

Mr Rees
Project Manager
International Accounting Standards Board
1st Floor
30 Cannon Street
London EC4M 6XH
United Kingdom

CC: Susan M. Cosper Technical Director, FASB File Reference No. 2011-230 401 Merritt 7 P.O. Box 5116 Norwalk, CT 06856-05116 Deutsche Bank AG London Winchester House 1 Great Winchester Street London EC2N 2DB Tel. +44 20 7545 8000

13th March 2012

Revised Exposure Draft: Revenue from Contracts with Customers

Dear Mr Rees,

Deutsche Bank ("the Bank") appreciates the opportunity to comment on the Revised Exposure Draft *Revenue from Contracts with Customers* ("ED"). We welcome the Board's efforts to develop a single principles based revenue recognition model that could be applied across all industries.

Notwithstanding the above, we have the following comments for the Board's consideration in relation to the Revised ED:

- We agree with the proposed model when a contract involves multiple deliverables and further appreciate the clarification that items which fall into the scope of IFRS 9 and IFRS 4 are specifically excluded from the scope of the ED. While we appreciate that the standard is intended to provide a principles based revenue recognition model for all industries, we believe there could be more direct guidance for revenue arrangements relating to financial service fees such as underwriting and advisory, commitment fees and financial guarantee fees. Specifically, we recommend that the IASB consider the following points for inclusion should be in the final standard:
 - The ED could be clearer in stating that this model should be applied to multiple deliverable arrangements where one of those deliverables is a financial instrument. Moreover specific guidance illustrating how to apply the principles to commitment fees, guarantees fees, and underwriting and advisory fees would also be useful.
 - The final standard could benefit from clarifying whether costs that are incurred for both a service and the origination/acquisition of a financial instrument, for example a financial instrument it is unclear as to whether the costs would be eligible for capitalisation.

We would be pleased to assist in this regard.



- We are pleased to see additional guidance in the ED which indicates that sales of goods which are executed simultaneously with fixed price forwards and calls would be accounted for as financings, as this represents the economic substance of the transaction. However, it is unclear from the standard as to whether an entity would assess both control and risks and rewards (or just control) in sales transactions with contemporaneously entered floating price forwards and call options. As a separate note, we note that the statement in B42 which states that the difference between the amount of consideration received from a customer and the amount of the consideration to be paid to a customer should be recognised as interest, may not address all situations, such as when the financing contains an embedded derivative (say in the case of a sale of a commodity with the repurchase price dependant on a variable). Therefore we recommend the Board to modify B42 and instead to refer the accounting of the financing to IFRS 9.
- While we agree that providing information to users to understand the nature and types of revenue arrangements is relevant and useful information, we strongly disagree with the other proposed disclosures. Specifically, the disclosure requirement to provide a reconciliation of contract asset and liability balances and a maturity analysis of performance obligations does not provide useful and relevant information to users of the revenue arrangements of financial institutions. It is important for the Board to carefully weigh the benefits of the user community with the costs required of preparers. In this case we do not believe that the benefits outweigh the costs. We would ask the IASB to consider whether these disclosures should be required for all entities when it would not provide useful information as it specifically relates to financial institutions.
- We agree that the credit risk associated with receivables should be considered in light of
 principles governing IAS39. However, we disagree with the concept of showing the
 impairment as a separate line item adjacent to the revenue line item. We would once
 again ask that the credit risk should be considered within the Impairment project and that
 this be decoupled from revenue recognition.

We hope you find our comments useful and relevant, and look forward to continue working with you in the future. Should you want to discuss in more detail the contents of the letter, please do not hesitate to contact Karin Dohm at the following email address karin.dohm@db.com and phone number +49-69910-31183..

Cynthia Mustafa Managing Director

Global Head, Accounting Policy and Advisory Group

Deutsche Bank AG

Karin Dohm Managing Director Chief Accounting Officer Deutsche Bank AG