

**Registration Document**  
**for Secondary Issuances of Non-Equity Securities**  
3 May 2021

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# Deutsche Bank Aktiengesellschaft

(Frankfurt am Main, Federal Republic of Germany)

This document constitutes a registration document for secondary issuances of non-equity securities (the "**Registration Document**"), which has been prepared by Deutsche Bank Aktiengesellschaft ("**Deutsche Bank AG**" or "**Deutsche Bank**" or the "**Bank**" or the "**Issuer**" or "**we**" or "**our**") pursuant to Art. 6 (3) and Art. 14 of Regulation (EU) 2017/1129 as amended from time to time (the "**Prospectus Regulation**") and Art. 9 of the Commission Delegated Regulation (EU) 2019/980.

This Registration Document has been approved by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") of the Grand Duchy of Luxembourg as competent authority under the Prospectus Regulation in line with the provisions of Art. 6 (4) of the Luxembourg Law on Prospectuses for securities. In accordance with Art. 25 (1) of the Prospectus Regulation, the Issuer has requested the CSSF to provide the competent authority in Germany with a certificate of approval attesting that this Registration Document has been drawn up in accordance with the Prospectus Regulation (a "**Notification**"). The Issuer may request the CSSF to provide competent authorities in additional member states within the European Economic Area (the "**EEA**") with further Notifications.

This Registration Document will be valid for a period of twelve months following the date of its approval and will expire on 3 May 2022. It reflects the status as of its date of approval. The obligation to supplement this Registration Document pursuant to Art. 23 of the Prospectus Regulation in the event of a significant new factor, material mistake or material inaccuracy shall not apply once this Registration Document is no longer valid.

This Registration Document and all documents incorporated by reference in this Registration Document will be published in electronic form on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and on the website of the Issuer ([www.db.com](http://www.db.com) under "Investor Relations", "Creditor Information", "Prospectuses", "Registration Documents").

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## TABLE OF CONTENTS

	Page
<b>Risk Factors</b> .....	<b>3</b>
Risks Relating to the Macroeconomic, Geopolitical and Market Environment .....	3
Risks Relating to Our Business and Strategy .....	8
Risks Relating to Regulation and Supervision .....	14
Risks Relating to Our Internal Control Environment.....	24
Risks Relating to Litigation, Regulatory Enforcement Matters and Investigations .....	26
Risks relating to Nontraditional Credit Business, Accounting, Risk Management and Operations, Benchmark Reforms.....	27
<b>Persons Responsible, Third Party Information and Competent Authority Approval</b> .....	<b>37</b>
<b>Statutory Auditors</b> .....	<b>37</b>
<b>Information about Deutsche Bank</b> .....	<b>37</b>
<b>Business Overview</b> .....	<b>37</b>
<b>Trend Information</b> .....	<b>40</b>
Statement of no Material Adverse Change .....	40
Statement of no Significant Change in Financial Performance .....	40
Recent Developments .....	40
Outlook .....	40
<b>Administrative, Management and Supervisory Bodies and Senior Management</b> .....	<b>45</b>
<b>Major Shareholders</b> .....	<b>49</b>
<b>Financial Information Concerning Deutsche Bank's Assets and Liabilities, Financial Position and Profits and Losses</b> .....	<b>49</b>
Financial Statements.....	49
Auditing of Annual Financial Information.....	49
Interim Financial Information .....	49
Legal and Arbitration Proceedings .....	49
Statement of no Significant Change in Financial Position .....	65
<b>Regulatory Disclosures</b> .....	<b>65</b>
<b>Material Contracts</b> .....	<b>65</b>
<b>Documents Available</b> .....	<b>65</b>
<b>Information Incorporated by Reference</b> .....	<b>66</b>
<b>Appendix 1 – Information for the purposes of Art. 26 (4) of the Regulation (EU) 2017/1129</b> .....	<b>68</b>

## RISK FACTORS

This section describes the specific risks with regard to Deutsche Bank that affect its ability to meet its obligations as issuer of debt securities.

The risk factors are divided into six categories, each indicated in this section by a title (in ***bold italic font***), according to their nature. Within the different categories, each individual risk factor is indicated by a heading (in **bold regular font**) with the most significant risks being listed first in each category. The assessment of materiality was made based on the probability of their occurrence and the expected extent of their negative impact on the ability to meet the obligations as issuer of debt securities.

Investors should consider the following specific and material risk factors, in addition to the other information and risk factors contained in the relevant simplified prospectus, when deciding to purchase securities of Deutsche Bank.

The occurrence of the following risks may have a material adverse effect on the net assets, financial position, and results of operations of Deutsche Bank and thus impair its ability to fulfil its obligations under debt securities to investors.

### ***Risks Relating to the Macroeconomic, Geopolitical and Market Environment***

**Macroeconomic and financial market conditions:** As a global investment bank with a large private client franchise, our businesses are materially affected by global macroeconomic and financial market conditions. Significant risks exist that could negatively affect the results of operations and financial condition in some of our businesses as well as our strategic plans, including risks posed by the COVID-19 pandemic, deterioration of the economic outlook for the euro area and slowing in emerging markets, trade tensions between the United States and China as well as between the United States and Europe, inflation risks and other geopolitical risks.

The COVID-19 pandemic led to unprecedented GDP declines in virtually all countries in 2020 though recovery in many regions progressed faster than expected. In spite of this, the historic economic disruptions caused by the COVID-19 pandemic will still have lingering effects in the months ahead, and this may only be protracted by widespread vaccination delays. By the end of 2020, a resurgence of COVID-19 cases was observed in various regions and many countries have moved to re-impose national lockdowns. Overall, global real GDP decreased by 3.3 % in 2020 in comparison to 3.0 % growth reported in 2019. Global inflation was 2.7 % in 2020. In the industrialized countries, GDP plunged by 5.1 % and consumer prices rose by 0.7 % while GDP of emerging market economies decreased by 2.1 % and inflation reached 3.9 %.

Following a sharp contraction in the first half of 2020, the Eurozone economy recovered strongly, but suffered another albeit much smaller GDP decline in the final quarter. Households and businesses were supported by massively expanded fiscal policy measures and the expansionary monetary policy of the European Central Bank ("**ECB**"), which provided favorable financial conditions. At the end of 2020, the ECB increased its Pandemic Emergency Purchase Program ("**PEPP**") by another € 500 billion, expanding it to a total of € 1.85 trillion. In addition, PEPP will run nine months longer than planned, until at least the end of March 2022. At the beginning of the fourth quarter of 2020, a second wave of COVID-19 infections gained momentum and required renewed containment measures. A modest trade deal between the EU and the UK was finally agreed in December 2020. In 2020, the Eurozone economy decreased by 6.8 % and consumer prices rose by only 0.2 %. Due to the slump caused by the COVID-19 pandemic, German economic activity fell by 5.0 % in 2020.

The U.S. economy experienced a massive contraction in the second quarter of 2020, followed by a stronger than expected recovery. The unemployment rate climbed to new record highs, but the labor market improved again as the recovery progressed. A strong second wave of COVID-19 in combination with delayed additional fiscal stimulus constrained the recovery. All in all, U.S. GDP contracted by 3.5 % in 2020. Inflation decelerated to 1.2 % from 1.8 % in 2019. The Federal Reserve acted quickly and aggressively to keep funds flowing freely in money and credit markets.

The Japanese economy recovered faster than expected in the third quarter after contracting sharply in the first half of the year. During a second wave of COVID-19 infections in summer 2020, the government did not declare a nationwide state of emergency and instead tried to support economic activity. GDP contracted by 4.9 % in 2020.

The Bank of Japan kept an accommodative policy stance, while paying attention to policy side effects. Inflation decelerated to 0 %, after 0.5 % in 2019.

Asian economies experienced a stronger than expected rebound in economic activity from the impact of COVID-19. China, Japan and other north Asian economies have been relatively successful in controlling the virus and returning to or toward pre-virus levels of activity. Emerging Asia economies contracted by only 1.0 % in 2020. Asian central banks have reached the limits of conventional stimulus through interest rate cuts. China continued its V-shaped recovery, making it the only major economy achieving a positive growth rate in 2020, with growth of 3 %. The rebound was driven by a robust industrial sector and a faster-than-expected recovery in services activity. The surge in China contributed strongly to the recovery in global trade. Inflation decelerated to 2.5 % in 2020 from 2.9 % in 2019.

There are a number of global economic and political risks that could jeopardize global, regional and national economies. Challenges in containing the COVID-19 pandemic or a more severe global spread could further dampen economic momentum considerably. Trade conflicts including upcoming trade negotiations between the U.S. and the European Union ("EU") could negatively impact the global economic outlook. Following Brexit, trade relations between the United Kingdom ("UK") and the EU remain uncertain, particularly in respect of financial services. In the Eurozone, the government debt burden in some countries, especially in Italy, is a risk due to the fragile political situation. We expect fiscal stimulus proposals from the new U.S. administration. Additionally, geopolitical tensions with respect to China and the Middle East could create further uncertainty.

If these risks materialize, or current negative conditions persist or worsen, our business, results of operations or strategic plans could be adversely affected.

**COVID-19 pandemic:** We are subject to global economic, market and business risks with respect to the current COVID-19 pandemic.

Since early 2020, our macroeconomic business and operating environment has been dominated by the COVID-19 pandemic. Following the severe GDP contractions observed across major advanced economies in 2020, we expect economic recovery to unfold in the course of 2021 as COVID-19 vaccination becomes more available and additional fiscal stimulus is provided in the U.S. and EU economies in particular.

However, we continue to see significant downside risks in the short-term economic outlook from the protracted waves of COVID-19 infections, the emergence of new, potentially more infectious COVID-19 strains, and resumed lockdown restrictions. The pandemic continues to create a climate of uncertainty which has significantly impacted economies and our operations. Though most countries have approved vaccines for public use and begun vaccination programs, there remains some uncertainty about their effectiveness on certain groups of the population, as well as doubt about the speed at which vaccinations can be rolled out across populations, and this skepticism will likely continue for some time. Furthermore, with respect to the phased delivery and availability of vaccines across the globe, the underlying recovery rate may vary from country to country and therefore affect creditworthiness of counterparties and drive elevated default risk throughout the year. Additionally, new lockdown measures with types, durations, and intensities that are not fully predictable could outweigh any potential upside from the vaccines.

Due to the largely unprecedented nature of the COVID-19 crisis, forecast uncertainty will probably remain unusually high for quite some time. As a bank, our working assumption remains that lagging effects of the recession caused by the COVID-19 pandemic will continue to unfold in 2021 and that the low interest rate environment in the Eurozone will persist for several quarters at least.

During 2020, we observed a worsening of the creditworthiness of certain portfolios due to the deterioration of the overall economic situation, which is also reflected in our increased level of loan loss provisions. If the situation continues to worsen, it may lead to additional rating declines among our clients, further increasing loan losses as well as potential client drawdowns of credit facilities (as observed earlier in 2020) which in turn would lead to an increase in capital requirements and liquidity demands. Higher volatility in financial markets could lead to increased margin calls both inbound and outbound. The Bank regularly utilizes collateralized loan obligations ("CLO") and credit default swaps ("CDS") to manage concentration risk. However this may not be sufficient to fully offset potential credit losses.

Policy measures taken by central banks and governments such as debt moratoria have helped to mitigate some of the short-term impacts. Withdrawal of support measures coupled with a significant increase in corporate and sovereign debt levels as a result of the crisis is likely to mean that defaults and credit losses will remain elevated over the course of 2021 with an ongoing dispersion both between and within sectors.

The COVID-19 pandemic has intensified the "lower for longer" interest rate environment. This has resulted in further pressure on bank interest margins and a prolonged period of low interest rates in the Eurozone which could materially affect our profitability and balance sheet deployment. While our revenues are particularly sensitive to interest rates, given the size of our loan and deposit books denominated in euros, the low interest rate environment can also impact other balance sheet positions which are accounted at fair value. Interest rates remain negative for certain risk-free instruments, especially German government bonds.

The low interest rate environment has also supported elevated market valuations across risk assets as investors search for yield, with the technology sector in particular focus. In recent weeks this has included concerted action from retail investors resulting in a short squeeze across selected assets. These trends raise the risk of a significant price correction which may potentially be triggered by delays to vaccine rollout, lower vaccine efficacy and/or an increase in interest rates. Risks are amplified by high debt levels, a lack of liquidity in some areas of the market and an easing of global underwriting standards. Adverse market conditions, unfavorable prices and volatility including material movements in foreign exchange rates (and resulting translation effects) as well as cautious investor and client sentiment may in the future materially and adversely affect our revenues and profits as well as the timely and complete achievement of our strategic aspirations and targets.

If the COVID-19 vaccine roll-out continues, and boosted by massive monetary and fiscal policy support, the expected economic recovery and reflation is possible over the medium term. This could in turn lead consumer price and asset price inflation in major advanced economies to accelerate substantially faster than anticipated. While this could create some upside potential for our business activity levels and net interest income, a disorderly sharp increase in bond yields could trigger a downward correction to equities and other potentially overvalued risk asset markets. While it is likely that central banks would act to contain market volatility, potential increases in short-term interest rates and rapid curtailment of quantitative easing programs could lead to the materialisation of a number of risks, such as the widening of credit spreads, which could impact trading results. In addition, we could see increased counterparty credit exposure on derivatives, increased credit risks on highly leveraged clients and emerging markets with external imbalances as well as inflation risk on pension fund assets.

From an operational perspective, and despite the business continuity and crisis management policies currently in place, the COVID-19 pandemic, unexpected developments such as the emergence of new strains of the virus and resulting rapid changes in government responses may continue to have an adverse impact on our business activities. The move across global industries to conduct business from home and away from primary office locations continues to put pressure on business practices, and the demand on our technology infrastructure. Additionally, the current situation also exposes us to a greater risk of cyber-attacks which could lead to technology failures, security breaches, unauthorized access, loss or destruction of data or unavailability of services, as well as increase the likelihood of conduct breaches. Any of these events could result in litigation or result in a financial loss, disruption of our business activities and liability to our customers, government intervention or damage to our reputation. At the same time, the cost to us of managing these cyber, information security and other risks remains high. Delays in the implementation of regulatory requirements, including consumer protection measures and of our strategic projects could also have a negative impact on our revenues and costs, while a return of higher market volatility has led and could continue to lead to increased demand on markets surveillance monitoring and processing. Our vendors and service providers are facing similar challenges with the risk that these counterparties could be unable to fulfil their contractual obligations, putting the benefits we seek to obtain from such contracts at risk.

In addition, the COVID-19 pandemic reduced the rate of regular employee attrition by around 30 % versus historical levels, creating a more challenging context to the Group headcount and cost targets and increasing the cost of involuntary severance arrangements. This also limited the opportunity to redeploy talented employees within the bank whose roles were made redundant. Despite the overall lower attrition rate, we may also face difficulties attracting and retaining talented personnel, particularly in front-office positions that are key to revenue generation and in positions key to improving our control environment.

Accordingly, the current COVID-19 pandemic and its impact on the global economy and our business may affect our results of operations, strategic plans and targets, and the prices of our securities.

**European Union:** In the European Union, continued elevated levels of political uncertainty could have unpredictable consequences for the financial system and the greater economy, and could contribute to European de-integration in certain areas, potentially leading to declines in business levels, write-downs of assets and losses across our businesses. Our ability to protect ourselves against these risks is limited.

The last several years have been characterized by increased political uncertainty as Europe in particular has been impacted by the European sovereign debt crisis, the withdrawal of the UK from the European Union, Italian political and economic developments, protests in France, the refugee crisis and the increasing attractiveness to voters of populist and anti-austerity movements. Although the severity of the European debt crisis appeared to have abated somewhat over recent years as the actions by the ECB, the rescue packages and the economic recovery appeared to have stabilized the situation in Europe, political uncertainty has nevertheless continued to be at an elevated level in recent periods and could trigger unwinding of aspects of European integration that have benefitted our businesses. Against this backdrop, the prospects for national structural reform and further integration among EU member states, both viewed as important tools to reduce the Eurozone's vulnerabilities to future crises, appear to have worsened. These trends may ultimately result in material reductions in our business levels as our customers rein in activity levels in light of decreased economic output and increased uncertainty, which would materially adversely affect our operating results and financial condition. An escalation of political risks could have consequences both for the financial system and the greater economy as a whole, potentially leading to declines in business levels, write-downs of assets and losses across our businesses.

In addition, in a number of EU member states which had national elections in recent years, including France, Germany and the Netherlands, political parties disfavoring current levels of European integration, or espousing the unwinding of European integration to varying extents, have attracted support. Brexit has also given a voice to some of these political parties to challenge European integration. The resulting uncertainty could have significant effects on the value of the euro and on prospects for member states' financial stability, which in turn could potentially lead to a significant deterioration of the sovereign debt market, especially if Brexit did not result in the strongly adverse effects on the UK that many have predicted. If one or more members of the Eurozone defaults on their debt obligations or decides to leave the common currency, this would result in the reintroduction of one or more national currencies. Should a Eurozone country conclude it must exit the common currency, the resulting need to reintroduce a national currency and restate existing contractual obligations could have unpredictable financial, legal, political and social consequences, leading not only to significant losses on sovereign debt but also on private debt in that country. Given the highly interconnected nature of the financial system within the Eurozone, and the high levels of exposure we have to public and private counterparties around Europe, our ability to plan for such a contingency in a manner that would reduce our exposure to non-material levels is likely to be limited. If the overall economic climate deteriorates as a result of Brexit or further departures from the Eurozone, our businesses could be adversely affected, and, if overall business levels decline or we are forced to write down significant exposures among our various businesses, we could incur substantial losses.

**Brexit:** The withdrawal of the United Kingdom from the European Union – Brexit – may have adverse effects on our business, results of operations or strategic plans.

The UK Government concluded a Trade Cooperation Agreement ("**TCA**") with the European Union which came into effect on 1 January 2021. The TCA generally did not seek to cover financial services.

Given the ongoing uncertainty over the UK's withdrawal from the European Union, it is difficult to determine the exact impact on Deutsche Bank AG over the long term. However, the UK's economy and those of the Eurozone countries are very tightly linked as a result of EU integration projects other than the Euro, and the scale of our businesses in the UK – especially those dependent on activity levels in the City of London, to which we are heavily exposed and which may deteriorate as a result of Brexit – means that even modest effects in percentage terms can have a very substantial adverse effect on our businesses. Brexit has, unfortunately, resulted in a disruption of the provision of cross-border financial services. Also, if there is to be further delay or possibly a failure to reach agreement on matters determining mutual 'equivalence' under respective legislation, this will lead to greater costs to reorganize parts of our business and will restrict our ability to provide financial services to and from the UK in the seamless manner that was done previously. The currently unsettled future relationship between the EU and the UK is also likely to lead to further uncertainty in relation to the regulation of cross-border business activities.

We have applied for authorization from the Prudential Regulation Authority and Financial Conduct Authority, our UK regulators, to continue to undertake regulated activity in the UK (previously undertaken pursuant to the European

Passport provisions) in case of a no-deal outcome. Despite our Brexit preparations, failure to gain authorization as a Third Country Branch in 2021 could adversely affect our business, results of operations or strategic plans. Also, without equivalence between EU and UK regimes for financials services we will be restricted in our ability to provide financial services to and from the UK.

Despite our extensive preparations as a result of Brexit, our business and strategic plans could be adversely affected. It is difficult to assess any adverse consequences with any quantitative certainty at this time, particularly since they will depend on future political and market developments.

**European sovereign debt crisis:** We may be required to take impairments on our exposures to the sovereign debt of European or other countries if the European sovereign debt crisis reignites. The credit default swaps into which we have entered to manage sovereign credit risk may not be available to offset these losses.

The effects of the sovereign debt crisis have been especially evident in the financial sector, as a large portion of the sovereign debt of Eurozone countries is held by European financial institutions, including Deutsche Bank. As of 31 December 2020, we had a direct sovereign credit risk exposure of € 5.7 billion to Italy, € 4.4 billion to Spain, € 1.1 billion to Greece, € 212 million to Portugal and € 197 million to Ireland. Despite the apparent abatement of the crisis in recent years, it remains uncertain whether, in light of the current political environment, Greece or other Eurozone sovereigns, such as Spain, Italy, Portugal and Cyprus, will be able to manage their debt levels in the future and whether Greece will attempt to renegotiate its past international debt restructuring. The rise of anti-austerity parties and populist sentiment in many of these countries poses a threat to the medium- to long-term measures recommended for these countries to alleviate the tensions in the Eurozone caused by drastically differing economic situations among the Eurozone states. In the future, negotiations or exchanges similar to the Greek debt restructuring in 2012 could take place with respect to the sovereign debt of these or other affected countries. The outcome of any negotiations regarding changed terms (including reduced principal amounts or extended maturities) of sovereign debt may result in additional impairments of assets on our balance sheet. Any negotiations are highly likely to be subject to political and economic pressures that we cannot control, and we are unable to predict their effects on the financial markets, on the greater economy or on ourselves.

In addition, any restructuring of outstanding sovereign debt may result in potential losses for us and other market participants that are not covered by payouts on hedging instruments that we have entered into to protect against the risk of default. These instruments largely consist of credit default swaps, generally referred to as CDSs, pursuant to which one party agrees to make a payment to another party if a credit event (such as a default) occurs on the identified underlying debt obligation. A sovereign restructuring that avoids a credit event through voluntary write-downs of value may not trigger the provisions in CDSs we have entered into, meaning that our exposures in the event of a write-down could exceed the exposures we previously viewed as our net exposure after hedging. Additionally, even if the CDS provisions are triggered, the amounts ultimately paid under the CDSs may not correspond to the full amount of any loss we incur. We also face the risk that our hedging counterparties have not effectively hedged their own exposures and may be unable to provide the necessary liquidity if payments under the instruments they have written are triggered. This may result in systemic risk for the European banking sector as a whole and may negatively affect our business and financial position.

**Other global macroeconomic and political risks:** We are also subject to other global macroeconomic and political risks, including with respect to China and the Middle East.

The passing of a national security law for Hong Kong by China has exacerbated tensions between the U.S. and China. The U.S. views this move by China as compromising Hong Kong's autonomy and has therefore revoked Hong Kong's special trade status and sanctioned Chinese officials. Tensions between the U.S. and China regarding Taiwan have also increased. While it is too early for us to predict the medium to long term impacts of this on our business or our financial targets, these could be material and adverse.

The escalation of tensions in the Middle East is another important political risk, which came into focus in light of a brief U.S.-Iran military escalation in January 2020 and which has the potential to escalate again over Iran's nuclear program following recent steps towards higher uranium enrichment levels. A full scale conflict would lead to a sharp increase in oil prices and affect oil dependent industries (such as Automotives, Chemicals, Aviation). Ensuing turbulence in global financial markets would impact risky assets and countries. Taken together, a full blown conflict would lead to a substantial slowdown in the global economy and diminish our ability to generate revenues and the profitability on specific portfolios as well as result in higher than expected loan losses. Despite the business continuity

and crisis management policies currently in place, a regional conflict could pose challenges related to a potential personnel evacuation as well as loss of business continuity, which may disrupt our business and lead to material losses.

### ***Risks Relating to Our Business and Strategy***

**Business environment and strategic decisions:** Our results of operation and financial condition have in the past been negatively impacted by the challenging market environment, uncertain macroeconomic and geopolitical conditions, lower levels of client activity, increased competition and regulation, and the immediate impact of our strategic decisions. If we are unable to improve our profitability, we may be unable to meet our strategic aspirations, and may have difficulty maintaining capital, liquidity and leverage at levels expected by market participants and our regulators.

The Bank experienced an increase in net revenues in 2020 compared to 2019. This revenue increase was caused by significantly higher revenues in the Investment Bank driven by benefits of underlying market activity. Net revenues in our other Core Bank divisions – the Corporate Bank, the Private Bank and Asset Management – each declined slightly, impacted by interest rate headwinds, negative impacts from the COVID-19 pandemic and industry-wide margin compression.

The ability of our Investment Bank to continue its performance of 2020 is dependent on the continuation of high levels of market activity in investment banking as an industry. This will likely be impacted by the development of the COVID-19 pandemic, which continues to pose significant downside risks. The COVID-19 pandemic also has intensified the "lower for longer" interest rate environment, which has impacted the results of several of our divisions. The low rate environment has also supported elevated market valuations across risk assets as investors search for yield. These trends raise the risk of a significant price correction which may potentially be triggered by delays to vaccine rollout, lower vaccine efficacy and/or an increase in interest rates. Risks are amplified by high debt levels, a lack of liquidity in some areas of the market and an easing of global underwriting standards. We expect our provision for credit losses to continue to be impacted by the COVID-19 pandemic and its effect on our Expected Credit Loss (ECL) estimate to continue in 2021. Adverse market conditions, unfavorable prices and volatility including material movements in foreign exchange rates (and resulting translation effects) as well as cautious investor and client sentiment may in the future materially and adversely affect our revenues and profits as well as the timely and complete achievement of our strategic aspirations and targets.

Changes in our business mix towards lower-margin, lower-risk products can limit our opportunities to profit from volatility. Regulators have generally encouraged the banking sector to focus more on the facilitation of client flow and less on risk taking. This has been effected in part by increasing capital requirements for higher-risk activities. In addition, some of our regulators have encouraged or welcomed changes to our business perimeter, consistent with their emphasis on lower-risk activities for banks. In recent years, we have reduced our exposure to a number of businesses that focused on riskier but more capital-intensive products (but that in earlier periods also had the potential to be more highly profitable). Further pressure on our revenues and profitability has resulted from long-term structural trends driven by regulation (especially increased regulatory capital, leverage and liquidity requirements and increased compliance costs) and competition that have further compressed our margins in many of our businesses. Should a combination of these factors continue to lead to reduced margins and subdued activity levels in our trading and markets business over the longer term, this could impair our ability to reach our financial targets.

Although we have in current years made considerable progress resolving litigation, enforcement and similar matters broadly within our established reserves, this pattern may not continue. In particular, these costs could substantially exceed the level of provisions that we established for our litigation, enforcement and similar matters, which can contribute to negative market perceptions about our financial health, costing us business. This, combined with the actual costs of litigation, enforcement and other matters, could in turn adversely affect our ability to maintain capital, liquidity and leverage at levels expected by market participants and our regulators.

**Market conditions:** Adverse market conditions, asset price deteriorations, volatility and cautious investor sentiment have affected and may in the future materially and adversely affect our revenues and profits, particularly in our investment banking, brokerage and other commission- and fee-based businesses. As a result, we have in the past incurred and may in the future incur significant losses from our trading and investment activities.



As a global investment bank, we have significant exposure to the financial markets and are more at risk from adverse developments in the financial markets than are institutions engaged predominantly in traditional banking activities. Sustained market declines have in the past caused and can in the future cause our revenues to decline, and, if we are unable to reduce our expenses at the same pace, can cause our profitability to erode or cause us to show material losses. Volatility can also adversely affect us, by causing the value of financial assets we hold to decline or the expense of hedging our risks to rise. Reduced customer activity can also lead to lower revenues in our "flow" business.

Specifically, our investment banking revenues, in the form of financial advisory and underwriting fees, directly relate to the number and size of the transactions in which we participate and are susceptible to adverse effects from sustained market downturns. These fees and other income are generally linked to the value of the underlying transactions and therefore can decline with asset values. In addition, periods of market decline and uncertainty tend to dampen client appetite for market and credit risk, a critical driver of transaction volumes and investment banking revenues, especially transactions with higher margins. In recent and other times in the past, decreased client appetite for risk has led to lower levels of activity and lower levels of profitability in our Investment Bank corporate division. Our revenues and profitability could sustain material adverse effects from a significant reduction in the number or size of debt and equity offerings and merger and acquisition transactions.

Market downturns also have led and may in the future lead to declines in the volume of transactions that we execute for our clients and, therefore, to declines in our noninterest income. In addition, because the fees that we charge for managing our clients' portfolios are in many cases based on the value or performance of those portfolios, a market downturn that reduces the value of our clients' portfolios or increases the amount of withdrawals reduces the revenues we receive from our asset management and private banking businesses. Even in the absence of a market downturn, below-market or negative performance by our investment funds may result in increased withdrawals and reduced inflows, which would reduce the revenue we receive. While our clients would be responsible for losses we incur in taking positions for their accounts, we may be exposed to additional credit risk as a result of their need to cover the losses where we do not hold adequate collateral or cannot realize it. Our business may also suffer if our clients lose money and we lose the confidence of clients in our products and services.

In addition, the revenues and profits we derive from many of our trading and investment positions and our transactions in connection with them can be directly and negatively impacted by market prices. In each of the product and business lines in which we enter into these trading and investment positions, part of our business entails making assessments about the financial markets and trends in them. When we own assets, market price declines can expose us to losses. Many of the more sophisticated transactions of our Investment Bank corporate division are influenced by price movements and differences among prices. If prices move in a way we have not anticipated, we may experience losses. Also, when markets are volatile, the assessments we have made may prove to lead to lower revenues or profits, or may lead to losses, on the related transactions and positions. In addition, we commit capital and take market risk to facilitate certain capital markets transactions; doing so can result in losses as well as income volatility. Such losses may especially occur on assets we hold for which there are not very liquid markets to begin with. Assets that are not traded on stock exchanges or other public trading markets, such as derivatives contracts between banks, may have values that we calculate using models other than publicly-quoted prices. Monitoring the deterioration of prices of assets like these is difficult and could lead to losses we did not anticipate. We can also be adversely affected if general perceptions of risk cause uncertain investors to remain on the sidelines of the market, curtailing their activity and in turn reducing the levels of activity in those of our businesses dependent on transaction flow.

Additionally, the current market environment is characterized by very low interest rates, particularly in the Eurozone, including negative interest yields on German government bonds. A prolonged period of low interest rates in the Eurozone or elsewhere could materially impact our net interest margin, profitability and balance sheet deployment. While our revenues are particularly sensitive to interest rates, given the size of our loan and deposit books denominated in Euros, the low interest rates environment can also impact other balance sheet positions which are accounted at fair value. These current conditions, as well as any further easing of monetary conditions, could result in a significant impact on revenues relative to our current expectations. Actions to offset this rate impact, such as pricing changes or the introduction of additional fees, may not be sufficient to offset this impact.

**Credit ratings and access to funding:** Our liquidity, business activities and profitability may be adversely affected by an inability to access the debt capital markets or to sell assets during periods of market-wide or firm-specific liquidity constraints. Credit rating downgrades have contributed to an increase in our funding costs in the past, and

any future downgrade could materially adversely affect our funding costs, the willingness of counterparties to continue to do business with us and significant aspects of our business model.

We have a continuous demand for liquidity to fund our business activities. Our liquidity may be impaired by an inability to access secured and/or unsecured debt markets, an inability to access funds from our subsidiaries or otherwise allocate liquidity optimally across our businesses, an inability to sell assets or redeem our investments, or unforeseen outflows of cash or collateral. This situation may arise due to circumstances unrelated to our businesses and outside our control, such as disruptions in the financial markets, or circumstances specific to us, such as reluctance of our counterparties or the market to finance our operations due to perceptions about potential outflows resulting from litigation, regulatory and similar matters, actual or perceived weaknesses in our businesses, our business model or our strategy, as well as in our resilience to counter negative economic and market conditions. For example, we have experienced steep declines in the price of our shares and increases in the spread versus government bonds at which our debt trades in the secondary markets. Reflecting these conditions, our internal estimates of our available liquidity over the duration of a stressed scenario have at times been negatively impacted in recent periods. In addition, negative developments concerning other financial institutions perceived to be comparable to us and negative views about the financial services industry in general have also affected us in recent years. These perceptions have affected the prices at which we have accessed the capital markets to obtain the necessary funding to support our business activities; should these perceptions exist, continue or worsen, our ability to obtain this financing on acceptable terms may be adversely affected. Among other things, an inability to refinance assets on our balance sheet or maintain appropriate levels of capital to protect against deteriorations in their value could force us to liquidate assets we hold at depressed prices or on unfavorable terms, and could also force us to curtail business, such as the extension of new credit. This could have an adverse effect on our business, financial condition and results of operations.

In addition, we have benefited in recent years from a number of incremental measures by the ECB and other central banks to provide additional liquidity to financial institutions and the financial markets, particularly in the Eurozone. To the extent these actions are curtailed or halted, our funding costs could increase, or our funding supply could decrease, which could in turn result in a reduction in our business activities. In particular, any decision by the ECB to discontinue or reduce quantitative easing or steps by the Federal Reserve to tighten its monetary policy or actions by central banks more generally to tighten their monetary policy will likely cause long-term interest rates to increase and accordingly impact the costs of our funding.

Rating agencies regularly review our credit ratings, which could be negatively affected by a number of factors that can change over time, including the credit rating agency's assessment of: our strategy and management's capability; our financial condition including in respect of profitability, asset quality, capital, funding and liquidity; the level of political support for the industries in which we operate; the implementation of structural reform; the legal and regulatory frameworks applicable to our legal structure; business activities and the rights of our creditors; changes in rating methodologies; changes in the relative size of the loss-absorbing buffers protecting bondholders and depositors; the competitive environment, political and economic conditions in our key markets (including the impact of the COVID-19 pandemic and Brexit); and market uncertainty. In addition, credit ratings agencies are increasingly taking into account environmental, social and governance factors, including climate risk, as part of the credit ratings analysis, as are investors in their investment decisions.

Any reductions in our credit ratings, including, in particular, downgrades below investment grade, or a deterioration in the capital markets' perception of our financial resilience could significantly affect our access to money markets, reduce the size of our deposit base and trigger additional collateral or other requirements in derivatives contracts and other secured funding arrangements or the need to amend such arrangements, which could adversely affect our cost of funding and our access to capital markets and could limit the range of counterparties willing to enter into transactions with us. This could in turn adversely impact our competitive position and threaten our prospects in the short to medium-term.

Since the start of the global financial crisis, the major credit rating agencies have lowered our credit ratings or placed them on review or negative watch on multiple occasions. These credit rating downgrades have contributed to an increase in our funding costs. Our credit spread levels (meaning the difference between the yields on our securities as compared to benchmark government bonds) are sensitive to further adverse developments and any future downgrade could bring our credit rating into the non-investment grade category. This could materially and adversely affect our funding costs and significant aspects of our business model. The effect would depend on a number of factors including whether a downgrade affects financial institutions across the industry or on a regional basis, or is

intended to reflect circumstances specific to us, such as our potential settlement of regulatory, litigation and similar matters; any actions our senior management may take in advance of or in response to the downgrade; the willingness of counterparties to continue to do business with us; any impact of other market events and the state of the macroeconomic environment more generally.

Additionally, under many of the contracts governing derivative instruments to which we are a party, a downgrade could require us to post additional collateral, lead to terminations of contracts with accompanying payment obligations for us or give counterparties additional remedies.

**Implementation of strategic plans:** If we are unable to implement our strategic plans successfully, we may be unable to achieve our financial objectives, or we may incur losses, including further impairments and provisions, or low profitability, and our financial condition, results of operations and share price may be materially and adversely affected.

In July 2019, we announced a strategic transformation of the Bank, designed to significantly improve sustainable returns to shareholders by refocusing our Core Bank around market leading businesses, which typically operate in growing markets with attractive return potential. Our Core Bank comprises our four core operating divisions, namely the Corporate Bank, the Investment Bank, the Private Bank, and Asset Management, together with the segment Corporate & Other. We also created the Capital Release Unit ("**CRU**"), with the principal objective to liberate capital consumed by low return assets and businesses that earn insufficient returns or activities that are no longer core to our strategy by liberating capital in an economically rational manner. The next phase of our transformation will focus on seeking to ensure sustainable profitability by growing our businesses, while remaining disciplined on costs, risk and balance sheet management and control.

Our updated key financial targets for 2022 are:

- Post-tax Return on Average Tangible Equity of 8 % for the Group
- Post-tax Return on Average Tangible Equity of more than 9 % for the Core Bank
- Adjusted costs excluding transformation charges of € 16.7 billion
- Cost income ratio of 70 %
- Common Equity Tier 1 capital ratio of above 12.5 %
- Leverage ratio (fully loaded) of ~4.5 %

Our strategic goals are subject to various internal and external factors and to market, regulatory, economic and political uncertainties, and to limitations relating to our operating model. These could negatively impact or prevent the implementation of our strategic goals or the realization of their anticipated benefits.

The COVID-19 pandemic has led to changes in the macroeconomic and fiscal environment. These changes have impacted Deutsche Bank's operating environment, as changes to customer behavior have impacted transaction volumes and associated management of capital and risk. The current economic environment is expected to continue and to result in pressures on the Bank's capital ratios and financial performance. In particular the COVID-19 related downside risks dominated our macroeconomic business environment in 2020 and remained elevated over the year-end. Also, 2020 finished with significant GDP contraction across major economies compared to 2019. On that basis, we continue to see downside risks throughout the global economy, as ongoing regional and national lockdowns impact macro-economic activity on a global basis. Execution risks of our strategy have risen due to the prolonged macro-economic uncertainty from the impact of COVID-19.

Economic uncertainties such as the impact of the COVID-19 pandemic; the recurrence of extreme turbulence in the markets; potential weakness in global, regional and national economic conditions; the continuation of a market environment characterized by low interest rates and low volatility; increased competition for business; and political instability, especially in Europe, may impact our ability to achieve our strategic goals. Regulatory changes could also adversely impact our ability to achieve our strategic aims. In particular, regulators could demand changes to our

business model or organization that could reduce our profitability, or we may be forced to make changes that reduce our profitability in an effort to remain compliant with law and regulation.

We are also involved in numerous litigation, arbitration and regulatory proceedings and investigations in Germany and in a number of jurisdictions outside of Germany, especially in the United States. Such matters are subject to many uncertainties. We expect the litigation environment to continue to be challenging. If litigation and regulatory matters occur at the same or higher rate and magnitude than they have in some recent years or if we are subject to sustained market speculation about our potential exposure to such matters, we may not be able to achieve our strategic aspirations.

Our strategic objectives are also subject to the following assumptions and risks:

- The base case scenario for our financial and capital plan includes revenue growth estimates which are dependent on positive macroeconomic developments. Stagnation or a downturn in the macroeconomic environment could significantly impact our ability to generate the revenue growth necessary to achieve these strategic financial and capital targets. This scenario also includes assumptions regarding our ability to reduce costs in future periods.
- The current COVID-19 pandemic and its potential impact on the global economy may affect our ability to meet our financial targets. We may be materially adversely affected by a protracted downturn in local, regional or global economic conditions. In that situation, we would need to take action to ensure we meet our minimum capital objectives. These actions or measures may result in adverse effects on our business, results of operations or strategic plans and targets, and the prices of our securities.
- The ability of all our divisions to perform is dependent on their ability to offset the expected continuation of interest rate headwinds, negative impacts from the COVID-19 pandemic and industry-wide margin compression.
- Results for the Investment Bank in 2020 were supported by high levels of market activity in investment banking as an industry. The ability of the Investment Bank to continue its performance is dependent on the continuation of high levels of market activity.
- Provisions for credit losses increased to 41 basis points as a percentage of average loans for the full year 2020, impacted by the COVID-19 pandemic and its effect on our Expected Credit Loss (ECL) estimate, and we expect these factors to continue in 2021. For 2022, we expect provisions for credit losses of between 25 to 30 basis points as a percentage of average loans, as the economy recovers and provision levels normalize. Should higher levels of provisions for credit losses be required, our results of operations and our ability to meet our strategic financial and capital targets may be adversely affected.
- We expect that we will be able to overcome significant challenges arising from our business model. We continue to rely on our trading and markets businesses as a significant source of profit. Depending on how economic and market conditions evolve, such businesses may be adversely impacted or be unable to achieve the profitability we seek from them.
- Asset and client levels have been impacted by the negative market perceptions of Deutsche Bank from time to time. A continued or renewed negative market focus on Deutsche Bank could result in new client and asset outflows.
- We seek to achieve further savings from central and divisional measures, some of these as response to COVID-19, for example from an examination of our real estate footprint and lower travel costs. Such savings may not be able to be achieved.
- The COVID-19 pandemic reduced the rate of regular employee attrition by around 30% versus historical levels, creating a more challenging context to the Group headcount and cost targets and increasing the cost of involuntary severance arrangements. This also limited the opportunity to redeploy talented employees within the Bank whose roles were made redundant.

- Despite the overall lower attrition rate, we may also face difficulties attracting and retaining talented personnel, particularly in front-office positions that are key to revenue generation and in positions key to improving our control environment. Requests from regulators to demonstrate moderation in the levels of compensation that we can offer may put the Group at a disadvantage in attracting and retaining talented employees. Our traditional competitors such as other universal banks and financial services firms and an emerging group of future competitors in the form of start-ups and technology firms, including those providing "fintech" services, are also potential competitors of ours in attracting and retaining talented personnel.
- We currently operate a highly complex infrastructure, which can compromise the quality of the overall control environment. Establishing a more efficient bank with a strong control environment depends on successfully streamlining and simplifying our IT landscape as well as cultural change.
- A robust and effective internal control environment is necessary to ensure that we conduct our business in compliance with the laws and regulations applicable to us. We may be unable to complete our initiatives to enhance the efficacy of our internal control environment as quickly as we intend or as our regulators demand, and our efforts may be insufficient to prevent all future deficiencies in our control environment or to result in fewer litigations or regulatory and enforcement investigations and proceedings in the future. Furthermore, implementation of enhanced controls may result in higher than expected costs of regulatory compliance that could offset efficiency gains.
- We expect that de-leveraging of CRU will continue, while reducing cost. 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. For the remainder of the CRU assets, we will take opportunities to accelerate the wind down, where it is economically rational. In the event that the CRU is not able to de-leverage or reduce costs as planned, or if issues arise that interfere with our agreement with BNP Paribas, our objectives could be jeopardized.

If we fail to implement our strategic initiatives in whole or in part or should the initiatives that are implemented fail to produce the anticipated benefits, or should the costs we incur to implement our initiatives exceed the amounts anticipated, or should we fail to achieve the publicly communicated targets we have set for implementation of these initiatives, we may fail to achieve our financial objectives, or incur losses or low profitability or erosions of our capital base, and our financial condition, results of operations and share price may be materially and adversely affected.

**Sale of assets:** We may have difficulties selling companies, businesses or assets at favorable prices or at all and may experience material losses from these assets and other investments irrespective of market developments.

We seek to sell or otherwise reduce our exposure to assets that are not part of our core business or as part of our strategy to simplify and focus our business and to meet or exceed capital and leverage requirements, as well as to help us meet our return on tangible equity target. This may prove difficult in the current and future market environment as many of our competitors are also seeking to dispose of assets to improve their capital and leverage ratios and returns on equity. We have already sold a substantial portion of our non-core assets, and our remaining non-core assets may be particularly difficult for us to sell as quickly as we have expected at prices we deem acceptable. Where we sell companies or businesses, we may remain exposed to certain of their losses or risks under the terms of the sale contracts, and the process of separating and selling such companies or businesses may give rise to operating risks or other losses. Unfavorable business or market conditions may make it difficult for us to sell companies, businesses or assets at favorable prices, or may preclude a sale altogether. If we cannot reduce our assets according to plan, we may not be able to achieve the capital targets set out under our strategy.

**Business combinations:** We may have difficulty in identifying and executing business combinations, and both engaging in combinations and avoiding them could materially harm our results of operations and our share price.

We consider business combinations from time to time. Were we to announce or complete a significant business combination transaction, our share price or the share price of the combined entity could decline significantly if investors viewed the transaction as too costly, dilutive to existing shareholders or unlikely to improve our competitive position. It is generally not feasible for our reviews of any business with which we might engage in a combination to be complete in all respects. As a result, a combination may not perform as well as expected. In addition, we may fail to integrate our operations successfully with any entity with which we participate in a business combination. Failure

to complete announced business combinations or failure to achieve the expected benefits of any such combination could materially and adversely affect our profitability. Such failures could also affect investors' perception of our business prospects and management, and thus cause our share price to fall. They could also lead to departures of key employees, or lead to increased costs and reduced profitability if we felt compelled to offer them financial incentives to remain.

If we avoid entering into business combination transactions or if announced or expected transactions fail to materialize, market participants may perceive us negatively. We may also be unable to expand our businesses, especially into new business areas, as quickly or successfully as our competitors if we do so through organic growth alone. These perceptions and limitations could cost us business and harm our reputation, which could have material adverse effects on our financial condition, results of operations and liquidity.

**Competitive environment:** Intense competition, in our home market of Germany as well as in international markets, has and could continue to materially adversely impact our revenues and profitability.

Competition is intense in all of our primary business areas, in Germany as well as in international markets. If we are unable to respond to the competitive environment in these markets with attractive product and service offerings that are profitable for us, we may lose market share in important areas of our business or incur losses on some or all of our activities. In addition, downturns in the economies of these markets could add to the competitive pressure, through, for example, increased price pressure and lower business volumes for us.

There has been substantial consolidation and convergence among financial services companies. This trend has significantly increased the capital base and geographic reach of some of our competitors and has hastened the globalization of the securities and other financial services markets. As a result, we must compete with financial institutions that may be larger and better capitalized than we are and that may have a stronger position in local markets.

In addition to our traditional competitors such as other universal banks and financial services firms, an emerging group of future competitors in the form of start-ups and technology firms, including those providing "fintech" services, are showing an increasing interest in banking services and products. These new competitors could increase competition in both core products, e.g., payments, basic accounts and loans and investment advisory, as well as in new products, e.g., peer to peer lending and equity crowd funding. Such firms are also potential competitors of ours in attracting and retaining talented personnel.

### ***Risks Relating to Regulation and Supervision***

**Regulatory reforms:** Regulatory reforms enacted and proposed in response to weaknesses in the financial sector, together with increased regulatory scrutiny more generally, have had and continue to have a significant impact on us and may adversely affect our business and ability to execute our strategic plans. Competent regulators may prohibit us from making dividend payments or payments on our regulatory capital instruments or take other actions if we fail to comply with regulatory requirements.

In response to the global financial crisis and the European sovereign debt crisis, governments and regulatory authorities have worked to enhance the resilience of the financial services industry against future crises through changes to the regulatory framework. The pace of change of new proposals has slowed as the focus turns more to implementation of the various elements of the regulatory reform agenda outlined by the Basel Committee on Banking Supervision ("**Basel Committee**") and other standard-setting bodies. As a result, there continues to be uncertainty for us and the financial industry in general, though the level of uncertainty is reduced from prior periods. The range of new (or revised) laws and regulations or current proposals includes, among other things:

- provisions for more stringent regulatory capital, leverage and liquidity standards,
- restrictions on compensation practices,
- restrictions on proprietary trading and other investment services;
- special bank levies and financial transaction taxes,

- recovery and resolution powers to intervene in a crisis including the "bail-in" of creditors;
- tightened large exposure limits;
- the creation of a single supervisory authority and a single resolution authority within the Eurozone and any other participating member states,
- separation of certain businesses from deposit taking,
- stress testing and capital planning regimes,
- heightened reporting requirements, and
- reforms of derivatives, other financial instruments, investment products and market infrastructures.

As a core element of the reform of the regulatory framework, in December 2010, the Basel Committee published a set of comprehensive changes to minimum capital adequacy and liquidity standards, known as Basel 3, which have been implemented into European and national (in our case, German) law beginning in 2014, with the European legislative package also referred to as "**CRR/CRD 4**" and the Bank Recovery and Resolution Directive (or "**BRRD**").

On 27 June 2019, a comprehensive package of reforms (referred to in the following as the "**banking reform package**") to further strengthen the resilience of European Union banks entered into force. The banking reform package includes amendments to the existing regulation on prudential requirements for credit institutions and investment firms, also referred to as the Capital Requirements Regulation ("**CRR**"), the directive on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, also referred to as the Capital Requirements Directive ("**CRD**"), the European Union's Regulation establishing Uniform Rules and a Uniform Procedure for the Resolution of Credit Institutions and certain Investment Firms in the Framework of a Single Resolution Mechanism and a Single Resolution Fund (the "**SRM Regulation**"), and the BRRD. In Germany, the amendments introduced by the banking reform package to the BRRD and the CRD have been implemented into German law by the Risk Reduction Act (*Risikoreduzierungs-gesetz*).

The adopted changes incorporate various remaining elements of the regulatory framework agreed within the Basel Committee and the Financial Stability Board ("**FSB**") to refine and supplement the global regulatory framework established by the Basel Committee, the so-called Basel Accords (Basel 1, 2 and 3). This includes more risk-sensitive capital requirements, in particular in the area of counterparty credit risk and for exposures to central counterparties, methodologies that reflect more accurately the actual risks to which banks may be exposed, a binding leverage ratio, a binding net stable funding ratio, tighter regulation of large exposures, new reporting requirements for market risk that may be supplemented at a later stage by own funds requirements and a requirement for global systemically important institutions ("**G-SIIs**"), such as Deutsche Bank, to hold certain minimum levels of capital and other instruments which are capable of bearing losses in resolution ("**Total Loss-Absorbing Capacity**" or "**TLAC**"). Other measures are aimed at improving banks' lending capacity to support the European Union economy and at further facilitating the role of banks in achieving deeper and more liquid European Union capital markets. While many provisions take effect in 2021, certain parts, including the TLAC requirements, already apply since 27 June 2019.

In response to the COVID-19 pandemic the European Union adopted a new regulation containing tailored adjustments to the CRR including the amendments contained in the banking reform package (the "**CRR Quick Fix**"). The CRR Quick Fix entered into force on 27 June 2020, and primarily aims to facilitate lending by banks as a response to the pandemic.

In addition, regulatory scrutiny of compliance with existing laws and regulations has become more intense and supervisory expectations remain significant. The specific effects of a number of new (or revised) laws and regulations remain uncertain because the drafting and implementation of these laws and regulations are still on-going and supervisory expectations continue to develop.

At the international level, in December 2017, the Basel Committee published its final agreement ("**December 2017 Agreement**") on further revisions to the Basel 3 framework that aim to increase consistency in risk-weighted asset calculations and improve the comparability of banks' capital ratios. The December 2017 Agreement includes, among other things, changes to the standardized and internal ratings-based approaches for determining credit risk, revisions

to the operational risk framework, and an "output floor", set at 72.5 %. The "output floor" limits the amount of capital benefit a bank can obtain from its use of internal models relative to using the standardized approach. This package of reforms is intended to finalize the Basel 3 framework and would reduce the ability of banks to apply internal models, while making the standardized approaches more risk-sensitive and granular. In addition, the December 2017 Agreement introduces a leverage ratio buffer for global systemically important banks ("**G-SIBs**"), such as Deutsche Bank, to be met with Tier 1 capital and sets it at 50 % of the applicable risk-based G-SIB buffer requirement, which was included in the adopted banking reform package. Due to COVID-19, the Basel Committee deferred the implementation date for the changes in the December 2017 Agreement to 1 January 2023, with a phase-in period of five years through 1 January 2028 for the output floor.

The EU is planning to implement this reform with a legislative proposal package, expected to be issued in mid-2021 (revision of the Capital Requirements Regulation or CRR III). In addition, on 14 January 2019 the Basel Committee also reached an agreement ("**January 2019 Agreement**") on reforms to the market risk framework, known as the Fundamental Review of the Trading Book ("**FRTB**"). The main features of the final standard include an internal models approach to determine the risk weight of exposures that relies on the use of expected shortfall models. The standard sets out separate capital requirements for risks that are deemed non-modellable and includes a more risk-sensitive standardized approach as a fallback to the internal models approach. CRR II (as part of the banking reform package) has introduced specific reporting requirements for market risk based on the revised framework as the first step in the application of the FRTB by EU institutions, and empowers the Commission to propose further regulations to establish own funds requirements for market risk based on the FRTB.

The banking reform package will likely affect our business by raising our regulatory capital and liquidity requirements and by leading to increased costs. The implementation of the remaining outstanding proposals under Basel 3 as contained in the December 2017 Agreement and in the January 2019 Agreement could also affect our business by imposing higher capital charges when adopted into law.

These requirements may be in addition to regulatory capital buffers that may also be increased or be in addition to those already imposed on us and could themselves materially increase our capital requirements.

Regulatory authorities have substantial discretion in how to regulate banks, and this discretion, and the means available to the regulators, have been steadily increasing during recent years. Regulation may be imposed on an ad hoc basis by governments and regulators in response to ongoing or future crises (such as the COVID-19 pandemic), and may especially affect financial institutions such as Deutsche Bank that are deemed to be systemically important.

In particular, the regulators with jurisdiction over us, including the ECB under the Single Supervisory Mechanism (also referred to as the "**SSM**"), may, in connection with the supervisory review and evaluation process ("**SREP**"), SSM-wide reviews of asset quality or internal risk models or otherwise, conduct stress tests. They have discretion to impose capital surcharges on financial institutions for risks, including for litigation, regulatory and similar matters, that are not otherwise recognized in risk weighted assets or other surcharges depending on the individual situation of the bank and take or require other measures, such as restrictions on or changes to our business. In this context, the ECB may impose, and has imposed, on us individual capital requirements resulting from the SREP which are referred to as "Pillar 2" requirements. Institutions must meet their Pillar 2 requirements with at least 75 % of Tier 1 capital and at least 56.25 % of Common Equity Tier 1 capital. Pillar 2 requirements must be fulfilled in addition to the statutory minimum capital and buffer requirements and any non-compliance may have immediate legal consequences such as restrictions on dividend payments.

Also following the SREP, the ECB may communicate to individual banks, and has communicated to us, an expectation to hold a further Pillar 2 Common Equity Tier 1 capital add-on, the so-called Pillar 2 guidance. Although the Pillar 2 guidance is not legally binding and failure to meet the Pillar 2 guidance does not automatically trigger legal action, the ECB has stated that it generally expects banks to meet the Pillar 2 guidance. In light of the COVID-19 pandemic, the ECB allows banks to operate temporarily below the level of capital defined by the Pillar 2 guidance until at least the end of 2022.

Also, more generally, competent regulators may, if we fail to comply with regulatory requirements, in particular with statutory minimum capital requirements or Pillar 2 requirements, or if there are shortcomings in our governance and risk management processes, prohibit us from making dividend payments to shareholders or distributions to holders of our other regulatory capital instruments. This could occur, for example, if we fail to make sufficient profits due to declining revenues, or as a result of substantial outflows due to litigation, regulatory and similar matters. Generally,



a failure to comply with the quantitative and qualitative regulatory requirements could have a material adverse effect on our business, financial condition and results of operations, including our ability to pay out dividends to shareholders or distributions on our other regulatory capital instruments or, in certain circumstances, conduct business which we currently conduct or plan to conduct in the future.

**Capital requirements:** Regulatory and legislative changes require us to maintain increased capital and bail-inable debt (debt that can be bailed in in resolution) and abide by tightened liquidity requirements. These requirements may significantly affect our business model, financial condition and results of operations as well as the competitive environment generally. Any perceptions in the market that we may be unable to meet our capital or liquidity requirements with an adequate buffer, or that we should maintain capital or liquidity in excess of these requirements or another failure to meet these requirements could intensify the effect of these factors on our business and results.

The implementation of the CRR/CRD 4 legislative package resulted, among other things, in increased capital and tightened liquidity requirements, including additional capital buffer requirements which were gradually phased in through 1 January 2019. Further revisions, such as stricter rules on the measurement of risks and the changes introduced by the banking reform package, the December 2017 Agreement and the January 2019 Agreement, increased risk weighted assets and the corresponding capital demand for banks, as well as tightened liquidity requirements (such as the introduction of a binding net stable funding ratio). In addition, the introduction of a binding leverage ratio (including the deferred leverage ratio buffer) by the banking reform package may affect our business model, financial conditions and results of operations.

Furthermore, under the SRM Regulation, the BRRD and the German Recovery and Resolution Act (*Sanierungs- und Abwicklungsgesetz*), we are required to meet at all times a robust minimum requirement for own funds and eligible liabilities ("**MREL**") which is determined on a case-by-case basis by the competent resolution authority. In addition, the banking reform package implemented the FSB's TLAC standard for G-SIBs (such as us) by introducing a new Pillar 1 MREL requirement for G-SIIs (the European equivalent term for G-SIBs). This new requirement is based on both risk-based and non-risk-based denominators and will be set at the higher of 18 % of total risk exposure and 6.75 % of the leverage ratio exposure measure following a transition period (until 31 December 2021, 16 % of total risk exposure and 6 % of the leverage ratio exposure measure). It can be met with Tier 1 or Tier 2 capital instruments or debt that meets specific eligibility criteria. Deduction rules apply for holdings by G-SIIs of TLAC instruments of other G-SIIs. In addition, the competent authorities have the ability to impose on G-SIIs individual MREL requirements that exceed the statutory minimum requirements.

Both the TLAC (or Pillar 1 MREL) and MREL requirements are specifically designed to require banks to maintain a sufficient amount of instruments which are eligible to absorb losses in resolution with the aim of ensuring that failing banks can be resolved without recourse to taxpayers' money. To that end, in order to facilitate the meeting of TLAC requirements by German banks, obligations of German banks under certain, specifically defined senior unsecured debt instruments issued by them (such as bonds that are not structured debt instruments) rank, since 2017, junior to all other outstanding unsecured unsubordinated obligations of such bank (such as deposits, derivatives, money market instruments and certain structured debt instruments), but continue to rank in priority to contractually subordinated debt instruments (such as Tier 2 instruments).

As part of the harmonization of national rules on the priority of claims of banks' creditors in the European Union, the BRRD now allows banks to issue "senior non-preferred" debt instruments ranking according to their terms (and not only statutorily) junior to the bank's other unsubordinated debt instruments (including bonds that are not treated as "senior non-preferred" debt instruments), but in priority to the bank's contractually subordinated liabilities (such as Tier 2 instruments). Any such "senior non-preferred" debt instruments issued by Deutsche Bank AG under such rules rank on parity with its then outstanding "senior non-preferred" debt instruments under the prior rules. This BRRD amendment was finalized and implemented into German law as of 21 July 2018.

The need to comply with these requirements may affect our business, financial condition and results of operation and in particular may increase our financing costs.

We may not have sufficient capital or other loss-absorbing liabilities to meet these increasing regulatory requirements. This could occur due to regulatory changes and other factors, such as the gradual phase out of our hybrid capital instruments qualifying as Additional Tier 1 (or AT1) capital or our inability to issue new securities which are recognized as regulatory capital or loss-absorbing liabilities under the new standards, due to an increase of risk weighted assets based on more stringent rules for the measurement of risks or as a result of a future decline in the

value of the euro as compared to other currencies, due to stricter requirements for the compliance with the non-risk based leverage ratio, due to any substantial losses we may incur, which would reduce our retained earnings, a component of Common Equity Tier 1 capital, or due to a combination of these or other factors.

If we are unable to maintain sufficient capital to meet the applicable minimum capital ratios, the buffer requirements, any specific "Pillar 2" capital requirements, leverage ratio requirements, or TLAC or MREL requirements, we may become subject to enforcement actions and/or restrictions on the pay-out of dividends, share buybacks, payments on our other regulatory capital instruments, and discretionary compensation payments. In addition, any requirement to increase risk-based capital ratios or the leverage ratio could lead us to adopt a strategy focusing on capital preservation and creation over revenue generation and profit growth, including the reduction of higher margin risk weighted assets. If we are unable to increase our capital ratios to the regulatory minimum in such a case or by raising new capital through the capital markets, through the reduction of risk weighted assets or through other means, we may be required to activate our group recovery plan. If these actions or other private or supervisory actions do not restore capital ratios to the required levels, and we are deemed to be failing or likely to fail, competent authorities may apply resolution powers under the Single Resolution Mechanism ("**SRM**") and applicable rules and regulations, which could lead to a significant dilution of our shareholders' or even the total loss of our shareholders' or creditors' investment.

The CRR introduced a new liquidity coverage requirement intended to ensure that banks have an adequate stock of unencumbered high quality liquid assets that can be easily and quickly converted into cash to meet their liquidity needs for a 30 calendar day liquidity stress scenario. The required liquidity coverage ratio ("**LCR**") is calculated as the ratio of a bank's liquidity buffer to its net liquidity outflows. Also, banks must regularly report the composition of the liquid assets in their liquidity buffer to their competent authorities.

In addition, the banking reform package introduced a net stable funding ratio ("**NSFR**") to reduce medium- to long-term funding risks by requiring banks to fund their activities with sufficiently stable sources of funding over a one-year period. The NSFR, which will apply from 28 June 2021 onwards, is defined as the ratio of a bank's available stable funding relative to the amount of required stable funding over a one-year period. Banks must maintain an NSFR of at least 100 %. The ECB may impose on individual banks liquidity requirements which are more stringent than the general statutory requirements if the bank's continuous liquidity would otherwise not be ensured. The NSFR will apply to both the Group as a whole and to individual SSM regulated entities, including the parent entity Deutsche Bank AG. Upon the introduction of the ratio as a binding minimum requirement, we expect both the Group and its subsidiaries for which it applies to be above the regulatory minimum. To achieve this for Deutsche Bank AG, the Issuer is actively working on a number of structural initiatives to improve the standalone NSFR position. In the event these initiatives are not successfully completed by June 2021, Deutsche Bank AG may incur additional costs.

If we fail to meet liquidity requirements, we may become subject to enforcement actions. In addition, any requirement to maintain or increase liquidity could lead us to reduce activities that pursue revenue generation and profit growth.

On 29 January 2021, the European Banking Authority and ECB launched the 2021 EU-wide stress test, designed to assess the impact of an adverse macroeconomic scenario on the solvency of EU banks, releasing at the same time the macroeconomic scenarios for the test. By its standard procedures, the ECB will consider our quantitative performance in the adverse scenario as an input when reconsidering the level of the Pillar 2 guidance in its 2021 SREP assessment and our qualitative performance as one aspect when holistically reviewing the Pillar 2 requirement. As can be seen from the published adverse macro-economic scenario and market shock, the banking sector will be tested against the most severe scenario of all European regulatory stress tests conducted so far.

**Local capital requirements:** In some cases, we are required to hold and calculate capital and to comply with rules on liquidity and risk management separately for our local operations in different jurisdictions, in particular in the United States.

We are required to hold and calculate capital and to comply with rules on liquidity and risk management separately for our local operations in different jurisdictions. In the United States, the Federal Reserve Board has adopted rules that impose enhanced prudential standards on our U.S. operations. In February 2014, the Federal Reserve Board adopted rules that set forth how the U.S. operations of certain foreign banking organizations ("**FBOs**"), such as Deutsche Bank, are required to be structured in the United States, as well as the enhanced prudential standards that apply to our U.S. operations. Under these rules, as of 1 July 2016, a large FBO with U.S.\$ 50 billion or more in U.S. non-branch assets, such as Deutsche Bank, was required to establish or designate a separately capitalized

top-tier U.S. intermediate holding company (an "IHC") that would hold substantially all of the FBO's ownership interests in its U.S. subsidiaries. The Federal Reserve Board may permit an FBO subject to the U.S. IHC requirement to establish or designate multiple U.S. IHCs upon written request. On 1 July 2016, we designated DB USA Corporation as our IHC. In March 2018, we completed the partial initial public offering of our Asset Management division, to form DWS Group GmbH & Co. KGaA ("**DWS**"), in which we retain approximately 80 % of the shares. In April 2018, DWS USA Corporation was formed as a subsidiary of DWS, and, following receipt of Federal Reserve Board approval, we designated it as our second IHC, through which our U.S. asset management subsidiaries are held. As of the date of designation or formation of each of these IHCs, they each became subject, on a consolidated basis, to the risk-based and leverage capital requirements under the U.S. Basel 3 capital framework, capital planning and stress testing requirements (on a phased-in basis), U.S. liquidity buffer requirements and other enhanced prudential standards comparable to those applicable to top-tier U.S. bank holding companies other than the U.S. G-SIB firms of a similar size as DB USA Corporation. Supplementary leverage ratio ("**SLR**") requirements applicable to DB USA Corporation took effect beginning in January 2018 and were applicable to DWS USA Corporation upon its formation. In response to the COVID-19 pandemic, the Federal Reserve Board issued a final rule adopting a temporary change to the calculation of the SLR that permits IHCs to exclude U.S. Treasury securities and deposits at Federal Reserve Banks from the denominator of their SLR. This change, which took effect 1 April 2020, will remain in place until at least 31 March 2021. The Federal Reserve Board has the authority to examine an IHC, such as DB USA Corporation and DWS USA Corporation, and its subsidiaries, as well as U.S. branches and agencies of FBOs, such as our New York branch.

On 10 October 2019, the Federal Reserve Board finalized rules to categorize the U.S. operations of large FBOs based on size, complexity and risk for purposes of tailoring the application of the U.S. enhanced prudential standards (the "**Tailoring Rules**"). The Tailoring Rules do not significantly change the capital requirements that apply to DB USA Corporation or DWS USA Corporation although they provide the option to comply with certain simplifications to the capital requirements. However, the Tailoring Rules provide modest relief for our U.S. IHCs with respect to applicable liquidity requirements so long as our IHCs' combined weighted short term wholesale funding remains below U.S.\$ 75 billion.

As a bank holding company with assets of U.S.\$ 250 billion or more, Deutsche Bank AG is required under Title I of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as amended (the "**Dodd-Frank Act**"), and the implementing regulations thereunder to prepare and submit to the Federal Reserve Board and the Federal Deposit Insurance Corporation ("**FDIC**") either a full or targeted resolution plan (the "**U.S. Resolution Plan**") on a timeline prescribed by such agencies. The U.S. Resolution Plan must demonstrate that Deutsche Bank AG has the ability to execute a strategy for the orderly resolution of its designated U.S. material entities and operations. For foreign-based companies subject to these resolution planning requirements such as Deutsche Bank AG, the U.S. Resolution Plan relates only to subsidiaries, branches, agencies and businesses that are domiciled in or whose activities are carried out in whole or in material part in the United States. Deutsche Bank AG filed its U.S. Resolution Plan by 1 July 2018. The 2018 U.S. Resolution Plan describes the single point of entry strategy for Deutsche Bank's U.S. material entities and operations and prescribes that DB USA Corporation, our single U.S. IHC as of 31 December 2017, would provide liquidity and capital support to its U.S. material entity subsidiaries and ensure their solvent wind-down outside of applicable resolution proceedings. Deutsche Bank received feedback from the Federal Reserve and FDIC in December 2018. The Federal Reserve Board and FDIC found that Deutsche Bank's U.S. Resolution Plan had no deficiencies but identified one shortcoming in the plan, associated with governance mechanisms and related escalation triggers. Deutsche Bank submitted a response to its December 2018 feedback letter on 1 April 2019. Deutsche Bank's response discussed its proposed remediation of the shortcoming as well as enhancements of its resolution capabilities.

Deutsche Bank submitted its 2020 U.S. Resolution Plan on 29 September 2020. The 2020 U.S. Resolution Plan, like the 2018 U.S. Resolution Plan, described a single point of entry strategy for DB USA Corporation. It also explained how Deutsche Bank remediated the shortcoming and provided an update on the enhancement of its resolutions capabilities. On 9 December 2020, the Federal Reserve Board and FDIC confirmed that the shortcoming previously identified in Deutsche Bank AG's 2018 U.S. Resolution Plan had been remediated. Also on 9 December 2020, the agencies finalized guidance for the resolution plans of certain large foreign banks, including Deutsche Bank AG. In that guidance, the agencies tailored their expectations around resolution capital and liquidity, derivatives and trading activity, as well as payment, clearing, and settlement activities. The agencies also provided information for large banks, including Deutsche Bank AG, which will inform the content of their next U.S. Resolution Plans, which now are due 17 December 2021. In particular, these 'targeted' plans (which are subsets of a full resolution plan) will be required to include core elements of a firm's resolution strategy – such as capital, liquidity, and recapitalization

strategies – as well as how each firm has integrated changes to and lessons learned from its response to the COVID-19 pandemic into its resolution planning process. If the Federal Reserve Board and the FDIC were to jointly deem Deutsche Bank's U.S. Resolution Plan not credible and Deutsche Bank failed to remediate any deficiencies in the required timeframe prescribed by the Federal Reserve Board and FDIC, these agencies could impose restrictions on Deutsche Bank or require the restructuring or reorganization of businesses, legal entities, operational systems and/or intra-company transactions which could negatively impact our operations and/or strategy. Additionally, the Federal Reserve Board and FDIC could also subject Deutsche Bank to more stringent capital, leverage or liquidity requirements, or require Deutsche Bank to divest certain assets or operations.

Both DB USA Corporation and DWS USA Corporation were subject to the Federal Reserve Board's Comprehensive Capital Analysis and Review ("**CCAR**") for 2020. On 25 June 2020, the Federal Reserve Board publicly indicated that it did not object to the 2019 capital plans submitted by DB USA Corporation and DWS USA Corporation. In June 2020, the Federal Reserve Board also publicly disclosed aggregated results of a sensitivity analysis aimed at gauging the ongoing economic impact of the COVID-19 outbreak on CCAR firms. Each CCAR firm was required to resubmit its capital plan in November 2020 based on additional economic scenarios provided by the Federal Reserve Board to assess the potential impact of the ongoing COVID-19 outbreak. DB USA Corporation and DWS USA Corporation will make their next capital plan submissions to the Federal Reserve Board in April 2021. If the Federal Reserve Board were to object to these capital plans we could be required to increase capital or restructure businesses in ways that may negatively impact our operations and strategy or could be subject to restrictions on growth in the United States.

On 4 March 2020, the Federal Reserve Board issued a rule to amend its CCAR process to combine the CCAR quantitative assessment and the buffer requirements in the Federal Reserve Board's capital rules to create an integrated capital buffer requirement. This final rule has eliminated the quantitative and qualitative 'pass/fail' assessments from CCAR and modifies the static capital conservation buffer to incorporate an institution-specific stress capital buffer ("**SCB**"), which is floored at 2.5%. The stress capital buffer equals (i) a bank holding company's projected peak-to-trough decline in common equity tier 1 under the annual CCAR supervisory severely adverse stress testing scenario prior to any planned capital actions, plus (ii) one year of planned common stock dividends. The stress capital buffer will be reset each year. On 10 August 2020, the Federal Reserve Board announced an SCB for each CCAR firm based on 2020 supervisory stress testing results conducted as part of CCAR, which for DB USA Corporation was 7.8 % and for DWS USA Corporation was 2.5 %. The first SCB became effective 1 October 2020 and would generally remain in effect until 30 September 2021, at which point the size of the SCB for each bank will be recalibrated based on the results of the 2021 stress tests. On 18 December 2020, the Federal Reserve Board released certain information related to this second round of bank stress tests, and indicated that it is extending, through 31 March 2021, the time period for notifying CCAR firms whether the Federal Reserve Board will recalculate a firm's SCB. The Federal Reserve Board also announced it is limiting CCAR firms' distributions in the first quarter of 2021. Under these restrictions, IHCs, such as DB USA Corporation and DWS USA Corporation, may make certain capital distributions in the first quarter of 2021, provided that the distributions paid in the final three quarters of 2020 and the first quarter of 2021, in the aggregate, do not exceed the amount of net income the IHC has earned in the preceding four calendar quarters.

The U.S. federal bank regulators in 2013 issued final rules implementing elements of the Basel 3 capital adequacy framework that are applicable to U.S. banking organizations.

In September 2014, the Federal Reserve Board and other U.S. regulators approved a final rule implementing liquidity coverage ratio ("**LCR**") requirements for large U.S. bank holding companies and certain of their subsidiary depository institutions that are generally consistent with the Basel Committee's revised Basel 3 liquidity standards. DB USA Corporation and our principal U.S. bank subsidiary, Deutsche Bank Trust Company Americas ("**DBTCA**"), became subject to the full LCR requirements on 1 April 2017 and DWS USA Corporation became subject to LCR requirements on a phased-in basis upon its formation in April 2018. The Tailoring Rules reduced the LCR requirements applicable to DB USA Corporation, DWS USA Corporation and DBTCA from 100 to 85 per cent. beginning on 1 January 2020.

On 20 October 2020, the Federal Reserve Board and other U.S. regulators finalized rules implementing the second element of the Basel 3 liquidity framework, the net stable funding ratio ("**NSFR**"). Under the Tailoring Rules, DB USA Corporation, DWS USA Corporation and DBTCA would be subject to an 85 per cent. NSFR so long as our IHCs' combined weighted short term wholesale funding remains below U.S.\$ 75 billion. Firms will be required to calculate the NSFR and meet the minimum required ratios by 1 July 2021 with public reporting beginning in 2023.

On 15 December 2016, the Federal Reserve Board adopted final rules that implement the FSB's TLAC standard in the United States. The final rules require, among other things, U.S. IHCs of non-U.S. G-SIBs, including our IHCs, DB USA Corporation and DWS USA Corporation to maintain a minimum amount of TLAC, and separately require them to maintain a minimum amount of long-term debt meeting certain requirements.

U.S. rules and interpretations, including those described above, could cause us to reduce assets held in the United States, inject capital and/or liquidity into or otherwise change the structure of our U.S. operations, and could also restrict the ability of our U.S. subsidiaries to pay dividends to us or the amount of such dividends. To the extent that we are required to reduce operations in the United States or deploy capital or liquidity in the United States that could be deployed more profitably elsewhere, these requirements could have an adverse effect on our business, financial condition and results of operations.

Any increased capital or liquidity requirements, including those described above, could have adverse effects on our business, financial condition and results of operations, as well as on perceptions in the market of our stability, particularly if any such requirement results in our having to raise capital at a time when we or the financial markets are distressed, or take other measures to increase liquidity in certain jurisdictions due to local requirements. The measures we might be required or find necessary to take in response to these shifting local requirements may be inconsistent with, and hinder the achievement of our strategic goals. In addition, if these regulatory requirements must be implemented more quickly than currently foreseen, we may decide that the quickest and most reliable path to compliance is to reduce the level of assets on our balance sheet, dispose of assets or otherwise segregate certain activities or reduce or close down certain business lines. The effects on our capital raising efforts in such a case could be amplified due to the expectation that our competitors, at least those subject to the same or similar capital requirements, would likely also be required to raise capital at the same time. Moreover, some of our competitors, particularly those outside the European Union, may not face the same or similar regulations, which could put us at a competitive disadvantage.

In addition to these regulatory initiatives, market sentiment may encourage financial institutions such as Deutsche Bank to maintain significantly more capital, liquidity and loss-absorbing capital instruments than the regulatory-mandated minima, which could exacerbate the effects on us described above or, if we do not increase our capital to the encouraged levels, could lead to the perception in the market that we are undercapitalized relative to our peers generally.

It is unclear whether the U.S. capital and other requirements described above, as well as similar developments in other jurisdictions could lead to a fragmentation of supervision of global banks that could adversely affect our reliance on regulatory waivers allowing us to meet capital adequacy requirements, large exposure limits and certain organizational requirements on a consolidated basis only rather than on both a consolidated and non-consolidated basis. Should we no longer be entitled to rely on these waivers, we would have to adapt and take the steps necessary in order to meet regulatory capital requirements and other requirements on a consolidated as well as a non-consolidated basis, which could result also in significantly higher costs and potential adverse effects on our profitability and dividend paying ability.

**Regulatory capital and liquidity ratios:** Our regulatory capital and liquidity ratios and our funds available for distributions on our shares or regulatory capital instruments will be affected by our business decisions and, in making such decisions, our interests and those of the holders of such instruments may not be aligned, and we may make decisions in accordance with applicable law and the terms of the relevant instruments that result in no or lower payments being made on our shares or regulatory capital instruments.

Our regulatory capital and liquidity ratios are affected by a number of factors, including decisions we make relating to our businesses and operations as well as the management of our capital position, of our risk weighted assets and of our balance sheet in general, and external factors, such as regulations regarding the risk weightings we are permitted to allocate to our assets, commercial and market risks or the costs of our legal or regulatory proceedings. While we and our management are required to take into account a broad range of considerations in our and their managerial decisions, including the interests of the Bank as a regulated institution and those of our shareholders and creditors, particularly in times of weak earnings and increasing capital requirements, the regulatory requirements to build capital and liquidity may become paramount. Accordingly, in making decisions in respect of our capital and liquidity management, we are not required to adhere to the interests of the holders of instruments we have issued that qualify for inclusion in our regulatory capital, such as our shares or Additional Tier 1 capital instruments. We may decide to refrain from taking certain actions, including increasing our capital at a time when it is feasible to do

so (through securities issuances or otherwise), even if our failure to take such actions would result in a non-payment or a write-down or other recovery- or resolution-related measure in respect of any of our regulatory capital instruments. Our decisions could cause the holders of such regulatory capital instruments to lose all or part of the value of their investments in these instruments due to their effect on our regulatory capital ratios, and such holders will not have any claim against us relating to such decisions, even if they result in a non-payment or a write-down or other recovery- or resolution-related measure in respect of such instruments they hold.

In addition, our annual profit and distributable reserves form an important part of the funds available for us to pay dividends on our shares and make payments on our other regulatory capital instruments, as determined in the case of each such instrument by its terms or by operation of law, and any adverse change in our financial prospects, financial position or profitability, or our distributable reserves, each as calculated on an unconsolidated basis, may have a material adverse effect on our ability to make dividend or other payments on these instruments. In addition, as part of the implementation of our strategy, we may record impairments that reduce the carrying value of subsidiaries on our unconsolidated balance sheet and reduce profits and distributable reserves. Future impairments or other events that reduce our profit or distributable reserves on an unconsolidated basis could lead us to be unable to make such payments in respect of future years in part or at all. In particular, the direct costs of our potential settlements of litigation, enforcement and similar matters, especially to the extent in excess of provisions we have established for them, and their related business impacts, if they occur, could impact such distributable amounts.

In addition, German law places limits on the extent to which annual profits and otherwise-distributable reserves, as calculated on an unconsolidated basis, may be distributed to our shareholders or the holders of our other regulatory capital instruments, such as our Additional Tier 1 capital instruments. Our management also has, subject to applicable law, broad discretion under the applicable accounting principles to influence all amounts relevant for calculating funds available for distribution. Such decisions may impact our ability to make dividend or other payments under the terms of our regulatory capital instruments.

**Resolution legislation:** European and German legislation regarding the recovery and resolution of banks and investment firms could, if steps were taken to ensure our resolvability or resolution measures were imposed on us, significantly affect our business operations, and lead to losses for our shareholders and creditors.

Germany participates in the SRM, which centralizes at a European level the key competences and resources for managing the failure of any bank in member states of the European Union participating in the banking union. The SRM is based on the SRM Regulation and the BRRD, which was implemented in Germany through the German Recovery and Resolution Act. In addition, the German Resolution Mechanism Act (*Abwicklungsmechanismengesetz*) adapted German bank resolution laws to the SRM.

The SRM Regulation and the German Recovery and Resolution Act require the preparation of recovery and resolution plans for banks and grant broad powers to public authorities to intervene in a bank which is failing or likely to fail. For a bank directly supervised by the ECB, such as Deutsche Bank, the Single Resolution Board (referred to as the "**SRB**") assesses its resolvability and may require legal and operational changes to the bank's structure to ensure its resolvability. In the event that such bank is deemed by the ECB or the SRB as failing or likely to fail and certain other conditions are met, the SRB is responsible for adopting a resolution scheme for resolving the bank pursuant to the SRM Regulation. The European Commission and, to a lesser extent, the Council of the European Union, have a role in endorsing or objecting to the resolution scheme proposed by the SRB. The resolution scheme would be addressed to and implemented by the competent national resolution authorities (in Germany, the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, "**BaFin**")) in line with the national laws implementing the BRRD. Resolution measures that could be imposed upon a bank in resolution may include the transfer of shares, assets or liabilities of the bank to another legal entity, the reduction, including to zero, of the nominal value of shares, the dilution of shareholders or the cancellation of shares outright, or the amendment, modification or variation of the terms of the bank's outstanding debt instruments, for example by way of a deferral of payments or a reduction of the applicable interest rate. Furthermore, certain eligible unsecured liabilities, in particular certain senior "non-preferred" debt instruments specified by the German Banking Act, may be written down, including to zero, or converted into equity (commonly referred to as "**bail-in**") if the bank becomes subject to resolution.

The SRM is intended to eliminate, or reduce, the need for public support of troubled banks. Therefore, financial public support for such banks, if any, would be used only as a last resort after having assessed and exploited, to the maximum extent practicable, the resolution powers, including a bail-in. The taking of actions to ensure our resolvability or the exercise of resolution powers by the competent resolution authority could materially affect our

business operations and lead to a significant dilution of our shareholders or even the total loss of our shareholders' or creditors' investment.

**Other regulatory reforms:** Other regulatory reforms adopted or proposed in the wake of the financial crisis – for example, extensive new regulations governing our derivatives activities, compensation, bank levies, deposit protection, data protection or a possible financial transaction tax – may materially increase our operating costs and negatively impact our business model.

Beyond capital requirements and the other requirements discussed above, we are affected, or expect to be affected, by various additional regulatory reforms, including, among other things, regulations governing our derivatives activities, compensation, bank levies, deposit protection including in the event that a compensation case is ascertained, data protection or a possible financial transaction tax.

On 16 August 2012, the EU Regulation on over-the-counter ("**OTC**") derivatives, central counterparties and trade repositories, referred to as European Market Infrastructure Regulation ("**EMIR**"), entered into force. EMIR introduced a number of requirements, including clearing obligations for certain classes of OTC derivatives and various reporting and disclosure obligations. EMIR implementation has led and may lead to changes that may negatively impact our profit margins. The revised Markets in Financial Instruments Directive ("**MiFID II**") and the corresponding Regulation ("**MiFIR**") became applicable to us on 3 January 2018 and provide for, among other things, a trading obligation for those OTC derivatives which are subject to mandatory clearing and which are sufficiently standardized.

In the United States, the Dodd-Frank Act has numerous provisions that affect or may affect our operations. Pursuant to regulations implementing provisions of the Dodd-Frank Act, we provisionally registered as a swap dealer with the U.S. Commodity Futures Trading Commission ("**CFTC**") and became subject to the CFTC's extensive oversight. Regulation of swap dealers by the CFTC imposes numerous corporate governance, business conduct, capital, margin, reporting, clearing, execution and other regulatory requirements on us. It also requires us to comply with certain U.S. rules in some circumstances with respect to transactions conducted outside of the United States or with non-U.S. persons. Although the coverage of EMIR and CFTC regulations implementing the Dodd-Frank Act is in many ways similar, certain swaps may be subject to both regulatory regimes to a significant extent. However, pursuant to the CFTC's guidance on cross-border swaps regulation, there may be instances where we can comply with the requirements of EMIR and MiFID in lieu of complying with the CFTC's requirements. The requirements under the Dodd-Frank Act may adversely affect our derivatives business and make us less competitive, especially as compared to competitors not subject to such regulation.

Additionally, under the Dodd-Frank Act, security-based swaps are subject to a standalone regulatory regime under the jurisdiction of the U.S. Securities and Exchange Commission ("**SEC**"). The SEC has recently adopted supplemental guidance and rule amendments addressing the cross-border application of certain rules regulating security-based swaps. This rulemaking will establish a firm timeline for security-based swap dealer registration. The compliance date for Deutsche Bank to register with the SEC is no earlier than 6 October 2021. This will impose further regulation of our derivatives business.

In addition, the CRR/CRD 4 legislative package provided for executive compensation reforms including caps on bonuses that may be awarded to "material risk takers" and other employees as defined therein and in the German Banking Act and other applicable rules and regulations such as the Remuneration Regulation for Institutions (*Institutsvergütungsverordnung*). Such restrictions on compensation, including the amendments introduced by the banking reform package and any guidelines issued by the European Banking Authority to further implement them, could put us at a disadvantage to our competitors in attracting and retaining talented employees, especially compared to those outside the European Union that are not subject to these caps and other constraints.

Following the financial crisis, bank levies have been introduced in some countries including, among others, Germany and the United Kingdom. We paid € 633 million for bank levies in 2020, € 622 million in 2019 and € 690 million in 2018. Also, we are required to contribute substantially to the Single Resolution Fund under the SRM (which is intended to reach a target level of 1 % of insured deposits of all banks in member states participating in the SRM by the end of 2023) and the statutory deposit guarantee and investor compensation schemes under the recast European Union directive on deposit guarantee schemes ("**DGS Directive**") and the European Union directive on investor compensation schemes. The DGS Directive defines a 0.8 % target level of prefunding by 2024 (similar to resolution funds), which has significantly increased the costs of the statutory deposit protection scheme. In addition, in this context, on 24 November 2015, the European Commission proposed a regulation to establish a European

Deposit Insurance Scheme, or "EDIS", for bank deposits of all credit institutions that are members of any of the current national statutory deposit guarantee schemes of member states participating in the banking union. While the total impact of these future levies cannot currently be quantified, they may have a material adverse effect on our business, financial condition and results of operations in future periods. Failures of banks, resolution measures and a decline of the value of the assets held by the SRM by the relevant DGS can cause an increase of contributions in order to replenish the shortfall.

We are subject to the General Data Protection Regulation ("**GDPR**") which has increased our regulatory obligations in connection with the processing of personal data, including requiring compliance with the GDPR's data protection principles, the increased number of data subject rights and strict data breach notification requirements. The GDPR grants broad enforcement powers to supervisory authorities, including the potential to levy significant fines for non-compliance, and provides for a private right of action for individuals who are affected by a violation of the GDPR. Compliance with the GDPR requires investment in appropriate technical and organizational measures and we may be required to devote significant resources to data protection on an ongoing basis. In the event that we are found to have not met the standards required by the GDPR we may incur damage to our reputation, the imposition by data protection supervisory authorities of significant fines or restrictions on our ability to process personal data, and we may be required to defend claims for compensation brought by affected individuals, all of which could have a material adverse effect on us.

Since the Council of the European Union adopted a decision in January 2013 authorizing EU member states to proceed with the introduction of a financial transaction tax under the European Union's "enhanced cooperation procedure", the EU member states Austria, Belgium, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain have been discussing the introduction of a European financial transaction tax. To date, Italy, France and Spain have introduced a national tax on listed share transactions. It is currently expected that the EU commission will issue a new legislative draft by summer 2024 with the tax being effective as of 2026 if approved by member states. If such a financial transaction tax is ultimately adopted, depending on its final details, it could result in compliance costs.

On 27 November 2019, the European Parliament and the Council adopted the Investment Firm Regulation and the Investment Firm Directive, which will introduce substantive regulatory changes (including to the calculation of capital requirements) in respect of investment firms, such as our subsidiary DWS. The Investment Firm Regulation and the Investment Firm Directive (as implemented into German law) will apply in large part from 26 June 2021.

### ***Risks Relating to Our Internal Control Environment***

**Internal control environment:** A robust and effective internal control environment and adequate infrastructure (comprising people, policies and procedures, processes, controls assurance and IT systems) are necessary to ensure that we conduct our business in compliance with the laws, regulations and associated supervisory expectations applicable to us. We have identified the need to strengthen our internal control environment and infrastructure and have embarked on initiatives to accomplish this. If these initiatives are not successful or proceed too slowly, our reputation, regulatory position and financial condition may be materially adversely affected, and our ability to achieve our strategic ambitions may be impaired.

Our businesses are highly dependent on our ability to maintain a robust and effective internal control environment. This is needed for the Bank to process and monitor, on a daily basis, a wide variety of transactions, many of which are highly complex and occur at high speeds, volumes and frequencies, and across numerous and diverse markets and currencies. Such a robust and effective control environment is in turn dependent on the sufficiency of our infrastructure to support that environment. This infrastructure consists broadly of internal policies and procedures, processes, controls assurance, and the IT systems and employees needed to enforce and enable them. An effective control environment is dependent on infrastructure systems and procedures that cover the processing and settling of transactions; the valuation of assets; the identification, monitoring, aggregation, measurement and reporting of risks and positions against various metrics; the evaluation of counterparties and customers for legal, regulatory and compliance purposes; the escalation of reviews; and the taking of mitigating and remedial actions where necessary. They are also critical for regulatory reporting, data processing and compliance activities.

Both our internal control environment and the infrastructure that underlies it fall short in a number of areas of our standards for completeness and comprehensiveness and are not well integrated across the Bank. Our IT infrastructure, in particular, is fragmented, with numerous distinct platforms, many of which need significant



upgrades, in operation across the Bank. Our business processes and the related control systems often require manual procedures and actions that increase the risks of human error and other operational problems that can lead to delays in reporting information to management and to the need for more adjustments and revisions than would be the case with more seamlessly integrated and automated systems and processes. As a result, it is often difficult and labor-intensive for us to obtain or provide information of a consistently high quality and on a timely basis to comply with regulatory reporting and other compliance requirements or to meet regulatory expectations on a consistent basis and, in certain cases, to manage our risk comprehensively. Furthermore, it often takes intensive efforts to identify, when possible, inappropriate behavior by our staff and attempts by third parties to misuse our services as a conduit for prohibited activities, including those relating to anti-financial crime laws and regulation.

In addition, we may not always have the personnel with the appropriate experience, seniority and skill levels to compensate for shortcomings in our processes and infrastructure, or to identify, manage or control risks, and it often has been difficult to attract and retain the requisite talent. This has impacted our ability to remediate existing weaknesses and manage the risks inherent in our activity. Additionally, despite the lower overall rate of attrition we have experienced during the COVID-19 pandemic, attrition in positions key to improving our control environment remains a risk.

Against this backdrop, our regulators, our Management Board and our Group Audit function have increasingly and more intensively focused on our internal controls and infrastructure through numerous formal reviews and audits of our operations. These reviews and audits have identified various areas for improvement relating to a number of elements of our control environment and infrastructure. These include the infrastructure relating to transaction capturing and recognition, classification of assets, asset valuation frameworks, models, data and process consistency, information security, software license management, payment services, risk identification, measurement and management and other processes required by laws, regulations, and supervisory expectations. They also include regulatory reporting, anti-money laundering ("**AML**"), "know your customer" ("**KYC**"), sanctions and embargoes, market conduct and other internal processes that are aimed at preventing use of our products and services for the purpose of committing or concealing financial crime.

Our principal regulators, including BaFin, the ECB and the Federal Reserve Board, have also conducted numerous reviews focused on our internal controls and the related infrastructure. These regulators have required us formally to commit to remediate our AML and other weaknesses, including the fragmented and manual nature of our infrastructure. For example, on 21 September 2018, BaFin issued an order requiring us to implement measures on specified timelines over the coming months and years to improve our control and compliance infrastructure relating to AML and, in particular, the KYC processes in certain of our businesses. Local regulators in other countries in which we do business also review the sufficiency of our control environment and infrastructure with respect to their jurisdictions. While the overall goals of the various prudential regulators having authority over us in the many places in which we do business are broadly consistent, and the general themes of our deficiencies in internal controls and the supporting infrastructure are similar, the regulatory frameworks applicable to us in the area of internal controls are generally applicable at a national or EU-wide level and are not always consistent across the jurisdictions in which we operate around the world. This adds complexity and cost to our efforts to reduce fragmentation and put in place automated systems that communicate seamlessly and quickly with one another.

In order to improve in the areas discussed above, we are undertaking several major initiatives to enhance the efficacy of the transaction processing environment, strengthen our controls and infrastructure, manage non-financial risks and enhance the skill set of our personnel. We believe that these initiatives will better enable us to avoid the circumstances that have resulted in many of the litigations and regulatory and enforcement investigations and proceedings to which we have been subject, and will improve our ability to comply with laws and regulations and meet supervisory expectations. In particular, we are making efforts to reduce the complexity of our business and to integrate and automate processes and business and second-line controls. We have also exited certain businesses and high-risk countries, selectively off-boarded a number of clients, worked to strengthen our compliance culture and control functions. However, we may be unable to complete these initiatives as quickly as we intend or as our regulators demand, and our efforts may be insufficient to remediate existing deficiencies and prevent future deficiencies or to result in fewer litigations or regulatory and enforcement investigations, proceedings and criticism in the future. We may also, when faced with the considerable expense of these initiatives, fail to provide sufficient resources for them quickly enough or at all, especially during periods when our operating performance and profitability are challenged or when we focus on our cost-savings efforts. The slow pace of our remediation efforts and progress on achieving significant and durable improvements in the areas discussed above may result in regulatory action of the type that has been taken against other financial institutions whose progress regulators have

deemed insufficient or too slow. If we are unable to significantly improve our infrastructure and control environment in a timely manner, we may be subject to fines or penalties, as well as to regulatory intervention in aspects of our businesses. For example, we might feel pressure or be required by our regulators to reduce our exposure to or terminate certain kinds of products or businesses, counterparties or regions, which could, depending on the extent of such requirement, significantly challenge our ability to operate profitably under our current business model.

Regulators can also impose capital surcharges, requiring capital buffers in addition to those directly required under the regulatory capital rules applicable to us, to reflect the additional risks posed by deficiencies in our control environment. In extreme cases, regulators can suspend our permission to operate in the businesses and regions within their jurisdictions or require extensive and costly remedial actions. Furthermore, implementation of enhanced infrastructure and controls may result in higher-than-expected costs of regulatory compliance that could offset or exceed efficiency gains or significantly affect our profitability. Any of these factors could affect our ability to implement our strategy in a timely manner or at all.

**Anti-money laundering and know-your-client processes:** BaFin has ordered us to improve our control and compliance infrastructure relating to our AML and KYC processes, and appointed a special representative to monitor these measures' implementation. Our results of operations, financial condition and reputation could be materially and adversely affected if we are unable to significantly improve our infrastructure and control environment by the set deadline.

On 21 September 2018, BaFin issued an order requiring us to implement measures on specified timelines over the coming months and years to improve our control and compliance infrastructure relating to AML and, in particular, the KYC processes in certain of our businesses. BaFin also appointed KPMG as special representative, reporting to BaFin on a quarterly basis on certain aspects of our compliance and progress with the implementation of these measures. In February 2019, BaFin extended the special representative's mandate to cover our internal controls in the correspondent banking business. Our AML and KYC processes, as well as our other internal processes that are aimed at preventing use of our products and services for the purpose of committing or concealing financial crime and our personnel responsible for our efforts in these areas, continue to be the subject of regulatory scrutiny in a number of jurisdictions, including in the U.S., and other regulators could take actions against us similar to those of BaFin. If we are unable to significantly improve our infrastructure and control environment by the set deadline, our results of operations, financial condition and reputation could be materially and adversely affected. For example, some of our regulators, such as BaFin, would likely impose fines or require us to reduce our exposure to or terminate certain kinds of products or businesses or relationships with counterparties or regions. We may also face additional legal proceedings, investigations or regulatory actions in the future, including in other jurisdictions and/or with respect to matters similar to, or broader than, the September 2018 BaFin order. These could, depending on the extent of any resulting requirements, significantly challenge our reputation and our ability to operate profitably under our current business model.

### ***Risks Relating to Litigation, Regulatory Enforcement Matters and Investigations***

**Litigation environment:** We operate in a highly and increasingly regulated and litigious environment, potentially exposing us to liability and other costs, the amounts of which may be substantial and difficult to estimate, as well as to legal and regulatory sanctions and reputational harm.

The financial services industry is among the most highly regulated industries. Our operations throughout the world are regulated and supervised by the central banks and regulatory authorities in the jurisdictions in which we operate. In recent years, regulation and supervision in a number of areas has increased, and regulators, law enforcement authorities, governmental bodies and others have sought to subject financial services providers to increasing oversight and scrutiny, which in turn has led to additional regulatory investigations or enforcement actions which are often followed by civil litigation. There has been a steep escalation in the severity of the terms which regulators and law enforcement authorities have required to settle legal and regulatory proceedings against financial institutions, with settlements in recent years including unprecedented monetary penalties as well as criminal sanctions. As a result, we may continue to be subject to increasing levels of liability and regulatory sanctions, and may be required to make greater expenditures and devote additional resources to addressing these liabilities and sanctions. Regulatory sanctions may include status changes to local licenses or orders to discontinue certain business practices.

We and our subsidiaries are involved in various litigation proceedings, including civil class action lawsuits, arbitration proceedings and other disputes with third parties, as well as regulatory proceedings and investigations by both civil and criminal authorities in jurisdictions around the world. We expect that the costs to us arising from the resolution of litigation, enforcement and similar matters pending against us to continue to be significant in the near to medium term and to adversely affect our business, financial condition and results of operations. Litigation and regulatory matters are subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. We may settle litigation or regulatory proceedings prior to a final judgment or determination of liability. We may do so for a number of reasons, including to avoid the cost, management efforts or negative business, regulatory or reputational consequences of continuing to contest liability, even when we believe we have valid defenses to liability. We may also do so when the potential consequences of failing to prevail would be disproportionate to the costs of settlement. Furthermore, we may, for similar reasons, reimburse counterparties for their losses even in situations where we do not believe that we are legally compelled to do so. The financial impact of legal risks might be considerable but may be difficult or impossible to estimate and to quantify, so that amounts eventually paid may exceed the amount of provisions made or contingent liabilities assessed for such risks.

Actions currently pending against us or our current or former employees may not only result in judgments, settlements, fines or penalties, but may also cause substantial reputational harm to us. The risk of damage to our reputation arising from such proceedings is also difficult or impossible to quantify.

Regulators have increasingly sought admissions of wrongdoing in connection with settlement of matters brought by them. This could lead to increased exposure in subsequent civil litigation or in consequences under so-called "bad actor" laws, in which persons or entities determined to have committed offenses under some laws can be subject to limitations on business activities under other laws, as well as adverse reputational consequences. In addition, the U.S. Department of Justice ("**DOJ**") conditions the granting of cooperation credit in civil and criminal investigations of corporate wrongdoing on the company involved having provided to investigators all relevant facts relating to the individuals responsible for the alleged misconduct. This policy may result in increased fines and penalties if the DOJ determines that we have not provided sufficient information about applicable individuals in connection with an investigation. Other governmental authorities could adopt similar policies.

In addition, the financial impact of legal risks arising out of matters similar to some of those we face have been very large for a number of participants in the financial services industry, with fines and settlement payments greatly exceeding what market participants may have expected and, as noted above, escalating steeply in recent years to unprecedented levels. The experience of others, including settlement terms, in similar cases is among the factors we take into consideration in determining the level of provisions we maintain in respect of these legal risks. Developments in cases involving other financial institutions in recent years have led to greater uncertainty as to the predictability of outcomes and could lead us to add to our provisions. Moreover, the costs of our investigations and defenses relating to these matters are themselves substantial. Further uncertainty may arise as a result of a lack of coordination among regulators from different jurisdictions or among regulators with varying competencies in a single jurisdiction, which may make it difficult for us to reach concurrent settlements with each regulator. Should we be subject to financial impacts arising out of litigation and regulatory matters to which we are subject in excess of those we have calculated in accordance with our expectations and the relevant accounting rules, our provisions in respect of such risks may prove to be materially insufficient to cover these impacts. This could have a material adverse effect on our results of operations, financial condition or reputation as well as on our ability to maintain capital, leverage and liquidity ratios at levels expected by market participants and our regulators. In such an event, we could find it necessary to reduce our risk weighted assets (including on terms disadvantageous to us) or substantially cut costs to improve these ratios, in an amount corresponding to the adverse effects of the provisioning shortfall.

U.S. Congressional committees and other U.S. governmental entities have sought and may seek information from us concerning potential dealings between us and the U.S. executive branch, former President Trump, his family and other close associates, exposing us in particular to risk to our reputation and potential loss of business as a result of extensive media attention.

A number of media entities have reported that U.S. Congressional committees and other U.S. governmental entities are seeking or may seek information from us concerning, among other things, potential dealings between the Bank and certain members of the executive branch of the U.S. government, former President Trump, his family, and other close associates. Attention surrounding such actual or potential requests and inquiries and our responses can create reputational and other risks that could have a material adverse effect on us. Our policy is to cooperate with all authorized government inquiries.

## ***Risks relating to Nontraditional Credit Business, Accounting, Risk Management and Operations, Benchmark Reforms***

**Nontraditional credit business:** In addition to our traditional banking businesses of deposit-taking and lending, we also engage in nontraditional credit businesses in which credit is extended in transactions that include, for example, our holding of securities of third parties or our engaging in complex derivative transactions. These nontraditional credit businesses materially increase our exposure to credit risk.

As a bank and provider of financial services, we are exposed to the risk that third parties who owe us money, securities or other assets will not perform their obligations. Many of the businesses we engage in beyond the traditional banking businesses of deposit-taking and lending also expose us to credit risk.

In particular, much of the business we conduct through our Investment Bank corporate division entails credit transactions, frequently ancillary to other transactions. Nontraditional sources of credit risk can arise, for example, from holding securities of third parties; entering into swap or other derivative contracts under which counterparties have obligations to make payments to us; executing securities, futures, currency or commodity trades that fail to settle at the required time due to nondelivery by the counterparty or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries; and extending credit through other arrangements. Parties to these transactions, such as trading counterparties, may default on their obligations to us due to bankruptcy, political and economic events, lack of liquidity, operational failure or other reasons.

Many of our derivative transactions are individually negotiated and non-standardized, which can make exiting, transferring or settling the position difficult. Certain credit derivatives require that we deliver to the counterparty the underlying security, loan or other obligation in order to receive payment. In a number of cases, we do not hold, and may not be able to obtain, the underlying security, loan or other obligation. This could cause us to forfeit the payments otherwise due to us or result in settlement delays, which could damage our reputation and ability to transact future business, as well as impose increased costs on us. Legislation in the European Union ("**EMIR**") and the United States (the "**Dodd-Frank Act**") has introduced requirements for the standardization, margining, central clearing and transaction reporting of certain over-the-counter derivatives. While such requirements are aimed at reducing the risk posed to counterparties and the financial system by such derivatives, they may reduce the volume and profitability of the transactions in which we engage, and compliance with such provisions may impose substantial costs on us.

The exceptionally difficult market conditions experienced during the global financial crisis severely adversely affected certain areas in which we do business that entail nontraditional credit risks, including the leveraged finance and structured credit markets, and similar market conditions, should they occur, may do so in the future.

**Fair value accounting:** A substantial proportion of our assets and liabilities comprise financial instruments that we carry at fair value, with changes in fair value recognized in our income statement. As a result of such changes, we have incurred losses in the past, and may incur further losses in the future.

A substantial proportion of the assets and liabilities on our balance sheet comprise financial instruments that we carry at fair value, with changes in fair value recognized in the income statement. Fair value is defined as the price at which an asset or liability could be exchanged in an arm's length transaction between knowledgeable, willing parties, other than in a forced or liquidation sale. If the value of an asset carried at fair value declines (or the value of a liability carried at fair value increases) a corresponding unfavorable change in fair value is recognized in the income statement. These changes have been and could in the future be significant.

Observable prices or inputs are not available for certain classes of financial instruments. Fair value is determined in these cases using valuation techniques we believe to be appropriate for the particular instrument. The application of valuation techniques to determine fair value involves estimation and management judgment, the extent of which will vary with the degree of complexity of the instrument and liquidity in the market. Management judgment is required in the selection and application of the appropriate parameters, assumptions and modeling techniques. If any of the assumptions change due to negative market conditions or for other reasons, subsequent valuations may result in significant changes in the fair values of our financial instruments, requiring us to record losses.

Our exposure and related changes in fair value are reported net of any fair value gains we may record in connection with hedging transactions related to the underlying assets. However, we may never realize these gains, and the fair value of the hedges may change in future periods for a number of reasons, including as a result of deterioration in

the credit of our hedging counterparties. Such declines may be independent of the fair values of the underlying hedged assets or liabilities and may result in future losses.

**Goodwill accounting:** Pursuant to accounting rules, we must periodically test the value of the goodwill of our businesses and the value of our other intangible assets for impairment. In the event such test determines that criteria for impairment exists, we are required under accounting rules to write down the value of such asset. Impairments of goodwill and other intangible assets have had and may have a material adverse effect on our profitability results of operations.

Goodwill arises on the acquisition of subsidiaries and associates and represents the excess of the aggregate of the cost of an acquisition and any non-controlling interests in the acquiree over the fair value of the identifiable net assets acquired at the date of the acquisition. Goodwill on the acquisition of subsidiaries is capitalized and reviewed for impairment annually or more frequently if there are indications that impairment may have occurred. Intangible assets are recognized separately from goodwill when they are separable or arise from contractual or other legal rights and their fair value can be measured reliably. These assets are tested for impairment and their useful lives reaffirmed at least annually. The determination of the recoverable amount in the impairment assessment of non-financial assets requires estimates based on quoted market prices, prices of comparable businesses, present value or other valuation techniques, or a combination thereof, necessitating management to make subjective judgments and assumptions. These estimates and assumptions could result in significant differences to the amounts reported if underlying circumstances were to change.

Impairments of goodwill and other intangible assets have had and may have a material adverse effect on our profitability and results of operations. Impairment of goodwill and other intangible assets was € 1.0 billion in 2019. The announcement of the strategic transformation in July 2019 triggered the impairment review of Deutsche Bank's goodwill. A worsening macro-economic outlook, including interest rate curves, industry-specific market growth corrections, as well as the impact related to the implementation of the transformation strategy resulted in the full impairment of the Wealth Management goodwill of € 545 million in the Private Bank and the Global Transaction Banking and Corporate Finance goodwill of € 492 million in the Corporate Bank in the second quarter of 2019.

**Deferred tax assets:** Pursuant to accounting rules, we must review our deferred tax assets at the end of each reporting period. To the extent that it is no longer probable that sufficient taxable income will be available to allow all or a portion of our deferred tax assets to be utilized, we have to reduce the carrying amounts. These reductions have had and may in the future have material adverse effects on our profitability, equity and financial condition.

We recognize deferred tax assets for future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, unused tax losses and unused tax credits. Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profit will be available against which those unused tax losses, unused tax credits and deductible temporary differences can be utilized. As of 31 December 2020 and 31 December 2019, we recognized deferred tax assets of € 6.1 billion and € 6.0 billion, respectively.

In determining the amount of deferred tax assets, we use historical tax capacity and profitability information and, if relevant, forecasted operating results based upon approved business plans, including a review of the eligible carry-forward periods, available tax planning opportunities and other relevant considerations. The analysis of historical tax capacity includes the determination as to whether a history of recent losses exists at the reporting date, and is generally based on the pre-tax results adjusted for permanent differences for the current and the two preceding financial years. Each quarter, we re-evaluate our estimate related to deferred tax assets, including our assumptions about future profitability. The accounting estimate related to the deferred tax assets depends upon underlying assumptions about the historical tax capacity and profitability information, as well as forecasted operating results based upon approved business plans, which can change from period to period and requires significant management judgment. For example, tax law changes or variances in future projected operating performance could result in an adjustment to the deferred tax assets that would be charged to income tax expense or directly to equity in the period such determination was made.

These adjustments have had and may in the future have material adverse effects on our profitability or equity. In connection with the transformation, the Group adjusted the estimate related to deferred tax assets in affected jurisdictions, such as the UK and the United States, and recognized € 37 million and € 2.8 billion of valuation adjustments for the financial years ended 31 December 2020 and 2019, respectively.

**Pension risks:** We are exposed to pension risks which can materially impact the measurement of our pension obligations, including interest rate, inflation and longevity risks that can materially impact our earnings.

We sponsor a number of post-employment benefit plans on behalf of our employees, including defined benefit plans. Our plans are accounted for based on the nature and substance of the plan. Generally, for defined benefit plans the value of a participant's accrued benefit is based on each employee's remuneration and length of service. We maintain various external pension trusts to fund the majority of our defined benefit plan obligations. Our funding principle is to maintain funding of the defined benefit obligation by plan assets within a range of 90 % to 100 % of the obligation, subject to meeting any local statutory requirements. We have also determined that certain plans should remain unfunded, although their funding approach is subject to periodic review, e.g. when local regulations or practices change. Obligations for our unfunded plans are accrued on the balance sheet. For most of the externally funded defined benefit plans there are local minimum funding requirements. We can decide on any additional plan contributions, with reference to our funding principle. There are some locations, e.g. the United Kingdom, where the trustees and the Bank jointly agree contribution levels. We also sponsor retirement and termination indemnity plans in several countries, as well as some post-employment medical plans for a number of current and retired employees, mainly in the United States. The post-employment medical plans typically pay fixed percentages of medical expenses of eligible retirees after a set deductible has been met.

We develop and maintain guidelines for governance and risk management, including funding, asset allocation and actuarial assumption setting. In this regard, risk management means the management and control of risks for us related to market developments (e.g., interest rate, credit spread, price inflation), asset investment, regulatory or legislative requirements, as well as monitoring demographic changes (e.g., longevity). To the extent that pension plans are funded, the assets held mitigate some of the liability risks, but introduce investment risk. In our key pension countries, our largest post-employment benefit plan risk exposures relate to potential changes in credit spreads, interest rates, price inflation and longevity, although these have been partially mitigated through the investment strategy adopted. Overall, we seek to minimize the impact of pensions on our financial position from market movements, subject to balancing the trade-offs involved in financing post-employment benefits, regulatory capital and constraints from local funding or accounting requirements. All plans are valued annually by independent qualified actuaries using the projected unit credit method, with inputs including the discount rate, inflation rate, rate of increase in future compensation and for pensions in payment and longevity expectations. In 2019, we conducted a review of the mortality assumptions used to determine the defined benefit obligation for its defined benefit pension plans in Germany. The intention of the review was to establish whether the tables "Richttafeln Heubeck 2018G" reflect the best estimate assumption for future mortality of the plan member population. Based on an analysis of mortality experience over the preceding five years, it was concluded that the "Richttafeln" have to be adjusted in order to reflect the underlying mortality of the pension plan population in Germany. This change in actuarial assumptions led to an actuarial loss of € 125 million before taxes as of 31 December 2019 and is reported in the Consolidated Statement of Comprehensive Income in the line item remeasurement gains (losses).

For the Group's most significant pension plans in the key countries, the discount rate used at each measurement date is set based on a high quality corporate bond yield curve, which is derived using a bond universe sourced from reputable third-party index data providers and rating agencies, and reflects the timing, amount and currency of the future expected benefit payments for the respective plan. A review of the Eurozone discount rate derivation was instigated in March 2020 following unprecedented market turmoil, which resulted in several refinements to the methodology being implemented in 2020, initially in the first quarter 2020 and more fundamentally in the fourth quarter 2020 with the introduction of an internally produced DB Proprietary curve, which was employed as the basis for discounting the defined benefit obligation from 31 December 2020. Compared to the curve deployed at 31 December 2019, the DB Proprietary curve results in a defined benefit obligation that is € 20 million higher, with the impact recognized through Other Comprehensive Income. The defined benefit obligation was € 435 million lower as at 31 December 2020 compared to the curve utilized as at 30 June 2020. Due to the change in discount rate methodology and other effects, the Group's net pension liability for the German pension plans was reduced by € 481 million from € 1,355 million as of 31 December 2019 to € 874 million as of 31 December 2020.

Our investment objective in funding the plans and our obligations in respect of them is to protect ourselves from adverse impacts of our defined benefit pension plans on key financial metrics. We seek to allocate plan assets closely to the market risk factor exposures of the pension liability to interest rates, credit spreads and inflation and, thereby, plan assets broadly reflect the underlying risk profile and currency of the pension obligations.

To the extent that the factors that drive our pension liabilities move in a manner adverse to us, or that our assumptions regarding key variables prove incorrect, or that our funding of our pension liabilities does not sufficiently hedge those liabilities, we could be required to make additional contributions or be exposed to actuarial or accounting losses in respect of our pension plans.

**Risk management:** Our risk management policies, procedures and methods leave us exposed to unidentified or unanticipated risks, which could lead to material losses.

The risk management techniques and strategies have not been and may in the future not be fully effective in mitigating our risk exposure in all economic market environments or against all types of risk, including risks that we fail to identify or anticipate. Some of our quantitative tools and metrics for managing risk are based upon our use of observed historical market behavior. We apply statistical and other tools to these observations to arrive at quantifications of our risk exposures. During the financial crisis, the financial markets experienced unprecedented levels of volatility (rapid changes in price direction) and the breakdown of historically observed correlations (the extent to which prices move in tandem) across asset classes, compounded by extremely limited liquidity. In this volatile market environment, our risk management tools and metrics failed to predict some of the losses we have experienced, and they may in the future fail to predict important risk exposures. In addition, our quantitative modeling does not take all risks into account and makes numerous assumptions regarding the overall environment, which may not be borne out by events. As a result, risk exposures have arisen and could continue to arise from factors we did not anticipate or correctly evaluate in our statistical models. This has limited and could continue to limit our ability to manage our risks especially in light of geopolitical developments, many of the outcomes of which are currently unforeseeable. Our losses thus have been and may in the future be significantly greater than the historical measures indicate.

In addition, our more qualitative approach to managing those risks not taken into account by our quantitative methods could also prove insufficient, exposing us to material unanticipated losses. Also, if existing or potential customers or counterparties believe our risk management is inadequate, they could take their business elsewhere or seek to limit their transactions with us. This could harm our reputation as well as our revenues and profits.

**Operational risks:** Operational risks, which may arise from errors in the performance of our processes, the conduct of our employees, instability, malfunction or outage of our IT system and infrastructure, or loss of business continuity, or comparable issues with respect to our vendors, may disrupt our businesses and lead to material losses.

We face operational risk arising from errors, inadvertent or intentional, made in the execution, confirmation or settlement of transactions or from transactions not being properly recorded, evaluated or accounted for. An example of this risk concerns our derivative contracts, which are not always confirmed with the counterparties on a timely basis. For so long as the transaction remains unconfirmed, we are subject to heightened credit and operational risk and in the event of a default may find it more difficult to enforce the contract.

In addition, our businesses are highly dependent on our ability to process manually or through our systems a large number of transactions on a daily basis, across numerous and diverse markets in many currencies. Some of the transactions have become increasingly complex. Moreover, management relies heavily on its financial, accounting and other data processing systems that include manual processing components. If any of these processes or systems do not operate properly, or are disabled, or subject to intentional or inadvertent human error, we could suffer financial loss, a disruption of our businesses, liability to clients, regulatory intervention or reputational damage.

We are also dependent on our employees to conduct our business in accordance with applicable laws, regulations and generally accepted business standards. If our employees do not conduct our business in this manner, we may be exposed to material losses. Furthermore, if an employee's misconduct reflects fraudulent intent, we could also be exposed to reputational damage. We categorize these risks as conduct risk, a term used to describe the risks associated with behavior by employees and agents, including third parties, that could harm clients, customers or the integrity of the markets, such as selling products that are not suitable for a particular customer, fraud, unauthorized trading and failure to comply with applicable regulations, laws and internal policies. U.S. regulators in particular have been increasingly focused on conduct risk, and such heightened regulatory scrutiny and expectations could lead to investigations and other inquiries, as well as remediation requirements, more regulatory or other enforcement proceedings, civil litigation and higher compliance and other risks and costs.

We in particular face the risk of loss events due to the instability, malfunction or outage of our IT system and IT infrastructure, as well as breaches in IT system and infrastructure (including cyber-attacks). Such losses could materially affect our ability to perform business processes and may, for example, arise from the erroneous or delayed execution of processes as a result of system outages, degraded services in systems and IT applications or the inaccessibility of our IT systems. A delay in processing a transaction, for example, could result in an operational loss if market conditions worsen during the period after the error. IT-related errors may also result in the mishandling of confidential information, damage to our computer systems, financial losses, additional costs for repairing systems, reputational damage, customer dissatisfaction or potential regulatory or litigation exposure (including under data protection laws such as the GDPR).

The move across global industries to conduct business from home and away from primary office locations in response to the COVID-19 pandemic continues to put pressure on business practices, and the demand on our technology infrastructure. Additionally, the current situation also exposes us to a greater risk of cyber-attacks, which could lead to technology failures, security breaches, unauthorized access, loss or destruction of data or unavailability of services, as well as increase the likelihood of conduct breaches.

Business continuity risk is the risk of incurring losses resulting from the interruption of normal business activities. We operate in many geographic locations and are frequently subject to the occurrence of events outside of our control. Despite the contingency plans we have in place, our ability to conduct business in any of these locations may be adversely impacted by a disruption to the infrastructure that supports our business, whether as a result of, for example, events that affect our third party vendors or the community or public infrastructure in which we operate. Any number of events could cause such a disruption including deliberate acts such as sabotage, terrorist activities, bomb threats, strikes, riots and assaults on the Bank's staff; natural calamities such as hurricanes, snow storms, floods, disease pandemics (such as the current COVID-19 pandemic) and earthquakes; or other unforeseen incidents such as accidents, fires, explosions, utility outages and political unrest. Any such disruption could have a material adverse effect on our business and financial position.

**Services by third parties:** We utilize a variety of third parties in support of our business and operations. Services provided by third parties pose risks to us comparable to those we bear when we perform the services ourselves, and we remain ultimately responsible for the services such third parties provide. Furthermore, if a third party does not conduct business in accordance with applicable standards or our expectations, we could be exposed to material losses or regulatory action or litigation or fail to achieve the benefits we sought from the relationship.

We utilize a variety of third parties in support of our business and operations. We do so in order to focus on our core competencies and to seek improvements in costs, efficiency and effectiveness in our operations, for instance in connection with our IT modernization efforts. The nature of what we use third parties for has also evolved and now includes more fundamental aspects of services and infrastructure such as "Cloud" internet technology. This in itself represents different risks and requires more robust risk assessments, appropriate contracting and ongoing oversight commensurate with relevant risks. It has also led to an understandable, steady increase in regulation and regulatory scrutiny over how we manage third parties.

Services provided by third parties pose risks to us comparable to those we bear when we perform the services ourselves, and we remain ultimately responsible for the services the third parties provide. We depend on such third parties to conduct their delivery of services in compliance with applicable laws, regulations and generally accepted business standards and in accordance with the contractual terms and service levels they have agreed with us. If the third parties do not conduct business in accordance with these standards, we may be exposed to material losses and could be subject to regulatory action or litigation as well as be exposed to reputational damage. More generally, if a third party relationship does not meet our expectations, we could be exposed to financial risks, such as the costs and expenses associated with migration of the services to another third party and business and operational risks related to the transition, and we could fail to achieve the benefits we sought from the relationship.

**Cyber-attacks:** Our operational systems are subject to an increasing risk of cyber-attacks and other internet crime, which could result in material losses of client or customer information, damage our reputation and lead to regulatory penalties and financial losses.

Among the operational risks we face is the risk of breaches of the security of our or our vendors' computer systems due to unauthorized access to networks or resources, the introduction of computer viruses or malware, or other forms of cybersecurity attacks or incidents. Such breaches could threaten the confidentiality of our or our clients'



data and the integrity of our systems. We devote significant resources toward the protection of our computer systems against such breaches and toward ensuring that our vendors employ appropriate cybersecurity safeguards. To address the evolving cyber threat risk, we have expended significant resources to modify and enhance our protective measures and to investigate and remediate any information security vulnerabilities. These measures, however, may not be effective against the many security threats we face.

The increasing frequency and sophistication of recent cyber-attacks has resulted in an elevated risk profile for many organizations around the world, and significant attention by our management has been paid to the overall level of preparedness against such attacks. Cybersecurity is growing in importance due to factors such as the continued and increasing reliance on our technology environment. We and other financial institutions have experienced attacks on computer systems, including attacks aimed at obtaining unauthorized access to confidential company or customer information or damaging or interfering with company data, resources or business activities, or otherwise exploiting vulnerabilities in our infrastructure. We expect to continue to be the target of such attacks in the future. Although we have to date not experienced any material business impact from these attacks, we may not be able to effectively anticipate and prevent more material attacks from occurring in the future. The move across global industries to conduct business from home and away from primary office locations in response to the COVID-19 pandemic also exposes us to a greater risk of cyber-attacks, which could lead to technology failures, security breaches, unauthorized access, loss or destruction of data or unavailability of services. A successful attack could have a significant negative impact on us, including as a result of disclosure or misappropriation of client or proprietary information, damage to computer systems, an inability to access information technology ("IT") systems, financial losses, remediation costs (such as for investigation and re-establishing services), increased cybersecurity costs (such as for additional personnel, technology, or third-party vendors), personal data breach notification obligations, reputational damage, customer dissatisfaction and potential regulatory or litigation exposure.

**Clearing operations:** The size of our clearing operations exposes us to a heightened risk of material losses should these operations fail to function properly.

We have large clearing and settlement businesses and an increasingly complex and interconnected IT landscape. These give rise to the risk that we, our customers or other third parties could lose substantial sums if our systems fail to operate properly for even short periods. This will be the case even where the reason for the interruption is external to us. In such a case, we might suffer harm to our reputation even if no material amounts of money are lost. This could cause customers to take their business elsewhere, which could materially harm our revenues and profits.

**Benchmark reforms:** Ongoing global benchmark reform efforts, specifically the transition from interbank offered rates to alternative reference rates, including "risk-free-rates" introduce a number of inherent risks to our business and the financial industry. These risks, should they materialize, may have adverse effects on our business, results of operations and profitability.

Regulators and central banks have set the goal of improving the robustness of financial benchmarks, especially interest rate benchmarks. As a result of this initiative, the ongoing availability of LIBOR and other benchmarks (together "**IBORs**") is uncertain. Some reforms have already come into effect (such as the recent Central Counterparties ("**CCP**") switch to Secured Overnight Funding Rate ("**SOFR**") discounting from Fed Funds) while others are still to be implemented or are under consideration. For example, in March 2021, the FCA announced its intention to allow the LIBOR administrator to cease publication of GBP, CHF, JPY, EUR and certain USD settings after 31 December 2021, and additionally to cease publication of the remaining USD LIBOR settings after 30 June 2023. These reforms may cause IBORs to perform differently than in the past, or to disappear entirely, or have other consequences, which cannot be fully anticipated. Regulators such as the FCA and CFTC have strongly urged market participants to transition to alternative risk-free rates ("**RFRs**"). As of 2 October 2019, the administrator of EONIA has changed the way it calculates EONIA, so that it is now based on the "€STR euro short-term rate"; nonetheless, EONIA is scheduled to cease to exist as of 3 January 2022. In 2019, EURIBOR was reformed to comply with the EU financial benchmarks regulation, and continues to be available.

A material portion of our assets and liabilities, including financial instruments we trade and other transactions and services we are involved in, have interest rates that are linked to IBORs that may be subject to potential discontinuation, requiring us to prepare for such discontinuation and for a transition to RFRs. Transition of legacy transactions will depend, in some cases on client engagement and agreement to spread adjustments, which may not be forthcoming. In some cases, transition of legacy products may be hampered by structural factors, such as technical inability to contact numerous bondholders. Those difficult cases are referred to as "tough legacy". To

address tough legacy products, legislative proposals have been made in EU, and passed in the State of New York. In addition, the FCA is consulting on production of "synthetic" LIBORs, which will be calculated according to a different methodology but which may be published to enable roll-off of tough legacy products. The transition and uncertainties around the timing and manner of transition to RFRs represent a number of risks for us, our customers and the financial services industry more widely. The discontinuation of these IBORs and the transition to RFRs pose a variety of risks to us, including the following:

- Legal and compliance risk (including conduct risk) may arise due to possible disputes regarding either the terms of financial contracts with counterparties, or the manner of transition to replacement rates. Many financial instruments linked to IBORs contain provisions for the use of a successor interest rate in the event of the discontinuation of such IBORs, while others do not. In connection with such a discontinuation and transition, the counterparty to the financial instrument may challenge the rate determined for such instrument, particularly if we are involved in the determination or setting of the successor rate, whether in respect of the particular financial instrument or generally. Such disputes could result in litigation or regulatory action founded in claims of breach of contract, anti-trust violations, market abuse and/or other mistreatment of customers.
- Liquidity risk may arise due to slow acceptance, take-up, and development of liquidity in RFR-related products, leading to market dislocation or fragmentation. Additionally, bid/offer spreads may widen impacting funding and collateral postings. Similar risks may apply to IBOR exposure toward the date of any discontinuation, or in relation to tough-legacy products which are locked into synthetic LIBOR, which may perform differently than LIBOR.
- Also, replacement of IBORs with a new benchmark rate, or being locked into a synthetic LIBOR, could adversely impact the value of and return on existing instruments and contracts and the market for securities and other instruments whose returns are linked to IBOR benchmarks.
- Market risk may arise due to interest rate "basis" risks – the risks posed by different interest rate provisions applying to assets than to liabilities – across tenors and currencies, driven by differing fallback methodologies and timings. Different timings of adoption of fallback protocols will create new basis risk and potentially make hedging more costly or less effective, and losses may result from value transfer in the fallback methodology adopted. In the event of discontinuation of IBORs and a transition to a successor interest rate, we may incur losses in respect of our assets and liabilities linked to IBORs if the successor interest rate is not economically equivalent to the discontinued IBORs.
- Introduction of new RFRs will require us to develop new pricing and risk models related to new RFR-linked products. The models we develop may require approval by competent regulators if they differ significantly from existing models, which may introduce delays.
- Finance and tax risk may arise due to the discontinuation of IBORs and transition to RFRs, which could cause hedge accounting items to be derecognized, adversely impacting our profitability or causing us to incur losses. Discontinuation and transition could also pose difficulties for the independent price verification of financial instruments, where market data is unavailable for the new or modified financial instrument. Tax uncertainties could arise, for example, if a discontinuation or transition is viewed as a significant modification of a financial instrument that results in a profit or loss recognition event for tax purposes.
- Technology and operational risk may arise as a result of the complexity of transition processes, which will require collaboration with our regulators and central banks as well as a wide range of market participants. Also, significant change efforts – relating to RFR product development, re-documentation of client contracts and infrastructure change, including to systems, processes and models across the business and our Finance, Risk and Treasury functions –, will be required. There is a risk that not all systems and process dependencies on IBOR availability are identified and remediated. Successful transition processes are, to some extent, dependent on achieving industry and client consensus on standards and conventions, timing and sequencing of transition steps, creation of term versions of the RFRs and the timely re-documenting of client contracts.

It is therefore currently difficult to determine to what extent the changes will adversely affect us, or the costs of implementing any relevant remedial action. Uncertainty as to the nature and extent of such potential changes,

alternative reference rates or other reforms including the potential continuation of the publication of synthetic LIBORs may adversely affect financial instruments using IBORs as benchmarks. The implementation of any alternative RFRs may be impossible or impracticable under the existing terms of such financial instruments and could have an adverse effect on the value of, return on the trading market for certain financial instruments and on our profitability. There is also the risk of an adverse effect to reported performance arising from the transition rules established by accounting bodies.

More broadly, initiatives to reform existing benchmarks and our participation in them, including as benchmark submitter, could potentially expose us to legal, reputational or other risks. In particular, legal and compliance risk (including conduct risk) may arise due to the operational risks of participating in benchmark submissions, either as part of a panel with the requirement to use models and potentially exercise expert judgement or as provider of transactions data to a benchmark administrator.

The necessity and timing of the discontinuation of IBORs, the prospects for transition to RFRs in the various markets in which they would be required, and industry, market and regulatory response, remain uncertain. Also, as mentioned, there are external factors, such as required actions of regulators or counterparties, which create risks that an individual institution, or the industry as a whole, would find difficult to address. Depending how such contingencies develop, and the adequacy of the response of the industry, the market, regulators and us to them, the discontinuation of IBORs and transition to RFRs could have adverse effects on our business, results of operations and profitability.

**Sanctions and embargoes:** We are subject to laws and other requirements relating to financial and trade sanctions and embargoes. If we breach such laws and requirements, we can be subject, and have in the past been subject, to material regulatory enforcement actions and penalties.

We are required to monitor, evaluate, and observe laws and other requirements relating to financial and trade sanctions and embargoes set by the EU, the Deutsche Bundesbank, Germany's Federal Office for Economic Affairs and Export Control, and other authorities, such as the U.S. Treasury Department's Office of Foreign Assets Control ("**OFAC**") and the UK Treasury Department. If we breach such laws and requirements, we can be subject, and have in the past been subject, to material regulatory enforcement actions and penalties.

**U.S. economic sanctions:** Transactions with counterparties in countries designated by the U.S. State Department as state sponsors of terrorism or persons targeted by U.S. economic sanctions may lead potential customers and investors to avoid doing business with us or investing in our securities, harm our reputation or result in regulatory or enforcement action which could materially and adversely affect our business.

We engage or have engaged in a limited amount of business with counterparties, including government-owned or -controlled counterparties, in certain countries or territories that are subject to comprehensive U.S. sanctions, including Iran and Cuba (referred to as "**Sanctioned Countries**"), or with persons targeted by U.S. economic sanctions (referred to as "**Sanctioned Persons**"). U.S. law generally prohibits U.S. persons or any other persons acting within U.S. jurisdiction from doing business with Sanctioned Countries or Sanctioned Persons. Additionally, U.S. indirect or "secondary" sanctions threaten retaliation against certain activities, including categories of transactions with certain entities and countries, by non-U.S. persons entirely outside of U.S. jurisdiction. Thus, U.S. regulations may extend to activities in other geographic areas and by non-U.S. persons depending on the circumstances. Our U.S. subsidiaries, branch offices, and employees are, and our non-U.S. subsidiaries, branch offices, and employees may become, subject to those prohibitions and other regulations.

We are a German bank and our activities with respect to Sanctioned Countries and Sanctioned Persons have been subject to policies and procedures designed to avoid the involvement of persons acting under U.S. jurisdiction in any managerial or operational role and to ensure compliance with United Nations, European Union and German sanctions and embargoes; in reflection of legal developments in recent years, we have further developed our policies and procedures with the aim of ensuring – to the extent legally permitted – compliance with regulatory requirements extending to other geographic areas regardless of jurisdiction. However, should our policies prove to be, or have been, ineffective, we may be subject to regulatory or enforcement action that could materially and adversely affect our reputation, financial condition, or business. We have taken action to reduce the risk of compliance violations. In 2007, our Management Board decided that we will not engage in new business with counterparties in countries such as Iran, Syria, Sudan and North Korea and to exit existing business to the extent legally possible. It also decided to

limit our business with counterparties in Cuba. Iran, North Korea, Syria and Cuba are currently designated as state sponsors of terrorism by the U.S. State Department.

We had a representative office in Tehran, Iran, which we discontinued on 31 December 2007. Our remaining business with Iranian counterparties consisted mostly of participations as lender and/or agent in a few large trade finance facilities arranged before 2007 to finance the export contracts of exporters in Europe and Asia. As of 31 December 2018, those loans were fully paid back, subsequently the majority of the remaining Iranian business consists of legacy contractual obligations related to guarantees. We do not believe our business activities with Iranian counterparties are or had been material to our overall business, with the aforementioned guarantees having notional amounts of substantially less than 0.01 % of our total assets over recent years. As of 31 December 2020, the revenues from such activities represented substantially less than 0.01 % of our total revenues for the year ended 31 December 2020.

As required by Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 (Section 13(r) of the Securities Exchange Act of 1934, as amended) we have disclosed certain information regarding our activities or transactions with persons subject to U.S. sanctions against Iran and other persons subject to such provision.

We are also engaged in a limited amount of business with counterparties domiciled in Cuba, which is not subject to any United Nations, European Union or German embargoes. The business consists of a limited number of letters of credit and of cash payments, each without a U.S. nexus, and it represented substantially less than 0.01 % of our assets as of 31 December 2020. The letters of credit served to finance commercial products such as machinery as well as medical products.

We have set up appropriate processes and procedures aimed at complying with other substantial changes in U.S. economic sanctions that have occurred since 2017. In August 2017, the United States enacted the "Countering America's Adversaries Through Sanctions Act" (referred to as "**CAATSA**"), which codifies existing U.S. sanctions against Russia (including designation of Russian entities under U.S. sanctions), expands U.S. secondary sanctions against Russia, tightens existing sectoral sanctions (targeting specific sectors of the Russian economy), and permits the imposition of sectoral sanctions against additional sectors of the Russian economy. In particular, expanded U.S. secondary sanctions under CAATSA allow for the imposition of U.S. sanctions on non-U.S. entities who engage in "significant" transactions with Russian specially designated nationals ("**SDNs**") or specific entities in the Russian defense and intelligence sectors. We do not believe we have engaged or are currently engaged in any transactions with Russian entities that violate, or are sanctionable under, U.S. sanctions. However, given the broad discretion U.S. authorities have in interpreting and enforcing U.S. sanctions, there can be no assurances that U.S. authorities will not bring enforcement actions against us, or impose secondary sanctions on us for our ongoing activities. Any such actions could have a material impact on our business and harm our reputation. It is also possible that the United States could impose broader sanctions on Russia or Russian entities in the future and that such sanctions could have a material impact on our business activities.

Additionally, since 2017, the U.S. Administration has imposed a number of sanctions against the Government of Venezuela and Venezuelan officials. These sanctions prohibit (beginning on 5 August 2019) virtually all unlicensed transactions involving the Government of Venezuela, including state owned or state controlled companies, and also threaten to impose regulations on (non-U.S.) persons having materially assisted such transactions or dealings. We have taken steps and established processes and procedures aimed at complying with these U.S. sanctions against the Government of Venezuela. In response to these U.S. sanctions, we have wound down several client relationships. With respect to entities of the Government of Venezuela, we are currently only engaged in legacy transactions. We do not believe that any of our remaining activities related to the Government of Venezuela violate U.S. sanctions. However, given the broad discretion U.S. authorities have in interpreting and enforcing U.S. sanctions, there can be no assurances that U.S. authorities do not allege that our ongoing activities violate U.S. sanctions.

Political and trade tensions between the United States and China led to a series of sanctions and countermeasures in 2020 through the end of the Trump Administration in early 2021, some of which are particularly relevant to financial institutions. In November 2020, the United States adopted Executive Order 13959, which restricts and ultimately bars investment by U.S. persons in publicly traded securities of companies the United States determines are affiliated with the Chinese military, as well as related derivatives and indirect investments through funds. These authorities are new and not yet well-defined, and their ultimate impact on financial markets and financial institutions

remains unclear. Given the high complexity of these sanctions regulations, there can be no assurance that U.S. authorities will not consider the control measures which we have taken as insufficient.

We are aware, through press reports and other means, of initiatives by governmental and non-governmental entities in the United States and elsewhere to adopt laws, regulations or policies prohibiting transactions with or investment in, or requiring divestment from, entities doing business with Sanctioned Countries, particularly China, Iran and Russia. Such initiatives may result in our being unable to gain or retain entities subject to such prohibitions as customers or as investors in our securities. In addition, our reputation may suffer due to our association with such countries. Such a result could have significant adverse effects on our business or the price of our securities. It is also possible that new direct or indirect secondary sanctions could be imposed by the United States or other jurisdictions without warning as a result of geopolitical developments.

## **PERSONS RESPONSIBLE, THIRD PARTY INFORMATION AND COMPETENT AUTHORITY APPROVAL**

### ***Persons Responsible***

Deutsche Bank Aktiengesellschaft accepts responsibility for the information contained in this Registration Document. To the best knowledge of Deutsche Bank the information contained in this Registration Document is in accordance with the facts and the Registration Document makes no omission likely to affect its import.

### ***Third Party Information***

Where information has been sourced from a third party, Deutsche Bank confirms that this information has been accurately reproduced and that so far as Deutsche Bank is aware and able to ascertain from information published by such third party no facts have been omitted which would render the reproduced information inaccurate or misleading.

### ***Competent Authority Approval***

This Registration Document has been approved by the CSSF as competent authority under the Prospectus Regulation. The CSSF only approves this Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval shall not be considered as an endorsement of Deutsche Bank that is the subject of this Registration Document. This Registration Document has been drawn up as part of a simplified prospectus in accordance with Art. 14 of the Prospectus Regulation.

## **STATUTORY AUDITORS**

Until 31 December 2019, the independent auditor for the period covered by the historical financial information of Deutsche Bank was KPMG Aktiengesellschaft Wirtschaftsprüfungsgesellschaft ("**KPMG**"). KPMG is a member of the chamber of public accountants (*Wirtschaftsprüferkammer*). With effect as of 1 January 2020, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft ("**EY**") has been appointed as independent auditor. EY is a member of the chamber of public accountants (*Wirtschaftsprüferkammer*).

## **INFORMATION ABOUT DEUTSCHE BANK**

Deutsche Bank Aktiengesellschaft (commercial name: Deutsche Bank) is a credit institution and a stock corporation incorporated in Germany and accordingly operates under the laws of Germany. The Legal Entity Identifier (LEI) of Deutsche Bank is 7LTFWZYICNSX8D621K86. The Bank has its registered office in Frankfurt am Main, Germany. It maintains its head office at Taunusanlage 12, 60325 Frankfurt am Main, Germany, telephone: +49-69-910-00, [www.db.com](http://www.db.com) (information shown on the Bank's website does not form part of this Registration Document, unless that information is incorporated by reference into this Registration Document).

## **BUSINESS OVERVIEW**

### ***Principal activities***

The objects of Deutsche Bank, as laid down in its Articles of Association, include the transaction of all kinds of banking business, the provision of financial and other services and the promotion of international economic relations.

The Bank may realise these objectives itself or through subsidiaries and affiliated companies. To the extent permitted by law, the Bank is entitled to transact all business and to take all steps which appear likely to promote the objectives of the Bank, in particular to acquire and dispose of real estate, to establish branches at home and abroad, to acquire, administer and dispose of participations in other enterprises, and to conclude enterprise agreements.

Deutsche Bank maintains its head office in Frankfurt am Main and branch offices in Germany and abroad including in London, New York, Sydney, Tokyo, Hong Kong and an Asia-Pacific Head Office in Singapore which serve as hubs for its operations in the respective regions.

Deutsche Bank is organized into the following segments:

- Corporate Bank (CB);
- Investment Bank (IB);
- Private Bank (PB);
- Asset Management (AM);
- Capital Release Unit (CRU); and
- Corporate & Other (C&O).

In addition, Deutsche Bank has a country and regional organizational layer to facilitate a consistent implementation of global strategies.

The Bank has operations or dealings with existing and potential customers in most countries in the world. These operations and dealings include working through:

- subsidiaries and branches in many countries;
- representative offices in many other countries; and
- one or more representatives assigned to serve customers in a large number of additional countries.

The following paragraphs describe the business operations in the different segments:

### **Corporate Bank**

The Corporate Bank (CB) comprises Global Transaction Banking as well as Commercial Banking in Germany. The segment is primarily focused on serving corporate clients, including the German "Mittelstand", larger and smaller sized commercial clients in Germany as well as multinational companies. It is also a partner to financial institutions with regards to certain Transaction Banking services. Global Transaction Banking consists of the four businesses Cash Management, Trade Finance & Lending, Trust & Agency Services and Securities Services. Commercial Banking provides integrated expertise and a holistic product offering across the Deutsche Bank and Postbank brands in Germany.

### **Investment Bank**

The Investment Bank (IB) combines Deutsche Bank's Fixed Income, Currency (FIC) Sales & Trading and Origination & Advisory as well as Deutsche Bank Research. It focuses on its traditional strengths in financing, advisory, fixed income and currencies, bringing together wholesale banking expertise across coverage, risk management, sales and trading, investment banking and infrastructure.

FIC Sales & Trading combines an institutional sales force and research with trading and structuring expertise across Foreign Exchange, Rates, Credit and Emerging Markets. The FIC Sales & Trading business are positioned strategically to respond to increasing automation, regulatory expectations and client demand for standardization and

transparency in execution across credit, fixed income and currency products in industrialized countries and emerging markets.

Origination & Advisory is responsible for Deutsche Bank's debt origination business, mergers and acquisitions (M&A), and a focused equity advisory and origination platform. It is comprised of regional and industry-focused coverage teams, co-led from the bank's hubs in Europe, the U.S. and Asia Pacific that facilitate the delivery of a range of financial products and services to the bank's corporate clients.

### **Private Bank**

The Private Bank (PB) comprises three business units. The Private Bank Germany serves private customers in Germany. The Private and Commercial Business International serves private and small business clients, as well as commercial and corporate clients in Italy, Spain, Belgium and India. In addition, Private Bank covers Wealth Management clients globally.

With its "Deutsche Bank" brand Private Bank Germany focusses on providing its private customers with banking and financial products and services that include sophisticated and individual advisory solutions. The focus of its "Postbank" brand remains on providing Deutsche Bank's retail customers with standard products and daily retail banking services. In cooperation with Deutsche Post DHL AG, Deutsche Bank also offers postal and parcel services in the Postbank brand branches.

Private & Commercial Business International ("**PCBI**") provides banking and other financial services to private and commercial clients in Italy, Spain, Belgium and India with some variations in the product offering among countries that are driven by local market, regulatory and customer requirements.

Wealth Management ("**WM**") serves wealthy individuals and families as well as entrepreneurs and foundations. It supports clients in planning, managing and investing their wealth, financing their personal and business interests and servicing their institutional and corporate needs. The unit also provides institutional-type services for sophisticated clients and complements its offerings by closely collaborating with the Investment Bank, the Corporate Bank and Asset Management.

As announced in June 2020, Deutsche Bank has decided to combine WM and PCBI into one unit, the International Private Bank ("**IPB**"). This will allow Deutsche Bank to centralize its product and infrastructure activities to maximize economies of scale and scope.

### **Asset Management**

Asset Management (AM) operates under the DWS brand. AM provides investment solutions to individual investors and institutions with a diversified range of Active, Passive and Alternative Asset Management products and services.

AM's investment offerings span all major asset classes including equity, fixed income, cash and multi asset as well as alternative investments. Deutsche Bank's alternative investments include real estate, infrastructure, private equity, liquid real assets and sustainable investments. Deutsche Banks also offers a range of passive investments. In addition, AM's solution strategies are targeted to client needs that may not be addressed by traditional asset classes alone. Such services include insurance and pension solutions, asset-liability management, portfolio management solutions, asset allocation advisory, structuring and overlay.

### **Capital Release Unit (CRU)**

By establishing the new Capital Release Unit (CRU), Deutsche Bank plans to liberate capital currently consumed by low return assets, businesses with low profitability and businesses no longer deemed strategic. This includes substantially all of Deutsche Bank's Equities Sales & Trading business, lower yielding fixed income positions, particularly in Rates, the former CIB Non-Strategic portfolio as well as the exited businesses from the Private & Commercial Bank which include Deutsche Bank's retail operations in Portugal and Poland.

## Corporate & Other (C&O)

Corporate & Other includes revenues, costs and resources held centrally that are not allocated to the individual business segments.

## TREND INFORMATION

### **Statement of no Material Adverse Change**

There has been no material adverse change in the prospects of Deutsche Bank since 31 December 2020.

### **Statement of no Significant Change in Financial Performance**

There has been no significant change in the financial performance of Deutsche Bank Group since 31 March 2021.

### **Recent Developments**

Other than the developments mentioned elsewhere in this Registration Document, there have been no recent developments since 31 December 2020.

### **Outlook**

In July 2019, Deutsche Bank announced a strategic transformation to re-focus on delivering sustainable profitability and improved returns for its shareholders. The macroeconomic, fiscal and regulatory environment has since that time changed as a result of the COVID-19 pandemic. This changed environment impacted and may further impact Deutsche Bank's results of operations, capital ratios and the capital plan that underlies its targets, although Deutsche Bank anticipates this impact to be at a lower intensity in 2021 compared to 2020.

Despite the challenges associated with the COVID-19 pandemic, Deutsche Bank intends to continue executing on its strategy in a disciplined manner in 2021 and beyond, by focusing on improving sustainable profitability by growing revenues in its Core Bank while remaining disciplined on costs and capital.

Deutsche Bank's key performance indicators are shown in the table below:

Key Performance Indicators	31 March 2021* (unaudited)	Target Key Performance Indicators 2022
Group Post-tax Return on Average Tangible Equity <sup>1</sup>	7.4 %	8.0 %
Core Bank Post-tax Return on Average Tangible Equity <sup>2</sup>	10.9 %	Above 9.0 %
Adjusted costs <sup>3</sup>	€ 5.3 bn	€ 16.7 bn
Cost income ratio <sup>4</sup>	77.1 %	70.0 %
Common Equity Tier 1 capital ratio	13.7 %	Above 12.5 %
Leverage ratio (fully loaded) <sup>5</sup>	4.6 %	~4.5 %

\* Extracted from the Earnings Report as of 31 March 2021.

<sup>1</sup> Based on Net Income attributable to Deutsche Bank shareholders.

<sup>2</sup> Based on Core Bank Net Income attributable to Deutsche Bank shareholders.

<sup>3</sup> Adjusted costs excluding transformation charges and expenses eligible for reimbursement related to Prime Finance.



- <sup>4</sup> Noninterest expenses as a percentage of total net revenues, which are defined as net interest income before provision for credit losses plus noninterest income.
- <sup>5</sup> On 17 September 2020, the ECB announced its decision to exercise its regulatory discretion declaring exceptional circumstances. This measure allows banks to exclude certain eligible central bank balances from the leverage exposure. Banks will benefit from the relief measure until 27 June 2021, when CRR II comes into force. Leverage Ratio excluding this effect was 4.2 % as at 31 March 2021.

Deutsche Bank is focused on achieving its 2022 financial targets, principally the Post-tax Return on Average Tangible Shareholders' Equity of 8 % for the Group and above 9 % for its Core Bank. In 2021, Deutsche Bank intends to build on the progress made in 2020 including some targeted investments.

In 2021, Group and Core Bank revenues are expected to be essentially flat compared to the prior year as continued headwinds from the low interest rate environment and impacts of the COVID-19 pandemic are expected to be offset by strategic initiatives implemented to enable sustainable revenue growth. Deutsche Bank's improved outlook guidance reflects its strong performance in the first quarter of 2021.

Deutsche Bank aims to further reduce adjusted costs excluding transformation charges and expenses eligible for reimbursement related to Prime Finance in 2021. The decline is expected to result mainly from the run-rate impact of measures already in place as well as execution of further reductions principally in its Infrastructure functions and Private Bank. Deutsche Bank plans incremental investments of approximately € 300 million in 2021, principally in its German IT integration. Deutsche Bank expects transformation related effects of approximately € 1 billion in 2021. Execution on its 2021 cost reduction measures and investment plans remains consistent with its target of € 16.7 billion adjusted costs excluding transformation charges in 2022. Deutsche Bank's target for adjusted costs in 2022 includes assumptions for its contributions to the Single Resolution Fund ("**SRF**") of approximately € 0.3 billion in 2022, reflecting the Single Resolution Board's ("**SRB**") initial target fund size. As communicated by the SRB in 2021, contrary to its assumptions the contributions to the SRF continue to reflect the dynamic interpretation of the target fund size of 1 % of covered deposits as of 2023. A further increase in the SRB's overall target fund size would negatively impact Deutsche Bank's adjusted costs excluding transformation charges target accordingly. An increase in estimated contributions to German deposit protection schemes after the Greensill insolvency led to additional costs in the first quarter of 2021, and Deutsche Bank expects such contributions to impact its costs in the coming quarters as well.

Deutsche Bank expects provisions for credit losses to be significantly lower in 2021 compared to the previous year as a result of an improved economic outlook and continued tight risk management. For the full year 2021, Deutsche Bank expects provisions for credit losses to be around 25 basis points as a percentage of its anticipated average loans.

Deutsche Bank expects its Common Equity Tier 1 ratio ("**CET 1 ratio**") in 2021 to be negatively impacted by pending supervisory decisions and rule changes from final TRIM (targeted review of internal models) decisions and other regulatory Risk-Weighted Assets ("**RWA**") inflation expected in the second quarter of 2021, leading to slightly increasing RWA with a negative impact of approximately 80 basis points on its CET 1 ratio. Otherwise, RWA are expected to be essentially flat with selective growth in its Core Bank and continued de-risking in the Capital Release Unit. Deutsche Bank's Common Equity Tier 1 capital is expected to increase slightly. The CET 1 ratio is expected to remain above 12.5 % in 2021.

Deutsche Bank expects an increase in its Leverage exposure in June 2021 as the temporary exclusion of certain central bank balances after the implementation of the CRR Quick Fix expires and the so-called Standardized Approach for Counterparty Credit Risk ("**SA-CCR**") gets introduced as a new exposure measure. Deutsche Bank expects Leverage exposure in the Capital Release Unit to benefit from the completion of the transfer of Deutsche Bank's Prime Finance platform to BNP Paribas by year-end 2021, although Deutsche Bank will see some inflation during the year due to the implementation of SA-CCR. Leverage exposure reductions in the Capital Release Unit are expected to support selective business deployment in its Core Bank. Consequently, Deutsche Bank expects its Leverage ratio to be slightly lower by year-end 2021 compared to year-end 2020. Deutsche Bank remains committed to achieving its Leverage ratio target of 4.5 % by year-end 2022.

By the nature of its business, Deutsche Bank is involved in litigation, arbitration and regulatory proceedings and investigations in Germany and in a number of jurisdictions outside Germany, especially in the U.S. Such matters are subject to many uncertainties. While Deutsche Bank has resolved a number of important legal matters and made progress on others, Deutsche Bank expects the litigation and enforcement environment to remain challenging. Net litigation charges in 2020 were lower than 2019 levels, to some extent due to matters progressing at a slower pace than expected, which in part was the result of the COVID-19 pandemic. For 2021, and with a caveat that forecasting litigation charges is subject to many uncertainties, Deutsche Bank expects litigation charges, net, to exceed the levels experienced in 2020.

Adjusted costs, Adjusted costs excluding transformation charges, Adjusted costs excluding transformation charges and expenses eligible for reimbursement related to Prime Finance, Post-tax Return on Average Tangible Equity as well as Leverage ratio (fully loaded) are non-GAAP financial measures.

Risks to Deutsche Bank's outlook include potential impacts on its business model from macroeconomic and global geopolitical uncertainty including uncertainty around duration of and recovery from the COVID-19 pandemic. In addition, uncertainty around central bank policies (e.g. the interest rate environment), ongoing regulatory developments (e.g. the finalization of the Basel III framework), event risks and levels of client activity may also have an adverse impact.

### **Corporate Bank**

For Corporate Bank ("**CB**"), Deutsche Bank expects the macroeconomic environment in 2021 to remain challenging as a result of the COVID-19 pandemic and continued interest rate headwinds as a result of the further deterioration of the interest rate environment in the first quarter of 2020. However, the Corporate Bank has been able to largely mitigate these headwinds in 2020 and kept revenues essentially flat by executing on its strategic objectives.

Corporate Bank revenues are expected to be essentially flat in 2021 compared to the prior year as its strategic growth initiatives and benefits from the ECB's targeted longer-term refinancing operations ("**TLTRO III**") program are expected to offset the impacts of the COVID-19 pandemic and the challenging interest rate environment. Deutsche Bank expects Corporate Treasury Services revenues to also stay essentially unchanged, as the benefits of the ECB's TLTRO III program, deposit repricing as well as expected recovery of global business activity in the second half of the year are expected to offset the headwinds from the negative interest rate environment. For Institutional Client Services, revenues are also expected to be essentially flat supported by business growth in Deutsche Bank's Corporate Trust and Depositary Receipts businesses, partially offset by negative effects of interest rate cuts in the U.S. and Asia-Pacific in the first quarter of 2020 and roll-off of specific client mandates in Securities Services. Business Banking revenues are expected to remain essentially unchanged as repricing actions, lending initiatives, the widening of its non-banking offering and benefits from the ECB's TLTRO III program are expected to offset the headwinds of the negative interest rate environment.

Deutsche Bank expects provision for credit losses for the Corporate Bank in 2021 to be lower as a result of the absence of idiosyncratic events in the prior year and the improved macroeconomic outlook.

Noninterest expenses for 2021 are expected to be slightly lower primarily reflecting lower levels of non-operating costs. Adjusted costs excluding transformation charges are expected to stay essentially flat reflecting continuous cost discipline across direct expenses and internal service cost allocations. Deutsche Bank plans to continue to focus on regulatory compliance, know-your-client ("**KYC**") and client on-boarding process enhancement, system stability and control and conduct.

For 2021, Deutsche Bank expects risk-weighted assets in the Corporate Bank to be higher driven by internal model changes in alignment with regulatory requirements, as well as growth of its lending activities.

Risks to the outlook include potential impacts on the business model from macroeconomic and global geopolitical uncertainty including uncertainty around duration of and recovery from the COVID-19 pandemic. In addition, uncertainty around central bank policies (e.g. the interest rate environment), ongoing regulatory developments (e.g., the finalization of the Basel III framework), event risks and levels of client activity may also have an adverse impact.

## Investment Bank

Deutsche Bank expects Investment Bank ("**IB**") revenues to be essentially flat in 2021 compared to the prior year, reflecting the strong performance seen in the first quarter of 2021.

Deutsche Bank expects Sales and Trading ("**FIC**") revenues to remain essentially unchanged in 2021 compared to 2020. Credit Trading has seen a very strong start to the year and will look to develop its product suite further, while Deutsche Bank's Financing business will focus on disciplined risk management and targeted resource deployment. Rates and Global Emerging Markets are both expected to continue to build on the success their refocused businesses had in 2020, while Deutsche Bank's FX business will continue to utilize technology and its partnership with the Corporate Bank. However, Deutsche Bank does not expect these businesses to benefit from the extreme COVID-19 related volatility seen in the first half of last year, as a result, impacting the year over year comparison.

In Origination & Advisory, Deutsche Bank expects revenues to remain essentially unchanged in 2021 compared to 2020. Deutsche Bank expects its Debt Origination business to build on the successes seen in 2020 in Investment Grade debt; however, industry issuance levels and fee pools in this sector are expected to be lower this year. Deutsche Bank's Leveraged Loan business has benefitted from a further reopening of the leveraged loan market in the first quarter and Deutsche Bank expects this to continue. In Equity Origination Deutsche Bank will look to maintain its strength from the first quarter of 2021, which has seen growth across the franchise. In Advisory, investments will be focused upon coverage of growth sectors where Deutsche Bank has a competitive advantage.

Deutsche Bank expects provision for credit losses for the Investment Bank in 2021 to be lower than in the prior year, though still at elevated levels, due to the ongoing impact of the COVID-19 pandemic.

Noninterest expenses in the Investment Bank in 2021 are expected to be broadly flat compared to the previous year. Adjusted cost excluding transformation charges are also planned to be essentially flat. Reductions are expected from the full-year run-rate impact of headcount actions in 2020 and lower non-compensation costs. However, this is expected to be offset by increases to non-operating expenses which benefited from provision releases in 2020.

For 2021, Deutsche Bank expects risk-weighted assets in the IB to be slightly higher, driven by Credit Risk RWA resulting from regulatory inflation. The underlying business growth is expected to be broadly flat for the year.

There are several risks to the outlook in 2021, with the biggest likely to be the uncertainty caused by the ongoing COVID-19 pandemic. The relative success of the various vaccination roll outs across the globe could well have positive or adverse impacts. Increasing levels of default risks, a continued Euro exchange rate appreciation and a soft U.S. dollar could also slow economic recovery. Central bank policies and ongoing regulatory developments also pose risks, while challenges such as event risks and levels of client activity may also have an adverse impact.

## Private Bank

For the Private Bank ("**PB**"), Deutsche Bank assumes that the interest rate environment remains challenging and the COVID-19 pandemic is expected to further impact the levels of its credit loss provisioning in 2021. At the same time, its plans assume a gradual normalization of the market environment and client activity throughout 2021.

In 2021, Private Bank net revenues are expected to remain essentially flat compared to 2020 with continued headwinds from the low interest rate environment offset by business growth, selected re-pricing measures and benefits from the ECB's TLTRO III program.

Revenues for Private Bank Germany should remain essentially flat compared to 2020 as continued headwinds from deposit margin compression and a lower contribution from central treasury allocations are expected to be mitigated by continued growth in the loan businesses, higher fee income from investment and insurance products as well as by continued efforts to implement pricing changes.

In the International Private Bank ("**IPB**"), Deutsche Bank expects revenues to remain essentially unchanged year over year. Continued business growth in investment and loan products partly reflecting the benefits from targeted hiring, especially in the IPB Private Banking and Wealth Management customer segment, are expected to mitigate the headwinds from the lower interest rate environment and lower contribution from the workout of legacy positions.

Deutsche Bank expects to continue to grow its new business volumes in a normalizing market environment. The development of overall Assets under Management volumes will be highly dependent on market parameters, including FX rates and Deutsche Bank expects them to be higher compared to 2020 in a continuously normalizing environment.

Provision for credit losses in the Private Bank are expected to be slightly higher in 2021 reflecting the continued uncertainty around extent, duration and market spillover related to the COVID-19 pandemic as well as selected growth in Deutsche Bank's loan books. This reflects also Deutsche Bank's expectation regarding its customers' ability to pay after leaving legislative and non-legislative moratoria.

RWAs are expected to be higher in 2021 as a result of the implementation of regulatory changes to improve consistency of internal risk models in the industry and the growth in Deutsche Bank's loan book.

Noninterest expenses in Private Bank are expected to be slightly lower in 2021 than in 2020, mainly due to lower transformation related impacts. Synergies from the execution of Deutsche Bank's transformation objectives are expected to increase further in 2021 and are expected to be offset in part by inflationary effects and continued targeted investments. As a result, Deutsche Bank expects adjusted costs excluding transformation charges to remain essentially flat in 2021.

Risks to the outlook include potential impacts on the business model from macroeconomic uncertainties, including uncertainty around duration of and recovery from COVID-19 pandemic, increasing pressure on interest rates in the Eurozone, slower economic growth in its major operating countries and lower client activity. Client activity could be impacted by market uncertainties including higher than expected volatility in equity and credit markets. The implementation of regulatory requirements including consumer protection measures and delays in the implementation of Deutsche Bank's strategic projects could also have a negative impact on its revenues and costs.

## **Asset Management**

Deutsche Bank believes that due to its diverse range of investments and solutions, Asset Management ("AM") is well positioned to grow market share amid the industry growth trends, supported by its broad distribution reach, global footprint and digital capabilities. However, wider industry challenges such as fee compression, rising costs of regulation, competitive dynamics and the economic impact of the COVID-19 pandemic are likely to remain. In the face of these challenges, Deutsche Bank intends to focus on innovative and sustainable products and services where it can differentiate and best serve clients, while also maintaining a disciplined cost approach.

Given the current economic climate, and the trends Deutsche Bank has observed in recent quarters, it expects the revenue environment to remain challenging in the year 2021 amid ongoing margin pressure together with the low interest rate environment.

Full year 2021 revenues in AM are expected to be higher compared to 2020. Management fees are assumed to be higher year over year as Deutsche Bank expects that positive effects resulting from both net inflows and favorable market developments to more than offset fee compression. Performance and transaction fees are expected to be higher compared to 2020, but to remain at 3-5 % of total revenues. Other revenues are expected to be significantly higher, mainly from a projected improvement in the fair value of guarantees.

To ensure Deutsche Bank's business is well protected against potential revenue headwinds, it remains committed to actively managing its costs in 2021 to maintain a relatively stable adjusted cost-income ratio. As a result Deutsche Bank expects noninterest expenses and adjusted costs excluding transformation charges to be slightly higher compared to 2020.

Deutsche Bank expects Assets under Management at the end of 2021 to be slightly higher compared to the end of 2020, driven by net flows. In 2021, Deutsche Bank expects sustained net inflows into targeted growth areas of passive and alternative investments, further enhanced by strategic alliances and product innovations, including further ESG offerings.

Risks to the outlook include macroeconomic and market conditions, growth prospects and continued economic impact from COVID-19 pandemic, which could adversely affect the business, results of operations or strategic plans. Elevated levels of economic and political uncertainty worldwide, and protectionist and anti-trade policies, could have

unpredictable consequences in the economy, market volatility and investors' confidence, which may lead to declines in business and could affect its revenues and profits. In addition, the evolving regulatory framework could lead to unforeseen regulatory compliance costs and possible delays in the implementation of Deutsche Bank's efficiency measures, which could adversely impact its cost base.

### **Capital Release Unit**

In 2021, Capital Release Unit ("**CRU**") intends to continue to execute its defined asset reduction programs and the transition of Deutsche Bank's Prime Finance and Electronic Equities clients and staff, while continuing to align cost reductions to asset disposals.

In 2021, Deutsche Bank expects the Capital Release Unit to report negative revenues driven by de-risking impacts, funding costs, hedging costs and mark to market impacts and which will be partially offset by positive revenues related to the reimbursement of Prime Finance operating costs and a modest income from loan portfolios.

Noninterest expenses for 2021 are expected to be lower than in 2020. Adjusted costs excluding transformation charges are expected to be lower driven by lower service cost allocations, lower non-compensation costs and lower compensation costs.

Further expense management initiatives in 2021 are focused on reduction of business-aligned infrastructure expenditure resulting from exited businesses and locations, headcount reductions and reduction of non-compensation spend.

For 2021, Deutsche Bank will continue to execute towards its RWA and Leverage Exposure targets. Deutsche Bank expects RWA to be lower year over year and Leverage exposure to be significantly lower. However, Deutsche Bank expects CRU to see additional leverage exposure in the first half of 2021 due to incremental Central Liquidity Reserve allocations and from the implementation of the Standardized Approach to Counterparty Credit Risk ("**SA-CCR**").

Deutsche Bank plans to also continue with the transition of its Prime Finance and Electronic Equities staff, clients, and related positions. Deutsche Bank expects this transition to conclude by the end of 2021, resulting in lower costs, revenue, Leverage exposure and RWA.

Risks to the outlook include that the speed and cost of the asset reductions could be affected by adverse developments or market uncertainties, including from COVID-19, higher than expected volatility in equity and credit markets and lack of counterparty appetite. Delays to the implementation of Deutsche Bank's expense management initiatives could have an adverse impact on its cost base. The transition of Prime Finance and Electronic Equities is dependent upon the readiness of the acquirer, which therefore represents a risk to Deutsche Bank's client/staff transition timeline. Deutsche Bank continues to carefully monitor the legal and regulatory environment as it relates to the foreign currency denominated mortgage portfolio in Poland. Adverse judicial or regulatory developments could have a negative impact on the portfolio.

### **Corporate & Other**

Corporate & Other will continue to be impacted in 2021 by valuation and timing differences on positions that are economically hedged but do not meet the accounting requirements for hedge accounting. Corporate & Other will also be impacted by certain transitional costs relating principally to changes in Deutsche Bank's internal funds transfer pricing ("**FTP**") framework which are expected to be around € 250 million in 2021.

Additionally, Corporate & Other will continue to be impacted by any difference between planned and actual allocations as Infrastructure expenses are allocated to the corporate divisions based on Deutsche Bank's expense plan, with the exception of technology development costs which will be charged based on actual expenditures. Corporate & Other also includes the reversal of non-controlling interests, mainly related to DWS, which are deducted from profit or loss before tax of the divisions.

### **ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT**

In accordance with German law, Deutsche Bank has both a **Management Board** (*Vorstand*) and a **Supervisory**

**Board (Aufsichtsrat).** These Boards are separate; no individual may be a member of both. The Supervisory Board appoints the members of the Management Board and supervises the activities of this Board. The Management Board represents Deutsche Bank and is responsible for the management of its affairs.

The **Management Board** consists of:

Christian Sewing	Chairman of the Management Board (Chief Executive Officer) Communications and Corporate Social Responsibility (CSR); Research; Group Audit (administratively only, in all other aspects collective responsibility of the Management Board); Political Affairs; Human Resources (incl. Corporate Executive Matters); Global Real Estate
Karl von Rohr	Deputy Chairman of the Management Board (President); Head of Private Bank (PB); Head of Asset Management (AM); Head (CEO) of Region Germany; Head of Region EMEA
Fabrizio Campelli	Head of Investment Bank (IB); Head of Corporate Bank (CB)
Bernd Leukert	Chief Technology, Data and Innovation Officer; Chief Information Office; Chief Technology Office; Technology Infrastructure; Data Governance and Oversight; Chief Data Office; Chief Security Office; Trade Settlement Operations
Stuart Wilson Lewis	Chief Risk Officer (CRO); Business Aligned Risk Management (Divisional CROs); Regional Risk Management (Regional CROs); Enterprise Risk Management (ERM); Model Risk Management (MoRM), Credit Risk Management (CRM); Market & Valuation Risk Management (MVRM); Non-Financial Risk Management (NFRM); Treasury & Liquidity Risk Management (TLRM); Group Strategic Analytics (incl. Risk Methodology); Head of Region UKI (UK & Ireland)
James von Moltke	Chief Financial Officer (CFO); Group Finance; Chief Accounting Officer; Regional Finance (CFO Regions / CFO Americas); Business and Infrastructure Finance (CFOs); Group Tax; Treasury; Investor Relations; Planning and Performance Management
Alexander von zur Mühlen	Head (CEO) of Region APAC
Christiana Riley	Head (CEO) of Region Americas
Rebecca Short	Head of Capital Release Unit (CRU); Chief Transformation Officer (CTO) and Management Board Member for Global Procurement; Transformation Governance and Oversight; Transformation Execution Office; Growth Catalyst Office; Deutsche Bank Management Consulting; Strategic and Competitive Analysis; Global Procurement
Prof. Dr. Stefan Simon	Chief Administrative Officer (CAO); Legal and Group Governance (incl. Data Privacy); Regulatory Affairs; Chief Remediation Office; Compliance; Anti-Financial Crime (AFC); Business Selection and Conflicts Office

The **Supervisory Board** consists of the following members:

Dr. Paul Achleitner	Chairman of the Supervisory Board of Deutsche Bank AG; Member of the Supervisory Board of Bayer Aktiengesellschaft
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Detlef Polaschek*	Deputy Chairman of the Supervisory Board of Deutsche Bank AG; Member of the General Staff Council of Deutsche Bank
Ludwig Blomeyer-Bartenstein*	Spokesperson of the Management and Head of the Market Region Bremen of Deutsche Bank AG; Member of the Supervisory Board of Frowein & Co. Beteiligungs AG; Member of the Board of Directors of Bürgschaftsbank Bremen GmbH
Frank Bsirske*	Deputy Chairman of the Supervisory Board of RWE AG; Deputy Chairman of the Supervisory Board of innogy SE
Mayree Clark	Founder and Managing Partner of Eachwin Capital LP; Member of the Board of Directors, Ally Financial, Inc., Detroit, USA
Jan Duscheck*	Head of national working group Banking, trade union ver.di
Dr. Gerhard Eschelbeck	Chief Information Security Officer of Aurora Innovation, Inc.; Member of the Board of Directors, Onapsis Inc., Boston, USA; Member of the Board of Directors, WootCloud Inc., California, USA
Sigmar Gabriel	Former German Federal Government Minister; Member of the Supervisory Board of GP Günter Papenburg AG; Member of the Supervisory Board of Siemens Energy AG
Timo Heider*	Chairman of the General Staff Council of BHW Bausparkasse AG / Postbank Finanzberatung AG; Chairman of the General Staff Council of PCC Services GmbH der Deutschen Bank; Chairman of the Staff Council of BHW Bausparkasse AG, PCC Services GmbH der Deutschen Bank, Postbank Finanzberatung AG and BHW Holding GmbH; Deputy Chairman of the Group Staff Council of Deutsche Bank AG; Deputy Chairman of the Supervisory Board of BHW Bausparkasse AG; Deputy Chairman of the Supervisory Board of PCC Services GmbH der Deutschen Bank; Deputy Chairman of the Board of Pensionskasse der BHW Bausparkasse AG VVaG
Martina Klee*	Deputy Chairperson of the Staff Council PWCC Center Frankfurt of Deutsche Bank; Member of the Supervisory Board of Sterbekasse für die Angestellten der Deutschen Bank Gruppe VVaG.
Henriette Mark*	Member of the Staff Council Southern Bavaria of Deutsche Bank; Member of the General Staff Council of Deutsche Bank; Member of the Group Staff Council of Deutsche Bank
Gabriele Platscher*	Chairperson of the Staff Council Niedersachsen Ost of Deutsche Bank; Deputy Chairperson of the Supervisory Board of BVV Versicherungsverein des Bankgewerbes a.G.;; Deputy Chairperson of the Supervisory Board of BVV Versorgungskasse des Bankgewerbes e.V.;

	Deputy Chairperson of the Supervisory Board of BVV Pensionsfonds des Bankgewerbes AG
Bernd Rose*	Chairman of the General Staff Council of Postbank Filialvertrieb AG; Member of the Group Staff Council of Deutsche Bank; Member of the European Staff Council of Deutsche Bank; Member of the Supervisory Board of Postbank Filialvertrieb AG; Deputy Chairman of the Supervisory Board of ver.di Vermögensverwaltungsgesellschaft
Gerd Alexander Schütz	Chairman of the Management Board, C-QUADRAT Investment Aktiengesellschaft; Chairman of the Supervisory Board of Cyan AG, Munich, Germany
John Alexander Thain	Member of the Board of Directors, Aperture Investors LLC, New York, USA; Member of the Board of Directors, Uber Technologies, Inc., San Francisco, USA; Chairman of the Board of Directors, Pine Island Capital Partners LLC, Fort Lauderdale, USA; Chairman of the Board of Directors, Pine Island Acquisition Corp., Fort Lauderdale, USA;
Michele Trogni	Operating Partner of Eldridge Industries LLC, Greenwich, Connecticut, USA; Chairperson of the Board of Directors, SE2 LLC, Kansas, USA; Member of the Board of Directors, Horizon Acquisition Corporation, Greenwich, Connecticut, USA
Dr. Dagmar Valcárcel	Member of the Supervisory Board of amedes Holding GmbH
Stefan Viertel*	Head of Institutional Cash Sales & Client Management (& ACO), Hungary, Deutsche Bank AG; Member of the General Staff Council, Staff Council Representative of the Corporate and Investment Bank, Deutsche Bank AG
Dr. Theodor Weimer	Chief Executive Officer, Deutsche Börse AG; Member of the Supervisory Board of Knorr Bremse AG, Munich, Germany
Prof. Dr. Norbert Winkeljohann	Self-employed corporate consultant, Norbert Winkeljohann Advisory & Investments; Chairman of the Supervisory Board of Bayer AG; Member of the Supervisory Board of Georgsmarienhütte Holding GmbH; Chairman of the Supervisory Board of Sievert AG

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\* Elected by the employees in Germany.

The members of the Management Board accept membership on the Supervisory Boards of other corporations within the limits prescribed by law.

The business address of each member of the Management Board and of the Supervisory Board of Deutsche Bank is Taunusanlage 12, 60325 Frankfurt am Main, Germany.



There are no conflicts of interest between any duties carried out on behalf of Deutsche Bank and the private interests or other duties of the members of the Supervisory Board and the Management Board.

Deutsche Bank has issued and made available to its shareholders the declaration prescribed by Sec. 161 of the German Stock Corporation Act (AktG).

## **MAJOR SHAREHOLDERS**

Deutsche Bank is neither directly nor indirectly majority-owned or controlled by any other corporation, by any government or by any other natural or legal person severally or jointly.

Pursuant to German law and Deutsche Bank's Articles of Association, to the extent that the Bank may have major shareholders at any time, it may not give them different voting rights from any of the other shareholders.

Deutsche Bank is not aware of arrangements which may at a subsequent date result in a change of control of the company.

The German Securities Trading Act (*Wertpapierhandelsgesetz*) requires investors in publicly-traded corporations whose investments reach certain thresholds to notify both the corporation and the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) of such change within four trading days. The minimum disclosure threshold is 3 per cent. of the corporation's issued voting share capital. To the Bank's knowledge, there are only six shareholders holding more than 3 per cent. of Deutsche Bank shares or to whom more than 3 per cent. of voting rights are attributed, and none of these shareholders holds more than 10 per cent. of Deutsche Bank shares or voting rights.

## **FINANCIAL INFORMATION CONCERNING DEUTSCHE BANK'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES**

### ***Financial Statements***

Deutsche Bank's consolidated financial statements for the financial year 2020 (as included in the Annual Report 2020 of the Issuer as of 31 December 2020) are incorporated by reference in, and form part of, this Registration Document (see section "Information Incorporated by Reference").

### ***Auditing of Annual Financial Information***

KPMG audited Deutsche Bank's non-consolidated and consolidated financial statements for the fiscal year 2019 in accordance with Directive 2014/56/EU and Regulation (EU) No. 537/2014. EY audited Deutsche Bank's non-consolidated and consolidated financial statements for the fiscal year 2020 in accordance with Directive 2014/56/EU and Regulation (EU) No. 537/2014.

An unqualified auditor's certificate has been provided in each case.

### ***Interim Financial Information***

The unaudited consolidated interim financial information for the three months ended 31 March 2021 (as included in the Earnings Report of the Issuer as of 31 March 2021) is incorporated by reference in, and forms part of, this Registration Document (see section "Information incorporated by reference").

### ***Legal and Arbitration Proceedings***

Deutsche Bank Group operates in a legal and regulatory environment that exposes it to significant litigation risks. As a result, Deutsche Bank Group is involved in litigation, arbitration and regulatory proceedings and investigations in Germany and in a number of jurisdictions outside Germany, including the United States, arising in the ordinary course of business.

Other than set out herein, Deutsche Bank Group is not involved (whether as defendant or otherwise) in, nor does it have knowledge of, any governmental, legal or arbitration proceedings (including any such proceedings which

are pending or threatened of which Deutsche Bank is aware), during a period covering the previous 12 months that may have, or have had in the recent past, a significant effect on the financial position or profitability of the Bank or Deutsche Bank Group.

#### Australian Antitrust Proceedings

In June 2018, the Australian Commonwealth Director of Public Prosecutions ("**CDPP**") filed charges against Deutsche Bank for alleged criminal cartel offenses following a referral by the Australian Competition and Consumer Commission. CDPP alleges that the cartel conduct took place in connection with an institutional share placement by Australia and New Zealand Banking Group Limited in August 2015, on which Deutsche Bank acted as joint underwriter with other banks. CDPP has also charged other banks and individuals, including two former Deutsche Bank employees. Deutsche Bank AG and its former employees have been charged with six offences of making, and giving effect to, anti-competitive arrangements. Deutsche Bank AG and its former employees are defending these charges. The criminal trial in this matter has been scheduled to commence on 4 April 2022 before the Federal Court of Australia.

#### Central Bank of the Republic of China (Taiwan) Foreign Exchange Sanction

On 5 February 2021, the Central Bank of the Republic of China (Taiwan) ("**CBC**") sanctioned Deutsche Bank AG, Taipei Branch ("**DBTP**") and three other banks for engaging in foreign exchange forward transactions with international commodities trading clients in violation of the CBC's Regulations Governing Foreign Exchange Business of Banking Enterprises. While no fine was imposed on DBTP, CBC revoked DBTP's business permission to conduct Taiwan dollar deliverable forward and Taiwan dollar non-deliverable forward business and suspended DBTP's business permission for all foreign exchange related derivatives business for two years. The sanction does not affect performance and settlement of existing trades, nor does it affect DBTP's interbank swap funding transactions. The sanctions take effect from 8 February 2021. DBTP may apply to CBC to reinstate the affected business upon demonstrating concrete remediation measures.

#### Cum-ex Investigations and Litigations

Deutsche Bank has received inquiries from law enforcement authorities, including requests for information and documents, in relation to cum-ex transactions of clients. "**Cum-ex**" refers to trading activities in German shares around dividend record dates (trade date before and settlement date after dividend record date) for the purpose of obtaining German tax credits or refunds in relation to withholding tax levied on dividend payments including, in particular, transaction structures that have resulted in more than one market participant claiming such credit or refund with respect to the same dividend payment. Deutsche Bank is cooperating with the law enforcement authorities in these matters.

The Public Prosecutor in Cologne (*Staatsanwaltschaft Köln*, "**CPP**") has been conducting a criminal investigation since August 2017 concerning two former employees of Deutsche Bank in relation to cum-ex transactions of certain former clients of the Bank. Deutsche Bank is a potential secondary participant pursuant to Sec. 30 of the German Law on Administrative Offences in this proceeding. This proceeding could result in a disgorgement of profits and fines. Deutsche Bank is cooperating with the CPP. At the end of May and beginning of June 2019, the CPP initiated criminal investigations against further current and former employees of Deutsche Bank and five former Management Board members. In July 2020, in the course of inspecting the CPP's investigation file, Deutsche Bank learned that the CPP had further extended its investigation in June 2019 to include further current and former DB personnel, including one former Management Board member and one current Management Board member. Very limited information on the individuals was recorded in the file. The investigation is still at an early stage and the scope of the investigation may be further broadened.

Deutsche Bank acted as participant in and filed withholding tax refund claims through the electronic refund procedure (*elektronisches Datenträgerverfahren*) on behalf of, inter alia, two former custody clients in connection with their cum-ex transactions. In February 2018, Deutsche Bank received from the German Federal Tax Office (*Bundeszentralamt für Steuern*, "**FTO**") a demand of approximately € 49 million for tax refunds paid to a former custody client. Deutsche Bank expects to receive a formal notice for the same amount. On 20 December 2019, Deutsche Bank received a liability notice from the FTO requesting payment of € 2.1 million by 20 January 2020 in connection with tax refund claims Deutsche Bank had submitted on behalf of another former custody client. On 20 January 2020, Deutsche Bank made the requested payment and filed an objection against the liability notice.

Deutsche Bank filed the reasoning for the objection on 19 June 2020. On 3 December 2020, Deutsche Bank received another hearing letter from the FTO in relation to the € 2.1 million liability notice to which Deutsche Bank responded on 16 April 2021.

By letter dated 26 February 2018, The Bank of New York Mellon SA/NV ("**BNY**") informed Deutsche Bank of its intention to seek indemnification for potential cum-ex related tax liabilities incurred by BHF Asset Servicing GmbH ("**BAS**") and/or Frankfurter Service Kapitalanlage-GmbH ("**Service KAG**", now named BNY Mellon Service Kapitalanlage-Gesellschaft mbH). Deutsche Bank had acquired BAS and Service KAG as part of the acquisition of Sal. Oppenheim in 2010 and sold them to BNY in the same year. BNY estimates the potential tax liability to amount to up to € 120 million (excluding interest of 6 per cent p.a.). In November and December 2020 counsel to BNY informed Deutsche Bank that BNY and / or Service KAG (among others) have received notices from tax authorities in the estimated amount with respect to cum-ex related trades by certain investment funds in 2009 and 2010. BNY has filed objections against the notices.

On 6 February 2019, the Regional Court (*Landgericht*) Frankfurt am Main served Deutsche Bank with a claim by M.M.Warburg & CO Gruppe GmbH and M.M.Warburg & CO (AG & Co.) KGaA (together "**Warburg**") in connection with cum-ex transactions of Warburg with a custody client of Deutsche Bank during 2007 to 2011. Warburg claims from Deutsche Bank indemnification against German taxes in relation to transactions conducted in the years 2007 to 2011. Further, Warburg claims compensation of unspecified damages relating to these transactions. Based on the tax assessment notices received for 2007 to 2011, Warburg is claiming a total of € 250 million (of which € 166 million is in relation to taxes and € 84 million is in relation to interest). On 20 March 2020, Warburg extended its claim against Deutsche Bank to indemnify Warburg in relation to the € 176 million (of which € 166 million is in relation to taxes and € 10 million is in relation to interest) confiscation order issued by the Regional Court Bonn in the criminal cum-ex trial on 18 March 2020 regarding the same transactions. On 23 September 2020 the Frankfurt Regional Court fully dismissed Warburg's claim against Deutsche Bank on the grounds that Warburg as the tax debtor (*Steuerschuldner*) is primarily liable and cannot request payment from Deutsche Bank. The court further held that any claims are time-barred. On 29 October 2020, Warburg appealed the decision with the Higher Regional Court (*Oberlandesgericht*) Frankfurt am Main. Deutsche Bank responded to Warburg's appellate brief on 12 April 2021.

On 25 January 2021, the Regional Court (*Landgericht*) Hamburg served Deutsche Bank with a claim by Warburg Invest Kapitalanlagegesellschaft mbH ("**Warburg Invest**") in relation to transactions of two investment funds in 2009 and 2010, respectively. Warburg Invest was fund manager for both funds. Warburg Invest claims, from Deutsche Bank together with several other parties as joint and several debtors (*Gesamtschuldner*), indemnification against German taxes in relation to cum-ex transactions conducted by the two funds. Further, Warburg Invest claims compensation of unspecified damages relating to these transactions. In November 2020, Warburg Invest received a tax liability notice from tax authorities for one of the funds in the amount of € 61 million. Based on publicly available information Deutsche Bank estimates the tax amount for the second fund to be approximately € 49 million. Warburg Invest filed its claim against several parties including Deutsche Bank *inter alia* based on an allegation of intentional damage contrary to public policy (Sec. 826 German Civil Code) and the accusation that Deutsche Bank participated in a business model that was contrary to public policy (*sittenwidriges Geschäftsmodell*).

On 26 February 2021, the Regional Court (*Landgericht*) Frankfurt am Main served Deutsche Bank with a claim by Seriva Vermögensverwaltungs GmbH ("**Seriva**"). Seriva is requesting that Deutsche Bank reissue certain tax certificates (*Steuerbescheinigungen*) that Deutsche Bank withdrew in April 2017 in light of Seriva's cum-ex transactions. Deutsche Bank responded to Seriva's statement of claim on 6 April 2021.

The Group has not disclosed whether it has established a provision or contingent liability with respect to these matters because it has concluded that such disclosure can be expected to prejudice seriously their outcome.

#### Danske Bank Estonia Investigations

Deutsche Bank has received requests for information from regulatory and law enforcement agencies concerning the Bank's former correspondent banking relationship with Danske Bank, including the Bank's historical processing of correspondent banking transactions on behalf of customers of Danske Bank's Estonia branch prior to cessation of the correspondent banking relationship with that branch in 2015. Deutsche Bank is providing information to and otherwise cooperating with the investigating agencies. The Bank has also completed an internal

investigation into these matters, including of whether any violations of law, regulation or Bank policy occurred and the effectiveness of the related internal control environment. Additionally, on 24 and 25 September 2019, based on a search warrant issued by the Local Court (*Amtsgericht*) in Frankfurt, the Frankfurt public prosecutor's office ("**FPP**") conducted investigations into Deutsche Bank. The investigations were in connection with suspicious activity reports relating to potential money laundering at Danske Bank. On 13 October 2020, the FPP closed its criminal investigation because the FPP did not find sufficient evidence to substantiate the money laundering suspicion. However, the Bank agreed to pay an administrative fine of € 13.5 million to the FPP for failing to submit suspicious activity reports ("**SARs**") in Germany in a timely fashion, which Deutsche Bank paid in the fourth quarter of 2020.

On 7 July 2020, the New York State Department of Financial Services ("**DFS**") issued a Consent Order, finding that Deutsche Bank violated New York State banking laws in connection with its relationships with three former Deutsche Bank clients, Danske Bank's Estonia branch, Jeffrey Epstein and FBME Bank, and imposing a U.S.\$150 million civil penalty in connection with these three former relationships, which Deutsche Bank paid in the third quarter of 2020.

The remaining investigations relating to Danske Bank's Estonia branch are ongoing.

On 15 July 2020, Deutsche Bank was named as a defendant in a securities class action filed in the U.S. District Court for the District of New Jersey, alleging that the Bank made material misrepresentations regarding the effectiveness of its anti-money laundering ("**AML**") controls and related remediation. The complaint cites allegations regarding control deficiencies raised in the DFS Consent Order related to the Bank's relationships with Danske Bank's Estonia branch, Jeffrey Epstein and FBME Bank. On 30 September 2020, the plaintiff filed an amended complaint that included additional allegations regarding the effectiveness of Deutsche Bank's AML controls. On 28 December 2020, the court appointed lead plaintiff and lead counsel. Lead plaintiff filed a second amended complaint on 1 March 2021. The Bank's motion to dismiss was due by 15 April 2021, with briefing on the motion to conclude by 1 July 2021.

The Group has not established a provision or contingent liability with respect to the remaining Danske Bank Estonia investigations and civil action.

#### FX Derivatives Products Investigations and Litigation

Deutsche Bank has received requests for information from certain regulators in connection with its internal investigation into the historical sales of certain FX derivatives products with a limited number of clients. Deutsche Bank is providing information to and otherwise cooperating with these regulators. Separately, a related claim has been filed in the High Courts of England and Wales by one of the Bank's clients but proceedings have yet to formally commence.

#### FX Investigations and Litigations

Deutsche Bank has received requests for information from certain regulatory and law enforcement agencies globally who investigated trading in, and various other aspects of, the foreign exchange market. Deutsche Bank cooperated with these investigations. Relatedly, Deutsche Bank has conducted its own internal global review of foreign exchange trading and other aspects of its foreign exchange business.

On 19 October 2016, the U.S. Commodity Futures Trading Commission ("**CFTC**"), Division of Enforcement, issued a letter ("**CFTC Letter**") notifying Deutsche Bank that the CFTC Division of Enforcement "is not taking any further action at this time and has closed the investigation of Deutsche Bank" regarding foreign exchange. As is customary, the CFTC Letter states that the CFTC Division of Enforcement "maintains the discretion to decide to reopen the investigation at any time in the future." The CFTC Letter has no binding impact on other regulatory and law enforcement agency investigations regarding Deutsche Bank's foreign exchange trading and practices.

On 7 December 2016, it was announced that Deutsche Bank reached an agreement with CADE, the Brazilian antitrust enforcement agency, to settle an investigation into conduct by a former Brazil-based Deutsche Bank trader. As part of that settlement, Deutsche Bank paid a fine of BRL 51 million and agreed to continue to comply with the CADE's administrative process until it is concluded. This resolves CADE's administrative process as it relates to Deutsche Bank, subject to Deutsche Bank's continued compliance with the settlement terms.

On 13 February 2017, the U.S. Department of Justice ("DOJ"), Criminal Division, Fraud Section, issued a letter ("DOJ Letter") notifying Deutsche Bank that the DOJ has closed its criminal inquiry "concerning possible violations of federal criminal law in connection with the foreign exchange markets." As is customary, the DOJ Letter states that the DOJ may reopen its inquiry if it obtains additional information or evidence regarding the inquiry. The DOJ Letter has no binding impact on other regulatory and law enforcement agency investigations regarding Deutsche Bank's foreign exchange trading and practices.

On 20 April 2017, it was announced that Deutsche Bank AG, DB USA Corporation and Deutsche Bank AG New York Branch reached an agreement with the Board of Governors of the Federal Reserve System to settle an investigation into Deutsche Bank's foreign exchange trading and practices. Under the terms of the settlement, Deutsche Bank entered into a cease-and desist order, and agreed to pay a civil monetary penalty of U.S.\$ 137 million. In addition, the Federal Reserve ordered Deutsche Bank to "continue to implement additional improvements in its oversight, internal controls, compliance, risk management and audit programs" for its foreign exchange business and other similar products, and to periodically report to the Federal Reserve on its progress.

On 20 June 2018, it was announced that Deutsche Bank AG and Deutsche Bank AG New York Branch reached an agreement with the New York State Department of Financial Services ("DFS") to settle an investigation into Deutsche Bank's foreign exchange trading and sales practices. Under the terms of the settlement, Deutsche Bank entered into a consent order, and agreed to pay a civil monetary penalty of U.S.\$ 205 million. In addition, the DFS ordered Deutsche Bank to continue to implement improvements in its oversight, internal controls, compliance, risk management and audit programs for its foreign exchange business, and to periodically report to the DFS on its progress.

Investigations conducted by certain other regulatory agencies are ongoing, and Deutsche Bank has cooperated with these investigations.

On 25 February 2020, plaintiffs in the "Indirect Purchasers" action pending in the U.S. District Court for the Southern District of New York (Contant, et al. v. Bank of America Corp., et al.) informed the court of a global settlement with all eleven defendants remaining in that action, including Deutsche Bank, collectively for U.S.\$ 10 million. Each individual defendant's contribution, including Deutsche Bank's, remains confidential. The court approved the settlement and dismissed with prejudice all claims alleged against Deutsche Bank in that action on 19 November 2020. Filed on 7 November 2018, Allianz, et al. v. Bank of America Corporation, et al., was brought on an individual basis by a group of asset managers who opted out of the settlement in a consolidated action (In re Foreign Exchange Benchmark Rates Antitrust Litigation). Defendants' motion to dismiss was granted and denied in part on 28 May 2020. Plaintiffs filed a third amended complaint on 28 July 2020. Discovery is ongoing.

Deutsche Bank also has been named as a defendant in two Canadian class proceedings brought in the provinces of Ontario and Quebec. Filed on 10 September 2015, these class actions assert factual allegations similar to those made in the consolidated action in the United States and seek damages pursuant to the Canadian Competition Act as well as other causes of action. Plaintiffs' motion for class certification in the Ontario action was granted on 14 April 2020. Discovery is ongoing. Deutsche Bank has also been named as a defendant in an amended and consolidated class action filed in Israel. This action asserts factual allegations similar to those made in the consolidated action in the United States and seeks damages pursuant to Israeli antitrust law as well as other causes of action. This action is in preliminary stages.

On 10 November 2020, Deutsche Bank was named in an action issued in the UK High Court of Justice (Commercial Court) brought by The ECU Group PLC. The claim has not been particularized and is in preliminary stages.

On 11 November 2020, Deutsche Bank was named in an action issued in the UK High Court of Justice (Commercial Court) brought by many of the same plaintiffs who brought *Allianz, et al. v. Bank of America Corporation, et al.* referred to above. The claim has not been particularized, but it is believed to be based upon factual allegations similar to those made in *Allianz, et al. v. Bank of America Corporation, et al.* This action is in preliminary stages.

The Group has not disclosed whether it has established a provision or contingent liability with respect to these matters because it has concluded that such disclosure can be expected to prejudice seriously their outcome.

## Interbank and Dealer Offered Rates Matters

### *Regulatory and Law Enforcement Matters*

Deutsche Bank has responded to requests for information from, and cooperated with, various regulatory and law enforcement agencies, in connection with industry-wide investigations concerning the setting of the London Interbank Offered Rate ("**LIBOR**"), Euro Interbank Offered Rate ("**EURIBOR**"), Tokyo Interbank Offered Rate ("**TIBOR**") and other interbank and/or dealer offered rates.

As previously reported, Deutsche Bank paid € 725 million to the European Commission pursuant to a settlement agreement dated 4 December 2013 in relation to anticompetitive conduct in the trading of interest rate derivatives.

Also as previously reported, on 23 April 2015, Deutsche Bank entered into separate settlements with the DOJ, the CFTC, the UK Financial Conduct Authority ("**FCA**"), and the New York State Department of Financial Services ("**DFS**") to resolve investigations into misconduct concerning the setting of LIBOR, EURIBOR, and TIBOR. Under the terms of these agreements, Deutsche Bank paid penalties of U.S.\$ 2.175 billion to the DOJ, CFTC and DFS and GBP 226.8 million to the FCA. As part of the resolution with the DOJ, DB Group Services (UK) Limited (an indirectly-held, wholly-owned subsidiary of Deutsche Bank) pled guilty to one count of wire fraud in the U.S. District Court for the District of Connecticut and Deutsche Bank entered into a Deferred Prosecution Agreement with a three year term pursuant to which it agreed (among other things) to the filing of an Information in the U.S. District Court for the District of Connecticut charging Deutsche Bank with one count of wire fraud and one count of price fixing in violation of the Sherman Act. On 23 April 2018, the Deferred Prosecution Agreement expired, and the U.S. District Court for the District of Connecticut subsequently dismissed the criminal Information against Deutsche Bank.

Also, as previously reported, on 20 March 2017, Deutsche Bank paid CHF 5.4 million to the Swiss Competition Commission ("**WEKO**") pursuant to a settlement agreement in relation to Yen LIBOR.

On 25 October 2017, Deutsche Bank entered into a settlement with a working group of U.S. state attorneys general resolving their interbank offered rate investigation. Among other conditions, Deutsche Bank made a settlement payment of U.S.\$ 220 million.

Other investigations of Deutsche Bank concerning the setting of various interbank and/or dealer offered rates remain ongoing.

The Group has not disclosed whether it has established a provision or contingent liability with respect to the remaining investigations because it has concluded that such disclosure can be expected to prejudice seriously their outcome.

### *Overview of Civil Litigations*

Deutsche Bank is party to 35 U.S. civil actions concerning alleged manipulation relating to the setting of various interbank and/or dealer offered rates which are described in the following paragraphs, as well as actions pending in each of the UK, Israel, Argentina and Spain. Most of the civil actions, including putative class actions, are pending in the U.S. District Court for the Southern District of New York ("**SDNY**"), against Deutsche Bank and numerous other defendants. All but three of the U.S. civil actions were filed on behalf of parties who allege losses as a result of manipulation relating to the setting of U.S. dollar LIBOR. The three U.S. civil actions pending against Deutsche Bank that do not relate to U.S. dollar LIBOR were also filed in the SDNY, and include one consolidated action concerning Pound Sterling ("**GBP**") LIBOR, one action concerning Swiss franc ("**CHF**") LIBOR, and one action concerning two Singapore Dollar ("**SGD**") benchmark rates, the Singapore Interbank Offered Rate ("**SIBOR**") and the Swap Offer Rate ("**SOR**").

Claims for damages for all 35 of the U.S. civil actions discussed have been asserted under various legal theories, including violations of the U.S. Commodity Exchange Act, federal and state antitrust laws, the U.S. Racketeer Influenced and Corrupt Organizations Act, and other federal and state laws. The Group has not disclosed whether it has established a provision or contingent liability with respect to these matters because it has concluded that such disclosure can be expected to prejudice seriously their outcome.

## *U.S. dollar LIBOR*

With two exceptions, all of the U.S. civil actions concerning U.S. dollar LIBOR are being coordinated as part of a multidistrict litigation (the "**U.S. dollar LIBOR MDL**") in the SDNY. In light of the large number of individual cases pending against Deutsche Bank and their similarity, the civil actions included in the U.S. dollar LIBOR MDL are now subsumed under the following general description of the litigation pertaining to all such actions, without disclosure of individual actions except when the circumstances or the resolution of an individual case is material to Deutsche Bank.

Following a series of decisions in the U.S. dollar LIBOR MDL between March 2013 and March 2019 narrowing their claims, plaintiffs are currently asserting antitrust claims, claims under the U.S. Commodity Exchange Act and U.S. Securities Exchange Act and state law fraud, contract, unjust enrichment and other tort claims. The court has also issued decisions dismissing certain plaintiffs' claims for lack of personal jurisdiction and on statute of limitations grounds.

On 20 December 2016, the district court issued a ruling dismissing certain antitrust claims while allowing others to proceed. Multiple plaintiffs have filed appeals of the district court's 20 December 2016 ruling to the U.S. Court of Appeals for the Second Circuit, and those appeals are proceeding in parallel with the ongoing proceedings in the district court. Briefing of the appeals is complete, and oral argument was heard on 24 May 2019.

On 29 July 2020, Deutsche Bank executed a settlement agreement with plaintiffs in the amount of U.S.\$425,000 to resolve a putative class action pending as part of the U.S. dollar LIBOR MDL asserting claims on behalf of lending institutions headquartered in the United States that originated, purchased outright, or purchased a participation interest in loans tied to U.S. dollar LIBOR (*The Berkshire Bank v. Bank of America*). The court granted the settlement final approval on 15 March 2021 and dismissed all claims against Deutsche Bank. Accordingly, the action is not included in the total number of actions above. The settlement amount, which Deutsche Bank has paid, is no longer reflected in Deutsche Bank's litigation provisions.

On 5 March 2021, Deutsche Bank and the plaintiffs in a non-class action pending as part of the U.S. dollar LIBOR MDL (*Amabile v. Bank of America Corporation*) stipulated to the dismissal of the plaintiffs' claims against Deutsche Bank. The court dismissed the plaintiffs' claims on 8 March 2021.

In January and March 2019, plaintiffs filed three putative class action complaints in the SDNY against several financial institutions, alleging that the defendants, members of the panel of banks that provided U.S. dollar LIBOR submissions, the organization that administers LIBOR, and their affiliates, conspired to suppress U.S. dollar LIBOR submissions from 1 February 2014 through the present. These actions were subsequently consolidated under *In re ICE LIBOR Antitrust Litigation*, and on 1 July 2019, the plaintiffs filed a consolidated amended complaint. On 26 March 2020, the court granted the defendants' motion to dismiss the action, dismissing all claims against Deutsche Bank. Plaintiffs have appealed that decision to the U.S. Court of Appeals for the Second Circuit. Briefing of the appeal is complete. On 28 December 2020, DYJ Holdings, LLC filed a motion to intervene in the appeal as named plaintiff and proposed class representative, as one of the original named plaintiffs has withdrawn and dismissed its claims and the other two named plaintiffs have expressed a desire to withdraw from the case. On 7 January 2021, defendants filed a motion to dismiss the appeal for lack of subject matter jurisdiction. On 6 April 2021, the court granted the motion to intervene and denied defendants' motion to dismiss. This action is not part of the U.S. dollar LIBOR MDL.

In August 2020, plaintiffs filed a non-class action in the U.S. District Court for the Northern District of California against several financial institutions, alleging that U.S. dollar LIBOR has been suppressed through the present. On 10 November 2020, plaintiffs moved the court for a preliminary and permanent injunction; briefing of that motion is complete. On 11 November 2020, certain defendants moved to transfer the action to the SDNY; briefing of that motion is complete. This action is not part of the U.S. dollar LIBOR MDL.

There is a further UK civil action regarding U.S. dollar LIBOR brought by the U.S. Federal Deposit Insurance Corporation, in which a claim for damages has been asserted pursuant to Art. 101 of the Treaty on the Functioning of the European Union, Sec. 2 of Chapter 1 of the UK Competition Act 1998 and U.S. state laws. Deutsche Bank is defending this action.

A further class action regarding LIBOR, EURIBOR and TIBOR was filed in Israel in 2018 seeking damages for losses incurred by Israeli individuals and entities. Deutsche Bank contested service and jurisdiction, and the class action claim against Deutsche Bank was dismissed by the Israeli court on 30 November 2020.

A further class action regarding LIBOR has been filed in Argentina seeking damages for losses allegedly suffered by holders of Argentine bonds with interest rates based on LIBOR. Deutsche Bank is defending this action.

#### *SIBOR and SOR*

A putative class action alleging manipulation of the Singapore Interbank Offered Rate (SIBOR) and Swap Offer Rate (SOR) remains pending. On 26 July 2019, the SDNY granted the defendants' motion to dismiss the action, dismissing all claims against Deutsche Bank, and denied plaintiff's motion for leave to file a fourth amended complaint. Plaintiff appealed that decision to the U.S. Court of Appeals for the Second Circuit. On 17 March 2021, the court reversed the SDNY's decision. On 14 April 2021, defendants petitioned the appellate court for rehearing and rehearing *en banc*.

#### *GBP LIBOR*

A putative class action alleging manipulation of the Pound Sterling (GBP) LIBOR remains pending. On 21 December 2018, the SDNY partially granted defendants' motions to dismiss the action, dismissing all claims against Deutsche Bank. On 16 August 2019, the court denied plaintiffs' motion for partial reconsideration of the court's 21 December 2018 decision. Plaintiffs have filed a notice of appeal; the U.S. Court of Appeals for the Second Circuit has ordered that the appeal be held in abeyance pending that court's decision in the appeal of the SIBOR and SOR class action.

#### *CHF LIBOR*

A putative class action alleging manipulation of the Swiss Franc (CHF) LIBOR remains pending. On 16 September 2019, the SDNY granted defendants' motion to dismiss the action, dismissing all claims against Deutsche Bank.

Plaintiffs have filed a notice of appeal; the U.S. Court of Appeals for the Second Circuit has ordered that the appeal be held in abeyance pending that court's decision in the appeal of the SIBOR and SOR class action.

#### *Bank Bill Swap Rate Claims*

On 16 August 2016, a putative class action was filed in the U.S. District Court for the Southern District of New York against Deutsche Bank and other defendants, bringing claims based on alleged collusion and manipulation in connection with the Australian Bank Bill Swap Rate ("**BBSW**") on behalf of persons and entities that engaged in U.S.-based transactions in BBSW-linked financial instruments from 2003 through the date on which the effects of the alleged unlawful conduct ceased. The complaint alleged that the defendants, among other things, engaged in money market transactions intended to influence the BBSW fixing, made false BBSW submissions, and used their control over BBSW rules to further the alleged misconduct. An amended complaint was filed on 16 December 2016. On 26 November 2018, the court partially granted defendants' motions to dismiss the amended complaint, dismissing all claims against Deutsche Bank. On 3 April 2019, the plaintiffs filed a second amended complaint, which the defendants moved to dismiss. On 13 February 2020, the court partially granted the motion to dismiss the second amended complaint, with certain claims against Deutsche Bank remaining. On 16 June 2020, Deutsche Bank served an answer denying all allegations of misconduct. Discovery is ongoing.

#### *Spanish EURIBOR Claims*

64 claims in Spain have been filed against Deutsche Bank by claimants with mortgage loans held by banks and other financial institutions for damages resulting from alleged collusive behaviour by Deutsche Bank following the European Commission's Decision. Of the 64 claims, court proceedings with respect to 22 claims have commenced. The total value of current claims is approximately € 882,500, with the potential for more claims. The first hearing was held on 1 March 2021 with further hearings at the end of April and beginning of May 2021.



## Investigations into Referral Hiring Practices and Certain Business Relationships and Precious Metals

On 22 August 2019, Deutsche Bank reached a settlement with the U.S. Securities and Exchange Commission ("**SEC**") to resolve its investigation into the Bank's hiring practices related to candidates referred by clients, potential clients and government officials. The Bank agreed to pay U.S.\$ 16 million as part of the settlement. The U.S. Department of Justice ("**DOJ**") closed its investigation of the Bank regarding its hiring practices. Deutsche Bank has also reached settlements with the DOJ and the SEC, respectively, regarding their investigations of the Bank's compliance with the U.S. Foreign Corrupt Practices Act ("**FCPA**") and other laws with respect to the Bank's engagement of finders and consultants. On 8 January 2021, Deutsche Bank entered into a deferred prosecution agreement ("**DPA**") with the DOJ concerning its historical engagements of finders and consultants and, as part of its obligations in the DPA, agreed to pay approximately U.S.\$ 80 million in connection with this conduct. The DPA with the DOJ also involved a resolution involving spoofing in precious metals. As part of its obligations in the DPA relating to precious metals, Deutsche Bank agreed to pay approximately U.S.\$ 8 million, of which approximately U.S.\$ 6 million would be credited by virtue of Deutsche Bank's 2018 resolution with the CFTC. On the same day, Deutsche Bank also reached a settlement with the SEC to resolve its investigation into conduct regarding the Bank's compliance with the FCPA with respect to the Bank's engagement of finders and consultants. The Bank agreed to pay approximately U.S.\$ 43 million in this SEC settlement.

## Jeffrey Epstein Investigations

Deutsche Bank has received requests for information from regulatory and law enforcement agencies concerning the Bank's former client relationship with Jeffrey Epstein (individually, and through related parties and entities). In December 2018, Deutsche Bank began the process to terminate its relationship with Epstein, which began in August 2013. Deutsche Bank has provided information to and otherwise cooperated with the investigating agencies. The Bank has also completed an internal investigation into the Epstein relationship.

On 7 July 2020, the New York State Department of Financial Services ("**DFS**") issued a Consent Order, finding that Deutsche Bank violated New York State banking laws in connection with its relationships with three former Deutsche Bank clients, Danske Bank's Estonia branch, Jeffrey Epstein and FBME Bank, and imposing a U.S.\$ 150 million civil penalty in connection with these three former relationships, which Deutsche Bank paid in the third quarter of 2020. As noted above, Deutsche Bank is also named as a defendant in a securities class action pending in the U.S. District Court for the District of New Jersey that includes allegations relating to the Bank's relationship with Jeffrey Epstein and other entities.

The Group has not established a provision or contingent liability with respect to the Jeffrey Epstein investigations and civil action. The remaining investigations relating to Jeffrey Epstein are ongoing.

## KOSPI Index Unwind Matters

Following the decline of the Korea Composite Stock Price Index 200 (the "**KOSPI 200**") in the closing auction on 11 November 2010 by approximately 2.7 %, the Korean Financial Supervisory Service ("**FSS**") commenced an investigation and expressed concerns that the fall in the KOSPI 200 was attributable to a sale by Deutsche Bank of a basket of stocks, worth approximately € 1.6 billion, that was held as part of an index arbitrage position on the KOSPI 200. On 23 February 2011, the Korean Financial Services Commission, which oversees the work of the FSS, reviewed the FSS' findings and recommendations and resolved to take the following actions: (i) to file a criminal complaint to the Korean Prosecutor's Office for alleged market manipulation against five employees of Deutsche Bank group and Deutsche Bank's subsidiary Deutsche Securities Korea Co. (DSK) for vicarious corporate criminal liability; and (ii) to impose a suspension of six months, commencing 1 April 2011 and ending 30 September 2011, of DSK's business for proprietary trading of cash equities and listed derivatives and DMA (direct market access) cash equities trading, and the requirement that DSK suspend the employment of one named employee for six months. On 19 August 2011, the Korean Prosecutor's Office announced its decision to indict DSK and four employees of Deutsche Bank group on charges of spot/futures-linked market manipulation. The criminal trial commenced in January 2012. On 25 January 2016, the Seoul Central District Court rendered guilty verdicts against a DSK trader and DSK. A criminal fine of KRW 1.5 billion (less than € 2.0 million) was imposed on DSK. The Court also ordered forfeiture of the profits generated on the underlying trading activity. The Group disgorged the profits on the underlying trading activity in 2011. The criminal trial verdicts against both the DSK trader and against DSK were overturned on appeal in a decision rendered by the Seoul High Court on 12 December 2018. The Korean Prosecutor's Office has appealed the Seoul High Court decision.

In addition, a number of civil actions have been filed in Korean courts against Deutsche Bank and DSK by certain parties who allege they incurred losses as a consequence of the fall in the KOSPI 200 on 11 November 2010. First instance court decisions were rendered against the Bank and DSK in some of these cases starting in the fourth quarter of 2015. The outstanding claims known to Deutsche Bank have an aggregate claim amount of less than € 60 million (at present exchange rates).

#### Monte Dei Paschi

In March 2013, Banca Monte dei Paschi di Siena ("**MPS**") initiated civil proceedings in Italy against Deutsche Bank alleging that Deutsche Bank assisted former MPS senior management in an accounting fraud on MPS, by undertaking repo transactions with MPS and "Santorini", a wholly owned special-purpose vehicle of MPS, which helped MPS defer losses on a previous transaction undertaken with Deutsche Bank. Subsequently, in July 2013, the Fondazione Monte dei Paschi di Siena ("**FMPS**"), MPS' largest shareholder, also commenced civil proceedings in Italy for damages based on substantially the same facts. In December 2013, Deutsche Bank reached an agreement with MPS to settle the civil proceedings and the transactions were unwound. The civil proceedings initiated by FMPS, in which damages of between € 220 million and € 381 million were claimed, were also settled in December 2018 upon payment by Deutsche Bank of € 17.5 million. FMPS's separate claim filed in July 2014 against FMPS's former administrators and a syndicate of 12 banks including Deutsche Bank S.p.A. for € 286 million continues to be pending before the first instance Florence courts.

A criminal investigation was launched by the Siena Public Prosecutor into the transactions entered into by MPS with Deutsche Bank and certain unrelated transactions entered into by MPS with other parties. Such investigation was moved in summer 2014 from Siena to the Milan Public Prosecutors as a result of a change in the alleged charges being investigated. On 16 February 2016, the Milan Public Prosecutors issued a request of committal to trial against Deutsche Bank and six current and former employees. The committal process concluded with a hearing on 1 October 2016, during which the Milan court committed all defendants in the criminal proceedings to trial. Deutsche Bank's potential exposure was for administrative liability under Italian Legislative Decree n. 231/2001 and for civil vicarious liability as an employer of current and former Deutsche Bank employees who are being criminally prosecuted.

On 8 November 2019, the Milan court issued its verdicts, finding five former employees and one current employee of Deutsche Bank guilty and sentencing them to either 3 years and 6 months or 4 years and 8 months. Deutsche Bank was found liable under Italian Legislative Decree n. 231/2001 and the court ordered the seizure of alleged profits of € 64.9 million and a fine of € 3 million. The Court also found Deutsche Bank has civil vicarious liability for damages (to be quantified by the civil court) as an employer of the current and former employees who were convicted. The sentences and fines are not due until the conclusion of any appeal process. The final judgment was issued by the Court on 13 May 2020. Deutsche Bank and the six former or current employees filed an appeal to the Milan Court of Appeal on 22 September 2020.

On 22 May 2018, CONSOB, the authority responsible for regulating the Italian financial markets, issued fines of € 100,000 each against the six current and former employees of Deutsche Bank who are defendants in the criminal proceedings. The six individuals were also banned from performing management functions in Italy and for Italian based institutions for three to six months each. No separate fine or sanction was imposed on Deutsche Bank but it is jointly and severally liable for the six current/former Deutsche Bank employees' fines. On 14 June 2018, Deutsche Bank and the six individuals filed an appeal in the Milan Court of Appeal challenging CONSOB's decision and one of the individuals sought a stay of enforcement of the fine against that individual. On 17 December 2020, the Milan Court of Appeal allowed the appeals filed by Deutsche Bank and the six current and former employees and annulled the resolution sanctioning them. CONSOB may appeal the decision.

#### Mortgage-Related and Asset-Backed Securities Matters and Investigation

##### *Regulatory and Governmental Matters*

Deutsche Bank, along with certain affiliates (collectively referred in these paragraphs to as "**Deutsche Bank**"), received subpoenas and requests for information from certain regulators and government entities, including members of the Residential Mortgage-Backed Securities Working Group of the U.S. Financial Fraud Enforcement Task Force, concerning its activities regarding the origination, purchase, securitization, sale, valuation and/or trading of mortgage loans, residential mortgage-backed securities ("**RMBS**"), commercial mortgage-backed

securities ("**CMBS**"), collateralised debt obligations ("**CDOs**"), other asset-backed securities and credit derivatives. Deutsche Bank fully cooperated in response to those subpoenas and requests for information.

On 23 December 2016, Deutsche Bank announced that it reached a settlement-in-principle with the DOJ to resolve potential claims related to its RMBS business conducted from 2005 to 2007. The settlement became final and was announced by the DOJ on 17 January 2017. Under the settlement, Deutsche Bank paid a civil monetary penalty of U.S.\$ 3.1 billion and provided U.S.\$ 4.1 billion in consumer relief. The DOJ appointed an independent monitor to oversee and validate the provision of consumer relief.

In September 2016, Deutsche Bank received administrative subpoenas from the Maryland Attorney General seeking information concerning Deutsche Bank's RMBS and CDO businesses from 2002 to 2009. On 1 June 2017, Deutsche Bank and the Maryland Attorney General reached a settlement to resolve the matter for U.S.\$ 15 million in cash and U.S.\$ 80 million in consumer relief (to be allocated from the overall U.S.\$ 4.1 billion consumer relief obligation agreed to as part of Deutsche Bank's settlement with the DOJ).

On 8 July 2020, the DOJ-appointed monitor released his final report, validating that Deutsche Bank has fulfilled its U.S.\$ 4.1 billion consumer relief obligations in its entirety, inclusive of the U.S.\$ 80 million commitment to the State of Maryland.

The Group has recorded provisions with respect to some of the outstanding regulatory investigations but not others. The Group has not disclosed the amount of these provisions because it has concluded that such disclosure can be expected to prejudice seriously the resolution of these matters.

#### *Issuer and Underwriter Civil Litigation*

Deutsche Bank has been named as defendant in numerous civil litigations brought by private parties in connection with its various roles, including issuer or underwriter, in offerings of RMBS and other asset-backed securities. These cases, described below, allege that the offering documents contained material misrepresentations and omissions, including with regard to the underwriting standards pursuant to which the underlying mortgage loans were issued, or assert that various representations or warranties relating to the loans were breached at the time of origination. The Group has recorded provisions with respect to several of these civil cases, but has not recorded provisions with respect to all of these matters. The Group has not disclosed the amount of these provisions because it has concluded that such disclosure can be expected to prejudice seriously the resolution of these matters.

Deutsche Bank is a defendant in a class action relating to its role as one of the underwriters of six RMBS offerings issued by Novastar Mortgage Corporation. No specific damages are alleged in the complaint. The lawsuit was brought by plaintiffs representing a class of investors who purchased certificates in those offerings. The parties reached a settlement to resolve the matter for a total of U.S.\$ 165 million, a portion of which was paid by the Bank. On 30 August 2017, FHFA/Freddie Mac filed an objection to the settlement and shortly thereafter appealed the district court's denial of their request to stay settlement approval proceedings, which appeal was resolved against FHFA/Freddie Mac. The court approved the settlement on 7 March 2019 over FHFA/Freddie Mac's objections. FHFA filed its appeal on 28 June 2019, which is pending.

Deutsche Bank is a defendant in an action related to RMBS offerings brought by the U.S. Federal Deposit Insurance Corporation ("**FDIC**") as receiver for Citizens National Bank and Strategic Capital Bank (alleging an unspecified amount in damages against all defendants). In this action, the appellate court reinstated claims previously dismissed on statute of limitations grounds and petitions for rehearing and certiorari to the U.S. Supreme Court were denied. On 31 July 2017, the FDIC filed a second amended complaint, which defendants moved to dismiss on 14 September 2017. On 18 October 2019, defendants' motion to dismiss was denied. Discovery is ongoing.

In June 2014, HSBC, as trustee, brought an action in New York state court against Deutsche Bank to revive a prior action, alleging that Deutsche Bank failed to repurchase mortgage loans in the ACE Securities Corp. 2006-SL2 RMBS offering. The revival action was stayed during the pendency of an appeal of the dismissal of a separate action wherein HSBC, as trustee, brought an action against Deutsche Bank alleging breaches of representations and warranties made by Deutsche Bank concerning the mortgage loans in the same offering. On 29 March 2016, the court dismissed the revival action, and on 29 April 2016, plaintiff filed a notice of appeal. On 8 July 2019,

plaintiff filed its opening appellate brief. On 19 November 2019, the appellate court affirmed the dismissal. On 19 December 2019, plaintiff filed a motion to appeal to the New York Court of Appeals in the appeals court, which was denied on 13 February 2020. On 16 March 2020, plaintiff petitioned the New York Court of Appeals for leave to appeal, which was granted on 1 September 2020. Plaintiff's opening brief was filed on 2 November 2020.

Deutsche Bank is a defendant in cases concerning two RMBS trusts that were brought initially by RMBS investors and subsequently by HSBC, as trustee, in New York state court. The cases allege breaches of loan-level representations and warranties in the ACE Securities Corp. 2006-FM1 and ACE Securities Corp. 2007-ASAP1 RMBS offerings, respectively. Both cases were dismissed on statute of limitations grounds by the trial court on 28 March 2018. Plaintiff appealed the dismissals. On 25 April 2019, the First Department affirmed the dismissals on claims for breach of representations and warranties and for breach of the implied covenant of good faith and fair dealing, but reversed the denial of the motions for leave to file amended complaints alleging failure to notify the trustee of alleged representations and warranty breaches. HSBC filed amended complaints on 30 April 2019, and Deutsche Bank filed its answers on 3 June 2019. Discovery is ongoing. On 25 October 2019, plaintiffs filed two complaints seeking to revive, under Sec. 205(a) of the New York Civil Practice Law and Rules, the breach of representations and warranties claims as to which dismissal was affirmed in the case concerning ACE 2006-FM1. On 16 December 2019, Deutsche Bank moved to dismiss these actions.

In the actions against Deutsche Bank solely as an underwriter of other issuers' RMBS offerings, Deutsche Bank has contractual rights to indemnification from the issuers, but those indemnity rights may in whole or in part prove effectively unenforceable where the issuers are now or may in the future be in bankruptcy or otherwise defunct.

#### *Trustee Civil Litigation*

Deutsche Bank National Trust Company ("**DBNTC**") and Deutsche Bank Trust Company Americas ("**DBTCA**") (collectively, the "**Trustees**") are defendants in three separate civil lawsuits, and DBNTC is a defendant in a fourth civil lawsuit, brought by investors concerning their role as trustees of certain RMBS trusts. The actions generally allege claims for breach of contract, breach of fiduciary duty, breach of the duty to avoid conflicts of interest, negligence and/or violations of the U.S. Trust Indenture Act of 1939, based on the trustees' alleged failure to perform adequately certain obligations and/or duties as trustee for the trusts.

The four lawsuits include actions by (a) the National Credit Union Administration Board ("**NCUA**"), as an investor in 37 trusts, which allegedly suffered total realised collateral losses of U.S.\$ 8.5 billion; (b) certain CDOs (collectively, "**Phoenix Light**") that hold RMBS certificates issued by 43 RMBS trusts, and seeking "hundreds of millions of dollars in damages"; (c) Commerzbank AG, as an investor in 50 RMBS trusts, seeking recovery for alleged "hundreds of millions of dollars in losses"; and (d) IKB International, S.A. in Liquidation and IKB Deutsche Industriebank AG (collectively, "**IKB**"), as an investor in 30 RMBS trusts, seeking more than U.S.\$ 268 million of damages. In the NCUA case, NCUA notified the court on 31 August 2018 that it was dismissing claims relating to 60 out of the 97 trusts originally at issue; on 15 October 2019, NCUA's motion for leave to amend its complaint was granted, and DBNTC's motion to dismiss the amended complaint was granted in part and denied in part, dismissing NCUA's tort claims but preserving its breach-of-contract claims. In the Phoenix Light case and Commerzbank case, on 7 December 2018 the parties filed motions for summary judgment, which have been fully briefed as of 9 March 2019. On 27 January 2021, the court in the IKB case granted in part and denied in part the Trustees' motion to dismiss, dismissing certain of IKB's claims but allowing most of its breach of contract and tort claims to go forward. Discovery is ongoing.

The Group has established contingent liabilities with respect to certain of these matters but the Group has not disclosed the amounts because it has concluded that such disclosure can be expected to prejudice seriously the outcome of these matters.

#### Pension Plan Assets

The Group sponsors a number of post-employment benefit plans on behalf of its employees. In Germany, the pension assets that fund the obligations under these pension plans are held by Benefit Trust GmbH. The German tax authorities are challenging the tax treatment of certain income received by Benefit Trust GmbH in the years 2010 to 2013 with respect to its pension plan assets. For the year 2010 Benefit Trust GmbH paid the amount of tax and interest assessed of € 160 million to the tax authorities and is seeking a refund of the amounts paid in litigation. For 2011 to 2013 the matter is stayed pending the outcome of the 2010 tax litigation. The amount of tax

and interest under dispute for years 2011 to 2013, which also has been paid to the tax authorities, amounts to € 456 million. In March 2017, the lower fiscal court ruled in favor of Benefit Trust GmbH and in September 2017 the tax authorities appealed the decision to the German supreme fiscal court (*Bundesfinanzhof*). A court hearing took place on 15 March 2021.

#### Postbank Voluntary Public Takeover Offer

On 12 September 2010, Deutsche Bank announced the decision to make a voluntary takeover offer for the acquisition of all shares in Deutsche Postbank AG ("**Postbank**"). On 7 October 2010, the Bank published its official takeover offer and offered Postbank shareholders a consideration of € 25 for each Postbank share. This offer was accepted for a total of approximately 48.2 million Postbank shares.

In November 2010, a former shareholder of Postbank, Effecten-Spiegel AG, which had accepted the takeover offer, brought a claim against Deutsche Bank alleging that the offer price was too low and was not determined in accordance with the applicable German laws. The plaintiff alleges that Deutsche Bank had been obliged to make a mandatory takeover offer for all shares in Postbank, at the latest, in 2009 as the voting rights of Deutsche Post AG in Postbank had to be attributed to Deutsche Bank pursuant to Sec. 30 of the German Takeover Act. Based thereon, the plaintiff alleges that the consideration offered by Deutsche Bank for the shares in Postbank in the 2010 voluntary takeover offer needed to be raised to € 57.25 per share.

The Regional Court Cologne (*Landgericht*) dismissed the claim in 2011 and the Cologne appellate court dismissed the appeal in 2012. The Federal Court set this judgment aside and referred the case back to the Higher Regional Court Cologne to take evidence on certain allegations of the plaintiff.

Starting in 2014, additional former shareholders of Postbank, who accepted the 2010 tender offer, brought similar claims as Effecten-Spiegel AG against Deutsche Bank which are pending with the Regional Court Cologne and the Higher Regional Court of Cologne, respectively. On 20 October 2017, the Regional Court Cologne handed down a decision granting the claims in a total of 14 cases which were combined in one proceeding. The Regional Court Cologne took the view that Deutsche Bank was obliged to make a mandatory takeover offer already in 2008 so that the appropriate consideration to be offered in the takeover offer should have been € 57.25 per Postbank share (instead of € 25). The additional consideration per share owed to shareholders which have accepted the takeover offer would thus amount to € 32.25. Deutsche Bank appealed this decision and the appeal was assigned to the 13th Senate of the Higher Regional Court of Cologne, which also heard the appeal of Effecten-Spiegel AG.

In 2019 and 2020 the Higher Regional Court Cologne called a number of witnesses in both cases. The individuals heard included current and former board members of Deutsche Bank, Deutsche Post AG and Postbank as well as other persons involved in the Postbank transaction. In addition, the Higher Regional Court Cologne issued orders for the production of relevant transaction documents entered into between Deutsche Bank and Deutsche Post AG in 2008 and 2009. Deutsche Bank had therefore deposited the originals of these documents with the court in 2019.

On 16 December 2020, the Higher Regional Court Cologne handed down a decision and fully dismissed the claims of Effecten-Spiegel AG. Further, in a second decision handed down on 16 December 2020, the Higher Regional Court Cologne allowed the appeal of Deutsche Bank against the decision of the Regional Court Cologne dated 20 October 2017 and dismissed all related claims of the relevant plaintiffs. The Higher Regional Court Cologne has granted leave to appeal to the German Federal Court (*Bundesgerichtshof*) as regards both decisions and all relevant plaintiffs have lodged their respective appeals with the Federal Court end of January and beginning of February 2021, respectively.

Deutsche Bank has been served with a large number of additional lawsuits filed against Deutsche Bank shortly before the end of 2017, almost all of which are now pending with the Regional Court Cologne. Some of the new plaintiffs allege that the consideration offered by Deutsche Bank AG for the shares in Postbank in the 2010 voluntary takeover should be raised to € 64.25 per share.

The claims for payment against Deutsche Bank in relation to these matters total almost € 700 million (excluding interest).

The Group has established a contingent liability with respect to these matters but the Group has not disclosed the amount of this contingent liability because it has concluded that such disclosure can be expected to prejudice seriously the outcome of these matters.

#### Further Proceedings Relating to the Postbank Takeover

In September 2015, former shareholders of Postbank filed in the Regional Court Cologne shareholder actions against Postbank to set aside the squeeze-out resolution taken in the shareholders meeting of Postbank in August 2015 (actions for avoidance). Among other things, the plaintiffs alleged that Deutsche Bank was subject to a suspension of voting rights with respect to its shares in Postbank based on the allegation that Deutsche Bank failed to make a mandatory takeover offer. The squeeze out is final and the proceeding itself has no reversal effect, but may result in damage payments. The claimants refer to legal arguments similar to those asserted in the Effecten-Spiegel proceeding described above. In a decision on 20 October 2017, the Regional Court Cologne declared the squeeze-out resolution to be void. The court, however, did not rely on a suspension of voting rights due to an alleged failure of Deutsche Bank to make a mandatory takeover offer, but argued that Postbank violated information rights of Postbank shareholders in Postbank's shareholders meeting in August 2015. Postbank has appealed this decision. On 15 May 2020 DB Privat- und Firmenkundenbank AG (legal successor of Postbank due to a merger in 2018) was merged into Deutsche Bank AG. On 3 July 2020 Deutsche Bank AG withdrew the appeal as regards the actions for avoidance because efforts and costs to pursue this appeal became disproportionate to the minor remaining economic importance of the case considering that the 2015 squeeze-out cannot be reversed. As a consequence, the first instance judgement which found that Postbank violated the information rights of its shareholders in the shareholders' meeting has now become final.

The legal question of whether Deutsche Bank had been obliged to make a mandatory takeover offer for all Postbank shares prior to its 2010 voluntary takeover may also impact two pending appraisal proceedings (*Spruchverfahren*). These proceedings were initiated by former Postbank shareholders with the aim to increase the cash compensation offered in connection with the squeeze-out of Postbank shareholders in 2015 and the cash compensation offered and annual compensation paid in connection with the execution of a domination and profit and loss transfer agreement (*Beherrschungs- und Gewinnabführungsvertrag*) between DB Finanz-Holding AG (now DB Beteiligungs-Holding GmbH) and Postbank in 2012.

The applicants in the appraisal proceedings claim that a potential obligation of Deutsche Bank to make a mandatory takeover offer for Postbank at an offer price of € 57.25 should be decisive when determining the adequate cash compensation in the appraisal proceedings. The Regional Court Cologne had originally followed this legal view of the applicants in two resolutions. In a decision dated June 2019, the Regional Court Cologne expressly gave up this legal view in the appraisal proceedings in connection with execution of a domination and profit and loss transfer agreement. According to this decision, the question whether Deutsche Bank was obliged to make a mandatory offer for all Postbank shares prior to its voluntary takeover offer in 2010 shall not be relevant for determining the appropriate cash compensation. It is likely that the Regional Court Cologne will take the same legal position in the appraisal proceedings in connection with the squeeze-out. On 1 October 2020, the Regional Court Cologne handed down a decision in the appraisal proceeding concerning the domination and profit and loss transfer agreement (dated 5 December 2012) according to which the annual compensation pursuant to Sec. 304 of the German Stock Corporation Act (*jährliche Ausgleichszahlung*) shall be increased by € 0.12 to € 1.78 per Postbank share and the settlement amount pursuant to Sec. 305 of the German Stock Corporation Act (*Abfindungsbetrag*) shall be increased by € 4.56 to € 29.74 per Postbank share. The increase of the settlement amount is of relevance for approximately 492.000 former Postbank shares whereas the increase of the annual compensation is of relevance for approximately 7 million former Postbank shares. Deutsche Bank as well as the applicants have lodged an appeal against this decision.

The Group has not disclosed whether it has established a provision or contingent liability with respect to this matter because it has concluded that such disclosure can be expected to prejudice seriously its outcome.

#### Precious Metals Investigations and Litigations

Deutsche Bank received inquiries from certain regulatory and law enforcement authorities, including requests for information and documents, pertaining to investigations of precious metals trading and related conduct. Deutsche Bank has cooperated with these investigations. On 29 January 2018, Deutsche Bank entered into a U.S.\$ 30 million settlement with the U.S. Commodity Futures Trading Commission ("**CFTC**") concerning spoofing, and

manipulation and attempted manipulation in precious metals futures and of stop loss orders. On 8 January 2021, Deutsche Bank entered into a deferred prosecution agreement with the U.S. Department of Justice concerning spoofing and the Foreign Corrupt Practices Act conduct. As part of its obligations in the deferred prosecution agreement, Deutsche Bank agreed to pay approximately U.S.\$ 8 million, of which approximately U.S.\$ 6 million would be credited by virtue of the aforementioned CFTC resolution.

Deutsche Bank is a defendant in two consolidated class action lawsuits pending in the U.S. District Court for the Southern District of New York. The suits allege violations of U.S. antitrust law, the U.S. Commodity Exchange Act and related state law arising out of the alleged manipulation of gold and silver prices through participation in the Gold and Silver Fixes. Deutsche Bank has reached agreements to settle the Gold action for U.S.\$ 60 million and the Silver action for U.S.\$ 38 million, which remain subject to final court approval.

#### Pre-Release ADRs

Deutsche Bank and certain affiliates have received inquiries from certain European regulatory, tax and law enforcement authorities, including requests for documents and information, with respect to American Depositary Receipts (ADRs), including ADRs that have been issued on a "pre-release" basis ("pre-release ADRs"). Deutsche Bank is cooperating with these inquiries.

#### Russia/UK Equities Trading Investigation

Deutsche Bank has investigated the circumstances around equity trades entered into by certain clients with Deutsche Bank in Moscow and London that offset one another. The total volume of transactions reviewed is significant. Deutsche Bank's internal investigation of potential violations of law, regulation and policy and into the related internal control environment has concluded, and Deutsche Bank has assessed the findings identified during the investigation; to date it has identified certain violations of Deutsche Bank's policies and deficiencies in Deutsche Bank's control environment. Deutsche Bank has advised regulators and law enforcement authorities in several jurisdictions (including Germany, Russia, the UK and the United States) of this investigation. Deutsche Bank has taken disciplinary measures with regards to certain individuals in this matter.

On 30 and 31 January 2017, the DFS and the FCA announced settlements with the Bank related to their investigations into this matter. The settlements conclude the DFS and the FCA's investigations into the Bank's AML control function in its investment banking division, including in relation to the equity trading described above. Under the terms of the settlement agreement the DFS issued a Consent Order pursuant to which Deutsche Bank agreed to pay a civil monetary penalty of U.S.\$ 425 million and to engage an independent monitor for a term of up to two years. Under the terms of the settlement agreement with the FCA, Deutsche Bank agreed to pay a civil monetary penalty of approximately GBP 163 million. On 30 May 2017, the Federal Reserve announced its settlement with the Bank resolving this matter as well as additional AML issues identified by the Federal Reserve. Deutsche Bank paid a penalty of U.S.\$ 41 million. Deutsche Bank also agreed to retain independent third parties to assess its Bank Secrecy Act/AML program and review certain foreign correspondent banking activity of its subsidiary Deutsche Bank Trust Company Americas. The Bank is also required to submit written remediation plans and programs.

Deutsche Bank continues to cooperate with regulators and law enforcement authorities, including the DOJ which has its own ongoing investigation into these securities trades. The Group has recorded a provision with respect to the remaining investigation. The Group has not disclosed the amount of this provision because it has concluded that such disclosure can be expected to prejudice seriously the outcome of this matter.

#### Sovereign, Supranational and Agency Bonds (SSA) Investigations and Litigations

Deutsche Bank has received inquiries from certain regulatory and law enforcement authorities, including requests for information and documents, pertaining to SSA bond trading. Deutsche Bank is cooperating with these investigations.

On 20 December 2018, the European Commission sent a Statement of Objections to Deutsche Bank regarding a potential breach of EU antitrust rules in relation to secondary market trading of SSA bonds denominated in U.S. dollars. The sending of a Statement of Objections is a step in the European Commission's investigation and does not prejudice the outcome of the investigation. Deutsche Bank has proactively cooperated with the European

Commission in this matter and as a result has been granted immunity. In accordance with the European Commission's guidelines, Deutsche Bank did not expect a financial penalty. On 28 April 2021, the European Commission issued a decision finding that Deutsche Bank and three other banks breached EU antitrust rules in relation to secondary market trading of SSA bonds denominated in U.S. dollars. As expected, Deutsche Bank was not fined as it had self-reported the relevant conduct to the European Commission.

Deutsche Bank is a defendant in several putative class action complaints filed in the U.S. District Court for the Southern District of New York by alleged direct and indirect market participants claiming violations of antitrust law and common law related to alleged manipulation of the secondary trading market for SSA bonds. Deutsche Bank has reached an agreement to settle the actions by direct market participants for the amount of U.S.\$ 48.5 million and has recorded a provision in the same amount. The settlement received final court approval on 2 April 2021. The action filed on behalf of alleged indirect market participants was voluntarily dismissed by the plaintiffs.

Deutsche Bank is also a defendant in putative class actions filed on 7 November 2017 and 5 December 2017 in the Ontario Superior Court of Justice and Federal Court of Canada, respectively, claiming violations of antitrust law and the common law relating to alleged manipulation of secondary trading of SSA bonds. The complaints rely on allegations similar to those in the U.S. class actions involving SSA bond trading, and seek compensatory and punitive damages. The cases are in their early stages.

Deutsche Bank was named as a defendant in a consolidated putative class action filed in the U.S. District Court for the Southern District of New York alleging violations of U.S. antitrust law and a claim for unjust enrichment relating to Mexican government bond trading. In October 2019, the court granted defendants' motion to dismiss plaintiffs' consolidated amended complaint without prejudice. In December 2019, plaintiffs filed a Second Amended Complaint, which the court dismissed without prejudice on 30 November 2020. On 22 January 2021, Deutsche Bank was notified that the Mexican competition authority, COFECE, reached a resolution that imposes fines against DB Mexico and two of its former traders, as well as six other financial institutions and nine other traders, for engaging in alleged monopolistic practices in the Mexican government bond secondary market. DB Mexico has appealed. The fine against DB Mexico was approximately U.S.\$ 427,000.

Deutsche Bank was also named as a defendant in several putative class action complaints filed in the U.S. District Court for the Southern District of New York alleging violations of antitrust law and common law related to alleged manipulation of the secondary trading market for U.S. Agency bonds; on 3 September 2019, the court denied a motion to dismiss the complaint. Deutsche Bank has reached an agreement to settle the class actions for the amount of U.S.\$ 15 million, which amount was already fully reflected in existing litigation reserves and no additional provision was taken for this settlement amount. The court granted preliminary approval over the settlement on 29 October 2019, supported by an opinion issued 8 November 2019. The court held a final fairness hearing on 9 June 2020. On 18 June 2020, the court entered final judgement approving the class action settlement with Deutsche Bank and separately as to the class action settlements with the other defendants which will result in a total of U.S.\$ 386.5 million paid to the settlement class. A separate action was filed in the U.S. District Court for the Middle District of Louisiana on 23 September 2019, which was dismissed with prejudice as to Deutsche Bank by stipulation of the parties on 30 October 2019.

Other than as noted above, the Group has not disclosed whether it has established provisions or contingent liabilities with respect to the matters referred to above because it has concluded that such disclosure can be expected to prejudice seriously their outcome.

#### Transfer of Lease Assets

In December 2017, a claim for damages was filed with the Regional Court Frankfurt am Main against Deutsche Bank AG in the amount of approximately € 155 million (excluding interest). In 2006, Deutsche Bank AG (indirectly, through a special-purpose vehicle) entered into transactions according to which the plaintiff transferred certain lease assets to the special-purpose vehicle against, among others things, receipt of a preference dividend. The plaintiff alleges that Deutsche Bank had entered into an agreement with it under which Deutsche Bank provided flawed contractual documentation as a result of which the German tax authorities have disallowed the plaintiff's expected tax savings. The Regional Court Frankfurt am Main fully dismissed the claim on 26 July 2019. The plaintiff has appealed this decision to the Higher Regional Court Frankfurt am Main. A date for an oral hearing has not yet been set.



### U.S. Treasury Securities Investigations

Deutsche Bank has received inquiries from certain regulatory and law enforcement authorities, including requests for information and documents, pertaining to U.S. Treasuries auctions, trading, and related market activity. Deutsche Bank is cooperating with these investigations.

Deutsche Bank's subsidiary Deutsche Bank Securities Inc. ("**DBSI**") was a defendant in several putative class actions alleging violations of U.S. antitrust law, the U.S. Commodity Exchange Act and common law related to the alleged manipulation of the U.S. Treasury securities market. These cases have been consolidated in the Southern District of New York. On 16 November 2017, plaintiffs filed a consolidated amended complaint, which did not name DBSI as a defendant. On 11 December 2017, the court dismissed DBSI from the class action without prejudice.

On 18 June 2020, the CFTC entered an order pursuant to settlement with DBSI for alleged spoofing by two Tokyo-based traders between January and December 2013. Without admitting or denying the findings or conclusions therein, Deutsche Bank consented to the entry of the order, including a civil monetary fine of U.S.\$ 1.25 million.

### U.S. Treasury Spoofing Litigation

Following the Bank's settlement with the CFTC, five separate putative class actions were filed in the Northern District of Illinois against Deutsche Bank AG and DBSI. The cases allege that Deutsche Bank and other unnamed entities participated in a scheme from January to December 2013 to spoof the market for Treasuries futures and options contracts and Eurodollars futures and options contracts. Plaintiffs filed a consolidated complaint on 13 November 2020. Deutsche Bank AG and DBSI filed a motion to dismiss on 15 January 2021; briefing on the motion to dismiss is set to conclude by 16 April 2021.

The Group has not disclosed whether it has established a provision or contingent liability with respect to these matters because it has concluded that such disclosure can be expected to prejudice seriously their outcome.

### ***Statement of no Significant Change in Financial Position***

There has been no significant change in the financial position of Deutsche Bank Group since 31 March 2021.

### **REGULATORY DISCLOSURES**

The following table provides a summary of the information disclosed under Regulation (EU) No. 596/2014 over the last 12 months and which is relevant as at the date of the most recent supplement to this Registration Document:

<b>Date of disclosure</b>	<b>Type of information</b>	<b>Topic</b>
11 May 2020	Ad-hoc Release	Deutsche Bank launches Tier 2 issuance and announces public tender offer for senior non-preferred debt
21 July 2020	Ad-hoc Release	Deutsche Bank updates Common Equity Tier 1 ratio

### **MATERIAL CONTRACTS**

In the usual course of its business, Deutsche Bank Group enters into numerous contracts with various other entities. Deutsche Bank Group has not, however, entered into any material contracts outside the ordinary course of its business within the past two years.

### **DOCUMENTS AVAILABLE**

As long as this Registration Document is valid, the following documents will be available in the Investor Relations section of Deutsche Bank's website ([https://www.db.com/ir/index\\_en.htm](https://www.db.com/ir/index_en.htm)):

- (a) the current Articles of Association (with an English translation where applicable) of the Issuer;

- (b) the Annual Report of the Issuer as of 31 December 2020 (English language version); and
- (c) the Earnings Report of the Issuer as of 31 March 2021 (English language version).

#### **INFORMATION INCORPORATED BY REFERENCE**

The following documents which have previously been published and have been filed with the CSSF shall be incorporated by reference in, and form part of, this Registration Document (the "**Documents Incorporated by Reference**") to the extent set out in the paragraph entitled "*Cross-Reference List of Documents Incorporated by Reference*" below:

- the English language version of the Annual Report of the Issuer as of 31 December 2020 (<http://dl.bourse.lu/dlp/105ad30004a6b64b5c8afb88ee00e8af45>); and
- the English language version of the Earnings Report of the Issuer as of 31 March 2021 (<http://dl.bourse.lu/dlp/10ddecb26abff04b2d8cc6e4802eaa8087>).

save that any statement contained herein or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Registration Document to the extent that a statement contained in any such subsequent document which is incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Document. For the avoidance of doubt, the content of any website referred to in this Registration Document does not form part of this Registration Document. Copies of all documents incorporated by reference in this Registration Document will also be available in electronic form on the Luxembourg Stock Exchange's website ([www.bourse.lu](http://www.bourse.lu)) and on the website of the Issuer ([www.db.com](http://www.db.com) under "Investor Relations", "Credit Information", "Prospectuses", "Registration Documents").

#### **Cross-Reference List of Documents Incorporated by Reference**

In the subsection "Financial Information concerning Deutsche Bank's Assets and Liabilities, Financial Position and Profits and Losses – Financial Statements" reference is made to Deutsche Bank's consolidated financial statements for the financial year 2020 (as included in the Annual Report 2020 of the Issuer as of 31 December 2020) and the unaudited consolidated interim financial information of the Issuer for the three months ended 31 March 2021 (as included in the Earnings Report of the Issuer as of 31 March 2021).

(1) *The following information is set forth in the Annual Report of the Issuer as of 31 December 2020:*

	Page(s)
<b>Audited Consolidated Financial Statements 2020</b>	
Consolidated Statement of Income	<b>233</b>
Consolidated Statement of Comprehensive Income	<b>234</b>
Consolidated Balance Sheet	<b>235</b>
Consolidated Statement of Changes in Equity	<b>236 - 237</b>
Consolidated Statement of Cash Flows	<b>238 - 239</b>
Notes to the Consolidated Financial Statements	<b>240- 273</b>
Notes to the Consolidated Income Statement	<b>274 - 280</b>

Notes to the Consolidated Balance Sheet	281 - 332
Additional Notes	333 - 390
Independent Auditor's Report	391 - 399
<b>Alternative Performance Measures</b>	
Supplementary Information (unaudited) – Non-GAAP Financial Measures	427 - 434
Risk and Capital Performance – Capital, Leverage Ratio, TLAC and MREL	111 - 127

(2) *The following information is set forth in the Earnings Report of the Issuer as of 31 March 2021:*

	Page(s)
<b>Unaudited Consolidated Interim Financial Information Q1 2021</b>	
Consolidated Balance Sheet	13 - 14
Consolidated Statement of Comprehensive Income (unaudited)	42
<b>Alternative Performance Measures</b>	
Non-GAAP Financial Measures	43 - 49

Any other information referred to in the Documents Incorporated by Reference that is not included in the cross-reference list above is either not relevant for an investor or is covered elsewhere in this Registration Document and shall therefore not be deemed to be included in this Registration Document.

**APPENDIX 1 – INFORMATION FOR THE PURPOSES OF ART. 26 (4) OF THE REGULATION (EU) 2017/1129**

<b>Key information on the Issuer</b>
<b>Who is the Issuer of the Securities?</b>
<b>Domicile and legal form, law under which the Issuer operates and country of incorporation</b>  Deutsche Bank Aktiengesellschaft (commercial name: Deutsche Bank) is a credit institution and a stock corporation incorporated in Germany and accordingly operates under the laws of Germany. The Legal Entity Identifier (LEI) of Deutsche Bank is 7LTFWZYICNSX8D621K86. The Bank has its registered office in Frankfurt am Main, Germany. It maintains its head office at Taunusanlage 12, 60325 Frankfurt am Main, Germany.
<b>Issuer's principal activities</b>  The objects of Deutsche Bank, as laid down in its Articles of Association, include the transaction of all kinds of banking business, the provision of financial and other services and the promotion of international economic relations. The Bank may realise these objectives itself or through subsidiaries and affiliated companies. To the extent permitted by law, the Bank is entitled to transact all business and to take all steps which appear likely to promote the objectives of the Bank, in particular to acquire and dispose of real estate, to establish branches at home and abroad, to acquire, administer and dispose of participations in other enterprises, and to conclude enterprise agreements.  Deutsche Bank is organized into the following segments:  — Corporate Bank (CB);  — Investment Bank (IB);  — Private Bank (PB);  — Asset Management (AM);  — Capital Release Unit (CRU); and  — Corporate & Other (C&O).  In addition, Deutsche Bank has a country and regional organizational layer to facilitate a consistent implementation of global strategies.  The Bank has operations or dealings with existing and potential customers in most countries in the world. These operations and dealings include working through:  — subsidiaries and branches in many countries;  — representative offices in many other countries; and  — one or more representatives assigned to serve customers in a large number of additional countries.

### Major shareholders, including whether it is directly or indirectly owned or controlled and by whom

Deutsche Bank is neither directly nor indirectly majority-owned or controlled by any other corporation, by any government or by any other natural or legal person severally or jointly.

Pursuant to German law and Deutsche Bank's Articles of Association, to the extent that the Bank may have major shareholders at any time, it may not give them different voting rights from any of the other shareholders.

Deutsche Bank is not aware of arrangements which may at a subsequent date result in a change of control of the company.

The German Securities Trading Act (*Wertpapierhandelsgesetz*) requires investors in publicly-traded corporations whose investments reach certain thresholds to notify both the corporation and the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) of such change within four trading days. The minimum disclosure threshold is 3 per cent. of the corporation's issued voting share capital. To the Bank's knowledge, there are only six shareholders holding more than 3 per cent. of Deutsche Bank shares or to whom more than 3 per cent. of voting rights are attributed, and none of these shareholders holds more than 10 per cent. of Deutsche Bank shares or voting rights.

### Key managing directors

The key managing directors of the issuer are members of the issuer's Executive Board. These are: Christian Sewing, Karl von Rohr, Fabrizio Campelli, Bernd Leukert, Stuart Wilson Lewis, James von Moltke, Alexander von zur Mühlen, Christiana Riley, Rebecca Short and Prof. Dr. Stefan Simon.

### Statutory auditors

Until 31 December 2019, the independent auditor for the period covered by the historical financial information of Deutsche Bank was KPMG Aktiengesellschaft Wirtschaftsprüfungsgesellschaft ("**KPMG**"). KPMG is a member of the chamber of public accountants (*Wirtschaftsprüferkammer*). With effect as of 1 January 2020, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft ("**EY**") has been appointed as independent auditor. EY is a member of the chamber of public accountants (*Wirtschaftsprüferkammer*).

### What is the key financial information regarding the Issuer?

The key financial information included in the tables below as of and for the financial years ended 31 December 2019 and 31 December 2020 has been extracted from the audited consolidated financial statements prepared in accordance with IFRS as of 31 December 2020. The key financial information included in the tables below as of and for the three months ended 31 March 2020 and 31 March 2021 has been extracted from the unaudited consolidated interim financial information prepared as of 31 March 2021.

Statement of income (in million Euro)	Three months ended 31 March 2021 (unaudited)	Year ended 31 December 2020	Three months ended 31 March 2020 (unaudited)	Year ended 31 December 2019
Net interest income	2,801	11,526	3,251	13,749
Commissions and fee income	2,739	9,424	2,439	9,520
Provision for credit losses	69	1,792	506	723

Net gains (losses) on financial assets/liabilities at fair value through profit or loss	1,324	2,465	395	193
Profit (loss) before income taxes	1,589	1,021	206	(2,634)
Profit (loss)	1,037	624	66	(5,265)
<b>Balance sheet</b> (amounts in million Euro)	<b>31 March 2021</b> <b>(unaudited)</b>	<b>31 December 2020</b>	<b>31 December 2019</b>	
Total assets	1,317,126	1,325,259	1,297,674	
Senior debt	89,626	93,391	101,187	
Subordinated debt	8,487	7,352	6,934	
Loans at amortized cost	435,362	426,995	429,841	
Deposits	577,796	568,031	572,208	
Total equity	63,557	62,196	62,160	
Common Equity Tier 1 capital ratio	13.7 %	13.6 %	13.6 %	
Total capital ratio (fully loaded)	17.8 %	17.3 %	17.4 %	
Leverage ratio (fully loaded)	4.6 %	4.7 %	4.2 %	

#### What are the key risks that are specific to the Issuer?

The Issuer is subject to the following key risks:

**Macroeconomic, Geopolitical and Market Environment:** As a global investment bank with a large private client franchise, our businesses are materially affected by global macroeconomic and financial market conditions. Significant risks exist that could negatively affect the results of operations and financial condition in some of our businesses as well as our strategic plans, including risks posed by the COVID-19 pandemic, deterioration of the economic outlook for the euro area and slowing in emerging markets, trade tensions between the United States and China as well between the United States and Europe, inflation risks and other geopolitical risks.

**Business and Strategy:** Our results of operation and financial condition have in the past been negatively impacted by the challenging market environment, uncertain macroeconomic and geopolitical conditions, lower levels of client activity, increased competition and regulation, and the immediate impact of our strategic decisions. If we are unable to improve our profitability, we may be unable to meet our strategic aspirations, and may have difficulty maintaining capital, liquidity and leverage at levels expected by market participants and our regulators.

**Regulation and Supervision:** Regulatory reforms enacted and proposed in response to weaknesses in the financial sector, together with increased regulatory scrutiny more generally, have had and continue to have a significant impact on us and may adversely affect our business and ability to execute our strategic plans. Competent regulators may prohibit us from making dividend payments or payments on our regulatory capital instruments or take other actions if we fail to comply with regulatory requirements.

**Capital Requirements:** Regulatory and legislative changes require us to maintain increased capital and bail-inable debt (debt that can be bailed in in resolution) and abide by tightened liquidity requirements. These requirements may significantly affect our business model, financial condition and results of operations as well as

the competitive environment generally. Any perceptions in the market that we may be unable to meet our capital or liquidity requirements with an adequate buffer, or that we should maintain capital or liquidity in excess of these requirements or another failure to meet these requirements could intensify the effect of these factors on our business and results.

**Internal Control Environment:** A robust and effective internal control environment and adequate infrastructure (comprising people, policies and procedures, processes, controls assurance and IT systems) are necessary to ensure that we conduct our business in compliance with the laws, regulations and associated supervisory expectations applicable to us. We have identified the need to strengthen our internal control environment and infrastructure and have embarked on initiatives to accomplish this. If these initiatives are not successful or proceed too slowly, our reputation, regulatory position and financial condition may be materially adversely affected, and our ability to achieve our strategic ambitions may be impaired.

**Litigation, Regulatory Enforcement Matters and Investigations:** We operate in a highly and increasingly regulated and litigious environment, potentially exposing us to liability and other costs, the amounts of which may be substantial and difficult to estimate, as well as to legal and regulatory sanctions and reputational harm. We and our subsidiaries are involved in various litigation proceedings, including civil class action lawsuits, arbitration proceedings and other disputes with third parties, as well as regulatory proceedings and investigations by both civil and criminal authorities in jurisdictions around the world.