGU s share of risk-weighted assets and certain capital deduction items relative to the Group (each is adjusted for items pertaining to nonintegrated investments). The AT1 Notes are allocated to the primary CGUs in proportion to their specific Leverage Ratio Shortfall (LRS), with LRS being a function of the Group s target Leverage Ratio, the CGU s Leverage Ratio Exposure Measure and the allocated Common Equity Tier 1 Capital. The carrying amount for nonintegrated investments is determined on the basis of their respective equity.

The annual goodwill impairment tests in both 2014 and 2013 did not result in an impairment loss on the goodwill of the Group s primary CGUs as the recoverable amounts for these CGUs were higher than their respective carrying amounts.

25 Goodwill and Other Intangible Assets

As a result of the Group s re-segmentation during the fourth quarter 2012 (see Note 4 Business Segments and Related Information Business Segments for details), the annual impairment test had to be conducted both in the structure prior to re-segmentation (old structure) and post re-segmentation (new structure). These impairment tests resulted in goodwill impairments totaling 1,595 million, consisting of 1,174 million in the CGU CB&S under the old structure and of 421 million in the CGUs Wholesale Assets (369 million) and Operating Assets (52 million) within the Corporate Division NCOU under the new structure.

Recoverable Amount

The Group determines the recoverable amounts of its primary CGUs on the basis of value in use and employs a DCF model, which reflects the specifics of the banking business and its regulatory environment. The model calculates the present value of the estimated future earnings that are distributable to shareholders after fulfilling the respective regulatory capital requirements. The recoverable amounts also include the value in use of the AT1 Notes, allocated to the primary CGUs consistent to their treatment in the carrying amount.

The DCF model uses earnings projections and respective capitalization assumptions (with capital ratios no lesser than: Common Equity Tier 1 capital ratio: 10 %, Tier 1 capital ratio: 11.5 % and a Tier 1 leverage ratio: 3.5 %) based on five-year financial plans agreed by management, which are discounted to their present value. Estimating future earnings and capital requirements involves judgment and the consideration of past and current performances as well as expected developments in the respective markets, and in the overall macroeconomic and regulatory environments. Earnings projections beyond the initial five-year period are, where applicable, adjusted to derive a sustainable level and are, in case of a going concern, assumed to increase by or converge towards a constant long-term growth rate of 3.2 % (2013: 3.2 %). This is based on expectations for the development of gross domestic product and inflation, and is captured in the terminal value.

Key Assumptions and Sensitivities

Key Assumptions: The value in use of a CGU is sensitive to the earnings projections, to the discount rate (cost of equity) applied and, to a much lesser extent, to the long-term growth rate. The discount rates applied have been determined based on the capital asset pricing model and comprise a risk-free interest rate, a market risk premium and a factor covering the systematic market risk (beta factor). The values for the risk-free interest rate, the market risk premium and the beta factors are determined using external sources of information. CGU-specific beta factors are determined based on a respective group of peer companies. Variations in all of these components might impact the calculation of the discount rates.

Primary cash-generating units

	Discount rate (pre-tax, determined implicitly based on post-tax rates)	
	2014	2013
Corporate Banking & Securities	14.5%	16.5%
Private & Business Clients	13.7%	14.3%
Global Transaction Banking	11.7%	13.1%
Deutsche Asset & Wealth Management	12.6%	12.8%
Non-Core Operations Unit[1]	14.8%/14.5%	17.0%/16.6%

[1] Comprised of two primary CGUs: NCOU Wholesale Assets (14.8 %) and NCOU Operating Assets (14.5 %). Stated pre-tax discount rates assume worst case post-tax valuation scenarios, whereas both CGUs are valued applying identical post-tax discount rates. Varying pre-tax rates are due to different cash-flow composition and pattern.

Management determined the values for the key assumptions in the following table based on a combination of internal and external analysis. Estimates for efficiency and the cost reduction program are based on progress made to date and scheduled future projects and initiatives.

25 Goodwill and Other Intangible Assets

Primary cash-generating unit	Description of key assumptions	Uncertainty associated with key assumptions and potential events/circumstances that could have a negative effect
Corporate Banking & Securities	- Focus on client flows and solutions, benefiting from leading client market shares and higher customer penetration - Improved macro environment, especially in the Americas, whilst Europe is expected to see slower growth - Overall CB&S revenue pools are expected to see moderate growth. Corporate Finance and Equities revenue pools expected to trend higher, but Sales & trading Debt revenue pools will remain under pressure. - Targeted risk and balance sheet reduction and execution of management action to mitigate the impact of regulatory change - Improved asset efficiency under new regulatory framework and rigorously managed risk exposure - Reap benefits from Operational Excellence (OpEx) Program - Focus on efficiency gains from front-to-back platform improvements, whilst fully complying with regulatory requirements - Capitalize on close co-operation with other areas of the organization	- Potentially weaker macroeconomic environment due to still fragile growth impacted by potential event risks, particularly disorderly withdrawal of bank support for the global economy, leading to slowdown in activity and reduced investor appetite - Structure and content of a range of regulatory changes being drafted in various jurisdictions could have a more severe impact than anticipated - Potential margin compression and increased competition in products with lower capital requirements beyond expected levels - Outcome of major litigation cases - Cost and efficiency gains and expected benefits from Group-wide Operational Excellence (OpEx) Program are not realized as anticipated - Increase cost pressures from regulatory driven spend - Delay in execution of risk mitigation strategies and further headwinds from regulatory technical standards, regulatory focus on operational risk and the continued review of RWA measurement on Basel level
Private & Business Clients	- Leading position in home market Germany, strong position in other European markets, growth options in key Asian countries and a highly efficient platform - Improvement of digital capabilities as key initiative in PBC - Selective growth in Credit Products and expanding in investment and insurance business in advisory banking horizon partially mitigating impacts from low interest rate environment and leverage constraints - Achievement of synergies between Deutsche Bank and Postbank on the revenue and the cost side - Cost savings in light of Group-wide OpEx	- Significant economic decline potentially resulting in higher unemployment rates, increasing credit loss provisions and lower business growth - The development of investment product markets and respective revenues additionally depend on customer confidence for investments - Continued low interest rates potentially leading to a further margin compression - Synergies related to Postbank acquisition are not realized or are realized later than foreseen - Lower synergy achievement rates related to PBC s efficiency programs

	- Efficient use from our growth investments in key Asian countries	- An environment of tightening regulation leading to further not yet anticipated impact on revenues and costs
Global Transaction Banking	- Cost savings in light of Group-wide OpEx - Capitalize on synergies resulting from closer co-operation with other areas of the bank - Macroeconomic recovery - Interest rate recovery from mid 2015 onwards - Positive development of international trade volumes, cross-border payments and corporate actions - Deepening relationships with Complex Corporates and Institutional Clients in existing regions while pushing further growth in Emerging Markets - Successful turn-around of the commercial banking activities in the Netherlands	- Slower recovery of the world economy and its impact on trade volumes, interest rates and foreign exchange rates - Unfavorable margin development and adverse competition levels in key markets and products beyond expected levels - Uncertainty around regulation and its potential implications not yet anticipated - Cost savings in light of Group-wide OpEx do not materialize as anticipated - Outco me of potential legal matters - Benefits from the turn-around measures of the commercial banking activities in the Netherlands are not realized as expected
Deutsche Asset & Wealth Management	- Cost savings in light of Group-wide OpEx and Deutsche AWM platform optimization from merger of AM, PWM and Passive CB&S to form Deutsche AWM - Deutsche AWM s overall internal strategy continuously informed by market trends and developments, including global wealth creation, a growing retirement market and the rapid expansion of alternatives and passive investment offerings - Expanding business with ultra high net worth clients - Building out the alternatives and passive/ETF businesses - Home market leadership in Germany through Wealth Management and DWS - Organic growth strategy in Asia/Pacific and Americas as well as intensified co-operation with CB&S and GTB - Strong coverage of emerging markets	- Major industry threats, i.e., market volatility, sovereign debt burden, increasing costs from regulatory changes - Investors continue to hold assets out of the markets, retreat to cash or simpler, lower fee products - Business/execution risks, i.e., under achievement of net new money targets from market uncertainty, loss of high quality relationship managers - Difficulties in executing organic growth strategies through certain restrictions, e.g. unable to hire relationship managers - Cost savings following efficiency gains and expected IT/process improvements are not achieved to the extent planned - Uncertainty around regulation and its potential implications not yet anticipated

25 Goodwill and Other Intangible Assets

Primary cash-generating unit	Description of key assumptions	Uncertainty associated with key assumptions and potential events/circumstances that could have a negative effect
Non-Core Operations Unit Wholesale Assets	- Maintained or increased market share in the fragmented competitive environment - Continued execution of successful de-risking program - Continued capitalization of other divisions sales and distribution networks to facilitate successful de-risking program	- Potentially weaker macroeconomic environment due to still fragile growth impacted by event risks, particularly disorderly withdrawal of bank support for the global economy, leading to slowdown in activity and reduced ability to de-risk at an economically viable level - Structure and content of a range of regulatory changes being drafted in various jurisdictions could have a more severe impact than anticipated - Outcome of litigation cases
Non-Core Operations Unit Operating Assets	- Continued efforts to improve the underlying performance of operating assets in preparation for eventual sale	- Potentially weaker macroeconomic environment due to still fragile growth impacted by event risks, particularly disorderly withdrawal of bank support for the global economy, leading to slowdown in activity and reduced ability to dispose of operating assets at an economically viable level - Outcome of litigation cases

Sensitivities: In validating the value in use determined for the CGUs, certain external factors as well as the major value drivers of each CGU are reviewed regularly. Deutsche Bank s market capitalization remained below book value in 2014. In order to test the resilience of the value in use, key assumptions used in the DCF model (for example, the discount rate and the earnings projections) are sensitized. Management believes that the only CGUs where reasonable possible changes in key assumptions could cause an impairment loss were CB&S and PBC, for which the recoverable amount exceeded the respective carrying amount by 16 % or 5.0 billion (CB&S) and 63 % or 9.9 billion (PBC).

Change in certain key assumptions to cause the recoverable to equal the carrying amount

Change in Key Assumptions	CB&S	PBC
Discount rate (post tax) increase from/to	10.3%/11.5%	10.0%/14.1%
Projected future earnings in each period	(12)%	(34)%
Long term growth rates	N/M[1]	N/M[1]

N/M Not meaningful
[1] A rate of 0 % would still lead to a recoverable amount in excess of the carrying amount.

The recoverable amounts of all remaining primary CGUs, except for those in the NCOU, were substantially in excess of their respective carrying amounts.

However, a review of the Group s strategy or certain political or global risks for the banking industry such as a return of the European sovereign debt crisis, uncertainties regarding the implementation of already adopted regulation and the introduction of legislation that is already under discussion as well as a slowdown of GDP growth may negatively impact the performance forecasts of certain of the Group s CGUs and, thus, could result in an impairment of goodwill in the future.

Other Intangible Assets

The changes of other intangible assets by asset classes for the years ended December 31, 2014, and 2013, are as follows.

	Purchased intangible assets								Internally generated intangible assets	Total other intangible assets
	Unamortized			Amortized					Amortized	
in € m.	Retail investment management agreements	Other	Total unamortized purchased intangible assets	Customer-related intangible assets	Value of business acquired	Contract-based intangible assets	Software and other	Total amortized purchased intangible assets	Software	
Cost of acquisition/ manufacture:										
Balance as of January 1, 2013	**878**	**440**	**1,318**	**1,519**	**848**	**686**	**938**	**3,991**	**2,261**	**7,570**
Additions	0	0	0	24	0	0	41	65	663	728
Changes in the group of consolidated companies	0	0	0	(12)	0	0	11	(1)	0	(1)
Disposals	0	0	0	0	0	0	19	19	36	55
Reclassifications from (to) held for sale	0	0	0	(48)	0	0	(41)	(89)	(10)	(99)
Transfers	0	0	0	0	0	0	22	22	(68)	(46)
Exchange rate changes	(38)	1	(37)	(34)	(18)	(25)	(16)	(93)	(34)	(164)
Balance as of December 31, 2013	**840**	**441**	**1,281**	**1,449**	**830**	**661**	**936**	**3,876**	**2,776**	**7,933**
Additions	0	0	0	40	0	0	52	92	962	1,054
Changes in the group of consolidated companies	0	0	0	0	0	(14)	(2)	(16)	0	(16)
Disposals	0	0	0	9	0	0	12	21	99	120
Reclassifications from (to) held for sale	0	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	(3)	0	(1)	17	13	(26)	(13)
Exchange rate changes	111	0	111	53	58	74	33	218	102	431
Balance as of December 31, 2014	**951**	**441**	**1,392**	**1,530**	**888**	**720**	**1,024**	**4,162**	**3,715**	**9,269**
Accumulated amortization and impairment:										
Balance as of January 1, 2013	**300**	**2**	**302**	**741**	**164**	**142**	**592**	**1,639**	**707**	**2,648**
Amortization for the year	0	0	0	99	32	36	112	279	239	518 [1]
	0	0	0	(12)	0	0	6	(6)	0	(6)

Changes in the group of consolidated companies										
Disposals	0	0	0	0	0	0	13	13	34	47
Reclassifications from (to) held for sale	0	0	0	(39)	0	0	(32)	(71)	(6)	(77)
Impairment losses	0	0	0	72	0	7	4	83	43	126 [2]
Reversals of impairment losses	0	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	10	10	(21)	(11)
Exchange rate changes	(13)	0	(13)	(25)	(2)	(5)	(12)	(44)	(19)	(76)
Balance as of December 31, 2013	**287**	**2**	**289**	**836**	**194**	**180**	**667**	**1,877**	**909**	**3,075**
Amortization for the year	0	0	0	99	35	35	78	247	335	582 [3]
Changes in the group of consolidated companies	0	0	0	0	0	(6)	(2)	(8)	(1)	(9)
Disposals	0	0	0	8	0	0	12	20	97	117
Reclassifications from (to) held for sale	0	0	0	0	0	0	0	0	0	0
Impairment losses	0	0	0	0	0	117	29	146	48	194 [4]
Reversals of impairment losses	84	0	84	0	0	0	0	0	0	84 [5]
Transfers	0	0	0	1	0	0	2	3	(8)	(5)
Exchange rate changes	37	1	38	49	14	17	19	99	63	200
Balance as of December 31, 2014	**240**	**3**	**243**	**977**	**243**	**343**	**781**	**2,344**	**1,249**	**3,836**
Carrying amount:										
As of December 31, 2013	**553**	**439**	**992**	**613**	**636**	**481**	**269**	**1,999**	**1,867**	**4,858**
As of December 31, 2014	**711**	**438**	**1,149**	**553**	**645**	**377**	**243**	**1,818**	**2,466**	**5,433**

[1] The 518 million were included in general and administrative expenses.

[2] Of which 79 million were included in impairment of intangible assets, consisting of impairments of customer-related intangible assets (72 million) and beneficial contracts (7 million). Furthermore, 47 million of impairments related to purchased (4 million) and self-developed software (43 million) were recorded in general and administrative expenses.

[3] The 582 million were included in general and administrative expenses.

[4] Of which 146 million were included in impairment of intangible assets, consisting of impairments of contract-based intangible assets (117 million) and trade names (29 million). Furthermore, 48 million of impairments related to self-developed software were recorded in general and administrative expenses.

[5] 84 million were recorded as reversal of a prior year s impairment and are included under impairment of intangible assets.

25 Goodwill and Other Intangible Assets

Amortizing Intangible Assets

In 2014, additions to internally generated intangible assets were 962 million, which represent the capitalization of expenses incurred in conjunction with the Group s activities related to the development of own-used software. Impairments of 146 million recorded on purchased other intangible assets were largely attributable to Maher Terminals LLC (NCOU; thereof 116 million on lease rights (contract-based) and 29 million on trade mark (software and others)), following the continued negative outlook for container and business volumes (please refer to Changes in Goodwill in this Note for additional information on the valuation result of Maher Terminals LLC). The impairment of self-developed software of 48 million was largely a result of the reassessment of current platform software under the OpEx Program.

Changes in amortizing other intangible assets recognized during 2013 mainly included additions of 663 million to internally generated intangible assets. Impairments of 83 million recorded on purchased other intangible assets were largely attributable to the commercial banking activities in the Netherlands (GTB), which had seen similar charges already in 2012. The impairment on self-developed software of 43 million was largely a result of the reassessment of current platform software under the OpEx Program.

In 2012, impairments recorded on customer-related intangible assets totaling 86 million included 73 million in connection with measures initiated in the fourth quarter 2012 to turnaround the acquired commercial banking activities in the Netherlands (GTB) and 13 million related to the realignment of PBC s Consumer Banking proposition. The impairment of self-developed software of 95 million was mainly the result of changes in the planned deployment of an IT system in Deutsche AWM.

Other intangible assets with finite useful lives are generally amortized over their useful lives based on the straight-line method (except for the VOBA, as explained in Note 41 Insurance and Investment Contracts).

Useful lives of other amortized intangible assets by asset class

	Useful lives in years
Internally generated intangible assets:	
Software	up to 10
Purchased intangible assets:	
Customer-related intangible assets	up to 25
Contract-based intangible assets	up to 23
Value of business acquired	up to 30
Other	up to 80

Unamortized Intangible Assets

Within this asset class, the Group recognizes certain contract-based and marketing-related intangible assets, which are deemed to have an indefinite useful life.

In particular, the asset class comprises the below detailed investment management agreements related to retail mutual funds and certain trademarks. Due to the specific nature of these intangible assets, market prices are ordinarily not observable and, therefore, the Group values such assets based on the income approach, using a post-tax DCF-methodology.

Retail investment management agreements: These assets, amounting to 711 million, relate to the Group s U.S. retail mutual fund business and are allocated to the Deutsche AWM CGU. Retail investment management agreements are contracts that give DWS Investments the exclusive right to manage a variety of mutual funds for a specified period. Since these contracts are easily renewable, the cost of renewal is minimal, and they have a long history of renewal, these agreements are not expected to have a foreseeable limit on the contract period. Therefore, the rights to manage the associated assets under management are expected to generate cash flows for an indefinite period of time. This intangible asset was recorded at fair value based upon a valuation provided by a third party at the date of the Group s acquisition of Zurich Scudder Investments, Inc. in 2002.

The recoverable amount of the asset of 711 million was calculated as fair value less costs of disposal using the multi-period excess earnings method and the fair value measurement was categorized as level 3 in the fair value hierarchy. The key assumptions in determining the fair value less costs of disposal include the asset mix, the flows forecast and the effective fee rate. The discount rates (cost of equity) applied in the calculation were 10.7 % in 2014 and 11.4 % in 2013. Therefore, in 2014, a reversal of impairment of 84 million was recognized and recorded in impairment of intangible assets in the income statement, mainly due to a positive flows forecast on the back of a strengthening franchise, a favorable asset mix and a decrease in the discount rate. In 2013, neither an impairment nor write-up was recorded, as the valuation remained steady to prior year. In 2012, a loss of 202 million was recognized in the income statement as impairment of intangible assets. The impairment loss was predominantly due to declines in the expected development of invested asset flows, considering historical growth trends and impacts from the strategic review of the business conducted in 2012 as well as the competitive environment.

Trademarks: The other unamortized intangible assets include the Postbank (allocated to CGU PBC) and the Sal. Oppenheim (allocated to CGU Deutsche AWM) trademarks, which were acquired in 2010. The Postbank trademark was initially recognized in 2010 at 382 million. In finalizing the purchase price allocation in 2011, the fair value of the Postbank trademark increased to 411 million. The Sal. Oppenheim trademark was recognized at 27 million. Since both trademarks are expected to generate cash flows for an indefinite period of time, they are classified as unamortized intangible assets. Both trademarks were recorded at fair value at the acquisition date, based on third party valuations. The recoverable amounts were calculated as the fair value less costs of disposal of the trademarks based on the income approach using the relief-from-royalty method. Since acquisition, there have been no impairments.

26

Non-Current Assets and Disposal Groups Held for Sale

Within the balance sheet, non-current assets and disposal groups held for sale are included in other assets and other liabilities.

in m.	Dec 31, 2014	Dec 31, 2013
Cash, due and deposits from banks, Central bank funds sold and securities purchased under resale agreements	0	574
Trading assets, Derivatives, Financial assets designated at fair value through P&L	0	525
Financial assets available for sale	0	2,917
Loans	0	2,032
Property and equipment	142	212
Other assets	38	411
Total assets classified as held for sale	**180**	**6,670**
Deposits, Central bank funds purchased and securities sold under resale agreements	0	4,425

Trading liabilities, Derivatives, Financial liabilities designated at fair value through P&L	0	439
Long-term debt	0	856
Other liabilities	0	544
Total liabilities classified as held for sale	**0**	**6,264**

As of December 31, 2014 and December 31, 2013, unrealized net gains of 0 million and 2 million, respectively, relating to non-current assets and disposal groups classified as held for sale were recognized directly in accumulated other comprehensive income (loss) (net of tax).

Non-Current Assets and Disposal Groups Held for Sale as of December 31, 2014

As part of the OpEx program and in an effort to outsource parts of its wholesale information technology (IT) infrastructure services, the Group had reclassified mainly IT related fixed assets as a disposal group held for sale. The assets, which mainly comprise property and equipment, are initially included in the Infrastructure area, and are expected to be sold within one year. The reclassification of the disposal group to the held for sale category resulted in an impairment loss of 11 million, which was recorded in other income.

In the first quarter 2014, the Group had classified a real estate foreclosure portfolio as held for sale within the Corporate Division NCOU. The portfolio has since been sold. Its classification as held for sale did not result in an impairment loss.

Also during 2014, the Group classified within CB&S several disposal groups consisting of foreclosures as held for sale. All assets are expected to be sold within one year. Their classification as held for sale did not result in an impairment loss. The respective assets have been measured at fair value less costs to sell on a non-recurring basis, with fair value measurement categorized as level 3 in the fair value hierarchy.

Disposals in 2014

Division	Disposal	Financial impact[1]	Date of the disposal
Non-Core Operations Unit	Sale of Nevada Property 1 LLC, a wholly owned subsidiary and owner of The Cosmopolitan of Las Vegas (The Cosmopolitan), a leading resort and casino, to Blackstone. Under the transaction, Blackstone acquired 100 % of The Cosmopolitan for a cash consideration of approximately 1.4 billion (U.S.$ 1.73 billion).	An impairment loss of 9 million recorded in the fourth quarter 2014.	Fourth quarter 2014
Deutsche Asset & Wealth Management	Sale of part of the Group s Wealth Management business in the UK.	An impairment loss of 9 million recorded in the first quarter 2014.	Third quarter 2014
Private & Business Clients	Office building previously held as property and equipment.	None.	Second quarter 2014
Non-Core Operations Unit	Sale of the Group s subsidiary BHF-BANK AG to Kleinwort Benson Group and RHJ International (RHJI), following receipt of outstanding regulatory approvals. The Group received total consideration subject to closing purchase price adjustments of 340 million, comprised of 309 million in cash and 31 million in RHJI shares issued at par value.	None.	First quarter 2014

Non-Core Operations Unit	Sale of office buildings previously held as investment property within other assets.	None.	First quarter 2014

[1] Impairment losses and reversals of impairment losses are included in Other income.

Non-Current Assets and Disposal Groups Held for Sale as of December 31, 2013

Division	Non-current assets and disposal groups held for sale	Financial impact[1]	Additional information
Non-Core Operations Unit	Disposal of the Group s subsidiary BHF-BANK	An impairment loss of 183 million recorded in the fourth quarter 2013.	Disposal in first quarter 2014
Non-Core Operations Unit/Private & Business Clients	Several office buildings held as either property and equipment or investment property.	An impairment loss of 4 million (PBC) recorded in the fourth quarter 2013.	Disposals in 2014
Corporate Banking & Securities	Several disposal groups, consisting of foreclosure assets.	None.	Disposals in 2014
Deutsche Asset & Wealth Management	Part of the Group s Wealth Management business in the UK	An impairment loss of 5 million recorded in the fourth quarter 2013.	Disposal in the third quarter 2014

[1] Impairment losses and reversals of impairment losses are included in Other income.

Disposals in 2013

Division	Disposal	Financial impact[1]	Date of the disposal
Non-Core Operations Unit	Building held as property and equipment.	None.	Fourth quarter 2013
Deutsche Asset & Wealth Management	Building held as property and equipment.	None.	Third quarter 2013
Global Transaction Banking	A wholly owned subsidiary, providing merchant acquiring services to multi-national clients.	None.	Second quarter 2013
Deutsche Asset & Wealth Management	Disposal group mainly consisting of real estate fund units.	None.	First quarter 2013

[1] Impairment losses and reversals of impairment losses are included in Other income.

27 Other Assets and Other Liabilities

in m.	Dec 31, 2014	Dec 31, 2013
Other assets:		
Brokerage and securities related receivables		
Cash/margin receivables	65,096	40,938
Receivables from prime brokerage	10,785	9,140
Pending securities transactions past settlement date	4,741	2,697
Receivables from unsettled regular way trades	34,432	30,410
Total brokerage and securities related receivables	115,054	83,185
Accrued interest receivable	2,791	3,236
Assets held for sale	180	6,670
Other	19,955	19,448
Total other assets	**137,980**	**112,539**

in m.	Dec 31, 2014	Dec 31, 2013
Other liabilities:		
Brokerage and securities related payables		
Cash/margin payables	70,558	53,435
Payables from prime brokerage	33,985	30,266
Pending securities transactions past settlement date	3,473	2,289
Payables from unsettled regular way trades	35,195	33,001
Total brokerage and securities related payables	143,210	118,992
Accrued interest payable	2,953	3,673
Liabilities held for sale	0	6,264
Other	37,659	34,666
Total other liabilities	**183,823**	**163,595**

For further details on the assets and liabilities held for sale please refer to Note 26 Non-Current Assets and Disposal Groups Held for Sale .

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Deposits

in m.	Dec 31, 2014	Dec 31, 2013
Noninterest-bearing demand deposits	160,733	149,471
Interest-bearing deposits		
Demand deposits	137,966	140,813
Time deposits	124,347	127,787
Savings deposits	109,885	109,679
Total interest-bearing deposits	372,198	378,279
Total deposits	**532,931**	**527,750**

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Provisions

Movements by Class of Provisions

in m.	Home Savings Business	Operational/ Litigation	Restructuring	Mortgage Repurchase Demands	Other[1]	Total
Balance as of January 1, 2013	**963**	**2,604**	**165**	**341**	**822**	**4,895**
Changes in the group of consolidated companies	0	3	0	0	2	5
New provisions	200	2,673	344	119	408	3,744
Amounts used	(119)	(2,717)	(275)	(101)	(299)	(3,511)
Unused amounts reversed	(11)	(401)	(22)	0	(152)	(586)
Effects from exchange rate fluctuations/ Unwind of discount	(19)	(38)	(6)	(14)	(10)	(87)
Transfers	(3)	(18)	1	0	(131)	(151)[2]
Other	0	0	0	0	0	0
Balance as of December 31, 2013	**1,011**	**2,106**	**207**	**345**	**639**	**4,308**
Changes in the group of consolidated companies	0	0	0	0	0	0
New provisions	211	2,049	154	411	609	3,434
Amounts used	(104)	(307)	(195)	(45)	(194)	(845)
Unused amounts reversed	(3)	(319)	(52)	(88)	(189)	(651)
Effects from exchange rate fluctuations/ Unwind of discount	35	103	6	46	14	204
Transfers	0	0	0	0	0	0
Other	0	0	0	0	0	0

Balance as of December 31, 2014	**1,150**	**3,632**	**120**	**669**	**880**	**6,451**

[1] For the remaining portion of provisions as disclosed on the consolidated balance sheet, please see Note 20 Allowance for Credit Losses , in which allowances for credit related off-balance sheet positions are disclosed.
[2] Includes mainly reclassifications (to)/from liabilities held for sale.

Classes of Provisions

Home Savings provisions arise out of the home savings business of Deutsche Postbank Group and Deutsche Bank Bauspar-Aktiengesellschaft. In home savings, a customer enters into a building loan agreement, whereby the customer becomes entitled to borrow on a building loan once the customer has on deposit with the lending bank a targeted amount of money. In connection with the building loan agreement, arrangement fees are charged and interest is paid on deposited amounts at a rate that is typically lower than that paid on other bank deposits. In the event the customer determines not to make the borrowing, the customer becomes entitled to a retroactive interest bonus, reflecting the difference between the low contract savings interest rate and a fixed interest rate, currently substantially above market rate. The home savings provision relates to the potential interest bonus and arrangement fee reimbursement liability. The model for the calculation of the potential interest bonus liability includes parameters for the percentage of customer base impacted, applicable bonus rate, customer status and timing of payment. Other factors impacting the provision are available statistical data relating to customer behavior and the general environment likely to affect the business in the future.

29 Provisions

Operational/Litigation provisions arise out of operational risk, which is the potential for failure (including the legal component) in relation to employees, contractual specifications and documentation, technology, infrastructure failure and disasters, external influences and customer relationships. This excludes business and reputational risk. Operational risk issues may result in demands from customers, counterparties and regulatory bodies or in legal proceedings.

Restructuring provisions arise out of restructuring activities. The Group aims to enhance its long-term competitiveness through major reductions in costs, duplication and complexity in the years ahead. For details see Note 10 Restructuring .

Mortgage Repurchase Demands provisions arise out of Deutsche Bank s U.S. residential mortgage loan business. From 2005 through 2008, as part of this business, Deutsche Bank sold approximately U.S. $ 84 billion of private label securities and U.S. $ 71 billion of loans through whole loan sales. Deutsche Bank has been presented with demands to repurchase loans from or to indemnify purchasers, investors or financial insurers with respect to losses allegedly caused by material breaches of representations and warranties. Deutsche Bank s general practice is to process valid repurchase demands that are presented in compliance with contractual rights and applicable statutes of limitations.

As of December 31, 2014, Deutsche Bank has approximately U.S.$ 4.8 billion of mortgage repurchase demands outstanding and not subject to agreements to rescind (based on original principal balance of the loans). These demands consist primarily of demands made in respect of private label securitizations by the trustees or servicers thereof. Against these outstanding demands, Deutsche Bank recorded provisions of U.S.$ 813 million (669 million) as of December 31, 2014. Deutsche Bank is the beneficiary of indemnity agreements from the originators or sellers of certain of the mortgage loans subject to these demands, with respect to which Deutsche Bank has recognized receivables in 2014 of U.S.$ 359 million (295 million) as of December 31, 2014. The net provisions against these demands following deduction of such receivables were U.S.$ 454 million (374 million) as of December 31, 2014. No such indemnity receivables were recognized for prior years.

As of December 31, 2014, Deutsche Bank has completed repurchases, obtained agreements to rescind or otherwise settled claims on loans with an original principal balance of approximately U.S. $ 5.3 billion. In connection with those repurchases, agreements and settlements, Deutsche Bank has obtained releases for potential claims on approximately U.S. $ 72.9 billion of loans sold by Deutsche Bank as described above.

Deutsche Bank has entered into agreements with certain entities that have threatened to assert mortgage loan repurchase demands against Deutsche Bank to toll the relevant statutes of limitations. It is possible that these potential demands may have a material impact on Deutsche Bank.

Deutsche Bank anticipates that additional mortgage repurchase demands may be made in respect of mortgage loans that it has sold, but cannot reliably estimate their timing or amount, which can be influenced by, among other things, court decisions on when the statute of limitations on breaches of representations and warranties accrues including in an appeal pending before the New York Court of Appeal with respect to a residential mortgage-backed security issued by Deutsche Bank. Deutsche Bank did not act as servicer for the loans sold to third parties as whole loans (which constitute almost half of all U.S. residential mortgage loans sold from 2005 through 2008) and, once sold, Deutsche Bank ceased to have access to information about their performance. While loan performance is publicly available on the mortgage loans that Deutsche Bank securitized, no direct correlation has been observed between their performance and repurchase demands received. Demands have been received on loans that have defaulted, as well as loans that are current and loans that have been repaid in full.

Other provisions include several specific items arising from a variety of different circumstances, including the provision for the reimbursement of loan processing fees, deferred sales commissions, the provision for the United Kingdom bank levy and a provision under the credit card business cooperation of Deutsche Bank and Hua Xia Bank (see Note 38 Related Party Transactions).

29 Provisions

Contingent Liabilities

Contingent liabilities can arise from present obligations and from possible obligations arising from past events. The Group recognizes a provision for potential loss only when there is a present obligation arising from a past event that is probable to result in an economic outflow and that can be reliably estimated. For significant contingent liabilities for which the possibility of a future loss is more than remote but less than probable, the Group estimates the possible loss where the Group believes that an estimate can be made.

The Group operates in a legal and regulatory environment that exposes it to significant litigation risks. As a result, the Group is involved in litigation, arbitration and regulatory proceedings and investigations in Germany and in a number of jurisdictions outside Germany, including the United States, arising in the ordinary course of business. The legal and regulatory claims for which the Group has taken material provisions or for which there are material contingent liabilities that are more than remote are described below; similar matters are grouped together and some matters consist of a number of claims. The estimated loss in respect of each, where such an estimate can be made, has not been disclosed for individual matters because the Group has concluded that such disclosure can be expected to seriously prejudice their outcome. Where a provision has been taken for a particular claim, no contingent liability is recorded.

In determining for which of the claims the possibility of a loss is more than remote, and then estimating the possible loss for those claims, the Group takes into consideration a number of factors, including but not limited to the nature of the claim and its underlying facts, the procedural posture and litigation history of each case, rulings by the courts or tribunals, the Group s experience and the experience of others in similar cases (to the extent this is known to the Group), prior settlement discussions, settlements by others in similar cases (to the extent this is known to the Group), available indemnities and the opinions and views of legal counsel and other experts. There are other disclosed matters for which the possibility of a loss is more than remote but for which such an estimate cannot be made. For the Bank s significant matters where an estimate can be made, the Group currently estimates that, as of December 31, 2014, the aggregate future loss of which the possibility is more than remote but less than probable is approximately 2.0 billion (December 31, 2013: 1.5 billion). This figure includes contingent liabilities on matters where the Group s potential liability is joint and several and where the Group expects any such liability to be paid by a third party.

This estimated possible loss, as well as any provisions taken, is based upon currently available information and is subject to significant judgment and a variety of assumptions, variables and known and unknown uncertainties. These uncertainties may include inaccuracies in or incompleteness of the information available to the Group, particularly at the preliminary stages of matters, and assumptions by the Group as to future rulings of courts or other tribunals or the likely actions or positions taken by regulators or adversaries may prove incorrect. Moreover, estimates of possible loss for these matters are often not amenable to the use of statistical or other quantitative analytical tools frequently used in making judgments and estimates, and are subject to even greater degrees of uncertainty than in many other areas where the Group must exercise judgment and make estimates.

The matters for which the Group determines that the possibility of a future loss is more than remote will change from time to time, as will the matters as to which an estimate can be made and the estimated possible loss for such matters. Actual results may prove to be significantly higher or lower than the estimate of possible loss in those matters where such an estimate was made. In addition, loss may be incurred in matters with respect to which the Group believed the likelihood of loss was remote. In particular, the estimated aggregate possible loss does not represent the Group s potential maximum loss exposure for those matters.

The Group may settle litigation or regulatory proceedings or investigations prior to a final judgment or determination of liability. It may do so to avoid the cost, management efforts or negative business, regulatory or reputational consequences of continuing to contest liability, even when the Group believes it has valid defenses to liability. It may also do so when the potential consequences of failing to prevail would be disproportionate to the costs of settlement. Furthermore, the Group may, for similar reasons, reimburse counterparties for their losses even in situations where it does not believe that it is legally compelled to do so.

29 Provisions

Current Individual Proceedings

Credit Default Swap Antitrust Matters. On July 1, 2013, the European Commission (EC) issued a Statement of Objections (the SO) against Deutsche Bank, Markit Group Limited (Markit), the International Swaps and Derivatives Association, Inc. (ISDA), and twelve other banks alleging anti-competitive conduct under Article 101 of the Treaty on the Functioning of the European Union (TFEU) and Article 53 of the European Economic Area Agreement (the EEA Agreement). The SO sets forth preliminary conclusions of the EC that (i) attempts by certain entities to engage in exchange trading of unfunded credit derivatives were foreclosed by improper collective action in the period from 2006 through 2009, and (ii) the conduct of Markit, ISDA, Deutsche Bank and the twelve other banks constituted a single and continuous infringement of Article 101 of the TFEU and Article 53 of the EEA Agreement. If the EC finally concludes that infringement occurred, it may seek to impose fines and other remedial measures on Deutsche Bank, Markit, ISDA and the twelve other banks. Deutsche Bank filed a response contesting the EC s preliminary conclusions in January 2014. Deutsche Bank and other SO addressees presented orally the key elements of their responses at an oral hearing in May 2014. Following the oral hearing, the EC announced its intention to carry out a further investigation of the facts.

Antitrust Litigation regarding Credit Default Swaps. A multi-district civil class action is currently pending in the United States District Court for the Southern District of New York against Deutsche Bank and numerous other credit default swap (CDS) dealer banks, as well as Markit and ISDA. Plaintiffs filed a second consolidated amended class action complaint on April 11, 2014 alleging that the banks conspired with Markit and ISDA to prevent the establishment of exchange-traded CDS, with the effect of raising prices for over-the-counter CDS transactions. Plaintiffs seek to represent a class of individuals and entities located in the United States or abroad who, during a period from January 1, 2008 through December 31, 2013, directly purchased CDS from or directly sold CDS to the dealer defendants in the United States. Defendants moved to dismiss the second consolidated amended class action complaint on May 23, 2014. On September 4, 2014, the court granted in part and denied in part the motion to dismiss. Discovery on plaintiffs remaining claims is ongoing.

Credit Correlation. Certain regulatory authorities are investigating Deutsche Bank s bespoke credit correlation trading book and certain risks within that book, during the credit crisis. Issues being examined include the methodology used to value positions in the book as well as the robustness of controls governing the application of valuation methodologies. Deutsche Bank has been in discussions with the SEC staff regarding the resolution of its investigation in this matter. There can be no assurance that such a resolution will be achieved.

Esch Funds Litigation. Sal. Oppenheim jr. & Cie. AG & Co. KGaA (Sal. Oppenheim) was prior to its acquisition by Deutsche Bank in 2010 involved in the marketing and financing of participations in closed end real estate funds. These funds were structured as Civil Law Partnerships under German law. Usually, Josef Esch Fonds-Project GmbH performed the planning and project development. Sal. Oppenheim held an indirect interest in this company via a joint-venture. In relation to this business a number of civil claims have been filed against Sal. Oppenheim. Some but not all of these claims are also directed against former managing partners of Sal. Oppenheim and other individuals. The claims brought against Sal. Oppenheim relate to investments of originally approximately 1.1 billion. The investors are seeking to unwind their fund participation and to be indemnified against potential losses and debt related to the investment. The claims are based in part on an alleged failure of Sal. Oppenheim to provide adequate information on related risks and other material aspects important for the investors decision. Based on the facts of the individual cases, some courts decided in favor and some against Sal. Oppenheim. Appeals are pending.

FX Investigations and Litigations. Deutsche Bank has received requests for information from certain regulatory and law enforcement agencies globally who are investigating trading, and various other aspects, of the foreign exchange market. The Bank is cooperating with these investigations. Relatedly, Deutsche Bank is conducting its own internal global review of foreign exchange trading and other aspects of its foreign exchange business. In connection with this review, the Bank has taken, and will continue to take, disciplinary action with regards to individuals if merited. Deutsche Bank has also been named as a defendant in three putative class actions two involving non-U.S. plaintiffs and one involving U.S. plaintiffs brought in the United States District Court for the Southern District of New York alleging antitrust claims relating to the alleged manipulation of foreign ex-

change rates. On January 28, 2015, the federal judge overseeing the class actions granted the motion to dismiss with prejudice in the two actions involving non-U.S. plaintiffs while denying the motion to dismiss in the action involving U.S. plaintiffs.

High Frequency Trading/Dark Pool Trading. Deutsche Bank has received requests for information from certain regulatory authorities related to high frequency trading and the operation of Deutsche Bank s alternative trading system (ATS or Dark Pool), SuperX. The Bank is cooperating with these requests. Deutsche Bank was initially named as a defendant in putative class action complaints alleging violations of U.S. securities laws related to high frequency trading, but in their consolidated amended complaint filed September 2, 2014, the plaintiffs did not include Deutsche Bank as a defendant.

Interbank Offered Rates Matters. Deutsche Bank has received subpoenas and requests for information from various regulatory and law enforcement agencies in Europe, North America and Asia/Pacific in connection with industry-wide investigations concerning the setting of London Interbank Offered Rate (LIBOR), Euro Interbank Offered Rate (EURIBOR), Tokyo Interbank Offered Rate (TIBOR) and other interbank offered rates. Deutsche Bank is cooperating with these investigations.

As previously reported, Deutsche Bank reached a settlement with the European Commission on December 4, 2013 as part of a collective settlement to resolve the European Commission s investigations in relation to anticompetitive conduct in the trading of Euro interest rate derivatives and Yen interest rate derivatives. Under the terms of the settlement agreement, Deutsche Bank agreed to pay 725 million in total. Deutsche Bank nonetheless remains exposed to civil litigation and further regulatory action relating to these benchmarks.

Deutsche Bank has been informed by certain of the authorities investigating these matters that proceedings against Deutsche Bank will be recommended with respect to some aspects of the matters under investigation, and Deutsche Bank is engaged in discussions with those authorities about potential resolution of those investigations.

In the period from mid-2012 to autumn 2014, five financial institutions entered into settlements with the U.K. Financial Conduct Authority (formerly the Financial Services Authority), U.S. Commodity Futures Trading Commission, U.S. Department of Justice (DOJ), and other regulators. While the terms of the various settlements differed, they all involved significant financial penalties and regulatory consequences. For example, three financial institutions settlements included a Deferred Prosecution Agreement, pursuant to which the DOJ agreed to defer prosecution of criminal charges against the applicable entity provided that the financial institution satisfies the terms of the Deferred Prosecution Agreement. The terms of the other two financial institutions settlements included Non-Prosecution Agreements, pursuant to which the DOJ agreed not to file criminal charges against the entities so long as certain conditions are met. In addition, affiliates of two of the financial institutions agreed to plead guilty to a crime in a United States court for related conduct.

A number of civil actions, including putative class actions, are pending in federal court in the United States District Court for the Southern District of New York (SDNY) against Deutsche Bank and numerous other banks. All but two of these actions were filed on behalf of parties who allege that they held or transacted in U.S. dollar LIBOR-based derivatives or other financial instruments and sustained losses as a result of purported collusion or manipulation by the defendants relating to the setting of U.S. dollar LIBOR. With one exception, all of the civil actions pending in the SDNY concerning U.S. dollar LIBOR are being coordinated as part of a multidistrict litigation (U.S. dollar LIBOR MDL). In March 2013, the court dismissed the federal and state antitrust claims, claims asserted under the Racketeer Influenced and Corrupt Organizations Act (RICO) and certain state law claims that had been asserted in six amended complaints. Plaintiffs representing a putative class of bondholders are currently pursuing an appeal from the dismissal of their sole claim (a federal antitrust claim) from the U.S. dollar LIBOR MDL to the United States Court of Appeals for the Second Circuit, following a decision by the United States Supreme Court permitting them to pursue an appeal at this time. The District Court has also granted applications made by other plaintiffs in the U.S. dollar LIBOR MDL whose federal antitrust claims were dismissed by the District Court, or whose cases were stayed by the District Court pending the outcome of the bondholder plaintiffs appeal to the Supreme Court, to pursue immediate appeals to the Second Circuit on their federal antitrust claims. (The Second Circuit has denied a request by a separate group of plaintiffs to reinstate their appeal, which was initially dismissed by the Second Circuit as untimely in 2013. That group of plaintiffs has now filed a new notice of appeal.) Additional complaints relating to the alleged manipulation of U.S. dollar LIBOR have been filed in, removed to, or transferred to the SDNY and are being coordinated as part of the U.S. dollar LIBOR MDL. The court issued a decision in June 2014 permitting plaintiffs to proceed with certain claims under the Commodity Exchange Act (CEA), as well as certain state law contract and unjust enrichment claims. Various plaintiffs proceeding in their individual capacities (i.e., non-class actions) have filed amended complaints, and the parties have briefed motions to dismiss. Plaintiffs representing putative classes of homeowners and lenders have also filed amended complaints, and the parties are briefing motions to dismiss. The Bank has also filed motions to dismiss complaints for lack of personal jurisdiction filed by putative classes of plaintiffs who allegedly transacted in over-the-counter financial instruments referencing U.S. dollar LIBOR and plaintiffs who allegedly transacted in exchange-traded financial instruments referencing U.S. dollar LIBOR. An additional action concerning U.S. dollar LIBOR is independently pending in the SDNY and is subject to pending motions to dismiss. Finally, the Bank has also been named as a defendant in a civil action pending in the Central District of California concerning U.S. dollar LIBOR. The court has granted the Bank s motion to dismiss for lack of personal jurisdiction and has dismissed the claims asserted against the other defendants in the case as well. The plaintiff has filed a notice of appeal seeking review by the United States Court of Appeals for the Ninth Circuit.

A putative class action was filed against Deutsche Bank and other banks concerning the alleged manipulation of Yen LIBOR and Euroyen TIBOR. On March 28, 2014, the SDNY court granted defendants motions to dismiss claims asserted under U.S. federal antitrust laws and for unjust enrichment, but denied defendants motions as to certain claims asserted under the CEA. Motions to dismiss the case for lack of personal jurisdiction filed by Deutsche Bank and certain other foreign defendants are pending and discovery is stayed through April 7, 2015. Deutsche Bank is also a defendant in a putative class action concerning the alleged manipulation of EURIBOR. The court granted a motion to stay discovery through May 12, 2015. Defendants time to respond to that complaint has been stayed pending amendments to the complaint. Claims for damages in these cases have been asserted under various legal theories, including violations of the CEA, federal and state antitrust laws, RICO, and other federal and state laws.

Kirch. The public prosecutor s office in Munich has conducted and is currently conducting criminal investigations in connection with the Kirch case with regard to former Management Board members as well as the current Management Board members Juergen Fitschen and Dr. Stephan Leithner. The Kirch case involved several civil proceedings between Deutsche Bank AG and Dr. Leo Kirch as well as media companies controlled by him. The key issue was whether an interview given by Dr. Rolf Breuer, then Spokesman of Deutsche Bank s Management Board, in 2002 with Bloomberg television, during which Dr. Breuer commented on Dr. Kirch s (and his companies) inability to obtain financing, caused the insolvency of the Kirch companies. In February 2014, Deutsche Bank and the Kirch heirs reached a comprehensive settlement, which has ended all legal disputes between them.

The investigation involving current Management Board member Juergen Fitschen and several former Management Board members has been concluded. At the beginning of August 2014, an indictment was filed with the District Court of Munich against Mr. Fitschen and such former Management Board members. The public prosecutor has applied for the court to order Deutsche Bank s secondary participation in the proceedings in regard to a potential regulatory offence pursuant to Section 30 of the German Regulatory Offences Act. The indictment was served to the former Management Board members, Mr. Fitschen and Deutsche Bank AG in September 2014. On March 2, 2015, the District Court of Munich admitted the indictment and opened the trial against all accused. The court also ordered the secondary participation of Deutsche Bank AG.

The investigation involving current Management Board member Dr. Stephan Leithner is ongoing.

The allegations of the public prosecutors are that the two current Management Board members failed to correct in a timely manner factual statements made by Deutsche Bank s litigation counsel in submissions filed in a civil case between Kirch and Deutsche Bank AG before the Munich Higher Regional Court and the Federal Court of Justice, after allegedly having become aware that such statements were not correct. Under German law, a party in a civil litigation is under a statutory duty to make sure all factual statements made by it in court are accurate. The investigation of Dr. Leithner and the indictment of Mr. Fitschen are based on the allegation that (unlike the other current Management Board members of the Bank) they had special knowledge or responsibility in relation to the Kirch case. The indictment regarding former Management Board members is based on the allegation that such former Management Board members gave incorrect testimony to the Munich Higher Regional Court.

The Supervisory Board and the Management Board of the Bank have obtained opinions from an international law firm and a retired president of one of the leading courts of appeal in Germany to the effect that there is no basis for the accusation of criminal wrongdoing made by the public prosecutors against Mr. Fitschen and Dr. Leithner. Deutsche Bank is fully cooperating with the Munich public prosecutor s office.

KOSPI Index Unwind Matters. Following the decline of the Korea Composite Stock Price Index 200 (KOSPI 200) in the closing auction on November 11, 2010 by approximately 2.7 %, the Korean Financial Supervisory Service (FSS) commenced an investigation and expressed concerns that the fall in the KOSPI 200 was attributable to a sale by Deutsche Bank of a basket of stocks, worth approximately 1.6 billion, that was held as part of an index arbitrage position on the KOSPI 200. On February 23, 2011, the Korean Financial Services Commission, which oversees the work of the FSS, reviewed the FSS findings and recommendations and resolved to take the following actions: (i) to file a criminal complaint to the Korean Prosecutor s Office for alleged market manipulation against five employees of the Deutsche Bank group and Deutsche Bank s subsidiary Deutsche Securities Korea Co. (DSK) for vicarious liability; and (ii) to impose a suspension of six months, commencing April 1, 2011 and ending September 30, 2011, of DSK s business for proprietary trading of cash equities and listed derivatives and DMA (direct market access) cash equities trading, and the requirement that DSK suspend the employment of one named employee for six months. There was an exemption to the business suspension which permitted DSK to continue acting as liquidity provider for existing derivatives linked securities. On August 19, 2011, the Korean Prosecutor s Office announced its decision to indict DSK and four employees of the Deutsche Bank group on charges of spot/futures linked market manipulation. The criminal trial commenced in January 2012. A verdict in respect of DSK and one of the four indicted employees may be delivered during 2015. In addition, a number of civil actions have been filed in Korean courts against Deutsche Bank and DSK by certain parties who allege they incurred losses as a consequence of the fall in the KOSPI 200 on November 11, 2010. The claimants are seeking damages with an aggregate claim amount of approximately 250 million (at present exchange rates) plus interest and costs. These litigations are at various stages of proceedings, with verdicts in some actions possible during 2015.

Mortgage-Related and Asset-Backed Securities Matters and Investigation. Deutsche Bank, along with certain affiliates (collectively referred in these paragraphs to as Deutsche Bank), have received subpoenas and requests for information from certain regulators and government entities, including members of the Residential Mortgage-Backed Securities Working Group of the U.S. Financial Fraud Enforcement Task Force, concerning its activities regarding the origination, purchase, securitization, sale and/or trading of mortgage loans, residential mortgage-backed securities (RMBS), commercial mortgage-backed securities (CMBS), collateralized debt obligations, other asset-backed securities and credit derivatives. Deutsche Bank is cooperating fully in response to those subpoenas and requests for information.

Deutsche Bank has been named as a defendant in a civil action brought by the Commonwealth of Virginia asserting claims for fraud and breach of the Virginia Fraud Against Taxpayers Act as a result of purchases by the Virginia Retirement System (VRS) of RMBS issued or underwritten by Deutsche Bank. Deutsche Bank is one of thirteen financial institutions named as defendants. The complaint alleges damages of $1.15 billion in the aggregate against all defendants but does not specify the damages sought from each defendant. The action was originally filed under seal by a private party and was unsealed on September 16, 2014, after the Attorney General for Virginia decided to intervene in the action. The case is in the early stages, and Deutsche Bank is contesting VRS s assertion that the Virginia state court can exercise personal jurisdiction over it.

Deutsche Bank has been named as defendant in numerous other civil litigations in connection with its various roles, including issuer or underwriter, in offerings of RMBS and other asset-backed securities. These cases, described below, include putative class action suits, actions by individual purchasers of securities and actions by trustees on behalf of RMBS trusts. Although the allegations vary by lawsuit, these cases generally allege that the RMBS offering documents contained material misrepresentations and omissions, including with regard to the underwriting standards pursuant to which the underlying mortgage loans were issued, or assert that various representations or warranties relating to the loans were breached at the time of origination.

Deutsche Bank is a defendant in putative class actions relating to its role, along with other financial institutions, as underwriter of RMBS issued by IndyMac MBS, Inc. On September 8, 2014, Deutsche Bank, certain other financial institution defendants and lead plaintiffs executed a stipulation to settle the action. On September 30, 2014, the court issued an order certifying the class for settlement and approving notice to the class. On February 23, 2015, the court issued an order approving the settlement and dismissing the action. Under the settlement, all settling defendants paid a total of $ 340 million. Deutsche Bank s portion of the settlement is not material to it.

Deutsche Bank is a defendant in a putative class action relating to its role, along with other financial institutions, as underwriter of RMBS issued by Novastar Mortgage Corporation. On February 4, 2015, the court issued an order vacating its prior decision that had dismissed five of six RMBS offerings from the case. The court ordered the plaintiffs to amend the operative complaint to include the previously dismissed offerings. Discovery in the action, which had been stayed while the plaintiffs motion had been pending, will now resume.

On December 18, 2013, the United States District Court for the Southern District of New York dismissed the claims against Deutsche Bank in a putative class action relating to RMBS issued by Residential Accredit Loans, Inc. and its affiliates.

Deutsche Bank is a defendant in various non-class action lawsuits and arbitrations by alleged purchasers of, and counterparties involved in transactions relating to, RMBS, and their affiliates, including Aozora Bank, Ltd., Commerzbank AG, the Federal Deposit Insurance Corporation (as conservator for Colonial Bank, Franklin Bank S.S.B., Guaranty Bank, Citizens National Bank and Strategic Capital Bank), the Federal Home Loan Bank of Boston, the Federal Home Loan Bank of San Francisco, the Federal Home Loan Bank of Seattle, HSBC Bank USA, National Association (as trustee for certain RMBS trusts), Knights of Columbus, Mass Mutual Life Insurance Company, Phoenix Light SF Limited (as purported assignee of claims of special purpose vehicles created and/or managed by WestLB AG), Royal Park Investments (as purported assignee of claims of a special-purpose vehicle created to acquire certain assets of Fortis Bank), Sealink Funding Ltd. (as purported assignee of claims of special purpose vehicles created and/or managed by Sachsen Landesbank and its subsidiaries), Texas County & District Retirement System and The Charles Schwab Corporation.

On November 17, 2014, pursuant to confidential settlement agreements executed on November 6, 2014, Assured Guaranty Municipal Corporation dismissed with prejudice the action it had filed against Deutsche Bank and Deutsche Bank dismissed with prejudice the third-party claims it had filed in that action against Greenpoint Mortgage Funding, Inc. The net financial impact of the settlements was not material to Deutsche Bank.

On December 15, 2014, pursuant to a confidential settlement agreement executed on December 9, 2014, Landesbank Baden-Württemberg dismissed with prejudice the action it had filed against Deutsche Bank. The financial terms of the settlement are not material to Deutsche Bank.

On December 18, 2014, a stipulation was filed dismissing with prejudice claims brought against Deutsche Bank by Mass Mutual Life Insurance Company relating to offerings issued by entities affiliated with Countrywide. Deutsche Bank s understanding is that the dismissal with respect to these offerings was pursuant to a

confidential settlement agreement to which Deutsche Bank was not a party. Deutsche Bank remains a defendant in separate litigation brought by Mass Mutual Life Insurance Company relating to certificates not issued by entities affiliated with Countrywide.

On January 14, 2015, the court granted Deutsche Bank s motion to dismiss the action brought against it by Aozora Bank, Ltd., relating to a collateralized debt obligation identified as Blue Edge ABS CDO Ltd. On February 17, 2015, Aozora Bank, Ltd. filed a motion to reargue, or, in the alternative, to file an amended complaint. Deutsche Bank has opposed the motion. Deutsche Bank also is a defendant, along with UBS AG and affiliates, in an action brought by Aozora Bank relating to a collateralized debt obligation identified as Brooklyn Structured Finance CDO, Ltd., in which a motion to dismiss currently is pending before the court.

Pursuant to a confidential settlement agreement dated January 15, 2015, John Hancock Life Insurance Company (U.S.A.) and affiliates agreed to dismiss with prejudice the action they had filed against Deutsche Bank. The financial terms of the settlement are not material to Deutsche Bank.

On January 22, 2015, pursuant to a confidential settlement agreement with Deutsche Bank dated January 14, 2015, the Federal Home Loan Bank of San Francisco dismissed with prejudice claims that it had filed against Deutsche Bank relating to seven RMBS offerings.

On January 26, 2015, pursuant to a confidential agreement between the Federal Home Loan Bank of San Francisco and Countrywide, the Federal Home Loan Bank of San Francisco entered an order dismissing with prejudice claims brought against Deutsche Bank by the Federal Home Loan Bank of San Francisco relating to 15 offerings issued by entities affiliated with Countrywide. Deutsche Bank s understanding is that the dismissal with respect to these 15 offerings was pursuant to a confidential settlement agreement to which Deutsche Bank was not a party. Deutsche Bank remains a defendant in the case with respect to one RMBS offering and two offerings described as resecuritizations of RMBS certificates. The case is in discovery.

Deutsche Bank and Monarch Alternative Capital LP and certain of its advisory clients and managed investments vehicles (Monarch) reached an agreement on December 18, 2014 to propose a settlement agreement to HSBC Bank USA, National Association (HSBC) to resolve litigation relating to three RMBS trusts. Pursuant to the agreement with Monarch, Monarch requested that HSBC conduct a vote of certificateholders for each of the trusts with respect to the approval or rejection of the proposed settlements. HSBC has notified the relevant certificateholders of the proposed settlement agreements and that it is currently undertaking a review of the proposed agreements and intends to issue future notices to certificateholders regarding the proposed agreements shortly. In the event one or more of the settlements are completed, a substantial portion of the settlement funds paid by Deutsche Bank would be reimbursed by a non-party to the litigation. The net economic impact of the settlements is not material to Deutsche Bank.

In the actions against Deutsche Bank solely as an underwriter of other issuers RMBS offerings, Deutsche Bank has contractual rights to indemnification from the issuers, but those indemnity rights may in whole or in part prove effectively unenforceable where the issuers are now or may in the future be in bankruptcy or otherwise defunct.

Deutsche Bank has entered into agreements with certain entities that have threatened to assert claims against Deutsche Bank in connection with various RMBS offerings and other related products to toll the relevant statutes of limitations. It is possible that these potential claims may have a material impact on Deutsche Bank. In addition, Deutsche Bank has entered into settlement agreements with some of these entities, the financial terms of which are not material to Deutsche Bank.

Deutsche Bank National Trust Company (DBNTC) and Deutsche Bank Trust Company Americas (DBTCA) have been sued by investors in civil litigation concerning their roles as trustees of certain RMBS trusts. On June 18, 2014, a group of investors filed a civil action against DBNTC and DBTCA in New York State Supreme Court purportedly on behalf of and for the benefit of 544 private-label RMBS trusts asserting claims for alleged

violations of the Trust Indenture Act of 1939 (TIA), breach of contract, breach of fiduciary duty and negligence based on DBNTC and DBTCA s alleged failure to perform their duties as trustees for the trusts. Plaintiffs have since dismissed their state court complaint and refiled an amended complaint in the U.S. District Court for the Southern District of New York. On June 18, 2014, Royal Park Investments SA/NV filed a purported class action on behalf of investors in 10 RMBS trusts against DBNTC in the U.S. District Court for the Southern District of New York asserting claims for alleged violations of the TIA, breach of contract and breach of trust based on DBNTC s alleged failure to perform its duties as trustee for the trusts. DBNTC has moved to dismiss the complaint. On November 7, 2014, the National Credit Union Administration Board, as an investor in 121 RMBS trusts, filed a lawsuit in the U.S. District Court for the Southern District of New York against DBNTC as trustee of those trusts, alleging violations of the TIA and the New York Streit Act for DBNTC s alleged failure to perform certain purported statutory and contractual duties. On December 23, 2014, certain CDOs that hold RMBS certificates issued by 21 RMBS trusts filed a complaint in the U.S. District Court for the Southern District of New York against DBNTC as trustee of the trusts, asserting claims for violation of the TIA and the Streit Act, breach of contract, breach of fiduciary duty, negligence, gross negligence, and negligent misrepresentation, based on DBNTC s alleged failure to perform its duties as trustee for the trusts.

Precious Metals Investigations and Litigations. Deutsche Bank has received requests for information from certain regulatory and law enforcement authorities who are investigating trading, and various other aspects of, precious metals. The Bank is cooperating with these investigations. Relatedly, Deutsche Bank has been conducting its own internal review of precious metals trading and other aspects of its precious metals business. Deutsche Bank is also named as a defendant in several putative class action complaints pending in the United States District Court for the Southern District of New York alleging violations of U.S. antitrust law and the U.S. Commodity Exchange Act related to the alleged manipulation of gold and silver prices through participation in the Gold and Silver Fixes.

Referral Hiring Practices Investigations. Certain regulators are investigating, among other things, Deutsche Bank s compliance with the Foreign Corrupt Practices Act and other laws with respect to the Bank s hiring practices related to candidates referred by clients, potential clients and government officials, and its engagement of consultants in the Asia/Pacific region. Deutsche Bank is responding to and continuing to cooperate with these investigations.

U.S. Embargoes-Related Matters. Deutsche Bank has received requests for information from certain regulatory and law enforcement agencies concerning its historical processing of U.S. dollar payment orders through U.S. financial institutions for parties from countries subject to U.S. embargo laws. These agencies are investigating whether such processing complied with U.S. federal and state laws. In 2006, Deutsche Bank voluntarily decided that it would not engage in new U.S. dollar business with counterparties in Iran, Sudan, North Korea and Cuba and with certain Syrian banks, and to exit existing U.S. dollar business with such counterparties to the extent legally possible. In 2007, Deutsche Bank decided that it would not engage in any new business, in any currency, with counterparties in Iran, Syria, Sudan and North Korea and to exit existing business, in any currency, with such counterparties to the extent legally possible; it also decided to limit its non-U.S. dollar business with counterparties in Cuba. Deutsche Bank is providing information to and otherwise cooperating with the investigating agencies.

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Credit related Commitments and Contingent Liabilities

In the normal course of business the Group regularly enters into irrevocable lending commitments, including fronting commitments as well as contingent liabilities consisting of financial and performance guarantees, standby letters of credit and indemnity agreements on behalf of its customers. Under these contracts the Group is required to perform under an obligation agreement or to make payments to the beneficiary based on third party s failure to meet its obligations. For these instruments it is not known to the Group in detail if, when and to what extent claims will be made. In the event that the Group has to pay out cash in respect of its fronting commitments, the Group would immediately seek reimbursement from the other syndicate lenders. The Group considers all the above instruments in monitoring the credit exposure and may require collateral to mitigate inherent credit risk. If the credit risk monitoring provides sufficient perception about a loss from an expected claim, a provision is established and recorded on the balance sheet.

The following table shows the Group s irrevocable lending commitments and lending related contingent liabilities without considering collateral or provisions. It shows the maximum potential utilization of the Group in case all these liabilities entered into must be fulfilled. The table therefore does not show the expected future cash flows from these liabilities as many of them will expire without being drawn and arising claims will be honored by the customers or can be recovered from proceeds of arranged collateral.

Irrevocable lending commitments and lending related contingent liabilities

in m.	Dec 31, 2014	Dec 31, 2013
Irrevocable lending commitments	154,446	137,202[1]
Contingent liabilities	62,087	65,630
Total	**216,533**	**202,832**

[1] In 2014, comparatives have been restated by 10.5 billion to include Fronting Commitments erroneously not included in prior disclosure.

Government Assistance

In the course of its business, the Group regularly applies for and receives government support by means of Export Credit Agency (ECA) guarantees covering transfer and default risks for the financing of exports and investments into Emerging Markets and to a lesser extent, developed markets for Structured Trade & Export Finance and short-/medium-term Trade Finance business. Almost all export-oriented states have established such ECAs to support their domestic exporters. The ECAs act in the name and on behalf of the government of their respective country and are either constituted directly as governmental departments or organized as private companies vested with the official mandate of the government to act on its behalf. Terms and conditions of such ECA guarantees granted for short-term, mid-term and long-term financings are quite comparable due to the fact that most of the ECAs act within the scope of the Organisation for Economic Cooperation and Development (OECD) consensus rules. The OECD consensus rules, an intergovernmental agreement of the OECD member states, define benchmarks intended to ensure that a fair competition between different exporting nations will take place.

In some countries dedicated funding programs with governmental support are offered for ECA-covered financings. On a selective basis, the Group makes use of such programs. In certain financings, the Group also receives government guarantees from national and international governmental institutions as collateral to support financings in the interest of the respective governments. The majority of such ECA guarantees received by the Group were issued either by the Euler-Hermes Kreditversicherungs AG acting on behalf of the Federal Republic of Germany or by the Commodity Credit Corporation acting on behalf of the United States.

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Other Short-Term Borrowings

in m.	Dec 31, 2014	Dec 31, 2013
Other short-term borrowings:		
Commercial paper	14,787	20,852
Other	28,144	38,915
Total other short-term borrowings	**42,931**	**59,767**

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Long-Term Debt and Trust Preferred Securities

Long-Term Debt by Earliest Contractual Maturity

in m.	Due in 2015	Due in 2016	Due in 2017	Due in 2018	Due in 2019	Due after 2019	Total Dec 31, 2014	Total Dec 31, 2013
Senior debt:								
Bonds and notes:								
Fixed rate	15,155	11,887	15,733	6,288	9,344	26,389	84,795	76,953
Floating rate	7,174	6,337	5,131	3,129	6,514	6,365	34,651	26,503
Subordinated debt:								
Bonds and notes:								
Fixed rate	705	500	1	70	28	1,385	2,689	3,022
Floating rate	1,039	0	0	50	20	1,248	2,358	4,557
Other	**1,666**	**5,495**	**1,615**	**2,110**	**1,224**	**8,234**	**20,344**	**22,047**
Total long-term debt	**25,739**	**24,219**	**22,480**	**11,647**	**17,130**	**43,622**	**144,837**	**133,082**

The Group did not have any defaults of principal, interest or other breaches with respect to its liabilities in 2014 and 2013. Trust Preferred Securities[1]

in m.	Dec 31, 2014	Dec 31, 2013
Fixed rate	8,662	8,613

Floating rate	1,912	3,313
Total trust preferred securities	**10,573**	**11,926**

[1] Perpetual instruments, redeemable at specific future dates at the Group s option.

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Maturity Analysis of the earliest contractual undiscounted cash flows of Financial Liabilities

					Dec 31, 2014
in m.	On demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years
Noninterest bearing deposits	160,733	0	0	0	0
Interest bearing deposits	138,030	160,290	51,183	13,855	12,503
Trading liabilities[1]	41,843	0	0	0	0
Negative market values from derivative financial instruments[1]	610,202	0	0	0	0
Financial liabilities designated at fair value through profit or loss	29,752	12,543	4,292	3,947	6,696
Investment contract liabilities[2]	0	91	847	1,586	5,999
Negative market values from derivative financial instruments qualifying for hedge accounting[3]	0	282	636	1,543	2,602
Central bank funds purchased	986	0	0	0	0
Securities sold under repurchase agreements	3,696	4,964	2,007	0	0
Securities loaned	1,961	26	0	0	363
Other short-term borrowings	26,633	8,035	8,832	0	0
Long-term debt	543	6,597	21,983	83,529	51,855
Trust preferred securities	0	4,183	1,396	6,440	251
Other financial liabilities	155,066	4,011	477	372	23
Off-balance sheet loan commitments	139,342	0	0	0	0
Financial guarantees	22,344	0	0	0	0
Total[4]	**1,331,132**	**201,023**	**91,653**	**111,271**	**80,292**

1 Trading liabilities and derivatives not qualifying for hedge accounting balances are recorded at fair value. The Group believes that this best represents the cash flow that would have to be paid if these positions had to be closed out. Trading liabilities and derivatives not qualifying for hedge accounting balances are shown within on demand which Group s management believes most accurately reflects the short-term nature of trading activities. The contractual maturity of the instruments may however extend over significantly longer periods.
2 These are investment contracts where the policy terms and conditions result in their redemption value equaling fair value. See Note 41 Insurance and Investment Contracts for more detail on these contracts.
3 Derivatives designated for hedge accounting are recorded at fair value and are shown in the time bucket at which the hedged relationship is expected to terminate.
4 The balances in the table do not agree to the numbers in the Group s balance sheet as the cash flows included in the table are undiscounted. This analysis represents the worst case scenario for the Group if the Group was required to repay all liabilities earlier than expected. The Group believes that the likelihood of such an event occurring is remote.

					Dec 31, 2013
in m.	On demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years
Noninterest bearing deposits	149,471	0	0	0	0
Interest bearing deposits	140,882	184,274	31,136	14,172	12,282
Trading liabilities[1]	55,804	0	0	0	0
Negative market values from derivative financial instruments[1]	483,428	0	0	0	0
Financial liabilities designated at fair value through profit or loss[2]	50,477	54,198	4,247	6,389	6,240
Investment contract liabilities[3]	0	76	793	1,328	5,871
Negative market values from derivative financial instruments qualifying for hedge accounting[4]	0	20	35	238	323
Central bank funds purchased	2,056	0	400	0	0
Securities sold under repurchase agreements	6,485	4,630	645	0	0
Securities loaned	2,081	39	0	0	207
Other short-term borrowings	36,694	16,211	6,874	0	0
Long-term debt	840	16,663	16,713	67,325	50,105
Trust preferred securities	0	4,595	1,176	7,860	237
Other financial liabilities	131,998	3,946	669	722	107
Off-balance sheet loan commitments[5]	114,617	0	0	0	0
Financial guarantees	20,605	0	0	0	0
Total[6]	**1,195,438**	**284,650**	**62,688**	**98,034**	**75,373**

1 Trading liabilities and derivatives not qualifying for hedge accounting balances are recorded at fair value. The Group believes that this best represents the cash flow that would have to be paid if these positions had to be closed out. Trading liabilities and derivatives not qualifying for hedge accounting balances are shown within on demand which Group s management believes most accurately reflects the short-term nature of trading activities. The contractual maturity of the instruments may however extend over significantly longer periods.
2 In 2014, comparatives have been restated by 1.4 billion, as the book values were erroneously utilised instead of the required notional amounts.
3 These are investment contracts where the policy terms and conditions result in their redemption value equalling fair value. See Note 41 Insurance and Investment Contracts for more detail on these contracts.
4

Derivatives designated for hedge accounting are recorded at fair value and are shown in the time bucket at which the hedged relationship is expected to terminate.

5 In 2014, comparatives have been restated by 10.5 billion to include Fronting Commitments erroneously not included in prior disclosure.

6 The balances in the table do not agree to the numbers in the Group s balance sheet as the cash flows included in the table are undiscounted. This analysis represents the worst case scenario for the Group if the Group was required to repay all liabilities earlier than expected. The Group believes that the likelihood of such an event occurring is remote.

Additional Notes

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Common Shares

Common Shares

Deutsche Bank s share capital consists of common shares issued in registered form without par value. Under German law, each share represents an equal stake in the subscribed capital. Therefore, each share has a nominal value of 2.56, derived by dividing the total amount of share capital by the number of shares.

Number of shares	Issued and fully paid	Treasury shares	Outstanding
Common shares, January 1, 2013	**929,499,640**	**(315,742)**	**929,183,898**
Shares issued under share-based compensation plans	0	0	0
Capital increase	90,000,000	0	90,000,000
Shares purchased for treasury	0	(396,958,039)	(396,958,039)
Shares sold or distributed from treasury	0	397,101,877	397,101,877
Common shares, December 31, 2013	**1,019,499,640**	**(171,904)**	**1,019,327,736**
Shares issued under share-based compensation plans	0	0	0
Capital increase	359,773,491	0	359,773,491
Shares purchased for treasury	0	(310,846,161)	(310,846,161)
Shares sold or distributed from treasury	0	310,757,883	310,757,883
Common shares, December 31, 2014	**1,379,273,131**	**(260,182)**	**1,379,012,949**

There are no issued ordinary shares that have not been fully paid.

Shares purchased for treasury consist of shares held by the Group for a period of time, as well as any shares purchased with the intention of being resold in the short-term. In addition, the Group has bought back shares for equity compensation purposes. All such transactions were recorded in shareholders equity and no revenues and expenses were recorded in connection with these activities. Treasury stock held as of year-end will mainly be used for future share-based compensation.

On June 5, 2014, Deutsche Bank AG issued 59.9 million new common shares at 29.20 per share, resulting in total proceeds of 1.7 billion. The shares were issued with full dividend rights for the year 2014 from authorized capital and without pre-emptive rights. The shares were placed with Paramount Services Holdings Ltd.

On June 25, 2014, Deutsche Bank AG completed a capital increase from authorized capital against cash contributions through a public offering with subscription rights. In total, 299.8 million new common shares were issued, resulting in total proceeds of 6.8 billion. The shares were issued with full dividend rights for the year 2014. 99.1 % of the subscription rights were exercised and thus 297.1 million new shares were issued at the subscription price of 22.50 per share. The remaining 2.8 million new shares were sold in the market at an average price of

26.58 per share.

The transaction costs related to these capital increases that were directly recorded in equity amounted to 0.1 billion after tax.

Authorized Capital

The Management Board is authorized to increase the share capital by issuing new shares for cash and in some circumstances noncash consideration. As of December 31, 2014, Deutsche Bank AG had authorized but unissued capital of 256,579,863 which may be issued in whole or in part until April 30, 2019. Further details are governed by Section 4 of the Articles of Association.

Authorized capital	Consideration	Pre-emptive rights	Expiration date
579,863	Cash or noncash	May be excluded if the capital increase is for noncash consideration with the intent of acquiring a company or holdings in a company and may be excluded pursuant to Section 186 (3) sentence 4 of the Stock Corporation Act	April 30, 2018
256,000,000	Cash or noncash	May be excluded if the capital increase is for noncash consideration with the intent of acquiring a company or holdings in a company and may be excluded pursuant to Section 186 (3) sentence 4 of the Stock Corporation Act	April 30, 2019

Conditional Capital

The Management Board is authorized to issue once or more than once, participatory notes that are linked with conversion rights or option rights and/or convertible bonds and/or bonds with warrants. The participatory notes, convertible bonds or bonds with warrants may also be issued by affiliated companies of Deutsche Bank AG. For this purpose share capital was increased conditionally upon exercise of these conversion and/or exchange rights or upon mandatory conversion.

Contingent capital	Expiration date for the issuance of conversion and/or option rights
230,400,000	April 30, 2017
256,000,000	April 30, 2019

Dividends

The following table presents the amount of dividends proposed or declared for the years ended December 31, 2014, 2013 and 2012, respectively.

	2014 (proposed)	2013	2012
Cash dividends declared (in m!)	1,034	765	764
Cash dividends declared per common share (in)	0.75	0.75	0.75

[1] Cash dividend for 2014 is based on the number of shares issued as of December 31, 2014.

No dividends have been declared since the balance sheet date.

Additional Equity Components

In 2014, Deutsche Bank AG placed two tranches of Additional Tier 1 Notes (the AT1 Notes or Notes) amounting to 4.7 billion.

On May 20, 2014, Deutsche Bank AG placed Additional Tier 1 Notes, amounting to 3.5 billion. Warrants to subscribe a total of 30,250 shares, which had originally been attached to the Notes, were already detached by an initial subscriber.

Additional Tier 1 Notes were also placed on November 19, 2014, amounting to USD 1.5 billion (1.2 billion equivalent). The Notes bear a fixed coupon of 7.50 %, payable annually, until April 30, 2025, the first date at which the Bank can call the Notes.

The AT1 Notes constitute unsecured and subordinated notes of Deutsche Bank. The Notes bear interest on their nominal amount from the issue date to the first call date at a fixed annual rate. Thereafter the interest rate will be reset at five year intervals. The Notes contain features that may require Deutsche Bank and will permit Deutsche Bank in its sole and absolute discretion at all times and for any reason to cancel any payment of interest. If cancelled, interest payments are non-cumulative and will not increase to compensate for any shortfall in interest payments in any previous year. The Notes do not have a maturity date. They are redeemable by Deutsche Bank at its discretion on the respective first call date and at five year intervals thereafter or in other limited circumstances. In each case, the Notes are subject to limitations and conditions as described in the terms and conditions for example, the Notes can be redeemed by Deutsche Bank at its discretion, in whole but not in part, for certain regulatory or taxation reasons. Any redemption is subject to the prior consent of the competent supervisory authority. The redemption amount and the nominal amount of the Notes may be written down upon the occurrence of a trigger event. A trigger event occurs if the Common Equity Tier 1 capital ratio, determined on a consolidated basis falls below 5.125 %. The Notes may also be written up, following a trigger event, subject to meeting certain conditions.

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Employee Benefits

Share-Based Compensation Plans

The Group made grants of share-based compensation under the DB Equity Plan. This plan represents a contingent right to receive Deutsche Bank common shares after a specified period of time. The award recipient is not entitled to receive dividends during the vesting period of the award.

The share awards granted under the terms and conditions of the DB Equity Plan may be forfeited fully or partly if the recipient voluntarily terminates employment before the end of the relevant vesting period. Vesting usually continues after termination of employment in cases such as redundancy or retirement.

In countries where legal or other restrictions hinder the delivery of shares, a cash plan variant of the DB Equity Plan was used for granting awards.

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The following table sets forth the basic terms of these share plans.

Grant year(s)	Deutsch Bank Equity Plan	Vesting schedule	Early retirement provisions	Eligibility
2014/ 2013	Annual Award	1/3: 12 months[1] 1/3: 24 months[1] 1/3: 36 months[1]	Yes	Select employees as annual retention
		Or cliff vesting after 54 months[1]	Yes[2]	Members of Management Board or of Senior Management Group
	Retention/New Hire	Individual specification	Yes	Select employees to attract or retain key staff
	Annual Award Upfront	Vesting immediately at grant[3]	No	Regulated employees
2012/ 2011	Annual Award	1/3: 12 months[4] 1/3: 24 months[4] 1/3: 36 months[4]	Yes	Select employees as annual retention
	Retention/New Hire	Individual specification	Yes	Select employees to attract or retain key staff
	Annual Award Upfront	Vesting immediately at grant[3]	No	Regulated employees
2010	Annual Award	Graded vesting in nine equal tranches between 12 months and 45 months	Yes	Select employees as annual retention
		Or cliff vesting after 54 months	Yes	Select employees as annual retention
	Retention/New Hire	Individual specification	No	Select employees to attract or retain key staff
2009	Annual Award	50 %: 24 months 25 %: 36 months 25 %: 48 months	No	Select employees as annual retention

Retention/New Hire	Individual specification	No	Select employees to attract or retain key staff

[1] For members of the Management Board or of the Senior Management Group and all other regulated employees a further retention period of six months applies.
[2] Early retirement provisions do not apply to members of the Management Board.
[3] For members of the Management Board share delivery after a retention period of three years. For all other regulated employees share delivery after a retention period of six months.
[4] For members of the Management Board a different schedule applies. For all other regulated employees share delivery after a further retention period of six months.

Furthermore, the Group offers a broad-based employee share ownership plan entitled Global Share Purchase Plan (GSPP). The GSPP offers all active employees at participating Deutsche Bank entities the opportunity to purchase Deutsche Bank shares in monthly installments over one year. At the end of the purchase cycle, the bank matches the acquired stock in a ratio of one to one up to a maximum of ten free shares, provided that the employee remains at Deutsche Bank Group for another year. In total, over 20,000 staff from 30 countries enrolled in the sixth cycle that began in November 2014.

The Group has other local share-based compensation plans, none of which, individually or in the aggregate, are material to the consolidated financial statements.

Activity for Share Plans

	Share units (in thousands)	Weighted-average grant date fair value per unit
Balance as of December 31, 2012	**62,499**	**35.25**
Granted	26,250	34.89
Issued	(35,555)	37.37
Forfeited	(1,903)	34.95
Balance as of December 31, 2013	**51,291**	**33.61**
Granted	31,298	31.01
Issued	(28,982)	34.47
Forfeited	(1,158)	32.81
Balance as of December 31, 2014	**52,449**	**31.60**

The table also includes the grants under the cash plan variant of the DB Equity Plan.

Share-based payment transactions resulting in a cash payment give rise to a liability, which amounted to approximately 21 million, 32 million and 44 million for the years ended December 31, 2014, 2013 and 2012, respectively.

As of December 31, 2014, the grant volume of outstanding share awards was approximately 1.7 billion. Thereof, 1.1 billion had been recognized as compensation expense in the reporting year or prior to that. Hence, compensation expense for deferred share-based compensation not yet recognized amounted to 0.6 billion as of December 31, 2014.

In addition to the amounts shown in the table above, approximately 8.3 million shares were issued to plan participants in February 2015, resulting from the vesting of DB Equity Plan awards granted in prior years (thereof 0.3 million units under the cash plan variant of this DB Equity Plan).

Furthermore, in February 2015 the Group granted awards of approximately 30.2 million units, with a grant value of 27.11 per unit under the DB Equity Plan. Approximately 0.6 million units of these grants were made under the cash plan variant of the DB Equity Plan.

Taking into account the units issued and granted in February 2015 the balance of outstanding share awards as of month-end February 2015 is approximately 74.3 million units.

Post-employment Benefit Plans

Nature of Plans

The Group sponsors a number of post-employment benefit plans on behalf of its employees, both defined contribution plans and defined benefit plans. The Group s plans are accounted for based on the nature and substance of the plan. Generally, for defined benefit plans the value of a participant s accrued benefit is based on each employee s remuneration and length of service; contributions to defined contribution plans are typically based on a percentage of each employee s remuneration. The rest of this note focuses predominantly on the Group s defined benefit plans.

The Group s defined benefit plans are primarily described on a geographical basis, reflecting differences in the nature and risks of benefits, as well as in the respective regulatory environments. In particular, the requirements set by local regulators can vary significantly and determine the design and financing of the benefit plans to some extent. Key information is also shown based on participant status, which provides a broad indication of the maturity of the Group s obligations.

					Dec 31, 2014
in m.	Germany	UK	U.S.	Other	Total
Defined benefit obligation related to					
Active plan participants	4,611	813	405	780	6,609
Participants in deferred status	1,983	2,266	478	195	4,922
Participants in payment status	4,669	1,216	492	285	6,662
Total defined benefit obligation	**11,263**	**4,295**	**1,375**	**1,260**	**18,193**
Fair value of plan assets	**10,634**	**5,095**	**1,072**	**1,109**	**17,910**

Funding ratio (in %)	**94**	**119**	**78**	**88**	**98**

					Dec 31, 2013
in m.	Germany	UK	U.S.	Other	Total
Defined benefit obligation related to					
Active plan participants	3,670	659	359	671	5,359
Participants in deferred status	1,577	1,894	399	122	3,992
Participants in payment status	4,240	1,035	378	229	5,882
Total defined benefit obligation	**9,487**	**3,588**	**1,136**	**1,022**	**15,233**
Fair value of plan assets	**9,142**	**4,099**	**856**	**921**	**15,018**
Funding ratio (in %)	**96**	**114**	**75**	**90**	**99**

The majority of the Group s defined benefit plan obligations relate to Germany, the United Kingdom and the United States. Within the other countries, the largest obligations relate to Switzerland and the Netherlands. In Germany and some continental European countries, post-employment benefits are usually agreed on a collective basis with respective employee works councils or their equivalent. The Group s main pension plans are governed by boards of trustees, fiduciaries or their equivalent.

Post-employment benefits can form an important part of an employee s total remuneration. The Group s approach is that their design shall be attractive to employees in the respective market, but sustainable for the Group to provide over the longer term. At the same time, the Group tries to limit its risks related to provision of such benefits. Consequently the Group has moved to offer defined contribution plans in many locations over recent years.

In the past the Group typically offered pension plans based on final pay prior to retirement. These types of benefits still form a significant part of the pension obligations for participants in deferred and payment status. Currently, in Germany and the United States, the main defined benefit pension plans for active staff are cash account type plans where the Group credits an annual amount to individuals accounts based on an employee s current salary. Dependent on the plan rules, the accounts increase either at a fixed interest rate or participate in market movements of certain underlying investments to limit the investment risk for the Group. Sometimes, in particular in Germany, there is a guaranteed benefit amount within the plan rules, e.g. payment of at least the amounts contributed. Upon retirement, beneficiaries may usually opt for a lump sum or for conversion of the accumulated account balance into an annuity. This conversion is often based on market conditions and mortality assumptions at retirement. In the United Kingdom, the main defined benefit pension plan was redesigned in 2011 for active employees still eligible to the plan to reduce the overall long-term risk exposure to the Group.

The Group also sponsors retirement and termination indemnity plans in several countries, as well as some post-employment medical plans for a number of current and retired employees, mainly in the United States. The post-employment medical plans typically pay stated percentages of medical expenses of eligible retirees after a stated deductible has been met. In the United States, once a retiree is eligible for Medicare, the Group contributes to a Health Reimbursement Account and the retiree is no longer eligible for the Group s medical program. The Group s total defined benefit obligation for post-employment medical plans was 197 million and 151 million at December 31, 2014 and December 31, 2013, respectively. In combination with the benefit structure, these plans represent limited risk for the Group.

The following amounts of expected benefit payments from the Group s defined benefit plans include benefits attributable to employees past and estimated future service, and include both amounts paid from the Group s external pension trusts and paid directly by the Group in respect of unfunded plans.

in m.	Germany	UK	U.S.	Other	Total
Actual benefit payments 2014	379	79	75	72	605
Benefits expected to be paid 2015	375	74	66	69	584
Benefits expected to be paid 2016	386	78	68	56	588
Benefits expected to be paid 2017	403	87	70	57	617
Benefits expected to be paid 2018	423	93	69	57	642
Benefits expected to be paid 2019	440	102	74	56	672
Benefits expected to be paid 2020 - 2024	2,471	654	368	288	3,781
Weighted average duration of defined benefit obligation (in years)	15	21	13	17	16

Multi-employer Plans

In Germany, the Group is a member of the BVV together with other financial institutions. The BVV offers retirement benefits to eligible employees in Germany as a complement to post-employment benefit promises of the Group. Both employers and employees contribute on a regular basis to the BVV. The BVV provides annuities of a fixed amount to individuals on retirement and increases these fixed amounts if surplus assets arise within the plan. According to legislation in Germany, the employer is ultimately liable for providing the benefits to its employees. An increase in benefits may also arise due to additional obligations to retirees for the effects of inflation. BVV is a multi-employer defined benefit plan, however the Group accounts for it as a defined contribution plan since insufficient information is available to identify assets and liabilities relating to the Group s current and former employees, primarily because the BVV does not fully allocate plan assets to beneficiaries nor to member companies. According to the BVV s most recent disclosures, there is no current deficit in the plan that may affect the amount of future Group contributions. Furthermore, any plan surplus emerging in the future will be distributed to the plan members, hence it cannot reduce future Group contributions.

The Group s expenses for defined contribution plans also include annual contributions by Deutsche Postbank AG to the pension fund for postal civil servants in Germany. Responsibility for the liability for these benefits lies with the German government.

Governance and Risk

The Group maintains a Pensions Risk Committee to oversee its pension and related risks on a global basis. This Committee meets quarterly, reports directly to the Senior Executive Compensation Committee and is supported by the Pensions Operating Committee.

Within this context, the Group develops and maintains guidelines for governance and risk management, including funding, asset allocation and actuarial assumption setting. In this regard, risk management means the management and control of risks for the Group related to market developments (i.e., interest rate, credit spread, price inflation, etc.), asset investment, regulatory or legislative requirements, as well as monitoring demographic changes (i.e., longevity, etc.). In addition, the Group estimates and provides for uncertain income tax positions which may have an impact on the Group s plan assets. Significant judgment is required in making these estimates and the Group s final liabilities may ultimately be materially different. Especially during and after acquisitions or changes in the external environment (i.e., legislation, taxation, etc.), topics such as the general plan design or potential plan amendments are considered. Any plan changes follow a process requiring approval by Group Human Resources. To the extent that pension plans are funded, the assets held mitigate some of the liability risks, but introduce investment risk.

In the Group s key pension countries, the Group s largest post-employment benefit plan risk exposures relate to potential changes in credit spreads, price inflation and longevity, although these have been partially mitigated through the investment strategy adopted.

Overall, the Group currently seeks to minimize the impact of pensions on the Group s IFRS financial position from market movements, subject to balancing the trade-offs involved in financing post-employment benefits. The Group measures its pension risk exposures on a regular basis using specific metrics and stress scenarios developed by the Group for this purpose.

Funding

The Group maintains various external pension trusts to fund the majority of its defined benefit plan obligations. The Group s funding policy is to maintain coverage of the defined benefit obligation by plan assets within a range of 90 % to 100 % of the obligation, subject to meeting any local statutory requirements. The Group has also determined that certain plans should remain unfunded, although their funding approach is subject to periodic review, e.g. when local regulations or practices change. Obligations for the Group s unfunded plans are accrued on the balance sheet.

For most of the externally funded defined benefit plans there are minimum funding requirements. The Group can decide on any additional plan contributions, with reference to the Group s funding policy. There are some locations, e.g. the United Kingdom, where the trustees and the Bank jointly agree contribution levels. In most countries the Group expects to receive an economic benefit from any plan surpluses of plan assets compared to defined benefit obligations, typically by way of reduced future contributions. Given the nearly fully funded position and the investment strategy adopted in the Group s key funded defined benefit plans, any minimum funding requirements that may apply are not expected to place the Group under any material adverse cash strain in the short term. For example, in the United Kingdom and the United States, the main plan funding contributions in these countries are expected to be broadly nil in 2015. In Germany, no minimum funding requirements typically apply, however the Group will consider reimbursements for benefits paid from the Group s assets cash contributions into the external pension trusts during the year, with reference to the Group s funding policy.

For post-retirement medical plans, the Group accrues for obligations over the period of employment and pays the benefits from Group assets when the benefits become due.

Actuarial Methodology and Assumptions

December 31 is the measurement date for all plans. All plans are valued by independent qualified actuaries using the projected unit credit method. A Group policy provides guidance to local actuaries on setting actuarial assumptions to ensure consistency globally.

The key actuarial assumptions applied in determining the defined benefit obligations at December 31 are presented below in the form of weighted averages.

				Dec 31, 2014				Dec 31, 2013
	Germany	UK	U.S.[1]	Other	Germany	UK	U.S.[1]	Other
Discount rate (in %)	2.0	3.7	3.9	2.3	3.6	4.5	4.8	3.4
Rate of price inflation (in %)	1.5	3.4	2.2	2.0	1.9	3.7	2.3	2.2
Rate of nominal increase in future compensation levels (in %)	2.0	4.4	2.2	2.6	2.8	4.7	2.3	3.1
Rate of nominal increase for pensions in payment (in %)	1.4	3.2	2.2	1.2	1.9	3.5	2.3	1.4
Assumed life expectancy at age 65								
For a male aged 65 at measurement date	18.9	23.7	21.7	21.5	18.7	23.6	19.1	21.0
For a female aged 65 at measurement date	22.9	25.3	23.9	24.1	22.8	25.2	20.9	23.3
For a male aged 45 at measurement date	21.5	25.4	23.4	23.2	21.4	25.3	20.5	22.6
For a female aged 45 at measurement date	25.5	27.1	25.6	25.7	25.3	27.0	21.7	24.7

Mortality tables applied	Richttafeln Heubeck 2005G	SAPS Light with CMI 2013 projections	RP2014 Aggregate	Country specific tables	Richttafeln Heubeck 2005G	SAPS Light with CMI 2013 projections	RP2000 Combined Healthy	Country specific tables

[1] Cash balance interest crediting rate in line with the 30-year US government bond yield.

For the Group s most significant plans in the key countries, the discount rate used at each measurement date is set based on a high quality corporate bond yield curve derived based on bond universe information sourced from reputable third-party index providers and rating agencies reflecting the actual timing, amount and currency of the future expected benefit payments for the respective plan. For longer durations where limited bond information is available, reasonable yield curve extrapolation methods are applied using respective actual swap rates and credit spread assumptions. Consistent discount rates are used across all plans in each currency zone, based on the assumption applicable for the Group s largest plan(s) in that zone. For plans in the other countries, the discount rate is based on high quality corporate or government bond yields applicable in the respective currency, as appropriate at each measurement date with a duration broadly consistent with the respective plan s obligations.

The price inflation assumptions in the eurozone and the United Kingdom are set with reference to market measures of inflation based on inflation swap rates in those markets at each measurement date. For other countries, the price inflation assumptions are typically based on long term forecasts by Consensus Economics Inc.

The assumptions for the increases in future compensation levels and for increases to pensions in payment are developed separately for each plan, where relevant. Each is set based on the price inflation assumption and reflecting the Group s reward structure or policies in each market, as well as relevant local statutory and plan-specific requirements.

Among other assumptions, mortality assumptions can be significant in measuring the Group s obligations under its defined benefit plans. These assumptions have been set in accordance with current best practice in the respective countries. Future potential improvements in longevity have been considered and included where appropriate.

Reconciliation in Movement of Liabilities and Assets Impact on Financial Statements

in m.	Germany	UK	U.S.	Other	2014 Total
Change in the present value of the defined benefit obligation:					
Balance, beginning of year	**9,487**	**3,588**	**1,136**	**1,022**	**15,233**
Defined benefit cost recognized in Profit & Loss					
Current service cost	163	28	21	53	265
Interest cost	330	166	55	35	586
Past service cost and gain or loss arising from settlements	13	1	0	17	31
Defined benefit cost recognized in Other Comprehensive Income					
Actuarial gain or loss arising from changes in financial assumptions	1,883	405	35	184	2,507
Actuarial gain or loss arising from changes in demographic assumptions	0	0	50	(1)	49
Actuarial gain or loss arising from experience	26	(22)	(5)	6	5
Cash flow and other changes					
Contributions by plan participants	4	0	0	13	17
Benefits paid	(379)	(79)	(75)	(72)	(605)
Payments in respect to settlements	0	0	0	(10)	(10)
Acquisitions/Divestitures [1]	(265)	(57)	0	(15)	(337)
Exchange rate changes	0	265	158	25	448
Other [2]	1	0	0	3	4
Balance, end of year	**11,263**	**4,295**	**1,375**	**1,260**	**18,193**
thereof:					
Unfunded	0	15	197	122	334
Funded	11,263	4,280	1,178	1,138	17,859
Change in fair value of plan assets:					
Balance, beginning of year	**9,142**	**4,099**	**856**	**921**	**15,018**
Defined benefit cost recognized in Profit & Loss					
Interest income	322	189	41	32	584
Defined benefit cost recognized in Other Comprehensive Income					
Return from plan assets less interest income	1,334	621	44	126	2,125
Cash flow and other changes					
Contributions by plan participants	4	0	0	13	17
Contributions by the employer	449	3	76	46	574
Benefits paid [3]	(378)	(78)	(65)	(39)	(560)
Payments in respect to settlements	0	0	0	0	0
Acquisitions/Divestitures [1]	(238)	(43)	0	(14)	(295)
Exchange rate changes	0	307	122	24	453
Plan administration costs	(1)	(3)	(2)	0	(6)
Balance, end of year	**10,634**	**5,095**	**1,072**	**1,109**	**17,910**

Funded status, end of year	**(629)**	**800**	**(303)**	**(151)**	**(283)**
Change in irrecoverable surplus (asset ceiling)					
Balance, beginning of year	**0**	**0**	**0**	**(29)**	**(29)**
Interest cost	0	0	0	(1)	(1)
Changes in irrecoverable surplus	0	0	0	30	30
Exchange rate changes	0	0	0	0	0
Balance, end of year	**0**	**0**	**0**	**0**	**0**
Net asset (liability) recognized	**(629)**	**800**	**(303)**	**(151)**	**(283)**[4]

[1] BHF Bank, Tilney
[2] Includes opening balances of first time application of smaller plans.
[3] For funded plans only.
[4] Thereof recognized 952 million in Other assets and 1,235 million in Other liabilities.

35 Employee Benefits

in m.	Germany	UK	U.S.	Other	2013 Total
Change in the present value of the defined benefit obligation:					
Balance, beginning of year	**9,263**	**3,299**	**1,281**	**1,129**	**14,972**
Defined benefit cost recognized in Profit & Loss					
Current service cost	163	28	24	70	285
Interest cost	340	145	48	33	566
Past service cost and gain or loss arising from settlements	19	2	(3)	(42)	(24)
Defined benefit cost recognized in Other Comprehensive Income					
Actuarial gain or loss arising from changes in financial assumptions	(4)	278	(71)	(12)	191
Actuarial gain or loss arising from changes in demographic assumptions	(1)	(34)	1	(2)	(36)
Actuarial gain or loss arising from experience	(12)	3	14	(10)	(5)
Cash flow and other changes					
Contributions by plan participants	5	0	0	14	19
Benefits paid	(375)	(70)	(107)	(102)	(654)
Payments in respect to settlements	0	0	0	0	0
Acquisitions/Divestitures [1]	90	0	0	0	90
Exchange rate changes	0	(63)	(51)	(40)	(154)
Other [2]	(1)	0	0	(16)	(17)
Balance, end of year	**9,487**	**3,588**	**1,136**	**1,022**	**15,233**
thereof:					
Unfunded	7	14	154	137	312
Funded	9,480	3,574	982	885	14,921
Change in fair value of plan assets:					
Balance, beginning of year	**7,741**	**3,980**	**949**	**932**	**13,602**
Defined benefit cost recognized in Profit & Loss					
Interest income	316	175	35	30	556
Defined benefit cost recognized in Other Comprehensive Income					
Return from plan assets less interest income	(601)	98	(46)	(8)	(557)
Cash flow and other changes					
Contributions by plan participants	5	0	0	14	19
Contributions by the employer	1,960	3	53	53	2,069
Benefits paid [3]	(352)	(69)	(95)	(79)	(595)
Payments in respect to settlements	0	0	0	0	0
Acquisitions/Divestitures [1]	73	0	0	0	73
Exchange rate changes	0	(81)	(38)	(19)	(138)
Plan administration costs	0	(7)	(2)	(2)	(11)
Balance, end of year	**9,142**	**4,099**	**856**	**921**	**15,018**
Funded status, end of year	**(345)**	**511**	**(280)**	**(101)**	**(215)**

Change in irrecoverable surplus (asset ceiling)					
Balance, beginning of year	**0**	**0**	**0**	**0**	**0**
Changes in irrecoverable surplus	0	0	0	(29)	(29)
Balance, end of year	**0**	**0**	**0**	**(29)**	**(29)**
Net asset (liability) recognized	**(345)**	**511**	**(280)**	**(130)**	**(244)[4]**

1 DB Investment Services.
2 Reclassification from post-employment benefit plans into other long-term employee benefit plans.
3 For funded plans only.
4 Thereof recognized 628 million in Other assets and 840 million in Other liabilities. In addition 25 million and 57 million are recognized in Assets and Liabilities held for sale, respectively.

There are no reimbursement rights for the Group.

In Switzerland, a plan merger resulted in a partial liquidation of the plan, resulting in enhancements to accrued benefits for terminating and transferring employees. These resulted in past service costs of 12 million in 2014. The plan merger, together with unfavorable movements in liabilities relative to assets over the year, resulted in the plan now being in a small deficit position at year end 2014. This has allowed the asset ceiling of 29 million at the end of 2013 to be removed at year end 2014.

In terms of post-employment benefit plan assets, in addition to regular contributions the Group made to the external pension trusts in 2014, combined ad hoc contributions of around 100 million were made in the U.S. and Germany to top up the funding position of selected plans; In 2013, contributions of around 1.45 billion were made to fund the majority of Postbank s previously underfunded defined benefit obligations in Germany.

Investment Strategy

The Group s primary investment objective is to immunize the Group to large swings in the IFRS funded status of its defined benefit plans, with some limited amount of risk-taking through duration mismatches and asset class diversification to reduce the Group s costs of providing the benefits to employees in the long term.

For the majority of the Group s funded defined benefit plans, a liability driven investment (LDI) approach is applied. The aim is to minimize risks from mismatches between fluctuations in the present value of the defined benefit obligations and plan assets due to capital market movements. This is achieved by allocating plan assets to match closely the market risk factor exposures of the pension liability to interest rates, credit spreads and inflation. Thereby, plan assets broadly reflect the underlying risk profile and currency of the pension obligations.

Where the desired hedging level for these risks cannot be achieved with physical instruments (i.e. corporate and government bonds), derivatives are employed. Derivative overlays mainly include interest rate and inflation swaps. Other instruments are also used, such as credit default swaps and interest rate futures. In practice, a completely hedged approach is impractical, for instance because of insufficient market depth for ultra-long-term corporate bonds, as well as liquidity and cost considerations. Therefore, plan assets contain further asset categories to create long-term return enhancement and diversification benefits such as equity, real estate, high yield bonds or emerging markets bonds.

Plan asset allocation to key asset classes

The following table shows the asset allocation of the Group s funded defined benefit plans to key asset classes, i.e. exposures include physical securities in discretely managed portfolios and underlying asset allocations of any commingled funds used to invest plan assets.

Asset amounts in the following table include both quoted (i.e. Level 1 assets in accordance with IFRS 13 amounts invested in markets where the fair value can be determined directly from prices which are quoted in active, liquid markets) and other (i.e. Level 2 and 3 assets in accordance with IFRS 13) assets.

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in m.	Germany	UK	U.S.	Other	Total Dec 31, 2014	Germany	UK	U.S.	Other	Total Dec 31, 2013
Cash and cash equivalents	1,056	102	25	68	1,251	976	134	40	59	1,209
Equity instruments[1]	134	560	108	208	1,010	138	486	84	259	967
Investment-grade bonds[2]										
Government	3,517	1,502	400	255	5,674	3,043	1,201	312	227	4,783
Non-government bonds	5,731	2,035	447	358	8,571	5,118	1,513	333	247	7,211
Non-investment-grade bonds										
Government	54	0	0	14	68	103	0	0	1	104
Non-government bonds	215	109	12	30	366	135	45	4	22	206
Structured products	14	389	42	29	474	20	531	40	22	613
Insurance	0	0	0	17	17	0	0	0	41	41
Alternatives										
Real estate	114	117	0	35	266	59	95	0	30	184
Commodities	25	0	0	2	27	25	0	0	2	27
Private equity	51	0	0	0	51	50	1	0	0	51
Other	56	0	0	33	89	40	0	0	3	43
Derivatives (Market Value)										
Interest rate	482	409	38	73	1,002	(267)	62	43	7	(155)
Credit	(27)	(1)	0	(1)	(29)	36	0	0	0	36
Inflation	(763)	(214)	0	(12)	(989)	(349)	29	0	0	(320)
Foreign exchange	(51)	40	0	(1)	(12)	18	2	0	1	21
Other	26	47	0	1	74	(3)	0	0	0	(3)
Total fair value of plan assets	**10,634**	**5,095**	**1,072**	**1,109**	**17,910**	**9,142**	**4,099**	**856**	**921**	**15,018**

1 Allocation of equity exposure is broadly in line with the typical index in the respective market, e.g. the equity portfolio s benchmark of the UK retirement benefit plans is the MSCI All Countries World Index.
2 Investment-grade means BBB and above. Average credit rating exposure for the Group s main plans is around A.

The following table sets out the Group s funded defined benefit plan assets only invested in quoted assets, i.e. Level 1 assets in accordance with IFRS 13.

in m.	Germany	UK	U.S.	Other	Total Dec 31, 2014	Germany	UK	U.S.	Other	Total Dec 31, 2013
Cash and cash equivalents	1,056	100	14	50	1,220	976	132	35	59	1,202
Equity instruments	131	560	108	206	1,005	99	486	84	259	928
Investment-grade bonds										
Government	2,255	1,502	0	182	3,939	2,205	1,201	0	219	3,625

Non-government bonds	26	1,887	0	84	1,997	0	0	0	0	0
Non-investment-grade bonds										
Government	0	0	0	14	14	0	0	0	0	0
Non-government bonds	78	97	0	3	178	0	0	0	0	0
Structured products	0	368	0	29	397	0	0	0	0	0
Insurance	0	0	0	0	0	0	0	0	0	0
Alternatives										
Real estate	9	68	0	0	77	0	0	0	0	0
Commodities	0	0	0	0	0	0	0	0	0	0
Private equity	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
Derivatives (Market Value)										
Interest rate	0	0	0	13	13	0	0	0	0	0
Credit	(27)	(1)	0	0	(28)	0	0	0	0	0
Inflation	0	0	0	(3)	(3)	0	0	0	0	0
Foreign exchange	0	40	0	0	40	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
Total fair value of quoted plan assets	**3,528**	**4,621**	**122**	**578**	**8,849**	**3,280**	**1,819**	**119**	**537**	**5,755**

All the remaining assets are invested in other assets, the majority of which are invested in Level 2 assets in accordance with IFRS 13, being primarily investment-grade corporate bonds. A relatively small element overall is in Level 3 assets in accordance with IFRS 13, being primarily real estate, insurance policies and derivative contracts.

The following tables show the asset allocation of the quoted and other defined benefit plan assets by key geography in which they are invested.

							Dec 31, 2014
in m.	Germany	United Kingdom	United States	Other Eurozone	Other developed countries	Emerging markets	Total
Cash and cash equivalents	1,052	106	57	7	9	20	1,251
Equity instruments	75	84	415	174	168	94	1,010
Government bonds[1]	2,089	1,457	628	933	82	553	5,742
Non-government bonds (investment-grade and above)	473	1,644	2,302	3,106[2]	688	358	8,571
Non-government bonds (non-investment-grade)	18	76	91	132	17	32	366
Structured products	14	409	36	13	2	0	474
Subtotal	**3,721**	**3,776**	**3,529**	**4,365**	**966**	**1,057**	**17,414**
Share (in %)	21	22	20	25	6	6	100
Other asset categories							496
Fair value of plan assets							**17,910**

1 Includes investment-grade and non-investment-grade government bonds.
2 Majority of this amount relates to bonds of French, Italian and Dutch corporate bonds.

							Dec 31, 2013
in m.	Germany	United Kingdom	United States	Other Eurozone	Other developed countries	Emerging markets	Total
Cash and cash equivalents	976	134	40	25	28	6	1,209
Equity instruments	176	84	315	87	221	84	967
Government bonds[1]	2,332	1,226	346	394	34	555	4,887
Non-government bonds (investment-grade and above)	686	1,025	1,627	2,739[2]	855	279	7,211
Non-government bonds (non-investment-grade)	5	28	84	55	20	14	206
Structured products	21	534	39	10	8	1	613
Subtotal	**4,196**	**3,031**	**2,451**	**3,310**	**1,166**	**939**	**15,093**
Share (in %)	28	20	16	22	8	6	100
Other asset categories							(75)
Fair value of plan assets							**15,018**

1 Includes investment-grade and non-investment-grade government bonds.
2 Majority of this amount relates to bonds of French and Dutch corporate bonds.

Plan assets at December 31, 2014 include derivative transactions with Group entities with a negative market value of around 255 million. There are 6 million of securities issued by the Group and around 70 million in other claims on Group assets included in the fair value of plan assets. The plan assets do not include any real estate which is used by the Group.

Key Risk Sensitivities

The Group s defined benefit obligations are sensitive to changes in capital market conditions and actuarial assumptions. Sensitivities to capital market movements and key assumption changes are presented in the following table. Each market risk factor or assumption is changed in isolation. Sensitivities of the defined benefit obligations are approximated using geometric extrapolation methods based on plan durations for the respective assumption. Duration is a risk measure that indicates the broad sensitivity of the obligations to a change in an underlying assumption and provides a reasonable approximation for small to moderate changes in those assumptions.

For example, the discount rate duration is derived from the change in the defined benefit obligation to a change in the discount rate based on information provided by the local actuaries of the respective plans. The resulting duration is used to estimate the remeasurement liability loss or gain from changes in the discount rate. For other assumptions, a similar approach is used to derive the respective sensitivity results.

Since the Group applies a LDI approach in the majority of its funded defined benefit plans, changes in capital market conditions will impact the plan obligations via actuarial assumptions mainly discount rate and price inflation rate as well as the plan assets. Consequently, to aid understanding of the Group s risk exposures related to key capital market movements, the net impact of the change in the defined benefit obligations and plan assets due to a change of the related market risk factor or underlying actuarial assumption is shown; for sensitivities to changes in actuarial assumptions that do not impact the plan assets, only the impact on the defined benefit obligations is shown.

Asset-related sensitivities are derived for the Group s major plans by using risk sensitivity factors determined by the Group s Market Risk Management function. These sensitivities are calculated based on information provided by the plans investment managers and extrapolated linearly to reflect the approximate change of the plan assets market value in case of a change in the underlying risk factor.

The sensitivities illustrate plausible variations over time in capital market movements and key actuarial assumptions. The Group is not in a position to provide a view on the likelihood of these capital market or assumption changes. While these sensitivities illustrate the overall impact on the funded status of the changes shown, the significance of the impact and the range of reasonable possible alternative assumptions may differ between the different plans that comprise the aggregated results. Even though plan assets and plan obligations are sensitive to similar risk factors, actual changes in plan assets and obligations may not fully offset each other due to imperfect correlations between market risk factors and actuarial assumptions. Caution should be used when extrapolating these sensitivities due to non-linear effects that changes in capital market conditions and key actuarial assumptions may have on the overall funded status. Any management actions that may be taken to mitigate the inherent risks in the post-employment defined benefit plans are not reflected in these sensitivities.

in m.	Dec 31, 2014 Germany	UK	U.S.	Other	Dec 31, 2013 Germany	UK	U.S.	Other
Discount rate (-100 bp):								
(Increase) in DBO	(1,740)	(950)	(90)	(220)	(1,355)	(800)	(60)	(155)
Expected increase in plan assets[1]	1,525	925	75	115	1,200	640	55	85
Expected net impact on funded status (de-) increase	**(215)**	**(25)**	**(15)**	**(105)**	**(155)**	**(160)**	**(5)**	**(70)**
Discount rate (+100 bp):								
Decrease in DBO	1,505	775	85	180	1,185	650	55	130
Expected (decrease) in plan assets[1]	(1,525)	(925)	(75)	(115)	(1,200)	(640)	(55)	(85)
Expected net impact on funded status (de-) increase	**(20)**	**(150)**	**10**	**65**	**(15)**	**10**	**0**	**45**
Credit spread (-100 bp):								
(Increase) in DBO	(1,740)	(950)	(180)	(230)	(1,355)	(800)	(140)	(155)
Expected increase in plan assets[1]	880	225	45	40	705	170	35	20
Expected net impact on funded status (de-) increase	**(860)**	**(725)**	**(135)**	**(190)**	**(650)**	**(630)**	**(105)**	**(135)**
Credit spread (+100 bp):								
Decrease in DBO	1,505	775	160	190	1,185	650	125	130
Expected (decrease) in plan assets[1]	(880)	(225)	(45)	(40)	(705)	(170)	(35)	(20)
Expected net impact on funded status (de-) increase	**625**	**550**	**115**	**150**	**480**	**480**	**90**	**110**
Rate of price inflation (-50 bp):[2]								
Decrease in DBO	350	330	0	75	325	265	0	55
Expected (decrease) in plan assets[1]	(245)	(290)	0	(10)	(195)	(260)	0	(15)
Expected net impact on funded status (de-) increase	**105**	**40**	**0**	**65**	**130**	**5**	**0**	**40**
Rate of price inflation (+50 bp):[2]								
(Increase) in DBO	(365)	(355)	0	(80)	(335)	(285)	0	(60)
Expected increase in plan assets[1]	245	290	0	10	195	260	0	15
Expected net impact on funded status (de-) increase	**(120)**	**(65)**	**0**	**(70)**	**(140)**	**(25)**	**0**	**(45)**
Rate of real increase in future compensation levels (-50 bp):								
Decrease in DBO, net impact on funded status	80	15	0	15	70	10	0	20
Rate of real increase in future compensation levels (+50 bp):								
(Increase) in DBO, net impact on funded status	(80)	(15)	0	(15)	(70)	(10)	0	(20)

Longevity improvements by 10 %:[3]								
(Increase) in DBO, net impact on funded status	(275)	(85)	(25)	(20)	(220)	(75)	(20)	(15)

1 Expected changes in the fair value of plan assets contain the simulated impact from the biggest plans in Germany, the UK, the U.S., Channel Islands, Switzerland, the Netherlands and Belgium which cover over 99 % of the total fair value of plan assets. The fair value of plan assets for other plans is assumed to be unchanged for this presentation.

2 Incorporates sensitivity to changes in nominal increase for pensions in payment to the extent linked to the price inflation assumption.

3 Estimated to be equivalent to an increase of around 1 year in overall life expectancy.

Expected cash flows

The following table shows expected cash flows for post-employment benefits in 2015, including contributions to the Group s external pension trusts in respect of funded plans, direct payment to beneficiaries in respect of unfunded plans, as well as contributions to defined contribution plans.

	2015
in m.	Total
Expected contributions to	
Defined benefit plan assets	265
BVV	50
Pension fund for Postbank s postal civil servants	100
Other defined contribution plans	230
Expected benefit payments for unfunded defined benefit plans	35
Expected total cash flow related to post-employment benefits	**680**

Expense of employee benefits

The following table presents a breakdown of specific expenses according to the requirements of IAS 19 and IFRS 2 respectively.

in m.	2014	2013	2012
Expenses for defined benefit plans:			
Service cost	296	261	289
Net interest cost (income)	3	10	11
Total expenses defined benefit plans	**299**	**271**	**300**
Expenses for defined contribution plans:			
BVV	51	51	51
Pension fund for Postbank s postal civil servants	97	97	105
Other defined contribution plans	228	221	219
Total expenses for defined contribution plans	**376**	**369**	**375**
Total expenses for post-employment benefit plans	**675**	**640**	**675**
Employer contributions to mandatory German social security pension plan	**229**	**230**	**231**
Expenses for share-based payments, equity settled[1]	860	918	1,097
Expenses for share-based payments, cash settled[1]	11	29	17
Expenses for cash retention plans[1]	815	811	1,133
Expenses for severance payments[2]	205	274	472

[1] Including expenses for new hire awards and the acceleration of expenses not yet amortized due to the discontinuation of employment including those amounts which are recognized as part of the Group s restructuring expenses.
[2] Excluding the acceleration of expenses for deferred compensation awards not yet amortized.

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Income Taxes

in m.	2014	2013	2012
Current tax expense (benefit):			
Tax expense (benefit) for current year	764	913	731
Adjustments for prior years[1]	(12)	41	(956)
Total current tax expense (benefit)	**752**	**954**	**(225)**
Deferred tax expense (benefit):			
Origination and reversal of temporary difference, unused tax losses and tax credits	644	7	579

Effect of changes in tax law and/or tax rate	44	35	9
Adjustments for prior years[1]	(15)	(221)	135
Total deferred tax expense (benefit)	**673**	**(179)**	**723**
Total income tax expense (benefit)	**1,425**	**775**	**498**

[1] In 2012, adjustments for prior years include a current tax benefit of 435 million with an offsetting equal amount in deferred tax expense.

Income tax expense includes policyholder tax attributable to policyholder earnings, amounting to an income tax expense of 2 million in 2014, an income tax expense of 23 million in 2013 and an income tax expense of 12 million in 2012.

Total current tax expense includes benefits from previously unrecognized tax losses, tax credits and deductible temporary differences, which reduced the current tax expense by 5 million in 2014. In 2013 these effects decreased the current tax expense by 3 million and increased the current tax benefit by 94 million in 2012.

Total deferred tax expense includes benefits from previously unrecognized tax losses (tax credits/deductible temporary differences) and the reversal of previous write-downs of deferred tax assets and expenses arising from write-downs of deferred tax assets, which reduced the deferred tax expense by 303 million in 2014. In 2013 these effects increased the deferred tax benefit by 237 million and increased the deferred tax expense by 91 million in 2012.

Difference between applying German statutory (domestic) income tax rate and actual income tax expense

in m.	2014	2013	2012
Expected tax expense at domestic income tax rate of 31 % (31 % for 2013 and 2012)	**966**	**451**	**252**
Foreign rate differential	88	154	36
Tax-exempt gains on securities and other income	(371)	(337)	(497)
Loss (income) on equity method investments	(93)	(84)	(74)
Nondeductible expenses	649	571	563
Impairments of goodwill	0	0	630
Changes in recognition and measurement of deferred tax assets[1]	(308)	(240)	(3)
Effect of changes in tax law and/or tax rate	44	35	9
Effect related to share-based payments	78	(5)	(17)
Effect of policyholder tax	(2)	23	12
Other[1]	374	207	(413)
Actual income tax expense (benefit)	**1,425**	**775**	**498**

1 Current and deferred tax expense/(benefit) relating to prior years are mainly reflected in the line items Changes in recognition and measurement of deferred tax assets and Other .

The Group is under continuous examinations by tax authorities in various jurisdictions. In 2014, 2013 and 2012 Other in the preceding table mainly includes the effects of these examinations by the tax authorities.

The domestic income tax rate, including corporate tax, solidarity surcharge, and trade tax, used for calculating deferred tax assets and liabilities was 31 % for the years 2014, 2013 and 2012.

Income taxes charged or credited to equity (other comprehensive income/additional paid in capital)

in m.	2014	2013	2012
Actuarial gains/losses related to defined benefit plans	**407**	**58**	**407**

Financial assets available for sale:			
Unrealized net gains/losses arising during the period	(457)	(21)	(539)
Net gains/losses reclassified to profit or loss	5	103	6
Derivatives hedging variability of cash flows:			
Unrealized net gains/losses arising during the period	(7)	(58)	(5)
Net gains/losses reclassified to profit or loss	(146)	(10)	(13)
Other equity movement:			
Unrealized net gains/losses arising during the period	(68)	(175)	104
Net gains/losses reclassified to profit or loss	1	1	0
Income taxes (charged) credited to other comprehensive income	**(265)**	**(102)**	**(40)**
Other income taxes (charged) credited to equity	**(21)**	**65**	**34**

Major components of the Group s gross deferred tax assets and liabilities

in m.	Dec 31, 2014	Dec 31, 2013
Deferred tax assets:		
Unused tax losses	2,785	2,300
Unused tax credits	192	191
Deductible temporary differences:		
Trading activities	8,454	8,719
Property and equipment	459	796
Other assets	2,382	2,355
Securities valuation	93	280
Allowance for loan losses	1,020	814
Other provisions	811	952
Other liabilities	838	1,103
Total deferred tax assets pre offsetting	**17,034**	**17,510**
Deferred tax liabilities:		
Taxable temporary differences:		
Trading activities	7,746	8,024
Property and equipment	52	49
Other assets	832	843
Securities valuation	1,628	1,123
Allowance for loan losses	71	97
Other provisions	233	298
Other liabilities	782	1,106
Total deferred tax liabilities pre offsetting	**11,344**	**11,540**

Deferred tax assets and liabilities, after offsetting

in m.	Dec 31, 2014	Dec 31, 2013
Presented as deferred tax assets	6,865	7,071
Presented as deferred tax liabilities	1,175	1,101
Net deferred tax assets	**5,690**	**5,970**

The change in the balance of deferred tax assets and deferred tax liabilities does not equal the deferred tax expense/(benefit). This is due to (1) deferred taxes that are booked directly to equity, (2) the effects of exchange rate changes on tax assets and liabilities denominated in currencies other than euro, (3) the acquisition and disposal of entities as part of ordinary activities and (4) the reclassification of deferred tax assets and liabilities which are presented on the face of the balance sheet as components of other assets and liabilities.

Items for which no deferred tax assets were recognized

in m.	Dec 31, 2014 [1]	Dec 31, 2013 [1]
Deductible temporary differences	**(314)**	**(341)**
Not expiring	(3,745)	(3,720)

Expiring in subsequent period	(4)	(1)
Expiring after subsequent period	(1,334)	(1,671)
Unused tax losses	**(5,083)**	**(5,392)**
Expiring after subsequent period	(88)	(224)
Unused tax credits	**(88)**	**(224)**

[1] Amounts in the table refer to deductible temporary differences, unused tax losses and tax credits for federal income tax purposes.

Deferred tax assets were not recognized on these items because it is not probable that future taxable profit will be available against which the unused tax losses, unused tax credits and deductible temporary differences can be utilized.

As of December 31, 2014 and December 31, 2013, the Group recognized deferred tax assets of 5.5 billion and 5.4 billion, respectively, that exceed deferred tax liabilities in entities which have suffered a loss in either the current or preceding period. This is based on management s assessment that it is probable that the respective entities will have taxable profits against which the unused tax losses, unused tax credits and deductible temporary differences can be utilized. Generally, in determining the amounts of deferred tax assets to be recognized, management uses historical profitability information and, if relevant, forecasted operating results, based upon approved business plans, including a review of the eligible carry-forward periods, tax planning opportunities and other relevant considerations.

As of December 31, 2014 and December 31, 2013, the Group had temporary differences associated with the Group s parent company s investments in subsidiaries, branches and associates and interests in joint ventures of 134 million and 120 million respectively, in respect of which no deferred tax liabilities were recognized.

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Derivatives

Derivative Financial Instruments and Hedging Activities

Derivative contracts used by the Group include swaps, futures, forwards, options and other similar types of contracts. In the normal course of business, the Group enters into a variety of derivative transactions for both trading and risk management purposes. The Group s objectives in using derivative instruments are to meet customers risk management needs and to manage the Group s exposure to risks.

In accordance with the Group s accounting policy relating to derivatives and hedge accounting as described in Note 1 Significant Accounting Policies and Critical Accounting Estimates , all derivatives are carried at fair value in the balance sheet regardless of whether they are held for trading or nontrading purposes.

Derivatives held for Trading Purposes

Sales and Trading

The majority of the Group s derivatives transactions relate to sales and trading activities. Sales activities include the structuring and marketing of derivative products to customers to enable them to take, transfer, modify or reduce current or expected risks. Trading includes market-making, positioning and arbitrage activities. Market-making involves quoting bid and offer prices to other market participants, enabling revenue to be generated based on spreads and volume. Positioning means managing risk positions in the expectation of benefiting from favorable movements in prices, rates or indices. Arbitrage involves identifying and profiting from price differentials between markets and products.

Risk Management

The Group uses derivatives in order to reduce its exposure to market risks as part of its asset and liability management. This is achieved by entering into derivatives that hedge specific portfolios of fixed rate financial instruments and forecast transactions as well as strategic hedging against overall balance sheet exposures. The Group actively manages interest rate risk through, among other things, the use of derivative contracts. Utilization of derivative financial instruments is modified from time to time within prescribed limits in response to changing market conditions, as well as to changes in the characteristics and mix of the related assets and liabilities.

Derivatives qualifying for Hedge Accounting

The Group applies hedge accounting if derivatives meet the specific criteria described in Note 1 Significant Accounting Policies and Critical Accounting Estimates .

Fair Value Hedge Accounting

The Group enters into fair value hedges, using primarily interest rate swaps and options, in order to protect itself against movements in the fair value of fixed-rate financial instruments due to movements in market interest rates.

	Dec 31, 2014		Dec 31, 2013	
in m.	Assets	Liabilities	Assets	Liabilities
Derivatives held as fair value hedges	3,679	2,136	2,810	200

For the years ended December 31, 2014, 2013 and 2012, a gain of 1.0 billion, a loss of 2.4 billion and a loss of 0.1 billion, respectively, were recognized on the hedging instruments. For the same periods, the results on the hedged items, which were attributable to the hedged risk, were a loss of 1.3 billion, a gain of 1.7 billion and a loss of 0.4 billion.

Cash Flow Hedge Accounting

The Group enters into cash flow hedges, using interest rate swaps, equity index swaps and foreign exchange forwards, in order to protect itself against exposure to variability in interest rates, equities and exchange rates.

	Dec 31, 2014		Dec 31, 2013	
in m.	Assets	Liabilities	Assets	Liabilities
Derivatives held as cash flow hedges	234	0	30	276

Periods when hedged cash flows are expected to occur and when they are expected to affect the income statement

in m.	Within 1 year	1 3 years	3 5 years	Over 5 years
As of December 31, 2014				
Cash inflows from assets	23	35	5	0
Cash outflows from liabilities	(21)	(35)	(28)	(25)
Net cash flows 2014	**2**	**0**	**(23)**	**(25)**
As of December 31, 2013				
Cash inflows from assets	80	110	53	136
Cash outflows from liabilities	(25)	(37)	(37)	(36)
Net cash flows 2013	**55**	**73**	**16**	**100**

Cash Flow Hedge Balances

in m.	Dec 31, 2014	Dec 31, 2013	Dec 31, 2012
Reported in Equity [1]	118	(215)	(341)
thereof relates to terminated programs	(15)	(16)	(17)
Gains (losses) posted to equity for the year ended	(6)	91	42
Gains (losses) removed from equity for the year ended	(339)	(35)	(45)
Ineffectiveness recorded within P&L	(3)	1	1

[1] Reported in equity refers to accumulated other comprehensive income as presented in the Consolidated Statement of Comprehensive Income.

In early June 2014, the decision was taken to replace the external debt financing of Maher Terminals, with financing from within the Group taken effect at maturity at the beginning of July 2014. Until then it was the Group s largest cash flow hedge accounting program. In line with the hedge accounting rules of IAS 39, this decision triggered the transfer of 313 million of accumulated mark-to-market loss on a swap transaction relating to that debt financing from other comprehensive income to the profit and loss statement during the second quarter.

As of December 31, 2014 the longest term cash flow hedge matures in 2022.

Net Investment Hedge Accounting

Using foreign exchange forwards and swaps, the Group enters into hedges of translation adjustments resulting from translating the financial statements of net investments in foreign operations into the reporting currency of the parent at period end spot rates.

	Dec 31, 2014		Dec 31, 2013	
in m.	Assets	Liabilities	Assets	Liabilities
Derivatives held as net investment hedges	490	2,927	1,171	141

For the years ended December 31, 2014, 2013 and 2012, losses of 357 million, 320 million and 357 million, respectively, were recognized due to hedge ineffectiveness which includes the forward points element of the hedging instruments.

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Related Party Transactions

Parties are considered to be related if one party has the ability to directly or indirectly control the other party or exercise significant influence over the other party in making financial or operational decisions. The Group s related parties include:

- key management personnel, close family members of key management personnel and entities which are controlled, significantly influenced by, or for which significant voting power is held by key management personnel or their close family members,
- subsidiaries, joint ventures and associates and their respective subsidiaries, and
- post-employment benefit plans for the benefit of Deutsche Bank employees.

The Group has several business relationships with related parties. Transactions with such parties are made in the ordinary course of business and on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other parties. These transactions also did not involve more than the normal risk of collectibility or present other unfavorable features.

Transactions with Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of Deutsche Bank, directly or indirectly. The Group considers the members of the Management Board and of the Supervisory Board of the parent company to constitute key management personnel for purposes of IAS 24.

Compensation expense of key management personnel

in m.	2014	2013	2012
Short-term employee benefits	26	18	17
Post-employment benefits	4	3	3
Other long-term benefits	7	6	14
Termination benefits	0	0	15
Share-based payment	5	8	16
Total	**42**	**35**	**65**

The above mentioned table does not contain compensation that employee representatives and former board members on the Supervisory Board have received. The aggregated compensation paid to such members for their services as employees of Deutsche Bank or status as former employees (retirement, pension and deferred compensation) amounted to 1.1 million as of December 31, 2014, 1 million as of December 31, 2013 and 1.6 million as of December 31, 2012.

Among the Group s transactions with key management personnel as of December 31, 2014 were loans and commitments of 3 million and deposits of 16 million. As of December 31, 2013, the Group s transactions with key management personnel were loans and commitments of

4 million and deposits of 12 million.

In addition, the Group provides banking services, such as payment and account services as well as investment advice, to key management personnel and their close family members.

Transactions with Subsidiaries, Joint Ventures and Associates

Transactions between Deutsche Bank AG and its subsidiaries meet the definition of related party transactions. If these transactions are eliminated on consolidation, they are not disclosed as related party transactions. Transactions between the Group and its associated companies and joint ventures and their respective subsidiaries also qualify as related party transactions.

Loans

in m.	2014	2013
Loans outstanding, beginning of year	**357**	**918**
Loans issued during the year	596	528
Loan repayment during the year	657	676
Changes in the group of consolidated companies[1]	(1)	(397)
Exchange rate changes/other	27	(16)
Loans outstanding, end of year[2]	**321**	**357**
Other credit risk related transactions:		
Allowance for loan losses	5	6
Provision for loan losses	0	0
Guarantees and commitments	45	54

1 In 2014 there were small changes in the group of consolidated companies. In the second quarter of 2013, some entities were fully consolidated for the first time, which were formerly classified as equity method investments. Therefore loans made to these investments were eliminated on consolidation. Consequently related provisions and allowances for loan losses reduced at the same time.
2 Loans past due were 3 million as of December 31, 2014 and 2 million as of December 31, 2013. For the above loans the Group held collateral of 70 million and 73 million as of December 31, 2014 and December 31, 2013, respectively.

Deposits

in m.	2014	2013
Deposits outstanding, beginning of year	**167**	**245**
Deposits received during the year	245	105
Deposits repaid during the year	244	179
Changes in the group of consolidated companies	(43)	(3)
Exchange rate changes/other	4	(2)
Deposits outstanding, end of year[1]	**128**	**167**

1 The deposits are unsecured.

Other Transactions

Trading assets and positive market values from derivative financial transactions with associated companies amounted to 87 million as of December 31, 2014 and 130 million as of December 31, 2013. Trading liabilities and negative market values from derivative financial transactions with associated companies amounted to 0.0 million as of December 31, 2014 and 1 million as of December 31, 2013.

Other transactions with related parties also reflected the following:

Hua Xia Bank: The Group holds a stake of 19.99 % in Hua Xia Bank and has accounted for this associate under the equity method since February 11, 2011. In 2006, Deutsche Bank and Hua Xia Bank jointly established a credit card business cooperation combining the international know-how of Deutsche Bank AG in the credit card business and local expertise of Hua Xia Bank. A provision has been recognized for the cooperation with an amount of 52 million as per December 31, 2014. This provision captures the Group s estimated obligation from the cooperation. Further details are included in Note 17 Equity Method Investments .

Transactions with Pension Plans

Under IFRS, certain post-employment benefit plans are considered related parties. The Group has business relationships with a number of its pension plans pursuant to which it provides financial services to these plans, including investment management services. The Group s pension funds may hold or trade Deutsche Bank shares or securities.

Transactions with related party pension plans

in m.	2014	2013
Equity shares issued by the Group held in plan assets	6	2
Other assets	73	29
Fees paid from plan assets to asset managers of the Group	31	39
Market value of derivatives with a counterparty of the Group	(255)	(419)
Notional amount of derivatives with a counterparty of the Group	11,806	13,851

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Information on Subsidiaries

Composition of the Group

Deutsche Bank AG is the direct or indirect holding company for the Group s subsidiaries.

The Group consists of 1,485 (2013: 1,639) consolidated entities, thereof 756 (2013: 812) consolidated structured entities. 869 (2013: 968) of the entities controlled by the Group are directly or indirectly held by the Group at 100 % of the ownership interests (share of capital). Third parties also hold ownership interests in 616 (2013: 671) of the consolidated entities (noncontrolling interests). Prior year numbers for consolidated entities and third parties holding ownership interests have been adjusted due to a refinement of the methodology of counting with several silo structures no longer counted separately. As of December 31, 2013 and 2014, the noncontrolling interests are neither individually nor cumulatively material to the Group.

Significant restrictions to access or use the Group s assets

Statutory, contractual or regulatory requirements as well as protective rights of noncontrolling interests might restrict the ability of the Group to access and transfer assets freely to or from other entities within the Group and to settle liabilities of the Group.

Since the Group did not have any material noncontrolling interests at the balance sheet date, any protective rights associated with these did not give rise to significant restrictions.

Restrictions impacting the Group s ability to use assets:

- The Group has pledged assets to collateralize its obligations under repurchase agreements, securities financing transactions, collateralized loan obligations and for margining purposes for OTC derivative liabilities.

- The assets of consolidated structured entities are held for the benefit of the parties that have bought the notes issued by these entities.

- Assets held by insurance subsidiaries are primarily held to satisfy the obligations to the companies policy holders.

- Regulatory and central bank requirements or local corporate laws may restrict the Group s ability to transfer assets to or from other entities within the Group in certain jurisdictions.

Restricted assets

	Dec 31, 2014		Dec 31, 2013	
in m.	Total assets	Restricted assets	Total assets	Restricted assets

Interest-earning deposits with banks	63,518	1,254	77,984	1,115
Financial assets at fair value through profit or loss	942,924	82,612	899,257	94,388
Financial assets available for sale	64,297	10,638	48,326	7,821
Loans	405,612	51,450	376,582	56,553
Other	232,352	9,506	209,252	7,675
Total	**1,708,703**	**155,460**	**1,611,400**	**167,552**

The table above excludes assets that are not encumbered at an individual entity level but which may be subject to restrictions in terms of their transferability within the Group. Such restrictions may be based on local connected lending requirements or similar regulatory restrictions. In this situation, it is not feasible to identify individual balance sheet items that cannot be transferred. This is also the case for regulatory minimum liquidity requirements. The Group identifies the volume of liquidity reserves in excess of local stress liquidity outflows. The aggregate amount of such liquidity reserves that are considered restricted for this purpose is 32.4 billion and 19.4 billion as of December 31, 2014 and December 31, 2013, respectively.

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Structured Entities

Nature, purpose and extent of the Group s interests in structured entities

The Group engages in various business activities with structured entities which are designed to achieve a specific business purpose. A structured entity is one that has been set up so that any voting rights or similar rights are not the dominant factor in deciding who controls the entity. An example is when voting rights relate only to administrative tasks and the relevant activities are directed by contractual arrangements.

A structured entity often has some or all of the following features or attributes:

- Restricted activities;
- A narrow and well defined objective;
- Insufficient equity to permit the structured entity to finance its activities without subordinated financial support;
- Financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The principal uses of structured entities are to provide clients with access to specific portfolios of assets and to provide market liquidity for clients through securitizing financial assets. Structured entities may be established as corporations, trusts or partnerships. Structured entities generally finance the purchase of assets by issuing debt and equity securities that are collateralized by and/or indexed to the assets held by the structured entities. The debt and equity securities issued by structured entities may include tranches with varying levels of subordination.

Structured entities are consolidated when the substance of the relationship between the Group and the structured entities indicate that the structured entities are controlled by the Group, as discussed in Note 1 Significant Accounting Policies and Critical Accounting Estimates .

Consolidated structured entities

The Group has contractual arrangements which may require it to provide financial support to the following types of consolidated structured entities.

Securitization vehicles

The group uses securitization vehicles for funding purchase of diversified pool of assets. The group provides financial support to these entities in the form of liquidity facility. As of December 31, 2014 and December 31, 2013, there were outstanding loan commitments to these entities for 2 billion and 6 billion respectively.

Funds

The group may provide funding and liquidity facility or guarantees to funds consolidated by the group. As of December 31, 2014 and December 31, 2013 notional value of the liquidity facilities and guarantees provided by the group to such funds was 28 billion and 27 billion.

Unconsolidated structured entities

These are entities which are not consolidated because the Group does not control them through voting rights, contract, funding agreements, or other means. The extent of the Group s interests to unconsolidated structured entities will vary depending on the type of structured entities.

Below is a description of the Group s involvements in unconsolidated structured entities by type.

Repackaging and investment entities

Repackaging and investment entities are established to meet clients investment needs through the combination of securities and derivatives. These entities are not consolidated by the Group because the Group does not have power to influence the returns obtained from the entities. These entities are usually set up to provide a certain investment return pre-agreed with the investor, and the Group is not able to change the investment strategy or return during the life of the transaction.

Third party funding entities

The Group provides funding to structured entities that hold a variety of assets. These entities may take the form of funding entities, trusts and private investment companies. The funding is collateralized by the asset in the structured entities. The group s involvement involves predominantly both lending and loan commitments.

The vehicles used in these transactions are controlled by the borrowers where the borrowers have the ability to decide whether to post additional margin or collateral in respect of the financing. In such cases, where borrowers can decide to continue or terminate the financing, the borrowers will consolidate the vehicle.

Securitization Vehicles

The Group establishes securitization vehicles which purchase diversified pools of assets, including fixed income securities, corporate loans, and asset-backed securities (predominantly commercial and residential mortgage-backed securities and credit card receivables). The vehicles fund these purchases by issuing multiple tranches of debt and equity securities, the repayment of which is linked to the performance of the assets in the vehicles.

The Group often transfers assets to these securitization vehicles and provide financial support to these entities in the form of liquidity facilities.

The Group also invests and provides liquidity facilities to third party sponsored securitization vehicles.

The securitization vehicles that are not consolidated into the Group are those where the Group does not hold the power or ability to unilaterally remove the servicer or special servicer who has been delegated power over the activities of the entity.

Funds

The Group establishes structured entities to accommodate client requirements to hold investments in specific assets. The Group also invests in funds that are sponsored by third parties. A group entity may act as fund manager, custodian or some other capacity and provide funding and liquidity facilities to both group sponsored and third party funds. The funding provided is collateralized by the underlying assets held by the fund.

The Group does not consolidate funds when Deutsche Bank is deemed agent or when another third party investor has the ability to direct the activities of the fund.

Other

These are Deutsche Bank sponsored or third party structured entities that do not fall into any criteria above. These entities are not consolidated by the Group when the Group does not hold power over the decision making of these entities.

Income derived from involvement with structured entities

The Group earns management fees and, occasionally, performance-based fees for its investment management service in relation to funds. Interest income is recognized on the funding provided to structured entities. Any trading revenue as a result of derivatives with structured entities and from the movements in the value of notes held in these entities is recognized in Net gains/losses on financial assets/liabilities held at fair value through profit and loss .

Interests in unconsolidated structured entities

The Group s interests in unconsolidated structured entities refer to contractual and non-contractual involvement that exposes the group to variability of returns from the performance of the structured entities. Examples of interests in unconsolidated structured entities include debt or equity investments, liquidity facilities, guarantees and certain derivative instruments in which the Group is absorbing variability of returns from the structured entities.

Interests in unconsolidated structured entities exclude instruments which introduce variability of returns into the structured entities. For example, when the group purchases credit protection from an unconsolidated structured entity whose purpose and design is to pass through credit risk to investors, the Group is providing the variability of returns to the entity rather than absorbing variability. The purchased credit protection is therefore not considered as an interest for the purpose of the table below.

Maximum Exposure to unconsolidated structured entities

The maximum exposure to loss is determined by considering the nature of the interest in the unconsolidated structured entity. The maximum exposure for loans and trading instruments is reflected by their carrying amounts in the consolidated balance sheet. The maximum exposure for derivatives and off balance sheet commitments such as guarantees, liquidity facilities and loan commitments under IFRS 12, as interpreted by the Group, is reflected by the notional amounts. Such amounts do not reflect the economic risks faced by the Group because they do not take into account the effects of collateral or hedges nor the probability of such losses being incurred. At December 31, 2014, the notional related to the positive and negative replacement values of derivatives and off balance sheet commitments were 301 billion, 615 billion and 32 billion respectively.

At December 31, 2013, the notional related to the positive and negative replacement values of derivatives and off balance sheet commitments were 311 billion, 529 billion and 27.3 billion respectively.

Size of structured entities

The Group provides a different measure for size of structured entities depending on their type. The following measures have been considered as appropriate indicators for evaluating the size of structured entities:

Funds Net asset value or asset under management where the Group holds fund units and notional of derivatives when the Group s interest comprises of derivatives.
Securitizations notional of notes in issue when the Group derives its interests through notes its holds and notional of derivatives when the Group s interests is in the form of derivatives.
Third party funding entities Total assets in entities
Repackaging and investment entities Fair value of notes in issue

For Third party funding entities, size information is not publicly available, therefore the Group has disclosed the greater of the collateral Deutsche Bank has received/pledged or the notional of the exposure Deutsche Bank has to the entity.

The following table shows, by type of structured entity, the carrying amounts of the Group s interests recognized in the consolidated statement of financial position as well as the maximum exposure to loss resulting from these interests. It also provides an indication of the size of the structured entities. The carrying amounts presented below do not reflect the true variability of returns faced by the Group because they do not take into account the effects of collateral or hedges.

Carrying amounts and size relating to Deutsche Bank s interests

					Dec 31, 2014
in m.	Repackaging and Investment Entities	Third Party Funding Entities	Securitizations	Funds	Total
Assets					
Interest-earning deposits with banks	0	13[1]	0	405	419
Central bank funds sold and securities purchased under resale agreements	0	0	0	1,599	1,599
Securities Borrowed	0	0	0	17,367	17,367
Total financial assets at fair value through profit or loss	1,292	6,875	21,282	65,934	95,384
Trading assets	963	4,315	21,108	13,419	39,805
Positive market values (derivative financial instruments)	329	703	143	8,789	9,963
Financial assets designated at fair value through profit or loss	0	1,858	31	43,726	45,616
Financial assets available for sale	0	410	875	1,418	2,703
Loans	77	32,553	16,250	15,671	64,551
Other assets	11	87	2,280	21,447	23,824
Total assets	**1,380**	**39,938**	**40,687**	**123,842**	**205,846**
Liabilities					
Total financial liabilities at fair value through profit or loss	225	626	579	16,968	18,398
Negative market values (derivative financial instruments)	225	626	579	16,968	18,398

Total liabilities	**225**	**626**	**579**	**16,968**	**18,398**
Off-balance sheet exposure	3	3,064	1,268	27,699	32,035
Total	**1,158**	**42,376**	**41,375**	**134,572**	**219,483**
Size of structured entity	**10,938**	**98,197**	**3,044,623**	**3,695,476**	

[1] Includes 13 million of Cash and due from banks.

					Dec 31, 2013
in m.	Repackaging and Investment Entities	Third Party Funding Entities	Securitizations	Funds	Total
Assets					
Interest-earning deposits with banks	0	0	0	303	303
Central bank funds sold and securities purchased under resale agreements	0	0	0	1,797	1,797
Securities Borrowed	0	0	0	6,819	6,819
Total financial assets at fair value through profit or loss	1,830	3,097	26,180	89,365	120,472
Trading assets	1,216	2,586	26,002	12,949	42,753
Positive market values (derivative financial instruments)	600	175	169	7,640	8,584
Financial assets designated at fair value through profit or loss	15	336	9	68,776	69,136
Financial assets available for sale	3	414	2,279	867	3,564
Loans	101	27,978	13,406	6,153	47,639
Other assets[1]	0	47	546	7,869	8,461
Total assets	**1,935**	**31,536**	**42,412**	**113,173**	**189,056**
Liabilities					
Total financial liabilities at fair value through profit or loss	471	85	223	8,836	9,615
Negative market values (derivative financial instruments)	471	85	223	8,836	9,615
Total liabilities	**471**	**85**	**223**	**8,836**	**9,615**
Off-balance sheet exposure	0	2,135	1,104	24,064	27,304
Total	**1,464**	**33,587**	**43,293**	**128,401**	**206,745**
Size of structured entity	**20,771**	**74,278**	**1,665,626**	**4,488,622**	

[1] Prior year numbers were restated in 2014 to exclude 29.4 billion pending settlements which were disclosed in Other assets and have been removed from the Group s definition of an Interest.

Trading assets Total trading assets as of December 31, 2014 and December 31, 2013 of 39.8 billion and 42.8 billion are comprised primarily of 21.1 billion and 26 billion in Securitizations and 13.4 billion and 12.9 billion in Funds structured entities respectively. The Group s interests in securitizations are collateralized by the assets contained in these entities. Where the Group holds Fund units these are typically in regards to market making in funds or otherwise serve as hedges for notes issued to clients. Moreover the credit risk arising from loans made to Third party funding structured entities is mitigated by the collateral received.

Financial assets designated at fair value through profit or loss Reverse repurchase agreements to Funds comprise the majority of the interests in this category and are collateralized by the underlying securities.

Loans Loans as of December 31, 2014 and December 31, 2013 consists of 64.6 billion and 47.6 billion investment in securitization tranches and financing to Third Party Funding Entities. The Group s financing to Third Party funding entities is collateralized by the assets in those structured entities.

Other assets Other assets as of December 31, 2014 and December 31, 2013 of 23.8 billion and 8.4 billion, respectively, consists primarily of prime brokerage receivables and cash margin balances.

Financial Support

Deutsche Bank did not provide non-contractual support during the year to unconsolidated structured entities.

Sponsored Unconsolidated Structured Entities where Deutsche Bank has no interest as of December 31, 2014 and December 31, 2013.

As a sponsor, Deutsche Bank is involved in the legal set up and marketing of the entity and supports the entity in different ways, namely:

- transferring assets to the entities
- providing seed capital to the entities
- providing operational support to ensure the entity s continued operation
- providing guarantees of performance to the structured entities.

Deutsche Bank is also deemed a sponsor for a structured entity if market participants would reasonably associate the entity with the Group. Additionally, the use of the Deutsche Bank name for the structured entity indicates that Deutsche Bank has acted as a sponsor.

The gross revenues from sponsored entities where the Group did not hold an interest as of December 31, 2014 and December 31, 2013 were 166 million and 527 million respectively. Instances where the Group does not hold an interest in an unconsolidated sponsored structured entity include cases where any seed capital or funding to the structured entity has already been repaid in full to the Group during the year. This amount does not take into account the impacts of hedges and is recognized in Net gains/losses on financial assets/liabilities at fair value through profit and loss. The aggregated carrying amounts of assets transferred to sponsored unconsolidated structured entities in 2014 were 469 million for securitization and 1.9 billion for repackaging and investment entities. In 2013, they were 3.2 billion for securitization and 3.7 billion for repackaging and investment entities.

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Insurance and Investment Contracts

Liabilities arising from Insurance and Investment Contracts

			Dec 31, 2014			Dec 31, 2013
in m.	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Insurance contracts	4,750	(67)	4,683	4,581	(67)	4,514
Investment contracts	8,523	0	8,523	8,067	0	8,067
Total	**13,273**	**(67)**	**13,206**	**12,648**	**(67)**	**12,581**

Generally, amounts relating to reinsurance contracts are reported gross unless they have an immaterial impact on their respective balance sheet line items.

Carrying Amount

The following table presents an analysis of the change in insurance and investment contracts liabilities.

in m.	2014 Insurance contracts	2014 Investment contracts	2013 Insurance contracts	2013 Investment contracts
Balance, beginning of year	**4,581**	**8,067**	**4,654**	**7,732**
New business	158	52	205	52
Claims/withdrawals paid	(427)	(544)	(485)	(589)
Other changes in existing business	118	429	306	1,023
Exchange rate changes	320	519	(99)	(151)
Balance, end of year	**4,750**	**8,523**	**4,581**	**8,067**

Other changes in existing business for the investment contracts of 429 million and 1,023 million are principally attributable to changes in the fair value of underlying assets for the years ended December 31, 2014 and 2013, respectively.

As of December 31, 2014 the Group had insurance contract liabilities of 4.8 billion. Of this, 2.5 billion represents traditional annuities in payment, 1.8 billion universal life contracts and 444 million unit linked pension contracts with guaranteed annuity rates. Guaranteed annuity rates give the policyholder the option, on retirement, to take up a traditional annuity at a rate that was fixed at the inception of the policy. The liability of 444 million for unit linked pension contracts with guaranteed annuity rates is made up of the unit linked liability of 288 million and a best estimate reserve of 156 million for the guaranteed annuity rates. The latter is calculated using the differential between the fixed and best estimate rate, the size of the unit linked liability and an assumption on take up rate.

As of December 31, 2013 the Group had insurance contract liabilities of 4.6 billion. Of this, 2.4 billion represents traditional annuities in payment, 1.8 billion universal life contracts and 397 million unit linked pension contracts with guaranteed annuity rates (made up of a unit linked liability of 288 million and a best estimate reserve of 109 million for the guaranteed annuity rates).

Key Assumptions in relation to Insurance Business

The liabilities will vary with movements in interest rates, which are applicable, in particular, to the cost of guaranteed benefits payable in the future, investment returns and the cost of life assurance and annuity benefits where future mortality is uncertain.

Assumptions are made related to all material factors affecting future cash flows, including future interest rates, mortality and costs. The assumptions to which the long term business amount is most sensitive are the interest rates used to discount the cash flows and the mortality assumptions, particularly those for annuities.

The assumptions are set out below:

Interest Rates

Interest rates are used that reflect a best estimate of future investment returns taking into account the nature and term of the assets used to support the liabilities. Suitable margins for default risk are allowed for in the assumed interest rate.

Mortality

Mortality rates are based on published tables, adjusted appropriately to take into account changes in the underlying population mortality since the table was published, company experience and forecast changes in future mortality. If appropriate, a margin is added to assurance mortality rates to allow for adverse future deviations. Annuitant mortality rates are adjusted to make allowance for future improvements in pensioner longevity. Improvements in annuitant mortality are based on 100 % of the Continuous Mortality Investigation 2013 mortality improvement tables with an ultimate rate of improvement of 1 % per annum.

Costs

For non-linked contracts, allowance is made explicitly for future expected per policy costs.

Other Assumptions

The take-up rate of guaranteed annuity rate options on pension business is assumed to be 67 % for the year ended December 31, 2014 and for the year ended December 31, 2013.

Key Assumptions impacting Value of Business Acquired (VOBA)

On acquisition of insurance businesses, the excess of the purchase price over the acquirer s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is accounted for as an intangible asset. This intangible asset represents the present value of future cash flows over the reported liability at the date of acquisition. This is known as value of business acquired (VOBA).

The VOBA is amortized at a rate determined by considering the profile of the business acquired and the expected depletion in its value. The VOBA acquired is reviewed regularly for any impairment in value and any reductions are charged as an expense to the consolidated statement of income.

The opening VOBA arising on the purchase of Abbey Life Assurance Company Limited was determined by capitalizing the present value of the future cash flows of the business over the reported liability at the date of acquisition. If assumptions were required about future mortality, morbidity, persistency and expenses, they were determined on a best estimate basis taking into account the business s own experience. General economic assumptions were set considering the economic indicators at the date of acquisition.

The rate of VOBA amortization is determined by considering the profile of the business acquired and the expected depletion in future value. At the end of each accounting period, the remaining VOBA is tested against the future net profit expected related to the business that was in force at the date of acquisition.

If there is insufficient net profit, the VOBA will be written down to its supportable value.

Key Changes in Assumptions

Upon acquisition of Abbey Life Assurance Company Limited in October 2007, liabilities for insurance contracts were recalculated from a regulatory basis to a best estimate basis in line with the provisions of IFRS 4. The non-economic assumptions set at that time have not been changed but the economic assumptions have been reviewed in line with changes in key economic indicators. For annuity contracts, the liability was valued using the locked-in basis determined at the date of acquisition.

Sensitivity Analysis (in respect of Insurance Contracts only)

The following table presents the sensitivity of the Group s profit before tax and equity to changes in some of the key assumptions used for insurance contract liability calculations. For each sensitivity test, the impact of a reasonably possible change in a single factor is shown with other assumptions left unchanged.

	Impact on profit before tax		Impact on equity	
in m.	2014	2013	2014	2013
Variable:				
Mortality (worsening by ten percent)[1]	(10)	(8)	(8)	(6)
Renewal expense (ten percent increase)	(1)	0	(1)	0
Interest rate (one percent increase)	8	10	(185)	(144)

1 The impact of mortality assumes a ten percent decrease in annuitant mortality and a ten percent increase in mortality for other business.

For certain insurance contracts, the underlying valuation basis contains a Provision for Adverse Deviations (PADs). For these contracts any worsening of expected future experience would not change the level of reserves held until all the PADs have been eroded while any improvement in experience would not result in an increase to these reserves. Therefore, in the sensitivity analysis, if the variable change represents a worsening of experience, the impact shown represents the excess of the best estimate liability over the PADs held at the balance sheet date. As a result, the figures disclosed in this table should not be used to imply the impact of a different level of change and it should not be assumed that the impact would be the same if the change occurred at a different point in time.

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Current and Non-Current Assets and Liabilities

Asset and liability line items by amounts recovered or settled within or after one year

Asset items as of December 31, 2014

	Amounts recovered or settled		Total
in m.	within one year	after one year	Dec 31, 2014
Cash and due from banks	20,055	0	20,055
Interest-earning deposits with banks	63,146	371	63,518
Central bank funds sold and securities purchased under resale agreements	17,494	303	17,796
Securities borrowed	25,800	34	25,834
Financial assets at fair value through profit or loss	906,129	36,796	942,924
Financial assets available for sale	7,740	56,557	64,297
Equity method investments	0	4,143	4,143
Loans	135,376	270,236	405,612
Property and equipment	0	2,909	2,909
Goodwill and other intangible assets	0	14,951	14,951
Other assets	130,891	7,089	137,980
Assets for current tax	1,589	230	1,819
Total assets before deferred tax assets	**1,308,224**	**393,614**	**1,701,838**
Deferred tax assets			6,865
Total assets			**1,708,703**

Liability items as of December 31, 2014

in m.	Amounts recovered or settled within one year	after one year	Total Dec 31, 2014
Deposits	508,481	24,451	532,931
Central bank funds purchased and securities sold under repurchase agreements	10,887	0	10,887
Securities loaned	1,976	363	2,339
Financial liabilities at fair value through profit or loss	680,496	17,203	697,699
Other short-term borrowings	42,931	0	42,931
Other liabilities	177,798	6,024	183,823
Provisions	6,677	0	6,677
Liabilities for current tax	780	828	1,608
Long-term debt	25,739	119,098	144,837
Trust preferred securities	4,906	5,667	10,573
Total liabilities before deferred tax liabilities	**1,460,672**	**173,634**	**1,634,306**
Deferred tax liabilities			1,175
Total liabilities			**1,635,481**

Asset items as of December 31, 2013

in m.	Amounts recovered or settled within one year	after one year	Total Dec 31, 2013
Cash and due from banks	17,155	0	17,155
Interest-earning deposits with banks	77,821	163	77,984
Central bank funds sold and securities purchased under resale agreements	26,355	1,008	27,363
Securities borrowed	20,818	51	20,870
Financial assets at fair value through profit or loss	867,731	31,525	899,257
Financial assets available for sale	6,561	41,765	48,326
Equity method investments	0	3,581	3,581
Loans	121,566	255,016	376,582
Property and equipment	0	4,420	4,420
Goodwill and other intangible assets	0	13,932	13,932
Other assets	106,737	5,803	112,539
Assets for current tax	2,098	224	2,322
Total assets before deferred tax assets	**1,246,842**	**357,487**	**1,604,330**

Deferred tax assets	7,071
Total assets	**1,611,400**

Liability items as of December 31, 2013

in m.	Amounts recovered or settled within one year	after one year	Total Dec 31, 2013
Deposits	503,976	23,773	527,750
Central bank funds purchased and securities sold under repurchase agreements	13,381	0	13,381
Securities loaned	2,106	198	2,304
Financial liabilities at fair value through profit or loss	620,172	17,232	637,404
Other short-term borrowings	59,767	0	59,767
Other liabilities	161,239	2,356	163,595
Provisions	4,524	0	4,524
Liabilities for current tax	870	730	1,600
Long-term debt	31,365	101,718	133,082
Trust preferred securities	5,190	6,736	11,926
Total liabilities before deferred tax liabilities	**1,402,591**	**152,743**	**1,555,333**
Deferred tax liabilities			1,101
Total liabilities			**1,556,434**

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Events after the Reporting Period

All significant adjusting events that occurred after the reporting date were recognized in the Group s results of operations, financial position and net assets.

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Condensed Deutsche Bank AG (Parent Company only) Financial Information

Condensed Statement of Income

in m.	2014	2013	2012
Interest income, excluding dividends from subsidiaries	12,262	11,222	14,648
Dividends received from subsidiaries:			
Bank subsidiaries	405	735	1,256
Nonbank subsidiaries	2,775	3,152	2,850
Interest expense	7,833	6,956	10,729
Net interest and dividend income	**7,609**	**8,153**	**8,025**
Provision for credit losses	764	801	495
Net interest and dividend income after provision for credit losses	**6,845**	**7,352**	**7,530**
Noninterest income:			
Commissions and fee income	4,349	4,148	3,746
Net gains (losses) on financial assets/liabilities at fair value through profit or loss	3,559	3,791	3,650
Other income (loss)[1]	(1,597)	(1,591)	(2,519)
Total noninterest income	**6,311**	**6,348**	**4,877**
Noninterest expenses:			
Compensation and benefits	5,187	5,063	5,723
General and administrative expenses	6,755	7,104	6,957
Services provided by (to) affiliates, net	77	(7)	(126)
Total noninterest expenses	**12,019**	**12,160**	**12,554**
Income (loss) before income taxes	**1,137**	**1,540**	**(147)**
Income tax expense (benefit)	602	316	(173)
Net income (loss) attributable to Deutsche Bank shareholders	**535**	**1,224**	**26**

1 Includes net gains (losses) on financial assets available for sale and impairments/write-ups on investments in subsidiaries.

Condensed Statement of Comprehensive Income

in m.	2014	2013	2012
Net income (loss) attributable to Deutsche Bank shareholders	535	1,224	26
Other comprehensive income (loss), net of tax	2,174	(1,211)	(271)
Total comprehensive income (loss), net of tax	**2,709**	**13**	**(245)**

Condensed Balance Sheet

in m.	Dec 31, 2014	Dec 31, 2013
Assets:		
Cash and due from banks:		
Bank subsidiaries	660	655
Other	12,348	10,112
Interest-earning deposits with banks:		
Bank subsidiaries	83,676	90,094
Other	40,393	56,140
Central bank funds sold, securities purchased under resale agreements, securities borrowed:		
Bank subsidiaries	6,691	7,130
Nonbank subsidiaries	66,323	58,524
Other	8,036	11,603
Financial assets at fair value through profit or loss:		
Bank subsidiaries	9,691	10,026
Nonbank subsidiaries	22,710	18,795
Other	810,600	727,681
Financial assets available for sale	34,347	21,970
Investments in associates	829	781
Investment in subsidiaries:		
Bank subsidiaries	12,257	11,675
Nonbank subsidiaries	41,075	43,674
Loans:		
Bank subsidiaries	22,272	15,494
Nonbank subsidiaries	64,084	64,161
Other	138,653	104,535
Other assets:		
Bank subsidiaries	1,964	2,159
Nonbank subsidiaries	16,055	14,635
Other	113,150	82,998
Total assets	**1,505,815**	**1,352,843**
Liabilities and equity:		
Deposits:		
Bank subsidiaries	119,081	117,221
Nonbank subsidiaries	34,805	41,411

Other	255,976	257,922
Central bank funds purchased, securities sold under repurchase agreements and securities loaned:		
Bank subsidiaries	1,325	1,106
Nonbank subsidiaries	20,843	18,945
Other	2,521	3,064
Financial liabilities at fair value through profit or loss:		
Bank subsidiaries	6,242	6,867
Nonbank subsidiaries	13,980	16,223
Other	664,741	568,739
Other short-term borrowings:		
Bank subsidiaries	330	216
Nonbank subsidiaries	1,526	282
Other	29,352	32,975
Other liabilities:		
Bank subsidiaries	1,802	1,671
Nonbank subsidiaries	29,940	23,399
Other	130,788	107,571
Long-term debt	136,487	114,187
Total liabilities	**1,449,741**	**1,311,799**
Total shareholders equity	51,418	41,043
Additional equity components	4,656	0
Total equity	**56,074**	**41,043**
Total liabilities and equity	**1,505,815**	**1,352,843**

Condensed Statement of Cash Flows

in m.	2014	2013	2012
Net cash provided by (used in) operating activities	**(19,595)**	**22,925**	**(10,031)**
Cash flows from investing activities:			
Proceeds from:			
Sale of financial assets available for sale	8,546	7,444	4,432
Maturities of financial assets available for sale	5,566	5,552	3,980
Sale of investments in associates	17	13	68
Sale of property and equipment	4	16	55
Purchase of:			
Financial assets available for sale	(24,377)	(22,676)	(13,264)
Investments in associates	(60)	(1)	(7)
Property and equipment	(227)	(200)	(270)
Net change in investments in subsidiaries	2,935	(5,921)	(1,953)
Other, net	(760)	(384)	(475)
Net cash provided by (used in) investing activities	**(8,356)**	**(16,157)**	**(7,434)**
Cash flows from financing activities:			
Issuances of subordinated long-term debt	91	1,176	22
Repayments and extinguishments of subordinated long-term debt	(2,384)	(2,188)	(398)
Capital increase	8,508	2,961	0
Purchases of treasury shares	(9,026)	(13,255)	(11,851)
Sale of treasury shares	8,161	12,106	11,148
Net proceeds from Additional equity components[1]	4,656	0	0
Cash dividends paid	(765)	(764)	(689)
Net cash provided by (used in) financing activities	**9,241**	**36**	**(1,768)**
Net effect of exchange rate changes on cash and cash equivalents	217	(656)	(65)
Net increase (decrease) in cash and cash equivalents	(18,493)	6,148	(19,298)
Cash and cash equivalents at beginning of period	86,126	78,699	94,506
Cash and cash equivalents at end of period	67,633	84,847	75,209
Net cash provided by (used in) operating activities include			
Income taxes paid (received), net	(29)	235	614
Interest paid	8,209	6,579	11,124
Interest and dividends received	15,746	14,665	19,211
Cash and cash equivalents comprise			

Cash and due from banks	13,009	10,767	19,605
Demand deposits with banks	54,624	74,080	55,605
Total	**67,633**	**84,847**	**75,209**

[1] Includes net proceeds from issuance, repurchase and sale of Additional equity components.

Parent Company s Long-Term Debt by Remaining Maturities

By remaining maturities in m.	Due in 2015	Due in 2016	Due in 2017	Due in 2018	Due in 2019	Due after 2019	Total Dec 31, 2014	Total Dec 31, 2013
Senior debt:								
Bonds and notes:								
Fixed rate	13,478	11,605	13,096	4,407	7,610	16,815	67,010	54,756
Floating rate	7,296	6,221	5,159	3,128	6,961	6,832	35,597	25,762
Subordinated debt								
Bonds and notes:								
Fixed rate	3,667	133	658	3,764	263	2,591	11,077	11,993
Floating rate	657	0	0	50	0	1,795	2,502	5,268
Other	**1,726**	**6,246**	**1,995**	**1,434**	**846**	**8,054**	**20,301**	**16,408**
Total long-term debt	**26,824**	**24,204**	**20,909**	**12,784**	**15,680**	**36,086**	**136,487**	**114,187**

45 Condensed Consolidating Financial Information

On June 4, 1999, Deutsche Bank, acting through a subsidiary, acquired all outstanding shares of Deutsche Bank Trust Corporation (formerly Bankers Trust Corporation), a bank holding company headquartered in New York. Deutsche Bank conducts some of its activities in the United States through Deutsche Bank Trust

Corporation and its subsidiaries (DBTC). On July 10, 2002, Deutsche Bank issued full and unconditional guarantees of DBTC s outstanding SEC-registered obligations. DBTC is a 100 % owned subsidiary of Deutsche Bank. Set forth below is condensed consolidating financial information regarding the Parent, DBTC and other subsidiaries of Deutsche Bank on a combined basis.

Condensed Consolidating Statement of Income

2014 in m.	Parent	DBTC	Other sub-sidiaries	Consolidating entries	Deutsche Bank AG consolidated
Net interest income:					
Interest income, including dividends from subsidiaries	15,442	377	20,711	(11,529)	25,001
Interest expense	7,833	81	8,549	(5,734)	10,729
Net interest and dividend income	**7,609**	**296**	**12,162**	**(5,795)**	**14,272**
Provision for credit losses	764	(9)	957	(578)	1,134
Net interest and dividend income after provision for credit losses	**6,845**	**305**	**11,205**	**(5,217)**	**13,138**
Noninterest income:					
Commissions and fee income	4,349	737	7,324	0	12,409
Net gains (losses) on financial assets/liabilities at fair value through profit or loss	3,559	(45)	299	486	4,299
Net gains (losses) on financial assets available for sale	83	4	122	33	242
Other income	(1,680)	86	3,354	(1,033)	727
Total noninterest income	**6,311**	**782**	**11,099**	**(515)**	**17,677**
Noninterest expenses:					
Compensation and benefits	5,187	362	6,963	0	12,512
Other expenses	6,832	217	8,589	(451)	15,187
Total noninterest expenses	**12,019**	**579**	**15,552**	**(451)**	**27,699**
Income (loss) before income taxes	**1,137**	**508**	**6,752**	**(5,281)**	**3,116**
Income tax expense (benefit)	602	264	870	(311)	1,425
Net income (loss)	**535**	**244**	**5,882**	**(4,970)**	**1,691**
Net income (loss) attributable to noncontrolling interests	0	0	0	28	28
Net income (loss) attributable to Deutsche Bank shareholders	535	244	5,882	(4,998)	1,663

2013

in m.	Parent	DBTC	Other sub-sidiaries	Consolidating entries	Deutsche Bank AG consolidated
Net interest income:					
Interest income, including dividends from subsidiaries	15,109	510	21,979	(11,997)	25,601
Interest expense	6,956	135	9,954	(6,278)	10,768
Net interest and dividend income	**8,153**	**374**	**12,025**	**(5,719)**	**14,834**
Provision for credit losses	801	18	1,278	(33)	2,065
Net interest and dividend income after provision for credit losses	**7,352**	**356**	**10,747**	**(5,687)**	**12,769**
Noninterest income:					
Commissions and fee income	4,148	818	7,343	0	12,308
Net gains (losses) on financial assets/liabilities at fair value through profit or loss	3,791	(174)	593	(392)	3,817
Net gains (losses) on financial assets available for sale	14	(1)	157	224	394
Other income	(1,605)	2,172	2,463	(2,468)	562
Total noninterest income	**6,348**	**2,814**	**10,556**	**(2,637)**	**17,082**
Noninterest expenses:					
Compensation and benefits	5,063	349	6,917	0	12,329
Other expenses	7,097	372	9,677	(1,081)	16,065
Total noninterest expenses	**12,160**	**721**	**16,594**	**(1,081)**	**28,394**
Income (loss) before income taxes	**1,540**	**2,449**	**4,709**	**(7,242)**	**1,456**
Income tax expense (benefit)	316	132	309	18	775
Net income (loss)	**1,224**	**2,317**	**4,400**	**(7,260)**	**681**
Net income (loss) attributable to noncontrolling interests	0	0	0	15	15
Net income (loss) attributable to Deutsche Bank shareholders	1,224	2,317	4,400	(7,275)	666

2012

in m.	Parent	DBTC	Other sub-sidiaries	Consolidating entries	Deutsche Bank AG consolidated
Net interest income:					
Interest income, including dividends from subsidiaries	18,754	625	27,069	(14,855)	31,593
Interest expense	10,729	151	13,839	(9,101)	15,619
Net interest and dividend income	**8,025**	**474**	**13,230**	**(5,754)**	**15,975**
Provision for credit losses	495	11	1,215	0	1,721
Net interest and dividend income after provision for credit losses	**7,530**	**463**	**12,015**	**(5,754)**	**14,254**
Noninterest income:					
Commissions and fee income	3,746	892	7,171	0	11,809
Net gains (losses) on financial assets/liabilities at fair value through profit or loss	3,650	(205)	1,608	555	5,608
Net gains (losses) on financial assets available for sale	158	(3)	127	19	301
Other income	(2,677)	(23)	1,142	1,601	43
Total noninterest income	**4,877**	**661**	**10,048**	**2,175**	**17,761**
Noninterest expenses:					
Compensation and benefits	5,723	433	7,334	0	13,490
Other expenses	6,831	204	9,630	1,046	17,711
Total noninterest expenses	**12,554**	**637**	**16,964**	**1,046**	**31,201**
Income (loss) before income taxes	**(147)**	**487**	**5,099**	**(4,625)**	**814**
Income tax expense (benefit)	(173)	329	807	(465)	498
Net income (loss)	**26**	**158**	**4,292**	**(4,160)**	**316**
Net income (loss) attributable to noncontrolling interests	0	0	0	53	53
Net income (loss) attributable to Deutsche Bank shareholders	26	158	4,292	(4,213)	263

Condensed Consolidating Statement of Comprehensive Income

2014

in m.	Parent	DBTC	Other sub-sidiaries	Consolidating entries	Deutsche Bank AG consolidated

Net income (loss)	535	244	5,881	(4,969)	1,691
Other comprehensive income (loss), net of tax	2,174	6	2,230	0	4,410
Total comprehensive income (loss), net of tax	**2,709**	**250**	**8,111**	**(4,969)**	**6,102**
Net income (loss) attributable to noncontrolling interests	0	0	0	28	28
Net income (loss) attributable to Deutsche Bank shareholders	535	244	5,881	(4,997)	1,663
Total comprehensive income (loss) attributable to noncontrolling interests	0	0	0	54	54
Total comprehensive income (loss) attributable to Deutsche Bank shareholders	2,709	250	8,111	(5,023)	6,048

2013

in m.	Parent	DBTC	Other sub-sidiaries	Consolidating entries	Deutsche Bank AG consolidated
Net income (loss)	1,224	2,317	4,400	(7,260)	681
Other comprehensive income (loss), net of tax	(1,211)	4	(618)	0	(1,825)
Total comprehensive income (loss), net of tax	**13**	**2,321**	**3,782**	**(7,260)**	**(1,144)**
Net income (loss) attributable to noncontrolling interests	0	0	0	15	15
Net income (loss) attributable to Deutsche Bank shareholders	1,224	2,317	4,400	(7,275)	666
Total comprehensive income (loss) attributable to noncontrolling interests	0	0	(2)	15	13
Total comprehensive income (loss) attributable to Deutsche Bank shareholders	13	2,321	3,784	(7,275)	(1,157)

2012

in m.	Parent	DBTC	Other sub-sidiaries	Consolidating entries	Deutsche Bank AG consolidated
Net income (loss)	26	158	4,292	(4,160)	316
Other comprehensive income (loss), net of tax	(271)	6	561	0	296
Total comprehensive income (loss), net of tax	**(245)**	**164**	**4,853**	**(4,160)**	**612**
Net income (loss) attributable to noncontrolling interests	0	0	0	53	53
Net income (loss) attributable to Deutsche Bank shareholders	26	158	4,292	(4,213)	263
Total comprehensive income (loss) attributable to noncontrolling interests	0	0	95	53	148
Total comprehensive income (loss) attributable to Deutsche Bank shareholders	(245)	164	4,758	(4,213)	464

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Condensed Consolidating Balance Sheet

Dec 31, 2014

in m.	Parent	DBTC	Other sub-sidiaries	Consolidating entries	Deutsche Bank AG consolidated
Assets:					
Cash and due from banks	13,009	104	12,771	(5,829)	20,055
Interest-earning deposits with banks	124,069	19,596	175,966	(256,114)	63,518
Central bank funds sold, securities purchased under resale agreements, securities borrowed	81,050	10,622	66,143	(114,185)	43,630
Financial assets at fair value through profit or loss	843,001	97	165,478	(65,652)	942,924
Financial assets available for sale	34,347	210	43,817	(14,077)	64,297
Investments in associates/equity method investments	829	7	2,612	695	4,143
Loans	225,008	13,846	304,367	(137,609)	405,612
Other assets	184,502	1,228	130,235	(151,442)	164,524
Total assets	**1,505,815**	**45,711**	**901,389**	**(744,211)**	**1,708,703**
Liabilities:					
Deposits	409,862	30,580	356,331	(263,841)	532,931
Central bank funds purchased, securities sold under repurchase agreements and securities loaned	24,690	986	101,727	(114,177)	13,226
Financial liabilities at fair value through profit or loss	684,964	31	72,147	(59,442)	697,699
Other short-term borrowings	31,209	6,416	67,302	(61,996)	42,931
Other liabilities	162,529	1,529	96,710	(67,487)	193,282
Long-term debt	136,487	129	96,692	(88,471)	144,837
Trust preferred securities	0	0	11,112	(539)	10,573
Total liabilities	**1,449,741**	**39,672**	**802,021**	**(655,952)**	**1,635,481**
Total shareholders equity	**51,418**	**5,948**	**99,180**	**(88,195)**	**68,351**
Additional equity components	4,656	0	0	(37)	4,619
Noncontrolling interests	0	91	188	(27)	253
Total equity	**56,074**	**6,039**	**99,369**	**(88,259)**	**73,223**
Total liabilities and equity	**1,505,815**	**45,711**	**901,389**	**(744,211)**	**1,708,703**

Dec 31, 2013	Parent	DBTC	Other sub-	Consolidating entries	Deutsche Bank AG

			sidiaries		consolidated
in m.					
Assets:					
Cash and due from banks	10,767	110	10,095	(3,817)	17,155
Interest-earning deposits with banks	146,233	15,642	183,630	(267,521)	77,984
Central bank funds sold, securities purchased under resale agreements, securities borrowed	77,257	11,041	58,734	(98,800)	48,232
Financial assets at fair value through profit or loss	756,502	299	200,717	(58,261)	899,257
Financial assets available for sale	21,970	204	46,220	(20,069)	48,326
Investments in associates/equity method investments	781	0	2,356	444	3,581
Loans	184,190	20,146	313,001	(140,755)	376,582
Other assets	155,142	1,332	125,059	(141,249)	140,284
Total assets	**1,352,843**	**48,774**	**939,812**	**(730,028)**	**1,611,400**
Liabilities:					
Deposits	416,554	26,465	362,119	(277,388)	527,750
Central bank funds purchased, securities sold under repurchase agreements and securities loaned	23,115	2,059	89,299	(98,787)	15,686
Financial liabilities at fair value through profit or loss	591,829	28	101,641	(56,094)	637,404
Other short-term borrowings	33,473	13,306	76,380	(63,392)	59,767
Other liabilities	132,641	1,570	95,001	(58,393)	170,819
Long-term debt	114,187	193	107,164	(88,461)	133,082
Trust preferred securities	0	0	12,463	(537)	11,926
Total liabilities	**1,311,799**	**43,621**	**844,066**	**(643,052)**	**1,556,434**
Total shareholders equity	**41,043**	**5,026**	**95,520**	**(86,870)**	**54,719**
Additional equity components	0	0	0	0	0
Noncontrolling interests	0	126	227	(106)	247
Total equity	**41,043**	**5,152**	**95,746**	**(86,976)**	**54,966**
Total liabilities and equity	**1,352,843**	**48,774**	**939,812**	**(730,028)**	**1,611,400**

Condensed Consolidating Statement of Cash Flows

2014

in m.	Parent	DBTC	Other subsidiaries[1]	Deutsche Bank AG consolidated
Net cash provided by (used in) operating activities	**(19,595)**	**6,118**	**12,847**	**(630)**
Cash flows from investing activities:				
Proceeds from:				
Sale of financial assets available for sale	8,546	38	3,390	11,974
Maturities of financial assets available for sale	5,566	9	3,170	8,745
Sale of investments in associates/equity method investments	17	0	107	124
Sale of property and equipment	4	5	124	133
Purchase of:				
Financial assets available for sale	(24,377)	(23)	(9,758)	(34,158)
Investments in associates/equity method investments	(60)	(7)	(11)	(78)
Property and equipment	(227)	(43)	(399)	(669)
Net cash received for business combinations/divestitures	2,935	0	(1,004)	1,931
Other, net	(760)	(38)	(28)	(826)
Net cash provided by (used in) investing activities	**(8,356)**	**(59)**	**(4,409)**	**(12,824)**
Cash flows from financing activities:				
Issuances of subordinated long-term debt	91	0	10	101
Repayments and extinguishments of subordinated long-term debt	(2,384)	0	(758)	(3,142)
Issuances of trust preferred securities	0	0	49	49
Repayments and extinguishments of trust preferred securities	0	0	(3)	(3)
Capital increase	8,508	0	0	8,508
Purchases of treasury shares	(9,026)	0	(161)	(9,187)
Sale of treasury shares	8,161	0	157	8,318
Net proceeds from Additional Equity Components[2]	4,656	0	(37)	4,619
Cash dividends paid	(765)	0	0	(765)

Other, net	0	(24)	3	(21)
Net cash provided by (used in) financing activities	**9,241**	**(24)**	**(740)**	**8,477**
Net effect of exchange rate changes on cash and cash equivalents	217	0	680	897
Net increase (decrease) in cash and cash equivalents	(18,493)	6,035	8,378	(4,080)
Cash and cash equivalents at beginning of period	86,126	13,664	(43,749)	56,041
Cash and cash equivalents at end of period	67,633	19,699	(35,372)	51,960
Net cash provided by (used in) operating activities include	**0**	**0**	**0**	**0**
Income taxes paid (received), net	(29)	(131)	537	377
Interest paid	8,209	73	3,141	11,423
Interest and dividends received	15,746	375	9,283	25,404
Cash and cash equivalents comprise	**0**	**0**	**0**	**0**
Cash and due from banks	13,009	104	6,942	20,055
Demand deposits with banks	54,624	19,596	(42,315)	31,905
Total	**67,633**	**19,700**	**(35,373)**	**51,960**

[1] This column includes amounts for other subsidiaries and intercompany cash flows.
[2] Includes net proceeds from issuance, repurchase and sale of Additional Equity Components.

2013

in m.	Parent	DBTC	Other subsidiaries[1]	Deutsche Bank AG consolidated
Net cash provided by (used in) operating activities	**22,925**	**954**	**(16,695)**	**7,184**
Cash flows from investing activities:				
Proceeds from:				
Sale of financial assets available for sale	7,444	77	10,533	18,054
Maturities of financial assets available for sale	5,552	0	6,012	11,564
Sale of investments in associates/equity method investments	13	0	63	76
Sale of property and equipment	16	0	121	137
Purchase of:				
Financial assets available for sale	(22,676)	(29)	(8,883)	(31,588)
Investments in associates/equity method investments	(1)	0	(20)	(21)
Property and equipment	(200)	(29)	(284)	(513)
Net cash received for business combinations/divestitures	(5,921)	3,132	2,661	(128)
Other, net	(384)	(22)	(190)	(596)
Net cash provided by (used in) investing activities	**(16,157)**	**3,129**	**10,013**	**(3,015)**
Cash flows from financing activities:				
Issuances of subordinated long-term debt	1,176	0	41	1,217
Repayments and extinguishments of subordinated long-term debt	(2,188)	0	(588)	(2,776)
Issuances of trust preferred securities	0	0	11	11
Repayments and extinguishments of trust preferred securities	0	0	(49)	(49)
Capital increase	2,961	0	0	2,961
Purchases of treasury shares	(13,255)	0	(393)	(13,648)
Sale of treasury shares	12,106	0	388	12,494
Net proceeds from Additional Equity Components	0	0	0	0
Cash dividends paid	(764)	0	0	(764)
Other, net	0	1	9	10

Net cash provided by (used in) financing activities	**36**	**1**	**(581)**	**(544)**
Net effect of exchange rate changes on cash and cash equivalents	(656)	0	(251)	(907)
Net increase (decrease) in cash and cash equivalents	6,148	4,084	(7,514)	2,718
Cash and cash equivalents at beginning of period	78,699	9,580	(34,958)	53,321
Cash and cash equivalents at end of period	84,847	13,664	(42,470)	56,041
Net cash provided by (used in) operating activities include				
Income taxes paid (received), net	235	140	367	742
Interest paid	6,757	132	3,976	10,687
Interest and dividends received	14,690	513	10,395	25,573
Cash and cash equivalents comprise				
Cash and due from banks	10,767	110	6,278	17,155
Demand deposits with banks	74,080	13,555	(48,749)	38,886
Total	**84,847**	**13,665**	**(42,471)**	**56,041**

[1] This column includes amounts for other subsidiaries and intercompany cash flows.

2012

in m.	Parent	DBTC	Other subsidiaries[1]	Deutsche Bank AG consolidated
Net cash provided by (used in) operating activities	**(10,031)**	**(8,225)**	**(5,698)**	**(23,954)**
Cash flows from investing activities:				
Proceeds from:				
Sale of financial assets available for sale	4,432	43	3,001	7,476
Maturities of financial assets available for sale	3,980	846	8,096	12,922
Sale of investments in associates/equity method investments	68	0	95	163
Sale of property and equipment	55	0	142	197
Purchase of:				
Financial assets available for sale	(13,264)	(31)	(8,875)	(22,170)
Investments in associates/equity method investments	(7)	0	(7)	(14)
Property and equipment	(270)	(40)	(304)	(614)
Net cash received for business combinations/divestitures	(1,953)	0	2,049	96
Other, net	(475)	(19)	(209)	(703)
Net cash provided by (used in) investing activities	**(7,434)**	**799**	**3,988**	**(2,647)**
Cash flows from financing activities:				
Issuances of subordinated long-term debt	22	0	40	62
Repayments and extinguishments of subordinated long-term debt	(398)	0	(310)	(708)
Issuances of trust preferred securities	0	0	17	17
Repayments and extinguishments of trust preferred securities	0	0	(30)	(30)
Capital increase	0	0	0	0
Purchases of treasury shares	(11,851)	0	(320)	(12,171)
Sale of treasury shares	11,148	0	289	11,437
Net proceeds from Additional equity components	0	0	0	0
Cash dividends paid	(689)	0	0	(689)
Other, net	0	(26)	(44)	(70)

Net cash provided by (used in) financing activities	**(1,768)**	**(26)**	**(358)**	**(2,152)**
Net effect of exchange rate changes on cash and cash equivalents	(65)	0	104	39
Net increase (decrease) in cash and cash equivalents	(19,298)	(7,452)	(1,964)	(28,714)
Cash and cash equivalents at beginning of period	94,506	17,032	(29,506)	82,032
Cash and cash equivalents at end of period	75,209	9,580	(31,468)	53,321
Net cash provided by (used in) operating activities include				
Income taxes paid (received), net	614	310	356	1,280
Interest paid	11,124	143	4,558	15,825
Interest and dividends received	19,211	604	12,188	32,003
Cash and cash equivalents comprise				
Cash and due from banks	19,605	150	8,122	27,877
Demand deposits with banks	55,605	9,430	(39,591)	25,444
Total	**75,209**	**9,580**	**(31,468)**	**53,321**

[1] This column includes amounts for other subsidiaries and intercompany cash flows.

Deutsche Bank AG has, via several subsidiaries, issued trust preferred securities that are listed on the New York Stock Exchange. In each such transaction, a Delaware statutory business trust (the Trust) issues trust preferred securities (the Trust Preferred Securities) in a public offering in the United States. All the proceeds from the sale of the Trust Preferred Securities are invested by the Trust in the Class B Preferred Securities (the Class B Preferred Securities) of a wholly-owned subsidiary of Deutsche Bank AG organized in the form of a limited liability company (the LLC). The LLC uses all the proceeds from the sale of the Class B Preferred Securities to the Trust to purchase a debt obligation from Deutsche Bank AG (the Debt Obligation). The distributions on the Class B Preferred Securities match those of the Trust Preferred Securities. The Trust Preferred Securities and the Class B Preferred Securities pay distributions quarterly in arrears and are redeemable only upon the occurrence of certain events specified in the documents governing the terms of those securities. Subject to limited exceptions, the Class B Preferred Securities generally cannot be redeemed until at least five or ten years after their issuance. The Trust Preferred Securities and the Class B Preferred Securities are each subject to a full and unconditional sub-ordinated guarantee of Deutsche Bank AG. These subordinated guarantees are general and unsecured obligations of Deutsche Bank AG and rank, both as to payment and in liquidation of Deutsche Bank AG, junior in priority of payment to all current and future indebtedness of Deutsche Bank AG and on parity in priority of payment with the most senior preference shares, if any, of Deutsche Bank AG. In the above 2014 condensed consolidating balance sheet, a total of 4.9 billion of the long-term debt of the Parent and Deutsche Bank AG Consolidated represents the Debt Obligations issued by Deutsche Bank AG to the LLC in these transactions.

Issuances of Trust Preferred Securities

Trust	LLC	Issuance Date	Earliest Redemption Date	Parent Long-term Debt[1]
Deutsche Bank Capital Funding Trust VIII	Deutsche Bank Capital Funding LLC VIII	October 18, 2006	January 18, 2015	494 million
Deutsche Bank Contingent Capital Trust II	Deutsche Bank Contingent Capital LLC II	May 23, 2007	May 23, 2017	658 million
Deutsche Bank Capital Funding Trust IX	Deutsche Bank Capital Funding LLC IX	July 20, 2007	February 20, 2015	946 million
Deutsche Bank Contingent Capital Trust III	Deutsche Bank Contingent Capital LLC III	February 20, 2008	February 20, 2018	1,625 million
Deutsche Bank Contingent Capital Trust V	Deutsche Bank Contingent Capital LLC V	May 9, 2008[2]	June 30, 2018	1,139 million

1 Amount of long-term debt of the Parent and Deutsche Bank AG Consolidated represented by the Debt Obligations issued by Deutsche Bank AG to the applicable LLC, as of December 31, 2014.
2 On March 30, 2010 Deutsche Bank AG additionally issued an amount of U.S.$ 120 million.

Report of Independent Registered Public Accounting Firm

To the Supervisory Board of

Deutsche Bank Aktiengesellschaft:

We have audited the accompanying consolidated financial statements of Deutsche Bank Aktiengesellschaft and subsidiaries (the Company) on pages 312 to 455 of the Financial Report which comprise the consolidated balance sheets as of December 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2014 including the disclosures described in Note 1 to the Consolidated Financial Statements as being part of the financial statements. These consolidated financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Deutsche Bank Aktiengesellschaft and subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2014, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company s internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 6, 2015 expressed an unqualified opinion on the effectiveness of the Company s internal control over financial reporting.

Frankfurt am Main, Germany

March 6, 2015

KPMG AG

Wirtschaftsprüfungsgesellschaft

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Corporate Governance Statement/

Corporate Governance Report

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Corporate Governance Statement/

Corporate Governance Report

All information presented in this Corporate Governance Statement/Corporate Governance Report is shown as of February 20, 2015.

Management Board and Supervisory Board

Management Board

The Management Board is responsible for managing the company. Its members are jointly accountable for the management of the company. The duties, responsibilities and procedures of our Management Board and the five key committees it has established are specified in its Terms of Reference, the current version of which is available on our website (www.deutsche-bank.com/corporate-governance).

The following paragraphs show information on the current members of the Management Board. The information includes the year in which they were born, the year in which they were appointed and the year in which their term expires, their current positions and area of responsibility as well as their other board mandates or directorships outside of Deutsche Bank Group. The members of our Management Board have generally undertaken not to assume chairmanships of supervisory boards of companies outside Deutsche Bank Group.

Jürgen Fitschen

Year of birth: 1948

Appointed: 2009

Term expires: 2017

Jürgen Fitschen became a member of our Management Board on April 1, 2009. Since the end of the Annual General Meeting on May 31, 2012, he has been, together with Mr. Jain, Co-Chairman of the Management Board. At the meeting of the Supervisory Board on October 29, 2013, the appointment of Mr. Fitschen was extended until March 31, 2017.

Mr. Fitschen has been with Deutsche Bank since 1987, was already a member of the Management Board from 2001 to the beginning of 2002 and has been a member of the Group Executive Committee since 2002. He first took on functional responsibility for global Regional Management in 2005 and since June 2012 has held functional responsibility for the bank s Regional Management worldwide, with the exception of the bank s European region but including Germany and the UK.

Mr. Fitschen studied Economics and Business Administration at the University of Hamburg and graduated in 1975 with a Master s degree in Business Administration.

From 1975 to 1987, he worked at Citibank in Hamburg and Frankfurt am Main in various positions. In 1983 he was appointed member of the Executive Committee Germany of Citibank.

Mr. Fitschen is a non-executive member of the Board of Directors of Kühne + Nagel International AG and a member of the Supervisory Board of METRO AG.

Anshuman Jain

Year of birth: 1963

First appointed: 2009

Term expires: 2017

Anshuman Jain became a member of our Management Board on April 1, 2009. Since the end of the Annual General Meeting on May 31, 2012, he has been, together with Mr. Fitschen, Co-Chairman of the Management Board.

Mr. Jain joined Deutsche Bank in 1995 and became Head of Global Markets in 2001 as well as a member of the Group Executive Committee in 2002.

Mr. Jain studied Economics at Shri Ram College (Delhi University), graduating in 1983 with a BA, and studied Business Administration at the University of Massachusetts, graduating in 1985 with an MBA in Finance.

After his academic studies, Mr. Jain worked until 1988 for Kidder Peabody, New York, in the area of Derivatives Research. From 1988 to 1995 he set up and ran the global hedge fund coverage group for Merrill Lynch, New York.

Mr. Jain does not have any external directorships subject to disclosure.

Stefan Krause

Year of birth: 1962

First appointed: 2008

Term expires: 2018

Stefan Krause became a member of our Management Board and a member of the Group Executive Committee on April 1, 2008. He is our Chief Financial Officer and took on functional responsibility for Strategy and Organizational Development as of November 1, 2014.

Before taking on his current position, Mr. Krause spent over 20 years in the automotive industry, holding various senior management positions with a strong focus on finance and financial services. Starting in 1987 at BMW s Controlling department in Munich, he transferred to the U.S. in 1993, building up and ultimately heading BMW s Financial Services Division in the Americas. Relocating to Munich in 2001, he became Head of Sales Western Europe (excluding Germany). He was appointed member of the Management Board of BMW AG in May 2002, serving as Chief Financial Officer until September 2007 and subsequently as Head of Sales & Marketing.

Mr. Krause studied Business Administration in Würzburg and graduated in 1986 with a Master s degree in Business Administration.

Mr. Krause does not have any external directorships subject to disclosure.

Dr. Stephan Leithner

Year of birth: 1966

First appointed: 2012

Term expires: 2020

Dr. Stephan Leithner became a member of our Management Board and a member of the Group Executive Committee on June 1, 2012. He is our CEO Europe (excluding Germany and the UK) and is responsible for Human Resources (HR), Compliance, Anti-Financial Crime (AFC), Government & Regulatory Affairs (GR&A) and Group Corporate Governance (GCG). Dr Leithner joined Deutsche Bank in 2000.

Prior to his current role, Dr. Leithner co-headed the Corporate Finance division and was responsible for Deutsche Bank s local Corporate Finance Country Coverage teams across Europe and Asia as well as for the Global Financial Institutions Group. His previous roles included responsibility for Deutsche Bank s German and European M&A business. Before joining Deutsche Bank in 2000, Dr. Leithner was a partner at McKinsey & Co.

He studied Economics and Business Administration at the University of St. Gallen, Switzerland, where he specialized in Finance and Accounting, completing his studies with a PhD.

Dr. Leithner is a member of the following Supervisory Boards: BVV Versicherungsverein des Bankgewerbes a.G. and BVV Versorgungskasse des Bankgewerbes e.V.

Stuart Wilson Lewis

Year of birth: 1965

First appointed: 2012

Term expires: 2020

Stuart Wilson Lewis became a member of our Management Board and a member of the Group Executive Committee on June 1, 2012. He is our Chief Risk Officer. He joined Deutsche Bank in 1996. Prior to assuming his current role, Mr. Lewis was Deputy Chief Risk Officer and subsequently Chief Risk Officer of the Corporate & Investment Bank from 2010 to 2012. Between 2006 and 2010 he was Chief Credit Officer.

Before joining Deutsche Bank in 1996, he worked at Credit Suisse and Continental Illinois National Bank in London. He studied at the University of Dundee, where he obtained an LLB (Hons), and he holds an LLM from the London School of Economics. He also attended the College of Law, Guildford.

Mr. Lewis is non-executive member of the Board of Directors of the London Stock Exchange.

Rainer Neske

Year of birth: 1964

First appointed: 2009

Term expires: 2017

Rainer Neske became a member of our Management Board on April 1, 2009. He joined Deutsche Bank in 1990 and in 2000 was appointed member of the Management Board of Deutsche Bank Privat- und Geschäftskunden AG. Since 2003 he has been a member of the Group Executive Committee. From 2003 to 2011, Mr. Neske was Spokesman of the Management Board of Deutsche Bank Privat- und Geschäftskunden AG. On our Management Board, he is responsible for our Private & Business Clients division.

Mr. Neske studied Computer Science and Business Administration at the University of Karlsruhe and graduated in 1990 with a Master s degree in Information Technology.

Mr. Neske does not have any external directorships subject to disclosure.

Henry Ritchotte

Year of birth: 1963

First appointed: 2012

Term expires: 2020

Henry Ritchotte became a member of our Management Board and a member of the Group Executive Committee on June 1, 2012. He is our Chief Operating Officer. He joined Deutsche Bank in 1995. Prior to assuming his current role, Mr. Ritchotte held the position of Chief Operating Officer for the Corporate & Investment Bank from 2010 to 2012, having previously been Chief Operating Officer for the Global Markets division.

He played a decisive role in the strategic recalibration and further integration of the Corporate & Investment Bank. His previous roles at Deutsche Bank include serving as Head of Global Markets in Tokyo. Mr. Ritchotte joined Deutsche Bank in 1995 in fixed income sales after starting his career with Merrill Lynch in New York in 1993.

He holds a Bachelor s degree in History from Haverford College, a Master s degree in East Asian Studies and an MBA from the University of Chicago.

Mr. Ritchotte does not have any external directorships subject to disclosure.

Christian Sewing

Year of birth: 1970

First appointed: 2015

Term expires: 2017

Christian Sewing became a member of our Management Board and a member of the Group Executive Committee on January 1, 2015. He is responsible for Legal, Incident Management Group and Group Audit. Prior to assuming his current role, Mr. Sewing was Global Head of Group Audit and before that held a number of positions in Risk. From 2012 to 2013, he was Deputy Chief Risk Officer and Head of Risk Management and Risk Strategy. From 2010 to 2012, he served as Deutsche Bank s Chief Credit Officer.

Before graduating with a diploma from the Bankakademie Bielefeld and Hamburg, Mr. Sewing completed his professional training in banking at Deutsche Bank in 1989.

From 2005 until 2007 Christian Sewing was a member of the Management Board of Deutsche Genossenschafts-Hypothekenbank.

Mr. Sewing does not have any external directorships subject to disclosure.

Following the conclusion of the Annual General Meeting on May 21, 2015, Dr. Marcus Schenck will be appointed to the Management Board of Deutsche Bank, at which time he will succeed Mr. Krause as Chief Financial Officer.

Group Executive Committee

The Group Executive Committee was established in 2002. It comprises the members of the Management Board and senior representatives from the regions, corporate divisions and certain infrastructure functions appointed by the Management Board. The Co-Chairmen of the Management Board, Mr. Fitschen and Mr. Jain, are also the Co-Chairmen of the Group Executive Committee.

The Group Executive Committee performs advisory, coordinating and decision-preparing functions for the Management Board, primarily with regard to strategic positioning and matters relating to corporate structure and culture.

Supervisory Board

The Supervisory Board appoints, supervises and advises the Management Board and is directly involved in decisions of fundamental importance to the bank. The Management Board regularly informs the Supervisory Board of the intended business policies and other fundamental matters relating to the assets, liabilities, financial and profit situation as well as its risk situation, risk management and risk controlling. A report is made to the Supervisory Board on corporate planning at least once a year. The Supervisory Board decides on the appointment and dismissal of members of the Management Board including long-term succession planning for the Management Board based on the recommendations of the Chairman s Committee. Based on the recommendation of the Compensation Control Committee, the Supervisory Board determines the total compensation of the individual members of the Management Board, resolves on the compensation system for the Management Board and reviews it regularly. The Chairman of the Supervisory Board coordinates work within the Supervisory Board. He maintains regular contact with the Management Board, especially with the Co-Chairmen of the Management Board, and consults with them on strategy, the development of business and risk management. The Supervisory Board Chairman is informed by the Co-Chairmen of the Management Board without delay of important events of substantial significance for the situation and development as well as for the management of Deutsche Bank Group. The types of business that require the approval of the Supervisory Board to be transacted are specified in Section 13 of our Articles of Association. The Supervisory Board meets, if required, without the Management Board. For the performance of its duties, the Supervisory Board may, at its professional discretion, use the services of auditors, legal advisors and other internal and external consultants.

The duties, procedures and committees of the Supervisory Board are specified in its Terms of Reference. The current version is available on the Deutsche Bank website (www.deutsche-bank.com/corporate-governance).

The members representing our shareholders were elected at the Annual General Meeting on May 23, 2013, except for Ms. Garrett-Cox, who was elected at the Annual General Meeting on May 26, 2011, and Dr. Achleitner, Mr. Löscher and Professor Dr. Trützschler, who were elected at the Annual General Meeting on May 31, 2012. The election of employee representatives took place on April 16, 2013.

Ms. Labarge stepped down from the Supervisory Board, effective June 30, 2014. To succeed her, Ms. Parent was appointed to the Supervisory Board by the court with effect from July 1, 2014.

The following table shows information on the current members of our Supervisory Board. The information includes the years in which the members were born, the years in which they were first elected or appointed, the years when their terms expire, their principal occupation and their membership on other companies supervisory boards, other nonexecutive directorships and other positions.

Member	Principal occupation	Supervisory board memberships and other directorships
Dr. Paul Achleitner Year of birth: 1956 First elected: 2012 Term expires: 2017	Chairman of the Supervisory Board of Deutsche Bank AG, Frankfurt	Bayer AG; Daimler AG; Henkel AG & Co. KGaA (member of the Shareholders Committee)
Frank Bsirske* Year of birth: 1952 First elected: 2013 Term expires: 2018	Chairman of the trade union ver.di (Vereinte Dienstleistungsgewerkschaft, Berlin	RWE AG (Deputy Chairman); Deutsche Postbank AG (Deputy Chairman); IBM Central Holding GmbH; Kreditanstalt für Wiederaufbau (KfW)
John Cryan Year of birth: 1960 First elected: 2013 Term expires: 2018	President Europe, Head Africa, Head Portfolio Strategy, and Head Credit Portfolio of Temasek International Pte Ltd. (until July 31, 2014), London	Man Group plc (since January 2015); ST Asset Management Pte Ltd (Chairman); Tana Africa Capital Limited
Dina Dublon Year of birth: 1953 First elected: 2013 Term expires: 2018		Accenture Plc; Microsoft Corporation (until December 2014); PepsiCo Inc.
Katherine Garrett-Cox Year of birth: 1967 First elected: 2011 Term expires: 2016	Chief Executive Officer of Alliance Trust Plc, Dundee	Alliance Trust Savings Ltd. (Executive Chairman); Alliance Trust Investments (formerly Alliance Trust Asset Management Ltd.) (Chief Executive)
Timo Heider* Year of birth: 1975 First elected: 2013	Chairman of the Group Staff Council of Deutsche Postbank AG; Chairman of the General Staff Council of BHW Kreditservice GmbH; Chairman of the Staff Council of BHW Bausparkasse AG, BHW Kreditservice GmbH, Postbank Finanzberatung AG and BHW Holding AG; Member of the Group Staff Council of Deutsche Bank; Member of the European Staff Council	Deutsche Postbank AG; BHW Bausparkasse AG (Deputy Chairman); BHW Holding AG (Deputy Chairman) (until November 2014); Pensionskasse der BHW Bausparkasse AG VVa.G. (Deputy Chairman); PBC Banking Services GmbH (member of the Advisory Board)

Term expires: 2018		
Alfred Herling* Year of birth: 1952 First elected: 2008 Term expires: 2018	Deputy Chairman of the Supervisory Board of Deutsche Bank AG; Chairman of the Combined Staff Council Wuppertal/Sauerland of Deutsche Bank; Chairman of the General Staff Council of Deutsche Bank; Member of the European Staff Council; Chairman of the Group Staff Council of Deutsche Bank	No memberships or directorships subject to disclosure
Sabine Irrgang* Year of birth: 1962 First elected: 2013 Term expires: 2018	Head of Human Resources Management (Württemberg), Deutsche Bank AG	No memberships or directorships subject to disclosure
Professor Dr. Henning **Kagermann** Year of birth: 1947 First elected: 2000 Term expires: 2018	President of acatech German Academy of Science and Engineering, Munich	Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft; Nokia Corporation (until June 2014); Deutsche Post AG; Wipro Technologies (until June 2014); BMW Bayerische Motoren Werke AG; Franz Haniel & Cie. GmbH
Martina Klee* Year of birth: 1962 First elected: 2008 Term expires: 2018	Chairperson of the Staff Council Group COO Eschborn/Frankfurt of Deutsche Bank	Sterbekasse für die Angestellten der Deutsche Bank VVa.G.

Member	Principal occupation	Supervisory board memberships and other directorships
Peter Löscher Year of birth: 1957 First elected: 2012 Term expires: 2017	Chief Executive Officer of Renova Management AG, Zurich	Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft (until April 2014); TBG Limited (until November 2014); TBG AG (since December 2014); Sulzer AG (Chairman of the Board of Directors) (since March 2014); Conscientia Investment Limited (December 2014 until February 2015)
Henriette Mark* Year of birth: 1957 First elected: 2003 Term expires: 2018	Chairperson of the Combined Staff Council Munich and Southern Bavaria of Deutsche Bank; Member of the Group Staff Council of Deutsche Bank; Member of the General Staff Council of Deutsche Bank	No memberships or directorships subject to disclosure
Louise Parent Year of birth: 1950 Appointment by court: 2014	Of Counsel, Cleary Gottlieb Steen & Hamilton LLP, New York	Zoetis Inc.
Gabriele Platscher* Year of birth: 1957 First elected: 2003 Term expires: 2018	Chairperson of the Combined Staff Council Braunschweig/Hildesheim of Deutsche Bank	BVV Versicherungsverein des Bankgewerbes a.G. (Deputy Chairperson); BVV Versorgungskasse des Bankgewerbes e.V. (Deputy Chairperson); BVV Pensionsfonds des Bankgewerbes AG (Deputy Chairperson)
Bernd Rose* Year of birth: 1967 First elected: 2013 Term expires: 2018	Chairman of the Joint General Staff Council of Postbank Filialvertrieb AG and Postbank Filial GmbH; Member of the General Staff Council of Deutsche Postbank, Member of the General Staff Council of Deutsche Bank; Member of the European Staff Council	Deutsche Postbank AG; Postbank Filialvertrieb AG; ver.di Vermögensverwaltungsgesellschaft (Deputy Chairman)
Rudolf Stockem* Year of birth: 1956 Promoted to the post as Alternate Member: 2012	Secretary to the trade union ver.di (Vereinte Dienstleistungsgewerkschaft), Berlin	Deutsche Bank Privat- und Geschäftskunden AG; PBC Banking Services GmbH (member of the Advisory Board)

Term expires: 2018		
Stephan Szukalski* Year of birth: 1967 First elected: 2013 Term expires: 2018	Federal Chairman of the German Association of Bank Employees (Deutscher Bankangestellten-Verband: DBV); Chairman of the Staff Council of Betriebs-Center für Banken AG	Betriebs-Center für Banken AG; PBC Banking Services GmbH (member of the Advisory Board)
Dr. Johannes Teyssen Year of birth: 1959 First elected: 2008 Term expires: 2018	Chairman of the Management Board of E.ON SE, Dusseldorf	Salzgitter AG
Georg F. Thoma Year of birth: 1944 First elected: 2013 Term expires: 2018	Of Counsel, Shearman & Sterling LLP (Partner until December 31, 2014), Frankfurt	NOVA Chemicals Corporation (until February 2014); Sapinda Holding B.V. (since July 2014)
Professor Dr. Klaus **Rüdiger Trützschler** Year of birth: 1948 First elected: 2012 Term expires: 2017		Sartorius AG; TAKKT AG (Deputy Chairman) (until June 2014); Wuppermann AG (Chairman); Zwiesel Kristallglas AG (Chairman); Wilh. Werhahn KG

* **Elected by the employees in Germany.**

In accordance with the German Banking Act, members of the Supervisory Board must be reliable, must have the expertise required to perform their control function and to assess and monitor the businesses the company operates, and must commit sufficient time to the performance of their tasks. While taking these requirements into account in accordance with Section 5.4.1 of the German Corporate Governance Code, the Supervisory Board established the following objectives for its composition in October 2010 and amended them in January 2014. These objectives have also been taken into consideration in Section 4 of the Terms of Reference for the Supervisory Board (see: www.deutsche-bank.de/corporate-governance).

The Supervisory Board of Deutsche Bank AG must be composed in such a way that its members as a group possess the knowledge, ability and expert experience to properly complete its tasks. In particular, the Supervisory Board members should have sufficient time to perform their mandates. The composition of the Supervisory Board should ensure the Supervisory Board s qualified control of and advice for the Management Board of an internationally operating, broadly positioned bank and should preserve the reputation of Deutsche Bank Group among the public. In this regard, in particular, attention should be placed on the integrity, personality, willingness to perform, professionalism and independence of the individuals proposed for election. The objective is for the Supervisory Board as a group to have all of the knowledge and experience considered to be essential while taking into account the activities of Deutsche Bank Group.

Furthermore, the Supervisory Board shall have an adequate number of independent members and shall not have more than two former members of the Management Board of Deutsche Bank AG. Under the premise that the performance of the Supervisory Board mandate in itself by the representatives of the employees cannot be reason to doubt fulfillment of the independence criteria according to Section 5.4.2 of the German Corporate Governance Code, the Supervisory Board shall have a total of at least sixteen members that are independent within the meaning of the Code. In any event, the Supervisory Board shall be composed such that the number of independent members, within the meaning of Section 5.4.2, among the shareholder representatives will be at least six. The members of the Supervisory Board may not exercise functions on a management body of, or perform advisory duties, at major competitors. Important and not just temporary conflicts of interest with respect to a member of the Supervisory Board should lead to a termination of the mandate. With effect from July 1, 2014 members of the Supervisory Board do not hold more than the allowed number of supervisory board mandates according to Section 25d of the German Banking Act (KWG) or mandates in supervisory bodies of companies which have similar requirements. There is a regular maximum age limit of 70. In well-founded, individual cases, a Supervisory Board member may be elected or appointed for a period that extends at the latest until the end of the fourth Annual General Meeting that takes place after he or she has reached the age of 70. This age limit was taken into account in the election proposals to the recent General Meetings and shall also be taken into account for the next Supervisory Board elections or subsequent appointments for Supervisory Board positions that become vacant.

The Supervisory Board respects diversity when proposing members for appointment to the Supervisory Board. In light of the international operations of Deutsche Bank, care should be taken that the Supervisory Board has an appropriate number of members with long-term international experience. Currently, the professional careers and private lives of four members of the Supervisory Board are centered outside Germany. Furthermore, all of the shareholder representatives on the Supervisory Board have several years of international experience from their current or former activities as management board members or CEOs or a comparable executive function of corporations with international operations. In these two ways, the Supervisory Board believes the international activities of the company are sufficiently taken into account. The objective is to retain the currently existing international profile.

For the election proposals to the General Meeting, the Supervisory Board takes care that there is an appropriate consideration of women. Special importance was already attached to this in the selection process for the Supervisory Board elections in 2008 and also for those held in 2013. In reviewing potential candidates for a new election or subsequent appointments to Supervisory Board positions that have become vacant, qualified women shall be included in the selection process and shall be appropriately considered in the election proposals. In accordance with the specified objectives, Ms. Garrett-Cox was elected by the 2011 General Meeting and Ms. Dublon by the 2013 General Meeting, in each case based on the proposals of the Supervisory Board. Ms. Parent was appointed by the court on July 1, 2014. Since the Supervisory Board elections in 2003, between 25 % and 40 % of the Supervisory Board members have been women. The Supervisory Board currently counts seven women among its members, which corresponds to 35 % and three of them are shareholder representatives. The Supervisory Board strives to maintain this number. It should be taken into account that the Supervisory Board can only influence the composition of the Supervisory Board through its election proposals to the General Meeting (for information on Deutsche Bank s various diversity initiatives, please see the Annual Review 2014, which is available at www.deutsche-bank.com/ir/en/content/reports_2014.htm, and Deutsche Bank s Career Portal on the Internet at www.db.com/careers/index_e.html).

In accordance with Section 5.4.2 of the German Corporate Governance Code, the Supervisory Board deter-mined that it has what it considers to be an adequate number of independent members.

Some members of the Supervisory Board are, or were last year, in high-ranking positions at other companies that Deutsche Bank has business relations with. Business transactions with these companies are conducted under the same conditions as those between unrelated third parties. These transactions, in our opinion, do not affect the independence of the Supervisory Board members involved.

Standing Committees

The Supervisory Board has established the following seven standing committees. The Report of the Supervisory Board in the Financial Report 2014 provides information on the concrete work of the committees over the preceding year.

Chairman s Committee: The Chairman s Committee is responsible for all Management Board and Supervisory Board matters. It prepares the decisions for the Supervisory Board on the appointment and dismissal of members of the Management Board, including long-term succession planning, while taking into account the recommendations of the Nomination Committee. It is responsible for entering into, amending and terminating the service contracts and other agreements in consideration of the Supervisory Board s sole authority to decide on the compensation of the members of the Management Board and provides its approval for ancillary activities, honorary offices or special tasks outside of Deutsche Bank Group performed by Management Board members pursuant to Section 112 of the German Stock Corporation Act (AktG) and for certain contracts with Supervisory Board members pursuant to Section 114 of the German Stock Corporation Act (AktG). Furthermore, it prepares the decisions of the Supervisory Board in the field of corporate governance. The Chairman s Committee held thirteen meetings in 2014.

The current members of the Chairman s Committee are Dr. Paul Achleitner (Chairman), Frank Bsirske, Alfred Herling and Professor Dr. Henning Kagermann.

Nomination Committee: The shareholder representatives on the Nomination Committee prepare the Supervisory Board s proposals for the election or appointment of new shareholder representatives to the Supervisory Board. In this context, they orient their recommendations on the criteria specified by the Supervisory Board for its composition. In accordance with Section 25d (11) of the German Banking Act (KWG), which became effective on January 1, 2014, the Nomination Committee supports the Supervisory Board in identifying candidates to fill positions on the bank s Management Board, drawing up an objective to promote the representation of the underrepresented gender on the Supervisory Board as well as a strategy for achieving this. It supports the Supervisory Board with the regular assessment, to be performed at least once a year, of the structure, size, composition and performance of the Management Board and of the Supervisory Board and makes recommendations regarding this to the Supervisory Board. It continues to support the Supervisory Board with the regular assessment, to be performed at least once a year, of the knowledge, skills and experience of the individual members of the Management Board and of the Supervisory Board as well as of the respective body collectively. The Nomination Committee reviews the management s principles for selecting and appointing persons to the upper management levels and the recommendations made to the Management Board in this respect. The Nomination Committee held five meetings in 2014.

The current members of the Nomination Committee are Dr. Paul Achleitner (Chairman), Frank Bsirske, Alfred Herling, Professor Dr. Henning Kagermann and Dr. Johannes Teyssen.

Audit Committee: The Audit Committee supports the Supervisory Board in the following matters in particular: in monitoring the financial accounting process; the effectiveness of the risk management system, particularly of the internal control system and the internal audit system; the auditing of the financial statements, especially with regard to the auditor s independence and the additional services provided by the auditor; and the Management Board s prompt remediation through suitable measures of the deficiencies identified by the auditor. The Audit Committee pre-reviews the documentation relating to the annual and consolidated financial statements and discusses the audit reports with the auditor. It prepares the decisions of the Supervisory Board on establishing the annual financial statements and the approval of the consolidated financial statements and discusses important changes to the audit and accounting methods. The Audit Committee also discusses the

quarterly financial statements and the report on the limited review of the quarterly financial statements with the Management Board and the auditor prior to their publication. Furthermore, the Audit Committee submits proposals to the Supervisory Board for the appointment of the auditor and prepares the proposal of the Supervisory Board to the General Meeting for the election of the auditor. The Audit Committee advises the Supervisory Board on issuing the audit mandate to the auditor elected by the General Meeting, submits proposals to the Supervisory Board for the auditor s remuneration and supports the Supervisory Board in monitoring the independence, qualifications and efficiency of the auditor as well as the rotation of the members of the audit team. The Audit Committee is entitled to obtain, in connection with its activities, information from the auditor, the Management Board, the head of internal audit and the head of risk controlling and with the prior consent of the Management Board senior managers of the bank reporting directly to the Management Board. The Chairman of the Audit Committee is entitled, in addition to the Chairman of the Supervisory Board, to obtain information directly from the Head of Compliance. The Audit Committee is responsible for acknowledging communications about significant reductions in the compliance budget and for taking receipt of and handling the report by the Head of Compliance on the appropriateness and effectiveness of the principles, methods and procedures in accordance with Section 33 (1) sentence 2 No. 5 of the German Securities Trading Act (WpHG) (Compliance Report). The Compliance Report is issued at least once a year. The Head of Group Audit regularly reports to the Audit Committee on its ongoing work. The Audit Committee is informed about special audits, substantial complaints and other exceptional measures on the part of bank regulatory authorities. It has functional responsibility for receiving and handling complaints concerning accounting, internal audit process and issues relating to the audit. The Audit Committee supports the Supervisory Board in connection with its approval for mandates engaging the auditor for non-audit-related services (in this context, see also the Principal Accountant Fees and Services section starting on page 505 of the Corporate Governance Statement/Corporate Governance Report). The Audit Committee held ten meetings in 2014.

The current members of the Audit Committee are John Cryan (Chairman), Dr. Paul Achleitner, Henriette Mark, Gabriele Platscher, Bernd Rose and Professor Dr. Klaus Rüdiger Trützschler.

Risk Committee: The Risk Committee advises the Supervisory Board, in particular on the current and future overall risk appetite and overall risk strategy and supports the Supervisory Board in monitoring the implementation of this strategy by the upper management level. The Risk Committee monitors the terms and conditions in the client business to ensure they are in line with the bank s business model and risk structure. If this is not the case, the Risk Committee requests proposals from the Management Board on how the terms and conditions in the client business could be structured to bring them into line with the bank s business model and risk structure, and monitors their implementation. The Risk Committee examines whether the incentives set by the compensation system take into consideration the company s risk, capital and liquidity structure as well as the likelihood and timing of earnings. The Risk Committee also performs all of the tasks assigned to it by law or regulatory authorities. It handles loans which require a resolution by the Supervisory Board pursuant to law or our Articles of Association. Subject to its review, it grants its approval for the acquisition of shareholdings in other companies that amount to between 2 % and 3 % of our regulatory banking capital if it is likely that the shareholding will not remain in our full or partial possession for more than twelve months. At the meetings of the Risk Committee, the Management Board reports on credit, market, liquidity, operational, litigation and reputational risks. The Management Board also reports on risk strategy, credit portfolios, loans requiring Supervisory Board approval pursuant to law or our Articles of Association, questions of capital resources and matters of special importance due to the risks they entail (for additional information on the disclosure of the risk management objectives and policies for individual risk categories, please see the Risk Report starting on page 56 of the Financial Report). The Chairman of the Risk Committee is entitled to obtain, in connection with its activities, information directly from the Management Board, the head of internal audit and the head of risk controlling and with the prior consent of the Management Board senior managers of the bank reporting directly to the Management Board. The Risk Committee held seven meetings in 2014.

The current members of the Risk Committee are Dr. Paul Achleitner (Chairman until January 28, 2015), Dina Dublon (Chairperson since January 28, 2015), John Cryan, Suzanne Labarge (until June 30, 2014), Louise Parent (since July 29, 2014) and Rudolf Stockem.

Integrity Committee: The Integrity Committee continually advises and monitors the Management Board with regard to whether management is committed to the economically sound, sustainable development of the company while observing the principles of sound, responsible management, fulfilling the company s social responsibilities and protecting the natural resources of the environment (environmental, social and governance (ESG) issues); and with regard to whether the business management is aligned to these with the objective of a holistic corporate culture. The Integrity Committee deals, in particular, with the following matters: It monitors the Management Board s measures to ensure the company s compliance with legal requirements, authorities regulations and the company s own in-house policies. It regularly reviews the bank s Code of Business Conduct and Ethics to foster exemplary conduct on the part of company employees, both within and outside the company, and that such conduct is not just aligned to formal compliance with statutory requirements. It observes and analyzes the legal and reputational risks that are material to the bank and advocates their avoidance. For this purpose, it advises the Management Board on how to generate awareness of the importance of such risks. For the avoidance of significant legal and reputational risks, it regularly checks whether the risk management provides an appropriate basis for the Supervisory Board to properly perform its monitoring tasks. As necessary, it prepares decisions of the Supervisory Board to ensure the adequate involvement of the Supervisory Board in the bank s risk management. The Integrity Committee also prepares the Supervisory Board decisions on pursuing recourse claims or taking other measures against current or former members of the Management Board. The Integrity Committee held fifteen meetings in 2014.

The current members of the Integrity Committee are Georg Thoma (Chairman), Dr. Paul Achleitner, Sabine Irrgang, Timo Heider, Martina Klee and Peter Löscher.

Compensation Control Committee: The Compensation Control Committee supports the Supervisory Board in the appropriate structuring of the compensation systems for senior management. It monitors the appropriate structure of the compensation systems for senior management and employees and, in particular, the appropriate structure of the compensation for the heads of the risk control function and compliance function and for the employees who have a material influence on the bank s overall risk profile. It supports the Supervisory Board in monitoring the appropriate structure of the compensation systems for the company s employees and assesses the effects of the compensation systems on risk, capital and liquidity management, while ensuring that the compensation systems are aligned to the business strategy focused on the bank s sustainable development, to the risk strategies derived from this and to the compensation strategies at the company and Group levels. The Compensation Control Committee prepares the Supervisory Board s resolutions on the compensation of senior management, considering, in particular, the effects of the resolutions on the company s risks and risk management. The long-term interests of shareholders, investors and other stakeholders as well as the public interest are also taken into account. It prepares the Supervisory Board s resolutions on setting the total amount of variable compensation for senior managers in accordance with Section 45 (2) sentence 1 No. 5a of the German Banking Act (KWG) in consideration of Section 7 of the Regulation on Remuneration in Financial Institutions (InstitutsVV) and on setting the appropriate compensation parameters, targets for contributions to performance, payment and deferral periods as well as the conditions for a full forfeiture or partial reduction of variable compensation. It also checks regularly, at least annually, whether the adopted specifications are still appropriate. Furthermore, it checks, as part of its support to the Supervisory Board in monitoring the appropriate structure of the compensation systems for employees, regularly, but at least annually, in particular, whether the total amount of variable compensation has been set in accordance with Section 45 (2) sentence 1 No. 5a of the German Banking Act (KWG) in consideration of Section 7 of the Regulation on Remuneration in Financial Institutions (InstitutsVV) and whether the specified principles to assess the compensation parameters, contributions to performance as well as the payment and deferral periods, including the conditions for a full forfeiture or partial reduction of the variable compensation, are appropriate. In addition, it supports the Supervisory Board in monitoring whether the internal controls and other relevant areas are properly involved in the structuring of the compensation systems. The Compensation Control Committee held seven meetings in 2014.

The current members of the Compensation Control Committee are Dr. Paul Achleitner (Chairman), Frank Bsirske, Alfred Herling and Professor Dr. Henning Kagermann.

Mediation Committee: In addition to these six committees, the Mediation Committee, which is required by German law, makes proposals to the Supervisory Board on the appointment or dismissal of members of the Management Board in cases where the Supervisory Board is unable to reach a two-thirds majority decision with respect to the appointment or dismissal. The Mediation Committee only meets if necessary and did not hold any meetings in 2014.

The current members of the Mediation Committee are Dr. Paul Achleitner (Chairman), Alfred Herling, Professor Dr. Henning Kagermann and Stephan Szukalski.

Further details regarding the Chairman s Committee, the Nomination Committee, the Audit Committee, the Risk Committee, the Integrity Committee and the Compensation Control Committee are regulated in separate Terms of Reference. The current versions are available on our website, along with the Terms of Reference for the Supervisory Board (see: www.deutsche-bank.com/corporate-governance).

Share Plans

For information on our employee share programs, please refer to Note 35 Employee Benefits to the Consolidated Financial Statements.

Reporting and Transparency

Directors Compensation

For information on the compensation of the members of the Management Board and Supervisory Board, please refer to our detailed Compensation Report in the Management Report.

Directors Share Ownership

Management Board. For information on the share ownership of the Management Board, please refer to our detailed Compensation Report in the Management Report.

Supervisory Board. The members of our Supervisory Board held the following numbers of our shares and share awards under our employee share plans.

Members of the Supervisory Board	Number of shares	Number of share awards
Dr. Paul Achleitner	0	0
Frank Bsirske	0	0
John Cryan	0	0
Dina Dublon	0	0
Katherine Garrett-Cox	0	0
Timo Heider	0	0

Alfred Herling	1,499	10
Sabine Irrgang	707	10
Professor Dr. Henning Kagermann	0	0
Martina Klee	1,099	0
Peter Löscher	0	0
Henriette Mark	960	10
Louise Parent	0	0
Gabriele Platscher	1,018	4
Bernd Rose	0	0
Rudolf Stockem	0	0
Stephan Szukalski	0	0
Dr. Johannes Teyssen	0	0
Georg Thoma	2,250	0
Professor Dr. Klaus Rüdiger Trützschler	2,950	0
Total	**10,483**	**34**

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The members of the Supervisory Board held 10,483 shares, amounting to less than 0.01 % of our shares as of February 23, 2015.

As listed in the Number of share awards column in the table, the members who are employees of Deutsche Bank hold matching awards granted under the Global Share Purchase Plan, which are scheduled to be delivered to them on November 1, 2015.

As described in the Management Report: Compensation Report: Compensation System for Supervisory Board Members , 25 % of each member s compensation for services as a member of the Supervisory Board for a given prior year is, rather than being paid in cash, converted into notional shares of Deutsche Bank in February of the following year. The cash value of the notional shares is paid to the member in February of the year following his departure from the Supervisory Board or the expiration of his term of office, based on the market price of the Deutsche Bank share near the payment date. The table in the section specified above shows the number of notional shares that were credited in February 2015 to members of the Supervisory Board as part of their 2014 compensation.

Related Party Transactions

For information on related party transactions please refer to Note 38 Related Party Transactions .

Auditing and Controlling

Audit Committee Financial Expert

The Supervisory Board determined that Dr. Paul Achleitner, John Cryan and Professor Dr. Klaus Rüdiger Trützschler, who are members of its Audit Committee, are audit committee financial experts , as such term is defined by the implementation rules of the U.S. Securities and Exchange Commission issued pursuant to Section 407 of the Sarbanes-Oxley Act of 2002. These audit committee financial experts are independent of the bank, as defined in Rule 10A-3 under the U.S. Securities Exchange Act of 1934 and Section 100 (5) of the German Stock Corporation Act (AktG). In accordance with the provisions of Sections 107 (4) and 100 (5) of the German Stock Corporation Act (AktG) as well as Section 25d (9) of the German Banking Act (KWG), they have the required expert knowledge in financial accounting and auditing. For a description of their experience, please see Management Report: Corporate Governance Statement/Corporate Governance Report: Management Board and Supervisory Board: Supervisory Board on pages 496 to 500 of the Financial Report.

Compensation Control Committee Compensation Expert

Since January 1, 2014, pursuant to Section 25d (12) of the German Banking Act (KWG), at least one member of the Compensation Control Committee must have sufficient expertise and professional experience in the field of risk management and risk controlling, in particular, with regard to the mechanisms to align compensation systems to the company s overall risk appetite and strategy and the bank s capital base. The Supervisory Board determined that Dr. Paul Achleitner and Professor Dr. Henning Kagermann, members of the Compensation Control Committee, fulfill the requirements of Section 25d (12) of the German Banking Act (KWG) and therefore have the required expertise and professional experience in risk management and risk controlling.

Code of Business Conduct and Ethics

Deutsche Bank s Code of Business Conduct and Ethics describes the values and minimum standards for ethical business conduct that we expect all of our employees to follow. These values and standards govern em-ployee interactions with our clients, competitors, business partners, government and regulatory authorities, and shareholders, as well as with other employees. The Code contains a voluntary commitment from the Management Board and the Group Executive Committee. It reflects our values and believes. In addition, it

forms the cornerstone of our policies, which provide guidance on compliance with applicable laws and regulations.

In accordance with Section 406 of the Sarbanes-Oxley Act of 2002, we adopted a code of ethics with special obligations that apply to our Senior Financial Officers , which currently consist of Deutsche Bank s Co-Chairmen of the Management Board, Chief Financial Officer, Head of Group Reporting and the members of the Group Finance Committee. There were no amendments or waivers to this code of ethics in 2014. Information regarding any future amendments or waivers will be published on Deutsche Bank s code of ethics website, referred to below.

The current versions of the codes of ethics are available from Deutsche Bank s website:
www.deutsche-bank.com/ir/en/content/code_of_ethics.htm.

Principal Accountant Fees and Services

In accordance with German law, our principal accountant is appointed at our Annual General Meeting based on a recommendation of our Supervisory Board. The Audit Committee of our Supervisory Board prepares such a recommendation. Subsequent to the principal accountant s appointment, the Audit Committee awards the contract and in its sole authority approves the terms and scope of the audit and all audit engagement fees as well as monitors the principal accountant s independence. KPMG AG Wirtschaftsprüfungsgesellschaft was our principal accountant for the 2013 and 2014 fiscal years, respectively.

The table set forth below contains the aggregate fees billed for each of the last two fiscal years by KPMG AG Wirtschaftsprüfungsgesellschaft and the worldwide member firms of KPMG International in each of the following categories: (1) Audit fees, which are fees for professional services for the audit of our annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years, (2) Audit-related fees, which are fees for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported as Audit fees, (3) Tax-related fees, which are fees for professional services rendered for tax compliance, tax consulting and tax planning, and (4) All other fees, which are fees for products and services other than Audit fees, Audit-related fees and Tax-related fees. These amounts include expenses and exclude Value Added Tax (VAT).

Fee category in m.	2014	2013
Audit fees	54	55
Audit-related fees	14	16
Tax-related fees	8	8
All other fees	2	0
Total fees [1]	**78**	**79**

The Audit fees figure excludes the audit fees for Postbank and its subsidiaries, as they are currently not audited by KPMG. The decrease in Audit fees is mainly driven by additional costs caused by an extraordinary annual meeting in 2013. The Audit-related fees include fees for accounting advisory, due diligence relating to actual or contemplated acquisitions and dispositions, attestation engagements and other agreed-upon procedure engagements. Our Tax-related fees include fees for services relating to the preparation and review of tax returns and related compliance assistance and advice, tax consultation and advice relating to Group tax planning strategies and initiatives and assistance with assessing compliance with tax regulations. All other fees were incurred for project-related advisory services.

United States law and regulations, and our own policies, generally require that all engagements of our principal accountant be pre-approved by our Audit Committee or pursuant to policies and procedures adopted by it. Our Audit Committee has adopted the following policies and procedures for consideration and approval of requests to engage our principal accountant to perform non-audit services. Engagement requests must in the first instance be submitted to the Accounting Engagement Team established and supervised by our Group Finance Committee, whose members consist of our Chief Financial Officer and senior members of our Finance and Tax departments. If the request relates to services that would impair the independence of our principal accountant, the request must be rejected. Our Audit Committee has given its pre-approval for specified assurance, financial advisory and tax services, provided the expected fees for any such service do not exceed 1 million. If the engagement request relates to such specified pre-approved services, it may be approved by the Accounting Engagement Team. The Group Finance Committee must thereafter report such approval to the Audit Committee. If the engagement request relates neither to prohibited non-audit services nor to pre-approved non-audit services, it must be forwarded by the Group Finance Committee to the Audit Committee for consideration. In addition, to facilitate the consideration of engagement requests between its meetings, the Audit Committee has delegated approval authority to several of its members who are independent as defined by the Securities and Exchange Commission and the New York Stock Exchange. Such members are required to report any approvals made by them to the Audit Committee at its next meeting.

Additionally, United States law and regulations permit the pre-approval requirement to be waived with respect to engagements for non-audit services aggregating to no more than five percent of the total amount of revenues we paid to our principal accountant, if such engagements were not recognized by us at the time of engagement and were promptly brought to the attention of our Audit Committee or a designated member thereof and approved prior to the completion of the audit. In 2013 and 2014, the percentage of the total amount of revenues we paid to our principal accountant for non-audit services in each category that was subject to such a waiver was less than 5 % for each year.

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Management Board

Jürgen Fitschen

Co-Chairman

Anshuman Jain

Co-Chairman

Stefan Krause

Dr. Stephan Leithner

Stuart Wilson Lewis

Rainer Neske

Henry Ritchotte

Christian Sewing

since January 1, 2015

Supervisory Board

Dr. Paul Achleitner

Chairman

Munich

Alfred Herling*

Deputy Chairman

Deutsche Bank AG,

Wuppertal

Frank Bsirske*

Chairman of the trade union ver.di (Vereinte Dienstleistungsgewerkschaft), Berlin

John Cryan

President Europe, Head Africa,

Head Portfolio Strategy,

Head Credit Portfolio, Temasek

International Pte Ltd.

(until July 31, 2014),

London

Dina Dublon

New York

Katherine Garrett-Cox

Chief Executive Officer of

Alliance Trust Plc,

Brechin, Angus

Timo Heider*

BHW Bausparkasse AG, Emmerthal

Sabine Irrgang*

Deutsche Bank AG,

Mannheim

Prof. Dr. Henning Kagermann

President of acatech German Academy of Science and Engineering, Königs Wusterhausen

Martina Klee*

Deutsche Bank AG,

Frankfurt am Main

Suzanne Labarge

until June 30, 2014

Oakville

Peter Löscher

Chief Executive Officer

Renova Management AG,

Munich

Henriette Mark*

Deutsche Bank AG,

Munich

Louise Parent

since July 1, 2014

Of Counsel, Cleary Gottlieb Steen & Hamilton LLP,

New York

Gabriele Platscher*

Deutsche Bank Privat- und

Geschäftskunden AG,

Braunschweig

Bernd Rose*

Postbank GBR Filialbetrieb AG

and Postbank Filial GmbH,

Menden

Rudolf Stockem*

Trade Union Secretary of ver.di Vereinte Dienstleistungsgewerkschaft, Aachen

Stephan Szukalski*

Deutsche Postbank AG,

Frankfurt am Main

Dr. Johannes Teyssen

Chairman of the Management Board of E.ON SE, Dusseldorf

Georg Thoma

Of Counsel, Shearman & Sterling LLP (Partner until December 31, 2014), Neuss

Prof. Dr. Klaus Rüdiger Trützschler

Essen

* Elected by the employees in Germany

Committees

Chairman s Committee

Dr. Paul Achleitner

Chairman

Frank Bsirske*

Alfred Herling*

Prof. Dr. Henning Kagermann

Mediation Committee

Dr. Paul Achleitner

Chairman

Alfred Herling*

Prof. Dr. Henning Kagermann

Stephan Szukalski*

Audit Committee

John Cryan

Chairman

Dr. Paul Achleitner

Henriette Mark*

Gabriele Platscher*

Bernd Rose*

Prof. Dr. Klaus Rüdiger Trützschler

Risk Committee

Dina Dublon

Chairperson (since January 28,

2015)

Dr. Paul Achleitner

(Chairman until January 28, 2015)

John Cryan

Suzanne Labarge

until June 30, 2014

Louise Parent

since July 1, 2014

Rudolf Stockem*

Nomination Committee

Dr. Paul Achleitner

Chairman

Frank Bsirske*

Alfred Herling*

Prof. Dr. Henning Kagermann

Dr. Johannes Teyssen

Integrity Committee

Georg Thoma

Chairman

Dr. Paul Achleitner

Timo Heider*

Sabine Irrgang*

Martina Klee*

Peter Löscher

Compensation Control Committee

Dr. Paul Achleitner

Chairman

Frank Bsirske*

Alfred Herling*

Prof. Dr. Henning Kagermann

* Elected by the employees in Germany.

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Group Five-Year Record

Balance Sheet in m.	**Dec 31, 2014**	Dec 31, 2013	Dec 31, 2012	Dec 31, 2011	Dec 31, 2010
Total assets	1,708,703	1,611,400	2,022,275	2,164,103	1,905,630
Loans	405,612	376,582	397,377	412,514	407,729
Total liabilities[1]	1,635,481	1,566,434	1,968,035	2,109,443	1,855,262
Total shareholders equity[1]	68,351	54,719	54,001	53,390	48,819
Noncontrolling interests	253	247	239	1,270	1,549
Tier 1 capital[2]	50,695	50,717	50,483	49,047	42,565
Total regulatory capital[2]	63,072	55,464	57,015	55,226	48,688
Income Statement in m.	**2014**	2013	2012	2011	2010
Net interest income	14,272	14,834	15,975	17,445	15,583
Provision for credit losses	1,134	2,065	1,721	1,839	1,274
Commissions and fee income[3]	12,409	12,308	11,809	11,878	10,669
Net gains (losses) on financial assets/liabilities					
at fair value through profit or loss[3]	4,299	3,817	5,608	2,724	3,354
Other noninterest income (loss)	969	956	344	1,181	(1,039)
Total noninterest income	**17,677**	**17,082**	**17,761**	**15,783**	**12,984**
Compensation and benefits	12,512	12,329	13,490	13,135	12,671
General and administrative expenses	14,654	15,126	15,017	12,657	10,133
Policyholder benefits and claims	289	460	414	207	485
Impairment of intangible assets	111	79	1,886	0	29
Restructuring activities	133	399	394	0	0
Total noninterest expenses	**27,699**	**28,394**	**31,201**	**25,999**	**23,318**
Income before income taxes	**3,116**	**1,456**	**814**	**5,390**	**3,975**
Income tax expense	1,425	775	498	1,064	1,645
Net income	**1,691**	**681**	**316**	**4,326**	**2,330**

Net income (loss) attributable to noncontrolling interests	28	15	53	194	20
Net income attributable to Deutsche Bank shareholders	1,663	666	263	4,132	2,310

Key figures	**2014**	2013	2012	2011	2010
Basic earnings per share[4]	1.34	0.64	0.27	4.25	2.93
Diluted earnings per share[4]	1.31	0.62	0.26	4.11	2.80
Dividends paid per share in period	0.75	0.75	0.75	0.75	0.75
Return on average shareholders equity (post-tax)	2.7 %	1.2 %	0.5 %	8.2 %	5.5 %
Pre-tax return on average shareholders equity	5.0 %	2.6 %	1.3 %	10.2 %	9.5 %
Cost/income ratio	86.7 %	89.0 %	92.5 %	78.2 %	81.6 %
Common Equity Tier 1 capital ratio[2]	15.2 %	12.8 %	11.4 %	9.5 %	8.7 %
Tier 1 capital ratio[2]	16.1 %	16.9 %	15.1 %	12.9 %	12.3 %
Total regulatory capital ratio[2]	17.2 %	18.5 %	17.1 %	14.5 %	14.1 %
Employees (full-time equivalent)[5]	98,138	98,254	98,219	100,996	102,062

1 The initial acquisition accounting for ABN AMRO, which was finalized at March 31, 2011, resulted in a retrospective adjustment of retained earnings of (24) million for December 31, 2010.

2 Figures presented for 2014 are based on the transitional rules of the CRR/CRD 4 framework. Figures presented for 2013, 2012 and 2011 are based on Basel 2.5 . Figures presented for 2010 are based on Basel 2 . The capital ratios relate the respective capital to risk-weighted assets. Until 2013 transitional items pursuant to the former Section 64h (3) of the German Banking Act are excluded.

3 Prior periods have been restated. For further details please refer to Note 1 Significant Accounting Policies and Critical Accounting Estimates of this report.

4 The number of average basic and diluted shares outstanding has been adjusted in order to reflect the effect of the bonus element of the subscription rights issue in connection with the capital increases in June 2014 and October 2010.

5 Deutsche Postbank aligned its FTE definition to Deutsche Bank which reduced the Group number as of December 31, 2011 by 260 (prior periods not restated).

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Impressum / Publications

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60262 Frankfurt am Main

Germany

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deutsche.bank@db.com

Investor Relations:

+49 69 9 10-3 80 80

db.ir@db.com

Publications relating to our financial reporting

Please note that Deutsche Bank Group s annual report consists of two separate sections: Annual Review 2014 and Financial Report 2014.

Annual Review 2014

(German and English)

Financial Report 2014

(German and English)

Corporate Responsibility

Report 2014

(German and English)

Annual Financial

Statements and

Management Report of

Deutsche Bank AG 2014

(German and English)

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Online

All publications relating to our financial reporting are available at:

www.db.com/14

Publication

Published on March 20, 2015.

Cautionary statement regarding forward-looking statements

This report contains forward-looking statements. Forward-looking statements are statements that are not historical facts; they include statements about our beliefs and expectations and the assumptions underlying them. These statements are based on plans, estimates and projections as they are currently available to the management of Deutsche Bank. Forward-looking statements therefore speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

By their very nature, forward-looking statements involve risks and uncertainties. A number of important factors could therefore cause actual results to differ materially from those contained in any forward-looking statement. Such factors include the conditions in the financial markets in Germany, in Europe, in the United States and elsewhere from which we derive a substantial portion of our revenues and in which we hold a substantial portion of our assets, the development of asset prices and market volatility, potential defaults of borrowers or trading counterparties, the implementation of our strategic initiatives, the reliability of our risk management policies, procedures and methods, and other risks referenced in our filings with the U.S. Securities and Exchange Commission. Such factors are described in detail in our SEC Form 20-F of

March 20, 2015 under the heading Risk Factors. Copies of this document are readily available upon request or can be downloaded from www.deutsche-bank.com/ir.

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Supplemental Financial Information (Unaudited)

Industry Guide 3 Information

Amounts for 2014, 2013, 2012, 2011 and 2010 are prepared in accordance with IFRS, which is consistent with the Group s Financial Statements.

Financial Condition

Average balance sheet based upon month-end balances

Average balance sheet and interest and similar income in m.			2014			2013			2012
(unless stated otherwise)	Average balance	Interest	Average yield/rate	Average balance	Interest	Average yield/rate	Average balance	Interest	Average yield/rate
Assets:[1]									
Interest-earning deposits with banks:									
In German offices	9,360	34	0.36 %	30,508	65	0.21 %	59,617	167	0.28 %
In Non-German offices	79,336	649	0.82 %	82,664	694	0.84 %	79,988	761	0.95 %
Total interest-earning deposits with banks	**88,696**	**683**	**0.77 %**	**113,172**	**759**	**0.67 %**	**139,605**	**928**	**0.66 %**
Central bank funds sold and securities purchased under resale agreements:									
In German offices	14,502	39	0.27 %	21,528	40	0.18 %	36,557	136	0.37 %
In Non-German offices	13,243	369	2.79 %	14,045	372	2.65 %	12,918	626	4.85 %
Total central bank funds sold and securities purchased under resale agreements	**27,745**	**408**	**1.47 %**	**35,573**	**412**	**1.16 %**	**49,475**	**762**	**1.54 %**
Securities borrowed:									
In German offices	154	0	0.00 %	120	0	0.08 %	117	0	0.05 %
In Non-German offices[2]	24,563	(313)	(1.27) %	25,024	(375)	(1.50) %	29,693	(519)	(1.75) %
Total securities borrowed	**24,717**	**(313)**	**(1.27) %**	**25,144**	**(375)**	**(1.49) %**	**29,810**	**(519)**	**(1.74) %**
Interest-earning financial assets at fair value through profit or loss:									
In German offices	29,780	633	2.13 %	41,471	936	2.26 %	43,377	1,066	2.46 %
In Non-German offices	365,298	9,172	2.51 %	420,367	9,793	2.33 %	456,619	13,123	2.87 %
Total interest-earning financial assets at fair value through profit or loss	**395,078**	**9,805**	**2.48 %**	**461,838**	**10,729**	**2.32 %**	**499,996**	**14,189**	**2.84 %**

Financial assets available for sale:									
In German offices	21,043	551	2.62 %	26,737	728	2.72 %	31,470	1,054	3.35 %
In Non-German offices	34,448	886	2.57 %	24,807	666	2.68 %	16,359	536	3.27 %
Total financial assets available for sale	**55,491**	**1,437**	**2.59 %**	**51,544**	**1,394**	**2.70 %**	**47,829**	**1,589**	**3.32 %**
Loans:[3]									
In German offices	216,371	6,546	3.03 %	221,758	6,912	3.12 %	231,155	7,961	3.45 %
In Non-German offices	176,676	5,274	2.98 %	167,738	5,029	3.00 %	180,774	5,697	3.15 %
Total loans	**393,047**	**11,820**	**3.01 %**	**389,496**	**11,941**	**3.07 %**	**411,929**	**13,658**	**3.32 %**
Total other interest-earning assets	56,134	1,161	2.07 %	59,895	741	1.24 %	71,357	986	1.38 %
Total interest-earning assets	**1,040,908**	**25,001**	**2.40 %**	**1,136,662**	**25,601**	**2.25 %**	**1,250,002**	**31,594**	**2.53 %**
Cash and due from banks	18,111			20,551			19,435		
Noninterest-earning financial assets at fair value through profit or loss:									
In German offices	258,290			302,888			381,168		
In Non-German offices	278,504			351,880			473,572		
All other assets	133,972			135,451			144,178		
Allowance for credit losses	(5,288)			(5,044)			(4,384)		
Total assets	**1,724,497**			**1,942,388**			**2,263,970**		
% of assets attributable to Non-German offices	66 %			65 %			64 %		

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Average balance sheet and interest expense in m.		2014			2013			2012	
(unless stated otherwise)	Average balance	Interest	Average yield/rate	Average balance	Interest	Average yield/rate	Average balance	Interest	Average yield/rate
Liabilities and equity:[1]									
Interest-bearing deposits:									
In German offices:									
Time deposits	52,004	411	0.79 %	50,737	484	0.95 %	58,068	903	1.56 %
Savings deposits	100,555	928	0.92 %	104,983	1,131	1.08 %	111,408	1,679	1.51 %
Demand deposits	38,963	74	0.19 %	51,253	134	0.26 %	73,234	336	0.46 %
Total in German offices	191,522	1,413	0.74 %	206,973	1,749	0.84 %	242,710	2,919	1.20 %
In Non-German offices:									
Time deposits	77,660	998	1.29 %	107,684	992	0.92 %	128,918	1,101	0.85 %
Savings deposits	3,973	23	0.58 %	7,845	40	0.52 %	20,423	221	1.08 %
Demand deposits	97,241	776	0.80 %	87,443	579	0.66 %	79,074	706	0.89 %
Total in Non-German offices	178,874	1,797	1.00 %	202,972	1,611	0.79 %	228,415	2,028	0.89 %
Total interest-bearing deposits	**370,396**	**3,210**	**0.87 %**	**409,945**	**3,360**	**0.82 %**	**471,125**	**4,947**	**1.05 %**
Central bank funds purchased and securities sold under repurchase agreements:									
In German offices	185	8	4.02 %	3,226	7	0.23 %	19,481	44	0.22 %
In Non-German offices	24,381	152	0.62 %	39,480	179	0.45 %	53,574	271	0.51 %
Total central bank funds purchased and securities sold under repurchase agreements	**24,566**	**160**	**0.65 %**	**42,706**	**186**	**0.44 %**	**73,055**	**315**	**0.43 %**
Securities loaned:									
In German offices[2]	21	0	(1.52) %	14	0	(2.09) %	12	0	3.27 %
In Non-German offices[2]	3,813	(157)	(4.10) %	4,699	(215)	(4.58) %	6,690	(302)	(4.51) %
Total securities loaned	**3,834**	**(157)**	**(4.09) %**	**4,713**	**(216)**	**(4.57) %**	**6,702**	**(301)**	**(4.49) %**
Interest-bearing financial liabilities at fair value through profit or loss:									
In German offices	13,714	259	1.89 %	19,623	459	2.34 %	22,096	728	3.30 %
In Non-German offices	150,011	4,005	2.67 %	182,394	4,076	2.23 %	197,373	5,919	3.00 %
Total interest-bearing financial liabilities at fair value through profit or loss	**163,725**	**4,264**	**2.60 %**	**202,017**	**4,535**	**2.24 %**	**219,469**	**6,647**	**3.03 %**
Other short-term borrowings:									
In German offices	1,077	15	1.41 %	1,318	16	1.24 %	3,140	22	0.69 %

In Non-German offices	53,003	199	0.38 %	69,142	269	0.39 %	64,894	320	0.49 %
Total other short-term borrowings	**54,080**	**214**	**0.40 %**	**70,460**	**285**	**0.40 %**	**68,034**	**342**	**0.50 %**
Long-term debt and trust preferred securities:									
In German offices	74,490	1,190	1.60 %	77,107	1,078	1.40 %	89,032	1,667	1.87 %
In Non-German offices	75,680	1,477	1.95 %	79,002	1,339	1.69 %	89,873	1,862	2.07 %
Total long-term debt and trust preferred securities	**150,170**	**2,667**	**1.78 %**	**156,109**	**2,417**	**1.55 %**	**178,905**	**3,529**	**1.97 %**
Total other interest-bearing liabilities	**84,943**	**371**	**0.44 %**	**93,295**	**200**	**0.21 %**	**102,083**	**140**	**0.14 %**
Total interest-bearing liabilities	**851,714**	**10,729**	**1.26 %**	**979,245**	**10,768**	**1.10 %**	**1,119,374**	**15,619**	**1.40 %**

[1] The allocation of the assets and liabilities between German and Non-German offices are based on the location of the entity which carries the respective asset or liability.
[2] Interest income and expense figures adjusted for 2013 to reflect the fees paid/received on securities borrowed/securities loaned transactions. 2012 comparative figures adjusted, please see Consolidated Financial Statements Note 1 Significant Accounting Policies and Critical Accounting Estimates for more detail.
[3] Categories of loans include impaired loans.

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Average balance sheet and interest expense in m.	2014			2013			2012		
(unless stated otherwise)	Average balance	Interest	Average yield/rate	Average balance	Interest	Average yield/rate	Average balance	Interest	Average yield/rate
Noninterest-bearing deposits:									
In German offices	129,720			115,984			89,541		
In Non-German offices	34,637			28,288			26,615		
Noninterest-bearing financial liabilities at fair value through profit or loss:									
In German offices	233,796			279,090			361,378		
In Non-German offices	282,043			349,330			464,498		
All other noninterest-bearing liabilities	128,605			134,080			146,537		
Total shareholders equity	**61,410**			**56,080**			**55,597**		
Additional equity components	**2,308**			**0**			**0**		
Noncontrolling interests	**264**			**291**			**431**		
Total equity	**63,982**			**56,371**			**56,028**		
Total liabilities and equity	**1,724,497**			**1,942,388**			**2,263,970**		
% of liabilities attributable to Non-German offices[1]	60 %			61 %			61 %		
Rate spread	1.14 %			1.15 %			1.13 %		
Net interest margin (Net interest income to total interest-earning assets):									
In German offices	1.64 %			1.59 %			1.30 %		
In Non-German offices	1.26 %			1.18 %			1.27 %		
Total	**1.37 %**			**1.31 %**			**1.28 %**		

1 % for 2012 adjusted.

Analysis of changes in interest and similar income and interest expense

in m.	2014 over 2013 due to changes in[1] Net change	Volume	Rate	2013 over 2012 due to changes in[1] Net change	Volume	Rate
Interest and similar income:						
Interest-earning deposits with banks:						
German offices	(31)	(60)	29	(102)	(68)	(34)
Non-German offices	(45)	(28)	(17)	(67)	25	(92)
Total interest-earning deposits with banks	**(76)**	**(88)**	**12**	**(169)**	**(43)**	**(126)**
Central bank funds sold and securities purchased under resale agreements:						
German offices	0	(15)	15	(96)	(43)	(53)
Non-German offices	(4)	(22)	18	(253)	50	(303)
Total central bank funds sold and securities purchased under resale agreements	**(4)**	**(37)**	**33**	**(349)**	**7**	**(356)**
Securities borrowed:						
German offices	0	0	0	0	0	0
Non-German offices	62	7	55	144	76	68
Total securities borrowed	**62**	**7**	**55**	**144**	**76**	**68**
Financial assets at fair value through profit or loss:						
German offices	(303)	(251)	(52)	(130)	(46)	(84)
Non-German offices	(622)	(1,346)	724	(3,330)	(983)	(2,347)
Total financial assets at fair value through profit or loss	**(925)**	**(1,597)**	**672**	**(3,460)**	**(1,029)**	**(2,431)**
Financial assets available for sale						
German offices	(177)	(150)	(27)	(326)	(145)	(181)
Non-German offices	221	249	(28)	130	239	(109)
Total financial assets available for sale	**44**	**99**	**(55)**	**(196)**	**94**	**(290)**
Loans:						
German offices	(366)	(166)	(200)	(1,049)	(314)	(735)
Non-German offices	244	267	(23)	(668)	(399)	(269)
Total loans	**(122)**	**101**	**(223)**	**(1,717)**	**(713)**	**(1,004)**
Other interest-earning assets	**420**	**(49)**	**469**	**(245)**	**(149)**	**(96)**
Total interest and similar income	**(601)**	**(1,564)**	**963**	**(5,992)**	**(1,757)**	**(4,235)**

Interest expense:						
Interest-bearing deposits:						
German offices	(335)	(124)	(211)	(1,170)	(387)	(783)
Non-German offices	186	(207)	393	(417)	(214)	(203)
Total interest-bearing deposits	**(149)**	**(331)**	**182**	**(1,587)**	**(601)**	**(986)**
Central bank funds purchased and securities sold under repurchase agreements:						
German offices	0	(13)	13	(36)	(37)	1
Non-German offices	(27)	(82)	55	(92)	(66)	(26)
Total central bank funds purchased and securities sold under repurchase agreements	**(27)**	**(95)**	**68**	**(128)**	**(103)**	**(25)**
Securities loaned:						
German offices	0	0	0	(1)	0	(1)
Non-German offices	60	38	22	86	91	(5)
Total securities loaned	**60**	**38**	**22**	**85**	**91**	**(6)**
Financial liabilities at fair value through profit or loss:						
German offices	(200)	(122)	(78)	(269)	(75)	(194)
Non-German offices	(71)	(791)	720	(1,844)	(423)	(1,421)
Total financial liabilities at fair value through profit or loss	**(271)**	**(913)**	**642**	**(2,113)**	**(498)**	**(1,615)**
Other short-term borrowings:						
German offices	(1)	(2)	1	(5)	(5)	0
Non-German offices	(70)	(59)	(11)	(51)	20	(71)
Total other short-term borrowings	**(71)**	**(61)**	**(10)**	**(56)**	**15**	**(71)**
Long-term debt and trust preferred securities:						
German offices	111	(38)	149	(589)	(204)	(385)
Non-German offices	138	(58)	196	(523)	(209)	(314)
Total long-term debt and trust preferred securities	**249**	**(96)**	**345**	**(1,112)**	**(413)**	**(699)**
Other interest-bearing liabilities	**171**	**(19)**	**190**	**60**	**(13)**	**73**
Total interest expense	**(38)**	**(1,477)**	**1,439**	**(4,851)**	**(1,522)**	**(3,329)**
Net change in net interest income	**(563)**	**(87)**	**(476)**	**(1,141)**	**(235)**	**(906)**

1 Changes due to combination of volume and rate are allocated proportionally.

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Investment Portfolio (Securities Available for Sale)

Fair values of the Group s investment portfolio

in m.	Dec 31, 2014	Dec 31, 2013	Dec 31, 2012
Debt securities:			
German government	14,370	9,076	9,942
U.S. Treasury and U.S. government agencies	235	1,571	169
U.S. local (municipal) governments	2,777	126	531
Other foreign governments	31,805	22,570	16,655
Corporates	8,512	9,248	14,527
Other asset-backed securities	646	943	1,113
Mortgage-backed securities, including obligations of U.S. federal agencies	236	53	727
Other debt securities	551	656	491
Total debt securities	**59,132**	**44,242**	**44,155**
Equity securities:			
Equity shares	1,184	979	1,083
Investment certificates and mutual funds	99	98	222
Total equity securities	**1,283**	**1,076**	**1,305**
Total	**60,415**	**45,319**	**45,460**

Fair value, amortized cost and gross unrealized holding gains and losses for the Group s securities available for sale

Dec 31, 2014		Gross unrealized holding		
in m.	Fair value	Gains	Losses	Amortized cost
Debt securities:				
German government	14,370	282	48	14,136
U.S. Treasury and U.S. government agencies	235	0	4	238
U.S. local (municipal) governments	2,777	103	0	2,674
Other foreign governments	31,805	919	105	30,990
Corporates	8,512	472	13	8,052
Other asset-backed securities	646	58	0	587
Mortgage-backed securities, including obligations of U.S. federal agencies	236	1	0	235
Other debt securities	551	1	0	550
Total debt securities	**59,132**	**1,838**	**169**	**57,463**
Equity securities:				
Equity shares	1,184	430	2	756
Investment certificates and mutual funds	99	5	1	94

Total equity securities	**1,283**	**436**	**3**	**850**
Total	**60,415**	**2,274**	**172**	**58,313**

The following table presents the fair value, remaining maturities, approximate weighted-average yields (based on amortized cost) and total amortized cost by maturity distribution of the debt security components of the Group s investment portfolio as of December 31, 2014:

	Up to one year		More than one year and up to five years		More than five years and up to ten years		More than ten years		Total	
in m.	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
German government	336	0.5 %	6,655	1.5 %	4,160	1.9 %	3,219	3.7 %	14,370	2.1 %
U.S. Treasury and U.S. government agencies	182	0.7 %	53	0.1 %	0	0.0 %	0	0.0 %	235	0.5 %
U.S. local (municipal) governments	1	2.8 %	0	0.0 %	0	0.0 %	2,776	2.8 %	2,777	2.8 %
Other foreign governments	2,890	2.0 %	18,224	1.7 %	7,671	1.9 %	3,020	1.6 %	31,805	1.8 %
Corporates	931	1.4 %	4,095	3.5 %	2,277	3.4 %	1,208	5.2 %	8,512	3.4 %
Other asset-backed securities	42	2.7 %	63	1.3 %	228	5.4 %	313	5.9 %	646	5.0 %
Mortgage-backed securities, including obligations of U.S. federal agencies	22	1.0 %	43	0.8 %	125	0.1 %	46	0.1 %	236	0.3 %
Other debt securities	429	2.0 %	15	1.4 %	22	2.1 %	85	0.7 %	551	1.8 %
Total fair value	**4,833**	**1.7 %**	**29,148**	**1.9 %**	**14,483**	**2.1 %**	**10,668**	**2.9 %**	**59,132**	**2.1 %**
Total amortized cost	**4,862**		**28,602**		**13,790**		**10,209**		**57,463**	

Loans Outstanding

Analysis of the Group s loan portfolio by industry sector and by the borrower s country of domicile (in- or outside Germany)

in m.	Dec 31, 2014	Dec 31, 2013	Dec 31, 2012	Dec 31, 2011	Dec 31, 2010
German:					
Banks and insurance	5,698	6,197	7,949	10,177	13,858
Manufacturing	8,583	7,428	8,463	9,154	8,266
Wholesale and retail trade	4,294	4,062	4,212	3,948	3,656
Households	137,163	135,123	131,047	126,462	121,641
Commercial real estate activities	19,275	20,418	20,762	21,093	20,396
Public sector	11,999	11,417	9,729	10,747	18,182
Lease financing	784	712	244	820	799
Other	15,093	15,599	16,675	17,746	20,732
Total German	**202,888**	**200,956**	**199,081**	**200,147**	**207,530**
Non-German:					
Banks and insurance	18,504	18,903	19,900	25,131	24,940
Manufacturing	17,036	13,978	14,740	13,600	12,482
Wholesale and retail trade	11,420	9,903	12,814	11,097	9,981
Households	60,816	58,393	49,927	47,726	45,711
Commercial real estate activities	16,490	13,841	24,544	25,050	23,723
Public sector	4,819	4,811	5,649	5,665	5,931
Lease financing	381	718	636	859	1,521
Other	78,529	60,584	74,915	87,782	80,073
Total Non-German	**207,995**	**181,130**	**203,125**	**216,910**	**204,362**
Gross loans	**410,883**	**382,086**	**402,206**	**417,057**	**411,892**
(Deferred expense)/unearned income	58	(85)	137	381	867
Loan less (deferred expense)/unearned income	**410,825**	**382,171**	**402,069**	**416,676**	**411,025**

Included in the category Other is Fund Management activities exposure of 12.1 billion, 10.0 billion, 16.8 billion, 25.0 billion and 28.0 billion for December 31, 2014, 2013, 2012, 2011 and 2010, respectively.

Loan Maturities and Sensitivity to Changes in Interest Rates

Analysis of maturities of the Group s loan portfolio (excluding lease financing)

Dec 31, 2014 in m.	Within 1 year	After one but within five years	After 5 years	Total
German:				
Banks and insurance	1,827	3,825	46	5,698
Manufacturing	5,751	2,417	415	8,583
Wholesale and retail trade	3,373	687	234	4,294
Households (excluding mortgages)	5,586	5,696	7,115	18,396
Households mortgages	7,372	17,926	93,468	118,766
Commercial real estate activities	3,031	5,855	10,388	19,275
Public sector	6,688	2,475	2,836	11,999
Other	7,122	5,263	2,708	15,093
Total German	**40,751**	**44,145**	**117,209**	**202,104**
Non-German:				
Banks and insurance	16,875	1,246	383	18,504
Manufacturing	11,429	4,362	1,245	17,036
Wholesale and retail trade	8,309	2,214	896	11,420
Households (excluding mortgages)	14,427	8,971	3,046	26,443
Households mortgages	3,334	2,663	28,377	34,373
Commercial real estate activities	4,945	8,329	3,217	16,490
Public sector	1,269	848	2,703	4,819
Other	36,979	24,554	16,996	78,529
Total Non-German	**97,565**	**53,186**	**56,863**	**207,614**
Gross loans	**138,316**	**97,331**	**174,072**	**409,718**
(Deferred expense)/unearned income	125	148	(215)	58
Loans less (deferred expense)/unearned income	**138,191**	**97,183**	**174,286**	**409,660**

Volumes of loans in loan portfolio (excluding lease financing) with residual maturities of more than one year from that date

Dec 31,2014

in m.	After one but within 5 years	After 5 years	Total
Fixed rate loans	79,416	146,358	225,775
Floating or adjustable rate loans	17,914	27,713	45,628
Total	**97,331**	**174,072**	**271,402**

Risk Elements

The following section provides information about certain risk elements included in the loan portfolio intended to address the requirements of SEC Industry Guide 3 while at the same time reflect the classifications most relevant to how Deutsche Bank Group evaluates the credit quality of its loan portfolio. All potential problem loans, which are defined as loans where known information about possible credit problems of borrowers causes the Group s management to have serious doubts as to the ability of such borrowers to comply with the present loan repayment terms, are included in this disclosure of risk elements.

Loans 90 days or more Past Due and still accruing

Exposure of loans carried at amortized cost which were 90 days or more past due and still accruing for the last five years

in m.	Dec 31, 2014	Dec 31, 2013[1]	Dec 31, 2012	Dec 31, 2011	Dec 31, 2010
German	499	745	336	403	288
Non-German	148	238	118	147	14
Total loans 90 days or more past due and still accruing	**647**	**983**	**454**	**550**	**302**

[1] Amount for December 31, 2013, was adjusted for 90 days past due and still accruing loans by 298 million erroneously not included in prior disclosure.

Impaired Loans

Breakdown of the Group s IFRS impaired loans by region based on the borrower s country of domicile

in m.	Dec 31, 2014	Dec 31, 2013	Dec 31, 2012	Dec 31, 2011[1]	Dec 31, 2010[1]
Germany	3,499	3,261	3,615	3,721	2,051
Western Europe (excluding Germany)	4,986	5,832	5,476	4,665	2,597
Eastern Europe	259	252	344	241	267

North America	425	590	626	1,133	1,150
Central and South America	3	32	41	40	43
Asia/Pacific	174	175	233	270	182
Africa	1	1	0	0	23
Other	1	0	0	0	0
Total impaired loans	**9,348**	**10,143**	**10,335**	**10,070**	**6,313**

[1] Numbers for 2011 and 2010 adjusted.

Breakdown of the Group s IFRS impaired loans by industry sector of the borrower

in m.	Dec 31, 2014	Dec 31, 2013	Dec 31, 2012	Dec 31, 2011[1]	Dec 31, 2010[1]
Banks and insurance	0	45	53	118	81
Fund management activities	64	93	128	917	833
Manufacturing	757	811	926	831	610
Wholesale and retail trade	591	661	554	468	324
Households	3,750	3,671	3,707	3,402	2,143
Commercial real estate activities	2,047	2,683	3,358	2,945	975
Public sector	50	39	0	0	0
Other	2,090	2,139	1,609	1,389	1,347
Total impaired loans	**9,348**	**10,143**	**10,335**	**10,070**	**6,313**

[1] Numbers for 2011 and 2010 adjusted.

Interest Revenue of Impaired Loans

The following table shows the approximate effect on interest revenue of IFRS impaired loans. It shows the gross interest income that would have been recorded during the reporting period, if those loans had been current in accordance with their original terms and had been outstanding throughout the reporting period or since their origination, if Deutsche Bank Group only held them for part of the reporting period. It also shows the amount of interest income on those loans that was included in net income for the reporting period.

in m.	2014
German loans:	
Gross amount of interest that would have been recorded at original rate	152
Less interest, net of reversals, recognized in interest revenue	42
Reduction of interest revenue	111
Non-German loans:	
Gross amount of interest that would have been recorded at original rate	125
Less interest, net of reversals, recognized in interest revenue	53
Reduction of interest revenue	72
Total reduction of interest revenue	**183**

Renegotiated Loans

Breakdown of the Group s renegotiated loans representing our troubled debt restructurings

in m.	Dec 31, 2014	Dec 31, 2013[1]	Dec 31, 2012	Dec 31, 2011	Dec 31, 2010
Renegotiated loans considered nonimpaired					
German	436	383	210	114	65
Non-German	386	399	678	950	753
Total renegotiated loans considered nonimpaired	**821**	**783**	**888**	**1,064**	**818**
Renegotiated loans considered impaired					
German	904	709	309	252	96
Non-German	1,038	1,140	1,317	1,102	301
Total renegotiated loans considered impaired	**1,942**	**1,849**	**1,626**	**1,354**	**397**
Renegotiated loans					
German	1,339	1,092	519	366	160
Non-German	1,424	1,539	1,995	2,052	1,055
Total renegotiated loans	**2,763**	**2,632**	**2,514**	**2,418**	**1,215**

1 Amount for December 31, 2013, was adjusted for renegotiated loan by 270 million, erroneously not included in prior disclosure.

The level of renegotiated loans as of December 31, 2014 is nearly unchanged compared to last year. In 2014, renegotiated impaired loans increased mainly by individually assessed items within Germany in NCOU and CB&S and were nearly off-set outside Germany due to reductions mainly within NCOU. The level of non-impaired renegotiated loans in 2014 within Germany increased by individually assed items. In 2013, the level of the Group s renegotiated loans increased by 118 million or 4.7 % to 2.6 billion compared to prior year-end. Reductions recorded for non-impaired loans were primarily due to one commercial real estate loan to a counterparty in Western Europe (excluding Germany) which was consolidated due to the Group obtaining control over the structured entity borrowers during the second quarter of 2013. The renegotiated loans considered impaired increased due to individually assessed items Germany in the Group s core business for which a small number of new provisions were required. In 2012, renegotiated loans increased by 96 million or 4 %. The key driver for the decrease in 2012 in

Non-German renegotiated loans considered non-impaired was a single loan amounting to 435 million within the Group s leveraged finance activities in Western Europe (excluding Germany) which became impaired and was partially written off. Excluding this single item, non-German renegotiated loans considered nonimpaired have increased in line with the Group s total renegotiated loans position. In 2011, increases included several large transactions in the Group s commercial real estate activities through the Group s entities in the UK and the Americas as well as in subsidiaries the Group acquired in 2010 in Germany. Renegotiated loans also increased to a lesser extent in Spain due to the deteriorating home finance market.

It should be noted that these renegotiations are not part of a special modification or restructuring program such as the Fannie Mae Home Affordable Modification Program . Rather, new terms (for example modification of interest rates, principal amounts, interest due, maturities, etc.) were arranged depending on the requirements of the individual renegotiation.

Foreign Outstandings

The following tables list only those countries for which the cross-border outstandings exceeded 0.75 % of the Group s total assets as of December 31, 2014, 2013 and 2012. Offsetting of local country claims is done by third party liabilities of the respective foreign offices that represent legal obligations of the foreign offices and for which no payment is guaranteed at locations outside of the country of the office. As of December 31, 2014, there were no outstandings that exceeded 0.75 % of total assets in any country currently facing debt restructuring or liquidity problems that the Group expects would materially impact the country s ability to service its obligations.

Dec 31, 2014

in m.	Banks and other financial institutions	Governments and Official institutions	Other[1]	Commit-ments	Net local country claim	Total	Percent
United States	7,662	30,096	125,879	10,645	29,982	204,264	11.95 %
Great Britain	6,816	6,777	52,563	3,579	43,348	113,083	6.62 %
France	5,157	13,802	19,174	6,221		44,354	2.60 %
Luxembourg	7,712	8,706	23,328	3,395	879	44,020	2.58 %
Netherlands	4,210	9,562	22,930	3,848	112	40,662	2.38 %
Italy	9,662	18,914	7,840	446	3,228	40,090	2.35 %
Spain	6,865	3,579	8,134	738	4,737	24,053	1.41 %
China	7,205	1,354	9,067	605	42	18,273	1.07 %
Ireland	985	1,115	14,238	1,079	839	18,256	1.07 %
Switzerland	2,138	421	9,909	3,813	1,098	17,379	1.02 %
India	3,884	551	5,940	235	2,846	13,456	0.79 %

1 Other includes commercial and industrial, insurance and other loans.

Dec 31, 2013

in m.	Banks and other financial institutions	Governments and Official institutions	Other[1]	Commit-ments	Net local country claim	Total	Percent
United States	9,301	35,837	101,532	7,751	107,383	261,804	16.25 %

Great Britain	8,073	9,506	44,878	2,524	47,587	112,568	6.99 %
Luxembourg	8,226	6,597	46,089	1,559	398	62,869	3.90 %
France	4,754	16,799	14,889	7,430		43,872	2.72 %
Netherlands	3,228	11,917	18,246	4,256	219	37,866	2.35 %
Italy	6,156	21,707	7,583	621	4,877	40,944	2.54 %
Japan	2,002	2,253	16,195	238	7,112	27,800	1.73 %
Spain	6,726	4,492	5,998	975	5,266	23,457	1.46 %
Cayman Islands	76		10,562	426	9,277	20,341	1.26 %
Switzerland	1,945	555	9,309	3,928	1,487	17,224	1.07 %
China	6,867	622	6,403	259	45	14,196	0.88 %
Australia	1,549	1,327	5,515	205	5,623	14,219	0.88 %
Ireland	1,122	507	9,152	705	887	12,373	0.77 %

[1] Other includes commercial and industrial, insurance and other loans.

Dec 31, 2012

in m.	Banks and other financial institutions	Governments and Official institutions	Other[1]	Commit-ments	Net local country claim	Total	Percent
United States	8,620	40,840	95,480	10,283	323,473	478,696	23.79 %
Great Britain	18,398	7,615	60,911	2,966	27,012	116,902	5.81 %
Luxembourg	7,098	2,549	41,569	2,470	487	54,173	2.69 %
France	6,387	15,705	18,500	6,844		47,436	2.36 %
Netherlands	3,190	7,899	19,076	4,222	195	34,582	1.72 %
Japan	2,485	2,908	10,625	271	13,269	29,558	1.47 %
Italy	5,640	11,974	6,774	1,196	1,807	27,391	1.36 %
Spain	7,084	4,115	6,537	681	6,580	24,997	1.24 %
Switzerland	2,625	812	10,591	3,772	1,323	19,123	0.95 %
Cayman Islands	325	124	12,223	1,846	2,659	17,177	0.85 %

[1] Other includes commercial and industrial, insurance and other loans.

Allowance for Loan Losses

Breakdown of the movements in the Group s allowance for loan losses

in m.

(unless stated otherwise)	2014	2013	2012[1]	2011	2010
Balance, beginning of year	**5,589**	**4,692**	**4,158**	**3,296**	**3,343**
Charge-offs:					
German:					
Banks and insurance	0	0	(1)	(2)	(5)
Manufacturing	(52)	(79)	(42)	(93)	(43)
Wholesale and retail trade	(60)	(17)	(42)	(26)	(32)
Households (excluding mortgages)	(167)	(192)	(265)	(273)	(338)
Households mortgages	(142)	(64)	(60)	(26)	(26)
Commercial real estate activities	(92)	(26)	(11)	(13)	(22)
Public sector	0	0	0	0	0
Other	(60)	(95)	(71)	(112)	(49)
German total	(574)	(474)	(491)	(546)	(515)
Non-German total	(1,076)	(741)	(789)	(519)	(928)
Total charge-offs	**(1,650)**	**(1,215)**	**(1,281)**	**(1,065)**	**(1,443)**
Recoveries:					
German:					
Banks and insurance	0	0	0	1	1
Manufacturing	9	10	10	18	14
Wholesale and retail trade	3	3	6	8	6
Households (excluding mortgages)	26	64	106	93	63
Households mortgages	40	38	15	1	4
Commercial real estate activities	3	2	2	3	4
Public sector	0	0	0	0	0
Other	14	18	19	17	20
German total	95	136	158	142	112
Non-German total	46	26	37	26	31
Total recoveries	**141**	**162**	**195**	**168**	**143**
Net charge-offs	**(1,509)**	**(1,053)**	**(1,086)**	**(897)**	**(1,300)**

Provision for loan losses	1,129	2,060	1,728	1,832	1,313
Other changes (i.e., exchange rate changes, changes in the group of consolidated companies)	3	(110)	(107)	(69)	(60)
Balance, end of year	**5,212**	**5,589**	**4,692**	**4,162**	**3,296**
Percentage of total net charge-offs to average loans for the year	0.37 %	0.28 %	0.27 %	0.22 %	0.45 %

[1] Allowance, beginning of year 2012 differs from Allowance, end of year 2011 due to changes in consolidation rules according to IFRS 10.

The Group s allowance for loan losses as of December 31, 2014 was 5.2 billion, 55 % of which is related to collectively assessed and 45 % to individually assessed loan losses. The reduction in the allowance for loan losses of 376 million compared to prior year end mainly relates to 1.5 billion net charge-offs largely offset by 1.1 billion of additional loan loss provisions.

The Group s provision for loan losses decreased by 930 million or 45 % in 2014 compared with 2013. The reduction in our individually assessed loan portfolio of 878 million reflects material reductions across all businesses. The reduction in NCOU was driven by decreased provision for credit losses in IAS 39 reclassified and commercial real estate assets, while the performance in our Core bank benefited from increased releases and a non-recurrence of large single name bookings. Provisions for our collectively assessed portfolio decreased compared to prior year reflecting among other factors the ongoing good environment in the German credit market.

The main driver of the increase in charge-offs against our individually assessed loan portfolio was an alignment of processes in Postbank. This alignment resulted in an adjustment of the level of loan loss allowance for loans recorded at Postbank by 233 million reflecting accelerated write-offs as well as the elimination of previous misclassification of recoveries in the credit quality of Postbank loans, which had been impaired after change of control, as interest income. Additionally, higher charge-offs in GTB relating to a single client credit event in the prior year contributed to the overall increase which was partly offset by reductions in charge-offs for IAS 39 reclassified assets. The increase in charge-offs against our collectively assessed loan portfolio mainly related to the disposal of impaired loan portfolios in Italy.

The Group s allowance for loan losses as of December 31, 2013 was attributable 51 % to individually assessed and 49 % to collectively assessed loan losses. The net increase in the allowance for loan losses of 897 mil-lion compared with prior year end results from additions of 2.1 billion partly offset by 1.1 billion of net charge-offs and 110 million other changes, such as accretion of interest on impaired loans and foreign exchange effects.

The Group s provision for loan losses increased by 332 million or 19 % in 2013 compared with 2012. This increase was driven by the individually assessed loan portfolio, where provisioning increased by 262 million along with an increase of 70 million in the collectively assessed portfolio. The increase of provisions in the individually assessed loan portfolio is a result of a single client credit event recorded in GTB, increased provisioning for shipping exposure recorded in CB&S and higher charges in NCOU driven by single client items amongst others related to the European Commercial Real Estate sector. The increase in the collectively assessed loan portfolio was driven by NCOU and was mainly the result of higher provisioning related to the Group s de-risking activities. This increase was partly offset by reductions in the Group s Core business mainly reflecting an improved credit environment in the German retail market compared to prior year.

Net charge-offs slightly decreased by 33 million or 3 % in 2013 driven by a reduction of 61 million in the individually assessed loan portfolio and partly offset by an increase of 28 million in the Group s collectively assessed loan portfolio.

The Group s allowance for loan losses as of December 31, 2012 was 4.7 billion, 52 % of which is related to collectively assessed and 48 % to individually assessed loan losses. The increase in the allowance for loan losses of 531 million mainly relates to 1.7 billion of additional loan loss provisions partly offset by 1.1 billion of charge-offs.

The Group s provision for loan losses decreased by 104 million or 6 % in 2012 compared with 2011. This decrease was driven by the collectively assessed loan portfolio, which saw a reduction of 312 million or 34 % driven by lower levels of provisioning for non-impaired loans within the NCOU mainly as a result of the Group s de-risking measures along with lower provisioning in the homogenous Postbank portfolio basically driven by improvements in the portfolio quality. Further credit was recorded in other interest income representing increases in the credit quality of Postbank loans recorded at fair value on initial consolidation in the Group accounts. The increase in provisions for individually assessed loans of 208 million or 23 % is related to assets which had been reclassified in accordance with IAS 39 in North America and United Kingdom now held in the NCOU.

Net charge-offs increased by 189 million or 21 % in 2012. Net charge-offs for individually assessed loans were up 249 million mainly related to assets which had been reclassified in accordance with IAS 39.

The Group s allowance for loan losses as of December 31, 2011 was 4.2 billion, a 26 % increase from prior year end. The increase in the Group s allowance was principally due to increased new provisions following the first full year consolidation of Postbank and lower net charge-offs compared to the prior year.

The Group s provision for loan losses showed an increase of 520 million or 40 % in 2011, thereof 345 mil-lion or 61 % related to individually assessed loans, and 175 million or 23 % related to the Group s collectively assessed loan portfolios. The rise in individually assessed provision for loan losses was driven by the first time consolidation of Postbank and furthermore reflected impairment charges taken on a number of exposures in the Americas and in Europe in an overall challenging global economic credit environment. Reduced provisioning levels for IAS 39 reclassified assets partly compensated these increases. Loan loss provisions for the Group s collectively assessed loan portfolios, which increased by 23 % compared to 2010, were also affected by the first time consolidation of Postbank. Excluding Postbank, the loan loss provision for the Group s collectively

assessed exposure was reduced due to the Group s retail business in Germany which contributed lower provisions, despite the challenging economic environment.

The Group s net charge-offs decreased by 403 million or 31 % in 2011, almost fully related to the Group s individually assessed loans, where the Group saw a reduction of 384 million fully driven by IAS 39 reclassified assets.

The Group s allowance for loan losses as of December 31, 2010 was 3.3 billion, a 1 % decrease from prior year end. The decrease in the Group s allowance was principally due to charge-offs, reductions resulting from currency translation and unwinding effects exceeding the Group s provisions.

The Group s net charge-offs amounted to 1.3 billion in 2010. Of the charge-offs for 2010, 896 million were related to the Group s corporate credit exposure, of which 607 million were related to assets which had been reclassified in accordance with IAS 39 in the Group s United Kingdom and Asia/Pacific portfolios, and 404 million was related to the Group s consumer credit exposures, mainly driven by the Group s German portfolios.

The Group s provision for loan losses in 2010 was 1.3 billion, principally driven by 562 million for the Group s corporate credit exposures, of which 278 million of new provisions were established relating to assets that had been reclassified in accordance with IAS 39, relating predominantly to exposures in Corporate Banking & Securities. The remaining increase reflected impairment charges taken on a number of exposures in the Americas and in Europe in an overall favorable global economic credit environment. Loan loss provisions in the Group s collectively assessed exposure amounted to 751 million, reflecting a significant reduction of the Group s net credit costs in Spain and India partially offset by increases in Poland, which is lower than the 808 million recorded in the prior year, which was predominantly driven by the challenging credit environment in Spain and Poland during 2009.

The Group s individually assessed loan loss allowance was 1.6 billion as of December 31, 2010. The 386 million decrease in 2010 comprises net provisions of 562 million (including the aforementioned impact from IAS 39 reclassifications), net charge-offs of 896 million and a 53 million decrease from currency translation and unwinding effects.

The Group s collectively assessed loan loss allowance totaled 1.7 billion as of December 31, 2010, representing an increase of 339 million against the level reported for the end of 2009 (1.3 billion). Movements in this component comprised a 751 million provision, being partially offset by 404 million net charge-offs and a 6 million net decrease from currency translation and unwinding effects.

The following table presents an analysis of the changes in the non-German component of the allowance for loan losses. As of December 31, 2014, 64 % of the Group s total allowance was attributable to non-German clients compared to 65 % as of December 31, 2013.

in m.	2014	2013	2012	2011	2010
Balance, beginning of year	**3,612**	**2,968**	**2,509**	**2,284**	**2,391**
Provision for loan losses	724	1,438	1,152	751	820
Net charge-offs	(1,030)	(715)	(752)	(493)	(897)
Charge-offs	(1,076)	(741)	(789)	(519)	(928)
Recoveries	46	26	37	26	31
Other changes (i.e., exchange rate changes, changes in the group of consolidated companies)	34	(80)	59	(33)	(30)

Balance, end of year	**3,339**	**3,612**	**2,968**	**2,509**	**2,284**

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The following table presents the components of the Group s allowance for loan losses by industry of the borrower, and the percentage of its total loan portfolio accounted for by those industry classifications, on the dates specified. The breakdown between German and non-German borrowers is based on the location of the borrowers.

in m. (unless stated otherwise)	Dec 31, 2014		Dec 31, 2013		Dec 31, 2012		Dec 31, 2011		Dec 31, 2010	
German:										
Individually assessed loan loss allowance:										
Banks and insurance	0	1 %	2	2 %	1	2 %	13	2 %	1	3 %
Manufacturing	213	2 %	236	2 %	277	2 %	252	2 %	236	2 %
Households (excluding mortgages)	152	4 %	139	5 %	94	5 %	78	4 %	42	4 %
Households mortgages	6	29 %	11	30 %	14	28 %	12	26 %	4	25 %
Public sector	0	3 %	0	3 %	0	2 %	0	3 %	0	5 %
Wholesale and retail trade	82	1 %	129	1 %	111	1 %	112	1 %	95	1 %
Commercial real estate activities	78	5 %	149	5 %	157	5 %	241	5 %	46	5 %
Other	209	4 %	197	4 %	128	4 %	124	4 %	135	5 %
Individually assessed loan loss allowance German total	740		864		782		832		559	
Collectively assessed loan loss allowance	1,133		1,113		942		821		453	
German total	**1,873**	**50 %**	**1,977**	**53 %**	**1,724**	**49 %**	**1,653**	**48 %**	**1,012**	**50 %**
Non-German:										
Individually assessed loan loss allowance	1,624		1,993		1,484		1,179		1,084	
Collectively assessed loan loss allowance	1,715		1,619		1,484		1,327		1,200	
Non-German total	**3,339**	**50 %**	**3,612**	**47 %**	**2,968**	**51 %**	**2,507**	**52 %**	**2,284**	**50 %**
Total allowance for loan losses	**5,212**	**100 %**	**5,589**	**100 %**	**4,692**	**100 %**	**4,162**	**100 %**	**3,296**	**100 %**
Total individually assessed loan loss allowance	2,364		2,857		2,266		2,011		1,643	
Total collectively assessed loan loss allowance	2,849		2,732		2,426		2,150		1,653	
Total allowance for loan losses	**5,212**		**5,589**		**4,692**		**4,162**		**3,296**	

Deposits

The amount of other time deposits in the amount of U.S.$ 100,000 or more in offices in Germany was 38.7 billion as of December 31, 2014, thereof with maturities within three months 12.2 billion, after three months but within six months 12.7 billion, after six months but within one year 6.6 billion and after one year 7.1 billion. The amount of certificates of deposits in the amount of U.S.$ 100,000 or more in offices in Germany was 2.8 billion as of December 31, 2014, thereof with maturities within three months 145 million and after six months but within one 2.7 billion.

The amount of certificates of deposits and other time deposits in the amount of U.S.$ 100,000 or more issued by non-German offices was 36.0 billion as of December 31, 2014.

Total deposits by foreign depositors in German offices were 38.4 billion, 24.8 billion and 40.2 billion as of December 31, 2014, 2013 and 2012, respectively.

Return on Equity and Assets

	2014	2013	2012
Return on average shareholders equity (post-tax)[1]	2.71 %	1.19 %	0.47 %
Return on average total assets (post-tax)[2]	0.10 %	0.03 %	0.01 %
Equity to assets ratio[3]	3.56 %	2.89 %	2.46 %
Dividend payout ratio:[4]			
Basic earnings per share	56 %	112 %	0 %
Diluted earnings per share	57 %	115 %	0 %

N/M Not meaningful

1 Net income (loss) attributable to Deutsche Bank shareholders as a percentage of average shareholders equity.
2 Net income (loss) attributable to Deutsche Bank shareholders as a percentage of average total assets.
3 Average shareholders equity as a percentage of average total assets for each year.
4 Dividends paid per share in respect of each year as a percentage of the Group s basic and diluted earnings per share for that year.

Short-Term Borrowings with an original maturity of one year or less

The difference between the period-end and average balances for central bank funds purchased and securities sold under repurchase agreements mainly arises from fluctuating activity with respect to fixed income securities positions within CB&S. Intra-quarter trading volume, which increases the monthly averages relative to quarter- and year-end, predominantly comprises financing of short-term positions in highly liquid U.S. Treasuries and Agencies, which is a result of the Bank providing liquidity to the market via market-making activity and is largely driven by client demand. These U.S. Treasury and Agency positions are very low risk and have negligible impact on the firm s liquidity and capital position.

in m.

(unless stated otherwise)	Dec 31, 2014	Dec 31, 2013	Dec 31, 2012
Central bank funds purchased and securities sold under repurchase agreements:			
Balance, end of year	10,887	13,381	36,144
Average balance[1]	24,566	42,706	73,055
Maximum balance at any month-end	42,492	75,762	97,443
Weighted-average interest rate during the year	0.65 %	0.44 %	0.43 %
Weighted-average interest rate on year-end balance	1.25 %	0.32 %	0.55 %
Securities loaned:			
Balance, end of year	2,339	2,106	3,133
Average balance[1]	3,834	4,562	6,482
Maximum balance at any month-end	4,443	6,837	12,179
Weighted-average interest rate during the year	(4.08) %	(4.57) %	(4.49) %
Weighted-average interest rate on year-end balance	1.01 %	0.25 %	0.64 %
Commercial paper:			
Balance, end of year	14,787	20,852	23,616
Average balance[1]	21,472	24,936	25,500
Maximum balance at any month-end	25,738	28,496	27,299
Weighted-average interest rate during the year	0.43 %	0.37 %	0.44 %
Weighted-average interest rate on year-end balance	0.49 %	0.29 %	0.48 %
Other:			
Balance, end of year	28,144	38,915	46,044
Average balance[1]	32,608	45,524	42,535
Maximum balance at any month-end	39,034	49,770	47,959
Weighted-average interest rate during the year	0.38 %	0.43 %	0.54 %
Weighted-average interest rate on year-end balance	0.34 %	0.32 %	0.47 %

1 Based upon month-end balances.

Non-GAAP Financial Measures

As discussed on pages 4 and 5 of the Annual Report 2014 on Form 20-F, this document and other documents Deutsche Bank Group has published or may publish contain non-GAAP financial measures. Non-GAAP financial measures are measures of the Group s historical or future performance, financial position or cash flows that contain adjustments that exclude or include amounts that are included or excluded, as the case may be, from the most directly comparable measure calculated and presented in accordance with IFRS in the Group s financial statements.

Pre-Tax and Post-Tax Return on Average Active Equity

The pre-tax return on average active equity non-GAAP financial measure is based on IBIT attributable to Deutsche Bank shareholders, as a percentage of the Group s average active equity, both as defined below.

In connection with the implementation of the Group s communicated strategy, the Group considers the post-tax return on average active equity, both on a Group and a segment basis. The post-tax return on both average shareholders equity and average active equity at the Group level reflects the reported effective tax rate for the Group, which was 46 % for 2014, 53 % for 2013, and 61 % for 2012. For the post-tax return on average active equity of the segments, the Group effective tax rate was adjusted to exclude the impact of permanent differences not attributable to the segments, so that the segment tax rate was 34 % for 2014, 42 % for 2013, and 35 % for 2012.

IBIT attributable to Deutsche Bank Shareholders: The IBIT attributable to Deutsche Bank shareholders non-GAAP financial measure is based on income (loss) before income taxes attributable to Deutsche Bank shareholders (i.e., excluding pre-tax noncontrolling interests) as follows:

IBIT attributable to Deutsche Bank shareholders

in m. (unless stated otherwise)	2014	2013	2012	2014 increase (decrease) from 2013 in m.	in %	2013 increase (decrease) from 2012 in m.	in %
Income (loss) before income taxes (IBIT)	**3,116**	**1,456**	**814**	**1,660**	**114**	**642**	**79**
Less income (loss) before income taxes attributable to noncontrolling interests	(28)	(15)	(64)	(13)	82	48	(76)
IBIT attributable to Deutsche Bank shareholders	**3,088**	**1,441**	**750**	**1,647**	**114**	**691**	**92**

Average Active Equity: The Group calculates active equity to make comparisons to its competitors easier and refers to active equity in several ratios. However, active equity is not a measure provided for in IFRS and the Group s ratios based on average active equity should not be compared to other companies ratios without considering differences in the calculations. The Group adjusts the average shareholders equity for average dividends, for which a proposal is accrued on a quarterly basis and which are paid after the approval at the Annual General Meeting each year. Effective July 1, 2013, the definition of active equity has been aligned to the CRR/CRD 4 framework. Prior periods for 2013 and 2012 have been adjusted accordingly. Please refer to Note 4 Business Segments and Related Information of the consolidated financial statements for information on how average active equity is allocated to our business segments.

Average Active Equity

in m. (unless stated otherwise)	2014	2013	2012	2014 increase (decrease) from 2013 in m.	in %	2013 increase (decrease) from 2012 in m.	in %
Average shareholders equity	**61,410**	**56,080**	**55,597**	**5,330**	**10**	**483**	**1**
Average dividend accruals	(785)	(646)	(670)	(139)	21	24	(4)
Average active equity	**60,624**	**55,434**	**54,927**	**5,190**	**9**	**507**	**1**

Pre-tax and post-tax returns on average active equity are presented below. For comparison, also presented are the pre-tax and post-tax returns on average shareholders equity, which are defined as IBIT and net income, respectively, attributable to Deutsche Bank shareholders (i.e., excluding pre-tax and post-tax noncontrolling interests), as a percentage of average shareholders equity.

Pre- and Post-Tax Return

in % (unless stated otherwise)	2014	2013	2012	2014 increase (decrease) from 2013	2013 increase (decrease) from 2012
Pre-tax return on average shareholders equity	5.0 %	2.6 %	1.3 %	2.4 ppt	1.3 ppt
Pre-tax return on average active equity	5.1 %	2.6 %	1.4 %	2.5 ppt	1.2 ppt
Post-tax return on average shareholders equity	2.7 %	1.2 %	0.5 %	1.5 ppt	0.7 ppt
Post-tax return on average active equity	2.7 %	1.2 %	0.5 %	1.5 ppt	0.7 ppt

Leverage Ratio

As part of its balance sheet management, the Group uses a fully loaded CRR/CRD 4 leverage ratio, which is Tier 1 capital on a fully loaded basis as a percentage of the CRR/CRD 4 exposure measure (which is derived by applying adjustments to IFRS total assets). Such non-GAAP financial measure is described in Management Report: Risk Report: Balance Sheet Management . This measure is calculated based on the Group s current interpretation of rules and might therefore vary from the assumptions and estimates applied by the Group s competitors. Accordingly, the fully loaded CRR/CRD 4 leverage ratio may not be comparable with similarly labeled measures used by the Group s competitors.

The following table shows the reconciliation of the exposure measures under IFRS against estimated pro forma CRR/CRD 4 exposure measures as of December 31, 2013 not taking into account recent revisions to the leverage ratio rules:

in m. (unless stated otherwise)	Dec 31, 2013
Total assets as per published financial statements	**1,611**
Adjustments for derivative financial instruments	(135)
Adjustments for securities financing transactions	(163)
Adjustment for off-balance sheet items	199
Other adjustments	(67)
Pro forma leverage ratio exposure	**1,445**
Tier 1 capital fully loaded	**34.0**
Pro forma leverage Ratio - using a fully loaded definition of Tier 1 capital (in %)	**2.4**

On October 10, 2014, the European Commission adopted a delegated act published on January 17, 2015. The delegated act leads to substantial changes in the calculation of the leverage exposure measure for the leverage ratio under a revised CRR/CRD 4 framework. A description of the changes and the Group s estimate of the potential impact of the revised CRR/CRD 4 rules on the leverage exposure measure and the leverage ratio is provided in Management Report: Risk Report: Balance Sheet Management .

Book Value and Tangible Book Value (Average) per Basic Share Outstanding

Book value per share and tangible book value per share are non-GAAP financial measures that are used and relied upon by investors and industry analysts as capital adequacy metrics. Book value per share represents the Bank s total shareholders equity divided by the number of basic shares outstanding at period-end. Tangible book value represents the Bank s total shareholders equity less goodwill and other intangible assets. Tangible book value per share is computed by dividing tangible book value by period-end basic shares outstanding.

Tangible Book Value

in m.				2014 increase (decrease) from 2013		2013 increase (decrease) from 2012	
(unless stated otherwise)	2014	2013	2012	in m.	in %	in m.	in %
Total shareholders equity (Book value)	**68,351**	**54,719**	**54,001**	**13,633**	**25**	**718**	**1**

Goodwill and other intangible assets	(14,951)	(13,932)	(14,219)	(1,019)	7	287	(2)
Tangible shareholders equity (Tangible book value)	**53,400**	**40,786**	**39,782**	**12,613**	**31**	**1,005**	**3**

Basic Shares Outstanding

in m. (unless stated otherwise)	2014	2013	2012	2014 increase (decrease) from 2013 in m.	in %	2013 increase (decrease) from 2012 in m.	in %
Number of shares	**1,379.3**	**1,068.5**	**974.2**	**310.7**	**29.1**	**94.3**	**9.7**
Shares outstanding:							
Treasury shares	(0.3)	(0.2)	(0.3)	(0.1)	44.4	0.2	(45.5)
Vested share awards	6.8	8.8	12.7	(2.0)	(22.9)	(3.9)	(30.9)
Basic shares outstanding[1]	**1,385.8**	**1,077.1**	**986.6**	**308.7**	**28.7**	**90.6**	**9.2**
Book value per basic share outstanding	**49.32**	**50.80**	**54.74**	**(1.48)**	**(2.9)**	**(3.94)**	**(7.2)**
Tangible book value per basic share outstanding	**38.53**	**37.87**	**40.32**	**0.66**	**1.7**	**(2.45)**	**(6.1)**

1 The basic shares outstanding have been adjusted for comparative periods in order to reflect the effect of the bonus component of subscription rights issued in June 2014 in connection with the capital increase.

Cost-income ratio (adjusted) and Post-tax return on average active equity (adjusted)

In connection with the implementation of the Group s communicated strategy, Deutsche Bank has announced aspirations, at the Group level and with respect to the CB&S Corporate Division, for its cost-income ratio (adjusted) and its post-tax return on average active equity (adjusted), both of which are non-GAAP financial measures.

Cost-income ratio (adjusted) is calculated by dividing adjusted cost base (described below) by net revenues (reported).

Post-tax return on average active equity (adjusted) is calculated by dividing net income attributable to Deutsche Bank shareholders (adjusted) (described below) by average active equity (described above).

Adjusted cost base is a non-GAAP financial measure most directly comparable to the IFRS financial measure noninterest expenses. Adjusted cost base is calculated by adjusting noninterest expenses under IFRS for (i) the costs-to-achieve (CtA) of the Group s Operational Excellence (OpEx) program, (ii) other severances, (iii) policyholder benefits and claims, (iv) litigation expenses, (v) impairment of goodwill and other intangible assets and (vi) other specific cost items.

IBIT attributable to Deutsche Bank shareholders (adjusted) is a non-GAAP financial measure most directly comparable to the IFRS financial measure income before income taxes (IBIT). It is calculated by adjusting IBIT attributable to Deutsche Bank shareholders (which, as described above, is itself a non-GAAP financial measure based on income before income taxes (IBIT) under IFRS) for (i) CRR/CRD 4 CVA (mark-to-market movements on related hedges), DVA and FVA, (ii) OpEx CtA, (iii) other severances, (iv) litigation expenses and (v) impairment of goodwill and other intangible assets.

Net income attributable to Deutsche Bank shareholders (adjusted) is a non-GAAP financial measure most directly comparable to the IFRS financial measure net income. It is calculated by adjusting IBIT attributable to Deutsche Bank shareholders (adjusted) for the income tax expense (benefit) impact for the period.

Valuation Adjustments

The reconciliation for determining adjusted Group and CB&S IBIT and Net Income identifies the Credit Valuation Adjustment (CVA), the Debt Valuation Adjustment (DVA) and the Funding Valuation Adjustment (FVA) as adjusting items.

As described in Note 14 Financial Instruments Carried at Fair Value counterparty, CVA is applied to derivative positions and is determined by assessing the potential credit exposure to a given counterparty. The calculation of CVA takes into account any collateral held, the effect of netting agreements, expected loss given default and the credit risk, based on available market information, including credit default swap spreads.

CVAs result in charges to the Group s Risk Weighted Asset (RWAs) under the CRR/CRD 4 capital rules. The Group has sought to mitigate these RWA charges through hedging with credit default swaps. These regulatory capital hedges are additional to those entered into to hedge CVA exposures under IFRS hedge accounting rules, and accordingly, result in mark-to-market movements in profit and loss that are reported as a revenue item. These CVA regulatory hedge-related movements are identified in the reconciling items in the calculation of adjusted IBIT and net income as CVA .

DVA incorporates the impact of the Group s own credit risk in the fair valuing of financial liabilities, including derivative contracts. Profit and loss movements resulting from DVA are identified in the reconciling items in the calculation of adjusted IBIT and net income as DVA .

FVA is applied to derivative positions that are not wholly collateralized. It reflects the market implied funding costs on both assets and liabilities and has the effect of incorporating the present value of funding costs into the fair value of derivative positions that are not wholly collateralized. Profit and loss movements resulting from FVA are identified in the reconciling items in the calculation of adjusted IBIT and net income as FVA .

The Group believes that the presentation of these measures excluding the impact of these items provides a more meaningful depiction of the underlying fundamentals of its businesses impacted by such items.

Reconciliation of the movement of reported to adjusted parameters

in m. (unless stated otherwise)	Dec 31, 2014 CB&S	Dec 31, 2014 Group	Dec 31, 2013 CB&S	Dec 31, 2013 Group
Net revenues (reported)	**13,742**	**31,949**	**13,526**	**31,915**
Valuation Adjustments (CVA/DVA/FVA)[1]	(299)	(336)	(201)	(646)
Net revenues (adjusted)	**14,042**	**32,285**	**13,727**	**32,561**
Noninterest expenses (reported)	**(10,348)**	**(27,699)**	**(10,162)**	**(28,394)**
Cost-to-Achieve[2]	(425)	(1,299)	(313)	(1,331)
Other Severance	(46)	(118)	(26)	(69)
Policyholder benefits and claims	0	(289)	0	(460)
Litigation	(586)	(1,571)	(1,142)	(3,036)
Impairment of Goodwill and Intangibles	0	(111)	0	(79)
Other specific cost items[3]	(85)	(542)	0	(271)
Adjusted cost base	**(9,205)**	**(23,768)**	**(8,680)**	**(23,147)**
Income (loss) before income taxes (reported)	**3,266**	**3,116**	**3,158**	**1,456**
Income (loss) before income taxes attributable to noncontrolling interests[4]	0	(28)	0	(15)
IBIT attributable to Deutsche Bank shareholders	**3,266**	**3,088**	**3,158**	**1,441**
Valuation Adjustments (CVA/DVA/FVA)[1]	(299)	(336)	(201)	(646)
Cost-to-Achieve[2]	(425)	(1,299)	(313)	(1,331)
Other Severance	(46)	(118)	(26)	(69)
Litigation	(586)	(1,571)	(1,142)	(3,036)
Impairment of Goodwill and Intangibles	0	(111)	0	(79)
IBIT attributable to Deutsche Bank shareholders (adjusted)	**4,623**	**6,524**	**4,841**	**6,602**

Cost/income ratio (reported)		**87 %**		**89 %**
Cost/income ratio (adjusted)		**74 %**		**73 %**
Average Active Equity (full year)	24,204	60,624	20,161	55,434
Post-tax return on average active equity based on net income (loss) (reported)[5]	**9 %**	**3 %**	**9 %**	**1 %**
Post-tax return on average active equity based on net income (loss) (adjusted)[5,6]	**13 %**	**7 %**	**15 %**	**8 %**

1 CRR/CRD 4 Credit Valuation Adjustment (CVA), Debt Valuation Adjustment (DVA), Funding Valuation Adjustment (FVA).
2 Includes CtA related to Postbank, Investment and OpEx.
3 Includes smaller specific one-offs and impairments including, in 2014, a charge for Group of 400 million on loan processing fees.
4 Within income before income taxes of the Segments, noncontrolling interests are reflected as expenses.
5 Based on net income attributable to Deutsche Bank shareholders.
6 Calculation is based on an adjusted tax rate of 34 % for the year ended December 31, 2014 and 36 % for the year ended December 31, 2013.

Imprint

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