



# Release

Frankfurt am Main

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## Deutsche Bank reports first quarter 2016 net income of 236 million euros

### Group results at a glance

EUR bn vs. 1Q2015	1Q2016	change
Net revenues	8.1	(22)%
Noninterest expenses	7.2	(17)%
Adjusted costs	6.7	(4)%
Income before income taxes	0.6	(61)%
Net income	0.2	(58)%
Post tax RoTE	1.6%	(2.3)ppt
CET1 ratio <sup>1</sup>	10.7%	(0.4)ppt
Leverage ratio <sup>1</sup>	3.4%	(0.1)ppt

### Core business revenues

EUR bn vs. 1Q2015	1Q2016	change
Global Markets	2.8	(23)%
Corporate & Investment Banking	1.8	(15)%
Private, Wealth & Commercial Clients	1.7	(17)%
– Excluding Hua Xia Bank effects		(5)%
Deutsche Asset Management	0.7	(12)%
Postbank	0.9	0%

<sup>1</sup>Fully loaded Capital Requirements Regulation / Capital Requirements Directive 4 (CRR / CRD4) basis; in line with the Management Board's decision not to propose any dividend on common stock for the fiscal year 2016; subject to no objection by the ECB Governing Council; vs. 4Q2015

### Key developments

- Revenue decline of 22% year-on-year reflected a challenging environment and the impact of strategic decisions to downsize and exit certain businesses
- Noninterest expenses declined 17%, largely from lower litigation charges
- Adjusted costs declined 4% from lower variable compensation
- CET1 ratio of 10.7%; pro forma impact of sale of Hua Xia Bank stake anticipated in second quarter to add ~50 bps
- RWA up slightly to EUR 401 billion quarter-on-quarter, reflecting higher RWA for operational risk
- Progress on strategy implementation included reducing/exiting certain businesses and progress on disposals

### John Cryan, Co-Chief Executive Officer:

“Financial markets were challenging during the first quarter, largely reflecting concerns about the outlook for the global economy. This uncertainty led to a decline in client activity in the capital markets, and our revenues fell from the prior year, most notably in our trading and corporate finance businesses. Our results reflect these challenging conditions as well as the impact of our strategic decisions to exit or reduce significantly selected businesses.”

“Despite this, we made progress on a number of fronts including the modernisation of our IT platforms; the operational separation of Deutsche Postbank, which is almost complete; the continued disposal of non-core assets; and the ongoing closure or downsizing of our operations in selected countries. In addition, we markedly improved the process through which we adopt new clients.”

“Implementing our strategy remains our core focus and 2016 will be the peak year for our restructuring efforts. We expect to close the sale of our stake in Hua Xia Bank in the second quarter and this will strengthen our CET1 ratio. We continue to upgrade our technology, strengthen our control environment, and work towards resolving outstanding litigation matters.”

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## Group Results

in EUR m. (unless stated otherwise)	1Q2016	4Q2015	1Q2015	1Q16 vs. 1Q15	1Q16 vs. 4Q15
Net revenues	8,068	6,642	10,376	(2,307)	1,426
Provision for credit losses	(304)	(380)	(218)	(86)	75
Noninterest expenses	(7,184)	(8,967)	(8,678)	1,494	1,782
Income (loss) before income taxes	579	(2,704)	1,479	(900)	3,283
Net income	236	(2,125)	559	(323)	2,362
RWA (in EUR bn)	401	397	431	(30)	4
Tangible book value per share (in EUR)	37.29	37.90	41.26	(3.97)	(0.61)

## Noninterest expenses

in EUR m. (unless stated otherwise)	1Q2016	4Q2015	3Q2015	2Q2015	1Q2015
<b>Adjusted Costs</b>	<b>6,668</b>	<b>6,811</b>	<b>6,210</b>	<b>6,516</b>	<b>6,914</b>
<b>Noninterest expenses</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	0	6	5,770	0	0
Litigation	187	1,238	1,209	1,227	1,544
Policyholder benefits and claims	44	122	-29	10	153
Restructuring and Severance	285	790	63	45	67
<b>Cost/income ratio</b>	<b>89%</b>	<b>135%</b>	<b>180%</b>	<b>85%</b>	<b>84%</b>
<b>Compensation ratio</b>	<b>40%</b>	<b>47%</b>	<b>45%</b>	<b>38%</b>	<b>33%</b>

## Commentary

**Revenues** of Deutsche Bank (XETRA: DBKGn.DE / NYSE: DB) were 8.1 billion euros, down 22% year-on-year, reflecting challenging capital market conditions. These reduced client activity and significantly impacted revenues in market-related businesses, Global Markets, Corporate Finance and Deutsche Asset Management. Revenue declines were less pronounced in Transaction Banking and the core Private, Wealth & Commercial Clients franchise (excluding Hua Xia Bank effects), despite persistent low interest rates. Revenues also reflected the impact of strategic decisions to downsize and exit certain businesses.

**Provision for credit losses** was 304 million euros, down 20% versus the previous quarter but up 40% year-on-year reflecting specific events in certain portfolios.

**Noninterest expenses** were 7.2 billion euros, down 17% versus 8.7 billion euros in the prior year quarter. The decline was driven predominantly by a reduction of 1.4 billion euros in litigation expenses. Severance and restructuring expenses increased by 218 million euros to 285 million euros, largely for German business optimization. Adjusted costs decreased by 246 million euros, or 4%, to 6.7 billion euros year-on-year, mainly from lower cash bonus and retention expenses.

## Capital and leverage

Group			
in EUR bn (unless stated otherwise)	<u>Mar 31, 2016</u>	<u>Dec 31, 2015</u>	<u>Mar 31, 2015</u>
CET1 capital ratio <sup>1</sup>	10.7%	11.1%	11.1%
Risk-weighted assets <sup>1</sup>	401	397	431
Total assets (IFRS)	1,741	1,629	1,955
CRD4 leverage exposure <sup>2</sup>	1,390	1,395	1,549
Leverage ratio <sup>3</sup>	3.4%	3.5%	3.4%

1) based on CRR/CRD4 fully loaded; in line with the Management Board's decision not to propose any dividend on common stock for the fiscal year 2016; subject to no objection by the ECB Governing Council

2) based on CRR/CRD4 rules

3) based on fully loaded CRR/CRD4 T1 capital and leverage ratio exposure according to CRR/CRD4 rules

### Commentary

**Common Equity Tier 1 (CET1) capital ratio** declined from 11.1% in the fourth quarter 2015 to 10.7% in the first quarter 2016. This reflected a decrease in CET1 capital of 1.3 billion euros and a slight increase in RWA. The sale of the Bank's stake in Hua Xia Bank is expected to close in the second quarter and on a pro forma basis would have increased the CET1 capital ratio by approximately 50 basis points.

**Risk Weighted Assets (RWA)** increased slightly to 401 billion euros, primarily reflecting higher RWA for operational risk. The first-quarter increase in RWA was significantly lower than in 2015, reflecting market conditions and active RWA management.

**CRD4 leverage ratio** was 3.4% at the end of the quarter versus 3.5% at the end of the fourth quarter 2015. CRD4 leverage exposure was 1,390 billion euros, essentially unchanged quarter-on-quarter and down by 159 billion euros, or 10%, year-on-year.

## Segment results

### Global Markets (GM)

in EUR m. (unless stated otherwise)	<u>1Q2016</u>	<u>4Q2015</u>	<u>1Q2015</u>	<u>1Q16 vs. 1Q15</u>	<u>1Q16 vs. 4Q15</u>
Net revenues	2,774	1,455	3,598	(824)	1,319
Sales & Trading (equity)	728	526	1,027	(299)	202
Sales & Trading (debt and other products)	2,049	1,240	2,905	(856)	810
Provision for credit losses	(15)	(43)	(1)	(14)	28
Noninterest expenses	(2,356)	(2,374)	(3,597)	1,241	18
Noncontrolling interest	(23)	(0)	(16)	(7)	(22)
Income (loss) before income taxes	380	(963)	(16)	396	1,343
RWA (in EUR bn)	167	160	179	(11)	7

### Commentary

**Revenues** of 2.8 billion euros were 23% lower year-on-year. Excluding valuation adjustments (CVA/DVA/FVA), revenues were down 30% year-on-year. This reflected a challenging market environment, lower client activity and the impact of implementing strategic decisions. Debt Sales & Trading revenues were 2.0 billion euros, down 29% year-

on-year, while Equity Sales & Trading revenues were 728 million euros, also down 29% year-on-year.

**Noninterest expenses** were 2.4 billion euros, down 34% year-on-year, primarily reflecting lower litigation expenses. Adjusted costs declined 3% year-on-year reflecting lower bonus costs.

## Corporate & Investment Banking (CIB)

in EUR m. (unless stated otherwise)	1Q2016	4Q2015	1Q2015	1Q16 vs. 1Q15	1Q16 vs. 4Q15
Net revenues	1,825	1,769	2,135	(311)	55
Provision for credit losses	(136)	(163)	(50)	(86)	27
Noninterest expenses	(1,372)	(1,295)	(1,363)	(9)	(77)
Income (loss) before income taxes	316	311	722	(406)	5
RWA (in EUR bn)	85	86	86	(1)	(1)

### Commentary

**Revenues** were 1.8 billion euros, down 15% year-on-year, primarily reflecting the weak market conditions and fee environment in both Equity Capital Markets (ECM) and Debt Capital Markets (DCM), where the revenue impact was more pronounced in high yield issuance and leveraged lending, but less pronounced in investment grade debt. Revenues in Transaction Banking were 1.1 billion euros, down 3%, and remained solid despite a deterioration in the interest rate environment and slower global economic growth.

**Provision for credit losses** was 136 million euros, down versus the fourth quarter 2015 but up by 86 million euros year-on-year. Provisions in the quarter were primarily driven by the Leveraged Finance portfolio and a specific item in emerging markets.

**Noninterest expenses** were essentially unchanged year-on-year, despite an increase in restructuring and severance expenses of 80 million euros which was offset by cost management measures.

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

in EUR m. (unless stated otherwise)	1Q2016	4Q2015	1Q2015	1Q16 vs. 1Q15	1Q16 vs. 4Q15
Net revenues	1,737	1,882	2,092	(355)	(145)
Provision for credit losses	(36)	(92)	(80)	43	56
Noninterest expenses	(1,629)	(2,311)	(1,609)	(20)	682
Noncontrolling interest	(0)	0	(0)	(0)	(0)
Income (loss) before income taxes	71	(522)	403	(332)	593
RWA (in EUR bn)	50	50	49	1	1

### Commentary

**Revenues** were 1.7 billion euros, down 17% year-on-year, or down 5% adjusted for a negative impact of 247 million euros related to the bank's stake in Hua Xia Bank (arising from the absence of equity pick-ups combined with a net negative valuation impact). The sale of this stake is expected to close in the second quarter in 2016.

Revenues in Private & Commercial Clients were 1.4 billion euros, down 5% year-on-year, and close to the level of the prior year quarter despite the challenging market conditions and the ongoing low interest rate environment.

Wealth Management revenues of 498 million euros declined 8% year-on-year, reflecting lower fee income due to reduced client activity and lower market levels, partly offset by higher net interest revenues from deposits.

**Provision for credit losses** was 36 million euros, down 54% year-on-year, reflecting portfolio quality and selective portfolio sales.

**Noninterest expenses** were essentially unchanged versus the prior year quarter despite higher restructuring and severance expenses which were offset by cost containment measures.

## Deutsche Asset Management (Deutsche AM)

in EUR m. (unless stated otherwise)	1Q2016	4Q2015	1Q2015	1Q16 vs. 1Q15	1Q16 vs. 4Q15
Net revenues	736	909	840	(104)	(173)
Net revenues excl. Abbey Life <sup>(1)</sup>	693	782	663	30	(89)
Provision for credit losses	(0)	0	(0)	(0)	(1)
Noninterest expenses	(567)	(735)	(667)	100	168
Noninterest expenses excl. Abbey Life <sup>(1)</sup>	(523)	(613)	(514)	(10)	89
Noncontrolling interest	(0)	(0)	0	(0)	0
Income (loss) before income taxes	168	174	173	(5)	(6)
RWA (in EUR bn)	13	12	10	3	0

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

### Commentary

**Net revenues** were 736 million euros, down 12% year-on-year. Excluding Abbey Life and HETA, revenues were also down 12% year-on-year driven by the non-recurrence of performance fees in Alternatives, partially offset by revenues in Active fund management. The first quarter of 2015 was affected by a write-down on HETA exposure of 110 million euros.

**Noninterest expenses** were 567 million euros, down 15% year-on-year; adjusted for Abbey Life, noninterest expenses were essentially unchanged year-on-year. The business also completed the sale of Asset Management India during the quarter.

## Postbank

in EUR m. (unless stated otherwise)	1Q2016	4Q2015	1Q2015	1Q16 vs. 1Q15	1Q16 vs. 4Q15
Net revenues	861	615	858	3	245
Provision for credit losses	(41)	(64)	(57)	16	22
Noninterest expenses	(697)	(863)	(688)	(9)	166
Noncontrolling interest	(0)	(0)	(0)	0	0
Income (loss) before income taxes	122	(312)	113	9	434
RWA (in EUR bn)	44	43	41	2	1

### Commentary

**Revenues** were 861 million euros, essentially unchanged year-on-year. The impact of an ongoing low interest rate environment on revenues from savings and current accounts was offset by growth in credit products (mortgages and consumer finance).

**Provision for credit losses** was 41 million euros, down 27% year-on-year, reflecting good credit quality and a benign real estate environment.

**Noninterest expenses** were 697 million euros, essentially unchanged year-on-year.

## Non-Core Operations Unit (NCOU)

in EUR m. (unless stated otherwise)	1Q2016	4Q2015	1Q2015	1Q16 vs. 1Q15	1Q16 vs. 4Q15
Net revenues	16	(60)	395	(379)	76
Provision for credit losses	(75)	(17)	(29)	(46)	(57)
Noninterest expenses	(475)	(808)	(684)	209	333
Noncontrolling interest	0	0	(0)	0	(0)
Income (loss) before income taxes	(533)	(885)	(318)	(216)	352
RWA (in EUR bn)	31	33	45	(14)	(2)

### Commentary

**Revenues** in NCOU were 16 million euros, down 96% year-on-year, reflecting lower portfolio revenues and net losses from de-risking, and the non-recurrence of a one-time recovery of 219 million euros in the prior year quarter.

**Provision for credit losses** was 75 million euros, up by 46 million euros year-on-year, primarily driven by higher provisions in relation to the European mortgage portfolio.

**Noninterest expenses** were 475 million euros in the quarter, down 31%, reflecting lower litigation expenses and the sale of Maher Terminals Prince Rupert in 2015. The Bank also recently announced the disposal of Maher Terminals Port Elizabeth.

**RWA** were 31 billion euros at the end of the quarter, down 7% during the quarter and down 31% versus the end of the first quarter 2015, reflecting de-risking activity.

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An analyst call to discuss first quarter 2016 financial results will take place on Thursday, April 28, 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)

The complete Interim Report as of March 31, 2016 and a Financial Data Supplement are available at [www.db.com/quarterly-results](http://www.db.com/quarterly-results)

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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.

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