



Release

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Deutsche Bank reports first-quarter 2017 net income of € 575 million

John Cryan, Chief Executive Officer, said: “I am pleased with the start we have made to 2017. Client engagement is strong, asset flows are returning across the bank and activity is picking up. Our cost-cutting efforts are starting to pay off, while we have reduced complexity significantly. We have laid firm foundations upon which Deutsche Bank can once again deliver good results.”

Profitability

- Pre-tax profit of € 878 million, up 52% year-on-year
- Net income of € 575 million, up 143% year-on-year

Revenues

- € 7.3 billion, down 9% year-on-year
- The decline was predominantly due to a negative swing of € 0.7 billion year-on-year resulting mainly from the development of Deutsche Bank’s credit spreads
- Adjusted for this effect, revenues would have been broadly flat year-on-year

Provision for credit losses

- € 133 million, down 56% year on year, primarily due to improved performance in the metals and mining and oil and gas portfolios

Costs

- Noninterest expenses of € 6.3 billion, down 12% year-on-year
- Adjusted costs of € 6.3 billion, down 5% year-on-year, reflecting restructuring progress and closure of Non-Core Operations Unit (NCOU) at the end of 2016
- Headcount reduced by ~1,600 during the quarter, despite internalisation of ~200 external staff
- Headcount reduced by ~3,300 versus the end of the first quarter of 2016 despite internalisation of ~1,900 external staff in the COO function and ~370 net hires in Compliance and Anti-Financial Crime
- Branch optimisation: 130 out of planned 188 branch closures in Germany now complete. All eight advisory centres are now up and running

Capital

- Fully loaded CRD 4 Common Equity Tier 1 (CET1) ratio of 11.9%, slightly up versus 31 December 2016
- Impact of capital raising: pro-forma fully loaded CET1 ratio of 14.1% at 31 March 2017
- Risk Weighted Assets (RWA), fully loaded, of € 358 billion, stable since year-end. CRD 4 leverage exposures of € 1,369 billion, up 2% versus 31 December 2016, reflecting a return of client activity

Net money inflows across asset-gathering businesses

- Deutsche Asset Management: € 5 billion of net new money across most regions and products
- Private, Wealth & Commercial Clients: € 3 billion of net new money with inflows in both Wealth Management and Private & Commercial Clients

Group Results

in € m. (unless stated otherwise)	Q1 2017	Q4 2016	Q1 2016	Q1 17 vs. Q1 16	Q1 17 vs. Q4 16
Net revenues	7,346	7,068	8,068	(722)	278
Provision for credit losses	(133)	(492)	(304)	171	359
Noninterest expenses	(6,334)	(8,992)	(7,184)	850	2,658
Income (loss) before income taxes	878	(2,416)	579	299	3,294
Net income	575	(1,891)	236	338	2,466
RWA (in € bn)	358	358	401	(43)	0
Tangible book value per share (in EUR)	35.86	36.33	37.29	(1.43)	(0.47)

Noninterest expenses

in EUR m. (unless stated otherwise)	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Noninterest expenses	(6,334)	(8,992)	(6,547)	(6,718)	(7,184)
<i>therein:</i>					
Impairment of Goodwill & Intangibles	0	(1,021)	49	(285)	0
Litigation	31	(1,588)	(501)	(120)	(187)
Policyholder benefits and claims	0	(88)	(167)	(74)	(44)
Restructuring and Severance	(29)	(114)	(76)	(207)	(285)
Adjusted Costs	(6,336)	(6,181)	(5,852)	(6,032)	(6,668)
Cost/income ratio	86%	127%	87%	91%	89%
Compensation ratio	43%	40%	39%	40%	40%

Note: Figures may not add up due to rounding

Commentary

Group net revenues in the first quarter of 2017 decreased 9% to € 7.3 billion versus the prior year. The decline was predominantly due to a negative swing of € 0.7 billion year-on-year, mainly resulting from a narrowing in Deutsche Bank's credit spreads in

the quarter, compared with a widening of those credit spreads in the first quarter of 2016. This impacted both Derivative Debt Valuation Adjustments (DVA) in Global Markets and the bank's own debt in Consolidation & Adjustments (C&A). While interest revenues remained challenged by the low interest rate environment, Debt Sales & Trading and both Debt and Equity Origination revenues benefited from improved market conditions and client activity levels in the first quarter of 2017.

Provisions for credit losses were € 133 million, a 56% decline versus the first quarter of 2016, driven by improved performance in the metals & mining and oil & gas portfolios as well as non-recurrence of one-off items in NCOU.

Noninterest expenses in the first quarter 2017 decreased 12% versus the prior year to € 6.3 billion, reflecting lower restructuring and severance, the run-down of NCOU and ongoing cost management efforts.

First quarter 2017 **net income** was € 575 million compared to € 236 million in the prior year period. The **post-tax return on tangible shareholders' equity** was 4.5%.

Capital and leverage

in EUR bn (unless stated otherwise)	Mar 31, 2017	Dec 31, 2016	Mar 31, 2016
CET1 capital ratio (CRR/CRD4 fully-loaded) /pro-forma ⁽¹⁾	11.9% / 14.1%	11.8%	10.7%
Risk-weighted assets (CRR/CRD4 fully-loaded)	358	358	401
Total assets (IFRS)	1,565	1,591	1,741
CRD4 leverage exposure (CRR/CRD4)	1,369	1,348	1,390
Leverage ratio (CRR/CRD4 fully-loaded) / pro-forma ⁽¹⁾	3.4% / 4.0%	3.5%	3.4%
Leverage ratio (CRR/CRD4 phase-in) / pro-forma ⁽¹⁾	4.0% / 4.5%	4.1%	4.0%

Note: Q12017 CET1 capital ratio (CRR/CRD4 phase-in) is 12.7%; Risk-weighted assets (CRR/CRD4 phase-in) are EUR 357bn

(1) pro-forma including the proceeds of the capital raise

Commentary

The **Common Equity Tier 1 (CET1)** capital ratio increased to 11.9% on a fully loaded basis in the quarter, and the pro-forma CET1 ratio including the capital raise completed in April 2017 was 14.1%. Fully loaded CET1 capital increased by € 178 million to € 42.5 billion. CET1 capital pro-forma for the capital raise is € 50.7 billion.

Risk Weighted Assets (RWA, fully loaded) remained unchanged at € 358 billion in the first quarter as a € 5 billion Operational Risk RWA increase, primarily due to a model update, was offset by RWA reductions from focused de-risking measures, including hedges, trade unwinds and targeted asset reductions.

The **CRD4 Leverage Ratio** declined to 3.4% on a fully loaded basis. The pro-forma Leverage ratio including the capital raise was 4.0%. Leverage exposure in the quarter increased to € 1,369 billion reflecting the return of client business after a decline in the third and fourth quarter of 2016, which had no material RWA implications.

Segment results

NB: changes as per our strategy announcement in March 2017 will be reflected in our reporting once fully implemented.

Global Markets (GM)

in € m. (unless stated otherwise)	Q1 2017	Q4 2016	Q1 2016	Q1 17 vs. Q1 16	Q1 17 vs. Q4 16
Net revenues	2,595	1,465	2,818	(223)	1,130
Sales & Trading (equity)	674	428	751	(78)	246
Sales & Trading (debt and other products)	2,290	1,381	2,067	223	909
Provision for credit losses	(13)	(58)	(15)	2	46
Noninterest expenses	(2,338)	(2,140)	(2,385)	46	(199)
Noncontrolling interest	(4)	(1)	(23)	19	(3)
Income (loss) before income taxes	240	(734)	395	(155)	975
RWA (in € bn)	162	158	168	(5)	5

Commentary

Global Markets net revenues were € 2.6 billion in the first quarter of 2017, including a negative impact of € 239 million from Credit, Debit and Funding valuation adjustments (versus gains of € 145 million in the first quarter of 2016). Excluding this effect and the impact of a one-off gain from the bank's tender offer of approximately € 80 million in the first quarter of 2016, revenues were 9% higher than in the prior year quarter. This reflected improved performance in Debt Sales & Trading, which benefited from an improved market environment. Revenues were solid across most businesses, particularly in Rates and Credit. This was partly offset by lower Equity Sales & Trading revenues due to a decline in Prime Finance revenues, which reflected higher funding costs and lower client balances. However, Prime Finance revenues were significantly higher than in the fourth quarter of 2016.

Noninterest expenses in GM were € 2.3 billion in the first quarter. This was a 2% decline from the prior year quarter due to lower restructuring and severance charges and favourable currency movements.

Corporate & Investment Banking (CIB)

in € m. (unless stated otherwise)	Q1 2017	Q4 2016	Q1 2016	Q1 17 vs. Q1 16	Q1 17 vs. Q4 16
Net revenues	1,814	1,802	1,821	(6)	12
Provision for credit losses	(44)	(245)	(135)	91	200
Noninterest expenses	(1,308)	(1,256)	(1,372)	64	(52)
Income (loss) before income taxes	462	300	313	149	161
RWA (in € bn)	82	80	85	(3)	2

Commentary

Corporate & Investment Banking revenues in the first quarter of 2017 were € 1.8 billion, broadly unchanged versus the prior year period.

Origination and Advisory revenues increased 29% versus the prior year period. Corporate Finance had strong momentum in both Debt and Equity Origination while Advisory revenues were down versus a strong first quarter 2016. Global Transaction Banking revenues declined 5% due to the exit of countries, products and clients.

Provision for credit losses in CIB was € 44 million in the first quarter of 2017, a decline of 67 % versus the prior year period, which was driven by improved performance in the metals and mining and oil and gas portfolios.

Noninterest expenses in CIB decreased by 5 % to € 1.3 billion in the first quarter of 2017 due to lower restructuring and severance costs.

Private, Wealth & Commercial Clients (PW&CC)

in € m. (unless stated otherwise)	Q1 2017	Q4 2016	Q1 2016	Q1 17 vs. Q1 16	Q1 17 vs. Q4 16
Net revenues	1,931	2,379	1,736	195	(448)
Provision for credit losses	(45)	(95)	(36)	(9)	50
Noninterest expenses	(1,566)	(1,582)	(1,637)	71	16
Noncontrolling interest	0	0	(0)	0	0
Income (loss) before income taxes	320	702	63	257	(383)
RWA (in € bn)	46	44	50	(4)	2

Commentary

Net revenues in **Private, Wealth & Commercial Clients** increased 11% to € 1.9 billion in the first quarter of 2017. The prior year quarter included a negative valuation impact of € 124 million related to Hua Xia Bank and a dividend payment from a Private & Commercial Clients (PCC) shareholding, while the first quarter of 2017 benefited from gains related to workout activities in Wealth Management. The latter more than offset the impact of foregone revenues after the sale of the Private Client Services unit (PCS) last year. Excluding these items, revenues remained stable. The continued negative impact from low interest rates was mitigated by growth in revenues from credit and investment products.

Provision for credit losses in PW&CC was € 45 million, € 9 million higher than the prior year but still at low levels reflecting the high quality of the portfolio.

Noninterest expenses of € 1.6 billion in the first quarter declined by 4% from the prior year period, largely reflecting lower restructuring charges and the PCS deconsolidation, in part offset by continued investments in digitalization and other initiatives. Since the beginning of the year 130 branches out of the target total of 188 in Germany had been closed as per programme.

Postbank

in € m. (unless stated otherwise)	Q1 2017	Q4 2016	Q1 2016	Q1 17 vs. Q1 16	Q1 17 vs. Q4 16
Net revenues	771	824	861	(89)	(52)
Provision for credit losses	(32)	(63)	(41)	9	31
Noninterest expenses	(657)	(763)	(697)	39	105
Noncontrolling interest	(0)	(0)	(0)	(0)	(0)
Income (loss) before income taxes	81	(2)	122	(41)	84
RWA (in € bn)	42	42	44	(2)	(0)

Commentary

Postbank net revenues in the first quarter 2017 were € 771 million, a decrease of 10% versus the prior year period primarily related to the non-recurrence of a one-off gain in the first quarter of 2016 as well as negative hedging effects in the current quarter.

Excluding these effects, client revenues were stable due to growth in overall loan volumes and fee revenues that offset the impact of the low interest rate environment.

Provision for credit losses was € 32 million in the first quarter of 2017, a € 9 million decline versus the first quarter of 2016. Despite rising loan volumes, provisions remained at low levels, reflecting the benign economic environment in Germany and good portfolio quality.

Noninterest expenses were € 657 million in the first quarter, 6% lower than the prior year period. Continued focus on costs and headcount reduction contributed the majority of the cost reduction in the quarter.

Deutsche Asset Management (Deutsche AM)

in € m. (unless stated otherwise)	Q1 2017	Q4 2016	Q1 2016	Q1 17 vs. Q1 16	Q1 17 vs. Q4 16
Net revenues	607	799	691	(84)	(193)
Net revenues excl. Abbey Life ⁽¹⁾	607	712	648	(41)	(105)
Provision for credit losses	0	0	(0)	0	0
Noninterest expenses	(425)	(1,552)	(528)	103	1,127
Noninterest expenses excl. Abbey Life and impairments ⁽¹⁾	(425)	(442)	(484)	59	17
Abbey Life	(0)	(88)	(44)	44	88
Impairments		(1,021)		0	1,021
Noncontrolling interest	(0)	(0)	(0)	(0)	0
Income (loss) before income taxes	181	(752)	162	19	934
RWA (in € bn)	10	9	12	(3)	1

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

Commentary

Deutsche Asset Management (Deutsche AM) net revenues in the first quarter of 2017 of € 607 million were 12% below the first quarter last year. Excluding the

impact of the Abbey Life gross-up included in the first quarter of 2016, revenues decreased 6% as the first quarter of 2016 benefited from the gain on sale of Asset Management India and a write-up on HETA Asset Resolution AG. Excluding these effects, revenues increased 5% versus the prior year quarter, mainly due to higher management fees from Active and Alternatives.

Noninterest expenses were € 425 million in the first quarter, a decrease of 19% versus the prior year period, mainly due to lower severance and restructuring expenses, as well as the non-recurrence of costs relating to Abbey Life.

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An analyst call to discuss first quarter 2017 financial results will take place today at 14.00 (CET). This conference call will be transmitted via internet:
www.db.com/quarterly-results

A Fixed Income investor call will take place on Tuesday, 02 May 2017, at 15.00 (CET). This conference call will be transmitted via internet:
www.db.com/bondholder-presentations

A Financial Data Supplement (FDS), presentation and audio-webcast for the analyst conference call are available at
www.db.com/quarterly-results

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 20 March 2017 under the heading "Risk Factors". Copies of this document are readily available upon request or can be downloaded from www.db.com/ir.

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 Financial Data Supplement.