Deutsche Bank

Media Release

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Deutsche Bank reports pre-tax profit of 158 million euros in second quarter of 2020 with transformation fully on track

2nd-quarter profit despite restructuring and rise in credit loss provisions

- Group pre-tax profit of 158 million euros, versus pre-tax loss of 946 million euros in 2nd quarter of 2019
- Net profit of 61 million euros, versus net loss of 3.1 billion euros in the prior year quarter which included transformation-related effects
- Provision for credit losses of 761 million euros, consistent with management expectations; re-affirming full year guidance of 35-45 basis points of loans

Core Bank earnings momentum in the quarter

- Pre-tax profit of 753 million euros, versus loss in prior year quarter
- Net profit of 489 million euros, post-tax return on tangible equity of 3.4%[1]

Revenue growth year on year

- Group net revenues up 1% to 6.3 billion euros despite exit of Equities
- Core Bank net revenues up 6% to 6.4 billion euros, up 8% to 6.3 billion euros ex-specific items[1]
- Investment Bank net revenues up 46%, up 52% ex-specific items[1]

Sustained progress on costs

- Noninterest expenses down 23% year-on-year to 5.4 billion euros
- Adjusted costs ex-transformation charges[1] down 10% to 4.8 billion euros excluding reimbursement-eligible Prime Finance expenses

Significant progress on transformation

- Completed legal entity merger of Private Bank in Germany
- Created International Private Bank by combining Wealth Management and Private & Commercial Business International
- Completed Integration of Corporate Bank in Germany
- Set 200 billion euro target for sustainable financing and investment
- Announced agreement to form partnership with Google Cloud

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[1] *For a description of this and other non-GAAP financial measures, see 'Use of non-GAAP financial measures' on pp 17-18*

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Christian Sewing, Chief Executive Officer, said: “In a challenging environment we grew revenues and continued to reduce costs, and we’re fully on track to meet all our targets. This enabled us to more than offset higher provision for credit losses and remain profitable while supporting clients through difficult conditions. Our strong capital position not only demonstrates our resilience, but also gives us scope for growth.”

Deutsche Bank (XETRA: DBKGn.DB / NYSE: DB) reported revenue and profit growth and remains on track with its ambitious transformation announced in July 2019, despite ongoing restructuring and the impact of the COVID-19 pandemic. Core Bank revenue growth, combined with continued progress on cost reduction, was sufficient to offset a rise in provision for credit losses to 761 million euros in the quarter, in line with management expectations and driven primarily by the impact of the COVID-19 pandemic. The CET1 capital ratio increased to 13.3% in the quarter, 283 basis points above regulatory requirements.

Profit growth driven by core businesses

Pre-tax profit was 158 million euros in the quarter, after transformation-related effects of 280 million euros and 124 million euros of bank levy charges. This compares with a pre-tax loss of 946 million euros in the second quarter of 2019 which included goodwill impairments and other transformation-related effects.

Net profit was 61 million euros in the quarter. This contrasted to a net loss of 3.1 billion euros in the prior year quarter which included transformation-related effects of 3.4 billion euros, predominantly comprising Deferred Tax Asset (DTA) valuation adjustments, goodwill impairments and software impairments. Current quarter results include transformation related effects of 310 million euros.

For the first six months of 2020, pre-tax profit was 364 million euros, versus a pre-tax loss of 654 million euros in the prior year period. Net profit was 126 million euros, versus a net loss of 2.9 billion euros in the prior year which was primarily due to the aforementioned transformation-related effects.

Provision for credit losses was 761 million euros in the quarter, 69 basis points (annualised) of loans, up from 506 million euros and 44 basis points (annualised) of loans in the first quarter of 2020. This was in line with management expectations and reflects the weaker macro-economic outlook relative to March 31st, a management overlay to account for uncertainties in the outlook as well as downgrades to client credit ratings.

Deutsche Bank reaffirms its guidance for full year 2020 provision for credit losses of between 35-45 basis points of loans.

The Core Bank, which excludes the Capital Release Unit, reported second-quarter profit before tax of 753 million euros, versus pre-tax loss of 180 million euros in the prior year quarter. This was driven by revenue growth of 6% and a 19% reduction in noninterest expenses.

Core Bank adjusted profit before taxes[1] rose 11% to 935 million euros. This excludes specific revenue items with a net positive impact of 41 million euros, transformation charges of 41 million euros and restructuring and severance charges of 182 million euros in the quarter. On this basis, the Core Bank generated a post-tax return on tangible equity[1] of 4.3% in the quarter.

For the first six months, Core Bank profit before tax more than doubled to 1.7 billion euros. Adjusted profit before tax[1] rose 21% to 2.0 billion euros, and post-tax return on tangible equity[1] on this basis was 5.1%.

The Capital Release Unit reported a loss before tax of 595 million euros, down by 22% versus the prior year quarter. Revenues were down from 221 million euros to negative 70 million euros, reflecting businesses exited or discontinued and the impact of de-risking costs. Noninterest expenses were down by 50% to 496 million euros, and adjusted costs ex-transformation charges were 30% lower at 430 million euros. This was due to lower internal service cost allocations and lower compensation costs, reflecting headcount reductions, and lower non-compensation costs.

The Capital Release Unit further reduced leverage exposure to 102 billion euros in the quarter, down by 16 billion euros. Risk weighted assets (RWAs) were 43 billion euros, down 4% in the quarter and down 34% since the second quarter of 2019. Progress on de-risking in the quarter was partly offset by a rise in Market Risk RWAs driven by volatile financial market conditions.

For the first six months, the Capital Release Unit reported a loss before taxes of 1.4 billion euros, 4% higher year-on-year, and reduced leverage exposure by 25 billion euros. The Unit remains on track to meet its 2022 de-risking targets.

Capital and balance sheet strength

The CET1 ratio was 13.3% at the end of the quarter, up from 12.8% in the first quarter of 2020. The quarter-on-quarter increase of 42 basis points was driven by several positive factors. These included: the net positive impact of COVID-19 related effects, including the repayment of credit facilities by customers; the benefit of the accelerated implementation of the EU's 'Quick Fix' to Capital Requirement Regulation 2 (CRR2); and further de-risking by the Capital Release Unit during the quarter.

The leverage ratio rose by 20 basis points to 4.2% (fully loaded) in the quarter, primarily reflecting changes to the treatment of pending settlement balances following implementation of the aforementioned 'Quick Fix' to CRR2. On a pro forma basis, excluding cash deposits with the European Central Bank, the fully-loaded leverage ratio rose to 4.4% at the quarter-end. On a phase-in basis, the leverage ratio rose from 4.1% to 4.3% in the quarter.

Liquidity reserves rose by 28 billion euros to 232 billion euros in the quarter, driven by the aforementioned reversal of client drawdowns and higher Core Bank deposits. The Liquidity Coverage Ratio rose to 144% in the quarter, a surplus to regulatory requirements of 64 billion euros.

Sustainable Finance: new targets and progress on policies

Deutsche Bank published quantifiable targets for sustainability metrics on May 12, 2020, for the first time. By the end of 2025, it aims to increase its volume of ESG financing plus its portfolio of sustainable investments under management to at least 200 billion euros in total.

The bank strengthened its policy framework in key areas: Fossil Fuels and Equator Principles. As part of its new Fossil Fuels Policy, Deutsche Bank this week announced its commitment to end its business activities in coal mining worldwide by 2025 at the latest. It will also stop financing, with immediate effect, oil and gas projects in the Arctic region or oil sand projects and will review all its existing activities in the oil and gas sector by the end of 2020.

Deutsche Bank also signed the collective commitment on Climate Action of the German financial sector, pledging to align its credit portfolios with the goals of the Paris Agreement. This includes a commitment to introduce methods of measuring their climate impact by the end of 2022 and then regulate them in accordance with national and international climate targets.

Core Bank revenue growth

In the second quarter, **Core Bank net revenues** were up 6% year-on-year to 6.4 billion euros, or 8% excluding specific items. These items included debt valuation adjustments, a change in the valuation of an investment in the Investment Bank, and Sal. Oppenheim workout activities in the Private Bank.

Corporate Bank net revenues were 1.3 billion, up 3% year-on-year. Global Transaction Banking revenues rose 4% to 965 million euros, while Commercial Banking revenues of 363 million euros were essentially flat. Excluding credit loss recoveries and the impact of portfolio re-balancing actions, Corporate Bank revenues were slightly lower year-on-year as interest rate headwinds were partly offset by progress in deposit repricing loan volume growth and balance sheet management.

Investment Bank net revenues were up 46% year-on-year to 2.7 billion euros, or up 52% ex-specific items. Revenues in Fixed Income & Currencies (FIC) Sales & Trading were 2.1 billion euros, up 39%, or 46% ex-specific items. Revenues in the FIC Sales & Trading business, excluding Financing and specific items, increased by more than 75%. Rates recorded its best second-quarter revenues for a decade, while both Foreign Exchange and Emerging Market revenues also saw significant year-on-year growth, while Financing was broadly flat versus the prior year. Origination & Advisory revenues were up 73% to 639 million euros due to strong growth in Debt and Equity Origination. Advisory revenues were down significantly, reflecting lower levels of market activity.

Private Bank net revenues were 2.0 billion euros, down 5% year-on-year. The decline reflected certain items related to the execution of strategic objectives. Revenues were also impacted by COVID-19 and ongoing deposit margin compression which offset the positive impact of continued growth in volumes. Revenues in the Private Bank Germany were 1.2 billion euros, down 5%, in part reflecting impacts from the German legal entity merger. Revenues in the Private and Commercial Business International were down 12% to 324 million euros, partly reflecting the impact of COVID-19 in Italy and Spain. Wealth Management revenues declined 1% to 424 million euros, with business growth largely offsetting headwinds from COVID-19 and interest rates.

As economies re-opened after the initial impact of COVID-19, business volumes in some key areas recovered. The Private Bank made net new client loans of 3 billion euros and attracted net inflows from investment products of 5 billion euros, versus 1 billion euros in the prior year quarter.

Asset Management net revenues were down 8% to 549 million euros, primarily due to the non-recurrence of periodic performance fees relating to an infrastructure fund in the prior year quarter.

Assets under Management rose by 45 billion euros to 745 billion euros in the quarter, including net inflows of 9 billion euros which more than reversed outflows of 2 billion euros in the previous quarter and were more than double the net inflows of the prior year quarter.

For the first six months, Core Bank net revenues grew by 7% to 12.8 billion euros, and by 7% to 12.7 billion euros excluding specific items.

Further progress on cost reduction

Noninterest expenses were 5.4 billion euros in the quarter, down 23% year on year. This reduction was partly driven by the non-recurrence of 1.0 billion euros of impairments of goodwill in the prior year quarter and a decline in transformation charges to 95 million euros, versus 351 million euros in impairments on software and provision for existing service contracts in the prior year quarter.

Adjusted costs ex-transformation charges were down 8% year-on-year to 4.9 billion euros in the quarter, and down 10% to 4.8 billion euros if adjusted for 92 million euros in expenses eligible for reimbursement related to Prime Finance. This represents the tenth successive quarter of year-on-year reductions in adjusted costs excluding bank levies and transformation charges. Deutsche Bank re-affirmed its full-year 2020 target of 19.5 billion euros of adjusted costs ex-transformation charges and the aforementioned expenses eligible for reimbursement, down from 21.5 billion euros in 2019.

Compensation and benefits expenses excluding transformation charges were down 192 million euros year-on-year. This was due to headcount reductions of over 4,000 full-time equivalents (FTEs) since the second quarter of 2019, and a net positive impact of changes to deferred compensation expense including the effect of a change in estimate related to service periods. IT costs were reduced by 146 million euros, mainly due to lower software amortization; spending on IT was broadly stable and in line with target range as the bank continued its investment programme. Professional service fees were cut by 41 million euros, reflecting disciplined external spend management.

These reductions were partly offset by bank levies of 124 million euros, including 118 million euros not included in the first quarter and arising from changes in input assumptions made by the Single Resolution Board.

For the first six months, noninterest expenses were 11.0 billion euros, down 15%. Adjusted costs ex-transformation charges and expenses eligible for reimbursement relating to Prime Finance were 10.2 billion euros, down 10%, and included bank levies of 627 million euros not expected to recur in the second half of 2020.

Group Results at a glance

in € m. (unless stated otherwise)	Three months ended Jun 30, 2020	Three months ended Jun 30, 2019	Absolute Change	Change in %	Six months ended Jun 30, 2020	Six months ended Jun 30, 2019	Absolute Change	Change in %
Net revenues:								
Of which:								
Corporate Bank (CB)	1,328	1,294	34	3	2,653	2,636	18	1
Investment Bank (IB)	2,654	1,823	831	46	4,993	3,811	1,182	31
Private Bank (PB)	1,981	2,087	(106)	(5)	4,142	4,212	(70)	(2)
Asset Management (AM)	549	594	(45)	(8)	1,068	1,119	(51)	(5)
Capital Release Unit (CRU)	(70)	221	(291)	N/M	(129)	608	(737)	N/M
Corporate & Other (C&O)	(154)	184	(338)	N/M	(91)	168	(259)	N/M
Total net revenues	6,287	6,203	84	1	12,637	12,554	84	1
Provision for credit losses	761	161	600	N/M	1,267	301	966	N/M
Noninterest expenses:								
Compensation and benefits	2,645	2,813	(168)	(6)	5,334	5,679	(345)	(6)
General and administrative expenses	2,599	3,089	(490)	(16)	5,474	6,159	(685)	(11)
Impairment of goodwill and other intangible assets	0	1,035	(1,035)	N/M	0	1,035	(1,035)	(100)
Restructuring activities	123	50	74	148	197	33	164	N/M
Total noninterest expenses	5,367	6,987	(1,620)	(23)	11,006	12,906	(1,901)	(15)
Profit (loss) before tax	158	(946)	1,104	N/M	364	(654)	1,018	N/M
Income tax expense (benefit)	97	2,204	(2,107)	(96)	238	2,295	(2,057)	(90)
Profit (loss)	61	(3,150)	3,210	N/M	126	(2,949)	3,075	N/M
Profit (loss) attributable to noncontrolling interests	32	40	(8)	(20)	56	63	(7)	(12)
Profit (loss) attributable to Deutsche Bank shareholders and additional equity components	28	(3,190)	3,218	N/M	71	(3,012)	3,083	N/M
Profit (loss) attributable to additional equity components	105	82	23	28	190	162	28	17
Profit (loss) attributable to Deutsche Bank shareholders	(77)	(3,272)	3,195	(98)	(120)	(3,174)	3,055	(96)
Common Equity Tier 1 capital ratio	13.3 %	13.4 %	(0.2) ppt	N/M	13.3 %	13.4 %	(0.2) ppt	N/M
Leverage ratio (fully loaded)	4.2 %	3.9 %	0.2 ppt	N/M	4.2 %	3.9 %	0.2 ppt	N/M
Loans (gross of allowance for loan losses, in € bn)[1]	442	419	23	5	442	419	23	5
Deposits (in € bn)[1]	573	577	(4)	(1)	573	577	(4)	(1)
Employees (full-time equivalent)[1]	86,824	90,866	(4,042)	(4)	86,824	90,866	(4,042)	(4)

N/M – Not meaningful
Prior year segmental information have been restated to the current structure.
[1] As of quarter-end.

Segment results in detail

Corporate Bank

Second-quarter net revenues of 1.3 billion euros increased by 3% year-on-year. Revenues benefited from higher credit loss recoveries and the impact of portfolio re-balancing actions. Revenues excluding these effects declined slightly as deposit repricing efforts, year-on-year growth in loan volumes and balance sheet management initiatives were more than offset by ongoing interest rate headwinds.

Global Transaction Banking revenues of 965 million euros increased by 4%, principally reflecting higher credit loss recoveries and the impact from portfolio rebalancing actions. Cash Management revenues declined excluding credit loss recoveries as interest headwinds in the U.S. were only partly offset by deposit repricing and balance sheet management initiatives. Trade Finance and Lending revenues were slightly higher, mainly reflecting credit loss recoveries. Securities Services and Trust and Agency Services revenues declined principally reflecting the interest rate headwinds in the U.S.

Reported **Commercial Banking** revenues were flat, supported by the impact of portfolio re-balancing actions. Excluding these actions, revenues declined slightly as interest rate headwinds offset the effects of volume and fee income growth.

Noninterest expenses in the second quarter of 1.1 billion euros decreased by 27%, reflecting the absence of a goodwill impairment of 491 million euros in the prior year period. **Adjusted costs excluding transformation charges** were essentially flat year-on-year as the impact of cost reduction initiatives was offset by higher internal service charge allocations. The second quarter included 81 million euros of litigation charges.

Provision for credit losses was 145 million euros compared to 61 million euros in the prior period. The increase was mainly driven by a worsening macro-economic outlook relative to March 31st and a small number of single names, partly offset by a one-time benefit of a change in accounting for guarantees.

Profit before tax was 77 million euros. Excluding transformation charges and restructuring and severance expenses, the Corporate Bank generated an adjusted profit before tax of 91 million euros.

For the **first six months of 2020**, the Corporate Bank reported a **profit before tax** of 208 million euros. Adjusted for restructuring and severance expenses as well as transformation charges and goodwill impairments, **adjusted profit before tax**[1] was 259 million euros compared to an adjusted profit before tax of 520 million euros in the first six months of 2019. The decrease was primarily driven by higher provision for credit losses principally reflecting worsening macro-economic outlook and higher litigation charges in 2020.

Corporate Bank results at a glance

in € m. (unless stated otherwise)	Three months ended Jun 30, 2020	Jun 30, 2019	Absolute Change	Change in %	Six months ended Jun 30, 2020	Jun 30, 2019	Absolute Change	Change in %
Net revenues:								
Global Transaction Banking	965	932	33	4	1,933	1,916	16	1
Commercial Banking	363	362	1	0	721	720	1	0
Total net revenues	1,328	1,294	34	3	2,653	2,636	18	1
Provision for credit losses	145	61	84	136	251	106	145	137
Noninterest expenses:								
Compensation and benefits	254	261	(7)	(3)	527	531	(4)	(1)
General and administrative expenses	852	745	107	14	1,662	1,486	176	12
Impairment of goodwill and other intangible assets	0	491	(491)	N/M	0	491	(491)	N/M
Restructuring activities	0	13	(13)	(99)	5	13	(8)	(60)
Total noninterest expenses	1,106	1,509	(403)	(27)	2,194	2,521	(327)	(13)
Noncontrolling interests	0	0	0	N/M	0	0	0	N/M
Profit (loss) before tax	77	(277)	354	N/M	208	9	199	N/M
Total assets (in € bn)[1]	241	232	9	4	241	232	9	4
Loans (gross of allowance for loan losses, in € bn)[1]	120	118	2	1	120	118	2	1
Employees (front office full-time equivalent)[1]	7,549	7,689	(139)	(2)	7,549	7,689	(139)	(2)

N/M – Not meaningful
Prior year segmental information have been restated to the current structure.
[1] As of quarter-end.

Investment Bank

Second-quarter net revenues were 2.7 billion euros, a 46% increase from the prior year period. Excluding specific revenue items, revenues increased by 52%. Growth in revenues was driven by strong client flows and market conditions, supported by ongoing client re-engagement around our refocused strategy.

Fixed Income & Currency (FIC) Sales & Trading revenues of 2.1 billion euros increased by 39% on a reported basis, and by 46% excluding specific revenue items. Revenues across Rates, Foreign Exchange and Emerging Markets grew significantly benefitting from increased client activity and higher volatility. Credit trading revenues increased on significantly improved performance in Flow Credit across all markets. Financing revenues were broadly flat versus the prior year period but have recovered strongly from the challenging market conditions in the first quarter of 2020.

Origination & Advisory revenues of 639 million euros increased by 73% driven by significantly higher Debt Origination revenues, which were up 92% reflecting record industry volumes and market share gains in Investment Grade debt (Source: Dealogic). Equity Origination revenues were also significantly higher reflecting increased market volumes, these were partially offset by lower Advisory revenues on lower market volumes.

Noninterest expenses declined by 14% compared to the prior year period to 1.3 billion euros in part reflecting lower litigation charges. Adjusted costs, excluding transformation charges declined by 7% versus the prior year quarter principally driven by headcount reductions in 2019 and lower internal service cost allocations.

Provision for credit losses was 363 million euros or 182 basis points of loans. Provisions for credit losses increased significantly reflecting the impact from COVID-19.

Profit before tax was 956 million euros in the quarter with a post-tax return on tangible equity of 11.5%. In the previous year period profit before tax was 218 million euros with a post-tax return on tangible equity of 2.3%.

For the **first six months of 2020**, the Investment Bank reported **profit before tax** of 1.6 billion euros compared to 470 million euros in the prior year period. Adjusted for specific revenue items, restructuring and severance as well as transformation charges, **adjusted profit before tax**[1] was 1.6 billion euros compared to an adjusted profit before tax of 440 million euros in the first six months of 2019. The increase was driven by significantly higher revenues, lower adjusted costs as well as lower litigation charges than in the prior year period partly offset by higher provision for credit losses resulting from COVID-19.

Investment Bank results at a glance

in € m. (unless stated otherwise)	Three months ended Jun 30, 2020	Jun 30, 2019	Absolute Change	Change in %	Six months ended Jun 30, 2020	Jun 30, 2019	Absolute Change	Change in %
Net revenues:								
Fixed Income, Currency (FIC) Sales & Trading	2,050	1,475	576	39	3,904	3,116	788	25
Equity Origination	120	42	78	184	140	65	75	115
Debt Origination	470	244	226	92	838	536	302	56
Advisory	48	82	(34)	(42)	118	193	(75)	(39)
Origination & Advisory	639	369	269	73	1,096	794	302	38
Other	(35)	(21)	(14)	67	(8)	(99)	91	(92)
Total net revenues	**2,654**	1,823	831	46	**4,993**	3,811	1,182	31
Provision for credit losses	**363**	44	319	N/M	**606**	51	555	N/M
Noninterest expenses:								
Compensation and benefits	463	482	(18)	(4)	958	984	(26)	(3)
General and administrative expenses	855	1,048	(193)	(18)	1,832	2,267	(435)	(19)
Impairment of goodwill and other intangible assets	0	0	0	N/M	0	0	0	N/M
Restructuring activities	11	15	(4)	(26)	15	21	(6)	(29)
Total noninterest expenses	**1,329**	1,544	(215)	(14)	**2,804**	3,272	(467)	(14)
Noncontrolling interests	**6**	18	(11)	(64)	**5**	18	(14)	(73)
Profit (loss) before tax	**956**	218	739	N/M	**1,578**	470	1,108	N/M
Total assets (in € bn)[1]	594	521	74	14	594	521	74	14
Loans (gross of allowance for loan losses, in € bn)[1]	80	69	10	15	80	69	10	15
Employees (front office full-time equivalent)[1]	4,182	4,604	(422)	(9)	4,182	4,604	(422)	(9)

N/M – Not meaningful
Prior year segmental information have been restated to the current structure.
[1] As of quarter-end.

Private Bank

Second-quarter net revenues of 2.0 billion euros declined by 5% versus the prior year period. The decline reflected certain items related to the execution of strategic objectives, including the completion of the German legal entity merger, the alignment of Digital Venture activities and the implementation of a new core banking platform in Italy. Private Bank announced the creation of the International Private Bank in the quarter. Negative impacts on revenues from COVID-19 and the ongoing deposit margin compression were partly offset by growth in business volumes.

Revenues in the **Private Bank Germany** decreased by 5% to 1.2 billion euros reflecting certain items related to the execution of strategic objectives, including the completion of the German legal entity merger, and a valuation adjustment on a Digital Venture investment. Impacts from COVID-19 and ongoing deposit margin compression were in part offset by growth in loan volumes and fee income from investment products. The Private Bank Germany generated 2 billion euros in net new client loans, principally in mortgages and attracted net inflows of 2 billion euros in investment products.

Private and Commercial Business International revenues of 324 million euros decreased by 12%. The decline in revenues was driven by the COVID-19 lockdown, a one-off re-hedging charge in Italy and ongoing deposit margin compression. During the quarter, the business achieved net inflows in investment products of 1 billion euros.

Wealth Management revenues declined by 1% to 424 million euros. The business continued to benefit from its growth investments including continued hiring of relationship managers. Business growth mitigated the revenue decline from ongoing interest rate headwinds as well as impacts from COVID-19 on client activity and lower average assets under management following the decline in market values in the first quarter. Net inflows in investment products were 3 billion euros in the quarter, across Emerging Markets, Germany and the Americas. Wealth Management also grew lending volumes, with net new client loans of 1 billion euros in the quarter.

Assets under Management in the Private Bank increased by 30 billion euros in the quarter reflecting a partial recovery in major equity markets and net asset inflows of 6 billion euros.

Noninterest expenses of 2.0 billion euros, decreased by 15% principally reflecting the absence of a 545 million euro goodwill impairment recorded in the prior year period. Noninterest expenses in the second quarter of 2020 included 144 million euros of higher restructuring and severance costs as well as 39 million euros higher transformation charges as the Private Bank makes progress on the transformation objectives. The quarter included 75 million euros of litigation charges.

Adjusted costs excluding transformation charges were 1.7 billion euros, down 4% despite higher internal service cost allocations. The decline mainly reflected benefits from workforce reductions and reorganization measures. The Private Bank Germany achieved approximately 75 million euros of merger-related cost synergies in the quarter.

Provision for credit losses increased to 225 million euros or 39 basis points of loans reflecting the weaker macro-economic outlook relative to March 31st. Provision for credit losses of 62 million euros in the prior year period benefited from higher gains on portfolio sales.

Loss before tax was 241 million euros, down 22% versus the second quarter of last year. Adjusted for specific revenue items, restructuring and severance expenses as well as transformation charges, loss before tax was 80 million euros.

For the **first six months of 2020**, the Private Bank reported a **loss before tax** of 108 million euros compared to a loss before tax of 98 million euros in the prior year period. Adjusted for specific revenue items, restructuring and severance as well as transformation charges and goodwill and impairments, **adjusted profit before tax**[1] was 118 million euros compared to an adjusted profit before tax of 367 million euros in the first six months of 2019. Compared to the prior year period the decline in adjusted profit before tax was primarily driven by higher provision for credit losses, principally from changes in macro-economic assumptions resulting from COVID-19 and lower gains from portfolio sales.

Private Bank results at a glance

in € m. (unless stated otherwise)	Three months ended Jun 30, 2020	Jun 30, 2019	Absolute Change	Change in %	Six months ended Jun 30, 2020	Jun 30, 2019	Absolute Change	Change in %
Net revenues:								
Private Bank Germany	1,233	1,291	(59)	(5)	2,559	2,630	(71)	(3)
Private and Commercial Business International[1]	324	366	(42)	(12)	694	725	(32)	(4)
Wealth Management	424	429	(5)	(1)	890	857	33	4
Total net revenues	1,981	2,087	(106)	(5)	4,142	4,212	(70)	(2)
Of which:								
Net interest income	1,253	1,276	(23)	(2)	2,546	2,579	(32)	(1)
Commissions and fee income	674	701	(27)	(4)	1,523	1,444	80	6
Remaining income	54	111	(57)	(51)	73	190	(117)	(62)
Provision for credit losses	225	62	163	N/M	364	169	195	115
Noninterest expenses:								
Compensation and benefits	736	750	(14)	(2)	1,482	1,507	(24)	(2)
General and administrative expenses	1,157	1,054	103	10	2,238	2,128	110	5
Impairment of goodwill and other intangible assets	0	545	(545)	N/M	0	545	(545)	N/M
Restructuring activities	104	(12)	117	N/M	166	(39)	205	N/M
Total noninterest expenses	1,997	2,336	(339)	(15)	3,887	4,141	(254)	(6)
Noncontrolling interests	(0)	(0)	0	(97)	(0)	(0)	0	(86)
Profit (loss) before tax	(241)	(311)	70	(22)	(108)	(98)	(11)	11
Total assets (in € bn)[2]	290	289	1	0	290	289	1	0
Loans (gross of allowance for loan losses, in € bn)[2]	232	222	9	4	232	222	9	4
Assets under Management (in € bn)[2]	471	478	(6)	(1)	471	478	(6)	(1)
Net flows (in € bn)	6	4	2	35	7	11	(4)	(39)
Employees (front office full-time equivalent)[2]	31,328	32,431	(1,103)	(3)	31,328	32,431	(1,103)	(3)

N/M – Not meaningful

Prior year segmental information have been restated to the current structure.
[1] Covers operations in Italy, Spain, Belgium and India
[2] As of quarter-end

Asset Management

Second-quarter net revenues of 549 million euros were 8% lower, principally due to the non-repetition of periodic performance fees recorded in the prior year period.

Management fees of 508 million euros declined by 6% reflecting an industry-wide decline in margins, offset by higher other revenues which reflected a favorable change in fair value of guarantees.

Second-quarter net inflows were 9 billion euros, demonstrating the benefits of a diversified business model in a difficult market environment. Net inflows were driven by Passive, Cash and Active Equity which more than offset outflows in fixed income.

Assets under Management of 745 billion euros increased by 45 billion euros compared to the prior quarter, mainly driven by positive market performance and net inflows, partly offset by the impact of foreign exchange translation.

Noninterest expenses of 400 million euros declined by 15% compared to the prior year period. **Adjusted costs excluding transformation charges** declined by 13% reflecting the absence of carried interest related to performance fees recorded in the prior year period as well as successful implementation of cost efficiency initiatives.

Profit before tax was 114 million euros in the second quarter, an increase of 27% from the prior year period. Adjusted profit before tax rose 13% to 132 million euros.

For the **first six months of 2020**, Asset Management reported a **profit before tax** of 224 million euros versus 186 million euros for the first six months in 2019.

Asset Management results at a glance

in € m. (unless stated otherwise)	Three months ended Jun 30, 2020	Jun 30, 2019	Absolute Change	Change in %	Six months ended Jun 30, 2020	Jun 30, 2019	Absolute Change	Change in %
Net revenues:								
Management Fees	508	539	(31)	(6)	1,061	1,048	13	1
Performance and transaction fees	20	66	(46)	(70)	37	77	(39)	(51)
Other	21	(11)	32	N/M	(30)	(6)	(24)	N/M
Total net revenues	**549**	594	(45)	(8)	**1,068**	1,119	(51)	(5)
Provision for credit losses	**(1)**	0	(1)	N/M	**(0)**	0	(0)	N/M
Noninterest expenses:								
Compensation and benefits	204	228	(24)	(11)	376	427	(51)	(12)
General and administrative expenses	189	217	(28)	(13)	386	413	(26)	(6)
Impairment of goodwill and other intangible assets	0	0	0	N/M	0	0	0	N/M
Restructuring activities	7	27	(19)	(73)	10	29	(18)	(64)
Total noninterest expenses	**400**	471	(71)	(15)	**774**	869	(95)	(11)
Noncontrolling interests	**36**	33	3	9	**70**	64	7	11
Profit (loss) before tax	**114**	89	24	27	**224**	186	38	20
Total assets (in € bn)[1]	10	10	0	3	10	10	0	3
Assets under Management (in € bn)[1]	745	721	24	3	745	721	24	3
Net flows (in € bn)	9	4	5	109	6	7	(0)	(6)
Employees (front office full-time equivalent)[1]	3,901	3,998	(97)	(2)	3,901	3,998	(97)	(2)

N/M – Not meaningful
Prior year segmental information have been restated to the current structure.
[1] As of quarter-end.

Corporate & Other

Corporate & Other reported a pre-tax loss of 152 million euros in the second quarter of 2020, compared to a profit before tax of 101 million euros in the prior year period.

Net revenues were negative 154 million euros compared to 184 million euros in the second quarter 2019 principally driven by the non-recurrence of Valuation and Timing gains in the prior year quarter. Funding and liquidity charges also increased compared to the prior year quarter, consistent with the changes in funds transfer pricing.

Noninterest expenses were 40 million euros, compared to 131 million euros in the second quarter 2019. This development was due primarily to lower Shareholder Expenses and lower than planned infrastructure expenses where the benefit is retained in Corporate & Other.

For the **first six months of 2020** Corporate & Other recorded a loss before tax of 176 million euros compared to a profit before tax of 86 million euros in the prior year period. The decline was principally driven by negative movements in Valuation and Timing differences as well as higher funding and liquidity charges.

Corporate & Other results at a glance

in € m. (unless stated otherwise)	Three months ended Jun 30, 2020	Jun 30, 2019	Absolute Change	Change in %	Six months ended Jun 30, 2020	Jun 30, 2019	Absolute Change	Change in %
Net revenues	**(154)**	184	(338)	N/M	**(91)**	168	(259)	N/M
Provision for credit losses	**1**	2	(2)	(78)	**5**	2	2	98
Noninterest expenses:								
Compensation and benefits	943	1,001	(58)	(6)	1,893	2,009	(115)	(6)
General and administrative expenses	(905)	(870)	(35)	4	(1,737)	(1,847)	109	(6)
Impairment of goodwill and other intangible assets	0	0	0	N/M	0	0	0	N/M
Restructuring activities	1	(0)	2	N/M	0	(0)	0	N/M
Total noninterest expenses	**40**	131	(91)	(70)	**156**	162	(6)	(4)
Noncontrolling interests	**(42)**	(51)	8	(17)	**(75)**	(82)	7	(8)
Profit (loss) before tax	**(152)**	101	(254)	N/M	**(176)**	86	(262)	N/M
Employees (front office full-time equivalent)[1]	39,327	40,914	(1,587)	(4)	39,327	40,914	(1,587)	(4)

N/M – Not meaningful
Prior year segmental information have been restated to the current structure.
[1] As of quarter-end.

Capital Release Unit

Net revenues in the second quarter of 2020 were negative 70 million euros. Revenues were impacted by de-risking costs which were partly offset by the reversal of previously incurred funding valuation adjustments and expenses eligible for reimbursement related to Prime Finance. Net revenues in the second quarter of 2019 were positive 221 million euros. The decline versus the prior year period reflected the exit from Equities Sales & Trading business and efforts to resize the Fixed Income operations as part of the creation of the Capital Release Unit in the third quarter of 2019.

Noninterest expenses were 496 million euros in the second quarter of 2020 including bank levy contributions of 54 million euros. Noninterest expenses in the second quarter of 2019 were 995 million euros. The decline in noninterest expenses was principally due to the absence of transformation charges recorded in the prior year period.

Adjusted costs excluding transformation charges were 430 million euros in the second quarter of 2020 and declined by 30% from the prior year quarter. The reductions were driven by lower internal service cost allocations and lower compensation costs, reflecting headcount reductions, and lower non-compensation costs excluding bank levies.

Loss before tax was 595 million euros in the quarter compared to a 766 million euro loss in the prior year period.

Risk weighted assets were 43 billion euros at the end of the second quarter of 2020, slightly lower than in the prior quarter. De-risking benefits of 3 billion euros were partly offset by COVID-19 related market driven increases, largely higher market risk RWA. **Leverage exposure** of 102 billion euros declined from 118 billion euros in the prior quarter driven by de-risking, balance sheet optimisation and market movements. Compared to the prior year period, the Capital Release Unit has reduced risk weighted assets by 22 billion euros and leverage exposure by 147 billion euros.

For the first six months of 2020, the Capital Release Unit reported a **loss before tax** of 1.4 billion euros on revenues of negative 129 million euros and noninterest expenses of 1.2 billion euros. This compares to a loss before tax of 1.3 billion euros in the first six months of 2019.

Capital Release Unit at a glance

in € m. (unless stated otherwise)	Three months ended Jun 30, 2020	Jun 30, 2019	Absolute Change	Change in %	Six months ended Jun 30, 2020	Jun 30, 2019	Absolute Change	Change in %
Net revenues	(70)	221	(291)	N/M	(129)	608	(737)	N/M
Provision for credit losses	29	(8)	37	N/M	43	(27)	69	N/M
Noninterest expenses:								
Compensation and benefits	45	92	(47)	(51)	97	221	(124)	(56)
General and administrative expenses	451	895	(443)	(50)	1,093	1,711	(619)	(36)
Impairment of goodwill and other intangible assets	0	(0)	0	N/M	0	(0)	0	N/M
Restructuring activities	(0)	8	(9)	N/M	1	10	(9)	(93)
Total noninterest expenses	496	995	(499)	(50)	1,191	1,942	(751)	(39)
Noncontrolling interests	(0)	0	(0)	N/M	(0)	0	(0)	N/M
Profit (loss) before tax	(595)	(766)	171	(22)	(1,362)	(1,307)	(55)	4
Total assets (in € bn)[1]	265	380	(114)	(30)	265	380	(114)	(30)
Employees (front office full-time equivalent)[1]	536	1,230	(694)	(56)	536	1,230	(694)	(56)

N/M – Not meaningful
Prior year segmental information have been restated to the current structure.
[1] As of quarter-end.

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Investor and analyst call

An investor and analyst call to discuss second-quarter 2020 financial results will take place at 13:00 CET today. A Financial Data Supplement (FDS), presentation and audio-webcast for the analyst conference call are available at:
www.db.com/quarterly-results

A fixed income investor call will take place on, July 31, 2020, at 14.00 CET. This conference call will be transmitted via internet:
www.db.com/quarterly-results

About Deutsche Bank

Deutsche Bank provides retail and private banking, corporate and transaction banking, lending, asset and wealth management products and services as well as focused investment banking to private individuals, small and medium-sized companies, corporations, governments and institutional investors. Deutsche Bank is the leading bank in Germany with strong European roots and a global network.

Forward-looking statements contain risks

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 2020 under the heading "Risk Factors". Copies of this document are readily available upon request or can be downloaded from www.db.com/ir.

Basis of Accounting

Results are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union, including, from the first quarter of 2020, application of portfolio fair value hedge accounting for non-maturing deposits (the "EU carve-out"). For the three-month period ended June 30, 2020, application of the EU carve out had a negative impact of 55 million euros on net revenues and profit before taxes and of 23 million euros on profit post taxes. For the six-month period ended June 30, 2020, application of the EU carve out had a positive impact of € 77 million on net revenues and profit before taxes and of € 47 million on profit post taxes. The Group's regulatory capital and ratios thereof are also reported on the basis of the EU carve out version of IAS 39. The impact on profit after taxes also impacts the calculation of the CET 1 capital ratio and had a positive impact of about 1 basis point as of June 30, 2020. In any given period, the net effect of the EU carve-out can be positive or negative, depending on the fair market value changes in the positions being hedged and the hedge instruments.

Use of Non-GAAP Financial Measures

This report and other documents we have published or may publish contain non-GAAP financial measures. Non-GAAP financial measures are measures of our historical or future performance, financial position or cash flows that contain adjustments that exclude or include amounts that are included or excluded, as the case may be, from the most directly comparable measure calculated and presented in accordance with IFRS in our financial statements. Examples of our non-GAAP financial measures, and the most directly comparable IFRS financial measures, are as follows:

Non-GAAP Financial Measure	Most Directly Comparable IFRS Financial Measure
Net income attributable to Deutsche Bank shareholders	Net income
Revenues excluding specific items	Net revenues
Adjusted costs, Adjusted costs excluding transformation charges, Adjusted costs excluding transformation charges and expenses eligible for reimbursement related to Prime Finance	Noninterest expenses
Adjusted pre-tax profit	Profit before tax
Tangible shareholders' equity, Average tangible shareholders' equity, Tangible book value, Average tangible book value	Total shareholders' equity (book value)

Post-tax return on average shareholders' equity (based on Net income attributable to Deutsche Bank shareholders)	Post-tax return on average shareholders' equity
Post-tax return on average tangible shareholders' equity	Post-tax return on average shareholders' equity
Tangible book value per basic share outstanding, Book value per basic share outstanding	Book value per share outstanding

Adjusted profit (loss) before tax is calculated by adjusting the profit (loss) before tax under IFRS for specific revenue items, transformation charges, impairments of goodwill and other intangibles, as well as restructuring and severance expenses.

Specific revenue items generally fall outside the usual nature or scope of the business and are likely to distort an accurate assessment of the divisional operating performance.

Adjusted costs are calculated by deducting (i) impairment of goodwill and other intangible assets, (ii) litigation charges, net and (iii) restructuring and severance from noninterest expenses under IFRS.

Transformation charges are costs included in adjusted costs that are directly related to Deutsche Bank's transformation as a result of the new strategy announced on July 7, 2019. Such charges include the transformation-related impairment of software and real estate, the accelerated software amortization and other transformation charges like onerous contract provisions or legal and consulting fees related to the strategy execution.

Transformation-related effects are financial impacts resulting from the strategy announced on July 7, 2019. These include transformation charges, goodwill impairments in the second quarter 2019, as well as restructuring and severance expenses from the third quarter 2019 onwards. In addition to the aforementioned pre-tax items, transformation-related effects on a post-tax basis include pro-forma tax effects on the aforementioned items and deferred tax asset valuation adjustments in connection with the transformation of the Group.

Expenses eligible for reimbursement related to Prime Finance: BNP Paribas and Deutsche Bank have signed a master transaction agreement to provide continuity of service to Deutsche Bank's Prime Finance and Electronic Equities clients. Under the agreement Deutsche Bank will continue to operate the platform until clients can be migrated to BNP Paribas, and expenses of the transferred business are eligible for reimbursement by BNP Paribas.

For descriptions of non-GAAP financial measures and the adjustments made to the most directly comparable IFRS financial measures to obtain them, please refer to pages 3-13 and 17-29 of the financial data supplement.