



# Release

Frankfurt am Main

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## Deutsche Bank reports third quarter 2015 net loss of EUR 6.0 billion after specific items

### Group results at a glance

<i>EUR bn</i>	<u>3Q2015</u>	<u>change</u>
<i>vs. 3Q2014</i>		
Net revenues	7.3	(7)%
Noninterest expenses	13.2	80%
Income before income taxes	(6.1)	N/M
Net income	(6.0)	N/M
Post tax RoTE	(43.9)%	(43.2)ppt
<i>vs. 2Q2015</i>		
CET1-ratio*	11.5%	12bps
Leverage exposure*	1,420	(3)%
Leverage ratio*	3.6%	7bps
RWA	408	(2)%

### Core business revenues

<i>EUR bn</i>	<u>3Q2015</u>	<u>change vs. 3Q2014</u>
Corporate Banking & Securities	3.2	2%
<i>Debt Sales &amp; Trading</i>	1.7	20%
<i>Equity Sales &amp; Trading</i>	0.6	(19)%
<i>Origination/Advisory</i>	0.6	(8)%
Private & Business Clients	1.9	(22)%
Global Transaction Banking	1.2	13%
Deutsche AWM	1.2	(5)%

\*Fully-loaded Capital Requirements Regulation / Capital Requirements Directive 4 (CRR / CRD4) basis

### Key developments

- Impact of specific items, largely non tax-deductible, totaling EUR 7.6 billion, comprising:
  - Revenue impact of EUR 649 million from impairment of the 19.99% stake in Hua Xia Bank
  - Noninterest expense impact of EUR 7.0 billion: impairment of goodwill and other intangible assets of EUR 5.8 billion
  - Litigation charges of EUR 1.2 billion
- Before goodwill/intangibles impairment, costs down by EUR 322 million FX adjusted
- Litigation reserves increased by EUR 1 billion to EUR 4.8 billion
- CET1 ratio of 11.5% includes introduction of Prudent Valuation (PruVal)
- RWA reduced by EUR 8 billion to EUR 408 billion vs. 2Q2015

John Cryan, Co-Chief Executive Officer, said: "In the third quarter 2015 we reported a record net loss – a highly disappointing result that was largely driven by items we had already flagged earlier in October."

He continued: "Our Common Equity Tier 1 ratio nonetheless rose slightly to 11.5% and our Leverage Ratio remained stable at 3.6%, partly reflecting lower risk weighted assets and leverage exposures, and our decision not to recommend a dividend for the year. Revenues in core businesses held up, despite mixed business conditions during the quarter with market volatility in August and September."

He concluded: "We recently announced a reorganisation of our business structure and a new management team. Later today, we will announce details of our implementation plans for Strategy 2020, including updated financial targets to which the new team is committed."

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## Group Results

in EUR m. (unless stated otherwise)	3Q2015	3Q2014	3Q15 vs. 3Q14	9M2015	9M2014	9M15 vs. 9M14
Net revenues	7,330	7,864	(534)	26,883	24,116	2,767
Provision for credit losses	207	269	(62)	576	765	(189)
Noninterest expenses	13,224	7,328	5,895	29,700	20,488	9,212
Income (loss) before income taxes	(6,101)	266	(6,367)	(3,393)	2,864	(6,257)
Net income	(6,024)	(92)	(5,933)	(4,647)	1,250	(5,897)
RWA (in EUR bn)	408	402	6	408	402	6
Tangible book value per share (in EUR)	38.99	37.37	1.62	38.99	37.37	1.62

## Noninterest expenses

in EUR m. (unless stated otherwise)	3Q2015	2Q2015	1Q2015	4Q2014	3Q2014	2Q2014	1Q2014	9M2015	9M2014
<b>Noninterest expenses</b>	<b>13,224</b>	<b>7,798</b>	<b>8,678</b>	<b>7,211</b>	<b>7,328</b>	<b>6,693</b>	<b>6,466</b>	<b>29,700</b>	<b>20,488</b>
<i>therein:</i>									
Cost-to-Achieve	187	143	208	362	253	375	310	538	938
Litigation	1,209	1,227	1,544	207	894	470	0	3,980	1,363
Policyholder benefits and claims	(29)	10	153	80	77	80	52	134	209
Other severance	54	45	44	35	40	16	27	144	83
Other <sup>1</sup>	5,808	35	31	517	23	29	85	5,873	137
<b>Cost/income ratio</b>	<b>180%</b>	<b>85%</b>	<b>84%</b>	<b>92%</b>	<b>93%</b>	<b>85%</b>	<b>77%</b>	<b>110%</b>	<b>85%</b>
<b>Compensation ratio</b>	<b>45%</b>	<b>38%</b>	<b>33%</b>	<b>38%</b>	<b>41%</b>	<b>38%</b>	<b>40%</b>	<b>38%</b>	<b>40%</b>

Note: Figures may not add up due to rounding

1) Includes smaller specific one-offs and impairments; 1Q2014 includes impairment in NCOU; 2Q2014 - 4Q2014 include charges from loan processing fees (EUR 32 m 2Q2014, EUR 38 m 3Q2014, EUR 330 m 4Q2014); 4Q2014 includes recovery of goodwill and other intangibles of EUR 83 m and EUR - 200m Maher impairment in NCOU; 3Q2015 includes goodwill and other intangible impairment of EUR 5.8bn in CB&S and PBC

## Commentary

**Revenues** were EUR 7.3 billion, down EUR 534 million or 7% versus 3Q2014 ('year-on-year'). Revenues were negatively impacted by a EUR 649 million impairment on the bank's stake in Hua Xia Bank. Excluding this, revenues were comparable to the third quarter 2014 despite challenging markets.

**Noninterest expenses** were EUR 13.2 billion, up EUR 5.9 billion or 80% year-on-year. Noninterest expenses included EUR 5.8 billion of impairments of goodwill and other intangibles, of which EUR 2.2 billion in Corporate Banking & Securities and EUR 2.8 billion in Private & Business Clients driven by expected higher regulatory capital requirements as well as current disposal expectations related to Postbank, together with an additional impairment of EUR 837 million on Postbank-related intangible assets. Noninterest expenses additionally included EUR 1.2 billion of litigation charges. Excluding these items, noninterest expenses were EUR 6.2 billion.

## Capital and leverage

in EUR bn (unless stated otherwise)	Sep 30, 2015	Jun 30, 2015	Dec 31, 2014
CET1 capital ratio <sup>1</sup>	11.5%	11.4%	11.7%
Risk-weighted assets <sup>1</sup>	408	416	394
Total assets (IFRS)	1,719	1,694	1,709
CRD4 leverage exposure <sup>2</sup>	1,420	1,461	1,445
Leverage ratio <sup>3</sup>	3.6%	3.6%	3.5%

1) based on CRR/CRD4 fully loaded

2) based on CRR/CRD4 rules

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

### Commentary

**Common Equity Tier 1 (CET1) capital ratio** was 11.5%, up 12bps versus 2Q2015 ('quarter-on-quarter'). CET 1 capital was unaffected by impairments of goodwill and other intangibles. A 12bp increase in the CET1 ratio quarter-on-quarter was due to lower RWAs and the reversal of past dividend accruals due to a negative Ytd net income. This was partially offset by the first-time adoption of EBA Technical Standards ('Prudent Valuation') which had a net negative impact on CET1 capital of EUR 1.3 billion.

**The bank's CRD4 leverage ratio** remained stable at 3.6% quarter-on-quarter, including the impact from Prudent Valuation, while CRD4 leverage exposures were reduced by EUR 41 billion.

**Risk Weighted Assets (RWA)** were reduced by EUR 8 billion to EUR 408 billion quarter-on-quarter. Reductions in market and credit risk RWA were partly offset by an increase in operational risk RWA driven by losses and settlements by Deutsche Bank and within the industry.

## Segment results

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

in EUR m. (unless stated otherwise)	3Q2015	3Q2014	3Q15 vs. 3Q14	9M2015	9M2014	9M15 vs. 9M14
Net revenues	3,172	3,119	53	12,139	10,668	1,471
Provision for credit losses	56	33	23	150	93	56
Noninterest expenses	5,854	2,765	3,090	12,846	7,965	4,881
Noncontrolling interest	(13)	2	(15)	25	24	1
Income (loss) before income taxes	(2,726)	319	(3,045)	(882)	2,586	(3,468)
RWA (in EUR bn)	201	184	18	201	184	18

### Commentary

**Revenues** were EUR 3.2 billion, up 2% year-on-year despite challenging market conditions, supported by a positive FX impact. Debt Sales & Trading revenues were up 20%, with increased revenues in Rates, Credit, Distressed and Emerging Markets. Equity Sales & Trading were down 19% driven by lower revenues from Cash Equities and Equity Derivatives, the latter reflecting losses on client driven inventory in both Europe and the US. Origination & Advisory revenues were down 8%, reflecting significantly lower Equity Origination, partly offset by revenue growth in Advisory.

**Noninterest expenses** were EUR 5.9 billion, up 112% year-on-year. Noninterest expenses during the quarter included the aforementioned full impairment of CB&S goodwill of EUR 2.2 billion and litigation charges of EUR 1.0 billion. Other noninterest expenses were up slightly year-on-year, reflecting regulatory expenditure and FX impact.

## Private & Business Clients (PBC)

in EUR m. (unless stated otherwise)	3Q2015	3Q2014	3Q15 vs. 3Q14	9M2015	9M2014	9M15 vs. 9M14
Net revenues	1,851	2,375	(524)	6,679	7,176	(497)
Provision for credit losses	116	150	(34)	351	435	(85)
Noninterest expenses	5,369	1,897	3,472	8,943	5,559	3,384
Noncontrolling interest	0	0	(0)	0	1	0
Income (loss) before income taxes	(3,634)	328	(3,962)	(2,615)	1,181	(3,797)
RWA (in EUR bn)	79	80	(1)	79	80	(1)

### Commentary

**Revenues** were EUR 1.9 billion, down EUR 524 million or 22% versus 3Q2014. This development primarily reflected an impairment on the stake in Hua Xia Bank of EUR 649 million. This was partly offset by a EUR 115 million dividend payment received subsequent to an investee's sales transaction. Revenues from Credit Products and Investment & Insurance Products both grew 9%, more than offsetting lower revenues in Deposit Products.

**Noninterest expenses** were EUR 5.4 billion, versus EUR 1.9 billion in 3Q2014. Noninterest expenses in the quarter included the aforementioned EUR 3.6 billion of impairments. Excluding these impairments, noninterest expenses were down year-on-year, reflecting non-recurrence of loan processing fees in 3Q2014 and lower efficiency investments.

## Global Transaction Banking (GTB)

in EUR m. (unless stated otherwise)	3Q2015	3Q2014	3Q15 vs. 3Q14	9M2015	9M2014	9M15 vs. 9M14
Net revenues	1,164	1,032	132	3,441	3,080	361
Provision for credit losses	34	43	(9)	36	114	(78)
Noninterest expenses	728	660	68	2,313	2,061	252
Income (loss) before income taxes	402	329	73	1,092	905	187
RWA (in EUR bn)	54	43	11	54	43	11

### Commentary

**Revenues** were EUR 1.2 billion, up 13% versus 3Q2014 in a sustained challenging market environment. Results reflected strength in all businesses: Trade Finance & Cash Management Corporates and Institutional Cash & Securities Services, together with a positive FX impact.

**Noninterest expenses** were EUR 728 million, up 10%, reflecting higher regulatory expenses and FX impact. **Income before income taxes** was EUR 402 million, up 22% versus the third quarter 2014.

## Deutsche Asset & Wealth Management (Deutsche AWM)

in EUR m. (unless stated otherwise)	3Q2015	3Q2014	3Q15 vs. 3Q14	9M2015	9M2014	9M15 vs. 9M14
Net revenues	1,198	1,266	(68)	3,992	3,464	529
Provision for credit losses	0	1	(1)	5	(7)	11
Noninterest expenses	935	977	(42)	3,012	2,813	199
Noncontrolling interest	0	0	(1)	(1)	(0)	1
Income (loss) before income taxes	263	287	(25)	976	658	318
RWA (in EUR bn)	20	16	4	20	16	4

### Commentary

**Net revenues** were EUR 1.2 billion, down 5% versus 3Q2014. Revenues from mark-to-market movements on policyholder positions in Abbey Life were down by EUR 127 million versus 3Q2014. Excluding this effect, revenues were up 5% year-on-year, despite lower market valuations and reduced client activity. This reflected year-on-year growth in Management fees and growth in net interest driven by increased lending volume and positive FX impact. Transaction fees and other non-recurring revenues declined year-on-year, reflecting lower performance fees in Alternatives and decreased transactional revenues from wealth management following lower volumes from alternative products across most regions.

**Invested Assets** were EUR 1.1 trillion, down 4% versus 2Q2015. This development reflected lower market valuations and negative FX impact, partly offset by net new assets of EUR 0.6 billion, the 7<sup>th</sup> consecutive quarter of positive net asset flows.

## Non-Core Operations Unit (NCOU)

in EUR m. (unless stated otherwise)	3Q2015	3Q2014	3Q15 vs. 3Q14	9M2015	9M2014	9M15 vs. 9M14
Net revenues	169	11	158	706	20	686
Provision for credit losses	2	42	(40)	35	128	(93)
Noninterest expenses	444	1,026	(582)	2,238	2,082	156
Noncontrolling interest	1	0	0	1	0	1
Income (loss) before income taxes	(278)	(1,058)	779	(1,569)	(2,190)	622
RWA (in EUR bn)	41	60	(18)	41	60	(18)

### Commentary

**Revenues** were EUR 169 million, up by EUR 158 million year-on-year, primarily reflecting gains on de-risking from asset sales including Maher Prince Rupert which is now complete.

**Noninterest expenses** were EUR 444 million, down 57%, reflecting lower litigation expenses and asset sales, including The Cosmopolitan of Las Vegas.

This release contains forward-looking statements. Forward-looking statements are statements that are not historical facts; they include statements about our beliefs and expectations and the assumptions underlying them. These statements are based on plans, estimates and projections as they are currently available to the management of Deutsche Bank. Forward-looking statements therefore speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

By their very nature, forward-looking statements involve risks and uncertainties. A number of important factors could therefore cause actual results to differ materially from those contained in any forward-looking statement. Such factors include the conditions in the financial markets in Germany, in Europe, in the United States and elsewhere from which we derive a substantial portion of our revenues and in which we hold a substantial portion of our assets, the development of asset prices and market volatility, potential defaults of borrowers or trading counterparties, the implementation of our strategic initiatives, the reliability of our risk management policies, procedures and methods, and other risks referenced in our filings with the U.S. Securities and Exchange Commission. Such factors are described in detail in our SEC Form 20-F of 20 March 2015 under the heading "Risk Factors." Copies of this document are readily available upon request or can be downloaded from [www.deutsche-bank.com/ir](http://www.deutsche-bank.com/ir).

This release contains non-IFRS financial measures. For a reconciliation to directly comparable figures reported under IFRS, to the extent such reconciliation is not provided in this release, refer to the 3Q2015 Financial Data Supplement, which is available at [www.db.com/ir](http://www.db.com/ir).