

# Deutsche Bank

Colombo Branch  
No. 86 Galle Road, Colombo 3  
Tel + 94-11-2447062, Fax+ 94-11-2447067



## Financial Statements for the period ending 31st December, 2017

### Summarised Income Statement

Item	Deutsche Bank Colombo Branch		Deutsche Bank Group	
	Current Period from 01.01.17 to 31.12.17 (Rs. '000)	Previous Period from 01.01.16 to 31.12.16 (Rs. '000)	Current Period from 01.01.17 to 31.12.17 (EUR m)	Previous Period from 01.01.16 to 31.12.16 (EUR m)
Interest Income	2,609,927	2,713,526	24,092	25,636
Less: Interest Expenses	563,073	413,697	11,714	10,929
<b>Net Interest Income</b>	<b>2,046,854</b>	<b>2,299,829</b>	<b>12,378</b>	<b>14,707</b>
Fee and commission income	645,079	656,352	-	-
Less: Fee and commission Expense	22,278	22,535	-	-
<b>Net fee and commission income</b>	<b>622,801</b>	<b>633,817</b>	<b>11,002</b>	<b>11,744</b>
Net gain/(loss) from trading	624,143	319,959	-	-
Net gain/(loss) from financial instrument designated at fair value through profit or loss	-	(47,571)	2,926	1,401
Net gain/(loss) from financial investments	-	(6,136)	616	1,108
Other Operating income (net)	24,084	103,667	(475)	1,053
<b>Total operating income</b>	<b>3,317,862</b>	<b>3,303,565</b>	<b>26,447</b>	<b>30,013</b>
Loss	-	-	-	-
Impairment for loans and other losses	-	-	276	767
Individual impairment	-	-	249	616
Collective impairment	(1,019)	(12,066)	-	-
Others	-	-	276	767
<b>Net operating income</b>	<b>3,316,843</b>	<b>3,291,499</b>	<b>25,922</b>	<b>28,630</b>
Personal expenses	393,346	418,234	12,253	11,874
Depreciation and amortisation	27,091	36,969	2,159	3,745
Other Expenses	1,364,328	1,090,313	10,282	13,821
<b>Operating profit/(loss) before VAT</b>	<b>1,532,078</b>	<b>1,745,983</b>	<b>1,228</b>	<b>(810)</b>
Less: Value added tax (VAT) & Nation Building Tax (NBT) on financial services	285,650	204,880	-	-
Operating profit/(loss) after VAT	1,246,428	1,541,103	1,228	(810)
Share of profits of associates and joint ventures	-	-	-	-
<b>Profit/(loss) before corporate tax</b>	<b>1,246,428</b>	<b>1,541,103</b>	<b>1,228</b>	<b>(810)</b>
Less: Tax expenses	790,235	478,534	1,963	546
<b>Profit/(loss) for the period</b>	<b>466,133</b>	<b>1,062,569</b>	<b>(735)</b>	<b>(1,356)</b>
Profit Attributable to:				
Owners of the parent	466,133	1,062,569	(735)	(1,356)
Non-controlling interest	-	-	15	45
Earnings per share on profit				
Basic earnings per ordinary share	-	-	(0.53)	(1.08)
Diluted earnings per ordinary share	-	-	(0.53)	(1.08)

### Statement of Comprehensive Income for the Period ended 31st December 2017

Item	Rs. '000		EUR m	
	Current Period as at 31.12.17 (Rs. '000)	Previous Period as at 31.12.16 (Rs. '000)	Current Period as at 31.12.17 (EUR m)	Previous Period as at 31.12.16 (EUR m)
<b>Profit/(loss) for the period</b>	<b>466,133</b>	<b>1,062,569</b>	<b>(735)</b>	<b>(1,356)</b>
<b>Other Comprehensive income, net of tax</b>				
Changes in revaluation surplus	-	-	-	-
Remeasurement gains/(losses) related to defined benefit plans, before tax	17,779	(9,732)	(69)	(861)
Related Tax	(4,978)	2,725	(2,679)	201
Foreign currency translation	(16,830)	52,189	-	-
Change in fair value of available-for-sale financial assets	17,125	5,629	(326)	(573)
Related Tax	(333)	(6,039)	(171)	60
Gains and losses on cash flow hedges	-	-	-	-
Asset classified as held for sale - Unrealised net gains (Loss) arising during the period, before tax	-	-	-	-
Equity Method Investment - Net gains (Loss) arising during the period	-	-	(36)	11
Less: Tax expense/(income) relating to components of other comprehensive income	13,763	44,772	123	461
<b>Other comprehensive income for the year net of taxes</b>	<b>479,896</b>	<b>1,107,340</b>	<b>(3,822)</b>	<b>(2,773)</b>
<b>Total comprehensive income for the period</b>	<b>946,029</b>	<b>2,170,009</b>	<b>(4,557)</b>	<b>(4,129)</b>
Attributable to:				
Owners of the parent	479,896	1,107,340	(3,822)	(2,773)
Non-controlling interests	-	-	20	52

### Statement of Financial Position

Item	Deutsche Bank Colombo Branch		Deutsche Bank Group	
	Current Period as at 31.12.17 (Rs. '000)	Previous Period as at 31.12.16 (Rs. '000)	Current Period as at 31.12.17 (EUR m)	Previous Period as at 31.12.16 (EUR m)
<b>Assets</b>				
Cash and cash equivalents	178,378	193,773	225,655	181,364
Balances with Central Banks	649,921	1,527,673	9,971	16,287
Placements with Banks	3,165,119	2,876,325	11,606	11,606
Derivative financial instruments	3,179	56,140	361,032	485,150
Other Financial Assets held for trading	-	-	-	-
Securities borrowed	-	-	16,732	20,081
Financial Assets designated at fair value through profit and loss	-	-	275,937	258,631
Group balances receivable	3,108,443	3,857,144	-	-
Loans and receivables to banks	-	-	-	-
Loans and receivables to other customers	9,524,057	10,499,161	401,699	408,909
Financial investments - available for sale	16,264,562	18,474,791	49,327	56,223
Securities held to maturity	-	-	3,170	3,206
Investments in subsidiaries	-	-	-	-
Equity method investments	64,775	76,234	866	1,027
Property, plant and equipment	-	-	2,663	2,804
Investment properties	-	-	-	-
Goodwill and intangible assets	-	-	8,839	8,982
Deferred tax assets	17,249	31,967	6,799	8,666
Other assets	1,009,484	2,953,555	102,706	127,604
<b>Total Assets</b>	<b>33,985,167</b>	<b>39,646,763</b>	<b>1,474,732</b>	<b>1,590,546</b>
<b>Liabilities</b>				
Due to banks	714,547	-	342,726	463,858
Derivative financial instruments	4,265	35,286	-	-
Other Financial liabilities held for trading	-	-	-	-
Financial liabilities designated at fair value through profit and loss	-	-	135,910	118,113
Due to other customers	11,560,750	12,800,170	580,812	550,204
Other borrowings	-	-	43,204	46,633
Debt securities issued	-	-	-	-
Current tax liabilities	580,598	278,237	1,001	1,329
Deferred tax liabilities	-	-	346	486
Other provisions	104,148	109,987	5,219	10,973
Other liabilities	405,877	229,096	132,208	155,440
Group balances payable	9,244,766	11,878,574	-	-
Subordinated term debt/Other long term debt	-	-	165,206	178,691
<b>Total liabilities</b>	<b>22,614,951</b>	<b>26,699,004</b>	<b>1,406,633</b>	<b>1,525,727</b>
<b>Equity</b>				
Stated capital/Assigned capital	4,410,461	4,410,461	45,200	37,296
Statutory reserve fund	619,600	596,663	-	-
Retained earnings	2,152,008	3,756,059	17,454	19,997
Other reserves	4,197,547	4,186,585	520	3,550
<b>Total shareholders equity</b>	<b>11,370,216</b>	<b>12,948,758</b>	<b>63,174</b>	<b>59,833</b>
Additional equity components	-	-	4,675	4,669
Non-controlling interest	-	-	250	216
<b>Total equity</b>	<b>11,370,216</b>	<b>12,948,758</b>	<b>68,099</b>	<b>64,819</b>
<b>Total equity and liabilities</b>	<b>33,985,167</b>	<b>39,646,763</b>	<b>1,474,732</b>	<b>1,590,546</b>
Contingent liabilities and commitments	30,918,560	25,684,260	206,464	218,404
Memorandum Information				
Number of Employees	98	95	97,535	99,744
Number of Branches	1	1	2,425	2,656

### Deutsche Bank AG, Colombo Branch, Statement of Changes in Equity for the Period Ended 31st December 2017 - in Rs. '000

	Other Reserves							Total Equity	
	Assigned Capital	Statutory Reserves	Retained Earnings	Available for Sale Reserves	Exchange Equalization of Capital	Exchange Equalization Reserves	Special Reserves		
Balance as at 01st January 2017	4,410,461	595,653	3,756,060	(4,828)	282,583	165,617	3,743,213	4,186,585	12,948,758
Profit for the period	-	-	466,133	-	-	-	-	-	466,133
Other comprehensive income	-	-	-	-	-	-	-	-	-
Change in fair value of available-for-sale financial assets	-	-	-	17,125	-	-	-	-	17,125
Actuarial loss in defined benefits plan	-	-	-	-	17,779	-	-	-	17,779
Gains on translating the financial statements of FCBU	-	-	-	-	26,824	(42,654)	-	(15,830)	(15,830)
Tax on other comprehensive income	-	-	-	(4,978)	(333)	-	-	(333)	(5,311)
<b>Total comprehensive income for the period</b>	-	-	478,934	16,792	26,824	(42,654)	-	962	479,896
Transactions recognised directly in equity	-	-	-	-	-	-	-	-	-
Transfer to reserve fund	-	23,947	(23,947)	-	-	-	-	-	-
Profit transfer to Head Office	-	-	-	-	-	-	-	-	(2,068,439)
Special Reserves	-	-	-	-	-	-	-	-	-
<b>Balance as at 31st December 2017</b>	<b>4,410,461</b>	<b>619,600</b>	<b>2,152,608</b>	<b>11,964</b>	<b>309,407</b>	<b>122,963</b>	<b>3,743,213</b>	<b>4,187,547</b>	<b>11,370,216</b>

### Deutsche Bank AG Group Consolidated Statement of Changes in Equity - in Euro m

	Common shares (no par value)	Additional paid in capital	Retained earnings	Common shares, at cost	Unrealised net gains (losses) on derivatives assets, net of tax & other	Unrealised net gains (losses) on derivatives hedging variability of cash flows, net of tax	Foreign currency translation net of tax	Unrealised net gains (losses) from equity method investments	Accumulated other comprehensive income (loss) net of tax	Total shareholder's equity	Additional equity components	Non-controlling interest	Total Equity
Balance as at 01st January 2017	3,531	33,765	18,987	-	912	143	2,418	77	3,550	59,833	4,669	316	64,819
Total comprehensive income/(loss), net of tax	-	-	(751)	-	(223)	(125)	(2,646)	(36)	(3,030)	(3,781)	-	(20)	(3,800)
Common shares issued	1,760	6,277	-	-	-	-	-	-	8,037	-	-	-	8,037
Cash dividends paid	-	-	(392)	-	-	-	-	-	(392)	-	-	(11)	(403)
Coupon on additional equity components, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	(298)
Remeasurement gain (losses) related to defined benefit plans, net of tax	-	-	(91)	-	-	-	-	-	(91)	-	-	-	(91)
Net change in share awards in the reporting period	-	(51)	-	-	-	-	-	-	(51)	-	-	-	(51)
Transfer shares distributed under share-based compensation plans	-	-	-	424	-	-	-	-	424	-	-	-	424
Tax benefits related to share-based compensation plans	-	3	-	-	-	-	-	-	3	-	-	-	3
Addition to Equity classified as obligation to purchase common shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Deduction from Equity classified as obligation to purchase common shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Option premiums and other effects from options on common shares	-	(104)	-	-	-	-	-	-	(104)	-	-	-	(104)
Purchase of treasury shares	-	-	-	(7,912)	-	-	-	-	(7,912)	-	-	-	(7,912)
Sale of treasury shares	-	-	-	7,479	-	-	-	-	7,479	-	-	-	7,479
Net gains (losses) on treasury shares sold	-	-	6	-	-	-	-	-	6	-	-	-	6
Other	-	22	-	-	-	-	-	-	22	-	-	(36)	6
<b>Balance as at 31st December 2017</b>	<b>5,291</b>	<b>39,918</b>	<b>17,454</b>	<b>(9)</b>	<b>689</b>	<b>18</b>	<b>(227)</b>	<b>41</b>	<b>520</b>	<b>63,175</b>	<b>4,675</b>	<b>250</b>	<b>68,099</b>

### Statement of Cash Flows - Deutsche Bank Colombo Branch

Item	For the period ended 31.12.17 (Rs. '000)		For the period ended 31.12.16 (Rs. '000)	
	Current Period	Previous Period	Current Period	Previous Period
<b>Cash flows from operating activities</b>				
Profit before tax	1,246,428	1,541,103	-	-
Adjustment for:				
Non cash items included in profit before tax	850,827	576,455	-	-
Interest expense on subordinated debt	15,333	19,714	-	-
Change in operating assets	5,600,559	5,425,398	-	-
Change in operating liabilities	(2,880,151)	(6,465,268)	-	-
Net gain from investing activities	(2,171)	(855)	-	-
Net unrealised gain from translation of financial statements of foreign operation	(15,830)	59,188	-	-
<b>Cash generated from operating activities</b>	<b>3,805,986</b>	<b>1,148,733</b>	<b>1,148,733</b>	<b>(28,088)</b>
Contribution paid to defined benefit plans	(6,139)	(28,088)	-	-
Tax paid	(361,362)	(186,318)	-	-
Net cash generated from operating activities	3,438,494	934,327	-	-
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(15,632)	(29,619)	-	-
Dividend received from investments	2,171	855	-	-
Net cash (used in) from investing activities	(13,461)	(28,764)	-	-
<b>Cash flows from financing activities</b>				
Interest and subordinated debt paid	(1,381,987)	(22,598)	-	-
Profit transfer to head office	(2,068,439)	(899,297)	-	-
Net cash from financing activities				

# Deutsche Bank AG

Colombo Branch  
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## Financial Statements for the period ending 31st December, 2017

## Corporate Governance

The composition of the Supervisory Board and its committees is in accordance with good corporate governance standards and meets the requirements of key regulatory authorities. This is reflected in the atmosphere of trust on the Supervisory Board and in the cooperation founded on trust between the representatives of employees and of shareholders. The Chairman of the Supervisory Board and the chairpersons of the committees coordinated their work continuously and consulted each other regularly and – as required – on an ad hoc basis in order to ensure the exchange of information necessary to capture and assess all of the relevant risks for the performance of their tasks.

At the Supervisory Board’s meetings, the committee chairpersons reported regularly on the work of the committees. Regularly before the meetings of the Supervisory Board, the representatives of the employees and the representatives of the shareholders conducted preliminary discussions separately. At the beginning or end of the Supervisory Board and committee meetings, discussions were regularly held in executive sessions without the participation of the Management Board.

### Management Board and Supervisory Board

#### Management Board

The Management Board of Deutsche Bank AG is responsible for the management of the company in accordance with the law, the Articles of Association of Deutsche Bank AG and the Terms of Reference for the Management Board with the objective of creating sustainable value in the interests of the company. It considers the interests of shareholders, employees and other company-related stakeholders. The members of the Management Board are collectively responsible for managing the bank’s business. The Management Board, as the Group Management Board, manages the Deutsche Bank Group in accordance with uniform guidelines; it exercises general control over all Group companies.

The Management Board decides on all matters prescribed by law or the Articles of Association and ensures compliance with the legal requirements and internal guidelines (compliance). It also takes the necessary measures to ensure that adequate internal guidelines are developed and implemented. The Management Board’s responsibilities include, in particular, the bank’s strategic management and direction, the allocation of resources, financial accounting and reporting, control and risk management, as well as a properly functioning business organization and corporate control. The Management Board decides on the appointments to the senior management level below the Management Board and, in particular, on the appointment of Global Key Function Holders. In appointing people to management functions in the Group, the Management Board takes diversity into account and strives, in particular, to achieve an appropriate representation of women.

The Management Board works closely together with the Supervisory Board in a cooperative relationship of trust and for the benefit of the company. The Management Board reports to the Supervisory Board at a minimum within the scope prescribed by law or administrative guidelines, in particular on all issues with relevance for the Group concerning strategy, the intended business policy, planning, business development, risk situation, risk management, staff development, reputation and compliance.

A comprehensive presentation of the duties, responsibilities and procedures of our Management Board are specified in its Terms of Reference, the current version of which is available on our website ([www.db.com/ir/en/documents.htm](http://www.db.com/ir/en/documents.htm)).

#### Supervisory Board

The Supervisory Board of Deutsche Bank AG appoints, supervises and advises the Management Board and is directly involved in decisions of fundamental importance to the bank. It works together closely with the Management Board in a cooperative relationship of trust and for the benefit of the company. The Supervisory Board decides on the appointment and dismissal of members of the Management Board including long-term succession planning for the Management Board based on the recommendations of the Chairman’s Committee and the Nomination Committee. Based on the recommendation of the Compensation Control Committee, the Supervisory Board determines the total compensation of the individual members of the Management Board resolves on the compensation system for the Management Board and reviews it regularly.

The Supervisory Board receives reports from the Management Board at least within the scope prescribed by law or administrative guidelines, in particular on all issues of relevance for the Group concerning strategy, intended business policy, planning, business development, risk situation, risk management, staff development, reputation and compliance. Furthermore, the Audit Committee is also informed regularly, and in the case of severe deficiencies without undue delay, of any serious deficiencies identified by Group Audit and of any substantial deficiencies which have not yet been rectified. The Chairman of the Supervisory Board is informed accordingly of any serious findings against the members of the Management Board. In addition to the already existing reporting principles, the Supervisory Board and Management Board, adopted an Information Regime with detailed specifications regarding the Management Board’s reporting to the Supervisory Board as well as rules relating to enquiries addressed by the Supervisory Board to the Management Board. Furthermore, the Information Regime covers, among other things, the Supervisory Board’s requests for information and reports from employees of the company, and the exchange of information in connection with the meetings of the Supervisory Board and its committees.

The Chairman of the Supervisory Board plays a crucial role in the proper functioning of the Supervisory Board and has a leadership role in this. He can issue internal guidelines and principles concerning the Supervisory Board’s internal organization and communications, the coordination of the work within the Supervisory Board and the Supervisory Board’s interaction with the Management Board. Between meetings, the Chairman of the Supervisory Board, and, if expedient, the chairpersons of the Supervisory Board committees, maintain regular contact with the Management Board, especially with the Chairman of the Management Board, and deliberate with him on issues of Deutsche Bank Group’s strategy, planning, the development of business, risk situation, its risk management, governance, compliance and material litigation cases. The Chairman of the Supervisory Board and – within their respective functional responsibility – the chairpersons of the Supervisory Board committees are informed without delay by the Chairman of the Management Board or by the respectively responsible Management Board member about important events of material significance for the assessment of the situation, development and management of Deutsche Bank Group. The Chairman of the Supervisory Board engages in discussions with investors on Supervisory Board related topics when necessary and regularly informs the Supervisory Board of the substance of such discussions.

The types of business that require the approval of the Supervisory Board to be transacted are specified in Section 13 of our Articles of Association. The Supervisory Board meets, if required, without the Management Board. After due consideration and insofar as materially appropriate, the Supervisory Board, or any of its committees, may, in order to perform their tasks, consult auditors, legal advisors and other internal or external advisors. In performing their tasks, the Chairman of the Supervisory Board, the chairpersons of the standing committees and the Supervisory Board members are supported by the Office of the Supervisory Board, which is independent of the Management Board.

In 2017, a total of 59 meetings of the Supervisory Board and its committees took place. As in previous years, joint meetings were held on topics of relevance for several committees.

The duties, procedures and committees of the Supervisory Board are specified in its Terms of Reference. The current version is available on the Deutsche Bank website ([www.db.com/ir/en/documents.htm](http://www.db.com/ir/en/documents.htm)).

#### Standing Committees

The Supervisory Board has established the following seven standing committees. To the extent required, the committees coordinate their work and consult each other on an ad hoc basis. The committee chairpersons report regularly to the Supervisory Board on the work of the committees. The Report of the Supervisory Board in the Annual Report 2017 provides information on the concrete work of the committees over the preceding year.

**Chairman’s Committee:** It is responsible for, in particular: preparing the meetings of the Supervisory Board and handling current business between meetings of the Supervisory Board; preparing for decisions by the Supervisory Board on the appointment and dismissal of members of the Management Board, including long-term succession planning for the Management Board, while taking the recommendations of the Nomination Committee into account; concluding, amending and terminating employment and pension contracts in consideration of the plenary Supervisory Board’s sole authority to decide on the compensation of the members of the Management Board; taking note of and, where necessary, expressing an opinion on contracts and/or amendments to contracts for a General Manager (Generalbevollmächtigter) of Deutsche Bank AG that is designated as an intended member of the Management Board; handling other contractual business with active and former members of the Management Board pursuant to Section 112 of the German Stock Corporation Act; and approving Management Board members’ mandates, honorary offices or special tasks outside of Deutsche Bank Group. The Chairman’s Committee is also responsible for: approving the hand-over of confidential internal data concerning a Management Board member in consultation with the Chairman of the Management Board and/or the Chief Risk Officer, unless they have a conflict of interests; approving contracts with Supervisory Board members pursuant to Section 114 of the German Stock Corporation Act; preparing for decisions of the Supervisory Board in the field of corporate governance, deciding in the Supervisory Board’s stead on an adjustment of the annual Declaration of Conformity to changed actual circumstances and verifying compliance with the Declaration of Conformity. Its tasks also include: taking note of and, where necessary, expressing an opinion on the Supervisory Board’s and its committees’ costs for consultations with auditors, experts, legal advisors and other external advisors; as well as preparing recommendations for decisions of the Supervisory Board on pursuing claims for damages or taking other measures against incumbent or former members of the Management Board. As and when necessary, the Chairman’s Committee draws on the expertise of the Chair of the Integrity Committee.

The Chairman’s Committee held seven meetings in 2017.

The current members of the Nomination Committee are Dr. Paul Achleitner (Chairman), Frank Bsirske, Professor Dr. Henning Kagermann, Stefan Rudschäfski and Dr. Johannes Teysen.

**Nomination Committee:** It is responsible for, in particular, supporting the Supervisory Board in identifying candidates to fill a position on the bank’s Management Board. In doing so, the Nomination Committee shall take into account the balance and diversity of the knowledge, skills and experience of all members of the Management Board, prepare a job description with a candidate profile, and state the time commitment associated with the tasks. Furthermore, it is responsible in particular for drawing up an objective to promote the representation of the under-represented gender on the Supervisory Board as well as a strategy for achieving this and the regular assessment, to be performed at least once a year, of the structure, size, composition and performance of the Management Board and of the Supervisory Board and making recommendations regarding this to the Supervisory Board. The Nomination Committee supports the Supervisory Board in the regular assessment, to be performed at least once a year, of the knowledge, skills and experience of the individual members of the Management Board and Supervisory Board as well as of the respective body collectively, and in reviewing the Management Board’s principles for selecting and appointing persons to the upper management levels and the recommendations made to the Management Board in this respect. The shareholder representatives on the Nomination Committee prepare the Supervisory Board’s proposals for the election or appointment of new shareholder representatives to the Supervisory Board. In this context, they take into account the profile of requirements for the Supervisory Board, the criteria specified by the Supervisory Board for its composition as well as the balance and diversity of the knowledge, skills and experience of all members of the Supervisory Board, prepare a job description with a candidate profile, and state the time commitment associated with the tasks.

The Nomination Committee held eight meetings in 2017.

The current members of the Nomination Committee are Dr. Paul Achleitner (Chairman), Frank Bsirske, Professor Dr. Henning Kagermann, Stefan Rudschäfski and Dr. Johannes Teysen.

**Audit Committee:** It supports the Supervisory Board in particular in monitoring the financial accounting process, and it can submit recommendations or suggestions to the Supervisory Board on ensuring the integrity of the financial reporting process. Furthermore, the Audit Committee supports the Supervisory Board in monitoring the effectiveness of the risk management system, particularly of the internal control system and the internal audit system, the auditing of the financial statements, especially with regard to the auditor’s independence and the additional services provided by the auditor, and the Management Board’s prompt remediation – through suitable measures – of the deficiencies identified by the auditor and bank-internal control functions based on internal and external audits, in particular relating to weaknesses in risk controls, as well as non-compliance with policies, laws and regulatory requirements. The Committee is entitled to inspect all business documents of the bank, including the business information stored on data carriers. The Audit Committee pre-reviews the annual and consolidated financial statements and management reports as well as the separate non-financial report and the separate consolidated nonfinancial report, if they were prepared. It discusses the audit reports with the auditor and prepares the decisions of the Supervisory Board on establishing the annual financial statements and the approval of the consolidated financial statements as well as the resolution proposal on the appropriation of distributable profit. The Audit Committee submits corresponding recommendations to the Supervisory Board. It also provides support to the Supervisory Board with regard to engaging any external assurances for the non-financial statement and the consolidated non-financial statements of for the separate non-financial report and separate consolidated non-financial report. It discusses important changes to the audit and accounting methods. The Audit Committee also discusses the quarterly financial statements and the report on the limited review of the quarterly financial statements with the Management Board and the auditor prior to their publication. Furthermore, the Audit Committee submits proposals to the Supervisory Board for the appointment of the auditor and prepares the proposal of the Supervisory Board to the General Meeting for the election of the auditor. The Audit Committee advises the Supervisory Board on issuing the audit mandate to the auditor elected by the General Meeting, submits proposals to the Supervisory Board for the auditor’s remuneration and can specify areas of focus for the audit. It supports the Supervisory Board in monitoring the independence, qualifications and efficiency of the auditor as well as the rotation of the members of the audit team. Mandates for non-audit-related services given to the auditor or to companies to which the auditor is related in legal, economic or personnel terms need the prior consent of the Audit Committee (in this context, see also the Principal Accountant Fees and Services section of this Corporate Governance Statement/Corporate Governance Report). The Audit Committee releases guidelines for the employment of staff – including former staff – of the auditor by the company. It arranges to be informed regularly about the work done by Group Audit, the effectiveness of the internal audit system and in particular about the focal areas of its auditing activity and on the results of its audits. It is responsible, in particular, for receiving and handling the quarterly, annual and ad hoc reports of Group Audit. The Management Board informs the Audit Committee about special audits, substantial complaints and other exceptional measures on the part of German and foreign bank regulatory authorities. The Committee regularly obtains reports on the receipt and handling of complaints from employees of the bank and its subsidiaries, from shareholders of Deutsche Bank AG and from third parties. In particular complaints concerning accounting, internal accounting controls, auditing and other financial reporting matters must be submitted to the Committee without undue delay. Reports concerning compliance matters are presented at the meetings of the Committee on a regular basis. The Chairman of the Audit Committee is entitled, in addition to the Chairman of the Supervisory Board, to obtain information directly from the Head of Compliance. The Audit Committee is responsible for acknowledging communications about significant reductions in the Compliance budget and for taking receipt of and handling the report by the Head of Compliance (Compliance Report) in accordance with Article 22 (2) letter C) of the Delegated Regulation (European Union) 2017/565 which is made at least once a year. Furthermore, the Committee is entitled to obtain, through its Chairman, information in connection with its tasks from the auditor, the Management Board, the Head of Group Audit and – with the prior consent of the Management Board – senior managers of the bank reporting directly to the Management Board.

The Audit Committee held eight meetings in 2017, thereof one jointly with the Risk Committee.

The current members of the Audit Committee are Richard Meddings (Chairman), Dr. Paul Achleitner, Katherine Garrett-Cox, Henriette Mark, Gabriele Platscher, Bernd Rose and Professor Dr. Stefan Simon.

**Risk Committee:** It advises the Supervisory Board on overall risk appetite and risk strategy, and monitors the implementation of the stated risk appetite and risk strategy by the senior management level. The Risk Committee monitors the material aspects of the rating and valuation processes. In undertaking this responsibility, it receives reports from the Management Board about the operations of the bank’s rating systems and about material changes or exceptions from established policies that will materially impact the operations of the bank’s rating systems. The Risk Committee receives reports from the Management Board which are appropriate to monitor whether the conditions in the client business are in line with the bank’s business model and risk structure. If this is not the case, the Risk Committee requests proposals from the Management Board on how the terms and conditions in the client business could be structured to bring them into line with the bank’s business model and risk structure, and monitors their implementation. The Risk Committee examines whether the incentives set by the compensation system take into consideration the company’s risk, capital and liquidity structure as well as the likelihood and timing of earnings. The Risk Committee also performs all of the tasks assigned to it by law or regulatory authorities. It handles loans which require a resolution by the Supervisory Board pursuant to law or our Articles of Association. In this context, it approves, among other things, the acquisition of participations as defined by Section 13 (1) d) of the Articles of Association of Deutsche Bank AG, insofar as the value of the participation does not exceed 3% of liable capital and the participation will probably not remain in the bank’s full or partial possession for more than twelve months. If this period is exceeded, the Chairperson of the Committee informs the Supervisory Board without delay and obtains its approval. At the meetings of the Risk Committee, the Management Board reports on credit, market, liquidity, operational, litigation and reputational risks. The Management Board also reports on risk strategy, credit portfolios, loans requiring Supervisory Board approval pursuant to law or our Articles of Association, questions of capital resources and matters of special importance due to the risks they entail (for additional information on the disclosure of the risk management objectives and policies for individual risk categories, please see the Risk Report of the Annual Report).

The Risk Committee held nine meetings in 2017, including one jointly with the Compensation Control Committee, one jointly with the Audit Committee and one jointly with the Integrity Committee.

The current members of the Risk Committee are Dina Dublin (Chairperson), Dr. Paul Achleitner, Wolfgang Böhr, Richard Meddings and Louise M. Parent.

**Integrity Committee:** It continually advises and monitors the Management Board with regard to whether management ensures the economically sound, sustainable development of the company while observing the principles of sound, responsible management, fulfilling the company’s social responsibilities and protecting the natural resources of the environment (environmental, social and governance (ESG) issues), and to whether the business management is aligned to these values with the objective of a holistic corporate culture. The Integrity Committee monitors the Management Board’s measures that ensure the company’s compliance with legal requirements, authorities’ regulations and the company’s own in-house policies (preventive compliance control). It regularly reviews the bank’s Code of Business Conduct and Ethics to foster conduct on the part of company employees that is exemplary in every way, both within and outside the company, and that such conduct is not just aligned to the formal compliance with statutory requirements. It supports on request the Risk Committee in monitoring and analyzing the legal and reputational risks that are material to the bank. For this purpose, it advises the Management Board on how to generate awareness of the importance of such risks. It supports on request the preparation of the Chairman’s Committee’s recommendations for Supervisory Board decisions on pursuing recourse claims or taking other measures against current or former members of the Management Board and these are presented by its Chairperson to the Chairman’s Committee. Furthermore, the Integrity Committee supports the Supervisory Board in the monitoring of the litigation cases with the highest risk and other material cases.

The Integrity Committee held seven meetings in 2017, including one jointly with the Risk Committee.

The current members of the Integrity Committee are Professor Dr. Stefan Simon (Chairman), Dr. Paul Achleitner, Sabine Irrgang, Timo Heider, Martina Klee, Louise M. Parent and Dr. Johannes Teysen.

**Compensation Control Committee:** It supports the Supervisory Board in the appropriate structuring of the compensation systems for the members of the Management Board. It also monitors the appropriate structure of the compensation systems for the Management Board members and employees and, in particular, the appropriate structure of the compensation for the heads of the risk control function and compliance function and for the employees who have a material influence on the bank’s overall risk profile. The Compensation Control Committee supports the Supervisory Board in monitoring the process to identify risk takers in accordance with Section 18 (2) of the Regulation on Remuneration in Financial Institutions (InstitutsVergV) and Group risk takers in accordance with Section 27 (2) sentence 1 of the Regulation on Remuneration in Financial Institutions (InstitutsVergV) as well as the appropriate structure of the compensation systems for the company’s employees. The Committee assesses the effects of the compensation systems on risk, capital and liquidity management, while ensuring that the compensation systems are aligned to the business strategy focused on the bank’s sustainable development, to the risk strategies derived from this and to the compensation strategies at the company and Group levels. It prepares the Supervisory Board’s resolutions on the compensation of the Management Board, considering, in particular, the effects of the resolutions on the company’s risks and risk management. The long-term interests of shareholders, investors and other stakeholders as well as the public interest are also taken into account. It also prepares the Supervisory Board’s resolutions on setting the total amount of variable compensation for the members of the Management Board in accordance with Section 45 (2) sentence 1 No. 5a of the German Banking Act (KWG) in consideration of Section 7 of the Regulation on Remuneration in Financial Institutions (InstitutsVergV) and on setting the appropriate compensation parameters, targets for contributions to performance, payment and deferral periods as well as the conditions for a full forfeiture or partial reduction of variable compensation. It also checks regularly, at least annually, whether the adopted specifications are still appropriate. Furthermore, it checks, as part of its support to the Supervisory Board in monitoring the appropriate structure of the compensation systems for employees, regularly, but at least annually, in particular, whether the total amount of variable compensation has been set in accordance with Section 45 (2) sentence 1 No. 5a of the German Banking Act (KWG) in consideration of Section 7 of the Regulation on Remuneration in Financial Institutions (InstitutsVergV) and whether the specified principles to assess the compensation parameters, contributions to performance as well as the payment and deferral periods, including the conditions for a full forfeiture or partial reduction of the variable compensation, are appropriate. In addition, it supports the Supervisory Board in monitoring whether the internal controls and other relevant areas are properly involved in the structuring of the compensation systems. The Committee is authorized to obtain, via its Chairperson, information relating to the Committee tasks from the head of the internal audit department and from the heads of the organizational units responsible for structuring the compensation systems.

The Compensation Control Committee held ten meetings in 2017, including one jointly with the Risk Committee.

The current members of the Compensation Control Committee are Dr. Paul Achleitner (Chairman), Frank Bsirske, Professor Dr. Henning Kagermann and Stefan Rudschäfski.

**Mediation Committee:** In addition to these six standing committees, the Mediation Committee, which is required by German law, makes proposals to the Supervisory Board on the appointment or dismissal of members of the Management Board in cases where the Supervisory Board is unable to reach a two-thirds majority decision with respect to the appointment or dismissal. The Mediation Committee only meets if necessary.

The Mediation Committee did not hold any meetings in 2017.

The current members of the Mediation Committee are Dr. Paul Achleitner (Chairman), Wolfgang Böhr, Professor Dr. Henning Kagermann and Stefan Rudschäfski.

Further details regarding the Chairman’s Committee, the Nomination Committee, the Audit Committee, the Risk Committee, the Integrity Committee and the Compensation Control Committee are regulated in separate Terms of Reference. The current versions are available on our website, along with the Terms of Reference for the Supervisory Board (see: [www.db.com/ir/en/documents.htm](http://www.db.com/ir/en/documents.htm)).