



# Industry perspectives and Strategy 2020

*Passion to Perform*

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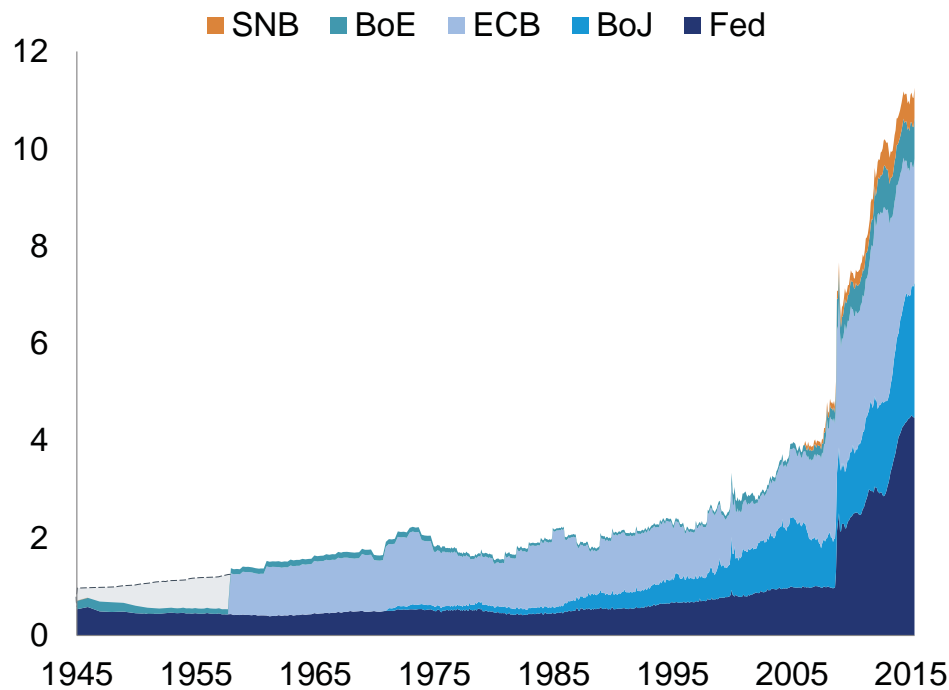


# Key trends that have been driving the industry's performance: Unprecedented monetary stimulus...



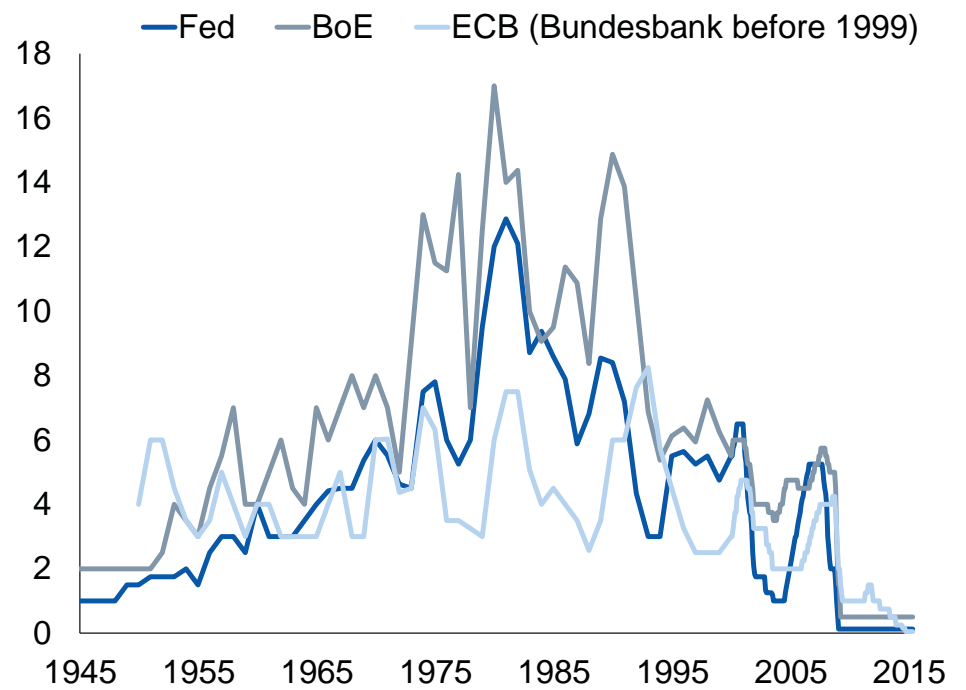
Central bank balance sheet expansion<sup>(1)</sup>

USD trillion



Record low interest rates

Policy rates, in %

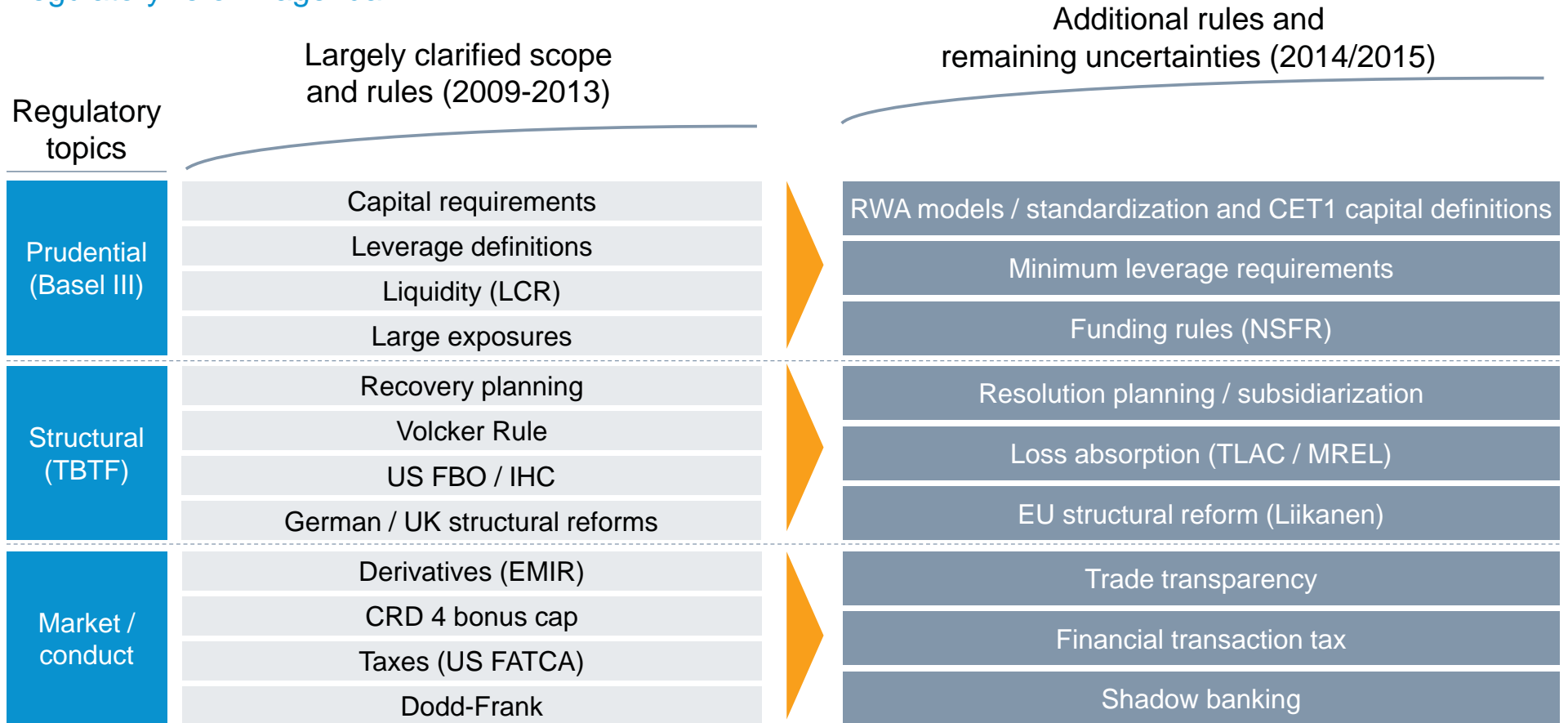


Note: Inflation adjusted. Prior to 1999, ECB data proxied by scaling up Bundesbank data by the factor at the start of the ECB series. Indicative data shown for the ECB/Bundesbank prior to 1957, the BoJ prior to 1971, and the SNB prior to 2006.

Source: Haver Analytics, Fed, ECB, BoE, BoJ, SNB, DB Research

# ...and ever tightening financial regulation...

## Regulatory reform agenda

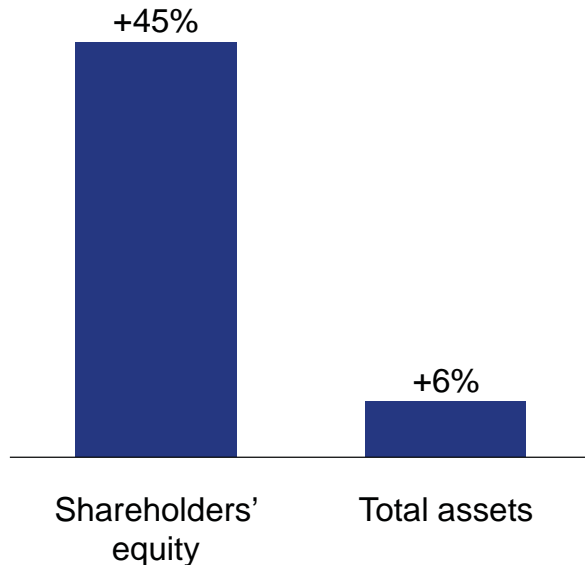


# ...driving the industry to adapt



## Increased resilience and safety

European and US banks,  $\Delta$  2014 vs. 2008



## Drive for complexity reduction but higher costs of compliance

Selected examples / quotes



*"What you probably can't be is large and do complex things and so we continue to work on simplifying the firm."*



*"We will pull out of certain markets. This is a consequence of a review which encompasses all legal, regulatory and operational aspects."*



*"We intend to exit several markets for which we don't see a path for meaningful return."*



*"We've added 13,000 employees focused on compliance and control activities since 2012."*



*"Costs continue to increase globally, in large part to implement regulatory change and to enhance risk controls."*

Source: DB Research, Company disclosures

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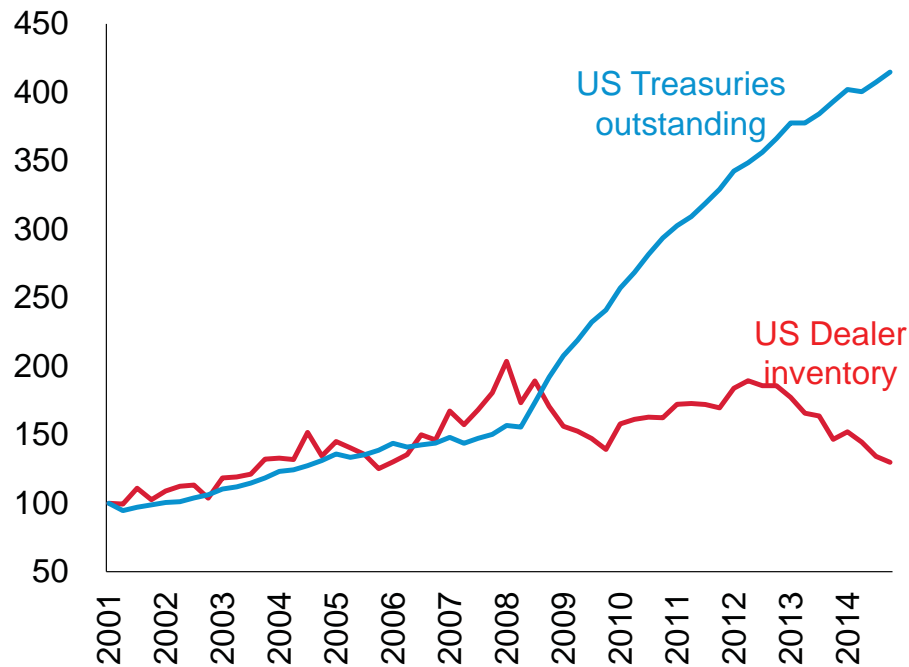
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# Regulation impacting market liquidity, particularly in fixed income



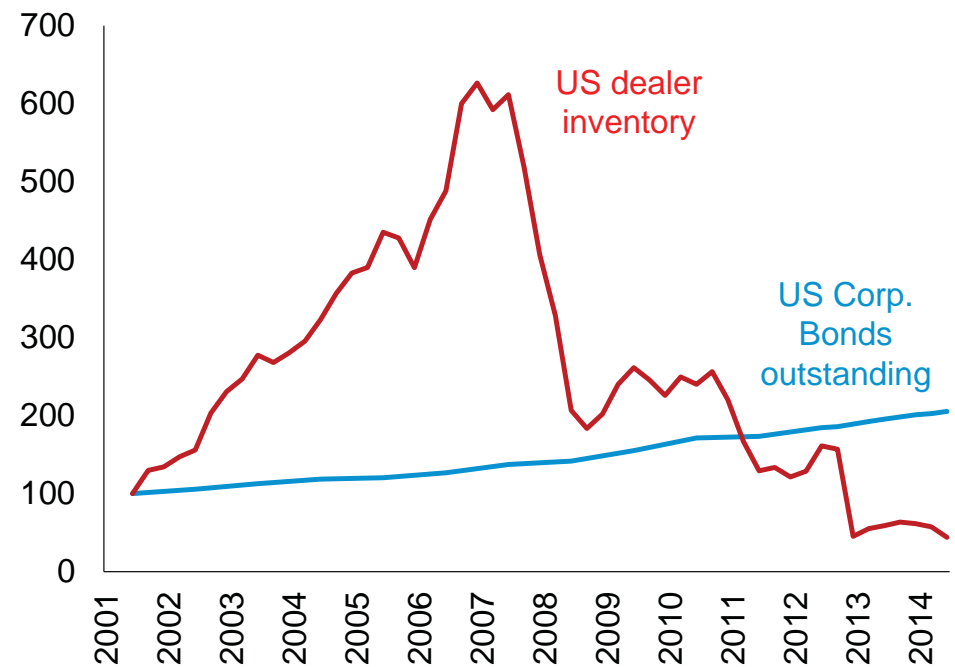
## US Treasury volumes vs. dealer inventory

Indexed to 100 in 2001



## US corporate bond volumes vs. dealer inventory

Indexed to 100 in 2001



Source: DB Research, SIFMA, NY Fed, US Treasury

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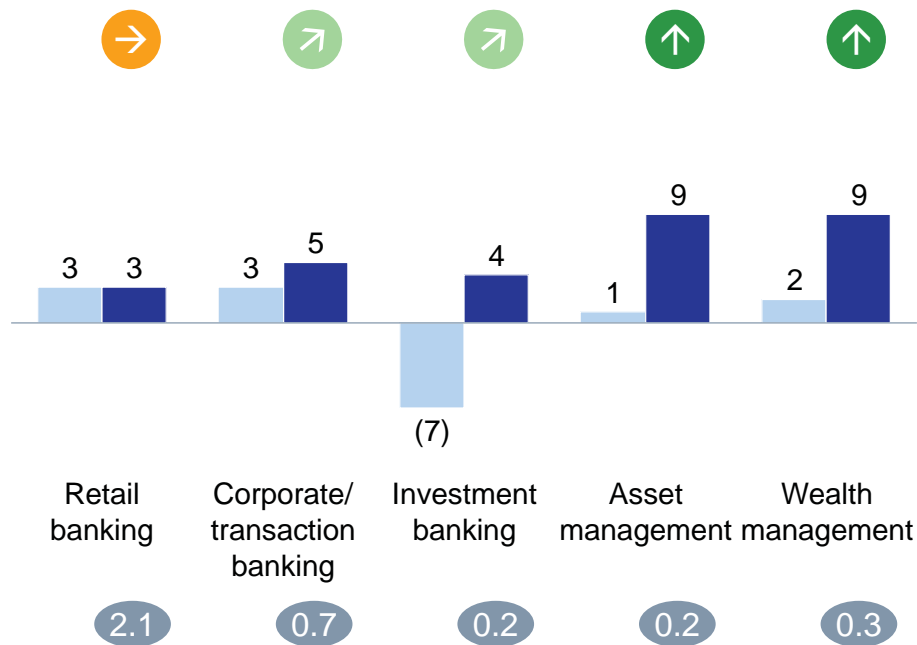
# As a consequence of these developments, industry revenue pools are shifting...



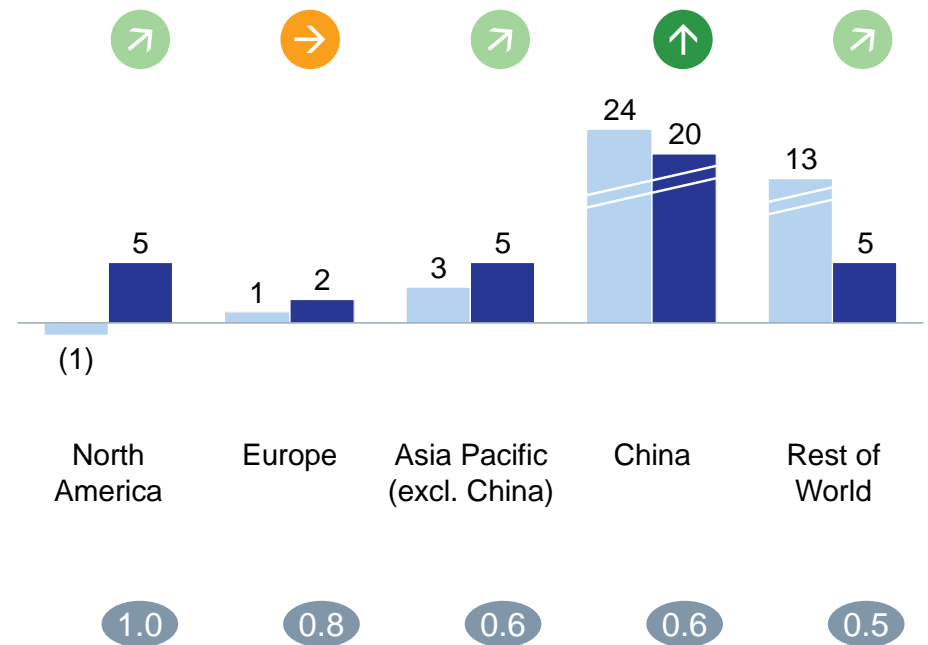
Banking revenue pool growth, CAGR<sup>(1)</sup>, in %

2006-2011 2011-2014  
Revenue pool size, in EUR trn

## Business / product dynamics<sup>(2)</sup>



## Regional dynamics



(1) Compounded annual growth rate

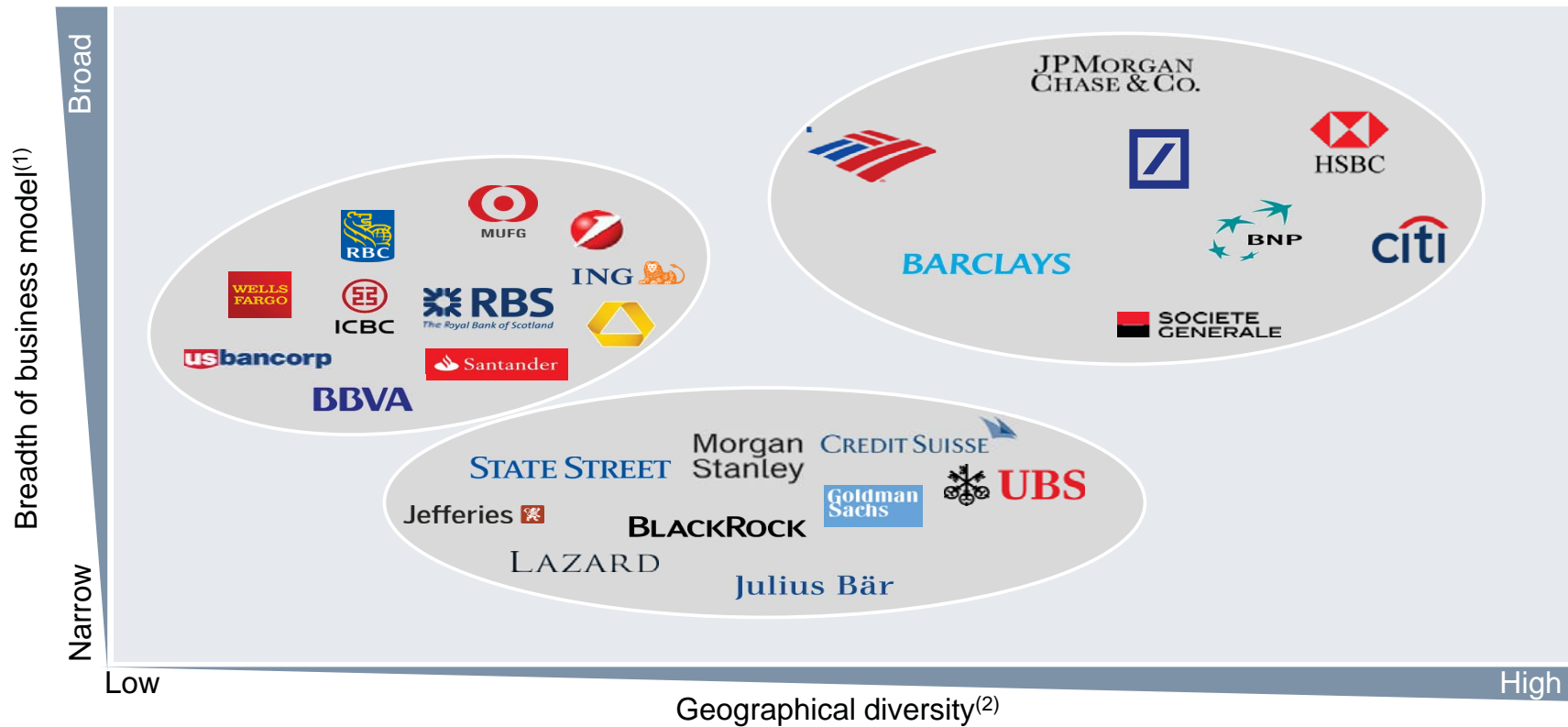
(2) Growth rates excluding China

Source: McKinsey, BCG

# ...and clarity on business models is emerging



INDICATIVE



Note: Qualitative assessments for client-product universe and geographic diversity are indicative

(1) Based on # of products offered

(2) Based on # of countries in which active

Source: Company data

# Deutsche Bank: Strategy 2020 interim update





# We've re-affirmed our identity...



Deutsche Bank: Our unique positioning

Global model anchored in one of the world's strongest economies

Cutting-edge **capital markets** expertise

Global **cash / trade platform** and **asset & wealth** proposition

Advisory-led **retail** franchise positioned for multi-channel delivery

**Top 5** global investment bank, largest in Europe

**Top 3** European transaction bank and integrated AWM franchise

**#1** private sector retail bank in Germany

# ...and are focusing Deutsche Bank on achieving key ambitions



## Strategy 2020

**A leading global bank based in Germany**

### What's constant

**Client-centric**

**Global**

**Universal**

### What changes

**Prioritize mutually beneficial partnerships**

**A more focused network**

**Not all things to all people**

## Medium-term financial ambitions

### Targets

Leverage	≥5% leverage ratio
Capital	~11% CET1 ratio
Profitability	>10% RoTE <sup>(1)</sup>
Cost	~EUR 3.5bn additional gross savings ~65% CIR

### Aspiration

Payout ratio	Aspiration to deliver 50%+ payout ratio <sup>(2)</sup>
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Note: Gross cost savings are countered by increasing cost from inflation, FX changes, cost of growth, cost of regulatory compliance and other cost increases

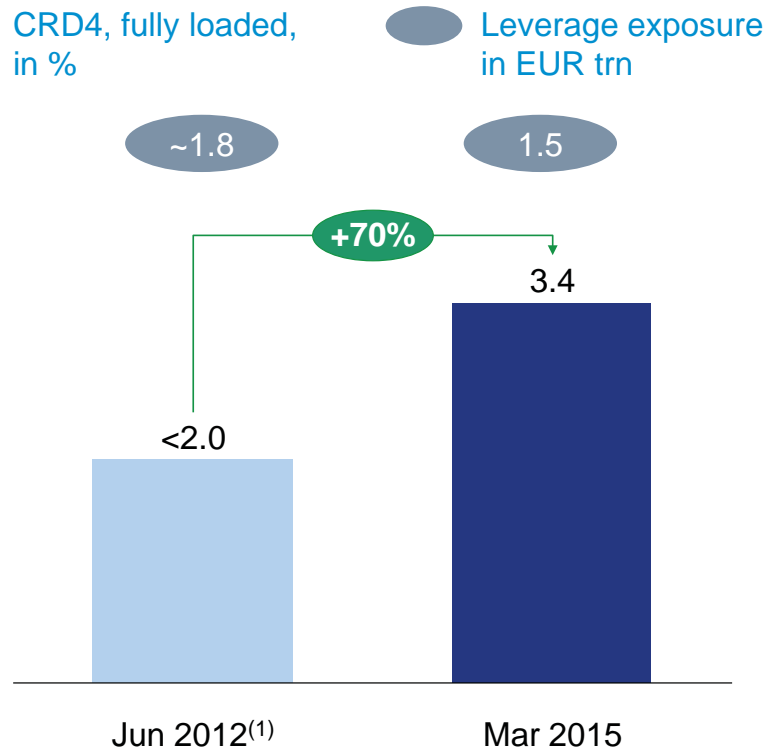
(1) RoTE: Post-tax Return on Tangible Equity is calculated as net income (loss) attributable to shareholders as a percentage of average tangible shareholders' equity. Net income (loss) attributable to shareholders is defined as Net income (loss) excluding post-tax income (loss) attributable to non-controlling interests. Tangible shareholders' equity is the shareholders' equity per balance sheet excluding goodwill and other intangible assets

(2) Through dividends and/or share buybacks

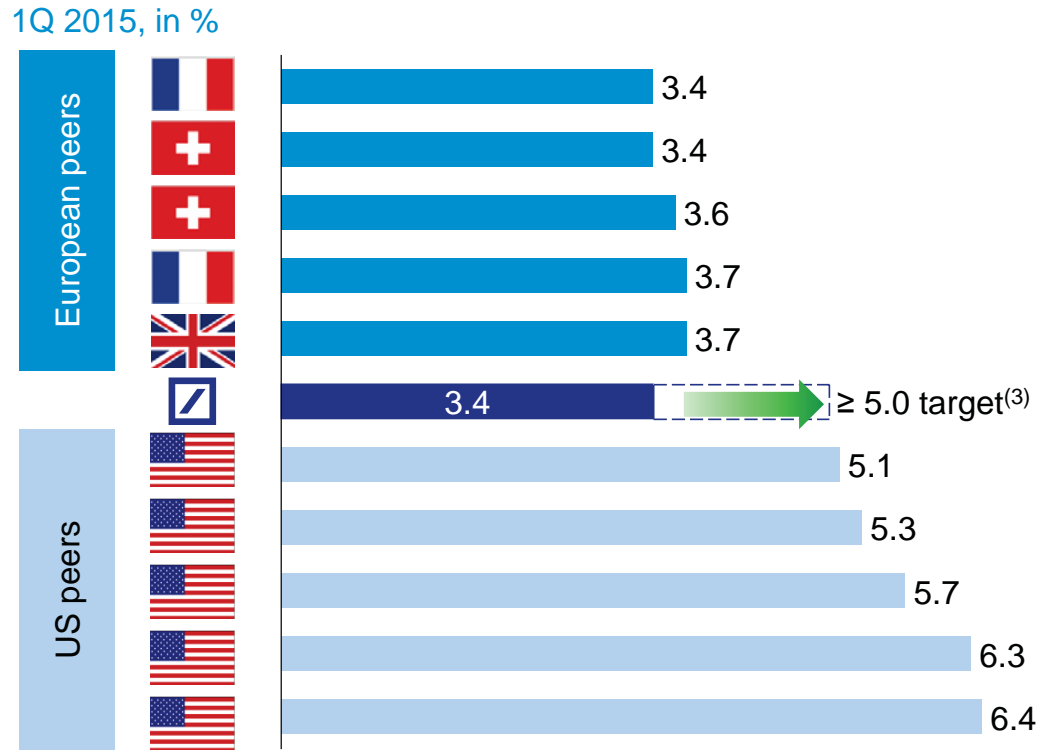


# Leverage: Significant progress on leverage and a further raising of the bar

## Leverage ratio



## Leverage ratio positioning vs. peers<sup>(2)</sup>



(1) Estimates based on June 2012 Basel 3 / CRD4 rule interpretation

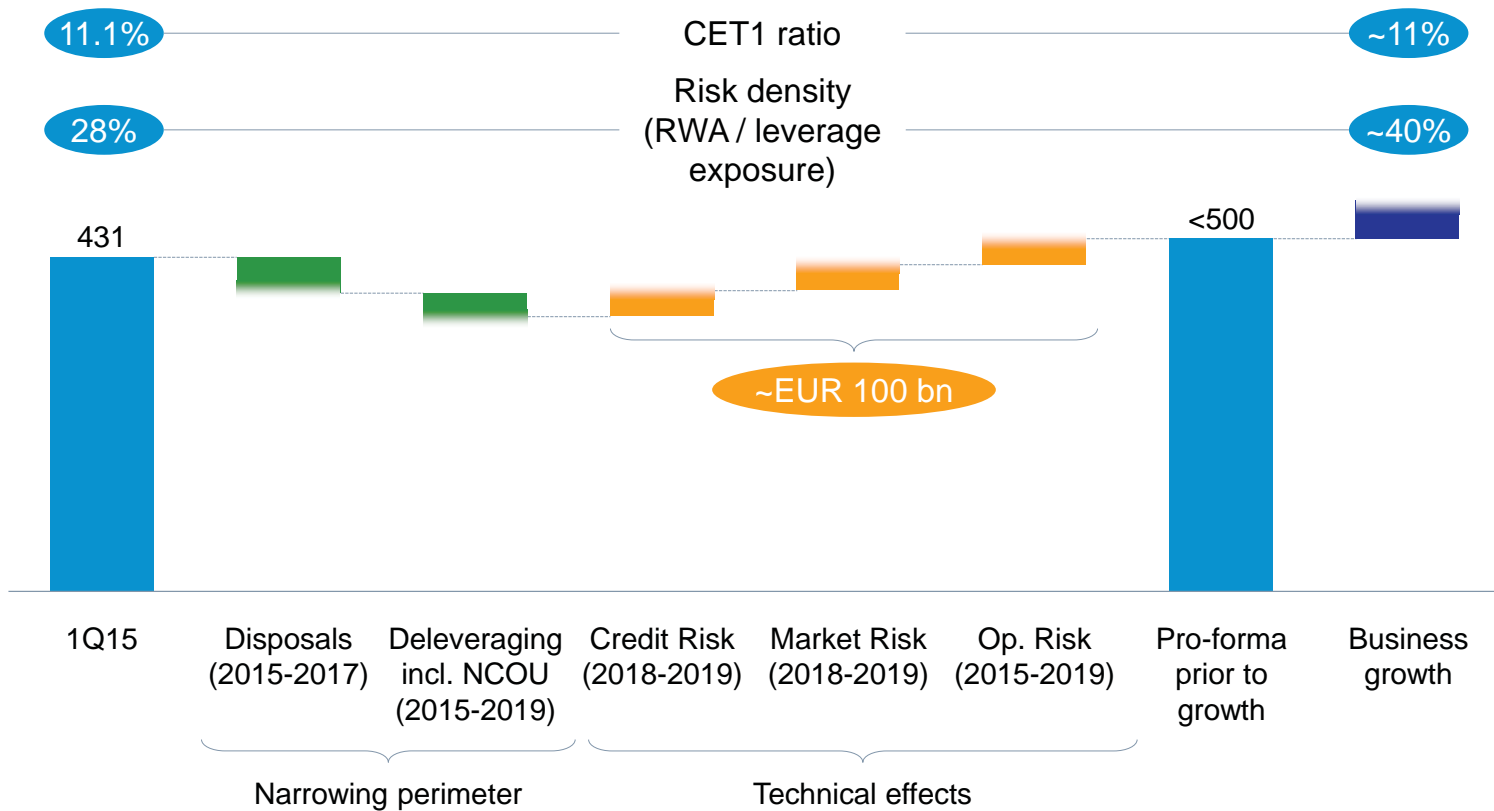
(2) Fully loaded, based on applicable regulatory standard

(3) Medium-term

Source: Company data

# Capital: RWA inflation a manageable headwind

In EUR bn unless stated differently, CRD4, fully loaded



# Cost: Insufficient progress on cost efficiency...



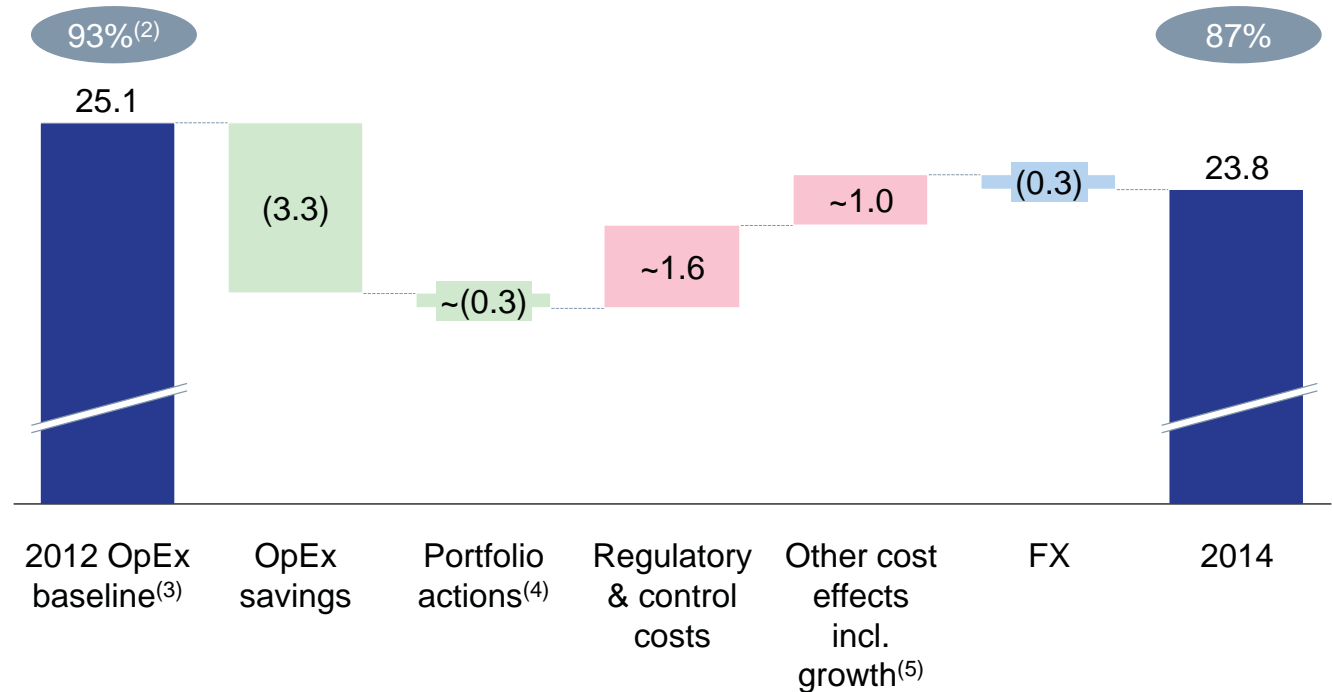
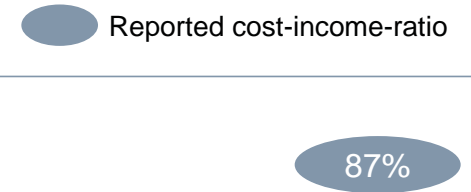
## Focus of investments

2012-2015



## Adjusted cost base development<sup>(1)</sup>

In EUR bn



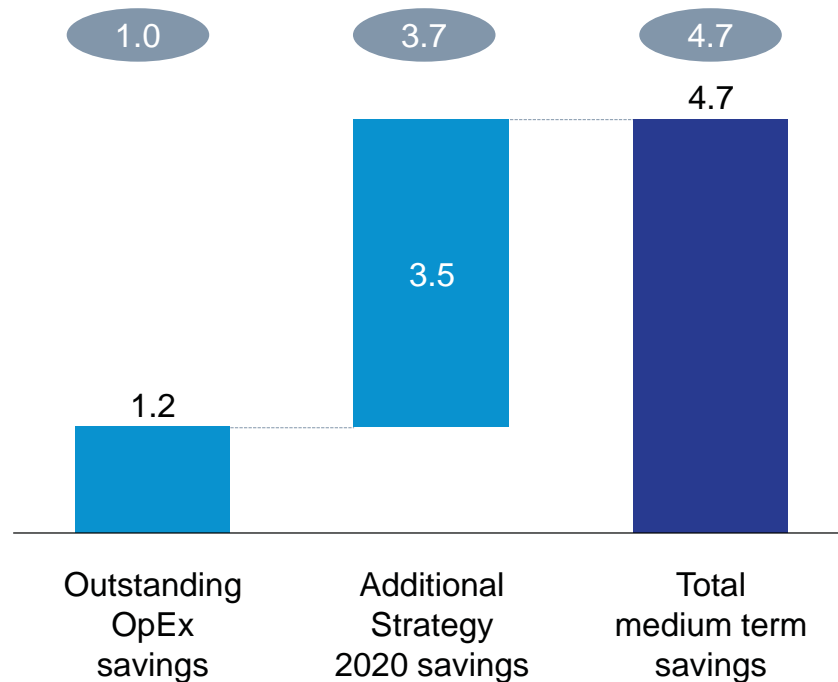
Note: Numbers may not add up due to rounding (1) Excludes Cost-to-Achieve, litigation, policyholder benefits and claims, other severances and smaller specific one-offs and impairments (2) FY 2012 (3) 1H 2012 x 2 as communicated at Investor Day 2012 (4) Mainly divestment of Cosmopolitan of Las Vegas, Tilney, Deutsche Card Services and BHF; run rate benefit from these portfolio actions increasing to ~EUR (0.7)bn in 2015 (5) Business growth ~EUR 0.5bn; Mandatory wage increases ~EUR 0.3bn; Remaining ~EUR 0.2bn

# ...which we are tackling through re-doubled effort



## Targeted organic gross savings<sup>(1)</sup>

In EUR bn



## What will be different this time

Selected examples

Cost-to-achieve

<b>Complexity reduction</b>	<ul style="list-style-type: none"> <li>Exit of 7-10 structurally unprofitable countries</li> <li>Close up to 200 retail branches in Germany</li> <li>Drive automation via digitalization</li> </ul>
<b>Tightened cost management</b>	<ul style="list-style-type: none"> <li>Stricter internal cost governance including enhanced focus on net cost reductions and headcount</li> <li>Better transparency on regulatory driven cost</li> </ul>
<b>Redesigned target operating model</b>	<ul style="list-style-type: none"> <li>Redesigning processes and operating model to achieve sustainable cost savings</li> <li>Tackling structural levers at the interface of 'front-to-back'</li> </ul>

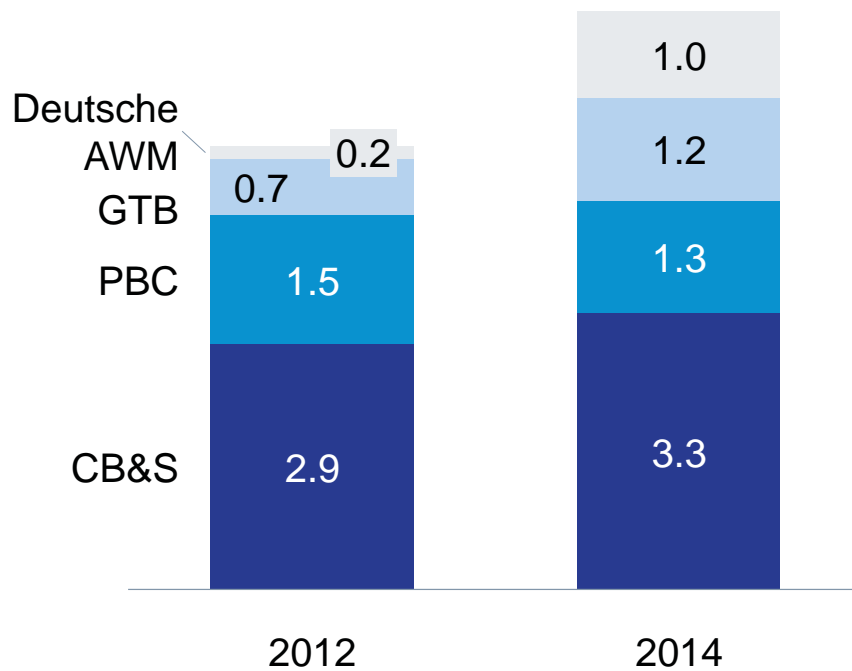
(1) Excludes cost reductions from disposals such as Postbank and NCOU

# We continue to grow our business



## Development of DB's business mix...

Pre-tax profit, core businesses, in EUR bn<sup>(1)</sup>



## ...and priorities in Strategy 2020

- Invest in Deutsche AWM to capture future growth
- Continue to scale up GTB
- Deconsolidate Postbank and transform our private and commercial client franchise
- Reduce balance sheet and make focused investments in CB&S

(1) 2014 does not reflect C&A clear-out adjustments as per 1Q2015 disclosure

## Six key decisions to execute



1	Reposition CB&S
2	Re-shape retail
3	Transform our operating model
4	Digitalize DB
5	Grow GTB and Deutsche AWM
6	Rationalize our footprint





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