Deutsche Bank

Deutsche Bank reports profit of € 2.8 billion for the first nine months - cost reduction measures showing results.

Source: Deutsche Bank press release, Frankfurt am Main, 01 November 2001

In the first nine months of 2001, Deutsche Bank achieved net income of € 2.8 billion in comparison to € 4.4 billion for the corresponding previous-year period. Thanks to the Bank's broad range of services, revenues remained nearly stable. They increased by only 2% to € 21.1 billion. Commenting on this, Rolf-E. Breuer, Spokesman of the Board of Managing Directors of Deutsche Bank, said: "In these difficult business conditions, the bank again proved its competitive strength."

Trading profit developed very positively in the first nine months of 2001, achieving an increase of 27% over the high previous year figure to € 6.9 billion. Besides the first-time application of the new accounting standard IAS 39 for hedging deals, this was also due to the very good result in trading in fixed-income securities. In addition, net interest income increased by 5% to € 5.0 billion. The bank allocated € 0.6 billion to provision for losses on loans and advances. Net commission income at € 8.0 billion did not quite match the high previous year figure. This reflected the fall in prices and the restraint shown by private clients in their securities orders.

In Deutsche Bank's own investments, falling prices over the course of the year (especially in the telecommunications and technology sectors) and in particular the collapse after September 11 led to market value adjustments and write-downs. Net income from investments burdened the quarter's results by € 0.4 billion.

Cost containment measures initiated at the beginning of the year are showing results. For example, operating expenses were tangibly reduced by 8% from the second to the third quarter. In this connection, there will be an additional decrease in staff greater than the 2,600 already announced. In further developing the structure of Private Clients and Asset Management, increases in efficiency are planned, in particular by eliminating duplication. This will entail a projected reduction in staff by 3,300. An additional 1,200 jobs will be cut back in DB Services.

"In view of the tense general economic environment and the politically unstable world situation, it is particularly difficult at this time to give an outlook for the remaining months of the current financial year. Owing to our sound general condition on a broad basis, however, we are very confident that we can get through the remaining months of 2001 comparatively well," writes Breuer in the Interim Report as at September 30, 2001, published today.

Corporate and Investment Bank

Group Division Corporate and Investment Bank (CIB) posted revenues amounting to € 13.7 billion in the first nine months of the 2001 financial year and thus nearly reached the record figure of the previous year. Pre-tax earnings amounted to € 2.7 billion. Despite the very adverse environment, CIB was again able to expand its market positions in many areas and thus counteract the general weakness especially in equities business and corporate advisory. The main contributor to this was business in fixed-income securities, tailored derivatives and structured products as well as in foreign exchange. In M&A business, the bank strongly increased its global market share. In numerous landmark transactions on the international capital markets, Deutsche Bank played a lead management role.

Private Clients and Asset Management

Group Division Private Clients and Asset Management (PCAM), with revenues of € 6.0 billion in the first nine months of 2001, almost matched the previous year's very high figure. The pre-tax earnings of € 0.4 billion include investments in the expansion of selected business areas and in special projects (e.g. preparations for the euro introduction).

Deutsche Bank has made clear progress towards its goal of expanding its asset management business. With the intended acquisition of Scudder Investments, Deutsche Bank will join the top five providers worldwide in asset management and in particular strengthen its product and distribution platform in the U.S.A.