

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, 2018

Summarised Income Statement

Item	Deutsche Bank Colombo Branch		Deutsche Bank Group	
	Current Period from 01.01.18 to 31.12.18 (Rs. '000)	Previous Period from 01.01.17 to 31.12.17 (Rs. '000)	Current Period from 01.01.18 to 31.12.18 (EUR m)	Previous Period from 01.01.17 to 31.12.17 (EUR m)
Interest income	2,283,202	2,609,927	24,793	23,542
Interest expenses	531,083	563,073	11,601	11,164
Net interest income	1,752,119	2,046,854	13,192	12,378
Fee and commission income	562,492	645,079	-	-
Fee and commission expenses	15,237	22,278	-	-
Net fee and commission income	547,255	622,801	10,039	11,002
Net gains/(losses) from trading	720,428	624,143	-	-
Net fair value gains/(losses) on:				
Financial assets at fair value through profit or loss	-	-	-	-
Financial liabilities at fair value through profit or loss	-	-	1,332	2,926
Net gains/(losses) on derecognition of financial assets:				
At fair value through profit or loss	-	-	2	-
At amortized cost	-	-	-	-
At fair value through other comprehensive income	-	-	317	479
Net other operating income	68,755	24,064	434	(338)
Total operating income	3,088,556	3,317,862	25,316	26,447
Impairment reversal/(charge)	408	(1,018)	(525)	(525)
Net operating income	3,088,965	3,316,844	24,791	25,922
Personnel expenses	425,474	393,346	11,814	12,354
Depreciation and amortization expenses	26,041	27,091	2,391	2,159
Other expenses	1,427,321	1,364,328	9,255	10,282
Operating profit/(loss) before VAT & NBT on financial services	1,210,129	1,532,078	1,331	1,228
Value Added Tax (VAT) on financial services	185,513	252,121	-	-
Netting Building Tax (NBT) on financial services	24,855	33,530	-	-
Operating profit/(loss) after VAT & NBT on financial services	999,761	1,246,427	1,331	1,228
Share of profits of associates and joint ventures	-	-	-	-
Profit/(loss) before tax	999,761	1,246,427	1,331	1,228
Income tax expenses	561,640	790,295	989	1,963
Profit/(loss) for the period	438,121	466,132	342	(735)
Profit attributable to:				
Equity holders of the parent	438,121	466,132	267	(751)
Non-controlling interests	-	-	75	15
Earnings per share on profit:				
Basic earnings per ordinary share €	N/A	N/A	(0.01)	(0.53)
Diluted earnings per ordinary share €	N/A	N/A	(0.01)	(0.53)

Statement of Cash Flows - Deutsche Bank Colombo Branch

Item	For the period ended 31.12.18 (Rs. '000)	For the period ended 31.12.17 (Rs. '000)
Cash flows from operating activities		
Profit before tax	999,761	1,246,428
Adjustment for:		
Non cash items included in profit before tax	943,169	860,827
Interest expense on subordinated debt	-	15,333
Change in operating assets	(7,225,384)	5,600,559
Change in operating liabilities	6,943,285	(3,889,151)
Net gain from investing activities	(2,518)	(2,171)
Net unrealised gain from translation of financial statements of foreign operation	353,017	(15,830)
Cash generated from operating activities	1,911,831	3,805,994
Contribution paid to defined benefit plans	(10,747)	(6,139)
Tax paid	(517,450)	(381,362)
Net cash generated from operating activities	1,383,734	3,438,492
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,668)	(15,632)
Dividend received from investments	2,518	2,171
Net cash (used in) from investing activities	(9,151)	(13,461)
Cash flows from financing activities		
Interest paid on subordinated debt	-	(1,381,987)
Profit transfer to head office	(1,485,298)	-
Net cash from financing activities	(1,485,298)	(3,440,428)
Net increase/(decrease) in cash & cash equivalents	(110,715)	(15,395)
Cash and cash equivalents at the beginning of the period	179,322	183,723
Cash and cash equivalents at the end of the period	67,607	178,328

Deutsche Bank Group - Consolidated Statement of Cash Flows

In € m.	Twelve Months ended Dec. 31, 2018	Twelve Months ended Dec. 31, 2017
Net income (loss)	341	(735)
Cash flows from operating activities:		
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Provision for credit losses	525	525
Restructuring activities	360	447
Gain on sale of financial assets available for sale and securities held to maturity	N/A	(515)
Gain on sale of financial assets at fair value through other comprehensive income, equity method investment	(619)	(59)
Deferred income taxes, net	276	2,159
Impairment, depreciation and other amortization, and accretion	2,391	1,148
Share of net income (loss) from equity method investments	(129)	(141)
Income (loss) adjusted for non-cash charges, credits and other items	3,146	2,914
Adjustments for net change in operating assets and liabilities:		
Interest-earning time deposits with central banks and banks	(10,954)	966
Central bank funds sold, securities purchased under resale agreements, securities borrowed	15,004	8,560
Non-Trading financial assets mandatory at fair value through profit and loss	(8,560)	N/A
Financial assets designated at fair value through profit or loss	91,176	(6,721)
Loans and amortized cost	302	2,759
Other assets	6,284	21,970
Deposits	(16,763)	34,601
Financial liabilities designated at fair value through profit or loss and investment contract liabilities	(10,549)	5,461
Central bank funds purchased, securities sold under repurchase agreements and securities loaned	(16,716)	(3,355)
Other short-term borrowings	(4,266)	1,148
Other liabilities	(19,119)	(23,107)
Senior long-term debt	(6,840)	(12,728)
Trading assets and liabilities, positive and negative market values from derivative financial instruments, net	70,542	1,596
Other, net	(6,752)	5,512
Net cash provided by (used in) operating activities	54,066	39,578
Cash flows from investing activities:		
Proceeds from:		
Sale of financial assets at fair value through other comprehensive income	22,126	N/A
Maturities of financial assets at fair value through other comprehensive income	26,001	N/A
Sale of debt securities held to collect at amortized cost	94	N/A
Maturities of debt securities held to collect at amortized cost	1,804	N/A
Sale of financial assets available for sale	N/A	10,657
Maturities of financial assets available for sale	N/A	6,798
Maturities of securities held to maturity	-	-
Sale of equity method investment	30	90
Purchase of property and equipment	-	356
Financial assets at fair value through other comprehensive income	(41,031)	N/A
Debt Securities held at amortized cost	(209)	N/A
Financial assets available for sale	N/A	(13,472)
Security held to maturity	(1)	(12)
Equity method investments	(655)	(465)
Property and equipment	114	-
Net cash received in (paid for) business combinations/divestitures	(1,291)	(1,328)
Other, net	7,528	2,433
Net cash provided by (used in) investing activities	68	881
Cash flows from financing activities:		
Repayments and extinguishments of subordinated long-term debt	(1,171)	(1,765)
Issuances of trust preferred securities	(2,733)	(666)
Repayments and extinguishments of trust preferred securities	4	8,037
Common shares issued	(4,119)	7,471
Purchases of treasury shares	-	-
Sale of treasury shares	-	-
Additional Equity Components (AT1) issued	(236)	(205)
Purchase of Additional Equity Components (AT1)	234	217
Sale of Additional Equity Components (AT1)	(915)	335
Coupon on additional equity components, pre tax	(8)	(11)
Dividends paid to noncontrolling interests	1,205	(37)
Net change in noncontrolling interests	(227)	(592)
Cash dividends paid to Deutsche Bank shareholders	52	713
Other, net	(3,244)	(5,772)
Net cash provided by (used in) financing activities	1,868	1,136
Net effect of exchange rate changes on cash and cash equivalents	(48,203)	(43,376)
Net increase (decrease) in cash and cash equivalents	1,828	185,849
Cash and cash equivalents at beginning of period	180,827	229,025
Cash and cash equivalents at end of period	182,655	414,874
Net cash provided by (used in) operating activities including		
Income taxes paid (received), net	468	889
Interest paid	11,743	11,784
Interest received	22,408	21,095
Dividends received	2,186	3,008
Cash and cash equivalents comprise		
Cash and central bank balances (not included interest-earning time deposits with central banks)	174,059	222,451
Interbank balances (two central banks) (not included: time deposits of € 16.8 billion as of December 31, 2018, and € 5.9 billion as of December 31, 2017)	6,763	6,574
Total	180,822	229,025

Statement of Comprehensive Income for the Period ended 31st December 2018

Item	Deutsche Bank Colombo Branch		Deutsche Bank Group	
	Current Period from 01.01.18 to 31.12.18 (Rs. '000)	Previous Period from 01.01.17 to 31.12.17 (Rs. '000)	Current Period from 01.01.18 to 31.12.18 (EUR m)	Previous Period from 01.01.17 to 31.12.17 (EUR m)
Profit/(loss) for the period	438,121	466,132	341	(735)
Items that will be reclassified to income statement				
Exchange differences on translation of foreign operations	-	-	457	(2,679)
Net gains/(losses) on cash flow hedges	-	-	(3)	(171)
Net gains/(losses) on investments in debt instruments measured at fair value through other comprehensive income	(65,478)	1,188	-	-
Share of profits of associates and joint ventures	-	-	-	-
Debt instruments at fair value through other comprehensive income	-	-	-	-
Others (specify)	-	-	-	(326)
Less: Tax expense relating to items that will be reclassified to income statement	5,174	(333)	228	146
Items that will not be reclassified to income statement				
Gain/(loss) on translating the Financial Statements of FCBU	356,043	(15,830)	-	-
Change in fair value on investments in equity instruments designated at fair value through other comprehensive income	-	-	(572)	(36)
Related Tax	-	-	-	-
Change in fair value attributable to change in the Bank's own credit risk on financial liabilities designated at fair value through profit or loss	-	-	52	-
Re-measurement of post-employment benefit obligations changes in revaluation surplus	(1,729)	17,779	(216)	(69)
Related Tax	484	(4,978)	-	-
Share of profits of associates and joint ventures	-	-	-	-
Others (specify)	-	-	-	-
Less: Tax expense relating to items that will not be reclassified to income statement	-	-	10	(23)
Other Comprehensive Income (OCI) for the period, net of taxes	732,615	463,958	(43)	(3,157)
Total comprehensive income for the period	732,615	463,958	298	(3,850)
Attributable to:				
Equity holders of the parent	732,615	463,958	182	(3,872)
Non-controlling interests	-	-	116	(20)

Selected Performance Indicators

Item	Deutsche Bank Colombo Branch		Item	Deutsche Bank Group	
	Current Period as at 31.12.18 (Rs. '000)	Previous Period as at 31.12.17 (Rs. '000)		Current Period as at 31.12.18 (EUR bn)	Previous Period as at 31.12.17 (EUR bn)
Regulatory Capital Adequacy (LKR in Millions)					
Common Equity Tier 1	9,934	10,914			
Core (Tier 1) Capital	9,934	10,914			
Total Capital Base	9,934	10,914			
Regulatory Capital Ratios (%)					
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 6.375%)	36.60%	51.67%			
Tier 1 Capital Ratio (%) (Minimum Requirement - 7.875%)	36.60%	51.67%			
Total Capital Ratio (%) (Minimum Requirement - 11.875%)	36.60%	51.67%			
Regulatory Liquidity					
Statutory Liquid Assets (LKR in Millions)	28,218	31,164			
Statutory Liquid Assets Ratio (%) (Minimum Requirement - 20%)					
Domestic Banking Unit (%)	105.19%	98.96%			
Off-Shore Banking Unit (%)	98.93%	101.31%			
Total Stock of High-Quality Liquid Assets (LKR in Millions)	8,336	8,744			
Liquidity Coverage Ratio (%) (Minimum Requirement - 90%)					
Rupee (%)	724.59%	1021.01%			
All Currency (%)	338.17%	730.76%			
Assets Quality (Quality of Loan Portfolio)					
Gross Non-Performing Advances Ratio (%) (net of interest in suspense)	0.00%	0.00%			
Net Non-Performing Advances (%) (net of interest in suspense and provision)	0.00%	0.00%			
Profitability					
Interest Margin (%)	4.48%	4.90%			
Return on Assets (before Tax) (%)	2.60%	2.98%			
Return on Equity (%)	4.11%	3.66%			

Statement of Financial Position

Item	Deutsche Bank Colombo Branch		Deutsche Bank Group	
	Current Period as at 31.12.18 (Rs. '000)	Previous Period as at 31.12.17 (Rs. '000)	Current Period as at 31.12.18 (EUR m)	Previous Period as at 31.12.17 (EUR m)
Assets				
Cash and cash equivalents	67,663	178,378	188,731	225,855
Balances with central banks	2,607,527	649,920	8,222	9,971
Placements with banks	3,200,611	3,165,118	8,881	9,265
Placements with branches	3,659,242	596,458	-	-
Securities borrowed	-	-	3,396	16,732
Derivative financial instruments	7,554	3,179	-	-
Group balances receivables	2,382,315	2,511,986	-	-
Financial assets recognized through profit or loss - measured at fair value	-	-	573,344	636,970
- designated at fair value	-	-	-	-
Financial assets at amortized cost - loans and advances	11,977,224	9,524,057	400,297	401,699
- debt and other instruments	-	-	-	-
Financial assets measured at fair value through other comprehensive income	15,299,740	16,383,165	51,182	49,397
Securities held to maturity	-	-	-	3,170
Investment in subsidiaries	-	-	879	866
Investments in associates and joint ventures	-	-	-	-
Property, plant and equipment	50,388	64,776	2,421	2,663
Investment properties	-	-	-	-
Goodwill and intangible assets	-	-	9,141	8,839
Assets for current tax	24,824	17,249	7,230	6,799
Deferred tax assets	1,838,959	890,880	93,444	101,491
Other assets	-	-	-	-
Total assets	41,116,050	33,985,166	1,348,137	1,474,732
Liabilities				
Due to banks	-	714,547	14,158	18,411
Due to branches	11,773,090	7,905,931	-	-
Derivative financial instruments	5,583	4,266	-	-
Financial liabilities recognized through profit or loss - measured at fair value	-	-	415,680	478,636
- designated at fair value	-	-	-	-
Financial liabilities at amortized cost - due to depositors	15,331,658	11,560,750	564,405</	

Deutsche Bank

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Financial Statements for the period ending 31st December, 2018

Analysis of Deposits - as at 31 December 2018

In Rupees Thousand	Deutsche Bank Colombo Branch	
	Current Period 31.12.2018	Previous Period from 31.12.2017
By product – Domestic currency		
Demand deposits (current accounts)	5,076,660	4,311,915
Savings deposits	2,321,519	1,788,848
Margin deposits	1,903,244	377,859
Fixed deposits	2,775,302	1,527,590
Sub total	12,076,725	8,006,212
By product – Foreign currency		
Demand deposits (current accounts)	3,126,980	3,177,860
Savings deposits	127,952	-
Margin deposits	-	-
Fixed deposits	-	376,678
Sub total	3,254,933	3,554,538
Total	15,331,658	11,560,750

Analysis of Loans & Advances, Commitments, Contingencies and Impairment - as at 31 December 2018

In Rupees Thousand	Deutsche Bank Colombo Branch	
	Current Period 31.12.2018	Previous Period from 31.12.2017
Product-wise Gross loans & advances		
By product – Domestic currency		
Overdrafts	6,643,369	5,085,914
Trade finance	329,927	131,260
Staff loans	203,912	175,620
Supplier Finance	899,106	1,046,704
Sub total	8,076,313	6,439,498
By product – Foreign currency		
Overdrafts	1,636,107	1,663,747
Trade finance	2,269,809	1,476,451
Staff loans	-	-
Supplier Finance	-	-
Sub total	3,905,916	3,140,198
Total	11,982,229	9,579,696
Product-wise commitments and contingencies		
By product – Domestic currency		
Guarantees	3,097,417	3,403,568
Letters of credit	-	131,849
Forward exchange contracts	-	-
Usance Import Bills	-	-
Core acceptance	-	-
Other commitments	-	46,001
Undrawn loan commitments	7,210,942	12,280,299
Sub total	10,308,359	15,861,717
By product – Foreign currency		
Guarantees	5,245,538	4,426,737
Letters of credit	1,054,286	2,950,486
Forward exchange contracts	1,126	(234)
Usance Import Bills	832,210	1,355,304
Core acceptance	776,842	708,022
Other commitments	-	-
Undrawn loan commitments	4,445,491	5,616,527
Sub total	12,355,493	15,056,843
Total	22,663,852	30,918,560
Stage-wise impairment on loans & advances, commitments and contingencies		
Gross loans and advances, commitments and contingencies		
Less: Accumulated impairment under stage 1	7,080	94,022
Accumulated impairment under stage 2	254	-
Accumulated impairment under stage 3	-	-
Net value of loans and advances, commitments and contingencies	34,638,748	40,404,235
Movement of impairment during the period		
Under Stage 1		
Charge/(Write back) to income statement	7,080	2,911
Write-off during the year	-	-
Other movements	-	825
Closing balance at 31/12/18	7,080	94,022
Under Stage 2		
Charge/(Write back) to income statement	254	-
Write-off during the year	-	-
Other movements	-	-
Closing balance at 31/12/18	254	-
Under Stage 3		
Charge/(Write back) to income statement	-	-
Write-off during the year	-	-
Other movements	-	-
Closing balance at 31/12/18	-	-
Total impairment	7,333	94,022

Deutsche Bank - Colombo Branch Analysis of Financial Instruments on Measurement Basis - as at 31 December 2018

a. Bank - Current period

In Rupees Thousand	AC	FVPL	FVTOCI	Total
ASSETS				
Cash and cash equivalents	67,663	-	-	67,663
Balances with central banks	2,607,527	-	-	2,607,527
Placements with banks	3,200,612	-	-	3,200,612
Placements with Branches	3,659,243	-	-	3,659,243
Derivative financial instruments	-	7,554	-	7,554
Loans and advances	11,977,224	-	-	11,977,224
Financial assets measured at fair value through other comprehensive income	-	-	15,299,740	15,299,740
Other assets	1,838,960	-	-	1,838,960
Total financial assets	23,351,228	7,554	15,299,740	38,658,522

In Rupees Thousand	AC	FVPL	FVTOCI	Total
LIABILITIES				
Due to banks	-	-	-	-
Due to Branches	11,773,090	-	-	11,773,090
Derivative financial instruments	-	5,583	-	5,583
Financial liabilities				
- due to depositors	15,331,658	-	-	15,331,658
- due to Debt securities holders	-	-	-	-
- due to other borrowers	-	-	-	-
Other liabilities	422,929	-	-	422,929
Total financial liabilities	27,527,677	5,583	-	27,533,260

AC - Financial assets/liabilities measured at amortised cost

FVPL - Financial assets/liabilities measured at fair value through profit or loss

FVOCI - Financial assets measured at fair value through other comprehensive income

b. Bank - Previous period as above

In Rupees Thousand	AC	FVPL	FVTOCI	Total
ASSETS				
Cash and cash equivalents	178,378	-	-	178,378
Balances with central banks	649,921	-	-	649,921
Placements with banks	3,165,119	-	-	3,165,119
Placements with Branches	596,457	-	-	596,457
Derivative financial instruments	-	3,179	-	3,179
Loans and advances	9,524,057	-	-	9,524,057
Financial assets measured at fair value through other comprehensive income	-	-	16,383,165	16,383,165
Other assets	890,880	-	-	890,880
Total financial assets	15,004,813	3,179	16,383,165	31,391,156

In Rupees Thousand	AC	FVPL	FVTOCI	Total
LIABILITIES				
Due to banks	714,547	-	-	714,547
Due to Branches	7,905,931	-	-	7,905,931
Derivative financial instruments	-	4,266	-	4,266
Financial liabilities				
- due to depositors	11,560,750	-	-	11,560,750
- due to Debt securities holders	-	-	-	-
- due to other borrowers	-	-	-	-
Other liabilities	405,876	-	-	405,876
Total financial liabilities	20,587,103	4,266	-	20,591,369

Deutsche Bank AG

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Financial Statements for the period ending 31st December, 2018

Corporate Governance

The composition of the Supervisory Board and its committees is in accordance with the requirements of the German Banking Act (KWG) as well as regulatory governance standards. The suitability of each individual member was assessed both internally by the Nomination Committee and externally by the European Central Bank, and determined and monitored continuously by the Joint Supervisory Team (JST). The suitability assessment covers the expertise, reliability and time available of each individual member. In addition, there was an assessment of the knowledge, skills and experience of the Supervisory Board in its entirety that are necessary for the performance of its tasks.

The Chairman of the Supervisory Board and the chairpersons of all the committees are independent in accordance with the Terms of Reference applicable from time to time. They coordinated their work continuously and consulted each other regularly and – as required – on an ad hoc basis between the meetings in order to ensure the exchange of information necessary to capture and assess all relevant case matters and risks in the performance of their tasks. The cooperation in the committees was marked by an open and trustful atmosphere.

The committee chairpersons reported regularly at the meetings of the Supervisory Board on the work of the individual 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 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 and 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).

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 proposals of the Chairman’s Committee while taking into account recommendations of the Nomination Committee. Based on proposals 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.

In accordance with Section 9 (1) of the Articles of Association, the members of the Supervisory Board are elected for the period until the conclusion of the General Meeting which adopts the resolutions concerning the ratification of the acts of management for the fourth financial year following the beginning of the term of office. Here, the financial year in which the term of office begins is not taken into account. For the election of shareholder representatives, the General Meeting may establish that the terms of office of individual members may begin or end on differing dates.

The internal organization of the Supervisory Board and its committees as well as the tasks and profiles of the individual members are subject to specific statutory and regulatory requirements that further specify and supplement the corporate-law regulations concerning corporate governance. Such requirements are founded on, among other things, the German Banking Act (Kreditwesengesetz), the Remuneration Ordinance for Institutions (Institutsvergütungsverordnung), the guidelines of the European Banking Authority and the administrative practices of the European Central Bank as our supervisory authority. In individual cases, these are in contradiction to the recommendations of the German Corporate Governance Code (“Code”) and, in such case, this may lead to a statement of exceptions in our Declaration of Conformity.

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, Group Audit informs the Audit Committee regularly, and in the case of severe deficiencies without undue delay, of any serious deficiencies identified and of any deficiencies that have not yet been remediated. The Chairman of the Supervisory Board is informed accordingly of any serious findings against the members of the Management Board. The Supervisory Board and Management Board adopted an Information Regime, which specifies not only the reporting to the Supervisory Board but also rules relating to the Supervisory Board’s enquiries and requests for information from employees of the company, as well as the exchange of information in connection with preparations for the meetings and between the meetings.

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 its business, risk situation, risk management, governance, compliance, technical-organizational resources 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 the Articles of Association of Deutsche Bank AG. 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 2018, a total of 54 meetings of the Supervisory Board and its committees took place. In addition, there was joint attendance and participation to address agenda items with a cross-committee relevance.

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).

Standing Committees

The Supervisory Board has established the following eight 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 2018 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 into account the recommendations of the Nomination Committee; 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 and in consideration of the recommendations of the Compensation Control Committee 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 who 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, while taking the recommendations of the Nomination Committee into account. 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 nine meetings in 2018. The current members of the Chairman’s Committee are Dr. Paul Achleitner (Chairman), Frank Bsirske, Detlef Polaschek and Professor Dr. Stefan Simon.

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 takes into account the balance and diversity of the knowledge, skills and experience of all members of the Management Board, prepares a job description with a candidate profile, and states the time commitment. 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 drawing up guidelines for the individual and collective assessment of the professional qualifications, personal reliability and time availability of the members of the Management Board and Supervisory Board (“Suitability Guideline”) as well as in monitoring the effectiveness of the Suitability Guideline. Furthermore, the Nomination Committee also 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 in the assessment of the members of the Management Board and Supervisory Board in all other cases pursuant to the requirements of the Suitability Guideline; and in the review of the Management Board’s principles for selecting and appointing persons to the upper management levels as well as 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.

The Nomination Committee held six meetings in 2018. The current members of the Nomination Committee are Dr. Paul Achleitner (Chairman), Frank Bsirske, Detlef Polaschek, Gerd Alexander Schütz and Professor Dr. Stefan Simon.

Audit Committee: It supports the Supervisory Board in particular in monitoring the financial reporting 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 noncompliance with policies, laws and regulatory requirements. The Committee is entitled to inspect all business documentation 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 non-financial 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 statement or 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 in this Corporate Governance Statement/Corporate Governance Report). The Audit Committee issues 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 its annual audit plan the focal areas of its auditing activity and on the results of its audits. The Audit Committee 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, which is made at least once a year by the Head of Compliance (Compliance Report). 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 seven meetings in 2018. The current members of the Audit Committee are Professor Dr. Norbert Winkeljohann (Chairman), Dr. Paul Achleitner, Katherine Garrett-Cox, Henriette Mark, Gabriele Platscher, Detlef Polaschek, 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 to 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 material financial products and services offered by the bank as well as 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 financial products and services as well as the 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. On the basis of the reports received from the Management Board, the Risk Committee assesses the risks associated with the financial products and services and takes into account the alignment between the prices assigned to and the profits gained from these products and services. 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 € 1.5 billion 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. The Risk Committee determines the nature, scope, format and frequency of the information which

the Management Board is required to submit on strategy and risks. The Chairperson of the Risk Committee is entitled to obtain, in connection with its activities, information directly from the Management Board and the Head of Group Audit. 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 six meetings in 2018. The current members of the Risk Committee are Mayree Carroll Clark (Chairperson), Dr. Paul Achleitner, Ludwlg Blomeyer-Bartenstein, Jan Duscheck, Stephan Szukalski, Michele Trogni and Professor Dr. Norbert Winkeljohann.

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 Conduct and Code of Ethics for Senior Financial Officers 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 six meetings in 2018. The current members of the Integrity Committee are Professor Dr. Stefan Simon (Chairman), Dr. Paul Achleitner, Ludwlg Blomeyer-Bartenstein, Katherine Garrett-Cox, Timo Heider and Gabriele Platscher.

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 Remuneration Ordinance for Institutions (InstitutsVergV) and Group risk takers in accordance with Section 27 (2) sentence 1 of the Remuneration Ordinance for 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 banks 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 Ordinance for 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 Remuneration Ordinance for 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 Group Audit and from the heads of the organizational units responsible for structuring the compensation systems.

The Compensation Control Committee held five meetings in 2018. The current members of the Compensation Control Committee are Dr. Paul Achleitner (Chairman), Frank Bsirske, Detlef Polaschek and Professor Dr. Stefan Simon.

Strategy Committee: The Committee, which was established by resolution of the Supervisory Board on May 23, 2018, supports the Supervisory Board in fulfilling its oversight responsibilities relating to the bank’s strategy. It advises and monitors the Management Board with regard to the definition of business strategies geared to the sustainable development of the bank and the establishment of processes for planning, implementing, assessing and adjusting the business strategy. It oversees the Management Board’s work on the strategic perspective, direction and development of the strategy for Deutsche Bank Group and its business divisions, the Management Board’s implementation of the strategic plan and the execution progress against strategic milestones and goals, as well as the Management Board’s implementation of major business transformation projects and their execution. It advises the Management Board as to whether the governance, risk appetite, financial and capital planning, liquidity and funding management, control environment and resources can support the bank’s strategic objectives, and advises on divestitures and merger and acquisition strategy, including post-transaction performance tracking, as well as on the impact of changes in the competitive environment. Furthermore, the Strategy Committee advises the Management Board in preparation for the Supervisory Board meetings at which the Supervisory Board plenum addresses the company’s strategy and prepares the Supervisory Board’s decisions on transactions subject to its approval pursuant to Section 13 (1) b) and (1) d) of the Articles of Association.

The Strategy Committee held three meetings in 2018. The current members of the Strategy Committee are John Alexander Thain (Chairman), Dr. Paul Achleitner, Frank Bsirske, Mayree Carroll Clark, Timo Heider, Henriette Mark, Richard Meddings and Detlef Polaschek.

Technology, Data and Innovation Committee: The Committee, which was established by resolution of the Supervisory Board on May 23, 2018, supports the Supervisory Board in fulfilling its oversight responsibilities relating to the bank’s innovation, data and technology environment. It continually advises and monitors the Management Board with regard to the adequate technical and organizational resources and the definition of an adequate plan for IT systems, including their application with generally established standards to the arrangement of the IT systems and the related IT processes. This includes in particular the oversight over the Management Board’s work on the IT strategy and its sustainability outlining the objectives and measures to be taken to achieve these objectives, the IT governance, the information security management, the user access management, the implementation of major IT projects and application development, IT operation, including data backup, outsourcing and other external procurement of IT services, data governance and data strategy, including their implementation, and any other material issues which may arise in connection with the IT systems and services or data quality of Deutsche Bank AG.

The Technology, Data and Innovation Committee held three meetings in 2018. The current members of the Technology, Data and Innovation Committee are Michele Trogni (Chairperson), Dr. Paul Achleitner, Jan Duscheck, Dr. Gerhard Eschelbeck, Martina Klee and Bernd Rose.

Mediation Committee: In addition to these eight 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 2018. The current members of the Mediation Committee are Dr. Paul Achleitner (Chairman), Frank Bsirske, Detlef Polaschek and Professor Dr. Stefan Simon.

Further details regarding the Chairman’s Committee, the Nomination Committee, the Audit Committee, the Risk Committee, the Integrity Committee, the Compensation Control Committee, the Strategy Committee and the Technology, Data and Innovation 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).