



# Release

Frankfurt am Main

October 27, 2016

## Deutsche Bank reports third quarter 2016 pre-tax profit of EUR 619 million and net income of EUR 278 million

**John Cryan**, Chief Executive Officer, said: "The results for the quarter demonstrate well the strengths of our operating businesses and the outstanding work of our people. We continued to make good progress on restructuring the bank. However, in the past several weeks these positive developments were overshadowed by the attention around our negotiations concerning the Residential Mortgage Backed Securities matter in the United States. This had an unsettling effect. The bank is working hard on achieving a resolution of this issue as soon as possible."

- **Revenues slightly up**
  - EUR 7.5 billion vs. EUR 7.3 billion in 3Q2015, despite a tough interest rate environment
- **Noninterest expenses lower**
  - EUR 6.5 billion vs. EUR 13.2 billion in 3Q2015, which included significant impairments and litigation charges
  - Adjusted costs of EUR 5.9 billion, down approximately EUR 350 million year-on-year
- **Operating strength**
  - Pre-tax profit of EUR 619 million in 3Q2016, achieved despite cost burden of restructuring and severance, litigation, impairments and de-risking of Non-Core Operations Unit (NCOU) of EUR 1.0 billion
  - Pre-tax profit of EUR 1.6 billion in 9M2016, achieved despite cost burden of restructuring and severance, litigation, impairments and de-risking of NCOU of EUR 3.0 billion
- **Improved capital ratios due to progress in de-risking**
  - CRR/CRD4 fully loaded CET1 ratio of 11.1% vs. 10.8% in 2Q2016, before expected gain of ~40-50 basis points from disposal of the stake in Hua Xia Bank
  - On a phase-in basis CRR/CRD4 CET1 ratio of 12.6% vs. 12.2% in 2Q2016
  - Risk Weighted Assets down EUR 18 billion to EUR 385 billion, primarily reflecting de-risking of NCOU
- **Restructuring on track**
  - Workers' Council negotiations in Germany concluded
  - Sale of Private Client Services in the U.S. completed
  - Agreement on disposal of Abbey Life
- **Core business successes**
  - Corporate & Investment Banking: Regaining strength with leadership in Corporate Finance in Germany and a top 5 position in global IPOs
  - Global Markets: revenues up 10% vs. 3Q2015 driven by solid performance in Debt Sales & Trading
  - Private, Wealth & Commercial Clients: credit product revenues up 5% year-on-year

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- Deutsche Asset Management: profit growth year to date with a pre-tax profit of EUR 549 million in 9M2016, up 7% year-on-year
- **Progress on digitalization and technology**
  - Digital Factory in Frankfurt and Data Lab in Dublin opened during the quarter
  - Migration into the private cloud successfully started which made the reduction from 45 to 41 operating systems possible year-to-date

## Group Results

Group in EUR m. (unless stated otherwise)	3Q2016	3Q2015	3Q16 vs. 3Q15	9M2016	9M2015	9M16 vs. 9M15
Net revenues	7,493	7,330	163	22,946	26,883	(3,937)
Provision for credit losses	(327)	(207)	(120)	(891)	(576)	(314)
Noninterest expenses	(6,547)	(13,224)	6,676	(20,450)	(29,700)	9,250
Income (loss) before income taxes	619	(6,101)	6,720	1,606	(3,393)	4,999
Net income	278	(6,024)	6,302	534	(4,647)	5,182
RWA (in EUR bn)	385	408	(23)	385	408	(23)
Tangible book value per share (in EUR)	37.54	38.99	(1.45)	37.54	38.99	(1.45)

## Noninterest expenses

in EUR m. (unless stated otherwise)	3Q2016	2Q2016	1Q2016	4Q2015	3Q2015	2Q2015	1Q2015
<b>Noninterest expenses</b>	<b>6,547</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	(49)	285	0	6	5,770	0	0
Litigation	501	120	187	1,238	1,209	1,227	1,544
Policyholder benefits and claims	167	74	44	122	(29)	10	153
Restructuring and Severance	76	207	285	790	63	45	67
<b>Adjusted Costs</b>	<b>5,852</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>87%</b>	<b>91%</b>	<b>89%</b>	<b>135%</b>	<b>180%</b>	<b>85%</b>	<b>84%</b>
<b>Compensation ratio</b>	<b>39%</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

## Commentary

**Group net revenues** in the third quarter 2016 increased 2% to EUR 7.5 billion. Revenues in the Private, Wealth and Commercial Clients segment benefitted from the absence of a charge related to Hua Xia Bank Co. Ltd. taken in the prior year quarter, and Asset Management revenues included strong positive mark-to-market movements on policyholder positions in Abbey Life. The revenue increase is driven primarily by 10% year-over-year growth in Global Markets, while absent the aforementioned effects, revenues declined in all other operating businesses, largely reflecting impact of the ongoing low interest rate environment.

**Provisions for credit losses** increased 58% in the third quarter 2016 to EUR 327 million. This mainly resulted from higher provisions in CIB reflecting continued market weakness in the Shipping and Oil & Gas sectors.

**Noninterest expenses** were EUR 6.5 billion in the third quarter 2016, a 50% decrease from the prior year period. The third quarter 2015 included a charge for

impairment of goodwill and other intangible assets of EUR 5.8 billion. Litigation expenses and performance-related compensation were lower than the prior year, which was partially offset by higher IT costs.

Third quarter 2016 **net income** was EUR 278 million compared to a loss of EUR 6.0 billion in the prior period, which included the previously noted charge related to Hua Xia Bank Co. Ltd. and impairments of EUR 5.8 billion.

## Capital and leverage

in EUR bn (unless stated otherwise)	Sep 30, 2016	Jun 30, 2016	Sep 30, 2015
CET1 capital ratio (CRR/CRD4 fully-loaded)	11.1%	10.8%	11.5%
Risk-weighted assets (CRR/CRD4 fully-loaded)	385	402	408
Total assets (IFRS)	1,689	1,803	1,719
CRD4 leverage exposure (CRR/CRD4 fully-loaded)	1,354	1,415	1,420
Leverage ratio (CRR/CRD4 fully-loaded)	3.5%	3.4%	3.6%

Note: 3Q2016 CET1 capital ratio (CRR/CRD4 phase-in) is 12.6%; Risk-weighted assets (CRR/CRD4 phase-in) in EUR 385bn

## Commentary

The **Common Equity Tier 1 (CET1)** capital ratio rose to 11.1% on a fully loaded basis in the quarter. Fully loaded CET1 capital declined to EUR 42.9 billion as the positive effect of net income and equity compensation was offset mainly from the impact of a lower discount rate on pensions, higher deductions for intangibles and negative impact of Abbey Life sale agreement. However, Risk Weighted Assets (RWA) declined EUR 18 billion to EUR 385 billion, primarily from reduction in RWA in the Non-Core Operations Unit and Global Markets.

**CRD4 Leverage Ratio** increased to 3.5% on a fully loaded basis primarily from a EUR 60 billion decline in leverage exposure to EUR 1,354 billion in the third quarter.

## Segment results

### Global Markets (GM)

in EUR m. (unless stated otherwise)	3Q2016	3Q2015	3Q16 vs. 3Q15	9M2016	9M2015	9M16 vs. 9M15
Net revenues	2,588	2,344	243	7,826	9,355	(1,529)
Sales & Trading (equity)	603	632	(30)	2,074	2,780	(706)
Sales & Trading (debt and other products)	2,067	1,818	248	5,959	6,970	(1,011)
Provision for credit losses	(30)	(0)	(29)	(84)	(7)	(78)
Noninterest expenses	(2,206)	(4,345)	2,139	(6,942)	(10,186)	3,244
Noncontrolling interest	(22)	13	(35)	(46)	(25)	(21)
Income (loss) before income taxes	330	(1,989)	2,318	753	(863)	1,616
RWA (in EUR bn)	164	167	(3)	164	167	(3)

### Commentary

**Global Markets (GM) net revenues** were EUR 2.6 billion in the third quarter 2016, a 10% increase from the prior year period. Higher revenues were driven by the Credit and Rates businesses. Revenues in Emerging Markets, Asia Pacific Local Markets and Equities decreased in the quarter while Foreign Exchange revenues were unchanged.

**Noninterest expenses** in GM were EUR 2.2 billion in the third quarter. This was a 49% decline from the prior year period, which included an impairment charge of EUR 1.6 billion for goodwill. The remaining noninterest expense decrease primarily reflected lower litigation and compensation and benefit costs.

GM reported **income before income taxes** in the third quarter 2016 of EUR 330 million, with a post-tax return on tangible equity of 3.7%.

### Corporate & Investment Banking (CIB)

in EUR m. (unless stated otherwise)	3Q2016	3Q2015	3Q16 vs. 3Q15	9M2016	9M2015	9M16 vs. 9M15
Net revenues	1,963	1,988	(24)	5,676	6,277	(601)
Provision for credit losses	(176)	(90)	(87)	(427)	(179)	(248)
Noninterest expenses	(1,147)	(2,086)	939	(3,861)	(4,969)	1,107
Income (loss) before income taxes	640	(188)	828	1,387	1,130	257
RWA (in EUR bn)	82	88	(6)	82	88	(6)

### Commentary

**Corporate & Investment Banking revenues** in the third quarter 2016 were EUR 2.0 billion, a 1% decline from the prior year period. Corporate Finance revenues increased 4% as both Equity Origination and Debt Origination revenues were higher, offsetting a year-over-year decline in Advisory revenues. Transaction banking revenues were down 5% largely driven by weaker demand and interest-rate driven margin pressure in our trade and corporate cash management business.

**Provisions for Credit Losses** in CIB increased EUR 87 million in the third quarter 2016 to EUR 176 million. The majority of this increase was related to the Shipping and Oil & Gas industries.

**Noninterest expenses** in CIB decreased 45% to EUR 1,147 million in the third quarter 2016, largely related to EUR 783 million of charges in the prior year period for intangible impairments and litigation. Expenses excluding those items were 12% lower primarily from reduced compensation expenses.

**CIB income before income taxes** was EUR 640 million in the third quarter 2016, with a post-tax return on tangible equity of 15.4%.

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

in EUR m. (unless stated otherwise)	3Q2016	3Q2015	3Q16 vs. 3Q15	9M2016	9M2015	9M16 vs. 9M15
Net revenues	1,740	1,450	290	5,338	5,633	(296)
Provision for credit losses	(57)	(54)	(3)	(160)	(208)	48
Noninterest expenses	(1,566)	(2,531)	965	(4,811)	(5,672)	862
Noncontrolling interest	0	0	0	0	0	0
Income (loss) before income taxes	117	(1,135)	1,252	367	(247)	614
RWA (in EUR bn)	49	50	(1)	49	50	(1)

## Commentary

**Net revenues** in PW&CC increased 20% to EUR 1.7 billion in the third quarter 2016. This increase largely reflected the absence of a negative net valuation impact on the Hua Xia Bank Co. Ltd. stake of EUR 0.5 billion taken in the prior year period against reported revenues. Prior year revenues also benefitted from an extraordinary dividend of approximately EUR 100 million received from a holding in the Private & Commercial Client (PCC) business. Absent those items, revenues declined approximately 5% from the prior year period largely reflecting the continued low interest rate environment and lower client activity.

**Provisions for Credit Losses** in PW&CC were EUR 57 million, 5% higher than the prior year but still at a low level reflecting the high quality of the portfolio.

**Noninterest expenses** of EUR 1.6 billion declined by EUR 965 million from the prior year period, which included an impairment of goodwill of EUR 1.0 billion. Excluding the impact of the prior period impairment, noninterest expenses increased 3% reflecting costs associated primarily with digitalisation investments and the implementation of the bank's Strategy 2020.

**PW&CC income before income taxes** was EUR 117 million with a post-tax return on tangible equity of 4.2%.

## Deutsche Asset Management (Deutsche AM)

in EUR m. (unless stated otherwise)	3Q2016	3Q2015	3Q16 vs. 3Q15	9M2016	9M2015	9M16 vs. 9M15
Net revenues	823	633	190	2,220	2,151	69
Net revenues excl. MM on policyholder positions <sup>(1)</sup>	628	680	(52)	1,911	2,021	(110)
Provision for credit losses	0	(1)	1	(1)	(1)	0
Noninterest expenses	(608)	(491)	(117)	(1,671)	(1,639)	(31)
Noninterest expenses excl. Policyholder benefits and claims <sup>(1)</sup>	(440)	(520)	80	(1,386)	(1,505)	120
Noncontrolling interest	0	0	0	0	1	(1)
Income (loss) before income taxes	216	142	74	549	511	37
RWA (in EUR bn)	13	6	7	13	6	7

(1) Related to Abbey Life

### Commentary

Excluding the impact of mark-to market movements on policyholder positions in Abbey Life, **Deutsche Asset Management (Deutsche AM) net revenues** in the third quarter 2016 of EUR 628 million declined 8% from the prior year period. The decline reflected lower Active and Passive management fees partly due to net outflows of invested assets, whilst other revenues from Alternatives were lower.

**Deutsche AM noninterest expenses** excluding the effect of policyholder benefits and claims in Abbey Life declined 15% to EUR 440 million in the third quarter 2016, largely reflecting lower compensation and benefit expense.

**Deutsche AM income before income taxes** in the third quarter 2016 was EUR 216 million with a post-tax return on tangible equity of 33.3 percent.

## Postbank

in EUR m. (unless stated otherwise)	3Q2016	3Q2015	3Q16 vs. 3Q15	9M2016	9M2015	9M16 vs. 9M15
Net revenues	779	837	(58)	2,542	2,497	45
Provision for credit losses	(45)	(64)	19	(121)	(147)	26
Noninterest expenses	(665)	(3,258)	2,593	(2,052)	(4,634)	2,582
Noncontrolling interest	0	0	0	0	0	0
Income (loss) before income taxes	68	(2,486)	2,554	369	(2,285)	2,654
RWA (in EUR bn)	45	42	2	45	42	2

### Commentary

**Postbank net revenues** in the third quarter 2016 declined 7% to EUR 779 million from the prior year period, largely reflecting the continued low interest rate environment.

**Provision for Credit Losses** declined 30% to EUR 45 million, reflecting the continued benign economic environment in Germany.

**Postbank noninterest expenses** were EUR 665 million in the third quarter, down EUR 2.6 billion from the prior year period, which included an impairment of goodwill

and intangibles of EUR 2.6 billion. Excluding the impact of the prior year impairment, noninterest expenses were broadly flat despite ongoing investment expenses for digitalisation and implementation of the bank's strategy.

**Postbank income before income taxes** in the third quarter 2016 was EUR 68 million with a post-tax return on tangible equity of 3.1%.

## Non-Core Operations Unit (NCOU)

in EUR m. (unless stated otherwise)	3Q2016	3Q2015	3Q16 vs. 3Q15	9M2016	9M2015	9M16 vs. 9M15
Net revenues	(191)	236	(427)	(524)	854	(1,378)
Provision for credit losses	(17)	0	(17)	(96)	(34)	(62)
Noninterest expenses	(330)	(427)	97	(1,083)	(2,198)	1,115
Noncontrolling interest	0	(1)	1	0	(1)	2
Income (loss) before income taxes	(538)	(192)	(346)	(1,703)	(1,379)	(323)
RWA (in EUR bn)	18	40	(22)	18	40	(22)

## Commentary

**Net revenues** in the Non-Core Operations Unit were EUR (191) million in the third quarter 2016. NCOU continued to focus on de-risking in the quarter resulting in RWA of EUR 18 billion, a 55% reduction versus the prior year period.

**NCOU noninterest expenses** in the third quarter declined 23% to EUR 330 million, driven by the impact of asset sales.

**NCOU income before income taxes** was EUR (538) million in the third quarter, largely reflecting costs related to the de-risking activities of the unit.

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An analyst call to discuss third quarter 2016 financial results will take place on Thursday, 27 October 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, 4 November 2016 at 13.30 (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

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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).