

Deutsche Bank (Malaysia) Berhad
Company No. 199401026871 (312552-W)
(Incorporated in Malaysia)
and its subsidiaries

Statement on Corporate Governance 2019

CEO's Statement

Consistent with the trend throughout 2019, global growth is still slowing or lower, as the coronavirus outbreak hammers demand and supply, challenging central banks and governments to respond to a fast-changing situation. The US economy slowed its decline, with a rebound in manufacturing sentiment. The Fed easing is contributing to this, resulting in an uptick in home equity loans as consumers tap into funding. The principle risk remains the trade war. In the Eurozone, the manufacturing has arrested its decline, pointing to better growth. Uncertainty is still high, but is set to decline.

Locally, the Malaysia economy recorded GDP growth of 4.3% in 2019, the lowest level since the global financial crisis in 2009, as compared to 4.7% in 2018. The Malaysia annual growth in 2019 was adversely affected by supply disruptions, especially in the commodity sector, while growth was supported by resilient private sector spending and continued expansion in the services and manufacturing sectors. Since the last update in May 2019, Bank Negara Malaysia (BNM) had in 22 January 2020 and 03 March 2020 reduced the Overnight Policy Rate (OPR) by 25 basis points to 2.75% and 2.50% respectively.

Due to the impact of the coronavirus (Covid-19) outbreak, a slowdown in the first six months of the year is expected. RM20 billion stimulus package was announced by the government that aim to aid the recovery of the economy in the second half of the year. Lower foreign tourist arrivals and Covid-19 are the main downside factors. However, the upside factors include the rate cut made by BNM, a stable job market and stimulus incentives for domestic consumption.

Despite challenging domestic and external environment, the Bank remained resilient and recorded income before taxes of RM299.2 million and net profit of RM222.1 million for the financial year ended 31 December 2019. This translates to earnings per share of 127.9 sen in 2019.

The Bank reported return on equity of 15.5% whilst liquidity profile continues to be strong with total deposits at RM6.6 billion. The Bank's Internal Capital Adequacy Assessment ("ICAAP") and the capitalization level remains healthy and robust with overall and common equity tier 1 capital ratio reported at 19.96% and 19.42% respectively as at 31 December 2019.

CEO's Statement (continued)

Notable deals and Awards

Below are the awards won by Deutsche Bank in the year 2019:

- Best M&A Adviser (Malaysia) by The Asset;
- Best M&A deal: Mitsui & Company acquisition of 16% stake in IHH Healthcare from Khazanah Nasional for US\$2 billion by The Asset;
- Best Interbank GIRO Bank for 2019 in Malaysia, presented by PayNet;
- Best Relationship Management & Client Services by Global Custodian 2019;
- Best Domestic Custodian by The Asset Triple A Finance Awards 2019;
- Best Islamic Custodian by The Asset Triple A Islamic Finance Awards 2019;
- Euromoney's Best Trade Finance Provider in Malaysia (No.1 for 5th year running);
- Ranked No.2 (2nd year running) for FX Dynamic Hedging Volumes Executed; and
- Ranked Top 5 MGS Secondary Market Dealer on Volumes Executed.

Bank ratings

In September 2019, RAM has reaffirmed the Bank's long and short term ratings of AA1 and P1 respectively, with a stable outlook.

Business plan and strategy

We remain focused on building our franchise, with emphasis on tapping client flows in foreign exchange, fixed income, interest rate derivatives, credit derivatives, structured transactions, money markets, repo, capital market instruments, cash management, securities services, trade finance and Islamic banking. Our objectives remain as a client focussed organisation and building a global network of balanced businesses underpinned by strong capital and liquidity.

The Bank stands firmly committed to Corporate Responsibility ("CR"). Over the course of the year, we continued to work with the Deutsche Bank Asia Foundation ("DBAF") to support local projects relating to education, corporate volunteering, sustainability and community development. We regard these CR initiatives as investments in our own future.

CEO's Statement (continued)

Outlook

For 2020, The Malaysian annual growth is expected to be supported by private and public sector activities. Household spending is expected to grow at a slower pace amid moderate employment and income growth. Investment activity is projected to record a modest recover, underpinned by ongoing and new projects, both in the public and private sectors.

The Bank remains competitive with the solid frameworks around capital and liquidity management, risk controls and enhanced internal processes. We continue to be relentless in our commitment towards client centricity and in driving product innovation to deliver sustainable performance.

The Bank looks forward to contribute to the economic growth and wellbeing of the communities in which we operate and to create positive impact for our clients, investors, employees and society at large.

Dato' Yusof Annuar bin Yaacob
Chief Executive Officer

1. Board of Directors

Composition of the Board

The Directors who served since the date of the last report are as follows:

Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin
Chairman - Independent Non-Executive Director

Dato' Yusof Annuar bin Yaacob
Chief Executive Officer (CEO) - Non-Independent Executive Director

Mr. Steven Choy Khai Choon
Vice-Chairman - Independent Non-Executive Director

Madam Koid Swee Lian
Independent Non-Executive Director

Mr Seamus Toal
Non-Independent Executive Director

1. Board of Directors (continued)

Key information and background of Directors

Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin

Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin, aged 61, was appointed to the Board of DB Malaysia on 28 April 2016 and succeeded the role as non-executive Chairman of the Bank on 1 January 2017.

Tunku Dato' Mahmood Fawzy received his Bachelor of Arts (Hons) Business Studies degree from the Polytechnic of Central London (now known as Westminster University), Masters in Business Administration from the University of Warwick and the Diploma in Marketing from the Chartered Institute of Marketing. Tunku Dato' Mahmood Fawzy is a Fellow of the Institute of Corporate Directors Malaysia, Member of the Australian Institute of Company Directors, Malaysian Institute of Management and Malaysian Institute of Corporate Governance.

Tunku Dato' Mahmood Fawzy draws on a wealth of governance, management and cross border experience in telecommunications, investment management and private equity activity, oil and gas, marine and aviation logistics, corporate advisory, banking and financial services, across several international locations including the United Kingdom, New Zealand, South Africa and Malaysia.

Tunku Dato' Mahmood Fawzy was previously a board member of Malaysia Airports Holdings Berhad, Hong Leong Islamic Bank Berhad, Pos Malaysia Bhd, SapuraKencana Petroleum Bhd/ Kencana Petroleum Berhad, Ethos Capital One Sdn Berhad, The Federation of Investment Managers Malaysia, Energy Africa Limited, Engen Limited in South Africa, Telekom Malaysia Berhad and its subsidiaries Webe Digital Sdn Berhad and VADS Berhad.

Tunku Dato' Mahmood Fawzy currently sits on the board of Hong Leong Asset Management Berhad, Hong Leong Assurance Berhad and Hong Leong MSIG Takaful Berhad. Tunku Dato' Mahmood Fawzy is also a member of the Investment Panel of Urusharta Jamaah Sdn Bhd and the Chairman of the Financial Services Professional Board.

1. Board of Directors (continued)

Key information and background of Directors (continued)

Dato' Yusof Annuar bin Yaacob

Dato' Yusof Annuar bin Yaacob, aged 54, was appointed as Executive Director and Chief Executive Officer of DB Malaysia on 20 February 2014. Dato' Yusof is a Chartered Accountant by profession and a member of the Chartered Institute of Management Accountants.

Dato' Yusof has distinguished experience in the telecommunication industry and over 18 years of experiences in investment banking, financial management, accounting and corporate management of international firms.

Prior to joining DB Malaysia, Dato' Yusof was the Managing Director and Chairman of the Investment Banking Division, Goldman Sachs Malaysia Sdn Bhd. Dato' Yusof held positions as Executive Director/Chief Financial Officer of Axiata Group Berhad and served as a Board Member of several public listed companies both local and international.

Mr. Steven Choy Khai Choon

Mr. Steven Choy Khai Choon, aged 62, was appointed to the Board of DB Malaysia on 29 June 2012. Mr. Choy graduated from the University of New South Wales, Australia with a Bachelor of Commerce and holds a Master in Business Administration from Oklahoma City University, United States of America. He had attended the General Management Programme at INSEAD, France over a period of two (2) years from 2001 to 2002. He is a Fellow of the Certified Practising Accountants Australia and a member of the Malaysian Institute of Accountants.

He has extensive experience in financial sector and had served as the President/Chief Executive Officer of Cagamas Berhad for six (6) years before retiring in March 2012. Prior to that, he was the Senior General Manager, Group Head, Business Reengineering with RHB Banking Group and had held various senior positions with Aviva Insurance Group, Credit Corporation Malaysia Berhad. He was previously a board member of Zurich Takaful Malaysia Berhad.

Mr. Choy is currently a Director of Malaysia Marine and Heavy Engineering Holdings Berhad, RAM Rating Services Berhad, Zurich General Insurance Malaysia Berhad, Hap Seng Plantations Holdings Berhad, Bond and Sukuk Information Platform Sdn Bhd, Asian Banking School Sdn Bhd and the Director/ Chairman of Zurich Life Insurance Malaysia Berhad. Mr. Choy is also a Public Interest Director on the Board of The Federation of Investment Managers Malaysia.

1. Board of Directors (continued)

Key information and background of Directors (continued)

Madam Koid Swee Lian

Madam Koid Swee Lian, aged 62, was appointed to the Board of DB Malaysia on 7 December 2016. Madam Koid was a scholar of Bank Negara Malaysia (BNM) to read law in the Law Faculty of the University of Malaya. She graduated with a Bachelor of Laws Degree in 1981 and was admitted to the Malaysia Bar in 1983. Madam Koid has been with BNM for more than 32.5 years until her retirement and she has served in various capacities including as Board member and CEO of BNM's Credit Counselling and Debt Exposure Management Agency (AKPK). She was previously a board member of Hong Leong Capital Berhad.

Madam Koid was appointed by the Securities Commission Malaysia as a Public Interest Director on the Board of The Federation of Investment Managers Malaysia and chairs one of its Board Committees. Her directorships in other companies include HLA Holdings Sdn Bhd and Genting Berhad.

She was appointed as an advisor for the Consumer Financial Education Initiative of the Financial Planning Association of Malaysia from 1 August 2015 to 30 June 2019. She entered into a Service Agreement with the ICLIF Leadership and Governance Centre (ICLIF) as a coach and facilitator for ICLIF's Programmes from 27 October 2017 to 31 December 2019.

Mr. Seamus Toal

Mr. Seamus Toal, aged 53, was appointed to the Board of DB Malaysia on 27 July 2017. Mr. Toal is a graduate of the Columbia Senior Executive Program, a Fellow of the Institute of Bankers and Finance Singapore and Associate Member of the Association of Corporate Treasurers.

Mr. Toal started his career with National Westminster Bank in 1986 and moved on to various senior positions in Deutsche Bank across various regions. Mr. Toal has more than 30 years of experience in the banking industry. He is currently the Managing Director/ Chief Risk Officer Asia Pacific of Deutsche Bank with oversight across all risk categories, credit, market, liquidity, operational and information and resilience and responsible for implementation of risk strategies, vision, policies and direction.

1. Board of Directors (continued)

Key information and background of Directors (continued)

Role and Responsibilities of the Board

The Board's role is to effectively supervise the affairs of the Bank, to deliberate and approve significant policies and strategies that are proposed by management and to ensure its compliance with all regulatory and statutory obligations.

The Board reviews the Bank's business plans, strategies and financial performance periodically to ensure that it achieves its objectives and provides regular oversight of the Bank's business operations and performance. The Board also reviews and approves proposals to hire new key Senior Management officers, to ensure that the affairs of the Bank are administered by qualified and competent officers.

The roles of the Chairman and CEO are separate and distinct to ensure an appropriate balance of role, responsibility, authority and accountability. These two positions are held by different individuals and the division in the roles of the Chairman and the CEO is clearly defined in the terms of reference. The Independence Non-Executive Chairman assumes an important role in encouraging a healthy debate on critical issues and brings to the Board the required level of independence and professional skepticism.

Board Training

To keep abreast of current market developments, the Board is encouraged to attend public programmes, seminars, training or talks on areas related to their roles and responsibilities. Training programmes on specific subjects or areas can be requested and arranged internally.

Directors received training by attending external seminars, training sessions and talks and through reading materials. They had also attended talks, dialogues sessions and focus group sessions organised by FIDE Forum, an initiative of the alumni members of the Financial Institutions Directors' Education Programme, set out to enhance corporate governance practices in the boards of financial institutions and to develop world class directors who are advocates of best practices and excellence in corporate governance.

During the year, the Directors had attended the following training programmes, seminars and workshops:-

1. Board of Directors (continued)

Key information and background of Directors (continued)

Board Training (continued)

Training Programmes/ Seminars/ Workshops	Description of training
Green Financing Conference	<ul style="list-style-type: none"> • Understand green economy initiative to better serve the needs of society and to achieve a sustainable future.
Petronas Governance	<ul style="list-style-type: none"> • Presentation/ Panel on governance related matters..
Financial Industry Conference	<ul style="list-style-type: none"> • Financing for the future. • Regulations 2.0. • Culture and ethics.
Anti-Money Laundering and Counter Financing of Terrorism (“AML-CFT”)	<ul style="list-style-type: none"> • AML-CFT related matters.
MFRS 17: Understanding its Impact and Consequences Training Session	<ul style="list-style-type: none"> • Understand MFRS 17: Insurance Contracts (effective 1 January 2021) which will transform the recognition and measurement of insurance contracts. Its adoption will have far-reaching consequences, both financial and operational. • Ernst & Young leaders shared trends and insights on (i) Changes arising from adoption of MFRS 17; (ii) Industry issues that have been identified during the design and implementation process; (iii) Upcoming changes or revisions to MFRS 17.
The 4 th Chancellor Tuanku Muhriz Lecture	<ul style="list-style-type: none"> • Governance and education related matters.

Training Programmes/ Seminars/ Workshops	Description of training
Khazanah Megatrends Forum 2019	<ul style="list-style-type: none"> • From the past to the future - Building our collective brain.
International Directors Summit 2019	<ul style="list-style-type: none"> • The trust compass: resetting the course – presentations include among others, the new world competitiveness landscape: Consequences for board members, a new paradigm: towards ASEAN 4.0, boardroom diversity, the part of digital disruption every board needs to know and ethical dilemmas in the boardroom.
Board Leadership in Asia 3.0	<ul style="list-style-type: none"> • Board leadership in Asia – challenges and new future.
EY C-Suite Forum	<ul style="list-style-type: none"> • C-Suite related matters.
Insights into Private Equity (“PE”)	<ul style="list-style-type: none"> • PE fundamentals and related matters.
Operational Risk Management	<ul style="list-style-type: none"> • Risk Management overview.
Mobile 360 Series - Digital Societies	<ul style="list-style-type: none"> • Key metrics defining a digital society and how developments in these key areas can lead to gains for society as a whole.
ISRA: Islamic Finance for Board of Directors Programme	<ul style="list-style-type: none"> • Enhance director’s appreciation on the dynamics of Shariah principles in shaping different offerings of Islamic banking business. • Equip directors with practical understanding on the value propositions of Islamic finance and its specificities vis-à-vis conventional banking with the aim of enhancing business potential. • Provide directors with diverse perspectives from within and beyond Islamic banking community on contemporary issues in the industry.

Training Programmes/ Seminars/ Workshops	Description of training
In-house Training for Directors	<ul style="list-style-type: none"> • Individual Accountability and Conduct of senior managers in financial institutions (based on the Monetary Authority of Singapore's recent proposed guidelines). • Status, power, duties and liabilities of directors under Singapore Law.
Introduction of Shariah & Takaful and Shariah Governance Framework	<ul style="list-style-type: none"> • Understanding on Shariah, Takaful and Shariah governance framework and processes to promote Shariah compliance in Islamic finance operations.
FIDE FORUM Dinner Talk : Digital Assets : Global Trends, Legal Requirements and Opportunities for Financial Institutions	<ul style="list-style-type: none"> • Impact and challenges of digital assets. • Trend and development for digital assets locally, regionally and globally and the key implications of these developments in the financial services sector. • Compliance and regulatory implications that impact fiduciary responsibilities.
PWC briefing on Digitisation	<ul style="list-style-type: none"> • Importance and impact of digitalization.
Cagamas & World Bank Group - Conference on Constructing and Financing Affordable Housing Across Asia	<ul style="list-style-type: none"> • Affordable Housing: challenges and opportunities across Asia. • A new Islamic finance pricing paradigm for affordable housing.
FIDE FORUM Dialogue with the Deputy Governor on the Draft Risk Management in Technology Policy	<ul style="list-style-type: none"> • Understand on FIs' technology risk management framework and practices to better manage technology-related risks and enhance technology resiliency.

Training Programmes/ Seminars/ Workshops	Description of training
FIDE FORUM - 2nd Distinguished Board Leadership Series: Rethinking Strategy	<ul style="list-style-type: none"> • Understand what must today's FIs do to emerge or remain as key players in the industry 10 years from now. • Rethink strategy in a highly financialized VUCA (Volatility, Uncertainty, Complexity and Ambiguity) environment and ways the Boards of FIs can lead their respective organisation.
MISC Annual Planning Forum	<ul style="list-style-type: none"> • Annual planning: connecting strategy to execution with the strategic initiatives.
FIDE FORUM - Digital To The Core	<ul style="list-style-type: none"> • Understand 'Digital to the core' in financial services. • The journey to become a virtual FIs. • Key similarities and differences between Digital and Traditional FIs. • Key success factors and lessons learned. • Use-case and demo of financial technology solutions.
CG Watch for Governance Symposium 2019	<ul style="list-style-type: none"> • Governance depends on a robust governance eco-system where all parties are co-operating in harmony and compliant to the rule of just and equitable laws, to protect stakeholders and public interest. • Insights on compliance in governance trends and best practices: assessment of the corporate governance ecosystem by stakeholders across Asia markets. • Practical challenges and opportunities in implementing a governance structure. • Assess the impact of Section 17A on Corporate Liability in the Malaysian Anti-Corruption Commission Act 2009.

Training Programmes/ Seminars/ Workshops	Description of training
Securities Commission Malaysia's ("SC") Annual Report Briefing	<ul style="list-style-type: none"> • New SC Chairman, Datuk Syed Zaid Albar briefed on his transformative agenda for the capital market, including to energise the capital markets to become more vibrant and inclusive through accessibility, agility and accountability.
Insight-sharing by Ernst & Young on the Inland Revenue Board's ("IRB") Special Voluntary Disclosure Programme ("SVDP")	<ul style="list-style-type: none"> • Understand implications of IRB's SVDP. • Recent trends in IRB's tax enforcement based on information received through the Automated Exchange of Information. • Assessment of tax position and tax risks a means test and preparing a Capital Statement.
Audit Committee Conference 2019 - Meeting the New Expectations	<ul style="list-style-type: none"> • Audit Committees ("ACs") face challenges in the adoption of new MFRSs • Enhance financial stewardship with use of judgement and higher levels of disclosure and transparency. • Integrated reporting and value creation by ACs. • ACs' role in the National Anti-Corruption Plan 2019-2023.
ISO 37001: 2016 & MACC Act Section 17A Foundation Course	<ul style="list-style-type: none"> • Introduction to ISO 37001:2016 to help organisations establish, implement, maintain, and improve an anti-bribery compliance programme. • Understand ISO 37001's structure and requirements towards implementation and compliance with Section 17A MACC Act 2009, and Ministerial Guidelines on Adequate Procedures.

Training Programmes/ Seminars/ Workshops	Description of training
Briefing on MFRS 16: Leases	<ul style="list-style-type: none"> • Understand MFRS 16 (effective 1 January 2019) which requires a lessee to recognize a “right-of-use” of the underlying asset and a lease liability reflecting future lease payments for most leases.
Launch of the Malaysian National Strategy for Financial Literacy 2019 – 2023	<ul style="list-style-type: none"> • Launch of the National Strategy for Financial Education officiated by Prime Minister Tun Dr Mahathir Mohamad.
BNM-FIDE FORUM Dialogue on Key Aspects of Fintech and Regulation	<ul style="list-style-type: none"> • Key trends on how digital innovation is reshaping the financial services industry going forward and its implications on Malaysian FIs. • Focus areas in harnessing the benefits of innovation and ‘Red flags’ where board oversight can be better exercised. • Imperative role of the board in facilitating sustainable innovation and growing digital capacity in their respective organisations.
In-house: Basic Concepts of Islamic Banking and Finance	<ul style="list-style-type: none"> • Islamic Orientation. • Introduction to Shariah (Fiqh and Fuqaha). • Types of Rules and Objectives of Shariah. • Basics of Islamic Banking.
In-house Training on AML-CFT for Board of Directors, Senior Management and Head of Departments	<ul style="list-style-type: none"> • Understand current AML-CFT regime. • Recent regulatory developments and expectations. • Money laundering and terrorism financing red flags. • Responsibility – Accountability meets enforcement.

Training Programmes/ Seminars/ Workshops	Description of training
<p>In-house Training : Deutsche Bank Connect2 Learn</p>	<ul style="list-style-type: none"> • Anti-Financial Crime – Anti-Fraud, Bribery and Corruption • Anti-Financial Crime – AML-CFT Training • Anti-Financial Crime – AML, Counter Terrorist and Proliferation Financing and Tax Evasion • Anti-Financial Crime – Sanctions and Embargoes Essentials • Compliance – Cross Broder Risk Management Training • Compliance – Client Assets Protection • Compliance – The Essentials of Market Abuse and Antitrust • Compliance – Management of Customer Information and Permitted Disclosures, Reporting and Escalation Procedures • Compliance – Market Conduct • Compliance – Sales & Trading Communications Training • Compliance – Conflicts of Interest • Compliance – Cross Border Training • Compliance – The Essentials of our Duties to Customers • Chief Security Office – Global Information Security Awareness • Hiring Practices at Deutsche Bank • KYC Policy v3.2 Implementation – Training for CIB Accountable Client Owners • Understanding your Deferred Awards (2019 version)

1. Board of Directors (continued)

Key information and background of Directors (continued)

Frequency and Conduct of Board Meetings

The Board meets on a regular basis to review the Bank's financial performance, risk positions and minutes of meetings of the Bank's various internal governance committees. Special Board meetings are convened for purposes such as to assess business proposals or address issues that require the immediate decision of the Board.

The agenda and board papers are furnished to Directors for their perusal in advance prior to the Board meeting to enable them to have sufficient time to review the agenda papers and provide informed views and comments during the deliberations at Board meetings. The relevant management staff are invited to the Board meetings to provide additional input and clarification to the issues or business proposals.

The attendance of each director at the Board meetings during the financial year is set out below:-

Name of Directors	Attendance at Meetings
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin	9/9 (100%)
Mr. Steven Choy Khai Choon	9/9 (100%)
Dato' Yusof Annuar bin Yaacob	9/9 (100%)
Madam Koid Swee Lian	9/9 (100%)
Mr. Seamus Toal	8/9 (89%)

Directors' Independence

To ensure transparency in corporate governance as well as to promote independent oversight by the Board, the Bank has put in place its internal guidelines that the maximum tenure of a new Independent Director who is appointed from January 2017 onwards, shall be capped at 9 years, subject to the approval by the Board and BNM for such tenure to extend beyond 9 years whilst existing Independent Directors may continue to serve on the Board until the expiry of their terms as approved by BNM.

1. Board of Directors (continued)

Key information and background of Directors (continued)

Directors' remuneration

RM'000

Non-Executive Directors

Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin	328
Mr. Steven Choy Khai Choon	197
Madam Koid Swee Lian	195

Executive Director

Mr. Seamus Toal	-
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Executive Director (CEO)

	<u>Fixed Remuneration</u>			<u>Variable remuneration</u>		
	Fixed Pay	Other	Benefits- in-kind	Non deferred	Deferred	
	RM'000	RM'000	RM'000	Cash RM'000	Cash RM'000	Shares RM'000
Dato' Yusof Annuar bin Yaacob	1,962	420	40	306	202	114

2. Board Committees

The following Board Committees assist the Board in the discharge of its role and responsibilities. The terms of reference and the composition of these Committees are set out below. In line with the requirements of BNM's Corporate Governance Policy, the Board Committees comprise three independent non-executive Directors and is chaired by an independent director. The Directors have the necessary skills, knowledge and experience relevant to the responsibilities of the Board Committee.

(a) Nominating and Remuneration Committee

Membership and composition

In 2019, the Nominating and Remuneration Committee ("NRC") comprises the following Independent Non-Executive Directors of the Board:

Mr. Steven Choy Khai Choon - Chairman
Madam Koid Swee Lian - Vice Chairperson
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin - Member

The NRC comprises three independent non-executive Directors. There were 4 meetings held by the NRC during the financial year.

Terms of Reference

Its responsibilities are as follows:

- To establish minimum requirements for the Board, i.e. required mix of skills, experience, qualification and other core competencies required of a director. The committee is also responsible for establishing minimum requirements for the CEO's post. The requirements and criteria must be approved by the full Board.
- To assess and recommend to the Board the nominees for directorship, Board committee membership as well as nominees for the CEO's post and Shariah Committee membership. This includes assessing directors and Shariah Committee members for reappointment, before an application for approval is submitted to Bank Negara Malaysia. In considering the appointment of a CEO or nominees for directorship and Shariah Committee membership, the Board shall take into consideration the requirements of the regulator and the recommendation of the representatives of the Shareholder, whether at a regional or global level.

2. Board Committees (continued)

(a) Nominating and Remuneration Committee

Terms of Reference (continued)

- To oversee the overall composition of the Board, in terms of the appropriate size and skills and the balance between executive directors, non-executive directors and independent directors through annual review. Such composition of the Board shall always include two representatives of the Group's Regional Management.
- To recommend to the Board the removal of a director/CEO from the Board/ Management team if the director/CEO is found to be ineffective, errant and negligent in discharging their responsibilities.
- To establish a mechanism for the formal assessment on the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board, the contribution of the Board's various committees, determine whether a director is independent and the performance of the CEO and other key Senior Management officers.
- To recommend the remuneration of the Shariah Committee members for the full board's approval and that the remuneration shall commensurate and reflect the roles and responsibilities of the Shariah Committee.
- To ensure that all directors receive an appropriate continuous training programme in order to keep abreast with latest developments in the industry;
- To oversee the appointment, management succession planning and performance evaluation of key Senior Management officers.
- To recommend to the Board the removal of key Senior Management officers if they are ineffective, errant and negligent in discharging their responsibilities.
- To assess on an annual basis, that the directors and key Senior Management officers continue to be "Fit and Proper" persons and are not disqualified under sections 59 & 60 of the Financial Services Act 2013 ("FSA") and sections 69 & 70 of the Islamic Financial Services Act 2013 ("IFSA").

2. Board Committees (continued)

(a) Nominating and Remuneration Committee

Terms of Reference (continued)

- To recommend a framework of remuneration for directors, Shariah Committee members, CEO and Senior Management officers for the full Board's approval. The remuneration framework should support the Bank's risk culture, objectives and strategy and should reflect the responsibility and commitment, which goes with Board membership and responsibilities of the CEO and senior management officers. There should be a balance in determining the remuneration package, which should be sufficient to attract and retain directors of calibre, and yet not excessive to the extent the Bank's funds are used to subsidise the excessive remuneration packages. The framework should cover all aspects of remuneration including director's fees, salaries, allowances, bonuses, options and benefits-in-kind.
- To recommend specific remuneration packages for executive directors and the CEO. The remuneration package should be structured such that it is competitive and consistent with the Bank's culture, objectives and strategy. Salary scales drawn up should be within the scope of the general business policy and not be dependent on short term performance to avoid incentives for excessive risk taking. As for non-executive directors and independent directors, the level of remuneration should be linked to their level of responsibilities undertaken and contribution to the effective functioning of the Board. In addition, the remuneration of each board member may differ based on their level of expertise, knowledge and experience.
- To recommend the appointment, remuneration and termination of the Head of Compliance for the full Board's approval.
- Periodically review the remuneration of directors on the Board, particularly on whether remuneration remains appropriate to each director's contribution, taking into account the level of expertise, commitment and responsibilities undertaken.

2. Board Committees (continued)

(a) Nominating and Remuneration Committee

Frequency and Conduct of Meetings

Meeting shall be held at least once a year with a view to discussing the above issues or such other times as the NRC deems appropriate. The attendance of each director at NRC meetings during the financial year is set out below:-

Name of Directors	Attendance at Meetings
Mr. Steven Choy Khai Choon - Chairman	4/4 (100%)
Madam Koid Swee Lian - Vice Chairperson	4/4 (100%)
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin - Member	4/4 (100%)

(b) Audit and Examination Committee

Membership and composition

In 2019, the Audit and Examination Committee ("AEC") comprises the following Independent Non-Executive Directors of the Board:

Mr Steven Choy Khai Choon - Chairman
Madam Koid Swee Lian - Vice Chairperson
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin - Member

2. Board Committees (continued)

(b) Audit and Examination Committee

Terms of Reference

Its responsibilities are as follows:

- To support the Board in ensuring there is a reliable and transparent financial reporting process.
- To oversee the effectiveness of the internal audit function.
- To foster a quality audit by exercising oversight over the external auditor, in accordance with the expectations set out in the policy document on External Auditor.
- Review and update the Board on all related party transactions.
- Review the accuracy and adequacy of the Chairman's statement in the directors' report, corporate governance disclosures, interim financial reports and preliminary announcements in relation to the preparation of financial statements.
- Monitor compliance with the Board's conflicts of interest policy.
- Review third-party opinions on the design and effectiveness of the Bank's internal control framework (where available).

Frequency and Conduct of Meetings

The AEC shall hold regular meeting, at least once every quarter and should report regularly to the Board. The attendance of each director at AEC meetings during the financial year is set out below:-

Name of Directors	Attendance at Meetings
Mr. Steven Choy Khai Choon – Chairman	4/4 (100%)
Madam Koid Swee Lian - Vice Chairperson	4/4 (100%)
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin - Member	4/4 (100%)

2. Board Committees (continued)

(c) Board Risk Management Committee

Membership and composition

In 2019, the Board Risk Management Committee (“BRMC”) comprises the following Independent Non-Executive Directors of the Board:

Madam Koid Swee Lian - Chairperson
Mr. Steven Choy Khai Choon - Vice Chairman
Tunku Dato’ Mahmood Fawzy bin Tunku Muhiyiddin - Member

Terms of Reference

Its responsibilities are as follows:

- To review and recommend the overall risk management strategies, policies and risk appetite framework for Board’s approval.
- To review and assess adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risk and the extent to which these policies are operating effectively.
- To ensure infrastructure, resources and systems are in place for risk management i.e. ensuring that the staff responsible for implementing risk management systems perform those duties independently of the licensed institution’s risk taking activities.
- To review management’s periodic reports on market risk exposure, specific risk portfolio composition and risk management activities is supported by overall adequacy of capital and liquidity buffers of the Bank.
- To review minutes of EXCO/ MANCO, OPCO and ALCO meetings to be made aware of the business activities of the Bank and that the organisation units are operating within the parameters of the Bank’s risk appetite framework for specific types of risks.
- To review REEC/ MYRC Minutes and credit and new product/product variation recommendations including compliance with legal and regulatory requirements.
- To ensure Senior Management monitors and control the Bank’s risk and is consistent with approved strategies and policies as approved by the Board.
- To provide oversight and advice to the Board on the current market risk exposures of the Bank and future risk strategy.

2. Board Committees (continued)

(c) Board Risk Management Committee (continued)

- To review information on the key exposures and the associated risk tolerance of the Bank and provide high level information on the scope and outcome of any stress-testing programme to the Board.
- In assisting the implementation of a sound remuneration system, examine whether incentives provided by the remuneration system take into consideration risks, capital, liquidity and the likelihood and timing of earnings, without prejudice to the tasks of the NRC.

Frequency and Conduct of Meetings

The BRMC shall hold regular meeting, at least once every quarter and should report regularly to the Board. The attendance of each director at BRMC meetings during the financial year is set out below:-

Name of Directors	Attendance at Meetings
Madam Koid Swee Lian - Chairperson	4/4 (100%)
Mr. Steven Choy Khai Choon – Vice Chairman	4/4 (100%)
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin - Member	4/4 (100%)

3. Internal Audit and Internal Control Activities

Deutsche Bank (Malaysia) Berhad (“DBMB”) has a local Group Audit function. The Principal Auditor in DBMB represents Group Audit in Malaysia and is primarily supported by resources from the Group Audit Asia Pacific regional team in Singapore.

The Principal Auditor has a functional reporting line to the Bank’s Audit and Examination Committee and the Group Audit, Country Head for Malaysia and Indonesia. Group Audit reports to the Audit and Examination Committee on a quarterly basis. The audits are managed in conjunction with the Principal Audit Managers in Singapore, who provide ‘subject matter expertise’ across businesses and infrastructure functions, with overall coordination by the Group Audit Country Head for Malaysia and Thailand.

Group Audit provides a risk-based approach to examine, evaluate and report objectively on the adequacy of both the design and operating effectiveness of the systems of internal control and the effectiveness of risk management and governance processes. The Audit and Examination Committee reviews DBMB audit plan, progress and reports issued.

4. Remuneration

Deutsche Bank Group is a truly global organisation with compensation principles and policies established at a global level and underpinned by the goals of Deutsche Bank's Strategy 2020. Compensation plays an integral role in the successful delivery of our strategic objectives. Attracting, developing and retaining talent on a global basis is central to our compensation strategy. The cornerstone of this is the concept of pay for performance, within a sound risk management and governance framework, and with due consideration of market factors and societal values.

It is the full intention of the Bank to ensure that the Compensation Policy is applicable on a global basis in order to foster a fair and transparent approach to compensation across all jurisdictions. Notwithstanding this, the Bank is mindful that the specific nature of local operations should be considered and respected when making decisions and the input of local management sought to ensure this. In view of this and in accordance with Bank Negara Malaysia's Guidelines on Corporate Governance for Licensed Institutions, the Bank's NRC is in place to ensure corporate governance and oversight by the Board.

Employee Compensation Report

This Compensation Report takes a group-wide view and covers all consolidated entities of the Deutsche Bank Group. In accordance with regulatory requirements, equivalent reports for 2019 are prepared for the following Significant Institutions within Deutsche Bank Group.

Regulatory Environment

Ensuring compliance with regulatory requirements is an overarching consideration in our Group Compensation Strategy. We strive to be at the forefront of implementing regulatory requirements with respect to compensation and will continue to work closely with our prudential supervisor, the European Central Bank (ECB), to be in compliance with all existing and new requirements.

As an EU-headquartered institution, Deutsche Bank is subject to the Capital Requirements Regulation / Directive (CRR / CRD) globally, as transposed into German national law in the German Banking Act and InstVV. We adopted the rules in its current version for all of Deutsche Bank's subsidiaries and branches world-wide to the extent required in accordance with Section 27 InstVV. As a Significant Institution within the meaning of InstVV, Deutsche Bank identifies all employees whose work is deemed to have a material impact on the overall risk profile (Material Risk Takers or MRTs) in accordance with criteria stipulated under the Commission Delegated Regulation (EU) No. 604/2014. MRTs are identified at a Group level and at the level of Significant Institutions.

4. Remuneration (continued)

Regulatory Environment (continued)

Taking into account more specific sectorial legislation and in accordance with InstVV, some of Deutsche Bank's subsidiaries (in particular within the DWS Group) fall under the local transpositions of the Alternative Investments Fund Managers Directive (AIFMD) or the Undertakings for Collective Investments in Transferable Securities Directive (UCITS). We also identify Material Risk Takers in these subsidiaries. Identified employees are subject to the remuneration provisions outlined in the Guidelines on sound remuneration policies under AIFMD/UCITS published by the European Securities and Markets Authority (ESMA).

Deutsche Bank also takes into account the regulations targeted at employees who engage directly or indirectly with the bank's clients, for instance as per the local transpositions of the Markets in Financial Instruments Directive II – MiFID II. These provisions resulted in the implementation of a specific compensation policy, a review of compensation plans and the identification of employees deemed to be Relevant Persons to ensure that they act in the best interest of clients.

Where applicable, Deutsche Bank is also subject to specific rules and regulations implemented by local regulators. Many of these requirements are aligned with the InstVV. However, where variations are apparent, proactive and open discussions with regulators have enabled us to follow the local regulations whilst ensuring any impacted employees or locations remain within the bank's overall Group Compensation Framework. This includes, for example, the identification of Covered Employees in the United States under the requirements of the Federal Reserve Board. In any case, we apply the InstVV requirements as minimum standards globally.

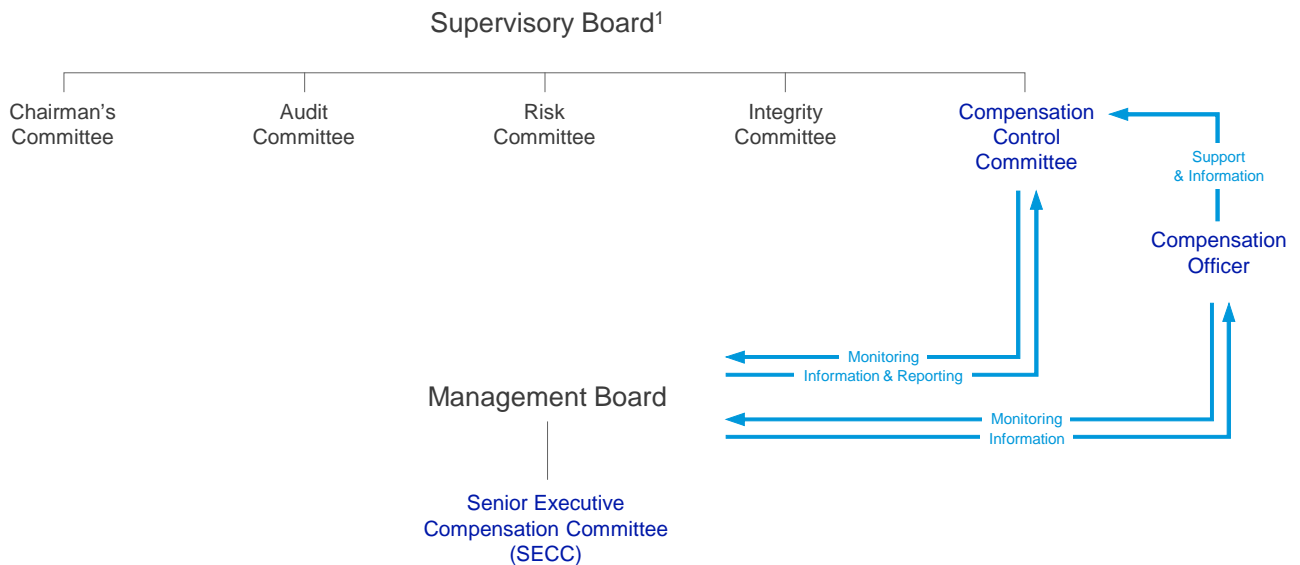
4. Remuneration (continued)

Compensation Governance

Deutsche Bank has a robust governance structure enabling it to operate within the clear parameters of the Compensation Strategy and the Compensation Policies. In accordance with the German two-tier board structure, the Supervisory Board governs the compensation of the Management Board members while the Management Board oversees compensation matters for all other employees in the Group. Both the Supervisory Board and the Management Board are supported by specific committees and functions, in particular the Compensation Control Committee (CCC) and the Senior Executive Compensation Committee (SECC), respectively.

In line with their responsibilities, the bank’s control functions are involved in the design and application of the bank’s remuneration systems, in the identification of MRTs and in determining the total amount of VC. This includes assessing the impact of employees’ behavior and the business-related risks, performance criteria, granting of remuneration and severances as well as ex-post risk adjustments.

Reward Governance structure



¹ Does not comprise a complete list of Supervisory Board Committees of Deutsche Bank AG.

4. Remuneration (continued)

Compensation Control Committee (CCC)

The Supervisory Board has setup the CCC to support in establishing and monitoring the structure of the compensation system for the Management Board Members of Deutsche Bank AG, considering, in particular, the effects on the risks and risk management in accordance with the InstVV. Furthermore, the CCC monitors the appropriateness of the compensation system for the employees of Deutsche Bank Group, as established by the Management Board and the SECC. The CCC checks regularly whether the total amount of variable compensation is affordable and set in accordance with the InstVV. The CCC also assesses the impact of the compensation systems on the management of risk, capital and liquidity and seeks to ensure that the compensation systems are aligned to the business and risk strategies. Furthermore, the CCC supports the Supervisory Board in monitoring the MRT identification process and whether the internal control functions and the other relevant areas are properly involved in the structuring of the compensation systems.

The CCC consists of the Chairperson of the Supervisory Board and three further Supervisory Board Members, two of which are employee representatives. The Committee held x meetings in the calendar year 2019. In November, the members of the Risk Committee attended the Compensation Control Committee meeting as guests.

Compensation Officer

The Management Board, in cooperation with the CCC, has appointed a Group Compensation Officer to support the Supervisory Boards of Deutsche Bank AG and of the bank's Significant Institutions in Germany in performing their compensation related duties. The Compensation Officer is involved in the conceptual review, development, monitoring and application of the employees' compensation systems on an ongoing basis. The Compensation Officer performs his monitoring obligations independently and provides an assessment on the appropriateness of design and practices of the compensation systems for employees at least annually. He supports and advises the CCC regularly.

4. Remuneration (continued)

Senior Executive Compensation Committee (SECC)

The SECC is a delegated committee established by the Management Board which has the mandate to develop sustainable compensation principles, to prepare recommendations on Total Compensation levels and to ensure appropriate compensation governance and oversight. The SECC establishes the Group Compensation Strategy and Compensation Policy. The SECC also utilizes quantitative and qualitative factors to assess Group and divisional performance as a basis for compensation decisions and makes recommendations to the Management Board regarding the total amount of annual variable compensation and its allocation across business divisions and infrastructure functions.

In order to maintain its independence, only representatives from infrastructure and control functions who are not aligned to any of the business divisions are members of the SECC. In 2019, the SECC's membership comprised of the Chief Administration Officer (since November 2019 the Chief Transformation Officer) and the Chief Financial Officer as Co-Chairpersons, as well as the Chief Risk Officer (all of whom are Management Board Members), the Global Head of Human Resources as well as an additional representative from both Finance and Risk as voting members. The Compensation Officer, the Deputy Compensation Officer and one of the Global Co-Heads of HR Performance & Reward were nonvoting members. The SECC generally meets on a monthly basis and it had xx meetings with regard to the compensation process for performance year 2019.

4. Remuneration (continued)

Compensation Strategy

Deutsche Bank recognizes that its compensation system plays a vital role in supporting its strategic objectives. It enables us to attract and retain the individuals required to achieve our bank's objectives. The Group Compensation Strategy is aligned to Deutsche Bank's business strategy, risk strategy, and to its corporate values and beliefs. In light of the bank's strategy announcement in July 2019, we have reconfirmed the key objectives and core principles of our remuneration system outlined below.

Five key objectives of our compensation practices

- To support the delivery of the bank's client-focused, global bank strategy by attracting and retaining talent across its full range of diverse business models and country locations
- To support the long-term, sustainable performance and development of the bank and a corresponding risk strategy
- To promote and support long-term performance based on cost discipline and efficiency
- To ensure that the bank's compensation practices are safe, by way of risk-adjusting performance outcomes, preventing inappropriate risk taking, ensuring sustained compatibility with capital and liquidity planning, and complying with regulation
- To apply and promote the bank's corporate values of integrity, sustainable performance, client centricity, innovation, discipline and partnership

Core remuneration principles

- Align compensation to shareholder interests and sustained bank-wide profitability, taking account of risk
- Maximize sustainable performance, both at the employee and the bank-wide level
- Attract and retain the best talent
- Calibrate compensation to reflect different divisions and levels of responsibility
- Apply a simple and transparent compensation design
- Ensure compliance with regulatory requirements

The Group Compensation Policy informs our employees about the implementation of the Compensation Strategy, governance processes as well as compensation structures and practices. All relevant documents are available to employees via our intranet site.

4. Remuneration (continued)

Group Compensation Framework

Our compensation framework emphasizes an appropriate balance between Fixed Pay (FP) and Variable Compensation (VC) – together Total Compensation (TC). It aligns incentives for sustainable performance at all levels of Deutsche Bank whilst ensuring the transparency of compensation decisions and their impact on shareholders and employees. The underlying principles of our compensation framework are applied to all employees equally, irrespective of differences in seniority, tenure or gender.

Pursuant to CRD 4 and the requirements subsequently adopted in the German Banking Act, Deutsche Bank is subject to a ratio of 1:1 with regard to fixed-to-variable remuneration components, which was increased to 1:2 with shareholder approval on May 22, 2014 with an approval rate of 95.27 %, based on valid votes by 27.68 % of the share capital represented at the Annual General Meeting. Nonetheless, the bank has determined that employees in specific infrastructure functions should continue to be subject to a ratio of at least 1:1 while Control Functions as defined by InstVV are subject to a ratio of 2:1.

The bank has assigned a Reference Total Compensation (RTC) to eligible employees that describes a reference value for their role. This value provides our employees orientation on their FP and VC. Actual individual TC can be at, above or below the Reference Total Compensation, depending on VC decisions which are based on Group affordability, and performance expectations having been satisfied at Group, divisional and individual levels.

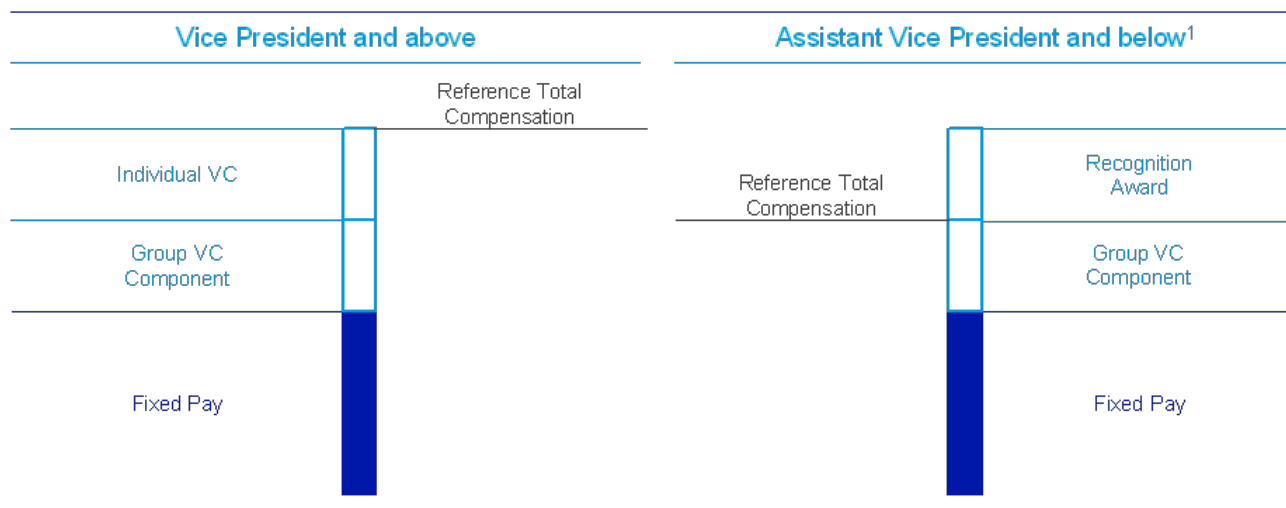
Fixed Pay is used to compensate employees for their skills, experience and competencies, commensurate with the requirements, size and scope of their role. The appropriate level of FP is determined with reference to the prevailing market rates for each role, internal comparisons and applicable regulatory requirements. FP plays a key role in permitting us to meet our strategic objectives by attracting and retaining the right talent. For the majority of our employees, FP is the primary compensation component with a share of greater than 50 % of TC.

4. Remuneration (continued)

Group Compensation Framework

Variable Compensation reflects affordability and performance at Group, divisional, and individual level. It allows us to differentiate individual performance and to drive behavior through appropriate incentive systems that can positively influence culture. It also allows for flexibility in the cost base. VC generally consists of two elements – the Group VC Component and the Individual VC Component. The Individual VC Component is delivered either in the form of Individual VC (generally applicable for employees at the level of Vice President (VP) and above) or as Recognition Award (generally applicable for employees at the level of Assistant Vice President (AVP) and below). In cases of negative performance contributions or misconduct, an employee’s VC can be reduced accordingly and can go down to zero. VC is granted and paid out subject to Group affordability. Under our compensation framework, there continues to be no guarantee of VC in an existing employment relationship. Such arrangements are utilized only on a very limited basis for new hires in the first year of employment and are subject to the bank’s standard deferral requirements.

Key components of the compensation framework



¹ Some Assistant Vice Presidents and below in select entities and divisions are eligible for the Individual VC Component in lieu of the Recognition Award.

4. Remuneration (continued)

Group Compensation Framework

The Group VC Component is based on one of the overarching goals of the compensation framework – to ensure an explicit link between VC and the performance of the Group. To assess our annual achievements in reaching our strategic targets, the four Key Performance Indicators (KPIs) utilized as the basis for determining the 2019 Group VC Component were: Common Equity Tier 1 (CET 1) Capital Ratio, Leverage Ratio, Adjusted Costs, and Post-Tax Return on Tangible Equity (RoTE). These four KPIs represent important metrics for the capital, risk, cost and the revenue profile of our bank and provide an indication of the sustainable performance of Deutsche Bank.

Individual VC takes into consideration a number of financial and nonfinancial factors, including the applicable divisional performance, the employee's individual performance, conduct, and adherence to values and beliefs, as well as additional factors such as the comparison of pay levels with the employee's peer group and retention considerations.

Recognition Awards provide the opportunity to acknowledge and reward outstanding contributions made by the employees of lower seniority levels in a timely and transparent manner. Generally, the overall size of the Recognition Award budget is directly linked to a set percentage of FP for the eligible population and it is currently paid out twice a year, based on a review of nominations and contributions in a process managed at the divisional level.

Employee benefits complement Total Compensation and are considered FP from a regulatory perspective, as they have no direct link to performance or discretion. They are granted in accordance with applicable local market practices and requirements. Pension expenses represent the main element of the bank's benefits portfolio, globally. In the context of InstVV, severance payments are considered VC. The bank's severance framework ensures full alignment with the respective InstVV requirements.

Limited to extraordinary circumstances, the bank reserves the right to grant Retention Awards to help incentivize select employees which are at risk of leaving and that are critical to the bank's future, to remain at the bank. Retention Awards are generally linked to certain critical events in which the bank has a legitimate interest in retaining the employee for a defined period of time. This serves to minimize operational, financial or reputational risk. These awards are considered VC in a regulatory sense and are subject to the same requirements as other VC elements.

4. Remuneration (continued)

Determination of performance-based Variable Compensation

Deutsche Bank applies a methodology when determining VC that reflects the risk-adjusted performance and is primarily driven by (i) Group affordability, i.e. what can Deutsche Bank award in alignment with regulatory requirements, and (ii) performance, i.e. what should we award in order to provide an appropriate compensation for performance, while protecting the long-term health of the franchise.

Above all, the assessment of Group affordability is a regulatory requirement as per Sect.7 InstVV. This sustainability analysis is conducted to determine that relevant parameters are meeting the current and projected future regulatory and strategic goals. The affordability parameters used are fully aligned with our Risk Appetite Framework and ensure that the bank's capital as well as liquidity position and planning, its risk-bearing capacity, the combined capital buffer requirements, and results are adequately taken into account.

When assessing Group and divisional performance, we reference a range of considerations. The performance is assessed in context of divisional financial and – based on Balanced Scorecards – nonfinancial targets. The financial targets are subject to appropriate risk-adjustment, in particular by referencing the degree of future potential risks to which Deutsche Bank may be exposed, and the amount of capital required to absorb severe unexpected losses arising from these risks. For the infrastructure functions, the performance assessment is mainly based on the achievement of cost targets and the Balanced Scorecards. While the allocation of VC to infrastructure functions depends on the overall performance of Deutsche Bank, it is not dependent on the performance of the division(s) these functions, particularly independent control functions, oversee.

4. Remuneration (continued)

Determination of performance-based Variable Compensation (continued)

At the level of the individual employee, we have established Variable Compensation Guiding Principles, which detail the factors and metrics that have to be taken into account when making Individual VC decisions. Our managers must fully appreciate the risk-taking activities of individuals to ensure that VC allocations are balanced and risk-taking is not inappropriately incentivized. The factors and metrics to be considered include, but are not limited to, individual performance based on quantitative and qualitative aspects, culture and behavioral considerations, and disciplinary sanctions. Managers of Material Risk Takers must specifically document the factors and risk metrics considered when making Individual VC decisions, and demonstrate how these factors influenced their decision. Generally, performance is assessed based on a one year period. However, for Management Board members of Significant Institutions, the performance across three years is taken into account.

Variable Compensation Structure

Our compensation structures are designed to provide a mechanism that promotes and supports long-term performance of our employees and our bank. Whilst a portion of VC is paid upfront, these structures require that an appropriate portion is deferred to ensure alignment to the sustainable performance of the Group.

At the same time, we believe that the use of shares or share-based instruments for deferred VC is an effective way to align compensation with Deutsche Bank's sustainable performance and the interests of shareholders. By using Deutsche Bank shares, the value of the individual's VC is linked to Deutsche Bank's share price over the deferral and retention period.

We continue to go beyond regulatory requirements with the amount of VC that is deferred and Deutsche Bank's minimum deferral periods. Whilst ensuring lower compensated employees are not subject to deferrals, we ensure an appropriate amount of deferred VC for higher earners. We start to defer parts of variable compensation for Material Risk Takers where VC is set at or above € 50,000. For non-MRTs, deferrals start at higher levels of VC. The VC threshold for MRTs requiring at least 60 % deferral is set at € 500,000. Furthermore, Directors and Managing Directors in Corporate Bank (CB), Investment Bank (IB) or Capital Release Unit (CRU) with Fixed Pay in excess of € 500,000 are subject to a VC deferral of 100 %. Material Risk Takers are on average subject to deferral rates in excess of the minimum 40 % (60 % for Senior Management) as required by InstVV.

4. Remuneration (continued)

Determination of performance-based Variable Compensation (continued)

Variable Compensation Structure (continued)

As detailed in the table below, deferral periods range from three to five years, dependent on employee groups.

Overview on 2019 Award Types (excluding DWS Group)

Award Type	Description	Beneficiaries	Deferral Period	Retention Period	Proportion
Upfront: Cash VC	Upfront cash portion	All eligible employees	N/A	N/A	InstVV MRTs: 50 % of upfront VC Non-MRTs: 100 % of upfront VC
Upfront: Equity Upfront Award (EUA)	Upfront equity portion (linked to Deutsche Bank's share price over the retention period)	All InstVV MRTs with VC >= € 50,000	N/A	Twelve months	50 % of upfront VC
Deferred: Restricted Incentive Award (RIA)	Deferred cash portion	All employees with deferred VC	Equal tranche vesting over CB/IB/CRU: four years Sen.Mgmt.: five years Other: three years ¹	N/A	50 % of deferred VC
Deferred: Restricted Equity Award (REA)	Deferred equity portion (linked to Deutsche Bank's share price over the vesting and retention period)	All employees with deferred VC	Equal tranche vesting over CB/IB/CRU: four years Sen.Mgmt.: five years Other: three years ¹	Twelve months for InstVV MRTs	50 % of deferred VC

N/A – Not applicable

¹Senior Management, for the purposes of performance year 2019 annual awards, is defined as Deutsche Bank's Senior Leadership Cadre, plus Management Board members of Significant Institutions and their direct reports (excl. non-management/-strategic roles).

Our employees are not allowed to sell, pledge, transfer or assign a deferred award or any rights in respect to the award. They may not enter into any transaction having an economic effect of hedging any variable compensation, for example offsetting the risk of price movement with respect to the equity-based award. Our Human Resources and Compliance functions, supported by the Compensation Officer, work together to monitor employee trading activity and to ensure that all our employees comply with this requirement.

4. Remuneration (continued)

Group Compensation Framework (continued)

Ex-post Risk Adjustment of Variable Compensation

We believe that the future conduct and performance of our employees are key elements of deferred VC. As a result, all deferred awards are subject to performance conditions and forfeiture provisions as detailed below.

Overview on Deutsche Bank Group performance conditions and forfeiture provisions of Variable Compensation

Provision	Description	Forfeiture
DB Group's Common Equity Tier 1 Capital Ratio and Liquidity Coverage Ratio	If at the quarter end prior to vesting and release the Group CET 1 Capital Ratio, or the Liquidity Coverage Ratio are below a certain threshold	Next tranche of deferred award due for delivery (100 % of all undelivered Equity Upfront Awards) ¹
Group PBT	If the Management Board determines that prior to vesting Group PBT is negative ²	Next tranche of deferred award due for vesting
Divisional PBT	If the Management Board determines that prior to vesting Divisional PBT is negative	Next tranche of deferred award due for vesting (applies only to MRTs in Business Divisions, excluding Capital Release Unit)
Forfeiture Provisions³	<ul style="list-style-type: none"> - In the event of an internal policy or procedure breach, breach of any applicable laws or regulations, or a Control Failure - If any award was based on performance measures or assumptions that are later deemed to be materially inaccurate - Where a Significant Adverse Event occurs, and the Participant is considered sufficiently proximate - If forfeiture is required to comply with prevailing regulatory requirements 	Up to 100 % of undelivered awards
Clawback	In the event an InstVV MRT participated in conduct that resulted in significant loss or regulatory sanction; or failed to comply with relevant external or internal rules regarding appropriate standards of conduct	100 % of award which has been delivered, before the second anniversary of the last vesting date for the award

¹ For award types subject to cliff-vesting, the whole award will be forfeited if at quarter end prior to vesting or release the Group CET 1 Capital Ratio, or the Liquidity Coverage Ratio are below the threshold. For Equity Upfront Awards, the Group CET 1 Capital Ratio, or the Liquidity Coverage Ratio are only assessed at the quarter end prior to release.

² Considering clearly defined and governed adjustments for significant Profit and Loss items (e.g., business restructurings; impairments of goodwill or intangibles).

³ Forfeiture provisions here are not a complete list, other provisions apply as outlined in the respective plan rules.

4. Remuneration (continued)

Senior Managements & Material Risk Takers' Remuneration for 2019

2018	Senior Management**		Material Risk Takers ¹		Total	
	RM'000	No	RM'000	No	RM'000	
Fixed Remuneration						
Cash	3,482	7	3,430	3	6,912	
Other	12	7	1	3	13	
Variable						
- Non Deferred	Cash	725	7	741	3	1,466
- Deferred	Cash	7	1	264	3	271
	Shares	1	2	548	2	549
Guaranteed bonus		-	-	-	-	-
Sign On bonus		-	-	-	-	-
Severance Payments		-	-	-	-	-
Others		124	7	171	3	295
Outstanding deferred remuneration						
- Non Deferred	Cash	-	-	-	-	-
- Deferred	Cash	46	1	2,426	3	2,472
	Shares	103	1	2,634	3	2,737
Exposure to implicit & explicit adjustments						
- Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and implicit adjustments		-	-	-	-	-
- Total amount of reductions during the financial year due to ex-post explicit adjustments		-	-	-	-	-
- Total amount of reductions during the financial year due to ex-post implicit adjustment		-	-	-	-	-

¹ Refers to locally identified risk takers who can materially commit or control significant amounts of the Bank's resources or whose actions are likely to have a significant impact on the bank's risk profile.

** Excluding CEO

5. Related Party Transactions

There are no other significant related party transactions other than as reported in Note 23 of the Bank's audited financial statements.

6. Risk Management

The Bank's risk management strategies and policies are disclosed in Note 33 of the audited financial statements and Basel II Pillar 3 Report.

7. Management Report

Board meetings are structured around a pre-set agenda and regular reports from the management on risk management, key operating, financial, legal, compliance and regulatory matters and minutes of committee meetings are circulated to keep Directors abreast with the performance of the Bank.

Corporate Social Responsibility

Our Corporate Social Responsibility (CSR) agenda and initiatives aim to boost the bank's perception to be a socially-minded enabler, a reliable partner, and a catalyst for change. They also help to build trust, employee and client loyalty, and strengthen our reputation – thus indirectly mitigating other material risks. We consistently reviewed and strengthened our initiatives, making them more strategic and focused around our education, enterprise and community pillars. This improves the impact of our CSR investments and active participation by employees as corporate volunteers.

We require transparency and integrity in all business dealings, to avoid any improper advantage or the appearance of questionable conduct by employees or third parties with whom we do business or who act on our behalf. Dedicated CSR policies and procedures, such as Donations, Membership and Sponsorship (DMS) Policy constitute the mandatory operating framework for all CSR investments. In Malaysia, our CSR activities are directed through the Deutsche Bank Asia Foundation (DBAF). Through our programmes Born to Be and In the Community, we focus on education and building strong and inclusive communities. These are supported by Plus You, our platform of employee giving and volunteering.

As part of the Born to Be initiative, we continued to partner with University Malaya to establish the Deutsche Bank Born to Be Study Award for the third consecutive year. The Study Award is opened to all University Malaya undergraduates facing financial difficulties. Each successful applicant is awarded a sum per year to help with their education fees. 50 awards were given out in 2019.

In another Born to Be initiative, Deutsche Bank (Malaysia) Berhad partnered with Global Peace Malaysia and organised a Community Sports Day in the Orang Asli community in Janda Baik, Pahang. Various activities such as football training, singing competition, cooking and fruit carving were successfully held and the project provided a nurturing environment to improve the social skills and instil self-esteem among the participants.

We continued the partnership with our long-standing charity partner, Nur Zaharah Welfare Home where the less fortunate children were given a field trip to the heart of Kuala Lumpur. Aside from the annual Ramadan iftar get together, other activities were curated such as a visit to Bank Negara Malaysia's Museum and Art Gallery, safety and soundness training, soap making workshop and Zentangle doodling classes. In addition to the customary English classes incorporated in our CSR activity with Nur Zaharah, we shall plan for more activities in various fields to continue to broaden the children's knowledge and skill sets as part of our Born to Be initiative.

Corporate Social Responsibility (continued)

Deutsche Bank (Malaysia) Berhad partnered Soroptimist International Damansara, a global volunteer movement working together to transform the lives of women and children, to educate, empower and enable opportunities especially for the financially disadvantaged women and children. In 2019, we continued our efforts with Soroptimist International Damansara by organising charity events to fund their projects which include a CSR Engagement Program with a charity movie event where we interacted positively with the women and children in a fun environment.

We adopted Nan Kai Chinese Primary School under the School Adoption Programme, to create awareness of financial management for school children. In 2019, Deutsche Bank continued our initiative whereby a workshop was conducted for 100 students aged 9 to 12 in interactive learning and lively in-class activities. Importance of money concepts were imparted to help them build essential life skills. The learning objectives include among others, an introduction of money concepts, planning and budgeting, basic accounting terms such as assets and liabilities, formulating saving plans and time management. Prizes were awarded to the Top 5 students with the highest points scored in the learning activities.