Deutsche Bank

Annual Report 2017 Switzerland

Contents

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

Management Bodies of the Bank

Board of Directors

Fabrizio Campelli
Chairman

Dr. Rudolf W. Hug*
(until September 2017)
Vice Chairman

Peter A. Fanconi* (from October 2017)
Vice Chairman

Dr. Andreas J. Bär*

Elisabeth Meyerhans Sarasin*

Christina A. Pamberg*

Nikolaus von Tippelskirch

Catherine Stalker (from May 2017)

Audit Committee

Dr. Rudolf W. Hug*
(until September 2017)
Chairman

Peter A. Fanconi* (from October 2017)
Chairman

Dr. Andreas J. Bär*
Vice Chairman

Nikolaus von Tippelskirch

Credit Committee

Fabrizio Campelli
Chairman

Nikolaus von Tippelskirch

Compensation Committee

Fabrizio Campelli
Chairman

Dr. Rudolf W. Hug*
(until September 2017)

Peter A. Fanconi* (from October 2017)

Executive Board

Peter Hinder, CEO

Leonhard Müller, COO

Steve Wainwright, Wealth Management, Markets

Corrado Palmieri, Wealth Management, Global Products & Solutions/Advisory Solutions

Carmen Herbstritt, CFO
(until November 2017)

Stephen Warren, CFO
(from December 2017)

Carsten Kahl, Wealth Management, Markets

Paul Arni, Wealth Managaement, Markets (from September 2017)

Catherine Stalker, Legal & Compliance
(until March 2017)

Markus Reiter, Legal & Compliance
(from April 2017)

Corporate Secretary

Tilo Frenzel

Auditors

KPMG AG, Zurich

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

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

Peter Fanconi (Vice Chairman)
Peter Fanconi joined the Board of Directors as Vice Chairman in October 2017. In this role he also chairs the Audit Committee. Besides, he acts as Chairman of the Supervisory Board of BlueOrchard Finance and the Graubündner Kantonalbank (GKB). He is a member of the Executive Leadership Committee of Brown University, Rhode Island. Peter's previous roles include CEO of BlueOrchard, CEO of Vontobel Private Bank, CEO of Harcourt Investment, Managing Partner at Pricewaterhouse Coopers (PwC) and member of the Board of Liechtenstein Landesbank (LLB). Peter has a Master's degree in law from the University of Zurich and has published a variety of finance books.

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

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

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

Nikolaus von Tippelskirch
Nikolaus von Tippelskirch, based in Frankfurt, joined Deutsche Bank in 1999. As Chief Control Officer for DWS he has functional responsibility for anti-financial crime (AFC), legal, compliance, risk, governance and legal entity management. He has held a number of senior roles at Deutsche Bank, most recently as Global Head of Incident and Investigation Management. Prior to this he was Global Head of Legal Entity Management, and previously Chief Operating Officer for Europe. Nikolaus von Tippelskirch holds a business administration diploma from the University of Passau, Germany.

Catherine Stalker
Catherine Stalker has been a member of the Board of Directors since May 2017. Prior to being elected to the Board, she was Head of Legal & Compliance at Deutsche Bank (Switzerland) Ltd. and Country Head of Legal Switzerland from March 2014. Catherine transferred from Credit Suisse, where she held different legal and compliance roles as well as a corporate development role with Winterthur Insurance. Prior to that, she worked for PricewaterhouseCoopers Ltd, SAirGroup and Grand Metropolitan plc in London. Catherine holds a law degree from the University of Zurich and a Master's degree in law (LL.M) from the UCLA School of Law, Los Angeles.

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

Leonhard Müller, COO
Leonhard Müller has been COO for Wealth Management EMEA, COO for Deutsche Bank (Switzerland) Ltd. and COO for Switzerland since 2014. From 2010 to 2014, he was responsible for the integration of Sal. Oppenheim and was a member of Sal. Oppenheim's Management Board. Before joining the bank in 2010, he was a partner at McKinsey & Company. He holds a law degree from the University of Zurich.

Steve Wainwright, Wealth Management, Markets
Steve Wainwright joined Deutsche Bank in 2001 after eight years at Kleinwort Benson/Dresdner Bank, where he held a number of wealth management positions in London and Zurich. Based in Geneva, he is presently the Head of Wealth Management for the Middle East Africa region, a region and team he has worked in for the last ten years. Steve is an economics graduate and holds an MBA from Warwick Business School.

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

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

Carsten Kahl, Wealth Management, Markets
Carsten Kahl has been Head of Northern & Central Europe and a member of the Management Board since 2010. He is also a Supervisory Board member of Deutsche Bank Luxembourg S.A. and Deutsche Bank (Austria) AG. Carsten joined Deutsche Bank Private Banking in 1988 and has held various positions in Germany, the Americas and Switzerland. He started his career as an investment advisor and developed into a relationship manager. With 20 years' experience in a variety of leadership positions, he has in-depth expertise in client coverage, regional and legal entity management. He has a banking degree and did his apprenticeship with Deutsche Bank.

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

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

Dear Reader,

The financial markets maintained a stable upward trend during the reporting year. This positive progression came with very low volatility, accompanied by restrained client activity. Negative interest rates and growing regulation continued to challenge the banking sector. Against this backdrop, Deutsche Bank (Switzerland) Ltd made considerable progress in transforming its business during the 2017 reporting year and invested in client-facing staff and technology. We have thus created the foundation for long-term growth. We stabilised our business, although the impact of the decline in client business volume and assets in the second half of 2016 did negatively impact the results of the year. However, positive developments in the second half-year give us cause for optimism.

This annual report for 2017 covers the business of Deutsche Bank (Switzerland) Ltd excluding Deutsche Asset Management Schweiz AG. Asset Management in Switzerland was separated from Deutsche Bank (Switzerland) Ltd with effect from 1 January 2017 and the business transferred into Deutsche Asset Management Schweiz AG. This step is part of the Deutsche Bank Group's strategy. Deutsche Asset Management has been an independent corporate division since 2016, while Wealth Management comes under the Private & Commercial Bank (PCB) division and is an important element in Deutsche Bank’s offering.

Business stabilised

The previous year's figures are stated on a pro-forma basis considering the demerger of Deutsche Asset Management Schweiz AG. Gross income for the reporting year was CHF 289.3 million, compared to CHF 312.6[1] million in the previous year. Costs came to CHF 316 million (previous year CHF 305.7[1] million). Deutsche Bank (Switzerland) Ltd achieved a net profit of CHF 19.5 million in 2017 (previous year CHF 4.2[1] million). At the end of 2017, we had CHF 29.2 billion in assets under management against CHF 30.9[2] billion at the end of the previous year. The revenue base also includes credit business with a volume of CHF 4 billion, thereby resulting in a total client business volume of CHF 33.2 billion (previous year: CHF 35.2[2] billion).

This annual result was heavily influenced by extraordinary items. We posted approximately CHF 39 million in one-off project costs and investment to transform and grow our business, leading to a negative operating result of CHF 26.7 million. We also booked extraordinary income from the release of no longer required provisions and earnings resulting from the sale of a part of our investments. Currency and market developments during the reporting year had a positive effect on client business volume (CHF 1.4 billion).

Deutsche Bank (Switzerland) Ltd has a very solid capital base, which is significantly higher than the specified regulatory requirement. The liquidity coverage ratio, which represents cover of short-term liquidity requirements, was also well above the minimum regulatory requirement for 2017.

Transformation and investment for growth

We invested in new advisers and client-facing technology during the reporting year. In addition, we developed our infrastructure, simplified our business model and streamlined our processes, thereby making them more efficient. As a result, we made further progress in the successful implementation of our transformation, which we initiated during the previous year, to grow with our clients in a sustainable and profitable way.

[1] Prior year numbers in foreword are pro-forma restated due to the demerger of Deutsche Asset Management Schweiz AG
[2] Wealth Management only

Market region ‘Switzerland Domestic’

We created the market region ‘Switzerland Domestic’ on 1 September to focus on wealth management clients based in Switzerland. This ties in with our overarching growth plan to drive the development of this important region. Following a thorough review of our strategy and activities in Switzerland, we also decided to grow our business in the international financial centres of Zurich and Geneva, and to close the Lugano office. In this context, we established a new competence centre in Geneva for European wealth management clients booked in Switzerland. German clients registered in Switzerland will still be managed in Zurich.

Modernisation for increased efficiency

At the start of the reporting year, we reorganised our selling process by forming a Sales Management Team and introducing modern client management systems. This is enabling the support teams to work in a more interconnected way, enhance synergies and further optimise and intensify client management.

We implemented the European MiFID II directive during the reporting year (Markets in Financial Instruments Directive) and are fully MIFID II compatible. We also achieved significant progress in optimising and rationalising our processes and systems during the reporting year. As an example, we simplified the account-opening process in Switzerland and removed non-client-related activities from our advisers’ duties.

A digital experience for our clients

Even in the digital era, advisers still remain at the core of the client relationship. Deutsche Bank therefore provides them with high-performance digital tools. We introduced or developed a number of new digital tools in Switzerland during the reporting year. Numerous initiatives have been earmarked for rollout in other regions at a later point.

At the end of 2017, we fully launched our mobile wealth management advisory platform in Switzerland. It optimises advice and strengthens client dialogue by going beyond an immediate analysis of the current portfolio and investment proposal simulations to also calculate the risk and ensure compliance with regulatory requirements.

At the end of February 2017, we introduced a system for analysing the portfolios. This tool allows advisers to analyse their portfolios according to predefined filter criteria. This opens up new possibilities and the opportunity to contact our clients quickly and in a targeted way should market conditions change.

Looking ahead to the future

During the reporting year, we created the conditions for sustainable growth in wealth management as part of our transformation. We aim to build on that in the future. This year our focus is very much on growing client funds as well as our earnings and profitability – without compromising our risk management and controls.

We aim to be the leading international bank for international and Swiss clients with sophisticated needs and to support them in planning, managing and investing their assets, financing their personal and business interests and managing their institutional and business needs. We are also expanding our offering of services and concepts in close cooperation with our experts from Corporate and Investment Banking and Deutsche Asset Management. Our focus is on the (U)HNWI segment from the EMEA region (Europe, Middle East and Africa) as well as Asia and Latin America.

Switzerland is an important market for Deutsche Bank. The country is a leading international wealth management centre and it is well placed to solidify and build on its prominent position through its stability, secure legal system, strong economy and a unique pool of financial experts.

Deutsche Bank (Switzerland) Ltd achieved EDGE certification for gender equality for the second time in 2018. It was one of eight companies to do so. This recertification acknowledges our efforts in the area of gender equality.

Changes to the Bank’s management bodies

Peter A. Fanconi was appointed Vice-Chairman of the Board of Directors in October 2017. He replaces Dr. Rudolf W. Hug, who stepped down in September 2017. Catherine Stalker took up her mandate on the Board of Directors in May 2017, having stepped down from the Executive Board. Markus Reiter has been Head of Legal & Compliance since April 2017 and a member of the Executive Board, while Paul Arni has been a member of the Executive Board and in charge of the in charge of the Switzerland Domestic Market since September 2017. In December, Stephen Warren was appointed CFO and member of the Executive Board, following Carmen Herbstritt’s departure from the Bank.

Thanks

Once again we can look back on an exciting and eventful financial year with numerous success stories. While there have been many challenges, we have established the strategic directions for the future and we are confident that we can use this basis to realise the potential of our Bank.

Our particular thanks go to our clients for their trust in us and to all the Bank’s employees for once again displaying extraordinary dedication during the reporting year.

Geneva, March 2018

Chairman of the Board of Directors
Fabrizio Campelli

Chief Executive Officer
Peter Hinder

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EDGE
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®

Regulatory Information

Disclosure in accordance with FINMA Circular 2016/01

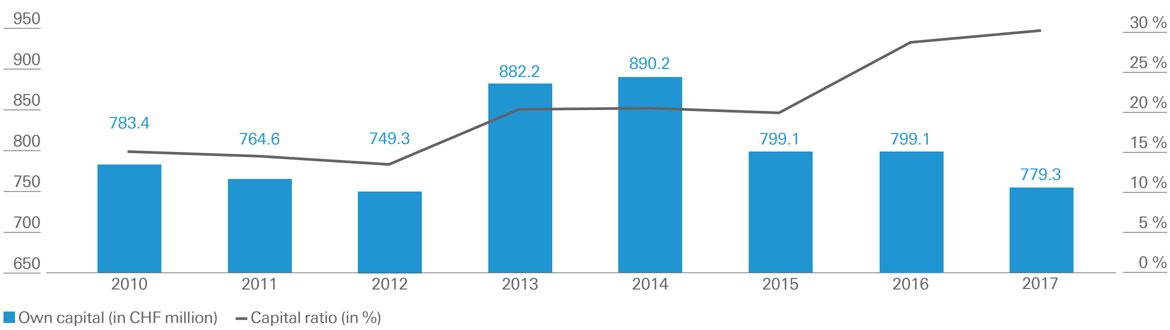
Capital

In accordance with paragraphs 12 and 13 of FINMA Circular 16/01, Deutsche Bank (Switzerland) Ltd as a foreign-controlled bank is partially exempt from the extensive disclosure requirements, provided that comparable disclosures are published at Group level in the foreign country in question. More information on consolidated capital adequacy within the Deutsche Bank Group can be found in the chapter on regulatory capital of Deutsche Bank AG's financial report for 2017.

As at the end of 2017, Deutsche Bank (Switzerland) Ltd had surplus capital of around CHF 577 million after deduction of the minimum required capital compared with CHF 491 million in the previous year. The key figures for publication set out in FINMA Circular 2016/1 can be seen in the table below.

Disclosures in accordance with FINMA Circular 2016/01	2017
Minimum capital requirement (in 000 CHF)	202,204
Eligible capital (in 000 CHF)	779,344
thereof common equity tier one (in 000 CHF)	695,667
thereof tier one capital (in 000 CHF)	695,667
Risk weighted assets (in 000 CHF)	2,527,551
Common equity tier one ratio (hard core capital as % of risk weighted exposure)	27.52%
Tier one ratio (core capital as % of risk weighted exposure)	27.52%
Total capital ratio (as % of risk weighted exposure)	30.83%
Countercyclical capital buffer (CCB, as % of risk weighted exposure)	0.01%
CET1 target (in %) as per Appendix 8 from CAO incl. countercyclical capital buffer	7.41%
T1 target (in %) as per Appendix 8 from CAO incl. countercyclical capital buffer	9.01%
Total capital ratio target (in %) as per Appendix 8 from CAO incl. countercyclical capital buffer	11.21%
Basel III leverage ratio (core capital as % of total exposure)	8.10%
Leverage ratio exposure (in 000 CHF)	8,634,263

Own capital/capital ratio



DBS benefited from a one-off capital injection by its parent company of CHF 250 million in 2013. It was decided in 2015 to return CHF 100 million of this subsidy to the parent company by means of an extraordinary dividend from the capital contribution reserves. In line with the DB Group dividend policy, the Board of Directors and the General Management propose paying out the full 2017 profit of CHF 19,525,000. Deutsche Bank (Switzerland) Ltd's capital base is still comfortable. As of 31.12.2017 the capital ratio is 31% (previous year: 29%).

Liquidity

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

The minimum requirement in accordance with the Liquidity Ordinance Art. 31a was 80% for 2017 and will increase to 90% for 2018. The liquidity coverage ratio, which represents cover of short-term liquidity requirements, increased slightly by 2% compared with the 4th quarter 2016 average (130%). Deutsche Bank (Switzerland) Ltd holds a solid buffer compared with the minimum regulatory requirement.

Short-term liquidity ratio (LCR)	2017
LCR (in %) for the first quarter	138%
High-quality liquid assets (in 000 CHF)	1,210,141
Weighted net cash outflows (in 000 CHF)	880,099
LCR (in %) for the second quarter	193%
High-quality liquid assets (in 000 CHF)	1,186,122
Weighted net cash outflows (in 000 CHF)	615,780
LCR (in %) for the third quarter	152%
High-quality liquid assets (in 000 CHF)	1,270,015
Weighted net cash outflows (in 000 CHF)	836,810
LCR (in %) for the fourth quarter	132%
High-quality liquid assets (in 000 CHF)	1,276,943
Weighted net cash outflows (in 000 CHF)	970,749

Balance Sheet

Assets

CHF 000	31.12.2017	31.12.2016
Liquid assets	1,274,143	1,505,430
Amounts due from banks	2,653,697	2,984,118
Amounts due from customers	2,682,165	2,870,363
Mortgage loans	989,958	1,015,227
Trading portfolio assets	4	25
Positive replacement values of derivative financial instruments	170,425	186,109
Financial investments	160,613	200,560
Accrued income and prepaid expenses	110,216	148,003
Non-consolidated participations	–	–
Tangible fixed assets	52,330	36,358
Intangible assets	562	–
Other assets	73,513	28,880
Total assets	8,167,626	8.975.073
Total subordinated claims	–	–

Liabilities

CHF 000	31.12.2017	31.12.2016
Amounts due to banks	3,695,073	4,088,343
Amounts due in respect of customer deposits	3,239,940	3,618,692
Negative replacement values of derivative financial instruments	169,173	184,764
Accrued expenses and deferred income	174,383	174,895
Other liabilities	46,299	61,475
Provisions	127,566	133,345
Reserves for general banking risks	14,000	14,000
Bank's capital	100,000	100,000
Capital reserve	168,158	180,158
thereof: reserve from capital contribution reserves	168,158	180,158
Legal reserve	47,171	47,171
Retained earnings reserve	366,338	366,338
Loss carried forward	–	–
Current profit	19,525	5,892
Total liabilities	8,167,626	8,975,073
Total subordinated liabilities	–	–

Off-balance sheet transactions

CHF 000	31.12.2017	31.12.2016
Contingent liabilities	290,960	437,436
Irrevocable commitments	37,145	27,964
Obligations to pay up shares and make further contributions	26,565	37,180

Income Statement

CHF 000	2017	2016
Result from interest operations		
Interest and discount income	98,605	103,778
Interest and dividend income from trading portfolios	–133	–151
Interest and dividend income from financial investments	948	1,213
Interest expenses	–42,750	–33,823
Gross result from interest operations	56,670	71,017
Changes in value adjustments for default risks and losses from interest operations	1,350	693
Subtotal net result of interest operations	58,020	71,710
Result from commission business and services		
Commission income from securities trading and investment activities	120,059	169,693
Commission income from lending activities	4,352	4,190
Commission income from other services	97,574	108,776
Commission expenses	–5,710	–20,277
Subtotal result from commission business and services	216,275	262,382
Result from trading activities and the fair value option	9,826	15,497
Other result from ordinary activities		
Result from the disposal of financial investments	–	45
Income from participations	5,149	5,806
Other ordinary income	–	–
Other ordinary expenses	–	–45
Subtotal other result from ordinary activities	5,149	5,806
Operating income	289,270	355,395
Operating expenses		
Personnel expenses	–143,234	–172,423
General and administrative expenses	–150,966	–168,134
Subtotal operating expenses	–294,200	–340,557
Value adjustments on participations and depreciation and amortisation of tangible fixed and intangible assets	–13,246	–8,496
Changes to provisions and other value adjustments, and losses	–8,552	2,233
Operating result	–26,728	8,575
Extraordinary income	54,190	213
Extraordinary expenses	–	–
Taxes	–7,937	–2,896
Profit	19,525	5,892
Appropriation of retained earnings		
Profit for the year	19,525	5,892
Profit/loss brought forward at year-end	–	–
Balance sheet profit	19,525	5,892
Amounts available for the general meeting	19,525	5,892
Profit distribution		
Dividend payment	–19,525	–5,892
thereof distribution from the balance sheet profit	–19,525	–5,892
Retained earnings/loss to be carried forward	–	–

Statement of Changes in Equity

CHF 000	Bank's capital	Capital reserve	Legal reserves from retained earnings	Reserves for general banking risks	Other reserves from retained earnings	Result for the period	Total
Equity at 01.01.2017	100,000	180,158	47,171	14,000	366,338	5,892	713,559
Appropriation of profit							
Dividend payment	–	–	–	–	–	–5,892	–5,892
Other *	–	–12,000	–	–	–	–	–12,000
Profit for the period	–	–	–	–	–	19,525	19,525
Equity at 31.12.2017	100,000	168,158	47,171	14,000	366,338	19,525	715,192

* Demerger of Deutsche Asset Management Schweiz AG

Notes to the Annual Financial Statements

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

Deutsche Bank (Switzerland) Ltd, with its head office in Geneva and a branch office in Zurich, is a wholly owned subsidiary of Deutsche Holdings (Luxembourg) S.à r.l., Luxembourg, which is itself integrated into the Deutsche Bank Group. Deutsche Bank (Switzerland) Ltd is one of the companies for which Deutsche Bank AG has issued a letter of comfort in its Annual Report 2017, according to the Supplementary Information.

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

2 Accounting and Valuation Principles

2.1 General principles

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

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

2.2 General valuation principles

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

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

2.3 Financial instruments

2.3.1 Liquid assets

Liquid assets are recognised at their nominal value.

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

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

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

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

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

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

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

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

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

2.3.3 Amounts due to banks and in respect of customer deposits

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

2.3.4 Trading and amounts due to trading

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

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

2.3.5 Positive and negative replacement values of derivative financial instruments

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

2.3.6 Trading

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

2.3.7 Netting

Specific value adjustments are deducted from the corresponding asset item.

2.3.8 Financial investments

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

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

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

2.3.9 Participations

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

2.3.10 Tangible fixed assets

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

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

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

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

2.3.11 Intangible assets

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

Asset class	Useful life
Licences	3 years

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

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

2.3.12 Provisions

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

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

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

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

2.3.13 Reserves for general banking risks

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

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

2.3.14 Taxes

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

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

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

2.3.15 Off-balance sheet transactions

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

2.3.16 Pension obligations

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

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

2.3.17 Employee share ownership programmes

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

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

2.3.18 Changes to the accounting and valuation principles

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

2.3.19 Recognition of business transactions

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

2.3.20 Treatment of overdue interest charges

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

2.3.21 Foreign currency translation

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

The following rates are used for currency translation:

	31.12.2017	31.12.2016
USD	0.97448	1.01635
EUR	1.17015	1.07200
GBP	1.31826	1.25586
JPY	0.00865	0.00871

2.3.22 Treatment of the refinancing of trading positions

Refinancing costs for trading are not debited to trading income.

3 Risk Management

3.1 Additional information on risk management

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

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

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

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

3.2 Market risk

The market risks arising from interest rate exposure in the Bank's books and currency risks are monitored using a Group-wide value-at-risk model. However, capital backing requirements for market risks are determined using the standard method provided for in Art. 82, para. 1 (b), CAO. As at the end of 2017, there were no significant outstanding risk positions.

3.3 Credit risk

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

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

Credit risk rating

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

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

3.4 Operational risks

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

4 Business policy for the use of derivative financial instruments

Derivative financial instruments are used for trading.

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

5 Information on Balance Sheet

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

CHF 000		Type of collateral Secured by mortgage	Type of collateral Other collateral	Type of collateral Unsecured	Type of collateral Total
Loans (before netting with value adjustments)					
Amounts due from customers		27,896	2,590,603	63,666	2,682,165
Mortgage loans		991,630	–	–	991,630
Residential property		684,144	–	–	684,144
Office and business premises		307,486	–	–	307,486
Total loans (before netting with value adjustments)	31.12.2017	1,019,526	2,590,603	63,666	3,673,795
	31.12.2016	1,048,327	2,729,648	107,713	3,885,688
Total loans (after netting with value adjustments)	31.12.2017	1,017,854	2,590,603	63,445	3,671,902
	31.12.2016	1,048,327	2,729,648	107,615	3,885,467
Off-balance sheet					
Contingent liabilities		–	290,960	–	290,960
Irrevocable commitments		–	37,145	–	37,145
Obligation to pay up shares and make further contributions		–	–	26,565	26,565
Total off-balance sheet	31.12.2017	–	328,105	26,565	354,670
	31.12.2016	–	465,400	32,242	497,642

CHF 000		Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
Impaired loans	31.12.2017	16,897	15,224	1,672	1,672
	31.12.2016	40,876	40,773	103	98

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

CHF 000	31.12.2017	31.12.2016
Assets		
Trading portfolio assets		
Equity securities	4	25
Total trading portfolio assets	4	25
Total assets	4	25

5.3 Presentation of derivative financial instruments (assets and liabilities)

CHF 000		Trading instruments Positive replacement values	Trading instruments Negative replacement values	Trading instruments Contract volume	Hedging instruments Positive replacement values	Hedging instruments Negative replacement values	Hedging instruments Contract volume
Interest rate instruments							
Swaps		702	702	251,506	–	–	–
Foreign exchange/precious metals							
Forward contracts		37,304	36,052	3,135,589	–	–	–
Options (OTC)		132,105	132,105	6,034,462	–	–	–
Equity securities/indices							
Options (OTC)		290	290	2,386	–	–	–
Credit derivatives							
Total return swaps		24	24	81,584	–	–	–
Total before netting agreements							
	31.12.2017	170,425	169,173	9,505,527	–	–	–
	of which determined using a valuation model	133,121	133,121	6,369,938	–	–	–
	31.12.2016	186,109	184,764	8,018,814	–	–	–
	of which determined using a valuation model	123,823	123,821	4,885,347	–	–	–

CHF 000		Positive replacement values (cumulative)	Negative replacement values (cumulative)
Total after netting agreements	31.12.2017	170,425	169,173
	31.12.2016	186,109	184,764

CHF 000	Central clearing houses	Banks and securities dealers	Other clients
Breakdown by counterparty			
Positive replacement values (after netting agreements)	–	24,351	146,074

5.4 Breakdown of financial investments

CHF 000	Carrying amount 31.12.2017	Carrying amount 31.12.2016	Fair value 31.12.2017	Fair value 31.12.2016
Breakdown of financial investments				
Debt instruments	37,707	43,003	39,311	45,545
of which not intended to be held to maturity	37,707	43,003	39,311	45,545
Equity securities	77	53	105	80
Precious metals	122,829	157,504	122,829	157,504
Total	160,613	200,560	162,245	203,129
of which securities eligible for repo transactions in accordance with liquidity requirements	36,004	39,247	37,538	41,716

CHF 000						
Breakdown of counterparties by rating	AAA to AA–	A+ to A–	BBB+ to BBB–	BB+ to B–	Lower than B–	Not rated
Carrying amount of debt instruments	36,004	–	1,703	–	–	–

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

5.5 Participations

The share of the total capital in SIX Group AG has been reduced from 3.6% in the previous year to 1.9% in 2017. The book value is CHF 1.00.

5.6 Presentation of tangible fixed assets

CHF 000	Acquisition cost	Accumulated depreciation	Carrying amount 31.12.2016	2017 Reclassification	2017 Additions	2017 Disposals	2017 Depreciation	2017 Reversals	Carrying amount 31.12.2017
Proprietary or separately acquired software	–	–	–	10,196	23,075	–	–5,041	–	28,230
Other tangible fixed assets	129,845	–93,487	36,358	–10,196	6,502	–993	–7,572	–	24,100
Total tangible fixed assets	129,845	–93,487	36,358	–	29,577	–993	–12,613	–	52,330

CHF 000	31.12.2017
Operating leases	
Future lease payments	
Within 1 year	7,722
From 1 to 5 years	24,914
More than 5 years	10,740
Total of future lease payments	43,376
thereof commitments which can be terminated within one year	28

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

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

The estimated useful life for "Acquired or self-developed software" was increased from three to five years.

5.7 Intangible assets

CHF 000	Cost value	Accumulated amortisation	Carrying amount previous year end	Current year Additions	Disposals	Amortisation	Book value as at end of current year
Licences	928	–	–	928	–	366	562
Other intangible assets	–	–	–	–	–	–	–
Total intangible assets	928	–	–	928	–	366	562

Asset category	Useful life
Licenses	3 years

5.8 Breakdown of other assets and other liabilities

CHF 000	31.12.2017	31.12.2016
Other assets		
Indirect taxes	2,561	8,692
Other assets	70,952	20,188
Total other assets	73,513	28,880
Other liabilities		
Indirect taxes	5,598	4,581
Other liabilities	40,701	56,894
Total other liabilities	46,299	61,475

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

CHF 000	31.12.2017 Book value	31.12.2017 Effective commitments	31.12.2016 Book value	31.12.2016 Effective commitments
Assets pledged or assigned as collateral for own liabilities				
Amounts due from banks	7,185	–	15,205	–
Total assets under reservation of ownership	7,185	–	15,205	–

* without securities financing transactions

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

CHF 000	31.12.2017	31.12.2016
Liabilities relating to own pension schemes		
Amounts due to customers	16,175	13,473
Negative replacement values of financial instruments	1,282	–
Total liabilities relating to own pension schemes	17,457	13,473

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

5.11 Disclosure on the economic situation of own pension schemes

CHF 000	31.12.2017 Nominal value[1]	31.12.2017 Waiver of use	31.12.2017 Net amount	31.12.2016 Net amount	Influence of ECR on personnel expenses 2017	2016
Employer contribution reserves (ECR)						
Pension fund of Deutsche Bank and affiliated companies	15,956	–	15,956	16,910	5,877	–
Pension fund of former Sal. Oppenheim jr. & Cie, Switzerland	727	–	727	1,227	–	–
Total	16,683	–	16,683	18,137	5,877	–

[1] Share of Deutsche Bank (Switzerland) Ltd

CHF 000	Funding surplus/ deficiency 31.12.2017	Economic share of the organisation 31.12.2017	31.12.2016	Change from previous year	Amounts paid for 2017	Pension fund expenses in personnel expenses* 31.12.2017	31.12.2016
Presentation of economic benefit/financial liabilities and pension expenses							
Pension fund of Deutsche Bank and affiliated companies	36,396	–	–	–	–	6,761	14,014
Pension fund of Bank Sal. Oppenheim jr. & Cie, Switzerland	10,285	–	–	–	–	–	–
Total	46,682	–	–	–	–	6,761	14,014

Basis:
Audited financial statement 2016 of the employer fund as well as the pension fund according to FER 26.
Audited financial statement 2016 of the pension fund of Bank Sal. Oppenheim jr. & Cie (Switzerland) Ltd.

The funding surplus of the pension fund is estimated at about 108.61% as per year-end 2016 (previous year 118.5%), which is used exclusively for the benefit of the insured persons and does not therefore represent an economic benefit for the bank that would be reflected in the financial statements. The reason of the decrease in coverage level is due to the fact that effective 31.12.2016, the Fund decided to apply the LPP/BVG 2015 generation actuarial tables instead of the LPP/BVG 2010 generation actuarial tables, and to modify the discount rate. The Fund now evaluates the pension liabilities using the yield curve derived from Federal bonds. The change in actuarial bases (mortality tables and discount rate) represents increase of the pension obligations of approximately CHF 45.8 million.

*The previous year's figure was adjusted from CHF 15,709 to CHF 14,014.

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

CHF 000	Balance at 31.12.2016	2017 Use in conformity with designated purpose	2017 Re-classifications	2017 Transfers*	2017 Currency differences	2017 Past due interest, recoveries	2017 New creations charged to income	2017 Releases to income	Balance at 31.12.2017
Provisions for pension benefit obligations	2,629	–266	–	–	–	–	–	–	2,363
Provisions for default risks	–	–	–	–	–	–	25	–	–
Provisions for restructuring	15	–3,158	–	–145	–	–	4,126	–69	769
Other provisions	130,701	–4,333	–	–311	349	–	11,070	–13,042	124,434
Total provisions	133.345	–7,757	–	–	349	–	15,221	–13,136	127,566
Reserves for general banking risks	14,000	–	–	–	–	–	–	–	14,000
Value adjustments for default and country risks	98	–41	–	–	32	–	2,304	–721	1,672
thereof, value adjustments for default risks in respect of impaired loans/ receivables	98	–41	–	–	32	–	2,304	–721	1,672

Other provisions mainly include hidden reserves and legal provisions as well as provisions for staff related costs.
The reserves for general banking risks are taxed.
*spin-off of Deutsche Asset Management Schweiz AG

5.13 Presentation of the Bank's capital

	31.12.2017 Nominal value (CHF 000)	31.12.2017 Quantity (CHF 000)	31.12.2017 Capital entitled to dividend (CHF 000)	31.12.2016 Nominal value (CHF 000)	31.12.2016 Quantity (CHF 000)	31.12.2016 Capital entitled to dividend (CHF 000)
Bank's capital						
Share capital	100,000	100,000	100,000	100,000	100,000	100,000
thereof fully paid in	100,000	100,000	100,000	100,000	100,000	100,000
Total Bank's capital	100,000	100,000	100,000	100,000	100,000	100,000

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

	Shares Number 31.12.2017	Shares Value 31.12.2017 (CHF 000)	Shares Number 31.12.2016	Shares Value 31.12.2016 (CHF 000)
Members of General Management	144,118	1,587	112,532	1,884
Employees	552,906	6,110	455,299	7,560
Total	697,024	7,697	567,831	9,444

The group operates incentive plans under which executive management and eligible employees are awarded share units depending on seniority, hierarchy and individual performance.
Restricted Equity Awards
The deferred equity portion is delivered as a Restricted Equity Award ("REA") which vests on a pro rata basis over four years (four-and-a-half years for the Senior Management Group).
Restricted Incentive Awards
The non-equity based portion is granted as deferred cash compensation (Restricted Incentive Award, "RIA") which vests on a pro rata basis over four years. Specific forfeiture provisions apply during the deferral period.
Equity Upfront Awards
In addition to the above deferred awards, all Material Risk Takers receive 50 % of their upfront (non-deferred) award in the form of an Equity Upfront Award ("EUA"). The EUA is vested at grant but is subject to a 12-month retention period. The value of the EUA is linked to the Bank's share price during the retention period and is therefore tied to the sustained performance of the Bank. Specific forfeiture provisions apply during the retention period in addition to a service requirement.

The total cost for the year of the employee share participation plan amounts to CHF 1,973,193. This amount is booked to "Staff expenses".

5.15 Disclosure of amounts due from/to related parties

CHF 000	Amounts due from 31.12.2017	Amounts due from 31.12.2016	Amounts due to 31.12.2017	Amounts due to 31.12.2016
Group companies	2,644,857	2,981,725	3,599,346	3,894,646
Associated companies	43,362	56,808	338,622	424,538
Transactions with members of governing bodies	–	–	75	22
Other related parties	–	–	3,624	338

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

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

5.16 Disclosure of significant participants

CHF 000	31.12.2017 Nominal	31.12.2017 Percentage	31.12.2016 Nominal	31.12.2016 Percentage
Significant participants				
With voting rights				
Deutsche Holdings (Luxembourg) S.à r.l., Luxembourg	100,000	100%	100,000	100%

Deutsche Holdings (Luxembourg) S.à r.l., a wholly owned subsidiary of Deutsche Bank AG, Frankfurt am Main, is the sole shareholder and holds all voting rights.
Black Rock Inc., New York has held 6.13% of the Deutsche Bank shares since December 2017 (2016: 5.89%). C-QUADRAT Special Situations Dedicated Fund, Cayman Islands, has held 9.90 % of the Deutsche Bank shares since April 2017. No other shareholders are known to be holding 5% or more of the capital stock of Deutsche Bank AG as at 31.12.2017.

5.17 Disclosure of own shares and composition of the capital stock

CHF 000	31.12.2017	31.12.2016
Non-distributable reserves		
Non-distributable capital reserves	2,829	2,829
Non-distributable reserves from retained earnings	47,171	47,171
Total of non-distributable reserves	50,000	50,000

5.18 Presentation of the maturity structure of financial instruments

CHF 000	At sight	Callable	Due within 3 months	Due within 3 to 12 months	Due within 12 month to 5 years	Due after 5 years	No maturity	Total
Assets/financial instruments								
Liquid assets	1,274,143	–	–	–	–	–	–	1,274,143
Amounts due from banks	256,342	53,008	1,224,502	706,795	364,327	48,723	–	2,653,697
Amounts due from customers	13,678	127,335	1,484,347	492,358	483,988	80,459	–	2,682,165
Mortgage loans	–	13,388	177,501	88,565	703,913	6,591	–	989,958
Trading portfolio assets	4	–	–	–	–	–	–	4
Positive replacement values of derivative financial instruments	170,425	–	–	–	–	–	–	170,425
Financial investments	160,613	–	–	–	–	–	–	160,613
Total 31.12.2017	1,875,205	193,731	2,886,350	1,287,718	1,552,228	135,773	–	7,931,005
Total 31.12.2016	2,155,991	157,601	3,231,552	1,235,647	1,887,839	93,202	–	8,761,832
Debt capital/financial instruments								
Amounts due to banks	30,183	–	1,623,477	761,777	1,192,586	87,050	–	3,695,073
Amounts due to customer deposits	3,231,711	152	2,928	5,149	–	–	–	3,239,940
Negative replacement values of derivative financial instruments	169,173	–	–	–	–	–	–	169,173
Total 31.12.2017	3,431,067	152	1,626,405	766,926	1,192,586	87,050	–	7,104,186
Total 31.12.2016	3,815,386	147	1,984,340	703,045	1,346,518	42,363	–	7,891,799

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

CHF 000	31.12.2017 Domestic	31.12.2017 Foreign	31.12.2016 Domestic	31.12.2016 Foreign
Assets				
Liquid assets	1,272,972	1,171	1,504,154	1,276
Amounts due from banks	21,125	2,632,572	28,664	2,955,454
Amounts due from customers	610,101	2,072,064	624,613	2,245,750
Mortgage loans	17,140	972,818	56,144	959,083
Trading portfolio assets	–	4	–	25
Positive replacement values of derivative financial instruments	7,690	162,735	9,669	176,440
Financial investments	157,891	2,722	197,839	2,721
Accrued income and prepaid expenses	14,157	96,059	22,093	125,910
Non-consolidated participations	–	–	–	–
Tangible fixed assets	52,330	–	36,358	–
Intangible assets	562	–		–
Other assets	66,834	6,679	16,435	12,445
Total assets	2,220,802	5,946,824	2,495,969	6,479,104

CHF 000	31.12.2017 Domestic	31.12.2017 Foreign	31.12.2016 Domestic	31.12.2016 Foreign
Liabilities				
Amounts due to banks	23,649	3,671,424	20,087	4,068,256
Amounts due in respect of customer deposits	820,753	2,419,187	751,250	2,867,442
Trading portfolio liabilities	–	–	–	–
Negative replacement values of derivative financial instruments	4,561	164,612	8,627	176,137
Accrued expenses and deferred income	74,294	100,089	88,292	86,603
Other liabilities	39,631	6,668	46,791	14,684
Provisions	127,566	–	133,345	–
Reserves for general banking risks	14,000	–	14,000	–
Bank's capital	100,000	–	100,000	–
Capital reserve	168,158	–	180,158	–
Legal reserve	47,171	–	47,171	–
Retained earnings reserve	366,338	–	366,338	–
Carryover loss	–	–	–	–
Profit for the period	19,525	–	5,892	–
Total liabilities	1,805,646	6,361,980	1,761,951	7,213,122

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

CHF 000	31.12.2017	31.12.2017 %	31.12.2016	31.12.2016 %
Switzerland	2,220,802	27.2%	2,495,969	27.8%
Rest of Europe	4,221,778	51.7%	4,621,700	51.5%
North America	27,771	0.3%	84,095	0.9%
South America	1,130,689	13.9%	1,158,790	12.9%
Asia	393,174	4.8%	529,501	5.9%
Africa	172,045	2.1%	79,605	0.9%
Australia/Oceania	1,367	0.0%	5,413	0.1%
Total assets	8,167,626	100.0%	8,975,073	100.0%

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

CHF 000		31.12.2017	31.12.2017 %	31.12.2016	31.12.2016 %
Net foreign exposure					
Internal rating system	Standard & Poor's rating				
1 – Superior	AAA to AA–	6,946,419	85.0%	7,802,621	86.9%
2 – Good	A+ to A–	316,185	3.9%	341,318	3.8%
3 – Medium	BBB+ to BBB–	425,330	5.2%	506,464	5.7%
4 – Speculative	BB+ to B–	453,564	5.6%	287,955	3.2%
5 – Risk	CCC+ and lower	24,004	0.3%	27,809	0.3%
6 – No rating	No rating	2,124	0.0%	8,906	0.1%
Total assets		8,167,626	100.0%	8,975,073	100.0%

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

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

CHF 000	31.12.2017 CHF	31.12.2017 EUR	31.12.2017 USD	31.12.2017 Others
Assets				
Liquid assets	1,271,919	1,980	165	79
Amounts due from banks	70,225	956,681	1,297,538	329,253
Amounts due from customers	410,470	814,027	1,238,355	219,313
Mortgage loans	17,140	69,677	–	903,141
Trading portfolio assets	–	–	4	–
Positive replacement values of derivative financial instruments	39,077	3,683	122,633	5,032
Financial investments	37,769	14	–	122,830
Accrued income and prepaid expenses	17,023	52,565	37,463	3,165
Non-consolidated participations	–	–	–	–
Intangible assets	47,269	4,830	226	5
Tangible fixed assets	562	–	–	–
Other assets	55,631	1,118	15,815	949
Total assets shown in balance sheet	1,967,085	1,904,575	2,712,199	1,583,767
Delivery entitlements from spot exchange, forward forex and forex options transactions	827,630	2,398,629	3,934,721	2,342,330
Total assets	2,794,715	4,303,204	6,646,920	3,926,097

CHF 000	31.12.2017 CHF	31.12.2017 EUR	31.12.2017 USD	31.12.2017 Others
Liabilities				
Amounts due to banks	424,971	929,679	1,249,566	1,090,857
Amounts due in respect of customer deposits	558,602	945,963	1,267,812	467,563
Negative replacement values of derivative financial instruments	37,835	3,691	122,627	5,020
Accrued expenses and deferred income	68,897	51,021	44,818	9,647
Other liabilities	14,975	4,747	25,130	1,447
Provisions	116,701	255	8,566	2,044
Reserves for general banking risks	14,000	–	–	–
Bank's capital	100,000	–	–	–
Capital reserve	168,158	–	–	–
Legal reserve	47,171	–	–	–
Retained earnings reserve	366,338	–	–	–
Carryover profit/loss	–	–	–	–
Profit for the period	19,525	–	–	–
Total liabilities shown in balance sheet	1,937,173	1,935,356	2,718,519	1,576,578
Delivery obligations from spot exchange, forward forex and forex options transactions	827,795	2,416,181	3,930,953	2,326,989
Total liabilities	2,764,968	4,351,537	6,649,472	3,903,567
Net position per currency	29,747	–48.333	–2,552	22,531

5.23 Breakdown of contingent liabilities and contingent assets

CHF 000	31.12.2017	31.12.2016
Guarantees to secure credits and similar	254,155	364,787
Performance guarantees and similar	36,805	72,649
Total contingent liabilities	290,960	437,436

5.24 Breakdown of fiduciary transactions

CHF 000	31.12.2017	31.12.2016
Fiduciary deposits with third-party companies	745,255	1,009,067
Fiduciary deposits with Group companies and associated companies	2,833,259	2,348,455
Total fiduciary transactions	3,578,514	3,357,522

5.25 Breakdown of managed assets and presentation of their development

CHF 000	31.12.2017	31.12.2016
Type of managed assets		
Assets in collective investment schemes managed by the Bank	–	144,007
Assets under discretionary asset management agreements	4,204,293	35,751,067
Other managed assets	24,971,471	34,048,314
Total managed assets (including double counting)	29,175,764	82,702,274
thereof: double counting	–	187,978
thereof: Asset Management	–	39,097,921
thereof: Wealth Management	29,175,764	30,845,467

CHF 000	31.12.2017	31.12.2016
Presentation of the development of managed assets		
Total managed assets (including double counting) at beginning	30,845,467	82,702,274
+/– net new money inflow or net new money outflow	–2,599,401	–11,636,828
+/– price gains/losses, interest, dividends and currency gains/losses	1,412,427	1,871,934
+/– other effects*	–482,729	–2,993,992
Total managed assets (including double counting) at end	29,175,764	82,702,274
thereof: net new money inflow/outflow Asset Management	–	–2,290,371
thereof: net new money inflow/outflow Wealth Management	–2,599,401	–9,346,458

* 2017: Assets held at Bank Sal Oppenheim, which was sold by Deutsche Bank Group in 2017.
* 2016: Assets managed locally where the Bank receives management fees and that were not recognised in the previous years.

Calculations based on FINMA circular 2015/01.
Assets under management consist of client assets held or managed by the Bank for investment purposes. These assets can, in turn, be broken down into discretionary asset management mandates and other client assets. "Custody only" assets are defined as assets deposited at the Bank for transaction and custodial purposes only. Here the Bank provides no further services to the client. "Custody only" assets are not included in assets under management.
Only deposits and withdrawals of cash and deliveries or transfers of securities are taken into account when computing net new assets inflow and outflow. The net new assets do not include interest, commission and fees charged.

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

CHF 000	2017	2016
Breakdown by business area		
Result from trading from Commercial customers	1,264	2,392
Result from trading from Private customers	8,285	12,195
Result from proprietary trading	277	910
Total result from trading activities	9,826	15,497

CHF 000	2017	2016
Breakdown by underlying risk and based on the use of the fair value option		
Result from trading activities	–	–
Interest rate instruments (including funds)	–71	142
Equity securities (including funds)	–9	20
Foreign currencies	9,906	15,335
Total result from trading activities	9,825	15,497

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

Refinancing income related to "Interest and discount income"
No refinancing costs of the trading assets portfolio have been credited to the item "Interest and discount income"
Negative interest
Asset-related negative interest is debited to "Interest and discount income"
Liability-related negative interest is stated as a reduction in "Interest expense"

CHF 000	2017	2016
Asset-related negative interest (reduction in interest and discount income)	5,032	7,250
Liability-related negative interest (reduction in interest expense)	190	1,233

5.28 Breakdown of personnel expenses

CHF 000	2017	2016
Salaries (meeting attendance fees and fixed compensation to members of the Bank’s governing bodies, salaries and benefits)	122,799	129,836
of which, expenses relating to share-based compensation and alternative forms of variable compensation	25,857	15,276
Social insurance benefits	16,465	24,731
Other personnel expenses	3,970	17,856
Total personnel expenses	143,234	172,423

Personnel:
The number of employees decreased from 597 to 522.
This corresponds to a full-time equivalent of 496.2 (previous year: 571.1) employees.

5.29 Breakdown of general and administrative expenses

CHF 000	2017	2016
Office space expenses	12,582	17,259
Expenses for information technology and communications technology	29,520	24,156
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	730	1,090
Fees of audit firm	1,500	1,253
of which for financial and regulatory audits	1,402	1,011
of which for other services	98	242
Other operating expenses	106,635	124,376
Total general and administrative expenses	150,966	168,134

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

Extraordinary income
The extraordinary income of CHF 54 million derives from the release of hidden reserves of CHF 10 million and a gain on the disposal of some of our investments of CHF 44 million.

Release of hidden reserves
Hidden reserves of CHF 10 million in “Other provisions” that were no longer needed were released and credited to “Extraordinary income”.

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

CHF 000	31.12.2017	31.12.2016
Current tax expenses	7,937	2,896
Total tax expenses	7,937	2,896
Weighted average tax rate (based on business result)	29.7%	33.8%

Report of the Statutory Auditor on the Financial Statements

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

As statutory auditor, we have audited the accompanying financial statements of Deutsche Bank (Switzerland) Ltd, which comprise the balance sheet, income statement, statement of changes in equity and notes for the year ended 31 December 2017.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended 31 December 2017 comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements

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

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

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

KPMG AG

Erich Schärli
Licensed Audit Expert
Auditor in Charge

Daniel Güttinger
Licensed Audit Expert

Zurich, 11 April 2018

Contact

www.db.com/switzerland

Head Office: Geneva

Geneva

Deutsche Bank (Suisse) SA
Place des Bergues 3
P.O. Box
CH-1211 Geneva 1
Telephone +41(0)22 739 01 11

Zurich

Deutsche Bank (Schweiz) AG
Prime Tower
Hardstrasse 201
P.O. Box
CH-8021 Zurich
Telephone +41(0)58 111 01 11

Deutsche Bank in Switzerland: Independence, expertise and global reach

The Swiss bank with a global background

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