

**financial**  
transparency.

## **Deutsche Bank**

**Dr. Christian Ricken**

**COO of Deutsche Bank - Private & Business Clients**



**CA Cheuvreux Financials Conference  
London, 1 December 2009**

A Passion to Perform.

**Deutsche Bank**





# Agenda

- 1 Deutsche Bank – Well prepared for a changing landscape**
- 2 Private & Business Clients – Weathering the storm
- 3 Private & Business Clients – Regaining strength in a new era

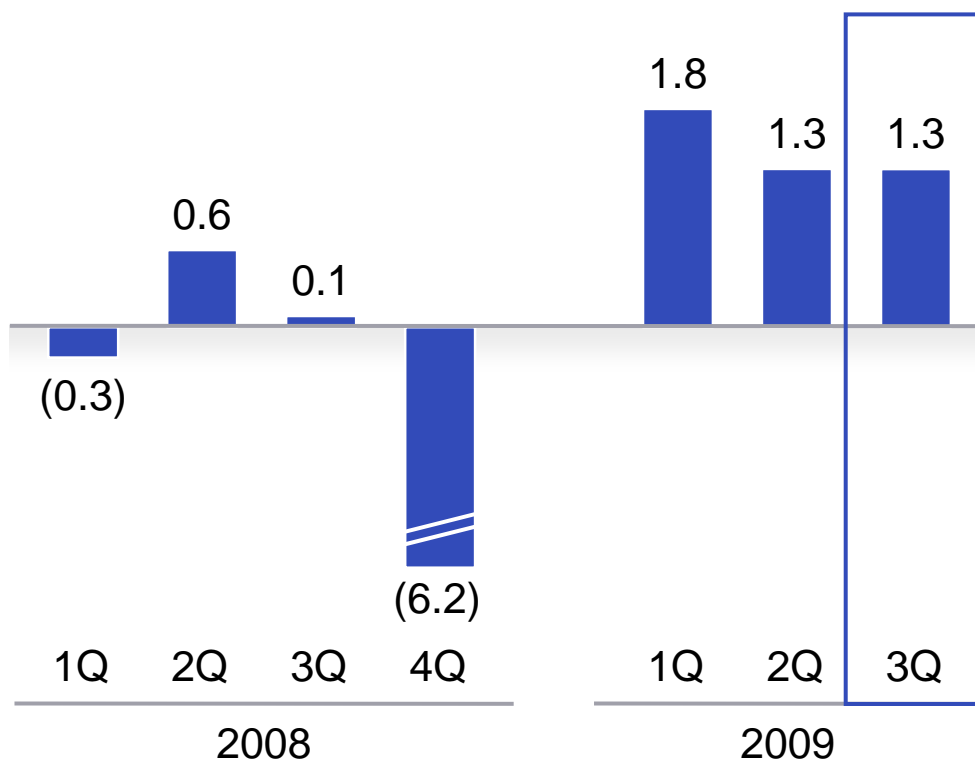




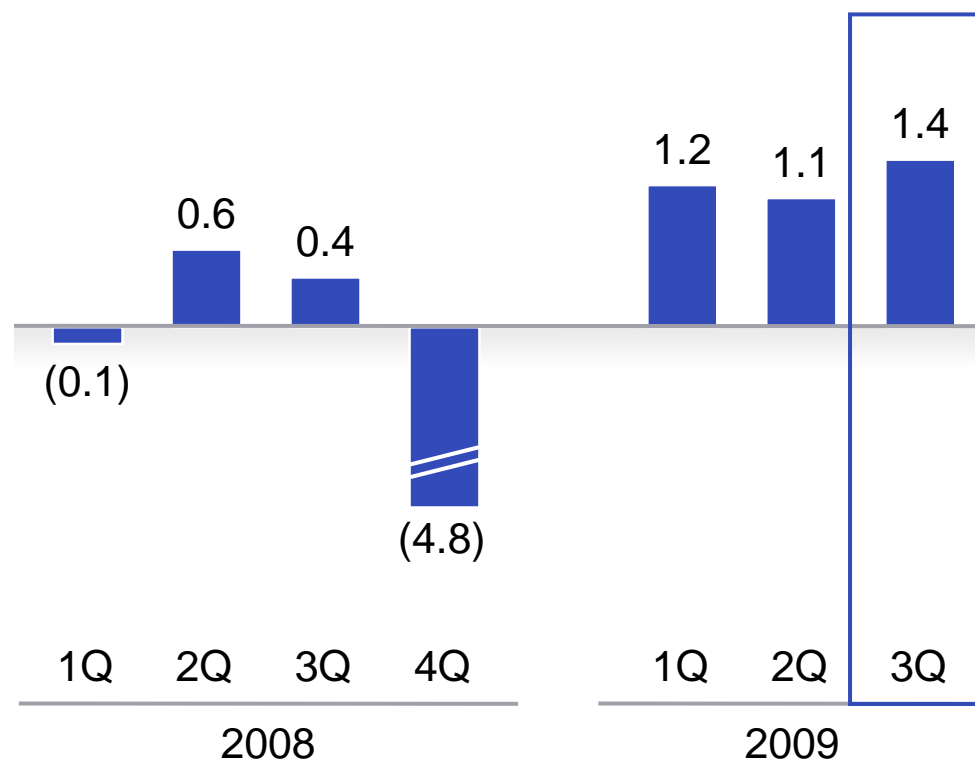
# Profitability at a glance

In EUR bn

Income before income taxes

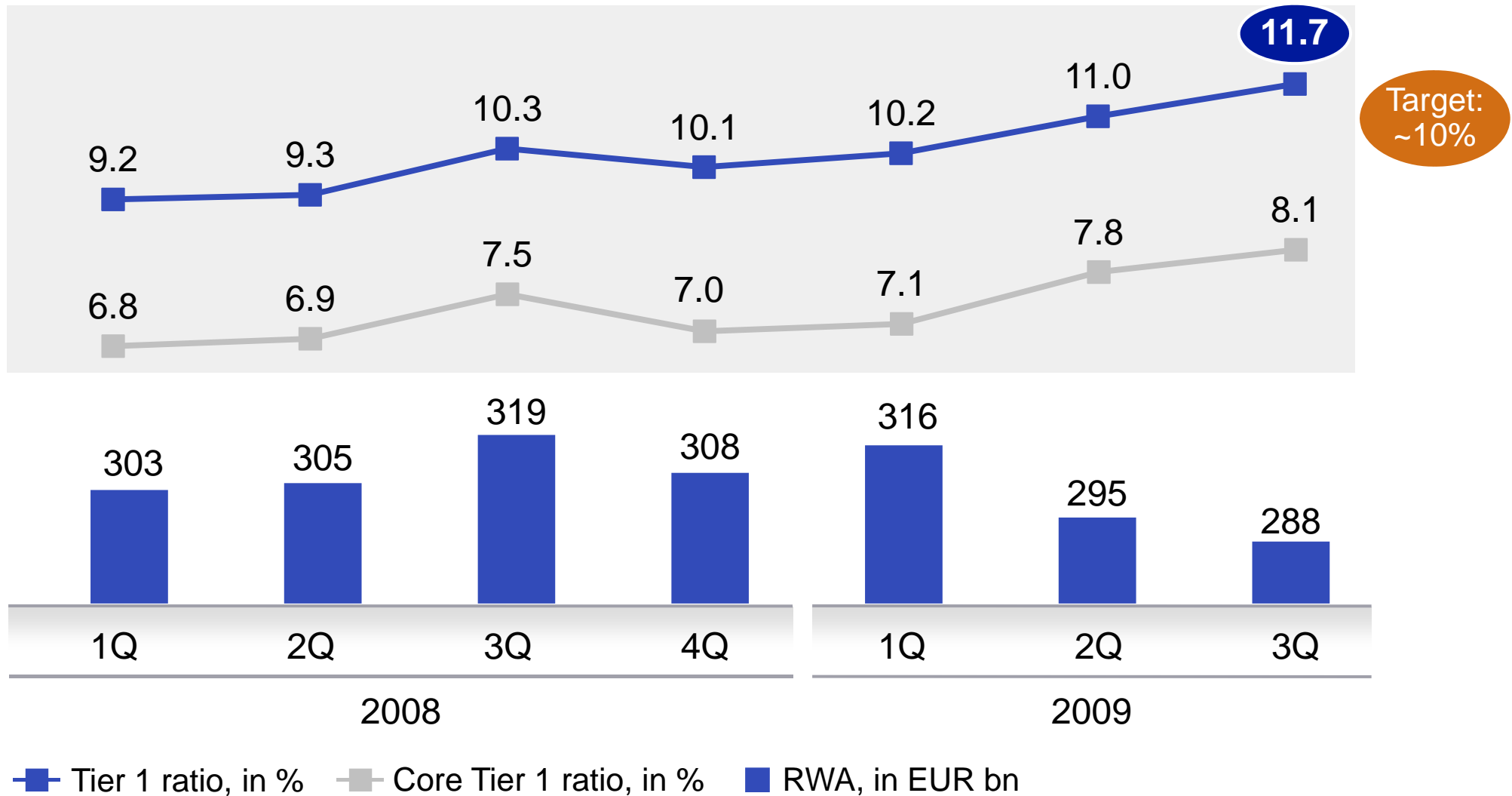


Net income





## Capital ratios have been strengthened



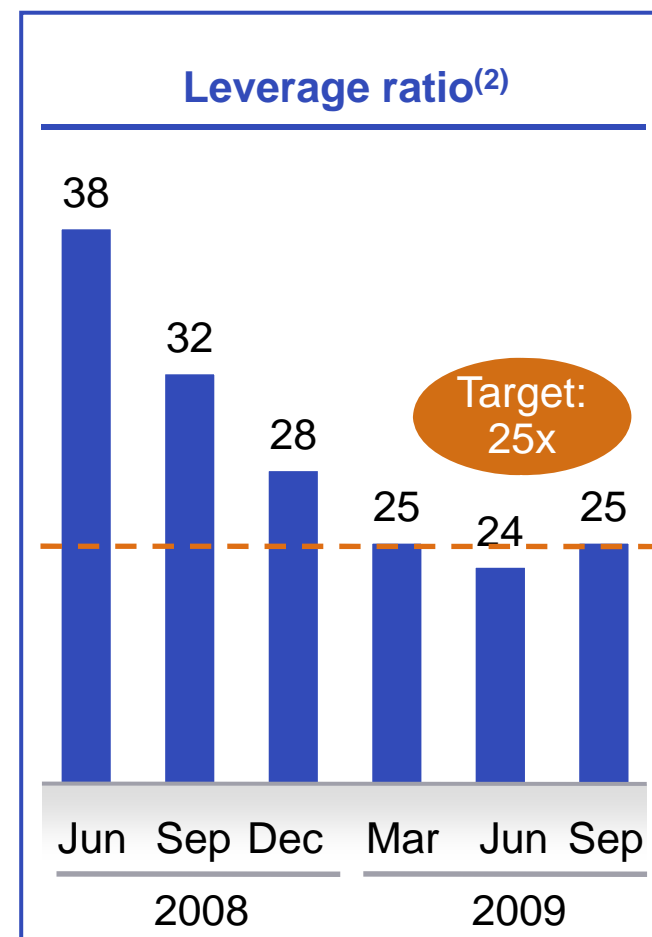
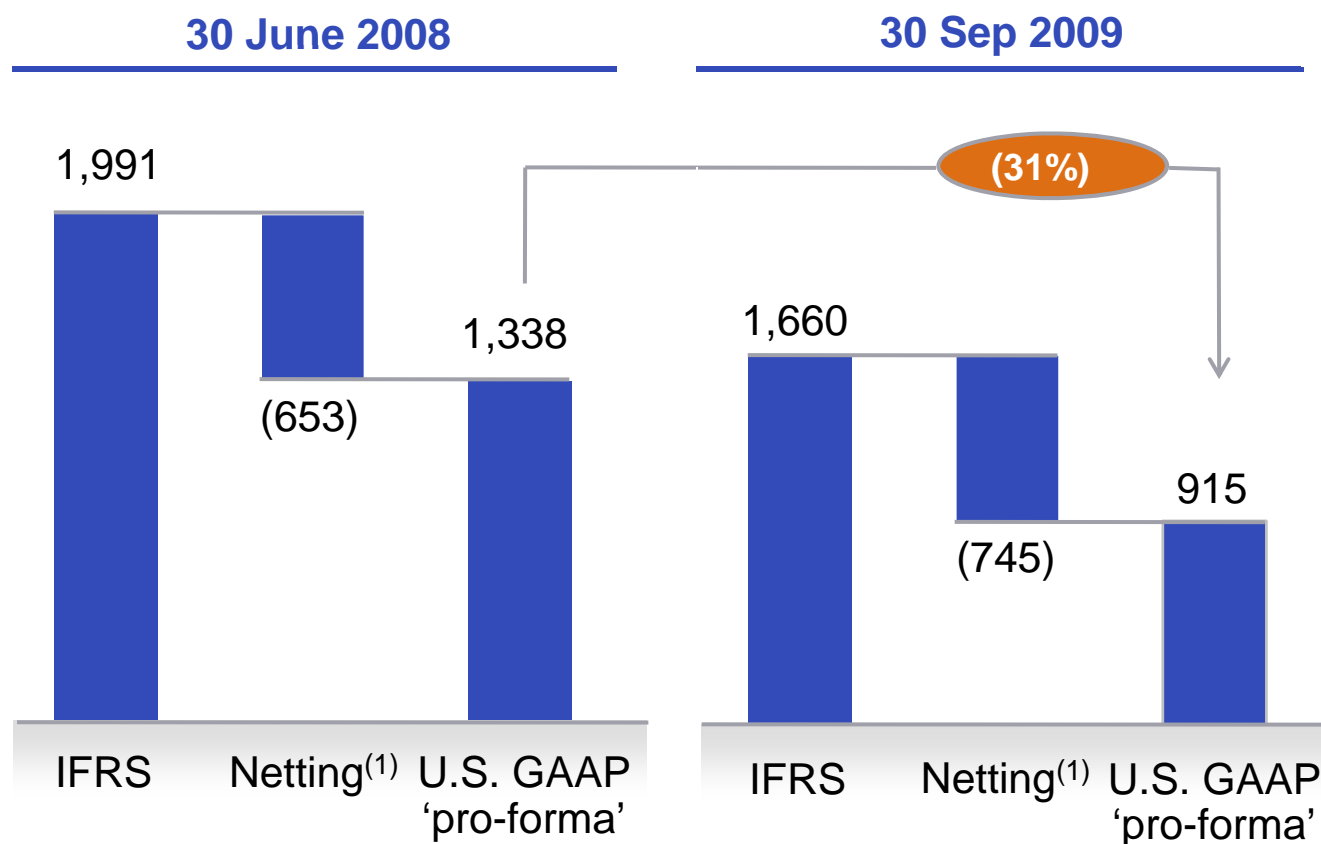
Note: Core Tier 1 ratio = Tier 1 capital less hybrid Tier 1 capital divided by RWAs

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# Significant de-leveraging

Balance sheet, in EUR bn



(1) For 30 June 2008 incl. derivatives netting of EUR 498 bn, pending settlements netting of EUR 92 bn and repo netting of EUR 62 bn, does not reflect revised application of U.S. GAAP nettings; for 30 September 2009 incl. derivatives netting of EUR 617 bn, pending settlements netting of EUR 122 bn and repo netting of EUR 5 bn

(2) Total assets based on U.S. GAAP 'pro-forma' divided by total equity per target definition

Note: Figures may not add up due to rounding differences





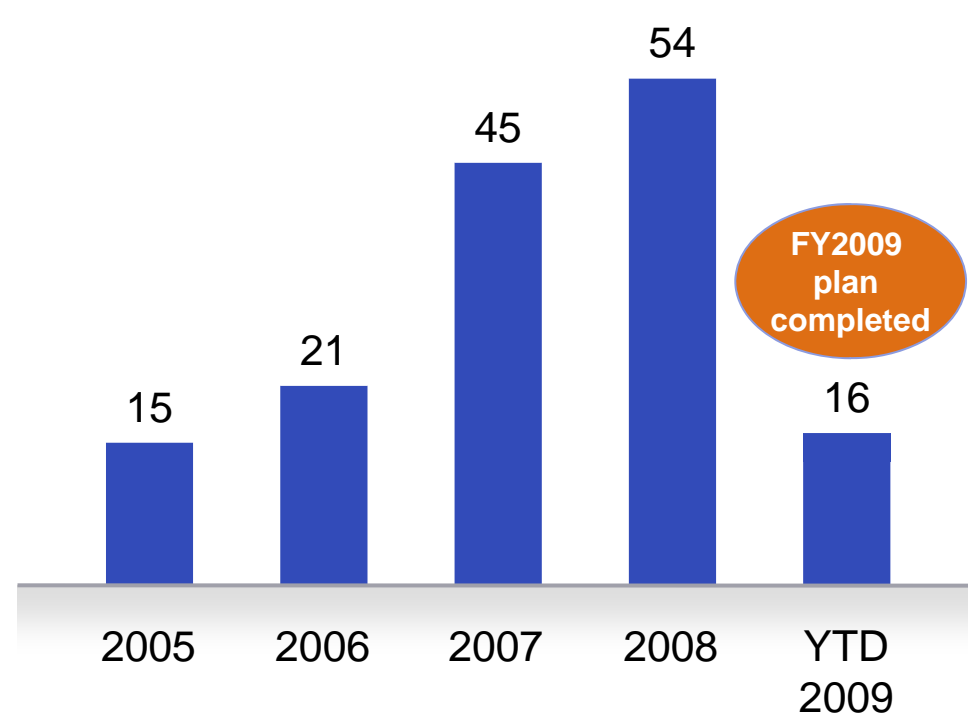
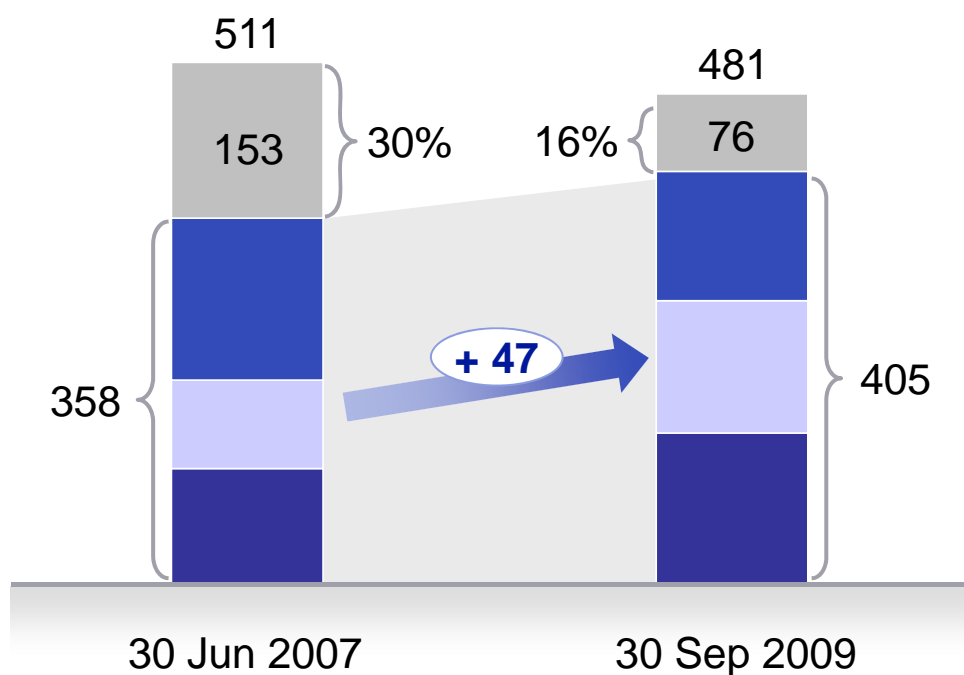
# Liquidity and Funding: Quantity, quality and consistency

In EUR bn

## Unsecured funding

## Capital market funding progress

New issuance



- Short-term wholesale funding
- Fiduciary, clearing & other deposits
- Capital markets
- Retail deposits

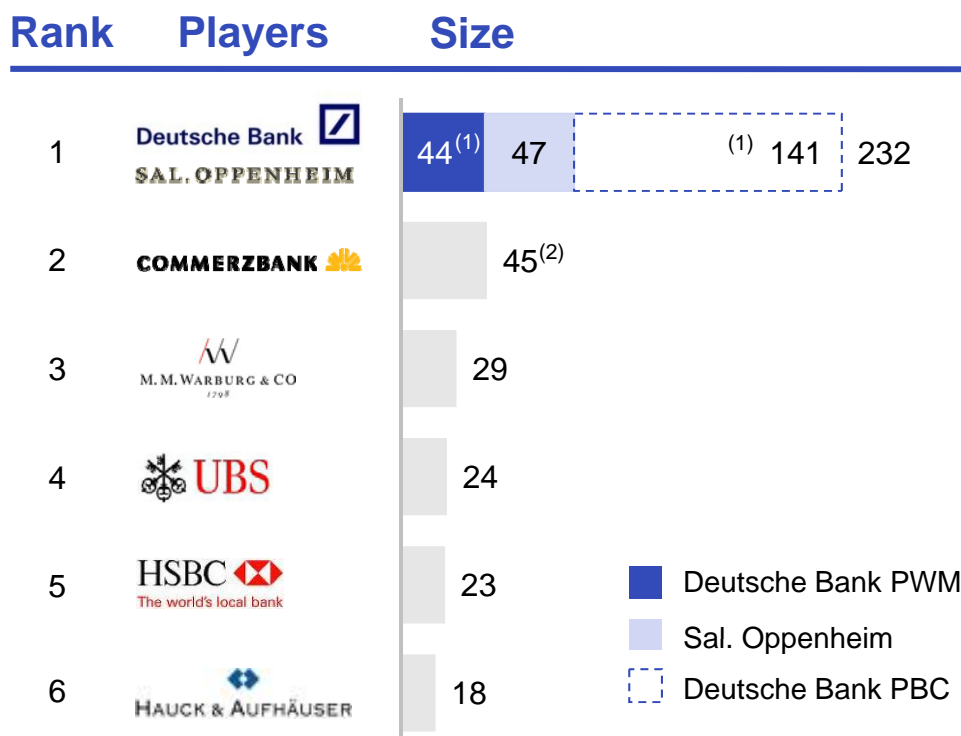
Note: Figures may not add up due to rounding differences  
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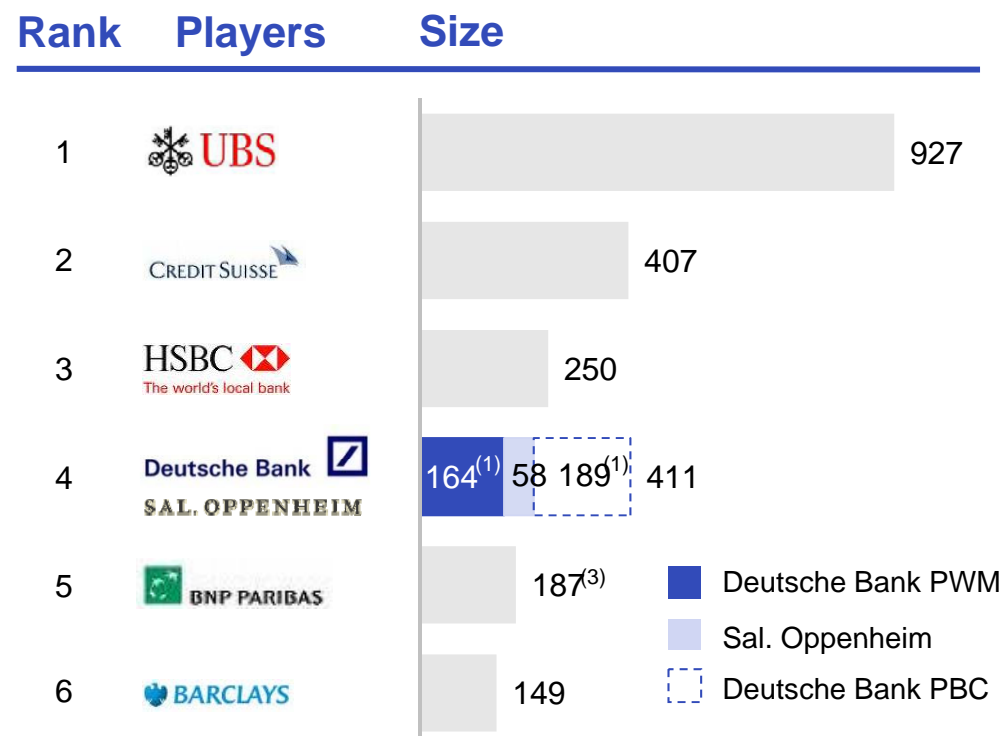
# Well prepared to use opportunities: Example Sal. Oppenheim

Private Banking assets under management as of 31 Dec 2008, in EUR bn

## Clear leadership in Germany ...



## ... and a top-4 position in Europe



(1) Invested assets are defined as assets DB holds on behalf of customers for investment purposes and/or client assets that are managed by DB. DB manages invested assets on a discretionary or advisory basis, or these assets are deposited with DB

(2) Includes Dresdner Bank

(3) Includes Fortis



## 2009 so far: A strong platform for the future

		30 Sep 2008	30 Sep 2009
<b>Profitability</b>	Income before income taxes (YTD, in EUR bn)	0.5	<b>4.4</b>
	Net income (YTD, in EUR bn)	0.9	<b>3.6</b>
	Pre-tax RoE (YTD, target definition) <sup>(1)</sup>	(3)%	<b>18%</b>
<b>Capital strength</b>	Tier 1 capital ratio	10.3%	<b>11.7%</b>
	Core Tier 1 capital ratio	7.5%	<b>8.1%</b>
	Tier 1 capital (in EUR bn)	32.8	<b>33.7</b>
<b>Leverage reduction</b>	Total assets (U.S. GAAP 'pro-forma', in EUR bn)	1,318	<b>915</b>
	Leverage ratio (target definition) <sup>(2)</sup>	32x	<b>25x</b>

(1) Based on average active equity; pre-tax RoE reported and annualised per Jan-Sep 2008: 2%, per Jan-Sep 2009: 17%

(2) Total assets based on U.S. GAAP 'pro-forma' divided by total equity per target definition







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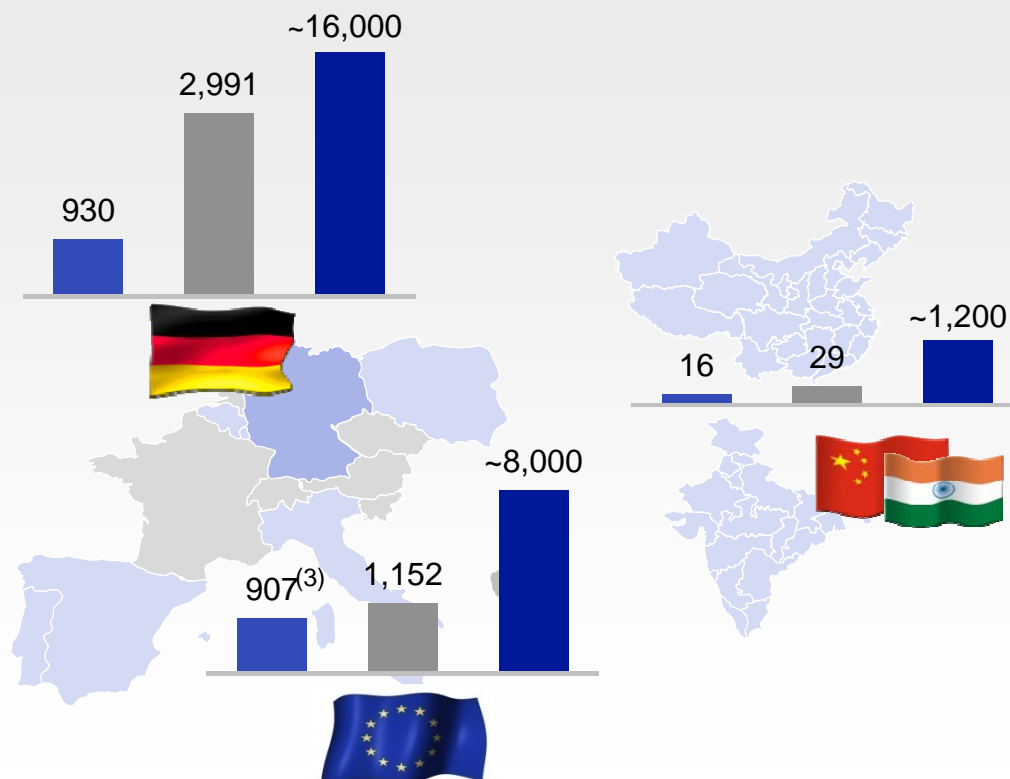




# PBC: An international franchise

As of 30 September 2009

■ Branches ■ Revenues<sup>(1)</sup>, in EUR m ■ FTE



**Private & Business Clients**

- 23% IBIT contribution to Group (EUR 4 bn from 2005 – 2008)
- EUR ~6 bn total revenues p.a.
- EUR 320 bn client business volume<sup>(2)</sup>
- 2,000 Branches<sup>(3)</sup>
- 15 m customers

(1) Revenues Jan – Sep 2009

(2) Client Business Volume = Invested assets, sight deposits and loans

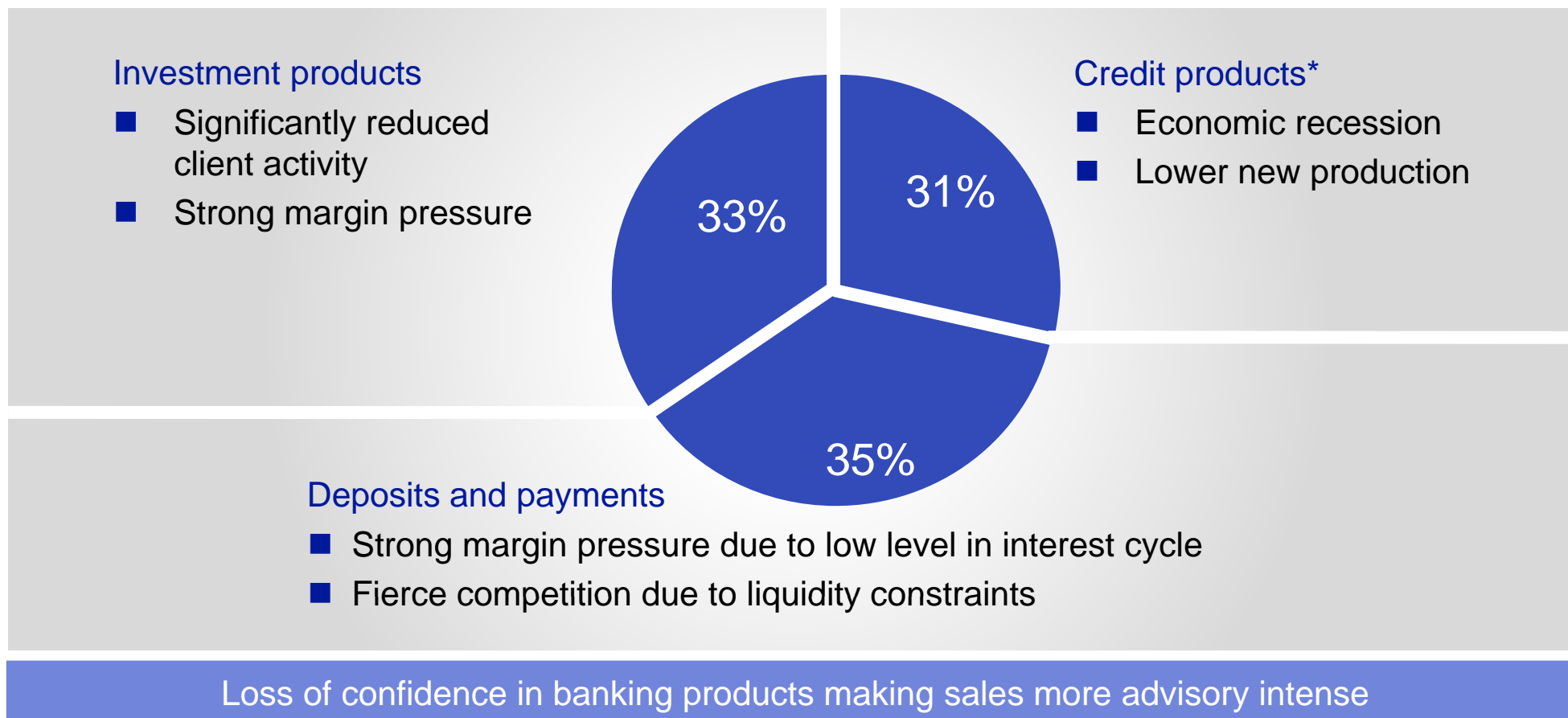
(3) Including loan shops in Poland, prestitempo outlets in Italy, and DB Credit in Spain





## Financial crisis has hit PBC's business in 3 dimensions simultaneously ...

Average share of PBC revenues 2007 – 08



\* Revenues after deduction of LLPs  
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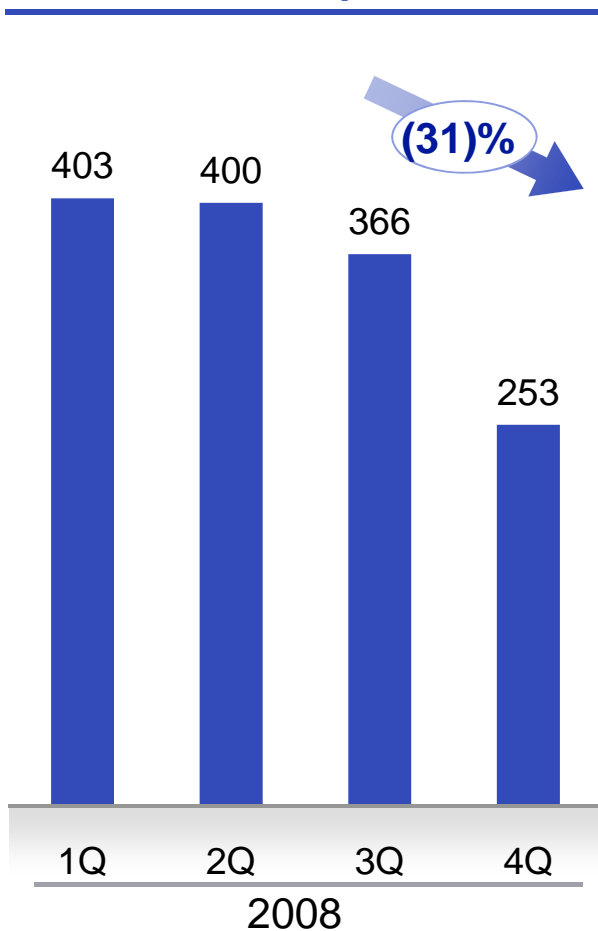




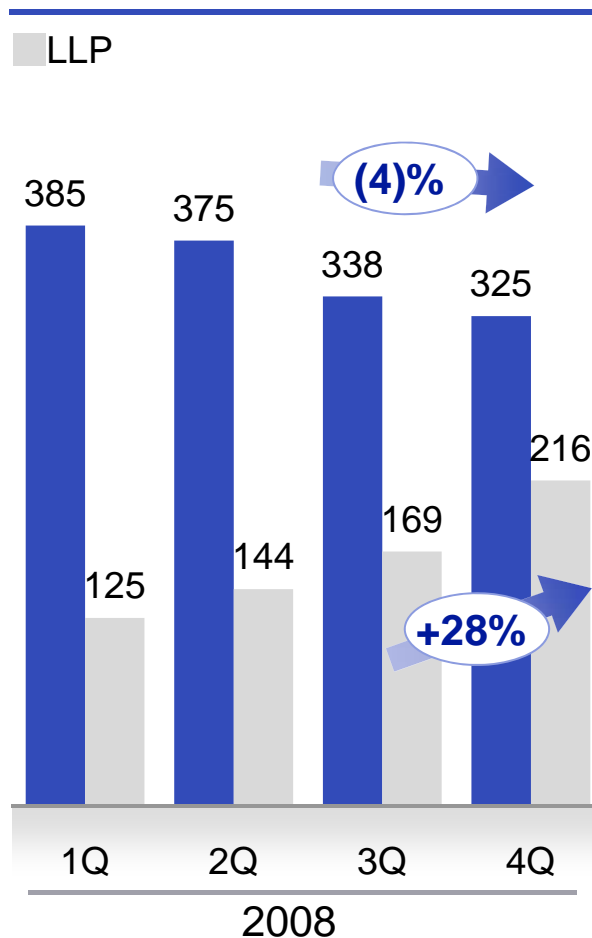
## ... translating into significant revenue and risk implications

PBC revenues, in EUR m

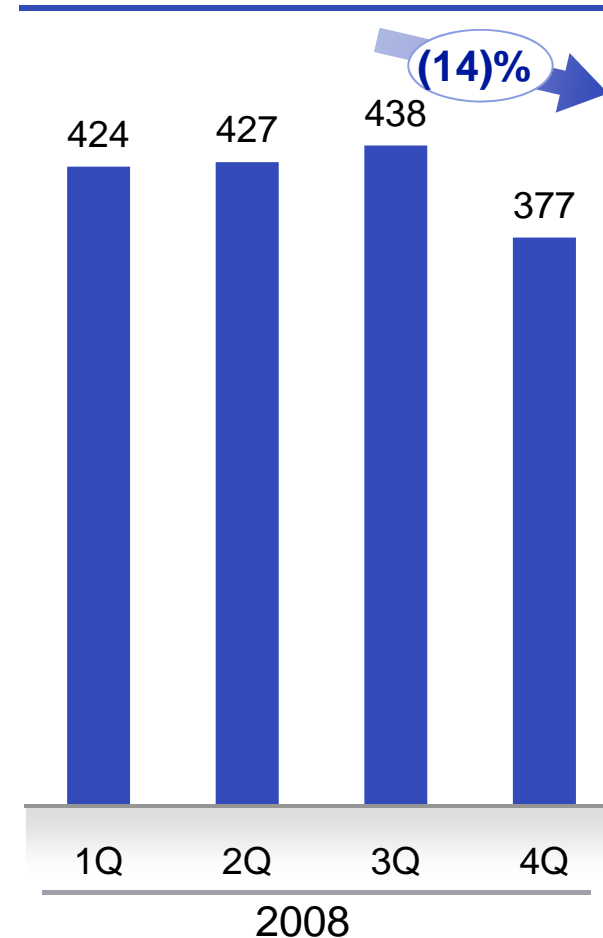
### Investment products



### Credit products\*



### Deposits and payments



\* Revenues after deduction of LLPs  
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# A comprehensive set of revenue measures was established resulting in strong revenue pick-up

## Initiatives



- Product innovations (e.g. capital guaranteed, less risky)
- Shift from passive brokerage to DPM
- Strong margin expansion for credit and deposit products
- Intensified customer contact programs



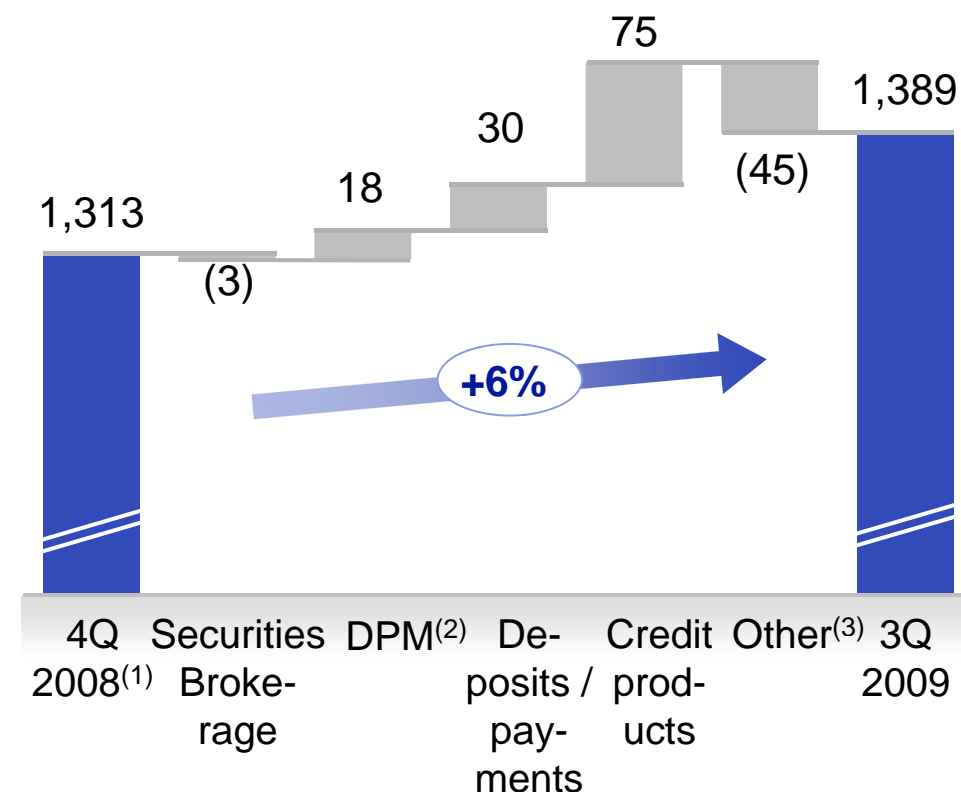
- Strong focus on sales efficiency
- Pricing initiatives



- Strong margin expansion
- Strong focus on sales efficiency
- Deposit retention project

## PBC revenues

In EUR m



(1) Excluding gain on sale from Visa shares and Deutsche Herold share (57 EUR million and 39.5 EUR million respectively)

(2) Discretionary portfolio management

(3) Including mainly Insurances, Home Loan & Savings and Asset & Liability Management

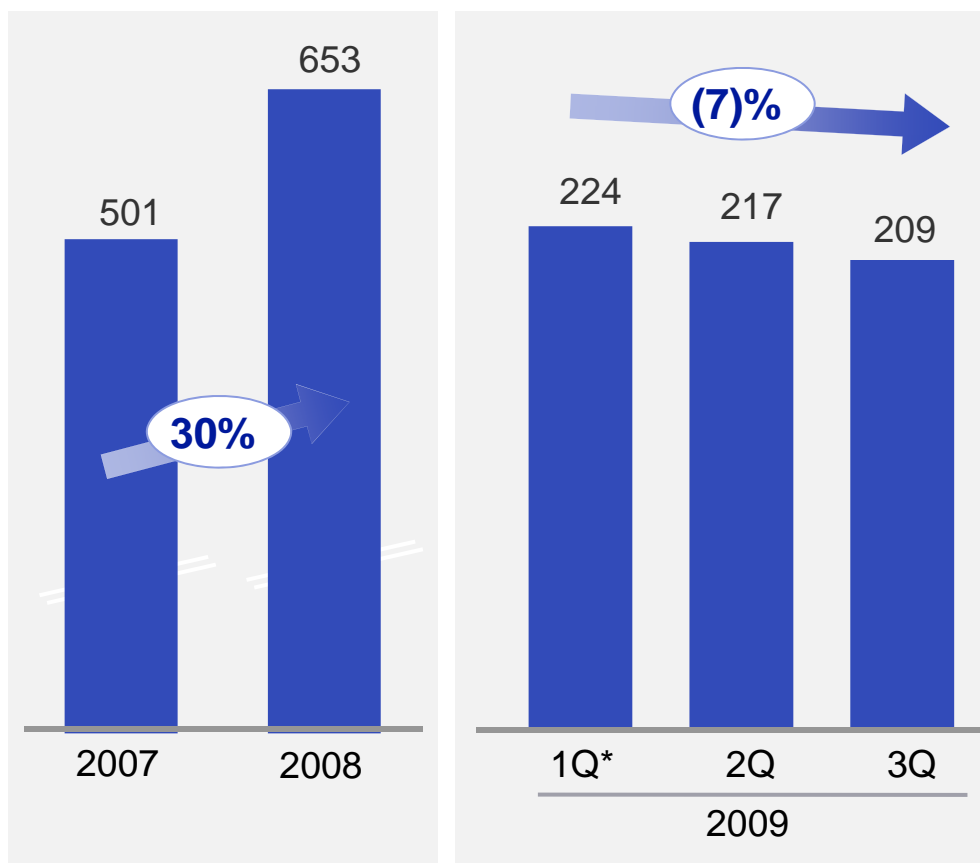




# Several measures were introduced to mitigate increasing LLP

## PBC provision for loan losses

In EUR m



## Introduced countermeasures

### New Strategy for Collections & Recoveries

#### Dedicated organisation to support strategy

- Switch of operational management for Collections and Recoveries from Credit Risk Mgmt. to PBC
- Upgrade management expertise

#### Pre-delinquency Management

- Daily monitoring for better steering
- Improved processes and tactics
- Focus on pre-write-off accounts

### Other measures

- New cut-offs in expected loss / probability of default
- Real Estate / Related Sector strategy in Spain
- Strict reduction strategy for sub-portfolios with lower quality

\* Excluding recalibration effect of EUR -60m  
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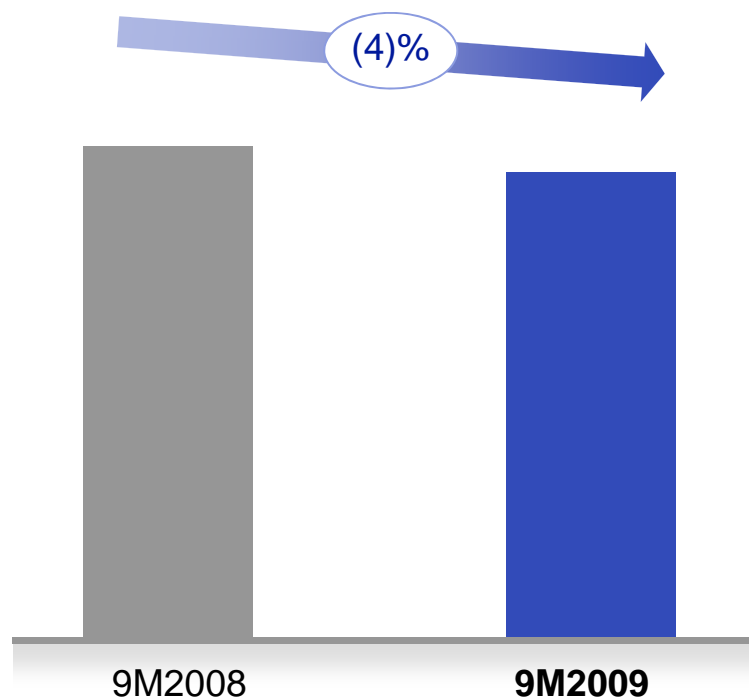




# Tactical cost management with tangible results ...

## First tangible results

PBC non-compensation direct costs\*, in EUR m



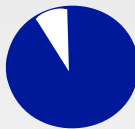
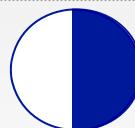

## Cost program in detail

<b>Germany</b>	<ul style="list-style-type: none"> <li>■ Strict FTE management in head offices</li> <li>■ Cut on non sales-relevant trainings</li> <li>■ Cut on marketing spends</li> <li>■ Significant reduction of comfort level (e.g. travel)</li> </ul>
<b>Europe</b>	<ul style="list-style-type: none"> <li>■ No replacement of attrition</li> <li>■ Further cuts on marketing</li> <li>■ Spain: Reduce external re-hiring for pre-retirement project and resize collection hires</li> </ul>
<b>Asia</b>	<ul style="list-style-type: none"> <li>■ Strict FTE management</li> <li>■ Cut sales incentive program</li> <li>■ Further cuts on marketing</li> </ul>

\* Excluding service provider allocations  
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## ... while strategic investments will deliver savings of more than EUR 200 m

Severance charges for strategic efficiency measures			Net FTE reduction		Cost savings
Timing	Severances <sup>(1)</sup> in EUR m	Measure	Target 2012	Completed	Target 2012 in EUR m
4Q08	~ 90	Middle office Italy Berliner Bank pre-retirement Center Spain	~ 300		~35
2Q09	~ 150	Middle office consolidation and optimisation Retail Operating St.	~ 400		~125
4Q09	~ 80	Head office & front office optimization Berliner Bank integration	~ 400		~50
<b>Sum</b>	<b>~ 320</b>		<b>~ 1,100<sup>(2)</sup></b>		<b>~210</b>

(1) Direct severances plus service provider severances

(2) Gross reduction: 1,800 FTE



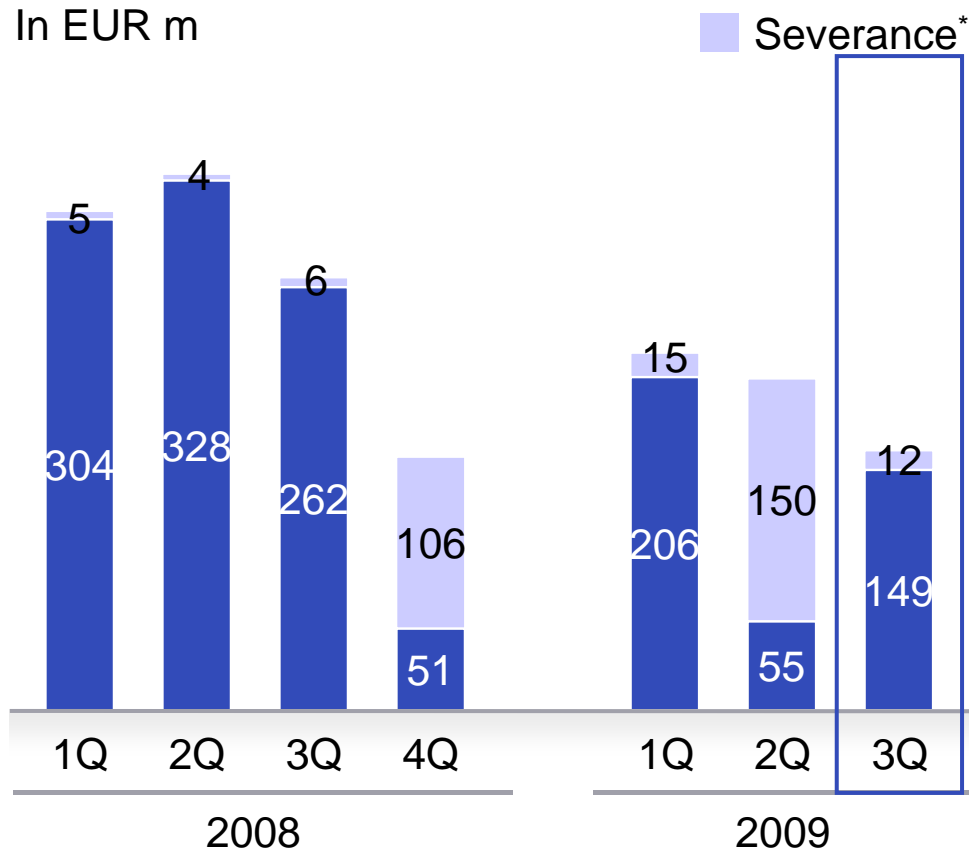




## PBC with ongoing positive profit contribution

### PBC income before income taxes

In EUR m



- PBC has been hit by the financial crisis especially in 4Q2008
- Recovery of IBIT before severances in 2009 vs. 4Q2008
- Efficiency programme launched resulting in upfront severance payments

\* Includes direct severance booked in business and allocations of severance booked in infrastructure  
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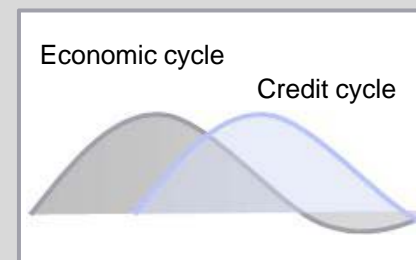


## Banking industry faces changing market trends

- Clients have lost trust in financial institutions and will more carefully select banks in the future



- Peak of insolvencies still to come
- Solid credit portfolio management will be key for success



### Future market trends



- Clients will require more active advice in the future; Banks with advisory core competence will benefit



- Strong risk management is crucial
- PBC's early risk indicators show a solid position for our business

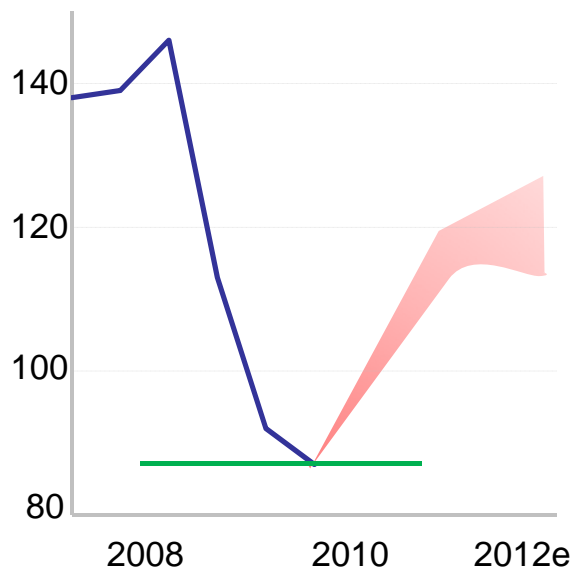




# Expected market rebound and initiated measures will boost PBC's bottom line

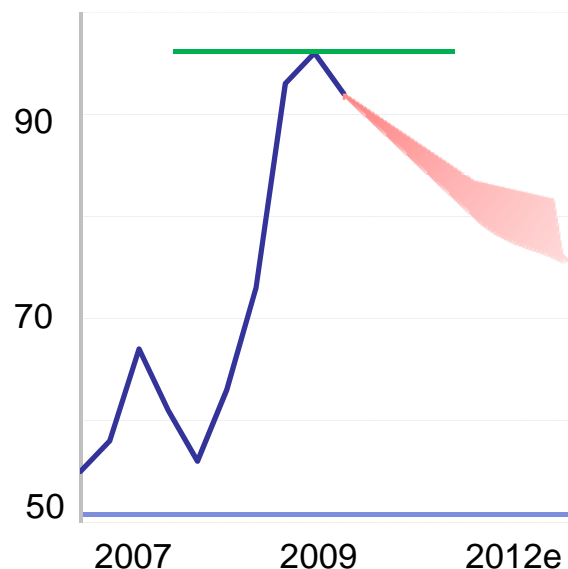
## Investment Products

Revenue margin, Investment products, in bps



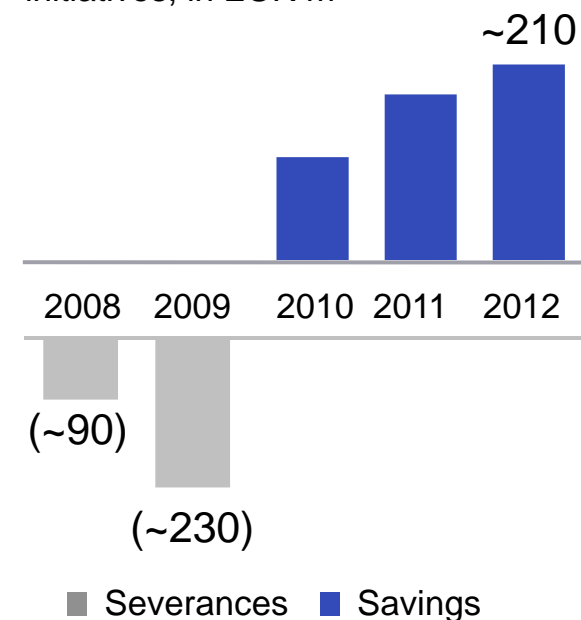
## Credit

Provisioning ratio\*, in bps



## Efficiency

IBIT impact from efficiency initiatives, in EUR m





\* Excluding recalibration one-off effect in 1Q 2009 of EUR ~60m  
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## Successful integration of norisbank and Berliner Bank start to pay off

		
Strategic fit	<ul style="list-style-type: none"> <li>High - strong positioning in consumer banking</li> </ul>	<ul style="list-style-type: none"> <li>High – significant improvement of market share in Germany’s capital</li> </ul>
Integration	<ul style="list-style-type: none"> <li>Successful integration in 2007</li> </ul>	<ul style="list-style-type: none"> <li>Integration started, to be finalized in 2010</li> </ul>
Financial contribution	<ul style="list-style-type: none"> <li>Compound revenues since acquisition of over EUR 450 m</li> <li>Highly profitable in 2009</li> </ul>	<ul style="list-style-type: none"> <li>Profitable since closing</li> </ul>
Efficiency	<ul style="list-style-type: none"> <li>Operating at a Cost-Income-Ratio of 58% for 9M2009</li> </ul>	<ul style="list-style-type: none"> <li>Target CIR of ~65ppt</li> </ul>



## Deutsche Bank and Postbank – A value creating cooperation ...



### Product Sales

- Successful supplement of Postbank's product portfolio by DB products and Asset Management solutions
- Strong sales figures especially in investment products (EUR ~330 m sale volume in one structured product) and insurance business (more than 12,000 contracts with EUR ~326 m volume)

### Sourcing / Procurement

- Successful purchase cooperation established with Deutsche Post / Postbank
- Review of all major cost categories and first synergies realized e.g. in fields of credit/debit cards, marketing and IT hardware

### Infrastructure & Operations

- Potential joint IT target platform developed and first IT cooperations evaluated
- First IT cooperations for mass printing and content management systems are being prepared

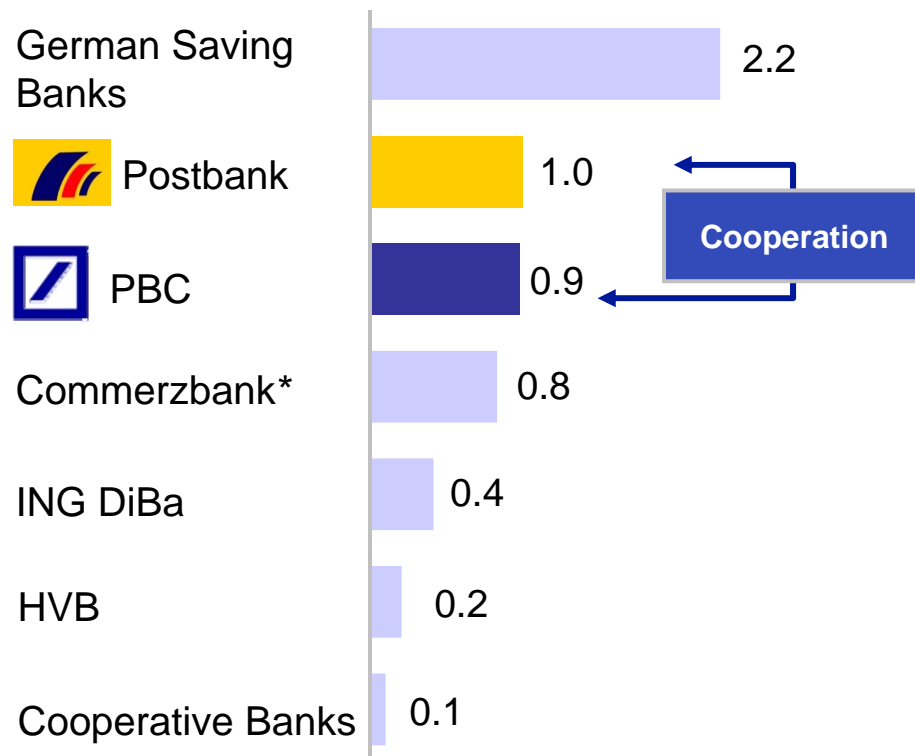




# ... with potential for PBC to become a dominant player in Germany and to close the gap to international competitors

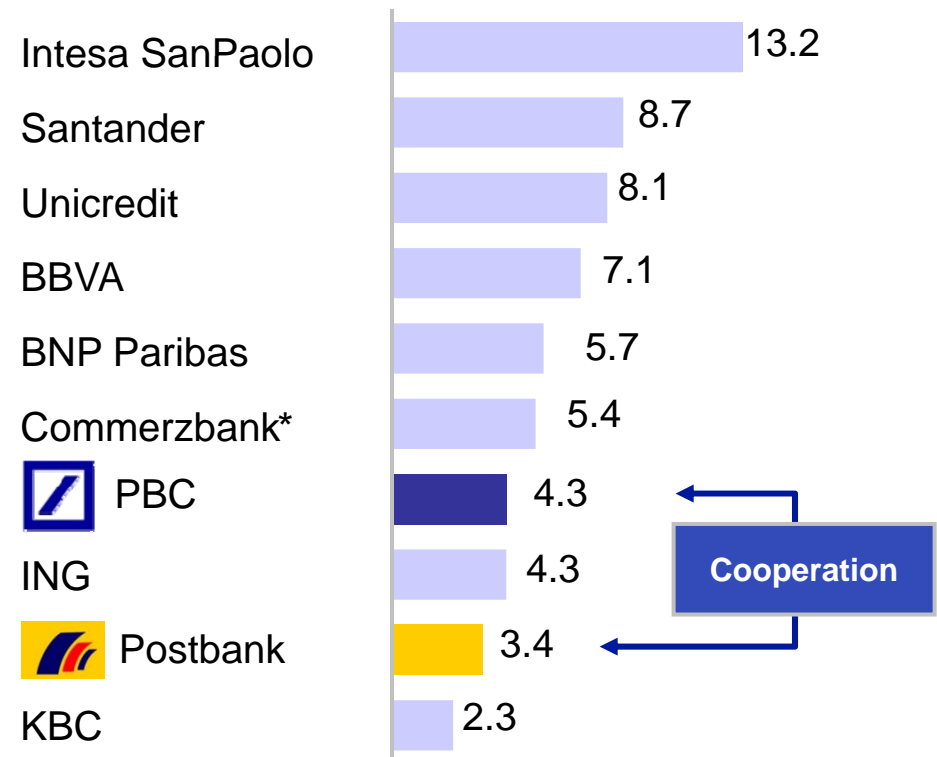
German retail peers

IBIT, FY 2008, in EUR bn



Domestic revenues of European retail players

Net revenues, FY 2008, in EUR bn



\* Includes Dresdner Bank

Source: Company data





## Weathering the storm: Strength in a new era



- Significant profit increase with already implemented measures
- Option for undisputable leadership in Germany
- Highly profitable European franchise
- Proven track record of successful integrations
- Creation of standardized highly efficient private clients IT / Ops platform





## Cautionary statements

This presentation 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 24 March 2009 under the heading “Risk Factors.” Copies of this document are readily available upon request or can be downloaded from [www.deutsche-bank.com/ir](http://www.deutsche-bank.com/ir).

This presentation also contains non-IFRS financial measures. For a reconciliation to directly comparable figures reported under IFRS, to the extent such reconciliation is not provided in this presentation, refer to the 3Q2009 Financial Data Supplement, which is accompanying this presentation and available at [www.deutsche-bank.com/ir](http://www.deutsche-bank.com/ir).

