



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: **Structured Finance Products**

**Manufacturer:** Deutsche Bank AG. 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.

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

**Structured Finance Products are complex bespoke financial instruments offered to large financial institutions or companies that have specialised financing needs that do not match with conventional or standardised financial products. They are generally less liquid than vanilla products and often have no secondary or re-saleable market.**

**Fair Value consists of the value of the underlying referenced instrument(s), any specified forward prices and any conditions of the contract.**

**Cost is the difference between the *Mid-Price / Fair Value and the Bid Price* and may include On Going Costs as outlined in the tables below.**

**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:** **Swap**

<b>Costs</b>	<b>%</b>	<b>Notional €10,000,000</b>
<b>Entry Cost:</b>		
<b>Bid Price</b>	N/A	N/A
<b>Fair Value / Mid-Price</b>	N/A	N/A
<b>Total Entry Costs</b>	N/A	N/A
<b>On Going Costs:</b>	0.80%	€80,000
<b>Exit Costs:</b>	N/A	N/A
<b>Incidental Costs:</b>	N/A	N/A
<b>Total Costs</b>	0.80%	€80,000
<b>Traded Price</b>	N/A	N/A
<b>Inducements:</b>	N/A	N/A



**Product Name:** Gap Swap on Mutual Fund Basket; Primary Market

**Notes:** Client pays 11bps per Annum on Equity Notional, accrued daily, paid Quarterly in arrears

Gap Swaps are products primarily used for hedging and are designed to sell off the risk of rapid downside moves called ‘gaps’ in the price of an underlying referenced instrument.

<u>Costs</u>	<u>%</u>	<u>Notional: USD 10,000,000</u>
Entry Cost:		
Bid Price	0.11%	\$11,000
Fair Value / Mid-Price	Zero	Zero
Total Entry Costs	0.11%	\$11,000
On Going Costs:	N/A	N/A
Exit Costs:	N/A	N/A
Incidental Costs:	N/A	N/A
Total Costs	0.11%	\$11,000
Traded Price	Zero	Zero
Inducements:	0%	\$ 0

**Product Name:** Variable Floating Note

A Variable Floating Note, also known as a floater or FRN, is a debt instrument with a variable interest rate tied to a benchmark rate.

<u>Costs</u>	<u>%</u>	<u>Notional: GBP 10,000,000</u>
Entry Cost:		
Bid Price	N/A	N/A
Fair Value / Mid-Price	N/A	N/A
Total Entry Costs	N/A	N/A
On Going Costs:	2.00%	£200,000
Exit Costs:	N/A	N/A
Incidental Costs:	N/A	N/A
Total Costs	2.00%	£200,000
Traded Price	N/A	N/A
Inducements:	0%	£0



**Product Name: [Overlay - Physical Execution](#)**

An Overlay structured product involves the physical execution of spot and forward foreign exchange transactions against benchmark reference rates.

<u>Costs</u>	<u>%</u>	<u>Notional: GBP 10,000,000</u>
<b>Entry Cost:</b>		
Bid Price	0.05%	£5,000
Fair Value / Mid-Price	0.10%	£10,000
Total Entry Costs	0.05%	£5,000
<b>On Going Costs:</b>	N/A	N/A
<b>Exit Costs:</b>	N/A	N/A
<b>Incidental Costs:</b>	N/A	N/A
Total Costs	0.05%	£5,000
Traded Price	0.10%	£10,000
<b>Inducements:</b>	0%	£0

**Product Name: [Total Return Swap](#)**

A Total Return Swap is a swap agreement in which one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of an underlying asset, which includes both the income it generates and any capital gains. Total Return Swaps allow the party receiving the total return to gain exposure and benefit from a reference asset without actually having to own it.

<u>Costs</u>	<u>%</u>	<u>Notional: USD 10,000,000</u>
<b>Entry Cost:</b>		
Bid Price	N/A	N/A
Fair Value / Mid-Price	N/A	N/A
Total Entry Costs	N/A	N/A
<b>On Going Costs:</b>	0.5%	\$50,000
<b>Exit Costs:</b>	N/A	N/A
<b>Incidental Costs:</b>	N/A	N/A
Total Costs	0.50%	\$50,000
Traded Price	N/A	N/A
<b>Inducements:</b>	N/A	N/A



**Product Group:** OTC Equity Barrier Option  
**Product:** OTC Put Option ATM Strike  
**Structure:** Worst of Down and In Put; 60% Barrier on a Basket of Three Stocks  
**Underlying:** Single Stock Basket on X, Y, Z Companies €2,000,000 Notional  
**Exercise / Settlement:** European Physical / American Barrier  
**Maturity:** One Year

An OTC Equity Barrier Put Option allows the contract holder the right but not the obligation to sell a basket of referenced single stock shares. The Option Barrier is a threshold based on the referenced underlying criteria that determines when the option is enabled and can be exercised.

<u>Costs</u>	<u>Option Premium</u>	<u>Notional: €2,000,000</u>
<b>Entry Cost:</b>		
Bid Price	5.27%	€105,400
Fair Value / Mid-Price	5.77%	€115,400
Total Entry Costs	0.50%	€10,000
<b>On Going Costs:</b>	N/A	N/A
<b>Exit Costs:</b>	N/A	N/A
<b>Incidental Costs:</b>	N/A	N/A
Total Costs	0.50%	€10,000
Traded Price	5.27%	€105,400
<b>Inducements:</b>	N/A	N/A