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INTRODUCTION (NO SLIDE)

- Good morning
- It is my pleasure to welcome you to our 8th annual Global Financial Services conference, although it is my first as CEO of the Bank
- A key differentiating factor about this conference is just how global an event it is
- There are over 545 attendees from 23 different countries in Asia, Europe and the US
- We are excited to welcome nearly 100 presenting companies with a combined market value of 4.2 trillion dollars, and investors who manage over 7 trillion dollars of assets
- So this event really brings together some of the world's largest and most global financial institutions with the biggest and most successful investors
- In many ways this conference is a live example of a key part of Deutsche Bank's strategy in action
- One of our core strengths is linking multi-national, large cap corporates with the worlds most sophisticated investors
- And, as I will detail later, one of the reasons we host this conference in New York is to showcase our commitment to global equities, including in the US



- We are one of the leading European equity houses, and a core part of our strategy is to connect European issuers to the US capital markets
- And we believe that we have a strong position in the financials sector, and we will continue to invest in all our coverage areas, including research and banking
- As you can imagine my first 7 weeks as CEO have been extremely intense
- One of the new experiences for me was running our annual shareholders meeting last Thursday
- As you might know German AGMs are very special, take up to 12 hours with many people taking the opportunity to talk
- On Thursday, a 14 year old shareholder came to the podium. He made an astonishingly good analysis of our Corporate & Investment Bank
- After he had talked for five minutes, our Chairman, Paul Achleitner, asked him to finish school as soon as possible and apply for a job at Deutsche Bank
- That shows you two things: we are still hiring and we take a long-term view in our Corporate & Investment Bank
- We are here to stay

SLIDE 1 – A MATERIALLY SAFER AND MORE SECURE INSTITUTION

- But before we focus on the future strategy of the bank it is worth looking at the progress that we have made over the last ten years on slide 1
- We believe that one factor that sometimes does not get acknowledged enough is the progress we have made in strengthening our balance sheet
- Let's step back for a second and highlight a few long-term trends:
 - Since 2007, our capital has doubled and the bank today sits on one of the highest common equity ratios of all our global peers



- Our liquidity is amongst the strongest in the industry with over 25% of our funded balance sheet, or approximately 280 billion euros in cash or highly liquid government securities
- And, close to three-quarters of our funding comes from the most stable sources, including over half from our retail and corporate deposits

SLIDE 2 – MARKET RISK AT HISTORICALLY LOW LEVELS

- As we have strengthened our balance sheet, we have also reduced our risk levels as shown on slide 2 – a topic near to my heart given my background in risk
- Our VaR has fallen by close to 80% from peak levels
- In fact, our VaR is less than half the level we reported in 1999, after the acquisition of Bankers Trust, despite having nearly doubled our assets
- Our VaR efficiency has improved considerably since the crisis, driven by the successful wind-down of the non-core unit
- And, compared to our global peers, our risk levels are broadly in-line with our trading market share

SLIDE 3 – BEST-IN-CLASS CREDIT RISK

- Slide 3 shows a similar story for credit risk
- Deutsche Bank has always been an excellent credit risk manager reflecting the low risk nature of our assets, especially in Germany, and is also testament to our strong underwriting standards
- Today, credit risk levels are at historically low levels at just 9 basis points of loans in the first quarter of 2018
- And, through periods of stress, our portfolios have proven to be more resilient, especially relative to our US peers



- Finally, do not forget the progress we have made on the litigation front. Of our 20 most significant matters, 15 have now been largely or fully resolved
- So, we believe that Deutsche Bank has all the resources that it needs to thrive – a solid balance sheet, low risk levels in combination with our great people and long-standing client relationships
- We have stopped looking in the rear view mirror and we can now look ahead

SLIDE 4 - SHIFTING TOWARDS A MORE STABLE REVENUE BASE

- But as our results have demonstrated, our shareholder returns have been unacceptable and my mandate is to drive a material change in our return profile
- Slide 4 summarizes the strategic adjustments that we announced to put the bank back on the right track
- First, we must continue to execute as quickly as possible on the strategies that we have laid out for our Private & Commercial Bank and Asset Management (DWS) segments
- Second, we are taking measures to adjust the footprint of our investment bank by focusing on our core strengths
- Third, and probably the most pressing issue, is to reduce our cost base
- Finally, the announced measures will result in a more stable and balanced revenue mix
- It is our goal to increase the revenue contribution of our Private & Commercial Bank, Asset Management and the Transaction Bank to 65% by 2021



SLIDE 5 – DELIVERING IN THE PRIVATE & COMMERCIAL BANK

- On slide 5 you can see the agenda we have set out for our three businesses within the Private and Commercial Bank, PCB
- As many of you know this is the business that I was responsible for before becoming group CEO
- As with our asset manager, DWS, there are no strategic issues here. It is all about execution
- And we have been executing already
- In Germany, in-line with our committed timeline, the legal merger of Postbank and Deutsche Bank's private and commercial clients businesses was completed over the weekend
- Yesterday, you could see the first advertisements in the German newspapers. We are on the front foot again
- With more than 20 million customers, we are the largest private and commercial bank in our home market, Europe's largest economy
- With the merger complete, we must now execute on our plan to generate cost and revenue synergies of 900 million euros by 2022
- So far our dialogue with the trade unions has made us even more confident in our ability to execute on this plan. And we are working on even accelerating this process
- In our International retail operations, we have announced the sale of our businesses in Portugal and Poland to free up resources to invest in our Italian and Spanish units
- In Italy, we are the leading foreign bank and in both these international markets, we focus on affluent clients and SMEs leveraging our strong investment advice capabilities
- This has to be our mantra in all business areas: we invest in the areas where we excel. And we will withdraw from areas where we see no prospects of becoming a



leader in the long term. That's what was behind our disposals in Poland and Portugal and that's exactly how we aim to proceed in other businesses

- In wealth management, with over 200 billion euros of client assets under management, we will continue to invest in focused growth predominantly in Europe and in Asia while simplifying our back office functions and reducing our infrastructure
- Across PCB, the combination of cost reductions accompanied by modest revenue growth should allow us to drive our cost income ratio to below 65% and improve our return on equity to well above 10% by 2021
- Again, it is about execution, not strategy

SLIDE 6 – DELIVERING IN DWS

- The same is true of DWS, our 80% owned asset management unit, as you can see on slide 6
- Nicolas Moreau and his team have to date delivered on their key objectives, most notably completing the IPO one year ahead of our original deadline
- But without wanting to steal from Nicolas' session at this event tomorrow, we see asset management as an attractive growth business with low capital utilization we want to grow in a responsible manner
- With a well-diversified asset base of around 700 billion euros and excellent fund performance, we are confident that DWS can continue to see net inflows of 3-5% per year in the medium term
- And despite selective front-office hiring and investment in new products, we believe that the combination of revenue growth and cost reductions should see DWS improve its cost income ratio to below 65% in the medium term



SLIDE 7 - SHIFTING CIB TO ITS CORE STRENGTHS

- Turning to our corporate and investment bank, CIB, on slide 7
- Put simply, we are and will remain Europe's leading corporate and investment bank with a global network
- You will all have seen numerous headlines about Deutsche Bank in recent weeks, including some saying we are retreating from the US but let me repeat, we are committed to our international network and committed to our presence in the US. This is not up for discussion
- The issue for CIB is one of resource allocation
- For too long, we have operated in market segments where our returns were too low and the prospects for improvement too long dated
- Investments in sub-par areas have constrained the growth opportunities in those areas where we hold market leading positions including payments, FX, structured finance, trade finance and debt capital markets

SLIDE 8 - RESHAPING CIB

- As a result, we have come to some tough but necessary decisions as shown on slide 8
- As we previously announced we are refocusing our Origination and Advisory business on sectors that are either important for our core clients or in which we have a leading global position
- Within Fixed income sales and trading, we are scaling back our US rates activities while investing in European rates and credit, both of which have been industry leading franchises for the bank
- And, as we announced late last week, we completed the review of our global equities business



- We recognized the need to take decisive action to give clarity to you, our clients, as well as our employees
- The various actions we are taking in CIB and across its related infrastructure functions should reduce adjusted costs in this division by more than 1 billion euros by the end of 2019, driven in large part by the planned headcount reduction within CIB
- This process of headcount reduction has already begun, as over 600 people in the segment have already left the bank since the start of the year
- We will have completed the vast majority of the front office headcount reductions by the end of the second quarter, which should allow us to refocus on growing our businesses
- The reshaping of our CIB franchise will also reduce our leverage exposure, which we expect to fall by more than 100 billion euros or 10% by the end of 2019, with the majority planned by the end this year

SLIDE 9 - SHARPENING FOCUS IN EQUITIES SALES & TRADING

- Slide 9 gives more details on our new strategy in our global equities business
- It is important for me to reiterate that Deutsche Bank is committed to its equities franchise, globally and in the US
- In terms of specific actions:
 - In cash equities, in-line with the trends in the broader market, we are moving away from the high-touch service model and will increasingly focus on electronic solutions
 - In equity derivatives, we will increasingly use our core European business as a hub for our global activities and we will focus our growth on our structured product capabilities



- Finally, in prime finance, we will refocus our resources on our key clients with a view to reducing our leverage exposure by around 50 billion euros in this business
- In aggregate, we expect these moves to reduce our equities headcount by around 25% in 2018 with accompanying cuts to infrastructure

SLIDE 10 – A RESILIENT FRANCHISE

- Slide 10 shows why we are confident that our CIB franchise is well positioned to deal with the adjustments that we are making
- A more focused business perimeter should also allow us to invest more and retain our competitive edge, especially in technology driven businesses, like FX and Global Transaction Banking
- GTB should also continue to benefit from ongoing growth in the fee pool, given the structural growth in global trade volumes and ultimately from higher rates in both the US and Europe
- In Fixed Income, we expect our market share to remain broadly flat with some upside from higher market volatility. Client volumes should rebound from the low levels seen last year to the benefit of our FX and rates businesses
- And we will invest in our capabilities in Credit and financing products, where we have very strong franchises
- In Origination and Advisory, in a market we forecast to be broadly stable, our greater focus should allow us to accelerate our investments in Germany and Europe as well as in our global debt capital markets franchise
- And in equities, last year was burdened by the low volume and volatility environment in cash trading as well as idiosyncratic losses in derivatives and the margin compression in prime as we fought to regain balances lost in 2016 which we would not expect to repeat to the same degree going forward



SLIDE 11 - REDUCING COSTS

- My third priority is to reduce costs
- As shown on slide 11, we reduced adjusted costs in 2017 by a little under 1 billion euros, but the progress to date has been too slow, was offset by the decline in revenues and did little to address the structural cost issues we are facing
- As a result, we have committed to reducing our adjusted costs by 1 billion euros this year to 23 billion euros and by a further 1 billion in 2019 to 22 billion euros
- You may say now: Many CEOs before me have promised to reduce costs but they have never really achieved this
- But there are differences now. We are absolutely determined here. Costs is what we can really influence. There is no reason and no excuse not to achieve a cost target if we manage it top down and bottom up well and go to the root causes of the problem
- By the way, we successfully transformed our Private & Commercial business in Germany and completed all our programs within the set time frames in the last three years
- To achieve these targets, we have committed to a series of short-term and long-term measures
- And, unlike other cost reduction programs at the bank, we will set a series of metrics against which you will be able to measure us regularly

SLIDE 12 – MAKING PROGRESS ON STRATEGIC COST INITIATIVES

- On a strategic level, we have initiated a cost catalyst program as shown on slide 12
- This program is designed to eliminate the structures and processes that have led to poor cost decisions in the past



- The program will be led by our CFO with specific board members responsible for individual work streams, including tackling the 3.5 billion euros that we spend annually with vendors as well as the 1.2 billion euros of real estate costs
- Momentum is already developing in the various projects and enthusiasm is building with our people

SLIDE 13 – REDUCING HEADCOUNT

- Our cost reductions will be driven by a material cut to our workforce as you can see on slide 13
- The number of full-time equivalents is planned to drop from its current level of over 97,000 to well below 90,000 by the end of 2019
- And here you can see a fundamental difference from prior attempts. These are absolute FTE targets on a net basis
- The habits of the past of making people redundant on the one hand, but hiring as many people again somewhere else will not happen this time
- Headcount reductions will occur across the organization, from the front-office to our infrastructure without impacting the effectiveness of our control functions
- The majority of the cuts should occur during 2018 and to date we have completed close to 1 thousand of these adjustments at the group level
- And with the use of hiring restrictions, we are comfortable that the restructuring and severance costs in 2018 will not exceed our 800 million euro guidance

SLIDE 14 - SHIFTING TOWARDS A MORE STABLE REVENUE PROFILE

- As we successfully execute on these three objectives, we should better balance our revenue mix to more stable revenues
- This should drive a virtuous circle where our funding costs fall and our credit ratings improve



- As shown on slide 14, by 2021, we aim to sustainably generate approximately 50% of our revenues from the Private & Commercial Bank and our Asset Management business, with a further 15% coming from our Global Transaction Bank
- To sum up:
 - Our balance sheet is stable, our risk levels are low and this gives us a solid platform
 - Two of our three business divisions have a clear strategy on which they have to execute
 - In our Corporate & Investment Bank, we now also know exactly where we're headed. We have adapted our strategy, and now we're going to implement. We will remain global, and we are committed to investment banking
 - It is not about shrinking, but about focusing. We will invest where it is economically attractive to do so. This will drive revenues in these areas and help improve our profitability
 - The same holds true for our cost cutting measures which we will implement rigorously. Let me assure you: I am absolutely committed on this
- With that, let me wish you a successful conference and I look forward to meeting with some of you later today and more regularly in the future as we execute on our plans