Deutsche Bank

Annual Report 2018
Deutsche Bank (Switzerland) Ltd

Contents

This annual report is published in German and English.
In cases of doubt, the German version is binding.

Management Bodies of the Bank

Board of Directors

Fabrizio Campelli, Chairman

Peter A. Fanconi*, Vice Chairman

Dr Andreas J. Bär*

Elisabeth Meyerhans Sarasin*

Christina A. Pamberg*

Catherine Stalker

Balaji Prasanna
(since September 2018)

Wolfram Lange
(since September 2018)

Nikolaus von Tippelskirch
(until September 2018)

Audit Committee

Peter A. Fanconi*, Chairman

Dr Andreas J. Bär*, Vice Chairman

Balaji Prasanna
(since September 2018)

Nikolaus von Tippelskirch
(until September 2018)

Credit Committee

Fabrizio Campelli, Chairman

Wolfram Lange
(since September 2018)

(Nikolaus von Tippelskirch
(until September 2018)

Compensation Committee

Fabrizio Campelli, Chairman

Peter A. Fanconi*

Executive Board

Peter Hinder, CEO
(until January 2019)

Claudio de Sanctis, CEO
(since February 2019)

Dr Peter Seeburger, COO
(since June 2018)

Stephen Warren, CFO

Corrado Palmieri, Global Products &
Solutions/Advisory Solutions

Paul Arni, Markets

Markus Reiter, Legal & Compliance

Peter Schmid, Markets
(since March 2018)

Loïc Voide, Markets
(since November 2018)

Steve Wainwright, Markets
(until October 2018)

Leonhard Müller, COO
(until June 2018)

Carsten Kahl, Markets
(until March 2018)

Corporate Secretary

Tilo Frenzel

Auditor

KPMG AG, Zurich

*Complies with the requirements of independence according to FINMA Circular 2017/01, margin nos. 17–22

Fabrizio Campelli (Chairman)
Fabrizio Campelli is the Global Head of Deutsche Bank Wealth Management. Prior to his current position, Fabrizio was Head of Strategy & Organisational Development as well as Deputy Chief Operating Officer for the Deutsche Bank Group and a member of the Group Executive Committee of Deutsche Bank. Fabrizio joined Deutsche Bank in 2004 and has held various positions within the Chief Operating Officer area and the investment bank. Prior to joining Deutsche Bank, he worked at McKinsey & Company in the firm's London and Milan offices, focusing on strategic assignments, primarily for global financial institutions. Fabrizio holds an MBA from MIT Sloan School of Management and a degree in business administration from Bocconi University.

Peter A. Fanconi (Vice Chairman)
Peter Fanconi joined the Board of Directors as Vice Chairman and Chairman of the Audit Committee in October 2017. Peter also serves as Chairman of BlueOrchard Finance, Chairman of the Graubündner Kantonalbank (GKB) and is a member of the Executive Leadership Committee of Brown University, Rhode Island. Peter's previous roles include CEO of BlueOrchard, CEO of Vontobel Private Bank, CEO of Harcourt Investment, Managing Partner at PricewaterhouseCoopers (PwC) and member of the Board of Liechtenstein Landesbank (LLB). Peter has a master's degree in law from the University of Zurich.

Dr Andreas J. Bär
Andreas Bär studied law in Switzerland and the US and has a doctorate from the University of Zurich in the field of banking law. As a trained attorney at law, he was partner for many years and is now counsel at the distinguished law firm Bär & Karrer AG in Zurich, where he predominantly deals with commercial law. He mainly advises wealthy private clients, single and multi-family offices and their advisors both in Switzerland and abroad on wealth structuring, estate planning and certain issues regarding the structuring and running of family offices. He serves on various other boards not only in the financial services industry and family offices and was, inter alia, a member of the Board of Julius Baer Group Holding.

Elisabeth Meyerhans Sarasin
Elisabeth Meyerhans Sarasin joined the Board of Directors in April 2016. She is the founder of Meyerhans & Partner, an advisory boutique specialising in strategic communications. She chairs the Board of SVA Sozialversicherung Aargau, and is a member of the Board of Dareal Holding AG, of DWS CH Ltd and of the Board of Trustees of AXA Stiftung Berufliche Vorsorge. Previously, she held positions at Neue Zürcher Zeitung, Bank Vontobel and the Federal Department of Finance (FDF) in Berne. From 2007 to 2010, she was Secretary-General of the FDF. She has a master's degree in business administration from the University of St. Gallen, HSG.

Christina A. Pamberg
Christina Pamberg joined the Board of Directors in April 2016. She is a partner in Alcyon Holding, a privately owned investment vehicle. Christina is also Chairwoman of the Board (government appointee) of Banque Cantonale du Jura, where she is a member of the HR Committee. Furthermore, she sits on the Board of Level 20, a not-for-profit organisation and on the LP Council of Invest Europe, the European private equity trade association. Prior to her current roles, she worked for Salomon Smith Barney, HarbourVest Partner UK Ltd and Kohlberg Kravis Roberts & Co, among others. Christina Pamberg holds a BA from Amherst College, an MBA from INSEAD and has completed the AMP at Harvard Business School.

Catherine Stalker
Catherine Stalker joined the Board of Directors in May 2017. Prior to being elected to the Board, Catherine was Head of Legal & Compliance of Deutsche Bank (Switzerland) Ltd. and Country Head of Legal Switzerland as well as a member of the Executive Board. Catherine transferred from Credit Suisse, where she held different legal and compliance roles as well as a corporate development role with Winterthur Insurance. Previously, she worked for PricewaterhouseCoopers Ltd, SAirGroup and Grand Metropolitan plc in London. Catherine holds a law degree from the University of Zurich and a master's degree in law (LL.M) from the UCLA School of Law, Los Angeles.

Balaji Prasanna
Balaji Prasanna joined the Board of Directors in September 2018. He is the Global Head of Wealth Management Lending & Deposit Products and Head of Sales and Content Management. Balaji Prasanna joined Deutsche Bank in 2005. Balaji manages the Lending & Deposit product teams globally and also represents Sales and Content Management on the WM Executive Committee. Prior to joining Deutsche Bank, he worked for eight years at Citigroup in Singapore and Hong Kong where he held positions in Relationship Management and Lending.

Wolfram Lange
Wolfram Lange joined the Board of Directors in September 2018. He is the Divisional Control Officer and a member of the Executive Committee of Deutsche Bank Wealth Management. Wolfram joined Deutsche Bank in 2005 as Deputy to the Global COO for Private Wealth Management and took over the COO role for Private Wealth Management EMEA in 2007. Prior to his current role, Wolfram was the Global Head of Risk, Governance & Regulatory Affairs for AWM, Deutsche Bank's former Asset and Wealth Management Division. Before joining Deutsche Bank, he worked at McKinsey & Company in London focusing on a broad range of projects for the financial services industry.

Peter Hinder, CEO (until January 2019)

During the year under report, Peter Hinder was CEO of Deutsche Bank (Switzerland) Ltd, Chief Country Officer for Switzerland and Head of Wealth Management EMEA. He was also a member of the Supervisory Board of PGK AG (Privat- und Geschäftskunden AG). He joined Deutsche Bank Group in 2015 as Chief of Staff for the Private, Wealth & Commercial Clients division (PW&CC). Prior to that, he was CEO of Thurgauer Kantonalbank. During the preceding 23 years, commencing in 1987, he held various positions at UBS, including Global Head of Banking Products, Regional Managing Director for Basel, and COO of Group Treasury. Peter has a Swiss Federal Diploma in Banking and Finance and is a graduate of the PMD programme at Harvard Business School, Boston, USA.

Claudio de Sanctis, CEO (since February 2019)

Claudio de Sanctis is Head of Wealth Management Europe, CEO of Deutsche Bank (Switzerland) Ltd and Chief Country Officer for Switzerland. He joined Deutsche Bank in 2018 from Credit Suisse where he was Head of Private Banking Europe and Market Area Head Southeast Asia for Private Banking Asia Pacific. Prior to Credit Suisse, Claudio spent seven years in various positions at UBS Wealth Management Europe. His previous roles include Head of Key Clients Unit Europe at Barclays Private Banking in London, focusing on UHNW clients, he was also with Merrill Lynch as part of the Strategic Business Development for Private Wealth Management EMEA. Claudio holds a degree, magna cum laude, in philosophy from the University of Rome.

Dr Peter Seeburger, COO

Peter Seeburger is COO WM EMEA, COO Switzerland and COO for Deutsche Bank (Switzerland) Ltd, appointed in June 2018. Peter held various positions within Deutsche Bank Group Strategy and Group Management Consulting in Frankfurt and London. Prior to joining Deutsche Bank in 2014, he worked at McKinsey & Company in Frankfurt and San Francisco, focusing on strategic and transformation assignments in the financial services industry. Peter graduated with a diploma in business engineering from the University of Karlsruhe and holds a PhD in finance from the University of Mainz.

Stephen Warren, CFO

Stephen Warren was appointed CFO in December 2017 and is Head of Group Finance, Switzerland where he also directly oversees the financials of the Deutsche Bank AG, Zurich Branch (CIB). During the past 19 years at Deutsche Bank in London, Geneva and Zurich, he has held various positions, including CFO of Deutsche Asset Management Switzerland, member of the Board of DB Switzerland Pension Fund, and senior management positions in Group Finance within the Wealth Management, Investment Banking and Asset Management Divisions. Prior to joining Deutsche Bank, Stephen Warren was a KPMG senior audit manager. He is also a qualified professional accountant.

Corrado Palmieri, Global Products & Solutions / Advisory Solutions

Corrado Palmieri joined Deutsche Bank in 1999. From 2001 to 2010, he held various management positions in Product Management and Global Investment & Sales in the Wealth Management Division of DB Italy in Milan. In 2010, he moved to Deutsche Bank (Switzerland) Ltd in Geneva and later relocated to Zurich. In his role as Head of GPS, he oversees the entire investment products area, ensuring adequate investment opportunities. In his Advisory Solutions role he is responsible for developing, implementing and running a market strategy for the Global Advisory Mandates business. Corrado Palmieri earned his degree in economics from Bocconi University.

Paul Arni, Markets

Before joining Deutsche Bank Wealth Management in September 2017, Paul Arni was Market Head of Zurich and Deputy Regional Head of Switzerland at the private bank Julius Baer since 2014. From 2009 to 2013, he worked at Credit Suisse. From 1993 to 2008, Paul Ami worked at UBS, initially in Controlling. Subsequently, he held various management functions in Wealth Management. Paul Ami started his career at Zürcher Kantonalbank with a banking apprenticeship. He is a qualified School of Economics business economist and has a Rochester-Berne Executive MBA and an AMP (Advanced Management Programme) from Wharton School, University of Pennsylvania.

Markus Reiter, Legal & Compliance

Markus Reiter is Head of Legal & Compliance at Deutsche Bank (Switzerland) Ltd and has been Country Head of Legal Switzerland since April 2017. Prior to that, he was Head of Legal Asset Management in Germany, Central & Eastern Europe before becoming Head of Legal of Deutsche Bank Asset & Wealth Management. He joined Deutsche Bank in 1996 and has held various positions in the bank's Legal Department, covering different divisions and regions. Markus studied law at the University of Constance.

Peter Schmid, Markets

Peter Schmid joined Deutsche Bank from Swiss Private Bank UBP (Union Bancaire Privée), where he was CEO of UBP Zurich and Regional Head Private Banking for Northern Europe. He started his career as client advisor for corporate clients at UBS. In the 18 years with UBS he held several positions in Private & Corporate Clients as Branch Manager, Global Head of Marketing & Sales, Chief of Staff, Business Unit Head Germany and member of the Executive Committee of Wealth Management International. In 2010, he joined Merrill Lynch as CEO of the Swiss Bank and took over the management of UBP Zurich in 2014. Peter has a PhD and a MBA in Banking and Marketing from the University of St. Gallen and completed the Executive Development Program at Wharton School, University of Pennsylvania.

Loïc Voide, Markets

Loïc was appointed Head of Wealth Management Middle East and Africa as well as Head of Deutsche Bank Geneva in December 2018. Prior to that, he was Head of Wealth Management Russia and Eastern Europe. Before joining Deutsche Bank in 2015, he held management positions at UBS and Credit Suisse covering the Middle Eastern and Turkish markets, and headed the Family Office of a senior member of a Gulf royal family. Loïc started his career in 1990 as a bank apprentice with Swiss Bank Corporation.

Dear Reader,

Throughout most of the reporting year, markets maintained a stable upward trend, before geopolitical events in the final quarter fuelled volatility and caused a sharp decline across most asset classes. This slowed earnings expectations for the closing year and growth forecasts for 2019. In this economic context, Deutsche Bank (Switzerland) Ltd. continued its transformation process while further stabilising its business. We kept up investments in client facing staff and technology as we geared our market regions towards a more client-centric set-up. We realised significant efficiency gains in core banking processes and further reduced our cost base. We were, however, unable to offset some asset outflows, which occurred due to singular external factors that still affect our revenue line.

2018 financial results

In 2017, we stated that our business had stabilised and that we had created a platform for sustainable growth. The 2018 results show that the revenue top-line performance remained stable compared with 2017, which means that the Bank was able to recover some of the impact from client outflows during 2017, despite additional outflows in 2018. The largest client asset outflows in 2018 occurred in the Emerging Market region and were mainly triggered by macro-economic or geopolitical factors.

Operating Income for the reporting year was CHF 283.2 million compared with CHF 289.3 million in the prior year. Revenues from interest related business and commission businesses were actually above 2017 performance.

Total expenses were CHF 295 million compared with CHF 316 million in the prior year, which demonstrates the efforts taken to reduce the cost base of the Bank. This cost reduction (CHF 21 million) was predominantly in the area of general and administration expenses and lower expenses for risk provisions as we continued to invest in our people during 2018.

The net profit result of CHF 4.2 million, compared with CHF 19.5 million in the prior year, shows that there is still some work to be completed in order to bring the Bank to an expected level of performance. However, the key profitability steps were already initiated during 2018 and will continue to bear fruit in 2019 and beyond. Although the operating result was negative, the loss halved compared with the prior year. In addition, the Bank remains profitable despite the significant reduction in one-off positive items, with the extraordinary income result of CHF 19 million in 2018 compared with CHF 54 million in 2017.

At the end of year, the Bank reported CHF 24.9 billion of assets under management, compared with CHF 29.2 billion at the end of 2017. Total net new assets were CHF -2.9 billion in 2018, while the impact from FX translation to our CHF reporting currency and market developments was CHF -1.4 billion. In addition, the Bank had a significant lending book of CHF 4 billion, which remained stable compared with the prior year.

The Bank continues to have a very solid capital base, which is significantly higher than the minimum regulatory capital requirement. In addition the Bank maintains a strong liquidity position, demonstrated by our liquidity coverage ratios during 2018, which are also well above the minimum regulatory requirements.

Investments and efficiency gains for growth

In 2018, we made further significant investments in the core areas of our business.

People

We hired a significant number of relationship managers and investment advisors to cover our key growth markets and focal client segments. Further, we leveraged the existing talent pool by launching an officially recognised certification programme. Compulsory for all relationship managers and investment advisors, the certificate programme will not only ensure a quality benchmark across our franchise, but equally increase the standing of the certificate holders in the market.

A strong advocate of gender equality, Deutsche Bank continues to foster equal career opportunities. In Switzerland, we keep raising awareness, run internal processes in line with EDGE-certification standards, and support female talent through, among other, an award-winning in-house programme.

Market regions

On 1 December 2018, Deutsche Bank Wealth Management introduced a revised regional coverage structure. It consists of three regions: Europe, combining Germany with the other European markets, Emerging Markets, now including Asia-Pacific and the Middle East and Africa (MEA), and the Americas.

The Europe region with its home market Germany is the backbone of Deutsche Bank's global Wealth Management business. Led from Switzerland, it offers a real alternative to the global leaders on their home territory. The new structure enables the Bank to approach its clients with a more streamlined coverage model, to unlock revenue and cost synergies across the business, and hence to support the growth strategy.

The introduction of the new market regions follows the integration of Wealth Management's Global Products & Solutions (GPS) platform and other functions across Europe earlier in 2018, which will further increase our scale and efficiency suited to the post-MiFID II environment.

Digitalisation

We further invested in our digital capabilities and launched agile and well-received solutions for both clients and employees.

During the reporting year, we introduced Deutsche Wealth Online, our new and mobile-ready online banking offering which enables clients booked in Switzerland to access their portfolio, make payments and view upcoming maturities.

Further, we launched Engage, a new Client Relationship Management solution for our business front office and product specialists. The online platform aptly unites planning, reporting and management functionalities and thus enhances productivity and ensures proper collaboration across all functions.

Process & cost efficiency

Throughout 2018, we consistently executed our operational excellence programme aiming to make key business processes, risk management and our front office lean and effective. Among many other achievements, we managed to adapt our client onboarding process such that it is now significantly faster without compromising on risk management.

Improved cost efficiency was further achieved by reviewing a number of areas including Operations and Infrastructure, by repositioning some client advisor teams, and by rebalancing our product shelf.

The year ahead

The Bank's financial fundamentals are intact, with a healthy balance sheet, strong liquidity and high capital ratio. In the reporting year, we further strengthened the key pillars sustaining our business: people, processes, platforms and products. In 2019 and beyond, Deutsche Bank (Switzerland) Ltd. will benefit from additional, substantial investments into the global Wealth Management franchise. In combination with the revised market structure and a new client service model that will be rolled out gradually to global Wealth Management in 2019, we will further enhance our ability to answer our clients' exact needs. In 2019, we will therefore place an unfaltering focus on growing income and profitability.

We aim to become the offshore bank of choice for Swiss and international clients who want their sophisticated needs catered to by Swiss Private Banking. We are recognised for regulatory compliance across markets, and our local heritage combined with in-depth knowledge of domestic markets and global presence is a true competitive advantage. We aspire to be the leading provider of advice and solutions for financial intermediaries, single and multi-family offices, where we see great growth opportunities. Deutsche Bank Wealth Management hereby draws on a great network of specialists and on solutions from Corporate & Investment Banking and from DWS, Deutsche Bank's asset management arm.

Changes to the Bank's management bodies

Board of Directors

Balaji Prasanna and Wolfram Lange were appointed to the Board of Directors in September 2018, replacing Nikolaus Tippelskirch, who stepped down in September 2018.

Executive Board

In December 2018, Claudio de Sanctis joined Deutsche Bank (Switzerland) Ltd. as Head of Wealth Management Europe. On 1 February 2019, he took over as CEO of Deutsche Bank (Switzerland) Ltd. and as Chief Country Officer Deutsche Bank in Switzerland, after Peter (Pedro) Hinder decided to step down. Peter Schmid joined the Executive Board in March 2018, replacing Carsten Kahl, who stepped down in March 2018. Peter Seeburger was appointed to succeed Leonhard Müller as a member of the Executive Board in June 2018. Loïc Voide joined in November 2018, after Steve Wainwright resigned from office in October 2018.

Thanks

The reporting year was again an eventful one. While there were many challenges, both within and beyond our sphere of influence, we have worked effectively to stabilise our business and strengthen the parameters crucial to profitable growth.

We would like to thank our clients, who have again put their trust in us. And we would like to thank our employees, who, with persistence and zeal, put our clients at the centre of their activities.

Chairman of the Board of Directors
Fabrizio Campelli

Chief Executive Officer
Claudio de Sanctis

Regulatory Information

Disclosure in accordance with FINMA Circular 2016/01

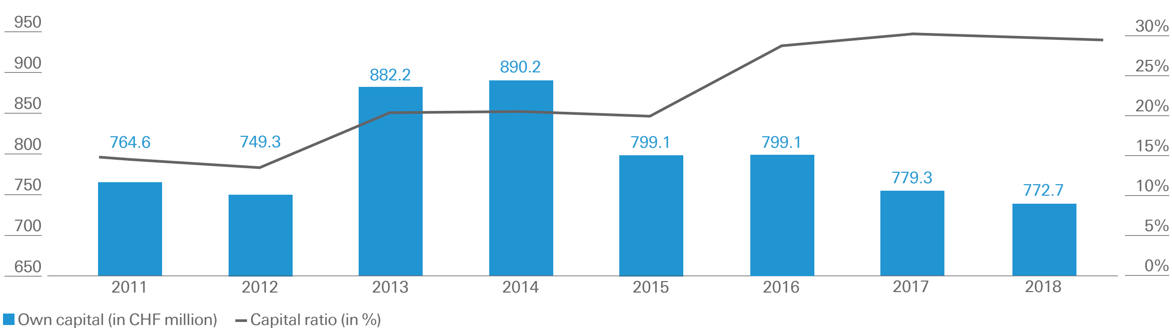
Capital

In accordance with paragraphs 12 and 13 of FINMA Circular 16/01, Deutsche Bank (Switzerland) Ltd is, as a foreign-controlled bank, partially exempt from the extensive disclosure requirements, provided that comparable disclosures are published at Group level in the foreign country in question. More information on consolidated capital adequacy within the Deutsche Bank Group can be found in the chapter on regulatory capital in Deutsche Bank AG's financial report for 2018.

As at the end of 2018, Deutsche Bank (Switzerland) Ltd had surplus capital of around CHF 559 million compared with CHF 577 million in the previous year. The key figures for publication set out in FINMA Circular 2016/1 can be seen in the table below.

Disclosures in accordance with FINMA Circular 2016/01	2018	2017
Eligible capital (CHF 000)		
Common Equity Tier 1 (CET1)	695,667	695,667
Tier one capital (T1)	695,667	695,667
Total capital	772,667	779,344
Risk-weighted assets (RWA) (CHF 000)		
Total risk-weighted assets (RWA)	2,675,505	2,527,551
Minimum capital requirements (CHF 000)	214,040	202,204
Risk-based capital ratios (as a percentage % of RWA)		
CET1 ratio (%)	26%	27.52%
T1 ratio (%)	26%	27.52%
Total capital ratio (%)	28.88%	30.83%
Additional CET1 requirements (buffers) as a percentage of RWA		
Capital conservation buffer requirement according to Basel minimum requirements (2.5% as of 2019) (%)	1.88%	1.25%
Countercyclical buffer requirement according to Basel minimum requirements (%)	0.01%	0.01%
Total of bank CET1 specific buffer requirements according to Basel minimum requirements (%)	1.89%	1.26%
CET1 available after meeting the bank's minimum capital requirements (%)	20%	21.52%
Target capital ratios according to Annex 8 of the Capital Adequacy Ordinance (CAO) (% of RWA)		
Capital conservation buffer according to CAO Annex 8 (%)	3.20%	3.20%
Countercyclical capital buffer according to CAO Art. 44 and Art. 44a (%)	0.01%	0.01%
CET1 capital target (%) according to CAO Annex 8 incl. countercyclical buffer according to CAO Art. 44 and 44a	7.41%	7.41%
T1 capital target according to CAO Annex 8 incl. countercyclical buffer according to CAO Art. 44 and 44a	9.01%	9.01%
Total capital target according to CAO Annex 8 incl. contercyclical buffer according to CAO Art. 44 and 44a	11.21%	11.21%
Basel III Leverage Ratio		
Leverage ratio exposure (in CHF 000)	8,033,269	8,634,263
Basel III leverage ratio	8.70%	8.10%

Own capital/capital ratio



DBS benefited from a one-off capital injection by its parent company of CHF 250 million in 2013. It was decided in 2015 to return CHF 100 million of this subsidy to the parent company by means of an extraordinary dividend from the capital contribution reserves. In line with the DB Group dividend policy, the Board of Directors and the General Management propose paying out the full 2018 profit of CHF 4,225,500. Deutsche Bank (Switzerland) Ltd's capital base is still comfortable. As of 31 December 2018 the capital ratio was 29% (previous year: 31%).

Liquidity

The Asset and Liability Committee is tasked by General Management to manage and monitor liquidity risk. A regular reporting process is in place to monitor all liquidity risks.

The minimum requirement in accordance with the Liquidity Ordinance Art. 31a was 90% for 2018 and will increase to 100% for 2019. The Q4 2018 liquidity coverage ratio, which represents cover of short-term liquidity requirements, increased by 26 percentage points compared with the fourth quarter 2017 average (132%). Deutsche Bank (Switzerland) Ltd holds a solid buffer compared with the minimum regulatory requirement.

Short/term liquidity ratio, LCR	Q = Quarter Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
LCR numerator: total of high-quality, liquid assets (in CHF 000)	1,223,221	1,254,600	1,301,412	1,289,467	1,276,943
LCR denominator: total net cash outflows (in CHF 000)	772,211	899,897	896,384	813,775	970,749
Liquidity Coverage Ratio, LCR (in %)	158%	139%	145%	158%	132%

Balance Sheet

Assets

CHF 000	31.12.2018	31.12.2017
Liquid assets	1,192,605	1,274,143
Amounts due from banks	2,260,985	2,653,697
Amounts due from customers	2,379,559	2,682,165
Mortgage loans	1,443,455	989,958
Trading portfolio assets	6	4
Positive replacement values of derivative financial instruments	116,446	170,425
Financial investments	126,384	160,613
Accrued income and prepaid expenses	129,515	110,216
Non-consolidated participations	–	–
Tangible fixed assets	46,633	52,330
Intangible assets	1,574	562
Other assets	26,503	73,513
Total assets	7,723,665	8,167,626

Liabilities

CHF 000	31.12.2018	31.12.2017
Amounts due to banks	3,939,583	3,695,073
Amounts due in respect of customer deposits	2,682,628	3,239,940
Negative replacement values of derivative financial instruments	115,420	169,173
Accrued expenses and deferred income	134,219	174,383
Other liabilities	39,887	46.299
Provisions	112,035	127,566
Reserves for general banking risks	14,000	14,000
Bank's capital	100,000	100,000
Capital reserve	168,158	168,158
thereof: reserve from capital contribution reserves	168,158	168,158
Legal reserve	47,171	47,171
Retained earnings reserve	366,338	366,338
Current profit	4,226	19,525
Total liabilities	7,723,665	8,167,626

Off-balance-sheet transactions

CHF 000	31.12.2018	31.12.2017
Contingent liabilities	149,564	290,960
Irrevocable commitments	13,962	37,145
Obligations to pay up shares and make further contributions	15,037	26,565

Income Statement

CHF 000	2018	2017
Result from interest operations		
Interest and discount income	106,260	98,605
Interest and dividend income from trading portfolios	108	–133
Interest and dividend income from financial investments	639	948
Interest expense	–50,832	–42,750
Gross result from interest operations	56,175	56,670
Changes in value adjustments for default risks and losses from interest operations	–2,577	1,350
Subtotal net result of interest operations	53,598	58,020
Result from commission business and services		
Commission income from securities trading and investment activities	108,469	120,059
Commission income from lending activities	3,892	4,352
Commission income from other services	112,121	97,574
Commission expense	–6,411	–5,710
Subtotal result from commission business and services	218,071	216,275
Result from trading activities and the fair value option	9,611	9,826
Other result from ordinary activities		
Income from participations	1,964	5,149
Other ordinary income	–	–
Other ordinary expense	–	–
Subtotal other result from ordinary activities	1,964	5,149
Operating income	283,244	289,270
Operating expenses		
Personnel expenses	–148,170	–143,234
General and administrative expenses	–137,642	–150,966
Subtotal operating expenses	–285,812	–294,200
Value adjustments on participations and depreciation and amortisation of tangible fixed and intangible assets	–12,320	–13,246
Changes to provisions and other value adjustments, and losses	2,905	–8,552
Operating result	–11,983	–26,728
Extraordinary income	18,986	54,190
Extraordinary expenses	–	–
Taxes	–2,777	–7,937
Profit	4,226	19,525
Appropriation of retained earnings		
Profit for the year	4,226	19,525
Profit/loss brought forward at year-end	–	–
Balance sheet profit	4,226	19,525
Amounts available for the general meeting	4,226	19,525
Profit distribution		
Dividend payment	–4,226	–19,525
Thereof distribution from the balance sheet profit	–4,226	–19,525
Retained earnings/-loss to be carried forward	–	–

Statement of changes in equity

CHF 000	Bank's capital	Capital reserve	Legal reserves from retained earnings	Reserves for general banking risks	Other reserves from retained earnings	Result for the period	Total
Equity at 01.01.2018	100,000	168,158	47,171	14,000	366,338	19,525	715,192
Appropriation of profit							
Dividend payment	–	–	–	–	–	–19,525	–19,525
Profit for the period	–	–	–	–	–	4,226	4,226
Equity at 31.12.2018	100,000	168,158	47,171	14,000	366,338	4,226	699,893

Notes to the Annual Financial Statements

1 Company Name, Legal Form and Registered Office of the Bank

Deutsche Bank (Switzerland) Ltd, with its head office in Geneva and a branch office in Zurich, is a wholly owned subsidiary of Deutsche Holdings (Luxembourg) S.à r.l., Luxembourg, which is a consolidated entity of the Deutsche Bank Group. Deutsche Bank (Switzerland) Ltd is one of the companies for which Deutsche Bank AG has issued a Declaration of Backing in its Annual Report 2018, within the supplementary information disclosures.

Incorporated in 1980, Deutsche Bank (Switzerland) Ltd specialises in asset management and investment advisory services for private clients (wealth management), which also includes portfolio management and collateralised lending. The Bank conducts its activities predominantly in offices rented under long-term leases.

2 Accounting and Valuation Principles

2.1 General principles

Bookkeeping, accounting and valuation procedures comply with the Swiss Code of Obligations, the Swiss Federal Banking Act and its ordinance, as well as the Swiss Financial Market Supervisory Authority (FINMA) guidelines governing accounting practices for banks, securities dealers, financial groups and conglomerates in accordance with FINMA circular 2015/1. These company financial statements are free from material misstatement and present the economic position of the Bank such that third parties can make a reliable assessment. The financial statements may contain hidden reserves.

In the Notes, the individual figures are rounded for publication; the calculations are, however, performed using figures that have not been rounded, with the result that small rounding discrepancies may occur.

2.2 General valuation principles

These annual financial statements are drawn up on the assumption of the continuation of the Bank as a going concern. Therefore all positions are recognised on a going concern valuation basis. Assets are recognised in the balance sheet as such if these are available due to past events, a cash inflow is probable and their value can be reliably estimated. Liabilities are recognised in the balance sheet as such if these arise from past events, a cash outflow is probable and their amount can be reliably estimated. Detailed positions reported in the balance sheet are measured individually. The transitional provision that requires individual valuations for tangible fixed assets to be carried out no later than 1 January 2020 is not applied.

Assets and liabilities, and income and expenditure, are generally not offset. Receivables and payables are offset only in the event of value adjustments to the corresponding asset item.

2.3 Financial instruments

2.3.1 Liquid assets

Liquid assets are recognised at their nominal value.

2.3.2 Amounts due from banks, amounts due from customers and mortgages

Amounts due from banks, customers and mortgages are recognised at their nominal value less any required value adjustments.

Precious metals trading balances on metals accounts are measured at fair value if the corresponding metals are traded on a liquid market.

Impaired loans, i.e. amounts due from customers for which it is unlikely that the obligor will be able to meet future obligations, are valued on an individual basis and the value loss is covered by specific value adjustments. The value reduction of impaired loans is measured on the basis of the difference between the book value of the loan and the estimated recoverable amount. The amount estimated to be recoverable is deemed to be the liquidation value.

If a receivable is deemed to be irrecoverable, in part or in full, or if a debt waiver is granted, the receivable is written off and charged against the corresponding value adjustment.

If recoveries from receivables that were already written off at an earlier date cannot be used for other similar value adjustments at the same time, they are credited to the income statement under “Changes in value adjustments for default risks and losses from interest operations”.

In addition to specific value adjustments and other specific value adjustments, the Bank creates value adjustments for latent default risks in order to cover latent risks present on the date of valuation. Default risks are considered to be latent if experience shows that they are present in a seemingly faultless credit portfolio on the balance sheet date but do not become apparent until a later date.

Specific value adjustments are deducted from the corresponding asset item in the balance sheet.

Impaired loans are reclassified as performing if the outstanding principal amounts and interest expenses are paid on schedule in line with the contractual agreements and further credit rating criteria. The reversal of value adjustments is reported in the income statement under “Changes in value adjustments for default risks and losses from interest operations”.

2.3.3 Amounts due to banks and in respect of customer deposits

These items are recognised at their nominal value.
Precious metals liabilities on metals accounts are valued at fair value.

2.3.4 Trading and amounts due to trading

The trading portfolios are generally valued and recognised in the balance sheet at fair value.

Foreign exchange gains and losses resulting from valuation changes are recognised under “Result from trading activities and the fair value option”. Interest and dividend income from trading is credited in the income statement under “Interest and dividend income from trading portfolios”. No refinancing costs for trading are credited to “Interest and discount income”.

2.3.5 Positive and negative replacement values of derivative financial instruments

Derivative financial instruments are primarily used on behalf of clients in asset and liability management and foreign exchange trading.

2.3.6 Trading

All derivative financial instruments held for trading are valued at fair value and their positive or negative replacement values are recognised in the balance sheet under the corresponding items. Fair value is based on market rates, prices quoted by traders, discounted cash flow and option premium models. The realised trading income and the unrealised valuation income are recorded under the position “Result from trading activities and the fair value option”.

2.3.7 Netting

Specific value adjustments are deducted from the corresponding asset item.

2.3.8 Financial investments

Financial assets cover debt instruments, equities and physical holdings of precious metals. For financial assets that are valued at the lower of cost or market, a write-up is recognised up to a total of the historical acquisition cost, provided the fair value that was depreciated below the acquisition cost subsequently rises again. The value adjustment balance is recognised under the items “Other ordinary expenses” or “Other ordinary income”.

Debt instruments not intended to be held until maturity are valued at the lower of cost or market. Value adjustments from the subsequent valuation are recognised under the item “Other ordinary expenses” or “Other ordinary income” for each item. Value adjustments relating to default risk are recognised under the item “Changes in value adjustments for default risks and losses from interest operations”.

The valuation of equity securities and own physical precious metal holdings is carried out at the lower of cost or market. Own physical holdings of precious metals that are used to cover liabilities from precious metals accounts are also valued at fair value in line with the precious metals accounts. Value adjustments are recognised under “Other ordinary expenses” or “Other ordinary income” for each item.

2.3.9 Participations

The term participations covers equity securities owned by the Bank in undertakings where those securities are held with the intention of a permanent investment irrespective of the percentage of voting shares held. The participation is held at acquisition value less any necessary value adjustments. The value of the participation is reviewed at each balance sheet date and any impairment of the value is charged to the result for the period.

2.3.10 Tangible fixed assets

Investments in tangible fixed assets are capitalised if they are used beyond a reporting period and exceed the minimum capitalisation threshold of CHF 1,000. Tangible fixed assets are recognised in the balance sheet at acquisition cost less planned accumulated depreciation and amortisation over their estimated useful life. Tangible fixed assets are written off on a linear basis over a period subject to a conservative estimate of their useful life under "Value adjustments on participations and depreciation and amortisation of tangible fixed and intangible assets". The estimated useful life of a given category of tangible fixed assets is as follows:

Asset category	Useful life
Additions to / renovation of leasehold properties	10 years
Furniture	8 years
Operating equipment, telecommunications	5 years
Software acquired or developed in-house	5 years

On each balance sheet date, the tangible fixed assets are individually reviewed for any impairment losses. This check is triggered by indications that individual assets could be affected by impairment losses. If such signs are confirmed, the recoverable amount is determined. If an impairment loss is found, the book value is reduced to the recoverable amount and the impairment loss is debited under the item "Value adjustments on participations and depreciation and amortisation of tangible fixed and intangible assets".

Realised gains from the sale of tangible fixed assets are recognised under "Extraordinary income", realised losses under "Extraordinary expenses".

2.3.11 Intangible assets

Purchased intangible assets are recognised in the balance sheet if they will generate measurable benefits for the company over several years. Internally produced intangible assets are not recognised in the balance sheet. Intangible assets are recognised and measured at acquisition cost. Intangible assets are amortised on a straight-line basis over their carefully estimated useful life via the item "Value adjustments to investments, depreciation and amortisation of fixed assets and intangible assets". The estimated useful life for the individual classes of intangible assets is:

Asset class	Useful life
Licences	3 years

Intangible assets are tested for impairment on every reporting date. This test is based on indications that individual assets may be impaired in value. If there are any such indications, the recoverable amount is determined. The recoverable amount is determined for every asset (single valuation). An asset is impaired if its carrying amount exceeds the recoverable amount.

Realised gains from the sale of intangible assets are recognised as "Extraordinary income", while realised losses are charged to "Extraordinary expenses".

2.3.12 Provisions

Legal and factual liabilities are valued on a regular basis. If a cash outflow is probable and can be reliably estimated, a corresponding provision is created.

Existing provisions are revalued on each balance sheet date. Depending on the revaluation results, the provisions will be increased, maintained or reversed. Provisions are included as follows under the individual items of the income statement:

Provisions for deferred tax:	Item "Taxes"
Pension provisions:	Item "Personnel expenses"
Other provisions:	Item "Changes to provisions and other value adjustments, and losses" with the exception of restructuring provisions

Provisions are reversed in the income statement if they are no longer required from a business perspective.

2.3.13 Reserves for general banking risks

The reserves for general banking risks are precautionary reserves raised for banking business risks in the course of operations.

The establishment and reversal of reserves are recognised in the income statement under "Changes to reserves for general banking risks". The reserves for general banking risks are taxed.

2.3.14 Taxes

Current taxes are recurring taxes on capital and income, generally on an annual basis. Transaction-related taxes are not categorised as current taxes.

Amounts due to current capital and income taxes are reported under "Accrued expenses and deferred income".

Current capital and income tax expenses are reported in the income statement under "Taxes".

2.3.15 Off-balance sheet transactions

Off-balance sheet transactions are recognised at their nominal value. For foreseeable risks, provisions are raised under liabilities in the balance sheet.

2.3.16 Pension obligations

Deutsche Bank (Switzerland) Ltd operates a staff pension foundation for its employees. The Bank's pension obligations and the assets serving as cover are held separately by this legally autonomous foundation. The pension scheme is treated as a defined-contribution scheme under Swiss GAAP FER 16. The pension scheme contributions made by Deutsche Bank (Switzerland) Ltd are recognised as personnel expenses. The employee pension fund provides both mandatory and supplementary cover. The insurance scheme is based on a semi-autonomous policy, with death and invalidity risks reinsured externally.

The Bank determines annually whether the pension fund results in a financial benefit or a financial liability for Deutsche Bank (Switzerland) Ltd. An economic benefit is used only for the insured party and is therefore not recognised in the balance sheet by the Bank, but the Bank does disclose it in the Notes to the financial statements. Any financial liability is reported under the item "Provisions from pension liabilities"; the establishment and reversal of the provisions is reported under the item "Personnel expenses".

2.3.17 Employee share ownership programmes

Employee share ownership programmes are in place for the members of General Management and for employees. Employees receive bearer shares in the Deutsche Bank Group according to their seniority, hierarchy level and individual work performance. For the sale of these shares, there is a vesting period of at least four years.

The liability is recorded under “Accrued expenses and deferred income” and valued on each balance sheet date. The resulting change to the fair value is adjusted in the income statement under the item “Personnel expenses”.

2.3.18 Changes to the accounting and valuation principles

The accounting and valuation principles have not changed compared with the previous year.

2.3.19 Recognition of business transactions

All business transactions completed on the balance sheet date are recognised in the Bank’s books on the transaction date and are valued from that time in accordance with the principles set out above. Foreign exchange spot transactions and foreign exchange forwards that have been traded but not yet settled are reported in the balance sheet from the value date. These transactions are reported under “Positive replacement values of derivative financial instruments” or “Negative replacement values of derivative financial instruments” between the trade date and the settlement date.

2.3.20 Treatment of overdue interest charges

Overdue interest charges and corresponding fees are not collected as interest earned. Interest charges and fees that have been due for more than 90 days but have not been paid, however, are recognised as such. In the event of current account limits, interest charges and fees are considered to be overdue if the approved credit limit has been exceeded for more than 90 days. Overdue interest charges are not cancelled retroactively. The amounts due from interest charges that accumulated before the expiry of the 90-day period are written off under the item “Changes in value adjustments for default risks and losses from interest operations”.

2.3.21 Foreign currency translation

Transactions in foreign currencies are recognised at the current rate. On the balance sheet date, assets and liabilities are translated at the closing rate (average rate on the balance sheet date). The gains or losses resulting from foreign currency translation are recognised under “Result from trading activities and the fair value option”.

The following rates are used for currency translation:

	31.12.2018	31.12.2017
USD	0.98578	0.97448
EUR	1.12690	1.17015
GBP	1.25553	1.31826
JPY	0.00898	0.00865

2.3.22 Treatment of the refinancing of trading positions

Refinancing costs for trading are not debited to trading income.

3 Risk Management

3.1 Additional information on risk management

Given our broad range of business activities, it is crucial to identify, measure, aggregate and manage risks effectively and to support our various business activities with adequate capital.

We have dedicated and integrated Legal, Risk & Treasury functions, which operate independently of the business areas. The importance of focusing heavily on risk management and the ongoing need to enhance risk management practices became particularly evident during the last financial market crisis.

The Board of Directors is kept apprised of the situation with regard to the Bank's assets, liabilities, liquidity, capital and financial results as well as the related risks. The Board of Directors has reviewed an analysis of the material risks to which the Bank is exposed, based on data and tools used by the Bank as part of its risk management process. Risk management essentially addresses market risks, credit risks, operational risks and liquidity risks. Within this review, the Board of Directors has also included the internal control system, which monitors and mitigates risk. Internal Audit regularly reviews the Bank's internal control system and reports its findings to the Audit Committee and the Board of Directors.

The Asset and Liability Committee (ALCO) is responsible for balance sheet management, including investment of the Bank's own funds.

3.2 Market risk

The market risks arising from interest rate exposure in the Bank's books and currency risks are monitored using a Group-wide value-at-risk model. However, capital backing requirements for market risks are determined using the standard method provided for in Art. 82, para. 1 (b), CAO. As at the end of 2018, there were no significant outstanding risk positions.

3.3 Credit risk

The Board of Directors has approved the credit risk appetite and general guidelines in the "Credit Risk Management Principles of Deutsche Bank (Switzerland) Ltd". Under these guidelines, the Board of Directors' Credit Committee has the ultimate power to approve loans. The Head of Risk Management or his deputy kept the Board of Directors informed about the quality and development of the credit portfolio at four ordinary meetings of the Board of Directors. The Risk Management team forms part of the Deutsche Bank Group's integrated Risk Management function, which reports to the Chief Risk Officer of the Deutsche Bank Group. Credit risk, in addition to operational risk, is the main component of the Bank's overall risk. The Bank measures and manages this risk in accordance with the following principles:

- Credit decisions are made on the basis of uniform standards in all parts of the Group.
- Approval of credit limits for business partners and management of our individual loan commitments must comply with our portfolio guidelines and credit strategies.
- Each loan granted and any material change in a credit facility extended to a business partner (e.g. duration, collateral structure or key contractual conditions) must be approved at the appropriate authorisation level.
- Staff with the requisite qualifications, experience and training are authorised to approve loans, and this authorisation is reviewed on a regular basis.

Credit risk rating

One key element of the loan approval process is the performance of a detailed risk assessment of every loan granted to a business partner. The risk assessment takes account of the business partner's creditworthiness, the collateral provided including any relevant safety margins, and other relevant risks for the credit facility or loan. The resulting risk rating not only affects the structure of the transaction and the credit decision but also determines the authorisation required for granting or renewal of the loan or any material changes to its term and defines the extent of monitoring required in each individual case.

The Bank uses internal valuation methods, score cards and a rating scale to assess its business partners' creditworthiness. Our 21-notch rating scale is calibrated with reference to the measure of probability of default based on statistical analyses of historical defaults in our portfolio. This scale makes it possible to compare internal ratings with market practices and enhances the mutual comparability of the various sub-portfolios. Loan commitments are generally measured individually. When the Bank determines internal risk ratings for its business partners, it compares its assessments with the risk ratings given by leading international rating agencies, wherever possible.

3.4 Operational risks

The Bank has implemented a framework for managing operational risks which includes:
- collecting, categorising and analysing loss data as part of a variety of risk management processes and for senior management information
- analysing the root causes of significant operational risk events and subsequent follow-ups
- analysing information from external sources such as FINMA, SNB or Swiss Bankers Association related to operational risks
- risk & control assessment processes comprising bottom-up assessments of the risks generated by business and infrastructure functions, and the effectiveness of the controls in place to manage them in line with DB Group standards.
- internal reports (compliance reports, internal audit reports etc.) and reports of external auditors
- monitoring of the operational risk profile by use of key risk indicators

The Group guidelines for managing operational risks define tasks and responsibilities for management and reporting. The provisions contained in these guidelines are supplemented by divisional standards and internal directives. By maintaining back-up systems we help minimise the operational risks arising from the utilisation of our communications, IT and processing systems. The Bank provides ongoing staff training to rectify operational shortcomings and limit errors. Internal directives are continually adapted to meet the latest requirements.
The Compliance and Legal departments ensure that the Bank's business activities comply with the applicable regulatory guidelines and due diligence obligations. They are responsible for reviewing requirements and developments introduced by the supervisory authorities, legislative bodies and other organisations. Compliance with the "know-your-customer" principle and the provisions of the Anti-Money Laundering Act is considered very important. The principles for preserving the Group's reputation have been revised and apply to all Deutsche Bank units in Switzerland. The Deutsche Bank Switzerland Executive Management Board is responsible for reviewing specific risks.

4 Business Policy for the Use of Derivative Financial Instruments

Derivative financial instruments are used for trading.

Trading in derivative financial instruments takes place with standardised and OTC instruments on the Bank's behalf and on behalf of clients. No trading takes place in credit derivatives, and the Bank does not engage in market making.

5 Information on the Balance Sheet

5.1 Presentation of collateral for loans and off-balance-sheet transactions, as well as impaired loans

CHF 000		Type of collateral Secured by mortgage	Type of collateral Other collateral	Type of collateral Unsecured	Type of collateral Total
Loans (before netting with value adjustments)					
Amounts due from customers		15,064	2,221,777	142,718	2,379,559
Mortgage loans		1,446,500	–	–	1,446,500
Residential property		896,336	–	–	896,336
Office and business premises		550,164	–	–	550,164
Total loans (before netting with value adjustments)	31.12.2018	1,461,564	2,221,777	142,718	3,826,059
	31.12.2017	1,019,526	2,590,603	63,666	3,673,795
Total loans (after netting with value adjustments)	31.12.2018	1,458,519	2,221,777	142,718	3,823,014
	31.12.2017	1,017,854	2,590,603	63,666	3,672,123
Off-balance-sheet					
Contingent liabilities		–	147,917	1,647	149,564
Irrevocable commitments		10,794	–	3,168	13,962
Obligation to pay up shares and make further contributions		–	15,017	20	15,037
Total off-balance-sheet	31.12.2018	10,794	162,934	4,835	178,563
	31.12.2017	–	328,105	26,565	354,670

CHF 000		Gross debt amount	Estimated liquidation value of collateral	Net dept Amount	Individual value adjustments
Impaired loans	31.12.2018	14,629	11,584	3,045	3,045
	31.12.2017	16,897	15,224	1,672	1,672

5.2 Breakdown of trading portfolios and other financial instruments at fair value (assets and liabilities)

CHF 000	31.12.2018	31.12.2017
Assets		
Trading portfolio assets		
Equity securities	6	4
Total trading portfolio assets	6	4
Total assets	6	4

5.3 Presentation of derivative financial instruments (assets and liabilities)

CHF 000		Trading instruments Positive replacement values	Trading instruments Negative replacement values	Trading instruments Contract volume	Hedging instruments Positive replacement values	Hedging instruments Negative replacement values	Hedging instruments Contract volume
Interest rate instruments							
Swaps		5,360	5,360	658,096	–	–	–
Foreign exchange / precious metals							
Forward contracts		35,318	34,298	2,711,770	–	–	–
Options (OTC)		68,205	68,199	5,160,741	–	–	–
Equity securities / indices							
Options (OTC)		7,427	7,427	156,378	–	–	–
Credit derivatives							
Total return swaps		136	136	15,773	–	–	–
Total before netting agreements							
	31.12.2018	116,446	115,420	8,702,758	–	–	–
	of which determined using a valuation model	81,128	81,122	5,990,988	–	–	–
	31.12.2017	170,425	169,173	9,505,527	–	–	–
	of which determined using a valuation model	133,121	133,121	6,369,938	–	–	–

CHF 000		Positive replacement values (cumulative)	Negative replacement values (cumulative)
Total after netting agreements	31.12.2018	116,446	115,420
	31.12.2017	170,425	169,173

CHF 000	Central clearing houses	Banks and securities dealers	Other customers
Breakdown by counterparty			
Positive replacement values (after netting agreements)	–	36,516	79,930

5.4 Breakdown of financial investments

CHF 000	Book value 31.12.2018	Book value 31.12.2017	Fair Value 31.12.2018	Fair Value 31.12.2017
Breakdown of financial investments				
Debt instruments	30,530	37,707	31,444	39,311
of which not intended to be held to maturity (available for sale)	30,530	37,707	31,444	39,311
Equity securities	67	77	100	105
Precious metals	95,787	122,829	95,787	122,829
Total	126,384	160,613	127,331	162,245
of which securities eligible for repo transactions in accordance with liquidity requirements	28,827	36,004	29,682	37,538

CHF 000						
Breakdown of counterparties by rating	AAA to AA–	A+ to A–	BBB+ to BBB–	BB+ to B–	Lower than B–	Not rated
Book value of debt instruments	28,827	1,703	–	–	–	–

Rating for debt instruments according to Standard & Poor's (S&P). In the case that no rating from S&P is available the rating from Moody's was applied.

5.5 Participation

The share of the total capital in SIX Group AG has been reduced from 1.9% in the previous year to 1.4% in 2018. The book value is CHF 1.00.

5.6 Presentation of tangible fixed assets

CHF 000	Acquisition cost	Accumulated depreciation	Carrying amount 31.12.2017	2018 Reclassification	2018 Additions	2018 Disposals	2018 Depreciation	2018 Reversals	Carrying amount 31.12.2018
Proprietary or separately acquired software	33,271	–5,041	28,230	–	5,833	–	–5,131	–	28,932
Other tangible fixed assets	103,263	–79,163	24,100	–	294	–752	–5,941	–	17,701
Total tangible fixed assets	136,534	–84,204	52,330	–	6,127	–752	–11,072	–	46,633

The acquisition cost of other tangible fixed assets was adjusted by CHF 21.9 million in 2018, in respect of tangible fixed assets that are no longer used.

CHF 000	31.12.2018
Operating leases	
Future lease payments	
Within 1 year	7,549
From 1 to 5 years	23,333
More than 5 years	8,844
Total of future lease payments	39,726
thereof commitments which can be terminated within one year	39

Tangible fixed assets are written off on a linear basis over a period subject to a conservative estimate of their useful life under the item "Value adjustments on equity participations and write-offs on tangible fixed assets and intangible assets". The estimated useful life of a given category of tangible fixed assets is as follows:

Asset category	Useful life
Additions and renovations in third-party properties	10 years
Furniture	8 years
Operating equipment, telecommunications	5 years
Acquired or self-developed software	5 years

5.7 Intangible assets

CHF 000	Cost value	Accumulated amortisation	Carrying amount 31.12.2017	2018 Additions	2018 Disposals	2018 Amortisation	Carrying amount 31.12.2018
Licences	928	–366	562	2,138	–	–1,126	1,574
Total intangible assets	928	–366	562	2,138	–	–1,126	1,574

Asset category	Useful life
Licences	3 years

5.8 Breakdown of other assets and other liabilities

CHF 000	31.12.2018	31.12.2017
Other assets		
Indirect taxes	4,076	2,561
Others	22,427	70,952
Total other assets	26,503	73,513
Other liabilities		
Indirect taxes	4,250	5,598
Other liabilities	35,637	40,701
Total other liabilities	39,887	46,299

5.9 Disclosure of assets pledged or assigned to secure own commitments and of assets under reservation of ownership*

CHF 000	31.12.2018 Book value	31.12.2018 Effective commitments	31.12.2017 Book value	31.12.2017 Effective commitments
Assets pledged or assigned as collateral for own liabilities				
Amounts due from banks	5,561	–	7,185	–
Total assets pledged or assigned as collateral for own liabilities	5,561	–	7,185	–

* without securities financing transactions

5.10 Disclosure of liabilities relating to own pension schemes, and number and nature of equity instruments of the Group held by own pension schemes

CHF 000	31.12.2018	31.12.2017
Liabilities relating to own pension schemes		
Amounts due to customers	33,310	16,175
Negative replacement values of financial instruments	696	1,282
Total liabilities relating to own pension schemes	34,006	17,457

The Bank's pension fund does not hold equity securities of Deutsche Bank Group.

5.11 Disclosure on the economic situation of own pension schemes

CHF 000	31.12.2018 Nominal value[1]	31.12.2018 Waiver of use	31.12.2018 Net amount	31.12.2017 Net amount	Influence of the ECR on personnel expenses 2018	2017
Employer contribution reserves (ECR)						
Pension fund of Deutsche Bank and affiliated companies	11,292	–	11,292	15,956	–	5,877
Pension fund of former Sal. Oppenheim jr. & Cie, Switzerland	727	–	727	727	–	–
Total	12,019	–	12,019	16,683	–	5,877

[1] Share of Deutsche Bank (Switzerland) Ltd

CHF 000	Surplus/deficit coverage 31.12.2018	Economic share of the organisation 31.12.2018	31.12.2017	Change from previous year	Amounts paid for 2018	Pension fund expenses in personnel expenses 31.12.2018	31.12.2017
Presentation of economic benefit / financial liabilities and pension expenses							
Pension fund of Deutsche Bank and affiliated companies	62,555	–	–	–	–	12,115	6,761
Pension fund of Bank Sal. Oppenheim jr. & Cie, Switzerland	10,082	–	–	–	–	–	–
Total	72,637	–	–	–	–	12,115	6,761

Basis:
Audited financial statement 2017 of the pension fund according to FER 26 and important changes during the year.
Audited financial statement 2017 of the pension fund of Bank Sal. Oppenheim jr. & Cie (Switzerland) Ltd.

The overfunding of the pension fund was 115.9% percent as per year-end 2017 (2016: 108.9%), which does not represent an economic benefit for the Bank.

5.12 Presentation of value adjustments and provisions, reserves for general banking risks, and changes therein during the current year

CHF 000	Balance at 31.12.2017	2018 Use in conformity with designated purpose	2018 Re-classifications	2018 Currency differences	2018 Past due interest, recoveries	2018 New creations charged to income	2018 Releases to income	Balance at 31.12.2018
Provisions for pension benefit obligations	2,363	–168	–	–	–	–	–	2,195
Provisions for restructuring	769	–237	–	–	–	250	–100	682
Other provisions	124,434	–4,034	–	–8	–	606	–11,840	109,158
Total provisions	127,566	–4,439	–	–8	–	856	–11,940	112,035
Reserves for general banking risks	14,000	–	–	–	–	–	–	14,000
Value adjustments for default and country risks	1,672	–	–	–138	–	2,010	–499	3,045
thereof, value adjustments for default risks in respect of impaired loans/receivables	1,672	–	–	–138	–	2,010	–499	3,045

Other provisions include mainly silent reserves and legal provisions as well as staff-related provisions.
The reserves for general banking risks are taxed.

5.13 Presentation of the Bank's capital

	31.12.2018 Nominal value CHF 000	31.12.2018 No. of shares	31.12.2018 Capital entitled to dividend CHF 000	31.12.2017 Nominal value CHF 000	31.12.2017 No. of shares	31.12.2017 Capital entitled to dividend CHF 000
Bank's capital						
Share capital	100,000	100,000	100,000	100,000	100,000	100,000
thereof fully paid in	100,000	100,000	100,000	100,000	100,000	100,000
Total Bank's capital	100,000	100,000	100,000	100,000	100,000	100,000

5.14 Number and value of shares or options on equity securities held by all executives and directors and by employees, and disclosures on any employee participation scheme

	Shares number 31.12.2018	Shares value 31.12.2018 (CHF 000)	Shares number 31.12.2017	Shares value 31.12.2017 (CHF 000)
Members of the General Management	100,672	1,555	144,118	1,587
Employees	50,058	748	552,906	6,110
Total	150,730	2,303	697,024	7,697

The Group operates incentive plans under which executive management and eligible employees are awarded share units depending on seniority, hierarchy and individual performance.

Restricted Equity Awards
The deferred equity portion is delivered as a Restricted Equity Award ("REA") which vests in equal tranches over three years (five years for the Senior Management Group).
Specific forfeiture provisions apply during the deferral and retention period.
Equity Upfront Awards
In addition to the above deferred awards, all Material Risk Takers receive 50 % of their upfront (non-deferred) award in the form of an Equity Upfront Award ("EUA").
The EUA is vested at grant but is subject to a 12-month retention period. The value of the EUA is linked to the Bank's share price during the retention period and is therefore tied to the sustained performance of the Bank. Specific forfeiture provisions apply during the retention period.

The total cost for the year of the employee share participation plan amounts to CHF 2 617 918. This amount is booked in the position "Staff expenses".

5.15 Disclosure of amounts due from / to related parties

CHF 000	Amounts due from 31.12.2018	Amounts due from 31.12.2017	Amounts due to 31.12.2018	Amounts due to 31.12.2017
Group companies	2,252,979	2,644,857	4,064,260	3,599,346
Associated companies	66,138	43,362	13,970	338,622
Transactions with members of governing bodies	9	–	99	75
Other related parties	5	–	535	3,624

Loans and advances to governing bodies are amounts due from members of the Board of Directors, Management Board, the statutory auditors as well as companies they control. Loans to the governing bodies are advanced with the usual conditions for Bank staff and loans to companies controlled by these are granted in accordance with the usual conditions for Bank customers.

There are no material off-balance-sheet transactions with governing bodies or related parties.

5.16 Disclosure of significant participants

CHF 000	31.12.2018 Nominal	31.12.2018 Percentage	31.12.2017 Nominal	31.12.2017 Percentage
Significant participants				
With voting rights				
Deutsche Holdings (Luxembourg) S.à r.l., Luxembourg	100,000	100%	100,000	100%

Deutsche Holdings (Luxembourg) S.à r.l., a wholly owned subsidiary of Deutsche Bank AG, Frankfurt am Main, is the sole shareholder and holds all voting rights. C-QUADRAT Special Situations Dedicated Fund, Cayman Islands, has held 7.64% of the Deutsche Bank AG voting rights since July 2018 (2017: 9.9%). BlackRock Inc., New York has held 4.81% of the Deutsche Bank shares since December 2018 (2017: 6.13%).
No other shareholders are known to be holding 5% or more of the capital stock or voting rights of Deutsche Bank AG as at 31 December 2017.

5.17 Disclosure of own shares and composition of the capital stock

CHF 000	31.12.2018	31.12.2017
Non-distributable reserves		
Non-distributable capital reserves	2,829	2,829
Non-distributable reserves from retained earnings	47,171	47,171
Total of non-distributable reserves	50,000	50,000

5.18 Presentation of the maturity structure of financial instruments

CHF 000	At sight	Callable	Due within 3 months	Due within 3 to 12 months	Due within 12 month to 5 years	Due after 5 years	No maturity	Total
Assets / financial instruments								
Liquid assets	1,192,605	–	–	–	–	–	–	1,192,605
Amounts due from banks	239,594	23,090	1,130,232	455,068	363,712	49,289	–	2,260,985
Amounts due from customers	2,150	118,936	1,637,776	195,808	380,713	44,176	–	2,379,559
Mortgage loans	–	11,584	215,714	140,731	1,069,148	6,278	–	1,443,455
Trading portfolio assets	6	–	–	–	–	–	–	6
Positive replacement values of derivative financial instruments	116,446	–	–	–	–	–	–	116,446
Financial investments	126,384	–	–	–	–	–	–	126,384
Total 31.12.2018	1,677,185	153,610	2,983,722	791,607	1,813,573	99,743	–	7,519,440
Total 31.12.2017	1,875,205	193,731	2,886,350	1,287,718	1,552,228	135,773	–	7,931,005
Debt capital / financial instruments								
Amounts due to banks	27,904	–	1,825,888	580,034	1,455,303	50,454	–	3,939,583
Amounts due in respect of customer deposits	2,646,661	–	35,967	–	–	–	–	2,682,628
Negative replacement values of derivative financial instruments	115,420	–	–	–	–	–	–	115,420
Total 31.12.2018	2,789,985	–	1,861,855	580,034	1,455,303	50,454	–	6,737,631
Total 31.12.2017	3,431,067	152	1,626,405	766,926	1,192,586	87,050	–	7,104,186

5.19 Presentation of assets and liabilities by domestic and foreign origin in accordance with the domicile principle

CHF 000	31.12.2018 Domestic	31.12.2018 Foreign	31.12.2017 Domestic	31.12.2017 Foreign
Assets				
Liquid assets	1,191,544	1,061	1,272,972	1,171
Amounts due from banks	18,343	2,242,642	21,125	2,632,572
Amounts due from customers	435,334	1,944,225	610,101	2,072,064
Mortgage loans	18,515	1,424,940	17,140	972,818
Trading portfolio assets	–	6	–	4
Positive replacement values of derivative financial instruments	21,677	94,769	7,690	162,735
Financial investments	123,666	2,718	157,891	2,722
Accrued income and prepaid expenses	21,375	108,140	14,157	96,059
Non-consolidated participations	–	–	–	–
Tangible fixed assets	46,633	–	52,330	–
Intangible assets	1,574	–	562	–
Other assets	11,621	14,882	66,834	6,679
Total assets	1,890,282	5,833,383	2,220,802	5,946,824

CHF 000	31.12.2018 Domestic	31.12.2018 Foreign	31.12.2017 Domestic	31.12.2017 Foreign
Liabilities				
Amounts due to banks	24,568	3,915,015	23,649	3,671,424
Amounts due in respect of customer deposits	429,579	2,253,049	820,753	2,419,187
Negative replacement values of derivative financial instruments	9,974	105,446	4,561	164,612
Accrued expenses and deferred income	71,286	62,933	74,294	100,089
Other liabilities	24,066	15,821	39,631	6,668
Provisions	112,035	–	127,566	–
Reserves for general banking risks	14,000	–	14,000	–
Bank's capital	100,000	–	100,000	–
Capital reserve	168,158	–	168,158	–
Legal reserve	47,171	–	47,171	–
Retained earnings reserve	366,338	–	366,338	–
Carryover profit	–	–	–	–
Profit for the period	4,226	–	19,525	–
Total liabilities	1,371,401	6,352,264	1,805,646	6,361,980

5.20 Breakdown of total assets by country or group of countries (domicile principle)

CHF 000	31.12.2018 absolute	31.12.2018 %	31.12.2017 absolute	31.12.2017 %
Switzerland	1,890,282	24.5%	2,220,802	27.2%
Rest of Europe	4,695,917	60.8%	4,221,778	51.7%
North America	26,542	0.3%	27,771	0.3%
South America	629,101	8.1%	1,130,689	13.9%
Asia	333,054	4.3%	393,174	4.8%
Africa	144,603	1.9%	172,045	2.1%
Australia/Oceania	4,166	0.1%	1,367	0.0%
Total assets	7,723,665	100.0%	8,167,626	100.0%

5.21 Breakdown of total assets by credit rating of country groups (risk domicile view)

CHF 000		31.12.2018 absolute	31.12.2018 %	31.12.2017 absolute	31.12.2017 %
Net foreign exposure					
Internal rating system	Standard & Poor's rating				
1 – Superior	AAA to AA–	6,609,403	85.6%	6,946,419	85.0%
2 – Good	A+ to A–	160,949	2.1%	316,185	3.9%
3 – Medium	BBB+ to BBB–	790,907	10.2%	425,330	5.2%
4 – Speculative	BB+ to B–	135,603	1.8%	453,564	5.6%
5 – Risk	CCC+ and lower	23,585	0.3%	24,004	0.3%
6 – No rating	No Rating	3,218	0.0%	2,124	0.1%
Total Assets		7,723,665	100.0%	8,167,626	100.0%

Rating for debt instruments according to Standard & Poor's (S&P).
Where no rating from S&P is available, the Moody's rating applied.

5.22 Presentation of assets and liabilities broken down by the most significant currencies for the Bank

CHF 000	31.12.2018 CHF	31.12.2018 EUR	31.12.2018 USD	31.12.2018 Others
Assets				
Liquid assets	1,190,769	1,633	125	78
Amounts due from banks	83,490	942,155	876,871	358,469
Amounts due from customers	300,142	1,064,453	798,179	216,785
Mortgage loans	18,515	72,523	–	1,352,417
Trading portfolio assets	–	–	6	–
Positive replacement values of derivative financial instruments	37,008	17,125	48,212	14,101
Financial investments	30,583	14	–	95,787
Accrued income and prepaid expenses	32,266	80,278	12,348	4,623
Non-consolidated participations	–	–	–	–
Intangible assets	42,191	4,209	228	5
Tangible fixed assets	1,574	–	–	–
Other assets	8,864	12,641	3,708	1,290
Total assets shown in balance sheet	1,745,402	2,195,031	1,739,677	2,043,555
Delivery entitlements from spot exchange, forward forex and forex options transactions	678,495	2,046,926	3,349,490	2,506,558
Total assets	2,423,897	4,241,957	5,089,167	4,550,113

CHF 000	31.12.2018 CHF	31.12.2018 EUR	31.12.2018 USD	31.12.2018 Others
Liabilities				
Amounts due to banks	307,855	1,330,974	702,006	1.598.748
Amounts due in respect of customer deposits	498,950	791,141	970,409	422,128
Negative replacement values of derivative financial instruments	35,987	17,098	48,233	14,102
Accrued expenses and deferred income	66,661	56,846	6,294	4,418
Other liabilities	13,999	15,382	9,823	683
Provisions	108,038	340	3,657	–
Reserves for general banking risks	14,000	–	–	–
Bank's capital	100,000	–	–	–
Capital reserve	168,158	–	–	–
Legal reserve	47,171	–	–	–
Retained earnings reserve	366,338	–	–	–
Carryover profit	–	–	–	–
Profit for the period	4,226	–	–	–
Total liabilities shown in the balance sheet	1,731,383	2,211,781	1,740,422	2,040,079
Delivery obligations from spot exchange, forward forex and forex options transactions	676,531	2,040,829	3,355,655	2,506,567
Total liabilities	2,407,914	4,252,610	5,096,077	4,546,646
Net position per currency	15,983	–10,653	–6,910	3,467

5.23 Breakdown of contingent liabilities and contingent assets

CHF 000	31.12.2018	31.12.2017
Guarantees to secure credits and similar	126,306	254,155
Performance guarantees and similar	23,258	36,805
Total contingent liabilities	149,564	290,960

5.24 Breakdown of fiduciary transactions

CHF 000	31.12.2018	31.12.2017
Fiduciary deposits with third-party companies	655,892	745,255
Fiduciary deposits with Group companies and linked	2,849,464	2,833,259
Total fiduciary transactions	3,505,356	3,578,514

5.25 Breakdown of managed assets and presentation of their development

CHF 000	31.12.2018	31.12.2017
Type of managed assets		
Assets in collective investment schemes managed by the Bank	–	–
Assets under discretionary asset management agreements	3,790,960	4,204,293
Other managed assets	21,101,793	24,971,471
Total managed assets (including double counting)	24,892,753	29,175,764
thereof: double counting	–	–
thereof: Wealth Management	24,892,753	29,175,764

CHF 000	31.12.2018	31.12.2017
Presentation of the development of managed assets		
Total managed assets (including double counting) at beginning	29,175,764	30,845,467
+/– net new money inflow or net new money outflow	–2,899,033	–2,599,401
+/– price gains/losses, interest, dividends and currency gains/losses	–1,383,978	1,412,427
+/– other effects*	–	–482,729
Total managed assets (including double counting) at end	24,892,753	29,175,764
thereof: net new money inflow/outflow Asset Management	–	–
thereof: net new money inflow/outflow Wealth Management	–2,899,033	–2,599,401

* 2017: Assets held at Sal Oppenheim bank, which was sold by Deutsche Bank Group in 2017.

Calculations based on FINMA circular 2015/01.
Assets under management consist of client assets held or managed by the Bank for investment purposes. These assets can, in turn, be broken down into discretionary asset management mandates and other client assets. "Custody only" assets are defined as assets deposited at the Bank for transaction and custodial purposes only. Here the Bank provides no further services to the client. "Custody only" assets are not included in assets under management.

Only deposits and withdrawal of cash and deliveries or transfers of securities are taken into account when computing net new asset inflow and outflow. The net new assets do not include interest, commissions and fees charged.

5.26 Breakdown of the result from trading activities and the fair value option

CHF 000	2018	2017
Breakdown by business area		
Result from trading from commercial customers	474	1,264
Result from trading from private customers	9,241	8,285
Result from own trading	–104	277
Total result from trading activities	9,611	9,826

CHF 000	2018	2017
Breakdown by underlying risk and based on the use of the fair value option		
Result from trading activities from:		
Interest rate instruments (including funds)	69	–71
Equity securities (including funds)	–149	–9
Foreign currencies	9,690	9,906
Total result from trading activities	9,611	9,826

5.27 Disclosure of material refinancing income in the item "Interest and discount income" as well as material negative interest

Refinancing income related to "Interest and discount income"
No refinancing costs of the trading assets portfolio have been credited to the position "Interest and discount income".
Negative interest
Asset-related negative interest is debited to "Interest and discount income".
Liability-related negative interest states as in reduction of "Interest expenses".

CHF 000	2018	2017
Asset-related negative interest (reduction in interest and discount income)	5,603	5,032
Liability-related negative interest (reduction in interest expense)	529	190

5.28 Breakdown of personnel expenses

CHF 000	2018	2017
Salaries (meeting attendance fees and fixed compensation to members of the Bank's governing bodies, salaries and benefits)	116,074	122,799
of which, expenses relating to share-based compensation and alternative forms of variable compensation	17,876	25,857
Social insurance benefits	22,254	16,465
Other personnel expenses	9,841	3,970
Total personnel expenses	148,170	143,234

Personnel:
The number of employees increased from 522 to 523.
This corresponds to a full-time equivalent of 493.1 (previous year: 496.2) employees.

5.29 Breakdown of general and administrative expenses

CHF 000	2018	2017
Office space expenses	11,913	12,582
Expenses for information technology and communications technology*	64,325	74,209
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	772	730
Fees of audit firm	1,311	1,402
of which for financial and regulatory audits	1,311	1,402
of which for other services	0	0
Other operating expenses*	59,321	62,044
Total general and administrative expenses	137,642	150,966

*In the previous year's figures, CHF 44.7 million was transferred from “Other operating expenses” to “Expenses for information technology and communications technology”.

5.30 Explanations regarding material losses, extraordinary income and expenses, as well as material releases of hidden reserves, reserves for general banking risks, and value adjustments and provisions no longer required

Extraordinary income
The extraordinary income of CHF 19 million derives from the release of hidden reserves of CHF 9 million and a gain on the disposal of some of our investments of CHF 10 million.

Release of hidden reserves
Hidden reserves of CHF 9 million in “Other provisions” that were no longer needed were released and credited to “Extraordinary income”.

5.31 Presentation of current taxes, deferred taxes, and disclosure of tax rate

CHF 000	31.12.2018	31.12.2017
Current tax expenses	2,777	7,937
Total tax expenses	2,777	7,937
Weighted average tax rate (based on business result)	23%	29.7%

The tax expenses include taxes not arising from the operating result.

Report of the Statutory Auditor on the Financial Statements

Report of the Statutory Auditor to the General Meeting of Shareholders of Deutsche Bank (Switzerland) Ltd, Geneva

As statutory auditor, we have audited the accompanying financial statements of Deutsche Bank (Switzerland) Ltd, which comprise the balance sheet, income statement, statement of changes in equity and notes for the year ended 31 December 2018.

Board of Directors’ Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company’s articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity’s preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2018 comply with Swiss law and the Company's articles of incorporation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Erich Schärli	Romano Feuerstein
Licensed Audit Expert	*Licensed Audit Expert*
Auditor in Charge	

Zurich, 28 March 2019

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Deutsche Bank in Switzerland: independence, expertise and global reach

The Swiss bank with a global background

Deutsche Bank (Switzerland) Ltd is a bank under Swiss law. It is one of the most important foreign banks in Switzerland and combines a global presence with in-depth knowledge of its domestic market. Swiss and international private and institutional clients and independent asset managers rely on our passion for sustainable financial solutions – both regionally and worldwide. Clients can expect the outstanding service of a Swiss bank while also putting their faith in the strength of Deutsche Bank AG. Switzerland is the centre for the wealth management business in Europe. In addition, parts of the MEA (Middle East and Africa), Latin America and Asia business are managed from Switzerland.