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Deutsche Bank reports first quarter 2015 net income of EUR 559 million

Group results

- Income before income taxes (IBIT) of EUR 1.5 billion, a decrease of 12% from 1Q2014
- Core Bank IBIT, which excludes the Non-Core Operations Unit (NCOU), of EUR 1.9 billion, down EUR 360 million from the prior year period
- Net revenues of EUR 10.4 billion, up 24% year over year reflecting a strong performance across businesses and a favourable impact of foreign exchange movements
- Noninterest expenses of EUR 8.7 billion, up 34% from 1Q2014
- Litigation expenses of EUR 1.5 billion in 1Q2015. Litigation reserves were EUR 4.8 billion at quarter end
- Adjusted cost base of EUR 6.7 billion, up 12% from 1Q2014 reflecting higher costs for bank levy and the impact of foreign exchange movements
- Net income of EUR 559 million; post-tax return on average active equity (RoE) in 1Q2015 of 3.1% for the Group and 5.1% for the Core Bank

Capital and leverage

- Common Equity Tier 1 (CET1) ratio of 11.1% on a fully loaded Capital Requirements Regulation (CRR)/Capital Requirements Directive 4 (CRD4) basis at quarter end, down 60bps from year end 2014
- Fully loaded CRR/CRD4 CET1 capital of EUR 47.8 billion, up 4% from year-end 2014
- Risk-weighted assets (RWA) on a fully loaded CRR/CRD4 basis of EUR 431 billion, up 9% from 4Q2014
- CRD4 fully loaded leverage ratio of 3.4%, down 10bps from year end 2014
- Tangible Book Value per share of EUR 41.26 increased 7.1% compared to 4Q2014

Deutsche Bank (XETRA: DBKGn.DE / NYSE: DB) today reported results for 1Q2015. Group net revenues rose 24% from the prior year, to EUR 10.4 billion with noninterest expenses 34% higher at EUR 8.7 billion. Income before income taxes was EUR 1.5 billion in 1Q2015, compared to EUR 1.7 billion in 1Q2014. The current quarter includes litigation costs of EUR 1.5 billion.

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Jürgen Fitschen and Anshu Jain, Co-Chief Executive Officers, said: “In the first quarter 2015, revenues were close to record levels, reflecting the strength of our franchise across all our core businesses. Profits were impacted by litigation expenses of EUR 1.5 billion, primarily reflecting the bank’s definitive settlement with US and UK authorities relating to interbank offered rates (IBOR) and bank levy charges of EUR 561 million.”

They continued: “Core Bank adjusted IBIT of EUR 3.5 billion was the best since we launched Strategy 2015+ in 2012, reflecting both revenue strength and discipline in our adjusted cost base. In CB&S, Debt Sales & Trading revenues were the best since eight quarters and Equity Sales & Trading revenues the best since 2008, driven by strong client activity, robust markets and a normalization of market volatility after recent historic lows. Both PBC and GTB overcame the challenge of persistent low interest rates to achieve near record quarterly profits. Deutsche AWM grew revenues significantly, increased pre-tax profits by 75% year-on-year, and attracted EUR 17 billion of net new money inflows.”

They concluded: “These results provide a snapshot of a Deutsche Bank which is much stronger than when we began our journey in 2012. We have delivered robust operating performance despite tight resource discipline and significant investments in regulatory compliance. We have significantly strengthened our capital position. We embark on the next phase of our strategy from a position of strength.”

Group Results

in EUR m. (unless stated otherwise)	1Q2015	4Q2014	1Q2014	1Q15 vs. 1Q14	1Q15 vs. 4Q14
Net revenues	10,376	7,832	8,392	1,983	2,543
Provision for credit losses	218	369	246	(28)	(151)
Noninterest expenses	8,678	7,211	6,466	2,212	1,467
Income (loss) before income taxes	1,479	253	1,680	(201)	1,227
Net income	559	441	1,103	(544)	118
Cost/income ratio	84 %	92 %	77 %	7 ppt	(8)ppt
Post-tax return on average active equity	3 %	3 %	8 %	(5)ppt	0 ppt

Adjusted cost base

in EUR m. (unless stated otherwise)	1Q2015	4Q2014	3Q2014	2Q2014	1Q2014
Noninterest expenses	**8,678**	**7,211**	**7,328**	**6,693**	**6,466**
Adjusted cost base	**6,699**	**6,010**	**6,043**	**5,723**	**5,992**
excludes:					
Cost-to-Achieve	208	362	253	375	310
Litigation	1,544	207	894	470	0
Policyholder benefits and claims	153	80	77	80	52
Other severance	44	35	40	16	27
Remaining[1]	31	517	23	29	85
Cost/income ratio (adjusted)[2]	**65%**	**77%**	**77%**	**73%**	**71%**
Compensation ratio	**33%**	**38%**	**41%**	**38%**	**40%**

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 intangibles of EUR 83 m and EUR ~ 200m Maher impairment in NCOU

2) Adjusted cost base divided by reported revenues

Group net revenues in 1Q2015 increased by 24%, or EUR 2.0 billion to EUR 10.4 billion compared to EUR 8.4 billion in 1Q2014, supported by favourable foreign exchange movements. Revenue growth versus the prior year first quarter was principally driven by the 15% (EUR 612 million) growth in CB&S and 29% (EUR 314 million) growth in Deutsche AWM. In NCOU, revenues of EUR 336 million were up EUR 273 million versus 1Q2014 reflecting a specific litigation recovery and ongoing de-risking gains.

Provision for credit losses were EUR 218 million in 1Q2015, a decrease of EUR 28 million, or 12%, compared to last year first quarter, mainly driven by lower provisions for IAS 39 reclassified assets in NCOU, which was partly offset by an increase in CB&S due to higher provisions in the shipping portfolio.

Noninterest expenses were EUR 8.7 billion in 1Q2015, up EUR 2.2 billion, or 34%, compared to 1Q2014, mainly driven by higher litigation costs, foreign exchange movements and costs for bank levy. Litigation costs were EUR 1.5 billion in 1Q2015. Costs for bank levy increased by EUR 527 million versus 1Q2014 reflecting both the increase in size and the recognition of the full year impact of the levy in the first quarter. Noninterest expenses were also impacted by higher regulatory induced expenses.

Group income before income taxes was EUR 1.5 billion in 1Q2015 versus EUR 1.7 billion in 1Q2014 increases in noninterest expenses, mainly from litigation provisions, partly offset by a favorable revenue development and lower provision for credit losses..

Net income for 1Q2015 was EUR 559 million, compared to EUR 1.1 billion in the prior year. Income tax expense in 1Q2015 was EUR 920 million versus EUR 577 million in the prior year quarter. The effective tax rate in the current quarter of 62%

was mainly impacted by non tax deductible litigation costs. The effective tax rate in 1Q2014 was 34%.

Capital, Funding, and Liquidity

Group in EUR bn (unless stated otherwise)	Mar 31, 2015	Dec 31, 2014 [4]	Mar 31, 2014
CET1 capital ratio[1]	11.1%	11.7%	9.5%
Risk-weighted assets[1]	431	394	373
Liquidity reserves	203	184	171
Total assets (IFRS)	1,955	1,709	1,637
CRD4 leverage exposure[2]	1,549	1,445	1,423
Leverage ratio[3]	3.4%	3.5%	2.5%

1) based on CRR/CRD4 fully loaded

2) based on CRR/CRD4 rules (Mar 31, 2014 pro-forma based on previous CRR/CRD4 rules)

3) based on fully loaded CRR/CRD4 T1 capital and leverage ratio exposure according to CRR/CRD4 rules (Mar 31, 2014 pro-forma based on previous CRR/CRD4 rules)

4) capital and leverage ratios including dividend accrual based on bank internal policy

The bank's fully loaded **CRR/CRD4 Common Equity Tier 1 (CET1) capital ratio** was 11.1% as of 31 March 2015, approximately 60 bps down compared to 31 December 2014. Fully loaded CRR/CRD4 CET1 capital as of 31 March 2015 increased by EUR 1.8 billion to EUR 47.8 billion compared to the end of 4Q2014, mainly driven by foreign exchange movements. Fully loaded CRR/CRD4 risk-weighted assets (RWA) increased by EUR 37 billion to EUR 431 billion at the end of 1Q2015, versus the prior quarter reflecting movements in foreign exchange, increases in operational RWA and seasonal business growth in CB&S.

The **CRR/CRD 4 leverage ratio** on a fully loaded basis was 3.4% as of 31 March 2015. Leverage exposure was EUR 1,549 billion as of 31 March 2015, an increase of EUR 104 billion from 31 December 2014, which was almost entirely driven by foreign exchange movements.
In the quarter, the bank's CRR/CRD4 capital and leverage ratios were negatively impacted by the recent ECB decision on the inclusion of interim profits and required deduction of dividends.

Total assets were EUR 1,955 billion as of 31 March 2015, reflecting an increase of EUR 247 billion, or 14%, versus 31 December 2014, principally driven by movements in foreign exchange and increases in gross derivative mark-to-market values given the higher market volatility and activity levels in the quarter.

Capital markets issuance: Over the course of 1Q2015 the bank issued debt securities totalling EUR 16.9 billion in the capital markets at an average spread of 49 over the relevant floating index (e.g. Libor) with an average tenor of 5.7 years. The Bank's full year 2015 issuance plan is EUR 30 - 35 billion.

Liquidity reserves were EUR 203 billion as of 31 March 2015, 39% of which being in cash and cash equivalents primarily held at central banks.

Segment results

Corporate Banking & Securities (CB&S)

in EUR m. (unless stated otherwise)	1Q2015	4Q2014	1Q2014	1Q15 vs. 1Q14	1Q15 vs. 4Q14
Net revenues	4,654	2,965	4,042	612	1,690
Provision for credit losses	37	9	16	21	27
Noninterest expenses	3,959	2,628	2,566	1,393	1,331
Noncontrolling interest	16	2	21	(6)	14
Income (loss) before income taxes	643	325	1,439	(796)	318
Cost/income ratio	85 %	89 %	63 %	22 ppt	(4)ppt
Post-tax return on average active equity	5 %	3 %	18 %	(12)ppt	3 ppt

CB&S net revenues increased by EUR 612 million, or 15%, to EUR 4.7 billion from EUR 4.0 billion compared to 1Q2014, driven by an improved market environment, increased market volatility and favourable foreign exchange movements. Net revenues included valuation adjustments including Credit Valuation Adjustment (CVA) relating to RWA mitigation efforts, Debt Valuation Adjustment (DVA) and Funding Valuation Adjustment (FVA) totalling a loss of EUR 226 million (1Q2014: a gain of EUR 3 million).

Debt Sales & Trading net revenues of EUR 2.6 billion were up EUR 208 million, or 9%, versus 1Q2014. Debt Sales & Trading net revenues included valuation adjustment items totaling a loss of EUR 208 million, including a FVA loss of EUR 193 million and a CVA loss of EUR 16 million relating to RWA mitigation efforts. This compares to a gain of EUR 43 million in 1Q2014.
Foreign Exchange revenues were significantly higher driven by increased client activity and higher market volatility. Revenues in Rates were higher driven by increased client activity notably in Europe. Flow Credit revenues were significantly higher than the prior year quarter and Emerging Markets revenues were higher driven by an improved market environment. Revenues in Distressed Products were significantly lower compared to a very strong first quarter in 2014. RMBS revenues decreased significantly due to challenging market conditions.

Equity Sales & Trading net revenues were EUR 1.0 billion in 1Q2015, an increase of EUR 242 million, or 31%, compared to last year first quarter. Prime Finance revenues were significantly higher compared to 1Q2014 driven by increased client balances. Revenues in Equity Derivatives increased due to a stronger performance in North America and Asia. Equity Trading revenues were also higher driven by increased revenues in Asia and Europe reflecting favourable market conditions and higher equity valuations.

Origination and Advisory net revenues of EUR 784 million in 1Q2015 increased by EUR 159 million, or 26%, compared to 1Q2014. Revenues in Advisory were significantly higher than 1Q2014 reflecting an increased fee pool. Equity and Debt Origination revenues were higher than the prior year quarter driven by strong deal flow.

CB&S provision for credit losses was EUR 37 million, versus EUR 16 million in 1Q2014, attributable to increased provisions in the shipping portfolio.

CB&S noninterest expenses of EUR 4.0 billion increased by EUR 1.4 billion, or 54%, compared to 1Q2014. The increase was driven by materially higher litigation costs, adverse foreign exchange movements and regulatory required expenditures. These increases offset the savings from OpEx and lower compensation costs.

CB&S income before income taxes of EUR 643 million decreased by EUR 796 million compared to last year first quarter.

Private & Business Clients (PBC)

in EUR m. (unless stated otherwise)	1Q2015	4Q2014	1Q2014	1Q15 vs. 1Q14	1Q15 vs. 4Q14
Net revenues	2,471	2,390	2,452	20	81
Provision for credit losses	135	187	140	(6)	(52)
Noninterest expenses	1,801	2,190	1,836	(36)	(390)
Noncontrolling interest	0	0	0	0	0
Income (loss) before income taxes	536	13	475	61	523
Cost/income ratio	73 %	92 %	75 %	(2)ppt	(19)ppt
Post-tax return on average active equity	8 %	0 %	9 %	(0)ppt	8 ppt

PBC net revenues of EUR 2.5 billion increased by EUR 20 million, or 1%, compared to 1Q2014. Credit Product revenues grew by EUR 83 million, or 10%, compared to 1Q2014 reflecting higher loan volumes and improved loan margins, especially in Mortgages and Home Loan & Savings. This was accompanied by specific effects from successful contract alignments with business partners in Postbank and impacts related to updates of internal funding models in Private & Commercial Banking. Revenues from Investment & Insurance Products reached a quarterly record high since the financial crisis of EUR 406 million, an increase of EUR 57 million, or 16%, reflecting ongoing transaction growth in the security brokerage business. Deposit product revenues declined by EUR 63 million, or 8%, compared to 1Q2014 driven by the ongoing low interest rate environment in Europe. Net revenues from Postal and supplementary Postbank Services were down by EUR 43 million, or 41%, compared to 1Q2014 due to a new contract with Deutsche Post DHL. The decrease in net revenues from Payments, Cards & Account products of EUR 12 million, or 5%, compared to 1Q2014, was mainly driven by regulatory changes in payment and card fees. Revenues in the first quarter 2014 were positively impacted by a gain related to a business sale closed in prior period, while revenues in the first quarter 2015 benefited from higher revenues related to Postbank nonoperating activities as well as a higher contribution from Hua Xia Bank.

PBC provision for credit losses of EUR 135 million declined by EUR 6 million or 4% from the first quarter 2014 level. Provision for credit losses remain at historically low levels, reflecting the quality of PBC's loan book and a benign economic environment in Germany.

PBC noninterest expenses decreased by EUR 36 million, or 2%, to EUR 1.8 billion, compared to 1Q2014. Cost-to-achieve for OpEx and Postbank integration programs decreased by EUR 23 million, in line with the expected progress of these programs. Additionally, PBC continued to realize incremental savings from efficiency measures implemented under the OpEx program. These effects were partly offset by higher infrastructure expenses, mainly caused by regulatory requirements and establishment of new control functions.

PBC income before income taxes of EUR 536 million increased by EUR 61 million, or 13%, compared to 1Q2014.

Invested assets increased by EUR 11 billion compared to 31 December 2014 mainly due to market appreciation and slight inflows in securities.

Global Transaction Banking (GTB)

in EUR m. (unless stated otherwise)	1Q2015	4Q2014	1Q2014	1Q15 vs. 1Q14	1Q15 vs. 4Q14
Net revenues	1,133	1,039	1,018	114	94
Provision for credit losses	15	42	24	(9)	(27)
Noninterest expenses	709	749	638	71	(40)
Income (loss) before income taxes	409	249	357	53	161
Cost/income ratio	63 %	72 %	63 %	0 ppt	(9)ppt
Post-tax return on average active equity	15 %	10 %	17 %	(3)ppt	5 ppt

GTB net revenues reached their highest ever level of EUR 1.1 billion and increased by EUR 114 million, or 11%, compared to 1Q2014, supported by favourable foreign exchange movements. The prior year quarter included a gain on sale of registrar services GmbH. In Trade Finance, growing volumes more than offset the impact from low interest rates and continued pressure on margins. Revenues in Securities Services benefited from strong volume growth mainly in the Asia Pacific region. In Cash Management, business activity also increased.

GTB provision for credit losses of EUR 15 million in 1Q2015 decreased by EUR 9 million compared to 1Q2014 reflecting lower provisions both in Trade Finance and in commercial banking acitivities in the Netherlands.

GTB noninterest expenses of EUR 709 million increased by EUR 71 million, or 11%, compared to 1Q2014, primarily driven by foreign exchange movements, higher expenses to comply with regulatory requirements and an increase in revenue-related expenses.

GTB income before income taxes of EUR 409 million increased by EUR 53 million, or 15%, compared to 1Q2014.

Deutsche Asset & Wealth Management (Deutsche AWM)

in EUR m. (unless stated otherwise)	1Q2015	4Q2014	1Q2014	1Q15 vs. 1Q14	1Q15 vs. 4Q14
Net revenues	1,379	1,240	1,065	314	139
Provision for credit losses	4	(0)	(1)	(5)	4
Noninterest expenses	1,084	878	899	185	206
Noncontrolling interest	(0)	4	(0)	0	(4)
Income (loss) before income taxes	291	358	167	125	(66)
Cost/income ratio	79 %	71 %	84 %	(6)ppt	8 ppt
Post-tax return on average active equity	10 %	13 %	7 %	3 ppt	(3)ppt

Deutsche AWM net revenues in 1Q2015 increased by EUR 314 million, or 29%, to EUR 1.4 billion compared to 1Q2014. Management fees and other recurring revenues rose by EUR 209 million, or 34%, due to higher average invested assets following positive asset flows, increased market levels and foreign exchange movements. Net interest income increased by EUR 43 million, or 29%, due to increased lending volume and favourable foreign exchange movements. Other product revenues decreased compared to the first quarter 2014 by EUR 67 million, or 95%, mainly due to unfavourable impact to retirement products from the low interest environment and a write-down in active products in regards to HETA exposure of EUR 110 million, partially offset by growth in alternative products. Mark-to-market movements on policyholder positions in Abbey Life increased by EUR 127 million versus the first quarter 2014 following increased market gains.

Deutsche AWM provision for credit losses of EUR 4 million remained at very low levels.

Deutsche AWM noninterest expenses of EUR 1.1 billion were up EUR 185 million, or 21%, compared to the prior year period. The increase was driven by higher policyholder benefits and claims, the impact of foreign exchange movements, higher revenue-driven costs and increased compensation costs mainly in respect of higher regulatory requirements and strategic hirings. This was partly offset by lower cost-to-achieve related to OpEx and lower litigation costs.

Deutsche AWM income before income taxes of EUR 291 million increased by EUR 125 million, or 75%, compared to first quarter 2014.

Invested assets were EUR 1.2 trillion as of 31 March 2015, an increase of EUR 120 billion versus 31 December 2014. This was mainly driven by foreign exchange movements of EUR 63 billion, market appreciation of EUR 46 billion and inflows of EUR 17 billion.

Non-Core Operations Unit (NCOU)

in EUR m. (unless stated otherwise)	1Q2015	4Q2014	1Q2014	1Q15 vs. 1Q14	1Q15 vs. 4Q14
Net revenues	336	153	63	273	184
Provision for credit losses	28	131	67	(39)	(104)
Noninterest expenses	690	736	538	152	(46)
Noncontrolling interest	0	(2)	(1)	1	2
Income (loss) before income taxes	(381)	(712)	(541)	160	331

NCOU net revenues of EUR 336 million in 1Q2015 increased by EUR 273 million compared to 1Q2014 principally driven by a specific litigation recovery of EUR 219 million. Lower portfolio revenues following the sale of BHF-BANK and The Cosmopolitan of Las Vegas were broadly offset by the net effect arising from valuation adjustments and mark-to-market impacts. NCOU's de-risking activity generated revenue gains of EUR 98 million compared to net gains of EUR 67 million in the same period in 2014.

NCOU provision for credit losses of EUR 28 million in 1Q2015 were EUR 39 million lower than in the prior year quarter driven by lower provisions taken against IAS 39 reclassified assets.

NCOU noninterest expenses increased by EUR 152 million, or 28%, compared to the previous year. The increase versus 1Q2014 was predominantly due to higher litigation costs, partially offset by the sale of BHF-BANK and The Cosmopolitan of Las Vegas as well as the absence of an impairment in the prior year period.

NCOU loss before income taxes of EUR 381 million was EUR 160 million lower compared to the same quarter in 2014.

Consolidation & Adjustments (C&A)

in EUR m. (unless stated otherwise)	1Q2015	4Q2014	1Q2014	1Q15 vs. 1Q14	1Q15 vs. 4Q14
Net revenues	402	47	(247)	650	356
Provision for credit losses	1	(0)	1	0	(1)
Noninterest expenses	436	30	(12)	447	405
Noncontrolling interest	(16)	(4)	(20)	5	(12)
Income (loss) before income taxes	(18)	21	(216)	197	(39)

C&A loss before income taxes was EUR 18 million in 1Q2015, compared to a loss of EUR 216 million in the prior year quarter, predominantly attributable to valuation and timing differences from different accounting methods used for management reporting and IFRS, which showed a positive impact of EUR 324 million compared to negative EUR 134 million in the prior year quarter. In addition, FVA contributed a positive EUR 1 million in 1Q2015, in contrast with a negative effect of EUR 95 million in 1Q2014. This was partially offset by costs for bank levy of EUR 426 million, which will be allocated to the businesses over the course of the year reducing the impact in C&A to zero.