



European bank performance 10 years after the crisis

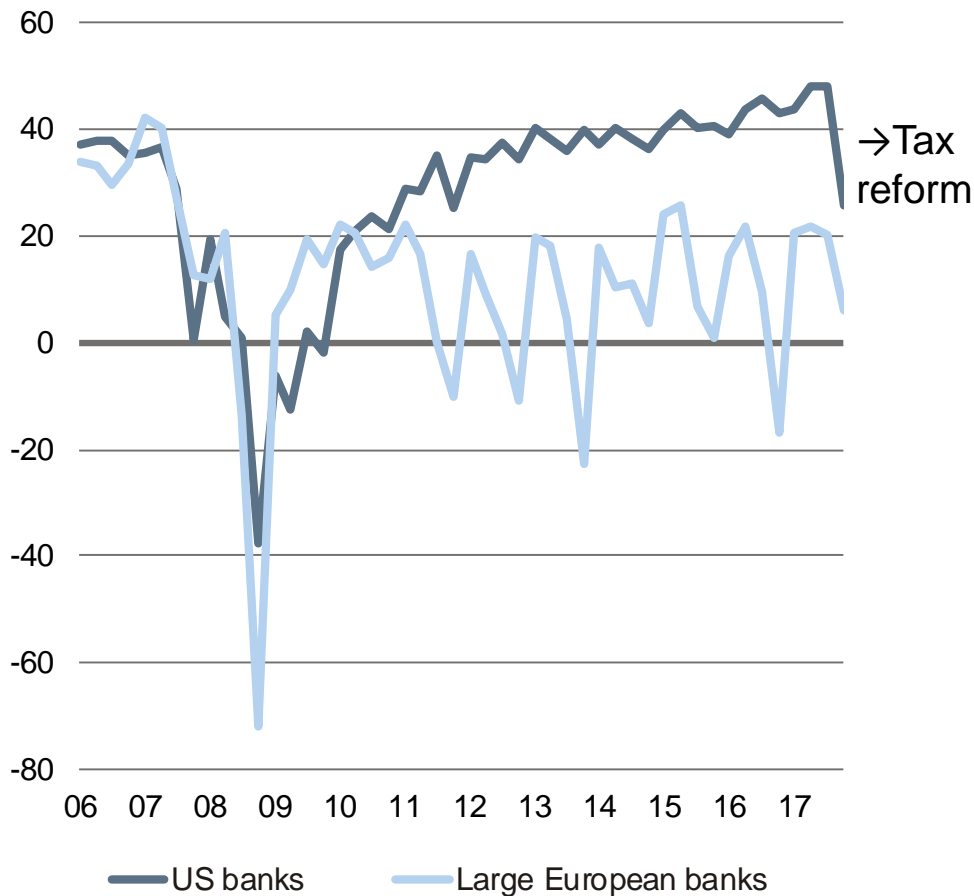
London, 21 March 2018

European banks have become more profitable, but revenue gap to US peers widened further in last few years



Net income

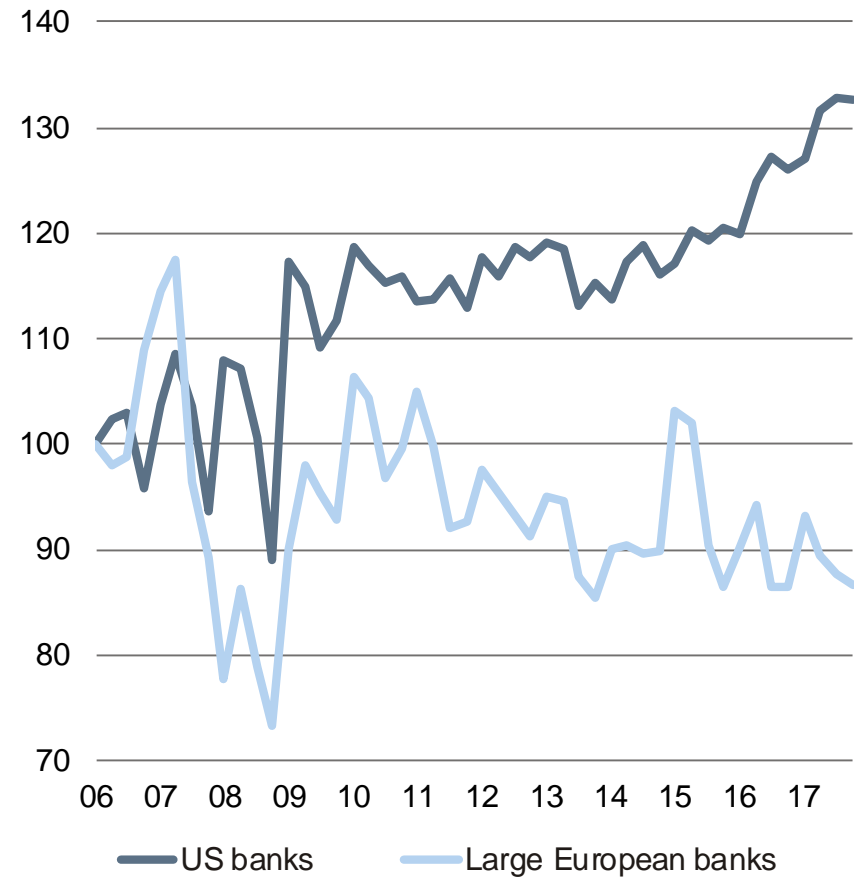
USD / EUR bn, up to Q4 17



Sources: FDIC, company reports, Deutsche Bank Research

Total revenues

Q1 2006 = 100, up to Q4 17



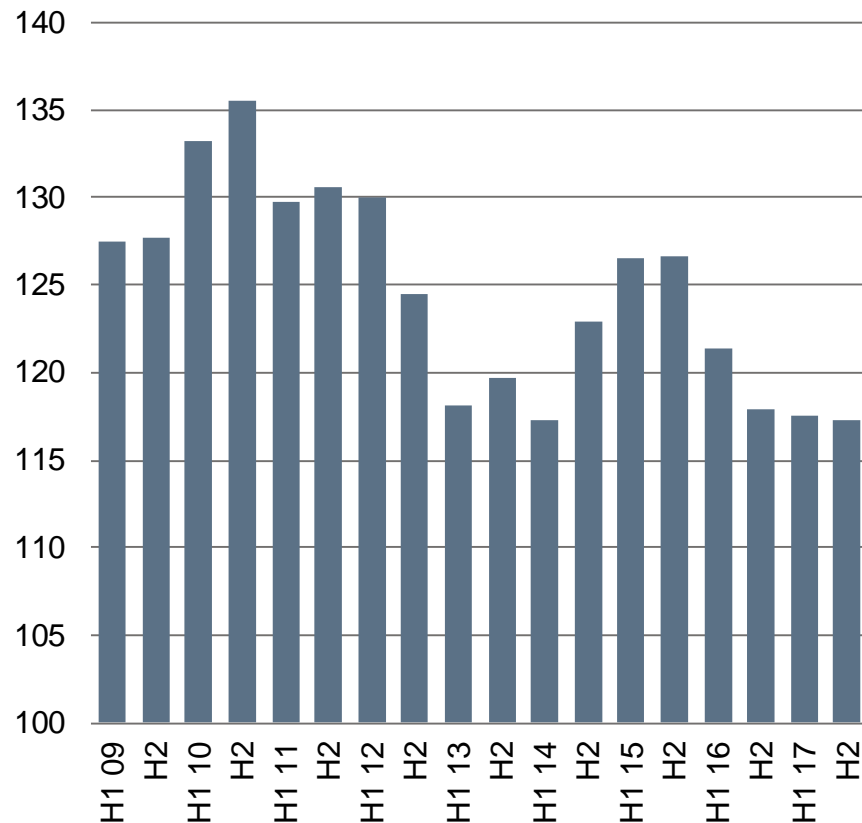
Sources: FDIC, company reports, Deutsche Bank Research

... as low rates have hurt banks' interest income with only limited impact on lending



Net interest income

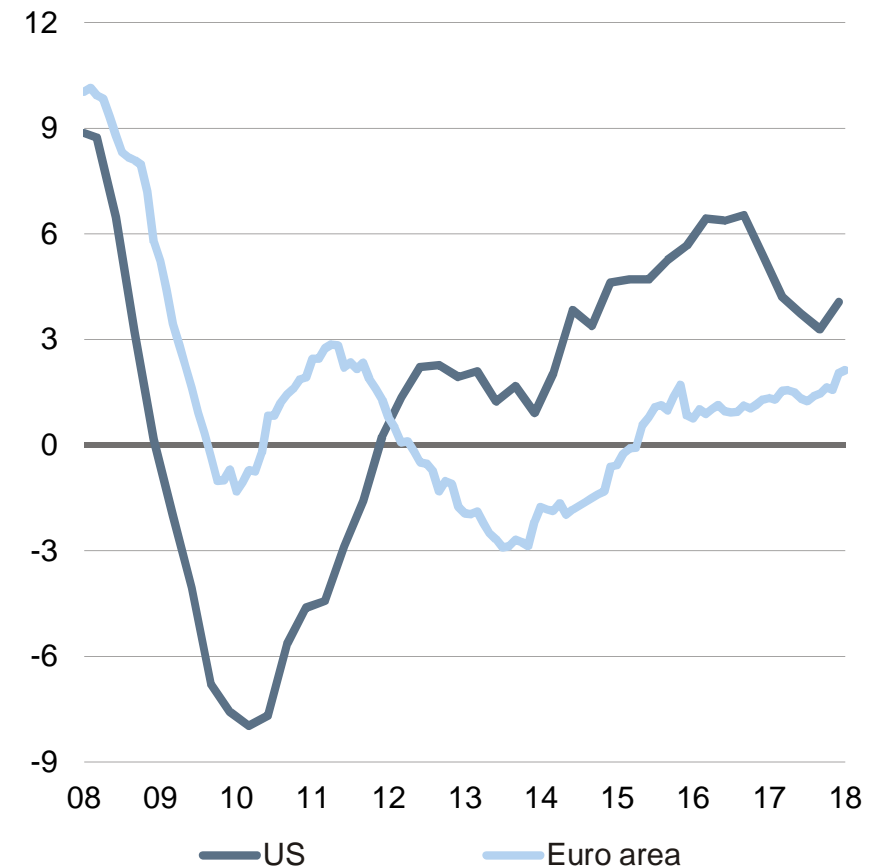
EUR bn, top 20 European banks



Sources: Company reports, Deutsche Bank Research

Lending to the private sector

% yoy, up to Jan 18



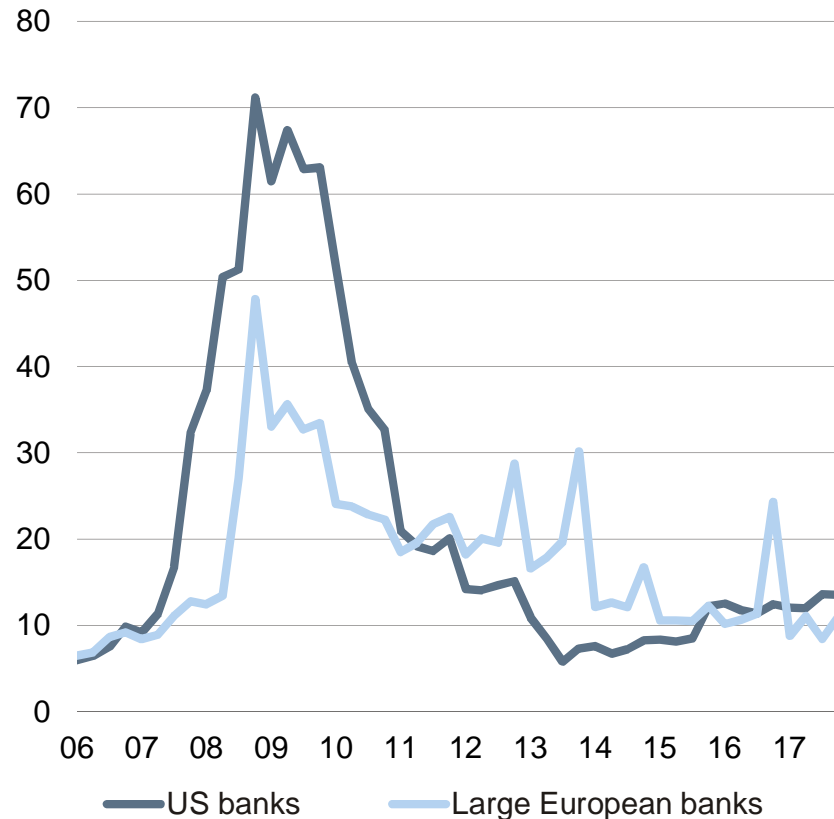
Sources: ECB, FDIC, Deutsche Bank Research

... yet low rates have massively helped asset quality



Loan loss provisions

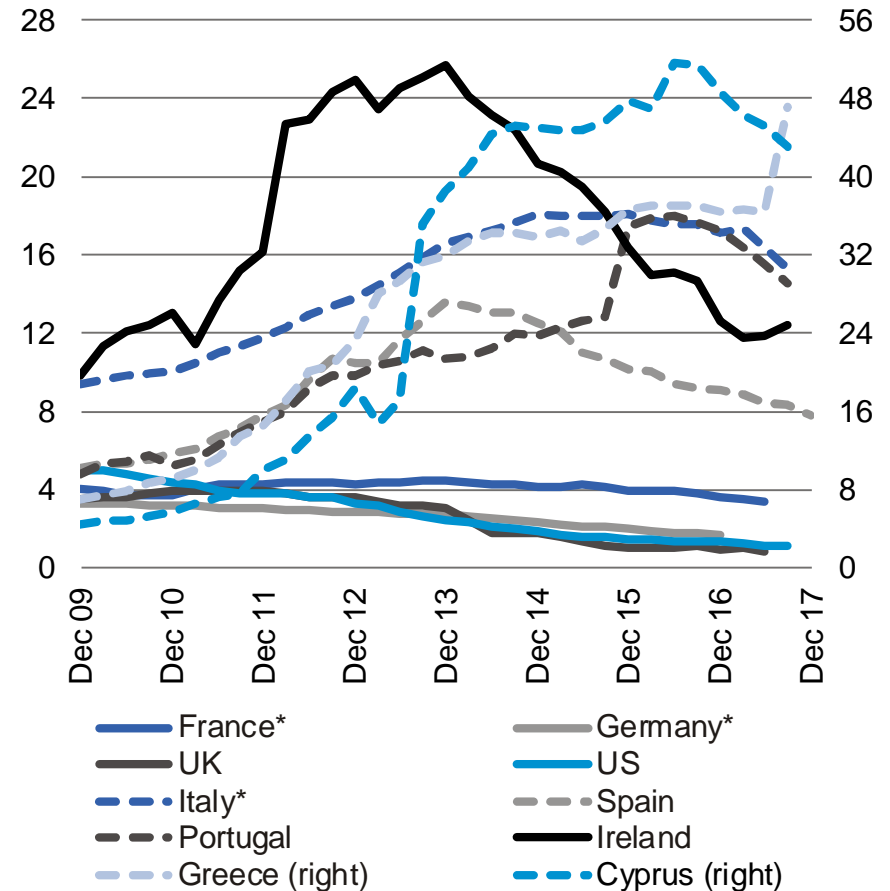
USD / EUR bn, up to Q4 17



Sources: FDIC, company reports, Deutsche Bank Research

NPLs in selected countries

Non-performing loans as % of total loans



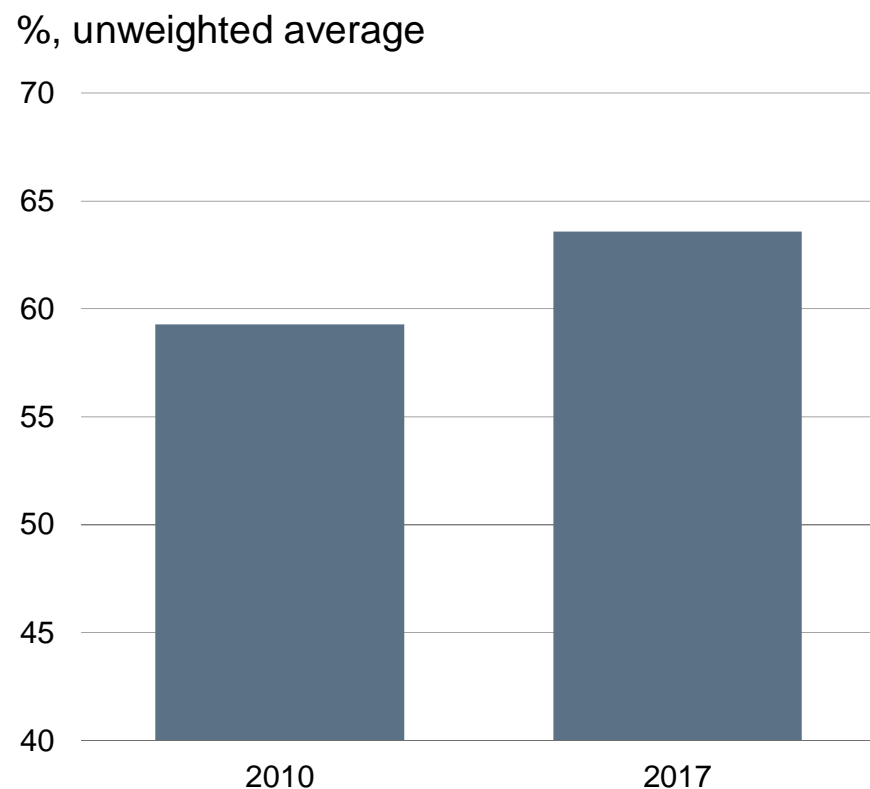
* No data available for Q1 and Q3, data for Germany only available for Q4.

Sources: IMF, Banco de España, Banco de Portugal, Banca d'Italia, Deutsche Bank Research

Cost pressure remains high, but capital issues have been resolved

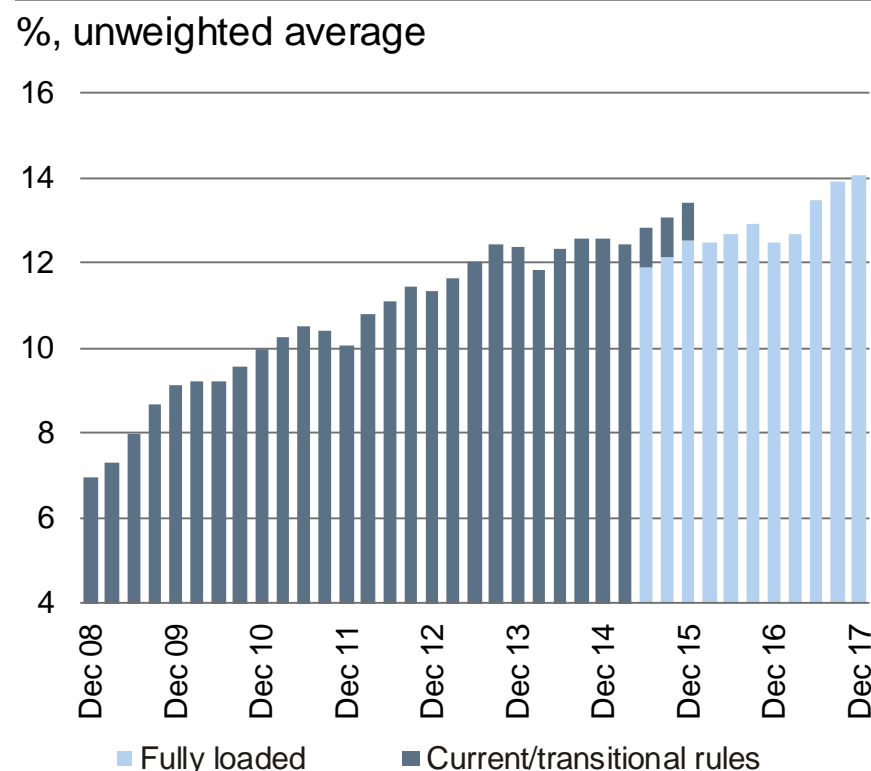


Cost-income ratio of Europe's 20 major banks



Sources: Company reports, Deutsche Bank Research

Core Tier 1/Common Equity Tier 1 ratio* of Europe's 20 largest banks



* Basel II; Basel 2.5 applied from Q4 11 on, Basel III from Q1 14 on

Sources: Company reports, Deutsche Bank Research

European banks shrink to (pro)fit



2017: second-best annual result since financial crisis

- Revenues still depressed
- Banks cut costs and benefit from improving asset quality – driven by low interest rates and economic recovery
→ what happens in the next recession?
- Capital levels have more than doubled since 2008
→ massive de-risking and shrinking

US competitors are far ahead

- Revenues on a stable upward trend
- Loan growth and loan losses have suffered somewhat from rising interest rates, but overall remain resilient
- Profitability moving from one record to the next

European outlook:

- Rising rates likely to strengthen interest margins, but also slow down volume growth (again)

Contact



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