



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 (to the extent indicated in this document) 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)<sup>MI</sup>, 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: **Foreign Exchange Derivatives**

**Manufacturer:** Deutsche Bank AG. Contact your Deutsche Bank representative for more information.

**Competent authority of Deutsche Bank AG:** Authorised in the UK by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority. Authorised and Regulated in Germany by the ECB, Bundesbank and BaFin.

**Foreign Exchange Derivative** are financial derivatives whose payoff depends on the foreign exchange rate of two or more currencies over a specified future date. These instruments are used for hedging foreign exchange risk, arbitrage or currency speculation. The Cost is the difference between the *Bid Price and the Fair Value / Mid-Price*. Foreign Exchange Derivative contracts trade a small number of maturities with limited cost scaling based on notional size. Emerging Markets trade costs scale more as the notional size increases and Clients are advised to execute large notional amounts across more than a single trade.

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

## Sub Asset Class: Other Foreign Exchange Derivatives

The Costs and Charges figures provided in the tables below are illustrative of the Costs and Charges associated with particular Products but (to the extent indicated in this document) may not reflect the Costs and Charges associated with any actual transaction.

Product Name: **Power Reverse Dual Currency Note**

Client deposits a currency (commonly JPY) and receives an enhanced coupon which is either fixed or a function of the performance of a currency pair (usually one side of the pair is JPY). However if the currency pair moves more than a pre agreed amount then the coupon payments cease, the deposit is returned to the client and the trade finishes. If the deposit is not returned before the maturity of the trade then Deutsche Bank has the option to repay the client either in JPY or the other currency at a pre-determined rate.

<u>G10 Currency Costs</u>	<u>%</u>	<u>Notional GBP 10,000,000 ag JPY</u>
<u>Entry Cost:</u>		<u>Maturity 5 Years</u>
Bid Price	97.50%	GBP 9,750,000
Fair Value / Mid-Price	100%	GBP 10,000,000
<b>Total Entry Costs</b>	<b>2.50%</b>	<b>GBP 250,000</b>
<b>On Going Costs:</b>	<b>N/A</b>	<b>N/A</b>
<b>Exit Costs:</b>	<b>N/A</b>	<b>N/A</b>
<b>Incidental Costs:</b>	<b>N/A</b>	<b>N/A</b>
<b>Total Costs</b>	<b>2.50%</b>	<b>GBP 250,000</b>
Traded Price	100.00%	GBP 10,000,000
<b>Inducements:</b>	<b>N/A</b>	<b>N/A</b>

<u>Emerging Markets Costs</u>	<u>%</u>	<u>Notional ZAR 100,000,000 ag JPY</u>
<u>Entry Cost:</u>		<u>Maturity 5 Years</u>
Bid Price	93.00%	ZAR 93,000,000
Fair Value / Mid-Price	100%	ZAR 100,000,000
<b>Total Entry Costs</b>	<b>7.00%</b>	<b>ZAR 7,000,000</b>
<b>On Going Costs:</b>	<b>N/A</b>	<b>N/A</b>
<b>Exit Costs:</b>	<b>N/A</b>	<b>N/A</b>
<b>Incidental Costs:</b>	<b>N/A</b>	<b>N/A</b>
<b>Total Costs</b>	<b>7.00%</b>	<b>ZAR 7,000,000</b>
Traded Price	100.00%	ZAR 100,000,000
<b>Inducements:</b>	<b>N/A</b>	<b>N/A</b>

**Product Name: FX Target Profit Forward**

A Target Profit Forward allows the investor to buy or sell foreign currency at an agreed rate for a number of expiry dates. On each expiry date, profit is generated if the agreed rate is better than the market rate. The TPF will continue until the total accumulated profit reaches a set 'Target'. If this Target is exceeded on any expiry date, then the TPF is redeemed early and no further deliveries take place. If the TPF has not been redeemed early, then the investor will be obliged to buy at the agreed rate for the life of the trade

<u>G10 Currency Costs</u>	<u>%</u>	<u>Notional EUR 10,000,000 ag USD</u>
<b>Entry Cost:</b>		<b><u>Maturity 1 Year</u></b>
Bid Price	0.35%	EUR 35,000
Fair Value / Mid-Price	Zero	Zero
<b>Total Entry Costs</b>	<b>0.35%</b>	<b>EUR 35,000</b>
<b>On Going Costs:</b>	<b>N/A</b>	<b>N/A</b>
<b>Exit Costs:</b>	<b>N/A</b>	<b>N/A</b>
<b>Incidental Costs:</b>	<b>N/A</b>	<b>N/A</b>
<b>Total Costs</b>	<b>0.35%</b>	<b>EUR 35,000</b>
<b>Traded Price</b>	<b>Zero</b>	<b>Zero</b>
<b>Inducements:</b>	<b>N/A</b>	<b>N/A</b>

<u>Emerging Markets Costs</u>	<u>%</u>	<u>Notional USD 10,000,000 ag ZAR</u>
<b>Entry Cost:</b>		<b><u>Maturity 1 Year</u></b>
Bid Price	0.90%	USD 90,000
Fair Value / Mid-Price	Zero	Zero
<b>Total Entry Costs</b>	<b>0.90%</b>	<b>USD 90,000</b>
<b>On Going Costs:</b>	<b>N/A</b>	<b>N/A</b>
<b>Exit Costs:</b>	<b>N/A</b>	<b>N/A</b>
<b>Incidental Costs:</b>	<b>N/A</b>	<b>N/A</b>
<b>Total Costs</b>	<b>0.90%</b>	<b>USD 90,000</b>
<b>Traded Price</b>	<b>Zero</b>	<b>Zero</b>
<b>Inducements:</b>	<b>N/A</b>	<b>N/A</b>

**Product Name: FX Barrier Option**

Barrier Options are price path dependent options whose status depends upon on an underlying referenced asset price not reaching a pre-set barrier level, and have a lower premium than a similar option without a barrier. During the life of the option, the underlying spot price will be compared to the barrier:

- If the underlying asset price does reach the barrier level, the option ceases to exist
- If the underlying asset price does not reach the barrier level at any point in the life of the option then the option behaves like a normal vanilla option at expiry.

<u>G10 Currency Costs</u>	<u>%</u>	<u>Notional EUR 100,000,000 ag USD</u>
<u>Entry Cost:</u>		<u>Maturity 1 Year</u>
Bid Price	1.4%	EUR 1,400,000
Fair Value / Mid-Price	1.6%	EUR 1,600,000
Total Entry Costs	0.2%	EUR 200,000
<u>On Going Costs:</u>	N/A	N/A
<u>Exit Costs:</u>	N/A	N/A
<u>Incidental Costs:</u>	N/A	N/A
Total Costs	0.2%	EUR 200,000
Traded Price	1.6%	EUR 1,600,000
Inducements:	N/A	N/A

<u>Emerging Markets Costs</u>	<u>%</u>	<u>Notional USD 100,000,000 ag ZAR</u>
<u>Entry Cost:</u>		<u>Maturity 1 Year</u>
Bid Price	1.4%	USD 1,400,000
Fair Value / Mid-Price	2.0%	USD 2,000,000
Total Entry Costs	0.6%	USD 600,000
<u>On Going Costs:</u>	N/A	N/A
<u>Exit Costs:</u>	N/A	N/A
<u>Incidental Costs:</u>	N/A	N/A
Total Costs	0.6%	USD 600,000
Traded Price	2.0%	USD 2,000,000
Inducements:	N/A	N/A