

DEUTSCHE BANK AKTIENGESELLSCHAFT

Form 20-F

March 11, 2016

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As filed with the Securities and Exchange Commission on March 11, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form 20-F

- .. REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934
or
- x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015
or
- .. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
or
- .. SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report .

Commission file number 1-15242

Deutsche Bank Aktiengesellschaft

(Exact name of Registrant as specified in its charter)

Deutsche Bank Corporation

(Translation of Registrant's name into English)

Federal Republic of Germany

(Jurisdiction of incorporation or organization)

Taunusanlage 12, 60325 Frankfurt am Main, Germany

(Address of principal executive offices)

Peter Burrill, +49-69-910-31781, peter.burrill@db.com, Taunusanlage 12, 60325 Frankfurt am Main, Germany

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act

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See following page

Securities registered or to be registered pursuant to Section 12(g) of the Act.

NONE

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

NONE

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

Ordinary Shares, no par value	1,378,898,267
(as of December 31, 2015)	

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards Other
as issued by the International Accounting Standards Board

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

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Securities registered or to be registered pursuant to Section 12(b) of the Act (as of February 29, 2016).

Title of each class	Name of each exchange on which registered
Ordinary shares, no par value	New York Stock Exchange
6.55 % Trust Preferred Securities of Deutsche Bank Contingent Capital Trust II	New York Stock Exchange
6.55 % Company Preferred Securities of Deutsche Bank Contingent Capital LLC II*	
Subordinated Guarantees of Deutsche Bank AG in connection with Capital Securities*	
7.60 % Trust Preferred Securities of Deutsche Bank Contingent Capital Trust III	New York Stock Exchange
7.60 % Company Preferred Securities of Deutsche Bank Contingent Capital LLC III*	
Subordinated Guarantees of Deutsche Bank AG in connection with Capital Securities*	
8.05 % Trust Preferred Securities of Deutsche Bank Contingent Capital Trust V	New York Stock Exchange
8.05 % Company Preferred Securities of Deutsche Bank Contingent Capital LLC V*	
Subordinated Guarantees of Deutsche Bank AG in connection with Capital Securities*	
Fixed to Fixed Reset Rate Subordinated Tier 2 Notes Due 2028	New York Stock Exchange
4.50 % Fixed Rate Subordinated Tier 2 Notes Due 2025	New York Stock Exchange
DB Agriculture Short Exchange Traded Notes due April 1, 2038	NYSE Arca
DB Agriculture Long Exchange Traded Notes due April 1, 2038	NYSE Arca
DB Agriculture Double Short Exchange Traded Notes due April 1, 2038	NYSE Arca
DB Agriculture Double Long Exchange Traded Notes due April 1, 2038	NYSE Arca
DB Base Metals Short Exchange Traded Notes due June 1, 2038	NYSE Arca
DB Base Metals Long Exchange Traded Notes due June 1, 2038	NYSE Arca
DB Base Metals Double Short Exchange Traded Notes due June 1, 2038	NYSE Arca
DB Base Metals Double Long Exchange Traded Notes due June 1, 2038	NYSE Arca
DB Commodity Short Exchange Traded Notes due April 1, 2038	NYSE Arca
DB Commodity Long Exchange Traded Notes due April 1, 2038	NYSE Arca
DB Commodity Double Long Exchange Traded Notes due April 1, 2038	NYSE Arca

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DB Commodity Double Short Exchange Traded Notes due April 1, 2038	NYSE Arca
DB Crude Oil Short Exchange Traded Notes due June 1, 2038	NYSE Arca
DB Crude Oil Long Exchange Traded Notes due June 1, 2038	NYSE Arca
DB Crude Oil Double Short Exchange Traded Notes due June 1, 2038	NYSE Arca
DB German Bund Futures Exchange Traded Notes due March 31, 2021	NYSE Arca
DB Gold Double Long Exchange Traded notes due February 15, 2038	NYSE Arca
DB Gold Double Short Exchange Traded notes due February 15, 2038	NYSE Arca
DB Gold Short Exchange Traded notes due February 15, 2038	NYSE Arca
DB Japanese Govt Bond Futures Exchange Traded Notes due March 31, 2021	NYSE Arca
DB Inverse Japanese Govt Bond Futures Exchange Traded Notes due November 30, 2021	NYSE Arca
DB 3x German Bund Futures Exchange Traded Notes due March 31, 2021	NYSE Arca
DB 3x Japanese Govt Bond Futures Exchange Traded Notes due March 31, 2021	NYSE Arca
DB 3x Inverse Japanese Govt Bond Futures Exchange Traded Notes due November 30, 2021	NYSE Arca
DB 3x Long 25+ Year Treasury Bond Exchange Traded Notes due May 31, 2040	NYSE Arca
DB 3x Short 25+ Year Treasury Bond Exchange Traded Notes due May 31, 2040	NYSE Arca
ELEMENTS Dogs of the Dow Linked to the Dow Jones High Yield Select 10 Total Return Index due November 14, 2022	NYSE Arca
ELEMENTS Linked to the Morningstar® Wide Moat Focus(SM) Total Return Index due October 24, 2022	NYSE Arca
FI Enhanced Global High Yield Exchange Traded Notes Linked to the MSCI World High Dividend Yield USD Gross Total Return Index due October 12, 2023	NYSE Arca
* For listing purpose only, not for trading.	

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Deutsche Bank Aktiengesellschaft, which we also call Deutsche Bank AG, is a stock corporation organized under the laws of the Federal Republic of Germany. Unless otherwise specified or required by the context, in this document, references to we, us, our, the Group and Deutsche Bank Group are to Deutsche Bank Aktiengesellschaft and its consolidated subsidiaries.

Due to rounding, numbers presented throughout this document may not add up precisely to the totals we provide and percentages may not precisely reflect the absolute figures.

Our registered address is Taunusanlage 12, 60325 Frankfurt am Main, Germany, and our telephone number is +49-69-910-00.

Inclusion of Our Annual Report 2015

We have included as an integral part of this Annual Report on Form 20-F our Annual Report 2015, to which we refer for the responses to certain items hereof. Certain portions of the Annual Report 2015 have been omitted, as indicated therein. The included Annual Report 2015 contains our consolidated financial statements, which we also incorporate by reference into this report, in response to Items 8.A and 18. Such consolidated financial statements differ from those contained in the Annual Report 2015 used for other purposes in that, for Notes 44 and 45 thereto, notes addressing non-U.S. requirements have been replaced with notes addressing U.S. requirements, and Note 46 thereto has been omitted. Such consolidated financial statements have been audited by KPMG AG Wirtschaftsprüfungsgesellschaft, as described in their Report of Independent Registered Public Accounting Firm included on page 389 of the Annual Report 2015, which report is included only in the version of the Annual Report 2015 included in this Annual Report on Form 20-F.

Cautionary Statement Regarding Forward-Looking Statements

We make certain forward-looking statements in this document with respect to our financial condition and results of operations. In this document, forward-looking statements include, among others, statements relating to:

- the potential development and impact on us of economic and business conditions and the legal and regulatory environment to which we are subject;
- the implementation of our strategic initiatives and other responses thereto;
- the development of aspects of our results of operations;
- our expectations of the impact of risks that affect our business, including the risks of losses on our trading processes and credit exposures; and
- other statements relating to our future business development and economic performance.

In addition, we may from time to time make forward-looking statements in our periodic reports to the United States Securities and Exchange Commission on Form 6-K, annual and interim reports, invitations to Annual General Meetings and other information sent to shareholders, offering circulars and prospectuses, press releases and other written materials. Our Management Board, Supervisory Board, officers and employees may also make oral forward-looking statements to third parties, including financial analysts.

Forward-looking statements are statements that are not historical facts, including statements about our beliefs and expectations. We use words such as believe, anticipate, expect, intend, seek, estimate, project, should, potential, reasonably possible, plan, aim and identify forward-looking statements.

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By their very nature, forward-looking statements involve risks and uncertainties, both general and specific. We base these statements on our current plans, estimates, projections and expectations. You should therefore not place too much reliance on them. Our forward-looking statements speak only as of the date we make them, and we undertake no obligation to update any of them in light of new information or future events.

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We caution you that a number of important factors could cause our actual results to differ materially from those we describe in any forward-looking statement. These factors include, among others, the following:

the potential development and impact on us of economic and business conditions;
 other changes in general economic and business conditions;
 changes and volatility in currency exchange rates, interest rates and asset prices;
 changes in governmental policy and regulation, including measures taken in response to economic, business, political and social conditions;
 the potential development and impact on us of legal and regulatory proceedings to which we are or may become subject;
 changes in our competitive environment;
 the success of our acquisitions, divestitures, mergers and strategic alliances;
 our success in implementing our strategic initiatives and other responses to economic and business conditions and the legal and regulatory environment and realizing the benefits anticipated therefrom; and
 other factors, including those we refer to in Item 3: Key Information Risk Factors and elsewhere in this document and others to which we do not refer.

Use of Non-GAAP Financial Measures

This document and other documents we have published or may publish contain non-GAAP financial measures. Non-GAAP financial measures are measures of our historical or future performance, financial position or cash flows that contain adjustments which 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 our financial statements. Examples of our non-GAAP financial measures, and the most directly comparable IFRS financial measures, are as follows:

Non-GAAP Financial Measure	Most Directly Comparable IFRS Financial Measure
IBIT attributable to Deutsche Bank shareholders	Income (loss) before income taxes
Adjusted costs	Noninterest expenses
Average active equity	Average shareholders' equity
Pre-tax return on average active equity	Pre-tax return on average shareholders' equity
Post-tax return on average active equity	Post-tax return on average shareholders' equity
Tangible shareholders' equity, Tangible book value	Total shareholders' equity (book value)
Post-tax return on average tangible shareholders' equity	Post-tax return on average shareholders' equity

CRR/CRD 4 Solvency Measures

Our regulatory assets, exposures, risk-weighted assets, capital and ratios thereof are calculated for regulatory purposes as of December 31, 2015 and December 31, 2014 and set forth throughout this document under the regulation on prudential requirements for credit institutions and

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investment firms (CRR) and the Capital Requirements Directive 4 (CRD 4) implementing Basel 3, which were published on June 27, 2013 and which apply on and after January 1, 2014. CRR/CRD 4 provides for transitional rules, under which capital instruments that are no longer eligible under the new rules are permitted to be phased-out as the new rules on regulatory adjustments are phased in, as well as regarding the risk weighting of certain categories of assets. Unless otherwise noted, our CRR/CRD 4 solvency measures as of December 31, 2015 and December 31, 2014 set forth in this document reflect these transitional rules.

We also set forth in this document such CRR/CRD 4 measures on a fully loaded basis, reflecting full application of the rules without consideration of the transitional provisions under CRR/CRD 4. As the final implementation of CRR/CRD 4 may differ from our expectations, and our competitors' assumptions and estimates regarding such implementation may vary, our fully loaded CRR/CRD 4 measures, which are non-GAAP financial measures, may not be comparable with similarly labeled measures used by our competitors.

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Because CRR/CRD 4 was not yet applicable prior to January 1, 2014, our regulatory assets, exposures, risk-weighted assets, capital and ratios thereof were calculated for regulatory purposes as of December 31, 2013 under the previously applicable the Basel 2.5 capital rules.

We believe that these fully loaded and pro forma CRR/CRD 4 calculations provide useful information to investors as they reflect our progress against the new regulatory capital standards and as many of our competitors have been describing CRR/CRD 4 calculations on a fully loaded basis.

Further Description and Reconciliation of Non-GAAP Financial Measures

For descriptions of these non-GAAP financial measures and the adjustments made to the most directly comparable financial measures under IFRS (or the CRR/CRD 4 rules, as applicable), please refer to Supplementary Information: Non-GAAP Financial Measures on pages 438 through 442 of the Annual Report 2015 and, for the CRR/CRD 4 regulatory capital, risk-weighted assets, capital ratios and leverage ratio, to Management Report: Risk Report: Risk and Capital Performance: Capital and Leverage Ratio on pages 125 through 137 of the Annual Report 2015, which are incorporated by reference herein.

When used with respect to future periods, our non-GAAP financial measures are also forward-looking statements. We cannot predict or quantify the levels of the most directly comparable financial measures under IFRS (or the CRR/CRD 4 rules) that would correspond to these non-GAAP financial measures for future periods. This is because neither the magnitude of such IFRS (or CRR/CRD 4) financial measures, nor the magnitude of the adjustments to be used to calculate the related non-GAAP financial measures from such IFRS (or CRR/CRD 4) financial measures, can be predicted. Such adjustments, if any, will relate to specific, currently unknown, events and in most cases can be positive or negative, so that it is not possible to predict whether, for a future period, the non-GAAP financial measure will be greater than or less than the related IFRS (or CRR/CRD 4) financial measure.

Use of Internet Addresses

This document contains inactive textual addresses of Internet websites operated by us and third parties. Reference to such websites is made for informational purposes only, and information found at such websites is not incorporated by reference into this document.

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PART I

Item 1: Identity of Directors, Senior Management and Advisers

Not required because this document is filed as an annual report.

Item 2: Offer Statistics and Expected Timetable

Not required because this document is filed as an annual report.

Item 3: Key Information

Selected Financial Data

We have derived the data we present in the tables below from our audited consolidated financial statements for the years presented. You should read all of the data in the tables below together with the consolidated financial statements and notes included in Item 18: Financial Statements and the information we provide in Item 5: Operating and Financial Review and Prospects. Except where we have indicated otherwise, we have prepared all of the consolidated financial information in this document in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as endorsed by the European Union (EU). Our corporate division and segment data comes from our management reporting systems and is not in all cases prepared in accordance with IFRS. For a discussion of the major differences between our management reporting systems and our consolidated financial statements under IFRS, see Note 4 Business Segments and Related Information to the consolidated financial statements.

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Income Statement Data

	2015 in m.	2014 in m.	2013 in m.	2012 in m.	2011 in m.
Net interest income	15,881	14,272	14,834	15,975	17,445
Provision for credit losses	956	1,134	2,065	1,721	1,839
Net interest income after provision for credit losses	14,925	13,138	12,769	14,254	15,606
Commissions and fee income	12,765	12,409	12,308	11,809	11,878
Net gains (losses) on financial assets/liabilities at fair value through profit or loss	3,842	4,299	3,817	5,608	2,724
Other noninterest income (loss)	1,037	969	956	344	1,181
Total net revenues	33,525	31,949	31,915	33,736	33,228
Compensation and benefits	13,293	12,512	12,329	13,490	13,135
General and administrative expenses	18,632	14,654	15,126	15,017	12,657
Policyholder benefits and claims	256	289	460	414	207
Impairment of goodwill and other intangible assets	5,776	111	79	1,886	0
Restructuring activities	710	133	399	394	0
Total noninterest expenses	38,667	27,699	28,394	31,201	25,999
Income (loss) before income taxes	(6,097)	3,116	1,457	814	5,390
Income tax expense	675	1,425	775	498	1,064
Net income (loss)	(6,772)	1,691	681	316	4,326
Net income attributable to noncontrolling interests	21	28	15	53	194
Net income (loss) attributable to Deutsche Bank shareholders and additional equity components	(6,794)	1,663	666	263	4,132

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	in	in	in	in	in
Basic earnings per share ^{1,2}	(5.06)	1.34	0.64	0.27	4.25
Diluted earnings per share ^{1,3}	(5.06)	1.31	0.62	0.26	4.11
Dividends paid per share ⁴	0.75	0.75	0.75	0.75	0.75

¹ The number of average basic and diluted shares outstanding has been adjusted for all periods before June 2014 in order to reflect the effect of the bonus component of subscription rights issued in June 2014 in connection with the capital increase.

² We calculate basic earnings per share for each period by dividing our net income attributable to Deutsche Bank shareholders by the average number of common shares outstanding. In 2015 earnings were adjusted by 228 million net of tax for the coupons paid on Additional Tier 1 Notes in April 2015.

³ We calculate diluted earnings per share for each period by dividing our net income attributable to Deutsche Bank shareholders by the average number of common shares outstanding, both after assumed conversions. In 2015 earnings were adjusted by 228 million net of tax for the coupons paid on Additional Tier 1 Notes in April 2015. For 2015, there is no dilutive effect as the Group reported a net loss.

⁴ Dividends we declared and paid in the year.

Balance Sheet Data

	2015 in m.	2014 in m.	2013 in m.	2012 in m.	2011 in m.
Total assets	1,629,130	1,708,703	1,611,400	2,022,275	2,164,103
Loans	427,749	405,612	376,582	397,377	412,514
Deposits	566,974	532,931	527,750	577,210	601,730
Long-term debt	160,016	144,837	133,082	157,325	163,416
Common shares	3,531	3,531	2,610	2,380	2,380
Total shareholders' equity	62,678	68,351	54,719	54,001	53,390
Common Equity Tier 1 capital (CRR/CRD 4) ¹	52,429	60,103	38,534	37,957	36,313
Common Equity Tier 1 capital (CRR/CRD 4 fully loaded) ¹	44,101	46,076	38,534	37,957	36,313
Tier 1 capital (CRR/CRD 4) ¹	58,222	63,898	50,717	50,483	49,047
Tier 1 capital (CRR/CRD 4 fully loaded) ¹	48,651	50,695	50,717	50,483	49,047
Total regulatory capital (CRR/CRD 4) ¹	64,522	68,293	55,464	57,015	55,226
Total regulatory capital (CRR/CRD 4 fully loaded) ¹	60,976	63,072	55,464	57,015	55,226

¹ Figures presented for 2015 and 2014 are based on the transitional rules (CRR/CRD 4) and the full application (CRR/CRD 4 fully loaded) of the CRR/CRD 4 framework. Figures presented for 2013, 2012 and 2011 are based on "Basel 2.5". 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.

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Certain Key Ratios and Figures

	2015	2014	2013	2012	2011
Share price at period-end ¹	22.53	24.99	33.07	31.43	28.08
Share price high ¹	33.42	38.15	36.94	37.68	46.45
Share price low ¹	20.69	22.66	28.05	21.09	19.82
Book value per basic share outstanding ^{2,4}	45.16	49.32	50.80	54.74	55.44
Tangible book value per basic share outstanding ^{3,4}	37.90	38.53	37.87	40.32	39.03
Post-tax return on average shareholders' equity ⁵	(9.8) %	2.7 %	1.2 %	0.5 %	8.2 %
Post-tax return on average active equity ⁶	(9.9) %	2.7 %	1.2 %	0.5 %	8.2 %
Post-tax return on average tangible shareholders' equity ⁷	(12.3) %	3.5 %	1.6 %	0.7 %	11.7 %
Cost/income ratio ⁸	115.3 %	86.7 %	89.0 %	92.5 %	78.2 %
Compensation ratio ⁹	39.7 %	39.2 %	38.6 %	40.0 %	39.5 %
Noncompensation ratio ¹⁰	75.7 %	47.5 %	50.3 %	52.5 %	38.7 %
Common Equity Tier 1 capital ratio (CRR/CRD 4) ¹¹	13.2 %	15.2 %	12.8 %	11.4 %	9.5 %
Common Equity Tier 1 capital ratio (CRR/CRD 4 fully loaded) ¹¹	11.1 %	11.7 %	12.8 %	11.4 %	9.5 %
Tier 1 capital ratio (CRR/CRD 4) ¹¹	14.7 %	16.1 %	16.9 %	15.1 %	12.9 %
Tier 1 capital ratio (CRR/CRD 4 fully loaded) ¹¹	12.3 %	12.9 %	16.9 %	15.1 %	12.9 %
Employees at period-end (full-time equivalent): ¹²					
In Germany	45,757	45,392	46,377	46,308	47,323
Outside Germany	55,347	52,746	51,877	51,911	53,673

Branches at period-end:

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In Germany	1,827	1,845	1,924	1,944	2,039
Outside Germany	963	969	983	1,040	1,039

- ¹ Historical share prices have been adjusted on June 5, 2014 with retroactive effect to reflect the capital increase by multiplying a correcting factor of 0.9538.
- ² Shareholders' equity divided by the number of basic shares outstanding (both at period-end).
- ³ Shareholders' equity less goodwill and other intangible assets, divided by the number of basic shares outstanding (both at period-end).
- ⁴ The number of average basic shares outstanding has been adjusted for all periods before June 2014 in order to reflect the effect of the bonus element of the subscription rights issue in connection with the capital increase in June 2014.
- ⁵ Net income attributable to our shareholders as a percentage of average shareholders' equity.
- ⁶ Net income attributable to our shareholders as a percentage of average active equity.
- ⁷ Net income attributable to our shareholders as a percentage of average tangible shareholders' equity.
- ⁸ Total noninterest expenses as a percentage of net interest income before provision for credit losses, plus noninterest income.
- ⁹ Compensation and benefits as a percentage of total net interest income before provision for credit losses, plus noninterest income.
- ¹⁰ Noncompensation noninterest expenses, which is defined as total noninterest expenses less compensation and benefits, as a percentage of total net interest income before provision for credit losses, plus noninterest income.
- ¹¹ Figures presented for 2015 and 2014 are based on the transitional rules (CRR/CRD 4) and the full application (CRR/CRD 4 fully loaded) of the CRR/CRD 4 framework. Figures presented for 2013, 2012 and 2011 are based on "Basel 2.5". 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.
- ¹² Deutsche Postbank aligned its FTE definition to that of Deutsche Bank which reduced the Group number as of December 31, 2011 by 260.

Dividends

The following table shows the dividend per share in euro and in U.S. dollars for the years ended December 31, 2015, 2014, 2013, 2012, and 2011. We declare our dividends at our Annual General Meeting following each year. For 2015, the board will propose to the Annual General Meeting to pay no dividend. Our dividends are based on the non-consolidated results of Deutsche Bank AG as prepared in accordance with German accounting principles. Because we declare our dividends in euro, the amount an investor actually receives in any other currency depends on the exchange rate between euro and that currency at the time the euros are converted into that currency.

Effective January 1, 2009, the German withholding tax applicable to dividends is 26.375 % (consisting of a 25 % withholding tax and an effective 1.375 % surcharge). For individual German tax residents, the withholding tax paid after January 1, 2009 represents for private dividends, generally, the full and final income tax applicable to the dividends. Dividend recipients who are tax residents of countries that have entered into a convention for avoiding double taxation may be eligible to receive a refund from the German tax authorities for a portion of the amount withheld and in addition may be entitled to receive a tax credit for the German withholding tax not refunded in accordance with their local tax law.

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U.S. residents will be entitled to receive a refund equal to 11.375 % of the dividends received after January 1, 2009. For U.S. federal income tax purposes, the dividends we pay are not eligible for the dividends received deduction generally allowed for dividends received by U.S. corporations from other U.S. corporations.

Dividends in the table below are presented before German withholding tax.

See Item 10: Additional Information – Taxation for more information on the tax treatment of our dividends.

	Dividends per share ¹	Dividends per share	Basic earnings per share	Payout ratio ^{2,3} Diluted earnings per share
2015 (proposed)	\$ 0.00	0.00	N/M	N/M
2014	\$ 0.91	0.75	56 %	57 %
2013	\$ 1.03	0.75	117 %	121 %
2012	\$ 0.99	0.75	N/M	N/M
2011	\$ 0.97	0.75	17 %	17 %

N/M Not meaningful

¹ For your convenience, we present dividends in U.S. dollars for each year by translating the euro amounts at the period end rate for the last business day at each year end as described below under Exchange Rate and Currency Information .

² We define our payout ratio as the dividends we paid per share in respect of each year as a percentage of our basic and diluted earnings per share for that year.

³ 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 increase in June 2014. For 2015, there is no dilutive effect as the Group reported a net loss.

Exchange Rate and Currency Information

Germany’s currency is the euro. For your convenience, we have translated some amounts denominated in euro appearing in this document into U.S. dollars. Unless otherwise stated, we have made these translations at U.S.\$ 1.0887 per euro, the euro foreign exchange reference rate for U.S. dollars published by the European Central Bank (ECB) for December 31, 2015. ECB euro foreign exchange reference rates are based on a regular daily concertation procedure between central banks across Europe and worldwide, which normally takes place at 2.15 p.m. CET. You should not construe any translations as a representation that the amounts could have been exchanged at the rate used on December 31, 2015 or any other date.

The ECB euro foreign exchange reference rate for U.S. dollars for December 31, 2015 may differ from the actual rates we used in the preparation of the financial information in this document. Accordingly, U.S. dollar amounts appearing in this document may differ from the actual U.S. dollar amounts that we originally translated into euros in the preparation of our financial statements.

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Fluctuations in the exchange rate between the euro and the U.S. dollar will affect the U.S. dollar equivalent of the euro price of our shares quoted on the German stock exchanges and, as a result, are likely to affect the market price of our shares on the New York Stock Exchange. These fluctuations will also affect the U.S. dollar value of cash dividends we may pay on our shares in euros. Past fluctuations in foreign exchange rates may not be predictive of future fluctuations.

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Euro foreign exchange reference rates for U.S. dollars as published by the ECB

in U.S.\$ per	Period-end ¹	Average ²	High	Low
2016				
February	1.0888	0.0000	1.1347	1.0884
January	1.0920	0.0000	1.0920	1.0742
2015				
December	1.0887	0.0000	1.0990	1.0600
November	1.0579	0.0000	1.1032	1.0579
October	1.1017	0.0000	1.1439	1.0930
September	1.1203	0.0000	1.1419	1.1138
2014	1.2141	1.3211	1.3953	1.2141
2013	1.3791	1.3308	1.3814	1.2768
2012	1.3194	1.2932	1.3454	1.2089
2011	1.2939	1.4000	1.4882	1.2889

¹ Period-end rate is the rate announced for the last business day of the period.² We calculated the average rates for each year using the average of exchange rates on the last business day of each month during the year. We did not calculate average exchange rates within months.**Capitalization and Indebtedness**

Consolidated capitalization in accordance with IFRS as of December 31, 2015

	in m.
Debt: ^{1,2}	
Long-term debt	160,016
Trust preferred securities	7,020
Long-term debt at fair value through profit or loss	8,710
Total debt	175,747

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Shareholders equity:

Common shares (no par value)	3,531
Additional paid-in capital	33,572
Retained earnings	21,182
Common shares in treasury, at cost	(10)
Accumulated other comprehensive income, net of tax	
Unrealized net gains (losses) on financial assets available for sale, net of applicable tax and other	1,384
Unrealized net gains (losses) on derivatives hedging variability of cash flows, net of tax	97
Unrealized net gains (losses) on assets classified as held for sale, net of tax	662
Foreign currency translation, net of tax	2,196
Unrealized net gains (losses) from equity method investments	66
Total shareholders equity	62,679
Equity component of financial instruments	4,675
Noncontrolling interests	270
Total equity	67,624
Total capitalization	243,370

¹ 864 million (0.5 %) of our debt was guaranteed as of December 31, 2015. This consists of debt of a subsidiary of Deutsche Postbank AG which is guaranteed by the German government.

² 33,117 million (19 %) of our debt was secured as of December 31, 2015.

Reasons for the Offer and Use of Proceeds

Not required because this document is filed as an annual report.

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Risk Factors

An investment in our securities involves a number of risks. You should carefully consider the following information about the risks we face, together with other information in this document, when you make investment decisions involving our securities. If one or more of these risks were to materialize, it could have a material adverse effect on our financial condition, results of operations, cash flows or prices of our securities.

Recent tepid economic growth, and uncertainties about prospects for growth going forward, have affected and continue to negatively affect our results of operations and financial condition in some of our businesses, while a continuing low interest environment and competition in the financial services industry have compressed margins in many of our businesses. If these conditions persist or worsen, our business, results of operations or strategic plans could be adversely affected.

After a period earlier in 2015 when economic data appeared to be stabilizing or improving in many countries and the risk of a negative macro scenario and diminishing global growth appeared to be receding, developments late in the year 2015, as well as developments since the start of the new year, have caused these concerns to resurface, and markets, including equity markets in particular, have moved sharply downward. Eurozone data confirmed that the economy continued to grow at about its trend rate during much of 2015, propelled by real income gains provided by falling oil prices. Despite what appeared to be an improving growth background at the time, the European Central Bank (ECB) cut the deposit rate to -0.30 per cent in December 2015 and announced an extension of the asset purchase program until March 2017 or beyond if inflation and inflation expectations do not materially improve. The economic outlook has dimmed somewhat since the start of the year largely in the face of political concerns and concerns about the global outlook, however, and thus the ECB will probably make its monetary policy even more expansionary in the course of the year. Similarly, the Bank of England surprised by pivoting toward a more dovish policy stance. In the U.S., meanwhile, strong labour market data finally prompted the Federal Reserve to end seven years of zero interest rates by increasing the Fed Funds target rate by 0.25 percentage points in December. Since then, however, U.S. data have been mixed, pointing towards a somewhat weaker winter half and causing the Federal Reserve once again to question the wisdom of further monetary tightening in the near term. Moreover, we now expect a lower trend growth rate in the U.S. for the coming years. While in the past falling oil prices were overwhelmingly positive for the U.S. economy, U.S. production levels given the fracking boom, and the economics of this business, have largely broken this historical relationship. In Emerging Markets, growth remains weak; while it appears to be bottoming out in some economies, others, particularly those for which oil exports are critical to the economy, may not yet be reaching their nadir. Political uncertainty is also taking an increasing toll in Emerging Markets. In China, prospects remain uncertain and prognostication difficult. While some leading indicators are still compatible with a modest improvement in near-term growth, others are less optimistic, and perceived risks to the Chinese growth rate over the medium term is heavily pressuring commodities markets worldwide. While China is supporting its economy with more expansionary monetary and fiscal policies, looser policy is placing pressure on the currency and structural problems are likely to slow down the intended shift towards domestic demand driven growth and the health of the financial sector remains open to question. Monetary policy in China will probably become more expansive in order to bolster the economy. In Japan, fiscal measures and the ongoing extremely expansionary monetary policy (Abenomics) are supporting growth, while weak external demand has impacted negatively.

Numerous risks are currently increasing the uncertainty of our global forecast by a greater degree than usual. While on the one hand the global financial markets could react much more negatively to normalization of U.S. monetary policy than assumed, a delay in further tightening due to perceptions of faltering growth could also unsettle the markets. This could have a negative impact on household and corporate expenditure worldwide and result in much higher capital outflows from emerging markets as investors flee riskier asset classes in the light of continuing uncertainty and greater volatility. In any event, monetary policymakers in most industrialized countries have few tools left in their toolboxes to combat stagnation or contraction. The falling oil price is exacerbating the problems in the oil-producing countries and complicating the financing of energy-related investments. Moreover, geopolitical risks could escalate, especially those arising from conflicts in the Middle East. Also, a hard landing in China could trigger global upheaval. In Europe, a flare-up in the debate on monetary policy going forward and the future of the eurozone, insufficient deleveraging in the private and public sectors, a halt in implementing structural reforms or, also, an elevated level of

political uncertainty could potentially have a substantial impact on our forecasts.

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Against this background and these uncertainties, we have observed continued subdued client activity in a number of our businesses. The simultaneous easing of monetary policy in the eurozone and the tightening of it in the United States may have disruptive effects on many of our businesses. Our credit flow businesses continue to be affected by the potential tightening of monetary policy in the United States, even as the ultra-low interest rate environment, especially in the eurozone, where it may be sustained, and geopolitical uncertainties have also put pressure on our margins in several traditional banking sectors. We may face further uncertainty if, as it currently appears, the net effect of monetary policies in the U.S. and the eurozone is to continue to weaken the euro against the U.S. dollar. A stronger U.S. dollar can have a beneficial effect on our revenues, as a significant portion of our revenues is generated in the United States while our results are reported in euro. A stronger U.S. dollar will, however, also increase the euro values of our U.S. dollar-denominated costs and liabilities, including those incurred in respect of U.S. litigation and enforcement matters, and will also tend to significantly increase our risk-weighted assets, including those in the Non-Core Operations Unit (NCOU), that are denominated in U.S. dollars. This can lead to material declines in our capital ratios, as our capital is preponderantly denominated in euro.

Like many in the investment banking industry, we continue to rely on our trading and markets businesses as a primary source of profit. However, these flow businesses, in particular our fixed income securities franchise, have continued to face an extremely challenging environment, caused by cyclical uncertainty about the low interest rate environment, central bank intervention in markets and the gradual cessation thereof and overall sluggish economic growth. We are substantially dependent on the performance of our flow businesses, and this dependency exceeds that of many of our competitors. While some of our businesses can profit from market volatility, many businesses dependent on client flow are increasingly challenged in uncertain times, and our Strategy 2020 intends us to retreat from a number of businesses that focused on riskier asset classes or strategies (but that in earlier periods also had the potential to be more highly profitable than those dependent on low-risk, low-margin flow in a very low interest rate environment). Our strategic decisions on these businesses led in part to impairments we recognized in our Corporate Banking & Securities (CB&S) business division in 2015 and reflect a new view on the medium-term profit potential of these activities. These negative effects have been exacerbated by the impacts on our profitability from continued de-risking across the group and long-term structural trends driven by regulation (especially increased regulatory capital and leverage requirements and increased compliance costs) and competition that have further compressed our margins in many of our businesses. Should a combination of these factors continue to lead to reduced margins and subdued activity levels in our trading and markets business over the longer term, this could reflect structural challenges that may lead us to consider even further reaching changes to aspects of our business model than those contained in Strategy 2020.

If uncertainty about the macroeconomic environment or the financial sector persists or worsens, these trends are likely to continue to be difficult for us to counter. More generally, if economic conditions in the eurozone remain at their current subdued levels, or worsen, if growth falters in the U.S. or if economic growth stagnates in China or elsewhere, our results of operations may be materially and adversely affected. Continued quantitative easing by the ECB in response to this may lead to a continuation of the current environment of low interest rates and margin compression, which may also already affect our business and financial position. By contrast, any decision by the Federal Reserve or by central banks more generally to tighten their monetary policy if economies continue to improve could have a material adverse effect on perceptions of liquidity in the financial system and on the global economy more generally, and may adversely affect our business and financial position. In particular, we may in the future be unable to offset the potential negative effects on our profitability of the current macroeconomic and market conditions through performance in our other businesses.

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The challenges described above have been exacerbated as we continue to face headwinds from the continuing intensification of the regulatory environment. A continued high level of litigation and enforcement matters has given rise to reputational challenges, has put further pressure on our profitability and returns, and has made our periodic results more volatile as we often have little control as to the period in which we will resolve active matters. These factors, along with similar concerns regarding other financial institutions, have placed pressure on the markets for our securities, along with concerns regarding our ability to overcome the numerous headwinds facing us.

An elevated level of political uncertainty and the increasing attractiveness to voters of populist parties in a number of countries in the European Union could lead to a partial unwinding of European integration. Furthermore, anti-austerity movements in some member countries of the eurozone could undermine confidence in the continued viability of those countries' participation in the euro. An escalation of political risks could have unpredictable political consequences as well as consequences for the financial system and the greater economy, potentially leading to declines in business levels, write-downs of assets and losses across our businesses. Our ability to protect ourselves against these risks is limited.

Regulatory and political actions in response to the European sovereign debt crisis may not be sufficient to prevent the euro crisis from flaring up again. The severity of the European debt crisis appeared to have abated somewhat over recent years as the actions by the ECB, the rescue packages and the economic recovery starting by mid-2013 seemed to be stabilizing the situation in Europe. However, political uncertainty seems set to be on an elevated level in 2016 and could trigger the unwinding of some of the levels of European integration that have benefitted our businesses. An escalation of political risks could have unpredictable consequences both for the financial system and the greater economy as a whole, potentially leading to declines in business levels, write-downs of assets and losses across our businesses.

The European sovereign debt crisis, the UK referendum on EU membership (Brexit), which is looking more likely to take place in mid-2016, and the migration/refugee crisis have released centrifugal forces which will pose an ongoing huge challenge for European politics. Member states, particularly those on the external geographical border of the European Union, are increasingly looking for national solutions rather than a European solution. In some, populist or anti-austerity political parties or movements have garnered increased popular support and political stature. In Germany, Chancellor Merkel's focus on Europe-wide rather than single-state solutions has begun to undermine her domestic support, and has placed German policy increasingly at odds with that of many of its European partners. Against this background the prospects for meaningful national structural reform and further euro area integration, both seen as critical components to sustainably reducing euro area crisis vulnerabilities, look poor.

Any political decision by any member country to leave the eurozone could lead to tremendous pressure on other member countries to do so as well and could potentially lead to a significant deterioration of the sovereign debt market, especially if the exit did not result in the catastrophic effects on the exiting country that many have predicted. If one or more members of the eurozone defaults on their debt obligations or decides to leave the common currency, this would result in the reintroduction of one or more national currencies. Should a eurozone country conclude it must exit the common currency, the resulting need to reintroduce a national currency and restate existing contractual obligations could have unpredictable financial, legal, political and social consequences, leading not only to significant losses on sovereign debt but also on private debt in that country. Given the highly interconnected nature of the financial system within the eurozone, and the high levels of exposure we have to public and private counterparties around Europe, our ability to plan for such a contingency in a manner that would reduce our exposure to non-material levels is likely to be limited. If the overall economic climate deteriorates as a result of one or more departures from the eurozone, our businesses could be adversely affected, and, if overall business levels decline or we are forced to write down significant exposures among our various businesses, we could incur substantial losses. We could suffer similar effects should the UK choose in favor of Brexit; although the UK is not in the eurozone, its economy and those of the eurozone countries are very tightly linked as a result of EU integration projects other than the euro, and the scale of our businesses in the UK—especially those dependent on activity levels in the City of London, to which we are heavily exposed and which are likely to deteriorate considerably in the event of a Brexit—means that even modest effects in percentage terms can have a very substantial adverse effect on our businesses.

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We may be required to take impairments on our exposures to the sovereign debt of European or other countries if the European sovereign debt crisis reignites. The credit default swaps into which we have entered to manage sovereign credit risk may not be available to offset these losses.

The effects of the continuing sovereign debt crisis have been especially evident in the financial sector, as a large portion of the sovereign debt of eurozone countries is held by European financial institutions, including us. As of December 31, 2015, we had a direct sovereign credit risk exposure of 4.0 billion to Italy, 725 million to Spain, 112 million to Portugal, 55 million to Ireland and 0 million to Greece. Despite the apparent abatement of the crisis in recent years, it remains uncertain whether, in light of the current political environment, Greece or other eurozone sovereigns, such as Spain, Italy, Portugal and Cyprus, will be able to manage their debt levels in the future and whether Greece will attempt to renegotiate its past international debt restructuring. The rise of anti-austerity parties and populist sentiment in many of these countries poses a threat to the medium- to long-term measures recommended for these countries to alleviate the tensions in the euro caused by drastically differing economic situations among the eurozone states. In the future, negotiations or exchanges similar to the Greek debt restructuring in 2012 could take place with respect to the sovereign debt of these or other affected countries. The outcome of any negotiations regarding changed terms (including reduced principal amounts or extended maturities) of sovereign debt may result in additional impairments of assets on our balance sheet. Any negotiations are highly likely to be subject to political and economic pressures that we cannot control, and we are unable to predict their effects on the financial markets, on the greater economy or on ourselves.

In addition, any restructuring of outstanding sovereign debt may result in potential losses for us and other market participants that are not covered by payouts on hedging instruments that we have entered into to protect against the risk of default. These instruments largely consist of credit default swaps, generally referred to as CDSs, pursuant to which one party agrees to make a payment to another party if a credit event (such as a default) occurs on the identified underlying debt obligation. A sovereign restructuring that avoids a credit event through voluntary write-downs of value may not trigger the provisions in CDSs we have entered into, meaning that our exposures in the event of a write-down could exceed the exposures we previously viewed as our net exposure after hedging. Additionally, even if the CDS provisions are triggered, the amounts ultimately paid under the CDSs may not correspond to the full amount of any loss we incur. We also face the risk that our hedging counterparties have not effectively hedged their own exposures and may be unable to provide the necessary liquidity if payments under the instruments they have written are triggered. This may result in systemic risk for the European banking sector as a whole and may negatively affect our business and financial position.

We have a continuous demand for liquidity to fund our business activities. We may suffer during periods of market-wide or firm-specific liquidity constraints, and liquidity may not be available to us even if our underlying business remains strong.

We are exposed to liquidity risk, which is the risk arising from our potential inability to meet all payment obligations when they become due or only being able to meet them at excessive cost. Our liquidity may become impaired due to reluctance of our counterparties or the market to finance our operations due to actual or perceived weaknesses in our businesses, our business model or our strategy, as well as in our resilience to counter negative economic and market conditions. Such impairments can also arise from circumstances unrelated to our businesses and outside our control, such as, but not limited to, disruptions in the financial markets. For example, we have in recent weeks, as well as in the past, experienced steep declines in the price of our shares and increases in the premium investors must pay when purchasing CDSs on our debt. In addition, negative developments concerning other financial institutions perceived to be comparable to us and negative views about the financial services industry in general have also affected us in recent years. These perceptions have affected the prices at which we have accessed the capital markets to obtain the necessary funding to support our business activities; should these perceptions worsen, our ability to obtain this financing on acceptable terms may be adversely affected. Among other things, an inability to refinance assets on our balance sheet or maintain appropriate levels of capital to protect against deteriorations in their value could force us to liquidate assets we hold at depressed prices or on unfavorable terms, and could also force us to curtail business, such as the extension of new credit. This could have an adverse effect on our business, financial condition and results of operations.

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As a result of funding pressures arising from the European sovereign debt crisis and the global economic weakness more generally, there has been increased intervention by a number of central banks over the past several years, in particular by the ECB and the Federal Reserve (although after seven years of monetary easing, the Federal Reserve

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reversed course in December 2015 by increasing the Fed Funds target interest rate by 0.25 percentage points). In September 2012, the ECB announced an unlimited sovereign bond buying program (referred to as the OMT Program) aimed at keeping the borrowing costs of affected eurozone countries low through the purchase of their debt instruments. In a court order dated January 14, 2014, the German Constitutional Court (Bundesverfassungsgericht) sought guidance from the Court of Justice of the European Union as to whether the OMT Program is compatible with European law. In its preliminary ruling of June 16, 2015, the Court of Justice of the European Union held that the OMT Program, subject to certain restrictions, was in compliance with European law. The final decision of the German Constitutional Court is still outstanding but could, if the OMT Program is found incompatible with German constitutional law, negatively impact the stability of the eurozone. Over the course of 2015, the ECB maintained its main refinancing rate at 0.05 %, and made liquidity available to the banks via targeted longer-term refinancing operations. In addition, the ECB has implemented a program commonly referred to as quantitative easing, which is designed to keep long-term interest rates low through substantial purchases of long-term financial assets from private institutions. The Federal Reserve has also expanded its provision of U.S. dollar liquidity to the ECB, which the ECB has then made available to European banks.

To the extent these incremental measures, most of which have resulted in the availability of additional liquidity to financial institutions and the financial markets in the eurozone more generally, are curtailed or halted, this could adversely impact funding markets for financial institutions, including us. This could in turn lead to an increase in funding costs, or reduced funding supply, which could result in a reduction in business activity. In particular, any decision by the ECB to discontinue or reduce quantitative easing or further steps by the Federal Reserve to tighten its monetary policy or actions by central banks more generally to tighten their monetary policy will likely cause long-term interest rates to increase and accordingly impact the costs of our funding. In addition, negative perceptions concerning our business and prospects could develop as a result of large losses, changes of our credit ratings, a general decline in the level of business activity in the financial services sector, regulatory action, serious employee misconduct or illegal activity, as well as many other reasons outside our control and that we cannot foresee.

Since the start of the global financial crisis, the major credit rating agencies have lowered our credit ratings or placed them on review or watch on multiple occasions. On July 29, 2014, Moody's Investors Service downgraded our long-term debt and deposit ratings from A2 to A3. On January 25, 2016, Moody's further downgraded our long-term debt rating from A3 to Baa1 (while upgrading our deposit rating from A2 to A3), based on the German Resolution Mechanism Act, which provides that certain senior debt instruments will be paid after deposits and other liabilities in resolution or insolvency proceedings; Moody's outlook on both our long-term debt and deposit ratings is negative. On June 9, 2015, Standard & Poor's downgraded our long-term counterparty credit rating from A to BBB+. Fitch Ratings downgraded our long-term issuer default rating and senior debt ratings from A+ to A on May 19, 2015 and from A to A- on December 8, 2015. On September 29, 2015, DBRS Ratings downgraded our senior unsecured debt and deposit ratings from A+ to A. Recent credit rating downgrades have not materially affected our borrowing costs. However, any future downgrade could materially affect our funding costs, although we are unable to predict whether this would be the case or the extent of any such effect. The effect would depend on a number of factors including whether a downgrade affects financial institutions across the industry or on a regional basis, or is intended to reflect circumstances specific to us; any actions our senior management may take in advance of or in response to the downgrade; the willingness of counterparties to continue to do business with us; any impact of other market events and the state of the macroeconomic environment more generally.

Additionally, under many of the contracts governing derivative instruments to which we are a party, a downgrade could require us to post additional collateral, lead to terminations of contracts with accompanying payment obligations for us or give counterparties additional remedies. We take these effects into account in our liquidity stress testing analysis, as further described in Management Report: Risk Report: Liquidity Risk: Stress Testing and Scenario Analysis on page 181 of the Annual Report 2015.

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Regulatory reforms enacted and proposed in response to weaknesses in the financial sector, together with increased regulatory scrutiny more generally, have created significant uncertainty for us and may adversely affect our business and ability to execute our strategic plans, and competent regulators may prohibit us from making dividend payments or payments on our regulatory capital instruments if we fail to comply with regulatory requirements.

In response to the global financial crisis and the European sovereign debt crisis, governments, regulatory authorities and others have made and continue to make proposals to reform the regulatory framework for the financial services industry to enhance its resilience against future crises. Legislation has been enacted and regulations have been issued in response to many of these proposals. The regulatory framework for financial institutions is likely to undergo further significant change. This creates significant uncertainty for us and the financial industry in general. The wide range of new laws and regulations or current proposals includes, among other things:

- provisions for more stringent regulatory capital, leverage and liquidity standards,
- restrictions on compensation practices,
- restrictions on proprietary trading and other investment activities,
- special bank levies and financial transaction taxes,
- recovery and resolution powers to intervene in a crisis including bail-in of creditors,
- large exposure limits,
- the creation of a single supervisory authority and a single resolution authority within the eurozone and any other participating member states,
- separation of certain businesses from deposit taking,
- stress testing and capital planning regimes,
- heightened reporting requirements, and
- reforms of derivatives, other financial instruments, investment products and market infrastructures.

In addition, regulatory scrutiny under existing laws and regulations has become more intense. The specific effects of a number of new laws and regulations remain uncertain because the drafting and implementation of these laws and regulations are still on-going. One example of these uncertain effects is the possibility of stricter rules for the measurement of risks based on several initiatives of the Basel Committee on Banking Supervision. Stricter rules could lead to a significant increase of our risk-weighted assets and, as a result, a higher capital demand, changes in our deductions from our regulatory capital and the imposition of additional capital charges to cover financial, market and operational risk. These requirements may be in addition to regulatory capital buffers that may also be increased or be in addition to those already imposed on us and could themselves materially increase our capital requirements.

Regulatory authorities have substantial discretion in how to regulate banks, and this discretion, and the means available to the regulators, have been steadily increasing during recent years. Regulation may be imposed on an ad hoc basis by governments and regulators in response to ongoing or future crises, and may especially affect financial institutions such as us that are deemed to be systemically important.

In particular, the regulators with jurisdiction over us, including the ECB under the Single Supervisory Mechanism (also referred to as the SSM), may conduct stress tests and have discretion to impose capital surcharges on financial institutions for risks that are not otherwise recognized in risk-weighted assets or other surcharges depending on the individual situation of the bank and take or require other measures, such as restrictions on or changes to our business. Competent regulators may also, if we fail to comply with regulatory requirements, in particular with minimum capital requirements (including buffer requirements) or with liquidity requirements, or if there are shortcomings in our governance and risk management processes, prohibit us from making dividend payments to shareholders or distributions to holders of our regulatory capital instruments. Generally, a failure to comply with the new quantitative and qualitative regulatory requirements could have a material adverse effect on our business, financial condition and results of operations, including our ability to pay out dividends to shareholders or distributions on regulatory capital instruments.

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European and German legislation regarding the recovery and resolution of banks and investment firms could, if steps were taken to ensure our resolvability or resolution measures were imposed on us, significantly affect our business operations, and lead to losses for our shareholders and creditors.

On January 1, 2015, the German Recovery and Resolution Act (Sanierungs- und Abwicklungsgesetz) came into force and transposed the European Union directive establishing a framework for the recovery and resolution of credit institutions and investment firms (referred to as the Bank Recovery and Resolution Directive or BRRD) into German law. In addition, starting on January 1, 2016, the Single Resolution Mechanism (referred to as the SRM) under the European Union regulation establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms (referred to as the SRM Regulation) entered into force, which centralizes at a European level key competences and resources for managing the failure of any bank, such as us, within the eurozone and any other participating member states. In Germany, the German Resolution Mechanism Act (Abwicklungsmechanismusgesetz) adapted German bank resolution laws to the SRM.

The SRM Regulation and the German Recovery and Resolution Act require the preparation of recovery and resolution plans for banks and grant broad powers to public authorities to intervene in a bank which is failing or likely to fail. For a bank directly supervised by the ECB, such as us, the Single Resolution Board (referred to as the SRB) assesses its resolvability and may require legal and operational changes to the bank's structure to ensure its resolvability. Under the SRM, the SRB is responsible for adopting a resolution scheme for resolving banks pursuant to the SRM Regulation in close cooperation with the ECB, the European Commission, and the competent national resolution authorities, in the event that such bank is failing or likely to fail and certain other conditions are met. Competent national resolution authorities in the European Union member states that participate in the SRM must implement any such resolution decisions in accordance with the powers conferred on them by national laws implementing the BRRD. Resolution measures that could be imposed upon a failing bank under the SRM Regulation and the German Recovery and Resolution Act include a range of measures including the transfer of shares, assets or liabilities of the bank to another legal entity, the reduction, including to zero, of the nominal value of shares, the dilution of shareholders of a failing bank or the cancellation of shares outright, or the amendment, modification or variation of the terms of the bank's outstanding debt instruments, for example resulting in a deferral of payments or a reduction of the applicable interest rate. Furthermore, certain eligible unsecured liabilities, in particular certain senior unsecured debt instruments specified by the Resolution Mechanism Act, may be written down, including to zero, or converted into equity (commonly referred to as bail-in).

In order to facilitate the authorities' bail-in powers, which became effective in Germany on January 1, 2015, banks are required to include in their eligible liabilities issued under non-EU law conditions that recognize the regulatory powers to write down or convert such liabilities as well as other resolution powers. The SRM Regulation, the BRRD and the Recovery and Resolution Act are intended to eliminate the need for public support of troubled banks. Therefore, financial public support for such banks, if any, would be used only as a last resort after having assessed and exploited, to the maximum extent practicable, the resolution powers, including a bail-in. The taking of actions to ensure our resolvability or the exercise of resolution powers by the competent resolution authority could materially affect our business operations and lead to a significant dilution of our shareholders or even the total loss of our shareholders' or creditors' investment.

Regulatory and legislative changes require us to maintain increased capital, in some cases (including the United States) applying capital rules to our local operations. These requirements may significantly affect our business model, financial condition and results of operations as well as the competitive environment generally. Any perceptions in the market that we may be unable to meet our capital requirements with an adequate buffer, or that we should maintain capital in excess of these requirements, could intensify the effect of these factors on our business and results.

In December 2010, the Basel Committee on Banking Supervision published a set of comprehensive changes to the capital adequacy framework, known as Basel 3, which have been implemented into European Union law by a legislative package referred to as CRR/CRD 4 . CRR/CRD 4 became effective on January 1, 2014, with some of the regulatory adjustments being gradually phased in through January 1, 2019. CRR/CRD 4

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contains, among other things, detailed rules on regulatory banking capital, increased capital requirements and the introduction of additional capital buffers (which will increase from year to year) as well as new and tightened liquidity standards and the introduction of a

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leverage ratio not based upon risk-weightings. We are subject to additional capital buffers, including as a result of being designated a globally systemically important financial institution, or G-SIFI. In July 2013, U.S. federal bank regulators issued final rules implementing many elements of the Basel 3 capital adequacy framework in the United States. The impact and implementation of the Basel 3 capital adequacy framework is being assessed and monitored by regulators on a regular basis. Further revisions, such as stricter rules on the measurement of risks proposed by the Basel Committee on Banking Supervision, could further increase risk-weighted assets and the corresponding capital demand for banks.

Furthermore, under the SRM Regulation, the BRRD and the German Recovery and Resolution Act, banks in the European Union are required to meet at all times a robust minimum requirement for own funds and eligible liabilities (MREL) which is determined on a case-by-case basis by the competent resolution authority. In addition, on November 9, 2015, the Financial Stability Board (FSB) published a new standard that will require, when implemented as law, global systemically important banks (G-SIBs), such as us, to meet a new firm-specific minimum requirement for total loss-absorbing capacity (TLAC) starting on January 1, 2019. Also in order to facilitate the meeting of TLAC requirements by German banks, under the German Resolution Mechanism Act, certain specifically defined senior unsecured debt instruments issued by German banks such as us would from 2017 onwards rank junior to, without constituting subordinated debt, all other outstanding unsecured unsubordinated obligations of such bank. Both the TLAC and MREL requirements are specifically designed to require banks to maintain a sufficient amount of instruments which are eligible to absorb losses in resolution with the aim of ensuring that failing banks can be resolved without recourse to taxpayers' money. On October 30, 2015, the Federal Reserve Board published proposed rules that would implement in the United States the FSB's TLAC standard. The proposed rules would require, among other things, the U.S. intermediate holding companies (IHCs) of non-U.S. G-SIBs, including our U.S. IHC, to maintain a minimum amount of internal TLAC and would separately require them to maintain a minimum amount of long-term debt. While the final impact of the MREL and TLAC requirements will depend on their final implementation, the need to comply with such requirements, and the change in ranking of certain debt instruments issued by us, may affect our business, financial condition and results of operation and in particular may increase our financing costs.

We may not have sufficient capital or other loss-absorbing liabilities to meet these increasing regulatory requirements. This could occur due to regulatory changes and other factors, such as the gradual phase out of our hybrid capital instruments as qualifying Additional Tier 1 (or AT1) capital or our inability to issue new securities which are recognized as regulatory capital or loss-absorbing liabilities under the new standards, due to an increase of risk-weighted assets based on more stringent rules for the measurement of risks or as a result of a continued decline in the value of the euro as compared to other currencies, due to stricter requirements for the compliance with the non-risk based leverage ratio, due to any substantial losses we may incur, which would reduce our retained earnings, a component of Common Equity Tier 1 capital, or due to a combination of these or other factors.

If we are unable to maintain sufficient capital to meet the minimum capital and buffer requirements established by regulators and expected by the market, we may become subject to restrictions on the pay-out of dividends, share buybacks and discretionary compensation payments. In addition, any requirement to increase risk-based capital ratios or the leverage ratio could lead us to adopt a strategy focusing on capital preservation and creation over revenue generation and profit growth, including the reduction in higher margin risk-weighted assets. If we are unable to increase our capital ratios to the regulatory minimum in such a case or by raising new capital through the capital markets, through the reduction of risk-weighted assets or through other means, we may be required to activate our group recovery plan. If these actions or other private or supervisory actions do not restore capital ratios to the levels required under the CRR/CRD 4 legislative package, and we are failing or likely to fail, competent authorities may apply resolution powers under the SRM Regulation, the German Recovery and Resolution Act and other applicable rules and regulations, which could lead to a significant dilution of our shareholders or even the total loss of our shareholders' or creditors' investment.

Moreover, we are required to hold and calculate capital separately for our operations in different jurisdictions. In the United States, the Federal Reserve Board has adopted rules that impose enhanced prudential standards on our U.S. operations. In February 2014, the Federal Reserve Board adopted U.S. prudential reforms (the FBO Rules) applicable to foreign banking organizations (FBOs). FBOs with U.S.\$ 50 billion or more in U.S. non-branch assets, such as

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us, will be required to establish or designate a separately capitalized top-tier U.S. IHC to hold substantially all of the FBO's ownership interests in U.S. subsidiaries by July 1, 2016. Beginning on that date, our IHC will be subject, on a consolidated basis, to the risk-based capital requirements under the U.S. Basel 3 capital adequacy framework, capital planning and stress testing requirements (on a phased-in basis), U.S. liquidity buffer requirements and other enhanced prudential standards comparable to those applicable to top-tier U.S. bank holding companies of a similar size. The Federal Reserve Board will have the authority to examine the IHC and any of its subsidiaries. U.S. leverage requirements applicable to the IHC will take effect beginning in January 2018. The Federal Reserve Board's proposal to require the IHC subsidiaries of non-U.S. G-SIBs to meet minimum internal TLAC and long-term debt requirements would also apply to our IHC, with a phase-in expected to begin in 2019. The Federal Reserve Board has also stated that it intends, through future rulemakings, to apply the Basel 3 liquidity coverage ratio and net stable funding ratio to the U.S. operations of some or all large foreign banking organizations. In September 2014, the Federal Reserve Board and other U.S. regulators approved a final rule implementing liquidity coverage ratio (LCR) requirements for certain U.S. banking holding companies and depository institutions that are generally consistent with the Basel Committee's revised Basel 3 liquidity standards. The Federal Reserve Board has reaffirmed its plans to issue an additional rulemaking to address the application of an LCR requirement to the U.S. operations of some or all foreign banking organizations with U.S.\$ 50 billion or more in combined U.S. assets which could impact the LCR requirements applicable to our IHC. Our combined U.S. operations, including our New York branch, will also be subject to additional quantitative requirements related to liquidity and risk management.

As of January 1, 2015, our existing U.S. bank holding company subsidiary, Deutsche Bank Trust Corporation, became subject to risk-based and leverage capital requirements, liquidity requirements, and other enhanced prudential standards applicable to large U.S. bank holding companies. Deutsche Bank Trust Corporation also became subject to capital planning and stress testing requirements on June 30, 2014. Deutsche Bank Trust Corporation will remain subject to the capital planning and stress testing requirements and certain enhanced prudential standards until corresponding requirements applicable to the IHC become effective. On March 5, 2015, the Federal Reserve Board released the results of the 2015 supervisory stress tests, which confirmed that Deutsche Bank Trust Corporation's capital ratios would significantly exceed the required minimum levels even in the severely adverse economic stress test scenario. The capital plan did not include any planned dividends or share repurchases. However, on March 11, 2015, the Federal Reserve Board announced that it objected on qualitative grounds to the capital plan submitted by Deutsche Bank Trust Corporation as part of the 2015 Comprehensive Capital Analysis and Review (CCAR) process, citing numerous and significant deficiencies across Deutsche Bank Trust Corporation's risk-identification, measurement, and aggregation processes, approaches to loss and revenue projection, and internal controls. Deutsche Bank Trust Corporation will submit its 2016 capital plan incorporating enhancements to its processes by April 5, 2016.

Title I of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act) and the implementing regulations require each bank holding company with assets of U.S.\$ 50 billion or more, including Deutsche Bank AG, to prepare and submit annually a plan for the orderly resolution of subsidiaries and operations in the event of future material financial distress or failure (the Title I US Resolution Plan). For foreign-based covered companies such as Deutsche Bank AG, the Title I US Resolution Plan only relates to subsidiaries, branches, agencies and businesses that are domiciled in or conducted in whole or in material part in the United States. In addition to the Title I US Resolution Plan, in 2014, Deutsche Bank Trust Company Americas (DBTCA), one of our insured depository institutions (IDIs) in the United States, became subject to the FDIC's final rule requiring IDIs with total assets of U.S.\$ 50 billion or more to submit periodically to the FDIC a plan for resolution in the event of failure (the IDI Rule). In 2014, we expanded our Title I US Resolution Plan to also be responsive to the IDI Rule requirements, and in 2015 DBTCA submitted a separate resolution plan under the IDI Rule.

These new U.S. rules and interpretations could require us to reduce assets held in the United States, inject capital into or otherwise change the structure of our U.S. operations. To the extent that we are required to reduce operations in the United States or deploy capital in the United States that could be deployed more profitably elsewhere, these requirements could have an adverse effect on our business, financial condition and results of operations.

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Any increased capital or liquidity requirements, including those described above, could have adverse effects on our business, financial condition and results of operations, as well as on perceptions in the market of our stability, particularly if any such proposal becomes effective and results in our having to raise capital at a time when financial markets are distressed. If these regulatory requirements must be implemented more quickly than currently foreseen, we may decide that the quickest and most reliable path to compliance is to reduce the level of assets on our balance sheet, dispose of divisions or separate out certain activities or reduce or close down certain business lines. The effects on our capital raising efforts in such a case could be amplified due to the expectation that our competitors, at least those subject to the same or similar capital requirements, would likely also be required to raise capital at the same time. Moreover, some of our competitors, particularly those outside the European Union, may not face the same or similar regulations, which could put us at a competitive disadvantage.

In addition to these regulatory initiatives, market sentiment may encourage financial institutions such as us to maintain significantly more capital than regulatory-mandated minima, which could exacerbate the effects on us described above or, if we do not increase our capital to the encouraged levels, could lead to the perception in the market that we are undercapitalized relative to our peers generally.

It is unclear whether the increased U.S. capital and other requirements described above, as well as similar developments in other jurisdictions could lead to a fragmentation of supervision of global banks that could adversely affect our reliance on regulatory waivers allowing us to meet capital adequacy requirements, large exposure limits and certain organizational requirements on a consolidated basis only rather than on both a consolidated and non-consolidated basis. Should we no longer be entitled to rely on these waivers, we would have to adapt and take the steps necessary in order to meet regulatory capital requirements and other requirements on a consolidated as well as a non-consolidated basis, which could result also in significantly higher costs and potential effects on our profitability and dividend paying ability.

Against this backdrop, our results of operation and financial condition have been negatively affected in recent quarters by a large number of claims, disputes, legal proceedings and government investigations. The extent of our financial exposure to these and other matters could continue to be material and could substantially exceed the level of provisions that we established for such litigation, regulatory and similar matters. In this environment, our compliance costs have also substantially increased.

As a result of the substantial uncertainties with respect to our calculation of our capital requirements and the potential outflows in respect of litigation and enforcement matters, we have found it necessary and may find it necessary or desirable to raise additional capital in the future to maintain our capital at levels required by our regulators or viewed by market participants as necessary for our businesses in comparison with our international peers.

Our regulatory capital ratios and our funds available for distributions on our shares or regulatory capital instruments will be affected by our business decisions and, in making such decisions, our interests and those of the holders of such instruments may not be aligned, and we may take decisions in accordance with applicable law and the terms of the relevant instruments that result in no or lower payments being made on our shares or regulatory capital instruments.

Our regulatory capital ratios are affected by a number of factors, including decisions we make relating to our businesses and operations as well as the management of our capital position, of our risk-weighted assets and of our balance sheet in general, and external factors, such as regulations regarding the risk weightings we are permitted to allocate to our assets, commercial and market risks or the costs of our legal proceedings. While we and our management are required to take into account a broad range of considerations in our and their managerial decisions, including the interests of the Bank as a regulated institution and those of our shareholders and creditors, particularly in times of weak earnings and increasing capital requirements, the regulatory requirements to build capital may become paramount. Accordingly, in making decisions in respect of our capital management, we are not required to adhere to the interests of the holders of instruments we have issued that qualify for inclusion in our regulatory capital, such as our Additional Tier 1 capital instruments. We may decide not to take any measures, including increasing our capital at a time when it is feasible to do so (through securities issuances or otherwise), even if our failure to take such an action would result in a non-payment or a writedown or other recovery- or resolution-related measure in respect of any of our

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regulatory capital instruments. Our decisions could cause the holders of such regulatory capital instruments to lose all or part of the value of their investments in these instruments due to their effect on our regulatory capital ratios, and such holders will not have any claim against us relating to such decisions, even if they result in a non-payment or a writedown or other recovery- or resolution-related measure in respect of such instruments they hold.

In addition, our annual profit and distributable reserves form an important part of the funds available for us to pay dividends on our shares and make payments on our other regulatory capital instruments, as determined in the case of each such instrument by its terms or by operation of law, and any adverse change in our financial prospects, financial position or profitability, or our distributable reserves, each as calculated on an unconsolidated basis, may have a material adverse effect on our ability to make dividend or other payments on these instruments. For example, as part of the implementation of our Strategy 2020, we recorded large impairments that in some cases reduced the carrying value of subsidiaries on our unconsolidated balance sheet and reduced profits and distributable reserves in 2015. While we plan to make all scheduled payments calculated by reference to our 2015 results on our regulatory capital instruments other than our shares, future impairments or other events that reduce our profit or distributable reserves on an unconsolidated basis could lead us to be unable to make such payments in respect of future years in part or at all.

In addition, German law places limits on the distribution of annual profits and otherwise-distributable reserves, as calculated on an unconsolidated basis, to be distributed to our shareholders or the holders of our regulatory capital instruments, such as our Additional Tier 1 capital instruments. Our management has, subject to applicable law, broad discretion under the applicable accounting principles to influence all amounts relevant for calculating funds available for distribution. Such decisions may impact our ability to make dividend or other payments under the terms of our regulatory capital instruments.

As we have previously announced in connection with the implementation of our Strategy 2020, we do not expect to pay dividends on our shares in respect of either the 2015 or the 2016 fiscal years.

Legislation in the United States and in Germany as well as proposals in the European Union regarding the prohibition of proprietary trading or its separation from the deposit-taking business may materially affect our business model.

On December 10, 2013, U.S. regulators released the final version of the rules implementing the Volcker Rule, as required by the Dodd-Frank Act. The final rules prohibit U.S. insured depository institutions and companies affiliated with U.S. insured depository institutions (such as us) from engaging in short-term proprietary trading of certain securities, derivatives, commodity futures and options on these instruments, for their own account. The final rules also impose limits on investments in, and other relationships with, hedge funds, private equity funds and other private funds and limit the ability of banking entities and their affiliates to enter into certain transactions with such funds with which they or their affiliates have certain relationships. The Volcker Rule requires banking entities to establish comprehensive compliance programs designed to help ensure and monitor compliance with restrictions under the Volcker Rule. In December 2013, the Federal Reserve Board extended the end of the conformance period for the Volcker Rule generally until July 21, 2015. In December 2014, the Federal Reserve Board issued an order extending the Volcker Rule's general conformance period until July 21, 2016 for investments in and relationships with covered funds and certain foreign funds that were in place on or prior to December 31, 2013 (legacy covered funds), and stated its intention to grant a final one-year extension of the general conformance period, to July 21, 2017, for banking entities to conform ownership interests in and relationships with legacy covered funds. The extension of the conformance period does not apply to the Volcker Rule's prohibitions on proprietary trading or to any investments in and relationships with covered funds made or entered into after December 31, 2013.

In Germany, the German Act on the Separation of Risks and Recovery and Resolution Planning for Credit Institutions and Banking Groups (Trennbankengesetz), referred to as the Separation Act, regulates the activities of banks that take deposits or other repayable funds from the public and lend them for their own account (referred to as CRR Banks). CRR Banks are required to cease or transfer certain activities deemed to

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be high risk to a financial trading institution, which may be established within the same banking group, if certain independence requirements are met. Banks concerned, such as us, generally have until July 1, 2016 to cease or transfer the relevant business activities, unless the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin)

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extends this period. For Deutsche Bank Group, the period to cease or transfer the activities concerned was extended by the BaFin until June 30, 2017.

On January 29, 2014, the European Commission published a draft Regulation on Structural Measures Improving the Resilience of EU Banks and Transparency of the Financial Sector, referred to as the Proposed Regulation, which, if enacted as proposed, would prohibit certain large banks from engaging in proprietary trading in financial instruments and commodities and investing in hedge funds or other entities that engage in proprietary trading, for the sole purpose of making a profit for its own account. The Proposed Regulation would also grant supervisors broad powers to require these banks to separate certain activities deemed to be high risk from other businesses, such as deposit-taking and lending. Once enacted, the Proposed Regulation might overrule certain requirements set out in the Separation Act at the national level. The ultimate impact on us will depend on the content of the final version of the Proposed Regulation.

The Volcker Rule, the Separation Act and the Proposed Regulation may have significant implications for the future structure and strategy of our Group, and may increase our Group's funding costs. This could adversely affect our business, financial condition and results of operations.

Other regulatory reforms adopted or proposed in the wake of the financial crisis – for example, extensive new regulations governing our derivatives activities, compensation, bank levies, deposit protection or a possible financial transaction tax – may materially increase our operating costs and negatively impact our business model.

On August 16, 2012, the EU Regulation on over-the-counter (OTC) derivatives, central counterparties and trade repositories, referred to as EMIR, entered into force. While a number of the compliance requirements introduced by EMIR already apply, the European Securities and Markets Authority (ESMA) is still in the process of finalizing some of the implementing rules mandated by EMIR. EMIR introduced a number of requirements, including clearing obligations for certain classes of OTC derivatives and various reporting and disclosure obligations. Although some of the particular effects brought about by EMIR are not yet fully foreseeable, many of its elements have led and may lead to changes which may negatively impact our profit margins, require us to adjust our business practices or increase our costs (including compliance costs). The new Markets in Financial Instruments Directive (which comprises a regulation (MiFIR) and a directive (MiFID II)) introduces, among other changes, a trading obligation for those OTC derivatives which are subject to mandatory clearing and which are sufficiently standardized. Originally, most requirements introduced by MiFID II/MiFIR were foreseen to be applicable to us starting on January 3, 2017. On February 10, 2016, however, the European Commission published proposals to delay the application of MiFID II/MiFIR by one year to January 3, 2018. This needs now to be agreed by the bodies of the European Union through the co-decision process. MiFID II needs yet to be transposed into national law, and ESMA and the European Commission yet have to finalize several related implementing regulations. We will also be impacted by the BCBS-IOSCO final minimum standards for margin requirements for non-centrally cleared derivatives, for which enabling legislation exists in the EU (EMIR) but where much of the impact depends on how these requirements are implemented.

In the United States, the Dodd-Frank Act has numerous provisions that may affect our operations. Pursuant to regulations implementing provisions of the Dodd-Frank Act, we registered as a swap dealer with the U.S. Commodity Futures Trading Commission (CFTC) and became subject to the CFTC's extensive oversight. Regulation of swap dealers by the CFTC imposes numerous corporate governance, business conduct, capital, margin, reporting, clearing, execution and other regulatory requirements on us. It also requires us to comply with certain U.S. rules in some circumstances with respect to transactions conducted outside of the United States or with non-U.S. persons. Although the coverage of EMIR and CFTC regulations implementing the Dodd-Frank Act is in many ways similar, certain swaps may be subject to both regulatory regimes to a significant extent. However, the CFTC's guidance on cross-border swaps regulation, as well as the margin requirements recently adopted by the U.S. bank regulatory agencies and the CFTC, may allow us to comply with some, but not all, U.S. regulatory requirements on a substituted basis by complying with EMIR and MiFID. The new requirements under the Dodd-Frank Act may adversely affect our derivatives business and make us less competitive, especially as compared to competitors not subject to such regulation. Additionally, under the Dodd-Frank Act, security-based swaps will be subject to a standalone regulatory regime under the jurisdiction of the U.S. Securities and Exchange Commission (SEC). The SEC is in the early stages of finalizing rules for its security-based swap regime but it is expected to be parallel to, but not identical to, the CFTC's regulation of swaps. This may impose further regulation of our derivatives business.

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In addition, CRD 4 provides for executive compensation reforms including caps on bonuses that may be awarded to material risk takers and other employees as defined in CRD 4, the German Banking Act and other applicable rules and regulations such as the Remuneration Regulation for Institutions (Institutsvergütungsverordnung). The compensation reforms of CRD 4, including any guidelines issued by the EBA to further implement them, could put us at a disadvantage to our competitors in attracting and retaining talented employees, especially compared to those outside the European Union that are not subject to these caps.

Bank levies also have been introduced in some countries including Germany and the United Kingdom and other countries. We accrued 197 million for bank levies in 2013, 342 million in 2014 and 653 million in 2015. We will also be required to contribute substantially to the single resolution fund under the SRM (which is expected to reach a target size of approximately 55 billion by January 1, 2024, of which approximately 15 billion is expected to be contributed by German banks) and the statutory deposit guarantee schemes under the recast European Union Deposit Guarantee Schemes Directive. Generally, however, the total impact of these future levies cannot currently be quantified and they may have a material adverse effect on our business, financial condition and results of operations in future periods.

Separately, on January 22, 2013, the Council of the European Union adopted a decision authorizing eleven EU member states (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain) to proceed with the introduction of a financial transaction tax under the European Union's enhanced cooperation procedure. The European Commission on February 14, 2013 adopted a draft directive for the implementation of the financial transaction tax. Since then, the introduction of the financial transaction tax is subject to ongoing controversial discussions at the European Union level with the result that the final scope, design and entry into force of the financial transaction tax are uncertain. Estonia is understood to be no longer participating. Depending on the final details, the proposed financial transaction tax could have a materially adverse effect on our profits and business. Different forms of national financial transaction taxes have already been implemented in a number of European jurisdictions, including France and Italy, and these taxes may result in compliance costs as well as market consequences which may affect our revenues.

Adverse market conditions, historically low prices, volatility and cautious investor sentiment have affected and may in the future materially and adversely affect our revenues and profits, particularly in our investment banking, brokerage and other commission- and fee-based businesses. As a result, we have in the past incurred and may in the future incur significant losses from our trading and investment activities.

As a global investment bank, we have significant exposure to the financial markets and are more at risk from adverse developments in the financial markets than are institutions engaged predominantly in traditional banking activities. Sustained market declines have in the past caused and can in the future cause our revenues to decline, and, if we are unable to reduce our expenses at the same pace, can cause our profitability to erode or cause us to show material losses. Volatility can also adversely affect us, by causing the value of financial assets we hold to decline or the expense of hedging our risks to rise. Reduced customer activity can also lead to lower revenues in our flow business.

Specifically, our investment banking revenues, in the form of financial advisory and underwriting fees, directly relate to the number and size of the transactions in which we participate and are susceptible to adverse effects from sustained market downturns. These fees and other income are generally linked to the value of the underlying transactions and therefore can decline with asset values. In addition, periods of market decline and uncertainty tend to dampen client appetite for market and credit risk, a critical driver of transaction volumes and investment banking revenues, especially transactions with higher margins. In recent and other times in the past, decreased client appetite for risk has led to lower levels of activity and lower levels of profitability in our Corporate Banking & Securities Corporate Division. Our revenues and profitability could sustain material adverse effects from a significant reduction in the number or size of debt and equity offerings and merger and acquisition transactions.

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Market downturns also have led and may in the future lead to declines in the volume of transactions that we execute for our clients and, therefore, to declines in our noninterest income. In addition, because the fees that we charge for managing our clients' portfolios are in many cases based on the value or performance of those portfolios, a market downturn that reduces the value of our clients' portfolios or increases the amount of withdrawals reduces the revenues we receive from our asset management and private banking businesses. Even in the absence of a market downturn,

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below-market or negative performance by our investment funds may result in increased withdrawals and reduced inflows, which would reduce the revenue we receive from our asset management business. While our clients would be responsible for losses we incur in taking positions for their accounts, we may be exposed to additional credit risk as a result of their need to cover the losses where we do not hold adequate collateral or cannot realize it. Our business may also suffer if our clients lose money and we lose the confidence of clients in our products and services.

In addition, the revenues and profits we derive from many of our trading and investment positions and our transactions in connection with them can be directly and negatively impacted by market prices, which have been volatile in recent years. In each of the product and business lines in which we enter into these trading and investment positions, part of our business entails making assessments about the financial markets and trends in them. When we own assets, market price declines can expose us to losses. Many of the more sophisticated transactions of our Corporate Banking & Securities Corporate Division and our Non-Core Operations Unit are designed to profit from price movements and differences among prices. If prices move in a way we have not anticipated, we may experience losses. Also, when markets are volatile, the assessments we have made may prove to lead to lower revenues or profits, or may lead to losses, on the related transactions and positions. In addition, we commit capital and take market risk to facilitate certain capital markets transactions; doing so can result in losses as well as income volatility. Such losses may especially occur on assets we hold for which there are not very liquid markets initially. Assets that are not traded on stock exchanges or other public trading markets, such as derivatives contracts between banks, may have values that we calculate using models other than publicly-quoted prices. Monitoring the deterioration of prices of assets like these is difficult and could lead to losses we did not anticipate. We can also be adversely affected if general perceptions of risk cause uncertain investors to remain on the sidelines of the market, curtailing their activity and in turn reducing the levels of activity in those of our businesses dependent on transaction flow.

We announced the next phase of our strategy, Strategy 2020, in April 2015 and gave further details on it in October 2015. If we are unable to implement our strategic plans successfully, we may be unable to achieve our financial objectives, or we may incur losses or low profitability or erosions of our capital base, and our financial condition, results of operations and share price may be materially and adversely affected.

In April 2015, we announced the next phase of our strategy, Strategy 2020, and gave further details on it in October 2015. Among our Strategy 2020 plans are to become simpler and more efficient by focusing on the markets, products and clients where we are better positioned to succeed, to become less risky by modernizing our technology and by withdrawing from higher-risk client relationships, to become better capitalized and to run the Bank in a more disciplined way. We also announced specific execution measures for each business division and updated our financial targets to highlight the financial objectives of Strategy 2020. The details of Strategy 2020 are set forth in Item 4: Information on the Company Business Overview Our Business Strategy.

Our Strategy 2020 goals are subject to various internal and external factors including market, regulatory, economic and political uncertainties, and to limitations relating to our operating model. These could negatively impact or prevent the implementation of our strategic goals or the realization of their anticipated benefits. Economic uncertainties such as the recurrence of extreme turbulence in the markets; weakness in global, regional and national economic conditions; the continuation of the low interest rate environment; increased competition for business; and political instability, especially in Europe, may impact our ability to achieve our strategic goals. Regulatory changes could also adversely impact our ability to achieve our strategic aims. In particular, regulators could demand changes to our business model or organization that could reduce our profitability, or we may be forced to make changes that reduce our profitability in an effort to remain compliant with law and regulation. We are also involved in numerous litigation, arbitration and regulatory proceedings and investigations in Germany and in a number of jurisdictions outside of Germany, especially in the U.S. Such matters are subject to many uncertainties. While we have resolved a number of important legal matters and made progress on others, we expect the litigation environment to continue to be challenging. If litigation and regulatory matters continue to occur at the same rate and magnitude as in recent years, we may not be able to achieve our Strategy 2020 aspirations.

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In particular, macroeconomic risks and the risks relating to regulatory changes and our legal proceedings may impact our ability to meet our financial and capital targets articulated as part of Strategy 2020. As financial targets, we are aiming to achieve a cost-income ratio of approximately 70 % by 2018 and approximately 65 % by 2020 and a post-tax return on tangible equity of greater than 10 % by 2018. Our capital targets comprise a Common Equity Tier 1 capital ratio of at least 12.5 % from the end of 2018 and a leverage ratio of at least 4.5 % at the end of 2018 and at least 5 % at the end of 2020. Strategy 2020 is based on an ambitious financial plan with, we believe, some buffer for downside scenarios and contingencies. However, the base case scenario for our financial and capital plan includes revenue growth estimates which are dependent on positive macroeconomic developments. Stagnation or a downturn in the macroeconomic environment could significantly impact our ability to generate the revenue growth necessary to achieve these Strategy 2020 financial and capital targets. Furthermore, even if we are able to grow our revenues in accordance with our strategic plans, the materialization of any of the regulatory changes or the costs for us in terms of the outcomes or necessary changes to our businesses of the litigation and regulatory matters mentioned above, or any other unforeseen risk, could adversely impact our net income and thereby cause us to fall short of our Strategy 2020 financial and capital targets.

Our capital targets are further dependent on our ability to reduce the size of our balance sheet in accordance with Strategy 2020. We aim to reduce risk-weighted assets (RWAs) by approximately 90 billion to approximately 320 billion by 2018 and 310 billion by 2020, excluding RWA inflation due to stricter regulatory requirements, which we expect will amount to at least 100 billion by 2019/2020. Key components of executing this plan are the disposal of Postbank, the sale of our noncontrolling 19.99 % stake in Hua Xia Bank and the substantial wind-down of the Non-Core Operations Unit (NCOU) as well as the exit of selected Global Markets businesses. Difficult market conditions or regulatory uncertainties may prevent us from being able to dispose of assets at all, or at prices we would consider to be reasonable, thereby causing us to either sell these assets for losses (or losses that are higher than expected) or hold these assets for a longer period of time than desired or planned. If we cannot reduce our RWAs according to plan, we may not be able to achieve the capital targets set out under Strategy 2020.

Strategy 2020's financial plan also includes substantial cost reduction targets, which we plan to achieve through efficiency gains from implementation of various initiatives. By 2018, we aim to produce net savings in our adjusted costs (defined as total noninterest expenses excluding restructuring and severance, litigation, impairment of goodwill and other intangible assets and policyholder benefits and claims) of approximately 1.0 to 1.5 billion, against restructuring and severance costs of approximately 3.0 to 3.5 billion, such that we would reduce total adjusted costs to below 22 billion. Our planned exit from certain businesses and clients may entail higher costs or take more time than anticipated and thereby impede us from achieving the cost reductions we have targeted. Furthermore, additional costs could arise from any number of anticipated or unanticipated developments, such as costs relating to compliance with additional regulatory requirements and increased regulatory charges. Our estimated restructuring and severance charges could ultimately run higher than anticipated, preventing us from achieving our adjusted cost target. Any failure to meet our cost reduction targets may also affect our ability to achieve our target cost-income ratio of approximately 70 % by 2018 and approximately 65 % by 2020.

Our ability to implement Strategy 2020 and meet its stated targets is based on a number of additional key assumptions relating to our business and operating model:

We assume that we will be able to overcome significant challenges arising from our business model. We continue to rely on our trading and markets businesses as a primary source of profit. However, these flow businesses, in particular our fixed income securities franchise, have continued to face an extremely challenging environment, caused by cyclical uncertainty about the low interest rate environment, central bank intervention in markets and the gradual cessation thereof and overall sluggish economic growth. We are substantially dependent on the performance of our flow businesses, and this dependency exceeds that of many of our competitors. While some of our businesses can profit from market volatility, many businesses dependent on client flow are increasingly challenged in uncertain times. Under Strategy 2020, we intend to retreat from a number of businesses that focused on riskier asset classes or strategies. In addition, some of our businesses may be

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resistant to change, posing risks to the implementation of changes to our business model. Should we be unable to implement this new business model successfully, or should the new business model fail to be profitable, we may not be able to achieve some or all of Strategy 2020's goals.

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We assume that we will be able significantly to upgrade and reduce the complexity of our infrastructure. We currently operate a highly complex infrastructure, which can compromise the quality of the overall control environment. Establishing a more efficient bank with a strong control environment depends on successfully streamlining and simplifying the IT landscape as well as cultural change. Furthermore, capital and execution plans require robust monitoring and tracking that is dependent on accurate, timely and relevant data. We have undertaken initiatives designed to address existing challenges in our IT and data architecture as well as in our data aggregation capabilities. Potential delays and challenges to implementing these initiatives would impact our ability to achieve efficiency improvements and enhance the control environment, thereby affecting our ability to implement Strategy 2020 successfully.

We assume that we will be able to improve our internal control environment. A robust internal control framework is necessary to achieve Strategy 2020's ambitions. We are undertaking several initiatives to strengthen our controls, enhance the efficacy of our safeguards and manage non-financial risks, in particular as a response to the circumstances that have resulted in the numerous litigation and regulatory investigations to which the Bank has recently been subject. However, we can provide no assurance that an improved control environment will result in fewer litigations or investigations in the future. Furthermore, implementation of enhanced controls may result in higher than expected costs of regulatory compliance and offset efficiency gains, and thereby affect our ability to implement Strategy 2020 successfully. We assume that the buffers we have included in our Strategy 2020 targets will be sufficient to reflect a plausible range of downside scenarios and that absent more substantial dislocations we will be able to achieve the targets. However, the buffers that we have provided in order to achieve these goals may prove to be insufficient in a downside scenario. Should this risk materialize as a result of the macroeconomic, regulatory, litigation or other factors discussed above, we may fail to meet our Strategy 2020 targets.

If we fail to implement our strategic initiatives in whole or in part or should the initiatives that are implemented fail to produce the anticipated benefits, or should the costs we incur to implement our initiatives exceed the amounts anticipated, or should we fail to achieve the publicly communicated targets we have set for implementation of these initiatives in 2016, we may fail to achieve our financial objectives, or incur losses or low profitability or erosions of our capital base, and our financial condition, results of operations and share price may be materially and adversely affected.

As part of Strategy 2020, we announced our intention to dispose of Deutsche Postbank AG (together with its subsidiaries, Postbank). We may have difficulties disposing of Postbank at a favorable price or on favorable terms, or at all, and may experience material losses from our holding or disposition of Postbank. We may remain subject to the risks of or other obligations associated with Postbank following a disposal.

As part of our Strategy 2020, we announced our intention to dispose of Postbank. Such disposal may occur by means of a sale of all or part of our holding in Postbank in a public offering of Postbank's shares or to one or more purchasers in a private transaction. Deutsche Postbank AG became a consolidated, majority-owned subsidiary of ours in December 2010 following a public takeover offer by us. In 2012 Deutsche Postbank AG and a wholly-owned subsidiary of ours entered into a domination and profit and loss transfer agreement. As a preparatory step for the planned disposal, in December 2015, Deutsche Postbank AG, became a wholly owned subsidiary of ours, following a squeeze-out of minority shareholders.

We may have difficulties disposing of Postbank at a favorable price or on favorable terms or timing, or at all. Our ability to dispose of Postbank will, among other things, depend on economic and market conditions, particularly those relevant to the banking industry in Germany. Our ability to dispose of Postbank will also depend on the financial position, results of operations and business prospects of Postbank. If economic or market conditions, or the financial position, results of operations and business prospects of Postbank, are unfavorable, we may not be able to dispose of all or a portion of Postbank at a favorable price or on favorable terms or timing, or at all. A disposal of Postbank may require the approval of relevant regulators in the European Union and elsewhere, which may not be received on favorable terms or at all or which may be subject to disadvantageous conditions. During the period in which Postbank has been a subsidiary of ours, we have sought to integrate certain of its operations into ours and vice versa, and to develop intensified mutual service relationships. We have and will need to make investments in Postbank or incur other expenditures in preparation for its disposal, including the separation of contractual interlinkages, businesses, IT systems and other functions. We may need to make investments in Deutsche Bank to ensure the separation from Postbank and to re-

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establish certain systems and other functions. To prepare Postbank for disposal, we will need to enable businesses and functions at Postbank, particularly those that rely on support from Deutsche Bank, to operate on a stand-alone basis, while maintaining efficiency, service quality and compliance with relevant regulations. In addition, prior to the disposal of Postbank we may terminate certain financial transactions with Postbank, transfer certain legal entities to Postbank, and terminate certain contractual relationships. Execution of these preparatory measures is required before a disposal can take place, and a failure to do so properly could hinder the disposal or give rise to financial losses.

Prior to its disposal, we remain exposed to the risks of Postbank and could be adversely affected by losses or obligations incurred by it, which losses or obligations could also adversely affect our ability to effect the disposal. In the event of a disposal of only part of our interest in Postbank, we would remain exposed to the economic risks of the portion of our interest that we did not dispose. In addition, we may remain exposed to certain of the risks of Postbank even following disposal of all or part of our interest in Postbank, if the terms of the sale, our previous relationship with Postbank, or applicable law, subject us to temporary or continuing obligations.

Any failure to dispose of Postbank on favorable terms, or any write-down for Postbank, whether upon its sale or otherwise, could have a material adverse effect on our net assets, financial condition and results of operations.

We may have difficulties selling companies, businesses or assets at favorable prices or at all and may experience material losses from these assets and other investments irrespective of market developments.

As part of Strategy 2020, we are seeking to reduce our assets, including in particular those of our Non-Core Operations Unit, but also those in our Global Markets business division. Such sales are part of our strategy to simplify and focus our business and to meet or exceed the new capital requirements by reducing risk-weighted assets and thereby improving our capital ratios. This strategy may prove difficult in the current and future market environment as many of our competitors are also seeking to dispose of assets to improve their capital ratios. We have already sold a substantial portion of our non-core assets, and our remaining non-core assets may be particularly difficult for us to sell as quickly as we have expected at prices we deem acceptable. Unfavorable business or market conditions may make it difficult for us to sell such assets at favorable prices, or may preclude such a sale altogether.

In addition, we have made significant investments in individual companies and have other assets that are not part of our core business such as our stake in Maher Terminals. While our intention remains to sell or otherwise reduce the amount and the risk of these exposures, if present market conditions persist, such sales will be difficult and may be delayed. Also, we are often a passive investor in such investments and as such we are reliant on the actions of third parties. This may also have an impact on our ability to effect sales or other risk reducing transactions with respect to such investments.

We operate in a highly and increasingly regulated and litigious environment, potentially exposing us to liability and other costs, the amounts of which may be substantial and difficult to estimate, as well as to legal and regulatory sanctions and reputational harm.

The financial services industry is among the most highly regulated industries. Our operations throughout the world are regulated and supervised by the central banks and regulatory authorities in the jurisdictions in which we operate. In recent years, regulation and supervision in a number of areas has increased, and regulators, law enforcement authorities, governmental bodies and others have sought to subject financial services providers to increasing oversight and scrutiny, which in turn has led to additional regulatory investigations or enforcement actions. This trend has accelerated markedly as a result of the global financial crisis and the European sovereign debt crisis. There has been a steep escalation in the severity of the terms which regulators and law enforcement authorities have required to settle legal and regulatory proceedings against financial institutions, with recent settlements including unprecedented monetary penalties as well as criminal sanctions. As a result, we may continue to be subject to increasing levels of liability and regulatory sanctions, and may be required to make greater expenditures and devote additional resources to addressing these liabilities and sanctions. Regulatory sanctions may include status changes to local licenses or orders to discontinue

certain business practices.

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We and our subsidiaries are involved in various litigation proceedings, including civil class action lawsuits, arbitration proceedings and other disputes with third parties, as well as regulatory proceedings and investigations by both civil and criminal authorities in jurisdictions around the world. We expect that we will continue to experience a high level of litigation, regulatory proceedings and investigations. Litigation and regulatory matters are subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. We may settle litigation or regulatory proceedings prior to a final judgment or determination of liability. We may do so for a number of reasons, including to avoid the cost, management efforts or negative business, regulatory or reputational consequences of continuing to contest liability, even when we believe we have valid defenses to liability. We may also do so when the potential consequences of failing to prevail would be disproportionate to the costs of settlement. Furthermore, we may, for similar reasons, reimburse counterparties for their losses even in situations where we do not believe that we are legally compelled to do so. The financial impact of legal risks might be considerable but may be hard or impossible to estimate and to quantify, so that amounts eventually paid may exceed the amount of provisions made or contingent liabilities assessed for such risks.

Actions currently pending against us or our current or former employees may not only result in judgments, settlements, fines or penalties, but may also cause substantial reputational harm to us. The risk of damage to our reputation arising from such proceedings is also hard or impossible to quantify. For example, we are unable to quantify the harm to our reputation that could arise from the investigation by the public prosecutor for the City of Munich of statements made by certain former and present management board members in connection with the litigation relating to the former Kirch Group.

Regulators have increasingly sought admissions of wrongdoing in connection with settlement of matters brought by them. This could lead to increased exposure in subsequent civil litigation or in consequences under so-called "bad actor" laws, in which persons or entities determined to have committed offenses under some laws can be subject to limitations on business activities under other laws, as well as adverse reputational consequences. In addition, the U.S. Department of Justice (DOJ) conditions the granting of cooperation credit in civil and criminal investigations of corporate wrongdoing on the company involved having provided to investigators all relevant facts relating to the individuals responsible for the alleged misconduct. This policy may result in increased fines and penalties if the DOJ determines that we have not provided sufficient information about applicable individuals in connection with an investigation. Other governmental authorities could adopt similar policies.

In addition, the financial impact of legal risks arising out of matters similar to some of those we face have been very large for a number of participants in the financial services industry, with fines and settlement payments greatly exceeding what market participants may have expected and, as noted above, escalating steeply over the last year to unprecedented levels. The experience of others, including settlement terms, in similar cases is among the factors we take into consideration in determining the level of provisions we maintain in respect of these legal risks. Recent developments in cases involving other financial institutions have led to greater uncertainty as to the predictability of outcomes and could lead us to add to our provisions. Moreover, the costs of our investigations and defenses relating to these matters are themselves substantial. Further uncertainty may arise as a result of a lack of coordination among regulators from different jurisdictions, which may make it difficult for us to reach concurrent settlements with each regulator. Should we be subject to financial impacts arising out of litigation and regulatory matters to which we are subject in excess of those we have calculated in accordance with our expectations and the relevant accounting rules and contrary to our publicly communicated expectation that the overall financial impact in 2016 will be below the 2015 levels, our provisions in respect of such risks may prove to be materially insufficient to cover these impacts. This could have a material adverse effect on our results of operations, financial condition or reputation.

Regulatory and law enforcement agencies globally are currently investigating us in connection with misconduct relating to manipulation of foreign exchange rates. The extent of our financial exposure to these matters could be material, and our reputation may suffer material harm as a result.

We have 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. We are cooperating with these investigations. The investigations underway have the potential to result in the imposition of significant financial penalties and

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other consequences for us. Relatedly, we are conducting our own internal global review of foreign exchange trading and other aspects of our foreign exchange business.

We have also been named as a defendant in multiple putative class actions brought in the U.S. District Court for the Southern District of New York alleging antitrust and U.S. Commodity Exchange Act claims relating to the alleged manipulation of foreign exchange rates. There are now three actions pending. A pending consolidated action has been brought on behalf of putative classes of over-the-counter traders and central-exchange traders and alleges illegal agreements to restrain competition with respect to and to manipulate both benchmark rates and spot rates, particularly the spreads quoted on those spot rates; the complaint further alleges that those supposed conspiracies, in turn, resulted in artificial prices on centralized exchanges for foreign exchange futures and options. A second action tracks the allegations in the consolidated action and asserts that such purported conduct gave rise to, and resulted in a breach of, defendants' fiduciary duties under the U.S. Employment Retirement Income Security Act of 1974 (ERISA). The third putative class action alleges that we rejected FX orders placed over electronic trading platforms that were later filled at prices less favorable to putative class members. Plaintiff has asserted claims for breach of contract, quasi-contractual claims, and claims under New York statutory law. We have moved or intend to move to dismiss these actions.

We have also been named as a defendant in two Canadian class proceedings brought in the provinces of Ontario and Quebec. Filed on September 10, 2015, these class actions assert factual allegations similar to those made in the consolidated action in the United States and seek damages pursuant to the Canadian Competition Act as well as other causes of action.

Many of these matters are not advanced enough to estimate their outcome or any fines that may be levied by governmental bodies or damages that may be incurred from private litigation. A number of other financial institutions are also currently being investigated. Any settlements by these institutions may adversely affect the outcomes for other financial institutions, such as us, in similar actions, especially as large settlements may be used as the basis or template for other settlements. As a result, these matters may expose us to substantial monetary damages and defense costs in addition to criminal and civil penalties, and they could accordingly have a material adverse effect on our results of operations, financial condition or reputation.

We are currently the subject of regulatory and criminal industry-wide investigations relating to interbank offered rates, as well as civil actions. Due to a number of uncertainties, including those related to the high profile of the matters and other banks' settlement negotiations, the eventual outcome of these matters is unpredictable, and may materially and adversely affect our results of operations, financial condition and reputation.

We have received subpoenas and requests for information from various regulatory and law enforcement agencies in Europe, North America and Asia/Pacific, including various U.S. states attorneys general, 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. We are cooperating with these investigations.

The investigations underway have the potential to result in the imposition of significant financial penalties and other consequences for the Bank.

As previously reported, we 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, we agreed to pay \$725 million in total.

Also as previously reported, on April 23, 2015, we entered into separate settlements with the U.S. Department of Justice (DOJ), the U.S. Commodity Futures Trading Commission (CFTC), the U.K. Financial Conduct Authority (FCA), and the New York State Department of Financial Services (NYDFS) to resolve investigations into misconduct concerning the setting of LIBOR, EURIBOR, and TIBOR. Under the

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terms of these agreements, we agreed to pay penalties of U.S.\$ 2.175 billion to the DOJ, CFTC and NYSDFS and GBP 226.8 million to the FCA. The agreements also contained provisions requiring various undertakings with respect to our benchmark rate submissions in the future, as well as

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provisions requiring the appointment of an independent corporate monitor. We were also required to take further disciplinary action against certain employees who were working at the Bank at the time of the agreements.

As part of the resolution with the DOJ, we entered into a Deferred Prosecution Agreement with a three-year term pursuant to which it agreed (among other things) to the filing of a two-count criminal Information in the U.S. District Court for the District of Connecticut charging us with one count of wire fraud and one count of price-fixing, in violation of the Sherman Act. As part of the agreement, DB Group Services (UK) Ltd. (an indirectly held, wholly-owned subsidiary of Deutsche Bank AG) entered into a Plea Agreement with the DOJ, pursuant to which the company pled guilty to a one-count criminal Information filed in the same court and charging the company with wire fraud. A fine of U.S.\$ 150 million, which is included in the U.S.\$ 2.175 billion in total penalties referenced above, is (subject to court approval) expected to be paid by Deutsche Bank following sentencing of DB Group Services (UK) Ltd., expected in October 2016.

Factual admissions we have made in connection with these settlements could make it difficult for us to defend against pending and future claims.

Other regulatory investigations of us concerning the setting of various interbank offered rates remain ongoing, and we remain exposed to further regulatory action.

In addition, we are party to 47 civil actions concerning manipulation relating to the setting of various Interbank Offered Rates. Most of the civil actions, including putative class actions, are pending in the U.S. District Court for the Southern District of New York (SDNY), against us and numerous other banks. All but six of the civil actions were filed on behalf of parties who allege losses as a result of manipulation relating to the setting of U.S. dollar LIBOR. The six civil actions pending against us that do not relate to U.S. dollar LIBOR are also pending in the SDNY, and include two actions concerning Yen LIBOR and Euroyen TIBOR, one action concerning EURIBOR, two actions concerning Pound Sterling (GBP) LIBOR and one action concerning Swiss franc (CHF) LIBOR.

We cannot predict the effect on us of the interbank offered rates matters, which could include fines levied by government bodies, damages from private litigation for which we may be liable, legal and regulatory sanctions (including possible criminal sanctions) and other consequences.

This uncertainty is further exacerbated by several factors outside of our control, such as the high profile of these matters and the contours of other financial institutions' settlement negotiations. In addition, regulatory and law enforcement authorities may make assessments about the conduct of institutions in the industry as a whole, which may influence their actions with respect to us. Any fines, damages, legal or regulatory sanctions or other consequences may have a material adverse effect, beyond provisions taken, on our results of operations, financial condition or reputation.

We are defendants in civil actions asserting clawback claims in respect of the insolvency of Kaupthing hf. The extent of our financial exposure to this matter could be material, and our reputation may suffer material harm as a result of this matter.

In June 2012, Kaupthing hf, an Icelandic stock corporation, acting through its winding-up committee, issued Icelandic law clawback claims for approximately \$509 million (plus interest calculated on a damages rate basis and penalty rate basis) against us in both Iceland and England. The claims relate to leveraged credit linked notes (CLNs), referencing Kaupthing, issued by us to two British Virgin Island special purpose vehicles (SPVs) in 2008. The SPVs were ultimately owned by high net worth individuals. Kaupthing claims to have funded the SPVs and alleges that we were or should have been aware that Kaupthing itself was economically exposed in the transactions. Kaupthing claims that the transactions are voidable by Kaupthing on a number of alternative grounds, including the ground that the transactions were improper because one of the alleged purposes of the transactions was to allow Kaupthing to influence the market in its own CDS (credit default swap) spreads and thereby its listed bonds. Additionally, we have been served with similar claims in England by Kaupthing and by the SPVs and their joint liquidators. We have filed a defense in these proceedings and continue to defend them. The extent of our financial exposure to this matter could be material, and our reputation may suffer material harm as a result of this matter.

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We have received inquiries from regulatory and law enforcement authorities, including requests for information and documents, pertaining to investigations of precious metals trading and related conduct. The investigations underway have the potential to result in the imposition of significant financial penalties and other consequences for us. We are also named as a defendant in several putative class action complaints in respect of precious metals trading and related conduct.

We have received inquiries from certain regulatory and law enforcement authorities, including requests for information and documents, pertaining to investigations of precious metals trading and related conduct. We are cooperating with these investigations and engaging with relevant authorities, as appropriate. The investigations underway have the potential to result in the imposition of significant financial penalties and other consequences for us. Relatedly, we have been conducting our own internal review of our historic participation in the precious metals benchmarks and other aspects of our precious metals trading and precious metals business.

We are also named as a defendant in several putative class action complaints, which have been consolidated in two lawsuits pending in the U. S. District Court for the Southern District of New York. These suits allege violations of U.S. antitrust law, the U.S. Commodity Exchange Act, and related state law arising out of the alleged manipulation of gold and silver prices through participation in the Gold and Silver Fixes, but do not specify the damages sought. The U.S. class action complaints are in the early stages. In addition, we have been named as a defendant in a Canadian class action proceeding in the Ontario Superior Court of Justice concerning gold, in which plaintiffs seek damages for alleged violations of the Canadian Competition Act as well as other causes of action. These complaints may result in material liability for us.

We are investigating the circumstances around equity trades entered into by certain clients in Moscow and London and have advised regulators and law enforcement authorities in several jurisdictions about those trades. In the event that violations of law or regulation are found to have occurred, any resulting penalties against us may materially and adversely affect our results of operations, financial condition and reputation.

We are investigating the circumstances around equity trades entered into by certain clients with us in Moscow and London that offset one another. The total volume of the transactions under review is significant. Our internal investigation of potential violations of law, regulation and policy and into the related internal control environment remains ongoing; to date it has identified certain violations of our policies and deficiencies in our control environment. We have advised regulators and law enforcement authorities in several jurisdictions (including Germany, Russia, the U.K. and U.S.) of this investigation and have taken disciplinary measures with regards to certain individuals in this matter and will continue to do so with respect to others as warranted. In the event that violations of law or regulation are found to have occurred, legal and regulatory sanctions in respect thereof may materially and adversely affect our results of operations, financial condition and reputation.

Regulatory and law enforcement agencies in the United States are investigating whether our historical processing of certain U.S. dollar payment orders for parties from countries subject to U.S. embargo laws complied with U.S. federal and state laws. While we have settled some matters, other investigations are still in progress and the eventual outcomes of these matters are unpredictable, and may materially and adversely affect our results of operations, financial condition and reputation.

We have received requests for information from certain regulatory and law enforcement agencies concerning our 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. On November 3, 2015, we entered into agreements with the New York State Department of Financial Services and the Federal Reserve Bank of New York to resolve their investigations of Deutsche Bank. We paid the two agencies U.S.\$ 200 million and U.S.\$ 58 million, respectively, and agreed to terminate certain employees, not rehire certain former employees and install an independent monitor for one year. In addition, the Federal Reserve Bank of New York ordered certain remedial measures, specifically, the requirement to ensure an effective OFAC compliance program and an annual review of such program by an independent party until the Federal Reserve Bank of New York is satisfied as to its effectiveness. We continue to provide information to and

otherwise cooperate with other investigating agencies. While it is too early to predict, the eventual outcomes of the investigations to which we are subject may materially and adversely affect our results of operations, financial condition and reputation.

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We have been subject to contractual claims, litigation and governmental investigations in respect of our U.S. residential mortgage loan business that may materially and adversely affect our results of operations, financial condition or reputation.

From 2005 through 2008, as part of our U.S. residential mortgage loan business, we sold approximately U.S.\$ 84 billion of loans into private label securitizations and U.S.\$ 71 billion through whole loan sales. We have been, and in the future may be, 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. Our general practice is to process valid repurchase claims that are presented in compliance with contractual rights and applicable statutes of limitations. As of December 31, 2015, we have approximately U.S.\$ 2.4 billion of mortgage repurchase demands outstanding and not subject to agreements to rescind (based on original principal balance of the loans). Against these outstanding demands, we have established provisions of U.S.\$ 445 million (409 million) as of December 31, 2015 (for part of which we are indemnified). As with provisions generally, however, it is possible that the provisions we have established may ultimately be insufficient, either with respect to particular claims or with respect to the full set of claims that have been or may be presented. There are other potential mortgage repurchase demands that we anticipate may be made, but we cannot reliably estimate their timing or amount. As of December 31, 2015, we have completed repurchases, obtained agreements to rescind or otherwise settled claims on loans with an original principal balance of approximately U.S.\$ 7.2 billion. In connection with those repurchases, agreements and settlements, we have obtained releases for potential claims on approximately U.S.\$ 93.0 billion of loans sold by us as described above.

From 2005 through 2008, we or our affiliates have also acted as an underwriter of approximately U.S.\$ 105 billion of U.S. residential mortgage-backed securities (referred to as RMBS) for third-party originators.

As is the case with a significant number of other participants in the mortgage securitizations market and as described in Note 29 Provisions to the consolidated financial statements, we have received subpoenas and requests for information from certain regulators and government entities concerning our RMBS businesses. We are cooperating fully in response to those subpoenas and requests for information. Some of these investigations are similar in nature to those that led to other financial institutions entering into settlements with members of the Residential Mortgage-Backed Securities Working Group of the U.S. Financial Fraud Enforcement Task Force and paying significant penalties. We have a number of pending lawsuits against us or our affiliates as issuer, underwriter and/or trustee of RMBS. Such pending RMBS litigations are in various stages and we continue to defend these actions vigorously while seeking opportunities to achieve sensible out of court resolutions. Legal and regulatory proceedings are subject to many uncertainties, and the outcome of individual matters is not predictable.

Criminal and regulatory authorities are currently investigating or seeking information from us in connection with transactions with Monte dei Paschi di Siena. The extent of our financial exposure to these matters could be material, and our reputation may be harmed.

In February 2013 Banca Monte Dei Paschi Di Siena, which we refer to as MPS , issued civil proceedings in Italy against us alleging that we assisted former MPS senior management in an accounting fraud on MPS, by undertaking repo transactions with MPS and Santorini , a wholly owned SPV of MPS, which helped MPS defer losses on a previous transaction undertaken with us. Subsequently, in July 2013, the Fondazione Monte Dei Paschi, MPS largest shareholder, also issued civil proceedings in Italy for damages based on substantially the same facts. In December 2013, we reached an agreement with MPS in relation to the transactions that resolves the civil proceedings by MPS. The civil proceedings by the Fondazione Monte Dei Paschi remain pending.

A criminal investigation was launched by the Siena Public Prosecutor into the transactions and certain unrelated transactions entered into by a number of other international banks with MPS. Such investigation was moved in September 2014 from Siena to the Milan Public Prosecutors as a result of a change in the alleged charges being investigated. On February 16, 2016, the Milan Public Prosecutors issued a request of committal to trial against us and six current and former employees. The preliminary hearing before the judge for the preliminary investigation phase (who has to decide whether to adhere to the request of committal to trial or not) is scheduled to take place in March 2016. Separately, we have also received requests for information from certain regulators relating to the transactions, including with respect to our accounting for the transactions and alleged failures by our management adequately to supervise the individuals

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involved in the matter. We are cooperating with these regulators. The extent of our financial exposure to these matters could be material, and our reputation may suffer material harm as a result of these matters.

Guilty pleas by or convictions of us or our affiliates in criminal proceedings may have consequences that have adverse effects on certain of our businesses.

We and our affiliates have been and are subjects of criminal proceedings or investigations. In particular, as part of the resolution of the investigation of U.S. Department of Justice (DOJ) into misconduct relating to interbank offered rates, our subsidiary DB Group Services (UK) Ltd. entered into a plea agreement with the DOJ, pursuant to which the company pled guilty to one count of wire fraud. Also, in connection with the KOSPI Index unwind matters, our subsidiary Deutsche Securities Korea Co. was convicted of vicarious corporate criminal liability in respect of spot/futures linked market manipulation by its employees. We and our subsidiaries are also subjects of other criminal proceedings or investigations.

Guilty pleas or convictions against us or our affiliates could lead to our ineligibility to use an important trading exemption under the U.S. Employee Retirement Income Security Act of 1974 (ERISA). In particular, such guilty pleas or convictions could cause our affiliates to no longer qualify as a qualified professional asset manager (QPAM) under the QPAM Prohibited Transaction Exemption, which exemption is relied on to provide asset management services to certain pension plans in connection with certain asset management strategies. Loss of QPAM status could cause customers who rely on such status (whether because they are legally required to do so or because we have agreed contractually with them to maintain such status) to cease to do business or refrain from doing business with us and could negatively impact our reputation more generally. This could have a material adverse effect on our results of operations, particularly those of our asset management and wealth management businesses in the United States. We have filed an application with the U.S. Department of Labor (DOL), the agency responsible for ERISA, for exemptive relief permitting us to retain our QPAM status despite both the guilty plea of DB Group Services (UK) Ltd. and the conviction of Deutsche Securities Korea Co. The DOL has tentatively denied our QPAM application but has granted us a temporary QPAM exemption, effective through October 25, 2016. We have provided additional information to the DOL in support of our QPAM application and are seeking to address the DOL's concerns in connection with its tentative denial letter. It is unclear whether the QPAM application will be approved, and a denial, and thus loss of QPAM status, could occur, with the potential for the adverse effects described above.

Our non-traditional credit businesses materially add to our traditional banking credit risks.

As a bank and provider of financial services, we are exposed to the risk that third parties who owe us money, securities or other assets will not perform their obligations. Many of the businesses we engage in beyond the traditional banking businesses of deposit-taking and lending also expose us to credit risk.

In particular, much of the business we conduct through our Corporate Banking & Securities Corporate Division and our Non-Core Operations Unit entails credit transactions, frequently ancillary to other transactions. Nontraditional sources of credit risk can arise, for example, from holding securities of third parties; entering into swap or other derivative contracts under which counterparties have obligations to make payments to us; executing securities, futures, currency or commodity trades that fail to settle at the required time due to nondelivery by the counterparty or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries; and extending credit through other arrangements. Parties to these transactions, such as trading counterparties, may default on their obligations to us due to bankruptcy, political and economic events, lack of liquidity, operational failure or other reasons.

Many of our derivative transactions are individually negotiated and non-standardized, which can make exiting, transferring or settling the position difficult. Certain credit derivatives require that we deliver to the counterparty the underlying security, loan or other obligation in order to receive payment. In a number of cases, we do not hold, and may not be able to obtain, the underlying security, loan or other obligation. This

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could cause us to forfeit the payments otherwise due to us or result in settlement delays, which could damage our reputation and ability to transact future business, as well as impose increased costs on us. Recently enacted legislation in the European Union (EMIR) and the U.S. (the Dodd-Frank Act) has introduced requirements for the standardization, margining, central clearing and transaction reporting of certain over-the-counter derivatives. While such requirements are aimed at reducing the risk posed to coun-

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terparties and the financial system by such derivatives, they may reduce the volume and profitability of the transactions in which we engage, and compliance with such provisions may impose substantial costs on us.

The exceptionally difficult market conditions experienced since the global financial crisis severely adversely affected certain areas in which we do business that entail nontraditional credit risks, including the leveraged finance and structured credit markets, and may do so in the future.

We have incurred losses, and may incur further losses, as a result of changes in the fair value of our financial instruments.

A substantial proportion of the assets and liabilities on our balance sheet comprise financial instruments that we carry at fair value, with changes in fair value recognized in the income statement. Fair value is defined as the price at which an asset or liability could be exchanged in an arms length transaction between knowledgeable, willing parties, other than in a forced or liquidation sale. If the value of an asset carried at fair value declines (or the value of a liability carried at fair value increases) a corresponding unfavorable change in fair value is recognized in the income statement. These changes have been and could in the future be significant. Additionally, in recent periods there has been a significant difference between fair value and book value for some assets.

Observable prices or inputs are not available for certain classes of financial instruments. Fair value is determined in these cases using valuation techniques we believe to be appropriate for the particular instrument. The application of valuation techniques to determine fair value involves estimation and management judgment, the extent of which will vary with the degree of complexity of the instrument and liquidity in the market. Management judgment is required in the selection and application of the appropriate parameters, assumptions and modeling techniques. If any of the assumptions change due to negative market conditions or for other reasons, subsequent valuations may result in significant changes in the fair values of our financial instruments, requiring us to record losses.

Our exposure and related changes in fair value are reported net of any fair value gains we may record in connection with hedging transactions related to the underlying assets. However, we may never realize these gains, and the fair value of the hedges may change in future periods for a number of reasons, including as a result of deterioration in the credit of our hedging counterparties. Such declines may be independent of the fair values of the underlying hedged assets or liabilities and may result in future losses.

Our risk management policies, procedures and methods leave us exposed to unidentified or unanticipated risks, which could lead to material losses.

We have devoted significant resources to developing our risk management policies, procedures and assessment methods and intend to continue to do so in the future. Nonetheless, the risk management techniques and strategies have not been and may in the future not be fully effective in mitigating our risk exposure in all economic market environments or against all types of risk, including risks that we fail to identify or anticipate. Some of our quantitative tools and metrics for managing risk are based upon our use of observed historical market behavior. We apply statistical and other tools to these observations to arrive at quantifications of our risk exposures. During the financial crisis, the financial markets experienced unprecedented levels of volatility (rapid changes in price direction) and the breakdown of historically observed correlations (the extent to which prices move in tandem) across asset classes, compounded by extremely limited liquidity. In this volatile market environment, our risk management tools and metrics failed to predict some of the losses we experienced, particularly in 2008, and may in the future fail to predict important risk exposures. In addition, our quantitative modeling does not take all risks into account and makes numerous assumptions regarding the overall environment, which may not be borne out by events. As a result, risk exposures have arisen and could continue to arise from factors we did not anticipate or correctly evaluate in our statistical models. This has limited and could continue to limit our ability to manage our risks especially in light of geopolitical developments, many of the outcomes of which are currently unforeseeable. Our losses thus have been and may in the future be significantly greater than the historical measures indicate.

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In addition, our more qualitative approach to managing those risks not taken into account by our quantitative methods could also prove insufficient, exposing us to material unanticipated losses. Also, if existing or potential customers or counterparties believe our risk management is inadequate, they could take their business elsewhere or seek to limit their transactions with us. This could harm our reputation as well as our revenues and profits. See Management Report: Risk Report beginning on page 79 of the Annual Report 2015 for a more detailed discussion of the policies, procedures and methods we use to identify, monitor and manage our risks.

Operational risks may disrupt our businesses.

We face operational risk arising from errors, inadvertent or intentional, made in the execution, confirmation or settlement of transactions or from transactions not being properly recorded, evaluated or accounted for. An example of this risk concerns our derivative contracts, which are not always confirmed with the counterparties on a timely basis. For so long as the transaction remains unconfirmed, we are subject to heightened credit and operational risk and in the event of a default may find it more difficult to enforce the contract. The European sovereign debt crisis and the global financial crisis, in which the risk of counterparty default increased, have increased the possibility that this operational risk materializes.

In addition, our businesses are highly dependent on our ability to process manually or through our systems a large number of transactions on a daily basis, across numerous and diverse markets in many currencies. Some of the transactions have become increasingly complex. Moreover, management relies heavily on its financial, accounting and other data processing systems that include manual processing components. If any of these processes or systems do not operate properly, or are disabled, or subject to intentional or inadvertent human error, we could suffer financial loss, a disruption of our businesses, liability to clients, regulatory intervention or reputational damage.

We are also dependent on our employees to conduct our business in accordance with applicable laws, regulations and generally accepted business standards. If our employees do not conduct our business in this manner, we may be exposed to material losses. Furthermore, if an employee's misconduct reflects fraudulent intent, we could also be exposed to reputational damage. We categorize these risks as conduct risk, which comprises inappropriate business practices, including selling products that are not suitable for a particular customer, fraud, unauthorized trading and failure to comply with applicable regulations, laws and internal policies.

We in particular face the risk of loss events due to the instability, malfunction or outage of our IT system and IT infrastructure. Such losses could materially affect our ability to perform business processes and may, for example, arise from the erroneous or delayed execution of processes as either a result of system outages or degraded services in systems and IT applications. A delay in processing a transaction, for example, could result in an operational loss if market conditions worsen during the period after the error. IT-related errors may also result in the mishandling of confidential information, damage to our computer systems, financial losses, additional costs for repairing systems, reputational damage, customer dissatisfaction or potential regulatory or litigation exposure.

Business continuity risk is the risk of incurring losses resulting from the interruption of normal business activities. We operate in many geographic locations and are frequently subject to the occurrence of events outside of our control. Despite the contingency plans we have in place, our ability to conduct business in any of these locations may be adversely impacted by a disruption to the infrastructure that supports our business, whether as a result of, for example, events that affect our third party vendors or the community or public infrastructure in which we operate. Any number of events could cause such a disruption including deliberate acts such as sabotage, terrorist activities, bomb threats, strikes, riots and assaults on the bank's staff; natural calamities such as hurricanes, snow storms, floods, disease pandemic and earthquakes; or other unforeseen incidents such as accidents, fires, explosions, utility outages and political unrest. Any such disruption could have a material adverse effect on our business and financial position.

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Our operational systems are subject to an increasing risk of cyber attacks and other internet crime, which could result in material losses of client or customer information, damage our reputation and lead to regulatory penalties and financial losses.

Among the operational risks we face is the risk of breaches of the security of our computer systems due to unauthorized access to networks or resources, the introduction of computer viruses or malware, or other forms of cyber attack or internet crime. Such breaches could threaten the confidentiality of our clients' data and the integrity of our systems. We devote significant resources toward the protection of our computer systems against such breaches. To address the evolving cyber threat risk, we are currently expending significant additional resources to modify and enhance our protective measures and to investigate and remediate any information security vulnerabilities. Nevertheless, a residual risk remains that such measures may not be effective against all threats. Given our global footprint and the volume of transactions we process, certain errors or actions may be repeated or compounded before they are discovered and rectified.

We and other financial institutions have experienced attacks on computer systems, including attacks aimed at obtaining unauthorized access to confidential company or customer information or damaging or interfering with company data, resources or business activities. The increasing frequency and sophistication of recent cyber-attacks has resulted in an elevated risk profile for many organizations around the world, and significant attention by our management has been paid to the overall level of preparedness against such attacks. Cyber security is growing in importance due to factors such as the continued and increasing reliance on our technology environment. Although we have to date not experienced any material loss of data from these attacks, it is possible, given the use of new technologies and increasing reliance on the Internet and the varying nature and evolving sophistication of such attacks, that we may not be able to effectively anticipate and prevent all such attacks. A successful attack could have a significant negative impact on us, including as a result of disclosure or misappropriation of client or proprietary information, damage to computer systems, financial losses, additional costs to us (such as for investigation and reestablishing services), reputational damage, customer dissatisfaction and potential regulatory or litigation exposure.

The size of our clearing operations exposes us to a heightened risk of material losses should these operations fail to function properly.

We have large clearing and settlement businesses and an increasingly complex and interconnected information technology (IT) landscape. These give rise to the risk that we, our customers or other third parties could lose substantial sums if our systems fail to operate properly for even short periods. This will be the case even where the reason for the interruption is external to us. In such a case, we might suffer harm to our reputation even if no material amounts of money are lost. This could cause customers to take their business elsewhere, which could materially harm our revenues and profits.

We may have difficulty in identifying and executing acquisitions, and both making acquisitions and avoiding them could materially harm our results of operations and our share price.

We consider business combinations from time to time. Even though we review the companies, businesses, assets, liabilities or contracts we plan to acquire, it is generally not feasible for these reviews to be complete in all respects. As a result, we may assume unanticipated liabilities, or an acquisition may not perform as well as expected. Were we to announce or complete a significant business combination transaction, our share price could decline significantly if investors viewed the transaction as too costly or unlikely to improve our competitive position. In addition, we might have difficulty integrating any entity with which we combine our operations. Failure to complete announced business combinations or failure to integrate acquired businesses successfully into ours could materially and adversely affect our profitability. It could also affect investors' perception of our business prospects and management, and thus cause our share price to fall. It could also lead to departures of key employees, or lead to increased costs and reduced profitability if we felt compelled to offer them financial incentives to remain.

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Intense competition, in our home market of Germany as well as in international markets, could materially adversely impact our revenues and profitability.

Competition is intense in all of our primary business areas, in Germany as well as in international markets. If we are unable to respond to the competitive environment in these markets with attractive product and service offerings that are profitable for us, we may lose market share in important areas of our business or incur losses on some or all of our activities. In addition, downturns in the economies of these markets could add to the competitive pressure, through, for example, increased price pressure and lower business volumes for us.

In recent years there has been substantial consolidation and convergence among financial services companies, culminating in unprecedented consolidations in the course of the global financial crisis. This trend has significantly increased the capital base and geographic reach of some of our competitors and has hastened the globalization of the securities and other financial services markets. As a result, we must compete with financial institutions that may be larger and better capitalized than we are and that may have a stronger position in local markets. Also, governmental action in response to the global financial crisis may place us at a competitive disadvantage.

Transactions with counterparties in countries designated by the U.S. State Department as state sponsors of terrorism or persons targeted by U.S. economic sanctions may lead potential customers and investors to avoid doing business with us or investing in our securities, harm our reputation or result in regulatory action which could materially and adversely affect our business.

We engage or have engaged in a limited amount of business with counterparties, including government-owned or -controlled counterparties, in certain countries or territories that are subject to comprehensive sanctions, including Iran and Cuba (referred to as Sanctioned Countries), or with persons targeted by U.S. economic sanctions (referred to as Sanctioned Persons). U.S. law generally prohibits U.S. persons or any other persons acting within U.S. jurisdiction from doing business with Sanctioned Countries or Sanctioned Persons. Thus, U.S. regulations may extend to activities in other geographic areas and by non-U.S. persons depending on the circumstances. Our U.S. subsidiaries, branch offices, and employees are and our non-U.S. subsidiaries, branch offices, and employees may become subject to those prohibitions and other regulations. We are a German bank and our activities with respect to Sanctioned Countries and Sanctioned Persons have been subject to policies and procedures designed to avoid the involvement of persons acting within U.S. jurisdiction in any managerial or operational role and to ensure compliance with United Nations, European Union and German embargoes; in reflection of legal developments in recent years, we further developed our policies and procedures with the aim of ensuring compliance with regulatory requirements extending to other geographic areas regardless of jurisdiction. However, should our policies prove to have been ineffective, we may be subject to regulatory action that could materially and adversely affect our business. By 2007, our Management Board decided that we will not engage in new business with counterparties in countries such as Iran, Syria, Sudan and North Korea and to exit existing business to the extent legally possible. It also decided to limit our business with counterparties in Cuba. Of these, Iran, Sudan and Syria are currently designated as state sponsors of terrorism by the U.S. State Department.

We had a representative office in Tehran, Iran, which we discontinued at December 31, 2007. Our remaining business with Iranian counterparties consists mostly of participations as lender and/or agent in a few large trade finance facilities arranged before 2007 to finance the export contracts of exporters in Europe and Asia. The lifetime of most of these facilities is ten years or more and we are legally obligated to fulfil our contractual obligations. We do not believe our business activities with Iranian counterparties are material to our overall business, with the outstanding loans to Iranian borrowers representing substantially less than 0.01 % of our total assets as of December 31, 2015 and the revenues from all such activities representing less than 0.01 % of our total revenues for the year ended December 31, 2015.

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In recent years, the United States has taken steps, including the passage of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, the National Defense Authorization Act for Fiscal Year 2012, the Iran Threat Reduction and Syria Human Rights Act of 2012, the Iran Freedom and Counter-Proliferation Act of 2012, and a number of Executive Orders, to deter foreign companies from dealing with Iran by providing for possible sanctions against companies that provide services in support of certain Iranian activity in (among others) the financial, energy, shipping or military sectors or with certain Iranian counterparties, whether or not such dealings occur within U.S. jurisdiction. Among the targets of these indirect, or secondary, U.S. economic sanctions are foreign financial institutions that, among other things, facilitate significant transactions with, or provide significant financial services to a wide range of Iranian entities, persons, and financial institutions. We do not believe we have engaged in activities sanctionable under these statutes, but the U.S. authorities have considerable discretion in applying the statutes, and any imposition of sanctions against us could be material. Following the occurrence on January 16, 2016 of Implementation Day of the Joint Comprehensive Plan of Action between the P5+1 parties and Iran, pursuant to which Iran agreed to limits on its nuclear program and the P5+1 parties agreed to provide certain sanctions relief, secondary sanctions targeting Iran have been narrowed but not eliminated.

As required by Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 (Section 13(r) of the Securities Exchange Act of 1934, as amended) we have disclosed certain information regarding our activities or transactions with persons subject to U.S. sanctions against Iran and other persons subject to such provision. Such disclosure is set forth in the section of this document entitled Disclosures Under Iran Threat Reduction and Syria Human Rights Act of 2012, which follows Item 16H: Mine Safety Disclosure.

We are also engaged in a limited amount of business with counterparties domiciled in Cuba, which is not subject to any United Nations, European Union or German embargo. The business consists of a limited number of letters of credit, as well as claims resulting from letters of credit, and it represented substantially less than 0.01 % of our assets as of December 31, 2015. The transactions served to finance commercial products such as machinery and electrical equipment as well as medical products.

We are aware of current or proposed laws, regulations, policies or other initiatives by governmental and nongovernmental entities in the United States and elsewhere to prohibit transactions with or investment in, or require divestment from, entities doing business with Sanctioned Countries, particularly Iran and Sudan. Such initiatives may result in our being unable to gain or retain entities subject to such prohibitions as customers or as investors in our securities. In addition, our reputation may suffer due to our association with such countries. Such a result could have significant adverse effects on our business or the price of our securities. It is also possible that new direct or indirect secondary sanctions could be imposed by the United States or other jurisdictions without warning as a result of geopolitical developments.

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Item 4: Information on the Company

History and Development of the Company

The legal and commercial name of our company is Deutsche Bank Aktiengesellschaft. It is a stock corporation organized under the laws of Germany.

Deutsche Bank Aktiengesellschaft originated from the reunification of Norddeutsche Bank Aktiengesellschaft, Hamburg, Rheinisch-Westfälische Bank Aktiengesellschaft, Düsseldorf, and Süddeutsche Bank Aktiengesellschaft, Munich. Pursuant to the Law on the Regional Scope of Credit Institutions, these were disincorporated in 1952 from Deutsche Bank, which had been founded in 1870. The merger and the name were entered in the Commercial Register of the District Court Frankfurt am Main on May 2, 1957.

We are registered under registration number HRB 30 000. Our registered address is Taunusanlage 12, 60325 Frankfurt am Main, Germany, and our telephone number is +49-69-910-00. Our agent in the United States is: Peter Sturzinger, Deutsche Bank Americas, c/o Office of the Secretary, 60 Wall Street, Mail Stop NYC60-2525, New York, NY 10005.

For information on significant capital expenditures and divestitures, please see Management Report: Operating and Financial Review: Deutsche Bank Group: Significant Capital Expenditures and Divestitures on page 38 of the Annual Report 2015.

Business Overview

Our Organization

Please see Management Report: Operating and Financial Review: Deutsche Bank Group: Our Organization on page 32 of the Annual Report 2015. For information on net revenues by geographic area and by corporate division please see Note 4 Business Segments and Related Information: Entity-Wide Disclosures to the consolidated financial statements and Management Report: Operating and Financial Review: Results of Operations: Segment Results of Operations on pages 48 through 50 of the Annual Report 2015.

Management Structure

Please see Management Report: Operating and Financial Review: Deutsche Bank Group: Management Structure on page 32 to 33 of the Annual Report 2015.

Our Business Strategy

Following a comprehensive strategic review of the Group, Deutsche Bank announced its new strategic plan (Strategy 2020) in April 2015. In October 2015, we provided further details around the Bank s strategic goals, management actions in its business divisions, infrastructure functions, and regions, and updated performance targets for 2018 and 2020.

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The Bank conducted an examination of our business divisions, infrastructure functions, and regions, and an assessment of their ability to serve our clients' future needs. Based on this assessment, the Bank's management reinforced our commitment to a global platform and universal banking product offering in which all four of our businesses, Corporate Banking and Securities (CB&S), Global Transaction Banking (GTB), Deutsche Asset & Wealth Management (Deutsche AWM) and Private and Business Clients (PBC), remain core. The clear intention of Strategy 2020 is to focus our universal offering of products and services in order to become a less complex, more efficient, less risky and better capitalized bank.

In detail, the four strategic goals comprise the following:

First, to become simpler and more efficient by focusing on the markets, products, and clients where we are better positioned to succeed, which should lead to greater client satisfaction and lower costs. We want to achieve this via a material reduction in the number of locations, products and clients, as well as a simplified organization with fewer legal entities. Moreover, we intend to move towards a competitive cost structure, based on a more efficient infrastructure. Our execution plan includes the closure of onshore operations in ten countries, the transfer of trading activities to global and regional hubs and further centralization of booking locations in global and regional hubs. We aim to exit selected Global Markets business lines and to reduce the number of clients in CB&S. Furthermore, we intend to eliminate approximately 90 legal entities.

Second, to become less risky by modernizing our technology and withdrawing from higher-risk client relationships. We intend to (a) withdraw from those client relationships where in our view the risks are too high, to (b) improve our control framework, and to (c) implement automation in order to replace manual reconciliation. We seek to modernize our IT architecture, for instance by reducing the number of individual operating systems and by replacing the Bank's end-of-life hardware and software applications. Automation of manual processes is aimed at driving efficiency and improving control. We intend to prioritize investments in the Know-Your-Client (KYC) and Anti-Money-Laundering (AML) infrastructure.

Third, to become better capitalized. We want to reduce risk-weighted assets (RWAs) by approximately 90 billion to approximately 320 billion by 2018 and approximately 310 billion by 2020, excluding RWA inflation on the back of changing regulatory requirements, which is expected to be at least 100 billion by 2019/2020. Furthermore, we seek to reduce our net CRD 4 leverage exposure by approximately 170 billion by 2018. Key components of our execution plan include the deconsolidation of Postbank, the planned sale of our entire noncontrolling 19.99 % stake in Hua Xia Bank and the substantial wind-down of the Non-Core Operations Unit (NCOU) as well as the exit of selected Global Markets business lines. We intend to partially reinvest some capital into our business in order to pursue growth in our Global Transaction Banking and Asset and Wealth Management businesses.

Fourth, to run Deutsche Bank with more disciplined execution. We strive to secure disciplined execution of our main targets through the establishment of a fully accountable management team with all businesses and functions represented. Furthermore, we are committed to favoring personal accountability over committees wherever possible. We intend to combine this with a better alignment of our reward system to good performance and conduct.

We have also set ourselves clear financial targets in key areas. Starting with the regulatory ratios, we aim to strengthen our capital position, with a target Common Equity Tier 1 capital ratio of at least 12.5 % from the end of 2018, and a target leverage ratio of at least 4.5 % at the end of 2018 and at least 5 % at the end of 2020. By 2018, we further aim to produce net savings in our adjusted costs (total non-interest expenses excluding restructuring and severance, litigation, impairment of goodwill and other intangible assets and policyholder benefits and claims) of approximately 1.0 to 1.5 billion, against restructuring and severance costs of approximately 3.0 to 3.5 billion, to reduce total adjusted costs to below 22 billion. In addition, we plan to dispose of assets before the end of 2017 that currently have a total cost base of approximately 4.0 billion. Additionally, we aim to achieve a cost-income ratio of approximately 70 % by 2018 and approximately 65 % by 2020. In respect of returns to our shareholders, we aim to achieve post-tax return on tangible equity of greater than 10 % by 2018. Execution of Strategy 2020 is already underway. In October 2015, we announced a reorganization of our operating businesses along our key client segments effective January 1, 2016. The Corporate Banking & Securities business division has been split into two business divisions. CB&S's sales and trading activities have been combined in a newly created business division called Global Markets (GM) with a primary focus on institutional clients. A

new business division called Corporate & Investment Banking (CIB) has been created by

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combining the Corporate Finance business in CB&S with the Global Transaction Banking division. CIB is focused primarily on servicing corporate clients. Furthermore, Deutsche Asset & Wealth Management has been split. Deutsche Bank Wealth Management (WM) is now run as a business unit alongside the Private and Business Client division to form the new Private, Wealth & Commercial Clients (PW&CC) business division focusing on private, commercial and high net worth clients. Deutsche Asset Management (AM) has become a stand-alone business division and focuses exclusively on institutional clients and the funds business. We believe that these structural changes better equip us to deliver on Strategy 2020 and we aim to have our cost reductions and capital measures materially completed by the end of 2018.

Strategy 2020 is expected to have a fundamental impact on Deutsche Bank's structure, processes and culture. All of the strategic initiatives are designed to strengthen the Bank's financial position and resilience. The Management Board is accountable for the Bank's operating performance and execution against Strategy 2020. Its role is to provide oversight and decision-making on Strategy 2020 execution and financial performance. It also manages overall dependencies across projects and cross-divisional initiatives. All business divisions, key infrastructure functions and owners of cross-divisional tasks have developed detailed execution plans with concrete financial targets, milestones and interdependencies. These detailed plans form the basis for tracking subsequent implementation progress. We have enhanced our Performance Management Framework to monitor and track progress in implementing Strategy 2020 and to address and escalate deviations from the plan.

Strategy in CB&S

Under the old organizational structure, CB&S comprised the Markets and Corporate Finance businesses. The Markets business combines the sales, trading and structuring of a wide range of financial markets' products, including bonds, equities and equity-linked products, exchange-traded and over-the-counter derivatives, foreign exchange, money market instruments, and securitized products. Coverage of institutional clients is provided by the Institutional Client Group, while Research provides analysis of markets, products and trading strategies for clients. Corporate Finance is responsible for mergers and acquisitions (M&A) as well as debt and equity advisory and origination. Regional, industry-focused teams saw to the delivery of the entire range of financial products and services to the Bank's corporate clients.

CB&S was committed to being a global leader in investment banking. With operations in over 50 countries around the world, employing around 8,500 staff, CB&S was at home in Asia Pacific and the Americas as it was in Europe.

In 2015, CB&S continued to optimize resources across the platform, enabling the business to maintain a top tier client franchise (i.e., Top-3 in FX across all regions (Euromoney), Top-3 in Fixed Income in the U.S. and Japan, #4 in Europe and APAC excluding Japan (Greenwich)) while delivering a more efficient platform. We continued to reduce leverage exposure, adjusted costs (excluding restructuring and severance, litigation, impairment of goodwill and other intangible assets and policyholder benefits and claims) and headcount. The 2015 income before taxes result of (2,035) million was significantly impacted by litigation ((2,790) million) and goodwill impairments ((2,168) million).

As of January 1, 2016 the corporate-client focused Corporate Finance group of CB&S has been combined with GTB to form the new Corporate & Investment Banking (CIB) division, while the new Global Markets (GM) division focuses on institutional clients.

In Global Markets, our diversified client-focused business model delivered increased revenues in 2015 compared to the prior year. The business is now focused on executing initiatives to deliver Strategy 2020. These initiatives aim to reduce RWA and CRD 4 leverage exposure, improve profitability and reduce complexity. In addition to our previously-announced exit of uncleared CDS, we will exit from legacy Rates assets, Agency RMBS trading and high risk-weight securitized trading. We intend to rationalize activities in EM Debt, Rates & Credit OTC clearing and low-return client lending and target a reduction of leverage exposure consumption by our Fixed Income and Currencies (FIC) businesses, while continuing to optimize leverage and RWA consumption across the platform. In order to pursue identified growth opportunities, we will invest in Prime Brokerage and Credit Solutions with balance sheet released from exiting and optimizing other parts of the business. At the same time we intend to reduce our client and country footprint, rationalize our platform infrastructure and enhance the control environment.

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In Corporate Finance we were ranked number 6 globally in 2015 (based on Dealogic data). The creation of the new CIB division is intended to enable us to better serve corporate clients with our full set of banking products. We intend to retain strength in Debt Capital Markets with focused efforts to grow market share in Advisory and Equity Capital Markets.

Strategy in PBC

Deutsche Bank's Private & Business Clients (PBC) division provides banking and other financial services to private and commercial clients in Germany and selected international markets. PBC's products and services include payment and current account services, investment management and retirement planning, as well as personal loans, mortgages and deposits. For small and medium-sized commercial clients, PBC offers a full range of services, e.g. from start-up financing to structured finance. Together with the Group's business divisions, PBC leverages the possibilities of interest rate and foreign currency management, foreign trade and the capital markets. PBC contains the three business divisions Private & Commercial Banking, Advisory Banking International and Postbank. Private & Commercial Banking comprises all of PBC's activities in Germany under the Deutsche Bank brand. Advisory Banking International consists of PBC's franchises in its five European markets (excluding Germany): Italy, Spain, Belgium, Portugal and Poland and in India. Additionally, in China, PBC holds a 19.99 % stake in Hua Xia Bank.

PBC is a leading private bank in Deutsche Bank's home market Germany and provides services to more than 22 million clients. In addition, PBC serves more than 5 million clients elsewhere in Europe and in India. PBC's income before taxes of (3,291) million was strongly impacted by (3,603) million impairment of goodwill and other intangibles, (697) million valuation and transaction-related effect relating to the Hua Xia Bank stake as well as (670) million for restructuring and severances. Major business related drivers in 2015 were growth in Global Credit Products and Investment & Insurance Products revenues as well as strict cost discipline which compensated for continued headwinds from the persisting low interest rate environment and from regulatory change.

As of January 1, 2016 we have combined Private & Business Clients (PBC) and Deutsche Bank Wealth Management (WM) to create the new segment Private, Wealth & Commercial Clients (PW&CC). PW&CC pursues a strategy of creating a leading, digitally enabled advisory bank with a strong focus on growth in Private Banking, Commercial Banking and Wealth Management. PW&CC's objectives include the provision of seamless client coverage with a distinct Private Banking and Wealth Management approach in Germany, a strengthened European presence, expansion of services to Ultra High Net Worth (UHNW) clients in Asia, Americas, and the Middle East, and a focus on entrepreneurs in Germany and across Europe. Furthermore, PW&CC expects to realize significant synergies to improve efficiency in product offering, digital investment, operations, overhead and support functions. Additionally, it seeks to improve capital efficiency by further strengthening advisory capabilities and less emphasis on capital intensive products.

As part of the creation of PW&CC, we transformed Private & Business Clients (PBC) into Private & Commercial Clients (PCC) by the separation of Postbank and the planned sale of our stake in Hua Xia Bank. The key components of our strategy relate to our client approach, our international business and our efficiency. PCC aims to sharpen the client strategy in Germany by increasing profitability of Personal Banking with standardized and streamlined processes and services and by emphasizing Private and Commercial Banking. We intend to strengthen PCC's international business by focusing on affluent as well as SME clients and seeking to reap synergies from regulatory harmonization across the EU and seek to benefit from ongoing macroeconomic recovery. We aim to improve our cost efficiency and reduce complexity via a streamlined head office and management structure, end-to-end process automation and Europe wide centralization of services. In line with the changing behavior of our clients, we aim to sharpen our distribution model by strengthening our omni-channel capabilities with additional investments into our digital offerings and by closing more than 200 branches in Germany.

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In the context of Strategy 2020, the Bank decided to deconsolidate Deutsche Postbank. As a first step towards deconsolidation, Deutsche Bank pursued a squeeze out of the minority shareholders acquiring 100 % of Postbank by the end of 2015. In the course of 2016, Deutsche Bank will pursue implementation of the measures that will allow for a separation of Postbank. From the first quarter of 2016 onwards, Postbank will be reported as a separate segment within Deutsche Bank.

Strategy in Global Transaction Banking (GTB)

As a key building block of our Commercial/International Banking proposition, GTB serves corporate and institutional clients globally with solutions around deposit taking, domestic and cross-border payments, trade finance, supply chain finance and securities services (i.e., trust, agency, depository, custody and related services). GTB is organized along its two main business areas, Trade Finance and Cash Management Corporates (TF/CMC) and Institutional Cash and Securities Services (ICSS).

Throughout 2015, overall business conditions for GTB continued to remain challenging. A relatively slow economic recovery particularly in Europe, low or even negative interest rate environment, and ongoing margin pressure and increased competition, not least from new entrants such as non banks, acted as headwinds to the business. However, despite these challenges, GTB delivered income before taxes of 1,439 million based on significant customer wins and increasing business volumes, distinct propositions in relation to the European Central Bank s TARGET2-Securities (T2S) settlement engine which went live on June 22, 2015, and client centric solutions across a variety of industry segments, including for FinTech companies. GTB has continued to reduce the proportion of revenues stemming from interest income.

As of January 1, 2016, the GTB business has been combined with our CB&S Corporate Finance business to create the new division Corporate & Investment Banking (CIB). Within GTB, the business areas will be organized along three business lines: Trade Finance and Cash Management Corporates (TF/CMC), Institutional Cash Management (ICM), and Global Securities Services (GSS). This is intended to enable us to better serve our clients with our full set of banking products.

Within the new CIB division, GTB remains committed to executing on its strategic priorities: strengthening and deepening relationships with target clients; acquiring new target clients especially in Asia and the US; further building its capabilities to serve mid-cap clients in Germany; continuing its investments in operational excellence; optimizing its business portfolio while maintaining strict cost, risk and capital discipline.

The ongoing efforts of the division have led to Deutsche Bank receiving external recognition from some of the industry s most respected bodies. The awards GTB received in 2015 include (but are not limited to) Best Transaction Bank from Europe (The Banker), Best International Transaction Bank, Asia Pacific (The Asian Banker), Best Cash Manager for Financial Institutions (Euromoney), Best Trade Finance Provider (Euromoney) and Global Corporate Trust Services Provider of the Year (Infrastructure Investor Awards).

Strategy in Deutsche AWM

Deutsche AWM served individual, institutional and intermediary clients worldwide through asset management and wealth management solutions, including a full range of active, passive and alternative investments across all major asset classes, as well as investment solutions, wealth management advisory and private banking services.

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Throughout 2015, we maintained our position as a top-10 global bank-owned asset and wealth manager (based on invested assets, Pensions & Investments magazine and annual reports), with total invested assets reaching 1.1 trillion. Despite increasingly volatile financial markets and fierce competition, clients entrusted us with 24 billion in net new assets. This has resulted in an income before taxes of 1,250 million. Our strategic investments to serve clients include expanding private banker and wealth advisory teams to serve ultra-high-net-worth individuals (UHNW), as well as adding to institutional and intermediary sales coverage teams. We continued to expand our product offerings to address client demand, including launching new ETFs, alternative and active multi-asset funds. In parallel, we further focused the business portfolio through divestment of non-core areas (e.g. India Asset Management; U.S. brokerage-based private client services) and progressing in the full implementation of platform transformation initiatives, such as the BRS Aladdin investment management solution.

As of January 1, 2016 Deutsche AWM has been re-organized into two separate units, each oriented toward serving its clients and delivering growth for the Bank, while leveraging shared operating improvements made in recent years. Deutsche Bank Asset Management (AM) has become a new stand-alone business division of Deutsche Bank, while Deutsche Bank Wealth Management (WM), as described before, has become a business unit of the newly formed division PW&CC.

In AM, we intend to focus on delivering robust, sustainable investment performance across our funds products and investment solutions, and seek to gain market share globally while maintaining leadership in our home market of Germany. We foresee continued cooperation and connectivity, where appropriate, between AM and WM, as well as across the Bank, in offering solutions to retail and institutional clients.

In WM, we seek to build market share across our regions Germany, EMEA (excluding Germany), Americas and APAC whilst maintaining our focus on our core client segment of (U)HNW clients. We have the aim of delivering top quality products and solutions to our clients globally and providing greater access to offerings across Deutsche Bank, in collaboration with the new Global Markets and Corporate & Investment Banking divisions.

Strategy in the Non-Core Operating Unit (NCOU)

The NCOU was established in 2012 as our fifth corporate division and consists of two major businesses: Wholesale Assets and Operating Assets. Wholesale Assets mainly includes credit correlation trading positions, securitization assets, exposures to monoline insurers, assets reclassified under IAS 39, and assets and liabilities from PBC including Postbank. Operating Assets contains separate operating entities from the former Corporate Investments division (all of which have been transferred into NCOU) and some assets formerly within CB&S and Deutsche AWM. NCOU further contains several legal contingent risks transferred from Deutsche Bank's core business divisions.

The strategy and mandate of the NCOU continues to be the de-risking of the portfolio which is aligned with the Bank's overall strategic objectives. NCOU has embarked on an accelerated rundown of its portfolio with the intention to materially complete the wind-down of the division by the end of 2016. The aim is to free up capital by reducing risk-weighted assets and overall balance sheet in order to protect shareholder value by reducing risks from the above mentioned assets, liabilities and business activities.

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Our Corporate Divisions

Please see Management Report: Operating and Financial Review: Deutsche Bank Group: Corporate Divisions beginning on page 33 of the Annual Report 2015.

The Competitive Environment

Competitor Landscape

After a period earlier in 2015 when economic data appeared to be stabilizing or improving in many countries and the risk of a negative macro scenario and diminishing global growth appeared to be receding, developments late in the year 2015, as well as developments since the start of the new year, have caused these concerns to resurface, and markets, including equity markets in particular, have moved sharply downward. Eurozone data confirmed that the economy continued to grow at about its trend rate during much of 2015, propelled by real income gains provided by falling oil prices. Despite what appeared to be an improving growth background at the time, the European Central Bank (ECB) cut the deposit rate to -0.30 per cent in December 2015 and announced an extension of the asset purchase program until March 2017 or beyond if inflation and inflation expectations do not materially improve. The economic outlook has dimmed somewhat since the start of the year largely in the face of political concerns and concerns about the global outlook, however, and thus the ECB will probably make its monetary policy even more expansionary in the course of the year. Similarly, the Bank of England surprised by pivoting toward a more dovish policy stance. In the U.S., meanwhile, strong labour market data finally prompted the Federal Reserve to end seven years of zero interest rates by increasing the Fed Funds target rate by 0.25 percentage points in December. Since then, however, U.S. data have been mixed, pointing towards a somewhat weaker winter half and causing the Federal Reserve once again to question the wisdom of further monetary tightening in the near term. Moreover, we now expect a lower trend growth rate in the U.S. for the coming years. While in the past falling oil prices were overwhelmingly positive for the U.S. economy, U.S. production levels given the fracking boom, and the economics of this business, have largely broken this historical relationship. In Emerging Markets, growth remains weak; while it appears to be bottoming out in some economies, others, particularly those for which oil exports are critical to the economy, may not yet be reaching their nadir. Political uncertainty is also taking an increasing toll in Emerging Markets. In China, prospects remain uncertain and prognostication difficult. While some leading indicators are still compatible with a modest improvement in near-term growth, others are less optimistic, and perceived risks to the Chinese growth rate over the medium term is heavily pressuring commodities markets worldwide. While China is supporting its economy with more expansionary monetary and fiscal policies, looser policy is placing pressure on the currency and structural problems are likely to slow down the intended shift towards domestic demand driven growth and the health of the financial sector remains open to question. Monetary policy in China will probably become more expansive in order to bolster the economy. In Japan, fiscal measures and the ongoing extremely expansionary monetary policy (Abenomics) are supporting growth, while weak external demand has impacted negatively.

Focus across the industry in 2013 and 2014 was on strengthening capital ratios via capital raising, restructuring and retrenchment from capital intensive businesses. The focus in 2015 has been concentrated on resolving legal matters, responding to continued regulatory requirements and operational efficiency improvements. Despite unrelenting pressure on interest margins, total revenues are expanding. At the same time, asset quality is improving and industry profits are rising. Looking forward, however, the banking sector will continue to be challenged from the ongoing regulatory uncertainty and the risks to the growth of the global economy.

Deutsche Bank s core competitors include other universal banks, commercial banks, savings banks, public sector banks, brokers and dealers, investment banking firms, asset management firms, private banks, investment advisors, payments services providers, and insurance companies. We compete with some of our competitors globally and with some others on a regional, product, or niche basis. We compete on the basis of a number of factors, including the quality of client relationships, transaction execution, our products and services, innovation, reputation and price.

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An emerging group of future competitors in the form of start-ups and technology firms are showing an increasing interest in banking services and products. We see potential for disruption from these new competitors in both core products, e.g., payments, basic accounts and loans and investment advisory, as well as in new products, e.g. peer to peer lending and equity crowd funding. Significant investment is ongoing across the banking industry to keep pace with technological advances and meet changing client needs.

In our home market, Germany, the retail banking market remains fragmented and our competitive environment is influenced by the three pillar system of private banks, public banks and cooperative banks. Competitive intensity has increased in recent years following some consolidation activity, particularly among public regional commercial banks (Landesbanken) and private banks, and increased activity levels from foreign players.

Regulatory Reform

In the past year, key areas of the post-financial crisis G20 regulatory agenda – strengthening international standards to create financially resilient institutions and ensuring resolvability of all banks – have continued to evolve with final rules becoming clearer.

Elements of the core Basel 3 capital adequacy, liquidity and leverage requirements have been implemented or further defined. In the European Union, the Capital Requirements Regulation and the Capital Requirements Directive (CRR/CRD 4) implementing the Basel 3 framework became effective on January 1, 2014, with some of the requirements, such as capital buffers, being phased in through 2019. Other requirements, such as a binding leverage ratio, still need to be finalized and formally implemented. In the United States, the U.S. implementation of the Basel 3 framework took effect on January 1, 2015 for Deutsche Bank Trust Corporation (DBTC), our U.S. bank holding company subsidiary. Beginning July 1, 2016, the U.S. Basel 3 framework and the related capital planning and stress testing requirements will apply to all of our U.S. non-branch operations – that is, excluding Deutsche Bank AG New York Branch.

2015 also saw progress in the regulation of the securities and derivatives markets. Given the global nature of these markets, a continuing key issue is the global cooperation and coordination of regulation and supervision. 2015 saw consultations at the European Union level on margining requirements, clearing rules and similar regulations in the U.S. as well as across Asia-Pacific. By the end of 2016, we expect the full implementation of clearing requirements and commencement of margin requirements in the European Union. Another key area of work in 2016 will be around the recovery and resolution of central counterparties (CCPs) – particularly in the European Union and in the U.S.

In connection with the structural reform of banks, 2015 saw further regulatory developments. In Germany, we have been granted a one year extension by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) for implementing the required cessation or separation of proprietary trading that does not constitute a service for others, high frequency trading (with the exception of market making), and credit or guarantee transactions with hedge funds and comparable enterprises, also in order to allow for possible alignment with expected European Union legislation. In Europe, political negotiations on European Union legislation covering the prohibition of proprietary trading and separation of risk trading activities are ongoing. A final text is not expected before the second half of 2016 with a minimum implementation period of two years. In the U.S., DBTC also participated for the first time in the Federal Reserve Board's Comprehensive Capital Adequacy Review (CCAR) process, an annual capital planning and stress testing exercise. Additionally, the U.S. Volcker Rule conformance date was reached in July 2015 (subject to an extension for certain legacy covered funds), in response to which we have implemented a comprehensive compliance program.

Importantly, in 2015 we continued to be subject to the Single Supervisory Mechanism (SSM), the new prudential supervisory regime in the eurozone led by the European Central Bank. We are cooperating closely with the ECB and the competent national supervisory authorities participating in the SSM. 2015 saw significant progress in adapting internal processes to meet the demands of such authorities. The advent of the ECB as competent authority for prudential supervision of large banks domiciled in the eurozone and other participating European Union member states is

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expected to enhance consistency of supervisory standards and transparency in the future, and we continue to participate in corresponding efforts such as reducing existing options and discretions under European Union legislation.

At the international level, in October 2014 the Basel Committee on Banking Supervision (BCBS) published its final standards for the Net Stable Funding Ratio (NSFR). In December 2014, the BCBS finalized changes to the capital standards for securitization exposures held in the banking book. Subject to potential modifications in the legislative process, the NSFR and the new securitization standards are expected to be implemented and take effect by January 1, 2018. In addition, in January 2016, the BCBS completed its fundamental review of the trading book and published a corresponding final standard on the minimum capital requirements for market risk. We expect that European Union and U.S. authorities will propose rules implementing this new market risk standard in 2016 or 2017. Finally, in December 2015 the BCBS also proposed changes to the standardized approaches for credit risk that would generally increase the use of standardized assumptions to promote comparability across banks and jurisdictions. In 2016, the BCBS is expected to publish further proposals on the standardized approach for operational risk as well as a capital floor. We expect the BCBS to publish final standards on the standardized approaches for credit and operational risk, as well as on capital floors, in late 2016 or in 2017. While the expected impacts on capital requirements of the proposed new standardized approaches have been factored into our Strategy 2020 projections and objectives, their ultimate impact on us will depend on how they are implemented through binding legislation and regulation.

Other key post-crisis reforms, while agreed in final standards and, in many cases, primary legislation, are still at an early stage of their phase-in or implementation, particularly where regulators have yet to develop detailed rules and regulations or determine their cross-border application. Thus, the impact of the implementation of such final standards and primary legislation on specific institutions remains uncertain. Examples of such post-crisis reforms include:

Legislation for OTC derivatives clearing, reporting and margining has been enacted in the European Union and U.S. and some requirements are already in effect. By the end of 2016, clearing mandates in the European Union are expected to be fully implemented, and margin rules will be phased-in starting September 2016. While trade reporting has begun, phase-in of mandatory European Union clearing obligations is not expected to begin until June 2016 and relief from transaction-level requirements for swaps between non-U.S. swap dealers and non-U.S. persons has been extended until September 30, 2016. In addition, on February 10, 2016, the European Commission and the U.S. Commodity Futures Trading Commission (CFTC) announced a common approach to facilitate the cross-border recognition of CCPs. Margin requirements for non-cleared derivatives have been adopted in the U.S. and will phase in from September 2016 to September 2020. Similar requirements and timelines are expected in the European Union. We can expect the cost of trading OTC derivatives across the market to increase as a result of the margin requirements as well as a rise in demand for high quality collateral.

Updated European Union rules for market structure, pre- and post-trade transparency for equities, fixed income, currency and commodities transactions, investor protection, market abuse and sanctions through the Markets in Financial Instruments Directive (MiFID 2) and Regulation (MiFIR) and the Market Abuse Directive (MAD 2) and Regulation (MAR). MiFID 2/MiFIR will also introduce a trading obligation for those OTC derivatives which are subject to mandatory clearing and which are sufficiently standardized and liquid. Originally, most requirements introduced by MiFID 2/MiFIR and MAD 2/MAR were foreseen to be applicable to us starting on January 3, 2017 or July 3, 2016, respectively. On February 10, 2016, however, the European Commission published proposals to delay the application of MiFID 2/MiFIR by one year to January 3, 2018. This needs now to be agreed by the bodies of the European Union through the co-decision process. MiFID 2 and MAD 2 need yet to be transposed into national law, and the European Securities and Markets Authority (ESMA) and the European Commission have yet to finalize many of the required implementing regulations. Depending on the detailed rules being developed, the updated MiFID 2/MiFIR could have a substantial impact on the way we trade with clients, transparency requirements, the willingness to deploy our risk capital, and the way we distribute products.

Bank structural reforms requiring either separation of certain business activities or the creation of independently organized and capitalized subsidiaries continue to be discussed. In Germany, the end date for the cessation or separation of proprietary trading and certain other activities from deposit-taking under the German Act on the Separation of Risks and Recovery and Resolution Planning for Credit Institutions and Banking Groups (the Separation Act) has been extended for us by the BaFin to June 30, 2017. In the U.S., Federal Reserve Board final rules on enhanced prudential standards for the U.S. operations of foreign banking organizations require us to establish or

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designate a U.S. intermediate holding company (IHC) by July 1, 2016 and transfer the ownership interests of substantially all of our U.S. subsidiaries to this U.S. intermediate holding company. Work is ongoing to ensure compliance with these rules and a fully operating IHC by the middle of the year. As of July 21, 2015, our activities must be in conformance with the prohibitions and restrictions of the regulations implementing Section 619 of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, commonly referred to as the Volcker Rule , except for certain extensions for legacy funds which are expected to last until July 21, 2017 and possible further extensions for illiquid funds.

Capital planning and stress testing will continue to be a focus in 2016. In 2015, DBTC submitted its first capital plan and related information to the Federal Reserve Board in connection with the 2015 CCAR process. Although the Federal Reserve Board objected to DBTC s capital plan on qualitative grounds, the Federal Reserve Board confirmed that DBTC s capital ratios would significantly exceed the quantitative minimum requirements even under the supervisor s hypothetical severely adverse economic stress scenario. We will be incorporating enhancements to our processes as we submit our 2016 CCAR filings for DBTC. At the international level, the BCBS has started working on global standards for stress testing as part of its work-plan.

Recovery and resolution the major jurisdictions where we have significant group operations finalized implementation of the Financial Stability Board (FSB) Key Attributes for Effective Resolution Regimes. In particular, the European Union Bank Recovery and Resolution Directive (BRRD) was implemented in Germany and in the United Kingdom on January 1, 2015. The BRRD includes powers of the resolution authority to require legal and operational changes to bank structures to ensure resolvability, to transfer to another legal entity shares, assets, rights or liabilities of a bank which is failing or likely to fail, to reduce, including to reduce to zero, the nominal amount of shares, and to cancel shares. Furthermore, it may order the full or partial write-down of hybrid capital instruments and certain eligible liabilities or their conversion into shares (commonly referred to as bail-in). In addition, in January 2016, the European Union regulation (the SRM Regulation) establishing the Single Resolution Mechanism (SRM) and the Single Resolution Fund for banks domiciled in European Union member states participating in the SSM became fully effective and created a harmonized mechanism for the application of the BRRD under responsibility of a single European resolution authority (referred to as the Single Resolution Board or SRB). With the aim of ensuring cross-border group resolution of globally active banks, the BRRD and the SRM Regulation also contain rules regarding the cooperation with non-European Union member states and recognition of non-European Union resolution proceedings.

Loss-absorbing capacity and MREL the FSB published a final term-sheet in November 2015 providing a global framework for minimum total loss-absorbing capacity (TLAC). The standard is designed to ensure that global systemically important banks (G-SIBs), such as us, maintain enough capital and long-term debt instruments that can be effectively bailed-in to absorb losses and recapitalize the bank. The TLAC standard is proposed to apply starting from January 1, 2019, and its ultimate impact on us will depend on how it is implemented into German law and into the laws of the countries in which we have significant subsidiaries. On October 30, 2015, the Federal Reserve Board proposed rules implementing the TLAC standard in the United States, with requirements that would apply to the U.S. IHCs of non-U.S. G-SIBs (such as ours). In addition, in the European Union, the SRM Regulation and national legislation implementing the BRRD require banks to meet a specific requirement for own funds and eligible liabilities (MREL) in order to prevent them from structuring their liabilities in a way that impedes the effectiveness of a bail-in or other resolution tools. The minimum MREL requirement will be determined for banks on a case-by-case basis by the competent resolution authorities, and the European Union is expected to review implementation of MREL in October 2016 in connection with implementation of the TLAC standard into European Union law. We expect that a specific MREL requirement will be determined for us in the course of 2016. Furthermore, in November 2015, the German Resolution Mechanism Act (Abwicklungsmechanismusgesetz) was published, which adapted German bank resolution laws to the SRM and changed the ranking in insolvency of certain senior unsecured debt instruments issued by banks in order to ensure that they would absorb losses after contractually subordinated debt but ahead of other senior liabilities in a resolution or insolvency proceeding. This new order of priority applies to insolvency proceedings commenced, and resolution measures imposed upon the relevant bank, on or after January 1, 2017, with effect for senior unsecured debt instruments outstanding at this time. The German Resolution Mechanism Act aims to facilitate bail-in while respecting the principle that no creditor should be worse off than in insolvency and also help meeting TLAC requirements.

Measures to further harmonize legislation in the European Union, including revised European Union legislation on anti-money laundering, payment services and distribution of bank products.

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Several regulatory proposals (including in connection with the implementation of existing laws) as discussed below are being contemplated which have not yet been finalized. Such proposals, depending on whether and in what form they become law, might have a material impact on our activities, balance sheet and profitability. To the extent possible, the impact of such proposals on us has been taken into account in our Strategy 2020 projections and objectives. The proposals include:

Further revisions to the Basel 3 framework, in particular several BCBS proposals that have yet to be finalized and implemented, including the proposed changes to the standardized approaches mentioned above, new rules for interest rate in the banking book and Credit Valuation Adjustments. On April 15, 2014, the BCBS published a standard, yet to be implemented, that would restrict a bank's exposures to a single counterparty to 25 % of its Tier 1 capital (instead of 25 % of the sum of its Tier 1 and Tier 2 capital) and further limit exposures between banks designated as global systemically important banks such as us, to 15 % of Tier 1 capital. The proposal, if implemented, would be applicable starting on January 1, 2019. Additionally, certain areas are subject to ongoing review and revision, such as the calibration of the leverage ratio, capitalization for exposures to central counterparties and treatment of sovereign debt.

Further structural changes, as a result of the separation of certain business activities considered risky under the proposed European Union regulation on structural measures improving the resilience of European Union credit institutions or as a result of changes in the bank organization potentially required by the Single Resolution Board to ensure resolvability.

Additional direct costs as a result of financial sector specific tax and levies, for example the European Union enhanced cooperation financial transaction tax, which is still under negotiation, and contributions to the Single Resolution Fund, which starts from January 1, 2016. Legislation to increase contributions to statutory deposit guarantee schemes was also implemented in the European Union and a new proposal to create a eurozone deposit insurance system has been published by the European Commission.

Additional regulation of specific financial market activities, such as money market funds, benchmarks and indices, and securities financing transactions. Possible future proposals on capital markets, including investment funds, financial market infrastructures, and other proposals addressing so-called shadow banking activities may also impact us.

Cyber crime, which continued to be a focus of policy makers and the industry in 2015. Political work on this topic will likely continue in 2016 and beyond to seek a consistent regulatory and best-practice framework globally. Global banks are a key focus for future political initiatives on the prevention of cyber crime and legislative proposals in this area may have a material impact on us.

Further measures to harmonize banking regulation and supervision in the European Union such as initiatives by the EBA and the ECB to reduce existing options and discretions and harmonize national supervisory practices under European Union legislation in connection with the CRR/CRD 4 legislative package.

Climate change, environmental and social issues

Many governments, corporations and investors are extending their focus on climate change, environmental and social issues by enacting legislation, changing business models, setting business operational policies and changing investment decision making. This activity has been accelerating in the lead up to the publication of the revised United Nations Sustainable Development Goals and the COP 21 Paris climate summit in December 2015. Respected authorities continue to estimate that the total impact of these actions will be insufficient to reduce the risks of climate change, increasing the risks to society and the economy from more frequent and stronger extreme weather events. However, at COP 21 in December 2015, the UN achieved a global agreement on climate, with the aim of keeping global warming below 2°C and accelerating the transformational changes needed to meet the challenge. This requires public and private sectors working together to achieve a common goal. The financial sector has a critical role to play in creating the financial infrastructure needed to facilitate the transition to a low-carbon economy.

The number and strength of government, corporate and investor actions are expected to continue to increase over time as climate change has a greater impact on society. This affects the financial services industry, in particular in connection to increasing demand for financing of projects that contribute to or mitigate climate change, as well as other environmental and societal impacts. Projects and products that contribute to

climate change or have other negative

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environmental or social impacts, as well as their financing and other services for these projects, are being reviewed more critically by investors, customers, environmental authorities, non-governmental organizations and others. At Deutsche Bank such a review is conducted based on the Environmental and Social Risk Framework. Where our own assessment of these issues so indicates, we may abstain from participating in such projects.

By contrast, projects and products that aim to mitigate climate change or other environmental pressures are increasingly seeking financing and other financial services; these offer growth opportunities for many of our businesses. Research indicates that companies incorporating the best environmental, social and governance practices are able to raise capital at a lower cost and may be able to achieve superior risk-adjusted returns. Moreover, we note that investors, customers and others increasingly take the overall approach of companies to climate change, including the direct and indirect carbon emissions of their operations, into consideration in their decisions.

We have undertaken a number of measures to reduce the carbon emissions of our business operations. Since 2012 our business operations have been carbon neutral. In 2015 we became the first commercial bank to become accredited to act as implementing entity for the UN Green Climate Fund, alongside public institutions such as the World Bank, European Bank for Reconstruction and Development and Inter-American Development Bank. In addition, we invested 800 million into a portfolio of high quality Green Bonds, as part of our goal of investing 1 billion into this developing market. This investment will be primarily in Green Bonds issued by Sovereigns, Supranationals and Agencies, as part of our liquidity reserve investments.

Regulation and Supervision**Overview**

Our operations throughout the world are regulated and supervised by the relevant authorities in each of the jurisdictions where we conduct business. Such regulation relates to licensing, capital adequacy, liquidity, risk concentration, conduct of business as well as organizational and reporting requirements. It affects the type and scope of the business we conduct in a country and how we structure specific operations. In reaction to the crisis in the financial markets, the regulatory environment has undergone and is still undergoing significant changes.

In December 2010, the Basel Committee on Banking Supervision proposed revised minimum capital adequacy and liquidity standards that were significantly more stringent than the then-existing requirements. The set of comprehensive changes to the capital adequacy framework published by the Basel Committee, known as Basel 3, was implemented into European Union law by a legislative package referred to as CRR/CRD 4. The CRR/CRD 4 legislative package includes a European Union regulation (which is referred to as the Capital Requirements Regulation or CRR) which is directly enforceable as law in every member state of the European Union, and a European Union directive (which is referred to as the Capital Requirements Directive or CRD 4), which has been implemented into national (in our case German) law. CRR/CRD 4 contains, among other things, detailed rules on regulatory banking capital, increased capital requirements and the introduction of additional capital buffers, tightened liquidity standards and a non-risk based leverage ratio. Most of the new rules came into effect on January 1, 2014, with capital requirements and buffers increasing from year to year.

In addition to the continued implementation and refinement of the CRR/CRD 4 legislative package, the European Union is pursuing a deeper integration and harmonization of banking regulation and supervision by establishing a banking union. Currently, the banking union consists of two pillars, the Single Supervisory Mechanism (SSM) and the Single Resolution Mechanism (SRM) for banks domiciled in the eurozone as well as those domiciled in other member states of the European Union member states that decide to participate in the SSM and the SRM. The banking union shall be completed by a third pillar, a common European Deposit Insurance Scheme (EDIS), and is underpinned by an increasingly harmonized regulatory framework (the so-called single rulebook) for financial services in the European Union. While the SSM and the SRM have already become effective, the EDIS is currently debated among member states, based upon a proposal of the European Commission published on November 24, 2015.

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Under the SSM, since November 4, 2014, the European Central Bank (ECB) has become the primary supervisor of significant credit institutions (such as us) and their banking affiliates in the relevant member states. The competent national authorities continue to supervise the remaining, less significant banks under the oversight of the ECB. The SSM is based on a European Union regulation (which is referred to as the SSM Regulation) which is directly enforceable as law in every participating member state.

The SRM, which came into force on January 1, 2016, centralizes at a European level the key competences and resources for managing the failure of any bank in the participating member states. Under the SRM, broad resolution powers with respect to banks domiciled in the participating member states have been granted to the Single Resolution Board (SRB) as the single European resolution authority and to the competent national resolution authorities. Resolution powers in particular include the power to reduce, including to zero, the nominal value of shares, or to cancel shares outright, and to write down certain eligible unsecured liabilities, including to zero, or convert them into equity (commonly referred to as bail-in). The SRB is also in charge of the Single Resolution Fund (SRF), a pool of money financed by the banking sector which is set up to ensure that medium-term funding support is available for purposes of restructuring banks under the SRM. The SRM comprises a European Union regulation (referred to as the SRM Regulation) which is directly enforceable as law in every participating member state and a European Union directive (referred to as the Bank Recovery and Resolution Directive or BRRD) which has been implemented into national (in our case German) law. The BRRD is also applicable to member states that do not participate in the SRM.

In February 2012, the European Commission established a High-level Expert Group chaired by Erkki Liikanen to examine possible reforms to the structure of the European Union's banking sector. In its final report of October 2, 2012 (the so-called Liikanen report), the expert group proposed, inter alia, a legal separation of certain particularly risky financial activities from deposit-taking banks within a banking group. Taking into account the recommendations of the Liikanen report, the German Federal Parliament, in 2013, adopted the German Act on the Separation of Risks and Recovery and Resolution Planning for Credit Institutions and Banking Groups (Trennbankengesetz, the Separation Act). From July 1, 2016 (unless such period is extended, as it has been for us, to June 30, 2017), the Separation Act prohibits deposit-taking banks and their affiliates from engaging in certain activities unless these activities are transferred to a separate legal entity as further describe below. Also based upon the Liikanen report, the European Commission published on January 29, 2014 a proposal which, if enacted, will impose measures similar to the Separation Act. The proposal is currently being negotiated at the European level and its ultimate impact on us will depend on the outcome of such negotiations.

Finally, as discussed below under Regulation and Supervision in the United States , in July 2013 U.S. federal bank regulators issued final rules implementing many elements of the Basel 3 framework and other U.S. capital reforms.

Further changes continue to be under consideration in the jurisdictions in which we operate. While the extent and nature of these changes cannot be predicted now, they may include a further increase in regulatory oversight and enhanced prudential standards relating to capital, liquidity, leverage, employee compensation, conduct of business, limitations on activities and other aspects of our operations that may have a material effect on the businesses and the services and products that we will be able to offer.

The following sections present a description of the supervision of our business by the authorities in Germany, our home market, in the contracting states to the European Economic Area, and in the U.S., which we view as the most significant for us. Beyond these regions, local country regulations generally have limited impact on our operations that are unconnected with these countries.

Regulation and Supervision in Germany Basic Principles

We are authorized to conduct banking business and to provide financial services as set forth in the German Banking Act (Kreditwesengesetz) and the CRR. We are subject to comprehensive regulation and supervision by the ECB, the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and the Deutsche Bundesbank (Bundesbank), the German central bank.

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Since November 4, 2014, we are directly supervised by the ECB, which is the primary supervisor of significant credit institutions and their banking affiliates domiciled in the eurozone as well as those domiciled in other member states of the European Union that decide to participate in the SSM. The ECB is responsible for issuing new licenses to credit institutions and for assessing significant ownership changes in credit institutions established in a participating member state where notice of such changes must be provided, in each case regardless of whether an institution is significant or not. With respect to us and other significant credit institutions, the ECB is the primary supervisor and is responsible for most tasks of prudential supervision, such as those regarding compliance with regulatory requirements set forth in CRR/CRD 4 concerning own funds, large exposure limits, leverage, liquidity, securitizations, governance and risk management requirements. The ECB carries out its supervisory functions through a Joint Supervisory Team (JST) established for the Group. The JST is led by the ECB and comprises staff from the ECB and national supervisory authorities, including the BaFin and the Bundesbank.

The BaFin continues to be our supervisor for regulatory matters with respect to which we are not supervised by the ECB. These include the rules on business conduct in the securities markets and the regulation of anti-money laundering, terrorist financing and payment services, as well as certain special areas of bank regulation, such as those related to the issuance of covered bonds (Pfandbriefe) and the supervision of German home loan banks (Bausparkassen). Generally, the BaFin also continues to supervise us with respect to those requirements under the German Banking Act that are not based upon European law. The Bundesbank supports the BaFin and the ECB and closely cooperates with them. The cooperation includes the ongoing review and evaluation of reports submitted by us and of our audit reports as well as assessments of the adequacy of our capital base and risk management systems. The ECB, the BaFin and the Bundesbank receive comprehensive information from us in order to monitor our compliance with applicable legal requirements and to obtain information on our financial condition. Generally, supervision by the ECB (together with the BaFin and the Bundesbank) applies on an unconsolidated basis (company only) and on a consolidated basis (the company and the entities consolidated with it for German regulatory purposes). Banks forming part of a consolidated group may waive the application of capital adequacy requirements, large exposure limits and certain organizational requirements on an unconsolidated basis if certain conditions are met. Deutsche Bank AG meets these conditions and has had application of these rules waived since January 1, 2007.

The ECB and the BaFin have extensive supervisory and investigatory powers, including the ability to issue requests for information, to conduct regulatory investigations and on-site inspections, and to impose monetary and other sanctions.

We are in compliance with the German and European laws that are applicable to our business in all material respects.

The German Banking Act and the CRR

The German Banking Act and the CRR contain the principal rules for German banks, including the requirements for a banking license, and regulate the business activities of German banks. In particular, the German Banking Act requires that an enterprise that engages in one or more of the activities defined in the German Banking Act as banking business or financial services in Germany must be licensed as a credit institution (Kreditinstitut) or financial services institution (Finanzdienstleistungsinstitut), as the case may be. Deutsche Bank AG is licensed as a credit institution.

Significant parts of the regulatory framework for banks in the European Union are governed by the CRR. The CRR primarily sets forth the requirements applicable to us relating to regulatory capital, risk-based capital adequacy, monitoring and control of large exposures, consolidated supervision, leverage and liquidity. Additional regulatory and implementing technical standards are also applicable to us, and are developed by the European Banking Authority (EBA) and adopted by the European Commission. Certain other requirements applicable to us including those with respect to additional capital and organizational requirements, are set forth in the German Banking Act and other German laws.

The German Securities Trading Act

Under the German Securities Trading Act (Wertpapierhandelsgesetz), the BaFin regulates and supervises securities trading in Germany. The German Securities Trading Act contains, among other things, disclosure and transparency rules for issuers of securities that are listed on a

German exchange and prohibits insider trading with respect to certain

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listed securities. The German Securities Trading Act also contains rules of conduct. These rules of conduct apply to all businesses that provide securities services. Securities services include, in particular, the purchase and sale of securities or derivatives for others and the intermediation of transactions in securities or derivatives and certain types of investment advice. The BaFin has broad powers to investigate businesses providing securities services to monitor their compliance with the rules of conduct and the reporting requirements. In addition, the German Securities Trading Act requires an independent auditor to perform an annual audit of the securities services provider's compliance with its obligations under the German Securities Trading Act.

The European Union has completed several legislative proposals which result in further regulation of securities trading and the trading in derivatives in particular. Notably, the European Union adopted the European Regulation on OTC Derivatives, Central Counterparties and Trade Repositories (EMIR), which became effective on August 16, 2012. EMIR introduced requirements for standardized over-the-counter derivatives to be centrally cleared and derivative transactions to be reported to trade repositories. EMIR also includes additional capital and margin requirements for non-cleared trades. While a number of the compliance requirements introduced by EMIR have come into effect, the European Supervisory Authorities (mainly the European Securities and Markets Authority) are still in the process of finalizing certain implementing rules mandated by EMIR. Further legislative measures such as the Markets in Financial Instruments Directive (MiFID 2) and Regulation (MiFIR) and the Market Abuse Directive (MAD 2) and Regulation (MAR) provide for, among other things, greater regulation and oversight by covering additional markets and instruments, extension of pre- and post-trade transparency rules from equities to all financial instruments, stricter market abuse rules, greater restrictions on operating trading platforms, and greater sanctioning powers. MiFID 2/MiFIR will also introduce a trading obligation for those OTC derivatives which are subject to mandatory clearing and which are sufficiently standardized, and new investor protection rules which will significantly impact the way we distribute products. Originally, most of the requirements introduced by MiFID 2/MiFIR and MAD 2/MAR were foreseen to be applicable to us starting on January 3, 2017 or July 3, 2016, respectively. On February 10, 2016, however, the European Commission published proposals to delay the application of MiFID 2/MiFIR by one year to January 3, 2018. This needs now to be agreed by the bodies of the European Union through the co-decision process. MiFID 2 and MAD 2 need yet to be transposed into national law, and the European Securities and Markets Authority (ESMA) and the European Commission have yet to finalize several related implementing regulations.

Capital Adequacy Requirements

Since January 1, 2014, the minimum capital adequacy requirements for banks are primarily set forth in the CRR. The CRR requires German banks to maintain an adequate level of regulatory capital in relation to their risk positions. Risk positions (commonly referred to as risk-weighted assets) include credit risks, market risks and operational risks (including, among other things, risks related to certain external factors, as well as to technical errors and errors of employees). The most important type of capital for compliance with the capital requirements under the CRR (see below) is Common Equity Tier 1 capital. Common Equity Tier 1 capital primarily consists of share capital, retained earnings and other reserves, subject to certain regulatory adjustments. Another component of capital is "Additional Tier 1 capital. Generally, all instruments recognized as Additional Tier 1 capital must be written down, or converted into Common Equity Tier 1 capital when the Common Equity Tier 1 capital ratio of the financial institution falls below a minimum of 5.125 %, although regulators may require an earlier conversion, for example for stress-testing purposes. Common Equity Tier 1 capital and Additional Tier 1 capital together constitute Tier 1 capital. Tier 1 capital requirements are aimed at ensuring the ability to absorb losses on a going concern basis. The other type of capital is Tier 2 capital which generally consists of long-term subordinated debt instruments and must be able to absorb losses on a gone concern basis. Tier 1 capital and Tier 2 capital together constitute own funds . Pursuant to the CRR, hybrid capital instruments that qualified as Tier 1 or Tier 2 capital under Basel 2.5 cease to qualify as such and will be gradually phased out through the end of 2021. Tier 3 capital is no longer recognized as own funds under the CRR. In addition, the CRR tightened the regime for certain deductions from capital.

Under the CRR, banks are required to maintain a minimum ratio of Tier 1 capital to risk-weighted assets of 6 % and a minimum ratio of Common Equity Tier 1 capital to risk-weighted assets of 4.5 %. The minimum total capital ratio of own funds to risk-weighted assets is 8 %.

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The German Banking Act, as amended by the CRR/CRD 4 legislative package, also requires banks to build up a mandatory capital conservation buffer (Common Equity Tier 1 capital amounting to 2.5 % of risk-weighted assets), and authorizes the BaFin to require banks to build up an additional counter-cyclical buffer (Common Equity Tier 1 capital of generally 0 % to 2.5 % of risk-weighted assets, or more in particular circumstances) during periods of high credit growth. In addition, the BaFin may require banks to build up a systemic risk buffer (Common Equity Tier 1 capital of between 1 % and 3 % of risk-weighted assets for all exposures and in exceptional cases up to 5 % for domestic and third-country exposures) to prevent and mitigate long term non-cyclical systemic or macro-prudential risks not otherwise covered by CRR/CRD 4. Global systemically important banks (such as us) will be subject to an additional capital buffer of between 1 % and 3.5 % of risk-weighted assets which will be determined for the banks concerned based on a scoring system measuring their systemic importance. The provisions in the German Banking Act on capital buffers (except those for the systemic risk buffer, which are already fully effective) are being phased in gradually through January 1, 2019. The systemic risk buffer and buffers for systemically important banks will generally not be cumulative; only the higher of these two buffers will apply. If a bank fails to build up the required capital buffers, it will be subject to restrictions on the pay-out of dividends, share buybacks and discretionary compensation payments. The ECB may require us to maintain higher capital buffers than those required by the BaFin.

The Basel 3 framework also proposes a non-risk based leverage ratio as a complement to the risk-based capital requirements. While the CRR does not require banks immediately to comply with a specific leverage ratio, banks are required to report and publish their leverage ratios for a future assessment and calibration of the leverage ratio. According to a delegated act adopted by the European Commission on October 10, 2014, the way we calculate our exposure measure for the leverage ratio under the CRR was revised significantly. It is expected that banks will be required to fully comply with the leverage ratio starting in 2018.

The ECB may also, under certain circumstances, impose capital requirements on individual banks which are more stringent than the statutory requirements set forth in the CRR, the German Banking Act or the related regulations. In this context, in December 2014, the EBA published its final guidelines for common procedures and methodologies for the supervisory review and evaluation process (SREP). Competent supervisory authorities, including the ECB, are required to review the arrangements, strategies, processes and mechanisms of supervised banks on a regular basis, in order to evaluate risks to which they are or might be exposed, risks they could pose to the financial system, and risks revealed by stress testing, taking into account the nature, scale and complexity of their activities. At the end of the process, the competent supervisory authority prepares an SREP decision setting out, depending on the outcome of the SREP, specific capital and liquidity requirements for the supervised bank. In addition, also based on the outcome of the SREP, the competent supervisory authority may take a range of other measures in response to shortcomings in a bank's governance and risk management processes as well as its capital or liquidity position, such as prohibiting dividend payments to shareholders or distributions to holders of regulatory capital instruments.

For details of Deutsche Bank's regulatory capital, see Management Report: Risk Report: Regulatory Capital on pages 125 through 131 of our Annual Report 2015.

Limitations on Large Exposures

The CRR also contains the primary restrictions on large exposures, which limit a bank's concentration of credit risks. The German Banking Act and the Large Exposure Regulation (Großkredit- und Millionenkreditverordnung) supplement the CRR. For example, the Large Exposure Regulation includes exemptions (in addition to those contained in the CRR) from the applicability of limits to large exposures. Under the CRR, our exposure to a customer (and any customers affiliated with it) is deemed to be a large exposure when the value of such exposure is equal to or exceeds 10 % of our eligible regulatory capital. All exposures to a single customer (and customers affiliated with it) are aggregated for these purposes. In general, no large exposure may exceed 25 % of our eligible regulatory capital. Eligible regulatory capital for this purpose means the sum of Tier 1 capital and Tier 2 capital which may not exceed one third of Tier 1 capital. During a transitional period, eligible regulatory capital may include Tier 2 capital up to 50 % of Tier 1 capital during 2016. If the customer is a credit institution or investment firm, the exposure is limited to the higher of 25 % of our eligible regulatory capital or 150 million. Competent authorities may set a lower limit than 150 million. On April 15, 2014, the Basel Committee published a standard, yet to be implemented, that would restrict a bank's exposures to a

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single counterparty to 25 % of its Tier 1 capital (instead of 25 % of the sum of its Tier 1 and Tier 2 capital) and further limit exposures between banks designated as global systemically important banks such as us, to 15 % of Tier 1 capital. The proposal, if implemented, would be applicable starting on January 1, 2019.

Under certain conditions, the limits to large exposures may be exceeded by the exposures on the bank's trading book. In this case, the bank must meet an additional own funds requirement.

Consolidated Regulation and Supervision

Deutsche Bank AG, headquartered in Frankfurt am Main, Germany, is the parent institution of the Deutsche Bank Group of institutions (the regulatory group), which is subject to the supervisory provisions of the KWG and the CRR. A regulatory group of institutions (Institutsgruppe) consists of an institution (meaning a credit institution or an investment firm within the meaning of the CRR that is responsible for the consolidation of the group) as the parent company, and all other institutions and financial institutions (comprising inter alia financial holding companies, payment institutions and asset management companies) that are the parent company's subsidiaries as defined in the CRR or that are consolidated voluntarily. The provisions of the German Banking Act and the CRR on consolidated supervision require that a group of institutions taken as a whole complies with the requirements on capital adequacy, the limitations on large exposures and other prudential requirements under the CRR. The ECB is responsible for our supervision on a consolidated basis.

Financial groups which offer services and products in various financial sectors (banking and securities business, insurance and reinsurance business) are subject to supplementary supervision as a financial conglomerate (Finanzkonglomerat) once certain thresholds have been exceeded. Supervision of financial conglomerates comprises requirements regarding own funds, risk concentration, risk management, transactions within the conglomerate and organizational matters. We are a financial conglomerate and therefore are required to report capital adequacy requirements and risk concentrations also on a conglomerate level. In addition, we are required to report significant conglomerate internal transactions as well as significant risk concentrations. Our supervision at the conglomerate level is coordinated by the ECB.

Liquidity Requirements

The CRR introduced a new liquidity coverage requirement intended to ensure that banks have an adequate stock of unencumbered high quality liquid assets that can be easily and quickly converted into cash to meet their liquidity needs for a 30 calendar day liquidity stress scenario. The required liquidity coverage ratio is calculated as the ratio of a bank's liquidity buffer to its net liquidity outflows. Also, banks must regularly report the composition of the liquid assets in their liquidity buffer to their competent authorities. The liquidity coverage requirement is being gradually phased in through January 1, 2018, with a minimum required level of liquidity of 70 % in 2016, which will subsequently be increased to 80 % in 2017 and 100 % in 2018. Details on the liquidity coverage requirement have been set forth by the European Commission in implementing legislation, which became applicable on October 1, 2015. The ECB supervises our compliance with the liquidity coverage requirement under the CRR.

In addition, Basel 3 contains a proposal to introduce a net stable funding ratio (NSFR) to reduce medium- to long-term funding risks by requiring banks to fund their activities with sufficiently stable sources of funding over a one-year period. The CRR contains interim reporting requirements on stable funding but does not include substantive provisions relating to the NSFR. On October 31, 2014, the Basel Committee on Banking Supervision published its final standards for the NSFR pursuant to which the NSFR is defined as the amount of available stable funding relative to the amount of required stable funding. The NSFR is expected to become a minimum standard for banks by January 1, 2018. Since the proposal has not yet been implemented into binding European law, the European Commission needs to decide by December 31, 2016 whether and how to introduce the NSFR into European law.

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National liquidity requirements under the German Banking Act and the German Liquidity Regulation (Liquiditäts-verordnung) will continue to be applicable to us until the full introduction of the liquidity coverage requirement at the European level on January 1, 2018. The German Banking Act generally requires banks and certain financial services institutions to invest their funds so as to maintain adequate liquidity at all times. The German Liquidity Regulation provides for minimum liquidity requirements based upon a comparison of the remaining terms of certain assets and liabilities. It requires maintenance of a ratio (Liquiditätskennzahl or liquidity ratio) of liquid assets to liquidity reductions expected during the month following the date on which the ratio is determined of at least one. The German Liquidity Regulation also allows banks and financial services institutions subject to it to use their own methodology and procedures to measure and manage liquidity risk if the BaFin has approved such methodology and procedures. The liquidity ratio (and estimated liquidity ratios for the next eleven months) must be reported to the Bundesbank on a monthly basis. Generally, the liquidity requirements do not apply on a consolidated basis.

The ECB and the BaFin may impose on individual banks liquidity requirements which are more stringent than the general statutory requirements if such bank's continuous liquidity would otherwise not be ensured.

Financial Statements and Audits

As required by the German Commercial Code (Handelsgesetzbuch), we prepare our non-consolidated financial statements in accordance with German GAAP. Our consolidated financial statements are prepared in accordance with International Financial Reporting Standards, and our compliance with capital adequacy requirements and large exposure limits is determined solely based upon such consolidated financial statements.

Under German law, we are required to be audited annually by a certified public accountant (Wirtschaftsprüfer). The accountant is appointed at the shareholders' meeting. However, the supervisory board mandates the accountant and supervises the audit. The BaFin must be informed of and may reject the accountant's appointment. The German Banking Act requires that a bank's auditor inform the BaFin of any facts that come to the accountant's attention which would lead it to refuse to certify or to limit its certification of the bank's annual financial statements or which would adversely affect the bank's financial position. The auditor is also required to notify the BaFin in the event of a material breach by management of the articles of association or of any other applicable law. The auditor is required to prepare a detailed and comprehensive annual audit report (Prüfungsbericht) for submission to the bank's supervisory board, the BaFin and the Bundesbank. The BaFin and the Bundesbank share their information with the ECB.

Investigative and Enforcement Powers**Investigations and Official Audits**

The ECB and the BaFin may conduct audits of banks on a random basis, as well as for cause. In particular, the ECB may audit our compliance with requirements with respect to which it supervises us, such as those set forth in CRR/CRD 4. The BaFin may also decide to audit our compliance with requirements with respect to which it supervises us, such as those relating to business conduct in the securities markets and the regulation of anti-money laundering, terrorist financing and payment services, as well as certain special areas of bank regulation, such as those related to the issuance of covered bonds (Pfandbriefe) and the supervision of German home loan banks (Bausparkassen).

The ECB as well as the BaFin may require a bank to furnish information and documents in order to ensure that the bank is complying with applicable bank supervisory laws. The ECB or the BaFin may conduct investigations without having to state a reason therefor. Such investigations may also take place at a foreign entity that is part of a bank's group for regulatory purposes. Investigations of foreign entities are limited to the extent that the law of the jurisdiction where the entity is located restricts such investigations.

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The ECB and the BaFin may attend meetings of a bank's supervisory board and shareholders meetings. They also have the authority to require that such meetings be convened.

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Supervisory and Enforcement Powers

The ECB has a wide range of enforcement powers in the event it discovers any irregularities concerning requirements with respect to which it supervises us. It may, for example,

- impose additional own funds or liquidity requirements in excess of statutory requirements;
- restrict or limit a bank's business;
- require the cessation of activities to reduce risk;
- require a bank to use net profits to strengthen its own funds;
- restrict or prohibit dividend payments to shareholders or distributions to holders of regulatory capital instruments;
- remove the members of the bank's management or supervisory board members from office; or
- prohibit them from exercising their current managerial capacities.

To the extent necessary to carry out the tasks granted to it, the ECB may also require national supervisory authorities to make use of their powers under national law. If these measures are inadequate, the ECB may revoke the bank's license. Furthermore, the ECB has the power to impose severe administrative penalties in case of breaches of directly applicable European Union laws, such as the CRR, or of applicable ECB regulations and decisions. Penalties imposed by the ECB may amount to up to twice the amount of profits gained or losses avoided because of the violation, or up to 10 % of the total annual turnover of the relevant entity in the preceding business year. In addition, where necessary to carry out the tasks granted to it, the ECB may also require that the BaFin initiate proceedings to ensure that appropriate penalties are imposed on the affected bank.

The BaFin also retains a wide range of enforcement powers. As discussed above, it may take action if instructed by the ECB in connection with supervisory tasks granted to the ECB. With respect to supervisory tasks not granted to the ECB, the BaFin may still take, as in the past, action upon its own initiative. In particular, if a bank is in danger of defaulting on its obligations to creditors, the BaFin may take emergency measures to avert default. These emergency measures may include:

- issuing instructions relating to the management of the bank;
- prohibiting the acceptance of deposits and the extension of credit;
- prohibiting or restricting the bank's managers from carrying on their functions;
- prohibiting payments and disposals of assets;
- closing the bank's customer services; and
- prohibiting the bank from accepting any payments other than payments of debts owed to the bank.

The BaFin may also impose administrative pecuniary penalties under the German Banking Act and other German laws. Penalties under the German Banking Act may amount to generally up to 5 million. If the economic benefit derived from the offense is higher, the BaFin may impose penalties of up to 10 % of the net turnover of the preceding business year or double the amount of the economic benefit derived from the violation.

Finally, violations of the German Banking Act may result in criminal penalties against the members of the Management Board or senior management.

Recovery and Resolution Planning, Restructuring Powers

Germany participates in the SRM, which centralizes at a European level the key competences and resources for managing the failure of any bank in member states of the European Union participating in the banking union. The SRM is based on the SRM Regulation and the BRRD, which was implemented in Germany through the German Recovery and Resolution Act (Sanierungs- und Abwicklungsgesetz, SAG). In addition, the German Resolution Mechanism Act (Abwicklungsmechanismengesetz) adapted German bank resolution laws to the SRM. The SRM Regulation and the German Recovery and Resolution Act require the preparation of recovery and resolution plans for banks and grant broad powers to public authorities to intervene in a bank which is failing or likely to fail. For a bank directly supervised by the ECB, such as us, the SRB assesses its resolvability and may require legal and operational changes to the

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bank's structure to ensure its resolvability. In the event that a bank is failing or likely to fail and certain other conditions are met, the SRB is responsible for adopting a resolution scheme for resolving the bank pursuant to the SRM Regulation. The European Commission and, to a lesser extent, the Council of the European Union, have a role in endorsing or objecting to the resolution scheme proposed by the SRB. The resolution scheme would be addressed to and implemented by the competent national resolution authorities (in Germany: the Federal Agency for Financial Market Stabilization, FMSA) in line with national company and insolvency law.

Resolution measures that could be imposed upon a failing bank may include a range of measures including the transfer of shares, assets or liabilities of the bank to another legal entity, the reduction, including to zero, of the nominal value of shares, the dilution of shareholders of a failing bank or the cancellation of shares outright, or the amendment, modification or variation of the terms of the bank's outstanding debt instruments, for example by way of deferral of payments or a reduction of the applicable interest rate. Furthermore, certain eligible unsecured liabilities, in particular certain senior unsecured debt instruments specified by the Resolution Mechanism Act, may be written down, including to zero, or converted into equity (commonly referred to as "bail-in"). In addition, the SRB is charged with administering the SRF, a pool of money which is financed by bank levies raised at national level and is intended to reach a target level of 1 % of insured deposits of all banks in member states participating in the SRM by the end of 2023 (currently approximately €55 billion). It will be used for resolving failing banks after other options, such as the bail-in tool, have been exhausted. Financial public support for a failing bank should only be used as a last resort, after having assessed and exploited, to the maximum extent possible, resolution measures set forth in the SRM Regulation and the German Recovery and Resolution Act, including the bail-in tool.

Also under the German Resolution Mechanism Act, obligations of banks such as us under certain, specifically defined senior unsecured debt instruments issued by them would rank junior to, without constituting subordinated debt, in an insolvency proceeding of the issuing bank, all other outstanding unsecured unsubordinated obligations of such bank, but continue to rank in priority to contractually or statutorily subordinated debt instruments. Similarly, such senior unsecured debt instruments, in a resolution proceeding, would be bailed in first, prior to any other unsubordinated debt. This order of priority applies to insolvency proceedings commenced, and resolution measures imposed upon the relevant bank, on or after January 1, 2017.

To prevent banks from structuring their liabilities in a way that impedes the effectiveness of the bail-in or other resolution tools, the SRM Regulation and the Recovery and Resolution Act require banks to meet strict minimum requirements for own funds and eligible liabilities ("MREL") which will be determined for banks on a case-by-case basis by the competent resolution authorities. The minimum MREL requirement will be calculated as the amount of own funds and liabilities eligible for a bail-in expressed as a percentage of the total liabilities and own funds.

In addition, on November 9, 2015, the Financial Stability Board ("FSB") published a new standard that will require, when implemented as law, global systemically important banks ("G-SIBs"), such as us, to meet a new minimum requirement for total loss-absorbing capacity ("TLAC") starting on January 1, 2019. The TLAC standard is designed to ensure that failing G-SIBs have sufficient loss-absorbing and recapitalization capacity available in resolution and will apply to G-SIBs after legal implementation in their respective jurisdictions. The FSB has proposed that competent authorities determine a firm-specific minimum TLAC requirement for each G-SIB of at least 16 % of risk-weighted assets as from January 1, 2019, rising to at least 18 % from January 1, 2022. In addition, the FSB has proposed that minimum TLAC must be at least 6 % of the Basel 3 leverage ratio denominator as from January 1, 2019, rising to 6.75 % from January 1, 2022. The ultimate impact of any TLAC requirements on us will depend on how the proposals are implemented into applicable law.

In addition to the SRM and the German Recovery and Resolution Act, under the German Credit Institution Reorganization Act (Gesetz zur Reorganisation von Kreditinstituten) a bank may submit a stabilization plan to the BaFin if, based upon the circumstances, it is likely that the bank will not be able to continuously fulfill the applicable statutory capital or liquidity requirements. A stabilization plan, if implemented, may in particular result in new loans or other financing taken out thereunder having priority over the claims of existing creditors if insolvency proceedings are opened within three years following the commencement of the stabilization proceedings. Also under the German Credit Institution Reorganization Act, if a bank considers a stabilization proceeding to be futile, it may initiate reorganization proceedings, provided

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that the requirements for resolution under the German Recovery and Resolution Act are met. In such proceedings, classes of creditors and shareholders may vote on a reorganization plan that, if adopted, may in particular provide for debt-to-equity swaps, contributions in kind, capital increases and reductions, an exclusion of subscription rights and the spin-off of parts of the bank. Under certain conditions, the reorganization plan may also be implemented without the approval of a class of creditors or the shareholders (i.e., it can be forced upon dissenting creditors or shareholders).

Separation of Proprietary Trading Activities by Universal Banks

The German Separation Act provides that deposit-taking banks and their affiliates are prohibited from engaging in proprietary trading that does not constitute a service for others, high-frequency trading (with the exception of market-making activities), and credit or guarantee transactions with hedge funds and comparable enterprises, unless such activities are transferred to a separate legal entity. The separation requirement applies if certain thresholds are exceeded, which we exceed. In addition, the German Separation Act authorizes the BaFin to prohibit the deposit-taking bank and its affiliates, on a case-by-case basis, from engaging in market-making and other activities that are comparable to the activities prohibited by law, if these activities may put the solvency of the deposit-taking bank or any of its affiliates at risk. In the event that the BaFin orders such a prohibition, the respective activities must be discontinued or transferred to a separate legal entity (referred to as financial trading institution (Finanzhandelsinstitut)). The separate legal entity may be established in the form of an investment firm or a bank and may be part of the same group as the deposit-taking bank. However, it must be economically and organizationally independent from the deposit-taking bank and its (other) affiliates, and it has to comply with enhanced risk management requirements. The prohibition for deposit-taking banks and their affiliates to conduct activities associated with increased risks became effective on July 1, 2015, with a further transitional period of twelve months to accomplish the separation requirement, unless the BaFin extends this period. For Deutsche Bank Group, the period to cease or transfer activities concerned was extended by the BaFin until June 30, 2017. Also starting on July 1, 2016, the BaFin may prohibit, on a case-by-case basis, deposit-taking banks and their affiliates from engaging in market-making and other activities that are comparable to the activities prohibited by law if such activities could put the solvency of the deposit-taking bank or any of its affiliates at risk. The implementation of the Separation Act will require ongoing surveillance of the activities of banks within the scope of the legislation and assessment of compliance and control frameworks to ensure that no prohibited activities are conducted.

On January 29, 2014, the European Commission published a proposal for a regulation on structural measures improving the resilience of European Union credit institutions (referred to as Proposed Regulation), which if enacted, will impose measures similar to the Separation Act. The Proposed Regulation would apply to large banks which are either identified as global systemically important institutions (such as us), or whose total assets and trading activities exceed certain thresholds (which we exceed). If the Proposed Regulation were enacted as drafted, it would ban proprietary trading in financial instruments and commodities. For this purpose, proprietary trading is defined as (subject to certain exemptions) trading on own account for the sole purpose of making profit for the bank through dedicated trading structures. Furthermore, the Proposed Regulation would grant supervisors the power, and, in certain instances, impose on them an obligation, to require the transfer of certain trading and other activities (such as market making, derivatives and securitization operations) to separate legal trading entities within the group. In this case, the group would be required to be structured in a manner that results in the creation of two distinct sub-groups. Only one such subgroup would be permitted to conduct the business of taking insured deposits (referred to as a Core Bank). Both sub-groups would be required to comply separately with the own funds and capital requirements, the large exposure limits and certain other obligations set forth in CRR/CRD 4. Moreover, the Core Bank sub-group would not be permitted to hold any capital instruments or voting rights in the other sub-group. According to the Proposed Regulation, the prohibition on proprietary trading would become effective 18 months after the publication of the final regulation. The provisions on separation of trading activities from Core Banks would become effective 36 months after such publication. On December 22, 2014, the Economic and Monetary Affairs Committee (ECON) of the European Parliament published significant changes to the Proposed Regulation. On June 19, 2015, the Council of the European Union agreed its position at first reading on the Proposed Regulation. The Proposed Regulation is currently being negotiated at the European level. Once enacted, the Proposed Regulation might overrule certain requirements set out in the Separation Act at the national level. The ultimate impact on us will depend on the content of the final version of the Proposed Regulation.

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Remuneration Rules

Under the German Banking Act and the German Credit Institution Remuneration Regulation (Institutsvergütungsverordnung), we are subject to certain restrictions on the remuneration we pay statutorily designated material risk takers and other affected employees. The remuneration rules have been revised on the basis of the CRR/CRD 4 framework, and since January 1, 2014, they impose a cap on bonuses. Pursuant to this cap, the variable remuneration for material risk takers and other affected employees generally must not exceed that employee's fixed remuneration. The variable remuneration may be increased to twice the material risk taker's and other affected employee's fixed remuneration if expressly approved by the shareholders' meeting with the required majority. In addition, between 40 % and 60 % of the variable remuneration of material risk takers must be deferred. The deferral period must be at least three to five years. Also, depending on the responsibilities, activities and position of an employee, at least 50 % of the variable remuneration must be paid in the form of shares or instruments linked to shares. Finally, we are required to comply with certain disclosure requirements relating to the remuneration we pay to, and our remuneration principles in respect of, our material risk takers and other affected employees.

Deposit Protection and Investor Compensation in Germany

The Deposit Protection Act and the Investor Compensation Act

The German Deposit Protection Act (Einlagensicherungsgesetz) and the German Investor Compensation Act (Anlegerentschädigungsgesetz) provide for a mandatory deposit protection and investor compensation system in Germany, based on a European Union directive on deposit guarantee schemes (DGS Directive), recast in 2014, and a European Union directive on investor compensation schemes.

The German Deposit Protection Act requires that each German bank participate in one of the licensed government-controlled deposit protection schemes (Entschädigungseinrichtungen). Entschädigungseinrichtung deutscher Banken GmbH acts as the deposit protection scheme for private sector banks such as us, collects and administers the contributions of the member banks, and settles any compensation claims of depositors in accordance with the German Deposit Protection Act.

Under the German Deposit Protection Act, deposit protection schemes are liable for obligations resulting from deposits denominated in any currency in an amount of up to 100,000 per depositor and bank. In addition, deposits made in connection with particular life events (such as the sale of private residential properties, marriage or severance payments) are protected up to an amount 500,000 for a period of six months after the amount has been deposited or become transferable. Deposit protection schemes are not liable for liabilities the existence of which can be proven only by financial instruments such as transferable securities, that are not repayable at par or the principal of which is repayable at par only under a particular guarantee or agreement provided by the bank or a third party. Deposits by certain entities, such as banks, financial institutions (Finanzinstitute), insurance companies, investment funds, the Federal Republic of Germany, the German federal states and municipalities, as well as liabilities arising out of own acceptances and promissory notes are not protected.

The deposit protection scheme must repay insured deposits in euro within twenty working days until May 31, 2016, and within seven working days as from June 1, 2016, after the BaFin has ascertained a compensation case for the bank concerned and without the requirement for depositors to specifically apply for repayment, except where they claim to be insured above the level of 100,000 in connection with specific life events.

Deposit protection schemes are financed by annual contributions of the participating banks. They must have available financial means proportionate to their potential liabilities and must reach a target level of such means of 0.8 % of the total covered deposits of their participating banks by July 3, 2024. The financial means must be contributed by the banks participating in the deposit protection scheme. The amount of contributions of each bank will be based upon the amount of its covered deposits and the degree of risk the bank is exposed to. Deposit protection schemes may also levy special contributions if required to settle compensation claims. There is no absolute limit on such special contributions.

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Deposit protection schemes will be required to contribute to bank resolution costs where resolution tools are used. The contribution made by the deposit protection scheme is limited to the compensation it would have to pay if the affected bank had become subject to insolvency proceedings. Furthermore, deposit protection schemes under certain circumstances may provide funding to its participating banks to avoid their failure.

Under the German Investor Compensation Act, in the event that the BaFin ascertains a compensation case, Entschädigungseinrichtung deutscher Banken GmbH as our deposit protection scheme is also required to compensate 90 % of any creditor's aggregate claims arising from securities transactions denominated in euro or in a currency of any other European Union member state up to an amount of the equivalent of 20,000. Claims arising from securities transactions include claims of securities account holders for the return of instruments owned by, and held or deposited for them in connection with securities transactions. Claims arising from securities transactions of certain entities, such as banks, financial institutions (Finanzinstitute), insurance companies, investment funds, the Federal Republic of Germany, the German federal states, municipalities and medium-sized and large corporations, are not protected.

European Deposit Insurance Scheme

On November 24, 2015, the European Commission proposed a regulation to establish a European Deposit Insurance Scheme, or EDIS for bank deposits of all credit institutions which are members of any of the current national statutory deposit guarantee schemes member states participating in the banking union. The Commission's proposal envisages a progressive integration of existing national deposit guarantee schemes in three stages, from a re-insurance of national deposit guarantee schemes, to a co-insurance system, and then to the final stage, which would be reached in 2024, when EDIS would fully insure all relevant national deposit guarantee schemes in case of a bank failure. EDIS would be administered by the SRB in all stages jointly with participating national deposit guarantee schemes or, where a deposit guarantee scheme does not administer itself, by the national designated authority responsible for administering the respective participating deposit guarantee scheme. The proposal is currently being negotiated at the European Union level and the ultimate impact on us is uncertain.

Voluntary Deposit Protection System

Liabilities to creditors that are not covered by a statutory compensation scheme may be covered by one of the various protection funds set up by the banking industry on a voluntary basis. We take part in the Deposit Protection Fund of the Association of German Banks (Einlagensicherungsfonds des Bundesverbandes deutscher Banken e. V.). The Deposit Protection Fund covers liabilities to customers up to an amount equal to 20 % of the bank's own funds (Eigenmittel) as further specified in the Deposit Protection Fund's by-laws. This limit will be reduced to 15 % from January 1, 2020 onwards and to 8.75 % from January 1, 2025 onwards. Liabilities to other banks and other specified institutions, obligations of banks represented by instruments in bearer form and covered bonds in registered form (Namenspfandbriefe) are not covered. To the extent the Deposit Protection Fund makes payments to customers of a bank, it will be subrogated to their claims against the bank.

Banks that participate in the Deposit Protection Fund make annual contributions to the fund based on their liabilities to customers, and may be required to make special contributions up to an amount of 50 % of their annual contributions to the extent requested by the Deposit Protection Fund to enable it to fulfill its purpose. If one or more German banks are in financial difficulties, we may therefore participate in their restructuring even where we have no business relationship or strategic interest, in order to avoid making special contributions to the Deposit Protection Fund in case of an insolvency of such bank or banks, or we may be required to make such special contributions.

Further Regulation and Supervision in the European Economic Area

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Since 1989 the European Union has enacted a number of regulations and directives to create a single European Union-wide market with almost no internal barriers on banking and financial services. The Agreement on the European Economic Area extends this single market to Iceland, Liechtenstein and Norway. Within this market our branches generally operate under the so-called European Passport . Under the European Passport, our branches are subject to regulation and supervision primarily by the ECB and the BaFin. To the extent that activities are carried out within its

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jurisdiction, the authorities of the host country supervise the conduct of banks. This includes, for example, rules on treating clients fairly and rules governing a bank's conduct in the securities market.

On November 24, 2010, the European Union enacted regulations to further integrate the existing national supervisory authorities into a European System of Financial Supervision. A European Systemic Risk Board (ESRB) was established and the independent advisory committees to the European Commission for banks, insurance companies and securities markets which had existed since 2004 were transformed into new European authorities: the EBA, the European Insurance and Occupational Pensions Authority (EIOPA) and the ESMA.

The ESRB is responsible for the macro-prudential oversight of the financial system within the European Union. It will in particular collect and analyze all relevant information, identify systemic risks and issue warnings and recommendations for remedial action as appropriate. The secretariat of the ESRB is provided by the ECB. The tasks of the EBA, EIOPA, and ESMA are to further integrate and harmonize the work of the relevant national supervisory authorities and to ensure a consistent application of European Union law. To that effect they shall in particular develop technical standards for supervision, and help develop regulatory standards, which will become effective if the European Commission endorses them. They shall also issue guidelines and recommendations for supervisory practices and coordinate the work of competent supervisory authorities in emergency situations where the orderly functioning or integrity of the financial markets or the stability of the financial system in the European Union is jeopardized. In such case, the EBA and the other new authorities may give instructions to competent supervisory authorities and, in certain circumstances, directly to banks and other financial institutions, to take remedial measures.

Regulation and Supervision in the United States

Our operations are subject to extensive federal and state banking, securities and derivatives regulation and supervision in the United States. We engage in U.S. banking activities directly through our New York branch. We also control U.S. banking subsidiaries, including Deutsche Bank Trust Company Americas (DBTCA), and U.S. broker-dealers, such as Deutsche Bank Securities Inc., U.S. nondeposit trust companies and nonbanking subsidiaries.

On July 21, 2010, the United States enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act), which provides a broad framework for significant regulatory changes that extend to almost every area of U.S. financial regulation. While rulemaking in respect of many of the provisions of the Dodd-Frank Act has already taken place, implementation of the Dodd-Frank Act will require further detailed rulemaking over several years by different U.S. regulators, including the Department of the Treasury, the Federal Reserve Board, the Securities and Exchange Commission (SEC), the Federal Deposit Insurance Corporation (FDIC), the Commodity Futures Trading Commission (CFTC) and the Financial Stability Oversight Council (Council), and uncertainty remains about the final details, timing and impact of many of the rules.

The Dodd-Frank Act provisions known as the Volcker Rule limit the ability of banking entities and their affiliates to engage as principal in certain types of proprietary trading unrelated to serving clients and to sponsor or invest in private equity or hedge funds or similar funds (covered funds), subject to certain exclusions and exemptions. In the case of non-U.S. banking entities such as Deutsche Bank AG, these exemptions permit certain activity conducted outside the U.S., provided that certain criteria are satisfied. The Volcker Rule also limits the ability of banking entities and their affiliates to enter into certain transactions with covered funds with which they or their affiliates have certain relationships. On December 10, 2013, U.S. regulators released the final version of the regulations implementing the Volcker Rule. Also on that date, the Federal Reserve Board extended the end of the conformance period for the Volcker Rule until July 21, 2015 (with the possibility of two one-year extensions under certain circumstances), by which time financial institutions subject to the rule, such as us, must bring their activities and investments into compliance and implement a specific compliance program. In December 2014, the Federal Reserve Board issued an order extending the Volcker Rule's general conformance period until July 21, 2016 for investments in and relationships with covered funds and certain foreign funds that were in place on or prior to December 31, 2013 (legacy covered funds), and stated its intention to grant a final one-year extension of the general conformance period, to July 21, 2017, for banking entities to conform ownership interests in and relationships with legacy covered funds. This extension of the conformance period

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does not apply to the Volcker Rule's prohibitions on proprietary trading or to any investments in and relationships with covered funds made or entered into after December 31, 2013.

The Dodd-Frank Act also provides regulators with tools to provide greater capital, leverage and liquidity requirements and other prudential standards, particularly for financial institutions that pose significant systemic risk. U.S. regulators will also be able to restrict the size and growth of systemically significant non-bank financial companies and large interconnected bank holding companies and will be required to impose bright-line debt-to-equity ratio limits on financial companies that the Council determines pose a grave threat to financial stability if the Council determines that the imposition of the limit is necessary to minimize the risk.

With respect to prudential standards, on February 18, 2014, the Federal Reserve Board adopted rules (the "FBO Rules") that set forth how the U.S. operations of foreign banking organizations ("FBOs"), such as Deutsche Bank, will be required to be structured in the U.S., as well as the enhanced prudential standards that will apply to our U.S. operations.

Under the FBO Rules, a large FBO with U.S.\$ 50 billion or more in U.S. non-branch assets, such as us, will be required to establish or designate a separately capitalized top-tier U.S. intermediate holding company ("IHC") that would hold substantially all of the FBO's ownership interests in U.S. subsidiaries by July 1, 2016. Beginning on that date, our IHC will be subject, on a consolidated basis, to the risk-based capital requirements under the U.S. Basel 3 capital framework, capital planning and stress testing requirements (on a phased-in basis), U.S. liquidity buffer requirements and other enhanced prudential standards comparable to those applicable to top-tier U.S. bank holding companies of a similar size. The Federal Reserve Board will have the authority to examine the IHC and any of its subsidiaries. U.S. leverage requirements applicable to the IHC will take effect beginning in January 2018. An FBO's U.S. branches and agencies will not be held beneath an IHC; however, the U.S. branches and agencies of the FBO (and in certain cases, the entire U.S. operations of the FBO) will be subject to certain liquidity requirements, as well as other specific enhanced prudential standards, such as risk management and asset maintenance requirements under certain circumstances. Additionally, the FBO Rules will place requirements on the FBO itself related to the adequacy and reporting of the FBO's home country capital and stress testing regime. The Federal Reserve Board did not finalize (but continues to consider) requirements relating to single counterparty credit limits and an early remediation framework under which the Federal Reserve Board would implement prescribed restrictions and penalties against the FBO and its U.S. operations and certain of its officers and directors, if the FBO and/or its U.S. operations do not meet certain requirements, and would authorize the termination of U.S. operations under certain circumstances.

Title I of the Dodd-Frank Act and the implementing regulations issued by the Federal Reserve Board and the FDIC require each bank holding company with assets of U.S.\$ 50 billion or more, including Deutsche Bank AG, to prepare and submit annually a plan for the orderly resolution of subsidiaries and operations in the event of future material financial distress or failure (the "Title I US Resolution Plan"). For foreign-based covered companies such as Deutsche Bank AG, the Title I US Resolution Plan only relates to subsidiaries, branches, agencies and businesses that are domiciled in or conducted in whole or in material part in the United States. In addition to the Title I US Resolution Plan, in 2014, DBTCA, one of our insured depository institutions ("IDIs") in the United States, became subject to the FDIC's final rule requiring IDIs with total assets of U.S.\$ 50 billion or more to submit periodically to the FDIC a plan for resolution in the event of failure (the "IDI Plan") and, together with the Title I US Resolution Plan, the "US Resolution Plan") under the Federal Deposit Insurance Act (the "IDI Rule"). In 2014, Deutsche Bank AG expanded its Title I US Resolution Plan to also be responsive to the IDI Rule requirements. In 2015, DBTCA prepared and submitted a separate IDI Plan.

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The core elements of the US Resolution Plan are Material Entities (MEs), Core Business Lines (CBLs), Critical Operations (COs) and, for purposes of the IDI Plan, Critical Services. The US Resolution Plan lays out the resolution strategy for each ME, defined as those entities significant to the activities of a CO or CBL and demonstrates how each ME, CBL and CO, as applicable, can be resolved in a rapid and orderly manner and without systemic impact on U.S. financial stability. The US Resolution Plan also discusses the strategy for continuing Critical Services in resolution. Key factors addressed in the US Resolution Plan include how to ensure:

- Continued access to services from other U.S. and non-U.S. legal entities as well as from third parties such as payment servicers, exchanges and key vendors;
- Availability of funding from both external and internal sources;
- Retention of key employees during resolution; and
- Efficient and coordinated close-out of cross-border contracts.

The US Resolution Plan is drafted in coordination with the U.S. businesses and infrastructure groups so that it accurately reflects the business, critical infrastructure and key interconnections.

Our existing U.S. bank holding company subsidiary, Deutsche Bank Trust Corporation, is subject to various U.S. prudential requirements and will become subject to others prior to our establishing the IHC. As of January 1, 2015, Deutsche Bank Trust Corporation is subject to risk-based and leverage capital requirements, liquidity requirements, and other enhanced prudential standards applicable to large U.S. bank holding companies. Deutsche Bank Trust Corporation also became subject to capital planning and stress testing requirements on June 30, 2014. On March 11, 2015, the Federal Reserve Board objected to Deutsche Bank Trust Corporation's 2015 capital plan due to weaknesses in its capital planning processes. Deutsche Bank Trust Corporation's stressed Common Equity Tier 1 capital ratio was forecast by the Federal Reserve Board to fall to as low as 28.6 % under the supervisory severely adverse scenario. This hypothetical stressed ratio would be substantially above the minimum required ratio of 4.5 %. Stress testing results are based on hypothetical adverse scenarios and should not be viewed or interpreted as forecasts of expected outcomes or capital adequacy or of the actual financial condition of Deutsche Bank Trust Corporation. Deutsche Bank Trust Corporation will submit its 2016 capital plan, incorporating enhancements to its processes, on April 5, 2016. Deutsche Bank Trust Corporation will remain subject to the capital planning and stress-testing requirements and certain enhanced prudential standards until corresponding requirements applicable to the IHC become effective.

In September 2014, the Federal Reserve Board and other U.S. regulators approved a final rule implementing liquidity coverage ratio (LCR) requirements for certain U.S. banking holding companies and depository institutions that are generally consistent with the Basel Committee's revised Basel 3 liquidity standards. Deutsche Bank Trust Corporation, as a U.S. bank holding company with total assets of U.S.\$ 50 billion or more that is not an advanced approaches bank holding company, became subject to a modified, less stringent version of the LCR beginning in January 2016. The Federal Reserve Board has reaffirmed its plans to issue an additional rulemaking to address the application of an LCR requirement to the U.S. operations of some or all foreign banking organizations with U.S.\$ 50 billion or more in combined U.S. assets, which could impact the LCR requirements applicable to our IHC.

On October 30, 2015, the Federal Reserve Board published proposed rules that would implement the FSB's TLAC standard in the United States. The proposed rules would require, among other things, the U.S. IHCs of non-U.S. G-SIBs, including our IHC, to maintain a minimum amount of internal TLAC, and would separately require them to maintain a minimum amount of internal long-term debt. Under the proposed rules, the required amounts of minimum internal TLAC required varies depending on the home country resolution authority's preferred resolution strategy. The proposed rules would require our IHC to maintain, on a fully phased-in basis by 2022, (i) internal minimum TLAC of at least 16 % of its risk-weighted assets, 6 % of its Basel 3 leverage ratio denominator and 8 % of its average total consolidated assets, and (ii) internal long-term debt of at least 7 % of its risk-weighted assets, 3 % of its Basel 3 leverage ratio denominator and 4 % of its average total consolidated assets. Internal long-term debt instruments would be required to meet certain eligibility criteria, including issuance to a foreign parent entity (a non-US entity that controls the intermediate holding company) and the inclusion of a contractual trigger allowing for, in limited circumstances, the

cancellation of, or immediate conversion or exchange of the instrument into Common Equity Tier 1 upon an order by

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the Federal Reserve Board. Internal TLAC requirements could be satisfied with a combination of eligible long-term debt instruments and Tier 1 capital. The proposed rules would also impose limitations on the types of financial transactions that our IHC could engage in.

Furthermore, the Dodd-Frank Act provides for an extensive framework for the regulation of over-the-counter (OTC) derivatives, including mandatory clearing, exchange trading and transaction reporting of certain OTC derivatives, as well as rules regarding the registration of, and capital, margin and business conduct standards for, swap dealers and major swap participants. In November 2013, also pursuant to the Dodd-Frank Act, the CFTC re-proposed regulations to impose position limits on certain commodities and economically equivalent swaps, futures and options. This proposal has not yet been finalized. At the end of 2015, the U.S. Prudential Regulators and the CFTC adopted final rules establishing margin requirements for non-cleared swaps and security based swaps. The final margin rules follow a phased implementation schedule, with variation margin requirements coming into effect in September 2016 or March 2017, and initial margin requirements phased in on an annual basis from September 2016 through September 2020, with the relevant compliance dates depending in each case on the transactional volume of the parties and their affiliates.

The Dodd-Frank Act also requires broader regulation of hedge funds and private equity funds, as well as credit rating agencies, and imposes new requirements with respect to securitization activities. In October 2014, federal regulatory agencies issued final rules to implement the credit risk retention requirements of Section 941 of the Dodd-Frank Act, which generally require securitizers of different types of asset-backed securitizations, including transactions backed by residential mortgages, commercial mortgages, and commercial, credit card and auto loans, to retain at least five percent of the credit risk of the assets being securitized, with an exemption for securitizations that are wholly composed of qualified residential mortgages. The regulations took effect on February 23, 2015. Compliance was required with respect to new securitization transactions backed by residential mortgages beginning December 24, 2015 and will be required with respect to new securitization transactions backed by other types of assets beginning December 24, 2016. We continue to evaluate the final rules and assess their impact on our securitization activities.

The Dodd-Frank Act also establishes a new regulatory framework and enhanced regulation for several other areas, including but not limited to the following. Under the Dodd-Frank Act and implementing regulations, a new regime for the orderly liquidation of systemically significant financial companies is established, which authorizes assessments on financial institutions that have U.S.\$ 50 billion or more in consolidated assets to repay outstanding debts owed to the Treasury in connection with a liquidation of a systemically significant financial company under the new insolvency regime. In addition, the Dodd-Frank Act requires U.S. regulatory agencies to prescribe regulations with respect to incentive-based compensation at financial institutions in order to prevent inappropriate behavior that could lead to a material financial loss. Other provisions require issuers with securities listed on U.S. stock exchanges, which may include foreign private issuers such as us, to establish a clawback policy to recoup previously awarded executive compensation in the event of an accounting restatement; in July 2015, the SEC proposed rules to implement this that would cover foreign private issuers. The Dodd-Frank Act also grants the SEC discretionary rule-making authority to impose a new fiduciary standard on brokers, dealers and investment advisers, and expands the extraterritorial jurisdiction of U.S. courts over actions brought by the SEC or the United States with respect to violations of the antifraud provisions of the Securities Act of 1933, the Securities Exchange Act of 1934 and the Investment Advisers Act of 1940.

Implementation of the Dodd-Frank Act and related final regulations will result in additional costs and could limit or restrict the way we conduct our business. Although uncertainty remains about many of the details, impact and timing of these reforms, we expect that there will be significant costs and may be significant limitations on our businesses resulting from these regulatory initiatives.

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Regulatory Authorities

We and Deutsche Bank Trust Corporation, our wholly owned subsidiary, are bank holding companies under the U.S. Bank Holding Company Act of 1956, as amended (the Bank Holding Company Act), by virtue of, among other things, our ownership of DBTCA. As bank holding companies, we and Deutsche Bank Trust Corporation have elected to become financial holding companies. As a result, we and our U.S. operations are subject to regulation, supervision and examination by the Federal Reserve Board as our U.S. umbrella supervisor.

DBTCA is a New York state-chartered bank whose deposits are insured by the FDIC to the extent permitted by law. DBTCA is subject to regulation, supervision and examination by the Federal Reserve Board and the New York State Department of Financial Services and to relevant FDIC regulation. In addition, DBTCA is also subject to regulation by the Consumer Financial Protection Bureau in relation to its retail products and services offered to its customers. Deutsche Bank Trust Company Delaware is a Delaware state-chartered bank which is subject to regulation, supervision and examination by the FDIC and the Office of the State Bank Commissioner of Delaware. Deutsche Bank's New York branch is supervised by the Federal Reserve Board and the New York State Department of Financial Services. Deutsche Bank's federally chartered nondeposit trust companies are subject to regulation, supervision and examination by the Office of the Comptroller of the Currency. We and our subsidiaries are also subject to regulation, supervision and examination by state banking regulators of certain states in which they conduct banking operations.

Restrictions on Activities

As described below, federal and state banking laws and regulations restrict our ability to engage, directly or indirectly through subsidiaries, in activities in the United States. We are required to obtain the prior approval of the Federal Reserve Board before directly or indirectly acquiring the ownership or control of more than 5 % of any class of voting shares of U.S. banks, certain other depository institutions, and bank or depository institution holding companies. Under applicable U.S. federal banking law, our U.S. banking operations are also restricted from engaging in certain tying arrangements involving products and services.

Our two U.S. FDIC-insured bank subsidiaries, as well as our New York branch, are subject to requirements and restrictions under federal and state law, including requirements to maintain reserves against deposits, restrictions on the types and amounts of loans that may be made and the interest that may be charged thereon, and limitations on the types of investments that may be made and the types of services that may be offered.

In addition to the business of banking, and managing or controlling banks, so long as we are a financial holding company under U.S. law, we may also engage in nonbanking activities in the United States that are financial in nature, or incidental or complementary to such financial activity, including securities, merchant banking, insurance and other financial activities, subject to certain limitations on the conduct of such activities and to prior regulatory approval in some cases. As a non-U.S. bank, we are generally authorized under U.S. law and regulations to acquire a non-U.S. company engaged in nonfinancial activities as long as the company's U.S. operations do not exceed certain thresholds and certain other conditions are met. On January 14, 2014, the Federal Reserve Board sought comment on the appropriateness of further restrictions on the physical commodity and merchant banking activities conducted by financial holding companies under several provisions of the Bank Holding Company Act in order to address various prudential considerations, including the potential risks of such activities to the safety and soundness of financial holding companies and financial stability more broadly.

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Our status as a financial holding company, and our resulting ability to engage in a broader range of nonbanking activities are dependent on Deutsche Bank AG, Deutsche Bank Trust Corporation and our two insured U.S. depository institutions meeting certain requirements under the Bank Holding Company Act and upon our insured U.S. depository institutions meeting certain requirements under the Community Reinvestment Act. The Federal Reserve Board's and other U.S. regulators' well-capitalized standards are generally based on specified quantitative thresholds set at levels above the minimum requirements to be considered adequately capitalized. For our two insured depository institution subsidiaries, Deutsche Bank Trust Company Americas and Deutsche Bank Trust Company Delaware, the well-capitalized thresholds under the U.S. Basel 3 framework are a Common Equity Tier 1 capital ratio of 6.5 %, a Tier 1 capital ratio of 8 %, a Total capital ratio of 10 %, and a U.S. leverage ratio of 5 %. For bank holding companies, including Deutsche Bank AG and Deutsche Bank Trust Corporation, the well-capitalized thresholds are a Tier 1 capital ratio of 6 % and a Total capital ratio of 10 %, both of which are calculated for Deutsche Bank AG under its home country standards.

State-chartered banks (such as DBTCA) and state-licensed branches and agencies of foreign banks (such as our New York branch) may not, with certain exceptions that require prior regulatory approval, engage as a principal in any type of activity not permissible for their federally chartered or licensed counterparts. In addition, DBTCA and Deutsche Bank Trust Company Delaware are subject to their respective state banking laws pertaining to legal lending limits and permissible investments and activities. Likewise, the United States federal banking laws also subject state branches and agencies to the same single-borrower lending limits that apply to federal branches or agencies, which are substantially similar to the lending limits applicable to national banks. These single-borrower lending limits are based on the worldwide capital of the entire foreign bank (i.e., Deutsche Bank AG in the case of the New York branch).

The Federal Reserve Board may terminate the activities of any U.S. office of a foreign bank if it determines that the foreign bank is not subject to comprehensive supervision on a consolidated basis in its home country or that there is reasonable cause to believe that such foreign bank or its affiliate has violated the law or engaged in an unsafe or unsound banking practice in the United States or, for a foreign bank that presents a risk to the stability of the United States financial system, the home country of the foreign bank has not adopted, or made demonstrable progress toward adopting, an appropriate system of financial regulation to mitigate such risk.

The Dodd-Frank Act removed a longstanding prohibition on the payment of interest on demand deposits by our FDIC-insured bank subsidiaries and our New York branch. In addition, the lending limits applicable to our FDIC-insured state-chartered bank subsidiaries take into account credit exposures arising from derivative transactions, and the lending limits applicable to our New York branch take into account both credit exposures arising from derivative transactions as well as securities borrowing and lending transactions and repurchase and reverse repurchase agreements with counterparties.

Also, under the so-called swap push-out provisions of the Dodd-Frank Act, certain structured finance derivatives activities of FDIC-insured banks and U.S. branch offices of foreign banks (including our New York branch) are restricted, which may necessitate a restructuring of how we conduct certain of our derivatives activities. We and other U.S. banking organizations and FBOs were required to comply with the push-out provisions by July 2015.

In addition, the regulations which the Consumer Financial Protection Bureau may adopt could affect the nature of the consumer activities which a bank (including our FDIC-insured bank subsidiaries and our New York branch) may conduct, and may impose restrictions and limitations on the conduct of such activities.

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There are various qualitative and quantitative restrictions on the extent to which we and our nonbank subsidiaries can borrow or otherwise obtain credit from our U.S. banking subsidiaries or engage in certain other transactions involving those subsidiaries. In general, these transactions must be on terms that would ordinarily be offered to unaffiliated entities, must be secured by designated amounts of specified collateral and are subject to volume limitations. These restrictions also apply to certain transactions of our New York branch with our U.S. broker-dealers and certain of our other affiliates. Credit exposure arising from derivative transactions, securities borrowing and lending transactions, and repurchase/reverse repurchase agreements is subject to these collateral and volume limitations.

A major focus of U.S. governmental policy relating to financial institutions is aimed at preventing money laundering and terrorist financing and compliance with economic sanctions in respect of designated countries or activities. Failure of an institution to have policies and procedures and controls in place to prevent, detect and report money laundering and terrorist financing could in some cases have serious legal, financial and reputational consequences for the institution.

New York Branch

Our New York branch is licensed by the New York Superintendent of Financial Services to conduct a commercial banking business and is required to maintain eligible high-quality assets with banks in the State of New York (up to a maximum of U.S.\$ 100 million of assets pledged so long as the New York branch remains well-rated by the New York State Superintendent of Financial Services). Should our New York branch cease to be well-rated, we may need to maintain substantial additional amounts of eligible assets. The Superintendent of Financial Services may also establish asset maintenance requirements for branches of foreign banks. In addition, the Federal Reserve Board is authorized to establish asset maintenance requirements for our New York branch under certain conditions, pursuant to the FBO Rules. Currently, no such requirements have been imposed upon our New York branch.

The New York State Banking Law authorizes the Superintendent of Financial Services to take possession of the business and property of a New York branch of a foreign bank under certain circumstances, generally involving violation of law, conduct of business in an unsafe manner, impairment of capital, suspension of payment of obligations, or initiation of liquidation proceedings against the foreign bank at its domicile or elsewhere. In liquidating or dealing with a branch's business after taking possession of a branch, only the claims of depositors and other creditors which arose out of transactions with a branch are to be accepted by the Superintendent of Financial Services for payment out of the business and property of the foreign bank in the State of New York, without prejudice to the rights of the holders of such claims to be satisfied out of other assets of the foreign bank. After such claims are paid, the Superintendent of Financial Services will turn over the remaining assets, if any, to the foreign bank or its duly appointed liquidator or receiver.

Deutsche Bank Trust Company Americas

The Federal Deposit Insurance Corporation Improvement Act of 1991 (referred to as FDICIA) provides for extensive regulation of depository institutions (such as DBTCA and its direct and indirect parent companies), including requiring federal banking regulators to take prompt corrective action with respect to FDIC-insured banks that do not meet minimum capital requirements. As an insured bank's capital level declines and the bank falls into lower categories (or if it is placed in a lower category by the discretionary action of its supervisor), greater limits are placed on its activities and federal banking regulators are authorized (and, in many cases, required) to take increasingly more stringent supervisory actions, which could ultimately include the appointment of a conservator or receiver for the bank (even if it is solvent). In addition, FDICIA generally prohibits an FDIC-insured bank from making any capital distribution (including payment of a dividend) or payment of a management fee to its holding company if the bank would thereafter be undercapitalized. If an insured bank becomes undercapitalized, it is required to submit to federal regulators a capital restoration plan guaranteed by the bank's holding company. Since the enactment of FDICIA, both of our U.S. insured banks have been categorized as well capitalized, the highest capital category under applicable regulations.

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DBTCA, like other FDIC-insured banks, is required to pay assessments to the FDIC for deposit insurance under the FDIC's Deposit Insurance Fund (calculated using the FDIC's risk-based assessment system). The minimum reserve ratio for the Deposit Insurance Fund was increased under the Dodd-Frank Act from 1.15 % to 1.35 %, with the target of 1.35 % to be reached by 2020 and with the incremental cost charged to banks with more than U.S.\$ 10 billion in assets. In addition, the FDIC has set the designated reserve ratio at 2 % as a long-term goal. This shift has had financial implications for all FDIC-insured banks, including DBTCA. In order to achieve the 1.35 % goal, in October 2015, the FDIC proposed an additional surcharge on the quarterly assessments of insured depository institutions with total consolidated assets of U.S.\$ 10 billion or more, including DBTCA. The financial impact of such an additional surcharge may be material to the results of operation of DBTCA, although any final determination would be made when and if the FDIC's proposal is finalized. If finalized as proposed, the additional surcharge would commence in 2016. Additionally, in 2015, the FDIC published further guidance on brokered deposits. This guidance has resulted in DBTCA having to classify more of its deposits as brokered deposits, which has resulted in a higher assessment charge for DBTCA.

The FDIC's basic amount of deposit insurance is U.S.\$ 250,000.

Other

In the United States, our U.S.-registered broker-dealers are regulated by the SEC. Broker-dealers are subject to regulations that cover all aspects of the securities business, including sales methods, trade practices among broker-dealers, use and safekeeping of customers' funds and securities, capital structure, recordkeeping, the financing of customers' purchases and the conduct of directors, officers and employees.

Our principal U.S. SEC-registered broker-dealer subsidiary, Deutsche Bank Securities Inc., is a member of the New York Stock Exchange and is regulated by the Financial Industry Regulatory Authority (FINRA) and the individual state securities authorities in the states in which it operates. The U.S. government agencies and self-regulatory organizations, as well as state securities authorities in the United States having jurisdiction over our U.S. broker-dealer affiliates, are empowered to conduct administrative proceedings that can result in censure, fine, the issuance of cease-and-desist orders or the suspension or expulsion of a broker-dealer or its directors, officers or employees. Deutsche Bank Securities Inc. is also registered with and regulated by the SEC as an investment adviser, and by the CFTC and the National Futures Association as a futures commission merchant and commodity pool operator.

Under the Dodd-Frank Act, with certain exceptions, our entities that are swap dealers, security-based swap dealers, major swap participants or major security-based swap participants will be required to register with the SEC or CFTC, or both. Currently, Deutsche Bank AG is provisionally registered as a swap dealer. At a future date, we will be required to register one or more subsidiaries as security-based swap dealers with the SEC and may be required to register additional subsidiaries as swap dealers with the CFTC and certain subsidiaries as CFTC-regulated major swap participants and/or SEC-regulated major security-based swap participants. Registration, including provisional registration, as swap dealers, security-based swap dealers, major swap participants or major security-based swap participants subjects us to requirements as to capital, margin, business conduct, and recordkeeping, among other requirements.

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Organizational Structure

We operate our business along the structure of our five corporate divisions. Deutsche Bank AG is the direct or indirect holding company for our subsidiaries. The following table sets forth the significant subsidiaries we own, directly or indirectly, as of December 31, 2015. We used the three-part test set out in Section 1-02 (w) of Regulation S-X under the U.S. Securities Exchange Act of 1934 to determine significance. We do not have any other subsidiaries we believe are material based on other, less quantifiable, factors.

We own 100 % of the equity and voting interests in these subsidiaries. Further detail is included in Note 3 Acquisitions and Dispositions to the consolidated financial statements. These subsidiaries prepare financial statements as of December 31, 2015 and are included in our consolidated financial statements. Their principal countries of operation are the same as their countries of incorporation.

Subsidiary	Place of Incorporation
DB USA Corporation ¹	Delaware, United States
Deutsche Bank Americas Holding Corporation ²	Delaware, United States
German American Capital Corporation ³	Delaware, United States
DB U.S. Financial Markets Holding Corporation ⁴	Delaware, United States
Deutsche Bank Securities Inc. ⁵	Delaware, United States
DB Structured Products Inc. ⁶	Delaware, United States
Deutsche Bank Trust Corporation ⁷	New York, United States
Deutsche Bank Trust Company Americas ⁸	New York, United States
Deutsche Bank Luxembourg S.A. ⁹	Luxembourg
Deutsche Bank Privat- und Geschäftskunden Aktiengesellschaft ¹⁰	Frankfurt am Main, Germany
DB Finanz-Holding GmbH ¹¹	Frankfurt am Main, Germany
Deutsche Postbank AG ¹²	Bonn, Germany
DWS Holding & Service GmbH ¹³	Frankfurt am Main, Germany

¹ DB USA Corporation is one of two top-level holding companies for our subsidiaries in the United States.

² Deutsche Bank Americas Holding Corporation is a second tier holding company for subsidiaries in the United States.

³ German American Capital Corporation is engaged in purchasing and holding loans from financial institutions, trading and securitization of mortgage whole loans and mortgage securities, and providing collateralized financing to counterparties.

⁴ DB U.S. Financial Markets Holding Corporation is a second tier holding company for subsidiaries in the United States.

⁵ Deutsche Bank Securities Inc. is a U.S. company registered as a broker dealer and investment advisor with the Securities and Exchange Commission and as a futures commission merchant with the Commodities Futures Trading Commission.

⁶ DB Structured Products, Inc. is a U.S. subsidiary that has ceased engaging in new business and has surrendered the licenses it holds in respect of mortgage-related activities.

⁷ Deutsche Bank Trust Corporation is a bank holding company under Federal Reserve Board regulations.

⁸ Deutsche Bank Trust Company Americas is a New York State-chartered bank and member of the Federal Reserve System. It originates loans and other forms of credit, accepts deposits, arranges financings and provides numerous other commercial banking and financial services.

⁹ The primary business of this company comprises Treasury and Markets activities, especially as a major supplier of Euro liquidity for Deutsche Bank Group. Further business activities are the international loan business, where the bank acts as lending office for continental Europe and as risk hub for the Credit Portfolio Strategies Group, and private banking. The company serves private individuals, affluent clients and small business clients with banking products.

¹⁰ The company serves private individuals, affluent clients as well as small and medium sized corporate clients with banking products.

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- ¹¹ The company holds the majority stake in Deutsche Postbank AG (remainder is held at Deutsche Bank AG) and in DWS Holding & Service GmbH.
- ¹² The business activities of this company comprise retail banking, business with corporate customers, money and capital markets activities as well as home savings loans.
- ¹³ The business activities of this company comprise acquisition, management, coordination and sale of investments in especially investment companies both nationally and internationally for its own account as well as rendering services for general and administrative functions for the investments and other comparable companies.

Property and Equipment

As of December 31, 2015, we operated in 70 countries out of 2,790 branches around the world, of which 65 % were in Germany. We lease a majority of our offices and branches under long-term agreements.

We continue to review our property requirements worldwide taking into account cost containment measures as well as growth initiatives in selected businesses. Please see Note 23 Property and Equipment to the consolidated financial statements for further information.

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Information Required by Industry Guide 3

Please see pages S-1 through S-15 of the Supplemental Financial Information, which pages are incorporated by reference herein, for information required by SEC Industry Guide 3.

Item 4A: Unresolved Staff Comments

We have not received written comments from the Securities and Exchange Commission regarding our periodic reports under the Exchange Act, as of any day 180 days or more before the end of the fiscal year to which this annual report relates, which remain unresolved.

Item 5: Operating and Financial Review and Prospects

Overview

The following discussion and analysis should be read in conjunction with the consolidated financial statements and the related notes to them included in Item 18: Financial Statements of this document, on which we have based this discussion and analysis.

We have prepared our consolidated financial statements in accordance with IFRS as issued by the International Accounting Standards Board (IASB) and as endorsed by the European Union (EU).

Significant Accounting Policies and Critical Accounting Estimates

Our significant accounting policies are essential to understanding our reported results of operations and financial condition. Certain of these 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 have a material impact on our 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. Actual results may differ from these estimates if conditions or underlying circumstances were to change. See Note 1 Significant Accounting Policies and Critical Accounting Estimates to the consolidated financial statements for a discussion on our significant accounting policies and critical accounting estimates.

We have identified the following significant accounting policies that involve critical accounting estimates:

- the impairment of associates
- the impairment of financial assets available for sale
- the determination of fair value
- the recognition of trade date profit
- the impairment of loans and provisions for off-balance sheet positions

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the impairment of goodwill and other intangibles

the recognition and measurement of deferred tax assets

the accounting for legal and regulatory contingencies and uncertain tax positions

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Recently Adopted Accounting Pronouncements and New Accounting Pronouncements

See Note 2 Recently Adopted and New Accounting Pronouncements to the consolidated financial statements for a discussion on our recently adopted and new accounting pronouncements.

Operating Results

You should read the following discussion and analysis in conjunction with our consolidated financial statements.

Executive Summary

Please see Management Report: Operating and Financial Review: Executive Summary on pages 30 through 32 of the Annual Report 2015.

Trends and Uncertainties

For insight into the trends impacting our performance please see the Management Report: Operating and Financial Review section of the Annual Report 2015. Key risks and uncertainties for the Bank are discussed in Item 3: Key Information Risk Factors .

The Bank's future performance and the implementation of our strategic goals could be influenced by a number of uncertainties. Challenges may arise from sustained market volatility, increasing competitive pressures, weakness of global, regional and national economic conditions and political instability in key markets.

In addition, regulatory and supervisory requirements continue to evolve. Regulatory changes have and may continue to increase our costs, restrict our operations, or require structural change, which could put pressure on our capital position. In addition, we are involved in litigation, arbitration and regulatory proceedings and investigations in Germany and in a number of jurisdictions outside Germany, especially in the U.S. Such matters are subject to many uncertainties.

While we seek to achieve efficiencies in our operations, the results of our operational restructuring and related cost savings and the realization of planned savings are dependent on the successful and timely execution of the measures we have identified. Our business segments will be reorganized in 2016 however the operational trend and uncertainties are provided below as per the existing operational structure.

More specifically for CB&S related businesses, operations may continue to be challenged by factors including exposure of global macroeconomic growth to event risks, the potential impact of changes in US and European monetary policy, ongoing regulatory developments and the effects of further balance sheet de-leveraging, litigation charges and expenditures required to comply with regulation.

PBC related businesses may continue to face uncertainties in their operating environment. As a result of the ongoing expansionary monetary policy in the eurozone, we do not expect to experience any relief from the low interest rate environment in the near term. Additional changes in regulatory requirements may further affect overall revenue generation capacity.

For GTB related businesses, uncertainties arise from highly competitive markets and the continued low interest rate environment. Additionally GTB's performance in future periods may also continue to be impacted by increasing cost related to more expansive and rigorous regulatory requirements.

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Macroeconomic developments, such as further European sovereign debt issues, emerging market volatility and the changing regulatory environment could negatively impact the future performance of Deutsche AWM related business.

For NCOU, changes in the economic environment and market conditions could create uncertainty in the timeline for our accelerated de-risking strategy. A slowing in the de-risking strategy can create a heightened sensitivity to volatility in risk-weighted asset calculations thereby impacting overall capital delivery in the near term. Further to the uncertainty which arises from the NCOU de-risking strategy, we expect the litigation environment to continue to be challenging.

Performance in Consolidation & Adjustments is primarily impacted by timing differences from different accounting methods used for management reporting and IFRS, plus one-off unallocated items. We still expect volatility from these items in our future results.

Our effective tax rate was mainly impacted by significant non-tax deductible impairments of goodwill and litigation charges. The effective tax rate in future periods could continue to be influenced by the potential occurrence of specific factors.

Results of Operations

Please see Management Report: Operating and Financial Review: Results of Operations on pages 39 to 63 of the Annual Report 2015 and our discussion of non-GAAP financial measures in the Supplementary Information on pages 438 to 442 of the Annual Report 2015.

Financial Position

Please see Management Report: Operating and Financial Review: Financial Position on pages 64 to 67 of the Annual Report 2015.

Liquidity and Capital Resources

For a detailed discussion of our liquidity risk management, see Management Report: Risk Report: Liquidity Risk beginning on page 117 of the Annual Report 2015.

For a detailed discussion of our capital management, see Management Report: Risk Report: Capital Management on beginning on page 96 of the Annual Report 2015.

Post-Employment Benefit Plans

Please see Management Report: Employees: Post-Employment Benefit Plans on page 232 of the Annual Report 2015.

Exposure to Monoline Insurers

Please see Management Report: Operating and Financial Review: Exposure to Monoline Insurers on pages 66 to 67 of the Annual Report 2015.

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Off-Balance Sheet Arrangements

For information on the nature, purpose and extent of our off-balance sheet arrangements, please see Note 40 Structured Entities to the consolidated financial statements. For further information on off-balance sheet arrangements, including allowances for off-balance sheet positions, please refer to Management Report: Risk Report: Asset Quality: Allowance for Credit Losses on pages 167 to 168 of the Annual Report 2015 and Note 20 Allowance for Credit Losses to the consolidated financial statements. For information on irrevocable lending commitments and contingent liabilities with respect to third parties, please see Note 30 Credit related Commitments and Contingent Liabilities to the consolidated financial statements.

Tabular Disclosure of Contractual Obligations

Please see Management Report: Operating and Financial Review: Tabular Disclosure of Contractual Obligations on page 69 of the Annual Report 2015.

Research and Development, Patents and Licenses

Not applicable.

Item 6: Directors, Senior Management and Employees

Directors and Senior Management

In accordance with the German Stock Corporation Act (Aktiengesetz), we have a Management Board (Vorstand) and a Supervisory Board (Aufsichtsrat). The Stock Corporation Act prohibits simultaneous membership on both the Management Board and the Supervisory Board. The members of the Management Board are the executive officers of our company. The Management Board is responsible for managing our company and representing us in dealings with third parties. The Supervisory Board oversees the Management Board, appoints and removes its members and determines their remuneration and other compensation components, including pension benefits. According to German law, our Supervisory Board represents us in dealings with members of the Management Board. Therefore, no members of the Management Board may enter into any agreement with us without the prior consent of our Supervisory Board.

German law does not require the members of the Management Board nor the members of the Supervisory Board to own any of our shares to be qualified. Minimum shareholding policies, however, were implemented in 2013/2014. In addition, German law has no requirement that members of the Management Board retire based on an age limit. However, age limits for members of the Management Board are defined contractually. Age limits also exist for the members of the Supervisory Board according to the Terms of Reference for our Supervisory Board. There is a maximum age limit of 70 years for members of the Supervisory Board. In exceptional cases, a Supervisory Board member can be elected or appointed for a period that extends at the latest until the end of the fourth Ordinary General Meeting that takes place after he/she has turned the age of 70.

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The Supervisory Board may not make management decisions. However, German law and our Articles of Association (Satzung) require the Management Board to obtain the approval of the Supervisory Board for certain actions. The most important of these actions are:

- granting general powers of attorney (Generalvollmachten). A general power of attorney authorizes its holder to represent the company in substantially all legal matters without limitation to the affairs of a specific office;
- acquisitions and disposals (including transactions carried out by a subsidiary) of real estate when the value of the object exceeds 1 % of our regulatory banking capital (haftendes Eigenkapital);
- granting of credits and the acquisition of participations in other companies, where the German Banking Act requires approval by the Supervisory Board. In particular, the German Banking Act requires the approval of the Supervisory Board if we grant a loan (to the extent legally permissible) to a member of the Management Board or the Supervisory Board or one of our employees who holds a procuration (Prokura) or general power of attorney; and
- acquisitions and disposals (including transactions carried out by a subsidiary) of other participations, insofar as the object involves more than 2 % of our regulatory banking capital. The Supervisory Board must be informed without delay of any acquisition or disposal of such participations involving more than 1 % of our regulatory banking capital.

The Management Board must submit regular reports or ad-hoc reports, as the case may be, to the Supervisory Board on our current operations and future business planning as well as on our risk situation. The Supervisory Board may also request special reports from the Management Board at any time.

With respect to voting powers, a member of the Supervisory Board or the Management Board may not vote on resolutions open to a vote at a board meeting if the proposed resolution concerns:

- a legal transaction between Deutsche Bank AG and the member; or
- commencement, settlement or completion of legal proceedings between Deutsche Bank AG and the member.

A member of the Supervisory Board or the Management Board may not directly or indirectly exercise voting rights on resolutions open to a vote at a shareholders' meeting (Hauptversammlung, which we refer to as the General Meeting) if the proposed resolution concerns:

- ratification of the member's acts;
- a discharge of liability of the member; or
- enforcement of a claim against the member by us.

Supervisory Board and Management Board

In carrying out their duties, members of both the Management Board and Supervisory Board must exercise the standard of care of a prudent and diligent business person, and they are liable to us for damages if they fail to do so. Both boards are required to take into account a broad range of considerations in their decisions, including our interests and those of our shareholders, employees and creditors.

The liability of the members of the Management Board or the Supervisory Board under the German Stock Corporation Act for breach of their fiduciary duties is to the company rather than individual shareholders. However, individual shareholders that hold at least 1 % or 100,000 of the

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subscribed capital and are granted standing by the court may also invoke such liability to the company. The underlying concept is that all shareholders should benefit equally from amounts received under this liability by adding such amounts to the company's assets rather than disbursing them to plaintiff shareholders. We may waive the right to claim damages or settle these claims if at least three years have passed since the alleged breach and if the shareholders approve the waiver or settlement at the General Meeting with a simple majority of the votes cast, and provided that opposing shareholders do not hold, in the aggregate, one tenth or more of our share capital and do not have their opposition formally noted in the minutes maintained by a German notary.

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Supervisory Board

Our Articles of Association require our Supervisory Board to have twenty members. In the event that the number of members on our Supervisory Board falls below twenty, the Supervisory Board maintains its authority to pass resolutions so long as at least ten members participate in the passing of a resolution, either in person or by submitting their votes in writing. If the number of members remains below twenty for more than three months or falls below ten, upon application to a competent court, the court must appoint replacement members to serve on the board until official appointments are made.

The German Co-Determination Act of 1976 (Mitbestimmungsgesetz) requires that the shareholders elect half of the members of the supervisory board of large German companies, such as Deutsche Bank, and that employees in Germany elect the other half. None of the current members of either of our boards were selected pursuant to any arrangement or understandings with major shareholders, customers or others.

Each member of the Supervisory Board generally serves for a fixed term of approximately five years. For the election of shareholder representatives, the General Meeting may establish that the terms of office of up to five members may begin or end on differing dates. Pursuant to German law, the term expires at the latest at the end of the Annual General Meeting that approves and ratifies such member's actions in the fourth fiscal year after the year in which the Supervisory Board member was elected. Supervisory Board members may also be re-elected. The shareholders may, by a majority of the votes cast in a General Meeting, remove any member of the Supervisory Board they have elected in a General Meeting. The employees may remove any member they have elected by a vote of three-quarters of the employee votes cast.

The members of the Supervisory Board elect the chairperson and the deputy chairperson of the Supervisory Board. Traditionally, the chairperson is a representative of the shareholders, and the deputy chairperson is a representative of the employees. At least half of the members of the Supervisory Board must be present at a meeting or must have submitted their vote in writing to constitute a quorum. In general, approval by a simple majority of the members of the Supervisory Board present and voting is required to pass a resolution. In the case of a deadlock, the resolution is put to a second vote. In the case of a second deadlock, the chairperson has the deciding vote.

For additional information on our Supervisory Board, including a table providing the names of and biographical information for the current members, see Corporate Governance Statement/Corporate Governance Report: Management Board and Supervisory Board: Supervisory Board on pages 423 to 428 of the Annual Report 2015.

Standing Committees

For information on the standing committees of our Supervisory Board, please see Corporate Governance Statement/Corporate Governance Report: Management Board and Supervisory Board: Standing Committees on pages 428 to 431 of the Annual Report 2015.

The business address of the members of the Supervisory Board is the same as our business address, Taunusanlage 12, 60325 Frankfurt am Main, Germany.

Management Board

Our Articles of Association require the Management Board to have at least three members. Our Management Board currently has ten members. The Supervisory Board has also appointed two Co-Chairmen of the Management Board.

The Supervisory Board appoints the members of the Management Board for a maximum term of five years and oversees them. They may be re-appointed or have their term extended for one or more terms of up to a maximum of five years each. The Supervisory Board may remove a member of the Management Board prior to the expiration of his or her term for good cause.

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Pursuant to our Articles of Association, two members of the Management Board, or one member of the Management Board together with a holder of procuration, may represent us for legal purposes. A holder of procuration is an attorney-in-fact who holds a legally defined power under German law, which cannot be restricted with respect to third parties. However, pursuant to German law, the Management Board itself must resolve on certain matters as a whole and may not delegate the decision to one or more individual members. In particular, it may not delegate the determination of our business and risk strategies, and the coordinating or controlling responsibilities. The Management Board is required to ensure that shareholders are treated on an equal basis and receive equal information. The Management Board is also responsible for ensuring our proper business organisation, which includes appropriate and effective risk management as well as compliance with legal requirements and internal guidelines, and for taking the necessary measures to ensure that adequate internal guidelines are developed and implemented.

Other selected responsibilities of the Management Board in accordance with the Terms of Reference (Geschäftsordnung) for the Management Board and/or German law are:

- appointing key personnel at the level directly below the Management Board;
- making decisions regarding significant credit exposures or other risks which have not been delegated to individual risk management units;
- acquisition and disposal of equity investments, including capital actions in all cases in which (i) the law or our Articles of Association require approval by the Supervisory Board, or (ii) the equivalent of 100 million is exceeded;
- acquisition and disposal of real estate directly or by separate legal entities in all cases in which: (i) the law or our Articles of Association require approval by the Supervisory Board, or (ii) the real estate's equivalent exceeds 100 million;
- individual vendor or intra Group-outsourcings (or material changes to those outsourcings) in all cases in which the equivalent of 100 million is exceeded on an annual basis or include the outsourcing of core organisational duties of the Management Board;
- calling shareholders meetings;
- filing petitions to set aside shareholders resolutions;
- preparing and executing shareholders resolutions; and
- reporting to the Supervisory Board.

For additional information on our Management Board, including the names of and biographical information for the current members, see Corporate Governance Statement/Corporate Governance Report: Management Board and Supervisory Board: Management Board on pages 419 to 423 of the Annual Report 2015. The Terms of Reference of the Management Board are published on our website www.db.com/ir/en/documents.htm.

Board Practices of the Management Board

The Terms of Reference for the Management Board are in accordance with the Supervisory Board resolution of December 21, 2015. These Terms of Reference provide that the members of the Management Board have the collective responsibility for managing Deutsche Bank. Notwithstanding this principle, the allocation of functional responsibilities to the individual members of the Management Board and their substitution (in case of temporary absence) are set out in the business allocation plan for the Management Board in accordance with the Supervisory Board resolution of January 27, 2016. The allocation of functional responsibilities does not exempt any member of the Management Board from collective responsibility for the management of the business. The members of the Management Board have primary responsibility for the proper performance and/or delegation of their duties and the clear allocation of accountabilities and responsibilities within the area of own functional responsibility (*Ressort*).

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Members of the Management Board are bound to the corporate interest of Deutsche Bank. No member of the Management Board may pursue personal interests in his/her decisions or use business opportunities intended for the company for himself/herself. As permitted by German law, individual members of the Management Board may exercise Deutsche Bank Group-external mandates, honorary offices or special assignments. In order to effectively prevent any conflicts of interest, the members of the Management Board may accept such activities only upon the approval of the

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other members of the Management Board and the Chairman's Committee of the Supervisory Board. Management Board members generally do not accept the chair of supervisory boards of Group-external companies.

Section 161 of the Stock Corporation Act requires that the management board and supervisory board of any German stock exchange-listed company declare annually that the recommendations of the German Corporate Governance Code have been adopted by the company or which recommendations have not been so adopted. These recommendations go beyond the requirements of the Stock Corporation Act. The Management Board and Supervisory Board issued a new Declaration of Conformity in accordance with Section 161 German Stock Corporation Act on October 28, 2015, which is available on our Internet website at www.db.com/ir/en/documents.htm under the heading "Declarations of Conformity".

For information on the Management Board's terms of office, please see "Corporate Governance Statement/Corporate Governance Report: Management Board and Supervisory Board: Management Board" on pages 419 to 423 of the Annual Report 2015. For details of the Management Board's service contracts providing benefits upon termination, please see "Compensation Report: Pension and Transitional Benefits" and "Compensation Report: Other Benefits upon Premature Termination" on pages 221 to 223 of the Management Report.

Group Executive Committee

Please see "Corporate Governance Statement/Corporate Governance Report: Management Board and Supervisory Board: Group Executive Committee" on page 423 of the Annual Report 2015.

Compensation

For information on the compensation of the members of our Supervisory Board, see "Management Report: Compensation Report: Compensation System for Supervisory Board Members" on pages 225 to 228 of the Annual Report 2015.

For information on the compensation of the members of our Management Board, see "Management Report: Compensation Report: Management Board Report and Disclosure" on pages 202 to 211 of the Annual Report 2015 and "Management Report: Compensation Report: Board Compensation" on pages 212 to 220 of the Annual Report 2015. Additional information on our compensation approach and practices, some of which applies to compensation of the Management Board, is provided in "Management Report: Compensation Report" on pages 188 to 228 of the Annual Report 2015.

Employees

For information on our employees, see "Management Report: Employees" on pages 230 to 231 of the Annual Report 2015.

Share Ownership

For the share ownership of the Management Board, see "Management Report: Compensation Report: Management Board Share Ownership" on pages 224 to 225 of the Annual Report 2015.

For the share ownership of the members of the Supervisory Board, see "Corporate Governance Statement/Corporate Governance Report: Reporting and Transparency: Directors' Share Ownership" on pages 431 to 432 of the Annual Report 2015.

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For a description of our employee share programs, please see Note 35 Employee Benefits to the consolidated financial statements.

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Item 7: Major Shareholders and Related Party Transactions

Major Shareholders

On December 31, 2015, our issued share capital amounted to 3,530,939,215 divided into 1,379,273,131 no par value ordinary registered shares.

On December 31, 2015, we had 561,559 registered shareholders. 775,314,228 of our shares were registered in the names of 550,399 shareholders resident in Germany, representing 56.21 % of our share capital. 201,455,765 of our shares were registered in the names of 745 shareholders resident in the United States, representing 14.61 % of our share capital.

The German Securities Trading Act (Wertpapierhandelsgesetz) requires investors in publicly-traded corporations whose investments reach certain thresholds to notify both the corporation and the BaFin of such change within four trading days. The minimum disclosure threshold is 3 % of the corporation's issued voting share capital.

Paramount Services Holdings Ltd., British Virgin Islands, an investment vehicle ultimately beneficially owned and controlled by His Excellency Sheikh Hamad Bin Jassim Bin Jabor Al-Thani, notified us that as of June 25, 2014 it held 5.83 % of our shares. It notified us that as of August 20, 2015 it held 3.05 % of our shares. We have received no further notification by Paramount Services Holdings Ltd., British Virgin Islands, through February 26, 2016.

Supreme Universal Holdings Ltd., Cayman Islands, an investment vehicle ultimately beneficially owned and controlled by His Highness Sheikh Hamad Bin Khalifa Al-Thani, has notified us that as of August 20, 2015 it held 3.05 % of our shares. We have received no further notification by Supreme Universal Holdings Ltd., Cayman Islands, through February 26, 2016.

We understand that the changes in ownership reflected in the two prior paragraphs were the result of a transfer of shares from the Paramount Services Holdings Ltd. to Supreme Universal Holdings Ltd.

BlackRock, Inc., New York, has notified us that as of February 19, 2016 it held 6.79 % of our shares. We have received no further notification by BlackRock, Inc., New York, through February 26, 2016.

We are neither directly nor indirectly owned nor controlled by any other corporation, by any government or by any other natural or legal person severally or jointly.

Pursuant to German law and our Articles of Association, to the extent that we may have major shareholders at any time, we may not give them different voting rights from any of our other shareholders.

We are aware of no arrangements which may at a subsequent date result in a change in control of our company.

Related Party Transactions

We have business relationships with a number of the companies in which we own significant equity interests. We also have business relationships with a number of companies where members of our Management Board also hold positions on boards of directors. Our business

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relationships with these companies cover many of the financial services we provide to our clients generally. For more detailed information, refer to Note 38 Related Party Transactions to the consolidated financial statements.

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We conduct our business with these companies on terms equivalent to those that would prevail if we did not have equity holdings in them or management members in common, and we have conducted business with these companies on that basis in 2015 and prior years. None of these transactions is or was material to us.

Among our business with related party companies in 2015, there have been and currently are loans, guarantees and commitments, which totaled 789 million (including loans amounting to 309 million) as of December 31, 2015, compared to 806 million (including loans amounting to 318 million) as of December 31, 2014.

All these credit exposures

were made in the ordinary course of business, were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and did not involve more than the normal risk of collectability or present other unfavorable features compared to loans to nonrelated parties at their initiation.

We have not conducted material business with parties that fall outside of the definition of related parties but with whom we or our related parties have a relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent parties on an arm's-length basis.

Related Party Impaired Loans

In addition to our other shareholdings, we hold acquired equity interests in some of our clients arising from our efforts to protect our then-outstanding lending exposures to them.

Impaired loans to related parties which may exhibit more than normal risk of collectability or present other unfavorable features compared to performing loans to related parties decreased by 16 million to 3 million, from December 31, 2014, principally driven by a large loan that was impaired as of December 31, 2014 ceasing to be impaired. The following table presents an overview of the impaired loans we hold of some of our related parties as of December 31, 2015.

	Amount outstanding as of December 31, 2015	Largest amount outstanding January 1, to December 31, 2015	Provision for loan losses in 2015 ¹	Allowance for loan losses as of December 31, 2015 ¹	Nature of the loan and transaction
in m.					in which incurred
Customer A	1	1	0	1	Uncollateralized shareholder loan bearing interest at 7.55 % per annum. The loan is held at contractual terms but interest is accreted at the effective interest rate applied to the carrying amount.
Customer B	2	2	0	1	Consisting of a claim from a collateralized real estate leasing finance unpaid at maturity, bearing interest at 6.62 % per annum. The exposure is past due and payable, interest is

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					accreted at the effective interest rate applied to the carrying amount.
Customer C	0	4	0	0	Consisting of a claim from a collateralized real estate leasing finance unpaid at maturity, bearing interest at 4,73 % per annum. The exposure is past due and payable, interest is accreted at the effective interest rate applied to the carrying amount.
Total	3	n/a ²	0	1	

¹ The allowance for loan losses is calculated by subtracting the net present value of future expected cash flows from the current outstanding. The year-end balance of the loan loss allowance is in most cases lower than the amount of provision for credit losses required for the recognition due to unwinding effects based upon passage of time which are recognized in interest income.

² Simply adding the largest amounts outstanding of the individual borrowers during the reporting period to arrive at an aggregate outstanding is not applicable as it would imply the assumption that the largest outstandings for all borrowers occurred simultaneously.

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In the above table, customer A is an unconsolidated subsidiary of ours, customers B and C are investments held at equity. Impaired loans to all related party customers have been carried forward from the previous year end.

We have not disclosed the names of the related party customers described above because we have concluded that such disclosure would violate applicable privacy laws, such as customer confidentiality and data protection laws, and those customers have not waived application of these privacy laws. A legal opinion regarding the applicable privacy laws is filed as Exhibit 14.1 hereto.

Interests of Experts and Counsel

Not required because this document is filed as an annual report.

Item 8: Financial Information**Consolidated Statements and Other Financial Information****Consolidated Financial Statements**

The Financial Statements of this Annual Report on Form 20-F consist of the Consolidated Financial Statements including Notes 1 to 45 thereto, which are set forth as Part 2 of the Annual Report 2015, and, as described in Note 1 Significant Accounting Policies and Critical Accounting Estimates thereto in the third paragraph under Basis of Accounting, certain parts of the Management Report set forth as Part 1 of the Annual Report 2015. Such Consolidated Financial Statements have been audited by KPMG AG Wirtschaftsprüfungsgesellschaft, as described in their Report of Independent Registered Public Accounting Firm included on page 389 of the Annual Report 2015.

Legal Proceedings

General. We and our subsidiaries operate in a legal and regulatory environment that exposes us to significant litigation risks. As a result, we are involved in litigation, arbitration and regulatory proceedings and investigations in Germany and in a number of jurisdictions outside Germany, including the United States. Please refer to Note 29 Provisions to the Consolidated Financial Statements for descriptions of certain significant legal proceedings. Additional legal proceedings that may have, or have had in the recent past, significant effects on our financial position or profitability are described below.

Charter/BMY Matter. On December 8, 2014, the United States Department of Justice (DOJ) filed a civil complaint against, among others, Deutsche Bank, alleging that the bank owes more than U.S.\$ 190 million in taxes, penalties, and interest relating to two transactions that occurred between March and May 2000. The DOJ s complaint arises out of Deutsche Bank s March 2000 acquisition of Charter Corp. (Charter) and its subsequent sale in May 2000 of Charter to an unrelated entity, BMY Statutory Trust (the Trust). Charter s primary asset, both at the time of purchase by Deutsche Bank and sale to the Trust, was appreciated Bristol-Myers Squibb Company (BMY) stock. When the BMY stock was sold by the Trust, the Trust offset its gain with a loss from an unrelated transaction. The Internal Revenue Service subsequently disallowed the loss on audit exposing the BMY gain to taxation. The IRS assessed additional tax, penalties and interest against the Trust, which have not been paid. Relying on certain theories, including fraudulent conveyance, the DOJ is now seeking to recoup from Deutsche Bank the taxes, plus penalties and interest, owed by the Trust. On September 24, 2015, the court denied Deutsche Bank s motion to dismiss. Discovery on plaintiff s claims is ongoing.

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Corporate Securities Matters. Deutsche Bank and Deutsche Bank Securities Inc. (DBSI) regularly act in the capacity of underwriter and sales agent for debt and equity securities of corporate issuers and are from time to time named as defendants in litigation commenced by investors relating to those securities.

Deutsche Bank and DBSI, along with numerous other financial institutions, was sued in the United States District Court for the Southern District of New York in various actions in their capacity as underwriters and sales agents for debt and equity securities issued by American International Group, Inc. (AIG) between 2006 and 2008. The complaint alleged, among other things, that the offering documents failed to reveal that AIG had substantial exposure to losses due to credit default swaps, that AIG's real estate assets were overvalued, and that AIG's financial statements did not conform to GAAP. On March 20, 2015, the court approved a settlement, funded by AIG, and releasing us from all claims.

DBSI, along with numerous other financial institutions, was named as a defendant in a putative class action lawsuit pending in the United States District Court for the Southern District of New York relating to alleged misstatements and omissions in the registration statement of General Motors Company (GM) in connection with GM's November 18, 2010 initial public offering (IPO). DBSI acted as an underwriter for the offering. On September 4, 2014, the court dismissed all of the plaintiffs' claims with prejudice. The court also denied plaintiffs' request for leave to further amend the complaint. On May 28, 2015, the Second Circuit affirmed the dismissal, and on July 9, 2015 the Second Circuit denied *en banc* review of plaintiffs' appeal. The time allowed for plaintiffs to further appeal has expired. The underwriters, including DBSI, received a customary indemnification agreement from GM as issuer in connection with the offering.

CO₂ Emission Rights. The Frankfurt am Main Office of Public Prosecution (the OPP) is investigating alleged value-added tax (VAT) fraud in connection with the trading of CO₂ emission rights by certain trading firms, some of which also engaged in trading activity with Deutsche Bank. The OPP alleges that certain employees of Deutsche Bank knew that their counterparties were part of a fraudulent scheme to avoid VAT on transactions in CO₂ emission rights, and it searched Deutsche Bank's head office and London branch in April 2010 and issued various requests for documents. In December 2012, the OPP widened the scope of its investigation and again searched Deutsche Bank's head office. It alleges that certain employees deleted e-mails of suspects shortly before the 2010 search and failed to issue a suspicious activity report under the Anti-Money Laundering Act which, according to the OPP, was required. It also alleges that Deutsche Bank filed an incorrect VAT return for 2009, which was signed by two members of the Management Board, and incorrect monthly returns for September 2009 to February 2010. Deutsche Bank is cooperating with the OPP. On February 15, 2016, a criminal trial began in the Frankfurt regional court of seven current and former Deutsche Bank employees who are accused of VAT evasion or of aiding and abetting VAT evasion due to their involvement in CO₂ emissions trading.

Credit Correlation. On May 26, 2015, the U.S. Securities and Exchange Commission (SEC) issued a cease and desist order in a settled administrative proceeding against Deutsche Bank AG. The matter related to the manner in which Deutsche Bank valued gap risk associated with certain Leveraged Super Senior (LSS) synthetic CDO positions during the fourth quarter of 2008 and the first quarter of 2009, which was the height of the financial crisis. Gap risk is the risk that the present value of a trade could exceed the value of posted collateral. During the two quarters at issue, Deutsche Bank did not adjust its value of the LSS trades to account for gap risk, essentially assigning a zero value for gap risk. The SEC found that although there was no standard industry model to value gap risk and the valuation of these instruments was complex, Deutsche Bank did not reasonably adjust the value of the LSS trades for gap risk during these periods, resulting in misstatements of its financial statements for the two quarters at issue. The SEC also found that Deutsche Bank failed to maintain adequate systems and controls over the valuation process. The SEC found violations of Sections 13(a) (requirement to file accurate periodic reports with the SEC), 13(b)(2)(A) (requirement to maintain accurate books and records), and 13(b)(2)(B) (requirement to maintain reasonable internal accounting controls) of the U.S. Securities Exchange Act of 1934. Deutsche Bank paid a U.S.\$ 55 million penalty, for which it had previously recorded a provision, and neither admitted nor denied the findings.

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Credit Default Swap Antitrust Investigations and Litigation. As previously disclosed, 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 alleged that 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, which constituted a single and continuous infringement of Article 101 of the TFEU and Article 53 of the EEA Agreement. Deutsche Bank contested the EC's preliminary conclusions during 2014 and on December 4, 2015, the EC announced the closure without action of its investigation of Deutsche Bank and the twelve other banks (but not Markit or ISDA).

A multi-district civil class action was filed in the U.S. 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 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. The second amended class action complaint did not specify the damages sought. 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. On September 30, 2015, Deutsche Bank executed a settlement agreement to resolve the matter for U.S.\$ 120 million, which is subject to court approval.

Dole Food Company. DBSI and Deutsche Bank AG New York Branch ("DBNY") were named as co-defendants in a class action pending in Delaware Court of Chancery that was brought by former stockholders of Dole Food Company, Inc. ("Dole"). Plaintiffs alleged that defendant David H. Murdock and certain members of Dole's board and management (who are also named as defendants) breached their fiduciary duties, and that DBSI and DBNY aided and abetted in those breaches, in connection with Mr. Murdock's privatization of Dole, which closed on November 1, 2013 (the "Transaction"). Trial in this matter concluded on March 9, 2015. On August 27, 2015, the court issued its post-trial decision, which found that (i) DBSI and DBNY were not liable for aiding and abetting breaches of fiduciary duties, and (ii) Mr. Murdock and Dole's former President, Michael Carter, breached their fiduciary duties to Dole's stockholders, holding them responsible for damages of approximately U.S.\$ 148 million, prior to the application of interest.

On December 7, 2015, Mr. Murdock and the plaintiffs filed with the court a stipulation of settlement, pursuant to which, among other things, (i) Mr. Murdock agreed to make a payment of damages to Dole's stockholders consistent with the court's decision and (ii) the defendants in the litigation will receive a release from liability with respect to the Transaction, including DBSI and DBNY. In filings dated January 25 and 27, 2016, three purported Dole stockholders objected to the settlement, although two of the three subsequently withdrew their objections. The remaining objector asserted that stockholders who sold their Dole shares after the announcement of the Transaction on June 10, 2013 but prior to the closing of the Transaction on November 1, 2013 should be considered part of the class for purposes of distributing the settlement proceeds. A fairness hearing took place on February 10, 2016 to determine whether the court would approve the stipulation of settlement. At the hearing on February 10, 2016, the court approved the settlement and entered a final order terminating the litigation.

EVAF Matter. RREEF European Value Added Fund I, L.P. (the "Fund" or "EVAF") is a fund managed by Deutsche Bank's subsidiary, Deutsche Alternative Asset Management (UK) Limited (the "Manager"). In March 2008, the Fund committed to invest in Highstreet Investment, a consortium that acquired a 49 % stake in the landlord that owned a German department store property portfolio. On September 4, 2015, the Fund (acting through a committee of independent advisers of the General Partner of the Fund, which is also a Deutsche Bank subsidiary) filed (in the English High Court) a claim against the Manager claiming that the Manager's decision to make the Highstreet Investment had been grossly negligent, based in part on an allegation that the investment exceeded the concentration limits set out in the Fund's Investment Guidelines, and had caused the Fund losses of at least \$ 158.9 million (plus interest), for which the Manager was liable in damages. The parties have filed and

served their statements of case setting out their formal

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pleaded positions. The Manager has denied acting in a grossly negligent manner and has disputed the Fund's calculation of alleged losses. A case management conference (CMC) hearing took place on February 12, 2016. The CMC set the timetable for the remainder of the proceedings, up to and including trial (which the court has determined will not take place before April 25, 2017).

ISDAFIX. Deutsche Bank has received requests for information from certain regulatory authorities concerning the setting of ISDAFIX benchmarks, which provide average mid-market rates for fixed interest rate swaps. The Bank is cooperating with these requests. In addition, the Bank has been named as a defendant in five putative class actions that were consolidated in the United States District Court for the Southern District of New York asserting antitrust, fraud, and other claims relating to an alleged conspiracy to manipulate the U.S. dollar ISDAFIX benchmark. Plaintiffs filed an amended complaint on February 12, 2015. Defendants filed a motion to dismiss the amended complaint on April 13, 2015, which was fully briefed as of July 15, 2015.

Monte Dei Paschi. In February 2013 Banca Monte Dei Paschi Di Siena (MPS) issued civil proceedings in Italy against Deutsche Bank alleging that Deutsche Bank assisted former MPS senior management in an accounting fraud on MPS, by undertaking repo transactions with MPS and Santorini, a wholly owned SPV of MPS, which helped MPS defer losses on a previous transaction undertaken with Deutsche Bank. Subsequently, in July 2013, the Fondazione Monte Dei Paschi, MPS' largest shareholder, also issued civil proceedings in Italy for damages based on substantially the same facts. In December 2013, Deutsche Bank reached an agreement with MPS on the grounds of which the civil proceedings were settled and the transactions were unwound at a discount for MPS. The civil proceedings by the Fondazione Monte Dei Paschi, in which damages of between 120 million and 307 million are claimed, remain pending.

A criminal investigation was launched by the Siena Public Prosecutor into the transactions and certain unrelated transactions entered into by a number of other international banks with MPS. Such investigation was moved in September 2014 from Siena to the Milan Public Prosecutors as a result of a change in the alleged charges being investigated. On February 16, 2016, the Milan Public Prosecutors issued a request of committal to trial against Deutsche Bank AG and six current and former employees. The preliminary hearing before the judge for the preliminary investigation phase (who has to decide whether to adhere to the request of committal to trial or not) is scheduled to take place in March 2016. Separately, Deutsche Bank has also received requests for information from certain regulators relating to the transactions, including with respect to Deutsche Bank's accounting for the transactions and alleged failures by Deutsche Bank's management adequately to supervise the individuals involved in the matter. Deutsche Bank is cooperating with these regulators.

Ocala Litigation. Deutsche Bank is a secured creditor of Ocala Funding LLC (Ocala), a commercial paper vehicle sponsored by Taylor Bean & Whitaker Mortgage Corp. (Taylor Bean), which ceased mortgage lending operations and filed for bankruptcy protection in August 2009. Bank of America is the trustee, collateral agent, custodian and depository agent for Ocala. Deutsche Bank commenced a civil litigation in the United States District Court for the Southern District of New York against Bank of America resulting from Bank of America's failure to secure and safeguard cash and mortgage loans that secured Deutsche Bank's commercial paper investment. On March 31, 2015, pursuant to the terms of a confidential settlement agreement, Deutsche Bank dismissed the action.

Parmalat Litigation. Following the bankruptcy of the Italian company Parmalat, prosecutors in Parma conducted a criminal investigation against various bank employees, including employees of Deutsche Bank, and brought charges of fraudulent bankruptcy against a number of Deutsche Bank employees and others. The trial commenced in September 2009 and is ongoing, although it is in its final stages and is anticipated will conclude in the course of 2016, possibly in the next few months.

Certain retail bondholders and shareholders have alleged civil liability against Deutsche Bank in connection with the above-mentioned criminal proceedings. Deutsche Bank has made a formal settlement offer to those retail investors who have asserted claims against Deutsche Bank. This offer has been accepted by some of the retail investors. The outstanding claims will be heard during the criminal trial process.

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In January 2011, a group of institutional investors (bondholders and shareholders) commenced a civil claim for damages, in an aggregate amount of approximately 130 million plus interest and costs, in the Milan courts against various international and Italian banks, including Deutsche Bank and Deutsche Bank S.p.A., on allegations of cooperation with Parmalat in the fraudulent placement of securities and of deepening the insolvency of Parmalat. On January 26, 2015, the court in Milan dismissed the claim on the merits and awarded costs to the banks. Deutsche Bank has subsequently entered into settlement agreements with the claimants and no further action will be taken.

Pas-de-Calais Habitat. On May 31, 2012, Pas-de-Calais Habitat (PDCH), a public housing office, initiated proceedings before the Paris Commercial Court against Deutsche Bank in relation to four swap contracts entered into in 2006, restructured on March 19, 2007 and January 18, 2008 and subsequently restructured in 2009 and on June 15, 2010. PDCH asks the Court to declare the March 19, 2007 and January 18, 2008 swap contracts null and void, or terminated, or to grant damages to PDCH in an amount of approximately 170 million on the grounds, inter alia, that Deutsche Bank committed fraudulent and deceitful acts, manipulated the LIBOR and EURIBOR rates which are used as a basis for calculating the sums due by PDCH under the swap contracts and has breached its obligations to warn, advise and inform PDCH. A decision on the merits is not expected until the second quarter of 2016 at the earliest.

Postbank Voluntary Public Takeover Offer. On September 12, 2010, Deutsche Bank announced the decision to make a takeover offer for the acquisition of all shares in Deutsche Postbank AG. On October 7, 2010, the Bank published the official offer document. In its takeover offer, Deutsche Bank offered to Postbank shareholders a consideration of 25 for each Postbank share.

In November 2010, a former shareholder of Postbank, Effecten-Spiegel AG, which had accepted the takeover offer, brought a claim against Deutsche Bank alleging that the offer price was too low and was not determined in accordance with the applicable law of the Federal Republic of Germany. The plaintiff alleges that Deutsche Bank had been obliged to make a mandatory takeover offer for all shares in Deutsche Postbank AG in 2009 already. The plaintiff avers that, in 2009, the voting rights of Deutsche Post AG in Deutsche Postbank AG had to be attributed to Deutsche Bank AG pursuant to Section 30 of the German Takeover Act.

The Cologne regional court dismissed the claim in 2011 and the Cologne appellate court dismissed the appeal in 2012. The Federal Court set aside the Cologne appellate court's judgment and referred the case back to the appellate court. In its judgment, the Federal Court stated that the appellate court had not sufficiently considered the plaintiff's allegation of an "acting in concert" between Deutsche Bank AG and Deutsche Post AG in 2009. The Cologne appellate court heard the chairman of Deutsche Post's management board as a witness on February 24, 2016. The appellate court will grant the parties the opportunity to comment on the testimony in writing. Thereafter, there will be an additional hearing which is expected to occur in the second quarter of 2016 depending on the availability of the appellate court.

Starting in 2014, some further former shareholders of Deutsche Postbank AG, who accepted the 2010 tender offer, brought similar claims as Effecten-Spiegel AG against Deutsche Bank. The Bank is of the opinion that all these actions, including the action by Effecten-Spiegel AG, are without merit and is defending itself against the claims.

Sebastian Holdings Litigation. Deutsche Bank is in litigation in New York with Sebastian Holdings Inc. ("SHI") in respect of claims arising from FX trading activities in 2008. SHI seeks damages of at least U.S.\$ 2.5 billion in an amended complaint filed on January 10, 2011. SHI's claims and Deutsche Bank's defences are substantially similar to those in litigation concluded in the UK Commercial Court in November 2013 arising from the same circumstances in which Deutsche Bank was awarded approximately U.S.\$ 236 million plus interest and all of SHI's claims were dismissed. On January 27, 2016, the New York court granted Deutsche Bank's motion for summary judgment dismissing SHI's action based on the UK Commercial Court's judgment. The New York court also denied SHI's motion for leave to file an amended complaint.

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In June 2014, Mr. Alexander Vik (SHI's sole shareholder and director) was ordered by the UK Commercial Court personally to pay GBP 34 million by way of an interim award in respect of Deutsche Bank's costs in the UK litigation, plus a further GBP 2 million in accrued interest. Such sums were paid by Mr. Vik who has since sought to appeal this decision in the UK Court of Appeal, which dismissed his application and refused him permission to appeal.

Trust Preferred Securities Litigation. Deutsche Bank and certain of its affiliates and officers are the subject of a consolidated putative class action, filed in the United States District Court for the Southern District of New York, asserting claims under the federal securities laws on behalf of persons who purchased certain trust preferred securities issued by Deutsche Bank and its affiliates between October 2006 and May 2008. The district court dismissed the plaintiffs' second amended complaint with prejudice, which dismissal was affirmed by the United States Court of Appeals for the Second Circuit. On July 30, 2014, the plaintiffs filed a petition for rehearing and rehearing en banc with the Second Circuit. On October 16, 2014, the Second Circuit denied the petition. In February 2015, the plaintiffs filed a petition for a writ of certiorari seeking review by the United States Supreme Court. On June 8, 2015, the Supreme Court granted plaintiffs' petition, vacated judgment, and remanded the case to the Second Circuit for further consideration in light of its recent decision in *Omnicare, Inc. v. Laborers District Council Construction Industry Pension Fund*. On June 16, 2015, Deutsche Bank filed a motion with the Second Circuit requesting leave to submit briefing on the question of whether the Second Circuit's prior decision in this case is consistent with the Supreme Court's *Omnicare* decision. On July 21, 2015, the Court of Appeals remanded the action to the district court for further consideration in light of the *Omnicare* decision, and denied Deutsche Bank's motion as moot. Deutsche Bank renewed its motion in the district court. The district court denied Deutsche Bank's motion as premature and granted plaintiffs leave to file a third consolidated amended complaint by October 15, 2015, with no further extensions. On October 15, 2015, plaintiffs filed their third consolidated amended complaint, wherein plaintiffs allege unquantified but substantial losses in connection with alleged class-member purchases of trust preferred securities. On December 14, 2015, defendants moved to dismiss the third consolidated amended complaint. The motion remains pending.

ZAO FC Eurokommerz. On December 17, 2013, the liquidator of ZAO FC Eurokommerz commenced proceedings in the Arbitrazh Court of the City of Moscow against Deutsche Bank. The claim amounts to approximately 210 million and relates to the repayment of a RUB 6.25 billion bridge loan facility extended to ZAO FC Eurokommerz on August 21, 2007. The bridge loan was repaid in full on December 21, 2007. LLC Trade House, a creditor of ZAO FC Eurokommerz, filed for bankruptcy on July 31, 2009. The liquidator alleges, among other things, (i) that Deutsche Bank must have known that ZAO FC Eurokommerz was in financial difficulties at the time of repayment and (ii) that the bridge loan was repaid from the proceeds of a securitization transaction which was found to be invalid and consequently the proceeds should not have been available to repay the bridge loan. The first instance hearing on the merits of the claim took place on December 23, 2014. The judge found in favor of Deutsche Bank on the basis of the statute of limitations and the absence of evidence to prove that ZAO FC Eurokommerz was in financial difficulties at the time the loan was repaid and that an abuse of rights was committed by Deutsche Bank when accepting the contested repayment. The liquidator did not file a notice of appeal with the court by the applicable deadline and accordingly we regard this matter as closed.

Dividend Policy

Historically, we have generally paid dividends each year. Dividends of 0.75 were paid for 2014 and for 2013. We may not pay dividends in the future at rates we have paid them in previous years. If we are not profitable, we may not pay dividends at all. Accordingly, no dividend is proposed for 2015 and we also do not intend to pay a dividend for 2016. Furthermore, if we fail to meet the capital adequacy requirements or the liquidity requirements under the Banking Act, the BaFin or the European Central Bank may suspend or limit the payment of dividends. See Item 4: Information on the Company Regulation and Supervision Regulation and Supervision in Germany .

Under German law, our dividends are based on the unconsolidated results of Deutsche Bank AG as prepared in accordance with German accounting rules. Our Management Board, which prepares the annual financial statements of Deutsche Bank AG on an unconsolidated basis, and our Supervisory Board, which reviews them, first allocate part of Deutsche Bank's annual surplus (if any) to our statutory reserves and to any losses carried forward, as it is legally

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required to do. They then allocate the remainder between other revenue reserves (or retained earnings) and balance sheet profit. They may allocate up to one-half of this remainder to other revenue reserves, and must allocate at least one-half to balance sheet profit. A profit distribution from balance sheet profit is only permitted to the extent that the balance sheet profit plus distributable earnings exceeds potential dividend blocking items, which consist of deferred tax assets, self-developed software and unrealized gains on plan assets, all net of respective deferred tax liabilities.

We then distribute the full amount of the balance sheet profit not subject to dividend blocking of Deutsche Bank AG if the Annual General Meeting so resolves. The Annual General Meeting may resolve a non-cash distribution instead of, or in addition to, a cash dividend. However, we are not legally required to distribute our balance sheet profit to our shareholders to the extent that we have issued participatory rights (Genussrechte) or granted a silent participation (stille Gesellschaft) that accord their holders the right to a portion of our distributable profit.

We declare dividends by resolution of the Annual General Meeting and pay them once a year. Dividends approved at a General Meeting are payable on the first stock exchange trading day after that meeting, unless otherwise decided at that meeting. In accordance with the German Stock Corporation Act, the record date for determining which holders of our ordinary shares are entitled to the payment of dividends, if any, or other distributions whether cash, stock or property, is the date of the General Meeting at which such dividends or other distributions are declared.

Significant Changes

Except as otherwise stated in this document, there have been no significant changes subsequent to December 31, 2015.

Item 9: The Offer and Listing

Offer and Listing Details and Markets

Our share capital consists of ordinary shares issued in registered form without par value. Under German law, shares without par value are deemed to have a nominal value equal to the total amount of share capital divided by the number of shares. Our shares have a nominal value of 2.56 per share.

The principal trading market for our shares is the Frankfurt Stock Exchange. Our shares are also traded on the six other German stock exchanges (Berlin, Duesseldorf, Hamburg, Hanover, Munich and Stuttgart), on the Eurex and the New York Stock Exchange.

We maintain a share register in Frankfurt am Main and, for the purposes of trading our shares on the New York Stock Exchange, a share register in New York.

All shares on German stock exchanges trade in euros, and all shares on the New York Stock Exchange trade in U.S. dollars. The following table sets forth, for the calendar periods indicated, high, low and period-end prices for our shares as reported by the Frankfurt Stock Exchange and the New York Stock Exchange.

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	Price per share (Xetra) ¹			Price per share (NYSE) ²		
	High (in €)	Low (in €)	Period-end (in €)	High (in U.S.\$)	Low (in U.S.\$)	Period-end (in U.S.\$)
Monthly 2016:						
February	16.61	13.03	15.99	18.10	14.79	17.19
January	22.10	15.97	16.40	23.62	17.61	17.89
Monthly 2015:						
December	24.67	20.69	22.53	26.18	22.83	24.15
November	26.20	23.37	24.31	28.82	25.10	25.69
October	27.98	23.52	25.47	30.82	26.21	27.95
September	27.03	22.95	24.07	30.23	26.05	26.96
Quarterly 2015:						
Fourth Quarter	27.98	20.69	22.53	30.82	22.83	24.15
Third Quarter	32.31	22.95	24.07	35.37	26.05	26.96
Second Quarter	33.42	26.60	26.95	36.20	29.62	30.16
First Quarter	32.90	23.48	32.36	35.49	27.81	34.73
Quarterly 2014:						
Fourth Quarter	28.02	22.66	24.99	35.20	29.35	30.02
Third Quarter	28.30	24.17	27.78	36.69	32.52	34.86
Second Quarter	32.05	25.47	25.70	46.09	34.83	35.18
First Quarter	38.15	29.33	30.97	54.48	42.79	44.83
Annual:						
2015	33.42	20.69	22.53	36.20	22.83	24.15
2014	38.15	22.66	24.99	54.48	29.35	30.02
2013	36.94	28.05	33.07	52.92	38.18	48.24
2012	37.68	21.09	31.43	52.53	27.05	44.29
2011	46.45	19.82	28.08	66.00	28.58	37.86

Note: Data is based on Bloomberg and NYSE Euronext.

¹ Historical share prices have been adjusted on June 5, 2014 with retroactive effect to reflect the capital increase by multiplying a correcting factor of 0.9538.² Historical share prices are not adjusted for the capital increase in June 2014.

For a discussion of the possible effects of fluctuations in the exchange rate between the euro and the U.S. dollar on the price of our shares, see Item 3: Key Information – Exchange Rate and Currency Information.

You should not rely on our past share performance as a guide to our future share performance.

Plan of Distribution

Not required because this document is filed as an annual report.

Selling Shareholders

Not required because this document is filed as an annual report.

Dilution

Not required because this document is filed as an annual report.

Expenses of the Issue

Not required because this document is filed as an annual report.

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Item 10: Additional Information

Share Capital

Not required because this document is filed as an annual report.

Memorandum and Articles of Association

The following is a summary of certain information relating to certain provisions of our Articles of Association, our share capital and German law. This summary is not complete and is qualified by reference to our Articles of Association and German law in effect at the date of this filing. Copies of our Articles of Association are publicly available at the Commercial Register in Frankfurt am Main, and an English translation is filed as Exhibit 1.1 to this Annual Report.

Our Business Objectives

Section 2 of our Articles of Association sets out the objectives of our business:

- to transact all aspects of banking business;
- to provide financial and other services; and
- to promote international economic relations.

Our Articles of Association permit us to pursue these objectives directly or through subsidiaries and affiliated companies.

Our Articles of Association also provide that, to the extent permitted by law, we may transact all business and take all steps that appear likely to promote our business objectives. In particular, we may:

- acquire and dispose of real estate;
- establish branches in Germany and abroad;
- acquire, administer and dispose of participations in other enterprises; and
- conclude intercompany agreements (Unternehmensverträge).

Supervisory Board and Management Board

For more information on our Supervisory Board and Management Board, see Item 6: Directors, Senior Management and Employees.

Voting Rights and Shareholders Meetings

Each of our shares entitles its registered holder to one vote at our General Meeting. Our Annual General Meeting takes place within the first eight months of our fiscal year. Pursuant to our Articles of Association, we may hold the meeting in Frankfurt am Main, Düsseldorf or any other

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German city with over 500,000 inhabitants. Unless a shorter period is permitted by law, we must give the notice convening the General Meeting at least 30 days before the last day on which shareholders can register their attendance of the General Meeting (which is the fifth day immediately preceding that General Meeting). We are required to include details regarding the shareholder attendance registration process and the issuance of admission cards in our invitation to the General Meeting.

The Management Board or the Supervisory Board may also call an extraordinary General Meeting. Shareholders holding in the aggregate at least 5 % of the nominal value of our share capital may also request that such a meeting be called.

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According to our Articles of Association our shares are issued in the form of registered shares. For purposes of registration in the share register, all shareholders are required to notify us of the number of shares they hold and, in the case of natural persons, of their name, address and date of birth and, in the case of legal persons, of their registered name, business address and registered domicile. Both being registered in our share register and the timely registration for attendance of the General Meeting constitute prerequisite conditions for any shareholder's attendance and exercise of voting rights at the General Meeting. Shareholders may register their attendance of a General Meeting with the Management Board (or as otherwise designated in the invitation) by written notice or electronically, no later than the fifth day immediately preceding the date of that General Meeting. Any shareholders who have failed to comply with certain notification requirements summarized under Notification Requirements below are precluded from exercising any rights attached to their shares, including voting rights.

Under German law, upon our request a registered shareholder must inform us whether that shareholder owns the shares registered in its name or whether that shareholder holds the shares for any other person as a nominee shareholder. Both the nominee shareholder and the person for whom the shares are held have an obligation to provide the same personal data as required for registration in the share register with respect to the person for whom the shares are held. For so long as a registered shareholder does not provide the requested information as to its holding of the shares or, in the case of nominee shareholding, the required information about the person for whom the shares are held has not been provided, the shares held by the registered shareholder carry no voting rights.

Shareholders may appoint proxies to represent them at General Meetings. As a matter of German law, a proxy relating to voting rights granted by shares may be revoked at any time.

As a foreign private issuer, we are not required to file a proxy statement under U.S. securities law. The proxy voting process for our shareholders in the United States is substantially similar to the process for publicly held companies incorporated in the United States.

The Annual General Meeting normally adopts resolutions on the following matters:

- appropriation of distributable balance sheet profits (Bilanzgewinn) from the preceding fiscal year;
- formal ratification of the acts (Entlastung) of the members of the Management Board and the members of the Supervisory Board in the preceding fiscal year; and
- appointment of independent auditors for the current fiscal year.

A simple majority of votes cast is generally sufficient to approve a measure, except in cases where a greater majority is otherwise required by our Articles of Association or by law. Under the Stock Corporation Act and the German Transformation Act (Umwandlungsgesetz), certain resolutions of fundamental importance require a majority of at least 75 % of the share capital represented at the General Meeting adopting the resolution, in addition to a majority of the votes cast. Such resolutions include the following matters, among others:

- amendments to our Articles of Association changing our business objectives;
- capital increases that exclude subscription rights;
- capital reductions;
- creation of authorized or conditional capital;
- our dissolution;
- transformations under the German Transformation Act (Umwandlungsgesetz) such as mergers, spin-offs and changes in our legal form;
- transfer of all our assets;
- integration of another company; and

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intercompany agreements (in particular, domination and profit-transfer agreements).

Under certain circumstances, such as when a resolution violates our Articles of Association or the Stock Corporation Act, shareholders may file a shareholder action with the appropriate Regional Court (Landgericht) in Germany to set aside resolutions adopted at the General Meeting.

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Under German law, the rights of shareholders as a group can be changed by amendment of the company's articles of association. Any amendment of our Articles of Association requires a resolution of the General Meeting. The authority to amend our Articles of Association, insofar as such amendments merely relate to the wording, such as changes of the share capital as a result of the issuance of shares from authorized capital, has been assigned to our Supervisory Board by our Articles of Association. Pursuant to our Articles of Association, the resolutions of the General Meeting are taken by a simple majority of votes and, insofar as a majority of capital stock is required, by a simple majority of capital stock, except where law or our Articles of Association determine otherwise. The rights of individual shareholders can only be changed with their consent. Amendments to the Articles of Association become effective upon their registration in the Commercial Register.

Share Register

We maintain a share register with Registrar Services GmbH and our New York transfer agent, pursuant to an agency agreement between us and Registrar Services GmbH and a sub-agency agreement between Registrar Services GmbH and the New York transfer agent.

Our share register will be open for inspection by shareholders during normal business hours at our offices at Taunusanlage 12, 60325 Frankfurt am Main, Germany. The share register generally contains each shareholder's surname, first name, date of birth, address and the number or the quantity of our shares held. Shareholders may prevent their personal information from appearing in the share register by holding their securities through a bank or custodian. Although the shareholder would remain the beneficial owner of the securities, only the bank's or custodian's name would appear in the share register.

Dividend Rights

For a summary of our dividend policy and legal basis for dividends under German law, see Item 8: Financial Information Dividend Policy.

Increases in Share Capital

German law and our Articles of Association permit us to increase our share capital in any of three ways:

Resolution by our General Meeting authorizing the issuance of new shares.

Resolution by our General Meeting authorizing the Management Board, subject to the approval of the Supervisory Board, to issue new shares up to a specified amount (no more than 50 % of existing share capital) within a specified period, which may not exceed five years. This is referred to as authorized capital (genehmigtes Kapital).

Resolution by our General Meeting authorizing the issuance of new shares up to a specified amount (no more than 50 % of existing share capital) for specific purposes, such as for employee stock options, for use as consideration in a merger or to issue to holders of convertible bonds or other convertible securities. This is referred to as conditional capital (bedingtes Kapital).

The issuance of new ordinary shares by resolution of the General Meeting requires the simple majority of the votes cast and of the share capital represented at the General Meeting. Resolutions of the General Meeting concerning the creation of authorized or conditional capital require the simple majority of the votes cast and a majority of at least 75 % of the share capital represented at the General Meeting.

Liquidation Rights

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The Stock Corporation Act requires that if we are liquidated, any liquidation proceeds remaining after the payment of all our liabilities will be distributed to our shareholders in proportion to their shareholdings.

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Preemptive Rights

In principle, holders of our shares have preemptive rights allowing them to subscribe any shares, bonds convertible into, or attached warrants to subscribe for, our shares or participatory certificates we issue. Such preemptive rights exist in proportion to the number of shares currently held by the shareholder. Preemptive rights of shareholders may be excluded with respect to any capital increase, however, as part of the resolution by the General Meeting on such capital increase. Such a resolution by the General Meeting on a capital increase that excludes the shareholders preemptive rights with respect thereto requires both a majority of the votes cast and a majority of at least 75 % of the share capital represented at the General Meeting. A resolution to exclude preemptive rights requires that the proposed exclusion is expressly disclosed in the agenda to the General Meeting and that the Management Board presents the reasons for the exclusion to the shareholders in a written report. Under the Stock Corporation Act, preemptive rights may in particular be excluded with respect to capital increases not exceeding 10 % of the existing share capital with an issue price payable in cash not significantly below the stock exchange price at the time of issuance. In addition, shareholders may, in a resolution by the General Meeting on authorized capital, authorize the Management Board to exclude the preemptive rights with respect to newly issued shares from authorized capital in specific circumstances set forth in the resolution.

Shareholders are generally permitted to transfer their preemptive rights. Preemptive rights may be traded on one or more German stock exchanges for a limited number of days prior to the final day the preemptive rights can be exercised.

Notices and Reports

We publish notices pertaining to our shares and the General Meeting in the electronic German Federal Gazette (Bundesanzeiger) and, when so required, in at least one national newspaper designated for exchange notices.

We send our New York transfer agent, through publication or otherwise, a copy of each of our notices pertaining to any General Meeting, any adjourned General Meeting or our actions with respect to any cash or other distributions or the offering of any rights. We provide such notices in the form given or to be given to our shareholders. Our New York transfer agent is requested to arrange for the mailing of such notices to all shareholders registered in the New York registry.

We will make all notices we send to shareholders available at our principal office for inspection by shareholders. Registrar Services GmbH and our New York transfer agent will send copies of all notices pertaining to General Meetings to all registered shareholders. Registrar Services GmbH and our New York transfer agent will send copies of other notices or information material, such as quarterly reports or shareholder letters, to those registered shareholders who have requested to receive such notices or information material.

Charges of Transfer Agents

We pay Registrar Services GmbH and our New York transfer agent customary fees for their services as transfer agents and registrars. Our shareholders will not be required to pay Registrar Services GmbH or our New York transfer agent any fees or charges in connection with their transfers of shares in the share register. Our shareholders will also not be required to pay any fees in connection with the conversion of dividends from euros to U.S. dollars.

Liability of Transfer Agents

Neither Registrar Services GmbH nor our New York transfer agent will be liable to shareholders if prevented or delayed by law, or any circumstances beyond their control, from performing their obligations as transfer agents and registrars.

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Notification Requirements

Disclosure of Interests in a Listed Stock Corporation

Disclosure Obligations under the German Securities Trading Act

Pursuant to the German Securities Trading Act (Wertpapierhandelsgesetz), any shareholder whose voting interest in a listed company like Deutsche Bank AG, through acquisition, sale or by other means, reaches, exceeds or falls below a 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 50 % or 75 % threshold must notify us and the BaFin of its current aggregate voting interest in writing and without undue delay, but at the latest within four trading days. In connection with this requirement, the German Securities Trading Act contains various provisions regarding the attribution of voting rights to the person who actually controls the voting rights attached to the shares.

Furthermore, the voting rights attached to a third party's shares are attributed to a shareholder if the shareholder coordinates its conduct concerning the listed company with the third party (so-called acting in concert) either through an agreement or other means. Acting in concert is deemed to exist if the parties coordinate their voting at the listed company's general meeting or, outside the general meeting, coordinate their actions with the goal of significantly and permanently modifying the listed company's corporate strategy. Each party's voting rights are attributed to each of the other parties acting in concert.

Shareholders failing to comply with their notification obligations are prevented from exercising any rights attached to their shares (including voting rights and the right to receive dividends) until they have complied with the notification requirements. In the event of a willful or grossly negligent breach of the notification obligations, shareholders are prevented from exercising their voting rights for a six-month period commencing upon the delayed submission of the notification, unless the shareholder submitted an incorrect notification deviating no more than 10 % from the actual percentage of voting rights and the shareholder notified the listed company that his or her holdings reached, exceeded or fell below the notification thresholds described above. Non-compliance with the disclosure requirement may also result in a fine.

Except for the 3 % threshold, similar notification obligations exist for reaching, exceeding or falling below the thresholds described above when a person holds either instruments that entitle their holder to unilaterally acquire existing shares of the listed company carrying voting rights or instruments with similar economic effect. Holdings in the relevant financial instruments are to be aggregated with the voting rights attached to shares for purposes of determining whether any of the relevant notification thresholds have been triggered.

Deutsche Bank must publish the foregoing notifications without undue delay, but no later than within three trading days after their receipt, and report the publication to the BaFin.

Shareholders whose voting rights reach or exceed thresholds of 10 % of the voting rights in a listed company, or higher thresholds, are obliged to inform the company within 20 trading days of the purpose of their investment and the origin of the funds used for such investment, unless the articles of association of the listed company provide otherwise. Our Articles of Association do not contain such a provision.

Disclosure Obligations under the German Securities Acquisition and Takeover Act

Pursuant to the German Securities Acquisition and Takeover Act, any person whose voting interest reaches or exceeds 30 % of the voting shares of a listed stock corporation must, within seven calendar days, publish this fact (including the percentage of its voting rights) on the Internet and by means of an electronically operated financial information dissemination system. In addition, the person must subsequently make a mandatory public tender offer within four weeks to all shareholders of the listed company unless an exemption has been granted. The German Securities

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Acquisition and Takeover Act contains a number of provisions intended to ensure that shareholdings are attributed to those persons who actually control the voting rights attached to the shares. The provisions regarding coordinated conduct as

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part of the German Securities Acquisition and Takeover Act (so-called *acting in concert*) and the rules on the attribution of voting rights attached to shares of third parties are the same as the statutory securities trading provisions described above under *Disclosure Obligations under the German Securities Trading Act* except with respect to voting rights of shares underlying instruments whose holders are vested with the right to unilaterally acquire existing voting shares of the listed company or voting rights which may be acquired on the basis of instruments with similar economic effect. If a shareholder fails to provide notice on reaching or exceeding the 30 % threshold, or fails to make a public tender offer, the shareholder will be precluded from exercising any rights associated with its shares (including voting and dividend rights) until it has complied with the requirements under the German Securities Acquisition and Takeover Act. In addition, non-compliance with the disclosure requirement may result in a fine.

Disclosure of Participations in a Credit Institution

The German Banking Act (Kreditwesengesetz) requires any person intending to acquire, alone or acting in concert with another person, a qualifying holding (bedeutende Beteiligung) in a credit or financial services institution to notify the BaFin and the Bundesbank without undue delay and in writing of the intended acquisition. A qualifying holding is a direct or indirect holding in an undertaking which represents 10 % or more of the capital or voting rights or which makes it possible to exercise a significant influence over the management of such undertaking. The required notice must contain information demonstrating, among other things, the reliability of the person or, in the case of a corporation or other legal entity, the reliability of its directors and officers.

A person holding a qualifying holding shall also notify the BaFin and the Bundesbank without undue delay and in writing if he intends to increase the amount of the qualifying holding up to or beyond the thresholds of 20 %, 30 % or 50 % of the voting rights or capital or in such way that the institution comes under such person's control or if such person intends to reduce the participation below 10 % or below one of the other thresholds described above.

If the qualifying holding notified relates to an interest in a credit institution under the Capital Requirements Regulation (CRR), such as Deutsche Bank AG, the BaFin is not competent to ultimately decide on the acquisition but is required, at least 15 working days prior to expiry of the applicable assessment period, to forward its draft decision to the European Central Bank which ultimately, in accordance with applicable law, is competent to decide upon whether or not to permit the acquisition of the qualifying holding notified.

The competent authority may, within the applicable assessment period of 60 business days, prohibit the intended acquisition if there appears to be reason to assume that the acquirer or its directors and officers are not reliable or financially sound, that the participation would impair the effective supervision of the relevant banking institution, that the prospective managing director (Geschäftsleiter) is not reliable or not qualified, that money laundering or financing of terrorism has occurred or been attempted in connection with the intended acquisition, or that there would be an increased risk of such illegal acts as a result of the intended acquisition. During the applicable assessment period the competent authority may request further information necessary for the assessment. Generally, such a request delays the expiration of the assessment period by up to 20 business days.

If a person acquires a qualifying holding despite such prohibition or without making the required notification, the competent authority may prohibit the person from exercising the voting rights attached to the shares. In addition, non-compliance with the disclosure requirement may result in the imposition of a fine in accordance with statutory provisions. Moreover, the competent authority may order that any disposition of the shares requires its approval and may ultimately appoint a trustee to exercise the voting rights attached to the shares or to sell the shares to the extent they constitute a qualifying holding.

Review of Acquisition of 25 % or more by the German Federal Ministry of Economics and Technology

Pursuant to the German Foreign Trade Act (Außenwirtschaftsgesetz) and the Foreign Trade Regulation (Außenwirtschaftsverordnung), the direct or indirect acquisition of 25 % or more of the voting rights in a German company by

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investors from outside the European Union and the European Free Trade Association (Iceland, Liechtenstein, Norway and Switzerland) or by entities which are owned by 25 % or more by investors from outside the aforementioned region may be reviewed by the German Federal Ministry of Economics and Technology. If the Ministry determines that the acquisition poses a threat to the public policy or public security of Germany, it may impose conditions on or suspend the acquisition or require that it is unwound. The decision to review an acquisition must be made within three months following the conclusion of the contract or publication of the decision to launch a take-over bid or publication of the acquisition of control. The review must be completed within two months following receipt of the complete acquisition documents. No notification of the acquisition is required but the acquirer may seek pre-clearance of a proposed acquisition from the Federal Ministry of Economics and Technology.

EU Short Selling Regulation (ban on naked short selling)

Regulation (EU) No 236/2012 of the European Parliament and of the Council of March 14, 2012 on short selling and certain aspects of credit default swaps (the EU Short Selling Regulation) came into force on November 1, 2012. The EU Short Selling Regulation, the regulations adopted by the EU Commission implementing it, and the German act implementing the EU Short Selling Regulation replace the previously applicable German federal provisions governing the ban on naked short selling of shares and certain debt securities. (Short sales are sales of securities that the seller does not own, with the intention of buying back an identical security at a later point in time in order to be able to deliver the security. A short sale is naked when the seller has not borrowed the securities at the time of the short sale, or ensured they can be borrowed.) Under the EU Short Selling Regulation, short sales of shares are permitted only under certain conditions. Significant net short positions in shares must be reported to the BaFin and, if a certain threshold is exceeded, they must also be publicly disclosed. Net short positions are calculated by netting the long and short positions held by a natural or legal person in the issued capital of the company concerned. The details are set forth in the EU Short Selling Regulation and the regulations adopted by the EU Commission implementing it. In certain situations described in greater detail in the EU Short Selling Regulation, the BaFin is permitted to limit short selling and comparable transactions.

Material Contracts

In the usual course of our business, we enter into numerous contracts with various other entities. We have not, however, entered into any material contracts outside the ordinary course of our business within the past two years.

Exchange Controls

As in other member states of the European Union, regulations issued by the competent European Union authorities to comply with United Nations resolutions have caused freeze orders on assets of certain legal and natural persons designated in such regulations. In addition, Regulation (EU) No. 267/2012 of March 23, 2012, as amended, on restrictive measures against Iran required that certain transfers of funds from or to Iranian persons, entities or bodies that exceed 100,000 (or the equivalent in a foreign currency) must be notified in advance in writing to the Bundesbank. If the amount to be transferred exceeded 400,000 (or the equivalent in a foreign currency), a prior authorization of the Bundesbank was required. These Iran-related measures were repealed on January 16, 2016.

With some exceptions, corporations or individuals residing in Germany are required to report to the Bundesbank any payment received from, or made to or for the account of, a nonresident corporation or individual that exceeds 12,500 (or the equivalent in a foreign currency). This reporting requirement is for statistical purposes.

Subject to the above-mentioned exceptions, there are currently no German laws, decrees or regulations that would prevent the transfer of capital or remittance of dividends or other payments to our shareholders who are not residents or citizens of Germany.

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There are also no restrictions under German law or our Articles of Association concerning the right of nonresident or foreign shareholders to hold our shares or to exercise any applicable voting rights. Where the investment reaches or

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exceeds certain thresholds, however, certain reporting obligations apply and the investment may become subject to review by the BaFin, the European Central Bank and other competent authorities. For more information see Item 10: Additional Information Notification Requirements .

Taxation

The following is a summary of material German and United States federal income tax consequences of the ownership and disposition of shares for a resident of the United States for purposes of the income tax convention between the United States and Germany (the Treaty) who is fully eligible for benefits under the Treaty. A U.S. resident will generally be entitled to Treaty benefits if it is:

- the beneficial owner of shares (and of the dividends paid with respect to the shares);
- an individual resident of the United States, a U.S. corporation, or a partnership, estate or trust to the extent its income is subject to taxation in the United States in its hands or in the hands of its partners or beneficiaries;
- not also a resident of Germany for German tax purposes; and
- not subject to anti-treaty shopping articles under German domestic law or the Treaty that apply in limited circumstances.

The Treaty benefits discussed below generally are not available to shareholders who hold shares in connection with the conduct of business through a permanent establishment in Germany. The summary does not discuss the treatment of those shareholders.

The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any particular shareholder, including tax considerations that arise from rules of general application or that are generally assumed to be known by shareholders. In particular, the summary deals only with shareholders that will hold shares as capital assets and does not address the tax treatment of shareholders that are subject to special rules, such as fiduciaries of pension, profit-sharing or other employee benefit plans, banks, insurance companies, dealers in securities or currencies, persons that hold shares as a position in a straddle, conversion transaction, synthetic security or other integrated financial transaction, persons that elect mark-to-market treatment, persons that own, directly or indirectly, 10 % or more of our voting stock, persons that hold shares through a partnership or hybrid entity and persons whose functional currency is not the U.S. dollar. The summary is based on German and U.S. laws, treaties and regulatory interpretations, including in the United States current and proposed U.S. Treasury regulations as of the date hereof, all of which are subject to change (possibly with retroactive effect).

Shareholders should consult their own advisors regarding the tax consequences of the ownership and disposition of shares in light of their particular circumstances, including the effect of any state, local or other national laws.

Taxation of Dividends

Dividends that we pay are subject to German withholding tax at an aggregate rate of 26.375 % (consisting of a 25 % withholding tax and a 1.375 % surcharge). Under the Treaty, a U.S. resident will be entitled to receive a refund from the German tax authorities of 11.375 in respect of a declared dividend of 100. For example, for a declared dividend of 100, a U.S. resident initially will receive 73.625 and may claim a refund from the German tax authorities of 11.375 and, therefore, receive a total cash payment of 85 (i.e., 85 % of the declared dividend). For U.S. tax purposes, a U.S. resident will be deemed to have received total dividends of 100. The gross amount of dividends that a U.S. resident receives (which includes amounts withheld in respect of German withholding tax) generally will be subject to U.S. federal income taxation as foreign source dividend income, and will not be eligible for the dividends received deduction generally allowed to U.S. corporations. German withholding tax at the 15 % rate provided under the Treaty will be treated as a foreign income tax that, subject to generally applicable limitations under U.S. tax law, is eligible for credit against a U.S. resident's U.S. federal income tax liability or, at its election, may be deducted in computing taxable income. Thus, for a declared dividend of 100, a U.S. resident will be deemed to have paid German taxes of 15. A U.S. resident cannot claim credits for German taxes that would have been refunded to it if it had filed a claim for refund. Foreign tax credits will not

be allowed for withholding taxes imposed in respect of certain short-term or hedged positions. The creditability

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of foreign withholding taxes may be limited in certain situations, including where the burden of foreign taxes is separated inappropriately from the related foreign income.

Subject to certain exceptions for short-term and hedged positions, qualified dividends received by certain non-corporate U.S. shareholders will generally be subject to taxation in the United States at a lower rate than other ordinary income. Dividends received will be qualified dividends if we (i) are eligible for the benefits of a comprehensive income tax treaty with the United States that the U.S. Internal Revenue Service (IRS) has approved for purposes of the qualified dividend rules and (ii) were not, in the year prior to the year in which the dividend was paid, and are not, in the year in which the dividend is paid, a passive foreign investment company (PFIC). The Treaty has been approved for purposes of the qualified dividend rules, and we believe we qualify for benefits under the Treaty. The determination of whether we are a PFIC must be made annually and is dependent on the particular facts and circumstances at the time. It requires an analysis of our income and valuation of our assets, including goodwill and other intangible assets. Based on our audited financial statements and relevant market and shareholder data, we believe that we were not a PFIC for U.S. federal income tax purposes with respect to our taxable years ended December 31, 2014 or December 31, 2015. In addition, based on our current expectations regarding the value and nature of our assets, the sources and nature of our income, and relevant market and shareholder data, we do not currently anticipate becoming a PFIC for our taxable year ending December 31, 2016, or for the foreseeable future. However, the PFIC rules are complex and their application to financial services companies is unclear. Each U.S. shareholder should consult its own tax advisor regarding the potential applicability of the PFIC regime to us and its implications for their particular circumstances.

If a U.S. resident receives a dividend paid in euros, it will recognize income in a U.S. dollar amount calculated by reference to the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. If dividends are converted into U.S. dollars on the date of receipt, a U.S. resident generally should not be required to recognize foreign currency gain or loss in respect of the dividend income but may be required to recognize foreign currency gain or loss on the receipt of a refund in respect of German withholding tax to the extent the U.S. dollar value of the refund differs from the U.S. dollar equivalent of that amount on the date of receipt of the underlying dividend.

Refund Procedures

To claim a refund, a U.S. resident must submit, within four years from the end of the calendar year in which the dividend is received, a claim for refund to the German tax authorities together with the original bank voucher (or certified copy thereof) issued by the paying entity documenting the tax withheld. For dividends received after 2011, the claim for refund must be accompanied by a withholding tax certificate (Kapitalertragsteuerbescheinigung) on an officially prescribed form and issued by the institution that withheld the tax.

Claims for refunds are made on a special German claim for refund form (Form E-USA), which must be filed with the German tax authorities: Bundeszentralamt für Steuern, An der Küppe 1, D-53225 Bonn, Germany. The German claim for refund forms may be obtained inter alia from the German tax authorities at the same address where the applications are filed or can be downloaded from the homepage of the Bundeszentralamt für Steuern (www.bzst.bund.de). A U.S. resident must also submit to the German tax authorities a certification (on IRS Form 6166) with respect to its last filed U.S. federal income tax return. Requests for IRS Form 6166 are made on IRS Form 8802, which requires payment of a user fee. IRS Form 8802 and its instructions can be obtained from the IRS website at www.irs.gov. Instead of the individual refund procedure described above, a U.S. resident may use an IT-supported quick-refund procedure (Datenträgerverfahren DTV / Data Medium Procedure DMP). If the U.S. resident's bank or broker elects to participate in the DMP, it will perform administrative functions necessary to claim the Treaty refund for the beneficiaries. The refund beneficiaries must provide specified information to the DMP participant and confirm to the DMP participant that they meet the conditions of the Treaty provisions and that they authorize the DMP participant to file applications and receive notices and payments on their behalf.

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The refund beneficiaries also must provide a certification of filing a tax return on IRS Form 6166 with the DMP participant. In addition, if the individual refund procedure requires a withholding tax certificate (see above), such certificate is generally also necessary under the DMP.

The German tax authorities reserve the right to audit the entitlement to tax refunds for several years following their payment pursuant to the Treaty in individual cases. The DMP participant must assist with the audit by providing the necessary details or by forwarding the queries to the respective refund beneficiaries/shareholders.

The German tax authorities will issue refunds denominated in euros. In the case of shares held through banks or brokers participating in the Depository Trust Company, the refunds will be issued to the Depository Trust Company, which will convert the refunds to U.S. dollars. The resulting amounts will be paid to banks or brokers for the account of holders.

If a U.S. resident holds its shares through a bank or broker who elects to participate in the DMP, it could take at least three weeks for it to receive a refund after a combined claim for refund has been filed with the German tax authorities. If a U.S. resident files a claim for refund directly with the German tax authorities, it could take at least eight months for it to receive a refund. The length of time between filing a claim for refund and receipt of that refund is uncertain and we can give no assurances as to when any refund will be received.

Taxation of Capital Gains

Under the Treaty, a U.S. resident will not be subject to German capital gains tax in respect of a sale or other disposition of shares. For U.S. federal income tax purposes, a U.S. holder will recognize capital gain or loss on the sale or other disposition of shares in an amount equal to the difference between such holder's tax basis in the shares and the U.S. dollar value of the amount realized from their sale or other disposition. Such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the shares were held for more than one year. The net amount of long-term capital gain realized by an individual generally is subject to taxation at a lower rate than ordinary income. Any such gain generally would be treated as income arising from sources within the United States; any such loss would generally be allocated against U.S. source income. The ability to offset capital losses against ordinary income is subject to limitations.

Shareholders whose shares are held in an account with a German bank or financial services institution (including a German branch of a non-German bank or financial services institution) are urged to consult their own advisors. This summary does not discuss their particular tax situation.

United States Information Reporting and Backup Withholding

Dividends and payments of the proceeds on a sale of shares, paid within the United States or through certain U.S.-related financial intermediaries are subject to information reporting and may be subject to backup withholding unless the U.S. resident (i) is a corporation (other than an S corporation) or other exempt recipient or (ii) provides a taxpayer identification number and certifies (on IRS Form W-9) that no loss of exemption from backup withholding has occurred. Shareholders that are not U.S. persons generally are not subject to information reporting or backup withholding.

However, a non-U.S. person may be required to provide a certification (generally on IRS Form W-8BEN or W-8BEN-E) of its non-U.S. status in connection with payments received in the United States or through a U.S.-related financial intermediary.

Backup withholding tax is not an additional tax, and any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a holder's U.S. federal income tax liability, provided the required information is furnished to the IRS.

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Shareholders may be subject to other U.S. information reporting requirements. Shareholders should consult their own advisors regarding the application of U.S. information reporting rules in light of their particular circumstances.

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German Gift and Inheritance Taxes

Under the current estate, inheritance and gift tax treaty between the United States and Germany (the Estate Tax Treaty), a transfer of shares generally will not be subject to German gift or inheritance tax so long as the donor or decedent, and the heir, donee or other beneficiary, were not domiciled in Germany for purposes of the Estate Tax Treaty at the time the gift was made, or at the time of the decedent's death, and the shares were not held in connection with a permanent establishment or fixed base in Germany.

The Estate Tax Treaty provides a credit against U.S. federal estate and gift tax liability for the amount of inheritance and gift tax paid in Germany, subject to certain limitations, where shares are subject to German inheritance or gift tax and United States federal estate or gift tax.

Other German Taxes

There are presently no German net wealth, transfer, stamp or other similar taxes that would apply to a U.S. resident as a result of the receipt, purchase, ownership or sale of shares.

Dividends and Paying Agents

Not required because this document is filed as an annual report.

Statement by Experts

Not required because this document is filed as an annual report.

Documents on Display

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended. In accordance with these requirements, we file reports and other information with the Securities and Exchange Commission. You may inspect and copy these materials, including this document and its exhibits, at the Commission's Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may also obtain copies of the materials from the Public Reference Room at prescribed rates. You may obtain information on the operation of the Commission's Public Reference Room by calling the Commission in the United States at 1-800-SEC-0330. Our Securities and Exchange Commission filings are also available over the Internet at the Securities and Exchange Commission's website at www.sec.gov under File Number 001-15242.

Subsidiary Information

Not applicable.

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Item 11: Quantitative and Qualitative Disclosures about Credit, Market and Other Risk

For Quantitative and Qualitative Disclosures about Credit, Market and Other Risk, please see Management Report: Risk Report beginning on page 79 of the Annual Report 2015.

Please see pages S-1 through S-15 of the Supplemental Financial Information, which pages are incorporated by reference herein, for information required by SEC Industry Guide 3.

Item 12: Description of Securities other than Equity Securities

Not required because this document is filed as an annual report and our ordinary shares are not represented by American Depositary Receipts.

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PART II

Item 13: Defaults, Dividend Arrearages and Delinquencies

Not applicable.

Item 14: Material Modifications to the Rights of Security Holders and Use of Proceeds

Not applicable.

Item 15: Controls and Procedures

Disclosure Controls and Procedures

An evaluation was carried out under the supervision and with the participation of our management, including our Co-Chairmen and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of December 31, 2015. There are, as described below, inherent limitations to the effectiveness of any control system, including disclosure controls and procedures. Accordingly, even effective disclosure controls and procedures can provide only reasonable assurance of achieving their control objectives. Based upon such evaluation, our Co-Chairmen and Chief Financial Officer concluded that the design and operation of our disclosure controls and procedures were effective as of December 31, 2015.

Management's Annual Report on Internal Control over Financial Reporting

Management of Deutsche Bank Aktiengesellschaft, together with its consolidated subsidiaries, is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed under the supervision of our co-principal executive officers and our principal financial officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the firm's financial statements for external reporting purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and as endorsed by the European Union. As of December 31, 2015, management conducted an assessment of the effectiveness of our internal control over financial reporting based on the framework established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on the assessment performed, management has determined that our internal control over financial reporting as of December 31, 2015 was effective based on the COSO framework (2013).

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KPMG AG Wirtschaftsprüfungsgesellschaft, the registered public accounting firm that audited the financial statements included in this document, has issued an attestation report on our internal control over financial reporting, which attestation report is set forth below.

Report of Independent Registered Public Accounting Firm

To the Supervisory Board of

Deutsche Bank Aktiengesellschaft:

We have audited Deutsche Bank Aktiengesellschaft and subsidiaries (the Company or Deutsche Bank) internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit 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 effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Deutsche Bank maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

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We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Deutsche Bank Aktiengesellschaft and subsidiaries as of December 31, 2015 and 2014, 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, 2015, and the related notes, and the specific disclosures described in Note 1 to the consolidated financial statements as being part of the financial statements and our report dated March 2, 2016 expressed an unqualified opinion on those consolidated financial statements.

Frankfurt am Main, Germany

March 2, 2016

KPMG AG

Wirtschaftsprüfungsgesellschaft

Change in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting identified in connection with the evaluation referred to above that occurred during the year ended December 31, 2015 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. As such, disclosure controls and procedures or systems for internal control over financial reporting may not prevent all error and all fraud. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and any design may not succeed in achieving its stated goals under all potential future conditions; over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Item 16A: Audit Committee Financial Expert

Please see Management Report: Corporate Governance Statement/Corporate Governance Report: Auditing and Controlling: Audit Committee Financial Expert on page 432 of the Annual Report 2015.

Item 16B: Code of Ethics

Please see Management Report: Corporate Governance Statement/Corporate Governance Report: Auditing and Controlling: Code of Business Conduct and Ethics on page 433 of the Annual Report 2015.

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Item 16C: Principal Accountant Fees and Services

Please see Management Report: Corporate Governance Statement/Corporate Governance Report: Auditing and Controlling: Principal Accountant Fees and Services on pages 433 and 434 of the Annual Report 2015.

Item 16D: Exemptions from the Listing Standards for Audit Committees

Our common shares are listed on the New York Stock Exchange, the corporate governance rules of which require a foreign private issuer such as us to have an audit committee that satisfies the requirements of Rule 10A-3 under the U.S. Securities Exchange Act of 1934. These requirements include a requirement that the audit committee be composed of members that are independent of the issuer, as defined in the Rule, subject to certain exemptions, including an exemption for employees who are not executive officers of the issuer if the employees are elected or named to the board of directors or audit committee pursuant to the issuer's governing law or documents, an employee collective bargaining or similar agreement or other home country legal or listing requirements. The German Co-Determination Act of 1976 (Mitbestimmungsgesetz) requires that the shareholders elect half of the members of the supervisory board of large German companies, such as us, and that employees in Germany elect the other half. Employee-elected members are typically themselves employees or representatives of labor unions representing employees. Pursuant to law and practice, committees of the Supervisory Board are typically composed of both shareholder- and employee-elected members. Of the current members of our Audit Committee, three Henriette Mark, Gabriele Platscher and Bernd Rose are current employees of Deutsche Bank who have been elected as Supervisory Board members by the employees. None of them is an executive officer. Accordingly, their service on the Audit Committee is permissible pursuant to the exemption from the independence requirements provided for by paragraph (b)(1)(iv)(C) of the Rule. We do not believe the reliance on such exemption would materially adversely affect the ability of the Audit Committee to act independently and to satisfy the other requirements of the Rule.

Item 16E: Purchases of Equity Securities by the Issuer and Affiliated Purchasers

In 2015, we repurchased a total of 29,016,156 shares, of which 4.7 million via derivatives, for group purposes pursuant to share buybacks authorized by the General Meeting. During the period from January 1, 2015 until the 2015 Annual General Meeting on May 21, 2015, we repurchased 8,360,000, of which 0.0 million via derivatives, of our ordinary shares pursuant to the authorization granted by the Annual General Meeting on May 22, 2014, at an average price of 26.51 and for a total consideration of 222 million. This authorization was replaced by a new authorization to buy back shares approved by the Annual General Meeting on May 21, 2015. Under the new authorization, up to 137,927,313 shares may be repurchased through April 30, 2020. Of these, 68,963,657 shares may be purchased by using derivatives. During the period from the 2015 Annual General Meeting until December 31, 2015, we repurchased 20,656,156 shares at an average price of 29.06 and for a total consideration of 600 million (excluding option premium). At December 31, 2015, the number of shares held in Treasury from buybacks totaled 296,192 shares. This figure stems from 101,034 shares at the beginning of the year, plus 29.0 million shares from buybacks in 2015, less 28.8 million shares which were used to fulfill delivery obligations in the course of share-based compensation of employees. We did not cancel any shares in 2015.

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In addition to these share buybacks for group purposes, pursuant to a shareholder authorization approved at our 2015 Annual General Meeting, we are authorized to buy and sell, for the purpose of securities trading, our ordinary shares through April 30, 2020, provided that the net number of shares held for this purpose at the close of any trading day may not exceed 5 % of our share capital on that day. The gross volume of these securities trading transactions is often large, and even the net amount of such repurchases or sales may, in a given month, be large, though over longer periods of time such transactions tend to offset and are in any event constrained by the 5 % of share capital limit. These securities trading transactions consist predominantly of transactions on major non-U.S. securities exchanges. We also enter into derivative contracts with respect to our shares.

The following table sets forth, for each month in 2015 and for the year as a whole, the total gross number of our shares repurchased by us and our affiliated purchasers (pursuant to both activities described above), the total gross number of shares sold, the net number of shares purchased or sold, the average price paid per share (based on the gross shares repurchased), the number of shares that were purchased for group purposes mentioned above and the maximum number of shares that at that date remained eligible for purchase under such programs.

Issuer Purchases of Equity Securities in 2015

Month	Total number of shares purchased	Total number of shares sold	Net number of shares purchased or (sold)	Average price paid per share (in)	Number of shares purchased for group purposes (incl. derivatives)	Maximum number of shares that may yet be purchased under plans or programs
January	21,517,309	18,566,921	2,950,388	25.18	2,900,000	81,801,964
February	48,576,343	51,320,581	(2,744,238)	27.30	5,460,000	76,341,964
March	25,492,875	25,559,162	(66,287)	30.34	0	76,341,964
April	33,745,218	33,763,988	(18,770)	31.72	0	76,341,964
May	27,933,813	27,962,776	(28,963)	28.75	0	137,927,313
June	24,925,806	24,940,380	(14,574)	27.73	0	137,927,313
July	60,268,804	42,118,554	18,150,250	29.53	18,194,999	119,732,341
August	29,321,538	47,010,293	(17,688,755)	29.21	2,461,157	117,271,157
September	19,608,298	19,577,497	30,801	25.38	0	117,271,157
October	9,330,203	9,538,806	(208,603)	26.02	0	117,271,157

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November	6,358,249	6,573,242	(214,993)	24.59	0	117,271,157
December	19,568,552	19,600,126	(31,574)	22.41	0	117,271,157
Total 2015	326,647,008	326,532,326	114,682	28.10	29,016,156	117,271,157

At December 31, 2015, our issued share capital consisted of 1,379,273,131 ordinary shares, of which 1,378,898,267 were outstanding and 374,864 were held by us in treasury.

Item 16F: Change in Registrant's Certifying Accountant

Not applicable.

Item 16G: Corporate Governance

Our common shares are listed on the New York Stock Exchange, as well as on all seven German stock exchanges. Set forth below is a description of the significant ways in which our corporate governance practices differ from those applicable to U.S. domestic companies under the New York Stock Exchange's listing standards as set forth in its Listed Company Manual (the "NYSE Manual").

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The Legal Framework. Corporate governance principles for German stock corporations (Aktiengesellschaften) are set forth in the German Stock Corporation Act (Aktiengesetz), the German Co-Determination Act of 1976 (Mitbestimmungsgesetz) and the German Corporate Governance Code (Deutscher Corporate Governance Kodex, referred to as the Code).

The Two-Tier Board System of a German Stock Corporation. The Stock Corporation Act provides for a clear separation of management and oversight functions. It therefore requires German stock corporations to have both a Supervisory Board (Aufsichtsrat) and a Management Board (Vorstand). These boards are separate; no individual may be a member of both. Both the members of the Management Board and the members of the Supervisory Board must exercise the standard of care of a diligent business person to the company. In complying with this standard of care they are required to take into account a broad range of considerations, including the interests of the company and those of its shareholders, employees and creditors.

The Management Board is responsible for managing the company and representing the company in its dealings with third parties. The Management Board is also required to ensure appropriate risk management within the corporation and to establish an internal monitoring system. The members of the Management Board, including its chairperson or speaker, are regarded as peers and share a collective responsibility for all management decisions.

The Supervisory Board appoints and removes the members of the Management Board. It also may appoint a chairperson of the Management Board. Although it is not permitted to make management decisions, the Supervisory Board has comprehensive monitoring functions with respect to the activities of the Management Board, including advising the Management Board and participating in decisions of fundamental importance to the company. To ensure that these monitoring functions are carried out properly, the Management Board must, among other things, regularly report to the Supervisory Board with regard to current business operations and business planning, including any deviation of actual developments from concrete and material targets previously presented to the Supervisory Board. The Supervisory Board may also request special reports from the Management Board at any time. Transactions of fundamental importance to the company, such as major strategic decisions or other actions that may have a fundamental impact on the company's assets and liabilities, financial condition or results of operations, may be subject to the consent of the Supervisory Board. Pursuant to our Articles of Association (Satzung), such transactions include the granting of powers of attorney without limitation to the affairs of a specific office, major acquisitions or disposals of real estate or participations in companies and granting of loans and acquiring participations if the Banking Act (Kreditwesengesetz) requires approval by the Supervisory Board.

Pursuant to the Co-Determination Act, our Supervisory Board consists of representatives elected by the shareholders and representatives elected by the employees in Germany. Based on the total number of Deutsche Bank employees in Germany these employees have the right to elect one-half of the total of twenty Supervisory Board members. The chairperson of the Supervisory Board of Deutsche Bank is a shareholder representative who has the deciding vote in the event of a tie.

This two-tier board system contrasts with the unitary board of directors envisaged by the relevant laws of all U.S. states and the New York Stock Exchange listing standards for U.S. companies.

German companies which have their shares listed on a stock exchange must report each year on the company's corporate governance in their annual report to shareholders.

The Recommendations of the Code. The Code was issued in 2002 by a commission composed of German corporate governance experts appointed by the German Federal Ministry of Justice in 2001. The Code was last amended in May 2015 and, as a general rule, will be reviewed annually and amended if necessary to reflect international corporate governance developments. The Code describes and summarizes the basic mandatory statutory corporate governance principles found in the provisions of German law. In addition, it contains supplemental recommendations and suggestions for standards on responsible corporate governance intended to reflect generally accepted best practice.

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The Code addresses six core areas of corporate governance. These are (1) shareholders and shareholders meetings, (2) the cooperation between the Management Board and the Supervisory Board, (3) the Management Board, (4) the Supervisory Board, (5) transparency and (6) financial reporting and audits.

The Code contains three types of provisions. First, the Code describes and summarizes the existing statutory, i.e., legally binding, corporate governance framework set forth in the Stock Corporation Act and in other German laws. Those laws and not the incomplete and abbreviated summaries of them reflected in the Code must be complied with. The second type of provisions is recommendations. While these are not legally binding, Section 161 of the Stock Corporation Act requires that any German exchange-listed company declare annually that the recommendations of the Code have been adopted by it or which recommendations have not been adopted. The third type of Code provisions comprises suggestions which companies may choose not to adopt without disclosure. The Code contains a significant number of such suggestions, covering almost all of the core areas of corporate governance it addresses.

In their last Declaration of Conformity of October 28, 2015, the Management Board and the Supervisory Board of Deutsche Bank stated that they will act in conformity with the recommendations of the Code, with certain specified exceptions. The Declaration of Conformity is available on Deutsche Bank's internet website at www.db.com/ir/en/documents.htm.

Supervisory Board Committees. The Supervisory Board may form committees. The Co-Determination Act requires that the Supervisory Board form a mediation committee to propose candidates for the Management Board in the event that the two-thirds majority of the members of the Supervisory Board needed to appoint members of the Management Board is not met.

The Stock Corporation Act specifically mentions the possibility to establish an audit committee to handle issues of accounting and risk management, compliance, auditor independence, the engagement and compensation of outside auditors appointed by the shareholders meeting and the determination of auditing focal points. The Code recommends establishing such an audit committee. Since 2007 the Code also recommends establishing a nomination committee comprised only of shareholder elected Supervisory Board members to prepare the Supervisory Board's proposals for the election or appointment of new shareholder representatives to the Supervisory Board. The Code also includes suggestions on the subjects that may be handled by Supervisory Board committees, including corporate strategy, compensation of the members of the Management Board, investments and financing. Under the Stock Corporation Act, any Supervisory Board committee must regularly report to the Supervisory Board. Sections 25d (7) to (12) of the German Banking Act require, depending on size and complexity of the respective credit institution, the establishment of Supervisory Board committees with specific tasks to be performed as follows: Risk Committee (Section 25d (8)), Audit Committee (Section 25d (9)), Nomination Committee (with different tasks and composition requirements than under the Code) (Section 25d (11)) and Compensation Control Committee (Section 25d (12)).

The Supervisory Board of Deutsche Bank has established a Chairman's Committee (Präsidialausschuss) which is responsible for conclusion, amendment and termination of employment and pension contracts in consideration of the plenary Supervisory Board's sole authority to decide on the remuneration of the members of the Management Board, a Nomination Committee (Nominierungsausschuss), an Audit Committee (Prüfungsausschuss), a Risk Committee (Risikoausschuss), an Integrity Committee (Integritätsausschuss), a Compensation Control Committee (Vergütungskontrollausschuss) and the required Mediation Committee (Vermittlungsausschuss). The functions of a nominating/corporate governance committee and of a compensation committee required by the NYSE Manual for U.S. companies listed on the NYSE are therefore performed by the Supervisory Board or one of its committees, in particular the Chairman's Committee, the Compensation Control Committee and the Mediation Committee.

Independent Board Members. The NYSE Manual requires that a majority of the members of the board of directors of a NYSE listed U.S. company and each member of its nominating/corporate governance, compensation and audit committees be independent according to strict criteria and that the board of directors determines that such member has no material direct or indirect relationship with the company.

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As a foreign private issuer, Deutsche Bank is not subject to these requirements. However, its audit committee must meet the more lenient independence requirement of Rule 10A-3 under the Securities Exchange Act of 1934. German corporate law does not require an affirmative independence determination, meaning that the Supervisory Board need not make affirmative findings that audit committee members are independent. However, the Stock Corporation Act requires that at least one member of the supervisory board or, if an audit committee is established, such audit committee, must be independent and have expertise in accounting and audit matters, unless all members have been appointed before May 29, 2009. Moreover, both the Stock Corporation Act and the Code contain several rules, recommendations and suggestions to ensure the Supervisory Board's independent advice to, and supervision of, the Management Board. As noted above, no member of the Management Board may serve on the Supervisory Board (and vice versa). Supervisory Board members will not be bound by directions or instructions from third parties. Any advisory, service or similar contract between a member of the Supervisory Board and the company is subject to the Supervisory Board's approval. A similar requirement applies to loans granted by the company to a Supervisory Board member or other persons, such as certain members of a Supervisory Board member's family. In addition, the Stock Corporation Act prohibits a person who within the last two years was a member of the management board from becoming a member of the supervisory board of the same company unless he or she is elected upon the proposal of shareholders holding more than 25 % of the voting rights of the company.

The Code also recommends that each member of the Supervisory Board inform the Supervisory Board of any conflicts of interest which may result from a consulting or directorship function with clients, suppliers, lenders or other business partners of the stock corporation. In the case of material conflicts of interest or ongoing conflicts, the Code recommends that the mandate of the Supervisory Board member be removed by the shareholders' meeting. The Code further recommends that any conflicts of interest that have occurred be reported by the Supervisory Board at the Annual General Meeting, together with the action taken, and that potential conflicts of interest also be taken into account in the nomination process for the election of Supervisory Board members.

Audit Committee Procedures. Pursuant to the NYSE Manual the audit committee of a U.S. company listed on the NYSE must have a written charter addressing its purpose, an annual performance evaluation, and the review of an auditor's report describing internal quality control issues and procedures and all relationships between the auditor and the company. The Audit Committee of Deutsche Bank operates under written terms of reference and reviews the efficiency of its activities regularly.

Disclosure of Corporate Governance Guidelines. Deutsche Bank discloses its Articles of Association, the Terms of Reference of its Management Board, its Supervisory Board, the Chairman's Committee, the Audit Committee, the Risk Committee, the Integrity Committee, the Compensation Control Committee and the Nomination Committee, its Declaration of Conformity under the Code and other documents pertaining to its corporate governance on its internet website at www.db.com/ir/en/documents.htm.

Item 16H: Mine Safety Disclosure

Not applicable.

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Disclosures Under Iran Threat Reduction and Syria Human Rights Act of 2012

Under Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012, which added Section 13(r) of the U.S. Securities Exchange Act of 1934, as amended, an issuer of securities registered under the Securities Exchange Act of 1934 is required to disclose in its periodic reports filed under the Securities Exchange Act of 1934 certain of its activities and those of its affiliates relating to Iranian government-controlled entities and to other persons sanctioned by the U.S. under programs relating to terrorism and proliferation of weapons of mass destruction that occurred during the period covered by the report. We describe below a number of potentially disclosable activities of Deutsche Bank AG and its affiliates. Disclosure is generally required regardless of whether the activities, transactions or dealings were conducted in compliance with applicable law. Following the occurrence on January 16, 2016 of Implementation Day of the Joint Comprehensive Plan of Action (JCPoA) between the P5+1 parties and Iran, pursuant to which Iran agreed to limits on its nuclear program and the P5+1 parties agreed to provide certain sanctions relief, secondary sanctions targeting Iran have been narrowed but not eliminated.

Legacy Financing Arrangements. Despite having ceased entering into new business in or with Iran in 2007, we continue to be engaged as lender, sponsoring bank and/or facility agent or arranger in several long-term financing agreements relating to the construction or acquisition of plant or equipment for the petroleum and petrochemical industries, under which Iranian entities were the direct or indirect borrowers. Before 2007, as part of banking consortia, we entered into a number of financing arrangements, three of which remained outstanding as of December 31, 2015, with the National Petrochemical Company (NPC). The latest final maturity under these loan facilities is in 2019. These loan facilities were guaranteed by national export credit agencies representing two European governments. In principle, the obligations of the borrowers under these loan facilities are secured by assignments of receivables from oil and oil products exported by NPC and/or its trading subsidiaries to buyers, mostly in Asia. These delivery obligations, however, were waived for the period covered by this report, because of the sanctions environment at that time. For some of these arrangements, we act as escrow agent, holding escrow accounts for the Iranian borrowers mentioned above, into which receivables are, in principle, paid by the buyers of the oil and oil products. During the period covered by this report, no such receivables were paid to the said escrow accounts. Such accounts are pledged in favor of the relevant banking consortium. We have no involvement in the contractual arrangements related to, or in the physical settlement of, the oil and oil product exports mentioned above. Iranian entities in whose names the escrow accounts are held were not permitted to draw on such accounts, either because they are sanctioned parties or, where this is not the case, because of our business decision to not allow access to such accounts in light of the overall sanctions environment in the time period covered by this report.

As a remainder from a previously existing financing related to NIOC (which was fully repaid back in 2012) we still hold an account for NIOC (which was previously used as an escrow account in the context of the respective financing) with a balance in euro. NIOC was, however, not permitted to draw on this account given it was a sanctioned entity. In light of the lifting of the EU sanctions against NIOC pursuant to the Implementation Day sanctions relief, absent other legal restrictions, we intend to observe legally valid instructions to fully wind-down the remaining part of this engagement.

During 2015, approximately 43.0 million was paid into accounts of the borrower. We, in our role as agent, distributed to the participants in the banking consortia 45.0 million including portions attributable to us totaling 8.0 million.

We generated revenues in 2015 of approximately 0.7 million in respect of these financing arrangements, of which approximately 0.5 million consisted of escrow account revenues, 0.1 million consisted of loan interest revenues and 0.1 million consisted of fee revenues. The net profits were less than these amounts.

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In one financing arrangement, we are not ourselves a lender but act rather as agent for a lender, a state-owned development bank. In this capacity, we received fees from the Iranian borrower of approximately 4,000.

As of December 31, 2015, we have an undrawn commitment of approximately 1.3 million under one of the financing agreements referred to above. Due to the export credit agency coverage, this remainder cannot be cancelled without German government approval, for which we have applied but which we have not yet received. We do not intend to make further disbursements upon this undrawn commitment.

Our portion of the outstanding principal amount of the remaining loan facilities amounted to approximately 17 million as of December 31, 2015. We intend to continue pursuing repayment and fulfilling our administrative role under these agreements, but we currently do not intend to engage in any new extensions of credit to these or other Iranian entities.

Legacy Contractual Obligations Related to Guarantees and Letters of Credit. Prior to 2007, we provided guarantees to a number of Iranian entities. In almost all of these cases, we issued counter-indemnities in support of guarantees issued by Iranian banks because the Iranian beneficiaries of the guarantees required that they be backed directly by Iranian banks. In 2007, we made a decision to discontinue issuing new guarantees to Iranian or Iran-related beneficiaries. Although the pre-existing guarantees stipulate that they must be either extended or honored if we receive such a demand and we are legally not able to terminate these guarantees, we decided in 2011 to reject any extend or pay demands under such guarantees. Even though we exited, where possible, many of these guarantees, guarantees with an aggregate face amount of approximately 7.6 million are still outstanding as of year-end 2015. The gross revenues from this business in 2015 were approximately 20,000 and the net profit we derived from these activities was less than this amount.

We also have outstanding legacy guarantees in relation to a Syrian bank sanctioned by the U.S. under its non-proliferation program. The aggregate face amount of these legacy guarantees was approximately 10 million as of December 31, 2015, the gross revenues received from non-Syrian parties for these guarantees were approximately 41,000 in 2015 and the net profit we derived from these activities was less than this amount. In one case we paid cancellation fees of less than 300 to the frozen account of the Syrian bank.

We intend to exit these guarantee arrangements as soon as possible.

Payments Received. In 2015, we received less than 160 payments adding up to approximately 70 million in favor of non-Iranian clients in Germany, Spain, France, the Netherlands, Belgium and Japan, of which some stemmed ultimately from relevant Iranian entities and others were channelled through sanctioned Iranian intermediary banks. Revenues for these incoming payments were less than 40,000. These figures include relevant payments in favor of clients of our subsidiary Postbank. We expect that we will also have to execute such transactions in the future.

On behalf of one of our clients in Poland we transferred to an account of the Iranian embassy in Poland, held by another bank, two payments of approximately 100. We do not intend to execute such payments in the future.

Operations of Iranian Bank Branches and Subsidiaries in Germany and/or France. Several Iranian banks, including Bank Melli Iran, Bank Saderat, Bank Tejarat and Europäisch-Iranische Handelsbank, have branches or offices in Germany and/or France, even though their funds and other economic resources were frozen under European law prior to Implementation Day under the JCPoA (and Bank Saderat's resources remain frozen). As part of the payment clearing system in Germany and other European countries, when these branches or offices need to make payments in Germany or Europe to cover their day-to-day operations such as rent, taxes, insurance premia and salaries for their remaining staff, or for any other kind of banking-related operations necessary to wind down their legacy trade business, the German Bundesbank and French banks accept fund transfers from these Iranian banks and disburse them to the applicable (mainly German) payees, some of whom hold accounts with us. In 2015, we received approximately 4.5 million in such disbursements in approximately 1,000 transactions via the German Bundesbank and French banks in respect of payments from the above-mentioned Iranian banks, and the gross revenues derived from these payments were less than 5,000. Relevant transactions of our subsidiary Postbank are included in these figures. We expect that we will also have to execute such transactions in the future.

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Maintaining of Accounts for Iranian Consulates and Embassies. In 2015, Iranian embassies and consulates in Germany and the Netherlands were holding accounts with us as well as with Postbank. This includes the provision by a subsidiary of Postbank to the Iranian consulate of girocard (debitcard/ATM)-terminals as well as the processing of transactions of cardholders using the terminals; the terminals are used to facilitate the payment of fees for the issuance of visas and other administrative measures by the consulate. The additional purpose of these accounts was the funding of day-to-day operational costs of the embassies and consulates, such as salaries, rent, and electricity. One of the account relationships was between Deutsche Bank Netherlands N.V. and the Agent Bureau of the Embassy of the Islamic Republic of Iran in The Hague (which is responsible for all Iran-U.S. Claims Tribunal activities). The total volume of outgoing payments from these accounts was approximately

11 million in 2015, which payments were made with the involvement of the competent authorities in the relevant European countries under applicable law. We derived gross revenues of approximately 20,000 and net profits which were less than this amount from these activities. The relevant European governments have requested that we provide these services to enable the Government of Iran to conduct its diplomatic relations. The accounts at Deutsche Bank Netherlands N.V. of the Agent Bureau of the Embassy of the Islamic Republic of Iran in The Hague as well as the accounts of the Iranian embassy were closed during the second quarter of 2015.

Activities of Entities in Which We Have Interests. Section 13(r) requires us to provide the specified disclosure with respect to ourselves and our affiliates, as defined in Exchange Act Rule 12b-2. Although we have minority equity interests in certain entities that could arguably result in these entities being deemed affiliates, we do not have the authority or the legal ability to acquire in every instance the information from these entities that would be necessary to determine whether they are engaged in any disclosable activities under Section 13(r). In some cases, legally independent entities are not permitted to disclose the details of their activities to us because of German privacy and data protection laws or the applicable banking laws and regulations. In such cases, voluntary disclosure of such details could violate such legal and/or regulatory requirements and subject the relevant entities to criminal prosecution or regulatory investigations.

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PART III**Item 17: Financial Statements**

Not applicable.

Item 18: Financial Statements

The Financial Statements of this Annual Report on Form 20-F consist of the Consolidated Financial Statements including Notes 1 to 45 thereto, which are set forth as Part 2 of the Annual Report 2015, and, as described in Note 1 Significant Accounting Policies and Critical Accounting Estimates thereto in the third paragraph under Basis of Accounting, certain parts of the Management Report set forth as Part 1 of the Annual Report 2015. Such Consolidated Financial Statements have been audited by KPMG AG Wirtschaftsprüfungsgesellschaft, as described in their Report of Independent Registered Public Accounting Firm included on page 389 of the Annual Report 2015.

Item 19: Exhibits

We have filed the following documents as exhibits to this document.

Exhibit number	Description of Exhibit
1.1	English translation of the Articles of Association of Deutsche Bank AG, furnished as Exhibit 99.4 to our Report on Form 6-K dated July 30, 2015 and incorporated by reference herein.
2.1	The total amount of long-term debt securities of us or our subsidiaries authorized under any instrument does not exceed 10 percent of the total assets of our Group on a consolidated basis. We hereby agree to furnish to the Commission, upon its request, a copy of any instrument defining the rights of holders of long-term debt of us or of our subsidiaries for which consolidated or unconsolidated financial statements are required to be filed.
4.1	Equity Plan Rules 2011, furnished as Exhibit 4.3 to our 2010 Annual Report on Form 20-F and incorporated by reference herein.
4.2	Equity Plan Rules 2012, furnished as Exhibit 4.4 to our 2011 Annual Report on Form 20-F and incorporated by reference herein.
4.3	Equity Plan Rules 2013, furnished as Exhibit 4.4 to our 2012 Annual Report on Form 20-F and incorporated by reference herein.
4.4	Equity Plan Rules 2014, furnished as Exhibit 4.5 to our 2013 Annual Report on Form 20-F and incorporated by reference herein.
4.5	Equity Plan Rules 2015, furnished as Exhibit 4.5 to our 2014 Annual Report on Form 20-F and incorporated by reference herein.
4.6	Equity Plan Rules 2016.

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7.1	Statement re Computation of Ratio of Earnings to Fixed Charges of Deutsche Bank AG for the periods ended December 31, 2015, 2014, 2013, 2012 and 2011 (also incorporated as Exhibit 12.6 to Registration Statement No. 333-206013 of Deutsche Bank AG).
8.1	List of Subsidiaries.
12.1	Principal Executive Officer Certifications Required by 17 C.F.R. 240.13a-14(a).
12.2	Principal Executive Officer Certifications Required by 17 C.F.R. 240.13a-14(a).
12.3	Principal Financial Officer Certifications Required by 17 C.F.R. 240.13a-14(a).
13.1	Chief Executive Officer Certification Required by 18 U.S.C. Section 1350.
13.2	Chief Executive Officer Certification Required by 18 U.S.C. Section 1350.
13.3	Chief Financial Officer Certification Required by 18 U.S.C. Section 1350.
14.1	Legal Opinion regarding confidentiality of related party customers.
15.1	Consent of KPMG AG Wirtschaftsprüfungsgesellschaft.

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Signatures

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and has duly caused and authorized the undersigned to sign this annual report on its behalf.

Date: March 11, 2016

Deutsche Bank Aktiengesellschaft

/s/ JOHN CRYAN

John Cryan

Co-Chairman of the Management Board

/s/ JUERGEN FITSCHEN

Juergen Fitschen

Co-Chairman of the Management Board

/s/ MARCUS SCHENCK

Marcus Schenck

Member of the Management Board

Chief Financial Officer

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Operating and Financial Review

The following discussion and analysis should be read in conjunction with the consolidated financial statements and the related notes to them. Our Operating and Financial Review includes qualitative and quantitative disclosures on Segmental Results of Operations and Entity Wide disclosures on Net Revenue Components as required by International Financial Reporting Standard (IFRS) 8, *Operating Segments*. This information, which forms part of and is incorporated by reference into the financial statements of this report, is marked by a bracket in the margins throughout this Operating and Financial Review. For additional Business Segment disclosure under IFRS 8 please refer to Note 4 *Business Segments and Related Information* of the Consolidated Financial Statements.

Executive Summary**The Global Economy**

Economic growth (in %)	2015	2014	Main driver
Global Economy ¹	3.1	3.4	Global economic growth faltered during 2015 due to the slowdown in emerging markets, whose growth was dampened mainly by structural weaknesses and the weak oil price. The industrialized countries, by contrast benefited on balance from the low oil price and expansionary monetary policy, with the result that their growth rates picked up slightly. High debt levels and generally weak global trade weighed on growth, however.
Thereof:	1.8	1.7	
Industrialized countries ¹	4.1	4.7	
Thereof: Emerging markets ¹			
Eurozone Economy	1.5	0.9	
Thereof: German economy	1.7	1.6	Support from low oil prices and extremely expansionary monetary policy Strong growth in consumption, but external headwinds held back investment growth
U.S. Economy	2.4	2.4	Strong U.S.\$ is negative for export-oriented sectors, negative inventory cycle, solid performance by domestic economy
Japanese Economy	0.5	(0.1)	Stockbuilding and net exports boosted growth
Asian Economy ¹	6.2	6.4	Weak demand from China and the industrialized countries
Thereof: Chinese Economy	6.9	7.3	Slowdown in the growth of exports and investment was partly offset by higher consumption

Source: National authorities

¹ 2015 data is sourced from Deutsche Bank Research forecasts.**The Banking Industry**

In the eurozone, 2015 brought a moderate rise in lending to the private sector for the first time since 2011 (+1.1 %). Lending to households was up by 2 % as compared to 2014, while lending to businesses remained stable. On the liability side, despite the prevailing low interest-rate

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environment, the volume of deposits from households and firms rose by 3.3 %, a similar increase to that in each of the previous two years. After a sharp rise in the first quarter, total assets of eurozone banks declined slightly and were down by 1.3 % on the year. Provisions for credit losses at European banks probably continued to decline, which may have led to a further normalization in the earnings situation. In Germany, household and corporate lending continued to expand in 2015 with growth again exceeding the eurozone average. This was partly due to an increase in consumer loans by 1.9 %.

In the U.S., the credit expansion continued, driven in particular by corporate lending and commercial mortgages, which maintained their double-digit growth rates. In the retail segment, residential mortgages grew by 2.5 %. Growth in private-sector deposits slowed somewhat compared with 2014 but, at 4.9 %, remained high.

Japan saw a moderate decline in lending growth to 2.3 %. In China, the low double-digit growth in private sector lending remained unchanged despite the slight cooling-off of the Chinese economy.

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Deutsche Bank Performance

2015 was a difficult year for Deutsche Bank, as we were burdened by specific items such as goodwill and other intangible asset impairments, litigation, restructuring and severance charges totalling 12.4 billion post-tax. However, revenues were up versus 2014 and we made considerable progress on the implementation of our Strategy 2020, which intends to make Deutsche Bank a less complex and more efficient, less risky, better capitalized and better run institution with more disciplined execution.

Our Group Key Performance Indicators are as follows:

Group Key Performance Indicators	Status end of 2015	Status end of 2014
Net revenues	33.5 bn	31.9 bn
Income (loss) before income taxes	(6.1) bn	3.1 bn
Net income (loss)	(6.8) bn	1.7 bn
Post-tax return on average tangible shareholders' equity	(12.3) %	3.5 %
Post-tax return on average active equity ¹	(9.9) %	2.7 %
Adjusted Costs ²	26.5 bn	25.0 bn
Cost/income ratio ³	115.3 %	86.7 %
Cost savings ⁴	4.5 bn	3.3 bn
Costs to achieve savings ⁵	3.6 bn	2.9 bn
Risk-weighted assets	396.7 bn	394.0 bn
CRR/CRD 4 fully loaded Common Equity Tier 1 ratio ⁶	11.1 %	11.7 %
Fully loaded CRR/CRD 4 leverage ratio ⁷	3.5 %	3.5 %

¹ Based on Net Income attributable to Deutsche Bank shareholders. Calculation is based on an effective tax rate of (11) % for the year ended December 31, 2015 and 46 % for the year ended December 31, 2014. For further information, please refer to Supplementary Information: Non-GAAP Financial Measures of the report.

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² Total noninterest expenses excluding restructuring and severance, litigation, impairment of goodwill and other intangible assets, policyholder benefits and claims. For further information, please refer to Supplementary Information: Non-GAAP Financial Measures of the report.

³ Total noninterest expenses as a percentage of total net interest income before provision for credit losses plus noninterest income.

⁴ Cost savings resulting from the implementation of the OpEx program.

⁵ Costs-to-achieve (CtA) savings are costs which are directly required for the realisation of savings in the OpEx program.

⁶ The CRR/CRD 4 fully loaded Common Equity Tier 1 ratio represents our calculation of our Common Equity Tier 1 ratio without taking into account the transitional provisions of CRR/CRD 4. Further detail on the calculation of this ratio is provided in the Risk Report.

⁷ Further detail on the calculation of this ratio is provided in the Risk Report.

Net revenues in 2015 were 33.5 billion, up by 1.6 billion from 2014. Despite challenging market conditions all business segments except PBC reported increased net revenue in 2015 partly driven by positive foreign exchange movement. PBC reported a revenue decrease mainly due to valuation and transaction related effects relating to PBC's stake in Hua Xia Bank.

Non-interest expenses in 2015 were 38.7 billion, an increase of 40 % from 2014, mainly driven by impairments of goodwill and other intangibles, a significant increase in litigation costs as well as restructuring and severance charges. Compensation and benefits were higher compared to 2014 primarily driven by foreign exchange rate effects.

The loss before income taxes of (6.1) billion in 2015, versus income before income taxes of 3.1 billion in 2014, is mainly driven by impairments booked in the third quarter 2015 as well as the higher litigation and restructuring and severance charges. The particularly high specific effects of 6.5 billion of impairments and 5.2 billion of litigation charges, both largely non-tax deductible, and an additional restructuring and severance charge of 1 billion, added to a net loss of (6.8) billion.

Cumulative OpEx program savings of 4.5 billion fully met the externally communicated target for 2015. Cumulative Costs to achieve of 3.6 billion were 0.4 billion less than planned.

Our CRR/CRD 4 fully loaded Common Equity Tier 1 ratio was 11.1 % at the end of 2015 down from 11.7 % at the end of 2014, resulted from the net loss driven by higher litigation and restructuring and severance costs. Our respective CRR/CRD 4 phase-in Common Equity Tier 1 ratio was 13.2 % at the end of 2015 down from 15.2 % at the end of 2014.

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As per the new Supervisory Review and Evaluation Process (SREP) requirements, the European Central Bank notified us that we need to maintain a CET 1 ratio of at least 10.25 % on a phase-in basis, which increases to 10.75 % in 2016 including the first stage of the phase-in in Deutsche Bank's Global Systemically Important Banks (G-SIBs) buffers over the next four years. We currently have material buffers over the required minimum on a phased-in basis. This means that the Bank's minimum CET 1 capital requirement will be 12.25 % by January 2019 once all buffers are phased in. This compares to our fully-loaded target of greater than 12.5 % by 2018.

Deutsche Bank Group**Deutsche Bank: Our Organization**

Headquartered in Frankfurt am Main, Germany, we are the largest bank in Germany and one of the largest financial institutions in Europe and the world, as measured by total assets of 1,629 billion as of December 31, 2015. As of that date, we employed 101,104 people on a full-time equivalent basis and operated in 70 countries out of 2,790 branches worldwide, of which 65 % were in Germany. We offer a wide variety of investment, financial and related products and services to private individuals, corporate entities and institutional clients around the world.

As of December 31, 2015 we were organized into the following five corporate divisions:

- Corporate Banking & Securities (CB&S)
- Private & Business Clients (PBC)
- Global Transaction Banking (GTB)
- Deutsche Asset & Wealth Management (Deutsche AWM)
- Non-Core Operations Unit (NCOU)

The five corporate divisions are supported by infrastructure functions. In addition, we have a regional management function that covers regional responsibilities worldwide. From 2016 onwards and in accordance with our Strategy 2020 our business operations are going to be organized under a new structure with the segments Global Markets (GM), Corporate & Investment Banking (CIB), Private, Wealth and Commercial Clients (PW&CC), Postbank, Deutsche Asset Management (AM) and Non-Core Operations Unit (NCOU).

We have operations or dealings with existing or potential customers in most countries in the world. These operations and dealings include:

- subsidiaries and branches in many countries;
- representative offices in many other countries; and
- one or more representatives assigned to serve customers in a large number of additional countries.

Management Structure

The Management Board has structured the Group as a matrix organization, comprising (i) Corporate Divisions, (ii) Infrastructure Functions and (iii) a Regional Management Function. To support this structure, key governance bodies function as follows:

The Management Board has the overall responsibility for the management of Deutsche Bank, as provided by the German Stock Corporation Act. Its members are appointed and removed by the Supervisory Board, which is a separate corporate body. Our Management Board focuses on strategic management, corporate governance, resource allocation, risk management and control, assisted by functional committees.

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The Group Executive Committee was established in 2002. In accordance with the Strategy 2020 objective to reduce organizational complexity, it was dissolved in October 2015. The Group Executive Committee comprised the members of the Management Board and senior representatives from our regions, corporate divisions and certain infrastructure functions appointed by the Management Board. The Group Executive Committee was a body that is not required by the Stock Corporation Act. It served as a tool to coordinate our businesses and regions, discussed our strategy and prepared recommendations for Management Board decisions. It had no decision-making authority. Within each corporate division and region, coordination and management functions are handled by operating committees and executive committees, which helps ensure that the implementation of the strategy of individual businesses and the plans for the development of infrastructure areas are integrated with global business objectives.

Corporate Divisions

Corporate Banking & Securities Corporate Division

Corporate Division Overview

Until the recently announced reorganisation in October 2015, CB&S comprised the Global Markets and Corporate Finance businesses. These businesses offer financial products worldwide including the underwriting of stocks and bonds, trading services for investors and the tailoring of solutions for companies' financial requirements.

Products and Services

The Global Markets business combines the sales, trading and structuring of a wide range of financial markets' products, including bonds, equities and equity-linked products, exchange-traded and over-the-counter derivatives, foreign exchange, money market instruments, and securitized products. Coverage of institutional clients is provided by the Institutional Client Group, while Research provides analysis of markets, products and trading strategies for clients.

Corporate Finance offers mergers and acquisitions (M&A) services as well as debt and equity advisory and origination. Regional, industry-focused teams are responsible for the delivery of the entire range of financial products and services to our corporate clients.

All our trading activities are covered by our risk management procedures and controls which are described in detail in the Risk Report.

Distribution Channels and Marketing

As part of Strategy 2020, we are re-focusing and rationalising our client coverage model so as to keep clients at the core of our business. We are exiting client relationships where returns are too low or risks are too high while also strengthening our client on-boarding and KYC procedures.

We have made the following significant capital expenditures or divestitures since January 1, 2013:

In June 2015, Markit Ltd., a provider of financial information services, conducted a secondary public offering. As part of this offering, Markit also re-purchased own shares from a number of selling shareholders including Deutsche Bank. We offered and sold approximately 4 million of the 5.8 million shares (2.7 %) it held in Markit.

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In December 2014, we completed the sale of 75 % of a U.S.\$ 2.5 billion portfolio of U.S. special situation commercial real estate loans to a fund managed by the Texas Pacific Group. Deutsche Bank retains a 25 % stake in the portfolio and continues to originate and acquire new loans in the US special situations commercial real estate market.

In June 2014, Markit Ltd. initiated its listing on NASDAQ Stock Market via a sale of shares from existing shareholders. As part of this listing, we offered and sold 5.8 million of the 11.6 million shares (5.7 %) it held in Markit.

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Private & Business Clients Corporate Division**Corporate Division Overview**

PBC operates under a single retail banking business model across Europe and selected Asian markets. PBC serves retail and affluent clients as well as small and medium sized business clients.

The PBC Corporate Division comprises three business units under one strategic steering:

- Private & Commercial Banking, which comprises all of PBC's activities in Germany under the Deutsche Bank brand;
- Advisory Banking International, which covers PBC's activities in Europe (outside Germany) and Asia including our stake in and partnership with Hua Xia Bank Co. Ltd.; and
- Postbank, which contains the major core business activities of Deutsche Postbank AG as well as BHW and norisbank.

The Private & Commercial Banking business unit focuses on private and commercial clients in Germany and offers an integrated commercial banking coverage model for small and medium sized corporate clients. This enables us to further capture opportunities from small and medium sized business clients by improving PBC's client proximity and cross-divisional collaboration leveraging the expertise of Deutsche Bank Group.

In Advisory Banking International we operate in five major European banking markets: Italy, Spain, Poland, Belgium and Portugal. In Asia, India is our core market. In India, PBC operates a branch network of seventeen branches supported by a mobile sales force. Further, in Asia we currently hold a 19.99 % stake in Hua Xia Bank Co. Ltd. which we have agreed to sell.

Postbank continues to operate with its own brands, providing financial services for retail and corporate customers primarily in Germany.

We have made the following significant capital expenditures or divestitures since January 1, 2013:

On December 28, 2015, we announced the agreement to sell its entire 19.99 % stake in Hua Xia Bank Co. Ltd. to PICC Property and Casualty Company Limited for a consideration of RMB 23.0 billion to 25.7 billion subject to final price adjustment at closing (approximately 3.2 billion to 3.7 billion, based on December 2015 exchange rates). The completion of the transaction is subject to customary closing conditions and regulatory approvals, including that of the China Banking Regulatory Commission.

On April 22, 2015, we signed an agreement to purchase an additional 5.9 million (2.7 %) of the Postbank shares, thereby increasing the Deutsche Bank's ownership stake from 94.1 % to 96.8 %. On April 27, 2015 Deutsche Bank requested Postbank to prepare a squeeze-out of the minority shareholders pursuant to Section 327a et seq. of the German Stock Corporation Act. In the squeeze-out request to Postbank on July 7, 2015, the amount of cash compensation was set at 35.05 per Postbank share. After a clearance preceding in front of the Higher District Court Cologne the squeeze-out was entered into the commercial register on December 21, 2015. At settlement on December 30, 2015, We acquired the remaining 3.2 % shares for a total of 245 million and now owns directly and indirectly 100 % of the shares. Postbank's shares have been de-listed from all stock exchanges between December 21, 2015 and January 13, 2016.

In October 2014, we contributed ownership of the real estate of 90 retail banking branches in Italy to a closed-end institutional real estate fund, Italian Banking Fund (IBF), managed by Hines Italy SGR. The contributed real estate had a total value of 134 million and will mostly be leased back for a period of at least 12 years.

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In May 2014, we completed the sale of a 20.2 % stake in Deutsche Herold AG to Zürich Beteiligungs AG, a subsidiary of Zurich Insurance Group AG. We acquired the 20.2 % stake from a third party immediately ahead of selling it to Zurich. 15.2 % of the disposal to Zurich was based on a share purchase agreement that was entered into by Deutsche Bank and Zurich in 2001. The remaining 5.0 % stake was sold due to Zurich exercising a call option.

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Products and Services

PBC offers a similar range of banking products and services throughout Europe and Asia, with some variations among countries that are driven by local market, regulatory and customer requirements.

We offer investment and insurance, mortgages, business products, consumer finance, payments, cards & accounts, deposits and mid-cap related products provided by other divisions as part of our mid-cap joint venture within Deutsche Bank, as well as postal services and non-bank products in Postbank.

Our investment products cover the full range of brokerage products (equities, bonds), mutual/closed-end funds (single- and multi-assets), structured products as well as discretionary portfolio management and securities custody services. In addition we provide life and non-life insurance products as well as corporate pension schemes to our clients.

We offer standard to complex mortgage solutions and our mortgage product portfolio is complemented by publicly subsidized mortgages, mortgage brokerage and mortgage-related insurance. Our business products focus on managing transactions, risk and liquidity for our clients. In commercial banking and international services we optimize cash flow and market volatility for our clients and support their business expansions. In addition our loan product offering consists of personal instalment loans, credit lines and overdrafts as well as point of sale (POS) business.

Our payments, cards and account products include domestic, international and SEPA payments, debit, credit and prepaid cards as well as current accounts for private and business clients. Our deposits portfolio consists of sight deposits, term deposits and savings.

Our lending businesses are subject to our credit risk management processes. Please see the [Credit Risk Management](#) and [Credit Risk Exposure](#) sections in the Risk Report.

Distribution Channels and Marketing

In following a client-centric banking approach, we seek to optimize the interaction with our customers as well as the accessibility and availability of our services. PBC uses a broad multi-channel approach to serve its customers and distribute financial solutions depending on local strategic positioning and business model.

Branches: Within our branches, we generally offer our entire range of products and advice.

Financial Agents: In most countries, we additionally market our retail banking products and services through self-employed financial agents.

Customer Contact Centers: Our Customer Contact Centers provide clients with remote services (i.e., account information, securities brokerage) supported by automated systems.

Online and Mobile Banking: On our websites, we offer clients a broad variety of relevant product information and services including interactive tools, tutorials and rich media content. We provide a high performing transaction-platform for banking, brokerage and self-services, combined with a highly frequented multi-mobile offering for smartphones and tablets. Moreover, we further invest in improvements of selected digital capabilities. This digitization program is being rolled out in all our businesses.

Self-service Terminals: These terminals support our branch network and allow clients to withdraw and transfer funds, receive custody account statements and make appointments with our financial advisors.

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Moreover, we foster country-specific distribution and cooperation arrangements. In Germany, we maintain cooperation partnerships with companies such as DP DHL (Postbank cooperation) and Deutsche Vermögensberatung AG (DVAG). With DVAG, we distribute our mutual funds and other banking products through DVAG's independent distribution network. In order to complement our product range, we have signed distribution agreements, in which PBC distributes the products of product suppliers. These include an agreement with Zurich Financial Services for insurance products, and product partnerships with twelve preferred fund companies for the active distribution of selected investment products.

To achieve a strong brand position internationally, we market our services consistently throughout the countries we consider to be part of our strategic focus.

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Global Transaction Banking Corporate Division

Corporate Division Overview

GTB delivers commercial banking products and services to corporate clients and financial institutions, including domestic and cross-border payments, financing for international trade, lending, as well as the provision of trust, agency, depository, custody and related services. Our business divisions consist of:

Trade Finance and Cash Management Corporates
Institutional Cash and Securities Services

We have made the following significant capital expenditures or divestitures since January 1, 2013:

On February 28, 2014, registrar services GmbH was sold to Link Market Services.

On June 1, 2013, the sale of Deutsche Card Services to EVO Payments International was completed.

Products and Services

Trade Finance offers local expertise, a range of international trade products and services (including financing), custom-made solutions for structured trade and the latest technology across our international network so that our clients can better manage the risks and other issues associated with their cross-border and domestic trades.

Cash Management caters to the needs of a diverse client base of corporates and financial institutions. With the provision of a comprehensive range of innovative and robust solutions, we handle the complexities of global and regional treasury functions including customer access, payment and collection services, liquidity management, information and account services and electronic bill presentation and payment solutions.

Securities Services provides a range of trust, payment, administration and related services for selected securities and financial transactions, as well as domestic securities custody in more than 30 markets.

Distribution Channels and Marketing

GTB develops and markets its own products and services in Europe, the Middle East, Asia and the Americas. The marketing is carried out in conjunction with the coverage functions in this division, in CB&S and in PBC. Leveraging the integrated commercial banking coverage model for small and medium sized corporate clients enables us to capture new opportunities from this client group.

Customers can be differentiated into two main groups: (i) financial institutions, such as banks, mutual funds and retirement funds, broker-dealers, fund managers and insurance companies, and (ii) multinational corporations, large local corporates and medium-sized companies, predominantly in Germany and the Netherlands.

Deutsche Asset & Wealth Management Corporate Division (Deutsche AWM)

Corporate Division Overview

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With 1.1 trillion of invested assets as of December 31, 2015, Deutsche AWM is one of the world's leading investment organizations. Deutsche AWM helps individuals and institutions worldwide to protect and grow their wealth, offering traditional active, passive and alternative investments across all major asset classes. Deutsche AWM also provides customized wealth management solutions and private banking services to high-net-worth and ultra-high-net-worth (UHNW) individuals and family offices.

Products and Services

Deutsche AWM's investment capabilities span both active and passive strategies and a diverse array of asset classes including equities, fixed income, real estate, infrastructure, private equity and hedge funds. The division also offers customized wealth management solutions and private banking services, including lending and discretionary portfolio management.

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Distribution Channels and Marketing

Global Coverage/Advisory teams manage client relationships, provide advice and assist clients to access Deutsche AWM's products and services. Deutsche AWM also markets and distributes its offering through other business divisions of Deutsche Bank Group, notably PBC for retail customers and CB&S for selected institutional and corporate clients, as well as through third-party distributors. To ensure holistic service and advice, all clients have a single point of access to Deutsche AWM, with dedicated teams serving specific client groups.

Deutsche AWM created its Key Client Partners (KCP) advisory centers in 2013, to deliver its cross divisional investment banking, corporate banking and asset management capabilities. The global centres give professional investors access to cross-asset class and cross-border investment opportunities and financing solutions in tandem with CB&S.

Non-Core Operations Unit Corporate Division

In the second half of 2012, Non-Core Operations Unit (NCOU) was established as the fifth pillar of our business structure. Its aim was to help the Bank reduce risks associated with capital-intensive assets that are not core to the strategy, thereby reducing capital demand. As set out in our previous strategy announcements, our objectives in setting up the NCOU were to improve external transparency of our non-core positions; to increase management focus on the core operating businesses by separating the non-core activities; and to facilitate targeted accelerated de-risking.

Pursuant to our recent Strategy 2020 announcements, NCOU's aim is to reduce leverage and risk-weighted assets with an ambition to materially unwind the remaining positions by end of December 2016, such that residual risk-weighted assets at that time will be less than 10 billion in aggregate. In carrying out this mandate, the NCOU will look to exit the remaining positions having less favorable capital and risk return profiles, thereby enabling us to strengthen our fully loaded Common Equity Tier 1 ratio.

The NCOU manages assets with a value of approximately 27 billion and a fully loaded RWA equivalent of 34 billion, as of December 31, 2015.

The NCOU's portfolio includes activities that are non-core to our strategy going forward; assets materially affected by business, environment, legal or regulatory changes; assets earmarked for de-risking; assets suitable for separation; assets with significant capital absorption but low returns; and assets exposed to legal risks. In addition, certain liabilities were also assigned to the NCOU following similar criteria to those used for asset selection, e.g. liabilities of businesses in run-off or for sale, legacy bond issuance formats and various other short-dated liabilities, linked to assigned assets.

In RWA terms the majority of NCOU's assets now relate to legacy CB&S assets, and includes credit correlation trading positions, securitization assets, exposures to monoline insurers and assets reclassified under IAS 39. NCOU's portfolio also includes legacy PBC assets such as selected European residential mortgages and consumer assets as well as other financial investments no longer deemed strategic for Postbank. The assets previously managed in the former Group Division Corporate Investments relate to our global principal investment activities which now primarily consist of a stake in the port operator Maher Terminals.

We have made the following significant divestitures since January 1, 2013:

In April 2015, we reached an agreement to sell the Fairview Container Terminal in Port of Prince Rupert, Canada (a segment of Maher Terminals) to DP World (a Dubai-based marine terminal operator) for CAD 580 million, subject to regulatory approvals. All regulatory

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approvals have in the meantime been obtained and we have successfully completed the sale

On December 19, 2014, we closed the sale of Nevada Property 1 LLC, the owner of The Cosmopolitan of Las Vegas, to Blackstone Real Estate Partners VII for U.S.\$ 1.73 billion, subject to closing purchase price adjustments.

In March 2014, we completed the sale of BHF-BANK to Kleinwort Benson Group and RHJ International for a total consideration of 347 million primarily in cash (316 million) and the remainder in the form of new shares in RHJ International issued at par value. These shares have also subsequently been sold.

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In December 2013, our subsidiary Deutsche Postbank AG completed the sale of an approximately £ 1.4 billion UK commercial real estate loan portfolio to GE Capital Real Estate.

In June 2013, our subsidiary PB Capital Corporation completed the sale of an approximately U.S.\$ 3.7 billion commercial real estate loan portfolio to San Francisco based Union Bank, N.A., an indirect subsidiary of Mitsubishi UFJ Financial Group, Inc.

In May 2013, Sicherungseinrichtungsgesellschaft deutscher Banken mbH (SdB) fully repaid the remaining exposure (of which 0.8 billion was allocated to the former Corporate Investments, now part of the NCOU) of ECB-eligible notes guaranteed by the SOFFin (Sonderfonds Finanzmarktstabilisierung, established in October 2008 by the German government in the context of the financial crisis).

In January 2013, we completed the sale of our 15 % participation in Dedalus GmbH & Co. KGaA, through which we indirectly held approximately 1.1 % of the shares in EADS N.V., for a consideration of approximately 250 million.

Infrastructure and Regional Management

The infrastructure functions perform control and service functions and, in particular, tasks relating to Group-wide, supra-divisional resource-planning, steering and control as well as to risk, liquidity and capital management.

The infrastructure functions are organized in the following areas of responsibility:

Co-Chairmen: Communications, CSR, Group Audit, Corporate Strategy, Research and Group Incident & Investigation Management

Chief Financial Officer: Group Finance, Group Tax, Group Treasury, Investor Relations and Group M&A

Chief Risk Officer: Functions managing Credit Risk, Operational Risk, Market Risk, Liquidity Risk, Strategic Risk, Enterprise Risk and Corporate Insurance

Chief Regulatory Officer: Group Regulatory Affairs, Group Structuring, Public Affairs, Compliance, Anti-Financial Crime

Chief Administrative Officer: Legal, Global Corporate Governance and Human Resources

Chief Operating Officer and Information Officer: Group Technology and Operations, Corporate Services, Digital Transformation and responsible for Chief Information Office and Group Data Management

Regional Management has the task to protect the Group's integrity and reputation and to coordinate and align local activity and strategic development across the Group's businesses, infrastructure and legal entities.

All expenses and revenues incurred within the Infrastructure and Regional Management areas are fully allocated to our five corporate divisions.

Significant Capital Expenditures and Divestitures

Information on each Corporate Division's significant capital expenditures and divestitures from the last three financial years has been included in the above descriptions of the Corporate Divisions.

Since January 1, 2015, there have been no public takeover offers by third parties with respect to our shares and we have not made any public takeover offers in respect of any other company's shares.

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Results of Operations

Consolidated Results of Operations

You should read the following discussion and analysis in conjunction with the consolidated financial statements.

Condensed Consolidated Statement of Income

in m.	2015	2014	2013	2015 increase (decrease) from 2014		2014 increase (decrease) from 2013	
				in m.	in %	in m.	in %
(unless stated otherwise)							
Net interest income	15,881	14,272	14,834	1,610	11	(562)	(4)
Provision for credit losses	956	1,134	2,065	(178)	(16)	(931)	(45)
Net interest income after provision for credit losses	14,925	13,138	12,769	1,788	14	369	3
Commissions and fee income ¹	12,765	12,409	12,308	356	3	101	1
Net gains (losses) on financial assets/liabilities at fair value through profit or loss ¹	3,842	4,299	3,817	(457)	(11)	481	13
Net gains (losses) on financial assets available for sale	203	242	394	(39)	(16)	(152)	(39)
Net income (loss) from equity method investments	164	619	369	(455)	(73)	251	68
Other income (loss)	669	108	193	561	N/M	(85)	(44)
Total noninterest income	17,644	17,677	17,082	(33)	(0)	596	3
Total net revenues²	32,569	30,815	29,850	1,754	6	965	3
Compensation and benefits	13,293	12,512	12,329	781	6	183	1
General and administrative expenses	18,632	14,654	15,126	3,977	27	(472)	(3)
Policyholder benefits and claims	256	289	460	(32)	(11)	(172)	(37)
Impairment of goodwill and other intangible assets	5,776	111	79	5,665	N/M	33	42

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Restructuring activities	710	133	399	577	N/M	(267)	(67)
Total noninterest expenses	38,667	27,699	28,394	10,968	40	(695)	(2)
Income (loss) before income taxes	(6,097)	3,116	1,457	(9,213)	N/M	1,660	114
Income tax expense	675	1,425	775	(750)	(53)	650	84
Net income (loss)	(6,772)	1,691	681	(8,463)	N/M	1,010	148
Net income attributable to noncontrolling interests	21	28	15	(6)	(23)	13	83
Net income (loss) attributable to Deutsche Bank shareholders and additional equity components	(6,794)	1,663	666	(8,457)	N/M	997	150

Note: Prior periods have been restated.

N/M Not meaningful

¹ For further detail please refer to Note 1 Significant Accounting Policies and Critical Accounting Estimates of this report.

² After provision for credit losses.

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Net Interest Income

in m. (unless stated otherwise)	2015	2014	2013	2015 increase (decrease) from 2014		2014 increase (decrease) from 2013	
				in m.	in %	in m.	in %
Total interest and similar income	25,967	25,001	25,601	966	4	(600)	(2)
Total interest expenses	10,086	10,729	10,768	(643)	(6)	(39)	(0)
Net interest income	15,881	14,272	14,834	1,610	11	(562)	(4)
Average interest-earning assets ¹	1,031,827	1,040,908	1,136,662	(9,080)	(1)	(95,754)	(8)
Average interest-bearing liabilities ¹	814,541	851,714	979,245	(37,172)	(4)	(127,531)	(13)
Gross interest yield ²	2.52 %	2.40 %	2.25 %	0.12 ppt	5	0.15 ppt	7
Gross interest rate paid ³	1.24 %	1.26 %	1.10 %	(0.02) ppt	(2)	0.16 ppt	15
Net interest spread ⁴	1.28 %	1.14 %	1.15 %	0.14 ppt	12	(0.01) ppt	(1)
Net interest margin ⁵	1.54 %	1.37 %	1.31 %	0.17 ppt	12	0.06 ppt	5

ppt Percentage points

¹ Average balances for each year are calculated in general based upon month-end balances.² Gross interest yield is the average interest rate earned on our average interest-earning assets.³ Gross interest rate paid is the average interest rate paid on our average interest-bearing liabilities.⁴ Net interest spread is the difference between the average interest rate earned on average interest-earning assets and the average interest rate paid on average interest-bearing liabilities.⁵ Net interest margin is net interest income expressed as a percentage of average interest-earning assets.

2015

The increase in net interest income in 2015 of 1.6 billion, or 11 %, to 15.9 billion compared to 14.3 billion in 2014, was primarily driven by higher interest income on trading assets in CB&S, mainly driven by strong client activity and increased client balances. Also contributing to the increase were favorable foreign exchange movements and organic growth in Deutsche AWM. Overall, the net interest spread increased by 14 basis points and the net interest margin improved by 17 basis points primarily driven by lower interest related volume, an increase in interest income and a decrease in interest expenses in 2015 as compared to prior year.

2014

The decrease in net interest income in 2014 of 562 million, or 4 %, to 14.3 billion compared to 14.8 billion in 2013, was primarily driven by lower interest income in NCOU due to asset reductions as a result of our continued de-risking. Overall, the net interest spread decreased by 1 basis point as a result of slightly lower increase of gross interest yield as compared to gross interest rate paid. The net interest margin improved

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by 6 basis points, mainly due to effects resulting from the aforementioned asset reductions.

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

in m. (unless stated otherwise)	2015	2014	2013	2015 increase (decrease) from 2014		2014 increase (decrease) from 2013	
				in m.	in %	in m.	in %
CB&S Sales & Trading (equity)	870	1,066	1,120	(196)	(18)	(54)	(5)
CB&S Sales & Trading (debt and other products)	3,654	2,487	2,548	1,167	47	(61)	(2)
Non-Core Operations Unit	(552)	(663)	(374)	111	(17)	(289)	77
Other	(130)	1,408	523	(1,538)	N/M	886	169
Total net gains (losses) on financial assets/ liabilities at fair value through profit or loss	3,842	4,299	3,817	(457)	(11)	482	13

Note: Prior periods have been restated.

2015

Net gains on financial assets/liabilities at fair value through profit or loss decreased by 457 million to 3.8 billion for the full year 2015. The main driver for this was an increase in net losses on financial assets/liabilities at fair value through profit or loss of 1.5 billion in the category Other. Contributing factors were losses on long swap exposure in CB&S due to unfavorable interest rate and foreign exchange movement partly offset by an increase of 1.2 billion in Sales and Trading (debt and other products) mainly reflecting increased market volatility primarily in the first quarter 2015 resulting in new client and deal flow.

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2014

Net gains on financial assets/liabilities at fair value through profit or loss increased by 482 million to 4.3 billion for the full year 2014. The main driver for this was an increase of 886 million in Other, mainly reflecting mark to market gains from interest rate movements in CB&S which was partly offset by an increase in net losses on financial assets/liabilities at fair value through profit or loss of 289 million in NCOU, which included a loss related to the Special Commodities Group from our exposure to traded products in the U.S. power sector in 2014.

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

Our 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. Our trading activities can periodically shift income between net interest income and net gains (losses) on 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 discussion, the following table presents net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss by corporate division and by product within CB&S.

in m. (unless stated otherwise)	2015	2014	2013	2015 increase (decrease) from 2014		2014 increase (decrease) from 2013	
				in m.	in %	in m.	in %
Net interest income	15,881	14,272	14,834	1,610	11	(562)	(4)
Total net gains (losses) on financial assets/ liabilities at fair value through profit or loss	3,842	4,299	3,817	(457)	(11)	481	13
Total net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss	19,723	18,570	18,651	1,153	6	(81)	(0)

Breakdown by Corporate Division/product: ¹

Sales & Trading (equity)	2,502	2,302	2,111	200	9	191	9
Sales & Trading (debt and other products)	7,909	6,591	5,976	1,318	20	615	10
Total Sales & Trading	10,411	8,893	8,087	1,518	17	806	10
Loan products ²	623	688	587	(65)	(9)	101	17
Remaining products ³	(440)	(62)	69	(378)	N/M	(131)	N/M

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Corporate Banking & Securities	10,594	9,519	8,743	1,074	11	776	9
Private & Business Clients	5,837	5,893	5,817	(56)	(1)	75	1
Global Transaction Banking	2,133	2,205	1,940	(73)	(3)	265	14
Deutsche Asset & Wealth Management	1,615	1,500	1,550	115	8	(50)	(3)
Non-Core Operations Unit	(631)	(612)	176	(19)	3	(788)	N/M
Consolidation & Adjustments	176	65	423	112	174	(359)	(85)
Total net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss	19,723	18,570	18,651	1,153	6	(81)	(0)

Note: Prior periods have been restated.

N/M Not meaningful

¹ This breakdown reflects net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss only. For a discussion of the corporate divisions' total revenues by product please refer to Note 4 Business Segments and Related Information.

² 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.

³ 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.

Corporate Banking & Securities (CB&S)

2015

Combined net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss were 10.6 billion in 2015, an increase of 1.1 billion, or 11 %, compared to 2014. In Sales & Trading (debt and other products), revenues were significantly higher due to favorable foreign exchange movements and a strong first half of the year. The higher revenues in Sales and Trading (debt and other products) were partly offset by three valuation adjustment items totalling a loss of 187 million including a loss of 146 million relating to a refinement in calculation

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of IFRS Credit Valuation Adjustments (CVA), a Funding Valuation Adjustment (FVA) loss of 143 million (including a loss of 26 million relating to a calculation refinement) and a mark to market gain of 102 million relating to RWA mitigation efforts on CVA. The increase in Sales & Trading (equity) net revenues was primarily driven by increased client balances in Prime Finance. Equity Derivatives revenues were significantly lower, due to lower client activity and a challenging risk management environment in the second half of the year.

2014

Combined net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss were 9.5 billion in 2014, an increase of 776 million, or 9 %, compared to 2013. In Sales & Trading (debt and other products), the main drivers for the increase were higher revenues in RMBS after having been impacted by de-risking activity and challenging market conditions in 2013, mark-to-market gains in relation to RWA mitigation efforts arising on CVA compared to a loss in 2013, and higher revenues in Credit Solutions due to increased financing. The increase in Sales & Trading (equity) in 2014 was primarily driven by client financing balances in Prime Finance and favorable trading conditions in Equity Derivatives. Revenue from Loan products also increased in the year reflecting investment in the Commercial Real Estate business. These revenue increases were partly offset by a decrease in Remaining products, mainly due to a Debt Valuation Adjustment (DVA) loss of 126 million (full year 2013: a loss of 21 million).

Private & Business Clients (PBC)**2015**

Combined net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss were 5.8 billion in 2015, a decrease of 56 million, compared to 2014. The decrease was mainly driven by transaction related effects relating to PBC's stake in Hua Xia Bank Co. Ltd. This was partly offset by an extraordinary dividend payment received subsequent to an investee's sales transaction. Also contributing to the development was the ongoing challenging interest rate environment in 2015.

2014

Combined net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss were 5.9 billion in 2014, increased by 75 million, compared to 2013, including the positive impact of a subsequent gain related to a business sale closed in a prior period. Despite this effect, net interest income was impacted by a continued challenging interest rate environment in Europe.

Global Transaction Banking (GTB)**2015**

Combined net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss were 2.1 billion in 2015, a decrease of 73 million, or 3 %, compared to 2014, primarily driven by persistent low interest rates, heightened geopolitical headwinds and strong market competition.

2014

Combined net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss were 2.2 billion in 2014, an increase of 265 million, or 14 %, compared to 2013. The increase was primarily driven by a change of our hedging instruments to manage the interest rate risk which increases our revenues at fair value through profit or loss but is offset in other revenues. Overall, net interest income remained under pressure due to the low interest rate environment.

Deutsche Asset & Wealth Management (Deutsche AWM)

2015

Combined net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss were 1.6 billion in 2015, an increase of 115 million, or 8 %, compared to 2014. Higher net interest revenues were driven by favorable foreign exchange rate movements, increased lending volume and reduced funding costs. This increase was partly offset by an unfavorable change in the fair value of guarantees.

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2014

Combined net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss were 1.5 billion in 2014, a decrease of 50 million, or 3 %, compared to 2013. Higher net interest revenues in lending, deposits and alternatives were more than offset by an unfavorable change in the fair value of guarantees and negative effects from mark-to-market movements on policyholder positions in Abbey Life.

Non-Core Operations Unit (NCOU)

2015

Combined net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss was a net loss of 631 million in 2015, an increase of 19 million, compared to 2014. The main driver of the development was lower net interest revenues due to asset reductions in NCOU as a result of our de-risking strategy partly offset by the absence of a one-time loss in 2014 related to the Special Commodities Group from our exposure to traded products in the U.S.

2014

Combined net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss was a net loss of 612 million in 2014. This was a decrease of 788 million, compared to 2013. The main driver of the decrease was lower net interest revenues due to asset reductions in NCOU as a result of our de-risking strategy. Fair value losses continued to have a negative impact on revenues and included a one-time loss related to the Special Commodities Group from our exposure to traded products in the U.S. power sector during the first quarter 2014.

Consolidation & Adjustments (C&A)

2015

Combined net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss was 176 million in 2015 versus 65 million in 2014, an increase of 112 million. This increase was primarily due to a positive impact from FVA on internal uncollateralized derivatives.

2014

Combined net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss was a positive 65 million in 2014, compared with a gain of 423 million in 2013. This decrease was largely driven by negative effects from timing differences from different accounting methods used for management reporting and IFRS. This was partially offset by higher income from our capital account, largely resulting from the capital increase in 2014.

Provision for Credit Losses

2015

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Provision for credit losses in 2015 was 956 million, down by 178 million, or 16 % versus 2014 driven by significant reductions in NCOU in relation to IAS 39 reclassified assets and real estate exposures as well as in PBC due to sales of non-performing loans, the favorable credit environment in Germany and the stabilizing economic conditions in southern Europe. These reductions were partly offset by increases in CB&S caused by the Shipping and Leveraged Finance portfolios.

2014

Provision for credit losses in 2014 was 1.1 billion, down by 931 million, or 45 % versus 2013 reflecting material reductions in all businesses. Reduction in NCOU was driven by decreased provision for credit losses in IAS 39 reclassified assets and commercial real estate assets. Our Core Bank benefited from increased releases and a non-recurrence of large single name bookings.

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Remaining Noninterest Income

in m. (unless stated otherwise)	2015	2014	2013	2015 increase (decrease) from 2014		2014 increase (decrease) from 2013	
				in m.	in %	in m.	in %
Commissions and fee income ¹	12,765	12,409	12,308	356	3	101	1
Net gains (losses) on financial assets available for sale	203	242	394	(39)	(16)	(152)	(39)
Net income (loss) from equity method investments	164	619	369	(455)	(73)	251	68
Other income (loss)	669	108	193	561	N/M	(85)	(44)
Total remaining noninterest income	13,802	13,379	13,264	423	3	115	1
¹ includes:							
Commissions and fees from fiduciary activities:							
Commissions for administration	432	404	435	28	7	(31)	(7)
Commissions for assets under management	3,666	3,057	2,963	609	20	94	3
Commissions for other securities business	382	283	247	99	35	36	14
Total	4,480	3,745	3,645	735	20	100	3
Commissions, broker's fees, mark-ups on securities underwriting and other securities activities:							
Underwriting and advisory fees	2,388	2,545	2,378	(157)	(6)	167	7
Brokerage fees	1,746	1,488	1,542	258	17	(54)	(3)
Total	4,134	4,033	3,920	101	3	113	3
Fees for other customer services	4,151	4,632	4,742	(480)	(10)	(111)	(2)
Total commissions and fee income	12,765	12,409	12,308	356	3	101	1

N/M Not meaningful

Commissions and fee income

2015

Total Commissions and fee income increased from 12.4 billion in 2014 by 356 million to 12.8 billion in 2015. Fees for assets under management increased due to a strong operating performance of our businesses reflecting a favorable market, impact from net asset inflows and performance fees in Active Asset Management. This was partially offset by a decrease in Fees for other customer services, including a decline in PBC due to a new contract with Deutsche Post DHL and a decline in underwriting and advisory fees.

2014

Total Commissions and fee income increased from 12.3 billion in 2013 by 101 million to 12.4 billion in 2014. Advisory revenues were higher than in the prior year reflecting a higher fee pool and market share gains. Fees for assets under management increased due to a favorable development in European & U.S. exchange traded funds. This was offset by a decrease in Fees for other customer services, mainly triggered by changes in regulatory requirements with regard to payment and card fees as well as lower revenues from Postal Services. Additionally a change in the reporting classification of certain product-related expenses resulted in a further decline.

Net gains (losses) on financial assets available for sale

2015

Net gains on financial assets available for sale were 203 million in 2015 compared to 242 million in 2014. The decline in 2015 mainly resulted from prior year period gain related to a business sale as well as gains from securities sales in DB Bauspar.

2014

Net gains on financial assets available for sale were 242 million in 2014 compared to 394 million in 2013. The decline in 2014 mainly resulted from de-risking activities related to the NCOU.

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Net income (loss) from equity method investments

2015

Net gains from equity investments decreased from 619 million in 2014 to 164 million in 2015 primarily due to valuation effects in 2015 relating to Hua Xia Bank.

2014

Net gains from equity investments increased from 369 million in 2013 to 619 million in 2014. The drivers for this positive effect were prior year impairments in NCOU and an increased equity pick up related to the investment in Hua Xia Bank.

Other income (loss)

2015

Other income increased from 108 million in 2014 to 669 million in 2015. The increase in 2015 was primarily driven by asset sales related to accelerated de-risking in NCOU.

2014

Other income declined from 193 million in 2013 to 108 million in 2014. The decline in 2014 was primarily related to the restructuring of the debt financing of Maher Terminals, which resulted in a reclassification of the cumulative mark-to-market loss from other comprehensive income to other income in NCOU.

Noninterest Expenses

in m. (unless stated otherwise)	2015	2014	2013	2015 increase (decrease) from 2014		2014 increase (decrease) from 2013	
				in m.	in %	in m.	in %
Compensation and benefits	13,293	12,512	12,329	781	6	183	1
General and administrative expenses ¹	18,632	14,654	15,126	3,977	27	(472)	(3)
Policyholder benefits and claims	256	289	460	(32)	(11)	(172)	(37)
Impairment of goodwill and other intangible assets	5,776	111	79	5,665	N/M	33	42
Restructuring activities	710	133	399	577	N/M	(266)	(67)

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Total noninterest expenses	38,667	27,699	28,394	10,968	40	(695)	(2)
N/M Not meaningful ¹ includes:							
IT costs	2015 3,664	2014 3,333	2013 3,074	in m. 331	in % 10	in m. 259	in % 8
Occupancy, furniture and equipment expenses	1,944	1,978	2,073	(34)	(2)	(95)	(5)
Professional service fees ²	2,283	2,029	1,772	255	13	256	14
Communication and data services ²	807	725	706	82	11	18	3
Travel and representation expenses ²	505	521	516	(16)	(3)	5	1
Banking and transaction charges ²	598	660	743	(62)	(9)	(83)	(11)
Marketing expenses ²	294	293	294	2	1	(1)	(0)
Consolidated investments	406	811	797	(405)	(50)	14	2
Other expenses ^{2,3}	8,129	4,305	5,151	3,824	89	(847)	(16)
Total general and administrative expenses	18,632	14,654	15,126	3,977	27	(472)	(3)

² In 2015, prior period comparatives have been restated in order to reflect changes in the Group's cost reporting.

³ Included litigation related expenses of 5.2 billion in 2015, 1.6 billion for litigation and 0.4 billion for loan processing fees of PBC in 2014 and 3.0 billion for litigation in 2013.

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Compensation and benefits

2015

Compensation and benefits increased by 781 million, or 6 %, to 13.3 billion in 2015 compared to 12.5 billion in 2014 which primarily reflects unfavorable foreign exchange developments.

2014

Compensation and benefits increased by 183 million, or 1 %, to 12.5 billion in 2014 compared to 12.3 billion in 2013. This primarily reflects higher fixed compensation costs to comply with regulatory requirements, driven significantly by CB&S, as well as strategic hires in our business and control functions. This increase was partly offset by positive effects from the ongoing implementation of the OpEx program across our Core businesses.

General and administrative expenses

2015

General and administrative expenses increased by 4.0 billion, or 27 %, to 18.6 billion in 2015 compared to 14.7 billion in 2014. The increase was primarily driven by higher litigation costs of 5.2 billion compared to 1.6 billion of litigation for the Group and 0.4 billion for loan processing fees in PBC in 2014, unfavorable foreign exchange rate effects, higher software amortizations and impairments as well as significant higher charges for bank levies. These effects were partly offset by lower costs due to the disposal of assets in NCOU in 2014 and other cost reductions.

2014

General and administrative expenses decreased by 472 million, or 3 %, to 14.7 billion in 2014 compared to 15.1 billion in 2013. The decrease was primarily driven by lower litigation costs of 1.6 billion of litigation and 0.4 billion for loan processing fees in PBC compared to 3.0 billion in 2013 as well as savings from the OpEx program. The decrease was partly offset by higher expenses from regulatory requirements and investments in our Core businesses.

Policyholder benefits and claims

2015

Policyholder benefits and claims decreased by 32 million from 289 million in 2014 to 256 million in 2015 and were solely driven by insurance-related charges regarding the Abbey Life business. These charges were offset by net gains on financial assets/liabilities at fair value through profit or loss on policyholder benefits and claims.

2014

Policyholder benefits and claims decreased by 172 million from 460 million in 2013 to 289 million in 2014 and were solely driven by insurance-related charges regarding the Abbey Life business. These charges are offset by net gains on financial assets/liabilities at fair value through profit or loss on policyholder benefits and claims.

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Impairment of goodwill and other intangible assets

2015

The impairment charges on goodwill and other intangible assets of 5.8 billion were attributable to 3.6 billion (thereof 2.8 billion impairment of goodwill and 0.8 billion other intangible assets) in PBC and 2.2 billion in CB&S. The charge represents a full impairment of goodwill in CB&S and PBC and a partial impairment of other intangible assets in PBC. Impairments largely were due to expected higher regulatory capital requirements and disposals within PBC, as discussed further under the discussions of our individual corporate divisions below.

2014

In 2014, the impairment charges on goodwill and other intangibles of 111 million were mainly attributable to a 194 million impairment to our Maher Terminal investment, with a partial offset from a write-up on Scudder of 84 million.

Restructuring

2015

Restructuring expenses amounted to 710 million in 2015 compared to 133 million in 2014. The increase was driven by 616 million for the implementation of our Strategy 2020 introduced in 2015, partly offset by the lower spending for our OpEx program which was completed as planned in 2015.

2014

Restructuring expenses from our OpEx program decreased by 266 million, or 67 %, to 133 million in 2014 compared to 399 million in 2013.

Income Tax Expense

2015

Income tax expense was 675 million (2014: 1.4 billion). The effective tax rate of negative 11 % (2014: 46 %) was mainly impacted by significant non-tax deductible impairments of goodwill and litigation charges.

2014

Income tax expense was 1.4 billion (2013: 775 million). The effective tax rate of 46 % (2013: 53 %) was mainly impacted by non-tax deductible litigation charges and income taxes of prior periods which were partially offset by changes in the recognition and measurement of deferred taxes.

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Segment Results of Operations

The following is a discussion of the results of our business segments. See Note 4 Business Segments and Related Information to the consolidated financial statements for information regarding:

changes in the format of our segment disclosure;
the framework of our management reporting systems and
definitions of non-GAAP financial measures that are used with respect to each segment.

The criterion for segmentation into divisions is our organizational structure as it existed at December 31, 2015. Segment results were prepared in accordance with our management reporting systems.

								2015
in m. (unless stated otherwise)	Corporate Banking & Securities	Private & Business Clients	Global Transaction Banking	Deutsche Asset & Wealth Management	Non-Core Operations Unit	Total Management Reporting	Consoli- dation & Adjustments	Total Consolidated
Net revenues¹	14,219	8,911	4,616	5,408	401	33,556	(30)	33,525
Provision for credit losses	265	501	127	9	54	955	1	956
Compensation and benefits	3,739	2,847	679	1,605	94	8,964	4,329	13,293
General and administrative expenses	9,932	4,664	2,368	2,286	2,986	22,236	(3,604)	18,632
Policyholder benefits and claims	0	0	0	256	0	256	0	256
Impairment of goodwill and other intangible assets	2,168	3,603	0	6	0	5,776	0	5,776
Restructuring activities	124	587	3	(4)	(1)	710	0	710
Total noninterest expenses	15,963	11,700	3,050	4,149	3,079	37,942	724	38,667
Noncontrolling interests	26	1	0	(0)	1	27	(27)	0
Income (loss) before income taxes	(2,035)	(3,291)	1,439	1,250	(2,732)	(5,368)	(729)	(6,097)
Cost/income ratio	112 %	131 %	66 %	77 %	N/M	113 %	N/M	115 %
Assets ²	1,145,004	257,121	99,953	89,001	27,172	0	10,880	1,629,130
Expenditures for additions to long-lived assets	1	113	1	2	(0)	116	643	758
Risk-weighted assets ³	195,096	80,016	52,062	23,795	34,463	385,431	11,283	396,714
Average active equity	30,948	15,099	7,607	8,023	6,674	68,351	7	68,359
	(5) %	(18) %	14 %	30 %	N/M	(6) %	N/M	(12) %

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Post-tax return on average tangible shareholders equity

Pre-tax return on average active equity	(7) %	(22) %	19 %	16 %	N/M	(8) %	N/M	(9) %
Post-tax return on average active equity ⁴	(4) %	(14) %	12 %	10 %	N/M	(5) %	N/M	(10) %

¹ Includes:

Net interest income	6,382	5,968	2,038	1,288	(79)	15,597	285	15,881
Net income (loss) from equity method investments	64	40	4	34	20	162	3	164

² Includes:

Equity method investments	524	21	53	182	166	945	68	1,013
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N/M Not meaningful

³ Risk-weighted assets and capital ratios are based upon CRR/CRD 4 fully-loaded since January 1, 2014.

⁴ The post-tax return on average active equity at the Group level reflects the reported effective tax rate for the Group, which was (11 %) for the year ended December 31, 2015. 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 attributed to the segments, so that the segment tax rates were 35 % for the year ended December 31, 2015.

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								2014
in m.	Corporate Banking & Securities	Private & Business Clients	Global Transaction Banking	Deutsche Asset & Wealth Management	Non-Core Operations Unit	Total Management Reporting	Consoli- dation & Adjustments	Total Consolidated
(unless stated otherwise) Net revenues¹	13,629	9,565	4,119	4,704	172	32,189	(240)	31,949
Provision for credit losses	103	622	156	(7)	259	1,133	1	1,134
Compensation and benefits	3,712	2,863	634	1,398	107	8,714	3,798	12,512
General and administrative expenses	6,769	4,880	2,166	2,090	2,508	18,413	(3,759)	14,654
Policyholder benefits and claims	0	0	0	289	0	289	0	289
Impairment of goodwill and other intangible assets	0	0	0	(83)	194	111	0	111
Restructuring activities	112	9	10	(3)	4	133	0	133
Total noninterest expenses	10,593	7,753	2,811	3,691	2,813	27,660	39	27,699
Noncontrolling interests	25	1	0	4	(2)	28	(28)	0
Income (loss) before income taxes	2,909	1,189	1,152	1,016	(2,899)	3,367	(251)	3,116
Cost/income ratio	78 %	81 %	68 %	78 %	N/M	86 %	N/M	87 %
Assets ²	1,213,612	258,381	106,252	81,132	38,853	1,698,230	10,474	1,708,703
Expenditures for additions to long-lived assets	0	108	0	1	0	109	517	626
Risk-weighted assets ³	175,575	79,571	43,265	16,597	58,524	373,532	20,437	393,969
Average active equity	25,445	14,853	6,033	6,532	7,762	60,624	0	60,624
Post-tax return on average tangible shareholders equity	9 %	7 %	15 %	36 %	N/M	5 %	N/M	4 %
Pre-tax return on average active equity	11 %	8 %	19 %	16 %	N/M	6 %	N/M	5 %
Post-tax return on average active equity ⁴	7 %	5 %	12 %	10 %	N/M	4 %	N/M	3 %
¹ Includes:								
Net interest income	5,338	5,818	1,849	1,047	51	14,103	168	14,272

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Net income (loss) from equity method

investments	128	431	3	22	34	617	2	619
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² Includes:

Equity method

investments	521	3,154	50	163	170	4,058	85	4,143
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Note: Prior periods have been restated.

N/M Not meaningful

³ Risk-weighted assets and capital ratios are based upon CRR/CRD 4 fully-loaded since January 1, 2014.

⁴ The post-tax return on average active equity at the Group level reflects the reported effective tax rate for the Group, which was 46 % for the year ended December 31, 2014. 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 attributed to the segments, so that the segment tax rates were 35 % for the year ended December 31, 2014.

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								2013
in m.	Corporate Banking & Securities	Private & Business Clients	Global Transaction Banking	Deutsche Asset & Wealth Management	Non-Core Operations Unit	Total Management Reporting	Consoli- dation & Adjustments	Total Consolidated
(unless stated otherwise) Net revenues¹	13,400	9,395	4,025	4,718	896	32,434	(519)	31,915
Provision for credit losses	189	719	315	23	818	2,064	0	2,065
Compensation and benefits	3,591	2,955	614	1,291	234	8,685	3,644	12,329
General and administrative expenses	6,583	4,329	1,932	1,997	3,299	18,139	(3,013)	15,126
Policyholder benefits and claims	0	0	0	460	0	460	0	460
Impairment of goodwill and other intangible assets	0	7	57	14	0	79	0	79
Restructuring activities	130	22	54	170	25	399	0	399
Total noninterest expenses	10,303	7,312	2,657	3,932	3,558	27,763	631	28,394
Noncontrolling interests	16	0	0	1	(3)	15	(15)	0
Income (loss) before income taxes	2,891	1,363	1,053	762	(3,478)	2,592	(1,136)	1,457
Cost/income ratio	77 %	78 %	66 %	83 %	N/M	86 %	N/M	89 %
Assets ²	1,102,007	265,360	97,240	72,613	63,810	0	10,371	1,611,400
Expenditures for additions to long-lived assets	12	176	9	7	0	203	539	742
Risk-weighted assets ³	114,729	73,001	36,811	12,553	52,443	289,537	10,832	300,369
Average active equity	20,161	13,976	5,136	5,864	10,296	55,434	0	55,434
Post-tax return on average tangible shareholders equity	13 %	9 %	17 %	43 %	N/M	4 %	N/M	2 %
Pre-tax return on average active equity	14 %	10 %	21 %	13 %	N/M	5 %	N/M	3 %
Post-tax return on average active equity ⁴	10 %	7 %	14 %	9 %	N/M	3 %	N/M	1 %
¹ Includes:								
Net interest								
income	5,284	5,814	1,886	971	550	14,505	328	14,834
Net income (loss)	78	375	3	18	(106)	368	1	369

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from equity method

investments

² Includes:

Equity method

investments	628	2,563	48	143	171	3,554	28	3,581
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Note: Prior periods have been restated.

N/M Not meaningful

³ Risk-weighted assets and capital ratios are based upon Basel 2.5.

⁴ The post-tax return on average active equity at the Group level reflects the reported effective tax rate for the Group, which was 53 % for the year ended December 31, 2013. 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 attributed to the segments, so that the segment tax rates were 32 % for the year ended December 31, 2013.

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Corporate Divisions

Corporate Banking & Securities Corporate Division

in m. (unless stated otherwise)	2015	2014	2013	2015 increase (decrease) from 2014		2014 increase (decrease) from 2013	
				in m.	in %	in m.	in %
Net revenues:							
Sales & Trading (debt and other products)	7,391	6,747	6,709	644	10	37	1
Sales & Trading (equity)	3,091	2,917	2,719	174	6	197	7
Origination (debt)	1,449	1,522	1,557	(73)	(5)	(36)	(2)
Origination (equity)	658	761	732	(103)	(14)	29	4
Advisory	586	578	478	8	1	100	21
Loan products	1,094	1,189	1,222	(96)	(8)	(33)	(3)
Other products	(50)	(84)	(18)	34	(41)	(66)	N/M
Total net revenues	14,219	13,629	13,400	589	4	229	2
Provision for credit losses	265	103	189	162	158	(87)	(46)
Compensation and benefits	3,739	3,712	3,591	28	1	121	3
General and administrative expenses	9,932	6,769	6,583	3,163	47	186	3
Policyholder benefits and claims	0	0	0	0	N/M	0	N/M
Impairment of goodwill and other intangible assets	2,168	0	0	2,168	N/M	0	N/M
Restructuring activities	124	112	130	12	11	(17)	(13)

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Total noninterest expenses	15,963	10,593	10,303	5,371	51	289	3
Noncontrolling interests	26	25	16	0	1	9	57
Income (loss) before income taxes	(2,035)	2,909	2,891	(4,944)	N/M	17	1
Cost/income ratio	112%	78%	77%	N/M	35 ppt	N/M	1 ppt
Assets ¹	1,145,004	1,213,612	1,102,007	(68,608)	(6)	111,605	10
Risk-weighted assets ²	195,096	175,575	114,729	19,521	11	60,846	53
Average active equity ³	30,948	25,445	20,161	5,503	22	5,284	26
Pre-tax return on average active equity	(7)%	11%	14%	N/M	(18) ppt	N/M	(3) ppt

N/M Not meaningful

¹ Segment assets represent consolidated view, i.e., the amounts do not include intersegment balances.

² Risk-weighted assets and capital ratios are based upon Basel 2.5 rules through December 31, 2013 and upon CRR/CRD 4 fully-loaded since January 1, 2014.

³ See Note 4 Business Segments and Related Information to the consolidated financial statements for a description of how average active equity is allocated to the divisions.

2015

CB&S reported solid revenues in full year 2015 driven by favorable movements in foreign exchange rates and a strong first half of the year. In the second half of the year revenues were impacted by reduced client activity and a challenging market environment.

Full year 2015 net revenues were 14.2 billion, an increase of 589 million, or 4 % from 13.6 billion in 2014.

Sales & Trading (debt and other products) net revenues were 7.4 billion, an increase of 644 million, or 10 %. Revenues in Foreign Exchange were significantly higher driven by increased market volatility and strong client activity. Revenues in Core Rates were significantly higher driven by strong performance in Europe and North America. Flow Credit revenues were significantly higher reflecting improved market conditions in North America and Europe. Emerging Market revenues were higher despite challenging markets and our exit from Russia, reflecting strong performance in Latin America. Revenues in RMBS were significantly lower reflecting challenging market conditions. Credit Solutions revenues were lower driven by lower client activity and a weaker market environment particularly in APAC. Global Liquidity Management and Distressed Products revenues were in line with the prior year. Sales & Trading (debt and other products) net revenues included three valuation adjustment items totalling a loss of 187 million. First, a mark-to-market gain of 102 million (full year 2014: a gain of 7 million) relating to RWA mitigation efforts arising on Credit Valuation Adjustment (CVA). Second, a loss of 146 million (full year 2014: loss of 58 million) relating to a refinement in the calculation of IFRS CVA. Third, a Funding Valuation Adjustment (FVA) loss of 143 million (full year 2014: a loss of 122 million) including a negative impact of 26 million due to a calculation refinement.

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Sales & Trading (equity) net revenues were 3.1 billion, an increase of 174 million, or 6 %. Prime Finance revenues were significantly higher driven by increased client balances. Equity Derivatives revenues were significantly lower, reflecting lower client activity and a challenging risk management environment in the second half of the year. Equity Trading revenues were in line with the prior year.

Origination and Advisory net revenues were 2.7 billion for the full year 2015, a decrease of 168 million, or 6 % reflecting a decline in market share and lower risk appetite. Revenues in Equity Origination were lower, reflecting a lower fee pool in the second half of the year. Debt Origination and Advisory revenues were in line with the prior year.

Loan products net revenues were 1.1 billion for the full year 2015, a decrease from the prior year (1.2 billion).

Net revenues from Other products were a loss of 50 million (2014: a loss of 84). Net revenues from Other products included a gain of 48 million (full year 2014: a loss of 126 million) relating to the impact of a Debt Valuation Adjustment (DVA) on certain derivative liabilities.

In provisions for credit losses, CB&S recorded a net charge of 265 million (2014: net charge of 103 million), driven by increased provisions taken in the Shipping and Leveraged Finance portfolios.

Noninterest expenses increased by 5.4 billion or 51 % compared to full year 2014. The increase was due to goodwill impairment charges, higher litigation costs, adverse foreign exchange movements and regulatory required expenditures.

Income before income taxes was a loss of 2.0 billion, compared to a gain of 2.9 billion in the prior year, driven by goodwill impairment of 2.2 billion and higher litigation charges of 2.8 billion partly offset by higher revenues.

2014

CB&S reported solid revenues in full year 2014 despite a challenging market environment with low market volatility and client activity in the first half of the year. In the second half of 2014 volatility increased and CB&S saw stronger revenue momentum across the franchise.

Full year 2014 net revenues were 13.6 billion, an increase of 229 million, or 2 % from 13.4 billion in 2013.

Sales & Trading (debt and other products) net revenues were 6.7 billion, in line with the prior year. Revenues in RMBS were significantly higher, reflecting de-risking activity and a challenging market environment in 2013. Revenues in Distressed Products were higher driven by strong performance in Europe. Revenues in Flow Credit were significantly lower than the prior year driven by weaker performance in North America. Core Rates revenues were significantly lower than the prior year driven by FVA losses due to market movements and a calculation refinement, coupled with weaker performance in APAC and Europe. Foreign Exchange, Global Liquidity Management and Credit Solutions revenues were in line with the prior year. Sales & Trading (debt and other products) net revenues included three valuation adjustment items totalling a loss of 173 million. First, a mark-to-market gain of 7 million (full year 2013: a loss of 240 million) relating to RWA mitigation efforts arising on Credit Valuation Adjustment (CVA). Second, a loss of 58 million (full year 2013: nil) relating to a refinement in the calculation of IFRS CVA. Third, a Funding Valuation Adjustment (FVA) loss of 122 million (full year 2013: a gain of 67 million) including a negative impact of 51 million due to a calculation refinement.

Sales & Trading (equity) net revenues were 2.9 billion, an increase of 197 million, or 7 %. Prime Finance revenues were higher driven by increased client balances. Equity Trading revenues and Equity Derivatives revenues were both in line with the prior year.

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Origination and Advisory net revenues were 2.9 billion for the full year 2014, an increase of 93 million, or 3 %. Revenues in Advisory were significantly higher driven by increased fee pool and market share. Revenues in Equity Origination and Debt Origination were both in line with the prior year.

Loan products net revenues were 1.2 billion for the full year 2014, in line with the prior year (2013: 1.2 billion).

Net revenues from Other products were a loss of 84 million, compared to a loss of 18 million in 2013. Net revenues from Other products included a Debt Valuation Adjustment (DVA) loss of 126 million (full year 2013: a loss of 21 million), including a gain of 37 million related to a refinement in the calculation of IFRS CVA.

In provision for credit losses, CB&S recorded a net charge of 103 million, a decrease of 87 million, or 46 %, driven by decreased provisions in the Shipping portfolio and a net release of provisions in our Leveraged Finance Portfolio.

Noninterest expenses increased by 289 million or 3 %. The increase was due to regulatory required expenditures, platform enhancements and adverse foreign exchange movements. These more than offset the progress on OpEx cost reduction initiatives and lower litigation costs.

Income before income taxes was 2.9 billion, in line with the prior year, driven by solid revenue performance and lower litigation costs partly offset by higher regulatory costs and cost-to-achieve (CtA) spend.

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Private & Business Clients Corporate Division

in m.				2015 increase (decrease) from 2014		2014 increase (decrease) from 2013	
	2015	2014	2013	in m.	in %	in m.	in %
(unless stated otherwise) Net revenues:							
Credit products	3,715	3,423	3,345	292	9	78	2
Deposit products	2,696	2,975	3,009	(279)	(9)	(34)	(1)
Payments, cards & account products	952	982	1,017	(30)	(3)	(35)	(3)
Investment & insurance products	1,392	1,305	1,220	87	7	85	7
Postal and supplementary Postbank							
Services	247	416	433	(169)	(41)	(17)	(4)
Other products	(91)	463	371	(554)	N/M	92	25
Total net revenues	8,911	9,565	9,395	(654)	(7)	170	2
Provision for credit losses	501	622	719	(121)	(20)	(97)	(13)
Compensation and benefits	2,847	2,863	2,955	(16)	(1)	(92)	(3)
General and administrative expenses	4,664	4,880	4,329	(216)	(4)	551	13
Policyholder benefits and claims	0	0	0	0	N/M	0	N/M
Impairment of goodwill and other intangible assets	3,603	0	7	3,603	N/M	(7)	N/M
Restructuring activities	587	9	22	578	N/M	(12)	(57)
Total noninterest expenses	11,700	7,753	7,312	3,948	51	440	6
Noncontrolling interests	1	1	0	(0)	(17)	0	46
Income (loss) before income taxes	(3,291)	1,189	1,363	(4,480)	N/M	(174)	(13)
Cost/income ratio	131%	81%	78%	N/M	50 ppt	N/M	3 ppt
Assets ¹	257,121	258,381	265,360	(1,260)	(0)	(6,978)	(3)
Risk-weighted assets ²	80,016	79,571	73,001	445	1	6,570	9
Average active equity ³	15,099	14,853	13,976	246	2	876	6
Pre-tax return on average active equity	(22)%	8%	10%	N/M	(30) ppt	N/M	(2) ppt

Breakdown of PBC by business⁴**Private & Commercial Banking:**

Net revenues	3,794	3,845	3,685	(51)	(1)	159	4
Provision for credit losses	53	79	128	(26)	(33)	(49)	(38)
Noninterest expenses	4,514	3,520	3,234	994	28	287	9
Income before income taxes	(774)	245	323	(1,019)	N/M	(78)	(24)

Advisory Banking International:

Net revenues	1,556	2,100	1,966	(545)	(26)	134	7
Provision for credit losses	229	272	248	(42)	(16)	24	10
Noninterest expenses	1,505	1,250	1,181	255	20	69	6
Income before income taxes	(179)	579	538	(757)	N/M	41	8

Postbank:⁵

Net revenues	3,562	3,620	3,744	(58)	(2)	(124)	(3)
Provision for credit losses	218	271	343	(54)	(20)	(71)	(21)
Noninterest expenses	5,682	2,982	2,898	2,699	90	85	3
Noncontrolling interests	1	1	0	(0)	(13)	0	69
Income before income taxes	(2,338)	365	502	(2,704)	N/M	(137)	(27)

N/M Not meaningful

¹ Segment assets represent consolidated view, i.e., the amounts do not include intersegment balances.

² Risk-weighted assets and capital ratios are based upon Basel 2.5 rules through December 31, 2013 and upon CRR/CRD 4 fully-loaded since January 1, 2014.

³ See Note 4 Business Segments and Related Information to the consolidated financial statements for a description of how average active equity is allocated to the divisions.

⁴ Effective January 1, 2015, PBC has refined its internal cost allocation among the business units Private & Commercial Banking and Advisory Banking International.

⁵ Contains the major core business activities of Postbank AG as well as BHW and norisbank.

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Additional information

				2015 increase (decrease) from 2014		2014 increase (decrease) from 2013	
in bn.	2015	2014	2013	in bn.	in %	in bn.	in %
(unless stated otherwise) Invested assets ¹	288	291	282	(3)	(1)	9	3
Net new money	(4)	6	(15)	(10)	N/M	21	N/M

N/M Not meaningful

¹ We define invested assets as (a) assets we hold on behalf of customers for investment purposes and/or (b) client assets that are managed by us. We manage invested assets on a discretionary or advisory basis, or these assets are deposited with us.

2015

PBC's business environment remained challenging during 2015. Furthermore PBC's 2015 results were significantly adversely impacted by three material effects amounting to 5.0 billion in total. First, the current expectations regarding the disposal of Postbank and the impact of expected higher regulatory capital requirements triggered an impairment of 2.8 billion of PBC's entire goodwill and of 837 million Postbank-related other intangible assets, mainly the Postbank trademark and customer-related intangibles. Second, the agreement to sell the stake in Hua Xia Bank Co. Ltd. combined with the share price development triggered valuation effects and other transaction-related impacts of 697 million in total. Third, noninterest expenses included 670 million in provisions for restructuring and severances, mainly related to PBC's restructuring of its head office and branch network. Excluding these effects, PBC achieved a stable result in 2015.

Net revenues in PBC decreased by 654 million, or 7 %, compared to 2014. This was driven by the aforementioned 697 million valuation and transaction-related effects relating to PBC's stake in Hua Xia Bank Co. Ltd. recorded in other product revenues. On the other hand Other product revenues included higher equity pickups from Hua Xia Bank Co. Ltd. as well as a positive effect of 115 million from an extraordinary dividend payment received subsequent to an investee's sales transaction. In 2014, Other product revenues included a non-recurring gain as well as gains from securities sales in DB Bauspar. The decline in net revenues from Deposit products of 279 million, or 9 %, compared to 2014 was mainly caused by the continued low interest rate environment in Europe. Net revenues from Postal and supplementary Postbank Services decreased by 169 million, or 41 %, due to a contract alignment with Deutsche Post DHL, partly offset by lower costs related to the same contractual changes. The decrease in net revenues from Payments, cards & account products of 30 million, or 3 %, compared to 2014, was mainly driven by tighter regulations with regard to card fees. These declines were partly compensated by an increase in Credit product revenues of 292 million, or 9 %. This was driven by higher loan volumes, especially in Mortgages and Consumer Finance and a modest overall portfolio margin increase, accompanied by specific effects from successful contract alignments with business partners from Postbank and impacts related to updates of internal funding models in Private & Commercial Banking. Higher net revenues from Investment & insurance products of 87 million, or 7 %, reflected a continuing strong performance in Investment business across PBC's business units leveraging the positive market momentum.

Provision for credit losses decreased by 121 million, or 20 % in 2015, reflecting the benefits of selective portfolio sales as well as the quality of PBC's loan book across PBC's business units and the ongoing benign economic environment in Germany.

Noninterest expenses increased by 3.9 billion, significantly impacted by the aforementioned impairment of 3.6 billion in total of all of PBC's goodwill and Postbank-related other intangible assets. Further, 2015 included 587 million provisions for restructuring and 83 million severance

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payments, mainly related to PBC's head office and branch network restructuring and a 131 million partial write-off of software related to the strategic decisions on the use of the joint IT platform with Postbank. In comparison, noninterest expenses in 2014 included 400 million charges for loan processing fees triggered by a change in German legal practice as well as 156 million provisions for severances and restructuring. Beyond that, 2014 also included a positive effect from the disposition of real estate in Europe. Apart from the above mentioned effects, PBC continued to realize incremental savings from efficiency measures in 2015, which were offset by higher expense caused by regulatory requirements and inflationary cost increases (e.g. tariff, pensions, rental cost increases).

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Loss before income taxes was 3.3 billion in 2015, including the aforementioned charges of 5.0 billion in 2015. This compares to income before income taxes of 1.2 billion in 2014 which was affected by the aforementioned 400 million charges for loan processing fees and 156 million provision for restructuring and severances.

Invested assets of 288 billion decreased by 3 billion compared to December 31, 2014 driven by 8 billion outflows in deposits. This was partially compensated by 3 billion inflows in securities combined with 1 billion in market appreciation.

2014

PBC's business environment remained challenging during 2014 with headwinds including further declines in interest rates, tighter regulation and significant non-recurring charges regarding loan processing fees triggered by two rulings in May and October 2014 of the German Federal Court of Justice (Bundesgerichtshof). Despite the challenging environment, PBC's revenues grew on a year-on-year basis reflecting an upturn in client activity in respect of Investment & Insurance Products and growth in certain Credit products, primarily in Germany. Provision for credit losses also improved in the period reflecting the quality of the loan portfolio.

PBC's reported full year result declined compared with 2013 due to the above-mentioned impact of 400 million for the reimbursement of loan processing fees.

Net revenues in PBC increased by 170 million, or 2 %, compared to 2013. Growth in revenues from Investment & Insurance products of 85 million, or 7 %, reflected net asset inflows and higher transaction levels, mainly in securities. Net revenues from Credit products increased by 78 million, or 2 %, primarily driven by increased loan volumes, especially in German Mortgages. Net revenues from Other products increased by 92 million, or 25 %, mainly reflecting the impacts of a subsequent gain in Private & Commercial Banking related to a business sale closed in a prior period, gains from securities sales in DB Bauspar, as well as growth in the performance of the Hua Xia Bank Co. Ltd. equity investment. This was partly offset by decreased revenues related to Postbank nonoperating activities. Additionally, 2013 was positively impacted by a partial release of loan loss allowances in Postbank, which were reported in Other product revenues as the allowances were recognized prior to consolidation. Net revenues from Payments, Cards & Accounts decreased by 35 million, or 3 %, mainly triggered by changes in regulatory requirements with regard to payment and card fees. Net revenues from Deposits decreased by 34 million, or 1 %, due to the continued challenging interest rate environment in Europe as well as a result of de-leveraging mainly in Postbank. Net revenues from Postal and supplementary Postbank Services declined by 17 million, or 4 %, due to a change in the reporting classification of certain product-related expenses previously reported in other revenues.

Provision for credit losses decreased by 97 million, or 13 %, versus prior year period, benefiting from a favorable environment in Germany. In the prior year, an additional credit of 86 million was recorded in other interest income, representing a partial release of loan loss allowances in Postbank as well as improved credit quality of Postbank loans recorded at fair value on initial consolidation by the Group.

Noninterest expenses increased by 440 million, or 6 %, compared to 2013. 2014 was significantly impacted by 400 million of charges relating to loan processing fees following the above-mentioned changes triggered by recent German legal decisions. Additionally, higher infrastructure expenses, mainly caused by regulatory requirements, resulted in cost increases. Offsetting these expense increases in 2014 was the gain from the disposition of real estate in Europe. Noninterest expenses in 2013 also included an item of comparable size which was related to a release of a provision in respect of the Hua Xia Bank Co. Ltd. credit card cooperation. Expenditures for our OpEx and Postbank integration programs decreased by 42 million, or 8 %, in line with the progress of these programs. Additionally, PBC continued to realize incremental savings from efficiency measures implemented under the OpEx program.

Income before income taxes decreased by 174 million, or 13 %, compared to 2013, mainly driven by charges for loan processing fees as mentioned above.

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Invested assets increased by 9 billion versus December 31, 2013, due to 6 billion in net inflows, mainly in securities, and additional market appreciation.

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Global Transaction Banking Corporate Division

				2015 increase (decrease) from 2014		2014 increase (decrease) from 2013	
in m.	2015	2014	2013	in m.	in %	in m.	in %
(unless stated otherwise)							
Net revenues:							
Trade Finance & Cash Management							
Corporates	2,750	2,537	2,547	213	8	(10)	(0)
Institutional Cash & Securities Services	1,870	1,587	1,481	284	18	106	7
Other products	(4)	(5)	(2)	1	(20)	(2)	91
Total net revenues	4,616	4,119	4,025	497	12	94	2
Provision for credit losses	127	156	315	(29)	(18)	(159)	(50)
Compensation and benefits	679	634	614	45	7	20	3
General and administrative expenses	2,368	2,166	1,932	201	9	235	12
Policyholder benefits and claims	0	0	0	0	N/M	0	N/M
Impairment of goodwill and other intangible assets	0	0	57	0	N/M	(57)	N/M
Restructuring activities	3	10	54	(7)	(68)	(44)	(81)
Total noninterest expenses	3,050	2,811	2,657	239	9	154	6
Noncontrolling interests	0	0	0	0	N/M	0	N/M
Income (loss) before income taxes	1,439	1,152	1,053	287	25	99	9
Cost/income ratio	66 %	68 %	66 %	N/M	(2) ppt	N/M	2 ppt

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Assets ¹	99,953	106,252	97,240	(6,299)	(6)	9,012	9
Risk-weighted assets ²	52,062	43,265	36,811	8,797	20	6,454	18
Average active equity ³	7,607	6,033	5,136	1,574	26	897	17
Pre-tax return on average active equity	19 %	19 %	21 %	N/M	(0) ppt	N/M	(1) ppt

N/M Not meaningful

¹ Segment assets represent consolidated view, i.e., the amounts do not include intersegment balances.

² Risk-weighted assets and capital ratios are based upon Basel 2.5 rules through December 31, 2013 and upon CRR/CRD 4 fully-loaded since January 1, 2014.

³ See Note 4 Business Segments and Related Information to the consolidated financial statements for a description of how average active equity is allocated to the divisions.
2015

2015 was characterized by continuously challenging market conditions with persistently low interest rates and even heightened geopolitical risks. The business environment remained highly competitive and was impacted by increased market volatility in certain GTB markets. Despite this environment, GTB managed to realize a strong increase in income before income taxes. This takes into account the effects of movements in foreign exchange rates in 2015, which favorably impacted the revenue contribution from activities denominated in foreign currencies, whereas noninterest expenses were adversely impacted.

Net revenues increased by 497 million, or 12 %, with revenue growth across all regions. Trade Finance benefited specifically from structured as well as flow trade business activities. Revenues in Cash Management for corporate clients were supported by favorable foreign exchange rate movements as well as increased volumes. Revenues in Institutional Cash and Securities Services grew on the back of strong business activity as well as volume growth. 2014 included a gain on sale of registrar services GmbH.

Provision for credit losses decreased by 29 million, or 18 %, primarily driven by lower loan loss provisions related to commercial banking activities in the Netherlands.

Noninterest expenses increased by 239 million, or 9 %, impacted by the foreign exchange rate development, an increase of litigation reserves as well as higher expenses related to regulatory requirements. Cost-to-achieve, mainly related to the OpEx program which was completed as planned in 2015, were at 62 million compared to 97 million in prior year period.

As a result, GTB reported the highest income before income taxes since the division was established in 2001. The increase of 287 million, or 25 %, was mainly driven by a very strong revenue development as well as lower provision for credit losses.

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2014

In 2014, net revenues and income before income taxes developed solidly, despite a persistently challenging market environment, as reflected by further cuts to already low interest rates, heightened geopolitical risks and a highly competitive business environment. Noninterest expenses in 2014 and 2013 were impacted by specific items. 2014 contained a litigation-related charge, whereas the performance in 2013 included higher expenses for the turn-around of our commercial banking activities in the Netherlands as well as an impairment of an intangible asset.

Net revenues increased by 94 million, or 2 %, including a gain on the sale of registrar services GmbH in 2014 and the sale of Deutsche Card Services in 2013. While Trade Finance revenues increased due to strong volumes and stabilizing margins especially in Asia Pacific and Europe, Cash Management for corporate clients remained under pressure in the ongoing low interest rate environment. Institutional Cash and Securities Services revenues increased across regions mainly driven by volume growth.

Provision for credit losses decreased by 159 million, or 50 %, primarily related to the non-recurrence of a single client credit event in Trade Finance recorded in 2013.

Noninterest expenses increased by 154 million, or 6 %. As mentioned above, 2014 included a litigation-related charge, while the prior year was impacted by higher expenses related to the implementation of strategic initiatives. This contained higher cost-to-achieve related to the OpEx program for the turn-around in the Netherlands and an impairment of an intangible asset. Excluding those items, noninterest expenses increased due to higher revenue related expenses as well as increased costs to comply with regulatory requirements. Furthermore, investments to enable business growth contributed to the cost increase.

Income before income taxes increased by 99 million, or 9 %, due to lower provision for credit losses following the single client credit event in 2013 as well as higher revenues. This was partly offset by an increased cost base.

Deutsche Asset & Wealth Management Corporate Division

in m.	2015	2014	2013	2015 increase (decrease) from 2014		2014 increase (decrease) from 2013	
				in m.	in %	in m.	in %
(unless stated otherwise)							
Net revenues:							
Management Fees and other recurring							
revenues	3,083	2,551	2,380	532	21	171	7
Performance and transaction fees and							
other non recurring revenues	777	826	924	(50)	(6)	(97)	(11)
Net Interest revenues	745	607	560	138	23	47	8

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Other product revenues	546	429	360	116	27	69	19
Mark-to-market movements on							
policyholder positions in Abbey Life	258	291	494	(34)	(12)	(202)	(41)
Total net revenues	5,408	4,704	4,718	705	15	(14)	(0)
Provision for credit losses	9	(7)	23	16	N/M	(30)	N/M
Compensation and benefits	1,605	1,398	1,291	206	15	107	8
General and administrative expenses	2,286	2,090	1,997	197	9	93	5
Policyholder benefits and claims	256	289	460	(32)	(11)	(172)	(37)
Impairment of goodwill and other							
intangible assets	6	(83)	14	89	N/M	(97)	N/M
Restructuring activities	(4)	(3)	170	(0)	13	(173)	N/M
Total noninterest expenses	4,149	3,691	3,932	459	12	(241)	(6)
Noncontrolling interests	(0)	4	1	(4)	N/M	2	N/M
Income (loss) before income taxes	1,250	1,016	762	234	23	254	33
Cost/income ratio	77 %	78 %	83 %	N/M	(2) ppt	N/M	(5) ppt
Assets ¹	89,001	81,132	72,613	7,869	10	8,519	12
Risk-weighted assets ²	23,795	16,597	12,553	7,198	43	4,045	32
Average active equity ³	8,023	6,532	5,864	1,492	23	667	11
Pre-tax return on average active equity	16 %	16 %	13 %	N/M	0 ppt	N/M	3 ppt

N/M Not meaningful

¹ Segment assets represent consolidated view, i.e., the amounts do not include intersegment balances.

² Risk-weighted assets and capital ratios are based upon Basel 2.5 rules through December 31, 2013 and upon CRR/CRD 4 fully-loaded since January 1, 2014.

³ See Note 4 Business Segments and Related Information to the consolidated financial statements for a description of how average active equity is allocated to the divisions.

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2015

In 2015, Deutsche AWM continued to grow across products and regions benefitting from higher market levels, increased net new money and resulting higher assets under management relative to the prior period, and the favorable movement in foreign exchange rates, which positively increased recurring revenue streams. Performance continued to be impacted by increased regulatory costs and an ongoing low interest rate environment, which challenged deposit revenue margins.

Net revenues for full year 2015 were 5.4 billion, an increase of 705 million, or 15 %.

Management Fees and other recurring revenues increased by 532 million, or 21 %, due to an increase in the average assets under management driven by positive flows, higher average market levels, and favorable movements in foreign exchange rates. Performance and transaction fees and other non-recurring revenues were down 50 million, or 6 %, following lower performance fees from alternative products in the EMEA region and decreased transactional revenues from wealth management following lower volumes from alternative products across EMEA and APAC. Net interest income increased by 138 million, or 23 %, due to favorable movements in foreign exchange rates, reduced funding costs and increased lending volume. Other product revenues increased by 116 million, or 27 %, mainly due to higher revenues from alternative products offset by a write-down of 86 million in Active products with regard to HETA exposure. Mark-to-market movements on policyholder positions in Abbey Life decreased by 34 million, or 12 %, largely offset in noninterest expenses.

Provision for credit losses remained at very low levels, while the prior year includes a recovery from a written off exposure in the U.S.

Noninterest expenses were up 459 million, or 12 %, mainly driven by unfavorable movement in foreign exchange rates, prior year reversal of intangible write-downs for Scudder, higher asset under management related costs, and higher compensation costs partly offset by lower costs related to the OpEx program and lower policyholder benefits and claims.

Income before income taxes was 1.25 billion in 2015, an increase of 234 million, or 23 %, driven by the aforementioned increase in net revenues.

Invested assets in Deutsche AWM were 1.1 trillion as of December 31, 2015, an increase of 75 billion, or 7 %, mainly driven by foreign currency movements of 53 billion, inflows of 24 billion, and market appreciation of 4 billion, partially offset by divestment and other movements of 5 billion.

The following table provides a roll-forward of invested assets during 2015, broken down by product type as well as the respective average fee rates earned:

in bn.	WM Advisory	Alternatives	Cash	Equity	Fixed Income	Multi Asset	Total Invested Assets
Balance as of December 31, 2014	263	97	73	162	315	130	1,039
Inflows	54	18	11	85	95	40	301
Outflows	(49)	(22)	(12)	(60)	(109)	(26)	(278)

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Net Flows	4	(4)	(1)	25	(15)	14	24
FX impact	13	5	5	7	19	4	53
Market Development	(2)	(1)	2	6	(2)	1	4
Other	0	(4)	(1)	(1)	2	0	(5)
Balance as of December 31, 2015	279	93	77	199	319	148	1,114
Average fee rate (in bps)	43	52	7	49	14	48	

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2014

In 2014, Deutsche AWM benefited from higher assets under management following elevated market levels, increased net new money, and the favorable movement in foreign exchange rates, which positively increased recurring revenue streams. Performance continued to be impacted by increased regulatory costs and an ongoing low interest rate environment, which challenged deposit revenue margins. Overall net revenues decreased following lower mark-to-market movements on policyholder positions in Abbey Life, which were offset by lower Policyholder benefits and claims within noninterest expenses.

In Deutsche AWM, net revenues for full year 2014 were 4.7 billion, a decrease of 14 million.

Management Fees and other recurring revenues increased by 171 million, or 7 %, due to an increase of average assets under management driven by positive net new money from clients, favorable movement in foreign exchange rates and market appreciation. Performance and transaction fees and other non-recurring revenues were down 97 million, or 11 %, driven by lower performance fees in asset management, and lower transactional revenues from fixed income and foreign exchange products for private clients. Net interest revenues increased by 47 million, or 8 %, due to increased lending volumes, recovery of prior period interest, and improved lending margins. Other product revenues increased by 69 million, or 19 %, partly due to higher revenues from alternatives partially offset by unfavorable change in fair value of guarantees, which were impacted by the fall in long-term interest rates. Mark-to-market movements on policyholder positions in Abbey Life decreased by 202 million, or 41 %, largely offset in noninterest expenses.

Provision for credit losses decreased by 30 million mainly resulting from lower specific client-related lending provisions and the recovery of prior charges in 2014.

Noninterest expenses were down 241 million, or 6 %, mainly driven by lower policyholder benefits, reversal of intangible write-downs for Scudder, lower costs-to-achieve related to the OpEx program and the positive impact of ongoing OpEx program measures and lower litigation costs. This was partially offset by strategic hiring and one-time effects in compensation to comply with regulatory requirements and pension changes.

Income before income taxes was 1.0 billion in 2014, an increase of 254 million compared to 2013. Slightly lower revenue performance was more than offset by decreased provision for credit losses and noninterest expenses.

Invested assets in Deutsche AWM were 1.0 trillion as of December 31, 2014, an increase of 116 billion, or 13 %, mainly driven by foreign currency movements of 50 billion, market appreciation of 43 billion and inflows of 40 billion.

The following table provides a roll-forward of invested assets during 2014, broken down by product type as well as the respective average fee rates earned:

in bn.	WM Advisory	Alternatives	Cash	Equity	Fixed Income	Multi Asset	Total Invested Assets
Balance as of December 31, 2013	231	79	63	145	294	111	923
Inflows	55	26	11	50	102	34	278
Outflows	(45)	(18)	(7)	(48)	(96)	(23)	(238)
Net Flows	10	9	4	2	6	11	40
FX impact	15	4	5	6	17	3	50

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Market Development	5	5	2	10	14	7	43
Other	2	(0)	0	(0)	(16)	(3)	(18)
Balance as of December 31, 2014	263	97	73	163	314	130	1,039
Average fee rate (in bps)	42	56	8	50	16	49	

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Non-Core Operations Unit Corporate Division

in m. (unless stated otherwise)	2015	2014	2013	2015 increase (decrease) from 2014		2014 increase (decrease) from 2013	
				in m.	in %	in m.	in %
Net revenues	401	172	896	229	133	(724)	(81)
thereof:							
Net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss	(631)	(612)	176	(19)	3	(788)	N/M
Provision for credit losses	54	259	818	(206)	(79)	(559)	(68)
Compensation and benefits	94	107	234	(13)	(12)	(128)	(54)
General and administrative expenses	2,986	2,508	3,299	478	19	(791)	(24)
Policyholder benefits and claims	0	0	0	0	N/M	0	N/M
Impairment of goodwill and other intangible assets	0	194	0	(194)	N/M	194	N/M
Restructuring activities	(1)	4	25	(6)	N/M	(20)	(83)
Total noninterest expenses	3,079	2,813	3,558	265	9	(745)	(21)
Noncontrolling interests	1	(2)	(3)	3	N/M	1	(24)
Income (loss) before income taxes	(2,732)	(2,899)	(3,478)	167	(6)	579	(17)
Cost/income ratio	N/M	N/M	N/M	N/M	N/M	N/M	N/M
Assets ¹	27,172	38,853	63,810	(11,681)	(30)	(24,957)	(39)
Risk-weighted assets ²	34,463	58,524	52,443	(24,062)	(41)	6,081	12
Average active equity ³	6,674	7,762	10,296	(1,088)	(14)	(2,535)	(25)
Pre-tax return on average active equity	(41) %	(37) %	(34) %	N/M	(4) ppt	N/M	(4) ppt

N/M Not meaningful

¹ Segment assets represent consolidated view, i.e., the amounts do not include intersegment balances.

² Risk-weighted assets and capital ratios are based upon Basel 2.5 rules through December 31, 2013 and upon CRR/CRD 4 fully-loaded since January 1, 2014

³ See Note 4 Business Segments and Related Information to the consolidated financial statements for a description of how average active equity is allocated to the divisions.

2015

During 2015, NCOU has continued to execute its de-risking strategy with specific focus on capital contribution and de-leveraging initiatives. De-risking activity included the sale of Maher Prince Rupert as well as various exposures from legacy banking assets. The IBIT profile improved overall but was impacted by an increase in noninterest expenses, specifically related to the developments in litigation-related provisions. Asset de-risking in 2015 delivered net gains of 415 million.

Net revenues increased by 229 million, or 133 %, mainly due to specific impacts including 219 million from a specific litigation recovery and a gain of 195 million on the sale of Maher Prince Rupert. Lower portfolio revenues following asset sales, including The Cosmopolitan of Las Vegas were partially offset by lower valuation adjustments and mark-to-market impacts. Net revenues in 2014 included mark-to-market losses of 314 million related to a Maher Terminals debt re-financing and a 151 million loss related to the Special Commodities Group from our exposure to traded products in the U.S. power sector.

Provisions for credit losses decreased by 206 million, or 79 %, in comparison to 2014. This reduction was predominantly driven by lower credit losses for IAS 39 reclassified assets which included releases related to real estate exposures.

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Noninterest expenses increased by 265 million, or 9 %, predominately driven by higher litigation-related expenses. Noninterest expenses excluding litigation charges were 40 % lower year-on year, driven by asset sales including The Cosmopolitan of Las Vegas and the non-recurrence of a one-time impairment in the prior year related to Maher Terminals.

The loss before income taxes was 2.7 billion, an improvement of 167 million compared to 2014. Higher revenues and lower credit losses were the main drivers, while noninterest expenses were higher with regard to litigation related matters.

2014

In 2014, the focus of NCOU de-risking activity was to progress the disposal of operating assets previously held in the former Corporate Investments division. Sales completed in 2014 included BHF-BANK and The Cosmopolitan of Las Vegas. These were supplemented by the further winding down of legacy banking assets, such as the early termination of some of the credit derivative protection in the monoline portfolio together with the sale of underlying bonds as well as a significant reduction in CRD 4 exposure from the credit correlation portfolio. Asset de-risking in 2014 delivered net gains of 181 million.

Net revenues for the NCOU in the reporting period decreased by 724 million, or 81 %, to 172 million. This reflects a lower level of portfolio revenues in line with the asset reductions achieved and lower de-risking gains partially offset by lower valuation adjustments in the period. In 2014 specific items included 314 million of accumulated mark-to-market loss on a swap transaction relating to the restructuring of the debt financing of Maher Terminals which resulted in a reclassification of the cumulative mark-to-market loss from other comprehensive income to other income and a 151 million loss related to the Special Commodities Group from our exposure to traded products in the U.S. power sector. Net revenues in 2013 included a 183 million loss related to the sale of BHF-BANK, 171 million negative effect from the first-time application of Funding Valuation Adjustment (FVA) and mortgage repurchase costs of 122 million.

Provisions for credit losses decreased by 559 million, or 68 %, in comparison to 2013, driven by a decrease in provisions for credit losses in IAS 39 reclassified and commercial real estate assets.

Noninterest expenses decreased by 745 million, or 21 %, in comparison to 2013, predominately due to lower litigation-related expenses. Direct costs also decreased by 327 million, or 21 % driven by the sale of BHF-BANK in the year as well as other de-risking measures. This was offset by a specific impairment charge of 194 million taken against our investment in Maher Terminals in 2014.

The loss before income taxes was 2.9 billion, an improvement of 579 million compared to the prior year. Lower revenues and lower credit losses reflect the progress of de-risking, while noninterest expenses were lower but continued to be impacted by the timing and nature of specific items.

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Consolidation & Adjustments

			2015 increase (decrease) from 2014			2014 increase (decrease) from 2013		
in m.								
(unless stated otherwise)	2015	2014	2013	in m.	in %	in m.	in %	
Net revenues ¹	(30)	(240)	(519)	210	(87)	279	(54)	
Provision for credit losses	1	1	0	0	18	0	38	
Compensation and benefits	4,329	3,798	3,644	531	14	154	4	
General and administrative expenses	(3,604)	(3,759)	(3,013)	155	(4)	(746)	25	
Policyholder benefits and claims	0	0	0	0	N/M	0	N/M	
Impairment of goodwill and other intangible assets	0	0	0	0	N/M	0	N/M	
Restructuring activities	0	(0)	0	0	N/M	(0)	N/M	
Total noninterest expenses	724	39	631	686	N/M	(593)	(94)	
Noncontrolling interests	(27)	(28)	(15)	1	(4)	(13)	82	
Income (loss) before income taxes	(729)	(251)	(1,136)	(478)	190	884	(78)	
Assets ²	10,880	10,474	10,371	407	4	102	1	
Risk-weighted assets ³	11,283	20,437	10,832	(9,154)	(45)	9,606	89	
Average active equity ⁴	7	0	0	7	N/M	0	N/M	
N/M	Not meaningful							

¹ Net interest income and noninterest income.

² Assets in C&A reflect corporate assets, such as deferred tax assets or central clearing accounts, outside the management responsibility of the business segments.

³ Risk-weighted assets are based upon Basel 2.5 rules through December 31, 2013 and upon CRR/CRD 4 fully-loaded since January 1, 2014. Risk-weighted assets in C&A reflect corporate assets outside the management responsibility of the business segments, primarily those corporate assets related to the Group's pension schemes. The decrease of risk-weighted assets in 2013 was primarily driven by the de-risking initiatives in our pension assets.

⁴ Average active equity assigned to C&A reflects the residual amount of equity that is not allocated to the segments as described in Note 4 Business Segments and Related Information.

2015

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In 2015, C&A net revenues of negative 30 million included negative 146 million in valuation and timing differences driven by a narrowing of our own credit spread, and a narrowing of the basis spread between EUR/USD, as well as an impact from a change in valuation methodology for debt held at fair value. Revenues also included negative 130 million resulting from the Postbank squeeze out. These negative effects were partly offset by a positive 72 million from FVA on internal uncollateralized intercompany derivatives.

Noninterest expenses of 724 million were mainly driven by 358 million litigation costs related to infrastructure functions as well as 68 million costs associated with the deconsolidation of Postbank including a related real estate transfer tax. Noninterest expenses also include a 54 million provision for compensation related costs.

Loss before income taxes was at 729 million in 2015 compared to a loss of 251 million in 2014. The development was primarily driven by the litigation costs related to infrastructure functions.

2014

In 2014, C&A net revenues of negative 240 million included negative 172 million in valuation and timing differences, compared to negative 249 million in 2013 as volatility in USD/EUR cross-currency basis spreads was down and effect from own credit spread decreased. Revenues also included a 66 million loss from FVA on internal uncollateralized intercompany derivatives.

Noninterest expenses of 39 million declined by 94 % compared to prior year mainly due to a 528 million non-recurring major litigation charge in 2013.

Loss before income taxes at 251 million compared to a loss of 1.1 billion in 2013. The development was primarily driven by the non-recurrence of the aforementioned major litigation item.

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Financial Position

in m.	Dec 31, 2015	Dec 31, 2014	2015 increase (decrease) from 2014	
			in m.	in %
Cash and central bank balances ¹	96,940	74,482	22,458	30
Interbank balances (w/o central banks) ¹	12,842	9,090	3,752	41
Central bank funds sold, securities purchased under resale agreements and securities borrowed	56,013	43,630	12,383	28
Trading assets	196,035	195,681	354	0
Positive market values from derivative financial instruments	515,594	629,958	(114,364)	(18)
Financial assets designated at fair value through profit or loss thereof:	109,253	117,285	(8,033)	(7)
Securities purchased under resale agreements	51,073	60,473	(9,400)	(16)
Securities borrowed	21,489	20,404	1,085	5
Loans	427,749	405,612	22,137	5
Brokerage and securities related receivables	94,939	115,054	(20,115)	(17)
Remaining assets	119,765	117,911	1,854	2
Total assets	1,629,130	1,708,703	(79,573)	(5)
Deposits	566,974	532,931	34,043	6
Central bank funds purchased, securities sold under repurchase agreements and securities loaned	13,073	13,226	(153)	(1)
Trading liabilities	52,304	41,843	10,461	25
Negative market values from derivative financial instruments	494,076	610,202	(116,126)	(19)
Financial liabilities designated at fair value through profit or loss thereof:	44,852	37,131	7,721	21
Securities sold under repurchase agreements	31,637	21,053	10,585	50
Securities loaned	554	1,189	(635)	(53)
Other short-term borrowings	28,010	42,931	(14,921)	(35)
Long-term debt	160,016	144,837	15,179	10
Brokerage and securities related payables	134,637	143,210	(8,574)	(6)
Remaining liabilities	67,564	69,170	(1,605)	(2)
Total liabilities	1,561,506	1,635,481	(73,975)	(5)
Total equity	67,624	73,223	(5,599)	(8)

¹ In 2015, comparatives have been restated. See Note 1 Significant Accounting Policies and Critical Accounting Estimates Significant Changes in Estimates and Changes in Presentation for detailed information.

Movements in Assets

Total assets decreased by 80 billion (or 5 %) compared to December 31, 2014. This movement included an increase of 86 billion due to foreign exchange rate movements mainly driven by the depreciation of the euro against all other major currencies during the period, of which 71 billion was related to the significant strengthening of the U.S. dollar versus the euro. These effects from foreign exchange rate movements are also reflected in the development of the balance sheet line items discussed in this section. Assuming the period-end exchange rates for the euro had not changed, we would have reduced our balance sheet by 165 billion over the period.

The primary driver of the net decrease during the period was a 114 billion decrease in positive market values from derivative financial instruments during the period (142 billion net of foreign exchange rate movements). This decrease particularly for interest rate products was primarily related to market movements including rising swap spreads as well as the Bank's focus on deleveraging programs.

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Brokerage and securities related receivables were down by 20 billion, mainly due to a decrease in receivables from pending settlements to record low levels as a result of reduced trading activities towards the end of the year.

To align our financial reporting with regulatory reporting requirements, we have changed our presentation of cash and due from banks, now allowing for a separate reporting of cash and central bank balances versus interbank balances. The split for prior periods was restated accordingly. See Note 1 Significant Accounting Policies and Critical Accounting Estimates Significant Changes in Estimates and Changes in Presentation for detailed information. During the year 2015, cash and central bank balances increased by 22 billion, largely driven by increased deposits held with central

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banks in selected jurisdictions. These increases supported an increase in our overall group liquidity stress test position, and enabled us to satisfy local liquidity requirements for certain EU entities following the implementation of the EU Liquidity Coverage Ratio.

Loans increased by 22 billion, with more than half of the increase relating to foreign exchange rate movements. Exposure increases in CB&S Structured Finance, Deutsche AWM and PBC were partly being offset by managed reductions in NCOU.

Financial assets available for sale (reported as part of Remaining Assets) increased by 9 billion mainly driven by increases in highly liquid securities held in the Group's Strategic Liquidity Reserve. These increases are the result of the Group's ongoing optimization of its liquidity reserves.

Movements in Liabilities

As of December 31, 2015, total liabilities decreased by 74 billion (or 5 %) compared to year-end 2014. Similar to total assets, foreign exchange rate movements during the period had a significant offsetting impact which is already embedded in the overall movements in liabilities as discussed in this section.

Negative market values from derivative financial instruments and brokerage and securities related payables decreased by 116 billion (143 billion net of foreign exchange rate movements) and 9 billion, respectively, primarily due to the same factors as the movements in positive market values from derivative financial instruments and brokerage and securities related receivables as discussed above.

Other short-term borrowings decreased by 15 billion, mainly from reductions in our funding through Financing Vehicles, and, to a lesser extent, in GTB.

These decreases were partially offset by the following movements:

Deposits increased by 34 billion, primarily in our funding through transaction banking, largely related to increased current account deposits stemming from clearing activities, as well as in retail and unsecured wholesale funding. Almost half of the increase was related to foreign exchange rate movements.

Long-term debt increased by 15 billion, primarily driven by higher funding activities which exceeded the amount of debt that matured during the period as well as foreign exchange rate movements.

Trading liabilities increased by 10 billion, with more than half of the increase relating to equity securities, primarily in our Prime Finance business, and the remainder to debt securities.

Central bank funds purchased, securities sold under repurchase agreements and securities loaned, under both accrual and fair value accounting, increased by 10 billion in total, largely impacted by higher secured funding of highly liquid inventory.

Liquidity

Liquidity reserves amounted to 215 billion as of December 31, 2015 (compared to 184 billion as of December 31, 2014). We maintained a positive liquidity stress result as of December 31, 2015 (under the combined scenario).

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Equity

Total Equity as of December 31, 2015 decreased by 5.6 billion. The main factors contributing to this development were a net loss attributable to Deutsche Bank shareholders and additional equity components of 6.8 billion, cash dividends paid to Deutsche Bank shareholders of 1.0 billion, unrealized net losses on financial assets available for sale of 291 million, which mainly resulted from lower market prices of debt securities from European issuers as well as coupons paid on additional equity components of 228 million net of tax. Partly offsetting was a positive effect from exchange rate changes of 2.0 billion (especially in the U.S. dollar).

Regulatory Capital

Our CET 1 capital according to CRR/CRD 4 as of December 31, 2015 was 52.4 billion, compared to 60.1 billion as of December 31, 2014. Mainly due to the decreased CET 1 capital the CRR/CRD 4 CET 1 capital ratio as of December 31, 2015 decreased to 13.2 % compared to 15.2 % as of December 31, 2014. Risk-weighted assets according to CRR/CRD 4 changed only slightly to 397.4 billion as of December 31, 2015, compared to 396.6 billion as of December 31, 2014.

Our fully loaded CRR/CRD 4 CET 1 capital as of December 31, 2015 amounted to 44.1 billion resulting in a fully loaded CRR/CRD 4 CET 1 capital ratio of 11.1 %, with corresponding amounts of 46.1 billion and 11.7 % in 2014. Fully loaded CRR/CRD 4 RWA were 396.7 billion as of December 31, 2015, compared to 394.0 billion as of December 31, 2014. For details of the development please refer to Management Report: Risk and Capital Performance: Capital and Leverage Ratio .

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

As of December 31, 2015 and December 31, 2014 the carrying value of reclassified assets was 4.4 billion and 7.4 billion, respectively, compared with a fair value of 4.3 billion and 7.4 billion as of December 31, 2015 and December 31, 2014, respectively. These assets are held in the NCOU.

Please refer to Note 13 Amendments to IAS 39 and IFRS 7, Reclassification of Financial Assets for additional information on these assets and on the impact of their reclassification.

Exposure to Monoline Insurers

The deterioration of the U.S. subprime mortgage and related markets has generated large exposures to financial guarantors, such as monoline insurers, that have insured or guaranteed the value of pools of collateral referenced by CDOs and other market-traded securities. Actual claims against monoline insurers will only become due if actual defaults occur in the underlying assets (or collateral). There is ongoing uncertainty as to whether some monoline insurers will be able to meet all their liabilities to banks and other buyers of protection. Under certain conditions (i.e., liquidation) we can accelerate claims regardless of actual losses on the underlying assets.

The following tables summarize the fair value of our counterparty exposures to monoline insurers with respect to U.S. residential mortgage-related activity and other activities, respectively, in each case on the basis of the fair value of the assets compared with the notional value guaranteed or underwritten by monoline insurers. The other exposures described in the second table arise from a range of client and trading activity, including collateralized loan obligations, commercial mortgage-backed securities, trust preferred securities, student loans and public sector or municipal debt. The tables show the associated Credit Valuation Adjustments (CVA) that we have recorded against the exposures. For monolines with actively traded CDS, the CVA is calculated using a full CDS-based valuation model. For monolines without actively traded CDS, a model-based approach is used with various input factors, including relevant market driven default probabilities, the likelihood of an event (either a restructuring or an insolvency), an assessment of any potential settlement in the event of a restructuring, and

recovery rates in the event of either restructuring or insolvency.

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The ratings in the tables below are the lowest of Standard & Poor's, Moody's or our own internal credit ratings. The table reflects the migration of balances from non investment-grade to investment-grade following the acquisition of Radian Asset Assurance Inc by Assured Guaranty Corp during 2015.

Monoline exposure related to U.S.

residential mortgages	Dec 31, 2015				Dec 31, 2014			
	Value		Fair value		Value		Fair value	
	Notional	prior to		after	Notional	prior to		after
in m.	amount	CVA	CVA	CVA	amount	CVA	CVA	CVA
AA Monolines:								
Other subprime	97	24	(5)	19	95	30	(7)	23
Alt-A	400	97	(12)	85	1,405	423	(61)	361
Total AA Monolines	497	121	(17)	104	1,500	452	(68)	384

Other Monoline exposure	Dec 31, 2015				Dec 31, 2014			
	Value		Fair value		Value		Fair value	
	Notional	prior to		after	Notional	prior to		after
in m.	amount	CVA	CVA	CVA	amount	CVA	CVA	CVA
AA Monolines:								
TPS-CLO	1,288	332	(64)	268	1,269	254	(43)	210
CMBS	378	0	0	0	712	(2)	0	(2)
Corporate single name/Corporate CDO	0	0	0	0	0	0	0	0
Student loans	360	52	(14)	38	322	44	(9)	35
Other	749	84	(29)	55	506	72	(14)	59
Total AA Monolines	2,775	468	(107)	361	2,810	368	(66)	302

Non investment-grade Monolines:								
TPS-CLO	23	5	(2)	3	329	77	(16)	61
CMBS	1,443	(1)	0	(1)	1,476	(2)	0	(2)
Corporate single name/Corporate CDO	24	4	(1)	3	28	5	0	5
Student loans	746	84	(14)	70	679	66	(9)	57

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Other	502	97	(31)	66	774	136	(50)	86
Total Non investment-grade Monolines	2,738	189	(48)	141	3,285	282	(75)	207
Total	5,513	657	(155)	502	6,095	650	(141)	509

The tables exclude counterparty exposure to monoline insurers that relates to wrapped bonds. A wrapped bond is one that is insured or guaranteed by a third party. As of December 31, 2015 and December 31, 2014, there was no exposure on wrapped bonds related to U.S. residential mortgages and the exposure on wrapped bonds other than those related to U.S. residential mortgages was 23 million and 22 million, respectively. In each case, the exposure represents an estimate of the potential mark-downs of wrapped assets in the event of monoline defaults.

A proportion of the mark-to-market monoline exposure has been mitigated with CDS protection arranged with other market counterparties and other economic hedge activity.

The total Credit Valuation Adjustment held against monoline insurers as of December 31, 2015 was 172 million. The reduction in the overall monoline CVA reserve versus December 31, 2014, is driven by the reduced exposure as a result of derisking activity completed during the period.

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Tabular Disclosure of Contractual Obligations

Cash payment requirements outstanding as of December 31, 2015.

Contractual obligations in m.	Total	Payment due by period			
		Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt obligations ¹	177,953	29,250	58,927	34,190	55,585
Trust preferred securities ¹	8,516	1,459	5,148	624	1,285
Long-term financial liabilities designated at fair value through profit or loss ²	9,071	2,084	2,721	740	3,526
Finance lease obligations	97	6	13	8	70
Operating lease obligations	5,170	773	1,325	1,073	1,999
Purchase obligations	2,012	502	866	487	157
Long-term deposits ¹	28,139	0	10,842	4,537	12,761
Other long-term liabilities	6,365	1,473	821	1,087	2,983
Total	237,322	35,548	80,662	42,746	78,366

¹ Includes interest payments.

² Long-term debt and long-term deposits designated at fair value through profit or loss.

Figures above do not include the revenues of noncancelable sublease rentals of 91 million on operating leases. Purchase obligations for goods and services include future payments for, among other things, information technology services and facility management. Some figures above for purchase obligations represent minimum contractual payments and actual future payments may be higher. Long-term deposits exclude contracts with a remaining maturity of less than one year. Under certain conditions future payments for some long-term financial liabilities designated at fair value through profit or loss may occur earlier. See the following notes to the consolidated financial statements for further information:

Note 5 Net Interest Income and Net Gains (Losses) on Financial Assets/Liabilities at Fair Value through Profit or Loss, Note 24 Leases, Note 28 Deposits and Note 32 Long-Term Debt and Trust Preferred Securities.

Events after the Reporting Period

On February 23, 2016 we announced the successful completion of the tender offer to repurchase up to 3 billion of five Euro-denominated issues of senior unsecured debt securities. The resulting accepted total volume amounted to 1.27 billion. In addition, on February 29, 2016 we announced the initial results of the tender offer to repurchase up to U.S.\$ 2 billion of eight U.S. dollar-denominated issues of senior unsecured debt securities. The resulting accepted total volume amounted to U.S.\$ 740 million. We expect to record a positive income in the first quarter of 2016 related to these transactions of approximately 55 million.

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Introduction

Disclosures in line with IFRS 7 and IAS 1, as well as IFRS 4

The following Risk Report provides qualitative and quantitative disclosures about credit, market and other risks in line with the requirements of International Financial Reporting Standard 7 (IFRS 7) Financial Instruments: Disclosures, and capital disclosures required by International Accounting Standard 1 (IAS 1) Presentation of Financial Statements, as well as qualitative and quantitative disclosures about insurance risks in line with the requirements of International Financial Reporting Standard 4 (IFRS 4) Insurance contracts. Information which forms part of and is incorporated by reference into the financial statements of this report is marked by a bracket in the margins throughout this Risk Report.

Disclosures according to Pillar 3 of the Basel 3 Capital Framework

Most disclosures according to Pillar 3 of the Basel 3 Capital Framework, which are implemented in the European Union by the CRR and supported by EBA Implementing Technical Standards are published in our re-established additional Pillar 3 report, which can be found on our webpage. In cases where disclosures in this Risk Report also support Pillar 3 disclosure requirements these are highlighted by references from the Pillar 3 Report into the Risk Report.

Disclosures according to principles and recommendations of the Enhanced Disclosure Task Force (EDTF)

In 2012 the Enhanced Disclosure Task Force (EDTF) was established as a private sector initiative under the auspice of the Financial Stability Board, with the primary objective to develop fundamental principles for enhanced risk disclosures and to recommend improvements to existing risk disclosures. As a member of the EDTF we adhered to the disclosure recommendations in this Risk Report and also partly in our re-established additional Pillar 3 Report.

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Risk and Capital Overview**Key Risk Metrics**

The following selected key risk ratios and corresponding metrics form part of our holistic risk management across individual risk types. Common Equity Tier 1 Ratio (CET 1), Internal Capital Adequacy Ratio (ICA), Leverage Ratio (LR), Liquidity Coverage Ratio (LCR), and Stressed Net Liquidity Position (SNLP) as high level metrics are fully integrated across strategic planning, risk appetite framework, stress testing, and recovery & resolution planning practices, which are reviewed and approved by our Management Board at least annually. Apart from Internal Capital Adequacy Ratio and Total Economic Capital, the following ratios and metrics are based on the fully loaded CRR/CRD 4 rules.

Common Equity Tier 1 Ratio**2015: 11.1 %**

2014: 11.7 %

Internal Capital Adequacy Ratio**2015: 146 %**

2014: 174 %

Leverage Ratio**2015: 3.5 %**

2014: 3.5 %

Liquidity Coverage Ratio**2015: 119 %**2014¹: 119 %**Stressed Net Liquidity Position****2015: 46 billion**

2014: 24 billion

Total Risk-Weighted Assets**2015: 396.7 billion**

2014: 394.0 billion

Total Economic Capital**2015: 38.4 billion**

2014: 31.9 billion

Leverage Exposure**2015: 1,395 billion**

2014: 1,445 billion

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¹ Calculated in accordance with the Basel 3 specification.

For further details please refer to sections Risk Appetite and Capacity, Recovery and Resolution Planning, Stress Testing, Risk Profile, Internal Capital Adequacy Assessment Process, Capital Instruments, Development of Regulatory Capital, Development of Risk-Weighted Assets, Leverage Ratio, Liquidity Coverage Ratio, Liquidity Buffer, Stress Testing and Scenario Analysis, and High Quality Liquidity Assets .

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Overall Risk Assessment

Key risk categories include 1) financial risks such as credit risk (counterparty risk, industry risk, country risk and product risk), market risk (trading, non-trading and traded default risk), liquidity risk, business risk (including tax and strategic risk), and 2) non-financial risks (NFRs) including reputational risk and operational risk (with important sub-categories compliance risk, legal risk, model risk, information security risks, fraud risks, and money laundering risks). We manage the identification, assessment and mitigation of top and emerging risks through an internal governance process and the use of risk management tools and processes. Our approach to identification and impact assessment aims to ensure that we mitigate the impact of these risks on our financial results, long term strategic goals and reputation. Please refer to section "Risk and Capital Management" for detailed information on the management of our material risks.

As part of our regular risk and cross-risk analysis, sensitivities of the key portfolio risks are reviewed using a bottom-up risk assessment and through a top-down macro-economic and political scenario analysis. This two-pronged approach allows us to capture not only risks that have an impact across our risk inventories and business divisions but also those that are relevant only to specific portfolios.

Current portfolio-wide risks on which we continue to focus include: the economic slowdown and financial market volatility in China and potential contagion to other economies, the impact of the ongoing slump in oil prices on key producing countries and related industries and the potential increases in interest rates by the U.S. Federal Reserve Bank, which could drive further capital outflows from Emerging Markets. In addition, global geopolitical risks remain elevated and have intensified in recent months.

Our credit exposure from the Oil & Gas sector accounts for less than 2 % of our total main credit exposure and approximately 16 billion, of which gross loans account for 5 billion and irrevocable lending commitments account for 8 billion. In our view we do not have over-sized concentrations in Emerging Markets countries. Our China credit portfolio is mainly with systemically important local Financial Institutions, financially strong state-owned, privately owned corporates and subsidiaries of Multinational Companies. More information is included in Credit Risk Exposure section.

The assessment of the potential impacts of these risks is made through integration into our group-wide stress tests which assess our ability to absorb these events should they occur. The results of these tests showed that we currently have adequate capital and liquidity reserves to absorb the impact of these risks if they were to materialize in line with the tests parameters. Information about risk and capital positions for our portfolios can be found in the Risk and Capital Performance section.

Consistent with prior years, the year 2015 continued to demonstrate the trend of increasing global regulation of the financial services industry, which we view as likely to persist through the coming years. We are focused on identifying potential political and regulatory changes and assessing the possible impact on our business model and processes.

The overall focus of Risk and Capital Management throughout 2015 was on maintaining our risk profile in line with our risk strategy, increasing our capital base and supporting our strategic management initiatives with a focus on balance sheet optimization. This approach is reflected across the different risk metrics summarized below.

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Risk Profile

The table below shows our overall risk position as measured by the economic capital usage calculated for credit, market, operational and business risk for the dates specified. To determine our overall (economic capital) risk position, we generally consider diversification benefits across risk types.

Overall risk position as measured by economic capital usage by risk type

in m. (unless stated otherwise)	Dec 31, 2015	Dec 31, 2014	2015 increase (decrease) from 2014	
			in m.	in %
Credit risk	13,685	12,885	799	6
Market risk	17,436	14,852	2,583	17
Trading market risk	4,557	4,955	(397)	(8)
Nontrading market risk	12,878	9,898	2,981	30
Operational risk	10,243	7,598	2,644	35
Business risk	5,931	3,084	2,846	92
Diversification benefit ¹	(8,852)	(6,554)	(2,297)	35
Total economic capital usage	38,442	31,866	6,576	21

¹ Diversification benefit across credit, market, operational and strategic risk (largest part of business risk).

As of December 31, 2015, our economic capital usage amounted to 38.4 billion, which was 6.6 billion, or 21 %, above the 31.9 billion economic capital usage as of December 31, 2014. The higher overall risk position was mainly driven by a higher loss profile for strategic risk and operational risk, methodology enhancements in nontrading market risk and internal model recalibration in credit risk.

The economic capital usage for credit risk increased to 13.7 billion as of December 31, 2015, 799 million or 6 % higher compared to year-end 2014. This change mainly reflects increases from the internal model recalibration.

The economic capital usage for trading market risk decreased by 397 million and was mainly driven by reductions in the credit spread and foreign exchange components. Nontrading market risk economic capital usage increased by 3.0 billion or 30 % to 12.9 billion as of December 31, 2015. The increase is mainly driven by methodology enhancements with regards to capturing credit spread risk of securities held as liquidity reserve, participation and equity compensation risk as well as an increased structural foreign exchange risk exposure mostly due to appreciation of the US dollar against the Euro.

The operational risk economic capital usage totaled 10.2 billion as of December 31, 2015, which is 2.6 billion or 35 % higher compared to year-end 2014. The increase was mainly driven by legal operational risk losses including legal provisions and an increased operational risk loss

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profile of the industry as a whole. This is reflected in the operational risk loss data that has given rise to the increased economic capital usage and which is largely due to the outflows related to litigation, investigations and regulatory enforcement actions.

Our business risk economic capital methodology captures strategic risk, which also implicitly includes elements of non-standard risks including refinancing and reputational risk, and a tax risk component. The business risk increased by 2.8 billion to 5.9 billion as of December 31, 2015. This increase reflected a higher economic capital usage for the strategic risk component driven by a combination of planned restructuring costs and conservative earnings expectations for 2016.

The inter-risk diversification effect of the economic capital usage across credit, market, operational and strategic risk increased by 2.3 billion, or 35 %, as of December 31, 2015, due to an increase in economic capital usage before diversification and a methodology update in the first quarter 2015.

Our mix of various business activities results in diverse risk taking by our business divisions. We also measure the key risks inherent in their respective business models through the undiversified Total Economic Capital (EC) metric, which mirrors each business division's risk profile before taking into account cross-risk effects at the Group level.

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Risk profile of our business divisions as measured by economic capital and risk-weighted assets

	Dec 31, 2015							Total	Total
in m. (unless stated otherwise)	Corporate Banking & Securities	Private & Business Clients	Global Transaction Banking	Deutsche Asset & Wealth Management	Non-Core Operations Unit	Consolidation & Adjustments	in m.	in %	
Credit Risk	6,634	3,724	2,076	456	777	18	13,685	36	
Market Risk	5,722	4,264	203	2,248	695	4,303	17,436	45	
Operational Risk	6,778	871	1,077	1,054	463	0	10,243	27	
Business Risk	5,662	0	7	1	261	0	5,931	15	
Diversification Benefit ¹	(5,691)	(1,314)	(622)	(714)	(377)	(133)	(8,852)	(23)	
Total EC in m.	19,105	7,544	2,741	3,045	1,819	4,188	38,442	100	
in %	50	20	7	8	5	11	100	N/M	
Risk-weighted assets ²	195,096	80,016	52,062	23,795	34,463	11,283	396,714	N/M	

N/M - Not meaningful

¹ Diversification benefit across credit, market, operational and strategic risk (largest part of business risk).² Risk-weighted assets and capital ratios are based upon CRR/CRD 4 fully-loaded.

	Dec 31, 2014							Total	Total
in m. (unless stated otherwise)	Corporate Banking & Securities	Private & Business Clients	Global Transaction Banking	Deutsche Asset & Wealth Management	Non-Core Operations Unit	Consolidation & Adjustments	in m.	in %	
Credit Risk	5,799	3,547	2,302	323	868	46	12,885	40	
Market Risk	5,153	3,200	185	1,987	1,308	3,020	14,852	47	
Operational Risk	3,569	1,088	150	722	2,070	0	7,598	24	
Business Risk	2,581	0	4	1	499	0	3,084	10	

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Diversification Benefit ¹	(3,441)	(1,095)	(262)	(611)	(1,087)	(59)	(6,554)	(21)
Total EC in m.	13,661	6,740	2,379	2,420	3,658	3,008	31,866	100
in %	43	21	7	8	11	9	100	N/M
Risk-weighted assets ²	175,575	79,571	43,265	16,597	58,524	20,437	393,969	N/M

N/M - Not meaningful

¹ Diversification benefit across credit, market, operational and strategic risk (largest part of business risk).

² Risk-weighted assets and capital ratios are based upon CRR/CRD 4 fully-loaded. Amounts allocated to the business segments have been restated to reflect comparatives according to the structure as of December 31, 2015.

Corporate Banking & Securities (CB&S) risk profile is dominated by its trading in support of origination, structuring and market making activities, which gives rise to market risk and credit risk. Further credit risks originate from exposures to corporates and financial institutions. The share of the operational risk in CB&S risk profile has increased significantly over the last year reflecting a higher loss profile in the industry, internal losses as well as a change in the allocation methodology within the Group. The remainder of CB&S risk profile is derived from strategic risk component of the business risk in light of the less optimistic earnings outlook for 2016.

Private & Business Clients (PBC) risk profile comprises credit risk from retail and small and medium-sized enterprises (SMEs) lending as well as nontrading market risk from investment risk, modeling of client deposits and credit spread risk. The increase in PBC's overall risk profile over 2015 was mainly driven by methodology update for investment risk (primarily related to Hua Xia Bank Co. Ltd.) as well as higher credit spread risk.

Global Transaction Banking's (GTB) revenues are generated from various products with different risk profiles. The vast majority of its risk relates to credit risk in the Trade Finance business and operational risk. The relatively low market risk mainly results from modeling of client deposits.

The main risk driver of Deutsche Asset & Wealth Management's (Deutsche AWM) business are guarantees on investment funds, which we report as nontrading market risk. Otherwise Deutsche AWM's advisory and commission focused business attracts primarily operational risk. The increased economic capital usage over 2015 was mainly driven by a higher non-trading market risk from increased credit spread and default risk in guaranteed funds' portfolio composition as well as an increased share from group operational risk capital based on the change in the divisional allocation methodology within the AMA model.

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The Non-Core Operations Unit (NCOU) portfolio includes activities that are non-core to the Bank’s future strategy; assets earmarked for de-risking; assets suitable for separation; assets with significant capital absorption but low returns; and assets exposed to legal risks. NCOU’s risk profile covers risks across the entire range of our operations primarily comprising credit and market risks targeted where possible for accelerated de-risking. The share of the operational risk in NCOU’s risk profile has decreased significantly over the last year reflecting a change in the allocation methodology within the Group.

Consolidation & Adjustments mainly comprises nontrading market risk for structural foreign exchange risk, pension risk and equity compensation risk. The increase in nontrading market risk compared to 2014 was mainly driven a higher structural foreign exchange risk and a methodology change for equity compensation risk.

Risk and Capital Framework

Risk Management Principles and Governance

The diversity of our business model requires us to identify, assess, measure, aggregate and manage our risks, and to allocate our capital among our businesses. Risk and capital are managed via a framework of principles, organizational structures and measurement and monitoring processes that are closely aligned with the activities of the divisions and business units:

Core risk management responsibilities are embedded in the Management Board and delegated to senior risk management committees responsible for execution and oversight. The Supervisory Board regularly monitors the risk and capital profile.

We operate a Three Lines of Defense (3LoD) risk management model. The 1st Line of Defense (1st LoD) are all the business divisions and service providing infrastructure areas (Group Technology Operations and Corporate Services) who are the "owners" of the risks. The 2nd Line of Defense (2nd LoD) are all the independent risk and control infrastructure functions. The 3rd Line of Defense (3rd LoD) is Group Audit, which assures the effectiveness of our controls. The 3LoD model and the underlying design principles apply to all levels of the organization, i.e., group-level, regions, countries, branches and legal entities. All 3LoD are independent of one another and accountable for maintaining structures that ensure adherence to the design principles at all levels.

Risk strategy is approved by the Management Board on an annual basis and is defined based on the Group Risk Appetite and Strategic and Capital Plan in order to align risk, capital and performance targets.

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Cross-risk analysis reviews are conducted across the Group to validate that sound risk management practices and a holistic awareness of risk exist.

All material risk types are managed via risk management processes, including: credit risk, market risk, operational risk, liquidity risk, business risk, reputational risk, model risk and compliance risk. Modeling and measurement approaches for quantifying risk and capital demand are implemented across the material risk types. Non-standard risks (reputational risk, model risk, compliance risk) are implicitly covered in our economic capital framework, primarily within operational and strategic risk. For more details, refer to section Risk and Capital Management for the management process of our material risks.

Monitoring, stress testing tools and escalation processes are in place for key capital and liquidity thresholds and metrics.

Systems, processes and policies are critical components of our risk management capability.

Recovery planning provides the escalation path for crisis management governance and supplies senior management with a list of actions designed to improve the capital and liquidity positions in a stress event.

Resolution planning is closely supervised by our resolution authority, the Single Resolution Board (SRB). It provides a strategy to manage Deutsche Bank in case of default. It is designed to prevent the need for tax payer bailout and strengthen financial stability by the continuation of critical services delivered to the wider economy.

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Risk Governance

Our operations throughout the world are regulated and supervised by relevant authorities in each of the jurisdictions in which we conduct business. Such regulation focuses on licensing, capital adequacy, liquidity, risk concentration, conduct of business as well as organizational and reporting requirements. The European Central Bank in connection with the competent authorities of EU countries which joined the Single Supervisory Mechanism via the Joint Supervisory Team act in cooperation as our primary supervisors to monitor our compliance with the German Banking Act and other applicable laws and regulations as well as the CRR/CRD 4 framework and respective implementations into German law.

European banking regulators assess our capacity to assume risk in several ways, which are described in more detail in the section **Regulatory Capital** of this report.

Several layers of management provide cohesive risk governance:

The Supervisory Board is informed regularly and as necessary on special developments in our risk situation, risk management and risk controlling, as well as on our reputation and material litigation cases. It has formed various committees to handle specific tasks.

At the meetings of the Risk Committee, the Management Board reports on credit, market, liquidity, business, compliance, model, operational as well as litigation and reputational risks. It also reports on credit risk strategy, credit portfolios, loans requiring a Supervisory Board resolution pursuant to law or the Articles of Association, questions of capital resources and matters of special importance due to the risks they entail. The Risk Committee deliberates with the Management Board on issues of the aggregate risk disposition and the risk strategy and supports the Supervisory Board in monitoring the implementation of this strategy.

The Integrity Committee monitors the Management Board's measures that promote the company's compliance with legal requirements, authorities' regulations and the company's own in-house policies. It also reviews the Bank's Code of Business Conduct and Ethics, monitors and analyzes the Bank's legal and reputational risks and advocates their avoidance.

The Audit Committee monitors, among other matters, the effectiveness of the risk management system, particularly the internal control system and the internal audit system.

The Management Board is responsible for managing Deutsche Bank Group in accordance with the law, the Articles of Association and its Terms of Reference with the objective of creating sustainable value in the interest of the company, thus taking into consideration the interests of the shareholders, employees and other stakeholders. The Management Board is responsible for establishing a proper business organization, encompassing an appropriate and effective risk management. In agreement with the Supervisory Board and with the aim to ensure an effective governance of resources and risk, the Management Board has established the Capital and Risk Committee (CaR), the Risk Executive Committee (Risk ExCo), the Non-Financial Risk Executive Committee (NFR ExCo), and the Group Reputational Risk Committee (GRRC) whose roles are described in more detail below. In the fourth quarter of 2015, the Management Board streamlined the number of directly established committees. Hence, a revised committee governance structure is being prepared which will, going forward, combine risk

management-relevant matters under one committee, starting 1. April 2016.

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Risk Management Governance Structure of the Deutsche Bank Group

The following functional committees are central to the management of risk in Deutsche Bank:

The CaR oversees and controls integrated planning and monitoring of our risk profile and capital capacity, providing an alignment of risk appetite, capital requirements and funding/liquidity needs with Group, divisional and sub-divisional business strategies. It provides a platform to discuss and agree strategic issues impacting capital, funding and liquidity among Risk, Government & Regulatory Affairs, Finance and the business divisions. The CaR initiates actions and/or makes recommendations to the Management Board. It is also responsible for monitoring our risk profile against our risk appetite on a regular basis and determining whether a matter should be escalated or other actions should be taken. The CaR monitors the performance of our risk profile against early warning indicators and recovery triggers, and provides recommendations to the Management Board to invoke defined processes and/or actions under the recovery governance framework if required.

The Risk ExCo identifies, controls and manages all risks including risk concentrations at Group level. It is responsible for risk policy, the organization and governance of risk management and oversees the execution of risk and capital management including identification, assessment and risk mitigation, within the scope of the risk and capital strategy (Risk and Capital Demand Plan) approved by the Management Board.

The Non-Financial Risk Executive Committee (NFR ExCo) oversees, governs and coordinates the management of non-financial risks in Deutsche Bank Group and establishes a cross-risk and holistic perspective of the key non-financial risks of the Group. It is tasked to define the non-financial risk appetite framework, to monitor and control the non-financial risk operating model, including the Three Lines of Defense principles and interdependencies between business divisions and control functions and within control functions.

The Group Reputational Risk Committee (GRRC) is responsible for the oversight, governance and coordination of the reputational risk management and provides for an appropriate look-back and a lessons learnt process. It reviews

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and decides all Reputational Risk issues escalated by the Regional Reputational Risk Committees (RRRCs) and RRRC decisions which have been appealed by the Units. It provides guidance on Group-wide reputational risk matters, including communication of sensitive topics, to the appropriate levels of Deutsche Bank Group. The RRRCs which are sub-committees of the GRRC, are responsible for the oversight, governance and coordination of the management of reputational risk in the respective regions on behalf of the Management Board.

The Portfolio Risk Committee (PRC) supports the Risk ExCo and the CaR with particular emphasis on the management of Group-wide risk patterns including the review and governance of key concentration risks.

The Living Wills Committee (LWC) is the dedicated sub-committee of the CaR with focus on recovery and resolution planning. It oversees the implementation of our recovery and resolution plans and enhancements to the Group's operational readiness to respond to severe stress or the threat of a severe stress.

The Regulatory Capital Committee (RCC) is a further sub-committee of our Capital and Risk Committee. It is tasked with oversight on our risk quantification models. The RCC has also responsibility for the oversight and control of our Internal Capital Adequacy Assessment Process (ICAAP). Together with the PRC, It oversees our Group-wide stress tests, reviews the results and proposes management action, if required. It monitors the effectiveness of the stress test process and aims to drive continuous improvement of our stress testing framework.

Multiple senior members are members of the CaR as well as the Risk ExCo, NFR ExCo and/or GRRC, which facilitates the information flow between these committees.

We will continue to enhance the aforementioned committee structure going forward culminating into a single committee overseeing risk matters that are established by the Management Board namely the Group Risk Committee.

Our Chief Risk Officer (CRO), who is a member of the Management Board, has Group-wide, supra-divisional responsibility for the management of all credit, market and operational risks as well as for the comprehensive control of risk, i.e., including liquidity risk, and continuing development of methods for risk measurement. In addition, the Chief Risk Officer is responsible for monitoring, analyzing and reporting risk on a comprehensive basis, including asset and liability gap, capital, liquidity, legal, compliance and regulatory risks, as well as other non-financial risks.

The CRO has direct management responsibility for the following risk management functions: Credit Risk Management, Market Risk Management, Operational Risk Management and Liquidity Risk Control.

These are established with the mandate to:

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Support that the business within each division is consistent with the risk appetite that the CaR has set within a framework established by the Management Board;

Determine and implement risk and capital management policies, procedures and methodologies that are appropriate to the businesses within each division;

Approve credit, market and liquidity risk limits;

Conduct periodic portfolio reviews to keep the portfolio of risks within acceptable parameters; and

Develop and implement risk and capital management infrastructures and systems that are appropriate for each division.

Dedicated divisional Chief Risk Officers as well as regional Chief Risk Officers for Germany, for the Americas and for Asia-Pacific have been appointed to establish holistic risk management coverage. Since January 2016, along with Deutsche Bank's business divisions, the responsibilities of the divisional CROs have been aligned.

The heads of the aforementioned risk management functions as well as the regional and divisional Chief Risk Officers have a reporting line into the CRO.

In 2015 our 3LoD program concluded and ownership for maintenance and development of the 3LoD framework was transferred to ORM. The 3LoD program established Divisional Control Officers (DCO) to strengthen capabilities across the 1st LoD as risk owners, while clarifying control accountabilities and enhanced standards across 2nd LoD control functions. A new non-financial Risk and Control Management framework and IT platform was established

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to manage the effectiveness of the control environment by the 1st and 2nd LoD and is currently being rolled out and further enhanced.

Several teams within the risk management functions cover overarching aspects of risk management. Their mandate is to provide an increased focus on holistic risk management and cross-risk oversight to further enhance our risk portfolio steering. Key objectives are to:

- Drive key strategic cross-risk initiatives and establish greater cohesion between defining portfolio strategy and governing execution, including regulatory adherence;

- Provide a strategic and forward-looking perspective on the key risk issues for discussion at senior levels within the bank (risk appetite, stress testing framework);

- Strengthen risk culture in the bank; and

- Foster the implementation of consistent risk management standards.

Since January 2016, these tasks have been consolidated into the newly created Enterprise Risk Management (ERM) function. ERM also sets the bank-wide risk management framework aimed at identifying and controlling risks across the institution within the agreed risk appetite.

Also since January 1, 2016, the second line of defence oversight for both the Group Data Management Office (GDMO) and the Chief Information Security Office (CISO) transferred to the Risk organization as well as Corporate Security & Business Continuity (CSBC), demonstrating our increased focus on holistic management of non-financial risks.

Our Finance, Risk and Group Audit functions operate independently of our business divisions. It is the responsibility of the Finance and Risk departments to quantify and verify the risk that we assume and maintain the quality and integrity of our risk-related data. Group Audit as our 3rd Line of Defence, independently examines, evaluates and reports on the adequacy of both the design and effectiveness of the systems of internal control including the risk management systems.

The integration of the risk management of our subsidiary Deutsche Postbank AG is promoted through harmonized processes for identifying, assessing, managing, monitoring, and communicating risk, the strategies and procedures for determining and safe guarding risk-bearing

capacity, and corresponding internal control procedures. Key features of the joint governance are:

Functional reporting lines from the Postbank Risk Management to Deutsche Bank Risk;

Participation of voting members from Deutsche Bank from the respective risk functions in Postbank's key risk committees and vice versa for selected key committees; and

Implementation of key Group risk policies at Postbank.

The key risk management committees of Postbank, in all of which Postbank's Chief Risk Officer or senior risk managers of Deutsche Bank are voting members, are:

The Bank Risk Committee, which advises Postbank's Management Board with respect to the determination of overall risk appetite and risk and capital allocation;

The Credit Risk Committee, which is responsible for limit allocation and the definition of an appropriate limit framework;

The Market Risk Committee, which decides on limit allocations as well as strategic positioning of Postbank's banking and trading book and the management of liquidity risk;

The Operational Risk Management Committee, which defines the appropriate risk framework as well as the limit allocation for the individual business areas; and

The Model and Validation Risk Committee, which monitors validation of all rating systems and risk management models.

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In 2014, the full integration of large clients was completed. These are now centrally managed on our credit platform and the regulator extended acceptance for the use of the joint model parameters for large cap corporate clients and financial institutions.

Following the announcement of Strategy 2020 at the end of April 2015 in the context of which we intend to de-consolidate and sell Postbank and its subsidiaries further system integration was halted. However, the achieved level of integration and joint risk management described above is planned to be maintained unchanged until Postbank ceases to be a part of Deutsche Bank Group.

In parallel, work has commenced to prepare the complete separation of Postbank sub-group. The principal pre-condition guiding all preparations for a separation is to maintain Postbank's continuous operational capability and its adherence to regulatory requirements at all times.

Risk Culture

We seek to promote a strong risk culture throughout our organization. Our aim is to help reinforce our resilience by encouraging a holistic approach to the management of risk and return throughout our organization as well as the effective management of our risk, capital and reputational profile. We actively take risks in connection with our business and as such the following principles underpin risk culture within our group:

Risk is taken within a defined risk appetite;

Every risk taken needs to be approved within the risk management framework;

Risk taken needs to be adequately compensated; and

Risk should be continuously monitored and managed.

Employees at all levels are responsible for the management and escalation of risks. We expect employees to exhibit behaviors that support a strong risk culture. To promote this our policies require that behavior assessment is incorporated into our performance assessment and compensation processes. We have communicated the following risk culture behaviors through various communication vehicles:

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Being fully responsible for our risks;

Being rigorous, forward looking and comprehensive in the assessment of risk;

Inviting, providing and respecting challenges;

Trouble shooting collectively; and

Placing Deutsche Bank and its reputation at the heart of all decisions.

To reinforce these expected behaviors and strengthen our risk culture, we conduct a number of group-wide activities. Our Board members and senior management frequently communicate the importance of a strong risk culture to support a consistent tone from the top. In addition, to drive staff understanding and knowledge of risk culture, a dedicated risk culture library of industry reports and articles has been established on DB's internal social media platform.

Throughout 2015, and into 2016, there has been increased focus on the effectiveness of training. Rather than introducing additional training modules, where feasible we are embedding new messages into existing courses to keep them up to date and timely, and to avoid learner overload.

In addition, along with other measures to strengthen our performance management processes, we have designed and implemented a process to tie formal measurement of risk culture-related behaviors to our employee performance assessment, promotion and compensation processes. This process was first piloted in CB&S and GTB in 2010, and subsequently implemented in all divisions, with PBC International being the latest to have rolled out the process in July 2015. This process is designed to further strengthen employee accountability.

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To aid with the holistic assessment of risk culture, 2015 saw the development of a Risk Culture Framework. The Framework defines the levers that contribute to the evolution of a strong risk culture, as well as the minimum criteria which should be met at Group and divisional level. 2016 will see the launch and application of this Framework across the Business.

Based on the newly developed Risk Culture Framework, a Risk Culture Annual Report was produced and presented to the Management Board as well as the Risk Committee of the Supervisory Board at the end of 2015. This forms part of DB's commitment to ensure senior management are informed with regards to the risk culture of the Bank.

Risk Appetite and Capacity

Risk appetite expresses the level of risk that we are willing to assume within our risk capacity in order to achieve our business objectives, as defined by a set of minimum quantitative metrics and qualitative standards. Risk capacity is defined as the maximum level of risk we can assume in both normal and distressed situations before breaching regulatory constraints and our obligations to stakeholders.

Risk appetite is an integral element in our business planning processes via our Risk and Capital Demand Plan, to promote the appropriate alignment of risk, capital and performance targets, while at the same time considering risk capacity and appetite constraints from both financial and non-financial risks. We leverage the stress testing process to test the compliance of the plan also under stressed market conditions. Top-down risk appetite serves as the limit for risk-taking for the bottom-up planning from the business functions.

The Management Board reviews and approves our risk appetite and capacity on an annual basis, or more frequently in the event of unexpected changes to the risk environment, with the aim of ensuring that they are consistent with our Group's strategy, business and regulatory environment and stakeholders' requirements.

In order to determine our risk appetite and capacity, we set different group level triggers and thresholds on a forward looking basis and define the escalation requirements for further action. We assign risk metrics that are sensitive to the material risks to which we are exposed and which are able to function as key indicators of financial health. In addition to that, we link our risk and recovery management governance framework with the risk appetite framework. In detail, we assess a suite of metrics under stress (CRR/CRD 4 fully loaded Common Equity Tier 1 (CET 1) ratio, Internal Capital Adequacy (ICA) ratio, and Stressed Net Liquidity Position (SNLP)) within the regularly performed benchmark and more severe group-wide stress tests and compare them to the Red-Amber-Green (RAG) levels as defined in the table below.

Risk Appetite Thresholds for key metrics

RAG levels	CRR/CRD 4 fully loaded CET 1 ratio	Internal capital adequacy	Stressed net liquidity position
Normal	> 8.5 %	> 140 %	> 5 billion
Critical	8.5 % 5.5 %	140 % 120 %	5 billion 0 billion
Crisis	< 5.5 %	< 120 %	< 0 billion

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Reports relating to our risk profile as compared to our risk appetite and strategy and our monitoring thereof are presented regularly up to the Management Board. Throughout the year 2015, our actual risk profile has remained in the normal levels as defined in the table above. In the event that our desired risk appetite is breached under either normal or stressed scenarios, a predefined escalation governance matrix is applied so these breaches are highlighted to the respective committees, and ultimately to the Chief Risk Officer and the Management Board. Amendments to the risk appetite and capacity must be approved by the Chief Risk Officer or the full Management Board, depending on their significance. In November 2015 as part of our annual risk appetite thresholds calibration exercise, we adjusted our normal and crisis level of CRR/CRD 4 fully loaded CET 1 ratio to >10 % and <7.25 % respectively. Furthermore, we enhanced the key metrics to include Liquidity Coverage Ratio (LCR) and Leverage Ratio (LR) with normal and crisis level of LCR set at >105 % and <100 % and LR (CRR/CRD 4 fully loaded) level at >3.2 % and <3.1 % respectively. All these changes are effective January 1, 2016.

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Risk and Capital Plan**Strategic and Capital Plan**

We conduct annually an integrated strategic planning process which lays out the development of our future strategic direction as a group and for our business areas/units. The strategic plan aims to create a holistic perspective on capital, funding and risk under risk-return considerations. This process translates our long term strategic targets into measurable short to medium term financial targets and enables intra-year performance monitoring and management. Thereby we aim to identify optimal growth options by considering the risks involved and the allocation of available capital resources to drive sustainable performance. Risk specific portfolio strategies complement this framework and allow for an in-depth implementation of the risk strategy on portfolio level, addressing risk specifics including risk concentrations.

The strategic planning process consists of two phases: a top-down target setting and a bottom-up substantiation.

In a first phase the top down target setting our key targets for profit and loss (including revenues and costs), capital supply, and capital demand as well as leverage and funding and liquidity are discussed for the group and the key business areas. In this process, the targets for the next three years are based on our global macro-economic outlook and the expected regulatory framework. Subsequently, the targets are approved by the Management Board.

In a second phase, the top-down objectives are substantiated bottom-up by detailed business unit plans, which for the first year consist of a month by month operative plan; years two and three are annual plans. The proposed bottom-up plans are reviewed and challenged by Finance and Risk and are discussed individually with the business heads. Thereby, the specifics of the business are considered and concrete targets decided in line with our strategic direction. The bottom-up plans include targets for key legal entities to review local risk and capitalization levels. Stress tests complement the strategic plan to also consider stressed market conditions.

The resulting Strategic and Capital Plan is presented to the Board for discussion and approval. Following the approval of the Management Board, the final plan is presented to the Supervisory Board.

The Strategic and Capital Plan is designed to support our vision of being a leading client-centric global universal bank and aims to ensure:

- Balanced risk adjusted performance across business areas and units;
- High risk management standards with focus on risk concentrations;
- Compliance with regulatory requirements;
- Strong capital and liquidity position; and
- Stable funding and liquidity strategy allowing for the business planning within the liquidity risk appetite and regulatory requirements.

The Strategic and Capital Planning process allows us to:

- Set earnings and key risk and capital adequacy targets considering the bank's strategic focus and business plans;
- Assess our risk-bearing capacity with regard to internal and external requirements (i.e., economic capital and regulatory capital); and
- Apply an appropriate stress test to assess the impact on capital demand, capital supply and liquidity.

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The specific limits e.g. for regulatory capital demand, economic capital, and leverage exposures are derived from the Strategic and Capital Plan to align risk, capital and performance targets at all relevant levels of the organization.

All externally communicated financial targets are monitored on an ongoing basis in appropriate management committees. Any projected shortfall from targets is discussed together with potential mitigating strategies seeking to ensure that we remain on track to achieve our targets. Amendments to the strategic and capital plan must be approved by the Management Board. Achieving our externally communicated solvency targets ensures that we also comply with the

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Group Supervisory Review and Evaluation Process requirements as articulated by our home supervisor. In December 2015, the ECB informed Deutsche Bank that the consolidated Group has to keep a CET 1 ratio of at least 10.25 % on a phase-in basis at all times. Deutsche Bank's G-SIB buffer of currently 2.0 % is not included in the minimum level subject to a 4 year phase-in period.

Internal Capital Adequacy Assessment Process

The Internal Capital Adequacy Assessment Process (ICAAP) requires banks to identify and assess risks, maintain sufficient capital to face these risks and apply appropriate risk-management techniques to maintain adequate capitalization on an ongoing and forward looking basis, i.e., internal capital supply to exceed internal capital demand (figures are described in more detail in the section Internal Capital Adequacy).

We, at a Group level, maintain compliance with the ICAAP as required under Pillar 2 of Basel 3 and its local implementation in Germany, the Minimum Requirements for Risk Management (MaRisk), through a Group-wide risk management and governance framework, methodologies, processes and infrastructure.

In line with MaRisk and Basel requirements, the key instruments to help us maintain our adequate capitalization on an ongoing and forward looking basis are:

- A strategic planning process which aligns risk strategy and appetite with commercial objectives;
- A continuous monitoring process against approved risk, leverage and capital targets set;
- Regular risk, leverage and capital reporting to management; and
- An economic capital and stress testing framework which also includes specific stress tests to underpin our recovery monitoring processes.

Stress testing

We have a strong commitment to stress testing performed on a regular basis in order to assess the impact of a severe economic downturn on our risk profile and financial position. These exercises complement traditional risk measures and represent an integral part of our strategic and capital planning process. Our stress testing framework comprises regular Group-wide stress tests based on internally defined benchmark and more severe macroeconomic global downturn scenarios. We include all material risk types into our stress testing exercises. The time-horizon of internal stress tests is generally one year and can be extended to multi-year, if required by the scenario assumptions. Our methodologies undergo regular scrutiny from internal experts as well as regulators to review whether they correctly capture the impact of a given stress scenario. These analyses are complemented by portfolio- and country-specific stress tests as well as regulatory requirements, such as annual reverse stress tests and additional stress tests requested by our regulators on group or legal entity level. Moreover, capital plan stress testing is performed to assess the viability of our capital plan in adverse circumstances and to demonstrate a clear link between risk appetite, business strategy, capital plan and stress testing. An integrated procedure allows us to assess the impact of ad-hoc scenarios that simulate potential imminent financial or geopolitical shocks.

The initial phase of our internal stress tests consists of defining a macroeconomic downturn scenario by dbResearch in cooperation with business specialists. dbResearch monitors the political and economic development around the world and maintains a macro-economic heat map that identifies potentially harmful scenarios. Based on quantitative models and expert judgments, economic parameters such as foreign exchange rates, interest rates, GDP growth or unemployment rates are set accordingly to reflect the impact on our business. The scenario parameters are translated into specific risk drivers by subject matter experts in the risk units. Based on our internal models framework for stress testing, the following major metrics are calculated under stress: risk-weighted assets, impacts on profit and loss and economic capital by risk type. These

results are aggregated at the Group level, and key metrics such as the SNLP, the CET 1 ratio and ICA ratio under stress are derived. Stress testing results and the underlying scenarios are reviewed across risk types on various levels by senior managers within Risk, Finance and the business units. After comparing these results against our defined risk appetite, senior management decides on specific mitigation actions to remediate the stress impact in alignment with the overall strategic and capital plan if certain limits are breached. The results also

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feed into the recovery planning which is crucial for the recoverability of the bank in times of crisis. The outcome is presented to senior management up to the Management Board to raise awareness on the highest level as it provides key insights into specific business vulnerabilities and contributes to the overall risk profile assessment of the bank. In 2015 we remained well capitalized within our internal stress testing program under various severe stress events. By choosing actions out of our pool of maintained recovery measures we would have been able to mitigate shortfalls under those stress scenarios directly. A reverse stress test is performed annually in order to challenge our business model to determine the severity of scenarios that would cause us to become unviable. Such a reverse stress test is based on a hypothetical macroeconomic scenario or idiosyncratic event and takes into account severe impacts of major risks on our results. Comparing the hypothetical macroeconomic scenario that would be necessary to result in our non-viability according to the reverse stress, to the current economic environment, we consider that the probability of occurrence of such a hypothetical macroeconomic scenario is extremely low. Given the extremely low probability of the reverse stress test scenario, we do not believe that our business continuity is at risk.

Stress Testing Framework of Deutsche Bank Group

Risk Reporting and Measurement Systems

Our risk data systems support regulatory reporting and external disclosures, as well as internal management reporting for credit, market, operational (including legal risk), business, reputational, liquidity risk, model risk and compliance risk. The risk infrastructure incorporates the relevant legal entities and business divisions and provides the basis for reporting on risk positions, capital adequacy and limit utilization to the relevant functions on a regular and ad-hoc basis. Established units within Finance and Risk assume responsibility for measurement, analysis and reporting of risk while promoting sufficient quality and integrity of risk-related data. Our risk management systems are reviewed by Group Audit following a risk-based audit approach.

The main reports on risk and capital management that are used to provide the central governance bodies with information relating to Group risk exposures are the following:

Our Risk and Capital Profile is presented monthly to the CaR and the Management Board and is subsequently submitted to the Risk Committee of the Supervisory Board for information. It comprises an overview of the current risk, capital and liquidity status of the Group, also incorporating information on regulatory capital and internal capital adequacy.

An overview of our capital, liquidity and funding is presented to the CaR by Group Capital Management and the Group Treasurer every month. It comprises information on key metrics including CRR/CRD 4 Common Equity Tier 1 capital and the CRR/CRD 4 leverage ratio, as well as an overview of our current funding and liquidity status, the liquidity stress test results and contingency measures.

Results of the group-wide macroeconomic stress tests that are performed twice per quarter and/or more frequently are reported to and discussed at the PRC.

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The above reports are complemented by a suite of other standard and ad-hoc management reports of Risk and Finance, which are presented to several different senior committees responsible for risk and capital management at Group level.

Recovery and Resolution Planning

The 2007/2008 financial crisis exposed banks and the broader financial market to unprecedented pressures. These pressures led to certain banks seeking significant support from their governments and to large scale interventions by central banks. The crisis also forced many financial institutions to significantly restructure their businesses and strengthen their capital, liquidity and funding bases. This crisis revealed that many financial institutions were insufficiently prepared for a fast-evolving systemic crisis and thus were unable to act and respond in a way that would avoid potential failure and prevent material adverse impacts on the financial system and ultimately the economy and society.

In response to the crisis, the Financial Stability Board (FSB) has published a list of global systemically important banks (G-SIBs) and has advised its member institutions to mandate and to support the development of recovery and resolution plans within G-SIBs. Corresponding legislation has been enacted or proposed, as the case may be, in several jurisdictions, including the member states of the European Union (EU), Germany, UK and the U.S. As we have been identified as one of the G-SIBs, we have developed the Group’s recovery plan (Recovery Plan) and submitted this to our relevant regulators. The Recovery Plan is updated at least annually to reflect changes in the business and the regulatory requirements.

The Recovery Plan prepares us to restore our financial strength and viability during an extreme stress situation. The Recovery Plan’s more specific purpose is to outline how we can respond to a financial stress situation that would significantly impact our capital or liquidity position. Therefore it lays out a set of defined actions aimed to protect us, our customers and the markets and prevent a potentially more costly resolution event. In line with regulatory guidance, we have identified a wide range of recovery measures that will mitigate different types of stress scenarios. These scenarios originate from both idiosyncratic and market-wide events, which would have led to severe capital and liquidity impacts as well as impacts on our performance and balance sheet. The Recovery Plan, including its corresponding policy, is intended to enable us to effectively monitor, escalate, plan and execute recovery actions in the event of a crisis situation.

The Recovery Plan’s key objective is to help us to recover from a crisis situation by selecting appropriate recovery actions to stay sufficiently capitalised and funded. This plan extends beyond our risk management framework and can be executed in extreme scenarios where crises may threaten our survival (i.e., substantial loss of capital or inability to access market liquidity when needed). The Management Board determines when the Recovery Plan has to be invoked and which recovery measures are deemed appropriate.

The Recovery Plan is designed to cover multiple regulations including those applicable to us in the EU under the Bank Recovery and Resolution Directive (as implemented in Germany) and the Single Resolution Mechanism Regulation as well as other key jurisdictions. Furthermore, the plan incorporates feedback from extensive discussions with our Supervisory authority and the Crisis Management Group (CMG), formed by key home and host authorities. We report to this CMG with the objective of enhancing preparedness for, and facilitating the management and resolution of a cross-border financial crisis affecting us. This CMG is also intended to cooperate closely with authorities in other jurisdictions where we have a systemic presence.

We are also working closely with our resolution authority to create a Group Resolution Plan for Deutsche Bank as set out in the Bank Recovery and Resolution Directive, the Single Resolution Mechanism Regulation and the German Recovery and Resolution Act (Sanierungs- und Abwicklungsgesetz or SAG).

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In addition, Title I of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the implementing regulations issued by the Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Corporation (FDIC) require each bank holding company with assets of U.S.\$ 50 billion or more, including Deutsche Bank AG, to prepare and submit annually a plan for the orderly resolution of subsidiaries and operations in the event of future material financial distress or failure (the Title I US Resolution Plan). For foreign-based covered companies such

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as us, the Title I US Resolution Plan only relates to subsidiaries, branches, agencies and businesses that are domiciled in or conducted in whole or in material part in the United States. In addition to the Title I US Resolution Plan, in 2014, Deutsche Bank Trust Company Americas (DBTCA), one of our insured depository institutions (IDIs) in the United States, became subject to the FDIC 's final rule requiring IDIs with total assets of U.S.\$ 50 billion or more to submit periodically to the FDIC a plan for resolution in the event of failure (the IDI Plan and, together with the Title I US Resolution Plan, the US Resolution Plan) under the Federal Deposit Insurance Act (the IDI Rule). In 2014, we expanded our Title I US Resolution Plan to also be responsive to the IDI Rule requirements. In 2015, DBTCA prepared and submitted a separate IDI Plan.

The core elements of the US Resolution Plan are Material Entities (MEs), Core Business Lines (CBLs), Critical Operations (COs) and, for purposes of the IDI Plan, Critical Services. The US Resolution Plan lays out the resolution strategy for each ME, defined as those entities significant to the activities of a CO or CBL and demonstrates how each ME, CBL and CO, as applicable, can be resolved in a rapid and orderly manner and without systemic impact on U.S. financial stability. The US Resolution Plan also discusses the strategy for continuing Critical Services in resolution. Key factors addressed in the US Resolution Plan include how to ensure:

Continued access to services from other U.S. and non-U.S. legal entities as well as from third parties such

as payment servicers, exchanges and key vendors;

Availability of funding from both external and internal sources;

Retention of key employees during resolution; and

Efficient and coordinated close-out of cross-border contracts.

The US Resolution Plan is drafted in coordination with the U.S. businesses and infrastructure groups so that it accurately reflects the business, critical infrastructure and key interconnections.

Risk and Capital Management**Capital Management**

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Our Treasury function manages solvency, capital adequacy and leverage ratios at Group level and locally in each region. Treasury implements our capital strategy, which itself is developed by the Capital and Risk Committee and approved by the Management Board, including issuance and repurchase of shares and capital instruments, hedging of capital ratios against foreign exchange swings, limit setting for key financial resources, design of book equity allocation, and regional capital planning. We are fully committed to maintaining our sound capitalization both from an economic and regulatory perspective. We continuously monitor and adjust our overall capital demand and supply in an effort to achieve the optimal balance of the economic and regulatory considerations at all times and from all perspectives. These perspectives include book equity based on IFRS accounting standards, regulatory and economic capital as well as specific capital requirements from rating agencies.

Treasury manages the issuance and repurchase of capital instruments, namely Common Equity Tier 1, Additional Tier 1 and Tier 2 capital instruments. Treasury constantly monitors the market for liability management trades. Such trades represent a countercyclical opportunity to create Common Equity Tier 1 capital by buying back our issuances below par.

Our core currencies are Euro, US Dollar and Pound Sterling. Treasury manages the sensitivity of our capital ratios against swings in core currencies. The capital invested into our foreign subsidiaries and branches in the other non-core currencies is largely hedged against foreign exchange swings. Treasury determines which currencies are to be hedged, develops suitable hedging strategies in close cooperation with Risk Management and finally executes these hedges.

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Resource Limit Setting

Key financial resources are influenced through following governance processes and incentives.

Target resource capacities are reviewed in our annual strategic plan in line with our CET 1 and Leverage Ratio ambitions. In a quarterly process, the Capital and Risk Committee approves divisional resource limits for Total Capital Demand and leverage exposure that are based on the strategic plan however account for market conditions and the short-term outlook. The limits are enforced through a close monitoring process and an excess mechanism.

During the reporting period, we have extended our methodology of internal capital allocation framework to acknowledge the growing importance of leverage requirements for the bank. Regulatory requirements are driven by the higher of CET 1 ratio (solvency) and leverage ratio (leverage) requirements. In terms of order for the internal capital allocation, solvency-based allocation comes first, then incremental leverage-driven allocation. The new methodology utilises a two step approach: Allocation of Average Active Equity solvency-based first until the externally communicated target of a 12.5 % CET 1 solvency ratio (CRR/CRD 4 calculated on a fully loaded basis) is met, and then incremental leverage capital allocation based on pro-rata leverage exposure of divisions to satisfy the externally communicated target of a 4.5 % leverage ratio (CRR/CRD 4 calculated on a fully loaded basis). The allocation will be reviewed if the externally communicated targets for the CET 1 and leverage ratio should be adjusted. The new methodology also applies different rates for the cost of equity for each of the business segments, reflecting in a more differentiated way the earnings volatility of the individual business models. This enables improved performance management and investment decisions.

Regional capital plans covering the capital needs of our branches and subsidiaries across the globe are prepared on an annual basis and presented to the Group Investment Committee. Most of our subsidiaries are subject to legal and regulatory capital requirements. In developing, implementing and testing our capital and liquidity, we fully take such legal and regulatory requirements into account.

Further, Treasury is represented on the Investment Committee of the largest Deutsche Bank pension fund which sets the investment guidelines. This representation is intended to ensure that pension assets are aligned with pension liabilities, thus protecting our capital base.

Risk Identification and Assessment

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We face a variety of risks as a result of our business activities, these risks include credit risk, market risk, business risk, liquidity risk, operational risk, compliance risk, reputational risk and model risk as described in the following sections below. Our risk identification and assessment processes leverage intelligence across organisational levels and utilise existing information whenever possible. Operating processes are in place across the organisation to capture relevant measures and indicators. The core aim of all processes is to provide adequate transparency and understanding of the existing and emerging risk issues, and to ensure a holistic cross-risk perspective. We update the risk inventory at least once a year or at other times if needed, by running a risk identification and materiality assessment process in line with MaRisk.

To align with the Three Lines of Defense taxonomy, we categorize our material risks into financial risks and non-financial risks effective January 1, 2016. Financial risks comprise credit risk (including counterparty, country, product and industry risks), market risk (including non-trading, trading and traded default risk), liquidity risk, and business risk. Non-financial risks comprise operational risks and reputational risks with compliance risk, legal risk, model risk and information security risk captured in our operational risk framework. The aim is to have a better control environment over our material risks.

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Credit risk, market risk and operational risk attract regulatory capital. As part of our internal capital adequacy assessment process, we calculate the amount of economic capital for credit, market, operational and business risk to cover risks generated from our business activities taking into account diversification effects across those risk types. Furthermore, our economic capital framework implicitly covers additional risks, e.g. reputational risk and refinancing risk, for which no dedicated economic capital models exist. We exclude liquidity risk from economic capital and govern this in a dedicated liquidity risk management.

Credit Risk Management**Credit Risk Framework**

Credit risk arises from all transactions where actual, contingent or potential claims against any counterparty, borrower, obligor or issuer (which we refer to collectively as counterparties) exist, including those claims that we plan to distribute. These transactions are typically part of our traditional nontrading lending activities (such as loans and contingent liabilities), traded bonds and debt securities available for sale or our direct trading activity with clients (such as OTC derivatives like foreign exchange forwards and Forward Rate Agreements). Carrying values of equity investments are also disclosed in our Credit Risk section. We manage the respective positions within our market risk and credit risk frameworks.

Based on the annual risk identification and materiality assessment, credit risk contains four material categories, namely default risk, industry risk, country risk, and product risk.

Default risk, the most significant element of credit risk, is the risk that counterparties fail to meet contractual obligations in relation to the claims described above;

Industry risk is the risk of adverse developments in the operating environment for a specific industry segment leading to deterioration in the financial profile of counterparties operating in that segment and resulting in increased credit risk across this portfolio of counterparties;

Country risk is the risk that we may experience unexpected default or settlement risk and subsequent losses, in a given country, due to a range of macro-economic or social events primarily affecting counterparties in that jurisdiction including: a material deterioration of economic conditions, political and social upheaval, nationalization and expropriation of assets, government repudiation of indebtedness, or disruptive currency depreciation or devaluation. Country risk also includes transfer risk which arises when debtors are unable to meet their obligations owing to an inability to transfer assets to non-residents due to direct sovereign intervention; and

Product Risk captures product-specific credit risk of transactions that could arise with respect to specific borrowers. These take into account the likelihood of having an actual credit exposure at the time of a default, recovery expectations and the tenor of exposure. This category also includes Settlement risk; the risk that the settlement or clearance of a transaction may fail and arises whenever the exchange of cash, securities and/or other assets is not simultaneous leaving us exposed to a potential loss should the counterparty default.

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We measure, manage/mitigate and report/monitor our credit risk using the following philosophy and principles:

Our credit risk management function is independent from our business divisions and in each of our divisions, credit decision standards, processes and principles are consistently applied.

A key principle of credit risk management is client credit due diligence. Our client selection is achieved in collaboration with our business division counterparts who stand as a first line of defence.

We aim to prevent undue concentration and tail-risks (large unexpected losses) by maintaining a diversified credit portfolio. Client, industry, country and product-specific concentrations are assessed and managed against our risk appetite.

We maintain underwriting standards aiming to avoid large directional credit risk on a counterparty and portfolio level. In this regard we assume unsecured cash positions and actively use hedging for risk mitigation purposes. Additionally, we strive to secure our derivative portfolio through collateral agreements and may additionally hedge concentration risks to further mitigate credit risks from underlying market movements.

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Every new credit facility and every extension or material change of an existing credit facility (such as its tenor, collateral structure or major covenants) to any counterparty requires credit approval at the appropriate authority level. We assign credit approval authorities to individuals according to their qualifications, experience and training, and we review these periodically.

We measure and consolidate all our credit exposures to each obligor across our consolidated Group on a global basis, in line with regulatory requirements.

We manage credit exposures on the basis of the one obligor principle, under which all facilities to a group of borrowers which are linked to each other (i.e., by one entity holding a majority of the voting rights or capital of another) are consolidated under one group.

We have established within Credit Risk Management where appropriate specialized teams for deriving internal client ratings, analyzing and approving transactions, monitoring the portfolio or covering workout clients. The credit coverage for assets transferred to the NCOU utilizes the expertise of our core credit organization.

Measuring Credit Risk

Credit risk is measured by credit rating, regulatory and internal capital demand and key credit metrics mentioned below.

The credit rating is an essential part of the Bank's underwriting and credit process and builds the basis for risk appetite determination on a counterparty and portfolio level, credit decision and transaction pricing as well the determination of credit risk regulatory capital. Each borrower must be rated and each rating has to be reviewed at least annually. Ongoing monitoring of counterparties helps keep ratings up-to-date. There must be no credit limit without a credit rating. For each credit rating the appropriate rating approach has to be applied and the derived credit rating has to be established in the relevant systems. Different rating approaches have been established to best reflect the specific characteristics of exposure classes, including central governments and central banks, institutions, corporates and retail.

Counterparties in our non-homogenous portfolios are rated by our independent Credit Risk Management function. Country risk related ratings are provided by dbResearch.

Our rating analysis is based on a combination of qualitative and quantitative factors. When rating a counterparty we apply in-house assessment methodologies, scorecards and our 21-grade rating scale for evaluating the credit-worthiness of our counterparties.

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All of our rating methodologies, excluding Postbank, have to be approved by the Capital Methodology Committee (CMC), a sub-committee of the Regulatory Capital Committee, before the methodologies are used for credit decisions and capital calculation for the first time or before they are significantly changed. Regulatory approval may be required in addition. The methodology validation is performed independently of model development by Global Model Validation and Governance. The results of the regular validation processes as stipulated by internal policies have to be brought to the attention of the CMC, even if the validation results do not lead to a change. The validation plan for rating methodologies is presented to CMC at the beginning of the calendar year and a status update is given on a quarterly basis.

For Postbank, responsibility for implementation and monitoring of internal rating systems effectiveness rests with Postbank's Risk Analytics unit and Postbank's validation committee, chaired by Postbank's Head of Credit Risk Controlling. All rating systems are subject to approval by Postbank's Bank Risk Committee chaired by the Chief Risk Officer. Effectiveness of rating systems and rating results are reported to the Postbank Management Board on a regular basis. Joint governance is ensured via a cross committee membership of Deutsche Bank senior managers joining Postbank committees and vice versa.

Besides the credit rating the key credit risk metric we apply for managing our credit portfolio, including transaction approval and the setting of risk appetite, are internal limits and credit exposures under these limits. Credit limits set forth maximum credit exposures we are willing to assume over specified periods. In determining the credit limit for a counterparty, we consider the counterparty's credit quality by reference to our internal credit rating. Credit limits and credit exposures are both measured on a gross and net basis where net is derived by deducting hedges and certain

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collateral from respective gross figures. For derivatives, we look at current market values and the potential future exposure over the lifetime of a transaction. We generally also take into consideration the Risk-Return characteristics of individual transactions and portfolios. Risk-Return metrics explain the development of client revenues as well as capital consumption. In this regard we also look at the client revenues with respect to the balance sheet consumption.

We measure the risk-weighted assets to determine the regulatory capital demand for credit risk using advanced, foundation and standard approaches of which advanced and foundation are approved by our regulator.

The advanced Internal Ratings Based Approach (IRBA) is the most sophisticated approach available under the regulatory framework for credit risk and allows us to make use of our internal credit rating methodologies as well as internal estimates of specific other risk parameters. These methods and parameters represent long-used key components of the internal risk measurement and management process supporting the credit approval process, the economic capital and expected loss calculation and the internal monitoring and reporting of credit risk. The relevant parameters include the probability of default (PD), the loss given default (LGD) and the maturity (M) driving the regulatory risk-weight and the credit conversion factor (CCF) as part of the regulatory exposure at default (EAD) estimation. For the majority of derivative counterparty exposures as well as securities financing transactions (SFT), we make use of the internal model method (IMM) in accordance with CRR and SolvV to calculate EAD. For most of our internal rating systems more than seven years of historical information is available to assess these parameters. Our internal rating methodologies reflect a point-in-time rather than a through-the-cycle rating.

We apply the foundation IRBA to the majority of our remaining foundation IRBA eligible credit portfolios at Postbank to the extent these have not been newly assigned to the advanced IRBA during 2015. The foundation IRBA is an approach available under the regulatory framework for credit risk allowing institutions to make use of their internal rating methodologies while using pre-defined regulatory values for all other risk parameters. Parameters subject to internal estimates include the probability of default (PD) while the loss given default (LGD) and the credit conversion factor (CCF) are defined in the regulatory framework.

We apply the standardized approach to a subset of our credit risk exposures. The standardized approach measures credit risk either pursuant to fixed risk weights, which are predefined by the regulator, or through the application of external ratings. We assign certain credit exposures permanently to the standardized approach in accordance with Article 150 CRR. These are predominantly exposures to the Federal Republic of Germany and other German public sector entities as well as exposures to central governments of other European Member States that meet the required conditions. These exposures make up more than half of the exposures carried in the standardized approach and receive predominantly a risk weight of zero percent. For internal purposes, however, these exposures are subject to an internal credit assessment and fully integrated in the risk management and economic capital processes.

In addition to the above described regulatory capital demand, we determine the internal capital demand for credit risk via an economic capital model.

We calculate economic capital for the default risk, country risk and settlement risk as elements of credit risk. In line with our economic capital framework, economic capital for credit risk is set at a level to absorb with a probability of 99.98 % very severe aggregate unexpected losses within one year. Our economic capital for credit risk is derived from the loss distribution of a portfolio via Monte Carlo Simulation of correlated rating migrations. The loss distribution is modeled in two steps. First, individual credit exposures are specified based on parameters for the probability of default, exposure at default and loss given default. In a second step, the probability of joint defaults is modeled through the introduction of economic factors, which correspond to geographic regions and industries. The simulation of portfolio losses is then performed by an internally developed model, which takes rating migration and maturity effects into account. Effects due to wrong-way derivatives risk (i.e., the credit exposure of a derivative in the default case is higher than in nondefault scenarios) are modeled by applying our own alpha factor when deriving the exposure at default for derivatives and securities financing transactions under the CRR. The alpha factor is identical with the one used for the risk-weighted assets calculation, yet subject to a lower floor of 1.0. For December 31, 2015 the alpha factor was calibrated to 1.13. We allocate expected losses and economic capital derived from loss distributions down to transaction level to enable management on transaction, customer and business level.

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Managing and Mitigation of Credit Risk

Managing Credit Risk on Counterparty Level

Credit-related counterparties are principally allocated to credit officers within credit teams which are aligned to types of counterparty (such as financial institutions, corporates or private individuals) or economic area (i.e., emerging markets) and dedicated rating analyst teams. The individual credit officers have the relevant expertise and experience to manage the credit risks associated with these counterparties and their associated credit related transactions. For retail clients credit decision making and credit monitoring is highly automated for efficiency reasons. Credit Risk Management has full oversight of the respective processes and tools used in the retail credit process. It is the responsibility of each credit officer to undertake ongoing credit monitoring for their allocated portfolio of counterparties. We also have procedures in place intended to identify at an early stage credit exposures for which there may be an increased risk of loss.

In instances where we have identified counterparties where there is a concern that the credit quality has deteriorated or appears likely to deteriorate to the point where they present a heightened risk of loss in default, the respective exposure is generally placed on a watch list. We aim to identify counterparties that, on the basis of the application of our risk management tools, demonstrate the likelihood of problems well in advance in order to effectively manage the credit exposure and maximize the recovery. The objective of this early warning system is to address potential problems while adequate options for action are still available. This early risk detection is a tenet of our credit culture and is intended to ensure that greater attention is paid to such exposures.

Credit limits are established by the Credit Risk Management function via the execution of assigned credit authorities. This also applies to settlement risk that must fall within limits pre-approved by CRM considering risk appetite and in a manner that reflects expected settlement patterns for the subject counterparty. Credit approvals are documented by the signing of the credit report by the respective credit authority holders and retained for future reference.

Credit authority is generally assigned to individuals as personal credit authority according to the individual's professional qualification and experience. All assigned credit authorities are reviewed on a periodic basis to help ensure that they are adequate to the individual performance of the authority holder.

Where an individual's personal authority is insufficient to establish required credit limits, the transaction is referred to a higher credit authority holder or where necessary to an appropriate credit committee such as the Underwriting Committee. Where personal and committee authorities are insufficient to establish appropriate limits, the case is referred to the Management Board for approval.

Mitigation of Credit Risk on Counterparty Level

In addition to determining counterparty credit quality and our risk appetite, we also use various credit risk mitigation techniques to optimize credit exposure and reduce potential credit losses. Credit risk mitigants are applied in the following forms:

Comprehensive and enforceable credit documentation with adequate terms and conditions.

Collateral held as security to reduce losses by increasing the recovery of obligations.

Risk transfers, which shift the probability of default risk of an obligor to a third party including hedging executed by our Credit Portfolio Strategies Group.

Netting and collateral arrangements which reduce the credit exposure from derivatives and repo- and repo-style transactions.

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Collateral

We regularly agree on collateral to be received from or to be provided to customers in contracts that are subject to credit risk. Collateral is security in the form of an asset or third-party obligation that serves to mitigate the inherent risk of credit loss in an exposure, by either substituting the borrower default risk or improving recoveries in the event of a default. While collateral can be an alternative source of repayment, it generally does not replace the necessity of high quality underwriting standards and a thorough assessment of the debt service ability of the borrower

We segregate collateral received into the following two types:

Financial and other collateral, which enables us to recover all or part of the outstanding exposure by liquidating the collateral asset provided, in cases where the borrower is unable or unwilling to fulfil its primary obligations. Cash collateral, securities (equity, bonds), collateral assignments of other claims or inventory, equipment (i.e., plant, machinery and aircraft) and real estate typically fall into this category.

Guarantee collateral, which complements the borrower's ability to fulfil its obligation under the legal contract and as such is provided by third parties. Letters of credit, insurance contracts, export credit insurance, guarantees, credit derivatives and risk participations typically fall into this category.

Our processes seek to ensure that the collateral we accept for risk mitigation purposes is of high quality. This includes seeking to have in place legally effective and enforceable documentation for realizable and measureable collateral assets which are evaluated regularly by dedicated teams. The assessment of the suitability of collateral for a specific transaction is part of the credit decision and must be undertaken in a conservative way, including collateral haircuts that are applied. We have collateral type specific haircuts in place which are regularly reviewed and approved. In this regard, we strive to avoid wrong-way risk characteristics where the borrower's counterparty risk is positively correlated with the risk of deterioration in the collateral value. For guarantee collateral, the process for the analysis of the guarantor's creditworthiness is aligned to the credit assessment process for borrowers.

Risk Transfers

Risk transfers to third parties form a key part of our overall risk management process and are executed in various forms, including outright sales, single name and portfolio hedging, and securitizations. Risk transfers are conducted by the respective business units and by our Credit Portfolio Strategies Group (CPSG), in accordance with specifically approved mandates.

CPSG manages the residual credit risk of loans and lending-related commitments of the institutional and corporate credit portfolio; the leveraged portfolio and the medium-sized German companies portfolio within our Corporate Divisions of CB&S and GTB.

Acting as a central pricing reference, CPSG provides the respective CB&S and GTB Division businesses with an observed or derived capital market rate for loan applications; however, the decision of whether or not the business can enter into the credit risk remains exclusively with Credit Risk Management.

CPSG is concentrating on two primary objectives within the credit risk framework to enhance risk management discipline, improve returns and use capital more efficiently:

- to reduce single-name credit risk concentrations within the credit portfolio and

- to manage credit exposures by utilizing techniques including loan sales, securitization via collateralized loan obligations, default insurance coverage and single-name and portfolio credit default swaps.

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Netting and Collateral Arrangements for Derivatives and Securities Financing Transactions

Netting is applicable to both exchange traded derivatives and OTC derivatives. Netting is also applied to securities financing transactions as far as documentation, structure and nature of the risk mitigation allow netting with the underlying credit risk.

All exchange traded derivatives are cleared through central counterparties (CCPs), which interpose themselves between the trading entities by becoming the counterparty to each of the entities. Where available and to the extent agreed with our counterparties, we also use CCP clearing for our OTC derivative transactions. The Dodd-Frank Wall Street Reform and Consumer Protection Act (DFA) introduced mandatory CCP clearing for certain standardized OTC derivative transactions in 2013. The European Regulation (EU) No 648/2012 on OTC Derivatives, Central Counterparties and Trade Repositories (EMIR) will introduce mandatory CCP clearing for standardized OTC derivatives transactions; mandatory CCP clearing for certain interest rate derivatives will start on 21 June 2016. The rules and regulations of CCPs usually provide for the bilateral set off of all amounts payable on the same day and in the same currency (payment netting) and thereby reducing our settlement risk. Depending on the business model applied by the CCP, this payment netting applies either to all of our derivatives cleared by the CCP or at least to those that form part of the same class of derivatives. Many CCP rules and regulations also provide for the termination, close-out and netting of all cleared transactions upon the CCP s default (close-out netting), which reduced our credit risk. In our risk measurement and risk assessment processes we apply close-out netting only to the extent we have satisfied ourselves of the legal validity and enforceability of the relevant CCP s close-out netting provisions.

In order to reduce the credit risk resulting from OTC derivative transactions, where CCP clearing is not available, we regularly seek the execution of standard master agreements (such as master agreements for derivatives published by the International Swaps and Derivatives Association, Inc. (ISDA) or the German Master Agreement for Financial Derivative Transactions) with our counterparts. A master agreement allows for the close-out netting of rights and obligations arising under derivative transactions that have been entered into under such a master agreement upon the counterparty s default, resulting in a single net claim owed by or to the counterparty. For parts of the derivatives business (i.e., foreign exchange transactions) we also enter into master agreements under which payment netting applies in respect to transactions covered by such master agreements, reducing our settlement risk. In our risk measurement and risk assessment processes we apply close-out netting only to the extent we have satisfied ourselves of the legal validity and enforceability of the master agreement in all relevant jurisdictions.

Also, we enter into credit support annexes (CSA) to master agreements in order to further reduce our derivatives-related credit risk. These annexes generally provide risk mitigation through periodic, usually daily, margining of the covered exposure. The CSAs also provide for the right to terminate the related derivative transactions upon the counterparty s failure to honour a margin call. As with netting, when we believe the annex is enforceable, we reflect this in our exposure measurement.

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Certain CSAs to master agreements provide for rating dependent triggers, where additional collateral must be pledged if a party's rating is downgraded. We also enter into master agreements that provide for an additional termination event upon a party's rating downgrade. These downgrading provisions in CSAs and master agreements usually apply to both parties but may also apply to us only. We analyze and monitor our potential contingent payment obligations resulting from a rating downgrade in our stress testing approach for liquidity risk on an ongoing basis. For an assessment of the quantitative impact of a downgrading of our credit rating please refer to table "Stress Testing Results" in the section "Liquidity Risk".

Concentrations within Credit Risk Mitigation

Concentrations within credit risk mitigations taken may occur if a number of guarantors and credit derivative providers with similar economic characteristics are engaged in comparable activities with changes in economic or industry conditions affecting their ability to meet contractual obligations. We use a range of quantitative tools and metrics to monitor our credit risk mitigating activities. These also include monitoring of potential concentrations within collateral types supported by dedicated stress tests.

For more qualitative and quantitative details in relation to the application of credit risk mitigation and potential concentration effects please refer to the section "Maximum Exposure to Credit Risk".

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Managing Credit Risk on Portfolio Level

On a portfolio level, significant concentrations of credit risk could result from having material exposures to a number of counterparties with similar economic characteristics, or who are engaged in comparable activities, where these similarities may cause their ability to meet contractual obligations to be affected in the same manner by changes in economic or industry conditions.

Our portfolio management framework supports a comprehensive assessment of concentrations within our credit risk portfolio in order to keep concentrations within acceptable levels.

Industry Risk Management

To manage industry risk, we have grouped our corporate and financial institutions counterparties into various industry sub-portfolios. For each of these sub-portfolios an Industry Batch report is prepared usually on an annual basis. This report highlights industry developments and risks to our credit portfolio, reviews concentration risks, analyses the risk/reward profile of the portfolio and incorporates an economic downside stress test. Finally, this analysis is used to define the credit strategies for the portfolio in question.

The Industry Batch reports are presented to the CRM Portfolio Committee, a sub-committee of the Portfolio Risk Committee, which is a sub-committee of our Risk Executive Committee and Capital and Risk Committee, and are submitted afterwards to the Management Board. In accordance with an agreed schedule, a select number of Industry Batch reports are also submitted to the Risk Committee of the Supervisory Board. In addition to these Industry Batch reports, the development of the industry sub-portfolios is regularly monitored during the year and is compared with the approved sub-portfolio strategies. Regular overviews are prepared for the CRM Portfolio Committee to discuss recent developments and to agree on actions where necessary.

Country Risk Management

Avoiding undue concentrations from a regional perspective is also an integral part of our credit risk management framework. In order to achieve this, country risk limits are applied to Emerging Markets as well as selected Developed Markets countries (based on internal country risk ratings). Emerging Markets are grouped into regions and for each region, as well as for the Higher Risk Developed Markets, a Country

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Batch report is prepared, usually on an annual basis. These reports assess key macroeconomic developments and outlook, review portfolio composition and concentration risks and analyse the risk/reward profile of the portfolio. Based on this, limits and strategies are set for countries and, where relevant, for the region as a whole. Country risk limits are approved by either our Management Board or by our Portfolio Risk Committee, pursuant to delegated authority, and by the Postbank Management Board for respective portfolios.

In our Country Limit framework, limits are established for counterparty credit risk exposures in a given country to manage the aggregated credit risk subject to country-specific economic and political events. These limits include exposures to entities incorporated locally as well as subsidiaries of foreign multinational corporations. Separate Transfer Risk limits are established which apply to any cross-border exposures (credit and trading) with our clients in above countries. Also, gap risk limits are set to control the risk of loss due to intra-country wrong-way risk exposure.

Beyond credit risk, our Country Risk Framework comprises Market Risk in trading positions in emerging markets and is set based on the P&L impact of potential stressed market events on these positions. Furthermore we take in consideration treasury risk comprising capital positions and exposure of Deutsche Bank entities in above countries (Funding, Margin or Guarantees) which are subject to limits given the transfer risk inherent in these cross-border positions.

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Our country risk ratings represent a key tool in our management of country risk. They are established by the independent dbResearch function within Deutsche Bank and include:

Sovereign rating: A measure of the probability of the sovereign defaulting on its foreign or local currency obligations.

Transfer risk rating: A measure of the probability of a transfer risk event, i.e., the risk that an otherwise solvent debtor is unable to meet its obligations due to inability to obtain foreign currency or to transfer assets as a result of direct sovereign intervention.

Event risk rating: A measure of the probability of major disruptions in the market risk factors relating to a country (interest rates, credit spreads, etc.). Event risks are measured as part of our event risk scenarios, as described in the section Market Risk Monitoring of this report.

All sovereign and transfer risk ratings are reviewed, at least quarterly, by the Portfolio Risk Committee, although more frequent reviews are undertaken when deemed necessary.

Product specific Risk Management

Complementary to our counterparty, industry and country risk approach, we focus on product specific risk concentrations and selectively set limits where required for risk management purposes. Specific product limits are set in particular if a concentration of transactions of a specific type might lead to significant losses under certain cases. In this respect, correlated losses might result from disruptions of the functioning of financial markets, significant moves in market parameters to which the respective product is sensitive, macroeconomic default scenarios or other factors affecting certain credit products. Specific product limits can either be set with regards to exposure to certain industries or affecting the total credit portfolio. We manage credit related product limits within CB&S and GTB under a uniform framework. Exposures are monitored regularly; re-mediatory action is required in case of an excess of utilization over the approved limit.

A key focus is put on underwriting caps. These caps limit the combined risk for transactions where we underwrite commitments with the intention to sell down or distribute part of the risk to third parties. These commitments include the undertaking to fund bank loans and to provide bridge loans for the issuance of public bonds. The risk is that we may not be successful in the distribution of the facilities, meaning that we would have to hold more of the underlying risk for longer periods of time than originally intended. These underwriting commitments are additionally exposed to market risk in the form of widening credit spreads. We dynamically hedge this credit spread risk to be within the

approved market risk limit framework.

Furthermore, in our PBC businesses, we apply product-specific strategies setting our risk appetite for sufficiently homogeneous portfolios where tailored client analysis is secondary, such as the retail portfolios of mortgages, business and consumer finance products. In Wealth Management, target levels are set for global concentrations along products as well as based on the liquidity of the underlying collateral.

Market Risk Management

Market Risk Framework

The vast majority of our businesses are subject to market risk, defined as the potential for change in the market value of our trading and invested positions. Risk can arise from changes in interest rates, credit spreads, foreign exchange rates, equity prices, commodity prices and other relevant parameters, such as market volatility and market implied default probabilities.

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One of the primary objectives of Market Risk Management, a part of our independent Risk function, is to ensure that our business units do not expose us to unacceptable losses outside of our risk appetite. To achieve this objective, Market Risk Management works closely together with risk takers (the business units) and other control and support groups.

We distinguish between three substantially different types of market risk:

Trading market risk arises primarily through the market-making activities of the CB&S Division. This involves taking positions in debt, equity, foreign exchange, other securities and commodities as well as in equivalent derivatives.

Traded default risk arising from defaults and rating migrations relating to trading instruments.

Nontrading market risk arises from market movements, primarily outside the activities of our trading units, in our banking book and from off-balance sheet items. This includes interest rate risk, credit spread risk, investment risk and foreign exchange risk as well as market risk arising from our pension schemes, guaranteed funds and equity compensation. Nontrading market risk also includes risk from the modeling of client deposits as well as savings and loan products.

Market Risk Management governance is designed and established to promote oversight of all market risks, effective decision-making and timely escalation to senior management.

Market Risk Management defines and implements a framework to systematically identify, assess, monitor and report our market risk. Market risk managers identify market risks through active portfolio analysis and engagement with the business areas.

Market Risk Measurement

We aim to accurately measure all types of market risks by a comprehensive set of risk metrics reflecting economic and regulatory requirements.

In accordance with economic and regulatory requirements, we measure market risks by several internally developed key risk metrics and regulatory defined market risk approaches.

Trading Market Risk

Our primary mechanism to manage trading market risk is the application of our Risk Appetite framework of which the limit framework is a key component. Our Management Board supported by Market Risk Management, sets group-wide value-at-risk, economic capital and portfolio stress testing limits for market risk in the trading book. Market Risk Management allocates this overall appetite to our Corporate Divisions and individual business units within CB&S (i.e., Structured Finance, Equities, etc.) based on established and agreed business plans. We also have business aligned heads within Market Risk Management to establish business limits, by allocating the limit down to individual portfolios or geographical regions.

Value-at-risk, economic capital and Portfolio Stress Testing limits are used for managing all types of market risk at an overall portfolio level. As an additional and complementary tool for managing certain portfolios or risk types, Market Risk Management performs risk analysis and business specific stress testing. Limits are also set on sensitivity and concentration/liquidity, business-level stress testing and event risk scenarios.

Business units are responsible for adhering to the limits against which exposures are monitored and reported. The market risk limits set by Market Risk Management are monitored on a daily, weekly and monthly basis.

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Internally developed Market Risk Models

Value-at-Risk (VaR)

VaR is a quantitative measure of the potential loss (in value) of Fair Value positions due to market movements that will not be exceeded in a defined period of time and with a defined confidence level.

Our value-at-risk for the trading businesses is based on our own internal model. In October 1998, the German Banking Supervisory Authority (now the BaFin) approved our internal model for calculating the regulatory market risk capital for our general and specific market risks. Since then the model has been continually refined and approval has been maintained.

We calculate VaR using a 99 % confidence level and a one day holding period. This means we estimate there is a 1 in 100 chance that a mark-to-market loss from our trading positions will be at least as large as the reported VaR. For regulatory purposes, which include the calculation of our capital requirements and risk-weighted assets, the holding period is ten days.

We use one year of historical market data as input to calculate VaR. The calculation employs a Monte Carlo Simulation technique, and we assume that changes in risk factors follow a well-defined distribution, e.g. normal or non-normal (t, skew-t, Skew-Normal). To determine our aggregated VaR, we use observed correlations between the risk factors during this one year period.

Our VaR model is designed to take into account a comprehensive set of risk factors across all asset classes. Key risk factors are swap/government curves, index and issuer-specific credit curves, funding spreads, single equity and index prices, foreign exchange rates, commodity prices as well as their implied volatilities. To help ensure completeness in the risk coverage, second order risk factors, e.g. CDS index vs. constituent basis, money market basis, implied dividends, option-adjusted spreads and precious metals lease rates are considered in the VaR calculation.

For each business unit a separate VaR is calculated for each risk type, e.g. interest rate risk, credit spread risk, equity risk, foreign exchange risk and commodity risk. For each risk type this is achieved by deriving the sensitivities to the relevant risk type and then simulating changes in the associated risk drivers. Diversification effect reflects the fact that the total VaR on a given day will be lower than the sum of the VaR relating to the individual risk types. Simply adding the VaR figures of the individual risk types to arrive at an aggregate VaR would imply the

assumption that the losses in all risk types occur simultaneously.

The model incorporates both linear and, especially for derivatives, nonlinear effects through a combination of sensitivity-based and revaluation approaches on grids.

The VaR measure enables us to apply a consistent measure across all of our trading businesses and products. It allows a comparison of risk in different businesses, and also provides a means of aggregating and netting positions within a portfolio to reflect correlations and offsets between different asset classes. Furthermore, it facilitates comparisons of our market risk both over time and against our daily trading results.

When using VaR estimates a number of considerations should be taken into account. These include:

The use of historical market data may not be a good indicator of potential future events, particularly those that are extreme in nature. This backward-looking limitation can cause VaR to understate risk (as in 2008), but can also cause it to be overstated.

Assumptions concerning the distribution of changes in risk factors, and the correlation between different risk factors, may not hold true, particularly during market events that are extreme in nature. The one day holding period does not fully capture the market risk arising during periods of illiquidity, when positions cannot be closed out or hedged within one day.

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VaR does not indicate the potential loss beyond the 99 quantile.

Intra-day risk is not reflected in the end of day VaR calculation.

There may be risks in the trading book that are partially or not captured by the VaR model.

We are committed to the ongoing development of our internal risk models, and we allocate substantial resources to reviewing, validating and improving them. Additionally, we have further developed and improved our process of systematically capturing and evaluating risks currently not captured in our value-at-risk model. An assessment is made to determine the level of materiality of these risks and material risks are prioritized for inclusion in our internal model. All risks not in value-at-risk are monitored and assessed on a regular basis through our RNIV framework.

Stressed Value-at-Risk

Stressed Value-at-Risk calculates a stressed value-at-risk measure based on a one year period of significant market stress. We calculate a stressed value-at-risk measure using a 99 % confidence level. The holding period is one day for internal purposes and ten days for regulatory purposes. Our stressed value-at-risk calculation utilizes the same systems, trade information and processes as those used for the calculation of value-at-risk. The only difference is that historical market data from a period of significant financial stress (i.e., characterized by high volatilities) is used as an input for the Monte Carlo Simulation.

The time window selection process for the stressed value-at-risk calculation is based on the identification of a time window characterized by high levels of volatility and extreme movements in the top value-at-risk contributors. The results from these two indicators (volatility and number of outliers) are combined using chosen weights intended to ensure qualitative aspects are also taken into account (i.e., inclusion of key crisis periods).

Incremental Risk Charge

Incremental Risk Charge captures default and credit migration risks for credit-sensitive positions in the trading book. It applies to credit products over a one-year capital horizon at a 99.9 % confidence level, taking into account the liquidity horizons of individual positions or sets of positions. We use a Monte Carlo Simulation for calculating incremental risk charge as the 99.9 % quantile of the portfolio loss distribution and for allocating contributory incremental risk charge to individual positions.

The model captures the default and migration risk in an accurate and consistent quantitative approach for all portfolios. Important parameters for the incremental risk charge calculation are exposures, recovery rates and default probabilities, ratings migrations, maturity, and liquidity horizons of individual positions.

Comprehensive Risk Measure

Comprehensive Risk Measure captures incremental risk for the correlation trading portfolio calculated using an internal model subject to qualitative minimum requirements as well as stress testing requirements. The comprehensive risk measure for the correlation trading portfolio is based on our own internal model.

We calculate the comprehensive risk measure based on a Monte Carlo Simulation technique to a 99.9 % confidence level and a capital horizon of one year. Our model is applied to the eligible corporate correlation trading positions where typical products include collateralized debt obligations, nth-to-default credit default swaps, and commonly traded index- and single-name credit default swaps. Trades subject to the comprehensive risk measure have to meet minimum liquidity standards to be eligible. The model incorporates concentrations of the portfolio and nonlinear effects via a full revaluation approach.

For regulatory reporting purposes, the comprehensive risk measure represents the higher of the internal model spot value at the reporting dates, their preceding 12-week average calculation, and the floor, where the floor is equal to 8 % of the equivalent capital charge under the standardized approach securitization framework.

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Market Risk Standardized Approach

Market Risk Management monitors exposures and addresses risk issues and concentrations for certain exposures under the specific Market Risk Standardized Approach (MRSA). We use the MRSA to determine the regulatory capital charge for the specific market risk of trading book securitizations which fall outside the scope of the regulatory correlation trading portfolio.

We also use the MRSA to determine the regulatory capital charge for longevity risk as set out in CRR/CRD 4 regulations. Longevity risk is the risk of adverse changes in life expectancies resulting in a loss in value on longevity linked policies and transactions. For risk management purposes, stress testing and economic capital allocations are also used to monitor and manage longevity risk. Furthermore, certain types of investment funds require a capital charge under the MRSA. For risk management purposes, these positions are also included in our internal reporting framework.

Market Risk Stress Testing

Stress testing is a key risk management technique, which evaluates the potential effects of extreme market events and extreme movements in individual risk factors. It is one of the core quantitative tools used to assess the market risk of Deutsche Bank s positions and complements VaR and Economic Capital. Market Risk Management performs several types of stress testing to capture the variety of risks: Portfolio stress testing, individual specific stress tests, Event Risk Scenarios, and also contributes to Group-wide stress testing

Trading Market Risk Economic Capital (TMR EC)

Our trading market risk economic capital model - scaled Stressed VaR based EC (SVaR based EC) - comprises two core components, the common risk component covering risk drivers across all businesses and the business-specific risk component, which enriches the Common Risk via a suite of Business Specific Stress Tests (BSSTs). Both components are calibrated to historically observed severe market shocks. Common risk is calculated using a scaled version of the Regulatory SVaR framework while BSSTs is desired to capture more product/business-related bespoke risks (e.g. complex basis risks) as well as higher order risks (e.g. for equity options) not captured in the common risk component.

Traded Default Risk Economic Capital (TDR EC)

TDR captures the credit exposures across our trading books and it is monitored via single name concentration and portfolio limits which are set based upon rating, size and liquidity. Single name concentration risk limits are set for two key metrics: Default Exposure, i.e., the P&L impact of an instantaneous default at the current recovery rate (RR), and bond equivalent Market Value (MV), i.e. default exposure at 0 % recovery. In order to capture diversification and concentration effects we perform a joint calculation for traded default risk economic capital and credit risk economic capital. Important parameters for the calculation of traded default risk are exposures, recovery rates and default probabilities as well as maturities. The probability of joint rating downgrades and defaults is determined by the default and rating correlations of the portfolio model. These correlations are specified through systematic factors that represent countries, geographical regions and industries.

Trading Market Risk Reporting

Market Risk Management reporting creates transparency on the risk profile and facilitates the understanding of core market risk drivers to all levels of the organization. The Management Board and Senior Governance Committees receive regular reporting, as well as ad hoc reporting as required, on market risk, regulatory capital and stress testing. Senior Risk Committees receive risk information at a number of frequencies,

including weekly or monthly.

Additionally, Market Risk Management produces daily and weekly Market Risk specific reports and daily limit excess reports for each asset class.

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Regulatory prudent valuation of assets carried at fair value

Pursuant to Article 34 CRR institutions shall apply the prudent valuation requirements of Article 105 CRR to all assets measured at fair value and shall deduct from CET 1 capital the amount of any additional value adjustments necessary.

We determined the amount of the additional value adjustments based on the methodology defined in the EBA final draft Regulatory Technical Standard.

We agreed with the ECB to apply this standard in our regulatory capital calculation from 30 September 2015.

At 31 December 2015 the amount of the additional value adjustments was 1.9 billion.

Based on Article 159 CRR the total amount of general and specific credit risk adjustments and additional value adjustments for exposures that are treated under the Internal Ratings Based Approach for credit risk and that are in scope of the expected loss calculation may be subtracted from the total expected loss amount related to these exposures. Any remaining positive difference must be deducted from CET 1 capital pursuant to Article 36 (1) lit. d. CRR.

At 31 December 2015 the reduction of the expected loss from subtracting the additional value adjustments was 0.6 billion, which partly mitigated the negative impact of the additional value adjustments on our CET 1 capital.

Nontrading Market Risk

Nontrading market risk arises primarily from outside the activities of our trading units, in our banking book and from certain off-balance sheet items. Significant market risk factors the bank is exposed to and are overseen by risk management groups in that area are:

Interest rate risk (including model risk from embedded optionality and from modeling behavioral assumptions for certain product types), credit spread risk, foreign exchange risk, equity risk (including investments in public and private equity as well as real estate, infrastructure and fund assets).

Market risks from off-balance sheet items such as pension schemes and guarantees as well as structural foreign exchange risk and equity compensation risk.

Interest Rate Risk in the Banking Book

The majority of our interest rate risk arising from nontrading asset and liability positions, with the exception of some entities and portfolios, has been transferred through internal transactions to the CB&S division. This internally transferred interest rate risk is managed on the basis of value-at-risk, as reflected in trading portfolio figures. The treatment of interest rate risk in our trading portfolios and the application of the value-at-risk model is discussed in the Trading Market Risk section of this document.

The most notable exceptions from the aforementioned paragraph are in the PBC Corporate Division in Germany including Postbank and the Deutsche AWM mortgage business in the U.S. Unit. These entities manage interest rate risk separately through dedicated Asset and Liability Management departments subject to banking book value-at-risk limits set and monitored by Market Risk Management. The measurement and reporting of interest rate risk managed by these dedicated Asset and Liability functions is performed daily. In addition, the Group holds selected positions managed by Treasury, where the measurement and reporting of interest rate risk is performed also daily. The global interest rate risk in

the banking book is reported on a monthly basis.

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The maximum negative change of present values of the banking book positions when applying the regulatory required parallel yield curve shifts of (200) and +200 basis points floored by a rate of zero was less than 2 % of our total regulatory capital at December 31, 2015.

Our PBC, GTB and Deutsche AWM businesses are subject to risk of behavioral change with regard to client deposits as well as savings and loan products. Measuring interest rate risks for these product types in the banking book is based upon assumptions with respect to client behavior, future availability of deposit balances and sensitivities of deposit rates versus market interest rates resulting in a longer than contractual effective duration. Those parameters are subject to stress testing within our Economic Capital framework. Additionally, consideration is made regarding early prepayment behavior for loan products. The parameters are based on historical observations, statistical analyses and expert assessments. If the future evolution of balances, rates or client behavior differs from these assumptions, then this could have an impact on our interest rate risks in the banking book.

Credit Spread Risk in the Banking Book

Deutsche Bank is exposed to credit spread risk of bonds held in the banking book. This risk category is closely associated with interest rate risk in the banking book.

Foreign Exchange Risk

Foreign exchange risk arises from our nontrading asset and liability positions, denominated in currencies other than the functional currency of the respective entity. The majority of this foreign exchange risk is transferred through internal hedges to trading books within CB&S and is therefore reflected and managed via the value-at-risk figures in the trading books. The remaining foreign exchange risks that have not been transferred are mitigated through match funding the investment in the same currency, therefore only residual risk remains in the portfolios. Small exceptions to above approach follow the general MRM monitoring and reporting process, as outlined for the trading portfolio.

The bulk of nontrading foreign exchange risk is related to unhedged structural foreign exchange exposure, mainly in our U.S., U.K. and China entities. Structural foreign exchange exposure arises from local capital (including retained earnings) held in the Bank’s consolidated subsidiaries and branches and from investments accounted for at equity. Change in foreign exchange rates of the underlying functional currencies result in revaluation of capital and retained earnings and are recognized in other comprehensive income booked as Currency Translation Adjustments (CTA).

The primary objective for managing our structural foreign exchange exposure is to stabilize consolidated capital ratios from the effects of fluctuations in exchange rates. Therefore the exposure remains unhedged for a number of core currencies with considerable amounts of risk-weighted assets denominated in that currency in order to avoid volatility in the capital ratio for the specific entity and the Group as a whole.

Investment Risk

Nontrading market risk from investment exposure is predominantly the equity risk arising from our non-consolidated investment holdings in the banking book categorized into strategic and alternative investment assets.

Strategic investments typically relate to acquisitions made to support our business franchise and are undertaken with a medium to long-term investment horizon. Alternative assets are comprised of principal investments and other non-strategic investment assets. Principal investments are direct investments in private equity (including leveraged buy-out fund commitments and equity bridge commitments), real estate (including mezzanine debt) and venture capital, undertaken for capital appreciation. In addition, principal investments are made in hedge funds and mutual

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funds in order to establish a track record for sale to external clients. Other non-strategic investment assets comprise assets recovered in the workout of distressed positions or other legacy investment assets in private equity and real estate of a non-strategic nature.

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Pension Risk

Deutsche Bank is exposed to market risk from a number of defined benefit pension schemes for past and current employees. The ability of the pension schemes to meet the projected pension payments, is maintained through investments and ongoing plan contributions. Market risk materializes due to a potential decline in the market value of the assets or an increase in the liability of each of the pension plans. Market Risk Management monitors and reports all market risks both on the asset and liability side of our defined benefit pension plans including interest rate risk, inflation risk, credit spread risk, equity risk and longevity risk. For details on our defined benefit pension obligation see additional Note 35 Employee Benefits .

Other Risks

In addition to the above risks, Market Risk Management has the mandate to monitor and manage market risks that arise from capital, funding and liquidity risk management activities of our treasury department. Besides the structural foreign exchange capital hedging process this includes market risks arising from our equity compensation plans.

Market risks in our asset management activities in Deutsche AWM, primarily results from principal guaranteed funds or accounts, but also from co-investments in our funds.

Nontrading market risk measurement.

Non-trading market risk economic capital is being calculated either by applying the standard traded market risk EC methodology (SVaR based EC model) or through the use of non-traded market risk models that are specific to each risk class and which consider, among other factors, large historically observed market moves, the liquidity of each asset class, and changes in client behavior in relation to deposit products.

Operational Risk Management**Operational Risk Framework**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. It includes legal risk but excludes business and reputational risk.

In 2015, Deutsche Bank further enhanced its capabilities in Operational Risk Management (ORM), in conjunction with the Three Lines of Defence (3LoD) Program. This included the increased clarification of the roles and responsibilities of the first and second line in managing operational risk, strengthening governance and delivery of improved tools to support risk identification and assessment. As of 2016 the responsibility for the 3LoD program resides at Group ORM.

Group Operational Risk Management (Group ORM) has responsibility for the design, implementation and maintenance of the Operational Risk Management Framework (ORMF) including the associated governance structures. Group ORM also has the responsibility for providing a cross-risk assessment and aggregation of risks to provide a holistic portfolio view of the non-financial risk profile of the Bank, which includes oversight of risk and control mitigation plans to return risk within risk tolerance, where required.

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We take decisions to manage operational risks, both strategically as well as in day-to-day business. Four principles form the foundation of operational risk management at Deutsche Bank:

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Operational Risk Principle I: Risk Owners have full accountability for their operational risks and have to manage against a defined risk specific appetite. Risk owners are defined to be: First LoD (CB&S, GTB, AWM, PBC, NCOU and first LoD Infrastructure Functions GTO, CS), for all of their operational risks and second LoD (Infrastructure Functions), for the operational risks that arise in their control processes.

Risk owners are accountable for managing all operational risks in their business/processes with an end-to-end process view, within defined operational risk specific appetite and for identifying, establishing and maintaining first level controls. In addition they mitigate identified and assessed risk within the risk specific appetite through remediation actions, insurance, risk acceptance or by ceasing/reducing business activities.

Divisional Control Officers (DCO) support the Risk Owners. They are responsible for embedding the framework within the relevant business division or infrastructure function. They assess the first level controls effectiveness, monitor the aggregated risk profile and put the appropriate control and mitigating actions in place within the relevant division. The DCOs also establish appropriate governance forums to oversee the Operational Risk (OR) profile and support decision making.

Operational Risk Principle II: Risk Type Controllers (Second LoD control functions) establish the risk management framework and define specific Risk Appetite statements for the Risk Type they own and perform independent controls. Risk Type Controllers are independent second LoD control functions which control specific risk types as identified in the risk taxonomy. We are working towards full implementation of these responsibilities.

The Risk Type Controllers are responsible for establishing an effective risk management framework for the risk type, including setting and monitoring minimum control standards. They challenge, assess and report risks within their risk types and set the risk specific appetite in accordance with the Group s Risk Appetite statement. Risk Type Controllers monitor group-wide tolerances, perform second level controls, complementary to the first level controls and define the risk taxonomy for the risk type they own. Finally they establish independent non-financial risk governance, and prepare aggregated reporting into the Group Non-Financial Risk Executive Committee (NFR ExCo).

Operational Risk Principle III: Group Operational Risk Management establishes and maintains the Group Operational Risk Management Framework. Group ORM develops and maintains the Group's framework, defining the roles and responsibilities for the management of operational risk across the bank and for defining the process to identify, assess, mitigate, monitor, report and escalate operational risks. Group ORM also maintains an operational risk taxonomy and oversees the completeness of coverage of risk types identified in the taxonomy by 2nd Line Control Functions. It also monitors execution and results of Deutsche Bank Group s Risk and Control Assessment process and operational risk concentrations.

Group ORM also provides independent challenge of the Group s operational risk profile providing independent risk views to facilitate forward looking management of the risks. The function independently monitors, reviews and assesses material risks and key controls at a divisional and infrastructure level across the Bank. It further monitors and reports on the Group's operational risk profile in comparison to the Bank s Group Risk Appetite, to systematically identify operational risk themes and concentrations, and to agree risk mitigating measures and priorities. To adhere to reporting requirements, Group ORM establishes reporting and escalating procedures up to the Management Board for risk assessment results and identified material control gaps, while informing Group Audit of material control gaps.

Operational Risk Principle IV: Group Operational Risk Management aims to maintain sufficient capital to underpin Operational Risk. Group ORM is accountable for the design, implementation and maintenance of an appropriate approach to determine a sufficient level of capital demand for Operational Risk for recommendation to the Management Board. To fulfil this requirement Group ORM is accountable for the calculation and allocation of Operational Risk Capital demand and Expected Loss planning under the Advanced Measurement Approach (AMA) approach. Group ORM is also accountable for the execution of data input controls for the Operational Risk capital calculation and for the facilitation of the annual OR Capital budgeting and monthly review process.

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Organizational & Governance Structure

Group Operational Risk Management is part of the Group Risk function which is headed by the Chief Risk Officer (CRO). The CRO appoints the Head of Group Operational Risk Management.

Within Group ORM the Head of Group Operational Risk Management is accountable for the design, implementation and maintenance of an effective and efficient Group Operational Risk Management Framework.

The NFR ExCo, which is chaired by the Chief Risk Officer, is responsible for the oversight, governance and coordination of the Non-Financial Risk management in the Deutsche Bank Group on behalf of the Management Board by establishing a cross-risk and holistic perspective of the key Non-Financial Risks of the Group. The decision-making and policy related authorities include the review, advice and management in a diligent manner of all Non-Financial Risk issues which may impact the holistic / cross risk profile reported by a business division or infrastructure function.

The Regulatory Capital Committee (RCC) has delegated parts of its authority for operational risk capital demand management to the AMA Committee (AMAC) within defined limits. The AMAC is mandated to oversee the regulatory and economic capital process for operational risk. It aims to ensure adherence to regulatory requirements for the AMA model and its calculation process as well as their adherence to internal policies. The committee either directly approves, or endorses to the RCC for approval, all quantitative and qualitative changes impacting Deutsche Bank's regulatory or economic capital. Additionally, the committee oversees all relevant aspects of model risk for operational risk models.

While the day-to-day management of operational risk is the primary responsibility of our business divisions and infrastructure functions, Group ORM manages the cross divisional and cross regional operational risk as well as risk concentrations and promotes a consistent application of the ORMF across the bank. Through our business partnership model, we aim to maintain close monitoring and high awareness of operational risks.

Managing Our Operational Risk

We manage operational risk using the Group Operational Risk Management framework which enables us to determine our operational risk profile in comparison to our risk tolerance, to systematically identify operational risk themes and concentrations, and to define risk mitigating measures and priorities.

In order to cover the broad range of risk types underlying operational risk, our framework contains a number of operational risk management techniques. These aim to efficiently manage the operational risk in our business and are used to identify, assess and mitigate operational risks:

Loss Data Collection: The continuous collection of operational risk loss events, as a prerequisite for operational risk management, includes detailed analyses, the identification of mitigating actions, and provision of timely information to senior management. All losses above 10,000 are collected in our incident reporting system (dbIRS).

The Lessons Learned process is triggered for events, including near misses, above 500 thousand. This process includes, but is not limited to: systematic risk analyses, including a description of the business environment in which the loss occurred, previous events, near misses and event-specific Key Risk Indicators (KRI), root cause analysis, review of control improvements and other actions to prevent or mitigate the recurrence, and

assessment of the residual risk exposure.

The execution of corrective actions identified in this process are systematically tracked and reported monthly to senior management.

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Scenario Analyses: We complete our risk profile using a set of scenarios including relevant external cases provided by a public database and additional internal scenarios. We thereby systematically utilize information on external loss events occurring in the banking industry to prevent similar incidents from happening to us, for example through particular deep dive analyses or risk profile reviews.

Emerging Risk Identification: We assess and approve the impact of changes on our risk profile as a result of new products, outsourcing activities, strategic initiatives, acquisitions and divestments as well as material systems and process changes. Once operational risks are identified and assessed, they are compared to the relevant specific risk appetite statement and either mitigated or accepted. Risks which violate applicable national or international regulations and legislation cannot be accepted; once identified, such risks must always be mitigated.

Read-across Analysis: We continuously seek to enhance the process to assess whether identified issues require a broader approach across multiple entities and locations within Deutsche Bank. A review of material findings is performed in order to assess their relevance to areas of the Bank other than where they originated. We are developing business intelligence software to identify risk clusters across the bank accessing various sources of information. We aim to increase our predictive analysis and clustering capabilities and to identify risk concentrations in a timely manner through the use of this tool.

Risk Mitigation: When we implement risk mitigating measures, we systematically monitor their resolution. Residual operational risks rated significant or above need to be accepted by the risk bearing division and reviewed for decision by the Head of Group ORM.

We perform Top Risk Analyses in which the results of the aforementioned activities are considered. The Top Risk Analyses are a primary input for the annual operational risk management strategy and planning process and aim to identify our most critical risks in terms of probability and severity.

Key Risk Indicators are used to monitor the operational risk profile and alert the organization to impending problems in a timely fashion. KRIs enable the monitoring of the bank's control culture and business environment and trigger risk mitigating actions. They facilitate the forward looking management of operational risks, based on early warning signals.

In our bottom-up Self-Assessment (SA) process, which is conducted at least annually, areas with high risk potential are highlighted, and risk mitigating measures to resolve issues are identified. On a regular basis we conduct risk workshops aiming to evaluate risks specific to local legal entities and the countries we operate in, and take appropriate risk mitigating actions. We are in the course of replacing this existing SA process by an enhanced Risk and Control Assessment process, supported by a group wide IT tool. We plan to substantially cover the Bank's nonfinancial operating units under this enhanced approach in 2016.

Additional functions, methodologies and tools implemented by the responsible second line Risk Type Controllers are utilized to complement the Group Operational Risk Framework and specifically address the risk types. These include but are not limited to:

Legal Risk is a significant risk factor for DB, which as described in detail in the Provisions note of our Consolidated Financial Statements. A Legal Risk Management (LRM) function within our Legal Department is exclusively dedicated to the identification and management of legal risk. It undertakes a broad variety of tasks aimed at proactively managing legal risk, including: devising, implementing and overseeing an annual Legal Risk Assessment Program analyzing existing and historic legal risks; agreeing and participating in resulting portfolio reviews and mitigation plans; and administering the Legal Lessons Learned process.

The operational risk from outsourcing is managed by the Vendor Risk Management (VRM) Process. The outsourcing risk is assessed and managed for all outsourcing arrangements individually, following our Vendor Risk Management Policy and in line with the overall Group Operational Risk Management Framework. A broad governance structure is established to promote appropriate risk levels.

Fraud Risk is managed based on section 25a of the German Banking Act (KWG) as well as other legal and regulatory requirements via a risk based approach, governed by our Global Anti-Fraud Policy and corresponding Compliance and Anti-Money-Laundering (AML) framework. In line with regulatory requirements, a global risk assessment is performed on a regular basis. Within the general management of operational risks, dedicated Fraud Risk relevant aspects are part of the self-assessment process.

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We manage Business Continuity Risk with its Business Continuity Management (BCM) Program which outlines core procedures for the relocation or the recovery of operations in response to varying levels of disruption. Within this program, each of our core businesses functions and infrastructure groups set up, maintain and periodically test business continuity plans to promote continuous and reliable service. The BCM Program has defined roles and responsibilities which are documented in corporate standards. Compliance with these standards is monitored regionally by dedicated business continuity teams. Furthermore, key information on the established BCM control environment feed into operational risk KRIs.

The Operational Risk in Technology is managed within the Group Technology Organization, following international standards for IT management. Applications and IT infrastructure are catalogued and assessed on a regular basis. Stability monitoring is established. Key outcomes of the established assessment and control environment are used as input for KRIs or self-assessments.

Measuring Our Operational Risks

We calculate and measure the regulatory and economic capital requirements for operational risk using the Advanced Measurement Approach (AMA) methodology. Our AMA capital calculation is based upon the loss distribution approach (LDA). Gross losses from historical internal and external loss data (Operational Riskdata eXchange Association (ORX) consortium data) and external scenarios from a public database (IBM OpData) complemented by internal scenario data are used to estimate the risk profile (i.e., a loss frequency and a loss severity distribution). Our LDA model includes conservatism by recognizing losses on events that arise over multiple years as single events in our historical loss profile.

Moreover, we have submitted an additional model change request to our Germany supervisory authority BaFin to replace the 1 billion regulatory capital safety margin, which we have continuously applied since its implementation in 2011. This change will make our model more risk sensitive by including reasonably possible litigation losses in our Relevant Loss Data set. Reasonably possible litigation losses may result from ongoing and new legal matters which are reviewed quarterly and are based on the judgment provided by our Legal Department.

While our dialogue with the joint supervisory team on these model enhancements is ongoing, management had decided to recognize the impact of material model changes in the second quarter 2014 wherever they will lead to an increase in the capital requirement over the models that have previously been approved by BaFin.

Within the LDA model, the frequency and severity distributions are combined in a Monte Carlo simulation to generate potential losses over a one year time horizon. Finally, the risk mitigating benefits of insurance are applied to each loss generated in the Monte Carlo simulation. Correlation and diversification benefits are applied to the net losses in a manner compatible with regulatory requirements to arrive at a net loss distribution at Group level, covering expected and unexpected losses. Capital is then allocated to each of the business divisions after considering qualitative adjustments and expected loss.

The regulatory capital requirement for operational risk is derived from the 99.9 % percentile. The economic capital is set at a level to absorb at a 99.98 % percentile very severe aggregate unexpected losses within one year. Both regulatory and economic capital requirements are calculated for a time horizon of one year.

The Regulatory and Economic Capital demand calculations are performed on a quarterly basis. Group ORM aims to ensure that for the approach for capital demand quantification appropriate development, validation and change governance processes are in place, whereby the validation is performed by an independent validation function and in line with Deutsche Bank s model risk management process.

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Liquidity Risk Management

Liquidity risk is the risk arising from our potential inability to meet all payment obligations when they come due or only being able to meet these obligations at excessive costs. The objective of the Group’s liquidity risk management framework is to ensure that the Group can fulfil its payment obligations at all times and can manage liquidity and funding risks within its risk appetite. The framework considers relevant and significant drivers of liquidity risk, whether on-balance sheet or off-balance sheet.

Our liquidity risk management framework has been an important factor in maintaining adequate liquidity and in managing our funding profile during 2015.

Liquidity Risk Management Framework

In accordance with the ECB’s Supervisory Review and Evaluation Process (SREP), Deutsche Bank has implemented an annual Internal Liquidity Adequacy Assessment Process (ILAAP), which is reviewed and approved by the Management Board. The ILAAP provides comprehensive documentation of the Bank’s Liquidity Risk Management framework, including: identifying the key liquidity and funding risks to which the Group is exposed; how these risks are identified, monitored and measured and describes the techniques and resources used to manage and mitigate these risks.

The Management Board defines the liquidity and funding risk strategy for the bank, as well as the risk appetite, based on recommendations made by the Capital and Risk Committee (CaR). At least annually the Management Board reviews and approves the limits which are applied to the Group to measure and control liquidity risk as well as our long-term funding and issuance plan.

Treasury is mandated to manage the overall liquidity and funding position of the bank, with Liquidity Risk Control acting as an independent control function, responsible for the validation of Liquidity Risk models which are developed by Treasury, to measure and manage the Group’s liquidity risk profile.

Treasury manages liquidity and funding, in accordance with the Management Board approved risk appetite across a range of relevant metrics, and implements a number of tools to monitor these and ensure compliance. In addition, Treasury works closely in conjunction with Liquidity

Risk Control (LRC), and the business, to analyse and understand the underlying liquidity characteristics of the business portfolios. These parties are engaged in regular and frequent dialogue to understand changes in the bank's position arising from business activities and market circumstances. Dedicated business targets are allocated to ensure the Group meets its overall liquidity and funding appetite.

The Management Board is informed of performance against these risk appetite metrics, via a weekly Liquidity Scorecard. As part of the annual strategic planning process, we project the development of the key liquidity and funding metrics based on the underlying business plans to ensure that the plan is in compliance with our risk appetite.

Capital Markets Issuance

Deutsche Bank has a wide range of funding sources, including retail and institutional deposits, unsecured and secured wholesale funding and debt issuance in the capital markets. Debt issuance, encompassing senior unsecured bonds, covered bonds as well as capital securities, is a key source of term funding for the Bank and is managed directly by Treasury. At least once a year Treasury submits an annual long-term Funding Plan to the Capital and Risk Committee for recommendation and then to the Management Board for approval. This plan is driven by global and local funding and liquidity requirements based on expected business development. Our capital markets portfolio is dynamically managed through our yearly issuance plans to avoid excessive maturity concentrations.

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Short-term Liquidity and Wholesale Funding

Deutsche Bank tracks all contractual cash flows from wholesale funding sources, on a daily basis, over a 12-month horizon. For this purpose, we consider wholesale funding to include unsecured liabilities raised primarily by Treasury

Pool Management, as well as secured liabilities raised by our Markets Division. Our wholesale funding counterparties typically include corporates, banks and other financial institutions, governments and sovereigns.

The Group has implemented a set of Management Board approved limits to restrict DB's exposure to wholesale counterparties, which have historically shown to be the most susceptible to market stress. These wholesale funding limits are calibrated against monthly stress-testing results, to ensure the Group remains liquid under our most severe stress scenario, even if limits are fully utilized.

The wholesale funding limits are monitored daily, and apply to the total combined currency amount of all wholesale funding currently outstanding, both secured and unsecured with specific tenor limits covering the first 8 weeks. Our Liquidity Reserves are the primary mitigant against potential stress in short-term wholesale funding market.

The tables starting on page 184 show the contractual maturity of our short-term wholesale funding and capital markets issuance.

Liquidity Stress Testing and Scenario Analysis

Global liquidity stress testing and scenario analysis is one of the key tools for measuring liquidity risk and evaluating the Group's short-term liquidity position within the liquidity framework. It complements the intraday operational liquidity management process and the long-term liquidity strategy, represented by the Funding Matrix.

Our global liquidity stress testing process is managed by Treasury in accordance with the Management Board approved risk appetite. Treasury is responsible for the design of the overall methodology, including the definition of the stress scenarios, the choice of liquidity risk drivers and the determination of appropriate assumptions (parameters) to translate input data into model results. Liquidity Risk Control Oversight and Validation (LRC O&V) are responsible for the independent validation of methodologies and Liquidity Risk Control Reporting and Analytics (LRC R&A) for implementing these methodologies in conjunction with Treasury and IT. LRC R&A is also responsible for the stress test calculation.

We use stress testing and scenario analysis to evaluate the impact of sudden and severe stress events on our liquidity position. The scenarios we apply are based on historic events, such as the 2008 financial markets crisis.

Deutsche Bank has selected five scenarios to calculate the Group's stressed Net Liquidity Position (sNLP). These scenarios capture the historical experience of Deutsche Bank during periods of idiosyncratic and/or market-wide stress and are assumed to be both plausible and sufficiently severe as to materially impact the Group's liquidity position. A global market crisis, for example, is covered by a specific stress scenario (systemic market risk) that models the potential consequences as seen, e.g., during the recent financial crisis. Additionally, we have introduced regional market stress scenarios. Under each of the scenarios we assume a high degree of maturing loans to non-wholesale customers is rolled-over, to support our business franchise. Wholesale funding, from the most risk sensitive counterparties (including banks, and money-market mutual funds) is assumed to roll-off at contractual maturity or even be bought back, in the acute phase of the stress.

In addition, we include the potential funding requirements from contingent liquidity risks which might arise, including credit facilities, increased collateral requirements under derivative agreements, and outflows from deposits with a contractual rating linked trigger.

We then model the actions we would take to counterbalance the outflows incurred. Countermeasures include our Liquidity Reserves and asset liquidity from other unencumbered securities.

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Stress testing is conducted at a global and individual legal entity level and across significant non-eurozone currencies, in particular, U.S. dollar and GBP as the major non-EUR funding currencies. We review our stress-testing assumptions on a regular basis and have increased the severity of a number of these assumptions throughout the course of 2015.

We run the liquidity stress test over an eight-week horizon, which we consider the most critical time span in a liquidity crisis, and apply the relevant stress assumptions to risk drivers from on-balance sheet and off-balance sheet products on a daily basis. Beyond the eight week time horizon, we analyze the impact of a more prolonged stress period, extending to twelve months. This stress testing analysis is performed monthly.

Our internal risk appetite is to maintain a surplus of at least 5 billion throughout the 8 week stress horizon under all scenarios for our monthly aggregate currency stress test.

The table on page 181 shows the results of our internal liquidity stress test under the various different scenarios.

Liquidity Coverage Ratio

In addition to our internal stress test result, the Group has a Management Board approved risk appetite for the Liquidity Coverage Ratio (LCR). Finalized by the Basel Committee in January 2013, the LCR is intended to promote the short-term resilience of a bank s liquidity risk profile over a 30 day stress scenario. The ratio is defined as the amount of High Quality Liquid Assets (HQLA) that could be used to raise liquidity, measured against the total volume of net cash outflows, arising from both actual and contingent exposures, in a stressed scenario.

This requirement has been implemented into European law, via the Commission Delegated Regulation (EU) 2015/61, adopted in October 2014. Compliance with the LCR was required in Europe from October 1, 2015. The Liquidity Coverage Ratio is subject to a transitional phase-in period, which started at 60 % on October 1, 2015, rising to 70 % from January 1, 2016, 80 % in 2017 and 100 % in 2018.

The LCR complements the internal stress testing framework. By maintaining a ratio in excess of minimum regulatory requirements, the LCR ensure that the Group holds adequate liquidity resources to mitigate a short-term liquidity stress.

Our internal risk appetite is to maintain a LCR ratio of at least 105 %.

Key differences between the liquidity stress test and LCR include the time horizon (eight weeks versus 30 days), classification and haircut differences between Liquidity Reserves and the LCR HQLA, outflow rates for various categories of funding, and inflow assumption for various assets (for example, loan repayments). Our liquidity stress test also includes outflows related to intraday liquidity assumptions, which the LCR excludes.

Funding Risk Management

Structural Funding

Deutsche Bank's primary tool for monitoring and managing funding risk is the Funding Matrix. The Funding Matrix assesses the Group's structural funding profile for the greater than one year time horizon. To produce the Funding Matrix, all funding-relevant assets and liabilities are mapped into time buckets corresponding to their contractual or modeled maturities. This allows the Group to identify expected excesses and shortfalls in term liabilities over assets in each time bucket, facilitating the management of potential liquidity exposures.

The liquidity maturity profile is based on contractual cash flow information. If the contractual maturity profile of a product does not adequately reflect the liquidity maturity profile, it is replaced by modelling assumptions. Short-term balance sheet items (<1yr) or matched funded structures (asset and liabilities directly matched with no liquidity risk) can be excluded from the term analysis.

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The bottom-up assessment by individual business line is combined with a top-down reconciliation against the Group's IFRS balance sheet. From the cumulative term profile of assets and liabilities beyond 1 year, any long-funded surpluses or short-funded gaps in the Group's maturity structure can be identified. The cumulative profile is thereby built up starting from the above 10 year bucket down to the above 1 year bucket.

The funding matrix analysis together with the strategic liquidity planning process, which forecasts the funding supply and demand across business units, provides the key input parameter for our annual capital market issuance plan. Upon approval by the Management Board the capital markets issuance plan establishes issuing targets for securities by tenor, volume and instrument. We also maintain a stand-alone U.S. dollar and GBP funding matrix which limits the maximum short position in any time bucket (>1 year to >10 years) to 10 billion and 5 billion respectively. This supplements the risk appetite for our aggregate currency funding matrix which requires us to maintain a positive funding position in any time bucket (>1 year to > 10 years).

Net Stable Funding Ratio

The Net Stable Funding Ratio was proposed as part of Basel 3, as the regulatory metric for assessing a bank's structural funding profile. The NSFR is intended to reduce medium to long-term funding risks by requiring banks to maintain a stable funding profile in relation to their on- and off-balance sheet activities. The ratio is defined as the amount of Available Stable Funding (the portion of capital and liabilities expected to be a stable source of funding), relative to the amount of Required Stable Funding (a function of the liquidity characteristics of various assets held).

Although the NSFR is scheduled to become a minimum standard internationally, by January 1, 2018, the ratio is subject to national implementation. In Europe, rules on the NSFR are due to be finalized by the European Commission, in the form of a Legislative Proposal due at the end of 2016. Therefore, for European banks, the final format of the ratio and associated implementation timeframe has not yet been confirmed.

We are currently in the process of assessing the impacts of the NSFR, and would expect to formally embed this metric within our overall liquidity risk management framework, once the relevant rules and timing within Europe have been finally determined.

Funding Diversification

Diversification of our funding profile in terms of investor types, regions, products and instruments is an important element of our liquidity risk management framework. Our most stable funding sources come from capital markets and equity, retail, and transaction banking clients. Other customer deposits and secured funding and shorts are additional sources of funding. Unsecured wholesale funding represents unsecured wholesale liabilities sourced primarily by our Treasury Pool division. Given the relatively short-term nature of these liabilities, they are primarily used to fund cash and liquid trading assets.

To promote the additional diversification of our refinancing activities, we hold a Pfandbrief license allowing us to issue mortgage Pfandbriefe. In addition, we have established a program for the purposes of issuing Covered Bonds under Spanish law (Cedulas).

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Unsecured wholesale funding comprises a range of unsecured products e.g. Certificates of Deposit (CDs), Commercial Paper (CP) as well as term, call and overnight deposits across tenors primarily up to one year.

To avoid any unwanted reliance on these short-term funding sources, and to promote a sound funding profile, which complies with the defined risk appetite, we have implemented limits (across tenors) on these funding sources, which are derived from our monthly stress testing analysis. In addition, we limit the total volume of unsecured wholesale funding to manage the reliance on this funding source as part of the overall funding diversification.

The chart on page 178 shows the composition of our external funding sources that contribute to the liquidity risk position, both in EUR billion and as a percentage of our total external funding sources.

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Funds Transfer Pricing

The funds transfer pricing framework applies to all businesses and regions and promotes pricing of (i) assets in accordance with their underlying liquidity risk, (ii) liabilities in accordance with their liquidity value and funding maturity and (iii) contingent liquidity exposures in accordance with the cost of providing for commensurate liquidity reserves to fund unexpected cash requirements.

Deutsche Bank's funds transfer pricing framework reflects regulatory principles and guidelines. Within this framework all funding and liquidity risk costs and benefits are allocated to the firm's business units based on market rates. Those market rates reflect the economic costs of liquidity for Deutsche Bank. Treasury might set further financial incentives in line with the bank's liquidity risk guidelines. While the framework promotes a diligent group-wide allocation of the bank's funding costs to the liquidity users, it also provides an incentive based compensation framework for businesses generating stable long-term and stress compliant funding. Funding relevant transactions are subject to liquidity (term) premiums and/or other funds transfer pricing mechanisms depending on market conditions. Liquidity premiums are set by Treasury and reflected in a segregated Treasury liquidity account which is the aggregator of liquidity costs and benefits. The management and allocation of the liquidity account cost base is the key variable for funds transfer pricing within Deutsche Bank.

Liquidity Reserves

Liquidity reserves comprise available cash and cash equivalents, highly liquid securities (includes government, agency and government guaranteed) as well as other unencumbered central bank eligible assets.

The volume of our liquidity reserves is a function of our expected daily stress result, both at an aggregate level as well as at an individual currency level. To the extent we receive incremental short-term wholesale liabilities which attract a high stress roll-off, we will largely keep the proceeds of such liabilities in cash or highly liquid securities as a stress mitigant. Accordingly, the total volume of our liquidity reserves will fluctuate as a function of the level of short-term wholesale liabilities held, although this has no material impact on our overall liquidity position under stress. Our liquidity reserves include only assets that are freely transferable within the Group, or can be applied against local entity stress outflows. We hold the vast majority of our liquidity reserves centrally, at our parent and our foreign branches with further reserves held at key locations in which we are active. While we hold our reserves across major currencies, their size and composition are subject to regular senior management review.

Asset Encumbrance

Encumbered assets primarily comprise those on- and off-balance sheet assets that are pledged as collateral against secured funding, collateral swaps, and other collateralized obligations. We generally encumber loans to support long-term capital markets secured issuance such as Pfandbriefe or other self-securitisation structures, while financing debt and equity inventory on a secured basis is a regular activity for our Global Markets business. Additionally, in line with the EBA technical standards on regulatory asset encumbrance reporting, we consider assets placed with settlement systems, including default funds and initial margins as encumbered, as well as other assets pledged which cannot be freely withdrawn such as mandatory minimum reserves at central banks. We also include derivative margin receivable assets as encumbered under these EBA guidelines.

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Business (Strategic) Risk Management

Strategic Risk is the risk of a potential earnings downside due to revenues and/or costs underperforming plan targets. Strategic Risk may arise from poor strategic positioning, failure to execute strategy or lack of effective responses to material negative plan deviations caused by either external or internal factors (including macro, financial and idiosyncratic drivers). Strategic Risk has been defined as part of overall Business Risk.

The key aim of Strategic Risk Management is to strengthen the bank's earnings resilience and protect it against undue earnings volatility to support overall risk appetite targets (especially CET 1 ratio and Leverage Ratios). We aim to achieve this by identifying, assessing, limiting, mitigating and monitoring key strategic risks.

Currently, the modelling and quantitative measurement of Strategic Risk is primarily covered by our internal economic capital (EC) framework. In 2016, we will implement a comprehensive framework to manage Strategic Risk.

Reputational Risk Management

Within our risk management process, we define reputational risk as the risk of possible damage to DB's brand and reputation, and the associated risk to earnings, capital or liquidity, arising from any association, action or inaction which could be perceived by stakeholders to be inappropriate, unethical or inconsistent with DB's values and beliefs.

Our reputational risk is governed by the Reputational Risk Framework (the Framework). The Framework was established to provide consistent standards for the identification, assessment and management of reputational risk issues. While every employee has a responsibility to protect DB's reputation, the primary responsibility for the identification, assessment, management, monitoring and, if necessary, referring or reporting, of reputational risk matters lies with DB's Business Divisions. Each employee is under an obligation, within the scope of his/her activities, to be alert to any potential causes of reputational risk and to address them according to the Framework.

If a potential reputational risk is identified, it is required to be referred for further consideration within the Business Division through their Unit Reputational Risk Assessment Process. In the event that a matter is deemed to carry a material reputational risk and/or meets one of the mandatory referral criteria, it must be referred through to one of the four Regional Reputational Risk Committees (RRRCs) for further review as the 2nd line of defence. The RRRCs are sub-committees of the Group Reputational Risk Committee (GRRC) and are responsible for the oversight, governance and coordination of the management of reputational risk in their respective regions of Deutsche Bank on behalf of the Management Board. In exceptional circumstances, matters can also be referred by the RRRCs to the GRRC.

The modelling and quantitative measurement of reputational risk internal capital is implicitly covered in our economic capital framework primarily within operational and strategic risk.

Model Risk Management

Model Risk is the risk of possible adverse consequences of decisions based on models that are inappropriate, incorrect, or misused. In this context, a model is defined as a quantitative method, system, or approach that applies statistical, economic, financial, or mathematical theories, techniques, and assumptions to process input data into quantitative estimates.

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A new Model risk function was established in 2014, aggregating all core model risk management activities across the bank into one independent function:

Model validation provides independent validation of the methodological aspects of models. The key objectives of model validation are to verify that models are performing as expected, in line with their design objectives and business uses, and to aim to ensure that models are logically and conceptually sound and assess the appropriateness and accuracy of the implementation methodology; Model risk governance supports establishment of a front-to-back model risk management framework which includes defining common standards for model development, usage and validation; identification and remediation of issues and inconsistencies in modeling; and maintenance of a bank-wide model inventory; and

Key senior management forums to address model risk are the Group Model Risk Management Committee (GMRMC) and the Pricing Model Risk Management Committee (PMRMC). Both are subcommittees of the CaR and act on behalf of the Management Board. The PMRMC is responsible for management and oversight of model risk from valuation models (front office models that are used for official pricing and risk management of trading positions). The GMRMC is responsible for management and oversight of model risk from risk and capital models. The modeling and quantitative measurement of model risk internal capital is implicitly covered in our economic capital framework primarily within operational and strategic risk.

Compliance Risk Management

Compliance Risk is defined as the current or prospective risk to earnings and capital arising from violations or non-compliance with laws, rules, regulations, agreements, prescribed practices or ethical standards and can lead to fines, damages and/ or the voiding of contracts and can diminish an institution s reputation.

Compliance manages this risk through the following:

- Identifying material rules and regulations where non-compliance could lead to endangerment of the Bank s assets (supported by the bank s business divisions, infrastructure functions or Regional Management);
- Advising and supporting the Management Board concerning the adherence to material rules and regulations as well as acting to implement effective procedures for compliance with applicable material rules and regulations, and the setup of the corresponding controls;
- Monitoring the coverage of new or changed material rules and regulations by our business divisions, infrastructure functions or Regional Management including potential implementation plans for appropriate controls. Compliance is not explicitly requested to run its own monitoring programs but has the right to carry out monitoring activities;
- Assessing the coverage of all existing material rules and regulations by the bank s business divisions, infrastructure functions or Regional Management and existence of a corresponding control environment; and
- Reporting to the Management and Supervisory Boards on at least an annual basis and on an ad hoc basis.

The modeling and quantitative measurement of compliance risk internal capital is implicitly covered in our economic capital framework primarily within operational and strategic risk.

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Insurance Specific Risk Management

Our exposure to insurance risk relates primarily to Abbey Life Assurance Company Limited and our defined benefit pension obligations. There is also some insurance-related risk within the Pensions and Insurance Risk Markets business. In our risk management framework, we consider insurance-related risks primarily as nontrading market risk that has been classified as material risk. We monitor the underlying assumptions in the calculation of these risks regularly and seek risk mitigating measures such as reinsurances, if we deem this appropriate. We are primarily exposed to the following insurance-related risks:

Longevity risk: the risk of faster or slower than expected improvements in life expectancy on immediate and deferred annuity products;
 Mortality and morbidity risks: the risks of a higher or lower than expected number of death or disability claims on insurance products and of an occurrence of one or more large claims;
 Expenses risk: the risk that policies cost more or less to administer than expected; and
 Persistency risk: the risk of a higher or lower than expected percentage of lapsed policies.

To the extent that actual experience is less favorable than the underlying assumptions, or it is necessary to increase provisions due to more onerous assumptions, the amount of capital required in the insurance entities may increase.

Risk Concentration and Risk Diversification

Risk Concentrations

Risk concentrations refer to clusters of the same or similar risk drivers within specific risk types (intra-risk concentrations in credit, market, operational, liquidity and other risks) as well as across different risk types (inter-risk concentrations). They could occur within and across counterparties, businesses, regions/countries, industries and products. The management of concentrations is integrated as part of the management of individual risk types and monitored on an ongoing basis. The key objective is to avoid any undue concentrations in the portfolio, which is achieved through a quantitative and qualitative approach, as follows:

Intra-risk concentrations are assessed, monitored and mitigated by the individual risk disciplines (credit, market, operational, liquidity risk management and others). This is supported by limit setting on different levels and/or management according to risk type. Inter-risk concentrations are managed through quantitative top-down stress-testing and qualitative bottom-up reviews, identifying and assessing risk themes independent of any risk type and providing a holistic view across the bank.

The most senior governance body for the oversight of risk concentrations throughout 2015 was the Portfolio Risk Committee (PRC), which is a subcommittee of the Capital and Risk Committee (CaR) and the Risk Executive Committee (Risk ExCo).

Risk Type Diversification Benefit

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The risk type diversification benefit quantifies diversification effects between credit, market, operational and strategic risk in the economic capital calculation. To the extent correlations between these risk types fall below 1.0, a risk type diversification benefit results. The calculation of the risk type diversification benefit is intended to ensure that the standalone economic capital figures for the individual risk types are aggregated in an economically meaningful way.

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Risk and Capital Performance

Capital and Leverage Ratio

Regulatory Capital

The calculation of our regulatory capital incorporates the capital requirements following the Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (Capital Requirements Regulation or CRR) and the Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (Capital Requirements Directive 4 or CRD 4) as implemented into German law. The information in this section as well as in the section Development of risk-weighted Assets is based on the regulatory principles of consolidation.

When referring to results according to full application of the final CRR/CRD 4 framework (without consideration of applicable transitional methodology) we use the term CRR/CRD 4 fully loaded. In some cases, CRR/CRD 4 maintains transitional rules that had been adopted in earlier capital adequacy frameworks through Basel 2 or Basel 2.5. These relate e.g. to the risk weighting of certain categories of assets and include rules permitting the grandfathering of equity investments at a risk-weight of 100%. In these cases, our CRR/CRD 4 fully loaded methodology assumes that the impact of the expiration of these transitional rules will be mitigated through sales of the underlying assets or other measures prior to the expiration of the grandfathering provisions.

This section refers to the capital adequacy of the group of institutions consolidated for banking regulatory purposes pursuant to the CRR and the German Banking Act (Kreditwesengesetz or KWG). Therein not included are insurance companies or companies outside the finance sector. Our insurance companies are included in an additional capital adequacy (also solvency margin) calculation under the German Solvency Regulation for Financial Conglomerates. Our solvency margin as a financial conglomerate remains dominated by our banking activities.

The total regulatory capital pursuant to the effective regulations as of year-end 2015 comprises Tier 1 and Tier 2 (T2) capital. Tier 1 capital is subdivided into Common Equity Tier 1 (CET 1) capital and Additional Tier 1 (AT1) capital.

Common Equity Tier 1 (CET 1) capital consists primarily of common share capital (reduced by own holdings) including related share premium accounts, retained earnings (including losses for the financial year, if any) and accumulated other comprehensive income, subject to regulatory adjustments (i.e. prudential filters and deductions). Prudential filters for CET 1, according to Articles 32 to 35 CRR, include (i) securitization gain on sale, (ii) cash flow hedges and changes in the value of own liabilities, and (iii) additional value adjustments. CET 1 capital deductions comprise (i) intangible assets, (ii) deferred tax assets that rely on future profitability, (iii) negative amounts resulting from the calculation of expected loss amounts, and (iv) net defined benefit pension fund assets, (v) reciprocal cross holdings in the capital of

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financial sector entities, (vi) significant and non-significant investments in the capital (CET 1, AT1, T2) of financial sector entities above certain thresholds. All items not deducted (i.e. amounts below the threshold) are subject to risk-weighting.

Additional Tier 1 (AT1) capital consists of AT1 capital instruments and related share premium accounts as well as noncontrolling interests qualifying for inclusion in consolidated AT1, and during the transitional period grandfathered instruments eligible under earlier frameworks. To qualify as AT1 under CRR/CRD 4 instruments must have principal loss absorption through a conversion to common shares or a write-down mechanism allocating losses at a trigger point and must also meet further requirements (perpetual with no incentive to redeem; institution must have full dividend/coupon discretion at all times, etc.).

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Tier 2 (T2) capital comprises eligible capital instruments, the related share premium accounts and subordinated long-term debt, certain loan loss provisions and noncontrolling interests that qualify for inclusion in consolidated T2. To qualify as T2 capital instruments or subordinated debt must have an original maturity of at least five years. Moreover, eligible capital instruments may inter alia not contain an incentive to redeem, a right of investors to accelerate repayment, or a credit sensitive dividend feature.

Capital instruments that no longer qualify as AT1 or T2 capital under the CRR/CRD 4 fully loaded rules are subject to grandfathering rules during transitional period and are phased out from 2013 to 2022 with their recognition capped at 70 % in 2015 and the cap decreasing by 10 % every year.

Capital Instruments

The 2014 Annual General Meeting granted our Management Board the authority to buy back up to 101.9 million shares before the end of April 2019. Thereof 51.0 million shares can be purchased by using derivatives. These authorizations replaced the authorizations of the 2013 Annual General Meeting. We have received approval from the BaFin for the execution of these authorizations for 2014 as required under new CRR/CRD 4 rules. During the period from the 2014 Annual General Meeting until the 2015 Annual General Meeting (May 21, 2015), we purchased 25.6 million shares. The shares purchased were used for equity compensation purposes in the same period so that the number of shares held in Treasury from buybacks was 0.2 million as of the 2015 Annual General Meeting.

Our Management Board received approval from the 2015 Annual General Meeting to buy back up to 137.9 million shares before the end of April 2020. Thereof 69.0 million shares can be purchased by using derivatives. These authorizations substitute the authorizations of the previous year. We have received approval from the BaFin for share buybacks for 2015 according to new CRR/CRD 4 rules. During the period from the 2015 Annual General Meeting until December 31, 2015, 20.7 million shares have been purchased, of which 4.7 million shares through exercise of call options. The shares purchased were used for equity compensation purposes in the same period so that the number of shares held in Treasury from buybacks was 0.3 million as of December 31, 2015. For 2016, we have received approval from the ECB for share buybacks according to new CRR/CRV 4 rules up to a maximum amount of 28 million shares.

Until the 2015 Annual General meeting, the authorized capital available to the Management Board was 257 million (100 million shares). The conditional capital stood at 486 million (190 million shares). Moreover, the 2014 Annual General Meeting authorized the issuance of participatory notes for the purpose of Additional Tier 1 capital.

New authorized capital of 1,760 million (688 million shares) replacing old authorizations has been approved by the 2015 Annual General Meeting and the new authorizations have been legally registered. The conditional capital remains unchanged at 486 million (190 million shares).

Our legacy Hybrid Tier 1 capital instruments (substantially all noncumulative trust preferred securities) are no longer fully recognized under fully loaded CRR/CRD 4 rules, mainly because they have no write-down or equity conversion feature. However, they are to a large extent recognized as Additional Tier 1 capital under CRR/CRD 4 transitional provisions and can still be partially recognized as Tier 2 capital under the fully loaded CRR/CRD 4 rules. During the transitional phase-out period the maximum recognizable amount of Additional Tier 1 instruments from Basel 2.5 compliant issuances as of December 31, 2012 will be reduced at the beginning of each financial year by 10 % or 1.3 billion, through 2022. For December 31, 2015, this resulted in eligible Additional Tier 1 instruments of 11.1 billion (i.e. 4.6 billion newly issued AT1 Notes plus 6.5 billion of legacy Hybrid Tier 1 instruments recognizable during the transition period). Eight Hybrid Tier 1 capital instruments with a notional of 4.7 billion and an eligible equivalent amount of 4.4 billion have been called in 2015. 5.9 billion of the legacy Hybrid Tier 1 instruments can still be recognized as Tier 2 capital under the fully loaded CRR/CRD 4 rules.

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On February 17, 2015, we issued new fixed rate subordinated Tier 2 notes with an aggregate amount of 1.25 billion. The notes pay a coupon of 2.75 %, have a denomination of 1,000 and are due February 17, 2025. They were issued in transactions outside of the United States not subject to the registration requirements of the Securities Act of 1933, as amended, and were not offered or sold in the United States.

On April 1, 2015, we issued new fixed rate subordinated Tier 2 notes with an aggregate amount of U.S.\$ 1.50 billion. The notes pay a coupon of 4.50 %, have a denomination of U.S.\$ 200,000 and integral multiples of U.S.\$ 1,000 in excess thereof and are due April 1, 2025. They were issued as transactions under the registration requirements of the US Securities Act of 1933.

Furthermore, we issued new callable fixed to fixed reset rate subordinated Tier 2 notes with an aggregate amount of CNY 1.41 billion on April 10, 2015. The notes have a denomination of CNY 1,000,000 and are due April 10, 2025. They were issued in transactions outside of the United States, not subject to the registration requirements of the US Securities Act of 1933, as amended, and were not offered or sold in the United States.

The total of our Tier 2 capital instruments as of December 31, 2015 recognized during the transition period under CRR/CRD 4 was 6.6 billion. As of December 31, 2015, there are no further legacy Hybrid Tier 1 instruments that are counted as Tier 2 capital under transitional rules. The gross notional value of the Tier 2 capital instruments was 8.0 billion. Four Tier 2 capital instruments with a notional of 0.7 billion and an eligible equivalent amount of 0.2 billion have been called in 2015.

Minimum capital requirements and additional capital buffers

The CET 1 minimum capital requirements applicable to the Group increased from 4 % of risk-weighted assets (RWA) in 2014 to 4.5 % of RWA from 2015 onwards. The total capital requirement of 8 % demands further resources that may be met with up to 1.5 % AT1 capital and up to 2 % Tier 2 capital from 2015 onwards.

Failure to meet minimum capital requirements can result in supervisory measures such as restrictions of profit distributions or limitations on certain businesses such as lending. We complied with the regulatory capital adequacy requirements in 2015. Our subsidiaries which were not included in our regulatory consolidation due to their immateriality did not have to comply with own minimum capital standards in 2015.

In addition to these minimum capital requirements, the following capital buffer requirements will be phased-in starting 2016 (other than the systemic risk buffer, if any, which is not subject to any phase-in) and will become fully effective from 2019 onwards. The buffer requirements must be met in addition to the minimum capital requirements, but can be drawn down in times of economic stress.

In March 2015, Deutsche Bank was designated as a global systemically important institution (G-SII) by the German Federal Financial Supervisory Authority (BaFin) in agreement with the Deutsche Bundesbank resulting in a G-SII buffer requirement of 2 % CET 1 capital of RWA in 2019. This is in line with the Financial Stability Board (FSB) assessment of systemic importance based on the indicators as published in 2014. The additional buffer requirement of 2 % for G-SIIs will be phased in starting 2016 with 0.5 %. We will continue to publish our indicators on our website.

The capital conservation buffer is implemented in Section 10c German Banking Act, based on Article 129 CRD 4 and equals a requirement of 2.5 % CET 1 of RWA. The additional buffer requirement of 2.5 % will be phased in starting 2016 with 0.625 %.

The countercyclical capital buffer is deployed in a jurisdiction when excess credit growth is associated with an increase in system wide risk. It may vary between 0 % and 2.5 % CET 1 of RWA by 2019. In exceptional cases, it could also be higher than 2.5 %. The institution-specific countercyclical buffer that applies to Deutsche Bank is the weighted average of the countercyclical capital buffers that apply in the jurisdictions where our relevant credit exposures are located. No institution-specific countercyclical buffer applied to Deutsche Bank in 2015. The countercyclical capital buffer is expected to be insignificant in 2016.

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In addition to the aforementioned buffers, national authorities, such as the BaFin, may require a systemic risk buffer to prevent and mitigate long-term non-cyclical systemic or macro-prudential risks that are not covered by the CRR. They can require an additional buffer of up to 5 % CET 1 of RWA. It is to be noted that unless certain exceptions apply only the higher of the systemic risk buffer and the G-SII buffer must be applied. As of year-end 2015, no systemic risk buffer applied to Deutsche Bank.

The following graph gives an overview of the different minimum capital requirements and capital buffer requirements:

In addition, pursuant to the Supervisory Review and Evaluation Process (SREP), the ECB may impose capital requirements on individual banks which are more stringent than statutory requirements. On February 20, 2015, the ECB notified us that we are required to maintain a CET 1 ratio of at least 10.00 % (on a phase-in basis) going forward. On December 4, 2015, the ECB informed Deutsche Bank that the consolidated Group has to keep a CET 1 ratio of at least 10.25 % on a phase-in basis under applicable transitional rules under CRR/CRD 4 at all times. This requirement includes the capital conservation buffer, but does not include all other buffers (e.g. the G-SII buffer).

Consequently, in December 2015 our SREP CET 1 requirements amounted to 10.25 %. Considering the phasing of the G-SII buffer but not the countercyclical buffer, our 2016 SREP CET 1 requirements increase to 10.75 %.

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Development of regulatory capital

Our CRR/CRD 4 Tier 1 capital as of December 31, 2015 amounted to 58.2 billion, consisting of a Common Equity Tier 1 (CET 1) capital of 52.4 billion and Additional Tier 1 (AT1) capital of 5.8 billion. The CRR/CRD 4 Tier 1 capital was 5.7 billion lower than at the end of 2014, primarily driven by a decrease in CET 1 capital of 7.7 billion since year end 2014 while AT1 capital increased by 2.0 billion in the same period.

The 7.7 billion decrease of CRR/CRD 4 CET 1 capital was largely the result of the net loss attributable to Deutsche Bank shareholders and additional equity components of 6.8 billion in 2015. The 5.8 billion net loss attributable to the impairment of goodwill and other intangible assets in the third quarter of 2015 was to the extent neutral to which goodwill and other intangible assets were deducted from CET 1 and AT1 capital on a phase-in basis before the impairment. The Decision (EU) (2015/4) of the ECB enforces the recognition of the year end loss in CET 1 capital. Deutsche Bank's revised common share dividend policy refers to the ECB decision as long as the Management Board does not decide and officially announce a different dividend level for the respective year. Following the announcement in 2015 to pay no dividend to common shareholders, no common share dividend has been accrued for 2015. The decrease in CET 1 capital was furthermore driven by the first-time consideration of additional value adjustments (based on the Regulatory Technical Standard on prudent valuation issued by the EBA) in September 30, 2015. Additional value adjustments amounted to 1.9 billion as per December 31, 2015. The effect on CRR/CRD 4 CET 1 capital was partly compensated by a benefit from the related reduction of the negative amounts resulting from the calculation of expected loss amounts. Deductions of deferred tax assets increased by 1.0 billion in 2015 mainly as a result of higher deferred tax assets largely due to the net loss as well as threshold effects under the 10/15 % rule. Overall, regulatory adjustments increased due the higher phase-in rate of 40 % in 2015 compared to 20 % in 2014. CRR/CRD 4 CET 1 capital was positively impacted by Currency Translation Adjustments of 2.0 billion and further positive foreign exchange effects in 2015.

The 2.0 billion increase in CRR/CRD 4 AT1 capital was mainly the result of reduced regulatory adjustments (5.5 billion lower than at year end 2014, also impacted by the impairments of goodwill and other intangible assets) that were phased out from AT1 capital. These deductions reflect the residual amount of certain CET 1 deductions that are subtracted from CET 1 capital under fully loaded rules, but are allowed to reduce AT1 capital during the transitional period. The phase-in rate for these deductions on the level of CET 1 capital increased to 40 % in 2015 (20 % in 2014) and decreased correspondingly on the level of AT1 capital to 60 % in 2015 (80 % in 2014). The reduction of regulatory adjustments on the level of AT1 capital over-compensated the decrease in our CRR/CRD 4 AT1 capital instruments of 3.5 billion (compared to December 31, 2014) that resulted mainly from our redemptions of legacy Hybrid Tier 1 capital instruments.

Our fully loaded CRR/CRD 4 Tier 1 capital as of December 31, 2015 was 48.7 billion, compared to 50.7 billion at the end of 2014. Our fully loaded CRR/CRD 4 CET 1 capital amounted to 44.1 billion as of December 31, 2015, compared to 46.1 billion as of December 31, 2014. Our fully loaded CRR/CRD 4 Additional Tier 1 capital amounted to 4.6 billion as per end of December 2015, nearly unchanged compared to year end 2014.

The decrease of our fully loaded CET 1 capital of 2.0 billion compared to year end 2014 was due to the fact that the negative impacts (net loss of 6.8 billion, first-time prudent valuation deduction of 1.9 billion) were partially reduced by positive counter-effects. These constitute predominantly lower deductions of goodwill and other intangible assets mainly due to impairments (4.5 billion lower deduction compared to year end 2014), a reduced deduction of negative amounts from the calculation of expected loss amounts (0.6 billion lower deduction compared to year end 2014 as a consequence of the prudent valuation assessment) and a positive impact from the change of the foreign currency exchange rates since year end 2014.

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Transitional template for regulatory capital, RWA and capital ratios

in m.	Dec 31, 2015		Dec 31, 2014	
	CRR/CRD 4 fully-loaded	CRR/CRD 4	CRR/CRD 4 fully loaded	CRR/CRD 4
Common Equity Tier 1 (CET 1) capital: instruments and reserves				
Capital instruments and the related share premium accounts	37,088	37,088	37,144	37,144
Retained earnings	27,607	27,607	26,509	26,509
Accumulated other comprehensive income (loss), net of tax	4,096	4,281	1,617	1,923
Independently reviewed interim profits net of any foreseeable charge or dividend	(7,025)	(7,025)	481	481
Other	0	92	0	118
Common Equity Tier 1 (CET 1) capital before regulatory adjustments	61,766	62,042	65,750	66,175
Common Equity Tier 1 (CET 1) capital: regulatory adjustments				
Additional value adjustments (negative amount)	(1,877)	(1,877)	0	0
Other prudential filters (other than additional value adjustments)	(622)	(330)	(725)	(391)
Goodwill and other intangible assets (net of related tax liabilities) (negative amount)	(8,439)	(3,376)	(12,979)	(2,596)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liabilities where the conditions in Art. 38 (3) CRR are met) (negative amount)	(3,310)	(1,324)	(2,620)	(524)
Negative amounts resulting from the calculation of expected loss amounts	(106)	(58)	(712)	(147)
Defined benefit pension fund assets (negative amount)	(1,173)	(469)	(961)	(192)
Direct, indirect and synthetic holdings by an institution of own CET 1 instruments (negative amount)	(76)	(39)	(54)	(11)
Direct, indirect and synthetic holdings by the institution of the CET 1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above the 15 % threshold and net of eligible short positions) (negative amount)	(818)	(278)	(499)	(84)
Deferred tax assets arising from temporary differences (net of related tax liabilities where the conditions in Art. 38 (3) CRR are met) (amount above the 15 % threshold) (negative amount)	(953)	(324)	(778)	(133)

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Other regulatory adjustments	(291)	(1,537)	(345)	(1,994)
Total regulatory adjustments to Common Equity Tier 1 (CET 1) capital	(17,665)	(9,613)	(19,674)	(6,072)
Common Equity Tier 1 (CET 1) capital	44,101	52,429	46,076	60,103
Additional Tier 1 (AT1) capital: instruments				
Capital instruments and the related share premium accounts	4,676	4,676	4,676	4,676
Amount of qualifying items referred to in Art. 484 (4) CRR and the related share premium accounts subject to phase out from AT1	N/M	6,482	N/M	10,021
Additional Tier 1 (AT1) capital before regulatory adjustments	4,676	11,157	4,676	14,696
Additional Tier 1 (AT1) capital: regulatory adjustments				
Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	(125)	(48)	(57)	(57)
Residual amounts deducted from AT1 capital with regard to deduction from CET 1 capital during the transitional period pursuant to Art. 472 CRR	N/M	(5,316)	N/M	(10,845)
Other regulatory adjustments	0	0	0	0
Total regulatory adjustments to Additional Tier 1 (AT1) capital	(125)	(5,365)	(57)	(10,902)
Additional Tier 1 (AT1) capital	4,551	5,793	4,619	3,794
Tier 1 capital (T1 = CET 1 + AT1)	48,651	58,222	50,695	63,898
Tier 2 (T2) capital	12,325	6,299	12,376	4,395
Total capital (TC = T1 + T2)	60,976	64,522	63,072	68,293
Total risk-weighted assets	396,714	397,382	393,969	396,648
Capital ratios				
Common Equity Tier 1 capital ratio (as a percentage of risk-weighted assets)	11.1	13.2	11.7	15.2
Tier 1 capital ratio (as a percentage of risk-weighted assets)	12.3	14.7	12.9	16.1
Total capital ratio (as a percentage of risk-weighted assets)	15.4	16.2	16.0	17.2

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Reconciliation of shareholders' equity to regulatory capital

	Dec 31, 2015 CRR/CRD	Dec 31, 2014 CRR/CRD
in m.	4	4
Total shareholders' equity per accounting balance sheet	62,678	68,351
Deconsolidation/Consolidation of entities	(681)	(1,419)
Thereof:		
Additional paid-in capital	(5)	(5)
Retained earnings	(369)	(1,107)
Accumulated other comprehensive income (loss), net of tax	(307)	(306)
Total shareholders' equity per regulatory balance sheet	61,997	66,932
Noncontrolling interest based on transitional rules	92	118
Accrual for dividend and AT1 coupons	(231)	(1,182)
Reversal of deconsolidation/consolidation of the position Accumulated other comprehensive income (loss), net of tax, during transitional period	184	306
Common Equity Tier 1 (CET 1) capital before regulatory adjustments	62,042	66,175
Additional value adjustments	(1,877)	0
Other prudential filters (other than additional value adjustments)	(330)	(391)
Regulatory adjustments relating to unrealized gains and losses pursuant to Art. 467 and 468 CRR	(1,246)	(1,648)
Goodwill and other intangible assets (net of related tax liabilities)	(3,376)	(2,596)
Deferred tax assets that rely on future profitability	(1,648)	(657)
Defined benefit pension fund assets	(469)	(192)
Direct, indirect and synthetic holdings by the institution of the CET 1 instruments of financial sector entities where the institution has a significant investment in those entities	(278)	(84)
Other regulatory adjustments	(389)	(503)

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Common Equity Tier 1 capital	52,429	60,103
Development of regulatory capital		
in m.	Dec 31, 2015	CRR/CRD 4 Dec 31, 2014
Common Equity Tier 1 (CET 1) capital opening amount	60,103	38,534
Common shares, net effect	0	921
Additional paid-in capital	(53)	7,429
Retained earnings	(6,097)	1,077
Common shares in treasury, net effect/(+) sales () purchase	(3)	6
Movements in accumulated other comprehensive income	2,759	2,947
Accrual for dividend and AT1 coupons	(231)	(1,182)
Additional value adjustments	(1,877)	0
Goodwill and other intangible assets (net of related tax liabilities)	(780)	8,870
Deferred tax assets that rely on future profitability (excluding those arising from temporary differences)	(800)	(524)
Negative amounts resulting from the calculation of expected loss amounts	89	283
Defined benefit pension fund assets	(277)	(192)
Direct, indirect and synthetic holdings by the institution of the CET 1 instruments of financial sector entities where the institution has a significant investment in those entities	(194)	1,505
Securitization positions not included in risk-weighted assets	0	945
Deferred tax assets arising from temporary differences (amount above 10 % and 15 % threshold, net of related tax liabilities where the conditions in Art. 38 (3) CRR are met)	(191)	(133)
Other, including regulatory adjustments	(19)	(383)
Common Equity Tier 1 (CET 1) capital - closing amount	52,429	60,103
Additional Tier 1 (AT1) Capital opening amount	3,794	12,182
New Additional Tier 1 eligible capital issues	0	0
Matured and called instruments	(4,289)	(2,512)
Transitional arrangements	5,529	(11,292)
Thereof:		
Goodwill and other intangible assets (net of related tax liabilities)	5,320	(10,383)
Other, including regulatory adjustments	759	5,416
Additional Tier 1 (AT1) Capital closing amount	5,793	3,794
Tier 1 capital	58,222	63,898

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Tier 2 (T2) capital closing amount	6,299	4,395
Total regulatory capital	64,522	68,293

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Development of risk-weighted assets

The table below provides an overview of RWA broken down by model approach and business division. They include the aggregated effects of the segmental reallocation of infrastructure related positions, if applicable, as well as reallocations between the segments.

Within credit risk, the line item "Other" in advanced IRBA reflects RWA from securitization positions in the banking book, specific equity positions and other non-credit obligation assets. Within the Standardized Approach, the line item "Other" includes RWA from banking book securitizations as well as exposures assigned to the further exposure classes apart from central governments or central banks, institutions, corporates and retail.

Risk-weighted assets by model approach and business division according to transitional rules

	Dec 31, 2015						
	Corporate Banking & Securities	Private & Business Clients	Global Transaction Banking	Deutsche Asset & Wealth Management	Non-Core Operations Unit	Consolidation & Adjustments and Other	Total
in m.							
Credit Risk	89,811	72,171	42,435	12,942	13,028	11,633	242,019
Segment reallocation	(3,515)	536	4,854	376	76	(2,328)	0
Advanced IRBA	85,249	61,655	32,253	10,346	7,858	12,862	210,223
Central Governments and Central Banks	3,990	45	1,077	1	6	9,500	14,619
Institutions	8,497	1,303	3,472	140	382	355	14,149
Corporates	59,482	11,369	26,837	3,945	2,944	882	105,459
Retail	192	38,910	23	130	725	0	39,980
Other	13,088	10,028	844	6,131	3,801	2,125	36,016
Foundation IRBA	2,083	3,076	174	0	0	0	5,333
Central Governments and Central Banks	0	0	0	0	0	0	0
Institutions	0	5	0	0	0	0	5
Corporates	2,083	3,072	174	0	0	0	5,329
Standardized Approach	5,172	6,792	5,154	2,219	5,093	1,099	25,530
Central Governments or Central Banks	24	146	30	2	0	0	202
Institutions	539	86	33	11	2	0	671
Corporates	2,473	1,441	3,511	1,147	739	573	9,884
Retail	6	4,172	239	34	567	0	5,018
Other	2,129	948	1,342	1,027	3,785	525	9,755
Risk exposure amount for default funds contributions	821	111	0	0	0	0	933
Settlement Risk	9	0	0	0	0	0	9
Credit Valuation	12,012	434	2	347	3,083	0	15,877

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Adjustment (CVA)							
Internal Model Approach	11,957	396	2	343	3,082	0	15,780
Standardized Approach	55	38	0	4	1	0	97
Market Risk							
Internal Model Approach	33,795	32	173	1,268	14,286	0	49,553
Standardized Approach	28,776	0	173	373	8,741	0	38,063
	5,019	32	0	895	5,545	0	11,491
Operational Risk ¹							
Advanced measurement approach	59,503	7,644	9,456	9,252	4,069	0	89,923
	59,503	7,644	9,456	9,252	4,069	0	89,923
Total	195,130	80,280	52,066	23,808	34,465	11,633	397,382

¹ The movements for the business divisions are due to a change in the allocation methodology performed in the first quarter 2015.

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Dec 31, 2014

	Corporate Banking & Securities	Private & Business Clients	Global Transaction Banking	Deutsche Asset & Wealth Management	Non-Core Operations Unit	Consolidation & Adjustments and Other	Total
in m.							
Credit Risk	83,548	69,584	41,740	7,310	19,280	22,666	244,128
Segment reallocation	(2,200)	520	3,327	330	94	(2,071)	0
Advanced IRBA	77,263	58,786	31,763	3,910	13,062	14,638	199,422
Central Governments and Central Banks	3,948	124	1,020	0	74	218	5,385
Institutions	8,359	1,538	3,103	73	623	171	13,869
Corporates	55,678	9,938	26,916	2,740	5,062	1,199	101,533
Retail	121	37,852	30	91	773	0	38,867
Other	9,157	9,334	694	1,006	6,529	13,049	39,769
Foundation IRBA	2,079	3,303	107	0	1	0	5,491
Central Governments and Central Banks	0	0	0	0	0	0	0
Institutions	0	0	0	0	0	0	0
Corporates	2,079	3,303	107	0	1	0	5,490
Standardized Approach	4,804	6,884	6,542	3,070	6,122	10,099	37,522
Central Governments or Central Banks	21	63	27	3	0	0	114
Institutions	593	124	51	4	3	35	810
Corporates	2,841	1,401	4,747	1,111	1,075	584	11,759
Retail	7	4,064	422	45	1,141	18	5,697
Other	1,341	1,232	1,296	1,908	3,903	9,462	19,142
Risk exposure amount for default funds contributions	1,601	90	1	0	1	0	1,693
Settlement Risk	25	0	0	0	0	1	27
Credit Valuation Adjustment (CVA)	16,024	445	7	445	4,019	262	21,203
Internal Model Approach	15,953	417	7	443	3,953	1	20,774
Standardized Approach	71	28	0	2	66	261	428
Market Risk	44,469	92	199	2,483	16,967	0	64,209
Internal Model Approach	31,439	0	199	1,339	8,625	0	41,602
Standardized Approach	13,029	92	0	1,144	8,342	0	22,607
Operational Risk	31,512	9,605	1,321	6,368	18,275	0	67,082
Advanced measurement approach	31,512	9,605	1,321	6,368	18,275	0	67,082
Total	175,578	79,725	43,268	16,607	58,541	22,929	396,648

The RWA according to CRR/CRD 4 were 397.4 billion as of December 31, 2015, compared with 396.6 billion at the end of 2014. The overall increase of 0.8 billion largely reflects an increase in operational risk RWA assets of 22.8 billion that is offset by reductions in the other risk categories. Operational Risk RWA are up primarily due to legal operational risk losses including legal provisions as well as an increased operational risk loss profile of the banking industry. Credit Risk RWA are 2.1 billion lower mainly as a result of a revised treatment of pension fund exposure calculation as well as de-risking activities partly offset by increases from foreign exchange movements. The lower RWA for market risk are largely attributable to lower risk levels coming from the market risk standardized approach for securitisation positions. The 5.3 billion reduction in RWA for CVA is mainly driven by de-risking and hedging activities.

RWA calculated on CRR/CRD 4 fully loaded basis were 396.7 billion as of December 31, 2015 compared with 394.0 billion at the end of 2014. The increase was driven by the same movements as outlined for transitional rules. The fully loaded RWA were 668 million lower than the risk-weighted assets under the transitional rules due to lower risk-weighted assets coming from our deferred tax assets that arise from temporary differences and from our significant holdings of CET 1 instruments of financial sector entities, which are both subject to the threshold exemptions as outlined in Article 48 CRR.

More specifically the following key drivers of RWA movements have been observed.

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Credit Risk RWA decreased by 0.9 % or 2.1 billion, reflecting:

Book size, reflecting organic changes in our portfolio size and composition, decreased by 4.8 billion in 2015, compared to a decline of 5 billion in 2014. This decline was primarily driven by derivatives and security financing transaction positions mainly in our Core Bank reflecting de-risking activities.

Methodology and policy, reflecting RWA movements resulting from externally, regulatory-driven changes, decreased by 3.3 billion in 2015, compared to an increase of 24 billion in 2014, mainly as a result from the application of a revised treatment to defined benefit pension fund exposure, partly offset by a change in the applicable risk weight exposure to insurance companies.

Book quality, representing the effects from portfolio rating migrations, loss given default, model parameter recalibrations as well as collateral coverage activities, decreased by 2.1 billion in 2015, compared to 2.3 billion in 2014, driven by improvements in the underlying exposure risk profile partly offset by the impact from recalibrations of risk parameter and process enhancements.

The decrease in the category Other, which represents changes not included in the other categories described in this paragraph, of 2.7 billion in 2015, compared to an increase of 5.0 billion in 2014, was mainly driven by movements resulting from the transitional treatment of our defined benefit pension fund assets as well as from movements applying the 10/15 % threshold rule.

Credit Risk RWA were also impacted by foreign exchange movements 10.4 billion in 2015, compared to 11.8 billion in 2014, mainly resulting from a strengthening US Dollar.

Market Risk RWA decreased by 23 % or 14.7 billion, reflecting:

Movements in risk levels, reflecting movements in our internal models for value-at-risk, stressed value-at-risk, incremental risk charge and comprehensive risk measure as well as results from the market risk standardized approach, contributed to 27.7 billion in 2015, compared to a decline of 10.2 billion in 2014, and were predominantly due to lower risk levels in the Market Risk Standard Approach, Value-at-Risk, Stressed Value-at-Risk and Incremental Risk Charge components, mainly reflecting de-risking activities in the Non-Core Operations Unit (which particularly impacted the Market Risk Standardized Approach).

Offsetting effects in the category methodology and policy, representing changes in our internal models, such as methodology enhancements, of 5.7 billion in 2015, compared to 20.1 billion in 2014, resulted from the termination of the transitional period granted by Article 337 (4) CRR for the Market Risk Standardized Approach, as well as in market data changes and recalibrations by 3.9 billion. As a result, the calculation is now based on the sum of the weighted net long positions and the sum of the weighted net short positions rather than the larger of the two sums.

Market data changes, resulting from fluctuations in market data levels, volatilities, correlations, liquidity and ratings, resulted in a market risk RWA impact of 3.9 billion, compared to a decrease of 0.7 billion in 2014.

Market risk RWA were also impacted by foreign exchange movements of 1.9 billion compared to 2.7 billion in 2014, which were predominately reflected in the Market Risk Standardized Approach.

Operational Risk RWA increased by 34 % or 22.8 billion reflecting:

Loss profile changes (internal and external) contributed 24.2 billion in 2015, compared to 9.3 billion in 2014, mainly driven by the early recognition of enhancements to our Advanced Measurement Approach model (contributing additional RWA of 7.7 billion), further effects from a model change related to reasonable possible litigation losses and by large external market operational risk events, which are reflected in our AMA model, such as settlements of regulatory matters by financial institutions. From the third quarter 2014, further effects from the model change related to reasonably possible litigation losses are shown under the category loss profile changes.

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Credit Valuation Adjustment RWA decreased by 25 % or 5.3 billion reflecting:

Movement in risk levels, which includes changes to the portfolio size and composition, decreased by 5.2 billion primarily due to de-risking of the portfolio throughout the year and due to re-optimization of the CVA RWA hedging program and market volatility.

Credit valuation adjustment RWA were also impacted by foreign exchange movements of 1.9 billion, mainly resulting from a strengthening US Dollar.

Economic Capital

Internal Capital Adequacy

As the primary measure of our Internal Capital Adequacy Assessment Process (ICAAP) we assess our internal capital adequacy based on our gone concern approach as the ratio of our total capital supply divided by our total capital demand as shown in the table below. Our capital supply definition has been further aligned with the CRR/CRD 4 capital framework. Additional valuation adjustments, expected loss shortfall, home loans and savings protection and holdings of own capital instruments are now deducted from Pillar 2 capital supply. The prior year information has been revised accordingly.

Internal Capital Adequacy

in m.

(unless stated otherwise) Capital supply	Dec 31, 2015	Dec 31, 2014
Shareholders' equity	62,678	68,351
Fair value gains on own debt and debt valuation adjustments, subject to own credit risk ¹	(407)	(544)
Defined benefit pension fund assets ²	(1,173)	(961)
Deferred tax assets	(7,762)	(6,865)
Additional valuation adjustments	(1,877)	0
Expected Loss Shortfall	(106)	(712)
Home loans and savings protection	(291)	(345)
Holdings of own capital instruments	(62)	(54)

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Fair Value adjustments for financial assets reclassified to loans ³	(147)	0
Noncontrolling Interests ⁴	0	0
Hybrid Tier 1 capital instruments	11,962	16,158
Tier 2 capital instruments	8,016	6,620
Capital supply	70,832	81,648
Capital demand		
Total economic capital requirement	38,442	31,866
Credit risk	13,685	12,885
Market risk	17,436	14,852
Operational risk	10,243	7,598
Business risk	5,931	3,084
Diversification benefit	(8,852)	(6,554)
Intangible assets	10,078	14,951
Capital demand	48,520	46,817
Internal capital adequacy ratio	146 %	174 %

¹ Includes deduction of fair value gains on own credit-effect relating to own liabilities designated under the fair value option as well as the debt valuation adjustments.

² Reported as net assets (assets minus liabilities) of a defined pension fund, i.e. applicable for overfunded pension plans.

³ Includes fair value adjustments for assets reclassified in accordance with IAS 39 and for banking book assets where no matched funding is available. A positive adjustment is not considered.

⁴ Includes noncontrolling interest up to the economic capital requirement for each subsidiary.

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A ratio of more than 100 % signifies that the total capital supply is sufficient to cover the capital demand determined by the risk positions. This ratio was 146 % as of December 31, 2015, compared with 174 % as of December 31, 2014. The change of the ratio was driven by a decrease in capital supply and a higher economic capital usage. Shareholders' equity decreased by 5.7 billion mainly driven by goodwill impairments. Hybrid Tier 1 capital instruments decreased by 4.2 billion mainly driven by called capital instruments. Tier 2 capital instruments increased by 1.4 billion mainly due to the issuance of new instruments. The increase in capital demand was driven by higher economic capital requirement as explained in the section Risk Profile, partly offset by a decrease in intangible assets due to goodwill impairments as explained in the section Goodwill and Other Intangible Assets.

The above capital adequacy measures apply to the consolidated Group as a whole (including Postbank) and form an integral part of our Risk and Capital Management framework.

Leverage Ratio

We manage our balance sheet on a Group level and, where applicable, locally in each region. In the allocation of financial resources we favour business portfolios with the highest positive impact on our profitability and shareholder value. We monitor and analyze balance sheet developments and track certain market-observed balance sheet ratios. Based on this we trigger discussion and management action by the Capital and Risk Committee. Following the publication of the CRR/CRD 4 framework, we established a leverage ratio calculation according to that framework.

Leverage Ratio according to revised CRR/CRD 4 framework (fully loaded)

The CRR/CRD 4 framework introduced a non-risk based leverage ratio that is intended to act as a supplementary measure to the risk based capital requirements. Its objectives are to constrain the build-up of leverage in the banking sector, helping avoid destabilizing deleveraging processes which can damage the broader financial system and the economy, and to reinforce the risk based requirements with a simple, non-risk based backstop measure.

We calculate our leverage ratio exposure on a fully loaded basis in accordance with Art. 429 of the CRR as per Delegated Regulation (EU) 2015/62 of 10 October 2014 published in the Official Journal of the European Union on January 17, 2015 amending Regulation (EU) No 575/2013.

Our total leverage ratio exposure consists of the components derivatives, securities financing transactions (SFTs), off-balance sheet exposure and other on-balance sheet exposure (excluding derivatives and SFTs).

The leverage exposure for derivatives is calculated by using the regulatory mark-to-market method for derivatives comprising the current replacement cost plus a regulatory defined add-on for the potential future exposure. Variation margin received in cash from counterparties is deducted from the current replacement cost portion of the leverage ratio exposure measure and variation margin paid to counterparties is deducted from the leverage ratio exposure measure related to receivables recognized as an asset on the balance sheet, provided certain conditions are met. The effective notional amount of written credit derivatives, i.e., the notional reduced by any negative fair value changes that have been incorporated in Tier 1 capital is included in the leverage ratio exposure measure; the resulting exposure measure is further reduced by the effective notional amount of a purchased credit derivative on the same reference name provided certain conditions are met.

The SFT component includes the gross receivables for SFTs, which are netted with SFT payables if specific conditions are met. In addition to the gross exposure a regulatory add-on for the counterparty credit risk is included.

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The Off-balance sheet exposure component follows the credit risk conversion factors (CCF) of the standardized approach for credit risk (0 %, 20 %, 50 %, or 100 %), which depend on the risk category subject to a floor of 10 %.

The other on-balance sheet exposure component (excluding derivatives and SFTs) reflects the accounting values of the assets (excluding derivatives and SFTs) as well as regulatory adjustments for asset amounts deducted in determining Tier 1 capital.

The following tables show the leverage ratio exposure and the leverage ratio, both on a fully loaded basis:

Summary reconciliation of accounting assets and leverage ratio exposures

in bn.	Dec 31, 2015	Dec 31, 2014
Total assets as per published financial statements	1,629	1,709
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	3	(28)
Adjustments for derivative financial instruments	(263)	(276)
Adjustment for securities financing transactions (SFTs)	25	16
Adjustment for off-balance sheet items (i.e., conversion to credit equivalent amounts of off-balance sheet exposures)	109	127
Other adjustments	(107)	(103)
Leverage ratio total exposure measure	1,395	1,445

Leverage ratio common disclosure

in bn.	Dec 31, 2015	Dec 31, 2014
(unless stated otherwise) Total derivative exposures	215	318
Total securities financing transaction exposures	164	152
Total off-balance sheet exposures	109	127
Other Assets	924	866
Asset amounts deducted in determining Tier 1 capital fully loaded	(17)	(19)

Tier 1 capital fully loaded	48.7	50.7
Total Exposures	1,395	1,445
Leverage Ratio using a fully loaded definition of Tier 1 capital (in %)	3.5	3.5

Description of the factors that had an impact on the leverage ratio in 2015

As of December 31, 2015, our fully loaded CRR/CRD 4 leverage ratio was 3.5 % compared to 3.5 % as of December 31, 2014, taking into account as of December 31, 2015 a fully loaded Tier 1 capital of 48.7 billion over an applicable exposure measure of 1,395 billion (50.7 billion and 1,445 billion as of December 31, 2014, respectively).

Over the year 2015 the active management of our leverage exposure resulted in a decrease of the leverage ratio exposure amounting to 129 billion, though this decrease was partly offset by foreign exchange impacts of 79 billion primarily related to the appreciation of the U.S. dollar to the euro. The decrease of 50 billion mainly reflects reductions in derivatives and securities financing transaction of 91 billion. Off-balance sheet exposures reduced 18 billion primarily from the application of revised EBA treatment to defined benefit pension fund assets. This was offset by increases on our balance sheet for cash, central bank and interbank balances by 26 billion, loans by 22 billion and financials assets available for sale by 9 billion.

Our leverage ratio calculated as the ratio of total assets under IFRS to total equity under IFRS was 24 as of December 31, 2015 compared to 23 as of December 31, 2014.

For main drivers of the Tier 1 capital development please refer to section Regulatory Capital in this report.

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Credit Risk Exposure

Counterparty credit exposure arises from our traditional nontrading lending activities which include elements such as loans and contingent liabilities, as well as from our direct trading activity with clients in certain instruments including OTC derivatives like foreign exchange forwards and Forward Rate Agreements. A default risk also arises from our positions in equity products and traded credit products such as bonds.

We define our credit exposure by taking into account all transactions where losses might occur due to the fact that counterparties may not fulfil their contractual payment obligations.

Maximum Exposure to Credit Risk

The maximum exposure to credit risk table shows the direct exposure before consideration of associated collateral held and other credit enhancements (netting and hedges) that do not qualify for offset in our financial statements for the periods specified. The netting credit enhancement component includes the effects of legally enforceable netting agreements as well as the offset of negative mark-to-markets from derivatives against pledged cash collateral. The collateral credit enhancement component mainly includes real estate, collateral in the form of cash as well as securities related collateral. In relation to collateral we apply internally determined haircuts and additionally cap all collateral values at the level of the respective collateralized exposure.

Maximum Exposure to Credit Risk

Dec 31, 2015

Credit Enhancements

in m.	Maximum exposure to credit risk ²	Netting	Collateral	Guarantees and Credit derivatives ³	Total credit enhancements
Cash and central bank balances	96,940	0	22	0	22
Interbank balances (w/o central banks)	12,842	0	57	13	70
Central bank funds sold and securities purchased under resale agreements	22,456	0	22,037	0	22,037
Securities borrowed	33,557	0	32,031	0	32,031
Financial assets at fair value through profit or loss ⁴	734,449	409,317	152,858	699	562,874
Trading assets	119,991	0	4,615	519	5,134

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Positive market values from derivative financial instruments	515,594	407,171	69,008	106	476,285
Financial assets designated at fair value through profit or loss	98,864	2,146	79,235	74	81,455
thereof:					
Securities purchased under resale agreement	51,073	2,146	47,664	0	49,811
Securities borrowed	21,489	0	21,154	0	21,154
Financial assets available for sale ⁴	71,368	0	760	0	760
Loans ⁵	432,777	0	207,923	30,188	238,111
Other assets subject to credit risk	78,978	58,478	386	365	59,229
Financial guarantees and other credit related contingent liabilities ⁶	57,325	0	5,730	8,166	13,897
Irrevocable lending commitments and other credit related commitments ⁶	174,549	0	6,973	6,275	13,248
Maximum exposure to credit risk	1,715,241	467,795	428,777	45,707	942,279

¹ All amounts at carrying value unless otherwise indicated.

² Does not include credit derivative notional sold (655,584 million) and credit derivative notional bought protection. Cash and central bank balances mainly relate to Liquidity Reserves.

³ Bought credit protection is reflected with the notional of the underlying.

⁴ Excludes equities, other equity interests and commodities.

⁵ Gross loans less deferred expense/unearned income before deductions of allowance for loan losses.

⁶ Figures are reflected at notional amounts.

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Dec 31, 2014				Credit Enhancements	
in m.	Maximum exposure to credit risk ²	Netting	Collateral	Guarantees and Credit derivatives ³	Total credit enhancements
Cash and central bank balances ⁴	74,482	0	7	0	7
Interbank balances (w/o central banks) ⁴	9,090	0	53	21	74
Central bank funds sold and securities purchased under resale agreements	17,796	0	16,988	0	16,988
Securities borrowed	25,834	0	24,700	0	24,700
Financial assets at fair value through profit or loss ⁵	862,035	522,373	163,576	1,102	687,051
Trading assets	125,130	0	3,537	533	4,070
Positive market values from derivative financial instruments	629,958	519,590	76,512	336	596,439
Financial assets designated at fair value through profit or loss	106,947	2,782	83,527	233	86,542
thereof:					
Securities purchased under resale agreement	60,473	2,415	58,058	0	60,473 ⁶
Securities borrowed	20,404	368	19,955	0	20,323 ⁶
Financial assets available for sale ⁵	62,038	0	938	-	938
Loans ⁷	410,825	0	205,376	28,496	233,872
Other assets subject to credit risk	85,061	67,009	768	363	68,140
Financial guarantees and other credit related contingent liabilities ⁸	62,087	0	6,741	8,723	15,464
Irrevocable lending commitments and other credit related commitments ⁸	154,446	0	5,958	8,582	14,540
Maximum exposure to credit risk	1,763,695	589,381	425,106	47,287	1,061,774

¹ All amounts at carrying value unless otherwise indicated.

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² Does not include credit derivative notional sold (680,699 million) and credit derivative notional bought protection. Cash and central bank balances mainly relate to Liquidity Reserves.

³ Bought credit protection is reflected with the notional of the underlying.

⁴ In 2015, comparatives have been restated. See Note 1 Significant Accounting Policies and Critical Accounting Estimates Significant Changes in Estimates and Changes in Presentation for detailed information.

⁵ Excludes equities, other equity interests and commodities.

⁶ Comparatives have been restated to include Netting.

⁷ Gross loans less deferred expense/unearned income before deductions of allowance for loan losses.

⁸ Figures are reflected at notional amounts.

The overall decrease in maximum exposure to credit risk for December 31, 2015 was predominantly driven by a 114.4 billion decrease in positive market values from derivative financial instruments during the period, partly offset by a 22.5 billion increase in cash and central bank balances, 22.0 billion increase in loans, 20.1 billion increase in irrevocable loan commitments and other credit related commitments as well as foreign exchange impacts across various products.

Included in the category of trading assets as of December 31, 2015, were traded bonds of 103.2 billion (107.8 billion as of December 31, 2014) that are over 79 % investment-grade (over 80 % as of December 31, 2014). The above mentioned financial assets available for sale category primarily reflected debt securities of which more than 95 % were investment-grade (more than 94 % as of December 31, 2014).

Credit Enhancements are split into three categories: netting, collateral, and guarantees and credit derivatives. A prudent approach is taken with respect to haircuts, parameter setting for regular margin calls as well as expert judgements for collateral valuation to prevent market developments from leading to a build-up of uncollateralized exposures. All categories are monitored and reviewed regularly. Overall credit enhancements received are diversified and of adequate quality being largely cash, highly rated government bonds and third-party guarantees mostly from well rated banks and insurance companies. These financial institutions are mainly domiciled in Western European countries and the United States. Furthermore we have collateral pools of highly liquid assets and mortgages (principally consisting of residential properties mainly in Germany) for the homogeneous retail portfolio.

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Credit Quality of Financial Instruments neither Past Due nor Impaired

We derive our credit quality from internal ratings and group our exposures into classes as shown below. Please refer to section Measuring Credit Risk for more details about our internal ratings.

Credit Quality of Financial Instruments neither Past Due nor Impaired

in m!								Dec 31, 2015
	iAAA	iAA	iA	iBBB	iBB	iB	iCCC and below	Total
Cash and central bank balances	91,154	2,377	1,918	1,311	68		111	96,940
Interbank balances (w/o central banks)	4,606	5,450	877	957	18		935	12,842
Central bank funds sold and securities purchased under resale agreements	3,607	15,590	1,870	1,234	37		118	22,456
Securities borrowed	24,306	5,380	1,461	2,361	49		0	33,557
Financial assets at fair value through profit or loss ²	287,102	302,873	65,479	59,148	13,177		6,669	734,449
Trading assets	55,319	14,526	15,837	24,971	5,558		3,780	119,991
Positive market values from derivative financial instruments	184,183	271,328	36,100	17,265	4,894		1,824	515,594
Financial assets designated at fair value through profit or loss	47,601	17,019	13,543	16,912	2,724		1,065	98,864
thereof:								
Securities purchased under resale agreement	15,371	10,120	10,053	13,699	968		863	51,073
Securities borrowed	17,629	3,819	8	33	0		0	21,489
Financial assets available for sale ²	59,157	4,519	2,070	3,404	159		219	69,528
Loans ³	52,022	59,376	123,334	136,404	40,348		9,387	420,871
thereof:								
IAS 39 reclassified loans	1,672	461	878	627	76		397	4,110
Other assets subject to credit risk	30,724	26,465	6,924	13,615	941		308	78,978
Financial guarantees and other credit related contingent liabilities ⁴	6,384	15,464	18,283	10,827	4,668		1,700	57,325
	23,035	46,220	44,603	37,643	21,212		1,834	174,549

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Irrevocable lending commitments and other
credit related commitments⁴

Total	582,099	483,714	266,820	266,904	80,678	21,282	1,701,495
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¹ All amounts at carrying value unless otherwise indicated.

² Excludes equities, other equity interests and commodities.

³ Gross loans less deferred expense/unearned income before deductions of allowance for loan losses.

⁴ Figures are reflected at notional amounts.

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								Dec 31, 2014
in m!	iAAA	iAA	iA	iBBB	iBB	iB	iCCC and below	Total
Cash and central bank balances ²	70,744		1,202	1,694	686	51	105	74,482
Interbank balances (w/o central banks) ²	3,651		4,208	547	618	25	40	9,090
Central bank funds sold and securities purchased under resale agreements	854		13,564	1,553	1,414	332	79	17,796
Securities borrowed	18,705		5,200	1,114	727	88	0	25,834
Financial assets at fair value through profit or loss ³	312,470		385,335	81,930	58,678	16,094	7,529	862,036
Trading assets	58,014		15,973	18,230	21,767	7,061	4,085	125,130
Positive market values from derivative financial instruments	208,057		348,179	46,675	20,062	5,120	1,865	629,958
Financial assets designated at fair value through profit or loss	46,399		21,183	17,025	16,848	3,914	1,578	106,947
thereof:								
Securities purchased under resale agreement	17,213		13,820	12,432	14,219	1,529	1,259	60,473
Securities borrowed	17,110		3,266	20	7	0	0	20,404
Financial assets available for sale ^{3,4}	50,810		3,375	1,782	3,958	194	1,719	61,838
Loans ⁵	47,554		56,865	112,106	130,438	39,181	10,313	396,458
thereof:								
IAS 39 reclassified loans	2,109		1,353	1,408	1,051	685	274	6,880
Other assets subject to credit risk	13,538		48,714	7,049	13,927	1,105	728	85,061
Financial guarantees and other credit related contingent liabilities ⁶	6,281		17,696	20,190	11,640	4,929	1,352	62,087
Irrevocable lending commitments and other credit related commitments ⁶	22,938		39,336	40,145	31,492	18,924	1,612	154,446

Total	547,546	575,494	268,110	253,577	80,924	23,477	1,749,129
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¹ All amounts at carrying value unless otherwise indicated.

² In 2015, comparatives have been restated. See Note 1 Significant Accounting Policies and Critical Accounting Estimates Significant Changes in Estimates and Changes in Presentation for detailed information.

³ Excludes equities, other equity interests and commodities.

⁴ Includes past due instruments in order to be consistent with the Asset Quality section of this report.

⁵ Gross loans less deferred expense/unearned income before deductions of allowance for loan losses.

⁶ Figures are reflected at notional amounts.

The overall decline in total credit exposure of 47.6 billion for December 31, 2015 is mainly due to an decrease in positive market value from derivative financial instruments in investment-grade rating categories and here mainly in the category iA, partly offset by foreign exchange impacts across various products.

Main Credit Exposure Categories

The tables in this section show details about several of our main credit exposure categories, namely loans, irrevocable lending commitments, contingent liabilities, over-the-counter (OTC) derivatives, traded loans, traded bonds, debt securities available for sale and repo and repo-style transactions:

Loans are net loans as reported on our balance sheet at amortized cost but before deduction of our allowance for loan losses.

Irrevocable lending commitments consist of the undrawn portion of irrevocable lending-related commitments.

Contingent liabilities consist of financial and performance guarantees, standby letters of credit and other similar arrangements (mainly indemnity agreements).

OTC derivatives are our credit exposures from over-the-counter derivative transactions that we have entered into, after netting and cash collateral received. On our balance sheet, these are included in financial assets at fair value through profit or loss or, for derivatives qualifying for hedge accounting, in other assets, in either case, before netting and cash collateral received.

Traded loans are loans that are bought and held for the purpose of selling them in the near term, or the material risks of which have all been hedged or sold. From a regulatory perspective this category principally covers trading book positions.

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Traded bonds include bonds, deposits, notes or commercial paper that are bought and held for the purpose of selling them in the near term. From a regulatory perspective this category principally covers trading book positions.

Debt securities available for sale include debentures, bonds, deposits, notes or commercial paper, which are issued for a fixed term and redeemable by the issuer, which we have classified as available for sale.

Repo and repo-style transactions consist of reverse repurchase transactions, as well as securities or commodities borrowing transactions before application of netting and collateral received.

Although considered in the monitoring of maximum credit exposures, the following are not included in the details of our main credit exposure: brokerage and securities related receivables, cash and central bank balances, interbank balances (w/o central banks), assets held for sale, accrued interest receivables, traditional securitization positions as well as equity investments.

Main Credit Exposure Categories by Business Divisions

in m.	Dec 31, 2015								Total
	Loans ¹	Irrevocable lending commitments ²	Contingent liabilities	OTC derivatives ³	Traded Loans	Traded Bonds	Debt securities available for sale	Repo and repo-style transactions ⁴	
Corporate Banking & Securities	79,610	134,514	4,629	44,862	14,815	89,136	45,494	111,276	524,337
Private & Business Clients	218,451	11,174	1,662	501	0	1	17,146	7,132	256,067
Global Transaction Banking	76,125	20,410	47,699	692	266	28	168	10,149	155,537
Deutsche Asset & Wealth Management	45,135	6,071	2,477	372	10	7,112	3,441	5	64,623
Non-Core Operations Unit	13,321	1,642	784	2,625	368	6,934	1,932	14	27,620
Consolidation & Adjustments	135	738	74	0	0	0	85	0	1,031
Total	432,777	174,549	57,325	49,053	15,459	103,212	68,266	128,575	1,029,215

¹ Includes impaired loans amounting to 8.2 billion as of December 31, 2015.

² Includes irrevocable lending commitments related to consumer credit exposure of 9.2 billion as of December 31, 2015.

³ Includes the effect of netting agreements and cash collateral received where applicable. Excludes derivatives qualifying for hedge accounting.

⁴ Before reflection of collateral and limited to securities purchased under resale agreements and securities borrowed.

in m.	Dec 31, 2014								Total
	Loans ¹	Irrevocable lending commitments ²	Contingent liabilities	OTC derivatives ³	Traded Loans	Traded Bonds	Debt securities available for sale	Repo and repo-style transactions ⁴	
Corporate Banking & Securities	61,820	119,995	4,865	43,407	14,865	92,272	34,411	112,605	484,239

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Private & Business Clients	214,688	11,687	1,735	464	0	2	16,665	8,714	253,955
Global Transaction Banking	77,334	17,121	51,663	595	614	87	184	3,159	150,758
Deutsche Asset & Wealth Management	38,676	4,158	2,681	839	12	7,940	3,403	11	57,719
Non-Core Operations Unit	18,049	954	1,072	1,760	1,163	7,509	4,358	17	34,883
Consolidation & Adjustments	258	530	71	13	0	(0)	111	0	983
Total	410,825	154,446	62,087	47,078	16,654	107,808	59,132	124,507	982,537

¹ Includes impaired loans amounting to 9.3 billion as of December 31, 2014.

² Includes irrevocable lending commitments related to consumer credit exposure of 9.4 billion as of December 31, 2014.

³ Includes the effect of netting agreements and cash collateral received where applicable. Excludes derivatives qualifying for hedge accounting.

⁴ Before reflection of collateral and limited to securities purchased under resale agreements and securities borrowed.

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Our main credit exposure increased by 46.7 billion.

From a divisional perspective, CB&S increased by 40.1 billion, Deutsche AWM by 6.9 billion and GTB by 4.8 billion. NCOU achieved a managed reduction of 7.3 billion

From a product perspective, strong exposure increases have been observed for loans, irrevocable lending commitments and debt securities available for sale. Exposure reductions were observed for contingent liabilities and traded bonds.

Main Credit Exposure Categories by Industry Sectors

	Dec 31, 2015								
in m.	Loans ¹	Irrevocable lending commitments ²	Contingent liabilities	OTC derivatives ³	Traded Loans	Traded Bonds	Debt securities available for sale	Repo and repo-style transactions ⁴	Total
Financial intermediation	56,665	33,194	11,717	26,539	3,815	24,761	23,772	124,340	304,804
Fund management activities	24,839	8,935	381	1,601	118	2,303	461	237	38,875
Manufacturing	26,800	40,930	17,192	2,885	1,500	2,341	314	0	91,963
Wholesale and retail trade	16,719	12,544	5,424	1,038	499	564	95	1	36,884
Households	200,817	11,638	2,013	719	128	0	0	34	215,350
Commercial real estate activities ⁵	42,792	5,835	681	1,812	3,429	738	205	40	55,533
Public sector	17,050	2,450	280	6,170	491	55,774	39,085	2,242	123,543
Other	47,094 ⁶	59,023	19,636	8,289	5,478	16,731	4,333	1,680	162,263
Total	432,777	174,549	57,325	49,053	15,459	103,212	68,266	128,575	1,029,215

¹ Includes impaired loans amounting to 8.2 billion as of December 31, 2015.

² Includes irrevocable lending commitments related to consumer credit exposure of 9.2 billion as of December 31, 2015.

³ Includes the effect of netting agreements and cash collateral received where applicable. Excludes derivatives qualifying for hedge accounting.

⁴ Before reflection of collateral and limited to securities purchased under resale agreements and securities borrowed.

⁵ Commercial real estate activities are based on counterparty industry classification, irrespective of business division attribution.

⁶ Loan exposures for Other include lease financing.

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Dec 31, 2014

in m.	Loans ¹	Irrevocable lending commitments ²	Contingent liabilities	OTC derivatives ³	Traded Loans	Traded Bonds	Debt securities available for sale	Repo and repo-style transactions ⁴	Total
Financial intermediation ⁵	59,580	30,481	13,698	21,309	4,421	26,784	21,668	122,155	300,097
Fund management activities ⁵	12,145	6,696	507	3,065	149	2,966	349	49	25,925
Manufacturing ⁵	25,633	40,607	18,137	2,292	1,604	2,312	204		90,788
Wholesale and retail trade ⁵	15,781	11,937	6,080	1,156	865	839	94		36,752
Households ⁵	197,853	11,082	1,864	739	183	2	0	35	211,758
Commercial real estate activities ^{5,6}	35,743	3,875	705	2,054	3,129	606	74	576	46,762
Public sector ⁵	18,051	1,753	216	7,346	651	56,217	32,105	716	117,056
Other ⁵	46,037 ⁷	48,015	20,880	9,116	5,654	18,083	4,638	975	153,399
Total	410,825	154,446	62,087	47,078	16,654	107,808	59,132	124,507	982,537

¹ Includes impaired loans amounting to 9.3 billion as of December 31, 2014.

² Includes irrevocable lending commitments related to consumer credit exposure of 9.4 billion as of December 31, 2014.

³ Includes the effect of netting agreements and cash collateral received where applicable. Excludes derivatives qualifying for hedge accounting.

⁴ Before reflection of collateral and limited to securities purchased under resale agreements and securities borrowed.

⁵ Comparatives have been restated to reflect changes in industry sectors.

⁶ Commercial real estate activities are based on counterparty industry classification, irrespective of business unit attribution.

⁷ Loan exposures for Other include lease financing.

The above table gives an overview of our credit exposure by industry; allocated based on the NACE code of the counterparty we are doing business with.

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From an industry perspective, our credit exposure is higher compared with last year mainly due to an increase in Fund management activities of 13.0 billion and Commercial real estate activities of 8.8 billion, driven by higher loan exposure, as well as increases in the category Other by 8.9 billion mainly attributable to Irrevocable lending commitments.

Loan exposures to the industry sectors financial intermediation, manufacturing and public sector comprise predominantly investment-grade loans. The portfolio is subject to the same credit underwriting requirements stipulated in our Principles for Managing Credit Risk, including various controls according to single name, country, industry and product-specific concentration.

Material transactions, such as loans underwritten with the intention to syndicate, are subject to review by senior credit risk management professionals and (depending upon size) an underwriting credit committee and/or the Management Board. High emphasis is placed on structuring such transactions so that de-risking is achieved in a timely and cost effective manner. Exposures within these categories are mostly to good quality borrowers and also subject to further risk mitigation as outlined in the description of our Credit Portfolio Strategies Group activities.

Our household loans exposure amounting to 200.8 billion as of December 31, 2015 (197.9 billion as of December 2014) is principally associated with our PBC portfolio. 155.5 billion (78 %) of the portfolio comprises mortgages, of which 120.0 billion are held in Germany. The remaining exposures (45.3 billion, 22 %) are predominantly consumer finance business related. Given the largely homogeneous nature of this portfolio, counterparty credit worthiness and ratings are predominately derived by utilizing an automated decision engine.

Mortgage business is principally the financing of owner occupied properties sold by various business channels in Europe, primarily in Germany but also in Spain, Italy and Poland, with exposure normally not exceeding real estate value. Consumer finance is divided into personal instalment loans, credit lines and credit cards. Various lending requirements are stipulated, including (but not limited to) maximum loan amounts and maximum tenors and are adapted to regional conditions and/or circumstances of the borrower (i.e., for consumer loans a maximum loan amount taking into account household net income). Interest rates are mostly fixed over a certain period of time, especially in Germany. Second lien loans are not actively pursued.

The level of credit risk of the mortgage loan portfolio is determined by assessing the quality of the client and the underlying collateral. The loan amounts are generally larger than consumer finance loans and they are extended for longer time horizons. Consumer finance loan risk depends on client quality. Given that they are uncollateralized, compared with mortgages they are also smaller in value and are extended for shorter time. Based on our underwriting criteria and processes, diversified portfolio (customers/properties) and low loan-to-value (LTV) ratios, the mortgage portfolio is categorized as lower risk and consumer finance medium risk.

Our commercial real estate loans are generally secured by first mortgages on the underlying real estate property, and follow the credit underwriting requirements stipulated in the Principles for Managing Credit Risk noted above (i.e., rating followed by credit approval based on assigned credit authority) and are subject to additional underwriting and policy guidelines such as LTV ratios of generally less than 75 %. Additionally, given the significance of the underlying collateral independent external appraisals are commissioned for all secured loans by our valuation team (part of the independent Credit Risk Management function). Our valuation team is responsible for reviewing and challenging the reported real estate values regularly.

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Excluding the exposures transferred into the NCOU, the Commercial Real Estate Group only in exceptional cases retains mezzanine or other junior tranches of debt (although we do underwrite mezzanine loans), though the Postbank portfolio holds an insignificant sub-portfolio of junior tranches. Loans originated for securitization are carefully monitored under a pipeline limit. Securitized loan positions are entirely sold (except where regulation requires retention of economic risk), while we frequently retain a portion of syndicated bank loans. This hold portfolio, which is held at amortized cost, is also subject to the aforementioned principles and policy guidelines. We also participate in conservatively underwritten unsecured lines of credit to well-capitalized real estate investment trusts and other public companies (generally investment-grade). We provide both fixed rate (generally securitized product) and floating rate loans, with interest rate exposure subject to hedging arrangements. In addition, sub-performing and non-performing loans and pools of loans are acquired from other financial institutions at generally substantial discounts to both the notional amounts and current collateral values. The underwriting process for these is stringent and the exposure is managed under separate portfolio limits. Commercial real estate property valuations and rental incomes can be significantly impacted by macro-economic conditions and underlying properties to idiosyncratic events. Accordingly, the portfolio is categorized as higher risk and hence subject to the aforementioned tight restrictions on concentration.

The category other loans, with exposure of 47.1 billion as of December 31, 2015 (46.0 billion as of December 31, 2014), relates to numerous smaller industry sectors with no individual sector greater than 5 % of total loans.

Our credit exposure to our ten largest counterparties accounted for 7 % of our aggregated total credit exposure in these categories as of December 31, 2015 compared with 7 % as of December 31, 2014. Our top ten counterparty exposures were with well-rated counterparties or otherwise related to structured trades which show high levels of risk mitigation.

Our credit exposure to each of the focus industries Oil and Gas, Metals, Mining & Steel and Shipping is less than 2 % of our total credit exposure.

Our credit exposure to the Oil & Gas industry is approximately 16 billion, of which gross loans account for 5 billion, and irrevocable lending commitments account for 8 billion. Around 60 % of our credit exposure is to investment-grade rated borrowers, mainly in the more resilient segments Oil Majors and National Oil & Gas companies. Less than 20 % of our Oil & Gas credit portfolio is to sectors that we consider higher risk and more impacted by the low oil price, namely sub-investment-grade Exploration & Production (predominantly senior secured) and Oil & Gas Services & Equipment segments.

Our credit exposure in our Metals, Mining and Steel portfolio is approximately 10 billion, of which gross loans account for 5 billion, and irrevocable lending commitments account of 3 billion. This portfolio is of lower quality compared to our overall Corporate credit portfolio, and has an investment-grade ratio of just 35 %. In line with the structure of the industry, a significant share of our portfolio is in Emerging Markets countries. Our strategy is to reduce this credit portfolio due to elevated risks of this industry, namely material oversupply with resulting pressure on prices and margins.

Our credit exposure to Shipping accounts for approximately 7 billion, of which gross loans account for 6 billion, and is largely collateralised. The portfolio is diversified across ship types with global associated risks due to diversified trading income albeit the counterparties mainly domiciled in Europe. A high proportion of the portfolio is sub investment-grade rated in reflection of the pro-longed challenging market conditions over recent years. Exposure to the German KG sector (non-recourse financing of vessels via closed end funds) is less than 10 % of the total Shipping exposure.

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Main credit exposure categories by geographical region

	Dec 31, 2015								
in m.	Loans ¹	Irrevocable lending commitments ²	Contingent liabilities	OTC derivatives ³	Traded Loans	Traded Bonds	Debt securities available for sale	Repo and repo-style transactions ⁴	Total
Germany	203,387	23,621	11,663	3,044	530	5,065	20,080	6,568	273,957
Western Europe (excluding Germany) thereof:	100,414	42,700	17,525	21,156	3,237	21,463	37,684	30,240	274,420
France	2,335	5,904	1,535	1,015	279	3,445	6,875	3,514	24,901
Luxembourg	19,890	3,140	648	1,629	481	1,746	9,937	318	37,790
Netherlands	10,405	5,851	2,348	3,498	297	2,508	6,243	456	31,606
United Kingdom	8,828	9,880	1,608	6,161	508	4,614	4,762	16,352	52,713
Eastern Europe thereof:	10,319	1,946	1,650	450	1,409	2,738	244	55	18,811
Poland	7,434	705	281	50	0	1,640	85	0	10,195
Russia	1,295	533	583	42	953	113	0	1	3,520
North America thereof:	72,008	96,310	14,154	14,468	6,784	50,842	7,890	74,061	336,517
Canada	1,481	2,391	590	1,764	54	1,016	659	1,676	9,631
Cayman Islands	2,882	1,931	91	919	149	1,724	62	12,459	20,216
U.S.	60,991	90,773	12,966	11,367	6,146	47,786	7,158	58,496	295,683
Central and South America thereof:	6,506	1,111	1,218	1,706	731	2,345	25	1,240	14,883
Brazil	2,267	344	587	458	53	1,191	4	526	5,430
Mexico	731	102	91	331	107	363	19	378	2,121
Asia/Pacific thereof:	37,202	7,685	10,321	7,901	2,201	20,372	2,075	14,794	102,551
China	5,646	1,005	954	571	32	976	0	964	10,149
Japan	848	336	357	1,348	41	3,930	22	5,556	12,438
South Korea	2,158	16	919	1,000	0	1,359	8	0	5,460
Africa	2,123	501	537	300	227	324	100	351	4,464
Other	817	674	258	29	340	62	166	1,266	3,612
Total	432,777	174,549	57,325	49,053	15,459	103,212	68,266	128,575	1,029,215

¹ Includes impaired loans amounting to 8.2 billion as of December 31, 2015.

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² Includes irrevocable lending commitments related to consumer credit exposure of 9.2 billion as of December 31, 2015.

³ Includes the effect of netting agreements and cash collateral received where applicable. Excludes derivatives qualifying for hedge accounting.

⁴ Before reflection of collateral and limited to securities purchased under resale agreements and securities borrowed.

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	Dec 31, 2014								
in m.	Loans ¹	Irrevocable lending commitments ²	Contingent liabilities	OTC derivatives ³	Traded Loans	Traded Bonds	Debt securities available for sale	Repo and repo-style transactions ⁴	Total
Germany	202,658	26,176	14,356	3,250	1,206	6,679	16,339	13,533	284,198
Western Europe (excluding Germany) thereof:	94,386	36,781	18,984	18,190	3,295	21,516	33,683	23,935	250,771
France	2,674	6,053	2,434	936	423	3,684	5,346	3,656	25,207
Luxembourg	14,156	3,835	754	1,766	552	2,028	6,240	190	29,522
Netherlands	10,630	5,548	2,548	5,257	436	2,726	7,751	348	35,244
United Kingdom	7,878	9,118	1,911	1,058	586	4,530	5,141	13,607	43,828
Eastern Europe thereof:	10,524	1,755	2,136	927	1,542	2,494	561	243	20,183
Poland	7,055	651	315	74		1,353	64		9,511
Russia	2,068	524	693	205	1,081	238		39	4,848
North America thereof:	55,540	83,400	14,291	14,338	7,531	52,898	5,736	71,306	305,040
Canada	880	2,237	932	1,087	240	1,309	278	1,325	8,287
Cayman Islands	2,571	1,982	61	542	322	2,256	124	12,660	20,519
U.S.	45,899	77,960	12,881	12,614	6,725	48,669	5,323	56,630	266,702
Central and South America thereof:	5,071	777	1,445	1,350	604	2,936	24	1,151	13,358
Brazil	1,787	210	781	241	175	1,558		656	5,409
Mexico	363	90	51	447	199	450	19	301	1,919
Asia/Pacific thereof:	40,081	4,774	10,062	8,643	2,226	20,677	2,467	13,818	102,747
China	9,372	331	950	523	180	1,698		1,320	14,373
Japan	866	489	397	3,398	173	2,371	90	4,250	12,032
South Korea	2,069	11	1,095	591	0	842		342	4,949
Africa	1,924	627	805	351	124	541	49	520	4,941
Other	640	156	7	29	126	67	273		1,297
Total	410,825	154,446	62,087	47,078	16,654	107,808	59,132	124,507	982,537

¹ Includes impaired loans amounting to 9.3 billion as of December 31, 2014.

² Includes irrevocable lending commitments related to consumer credit exposure of 9.4 billion as of December 31, 2014.

³ Includes the effect of netting agreements and cash collateral received where applicable. Excludes derivatives qualifying for hedge accounting.

⁴ Before reflection of collateral and limited to securities purchased under resale agreements and securities borrowed.

The above table gives an overview of our credit exposure by geographical region, allocated based on the counterparty's country of domicile, see also section "Credit Exposure to Certain Eurozone Countries" of this report for a detailed discussion of the country of domicile view.

Our largest concentration of credit risk within loans from a regional perspective is in our home market Germany, with a significant share in households, which includes the majority of our mortgage lending business.

Within the OTC derivatives business, tradable assets as well as repo and repo-style transactions, our largest concentrations from a regional perspective were in Western Europe (excluding Germany) and North America. From the industry perspective, exposures from OTC derivative as well as repo and repo-style transactions have a significant share in highly rated financial intermediation companies. For tradable assets, a large proportion of exposure is also with public sector companies.

As of December 31, 2015 our loan book increased to 432.8 billion (versus 410.8 billion as of December 31, 2014) mainly in North America and Western Europe (excluding Germany) with fund management and commercial real estate companies experienced largest increases. The increase in loans for Luxembourg is due to ETF related collateral restructuring within CB&S which involved replacing our physical securities exposure by entering into fully funded total returns swaps. The increase in irrevocable lending commitments (20.1 billion) was primarily in the industry sector other mainly in North America and Western Europe (excluding Germany). Credit exposure to Russia has decreased by 1.3 billion to 3.5 billion as a result of successful de-risking. Credit exposure to Ukraine is relatively small at 404 million.

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Our portfolio in China of 10.1 billion is concentrated on trade finance and flow Markets business with large, systemically important local Financial Institutions, financially strong state-owned, privately owned corporates and subsidiaries of Multinational Companies. The tenor structure of our portfolio is mostly short-term.

Brazil is our by far largest credit portfolio in Latin America with 5.4 billion of exposure. The main focus of the portfolio is on largest, investment-grade rated, financial institutions and corporates. The corporate portfolio is diversified across different industries. The tenor structure of our portfolio is also mostly short-term.

Credit Exposure to Certain Eurozone Countries

Certain eurozone countries are presented within the tables below due to concerns relating to sovereign risk. This heightened risk is driven by a number of factors impacting the associated sovereign including high public debt levels and/or large deficits, limited access to capital markets, proximity of debt repayment dates, poor economic fundamentals and outlook (including low gross domestic product growth, weak competitiveness, high unemployment and political uncertainty). Fundamentals have improved to some extent, with the growth outlook for most of these economies stabilising, competitiveness improving and external imbalances (i.e., current account deficits) narrowing. This adjustment process has been supported by the ECB's Outright Monetary Transactions (OMT) program and the European Stability Mechanism (ESM) which have provided a credible (if untested) backstop and helped to contain funding costs. The Quantitative Easing (QE) program has also helped to lower funding costs across the eurozone. The effectiveness of these measures helped limit the contagion to other eurozone bond markets despite the rising uncertainty around the future of Greece's program in the first half of the year following Syriza's election victory in January 2015.

For the presentation of our exposure to these certain eurozone countries we apply two general concepts as follows:

In our risk management view, we consider the domicile of the group parent, thereby reflecting the one obligor principle. All facilities to a group of borrowers which are linked to each other (i.e., by one entity holding a majority of the voting rights or capital of another) are consolidated under one obligor. This group of borrowers is usually allocated to the country of domicile of the respective parent company. As an example, a loan to a counterparty in Spain is Spanish risk as per a domicile view but considered a German risk from a risk management perspective if the respective counterparty is linked to a parent company domiciled in Germany following the above-mentioned one obligor principle. In this risk management view we also consider derivative netting and present exposures net of hedges and collateral. The collateral valuations follow the same stringent approach and principles as outlined separately. Also, in our risk management we classify exposure to special purpose entities based on the domicile of the underlying assets as opposed to the domicile of the special purpose entities. Additional considerations apply for structured products. If, for example, a structured note is issued by a special purpose entity domiciled in Ireland, it will be considered an Irish risk in a country of domicile view, but if the underlying assets collateralizing the structured note are German mortgage loans, then the exposure would be included as German risk in the risk management view.

In our country of domicile view we aggregate credit risk exposures to counterparties by allocating them to the domicile of the primary counterparty, irrespective of any link to other counterparties, or in relation to credit default swaps underlying reference assets from, these eurozone countries. Hence we also include counterparties whose group parent is located outside of these countries and exposures to special purpose entities whose underlying assets are from entities domiciled in other countries.

Net credit risk exposure with certain eurozone countries Risk Management View

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Ireland	2,809	1,398
Italy	13,269	14,920
Portugal	729	1,002
Spain	8,884	8,273
Total	26,164	26,009

¹ Prior year figures were adjusted by 0.8 billion exposure with Ireland and Italy to Securitization and Real Estate counterparties erroneously not included as at December 31, 2014.

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Net credit risk exposure slightly up by 0.2 billion since year-end 2014. This was mainly driven by increases in Ireland Securitization portfolio and Spain short-term liquidity exposure, partly offset by decrease in Italy and Portugal largely driven by lower traded credit positions. Greece exposure marginally up driven by vessel collateral revaluations and USD strengthening, excluding the U.S. dollar denominated Shipping portfolio of 0.3 billion, remaining exposure stands at 0.1 billion and continues to be closely monitored.

Our above exposure is principally to highly diversified, low risk retail portfolios and small and medium enterprises in Italy and Spain, as well as stronger corporate and diversified mid-cap clients. Our financial institutions exposure is predominantly geared towards larger banks in Spain and Italy, typically collateralised. Sovereign exposure is at what we view as a manageable level.

The following tables, which are based on the country of domicile view, present our gross position, the included amount thereof of undrawn exposure and our net exposure to these eurozone countries. The gross exposure reflects our net credit risk exposure grossed up for net credit derivative protection purchased with underlying reference assets domiciled in one of these countries, guarantees received and collateral. Such collateral is particularly held with respect to the retail portfolio, but also for financial institutions predominantly based on derivative margining arrangements, as well as for corporates. In addition the amounts also reflect the allowance for credit losses. In some cases, our counterparties ability to draw on undrawn commitments is limited by terms included in the specific contractual documentation. Net credit exposures are presented after effects of collateral held, guarantees received and further risk mitigation, including net notional amounts of credit derivatives for protection sold/(bought). The provided gross and net exposures to certain European countries do not include credit derivative tranches and credit derivatives in relation to our correlation business which, by design, is structured to be credit risk neutral. Additionally the tranche and correlated nature of these positions does not allow a meaningful disaggregated notional presentation by country, e.g., as identical notional exposures represent different levels of risk for different tranche levels.

Gross position, included undrawn exposure and net exposure to certain eurozone countries – Country of Domicile View

in m.	Sovereign				Financial Institutions		Corporates		Retail		Other		Total ¹
	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014 ²	Dec 31, 2015	Dec 31, 2014 ²	Dec 31, 2015	Dec 31, 2014 ²	Dec 31, 2015	Dec 31, 2014 ²	Dec 31, 2015 ¹	Dec 31, 2014 ²	
Greece													
Gross	0	100	732	716	1,539	1,167	7	6	0	34	2,277	2,022	
Undrawn	0	0	23	20	118	63	0	1	0	0	142	84	
Net	0	89	237	107	95	125	1	2	0	34	333	357	
Ireland													
Gross	459	553	998	1,100	8,752	8,230	35	39	4,361 ³	2,350 ³	14,605	12,273	
Undrawn	0	0	23	48	2,568	2,206	0	0	393 ³	476 ³	2,984	2,730	
Net	28	(21)	528	524	5,327	5,103	5	5	4,347 ³	2,350 ³	10,235	7,960	
Italy													
Gross	4,048	4,673	2,421	5,736	10,642	8,509	17,841	19,310	470	1,310	35,421	39,537	
Undrawn	25	0	73	952	4,622	3,061	148	179	24	28	4,892	4,220	
Net	507	244	754	3,431	7,093	5,897	6,989	6,749	448	1,229	15,792	17,551	
Portugal													
Gross	112	(5)	260	404	1,509	1,052	1,743	2,023	59	205	3,684	3,679	

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Undrawn	0	0	22	37	210	121	25	30	0	0	258	189
Net	64	(76)	181	357	1,111	503	202	220	59	205	1,616	1,209
Spain												
Gross	729	696	1,292	2,465	9,350	9,332	9,928	10,580	257	839	21,556	23,911
Undrawn	0	0	203	738	4,235	3,819	298	476	14	15	4,750	5,048
Net	757	275	516	2,084	6,838	6,828 ⁴	1,872	1,890	476	790	10,458	11,867 ⁴
Total gross	5,348	6,018	5,703	10,421	31,792	28,290	29,553	31,958	5,147	4,736	77,544	81,423
Total undrawn	25	0	344	1,795	11,754	9,271	472	687	431	519	13,026	12,272
Total net⁵	1,356	511	2,216	6,503	20,463	18,457 ⁴	9,069	8,866	5,330	4,608	38,434	38,944 ⁴

¹ Approximately 63 % of the overall exposure will mature within the next 5 years.

² Comparatives as per Financial Report 2014 have been restated down by 107 million gross exposure and 101 million net exposure in order to exclude revocable loan commitments in line with other credit exposure disclosures in this report.

³ Other exposures to Ireland include exposures to counterparties where the domicile of the group parent is located outside of Ireland as well as exposures to special purpose entities whose underlying assets are from entities domiciled in other countries.

⁴ Decrease of CRE collateral of 4 million in comparison to the Financial Statement in September 2015 due to valuation adjustments in the Postbank portfolio.

⁵ Total net exposure excludes credit valuation reserves for derivatives amounting to 159 million as of December 31, 2015 and 300 million as of December 31, 2014.

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Total net exposure to the above selected eurozone countries decreased by 510 million in 2015 driven largely by reductions in exposure to Italy and Spain, partially offset by increased exposure in Ireland and Portugal.

Aggregate net credit risk to certain eurozone countries by type of financial instrument

in m.	Financial assets carried at amortized cost			Financial assets measured at fair value	Financial instruments at fair value through profit or loss		Dec 31, 2015
	Loans before loan loss allowance	Loans after loan loss allowance	Other ¹	Financial assets available for sale ²	Derivatives	Other	
	loss allowance	loss allowance					
Greece	139	104	177	0	54	28	363
Ireland	3,616	3,615	2,845	852	988	2,092	10,392
Italy	11,249	10,298	4,094	671	3,433	1,480	19,976
Portugal	604	545	392	12	39	776	1,763
Spain	5,205	4,598	3,355	198	335	1,539	10,025
Total	20,813	19,160	10,863	1,733	4,849	5,915	42,520

¹ Primarily includes contingent liabilities and undrawn lending commitments.

² Excludes equities and other equity interests.

³ After loan loss allowances.

in m.	Financial assets carried at amortized cost			Financial assets measured at fair value	Financial instruments at fair value through profit or loss		Dec 31, 2014
	Loans before loan loss allowance ¹	Loans after loan loss allowance ¹	Other ^{1,2}	Financial assets available for sale ³	Derivatives	Other	
	loss allowance	loss allowance					
Greece	191	172	92	0	85	28	377
Ireland	2,049	2,016	2,706	481	843	1,728	7,775
Italy	10,764	9,753	3,791	672	4,071	3,085	21,372
Portugal	638	587	306	20	36	558	1,506

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Spain	5,617 ⁵	4,978 ⁵	3,635	231	510	2,015	11,369 ⁵
Total	19,259⁵	17,506⁵	10,530	1,404	5,545	7,414	42,399⁵

¹ Comparatives as per Financial Report 2014 have been restated down by 101 million in order to exclude revocable loan commitments in line with other credit exposure disclosures in this report.

² Primarily includes contingent liabilities and undrawn lending commitments.

³ Excludes equities and other equity interests.

⁴ After loan loss allowances.

⁵ Decrease of CRE collateral of 4 million in comparison to the Financial Statement in September 2015 due to valuation adjustments in the Postbank portfolio.

The above tables exclude credit derivative exposure, which is separately reported in the following table. For our credit derivative exposure with these eurozone countries we present the notional amounts for protection sold and protection bought on a gross level as well as the resulting net notional position and its fair value.

Credit derivative exposure with underlying assets domiciled in certain eurozone countries

in m.	Notional amounts			Dec 31, 2015
	Protection sold	Protection bought	Net protection sold/(bought)	Net fair value
Greece	1,144	(1,174)	(31)	(2)
Ireland	3,332	(3,489)	(157)	4
Italy	44,132	(48,316)	(4,184)	(35)
Portugal	4,497	(4,645)	(147)	23
Spain	18,489	(18,056)	433	(2)
Total	71,594	(75,680)	(4,086)	(13)

in m.	Notional amounts			Dec 31, 2014
	Protection sold	Protection bought	Net protection sold/(bought)	Net fair value
Greece	901	(921)	(20)	2
Ireland	4,344	(4,158)	186	4
Italy	41,433	(45,253)	(3,821)	156
Portugal	5,876	(6,173)	(297)	6
Spain	18,061	(17,563)	498	10
Total	70,614	(74,068)	(3,454)	177

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In line with common industry practice, we use credit default swaps (CDS) as one important instrument to manage credit risk in order to avoid any undue concentrations in the credit portfolio. CDS contracts are governed by standard ISDA documentation which defines trigger events which result in settlement payouts. Examples of these triggers include bankruptcy of the reference entity, failure of reference entity to meeting contractual obligations (i.e., interest or principal repayment) and debt restructuring of the reference entity. These triggers also apply to credit default protection contracts sold. Our purchased credit default swap protection acting as a risk mitigant is predominantly issued by highly rated financial institutions governed under collateral agreements. While we clearly focus on net risk including hedging/collateral we also review our gross positions before any CDS hedging in reflection of the potential risk that a CDS trigger event does not occur as expected.

The exposures associated with these countries noted above are managed and monitored using the credit process explained within the Credit Risk Management section of this Risk Report including detailed counterparty ratings, ongoing counterparty monitoring as well as our framework for managing concentration risk as documented within our Country Risk Management and Industry Risk Management sections as outlined above. This framework is complemented by regular management reporting including targeted portfolio reviews of these countries and portfolio de-risking initiatives.

For credit protection purposes we strive to avoid any maturity mismatches. However, this depends on the availability of required hedging instruments in the market. Where maturity mismatches cannot be avoided, these positions are tightly monitored. We take into account the sensitivities of hedging instruments and underlying assets to neutralize the maturity mismatch.

Our governance framework is intended to enable adequate preparation for and an ability to manage euro crisis events in terms of risk mitigation and operational contingency measures, which we consider to have been effective when Cyprus stresses escalated, with close coordination between Risk, Legal, business and other infrastructure functions to promote consistent operational and strategic responses across the Bank.

Overall, we have managed our exposures to certain eurozone countries since the early stages of the debt crisis and believe our credit portfolio to be well-positioned following selective early de-risking focused on sovereign risk and weaker counterparties.

Sovereign Credit Risk Exposure to Certain Eurozone Countries

The amounts below reflect a net country of domicile view of our sovereign exposure.

Sovereign credit risk exposure to certain eurozone countries

	Dec 31, 2015				Dec 31, 2014			
	Memo Item:				Memo Item:			
	Net Notional of CDS		Net fair value of CDS		Net Notional of CDS		Net fair value of CDS	
	Direct	referencing	Net sovereign exposure	referencing	Direct	referencing	Net sovereign exposure	referencing
in m.	Sovereign exposure ¹	sovereign debt	exposure	sovereign debt ²	Sovereign exposure ¹	sovereign debt	exposure	sovereign debt ²
Greece	0	0	0	0	100	(11)	89	1

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Ireland	55	(28)	28	1	(26)	4	(21)	2
Italy	3,989	(3,482)	507	36	4,600	(4,356)	244	133
Portugal	112	(48)	64	(9)	(5)	(71)	(76)	2
Spain	725	32	757	(12)	688	(413)	275	1
Total	4,881	(3,526)	1,356	17	5,358	(4,848)	511	139

¹ Includes sovereign debt classified as financial assets/liabilities at fair value through profit or loss, available for sale and loans carried at amortized cost.

² The amounts reflect the net fair value in relation to credit default swaps referencing sovereign debt of the respective country representing the counterparty credit risk.

The increase of 845 million in net sovereign exposure compared with year-end 2014 mainly reflects movements from credit default swaps, derivative positions and debt securities. The movement in our net sovereign exposure is mainly driven by a significant increase in Italian and Spanish exposure, which primarily reflects exposure changes in credit default swaps, trading debt securities and positive market values from derivatives.

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The above represented direct sovereign exposure included the carrying value of loans held at amortized cost to sovereigns, which as of December 31, 2015, amounted to 273 million for Italy and 478 million for Spain and as of December 31, 2014 amounted to 279 million for Italy and 580 million for Spain.

Fair value of sovereign credit risk exposure to certain eurozone countries classified as financial assets at fair value through profit or loss

	Dec 31, 2015		Fair value of		Dec 31, 2014	
	Fair value of	Fair value of	derivatives with	Fair value of	Fair value of	Total fair value
in m.	sovereign debt	sovereign debt	sovereign	sovereign debt	sovereign debt	of sovereign
			counterparties			exposures
			(net position) ¹			of sovereign
						exposures
Greece	0	0	0	20	80	100
Ireland	60	(4)	55	(22)	0	(22)
Italy	516 ²	3,104	3,620	385 ²	3,459	3,844
Portugal	(111)	(1)	(112)	(8)	0	(8)
Spain	232	15	247	66	20	86
Total	697	3,114	3,811	441	3,559	4,000

¹ Includes the impact of master netting and collateral arrangements.

² Long sovereign debt position for Italy predominantly related to structured trades with corresponding credit derivatives offset.

Sovereign credit risk exposure to certain eurozone countries classified as financial assets available for sale

	Dec 31, 2015		Fair value of		Dec 31, 2014	
	Fair value of	Original carrying	Accumulated	Fair value of	Original carrying	Accumulated
in m.	sovereign debt	amount	impairment	sovereign debt	amount	impairment
			losses			losses
			recognized in			recognized in
			net income			net
			(after			income
			tax)			(after
			tax)			tax)
Greece	0	0	0	0	0	0
Ireland	0	0	0	0	0	0

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Italy	72	72	0	77	81	0
Portugal	4	4	0	4	4	0
Spain	0	0	0	0	0	0
Total	76	76	0	81	85	0

Credit Exposure Classification

We also classify our credit exposure under two broad headings: consumer credit exposure and corporate credit exposure.

Our consumer credit exposure consists of our smaller-balance standardized homogeneous loans, primarily in Germany, Italy and Spain, which include personal loans, residential and non-residential mortgage loans, overdrafts and loans to self-employed and small business customers of our private and retail business.

Our corporate credit exposure consists of all exposures not defined as consumer credit exposure.

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Corporate Credit Exposure

The tables below show our Corporate Credit Exposure by product types and internal rating bands. Please refer to section "Measuring Credit Risk" for more details about our internal ratings.

Main corporate credit exposure categories according to our internal creditworthiness categories of our counterparties gross

in m.

(unless stated otherwise)

Ratingband iAAA iAA	Probability of default in % ¹ > 0.00 £ 0.04	Loans 50,712	Irrevocable lending commitments ² 23,035	Contingent liabilities 6,384	OTC derivatives ³ 22,753	Dec 31, 2015	
						Debt securities available for sale 59,157	Total 162,042
iA	> 0.04 £ 0.11	49,197	46,220	15,464	10,998	4,515	126,394
iBBB	> 0.11 £ 0.5	62,044	44,603	18,283	7,871	1,911	134,711
iBB	> 0.5 £ 2.27	51,454	37,643	10,827	5,358	2,621	107,904
iB	> 2.27 £ 10.22	20,610	21,212	4,668	1,558	57	48,105
iCCC and below	> 10.22 £ 100	9,853	1,834	1,700	515	4	13,906
Total		243,871	174,548	57,325	49,053	68,266	593,063

¹ Reflects the probability of default for a one year time horizon.

² Includes irrevocable lending commitments related to consumer credit exposure of 9.2 billion as of December 31, 2015.

³ Includes the effect of netting agreements and cash collateral received where applicable.

in m.

(unless stated otherwise)

Ratingband iAAA iAA	Probability of default in % ¹ > 0.00 £ 0.04	Loans 46,493	Irrevocable lending commitments ² 22,938	Contingent liabilities 6,281	OTC derivatives ³ 23,068	Dec 31, 2014	
						Debt securities available for sale 50,808	Total 149,589

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iA	> 0.04 £ 0.11	44,799	39,336	17,696	9,469	3,371	114,670
iBBB	> 0.11 £ 0.5	54,167	40,145	20,190	7,810	1,746	124,057
iBB	> 0.5 £ 2.27	50,183	31,492	11,640	3,926	3,140	100,380
iB	> 2.27 £ 10.22	19,359	18,924	4,929	2,253	17	45,482
iCCC and below	> 10.22 £ 100	9,417	1,612	1,352	552	50	12,983
Total		224,418	154,446	62,087	47,078	59,132	547,161

¹ Reflects the probability of default for a one year time horizon.

² Includes irrevocable lending commitments related to consumer credit exposure of 9.4 billion as of December 31, 2014.

³ Includes the effect of netting agreements and cash collateral received where applicable.

The above table shows an overall increase in our corporate credit exposure in 2015 of 45.9 billion or 8.4 %. The increase in irrevocable lending commitments of 20.1 billion was primarily attributable to North America and Western Europe (excluding Germany). Loans increased by 19.5 billion, mainly attributable to North America and Western Europe (excluding Germany) with more than half of the increase relating to foreign exchange rate movements. This includes a significant increase of 16.5 billion in the investment-grade rating band, which is mainly driven by collateral restructuring related to ETF business within CB&S. Debt securities available for sale increased by 9.1 billion mainly driven by increase in highly liquid securities held in the Group's Strategic Liquidity Reserve. These increases are the result of the ongoing optimization of our liquidity reserves. The increase in debt securities available for sale is almost entirely related to the top rating band. The quality of the corporate credit exposure before risk mitigation has remained stable at 71 % share of investment-grade rated exposures compared to December 31, 2014.

We use risk mitigation techniques as described above to optimize our corporate credit exposure and reduce potential credit losses. The tables below disclose the development of our corporate credit exposure net of collateral, guarantees and hedges.

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Main corporate credit exposure categories according to our internal creditworthiness categories of our counterparties net

in m.

(unless stated otherwise)

Ratingband iAAA iAA	Probability of default in % ² > 0.00 £ 0.04	Loans	Irrevocable lending commitments	Contingent liabilities	OTC derivatives	Debt securities available for sale	Dec 31, 2015 ¹
							Total
		37,450	20,567	4,963	14,844	59,157	136,982
iA	> 0.04 £ 0.11	31,446	42,466	13,256	7,983	4,515	99,666
iBBB	> 0.11 £ 0.5	31,706	41,190	15,230	6,848	1,911	96,885
iBB	> 0.5 £ 2.27	23,865	35,173	6,811	4,139	2,621	72,609
iB	> 2.27 £ 10.22	8,698	20,309	2,411	1,516	57	32,990
iCCC and below	> 10.22 £ 100	4,532	1,670	759	514	4	7,479
Total		137,696	161,375	43,429	35,844	68,266	446,610

¹ Net of eligible collateral, guarantees and hedges based on IFRS requirements.² Reflects the probability of default for a one year time horizon.

in m.

(unless stated otherwise)

Ratingband iAAA iAA	Probability of default in % ² > 0.00 £ 0.04	Loans ³	Irrevocable lending commitments	Contingent liabilities	OTC derivatives	Debt securities available for sale	Dec 31, 2014 ¹
							Total ³
		33,125	19,407	4,282	15,843	50,808	123,464
iA	> 0.04 £ 0.11	29,396	36,137	15,268	3,957	3,370	88,128
iBBB	> 0.11 £ 0.5	28,178	35,807	16,377	6,487	1,746	88,595
iBB	> 0.5 £ 2.27	24,403	29,634	7,274	2,746	3,140	67,196

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iB	> 2.27 € 10.22	8,546	17,514	2,865	2,164	17	31,107
iCCC and below	> 10.22 € 100	4,320	1,451	556	552	50	6,929
Total		127,968	139,950	46,622	31,748	59,131	405,420

¹ Net of eligible collateral, guarantees and hedges based on IFRS requirements.

² Reflects the probability of default for a one year time horizon.

³ Prior year figures were adjusted to include 1.1 billion of CRE collateral relating to Postbank.

The corporate credit exposure net of collateral amounted to 446.6 billion as of December 31, 2015 resulting in a risk mitigation of 25 % or 146.5 billion compared to the corporate gross exposure. This includes a more significant reduction of 44 % for our loans exposure which includes a reduction by 55 % for the lower rated sub-investment-grade rated loans and 38 % for the higher rated investment-grade rated loans. The risk mitigation for the total exposure in the weakest rating band was 46 %, which was significantly higher than 15 % in the strongest rating band.

The risk mitigation of 146.5 billion is split into 29 % guarantees and hedges and 71 % other collateral.

CPSG Risk Mitigation for the Corporate Credit Exposure

Our Credit Portfolio Strategies Group (CPSG) helps mitigate the risk of our corporate credit exposures. The notional amount of CPSG 's risk reduction activities increased from 38.2 billion as of December 31, 2014, to 45.0 billion as of December 31, 2015, due primarily to the strengthening of the USD.

As of year-end 2015, CPSG mitigated the credit risk of 41.4 billion of loans and lending-related commitments as of December 31, 2015, through synthetic collateralized loan obligations supported predominantly by financial guarantees. This position totalled 31.4 billion as of December 31, 2014.

CPSG also held credit derivatives with an underlying notional amount of 3.6 billion. The position totalled 6.8 billion as of December 31, 2014. The credit derivatives used for our portfolio management activities are accounted for at fair value.

CPSG has elected to use the fair value option under IAS 39 to report loans and commitments at fair value, provided the criteria for this option are met. The notional amount of CPSG loans and commitments reported at fair value decreased during the year to 8.2 billion as of December 31, 2015, from 14.1 billion as of December 31, 2014.

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Consumer Credit Exposure

In our consumer credit exposure we monitor consumer loan delinquencies in terms of loans that are 90 days or more past due and net credit costs, which are the annualized net provisions charged after recoveries.

Consumer credit exposure, consumer loan delinquencies and net credit costs

	Total exposure in m.		90 days or more past due as a % of total exposure		Net credit costs as a % of total exposure ³	
	Dec 31, 2015	Dec 31, 2014 ¹	Dec 31, 2015	Dec 31, 2014 ¹	Dec 31, 2015	Dec 31, 2014 ¹
Consumer credit exposure Germany:						
Consumer and small business financing	150,202	147,647	0.87	1.15	0.16	0.22
Mortgage lending	20,326	19,980	2.77	3.93	0.89	1.09
	129,877	127,667	0.57	0.71	0.05	0.08
Consumer credit exposure outside Germany						
Consumer and small business financing	38,704	38,761	4.95	5.35	0.56	0.69
Mortgage lending	13,259	11,913	9.55	11.19	1.20	1.64
	25,444	26,848	2.55	2.76	0.22	0.26
Total consumer credit exposure²	188,906	186,408	1.70	2.02	0.24	0.32

¹ Beginning 2015 we have refined our classification resulting in a reclassification of 427 million of Small Business Financing into Mortgage lending (mainly loans relating to development banks) in Germany and 1.1 billion of Mortgage lending into Small Business Financing (mainly Commercial Real Estate) outside Germany.

² Includes impaired loans amounting to 3.6 billion as of December 31, 2015 and 4.4 billion as of December 31, 2014.

³ Net credit costs for the twelve months period ended at the respective balance sheet date divided by the exposure at that balance sheet date.

The volume of our consumer credit exposure increased from year-end 2014 to December 31, 2015 by 2.5 billion, or 1.3 %, driven by our loan books in Germany, which increased by 2.6 billion, in India, which increased by 407 million, and in Poland, which increased by 314 million. The increase was partly offset by 587 million decreased consumer credit exposure in Italy, mainly driven by reduced Non-Core Operations Unit (NCOU) mortgage book, and 102 million decreased consumer credit exposure in Spain.

The 90 days or more past due ratio of our consumer credit exposure decreased from 2.02 % as per year-end 2014 to 1.70 % as of December 31, 2015.

The total net credit costs as a percentage of our consumer credit exposure decreased from 0.32 % as per year-end 2014 to 0.24 % as of December 31, 2015. This ratio was affected by non-performing portfolio sales in Germany, but also driven by the further improved and stabilized environment in Germany and countries in Southern Europe in which we operate.

Consumer mortgage lending exposure grouped by loan-to-value buckets¹

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	Dec 31, 2015	Dec 31, 2014
£ 50 %	68 %	68 %
> 50 £ 70 %	16 %	16 %
> 70 £ 90 %	9 %	9 %
> 90 £ 100 %	3 %	2 %
> 100 £ 110 %	2 %	1 %
> 110 £ 130 %	1 %	1 %
> 130 %	2 %	1 %

¹ When assigning the exposure to the corresponding LTV buckets, the exposure amounts are distributed according to their relative share of the underlying assessed real estate value.

The LTV expresses the amount of exposure as a percentage of assessed value of real estate.

Our LTV ratios are calculated using the total exposure divided by the current assessed value of the respective properties. These values are updated on a regular basis. The exposure of transactions that are additionally backed by liquid collaterals is reduced by the respective collateral values, whereas any prior charges increase the corresponding total exposure. The LTV calculation includes exposure which is secured by real estate collaterals. Any mortgage lending exposure that is collateralized exclusively by any other type of collateral is not included in the LTV calculation.

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The creditor's creditworthiness, the LTV and the quality of collateral is an integral part of our risk management when originating loans and when monitoring and steering our credit risks. In general, we are willing to accept higher LTVs, the better the creditor's creditworthiness is. Nevertheless, restrictions of LTV apply for countries with negative economic outlook or expected declines of real estate values.

As of December 31, 2015, 68 % of our exposure related to the mortgage lending portfolio had a LTV ratio below or equal to 50 %, unchanged to the previous year.

Credit Exposure from Derivatives

All exchange traded derivatives are cleared through central counterparties (CCPs), the rules and regulations of which provide for daily margining of all current and future credit risk positions emerging out of such transactions. To the extent possible, we also use central counterparty clearing services for OTC derivative transactions (OTC clearing); we thereby benefit from the credit risk mitigation achieved through the central counterparty's settlement system.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (DFA) introduced mandatory OTC clearing for certain standardized OTC derivative transactions in 2013. The European Regulation (EU) No 648/2012 on OTC Derivatives, Central Counterparties and Trade Repositories (EMIR) introduced a number of risk mitigation techniques for non-centrally cleared OTC derivatives in 2013 and the reporting of OTC and exchange traded derivatives in 2014. Mandatory clearing for certain standardized OTC derivatives transactions is expected to start from June 2016, and margin requirements for uncleared OTC derivative transactions are expected to be phased in from September 2016.

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The following table shows a breakdown of notional amounts and gross market value of derivative transactions along with a breakdown of notional amounts of OTC derivative assets and liabilities on the basis of clearing channel.

Notional amounts of OTC derivatives on basis of clearing channel and type of derivative

in m.	Notional amount maturity distribution				Dec 31, 2015		
	Within 1 year	> 1 and ≤ 5 years	After 5 years	Total	Positive market value	Negative market value	Net market value
Interest rate related:							
OTC	10,955,593	9,682,810	6,375,377	27,013,781	345,998	325,179	20,819
Bilateral (Amt)	3,906,875	4,952,043	3,205,837	12,064,755	316,736	298,220	18,516
CCP (Amt)	7,048,718	4,730,767	3,169,540	14,949,025	29,261	26,959	2,302
Exchange-traded	4,452,134	1,400,495	3,742	5,856,371	272	237	35
Total Interest rate related	15,407,727	11,083,305	6,379,119	32,870,152	346,270	325,416	20,854
Currency related:							
OTC	4,672,846	1,134,801	531,085	6,338,731	116,007	115,379	628
Bilateral (Amt)	4,644,414	1,134,686	531,085	6,310,184	115,900	115,270	630
CCP (Amt)	28,432	115	0	28,547	107	109	(2)
Exchange-traded	33,064	15	0	33,079	109	174	(65)
Total Currency related	4,705,910	1,134,815	531,085	6,371,810	116,116	115,553	563
Equity/index related:							
OTC	394,193	197,092	23,521	614,806	25,063	28,818	(3,756)
Bilateral (Amt)	394,193	197,092	23,521	614,806	25,063	28,818	(3,756)
CCP (Amt)	0	0	0	0	0	0	0

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Exchange-traded	501,706	66,571	8,993	577,270	5,533	6,164	(631)
Total Equity/index related	895,899	263,663	32,514	1,192,076	30,596	34,983	(4,387)
Credit derivatives related							
OTC	270,524	949,312	129,622	1,349,458	23,548	20,992	2,556
Bilateral (Amt)	176,492	445,572	72,423	694,486	14,784	12,386	2,399
CCP (Amt)	94,032	503,741	57,199	654,972	8,763	8,606	157
Exchange-traded	0	0	0	0	0	0	0
Total Credit derivatives related	270,524	949,312	129,622	1,349,458	23,548	20,992	2,556
Commodity related:							
OTC	5,998	1,260	9,516	16,775	776	891	(115)
Bilateral (Amt)	5,998	1,260	9,516	16,775	776	891	(115)
CCP (Amt)	0	0	0	0	0	0	0
Exchange-traded	78,204	27,066	10	105,279	497	604	(107)
Total Commodity related	84,202	28,326	9,526	122,054	1,273	1,496	(223)
Other:							
OTC	20,621	5,378	43	26,043	906	1,953	(1,048)
Bilateral (Amt)	20,618	5,378	43	26,039	902	1,953	(1,051)
CCP (Amt)	3	0	0	3	3	0	3
Exchange-traded	8,430	11	0	8,441	22	49	(27)
Total Other	29,051	5,389	43	34,484	928	2,002	(1,074)
Total OTC business	16,319,775	11,970,654	7,069,164	35,359,593	512,297	493,213	19,084
Total bilateral business	9,148,589	6,736,032	3,842,425	19,727,045	474,162	457,538	16,623
Total CCP business	7,171,186	5,234,622	3,226,739	15,632,548	38,135	35,674	2,461
Total exchange-traded business	5,073,538	1,494,157	12,746	6,580,441	6,433	7,229	(795)
Total	21,393,313	13,464,811	7,081,910	41,940,034	518,730	500,441	18,289
Positive market values after netting and cash collateral received	0	0	0	0	53,202	0	0

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in m.	Notional amount maturity distribution				Dec 31, 2014		
	Within 1 year	> 1 and ≤ 5 years	After 5 years	Total	Positive market value	Negative market value ¹	Net market value ¹
Interest rate related:							
OTC	16,193,068	13,319,460	8,081,916	37,594,443	439,519	413,696	25,823
Bilateral (Amt)	5,524,005	6,526,046	3,779,863	15,829,914	407,156	382,615	24,542
CCP (Amt)	10,669,063	6,793,413	4,302,052	21,764,529	32,363	31,082	1,281
Exchange-traded	3,253,648	841,043	714	4,095,406	152	152	(1)
Total Interest rate related	19,446,716	14,160,503	8,082,630	41,689,849	439,671	413,849	25,822
Currency related:							
OTC	4,783,759	1,307,251	609,549	6,700,559	130,775	134,567	(3,792)
Bilateral (Amt)	4,760,349	1,307,251	609,549	6,677,149	130,639	134,420	(3,780)
CCP (Amt)	23,410	0	0	23,410	135	147	(12)
Exchange-traded	12,428	103	0	12,531	55	106	(51)
Total Currency related	4,796,187	1,307,354	609,549	6,713,090	130,829	134,673	(3,844)
Equity/index related:							
OTC	1,203,958	203,328	35,678	1,442,964	27,404	31,949	(4,545)
Bilateral (Amt)	1,203,958	203,328	35,678	1,442,964	27,404	31,949	(4,545)
CCP (Amt)	0	0	0	0	0	0	0
Exchange-traded	499,899	71,213	4,240	575,353	7,406	7,230	176
Total Equity/index related	1,703,857	274,542	39,919	2,018,317	34,810	39,179	(4,369)
Credit derivatives related							
OTC	337,245	935,967	119,549	1,392,760	25,370	23,074	2,296

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Bilateral (Amt)	287,697	689,003	92,335	1,069,035	20,732	18,936	1,796
CCP (Amt)	49,548	246,963	27,214	323,725	4,638	4,138	500
Exchange-traded	0	0	0	0	0	0	0
Total Credit derivatives related	337,245	935,967	119,549	1,392,760	25,370	23,074	2,296
Commodity related:							
OTC	13,708	2,549	7,115	23,371	2,030	1,804	226
Bilateral (Amt)	13,691	2,546	7,115	23,352	2,026	1,802	224
CCP (Amt)	17	2	0	19	4	2	2
Exchange-traded	89,656	22,218	66	111,939	605	697	(92)
Total Commodity related	103,364	24,766	7,181	135,311	2,635	2,501	134
Other:							
OTC	34,340	8,945	0	43,285	1,017	1,929	(912)
Bilateral (Amt)	34,340	8,945	0	43,285	1,017	1,929	(912)
CCP (Amt)	0	0	0	0	0	0	0
Exchange-traded	9,186	1,037	0	10,223	28	60	(32)
Total Other	43,526	9,982	0	53,509	1,045	1,989	(944)
Total OTC business	22,566,078	15,777,500	8,853,806	47,197,384	626,115	607,019	19,096
Total bilateral business	11,824,040	8,737,121	4,524,540	25,085,700	588,975	571,650	17,325
Total CCP business	10,742,038	7,040,379	4,329,266	22,111,683	37,140	35,369	1,771
Total exchange-traded business	3,864,818	935,614	5,021	4,805,453	8,246	8,246	0
Total	26,430,896	16,713,114	8,858,826	52,002,836	634,361	615,265	19,096
Positive market values after netting and cash collateral received	0	0	0	0	49,416	0	0

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Equity Exposure

The table below presents the carrying values of our equity investments according to IFRS definition split by trading and nontrading for the respective reporting dates. We manage our respective positions within our market risk and other appropriate risk frameworks.

Composition of our Equity Exposure

in m.	Dec 31, 2015	Dec 31, 2014
Trading Equities	76,044	69,831
Nontrading Equities ¹	3,228	6,402
Total Equity Exposure	79,273	76,233

¹ Includes equity investment funds amounting to 642 million as of December 31, 2015 and 338 million as of December 31, 2014.

As of December 31, 2015, our Trading Equities exposure was mainly comprised of 71.4 billion from CB&S activities and 4.6 billion from Deutsche AWM business. Overall Trading Equities increased by 6.2 billion year on year driven by increased exposure in CB&S.

Asset Quality

This section describes the asset quality of our loans. All loans where known information about possible credit problems of borrowers causes our management to have serious doubts as to the collectability of the borrower's contractual obligations are included in this section.

Overview of performing, renegotiated, past due and impaired loans by customer groups

in m.	Dec 31, 2015			Dec 31, 2014 ¹		
	Corporate loans	Consumer loans	Total	Corporate loans	Consumer loans	Total
Loans neither past due, nor renegotiated or impaired	237,758	182,306	420,064	217,672	177,904	395,576
Past due loans, neither renegotiated nor impaired	1,143	2,544	3,687	1,304	3,650	4,954
Loans renegotiated, but not impaired	438	437	875	452	496	947
Impaired loans	4,532	3,619	8,151	4,990	4,358	9,348

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Total	243,871	188,906	432,777	224,418	186,408	410,825
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¹ Comparatives for forbore assets as per Financial Report 2014 have been restated. As a result, the renegotiated not impaired volume has been increased by 126 million erroneously not included in prior disclosure. The volume for past due and performing exposure have been adjusted by 126 million accordingly.

Past Due Loans

Loans are considered to be past due if contractually agreed payments of principal and/or interest remain unpaid by the borrower, except if those loans are acquired through consolidation. The latter are considered to be past due if payments of principal and/or interest, which were expected at a certain payment date at the time of the initial consolidation of the loans, are unpaid by the borrower.

Non-impaired past due loans at amortized cost by past due status

in m.	Dec 31, 2015	Dec 31, 2014
Loans less than 30 days past due	2,387	3,223
Loans 30 or more but less than 60 days past due	547	534
Loans 60 or more but less than 90 days past due	281	363
Loans 90 days or more past due	540	898
Total	3,755	5,018

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Non-impaired past due loans at amortized cost by industry

in m.	Dec 31, 2015	Dec 31, 2014 ¹
Financial intermediation	69	104
Fund management activities	2	95
Manufacturing	100	141
Wholesale and retail trade	91	159
Households	2,495	3,388
Commercial real estate activities	672	801
Public sector	3	5
Other	323	326
Total	3,755	5,018

¹ Comparatives have been restated to reflect changes in industry sectors.

Non-impaired past due loans at amortized cost by region

in m.	Dec 31, 2015	Dec 31, 2014
Germany	1,430	2,410
Western Europe (excluding Germany)	1,417	1,694
Eastern Europe	139	143
North America	641	678
Central and South America	8	29
Asia/Pacific	106	63
Africa	15	1
Other	0	0

Total	3,755	5,018
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Our non-impaired past due loans decreased by 1.3 billion to 3.8 billion as of December 31, 2015, mainly driven by PBC amongst others reflecting the benign environment in the German credit market.

Aggregated value of collateral with the fair values of collateral capped at loan outstandings held against our non-impaired past due loans

in m.	Dec 31, 2015	Dec 31, 2014
Financial and other collateral	2,254	2,854
Guarantees received	133	226
Total	2,387	3,080

Our aggregated value of collateral held against our non-impaired past due loans as of December 31, 2015 decreased in line with the reduction of non-impaired past due loans compared to prior year.

Forborne Loans

For economic or legal reasons we might enter into a forbearance agreement with a borrower who faces or will face financial difficulties in order to ease the contractual obligation for a limited period of time. A case by case approach is applied for our corporate clients considering each transaction and client specific facts and circumstances. For consumer loans we offer forbearances for a limited period of time, in which the total or partial outstanding or future instalments are deferred to a later point of time. However, the amount not paid including accrued interest during this period must be re-compensated at a later point of time. Repayment options include distribution over residual tenor, a one-off payment or a tenor extension. Forbearances are restricted and depending on the economic situation of the client, our risk management strategies and the local legislation. In case of a forbearance agreement is entered into, an impairment measurement is conducted as described below, an impairment charge is taken if necessary and the loan is subsequently recorded as impaired.

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Loans that have been renegotiated in such a way that, for economic or legal reasons related to the borrower's financial difficulties, we granted a concession to the borrower that we would not otherwise have considered are disclosed as renegotiated loans and are a subset of forbore loans.

On February 20, 2014, the EBA issued the final draft Implementing Technical Standards (ITS) on Supervisory reporting on forbearance and non-performing exposures under article 99(4) of Regulation (EU) No 575/2013.

During 2014 we introduced the new EBA definition for forbearances replacing the definition of renegotiated and restructured loans. The scope of the new definition goes far beyond the prior definitions applied and now includes those measures to clients which will face financial difficulties. Once the conditions mentioned in the ITS are met, we report the loan as being forbore; we remove the loan from our forbearance reporting, once the discontinuing criteria in the ITS are met.

Forborne Loans

in m.				Dec 31, 2015			Dec 31, 2014 ¹		
	Performing		Non-	Total		Non-		Total	
	Nonimpaired	Nonimpaired	performing	loans	Performing	performing	loans		
German	1,067	441	Impaired	2,605	1,121	296	1,284	2,701	
Non-German	619	716	1,801	3,136	1,013	651	1,933	3,597	
Total	1,686	1,157	2,897	5,741	2,134	947	3,217	6,298	

¹ Comparatives for forbore assets as per Financial Report 2014 have been restated by 395 million erroneously not included in prior disclosure. The reduction in Total forbore loans in 2015 of 557 million mainly results from PBC, reflecting the benign environment in the German credit market as well as the stabilisation in Southern Europe along with NCOU driven by IAS 39 reclassified and real estate assets.

Impaired Loans

Credit Risk Management regularly assesses whether there is objective evidence that a loan or group of loans is impaired. A loan or group of loans is impaired and impairment losses are incurred if:

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there is objective evidence of impairment as a result of a loss event that occurred after the initial recognition of the asset and up to the balance sheet date (a loss event). When making our assessment we consider information on such events that is reasonably available up to the date the financial statements are authorized for issuance in line with the requirements of IAS 10;

the loss event had an impact on the estimated future cash flows of the financial asset or the group of financial assets, and

a reliable estimate of the loss amount can be made.

Credit Risk Management's loss assessments are subject to regular review in collaboration with Group Finance. The results of this review are reported to and approved by Group Finance and Risk Senior Management.

For further details with regard to impaired loans please refer to Note 1 Significant Accounting Policies and Critical Accounting Estimates .

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Impairment Loss and Allowance for Loan Losses

If there is evidence of impairment the impairment loss is generally calculated on the basis of discounted expected cash flows using the original effective interest rate of the loan. If the terms of a loan are renegotiated or otherwise modified because of financial difficulties of the borrower without qualifying for de-recognition of the loan, the impairment loss is measured using the original effective interest rate before modification of terms. We reduce the carrying amount of the impaired loan by the use of an allowance account and recognize the amount of the loss in the consolidated statement of income as a component of the provision for credit losses. We record increases to our allowance for loan losses as an increase of the provision for loan losses in our income statement. Charge-offs reduce our allowance while recoveries, if any, are credited to the allowance account. If we determine that we no longer require allowances which we have previously established, we decrease our allowance and record the amount as a reduction of the provision for loan losses in our income statement. When it is considered that there is no realistic prospect of recovery and all collateral has been realized or transferred to us, the loan and any associated allowance for loan losses is charged off (i.e., the loan and the related allowance for loan losses are removed from the balance sheet).

While we assess the impairment for our corporate credit exposures individually, we assess the impairment of our smaller-balance standardized homogeneous loans collectively.

Our collectively assessed allowance for non-impaired loans reflects allowances to cover for incurred losses that have neither been individually identified nor provided for as part of the impairment assessment of smaller-balance homogeneous loans.

For further details regarding our accounting policies regarding impairment loss and allowance for credit losses please refer to Note 1 Significant Accounting Policies and Critical Accounting Estimates .

Impaired loans, allowance for loan losses and coverage ratios by business division

	Dec 31, 2015			Dec 31, 2014			2015 increase (decrease)	
	Impaired loans	Loan loss allowance	Impaired loan coverage ratio in %	Impaired loans	Loan loss allowance	Impaired loan coverage ratio in %	Impaired loans	from 2014 Impaired loan coverage ratio in ppt
in m. Corporate Banking & Securities	852	537	63	637	318	50	215	13

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Private & Business Clients	3,800	2,365	62	4,269	2,486	58	(469)	4
Global Transaction Banking	1,306	921	71	1,574	995	63	(268)	7
Deutsche Asset & Wealth Management	76	34	45	66	33	50	10	(5)
Non-Core Operations Unit	2,117	1,168	55	2,803	1,380	49	(686)	6
thereof: assets reclassified to loans and receivables according to IAS 39	667	389	58	986	518	53	(319)	6
Total	8,151	5,028	62	9,348	5,212	56	(1,197)	6

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Impaired loans, allowance for loan losses and coverage ratios by industry

	Impaired Loans				Loan loss allowance			Impaired loan coverage ratio in %
	Individually assessed	Collectively assessed	Total	Individually assessed allowance	Collectively assessed allowance for impaired loans	Collectively assessed allowance for non-impaired loans	Total	
in m.								
Financial intermediation	150	5	155	38	5	55	98	63
Fund management activities	6	2	8	1	0	7	8	95
Manufacturing	498	215	712	470	149	70	688	97
Wholesale and retail trade	275	222	497	182	154	45	381	77
Households	332	2,931	3,263	324	1,805	74	2,202	67
Commercial real estate activities	1,365	281	1,646	503	36	36	576	35
Public sector	16	0	16	2	0	2	5	29
Other ¹	1,594	260	1,854	733	186	153	1,071	58
Total	4,236	3,915	8,151	2,252	2,335	442	5,028	62

¹ Thereof Transportation, storage and communication : Total Impaired Loans 858 million (44 %), Total Loan loss allowance 375 million (35 %). The rest is split across various industries (of which no single one contributes 25 % or more o the total of the category Other).

	Impaired Loans				Loan loss allowance			Impaired loan coverage ratio in %
	Individually assessed	Collectively assessed	Total	Individually assessed allowance	Collectively assessed allowance for impaired loans	Collectively assessed allowance for non-impaired loans	Total	
in m.								

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Financial intermediation	263	7	270	91	2	19	111	41
Fund management activities	64	0	64	1	0	5	6	9
Manufacturing	525	232	757	428	126	71	625	83
Wholesale and retail trade	362	229	591	211	148	36	395	67
Households	451	3,299	3,750	370	1,947	85	2,402	64
Commercial real estate activities	1,734	314	2,048	475	39	21	535	26
Public sector	54	0	54	29	0	0	30	55
Other ²	1,539	277	1,815	758	193	157	1,108	61
Total	4,990	4,359	9,348	2,364	2,455	393	5,212	56

¹ Comparatives have been restated to reflect changes in industry sectors.

² Thereof Transportation, storage and communication : Total Impaired Loans 804 million (39 %), Total Loan loss allowance 303 million (28 %). The rest is split across various industries (of which no single one contributes 25 % or more o the totals of the category Other).

Impaired loans, allowance for loan losses and coverage ratios by region

in m.	Impaired Loans					Loan loss allowance		Impaired loan coverage ratio in %
	Individually assessed	Collectively assessed	Total allowance	Individually assessed allowance	Collectively assessed allowance for impaired loans	Collectively assessed allowance for non-impaired loans	Total	
					for impaired loans	for non-impaired loans		
Germany	1,362	1,642	3,004	647	930	105	1,682	56
Western Europe (excluding Germany)	2,280	2,057	4,337	1,294	1,237	132	2,662	61
Eastern Europe	76	179	255	38	165	10	213	83
North America	340	2	342	150	0	107	257	75
Central and South America	0	6	6	0	0	12	12	187
Asia/Pacific	155	23	178	100	2	60	162	91
Africa	21	5	26	23	0	5	28	107
Other	2	0	2	0	0	10	10	553
Total	4,236	3,915	8,151	2,252	2,335	442	5,028	62

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in m.	Dec 31, 2014							Impaired loan coverage ratio in %
	Impaired Loans				Loan loss allowance			
	Individually assessed	Collectively assessed	Total	Individually assessed allowance	Collectively	Collectively	Total	
					assessed allowance for impaired loans	assessed allowance for non-impaired loans		
Germany	1,604	1,896	3,499	740	1,017	116	1,873	54
Western Europe (excluding Germany)	2,683	2,303	4,986	1,302	1,311	128	2,741	55
Eastern Europe	107	152	259	51	125	10	186	72
North America	423	2	425	204	0	70	274	64
Central and South America	2	0	3	3	0	6	9	356
Asia/Pacific	170	5	174	63	1	50	114	65
Africa	0	1	1	0	0	3	4	346
Other	1	0	1	0	0	11	11	0
Total	4,990	4,359	9,348	2,364	2,455	393	5,212	56

Development of Impaired Loans

in m.	Dec 31, 2015			Dec 31, 2014		
	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Balance, beginning of year	4,990	4,359	9,348	5,922	4,221	10,143
Classified as impaired during the year	898	1,176	2,073	2,112	2,181	4,293
Transferred to not impaired during the year ¹	(1,010)	(859)	(1,869)	(1,425)	(1,182)	(2,607)
Charge-offs	(537)	(717)	(1,254)	(1,037)	(613)	(1,651)
Disposals of impaired loans	(239)	(53)	(292)	(514)	(254)	(768)

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Exchange rate and other movements	135	10	145	(68)	6	(62)
Balance, end of year	4,236	3,915	8,151	4,990	4,359	9,348

¹ Includes repayments.

In 2015 our impaired loans decreased by 1.2 billion or 12.8 % to 8.2 billion. The reduction in our individually assessed impaired loans portfolio is mainly driven by NCOU among others resulting from charge-offs and disposals of primarily IAS 39 reclassified assets, partly offset by an increase in CB&S mainly caused by our Shipping and Leveraged Finance Portfolios. The reduction in our collectively assessed impaired loans portfolio mainly reflects charge-offs (also largely related to disposals) in Postbank and PBC Italy.

The impaired loans coverage ratio (defined as total on-balance sheet allowances for all loans individually impaired or collectively assessed divided by IFRS impaired loans (excluding collateral) slightly increased from 56 % as of year-end 2014 to 62 %.

Our impaired loans included 667 million of loans reclassified to loans and receivables in accordance with IAS 39, down 319 million from prior year's level.

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Provision for loan losses and recoveries by Industry

in m.	Provision for loan losses before recoveries				Total	2015		2014 ¹	
	For individually assessed loans (12)	For collectively assessed impaired loans 1	For collectively assessed non-impaired loans 6			Recoveries	Provision for loan losses before recoveries (total)	Recoveries	
Financial intermediation	(12)	1	6	(5)	1	0	2		
Fund management activities	0	0	2	2	0	1	0		
Manufacturing	32	35	(6)	61	16	56	11		
Wholesale and retail trade	40	32	6	78	4	67	9		
Households	36	472	6	513	101	690	101		
Commercial real estate activities	12	12	9	33	18	182	5		
Public sector	(18)	0	0	(17)	0	8	0		
Other ²	299	56	22	378	21	265	13		
Total	390	607	45	1,043	161	1,270	141		

¹ Comparatives have been restated to reflect changes in industry sectors.

² The largest driver of Total Provision for loan losses before recoveries was the sector Transportation, storage and communication with 154 million (41 %) in 2015 and 109 million (40 %) in 2014. The rest is split across various industries (of which no single one contributes 25 % or more of the total of the category Other).

Our existing commitments to lend additional funds to debtors with impaired loans amounted to 54 million as of December 31, 2015 and 76 million as of December 31, 2014.

Collateral held against impaired loans, with fair values capped at transactional outstanding

in m.

Dec 31, 2015 Dec 31, 2014

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Financial and other collateral	2,722	3,215
Guarantees received	223	296
Total collateral held for impaired loans	2,945	3,511

Our total collateral held for impaired loans as of December 31, 2015 decreased by 566 million or 16 % compared to previous year, while coverage ratio including collateral (defined as total on-balance sheet allowances for all loans individually impaired or collectively assessed plus collateral held against impaired loans, with fair values capped at transactional outstanding, divided by IFRS impaired loans) increased to 98 % as of December 31, 2015 compared to 93 % as of December 31, 2014.

Financial assets available for sale

The impairment concept is also applicable for available for sale debt instruments, which are otherwise carried at fair value with changes in fair value reported in other comprehensive income. If an available for sale debt instrument is considered impaired, the cumulative impairment loss reflects the difference between the amortized cost and the current fair value of the instrument. For a detailed discussion of our accounting procedures please refer to Note 1 Significant Accounting policies and Critical Accounting Estimates .

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Non-impaired past due and impaired financial assets available for sale, accumulated impairments, coverage ratio and collateral held against impaired financial assets available for sale

in m.	Dec 31, 2015 ¹	Dec 31, 2014
Financial assets non-impaired past due available for sale	1,610	N/M
thereof:		
Less than 30 days past due	47	N/M
30 or more but less than 60 days past due	0	N/M
60 or more but less than 90 days past due	0	N/M
90 days or more past due	1,563	N/M
Impaired financial assets available for sale	229	200
Accumulated impairment for financial assets available for sale	109	68
Impaired financial assets available for sale coverage ratio in %	47	34
Collateral held against impaired financial assets available for sale	19	N/M
thereof:		
Financial and other collateral	19	N/M
Guarantees received	0	N/M

¹ First time data collection for non-impaired past due and collateral held against impaired financial assets available for sale.

Collateral Obtained

We obtain collateral on the balance sheet by taking possession of collateral held as security or by calling upon other credit enhancements. Collateral obtained is made available for sale in an orderly fashion or through public auctions, with the proceeds used to repay or reduce outstanding indebtedness. Generally we do not occupy obtained properties for our business use. The commercial and residential real estate collateral obtained in 2015 refers predominantly to our exposures in Spain.

Collateral obtained during the reporting periods

in m.	2015	2014
Commercial real estate	5	21
Residential real estate	43	44
Other	0	0
Total collateral obtained during the reporting period	48	65

The collateral obtained, as shown in the table above, excludes collateral recorded as a result of consolidating securitization trusts under IFRS 10. In 2015, the group did not obtain any collateral related to these trusts compared to 6 million in 2014.

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Allowance for Credit Losses

Development of allowance for credit losses

	Allowance for Loan Losses			Allowance for Off-Balance Sheet Positions			2015
in m.	Individually assessed	Collectively assessed	Subtotal	Individually assessed	Collectively assessed	Subtotal	Total
Balance, beginning of year	2,364	2,849	5,212	85	141	226	5,439
Provision for credit losses	334	548	882	58	16	74	956
thereof: (Gains)/Losses from disposal of impaired loans	(64)	(51)	(116)	0	0	0	(116)
Net charge-offs:	(482)	(612)	(1,094)	0	0	0	(1,094)
Charge-offs	(538)	(717)	(1,255)	0	0	0	(1,255)
Recoveries	56	105	161	0	0	0	161
Other changes	36	(8)	28	1	10	11	39
Balance, end of year	2,252	2,776	5,028	144	168	312	5,340
Changes compared to prior year							
Provision for credit losses							
Absolute	(164)	(83)	(247)	71	(1)	70	(178)
Relative	(33%)	(13%)	(22%)	(538%)	(8%)	N/M ¹	(16%)
Net charge-offs							
Absolute	515	(100)	415	0	0	0	415
Relative	(52)%	19%	(28)%	0%	0%	0%	(28)%
Balance, end of year							
Absolute	(112)	(72)	(184)	59	27	86	(99)
Relative	(5%)	(3)%	(4)%	69%	19%	38%	(2)%

N/M Not meaningful

Allowance for credit losses as at December 2015 amounted to 5.3 billion compared to 5.4 billion as at the end of 2014. The reduction is mainly driven by charge offs in part relating to disposals.

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Provision for credit losses decreased by 178 million compared to prior year, driven by a reduction in provision for loan losses of 247 million. The reduction in 2015 in provisions for loan losses in our individually assessed loan portfolio of 164 million is driven by IAS 39 reclassified assets and other real estate exposures recorded in NCOU, partly offset by higher provisioning in our Shipping and Leveraged Finance Portfolios in CB&S. The reduction in our collectively assessed loan portfolio of 83 million mainly results from higher releases related to disposals along with an ongoing positive credit environment in Germany and a stabilization of Southern European markets. The increase in provisions for off-balance sheet exposures of 70 million compared to 2014 is driven by GTB mainly reflecting one large item and Postbank.

The reduction in charge offs of 415 million compared to 2014 is mainly driven by Postbank and results from high prior year levels caused by a one-off effect due to the alignment of processes.

Our allowance for loan losses for IAS 39 reclassified assets, which are reported in NCOU, amounted to 389 million at the end of 2015, representing 8 % of our total allowance for loan losses, down 25 % from the level at the end of the prior year which amounted to 518 million (10 % of total allowance for loan losses). This reduction was driven by net charge offs of 113 million along with net releases of 44 million and partly offset by increases related to foreign exchange as most IAS 39 reclassified assets are denominated in non-Euro currencies.

Compared to 2014, provision for loan losses for IAS 39 reclassified assets dropped by 129 million and net charge-offs increased by 98 million in 2015. Both changes were partly related to disposals.

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in m.	Allowance for Loan Losses			Allowance for Off-Balance Sheet Positions			Total
	Individually assessed	Collectively assessed	Subtotal	Individually assessed	Collectively assessed	Subtotal	
Balance, beginning of year	2,857	2,732	5,589	102	114	216	5,805
Provision for credit losses	499	631	1,129	(13)	18	4	1,134
thereof: (Gains)/Losses from disposal of impaired loans	(45)	(16)	(61)	0	0	0	(61)
Net charge-offs:	(997)	(512)	(1,509)	0	0	0	(1,509)
Charge-offs	(1,037)	(613)	(1,650)	0	0	0	(1,650)
Recoveries	40	101	141	0	0	0	141
Other changes	5	(2)	3	(4)	10	6	9
Balance, end of year	2,364	2,849	5,212	85	141	226	5,439

Changes compared to prior year

Provision for credit losses							
Absolute	(878)	(52)	(930)	2	(3)	(1)	(931)
Relative	(64)%	(8)%	(45)%	(14)%	(14)%	(12)%	(45)%
Net charge-offs							
Absolute	(296)	(160)	(456)	0	0	0	(456)
Relative	42%	45%	43%	0%	0%	0%	43%
Balance, end of year							
Absolute	(494)	117	(376)	(17)	28	11	(366)
Relative	(17)%	4%	(7)%	(17)%	24%	5%	(6)%

The reduction in 2014 in provisions for loan losses 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.

Our allowance for loan losses for IAS 39 reclassified assets, which are reported in NCOU, amounted to 518 million at the end of 2014, representing 10 % of our total allowance for loan losses, up 8 % from the level at the end of the prior year which amounted to 479 million (9 %

of total allowance for loan losses). This increase was largely driven by foreign exchange as most IAS 39 reclassified assets are denominated in non-Euro currencies while additional provisions for loan losses of 54 million were largely offset by net charge-offs of 43 million. Compared to 2013, provision for loan losses for IAS 39 reclassified assets dropped by 319 million and net charge-offs decreased by 305 million in 2014. Both reductions result from the non-recurrence of large items in the present year compared to high levels in the comparison period.

Derivatives Credit Valuation Adjustment

We establish counterparty Credit Valuation Adjustment (CVA) for OTC derivative transactions to cover expected credit losses. The adjustment amount 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 credit risk, based on available market information, including CDS spreads.

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Treatment of Default Situations under Derivatives

Unlike standard loan assets, we generally have more options to manage the credit risk in our derivatives transactions when movement in the current replacement costs or the behavior of our counterparty indicate that there is the risk that upcoming payment obligations under the transactions might not be honored. In these situations, we are frequently able under the relevant derivatives agreements to obtain additional collateral or to terminate and close-out the derivate transactions at short notice.

The master agreements for OTC derivative transactions executed with our clients usually provide for a broad set of standard or bespoke termination rights, which allow us to respond swiftly to a counterparty s default or to other circumstances which indicate a high probability of failure. We have less comfort under the rules and regulations applied by clearing CCPs, which rely primarily on the clearing members default fund contributions and guarantees and less on the termination and close-out of contracts, which will be considered only at a later point in time after all other measures failed. Considering the severe systemic disruptions to the financial system, that could be caused by a disorderly failure of a CCP, the Financial Stability Board (FSB) recommended in October 2014 to subject CCPs to resolution regimes that apply the same objectives and provisions that apply to global systematically important banks (G-SIBs).

Our contractual termination rights are supported by internal policies and procedures with defined roles and responsibilities which ensure that potential counterparty defaults are identified and addressed in a timely fashion. These procedures include necessary settlement and trading restrictions. When our decision to terminate derivative transactions results in a residual net obligation owed by the counterparty, we restructure the obligation into a non-derivative claim and manage it through our regular work-out process. As a consequence, for accounting purposes we typically do not show any nonperforming derivatives.

Wrong-way risk occurs when exposure to a counterparty is adversely correlated with the credit quality of that counterparty. In compliance with Article 291(2) and (4) CRR we, excluding Postbank, had established a monthly process to monitor several layers of wrong-way risk (specific wrong-way risk, general explicit wrong-way risk at country/industry/region levels and general implicit wrong-way risk, whereby exposures arising from transactions subject to wrong-way risk are automatically selected and presented for comment to the responsible credit officer. A wrong-way risk report is then sent to Credit Risk senior management on a monthly basis. In addition, we, excluding Postbank, utilized our established process for calibrating our own alpha factor (as defined in Article 284 (9) CRR) to estimate the overall wrong-way risk in our derivatives and securities financing transaction portfolio. Postbank derivative counterparty risk is immaterial to the Group and collateral held is typically in the form of cash.

Trading Market Risk Exposures

Value-at-Risk Metrics of Trading Units of Deutsche Bank Group (excluding Postbank)

The tables and graph below present the value-at-risk metrics calculated with a 99 % confidence level and a one-day holding period for our trading units. They exclude contributions from Postbank trading book which are calculated on a stand-alone basis.

Value-at-Risk of our Trading Units by Risk Type

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in m.	2015	Total 2014	Diversification effect		Interest rate risk		Credit spread risk		Equity price risk		Foreign exchange risk ¹		Commodity price risk	
			2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Average	43.3	51.6	(40.9)	(34.9)	20.3	25.1	30.9	31.2	16.6	14.8	15.0	13.2	1.3	2.2
Maximum	65.6	71.4	(59.2)	(61.9)	30.2	42.8	40.3	38.9	28.3	24.6	25.0	21.2	4.0	10.2
Minimum	28.7	35.4	(31.0)	(24.4)	16.2	15.7	24.0	25.9	9.2	9.9	6.0	6.9	0.5	0.7
Period-end	33.3	49.0	(38.8)	(36.0)	18.3	18.1	26.2	29.6	11.7	15.5	15.1	20.5	0.9	1.3

¹Includes value-at-risk from gold and other precious metal positions.

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The average value-at-risk over 2015 was 43.3 million, which is a decrease of 8.3 million compared with the full year 2014. The average interest rate value-at-risk decreased on average, and there were increases in the average Foreign Exchange and Equity value-at-risk. Foreign Exchange value at risk increased due to an increase in U.S. dollar exposure on average compared to the full year 2014. Equity value-at-risk increased resulting from an increase in exposure on individual equities. Additionally increases in market volatility within the one year time horizon used in VaR have also contributed to the increased Foreign Exchange and Equity value-at-risk numbers. The overall reduction in VaR is driven by the reduction in the Interest Rate value-at-risk and an improvement in the portfolio diversification.

Regulatory Trading Market Risk Measures (excluding Postbank)

The table below presents the stressed value-at-risk metrics calculated with a 99 % confidence level and a one-day holding period for our trading units. It excludes contributions from Postbank trading book which are calculated on a stand-alone basis.

Average, Maximum and Minimum Stressed Value-at-Risk by Risk Type

in m.	2015	Diversification effect		Interest rate risk		Credit spread risk		Equity price risk		Foreign exchange risk ¹		Commodity price risk		
		Total 2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014		
Average	105.1	109.6	(114.5)	(125.4)	60.7	64.4	106.7	124.0	22.8	11.5	26.7	29.7	2.5	5.4
Maximum	135.7	161.1	(186.7)	(168.0)	84.2	85.9	154.5	142.8	68.7	42.6	59.8	70.3	7.6	16.7
Minimum	82.4	81.6	(71.7)	(102.3)	45.1	48.8	82.6	100.7	0.1	0.0	5.7	13.7	0.7	1.4
Period-end	106.3	120.7	(98.0)	(139.3)	45.5	52.3	90.9	140.8	44.1	18.8	22.6	46.2	1.2	1.8

¹ Includes value-at-risk from gold and other precious metal positions.

The average stressed value-at-risk was 105.1 million over 2015, a decrease of 4.5 million compared with the full year 2014. There was a reduction in the credit spread stressed value-at-risk, partly offset by an increase in equity stressed value-at-risk. Equity stressed value-at-risk increased due to increased single name exposures and a reduction in loss protection on average compared to the full year

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2014. The average and period end credit spread stressed value-at-risk decreases were driven by an improvement to the correlations approach used to aggregate certain components within credit spread value-at-risk.

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The following graph compares the development of the daily value-at-risk with the daily stressed value-at-risk and their 60 day averages, calculated with a 99 % confidence level and a one-day holding period for our trading units. Amounts are shown in millions of euro and exclude contributions from Postbank's trading book which are calculated on a stand-alone basis.

For regulatory reporting purposes, the incremental risk charge for the respective reporting dates represents the higher of the spot value at the reporting dates, and their preceding 12-week average calculation. In contrast to this, the incremental risk charge amounts presented for the reporting dates and periods below are the spot values and the average, maximum and minimum values for the 12-week period preceding these reporting dates.

Average, Maximum and Minimum Incremental Risk Charge of Trading Units (with a 99.9 % confidence level and one-year capital horizon)^{1,2,3}

in m.	2015	Total 2014	Fixed Income & Currencies		Structured Finance		Emerging Markets - Debt		NCOU		2015	2014	Other 2015	2014
			2015	2014	2015	2014	2015	2014	2015	2014				
Average	974.9	811.9	520.3	532.8	298.4	152.2	235.2	164.1	17.6	(3.6)	(96.8)	(33.5)		
Maximum	1,020.8	1,065.4	673.2	719.3	404.6	189.3	299.7	220.2	84.8	39.4	(56.6)	64.7		
Minimum	843.8	647.9	448.2	381.8	203.4	106.3	144.2	119.5	(4.8)	(25.8)	(124.1)	(88.0)		
Period-end	843.8	1,037.8	448.2	603.4	203.4	159.8	264.4	170.5	3.0	39.4	(75.2)	64.7		

¹ Amounts show the bands within which the values fluctuated during the 12-week period preceding December 31, 2015 and December 31, 2014.

² All liquidity horizons are set to 12 months

³ For year-end 2014, the spot IRC was calculated as the weekly spot plus the average unrated add-on calculated from the period 14-November to 31-December 2014 to reflect the time period from the date of the BaFin letter to the end of the year. For year-end 2015, the spot IRC was calculated as the weekly spot plus the spot unrated add-on.

The incremental risk charge as at the end of 2015 was 844 million a decrease of 194 million (19 %) compared with year end 2014. The 12-week average incremental risk charge as at the end of 2015 was 975 million and thus 163 million (20 %) higher compared with the average for the 12-week period ended December 31, 2014. The decrease in the year-end charge was driven by inventory reductions in Distressed Products and Credit Flow Trading. For the 2014 year-end calculation, the bank was requested by BaFin to include new add-ons

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for Defaulted Debt and Unrated positions. As these add-ons were included for the entire Q4 2015, the average charge was higher than during the same period in 2014.

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For regulatory reporting purposes, the comprehensive risk measure for the respective reporting dates represents the higher of the internal spot value at the reporting dates, their preceding 12-week average calculation, and the floor, where the floor is equal to 8 % of the equivalent capital charge under the standardised approach securitization framework.

Average, Maximum and Minimum Comprehensive Risk Measure of Trading Units (with a 99.9 % confidence level and one-year capital horizon)^{1,2,3}

in m.	2015	2014
Average	188.4	246.9
Maximum	197.3	257.5
Minimum	180.3	223.0
Period-end	190.2	222.0

¹ Regulatory Comprehensive Risk Measure calculated for the 12-week period ending December 31.

² Period end is based on the internal model spot value.

³ All liquidity horizons are set to 12 months.

The comprehensive risk measure as at the end of 2015 was 190 million and decreased by 32 million (14 %) compared with year end 2014. The 12-week average of our comprehensive risk measure as at the end of 2015 was 188 million and thus 59 million (24 %) lower compared with the average for the 12-week period ended December 31, 2014. The reduction was due to continued de-risking on this portfolio.

Market Risk Standardized Approach

As of December 31, 2015, the securitization positions, for which the specific interest rate risk is calculated using the market risk standardized approach, generated capital requirements of 810.8 million corresponding to risk weighted-assets of 10.1 billion. As of December 31, 2014 these positions generated capital requirements of 1,682 million corresponding to risk weighted-assets of 21.0 billion. The reduction is due to de-risking, which has been offset by an increase following the end of the transitional period granted by Article 337 (4) CRR as the calculation is now based on the sum of the weighted net long positions and the sum of the weighted net short positions rather than the larger of the two sums. Additionally there has been an increase from foreign exchange.

For nth-to-default credit default swaps the capital requirement increased to 6 million corresponding to risk weighted-assets of 78 million compared with 1 million and 19 million as of December 31, 2014 caused by the aforementioned regulatory change.

Additionally, the capital requirement for investment funds under the market risk standardized approach was 70 million corresponding to risk weighted-assets of 873 million as of December 31, 2015, compared with 91 million and 1,139 million as of December 31, 2014.

The capital requirement for longevity risk under the market risk standardized approach was 36 million for NCOU and PIRM corresponding to risk weighted-assets of 451 million as of December 31, 2015, compared with 26 million and 326 million as of December 31, 2014.

Value-at-Risk at Postbank

The value-at-risk of Postbank's trading book calculated with a 99 % confidence level and a one-day holding period amounted to zero as of December 31, 2015 and at year-end 2014. Postbank's current trading strategy does not allow any new trading activities with regard to the trading book. Therefore, Postbank's trading book did not contain any positions as of December 31, 2015 and at year-end 2014. Nevertheless, Postbank will remain classified as a trading book institution.

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Results of Regulatory Backtesting of Trading Market Risk

In 2015 we observed three global outliers, where our loss on a buy-and-hold basis exceeded the value-at-risk, compared with one outlier in 2014. The first outlier occurred in January 2015 and was primarily driven by losses in the Global Foreign Exchange business following the Swiss National Bank removing the Euro Swiss Franc floor. The other two outliers occurred in November and December 2015, and were driven by de-risking activity in the Non-Core Operating Unit. Based on the backtesting results, our analysis of the underlying reasons for outliers and enhancements included in our value-at-risk methodology we continue to believe that our value-at-risk model will remain an appropriate measure for our trading market risk under normal market conditions.

The following graph shows the trading units daily buy-and-hold income in comparison to the value-at-risk as of the close of the previous business day for the trading days of the reporting period. The value-at-risk is presented in negative amounts to visually compare the estimated potential loss of our trading positions with the buy and hold income. Figures are shown in millions of euro and exclude contributions from Postbank's trading book which is calculated on a stand-alone basis. The chart shows that our trading units achieved a positive buy and hold income for 51 % of the trading days in 2015 (versus 52 % in 2014), as well as displaying the three global outlier in 2015.

Daily Income of our Trading Units

The following histogram shows the distribution of daily income of our trading units (excluding Postbank). Daily income is defined as total income which consists of new trades, fees & commissions, buy & hold income, reserves, carry and other income. It displays the number of trading days on which we reached each level of trading income shown on the horizontal axis in millions of euro.

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Our trading units achieved a positive revenue for 91 % of the trading days in 2015 compared with 95 % in the full year 2014.

Nontrading Market Risk Exposures

Carrying Value and Economic Capital Usage for Nontrading Market Risk Portfolios

Carrying Value and Economic Capital Usage for Nontrading Portfolios.

in m.	Carrying value		Economic capital usage	
	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec 31, 2014
Strategic investments	829	4,051	332	1,676
Alternative assets	6,363	3,414	2,764	1,171
Principal investments	1,735	1,900	504	902
Other nonstrategic investment assets	4,627	1,514	2,260	269
Other nontrading market risks ¹	N/M	N/M	9,782	7,051
Interest rate risk	N/M	N/M	2,057	1,683
Credit spread risk	N/M	N/M	1,654	319
Equity compensation risk	N/M	N/M	405	(237)
Pension risk	N/M	N/M	828	1,189
Structural foreign exchange risk	N/M	N/M	3,183	2,672
Guaranteed funds risk	N/M	N/M	1,655	1,425
Total nontrading market risk portfolios	7,192	7,465	12,878	9,898

N/M Not meaningful

¹ N/M Indicates that the risk is mostly related to off-balance sheet and liabilities items.

The total economic capital figures do take into account diversification benefits between interest rate & credit spread risks, equity compensation risk, pension risk and structural foreign exchange risk.

Strategic investments. Economic capital usage decreased significantly mainly driven by the reclass of our participation in Hua Xia Bank Company Limited to Non Strategic Investments.

Alternative assets. The nontrading market risk economic capital increased during 2015 mainly driven from the re-classification of Hua Xia Bank to Non Strategic Investments. Further increases were driven by methodology enhancements as the alignment of the Investment Risk EC model to the standard market risk SVAR based EC model.

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Other nontrading market risks:

Interest rate risk. Besides the allocation of economic capital to outright interest rate risk in the nontrading market risk portfolio, a main component in this category is the maturity transformation of contractually short term deposits. The effective duration of contractually short term deposits is based upon observable client behavior, elasticity of deposit rates to market interest rates (DRE) and volatility of deposit balances. Economic capital is derived by stressing modelling assumptions in particular the DRE for the effective duration of overnight deposits. Behavioral and economic characteristics are taken into account when calculating the effective duration and optional exposures from our mortgages businesses. In total the economic capital usage for December 31, 2015 was 2,057 million, versus 1,683 million for December 31, 2014, predominantly driven by PBC including Postbank, BHW and Deutsche Bank Bauspar and by Treasury, reflected under Consolidation & Adjustments.

Credit spread risk. Economic capital charge for portfolios in the banking book subject to material credit spread risk. Economic capital usage was 1,654 million as of December 31, 2015, versus 319 million as of December 31, 2014. The increase in economic capital usage was driven by methodology enhancements with regard to capturing spread risk of securities held as liquidity reserve.

Equity compensation risk. Risk arising from structural short position in our own share price arising from restricted equity units. The economic capital usage was 405 million as of December 31, 2015 on a diversified basis, compared with (237) million as of December 31, 2014. The increase was predominantly driven by methodology alignment to the standard traded market risk EC model.

Pension risk. Risk arising from our defined benefit obligations, including interest rate risk and inflation risk, credit spread risk, equity risk and longevity risk. The economic capital usage was 828 million and 1,189 million as of December 31, 2015 and December 31, 2014 respectively. The decrease is mainly caused by additional diversification benefits with other Nontrading market risk.

Structural foreign exchange risk. Our foreign exchange exposure arising from unhedged capital and retained earnings in non-euro currencies in certain subsidiaries. Our economic capital usage was 3,183 million as of December 31, 2015 on a diversified basis versus 2,672 million as of December 31, 2014. The increase is largely caused by the appreciation of the US dollar against the Euro.

Guaranteed funds risk. The increase in economic capital usage from 1.4 billion as of December 31, 2014 to 1.7 billion as of December 31, 2015 was triggered predominately by changed diversification effects and methodology enhancements.

Operational Risk Exposure

Operational Risk Risk Profile

Operational Risk Losses by Event Type (Profit and Loss view)

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in m.	2015	2014 ¹
Clients, Products and Business Practices	3,667	1,806
Internal Fraud	1,338	523
External Fraud	475	20
Execution, Delivery and Process Management	280	70
Others	22	61
Group	5,782	2,480

¹ Changed 2014 loss figures due to subsequent capture of losses and reclassification.

Profit and loss based operational losses increased by 3.3 billion or 133 % compared to year-end 2014. The increase was predominantly driven by the event types Clients, Products and Business Practices and Internal Fraud, due to settlements reached and increased litigation reserves for unsettled cases. The increase in the event type External Fraud is caused by a provision for equity trading fraud. The event type Execution, Delivery and Process Management increased, other event types decreased slightly.

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¹ Percentages in brackets correspond to loss frequency respectively to loss amount for losses occurred in 2010-2014 period. Frequency and amounts can change subsequently.

The above left pie chart **Frequency of Operational Losses** summarizes operational risk events which occurred in 2015 compared to the five-year period 2010-2014 in brackets based on the period in which a loss was first recognized for that event. For example, for a loss event that was first recognized in 2002 with an additional profit/loss event recognized in 2015, the frequency chart would not include the loss event, but the loss distribution chart would include the profit/loss recognized in the respective period.

Frequencies are driven by the event type **External Fraud** with a frequency of 44 % of all observed loss events. The event types **Clients, Product and Business Practices** contribute 42 % of the events and **Execution, Delivery and Process Management** contribute 11 %. Others are stable at 2 %. The event type **Internal Fraud** has a low frequency, resulting in less than 1 % of the loss events in the period 2015. This is unchanged compared to 2010-2014.

The above right pie chart **Distribution of Operational Losses** summarizes operational risk loss postings recognized in the profit/loss in 2015 compared to the five-year period 2010-2014. The event type **Clients, Product and Business Practices** dominates the operational loss distribution with a share of 63 % and is determined by outflows related to litigation, investigations and enforcement actions. **Internal Fraud** has the second highest share (23 %) which is related to regulatory events we have experienced in recent years. Finally, the event types **External Fraud** (8 %) and **Execution, Delivery and Process Management** (5 %) can be considered minor, compared to other event types.

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Liquidity Risk Exposure**Funding Markets and Capital Markets Issuance**

Credit markets in 2015 were affected by continued political uncertainties in the eurozone, the ongoing low interest rate environment as well as the implementation in a number of jurisdictions, including Germany, of measures intended to reduce the levels of implicit sovereign support for banks, with a consequential impact on bank senior ratings. Our 5 year CDS traded within a range of 61 to 110 bps, peaking in July. Since then, the spread has slightly declined and as of year-end was trading at the higher end of the range for the year. The spreads on our bonds exhibited similar volatility. For example, our 1.25 % EUR benchmark maturing in September 2021 traded in a range of 29 to 101 bps, closing in the middle of the range at year end.

Our 2015 funding plan of up to 35 billion, comprising debt issuance with an original maturity in excess of one year, was fully completed and we concluded 2015 having raised 39.1 billion in term funding. This funding was broadly spread across the following funding sources: unsecured and covered benchmark issuance (8.4 billion), Tier 2 benchmark issuance (2.8 billion), unsecured retail-targeted issuance (11.3 billion) and other unsecured and covered private placements (16.6 billion). Of the 39.1 billion total, the majority was in Euro (18.6 billion). We also issued 16.5 billion in U.S. dollar and smaller amounts in JPY and CHF. In addition to direct issuance, we use long-term cross currency swaps to manage our funding needs outside of EUR. Our investor base comprised retail customers (29 %), banks (16 %), asset managers and pension funds (22 %), insurance companies (9 %) and other institutional investors (25 %). The geographical distribution was split between Germany (22 %), rest of Europe (41 %), US (18 %), Asia/Pacific (13 %) and Other (5 %). Of our total capital markets issuance outstanding as of December 31, 2015, approximately 86 % was issued on an unsecured basis.

The average spread of our issuance over the relevant floating index (i.e., Libor) was 57 bps for the full year with an average tenor of 6.3 years. Our issuance activities were higher in the first half of the year with volumes decreasing in the second half of the year 2015. We issued the following volumes over each quarter: 16.9 billion, 5.5 billion, 10.4 billion and 6.3 billion, respectively.

In 2016, our base case funding plan is up to 35 billion which we plan to cover by accessing the above sources, without being overly dependent on any one source. We also plan to raise a portion of this funding in U.S. dollar and may enter into cross currency swaps to manage any residual requirements. We have total capital markets maturities, excluding legally exercisable calls of approximately 22.4 billion in 2016.

Funding Diversification

In 2015, total external funding grew by 56.7 billion (6 %) during the year of which the majority came in our CB&S business, in particular the increases in secured funding and shorts by 29.6 billion (37 %), in other customers by 7.4 billion (10 %) and unsecured wholesale funding by 5.6 billion (10 %) reflect increasing business activities in comparison to very low year-end levels in 2014, mainly driven by deleveraging activities in that year. We also saw increases in retail, including wealth management clients (10.8 billion, 4 %) and transaction banking (12.5 billion, 7 %). These increases more than offset the reductions in financing vehicles (7.9 billion, 67 %) and in capital markets and equity (1.5 billion, 1 %). The overall proportion of our most stable funding sources (comprising capital markets and equity, retail, and transaction banking) decreased from 76 % to 74 %. The overall volume of unsecured wholesale funding and secured funding fluctuated between reporting dates based on our underlying business activities. These fluctuations are dependent on client-related securities financing activities as well as changes in liquid trading inventories during the quarter.

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¹ Other includes fiduciary, self-funding structures (e.g. X-markets), margin/Prime Brokerage cash balances (shown on a net basis).

² Includes ABCP-Conduits.

Reference: Reconciliation to total balance sheet: Derivatives & settlement balances 528 billion (660 billion), add-back for netting effect for Margin & Prime Brokerage cash balances (shown on a net basis) 71 billion (75 billion), other non-funding liabilities 54 billion (54 billion) for December 31, 2015 and December 31, 2014 respectively; figures may not add up due to rounding.

Maturity of unsecured wholesale funding, ABCP and capital markets issuance¹

Dec 31, 2015

	Over		Over		Over		Over		Total
	1 month	3 months	6 months	1 year	1 year	2 years	2 years		
in m.	Not more than 1 month	but not more than 3 months	but not more than 6 months	but not more than 1 year	Sub-total less than 1 year	but not more than 2 years	Over 2 years		
Deposits from banks	11,101	8,073	3,196	1,399	23,769	143	69	23,981	
Deposits from other wholesale customers	2,872	8,911	5,090	4,078	20,950	319	191	21,460	
CDs and CP	1,216	3,718	3,984	5,636	14,555	298	1	14,853	
ABCP	0	0	0	0	0	0	0	0	
Senior unsecured plain vanilla	2,794	6,651	3,166	3,082	15,694	17,136	41,052	73,882	
Senior unsecured structured notes	512	2,045	1,296	3,368	7,221	5,404	21,053	33,679	
Covered bonds/ABS	0	51	1,371	75	1,496	2,460	18,056	22,012	
Subordinated liabilities	734	680	263	310	1,987	1,376	16,199	19,562	

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Other	0	0	0	0	0	0	0	0
Total ²	19,229	30,129	18,367	17,948	85,673	27,136	96,621	209,430
thereof:								
Secured	0	51	1,371	75	1,496	2,460	18,056	22,012
Unsecured	19,229	30,078	16,996	17,873	84,176	24,677	78,565	187,418

¹ Includes additional tier 1 notes reported as additional equity components in the financial statements, numbers for 2014 were restated accordingly.

² Liabilities with call features are shown at earliest legally exercisable call date. No assumption is made as to whether such calls would be exercised.

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The total volume of unsecured wholesale liabilities, ABCP and capital markets issuance maturing within one year amount to 86 billion as of December 31, 2015, and should be viewed in the context of our total Liquidity Reserves of 215 billion.

	Dec 31, 2014							
		Over	Over	Over		Over		
	Not more than	1 month but not more than	3 months but not more than	6 months but not more than	Sub-total less than	1 year but not more than	Over	
in m.	1 month	3 months	6 months	1 year	1 year	2 years	2 years	Total
Deposits from banks	7,816	5,373	7,930	2,541	23,661	42	350	24,053
Deposits from other wholesale customers	2,828	1,569	2,979	2,387	9,763	306	404	10,473
CDs and CP	1,747	4,629	8,080	5,623	20,080	20	28	20,128
ABCP	2,849	233	0	0	3,082	0	0	3,082
Senior unsecured plain vanilla	756	2,823	4,589	4,978	13,145	12,904	40,031	66,080
Senior unsecured structured notes	528	1,721	2,384	3,655	8,288	3,698	22,242	34,227
Covered bonds/ABS	0	11	1,223	458	1,693	1,701	20,325	23,719
Subordinated liabilities	636	2,352	1,772	799	5,559	537	14,508	20,604
Other	0	0	0	166	166	13	131	310
Total ¹	17,161	18,711	28,958	20,607	85,437	19,220	98,020	202,676
thereof:								
Secured	2,849	244	1,223	458	4,775	1,701	20,325	26,801

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Unsecured	14,311	18,467	27,735	20,149	80,662	17,519	77,695	175,875
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¹ Liabilities with call features are shown at earliest legally exercisable call date. No assumption is made as to whether such calls would be exercised. The following table shows the currency breakdown of our short-term unsecured wholesale funding, of our ABCP funding and of our capital markets issuance.

Unsecured wholesale funding, ABCP and capital markets issuance (currency breakdown)

in m.	Dec 31, 2015					Dec 31, 2014				
	in EUR	in USD	in GBP	in other CCYs	Total	in EUR	in USD	in GBP	in other CCYs	Total
Deposits from banks	4,875	17,066	1,053	987	23,981	6,123	15,738	284	1,907	24,053
Deposits from other whole- sale customers	15,912	4,257	476	815	21,460	3,379	4,621	800	1,673	10,473
CDs and CP	10,771	1,202	1,843	1,038	14,853	13,572	3,216	1,655	1,685	20,128
ABCP	0	0	0	0	0	312	2,674	96	0	3,082
Senior unsecured plain vanilla	47,576	20,573	110	5,623	73,882	43,498	16,923	378	5,282	66,080
Senior unsecured structured notes	10,342	19,322	176	3,838	33,679	12,136	16,884	168	5,038	34,227
Covered bonds/ ABS	21,952	60	0	0	22,012	23,653	66	0	0	23,719
Subordinated liabilities	8,507	9,858	800	397	19,562	9,617	9,802	791	394	20,604
Other	0	0	0	0	0	72	218	0	20	310
Total	119,935	72,338	4,459	12,698	209,430	112,363	70,141	4,173	16,000	202,676
thereof:										
Secured	21,952	60	0	0	22,012	23,965	2,740	96	0	26,801
Unsecured	97,984	72,278	4,459	12,697	187,418	88,398	67,402	4,076	16,000	175,875

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Liquidity Reserves

Composition of our freely transferable liquidity reserves by parent company (including branches) and subsidiaries

in bn.	Dec 31, 2015		Dec 31, 2014	
	Carrying Value	Liquidity Value	Carrying Value	Liquidity Value
Available cash and cash equivalents (held primarily at central banks)	98	98	65	65
Parent (incl. foreign branches)	75	75	54	54
Subsidiaries	23	23	11	11
Highly liquid securities (includes government, government guaranteed and agency securities)	100	94	103	96
Parent (incl. foreign branches)	78	73	81	75
Subsidiaries	22	21	23	20
Other unencumbered central bank eligible securities	17	13	16	11
Parent (incl. foreign branches)	14	11	14	10
Subsidiaries	3	2	2	1
Total liquidity reserves	215	205	184	171
Parent (incl. foreign branches)	167	159	149	139
Subsidiaries	48	46	35	32

As of December 31, 2015, our freely transferable liquidity reserves amounted to 215 billion compared with 184 billion as of December 31, 2014. The primary driver of the increase of 31 billion in 2015 was a growth of 34 billion in our available-cash and cash equivalents during the year mainly driven by increased external funding sources, together with small decrease in our highly-liquid securities. Our average liquidity reserves during the year were 202.2 billion compared with 189.8 billion during 2014. In the table above the carrying value represents the market value of our liquidity reserves while the liquidity value reflects our assumption of the value that could be obtained, primarily through secured funding, taking into account the experience observed in secured funding markets at times of stress.

The liquidity value (weighted) of our Liquidity Reserves of 205 billion exceeds the liquidity value (weighted) of our High Quality Liquid Assets (HQLA) of 192 billion. The major drivers of this difference are: Liquidity Reserves include central bank eligible but otherwise less liquid securities (for example traded loans, other investment-grade corporate bonds and ABS) which are not recognised in HQLA; HQLA includes major index equities, but excludes cash balances deposited with central banks to satisfy a minimum cash requirements as well as cash balances deposited with non EU Central Banks rated below AA- which are included in the LCR but not as part of the HQLA.

Liquidity Coverage Ratio

Our LCR of 119 % as of December 31, 2015 has been calculated in accordance with the Commission Delegated Regulation (EU) 2015/61 (calculated in accordance with the EBA's Implementing Technical Standard on Supervisory Reporting with regard to the LCR).

LCR components

	Dec 31, 2015
in bn.	Liquidity Value (weighted)
High quality liquid assets	192
Gross inflows	111
Gross outflows	272
Net outflows	161
LCR ratio in %	119

Funding Risk Management

Structural Funding

Both the aggregate currency and the U.S. dollar funding matrices were in line with the respective risk appetite as of year ends 2015 and 2014, and the GBP funding matrix exceeded risk appetite as of year end 2015.

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Stress Testing and Scenario Analysis

Global All Currency Monthly Stress Testing Results

	Dec 31, 2015			Dec 31, 2014 ¹		
in bn.	Funding Gap ²	Gap Closure ³	Net Liquidity Position ⁴	Funding Gap ²	Gap Closure ³	Net Liquidity Position ⁴
Systemic market risk	71	218	147	49	183	134
Emerging markets	14	190	176	9	185	176
1 notch downgrade (DB specific)	51	200	148	42	166	124
Severe downgrade (DB specific)	188	240	53	163	202	38
Combined ⁵	218	264	46	190	214	24

¹ 2014 figures are based on the prevailing methodology at the time and are not restated to reflect any changes to stress testing assumptions that have been implemented during the year.

² Funding gap caused by impaired rollover of liabilities and other projected outflows.

³ Based on liquidity generation through Liquidity Reserves and other countermeasures.

⁴ All scenarios showing 8 week point.

⁵ Combined impact of systemic market risk and severe downgrade.

Global USD Monthly Stress Testing Results

	Dec 31, 2015			Dec 31, 2014 ¹		
in bn.	Funding Gap ²	Gap Closure ³	Net Liquidity Position ⁴	Funding Gap ²	Gap Closure ³	Net Liquidity Position ⁴
Combined ⁵	102	163	61	92	149	56

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¹ 2014 figures are based on the prevailing methodology at the time and are not restated to reflect any changes to stress testing assumptions that have been implemented during the year.

² Funding gap caused by impaired rollover of liabilities and other projected outflows.

³ Based on liquidity generation through Liquidity Reserves and other countermeasures.

⁴ All scenarios showing 8 week point.

⁵ Combined impact of systemic market risk and severe downgrade.

Global GBP Monthly Stress Testing Results

	Dec 31, 2015		
in bn.	Funding Gap ¹	Gap Closure ²	Net Liquidity Position ³
Combined ⁴	10	32	22

¹ Funding gap caused by impaired rollover of liabilities and other projected outflows.

² Based on liquidity generation through Liquidity Reserves and other countermeasures.

³ All scenarios showing 8 week point.

⁴ Combined impact of systemic market risk and severe downgrade.

The following table presents the amount of additional collateral required in the event of a one- or two-notch downgrade by rating agencies for all currencies.

Additional Contractual Obligations

	Dec 31, 2015		Dec 31, 2014	
in m.	One-notch downgrade	Two-notch downgrade	One-notch downgrade	Two-notch downgrade
Contractual derivatives funding or margin requirements	4,332	6,472	6,806	7,893
Other contractual funding or margin requirements	317	1,459	529	689

Asset Encumbrance

This section refers to asset encumbrance in the group of institutions consolidated for banking regulatory purposes pursuant to the German Banking Act. Thereunder not included are insurance companies or companies outside the finance sector. Assets pledged by our insurance subsidiaries are included in Note 22 Assets Pledged and Received as Collateral of the Consolidated Financial Statements, and restricted assets held to satisfy obligations to insurance companies policy holders are included within Note 39 Information on Subsidiaries of the Consolidated Financial Statements.

Encumbered assets primarily comprise those on- and off-balance sheet assets that are pledged as collateral against secured funding, collateral swaps, and other collateralized obligations. Additionally, in line with the EBA technical standards on regulatory asset encumbrance reporting, we consider assets placed with settlement

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systems, including default funds and initial margins as encumbered, as well as other assets pledged which cannot be freely withdrawn such as mandatory minimum reserves at central banks. We also include derivative margin receivable assets as encumbered under these EBA guidelines.

Readily available assets are those on- and off-balance sheet assets that are not otherwise encumbered, and which are in freely transferrable form. Unencumbered financial assets at fair value, other than securities borrowed or purchased under resale agreements and positive market value from derivatives, and available for sale investments are all assumed to be readily available.

The readily available value represents the current balance sheet carrying value rather than any form of stressed liquidity value (see the Liquidity Reserves for an analysis of unencumbered liquid assets available under a liquidity stress scenario). Other unencumbered on- and off-balance sheet assets are those assets that have not been pledged as collateral against secured funding or other collateralized obligations, or are otherwise not considered to be ready available. Included in this category are securities borrowed or purchased under resale agreements and positive market value from derivatives. Similarly, for loans and other advances to customers, these would only be viewed as readily available to the extent they are already in a pre-packaged transferrable format, and have not already been used to generate funding. This represents the most conservative view given that an element of such loans currently shown in other could be packaged into a format that would be suitable for use to generate funding.

Encumbered and unencumbered assets

	Dec 31, 2015			
	Carrying value			
	Unencumbered assets			
in bn.				
(unless stated otherwise)	Assets	Encumbered assets	Readily available	Other
Debt securities	215	74	141	0
Equity instruments	76	49	28	0
Other assets:				
Cash and due from banks & Interest earning deposits with Banks	107	11	96	0
Securities borrowed or purchased under resale agreements ¹	56	0	0	56
Financial assets at fair value through profit and loss ²				
Trading assets	17	0	17	0
Positive market value from derivative financial instruments	518	0	0	518
Securities borrowed or purchased under resale agreements ¹	73	0	0	73
Other financial assets at fair value through profit or loss	12	0	12	0
Financial assets available for sale ²	3	0	3	0
Loans	424	45	11	368
Other assets	132	59	0	74

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Total **1,632** **238** **307** **1,087**

¹ Securities borrowed and securities purchased under resale agreements are all shown as other unencumbered. The use of the underlying collateral is separately captured in the off-balance sheet table below.

² Excludes Debt securities and Equity instruments (separately disclosed above).

Dec 31, 2015

Fair value of collateral received

Unencumbered assets

in bn.

(unless stated otherwise)

	Assets	Encumbered assets	Readily available	Other
Collateral received:	285	238	46	1
Debt securities	197	152	45	0
Equity instruments	87	86	1	0
Other collateral received	1	0	0	1

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Dec 31, 2014

Carrying value

Unencumbered assets

in bn.

(unless stated otherwise)

	Assets	Encumbered assets	Readily available	Other
Debt securities	184	42	142	0
Equity instruments	70	50	20	0
Other assets:				
Cash and due from banks & Interest earning deposits with Banks	82	7	75	0
Securities borrowed or purchased under resale agreements ¹	44	0	0	44
Financial assets at fair value through profit and loss ²				
Trading assets	17	0	17	0
Positive market value from derivative financial instruments	630	0	0	630
Securities borrowed or purchased under resale agreements ¹	81	0	0	81
Other financial assets at fair value through profit or loss	15	0	15	0
Financial assets available for sale ²	3	0	3	0
Loans	398	45	19	334
Other assets	158	63	0	95
Total	1,681	207	291	1,183

Dec 31, 2014

Fair value of collateral received

Unencumbered assets

in bn.

(unless stated otherwise)

	Assets	Encumbered assets	Readily available	Other
Collateral received:	253	202	50	1
Debt securities	175	127	48	0
Equity instruments	76	75	1	0
Other collateral received	1	0	0	1

The above tables set out a breakdown of on- and off-balance sheet items, broken down between encumbered, readily available and other. Any securities borrowed or purchased under resale agreements are shown based on the fair value of collateral received.

The above tables of encumbered assets include 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 due to 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.

Maturity Analysis of Assets and Financial Liabilities

Treasury manages the maturity analysis of assets and liabilities. Modelling of assets and liabilities is necessary in cases where the contractual maturity does not adequately reflect the liquidity risk position. The most significant example in this context would be immediately repayable deposits from retail and transaction banking customers which have consistently displayed high stability throughout even the most severe financial crises.

The modelling profiles are part of the overall liquidity risk management framework (see section [Stress Test](#) for short-term liquidity positions \leq 1year and section [Funding Matrix](#) for long-term liquidity positions $>$ 1year) which is defined and approved by the Management Board.

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The following tables present a maturity analysis of our total assets based on carrying value and upon earliest legally exercisable maturity as of December 31, 2015 and 2014, respectively.

Analysis of the earliest contractual maturity of assets

in m.	Dec 31, 2015									Total
	On demand (incl. Overnight and one day notice)	Up to one month	Over 1 month to no more than 3 months	Over 3 months but no more than 6 months	Over 6 months but no more than 9 months	Over 9 months but no more than 1 year	Over 1 year but no more than 2 years	Over 2 years but no more than 5 years	Over 5 years	
Cash and central bank balances	94,290	337	0	0	0	2,313	0	0	0	96,940
Interbank balances (w/o central banks)	7,703	2,115	434	341	1	2,025	83	100	40	12,842
Central bank funds sold	0	0	0	0	0	0	0	0	0	0
Securities purchased under resale agreements	450	8,293	5,530	4,539	1,861	568	888	328	0	22,456
With banks	426	7,050	5,091	3,648	1,601	311	647	0	0	18,773
With customers	24	1,243	440	890	260	258	241	328	0	3,683
Securities borrowed	30,335	3,221	0	0	0	0	0	1	0	33,557
With banks	3,462	159	0	0	0	0	0	0	0	3,622
With customers	26,873	3,062	0	0	0	0	0	1	0	29,935
Financial assets at fair value through profit or loss trading	735,748	35,190	6,176	3,652	1,318	1,298	5,173	6,599	25,727	820,883
Trading assets	196,035	0	0	0	0	0	0	0	0	196,035
Fixed-income securities and loans	118,671	0	0	0	0	0	0	0	0	118,671
Equities and other variable-income securities	76,044	0	0	0	0	0	0	0	0	76,044
Other trading assets	1,320	0	0	0	0	0	0	0	0	1,320
Positive market values from derivative financial instruments	515,594	0	0	0	0	0	0	0	0	515,594
Financial assets designated at fair value through profit or loss	24,119	35,190	6,176	3,652	1,318	1,298	5,173	6,599	25,727	109,253

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Securities purchased under resale agreements	6,139	31,257	5,449	2,344	503	341	1,690	2,384	965	51,073
Securities borrowed	17,898	3,544	47	0	0	0	0	0	0	21,489
Fixed-income securities and loans	79	376	656	1,303	791	448	3,483	4,214	14,532	25,883
Equities and other variable- income securities	0	4	0	0	0	155	0	0	10,230	10,389
Other financial assets designated at fair value through profit or loss	2	9	24	5	24	354	0	1	0	419
Positive market values from derivative financial instruments qualifying for hedge accounting	0	9	71	75	139	58	142	716	1,925	3,136
Financial assets available for sale	18	966	1,941	1,543	893	1,998	8,832	22,880	34,513	73,583
Fixed-income securities and loans	6	481	1,937	1,543	893	952	8,815	22,869	33,873	71,368
Equities and other variable- income securities	12	485	3	0	0	1,046	17	12	640	2,215
Loans	20,375	31,464	27,851	30,337	9,142	11,313	24,272	71,890	201,104	427,749
To banks	543	2,137	3,829	1,858	1,703	870	726	1,592	926	14,183
To customers	19,832	29,327	24,022	28,480	7,439	10,442	23,546	70,299	200,177	413,565
Retail	5,363	6,048	6,102	3,065	2,536	2,874	6,743	18,787	149,127	200,646
Corporates and other customers	14,470	23,279	17,920	25,415	4,903	7,568	16,803	51,512	51,050	212,919
Other financial assets	94,078	932	1,479	564	254	1,003	115	62	66	98,555
Total financial assets	982,997	82,528	43,483	41,051	13,608	20,577	39,505	102,576	263,374	1,589,700
Other assets	26,341	0	0	0	0	0	0	0	13,089	39,430
Total assets	1,009,338	82,528	43,483	41,051	13,608	20,577	39,505	102,576	276,463	1,629,130

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Analysis of the earliest contractual maturity of assets

	Dec 31, 2014									
	On demand (incl. Overnight and one day notice)	Up to one month	Over 1 month to no more than 3 months	Over 3 months but no more than 6 months	Over 6 months but no more than 9 months	Over 9 months but no more than 1 year	Over 1 year but no more than 2 years	Over 2 years but no more than 5 years	Over 5 years	Total
in m. Cash and central bank balances ¹	73,515	198	104	0	0	562	0	0	103	74,482
Interbank balances										
(w/o central banks) ¹	4,987	2,497	90	16	15	1,217	101	120	48	9,090
Central bank funds sold	0	0	0	0	0	0	0	0	0	0
Securities purchased under resale agreements	4	3,553	2,416	8,143	1,659	1,719	51	240	12	17,796
With banks	4	2,154	533	647	333	561	0	2	12	4,245
With customers	0	1,399	1,883	7,496	1,326	1,159	51	238	0	13,551
Securities borrowed	21,598	4,202	0	0	0	0	0	0	34	25,834
With banks	550	964	0	0	0	0	0	0	0	1,515
With customers	21,047	3,238	0	0	0	0	0	0	34	24,319
Financial assets at fair value through profit or loss trading	840,858	43,382	12,360	5,371	2,068	2,090	4,855	7,624	24,316	942,924
Trading assets	195,681	0	0	0	0	0	0	0	0	195,681
Fixed-income securities and loans	124,462	0	0	0	0	0	0	0	0	124,462
Equities and other variable- income securities	69,831	0	0	0	0	0	0	0	0	69,831
Other trading assets	1,387	0	0	0	0	0	0	0	0	1,387
Positive market values from derivative financial instruments	629,958	0	0	0	0	0	0	0	0	629,958
Financial assets designated at fair value through profit or loss	15,219	43,382	12,360	5,371	2,068	2,090	4,855	7,624	24,316	117,285
Securities purchased under resale agreements	1,757	36,255	11,109	4,568	1,883	501	1,530	1,849	1,021	60,473
Securities borrowed	13,462	5,783	1,159	0	0	0	0	0	0	20,404
Fixed-income securities and loans	0	1,344	92	660	184	1,588	3,010	5,775	12,957	25,612

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Equities and other variable-income securities	0	0	0	0	0	0	0	0	10,339	10,339
Other financial assets designated at fair value through profit or loss	0	0	0	142	0	1	315	0	0	459
Positive market values from derivative financial instruments qualifying for hedge accounting	0	30	140	108	69	37	177	791	3,050	4,403
Financial assets available for sale	20	1,895	1,610	2,797	643	774	4,702	25,756	26,099	64,297
Fixed-income securities and loans	20	1,895	1,610	2,797	643	774	4,408	25,754	24,137	62,038
Equities and other variable-income securities	0	0	0	0	0	0	295	2	1,962	2,259
Loans	19,917	35,866	32,121	26,780	9,101	11,591	26,638	69,501	174,098	405,612
To banks	880	4,744	4,945	4,986	1,321	944	2,859	1,974	408	23,059
To customers	19,037	31,122	27,176	21,794	7,780	10,647	23,779	67,528	173,690	382,553
Retail	3,947	10,852	4,038	4,836	2,884	3,288	9,491	25,572	131,277	196,186
Corporates and other customers	15,090	20,270	23,138	16,959	4,896	7,359	14,288	41,955	42,412	186,367
Other financial assets	119,485	474	387	349	113	99	18	76	4,050	125,050
Total financial assets	1,080,383	92,098	49,228	43,564	13,668	18,089	36,542	104,108	231,809	1,669,490
Other assets	15,514	1,322	707	626	196	260	268	763	19,559	39,214
Total assets	1,095,897	93,421	49,935	44,189	13,864	18,349	36,809	104,871	251,368	1,708,703

¹ In 2015, comparatives have been restated. See Note 1 Significant Accounting Policies and Critical Accounting Estimates Significant Changes in Estimates and Changes in Presentation for detailed information.

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The following tables present a maturity analysis of our total liabilities based on carrying value and upon earliest legally exercisable maturity as of December 31, 2015 and 2014, respectively.

Analysis of the earliest contractual maturity of liabilities

	Dec 31, 2015									
	On demand (incl. Over-night and one day notice)	Up to one month	Over 1 month to more than 3 months	Over 3 months but no more than 6 months	Over 6 months but no more than 9 months	Over 9 months but no more than 1 year	Over 1 year but no more than 2 years	Over 2 years but no more than 5 years	Over 5 years	Total
in m.										
Deposits	345,569	37,777	117,943	21,500	10,169	8,600	7,356	6,935	11,126	566,974
Due to banks	72,304	5,131	15,770	5,884	1,616	2,106	2,188	5,214	8,852	119,065
Due to customers	273,265	32,646	102,173	15,616	8,552	6,494	5,168	1,721	2,273	447,909
Retail	113,016	13,588	80,124	3,270	2,131	1,805	2,524	642	220	217,321
Corporates and other customers	160,249	19,058	22,049	12,346	6,422	4,689	2,644	1,079	2,053	230,588
Trading liabilities	546,381	0	0	0	0	0	0	0	0	546,381
Trading securities	51,327	0	0	0	0	0	0	0	0	51,327
Other trading liabilities	977	0	0	0	0	0	0	0	0	977
Negative market values from derivative financial instruments	494,076	0	0	0	0	0	0	0	0	494,076
Financial liabilities designed at fair value through profit or loss (without loan commitments and financial guarantees)	18,423	4,725	1,569	1,760	1,240	10,069	1,809	1,652	3,526	44,773
Securities sold under repurchase agreements	17,600	2,712	690	1,172	140	9,322	0	0	0	31,637
Long-term debt	269	47	342	426	879	513	1,669	1,384	3,183	8,710
Other financial liabilities designated at fair value through profit or loss	554	1,966	537	162	221	233	141	268	343	4,425
Investment contract liabilities	0	35	70	70	70	734	108	1,593	5,843	8,522

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Negative market values from derivative financial instruments qualifying for hedge accounting	0	43	513	414	203	301	278	1,630	2,983	6,365
Central bank funds purchased	574	0	0	0	0	0	0	0	0	574
Securities sold under repurchase agreements	7,492	1,567	53	117	0	0	0	0	0	9,229
Due to banks	2,757	1,554	53	117	0	0	0	0	0	4,481
Due to customers	4,734	13	0	0	0	0	0	0	0	4,747
Securities loaned	2,846	10	1	0	0	0	0	0	414	3,270
Due to banks	290	6	0	0	0	0	0	0	0	295
Due to customers	2,556	5	1	0	0	0	0	0	414	2,975
Other short term borrowings	17,776	1,311	2,052	2,666	3,006	1,199	0	0	0	28,010
Long-term debt	0	3,327	8,638	6,923	4,251	2,990	39,801	45,435	48,652	160,016
Debt securities senior	0	3,184	8,444	5,815	3,782	2,631	24,701	40,061	36,599	125,217
Debt securities subordinated	0	0	0	619	150	100	0	1,314	4,231	6,414
Other long-term debt senior	0	143	194	247	173	162	14,978	3,575	7,502	26,973
Other long-term debt subordinated	0	0	0	243	146	97	121	486	319	1,412
Trust Preferred Securities	0	733	0	262	0	0	735	4,373	918	7,020
Other financial liabilities	146,678	931	2,859	198	83	170	340	14	36	151,309
Total financial liabilities	1,085,739	50,458	133,696	33,911	19,023	24,063	50,426	61,633	73,496	1,532,443
Other liabilities	28,984	0	0	0	0	0	0	0	0	28,984
Total equity	0	0	0	0	0	0	0	0	67,624	67,624
Total liabilities and equity	1,114,722	50,458	133,696	33,911	19,023	24,063	50,426	61,633	141,120	1,629,051
Off-balance sheet commitments given	6,433	9,833	8,772	17,963	10,036	14,221	29,240	107,376	27,999	231,874
Banks	425	406	1,405	2,354	1,301	1,059	1,512	1,213	177	9,852
Retail	231	166	103	687	678	945	2,272	1,605	7,272	13,958
Corporates and other customers	5,778	9,261	7,265	14,923	8,057	12,218	25,456	104,559	20,549	208,063

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Analysis of the earliest contractual maturity of liabilities

	Dec 31, 2014									
	On demand (incl. Over-night and one day notice)	Up to one month	Over 1 month to more than 3 months	Over 3 months but no more than 6 months	Over 6 months but no more than 9 months	Over 9 months but no more than 1 year	Over 1 year but no more than 2 years	Over 2 years but no more than 5 years	Over 5 years	Total
Deposits	298,701	45,396	114,001	31,733	9,820	8,832	5,557	7,618	11,276	532,931
Due to banks	55,538	6,866	12,896	10,400	3,243	1,862	2,593	5,741	9,212	108,350
Due to customers	243,163	38,530	101,105	21,333	6,577	6,970	2,964	1,878	2,064	424,584
Retail	96,651	18,777	83,460	4,919	2,105	1,816	1,095	744	215	209,781
Corporates and other customers	146,512	19,753	17,645	16,414	4,473	5,154	1,869	1,134	1,849	214,803
Trading liabilities	652,045	0	0	0	0	0	0	0	0	652,045
Trading securities	41,112	0	0	0	0	0	0	0	0	41,112
Other trading liabilities	731	0	0	0	0	0	0	0	0	731
Negative market values from derivative financial instruments	610,202	0	0	0	0	0	0	0	0	610,202
Financial liabilities designed at fair value through profit or loss (without loan commitments and financial guarantees)	2,560	6,612	4,573	12,082	1,300	1,047	2,263	2,909	3,686	37,032
Securities sold under repurchase agreements	1,361	4,241	3,711	11,058	393	0	288	0	0	21,053
Long-term debt	6	116	334	734	553	672	1,582	2,716	3,205	9,919
Other financial liabilities designated at fair value through profit or loss	1,193	2,255	527	289	355	375	394	193	481	6,061
Investment contract liabilities	0	30	61	61	61	726	93	1,493	5,999	8,523
Negative market values from derivative financial instruments qualifying for hedge accounting	0	42	240	350	231	55	398	1,145	2,602	5,063
Central bank funds purchased	986	0	0	0	0	0	0	0	0	986

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Securities sold under repurchase agreements	3,677	1,397	3,225	1,001	202	400	0	0	0	9,901
Due to banks	3,518	1,170	3,155	1,001	202	400	0	0	0	9,445
Due to customers	158	227	70	0	0	0	0	0	0	456
Securities loaned	1,960	15	1	0	0	0	0	0	363	2,339
Due to banks	130	5	0	0	0	0	0	0	1	136
Due to customers	1,830	10	1	0	0	0	0	0	361	2,203
Other short term borrowings	26,642	5,099	2,766	4,499	1,995	1,929	0	0	0	42,931
Long-term debt	0	1,027	4,778	6,261	6,401	7,272	24,219	51,257	43,622	144,837
Debt securities senior	0	923	3,833	5,190	5,616	6,767	18,224	46,138	32,755	119,446
Debt securities subordinated	0	0	645	262	601	236	500	169	2,633	5,047
Other long-term debt senior	0	104	300	750	148	124	5,291	4,351	7,930	18,999
Other long-term debt subordinated	0	0	0	59	35	145	205	598	304	1,345
Trust Preferred Securities	0	832	3,053	655	89	277	726	4,757	184	10,573
Other financial liabilities	155,055	884	3,126	217	78	174	352	20	23	159,929
Total financial liabilities	1,141,627	61,336	135,822	56,857	20,177	20,712	33,608	69,200	67,754	1,607,093
Other liabilities	28,288	0	0	0	0	0	0	0	0	28,288
Total equity	0	0	0	0	0	0	0	0	73,223	73,223
Total liabilities and equity	1,169,915	61,336	135,822	56,857	20,177	20,712	33,608	69,200	140,976	1,708,604
Off-balance sheet commitments given	6,924	10,505	10,433	16,063	10,182	15,092	28,165	93,727	25,441	216,533
Banks	203	815	1,995	2,316	696	1,009	1,873	1,700	761	11,368
Retail	682	324	284	548	526	1,009	2,183	1,010	6,817	13,383
Corporates and other customers	6,039	9,366	8,154	13,199	8,960	13,075	24,108	91,017	17,864	191,782

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Compensation Report

Introduction

The 2015 Compensation Report provides detailed qualitative and quantitative compensation information with regard to the overall Deutsche Bank Group (except for Deutsche Postbank AG, who provides disclosures separately). Furthermore, it contains disclosures specific to the Management Board members and employees identified as Material Risk Takers (MRTs) in accordance with the German regulation on the supervisory requirements for compensation systems of banks (Institutsvergütungsverordnung, InstVV).

The report comprises the following sections:

- Group compensation overview and disclosure
- Management Board report and disclosure
- Supervisory Board report and disclosure

The report complies with the requirements of Section 314 (1) No. 6 of the German Commercial Code (Handelsgesetzbuch, HGB), the German Accounting Standard No. 17 Reporting on Executive Body Remuneration, CRR, InstVV, and the recommendations of the German Corporate Governance Code.

Group Compensation and Disclosure

Executive Summary

Year 2015 was strongly influenced by the launch of Strategy 2020 and the impact on the Bank's financial results of extraordinary items, foremost the impairment of goodwill.

The Bank's compensation decisions for 2015 had to carefully balance the loss reported for the 2015 against the positive revenue developments and the overall capital position. In light of these considerations, the Management Board decided to grant Variable Compensation (VC) in the amount of 2.4 billion to its employees. Applying the foreign exchange rates used for the 2015 VC pool to the 2014 VC pool, this represents a decrease compared to 2014 by approximately 17 %.

The Bank remains committed to align compensation with the long-term performance of the institution. Against this background, the proportion of VC which will be paid or delivered at a later stage remains high at 49 % (including equity upfront compensation elements). To further underpin this alignment, 33 % was awarded in shares. For Material Risk Takers (MRTs), the proportion subject to a payment or delivery at a later stage amounted to 88 %.

In light of the negative result for 2015, the VC for 2015 was also granted with a view to ensuring stability of the franchise and with the expectation of a positive and sustainable development over the next years. Against this background, it was important to the Bank that this

expectation is also reflected in the structure of the VC. The Bank therefore decided to take additional steps towards an alignment between VC and a sustainable performance by increasing the minimum deferral period for the deferred compensation elements from three to four years for all employees receiving deferred compensation elements. Additionally, the retention period for equity upfront compensation elements for MRTs was increased to one year. These measures are accompanied by the introduction of strengthened methods for an ex post risk adjustment of VC which allow for a subsequent decrease or complete elimination of VC.

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With the aim to ensure that the Bank's approach to compensation remains aligned to its multi-year objectives under Strategy 2020, the Bank has also implemented a new compensation structure for 2016 onwards (the New Compensation Framework). This new structure places stronger emphasis on fixed compensation as well as a closer and more transparent link between the overall Group performance and individual VC decisions.

Compensation Strategy

Compensation plays an integral role in the successful delivery of Deutsche Bank's strategic objectives. The Group Compensation Strategy is predicated on supporting a global, client-centric banking model with safe and sound compensation practices that operate within the Bank's capital, liquidity and risk-bearing capacity, and in alignment with the Bank's strategic objectives and its stated values and beliefs.

Five key objectives of our compensation practices

To support the delivery of Deutsche Bank's client-focused, global bank strategy by attracting and retaining talent across the range of diverse business models and across numerous country locations

To support the long term performance of the Bank, the sustainable development of the institution and the risk strategies that derive from this

To support long-term performance that is predicated on cost discipline and efficiency

To ensure that the Bank's compensation practices are safe in terms of risk-adjusting performance outcomes, preventing inappropriate risk taking, ensuring compatibility with capital and liquidity planning and complying with regulation

To underscore the Bank's stated values of integrity, sustainable performance, client centricity, innovation, discipline and partnership

The Group Compensation Policy is an internal document focused on informing and educating employees with regard to the Bank's compensation strategy, governance processes as well as compensation practices and structures. Together, the Group Compensation Strategy and the Group Compensation Policy provide a clear and demonstrable link between compensation practices and the wider Group strategy. Both documents have been published on the Bank's intranet site and are available to all employees.

Core remuneration principles

Align compensation to shareholder interests and sustained firm-wide profitability, taking account of risk and the cost of capital

Maximize sustainable employee and firm performance

Attract and retaining the best talent

Calibrate compensation to different divisions and levels of responsibility

Apply a simple and transparent compensation design

Ensure compliance with regulatory requirements

Regulatory Compliance

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Ensuring compliance with regulatory requirements is an overriding consideration in the Bank's Group Compensation Strategy. The Bank has strived to be at the forefront of compensation regulatory changes and will continue to work with its prudential supervisor, the European Central Bank (ECB), to be in compliance with all existing and new requirements.

As an EU-headquartered institution, Deutsche Bank is subject to the CRD 4 requirements, as translated into German national law in the German Banking Act and InstVV, globally. The Bank adopted the rules for all subsidiaries and branches globally to the extent required in accordance with Sec. 27 InstVV. The Bank also identifies all employees whose work is deemed to have a material impact on the overall risk profile (Material Risk Takers or MRTs) in accordance with the InstVV. MRTs are identified on a Group level and also on a single legal entity level for significant institutions in the meaning of Sec. 17 InstVV.

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Pursuant to CRD 4 and the requirements subsequently adopted in the German Banking Act, the Bank is subject to a ratio of 1:1 with regard to fixed to variable components, provided that the shareholders may approve an increase to 1:2. At the Bank's Annual General Meeting on May 22, 2014, and in accordance with Sec. 25a (5) German Banking Act, shareholder approval was granted to increase the ratio to 1:2. To emphasize the fixed compensation component in respect of remuneration for control functions employees, the Management Board has determined that individuals within the independent control functions are subject to a 1:1 ratio.

As a result of sector specific legislation and in accordance with the InstVV, certain Asset and Wealth Management subsidiaries specifically managing alternative investments are governed under the Alternative Investments Fund Managers Directive (AIFMD). AIFMD contains provisions on remuneration which outline the rules that Alternative Investment Fund Managers (AIFMs) have to comply with when establishing and applying the remuneration policies for certain categories of their employees. AIFMD Material Risk Takers are to be identified at the AIFM level. One notable difference to CRD 4 and its implementation in German law is that AIFMD Material Risk Takers are not subject to the fixed to variable ratio stipulated in CRD 4. The Bank also identifies AIMFD Material Risk Takers for Alternative Investment Fund Managers in accordance with AIFMD. The Bank applies the remuneration provisions for InstVV MRTs also to AIFMD MRTs except for the 1:2 ratio with regard to fixed to variable components.

The Bank will continue to closely monitor the regulatory environment. Major regulatory developments for 2016 include the adoption of the Undertakings for Collective Investments in Transferable Securities (UCITS) Directive and the expected revision of the InstVV in light of the publication of the Guidelines on sound remuneration policies by the European Banking Authority in December 2015.

Total Compensation Structure

As part of the Compensation Strategy, the Bank employs a Total Compensation philosophy, which comprises Fixed Pay (FP) and Variable Compensation (VC).

Element	Description
Fixed Pay (FP)	FP is used to compensate employees for their skills, experience and competencies, commensurate with the requirements, size and scope of their role. For the majority of Deutsche Bank employees, FP is the primary compensation component, and the share of fixed compensation within Total Compensation is far greater than 50 %. This is appropriate to many businesses and will continue to be a significant feature of Total Compensation going forward.
Variable Compensation (VC)	As part of their fixed compensation, a limited number of employees receives an Additional Fixed Pay Supplement (AFPS). The AFPS was introduced primarily for benefits and pensions cost management purposes. VC is predicated on the industry objective of retaining cost flexibility while attracting and retaining the right talent. VC also has the advantage of being able to differentiate performance outcomes and drive behaviors through appropriate incentive systems that can also positively influence culture. As a result, VC is a key feature of market practice compensation in many business lines in the banking environment globally. Combined with FP, this drives Total Compensation outcomes that are cost effective, flexible and aligned to performance.
Benefits&Pensions	In accordance with the respective local market practice, requirements and demands, the Bank also grants benefits (including company pension schemes) that are linked to employment with the Bank, to certain seniority or to certain length of service but that have no direct link to performance.

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Compensation approach for 2016 onwards: Outlook on the New Compensation Framework

One of the main objectives of Strategy 2020 is to align reward more closely with performance and conduct. In order to achieve this goal, the Bank has assessed its compensation approach over the course of 2015 and, in 2016, has started putting in place a New Compensation Framework that is designed to align pay more closely with sustainable performance at all levels of the Bank by rebalancing fixed and variable remuneration elements and providing for a closer link between VC and the Bank-wide performance. The New Compensation Framework provides guidance on the target proportion of fixed to variable compensation elements by seniority and by division or function.

In addition, variable remuneration from 2016 onwards is intended to include two components. The first, the group component, reflects the performance of Deutsche Bank, tying individual Total Compensation more closely to the Bank's performance and recognizing the contribution of every single employee to the Bank's results. The second, the individual component, is more discretionary and recognises individual performance in the context of divisional performance.

Compensation Governance

In accordance with the German two-tier board structure, the Supervisory Board governs the compensation of the Management Board members while the Management Board oversees compensation matters for all other employees in the Group. Both the Supervisory Board and the Management Board are supported by specific committees and functions in accordance with InstVV.

Our robust governance structure enables us to operate within the clear parameters of our Compensation Strategy and Compensation Policy. All compensation matters, and overall compliance with regulatory requirements, are overseen by the key committees that form the global Reward Governance Structure.

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Compensation Control Committee

The Compensation Control Committee (CCC) was established by the Supervisory Board in accordance with Sec. 25d (12) German Banking Act. It consists of the Chairperson of the Supervisory Board and three further Supervisory Board Members, two from among the employee representatives, and had 10 meetings in the calendar year 2015, two of them being joint meetings with the Risk Committee.

The responsibilities of the CCC includes supporting the Supervisory Board in establishing and monitoring the appropriate structure of the compensation system for the Management Board Members of Deutsche Bank AG, considering, in particular, the effects on the risks and risk management in accordance with the InstVV. Furthermore, the CCC monitors the appropriate structure of the compensation system for the employees, as established by the Management Board and the Senior Executive Compensation Committee. The CCC checks regularly whether the total amount of VC is appropriate and set in accordance with the InstVV.

The CCC also assesses the impact of the compensation systems on the management of risk, capital and liquidity and seeks to ensure that the compensation systems are aligned to the business and risk strategies. Furthermore, the CCC supports the Supervisory Board in monitoring whether the internal controls and the other relevant areas are properly involved in the structuring of the compensation systems.

Compensation Officer

In accordance with Sec. 23 InstVV, the Management Board, in cooperation with the CCC, has appointed a Compensation Officer. The Compensation Officer supports the Supervisory Board and the CCC in performing their duties relating to all compensation systems and cooperates closely with the Chairperson of the CCC. The Compensation Officer is involved in the conceptual review, development, monitoring and the application of the employee's compensation systems on an ongoing basis.

The Compensation Officer performs his monitoring obligations independently and provides an assessment on the appropriateness of the design and practices of the compensation systems for employees to the Management Board, the Supervisory Board and the CCC at least annually.

Senior Executive Compensation Committee

The Senior Executive Compensation Committee (SECC) is a delegated committee established by the Management Board which has the mandate to develop sustainable compensation principles, to prepare recommendations on Total Compensation levels and to ensure appropriate compensation governance and oversight. In accordance with its mandate the SECC establishes compensation strategy, policy and guiding principles and coordinates compensation decisions. The SECC establishes quantitative and qualitative factors to assess performance as a basis for compensation related decisions and makes appropriate recommendations to the Management Board regarding the annual VC pool and its allocation across the business divisions and infrastructure functions. Additional committees, as delegated bodies of the SECC, are an integral part of the overall governance structure; the inclusion of these committees is designed to ensure that diversified expertise from multiple stakeholders is taken into consideration when making compensation decisions and applying compensation practices.

In order to maintain its independence, only employees from control functions who are not aligned to any of our business divisions are members of the SECC. During 2015, the SECC saw a number of membership changes, in line with the membership changes of the Management Board. From November 2015, the SECC comprises the Chief Administration Officer and the Chief Financial Officer, both of whom are also Members of the Management Board, as Co-Chairpersons, as well as the Chief Risk Officer (also a Management Board Member), the Global Head of Human Resources and an additional Finance representative as Voting Members. The Compensation Officer, the Deputy Compensation Officer and the Global Head of Reward are Non-Voting Members. The SECC generally meets on a monthly basis and it had 21 meetings with regard to the performance year 2015 compensation process.

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Determination of Variable Compensation Methodology

The Bank has a robust methodology in place to ensure that the determination of VC reflects risk-adjusted performance as well as the capital position of the Bank and its divisions. The ultimate Group VC pool is primarily driven by (i) Group affordability (i.e., what can the Bank award in alignment with regulatory requirements) and (ii) Group strategy (what should the Bank award in order to provide an appropriate compensation while protecting the long-term health of the franchise).

Parameter	Description
Group affordability	Group affordability is assessed, as a first step, to determine if the Bank is in a position to award VC and still meet the liquidity and capital requirements. Group affordability is the overriding consideration of the VC pool decisions. The metrics used are linked to the Bank’s Risk Appetite Framework and include, but are not limited to, Common Equity Tier 1 Ratio (CET 1 Ratio), Economic Capital Adequacy Ratio, Leverage Ratio, Stressed Net Liquidity and Basel 3 Liquidity Coverage Ratio, as well as to the Bank’s negative results test (which was first defined for the 2015 performance year).
Risk-adjusted performance	Having assessed Group affordability, risk-adjusted performance is the starting point of VC pool determination.

The Bank uses economic capital (EC) scaled to align with the Bank’s forward looking unexpected losses to risk-adjust the VC pools across the divisions. The EC model is the Bank’s primary method for calculating the degree of future potential risk to which the Bank may be exposed and measures the amount of capital that the Bank would need in order to absorb very severe unexpected losses arising from the Bank’s exposures. The risk adjustment takes into account credit, market, operational and business risk. The EC charge increases in case of an increase of the risk profile of the Bank, thereby reducing Bank-wide economic profitability and, by extension, the amount of VC awarded.

As part of the range of considerations, the SECC compares and contrasts the view of actual performance through this formulaic VC pool calculation with a view of VC pools aligned with underlying performance and other factors such as:

Group & Divisional Key Performance Indicators (KPIs): Both Group and divisional scorecards, which consolidate a consistent set of financial and non-financial KPIs, provided by control functions, are used to assess performance against targets.

Qualitative risk and regulatory assessments: The VC pool decision must be sustain-able and, as such, items such as new regulatory matters and pending litigation, overdue audit findings and Risk Red Flag scores are key considerations in the VC determination process.

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Relative performance: Both Group and divisional performance is assessed in the context of performance vis-à-vis defined peers.

Market position and trends: Environmental factors, market data and market trends, including benchmarking data on various elements of compensation, as well as information on developing pay practices, are used to support fair, competitive and cost-effective compensation decisions.

Infrastructure pools: Infrastructure VC pools are not dependent on the performance of the division(s) they oversee, but are aligned with divisional or functional bonus builds and overall Group affordability. As stated above, performance against key strategic infrastructure indicators is also carefully considered.

Payout Rates: Appropriate payout rates are applied to each business division with reference to historical payout rates and market context.

Ultimate VC pool decision

The SECC recommends the derived Group VC pool to the Management Board for formal ratification. Taking all the factors into account, in careful assessment of additional considerations discretion may also be exercised, for example where strategic investments require time to contribute to performance, where one-off business or market dynamics are expected to reverse or in the context of relevant strategic factors, especially under employee retention and franchise protection or strengthening considerations.

After ratification, the Compensation Control Committee is formally notified.

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Consideration of Individual Performance

While individual VC decisions are discretionary, all decisions must be performance-based and linked to a number of factors, including, but not limited to, risk-adjusted Group, divisional and individual performance as well as retention considerations and behavioral aspects. Managers, when exercising discretion, must fully understand both the absolute and relative risk-taking activities of individuals to ensure that VC allocations are balanced and risk-taking is not inappropriately incentivized.

This applies, in particular, to managers of MRTs who are required to attest that they have thoroughly reviewed and considered all of the relevant financial, non-financial and risk metrics when determining individual compensation. In addition, narrative commentary is also required to articulate how the compensation parameters (both quantitative and qualitative) and the individual's performance and behavioral factors have influenced the ultimate compensation decision. Inputs (both positive and negative) from internal control functions were collected on MRTs and provided to managers. These inputs were intended to ensure an appropriate impact on decisions with regard to the employees' performance assessment, promotion potential and VC.

Variable Compensation for 2015

Achieving a sustainable balance between shareholder and employee interests is a key aspect of Strategy 2020. For 2015, the Bank's compensation decisions had to carefully balance Deutsche Bank's reported a loss for 2015 against the Bank's positive revenue developments and overall capital position as well as its franchise protection considerations.

The SECC has monitored the affordability of VC throughout 2015. In assessing the affordability of the Bank's proposed 2015 VC pool, the SECC has concluded that, although the Bank has had an overall negative result (negative result test), the Bank's capital and liquidity positions remain above regulatory minimum requirements and that the significant impairment charges taken in 3Q 2015 have only had a marginal impact on the Bank's fully loaded CET 1 ratio and therefore affordability parameters are met. The Bank's 2015 financial statements and plans for the financial years 2016 and 2017 exceed both internal risk appetite metrics and expected regulatory minimum requirements.

Under consideration of underlying risk-adjusted financial performance, the Management Board confirmed a Group VC pool to be granted in March 2016 of € 2.4 billion. Applying the foreign exchange rates used for the 2015 VC pool to the 2014 VC pool, this represents a decrease compared to 2014 by approximately 17 %. The decision to grant and communicate VC for the performance year 2015 in March 2016, rather than in February as in previous years was made in order to allow for more time to assess the full year performance, and only then to finalize compensation decisions.

While the pool determination had to factor in the negative results and the overall shareholder return, it also had to take into account that the revenues were solid and that the negative results for 2015 are mainly driven by extraordinary items not stemming from the divisions performance in 2015.

Furthermore, a more significant reduction would have jeopardized the implementation of Strategy 2020 as it would have compromised the Bank's ability to attract and retain talent. The Bank's employees are the key factor in achieving the goals of Strategy 2020. In order to sustain the momentum that has been built up over the last months it is essential that the employees are rewarded adequately.

As part of their VC for the performance year 2015, select employees who are critical for the Bank and the targeted achievements of Strategy 2020 received a Key Position Award (KPA). Whilst the amount of KPAs granted to these individuals reflects the individual performance for 2015, it was especially important to employ specific structural elements to the KPA which allow for an even stronger link to the long-term sustainable performance of the Bank. In order to achieve this stronger link, the KPA is granted completely in Deutsche Bank shares with a deferral period of four years without pro-rata vesting (cliff-vesting) as well as an additional retention period of one year. All these structural

elements exceed the current corresponding regulatory requirements of payment in instruments, deferral period and retention period.

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Furthermore, a certain proportion of the individual's KPA is subject to an additional share price hurdle, meaning this award proportion only vests in the event that the Bank's share price reaches a certain share target price. This additional hurdle aims to link the Variable Compensation for 2015 even more closely to the future performance of the Bank and the targeted achievements of the Bank's Strategy 2020. It also underpins the Bank's expectation of a continued strong performance for the next years by the individuals receiving this award.

in m. (unless stated otherwise)	CB&S	GTB	Deutsche AWM	PBC	NCOU	2015 Group Total	2014 Group Total
Total Compensation¹	4,751	1,025	1,646	2,924	182	10,528	10,020
thereof:							
Fixed Pay	3,298	810	1,178	2,692	144	8,122	7,313
Variable Compensation	1,453	215	468	232	38	2,406	2,707
# of employees (full-time equivalent) at period end	28,280	10,791	11,299	49,196	1,538	101,104	98,138

¹ Total Compensation defined as FP for 2015 plus VC granted in March 2016. As in previous years, variable remuneration granted by Deutsche Postbank AG is not included in the above variable amount. For Deutsche Postbank AG, a total amount of variable remuneration of 38 million is envisaged (2014: 40 million). All figures in the table include the allocation of Infrastructure and Regional Management related compensation and number of employees according to our established cost allocation key. The table may contain marginal rounding differences.

Recognition and Amortization of Variable Compensation Granted

As of December 31, 2015, including awards granted in early March 2016, unamortized deferred VC expenses amount to approximately 2.0 billion. The following graph visualizes the amount of VC recognized on the balance sheet for 2015 and the projected future amortization of outstanding VC over the next financial years (future grants and forfeitures excluded).

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