



# Release

Frankfurt am Main

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## DEUTSCHE BANK REPORTS SECOND QUARTER 2011 NET INCOME OF EUR 1.2 BILLION

- *Income before income taxes (IBIT) was EUR 1.8 billion, including EUR 155 million impairment relating to Greek government bonds*
- *CIB and PCAM IBIT of EUR 2.0 billion; resulting into EUR 5.5 billion in the first six months of 2011; in sight to achieve 2011 EUR 10 billion target*
- *Tier 1 capital ratio at record 14%; Core Tier 1 ratio strengthened to 10.2%, up 150 bps in the first six months of 2011*
- *Pre-tax return on average active equity of 14%*
- *Net sovereign exposure to PIIGS countries of EUR 3.7 billion as of 30 June 2011*

Corporate & Investment Bank (CIB): Resilient performance in challenging market conditions maintaining low levels of VaR

- *Income before income taxes of EUR 1.3 billion*
- *Sales & Trading revenues of EUR 2.9 billion, reflecting a seasonal decline and depressed client activity especially in June due to uncertain macro environment in Europe*
- *Origination and Advisory maintained top 5 rank overall, benefiting from synergies across the investment bank*
- *Global Transaction Bank (GTB) strong pre-tax profit of EUR 293 million based on robust fee income and recovering interest rates*

Private Clients and Asset Management (PCAM): Growth trajectory remains intact as all businesses are significantly outperforming

- *Income before income taxes of EUR 684 million reaping benefits of prior investments*
- *Private & Business Clients income before income taxes of EUR 458 million from strong Postbank contribution, decreasing risk costs as well as tight cost management even including EUR 132 million<sup>(1)</sup> negative impact relating to Greek government bonds*
- *Asset and Wealth Management income before income taxes of EUR 227 million due to disciplined cost control and increased revenues from positive asset mix shift*
- *Net new money of EUR 5 bn in Private Wealth Management*

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<sup>(1)</sup> Includes an impairment charge of EUR 155 million, net of noncontrolling interests at segment level of EUR 22 million

Deutsche Bank (XETRA: DBKGn.DE / NYSE: DB) today reported results for the second quarter and first half 2011.

Net income for the quarter was EUR 1.2 billion up 67 million versus the previous year quarter. Income before income taxes was EUR 1.8 billion, up 17% versus EUR 1.5 billion in the prior year quarter. Diluted earnings per share were EUR 1.24 versus EUR 1.60 in the prior year quarter as higher net income was offset by the increased shares outstanding. Pre-tax return on average active equity for the quarter was 14%.

For the first six months of 2011, net income was EUR 3.4 billion versus EUR 2.9 billion in the first six months of 2010. Income before income taxes was EUR 4.8 billion versus EUR 4.3 billion. Diluted earnings per share were EUR 3.35 versus EUR 3.98 in the first six months of 2010. Pre-tax return on average active equity for the first six months was 19%.

Dr. Josef Ackermann, Chairman of the Management Board said:

*"Despite increasingly difficult market conditions, our business model has proven to be robust. Our efforts to recalibrate and rebalance our platform are paying off nicely. Whereas Corporate Banking and Securities was impacted by the adverse environment – particularly by the sovereign debt crisis in Europe - this was counterbalanced by strong performance and healthy year-on-year profit growth in our other businesses, which contributed half of the bank's profit in the quarter."*

## **Group Results of Operation**

Net Revenues for the quarter were EUR 8.5 billion, up EUR 1.4 billion, or 19%, versus the second quarter 2010, mainly driven by EUR 1.2 billion from the consolidation of Postbank in PCAM.

In CIB, net revenues were slightly up in the second quarter 2011 to EUR 4.9 billion versus EUR 4.7 billion in the second quarter 2010. PCAM net revenues were EUR 3.5 billion in the second quarter 2011 compared to revenues of EUR 2.3 billion in the second quarter 2010. Revenues in the second quarter 2011 were impacted by impairments of EUR 155 million on Greek government bonds.

For the first six months of 2011, net revenues were EUR 19.0 billion, compared to net revenues of EUR 16.2 billion in the first six months of 2010.

Provision for credit losses was EUR 464 million in the quarter, versus EUR 243 million in the second quarter 2010. The increase was mainly attributable to Postbank, which contributed EUR 182 million. The Postbank provisions exclude EUR 82 million releases from loan loss allowance recorded prior to consolidation. Such releases are reported as net interest income. The remainder of the increase was mainly due to higher provisions required for our IAS 39 reclassified portfolio in CB&S.

For the first six months of 2011, provision for credit losses was EUR 837 million versus EUR 506 million in the same period last year. The increase was mainly

attributable to Postbank, which contributed EUR 388 million. The Postbank provisions exclude releases of EUR 200 million from loan loss allowances recorded prior to consolidation. Such releases are reported as net interest income. Excluding Postbank, provisions were down, mainly from a reduction of provisions for IAS 39 reclassified assets and from a portfolio sale in PBC.

Noninterest expenses were EUR 6.3 billion in the quarter, an increase of EUR 910 million, or 17%, compared to the second quarter 2010. Of the increase, EUR 712 million related to the consolidation of Postbank. Also contributing to the increase were a first time accrual for the German bank levy of EUR 62 million, as well as higher policyholder benefits and claims in Abbey Life (offset in revenues) and higher expenses for deferred compensation.

For the first six months of 2011, noninterest expenses were EUR 13.4 billion, up from EUR 11.3 billion in the first six months of 2010.

Income before income taxes was EUR 1.8 billion in the quarter, up EUR 254 million versus the previous year quarter. CIB and PCAM generated an income before income taxes of EUR 2.0 billion in total, partly offset by negative results of EUR 139 million in CI and EUR 43 million in C&A, which included the aforementioned bank levy.

For the first six months of 2011, income before income taxes was EUR 4.8 billion versus EUR 4.3 billion in the first six months of 2010.

Net income for the second quarter 2011 was EUR 1.2 billion, virtually unchanged to the second quarter 2010. Income tax expense in the second quarter 2011 was EUR 545 million. The effective tax rate of 31% in the current quarter benefited from the geographic mix of income, partly offset by the charge for the non tax deductible German bank levy. The prior year quarter's effective tax rate was 23% and benefited from the tax exempt negative goodwill related to the commercial banking activities acquired from ABN AMRO and a favorable geographic mix of income.

For the first six months of 2011, net income was EUR 3.4 billion, versus EUR 2.9 billion in the first six months of 2010. The effective tax rate of 30% for the first six months 2011, versus 32% in the first half 2010, benefited from the partial tax exemption of net gains related to our stake in Hua Xia Bank in the first quarter 2011 and the geographic mix of income.

Tier 1 capital ratio was 14% at the end of the second quarter up from 13.4% at last quarter end. The Core Tier 1 capital ratio was 10.2% up from 9.6% at previous quarter end, both the strongest ratios ever. Risk-weighted assets decreased EUR 8 billion to EUR 320 billion at the end of the second quarter 2011.

Total assets increased EUR 7 billion to EUR 1,850 billion at the end of the second quarter 2011. On an adjusted basis, which reflects netting of derivatives and certain other balances, total assets were EUR 1,209 billion, an increase of EUR 7 billion compared to the quarter end before. As per our target definition, the leverage ratio was unchanged at 23 from the previous quarter.

## **Segment Results of Operations**

### **Corporate & Investment Bank Group Division**

#### Corporate Banking & Securities Corporate Division (CB&S)

Sales & Trading (debt and other products) net revenues were EUR 2.3 billion in the second quarter 2011, an increase of EUR 176 million, or 8%, compared to the second quarter 2010. The prior year quarter included a charge of approximately EUR 270 million relating to Ocala Funding LLC. In the current period, many flow businesses were adversely impacted by the continued uncertain macro environment, leading to lower volumes. We were ranked number one in the Euromoney annual Foreign Exchange poll, for the seventh year in a row, and, in July 2011, were ranked number one in U.S. Fixed Income for the second year running (source: Greenwich Associates). Compared to the prior year quarter, revenues in Rates, Money Markets, and Foreign Exchange were lower, due to reduced flow volumes. In the second quarter 2011, RMBS revenues were significantly higher than the prior year quarter due to business realignment and the absence of prior year losses. Revenues in Credit were up from the prior year quarter, with higher flow revenues and a strong performance in structured solutions. Commodities revenues were up from the prior year quarter, delivering our highest second quarter revenues ever, driven by good performance in precious metals, oil and gas. Emerging markets revenues were up from the prior year quarter, driven by increased flow volumes, which offset lower client demand for structured solutions.

Sales & Trading (equity) generated net revenues of EUR 555 million, a decrease of EUR 87 million or 14%, compared to the second quarter 2010, reflecting difficult market conditions. Equity Trading revenues were down from the prior year quarter due to significantly lower levels of client activity, which mainly reflected weak flow volumes, particularly in Europe. Despite a challenging market environment, Equity Derivatives revenues were up from the prior year quarter, boosted by good performance in the United States. Revenues in Prime Finance were below the prior year quarter, with the decrease driven by lower levels of leverage and lower financing spreads. Our Prime Finance business was ranked number one Global Prime Broker in the 2011 Global Custodian Prime Brokerage survey for the fourth consecutive year.

Origination and Advisory generated net revenues of EUR 714 million in the second quarter 2011, an increase of EUR 171 million, or 32%, compared to the second quarter 2010. We ranked number five globally, by share of Corporate Finance fees, and were again number one in Europe. Advisory revenues of

EUR 152 million were up by 23% on the prior year quarter with our M&A business ranked number one in EMEA. Debt Origination revenues increased by 12% to EUR 318 million driven by heightened issuance activity. We were ranked number one globally in High Yield in the second quarter 2011, up from number four in the previous quarter. In Investment Grade, we were ranked number one in All International Bonds and number two in All Bonds in Euros (Thomson Reuters). Equity Origination revenues increased by 80% to EUR 244 million, driven by a significant increase in IPO activity compared to low market activity in the second quarter of 2010. Deutsche Bank was ranked number five globally for Equity Origination. (All ranks from Dealogic unless otherwise stated.)

Loan products revenues were EUR 316 million in the second quarter 2011, down 10% compared to the prior year quarter. The decrease was mainly driven by the transfer of a single loan exposure to Corporate Investments at the beginning of 2011.

Net revenues from other products were EUR 73 million in the second quarter 2011, an increase of EUR 108 million from the prior year quarter. The increase was mainly driven by mark-to-market gains on investments held to back insurance policyholder claims in Abbey Life, which are offset in noninterest expenses.

In provision for credit losses, CB&S recorded a net charge of EUR 95 million in the second quarter 2011, compared to a net charge of EUR 46 million in the prior year quarter. The increase was primarily driven by higher provisions required for our IAS 39 reclassified portfolio.

Noninterest expenses were EUR 2.9 billion in the second quarter 2011, an increase of EUR 86 million, or 3%, compared to the second quarter 2010. This was primarily driven by the aforementioned effects from Abbey Life, increases in deferred compensation expenses, litigation charges and operational losses, partially offset by favorable foreign exchange rate movements, as well as the absence of the U.K. bank payroll tax in 2011.

Income before income taxes in CB&S was EUR 982 million in the second quarter 2011, compared to EUR 781 million in the prior year quarter.

#### Global Transaction Banking Corporate Division (GTB)

GTB's net revenues were EUR 895 million in the second quarter 2011, a decrease of EUR 175 million, or 16%, compared to the second quarter 2010. This reduction was driven by a one-off gain of EUR 208 million in the second quarter 2010 representing negative goodwill related to the commercial banking activities acquired from ABN AMRO in the Netherlands. Excluding this one-off gain, revenues would have increased by EUR 33 million. This increase was predominantly attributable to higher interest income, as interest rates continued to slightly recover compared to the prior year quarter, particularly in Asia and Europe, but declined in the United States. Fee income remained stable across all major product lines.

In provision for credit losses, GTB recorded a net charge of EUR 32 million in the second quarter 2011, unchanged to the prior year quarter. The charges in both periods were mainly related to the acquired business in the Netherlands.

Noninterest expenses of EUR 570 million in the second quarter 2011 were essentially unchanged compared to the second quarter 2010. The effect of lower integration costs for the aforementioned acquisition was offset by higher insurance related costs.

Income before income taxes was EUR 293 million for the quarter, a decrease of EUR 183 million, or 38%, compared to the prior year quarter. Excluding the one-off gain related to the negative goodwill mentioned above, GTB's income before income taxes would have increased by EUR 25 million, or 9%.

## **Private Clients and Asset Management Group Division (PCAM)**

### Asset and Wealth Management Corporate Division (AWM)

AWM reported net revenues of EUR 976 million in the second quarter 2011, an increase of EUR 80 million, or 9%, compared to the same period in 2010. Discretionary portfolio management/fund management revenues in AWM increased by EUR 8 million, or 2%. In Asset Management (AM), revenues improved by EUR 19 million, or 4%, mainly as a result of higher performance fees in DWS and the Alternatives business. In Private Wealth Management (PWM), revenues decreased by EUR 11 million, or 9%, driven by slightly reduced asset based fees and lower performance fees. Advisory/brokerage revenues of EUR 209 million decreased by EUR 10 million, or 5%, mainly reflecting volatile markets and divergent client demand. Revenues from credit products were EUR 96 million, nearly unchanged versus the same period in 2010. Deposits and payment services revenues of EUR 38 million increased by EUR 7 million, or 24%, as a result of higher average volumes due to successful initiatives in cash and money market products. Revenues from other products were EUR 90 million compared to EUR 14 million in the same period last year. The increase included EUR 58 million from PWM, mainly related to the wind down of various non-core businesses in Sal. Oppenheim. In addition, AM contributed EUR 17 million, primarily driven by a gain on sale of a RREEF Infrastructure investment in Asia.

Provision for credit losses was EUR 13 million in the second quarter 2011, an increase of EUR 10 million compared to the same quarter last year, mainly driven by Sal. Oppenheim.

Noninterest expenses in the second quarter 2011 were EUR 737 million, down by EUR 91 million, or 11%, compared to the second quarter 2010. The decrease included EUR 59 million related to Sal. Oppenheim in PWM and EUR 32 million in AM, both a result of measures taken in 2010 to improve platform efficiencies.

In the second quarter 2011 AWM recorded an income before income taxes of EUR 227 million compared to EUR 65 million in the second quarter last year. The increase of EUR 161 million included EUR 93 million in PWM and EUR 68 million in AM.

Invested assets in AWM decreased by EUR 3 billion to EUR 797 billion as of June 30, 2011. In PWM, Invested Assets were EUR 274 billion, an increase of EUR 3 billion, mainly driven by net new assets of EUR 5 billion partly offset by foreign currency movements of EUR 2 billion. Invested assets in AM decreased by EUR 6 billion to EUR 523 billion, mainly driven by EUR 5 billion of net outflows, primarily in cash and insurance.

### Private & Business Clients Corporate Division (PBC)

Starting in the second quarter 2011, we enhanced our segment disclosure for PBC by providing performance information for Advisory Banking Germany, Advisory Banking International and Consumer Banking Germany. Advisory Banking Germany comprises all of PBC's activities in Germany excluding Postbank. Advisory Banking International covers PBC's European activities outside Germany and PBC's Asian activities. Consumer Banking Germany comprises Postbank's contribution to the consolidated results of Deutsche Bank. Revenues in Advisory Banking Germany and Advisory Banking International are assigned to all product categories, whereas all revenues in Consumer Banking Germany are assigned to other products for the time being.

Net revenues in the second quarter 2011 were EUR 2.6 billion, up EUR 1.1 billion, or 77%, compared to the second quarter 2010. The increase was primarily driven by the consolidation of Postbank, which contributed net revenues of EUR 1.2 billion. These Postbank revenues are reported in revenues from other products, which totaled EUR 1.2 billion in the second quarter 2011. Also included were impairments of EUR 155 million on Greek government bonds reported as Financial assets available for sale. Revenues from deposits and payment services were EUR 532 million, up 42 million, or 8%, compared to the second quarter 2010, mainly driven by an increase in deposit volumes in Advisory Banking Germany. Credit products revenues decreased by EUR 38 million, or 7%, compared to the second quarter 2010, impacted by lower margins, partly offset by improved sales of credit related insurance products in both Advisory Banking Germany and International. Advisory/brokerage revenues were up by EUR 17 million, or 8%, mainly driven by a successful placement of a closed end fund in Advisory Banking Germany. Revenues from discretionary portfolio management/fund management decreased by EUR 12 million, or 15%, mainly due to the non-recurrence of revenues generated from a placement in the second quarter 2010 in Advisory Banking Germany.

Provision for credit losses was EUR 320 million in the second quarter 2011, of which EUR 182 million related to Postbank. The Postbank provisions exclude EUR 82 million releases from loan loss allowance recorded prior to consolidation. Such releases are reported as net interest income. Excluding Postbank,

provisions for credit losses were down EUR 34 million, or 20%, compared to the same quarter last year, positively impacted by a favorable economic development and the repositioning of the consumer finance business in Poland.

Noninterest expenses were EUR 1.7 billion in the second quarter 2011, an increase of EUR 696 million, or 67%, compared to the second quarter 2010. The increase reflected EUR 712 million related to the consolidation of Postbank. Excluding Postbank, noninterest expenses were down EUR 16 million, or 2%, mainly resulting from measures to improve platform efficiency taken in the second quarter 2010 in Germany.

Income before income taxes was EUR 458 million in the second quarter, an increase of EUR 225 million, or 96%, compared to the second quarter 2010, although the current quarter included a negative impact of EUR 132 million related to Greek government bonds (impairment charge of EUR 155 million, net of noncontrolling interest at segment level of EUR 22 million). Consumer Banking Germany contributed EUR 229 million. The contributions of Advisory Banking Germany and Advisory Banking International were EUR 124 million and EUR 105 million, respectively.

Invested assets were EUR 313 billion as of June 30, 2011, essentially flat to March 31, 2011.

PBC's total number of clients was 28.6 million, of which 14.1 million related to Postbank. During the second quarter 2011, PBC's client flows were approximately net 200 thousand negative, driven by the disposal of a business activity.

### **Corporate Investments Group Division (CI)**

Net revenues were EUR 194 million in the second quarter 2011, compared to EUR 115 million in the second quarter 2010. Revenues in CI mainly contain recurring revenues from BHF-BANK and our consolidated investments in Maher Terminals and The Cosmopolitan of Las Vegas, which started its operation at the end of last year. In the current quarter, these recurring revenues were reduced by an impairment charge of EUR 39 million related to our investment in Actavis. In the second quarter 2010, revenues included gains of EUR 116 million related to our investment in Postbank and an impairment charge of EUR 124 million on The Cosmopolitan of Las Vegas.

Noninterest expenses were EUR 329 million in the second quarter 2011, compared to EUR 208 million in the same period last year. This increase of EUR 121 million was mainly driven by our consolidated investment in The Cosmopolitan of Las Vegas.

Loss before income taxes was EUR 139 million in the second quarter 2011, compared to a loss before income taxes of EUR 85 million in the second quarter 2010.



## Consolidation & Adjustments (C&A)

Loss before income taxes in C&A was EUR 43 million in the second quarter 2011, compared to an income of EUR 53 million in the second quarter of the prior year. The current year quarter included a first-time accrual of EUR 62 million for the first six months of 2011 for the German bank levy. For the full year 2011 the bank levy in Germany is expected to result in a total charge of EUR 124 million. The decline compared to the prior year quarter also reflected higher litigation provisions, which were a net release in the prior year quarter. Partly offsetting these declines was a positive impact from noncontrolling interests, which are deducted from income before income taxes of the divisions and reversed in C&A. Noncontrolling interests significantly increased compared to the prior year quarter following the consolidation of Postbank. The effects from different accounting methods used for management reporting and IFRS were not significant in both the current and the prior year quarter.

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 15 March 2011 under the heading "Risk Factors." Copies of this document are readily available upon request or can be downloaded from [www.deutsche-bank.com/ir](http://www.deutsche-bank.com/ir).

This release may also contain non-IFRS financial measures. For a reconciliation to directly comparable figures reported under IFRS, refer to the 2Q2011 Financial Data Supplement, which is available at [www.deutsche-bank.com/ir](http://www.deutsche-bank.com/ir).