



Deutsche Bank AG
Investor Deep Dive
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Transcript

Speaker:

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BERND LEUKERT

- Hello,
- I joined Deutsche Bank in 2019 to transform its technology capabilities
- Previously, I was lead engineer for SAP, responsible for product development and innovation
- Over the next 10 minutes I will tell you about our exciting technology journey and how we are supporting our transformation and the management agenda
- Christian has alluded to earlier

Slide 1 – Summary

- The Technology, Data and Innovation story is about how we can:
 - o First, operate stable and secure systems,
 - o Second, reduce costs and
 - o Third, invest in modernizing our technology
- These sound like conflicting objectives but we have key principles in place to help: such as creating one Technology, Data and Innovation unit
- We are more focused on where we invest
- And we have been bold in our strategic partnership with Google
- We change the understanding of tech from a cost line item to a business enabler!

Slide 2 – Technology, Data and Innovation (TDI) at a glance

- Let me explain why one Technology, Data and Innovation unit makes sense – and why it centers around “the concept of one”
- The concept of one is about taking a unified approach to Technology, Data and Innovation and applying it in every division of Deutsche Bank
- Previously, these areas sat in various divisions
- Resulting in duplication and complexity in the IT landscape



- Simplifying our technology environment reduces costs, reduces complexity and makes us more effective in serving clients
- Our TDI principles are already helping deliver our transformation agenda as you can see on the next slide

Slide 3: Achievements in 2020

- We migrated to a new Core Bank platform in Italy
- We prepared our equities applications for the Prime Finance transfer to BNP Paribas
- We announced the sale of Postbank Systems
- And we signed a multi-year partnership with Google Cloud
- A new era for Deutsche Bank in technology has started

Slide 4 – A clear management agenda

- TDI's principles are also clearly aligned to the management agenda:
 1. As our systems and technology infrastructure underpin our entire business, they must remain resilient, stable and secure
 2. We will become more efficient by applying the concept of one to streamline our technology estate
 3. And TDI must partner with our businesses to deliver the technology solutions that will help us to support clients and grow our revenues
- Ultimately Technology, Data and Innovation is key to the transformation of Deutsche Bank

Slide 5 – Resilient – tested through Covid-19 environment

- Our systems have proven to be stable – while handling an impressive amount of data and more than 25m payment transactions each day
- Our systems have proven to be secure – with our technology protecting us against many thousands of cyber-attacks each day



- Despite the challenges that the pandemic presented to our system stability, it remained close to 100%
- Our systems continued to function well through periods of huge additional volumes being the enabler for a robust business year-to-date
- And we rapidly enabled the workforce to work from home, with 70,000 employees concurrently accessing the system – the basis for the great performance year-to-date

Slide 6 – Greater efficiency through simplification and focus

- As well as keeping the bank up and running, TDI plays a major role in reaching the bank's cost reduction targets as you can see on slide 6
- We have demonstrated this already in 2020
- Technology, Data and Innovation has committed to deliver 1.0 billion euros in cost reductions by the end of 2022
- A question we hear a lot is how can you invest while reducing costs?
- The answer is by simplifying our existing infrastructure
- Especially by consolidating our German retail IT platforms
- And further reducing complexity within our Investment Bank platform while focusing our investments on very specific areas that will add the most value to the bank
- We also continue to improve our control environment, this includes solutions such as the transition to Historical Simulation from Monte Carlo which supports our conservative risk management as Stuart described earlier
- I will go through three important levers on the next slides

Slide 7 – Simplification of data and application landscape

- Starting with the simplification of our data and application landscape
- We are rigorously decommissioning applications
- In 2020 we have increased our efforts to retire duplicated or outdated applications



- In total, the applications planned to be decommissioned by end of 2022 should deliver over 150 million euros of annual cost savings going forward;
- 25 million annualized already achieved this year
- This includes close to 20% of all applications in the Investment Bank as Ram will highlight later
- It does not include benefits from the German retail banking IT integration, which I will outline shortly
- In addition, we will increasingly develop standardized applications that can be used across the bank, not just in one business
- A bank relies on its data and we are working to harmonize our data into a 'single source of truth' across the whole bank
- And we will take advantage of cloud technology to standardize, to streamline, and trace the flow of data across the bank
- This will improve data quality, reduce manual checks and allow us to further automate processes

Slide 8 – Consolidation of German Retail Banking IT platform

- We are focused on creating one end-to-end platform in Germany as you can see on slide 8
- The Postbank platform and its 12 million clients are being migrated onto the Deutsche Bank infrastructure
- We are leveraging the experience from other successful migrations, most recently in Italy
- And in addition we build on the opportunities created by the Google partnership for the customer front-end simplifying end user and customer interaction
- We are now making good progress
- In 2020, we have completed:
 - o all product and process gap analyses,
 - o defined the joint target platform



- and started the implementation work required on the Deutsche Bank platform
- In 2021, we will complete the systems upgrades and feature improvements in the single Deutsche Bank platform
- At the same time, we will conduct the rigorous testing that complex migrations require to ensure a safe and seamless transition for customers
- We will then execute the migration in 2022 in waves, completing the process before the end of that year
- Our renewed integration approach will require around 200m euros additional investments in 2022, which is incorporated into our updated financial plans and targets
- Finally, decommissioning of the legacy infrastructure will be moved by six months into 2023 because of two reasons:
 - Firstly, we want to be conservative and ensure absolute system resilience in such a significant IT migration
 - Second, we believe this approach - combined with the sale of Postbank Systems to TCS - minimises the risks of having remaining stranded costs burdening our expense base from 2023 onwards
 - And the partnership with Google will help us build a modernized front-end with integrated innovative offerings for our clients
- Karl will provide further details in his presentation

Slide 9 – Creating an engineering-led organization

- To enable our transformation we must grow our engineering capabilities as outlined on slide 9
- We want over half of our Technology, Data and Innovation workforce to be engineers by 2022
- By bringing technological expertise in-house we are reducing our reliance on outsourcing



- Top quality engineers are in high demand, so I'm pleased to have seen a halo effect in the quality of applicants since we announced our Google partnership - which I will talk about on the next slide

Slide 10 – Google Cloud partnership as a transformation enabler

- I think most people understand the benefits of cloud for any bank, improving elasticity, service levels and time to market; while paying compute, storage, network as a service
- But let me stress,
- This is a true partnership, not an outsourcing relationship. This type of technology partnership is rare and a first of its kind in financial services
- We are Google's primary strategic partner in the financial sector
- The partnership means we can take ideas from concept to market much faster and respond more quickly to the most pressing client needs and trends
- And we will have access to genuinely best-in-class technology, such as artificial intelligence and advanced data analytics
- Our incentives are aligned to make this partnership a success
- Let me give you some examples
- We will jointly recruit engineers to co-develop new products for our clients, publish financial service applications on their marketplace and we intend to selectively co-innovate with startups and fintechs that will enhance our client offering
- I'm delighted to introduce Rob Enslin, President of Google Cloud, who has the following to say about our partnership
- [Video from Rob Enslin]

Slide 12 – Technology is unlocking business growth

- There are many great opportunities ahead with Google
- But I want to show you some of the ways in which we are already using technology to build a more client-centric business on slide 12
- This ranges from fast solutions



- for example, we launched a new online application form for KfW loan support in Germany in just 10 days during the first wave of COVID
- To more complex solutions
 - for example, our integrated currency exchange solutions FX4Cash provided by our Autobahn platform to treasurers
- Moreover, we are developing new digital ecosystems, which connect our clients to a broader range of products from third-party suppliers
- With our future offering we strive to become part of the business models of our clients by providing services that seamlessly integrate into their systems

Slide 13 – Conclusion

- In summary, the one TDI approach is driving a simplified, integrated, modern technology infrastructure across Deutsche Bank
- In 2020 we have sharpened our strategic priorities against which we are executing and we have launched three meaningful initiatives
 - Firstly, simplifying IT landscape footprint with consolidating IT Retail platforms and reduction in Equities and Fixed Income
 - Secondly, consuming Cloud infrastructure and modern state of the art technology like Artificial Intelligence or Machine Learning and reducing our own technology footprint
 - Thirdly, co-innovation in tech partnership with Google to re-invent Deutsche Bank's core-business – providing banking solutions to corporate and private clients
- We will further invest in technology, to gain efficiencies and to unlock future growth

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