NYDFS ANNOUNCES DEUTSCHE BANK TO PAY $2.5 BILLION, TERMINATE AND BAN INDIVIDUAL EMPLOYEES, INSTALL INDEPENDENT MONITOR FOR INTEREST RATE MANIPULATION

Widespread Effort by Bank Employees to Manipulate Benchmark Interest Rate Submissions for LIBOR, EURIBOR, TIBOR

Deutsche Bank Employee: This "is a corrupt fixing and DB is part of it!"

Deutsche Bank Employee Seeking to Obtain Lower Rate: "I'm begging u, don't forget me… pleasssssssssssssseeeeeeeeee… I'm on my knees…"

Benjamin M. Lawsky, Superintendent of Financial Services, announced today that Deutsche Bank will pay $2.5 billion, terminate and ban individual employees who engaged in misconduct, and install an independent monitor for New York Banking Law violations in connection with the manipulation of the benchmark interest rates, including the London Interbank Offered Bank ("LIBOR"), the Euro Interbank Offered Rate ("EURIBOR") and Euroyen Tokyo Interbank Offered Rate ("TIBOR") (collectively, "IBOR").

The overall $2.5 billion penalty Deutsche Bank will pay includes $600 million to the New York State Department of Financial Services (NYDFS), $800 million to the Commodities Futures Trading Commission (CFTC), $775 million to the U.S. Department of Justice (DOJ), and 227 million GBP (approximately $340 million) to the United Kingdom's Financial Conduct Authority (FCA).

Superintendent Lawsky said: "Deutsche Bank employees engaged in a widespread effort to manipulate benchmark interest rates for financial gain. While a number of the employees involved in misconduct have already left the bank, those that remain are being terminated or banned from the New York banking system. We must remember that markets do not just manipulate themselves: It takes deliberate wrongdoing by individuals."

The London Interbank Offered Rate ("LIBOR") is a benchmark interest rate used in financial markets around the world. It is the primary benchmark for short term interest rates globally, written into standard derivative and loan documentation, used for a range of retail products, such as mortgages and student loans, and the basis for settlement of interest rate contracts on many of the world's major futures and options exchanges. It is also used as a barometer to measure the health of the banking system and as a gauge of market expectation for future central bank interest rates.

From approximately 2005 through 2009, certain Deutsche Bank traders frequently requested that certain submitters submit rate contributions that would benefit the traders' trading positions, rather than the rates that complied with the IBOR definitions. For example, on February 21, 2005, a trader requested of another trader who performed submitter duties on a back-up basis, **"can we have a high 6mth libor today pls gezzer?"** The trader/submitter agreed, **"sure dude, where wld you like it mate ?"** The trader replied, "think it shud be

095?" The trader/submitter replied, **"cool, was going 9, so 9.5 it is."** The trader joked, **"super – don't get that level of flexibility when [the usual submitter] is in the chair fyg!"** Similarly, on December 29, 2006, a trader wrote to a submitter, "Come on 32 on 1. Mth… Cu my frd." The submitter agreed, **"ok will try to give you a belated Christmas present…!"**

Deutsche Bank also communicated and coordinated with employees of other banks and financial institutions regarding their respective rate contributions in advance of an IBOR submission. On September 7, 2006, a London desk head attempted to obtain a low EURIBOR submission from an external banker at Barclays, **"I'm begging u, don't forget me… pleasssssssssssssssseeeeeeeeee… I'm on my knees…"** The external banker replied, "I told them 1 m up is that right?" The London desk head continued, "please pal, insist as much as you can… my treasury is taking it to the sky… we have to counter balance it… I'm beggin u… can u beg the [a panel bank] guy as well?" The external banker agreed, "ok, I'm telling him."

As a bank's IBOR rates are intended to correspond to the cost at which the bank concludes it can borrow funds, the rates are an indicator of a bank's financial health. If a bank's submission is high, it suggests that the bank is, or would, pay a high amount to borrow funds. This could indicate a liquidity problem and, thus, that the bank is experiencing financial difficulty.

Traders and submitters at Deutsche Bank were aware that the IBOR rates did not accurately reflect their definitions. On August 21, 2008, a vice president wrote to an external banker employed at Merrill Lynch, "tibor going down or not?" The external banker replied, "tibor will go down slightly but not much… euroyen tibor isn't really reflective of actual money market condition in japan… **people just randomly make those numbers up… pretty much like libors tho!"**

On July 16, 2009, a managing director and the Head of the London Money Market Derivatives desk discussed the strength and accuracy of the Euro LIBOR panel in comparison to the EURIBOR panel. The managing director asked, "u think the quality of the euro-libor panel is 4.5bps better than euribor?" The Head of the London Money Market Derivatives desk responded yes, and the managing director replied, "not so sure, i have a hard time to believe if so many banks say they can better than the market while they are a part of it." The Head of the London Money Market Derivatives desk stated, "theyre all lying anyway." The managing director replied, **"there is a philosophical saying: 'one greek says: "all greeks are lying" who do u trust?"**

On September 4, 2009, a vice president wrote to a trader regarding LIBOR and TIBOR, stating, "am purring 34 for 3m libor and I think am far too high… JPM [JP Morgan Chase] is putting 41 for tibor… I do not understand how come we can have 3m tibor/cash at 56 at DB… DB is the among the lowest libor contribution in all ccys… UBS is corrup/manipulator in tibor fixing… i think putting such a high tibor damage the reputation of deutsche bank… Second, It is not because all the tibors setters are corrupt/manipulators that deutsche bank has to be aswell… It is not because the japanese banks are manipulating the tibor fixing that DB has to do it as well… **Tibor is a corrupt fixing and DB is part of it!"**

From approximately 2007 through 2009, a number of large international banks were receiving negative press coverage concerning their high and potentially inaccurate LIBOR submissions. Certain articles questioned particular banks' liquidity position regarding the high LIBOR submissions and, as a result, the banks' share prices fell. Various Deutsche Bank senior managers circulated and discussed these articles.

On October 4, 2007, the Head of Short Term Interest Rate Trading in Australia and New Zealand forwarded an article, which reported a rumor that a large European bank was struggling for financing, including to senior management, commenting on the instability of the market, specifically in regards to bank illiquidity, and commented, "This market has the feel that we are about to have another run and panic on funding in my opinion just a gut feeling looking at the behavior of LIBORS if we look at the 3mth fix over the lst few days since we have gone over the TURN of the year there has been a bit of pressure… this feels like the period where we were edging up ever so slight back in early august where we fixed at 5.36 for months on end and then started edging up before the panic set in." Later that day, a group head within the Global Finance and Foreign Exchange Unit forwarded the email to a London desk head, directing, **"Make sure our libors are on the low side for all ccys."**

Terminations and Bans of Individual Deutsche Bank Employees

As a result of the investigation, numerous employees that were involved in the wrongful conduct discussed in this Order, including those in management positions, have been terminated, disciplined or are otherwise no longer employed by the Bank, as a result of their misconduct.

However, certain employees involved in the wrongful conduct remain employed at the Bank. The Department orders the Bank to take all steps necessary to terminate seven employees, who played a role in the misconduct but who remain employed by the Bank: one London-based Managing Director, four London-based Directors, one London-based Vice President, and one Frankfurt-based Vice President.

Additionally, ten of the individuals centrally involved in the misconduct were previously terminated as a result of the investigation. Four of these employees were reinstated pursuant to a German Labour Court determination, and two of them remain at the Bank. Those employees that were reinstated due to the German Labour Court decision who remain at the Bank shall not be allowed to hold or assume any duties, responsibilities, or activities involving compliance, IBOR submissions, or any matter relating to U.S. or U.S. Dollar operations.

Superintendent Lawsky thanks the U.S. Department of Justice, the Commodities Futures Trading Commission, and the U.K. Financial Conduct Authority for their work and cooperation in this investigation.

To view a copy of the NYDFS order regarding Deutsche Bank, please visit, **link**.