



Supplement C dated 20 November 2019  
according to Section 16 para. 1 of the German Securities Prospectus Act (WpPG) (old version)  
relating to the Base Prospectus for the issuance of Certificates, Warrants and Notes  
dated 22 May 2019  
as approved by the BaFin on 23 May 2019 in accordance with Section 13 para. 1 of the  
German Securities Prospectus Act (WpPG) (old version)  
last amended by the Supplement dated 15 August 2019

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**In accordance with Section 16 para. 3 of the German Securities Prospectus Act (*Wertpapierprospektgesetz, WpPG*) in its version applicable until 20 July 2019 (“old version”), which remains applicable pursuant to Section 28 para. 1 German Securities Prospectus Act in its version applicable as of 21 July 2019, investors who have, in the course of an offer of securities to the public, already agreed to purchase or subscribe for the securities, before the publication of this Supplement, have the right, exercisable within two working days after the publication of the Supplement, to withdraw their acceptances, provided that the new factor, mistake or inaccuracy referred to in Section 16 para. 1 of the German Securities Prospectus Act (old version) arose before the final closing of the offer to the public and the delivery of the securities.**

**The right to withdraw is exercisable by notification to Deutsche Bank Aktiengesellschaft, Taunusanlage 12, 60325 Frankfurt am Main, Germany. The withdrawal does not have to provide any grounds and has to be provided in text form; dispatch of the withdrawal in good time is sufficient to comply with the time limit.**

**The new factor (the “New Factor”) resulting in this Supplement is the publication of the earnings report as of 30 September 2019 of Deutsche Bank Group (unaudited) before commencement of trading on the Frankfurt Stock Exchange on 30 October 2019.**



This Supplement amends and corrects the information contained in the above-mentioned prospectuses as follows:

**1.**

In Chapter “**I. Summary**“, “**Section B - Issuer**“, **Element B.12** titled “**Selected historical key financial information**” the text (including the table) contained in the right column shall be deleted and replaced as follows:

“The following table shows an overview from the balance sheet of Deutsche Bank AG which has been extracted from the respective audited consolidated financial statements prepared in accordance with IFRS as of 31 December 2017 and 31 December 2018 as well as from the unaudited consolidated interim financial statements as of 30 September 2018 and from the unaudited consolidated interim financial information as of 30 September 2019. The information on share capital (in EUR) and number of ordinary shares is based on the internal accounting of Deutsche Bank and is unaudited.

	<b>31 December 2017</b>	<b>30 September 2018</b>	<b>31 December 2018</b>	<b>30 September 2019</b>
Share capital (in EUR)	5,290,939,215.36	5,290,939,215.36	5,290,939,215.36	5,290,939,215.36
Number of ordinary shares	2,066,773,131	2,066,773,131	2,066,773,131	2,066,773,131
Total assets (in million Euro)	1,474,732	1,379,982	1,348,137	1,500,922
Total liabilities (in million Euro)	1,406,633	1,311,194	1,279,400	1,436,301
Total equity (in million Euro)	68,099	68,788	68,737	64,620
Common Equity Tier 1 capital ratio	14.8% <sup>1</sup>	14.0%	13.6%	13.4%

<sup>1</sup> Based upon transitional rules of the CRR/CRD 4 capital framework.”

**2.**

In Chapter “**I. Summary**“, “**Section B - Issuer**“, **Element B.12** titled “**A description of significant changes in the financial or trading position of the Issuer subsequent to the period covered by the historical financial information**” the text contained in the right column shall be deleted and replaced as follows:

“Not applicable. There has been no significant change in the financial position or trading position of Deutsche Bank Group or Deutsche Bank since 30 September 2019.”



### 3.

In Chapter “**I. Summary**“, “**Section B - Issuer**“, **Element B.16** titled “**Controlling persons**” the text contained in the right column shall be deleted and replaced as follows:

“Not applicable. Based on notifications of major shareholdings pursuant to the German Securities Trading Act (*Wertpapierhandelsgesetz*, WpHG), there are only five shareholders holding more than 3 but less than 10 per cent. of the Issuer's shares or to whom more than 3 but less than 10 per cent. of voting rights are attributed. To the Issuer's knowledge there is no other shareholder holding more than 3 per cent. of the shares or voting rights. The Issuer is thus not directly or indirectly majority-owned or controlled.”

### 4.

In Chapter “**III. General Information on the Programme**“, section “**B. Form of Document - Publication**“, sub-section “**2. Publication**” the last paragraph shall be deleted and replaced as follows:

“The consolidated annual financial statements of Deutsche Bank AG for the financial years ending 31 December 2017 and 31 December 2018 (both audited) and the financial statements and the management report (HGB) of Deutsche Bank AG for the financial year ending 31 December 2018 (audited) and Deutsche Bank Group's earnings report as of 30 September 2019 (unaudited) are available on the freely accessible website of the Issuer ([https://www.db.com/ir/index\\_en.htm](https://www.db.com/ir/index_en.htm)) in the section “Reports and Events”, subsection “Annual Reports” and subsection “Quarterly Results”.”

### 5.

In chapter “**III. General Information on the Programme**“, section “**G. Information incorporated by reference**” the entire text (including the table) under the sub-heading **a.** shall be deleted and replaced as follows:

“a. Registration Document of Deutsche Bank AG dated 15 May 2019 as amended by the First Supplement dated 14 June 2019

<b>Document:</b>	<b>Approved by:</b>
Registration Document of Deutsche Bank AG dated 15 May 2019 (English Version)	Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) Approved by BaFin in accordance with § 13 WpPG (old version)
Contains all issuer information required under § 7 WpPG (old version) in conjunction with Regulation No. 809/2004 of the European Commission:	
<ul style="list-style-type: none"><li>• Risk Factors</li></ul>	pages 4 to 8 (to and including the section with the heading “Rating of Subordinated Obligations”)  (incorporated by reference in this Base Prospectus under chapter “II. A. Risk Factors in Respect of the Issuer“)
<ul style="list-style-type: none"><li>• Persons Responsible</li></ul>	page 14



<ul style="list-style-type: none"> <li>• Statutory Auditors page 14</li> <li>• Information about Deutsche Bank page 14</li> <li>• Organisational Structure page 23</li> <li>• Historical Financial Information/Financial Statements page 26</li> <li>• Auditing of Historical Annual Financial Information page 26</li> <li>• Material Contracts page 48</li> <li>• Documents on Display page 49</li> </ul> <p>(the information above is each incorporated by reference in this Base Prospectus under chapter "IX. Description of the Issuer")</p>	
First Supplement dated 14 June 2019 to the Registration Document dated 15 May 2019	Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) Approved by BaFin in accordance with §§ 13, 16 WpPG (old version)

All other sections in the Registration Document dated 15 May 2019 which are not incorporated by reference in this Base Prospectus are not relevant for the investor."

## 6.

In chapter "III. General Information on the Programme", in section "G. Information Incorporated by Reference" the entire text (including the table) contained under the sub-heading d. shall be deleted and replaced as follows:

"d. Earnings Report of Deutsche Bank Group as of 30 September 2019 (unaudited)

<b>Document:</b>	
Earnings Report of Deutsche Bank Group as of 30 September 2019 (unaudited) (English version)	Made available to the public on 30 October 2019 and notified to the <i>Commission de Surveillance du Secteur Financier</i> (CSSF) Publication under <a href="https://www.db.com/ir/en/quarterly-results.htm">https://www.db.com/ir/en/quarterly-results.htm</a> and on the website of the Luxembourg Stock Exchange, <a href="https://www.bourse.lu">https://www.bourse.lu</a> (incorporated by reference in this Base Prospectus under chapter "IX. Description of the Issuer")



## 7.

In chapter “IX. Description of the Issuer” the entire text shall be deleted and replaced as follows:

“A description of Deutsche Bank AG is contained in

- the Registration Document of Deutsche Bank AG dated 15 May 2019 (English version) as amended by the First Supplement dated 14 June 2019;
- the Consolidated Financial Statement (IFRS) of Deutsche Bank AG for the Fiscal Year ending 31 December 2017 (audited) (English version);
- the Consolidated Financial Statement (IFRS) of Deutsche Bank AG for the Fiscal Year ending 31 December 2018 (audited) (English version) as well as in the Non - Consolidated Financial Statements and Management Report (HGB) of Deutsche Bank AG for the Fiscal Year ending 31 December 2018 (audited) (English version); and
- the Earnings Report of Deutsche Bank Group as of 30 September 2019 (unaudited) (English version).

This information is incorporated by reference in this Base Prospectus under chapter “III. G. Information incorporated by reference”.

In addition to the information listed above and incorporated by reference in this Base Prospectus, the following information regarding the Issuer is relevant for the investor:

### **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.

Until beginning of July 2019, Deutsche Bank Group's business activities were organized into the following three corporate divisions:

- Corporate & Investment Bank (CIB);
- Asset Management (AM)<sup>1</sup>; and
- Private & Commercial Bank (PCB).

Starting with the third quarter of 2019 Deutsche Bank Group's business activities are organized into the following five corporate divisions:

- Corporate Bank (CB);
- Investment Bank (IB);

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<sup>1</sup> Formerly Deutsche Asset Management



- Asset Management (AM);
- Private Bank (PB); and
- Capital Release Unit (CRU).

The five corporate divisions are supported by infrastructure functions. In addition, Deutsche Bank has a local and regional organizational layer to facilitate a consistent implementation of global strategies.

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

- 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 activities of each corporate division:

### **Corporate Bank**

The Corporate Bank (CB) includes the Global Transaction Bank which was previously part of the former Corporate & Investment Bank as well as the German Commercial and Corporate Clients division, formerly part of the Private & Commercial Business. CB is built around Deutsche Bank's formerly reported Global Transaction Bank, which is a global provider of cash management, trade finance and securities services to many national and international corporates. It will be strengthened by Deutsche Bank's commercial clients unit, which houses Deutsche Bank's German "Mittelstand" clients, which will be transferred from the former Private & Commercial Bank including Postbank. For commercial clients, Deutsche Bank provides an integrated commercial banking coverage model.

### **Investment Bank**

Deutsche Bank's Investment Bank (IB), previously part of the former Corporate & Investment Bank, includes Deutsche Bank's Origination & Advisory businesses. The Investment Bank also includes FIC Sales & Trading, which includes Deutsche Bank's Global Credit Trading, Foreign Exchange, Rates and Emerging Markets Debt businesses. It will refocus on its traditional strengths in financing, advisory, fixed income and currencies. Deutsche Bank will concentrate its resources where it has competitive products and solutions for Deutsche Bank's target clients and on areas where Deutsche Bank can achieve acceptable returns. As Deutsche Bank continues to provide strategic advice to corporate clients including a focused equity capital markets business, it will keep an equity and macro research capacity as well as a targeted equity sales force.

Deutsche Bank will exit substantially all of its Equities Sales & Trading business. In addition, Deutsche Bank plans to resize its Fixed Income operations, in particular its Rates business, and to accelerate the wind-down of Deutsche Bank's existing non-strategic portfolio.

### **Asset Management**

Asset Management (AM) operates under the DWS brand. AM is unchanged from Deutsche Bank's previous segmentation and provides investment solutions to individual investors and institutions with a diversified range of Active, Passive and Alternative Asset Management products and services.. It remains a key pillar of Deutsche Bank's strategy.

AM has undergone significant changes over the last few months including restructuring the senior executive team. Deutsche Bank has set distinct growth priorities to leverage its competitive positioning and generate organic growth, particularly in Asia, by focusing on innovative products and services across the entire platform.



Deutsche Bank is making sustainability core to its business activities as Deutsche Bank expects sustainability to become the driving force behind successful asset management over the coming years. The basis for growth will be Deutsche Bank's long-standing heritage in Environment Social Governance (ESG), which Deutsche Bank wants to build upon as reflected by its recent minority stake acquisition in Arabesque.

Deutsche Bank will modernize its core platform by incorporating technology-based analysis and investment tools, as well as increase its use of artificial intelligence to take advantage of new opportunities for asset managers, both to revolutionize investment management and enable higher automation levels.

### **Private Bank**

The Private Bank (PB) comprises three business segments. The Private Bank Germany serves private customers and small business clients in Germany. The Private Bank International also 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. The businesses included in the Private Bank were previously disclosed as part of the Private & Commercial Bank division. This division provides the full range of banking, insurance and investment products to retail clients, high net-worth clients as well as small businesses.

In its German home market, the biggest economy in Europe, Deutsche Bank has approximately 20 million clients including 10 million clients on its digital retail platform. Deutsche Bank has the necessary scale to strengthen its position as the leading private client platform in Germany, servicing all customers from retail to ultra-high net worth.

In its international business, Deutsche Bank is present in selected attractive markets in Europe (Italy, Spain and Belgium) and India. Deutsche Bank provides advisory and relationship banking services to predominantly affluent clients and small and medium-sized companies, complemented by a strong retail proposition in Italy. Deutsche Bank offers a comprehensive range of products with a strong emphasis on investment products and financing solutions.

In Wealth Management (Global), Deutsche Bank combines deep local heritage and global reach, offering expert advice with an extensive range of services from standardized to highly tailored solutions paired with industry-leading risk return engineering, aiming to deliver lasting value for Deutsche Bank's clients. Deutsche Bank's focus is on serving high-net-worth (HNW) and ultra-high-net-worth (UHNW) individuals, their families and businesses as well as professional clients such as Family Offices providing them access to a full product suite and connecting them to Deutsche Bank's wider capabilities. Deutsche Bank will further strengthen its Wealth Management franchise by building on its strong German and European business, in particular. Areas of growth and investments will be the Americas and Deutsche Bank's emerging markets region, which includes Asia Pacific and the Middle East.

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

The Capital Release Unit (CRU) consists primarily of Equities Sales & Trading assets, legacy Fixed Income positions and the IT functions associated with these assets and positions. CRU was created to quickly and efficiently dispose of non-strategic or low-return assets which are no longer consistent with the Bank's strategy, in order to release capital, reduce leverage and related cost and thus create a smaller, simpler and less market-sensitive balance sheet. This includes substantially all of Deutsche Bank's Equities Sales & Trading business, lower yielding fixed income positions, particularly in Rates, Deutsche Bank's former CIB Non-Strategic portfolio as well as the exited businesses from Deutsche Bank's Private & Commercial Bank which include its retail operations in Portugal and Poland. At the end of June 2019, the portfolios comprising the CRU had approximately € 65 billion of risk weighted assets (RWA) and € 250 billion of leverage exposure on a pro-forma basis.



Deutsche Bank expects that a material portion of the exposure in the CRU will run off naturally within the next 18 months. In this context, Deutsche Bank has entered into a preliminary agreement with BNP Paribas to transfer technology and staff to BNP Paribas in due course with a view to provide continuity of service to its prime finance and electronic equities clients. Deutsche Bank believes that this is commercially the right decision for its clients, its employees, and its ongoing institutional franchise. This agreement remains subject to various conditions and approvals, and as Deutsche Bank works to finalize the transaction, it may lead to a slightly slower pace of RWA and leverage exposure reductions for year-end 2019, depending on the closing timeline.

### ***Principal Markets***

Deutsche Bank Group operates in approximately 59 countries out of approximately 2,000 branches worldwide, of which approximately 1,400 are in Germany. Deutsche Bank offers a wide variety of investment, financial and related products and services to private individuals, corporate entities and institutional clients around the world.

## **TREND INFORMATION**

### ***Statement of No Material Adverse Change***

There has been no material adverse change in the prospects of Deutsche Bank since 31 December 2018.

### ***Recent Developments***

On 17 March 2019, Deutsche Bank announced that in light of arising opportunities the Management Board of Deutsche Bank has decided to review strategic options. However, there is no certainty that any transaction will occur. In this context Deutsche Bank confirmed discussions with Commerzbank Aktiengesellschaft.

On 25 April 2019, Deutsche Bank announced that after careful analysis, the Management Board of Deutsche Bank has concluded on that day that a combination with Commerzbank would not have created sufficient benefits to offset the additional execution risks, restructuring costs and capital requirements associated with such a large-scale integration. As a result, the two banks have decided to discontinue discussions. Deutsche Bank will continue to review all alternatives to improve long-term profitability and shareholder returns.

### ***Outlook***

On 7 July 2019 Deutsche Bank announced a fundamental transformation intended to enable it to become more profitable, improve shareholder returns and drive long-term growth. To execute its transformation, Deutsche Bank will refocus its operations through a significant downsizing of Deutsche Bank's investment bank including the exit of substantially all of Deutsche Bank's Equities Sales & Trading business, and the creation of a new Capital Release Unit (CRU) designed to accelerate the wind-down or disposal of non-strategic assets. Additionally, Deutsche Bank intends to reduce adjusted costs significantly by 2022.





To align its financial objectives with its strategic update, Deutsche Bank announced a new set of Group financial targets. Deutsche Bank's most important key performance indicators are shown in the table below:

Key Performance Indicators <sup>1</sup>	30 September 2019 (unaudited)*	Target Key Performance Indicators
Post-tax Return on Tangible Shareholders Equity <sup>2</sup>	(10.3 %) <sup>5</sup>	8 % by 2022
Adjusted costs <sup>3</sup>	€ 17.051 bn <sup>5</sup>	€ 17 bn by 2022
Cost Income Ratio <sup>4</sup>	104.9 % <sup>5</sup>	70 % by 2022
Common Equity Tier 1 capital ratio	13.4 %	at least 12.5 %
Leverage Ratio (fully loaded)	3.9 %	~ 5 % from 2022

\* Extracted from the Earnings Report as of 30 September 2019, except for the Cost Income Ratio which is extracted from the Financial Data Supplement Q3 2019 of 30 October 2019.

<sup>1</sup> Within Deutsche Bank's strategic plan, Deutsche Bank used underlying foreign exchange rates of EUR/USD at 1.1386 and EUR/GBP at 0.8568 in setting the financial targets for 2022.

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

<sup>3</sup> Adjusted costs are noninterest expenses excluding impairment of goodwill and other intangible assets, litigation and restructuring and severance.

<sup>4</sup> Total noninterest expenses as a percentage of net interest income before provision for credit losses, plus noninterest income.

<sup>5</sup> Nine months ended 30 September 2019.

Deutsche Bank expects Group revenues in 2019 to be lower than in 2018. This decline is mainly due to Deutsche Bank's decision to exit substantially all of its Equities Sales & Trading business.

While the interest rate environment has deteriorated since the second quarter of 2019, Deutsche Bank is working on a series of mitigating actions including re-pricing deposits, introducing incremental account fees and the deployment of Deutsche Bank's excess liquidity to offset these headwinds. At this stage, Deutsche Bank's 2022 revenue aspirations and return on tangible equity targets remain unchanged.

Deutsche Bank is committed to continue on its path of materially reducing its adjusted costs. Adjusted costs excluding transformation-related charges are expected to decline by € 1.3 billion in 2019 to € 21.5 billion. The decline in adjusted costs excluding transformation-related charges should result from the run-rate impact of measures executed in 2018 as well as from the impact from the German retail integration, and business exits as highlighted in Deutsche Bank's strategic announcement. Deutsche Bank expects transformation-related charges regarding restructuring and severance of approximately € 0.7 billion for the full year 2019. The decrease compared to Deutsche Bank's previous expectation of € 1.0 billion as announced as part of Deutsche Bank's strategic transformation in July 2019 reflects a more efficient use of Deutsche Bank's budgets than Deutsche Bank had previously forecasted. As a result, Deutsche Bank now expects cumulative restructuring and severance spend to be slightly less than € 2 billion between 2019 and 2022. In addition, Deutsche Bank expects transformation-related charges which form part of Deutsche Bank's adjusted costs of up to € 1 billion for the full year 2019 compared to Deutsche Bank's previous expectation of up to € 0.6 billion, with



the increase mainly relating to software and reflecting further refinements to Deutsche Bank's estimates as Deutsche Bank develops its technology transformation. Deutsche Bank expects that the transformation will lead to further workforce reductions relative to its original target of below 90,000 internal full-time employees by year-end 2019.

Deutsche Bank expects an increase in provision for credit losses in 2019 compared to last year. In line with Deutsche Bank's previous guidance, Deutsche Bank expects provision for credit losses to increase in the fourth quarter of 2019 from recent low levels but to remain in the mid-teens of basis points or slightly higher as a proportion of loans for this year. For the Group, Deutsche Bank expects post-tax return on tangible shareholders equity in 2019 to be negatively impacted by the upfront costs to execute Deutsche Bank's strategy.

Deutsche Bank reaffirms its target to manage its Common Equity Tier 1 ratio to around 13 per cent. in the fourth quarter of 2019 with the decline compared to the third quarter of 2019 driven by multiple factors, including projected transformation-related charges and a negative impact expected from an update to Deutsche Bank's pension liability for lower mortality rates, including related tax effects. Deutsche Bank is working towards its Leverage Ratio target of 4 per cent. by year-end 2019. Risk weighted assets and leverage exposure are both expected to be lower at year-end 2019 compared to 2018.

Deutsche Bank intends to fund its transformation from its existing resources. As a consequence, the Management Board intends to propose nil dividends on Deutsche Bank's common equity shares for the financial years 2019 and 2020. Deutsche Bank expects to have sufficient capacity for coupon payments on its AT1 instruments throughout the transformation phase under the revised CRR definition applicable from 27 June 2019 which results in a substantial increase of available distributable items (ADI) eligible for AT1 coupon payments. The planned balance sheet reductions and future income are expected to generate € 5 billion of excess capital, which Deutsche Bank plans to return through dividends and share buyback starting in 2022.

The announcement on 7 July 2019 also included Deutsche Bank's decision to exit substantially all of its Equities Sales & Trading business, while retaining a focused equity capital markets operation. In this context, Deutsche Bank has entered into a preliminary agreement with BNP Paribas to transfer technology and staff to BNP Paribas in due course with a view to provide continuity of service to its prime finance and electronic equities clients. This agreement remains subject to various conditions and approvals.

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, it expects the litigation and enforcement environment to remain challenging in the short term. Litigation charges, net, in 2018 were relatively low as a result of Deutsche Bank's successful efforts in resolving a number of matters at or below estimated provisions. For 2019, and with a caveat that forecasting litigation charges is subject to many uncertainties, Deutsche Bank expects litigation charges, net, to be significantly higher than in 2018.



## The Business Segments of Deutsche Bank

In addition, Deutsche Bank announced on 7 July 2019 its plans to reorganize its business operations under a new segment structure from the third quarter of 2019 onwards. The following paragraphs contain the outlook of Deutsche Bank's Business Segments in their current as well as for Deutsche Bank's new Business segments in the future organizational structure.

### *Corporate & Investment Bank (CIB)*

For Corporate & Investment Bank (CIB), the first half of 2019 saw an unfavorable macroeconomic and financial market environment for the industry. Uncertainty was driven by a number of geopolitical factors such as, but not limited to, Brexit, U.S. - China trade relations and the general slowdown in global growth and concerns around the macro credit environment, all of which suppressed client activity and negatively impacted revenues. Deutsche Bank does not expect these factors to materially improve in the second half of 2019. Furthermore, the planned restructuring of the division will further impact revenues with materially lower revenue contribution expected from Sales & Trading Equities following the decision to exit substantially all of this business as well as the costs of accelerating the wind-down of certain assets within the new Capital Release Unit (CRU). Due to all the above factors, Deutsche Bank expects CIB revenues for 2019 to be significantly lower compared to 2018, with the material reduction coming from the businesses that will form the CRU.

In line with Deutsche Bank's strategic announcement, the current CIB division will be restructured. The new Corporate Bank (CB) will consist of Global Transaction Banking and elements from the Private & Commercial Bank as described below. Substantially all of Deutsche Bank's Sales & Trading Equities business along with certain elements of Fixed Income, particularly in Rates, and its Non-strategic unit will move to form part of the new Capital Release Unit (CRU) where these assets will ultimately be unwound or disposed. The remainder of the CIB division will form the new Investment Bank (IB).

### *Private & Commercial Bank (PCB)*

PCB continued to execute on its strategic agenda. In Germany, the merger of the two legal entities DB Bauspar AG and BHW Bausparkasse AG (both building societies) was finalized on 17 May 2019, and further agreements with workers council were reached on the restructuring of Head Office and Operations functions. In Portugal, PCB closed in the quarter the sale of its retail operations to ABANCA.

In PCB, Deutsche Bank expects growth in its loan and investment businesses in 2019. In the loan business, Deutsche Bank plans to benefit from the growth achieved in 2018 and targets to further accelerate growth in 2019 within its existing risk management framework. Deutsche Bank also plans to grow its investment businesses, reflecting growth in net new assets and hiring of relationship managers in core markets. In addition, Deutsche Bank expects to be able to leverage pricing opportunities in a normalizing market environment. The year-over-year revenue development is likely to be negatively impacted by lower specific items, which Deutsche Bank does not expect to repeat in the same magnitude as in 2018. Deutsche Bank also expects the margin pressure on its deposit products to continue in the ongoing low interest rate environment and that Deutsche Bank's revenue base declines as a result of its business divestitures in Poland and Portugal. Given these aforementioned opposing revenue trends, Deutsche Bank expects PCB revenues to remain essentially flat in 2019 compared to 2018.

Following the strategy announcement, Deutsche Bank's commercial and corporate clients within the Private and Commercial Business Germany will become part of the newly created Corporate Bank (CB). In addition, its exited businesses, which include Deutsche Bank's retail operations in Poland and Portugal, will be assigned to the newly created Capital Release Unit (CRU). The new division Private Bank (PB) will serve private customers as well as small business clients going forward.



### *Asset Management (AM)*

For Asset Management (AM), the industry's global assets under management are expected to increase over the medium term, driven by strong net flows in passive strategies and alternatives and additional inflows in multi asset solutions. Deutsche Bank believes that AM is well-positioned to grow market share amid these industry growth trends, further supported by Deutsche Bank's broad distribution reach, global footprint and digital capabilities. Deutsche Bank expects its assets under management to be higher at the end of 2019 compared to 2018. Net flows are expected to be positive, especially in passive products, alternative investments and supported by enhanced distribution partnerships. Deutsche Bank expects AM revenues to be essentially flat for 2019 compared to 2018. Management fees are assumed to be essentially flat year-over year. Performance and transaction fees are now expected to be significantly higher than 2018, driven by an episodic Alternative Investment performance fee recognized in the second quarter of 2019.

### *New segmental structure from the third quarter of 2019 onwards*

Starting in the third quarter of 2019, Deutsche Bank will align its reporting structure to its new strategic direction. Deutsche Bank will center around its core bank comprising the new Corporate Bank, the refocused Investment Bank, the Private Bank and Asset Management, as well as Corporate & Other, and a separately created Capital Release Unit (CRU). The following paragraph contains the outlook of Deutsche Bank's new business segments in the future organizational structure. All of the information included below is presented on a pro-forma basis for both years, 2018 and 2019, and is preliminary, unaudited and subject to change. The 2018 information reflects refinements to the pro-forma financials Deutsche Bank disclosed on 7 July and 8 July 2019, including certain adjustments related to the allocation of revenues and impairments and adjustments which reflect decisions that the new management team has made to the final core business perimeter.

Deutsche Bank expects revenues in the Corporate Bank to be essentially flat, with a stable development in Global Transaction Banking and slightly higher revenues in Commercial Banking, mainly from growth in lending. Investment Bank revenues are expected to be lower as the macroeconomic uncertainty and political factors that have negatively impacted revenues, specifically in Fixed Income, Currency (FIC) Sales & Trading, in the first nine months of 2019 should continue. Deutsche Bank expects Private Bank revenues to be slightly lower as continued growth in its loan and investment businesses is likely to be offset by lower specific items including real estate sale gains as well as the negative impact of the interest rate environment. Deutsche Bank expects Asset Management revenues to be essentially flat as stable management fees, higher performance and transaction fees are expected to be offset by a reduction in other revenues, driven by impacts resulting from the fair value measurement of guarantees in certain retirement products. Reflecting the exit of certain assets and businesses as well as the costs of de-risking, Deutsche Bank expects revenues in the Capital Release Unit to be significantly lower.



## ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES

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; Communications and Corporate Social Responsibility (CSR); Group Audit (administratively only, in all other aspects collective responsibility of the Management Board); Art, Culture and Sports; Research; Head of Investment Bank (IB); Head of Corporate Bank (CB); Head of Region Americas
Karl von Rohr	Deputy Chairman; Chief Administrative Officer; Head (CEO) of Region Germany; Head of Private Bank (PB); Head of Asset Management (AM)
Fabrizio Campelli	Chief Transformation Officer (CTO) and MB Member for HR; Human Resources (incl. Corporate Executive Matters); Transformation Office (incl. Infrastructure Transformation)
Frank Kuhnke	Chief Operating Officer; Head of Capital Release Unit (CRU); Head of Region EMEA
Stuart Wilson Lewis	Chief Risk Officer; Compliance; Anti-Financial Crime; Head of Region UKI (UK & Ireland)
James von Moltke	Chief Financial Officer; Investor Relations; Corporate M&A and Corporate Investments
Werner Steinmüller	Head (CEO) of Region APAC

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

Dr. Paul Achleitner	Chairman of the Supervisory Board of Deutsche Bank AG
Detlef Polaschek*	Deputy Chairman of the Supervisory Board of Deutsche Bank AG; Member of the General Staff Council of Deutsche Bank AG and DB Privat- und Firmenkundenbank AG
Ludwig Blomeyer-Bartenstein*	Spokesperson of the Management and Head of the Market Region Bremen of Deutsche Bank AG
Frank Bsirske*	Former Chairman of the trade union ver.di ( <i>Vereinte Dienstleistungsgewerkschaft</i> )
Mayree Carroll Clark	Founder and Managing Partner of Eachwin Capital LP; Member of the Board of Directors, Ally Financial, Inc., Detroit, USA;



	Member of the Board of Directors, Regulatory Data Corp., Inc., Pennsylvania, USA;
	Member of the Board of Directors, Taubman Centers, Inc., Bloomfield Hills, USA
Jan Duscheck*	Head of national working group Banking, trade union ver.di
Dr. Gerhard Eschelbeck	Member of the Board of Directors, Onapsis Inc., Boston, USA
Katherine Garrett-Cox	Managing Director and Chief Executive Officer, Gulf International Bank (UK) Ltd.
Timo Heider*	Chairman of the General Staff Council of BHW Bausparkasse AG / Postbank Finanzberatung AG; Chairman of the General Staff Council of BHW Kreditservice GmbH; Chairman of the Staff Council of BHW Bausparkasse AG, BHW Kreditservice GmbH, Postbank Finanzberatung AG and BHW Holding GmbH; Deputy Chairman of the Group Staff Council of Deutsche Bank AG
Martina Klee*	Deputy Chairperson of the Staff Council PWCC Center Frankfurt of Deutsche Bank
Henriette Mark*	Chairperson of the Combined 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
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
Gerd Alexander Schütz	Founder and Member of the Management Board, C-QUADRAT Investment Aktiengesellschaft
Stephan Szukalski*	Federal Chairman of the German Association of Bank Employees ( <i>Deutscher Bankangestellten-Verband; DBV</i> ) – Trade Union of Financial Service Providers ( <i>Gewerkschaft der Finanzdienstleister</i> )
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



Michele Trogni	Member of the Board of Directors, Morneau Shepell Inc., Toronto, Canada; Chairperson of the Board of Directors, Capital Markets Gateway Inc., Chicago, USA Non-Executive Director, Global Atlantic Financial Group Limited, Bermuda
Dr. Dagmar Valcárcel	Member of the Supervisory Board of amedes Holding GmbH
Prof. Dr. Norbert Winkeljohann	Self-employed corporate consultant, Norbert Winkeljohann Advisory & Investments; Member of the Supervisory Board of Bayer AG; Member of the Supervisory Board of Georgsmarienhütte Holding GmbH; Chairman of the Supervisory Board of Heristo Aktiengesellschaft; Chairman of the Supervisory Board of Sievert AG
Jürg Zeltner	Group CEO and Chairman of the Group Executive Committee, member of the Board of Directors, KBL European Private Bankers, Luxembourg; Member of the Supervisory Board of KBL European Private Bankers S.A.

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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 to 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 § 161 of the German Stock Corporation Act (*Aktiengesetz, 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 the 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 BaFin 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 five 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**

### ***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.

### **Challenge of the General Meeting's Resolution Not to Pay a Dividend for the 2015 Fiscal Year**

In May 2016, Deutsche Bank AG's General Meeting resolved that no dividend was to be paid to Deutsche Bank's shareholders for the 2015 fiscal year. Some shareholders filed a lawsuit with the Regional Court Frankfurt am Main (*Landgericht*), challenging (among other things) the resolution on the grounds that Deutsche Bank was required by law to pay a minimum dividend in an amount equal to 4 per cent. of Deutsche Bank's share capital. In December 2016, the Regional Court ruled in favor of the plaintiffs. Deutsche Bank initially appealed the court's decision. However, consistent with Deutsche Bank's updated strategy, Deutsche Bank withdrew its appeal prior to Deutsche Bank's 2017 General Meeting, as a result of which the challenged resolution became void. Deutsche Bank's General Meeting in May 2017 resolved the payment of a dividend of approximately € 400 million from Deutsche Bank's distributable profit for 2016 which amount contains a component reflecting the distributable profit carried forward from 2015 of approximately € 165 million. Such dividend was paid to the shareholders shortly after the annual General Meeting. The resolution was also challenged in court based on the argument that the way the decision was taken was not correct. On 18 January 2018, the Regional Court Frankfurt am Main dismissed the shareholder actions as regards the dividend resolution taken in May 2017. The plaintiffs appealed to the Higher Regional Court Frankfurt am Main. On 26 March 2019, the Higher Regional Court Frankfurt am Main confirmed the decision of the Regional Court and dismissed the appeal. The plaintiffs filed an appeal against the denial of leave to appeal with the Federal Supreme Court.

### **CO2 Emission Rights**

The Frankfurt am Main Office of Public Prosecution (the "OPP") has investigated alleged value-added tax (VAT) fraud in connection with the trading of CO2 emission rights by certain trading firms, some of which also engaged in trading activity with Deutsche Bank. The OPP alleges that certain employees of Deutsche Bank knew that their counterparties were part of a fraudulent scheme to avoid VAT on transactions in CO2 emission rights, and it searched Deutsche Bank in April 2010 and December 2012. On 13 June 2016, the Regional Court Frankfurt am Main sentenced seven former Deutsche Bank employees for VAT evasion and for aiding and abetting VAT evasion in connection with their involvement in CO2 emissions





trading. On 15 May 2018, the Federal Supreme Court (*Bundesgerichtshof*) handed down its decision in the appeal proceedings. The Federal Supreme Court partly granted the appeal of one former employee and referred the case back to the trial court, which closed the case against payment of the fine in August 2019. In relation to the other cases where appeal proceedings were pending, the Federal Supreme Court confirmed the trial court's judgment, which meant that the judgment became final and binding and the cases are closed. The majority of the other investigations by the OPP against former and current employees which were ongoing have meanwhile been closed. Investigations remain ongoing against one current employee and an indictment was filed against one former employee in August 2019.

#### 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 Section 30 of the German Law on Administrative Offences in this proceeding. Deutsche Bank is cooperating with this investigation. 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 February 2018, Deutsche Bank received from the Federal Central Tax Office (*Bundeszentralamt für Steuern*) a demand of approximately € 49 million for tax refunds paid to a former custody client. Deutsche Bank had filed withholding tax refund claims through the electronic refund procedure (*elektronisches Datenträgerverfahren*) on behalf of the client in connection with the client's cum-ex transactions. Deutsche Bank expects to receive a formal notice for the same amount in the near future.

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.). On 19 August 2019, the Regional Court Bonn issued an order making Service KAG, as fund administrator to certain investment funds that were potentially involved in cum-ex transactions in 2009/2010, a third party subject to confiscation under the German Criminal Code in connection with a criminal trial against certain other individuals. Such confiscation in relation to Service KAG could relate to a significant portion of the aforementioned potential tax liability (plus interest of 6 per cent. p.a.). The criminal trial commenced on 4 September 2019. On 6 February 2019, the Regional Court Frankfurt am Main (*Landgericht*) 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 2010 and 2011. Further, Warburg claims compensation of unspecified damages relating to these transactions



and declaratory relief that Deutsche Bank will have to indemnify Warburg against any potential future tax assessments for cum-ex transactions conducted in the years 2007 to 2009.

According to Warburg's claim, the Hamburg Tax Office has claimed from Warburg German taxes of approximately € 42.7 million plus interest of approximately € 14.6 million for 2010 and German taxes of approximately € 4 million plus interest of approximately € 1.6 million for 2011. According to the claim, neither taxes nor interest have yet been assessed against Warburg for the years 2007 to 2009. Deutsche Bank estimates that for the years 2007 to 2009 the aggregate amount of German taxes and interest could be as high as approximately € 88.9 million and approximately € 45.9 million, respectively. On 15 May 2019, Deutsche Bank filed its statement of defense with the Regional Court Frankfurt am Main rejecting any liability towards Warburg. On 22 July 2019, Deutsche Bank received Warburg's response statement. Deutsche Bank responded on 21 October 2019.

#### Danske Bank Estonia Investigations

Deutsche Bank has received requests for information from regulatory and law enforcement agencies concerning the Bank's 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 is also conducting an internal investigation into these matters, including of whether any violations of law, regulation or policy occurred and the effectiveness of the related internal control environment. On 23 and 24 September 2019, based on a search warrant issued by the Local Court (*Amtsgericht*) in Frankfurt am Main, the Frankfurt am Main public prosecutor's office conducted investigations into Deutsche Bank. The investigations are in connection with suspicious activity reports relating to money laundering at Danske Bank. The Bank is cooperating in the investigation.

The Group has not established a provision or contingent liability with respect to this matter.

#### Deutsche Bank Shareholder Litigations

Deutsche Bank and certain of its current and former officers and management board members are the subject of a purported class action, filed in the U.S. District Court for the Southern District of New York, asserting claims under Sections 10(b) and 20(a) of the U.S. Securities Exchange Act of 1934 on behalf of persons who purchased or otherwise acquired securities of Deutsche Bank on a United States exchange or pursuant to other transactions within the United States between 31 January 2013 and 26 July 2016. Plaintiffs allege that Deutsche Bank's SEC Annual Reports on Form 20-F for the years 2012, 2013, 2014 and 2015 were materially false and misleading in failing to disclose (i) serious and systemic failings in controls against financing terrorism, money laundering, aiding organizations subject to international sanctions and committing financial crime and (ii) that the Bank's internal control over financial reporting and its disclosure controls and procedures were not effective. On 21 February 2017, Deutsche Bank and the individual defendants served at the time with the summons and complaint moved to dismiss the consolidated amended complaint. On 28 June 2017, the court granted the motion to dismiss as to all defendants, without leave to replead. On 30 June 2017, the court entered judgment dismissing the lawsuit. The plaintiffs appealed the court's decision. Following completion of briefing, the Court of Appeals held oral argument on 28 March 2018. On 13 April 2018, the Court of Appeals issued a Summary Opinion affirming the dismissal of the action.

Deutsche Bank and certain of its current and former officers and management board members are the subject of a purported class action, filed in the United States District Court for the Southern District of New York, asserting claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 on behalf of persons who purchased or otherwise acquired securities of Deutsche Bank on a United States exchange or pursuant to other transactions



within the United States between 20 March 2017 and 30 May 2018. Plaintiffs allege that Deutsche Bank's SEC Annual Reports on Form 20-F for the years 2016 and 2017 and its quarterly interim reports on Form 6-K for calendar 2017 contained materially false and misleading statements regarding its business, operational and compliance policies and internal control environment. On 25 January 2019, the lead plaintiff filed an amended class action complaint. Deutsche Bank moved to dismiss the action. On 30 September 2019, the court granted the motion to dismiss with prejudice as to all defendants and entered judgment dismissing the lawsuit.

#### Esch Funds Litigation

Prior to its acquisition by Deutsche Bank in 2010, Sal. Oppenheim jr. & Cie. AG & Co. KGaA ("Sal. Oppenheim") was involved in the marketing and financing of participations in closed end real estate funds. These funds were structured as partnerships under German law. Usually, Josef Esch Fonds-Projekt GmbH carried out the planning and project development in connection with the funds' investments. Sal. Oppenheim held an indirect interest in this company via a joint-venture. In relation to this business, a number of civil claims were filed against Sal. Oppenheim. Some, but not all, of these claims were also directed against former managing partners of Sal. Oppenheim and other individuals. The investors were seeking to unwind their fund participation and to be indemnified against potential losses incurred in connection with the investment. The claims were based in part, on an alleged failure of Sal. Oppenheim to adequately disclose related risks and other material aspects important for the investors' investment decision. The claims brought against Sal. Oppenheim related to investments in an amount of originally approximately € 1.1 billion. The remaining outstanding claims were settled in 2019 for amounts not material to the Bank.

#### 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 6 August 2018, the U.S. District Court for the Southern District of New York issued a final order approving Deutsche Bank's U.S.\$ 190 million settlement and plaintiffs' dismissal with prejudice of the consolidated action (In re Foreign Exchange Benchmark Rates Antitrust Litigation). The consolidated action was brought on behalf of a putative class of over-the-counter traders and a putative class of central-exchange traders, who are domiciled in or traded in the United States or its territories, and alleged illegal agreements to restrain competition with respect to and to manipulate both benchmark rates and spot rates, particularly the spreads quoted on those spot rates. On 10 July 2018, the U.S. Court of Appeals for the Second Circuit affirmed the district court's dismissal of *Doris Sue Allen v. Bank of America, et al.*, a putative class action that tracked the allegations in the consolidated action and asserted that such purported conduct gave rise to, and resulted in a breach of, defendants' fiduciary duties under the U.S. Employment Retirement Income Security Act of 1974. On 6 September 2018, the U.S. District Court for the Southern District of New York denied Axiom Investment Advisors, LLC's ("Axiom") motion for class certification in *Axiom v. Deutsche Bank AG*. Axiom's motion for voluntary dismissal with prejudice was granted on 18 January 2019. This putative class action alleged that Deutsche Bank rejected FX orders placed over electronic trading platforms through the application of a function referred to as "Last Look" and that these orders were later filled at prices less favorable to putative class members. One U.S. putative class action remains pending against Deutsche Bank. Filed on 26 September 2016, amended on 24 March 2017, and later consolidated with a similar action that was filed on 28 April 2017, the "Indirect Purchasers" action (*Contant, et al. v. Bank of America Corp., et al.*) tracks the allegations in the consolidated action and asserts that such purported conduct injured "indirect purchasers" of FX instruments. These claims are brought pursuant to the Sherman Act and various states' consumer protection statutes. On 15 March 2018, the court granted Deutsche Bank's motion to dismiss this action. Plaintiffs filed a motion to replead and proposed an amended complaint on 5 April 2018, which Deutsche Bank opposed. On 25 October 2018, the U.S. District Court for the Southern District of New York granted plaintiffs' motion and a second amended complaint was filed on 28 November 2018. Discovery has commenced in the Indirect Purchasers action. 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 the consolidated action. Plaintiffs filed a second amended complaint on 11 June 2019. Defendants' motion to dismiss the second amended complaint is pending. Discovery has commenced pending resolution of defendants' motion to dismiss.



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 in the Ontario action have moved for class certification and completed service of their class certification motion record on 23 June 2017. Deutsche Bank has opposed and a hearing on the class certification motion is scheduled for the week of 24 February 2020. 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 seek damages pursuant to Israeli antitrust law as well as other causes of action. This action is in preliminary stages and, while petitioners purported to serve Deutsche Bank through its Israeli subsidiary, Deutsche Bank maintains the position that it has not been formally served. 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 agreed to pay 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. The fines referred to above, which include a U.S.\$ 150 million fine paid in April 2017 following the 28 March 2017 sentencing of DB Group Services (UK) Limited, have been paid in full and do not form part of the Bank's provisions.

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 agreed to make a settlement payment of U.S.\$ 220 million. The settlement amount has been paid in full and does not form part of the Bank's provisions.

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 42 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 single actions pending in each of the UK, Israel and Argentina. 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 four 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 four civil actions pending against Deutsche Bank that do not relate to U.S. dollar LIBOR are also pending in the SDNY, and include one consolidated action concerning Pound Sterling (GBP) LIBOR, one action concerning Swiss franc (CHF) LIBOR, one action concerning two Singapore Dollar (SGD) benchmark rates, the Singapore Interbank Offered Rate (SIBOR) and the Swap Offer Rate (SOR), and one action concerning the Canadian Dealer Offered Rate (CDOR).

Claims for damages for all 42 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 13 July 2017, Deutsche Bank executed a settlement agreement in the amount of U.S.\$ 80 million with plaintiffs to resolve a putative class action pending as part of the U.S. dollar LIBOR MDL asserting claims based on alleged transactions in Eurodollar futures and options traded on the Chicago Mercantile Exchange (*Metzler Investment GmbH v. Credit Suisse Group AG*). The settlement agreement was submitted to the court for preliminary approval on 11 October 2017. The settlement amount is already fully reflected in existing litigation provisions and no additional provisions have been taken for this settlement. The settlement agreement is subject to further review and approval by the court.

On 6 February 2018, Deutsche Bank executed a settlement agreement in the amount of U.S.\$ 240 million with plaintiffs to resolve a putative class action pending as part of the U.S. dollar



LIBOR MDL asserting claims based on alleged transactions in U.S. dollar LIBOR-linked financial instruments purchased over the counter directly from LIBOR panel banks (*Mayor & City Council of Baltimore v. Credit Suisse AG*). The agreement was submitted to the court for approval, and the court granted final approval of the settlement on 25 October 2018. 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.

Plaintiff in one of the non-MDL cases proceeding in the SDNY moved to amend its complaint following a dismissal of its claims. On 20 March 2018, the court denied plaintiff's motion for leave to amend and entered judgment in the action, closing the case. Plaintiff appealed the court's decision, and on 30 April 2019, the U.S. Court of Appeals for the Second Circuit affirmed the district court's decision. On 29 July 2019, the plaintiff sought further review from the US Supreme Court, which was denied on 7 October 2019.

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. The defendants moved to dismiss on 30 August 2019. 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 Article 101 of The Treaty on the Functioning of the European Union, Section 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 has been filed in Israel seeking damages for losses incurred by Israeli individuals and entities. Deutsche Bank is contesting service and jurisdiction.

*Yen LIBOR and Euroyen TIBOR.* On 21 July 2017, Deutsche Bank executed a settlement agreement in the amount of U.S.\$ 77 million with plaintiffs to resolve two putative class actions pending in the SDNY alleging manipulation of Yen LIBOR and Euroyen TIBOR (*Laydon v. Mizuho Bank, Ltd. and Sonterra Capital Master Fund Ltd. v. UBS AG*). The agreement was submitted to the court for approval, and the court granted final approval of the settlement on 7 December 2017. Accordingly, these two actions are not included in the total number of actions above. The settlement amount, which Deutsche Bank paid on 1 August 2017, is no longer reflected in Deutsche Bank's litigation provisions.

*EURIBOR.* On 10 May 2017, Deutsche Bank executed a settlement agreement in the amount of U.S.\$ 170 million with plaintiffs to resolve a putative class action pending in the SDNY alleging manipulation of EURIBOR (*Sullivan v. Barclays PLC*). The agreement was submitted to the court for approval, and the court granted final approval of the settlement on 18 May 2018. 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.

*GBP LIBOR.* A putative class action alleging manipulation of the Pound Sterling (GBP) LIBOR remains pending in the SDNY. On 21 December 2018, the court 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.

*CHF LIBOR.* A putative class action alleging manipulation of the Swiss Franc (CHF) LIBOR remains pending in the SDNY. On 16 September 2019, the court granted defendants' motion to



dismiss action, dismissing all claims against Deutsche Bank. Plaintiffs have filed a notice of appeal.

*SIBOR and SOR.* A putative class action alleging manipulation of the Singapore Interbank Offered Rate (SIBOR) and Swap Offer Rate (SOR) remains pending in the SDNY. On 26 July 2019, the court 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 has filed a notice of appeal.

*CDOR.* A putative class action alleging manipulation of the Canadian Dealer Offered Rate (CDOR) is pending in the SDNY. On 14 March 2019, the court granted defendants' motions to dismiss the amended complaint, dismissing all claims against Deutsche Bank. Plaintiff filed a notice of appeal. On 25 July 2019, the plaintiff stipulated to the withdrawal of its appeal.

*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 US-based transactions in BBSW-linked financial instruments from 2003 through the date on which the effects of the alleged unlawful conduct ceased. The complaint alleges 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; it is the subject of a fully briefed motion to dismiss.

#### Investigations Into Referral Hiring Practices and Certain Business Relationships

On 22 August 2019, Deutsche Bank reached a settlement with the US 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 USD 16,178,850 as part of the settlement. The US Department of Justice (DOJ) has closed its investigation of the Bank regarding its hiring practices. Certain regulators and law enforcement authorities in various jurisdictions, including the SEC and the DOJ, are investigating, among other things, Deutsche Bank's compliance with the U.S. Foreign Corrupt Practices Act and other laws with respect to the Bank's engagement of finders and consultants. Deutsche Bank is responding to and continuing to cooperate with these investigations. Certain regulators in other jurisdictions have also been briefed on these investigations. The Group has recorded a provision with respect to certain of these regulatory investigations. 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 these regulatory investigations. Based on the facts currently known, it is not practicable at this time for the Bank to predict the timing of a resolution.

#### ISDAFIX

On 1 February 2018, the Bank entered into a settlement with the U.S. Commodity Futures Trading Commission (CFTC) to resolve the CFTC's investigation concerning the Bank's involvement in the setting of U.S. dollar ISDAFIX benchmark. The Bank agreed to pay a civil monetary penalty of U.S.\$ 70 million and to remedial undertakings, including maintaining systems and controls reasonably designed to prevent potential manipulation of interest rate swaps benchmarks.

In addition, the Bank has been named as a defendant in five putative class actions that were consolidated in the U.S. District Court for the Southern District of New York asserting antitrust, fraud, and other claims relating to an alleged conspiracy to manipulate the U.S. dollar ISDAFIX





benchmark. On 8 April 2016, Deutsche Bank settled the class actions for U.S.\$ 50 million, subject to final court approval. The court approved the settlement on 30 May 2018.

### Kirch

The public prosecutor's office in Munich (Staatsanwaltschaft München I) has conducted and is currently conducting criminal investigations in connection with the Kirch case inter alia with regard to former Deutsche Bank Management Board members. The Kirch case involved several civil proceedings between Deutsche Bank AG and Dr. Leo Kirch as well as media companies controlled by him. The key issue was whether an interview given by Dr. Rolf Breuer, then Spokesman of Deutsche Bank's Management Board, in 2002 with Bloomberg television, during which Dr. Breuer commented on Dr. Kirch's (and his companies') inability to obtain financing, caused the insolvency of the Kirch companies. In February 2014, Deutsche Bank and the Kirch heirs reached a comprehensive settlement, which has ended all legal disputes between them.

The allegations of the public prosecutor are that the relevant former Management Board members failed to correct in a timely manner factual statements made by Deutsche Bank's litigation counsel in submissions filed in one of the civil cases between Kirch and Deutsche Bank AG before the Munich Higher Regional Court and the Federal Court of Justice, after allegedly having become aware that such statements were not correct, and/or made incorrect statements in such proceedings, respectively.

On 25 April 2016, following the trial before the Regional Court Munich regarding the main investigation involving Jürgen Fitschen and four other former Management Board members, the Regional Court acquitted all of the accused, as well as the Bank, which was a secondary participant in such proceedings. On 26 April 2016, the public prosecutor filed an appeal. An appeal is limited to a review of legal errors rather than facts. On 18 October 2016, a few weeks after the written judgment was served, the public prosecutor provided notice that it will uphold its appeal only with respect to former Management Board members Jürgen Fitschen, Dr. Rolf Breuer and Dr. Josef Ackermann and that it will withdraw its appeal with respect to former Management Board members Dr. Clemens Börsig and Dr. Tessen von Heydebreck for whom the acquittal thereby becomes binding. On 24 January 2018, the Attorney General's Office applied to convene an oral hearing before the Federal Supreme Court to decide about the Munich public prosecutor's appeal. This oral hearing was held on 22 October 2019. On 31 October 2019, the Federal Supreme Court has confirmed the acquittals in the Kirch criminal proceedings. The other investigations by the public prosecutor (which also deal with attempted litigation fraud in the Kirch civil proceedings) are ongoing. Deutsche Bank is fully cooperating with the Munich public prosecutor's office.

The Group does not expect these proceedings to have significant economic consequences for it and has not recorded a provision or contingent liability with respect thereto.

### 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 per cent., 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 € 50 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 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 is 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 Criminal Court in Milan delivered its verdicts in the MPS trial, finding five former employees and one current employee guilty and sentencing them to either 3 years and 6 months or 4 years and 8 months. Deutsche Bank AG 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 sentences and fines are not due until the conclusion of any appeal process. The reasons for the verdicts will be provided in the first week of February 2020 and the parties then have 45 days to file an appeal.

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. The stay was granted on 21 July 2018. The hearing of the appeal is scheduled for 13 November 2019 with a verdict expected by late January or February 2020.

#### 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), collateralized 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 agreed to provide U.S.\$ 4.1 billion in 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).

The Group has recorded provisions with respect to some of the outstanding regulatory investigations but not others, a portion of which relates to the consumer relief being provided under the DOJ settlement. 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.

Deutsche Bank was or is a defendant in three actions related to RMBS offerings brought by the U.S. Federal Deposit Insurance Corporation (FDIC) as receiver for: (a) Colonial Bank (alleging no less than U.S.\$ 213 million in damages against all defendants), (b) Guaranty Bank (alleging no less than U.S.\$ 901 million in damages against all defendants), and (c) Citizens National Bank and Strategic Capital Bank (alleging an unspecified amount in damages against all defendants). In each of these actions, the appellate courts reinstated claims previously dismissed on statute of limitations grounds and petitions for rehearing and certiorari to the U.S. Supreme Court were denied. In the case concerning Colonial Bank, on 2 July 2019, the parties executed a settlement agreement to resolve the claims relating to the one RMBS offering for which Deutsche Bank is an underwriter defendant. Deutsche Bank did not make a monetary contribution to the settlement. In the case concerning Guaranty Bank, on 28 October 2019, in light of a settlement-in-principle reached by the parties, the court vacated the jury trial and ordered that the parties file a stipulation of dismissal by 4 December 2019. In the case concerning Citizens National Bank and Strategic Capital Bank, 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.

Deutsche Bank is a defendant in an action brought by Royal Park Investments (as purported assignee of claims of a special-purpose vehicle created to acquire certain assets of Fortis Bank) alleging common law claims related to the purchase of RMBS. The complaint did not specify the amount of damages sought. On 17 April 2017, the court dismissed the complaint, and on 13 February 2018 the plaintiff filed its appeal. On 9 October 2018, the dismissal was affirmed by the appellate court. Plaintiff filed a motion for leave to appeal to the New York Court of Appeals on 8 November 2018. Defendants filed an opposition on 21 November 2018, which completed the briefing. On 15 January 2019, the New York Court of Appeals denied the motion.

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. Oral argument took place on 23 October 2019.

Deutsche Bank is a defendant in two cases 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. On 28 May 2019, Deutsche Bank filed a motion for reargument, which the First Department denied on 26 September 2019. Discovery is ongoing.

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 is a defendant in civil lawsuits brought by various groups of investors concerning its role as trustee 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. Two putative class actions brought by a group of investors, including funds managed by BlackRock Advisors, LLC, PIMCO-Advisors, L.P., and others were settled. One of these putative class actions was pending in the Superior Court of California until the court dismissed the action with prejudice on 11 January 2019. The second putative class action was pending in the U.S. District Court for the Southern District of New York and was dismissed with prejudice on 6 December 2018. Two other putative class actions, brought by Royal Park Investments SA/NV in the U.S. District Court for the Southern District of New York, have also been settled, and the court dismissed both actions with prejudice on 10 June 2019.

Deutsche Bank is currently a defendant in four separate civil lawsuits, all of which involve direct claims. The four individual lawsuits include actions by (a) the National Credit Union Administration Board ("NCUA"), as an investor in 37 trusts, which allegedly suffered total realized 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 Deutsche Bank'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. In the IKB case, the court heard oral argument on the trustee's motion to dismiss on 3 May 2017, but has not yet issued a decision. 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.

#### Parmalat Litigation

Following the bankruptcy of the Italian company Parmalat, prosecutors in Parma conducted a criminal investigation against various bank employees, including employees of Deutsche Bank, and brought charges of fraudulent bankruptcy and usury against a number of Deutsche Bank employees and others. The trial commenced in September 2009 and a verdict was recently delivered in July 2017. The Deutsche Bank employees were acquitted and, as a result thereof, Deutsche Bank will not be held to have vicarious liability in connection with the actions of the bank employees. The court published its reasoning in January 2018, and the prosecutor did not appeal within the applicable time period, so that the criminal proceedings can now be considered to be at an end. On 28 June 2018, Deutsche Bank received formal certification from the Court of Parma that its decision had become final.

#### Pas-de-Calais Habitat

On 31 May 2012, Pas-de-Calais Habitat ("PDCH"), a public housing office, initiated proceedings before the Paris Commercial Court against Deutsche Bank in relation to four swap contracts entered into in 2006, restructured on 19 March 2007 and 18 January 2008 and



subsequently restructured in 2009 and on 15 June 2010. PDCH asked the Court to declare the 19 March 2007 and 18 January 2008 swap contracts null and void, or terminated, or to grant damages to PDCH in an amount of approximately € 170 million on the grounds that, inter alia, Deutsche Bank committed fraudulent and deceitful acts, manipulated the LIBOR and EURIBOR rates which are used as a basis for calculating the sums due by PDCH under the swap contracts and breached its obligations to warn, advise and inform PDCH. In December 2018, Deutsche Bank and PDCH reached an agreement to settle these proceedings.

#### 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 decision by the supreme fiscal court is not expected for a number of years.

#### 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 the official offer document. In its takeover offer, Deutsche Bank offered Postbank shareholders consideration of € 25 for each Postbank share. The takeover 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 law of the Federal Republic of Germany. 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. The plaintiff avers that, at the latest in 2009, the voting rights of Deutsche Post AG in Postbank had to be attributed to Deutsche Bank AG pursuant to Section 30 of the German Takeover Act. Based thereon, the plaintiff alleges that the consideration offered by Deutsche Bank AG 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 aside the Cologne appellate court's judgment and referred the case back to the appellate court. In its judgment, the Federal Court stated that the appellate court had not sufficiently considered the plaintiff's allegation that Deutsche Bank AG and Deutsche Post AG "acted in concert" in 2009.

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 share. Taking the consideration paid into account, 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 has been assigned to the 13th



Senate of the Higher Regional Court of Cologne, which also is hearing the appeal of Effecten-Spiegel AG.

On 8 November 2017, a hearing took place before the Higher Regional Court of Cologne in the Effecten-Spiegel case. In that hearing, the Higher Regional Court indicated that it disagreed with the conclusions of the Regional Court Cologne and took the preliminary view that Deutsche Bank was not obliged to make a mandatory takeover offer in 2008 or 2009. Initially the Higher Regional Court resolved to announce a decision on 13 December 2017. However, this was postponed to February 2018 because the plaintiff challenged the three members of the 13th Senate of the Higher Regional Court of Cologne for alleged prejudice. The challenge was rejected by the Higher Regional Court of Cologne at the end of January 2018. In February 2018, the court granted a motion by Effecten-Spiegel AG to re-open the hearing.

The Higher Regional Court informed the parties by notice dated 19 February 2019 that it has doubts that an acting in concert can be based on the contractual clauses which the Regional Court Cologne found to be sufficient to assume an acting in concert (and to grant the plaintiffs' claims in October 2017). Against this background, the Higher Regional Court resolved to take further evidence and to call a number of witnesses in both cases who shall be heard from 30 October 2019 until at least 11 December 2019 in weekly hearings. The individuals to be heard include 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 court had informed the parties that it was considering to request from Deutsche Bank the production of relevant transaction documents. Thereafter, on 15 April 2019, the Higher Regional Court Cologne issued non-appealable orders for the production of relevant transaction documents by 6 May 2019. The documents produced by Deutsche Bank in accordance with these orders include the original sale and purchase agreement related to the acquisition of Postbank shares between Deutsche Bank and Deutsche Post AG dated 12 September 2008, the related postponement agreement dated 22 December 2008 and the related amendment agreement dated 14 January 2009. In addition, Deutsche Bank produced the indenture for a mandatory exchangeable bond dated 25 February 2009 as well as a pledge agreement dated 30 December 2008. The court orders only relate to the main bodies of the respective contracts, but the court may extend its orders to exhibits of those contracts at a later point in time. By order dated 17 September 2019, the Higher Regional Court ordered that the transaction documents produced to the court in May 2019 shall also be provided to the court in the original by 7 October 2019. Deutsche Bank has therefore deposited the originals of the aforementioned transaction documents with the court on 2 October 2019. This extension of the taking of evidence may further delay the proceedings.

Stefan Krause, a former Deutsche Bank Management Board member, (who is to testify on request of the plaintiffs) invoked the right to refuse to give testimony because in February 2018 a law firm representing some plaintiffs in the above-mentioned civil actions had filed a criminal complaint with the public prosecutor in Frankfurt am Main against certain Deutsche Bank personnel alleging that they engaged in fraudulent conduct in connection with the takeover offer. However, the competent public prosecutors rejected opening proceedings. On 10 April 2019, the Higher Regional Court Cologne issued a non-appealable decision acknowledging Mr. Krause's right to refuse to give testimony.

Former Deutsche Bank Management Board members Dr. Josef Ackermann and Rainer Neske also informed the Higher Regional Court Cologne, in August and September, respectively, that they each invoke the right not to give testimony because of the aforementioned criminal complaint. The Higher Regional Court Cologne will decide on the refusal to testify in separate interim proceedings (Zwischenverfahren). Deutsche Bank is not a party to these interim proceedings as neither Dr. Ackermann nor Mr. Neske were summoned on request of Deutsche Bank.



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. Among other things, the plaintiffs allege 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 at a higher price in 2009. The squeeze out is final and the proceeding itself has no reversal effect, but may result in damage payments. The claimants in this proceeding 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.

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 guaranteed dividend 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 opinion of the applicants in two resolutions. In a decision dated June 2019, the Regional Court of Cologne expressly deviated from this legal resolution 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. 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 is cooperating 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.

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.

In addition, Deutsche Bank is a defendant in Canadian class action proceedings in the provinces of Ontario and Quebec concerning gold and silver. Each of the proceedings seeks damages for alleged violations of the Canadian Competition Act and other causes of action. Deutsche Bank reached agreements to settle these actions which were approved by the Ontario court on 29 May 2019 and the Quebec court on 17 June 2019. The amounts are not material to the Bank.

#### 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.

On 20 July 2018, the U.S. Securities and Exchange Commission (SEC) announced that it had reached civil settlements with Deutsche Bank Trust Company Americas ("DBTCA") and Deutsche Bank Securities Inc. ("DBSI") in this matter. The settlements resolved SEC claims that DBTCA was negligent in issuing pre-release ADRs under certain circumstances, and that DBSI failed reasonably to supervise employees who were negligent in borrowing and lending pre-release ADRs. The settlements required DBTCA and DBSI to pay a combined financial sanction of approximately US\$ 75 million, and the SEC ordered DBTCA to cease and desist from committing or causing any violations and any future violations of Section 17(a)(3) of the Securities Act of 1933.

#### Regula Ltd. Clients AML Investigations

On 29 November 2018, based on a search warrant issued by the Local Court (Amtsgericht) in Frankfurt am Main, Deutsche Bank's offices in Frankfurt am Main were searched by German law enforcement authorities on the suspicion that two employees – and as-yet unidentified further individuals – deliberately abstained from issuing suspicious activity reports (SARs) in a timely manner and aided and abetted money laundering in connection with Deutsche Bank's offshore trust business. The Bank is cooperating in the investigation, as has been publicly acknowledged by the Frankfurt am Main Public Prosecutor's Office. The Bank is also cooperating with other requests for information from regulatory and law enforcement agencies that followed on the 29 November 2018 search warrant in Frankfurt am Main.

#### 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 anti-money laundering (AML) control function in its investment banking division, including in relation to the equity trading described above. Under the terms of the settlement agreement with the DFS, Deutsche Bank entered into a consent order, and agreed to pay civil monetary penalties 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 civil monetary penalties 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 does not expect a financial penalty.

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 is subject to court approval. The action filed on behalf of alleged indirect market participants is in its early stages.

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. 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 US\$ 15 million, which amount was already fully reflected in existing litigation reserves and no additional provision was taken for this settlement amount. The settlement is subject to court approval, and a preliminary approval hearing was held on 11 October 2019. A separate action was filed in the US District Court for the Middle District of Louisiana on 23 September 2019, which is in early stages.

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 July 26, 2019. The plaintiff has appealed this decision to the Higher Regional Court Frankfurt am Main.

#### Trust Preferred Securities Litigation

Deutsche Bank and certain of its affiliates and former officers are the subject of a consolidated putative class action, filed in the United States District Court for the Southern District of New York, asserting claims under the federal securities laws on behalf of persons who purchased certain trust preferred securities issued by Deutsche Bank and its affiliates between October 2006 and May 2008. In a series of opinions, the court dismissed all claims as to four of the six offerings at issue, but allowed certain alleged omissions claims relating to the November 2007 and February 2008 offerings to proceed. The district court limited claims relating to the two offerings remaining in the case to alleged failures (i) to disclose "any known trends or uncertainties that have had or that the registrant reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations" and (ii) to disclose "the most significant factors that make the offering speculative or risky" pursuant to Items 303 and 503 of Regulation S-K. Defendants have served Answers denying all wrongdoing. On 2 October 2018, the district court certified a plaintiff class as to both offerings. All discovery was completed and defendants moved for summary judgment. On September 24, 2019, plaintiffs informed the court that the parties have reached a settlement agreement in principle to resolve the litigation, subject to court approval and final documentation. As a result, the court stayed all proceedings pending settlement.

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.

#### U.S. Treasury Securities Investigations and Litigations

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.

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.

#### Vestia

In December 2016, Stichting Vestia, a Dutch housing association, commenced proceedings against Deutsche Bank in England. The proceedings relate to derivatives entered into between Stichting Vestia and Deutsche Bank between 2005 and 2012. Stichting Vestia alleges that certain of the transactions entered into by it with Deutsche Bank should be set aside on the grounds that they were not within its capacity and/or were induced by the bribery of Vestia's treasurer by an intermediary involved in those transactions. The amount claimed ranged between € 757 million and € 837 million, plus compound interest. The trial commenced on 8 May 2019 and was scheduled to finish on 18 July 2019. On 12 July 2019, the parties agreed a full and final settlement of all claims between them, which included a payment from Deutsche Bank of € 175 million to Vestia on a no-admissions basis.

#### ***Significant Change in Deutsche Bank Group's Financial Position***

There has been no significant change in the financial position of Deutsche Bank Group since 30 September 2019.”

#### **8.**

The “**Table of Contents**” shall be amended accordingly with respect to the page numbers.

Frankfurt am Main, 20 November 2019

**Deutsche Bank Aktiengesellschaft**