



# Investor Deep Dive Investment Bank

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Deutsche Bank

# Summary



- Deliver sustainable **revenue** growth across all businesses in a well-controlled manner
- Focus on tangible franchise improvements through deepening **client** intensity
- Ability to grow with consistent **resources**
- Reduce **costs** to materially improve return on tangible equity

# Investment Bank at a glance

9M 2020



€7.4bn

Revenues

€2.6bn

Profit Before Tax

4.1k

FTE<sup>(1)</sup>

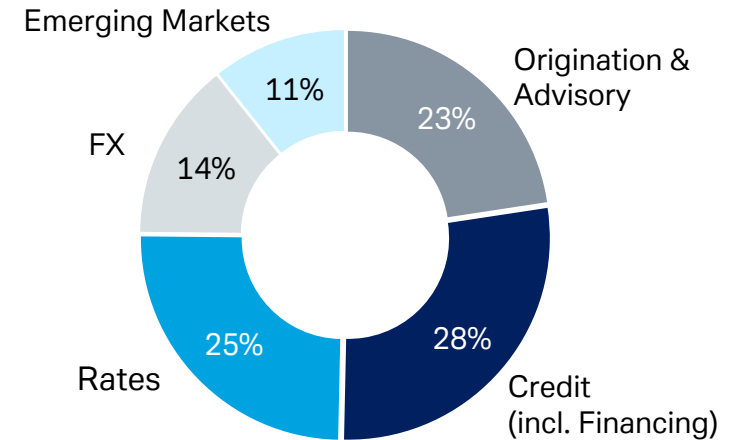
Origination & Advisory (O&A)

- Targeted client industry focus
- Debt origination experts
- Advisory and Equity Capital Markets

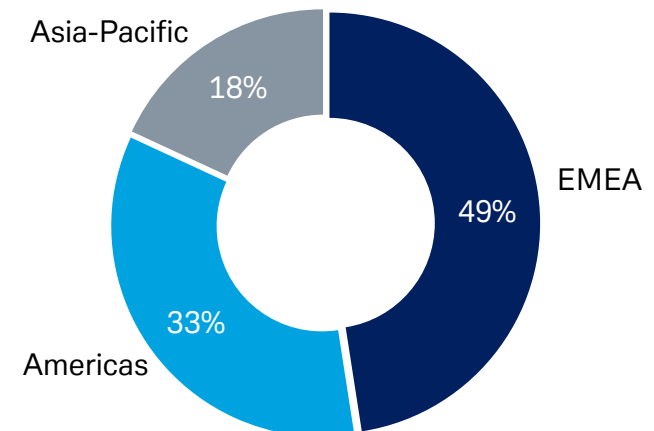
Fixed Income, Currency Sales & Trading (FIC)

- Bank of choice for our priority clients
- Product offering in EMEA, Asia and the US tailored to our strengths
- Global leader in Financing and FX

## Product mix



## Regional mix



(1) FTE: Full-Time Equivalent

# Material progress made



## Strategic objectives

## Progress in 2020

Stabilise and grow revenues

- ✓ 4 consecutive quarters of year-on-year revenue growth since Q4 2019
- ✓ Sustainable revenue growth

Reduce costs

- ✓ 4 consecutive quarters of year-on-year cost reduction since Q4 2019<sup>(1)</sup>
- ✓ € 225m reduction in funding costs

Increase client intensity

- ✓ Increased intensity across focused client set
- ✓ Top 100 institutional clients +42% and platinum corporates +25%

Efficient capital usage

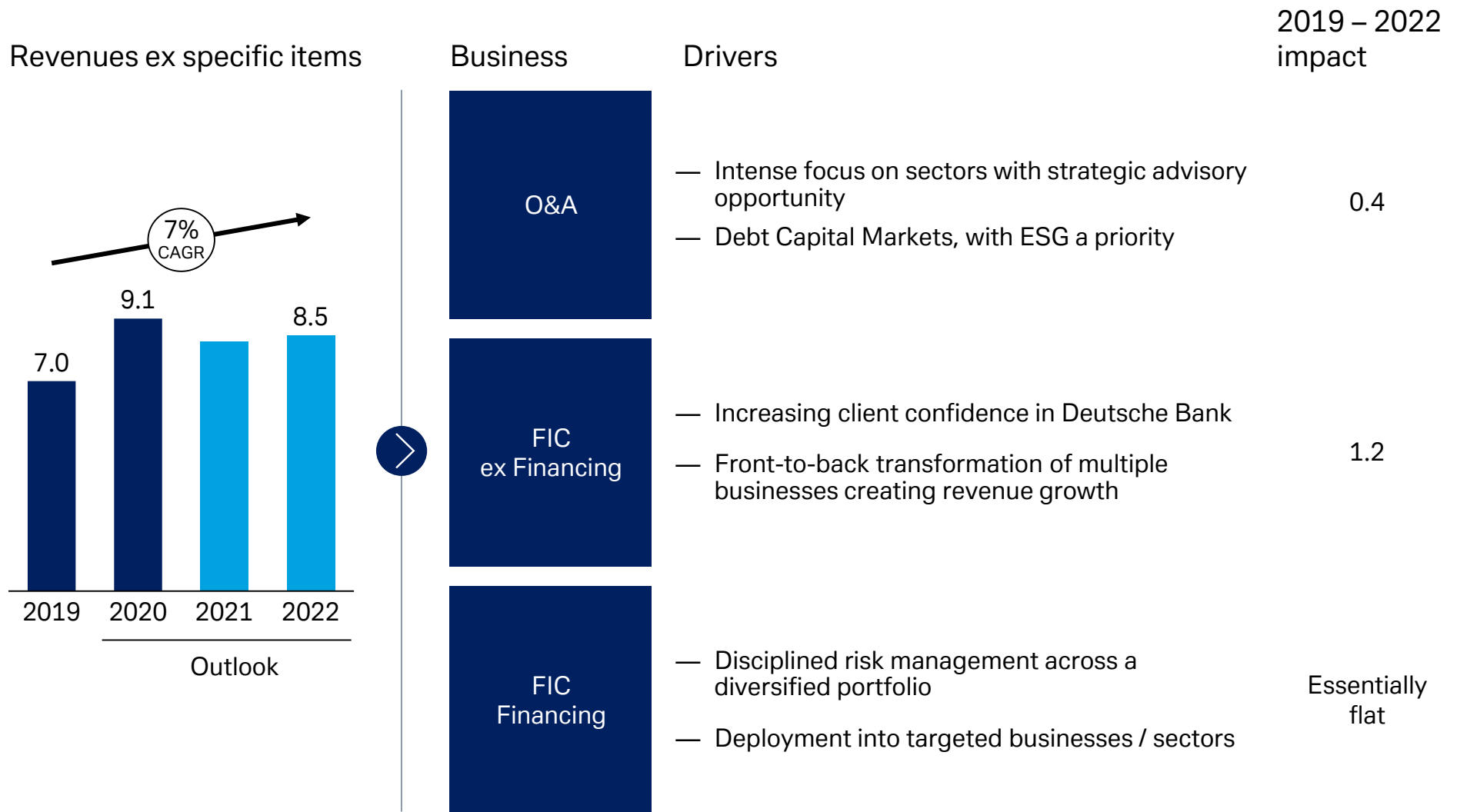
- ✓ Excluding regulatory inflation, minimal business risk weighted assets growth
- ✓ Efficient capital re-allocation within the Investment Bank

(1) Adjusted costs ex transformation charges

# Revenue growth is anchored around client engagement



In € bn

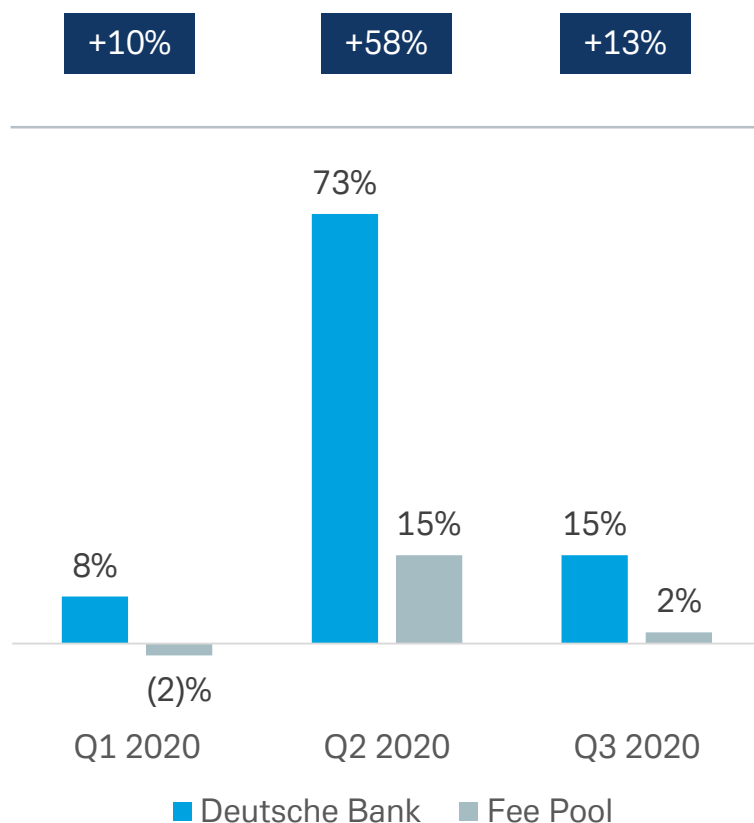


# O&A outperformance and market share gains



## Outperformance versus global industry fee pool<sup>(1)</sup> Q3 2020 YoY market share development<sup>(1)</sup>

YoY performance: Deutsche Bank vs. fee pool



Origination & Advisory	+20bps	— Highest share in 6 quarters
Debt Capital Markets	+110bps	— Increased focus on SSA issuance — Cross-border financing — ESG #3 ranked for Green Bonds in Q3
Leveraged Debt Capital Markets	+40 bps	— Ranked #2 globally in Q3 <sup>(2)</sup> — Strong performance in leveraged buyout financings (LBOs)
Equity Capital Markets	+90bps	— Focus on primary Equity Capital Markets activity — Strength in US Special Purpose Acquisition Companies (SPACs)
Advisory	(40)bps	— Three consecutive quarters of market share gains

(1) Source: Dealogic, excluding A-Shares

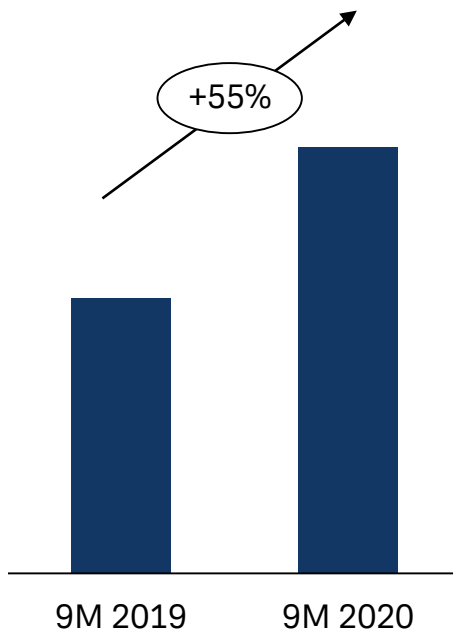
(2) Leveraged Loans only

# Client intensity: Driver of O&A revenue growth



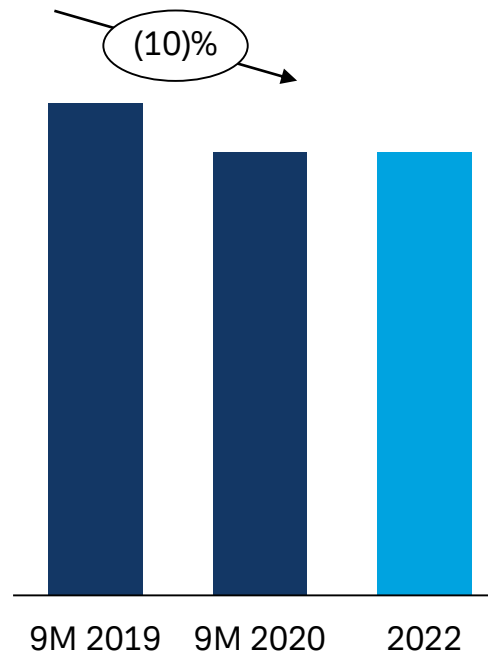
## Higher client calling

Calls per coverage MD, D<sup>(1)</sup> per month



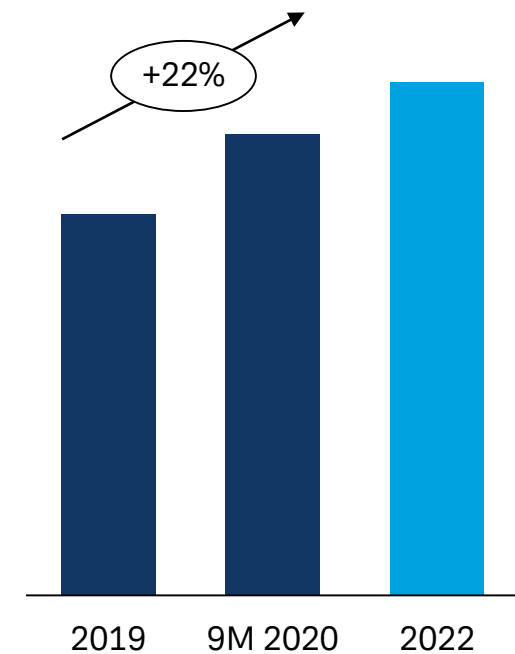
## Focused client coverage universe

Platinum client count



## Increased client market share

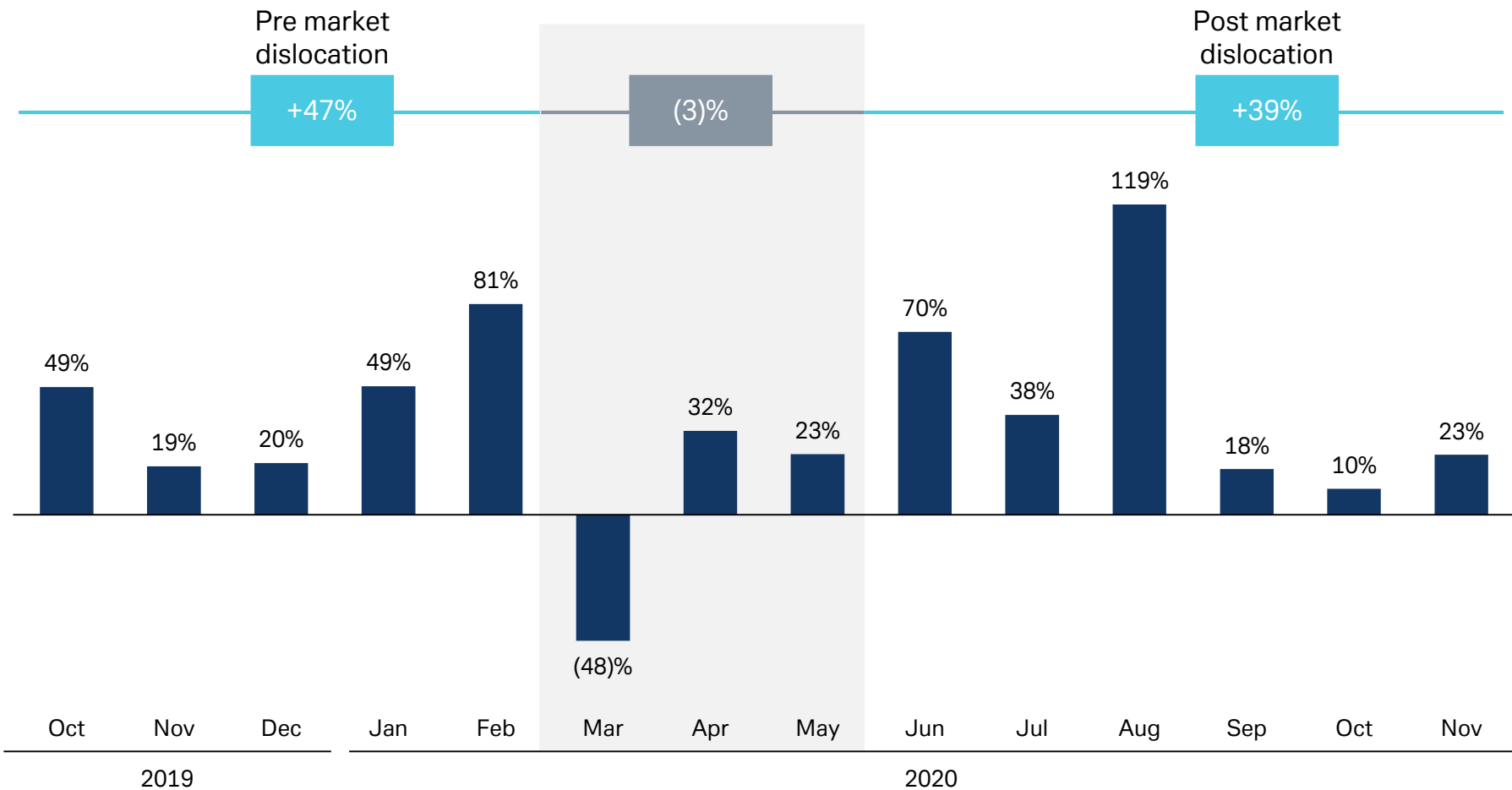
Market share with platinum clients<sup>(2)</sup>



(1) MD, D: Managing Director, Director  
(2) Source: Dealogic

# Transformation is the driver behind FIC revenue growth

## FIC year-on-year monthly performance



Note: 2019 and 2020 monthly figures based on August 2020 structure; 2018 monthly figures based on November 2019 structure; Nov-20 figure preliminary

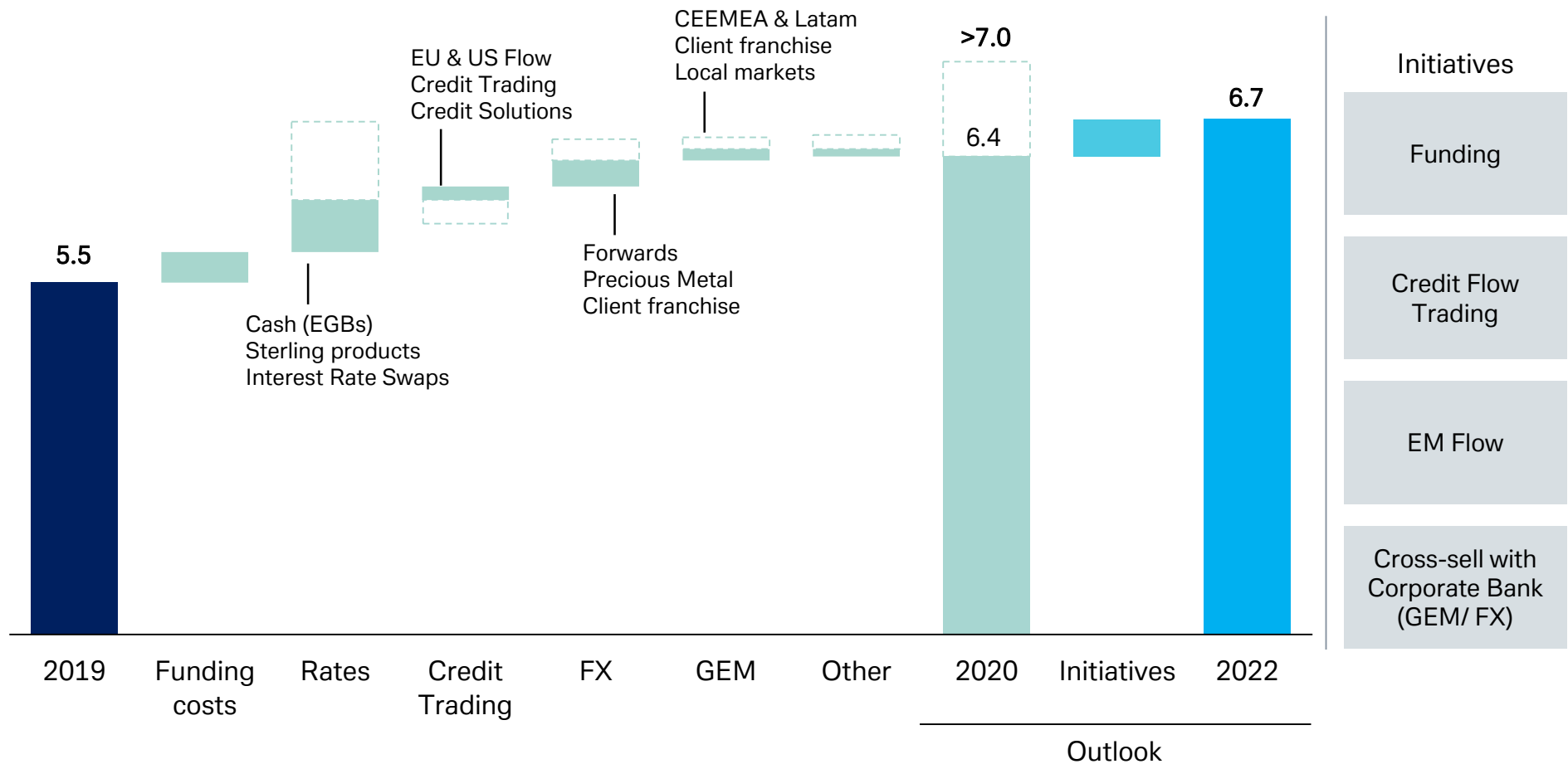


# In FIC, we are stabilising and growing businesses

2019 – 2022 revenues, in € bn



- 2020 non-repeat assuming normalized markets
- 2020 sustainable revenues



# Client strategy is integral to FIC growth



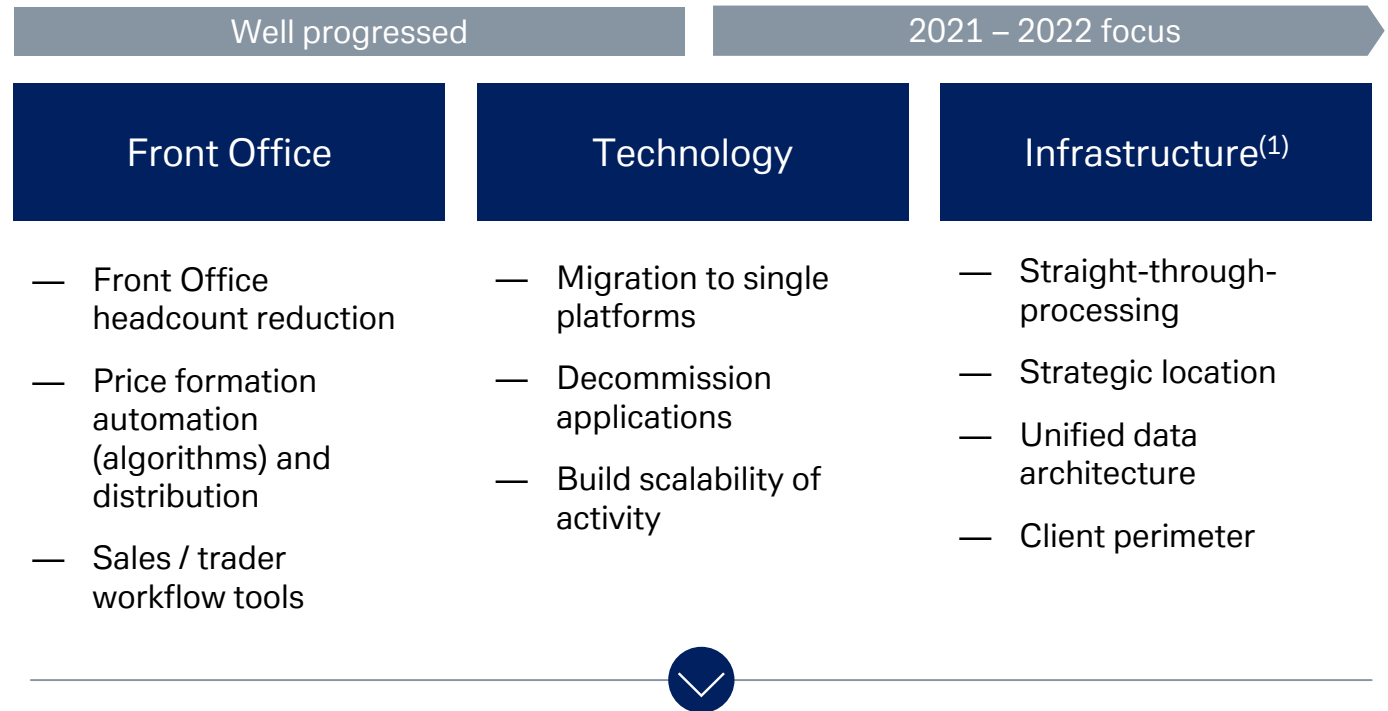
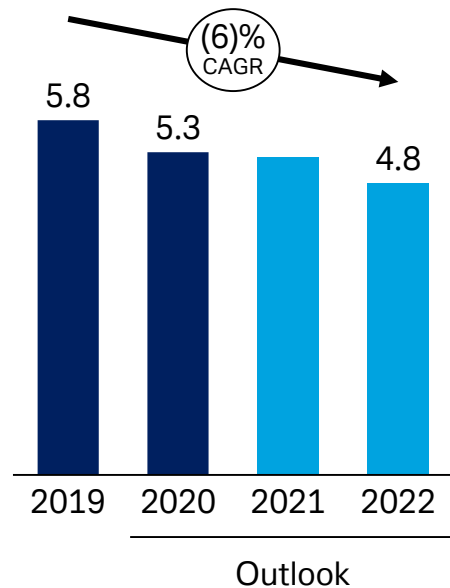
Client relevance	Client engagement	Targeted client focus	Led by technology	
Market leading position in more products	Improvement in Deutsche Bank credit outlook	Focus upon depth of relationship with core institutional clients <sup>(4)</sup>	Significant electronic platform market share performance <sup>(1)</sup>	
<b>EU Govt Bonds<sup>(1)</sup></b> Highest 3Q market share in last 5 years	<b>Northern European Pension and Insurance<sup>(3)</sup></b> Market share gains in Rates	<b>Top 100 Global</b> +42%	+121bps <b>G3 Bonds</b>	+159bps <b>G3 Swaps</b>
<b>EUR SSA issuance<sup>(2)</sup></b> Highest rank in last 5 years	<b>Global Asset Managers<sup>(3)</sup></b> Market share gains in FX	<b>Top 50 German</b> +45%	+79bps <b>EU Credit</b>	+11ppts <b>CDS</b>
<b>Global Finance<sup>(3)</sup></b> 1H market share gains	<b>Central Banks</b> Strong re-engagement	<b>High value transactions<sup>(5)</sup></b> +37%	<b>Top 5 EGBs</b>	>7,000 <b>New Autobahn users<sup>(6)</sup></b>

- (1) Sources: Bloomberg, TradeWeb, BondVision, DB Analysis; 9M 2020 vs. 9M 2019 unless otherwise stated  
 (2) SSA: Sovereigns, Supranationals and Agencies; source Dealogic; 9M 2020  
 (3) Source: McKinsey Client Wallet Analysis; 1H 2020 vs. FY 2019  
 (4) 9M 2020 vs. 9M 2019  
 (5) Transactions with revenues over € 250k  
 (6) Across institutional and corporate clients

# Transformation to further reduce costs



Adjusted costs  
ex transformation charges



## Example outcomes

>10% Front Office headcount reduction<sup>(2)</sup>

80% of FIC bond pricing automated

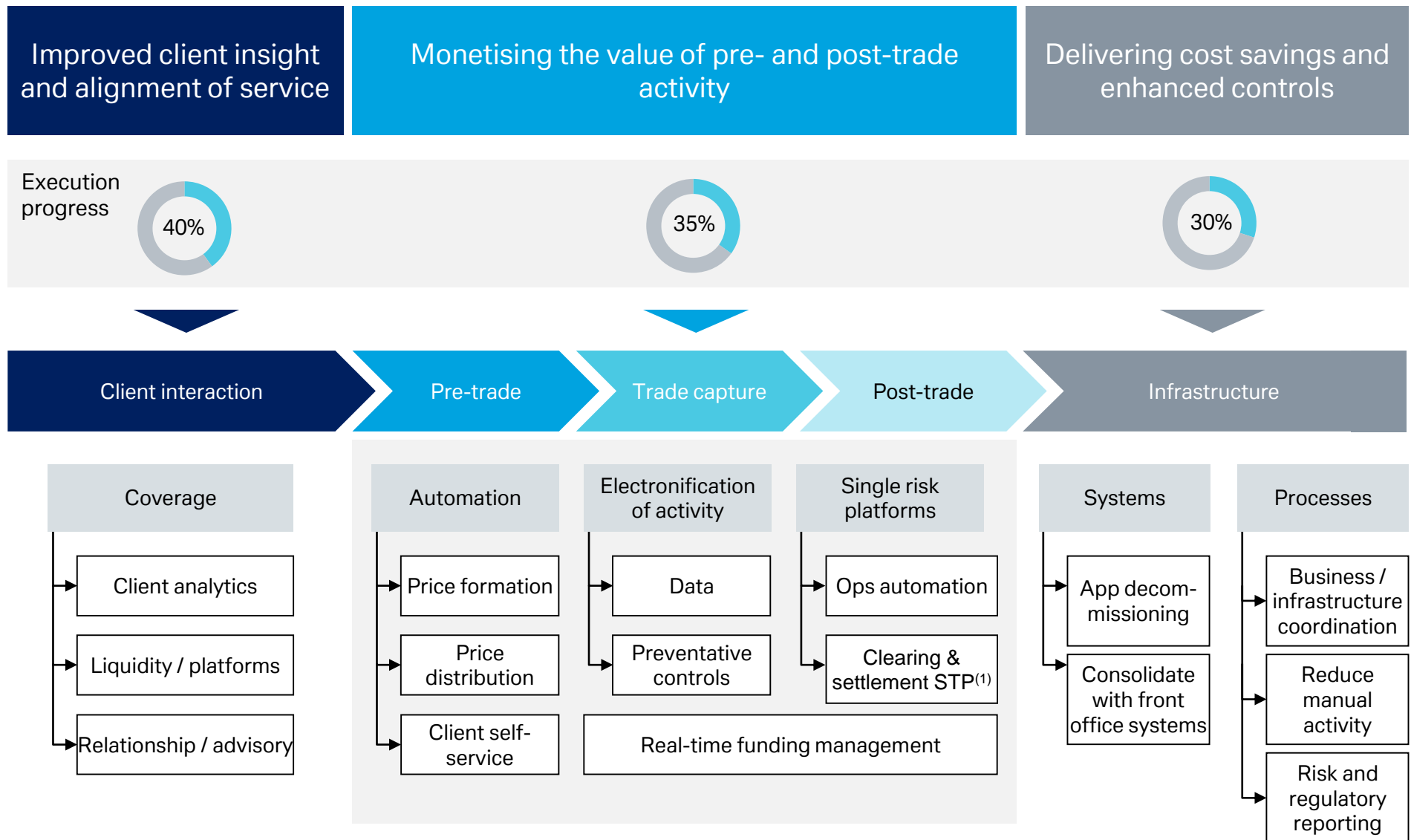
Ability to absorb >100% volume daily spikes

19% of target applications decommissioned

(1) Infrastructure includes COO, CFO, CRO, CAO, CEO and Regulatory Office

(2) Q3 2020 vs. Q2 2019

# FIC reengineering driving efficiency & growth



(1) STP: Straight-through-processing

# Revenue growth without business-led RWA increase

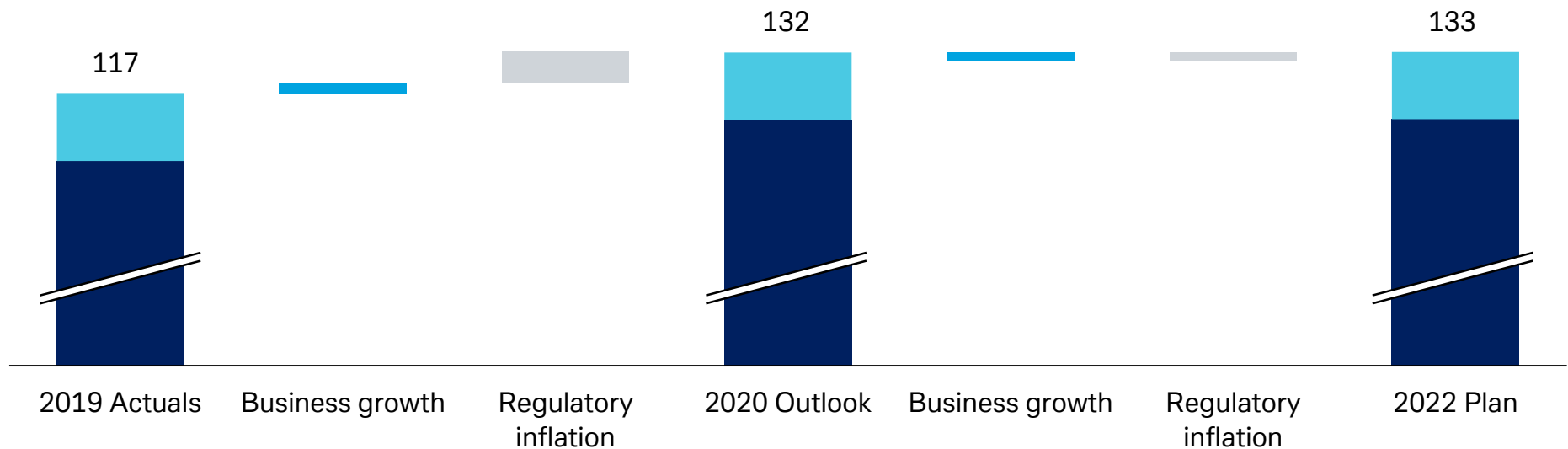
In € bn



## Minimal risk weighted assets growth

Operational risk

Market & Credit risk



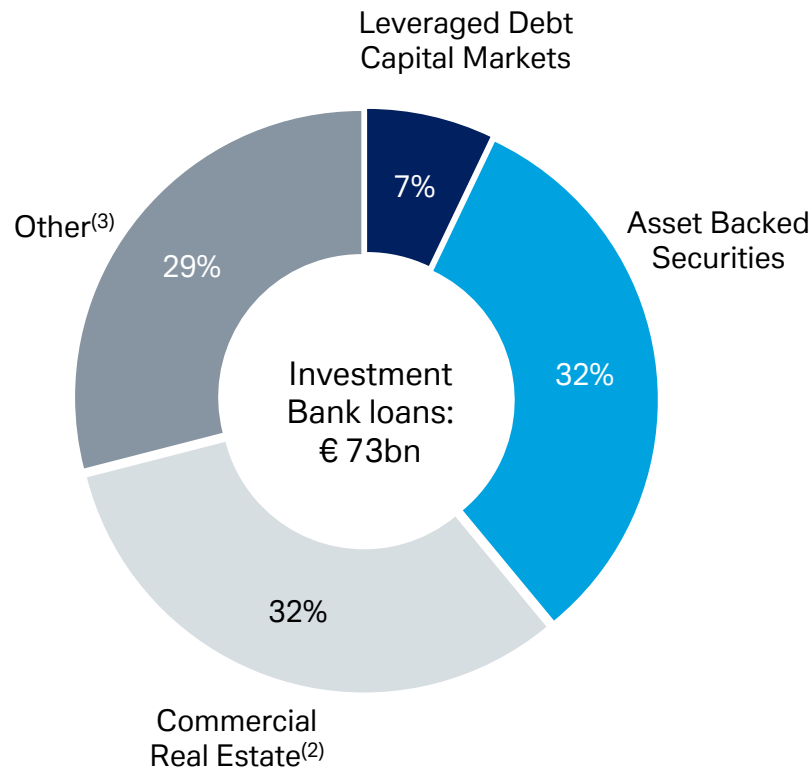
- Regulatory inflation drives majority of increase in risk weighted assets; this will continue, but at lower level than 2020
- Business growth targeted and funded by reallocation of resources within the Investment Bank
- Efficient hedging in place

# Continued disciplined approach to lending

## Balance sheet profile



9M 2020 loans at amortized cost<sup>(1)</sup>, in € bn



Risk management approach

- Diversified portfolio across multiple asset classes
- Well-structured portfolio
- Leverage Finance underwriting commitments actively hedged

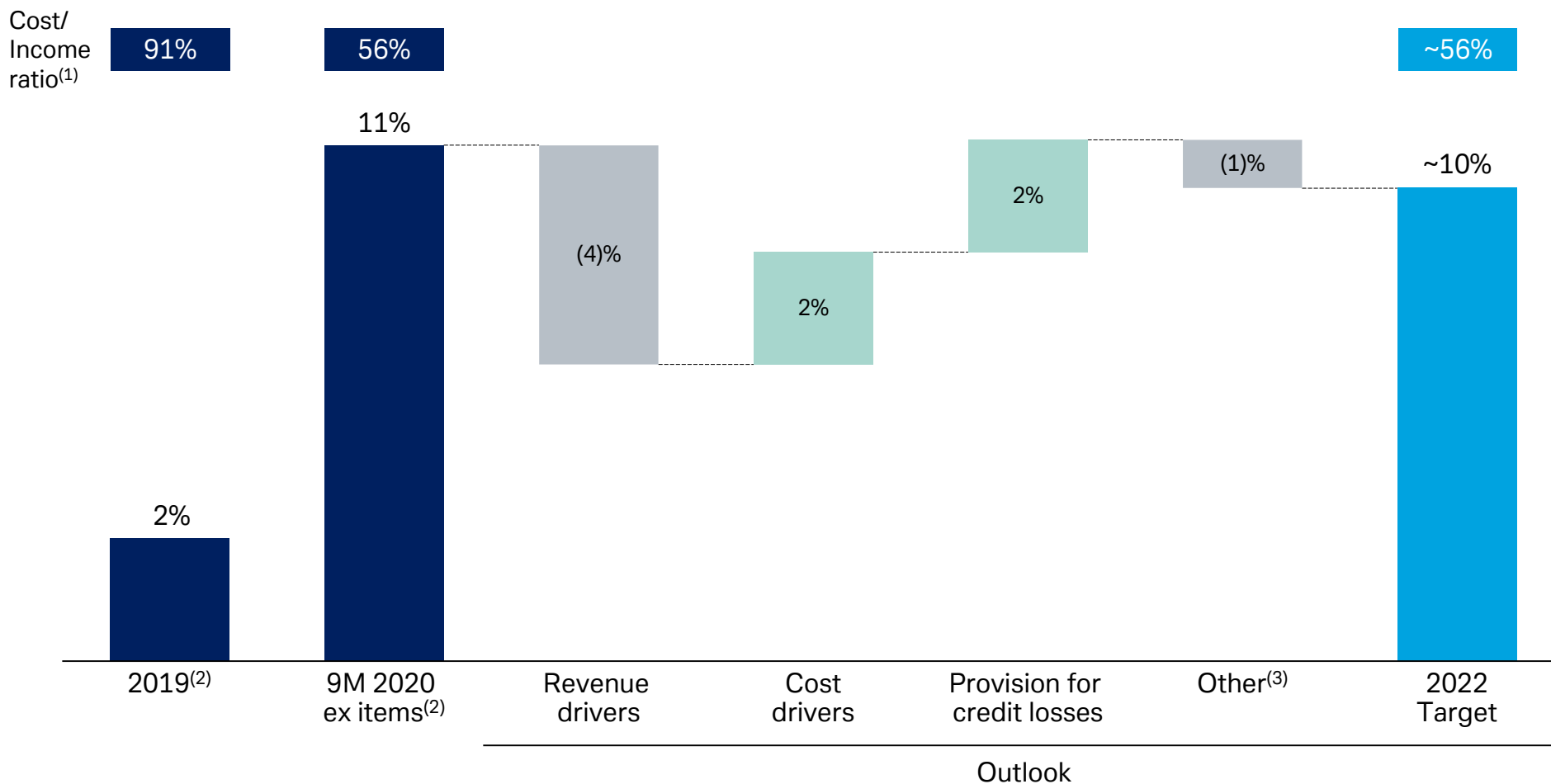
(1) Excludes off balance sheet commitments

(2) Includes certain Commercial Real Estate assets which were allocated to Other at Investor Deep Dive December 2019

(3) Other includes: Direct Lending, Transportation, Infrastructure and Energy, and other sectors

# Our path to sustainable profitability

Return on tangible equity



- (1) Cost/income ratio defined as total noninterest expenses as a percentage of reported total net revenues
- (2) Items include specific revenue items, impairments of goodwill and other intangible assets, transformation costs, restructuring and severance, deferred tax asset valuation and share based payments adjustments. 9M 2020 reported return on tangible equity: 10.6%
- (3) Includes impacts from non-operating costs, additional equity components and tangible equity

# Conclusion



- Sustainable **revenue** performance
- Increased **client** re-engagement and targeted client focus
- Material **cost** reductions and initiatives to further optimize
- Deliver growth with consistent **resources** and in a controlled manner

We are fully committed to deliver ~10% return on tangible equity in 2022





# Appendix



# Speaker biography



Mark Fedorcik joined Bankers Trust in 1995 before it was acquired by Deutsche Bank.

Since then he has taken on various leadership roles within the Investment Bank, including Co-President of the Corporate & Investment Bank (CIB) in the Americas and Co-Head of Corporate Finance. Mark was also Head of Debt Capital Markets and Global Head of Leveraged Debt Capital Markets.

In July 2019 he was appointed Head of the Investment Bank and member of the Group Management Committee .

Mark is a graduate of Hamilton College and a current Trustee of the College.



Ram Nayak leads Fixed Income, Currency Sales and Trading in the Investment Bank. He has over 25 years' experience in the financial services industry, joining Deutsche Bank in 2009 as Head of Global Markets Structuring. Prior to that he worked at Credit Suisse as Global Head of Emerging Markets and has held various positions at Merrill Lynch and Citigroup.

During his time at Deutsche Bank he has held various leadership roles, including Global Head of Fixed Income Trading (2015-18) and Co-President of the Corporate & Investment Bank (2018-19). Ram is a member of the Group Management Committee.

Ram holds a Bachelor's degree from the Indian Institute of Technology, an MBA from the Indian Institute of Management and an MBA from the University of Chicago.

# Cautionary statements



## Non-IFRS Financial Measures

This document contains non-IFRS financial measures. For a reconciliation to directly comparable figures reported under IFRS, to the extent such reconciliation not provided herein, please refer to the Financial Data Supplement which can be downloaded from [www.db.com/ir](http://www.db.com/ir).

## Forward-Looking Statements

This document contains forward-looking statements. Forward-looking statements are statements that are not historical facts; they include statements about our beliefs and expectations and the assumptions underlying them. These statements are based on plans, estimates and projections as they are currently available to the management of Deutsche Bank. Forward-looking statements therefore speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

By their very nature, forward-looking statements involve risks and uncertainties. A number of important factors could therefore cause actual results to differ materially from those contained in any forward-looking statement. Such factors include the conditions in the financial markets in Germany, in Europe, in the United States and elsewhere from which we derive a substantial portion of our revenues and in which we hold a substantial portion of our assets, the development of asset prices and market volatility, potential defaults of borrowers or trading counterparties, the implementation of our strategic initiatives, the reliability of our risk management policies, procedures and methods, and other risks referenced in our filings with the U.S. Securities and Exchange Commission. Such factors are described in detail in our SEC Form 20-F of 20 March 2020 under the heading “Risk Factors.” Copies of this document are readily available upon request or can be downloaded from [www.db.com/ir](http://www.db.com/ir).