



# Release

Frankfurt am Main

July 27, 2016

## Deutsche Bank reports second quarter 2016 pre-tax profit of 408 million euros and net income of 20 million euros

### Key developments

- 20% lower revenues year-on-year reflecting challenging environment and strategic decisions
  - Revenues, excluding NCOU and Hua Xia Bank, down 12%
- 14% lower noninterest expenses reflect lower litigation expenses and compensation costs
- Pre-tax profit of 408 million euros, down 67%, after goodwill impairment charge of 285 million euros, restructuring and severance charges of 207 million euros, and litigation charges of 120 million euros
- Sustained financial strength
  - Fully loaded CET1 ratio improved slightly to 10.8%
  - Gain of ~40 basis points to CET1 ratio from Hua Xia disposal anticipated in second half 2016
  - Liquidity reserves of ~220 billion euros
  - Credit and market risk at very low levels
- Significant progress on strategy implementation
  - First-phase restructuring in Germany agreed, involving ~3,000 positions
  - Formation of Intermediate Holding Company in US
  - Further de-risking of non-core assets
  - Operational separability of Postbank completed
  - Sustained investment in controls and infrastructure
- All business divisions profitable
  - Global Markets: rates, FX comparable with strong prior year quarter, expect to remain No 4 in debt sales and trading
  - Corporate & Investment Banking: revenues in Transaction Banking stable year-on-year, No 2 in debt origination in Europe
  - Private, Wealth & Commercial Clients: 2,000 new commercial banking clients in Germany, over 10,000 new clients in Private & Commercial Clients International, consumer finance growth year-on-year
  - Deutsche Asset Management: substantial profitability in a high return-on-equity business

### John Cryan, Chief Executive Officer:

John Cryan, CEO, said: "While our results show that we are undergoing a sustained restructuring, we are satisfied with the progress we are making."

He continued: "We have continued to de-risk our balance sheet, to invest in our processes and to modernise our infrastructure. However, if the current weak economic environment persists, we will need to be yet more ambitious in the timing and intensity of our restructuring."

## Results at a glance

EUR bn	2Q2016	change	EUR bn	2Q2016	change
<i>vs. 2Q2015</i>			<i>vs. 2Q2015</i>		
Net revenues	7.4	(20)%	Global Markets	2.4	(28)%
Noninterest expenses	6.7	(14)%	Corporate & Investment Banking	1.9	(12)%
Adjusted costs <sup>(1)</sup>	6.0	(7)%	Private, Wealth & Commercial Clients	1.9	(11)%
Income before income taxes	0.4	(67)%	– Excluding Hua Xia Bank effects <sup>4</sup>		(5)%
Net income	0.0	(98)%	Deutsche Asset Management	0.7	(8)%
Post tax RoTE <sup>(2)</sup>	0.1 %	(5.5)ppt	Postbank	0.9	13%
<i>Vs. 1Q 2016</i>					
CET1 ratio <sup>(3)</sup>	10.8 %	0.1ppt			
Leverage ratio <sup>(3)</sup>	3.4 %	(0.0)ppt			
(1)	See Noninterest expenses table below				
(2)	For definition see Financial Data Supplement				
(3)	Fully loaded Capital Requirements Regulation / Capital Requirements Directive 4 (CRR / CRD4) basis, 2Q2016 Common Equity Tier 1 ratio (phase-in) is 12.2%; Leverage ratio (phase-in) is 4.0%				
(4)	Equity pick-ups				

## Group Results

in EUR m. (unless stated otherwise)	2Q2016	2Q2015	2Q16 vs. 2Q15	1H2016	1H2015	1H16 vs. 1H15
Net revenues	7,386	9,177	(1,792)	15,454	19,553	(4,099)
Provision for credit losses	(259)	(151)	(108)	(564)	(369)	(195)
Noninterest expenses	(6,718)	(7,798)	1,080	(13,903)	(16,476)	2,573
Income (loss) before income taxes	408	1,228	(821)	987	2,708	(1,721)
Net income	20	818	(798)	256	1,377	(1,121)
RWA (in EUR bn)	402	416	(14)	402	416	(14)
Tangible book value per share (in EUR)	37.40	39.42	(2.02)	37.40	39.42	(2.02)

## Noninterest expenses

in EUR m. (unless stated otherwise)	2Q2016	1Q2016	4Q2015	3Q2015	2Q2015	1Q2015
<b>Noninterest expenses</b>	<b>6,718</b>	<b>7,184</b>	<b>8,967</b>	<b>13,224</b>	<b>7,798</b>	<b>8,678</b>
<i>therein:</i>						
Impairment of Goodwill & Intangibles	285	0	6	5,770	0	0
Litigation	120	187	1,238	1,209	1,227	1,544
Policyholder benefits and claims	74	44	122	-29	10	153
Restructuring and Severance	207	285	790	63	45	67
<b>Adjusted Costs<sup>1</sup></b>	<b>6,032</b>	<b>6,668</b>	<b>6,811</b>	<b>6,210</b>	<b>6,516</b>	<b>6,914</b>
<b>Cost/income ratio</b>	<b>91%</b>	<b>89%</b>	<b>135%</b>	<b>180%</b>	<b>85%</b>	<b>84%</b>
<b>Compensation ratio</b>	<b>40%</b>	<b>40%</b>	<b>47%</b>	<b>45%</b>	<b>38%</b>	<b>33%</b>

Note: Figures may not add up due to rounding

<sup>1</sup> Adjusted costs: Noninterest expenses less "therein" items

## Commentary

**Revenues** were 7.4 billion euros, down 20% versus the second quarter 2015, reflecting a challenging market environment, macro-economic uncertainties including the European Union referendum in the UK, a continued low interest rate environment in Europe and the implementation of strategic decisions. These factors primarily impacted revenues in the most market-sensitive businesses: Global Markets, Corporate Finance and Deutsche Asset Management. Revenues in Transaction

Banking were essentially stable year-on-year, while revenues in Private, Wealth & Commercial Clients declined 11%, primarily reflecting the non-recurrence of approximately 140 million euros in equity pick-ups from Hua Xia Bank in the prior year quarter, together with the persistent low interest rates and challenging conditions in investment businesses. Revenues in the Non-Core Operations Unit (NCOU) were down by 0.6 billion euros, primarily reflecting de-risking activity. Revenues in the business divisions, excluding equity pick-ups from Hua Xia Bank and NCOU, were down 12% year-on-year.

**Provision for credit losses** was 259 million euros, up 72%, primarily reflecting higher provisions in the shipping and the metals and mining sectors.

**Noninterest expenses** were 6.7 billion euros, down 14%, primarily reflecting litigation expenses which were 1.1 billion euros lower year-on-year. This development more than offset impairments of 285 million euros and restructuring and severance expenses of 207 million euros in the quarter. Adjusted Costs were down 7% year-on-year, reflecting lower compensation expenses and disposals in NCOU which more than offset a rise in costs related to investments in IT infrastructure during the quarter.

## Capital and leverage

in EUR bn (unless stated otherwise)	Jun 30, 2016	Mar 31, 2016	Jun 30, 2015
CET1 capital ratio (CRR/CRD4 fully-loaded)	10.8%	10.7%	11.4%
Risk-weighted assets (CRR/CRD4 fully-loaded)	402	401	416
Total assets (IFRS)	1,803	1,741	1,694
CRD4 leverage exposure (CRR/CRD4 fully-loaded)	1,415	1,390	1,461
Leverage ratio (CRR/CRD4 fully-loaded)	3.4%	3.4%	3.6%

Note: 2Q2016 Common Equity Tier 1 ratio (phase-in) is 12.2%; Leverage ratio (phase-in) is 4.0%  
 CET1 capital (phase-in) EUR 49 bn; RWA (phase-in) EUR 403 bn

## Commentary

**The Common Equity Tier 1 (CET1)** capital ratio rose slightly to 10.8% on a fully loaded basis during the quarter. CET1 capital on a fully loaded basis increased from 42.8 billion euros to 43.5 billion euros, primarily reflecting the positive impact from equity compensation and exchange rate movements. The sale of the bank's 19.99% stake in Hua Xia Bank of China, signed in December 2015, is anticipated to close during the second half of 2016 and is expected to increase the CET1 capital ratio by approximately 40 basis points.

**Risk Weighted Assets (RWA)** were 402 billion euros at the end of the quarter, versus 401 billion euros at the end of the first quarter of 2016. Credit risk RWA was higher across some divisions due to methodology changes and business growth whilst market risk was lower due to a reduced risk profile in Global Markets and continued de-risking in NCOU.

**CRD4 leverage ratio** was unchanged at 3.4% in the quarter. CRD4 leverage exposures were 1,415 billion euros at the end of the quarter, versus 1,390 billion euros at the end of the first quarter of 2016. This increase primarily reflected exchange rate movements of 19 billion euros.

## Segment results

### Global Markets (GM)

in EUR m. (unless stated otherwise)	2Q2016	2Q2015	2Q16 vs. 2Q15	1H2016	1H2015	1H16 vs. 1H15
Net revenues	2,420	3,344	(924)	5,238	7,011	(1,774)
Sales & Trading (equity)	720	1,040	(319)	1,471	2,149	(677)
Sales & Trading (debt and other products)	1,817	2,254	(437)	3,893	5,152	(1,258)
Provision for credit losses	(39)	(5)	(35)	(54)	(6)	(48)
Noninterest expenses	(2,351)	(2,231)	(120)	(4,736)	(5,836)	1,100
Noncontrolling interest	(2)	(22)	21	(24)	(38)	14
Income (loss) before income taxes	28	1,086	(1,058)	423	1,131	(708)
RWA (in EUR bn)	170	168	2	170	168	2

### Commentary

**Revenues** were 2.4 billion euros, 28% lower year-on-year. Adjusting for valuation adjustments (FVA, DVA, hedging of CVA), revenues were down by 24% versus a strong prior-year quarter, reflecting the implementation of Strategy 2020 and macro-economic uncertainties which impacted client activity.

Sales & Trading (debt and other products) revenues were 1.8 billion euros, down 19% year-on-year. This reflected to a substantial degree the impact of strategy implementation, including exits from high risk-weight securitised trading and Agency RMBS trading, as well as the rationalisation of the Emerging Market Debt platform.

Rates revenues were slightly higher year-on-year, reflecting strong performance in our Americas Municipal business and good client flow in Europe. Foreign Exchange revenues were flat year-on-year with significant client activity around the EU referendum in the UK. Credit revenues were lower year-on-year, driven by the exit from high risk-weight securitised trading and lower distressed revenues.

Sales & Trading (equity) revenues decreased 31% to 720 million euros. Cash Equities and Equity Derivatives revenues were lower, driven by lower client activity mainly in Asia.

**Provision for credit losses** was 39 million euros, driven by a small number of specific positions.

**Noninterest expenses** were 2.4 billion euros and included an impairment of 285 million euros for goodwill related to business transfers from Deutsche Asset Management. Excluding impairments, litigation charges and restructuring and severance charges, noninterest expenses were 1.9 billion euros, down 2%. Lower compensation costs and litigation charges were partly offset by higher spend on technology and controls.

## Corporate & Investment Banking (CIB)

in EUR m. (unless stated otherwise)	2Q2016	2Q2015	2Q16 vs. 2Q15	1H2016	1H2015	1H16 vs. 1H15
Net revenues	1,888	2,154	(265)	3,713	4,290	(577)
Provision for credit losses	(115)	(39)	(76)	(251)	(89)	(162)
Noninterest expenses	(1,341)	(1,519)	178	(2,715)	(2,884)	169
Income (loss) before income taxes	432	595	(163)	747	1,316	(570)
RWA (in EUR bn)	85	88	(2)	85	88	(2)

### Commentary

**Revenues** were 1.9 billion euros, down 12% year-on-year, reflecting challenging market conditions in Corporate Finance, which were partly counterbalanced by stable revenues in Transaction Banking.

In Transaction Banking, revenues were 1.1 billion euros, essentially stable year-on-year. Revenues in Institutional Cash & Securities Services were up 3%, mainly reflecting higher interest rates in the US as well as transaction volume growth. This was offset by a decline of 6% in revenues in Trade Finance & Cash Management Corporates, reflecting the persistently low interest-rate environment in Europe putting pressure on Cash Management business for corporate clients.

In Corporate Finance (comprising Advisory, Origination and Loan Products & other) revenues were 771 million euros, down 24% year-on-year. Revenues in Equity Origination were higher than in the first quarter of 2016, reflecting improved momentum, but declined 51% year-on-year due to lower issuance volumes. Debt Origination has been more resilient year-on-year, with second quarter revenues 39% higher than in the first quarter of 2016 due to the continued low interest rate environment and strong investor appetite for high-yielding assets. Advisory revenues were also lower as transactions expected to close in the quarter were postponed.

**Provision for credit losses** was 115 million euros, up 76 million euros year-on-year, reflecting higher provisioning on exposures in the shipping and the metals and mining sectors.

**Noninterest expenses** were 1.3 billion euros, down 12% year-on-year, reflecting lower litigation charges and compensation costs, as well as tight cost discipline. These factors more than offset the impact of an industry-wide voluntary remediation scheme for derivatives sold to SME clients in the Netherlands before Deutsche Bank acquired the business.

## Private, Wealth & Commercial Clients (PW&CC)

in EUR m. (unless stated otherwise)	2Q2016	2Q2015	2Q16 vs. 2Q15	1H2016	1H2015	1H16 vs. 1H15
Net revenues	1,861	2,091	(230)	3,597	4,183	(586)
Provision for credit losses	(66)	(74)	8	(103)	(154)	51
Noninterest expenses	(1,608)	(1,534)	(74)	(3,245)	(3,142)	(103)
Noncontrolling interest	(0)	(0)	(0)	(0)	(0)	(0)
Income (loss) before income taxes	187	483	(296)	249	887	(638)
RWA (in EUR bn)	50	50	(0)	50	50	(0)

### Commentary

**Revenues** were 1.9 billion euros, down 11% year-on-year. This development primarily reflected the non-recurrence of equity pick-ups from the bank's stake in Hua Xia Bank. Excluding this effect, revenues declined 5% year-on-year, reflecting challenging market conditions and persistent low interest rates.

In Private & Commercial Clients (PCC), revenues were 1.4 billion euros, down 2% year-on-year. Revenues from Investment & insurance products declined 21%, reflecting challenging markets, and revenues from Deposit products were down 15%, reflecting a persistent low interest rate environment in Europe. This effect more than offset revenue growth of 6% in Credit products. Revenues were also positively impacted by a gain on the sale of a stake in Visa Europe Limited of 88 million euros.

In Wealth Management (WM), revenues declined by 12% to 490 million euros, reflecting lower performance and transaction fees driven by the more difficult market environment, including very low levels of equity capital markets activity in the US.

**Provision for credit losses** was 66 million euros, down 10%, reflecting the quality of the loan portfolio and a benign economic environment.

**Noninterest expenses** were 1.6 billion euros, up 5% year-on-year, including charges for restructuring and severance payments of 69 million euros. Excluding these effects, costs remained stable despite investments related to Strategy 2020 and higher software amortisation.

## Deutsche Asset Management (Deutsche AM)

in EUR m. (unless stated otherwise)	2Q2016	2Q2015	2Q16 vs. 2Q15	1H2016	1H2015	1H16 vs. 1H15
Net revenues	706	769	(63)	1,397	1,518	(120)
Net revenues excl. Abbey Life(1)	635	768	(133)	1,283	1,340	(57)
Provision for credit losses	(0)	(0)	0	(1)	(0)	(0)
Noninterest expenses	(535)	(504)	(31)	(1,063)	(1,151)	88
Noninterest expenses excl. Abbey Life(1)	(461)	(495)	34	(945)	(988)	43
Noncontrolling interest	(0)	0	(0)	(0)	0	(0)
Income (loss) before income taxes	171	265	(93)	334	366	(32)
RWA (in EUR bn)	13	6	6	13	6	6

(1) Net revenues excluding mark-to-market movements on policyholder positions; noninterest expenses excluding policyholder benefits and claims

### Commentary

**Revenues** were 706 million euros, down 8% year-on-year. Excluding the Abbey Life gross-up, revenues were down 17% year-on-year, primarily reflecting a strong prior year quarter which included fair value gains in Active and performance fees in Alternatives, together with a weaker market environment in 2016.

**Noninterest expenses** were 535 million euros, up 6% year-on-year. Adjusted for the Abbey Life gross-up, noninterest expenses were down 7% to 461 million euros, reflecting lower compensation costs.

**Invested assets** were 719 billion euros at the end of the second quarter, an increase of 8 billion euros during the quarter, driven by favourable fixed income markets and exchange rate movements at the quarter end, partly offset by net asset outflows of 9 billion euros mainly due to liquidity products of 5 billion euros yielding single-digit basis-point returns.

## Postbank

in EUR m. (unless stated otherwise)	2Q2016	2Q2015	2Q16 vs. 2Q15	1H2016	1H2015	1H16 vs. 1H15
Net revenues	903	803	101	1,764	1,660	103
Provision for credit losses	(34)	(26)	(8)	(76)	(84)	8
Noninterest expenses	(690)	(688)	(2)	(1,387)	(1,376)	(11)
Noncontrolling interest	(0)	(0)	(0)	(0)	(0)	0
Income (loss) before income taxes	179	88	91	301	201	100
RWA (in EUR bn)	45	42	3	45	42	3

### Commentary

**Revenues** increased 13% year-on-year to 903 million euros compared to the prior year quarter. Revenues in Current Accounts and Savings declined due to the continued low interest rate environment, only partially offset by new Loan business in Mortgages and Consumer Finance. The substantial improvement in Other net revenues primarily derives from a gain on the sale of a stake in Visa Europe Limited, which had a positive impact of 104 million euros. Net revenues from Home Loans & Savings, Investment & Insurance Products and Postal remained stable compared to the prior year quarter.

**Provision for credit losses** increased 31% compared to the prior year quarter, as the second quarter of 2015 was positively impacted by a non-performing loan sale. Excluding this effect, provision for credit losses would have declined, reflecting the continued benign economic environment in Germany.

**Noninterest expenses** were unchanged compared to the prior year quarter. This was despite lower synergies due to the completion of the operational separability from Deutsche Bank Group, expenses for the European deposit insurance scheme (EDIS), and investments in efficiency and digitalisation.

## Non-Core Operations Unit (NCOU)

in EUR m. (unless stated otherwise)	2Q2016	2Q2015	2Q16 vs. 2Q15	1H2016	1H2015	1H16 vs. 1H15
Net revenues	(349)	223	(572)	(333)	618	(951)
Provision for credit losses	(5)	(6)	1	(80)	(35)	(45)
Noninterest expenses	(278)	(1,088)	810	(753)	(1,772)	1,019
Noncontrolling interest	0	0	0	0	(0)	0
Income (loss) before income taxes	(632)	(870)	239	(1,165)	(1,188)	23
RWA (in EUR bn)	27	42	(15)	27	42	(15)

### Commentary

**Revenues** for NCOU were negative 349 million euros, a decrease of 572 million euros year-on-year. This was predominately driven by further progress in de-risking. Net revenues include losses from the unwinding of a long-dated derivative transaction which will reduce RWA in the third quarter. This was partly offset by a gain of 255 million euros on the IPO of Red Rock Resorts.

**Provision for credit losses** remained at low levels, comparable with the same quarter in the prior year.

**Noninterest expenses** decreased by 810 million euros to 278 million euros. The reduction was predominantly due to lower litigation-related expenses and asset sales including Maher Prince Rupert in 2015.

**RWA** were 27 billion euros at the end of the quarter, down 35% versus the end of the second quarter of 2015, reflecting ongoing de-risking activity.



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An analyst call to discuss second quarter 2016 financial results will take place on Wednesday, July 27, 2016 at 8.00 a.m. (CET). This conference call will be transmitted via internet: [www.db.com/quarterly-results](http://www.db.com/quarterly-results)

A Fixed Income investor call will take place on Thursday, July 28, 2016 at 3.00 p.m. (CET). This conference call will be transmitted via internet: [www.db.com/bondholder-presentations](http://www.db.com/bondholder-presentations)

The Interim Report, Financial Data Supplement (FDS), presentation and audio-webcast for the analyst conference call are available at [www.db.com/quarterly-results](http://www.db.com/quarterly-results)

This document contains non-IFRS financial measures. For a reconciliation to directly comparable figures under IFRS, to the extent not provided herein, please refer to the Interim Report and the Financial Data Supplement.

### About Deutsche Bank

Deutsche Bank provides commercial and investment banking, retail banking, transaction banking and asset and wealth management products and services to corporations, governments, institutional investors, small and medium-sized businesses, and private individuals. Deutsche Bank is Germany's leading bank, with a strong position in Europe and a significant presence in the Americas and Asia Pacific.

This release contains forward-looking statements. Forward-looking statements are statements that are not historical facts; they include statements about our beliefs and expectations and the assumptions underlying them. These statements are based on plans, estimates and projections as they are currently available to the management of Deutsche Bank. Forward-looking statements therefore speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

By their very nature, forward-looking statements involve risks and uncertainties. A number of important factors could therefore cause actual results to differ materially from those contained in any forward-looking statement. Such factors include the conditions in the financial markets in Germany, in Europe, in the United States and elsewhere from which we derive a substantial portion of our revenues and in which we hold a substantial portion of our assets, the development of asset prices and market volatility, potential defaults of borrowers or trading counterparties, the implementation of our strategic initiatives, the reliability of our risk management policies, procedures and methods, and other risks referenced in our filings with the U.S. Securities and Exchange Commission. Such factors are described in detail in our SEC Form 20-F of 11 March 2016 under the heading "Risk Factors". Copies of this document are readily available upon request or can be downloaded from [www.db.com/ir](http://www.db.com/ir).