



# Release

Frankfurt am Main

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## Deutsche Bank reports second quarter 2012 net income of EUR 661 million, Core Tier 1 ratio of 10.2%

- Income before income taxes (IBIT) of EUR 960 million
- Net revenues of EUR 8.0 billion
- Core Tier 1 ratio of 10.2%
- 6.8% pre-tax return on average active equity
- Corporate Banking & Securities: IBIT of EUR 357 million, lower revenues reflect deliberate lower risk taking to correspond with reduced business volume
- Global Transaction Banking: IBIT of EUR 309 million reflects continued strong business momentum despite low interest rate environment
- Private & Business Clients: IBIT of EUR 398 million, driven by strong credit and deposit volumes, offset by lower revenues from reduced investment portfolio of Postbank
- Asset and Wealth Management: IBIT of EUR 35 million, driven by negative market impact on revenues and higher non-operational expenses; strong Private Wealth Management inflows offset by Asset Management outflows

Deutsche Bank (XETRA: DBKGn.DE / NYSE: DB) today reported results for the second quarter 2012. Net income for the quarter was EUR 661 million, compared to EUR 1.2 billion in the second quarter 2011. Diluted earnings per share for the quarter were EUR 0.68, versus EUR 1.24 in the second quarter 2011. Pre-tax return on average active equity was 6.8%, versus 13.9% in the second quarter 2011.

Jürgen Fitschen and Anshu Jain, Co-Chairmen of the Management Board and the Group Executive Committee, said: “In the second quarter, the Bank's performance was impacted by a volatile environment. The European sovereign debt crisis continues to weigh on investor confidence and client activity across the bank. Our core tier 1 ratio was 10.2% at the end of the second quarter, well in excess of the 9% threshold set by the European Banking Authority for June 2012.”

## Group Results

The Group's net revenues in the second quarter 2012 were EUR 8.0 billion compared to EUR 8.5 billion in the second quarter 2011, a decrease of 6%, benefiting from foreign exchange rate movements, however. Revenues in Corporate Banking and Securities (CB&S) were EUR 3.5 billion, down EUR 451 million, or 11%, versus EUR 4.0 billion in the second quarter 2011. The decline in revenues was primarily driven by Sales & Trading (debt and other products) due to deliberately lower levels of risk incurred to correspond with subdued trading flow volumes, and by Origination (equity) as a consequence of the current market conditions as well as strong IPO activity in the prior year's quarter. Private & Business Clients (PBC) revenues were EUR 2.4 billion in the current quarter, down EUR 138 million, or 5%, versus EUR 2.6 billion in the second quarter 2011. The majority of the decrease was attributable to lower revenues in Postbank which reflect the non-recurrence of positive effects recorded in the second quarter 2011 and an ongoing low interest rate environment. These effects were partly compensated by impairments on Greek government bonds booked in the second quarter 2011. Generally lower market levels and increased market volatility led to decreased Advisory / brokerage revenues as retail clients continue to show a reluctance to invest. Asset and Wealth Management (AWM) revenues declined by EUR 85 million, or 9%, to EUR 891 million, impacted by significant positive effects from the realignment of Sal. Oppenheim in 2011 as well as low asset flows in Asset Management resulting from negative market impacts. Slightly offsetting the revenue decline, Global Transaction Banking (GTB) revenues increased to EUR 972 million, up EUR 87 million or 10% from the second quarter 2011 reflecting continued strong business momentum despite the low interest rate environment.

Provision for credit losses was EUR 419 million in the quarter, a decrease of 10%, from EUR 464 million in the second quarter 2011. This decrease was mainly attributable to lower provisions recorded at Postbank and was slightly offset by higher provisions for credit losses recorded in GTB and CB&S.

Noninterest expenses were EUR 6.6 billion in the quarter, up EUR 345 million compared to the second quarter 2011. Compensation-related as well as general and administrative expenses were negatively impacted by foreign exchange rate movements. Compensation related costs were almost unchanged versus the prior year's quarter. Lower performance-related compensation was offset by higher severance payments, an increased deferred compensation from prior years and higher salaries. The increase of general and administrative expenses of EUR 399 million included effects from foreign exchange rate movements as well as higher litigation-related expenses and operational losses, IT costs and professional service fees.

Income before income taxes was EUR 960 million in the second quarter 2012 versus EUR 1.8 billion in the second quarter 2011. The decrease of EUR 818 million, or 46 %, reflects the aforementioned revenue declines in a more difficult market environment as well as increased general and administrative expenses.

Net income for the second quarter was EUR 661 million compared to EUR 1.2 billion in the second quarter 2011. Income tax expense was EUR 299 million in the second quarter versus EUR 545 million in the respective 2011 comparison period 2011. The effective tax rate was unchanged at 31%.

## Capital, Funding, and Liquidity

The Bank's Core Tier 1 capital ratio was 10.2% at the end of the second quarter, up from 10.0% at the end of the first quarter 2012. The main driver for the increase was the second quarter's net income attributable to Deutsche Bank shareholders of EUR 650 million, that was partially offset by our dividend accrual as well as effects from the conclusion of a domination and profit and loss transfer agreement with Postbank amounting to EUR 338 million. Risk-weighted assets increased to EUR 373 billion at the end of the second quarter 2012 from EUR 368 billion at the end of the first quarter 2012. The net increase of EUR 4.2 billion was largely due to the FX effect, partially offset by a reduction in credit risk.

Per mid-July, the Bank has completed EUR 13 bn of its full-year funding plan of EUR 15 billion, at an average spread of Libor +73bps. We have expanded the use of our Pfandbrief programme, issuing a EUR 500 million transaction during the second quarter at a spread of mid swaps +12bps.

Liquidity reserves were in excess of EUR 200 billion, maintained at a high level, and the composition was broadly the same with over 60% being in cash and cash equivalents.

Total assets increased by 7% to EUR 2.2 trillion at the end of the second quarter versus EUR 2.1 trillion at the end of first quarter 2012. On an adjusted basis, which reflects netting of derivatives and certain other balances, total assets were EUR 1,296 billion, an increase of EUR 40 billion, or 3%, compared to the end of the first quarter 2012. As per our target definition, the leverage ratio slightly increased to 22 compared to 21 at the end of the first quarter 2012.

## Segment results

in € m.	Net revenues			Non-interest expenses			Income before income taxes		
	2Q2012	2Q2011	Change	2Q2012	2Q2011	Change	2Q2012	2Q2011	Change
CB&S	3,526	3,977	-11%	-3,054	-2,907	5%	357	969	-63%
GTB	972	886	10%	-616	-549	12%	309	306	1%
AWM	891	976	-9%	-843	-737	14%	35	227	-85%
PBC	2,425	2,563	-5%	-1,771	-1,736	2%	398	458	-13%
CI	262	194	35%	-330	-329	0%	-70	-139	-50%
C&A	-55	-56	-1%	-29	-41	-29%	-69	-43	61%
Group	8,022	8,540	-6%	-6,643	-6,298	5%	960	1,778	-46%

## Corporate Banking & Securities (CB&S)

CB&S's net revenues were EUR 3.5 billion, down 11% compared to the same period in 2011. Sales & Trading (debt and other products) were EUR 2.2 billion in the second quarter 2012, a decrease of EUR 172 million, or 7%. Sales & Trading (equity) generated net revenues of EUR 546 million in the second quarter 2012, in line with the second quarter 2011. Origination and Advisory generated revenues of EUR 509 million in the second quarter 2012, a decrease of EUR 205 million, or 29 %, compared to the second quarter 2011, reflecting lower industry-wide activity and fee pools. Loan products revenues were EUR 303 million in the second quarter 2012, an increase of EUR 19 million on the prior year quarter. Net revenues from other products were negative EUR 8 million in the second quarter 2012, a decrease of EUR 83 million from the prior year quarter, driven by mark-to-market losses on investments held to back insurance policyholder claims in Abbey Life, which are offset in noninterest expenses.

In provision for credit losses CB&S recorded a net charge of EUR 112 million in the second quarter 2012, compared to a net charge of EUR 96 million in the prior year quarter.

Noninterest expenses were EUR 3.1 billion in the second quarter 2012, an increase of EUR 147 million, or 5 %, compared to the second quarter 2011. This was primarily driven by adverse foreign exchange rate movements, and higher litigation and operational related expenses, partly offset by lower compensation expenses driven by lower operating performance, and the aforementioned effects from Abbey Life.

## Global Transaction Banking (GTB)

GTB's net revenues were EUR 972 million in the second quarter 2012, an increase of EUR 87 million, or 10 %, compared to the second quarter 2011. The increase was driven by strong fee and interest income reflecting growing client volumes and balances in a continuously low interest rate environment. While interest rates in the U.S. remained at historically low levels, interest rates in Europe decreased further. In Trade Finance, revenues increased as a result of ongoing growth in financing products especially in Asia and Europe, as well as a good performance in structured export financing. Trust & Securities Services revenues grew based on higher balances and increased fee income, especially in the Corporate Trust and Alternative Funds business in the U.S. and U.K. Cash Management continued to benefit from the 'flight-to-quality' trend, resulting in higher deposit volumes.

In provision for credit losses, GTB recorded a net charge of EUR 47 million in the second quarter 2012, compared to EUR 31 million in the prior year quarter. The charges in both periods mainly related to the commercial banking activities acquired in the Netherlands in 2010.

Noninterest expenses of EUR 616 million in the second quarter 2012 were up EUR 67 million, or 12 %, compared to the second quarter 2011. This increase

was driven by expenses reflecting the growth in business activity, for example insurance related costs as well as performance-related compensation and integration costs.

## Asset and Wealth Management (AWM)

AWM reported net revenues of EUR 891 million in the second quarter 2012, a decrease of EUR 85 million, or 9 %, compared to the same period in 2011. The decrease was attributable to significant positive effects in 2011 from the realignment of Sal. Oppenheim (Private Wealth Management, PWM), to negative market impacts and lower performance fees in Asset Management (AM), as well as the non-recurrence of a gain on sale of a RREEF Infrastructure investment in AM recorded in the second quarter 2011.

Provisions for credit losses of EUR 14 million were virtually unchanged compared to the same period last year.

Noninterest expenses in the second quarter 2012 were EUR 843 million, an increase of EUR 106 million, or 14 %, compared to the second quarter 2011. The increase was mainly due to non-operational significant items attributable to business taxes and legal expenses recorded in PWM, as well as to costs incurred from the strategic review in AM announced in 2011.

## Private & Business Clients (PBC)

Net revenues in the second quarter 2012 were EUR 2.4 billion, down EUR 138 million, or 5 %, compared to the second quarter 2011. The majority of this decline was attributable to lower revenues from other products, which decreased by EUR 77 million. This development reflected a EUR 181 million lower contribution of Postbank, mainly attributable to weaker revenues related to a reduced investment portfolio and lower effects from purchase price allocation. The low interest rate environment, as well as lower releases of loan loss allowances recorded prior to consolidation (which are shown as interest income) also contributed to this decrease. PBC's revenues from other products in the prior year quarter were negatively affected by EUR 155 million impairments of Greek government bonds, which partly offsets the aforementioned decrease. Advisory / brokerage revenues were down by EUR 53 million, or 23 %, related to Advisory Banking Germany and International. Revenues from discretionary portfolio management/fund management decreased by EUR 17 million, or 24 %, mainly in Advisory Banking Germany. Both product categories were impacted by deteriorating market conditions in the second quarter 2012 which reinforced the ongoing reluctance of retail clients to invest. Revenues from deposits and payment services were EUR 523 million, down EUR 9 million, or 2 %, compared to the second quarter 2011, mainly driven by lower margins in both Advisory Banking units, offsetting higher volumes. Credit products revenues were up by EUR 17 million, or 3 %, compared to the second quarter 2011, driven by higher loan volumes, especially mortgages in Advisory Banking Germany.

Provision for credit losses was EUR 243 million in the second quarter 2012 versus EUR 320 million in the prior year quarter, of which EUR 108 million in the second quarter 2012, or EUR 182 million in the second quarter 2011, related to Postbank. The decrease of EUR 75 million in Postbank was mainly attributable to releases of loan loss allowances recorded within the Retail Portfolio after consolidation. In the current quarter, releases of loan loss allowances recorded prior to consolidation were EUR 18 million (versus EUR 82 million in the second quarter 2011) and are reported as net interest income. Excluding Postbank, provisions for credit losses decreased by EUR 2 million, compared to the same quarter last year.

Noninterest expenses were EUR 1.8 billion in the second quarter 2012, higher by EUR 35 million, or 2%, compared to the second quarter 2011. The increase included EUR 17 million related to Postbank, with higher integration costs more than offsetting lower operating costs. Excluding Postbank (and integration costs reflected in Advisory Banking Germany), noninterest expenses were up EUR 18 million, mainly resulting from higher general and administrative expenses.

## Corporate Investments (CI)

Net revenues were EUR 262 million in the second quarter 2012, compared to EUR 194 million in the second quarter 2011. Revenues in CI mainly contain recurring revenues from BHF-BANK and our consolidated investments in The Cosmopolitan of Las Vegas and Maher Terminals. The increase in CI's revenues of EUR 69 million was primarily driven by positive business developments within these consolidated investments.

Noninterest expenses were EUR 330 million in the second quarter 2012, essentially unchanged, compared to the same period of last year. Noninterest expenses mainly comprise of the operating costs from BHF-BANK and our consolidated investments in The Cosmopolitan of Las Vegas and Maher Terminals.

## Consolidation & Adjustments (C&A)

Loss before income taxes in Consolidation & Adjustments (C&A) was EUR 69 million in the second quarter 2012, compared to EUR 43 million in the prior year. This development was predominantly attributable to negative effects from the hedging of net investments in certain foreign operations driven by increased forward interest rates of the hedged currencies, different accounting methods used for management reporting and IFRS as well as the reversal of noncontrolling interests. The latter are deducted from income before income taxes of the divisions and were mainly related to Postbank. Partly offsetting were positive effects from interest on taxes and an effect related to a refined first-time application of the UK bank levy in 2011. The development of the credit spreads of certain of our own debt had no significant impact on the results in C&A in both periods.

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The Interim Report will be discussed in an Analyst Conference Call at 2 p.m. (CET). This conference call will be transmitted via internet: <http://www.deutsche-bank.com/ir/video-audio>

#### Appendix:

Excerpts from the Interim Report as of 30 June 2012

The complete Interim Report as of 30 June 2012 is available at 2 p.m. (CET), <http://www.deutsche-bank.com/2Q2012>, the Financial Data Supplement for 2Q2012 at: <http://www.deutsche-bank.com/ir/financial-supplements>

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 2012 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 also contains non-IFRS financial measures. For a reconciliation to directly comparable figures reported under IFRS, refer to the 1Q2012 Financial Data Supplement, which is available at [www.deutsche-bank.com/ir](http://www.deutsche-bank.com/ir).