

New compensation system
for the members of
the Management Board
as of January 2017



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Letter of the Chairman of the Supervisory Board

Dear Shareholders

The Supervisory Board changed the compensation system with effect from January 1, 2016, in particular by supplementing the variable compensation components by an additional Division Incentive Award for Management Board members with front office responsibility. We presented the changed compensation system to you for approval at the General Meeting in May 2016. Unfortunately, no majority approval was granted.

The Bank's Supervisory Board has taken the outcome of this resolution and with it the coherent criticism very seriously and, immediately after the General Meeting, it started analyzing the existing system on the basis of the criticisms voiced and discussing adequate possibilities to change the system. The Compensation Control Committee worked vigorously on the re-design of the compensation system over the past months and regularly informed the Supervisory Board of any progress made. In February and March of this year, the Supervisory Board, on a proposal from the Compensation Control Committee, resolved new compensation structures for the members of the Management Board as of the 2017 financial year. The new compensation system already considers the recently announced changes in the Management Board, in particular the appointment of Deputy Chairmen.

I am convinced that with the new 2017 compensation system, we are able to present to you a compensation system featuring transparent and clear structures, appropriately addressing any points you consider critical. The compensation for the Management Board members is closely linked to pre-defined objectives. The performance of the Management Board as a plenary body based on Group-wide key financial figures, but also on an individual basis, is clearly determined and rewarded on the basis of the achievement level of collective and individual objectives. Thus, the structures align compensation closely with Group performance and the performance of the Deutsche Bank share.

The new performance system will be presented to you in detail on the following pages. We ask for your approval of the new compensation system.

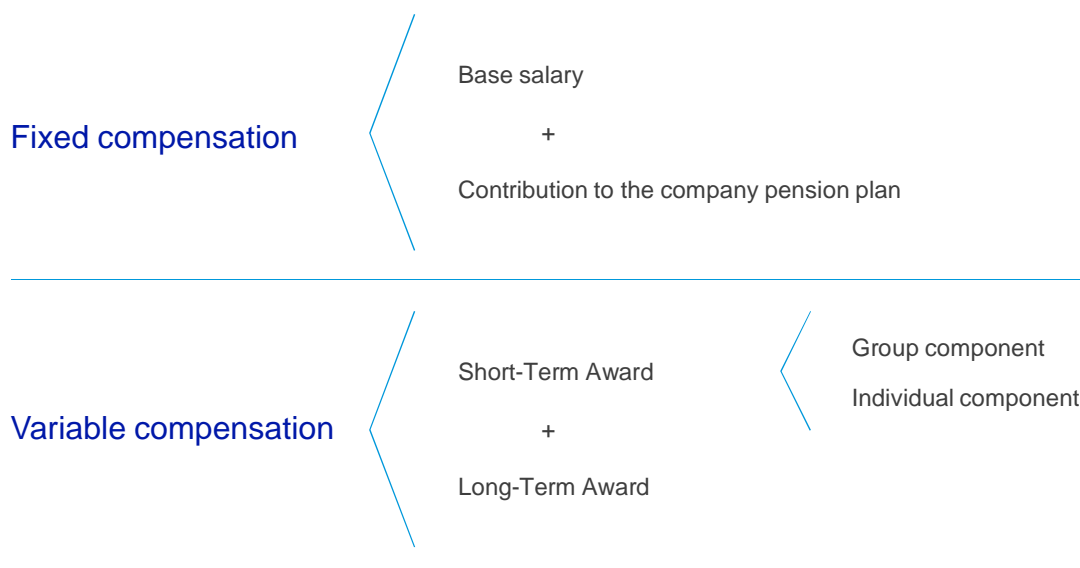
*Yours sincerely
Dr. Paul Achleitner*

Compensation Structure as of January 2017

- Simplification of Compensation Structures
- Obvious link between compensation and previously agreed objectives
- Strong emphasis on the interests of the shareholders

The structures of the compensation system applicable as of the 2017 financial year are set out below, highlighting the changes to the previously applicable system and giving the reasons for the individual changes.

Structure und compensation elements of the new compensation system



The compensation system applicable as of January 2017 continues to consist of non performance-related (fixed) and performance-related (variable) components.

Non-Performance-Related Components (Fixed Compensation)

The fixed compensation is not linked to performance and consists of the base salary, contributions to the company pension plan and “other benefits”.

Various factors were considered when determining the appropriate level of the base salary. First, the base salary rewards general assumption of the office of Management Board member and the related overall responsibility of the individual Management Board members. In addition, the compensation paid in the comparable market is taken into account when determining the amount of the base salary. However, a market comparison must take into consideration that the regulatory requirements pursuant to the InstVV set a cap for variable compensation at 200 % of the fixed compensation. Accordingly, the fixed compensation must be determined in a way that ensures competitive compensation in line with market practice while taking into account the aforementioned requirements. The regulatory cap was implemented in the Bank in 2014; as a consequence, the overall base salaries were increased, and in May 2014, the General Meeting approved the respective increases by a large majority.

Within the Management Board, distinctions will be made in future between the Chairman, the Deputy Chairmen and the Ordinary Board members according to their business responsibility as follows:

in €	2017
Base salary	
Chairman	3,400,000
Deputy Chairmen	3,000,000
Ordinary Board members (CIB)	3,000,000
Ordinary Board members (Deutsche AM / PCB / Infrastructure / Region)	2,400,000

The InstVV provides for the possibility to define contributions to the company pension plan as fixed compensation and thus to include these in the basis for calculating the ratio between fixed and variable compensation components. The Supervisory Board reviewed the previous entitlement structure of the contributions to the company pension plan; as of the 2017 financial year, the contribution to the company pension plan will be as follows:

in €	2017
Contributions to the company pension plan	
Chairman	650,000
Ordinary Board members (CIB / Deutsche AM))	1,000,000
Ordinary Board members (PCB / Infrastructure / Region)	650,000

Additional non-performance-related components include “other benefits”. The “other benefits” comprise the monetary value of non-cash benefits such as company cars and driver services, insurance premiums, expenses for company-related social functions and security measures including payments, if applicable, of taxes on these benefits as well as taxable reimbursements of expenses.

Performance-Related Components (Variable Compensation)

For the 2016 financial year, the variable compensation components were supplemented by a newly introduced component, the Division Performance Award. The implementation of the new component sought to reflect and reward the specific characteristics of the front offices represented on the Management Board in the related objectives. In May 2016, the changes to the system did not receive majority approval by the General Meeting. With respect to the newly implemented compensation component, it was criticized that the structure had become even more complex and less transparent, the introduction of compensation components for only part of the Management Board was not comprehensible and linking the component with the underlying objectives was not convincing.

In light of the criticism expressed, the Supervisory Board substantially simplified the structures of the variable compensation for 2017 and linked compensation to transparent performance criteria. However, the structure still allows for the agreement of individual and divisional objectives alongside collective objectives and makes it possible to achieve competitive pay levels in line with market practice on the basis of the respective member’s area of responsibility and, at the same time, also meets in this respect the regulatory requirements.

The entire variable compensation is performance-related. As of the 2017 financial year, variable compensation will consist of a short term component and a long term component:

- the [Short Term Award](#) and
- the [Long Term Award](#).

Short-Term Award (STA)

The STA is linked to the achievement of short term and medium term objectives. Objectives include collective objectives to be achieved by the Management Board as a whole and individual objectives whose achievement level is determined separately for each member of the Management Board.

In order to clearly distinguish collective objectives from individual objectives, the STA is divided into two components:

- the [Group Component](#) and
- the [Individual Component](#).

Group Component

The collective objectives to be achieved by the Management Board as a whole form the basis for the calculation of the Group component as part of the STA. The key objective of the Group component is to link the variable compensation for the Management Board to the overall performance of the Bank.

In 2016, the Management Board decided to align part of the variable compensation for non-tariff employees of the Bank more closely with Group performance. This seeks to reward the contribution of all employees to the financial results of the Bank and the achievements in the implementation of the Bank's Strategy. Management Board compensation is also closely linked to the performance of the Bank using selected key financial figures. The Supervisory Board decided to align the compensation system for the Management Board members more closely with the compensation system for employees. This is achieved by using the performance metrics underlying the Group component in the compensation system for employees as the reference value for the Group component of the STA as of 2017.

In accordance with the Bank's Strategy, four performance metrics constituting important indicators for the capital, risk, cost and return profile of the Bank form the reference value for the Group Component of the STA.

Common Equity Tier 1 (CET1) capital ratio (fully loaded)	The Common Equity Tier-1 Ratio of the Bank in relation to their risk-weighted assets.
Leverage ratio	The Bank's Tier 1 capital as a percentage of its total leverage exposure pursuant in line with CRR/CRD 4.
Adjusted non-interest expenses	Total non-interest expenses, excluding restructuring and severance, litigation, impairment of goodwill and other intangibles and policyholder benefits and claims.
Post-tax return on tangible equity (RoTE)	Net income (or loss) attributable to Deutsche Bank shareholders as a percentage of average tangible shareholders' equity. The latter is the shareholders' equity on the bank's balance sheet, excluding goodwill and other intangible assets.

At the end of a financial year, the Supervisory Board establishes how each of these performance metrics developed compared to the published target figures for 2020 and determines an achievement level for each performance metric.

The Supervisory Board regularly reviews the selection of the performance metrics. The above four objectives are equally weighted at up to 25 % in the determination of the Group Component of the STA, depending on the achievement level. If, overall, the performance metric-based objectives are not achieved during the period being evaluated, the Supervisory Board may determine that a Group component will not be granted.

Individual Component

The individual component of the STA rewards the achievement of short and medium-term individual and front office-related objectives. These objectives are established by the Supervisory Board as part of the objective setting agreement for the respective financial year's performance evaluation. The key objectives are designed to contribute to the applicable business policy and strategic objectives of the Bank, in line with each Management Board member's area of responsibility. In the process, not merely financial success is taken into account, but also the conduct towards staff members and clients as part of carrying out business activities. Objectives for the individual components may for example include revenue developments in the course of the year, project-related targets, diversity objectives or other developments in employee or client satisfaction.

As part of the annual objective setting agreement, corresponding key financial figures and/or factors are set for all objectives that will be used to determine the objective achievement level. A maximum of three objectives per financial year is set for each Management Board member. The sum of individually agreed and business objectives amounts to a maximum of 90 % of the individual component of the STA, depending on the achievement level of the aforementioned objectives. The Supervisory Board decides merely on the remaining portion of 10 % of the individual component to reward outstanding contributions, including project-specific contributions over the course of the financial year as an exercise of its discretionary authority. If, overall, the objectives are not achieved during the period being evaluated, the Supervisory Board may determine that an individual component will not be granted.

Minimum, Target and Maximum Values

The sum of Group-wide and individually agreed objectives amounts to a maximum of 40 % of the total variable compensation, depending on the achievement level of the aforementioned objectives. This is designed to ensure that the individual objectives do not primarily determine the value of the variable compensation. If, overall, the objectives are not achieved during the period being evaluated, the Supervisory Board may determine that an STA will not be granted. The annual minimum, target and maximum values applicable to the STA for the year 2017 for the Chairman and for the ordinary Management Board members are as follows:

Minimum, Target and Maximum Values applicable to the STA

in €	2017		
	Minimum	Target	Maximum
Chairman			
Group Component	0	500,000	1,000,000
Individual Component	0	1,400,000	2,800,000
Total Chairman	0	1,900,000	3,800,000
Ordinary Board members (CIB)			
Group Component	0	500,000	1,000,000
Individual Component	0	1,400,000	2,800,000
Total Ordinary Board members (CIB)	0	1,900,000	3,800,000
Ordinary Board members (Deutsche AM)			
Group Component	0	500,000	1,000,000
Individual Component	0	1,300,000	2,600,000
Total Ordinary Board members (Deutsche AM)	0	1,800,000	3,600,000
Ordinary Board members (PCB)			
Group Component	0	500,000	1,000,000
Individual Component	0	1,100,000	2,200,000
Total Ordinary Board members (PCB)	0	1,600,000	3,200,000
Ordinary Board members (Infrastructure / Region)			
Group Component	0	500,000	1,000,000
Individual Component	0	800,000	1,600,000
Total Ordinary Board members (Infrastructure / Region)	0	1,300,000	2,600,000

Long-Term Award (LTA)

The Supervisory Board decided to clearly focus on the achievement of long-term objectives when determining the variable compensation. Therefore, the target figure of the LTA constitutes a portion of no less than 60 % of the total variable target compensation. As with the short-term component, the Supervisory Board determines the collective and/or individual long-term objectives for the Management Board members. The achievement level is determined on the basis of the definition of clear performance metrics and/or factors which are to be agreed for these objectives at the beginning of a financial year.

60% of the variable compensation, as a minimum, relate to the long-term component

The Supervisory Board determines a total of three objectives for each Management Board member. Compared to the previous compensation system, an additional third objective was added to the long-term component. Each objective is equally weighted at 1/3 in the assessment of the LTA.

The **relative performance of the Deutsche Bank share** in comparison to selected peer institutions remains an objective within the framework of the LTA. This objective is intended to promote the sustainable performance of the Deutsche Bank share. However, the portion of this objective of the LTA was decreased from 2/3 to 1/3 to achieve a better balance. The long-term nature of this objective is supported by the determination of the Relative Total Shareholder Return (RTSR) on the basis of a three-year assessment. The RTSR of Deutsche Bank is derived from the Total Shareholder Return of Deutsche Bank in relation to the average total shareholder returns of a select peer group (calculated in Euro). This LTA portion is calculated from the average of the annual RTSR for the last three financial years (compensation year and the two preceding years). If the three-year average of the relative total shareholder return of Deutsche Bank is greater than 100 %, then the value of the RTSR portion increases proportionately to an upper limit of 150 % of the target figure, i.e., the value increases by 1 % for each percentage point above 100 %. If the three-year average of the relative total share-

holder return is lower than 100 %, the value declines disproportionately. If the relative total shareholder return is calculated to be in the range of less than 100 % to 80 %, the value of the Award portion is reduced for each lower percentage point by 2 percentage points. In the range between 80 % and 60 %, the value of the Award portion is reduced for each lower percentage point by 3 percentage points. If the three-year average of the RTSR does not exceed 60 %, the value of the Award portion is set to zero.

The peer group used for the calculation of the relative total shareholder return is selected based on the criteria of generally comparable business activities, comparable size and international presence. The Supervisory Board critically reviewed the peer group as part of the design of the new compensation system and decided to adjust this group in comparison to the previously applicable group. In light of the business activities of the Bank, it was decided to remove the investment bank-centric financial institutions Goldman Sachs and Morgan Stanley from the peer group, due to the differing business strategy compared to a universal bank. However, the reduced peer group will be supplemented by HSBC, which is also used for comparison with respect to internal benchmarking purposes.

The peer group for the RTSR therefore comprises the following banks:

Peer Group of Deutsche Bank

BNP Paribas	Société Générale	Barclays	Credit Suisse	UBS
Bank of America	Citigroup	JP Morgan Chase	HSBC	

The second objective is linked to the growth and strengthening of the Bank. Within the notion of **organic capital growth** on a net basis, the Supervisory Board sets an objective designed to promote this growth.

As before, the third objective is taken from the category “**Culture & Clients**”. In this context, the Supervisory Board sets an objective which is linked to corporate culture, client satisfaction and dealing with clients. This objective is linked to the sustainable development of the intrabank environment or designed to foster the development of the relationships to clients. As for the 2017 financial year, one objective set by the Supervisory Board for all Management Board members is again the evaluation of the control environment within the Deutsche Bank Group.

The Long Term Award can be a maximum of 150 % of the respective target figure.

in €	2017		
	Minimum	Target	Maximum
Chairman	0	3,400,000	5,100,000
Ordinary Board member	0	2,800,000	4,200,000

Objectives

Objectives are established by the Supervisory Board as part of an objective setting agreement at the beginning of the respective financial year for purposes of performance evaluation. For all objectives, financial figures and/or factors are set from which the achievement level of the objectives is transparently derived. The leeway for the discretionary decision is strictly limited to 3 to 6 % with respect to the total variable compensation.

The allocation of the objectives to the individual compensation components is set out below.

Short-Term Award (STA)	Group component ⁽¹⁾	
	CET1 ratio	25 %
	Leverage ratio	25 %
	Adjusted non-interest expenses	25 %
	Post-tax return on tangible equity (RoTE)	25 %
	Individual component (exemplary) ⁽²⁾	
	Revenue Growth / IBIT y-o-y versus plan	30 %
	Project-related objectives (realisation, mangement)	30 %
Employee Commitment Index (% y-o-y) / Diversity objectives	30 %	
Adjustment based on informed judgement	10 %	
Long-Term Award (LTA) ⁽³⁾	Relative total shareholder return	33,34 %
	Organic capital growth (net)	33,33 %
	'Culture & client factor' / Control environment grade DB Group	33,33 %

(1) Joint strategic key objectives which also form base for the assessment of the group component as part of the compensation system for the employees of DB Group

(2) Short-term individual and divisional objectives of quantitative and qualitative nature

(3) Long-term group-wide objectives.

Maximum Total Compensation

Following the implementation of the regulatory requirements and based on the before-stated individual compensation components, the annual maximum amounts are as follows.

Total Compensation/Target and Maximum Values

in €	2017				
	Base salary ¹⁾	STA (Group component)	STA (Individual component)	LTA	Total compensation ²⁾
Chairman					
Target	3,400,000	500,000	1,400,000	3,400,000	8,700,000
Maximum	3,400,000	1,000,000	2,800,000	5,100,000	9,850,000
Ordinary Board members (CIB)					
Target	3,000,000	500,000	1,400,000	2,800,000	7,700,000
Maximum	3,000,000	1,000,000	2,800,000	4,200,000	9,850,000
Ordinary Board members (Deutsche AM)					
Target	2,400,000	500,000	1,300,000	2,800,000	7,000,000
Maximum	2,400,000	1,000,000	2,600,000	4,200,000	9,850,000
Ordinary Board members (PCB)					
Target	2,400,000	500,000	1,100,000	2,800,000	6,800,000
Maximum	2,400,000	1,000,000	2,200,000	4,200,000	9,800,000
Ordinary Board members (Infrastructure / Region)					
Target	2,400,000	500,000	800,000	2,800,000	6,500,000
Maximum	2,400,000	1,000,000	1,600,000	4,200,000	9,200,000

¹⁾ The base salary of the Deputy Chairmen amounts to €3,000,000; the total compensation is – if applicable – increased respectively.

²⁾ The Supervisory Board again set a cap of €9.85 million for the overall total compensation for the 2017 financial year. Consequently, compensation is capped at a maximum of €9.85 million, even where the level of the target achievement would result in higher compensation.

Long-Term Incentive and Sustainability

According to the requirements of the InstVV at least 60 % of the total Variable Compensation must be granted on a deferred basis. Not less than half of this deferred portion may comprise equity-based compensation components, while the remaining portion must be granted as deferred cash compensation. Both compensation components must be deferred over a multi-year period which, for the equity-based compensation components, must be followed by a retention period. During the period until payment or delivery, the compensation portions awarded on a deferred basis may be forfeited. A maximum of 40 % of the total Variable Compensation may be granted on a non-deferred basis. However, at least half of this must consist of equity-based compensation components and only the remaining portion may be paid out directly in cash. Of the total Variable Compensation, no more than a maximum of 20 % may be paid out in cash immediately, while at least 80 % are paid or delivered at a later date.

Since 2014, the total variable compensation for Management Board members is only granted on a deferred basis. The compensation system applicable up to and including 2016 provided that the short-term components (APA and DPA) were in principle granted in the form of non-equity-based compensation components (“Restricted Incentive Awards”). However, the long-term component (LTPA) is exclusively granted in the form of equity-based compensation components (“Restricted Equity Award”).

75% of the variable compensation, as a minimum, is granted equity-based

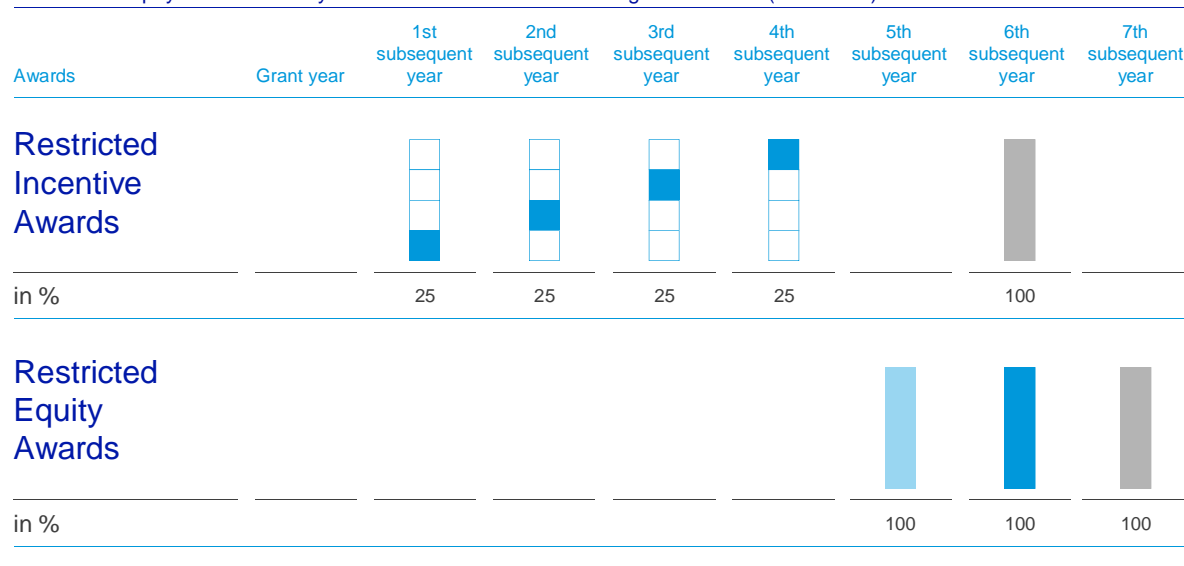
In order to bind the Management Board members even closer to the performance of the Bank and the Deutsche Bank share price, the Supervisory Board decided that as of the 2017 financial year, the long-term component (LTA), and in fact no less than 75 % of the total variable compensation, will continue to be granted only in the form of restricted equity

awards. Only the short-term component (STA), however, a maximum of 25 % of the total variable compensation, is granted in the form of Restricted Incentive Awards.

The Restricted Incentive Awards vest over a period of four years. Based on the new regulatory requirements, the Restricted Equity Awards vest after five years in one tranche (“cliff vesting”) and have an additional retention period of one year. Accordingly, Management Board members are first permitted to dispose of the equities after six years. During the deferral and retention period, the value of the Restricted Equity Awards is linked to the Bank’s share price and is therefore tied to the sustained performance of the Bank. Specific forfeiture provisions apply for Restricted Incentive Awards and Restricted Equity Awards during the deferral and retention period.

The following chart shows the time period for the payment or the delivery of the variable compensation components in the five consecutive years following the grant year as well as the period of a possible clawback.

Timeframe for payment or delivery and non-forfeiture for the Management Board (from 2017)



- Vesting and/or non forfeiture, aligned with payment or delivery.
- Vesting followed by a retention period until delivery; subject to individual forfeiture conditions during the retention period.
- End of possibility to demand the return ('Clawback') of already paid/delivered compensation components.

Forfeiture Conditions / Clawback

Because some of the compensation components are deferred or spread out over several years (Restricted Incentive Awards and Restricted Equity Awards) certain forfeiture conditions are applicable until vesting or the end of the retention periods, in order to create a long-term incentive. Awards may be fully or partially forfeited, for example, due to individual misconduct (including a breach of regulations) or termination for cause, and also due to a negative Group result or individual negative contributions to results. In addition, the Restricted Equity Award will be forfeited completely if the statutory or regulatory minimum requirements for the core capital ratio are not met during this period.

The draft of the amendment of the InstVV provides *inter alia* that so-called “clawback provisions” are to be agreed with the members of the management body (*Geschäftsleiter*) of significant institutions. Contrary to the forfeiture conditions, this clause allows the Supervisory Board to reclaim already paid out or delivered compensation components due to specific individual negative contributions to results made by the Management Board member. The Supervisory Board will agree such a clause with the Management Board members.

Limitations in the Event of Exceptional Developments

In the event of exceptional developments, the total compensation for each Management Board member is limited to a maximum amount. In addition, the Supervisory Board and the members of the Management Board agreed on a possible limitation of the variable compensation which is included in the service agreements of the Management Board members and according to which the variable compensation may be limited to amounts below the provided maximum amounts or may not be granted altogether. Furthermore, statutory regulations provide that the Supervisory Board may reduce the compensation of the Management Board members to an appropriate level, if the situation of the company deteriorates in such a way following the determination of the compensation that the continuous granting of the compensation would be unreasonable for the company. A payment of Variable Compensation elements will also not take place if the payment of Variable Compensation components is prohibited or restricted by the German Federal Financial Supervisory Authority in accordance with existing statutory requirements.

Shareholding Guidelines

- Long-term commitment of Management Board members to the Bank
- Identification with company and its shareholders
- Link to performance of the Bank through deferred compensation

All members of the Management Board are required to hold a specified value of Deutsche Bank shares. This requirement fosters the identification of the Management Board members with the company and its shareholders and aims to ensure a sustainable link to the performance of the Bank.

The number of shares to be held amounts to two times the annual base salary for the Chairman and one time the annual base salary for ordinary Management Board members.

There is in principle a waiting period of 36 months for the Chairman and 24 months for ordinary Management Board members until which these requirements must be fulfilled. In each case, the waiting period is extended by 12 months for each financial year falling within the waiting period for which the Management Board member is not awarded any variable compensation. Deferred equity-based compensation may be taken into account at 75 % of its value towards fulfillment of the obligation.

Observance of the requirement is reviewed semi-annually as of June 30 and December 31. If the required number of shares is not met, the Management Board members must correct any deficiencies by the next review. In 2016, all Management Board members fulfilled the retention obligations for shares.

As compensation components are deferred or spread out over several years, another link to the performance of the Deutsche Bank share is established that should generally continue to exist even for the period after leaving the Management Board.

Pension benefits

The Supervisory Board allocates an entitlement to pension plan benefits to the Management Board members. These entitlements involve a defined contribution pension plan. Under this pension plan, a personal pension account has been set up for each participating member of the Management Board after appointment to the Management Board. A contribution is made annually into this pension account.

Management Board members receive a contribution in the form of a contractually agreed fixed annual amount in Euro. The contribution accrues interest credited in advance, determined by means of an age-related factor, at an average rate of 4 % per year up to the age of 60. From the age of 61 onwards, the contribution made is credited with an annual interest payment of 4 % up to the date of retirement.

The annual contributions, taken together, form the pension amount available to pay the future pension benefit. Under defined conditions, the pension may also become due for payment before a regular pension event (age limit, disability or death) has occurred. The pension right is vested from the start.

Other Benefits upon Premature Termination

The Management Board members are in principle entitled to receive a severance payment upon early termination of their appointment at the Bank's initiative, provided the Bank is not entitled to revoke the appointment or give notice under the contractual agreement for cause. The circumstances of the early termination of the appointment and the length of service on the Management Board are to be taken into account when determining the amount of the severance payment. The severance payment is two annual compensation amounts as a maximum and is limited to the claims to compensation for the remaining term of the contract. The calculation of the severance payment is based on the annual compensation for the previous financial year and on the expected annual compensation for the current financial year, if applicable. The severance payment is determined in accordance with the statutory and regulatory requirements, in particular with the provisions of the InstVV.

If a Management Board member leaves office in connection with a change of control, they are also, under certain conditions, entitled in principle to a severance payment. According to the German Corporate Governance Codex, the severance payment will not exceed three annual compensation amounts and is limited to the claims to compensation for the remaining term of the contract. The calculation of the compensation is again based on the annual compensation for the previous financial year.

