Deutsche Bank

Annual Report 2014
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 2014 is also available.

Contents

Management Board

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

Klaus-Michael Vogel (until December 31, 2014) (left)
Member of the Management Board
Chief Operating Officer

Werner Burg (right)
Member of the Management Board
Chief Risk Officer

Nathalie Bausch (from January 1, 2015)
Member of the Management Board
Chief Operating Officer

Supervisory Board

Stefan Krause (until March 1, 2015)
Chairman
Member of the Management Board
Member of the Group Executive Committee
Chief Financial Officer of Deutsche Bank AG

Luc Frieden (from March 2, 2015)
Chairman
Vice Chairman of Deutsche Bank Group

Stefan Bender
Co-Head of Corporate Finance Germany
Head of Global Transaction Banking Germany
of Deutsche Bank AG

Brigitte Bomm
Global Head of Tax of Deutsche Bank AG

Mary Campbell
Head of Global Transaction Banking Operations
Regional Head of GTO EMEA of Deutsche Bank Group

Ernst Wilhelm Contzen

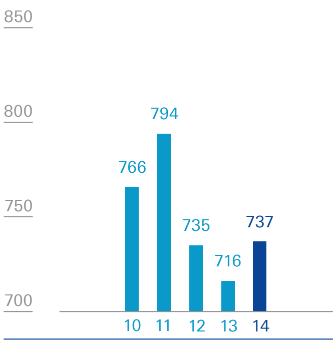
Carmen Herbstritt
Head of Regional Finance Germany of Deutsche Bank AG

Wolfgang Matis (until June 30, 2014)
Global Head of Active Asset Management
Chair of the DeAWM Germany Committee
Speaker of the Management Board
of Deutsche Asset & Wealth Management Investment GmbH

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

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 2014. 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 € 185.4 million in 2014. As a result of lower volumes of transactions within the Group, total assets fell by € 3.7 billion to € 85.5 billion.

Administrative expenses (staff and non-compensation costs) amounted to € 84.6 million. As per December 31, 2014, Deutsche Bank Luxembourg had 309 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.

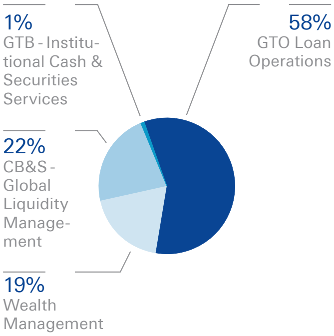
Wealth Management can look back on a satisfactory 2014. The sustainable asset-gathering activities were successful and resulted in a renewed increase in client assets under management and revenues generated. In line with new regulatory requirements, the range of products and services offered was further optimized, in both debt and equity business.

Group Technology & Operations Loan Operations (hereinafter GTO Loan Operations) 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 GTO Loan Operations are an important part of the global suite of services that Deutsche Bank Group provides. Borrowers leverage the benefits of longstanding expertise and an excellent reputation across the industry.

Corporate Banking & Securities - Global Liquidity Management (hereinafter CB&S - Global Liquidity Management), 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.

Global Transaction Banking - Institutional Cash & Securities Services (hereinafter GTB - Institutional Cash & Securities Services (ICSS)) continues to be a partner of choice when it comes to securitization, capital markets products and the complex special products of the financial centre of 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.

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



* Excluding the effects of the CPSG fair value portfolio

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 Supervisory Board.

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 2014, 147 banks had offices in Luxembourg.

In a country with a population of 549,600 and a labour force of 385,500, the banking sector employs 26,200 people and the financial centre as a whole around 42,800.

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 Luxembourg's banking sector has been facing for some time. 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 again achieve a solid operating result.

Business Divisions
Wealth Management (WM)

Our Wealth Management division helps individuals and institutions worldwide to preserve and grow their wealth. We leverage our global network to provide our clients with a comprehensive range of tailored wealth management and banking services. Apart from investment management, this also includes lending and deposit services that are of a high standard. Wealth planning and special solutions for individuals, selected institutions and family offices round off the product range.

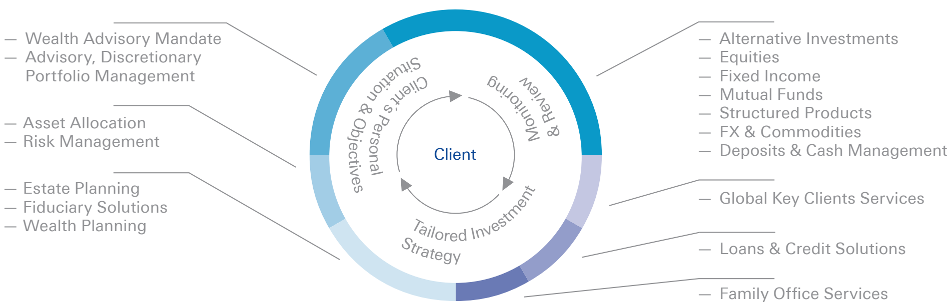
The regional focus of our activities lies on the European markets, as well as Russia and the Middle East. In addition, as a global booking centre, we develop first-class solutions for independent asset managers and for Wealth Management clients of Deutsche Bank Group whose needs are served at locations 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 are also increasingly used by our partners within the Deutsche Bank network. As a result, 2014 saw a renewed increase in client assets under management. With a corresponding figure of € 12 billion, Luxembourg 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 2014, Wealth Management Luxembourg generated total revenues of approximately € 90 million. Thanks to our marketing success as lending hub, interest income increased significantly, accounting 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. As a result of our ongoing focus on cost discipline, we continued to reduce costs, as reflected by an excellent cost-income ratio of 45%.

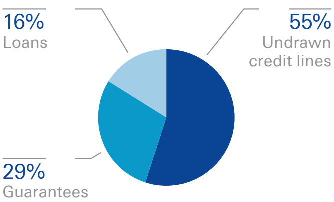
In summary, we can look back on a year of very positive business developments. Based on our strategic position, we are confident that we will continue to grow in the coming year despite the increased regulatory demands that lie ahead.

Integrated, holistic solutions



Business Divisions
GTO Loan Operations

02-2
GTO Loan Operations
in %



Covered credit volume of € 48 billion

Lending business
As one of the four largest global credit centres of Deutsche Bank Group, the lending division acts as a centre of competence for syndicated and large-scale bilateral loans, primarily within Europe. We offer our clients the qualified coverage and management of complex financing 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 to be the bank's largest revenue driver over the past financial year, accounting for 45% of total revenues. At about € 48 billion, the credit portfolio under management is at a high level. Our lending to clients amounted to € 35 billion, and transactions in the Group's interests stood at € 13 billion. The successful 2014 reporting year was characterized by a rise in project finance loans (infrastructure / renewable energy) and the completion of various acquisition financings ranging in the tens of billions.

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 qualified team of employees who serve clients throughout the entire term of the loan.

Outlook
For 2015 we anticipate stable demand for credit facilities and expect a considerable proportion to consist of loan refinancing contracts that enable borrowers to lock in favourable market rates. Given the current market environment, credit margins will remain under pressure.

Despite increased regulatory requirements, we are confident that we can leverage our robust business model and expertise to sustain the positive performance of the past financial years.

Business Divisions
CB&S - Global Liquidity Management

Effects of the economic crisis

In 2014, the central banks of the largest economic zones confirmed their role as providers of liquidity. Both the Federal Reserve (Fed) and the European Central Bank (ECB) took monetary action to ensure market liquidity.

For the first time in its history, the ECB reduced its interest rate (deposit rate) into negative territory.

In the course of 2014, encouraged by positive signals from the U.S. economy, the Fed decided to taper its massive bond-buying programme. This move could set the stage for an interest rate increase in 2015.
These persistent record-low money market rates proved challenging for the division in achieving its targets.
The preparation and introduction of new regulatory requirements, both at the local and group level, had a considerable impact on the activities of the business division.

In terms of liquidity management, the liquidity situation of Deutsche Bank Luxembourg was materially impacted by the negative ECB deposit rate as well as by measures taken by the Group in order to comply with regulatory requirements. The volume of excess liquidity has consequently declined.

In spite of these challenges, the division was able to meet the requirements placed on it, in particular in terms of liquidity management, at all times.
The division clearly exceeded its performance targets.

Business Divisions
GTB - Institutional Cash & Securities Services (ICSS)

In Luxembourg, ICSS is made up of the Corporate Services Division (CSD), Depositary Receipts (DR), Corporate Trust (CT) and Fund Services (FS).

Revenues remained at a high level, compared to the previous year, despite still difficult market conditions. Demand for the products we offer has continued to rise so that a positive development can be expected for 2015.

Corporate Services Division specializes in the domiciling, administration and accounting 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. Revenues rose slightly compared to the previous year.

Depositary Receipts

In 2014, ICSS successfully expanded its existing businesses to include the Depositary Receipts division. Depositary Receipts in Luxembourg adopted the highly successful existing business model of Deutsche Bank Group.
Specifically, this involves the issue of Global Depositary Receipts (GDRs) for the European market. The issue of depositary receipts facilitates exchange-traded and over-the-counter transactions relating to international securities. They give investors and issuers access to restrictive international markets and enable investors, for example, to participate in profit distributions and voting rights. As a result, the first transaction was completed in the second quarter of 2014.

Corporate Trust / Loan 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 2014, project finance in particular recorded an increase in new client business of 25%.

Our integrated service model, which focuses on providing intensive support to both the lending banks and the borrower involved in the transaction, played a key role in this growth. The Corporate Trust team is responsible for agency business for syndicated loans in Europe and the Middle East.

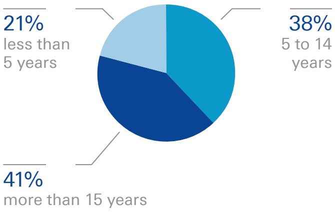
Fund Services focuses on central administration and depositary bank mandates for investment funds operating in the fields of real estate or private equity. In addition to domiciling funds or their management companies, this includes day-to-day administration, preparing the accounts, transfer agency services,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

Outlook

As a leading global financial centre (second-largest market for investment funds) that benefits from an extensive network of double taxation agreements with all major countries, Luxembourg is a prime strategic location for Deutsche Bank Group's Global Transaction Banking. Thanks to its technical facilities and networks in Deutsche Bank Group, ICSS can offer clients of Deutsche Bank Luxembourg all the necessary services from one source. The business division is therefore a partner of choice for all product areas of the bank, but also for third parties. ICSS expects to see continued revenue growth in 2015.

Divisional Functions

02-3
Length of service
in %



Human Resources

As per December 31, 2014, Deutsche Bank Luxembourg employed 309 members of staff (end of 2013: 299).

23 different nationalities and 18 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 54%. 86 employees are part-time, which corresponds to a part-time employment ratio of 28%. 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 Luxembourg 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, 41% of staff have been with the Group for over 15 years.

Information Technology

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

In this respect, many projects were successfully implemented in 2014.

Extensive and regular 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 2014. 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 meet the quality standards expected by our clients. The main contractual partners of CRES report on their activities as part of an established management and performance reporting process, and a 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 CB&S - Global Liquidity Management. 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.

Trust and Agency Services Operations (TAS Ops)

The activities of TAS 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 2014, TAS Ops is among the top listing agents in Luxembourg.

As agent for registrar and trustee transactions in Deutsche Bank Group, TAS 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 of Deutsche Bank Luxembourg 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 as well as the Supervisory Board 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 and its subsidiaries.

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 GTO Loan Operations, 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 but also in lending to Wealth Management clients and advisory on the implementation of new regulatory requirements. Apart from serving the business divisions, Legal also advises and assists the Management Board and various infrastructure functions, above all Compliance and Human Resources. Accordingly, the focus in 2014 was on supporting the Group's extensive restructuring measures in Luxembourg.

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 processes 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 the prevention of money laundering and 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 (FD/M) Regulatory / Group Accounting
- Finance Director Manager (FD/M) Business
- Finance Director Manager (FD/M) Financial Reporting Control
- Analytics

FD/M Regulatory / Group Accounting covers all regulatory and accounting 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 annual accounts of the bank are prepared for the Group according to the International Financial Reporting Standards (IFRS).

The Business FD/Ms 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 reporting is also part of this unit.

Part of the FD/M Financial Reporting Control function involves coordinating and monitoring the standardized production processes transferred to the Group's Professional Service 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 Analytics group supports the FD/Ms by providing detailed analyses and transparent management reports. These form the basis for preparing decisions for the overall business and the individual business divisions.

Following the integration of the Finance function of the Oppenheim entities in 2014, the aforementioned functions are carried out by 25 employees based in Luxembourg for the majority of the operating entities of Deutsche Bank Group. This does not include the Finance function of the Postbank entities.

Apart from the integration of the Finance function for the Oppenheim entities, the implementation of the new Capital Requirements Directive IV (CRD IV) presented the biggest challenge for the Finance organization.

Risk Management

In the context of the implementation of CSSF Circular 13 / 563 (head office, internal governance and risk management), amended by 14 / 597, the bank implemented the function of Chief Risk Officer (CRO) as a member of the Management Board with effect from January 1, 2014. In addition to the existing Credit Risk Management (CRM) department, a risk control function was established which helps the CRO to aggregate the types of risk arising from the business model of Deutsche Bank Luxembourg into an overall risk profile, regularly monitors whether risks are within the defined risk appetite and reports to both the Management Board and the Supervisory Board.

Management Report

Profit and Loss Account

In the 2014 financial year, Deutsche Bank Luxembourg generated net income of € 185 million (2013: € 189 million).

The following transactions significantly affected the financial position, net assets and results of operations in 2014:

In 2014, VCJ Lease S.à r.l. was integrated into the fiscal unit for income tax purposes in which Deutsche Bank Luxembourg acts as controlling company, with VCJ Lease S.à r.l. becoming a further controlled company in addition to DWS Investment S.A., Willem S.A., Cabarez S.A. and Magalhaes S.A. Deutsche Bank Luxembourg holds 95% of VCJ Lease S.à r.l., which was established in the context of an aircraft financing deal. In 2014, VCJ Lease S.à r.l. disbursed an advance dividend amounting to the equivalent of € 21 million.

During the first quarter of 2013, in the context of a structured financing arrangement (Project Apex), the bank acquired a participation certificate in the amount of € 1.0 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 € 41 million on Deutsche Bank Luxembourg's results in 2014.

Expenditure of € 244 million (2013: € 244 million) was incurred in 2014 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 operating profit 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 2014. In net terms, the transaction had a positive effect of € 134 million (2013: € 271 million) on the Profit and Loss Account in 2014. The individual components of the results are explained below.

The key components of the results compare as follows:

Net results

in T €	2014	2013
Net interest income	332,015	364,955
Net commission income / loss	–27,075	1,077
Net profit on financial operations	11,485	6,120
General administrative expenses	–84,610	–77,434
Depreciation of tangible and intangible assets	–574	–537
Operating profit I	231,241	294,181
Other income / expenses including dividends	224,791	228,165
Operating profit II	456,032	522,346
Net change in provision for risk including allocation to special items	23,528	–40,305
Taxes	–50,432	–48,990
Payments for participation certificates capital	–243,714	–243,714
Net income	185,414	189,337

The change in net interest income (–€ 33 million) is largely due to decreased revenues from loan commissions with the character of interest (–€ 19 million) resulting from the expiry of an intra-group guarantee and the one-time impact from a structured transaction executed in 2013 (–€ 15 million) which was not repeated in this form in 2014. The interest components of the CPSG fair value portfolio, at € 73 million, were up slightly on the previous year (€ 70 million) and thus did not have a material impact on the change in net interest income.

This also applies to net interest income from ”day-to-day business“. The results of the interest-rate sensitive divisions CB&S - Global Liquidity Management and Global Transaction Banking as well as returns on capital declined again in 2014. However, the very moderate aggregate decline (–€ 7 million) compared to 2013 (–€ 75 million) allows the conclusion to be drawn that interest rates probably bottomed out in 2014. This negative development was offset by higher net interest income from lending in Wealth Management.

The negative net commission income figure (–€ 27 million versus +€ 1 million in 2013) is due to higher costs for collateralized loan obligations (CLO) (€ 136 million, previous year: € 73 million). The increase is the result of positive one-off effects from releases of CLOs in the previous year and higher costs incurred in 2014 in setting up new CLO agreements. There were no material backpayments for 2013.
Extraordinary income of € 52 million (compared to € 12 million in 2013) received in connection with large syndications had a positive impact.

“Other income” includes € 148 million (2013: € 174 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 rose by € 7 million. Direct administrative expenses (– € 2 million rental costs) in particular declined in 2014 due to the continuation of the restructuring project ”Lion“ launched in 2013. This positive development, however, was more than offset by higher amounts owed to other units within the Group (+€ 10 million).

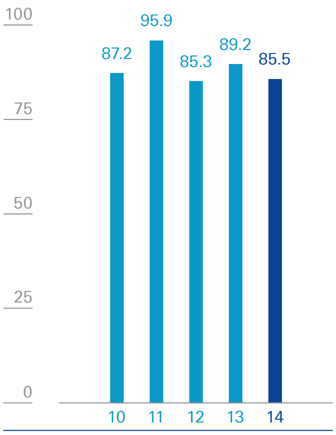
The decline in “other operating charges” results from restructuring costs of € 6 million paid in 2013.

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 € 49 million (2013: release of € 101 million).

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

It will be proposed to the Ordinary General Meeting that a dividend totalling € 74 million be paid and the remaining profit of € 111 million be allocated to “other reserves”.

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



Balance Sheet

At € 85.5 billion, total assets were below the level of the previous year (€ 89.2 billion). The net exchange rate fluctuations had a positive impact on the development of total assets, resulting in a change of +€ 1.1 billion (€ 1.0 billion of which relates to the fluctuations of the US dollar).

Loans and advances to credit institutions (including balances with central banks), totalling € 70.2 billion, were 6.1% lower than in 2013, due largely to the lower volume of investments and loans within the Group (–€ 5.0 billion).

At € 48.0 billion, the entire credit volume (loans extended, confirmed credits and contingent liabilities) covered by GTO Loan Operations was below the level of the previous year (€ 57.0 billion). The decline is attributable to the expiry of an intra-group credit guarantee in the amount of € 10.6 billion (as at the end of 2013). Advances to customers increased versus 2013 (€ 12.7 billion) by € 1.1 billion to € 13.8 billion. This was primarily the result of a cross-divisional rise in financing with external counterparties (Structured Finance +€ 0.4 billion, Wealth Management +€ 0.2 billion, CPSG +€ 0.7 billion).

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 decreased by € 5.3 billion to € 61.7 billion, mainly due to lower deposits from Group companies (–€ 3.6 billion) and external Swiss banks (–€ 3.0 billion). Amounts owed to customers grew (+13.7%) 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 decreased from € 7.2 billion to € 4.6 billion, primarily as a result of the application of the CRD IV rules. Further details are explained in the Risk Report (Section D, Regulatory risk position).
The EU solvency ratio according to CRD IV was 12.1% as at the balance sheet date (compared to 16.7% in 2013). On December 31, 2014, the Tier I capital ratio stood at 10.6% (compared to 10.8% in 2013).

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.

These 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 Supervisory Board and the Management Board. This takes place at the regular meetings of the Supervisory Board and of the Management Board. The Supervisory Board established an Audit Committee and a Risk Committee in 2014 to support it in its work, thus implementing a recommendation from Circular 12/552 to engage the support of additional experts. Following the head office restructuring, the Management Board has authority for local credit approvals.

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 regulatory 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 discussed and approved as part of the internal capital adequacy assessment process (ICAAP).

Outlook for 2015

We believe that interest rates bottomed out in 2014 and will, if at all, increase slightly in 2015. Regardless of this, there is evidence of strong client demand for financing, which, in our opinion, will continue in 2015 and have a positive impact on revenues. This should largely offset the negative impact of a special transaction that matured in 2014.

On the cost side, we anticipate further cost savings in 2015 from restructuring measures which were largely completed in 2014. Expenditure for implementing the new regulatory requirements will increase once again in 2015.

In light of the continued strength of our credit portfolio and our close monitoring of credit risk, necessary risk provisioning should remain at the relatively low level of previous years.

In connection with its capital planning, the bank will, in particular with respect to its solvency ratio, develop instruments to replace the participation certificates classified as Tier II capital which mature in 2015 and 2016. As regards the liquidity coverage ratios and net stable funding ratios, which must be met starting in the fourth quarter of 2015, the bank continues to favour a waiver solution at the Deutsche Bank AG level. Given the uncertainty as to whether the waiver will be approved by regulators in due time, alternative solutions will be developed in parallel.

Despite the challenges of the year ahead, we assume that we will achieve a good result again in 2015. The development of business to date confirms our assessment.

Luxembourg, March 16, 2015

The Management Board

Balance Sheet
as at December 31, 2014

Assets

in T €	[Notes]	Dec 31, 2014	Dec 31, 2013
Cash in hand, balances with central banks and post office banks	[B2]	413,595	49,200
Loans and advances to credit institutions	[B1, 2, 6]	69,828,957	74,750,542
repayable on demand		221,915	150,280
other loans and advances		69,607,042	74,600,262
Loans and advances to customers	[B1, 2, 6]	13,833,275	12,668,017
Debt securities and other fixed-income securities	[B1, 2, 3]	221,710	494,588
of public issuers		17,992	19,450
of other issuers	[B5, 6]	203,718	475,138
Shares and other variable-yield securities	[B2, 3]	15,259	9,468
Participating interests	[B4, 5]	640,877	639,968
Shares in affiliated undertakings	[B4, 5]	6,951	6,434
Tangible assets	[B5]	3,810	3,778
Other assets	[B8]	320,489	400,386
Prepayments and accrued income		252,566	222,469
Total assets		85,537,489	89,244,850

Liabilities

in T €	[Notes]	Dec 31, 2014	Dec 31, 2013
Amounts owed to credit institutions	[B1, 2, 14]	61,712,258	67,011,274
– repayable on demand		2,526,980	1,277,985
– with agreed maturity dates or periods of notice		59,185,278	65,733,289
Amounts owed to customers	[B1, 2, 14]	15,071,912	13,250,858
other debts		15,071,912	13,250,858
– repayable on demand		1,712,126	2,526,366
– with agreed maturity dates or periods of notice		13,359,786	10,724,492
Debts evidenced by certificates	[B1, 9]	30,229	329,689
debt securities in issue		30,182	29,615
other debts		47	300,074
Other liabilities	[B8]	172,354	251,649
Accruals and deferred income		609,920	533,084
Provisions for liabilities and charges		413,960	451,854
reserves for pensions and similar obligations		1,256	1,383
provisions for taxation		136,522	111,687
other provisions		276,182	338,784
Subordinated liabilities	[B1, 10]	2,350,000	2,350,000
Special items with a reserve quota portion	[B11]	126,847	126,847
Subscribed capital	[B12]	3,959,500	3,959,500
Share premium account		55,600	55,600
Reserves	[B13]	849,495	735,158
Net income		185,414	189,337
Interim dividend		0	0
Total liabilities		85,537,489	89,244,850

Off-balance sheet items

Contingent liabilities	[B2, 16]	14,366,430	25,486,933
of which:			
guarantees and assets pledged as collateral security		14,366,430	25,486,933
Confirmed credits	[B2, 17]	27,505,586	24,526,588
Fiduciary operations	[B2]	4,929,162	6,478,338

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, 2014

Profit and Loss Account

in T €	[Notes]	Jan 1 – Dec 31, 2014	Jan 1 – Dec 31, 2013
Interest receivable and similar income		759,003	849,719
of which:			
from fixed-income securities		10,430	13,289
Interest payable and similar charges	[B10]	426,988	484,764
Income from transferable securities		71,145	54,767
from shares		3	282
from participating interests		66,025	49,366
from shares in affiliated undertakings		5,117	5,119
Commissions receivable		159,358	121,396
Commissions payable		186,433	120,319
Net profit on financial operations		11,485	6,120
Other operating income	[C2]	155,842	180,789
General administrative expenses		84,610	77,434
Staff costs		32,935	32,181
of which:			
wages and salaries		27,079	26,549
social security costs		5,111	4,983
of which: pensions		1,970	1,914
Other administrative expenses		51,675	45,253
Depreciation of and value adjustments to intangible and tangible assets		574	537
Other operating charges	[C3]	2,196	7,391
Depreciation of and value adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments*		–23,528	40,305
Value adjustments in respect of securities held as financial fixed assets, participating interests and shares in affiliated undertakings*		0	–92,978
Addition to special items with a reserve quota portion		0	92,978
Taxes on profit on ordinary activities		49,545	48,507
Profit on ordinary activities after taxes and before payments for participation certificates capital		430,015	433,534
Other taxes not shown under the preceding items		887	483
Payments for participation certificates capital	[B10]	243,714	243,714
Net income		185,414	189,337

* 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 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 cooperation 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.

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.

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 already 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, Magalhaes S.A. in 2013 and VCJ Lease S.à r.l. in 2014. Deutsche Bank Luxembourg holds 95% in each of these companies. No tax allocation agreement in the strict sense 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, 2014.

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	58,522	4,278	5,664	1,143	69,607
Loans and advances at term to customers	2,343	2,067	4,825	4,499	13,734
Debt securities and other fixed-income securities	0	18	8	196	222
Total	60,865	6,363	10,497	5,838	83,563

For comparison Dec 31, 2013:

Total	62,859	10,930	8,662	5,271	87,722

In addition to loans and advances at term to customers, loans and advances repayable on demand are also reported in the amount of € 99 million (Dec 31, 2013: € 41 million).

Amounts 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	54,049	1,408	3,251	477	59,185
Amounts owed at term to customers	8,334	1,471	0	3,555	13,360
Debts evidenced by certificates	0	24	6	0	30
Subordinated liabilities	0	1,500	850	0	2,350
Total	62,383	4,403	4,107	4,032	74,925

For comparison Dec 31, 2013:

Total	63,970	7,542	3,868	3,758	79,138

Of the loans and advances at term to credit institutions and customers, € 53 million (Dec 31, 2013: € 88 million) are subordinated.

Of the loans and advances at term to customers, loans and advances in a nominal volume of € 197 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, 2014.

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	414	0	0	0	0	0	414
therein: balances with central banks	409	0	0	0	0	0	409
Loans and advances to credit institutions	68,777	459	27	0	20	546	69,829
Loans and advances to customers	10,415	897	391	99	1,493	538	13,833
Debt securities and other fixed-income securities	222	0	0	0	0	0	222
Shares and other variable-yield securities	15	0	0	0	0	0	15
Total	79,843	1,356	418	99	1,513	1,084	84,313

For comparison Dec 31, 2013:

Total	83,545	1,281	183	103	1,401	1,459	87,972

Amounts owed							
Amounts owed to credit institutions	53,673	4,028	0	192	3,812	7	61,712
Amounts owed to customers	13,864	770	157	61	91	129	15,072
Total	67,537	4,798	157	253	3,903	136	76,784

For comparison Dec 31, 2013:

Total	70,155	5,892	111	264	3,747	93	80,262

Off-balance sheet items							
Contingent liabilities	10,717	835	91	83	1,422	1,218	14,366
Commitments	23,068	2,530	544	34	1,117	213	27,506
Fiduciary operations	4,927	2	0	0	0	0	4,929
Total	38,712	3,367	635	117	2,539	1,431	46,801

For comparison Dec 31, 2013:

Total	50,473	3,031	528	109	1,197	1,154	56,492

Financial transactions

in € m.	European Union	Rest of Europe	North America	South America	Asia	Other countries	Total
Interest rate transactions	4,065	0	0	0	0	0	4,065
Foreign exchange / gold transactions	1,151	55	0	0	22	3	1,231
Equity transactions	381	0	0	0	0	0	381
Credit derivatives*	5,530	0	0	0	53	0	5,583
Total	11,127	55	0	0	75	3	11,260

For comparison Dec 31, 2013:

Total	15,696	95	0	1	82	31	15,905

* of which a nominal amount of € 2,390 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)	204	18	222
Shares and other variable-yield securities (held for liquidity purposes)	15	0	15

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

The total amount of securities pledged is € 18 million (nominal volume); all of these 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%	5.2	–3.3
Aqueduct Capital S.à r.l.	Luxembourg	100%	11.1	–0.5
DB Apex (Luxembourg) S.à r.l.	Luxembourg	100%	21.6	29.0
Deutsche Haussmann S.à r.l.	Luxembourg	100%	–71.0	0.0
Willem S.A.	Luxembourg	95%	0.1	0.0
Cabarez S.A.	Luxembourg	95%	0.2	0.1
Magalhaes S.A.	Luxembourg	95%	0.0	0.0
VCJ Lease S.à r.l.	Luxembourg	95%	0.0	0.0
Deutsche Credit Investment S.à r.l.	Luxembourg	100%	0.4	0.0
DWS Investment S.A.	Luxembourg	50%	231.5	98.2
DB Vita S.A.	Luxembourg	25%	18.2	2.2

* 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 financial year
Securities	0	0	0	0	0	0	0
Participating interests	664,763	20	0	0	664,783	23,906	640,877
Shares in affiliated undertakings	6,434	500	0	17	6,951	0	6,951
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	16,139	786	44	53	16,934	13,124	3,810
of which:							
office furniture and equipment	16,139	786	44	53	16,934	13,124	3,810
Total fixed assets	713,869	1,306	44	70	715,201	63,563	651,638

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

in € m.	Affiliated undertakings Dec 31, 2014	Participating interests Dec 31, 2014	Affiliated undertakings Dec 31, 2013	Participating interests Dec 31, 2013
Loans and advances to credit institutions	69,650	0	74,586	0
Loans and advances to customers	1,260	38	1,338	44
Debt securities and other fixed-income securities	204	0	495	0

[7] Assets denominated in foreign currencies

Assets denominated in foreign currencies amount in total to the equivalent of € 10,979 million as at balance sheet date.

[8] Other assets / Other liabilities

The “Other assets” include amounts totalling € 69 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 € 217 million.
Social security contributions and other payment obligations are reported under “Other liabilities”. Individual positions to be reported are internal liabilities within the Group in the amount of € 161 million, € 69 million of which is attributable to the CPSG fair value portfolio.

[9] Debts evidenced by certificates

Following the early termination of an intra-group transaction in 2014 (warrants with a reported value of € 300 million as of December 31, 2013), “Debts evidenced by certificates” include the following significant positions:
- 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 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 2014 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 and the reactivation in 2013 of tax-exempt gains from the sales of Cedel International S.A., the custodian banking business and the bank building, totalling € 93.0 million.

[12] Subscribed capital

As at balance sheet date, the bank's subscribed and fully paid-up capital is € 3,959.5 million, divided into 15,838,000 shares.

[13] Movements in reserves and profit brought forward

in € m.	Legal reserve	Other reserves	Profit brought forward	Net income
As at January 1, 2014	347	388	0	0
Changes in legal reserve / other reserves	0	0	0	0
Net income for the 2013 financial year	0	0	0	189
Appropriation				
– Retention	49	114	0	163
– Dividend	0	49	0	26
As at December 31, 2014	396	453	0	0

The bank fulfilled the requirement of the Luxembourg law on commercial companies to form a legal reserve of 10% of subscribed capital (€ 396 million). The legal reserve may not be distributed.

The item "other reserves" includes an appropriation of € 400 million for the imputation of wealth tax in accordance with Article 8 (a) of the Luxembourg wealth tax law.

[14] Amounts owed to affiliated undertakings and participating interests

in € m.	Affiliated undertakings Dec 31, 2014	Participating interests Dec 31, 2014	Affiliated undertakings Dec 31, 2013	Participating interests Dec 31, 2013
Amounts owed to credit institutions	59,652	0	63,230	0
Amounts owed to customers	6,202	1	7,733	1
Debts evidenced by certificates	0	0	0	0
Other liabilities	177	0	194	0

[15] Liabilities in foreign currencies

The total amount of liabilities denominated in foreign currencies as at balance sheet date is the equivalent of € 11,131 million.

[16] Contingent liabilities

Contingent liabilities consist of:

in € m.	Dec 31, 2014	Of which: to affiliated undertakings
Guarantees and other direct substitutes for credit	14,366	13,872
of which:		
Credit derivatives	2,390	2,390
Acceptances	0	0
Total	14,366	13,872

[17] Commitments

Commitments consist of:

in € m.	Dec 31, 2014	Of which: to affiliated undertakings
Confirmed credits, not utilized	27,284	2,596
Other commitments (for example, facilities for the issuance of debt instruments, etc.)	222	1
Total	27,506	2,597

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€	2014	2013
Income from commercial representation services	2,700	2,700
Rental income	1,321	1,705
AGDL refund*	61	30
Income from CPSG fair value portfolio	147,990	173,620
Recoveries	2,174	937
Release of provisions	1,280	274
Sundry income	316	1,523
Total	155,842	180,789

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

The release of provisions results entirely from no longer required restructuring costs for which a provision was recognized in 2013.

[3] Other operating charges

This position is made up as follows:

in T €	2014	2013
Amortization of issuance costs		
Global Depositary Receipts (GDR)	1,934	–
Addition to provisions for restructuring costs		
in connection with social plan	–	5,670
Addition to provisions for AGDL	–	1,632
Addition to other provisions	–	35
Sundry expenses	262	54
Total	2,196	7,391

In light of lower deposit and investment volumes in Wealth Management, there is no need to increase the AGDL provision in 2014.

[4] Auditor's fees

Fees billed to the Company by KPMG Luxembourg, Société coopérative 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)	2014	2013
Audit fees	550	524
Audit-related fees	147	113
Tax fees	192	306
Other fees	25	5

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, procedural 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 is continuously monitored.
- Risk taken needs to be adequately compensated.
- 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 based on the three lines of defence approach 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 defined risks exists 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 the associated 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 the Finance and Internal Audit functions. These units are independent of the Group divisions. 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 addition to the existing Credit Risk Management (CRM) department, a risk control function was established which helps the Chief Risk Officer (CRO) to aggregate the types of risk arising from the business model of Deutsche Bank Luxembourg into an overall risk profile, regularly monitors whether risks are within the defined risk appetite and reports to both the Management Board and the Supervisory Board.

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 overall risk position. The measurement and management of credit risk are based on the following principles at Deutsche Bank Group:

- The key principle of credit risk management is quantitative and qualitative client due diligence, taking into account, among other things, 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 or material change to 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) Deutsche Bank Luxembourg S.A. – Key Tasks and Operating Procedures. This policy was issued at the end of 2013. The policy was revised in 2014 and approved by the Supervisory Board on December 17.

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. Loans and loan inquiries exceeding 10% of Deutsche Bank Luxembourg's regulatory capital require the approval of the Supervisory Board. Management also informs the Supervisory Board 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 2014 unchanged 90% (previous year: 90%) of total loans were to investment grade borrowers (rated BBB or above).

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, 2014

in € m.	Loans and advances to credit institutions	Loans and advances to customers	Securities / Participating interests	Contingent liabilities	Confirmed credits	Total
AAA / AA	2	895	18	1,754	3,827	6,496
A	69,699	3,230	226	6,433	10,214	89,802
BBB	94	3,990	0	3,757	10,142	17,983
BB	34	2,330	641	1,502	2,921	7,428
B	0	422	0	118	231	771
CCC	0	2,137	0	1	7	2,145
NR*	0	829	0	801	164	1,794
Total	69,829	13,833	885	14,366	27,506	126,419

* including unrated customers

Structure of credit profile by industry as at December 31, 2014

in € m.	Loans and advances to credit institutions	Loans and advances to customers	Securities / Participating interests	Contingent liabilities	Confirmed credits	Total
Banks and insurance	69,829	2,940	867	3,654	5,035	82,325
Households	0	1,077	0	51	780	1,908
Manufacturing	0	1,382	0	3,319	7,666	12,367
Corporate services	0	2,725	0	1,400	4,684	8,809
Transport and telecommunications	0	184	0	1,094	2,099	3,377
Power and water utilities	0	2,050	0	1,286	678	4,014
Wholesale and retail trade	0	1,121	0	1,358	2,070	4,549
Mining	0	434	0	1,009	1,129	2,572
Public sector	0	3	18	144	139	304
Commercial real estate	0	606	0	497	269	1,372
Construction	0	159	0	226	207	592
Power generation (in particular solar power)	0	772	0	32	893	1,697
Automotive industry	0	179	0	0	1,698	1,877
Hotel / restaurant trade, leisure industry, gaming and gambling industry	0	139	0	1	141	281
Other	0	62	0	295	18	375
Total	69,829	13,833	885	14,366	27,506	126,419

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. The lump-sum provision remains unchanged at € 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 € 13.6 billion as at December 31, 2014 (previous year: € 13.7 billion). 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.

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 CB&S - Global Liquidity Management business division. Other types of material market risk (for example, 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 Operating 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, 2014

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	1,161	1,577	1,327	4,065	65	268	–203
Interest rate swaps	1,161	1,577	1,327	4,065	65	268	–203
Forward rate agreements	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0
Foreign exchange / gold transactions	1,210	21	0	1,231	14	20	–6
Futures contracts with customers	115	10	0	125	4	2	2
Futures contracts with banks	1,093	11	0	1,104	10	18	–8
Cross-currency swaps	0	0	0	0	0	0	0
Options	2	0	0	2	0	0	0
Equity transactions	375	6	0	381	0	0	0
Futures contracts	0	0	0	0	0	0	0
Swaps	25	6	0	31	0	0	0
Options	350	0	0	350	0	0	0
Credit derivatives*	1,752	3,567	264	5,583	640	656	–16
Other transactions	0	0	0	0	0	0	0
Total	4,498	5,171	1,591	11,260	719	944	–225

* of which a nominal amount of € 2,390 million is reported under contingent liabilities.

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.

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 2014 the regulatory value-at-risk from interest rate and currency risks in the non-trading book was € 0.1 million. The average value for 2014 was also € 0.1 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 CB&S - Global Liquidity Management 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%.

The new liquidity requirements under the Capital Requirements Directive IV (CRD IV) must be met as from 2015. The bank is on track to complete the system-based implementation of the significantly enhanced reports.

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 CB&S 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. It should be taken into account that the figures for 2014 were calculated according to CRD IV whereas the comparative figures for 2013 reflect the Basel II approach. A separate report will be produced for disclosure information pursuant to section 13 CRR (Capital Requirements Regulation) and, once completed, will be published on the website of Deutsche Bank Luxembourg.

The risk-weighted assets (RWA) are made up as follows:

Composition of risk-weighted assets in accordance with COREP* (CRD IV)

in € m.	Dec 31, 2014	Dec 31, 2013
Central governments and central banks	0	0
Regional governments	10	0
Administration / Non-profit institutions	72	18
Credit institutions	12,695	10,836
Corporates	23,531	21,401
Retail customers	89	7,922
Other assets	547	709
Secured by mortgage charges	690	1,226
Currency transactions	0	0
Operational risks	648	733
Past due items	77	231
Total	38,359	43,076

* Common Solvency Ratio Reporting (COREP)

Regulatory capital and reserves according to CRD IV amount to € 4,631 million (end of 2013: € 7,212 million); the solvency ratio is 12.1% (end of 2013: 16.7%). On the one hand, the decline is attributable to the increase in the value of the participation in Hua Xia, resulting in a higher capital deduction (–€ 0.8 billion). On the other hand, the application of the CRD IV rules means that, because of their maturities in 2015 and 2016, the participation certificates classified as Tier II capital are only recognized in the amount of € 0.6 billion (compared to € –1.8 billion in 2013). The minimum requirement of 10.5% was fulfilled at all times during the financial year.

At 10.6% at the end of 2014 (previous year: 10.8%), the Tier I capital ratio also met the minimum requirements according to CRD IV of 8.5% over the entire reporting period.

In the context of regulations on limiting large exposures, Luxembourg's financial regulator, 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". On the balance sheet date, the provision remained unchanged at T€ 30,909. Depending on the further development of deposits, there could be a release in the following years.

The Management Board confirmed to the Supervisory Board in their meeting on December 17, 2014, that programs have been implemented in the bank´s systems that enable it to create a Single Customer View in line with the requirements defined in CSSF Circular 13/555.

Staff

Number of staff	Dec 31, 2014	Average in 2014
Management Board	3	3.0
Executives	25	25.3
Staff	281	276.0
Total	309	304.3

In 2014, the total remuneration of the Management Board and the executives was T€ 6,592. The addition to pension provisions for members of the Management Board and executives was T€ 740.

The expense for pension obligations for former members of the Management Board was T€ 287.

As at December 31, 2014, loans, advances and other commitments to members of the Management Board and executives totalled T€ 158.

Annual Report 2014 of Deutsche Bank Group

The Annual Report of the Group consists of the Annual Review and the Financial Report.

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Luxembourg, March 16, 2015

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 31 December 2014 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 is 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 about 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 31 December 2014, 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, 16 March 2015

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Pia Schanz

Report of the Supervisory Board

The Supervisory Board reviewed the annual accounts of Deutsche Bank Luxembourg S.A. for the 2014 financial year.

During its meeting on March 27, 2015, the Supervisory Board approved the annual accounts and the Management Report prepared by the Management Board, which are thus established.

The Supervisory Board proposes to the Ordinary General Meeting that the acts of management be ratified. Furthermore, the Supervisory Board proposes to the Ordinary General Meeting, to be held on April 15, 2015, the payment of a dividend of € 74 million and the allocation of the remaining profit of € 111.4 million to ”other reserves“.

Luxembourg, March 27, 2015

Luc Frieden
Chairman of the Supervisory Board

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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.