Deutsche Bank

Annual Report 2013
Luxembourg

Passion to Perform

This Annual Report is a translation of the original German version.
In case of discrepancies the German version is binding.

You can reach us online at www.db.com/luxembourg,
where the Annual Report 2013 is also available.

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Board of Directors (Composition until December 31, 2013)

Stefan Krause
Chairman
Member of the Management Board
Member of the Group Executive Committee
Chief Financial Officer of Deutsche Bank AG

Ernst Wilhelm Contzen
Chief Executive Officer of Deutsche Bank Luxembourg S.A.

Dr. Michael Kröner
Senior Advisor of Deutsche Bank AG

Wolfgang Matis (since September 16, 2013)
Global Head of Active Asset Management
Chair of the DeAWM Germany Committee
Speaker of the Management Board
of Deutsche Asset & Wealth Management Investment GmbH

Dr. Carsten Schildknecht (until February 27, 2013)
Chief Operating Officer Germany of Asset & Wealth Management
of Deutsche Bank AG

Werner Helmut Steinmüller
Member of the Group Executive Committee
Head of Global Transaction Banking of Deutsche Bank AG

Klaus-Michael Vogel
Member of the Management Board of Deutsche Bank Luxembourg S.A.

Management Board (Composition until December 31, 2013)

Klaus-Michael Vogel
Managing Director

Ernst Wilhelm Contzen
Chief Executive Officer

Management Board / Supervisory Board

(Composition from January 1, 2014)

At an Extraordinary General Meeting on December 23, 2013, Deutsche Bank Luxembourg S.A. adopted a resolution to replace the bank's unitary board structure (Management Board, Board of Directors) by a dual board structure (Management Board, Supervisory Board). The requisite change of the Articles of Association was authorized at the same meeting.
The Boards are composed as follows:

Management Board:

Dr. Boris N. Liedtke
Chairman
Member of the Management Board
Chief Executive Officer

Klaus-Michael Vogel
Member of the Management Board
Chief Operating Officer

Werner Burg
Member of the Management Board
Chief Risk Officer

Supervisory Board:

Stefan Krause
Chairman
Member of the Management Board
Member of the Group Executive Committee
Chief Financial Officer of Deutsche Bank AG

Stefan Bender
Head of GTB Europe, Middle East & Africa of
Deutsche Bank AG

Brigitte Bomm
Global Head of Tax of Deutsche Bank AG

Mary Campbell
Co-Head of Group Technology & Operations (GTO)
Global Transaction Banking
Regional Head of GTO EMEA of Deutsche Bank AG

Ernst Wilhelm Contzen

Wolfgang Matis
Global Head Active Asset Management
Chair DeAWM Germany Committee
Speaker of the Management Board
of Deutsche Asset & Wealth Management
Investment GmbH

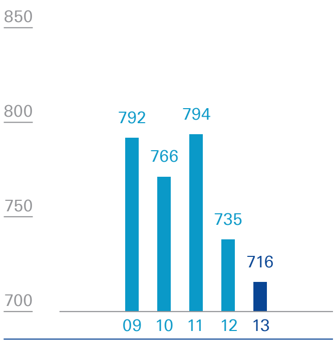
Carmen Herbstritt
Head of Regional Finance Germany of Deutsche Bank AG

Karl von Rohr
Global Chief Operating Officer, Regional Management of Deutsche Bank AG

Since the new structure is effective only as of January 1, 2014, the description of tasks and responsibilities in this Report is based on the old structure.

Report of the Management Board
Deutsche Bank Luxembourg S.A.

01-1
Development of Luxembourg banks' total assets
in € billion



Addressing the sovereign debt crisis and taking measures to guard against events of this kind in future were again among the most pressing concerns in 2013. Even in these challenging circumstances, Deutsche Bank Luxembourg S.A. (hereinafter Deutsche Bank Luxembourg) once more turned in good results for the financial year. As in the previous year, we made an active contribution to the success of Deutsche Bank Group.

Deutsche Bank Luxembourg generated a profit of € 189.3 million in 2013. As a result of higher volumes of transactions within the Group, total assets grew by € 3.9 billion to € 89.2 billion.

Administrative expenses (staff and non-compensation costs) amounted to € 77.4 million. As per December 31, 2013, Deutsche Bank Luxembourg had 299 employees.

All four business divisions of Deutsche Bank Luxembourg made a solid contribution to the bank's overall result, with the infrastructure divisions providing optimal support.

Wealth Management can look back on a satisfactory 2013. The sustainable asset-gathering activities were successful and resulted in a renewed increase in client assets under management and revenues generated. In line with new regulatory requirements, the range of products and services offered was further optimized, in both debt and equity business.

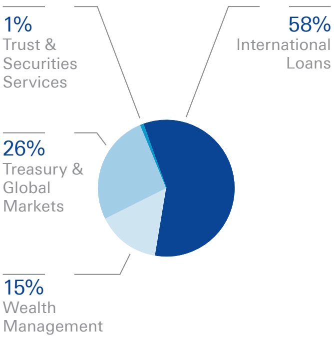
International Loans continues to serve as a very successful centre of competence for booking and managing complex credit transactions for Deutsche Bank Group. The services delivered by International Loans are an important part of the global suite of services that Deutsche Bank Group provides. Borrowers leverage the benefits of longstanding expertise and excellent reputation across the industry.

Treasury & Global Markets, which is responsible for the liquidity and interest risk management of Deutsche Bank Luxembourg, achieved its performance targets once again, even in the face of a still difficult market environment. Capital and liquidity requirements were met at all times. Many special transactions further enhanced the significance of the business within Deutsche Bank Group.

Trust & Securities Services continues to be a partner of choice when it comes to securitization, capital markets products and the complex special products of the financial centre Luxembourg, such as special funds and private equity funds. Despite the still difficult market situation, the business division was able to leverage its leading market position and report above-average results in a challenging environment.

Once again, Deutsche Bank Luxembourg's success over the past year was attributable to the trust our clients placed in us, the motivation of our staff and the ongoing support of our Board of Directors.

01-2
The four business divisions contribute as follows to total operating profit*
in %



* Excluding the effects of the CPSG fair value portfolio

Luxembourg as a financial centre

The financial sector (banks, fund industry, insurance companies and asset managers) continues to form the backbone of Luxembourg's economy. At the end of 2013, 147 banks had offices in Luxembourg.

In a country with a population of 537,000 and a labour force of 363,000, the banking sector employs 26,300 people and the financial centre as a whole around 63,000.

Last year's announcement of the introduction of a system for the automatic exchange of bank account information (from January 1, 2015) marked a turning point for Luxembourg banks engaged in private clients business – even if they had long been preparing for it and these plans did not come as a surprise to the banks here in Luxembourg. The move to an automatic exchange of information will accelerate the profound changes that the banking industry has been facing for some time in the Grand Duchy. One advantage this will bring is the opportunity to attract new groups of clients. Furthermore, in today's environment, transparency is more essential than ever for every international financial centre. Consequently, the automatic sharing of bank-account data may prove to be a genuine opportunity for banks in Luxembourg and not the potential risk for the industry that some fear it to be.

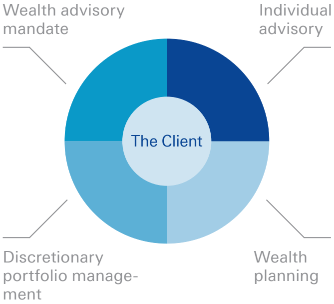
Outlook

Thanks to our highly qualified staff and state-of-the-art infrastructure, we feel well prepared to face the future. Although the market environment remains challenging, we are confident that we will be able to deliver top services and expand our core business fields.

As in previous years, we are optimistic that we will achieve a solid operating result.

Business Division
Wealth Management (WM)

02-1
The Wealth Management service range



Wealth Management (WM) Luxembourg advises private investors and institutions around the globe and offers them a wide range of traditional and alternative investment solutions across all asset categories. Apart from asset structuring and wealth management, clients also rely on the division's extensive lending expertise.

The regional focus of our activities lies on the European markets, as well as Russia and the Middle East. In addition, as a global booking centre, we develop first-class solutions for independent asset managers and for Wealth Management clients of Deutsche Bank whose needs are served at locations outside of Luxembourg.

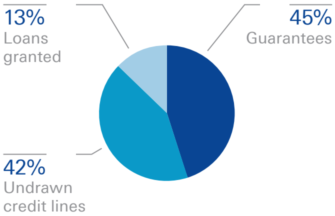
In the year under review, we were successful in maintaining our strategic focus on the management of wealthy clients outside of Luxembourg. Our wide-ranging services have met with growing demand from our partners within the Deutsche Bank network. As a result, 2013 saw a renewed increase in client assets under management. With a corresponding figure of € 10 billion, Luxembourg now ranks among the world's top five global wealth management booking centres.

The positive overall picture is underscored by a satisfactory development of revenues and costs. In 2013, Wealth Management Luxembourg generated total revenues of € 83 million. Thanks to our marketing success as lending hub, interest income increased significantly and now accounts for more than half of total revenues. Recurring revenues are another major source of earnings within our business model. Non-recurring, transaction-based revenues continue to lose significance, as expected. We managed to keep operating costs at a low level, as reflected by a good cost / income ratio of 51%.

In summary, we can look back on a year of very positive business developments. Based on our strategic position, we are confident that we will continue to grow in the coming year despite the increased regulatory demands that lie ahead.

Business Division
International Loans

02-2
International Loans
in %



Total credit volume covered: € 57 billion

Lending business

As one of the four largest global credit centres of Deutsche Bank Group, the lending division acts as a major hub for syndicated and large-scale bilateral loans, primarily in the eurozone. The main focus is on the qualified coverage and management of complex finance structures across all product groups that Deutsche Bank Group tailors to the needs of large clients and mid-caps in Europe.
Deutsche Bank Luxembourg's lending business again proved itself to be a revenue engine for the bank over the past financial year. At about € 57 billion, the credit portfolio under management remained at a high level. Our lending to clients amounted to € 43 billion, and transactions in the Group's interests stood at € 14 billion. In regional terms, Deutsche Bank Luxembourg generates the majority of loans extended to large and medium-sized clients in Germany. In terms of products, an increase was recorded in borrowing to fund infrastructure projects.

The concentration of credit risks (primarily investment grade) at Deutsche Bank Luxembourg ensures

- optimized processes and systems for booking and managing complex credit structures in line with regulatory requirements,
- a broad selection of products (including working capital, project, acquisition and export finance), as well as
- an international and highly qualified team to provide seamless client coverage from initial contact through to final loan repayment.

Outlook

For 2014 we anticipate virtually unchanged demand for credit facilities and expect a large proportion to consist of loan refinancing or "amend and extend" contracts that enable borrowers to lock in favourable market rates. Credit margins will remain tight owing to competitive pressure arising from capital market products, for instance. Despite increased equity capital requirements for banks, Deutsche Bank Luxembourg is still able to extend loans to its clients, not least owing to the position it holds as part of the consolidated Deutsche Bank Group.

Business Division
Treasury & Global Markets

Economic crisis not resolved
For this business division, our expectations of developments on the capital markets were not met in the year under review. As part of their crisis management efforts, the central banks continued to take monetary action to ensure an adequate supply of liquidity. Clear signals came above all from further interest rate cuts taken by the European Central Bank and the large-scale sovereign bond purchases on the part of the Federal Reserve System (Fed). Interest rate volatilities arose primarily over differing expectations of when these ongoing policies would end.

The very low money market rates in major currencies proved challenging for the division in achieving its business targets.
Furthermore, in view of growing regulatory requirements for liquidity, equity capital and balance sheet management, preparations were being made to meet future challenges. This had an additional impact on the activities of the business division.

Nonetheless, the division managed to fulfil all requirements placed on it and turned in a contribution to earnings that was slightly better than expected.

In the field of liquidity management, the division once again generated excess liquidity which reconfirms the prominent position that Deutsche Bank Luxembourg holds within the Group.

Business Division
Trust & Securities Services (TSS)

In Luxembourg, Trust & Securities Services (TSS) is made up of the Corporate Services Division (CSD), Corporate Trust (CT) and Fund Services (FS).

Earnings increased again over the previous year in spite of the challenging situation on the markets. Demand for the products we offer has grown substantially so that a positive development can be expected for 2014.

The Corporate Services Division specializes in the domiciling and administration of regulated and unregulated special purpose vehicles, used primarily in securitization transactions or for structured project financing in Mergers & Acquisitions, Private Equity or for real estate transactions. This also includes financial reporting in accordance with various accounting standards (Lux GAAP, IFRS, US GAAP, etc.).

Fund Services focuses on central administration and depositary bank mandates for investment funds operating in the fields of real estate or private equity. In addition to domiciling funds or their management companies, this includes day-to-day administration, preparing the accounts, transfer agency services, registering and monitoring investors, providing operational support for the processing of transactions as well as supervising the funds' different investments.

Thanks to its networks in Deutsche Bank Group and its technical facilities, TSS can offer clients all the necessary services from one source. The business division is a partner of choice in all product areas.

Internationally, Luxembourg is a leading financial centre. Given its extensive system of double taxation agreements, strong financial industry and innovative legislation, Luxembourg is the preferred location for many different investment structures.

Corporate Trust / Agency Services

If several banks work together to provide funds, they need a lead manager to act as a connecting link between syndicate and borrower. Deutsche Bank Luxembourg is one of the most prominent lead managers for syndicated loans on the European credit market, and it has steadily gained new agency mandates and built up its market share in recent years. In 2013, double-digit growth was again achieved in new client business (+15%).

Our integrated service model played a key role in this growth. Its success is based on providing intensive support to both the lending banks and the borrower involved in the transaction. Especially since the onset of the financial crisis, this model has proven to be extremely robust and to have a stabilizing effect on the lending market. It became clear, particularly in case of impaired loans, that having a strong and efficient lead manager is the only way for a banking syndicate to retain its ability to take action, both in the interests of the borrower and in its own interests.

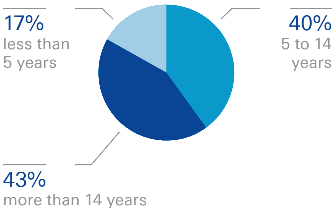
On the basis of the steady business success achieved over many years, the bank decided in mid-2013 to set this unit apart from International Loans and expand the business by operating it independently. The business was repositioned as part of Global Transaction Banking and is responsible for agency business for syndicated loans in Europe and the Middle East.

Outlook

For 2014, Deutsche Bank Luxembourg expects to see a further increase in agency mandates leading to a greater contribution to earnings from this division. Together with loans arranged for Deutsche Bank Group, third-party agency mandates are expected to drive business growth. In view of growing regulatory demands and continued cost pressure, many banks that have not yet built up agency services of their own are willing to pass on agency mandates to third-party banks.

Divisional Functions

02-3
Length of service
in %



Human Resources

As per December 31, 2013, Deutsche Bank Luxembourg employed 299 members of staff (end of 2012: 307).

14 different nationalities and more than 15 languages spoken reflect the bank's diversity. This international quality means individual advice can be provided to customers in their own native language.

The proportion of female staff remained virtually unchanged at 53%. 86 employees are part-time, which corresponds to a part-time employment ratio of 29%. We foster an open business culture that values the diversity of our employees, makes use of their unique talents and provides an unprejudiced working environment in which they can reach their full potential. Deutsche Bank believes that diverse teams are more successful because of the wider range of viewpoints they have. Only by living according to our diversity philosophy can we find innovative solutions to meet the great variety of client demands.

We place particular importance on providing basic and advanced training for employees.

At Deutsche Bank Luxembourg, 43% of staff have been with the Group for over 14 years.

Information Technology

The main task of the Information Technology department is to provide optimal systems and support their ongoing enhancement to meet business and technical requirements. This involves continually developing the bank's infrastructure and ensuring maximum stability and availability.

Many projects were successfully implemented in 2013.

Extensive testing was carried out to ensure system availability in the event of a disaster.

The many security measures taken to safeguard the information infrastructure again proved to be appropriate and effective in 2013. No security-relevant incidents occurred. The technical and organizational steps taken in this respect are reviewed and upgraded regularly.

Corporate Real Estate & Services (CRES)

The range of services provided by CRES in Luxembourg covers all aspects of commercial, technical and infrastructural facility management.

In addition to handling the traditional infrastructure services relating to site surveillance and the protection of valuables, CRES is also responsible for coordinating Business Continuity Management activities in Luxembourg to ensure that the bank can continue operating in the event of a breakdown of all or part of the active infrastructure. Other CRES responsibilities include revising the guidelines as well as the Policies & Procedures.

Our services continue to meet the quality standards expected by our clients. Principle CRES partners report on their activities as part of an established management and performance reporting process and client satisfaction report (CSAT) is drawn up regularly.

Operations

The main activity of the Operations unit is the settlement of Deutsche Bank Luxembourg's securities transactions and money market activities as well as account management for Wealth Management and Treasury & Global Markets. The employees of this unit ensure the smooth performance of the internal processes linked with these business activities.

The bank maintains accounts for processing payment transactions at Group and third-party banks (nostro accounts) as well as depositaries for the custody and settlement of securities (nostro securities accounts) in all major currencies. These are reconciled by an independent group at regular intervals.

Corporate Trust and Agency Services Operations (CTAS Ops)

The activities of CTAS Ops include listings in Luxembourg and Ireland. It also acts as paying agent for coupon and bond redemptions. In terms of the number of securities issues listed on the Luxembourg Stock Exchange in 2013, CTAS Ops is among the two top listing agents in Luxembourg.

As agent for registrar and trustee transactions in Deutsche Bank Group, CTAS Ops supports the Trust & Securities Services (TSS) business units in Frankfurt, London, New York and Hong Kong and also acts as depositary (vault administration).

Audit

Internal Audit is an independent department of Deutsche Bank Luxembourg. It is responsible for the constant review and critical assessment of the appropriateness and efficiency of the head office, internal governance, the Management Board and overall risk management.

It supports the Management Board and the Board of Directors and enables them to efficiently manage the bank's business activities and the associated risks, which in turn protects the organization and the reputation of the bank.

Legal

The Legal department at Deutsche Bank Luxembourg is an integrated part of Deutsche Bank Group's worldwide legal services. Owing to the business orientation of Deutsche Bank Luxembourg, its work is shaped primarily by support for International Loans and Agency Services, advisory work for Wealth Management, and the coverage of structured transactions. One area of focus is the coverage of complex credit exposures, particularly in corporate finance business but also in lending to Wealth Management clients. Apart from serving the business divisions, Legal also advises and supports the Management Board and various infrastructure functions, above all Compliance and Human Resources.

Its tasks also include selecting, coordinating and monitoring the external lawyers engaged by the bank in numerous jurisdictions.

The international orientation of the department reflects the bank's importance as lending office and centre of competence in Continental European and Middle Eastern lending business as well as the large number of cross-border transactions both in corporate lending and wealth management.

Compliance

The neutral Compliance function serves to ensure adherence to legal and regulatory requirements and ethical principles at Deutsche Bank Luxembourg. For this purpose, policies and processes are developed and staff trained. Monitoring systems are in place to ensure that capital market regulations and standards of conduct are complied with at Deutsche Bank Luxembourg.

Compliance is integrated into the “new client adoption” and “new product approval” processes. Special importance is attached to combatting money laundering, the prevention of terrorist financing and compliance with the Markets in Financial Instruments Directive (MiFID). The MiFID is a Directive of the European Union (EU) on harmonization of the financial markets in the European Single Market.
Compliance also conducts regular risk assessments relating to the prevention of money laundering and terrorist financing, as well as Compliance issues.

The Compliance department employs four members of staff.

Finance and Taxes

Finance is organized in the following groups:
- Finance Director Manager Regulatory / Group Accounting
- Finance Director Manager Business
- Analytics
- Chief Operating Officer (COO) Function Finance

Finance Director Manager Regulatory / Group Accounting covers all regulatory aspects. Its focus lies on communicating with regulators, auditors and consultants, coordinating annual and audit reports as well as the correct and timely preparation of the financial statements, regulatory reporting and tax returns. The bank's annual accounts are prepared for the Group according to the International Financial Reporting Standards (IFRS).

The Finance Managers responsible for the business act as strategic partners for the Management and the business divisions. They prepare the groundwork for decisions on efficient corporate and risk management (introduction of new products, planning processes, etc.). Risk Controlling is also part of this unit.

The Analytics group supports the Finance Director Managers by providing detailed analyses and transparent management reports. These form the basis for preparing decisions for both the overall business and the individual business divisions.

Part of the Chief Operating Officer (COO) function involves coordinating and monitoring the standardized production processes transferred to the Group's professional services centres (PSCs). A further focus is on the cross-divisional supervision of the monthly management review process and the effectiveness of the key controls defined on the basis of the requirements set out in the Sarbanes-Oxley Act.

The aforementioned functions are carried out by 23 employees based in Luxembourg for the majority of the operating companies of Deutsche Bank Group. This does not cover the finance functions of the Oppenheim companies and Postbank International S.A.

Management Report

Profit and Loss Account

In the 2013 financial year, Deutsche Bank Luxembourg generated net income of € 189.3 million (2012: € 251.0 million).

The following transactions significantly affected the financial position, net assets and results of operations in 2013:

In 2013, Magalhaes S.A. was integrated into the fiscal unit for income tax purposes in which Deutsche Bank Luxembourg acts as controlling company, with Magalhaes S.A. becoming a further controlled company in addition to DWS Investment S.A., Willem S.A. and Cabarez S.A.
Deutsche Bank Luxembourg holds 95% of Magalhaes S.A., which like Willem S.A. and Cabarez S.A. was established in the context of ship-financing business. In 2013, Magalhaes S.A. disbursed an advance dividend of € 13.2 million.

During the first quarter of the year under review, in the context of a structured financing arrangement (Project Apex), the bank acquired a participation certificate in the amount of € 1 billion with a maturity of 25 years. The coupon for this investment is due at maturity. By contrast, the costs for the corresponding refinancing are due on a monthly basis. This had a negative impact of € 40.5 million on Deutsche Bank Luxembourg's results in 2013.

Expenditure of € 243.7 million (2012: € 244.4 million) was incurred in 2013 for the participation certificates issued in September 2010 and in July 2011 in the aggregate amount of € 2.4 billion. Interest is linked to the operative result of Deutsche Bank Luxembourg in each case (including the item "Other income / expenses including dividends"). As in the previous year, the maximum coupon became due for both transactions. The participation certificates are classified as Upper Tier II capital.

The fair value portfolio of CPSG (Credit Portfolio Strategies Group) once again had a considerable impact on Deutsche Bank Luxembourg's results in 2013. In net terms, the transaction had a positive effect of € 271.2 million (2012: € 169.2 million) on the Profit and Loss Account in 2013. The individual components of the results are explained below.

The decline in expenses for "Depreciation of and value adjustments to intangible and tangible assets" is attributable to the one-time effect of a write down of development costs in 2012 for the planned Wealth Management platform (€ 20.2 million).

An Extraordinary General Meeting held on March 1, 2013, resolved and implemented the distribution of retained earnings in the amount of € 494.5 million and a dividend of € 144.1 million to Deutsche Bank AG, Frankfurt am Main. Accordingly, the Ordinary General Meeting on April 15, 2013, resolved a capital increase by means of a cash contribution in the amount of € 494.5 million through the issue of 1,978,000 new shares.

The key components of the results compare as follows:

Net results

in T €	2013	2012
Net interest income	364,955	338,857
Net commission income/loss	1,077	–31,775
Net profit on financial operations	6,120	4,734
General administrative expenses	–77,434	–80,797
Depreciation of tangible and intangible assets	–537	–20,656
Operating profit I	**294,181**	210,363
Other income/expenses including dividends	228,165	314,706
Operating profit II	**522,346**	525,069
Net change in provision for risk including allocation to special items	–40,305	13,601
Taxes	–48,990	–43,248
Payments for participation certificates capital	–243,714	–244,381
Net income	**189,337**	251,041

The change in net interest income (+€ 26.1 million) is largely due to the premium payments received for the credit default swaps which Deutsche Bank Luxembourg issued in its capacity as collateral provider as part of the CPSG fair value portfolio. After deduction of expenses for the corresponding hedging transactions, the net effect for 2013 amounts to –€ 39.7 million (previous year: –€ 111.0 million) which is reported as interest-related income / expenses. € 109.4 million was collected for the credit guarantees issued in connection with this transaction (previous year: € 86.8 million).

The net interest income from "day-to-day" business declined further in 2013, strongly influenced by the ongoing negative development on the capital markets. This had an especially pronounced effect on Treasury & Global Markets (–€ 13.5 million) and Global Transaction Banking (–€ 15.1 million) as well net interest income from the investment of capital and reserves (–€ 46.7 million). This was offset to some extent by the higher net interest income achieved by Wealth Management through the expansion of its lending business (+€ 8.5 million). In addition, income from fixed-interest securities rose to € 13.3 million in connection with the early release of a structured financing.

The positive net commission income figure (+€ 1.1 million versus –€ 31.8 million in 2012) was the result of adjusted or newly implemented transfer pricing agreements in International Loans. The biggest change (+€ 53 million) is attributable to the fact that commission payments for the loan issuing entities are no longer made solely by splitting the margin with Deutsche Bank Luxembourg, but are now apportioned to all Deutsche Bank Group companies that profit from the client relationship. In line with this, new transfer pricing agreements were set up for the Leveraged Debt Capital Markets and Credit Valuation Adjustment (CVA) Macro Hedging areas, for which total charges of € 29 million were due for the first time in 2013.

On the basis of the collateralized loan obligation (CLO) agreement, payments of € 73 million were made for 2013 (previous year: € 91 million), including backpayments of € 14 million for 2012. The decrease resulted from the early release of CLOs and the repayment of prior year costs that entailed.

“Other income” includes € 174 million (2012: € 245 million) for “first day loss (shortfall)”. This income comprises a compensation payment to Deutsche Bank Luxembourg, in its capacity as loan booking entity, by the relevant Group entity benefitting from the cross-selling to cover the difference between the expected net margin of a loan and the market-based hedging of the credit risk. The calculation and payment methods are regulated in the Group’s internal master spread agreements.

Administrative expenses were € 3.4 million lower than in 2012. This was due to a decrease of € 3.6 million in staff expenses as a result of severance payments made in the previous year as well as headcount reductions in 2012 / 2013. Other administrative expenses rose by € 0.3 million due to a slightly higher level of offsetting within the Group.

Included within ”other expenses“ are restructuring costs of € 5.7 million for the social plan agreed in 2013.

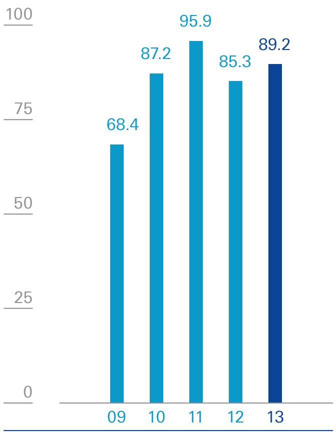
The item ”Addition to special items with a reserve quota portion“ includes € 93 million accrued after expiry of the reinvestment period and the reactivation of the special item from tax-neutral gains transferred. A corresponding value adjustment in the same amount that had been formed for the security acquired through reinvestment and maturing in 2013 was released.

The unrealized valuation result determined by the CPSG valuation unit for the fair value loans and credit default swaps led to a release of risk provisions in the amount of € 101 million (2012: release of € 39 million).

Adequate provisions have been made for all other discernible risks in loan and securities business (including participating interests) and for operating risks. The increase of the lump-sum provision is explained in the Notes (Section D, Risk Report).

An Extraordinary General Meeting is to be held after allocation of the legal reserve (€ 49 million) to resolve the distribution of retained earnings in the amount of € 49 million as an advance allocation as well as the payment of a dividend totalling € 26 million and the allocation to other reserves of the remaining profit of € 114 million.

03-1
Development of total assets
in € billion at year-end



Balance Sheet

At € 89.2 billion, total assets were above the level of the previous year (€ 85.3 billion). The net exchange rate fluctuations had no significant effects on the development of total assets.

Loans and advances to credit institutions (including balances with central banks), totalling € 74.8 billion, were 2.1% higher than in 2012, largely due to the increase in the volume of investments and loans within the Group (+€ 2.8 billion).

At € 57 billion, the entire credit volume (loans extended, confirmed credits and contingent liabilities) covered by International Loans was below the level of the previous year (€ 60.0 billion). Advances to customers increased versus 2012 (€ 10.3 billion) by € 2.4 billion to € 12.7 billion. This was primarily the result of a newly structured financing; € 1.0 billion was attributable to a counterparty within the Group.

As at the balance sheet cut-off date, Deutsche Bank Luxembourg has the following substantial participating interests and shares in affiliated undertakings:

Participating interests and shares in affiliated undertakings	
DWS Investment S.A., Luxembourg	50.00%
Hua Xia Bank Company Limited, Beijing	9.28%

Amounts owed to credit institutions increased to € 67.0 billion, mainly due to higher deposits from Group companies (+€ 1.7 billion). Amounts owed to customers grew (+42.4%) compared with the previous year owing to an increase in payables to counterparties of Deutsche Bank Group.

Subordinated liabilities remained unchanged at € 2.4 billion.

The regulatory own funds of Deutsche Bank Luxembourg increased from € 7.0 billion to € 7.2 billion, primarily as a result of a dividend distribution / capital increase transaction carried out in the first half of the year and the activation of the special item with a reserve quota portion.
The EU solvency ratio according to Basel II was 16.7% as at reporting date (2012: 14.5%). On December 31, 2013, the Tier I capital ratio stood at 10.8% (compared to 9.4% in 2012).

Business policy as well as risk and capital management strategy

As a subsidiary of Deutsche Bank AG, the bank operates within the framework of Deutsche Bank's Group-wide business strategy. The operational and strategic objectives of the individual local business divisions are components of the respective planning in the corporate divisions of Deutsche Bank Group.

Deutsche Bank Luxembourg is integrated in organizational and IT terms into the risk and capital management as well as the Finance structures of Deutsche Bank Group and its systems. This means that the bank manages capital and risks with the help of a framework of risk policies, organizational structures and processes which are standardized throughout the Group, closely aligned with the activities of the corporate divisions and which take account of regulatory requirements. Accordingly, adequate account has been taken of all discernible risks.

For the most part, Deutsche Bank Luxembourg has to manage the following risk categories:
– credit risk, primarily in the form of default and country risk,
– market risk, especially interest rate and currency risk,
– liquidity risk,
– operational risk,
– reputational risk.

All of the above risks were monitored appropriately at all times. Detailed information on the management of the main risk categories and quantitative statements on financial instruments are given in the Notes and in the Risk Report.

The principles of business policy and of risk and capital management are established and monitored by the Board of Directors and the Management Board. This takes place at the regular meetings of the Board of Directors and of the Management Board.

The Board of Directors in principle delegated the task of approving loans to Deutsche Bank Luxembourg's Credit Committee.

The bank also has an Asset / Liability Committee (ALCo) which meets once a quarter to discuss the current risk and balance sheet situation as well as the effects of new business on risks and capital. The ALCo also acts as Capital and Risk Committee (CaR). This means that it discusses changes in the bank's risk profile as well as deciding on any corresponding measures. Furthermore, the Risk and Capital Profile Report (RCP) is approved as part of the internal capital adequacy assessment process (ICAAP).

In addition to the Management Board meetings, there are regular meetings of the Executive Committee. The Executive Committee comprises the heads of the business and infrastructure divisions.

Outlook for 2014

We see no signs of any significant change in interest rate levels on the capital markets in 2014. Consequently, we do not expect a sustained improvement in revenues at Deutsche Bank Luxembourg. In terms of costs, the extensive restructuring measures taken will start to show first signs of success in 2014 and have their full impact in 2015.

Although not all of the new Basel III requirements have been finalized, regulators have more clearly specified the overall conditions for their implementation. In response to this, the bank launched various measures to strengthen the capital base as early as 2013 and will consistently move forward with this in 2014. Active and timely risk management has been stepped up through the separation of the risk management function carried out at the beginning of 2014.

To strengthen Deutsche Bank Luxembourg's governance mechanisms, the bank decided to establish a two-tier management and administration structure comprising a Management Board and a Supervisory Board from January 1, 2014. The corresponding amendment to the Articles of Association was presented to Luxembourg's financial regulator, the CSSF (Commission de Surveillance du Secteur Financier) and authorized.

With these combined measures, we have built a foundation to meet the regulatory requirements, achieve targeted growth and a stable development of earnings at Deutsche Bank Luxembourg.

We assume that we will achieve a good result again in 2014. The development of business to date confirms our assessment.

Luxembourg, February 28, 2014

The Management Board

Balance Sheet
as at December 31, 2013

Assets

in T€	[Notes]	Dec 31, 2013	Dec 31, 2012
Cash in hand, balances with central banks and post office banks	[B2]	49,200	4,959
Loans and advances to credit institutions	[B1, 2, 6]	74,750,542	73,283,922
repayable on demand		150,280	1,621,512
other loans and advances		74,600,262	71,662,410
Loans and advances to customers	[B1, 2, 6]	12,668,017	10,344,230
Debt securities and other fixed-income securities	[B1, 2, 3]	494,588	531,050
of public issuers		19,450	19,450
of other issuers	[B5, 6]	475,138	511,600
Shares and other variable-yield securities	[B2, 3]	9,468	2,823
Participating interests	[B4, 5]	639,968	644,877
Shares in affiliated undertakings	[B4, 5]	6,434	6,426
Tangible assets	[B5]	3,778	4,113
Other assets	[B8]	400,386	313,544
Prepayments and accrued income		222,469	193,447
Total assets		**89,244,850**	85,329,391

Liabilities

in T €	[Notes]	Dec 31, 2013	Dec 31, 2012
Amounts owed to credit institutions	[B1, 2, 14]	67,011,274	66,057,022
– repayable on demand		1,277,985	611,288
– with agreed maturity dates or periods of notice		65,733,289	65,445,734
Amounts owed to customers	[B1, 2, 14]	13,250,858	9,308,230
other debts		13,250,858	9,308,230
– repayable on demand		2,526,366	2,642,715
– with agreed maturity dates or periods of notice		10,724,492	6,665,515
Debts evidenced by certificates	[B1, 9]	329,689	335,636
debt securities in issue		29,615	29,049
other debts		300,074	306,587
Other liabilities	[B8]	251,649	1,446,552
Accruals and deferred income		533,084	470,286
Provisions for liabilities and charges		451,854	433,394
reserves for pensions and similar obligations		1,383	1,359
provisions for taxation		111,687	56,074
other provisions		338,784	375,961
Subordinated liabilities	[B1, 10]	2,350,000	2,350,000
Special items with a reserve quota portion	[B11]	126,847	33,869
Subscribed capital	[B12]	3,959,500	3,465,000
Share premium account		55,600	55,600
Reserves	[B13]	735,158	1,122,761
Net income		189,337	251,041
Interim dividend		0	0
Total liabilities		**89,244,850**	85,329,391

Off-balance sheet items

Contingent liabilities	[B2, 16]	25,486,933	30,086,091
of which:			
guarantees and assets pledged as collateral security		25,486,933	30,086,091
Confirmed credits	[B2, 17]	24,526,588	23,462,647
Fiduciary operations	[B2]	6,478,338	4,191,321

The Notes to the Accounts are an integral part of the Annual Financial Statements.

Profit and Loss Account
for the period from January 1 to December 31, 2013

Profit and Loss Account

in T€	[Notes]	Jan 1 – Dec 31, 2013	Jan 1 – Dec 31, 2012
Interest receivable and similar income		849,719	1,351,804
of which:			
from fixed-income securities		13,289	7,214
Interest payable and similar charges	[B10]	484,764	1,012,947
Income from transferable securities		54,767	66,747
from shares		282	20,414
from participating interests		49,366	41,196
from shares in affiliated undertakings		5,119	5,137
Commissions receivable		121,396	129,624
Commissions payable		120,319	161,399
Net profit on financial operations		6,120	4,734
Other operating income	[C2]	180,789	250,606
General administrative expenses		77,434	80,797
Staff costs		32,181	35,831
of which:			
wages and salaries		26,549	30,147
social security costs		4,983	4,873
of which: pensions		1,914	1,725
Other administrative expenses		45,253	44,966
Depreciation of and value adjustments to intangible and tangible assets		537	20,656
Other operating charges	[C3]	7,391	2,647
Depreciation of and value adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments*		40,305	–13,601
Value adjustments in respect of securities held as financial fixed assets, participating interests and shares in affiliated undertakings*		-92,978	0
Addition to special items with a reserve quota portion		92,978	0
Taxes on profit on ordinary activities		48,507	43,580
Profit on ordinary activities after taxes and before payments for participation certificates capital		**433,534**	495,090
Other taxes not shown under the preceding items		483	–332
Payments for participation certificates capital		243,714	244,381
Net income	[B10]	**189,337**	251,041

* Due to offsetting of additions and releases, the net risk provision is recognized as a negative figure.

The Notes to the Accounts are an integral part of the Annual Financial Statements.

Notes to the Accounts
Deutsche Bank Luxembourg S.A.

A. Principles and methods

Corporate matters
The bank was founded on August 12, 1970, in Luxembourg in the legal form of Société Anonyme. The bank is a wholly-owned Group subsidiary of Deutsche Bank AG, Frankfurt am Main.

The bank's business policy and valuation principles, unless prescribed by Luxembourg rules and regulations, are established and monitored by the Board of Directors (from 2014: The Management Board).

Business object of the bank
The object of the bank, in accordance with the Articles of Association, is to transact banking and financial business for its own account and for the account of third parties and all activities directly or indirectly connected thereto.

Annual accounts
The financial year is identical to the calendar year.

The reporting currency is the euro.

Deutsche Bank Luxembourg is a parent company for the purposes of Article 77 (1) of the law of June 17, 1992 on the annual accounts and consolidated accounts of banks incorporated under Luxembourg law (in its amended version; hereinafter referred to as the law on the accounts of banks). As a subgroup, Deutsche Bank Luxembourg is exempt from the obligation to prepare its own consolidated accounts and a consolidated Management Report pursuant to Article 80 of the law on the accounts of banks.

The annual accounts of Deutsche Bank Luxembourg are included in the consolidated financial statements of Deutsche Bank Group according to IFRS. Deutsche Bank AG, Frankfurt am Main, draws up the consolidated financial statements for the majority of companies.

The accounting and valuation methods are described below.

Accounting and valuation principles

The bank draws up its annual accounts in accordance with the laws and regulations of the Grand Duchy of Luxembourg under the historical cost principle and on the basis of accounting principles generally accepted in the banking sector in the Grand Duchy of Luxembourg.

In particular, the following accounting principles and valuation methods are applied:

– Foreign currencies

Transactions are accounted for in their respective currencies on the day they are concluded.

Expenses and income in foreign currency are recorded daily in the Profit and Loss Account at the prevailing exchange rates.

Assets and liabilities in foreign currency are valued at the foreign exchange mid-market rate at balance sheet date. Historical exchange rates are used for hedged deals. Open forward exchange contracts are converted at the forward rate for the remaining term at balance sheet date. For pending losses, a provision is formed which is reported in the Balance Sheet under “other provisions”.

– Derivative financial transactions

Derivative financial transactions such as currency interest rate swaps, interest rate swaps and future or forward rate agreements (FRAs) are used for the purpose of managing the interest rate and currency risk within the framework of asset / liability management. The bank’s obligations arising from such transactions are accounted for on the transaction date. The counterparties in such transactions are primarily companies which are members of Deutsche Bank Group.

Currency-related transactions are concluded to hedge exchange rate risks for the bank’s own account and on behalf of customers.

The above derivative financial transactions form, to a very large extent, economic units with asset or liability exposures. In view of the economic objectives of such operations, year-end revaluation or provisioning is not considered necessary.

The portfolio of the Credit Portfolio Strategies Group (CPSG) is to be considered separately, with the following sub-portfolios being grouped to form one valuation unit:
- Deutsche Bank Luxembourg’s existing CPSG loan portfolio,
- credit derivatives issued in the context of the assumption of risks (credit default swaps),
- credit derivatives received as collateral for the aforementioned underlying transactions (also credit default swaps for the most part).

With the underlying transactions of this valuation unit, the bank is not pursuing a trading strategy intended to generate a profit in the short term. The hedging transactions are therefore structured primarily to cover the credit / default risk of the underlying transactions. No separate examination of other risks (particularly market risks) is provided as far as the uncollateralized risks from the underlying and hedging transactions are considered to be comparable, subject to low volatility, and deemed to be negligible.
The hedging transactions were concluded with the London branch of Deutsche Bank AG, primarily in the form of credit default swaps, taking into account specific risk tolerance and hedging parameters agreed by Deutsche Bank Luxembourg in co-operation with the global Credit Risk Management unit of Deutsche Bank AG.

In Balance Sheet terms, they are treated in line with the gross hedge presentation method (Durchbuchungsmethode). For unrealized losses resulting from this valuation, appropriate risk provisions are formed, which are reported under "other provisions". In connection with the CPSG portfolio, no distinction could be reasonably made, without entailing undue expense, between one-off payments made / received in the form of premiums (upfront) for protection buyer positions and the other income components influencing the fair value of the credit default swaps in question. To this extent, therefore, it was not always possible to divide the income components into an interest rate and a creditworthiness component. Against this background, the market value-related valuation effects of the credit default swaps affected are included in full in "provisions for contingent liabilities and for commitments".

– Treatment of premiums/discounts

Premiums and discounts on amounts receivable and amounts owed are in principle accounted for pro rata temporis.

With regard to securities, premiums are also accounted for in principle pro rata temporis. Discounts from the purchase of bonds and other fixed-income securities are not booked to the Profit and Loss Account until final maturity or sale.

– Value adjustments in respect of debts

The bank establishes specific value adjustments in respect of doubtful and irrecoverable debts for creditworthiness and country risks in accordance with strict valuation standards.

Value adjustments are deducted from the assets to which they relate. Risk provisions for contingent liabilities and commitments are reported under "other provisions".

To determine the write-down, the net present value is calculated based on expected future cash flows. The change in net present value ("unwinding") is reported as income from the release of provisions.

– Lump-sum provision for inherent risks

In accordance with Luxembourg tax legislation, the bank establishes a lump-sum provision for inherent risks in risk-bearing assets weighted pursuant to regulatory and legal requirements as well as for the credit risk equivalent from derivatives.

Pursuant to the instructions issued by the Tax Authority on December 16, 1997, a maximum rate of 1.25% may be applied for the establishment of the tax-deductible lump-sum provision.

The lump-sum provision is to be allocated in proportion to the underlying elements to
- a value adjustment deducted from the respective risk-weighted asset positions, and
- a provision reported in the Balance Sheet under "other provisions".

– Securities

Securities are booked at cost using the weighted average method.

– Debt securities and other fixed-income securities

The bank holds a portfolio designated "other securities" which includes, in particular, securities held as a source of liquidity.

The security position which the bank held in its investment portfolio in previous years, and which was acquired in the context of reinvesting the special item with a reserve quota portion, was fully repaid on maturity (December 2013). A corresponding value adjustment in the amount of € 93.0 million was released. A corresponding special item in the same amount was reactivated.

These securities are valued at the lower of cost and market value in conjunction with the option to maintain previous value adjustments (Beibehaltungswahlrecht) (see below).

– Securities issued on a discounted basis

Such securities are accounted for at cost plus the proportionate difference between issue value and par value.

– Equity shares and other variable-yield securities

As at reporting date, equity shares and other variable-yield securities are valued at the lower of cost and market value.

– Participating interests / shares in affiliated undertakings

Participating interests / shares in affiliated undertakings held as financial fixed assets are valued at cost or, if lower, at their market value. Write-downs are made for declines in value which are permanent.

– Option to maintain previous value adjustments (Beibehaltungswahlrecht)

Value adjustments made in earlier years in respect of specific assets are maintained in accordance with Articles 56 (2) (f) and 58 (2) (e) of the law on the accounts of banks, even in cases where the market value of the assets has increased.

– Intangible assets

The bank's policy is to write off intangible assets in full in the year of acquisition.

– Tangible assets

Office furniture and equipment are reported at cost less depreciation. Depreciation is calculated on a straight-line basis over the estimated useful life of the office furniture and equipment. If there is a permanent diminution in value, the bank may record exceptional value adjustments to value these assets at the impaired valuation attributable to them as at the balance sheet date.

Low value assets are charged as operating expenses in the year of acquisition.

– Repurchase transactions

If the buyer undertakes to transfer the assets back to the seller at a date specified – or to be specified – by the seller, the assets continue to be reported in the seller's balance sheet. In this case, the transfer amount received by the seller is shown as an amount owed to the buyer – amounts owed to credit institutions or amounts owed to customers. The buyer then reports the transfer amount paid as an advance to the seller; the assets involved are not reported in its balance sheet.

In the event of a buy-back option on the part of the buyer, the seller may no longer report the assets transferred; in the notes to the balance sheet the seller specifies a contingent liability in the amount agreed for a potential buy-back.

As at balance sheet date, the bank has concluded genuine repurchase agreements (fixed sale and repurchase agreements) under which the bank acts both as buyer (total of € 130 million) and as seller (total of € 130 million) with companies within the Group in the context of a structured financing arrangement.

– Special items with a reserve quota portion

The special item with a reserve quota portion in the amount of € 33.8 million relates to fiscally-neutralized translation gains from the reinvestment of equity capital in DEM in accordance with Article 54 of the Luxembourg income tax law.

In addition, the tax-exempt gains reinvested in 2008 from the sales of Cedel International S.A., the custodian banking business and the bank building, totalling € 93.0 million, were reactivated in 2013.

– Pension provisions

Pension provisions are calculated in line with the parameters relevant under IFRS, firstly to ensure consistency with the active management of the Deutsche Bank pension fund in accordance with IFRS rules and secondly to adhere more closely to the commercial law principle of prudence, which takes into account economic criteria (market-oriented actuarial interest rate, dynamics, etc.).

– Subordinated liabilities

Repurchased own bonds are deducted from subordinated liabilities.

– Income taxes

Income taxes are recorded using the accruals method based on the Profit and Loss Account for the current financial year taking into account tax-exempt revenues and expenses with no tax effect.

In 2010, Deutsche Bank Luxembourg (controlling company) and DWS Investment S.A., Luxembourg, (controlled company) formed a fiscal unit for income tax purposes. This arrangement has been effective since January 1, 2010. Under Luxembourg law, it can only be recognized once the fiscal unity has existed for more than five years. Since the controlling company acts as tax debtor vis-à-vis the tax authorities, income taxes of both companies are shown in Deutsche Bank Luxembourg's Balance Sheet and Profit and Loss Account. In return, DWS Investment S.A., Luxembourg, in its capacity as controlled company, pays a corresponding contribution to Deutsche Bank Luxembourg. The calculation basis for this is set out in a tax allocation agreement signed by both companies.

In 2011, Willem S.A. was integrated into the fiscal unit for income tax purposes, which was expanded to include Cabarez S.A. in 2012 and Magalhaes S.A. in 2013. Deutsche Bank Luxembourg holds 95% in each of these companies. No specific tax allocation agreement was concluded for these companies.

B. Notes to the Balance Sheet

[1] Classification by remaining maturity

The table shows selected balance sheet positions classified by remaining maturities as at December 31, 2013.

Loans and advances

in € m.	Up to 3 months	3 months up to 1 year	1 year up to 5 years	Over 5 years	Total
Loans and advances at term to credit institutions	60,724	9,238	3,482	1,156	74,600
Loans and advances at term to customers	2,135	1,672	4,871	3,949	12,627
Debt securities and other fixed-income securities	0	20	309	166	495
Total	62,859	10,930	8,662	5,271	87,722

For comparison Dec 31, 2012:

Total	55,502	11,432	13,193	2,305	82,432

In addition to loans and advances at term to customers, loans and advances repayable on demand are also reported in the amount of € 41 million (Dec 31, 2012: € 105 million).

Accounts owed

in € m.	Up to 3 months	3 months up to 1 year	1 year up to 5 years	Over 5 years	Total
Amounts owed at term to credit institutions	61,295	2,863	1,150	425	65,733
Amounts owed at term to customers	2,675	4,679	38	3,333	10,725
Debts evidenced by certificates	0	0	330	0	330
Subordinated liabilities	0	0	2,350	0	2,350
Total	63,970	7,542	3,868	3,758	79,138

For comparison Dec 31, 2012:

Total	58,098	7,546	8,492	662	74,798

Of the loans and advances at term to credit institutions and customers, € 88 million (December 31, 2012: € 111 million) are subordinated.

Of the loans and advances at term to customers, loans and advances in a nominal volume of € 340 million are deposited as collateral with Banque Centrale du Luxembourg (BCL) as at balance sheet date.

There are no netting agreements for balance sheet positions as at balance sheet date.

[2] Geographical distribution

The table shows the geographical distribution of selected positions as at December 31, 2013.

in € m.	European Union	Rest of Europe	North America	South America	Asia	Other countries	Total
Loans and advances							
Cash in hand, balances with central banks and post office banks	49	0	0	0	0	0	49
therein: balances with central banks	45	0	0	0	0	0	45
Loans and advances to credit institutions	73,354	418	1	0	15	963	74,751
Loans and advances to customers	9,638	863	182	103	1,386	496	12,668
Debt securities and other fixed-income securities	495	0	0	0	0	0	495
Shares and other variable-yield securities	9	0	0	0	0	0	9
Total	83,545	1,281	183	103	1,401	1,459	87,972

For comparison Dec 31, 2012:

Total	78,162	1,300	262	53	1,038	3,352	84,167

Amounts owed							
Amounts owed to credit institutions	57,859	5,272	18	204	3,640	18	67,011
Amounts owed to customers	12,296	620	93	60	107	75	13,251
Total	70,155	5,892	111	264	3,747	93	80,262

For comparison Dec 31, 2012:

Total	63,517	6,680	114	263	4,701	90	75,365

Off-balance sheet items							
Contingent liabilities	22,508	687	243	73	930	1,046	25,487
Commitments	21,491	2,340	285	36	267	108	24,527
Fiduciary operations	6,474	4	0	0	0	0	6,478
Total	50,473	3,031	528	109	1,197	1,154	56,492

For comparison Dec 31, 2012:

Total	52,998	3,784	568	10	257	123	57,740

Financial transactions

in € m.	European Union	Rest of Europe	North America	South America	Asia	Other countries	Total
Interest rate transactions	3,573	0	0	0	0	0	3,573
Foreign exchange / gold transactions	845	95	0	1	6	31	978
Equity transactions	381	0	0	0	0	0	381
Credit derivatives*	10,897	0	0	0	76	0	10,973
Total	15,696	95	0	1	82	31	15,905

For comparison Dec 31, 2012:

Total	26,413	93	0	3	284	34	26,827

* of which a nominal amount of € 4,954 million is reported under contingent liabilities

[3] Securities

The securities included in the asset items listed below are classified as at the balance sheet date as follows:

in € m.	Unlisted securities	Listed securities	Total
Debt securities and other fixed-income securities (held for investment purposes)	0	0	0
Debt securities and other fixed-income securities (held for liquidity purposes)	475	20	495
Shares and other variable-yield securities (held for liquidity purposes)	9	0	9

As at the balance sheet date, there were write-downs in the amount of € 1.1 million.

The security position which the bank held in its investment portfolio in previous years, and which was acquired in the context of reinvesting the special item with a reserve quota portion, was fully repaid on maturity (December 2013). A corresponding value adjustment in the amount of € 93.0 million was released.

The total amount of securities pledged is € 18 million (nominal volume); all of these pledged securities are eligible for refinancing at the European Central Bank (ECB).

[4] Companies in which the bank has a participating interest of 20% or more

Name of company	Registered domicile	Holding	Share-holders' equity	Results for financial year * in € m.
DB Finance International GmbH	Eschborn	100%	3.1	–0.3
Aqueduct Capital S.à r.l.	Luxembourg	100%	9.0	–0.1
DB Apex (Luxembourg) S.à r.l.	Luxembourg	100%	0.1	0.0
Deutsche Haussmann S.à r.l.	Luxembourg	100%	-71.0	0.1
Willem S.A.	Luxembourg	95%	0.0	0.1
Cabarez S.A.	Luxembourg	95%	0.1	0.0
Magalhaes S.A.	Luxembourg	95%	0.0	13.2
DWS Investment S.A.	Luxembourg	50%	221.5	169.7
DB Vita S.A.	Luxembourg	25%	16.5	1.7

* results for the financial year according to latest available annual accounts

In the case of individual investments of minor significance – various companies belonging to Deutsche River Group with registered offices in Luxembourg, which have been completely written off in the past – no individual figures are presented in line with Article 68 (2) of the law on the accounts of banks.

With the exception of Hua Xia Bank Company Limited, Beijing, (9.28%) there are no other listed participating interests or listed shares in affiliated undertakings.

[5] Movements in fixed assets

in T€	Gross value at beginning of financial year	Additions	Disposals	Parity changes	Gross value at end of financial year	Cumulative deprecia-tion and value adjust-ments at end of financial year	Net value at end of finanical year
Securities	119,408	0	119,408	0	0	0	0
Participating interests	664,672	91	0	0	664,763	24,795	639,968
Shares in affiliated undertakings	6,426	13	0	–5	6,434	0	6,434
Intangible assets	26,533	0	0	0	26,533	26,533	0
of which:							
goodwill	0	0	0	0	0	0	0
software	26,533	0	0	0	26,533	26,533	0
Tangible assets	15,974	246	81	0	16,139	12,361	3,778
of which:							
office furniture and equipment	15,974	246	81	0	16,139	12,361	3,778
Total fixed assets	833,013	350	119,489	–5	713,869	63,689	650,180

[6] Amounts due from affiliated undertakings and from participating interests

in € m.	Affiliated undertakings Dec 31, 2013	Participating interests Dec 31, 2013	Affiliated undertakings Dec 31, 2012	Participating interests Dec 31, 2012
Loans and advances to credit institutions	74,586	0	71,920	0
Loans and advances to customers	1,338	44	286	14
Debt securities and other fixed-income securities	495	0	512	0

[7] Assets denominated in foreign currencies

Assets denominated in foreign currencies amount in total to the equivalent of € 12,824 million as at balance sheet date.

[8] Other assets / Other liabilities

The "Other assets" include amounts totalling € 100 million owed by other units within the Group in connection with the CPSG fair value portfolio and tax allocations from the fiscal unit arrangement in the amount of € 192 million.
Social security contributions and other payment obligations are reported under "Other liabilities". Individual positions to be reported are internal liabilities within the Group from the CPSG fair value portfolio in the amount of € 76 million.

[9] Debts evidenced by certificates

The "Debts evidenced by certificates" include the following positions:
- Warrants, reported value: € 300 million; due: September 7, 2017
- EUR Zero Bond, reported value: € 24 million; due: December 10, 2015, with a variable bonus interest rate based on the performance of the CROCI-Alpha-Pairs Index
- EUR Zero Bond, reported value: € 6 million; due: December 19, 2016, with a variable bonus interest rate based on the performance of the CROCI-Alpha-Pairs Index

The debts are secured by loans, money market instruments and options.

[10] Subordinated liabilities

There are
- a subordinated EUR participation certificate, € 1,500 million, due 2015
- a subordinated EUR participation certificate, € 850 million, due 2016

The participation certificates are classified as Upper Tier II capital. In the 2013 financial year, the expense for subordinated liabilities was € 244 million. To take greater account of the fact that the participation certificates are classified as equity, the expense from the recurrent payments was, in line with the "true and fair view" principle to increase transparency, not reported under "net interest income" but rather as a separate position above "net income".

[11] Special items with a reserve quota portion

The special item with a reserve quota portion relates to fiscally-neutralized translation gains from the reinvestment of equity capital in DEM for the years 1980 to 1998 in accordance with Article 54 of the Luxembourg income tax law.

In addition, the tax-exempt gains reinvested in 2008 from the sales of Cedel International S.A., the custodian banking business and the bank building, totalling € 93.0 million, were reactivated in 2013.

[12] Subscribed capital

As at balance sheet date, the bank's subscribed and fully paid-up capital – taking into account the capital increase by means of cash contribution in the amount of € 494.5 million, which involved the issue of 1,978,000 new shares and was resolved and implemented by the Ordinary General Meeting on April 15, 2013 – is € 3,959.5 million, divided into 15,838,000 shares.

[13] Movements in reserves and profit brought forward

in € m.	Legal reserves	Other reserves	Profit brought forward	Net income
As at January 1, 2013	347	775	0	0
Changes in legal reserve/other reserves	0	0	0	0
Net income for the 2012 financial year	0	0	0	251
Appropriation				
– Retention	0	107	0	107
– Dividend	0	494	0	144
As at December 31, 2013	347	388	0	0

The bank will fulfil the requirement of the Luxembourg law on commercial companies to form a legal reserve of 10% of subscribed capital (€ 396 million) by allocation of the legal reserve in the amount of € 49 million as an advance allocation from the net income for 2013.

The item "other reserves" includes an appropriation of € 340 million for the imputation of wealth tax in accordance with Article 8a of the Luxembourg wealth tax law.

[14] Amounts owed to affiliated undertakings and participating interests

in € m.	Affiliated undertakings Dec 31, 2013	Participating interests Dec 31, 2013	Affiliated undertakings Dec 31, 2012	Participating interests Dec 31, 2012
Amounts owed to credit institutions	63,230	0	61,796	0
Amounts owed to customers	7,733	1	4,714	13
Debts evidenced by certificates	0	0	0	0
Other liabilities	194	0	1,206	0

[15] Liabilities in foreign currencies

The total amount of liabilities denominated in foreign currencies as at balance sheet date is the equivalent of € 12,850 million.

[16] Contingent liabilities

Contingent liabilities consist of:

in € m.	Dec 31, 2013	Of which: to affiliated undertakings
Guarantees and other direct substitutes for credit	25,487	25,092
of which:		
Credit derivatives	4,954	4,954
Acceptances	0	0
Total	**25,487**	25,092

[17] Confirmed credits

Confirmed credits consist of:

in € m.	Dec 31, 2013	Of which: to affiliated undertakings
Confirmed credits, not utilized	24,345	2,706
Facilities for the issuance of debt instruments	182	0
Total	**24,527**	2,706

C. Notes to the Profit and Loss Account

[1] Administration and agency services

The bank provides the following principal services for third parties:
Safe custody account administration, central administration and depositary bank function for special funds, asset management, paying agent services, agency function, commercial representation and institutional services.

[2] Other operating income

This position is made up as follows:

in T€	2013	2012
Income from commercial representation services	2,700	2,846
Rental income	1,705	1,641
AGDL refund*	30	156
Income from CPSG fair value portfolio	173,620	245,325
Recoveries	937	209
Release of provisions	274	41
Sundry income	1,523	388
Total	**180,789**	250,606

* Association pour la Garantie des Dépôts, Luxembourg (AGDL)

[3] Other operating charges

This position is made up as follows:

in T€	2013	2012
Addition to provisions for restructuring costs in connection with social plan	5,670	0
Addition to provisions for AGDL	1,632	1,988
Addition to other provisions	35	597
Sundry expenses	54	62
Total	**7,391**	2,647

[4] Auditor's fees

Fees billed to the Company by KPMG Luxembourg S.à r.l., Luxembourg, as Réviseur d'Entreprises agréé and as Cabinet de révision agréé authorized to provide services during the year are as follows.

in T€ (excluding VAT)	2013	2012
Audit fees	524	483
Audit-related fees	113	193
Tax fees	306	174
Other fees	5	14

Such fees are presented under "other administrative expenses" in the Profit and Loss Account.

D. Risk Report

General information

Deutsche Bank Luxembourg is integrated in organizational and IT terms into the risk and capital management as well as the Finance structures of Deutsche Bank Group and its systems. The following statements describe the Group's standard definitions and principles in connection with risks. The importance of a strong focus on risk management and the continuous need to refine risk management practice has become particularly evident during the financial market crisis. While risk and capital management in the Group continuously evolves and improves, there can be no assurance that all market developments, in particular those of an extreme nature, can be fully anticipated at all times.

Risk management principles

We actively take risks in connection with our business and as such the following principles underpin our risk management:

- Risk is taken within a defined risk appetite.
- Every risk taken needs to be approved within the risk management framework.
- Risk taken needs to be adequately compensated.
- Risk is continuously monitored.
- A strong risk management culture helps to reinforce Deutsche Bank's resilience.

Risk management framework

Against the background of Deutsche Bank Luxembourg's broadly diversified business activities, it is essential to identify, measure, aggregate and manage risks effectively and to back the various risks appropriately with equity capital. Deutsche Bank Luxembourg manages risks with the help of an overriding set of risk principles, organizational structures and processes for the measurement and proactive monitoring of risk which are closely aligned with the activities of the Group divisions. While Deutsche Bank Group continuously strives to improve risk and capital management, it may be unable to anticipate all market developments, in particular those of an extreme nature.

- The Group's Management Board provides overall risk and capital management supervision for the consolidated Group.
- The risk management model is built on three lines of defence whereby business management, risk management oversight and assurance roles are played by functions independent of one another.
- Risk strategy and risk appetite are defined based on the Group's strategic plans in order to align risk, capital, and performance targets.
- Reviews are conducted across the Group to verify that sound risk management practices and a holistic awareness of risk exist across the organization and to help each business manage the balance between their risk appetite and reward.

- Credit risk, market risk, liquidity risk, business and reputational risk, operational risk and capital are managed by means of a coordinated process at all relevant levels of Deutsche Bank Group.
- Where applicable, modelling and measurement approaches for quantifying risk and capital demand are implemented across the major risk classes.
- Effective systems, processes and policies are a critical component of our risk management capability.

The risk and capital management activities are supported by Finance and Audit. These units are independent of the Group divisions and the Legal, Risk & Capital function. Finance's role is to quantify and verify the risks assumed and to ensure the quality and integrity of risk-related data. Our Audit department performs risk-oriented reviews of the design and operating effectiveness of our internal control procedures.

In line with CSSF circular 13 / 563 (central administration, internal governance and risk management), the bank introduced the function of Chief Risk Officer (CRO) as a member of the Management Board with effect from January 1, 2014.

Types of risk

The most important risks to which Deutsche Bank Luxembourg's business is exposed are specific banking risks, reputational risks as well as the risks arising from general business activity.

Specific banking risks

In the risk management processes, a distinction is made between four kinds of specific banking risk: credit risk, market risk, liquidity risk and operational risk:

- Credit risk arises from all transactions that create actual, contingent or potential claims against a business partner, borrower or debtor (referred to collectively as "counterparties"). The credit risk is the biggest single risk for Deutsche Bank Luxembourg. A distinction is made between three types of credit risk:

  - Default risk is the risk that counterparties may fail to meet contractual payment obligations;

  - Country risk is the risk that a loss may arise for the following reasons in any country: possible deterioration in overall economic conditions, political and social upheaval, nationalizations and expropriation of assets, government repudiation of external debts, foreign exchange controls, the devaluation or depreciation of the national currency. Country risk also includes transfer risk; this arises when direct government intervention prevents debtors from transferring assets in order to fulfil their matured obligations to non-residents;

  – Settlement risk is the risk that the settlement or clearing of transactions may fail. A settlement risk always arises whenever the exchange of cash, securities and / or other assets is not simultaneous.

- Market risk arises from uncertainty concerning changes in market prices and rates (including interest rates, share prices, exchange rates and commodities prices) as well as in the correlations among them and their volatilities.

- Liquidity risk is the risk of not being in a position to meet payment obligations when they mature, or only being in a position to do so at excessive cost.

- Operational risk is the potential for incurring losses in connection with staff, contractual specifications and their documentation, technology, infrastructural failure or collapse, projects, external influences and customer relationships. This definition includes legal and regulatory risks, but not the general business risk or reputational risk.

General business risk

General business risk designates the risk arising from changes in general business conditions. These include, for example, the market environment, client behaviour and technological progress. Such risks can affect business results unless adjustments to the changed conditions are made in good time.

Reputational risk

For the risk management processes, reputational risk is defined as the risk that public trust in the organization may be negatively influenced by public reporting on a transaction, a counterparty or a business practice in which a customer is involved.

Concentration risk

Risk concentrations are not an isolated risk type but are broadly integrated in the management of credit risk, market risk, operational and liquidity risks. Risk concentrations refer to a bank's loss potential through unbalanced distribution of dependencies on specific risk drivers. Risk concentrations are encountered within and across counterparties, regions/countries, industries and products, impacting the aforementioned risks. Risk concentrations are actively managed, for instance by entering into offsetting or risk-reducing transactions. Management of risk concentration across risk types involves expert panels, qualitative assessments, quantitative instruments (such as economic capital and stress testing) and comprehensive reporting.

Credit risk

Credit risk is the largest component of the bank's risk exposure. The measurement and management of credit risk are based on the following philosophy and principles at Deutsche Bank Group:

- The key principle of credit risk management is quantitative and qualitative client due diligence, taking into account the industry and countries in which the client operates as well as its country of domicile. In line with our country and industry portfolio strategies, prudent client selection is achieved in collaboration with our business line counterparts who stand as a first line of defence. In each of our Group divisions, credit decision standards, processes and principles are consistently applied.
- We actively aim to prevent undue concentration and long tail risks (large unexpected losses) by ensuring a diversified credit portfolio. This effectively protects the bank's capital in all market conditions. Client, industry, country and product-specific concentrations are actively assessed and managed against our risk appetite.
- We aim to avoid large directional credit risk on a counterparty, industry and country level. To do so, we apply stringent underwriting standards combined with a proactive hedging and distribution model and collateralization of our hold portfolio.
- We are selective in taking outright cash risk positions unless they are secured, guaranteed and / or adequately hedged. Exceptions to this general principle are lower risk, short-term transactions and facilities supporting specific trade finance business requests as well as low risk businesses where the margin allows for adequate loss coverage.
- Deutsche Bank Group aims to secure its derivative portfolio through collateral agreements and may additionally hedge concentration risks to further mitigate credit risks from underlying market movements.
- Every extension of credit to or material change for a credit facility (such as its tenor, collateral structure or major covenants) to any counterparty requires credit approval at the appropriate authority level. Credit approval authorities are assigned to individuals according to their qualifications, experience and training. These credit authorities are periodically reviewed.
- Deutsche Bank Group measures and consolidates all credit exposures to each obligor on a global basis that applies across our consolidated Group, in line with regulatory requirements of the German Banking Act (Kreditwesengesetz).
- Deutsche Bank Luxembourg's local credit risk management tasks and supervisory functions are regulated by the Credit Risk Management (CRM) of Deutsche Bank Luxembourg S.A. – Key Tasks and Operating Procedures. This policy was issued at the end of 2013.

Credit risk ratings

A basic and key element of the credit approval process is a detailed risk assessment of every credit exposure associated with a counterparty. Deutsche Bank Group applies in-house assessment methodologies, scorecards and a 26-grade rating scale for evaluating the creditworthiness of all counterparties. The majority of the rating methodologies are authorized for use within the Advanced Internal Rating Based Approach under Basel II rules. The rating scale facilitates a comparison of internal ratings with common market practice and also ensures the comparability of the bank's different sub-portfolios. Several default ratings therein make it possible to incorporate the potential recovery rate of unsecured defaulted counterparty exposures. The Group generally rates all its credit exposures individually, though certain portfolios of securitized receivables are rated on a pool level. The algorithms of the rating procedures for all counterparties are recalibrated frequently on the basis of the default history as well as other external and internal factors and estimates.

Lending

Deutsche Bank Luxembourg operates on a large scale as the lending office for loans extended by other European offices of Deutsche Bank Group. Furthermore, the Credit Portfolio Strategies Group (CPSG) has largely concentrated its global credit risks at Deutsche Bank Luxembourg. The risks are assumed by means of credit guarantees or credit default swaps (CDS). In all cases the risks are first examined by the respective branches in accordance with Group standards and guidelines. Deutsche Bank Luxembourg extends these loans after a further review on the basis of its own credit guidelines coordinated within the Group.

Deutsche Bank Luxembourg regularly reviews the creditworthiness of its credit risks on the basis of submitted annual accounts and other current information obtained from Deutsche Bank Group's credit risk management.

Final approval of the loans is granted by the Board of Directors at its regular meetings. The Board of Directors has delegated this task to Deutsche Bank Luxembourg's Credit Committee. Loans and loan inquiries exceeding 10% of Deutsche Bank Luxembourg's regulatory capital still require the approval of the Board of Directors. Management also informs the Board of Directors about current developments regarding specific risks and the credit portfolio risk, also with reference to specific industry and/or country risks.

The assumption of additional CPSG risks did not have a material negative effect on the general creditworthiness of the loan portfolio. At the end of 2013, 90% (previous year: 94%) of total loans were to investment grade borrowers (rated BBB or above). The credit guarantee in the amount of € 10.6 billion granted as part of a transaction within the Group was not taken into account in this calculation.

Distribution of credit risk

The following tables provide an overview of credit exposure under the respective balance sheet item or off-balance sheet item by counterparty industry as well as by issuer and rating category. The amount of loan exposures was calculated without consideration of collateral.

Structure of credit profile by rating category as at December 31, 2013

in € m.	Loans and advances to credit institutions	Loans and advances to customers	Securities / Participating interests	Contingent liabilities	Confirmed credits	Total
AAA / AA	3	374	14	1,071	4,134	5,596
A	74,587	2,459	325	6,701	9,541	93,613
BBB	122	3,618	0	4,956	7,562	16,258
BB	30	2,547	808	11,714	2,920	18,019
B	9	422	0	207	202	840
CCC	0	1,996	0	15	1	2,012
NR*	0	1,252	3	823	167	2,245
Total	74,751	12,668	1,150	25,487	24,527	138,583

* including unrated customers

Structure of credit profile by industry as at December 31, 2013

in € m.	Loans and advances to credit institutions	Loans and advances to customers	Securities / Participating interests	Contingent liabilities	Confirmed credits	Total
Banks and insurance	74,751	2,724	1,131	3,735	4,583	86,924
Households	0	1,076	0	10,498	202	11,776
Manufacturing	0	1,291	0	3,293	6,176	10,760
Corporate services	0	2,595	0	1,591	4,791	8,977
Transport and telecommunications	0	403	0	1,419	2,011	3,833
Power and water utilities	0	1,748	0	1,415	916	4,079
Wholesale and retail trade	0	923	0	1,633	1,880	4,436
Mining	0	245	0	1,096	1,048	2,389
Public sector	0	6	19	36	739	800
Commercial real estate	0	569	0	543	245	1,357
Construction	0	144	0	163	201	508
Power generation (in particular solar power)	0	633	0	36	755	1,424
Automotive industry	0	128	0	0	699	827
Hotel / restaurant trade, leisure industry, gaming and gambling industry	0	138	0	1	175	314
Other	0	45	0	28	106	179
Total	74,751	12,668	1,150	25,487	24,527	138,583

Risk provisioning

Adequate provision has been made for individual risks. Deutsche Bank Luxembourg also uses the possibility of setting up a lump-sum provision in accordance with Luxembourg regulations. In 2013, the lump-sum provision was increased by € 90 million to € 291 million.

There are only minor country risks as at the balance sheet date. The bank does not hold any bonds issued or guaranteed by the high risk countries Portugal, Italy, Ireland, Greece and Spain.

The risks assumed from the CPSG fair value portfolio came to € 13.7 million as at December 31, 2013. Due to the creditworthiness of the borrowers, it was not necessary to make any individual risk provisions for this portfolio. The risk management for the underlying or hedging transactions entered into as part of this project is, in respect of the material risk factors determining the risk provision, conducted centrally in Deutsche Bank Group on the basis of internal Group agreements with Deutsche Bank Luxembourg, taking into account specific risk tolerance and hedging parameters agreed by Deutsche Bank Luxembourg in cooperation with the global Credit Risk Management unit of Deutsche Bank AG. At the same time, in the context of this project, Deutsche Bank Luxembourg plays a much stronger role in Group securitization transactions.

Based on the risk analysis of the credit guarantee granted within the Group to hedge the credit risk of a mortgage portfolio for private clients, there are no circumstances that would render it necessary to make corresponding risk provisions.

Market risk

Owing to its business orientation, Deutsche Bank Luxembourg has the regulatory status of non-trading book institution in Luxembourg.

The market risks resulting from asset/liability management – in the form of interest rate, currency and liquidity risks – are managed by the Treasury & Global Markets business division. Other types of material market risk (e.g. commodities price risks) do not exist at the bank. Within the framework of local supplements, Deutsche Bank Group's policies for trading activities – known as the Global Markets Key Operations Policies – have been established by the Management Board in binding form. The back-office applied the same procedure for the settlement of trades.

Deutsche Bank Luxembourg is integrated into Deutsche Bank Group's global limit system. Risks are calculated and monitored on an ongoing basis by neutral risk controlling using the Group's risk measurement programmes and hence its risk models. A risk performance status report is produced daily and forwarded promptly to Management and the business division.

Financial transactions

The derivative financial transactions consist exclusively of contracts forming part of the non-trading portfolio and are concluded largely with counterparties inside the Group. The following figures show the notional volume by remaining maturity and the market values of derivative transactions. At the end of the year, there were no exchange-traded deals. Under the CPSG portfolio agreements, netting is possible in principle. To the extent that the bank could assume legally enforceable netting agreements were in place, corresponding effects were taken into account in the analysis of financial transactions below. Apart from this, there are no further netting agreements in derivative financial transactions.

Analysis of derivative financial transactions as at December 31, 2013

Classes of financial transaction

in € m.	Up to 1 year	1 year to 5 years	More than 5 years	Total	Positive market value	Negative market value	Net market value
Interest rate transactions	801	1,365	1,407	3,573	2	150	–148
Interest rate swaps	801	1,365	1,407	3,573	2	150	–148
Forward rate agreements	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0
Foreign exchange / gold transactions	971	7	0	978	10	9	1
Futures contracts with customers	164	3	0	167	1	3	–2
Futures contracts with banks	764	4	0	768	9	6	3
Cross-currency swaps	0	0	0	0	0	0	0
Options	43	0	0	43	0	0	0
Equity transactions	350	31	0	381	0	0	0
Futures contracts	0	0	0	0	0	0	0
Swaps	0	31	0	31	0	0	0
Options	350	0	0	350	0	0	0
Credit derivatives*	1,947	8,701	325	10,973	1,868	1,845	23
Other transactions	0	0	0	0	0	0	0
Total	4,069	10,104	1,732	15,905	1,880	2,004	–124

* of which a nominal amount of € 4,954 million is reported under contingent liabilities

Analysis of derivative financial transactions as at December 31, 2012

Classes of financial transaction

in € m.	Up to 1 year	1 year to 5 years	More than 5 years	Total	Positive market value	Negative market value	Net market value
Interest rate transactions	952	262	822	2,036	3	217	–214
Interest rate swaps	952	262	822	2,036	3	217	–214
Forward rate agreements	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0
Foreign exchange / gold transactions	1,012	9	0	1,021	12	7	5
Futures contracts with customers	185	4	0	189	1	4	–3
Futures contracts with banks	723	5	0	728	11	3	8
Cross-currency swaps	0	0	0	0	0	0	0
Options	104	0	0	104	0	0	0
Equity transactions	1,000	31	0	1,031	0	1	–1
Futures contracts	0	0	0	0	0	0	0
Swaps	0	31	0	31	0	1	–1
Options	1,000	0	0	1,000	0	0	0
Credit derivatives*	9,525	12,875	339	22,739	919	961	–42
Other transactions	0	0	0	0	0	0	0
Total	12,489	13,177	1,161	26,827	934	1,186	–252

* of which a nominal amount of € 8,635 million is reported under contingent liabilities

Value at risk

To measure and manage market risks, a value-at-risk model is used which was developed by the Group and approved by the German bank regulator. The value-at-risk approach is used to derive a quantitative measure specifically for market risks in the trading book under normal market conditions. For a given portfolio, value-at-risk measures the possible future loss (in terms of market value) which, under normal market conditions, will not be exceeded with a defined probability in a certain period. Value-at-risk allows us to apply a constant and uniform risk measure to all trading transactions and products. It also permits a comparison of market risk assessments over time and with actual daily trading results.

Both for internal and external reporting purposes, value-at-risk is calculated in accordance with the regulations of the Bank for International Settlements (BIS) with a confidence level of 99%. For internal reporting purposes, a holding period of one trading day is used. For regulatory reporting purposes, the holding period is ten days.

As at the end of 2013, the regulatory value-at-risk from interest rate and currency risks in the non-trading book was € 0.2 million. The average value for 2013 was also € 0.2 million. The limit allocated by global risk management is € 1.5 million.

In foreign exchange business, only relatively small positions in foreign currency arise from broken amounts in futures contracts and from balances arising out of the bank's net interest and commission income in foreign currencies. These positions are closed regularly.

Liquidity risk

The principal objective of liquidity management is to guarantee the bank's solvency at all times. The Treasury & Global Markets division handles the management of this task in Luxembourg and is involved in Group-wide liquidity management. Risk Controlling ensures prompt availability of data and informs Deutsche Bank Luxembourg's management within the scope of the daily risk performance status.

At the same time, all data relevant to the Group are supplied to Global Risk Controlling.

As at balance sheet date, the Luxembourg liquidity figure was 92.5%. This was well above the regulatory limit of 30%.

From 2014, the new liquidity requirements under the Capital Requirements Directive 4 (CRD 4) apply. The bank will be implementing procedures to produce significantly more detailed reports within the required timeframe.

Operational risk

Operational risk is managed on the basis of a Group-wide consistent framework that makes it possible to determine the operational risk profile in comparison to risk appetite and systematically identify operational risk themes and concentrations in order to define risk mitigating measures and priorities. The business divisions and infrastructure functions have primary responsibility for the management of operational risk.

Instruments are in place for the self-assessment of operational risk and for recording and monitoring qualitative and quantitative risk indicators.

Losses and gains due to operational risks are captured in the Group-wide db-Incident Reporting System (db-IRS) monitored at Deutsche Bank Luxembourg by Finance – FD/M CIB and Risk. Besides losses actually incurred due to defective processing, the system also covers reported provisions for operational risks. Reports from the database give insight into the success of risk management and into the quality of the selected risk indicators.

Regulatory risk position

The bank, as a non-trading book institution, calculates the simplified coefficient. The risk-weighted assets (RWA) are made up as follows:

Composition of risk-weighted assets in accordance with COREP* (Basel II)

in € m.	Dec 31, 2013	Dec 31, 2012
Central governments and central banks	0	0
Regional governments	0	0
Administration / Non-profit institutions	18	57
Credit institutions	10,836	16,861
Corporates	21,401	19,008
Retail customers	7,922	9,848
Other assets	709	669
Secured by mortgage charges	1,226	1,036
Currency transactions	0	0
Operational risks	733	1,002
Past due items	231	0
Total	**43,076**	48,481

* Common Solvency Ratio Reporting (COREP)

Regulatory capital and reserves according to Basel II amount to € 7,212 million (end of 2012: € 7,008 million); the solvency ratio is 16.7% (end of 2012: 14.5%). The minimum requirement of 8% was fulfilled at all times during the financial year.

At 10.8% at the end of 2013 (previous year: 9.4%), the Tier I capital ratio already met the Basel III minimum requirements.

In the context of regulations on limiting large exposures, the CSSF (Commission de Surveillance du Secteur Financier), consented to the bank’s request to exempt companies belonging to Deutsche Bank Group from the requirement to take such risks into account. This approval was granted in accordance with CSSF circular 06/273, Part XVI, No 24 (revised version).

E. Other information

Deposit guarantee scheme

The bank is a member of Association pour la Garantie des Dépôts, Luxembourg (AGDL), which was founded on September 25, 1989, and provides a deposit guarantee system for its members' customers.

The guarantee covers in particular natural persons, irrespective of nationality or country of residence. Each customer of an AGDL member is covered for up to the equivalent of a maximum of € 100,000 per cash deposit and € 20,000 per claim arising out of investment transactions.

The bank sets up a provision in recognition of the specific risk under the guarantee as a result of a member's default. The provision is shown in the Balance Sheet under "other provisions"; additions in the financial year are noted in Section C [3]. On the balance sheet date, the provision amounted to T€ 30,909.

In 2013, the bank created a "single customer view" file in its systems in accordance with the requirements defined in CSSF circular 13/555. The concept was presented to the Board of Directors, who authorized it in their meeting on December 9, 2013.

Staff

Number of staff	Dec 31, 2013	Average in 2013
Management Board	2	2.0
Executives	27	27.5
Staff	270	273.5
Total	**299**	303.0

In 2013, the total remuneration of the Management Board and the executives was T€ 7,434. The addition to pension provisions for members of the Management Board and executives was T€ 1,447.

The expense for pension obligations for former members of the Management Board was T€ 120.

As at December 31, 2013 loans, advances and other commitments to members of the Management Board and executives totalled T€ 150.

Annual Report 2013 of Deutsche Bank Group

The Annual Report of the Group consists of the Annual Review and the Financial Report. Both publications can be obtained from

arvato logistics services
Bestellservice Deutsche Bank
Gottlieb-Daimler-Str. 1
33428 HARSEWINKEL
GERMANY

and on the Internet at
www.deutsche-bank.com/13
www.db.com/13

Luxembourg, February 28, 2014

Deutsche Bank Luxembourg S.A.
The Management Board

Report of the Réviseur d'Entreprises agréé

To the Management Board of Deutsche Bank Luxembourg S.A.

Report on the annual accounts

We have audited the accompanying annual accounts of Deutsche Bank Luxembourg S.A., which comprise the Balance Sheet as at December 31, 2013 and the Profit and Loss Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management Board's responsibility for the annual accounts

The Management Board is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Management Board determines necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'Entreprises agréé

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management Board, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of Deutsche Bank Luxembourg S.A. as of December 31, 2013, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Report on other legal and regulatory requirements

The Management Report, which is the responsibility of the Management Board, is consistent with the annual accounts.

Luxembourg, February 28, 2014

KPMG Luxembourg S.à r.l.
Cabinet de révision agréé

Harald Thönes

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We aspire to be the leading client-centric global universal bank

We serve shareholders best by putting our clients first and by building a global network of balanced businesses underpinned by strong capital and liquidity.

We value our German roots and remain dedicated to our global presence.

We commit to a culture that aligns risks and rewards, attracts and develops talented individuals, fosters teamwork and partnership and is sensitive to the society in which we operate.