



This document provides you with key information about Investment Bank Products. It is not marketing material. The purpose of this document is to break down and illustrate the Costs and Charges associated with a Class of Products. This document provides examples of particular products within an ESMA Asset Class<sup>1</sup> and the Costs and Charges associated with them. It does not include examples of all available Products within an Asset Class. The Costs and Charges figures provided in this document are illustrative of the Costs and Charges associated with particular Products, but may not reflect the Costs and Charges associated with any actual transaction. If you have any questions in relation to the Costs and Charges associated with any particular Product, please raise these with your usual Deutsche Bank Representative. We will provide to you Annual information in relation to the Costs and Charges associated with transactions actually carried out with you.

### What are the Costs?

The Costs and Charges associated with the relevant class of Products are set out in the illustrations below.

#### Costs of manufacturing the Product:

Entry Cost is calculated as the difference between the execution, purchase or sale price, inclusive of any applicable margin determined by Deutsche Bank AG (DB) N1, and the component of such price which DB has determined relates to the underlying market risk associated with the relevant product. If a financial instrument is held to maturity, exit costs will not be incurred. However, if the financial instrument is terminated or unwound prior to maturity and that results in further costs and charges, exit costs will occur.

**Note 1:** The price of a product is not solely based on the theoretical value of the product, but also includes an additional margin that reflects, DB's profit, the costs for conception, structuring, sales, distribution, any applicable credit risk, settlement of the product and balance sheet and capital usage as well as expenditure for the hedging of market risks. DB determines the margin in relation to each transaction, taking into account the market situation, the complexity of the product's structure, the size of the transaction and liquidity of the product.

Where applicable such costs may include compensation for the credit risk that Deutsche Bank AG is taking vis-à-vis its client. For DB the inclusion of the additional margin in the Price of the Product results in an initial negative market value. In general, the market risk from financial instruments of this type does not remain with DB, but will be partially or completely transferred to the market. To the extent such transfer takes place, DB realizes the profit that is, amongst other factors, reflected by the additional margin regardless of the further performance of the product provided that the credit risk to the client that is taken by DB does not occur. The provision of any collateral required in connection with the product may result in funding costs for the client depending on its resources and its overall position with DB. Foreign exchange costs may also be incurred in respect of certain products.

The costs incurred in relation to these examples would all be product costs and no service costs would be applicable. Accordingly, the aggregated product costs represent the total costs of the product.

### What is the effect of Costs on the return of the Products?

Entry costs are a one off charge and presented as an upfront cost based on the assumption that the product will be held to maturity. This amount frequently does not have to be paid separately; it is factored into the terms and conditions of the product and therefore reduces the market value of the product accordingly.

When there are on-going costs for a product, the total cost amount throughout the product lifetime may diverge from the illustrated examples. Where applicable the on-going costs and associated cost calculation methodology are pre-defined in each product's specific documentation.

If the product will be held to maturity, exit costs will not be incurred. However, if the product is terminated or unwound prior to maturity exit costs may occur. In such a case, we assume that the exit costs will be equal to the total entry costs.

Total entry costs plus the on-going costs (if any) for the first year will be incurred in the first year of the product lifetime. In the subsequent years, only on-going costs (if any) will be incurred. If the product is terminated or unwound prior to maturity, in the final year of the product lifetime the proportionate on-going costs (if any) plus the exit costs will be incurred. If costs are incurred in a year of the product lifetime, such costs will reduce the market value of the product for such period accordingly.

<sup>1</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R0583&rid=1>

## ESMA Asset Class: **Bonds**

**The Manufacturer is the product issuer.** Contact your Deutsche Bank representative for more information.

**Regulatory Status Disclosure:**

Deutsche Bank AG is authorised and regulated by the European Central Bank and the German Federal Financial Supervisory Authority (BaFin). Deutsche Bank AG is authorised by the Prudential Regulation Authority. It is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of Deutsche Bank AG's authorisation and regulation by the Prudential Regulation Authority are available from Deutsche Bank AG on request.

**A Bond is a debt security issued by an organisation and sold to Investors in order to raise financing.**

**If you have any questions in relation to the Costs and Charges associated with Bond Instruments, please raise these with your usual Deutsche Bank Representative.**

## Sub Asset Class: Other Bonds

### Credit-Linked Notes

A Credit Linked Note (CLN) is a form of funded credit financial instrument, structured as a security with an embedded Credit Default Swap, allowing the issuer to transfer a specific credit risk to investors.

The face value of the note repayable at maturity is linked to specific credit events, and may be reduced upon the occurrence of a given credit event relating to an underlying issuer (obligor) or reference debt instrument. The holder of the note is the seller of protection, whilst the issuer is the buyer.

CLN	Costs	Notional: €1m	€ 100 Par Value per time-to-maturity buckets:			
	Entry Cost:		0-3yr	3-7yr	7-10yr	10+
	Bid-Value	€ 1,000,000	€ 100.00	€ 100.00	€ 100.00	€ 100.00
	Mid-Price / Fair Value	€ 999,300	€ 99.93	€ 99.90	€ 99.90	€ 99.85
	Total Entry Costs	€ 700	€ 0.07	€ 0.10	€ 0.10	€ 0.15
	On Going Costs:	-	-	-	-	-
	Exit Costs:	-	-	-	-	-
	Incidental Costs:	-	-	-	-	-
	Total Costs	€ 700	€ 0.07	€ 0.10	€ 0.10	€ 0.15
	Traded Value	€ 1,000,000	€ 100.00	€ 100.00	€ 100.00	€ 100.00
	Cost %	0.07%	0.07%	0.1%	0.1%	0.15%
	Inducements:	-	-	-	-	-

### Asset Backed Securities

An Asset-Backed Security (ABS) is a securitised product, like a bond or a note, collateralised by a pool of financial assets such as loans, leases, credit card debt, royalties or receivables. Pooling assets together to create a marketable financial security or instrument is a process called securitisation. The resulting securities can be purchased by investors, in different tranches with different credit ratings representing different credit risk and paying different coupons.

ABS	Costs	Notional: €1m	€ 100 Par Value per time-to-maturity buckets:			
	Entry Cost:		0-3yr	3-7yr	7-10yr	10+
	Bid-Value	€ 1,000,000	€ 100.00	€ 100.00	€ 100.00	€ 100.00
	Mid-Price / Fair Value	€ 999,300	€ 99.93	€ 99.90	€ 99.90	€ 99.85
	Total Entry Costs	€ 700	€ 0.07	€ 0.10	€ 0.10	€ 0.15
	On Going Costs:	-	-	-	-	-
	Exit Costs:	-	-	-	-	-
	Incidental Costs:	-	-	-	-	-
	Total Costs	€ 700	€ 0.07	€ 0.10	€ 0.10	€ 0.15
	Traded Value	€ 1,000,000	€ 100.00	€ 100.00	€ 100.00	€ 100.00
	Cost %	0.07%	0.07%	0.1%	0.1%	0.15%
	Inducements:	-	-	-	-	-