DEUTSCHE BANK AKTIENGESELLSCHAFT
Form 20-F
March 20, 2017
Table of Contents

As filed with the Securities and Exchange Commission on March 20, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934
or

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
or

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report .

Commission file number 1-15242

Deutsche Bank Aktiengesellschaft

(Exact name of Registrant as specified in its charter)

Deutsche Bank Corporation

(Translation of Registrant s name into English)

Federal Republic of Germany

(Jurisdiction of incorporation or organization)

Taunusanlage 12, 60325 Frankfurt am Main, Germany

(Address of principal executive offices)

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

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

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

See following page

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

NONE

(Title of Class)

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

NONE

(Title of Class)

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

Ordinary Shares, no par value	1,379,069,689

(as of December 31, 2016)

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

Yes No

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

Yes No

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

Yes No

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

Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer

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

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

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

Item 17 Item 18

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

Yes No

Securities registered or to be registered pursuant to Section 12(b) of the Act (as of February 28, 2017)

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

DB Crude Oil Short Exchange Traded Notes due June 1, 2038	NYSE Arca
DB Crude Oil Long Exchange Traded Notes due June 1, 2038	NYSE Arca
DB Crude Oil Double Short Exchange Traded Notes due June 1, 2038	NYSE Arca
DB Gold Double Long Exchange Traded notes due February 15, 2038	NYSE Arca
DB Gold Double Short Exchange Traded notes due February 15, 2038	NYSE Arca
DB Gold Short Exchange Traded notes due February 15, 2038	NYSE Arca
ELEMENTS Dogs of the Dow Linked to the Dow Jones High Yield Select 10 Total Return Index due November 14, 2022	NYSE Arca
ELEMENTS Linked to the Morningstar® Wide Moat Focus(SM) Total Return Index due October 24, 2022	NYSE Arca
FI Enhanced Global High Yield Exchange Traded Notes Linked to the MSCI World High Dividend Yield USD Gross Total Return Index due October 12, 2023	NYSE Arca

* For listing purpose only, not for trading

Table of Contents

Table of Contents

Table of Contents

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

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

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

Inclusion of Our Annual Report

We have included as an integral part of this Annual Report on Form 20-F our Annual Report 2016, to which we refer for the responses to certain items hereof. Certain portions of the Annual Report 2016 have been omitted, as indicated therein. The included Annual Report 2016 contains our consolidated financial statements, which we also incorporate by reference into this report, in response to Items 8.A and 18. Such consolidated financial statements differ from those contained in the Annual Report 2016 used for other purposes in that, for Notes 45 and 46 thereto, notes addressing non-U.S. requirements have been replaced with notes addressing U.S. requirements, and Note 47 thereto has been omitted. Such consolidated financial statements have been audited by KPMG AG Wirtschaftsprüfungsgesellschaft, as described in their Report of Independent Registered Public Accounting Firm included on page 417 of the Annual Report 2016, which report is included only in the version of the Annual Report 2016 included in this Annual Report on Form 20-F.

Cautionary Statement Regarding Forward-Looking Statements

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

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

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

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

Table of Contents

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

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

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

Use of Non-GAAP Financial Measures

This document and other documents we have published or may publish contain non-GAAP financial measures. Non-GAAP financial measures are measures of our historical or future performance, financial position or cash flows that contain adjustments that exclude or include amounts that are included or excluded, as the case may be, from the most directly comparable measure calculated and presented in accordance with IFRS in our financial statements. Examples of our non-GAAP financial measures, and the most directly comparable IFRS financial measures, are as follows:

Non-GAAP Financial Measure	Most Directly Comparable IFRS Financial Measure
Net income attributable to Deutsche Bank shareholders	Net income
Adjusted costs	Noninterest expenses
Tangible shareholders equity, Tangible book value	Total shareholders equity (book value)
Post-tax return on average shareholders equity (based on Net income attributable to Deutsche bank shareholders)	Post-tax return on average shareholders equity
Post-tax return on average tangible shareholders equity	Post-tax return on average shareholders equity
Tangible book value per share outstanding	Total shareholders equity (book value) per share outstanding

For descriptions of these non-GAAP financial measures and the adjustments made to the most directly comparable financial measures under IFRS, please refer to "Supplementary Information: Non-GAAP Financial Measures" on pages 467 through 472, which is incorporated by reference herein.

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

CRR/CRD 4 Solvency Measures

Our regulatory assets, exposures, risk-weighted assets, capital and ratios thereof are calculated for regulatory purposes as of December 31, 2016, December 31, 2015 and December 31, 2014 and set forth throughout this document under the regulation on prudential requirements for credit institutions and investment firms (CRR) and the Capital Requirements Directive 4 (CRD 4) implementing Basel 3, which were published on June 27, 2013 and which apply on and after January 1, 2014. CRR/CRD 4 provides for transitional (or phase-in) rules, under which capital instruments that are no longer eligible under the new rules are permitted to be phased out as the new rules on regulatory adjustments are phased in, as well as regarding the risk weighting of certain categories of assets. In some cases, CRR/CRD 4 maintains transitional rules that had been adopted in earlier capital adequacy frameworks through Basel 2 or Basel 2.5. The transitional rules relate, e.g., to the risk weighting of certain categories of assets. Unless otherwise noted, our CRR/CRD 4 solvency measures as of December 31, 2016, December 31, 2015 and December 31, 2014 set forth in this document reflect these transitional rules.

We also set forth in this document such CRR/CRD 4 measures on a fully loaded basis, reflecting full application of the final CRR/CRD 4 framework without consideration of the transitional provisions under CRR/CRD 4, except as described below. Measures calculated pursuant to our fully loaded methodology are non-GAAP financial measures.

The transitional rules include rules permitting the grandfathering of equity investments at a risk-weight of 100 % instead of a risk weight between 190 % and 370 % determined based on Article 155 CRR that would apply under the CRR/CRD 4 fully loaded rules. Despite the grandfathering rule for equity investments not applying under the full application of the final CRR/CRD 4 framework, we continue to apply it in our CRR/CRD 4 fully loaded methodology for a limited subset of equity positions, based on our intention to mitigate the impact of the expiration of the grandfathering rule through sales of the underlying assets or other measures prior to its expiration at end of 2017. We are closely monitoring the market and potential impacts from illiquid markets or other similar difficulties which could make it unfeasible to exit these positions.

As the final implementation of CRR/CRD 4 may differ from our expectations, and our competitors assumptions and estimates regarding such implementation may vary, our fully loaded CRR/CRD 4 measures may not be comparable with similarly labeled measures used by our competitors.

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

For descriptions of these fully loaded CRR/CRD 4 measures and the differences from the most directly comparable measures under the CRR/CRD 4 transitional rules, please refer to Management Report: Risk Report: Risk and Capital Performance: Capital and Leverage Ratio on pages 136 through 152 of the Annual Report 2016, in particular the subsections thereof entitled Development of Regulatory Capital , Development of Risk-Weighted Assets and Leverage Ratio , and, with respect to the effect of the grandfathering rule on our fully loaded CRR/CRD 4 measures, to Supplementary Information: Non-GAAP Financial Measures: Fully loaded CRR/CRD 4 Measures on pages 471 through 472 of the Annual Report 2016, each of which are incorporated by reference herein.

When used with respect to future periods, our fully loaded CRR/CRD 4 measures are also forward-looking statements. We cannot predict or quantify the levels of the most directly comparable transitional CRR/CRD 4 measures that would correspond to these fully loaded CRR/CRD 4 measures for future periods. In managing our business with the aim of achieving targets based on fully loaded CRR/CRD 4 measures, the relation between the fully loaded and transitional measures will depend upon, among other things, management action taken in light of future business, economic and other conditions.

Use of Internet Addresses

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

PART I

Item 1: Identity of Directors, Senior Management and Advisers

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

Item 2: Offer Statistics and Expected Timetable

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

Item 3: Key Information

Selected Financial Data

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

Table of Contents

Income Statement Data

	2016 in m.	2015 in m.	2014 in m.	2013 in m.	2012 in m.
Net interest income	**14,707**	**15,881**	**14,272**	**14,834**	**15,975**
Provision for credit losses	1,383	956	1,134	2,065	1,721
Net interest income after provision for credit losses	**13,324**	**14,925**	**13,138**	**12,769**	**14,254**
Commissions and fee income	11,744	12,765	12,409	12,308	11,809
Net gains (losses) on financial assets/liabilities at fair value through profit or loss	1,401	3,842	4,299	3,817	5,608
Other noninterest income (loss)	2,162	1,037	969	956	344
Total net revenues	**30,014**	**33,525**	**31,949**	**31,915**	**33,736**
Compensation and benefits	11,874	13,293	12,512	12,329	13,490
General and administrative expenses	15,454	18,632	14,654	15,126	15,017
Policyholder benefits and claims	374	256	289	460	414
Impairment of goodwill and other intangible assets	1,256	5,776	111	79	1,886
Restructuring activities	484	710	133	399	394
Total noninterest expenses	**29,442**	**38,667**	**27,699**	**28,394**	**31,201**
Income (loss) before income taxes	**(810)**	**(6,097)**	**3,116**	**1,457**	**814**
Income tax expense	546	675	1,425	775	498
Net income (loss)	**(1,356)**	**(6,772)**	**1,691**	**681**	**316**
Net income attributable to noncontrolling interests	45	21	28	15	53
Net income (loss) attributable to Deutsche Bank shareholders and additional equity components	(1,402)	(6,794)	1,663	666	263

	in	in	in	in	in
Basic earnings per share[1,2]	(1.21)	(5.06)	1.34	0.64	0.27
Diluted earnings per share[1,3]	(1.21)	(5.06)	1.31	0.62	0.26
Dividends paid per share[4]	0.00	0.75	0.75	0.75	0.75

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

2 We calculate basic earnings per share for each period by dividing our net income attributable to Deutsche Bank shareholders by the average number of common shares outstanding. Earnings were adjusted by 276 million and 228 million net of tax for the coupons paid on Additional Tier 1 Notes in April 2016 and April 2015, respectively.

3 We calculate diluted earnings per share for each period by dividing our net income attributable to Deutsche Bank shareholders by the average number of common shares outstanding, both after assumed conversions. Earnings were adjusted by 276 million and 228 million net of tax for the coupons paid on Additional Tier 1 Notes in April 2016 and April 2015, respectively. For 2016 and 2015, there is no dilutive effect as the Group reported a net loss.

4 Dividends we declared and paid in the year.

Balance Sheet Data

	2016 in m.	2015 in m.	2014 in m.	2013 in m.	2012 in m.
Total assets	1,590,546	1,629,130	1,708,703	1,611,400	2,022,275
Loans	408,909	427,749	405,612	376,582	397,377
Deposits	550,204	566,974	532,931	527,750	577,210
Long-term debt	172,316	160,016	144,837	133,082	157,325
Common shares	3,531	3,531	3,531	2,610	2,380
Total shareholders equity	59,833	62,678	68,351	54,719	54,001
Common Equity Tier 1 capital (CRR/CRD 4)[1]	47,782	52,429	60,103	38,534	37,957
Common Equity Tier 1 capital (CRR/CRD 4 fully loaded)[1]	42,279	44,101	46,076	38,534	37,957
Tier 1 capital (CRR/CRD 4)[1]	55,486	58,222	63,898	50,717	50,483
Tier 1 capital (CRR/CRD 4 fully loaded)[1]	46,829	48,651	50,695	50,717	50,483
Total regulatory capital (CRR/CRD 4)[1]	62,158	64,522	68,293	55,464	57,015
Total regulatory capital (CRR/CRD 4 fully loaded)[1]	59,502	60,976	63,072	55,464	57,015

1 Figures presented for 2016, 2015 and 2014 are based on the transitional rules (CRR/CRD 4) and the full application (CRR/CRD 4 fully loaded) of the CRR/CRD 4 framework. Figures presented for 2013 and 2012 are based on Basel 2.5 . The capital ratios relate the respective capital to risk-weighted assets. Until 2013 transitional items pursuant to the former Section 64h (3) of the German Banking Act are excluded.

Table of Contents

Certain Key Ratios and Figures

	2016	2015	2014	2013	2012
Share price at period-end[1]	17.25	22.53	24.99	33.07	31.43
Share price high[1]	22.10	33.42	38.15	36.94	37.68
Share price low[1]	9.90	20.69	22.66	28.05	21.09
Book value per basic share outstanding[2,4]	42.74	45.16	49.32	50.80	54.74
Tangible book value per basic share outstanding[3,4]	36.33	37.90	38.53	37.87	40.32
Post-tax return on average shareholders equity[5]	(2.3) %	(9.8) %	2.7 %	1.2 %	0.5 %
Post-tax return on average tangible shareholders equity[6]	(2.7) %	(12.3) %	3.5 %	1.6 %	0.7 %
Cost/income ratio[7]	98.1 %	115.3 %	86.7 %	89.0 %	92.5 %
Compensation ratio[8]	39.6 %	39.7 %	39.2 %	38.6 %	40.0 %
Noncompensation ratio[9]	58.5 %	75.7 %	47.5 %	50.3 %	52.5 %
Common Equity Tier 1 capital ratio (CRR/CRD 4)[10]	13.4 %	13.2 %	15.2 %	12.8 %	11.4 %
Common Equity Tier 1 capital ratio (CRR/CRD 4 fully loaded)[10]	11.8 %	11.1 %	11.7 %	12.8 %	11.4 %
Tier 1 capital ratio (CRR/CRD 4)[10]	15.6 %	14.7 %	16.1 %	16.9 %	15.1 %
Tier 1 capital ratio (CRR/CRD 4 fully loaded)[10]	13.1 %	12.3 %	12.9 %	16.9 %	15.1 %
Employees at period-end (full-time equivalent):					
In Germany	44,600	45,757	45,392	46,377	46,308
Outside Germany	55,144	55,347	52,746	51,877	51,911
Branches at period-end:					

In Germany	1,776	1,827	1,845	1,924	1,944
Outside Germany	880	963	969	983	1,040

1 Historical share prices have been adjusted on June 5, 2014 with retroactive effect to reflect the capital increase by multiplying a correcting factor of 0.9538.
2 Shareholders equity divided by the number of basic shares outstanding (both at period-end).
3 Shareholders equity less goodwill and other intangible assets, divided by the number of basic shares outstanding (both at period-end).
4 The number of average basic shares outstanding has been adjusted for all periods before June 2014 in order to reflect the effect of the bonus element of the subscription rights issue in connection with the capital increase in June 2014.
5 Net income attributable to our shareholders as a percentage of average shareholders equity.
6 Net income attributable to our shareholders as a percentage of average tangible shareholders equity.
7 Total noninterest expenses as a percentage of net interest income before provision for credit losses, plus noninterest income.
8 Compensation and benefits as a percentage of total net interest income before provision for credit losses, plus noninterest income.
9 Noncompensation noninterest expenses, which is defined as total noninterest expenses less compensation and benefits, as a percentage of total net interest income before provision for credit losses, plus noninterest income.
10 Figures presented for 2016, 2015 and 2014 are based on the transitional rules (CRR/CRD 4) and the full application (CRR/CRD 4 fully loaded) of the CRR/CRD 4 framework. Figures presented for 2013 and 2012 are based on Basel 2.5 . The capital ratios relate the respective capital to risk-weighted assets. Until 2013 transitional items pursuant to the former Section 64h (3) of the German Banking Act are excluded.

Dividends

The following table shows the dividend per share in euro and in U.S. dollars for the years ended December 31, 2016, 2015, 2014, 2013, and 2012. We declare our dividends at our Annual General Meeting following each year. For 2016, the Management Board will propose to the Annual General Meeting to pay a dividend of 0.19 per share taking into consideration the expected shares to be issued before the Annual General Meeting in May 2017 as part of our announced capital raise. The dividend to be paid out of Deutsche Bank AG s distributable profit for 2016 determined under German accounting rules for its stand-alone financial statements contains a component reflecting the distributable profit carried forward from 2015 of approximately 165 million and a dividend of 0.11 per share out of the remaining distributable profit for 2016. Overall we expect to pay out a total dividend of approximately 400 million in 2017. Our dividends are based on the non-consolidated results of Deutsche Bank AG as prepared in accordance with German accounting principles. Because we declare our dividends in euro, the amount an investor actually receives in any other currency depends on the exchange rate between euro and that currency at the time the euros are converted into that currency.

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

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

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

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

			Payout ratio [2,3]	
	Dividends per share[1]	Dividends per share	Basic earnings per share	Diluted earnings per share
2016 (proposed)[4]	$ 0.20	0.19	N/M	N/M
2015	$ 0.00	0.00	N/M	N/M
2014	$ 0.91	0.75	56 %	57 %
2013	$ 1.03	0.75	117 %	121 %
2012	$ 0.99	0.75	0 %	0 %

N/M Not meaningful
1 For your convenience, we present dividends in U.S. dollars for each year by translating the euro amounts at the period end rate for the last business day at each year end as described below under Exchange Rate and Currency Information .
2 We define our payout ratio as the dividends we paid per share in respect of each year as a percentage of our basic and diluted earnings per share for that year.
3 The number of average basic and diluted shares outstanding has been adjusted in order to reflect the effect of the bonus element of the subscription rights issue in connection with the capital increase in June 2014. For 2016 and 2015, there is no dilutive effect as the Group reported a net loss.
4 Taking into account expected shares to be issued before the Annual General Meeting in May 2017, the dividend per share of 0.19 paid out of the distributable profit for 2016 contains the pay out of the distributable profit carried forward from 2015 of approximately 165 million and a dividend of 0.11 per share from the remaining distributable profit for 2016. Overall we expect to pay out a total dividend of approximately 400 million in 2017.

Exchange Rate and Currency Information

Germany s currency is the euro. For your convenience, we have translated some amounts denominated in euro appearing in this document into U.S. dollars. Unless otherwise stated, we have made these translations at U.S.$ 1.0541 per euro, the euro foreign exchange reference rate for U.S. dollars published by the European Central Bank (ECB) for December 31, 2016. ECB euro foreign exchange reference rates are based on a regular daily concertation procedure between central banks across Europe and worldwide, which normally takes place at 2.15 p.m. CET. You should not construe any translations as a representation that the amounts could have been exchanged at the rate used on December 31, 2016 or any other date.

The ECB euro foreign exchange reference rate for U.S. dollars for December 31, 2016 may differ from the actual rates we used in the preparation of the financial information in this document. Accordingly, U.S. dollar amounts appearing in this document may differ from the actual U.S. dollar amounts that we originally translated into euros in the preparation of our financial statements.

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

Table of Contents

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

in U.S.$ per	Period-end[1]	Average[2]	High	Low
2017				
February	1.0597	0.0000	1.0808	1.0513
January	1.0755	0.0000	1.0755	1.0385
2016				
December	1.0541	0.0000	1.0762	1.0364
November	1.0635	0.0000	1.1095	1.0548
October	1.0946	0.0000	1.1236	1.0872
September	1.1161	0.0000	1.1296	1.1146
2015	1.0887	1.1046	1.2043	1.0552
2014	1.2141	1.3211	1.3953	1.2141
2013	1.3791	1.3308	1.3814	1.2768
2012	1.3194	1.2932	1.3454	1.2089

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

Capitalization and Indebtedness

Consolidated capitalization in accordance with IFRS as of December 31, 2016

	in m.
Debt:[1,2]	
Long-term debt	172,316
Trust preferred securities	6,373
Long-term debt at fair value through profit or loss	6,473
Total debt	**185,162**

Shareholders equity:	
Common shares (no par value)	3,531
Additional paid-in capital	33,765
Retained earnings	18,987
Common shares in treasury, at cost	0
Accumulated other comprehensive income, net of tax	
Unrealized net gains (losses) on financial assets available for sale, net of applicable tax and other	912
Unrealized net gains (losses) on derivatives hedging variability of cash flows, net of tax	143
Unrealized net gains (losses) on assets classified as held for sale, net of tax	0
Foreign currency translation, net of tax	2,418
Unrealized net gains (losses) from equity method investments	77
Total shareholders equity	**59,833**
Equity component of financial instruments	4,669
Noncontrolling interests	316
Total equity	**64,819**
Total capitalization	**249,981**

1 820 million (0.4 %) of our debt was guaranteed as of December 31, 2016. This consists of debt of a subsidiary which is guaranteed by the German government.

2 60,594 million (33 %) of our debt was secured as of December 31, 2016.

Reasons for the Offer and Use of Proceeds

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

Risk Factors

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

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

Although economic data appear to have stabilized or improved somewhat during the course of 2016 in many of the countries in which we operate, our business, financial results and strategic plans continue to be negatively impacted by the low interest rate environment, uneven and tepid economic growth, especially in our home markets in Europe, and elevated political uncertainty. Recent and upcoming political events, including the UK referendum on European Union (EU) membership, the recent U.S. presidential election, the Italian referendum on constitutional reform and upcoming national elections in France, Germany and the Netherlands, have contributed to considerable uncertainty concerning the current and future economic environment. Global economic growth also continues to be reliant on the supportive monetary policy stance of the major central banks. While somewhat improving economic conditions in the U.S. and the potential for fiscal stimulus have prompted the Federal Reserve to embark on a course of raising interest rates, the European Central Bank (ECB) has continued its policy of negative interest rates on deposits and its program of monthly asset purchases, although it plans to do so at a somewhat reduced volume starting in April 2017.

The European economy remains subject to a number of potential obstacles to future economic growth beyond the political events summarized above, including renewed doubts about the future of the eurozone, a discussion about the appropriate monetary policy stance of the ECB, possible weakening exports growth should the euro strengthen again or if protectionist trade policies are adopted, a delay in implementing structural reforms and a renewed increase of the refugee inflow. In particular, sentiment towards the Italian banking sector deteriorated in 2016 driven by concerns around capitalization, nonperforming loans and the impact of the EU-wide stress tests. In contrast, global financial markets have reacted relatively positively to the beginning of the normalization of U.S. monetary policy and the potential growth-enhancing measures of the new U.S. presidential administration. Markets could, however, react more negatively to these actions as policy plans begin to take shape, for example if they do not quickly result in anticipated increased economic growth or if protectionist measures dampen global growth. In the emerging markets, growth remained relatively weak in 2016 and could be a source of global economic shocks going forward. A stronger than forecast increase of interest rates in the United States could result in strong capital outflows from the emerging markets, further dampening their outlook. In China, in particular, economic growth continued to slow in 2016, and the economic outlook remains subdued, even as the People s Bank of China may take actions to loosen its monetary supply. Should a severe economic contraction or a protracted period of stagnation occur, monetary policymakers, particularly in Europe and the United States but also in the emerging markets, have few tools left in their toolboxes to combat these developments.

Against this background, our results continue to be adversely impacted in particular by the protracted low interest environment and the macro-economic and political uncertainties. The simultaneous easing of monetary policy in the eurozone and the tightening of it in the United States may continue to have disruptive effects on many of our businesses. A further tightening of monetary policy by the Federal Reserve or any decision by central banks more generally to tighten their monetary policy if economies continue to improve could have a material adverse effect on perceptions of liquidity in the financial system and on the global economy more generally, and may adversely affect our business and

financial position. We may face further uncertainty if, as it currently appears, the net effect of monetary and fiscal policies in the U.S. and the eurozone is to continue to weaken the euro against the U.S. dollar. A stronger U.S. dollar can have a beneficial effect on our revenues, as a significant portion of our revenues is generated in the United States while our results are reported in euro. A stronger U.S. dollar will, however, also increase the euro values of our U.S. dollar-denominated costs and liabilities, including those incurred in respect of U.S. litigation and enforcement matters, and will also tend to significantly increase our risk weighted assets and leverage exposures that are denominated in U.S. dollars. If not fully hedged, this can lead to material declines in our capital ratios, as our capital is preponderantly denominated in euro.

Our results of operation and financial condition, in particular those of our Global Markets corporate division, continue to be negatively impacted by the challenging market environment, unfavorable macro-economic and geopolitical conditions, lower client activities, increased competition and regulation, and the immediate impacts resulting from our strategic decisions as we make progress on the implementation of our strategy. If we are unable to improve our profitability as we continue to face these headwinds as well as persistently high litigation costs, we may be unable to meet many of our strategic aspirations, and may have difficulty maintaining capital, liquidity and leverage ratios at levels expected by market participants and our regulators.

In 2016, our revenues declined in several of our corporate divisions, reflecting the negative impact of the challenging low interest rate market environment, sluggish economic conditions, especially in our home market of Europe, and lower client activities. The implementation of some of the strategic measures as part of our targets originally announced in October 2015 also continues to negatively impact our revenues in the short term. Even as the ultra-low interest rate environment, especially in the eurozone, has put pressure on our margins in our traditional banking business, our trading and markets businesses, in particular our fixed income securities franchise, have not matched the results of many of our international peers as differences in regional economic performance as well as the challenges specific to us have impacted our results.

We have experienced and may continue to experience mark-to-market losses on positions as we seek to manage long positions in our inventory that experience mark-to-market losses in times of high market volatility. These losses can more than offset volatility-driven increases in client activity. This factor, for example, negatively impacted some of the businesses in our Global Markets corporate division early in 2016.

In addition, changes in our business mix towards lower-margin, lower-risk products can limit our opportunities to profit from volatility. Regulators have generally encouraged the banking sector to focus more on the facilitation of client flow and less on risk taking. This has been effected in part by increasing capital requirements for higher-risk activities. In addition, some of our regulators have encouraged or welcomed changes to our business perimeter, consistent with their emphasis on lower-risk activities for banks. Our strategy provides for us to reduce our exposures in a number of businesses that focused on riskier but more capital-intensive products (but that in earlier periods also had the potential to be more highly profitable than those dependent on low-risk, low-margin flow in a very low interest rate environment). Further pressure on our revenues and profitability has resulted from long-term structural trends driven by regulation (especially increased regulatory capital and leverage requirements and increased compliance costs) and competition that have further compressed our margins in many of our businesses. Our strategic decisions on these businesses led in part to impairments we recognized in 2015 in our Corporate Banking & Securities business division (in 2016 part of our Global Markets and Corporate & Investment Banking corporate divisions) and reflect a new view on the medium-term profit potential of these activities. Should a combination of these factors continue to lead to reduced margins and subdued activity levels in our trading and markets business over the longer term, this could reflect structural challenges that may lead us to consider even further-reaching changes to aspects of our business mix than those contained in our targets originally announced in October 2015.

Against this backdrop, we expect the costs to us arising from the resolution of litigation, enforcement and similar matters pending against us to continue to be significant in the near to medium term and to adversely affect our business, financial condition and results of operations. In particular, these costs could substantially exceed the level of provisions that we established for our litigation, enforcement and similar matters, which can contribute to negative market perceptions about our financial health, costing us business. This, combined with the actual costs of litigation, enforcement and other matters, could in turn adversely affect our ability to maintain capital, liquidity and leverage ratios at levels expected by market participants and our regulators. In particular, we suffered, at the end of the third quarter and beginning of the fourth quarter of 2016, some reduction in business volumes and asset outflows, particularly in some parts of our Global Markets business and of our Wealth Management business, as a result of speculation about the potential magnitude of a settlement of civil claims then being negotiated with the U.S. Department of Justice in connection with our issuance and underwriting of residential mortgage-backed securities. Although these negative effects on our business have abated since then and in some cases have reversed, future market speculation about potential settlement demands with respect to litigation and enforcement matters could have persistent adverse effects on our revenue levels. These factors have placed pressure on the markets for our securities, along with concerns regarding our ability to overcome the numerous headwinds facing us. As a result of the substantial uncertainties with respect to the potential outflows in respect of litigation and enforcement matters as well as the broader prospects for our business, we may find it necessary or desirable to raise additional capital in the future to maintain our capital, leverage and liquidity ratios at levels required by our regulators or viewed by market participants as necessary for our businesses in comparison with our international peers.

Continued elevated levels of political uncertainty could have unpredictable consequences for the financial system and the greater economy, and could contribute to an unwinding of aspects of European integration, potentially leading to declines in business levels, write-downs of assets and losses across our businesses. Our ability to protect ourselves against these risks is limited.

The last several years have been characterized by increased political uncertainty as Europe in particular has been impacted by the European sovereign debt crisis, the outcomes of the referenda in the UK on EU membership and in Italy on constitutional reform, the refugee crisis and the increasing attractiveness to voters of populist and anti-austerity movements. Although the severity of the European debt crisis appeared to have abated somewhat over recent years as the actions by the ECB, the rescue packages and the economic recovery appeared to have stabilized the situation in Europe, political uncertainty has nevertheless continued to be at an elevated level in recent periods and could trigger the unwinding of aspects of European integration that have benefitted our businesses. Against this backdrop, the prospects for national structural reform and further integration among EU member states, both viewed as important tools to reduce the eurozone s vulnerabilities to future crises, appear to have worsened. These trends may ultimately result in material reductions in our business levels as our customers rein in activity levels in light of decreased economic output and increased uncertainty, which would materially adversely affect our operating results and financial condition.

An escalation of political risks could have unpredictable consequences both for the financial system and the greater economy as a whole, potentially leading to declines in business levels, write-downs of assets and losses across our businesses. In particular, the UK voted on June 23, 2016 in a non-binding national referendum to withdraw from the EU (Brexit). On January 24, 2017, the UK Supreme Court ruled that the UK is not authorized to formally give notice to the European Council without an act of Parliament. Nonetheless, the UK appears to be on course to formally give notice to the European Council in March, at which time potentially tense and highly uncertain negotiations regarding the UK s exit from the EU would commence. Given these and other uncertainties in connection with the UK s withdrawal from the EU, it is difficult to determine the exact impact on us over the long term. We are also unable to determine with any precision the impact of Brexit on our current UK structure or business model in the short term, as there remains no clarity into the details or timing of the changes. However, the UK s economy and those of the eurozone countries are very tightly linked as a result of EU integration projects other than the euro, and the scale of our businesses in the UK especially those dependent on activity levels in the City of London, to which we are heavily exposed and which may deteriorate as a result of Brexit means that even modest effects in percentage terms can have a very substantial adverse effect on our businesses. In addition, a number of EU member states face national elections in 2017, including France, Germany and the Netherlands (and likely Italy), and political parties disfavoring current levels of European integration, or espousing the unwinding of European integration to varying extents, are performing relatively well in pre-election polling. The Brexit vote has also given a voice to some of these political parties to challenge European integration. The resulting uncertainty could have significant effects on the value of the euro and on prospects for member states financial stability, which in turn could potentially lead to a significant deterioration of the sovereign debt market,especially if Brexit or any other member country s exit did not result in the catastrophic effects on the exiting country that many have predicted. If one or more members of the eurozone defaults on their debt obligations or decides to leave the common currency, this would result in the reintroduction of one or more national currencies. Should a eurozone country conclude it must exit the common currency, the resulting need to reintroduce a national currency and restate existing contractual obligations could have unpredictable financial, legal, political and social consequences, leading not only to significant losses on sovereign debt but also on private debt in that country. Given the highly interconnected nature of the financial system within the eurozone, and the high levels of exposure we have to public and private counterparties around Europe, our ability to plan for such a contingency in a manner that would reduce our exposure to non-material levels is likely to be limited. If the overall economic climate deteriorates as a result of one or more departures from the eurozone, our businesses could be adversely affected, and, if overall business levels decline or we are forced to write down significant exposures among our various businesses, we could incur substantial losses.

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

The effects of the sovereign debt crisis have been especially evident in the financial sector, as a large portion of the sovereign debt of eurozone countries is held by European financial institutions, including us. As of December 31, 2016, we had a direct sovereign credit risk exposure of 2.7 billion to Italy, 1.3 billion to Spain, 61 million to Portugal, 569 million to Ireland and 89 million to Greece. Despite the apparent abatement of the crisis in recent years, it remains uncertain whether, in light of the current political environment, Greece or other eurozone sovereigns, such as Spain, Italy, Portugal and Cyprus, will be able to manage their debt levels in the future and whether Greece will attempt to renegotiate its past international debt restructuring. The rise of anti-austerity parties and populist sentiment in many of these countries poses a threat to the medium- to long-term measures recommended for these countries to alleviate the tensions in the eurozone caused by drastically differing economic situations among the eurozone states. In the future, negotiations or exchanges similar to the Greek debt restructuring in 2012 could take place with respect to the sovereign debt of these or other affected countries. The outcome of any negotiations regarding changed terms (including reduced principal amounts or extended maturities) of sovereign debt may result in additional impairments of assets on our balance sheet. Any negotiations are highly likely to be subject to political and economic pressures that we cannot control, and we are unable to predict their effects on the financial markets, on the greater economy or on ourselves.

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

Our liquidity, business activities and profitability may be adversely affected by an inability to access the debt capital markets or to sell assets during periods of market-wide or firm-specific liquidity constraints. Credit rating downgrades have contributed to an increase in our funding costs, and any future downgrade could materially adversely affect our funding costs, the willingness of counterparties to continue to do business with us and significant aspects of our business model.

We have a continuous demand for liquidity to fund our business activities. Our liquidity may be impaired by an inability to access secured and/or unsecured debt markets, an inability to access funds from our subsidiaries or otherwise allocate liquidity optimally across our businesses, an inability to sell assets or redeem our investments, or unforeseen outflows of cash or collateral. This situation may arise due to circumstances unrelated to our businesses and outside our control, such as disruptions in the financial markets, or circumstances specific to us, such as reluctance of our counterparties or the market to finance our operations due to perceptions about potential outflows resulting from litigation, regulatory and similar matters, actual or perceived weaknesses in our businesses, our business model or our strategy, as well as in our resilience to counter negative economic and market conditions. For example, we have over the last year, as well as in the past, experienced steep declines in the price of our shares and increases in the spread versus government bonds at which our debt trades in the secondary markets. Reflecting these conditions, our internal estimates of our available liquidity over the duration of a stressed scenario has at times been negatively impacted in recent periods. Such effects were particularly acute in the autumn of 2016 in response to market speculation about the potential magnitude of a settlement of civil claims then being negotiated with the U.S. Department of Justice in connection with our issuance and underwriting of residential mortgage-backed securities. In addition, negative developments concerning other financial institutions perceived to be comparable to us and negative views about the financial services industry in general have also affected us in recent years. These perceptions have affected the prices at which we have accessed the capital markets to obtain the necessary funding to support our business activities; should these perceptions worsen, our ability to obtain this financing on acceptable terms may be adversely affected. Among other things, an inability to refinance assets on our balance sheet or maintain appropriate levels of capital to protect against deteriorations in their value could force us to liquidate assets we hold at depressed prices or on unfavorable terms, and could also force us to curtail business, such as the extension of new credit. This could have an adverse effect on our business, financial condition and results of operations.

In addition, we have benefited in recent years from a number of incremental measures by the ECB and other central banks to provide additional liquidity to financial institutions and the financial markets, particularly in the eurozone. To the extent these actions are curtailed or halted, our funding costs could increase, or our funding supply could decrease, which could in turn result in a reduction in our business activities. In particular, any decision by the ECB to discontinue or reduce quantitative easing or further steps by the Federal Reserve to tighten its monetary policy or actions by central banks more generally to tighten their monetary policy will likely cause long-term interest rates to increase and accordingly impact the costs of our funding.

Since the start of the global financial crisis, the major credit rating agencies have lowered our credit ratings or placed them on review or negative watch on multiple occasions. These credit rating downgrades have contributed to an increase in our funding costs, and any future downgrade could materially affect our funding costs, although we are unable to predict whether this would be the case or the extent of any such effect. The effect would depend on a number of factors including whether a downgrade affects financial institutions across the industry or on a regional basis, or is intended to reflect circumstances specific to us, such as our potential settlement of regulatory, litigation and similar matters; any actions our senior management may take in advance of or in response to the downgrade; the willingness of counterparties to continue to do business with us; any impact of other market events and the state of the macroeconomic environment more generally. In particular, should any of the major credit rating agencies lower our credit rating to a level considered sub-investment grade, significant aspects of our business model would be materially and adversely affected.

Additionally, under many of the contracts governing derivative instruments to which we are a party, a downgrade could require us to post additional collateral, lead to terminations of contracts with accompanying payment obligations for us or give counterparties additional remedies. We take these effects into account in our liquidity stress testing analysis, as further described in Management Report: Risk Report: Liquidity Risk: Stress Testing and Scenario Analysis on pages 129 through 130 of the Annual Report 2016.

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

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

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

In addition, regulatory scrutiny under existing laws and regulations has become more intense. The specific effects of a number of new laws and regulations remain uncertain because the drafting and implementation of these laws and regulations are still on-going. For example, in 2016 the Basel Committee on Banking Supervision published its final revised standards for market risk following the Fundamental Review of the Trading Book , or FRTB , and consultative documents on revising the standardized approach for credit risk, operational risk, constraining the use of internal models for credit risk, capital floors, and revisions to the leverage ratio. Also in 2016, the Basel Committee published, among other things, changes to the calculation of interest rate risk in the banking book, or IRRBB . The changes contemplated by the FRTB and IRRBB as well as the proposals to implement the standardized approach for credit risk, among other things, are part of the EC proposals published on November 23, 2016 to change the CRR/CRD 4 legislative package. Furthermore, European Union and U.S. regulators have implemented or are expected to propose rules implementing the further revisions to credit risk, operational risk and capital floors in 2018. Full compliance with the European Union rules could be required at some point between 2020 and 2025. The proposed changes could lead to a significant increase of our risk-weighted assets and, as a result, a higher capital demand, changes in our deductions from our regulatory capital and the imposition of additional capital charges to cover credit, market and operational risk. These requirements may be in addition to regulatory capital buffers that may also be increased or be in addition to those already imposed on us and could themselves materially increase our capital requirements.

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

Table of Contents

In particular, the regulators with jurisdiction over us, including the ECB under the Single Supervisory Mechanism (also referred to as the SSM), may, in connection with the supervisory review and evaluation process (SREP) or otherwise, conduct stress tests and have discretion to impose capital surcharges on financial institutions for risks, including for litigation, regulatory and similar matters, that are not otherwise recognized in risk-weighted assets or other surcharges depending on the individual situation of the bank and take or require other measures, such as restrictions on or changes to our business. In this context, the ECB may impose on us individual capital requirements resulting from the SREP which are referred to as Pillar 2 requirements. Pillar 2 requirements must be fulfilled with Common Equity Tier 1 capital in addition to the statutory minimum capital and buffer requirements and any non-compliance may have immediate legal consequences such as restrictions on dividend payments. Also following the SREP, the ECB may communicate to individual banks an expectation to hold a further Pillar 2 Common Equity Tier 1 capital add-on, the so-called Pillar 2 guidance. Although the Pillar 2 guidance is not legally binding and failure to meet the Pillar 2 guidance does not automatically trigger legal action, the ECB has stated that it expects banks to meet the Pillar 2 guidance. Also, more generally, competent regulators may, if we fail to comply with regulatory requirements, in particular with statutory minimum capital requirements, Pillar 2 requirements or buffer requirements, or if there are shortcomings in our governance and risk management processes, prohibit us from making dividend payments to shareholders or distributions to holders of our other regulatory capital instruments. This could occur, for example, if we fail to make sufficient profits due to declining revenues, or substantial outflows due to litigation, regulatory and similar matters. Generally, a failure to comply with the new quantitative and qualitative regulatory requirements could have a material adverse effect on our business, financial condition and results of operations, including our ability to pay out dividends to shareholders or distributions on our other regulatory capital instruments or, in certain circumstances, conduct business which we currently conduct or plan to conduct in the future.

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

Germany participates in the Single Resolution Mechanism (referred to as the SRM), which centralizes at a European level the key competences and resources for managing the failure of any bank in member states of the European Union participating in the banking union. The SRM is based on the SRM Regulation and the Bank Recovery and Resolution Directive (or BRRD), which was implemented in Germany through the German Recovery and Resolution Act (Sanierungs- und Abwicklungsgesetz, SAG). In addition, the German Resolution Mechanism Act (Abwicklungs-mechanismusgesetz) adapted German bank resolution laws to the SRM.

The SRM Regulation and the German Recovery and Resolution Act require the preparation of recovery and resolution plans for banks and grant broad powers to public authorities to intervene in a bank which is failing or likely to fail. For a bank directly supervised by the ECB, such as us, the Single Resolution Board (referred to as the SRB) assesses its resolvability and may require legal and operational changes to the bank s structure to ensure its resolvability. In the event that such bank is failing or likely to fail and certain other conditions are met, the SRB is responsible for adopting a resolution scheme for resolving the bank pursuant to the SRM Regulation. The European Commission and, to a lesser extent, the Council of the European Union, have a role in endorsing or objecting to the resolution scheme proposed by the SRB. The resolution scheme would be addressed to and implemented by the competent national resolution authorities (in Germany: the Federal Agency for Financial Market Stabilization, FMSA) in line with the national laws implementing the BRRD. Resolution measures that could be imposed upon a failing bank may include a range of measures including the transfer of shares, assets or liabilities of the bank to another legal entity, the reduction, including to zero, of the nominal value of shares, the dilution of shareholders of a failing bank or the cancellation of shares outright, or the amendment, modification or variation of the terms of the bank s outstanding debt instruments, for example by way of a deferral of payments or a reduction of the applicable interest rate. Furthermore, certain eligible unsecured liabilities, in particular certain senior unsecured debt instruments specified by the German Banking Act, as amended by the German Resolution Mechanism Act, may be written down, including to zero, or converted into equity (commonly referred to as bail-in).

Table of Contents

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

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

In December 2010, the Basel Committee on Banking Supervision published a set of comprehensive changes to the capital adequacy framework, known as Basel 3, which have been implemented into European Union law by a legislative package referred to as CRR/CRD 4 . The CRR/CRD 4 legislative package includes a European Union regulation (which is referred to as the Capital Requirements Regulation or CRR) which is directly enforceable as law in every member state of the European Union, and a European Union directive (which is referred to as the Capital Requirements Directive or CRD 4), which has been implemented into national (in our case German) law. CRR/CRD 4 became effective on January 1, 2014, with some of the regulatory adjustments being gradually phased in through January 1, 2019. CRR/CRD 4 contains, among other things, detailed rules on regulatory banking capital, increased capital requirements and the introduction of additional capital buffers (which will increase from year to year) as well as new and tightened liquidity standards and the introduction of a leverage ratio not based upon risk-weightings. We are subject to additional capital buffers, including as a result of being designated a global systemically important bank, or G-SIB . In July 2013, U.S. federal bank regulators issued final rules implementing many elements of the Basel 3 capital adequacy framework in the United States. The impact and implementation of the Basel 3 capital adequacy framework is being assessed and monitored by regulators on a regular basis. Further revisions, such as stricter rules on the measurement of risks proposed by the Basel Committee on Banking Supervision, could further increase risk-weighted assets and the corresponding capital demand for banks.

Furthermore, under the SRM Regulation, the BRRD and the German Recovery and Resolution Act, banks in the European Union are required to meet at all times a robust minimum requirement for own funds and eligible liabilities (MREL) which is determined on a case-by-case basis by the competent resolution authority. In addition, on November 9, 2015, the Financial Stability Board (FSB) published a new standard applicable to all G-SIBs (and not only European G-SIBs), such as us, that will require, when transposed as law, G-SIBs, such as us, to meet a new firm-specific minimum requirement for total loss-absorbing capacity (TLAC) starting on January 1, 2019. Also in order to facilitate the meeting of TLAC requirements by German banks, obligations of banks under certain, specifically defined senior unsecured debt instruments issued by them (such as bonds that are not structured products) rank, as from 2017, junior to all other outstanding unsecured unsubordinated obligations of such bank (such as certain structured products), without technically constituting subordinated debt, but continue to rank in priority to contractually or otherwise subordinated debt instruments. Both the TLAC and MREL requirements are specifically designed to require banks to maintain a sufficient amount of instruments which are eligible to absorb losses in resolution with the aim of ensuring that failing banks can be resolved without recourse to taxpayers money. On November, 23, 2016, the European Commission published a proposal to implement the FSB s TLAC standard in the European Union and align it with MREL and also harmonize national rules on the priority of claims of banks creditors in the European Union. This review comes as part of a broader review of the CRR/CRD 4 rules incorporating changes to the market risk framework, liquidity framework and leverage ratio calculation, amongst others. These rules are now subject to the EU co-decision process and will likely be subject to change over the coming months. Furthermore, on December 15, 2016, the Federal Reserve Board adopted final rules that implement the FSB s TLAC standard in the United States. The final rules, which apply beginning in 2019, require, among other things, the U.S.

intermediate holding companies (IHCs) of non-U.S. G-SIBs, including our IHC, DB USA Corporation, to maintain a minimum amount of TLAC, and separately require them to maintain a minimum amount of long-term debt. While the final impact of the MREL and TLAC requirements will depend on their final implementation, the need to comply with such requirements, and the change in ranking of certain debt instruments issued by us, may affect our business, financial condition and results of operation and in particular may increase our financing costs.

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

If we are unable to maintain sufficient capital to meet the statutory minimum capital requirements, the buffer requirements or any specific Pillar 2 capital requirements imposed on us by the ECB or capital ratios expected by the market, we may become subject to enforcement actions and/or restrictions on the pay-out of dividends, share buybacks, payments on our other regulatory capital instruments, and discretionary compensation payments. In addition, any requirement to increase risk-based capital ratios or the leverage ratio could lead us to adopt a strategy focusing on capital preservation and creation over revenue generation and profit growth, including the reduction of higher margin risk-weighted assets. If we are unable to increase our capital ratios to the regulatory minimum in such a case or by raising new capital through the capital markets, through the reduction of risk-weighted assets or through other means, we may be required to activate our group recovery plan. If these actions or other private or supervisory actions do not restore capital ratios to the levels required under the CRR/CRD 4 legislative package, and we are failing or likely to fail, competent authorities may apply resolution powers under the SRM Regulation, the German Recovery and Resolution Act and other applicable rules and regulations, which could lead to a significant dilution of our shareholders or even the total loss of our shareholders or creditors investment.

Moreover, we are required to hold and calculate capital and to comply with rules on liquidity and risk management separately for our local operations in different jurisdictions. In the United States, the Federal Reserve Board has adopted rules that impose enhanced prudential standards on our U.S. operations. In February 2014, the Federal Reserve Board adopted U.S. prudential reforms (the FBO Rules) applicable to foreign banking organizations (FBOs). FBOs with U.S.$ 50 billion or more in U.S. non-branch assets, such as us, were required to establish or designate a separately capitalized top-tier U.S. IHC to hold substantially all of the FBO s ownership interests in U.S. subsidiaries by July 1, 2016. On July 1, 2016, we designated DB USA Corporation as our IHC and, as of that date, DB USA Corporation became subject, on a consolidated basis, to the capital requirements under the U.S. Basel 3 capital framework, capital planning and stress testing requirements (on a phased-in basis), U.S. liquidity buffer requirements and other enhanced prudential standards comparable to those applicable to top-tier U.S. bank holding companies of a similar size. Certain of these requirements also apply to our New York branch. The Federal Reserve Board has the authority to examine DB USA Corporation and any of its subsidiaries, as well as our New York branch. U.S. leverage ratio and supplementary leverage ratio requirements applicable to the IHC will take effect beginning in January 2018.

In September 2014, the Federal Reserve Board and other U.S. regulators approved a final rule implementing liquidity coverage ratio (LCR) requirements for large U.S. banking holding companies and certain of their subsidiary depositary institutions that are generally consistent with the Basel Committee s revised Basel 3 liquidity standards. Deutsche Bank Trust Corporation became subject to a modified, less stringent version of the LCR beginning in January 2016, and DB USA Corporation and Deutsche Bank Trust Company Americas will become subject to the full LCR on April 1, 2017. Once DB USA Corporation becomes subject to the full LCR, Deutsche Bank Trust Corporation will no longer be subject to a standalone LCR requirement.

Table of Contents

On June 1, 2016, the Federal Reserve and other U.S. regulators proposed rules implementing the second element of the Basel 3 liquidity framework, the net stable funding ratio (NSFR), which measures whether an institution maintains sufficiently stable amounts of longer-term funding. Under the proposed rules DB USA Corporation and Deutsche Bank Trust Company Americas would be subject to the full NSFR on January 1, 2018.

Our combined U.S. operations, including our New York branch, are expected to become subject to additional quantitative requirements related to liquidity and risk management.

Deutsche Bank Trust Corporation is subject to risk-based and leverage capital requirements, liquidity requirements, and other enhanced prudential standards applicable to large U.S. bank holding companies. Deutsche Bank Trust Corporation also became subject to capital planning and stress testing requirements on June 30, 2014. On June 29, 2016, the Federal Reserve Board publicly indicated that it had objected to Deutsche Bank Trust Corporation s 2016 capital plan submission due to weaknesses in its capital planning processes. Deutsche Bank Trust Corporation s stressed Common Equity Tier 1 capital ratio, however, was forecast by the Federal Reserve Board to substantially exceed the minimum required ratio under the supervisory severely adverse scenario. Deutsche Bank Trust Corporation will submit its 2017 capital plan, incorporating enhancements to its processes, on April 5, 2017. The Federal Reserve has indicated that this capital plan will be judged publicly only on a quantitative basis. DB USA Corporation will provide its first capital plan submission to the Federal Reserve Board in April 2017; however, the results of its first submission will not be made public by the Federal Reserve Board. Deutsche Bank Trust Corporation will remain subject to the capital planning and stress-testing requirements and certain enhanced prudential standards until corresponding requirements applicable to DB USA Corporation become fully effective in January 2018. It is possible this compliance date will be amended when the final U.S. NSFR rule is published.

Title I of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act) and the implementing regulations require each bank holding company with assets of U.S.$ 50 billion or more, including Deutsche Bank AG, to prepare and submit annually a plan for the orderly resolution of subsidiaries and operations in the event of future material financial distress or failure (the Title I US Resolution Plan). For foreign-based covered companies such as Deutsche Bank AG, the Title I US Resolution Plan only relates to subsidiaries, branches, agencies and businesses that are domiciled in or conducted in whole or in material part in the United States. Deutsche Bank AG filed its most recent Title I US Resolution Plan in July 2015 and, as a foreign-based covered company, was not required to file one in 2016. In addition to the Title I US Resolution Plan, in 2014, Deutsche Bank Trust Company Americas (DBTCA), one of our insured depository institutions (IDIs) in the United States, became subject to the FDIC s final rule requiring IDIs with total assets of U.S.$ 50 billion or more to submit periodically to the FDIC a plan for resolution in the event of failure (the IDI Rule). In 2014, we expanded our Title I US Resolution Plan to also be responsive to the IDI Rule requirements, and in 2015 DBTCA submitted a separate resolution plan under the IDI Rule. Our next Title I US Resolution Plan filing is expected to be due on July 1, 2017. If the Federal Reserve Board and the FDIC were to jointly deem our Title I US Resolution Plan not credible and we failed to remedy the deficiencies in the required timeframe, we could be required to restructure or reorganize businesses, legal entities, operational systems and/or intra-company transactions in ways that may negatively impact our operations and strategy, or could be subject to restrictions on growth. We could also eventually be subjected to more stringent capital, leverage or liquidity requirements, or be required to divest certain assets or operations.

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

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

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

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

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

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

In addition, our annual profit and distributable reserves form an important part of the funds available for us to pay dividends on our shares and make payments on our other regulatory capital instruments, as determined in the case of each such instrument by its terms or by operation of law, and any adverse change in our financial prospects, financial position or profitability, or our distributable reserves, each as calculated on an unconsolidated basis, may have a material adverse effect on our ability to make dividend or other payments on these instruments. In addition, as part of the

implementation of our strategy, we may record impairments that reduce the carrying value of subsidiaries on our unconsolidated balance sheet and reduce profits and distributable reserves. Future impairments or other events that reduce our profit or distributable reserves on an unconsolidated basis could lead us to be unable to make such payments in respect of future years in part or at all. In particular, the direct costs of our potential settlements of litigation, enforcement and similar matters, especially to the extent in excess of provisions we have established for them, and their related business impacts, if they occur, could impact such distributable amounts.

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

Consistent with our updated strategy, our Management Board intends to propose to our Annual General Meeting in May 2017 to resolve the payment of a dividend of 0.19 per share. The dividend to be paid out of Deutsche Bank AG s distributable profit for 2016 determined under German accounting rules for its stand-alone financial statements contains a component reflecting the distributable profit carried forward from 2015 of approximately 165 million and a dividend of 0.11 per share out of the remaining distributable profit for 2016. Overall we expect to pay out a total dividend of approximately 400 million in 2017.

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

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

In Germany, the German Act on the Separation of Risks and Recovery and Resolution Planning for Credit Institutions and Banking Groups (Trennbankengesetz), referred to as the Separation Act , provides that deposit-taking banks and their affiliates are prohibited from engaging in proprietary trading that does not constitute a service for others, high-frequency trading (with the exception of market-making activities), and credit or guarantee transactions with hedge funds and comparable enterprises, unless such activities are transferred to a separate legal entity. The separation requirement applies if certain thresholds are exceeded, which we exceed. In addition, the German Separation Act authorizes the BaFin, since July 1, 2016, to prohibit the deposit-taking bank and its affiliates, on a case-by-case basis, from engaging in market-making and other activities that are comparable to the activities prohibited by law, if these activities may put the solvency of the deposit-taking bank or any of its affiliates at risk. In the event that the BaFin orders such a prohibition, the respective activities must be discontinued or transferred to a separate legal entity (referred to as financial trading institution (Finanzhandelsinstitut)). The prohibition for deposit-taking banks and their affiliates to conduct activities associated with increased risks became effective on July 1, 2015, with a further transitional period of

twelve months to accomplish the separation requirement, unless the BaFin extends this period. For Deutsche Bank Group, the period to cease or transfer activities concerned was extended by the BaFin until June 30, 2017. Non-compliance with the prohibitions set forth in the German Separation Act could ultimately result in civil and criminal liability.

On January 29, 2014, the European Commission published a proposal for a regulation on structural measures improving the resilience of European Union credit institutions (referred to as Proposed Regulation), which if enacted, will impose measures similar to the German Separation Act. The Proposed Regulation would apply to large banks which are either identified as G-SIBs (such as us), or whose total assets and trading activities exceed certain thresholds (which we exceed). If the Proposed Regulation were enacted as proposed, it would, inter alia, ban proprietary trading in financial instruments and commodities. On June 19, 2015, the Council of the European Union agreed its position at first reading on the Proposed Regulation, which contains significant amendments to the Proposed Regulation. If adopted, the Proposed Regulation might overrule certain requirements set out in the German Separation Act at the national level. The ultimate impact on us of the Proposed Regulation will depend on the content of the final version.

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

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

Beyond capital requirements, recovery and resolution planning, separation of certain bank activities and other requirements discussed above, we are affected, or expect to be affected, by various additional regulatory reforms adopted or proposed in the wake of the financial crisis including, among other things, new regulations governing our derivatives activities, compensation, bank levies, deposit protection or a possible financial transaction tax.

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

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

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

Following the financial crisis, bank levies have been introduced in some countries including, among others, Germany and the United Kingdom. We accrued 342 million for bank levies in 2014, 653 million in 2015 and 771 million in 2016. Also, we are required to contribute substantially to the Single Resolution Fund (SRF) under the SRM (which is intended to reach a target level of 1 % of insured deposits of all banks in member states participating in the SRM by the end of 2023) and the statutory deposit guarantee and investor compensation schemes under the recast European Union directive on deposit guarantee schemes (DGS Directive) and the European Union directive on investor compensation schemes. The DGS Directive defines a 0.8 % target level of prefunding by 2024 (similar to resolution funds), which has significantly increased the costs of the statutory deposit protection scheme. In addition, in this context, on November 24, 2015, the European Commission proposed a regulation to establish a European Deposit Insurance Scheme, or EDIS for bank deposits of all credit institutions that are members of any of the current national statutory deposit guarantee schemes of member states participating in the banking union. While the total impact of these future levies cannot currently be quantified, they may have a material adverse effect on our business, financial condition and results of operations in future periods.

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

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

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

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

Market downturns also have led and may in the future lead to declines in the volume of transactions that we execute for our clients and, therefore, to declines in our noninterest income. In addition, because the fees that we charge for managing our clients portfolios are in many cases based on the value or performance of those portfolios, a market downturn that reduces the value of our clients portfolios or increases the amount of withdrawals reduces the revenues we receive from our asset management and private banking businesses. Even in the absence of a market downturn, below-market or negative performance by our investment funds may result in increased withdrawals and reduced inflows, which would reduce the revenue we receive from our asset management business. While our clients would be responsible for losses we incur in taking positions for their accounts, we may be exposed to additional credit risk as a result of their need to cover the losses where we do not hold adequate collateral or cannot realize it. Our business may also suffer if our clients lose money and we lose the confidence of clients in our products and services.

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

We announced the next phase of our strategy in April 2015, gave further details on it in October 2015 and announced an update in March 2017. If we are unable to implement our strategic plans successfully, we may be unable to achieve our financial objectives, or we may incur losses or low profitability or erosions of our capital base, and our financial condition, results of operations and share price may be materially and adversely affected.

We announced the next phase of our strategy in April 2015, gave further details on it in October 2015 and announced an update in March 2017. Our plans included becoming simpler and more efficient by focusing on the markets, products and clients where we are better positioned to succeed, becoming less risky by modernizing our technology and by withdrawing from higher-risk client relationships, becoming better capitalized and running the Bank in a more disciplined way. In October 2015 we announced specific execution measures for each business division and updated our financial targets to highlight the financial objectives of our strategy. In March 2017, we announced an update that includes a number of new steps to further strengthen the Bank and place it in a better position to pursue growth opportunities, including a 8 billion capital raise, the reorganization of our business into three distinct units, the combination of Postbank s and PCB s German business, the establishment of a cost reduction plan as described below, and an update to the Group s targets. The details of our strategy are set forth in Item 4:

Information on the Company Business Overview Our Business Strategy.

Table of Contents

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

In particular, macroeconomic risks and the risks relating to regulatory changes and our legal proceedings may impact our ability to meet our financial and capital targets. As financial targets, we are aiming to achieve a post-tax return on tangible equity of approximately 10 %, assuming a normalized operating environment, in addition to the cost-related targets and net revenues expectations referred to below. Our capital targets comprise a fully loaded Common Equity Tier 1 capital ratio comfortably above 13.0 %, and a leverage ratio of 4.5 % over time. Furthermore, we intend to target a competitive dividend payout ratio for the financial year 2018 and thereafter. Our strategy is based on an ambitious financial plan with, we believe, some buffer for downside scenarios and contingencies. However, the base case scenario for our financial and capital plan includes revenue growth estimates which are dependent on positive macroeconomic developments. Stagnation or a downturn in the macroeconomic environment could significantly impact our ability to generate the revenue growth necessary to achieve these strategic financial and capital targets. Furthermore, even if we are able to grow our revenues in accordance with our strategic plans, the materialization of any of the regulatory changes or the costs for us in terms of the outcomes or necessary changes to our businesses of the litigation and regulatory matters mentioned above, including market speculation about our potential settlement of them, or any other unforeseen risk, could adversely impact our net income and thereby cause us to fall short of our strategic financial and capital targets.

Our capital targets are further dependent on our ability to reduce the size of our balance sheet in accordance with our strategy. We plan disposals of a number of smaller businesses with identified risk-weighted assets (RWAs) of approximately 10 billion and leverage exposure of approximately 30 billion, the majority of which are expected to take place over the next 18 months. We also plan for CIB to separately manage identified legacy asset portfolios with approximately 20 billion of RWA and approximately 60 billion leverage exposure, with a target to reduce them to approximately 12 billion of RWA and approximately 30 billion leverage exposure, respectively, by 2020. Difficult market conditions or regulatory uncertainties may prevent us from being able to dispose of assets at all, or at prices we would consider to be reasonable, thereby causing us either to sell these assets for losses (or losses that are higher than expected) or hold these assets for a longer period of time than desired or planned. If we cannot reduce our RWAs according to plan, we may not be able to achieve the capital targets set out under our strategy.

Our strategy s financial plan also includes substantial cost reduction targets, which we plan to achieve through efficiency gains from implementation of various initiatives. We aim to reduce our adjusted costs to approximately 22 billion by 2018 and approximately 21 billion by 2021, including the impact of retaining Postbank s adjusted costs (2.7 billion in 2016). (We define adjusted costs as noninterest expenses excluding impairment of goodwill and other intangible assets, litigation and restructuring and severance. In 2016 and prior years, we also reported adjusted costs, which in addition excluded policyholder benefits and claims arising from Abbey Life Assurance, which was sold at the end of 2016.) In respect of our reorganized Corporate & Investment Bank division, we expect efficiencies from the combination of the current CIB with GM to result in a reduction of adjusted costs by approximately 0.7 billion by 2018. In respect of our reorganized Private & Commercial Bank division, we estimate the planned restructuring to produce approximately 0.9 billion of cost savings by 2022, and are targeting a cost-income ratio of below 65 % following the completion of its restructuring. Our planned exit from certain businesses, offboarding of certain clients and disposals of

certain assets may entail higher costs or take more time than anticipated and thereby impede us from achieving the cost reductions we have targeted as scheduled or at all. Furthermore, additional costs could arise from any number of anticipated or unanticipated developments, such as costs relating to compliance with additional regulatory requirements and increased regulatory charges. In order to achieve our strategic goals, we expect to incur restructuring and severance costs of approximately 2 billion over the period 2017 to 2021, approximately 70 % of which is expected to be incurred within the next two years. In respect of our reorganized Private & Commercial Bank division, we estimate that restructuring and severance costs for the planned restructuring measures will be approximately 1.0 billion by 2022. Our estimated restructuring and severance charges could ultimately run higher than anticipated, preventing us from achieving our adjusted costs target and the related divisional targets.

In the near term, in relation to our reorganized business divisions Corporate & Investment Bank, Private & Commercial Bank and Deutsche Asset Management, we have communicated our expectations for 2017 in respect of the directional development of our net revenues in the main businesses within each of those divisions.

Our ability to implement our strategy and meet its stated targets, both in the near term and thereafter, is based on a number of additional key assumptions relating to our business and operating model:

- We assume that we will be able to overcome significant challenges arising from our business model. We continue to rely on our trading and markets businesses as a significant source of profit. However, these businesses, in particular our fixed income securities franchise, have continued to face an extremely challenging environment, caused by uncertainty about the duration of the low interest rate environment, central bank intervention in markets and the gradual cessation thereof and overall sluggish economic growth. We are substantially dependent on the performance of these businesses, and this dependency exceeds that of many of our competitors. Many of our businesses dependent on client flow are increasingly challenged in uncertain times. In addition, some of our businesses may be resistant to change, posing risks to the implementation of changes to our business model. Should we be unable to implement this new business model successfully, or should the new business model fail to be profitable, we may not be able to achieve some or all of our strategic goals.
- We assume a continuation of the positive inflows and the return of many clients that we have seen in the first quarter of 2017 following the significant asset outflows and loss of clients in the third quarter of 2016 resulting from negative market perceptions concerning Deutsche Bank around our negotiations with the U.S. Department of Justice. Nevertheless, overall levels remain below those seen before impact of the negative market perceptions, and a renewed negative market focus on Deutsche Bank could end or reverse these positive inflows.
- We assume that we will be able to continue to attract and retain highly qualified staff. Given the operating environment in 2016, the Management Board decided to cancel the discretionary bonus element of the compensation for the Bank s senior employees. Across all our businesses, we need to attract and retain highly qualified staff. The decision to cancel the discretionary bonus element for 2016 may adversely affect our ability to succeed in attracting or retaining highly qualified employees. If our efforts to attract and/or retain employees should fail, this may have a material adverse effect on the our ability to implement our strategy.
- We assume that we will be able to significantly upgrade and reduce the complexity of our infrastructure. We currently operate a highly complex infrastructure, which can compromise the quality of the overall control environment. Establishing a more efficient bank with a strong control environment depends on successfully streamlining and simplifying the IT landscape as well as cultural change. Furthermore, capital and execution plans require robust monitoring and tracking that is dependent on accurate, timely and relevant data. We have undertaken initiatives designed to address existing challenges in our IT and data architecture as well as in our data aggregation capabilities. Potential delays and challenges to implementing these initiatives would impact our ability to achieve efficiency improvements and enhance the control environment, thereby affecting our ability to implement our strategy successfully.

We assume that we will be able to improve our internal control environment. A robust and effective internal control environment is necessary to ensure that we conduct our business in compliance with the laws and regulations applicable to us. We are undertaking several major initiatives to enhance the efficacy of the transaction processing environment, strengthen our controls and manage non-financial risks, in particular as a response to the circumstances that have resulted in many of the litigations and regulatory and enforcement investigations and proceedings to which the Bank has recently been subject. However, we may be unable to complete these initiatives as quickly as we intend or as our regulators demand, and our efforts may be insufficient to prevent all future deficiencies in our control environment or to result in fewer litigations or regulatory and enforcement investigations and proceedings in the future. Furthermore, implementation of enhanced controls may result in higher than expected costs of regulatory compliance that could offset efficiency gains. Any of these factors could affect our ability to implement our strategy in a timely manner or at all.

We assume that the buffers we have included in our financial targets will be sufficient to reflect a plausible range of downside scenarios and that absent more substantial dislocations we will be able to achieve the targets. However, the buffers that we have provided for in order to achieve these goals may prove to be insufficient in a downside scenario. Should this risk materialize as a result of the macroeconomic, regulatory, litigation or other factors discussed above, we may fail to meet our strategic targets.

Our plan for 2017 is based on assumed foreign exchange rates of EUR/USD 1.01 and EUR/GBP 0.88.

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

As part of our March 2017 updates to our strategy, we announced our intention to reconfigure our Global Markets, Corporate Finance and Transaction Banking businesses into a single, corporate client-led Corporate & Investment Banking division to position ourselves for growth through increased cross-selling opportunities for Deutsche Bank s higher return corporate clients. Clients may choose not to expand their businesses or portfolios with us, thereby negatively influencing our ability to capitalize on these opportunities.

As part of our strategic initiatives announced in March 2017, we intend to reconfigure our Global Markets, Corporate Finance and Transaction Banking businesses into a single, corporate client-led Corporate & Investment Banking division. The combination is intended to promote a more seamless and aligned offering of products to clients, meaningfully enhance cross selling opportunities, ensure better client rationalization with resources being focused on higher return relationships, and achieve greater cost and asset efficiencies to drive improved returns. The franchise is intended to be primarily a corporate-client focused business, while retaining a focused institutional client business. Our corporate clients product needs, business plans and general willingness to engage into a deeper banking relationship with us will ultimately determine whether we are successful in capturing this anticipated spending. Should we be unable to deliver on the cross-selling efforts due to either lack of client demand, product availability or quality or delivery, there is a risk that this could negatively influence our ability to capitalize on these opportunities. The aforementioned macroeconomic, geo-political and regulatory risks also pose a challenge to the operating models of our Corporate & Investment Bank clients, and our ability to capture the incremental opportunity. In addition, in connection with the formation of the new Corporate & Investment Bank division, Deutsche Bank will be required by the relevant accounting rules to allocate the businesses being reconfigured into one or more cash generating units (CGUs) within the new division. Depending on the outcome of this accounting determination, some or all of the goodwill in the existing Corporate & Investment Banking CGU, amounting to 532 million as of December 31, 2016, may be offset by the shortfall in recoverable amount of the current Global Markets CGU such that this goodwill would be written off on consummation of the reconfiguration. Any such writedown would have an equivalent adverse effect on the statement of income of the Group for the period in which it occurs.

As part of our March 2017 updates to our strategy, we announced our intention to retain and combine Deutsche Postbank AG (together with its subsidiaries, Postbank) with our existing retail and commercial operations, after earlier having announced our intention to dispose of Postbank. We may face difficulties integrating Postbank into the Group following the completion of operational separability

from the Group. Consequently, the cost savings and other benefits we expect to realize may only come at a higher cost than anticipated, or may not be realized at all.

As part of our strategy, we initially announced our intention to dispose of Postbank. However, we have since decided to retain Postbank and combine it with our existing German retail and commercial operations over the next five years. This shift from the prior strategy reflects a number of evolving factors, including our belief that growth in small and mid-sized German corporate clients and private banking clients will continue, changes in the expected regulatory requirements and market expectations for leverage ratios of European banks, the positive impact on the business model of retaining a large and stable business with a substantial deposit base, our revised view on the possible degree of integration of Postbank and the resulting scale and incremental synergies, and future growth opportunities we have identified, reflecting a potential improvement in the macroeconomic outlook and the changing dynamics in private and commercial banking, the growing likelihood of eventual industry consolidation in German retail banking and the continued positive opportunities presented by digitization. We expect that the integration of Postbank will create Germany s largest private and commercial bank. This integration is intended to achieve cost efficiencies by more readily permitting rationalization of central functions, improved efficiency across technology platforms and infrastructure and more efficient investment in areas including digitization, distribution channels and regulatory change.

In furtherance of the earlier plan to deconsolidate Postbank, we engaged in a project to separate Postbank operationally from the Deutsche Bank Group. This process was completed at the end of the second quarter of 2016. We estimate that the total cost of the planned restructuring measures to integrate Postbank into the Group will be 1.9 billion, with restructuring and severance costs estimated to be approximately 1.0 billion by 2022 and the remainder related to IT and other costs, and we are targeting benefits of 0.9 billion in annual cost savings by 2022. By the end of 2018 we expect to finalize the existing transformation programs, which we anticipate will result in cost reductions of 0.4 billion. Unforeseen difficulties may emerge in connection with the integration efforts, including potential difficulties due to differing IT systems, difficulties in integrating personnel, the commitment of management resources in connection with the integration process and the potential loss of key personnel. The benefits, cost and timeframe of the integration could be adversely affected by any of these factors, as well as a variety of factors beyond our and Postbank s control, such as negative market developments. Should any of these risks materialize, the cost savings and other benefits we expect to realize from the integration may only come at a higher cost than anticipated, or may not be realized within the period we anticipate or to the extent we plan, or at all.

As part of our March 2017 updates to our strategy, we announced our intention to create an operationally segregated Asset Management division through a partial initial public offer (IPO). If economic or market conditions, or the financial position, results of operations and business prospects of Deutsche AM, are unfavorable, or if any required regulatory approvals are not obtained or would be available only on disadvantageous terms, we may not be able to sell a stake in Deutsche AM at a favorable price or timing, or at all. Additionally, we may not be able to capitalize on the expected benefits that we believe an operationally segregated Deutsche AM can offer.

One of the three incremental strategic initiatives we announced in March 2017 is our intention to create a segregated Asset Management business and offer a portion of it in an initial public offer (IPO). We believe that the growth potential of Deutsche Asset Management (Deutsche AM) has been constrained by its full ownership by the Bank, with reputational issues and wider market concerns around Deutsche Bank s capital strength in late 2016 affecting Deutsche AM. Additionally, resourcing limitations, as Deutsche Bank has pursued its restructuring efforts, further constrained Deutsche AM. We therefore believe that Deutsche AM remains undervalued in the current corporate structure. Accordingly, we intend to sell a minority stake in Deutsche AM and provide the division with more flexibility to enhance its ability to pursue growth opportunities globally and gain market share. We intend to complete the IPO over the next 24 months, subject to market conditions.

However, we may have difficulties selling a stake in Deutsche AM at a favorable price or timing, or at all. Our ability to sell a stake in Deutsche AM will, among other things, depend on economic, regulatory and market conditions, particularly those relevant to the asset management business in Germany. Our ability to sell a stake in Deutsche AM will also depend on the financial position, results of operations and business prospects of Deutsche AM. Furthermore, the steps necessary to implement an IPO, even of a minority stake, may require the approval of relevant regulators in the European Union, the United States and elsewhere. If economic, regulatory or market conditions, or the financial position, results of operations and business prospects of Deutsche AM, are unfavorable, or if regulatory approvals are not obtained or would be available only on disadvantageous terms, we may not be able to sell a stake in Deutsche AM at a favorable price or timing, or at all.

Additionally, we may not be able to capitalize upon the expected benefits that we believe a more operationally segregated Deutsche AM has to offer. Furthermore, an IPO of Deutsche AM may not entirely mitigate the market concerns about Deutsche Bank that impacted Deutsche AM s business in 2016.

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

As part of our strategy, we are seeking to continue to reduce our assets, including in particular those of our Global Markets corporate division (which will become part of the new CIB corporate division), which include assets transferred to such division at the beginning of 2017 upon the closing of our Non-Core Operations Unit. We are planning to dispose of businesses with identified risk-weighted assets of approximately 10 billion and leverage exposure of approximately 30 billion, the majority of which we plan to complete over the next 18 months. We also plan for CIB to separately manage identified legacy asset portfolios with approximately 20 billion of RWA and approximately 60 billion leverage exposure, with a target to reduce them to approximately 12 billion of RWA and approximately 30 billion leverage exposure, respectively, by 2020. We also have other assets that are not part of our core business, and we may seek to sell them or otherwise reduce the amount and the risk of our exposure to them.

These reductions are part of our strategy to simplify and focus our business and to meet or exceed the new capital and leverage requirements by reducing risk-weighted assets and leverage exposures and thereby improving our capital and leverage ratios, as well as to help us meet our return on tangible equity target. This strategy may prove difficult in the current and future market environment as many of our competitors are also seeking to dispose of assets to improve their capital and leverage ratios and returns on equity. We have already sold a substantial portion of our non-core assets, and our remaining non-core assets may be particularly difficult for us to sell as quickly as we have expected at prices we deem acceptable. Also, we are often a passive investor in such investments and as such we are reliant on the actions of third parties. Where we sell companies or businesses, we may remain exposed to certain of their losses or risks under the terms of the sale contracts, and the process of separating and selling such companies or businesses may give rise to operating risks or other losses. Unfavorable business or market conditions may make it difficult for us to sell companies, businesses or assets at favorable prices, or may preclude a sale altogether.

If we cannot reduce our assets according to plan, we may not be able to achieve the capital targets set out under our strategy.

A robust and effective internal control environment is necessary to ensure that we conduct our business in compliance with the laws and regulations applicable to us. We have identified the need to strengthen our internal control environment and have embarked on initiatives to accomplish this. If these initiatives are not successful or are delayed, our reputation, regulatory position and financial condition may be materially adversely affected, and our ability to achieve our strategic ambitions may be impaired.

Our businesses are highly dependent on our ability to maintain a robust and effective internal control environment. This is needed for the Bank to process and monitor, on a daily basis, a wide variety of transactions many of which are highly complex and occur at high speeds, volumes and frequencies, across numerous and diverse markets and currencies. However, the infrastructure (comprising people, policies and procedures, controls testing and IT systems) that underlies our internal control environment sometimes is not sufficiently comprehensive or well integrated across the Bank. In particular, the infrastructure requires, especially in the case of our IT infrastructure, the use of numerous platforms that are fragmented across the Bank. Therefore our business processes often require manual procedures and actions that make information available for management more prone to human error than would be the case with more seamlessly integrated systems. These processes span processing and settling transactions, valuation of assets, identifying risks, escalating reviews and mitigation and remediating actions, as well as regulatory reporting and other data processing and compliance activities. As a result, it is often difficult and labor intensive for us to obtain information of a consistently high quality and on a timely basis to manage our risk levels and to comply with regulatory reporting and other compliance requirements. Furthermore, it takes intensive efforts to identify, when possible, inappropriate behavior by our staff and attempts by third parties to misuse our services as a conduit for prohibited activities, including those relating to anti-financial crime laws and regulation.

Against this backdrop, our regulators, our Management Board and our Group Audit function have increasingly and more intensively focused on our internal controls through numerous formal reviews and audits of its operations. These reviews and audits have identified various areas for improvement relating to certain elements of our control environment. These include the infrastructure relating to transaction capturing and recognition, classification of assets, asset valuation frameworks and data and process consistency. They also include regulatory reporting, anti-money laundering (AML), know your customer and other internal processes that are aimed at preventing use of our products and services for the purpose of committing or concealing financial crime. As one example, our recent settlement with the UK Financial Conduct Authority (FCA) relating to trading activities involving our Russian operations stemmed in part from the FCA s review of the AML control functions in our investment bank.

In order to improve in the areas discussed above, we are undertaking several major initiatives to enhance the efficacy of the transaction processing environment, strengthen our controls and manage non-financial risks. We believe that these initiatives will better enable us to avoid the circumstances that have resulted in many of the litigations and regulatory and enforcement investigations and proceedings to which we have recently been subject. In particular, we are making efforts to reduce the complexity of our business and to integrate and automate processes and business line controls. We have also exited certain businesses, for example in Russia, selectively off-boarded a number of clients, worked to strengthen our compliance culture and control functions and increased the size of our Group Audit function. However, we may be unable to complete these initiatives as quickly as we intend or as our regulators demand, and our efforts may be insufficient to prevent all future deficiencies in our control environment or to result in fewer litigations or regulatory and enforcement investigations and proceedings in the future. If we are unable to significantly improve our control environment in a timely manner, some of our regulators may require us to reduce our exposure to certain kinds of products or businesses, counterparties or regions, which could, depending on the extent of such requirement, significantly challenge our ability to operate profitably under our current business model.

Regulators can also impose capital surcharges, requiring capital buffers in addition to those directly required under the regulatory capital rules applicable to us, to reflect the additional risks posed by deficiencies in our control environment. In extreme cases, regulators can suspend our permission to operate in the businesses and regions within their jurisdictions. Furthermore, implementation of enhanced controls may result in higher than expected costs of regulatory compliance that could offset or exceed efficiency gains. Any of these factors could affect our ability to implement our strategy in a timely manner or at all.

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

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

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

We are under continuous examination by tax authorities in the jurisdictions in which we operate. Tax laws are increasingly complex. In the current political and regulatory environment, tax administrations and courts interpretation of tax laws and regulations and their application are evolving, and scrutiny by tax authorities has become increasingly intense. Wide ranging changes in the principles of international taxation emanating from the OECD s Base Erosion and Profit Shifting agenda are generating significant uncertainties for us and our subsidiaries and may result in an increase in instances of bilateral tax disputes going forward, as member states may take different approaches in transposing these requirements into national law. In addition, tax administrations have focused on the eligibility of taxpayers for relief from or reduced withholding taxes on dividends in connection with certain cross-border lending or derivative transactions as well as reduced withholding taxes on other payments (with Germany recently reforming the German Investment Tax Act (*Investmentsteuergesetz*) in this area), thus causing uncertainties in the application of existing withholding tax principles. As a result, the cost to us arising from the conclusion and resolution of routine tax examinations, tax litigation and other forms of tax proceedings or tax disputes, as well as from rapidly changing and increasingly complex and uncertain tax laws and principles, may increase and may adversely affect our business, financial condition and results of operation.

Actions currently pending against us or our current or former employees may not only result in judgments, settlements, fines or penalties, but may also cause substantial reputational harm to us. The risk of damage to our reputation arising from such proceedings is also difficult or impossible to quantify.

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

In addition, the financial impact of legal risks arising out of matters similar to some of those we face have been very large for a number of participants in the financial services industry, with fines and settlement payments greatly exceeding what market participants may have expected and, as noted above, escalating steeply over the last few years to unprecedented levels. The experience of others, including settlement terms, in similar cases is among the factors we take into consideration in determining the level of provisions we maintain in respect of these legal risks. Recent developments in cases involving other financial institutions have led to greater uncertainty as to the predictability of outcomes and could lead us to add to our provisions. Moreover, the costs of our investigations and defenses relating to these matters are themselves substantial. Further uncertainty may arise as a result of a lack of coordination among regulators from different jurisdictions or among regulators with varying competencies in a single jurisdiction, which may make it difficult for us to reach concurrent settlements with each regulator. Should we be subject to financial impacts arising out of litigation and regulatory matters to which we are subject in excess of those we have calculated in accordance with our expectations and the relevant accounting rules and contrary to our publicly communicated expectation that 2015 and 2016 were peak years for the financial impact of litigation and regulatory matters, our provisions in respect of such risks may prove to be materially insufficient to cover these impacts. This could have a material adverse effect on our results of operations, financial condition or reputation as well as on our ability to maintain capital, leverage and liquidity ratios at levels expected by market participants and our regulators. In such an event, we could find it necessary to reduce our risk-weighted assets (including on terms disadvantageous to us) or substantially cut costs to improve these ratios, in an amount corresponding to the adverse effects of the provisioning shortfall.

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

We have received requests for information from certain regulatory and law enforcement agencies globally who are investigating trading, and various other aspects, of the foreign exchange market. We are cooperating with these investigations. The investigations underway have the potential to result in the imposition of significant financial penalties and other consequences for us. Relatedly, we have conducted our own internal global review of foreign exchange trading and other aspects of our foreign exchange business.

The CFTC Division of Enforcement has issued a letter notifying us that the CFTC has closed its foreign exchange investigation of us, and the DOJ, Criminal Division, Fraud Section, has issued a letter notifying Deutsche Bank that the DOJ has closed its criminal inquiry concerning possible violations of federal criminal law in connection with the foreign exchange markets. Both letters noted that the respective authorities may reopen their investigations in the future. Further, such letters have no binding impact on other regulatory and law enforcement agency investigations regarding our foreign exchange trading and practices, which remain pending. On December 7, 2016, it was announced that we have reached an agreement with CADE, the Brazilian antitrust enforcement agency, to settle an investigation into conduct in the foreign exchange market by a former Brazil-based Deutsche Bank trader. This has had the effect of bringing to a close CADE s administrative process as far as it relates to us. Investigations conducted by certain other regulatory and law enforcement agencies are ongoing and we are cooperating with these investigations.

We have also been named as a defendant in multiple putative class actions brought in the U.S. District Court for the Southern District of New York alleging antitrust and U.S. Commodity Exchange Act claims relating to the alleged manipulation of foreign exchange rates. There are now four actions pending. The first pending action is a consolidated action brought on behalf of putative classes of over-the-counter traders and central-exchange traders and alleges illegal agreements to restrain competition with respect to and to manipulate both benchmark rates and spot rates, particularly the spreads quoted on those spot rates; the complaint further alleges that those supposed conspiracies, in turn, resulted in artificial prices on centralized exchanges for foreign exchange futures and options. Our motion to dismiss the consolidated action was granted in part and denied in part on September 20, 2016. A second action tracks the allegations in the consolidated action and asserts that such purported conduct gave rise to, and resulted in a breach of, defendants fiduciary duties under the U.S. Employment Retirement Income Security Act of 1974 (ERISA). The third putative class action alleges that we rejected FX orders placed over electronic trading platforms through the application of a function referred to as Last Look and that these orders were later filled at prices less favorable to putative class members. Plaintiff has asserted claims for breach of contract, quasi-contractual claims, and claims under New York statutory law. The fourth putative class action tracks the allegations in the consolidated action and asserts that such purported conduct injured indirect purchasers of FX instruments. These claims are brought pursuant to the Sherman Act, New York s Donnelly Act, California s Cartwright Act and California s Unfair Competition Law.

On August 24, 2016, the Court granted defendants motion to dismiss the ERISA action. Plaintiffs in that action filed an appellate brief in the United States Court of Appeals for the Second Circuit on January 9, 2017. On February 14, 2017, the court granted in part and denied in part our motion to dismiss the Last Look action. We moved to dismiss the indirect purchasers action on January 24, 2017. Discovery has commenced in the consolidated and Last Look actions. Discovery has not yet commenced in the ERISA and indirect purchasers actions.

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

Table of Contents

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

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

We have received requests for information from various regulatory and law enforcement agencies, including various U.S. states attorneys general, in connection with industry-wide investigations concerning the setting of the London Interbank Offered Rate (LIBOR), Euro Interbank Offered Rate (EURIBOR), Tokyo Interbank Offered Rate (TIBOR) and other interbank offered rates. We are cooperating with these investigations. The investigations underway have the potential to result in the imposition of significant financial penalties and other consequences for the Bank.

As previously reported, we reached a settlement with the European Commission on December 4, 2013 as part of a collective settlement to resolve the European Commission s investigations in relation to anticompetitive conduct in the trading of Euro interest rate derivatives and Yen interest rate derivatives. Under the terms of the settlement agreement, we agreed to pay 725 million in total.

Also as previously reported, on April 23, 2015, we entered into separate settlements with the DOJ, the CFTC, the UK Financial Conduct Authority (FCA), and the New York State Department of Financial Services (DFS) to resolve investigations into misconduct concerning the setting of LIBOR, EURIBOR, and TIBOR. Under the terms of these agreements, we agreed to pay penalties of U.S.$ 2.175 billion to the DOJ, CFTC and DFS and GBP 226.8 million to the FCA. These fines have been paid in full, save for U.S.$150 million that is payable to the DOJ, subject to court approval (currently scheduled for March 28, 2017), following the sentencing of DB Group Services (UK) Ltd. (an indirectly-held, wholly-owned subsidiary of ours) in connection with its guilty plea to one count of wire fraud. As part of the resolution with the DOJ, we entered into a Deferred Prosecution Agreement with a three year term pursuant to which we agreed (among other things) to the filing of an Information in the U.S. District Court for the District of Connecticut charging us with one count of wire fraud and one count of price fixing in violation of the Sherman Act.

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

As reported above, we are subject to an inquiry by a working group of U.S. state attorneys general in relation to the setting of LIBOR, EURIBOR, and TIBOR. We continue to cooperate with the U.S. state attorneys generals inquiry. Other investigations of us concerning the setting of various interbank offered rates remain ongoing, and we remain exposed to further action.

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

(SGD) benchmark rates, the Singapore Interbank Offered Rate (SIBOR) and the Swap Offer Rate (SOR).

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

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

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

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

In addition, we are a defendant in Canadian class action proceedings in the province of Ontario concerning gold and in the provinces of Ontario and Quebec concerning silver. Each of the proceedings seeks damages for alleged violations of the Canadian Competition Act and other causes of action. These complaints may result in material liability for us.

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

We have investigated the circumstances around equity trades entered into by certain clients with us in Moscow and London that offset one another. The total volume of the transactions under review is significant. Our internal investigation of potential violations of law, regulation and policy and into the related internal control environment has concluded, and we are assessing the findings identified during the investigation; to date we have identified certain violations of our policies and deficiencies in our control environment. We have advised regulators and law enforcement authorities in several jurisdictions (including Germany, Russia, the UK and U.S.) of this investigation and have taken disciplinary measures with regards to certain individuals in this matter and will continue to do so with respect to others as warranted. On January 30 and 31, 2017, the New York State Department of Financial Services (DFS) and UK Financial Conduct Authority (FCA) announced settlements with the Bank related to their investigations into this matter. The settlements conclude the DFS and the FCA s investigations into the bank s anti-money laundering (AML) control function in its investment banking division, including in relation to the equity trading described above. Under the terms of the settlement agreement with the DFS, Deutsche Bank entered into a Consent Order, and agreed to pay civil monetary penalties of U.S.$ 425 million and to engage an independent monitor to conduct a comprehensive review of its existing AML compliance programs that pertain to or affect activities conducted by or through DBTCA and our New York branch for a term of up to two years. Under the terms of the settlement agreement with the FCA, Deutsche Bank agreed to pay civil monetary penalties of approximately GBP 163 million. The settlement amounts were already materially reflected in existing litigation reserves. Deutsche Bank is cooperating with other regulators and law enforcement authorities (including the DOJ and the Federal Reserve), which have their own ongoing investigations into these securities trades. In the event that violations of law or regulation are found to have occurred, legal and regulatory sanctions in respect thereof may materially and adversely affect our results of operations, financial condition and reputation.

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

We have received requests for information from certain regulatory and law enforcement agencies concerning our historical processing of U.S. dollar payment orders through U.S. financial institutions for parties from countries subject to U.S. embargo laws. These agencies are investigating whether such processing complied with U.S. federal and state laws. On November 3, 2015, we entered into agreements with the New York State Department of Financial Services and the Federal Reserve Bank of New York to resolve their investigations of us. We paid the two agencies U.S.$ 200 million and U.S.$ 58 million, respectively, and agreed to terminate certain employees, not rehire certain former employees and install an independent monitor for one year. In addition, the Federal Reserve Bank of New York ordered certain remedial measures, specifically, the requirement to ensure an effective OFAC compliance program and an annual review of such program by an independent party until the Federal Reserve Bank of New York is satisfied as to its effectiveness. We continue to provide information to and otherwise cooperate with other investigating agencies (which include the DOJ). While it is too early to predict, the eventual outcomes of the investigations to which we are subject may materially and adversely affect our results of operations, financial condition and reputation.

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

From 2005 through 2008, as part of our U.S. residential mortgage loan business, we sold approximately U.S.$ 84 billion of loans into private label securitizations and U.S.$ 71 billion through whole loan sales. We have been, and may in the future be, presented with demands to repurchase loans from purchasers, investors and financial insurers based on alleged material breaches of representations and warranties or to indemnify such persons with respect to losses allegedly caused thereby. Our general practice is to process valid repurchase claims that are presented in compliance with contractual rights and applicable statutes of limitations. As of December 31, 2016, we have approximately U.S.$ 847 million of mortgage repurchase demands outstanding and not subject to agreements to rescind (based on original principal balance of the loans). Against these outstanding demands, we have established provisions of U.S.$ 173 million (164 million) as of December 31, 2016 (for part of which we are indemnified). As with provisions generally, however, it is possible that the provisions we have established may ultimately be insufficient, either with respect to particular claims or with respect to the full set of claims that have been or may be presented. There are other potential mortgage repurchase demands that we anticipate may be made, but we cannot reliably estimate their timing or amount. As of December 31, 2016, we have completed repurchases, obtained agreements to rescind or otherwise settled claims on loans with an original principal balance of approximately U.S.$ 8.8 billion. In connection with those repurchases, agreements and settlements, we have obtained releases for potential claims on approximately U.S.$ 98.1 billion of loans sold by us as described above.

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

As is the case with a significant number of other participants in the mortgage securitizations market and as described in Note 30 Provisions to the consolidated financial statements, we have received subpoenas and requests for information from certain regulators and government entities concerning our activities regarding the origination, purchase, securitization, sale, valuation and/or trading of mortgage loans, RMBS, commercial mortgage-backed securities (CMBS), collateralized debt obligations (CDOs), other asset-backed securities and credit derivatives. We are cooperating fully in response to those subpoenas and requests for information. Some of these investigations are similar in nature to those that led to other financial institutions entering into settlements with members of the Residential Mortgage-Backed Securities Working Group of the U.S. Financial Fraud Enforcement Task Force and paying significant penalties.

Discussions with the DOJ concerning a settlement of potential claims that the DOJ was considering bringing based on its investigation of our RMBS origination and securitization activities began with an initial demand of U.S.$ 14 billion on September 12, 2016. On December 23, 2016, we announced that we reached a settlement-in-principle with the DOJ to resolve potential claims related to our RMBS business conducted from 2005 to 2007. The settlement became final and was announced by the DOJ on January 17, 2017. Under the settlement, we paid a civil monetary penalty of U.S.$ 3.1 billion and agreed to provide U.S.$ 4.1 billion in consumer relief. Other investigations of us concerning the foregoing businesses remain ongoing, and we remain exposed to further action.

We also have numerous pending lawsuits against us or our affiliates as issuer, underwriter and/or trustee of RMBS. Such pending RMBS litigations are in various stages and we continue to defend these actions vigorously while seeking opportunities to achieve sensible out of court resolutions.

Legal and regulatory proceedings are subject to many uncertainties, and the outcome of individual matters is not predictable. The extent of our financial exposure to these matters could be material, and our reputation may suffer material harm as a result of these matters.

We are currently involved in civil proceedings in connection with our voluntary takeover offer for the acquisition of all shares of Postbank. The extent of our financial exposure to this matter could be material, and our reputation may be harmed.

On September 12, 2010, we announced the decision to make a voluntary takeover offer for the acquisition of all shares in Deutsche Postbank AG. On October 7, 2010, we published the official offer document. In our takeover offer, we offered Postbank shareholders consideration of 25 for each Postbank share. The takeover offer was accepted for a total of approximately 48.2 million Postbank shares.

In November 2010, a former shareholder of Postbank, Effecten-Spiegel AG, which had accepted the takeover offer, brought a claim against us alleging that the offer price was too low and was not determined in accordance with the applicable law of the Federal Republic of Germany. The plaintiff alleges that we had been obliged to make a mandatory takeover offer for all shares in Deutsche Postbank AG, at the latest, in 2009. The plaintiff avers that, at the latest in 2009, the voting rights of Deutsche Post AG in Deutsche Postbank AG had to be attributed to us pursuant to Section 30 of the German Takeover Act. Based thereon, the plaintiff alleges that the consideration offered by us for the shares in Deutsche Postbank AG in the 2010 voluntary takeover offer needed to be raised to 57.25 per share.

The Cologne District Court dismissed the claim in 2011 and the Cologne appellate court dismissed the appeal in 2012. The Federal Court set aside the Cologne appellate court s judgment and referred the case back to the appellate court. In its judgment, the Federal Court stated that the appellate court had not sufficiently considered the plaintiff s allegation that we and Deutsche Post AG acted in concert in 2009. The Cologne appellate court has scheduled a further hearing for November 8, 2017.

Starting in 2014, additional former shareholders of Deutsche Postbank AG, who accepted the 2010 tender offer, brought similar claims as Effecten-Spiegel AG against us which are pending with the Cologne District Court, and three of these plaintiffs applied for model case proceedings *(Musterverfahren)* under the German Capital Markets Model Case Act. The Cologne District Court has heard these follow-on matters on January 27, 2017 and announced its intention to publish a decision on April 28, 2017.

In September 2015, former shareholders of Deutsche Postbank AG filed in the Cologne District Court shareholder actions against Deutsche Postbank AG to set aside the squeeze-out resolution taken in the shareholders meeting of Deutsche Postbank AG in August 2015. Among other things, the plaintiffs allege that we (Deutsche Bank AG) were subject to a suspension of voting rights with respect to our shares in Postbank based on the allegation that we failed to make a mandatory takeover offer at a higher price in 2009. The squeeze out is final and the proceeding itself has no reversal effect, but may result in damage payments. The claimants in this proceeding refer to legal arguments similar to those asserted in the Effecten-Spiegel proceeding described above. The Cologne District Court indicated its intention to announce a decision in the spring of 2017.

The extent of our financial exposure to this matter could be material, and our reputation may be harmed.

We are currently involved in civil and criminal proceedings in connection with transactions with Monte dei Paschi di Siena. The extent of our financial exposure to these matters could be material, and our reputation may be harmed.

In February 2013 Banca Monte Dei Paschi Di Siena, which we refer to as MPS , issued civil proceedings in Italy against us alleging that we assisted former MPS senior management in an accounting fraud on MPS, by undertaking repo transactions with MPS and Santorini , a wholly owned SPV of MPS, which helped MPS defer losses on a previous transaction undertaken with us. Subsequently, in July 2013, the Fondazione Monte Dei Paschi, MPS largest shareholder, also commenced civil proceedings in Italy for damages based on substantially the same facts. In December 2013, we reached an agreement with MPS to settle the civil proceedings and the transactions were unwound at a discount for MPS. The civil proceedings by the Fondazione Monte Dei Paschi, in which damages of between 220 million and 381 million are claimed, remain pending. The Fondazione s separate claim filed in July 2014 against their former administrators and a syndicate of 12 banks including DB S.p.A. for 286 million has resumed before the Florence Court.

A criminal investigation was launched by the Siena Public Prosecutor into the transactions and certain unrelated transactions entered into by MPS with other parties. Such investigation was moved in summer 2014 from Siena to the Milan Public Prosecutors as a result of a change in the alleged charges being investigated. On February 16, 2016, the Milan Public Prosecutors issued a request of committal to trial against us and six current and former employees. The committal process concluded with a hearing on October 1, 2016, during which the Milan court committed all defendants in the criminal proceedings to trial. Our potential exposure is for administrative liability under Italian Legislative Decree n. 231/2001 and for civil vicarious liability as an employer of current and former employees who are being criminally prosecuted. Trial commenced on December 15, 2016 and is ongoing. We continue to cooperate and update our regulators. The extent of our financial exposure to these matters could be material, and our reputation may suffer material harm as a result of these matters.

We are currently involved in a legal dispute with the German tax authorities in relation to the tax treatment of certain income received with respect to our pension plan assets. The proceeding is pending in front of the relevant lower fiscal court. Should the courts ultimately rule in favor of the German tax authorities, the outcome could have a material effect on our comprehensive income and financial condition.

We sponsor a number of post-employment benefit plans on behalf of our employees. In Germany, the pension assets that fund the obligations under these pension plans are held by Benefit Trust GmbH. The German tax authorities are challenging the tax treatment of certain income received by Benefit Trust GmbH in the years 2010 to 2013 with respect to its pension plan assets. For the year 2010 Benefit Trust GmbH paid the amount of tax and interest assessed of 160 million to the tax authorities and is seeking a refund of the amounts paid in litigation with the relevant lower fiscal court. For 2011 to 2013 the matter is stayed pending the outcome of the 2010 tax litigation. The amount of tax and interest under dispute for years 2011 to 2013, which also has been paid to the tax authorities, amounts to 456 million. Any decision by the lower fiscal court is potentially subject to appeal by either party and thus a resolution of the matter may not take place for a number of years. An ultimate decision by the courts that is unfavorable to us could materially and adversely affect our comprehensive income and financial condition.

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

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

Guilty pleas or convictions against us or our affiliates could lead to our ineligibility to use an important trading exemption under ERISA. In particular, such guilty pleas or convictions could cause our affiliates to no longer qualify as a qualified professional asset manager (QPAM) under the QPAM Prohibited Transaction Exemption, which exemption is relied on to provide asset management services to certain pension plans in connection with certain asset management strategies. Loss of QPAM status could cause customers who rely on such status (whether because they are legally required to do so or because we have agreed contractually with them to maintain such status) to cease to do business or refrain from doing business with us and could negatively impact our reputation more generally. In addition, other clients may mistakenly see the loss as a signal that we are somehow no longer approved by the U.S. Department of Labor (DOL), the agency responsible for ERISA, and cease to do business or refrain from doing business with us for that reason. This could have a material adverse effect on our results of operations, particularly those of our asset management business in the United States. We have filed an application with the DOL for exemptive relief permitting us to retain our QPAM status despite both the guilty plea of DB Group Services (UK) Ltd. and the conviction of Deutsche Securities Korea Co. The DOL has granted us a temporary QPAM exemption, effective through the earlier of April 23, 2017 or the effective date of a permanent QPAM exemption, if granted to us by the DOL, covering both the guilty plea and the conviction. We have provided additional information to the DOL in support of our QPAM application which is still pending with the DOL. It is unclear whether the QPAM application will be approved, and a denial, and thus loss of QPAM status, could occur, with the potential for the adverse effects described above.

In addition to our traditional banking businesses of deposit-taking and lending, we also engage in nontraditional credit businesses in which credit is extended in transactions that include, for example, our holding of securities of third parties or our engaging in complex derivative transactions. These nontraditional credit businesses materially increase our exposure to credit risk.

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

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

Many of our derivative transactions are individually negotiated and non-standardized, which can make exiting, transferring or settling the position difficult. Certain credit derivatives require that we deliver to the counterparty the underlying security, loan or other obligation in order to receive payment. In a number of cases, we do not hold, and may not be able to obtain, the underlying security, loan or other obligation. This could cause us to forfeit the payments otherwise due to us or result in settlement delays, which could damage our reputation and ability to transact future business, as well as impose increased costs on us. Recently enacted legislation in the European Union (EMIR) and the U.S. (the Dodd-Frank Act) has introduced requirements for the standardization, margining, central clearing and transaction reporting of certain over-the-counter derivatives. While such requirements are aimed at reducing the risk posed to counterparties and the financial system by such derivatives, they may reduce the volume and profitability of the transactions in which we engage, and compliance with such provisions may impose substantial costs on us.

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

A substantial proportion of the assets and liabilities on our balance sheet comprise financial instruments that we carry at fair value, with changes in fair value recognized in our income statement. As a result of such changes, we have incurred losses in the past, and may incur further losses in the future.

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

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

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

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

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

In addition, our more qualitative approach to managing those risks not taken into account by our quantitative methods could also prove insufficient, exposing us to material unanticipated losses. Also, if existing or potential customers or counterparties believe our risk management is inadequate, they could take their business elsewhere or seek to limit their transactions with us. This could harm our reputation as well as our revenues and profits. See Management Report: Risk Report beginning on page 88 of the Annual Report 2016 for a more detailed discussion of the policies, procedures and methods we use to identify, monitor and manage our risks.

Operational risks, which may arise from errors in the performance of our processes, the conduct of our employees, instability, malfunction or outage of our IT system and infrastructure, or loss of business continuity, or comparable issues with respect to our vendors, may disrupt our businesses and lead to material losses.

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

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

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

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

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

Services provided by third-party vendors bear comparable risks as if they were performed by ourselves, and we are ultimately responsible for the services. We are dependent on our vendors to conduct our business services in accordance with applicable laws, regulations and generally accepted business standards. If our vendors do not conduct our business in this manner, we may be exposed to material losses and could be subject to regulatory action. Furthermore, if a vendor s misconduct reflects fraudulent intent, we could also be exposed to reputational damage.

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

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

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

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

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

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

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

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

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

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

In addition to our traditional competitors such as other universal banks and financial services firms, an emerging group of future competitors in the form of start-ups and technology firms are showing an increasing interest in banking services and products. These new competitors could increase competition in both core products, e.g., payments, basic accounts and loans and investment advisory, as well as in new products, e.g., peer to peer lending and equity crowd funding.

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

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

We had a representative office in Tehran, Iran, which we discontinued at December 31, 2007. Our remaining business with Iranian counterparties consists mostly of participations as lender and/or agent in a few large trade finance facilities arranged before 2007 to finance the export contracts of exporters in Europe and Asia. The lifetime of most of these facilities is ten years or more and we are legally obligated to fulfill our contractual obligations. We do not believe our business activities with Iranian counterparties are material to our overall business, with the outstanding loans to Iranian borrowers representing substantially less than 0.01 % of our total assets as of December 31, 2016 and the revenues from all such activities representing less than 0.01 % of our total revenues for the year ended December 31, 2016.

Table of Contents

In recent years, the United States has taken steps, including the passage of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, the National Defense Authorization Act for Fiscal Year 2012, the Iran Threat Reduction and Syria Human Rights Act of 2012, the Iran Freedom and Counter-Proliferation Act of 2012, and a number of Executive Orders, to deter foreign companies from dealing with Iran by providing for possible sanctions against companies that provide services in support of certain Iranian activity in (among others) the financial, energy, shipping or military sectors or with certain Iranian counterparties, whether or not such dealings occur within U.S jurisdiction. Among the targets of these indirect, or secondary , U.S. economic sanctions are foreign financial institutions that, among other things, facilitate significant transactions with, or provide significant financial services to, a wide range of Iranian entities, persons, and financial institutions.

Following the occurrence on January 16, 2016 of Implementation Day of the Joint Comprehensive Plan of Action between the P5+1 parties and Iran, pursuant to which Iran agreed to limits on its nuclear program and the P5+1 parties agreed to provide certain sanctions relief, secondary sanctions targeting Iran have been narrowed but not eliminated. Following the Implementation Day, we engage in new activities with respect to Iran, but only to a limited extent. We execute cash payments in Euro from or to Iran on behalf of our own non-Iranian clients with enhanced due diligence. In principle, we remain restrictive towards any new trade finance activities and do not plan to engage in loan arrangements with Iranian counterparties.

We do not believe we have engaged in activities sanctionable under these statutes, but the U.S. authorities have considerable discretion in applying the statutes, and any imposition of sanctions against us could be material. It is also possible that primary and secondary sanctions imposed by the U.S. and other jurisdictions could be expanded in the future, particularly if the Joint Comprehensive Plan of Action with Iran is not considered to be effective. Proposals for expanded sanctions are discussed on a continuing basis in the U.S. Congress and elsewhere.

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

We are also engaged in a limited amount of business with counterparties domiciled in Cuba, which is not subject to any United Nations, European Union or German embargo. The business consists of a limited number of letters of credit, as well as claims resulting from letters of credit, and it represented substantially less than 0.01 % of our assets as of December 31, 2016. The transactions served to finance commercial products such as machinery as well as medical products.

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

Item 4: Information on the Company

History and Development of the Company

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

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

We are registered under registration number HRB 30 000. Our registered address is Taunusanlage 12, 60325 Frankfurt am Main, Germany, and our telephone number is +49-69-910-00. Our agent in the United States is: Deutsche Bank Americas, c/o Office of the Secretary, 60 Wall Street, Mail Stop NYC60-4099, New York, NY 10005.

For information on significant capital expenditures and divestitures, please see Management Report: Operating and Financial Review: Deutsche Bank Group: Significant Capital Expenditures and Divestitures on page 46 of the Annual Report 2016.

Business Overview

Our Organization

Please see Management Report: Operating and Financial Review: Deutsche Bank Group: Our Organization on page 38 of the Annual Report 2016. For information on net revenues by geographic area and by corporate division please see Note 4 Business Segments and Related Information: Entity-Wide Disclosures to the consolidated financial statements and Management Report: Operating and Financial Review: Results of Operations: Segment Results of Operations on pages 56 through 58 of the Annual Report 2016.

Management Structure

Please see Management Report: Operating and Financial Review: Deutsche Bank Group: Management Structure on page 39 of the Annual Report 2016.

Our Business Strategy

We are a leading European bank with a global reach supported by a strong home base in Germany, Europe s largest economy. We serve the real economy needs of our corporate, institutional, asset management and private clients, providing services in transaction banking, corporate finance and capital markets, asset management, wealth management and retail banking.

Our franchise remained strong across our core businesses despite a challenging environment in 2016. We were a top three investment bank in Europe, the Middle East and Africa (EMEA) on the basis of investment banking fees according to Dealogic; a top-five global transaction bank on the basis of publicly reported revenues; a top-six global sales & trading franchise and the number one franchise among European banks based on publicly reported sales & trading revenues; a leading asset manager that is the second largest provider of exchange traded products and exchange traded funds in Europe and the largest retail asset management presence in Germany based on publicly reported assets under management; the largest private and commercial bank in Germany with over 20 million clients; and the number one wealth manager in Germany based on assets under management.

Update on Strategy Execution

We outlined a multi-year strategy in October 2015 to build on the core strengths of our business model and client franchise. The four key goals were to be: simpler and more efficient, less risky, better capitalized and better run with more disciplined execution.

In 2016, we made material progress towards our goals in what proved to be an unexpectedly challenging market environment. Major achievements in 2016 included:

- A reduction of our adjusted costs[1] by 7 % (by 5 % excluding the effect of changes in exchange rates) in 2016 to 24.7 billion.
- The completion, on schedule, of the accelerated wind down of the Non-Core Operations Unit, which was then closed at the start of 2017.
- The settlement or resolution of over two dozen major litigation matters, including some of our most significant litigation matters such as the settlement with the U.S. Department of Justice (DOJ) relating to U.S. residential mortgage-backed securities (RMBS).
- The completion of key strategic disposals, including the sale of our stake in the Hua Xia Bank and the sales of Abbey Life and the U.S. Private Client Services.
- All previously announced country exits completed or on track for completion in 2017.
- The transformation of the German retail business including branch reductions is well on track.
- The strengthening of our CET1 ratio to 11.8 % on a fully loaded basis and 13.4 % on a phase-in basis at year end 2016, increases of 70 basis points and 20 basis points respectively from December 31, 2015. The strengthening of the CET1 ratios largely reflected managed reductions in risk-weighted assets (RWA) over the course of 2016.
- Substantial investment in our control functions, including the ongoing implementation of a more comprehensive Know-Your-Client (KYC) process and an off-boarding process for higher risk clients.
- The replacement or reassignment of approximately 70 % of top management to drive improved execution of our strategy.

Global Markets (GM) has completed the reshaping of the Securitized Trading business (ahead of the targeted timeline), substantially completed its targeted leverage reduction in Agency RMBS, strengthened Know-Your-Client (KYC) processes and controls, ceased active coverage of approximately 3,800 clients identified as high risk/low potential, completed most of its country optimization strategy in 2016 (ahead of schedule), and remains on target to complete the remainder on time. GM has also completed the exit of its residual presence in South Korea, Russia and Brazil.

Corporate & Investment Banking (CIB) has sharpened its focus on priority clients and banker productivity to optimize returns across the CIB business. Despite a challenging macroeconomic environment in the eurozone, we remained a top 3 investment bank in EMEA and continued to be involved in some of the largest deals. We also continued to deliver resilient Transaction Banking results in a challenging market environment with prolonged low interest rates, a volatile geo-political backdrop, and its implications for global trade. A new global head was recently appointed to lead the Global Transaction Banking business.

The Deutsche Asset Management (Deutsche AM) franchise continues to perform very well amidst some challenging and volatile market conditions. We recently completed the sale of the Abbey Life unit to Phoenix Life Holdings. This improved the Bank s CET1 ratio by approximately 10 basis points. The Bank also hired and appointed a new head of Asset Management, Nicolas Moreau, to drive the future growth of the Deutsche AM business going forward.

The Private, Wealth & Commercial Clients (PW&CC) franchise is closing branches and reducing staff in the German retail business. PCC International branch closures are ahead of plan. PW&CC has also made significant progress on digitization initiatives, including the opening of the Digital Factory in Frankfurt in September 2016.

As per 2016 targets, the former corporate division NCOU successfully executed its de-risking strategy and achieved its 2016 year-end target risk weighted assets (RWA) of less than 10 billion. At the end of 2016, NCOU had 9.2 billion RWA and 7.9 billion leverage exposure, down from 32.9 billion RWA and 36.6 billion leverage exposure at the end of 2015. The residual NCOU assets have been transferred back to respective divisions they originally came from, as of the start of 2017.

In addition to the difficult operating environment in 2016 driven in large part by macroeconomic and geopolitical uncertainty, we also faced substantial challenges specific to Deutsche Bank itself. These challenges arose from adverse speculation about our financial health. This led to concerns among some clients and counterparties and negatively affected revenues in 2016. That was particularly the case in the late third and early fourth quarters around the purported size of a settlement with the DOJ in respect of the RMBS matter and its potential impact on us.

[1] We define adjusted costs as total noninterest expenses excluding impairment of goodwill and other intangible assets, litigation, restructuring and severance, and policyholder benefits and claims (until the disposition of Abbey Life). To exclude the effect of changes in exchange rates, 2015 adjusted costs were recalculated using 2016 monthly average exchange rates.

Overview of New Strategic Measures

The macroeconomic, geopolitical, and regulatory outlook has changed substantially since we launched our strategy in 2015. As a result of these changes in the operating environment and the substantial challenges specific to Deutsche Bank in 2016, we undertook an updated planning process and strategic review in late 2016 and early 2017.

This review has now been completed. Its fundamental conclusion is that our core business model of being a global bank, which serves a range of institutional, corporate and private clients combined with a strong home base in Germany with a resilient corporate, institutional, asset management and private client franchise, remains the foundation of our strength and long-term growth prospects.

Nonetheless, our management decided to undertake a number of new steps to further strengthen the bank and place it in a better position to pursue growth opportunities. These actions include:

- Substantially strengthened capitalization through a capital increase, expected to result in net proceeds of approximately 8 billion, which is expected to result in a CRR/CRD4 fully loaded Common Equity Tier 1 capital ratio (fully loaded CET 1 ratio) of approximately 14 % and a CRR/CRD4 fully loaded leverage ratio of approximately 4 % pro forma as of December 31, 2016.
- Up to 2 billion of incremental capital creation targeted through the planned initial public offering (IPO) of a minority stake in the Deutsche Asset Management division (Deutsche AM), and from additional business disposals with an identified RWA of approximately 10 billion and leverage exposure of approximately 30 billion, the majority of which we plan to complete over the next 18 months.
- Reorganization of our business divisions into three distinct units, with the goals of strengthening the businesses of each, enhancing client coverage, improving market share and driving efficiencies and growth:
  - The new Corporate & Investment Bank (CIB) that combines our markets, advisory, financing and transaction banking businesses.
  - Private & Commercial Bank (PCB) that combines Postbank and our existing private, commercial and wealth management businesses.
  - An operationally segregated Deutsche Asset Management (Deutsche AM).
- The integration of Postbank and PCB s German business with the goal of creating a market leading retail presence in Germany, driving greater efficiency through scale and better earnings and funding stability for Deutsche Bank.
- The establishment of a cost reduction program targeting to achieve adjusted costs of approximately 22 billion in 2018 and approximately 21 billion by 2021, which would include the impact of retaining Postbank s adjusted costs (2.7 billion in 2016).
- Separately managing identified legacy asset portfolios with approximately 20 billion of RWA and approximately 60 billion leverage exposure targeted to be reduced to approximately 12 billion of RWA and approximately 30 billion leverage exposure, respectively, by 2020.
- The incurrence of restructuring and severance costs of approximately 2 billion, the majority of which is expected to be incurred in 2017 to 2019.
- Targeting a competitive dividend payout ratio for the financial year 2018 and thereafter with an intention that the Management Board will recommend at the Annual General Meeting in May 2017 to pay a dividend of 0.19 per share out of the distributable profit for the financial year 2016 taking into consideration the expected shares to be issued before the Annual General Meeting in May 2017 as part of our announced capital raise. The dividend to be paid out of Deutsche Bank AG s distributable profit for 2016 contains a component reflecting the distributable profit carried forward from 2015 of approximately 165 million and a dividend of 0.11 per share out of the remaining distributable profit for 2016. Overall, we expect to pay out a total dividend of approximately 400 million in 2017.
- Targeting a Post-tax Return on Average Tangible Equity (RoTE) of circa 10 % in a normalized operating environment.

The fundamental goal of these additional strategic measures is to make Deutsche Bank a stronger, safer bank that is well positioned to pursue growth opportunities through its strong global client franchise. Our management believes we will be able to achieve this by:

- having capital levels the sufficiency of which are beyond question,
- having a leading CIB franchise with the scale and strength to successfully compete and grow globally,
- occupying the number one private and commercial banking position in our home market of Germany,
- giving our world class Deutsche AM division operational segregation that can support accelerated growth,
- reducing the size of our corporate center and cost base in part through more front to back alignment and shifting large portions of infrastructure functions to the business divisions, and
- shifting our earnings and business mix more towards stable businesses.

Impact of the Proposed Capital Raise

The proposed capital raise aims to make us much stronger from a capital perspective with an intention to remain comfortably above 13 % on a fully-loaded CET1 basis. The immediate impact of the capital raise, assuming it raises net proceeds of 8 billion, but excluding any additional capital impact resulting from the planned IPO of a minority stake in Deutsche AM or the additional portfolio of asset disposals, will be:

Phase-in CET1 Ratio:

- An increase from 13.4 % as reported on December 31, 2016 to 15.7 % on a pro-forma basis as of that date.
- An improvement in the CET1 ratio under the phase-in rules effective January 1, 2017 from 12.6 % to 14.9 % on a pro-forma basis as of that date.

Fully loaded CET1 Ratio would increase from 11.8 % as reported on December 31, 2016 to 14.1 % on a pro-forma basis as of that date.

Fully loaded leverage ratio would improve from 3.5 % as of December 31, 2016 to 4.1 % on a 2016 pro-forma basis as of the same date.

New Financial Targets

We have adopted new financial targets that replace the targets announced in October 2015. The new targets are:

- Adjusted costs of 22 billion by 2018, and 21 billion by 2021, which includes the adjusted costs of Postbank.
- Post-tax RoTE of approximately 10 % in a normalized operating environment.
- CET1 Ratio comfortably above 13 % on a fully loaded basis.
- Leverage Ratio of 4.5 %. The pro forma 2016 leverage ratio reflecting the impact of the proposed capital raise is 4.1 %, which we aim to increase to 4.5 % over time.
- Targeting a competitive dividend payout ratio for the financial year 2018 and thereafter.

Our plan for 2017 is based on assumed foreign exchange rates of EUR/USD 1.01 and EUR/GBP 0.88.

New Business Division Structure

Effective in 2017, we plan to have three business divisions going forward: the new CIB, PCB and Deutsche AM. CIB will combine the existing Corporate & Investment Banking and Global Markets divisions. PCB will consist of private and commercial banking, including Postbank, and wealth management. Deutsche Asset Management will be more operationally segregated with a minority stake traded on the public markets, assuming the planned IPO is successfully undertaken, while Deutsche Bank retains a majority stake.

Geographically, Germany will remain our anchor our home market where we intend not only to maintain, but to further expand our leading position in all three of our business divisions. PCB will be primarily focused in Germany, with wealth management businesses around the world. Given the global nature of our core corporate clients, we intend to retain CIB capabilities across Germany and EMEA (ex-Germany), the U.S. and Canada, and in Asia Pacific (APAC). While we intend to have a global institutional client footprint, we expect to be primarily focused on Germany and EMEA (ex-Germany) where our competitive franchise is strongest. We also intend to maintain a strong but more focused U.S. footprint. Deutsche AM intends to retain its core focus in Germany and EMEA (ex-Germany), with selective capabilities in the U.S. and APAC.

Fundamentally, we intend to retain our global capabilities, but plan to focus those capabilities where our management believes our franchise is the strongest, the growth potential the largest, and the potential risk adjusted returns the highest. Our management believes that the reorganization of the business divisions will be critical to achieve this.

Strategy in Corporate & Investment Bank

Our current CIB division primarily serves corporate clients, infrastructure and private equity, governments and financial institutions in treasury and financing solutions, leveraged lending, advisory and corporate finance (including debt and equity issuance), risk management and transaction banking.

The current Global Markets division operates alongside CIB and primarily serves large institutional clients (asset managers, pension funds, banks) in key capital markets areas including foreign exchange, rates, money markets, and credit. The two divisions currently work jointly to serve clients when appropriate.

We will merge the existing CIB and GM divisions into a new division to be called Corporate & Investment Bank (CIB). Based on a pro forma combination of net revenues for 2016, CIB would have had revenues of 16.8 billion and would have been the largest division in Deutsche Bank.

The combined CIB division is intended to promote a more seamless and aligned offering of products to clients, meaningfully enhance cross selling opportunities, ensure better client rationalization with resources being focused on higher return relationships, and achieve greater cost and asset efficiencies to drive improved returns. CIB s franchise is intended to be primarily a corporate-client led business, while retaining a focused institutional client business.

We believe there to be a substantial opportunity to capture market share from clients through the reorganized CIB. Currently, two-thirds of our large corporate clients in the newly combined CIB division have a relationship with just one part of CIB (markets, corporate finance or transaction banking). Integrating CIB and GM should support more efficient and seamless client coverage and product offering, better rationalization of clients and the ability to direct resources to the highest return relationships, and ultimately increase our share of clients wallet (amounts they spend on banking products).

As part of the new focus of CIB, we will separately manage a portfolio of legacy assets within the division. These assets are both residual NCOU assets that were transferred to the relevant divisions at the beginning of 2017 and other assets deemed non-strategic, reflecting in part the result of the reshaping of GM s business portfolio (primarily derivatives in Rates and Credit). The legacy asset portfolio at year-end 2016 accounted for approximately 20 billion of RWA (36 billion including associated operational risk RWA), and approximately 60 billion of leverage exposure. We estimate that these legacy assets represent an approximate 200 basis point reduction of the return on equity of CIB per annum. While many of these legacy assets are long dated, we will seek to accelerate their wind down when economic to do so.

Over time, to improve its asset efficiency and returns, CIB expects that approximately 65 % of its RWA will be eventually deployed to support corporate clients (versus 55 % on the basis of a combined division at year-end 2016), and 35 % to institutional clients, excluding any remaining legacy asset portfolio. Despite the increased focus on corporate clients, Deutsche Bank remains committed to its institutional capabilities as they are critical to the success of CIB, and Deutsche Bank has no intention to exit any whole business lines offered in the current GM division.

CIB also intends to target further cost efficiencies. The combination of the current CIB and GM is intended to support accelerated front-to-back office optimization and the rationalization of support staff, which we expect to result in a reduction in CIB s adjusted costs by approximately 0.7 billion.

Through the above measures, and our strengthened capital position, our management believes that CIB will be better placed to grow globally and intends to pursue a number of objectives to achieve this:

- In **Origination and Advisory**, we intend to regain our number one position in EMEA as measured by revenues and to strengthen its franchise globally, with particular emphasis on deepening strategic client relationships to drive M&A and equity capital market mandates. Additionally, we intend to grow our leading debt capital markets franchise with an emphasis on Financial Institutions, and Sovereign, Supranational and Agency clients.
- In **Transaction Banking**, we intend to continue to capitalize on the our top five position by improved cross selling of cash management on the back of our strong trade finance franchise and by continuing to drive improved cost income ratios through infrastructure investments.
- In **Financing**, we intend to maintain our leading Credit Financing & Solutions franchise with particular emphasis in Asset Backed Securities, Commercial Real Estate, and the Transport, Infrastructure and Energy sector.
- In **Debt Sales & Trading**, we intend to occupy a top-five position globally and a top-three position in EMEA. Of particular focus will be deepening strategic partnerships in Rates with insurance and pension clients and continuing to invest in cutting edge technology with the goal of becoming the top provider of foreign exchange payments and treasury solutions services.
- In **Equity Sales & Trading**, we are targeting to be an international equity franchise ranked amongst the top ten competitors by reported revenues with leading Prime and Investment Solution platforms through enhancing our liquidity and collateral management product offerings, and selectively gaining share in equity trading and derivatives.

Strategy in Private & Commercial Bank (PCB)

We have decided that we will retain Postbank and combine it with our existing German operations over the next three to five years. This is a shift from the prior strategy and reflects a number of evolving factors.

We believe that good opportunities exist in PCB in Germany despite the challenging environment from low interest rates and high competition. In particular, we believe that growth in small and midsized German corporate clients and private banking clients will continue. These two client segments represent a majority of the identified fee pool in Germany and both are client segments that we believe we are well positioned to serve. In the more standard retail banking segment where fee pools are expected to be flat, we will respond with continued efficiency efforts and market share gains through digitization.

Additional factors that contributed to the decision to retain and integrate Postbank include:

- A lower targeted leverage ratio, which we initially set at 5 % when we announced our strategy in 2015. This reflects changes in the expected regulatory requirements and market expectations for leverage ratios of European banks. We have set 4.5 % as our new leverage ratio target.
- The positive impact on the business model of retaining a large and stable business with a substantial deposit base.
- Revised view on the possible degree of integration of Postbank and resulting scale and incremental synergies.
- Future growth opportunities we have identified, reflecting both a potential improvement in the macroeconomic outlook, but more importantly the changing dynamics in private and commercial banking in Germany. The likelihood of eventual industry consolidation is growing in German retail banking as well as the continued positive opportunities presented by digitalization.

The integration of Postbank will create Germany s largest private and commercial bank with over 20 million clients.

PCB intends to continue to operate with two distinct brands in Germany. By building one joint banking platform for all clients, the Deutsche Bank brand will remain focused on affluent, wealth management and commercial clients. Both franchises significantly improved their starting position in the last two years. Postbank, in particular, will offer a highly standardized and digitized banking service to retail clients. We expect our ongoing digital efforts not only to support efficiency goals, but also create an opportunity to gain market share among the Millennials client segment.

PCB intends to continue to execute its ongoing strategic initiatives including:

- Continued transformation of its private & commercial clients business, including cost reduction programs.
- The current branch rationalization efforts (additional 180 branches are scheduled to close in Germany by the end of 2017).
- Ongoing efforts to automate key processes and ongoing investment into digitalization.
- Investment in and expansion of the wealth management business.

In terms of products, PCB will focus on three key offerings: current account & transaction banking, lending products (which continue to serve as an anchor product) and distinct and tailor-made investment and insurance advice to our private clients. All of these come with a comprehensive digital offering as well as onsite branch advice to provide a full omni-channel banking experience.

A critical part of the PCB restructuring is the planned integration of Postbank. This integration is intended to more readily facilitate rationalization of central functions, improved efficiency across technology platforms and infrastructure and more efficient investment in areas including digitalization, distribution channels, and regulatory change.

We estimate that the planned restructuring in PCB will produce an estimated 0.9 billion of annual synergies by 2022. The total cost of the planned restructuring measures is estimated to be 1.9 billion, with restructuring and severance costs estimated to be approximately 1.0 billion by 2022 and the remainder related to IT and other costs. By the end of 2018 we expect to finalize the existing transformation programs, which we anticipate will result in cost reductions of 0.4 billion. PCB is targeting a cost income ratio of below 65 % following completion of this restructuring.

Strategy in Deutsche Asset Management

Deutsche AM is a core business for us that has generated stable income and relatively higher returns on equity than many other businesses by earning recurring, fee-based revenues. It has a market-leading position as the largest retail asset manager in Germany and the number four retail asset manager in Europe, the number two position in Europe and number six position globally in passive/ETFs, all based on publicly disclosed assets under management. Deutsche AM also has a strong track record in the Alternatives business, particularly in infrastructure.

We believe that Deutsche AM s growth potential has been constrained by its full ownership by Deutsche Bank. Reputational issues in Deutsche Bank have affected Deutsche AM as did wider market concerns around our capital strength in late 2016. Additionally, resourcing limitations as we have pursued our restructuring efforts further constrained Deutsche AM.

Deutsche AM s growth prospects are rooted in core strengths of passive/ETFs and active multi-asset solutions as well as alternative investments, including real estate and infrastructure. We believe that allowing Deutsche AM to operate with more operational segregation can enhance its ability to pursue growth opportunities globally and gain market share.

We believe that Deutsche AM remains under-valued in the current corporate structure. We expect that a separate Deutsche AM operating company will permit its value to be enhanced over time while also positioning the business for future growth. An operationally segregated asset management business should also reduce the impact of any idiosyncratic impacts linked to the Deutsche Bank group, place the business on a more level competitive footing in the market, enhance its market profile, and make it easier for Deutsche AM to attract and retain talent through a separate compensation model with its own equity to fund and reward business growth.

We intend to sell a minority stake in Deutsche AM through an IPO. In preparation for this transaction, all asset management and supporting activity will be aligned to the Deutsche AM division. Going forward, the division is expected to have sufficient flexibility to better manage the resourcing and cost profile of the business and build a scale-efficient platform.

Deutsche AM has already completed its feasibility assessment of the separation alternatives and the target legal entity structure required to prepare the unit for an IPO. We intend to complete the IPO over the next 24 months, subject to market conditions.

Our Corporate Divisions

Please see Management Report: Operating and Financial Review: Deutsche Bank Group: Corporate Divisions beginning on page 39 of the Annual Report 2016.

The Competitive Environment

Competitor Landscape

The economic environment stabilized or improved in many countries during the course of 2016, despite the heightened political uncertainty we experienced in this period, which in particular reflected the outcome of the UK referendum on EU membership and the U.S. presidential election. Central banks of the major economies played a key role in this recovery by continuing to support the global economy through expansionary monetary policy.

The Eurozone economy surpassed its average annual growth rate since the inception of the Euro in 2016, driven by consumption and investment. This supported import growth, even as exports were weighted down as a result of some adverse developments in global trade. The monetary policy stance of the European Central Bank (ECB) continues to be highly expansionary, as reflected in negative interest rates and asset purchases ranging from 60 to 85 billion per month. In December 2016, the ECB extended this asset purchase program until the end of 2017, but with a reduction in purchases to a maximum volume of 60 billion per month, starting from April 2017. This implies a prolonged low interest rate environment in 2017, which creates a fundamental challenge for the European financial services sector.

The economic outlook for Europe as a whole also remains challenging. The upcoming elections and related political uncertainty may hold European growth back in the first six months of 2017. Assuming that further political risks do not materialize, Eurozone GDP growth is expected to accelerate in the second half of 2017 owing to a stronger U.S. economy, the fiscal stimulus, and the expansionary monetary policy of the ECB. We believe, however, that Brexit remains a threat to EU stability. The UK is on course to trigger Article 50 in March, which may result in some tense UK-EU negotiations for 15 to 18 months with a deadline of 24 months from the date of invoking Article 50. The outcome of the negotiations, or the potential consequences of lack an agreement at the end of the 24 month period, remains highly uncertain. This is likely to create significant volatility over the course of 2017, which firms need to consider in their strategic and financial plans.

In the U.S., economic growth in 2016 was the weakest since 2009. While solid private consumption supported economic growth, weak oil prices were a drag on the energy sector, and destocking and net trade dampened growth. The outlook for 2017 has improved following the U.S. presidential election, owing to the likelihood of economic stimulus from a combination of tax cuts, deregulation and infrastructure investments. We believe such measures could increase growth strongly in the second half of 2017 and the first half of 2018. We expect two further rate hikes by the Federal Reserve in 2017, following the 25 basis points increase in December 2016. This is expected to create growth opportunities for banks operating in the U.S. Additionally, there is continued uncertainty around the potential for changes in the U.S. regulatory rules under the Dodd-Frank Act, which the U.S. government is seeking to review. Market expectations indicate a possibility of lighter-touch banking regulation, but this is still in a very nascent stage.

In emerging markets, growth remained weak in 2016, but reached what we believe to be its cyclically lowest levels. We believe the prospects for the emerging markets will improve selectively in 2017 due to stronger global growth and better asset valuations. The uncertainty around U.S. foreign policy will likely create a fundamental divergence among emerging markets, which stand to benefit or lose from the new geo-political alliances and associated trade flows. This will have an impact on the fortunes of financial services competitors who have sizeable footprints in emerging markets.

In China, the moderate growth slowdown continued in 2016, and the prospects for increased economic growth remain uncertain. This has made forecasting difficult. The Chinese government faces a policy dilemma in 2017. China may be able to achieve its 6.5 % growth target by implementing strong fiscal easing in 2017, but this would require further credit expansion, which could reignite the risk of a property bubble and capital outflows. The Chinese government will likely continue to tighten capital controls. On the monetary policy front, we do not expect a rate cut in 2017, but the People s Bank of China may loosen credit supply to mitigate the slowdown in property sector.

In Japan, we expect that the economic recovery to continue in 2017, driven by private consumption and the modest support from the announced tax reform proposals.

Against this backdrop, Deutsche Bank competes in the financial services sector with a spectrum of competitors, who include other universal banks, commercial banks, savings banks, public sector banks, brokers and dealers, investment banking firms, asset management firms, private banks, investment advisors, payments services providers and insurance companies. Some of the competitors are global like Deutsche Bank, while others have a regional, product or niche client footprint. Deutsche Bank competes on a number of factors, including the quality of client relationships, transaction execution, products and services, innovation, reputation and price.

The European banking industry continues to be challenged by a number of factors. On the macroeconomic front, weak economic growth and a low rates environment continues to keep the Net Interest Margin under pressure. At the microeconomic level, several European banks have recently had to focus on resolving legacy litigation and run complex restructurings, while delivering on sizeable regulatory requirements. While good progress has been made on all these fronts, this has also led to management distractions and the loss of market share to U.S. competitors.

The uncertainty around the outcome and timing of key regulations also continues to complicate this picture. Looking forward, we believe that the European banking sector will continue to be challenged by the ongoing macroeconomic and regulatory uncertainty in 2017. Strategic flexibility and disciplined execution would be critical to respond to these challenges.

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

Looking at the wider banking ecosystem, the evolution of financial technology firms remains as much an opportunity as a challenge for banks. While we see the risk of banking disruption in select product areas, particularly the unregulated segments, there is also the opportunity to selectively partner with financial technology firms and leverage their solutions to become more efficient and/or develop differentiated delivery channels for the end clients.

Regulatory Reform

In the past year, key areas of the post-financial crisis G20 regulatory agenda strengthening international standards to create financially resilient institutions and ensuring resolvability of all banks have been finalized while others continue to be developed.

Overview

In 2016, elements of the core Basel 3 capital adequacy, liquidity and leverage requirements have been implemented or defined and are expected to be further implemented and defined in 2017 and beyond. In the European Union, the Capital Requirements Regulation and the Capital Requirements Directive (CRR/CRD 4), which implemented the Basel 3 framework, became effective on January 1, 2014, with some of the requirements, such as capital buffers, being phased in through 2019. In parallel, the Basel Committee on Banking Supervision (BCBS) made progress on finalizing the Basel 3 framework, including changes to Standardized Approaches for credit, operational and market risk, as well as advancing work on capital floors.

In the United States, the U.S. implementation of the Basel 3 framework took effect on January 1, 2015 for Deutsche Bank Trust Corporation (DBTC), our U.S. bank holding company subsidiary. From July 1, 2016, the U.S. rules implementing the Basel 3 framework and related capital planning and stress testing requirements became applicable to DB USA Corporation, our U.S. intermediate holding company, which holds all of our U.S. non-branch operations that is, excluding Deutsche Bank AG New York Branch.

On November 23, 2016, following a routine review of the CRR/CRD 4 legislative package and other major legal acts in the area of banking regulation and supervision, the European Commission published a comprehensive package of reforms to further strengthen the resilience of European Union banks. If implemented, the proposals will amend, among other laws and regulations, CRR/CRD 4, in order to incorporate various remaining elements of the regulatory framework agreed within the Basel Committee and the Financial Stability Board (FSB) to refine and supplement Basel 3, such as more risk-sensitive capital requirements, in particular in the area of market risk, counterparty credit risk, and for exposures to central counterparties, methodologies that reflect more accurately the actual risks to which banks may be exposed, a binding leverage ratio, a binding net stable funding ratio, tighter regulation of large exposures, and a requirement for global systemically important banks (G-SIBs), such as Deutsche Bank, to hold certain minimum levels of capital and other instruments which are capable of bearing losses in resolution (Total Loss-Absorbing Capacity or TLAC). Other proposed measures are aimed at improving banks lending capacity to support the European Union economy and further facilitate the role of banks in achieving deeper and more liquid European Union capital markets. It is expected that most of the proposed amendments will start being applied in 2019 at the earliest.

Regulation of the Securities and Derivatives Markets

2016 also saw progress in the regulation of the securities and derivatives markets. Given the global nature of these markets, a continuing key issue is the global cooperation and coordination of regulation and supervision. Important agreements were reached on cross-border harmonization, most notably the conclusion of an agreement between the European Commission (EC) and the U.S. Commodity Futures Trading Commission (CFTC) on the regulation of central counterparties (CCPs) that operate in the transatlantic market. At the same time, 2016 saw a major deviation from globally agreed approaches to the implementation of new rules, as the global timeline to commence margin requirements for non-cleared derivatives was not observed by key jurisdictions including the European Union, which deferred the application of the requirements to exchange initial and variation margins. By the first quarter of 2017, we expect commencement of margin requirements in the European Union and across the Asia Pacific, where most jurisdictions (save Japan) also deferred the application of their rules. Another key area of work at the global level in 2016 was efforts to develop more granular international standards relating to the recovery and resolution of CCPs and the publication of a legislative proposal on this issue in the European Union.

Structural Reform

In connection with the structural reform of banks, 2016 saw further regulatory developments. In Germany, work has continued to ensure that we will be compliant with the mid-2017 deadline for implementation of the German Act on the Separation of Risks and Recovery and Resolution Planning for Credit Institutions and Banking Groups (Trennbanken-gesetz, the Separation Act). The German Separation Act provides that deposit-taking banks and their affiliates are prohibited from engaging in proprietary trading that does not constitute a service for others, high-frequency trading (with the exception of market-making activities), and credit or guarantee transactions with hedge funds and comparable enterprises, unless such activities are transferred to a separate legal entity. At the European Union level, the EC published already in 2014 a proposal for a regulation on structural measures improving the resilience of European Union credit institutions. The proposal, if enacted, will impose measures similar to the Separation Act. The proposal is currently being negotiated at the European level and its ultimate impact on us will depend on the outcome of such negotiations.

Risk, Capital Floors, Leverage Ratio; Stress Testing

In the U.S., DBTC also participated for the second time in the Federal Reserve Board s Comprehensive Capital Adequacy Review (CCAR) process, an annual capital planning and stress testing exercise. At the international level, in January 2016 the BCBS published its final revised standards for market risk following the Fundamental Review of the Trading Book , or FRTB . The BCBS also published consultative documents on revising the standardized approach for credit risk, operational risk, constraining the use of internal models for credit risk, capital floors, and revisions to the leverage ratio. This package represents the finalization of the Basel 3 framework, and we expect final rules to be agreed and published in the first half of 2017. While the Basel FRTB standards are expected to enter into force in 2019, the timing on the remainder of the BCBS proposals is yet to be established. In July 2016, the BCBS published further changes to the capital standards for securitization exposures and in April 2016, the final standard to enhance Pillar 2 principles, and changes to the calculation of interest rate risk in the banking book (IRRBB). The changes contemplated by the FRTB and IRRBB are part of the EC proposals to change the CRR/CRD 4 legislative package published on November 23, 2016 (see above). This package furthermore includes proposals to implement the standardized approach for counterparty credit risk, Leverage Ratio, Large Exposures, Pillar III disclosures and the Net Stable Funding Ratio. We expect that the European Union and U.S. regulators will propose rules implementing the revisions to credit, operational risk and capital floors in 2018. These rules could well have phased-in implementation timelines. Full compliance with the European Union rules could be required at some point between 2020 and 2025. While the expected impacts on capital requirements of the proposed new standardized approaches have been factored into our strategy projections and objectives to the extent possible, their ultimate impact on us will depend on how they are implemented through binding legislation and regulation.

Other Key Post-Crisis Reforms

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

- **Legislation for OTC derivatives clearing, reporting and margining** has been enacted in the European Union and in the U.S. and some requirements are already in effect. While Canada, Japan and the U.S. complied with the globally agreed timeline to require large banks to exchange initial and variation margin for their uncleared trades from September 1, 2016, the European Union and jurisdictions across Asia-Pacific have deferred the application of such rules. We expect the cost for trading OTC derivatives across the market to increase as a result of the margin requirements as well as a rise in demand for high quality collateral. Margin rules will be phased in in Europe starting February 2017 and in most other deferred jurisdictions beginning in March 2017. While margin rules in the U.S. are already in effect for large banks, U.S. margin requirements will continue to be phased in for trades with other market participants through September 2020. Mandatory clearing of certain derivatives began in the EU and will continue to be phased in across 2017, and additional interest rate swaps will become subject to mandatory clearing in the U.S. in phases up to October 2018. The cross-border scope of certain requirements is still not fully resolved, with the CFTC proposing rules in October 2016 that would significantly expand the application of U.S. swap dealer registration requirements to swaps involving foreign subsidiaries of U.S. companies. However, the CFTC did extend relief from certain transaction-level requirements for swaps between non-U.S. swap dealers and non-U.S. persons involving U.S. personnel until September 30, 2017. Progress continued on the cross-border recognition of CCPs with the recognition of major U.S.-domiciled CCPs by the EU in 2016, and it is expected that additional jurisdictions will be found equivalent in 2017. The issue of equivalence of trading venues for swaps, important for trading obligations in the U.S., EU and elsewhere, was not resolved in 2016 and is expected to be an important cross-border agenda item in 2017. In addition, market liquidity in certain mandated products could be damaged by a bifurcation of markets along jurisdictional lines.
- **A framework for the recovery and resolution of central counterparties (CCPs)** is being developed at the international level. In 2016, the FSB and the Committee on Payments and Market Infrastructure (CPMI) and the International Organization of Securities Commissions (IOSCO) published joint consultations to ensure that CCPs are resilient to market stress and have certain default management processes in place. On November 28, 2016, the EC released proposals to implement this framework in the European Union with an entry into force envisaged together with the proposals published on November 23, 2016 (see Overview). One of the elements to be determined is the extent to which clearing members resources can be called upon to support the recovery of a CCP in distress.
- **Updated European Union rules for market structure**, pre- and post-trade transparency for equities, fixed income, currency and commodities transactions and investor protection through the (revised) Markets in Financial Instruments Directive (MiFID 2) and Regulation (MiFIR , together MiFID 2/MiFIR). MiFID 2/MiFIR will also introduce a trading obligation for those OTC derivatives which are subject to mandatory clearing and which are sufficiently standardized and liquid. Originally, most requirements introduced by MiFID 2/MiFIR were provided to be applicable to us starting on January 3, 2017. However, the application of MiFID 2/MiFIR has been formally delayed by one year to January 3, 2018. This notwithstanding, MiFID 2 needs to be transposed into national law by July 3, 2017. The updated MiFID 2/MiFIR will have a substantial impact on the way we trade with clients, transparency requirements, the willingness to deploy our risk capital and the way we distribute products. The final rules are now being published and 2017 will see considerable resources and effort dedicated to their implementation, much of which will depend on further implementation guidance to be published by EU authorities.

Capital planning and stress testing will continue to be a focus in 2017. In 2016, DBTC submitted its second capital plan and related information to the Federal Reserve Board. Although the Federal Reserve Board objected to DBTC s capital plan on qualitative grounds, the Federal Reserve Board confirmed that DBTC s capital ratios would significantly exceed the quantitative minimum requirements even under the supervisor s hypothetical severely adverse economic stress scenario. In 2017, we will file an initial capital plan for our intermediate holding company, DB USA Corporation, but DB USA Corporation will not become subject to the full CCAR process until 2018. At the EU level, the European Banking Authority (EBA) decided not to carry out an EU-wide stress test in 2017. Rather, it will perform its regular annual transparency exercise. At the international level, the BCBS has started working on global standards for stress testing as part of its work-plan.

Recovery and resolution the major jurisdictions where we have significant group operations finalized implementation of the FSB s Key Attributes for Effective Resolution Regimes. In particular, the European Union Bank Recovery and Resolution Directive (BRRD) was implemented in Germany and in the United Kingdom on January 1, 2015. The BRRD grants far-reaching powers to the competent resolution authorities to impose resolution measures upon failing banks. Such resolution measures may include a range of measures including the transfer of shares, assets or liabilities of the bank to another legal entity, the reduction, including to zero, of the nominal value of shares, the dilution of shareholders of a failing bank or the cancellation of shares outright, or the amendment, modification or variation of the terms of the bank s outstanding debt instruments, for example by way of deferral of payments or a reduction of the applicable interest rate or the temporary suspension of termination rights. Furthermore, the principal amount of a bank s capital instruments and certain eligible unsecured liabilities may be written down, including to zero, or converted into equity of the bank or a bridge institution (commonly referred to as bail-in). In addition, in January 2016, the European Union regulation (the SRM Regulation) establishing the Single Resolution Mechanism (SRM) and the Single Resolution Fund (SRF) for banks domiciled in European Union member states participating in the Single Supervisory Mechanism (SSM) became fully effective and created a harmonized mechanism for the application of the BRRD under responsibility of a single European resolution authority (referred to as the Single Resolution Board or SRB). With the aim of ensuring cross-border group resolution of globally active banks, the BRRD and the SRM Regulation also contain rules regarding the cooperation with non-European Union member states and recognition of non-European Union resolution proceedings. A proposed update to the BRRD was published on November 23, 2016, in order to address some operational and legal issues and to facilitate the implementation into EU law of global standards relating to the creation of a requirement to maintain a certain minimum loss-absorbing capacity (see below).

Loss-absorbing capacity and MREL following the FSB s final term-sheet on minimum total loss-absorbing capacity (TLAC) in November 2015, several jurisdictions have started to implement the TLAC standard in their regulatory frameworks. The TLAC standard is designed to ensure that G-SIBs, such as Deutsche Bank, maintain enough capital and long-term debt instruments that can be effectively bailed-in to absorb losses and recapitalize the bank. Our TLAC requirements will be determined by the EU implementation of the FSB s TLAC standard. A corresponding proposal was put forward by the EC on November 23, 2016. Also, the EC published proposals to update the BRRD and the SRM Regulation to reflect the introduction of TLAC (applicable to G-SIBs) and to amend the existing provisions (applicable to all EU banks) to maintain a minimum requirement for own funds and eligible liabilities (MREL) in order to accommodate these to the proposed TLAC standard. In addition, whereas several EU Member States (including Germany by way of the German Resolution Mechanism Act) have amended their national creditor hierarchies in insolvency proceedings to facilitate the expected implementation of the TLAC standard, the EC proposed an amendment to the BRRD aimed at harmonizing the creditor hierarchies for all EU banks, while respecting the currently existing national insolvency laws of the EU Member States (including their recent changes, if any). We also expect that we may be subject to internal TLAC requirements in other jurisdictions. For example, on December 15, 2016, the U.S. Federal Reserve Board finalized rules implementing the TLAC standard in the United States, with internal TLAC requirements that would apply to the U.S. intermediate holding companies (such as ours) of non-U.S. G-SIBs. Compliance with these rules, including a minimum Long Term Debt requirement and clean holding company requirements is required by January 1, 2019.

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

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

- **Further structural changes**, as a result of the separation of certain business activities considered risky under the proposed European Union regulation on structural measures improving the resilience of European Union credit institutions or as a result of changes in the bank organization potentially required by the Single Resolution Board to ensure resolvability.
- **Additional direct costs as a result of financial sector specific tax and levies**, for example the European Union enhanced cooperation financial transaction tax, which is still under negotiation, and possible changes to contributions to the Single Resolution Fund or other resolution financing arrangements. A proposal to create a Eurozone deposit insurance system is also still under negotiation in the EU.
- **Additional regulation of asset management activities, with new recommendations to be proposed at the international level following consultations conducted in 2016**, such as the FSB s Proposed Policy Recommendations to Address Structural Vulnerabilities from Asset Management Activities of June 22, 2016, may also impact us, even though recommendations are expected to be consistent with existing requirements with which Deutsche Bank is complying.
- **Cyber-crime and cyber security**, which will continue to be a focus for policymakers in 2017, with draft rules published in the U.S. in December and other jurisdictions potentially following suit.
- **Further measures to harmonize banking regulation and supervision in the European Union** such as initiatives by the EBA and the ECB to reduce existing options and discretions and harmonize national supervisory practices under European Union legislation in connection with the CRR/CRD 4 legislative package such as ECB s TRIM project to reduce variance in internal model outcomes.

Climate change, environmental and social issues

Many governments, corporations and investors are extending their focus on climate change, environmental and social issues by enacting legislation, changing business models, setting business operational policies, and changing investment decision making. In 2016, the Paris Agreement, an outcome of Conference of the Parties 21 (COP 21), was officially approved. Among other things, the agreement aims at making financial flows consistent with a pathway to low greenhouse gas emissions and climate-resilient development. Implementation of the agreement will require massive financing over the next quarter century, supported by systemic reforms towards a low-carbon economy. Like other sectors, financial institutions are exposed to climate change. Accordingly, we seek to demonstrate how we contribute to the mitigation of climate-related risks and support low-carbon solutions in our core businesses.

Projects and products that contribute to climate change or have other negative environmental or social impacts, as well as their financing and other services for these projects, are being reviewed critically by investors, customers, environmental authorities, non-governmental organizations and others. At Deutsche Bank, such a review is conducted based on the Environmental and Social Risk Policy Framework, which we have published on our corporate website in 2016. Where our own assessment of these issues so indicates, we may abstain from participating in such projects.

In response to the economic, social and environmental challenges our planet faces, the United Nations (UN) Sustainable Development Goals (SDGs) define global priorities and aspirations for 2030. On January 1, 2016, the world s governments officially began implementation of this agenda at country level the transformative plan of action based on 17 goals to address urgent global challenges over the next 15 years. Private sector participation is needed to achieve the goals. We understand that the SDGs form a useful benchmark for corporations by defining and prioritizing the most urgent challenges for mankind to improve life worldwide. We expect that third-party views of us will increasingly depend on our contributions to the SDGs.

Additionally, we see rising public scrutiny for non-state actors to uphold human rights in their activities. We follow the UN Guiding Principles that financial institutions, and the wider private sector, have a responsibility to respect human rights wherever they operate. Amidst global economic instability, policy uncertainty and flux within the financial sector, we need to take a proactive approach to collectively review and update processes, as an ongoing and formal part of daily business.

Regulation and Supervision

Overview

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

In December 2010, the Basel Committee on Banking Supervision (Basel Committee) proposed revised minimum capital adequacy and liquidity standards that were significantly more stringent than the then-existing requirements. The set of comprehensive changes to the capital adequacy framework published by the Basel Committee, known as Basel 3, was implemented into European Union law by a legislative package referred to as CRR/CRD 4 . The CRR/CRD 4 legislative package includes a European Union regulation (which is referred to as the Capital Requirements Regulation or CRR) which is directly enforceable as law in every member state of the European Union, and a European Union directive (which is referred to as the Capital Requirements Directive or CRD 4), which has been implemented into national (in our case, German) law. CRR/CRD 4 contains, among other things, detailed rules on regulatory banking capital, increased capital requirements and the introduction of additional capital buffers, tightened liquidity standards and a non-risk based leverage ratio. Most of the new rules came into effect on January 1, 2014, with some of the regulatory requirements being gradually phased in through January 1, 2019.

On November 23, 2016, following a routine review of the CRR/CRD 4 legislative package and other major legal acts in the area of banking regulation and supervision, the European Commission published a comprehensive package of reforms to further strengthen the resilience of European Union banks. If implemented, the proposals will amend, among others, CRR/CRD 4, in order to incorporate various remaining elements of the regulatory framework agreed within the Basel Committee and the Financial Stability Board (FSB) to refine and supplement Basel 3. This includes more risk-sensitive capital requirements, in particular in the area of market risk, counterparty credit risk, and for exposures to central counterparties, methodologies that reflect more accurately the actual risks to which banks may be exposed, a binding leverage ratio, a binding net stable funding ratio, tighter regulation of large exposures, and a requirement for global systemically important banks (G-SIBs), such as us, to hold certain minimum levels of capital and other instruments which are capable of bearing losses in resolution (Total Loss-Absorbing Capacity or TLAC). Other proposed measures are aimed at improving banks lending capacity to support the European Union economy and further facilitate the role of banks in achieving deeper and more liquid European Union capital markets. It is expected that most of the proposed amendments will start being applied in 2019 at the earliest.

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

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

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

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

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

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

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

Regulation and Supervision in Germany Basic Principles

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

Table of Contents

As a significant credit institution within the meaning of the SSM Regulation, we are directly supervised by the ECB. With respect to us and other significant credit institutions, the ECB is the primary supervisor and is responsible for most tasks of prudential supervision, such as compliance with regulatory requirements set forth in CRR/CRD 4 concerning own funds, large exposure limits, leverage, liquidity, securitizations, corporate governance, business organization and risk management requirements. The ECB carries out its supervisory functions through a Joint Supervisory Team (JST) established for Deutsche Bank Group. The JST is led by the ECB and comprises staff from the ECB and national supervisory authorities, including the BaFin and the Bundesbank. In addition, and regardless of whether an institution is significant or not, the ECB is responsible for issuing new licenses to credit institutions and for assessing the acquisition and increase of significant participations (also referred to as qualifying holdings) in credit institutions established in those member states of the European Union that participate in the SSM and where notification of such changes must be filed.

The BaFin is our principal supervisor for regulatory matters with respect to which we are not supervised by the ECB. These include the rules on business conduct in the securities markets, in particular when providing securities services to clients, the regulation of anti-money laundering, terrorist financing and payment services, as well as certain special areas of bank regulation, such as those related to the issuance of covered bonds (Pfandbriefe) and the supervision of German home loan banks (Bausparkassen). Generally, the BaFin also supervises us with respect to those requirements under the German Banking Act that are not based upon European law. The Bundesbank supports the BaFin and the ECB and closely cooperates with them. The cooperation includes the ongoing review and evaluation of reports submitted by us and of our audit reports as well as assessments of the adequacy of our capital base and risk management systems. The ECB, the BaFin and the Bundesbank receive comprehensive information from us in order to monitor our compliance with applicable legal requirements and to obtain information on our financial condition. Generally, supervision by the ECB (together with the BaFin and the Bundesbank) applies on an unconsolidated basis (company only) and on a consolidated basis (the company and the entities consolidated with it for German regulatory purposes) (see Consolidated Regulation and Supervision below). However, banks forming part of a consolidated group may be allowed to waive the application of specific regulatory requirements on an unconsolidated basis if certain conditions are met. As of December 31, 2016, Deutsche Bank AG was allowed to waive the application of provisions on own funds (Part Two CRR), capital requirements (Part Three CRR), large exposures (Part Four CRR), exposures to transferred credit risk (Part Five CRR), leverage (Part Seven CRR) and disclosure by institutions (Part Eight CRR) as well as certain risk management requirements on a stand-alone basis.

The ECB and the BaFin have extensive supervisory and investigatory powers, including the ability to issue requests for information, to conduct regulatory investigations and on-site inspections, to impose monetary and other sanctions, to request the replacement of members of the bank s management or supervisory board, or to repeal the license of a bank.

Banking Legislation

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

Significant parts of the regulatory framework for banks in the European Union are governed by the CRR. The CRR primarily sets forth the requirements applicable to us relating to regulatory capital, risk-based capital adequacy, monitoring and control of large exposures, consolidated supervision, leverage, liquidity and public disclosure. Certain other requirements applicable to us, including those with respect to capital buffers, organizational and risk management requirements, are set forth in the German Banking Act and other German laws, partly implementing European Union directives such as CRD 4.

Furthermore, European banking regulation is to a large extent based on legislative and administrative acts at the European level with the purpose of implementing or complementing the rules contained in the so-called basic acts and to ensure a consistent application of European Union law by the relevant national supervisory authorities (so-called level 2 and 3 measures). Among these acts are delegated and implementing regulations enacted by the European Commission (level 2) as well as regulatory and technical standards, guidelines, recommendations and questions and answers (Q&A) developed and issued by the European Supervisory Authorities (ESAs), in particular the European Banking Authority (EBA) and the European Securities and Markets Authority (ESMA) (level 3).

Securities Trading Legislation

Under the German Securities Trading Act (Wertpapierhandelsgesetz), the BaFin regulates and supervises securities trading, including the provision of securities services, in Germany. The German Securities Trading Act contains, among other things, disclosure and transparency rules for issuers of securities that are listed on a German exchange and organizational requirements as well as rules of conduct which apply to all businesses that provide securities services. Securities services include, in particular, the purchase and sale of securities or derivatives for others and the intermediation of transactions in securities or derivatives and investment advice. The BaFin has broad powers to investigate businesses providing securities services to monitor their compliance with the organizational requirements, rules of conduct and reporting requirements. In addition, the German Securities Trading Act requires an independent auditor to perform an annual audit of the securities services provider s compliance with its obligations under the German Securities Trading Act.

On July 3, 2016, a new legal regime on market abuse entered into force consisting of a directly applicable European Union regulation on market abuse (Market Abuse Regulation or MAR) and a European Union directive on criminal sanctions for market abuse (MAD) which has been implemented into national (in our case, German) law. The MAR establishes a common European Union framework for, inter alia, insider dealing, the public disclosure of inside information, market manipulation, and managers transactions. The German Securities Trading Act, which had contained rules on market abuse prior to the entering into force of the MAR, continues to supplement the MAR and, e.g., provides for sanctions in case of violations of the MAR.

The European Union has enacted several legislative proposals which result in further regulation of securities trading and the trading in derivatives in particular. Notably, the European Union adopted the European Regulation on OTC Derivatives, Central Counterparties and Trade Repositories (EMIR), which became effective on August 16, 2012. EMIR introduced requirements for standardized over-the-counter derivatives to be centrally cleared and derivative transactions to be reported to trade repositories. EMIR also includes additional capital and margin requirements for non-cleared trades. While a number of the compliance requirements introduced by EMIR have come into effect, the ESAs (mainly the ESMA) are still in the process of finalizing certain implementing rules mandated by EMIR. Further legislative measures such as the overhauled Markets in Financial Instruments Directive (MiFID 2) and the new Markets in Financial Instruments Regulation (MiFIR) and corresponding delegated legislation provide for, among other things, greater regulation and oversight by covering additional markets and instruments, extension of pre- and post-trade transparency rules from equities to all financial instruments, greater restrictions on operating trading platforms, and greater sanctioning powers. MiFID 2/MiFIR, which will be applicable as from January 3, 2018, will also introduce a trading obligation for those OTC derivatives which are subject to mandatory clearing and which are sufficiently standardized, and new investor protection rules which will significantly impact the way we distribute products. MiFID 2 will need to be implemented into national law, whereas MiFIR is a directly applicable European Union regulation.

Furthermore, European securities regulation is to a large extent based on technical standards, guidelines and recommendations developed by the ESMA.

Capital Adequacy Requirements

Minimum Capital Adequacy Requirements (Pillar 1)

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

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

Capital Buffers

The German Banking Act also requires banks to build up a mandatory capital conservation buffer (Common Equity Tier 1 capital amounting to 2.5 % of risk-weighted assets), and authorizes the BaFin to set a domestic counter-cyclical capital buffer for Germany (Common Equity Tier 1 capital of generally 0 % to 2.5 % of risk-weighted assets, or more in particular circumstances) during periods of high credit growth. In order to comply with the countercyclical capital buffer requirement, banks must calculate their institution-specific countercyclical capital buffer as the weighted average of the countercyclical capital buffers that apply to them in the jurisdictions where their relevant credit exposures are located. Accordingly, the total countercyclical buffer requirement (if any) that we need to comply with also depends on the corresponding buffer requirements in other jurisdictions. In addition, the BaFin may require banks to build up a systemic risk buffer (Common Equity Tier 1 capital of between 1 % and 3 % of risk-weighted assets for all exposures and in exceptional cases up to 5 % for domestic and third-country exposures) to prevent and mitigate long term non-cyclical systemic or macro-prudential risks not otherwise covered by CRR/CRD 4. G-SIBs (such as us) are subject to an additional capital buffer (Common Equity Tier 1 capital of between 1 % and 3.5 % of risk-weighted assets), which the BaFin determines for German banks based on a scoring system measuring the bank s global systemic importance. The BaFin can also determine a capital buffer of Common Equity Tier 1 capital of up to 2 % of risk-weighted assets for other systemically important banks (so-called O-SIIs, such as us) in Germany, based on criteria measuring, among others, the bank s importance for the economy in Germany and the European Economic Area. The provisions in the German Banking Act on capital buffers are generally being phased in gradually through January 1, 2019. The systemic risk buffer, the buffers for G-SIBs and the buffer for O-SIIs are generally not cumulative; only the highest of these buffers applies. If a bank fails to build up the required capital buffers, it will be subject to restrictions on the pay-out of dividends, share buybacks and discretionary compensation payments. Also, the ECB may require banks to maintain higher capital buffers than those required by the BaFin.

The Basel 3 framework also proposes a non-risk based leverage ratio as a complement to the risk-based capital requirements. While the CRR, as currently in effect, does not require banks to comply with a specific leverage ratio, banks are required to report and publish their leverage ratios for a future assessment and calibration of the leverage ratio. Among the package of reforms published by the European Commission on November 23, 2016 (see Overview above) is a proposal to introduce a binding minimum leverage ratio requirement of 3 % of Tier 1 capital into the CRR.

Supervisory Review and Evaluation Process or SREP (Pillar 2)

Furthermore, the ECB may impose capital requirements on individual significant credit institutions within the SSM which are more stringent than the statutory minimum requirements set forth in the CRR, the German Banking Act or the related regulations. In this context, in December 2014, the EBA published its final guidelines for common procedures and methodologies for the supervisory review and evaluation process (SREP). In connection with the SREP, competent supervisory authorities, including the ECB, are required to review the arrangements, strategies, processes and mechanisms of supervised banks on a regular basis, in order to evaluate risks to which they are or might be exposed, risks they could pose to the financial system, and risks revealed by stress testing, taking into account the nature, scale and complexity of their activities. At the end of the process, the competent supervisory authority takes an SREP decision in relation to each relevant bank setting out, depending on the outcome of the SREP, specific capital and liquidity requirements for each affected bank. Any additional bank-specific capital requirements resulting from the SREP are referred to as Pillar 2 requirements and must be fulfilled in addition to the statutory minimum capital and buffer requirements. The Pillar 2 requirement must be met with Common Equity Tier 1 capital. Also following the SREP, the ECB may communicate to individual banks an expectation to hold a further Pillar 2 Common Equity Tier 1 capital add-on, the so-called Pillar 2 guidance. The ECB has stated that it expects banks to meet the Pillar 2 guidance although it is not legally binding and failure to meet the Pillar 2 guidance does not automatically trigger legal action. Finally, also based on the outcome of the SREP, the competent supervisory authority may take a range of other measures in response to shortcomings in a bank s governance and risk management processes as well as its capital or liquidity position, such as prohibiting dividend payments to shareholders or distributions to holders of regulatory capital instruments.

For details of Deutsche Bank s regulatory capital, see Management Report: Risk Report: Risk and Capital Performance on pages 136 through 198 of our Annual Report 2016.

Limitations on Large Exposures

The CRR also contains the primary restrictions on large exposures, which limit a bank s concentration of credit risks. The German Banking Act and the Large Exposure Regulation (Großkredit- und Millionenkreditverordnung) supplement the CRR. For example, the Large Exposure Regulation sets forth exemptions (in addition to those contained in the CRR) from the applicability of limits to large exposures. Under the CRR, our exposure to a customer (and any customers affiliated with it) is deemed to be a large exposure when the value of such exposure is equal to or exceeds 10 % of our eligible regulatory capital . All exposures to a single customer (and customers affiliated with it) are aggregated for these purposes. In general, no large exposure may exceed 25 % of our eligible regulatory capital. Eligible regulatory capital for this purpose means the sum of Tier 1 capital and Tier 2 capital which may not exceed one third of Tier 1 capital. If the customer is a credit institution or investment firm, the exposure is limited to the higher of 25 % of our eligible regulatory capital or 150 million. Competent authorities may set a lower limit than 150 million. Among the package of reforms published by the European Commission on November 23, 2016 (see Overview above), is a proposal to restrict a bank s exposures to a single counterparty to 25 % of its Tier 1 capital (instead of 25 % of the sum of its Tier 1 and Tier 2 capital) and further limit exposures between banks designated as G-SIBs (such as us) to 15 % of Tier 1 capital.

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

Consolidated Regulation and Supervision

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

Financial groups which offer services and products in various financial sectors (banking and securities business, insurance and reinsurance business) are subject to supplementary supervision as a financial conglomerate (Finanz-konglomerat) once certain thresholds have been exceeded. Supervision of financial conglomerates comprises requirements regarding own funds, risk concentration, risk management, transactions within the conglomerate and organizational matters. In November 2007, the BaFin designated Deutsche Bank Group as a financial conglomerate. Therefore, we are required to comply with and report capital adequacy requirements and risk concentrations also on a conglomerate level. In addition, we are required to report significant conglomerate internal transactions as well as significant risk concentrations. Our supervision at the conglomerate level is coordinated by the ECB. Following a reorganization of the insurance sector within our financial conglomerate in 2016, including a sale of the most material insurance entity Abbey Life Assurance Company Limited with effect from December 30, 2016, we have initiated a re-assessment of our status as a financial conglomerate.

Liquidity Requirements

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

In addition, Basel 3 contains a proposal to introduce a net stable funding ratio (NSFR) to reduce medium- to long-term funding risks by requiring banks to fund their activities with sufficiently stable sources of funding over a one-year period. The CRR contains interim reporting requirements on stable funding but does not yet include substantive provisions relating to the NSFR. Among the package of reforms published by the European Commission on November 23, 2016 (see Overview above) is a proposal to introduce a binding NSFR into the CRR. According to this proposal, the NSFR is defined as the ratio of a bank s available stable funding relative to the amount of required stable funding over a one-year period. According to the proposal, banks must maintain an NSFR of at least 100 %.

National liquidity requirements under the German Banking Act and the German Liquidity Regulation (Liquiditäts-verordnung) will continue to be applicable to us until the full introduction of the liquidity coverage requirement at the European level on January 1, 2018. The German Banking Act generally requires banks and certain financial services

institutions to invest their funds so as to maintain adequate liquidity at all times. The German Liquidity Regulation provides for minimum liquidity requirements based upon a comparison of the remaining terms of certain assets and liabilities. It requires maintenance of a ratio (Liquiditätskennzahl or liquidity ratio) of liquid assets to liquidity reductions expected during the month following the date on which the ratio is determined of at least one. The German Liquidity Regulation also allows banks and financial services institutions subject to it to use their own methodology and procedures to measure and manage liquidity risk if the BaFin has approved such methodology and procedures. The liquidity ratio (and estimated liquidity ratios for the next eleven months) must be reported to the Bundesbank on a monthly basis.

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

Financial Statements and Audits

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

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

Investigative and Enforcement Powers

Investigations and Supervisory Audits

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

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

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

Supervisory and Enforcement Powers

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

- impose additional own funds or liquidity requirements in excess of statutory minimum requirements;
- restrict or limit a bank s business;
- require the cessation of activities to reduce risk;
- require a bank to use net profits to strengthen its own funds;
- restrict or prohibit dividend payments to shareholders or distributions to holders of Additional Tier 1 instruments; or
- remove the members of the bank s management or supervisory board members from office.

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

The BaFin also retains a wide range of enforcement powers. As discussed above, it may take action if instructed by the ECB in connection with supervisory tasks granted to the ECB. With respect to supervisory tasks remaining with the BaFin, the BaFin may take action upon its own initiative. In particular, if a bank is in danger of defaulting on its obligations to creditors, the BaFin may take emergency measures to avert default. These emergency measures may include:

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

The BaFin may also impose administrative pecuniary penalties under the German Banking Act and other German laws. Penalties under the German Banking Act may amount to generally up to 5 million or, in certain cases, 20 million, depending of the type of offense. If the economic benefit derived from the offense is higher, the BaFin may impose penalties of up to 10 % of the net turnover of the preceding business year or twice the amount of the economic benefit derived from the violation.

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

Recovery and Resolution Planning, Restructuring Powers

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

In the event that a bank is failing or likely to fail and certain other conditions are met, in particular where there is no reasonable prospect that any alternative private sector measures would prevent the failure and resolution measures are necessary in the public interest, the SRB is responsible for adopting a resolution scheme for resolving the bank pursuant to the SRM Regulation. The European Commission and, to a lesser extent, the Council of the European Union, have a role in endorsing or objecting to the resolution scheme proposed by the SRB. The resolution scheme would be addressed to and implemented by the competent national resolution authorities (in Germany: the Federal Agency for Financial Market Stabilization, FMSA).

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

To prevent banks from structuring their liabilities in a way that impedes the effectiveness of the bail-in or other resolution tools, the SRM Regulation and the German Recovery and Resolution Act, implementing the BRRD, introduced a requirement for banks to meet minimum requirements for own funds and eligible liabilities (MREL). The MREL is to be determined by the competent resolution authorities for each supervised bank individually. MREL applies to all banks across the European Union. In addition, on November 9, 2015, the FSB published a similar new standard applicable to all G-SIBs (and not only European G-SIBs), such as us, to meet a new minimum requirement for TLAC as from January 1, 2019. The FSB has proposed that competent authorities determine a firm-specific minimum TLAC requirement for each G-SIB of at least 16 % of risk-weighted assets as from January 1, 2019, rising to at least 18 % from January 1, 2022. In addition, the FSB has proposed that minimum TLAC must be at least 6 % of the Basel 3 leverage ratio denominator from January 1, 2019, rising to at least 6.75 % of the Basel 3 leverage ratio denominator from January 1, 2022. Among the package of reforms published by the European Commission on November 23, 2016 (see Overview above) is a proposal to implement the FSB s TLAC proposal in the European Union and harmonize it with MREL through amendments to CRR/CRD 4, the BRRD and the SRM Regulation. The ultimate impact of any TLAC requirements on us will depend on how the proposals will be implemented into binding legislation.

Furthermore, under the German Resolution Act, as amended by the German Resolution Mechanism Act, obligations of banks resulting from specifically defined senior unsecured debt instruments issued by them (such as bank bonds) would, in an insolvency proceeding of the issuing bank, rank junior to all other outstanding unsecured unsubordinated obligations of such bank (such as certain structured products), without technically constituting subordinated debt, but continue to rank in priority to contractually or statutorily subordinated debt instruments. Correspondingly, such senior unsecured debt instruments, in a resolution proceeding, would be bailed in prior to any other unsubordinated debt, but only after contractually or otherwise subordinated debt. This order of priority applies to insolvency proceedings commenced, and resolution measures imposed upon the relevant bank, on or after January 1, 2017, and applies to all instruments then outstanding. Among the package of reforms published by the European Commission on November 23, 2016 (see Overview above) is a proposal to harmonize national rules on the priority of claims of banks creditors in the European Union by requiring member states to create a new asset class of non-preferred senior debt that should be affected by a bail-in during resolution after other regulatory capital instruments, but prior to other unsubordinated liabilities. The ultimate impact on us will depend on how the proposal will be implemented into binding legislation.

Finally, in addition to resolution proceedings under the SRM and the German Recovery and Resolution Act, a German bank can become subject to a stabilization plan or reorganization proceedings under the German Credit Institution Reorganization Act (Gesetz zur Reorganisation von Kreditinstituten).

Separation of Proprietary Trading Activities by Universal Banks

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

On January 29, 2014, the European Commission published a proposal for a regulation on structural measures improving the resilience of European Union credit institutions (referred to as Proposed Regulation), which if enacted, will impose measures similar to the German Separation Act. The Proposed Regulation would apply to large banks which are either identified as G-SIBs (such as us), or whose total assets and trading activities exceed certain thresholds (which we exceed). If the Proposed Regulation were enacted as proposed, it would, inter alia, ban proprietary trading in financial instruments and commodities. On June 19, 2015, the Council of the European Union agreed its position at first reading on the Proposed Regulation, which contains significant amendments to the Proposed Regulation. If adopted, the Proposed Regulation might overrule certain requirements set out in the German Separation Act at the national level. The ultimate impact on us of the Proposed Regulation will depend on the content of the final version thereof.

Remuneration Rules

Under the German Banking Act and the German Credit Institution Remuneration Regulation (Institutsvergütungs-verordnung), we are subject to certain restrictions on the remuneration we pay our management board members and employees. The remuneration rules have been revised on the basis of the CRR/CRD 4 framework which imposes a cap on bonuses. Pursuant to this cap, the variable remuneration for management board members and employees must not exceed the fixed remuneration. The variable remuneration may be increased to twice the management board member s or employee s fixed remuneration if expressly approved by the shareholders meeting with the required majority. In addition, we are obliged to identify individuals who have a material impact on our risk profile (material risk takers). Such material risk takers are subject to additional rules, such as the requirement that between 40 % and 60 % of the variable remuneration granted to them must be on a deferred basis. The deferral period must be at least three to five years. Also at least 50 % of the variable remuneration for material risk takers must be paid in the form of instruments that adequately reflect the credit quality of the bank, such as shares or instruments linked to shares. Finally, we are required to comply with certain disclosure requirements relating to the remuneration we pay to, and our remuneration principles in respect of, our material risk takers and other affected employees.

For details of Deutsche Bank s remuneration system, see Management Report: Compensation Report on pages 199 through 249 of our Annual Report 2016.

Deposit Protection and Investor Compensation in Germany

The Deposit Protection Act and the Investor Compensation Act

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

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

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

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

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

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

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

European Deposit Insurance Scheme

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

Voluntary Deposit Protection System

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

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

On February 17, 2017, the Association of German Banks published a press release announcing that it is going to reform the Deposit Protection Fund. First, from October 1, 2017, bank-like clients (certain investment firms and financial institutions) as well as federal, regional and local governments would no longer be covered by the Deposit Protection Fund, but individuals, businesses, insurance companies and semi-governmental agencies, such as pension schemes for certain professions, would remain protected. Second, also from October 1, 2017, promissory notes (Schuldschein-darlehen) and registered bonds (Namensschuldverschreibungen) would no longer be covered by the Deposit Protection Fund, unless held by individuals or foundations and subject to grandfathering provisions. Third, from January 1, 2020, deposits with a term of over 18 months would no longer be protected, unless held by individuals or foundations and again subject to grandfathering provisions. The reform needs to be ratified by the Delegates Assembly (Dele-giertenversammlung) of the Association of German Banks which is meeting on April 5, 2017.

Further Regulation and Supervision in the European Economic Area

Since 1989 the European Union has enacted a number of regulations and directives to create a single European Union-wide market with almost no internal barriers on banking and financial services. The Agreement on the European Economic Area extends this single market to Iceland, Liechtenstein and Norway. Within this market our branches generally operate under the so-called European Passport . Under the European Passport, our branches are subject to regulation and supervision primarily by the ECB and the BaFin. Similarly, we also provide cross-border services in the European Economic Area under the European Passport directly without intermediation of branches. To the extent that activities are carried out within its jurisdiction, the authorities of the host country supervise the conduct of such activities. This includes, for example, rules on treating clients fairly and rules governing a bank s conduct in the securities market.

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

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

Regulation and Supervision in the United States

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

In 2010, the United States enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act), which provides a broad framework for significant regulatory changes that extend to almost every area of U.S. financial regulation. While rulemaking in respect of many of the provisions of the Dodd-Frank Act has already taken place, full implementation of the Dodd-Frank Act will require further detailed rulemaking and uncertainty remains about the final details, timing and impact of many of the rules. In addition, the substance and impact of the Dodd-Frank Act may be affected by changes in the U.S. political landscape.

The Dodd-Frank Act provisions known as the Volcker Rule limit the ability of banking entities and their affiliates to engage as principal in certain types of proprietary trading unrelated to serving clients and to sponsor or invest in private equity or hedge funds or similar funds (covered funds), subject to certain exclusions and exemptions. In the case of non-U.S. banking entities such as Deutsche Bank AG, these exemptions permit certain activities conducted outside the United States, provided that certain criteria are satisfied. The Volcker Rule also limits the ability of banking entities and their affiliates to enter into certain transactions with covered funds with which they or their affiliates have certain relationships. On December 10, 2013, U.S. regulators released the final version of the regulations implementing the Volcker Rule. Also on that date, the Federal Reserve Board extended the end of the conformance period for the Volcker Rule until July 21, 2015 (with the possibility of two one-year extensions under certain circumstances), by which time financial institutions subject to the rule, such as us, had to bring their activities and investments into compliance and implement a specific compliance program. The Federal Reserve Board has extended the Volcker Rule s general conformance period for investments in and relationships with covered funds and certain foreign funds that were in place on or prior to December 31, 2013 until July 21, 2017. This extension of the conformance period does not apply to the Volcker Rule s prohibitions on proprietary trading or to any investments in and relationships with covered funds made or entered into after December 31, 2013.

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

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

Under the FBO Rules, by July 1, 2016, a large FBO with U.S.$ 50 billion or more in U.S. non-branch assets, such as us, was required to establish or designate a separately capitalized top-tier U.S. intermediate holding company (IHC) that would hold substantially all of the FBO s ownership interests in its U.S. subsidiaries. On July 1, 2016, we designated DB USA Corporation as our IHC and, as of that date, DB USA Corporation became subject, on a consolidated basis, to the risk-based capital requirements under the U.S. Basel 3 capital framework, capital planning and stress testing requirements (on a phased-in basis), U.S. liquidity buffer requirements and other enhanced prudential standards comparable to those applicable to top-tier U.S. bank holding companies of a similar size. The Federal Reserve Board has the authority to examine DB USA Corporation and any of its subsidiaries, as well as our New York branch. U.S. leverage requirements applicable to the IHC will take effect beginning in January 2018. An FBO s U.S. branches and agencies will not be held beneath an IHC; however, the U.S. branches and agencies of the FBO (and in certain cases, the entire U.S. operations of the FBO) will be subject to certain liquidity requirements, as well as other specific enhanced prudential standards, such as risk management and, under certain circumstances, asset maintenance requirements. Additionally, the FBO Rules place requirements on the FBO itself related to the adequacy and reporting of the FBO s home country capital and stress testing regime. On March 4, 2016, the Federal Reserve Board issued a re-proposal of its requirements relating to single counterparty credit limits that would apply to an FBO s combined U.S. operations and its IHC. The re-proposal is still under consideration by the Federal Reserve Board. In addition, the Federal Reserve Board is still considering an early remediation framework under which the Federal Reserve Board would implement prescribed restrictions and penalties against the FBO and its U.S. operations, such as restrictions on the ability of the FBO and its U.S. operations to make discretionary compensation payments to certain of its officers and directors, if the FBO and/or its U.S. operations do not meet certain risk-based capital, leverage, liquidity, stress testing or other risk management requirements, and would authorize the termination of U.S. operations under certain circumstances.

Title I of the Dodd-Frank Act and the implementing regulations issued by the Federal Reserve Board and the Federal Deposit Insurance Corporation (FDIC) require each bank holding company with assets of U.S.$ 50 billion or more, including Deutsche Bank AG, to prepare and submit annually a plan for the orderly resolution of subsidiaries and operations in the event of future material financial distress or failure (the Title I US Resolution Plan). For foreign-based companies subject to these resolution planning requirements such as Deutsche Bank AG, the Title I US Resolution Plan only relates to subsidiaries, branches, agencies and businesses that are domiciled in or whose activities are carried out in whole or in material part in the United States. Deutsche Bank AG filed its last Title I US Resolution Plan in July 2015 and was not required to file a Title I US Resolution Plan in 2016. In addition to the Title I US Resolution Plan, in 2014, DBTCA, one of our insured depository institutions (IDIs) in the United States, became subject to the FDIC s final rule requiring IDIs with total assets of U.S.$ 50 billion or more to submit periodically to the FDIC a plan for resolution in the event of failure (the IDI Plan and, together with the Title I US Resolution Plan, the US Resolution Plan) under the Federal Deposit Insurance Act (the IDI Rule). In 2014, Deutsche Bank AG expanded its Title I US Resolution Plan to also be responsive to the IDI Rule requirements. In September 2015, DBTCA prepared and submitted a separate IDI Plan and was not required to file an IDI Plan in 2016. Our next US Resolution Plan is currently expected to be due on July 1, 2017.

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

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

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

Our other U.S. bank holding company subsidiary, Deutsche Bank Trust Corporation, is subject to risk-based and leverage capital requirements, liquidity requirements, and other enhanced prudential standards applicable to large U.S. bank holding companies. Deutsche Bank Trust Corporation also became subject to capital planning and stress testing requirements on June 30, 2014. On June 29, 2016, the Federal Reserve Board publicly indicated that it had objected to Deutsche Bank Trust Corporation s 2016 capital plan submission due to weaknesses in its capital planning processes. Deutsche Bank Trust Corporation s stressed Common Equity Tier 1 capital ratio was forecast by the Federal Reserve Board to fall to as low as 30.1 % under the supervisory severely adverse scenario. This hypothetical stressed ratio would be substantially above the minimum required ratio of 4.5 %. Stress testing results are based on hypothetical adverse scenarios and should not be viewed or interpreted as forecasts of expected outcomes or capital adequacy or of the actual financial condition of Deutsche Bank Trust Corporation. Deutsche Bank Trust Corporation will submit its 2017 capital plan, incorporating enhancements to its processes, on April 5, 2017. The Federal Reserve has indicated that this capital plan will be judged publicly only on a quantitative basis. DB USA Corporation will provide its first capital plan submission to the Federal Reserve Board in April 2017; however, the results of its first submission will not be made public by the Federal Reserve Board. Deutsche Bank Trust Corporation will remain subject to the capital planning and stress-testing requirements and certain enhanced prudential standards until corresponding requirements applicable to DB USA Corporation become fully effective in January 2018.

In September 2014, the Federal Reserve Board and other U.S. regulators approved a final rule implementing liquidity coverage ratio (LCR) requirements for large U.S. banking holding companies and certain of their subsidiary depositary institutions that are generally consistent with the Basel Committee s revised Basel 3 liquidity standards. The LCR requirement is meant to ensure that an organization maintains sufficient high-quality liquid assets to withstand a 30-days stress scenario. Deutsche Bank Trust Corporation, as a U.S. bank holding company with total assets of U.S.$ 50 billion or more that is not an advanced approaches bank holding company, became subject to a modified, less stringent version of the LCR beginning in January 2016. Since DB USA Corporation is a U.S. bank holding company that had more than U.S.$ 10 billion in foreign exposure as of December 31, 2016, it will become subject to the full LCR on April 1, 2017. At the same time, Deutsche Bank Trust Company Americas, an indirect insured depository institution subsidiary of DB USA Corporation with more than U.S.$ 10 billion in total consolidated assets, will also become subject to the full LCR. Once DB USA Corporation becomes subject to the full LCR on April 1, 2017, Deutsche Bank Trust Corporation will no longer be subject to a standalone LCR requirement. On June 1, 2016, the Federal Reserve Board and other U.S. regulators proposed rules implementing the second element of the Basel 3 liquidity framework, the net stable funding ratio (NSFR), which measures whether an institution maintains sufficiently stable amounts of longer-term funding. Under the proposed rules, DB USA Corporation and Deutsche Bank Trust Company Americas would be subject to the full NSFR on January 1, 2018.

On December 15, 2016, the Federal Reserve Board adopted final rules that implement a U.S. version of the FSB s TLAC standard in the United States. The final rules require, among other things, the U.S. IHCs of non-U.S. G-SIBs, including DB USA Corporation, to maintain a minimum amount of TLAC, and separately require them to maintain a minimum amount of long-term debt. Under the final rules, the required amounts of minimum internal TLAC and the ability of the IHC to issue long-term debt externally varies depending on the G-SIB s planned resolution strategy. Our current expectation is that DB USA Corporation would be considered a non-resolution covered IHC , which means that it is intended, under the planned resolution strategy of its G-SIB parent (Deutsche Bank AG), to continue to operate outside of resolution proceedings while the G-SIB parent is resolved under a single-point of entry resolution strategy. The final rules require a non-resolution covered IHC to maintain, by 2019, (i) internal minimum TLAC of at least 16 % of its risk-weighted assets, 6 % of its Basel 3 leverage ratio denominator and 8 % of its average total consolidated assets, (ii) internal eligible long-term debt of at least 6 % of its risk-weighted assets, 2.5 % of its Basel 3 leverage ratio denominator and 3.5 % of its average total consolidated assets. Eligible long-term debt instruments would be required to meet certain criteria, including issuance to a foreign company that controls directly or indirectly the covered IHC or a foreign affiliate (a non-U.S. entity that is wholly owned, directly or indirectly, by the non-U.S. G-SIB)) and the inclusion of a contractual trigger allowing for, in limited circumstances, the immediate conversion or exchange of some or all of the instrument into Common Equity Tier 1 upon an order by the Federal Reserve Board. Internal TLAC requirements could be satisfied with a combination of eligible long-term debt instruments and Tier 1 capital. DB USA Corporation will also face restrictions on its discretionary bonus payments and capital distributions if it fails to maintain a TLAC buffer consisting of common equity tier 1 capital equal to 2.5 % of risk-weighted assets above the minimum TLAC requirement. The final rules also prohibit or limit DB USA Corporation s ability to engage in certain types of financial transactions.

Furthermore, the Dodd-Frank Act provides for an extensive framework for the regulation of over-the-counter (OTC) derivatives, including mandatory clearing, exchange trading and transaction reporting of certain OTC derivatives, as well as rules regarding the registration of, and capital, margin and business conduct standards for, swap dealers, security-based swap dealers, major swap participants and major security-based swap participants. The Commodity Futures Trading Commission (CFTC) adopted final rules in 2016 that will require additional interest rate swaps to be cleared, with a phased implementation schedule ending in October 2018. In December 2016, also pursuant to the Dodd-Frank Act, the CFTC re-proposed regulations to impose position limits on certain commodities and economically equivalent swaps, futures and options. This proposal has not yet been finalized. The Securities and Exchange Commission (SEC) has also finalized rules regarding registration, business conduct standards and trade acknowledgement and verification requirements for security-based swap dealers and major security-based swap participants, although these rules will not come into effect until the SEC completes further security-based swap rulemakings. Finally, the U.S. Prudential Regulators and the CFTC have adopted final rules establishing margin requirements for non-cleared swaps and security-based swaps. The final margin rules follow a phased implementation schedule, with certain initial margin and variation margin requirements in effect as of September 2016, additional variation margin requirements coming into effect in March 2017, and additional initial margin requirements phased in on an annual basis from September 2017 through September 2020, with the relevant compliance dates depending in each case on the transactional volume of the parties and their affiliates.

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

The Dodd-Frank Act also establishes a new regulatory framework and enhanced regulation for several other areas, including but not limited to the following. Under the Dodd-Frank Act and implementing regulations, a new regime for the orderly liquidation of systemically significant financial companies is established, which authorizes assessments on financial institutions that have U.S.$ 50 billion or more in consolidated assets to repay outstanding debts owed to the Treasury in connection with a liquidation of a systemically significant financial company under the new insolvency regime. In addition, the Dodd-Frank Act requires U.S. regulatory agencies to prescribe regulations with respect to incentive-based compensation at financial institutions in order to prevent inappropriate behavior that could lead to a material financial loss. Other provisions require issuers with securities listed on U.S. stock exchanges, which may include foreign private issuers such as us, to establish a clawback policy to recoup previously awarded executive compensation in the event of an accounting restatement; in May 2016, the SEC re-proposed rules to implement this provision of the Dodd-Frank Act that would cover foreign private issuers. The Dodd-Frank Act also grants the SEC discretionary rule-making authority to impose a new fiduciary standard on brokers, dealers and investment advisers, and expands the extraterritorial jurisdiction of U.S. courts over actions brought by the SEC or the United States with respect to violations of the antifraud provisions of the Securities Act of 1933, the Securities Exchange Act of 1934 and the Investment Advisers Act of 1940.

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

Regulatory Authorities

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

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

Restrictions on Activities

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

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

In addition to the business of banking, and managing or controlling banks, so long as we are a financial holding company under U.S. law, we may also engage in nonbanking activities in the United States that are financial in nature, or incidental or complementary to such financial activity, including securities, merchant banking, insurance and other financial activities, subject to certain limitations on the conduct of such activities and to prior regulatory approval in some cases. As a non-U.S. bank, Deutsche Bank AG and our non-U.S. subsidiaries are generally authorized under U.S. law and regulations to acquire a non-U.S. company engaged in nonfinancial activities as long as that company s U.S. operations do not exceed certain thresholds and certain other conditions are met. On January 14, 2014, the Federal Reserve Board sought comment on the appropriateness of further restrictions on the physical commodity and merchant banking activities conducted by financial holding companies under several provisions of the Bank Holding Company Act in order to address various prudential considerations, including the potential risks of such activities to the safety and soundness of financial holding companies and financial stability more broadly. In September 2016, the Federal Reserve Board proposed a rule that would limit the commodities activities of financial holding companies by, among other things, imposing additional capital charges in relation to activities involving environmentally hazardous commodities, tightening quantitative limits on certain commodities activities and establishing new public reporting requirements.

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

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

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

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

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

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

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

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

New York Branch

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

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

Deutsche Bank Trust Company Americas

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

DBTCA, like other FDIC-insured banks, is required to pay assessments to the FDIC for deposit insurance under the FDIC s Deposit Insurance Fund (calculated using the FDIC s risk-based assessment system). The minimum reserve ratio for the Deposit Insurance Fund was increased under the Dodd-Frank Act from 1.15 % to 1.35 %, with the target of 1.35 % to be reached by 2020 and with the incremental cost charged to banks with more than U.S.$ 10 billion in assets. In addition, the FDIC has set the designated reserve ratio at 2 % as a long-term goal. This shift has had financial implications for all FDIC-insured banks, including DBTCA. In order to achieve the 1.35 % goal, in March 2016, the FDIC adopted a rule imposing an additional surcharge of 4.5 % per $ 100 of the quarterly assessments (after making certain adjustments) of insured depository institutions with total consolidated assets of U.S.$ 10 billion or more, including DBTCA. The surcharge took effect on July 1, 2016, and the FDIC expects it to remain in place for two years. The surcharge has increased costs for DBTCA and may be material to the results of operation of DBTCA. The FDIC s standard maximum deposit insurance amount per customer at an insured depository institution is U.S.$ 250,000.

In June 2016, the FDIC updated its 2015 guidance on brokered deposits, providing information regarding identifying, accepting and reporting brokered deposits. To the extent that the FDIC s guidance expands the definition of deposits that constitute brokered deposits, the guidance could have implications for regulatory reporting, the LCR, the NSFR, deposit insurance assessments and other regulatory requirements.

Other

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

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

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

Organizational Structure

We operate our business along the structure of our six corporate divisions. Deutsche Bank AG is the direct or indirect holding company for our subsidiaries. The following table sets forth the significant subsidiaries we own, directly or indirectly, as of December 31, 2016. We used the three-part test set out in Section 1-02 (w) of Regulation S-X under the U.S. Securities Exchange Act of 1934 to determine significance. We do not have any other subsidiaries we believe are material based on other, less quantifiable, factors.

Table of Contents

We own 100 % of the equity and voting interests in these subsidiaries. These subsidiaries prepare financial statements as of December 31, 2016 and are included in our consolidated financial statements. Their principal countries of operation are the same as their countries of incorporation.

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

1 DB USA Corporation is the top-level holding company for our subsidiaries in the United States.
2 Deutsche Bank Americas Holding Corporation is a second tier holding company for subsidiaries in the United States.
3 German American Capital Corporation is engaged in purchasing and holding loans from financial institutions, trading and securitization of mortgage whole loans and mortgage securities, and providing collateralized financing to counterparties.
4 DB U.S. Financial Markets Holding Corporation is a second tier holding company for subsidiaries in the United States.
5 Deutsche Bank Securities Inc. is a U.S. company registered as a broker dealer and investment advisor with the Securities and Exchange Commission and as a futures commission merchant with the Commodities Futures Trading Commission.
6 DB Structured Products, Inc. is a U.S. subsidiary that has ceased engaging in new business and has surrendered the licenses it holds in respect of mortgage-related activities.
7 Deutsche Bank Trust Corporation is a bank holding company under Federal Reserve Board regulations.
8 Deutsche Bank Trust Company Americas is a New York State-chartered bank and member of the Federal Reserve System. It originates loans and other forms of credit, accepts deposits, arranges financings and provides numerous other commercial banking and financial services.
9 The company s primary business model comprises loan business with international clients (Corporate & Investment Banking), where the bank acts globally as lending office and as risk transfer hub for the Credit Portfolio Strategies Group of Deutsche Bank, as well as structured finance activities covering long-term infrastructure projects and high quality investment goods (Global Markets). Furthermore, the bank offers tailor-made solutions with a wide range of products and services to their Wealth Management clients.
10 The company serves private individuals, affluent clients as well as small and medium sized corporate clients with banking products.
11 The company holds the majority stake in Deutsche Postbank AG (remainder is held at Deutsche Bank AG) and in DWS Holding & Service GmbH.
12 The business activities of this company comprise retail banking, business with corporate customers, money and capital markets activities as well as home savings loans.
13 The business activities of this company comprise acquisition, management, coordination and sale of investments especially in investment companies both nationally and internationally for its own account as well as rendering services for general and administrative functions for the investments and other comparable companies. Minority interests of below 1 % exist.

Property and Equipment

As of December 31, 2016, we operated in 62 countries out of 2,656 branches around the world, of which 67 % were in Germany. We lease a majority of our offices and branches under long-term agreements.

We continue to review our property requirements worldwide taking into account cost containment measures as well as growth initiatives in selected businesses. Please see Note 24 Property and Equipment to the consolidated financial statements for further information.

Information Required by Industry Guide 3

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

Item 4A: Unresolved Staff Comments

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

Item 5: Operating and Financial Review and Prospects

Overview

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

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

Significant Accounting Policies and Critical Accounting Estimates

Our significant accounting policies are essential to understanding our reported results of operations and financial condition. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgments and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Such critical accounting estimates could change from period to period and have a material impact on our financial condition, changes in financial condition or results of operations. Critical accounting estimates could also involve estimates where management could have reasonably used another estimate in the current accounting period. Actual results may differ from these estimates if conditions or underlying circumstances were to change. See Note 1 Significant Accounting Policies and Critical Accounting Estimates to the consolidated financial statements for a discussion on our significant accounting policies and critical accounting estimates.

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

- the impairment of associates
- the impairment of financial assets available for sale
- the determination of fair value
- the recognition of trade date profit
- the impairment of loans and provisions for off-balance sheet positions
- the impairment of goodwill and other intangibles
- the recognition and measurement of deferred tax assets
- the accounting for legal and regulatory contingencies and uncertain tax positions

Recently Adopted Accounting Pronouncements and New Accounting Pronouncements

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

Operating Results

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

Executive Summary

Please see Management Report: Operating and Financial Review: Executive Summary on pages 36 through 38 of the Annual Report 2016.

Trends and Uncertainties

For insight into the trends impacting our performance please see the Management Report: Operating and Financial Review section of the Annual Report 2016. Key risks and uncertainties for the Bank are discussed in Item 3: Key Information Risk Factors .

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

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

While we seek to achieve efficiencies in our operations, the results of our operational restructuring and the realization of planned savings are dependent on the successful and timely implementation of our updated strategy measures. The benefits, costs and timeframe of the implementation of our strategy could be adversely affected by unforeseen difficulties in the implementation process as well as factors beyond our control, such as negative market developments.

In accordance with our strategy update announced in March 2017, going forward, our Global Markets division (GM) will be merged with our existing Corporate & Investment Banking (CIB) to create a single integrated Corporate & Investment Bank division (CIB). In accordance with this decision, our current GM business segments Debt Sales & Trading and Equity Sales & Trading will be combined with our existing CIB businesses Corporate Finance and Transaction Banking to form part of the reconfigured business division CIB.

The risks to the outlook for our Corporate Finance and Transaction Banking businesses include further loosening of monetary policy in key markets, volatile market conditions, an increase in political risk from upcoming national elections in Europe and uncertainty around the exit process of the UK from the European Union. Furthermore, we expect disparities in regional growth rates to have a mixed impact on CIB, and Corporate Finance in particular, with stronger U.S. growth counterbalanced by a slowdown in Europe and China.

Risks to our Debt Sales & Trading and Equity Sales & Trading businesses outlook include exposure of global macroeconomic growth to political developments in Europe, including the exit process of the UK from the European Union, the evolution of central bank policies and ongoing regulatory developments. Challenges, including event risks and a slow-down in client activity, may also impact financial markets.

Going forward, PW&CC together with the integrated Postbank will form the business division Private & Commercial Bank (PCB). To realize the efficiencies and other benefits that we seek from this, we will need to effectively implement this integration, after having pursued the operational separation of Postbank from Deutsche Bank under our prior strategy. This integration, like the implementation of other elements of our updated strategy, could be adversely affected by unforeseen difficulties in the implementation process as well as factors beyond our control, such as negative market developments.

Uncertainties to the outlook for Private, Wealth & Commercial Clients (PW&CC) related businesses include slower economic growth in our main operating countries and higher than expected volatility in equity and credit markets, which could adversely affect investor risk appetite and asset flow, as well as decline in interest rates globally. In addition, fierce competition, tighter regulatory requirements as well as delays in the execution of our strategic projects could negatively impact both our revenue generating capacity and our cost base.

A continued low interest rate environment and unfavorable macroeconomic developments as well as increased competition in Postbank s (PB) home market could adversely impact our revenue generating capacity while further evolving regulatory requirements may lead to a weaker performance in terms of cost efficiency.

Macroeconomic developments, such as increasingly divergent monetary policy between the U.S. and the rest of the world, uncertain political outlook including the UK exit process from the European Union, emerging market volatility, fierce competition and the changing regulatory environment could negatively impact the future performance of Deutsche Asset Management (Deutsche AM) related business. Furthermore, the negative market perceptions concerning Deutsche Bank and market rumors surrounding the future of Deutsche AM exacerbated net asset outflows in the division in 2016. While we have seen positive flows early in 2017, we expect another challenging year for the industry and Deutsche AM.

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

Our effective tax rate was impacted primarily by non-tax deductible goodwill impairment and litigation charges. The effective tax rate in future periods may be influenced by the occurrence of similar events, the resolution of tax examinations and investigations, or changes in tax laws and interpretative guidance, such as changes in applicable U.S. tax laws resulting from a potential U.S. tax reform currently being contemplated.

Results of Operations

Please see Management Report: Operating and Financial Review: Results of Operations on pages 47 to 73 of the Annual Report 2016 and our discussion of Non-GAAP financial measures in the Supplementary Financial Information on pages 467 to 472.

Financial Position

Please see Management Report: Operating and Financial Review: Financial Position on pages 73 to 75 of the Annual Report 2016.

Liquidity and Capital Resources

For a detailed discussion of our liquidity risk management, see Management Report: Risk Report: Liquidity Risk beginning on page 128 of the Annual Report 2016.

For a detailed discussion of our capital management, see Management Report: Risk Report: Capital Management on beginning on page 106 of the Annual Report 2016.

Post-Employment Benefit Plans

Please see Management Report: Employees: Post-Employment Benefit Plans on page 253 of the Annual Report 2016.

Off-Balance Sheet Arrangements

For information on the nature, purpose and extent of our off-balance sheet arrangements, please see Note 41 Structured Entities to the consolidated financial statements. For further information on off-balance sheet arrangements, including allowances for off-balance sheet positions, please refer to Management Report: Risk Report: Asset Quality: Allowance for Credit Losses on pages 342 to 343 of the Annual Report 2016 and Note 21 Allowance for Credit Losses to the consolidated financial statements. For information on irrevocable lending commitments and contingent liabilities with respect to third parties, please see Note 31 Credit related Commitments to the consolidated financial statements.

Tabular Disclosure of Contractual Obligations

Please see Management Report: Operating and Financial Review: Tabular Disclosure of Contractual Obligations on page 77 of the Annual Report 2016.

Research and Development, Patents and Licenses

Not applicable.

Item 6: Directors, Senior Management and Employees

Directors and Senior Management

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

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

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

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

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

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

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

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

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

Supervisory Board and Management Board

In carrying out their duties, members of both the Management Board and Supervisory Board must exercise the standard of care of a prudent and diligent business person, and they are liable to us for damages if they fail to do so.

The liability of the members of the Management Board or the Supervisory Board under the German Stock Corporation Act for breach of their fiduciary duties is to the company rather than individual shareholders. However, individual shareholders that hold at least 1 % or 100,000 of the subscribed capital and are granted standing by the court may also invoke such liability to the company. The underlying concept is that all shareholders should benefit equally from amounts received under this liability by adding such amounts to the company s assets rather than disbursing them to plaintiff shareholders. We may waive the right to claim damages or settle these claims if at least three years have passed since the alleged breach and if the shareholders approve the waiver or settlement at the General Meeting with a simple majority of the votes cast, and provided that opposing shareholders do not hold, in the aggregate, one tenth or more of our share capital and do not have their opposition formally noted in the minutes maintained by a German notary.

Supervisory Board

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

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

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

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

For additional information on our Supervisory Board, including a table providing the names of and biographical information for the current members, see Corporate Governance Statement/Corporate Governance Report: Management Board and Supervisory Board: Supervisory Board on pages 450 to 455 of the Annual Report 2016.

Standing Committees

For information on the standing committees of our Supervisory Board, please see Corporate Governance Statement/Corporate Governance Report: Management Board and Supervisory Board: Standing Committees on pages 455 to 459 of the Annual Report 2016.

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

Management Board

Our Articles of Association require the Management Board to have at least three members. Our Management Board currently has eleven members. The Supervisory Board has also appointed a Chairman of the Management Board.

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

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

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

- appointing key personnel at the level directly below the Management Board;
- making decisions regarding significant credit exposures or other risks which have not been delegated to individual risk management units;

acquisition and disposal of equity investments, including capital measures in all cases in which (i) the law or our Articles of Association require approval by the Supervisory Board, or (ii) the equivalent of 100 million is exceeded;

acquisition and disposal of real estate directly or by separate legal entities in all cases in which: (i) the law or our Articles of Association require approval by the Supervisory Board, or (ii) the real estate s equivalent exceeds 100 million;

individual vendor or intra Group-outsourcings (or material changes to those outsourcings) in all cases in which the equivalent of 100 million is exceeded on an annual basis or include the delegation of core organizational duties of the Management Board;

calling shareholders meetings;

filing petitions to set aside shareholders resolutions;

preparing and executing shareholders resolutions; and

reporting to the Supervisory Board.

For additional information on our Management Board, including the names of and biographical information for the current members, see Corporate Governance Statement/Corporate Governance Report: Management Board and Supervisory Board: Management Board on pages 445 to 450 of the Annual Report 2016. The Terms of Reference of the Management Board are published on our website www.db.com/ir/en/documents.htm.

Board Practices of the Management Board

The Terms of Reference for the Management Board are in accordance with the Supervisory Board resolution of May 18, 2016. These Terms of Reference provide that the members of the Management Board have the collective responsibility for managing Deutsche Bank. Notwithstanding this principle, the allocation of functional responsibilities to the individual members of the Management Board and their substitution (in case of temporary absence) are set out in the business allocation plan for the Management Board in accordance with the Supervisory Board resolution of February 1, 2017. The allocation of functional responsibilities does not exempt any member of the Management Board from collective responsibility for the management of the business. The members of the Management Board have primary responsibility for the proper performance and/or delegation of their duties and the clear allocation of accountabilities and responsibilities within the area of own functional responsibility (*Ressort*).

Members of the Management Board are bound to the corporate interest of Deutsche Bank. No member of the Management Board may pursue personal interests in his/her decisions or use business opportunities intended for the company for himself/herself. As permitted by German law, individual members of the Management Board may exercise Deutsche Bank Group-external mandates, honorary offices or special assignments. In order to effectively prevent any conflicts of interest, the members of the Management Board may accept such activities only upon the approval of the other members of the Management Board and the Chairman s Committee of the Supervisory Board. Management Board members generally do not accept the chair of supervisory boards of Group-external companies.

Section 161 of the German Stock Corporation Act requires that the management board and supervisory board of any German stock exchange-listed company declare annually that the company complies with the recommendations of the German Corporate Governance Code or, if not, which recommendations the company does not comply with (comply or explain). These recommendations go beyond the requirements of the German Stock Corporation Act. The Management Board and Supervisory Board issued a new Declaration of Conformity in accordance with Section 161 of the German Stock Corporation Act on October 27, 2016, which is available on our internet website at www.db.com/ir/en/documents.htm under the heading Declaration of Conformity pursuant to § 161 German Stock Corporation Act (AktG), Oct 2016 .

For information on the Management Board s terms of office, please see Corporate Governance Statement/Corporate Governance Report: Management Board and Supervisory Board: Management Board on pages 445 to 450 of the Annual Report 2016. For details of the Management Board s service contracts providing benefits upon termination, please see Compensation Report: Pension and Transitional Benefits and Compensation Report: Other Benefits upon Premature Termination on page 217 of the Management Report of the Annual Report 2016.

Compensation

For information on the compensation of the members of our Management Board, see Management Report: Compensation Report: Management Board Compensation Report on pages 202 to 231 of the Annual Report 2016.

For information on the compensation of the members of our Employees, see Management Report: Compensation Report: Employee Compensation Report on pages 232 to 246 of the Annual Report 2016.

For information on the compensation of the members of our Supervisory Board, see Management Report: Compensation Report: Compensation System for Supervisory Board Members on pages 247 to 249 of the Annual Report 2016.

Employees

For information on our employees, see Management Report: Employees on pages 252 to 256 of the Annual Report 2016.

Share Ownership

For the share ownership of the Management Board, see Management Report: Compensation Report: Management Board Share Ownership on page 220 of the Annual Report 2016.

For the share ownership of the members of the Supervisory Board, see Corporate Governance Statement/Corporate Governance Report: Reporting and Transparency: Directors Share Ownership on page 460 of the Annual Report 2016.

For a description of our employee share programs, please see Note 36 Employee Benefits to the consolidated financial statements.

Item 7: Major Shareholders and Related Party Transactions

Major Shareholders

On December 31, 2016, our issued share capital amounted to 3,530,939,215 divided into 1,379,273,131 no par value ordinary registered shares.

On December 31, 2016, we had 598,122 registered shareholders. 774,642,642 of our shares were registered in the names of 586,559 shareholders resident in Germany, representing 56.16 % of our share capital. 244,805,604 of our shares were registered in the names of 710 shareholders resident in the United States, representing 17.75 % of our share capital.

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

Paramount Services Holdings Ltd., British Virgin Islands, has notified us that as of August 20, 2015 it held 3.05 % of our shares. We have received no further notification by Paramount Services Holdings Ltd., British Virgin Islands, through March 10, 2017.

Supreme Universal Holdings Ltd., Cayman Islands, has notified us that as of August 20, 2015 it held 3.05 % of our shares. We have received no further notification by Supreme Universal Holdings Ltd., Cayman Islands, through March 10, 2017.

BlackRock, Inc., Wilmington, DE, has notified us that as of March 1, 2017 it held 5.95 % of our shares. We have received no further notification by BlackRock, Inc., Wilmington, DE, through March 10, 2017.

Hainan Jiaoguan Holding Co., Ltd., City of Haikou, has notified us that as of February 15, 2017 it held 3.04 % of our shares. We have received no further notification by Hainan Jiaoguan Holding Co., Ltd., City of Haikou, through March 10, 2017.

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

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

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

Related Party Transactions

We have business relationships with a number of the companies in which we own significant equity interests. We also have business relationships with a number of companies where members of our Management Board also hold positions on boards of directors. Our business relationships with these companies cover many of the financial services we provide to our clients generally. For more detailed information, refer to Note 39 Related Party Transactions to the consolidated financial statements.

We conduct our business with these companies on terms equivalent to those that would prevail if we did not have equity holdings in them or management members in common, and we have conducted business with these companies on that basis in 2016 and prior years. None of these transactions is or was material to us.

Among our business with related party companies in 2016, there have been and currently are loans, guarantees and commitments, which totaled 364 million (including loans amounting to 212 million) as of December 31, 2016, compared to 789 million (including loans amounting to 309 million) as of December 31, 2015.

All these credit exposures

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

Related Party Impaired Loans

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

Impaired loans to related parties which may exhibit more than normal risk of collectability or present other unfavorable features compared to performing loans to related parties decreased by 3 million to 0 million, from December 31, 2015. The following table presents an overview of the impaired loans we hold of some of our related parties as of December 31, 2016.

in m.	Amount outstanding as of December 31, 2016	Largest amount outstanding January 1, to December 31, 2016	Provision for loan losses in 2016 [1]	Allowance for loan losses as of December 31, 2016 [1]	Nature of the loan and transaction in which incurred
Customer A	0	1	0	0	Uncollateralized shareholder loan bearing interest at 7.5 % per annum. The loan is held at contractual terms but interest is accreted at the effective interest rate applied to the carrying amount.
Customer B	0	2	0	0	Consisting of a claim from a collateralized real estate leasing finance unpaid at maturity, bearing interest at 6.62 % per annum. The exposure was past due and payable, interest is accreted at the effective interest rate applied to the carrying amount. After the sale of the real estate (the group s collateral) and a partly repayment of the exposure the remaining amount was written off in 2016.
Total	**0**	**n/m [2]**	**0**	**0**	

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

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

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

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

Interests of Experts and Counsel

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

Item 8: Financial Information

Consolidated Statements and Other Financial Information

Consolidated Financial Statements

The Financial Statements of this Annual Report on Form 20-F consist of the Consolidated Financial Statements including Notes 1 to 46 thereto, which are set forth as Part 2 of the Annual Report 2016, and, as described in Note 1 Significant Accounting Policies and Critical Accounting Estimates thereto in the third paragraph under Basis of Accounting , certain parts of the Management Report set forth as Part 1 of the Annual Report 2016. Such Consolidated Financial Statements have been audited by KPMG AG Wirtschaftsprüfungsgesellschaft, as described in their Report of Independent Registered Public Accounting Firm included on page 417 of the Annual Report 2016.

Legal Proceedings

General. We and our subsidiaries operate in a legal and regulatory environment that exposes us to significant litigation risks. As a result, we are involved in litigation, arbitration and regulatory proceedings and investigations in Germany and in a number of jurisdictions outside Germany, including the United States. Please refer to Note 30 Provisions to the Consolidated Financial Statements for descriptions of certain significant legal proceedings. Additional legal proceedings that may have, or have had in the recent past, significant effects on our financial position or profitability are described below.

Charter/BMY Matter. On December 8, 2014, the United States Department of Justice (DOJ) filed a civil complaint against, among others, Deutsche Bank, seeking to recover more than U.S.$ 190 million in taxes, penalties, and interest owed by a third party relating to two transactions that occurred between March and May 2000. The DOJ s complaint arises out of Deutsche Bank s March 2000 acquisition of Charter Corp. (Charter) and its subsequent sale in May 2000 of Charter to an unrelated entity, BMY Statutory Trust (the Trust). Charter s primary asset, both at the time of purchase by Deutsche Bank and sale to the Trust, was appreciated Bristol-Myers Squibb Company (BMY) stock. When the BMY stock was sold by the Trust, the Trust offset its gain with a loss from an unrelated transaction. The Internal Revenue Service subsequently disallowed the loss on audit exposing the BMY gain to taxation. The IRS assessed additional tax, penalties and interest against the Trust, which have not been paid. Relying on certain theories, including fraudulent conveyance, the DOJ sought to recoup from Deutsche Bank the taxes, plus penalties and interest, owed by the Trust. Deutsche Bank and the DOJ agreed to a final settlement of the case, and the Court dismissed the case with prejudice on January 4, 2017. Under the terms of the settlement, Deutsche Bank agreed to pay U.S.$ 95 million.

Contestation of the General Meeting s Resolution Not to Pay a Dividend for the 2015 Fiscal Year. In May 2016, our General Meeting resolved that no dividend was to be paid to our shareholders for the 2015 fiscal year. Some shareholders filed a lawsuit with the Frankfurt am Main District Court (Landgericht), contesting (amongst others) the resolution on the grounds that we were required by law to pay a minimum dividend in an amount equal to 4% of our share capital. In December 2016, the district court ruled in favor of the plaintiffs. We initially appealed the court s decision. However, consistent with our updated strategy, we intend to withdraw the appeal, as this decision is concerned, whereupon the contested resolution will become void. Our Management Board intends to propose to the Annual General Meeting in May 2017 to resolve the payment of a dividend of approximately 400 million from our distributable profit for 2016, which amount contains a component reflecting the distributable profit carried forward from 2015 of approximately 165 million.

CO_2 Emission Rights. The Frankfurt am Main Office of Public Prosecution (the OPP) is investigating alleged value-added tax (VAT) fraud in connection with the trading of CO_2 emission rights by certain trading firms, some of which also engaged in trading activity with Deutsche Bank. The OPP alleges that certain employees of Deutsche Bank knew that their counterparties were part of a fraudulent scheme to avoid VAT on transactions in CO_2 emission rights, and it searched Deutsche Bank s head office and London branch in April 2010 and issued various requests for documents. In December 2012, the OPP widened the scope of its investigation and again searched Deutsche Bank s head office. It alleges that certain employees deleted e-mails of suspects shortly before the 2010 search and failed to issue a suspicious activity report under the Anti-Money Laundering Act which, according to the OPP, was required. It also alleges that Deutsche Bank filed an incorrect VAT return for 2009 and incorrect monthly returns for September 2009 to February 2010. Deutsche Bank is cooperating with the OPP. On June 13, 2016, the Frankfurt District Court sentenced seven former Deutsche Bank employees for VAT evasion and for aiding and abetting VAT evasion in connection with their involvement in CO_2 emissions trading. Appeals are pending with respect to some of such former employees. The investigation by the OPP with respect to other employees is continuing.

The insolvency administrators of several German traders who sold emission certificates to Deutsche Bank in 2009/2010 are trying to refute the transactions as a voidable preference under German insolvency law and, in some cases, have started civil litigation. There is only one court decision so far, under which the Frankfurt District Court dismissed the relevant insolvency administrator s claim in full. The appeal against the decision is pending. In 2015, five insolvent English companies, which are alleged to have been involved in VAT fraud in connection with trading CO_2 emission rights in the UK, and their respective liquidators, started civil proceedings in London against four defendants including Deutsche Bank AG claiming that the defendants dishonestly assisted directors of the insolvent companies in breaching duties, and alternatively that the defendants were party to carrying on the companies business with fraudulent intent (giving rise to a claim under Section 213 of the Insolvency Act 1986). Deutsche Bank is defending the claim and the proceedings are at an early stage.

Deutsche Bank Shareholder Litigation. Deutsche Bank and certain of its current and former officers and management board members are the subject of two purported class actions, filed in the United States District Court for the Southern District of New York, asserting claims under the federal securities laws on behalf of persons who purchased or otherwise acquired securities of Deutsche Bank on a United States exchange or pursuant to other transactions within the United States between April 15, 2013 and April 29, 2016. Plaintiffs allege that Deutsche Bank s SEC Annual Reports on Form 20-F for the years 2012, 2013, 2014 and 2015 were materially false and misleading in failing to disclose (i) serious and systemic failings in controls against financing terrorism, money laundering, aiding organizations subject to international sanctions and committing financial crime and (ii) that the Bank s internal control over financial reporting and its disclosure controls and procedures were not effective. The court consolidated the two actions and on October 4, 2016 appointed a lead plaintiff and lead counsel. On December 16, 2016, plaintiffs filed a consolidated amended complaint, expanding the proposed class period to January 31, 2013 through July 26, 2016, and adding several additional defendants. On February 21, 2017, Deutsche Bank moved to dismiss the consolidated amended complaint.

EVAF Matter. RREEF European Value Added Fund I, L.P. (the Fund) is a fund managed by Deutsche Bank s subsidiary, Deutsche Alternative Asset Management (UK) Limited (the Manager). On September 4, 2015, the Fund (acting through a committee of independent advisers of the General Partner of the Fund, which is also a Deutsche Bank subsidiary) filed in the English High Court a claim against the Manager alleging that the Manager s decision to make a German real estate investment had been grossly negligent and had caused the Fund losses of at least 158.9 million plus interest, for which the Manager was liable in damages. On January 25, 2017, the Fund and the Manager reached a settlement of the proceedings. The settlement amount is already fully reflected in existing litigation provisions and has been paid in the first quarter of 2017.

High Frequency Trading/Dark Pool Trading. On December 16, 2016, the United States Securities and Exchange Commission (SEC), the State of New York Office of the Attorney General (NYAG), and the U.S. Financial Industry Regulatory Authority (FINRA) announced settlements with the Bank relating to the Bank s electronic order routing, its alternative trading system (ATS or Dark Pool) SuperX, and related disclosures. The SEC and NYAG settlements primarily involve a first-generation order routing algorithm used by the Bank prior to 2014, while the FINRA settlement primarily involves disclosure concerning certain functionality available to customers utilizing SuperX. The Bank admitted the allegations made by the SEC and NYAG, but neither admitted nor denied FINRA s allegations. In connection with the resolution of all three matters, the Bank agreed to pay a total of U.S.$ 40.25 million.

ISDAFIX. Deutsche Bank has received requests for information from certain regulatory authorities concerning the setting of ISDAFIX benchmarks, which provide average mid-market rates for fixed interest rate swaps. The Bank is cooperating with these requests. In addition, the Bank has been named as a defendant in five putative class actions that were consolidated in the United States District Court for the Southern District of New York asserting antitrust, fraud, and other claims relating to an alleged conspiracy to manipulate the U.S. dollar ISDAFIX benchmark. On April 8, 2016, Deutsche Bank settled the class actions for U.S.$ 50 million, which is subject to final court approval. The settlement was preliminarily approved by the court on May 11, 2016.

Monte Dei Paschi. In February 2013 Banca Monte Dei Paschi Di Siena (MPS) issued civil proceedings in Italy against Deutsche Bank alleging that Deutsche Bank assisted former MPS senior management in an accounting fraud on MPS, by undertaking repo transactions with MPS and Santorini , a wholly owned SPV of MPS, which helped MPS defer losses on a previous transaction undertaken with Deutsche Bank. Subsequently, in July 2013, the Fondazione Monte Dei Paschi, MPS largest shareholder, also commenced civil proceedings in Italy for damages based on substantially the same facts. In December 2013, Deutsche Bank reached an agreement with MPS to settle the civil proceedings and the transactions were unwound at a discount for MPS. The civil proceedings by the Fondazione Monte Dei Paschi, in which damages of between 220 million and 381 million are claimed, remain pending. The Fondazione s separate claim filed in July 2014 against their former administrators and a syndicate of 12 banks including DB S.p.A. for 286 million has resumed before the Florence Court.

A criminal investigation was launched by the Siena Public Prosecutor into the transactions and certain unrelated transactions entered into by MPS with other parties. Such investigation was moved in summer 2014 from Siena to the Milan Public Prosecutors as a result of a change in the alleged charges being investigated. On February 16, 2016, the Milan Public Prosecutors issued a request of committal to trial against Deutsche Bank AG and six current and former employees. The committal process concluded with a hearing on October 1, 2016, during which the Milan court committed all defendants in the criminal proceedings to trial. Deutsche Bank s potential exposure is for administrative liability under Italian Legislative Decree n. 231/2001 and for civil vicarious liability as an employer of current and former DB employees who are being criminally prosecuted. Trial commenced on December 15, 2016 and is ongoing. Deutsche Bank continues to cooperate and update its regulators.

Parmalat Litigation. Following the bankruptcy of the Italian company Parmalat, prosecutors in Parma conducted a criminal investigation against various bank employees, including employees of Deutsche Bank, and brought charges of fraudulent bankruptcy against a number of Deutsche Bank employees and others. The trial commenced in September 2009 and is ongoing, although it is in its final stages and is anticipated will conclude in the course of 2017.

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

Pas-de-Calais Habitat. On May 31, 2012, Pas-de-Calais Habitat (PDCH), a public housing office, initiated proceedings before the Paris Commercial Court against Deutsche Bank in relation to four swap contracts entered into in 2006, restructured on March 19, 2007 and January 18, 2008 and subsequently restructured in 2009 and on June 15, 2010. PDCH asks the Court to declare the March 19, 2007 and January 18, 2008 swap contracts null and void, or terminated, or to grant damages to PDCH in an amount of approximately 170 million on the grounds, inter alia, that Deutsche

Bank committed fraudulent and deceitful acts, manipulated the LIBOR and EURIBOR rates which are used as a basis for calculating the sums due by PDCH under the swap contracts and breached its obligations to warn, advise and inform PDCH. A decision on the merits is not expected until the third quarter of 2017 at the earliest.

Pension Plan Assets. The Group sponsors a number of post-employment benefit plans on behalf of its employees. In Germany, the pension assets that fund the obligations under these pension plans are held by Benefit Trust GmbH. The German tax authorities are challenging the tax treatment of certain income received by Benefit Trust GmbH in the years 2010 to 2013 with respect to its pension plan assets. For the year 2010 Benefit Trust GmbH paid the amount of tax and interest assessed of 160 million to the tax authorities and is seeking a refund of the amounts paid in litigation with the relevant lower fiscal court. For 2011 to 2013 the matter is stayed pending the outcome of the 2010 tax litigation. The amount of tax and interest under dispute for years 2011 to 2013, which also has been paid to the tax authorities, amounts to 456 million. Any decision by the lower fiscal court is potentially subject to appeal by either party and thus a resolution of the matter may not take place for a number of years.

Sebastian Holdings Litigation. Litigation with Sebastian Holdings Inc. (SHI) in respect of claims arising from FX trading activities concluded in the UK Commercial Court in November 2013 when the court awarded Deutsche Bank approximately U.S.$ 236 million plus interest and dismissed all of SHI s claims. On January 27, 2016, the New York court dismissed substantially similar claims by SHI against Deutsche Bank when it granted Deutsche Bank s motion for summary judgment based on the UK Commercial Court s judgment. The New York court also denied SHI s motion for leave to file an amended complaint. SHI has appealed the New York court s decisions.

Vestia. In December 2016, Stichting Vestia, a Dutch housing association, commenced proceedings against Deutsche Bank in England. The proceedings relate to derivatives entered into between Stichting Vestia and Deutsche Bank between 2005 and 2012. Stichting Vestia alleges that certain of the transactions entered into by it with Deutsche Bank should be set aside on the grounds that they were not within its capacity and/or were induced by the bribery of Vestia s treasurer by an intermediary involved in those transactions. The sums claimed by Stichting Vestia are made up of different elements, some of which have not yet been quantified. The quantum of the claims as articulated at this stage ranges between 717 million and 834 million, plus compound interest. Deutsche Bank is defending the claim.

Dividend Policy

Consistent with our updated strategy, we do not intend to pay more than the minimum dividend required by German law for the fiscal years until and including 2016. Accordingly, the Management Board intends to propose to the annual General Meeting in May 2017 to resolve the payment of a dividend per share of 0.19 out of the distributable profit for 2016, reflecting the pay out of the distributable profit carried forward from 2015 of approximately 165 million and a dividend per share of 0.11 from the remaining distributable profit for 2016. For the fiscal year 2017, the Management Board intends to propose at least a minimum dividend per share of 0.11 (paid after the annual General Meeting in 2018). Historically, however, we have paid dividends at higher levels, including dividends per share of 0.75 for 2014, and intend to pay competitive dividends above the minimum amount no later than for 2018 (paid after the annual General Meeting in 2019). However, we cannot assure investors that we will pay dividends as for 2014 or previous years, or at any other level, or at all, in any future period. If the company is not profitable, we may not pay dividends at all.

Furthermore, if Deutsche Bank AG fails to meet the regulatory capital adequacy requirements under CRR/CRD 4 (including individually imposed capital requirements (so-called Pillar 2 requirements) and the combined buffer requirement), it may be prohibited from making, and the ECB or the BaFin may suspend or limit, the payment of dividends. In addition, the ECB expects banks to meet Pillar 2 guidance. If Deutsche Bank AG operates or expects to operate below Pillar 2 guidance, the ECB will review the reasons why the Bank s capital level has fallen or is expected to fall and may take appropriate and proportionate measures in connection with such shortfall. Any such measures might have an impact on Deutsche Bank AG s willingness or ability to pay dividends. For further information on regulatory capital adequacy requirements and the powers of Deutsche Bank AG s regulators to suspend dividend payments, see Item 4: Information on the Company Regulation and Supervision Capital Adequacy Requirements and Investigative and Enforcement Powers.

Under German law, Deutsche Bank AG s dividends are based on the unconsolidated results of Deutsche Bank AG as prepared in accordance with German accounting rules. Deutsche Bank AG s Management Board, which prepares the annual financial statements of Deutsche Bank AG on an unconsolidated basis, and its Supervisory Board, which reviews them, first allocate part of Deutsche Bank AG s annual surplus (if any) to Deutsche Bank AG s statutory reserves and to any losses carried forward, as it is legally required to do. They then allocate the remainder between other revenue reserves (or retained earnings) and balance sheet profit. They may allocate up to one-half of this remainder to other revenue reserves, and must allocate at least one-half to balance sheet profit. A profit distribution from balance sheet profit is only permitted to the extent that the balance sheet profit plus distributable earnings exceeds potential dividend blocking items, which consist of deferred tax assets, self-developed software and unrealized gains on plan assets, all net of respective deferred tax liabilities.

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

Should the annual General Meeting resolve to carry forward profits or to allocate profits to the reserves, pursuant to German corporate law, shareholders may contest the resolution of the General Meeting if such carrying forward or allocation is not, on the basis of a reasonable commercial assessment, deemed necessary to ensure the viability or economic resilience of the company and the shareholders do not receive a minimum dividend in the amount equal to 4 % of the share capital. On these grounds, shareholders challenged the resolution of the 2016 annual General Meeting not to pay a dividend for 2015. Consistent with our updated strategy, the Management Board intends to propose to the annual General Meeting in May 2017 to resolve the payment of a dividend of approximately 400 million, reflecting the pay out of the distributable profit carried forward from 2015 of approximately 165 million and a dividend per share of 0.11 from the remaining distributable profit for 2016. For more information on the shareholder challenge referred to above, see Legal Proceedings Contestation of the General Meeting s Resolution Not to Pay a Dividend for the 2015 Fiscal Year .

Deutsche Bank AG declares dividends by resolution of the Annual General Meeting and pays them (if any) once a year. Dividends approved at a General Meeting are payable on the third business day after that meeting, unless a later date has been determined at that meeting or by the Articles of Association. In accordance with the German Stock Corporation Act, the record date for determining which holders of Deutsche Bank AG s ordinary shares are entitled to the payment of dividends, if any, or other distributions whether cash, stock or property, is the date of the General Meeting at which such dividends or other distributions are declared.

Significant Changes

Except as otherwise stated in this document, there have been no significant changes subsequent to December 31, 2016.

Item 9: The Offer and Listing

Offer and Listing Details and Markets

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

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

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

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

	Price per share (Xetra)[1]			Price per share (NYSE)[2]		
	High (in)	Low (in)	Period-end (in)	High (in U.S.$)	Low (in U.S.$)	Period-end (in U.S.$)
Monthly 2017:						
February	19.20	17.62	18.60	20.68	18.81	19.69
January	19.97	17.11	18.39	20.93	18.28	19.91
Monthly 2016:						
December	18.64	14.42	17.25	19.30	15.67	18.10
November	15.47	12.00	14.86	16.67	13.33	15.80
October	13.74	11.46	13.16	14.74	12.60	14.39
September	13.84	9.90	11.57	15.43	11.19	13.09
Quarterly 2016:						
Fourth Quarter	18.64	11.46	17.25	19.30	12.60	18.10
Third Quarter	13.84	9.90	11.57	15.43	11.19	13.09
Second Quarter	17.54	12.05	12.33	19.70	13.40	13.73
First Quarter	22.10	13.03	14.95	23.62	14.79	16.94
Quarterly 2015:						
Fourth Quarter	27.98	20.69	22.53	30.82	22.83	24.15
Third Quarter	32.31	22.95	24.07	35.37	26.05	26.96
Second Quarter	33.42	26.60	26.95	36.20	29.62	30.16
First Quarter	32.90	23.48	32.36	35.49	27.81	34.73
Annual:						
2016	22.10	9.90	17.25	23.62	11.19	18.10
2015	33.42	20.69	22.53	36.20	22.83	24.15
2014	38.15	22.66	24.99	54.48	29.35	30.02
2013	36.94	28.05	33.07	52.92	38.18	48.24
2012	37.68	21.09	31.43	52.53	27.05	44.29

Note: Data is based on Bloomberg.

1 Historical share prices have been adjusted on June 5, 2014 with retroactive effect to reflect the capital increase by multiplying a correcting factor of 0.9538.

2 Historical share prices are not adjusted for the capital increase in June 2014.

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

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

Plan of Distribution

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

Selling Shareholders

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

Dilution

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

Expenses of the Issue

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

Item 10: Additional Information

Share Capital

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

Memorandum and Articles of Association

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

Our Business Objectives

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

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

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

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

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

Supervisory Board and Management Board

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

Voting Rights and Shareholders Meetings

Each of our shares entitles its registered holder to one vote at our General Meeting. Our Annual General Meeting takes place within the first eight months of our fiscal year. Pursuant to our Articles of Association, we may hold the meeting in Frankfurt am Main, Düsseldorf or any other German city with over 500,000 inhabitants. Unless a shorter period is permitted by law, we must give the notice convening the General Meeting at least 30 days before the last day on which shareholders can register their attendance of the General Meeting (which is the fifth day immediately preceding that General Meeting). We are required to include details regarding the shareholder attendance registration process and the issuance of admission cards in our invitation to the General Meeting.

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

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

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

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

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

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

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

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

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

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

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

Share Register

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

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

Dividend Rights

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

Increases in Share Capital

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

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

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

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

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

Liquidation Rights

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

Preemptive Rights

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

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

Notices and Reports

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

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

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

Charges of Transfer Agents

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

Liability of Transfer Agents

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

Notification Requirements

Disclosure of Interests in a Listed Stock Corporation

Disclosure Obligations under the German Securities Trading Act

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

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

Shareholders failing to comply with their notification obligations are prevented from exercising any rights attached to their shares (including voting rights and the right to receive dividends) until they have complied with the notification requirements. If the failure to comply with the notification obligations specifically relates to the size of the voting interest in the Deutsche Bank AG and is the result of willful or grossly negligent conduct, the suspension of shareholder rights is subject to certain exceptions in case of an incorrect notification deviating no more than 10 % from the actual percentage of voting rights extended by a six-month period commencing upon the submission of the required notification.

Except for the 3 % threshold, similar notification obligations exist for reaching, exceeding or falling below the thresholds described above when a person holds, directly or indirectly, certain instruments other than shares. This applies to instruments which grant upon maturity an unconditional right to acquire existing voting shares of Deutsche Bank AG, a discretionary right to acquire such shares, as well as to instruments that refer to such shares and have an economic effect similar to that of the aforementioned instruments, irrespective of whether such instruments are physically or cash-settled. These instruments include, for example, transferable securities, options, futures contracts and swaps. Voting rights to be attributed to a person based on any such instrument will generally be aggregated with the person s other voting rights deriving from shares or other instruments.

Notice must be given without undue delay, but within four trading days at the latest. The notice period commences as soon as the person obliged to notify knows, or, under the circumstances should know, that his or her voting rights reach, exceed or fall below any of the abovementioned relevant thresholds, but in any event no later than two trading days after reaching, exceeding or falling below the threshold. Only in case that the voting rights reach, exceed or fall below any of the thresholds as a result of an event affecting all voting rights, the notice period might commence at a later stage. Deutsche Bank AG must publish the foregoing notifications without undue delay, but no later than within three trading days after their receipt, and report such publication to the BaFin. Furthermore, the Deutsche Bank AG must publish a notification in case of any increase or decrease of the total number of voting rights without undue delay, but within two trading days at the latest, and such notification must be reported to the BaFin and forwarded to the German Company Register (Unternehmensregister). An exception applies where the increase of the total number of voting rights is due to the issue of new shares from conditional capital. In this case, Deutsche Bank AG must publish the increase at the end of the month in which it occurred. However, such increase must also be notified without undue delay, but within two trading days at the latest, where any other increase or decrease of the total number of voting rights triggers the aforementioned notification requirement.

Non-compliance with the disclosure requirements regarding shareholdings and holdings of other instruments may result in a significant fine imposed by the BaFin. In addition, the BaFin publishes, on its website, sanctions imposed and measures taken indicating the person or entity responsible and the nature of the breach (so-called naming and shaming).

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

Disclosure Obligations under the German Securities Acquisition and Takeover Act

Pursuant to the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz), any person whose voting interest reaches or exceeds 30 % of the voting shares of a listed stock corporation must, within seven calendar days, publish this fact (including the percentage of its voting rights) on the Internet and by means of an electronically operated financial information dissemination system. In addition, the person must subsequently make a mandatory public tender offer within four weeks to all shareholders of the listed company unless an exemption has been granted. The German Securities Acquisition and Takeover Act contains a number of provisions intended to ensure that shareholdings are attributed to those persons who actually control the voting rights attached to the shares. The provisions regarding coordinated conduct as part of the German Securities Acquisition and Takeover Act (so-called acting in concert) and the rules on the attribution of voting rights attached to shares of third parties are the same as the statutory securities trading provisions described above under Disclosure Obligations under the German Securities Trading Act except with respect to voting rights of shares underlying instruments whose holders are vested with the right to unilaterally acquire existing voting shares of the listed company or voting rights which may be acquired on the basis of instruments with similar economic effect. If a shareholder fails to provide notice on reaching or exceeding the 30 % threshold, or fails to make a public tender offer, the shareholder will be precluded from exercising any rights associated with its shares (including voting and dividend rights) until it has complied with the requirements under the German Securities Acquisition and Takeover Act. In addition, non-compliance with the disclosure requirement may result in a fine.

Disclosure of Participations in a Credit Institution

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

contain information demonstrating, among other things, the reliability of the person or, in the case of a corporation or other legal entity, the reliability of its directors and officers.

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

The BaFin will have to confirm the receipt of a complete notification within two working days in writing to the proposed acquirer. Within a period of 60 working days from the BaFin s written confirmation that a complete notification has been received (assessment period), the BaFin will review and, in accordance with Council Regulation (EU) No 1024/2013 of October 15, 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions, forward the notification and a proposal for a decision whether or not to object to the acquisition to the ECB. The ECB will decide whether or not to object to the acquisition on the basis of the applicable assessment criteria. Within the assessment period the ECB may prohibit the intended acquisition in particular if there appears to be reason to assume that the acquirer or its directors and officers are not reliable or that the acquirer is not financially sound, that the participation would impair the effective supervision of the relevant credit institution, that a prospective managing director (Geschäftsleiter) is not reliable or not qualified, that money laundering or financing of terrorism has occurred or been attempted in connection with the intended acquisition, or that there would be an increased risk of such illegal acts as a result of the intended acquisition. During the assessment period the BaFin may request further information necessary for its or the ECB s assessment. Generally, such a request delays the expiration of the assessment period by up to 30 business days. If the information submitted is incomplete or incorrect the ECB may prohibit the intended acquisition.

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

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

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

EU Short Selling Regulation (ban on naked short selling)

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

Disclosure of Transactions of Managers

Art. 19 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse (the EU Market Abuse Regulation) requires persons with management responsibilities (Managers) in a listed company like Deutsche Bank AG to notify the company and the BaFin of their own transactions in shares of the company or financial instruments based thereon, in particular derivatives. Such notifications must be made promptly and no later than three business days after the date of the transaction. The notification obligation also applies to persons who are closely associated with a Manager. The obligation does not apply if the aggregate annual transactions by a Manager or persons with whom he or she is closely associated do not, individually, exceed an amount of 5,000.00 through the end of a calendar year. The BaFin may decide to increase this threshold up to 20,000.00.

Deutsche Bank AG is required to promptly publish any notification received but in any case no later than three business days after the transaction. The publication must be made in a manner which enables fast access to this information on a non-discriminatory basis in accordance with the implementing standards published by the European Securities and Markets Authority. Furthermore, Deutsche Bank AG must without undue delay notify the BaFin and forward the notification to the Company Register (Unternehmensregister). For the purposes of the EU Market Abuse Regulation, the following persons are deemed to be a Manager: members of management, administrative or supervisory bodies of Deutsche Bank AG as well as senior executives who are not such members but who have regular access to inside information relating directly or indirectly to the Company and who have power to take managerial decisions affecting the future developments and business prospects of the Company. The following persons are deemed to be closely associated with a Manager: spouses, registered civil partners (eingetragene Lebenspartner), dependent children and other relatives who at the time of the transaction requiring notification have lived in the same household with the Manager for at least one year. Legal entities for which the aforementioned persons have management responsibilities are also subject to the notification requirement. The aforementioned provisions also apply to legal entities, companies and institutions directly or indirectly controlled by a Manager or by a person closely associated with a Manager, which have been founded to the benefit of such a person, or whose economic interests correspond to a considerable extent to those of such a person. Non-compliance with the notification requirements may result in a fine.

Material Contracts

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

Exchange Controls

As in other member states of the European Union, regulations issued by the competent European Union authorities to comply with United Nations resolutions have caused freeze orders on assets of certain legal and natural persons designated in such regulations. In addition, the European Union maintained a wide range of autonomous economic and

financial sanctions on Iran. While all nuclear-related economic and financial EU sanctions against Iran were repealed on January 16, 2016, some restrictions remain in force.

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

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

There are also no restrictions under German law or our Articles of Association concerning the right of nonresident or foreign shareholders to hold our shares or to exercise any applicable voting rights. Where the investment reaches or exceeds certain thresholds, however, certain reporting obligations apply and the investment may become subject to review by the BaFin, the European Central Bank and other competent authorities. For more information see Item 10: Additional Information Notification Requirements .

Taxation

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

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

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

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

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

Taxation of Dividends

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

Subject to certain exceptions for short-term and hedged positions, qualified dividends received by certain non-corporate U.S. shareholders will generally be subject to taxation in the United States at a lower rate than other ordinary income. Dividends received will be qualified dividends if we (i) are eligible for the benefits of a comprehensive income tax treaty with the United States that the U.S. Internal Revenue Service (IRS) has approved for purposes of the qualified dividend rules and (ii) were not, in the year prior to the year in which the dividend was paid, and are not, in the year in which the dividend is paid, a passive foreign investment company (PFIC). The Treaty has been approved for purposes of the qualified dividend rules, and we believe we qualify for benefits under the Treaty. The determination of whether we are a PFIC must be made annually and is dependent on the particular facts and circumstances at the time. It requires an analysis of our income and valuation of our assets, including goodwill and other intangible assets. Based on our audited financial statements and relevant market and shareholder data, we believe that we were not a PFIC for U.S. federal income tax purposes with respect to our taxable years ended December 31, 2015 or December 31, 2016. In addition, based on our current expectations regarding the value and nature of our assets, the sources and nature of our income, and relevant market and shareholder data, we do not currently anticipate becoming a PFIC for our taxable year ending December 31, 2017, or for the foreseeable future. However, the PFIC rules are complex and their application to financial services companies is unclear. Each U.S. shareholder should consult its own tax advisor regarding the potential applicability of the PFIC regime to us and its implications for their particular circumstances.

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

Refund Procedures

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

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

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

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

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

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

Taxation of Capital Gains

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

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

United States Information Reporting and Backup Withholding

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

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

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

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

German Gift and Inheritance Taxes

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

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

Other German Taxes

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

Dividends and Paying Agents

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

Statement by Experts

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

Documents on Display

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

Subsidiary Information

Not applicable.

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

For Quantitative and Qualitative Disclosures about Credit, Market and Other Risk, please see Management Report: Risk Report beginning on page 88 of the Annual Report 2016.

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

Item 12: Description of Securities other than Equity Securities

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

PART II

Item 13: Defaults, Dividend Arrearages and Delinquencies

Not applicable.

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

Not applicable.

Item 15: Controls and Procedures

Disclosure Controls and Procedures

An evaluation was carried out under the supervision and with the participation of our management, including our Chairman and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of December 31, 2016. There are, as described below, inherent limitations to the effectiveness of any control system, including disclosure controls and procedures. Accordingly, even effective disclosure controls and procedures can provide only reasonable assurance of achieving their control objectives. Based upon such evaluation, our Chairman and Chief Financial Officer concluded that the design and operation of our disclosure controls and procedures were effective as of December 31, 2016.

Management s Annual Report on Internal Control over Financial Reporting

Management of Deutsche Bank Aktiengesellschaft, together with its consolidated subsidiaries, is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed under the supervision of our principal executive officer and our principal financial officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the firm s financial statements for external reporting purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and as endorsed by the European Union. As of December 31, 2016, management conducted an assessment of the effectiveness of our internal control over financial reporting based on the framework established in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on the assessment performed, management has determined that our internal control over financial reporting as of December 31, 2016 was effective based on the COSO framework (2013).

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

Report of Independent Registered Public Accounting Firm

To the Supervisory Board of

Deutsche Bank Aktiengesellschaft:

We have audited Deutsche Bank Aktiengesellschaft s (the Company or Deutsche Bank) internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management s Annual Report on Internal Control over Financial Reporting . Our responsibility is to express an opinion on the Company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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

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

In our opinion, Deutsche Bank maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Deutsche Bank Aktiengesellschaft and subsidiaries as of December 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2016, and the related notes, and the specific disclosures described in Note 1 to the consolidated financial statements as being part of the financial statements and our report dated March 15, 2017 expressed an unqualified opinion on those consolidated financial statements.

Frankfurt am Main, Germany

March 15, 2017

KPMG AG

Wirtschaftsprüfungsgesellschaft

Change in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting identified in connection with the evaluation referred to above that occurred during the year ended December 31, 2016 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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

Item 16A: Audit Committee Financial Expert

Please see Corporate Governance Statement/Corporate Governance Report: Auditing and Controlling: Audit Committee Financial Expert on page 461 of the Annual Report 2016.

Item 16B: Code of Ethics

Please see Corporate Governance Statement/Corporate Governance Report: Values and Leadership Principles of Deutsche Bank AG and Deutsche Bank Group: Code of Business Conduct and Ethics on pages 461 and 462 of the Annual Report 2016.

Item 16C: Principal Accountant Fees and Services

Please see Management Report: Corporate Governance Statement/Corporate Governance Report: Auditing and Controlling: Principal Accountant Fees and Services on pages 462 and 463 of the Annual Report 2016.

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

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

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

In 2016, we repurchased a total of 18,121,461 shares, none of which via derivatives, for group purposes pursuant to share buybacks authorized by the General Meeting. During the period from January 1, 2016 until the 2016 Annual General Meeting on May 19, 2016, we repurchased 17,244,807, none of which via derivatives, of our ordinary shares pursuant to the authorization granted by the Annual General Meeting on May 21, 2015, at an average price of 15.37 and for a total consideration of 265 million. This authorization was replaced by a new authorization to buy back shares approved by the Annual General Meeting on May 19, 2016. Under the new authorization, up to 137,927,313 shares may be repurchased through April 30, 2021. Of these, 68,963,656 shares may be purchased by using derivatives. During the period from the 2016 Annual General Meeting until December 31, 2016, we repurchased 876,654 shares at an average price of 11.99 and for a total consideration of 10.5 million (excluding option premium). At December 31, 2016, the number of shares held in Treasury from buybacks totaled 0 shares. This figure stems from 296,192 shares at the beginning of the year, plus 18.1 million shares from buybacks in 2016, less 18.4 million shares which were used to fulfill delivery obligations in the course of share-based compensation of employees. We did not cancel any shares in 2016.

In addition to these share buybacks for group purposes, pursuant to a shareholder authorization approved at our 2013 Annual General Meeting, we are authorized to buy and sell, for the purpose of securities trading, our ordinary shares through April 30, 2018, provided that the net number of shares held for this purpose at the close of any trading day may not exceed 5 % of our share capital on that day. The gross volume of these securities trading transactions is often large, and even the net amount of such repurchases or sales may, in a given month, be large, though over longer periods of time such transactions tend to offset and are in any event constrained by the 5 % of share capital limit. These securities trading transactions consist predominantly of transactions on major non-U.S. securities exchanges. We also enter into derivative contracts with respect to our shares.

The following table sets forth, for each month in 2016 and for the year as a whole, the total gross number of our shares repurchased by us and our affiliated purchasers (pursuant to both activities described above), the total gross number of shares sold, the net number of shares purchased or sold, the average price paid per share (based on the gross shares repurchased), the number of shares that were purchased for group purposes mentioned above and the maximum number of shares that at that date remained eligible for purchase under such programs.

Issuer Purchases of Equity Securities in 2016

Month	Total number of shares purchased	Total number of shares sold	Net number of shares purchased or (sold)	Average price paid per share (in)	Number of shares purchased for group purposes (incl. derivatives)	Maximum number of shares that may yet be purchased under plans or programs
January	21,045,601	16,552,753	4,492,848	17.96	4,500,236	117,271,157
February	78,584,689	71,108,556	7,476,133	15.10	12,744,571	112,770,921
March	28,392,091	28,439,194	(47,103)	16.99	0	100,026,350
April	17,842,650	17,915,789	(73,139)	15.70	0	100,026,350
May	21,455,636	21,448,838	6,798	14.93	0	137,927,313
June	29,435,225	29,393,826	41,399	13.76	0	137,927,313
July	16,394,760	16,136,537	258,223	12.56	240,000	137,687,313
August	19,181,659	31,030,182	(11,848,523)	12.13	550,654	137,136,659
September	22,232,594	22,487,477	(254,883)	11.73	0	137,136,659
October	44,327,399	44,243,965	83,434	12.92	86,000	137,050,659
November	14,236,130	14,481,044	(244,914)	13.91	0	137,050,659

December	41,941,028	42,002,723	(61,695)	17.67	0	137,050,659
Total 2016	355,069,462	355,240,884	203,442	14.82	18,121,461	137,050,659

At December 31, 2016, our issued share capital consisted of 1,379,273,131 ordinary shares, of which 1,379,069,689 were outstanding and 203,442 were held by us in treasury.

Item 16F: Change in Registrant s Certifying Accountant

Not applicable.

Item 16G: Corporate Governance

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

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

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

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

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

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

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

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

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

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

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

In their last Declaration of Conformity of October 27, 2016, the Management Board and the Supervisory Board of Deutsche Bank stated that, since the last Declaration of Conformity issued on October 28, 2015, they have acted and will act in the future in conformity with the recommendations of the Code, with certain specified exceptions. The Declaration of Conformity is available on Deutsche Bank s internet website at www.db.com/ir/en/documents.htm.

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

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

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

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

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

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

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

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

Item 16H: Mine Safety Disclosure

Not applicable.

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

Under Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012, which added Section 13(r) of the U.S. Securities Exchange Act of 1934, as amended, an issuer of securities registered under the Securities Exchange Act of 1934 is required to disclose in its periodic reports filed under the Securities Exchange Act of 1934 certain of its activities and those of its affiliates relating to Iran and to other persons sanctioned by the U.S. under programs relating to terrorism and proliferation of weapons of mass destruction that occurred during the period covered by the report. We describe below a number of potentially disclosable activities of Deutsche Bank AG and its affiliates. Disclosure is generally required regardless of whether the activities, transactions or dealings were conducted in compliance with applicable law. Under the Joint Comprehensive Plan of Action (JCPoA) which has been concluded on July 14, 2015 between the permanent members of the UN Security Council and Germany on the one hand and Iran on the other, Implementation Day has occurred on January 16, 2016. Any changes starting from Implementation Day have no consequences for the reporting obligations that apply for Deutsche Bank. Deutsche Bank will also report transactions in which other Iranian persons or entities listed on OFAC sanctions lists were involved, whether or not they are directly or indirectly owned or controlled by the Iranian government.

Legacy Financing Arrangements. Despite having ceased entering into new business in or with Iran in 2007, we continue to be engaged as lender, sponsoring bank and/or facility agent or arranger in several long-term financing agreements relating to the construction or acquisition of plant or equipment for the petroleum and petrochemical industries, under which Iranian entities were the direct or indirect borrowers. Before 2007, as part of banking consortia, we entered into a number of financing arrangements, two of which remained outstanding as of December 31, 2016, with the National Petrochemical Company (NPC). The latest final maturity under these loan facilities is in 2019. These loan facilities were guaranteed by national export credit agencies representing two European governments. In principle, the obligations of the borrowers under these loan facilities are secured by assignments of receivables from oil and oil products exported by NPC and/or its trading subsidiaries to buyers, mostly in Asia. These delivery obligations, however, were waived for the period covered by this report, because of the sanctions environment at that time. For some of these arrangements, we act as escrow agent, holding escrow accounts for the Iranian borrowers mentioned above, into which receivables are, in principle, paid by the buyers of the oil and oil products. During the period covered by this report, no such receivables were paid to the said escrow accounts. Such accounts are pledged in favor of the relevant banking consortium. We have no involvement in the contractual arrangements related to, or in the physical settlement of, the oil and oil product exports mentioned above. Until Implementation Day Iranian entities in whose names the escrow accounts have been held were not permitted to draw on such accounts, either because they were sanctioned parties or, where this was not the case, because of our business decision to not allow access to such accounts in light of the overall sanctions environment in the past. Following Implementation Day, such accounts were no longer blocked, but there was no activity in the accounts during the remainder of 2016.

As a remainder from a previously existing financing related to National Iranian Oil Company (NIOC), which was fully paid back in 2012, we still hold an account for NIOC (which was previously used as an escrow account in the context of the respective financing) with a balance in EUR. Until Implementation Day NIOC was, however, not permitted to draw on this account given it was a sanctioned entity. Following Implementation Day, this account was no longer blocked, but there was no activity in the account during the remainder of 2016.

During 2016, approximately 41.0 million was paid into accounts of the borrower. We, in our role as agent, distributed to the participants in the banking consortia approximately 44.0 million including portions attributable to us totaling approximately 6.6 million.

We generated revenues in 2016 of approximately 0.4 million in respect of these financing arrangements, of which approximately 0.3 million consisted of escrow account revenues, 0.05 million consisted of loan interest revenues and 0.05 million consisted of fee revenues. The net profits were less than these amounts.

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

As of December 31, 2016, we have an undrawn commitment of approximately 1.3 million under one of the financing agreements referred to above. Due to the export credit agency coverage, this remainder cannot be cancelled without German government approval, for which we have applied but which we have not yet received. We do not intend to make further disbursements upon this undrawn commitment.

Our portion of the outstanding principal amount of the remaining loan facilities amounted to approximately 11 million as of December 31, 2016. We intend to continue pursuing repayment and fulfilling our administrative role under these agreements, but we currently do not intend to engage in any new extensions of credit to these or other Iranian entities.

Legacy Contractual Obligations Related to Guarantees and Letters of Credit. Prior to 2007, we provided guarantees to a number of Iranian entities. In almost all of these cases, we issued counter-indemnities in support of guarantees issued by Iranian banks because the Iranian beneficiaries of the guarantees required that they be backed directly by Iranian banks. In 2007, we made a decision to discontinue issuing new guarantees to Iranian or Iran-related beneficiaries. The pre-existing guarantees stipulate that they must be either extended or honored if we receive such a demand and we are legally not able to terminate these guarantees. In 2016, in order not to pay under the guarantees, we extended two guarantees for a total amount of approximately 3.9 million for which we paid guarantee commission amounting to approximately 168,000. Even though we exited, where possible, many of these guarantees, guarantees with an aggregate face amount of approximately 7.6 million are still outstanding as of year-end 2016. The gross revenues from this business in 2016 were approximately 27,000 and the net profit we derived from these activities was less than this amount.

We also have outstanding legacy guarantees in relation to a Syrian bank sanctioned by the U.S. under its non-proliferation program. The aggregate face amount of these legacy guarantees was approximately 10.0 million as of December 31, 2016, the gross revenues received from non-Syrian parties for these guarantees were approximately 92,000 in 2016 and the net profit we derived from these activities was less than this amount.

We still intend to exit these guarantee arrangements.

Payments Executed. After the Implementation Day of the JCPoA on January 16, 2016, Deutsche Bank reviewed its existing approach regarding the processing of payments related to Iran in particular with a view to the reconnection of certain Iranian banks in the EU to the European Payment System Target2 and the expectation expressed by the Bundesbank to allow the execution of payments. As a result, Deutsche Bank introduced the following process for payments related to the Iran starting in April 2016:

In principle, the overall restrictive policy of the Bank on Iran remains unchanged. As a limited exception, transactions can be executed if the following provisions are met simultaneously:

The Bank executes incoming and outgoing payments on behalf of its own clients only (financial institutions are not included).

Payments must be denominated in Euros.
Clients need to submit to the bank a specific client declaration.
Incoming payments need generally to come through Iranian banks not sanctioned by the EU.
Outgoing payments need to go through Iranian banks connected to Target2 and not sanctioned by the EU.
All relevant transactions will be subject to enhanced due diligence.

Incoming Payments. In 2016, we received less than 700 payments adding up to approximately 290 million in favor of non-Iranian clients of which some payments ultimately originated from Iranian persons and entities and others were merely channeled through Iranian intermediary banks not subject to EU sanctions or U.S. secondary sanctions since Implementation Day of the JCPoA. Before Implementation Day, such payments were made with the involvement of the competent authorities. Revenues for these incoming payments were less than 5,000. These figures include relevant payments in favor of clients of our subsidiary Postbank as well as transactions by order of Iranian Embassy-related offices and in favor of our non-Iranian clients.

We expect that we will continue to execute such transactions in the future.

Outgoing Payments. In 2016, we executed less than 110 payments adding up to approximately 51 million; again, some payments were executed in favor of Iranian persons and entities and others were merely channeled through Iranian intermediary banks that are not subject to EU sanctions or U.S. secondary sanctions. Revenues for these outgoing payments were less than 1,000. These figures include relevant payments originated by clients of our subsidiary Postbank as well as transactions in favor of Iranian Embassy-related offices.

We expect that we will continue to execute such transactions in the future.

Operations of Iranian Bank Branches and Subsidiaries in Germany and/or France. Several Iranian banks, including Bank Melli Iran, Bank Saderat, Bank Tejarat and Europäisch-Iranische Handelsbank, have branches or offices in Germany and/or France, even though their funds and other economic resources were frozen under European law. As part of the payment clearing system in Germany and other European countries, when these branches or offices needed to make payments in Germany or Europe to cover their day-to-day operations such as rent, taxes, insurance premia and salaries for their remaining staff, or for any other kind of banking-related operations necessary to wind down their legacy trade business, the German Bundesbank and French banks accepted fund transfers from these Iranian banks and disbursed them to the applicable payees holding accounts with us. Until the reconnection of the relevant Iranian banks to Target2, German payments were processed via the agreed procedure with the Bundesbank. Afterwards, the relevant Iranian banks could process their payments via Target2 directly.

In 2016, we received approximately 25 million in such disbursements in approximately 1,200 transactions, and the gross revenues derived from these payments were less than 6,000. Relevant transactions of our subsidiary Postbank are included in these figures.

We expect that we will continue to execute such transactions in the future.

Maintaining of Accounts for Iranian Consulates and Embassies. In 2016, Iranian embassies and consulates in Germany held accounts with us as well as with Postbank. The purpose of these accounts is the funding of day-to-day operational costs of the embassies and consulates, such as salaries, rent and electricity. In 2016, the total volume of outgoing payments from these accounts was approximately 8.2 million. The payments were made with the involvement of the competent authorities until Implementation Day in January 2016. From these activities, we derived gross revenues of approximately 18,000 and net profits which were less than this amount. The relevant German Government has requested that we provide these services to enable the Government of Iran to conduct its diplomatic relations.

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

PART III

Item 17: Financial Statements

Not applicable.

Item 18: Financial Statements

The Financial Statements of this Annual Report on Form 20-F consist of the Consolidated Financial Statements including Notes 1 to 46 thereto, which are set forth as Part 2 of the Annual Report 2016, and, as described in Note 1 Significant Accounting Policies and Critical Accounting Estimates thereto in the third paragraph under Basis of Accounting , certain parts of the Management Report set forth as Part 1 of the Annual Report 2016. Such Consolidated Financial Statements have been audited by KPMG AG Wirtschaftsprüfungsgesellschaft, as described in their Report of Independent Registered Public Accounting Firm included on page 441 of the Annual Report 2016.

Item 19: Exhibits

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

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

4.6	Equity Plan Rules 2017.
4.7	Key Retention Plan Equity Plan Rules 2016.
7.1	Statement re Computation of Ratio of Earnings to Fixed Charges of Deutsche Bank AG for the periods ended December 31, 2016, 2015, 2014, 2013 and 2012 (also incorporated as Exhibit 12.14 to Registration Statement No. 333-206013 of Deutsche Bank AG).
8.1	List of Subsidiaries.
12.1	Principal Executive Officer Certifications Required by 17 C.F.R. 240.13a-14(a).
12.2	Principal Financial Officer Certifications Required by 17 C.F.R. 240.13a-14(a).
13.1	Chief Executive Officer Certification Required by 18 U.S.C. Section 1350.
13.2	Chief Financial Officer Certification Required by 18 U.S.C. Section 1350.
14.1	Legal Opinion regarding confidentiality of related party customers.
15.1	Consent of KPMG AG Wirtschaftsprüfungsgesellschaft.

Signatures

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

Date: March 20, 2017

Deutsche Bank Aktiengesellschaft

/s/ JOHN CRYAN

John Cryan

Chairman of the Management Board

/s/ MARCUS SCHENCK

Marcus Schenck

Member of the Management Board

Chief Financial Officer

Table of Contents

Table of Contents

[Page intentionally left blank for SEC filing purposes]

Table of Contents

Table of Contents

[Pages 2-34 intentionally left blank for SEC filing purposes]

Table of Contents

Operating and Financial Review

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

Executive Summary

The Global Economy

Economic growth (in %)	2016	2015	Main driver
Global Economy[1]	**3.0**	3.3	Global economic growth weakened in 2016 due to the slowdown in the industrialized countries. Growth in Emerging Markets remained unchanged.
Thereof:			
Industrialized countries[1]	1.6	2.1	High debt levels and an again disappointing global trade weighed on growth.
Thereof: Emerging markets[1]	4.1	4.1	The monetary policy stance of major central banks bolstered the economy.
Eurozone Economy[1]	**1.7**	1.9	Low oil prices and extremely expansive monetary policy had a supporting effect, but falling inventories and negative net exports resulted in an overall growth weakening.
Thereof: German economy	1.9	1.7	Stronger consumption growth more than offset the dampening effect of net exports.
U.S. Economy	**1.6**	2.6	Weakest growth since 2011, with foreign trade, investments in machinery and equipment, and negative inventory cycle weighing on growth. Solid consumer growth stabilized.
Japanese Economy[1]	**1.0**	1.2	Consumer spending picked up, but more than offset by weaker exports and investments.
Asian Economy[1, 2]	6.0	6.1	Moderate growth continued, weighed by weak demand from the industrialized countries and China.
Thereof: Chinese Economy	6.7	6.9	Growth slowed again in China, with weaker momentum across all sectors. The government stabilized the situation with additional investments, and sought to limit risks.

Source: National authorities

[1] 2016 data is sourced from Deutsche Bank Research forecasts.
[2] Excludes Japan.

The Banking Industry

Lending to the private sector in the eurozone continued to experience very subdued growth in 2016. Corporate lending volumes stagnated as in the prior year, following an overall contraction of almost one-tenth in the three previous years. Lending to households saw moderate growth (roughly 2 % year-on-year), primarily due to the expansion in the mortgage business. On liabilities, the strong growth in corporate deposits continued (approximately 6 % p.a.), and inflows from household deposits climbed to almost 4 % despite minimal interest rates. Overall, the pace of growth picked up slightly for deposits, widening its lead over lending growth. Interest rates fell further. The slight increase in volumes was insufficient to offset the approximately 7 % year-on-year decline in margins, meaning that banks net interest income is expected to continue falling somewhat following a temporary rise in 2014 and 2015.

In the lending business, Germany increased its lead over the eurozone in 2016 after loan growth was similarly anemic in both regions in the prior year. Corporate lending was up more than 2 % year on year thanks to a strong second half of 2016, while the figure for households was 3 %, primarily attributable to the solid growth in mortgage loans. Paradoxically, the growth in private-sector deposits accelerated to approximately 5 % despite the fact that interest rates remain below the European average. In fact the aggregate interest rate on corporate deposits dipped into negative territory for the first time in history. Nevertheless, this did not stop businesses from depositing an increasing amount of liquidity with banks. The corporate sector in Germany proved to be unusual from a banking perspective in that it was a net saver, i.e. its deposits exceed lending volumes.

Lending in the U.S. initially picked up even further speed in 2016 from an already high starting level, before slowing somewhat in the fourth quarter of 2016. Overall, however, the traditional balance sheet business maintained a strong momentum, with retail lending rising some 5 % year on year and corporate lending up more than 8 %. The latter has eclipsed pre-crisis figures in nominal terms to hit a new all-time high, driven by a broad recovery based on both, commercial real estate and traditional corporate loans. The retail segment benefitted from the continuing upsurge in consumer loans as well as the turnaround in the mortgage business, which posted its first solid growth since the crisis. Private-sector deposits continued to grow extraordinarily fast and have recently gained even more speed (up approximately 8 % year-on-year). Their total volume has doubled since 2004.

Total outstanding loans in Japan continued to expand at more than 2 % year-on-year, while the inflow of deposits into the banking sector accelerated the increase has hit 6 %, its highest level since statistics began in 2001.

In China, lending to households showed signs of overheating. Lending volumes have risen by 23 % year-on-year, primarily due to medium- and long-term loans. Their volume has doubled in only three and a half years, while the cumulative growth for the Chinese economy amounts to just 39 % in nominal terms since the end of 2012. By contrast, the increase in banks corporate lending has recently slowed to a mere 8 % year-on-year. The banks are benefitting from the fact that the pace of growth on the funding side has recently accelerated, with private-sector deposits currently 14 % higher than at the end of 2015.

Deutsche Bank Performance

2016 results were heavily impacted by decisive management action to improve and modernize the bank, by litigation charges and by market turbulence for Deutsche Bank. We made significant progress with the implementation of strategic decisions and took measures to further strengthen our control infrastructure. We also made considerable progress in our continued de-risking strategy and toward resolution of additional outstanding litigation matters. Negative news flow around our negotiations with the U.S. Department of Justice in October 2016 impacted our revenues and client balances. We believe that we proved our resilience in this challenging year however, as many of these clients returned, as we continued to make progress in implementation of our targets originally announced in October 2015, and we ended the year with strong capital and liquidity ratios.

Our Group Key Performance Indicators are as follows:

Group Key Performance Indicators	Status end of 2016	Status end of 2015
Net revenues	30.0 bn	33.5 bn
Income (loss) before income taxes	(0.8) bn	(6.1) bn
Net income (loss)	(1.4) bn	(6.8) bn
Post-tax return on average tangible shareholders equity[1]	(2.7 %)	(12.3 %)

Post-tax return on average shareholders equity[1]	(2.3 %)	(9.8 %)
Adjusted costs[2]	24.7 bn	26.5 bn
Cost/income ratio[3]	98.1 %	115.3 %
Risk-weighted assets (RWA)[4]	357.5 bn	396.7 bn
CRR/CRD 4 fully loaded Common Equity Tier 1 ratio[5]	11.8 %[6]	11.1 %
Fully loaded CRR/CRD 4 leverage ratio[7]	3.5 %	3.5 %

1 Based on Net Income attributable to Deutsche Bank shareholders and additional equity components. For further information, please refer to Supplementary Information: Non-GAAP Financial Measures of this report.
2 Total noninterest expenses excluding impairment of goodwill and other intangible assets, litigation, policyholder benefits and claims and restructuring and severances For further information, please refer to Supplementary Information: Non-GAAP Financial Measures of the report.
3 Total noninterest expenses as a percentage of total net interest income before provision for credit losses plus noninterest income.
4 Risk-weighted assets and capital ratios are based upon CRR/CRD 4 fully-loaded.
5 The CRR/CRD 4 fully loaded Common Equity Tier 1 ratio represents our calculation of our Common Equity Tier 1 ratio without taking into account the transitional provisions of CRR/CRD 4. Further detail on the calculation of this ratio is provided in the Risk Report.
6 Reflects the Management Board s decision to propose a dividend per share of 0.19 paid out of the distributable profit for 2016 taking into consideration the expected shares to be issued before the Annual General Meeting in May 2017. The dividend contains the pay out of the distributable profit carried forward from 2015 of approximately 165 million and a dividend of 0.11 per share from the remaining distributable profit for 2016. Overall we expect to pay out a total dividend of approximately 400 million in 2017.
7 Further detail on the calculation of this ratio is provided in the Risk Report.

Table of Contents

Net revenues in 2016 were 30.0 billion, a decline of 3.5 billion from 2015. The decline was primarily driven by de-risking losses in NCOU and lower revenues in GM and CIB due to challenging market conditions, a low interest rate environment in Europe, negative market perceptions concerning Deutsche Bank and strategic execution. The decline was partly offset by a gain on sale of stakes in Hua Xia Bank Co. Ltd. in PW&CC and in VISA Europe Ltd. in Postbank and PW&CC.

Noninterest expenses in 2016 were 29.4 billion, a decrease of 24 % from 2015. The reduction in noninterest expenses was mainly driven by lower impairment of goodwill and other intangible assets, litigation charges and performance related compensation. Impairment of goodwill and other intangible assets was 1.3 billion in 2016, including 1.0 billion related to the sale of Abbey Life, compared to 5.8 billion in 2015. Litigation expenses in 2016 amounted to 2.4 billion, a reduction of 2.8 billion as compared to 2015. The decline in the noninterest expenses was partly offset by higher IT costs and an increase in policyholder benefits and claims.

The loss before income taxes was 810 million in 2016 compared to a loss before income taxes of 6.1 billion in 2015. The improvement of 5.3 billion in 2016 was mainly driven by a significantly lower impairment of goodwill and other intangibles as well as litigation charges. Net loss was 1.4 billion in 2016, compared to a net loss of 6.8 billion in 2015.

Our CRR/CRD 4 fully loaded Common Equity Tier 1 ratio was 11.8 % at the end of 2016, up from 11.1 % at the end of 2015, resulting from de-risking activities and the benefit from asset disposals. The phase-in CET 1 ratio at the year end 2016 of 13.4 % is well above the required 10.76 %.

The ECB notified Deutsche Bank of its Supervisory Review and Evaluation Process (SREP) conclusions for 2017, setting Pillar 2 minimum requirements for the Common Equity Tier 1 (CET 1) ratio at 9.51 % on a CRR/CRD 4 phase-in basis, compared to which we recorded 12.76 % as of January 1, 2017. The SREP minimum requirements for 2017 is composed of a minimum Pillar 1 requirement of 4.5 %, an additional Pillar 2 requirement of 2.75 %, a capital conservation buffer of 1.25 %, a countercyclical buffer of currently 0.01 % and the G-SIB buffer of 1.0 %.

Deutsche Bank Group

Deutsche Bank: Our Organization

Headquartered in Frankfurt am Main, Germany, we are the largest bank in Germany and one of the largest financial institutions in Europe and the world, as measured by total assets of 1,591 billion as of December 31, 2016. As of that date, we employed 99,744 people on a full-time equivalent basis and operated in 62 countries out of 2,656 branches worldwide, of which 67 % were in Germany. We offer a wide variety of investment, financial and related products and services to private individuals, corporate entities and institutional clients around the world.

As of December 31, 2016 we were organized into the following six corporate divisions:

- Global Markets (GM)
- Corporate & Investment Banking (CIB)
- Private, Wealth and Commercial Clients (PW&CC)
- Deutsche Asset Management (Deutsche AM)
- Postbank (PB)
- Non-Core Operations Unit (NCOU)

The six corporate divisions are supported by infrastructure functions. In addition, we have a regional management function that covers regional responsibilities worldwide. Prior periods presented throughout this report have been restated in order to reflect our new segmental structure that was announced at the end of 2015. In line with our targets originally announced in October 2015, the Non-Core Operations Unit (NCOU) will cease to exist as a separate corporate division of the Group from 2017 onwards.

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

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

We have made the following significant capital expenditures or divestitures since January 1, 2014, that are not allocated to the capital expenditures or divestitures of corporate divisions below:

On October 26, 2016, Deutsche Bank entered into an agreement to sell its Mexican bank and broker dealer subsidiaries to InvestaBank S.A., Institución de Banca Múltiple. The transaction is a part of our targets originally announced in October 2015 and the Group s plan to rationalize its global footprint. Closing of the transaction is expected in the first half of 2017, subject to regulatory approvals and other customary conditions.

On August 26, 2016, Deutsche Bank entered into an agreement to sell Deutsche Bank S.A., its Argentine bank subsidiary, to Banco Comafi S.A. The transaction is a part of our targets originally announced in October 2015 and reflects the Group s plan to rationalize its global footprint. Closing of the transaction is expected in the first half of 2017, subject to regulatory approvals and other customary conditions.

Management Structure

The Management Board has structured the Group as a matrix organization, comprising (i) Corporate Divisions, (ii) Infrastructure Functions and (iii) a Regional Management Function.

Pursuant to the German Stock Corporation Act, the Management Board is responsible for the executive management of Deutsche Bank. Its members are appointed and removed by the Supervisory Board, which is a separate corporate body. Our Management Board focuses on, among other topics, strategic management, corporate governance, resource allocation, risk management and risk control, and is assisted by functional committees.

Within each corporate division and region, coordination and management functions are handled by operating committees and executive committees, which help ensure that the implementation of the strategy of individual business divisions and the plans for the development of infrastructure areas are aligned to our global business objectives.

Corporate Divisions

Global Markets Corporate Division (GM)

Corporate Division Overview

At the start of 2016, we split our former Corporate Banking and Securities (CB&S) corporate division into two: a new corporate division, Global Markets and our business unit Corporate Finance, which is now part of our Corporate & Investment Banking corporate division. The Global Markets business offers financial products worldwide including trading and hedging services to institutions and corporate clients.

In Global Markets, Deutsche Bank made the following significant divestitures since January 1, 2014:

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

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

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

Products and Services

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

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

Distribution Channels and Marketing

As part of our targets originally announced in October 2015, we are re-focusing and rationalizing our client coverage model so as to keep clients at the core of our business. We are exiting client relationships where returns are too low or risks are too high while also strengthening our client on-boarding and KYC procedures.

Corporate & Investment Banking Division (CIB)

Corporate Division Overview

Corporate & Investment Banking (CIB) brings together Deutsche Bank s commercial banking, corporate finance, and transaction banking expertise under one common corporate division. It consists of our Corporate Finance and Global Transaction Banking businesses. CIB advises and executes on the multiple financial requirements of our corporate and institutional clients.

In Corporate & Investment Banking, we made no significant capital expenditures or divestitures since January 1, 2014.

Products and Services

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

Advisory extends to public takeovers, defense advisory, mergers and divestitures, dual track sales processes, business portfolio reviews and acquisition searches, competitor strategies and analyses, balance sheet optimization and corporate governance.

Debt Origination brings the Bank s regional treasury suite client coverage, together with debt origination, structuring, syndication and issuance and loan portfolio products.

Equity Origination provides primary equity products including IPOs, follow-on offerings, rights issues, block trades, accelerated bookbuilding and convertible and exchangeable bonds.

With revenues of 4.5 billion, Global Transaction Banking (GTB) is a leading global provider of cash management, trade finance and securities services, delivering the full range of commercial banking products and services for both corporate clients and financial institutions worldwide.

Trade Finance offers local expertise, a range of international trade products and services (including financing), custom made solutions for structured trade and the latest technology across our international network so that our clients can better manage the risks and other issues associated with their cross-border and domestic trades.

Cash Management caters to the needs of a diverse client base of corporates and financial institutions. With the provision of a comprehensive range of innovative solutions, we handle the complexities required by global and regional treasury functions including customer access, payment and collection services, liquidity management, information and account services and electronic bill presentation and payment solutions.

Securities Services provides a range of trust, payment, administration and related services for selected securities and financial transactions, as well as domestic securities custody in more than 30 markets.

Distribution Channels and Marketing

As part of our targets originally announced in October 2015, we are re-focusing and optimizing our client coverage model to the benefit of our core clients. We are exiting client relationships where we consider returns to be too low or risks to be too high while also strengthening our client on-boarding and know-your client (KYC) procedures.

Investment Banking Coverage (IBC) and Corporate Banking Coverage (CBC) have been brought together to provide integrated coverage expertise for CIB. The group delivers the most appropriate products across advisory, capital markets, risk management and transaction banking to both the C-Suite and Treasurer. The German Large Corporates (GLC) division delivers broad product and advisory expertise to our mid-market franchise with a regional footprint.

Clients include major corporates, financial institutions, financial sponsors, governments and sovereigns around the world. Our industry expertise covers consumer and retail services, financial institutions, financial sponsors, healthcare, industrials, technology, media & telecoms, natural resources and real estate, and lodging and leisure.

Private, Wealth & Commercial Clients Corporate Division (PW&CC)

Corporate Division Overview

The Private, Wealth & Commercial Clients (PW&CC) Corporate Division combines the Bank s expertise in private and commercial banking as well as in wealth management solutions. We offer high-quality advice and a wide range of financial services in both the Bank s home market in Germany and internationally. Our objective is to be an advisory bank with a global network, strong expertise in capital markets and financing solutions and cutting-edge digital services.

Our Corporate Division comprises the following business units:

The Private & Commercial Clients Germany (PCC Germany) Business Unit focuses on private and commercial clients in Germany. For small and medium-sized corporate clients, we offer an integrated commercial banking coverage model improving client proximity and cross-divisional collaboration by leveraging the expertise of Deutsche Bank Group.

The Private & Commercial Clients International (PCC International) Business Unit provides banking and other financial services to private, commercial and corporate clients in Europe and India. In Europe, we operate in five major banking markets: Italy, Spain, Belgium, Portugal and Poland.

The Wealth Management Business Unit serves wealth, high-net-worth (HNW) and ultra-high-net-worth (UHNW) individuals and family offices, offering our clients a broad range of traditional and alternative investment products and solutions, as well as lending and deposit products. Leveraging our global network and expertise from across Deutsche Bank, we provide capital markets expertise and international solutions tailored to the individual needs of clients. These include wealth planning over generations and international borders, discretionary portfolio management, structured risk management as well as the development of bespoke solutions for individuals or selected institutions in close collaboration with experts in Global Markets, Corporate & Investment Banking and Asset Management.

We have made the following significant capital expenditures or divestitures since January 1, 2014:

On December 28, 2015, we agreed to sell our entire 19.99 % stake in Hua Xia Bank Company Limited (Hua Xia) to PICC Property and Casualty Company Limited (PICC Property & Casualty). The completion of the transaction was subject to customary closing conditions and regulatory approvals, including that of the China Banking Regulatory Commission, which granted its approval for PICC Property and Casualty to acquire Deutsche Bank s stake in Hua Xia in the fourth quarter 2016.

In the fourth quarter 2015 Deutsche Bank Group announced that it had entered into a definitive asset purchase agreement to sell its US Private Client Services (PCS) unit to Raymond James Financial, Inc. In September 2016 the transaction was completed successfully.

In November 2015, Visa Inc. announced a definitive agreement to acquire Visa Europe Limited. As part of this acquisition Visa Europe Limited requested all its shareholders, which included several Deutsche Bank Group entities, to return their shares against consideration. Deutsche Bank returned its shares in Visa Europe Limited in January 2016 and received the cash and preferred shares consideration at closing on June 21, 2016 as well as an entitlement to a deferred cash payment including interest upon the third anniversary of the closing date.

In October 2014, we contributed ownership of the real estate of 90 retail banking branches in Italy to a closed-end institutional real estate fund, Italian Banking Fund (IBF), managed by Hines Italy SGR. The contributed real estate had a total value of 134 million and will mostly be leased back for a period of at least 12 years.

In May 2014, we completed the sale of a 20.2 % stake in Deutsche Herold AG to Zürich Beteiligungs AG, a subsidiary of Zurich Insurance Group AG. We acquired the 20.2 % stake from a third party immediately ahead of selling it to Zurich. 15.2 % of the disposal to Zurich was based on a share purchase agreement that was entered into by Deutsche Bank and Zurich in 2001. The remaining 5.0 % stake was sold due to Zurich exercising a call option.

Products and Services

We provide banking and other financial services ranging from comprehensive services for retail clients, to solutions for clients in Private Banking and Wealth Management, to business and commercial client coverage.

Our PCC Germany and PCC International Business Units offer a similar range of products and services throughout Europe and India with some variations among countries that are driven by local market, regulatory and customer requirements. Products and services include payment and current account services, investment and insurance products, deposits as well as credit products. For small and medium-sized clients, the PCC Business Units additionally offer mid-cap related products provided by other divisions as part of our mid-cap joint venture within Deutsche Bank.

Our Wealth Management Business Unit offers customized wealth management solutions and private banking services, including discretionary portfolio management and traditional and alternative investment solutions, complemented by structured risk management, wealth planning, lending and family office services.

Distribution Channels and Marketing

We follow an omni-channel approach to optimize accessibility and availability of services for our customers. The expansion of digital capabilities remains a strong focus across all our businesses.

PCC Germany and PCC International:

- Branches: Within branches, the PCC Business Units generally offer the entire range of products and advice. The branch network is supported by Customer Contact Centers and Self-service Terminals.
- Advisory Centers: The Advisory Centers in Germany represent a connection between the branches and our digital offerings to ensure a holistic service and advice for our private and commercial clients independent of branch opening hours.

- Online and Mobile Banking: Websites of the PCC Business Units offer clients a broad variety of product information and services including interactive tools, tutorials as well as rich media content. They also provide a high performing transaction-platform for banking, brokerage and self-services, combined with a highly frequented multi-mobile offering for smartphones and tablets.
- Financial Agents / Third party distributors: In most countries, the PCC Business Units additionally provide banking products and services through self-employed financial agents as well as through third-party distributors.

Wealth Management:

- Global Coverage/Advisory teams: These teams manage client relationships, provide advice and assist clients to access WM s products and services. To ensure holistic service and advice, all wealth management clients have a single point of access, with dedicated teams serving specific client groups.
- Key Client Partners (KCP): For qualified ultra-high-net-worth clients, Key Client Partners (KCP) provide tailored solutions and investment opportunities across a full range of asset classes. Capabilities include but are not limited to private markets, financing solutions, non-core assets, special situation alternatives and capital markets solutions.

Deutsche Asset Management Corporate Division (Deutsche AM)

Corporate Division Overview

With over 700 billion of invested assets as of December 31, 2016, Deutsche AM is one of the world s leading investment management organizations, bringing access to the world s financial markets and delivering solutions to clients around the globe. Deutsche AM aims to provide sustainable financial futures for all its clients: individual investors and the institutions that serve them.

In 2016, Deutsche AM took a number of steps to become a more focused asset manager: separating from Deutsche Bank s wealth management business, transferring trading and balance sheet-reliant businesses to the Global Markets division, and exiting non-strategic businesses, including the Abbey Life business.

We have made the following significant capital divestitures since January 1, 2014:

In December 2016, Deutsche Bank completed the sale of the Abbey Life business (Abbey Life Assurance Company Limited, Abbey Life Trustee Services Limited and Abbey Life Trust Securities Limited) to a subsidiary of Phoenix Group Holdings (Phoenix Group).

Products and Services

Deutsche AM s investment capabilities span both active and passive strategies and a diverse array of asset classes including equities, fixed income, liquidity, real estate, infrastructure, private equity, and sustainable investments. Deutsche AM delivers alpha and beta solutions to address the longevity, liability and liquidity needs of investors, leveraging intelligence and technology.

Distribution Channels and Marketing

Coverage/Advisory teams manage client relationships, provide advice and assist clients to access Deutsche AM s products and services. Deutsche AM also markets and distributes its offering through other business divisions of Deutsche Bank Group, notably PW&CC for retail customers, as well as through third-party distributors. To ensure effective service and advice, all clients have a single point of access to Deutsche AM, with dedicated teams serving specific client groups.

Postbank Corporate Division

Corporate Division Overview

Postbank is a German financial service provider for retail, business and corporate clients as well as for other financial service providers. As a multi-channel bank, Postbank provides its products in its German-wide network of branches, through mobile sales agents, direct banking (Online and Mobile) and call centers as well as in third party sales through agents. The company also offers postal and parcel services in its branches in cooperation with Deutsche Post DHL AG. Postbank s focus of business activities are on retail banking and corporate banking (transaction banking and financing) in Germany. The completion of the operational separability from Deutsche Bank Group was achieved as per the end of the first half of 2016.

We have made the following significant capital divestitures since January 1, 2014:

In November 2015, Visa Inc. announced a definitive agreement to acquire Visa Europe Limited. As part of this acquisition Visa Europe Limited requested all its shareholders, including Postbank, to return their shares against consideration. Postbank returned its shares in Visa Europe Limited in January 2016 and received the cash and preferred shares consideration at closing on June 21, 2016 as well as an entitlement to a deferred cash payment including interest upon the third anniversary of the closing date.

In July 2015, the shares in Postbank P.O.S. Transact GmbH were sold and the company subsequently deconsolidated.

Products and Services

In retail banking Postbank offers its retail and business customers standardized banking and financial service products designed to meet all basic financial needs. Its core products are current accounts, saving accounts, mortgage loans, building society contracts and consumer loans. The product range is completed by investment products (especially investment funds) and insurance products as well as postal services and further non-banking products.

In corporate banking Postbank focuses mainly on German SMEs. Its core products are corporate loans, international commercial real estate finance, payment transaction services, factoring and leasing as well as interest rate and currency management. Corporate banking services also include client driven money market and capital market activities.

Distribution Channels and Marketing

Postbank operates a nation-wide network of branches that had 1,043 locations in Germany at the end of 2016, as well as a branch in Luxembourg. Additionally Postbank uses around 4,500 Deutsche Post DHL AG partner retail outlets, where customers can access selected Postbank financial services, as well as around 700 Postbank Finanzberatung AG advisory centers. As a multi-channel bank, Postbank offers its products in branches, through mobile sales agents, direct banking (online and mobile), call centers as well as via third-party sales through agents and cooperation partners.

Branches: In addition to our German-wide branch network we have begun launching new sales centers where customers can experience our entire range of products and advice as well as postal services under one roof.

Self-service Terminals: These terminals support our branch network and allow clients to withdraw and transfer funds, receive account statements and make appointments with our financial advisors.
Mobile sales agents: Additionally we market our retail banking products and services through self-employed financial agents.
Call centers: Our call centers provide clients with remote services (i.e., account information, securities brokerage).
Online and mobile banking: On our websites, we offer clients a broad variety of relevant product information and services including interactive tools, tutorials and rich media content. We provide a high performing transaction platform for banking, brokerage and self-services, combined with a highly frequented multi-mobile offering for smart-phones and tablets. Moreover, we further invest in improvements of seamless client friendly end-to-end process automation.

Non-Core Operations Unit Corporate Division (NCOU)

In the second half of 2012, the Non-Core Operations Unit (NCOU) was established as the fifth pillar of our business structure. Its aim was to help the Bank reduce risks associated with capital-intensive assets that are not core to the strategy, thereby reducing capital demand. As set out in our previous strategy announcements, our objectives in setting up the NCOU were to improve external transparency of our non-core positions; to increase management focus on the core operating businesses by separating the non-core activities; and to facilitate targeted accelerated de-risking.

NCOU has successfully executed its de-risking target and reduced the portfolio in size to achieve the 2016 year-end target to less than 10 billion RWA. In carrying out this mandate, NCOU has actively focused on initiatives which delivered efficient capital contribution and de-leveraging results, thereby enabling the Bank to strengthen our fully loaded Common Equity Tier 1 ratio. As a result, the NCOU ceased to exist as a standalone division from 2017 onwards.

The remaining legacy assets have a balance sheet value of approximately 6 billion as of December 31, 2016 and will now be managed by the corresponding Core operating segments, predominately Global Markets and Private Wealth & Commercial Clients.

The NCOU division made the following significant divestitures since January 1, 2014:

In November 2016 Deutsche Bank sold its remaining 16.9 % stake in Red Rock Resorts after IPO in April 2016 where Deutsche Bank sold around 3 %.

In April 2016, Deutsche Bank reached an agreement to sell Maher Terminals USA LLC in Port Elizabeth, New Jersey to Macquarie Infrastructure Partners III (MIP III), a fund managed by Macquarie Infrastructure and Real Assets. Under the transaction, MIP III has agreed to acquire 100 % of Maher Terminals USA. Following receipt of all regulatory approvals, we completed the sale in November 2016 for U.S.$ 739 million.

In April 2015, Deutsche Bank reached an agreement to sell the Fairview Container Terminal in Port of Prince Rupert, Canada (a segment of Maher Terminals) to DP World (a Dubai-based marine terminal operator) for CAD 580 million, subject to regulatory approvals. Following the receipt of all regulatory approvals, we completed the sale in August 2015.

On December 19, 2014, Deutsche Bank closed the sale of Nevada Property 1 LLC, the owner of The Cosmopolitan of Las Vegas, to Blackstone Real Estate Partners VII for U.S.$ 1.73 billion.

In March 2014, Deutsche Bank completed the sale of BHF-BANK to Kleinwort Benson Group and RHJ International for a total consideration of 347 million primarily in cash (316 million) and the remainder in the form of new shares in RHJ International issued at par value. These shares have subsequently been sold.

Infrastructure and Regional Management

The infrastructure functions perform control and service functions and, in particular, tasks relating to Group-wide, supra-divisional resource-planning, steering and control, as well as to risk, liquidity and capital management.

The infrastructure functions are organized in the following areas of responsibility:

- Chairman: Management Board, Communications, CSR, Group Audit, Corporate Strategy, Research and Group Incident & Investigation Management
- Chief Financial Officer: Group Finance, Group Tax, Group Treasury, Investor Relations, Corporate M&A, Group Management Consulting, Regional Finance, Divisional Finance including Cost Operations, Planning and Performance Management and Finance Change & Administration.
- Chief Risk Officer: Credit Risk, Operational Risk, Market Risk, Liquidity Risk, Enterprise Risk, Business aligned Risk management, Regional Risk management, Information & Resiliency Risk Management and Corporate Insurance
- Chief Regulatory Officer: Group Regulatory Affairs, Group Structuring, Public Affairs, Compliance and Anti-Financial Crime
- Chief Administrative Officer: Legal including Data Protection, Global Governance and Human Resources including Corporate Executive Matters
- Chief Operating Officer: Group Technology and Operations, Digital Transformation, Corporate Services, Chief Information Security Office and Chief Data Officer

Regional Management has the task to protect the Group s integrity and reputation and to coordinate and align local activity and strategic development across the Group s businesses, infrastructure and legal entities.

All expenses and revenues incurred within the infrastructure and regional management areas are fully allocated to our five (formerly six) corporate divisions.

Significant Capital Expenditures and Divestitures

Information on each Corporate Division s significant capital expenditures and divestitures from the last three financial years has been included in the above descriptions of the Corporate Divisions.

Since January 1, 2016, there have been no public takeover offers by third parties with respect to our shares and we have not made any public takeover offers in respect of any other company s shares.

Results of Operations

Consolidated Results of Operations

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

Condensed Consolidated Statement of Income

in m. (unless stated otherwise)	2016	2015	2014	2016 increase (decrease) from 2015 in m.	2016 increase (decrease) from 2015 in %	2015 increase (decrease) from 2014 in m.	2015 increase (decrease) from 2014 in %
Net interest income	14,707	15,881	14,272	(1,175)	(7)	1,610	11
Provision for credit losses	1,383	956	1,134	427	45	(178)	(16)
Net interest income after provision for credit losses	**13,324**	**14,925**	**13,138**	**(1,601)**	**(11)**	**1,788**	**14**
Commissions and fee income[1]	11,744	12,765	12,409	(1,021)	(8)	356	3
Net gains (losses) on financial assets/liabilities at fair value through profit or loss[1]	1,401	3,842	4,299	(2,440)	(64)	(457)	(11)
Net gains (losses) on financial assets available for sale	653	203	242	450	N/M	(39)	(16)
Net income (loss) from equity method investments	455	164	619	291	177	(455)	(73)
Net income (loss) from securities held to maturity	0	0	0	0	N/M	0	N/M
Other income (loss)	1,053	669	108	385	58	561	N/M
Total noninterest income	**15,307**	**17,644**	**17,677**	**(2,336)**	**(13)**	**(33)**	**(0)**
Total net revenues[2]	**28,632**	**32,569**	**30,815**	**(3,937)**	**(12)**	**1,754**	**6**
Compensation and benefits	11,874	13,293	12,512	(1,419)	(11)	781	6
General and administrative expenses	15,454	18,632	14,654	(3,178)	(17)	3,977	27
Policyholder benefits and claims	374	256	289	117	46	(32)	(11)
Impairment of goodwill and other intangible assets	1,256	5,776	111	(4,520)	(78)	5,665	N/M

Restructuring activities	484	710	133	(226)	(32)	577	N/M
Total noninterest expenses	**29,442**	**38,667**	**27,699**	**(9,225)**	**(24)**	**10,968**	**40**
Income (loss) before income taxes	**(810)**	**(6,097)**	**3,116**	**5,287**	**(87)**	**(9,213)**	**N/M**
Income tax expense (benefit)	546	675	1,425	(129)	(19)	(750)	(53)
Net income (loss)	**(1,356)**	**(6,772)**	**1,691**	**5,416**	**(80)**	**(8,463)**	**N/M**
Net income attributable to noncontrolling interests	45	21	28	24	112	(6)	(23)
Net income (loss) attributable to Deutsche Bank shareholders and additional equity components	(1,402)	(6,794)	1,663	5,392	(79)	(8,457)	N/M

N/M Not meaningful

[1] For further detail please refer to Note 1 Significant Accounting Policies and Critical Accounting Estimates of this report.
[2] After provision for credit losses.

Net Interest Income

in m. (unless stated otherwise)	2016	2015	2014	2016 increase (decrease) from 2015 in m.	in %	2015 increase (decrease) from 2014 in m.	in %
Total interest and similar income	25,636	25,967	25,001	(331)	(1)	966	4
Total interest expenses	10,929	10,086	10,729	843	8	(643)	(6)
Net interest income	**14,707**	**15,881**	**14,272**	**(1,175)**	**(7)**	**1,610**	**11**
Average interest-earning assets[1]	1,033,172	1,031,827	1,040,908	1,345	0	(9,080)	(1)
Average interest-bearing liabilities[1]	812,578	816,793	855,105	(4,215)	(1)	(38,312)	(4)
Gross interest yield[2]	2.39 %	2.52 %	2.40 %	(0.13) ppt	(5)	0.12 ppt	5
Gross interest rate paid[3]	1.23 %	1.23 %	1.25 %	0.00 ppt	0	(0.02) ppt	(2)
Net interest spread[4]	1.16 %	1.28 %	1.14 %	(0.12) ppt	(9)	0.14 ppt	12
Net interest margin[5]	1.42 %	1.54 %	1.37 %	(0.12) ppt	(8)	0.17 ppt	12

ppt Percentage points

1 Average balances for each year are calculated in general based upon month-end balances.
2 Gross interest yield is the average interest rate earned on our average interest-earning assets.
3 Gross interest rate paid is the average interest rate paid on our average interest-bearing liabilities.
4 Net interest spread is the difference between the average interest rate earned on average interest-earning assets and the average interest rate paid on average interest-bearing liabilities.
5 Net interest margin is net interest income expressed as a percentage of average interest-earning assets.

2016

Net interest income was 14.7 billion in 2016 compared to 15.9 billion in 2015. The decrease of 1.2 billion, or 7 %, was mainly driven by higher interest expenses and lower interest income. Net interest income in GM was lower and included lower revenues from Prime Finance due to reduced client balances. Higher interest expenses in GM included the impact of higher cost of funding. Interest income in CIB declined due to margin compression, the low interest rate environment, depressed trade volume and internal strategic perimeter decisions as part of our targets originally announced in October 2015. Both, the net interest spread and the net interest margin declined by 12 basis points in 2016 as compared to prior year.

2015

The increase in net interest income in 2015 of 1.6 billion, or 11 %, to 15.9 billion compared to 14.3 billion in 2014, was primarily driven by higher interest income on trading assets in GM, mainly from strong client activity and increased client balances. Also contributing to the increase were favorable foreign exchange rate movements and organic growth in Deutsche AM. Overall, the net interest spread increased by 14 basis points and the net interest margin improved by 17 basis points primarily driven by lower interest related volume, an increase in interest income and a decrease in interest expenses in 2015 as compared to prior year.

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

in m. (unless stated otherwise)	2016	2015	2014	2016 increase (decrease) from 2015 in m.	 in %	2015 increase (decrease) from 2014 in m.	 in %
GM Sales & Trading (equity)	852	1,258	1,416	(406)	(32)	(158)	(11)
GM Sales & Trading (debt and other products)	3,582	3,857	3,105	(275)	(7)	752	24
Non-Core Operations Unit	(1,449)	(634)	(691)	(815)	129	57	(8)
Other	(1,584)	(639)	469	(945)	148	(1,108)	N/M
Total net gains (losses) on financial assets/liabilities at fair value through profit or loss	**1,401**	**3,842**	**4,299**	**(2,441)**	**(64)**	**(457)**	**(11)**

2016

Net gains on financial assets/liabilities at fair value through profit or loss decreased by 2.4 billion to 1.4 billion for the full year 2016. The main drivers for the decrease in net gains on financial assets/liabilities at fair value through profit or loss was the impact of unfavorable foreign exchange rates and interest rates on the fair value of derivatives in the category Other which was largely offset by gains related to the underlying assets in GM. The decline in NCOU was primarily driven by de-risking losses on the unwind of long-dated derivative exposure and related assets. Additionally the revenues in GM were impacted by a challenging environment in Equities and implementation of our targets originally announced in October 2015.

2015

Net gains on financial assets/liabilities at fair value through profit or loss decreased by 457 million to 3.8 billion for the full year 2015. The main driver for this was an increase in net losses on financial assets/liabilities at fair value through profit or loss of 1.1 billion in the category Other. Contributing factors were losses on long swap exposure in GM due to unfavorable interest rate and foreign exchange movement partly offset by an increase of 752 million in Sales and Trading (debt and other products) mainly reflecting increased market volatility primarily in the first quarter of 2015 resulting in new client and deal flow.

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

Our trading and risk management businesses include significant activities in interest rate instruments and related derivatives. Under IFRS, interest and similar income earned from trading instruments and financial instruments designated at fair value through profit or loss (i.e., coupon and dividend income) and the costs of funding net trading positions are part of net interest income. Our trading activities can periodically shift income between net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss depending on a variety of factors, including risk management strategies.

In order to provide a more business-focused discussion, the following table presents net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss by corporate division and by product within GM.

in m. (unless stated otherwise)	2016	2015	2014	2016 increase (decrease) from 2015 in m.	 in %	2015 increase (decrease) from 2014 in m.	 in %
Net interest income	14,707	15,881	14,272	(1,175)	(7)	1,610	11
Total net gains (losses) on financial assets/liabilities at fair value through profit or loss	1,401	3,842	4,299	(2,440)	(64)	(457)	(11)
Total net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss	**16,108**	**19,723**	**18,570**	**(3,615)**	**(18)**	**1,153**	**6**
Breakdown by Corporate Division/product: [1]							
Sales & Trading (equity)	1,979	2,887	2,639	(907)	(31)	247	9
Sales & Trading (debt and other products)	7,452	8,215	7,328	(763)	(9)	887	12
Total Sales & Trading	9,431	11,102	9,967	(1,671)	(15)	1,135	11
Other [2]	(204)	(360)	(785)	155	(43)	425	(54)
Global Markets [3]	9,227	10,742	9,182	(1,515)	(14)	1,560	17

Corporate & Investment Banking	2,090	2,215	1,969	(125)	(6)	247	13
Private, Wealth and Commercial Clients	3,877	3,862	3,973	14	0	(111)	(3)
Deutsche Asset Management	364	255	398	109	43	(144)	(36)
Postbank	2,175	2,316	2,165	(142)	(6)	151	7
Non-Core Operation Unit	(1,261)	(353)	(310)	(909)	N/M	(43)	14
Consolidation & Adjustments	(363)	685	1,193	(1,048)	N/M	(508)	(43)
Total net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss	**16,108**	**19,723**	**18,570**	**(3,615)**	**(18)**	**1,153**	**6**

N/M Not meaningful

[1] This breakdown reflects net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss only. For a discussion of the corporate divisions total revenues by product please refer to Note 4 Business Segments and Related Information .

[2] Includes the net interest spread on loans as well as the fair value changes of credit default swaps and loans designated at fair value through profit or loss.

[3] Includes net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss of origination, advisory and other products.

Global Markets (GM)

2016

Combined net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss were 9.2 billion in 2016, a decrease of 1.5 billion, or 14 %, compared to 2015. In Sales & Trading (debt and other products), revenues were lower by 763 million in 2016, a decrease of 9 % compared to 2015. This decline was driven by a challenging market environment and country exits as part of our targets originally announced in October 2015. Lower revenues in Emerging Markets and Foreign Exchange were partly offset by higher Core Rates revenues. In Sales & Trading (equity), revenues were lower by 907 million in 2016, a decrease of 31 % compared to 2015. This decline was felt across all equity businesses as a result of lower overall client activity in a challenging market environment. Prime Finance revenues were also impacted by higher funding costs due to widening of our own credit spreads following negative market perceptions concerning Deutsche Bank. Revenues in Other were negative 204 million, but improved by 155 million in 2016, an increase of 43 % compared to 2015.

2015

Combined net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss were 10.7 billion in 2015, an increase of 1.6 billion, or 17 %, compared to 2014. In Sales & Trading (debt and other products), revenues were 887 million higher in 2015, an increase of 12 % compared to 2014. This was driven by increased market volatility and strong client activity in both Foreign Exchange and Asia Pacific Local Markets, as well as strong performance in Core Rates. Emerging Market revenues were higher, whilst Credit revenues remained in line with prior year. In Sales & Trading (equity), revenues were 247 million higher in 2015, an increase of 9 % compared to 2014. Significantly higher revenues in Prime Finance driven by increased client balances were partly offset by lower client activity and a challenging risk management environment in Equity Derivatives. Equity Trading revenues remained in line with the prior year. Other revenues were negative, but improved by 425 million in 2015, an increase of 54 % compared to 2014. This was driven by significantly lower valuation adjustments with negative impacts.

Corporate & Investment Banking (CIB)

2016

Combined net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss were 2.1 billion in 2016, a decrease of 125 million, or 6 %, compared to 2015. The decline was mainly driven by lower interest revenues in Trade Finance due to margin compression and impact from negative interest rates.

2015

Combined net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss were 2.2 billion in 2015, an increase of 247 million, or 13 %, compared to 2014. Higher net interest revenues were driven by increased lending income specifically in the US and UK, coupled with higher volumes within Structured Export and Commodity Trade Finance. Fair value losses also decreased due to exchange rate gains within the FX business.

Private Wealth and Commercial Clients (PW&CC)

2016

Combined net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss of 3.9 billion in 2016 were flat compared to 2015. Net interest income declined compared to 2015 reflecting the impact of the continued low interest rate environment in Europe. Beyond that, the prior year period included a higher extraordinary dividend payment received in PCC Germany subsequent to an investee s sale transaction. These decreases were offset by higher net gains (losses) on financial assets/liabilities at fair value through profit or loss driven by positive transaction related effects relating to PW&CC s stake in Hua Xia Bank Co. Ltd.

2015

Combined net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss were 3.9 billion in 2015, a decrease of 111 million, or 3 %, compared to 2014. The decrease was mainly driven by transaction-related effects relating to PW&CC s stake in Hua Xia Bank Co. Ltd and the ongoing challenging interest rate environment in 2015. This was partly offset by favorable movements in foreign exchange rates, reduced funding costs and increased lending volumes in our Wealth Management business as well as an extraordinary dividend payment received in PCC Germany subsequent to an investee s sale transaction.

Deutsche Asset Management (Deutsche AM)

2016

Combined net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss were 364 million in 2016, an increase of 109 million, or 43 %, compared to 2015. The increase was mainly due to a write up of our exposure to HETA Asset Resolution AG within our guaranteed funds during 2016 and favorable mark-to-market movements on policyholder positions in Abbey Life following higher market gains.

2015

Combined net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss were 255 million in 2015, a decrease of 144 million, or 36 %, compared to 2014. The decrease was mainly due to a write down of our exposure to HETA Asset Resolution AG in 2015, coupled with negative mark-to-market movements for guaranteed funds.

Postbank (PB)

2016

Combined net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss were 2.2 billion in 2016, a decrease of 142 million or 6 %, compared to 2015. While net interest revenues remained virtually flat despite the remaining challenges resulting from low interest rate environment, net gains (losses) on financial assets/liabilities at fair value through profit or loss decreased by 143 million or 87 % due to extraordinary high net trading revenues in 2015.

2015

Combined net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss were 2.3 billion in 2015, an increase of 151 million, or 7 %, compared to 2014. The increase was mainly driven by increased net gains on financial assets/liabilities at fair value through profit or loss relating to extraordinarily high, in comparison to normal levels, net trading revenues of 322 million in 2015. Despite the remaining challenges resulting from the low interest rate environment Postbank was able to stabilize net interest revenues via growth in loan volume.

Non-Core Operations Unit (NCOU)

2016

Combined net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss was a net loss of 1.3 billion in 2016, compared to a net loss of 353 million in 2015. The development was predominantly driven by the resolution of long-dated derivative exposures as well as various bond sales and further unwinds across the portfolio.

2015

Combined net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss was a net loss of 353 million in 2015, an increase in loss of 43 million, or 14 %, compared to 2014. The increase was predominantly driven by lower net interest revenues following asset sales and despite an absence of a one-time loss in 2014 related to the Special Commodities Group from our exposure to traded products in the U.S.

Consolidation & Adjustments (C&A)

2016

Combined net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss was a net loss of 363 million in 2016 versus a gain of 685 million in 2015, a decrease of 1.0 billion. This decrease was primarily due to interest rate increases in the long end of the curve in USD and EUR during the fourth quarter of 2016. The offsetting mark to market movements were reported in other lines of the income statement.

2015

Combined net interest income and net gains (losses) on financial assets/liabilities at fair value through profit or loss was 685 million in 2015 versus 1,193 million in 2014, a decrease of 508 million, or 43 %. This decrease was primarily due to interest rate decreases at the long end of the curve in 2014. These instruments were micro hedged and offsetting mark-to-market movement were reported in other line items of the income statement. This decrease was partly offset by a positive impact from FVA on internal uncollateralized derivatives.

Provision for Credit Losses

2016

Provision for credit losses was 1.4 billion in 2016, an increase of 427 million, or 45 %, compared to the same period in 2015. This mainly resulted from higher provisions in CIB and GM driven by exposures related to the shipping, metals and mining and oil and gas industry sectors. Further increases in NCOU were driven by IAS 39 reclassified assets within our European mortgage portfolios. These increases were partly offset by lower provisions in PW&CC as well as in Postbank reflecting the quality of the retail loan portfolio and the benign economic environment.

2015

Provision for credit losses in 2015 was 956 million, down by 178 million, or 16 % versus 2014 driven by significant reductions in NCOU in relation to IAS 39 reclassified assets and real estate exposures as well as in PW&CC due to sales of non-performing loans, the favorable credit environment in Germany and the stabilizing economic conditions in southern Europe. These reductions were partly offset by increases in CIB caused by the Shipping and Leveraged Finance portfolios.

Remaining Noninterest Income

in m. (unless stated otherwise)	2016	2015	2014	2016 increase (decrease) from 2015 in m.	in %	2015 increase (decrease) from 2014 in m.	in %
Commissions and fee income[1]	11,744	12,765	12,409	(1,021)	(8)	356	3
Net gains (losses) on financial assets available for sale	653	203	242	450	N/M	(39)	(16)
Net income (loss) from equity method investments	455	164	619	291	177	(455)	(73)
Other income (loss)	1,053	669	108	385	58	561	N/M
Total remaining noninterest income	**13,906**	**13,802**	**13,378**	**104**	**1**	**424**	**3**

[1] includes:

	2016	2015	2014	in m.	in %	in m.	in %
Commissions and fees from fiduciary activities:							
Commissions for administration	401	432	404	(31)	(7)	28	7
Commissions for assets under management	3,507	3,666	3,057	(159)	(4)	609	20
Commissions for other securities business	380	382	283	(3)	(1)	99	35

Total	**4,287**	**4,480**	**3,744**	**(193)**	**(4)**	**736**	**20**
Commissions, broker s fees, mark-ups on securities underwriting and other securities activities:							
Underwriting and advisory fees	1,871	2,388	2,545	(517)	(22)	(157)	(6)
Brokerage fees	1,434	1,746	1,488	(312)	(18)	258	17
Total	**3,305**	**4,134**	**4,033**	**(829)**	**(20)**	**101**	**3**
Fees for other customer services	4,152	4,151	4,632	1	0	(480)	(10)
Total commissions and fee income	**11,744**	**12,765**	**12,409**	**(1,021)**	**(8)**	**356**	**3**

N/M Not meaningful

Commissions and fee income

2016

Total Commissions and fee income decreased from 12.8 billion in 2015 by 1.0 billion, or 8 % to 11.7 billion in 2016. In PW&CC, commission and fee income declined due to difficult market environment and reduced client activities. CIB revenues were impacted primarily by a decline in deal volumes and issuance, resulting from worldwide political uncertainty and anticipation of interest rate hikes. Reduced commissions from lower market volumes impacted GM.

2015

Total Commissions and fee income increased from 12.4 billion in 2014 by 356 million, or 3 % to 12.8 billion in 2015. Fees for assets under management increased due to a strong operating performance of our businesses reflecting a favorable market, impact from net asset inflows and performance fees in Active Asset Management. This was partially offset by a decrease in Fees for other customer services, including a decline in Postbank due to a new contract with Deutsche Post DHL and a decline in underwriting and advisory fees.

Net gains (losses) on financial assets available for sale

2016

Net gains on financial assets available for sale were 653 million in 2016 compared to 203 million in 2015, an increase of 450 million. The increase resulted from a sale of stake in Visa Europe Limited and of sovereign bonds in Postbank, as well as de-risking activities in NCOU.

2015

Net gains on financial assets available for sale were 203 million in 2015 compared to 242 million in 2014, a decrease of 39 million, or 16 %. The decline in 2015 mainly resulted from a prior year period gain related to a business sale as well as gains from securities sales in DB Bauspar.

Net income (loss) from equity method investments

2016

Net gains from equity investments increased by 291 million to 455 million in 2016, from 164 million in 2015 primarily in NCOU due to a gain from the IPO of Red Rock Resorts.

2015

Net gains from equity investments decreased by 73 % from 619 million in 2014 to 164 million in 2015 primarily due to valuation effects in 2015 relating to Hua Xia Bank.

Other income (loss)

2016

Other income increased by 58 % from 669 million in 2015 to 1.1 billion in 2016. The increase in 2016 was primarily driven by a realization in Other comprehensive income from share derecognition in Hua Xia Bank Co. Ltd. and was partly offset by de-risking losses due to sale of IAS 39 assets in NCOU and the nonrecurrence of a specific litigation recovery and gain on sale of Maher Prince Rupert in 2015.

2015

Other income increased from 108 million in 2014 to 669 million in 2015. The increase in 2015 was primarily driven by asset sales related to accelerated de-risking including Maher Prince Rupert and a specific litigation recovery in NCOU.

Noninterest Expenses

in m. (unless stated otherwise)	2016	2015	2014	2016 increase (decrease) from 2015 in m.	in %	2015 increase (decrease) from 2014 in m.	in %
Compensation and benefits	11,874	13,293	12,512	(1,419)	(11)	781	6
General and administrative expenses [1]	15,454	18,632	14,654	(3,178)	(17)	3,977	27
Policyholder benefits and claims	374	256	289	117	46	(32)	(11)
Impairment of goodwill and other intangible assets	1,256	5,776	111	(4,520)	(78)	5,665	N/M
Restructuring activities	484	710	133	(226)	(32)	577	N/M
Total noninterest expenses	**29,442**	**38,667**	**27,699**	**(9,225)**	**(24)**	**10,968**	**40**

N/M Not meaningful
[1] includes:

	2016	2015	2014	in m.	in %	in m.	in %
IT costs	3,872	3,664	3,333	208	6	331	10
Occupancy, furniture and equipment expenses	1,972	1,944	1,978	28	1	(34)	(2)
Professional service fees	2,305	2,283	2,029	22	1	255	13
Communication and data services	761	807	725	(46)	(6)	82	11
Travel and representation expenses	450	505	521	(56)	(11)	(16)	(3)
Banking and transaction charges	664	598	660	66	11	(62)	(9)
Marketing expenses	285	294	293	(9)	(3)	2	1
Consolidated investments	334	406	811	(72)	(18)	(405)	(50)
Other expenses [2]	4,812	8,129	4,305	(3,317)	(41)	3,824	89
Total general and administrative expenses	**15,454**	**18,632**	**14,654**	**(3,178)**	**(17)**	**3,977**	**27**

[2] Includes litigation related expenses of 2.4 billion in 2016, 5.2 billion in 2015 and 1.6 billion in 2014 and 0.4 billion for loan processing fees of PW&CC in 2014.

Compensation and benefits

2016

Compensation and benefits decreased by 1.4 billion, or 11 %, to 11.9 billion in 2016 compared to 13.3 billion in 2015, primarily due to lower performance related compensation.

2015

Compensation and benefits increased by 781 million, or 6 %, to 13.3 billion in 2015 compared to 12.5 billion in 2014 which primarily reflects unfavorable foreign exchange developments.

General and administrative expenses

2016

General and administrative expenses decreased by 3.2 billion, or 17 %, to 15.5 billion in 2016 compared to 18.6 billion in 2015. The decrease was mainly due to a 2.8 billion reduction in litigation charges compared to 2015. Effects from favorable foreign exchange rate movements as well as reductions in various expense positions were partially offset by higher IT cost, including higher depreciation for self-developed software.

2015

General and administrative expenses increased by 4.0 billion, or 27 %, to 18.6 billion in 2015 compared to 14.7 billion in 2014. The increase was primarily driven by higher litigation costs of 5.2 billion compared to 1.6 bil-lion of litigation for the Group and 400 million for loan processing fees in PW&CC in 2014, unfavorable foreign exchange rate effects, higher software amortizations and impairments as well as significant higher charges for bank levies. These effects were partly offset by lower costs due to the disposal of assets in NCOU in 2014 and other cost reductions.

Policyholder benefits and claims

2016

Policyholder benefits and claims increased by 117 million, or 46 %, from 256 million in 2015 to 374 million in 2016 and were solely driven by higher policyholder benefits and claims recorded in the Abbey Life business. These charges were offset by net gains on financial assets/liabilities at fair value through profit or loss on policyholder benefits and claims.

2015

Policyholder benefits and claims decreased by 32 million, or 11 %, from 289 million in 2014 to 256 million in 2015 and were solely driven by insurance-related charges regarding the Abbey Life business. These charges were offset by net gains on financial assets/liabilities at fair value through profit or loss on policyholder benefits and claims.

Impairment of goodwill and other intangible assets

2016

Impairment charges on goodwill and other intangible assets decreased by 4.5 billion to 1.3 billion, or 78 %, from 5.8 billion in 2015. The 2016 charge reflects an impairment of 1.0 billion in Deutsche AM triggered by the sale of Abbey Life and an impairment of 285 million in GM, following the transfer of certain businesses from Deutsche AM.

2015

The impairment charges on goodwill and other intangible assets of 5.8 billion were attributable to 2.6 billion (thereof 1.8 billion impairment of goodwill and 834 million other intangible assets) in Postbank, 1.6 billion in GM, 1.0 bil-lion in PW&CC and 600 million in CIB. The charge represents a full impairment of goodwill in GM and Postbank and in addition a partial impairment of other intangible assets in Postbank. Impairments largely were due to expected higher regulatory capital requirements and disposals within PW&CC.

Restructuring

2016

Restructuring expenses amounted to 484 million in 2016 compared to 710 million in 2015 reflecting our ongoing execution of strategic measures.

2015

Restructuring expenses amounted to 710 million in 2015 compared to 133 million in 2014. The increase was driven by 616 million for the implementation of our targets originally announced in October 2015, partly offset by the lower spending for our OpEx program which was completed as planned in 2015.

Income Tax Expense

2016

Income tax expense was 546 million (2015: 675 million). The effective tax rate of negative 67 % (2015: negative 11 %) was mainly impacted by non-tax deductible goodwill impairment and litigation charges.

2015

Income tax expense was 675 million (2014: 1.4 billion). The effective tax rate of negative 11 % (2014: 46 %) was mainly impacted by significant non-tax deductible impairments of goodwill and litigation charges.

Segment Results of Operations

The following is a discussion of the results of our business segments. See Note 4 Business Segments and Related Information to the consolidated financial statements for information regarding:

- changes in the format of our segment disclosure and
- the framework of our management reporting systems.

The criterion for segmentation into divisions is our organizational structure as it existed at December 31, 2016. Segment results were prepared in accordance with our management reporting systems.

								2016
in m. (unless stated otherwise)	Global Markets	Corporate & Investment Banking	Private, Wealth and Commercial Clients	Deutsche Asset Management	Postbank	Non-Core Operations Unit	Consoli-dation & Adjustments and Other	Total
Net revenues[1]	**9,290**	**7,483**	**7,717**	**3,020**	**3,366**	**(382)**	**(479)**	**30,014**
Provision for credit losses	**142**	**672**	**255**	**1**	**184**	**128**	**1**	**1,383**
Noninterest expenses								
Compensation and benefits	1,787	1,711	2,438	611	1,397	68	3,861	11,874
General and administrative expenses	6,885	3,243	3,815	1,171	1,418	2,678	(3,756)	15,454
Policyholder benefits and claims	0	0	0	374	0	0	0	374
Impairment of goodwill and other intangible assets	285	0	0	1,021	0	(49)	(0)	1,256
Restructuring activities	127	165	141	47	0	4	(0)	484
Total noninterest expenses	**9,084**	**5,119**	**6,394**	**3,223**	**2,815**	**2,701**	**106**	**29,442**
Noncontrolling interests	**47**	**1**	**0**	**0**	**0**	**(4)**	**(46)**	**0**
Income (loss) before income taxes	**16**	**1,691**	**1,068**	**(204)**	**367**	**(3,207)**	**(541)**	**(810)**
Cost/income ratio	98 %	68 %	83 %	107 %	84 %	N/M	N/M	98 %
Assets[2]	1,012,627	189,910	189,444	12,340	139,743	5,523	40,959	1,590,546
Expenditures for additions to long-lived assets	2	1	13	0	121	(0)	773	909
Risk-weighted assets[3]	157,913	79,698	43,855	8,961	42,209	9,174	15,706	357,518

CRD 4 leverage exposure measure (spot value at reporting date)	682,346	271,925	195,373	3,131	146,978	7,882	40,018	1,347,653
Average shareholders equity	24,695	12,076	9,008	6,221	6,006	4,037	38	62,082
Post-tax return on average tangible shareholders equity[4]	0 %	10 %	9 %	(8) %	4 %	N/M	N/M	(3) %
Post-tax return on average shareholders equity[4]	0 %	9 %	8 %	(2) %	4 %	N/M	N/M	(2) %
[1] Includes:								
Net interest income	4,765	2,092	3,678	326	2,154	188	1,504	14,707
Net income (loss) from equity method investments	124	14	5	44	0	269	(1)	455
[2] Includes:								
Equity method investments	517	112	23	203	0	98	73	1,027

N/M Not meaningful

[3] Risk-weighted assets and capital ratios are based upon CRR/CRD 4 fully-loaded.

[4] The post-tax return on average tangible shareholders equity and average shareholders equity at the Group level reflects the reported effective tax rate for the Group, which was (67) % for the year ended December 31, 2016. For the post-tax return on average tangible shareholders equity and average shareholders equity of the segments, the Group effective tax rate was adjusted to exclude the impact of permanent differences not attributed to the segments, so that the segment tax rates were 35 % for the year ended December 31, 2016.

								2015
in m. (unless stated otherwise)	Global Markets	Corporate & Investment Banking	Private, Wealth and Commercial Clients	Deutsche Asset Management	Postbank	Non-Core Operations Unit	Consolidation & Adjustments and Other	Total
Net revenues [1]	**10,857**	**8,047**	**7,510**	**3,021**	**3,112**	**794**	**184**	**33,525**
Provision for credit losses	**50**	**342**	**300**	**1**	**211**	**51**	**1**	**956**
Noninterest expenses								
Compensation and benefits	2,320	2,115	2,517	778	1,425	86	4,052	13,293
General and administrative expenses	8,622	3,512	3,869	1,304	1,475	2,921	(3,073)	18,632
Policyholder benefits and claims	0	0	0	256	0	0	0	256
Impairment of goodwill and other intangible assets	1,568	600	1,011	0	2,597	0	0	5,776
Restructuring activities	89	39	585	(2)	0	(1)	0	710
Total noninterest expenses	**12,599**	**6,266**	**7,983**	**2,336**	**5,497**	**3,006**	**980**	**38,667**
Noncontrolling interests	**26**	**0**	**(0)**	**(0)**	**1**	**1**	**(27)**	**0**
Income (loss) before income taxes	**(1,817)**	**1,439**	**(774)**	**684**	**(2,596)**	**(2,264)**	**(770)**	**(6,097)**
Cost/income ratio	116 %	78 %	106 %	77 %	177 %	N/M	N/M	115 %
Assets[2]	1,113,771	123,809	176,038	30,352	136,061	23,007	26,092	1,629,130
Expenditures for additions to long-lived assets	1	1	0	1	112	(0)	643	758
Risk-weighted assets[3]	161,347	86,087	49,603	10,759	43,242	32,896	12,780	396,714
CRD 4 leverage exposure measure (spot value at reporting date)	731,197	276,732	188,467	5,358	141,370	36,553	15,511	1,395,188
Average shareholders equity	24,675	12,483	10,265	5,719	7,798	6,755	1,361	69,055
Post-tax return on average tangible shareholders equity[4]	(5) %	8 %	(6) %	48 %	(30) %	N/M	N/M	(12) %
Post-tax return on average shareholders equity[4]	(5) %	7 %	(5) %	8 %	(22) %	N/M	N/M	(10) %

[1] Includes:

Net interest income	5,807	2,299	3,868	449	2,153	282	1,024	15,881
Net income (loss) from equity method investments	55	12	40	34	0	20	3	164
[2] Includes:								
Equity method								
investments	466	111	19	182	3	166	68	1,013

N/M Not meaningful

3 Risk-weighted assets and capital ratios are based upon CRR/CRD 4 fully-loaded.

4 The post-tax return on average tangible shareholders equity and average shareholders equity at the Group level reflects the reported effective tax rate for the Group, which was (11 %) for the year ended December 31, 2015. For the post-tax return on average tangible shareholders equity and average shareholders equity of the segments, the Group effective tax rate was adjusted to exclude the impact of permanent differences not attributed to the segments, so that the segment tax rates were 35 % for the year ended December 31, 2015.

in m. (unless stated otherwise)	Global Markets	Corporate & Investment Banking	Private, Wealth and Commercial Clients	Deutsche Asset Management	Postbank	Non-Core Operations Unit	Consoli-dation & Adjustments and Other	2014 Total
Net revenues[1]	**10,069**	**7,667**	**7,868**	**2,643**	**3,238**	**489**	**(26)**	**31,949**
Provision for credit losses	**27**	**232**	**349**	**(0)**	**274**	**251**	**1**	**1,134**
Noninterest expenses								
Compensation and benefits	2,286	2,067	2,568	631	1,344	94	3,522	12,512
General and administrative expenses	5,796	3,033	3,872	1,132	1,743	2,366	(3,287)	14,654
Policyholder benefits and claims	0	0	0	289	0	0	0	289
Impairment of goodwill and other intangible assets	0	0	0	(83)	0	194	0	111
Restructuring activities	92	29	9	(3)	0	4	1	133
Total noninterest expenses	**8,174**	**5,129**	**6,449**	**1,965**	**3,087**	**2,658**	**237**	**27,699**
Noncontrolling interests	**25**	**1**	**(0)**	**4**	**1**	**(2)**	**(28)**	**0**
Income (loss) before income taxes	**1,843**	**2,306**	**1,070**	**674**	**(123)**	**(2,419)**	**(236)**	**3,116**
Cost/income ratio	81 %	67 %	82 %	74 %	95 %	N/M	N/M	87 %
Assets[2]	1,186,046	130,634	164,928	29,840	141,157	33,936	22,163	1,708,703
Expenditures for additions to long-lived assets	0	0	0	1	108	(0)	517	626
Risk-weighted assets[3]	147,063	73,692	46,564	5,402	42,843	56,899	21,506	393,969
CRD 4 leverage exposure measure (spot value at reporting date)	754,648	248,828	172,212	4,367	144,051	85,673	35,401	1,445,181
Average shareholders equity	20,569	10,512	9,183	5,144	8,134	7,724	143	61,410
Post-tax return on average tangible shareholders equity[4]	6 %	16 %	10 %	67 %	(2) %	N/M	N/M	4 %
Post-tax return on average shareholders equity[4]	6 %	14 %	8 %	9 %	(1) %	N/M	N/M	3 %

[1] Includes:

Net interest income	5,390	2,114	3,720	398	2,152	381	117	14,272

Net income (loss) from equity method investments	125	5	440	22	(9)	34	2	619

[2] Includes:

Equity method investments	472	99	3,151	163	3	170	85	4,143

N/M Not meaningful

[3] Risk-weighted assets and capital ratios are based upon CRR/CRD 4 fully-loaded.

[4] The post-tax return on average tangible shareholders equity and average shareholders equity at the Group level reflects the reported effective tax rate for the Group, which was 46 % for the year ended December 31, 2014. For the post-tax return on average tangible shareholders equity and average shareholders equity of the segments, the Group effective tax rate was adjusted to exclude the impact of permanent differences not attributed to the segments, so that the segment tax rates were 35 % for the year ended December 31, 2014.

Table of Contents

Corporate Divisions

Global Markets Corporate Division

in m. (unless stated otherwise)	2016	2015	2014	2016 increase (decrease) from 2015 in m.	in %	2015 increase (decrease) from 2014 in m.	in %
Net revenues							
Sales & Trading (equity)	2,502	3,337	3,117	(835)	(25)	220	7
Sales & Trading (debt and other products)	7,339	8,215	7,595	(876)	(11)	620	8
Sales & Trading	**9,841**	**11,552**	**10,712**	**(1,711)**	**(15)**	**840**	**8**
Other	(551)	(695)	(643)	144	(21)	(52)	8
Total net revenues	**9,290**	**10,857**	**10,069**	**(1,567)**	**(14)**	**788**	**8**
Provision for credit losses	**142**	**50**	**27**	**92**	**185**	**23**	**85**
Noninterest expenses							
Compensation and benefits	1,787	2,320	2,286	(533)	(23)	34	1
General and administrative expenses	6,885	8,622	5,796	(1,737)	(20)	2,826	49
Policyholder benefits and claims	0	0	0	0	N/M	0	N/M
Impairment of goodwill and other intangible assets	285	1,568	0	(1,283)	(82)	1,568	N/M
Restructuring activities	127	89	92	38	43	(3)	(4)
Total noninterest expenses	**9,084**	**12,599**	**8,174**	**(3,515)**	**(28)**	**4,424**	**54**
Noncontrolling interests	**47**	**26**	**25**	**22**	**85**	**1**	**3**

Income (loss) before income taxes	**16**	**(1,817)**	**1,843**	**1,833**	**N/M**	**(3,660)**	**N/M**
Cost/income ratio	98%	116%	81%	N/M	(18) ppt	N/M	35 ppt
Assets[1]	1,012,627	1,113,771	1,186,046	(101,143)	(9)	(72,276)	(6)
Risk-weighted assets[2]	157,913	161,347	147,063	(3,433)	(2)	14,284	10
Average shareholders equity[3]	24,695	24,675	20,569	20	0	4,106	20
Post-tax return on average tangible shareholders equity	0%	(5)%	6%	N/M	6 ppt	N/M	(12) ppt
Post-tax return on average shareholders equity	0%	(5)%	6%	N/M	5 ppt	N/M	(11) ppt

N/M Not meaningful

1 Segment assets represent consolidated view, i.e., the amounts do not include intersegment balances.

2 Risk-weighted assets and capital ratios are based upon CRR/CRD 4 fully-loaded

3 See Note 4 Business Segments and Related Information to the consolidated financial statements for a description of how average shareholders equity is allocated to the divisions.

2016

Global Markets 2016 net revenues were 9.3 billion, a decrease of 1.6 billion, or 14 % from 10.9 billion in 2015. Revenues were impacted by a challenging environment for Equities, negative market perceptions concerning Deutsche Bank and the implementation of our targets originally announced in October 2015.

Sales & Trading (debt and other products) net revenues were 7.3 billion, a decrease of 876 million, or 11 %. Revenues in Foreign Exchange were in line with a strong prior year. Revenues in Core Rates were flat, as good performance in Europe was partly offset by a weaker performance in the U.S. Credit revenues were also in line with the prior year and included the impact of de-risking in Securitized Trading as part of our targets originally announced in October 2015. Strong performance in Financing and Solutions and Commercial Real Estate, especially in the U.S. was offset by underperformance in Credit Flow and Securitized Trading. Emerging Market revenues were significantly lower in 2016 driven by the impact of country exits, specifically Russia, as part of the implementation of our targets originally announced in October 2015, lower client flow and macro uncertainty. Asia Pacific Local Markets revenues were significantly lower as a result of unfavorable market conditions in the first half of the year and subdued markets negatively impacting client flow.

Sales & Trading (equity) net revenues were 2.5 billion, a decrease of 835 million, or 25 %. Prime Finance revenues were lower reflecting a decline in client balances and trading activity as well as increased cost of funding driven by widening of DB credit spreads. Equity Derivatives revenues were significantly lower due to lower client activity. Cash Equity revenues were lower in 2016 as a result of a challenging market environment and lower client volumes.

Other net revenues were negative 551 million in full year 2016, compared to negative 695 million in full year 2015. Other net revenues included transfers from and to Corporate & Investment Banking related to client coverage and product distribution, as well as the following valuation adjustment items. First, a mark-to-market gain of 61 million (full year 2015: a gain of 113 million) relating to RWA mitigation efforts arising on Credit Valuation Adjustment (CVA). CRR/CRD 4 capital rules result in charges to the Group s RWA in respect of CVA. (The Group has sought to mitigate these regulatory charges through hedging with credit default swaps. These regulatory capital hedges are additional to those entered into to hedge CVA exposures under IFRS hedge accounting rules, and accordingly, result in mark-to-market movements in profit or loss that are reported as a revenue item.) Second, a loss of 146 million in full year 2015 relating to a refinement in the calculation of IFRS CVA, with no corresponding item booked in 2016. Third, a Funding Valuation Adjustment (FVA) loss of 141 million (full year 2015: a loss of 145 million, including a negative impact of 26 million due to a calculation refinement). Lastly, a gain of 27 million (full year 2015: a gain of 48 million) relating to the impact of a Debt Valuation Adjustment (DVA) on certain derivative liabilities.

In provisions for credit losses, Global Markets recorded a net charge of 142 million (2015: net charge of 50 million), an increase of 92 million, driven by a small number of exposures in Metals and Mining and Commercial Real Estate.

Noninterest expenses decreased by 3.5 billion or 28 % compared to full year 2015. The decrease was primarily due to lower goodwill impairment and litigation charges compared to 2015. Noninterest expenses in 2016 included 876 million in litigation expenses and impairments. Excluding these effects, noninterest expenses in 2016 were 3 % lower than in 2015.

Income before income taxes in 2016 was a gain of 16 million, compared to a loss of 1.8 billion in the prior year, driven by 2.0 billion lower litigation in 2016 and 1.3 billion higher goodwill impairment charges in 2015, partly offset by 1.6 billion lower revenues in 2016.

2015

Global Markets 2015 net revenues were 10.9 billion, an increase of 788 million, or 8 % from 10.1 billion in 2014.

Sales & Trading (debt and other products) net revenues were 8.2 billion, an increase of 620 million, or 8 %. Revenues in Foreign Exchange were significantly higher driven by increased market volatility and strong client activity. Revenues in Core Rates were significantly higher driven by strong performance in Europe and North America. Credit revenues were in line with the prior year, as strong performance in credit flow and securitized trading was offset by lower client activity in commercial real estate and a weaker market environment particularly in APAC.

Emerging Market revenues were higher despite challenging markets and our exit from Russia, reflecting strong performance in Latin America. Asia Pacific Local Markets revenues were significantly higher from robust new deal volume and client flow due to increased volatility mainly in response to the devaluation of the Chinese Yuan in August 2015.

Sales & Trading (equity) net revenues were 3.3 billion, an increase of 220 million, or 7 %. Prime Finance revenues were significantly higher driven by increased client balances. Equity Derivatives revenues were lower, reflecting lower client activity and a challenging risk management environment in the second half of the year. Cash Equity revenues were in line with the prior year.

Other net revenues were negative 695 million in full year 2015, compared to negative 643 million in full year 2014. Other net revenues included transfers from and to Corporate & Investment Banking related to client coverage and product distribution, as well as the following valuation adjustment items. First, a mark-to-market gain of 113 million (full year 2014: a gain of 8 million) relating to RWA mitigation efforts arising on Credit Valuation Adjustment (CVA). Second, a loss of 146 million (full year 2014: a loss of 58 million) relating to a refinement in the calculation of IFRS CVA. Thirdly, a Funding Valuation Adjustment (FVA) loss of 145 million (full year 2014: a loss of 139 million), including a negative impact of 26 million due to a calculation refinement (full year 2014: a loss of 51 million). Lastly, a gain of 48 million (full year 2014: a loss of 126 million including a gain relating to a calculation refinement of 37 million) relating to the impact of a Debt Valuation Adjustment (DVA) on certain derivative liabilities.

In provisions for credit losses, Global Markets recorded a net charge of 50 million (2014: net charge of 27 million). The increase was driven by the impact of a ratings recalibration in Commercial Real Estate.

Noninterest expenses increased by 4.4 billion or 54 % compared to full year 2014. The increase was primarily due to goodwill impairment charges and higher litigation costs.

Income before income taxes was a loss of 1.8 billion, compared to a gain of 1.8 billion in the prior year, driven by goodwill impairment of 1.6 billion and 2.0 billion higher litigation charges partly offset by higher revenues.

Corporate & Investment Banking Division

in m.				2016 increase (decrease) from 2015		2015 increase (decrease) from 2014	
(unless stated otherwise)	2016	2015	2014	in m.	in %	in m.	in %
Net revenues							
Trade Finance & Cash Management Corporates	2,627	2,803	2,611	(176)	(6)	192	7
Institutional Cash & Securities Services	1,847	1,867	1,605	(20)	(1)	262	16
Equity Origination	405	658	761	(253)	(39)	(103)	(14)
Debt Origination	1,388	1,469	1,574	(82)	(6)	(104)	(7)
Advisory	500	587	579	(86)	(15)	8	1
Loan products & Other	717	663	538	54	8	126	23
Total net revenues	**7,483**	**8,047**	**7,667**	**(564)**	**(7)**	**380**	**5**
Provision for credit losses	**672**	**342**	**232**	**330**	**97**	**110**	**48**
Noninterest expenses							