Deutsche Bank

Remuneration Report 2010

Information and Disclosure on Compensation according to German Regulation
Instituts-Vergütungsverordnung (InstitutsVergV)

Passion to Perform

Compensation Philosophy

In 2010 Deutsche Bank (“the Bank”) further built on the progress and commitments made in 2009 with regard to its compensation arrangements and practices. The compensation regulatory landscape has further evolved rapidly during 2010 culminating in new mandatory regulations and guidance taking effect across Europe (CRD 3 and CEBS). National regulators have subsequently published their own regulations mirroring the European Guidelines. The Bank in this respect has to adhere to the regulation of its home regulator, the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin). The German regulation, the Institutsvergütungs-verordnung (InstitutsVergV), came into effect on October 13, 2010 and is applicable to the Bank´s operations on a global basis.

Compensation reform and alignment with the strategic direction of the Bank´s main business activities is a perennial process at Deutsche Bank. The Bank continually reviews, monitors and updates its compensation arrangements and processes to align with the business objectives (both, on a Group level – as detailed in the Bank´s Management Agenda – or at a Divisional level) and regulatory guidance.

The Bank puts its compensation strategy and decisions into the wider context of the strategic direction for the whole firm and the main business Divisions which also includes acquisition decisions such as ABN AMRO and Sal. Oppenheim. The next challenge ahead for the Bank respectively will be the integration of Postbank. In all these major business activities compensation arrangements and structures are key factors which encompass important elements like franchise protection, retention for key staff or strategic (compensation) investments into new business activities, be it divisionally or regionally (e.g. the Asian market). Another important aspect is the investment in our key talent on a global basis which clearly is supported by the overall compensation structure and allocation. All of this is aligned to the Bank´s Management Agenda which strives to further enhance the performance culture and reduce complexity within the institution.

Consideration of Risk is inherent in the Bank’s compensation philosophy and is monitored on an ongoing basis both by our front office businesses and our control functions. Our control functions are independent and have important roles in our overall compensation design and governance based on the Two-Tier Board model. The Bank maintains a robust governance structure which ensures that the design, implementation and monitoring of incentive compensation arrangements effectively accounts for potential risks and risk outcomes.

The objectives of the Bank’s compensation structures and practices are established at a global level and are based on the following core remuneration principles:

— Align compensation to profitability, risk and capital
— Maximise employee and firm performance
— Attract and retain the best talent
— Calibrate to different Divisions and levels of responsibility
— Simple and transparent compensation design
— Comply with Regulatory requirements

These core principles do also form the integral part of Deutsche Bank´s Global Compensation Policy. The Bank upholds these principles to balance the interests of the employees, management and shareholders and also to motivate employees to continue to act in the best interests of the Bank and perform at their highest potential.

As a result of the continuous review and pro-active steps taken during 2009 and 2010 the Bank is pleased to report that it meets the new regulatory requirements even though the final regulations were only established towards the end of 2010.

Total Compensation

The Bank has placed a strong emphasis on operating and communicating a Total Compensation approach during 2010 and will continue to do so going forward. The Total Compensation approach builds on and supports the rationale behind the “pay mix” review undertaken in early 2010 which addressed the balance between fixed and variable pay for more senior employees. All things being equal, employees affected by this review received smaller variable pay in respect of the 2010 performance year. Consequently, the impact of the pay mix shift was fully accounted for in the 2010 incentive pool determination and allocation to the Business Divisions and Infrastructure areas.

Total Compensation is made up of fixed (salary and any applicable allowances) and variable pay (discretionary bonus awards) and applies on a Group wide basis. It is intended to ensure that employees focus on their Total Compensation, rather than placing greater emphasis on any variable award received.

General Structure of Total Compensation

The Bank is mindful that there is an appropriate relationship between fixed and variable remuneration across all categories and groups of employees and that variable remuneration is only used as a tool to incentivise and reward strong performance.

Individual incentive compensation allocations are generally discretionary and determined in accordance with the Bank’s performance, the applicable Division’s performance and the employee’s performance.

The Bank follows a structured approach to determine the appropriate form of variable compensation for every employee based on the employee’s Total Compensation. After an employee’s variable compensation award is determined, that amount is run through a matrix, in order to determine the split between a discretionary cash incentive and long-term incentive awards. The same matrix is applicable for all employees and reflects the principle that the proportion of the long-term incentive award will increase significantly as the amount of total variable compensation increases.

The 2010 matrix determines that for those employees who received an annual incentive award of € 75,000 or greater for 2010, a portion is delivered in the form of a long-term incentive award under the DB Equity Plan (Restricted Equity Award) and the DB Restricted Incentive Plan (Restricted Incentive Award). The deferred awards are split between these two vehicles with 50% of the award granted as a restricted equity award and 50% as a restricted incentive award (see details for different employee groups below). Deferral rates began at 20% of total variable compensation for awards greater than € 75,000 and increased up to 90% for the highest earning employees.

Incentive compensation thus is aligned with shareholder interest by delivering a significant portion of annual total compensation in deferred equity awards. This alignment of interests between employees and shareholders has been a fundamental part of the Bank’s compensation philosophy for a number of years. Our restricted equity awards allow an employee to directly participate in movements of the Bank´s share price.

The cash portion of an annual discretionary incentive is awarded to an employee in February for their performance in the preceding fiscal year, e.g. incentive compensation for performance in fiscal year 2010 was awarded in February 2011.

In line with regulations, guaranteed variable compensation will only be agreed for a period of one year and solely in the context of hiring new employees. Employees are also expressly prohibited from entering into hedging activities to nullify the risk of subdued or zero variable compensation.

Risk Adjustment Methodology (ex-ante)

The overall pool of variable remuneration for the Group is primarily determined with reference to historic and current year risk-adjusted payout ratios, as recommended by the Senior Executive Compensation Committee (SECC) and finally ratified by the Management Board (ex-ante risk adjustment methodology). Other factors that the SECC considers when making its recommendations regarding the allocation of Divisional incentive compensation pools include the Group’s overall performance, projected compensation and cost income ratios, strategic significance of the business to the Group and market levels of incentive and total compensation.

The mechanism and procedure for calculating Bank-wide variable remuneration is centralised to ensure that sufficient control is maintained over and approval sought for the overall size of the pool. At a Bank-wide level, risk is considered by reviewing risk-adjusted profit and loss statements ("P&Ls"). The Divisional Net Income before Bonus and Tax (NIBBT) is adjusted for an economic capital charge. The economic capital model used captures inputs from the four prime risk areas – credit, market, operational and business risk. These risks are modeled independently and in consideration of the different components that constitute each risk area.

The calculation of economic capital is done via a bottoms-up approach, employing loss distribution approaches implemented within customised portfolio models. The resulting Group level economic capital is then allocated down to appropriate granular levels (i.e. transaction level for credit risk, desk level for market risk) in a coherent way. Cost of economic capital can therefore be charged out to each business unit's P&L. Economic capital charges are reported on a monthly basis by Finance. This model was developed within our Risk function and is our primary method of calculating the degree of future potential risk to which the Bank may be exposed. Our economic capital model is subject to ongoing validation.

As a result of the above methodology, as the risk profile of the organisation increases, the economic capital charge also increases, thereby reducing Bank-wide economic profitability and, by extension, the amount of variable compensation awarded. The 2010 risk-adjusted NIBBT for compensation purposes was over 25% lower than the Reported NIBBT once the economic capital charge had been applied. The Bank believes that the utilisation of risk-adjusted P&Ls is an extremely effective and robust ex-ante adjustment methodology and serves as a deterrent for taking substantial risk because this model correlates incentive compensation payouts to the amount of risk taken.

Compensation Structures and Identification of Regulated Employees according to InstitutsVergV regulation

In accordance with the InstitutsVergV regulation the Bank has identified a number of employees whose work is deemed to have a major influence on the Bank's overall risk profile (hereafter referred to as "Regulated Employees").

Regulated Employees have been identified based on a comprehensive methodology incorporating both quantitative metrics and qualitative risk analysis. The allocation of economic capital to individual business units was used to identify the business Divisions with more concentrated risk taker populations. Using this data, qualitative analysis of key employee populations was undertaken to identify individuals with high Value at Risk (VaR) and economic capital usage. These individuals were added to the results of the qualitative analysis undertaken to identify other key decision makers in the business.

Regulated Employees are subject to the same tax-table matrix as the general employee population in order to determine the percentage of their incentive award that is deferred. The percentage rates in the matrix are sufficiently high to ensure that all Regulated Employees are subject to at least 40% deferral of their variable compensation.

The rate of deferral increases significantly beyond 40% ensuring that variable compensation for all senior management and the highest earning Regulated Employees is deferred at a rate of 60% and higher. Per the InstitutsVergV some deferral levels are set to a higher level in order to meet the requirements even if the calculated level of deferred awards as per the applicable matrix would be lower.

Equity-based compensation elements for Regulated Employees

In accordance with Section 5 InstitutsVergV all Regulated Employees receive 50% of their variable remuneration in the form of equity. The part received as Deferred Equity is deferred over a minimum period of three years during which time clawback provisions apply. Upon vesting, a further ‘Retention Period’ will apply (a minimum of six months in duration) before employees are permitted to sell the shares.

The remaining equity awarded forms half of the upfront discretionary award to Regulated Employees. This equity will also be subject to a Retention Period meaning that the shares cannot be sold for a minimum of 6 months.

As one result of the equity being awarded equally as part of the upfront and deferred awards, Regulated Employees received a maximum of 30% of their total variable compensation in the form of an upfront cash bonus without restrictions. In practice, due to the deferral matrix applied, the vast majority of Regulated Employees had much greater than 40% of their total award deferred and will therefore have upfront cash payments representing less than 30% of their overall award.

Malus and clawback Provisions for Regulated Employees (ex-post risk adjustment)

The Bank has included and utilised clawback provisions for deferred compensation for a number of years. The 2010 awards to Regulated Employees include the following clawback provisions which are fully aligned to the regulatory requirements:

— Group-Clawback.

This clawback utilises Group NIBT (Net Income Before Income Taxes) as a performance condition for vesting in the full value of the Restricted Equity Award granted in 2011. The performance condition is met only if Group NIBT is not negative. If Group NIBT is negative for a year during the three year vesting period 100% of the respective tranche due to vest will be forfeited.

— Divisional Clawback

This clawback utilises Divisional NIBT as a performance condition for vesting in the full value of the Restricted Incentive Award granted in 2011. The performance condition is met for individual employees only if their respective Divisional NIBT is not negative. If NIBT is negative for a Division during a year of the three year vesting period 100% of the respective tranche due to vest will be forfeited for all employees in the applicable Division.

For any Regulated Employees working in non-Business Divisions Group NIBT will be used as a replacement for Divisional NIBT.

— Policy/regulatory breach clawback

All of the Bank's long-term compensation plans contain a behavioral clawback, which includes provisions providing for the forfeiture of all unvested and unpaid compensation if an employee is terminated for misconduct, including but not limited to, dishonesty, fraud, misrepresentation or breach of trust. An award may be clawed back for a policy or procedure breach or breach of any applicable laws or regulations imposed other than by the Bank.

— Performance forfeiture clawback

This clawback puts an employee's deferred Restricted Incentive Awards at risk into the future and allows the Bank to determine whether adjustments may be necessary based on actual outcomes. Up to 100% of an employee's unvested outstanding awards can be clawed back in the event that the Bank discovers that the original award value was inappropriate because a performance measure is later deemed to be materially inaccurate or if a deal, trade or transaction considered to be attributable to the employee has a significant adverse effect on a DB Company, Division or the DB Group.

Irrespective of the specific provisions described above the applicable Plan Rules define additional (automatic) forfeiture of outstanding awards[1] in the event of:

— voluntary termination of employment
— termination for cause
— solicitation of customers, clients or DB Group employees
— disclosure or usage of proprietary information
— provision of services to other companies similar to the ones provided as a DB employee following retirement, career retirement or public service retirement.

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1 List of additional forfeiture provisions is not exhaustive and only descriptive; the specific Plan Rules prevail.

Compensation Structures for all other staff (Non-regulated employees)

Although not required by the regulations the Bank upholds the principles and the long-standing tradition of deferring parts of incentive compensation for all other staff who meet the variable compensation threshold outlined above. The instruments used are the same as for Regulated Employees (with the exception of Equity Upfront Awards) to stress the alignment of employee compensation, the firm´s strategy and business objectives and the shareholder interests.

The application of one single deferral matrix globally ensures that all employees experience the same level of deferred awards and vesting time horizons as the Regulated Employees. Also the policy/regulatory clawback provision is applied to this group of employees to demonstrate that the Bank is not tolerating misconduct of employees, irrespective of their level and responsibility in the organisation.

Also for Non-Regulated Staff the additional (automatic) forfeiture of outstanding awards[2] may occur in the event of:

— voluntary termination of employment
— termination for cause
— solicitation of customers, clients or DB Group employees
— disclosure or usage of proprietary information
— provision of services to other companies similar to the ones provided as a DB employee following retirement, career retirement or public service retirement..

Composition and Responsibilities of the Compensation Committees

In accordance with the German Stock Corporation Act, Deutsche Bank has a Two-Tier Board Structure made up of the Supervisory Board[3] , which is an independent control body, and the Management Board. The members of the Management Board are the executive officers of the Bank. The Management Board is responsible for managing the Bank, representing the Bank in dealings with third parties, approving Bank compensation structures and ratifying compensation spend and allocations.

The Bank has a global Reward Governance Structure, which monitors the Bank's compliance with the regulatory requirements established by the BaFin as our home regulator and the other main regulators in financial centers around the globe.

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[2] List of additional forfeiture provisions is not exhaustive and only descriptive; the specific Plan Rules prevail.

[3] With regard to senior executive compensation, the principles of the compensation of Supervisory Board members are set forth in the Bank's Articles of Association, which our shareholders amend from time to time at their Annual General Meetings. The Supervisory Board regularly reviews and approves the compensation arrangements, including the main contract elements, for all members of the Management Board. The Chairman's Committee of the Supervisory Board determines the design and size of incentive compensation awards for the members of the Management Board. Independent advisors support the Supervisory Board upon request by the Chairman.

Within this Governance Structure is a Senior Executive Compensation Committee ("SECC"). The main responsibilities of the SECC include establishing quantitative and qualitative factors to assess performance as a basis for compensation related decisions, making appropriate recommendations to the Management Board regarding the annual bonus pool and its allocation across business Divisions, and ensuring that Divisional pool owners establish a compensation committee and appropriate processes and controls, including the consideration of risk in determining sub-Divisional pools and individual compensation allocations. Another responsibility of the SECC is to establish a corporate governance structure, which it does through its two delegated bodies, the Global Compensation Review Committee ("GCRC") and the Global Compensation Oversight Committee ("GCOC"). Current members of the SECC are: the Group COO, the Group CFO, the Global Head of HR and the Group Head of Finance. Independent external advisors support the SECC in their work during the year.

The GCOC reviews Divisional compensation frameworks and ensures that Divisional frameworks and practices comply with the Bank´s compensation principles and relevant policies. This compliance includes taking into account sound measurements and metrics on: the financial performance of the Bank and the respective Division, the inherent risk profiles based on the different types of risk (i.e. operational, market, liquidity, reputational, regulatory and credit risk) and adherence to Compliance policies. A summary of the GCOC's findings and recommendations is provided to the SECC.

The GCRC's main responsibilities include operating an effective framework of compensation components and policies, approving new plans and changes to existing plans and reviewing the Bank's current and future liabilities related to compensation plans, in particular with regards to equity or equity-based components.

In addition all divisions have established a Divisional Compensation Committee ("DCC"). The DCCs are responsible for developing and defining a Division-specific compensation framework and operating principles in line with Bank practices and standards and for establishing Division-specific compensation processes which comply with these frameworks, which are embedded in the year end processes on a global basis. DCCs consider a variety of performance measures in the determination of incentive compensation allocations.

In line with the InstitutsVergV and based on the global reach, the size, the scope and complexity as well as the overall risk profile of the Bank the above Reward Governance structure is applied on the Group and Divisional level. This means that legal entities are governed by the respective Group and Divisional compensation frameworks on a global basis and that they were not required to establish separate remuneration committees on a legal entity level. This ensures transparent and full oversight, control and consistency on all compensation-related items and plans at a cross-Divisional and cross-regional level. The Bank's governance structure is aligned with the regulatory guidelines.

Compensation Disclosure[4]

The Total Group 2010 Compensation & Benefits (C&B) expense increased from € 11.3 billion in 2009 to € 12.7 billion in 2010 (up 12.0 %). This increase was primarily driven by the increase of amortisation costs for prior year deferred awards, the increase in salaries as a result of staff increases and the impact of the pay mix shift.

Compensation Disclosure pursuant Section 7 InstitutsVergV:

The Group 2010 incentive awards (which exclude charges to prior year deferrals but include current year awards vesting in the future) were € 4.3 billion in total. With regards to the underlying award structures we refer to the detailed descriptions provided in this Report. The Group-wide Deferral ratio is 49%.

Table on Section 7 InstitutsVergV Disclosure

				2010
in € m.	**CIB**	**PCAM**	**Other**	**Group Total**
Total Remuneration	6,780.8	3,179.3	222.7	10,182.8
thereof Fixed Remuneration	3,257.3	2,578.2	78.5	5,914.0
thereof Variable Remuneration	3,523.5	601.1	144.2	4,268.8
# of employees	38,883	41,864	955	81,702

The above numbers include the allocation of infrastructure related remuneration and FTEs according to our established cost allocation key.

[4] All numbers in the Disclosure Section of this Report include the Management Board and GEC. More detailed information on the remuneration for the Management Board can be found in the 2010 Financial Report. Postbank effects or numbers are generally not included in this section.

Compensation Disclosure pursuant Section 8 InstitutsVergV for Regulated Employees

Pursuant to the regulation the Bank has developed a structured approach to identify the so called Regulated Employees which is described in more detail in the Section Compensation Structures and Identification of Regulated Employees according to InstitutsVergV regulation of this Report. Based on this approach the number of Regulated Employees for the 2010 financial year in all Divisions globally was 168. The disclosure comprises the Members of the Management Board and the GEC as well as the Executive Members[5] of selected DB Group entities which have been identified as "significant institutions" per Section 1 InstitutsVergV. The details of the Compensation structure for these Regulated Employees are compiled in the table below[6].

Table on Section 8 InstitutsVergV Disclosure

					2010
in € m.	**CIB**	**PCAM**	**Geschäftsleiter (Significant Institutions)**	**Other**	**Group Total**
Total Remuneration	536.2	8.9	18.2	92.4	655.7
# of employees	129	4	16	19	168
thereof Fixed Remuneration	41.7	1.4	5.8	14.3	63.3
thereof Variable Remuneration	494.5	7.4	12.3	78.2	592.4
Sign On payments	10.2	0	0	0	10.2
# of beneficiaries	2	0	0	0	2
Variable Remuneration					
thereof Deferred Awards	410.6	5.3	8.0	60.7	484.7
thereof Upfront Awards	83.9	2.1	4.3	17.5	107.7
Awards subject to clawback	452.6	6.4	10.2	69.4	538.5
Awards subject to sustained performance metrics	410.6	5.3	8.0	60.7	484.7

The above numbers include the allocation of infrastructure related remuneration and FTEs according to our established cost allocation key.

All of the Deferred Awards as disclosed above are subject to the Banks future performance and are either based on Group or Divisional risk-adjusted NIBT performance metrics depending on the instrument used. Although deemed vested at grant date the so called Equity Upfront Awards may also be subject to forfeiture in case of a termination of employment for cause during the applicable retention periods. For the population concerned, 82% of the variable compensation is deferred and subject to future performance and clawback which is compliant with the regulatory requirements in the InstitutsVergV.

Frankfurt, March 2011

Deutsche Bank AG

5 All selected DB Group entities and hence the respective Geschäftsleiter of these entities are part of the PCAM business.

6 The disclosure does not show any significant contractual termination compensation as no such compensation was provided to a Regulated Employee during 2010.

2011

April 28, 2011
Interim Report as of March 31, 2011

May 26, 2011
Annual General Meeting in the Festhalle
Frankfurt am Main (Exhibition Center)

May 27, 2011
Dividend payment

July 26, 2011
Interim Report as of June 30, 2011

October 25, 2011
Interim Report as of September 30, 2011

2012

February 2, 2012
Preliminary results for the 2011 financial year

March 20, 2012
Annual Report 2011 and Form 20-F

April 26, 2012
Interim Report as of March 31, 2012

May 31, 2012
Annual General Meeting in the Festhalle
Frankfurt am Main (Exhibition Center)

June 1, 2012
Dividend payment

July 31, 2012
Interim Report as of June 30, 2012

October 30, 2012
Interim Report as of September 30, 2012