

**financial**  
transparency.

# Performance overview and strategic initiatives

**Dr. Josef Ackermann**

Chairman of the Management Board

## Analyst Meeting

5 February 2009

A Passion to Perform.

Deutsche Bank





# Agenda

- |          |  |
|----------|--|
| <b>1</b> | <b>Results in summary</b>                    |
| <b>2</b> | <b>Drivers of fourth-quarter performance</b> |
| <b>3</b> | <b>Near-term strategic initiatives</b>       |
| <b>4</b> | <b>Prospects for core businesses in 2009</b> |





## Results in summary

- Fourth quarter 2008: Net loss of EUR 4.8 bn
- Full year 2008: Net loss of EUR 3.9 bn
- Tier I capital ratio of 10.1%, consistent with target
- Leverage ratio\* of 28, ahead of target
- Reduction of legacy exposure in key areas
- Significant reduction in trading assets

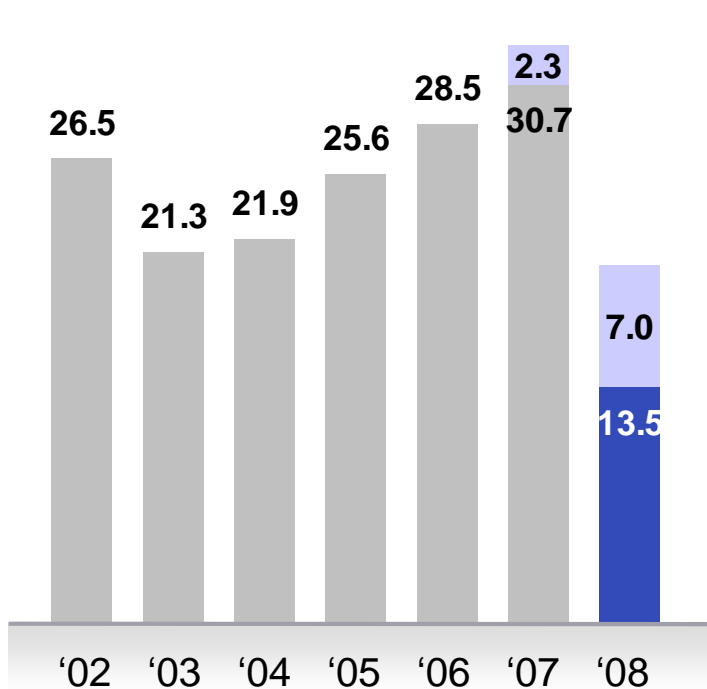


# 2008 in context of Deutsche Bank's management agenda

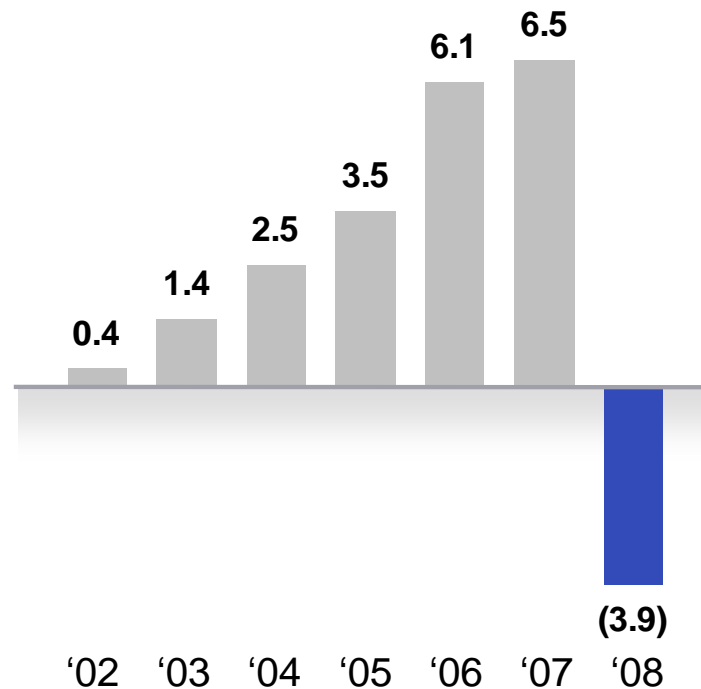
In EUR bn

## Net revenues

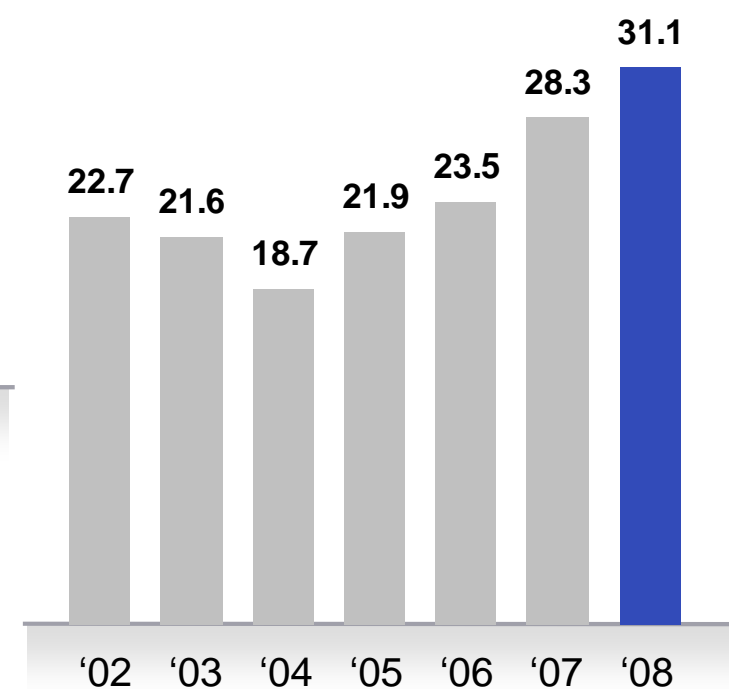
- Mark-downs
- Net revenues



## Net income



## Tier I capital





# Agenda

- 1 Results in summary
- 2 Drivers of fourth-quarter performance**
- 3 Near-term strategic initiatives
- 4 Prospects for core businesses in 2009





## Drivers of fourth-quarter performance in summary

Business	IBIT*, in EUR bn	Key drivers
CB&S	(5.8)	<ul style="list-style-type: none"> <li>■ <b>Global Markets:</b> Business model exposed to exceptionally turbulent markets</li> <li>■ <b>Corporate Finance:</b> Leveraged finance write-backs counterbalance declines in Advisory, ECM</li> </ul>
GTB	0.3	<ul style="list-style-type: none"> <li>■ Record revenues driven by Trade Finance, Cash Management</li> <li>■ Sustained cost discipline</li> </ul>
AWM	(0.9)	<ul style="list-style-type: none"> <li>■ Significant asset impairments and other exceptional items in Asset Management</li> <li>■ Falls in equity markets impact portfolio and fund management</li> </ul>
PBC	0.1	<ul style="list-style-type: none"> <li>■ Lower client activity in investment products</li> <li>■ Impact of severance charges</li> </ul>

\* Income (loss) before income taxes  
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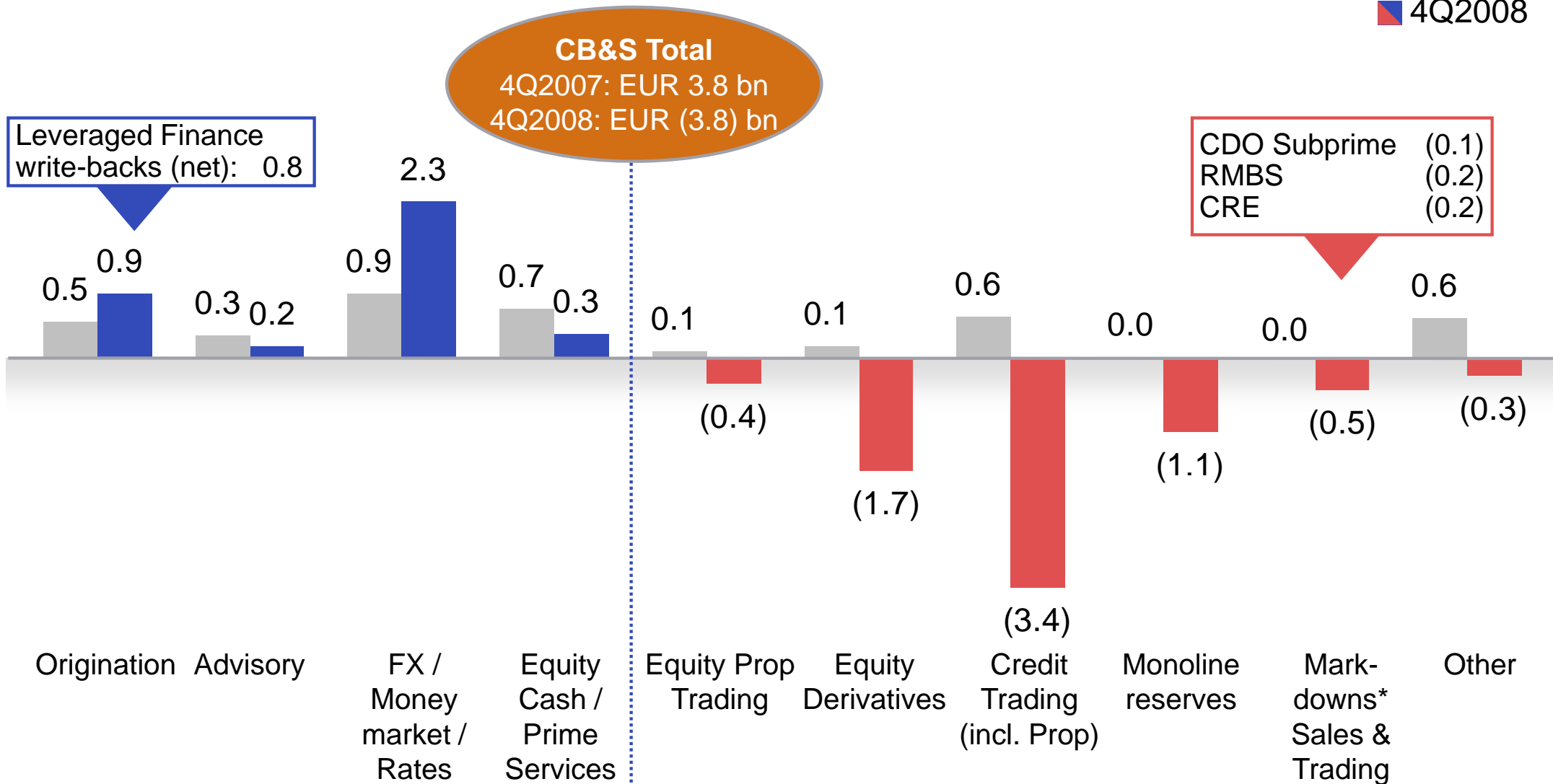




# CB&S: Losses in specific trading businesses

Revenues, in EUR bn

■ 4Q2007  
■ 4Q2008



\* Excl. monoline reserves

Note: Figures may not add up due to rounding differences

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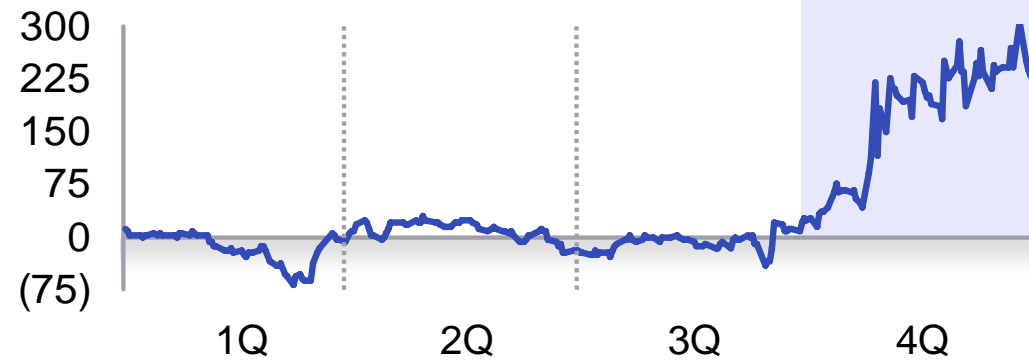




# Unprecedented conditions in the quarter

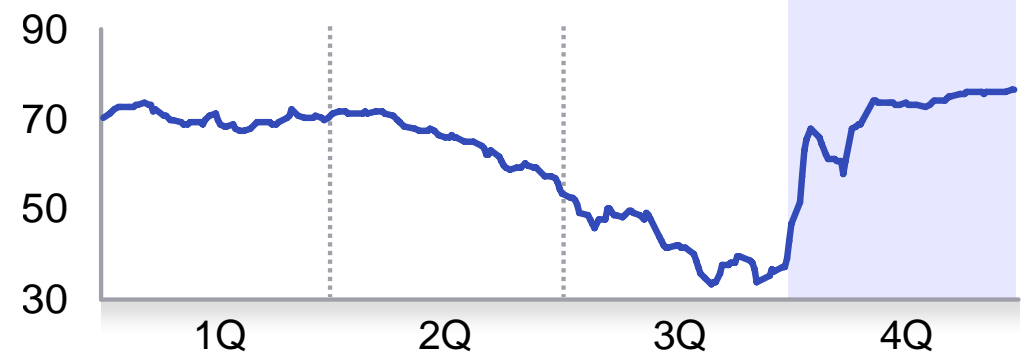
## Basis risk

CDS bond-basis funding spread, in bps



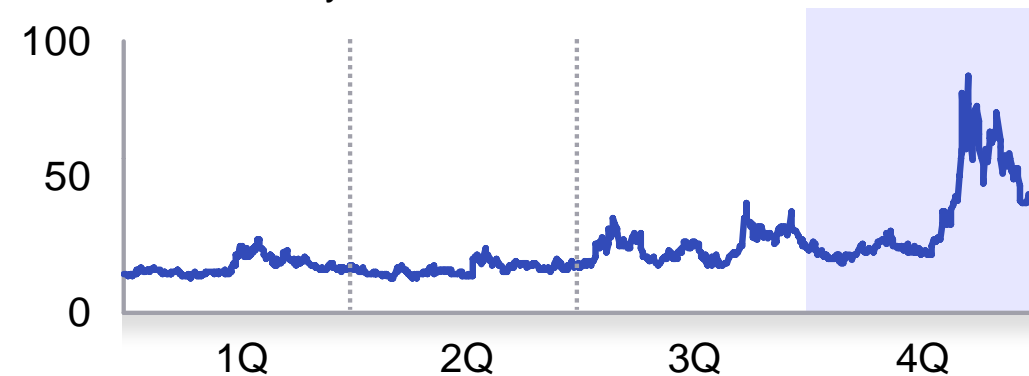
## Correlation

EURJPY-Nikkei correlation, in %



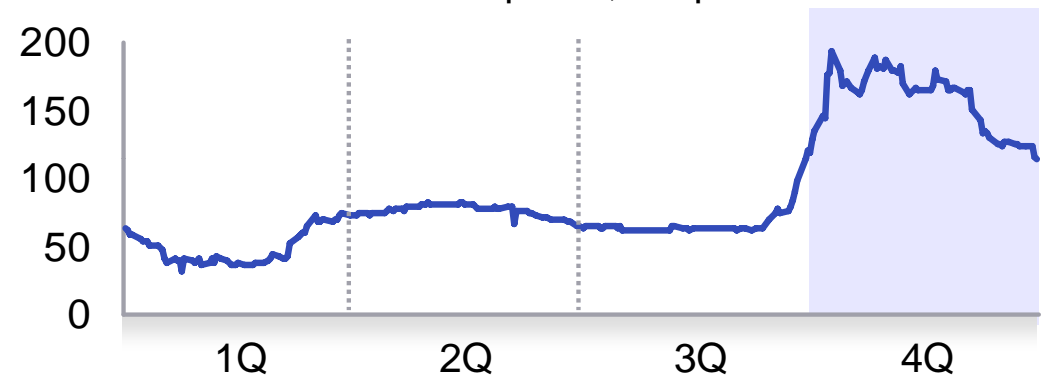
## Volatility

EuroStoxx volatility



## Liquidity

3M Euribor – 3M Eonia swap rate, in bps







# These conditions impacted Global Markets' business model ...

## Business model positioning

Investment into flow products and technology

Risk transformation and distribution model

Broad product and geographical footprint

**Prop trading:** Relative value strategies

**Scale:** Market leadership in key areas

**Complexity:** Customised, structured products

## Impact

✓ Reaped benefits of "Flight to quality"

✓ Limited "toxic asset" writedowns

✓ High growth, diversified revenue streams

✗ Market dislocations affect specific positions / relationships between assets

✗ Volatility exposes illiquidity of large notional positions

✗ Exposure to volatility and correlation risk





## ... leading to losses in key businesses

4Q2008, in EUR bn

Business	Revenues	DB positioning	4Q challenges
<b>Credit Trading Prop</b>	(1.0)	<ul style="list-style-type: none"> <li>Relative value strategies</li> <li>Specific positions</li> </ul>	<ul style="list-style-type: none"> <li>Breakdown / inversion of Bond-CDS basis</li> <li>Extreme illiquidity</li> <li>Correlation to HF strategies</li> <li>Convertible dislocations</li> <li>Increased sovereign risk</li> <li>Short-selling restrictions</li> </ul>
<b>Global Credit Trading</b>	(2.4)		
<b>Global Equity Derivatives</b>	(1.7)	<ul style="list-style-type: none"> <li>Customised client solutions (institutional and retail)</li> <li>Structures required complex risk retention</li> </ul>	<ul style="list-style-type: none"> <li>Sustained high correlation</li> <li>Extreme volatility</li> </ul>
<b>Equity Prop Trading</b>	(0.4)	<ul style="list-style-type: none"> <li>Relative value strategies</li> <li>Specific positions</li> </ul>	<ul style="list-style-type: none"> <li>Severe market moves</li> <li>Breakdown / inversion of relationships between assets</li> </ul>

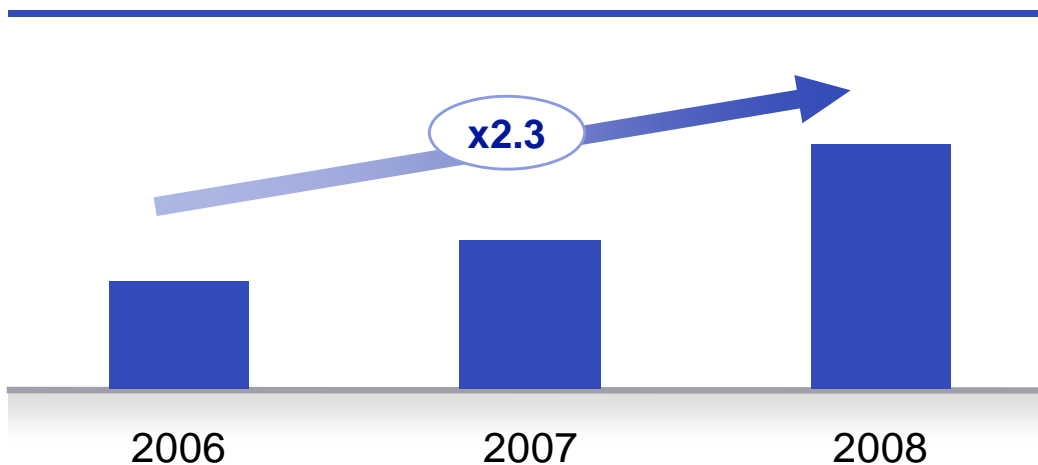




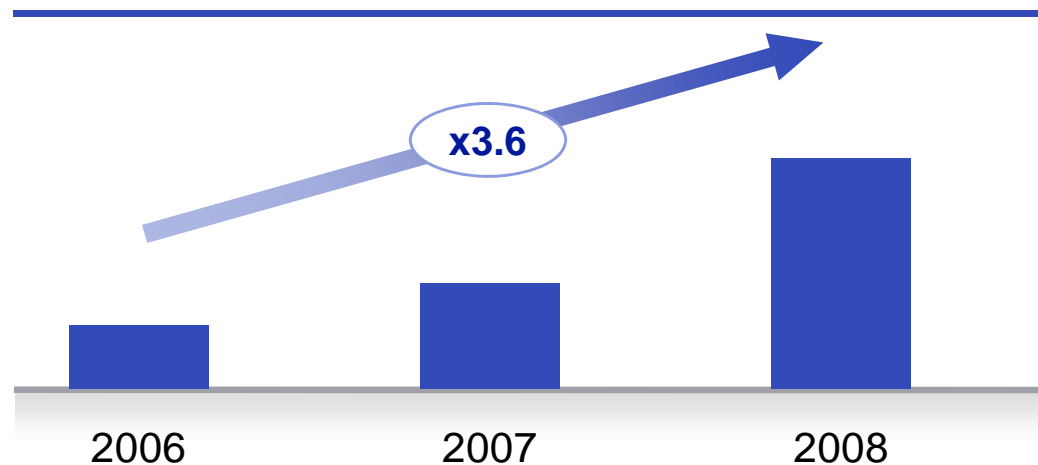
# However, flow businesses performed well

Revenue development, 2006-2008

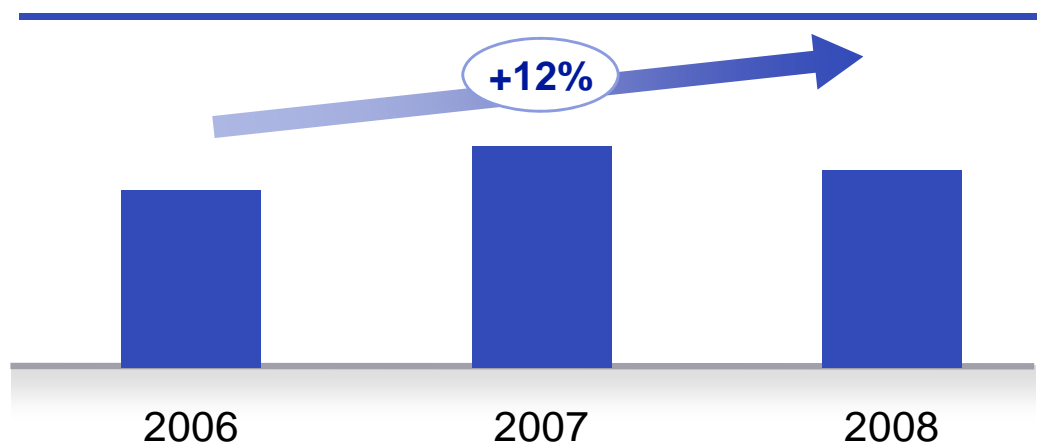
## Foreign Exchange



## Money Markets<sup>(1)</sup>



## Rates<sup>(2)</sup>



**FX / MM / Rates 2007:  
~30% of Global Markets  
revenues**

(1) Excluding prop

(2) Core Rates Trading excluding municipals and prop

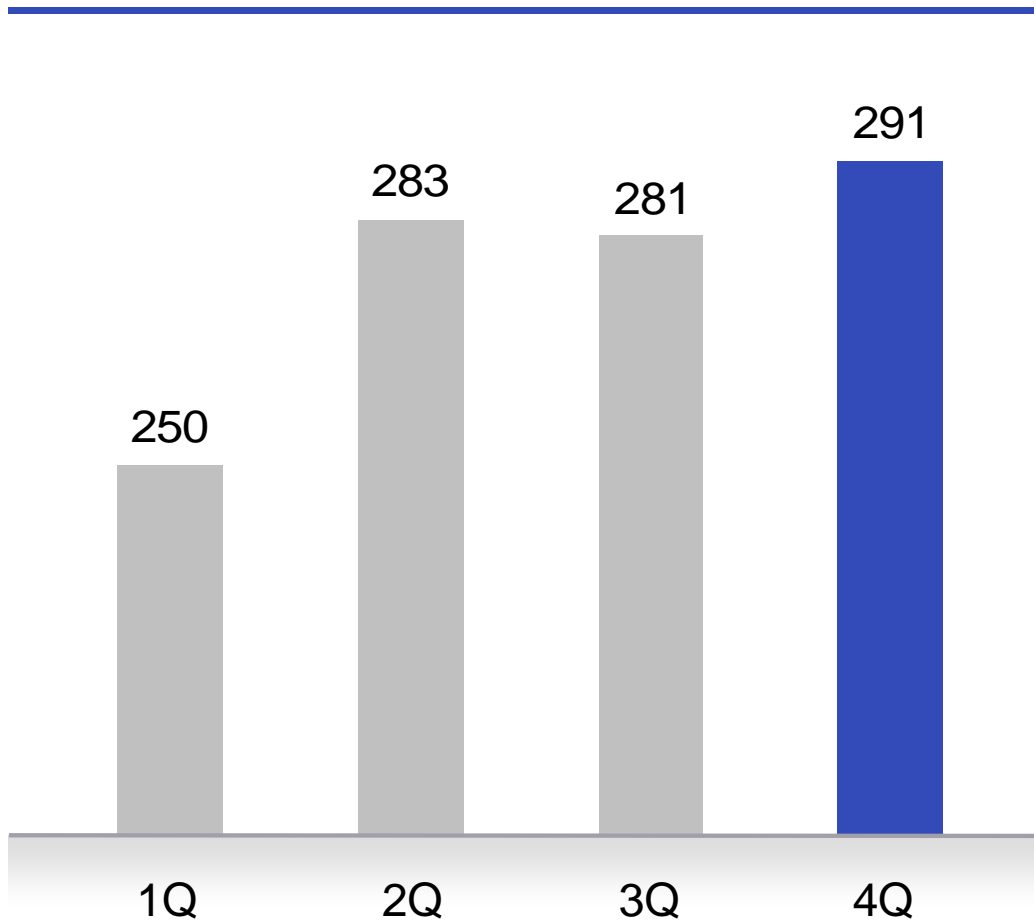




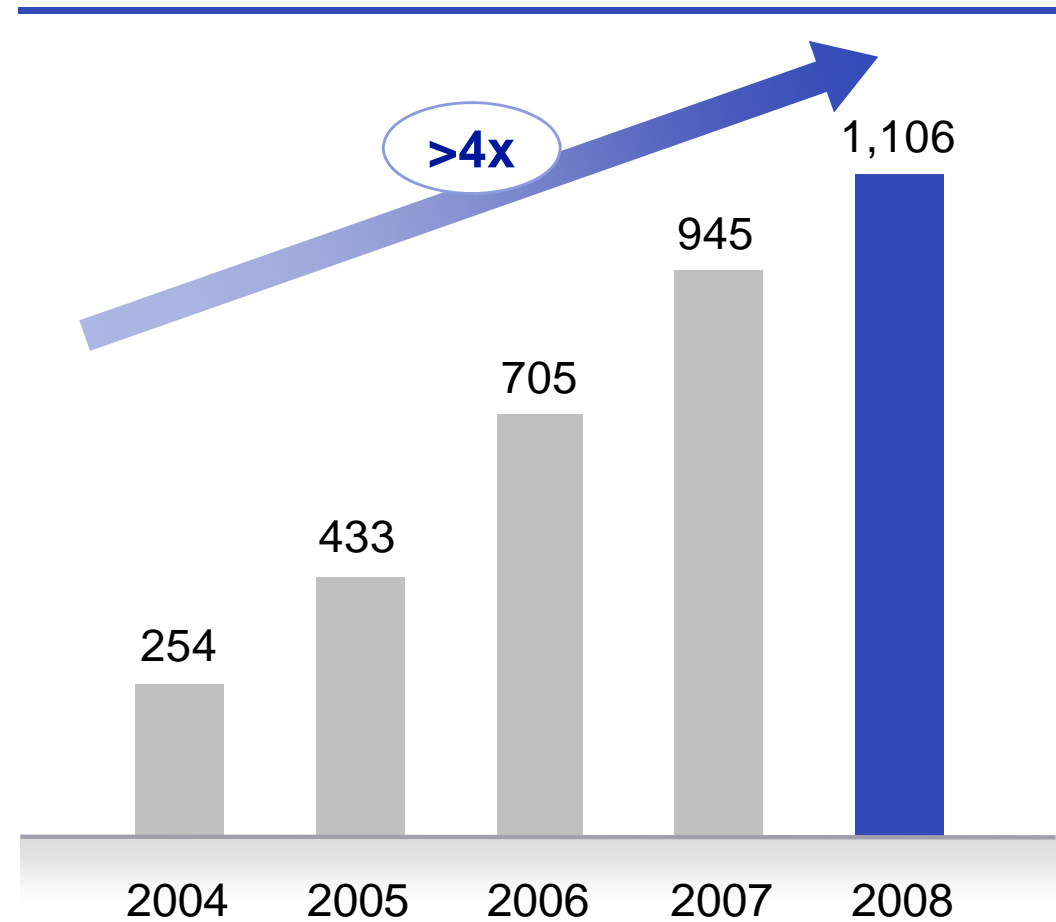
# GTB: Another successful quarter and year

Income before income taxes, in EUR m

2008 quarterly development



2004 – 2008



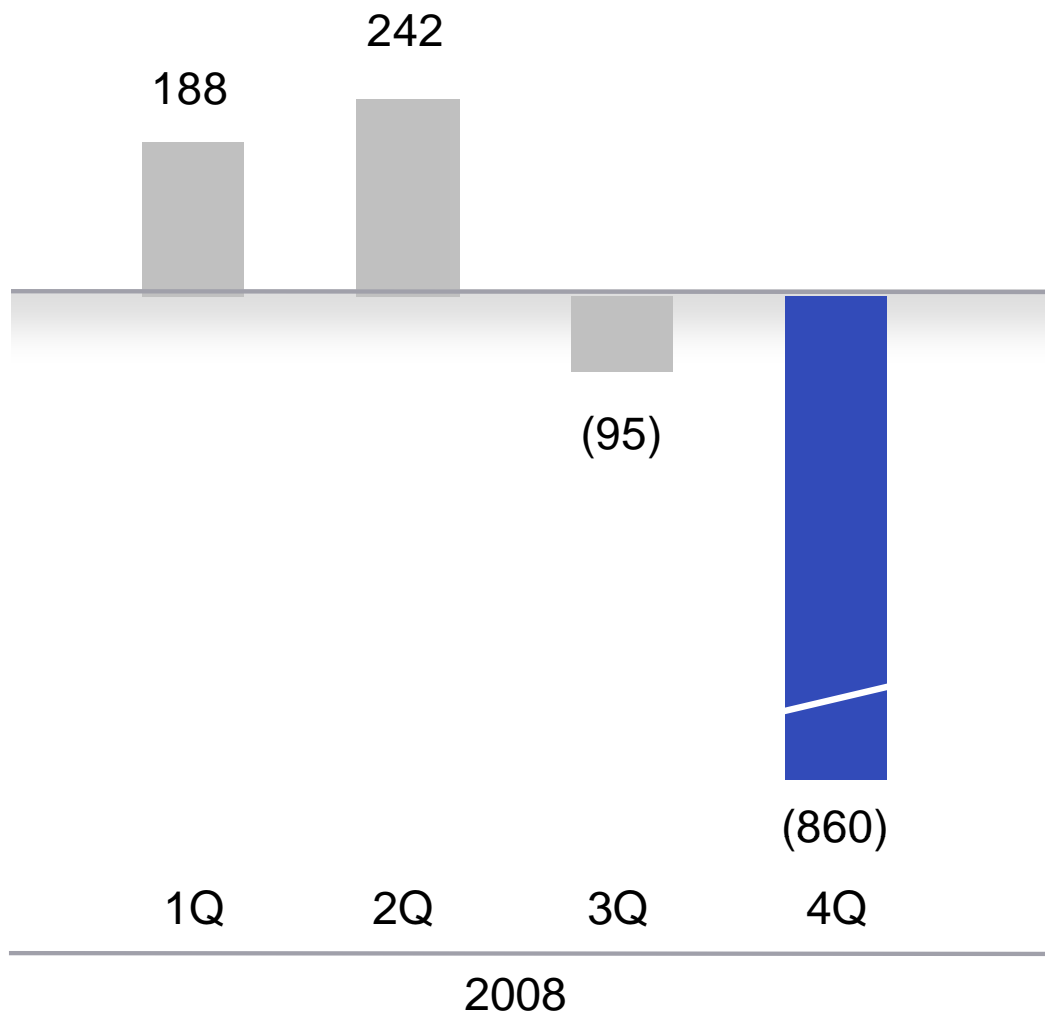
Note: 2004-2005 based on U.S. GAAP and on structure as of 2006, 2006 onwards based on IFRS and on latest structure  
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# AWM was impacted by asset impairments and exceptional items

Income (loss) before income taxes, in EUR m



## 4Q2008 specific items

### Asset Management:

■ Impairment DWS Scudder	(302)
■ Impairment RREEF infrastructure asset	(270)
■ Seed capital impairments*	(164)
■ European money market fund injections	(92)

### Private Wealth Management:

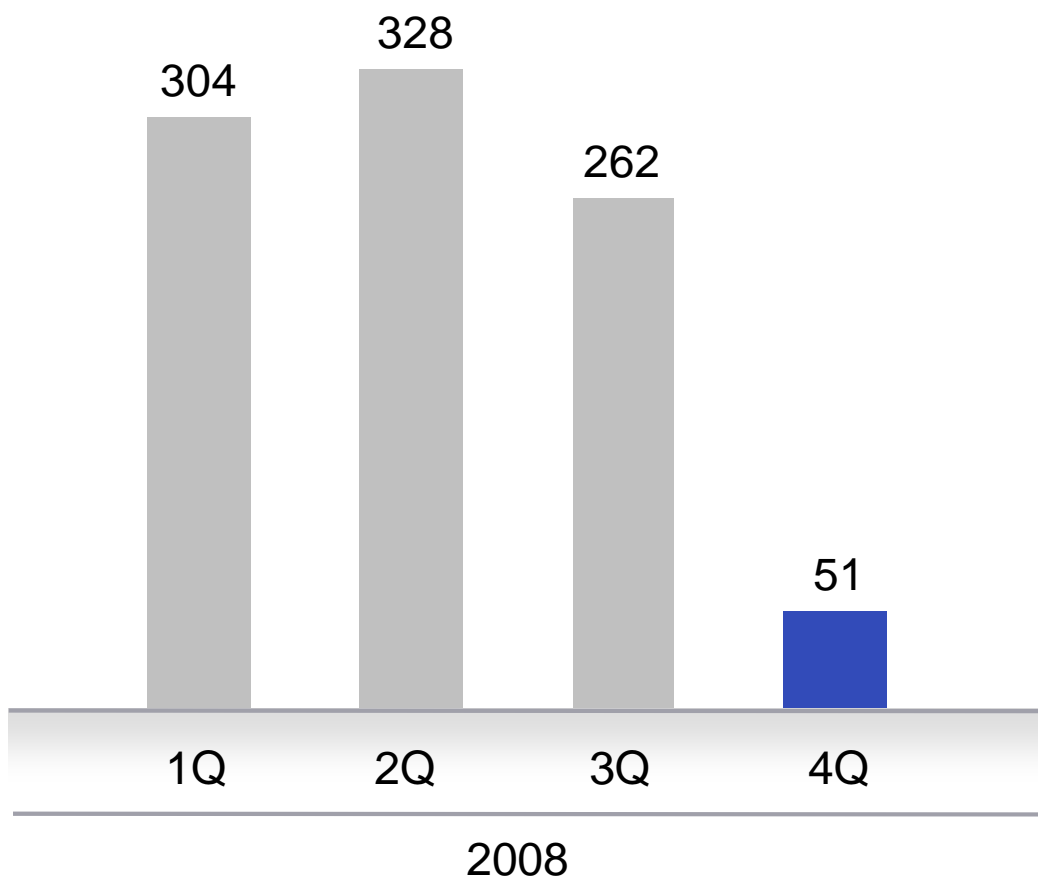
■ Auction Rate Preferred / Auction Rate Securities settlement	(41)
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# PBC: Lower investment product revenues and rise in provisions

Income before income taxes, in EUR m



## 4Q vs. 3Q2008:

### Operating items:

- Lower revenues from investment products and deposits & payments (175)
- Higher provision for credit losses (47)

### Specific items:

- Severance related to efficiency measures\* (90)
- Gains from financial investments 97

\* Includes EUR 11 m severance impact from Infrastructure  
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## Summary of near-term strategic initiatives

### CB&S

- Recalibration of the investment banking business model

### GTB

- Continued growth initiatives

### AWM

- AM: Reengineering business model to current market levels
- PWM: Efficiency program / selective growth opportunities

### PBC

- Growth and efficiency program
- Postbank co-operation



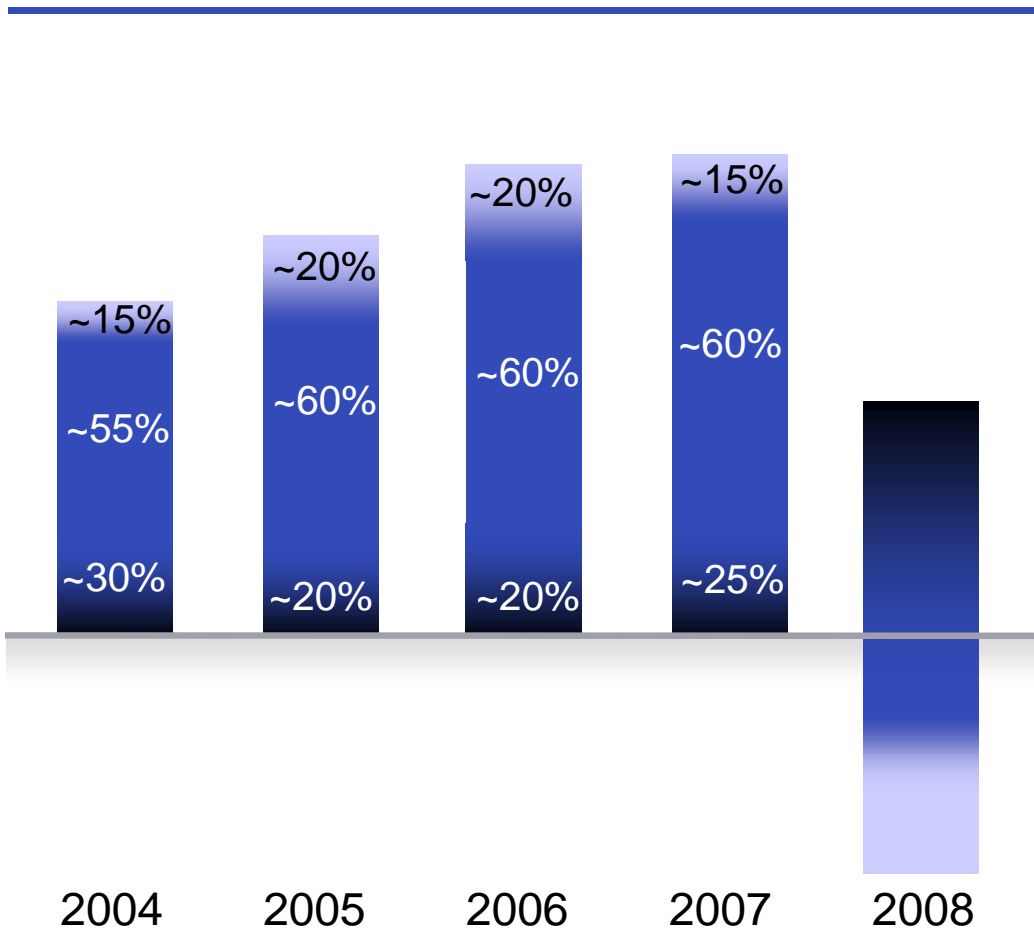




# Global Markets: Historical revenue composition

Illustrative

## Revenue breakdown



## Examples

Highly illiquid positions



- Credit Prop trading
- Equity Prop trading
- Equity derivatives

Medium / high liquidity



- Money markets derivatives
- FX derivatives
- Credit securitisation
- Commodities trading
- Equity prime finance

Most liquid flow



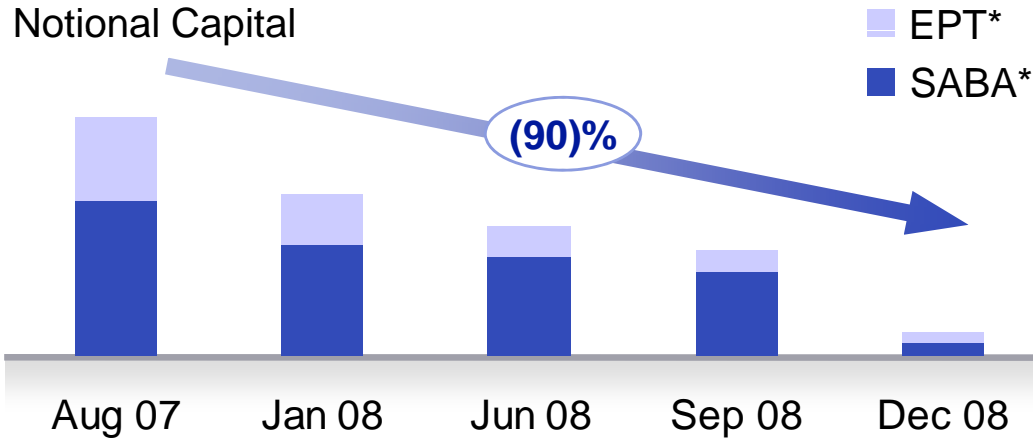
- FX and Money markets spot and forward trading
- European govt. bond trading
- Cash equities



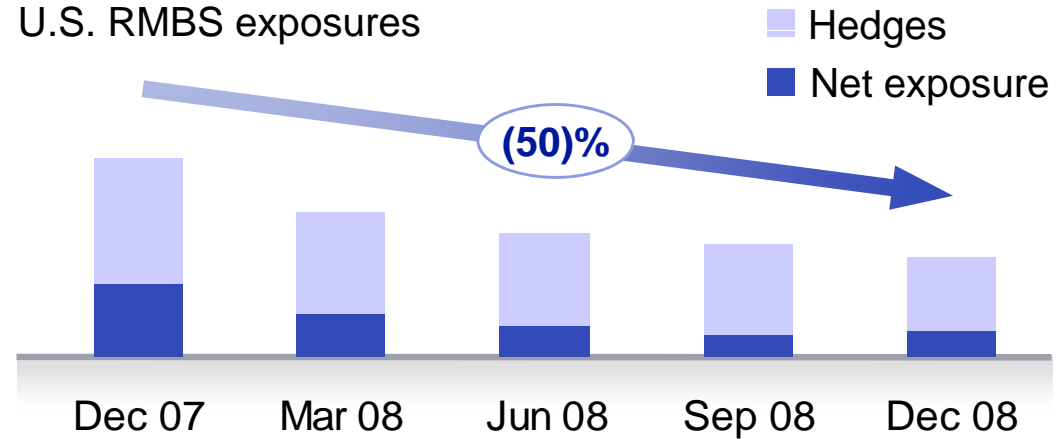


# We have moved swiftly to recalibrate this model

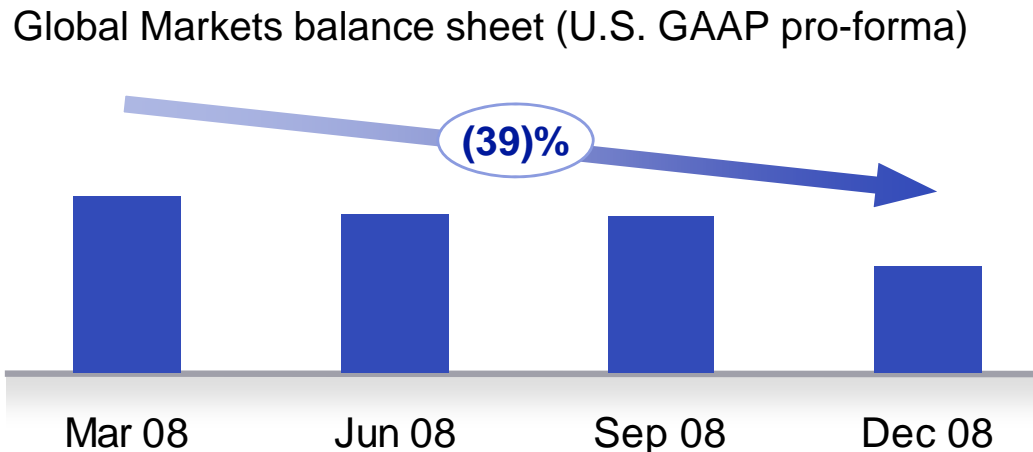
## Significant reduction in proprietary risk



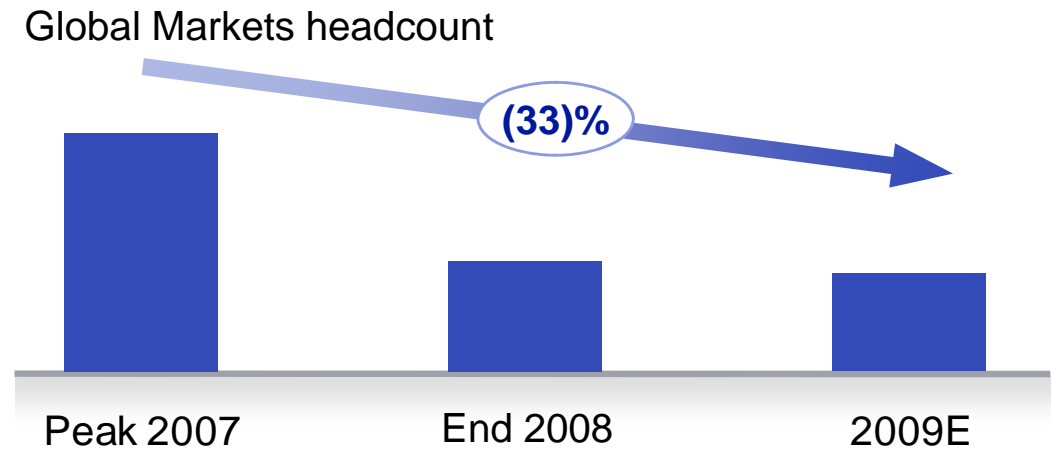
## Continued management of legacy exposures



## Aggressive de-leveraging



## Reduced costs



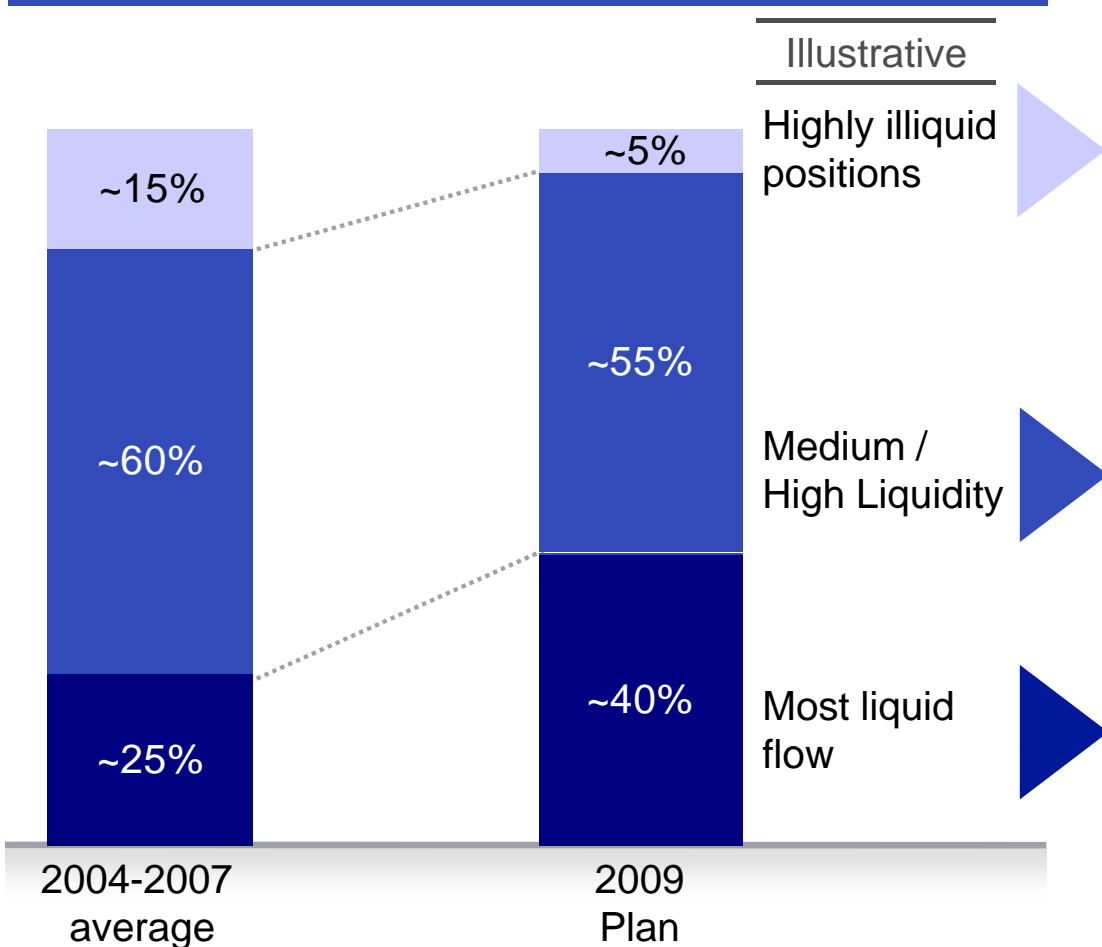
\* SABA: Designated credit prop desk; EPT: Equity proprietary trading  
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# Resulting in a shift in the Global Markets business model

## Shift in business model (revenue mix)



## Key actions

### De-risk

- Scale-back / eliminate illiquid prop activity
- Sharply reduced retention of structured un-hedgeable risk
- Significant curtailment of non-collateralised counterparty risk

### Attack market share

- Continue to accelerate market growth in products where we lack dominant positions
- Drive growth initiatives in commodities, cash equities and prime brokerage

### Capitalise on strengths

- Capitalise on pre-existing dominant flow business franchises in FX, Money Markets and rates
- Continue to apply technology to exploit wider margins and benefit from competitor consolidation





# Corporate Finance: Recalibrating our platform

## Reposition

- Commercial Real Estate
- Reengineer Leveraged Finance

## Invest

- Sectors: Financial Institutions, Natural Resources
- Countries: Selected Europe, China, Brazil
- Products: M&A and 'rescue' advisory
- Maintain commitment to German mid-cap

## Realign

- Align sales forces and client universe within Global Banking
- Selective efficiency measures





# Global Transaction Banking: Continued growth agenda

## Expansion into new markets

- Increase penetration of existing client base in core markets
- Leverage 'flight to quality' opportunities
- Monitor opportunities to expand by bolt-on acquisition

## Attract new clients

- Target profitable lower mid-cap corporate client groups
- Leverage existing technologies and introduce integrated systems to offer clients robust global / cross-regional solutions
- Provide state of the art risk mitigation support to clients

## Develop product offering

- Develop flexible offerings in high growth products (e.g. cards, FX 4 Cash\*, wholesale custody, remittances, mobile payments)

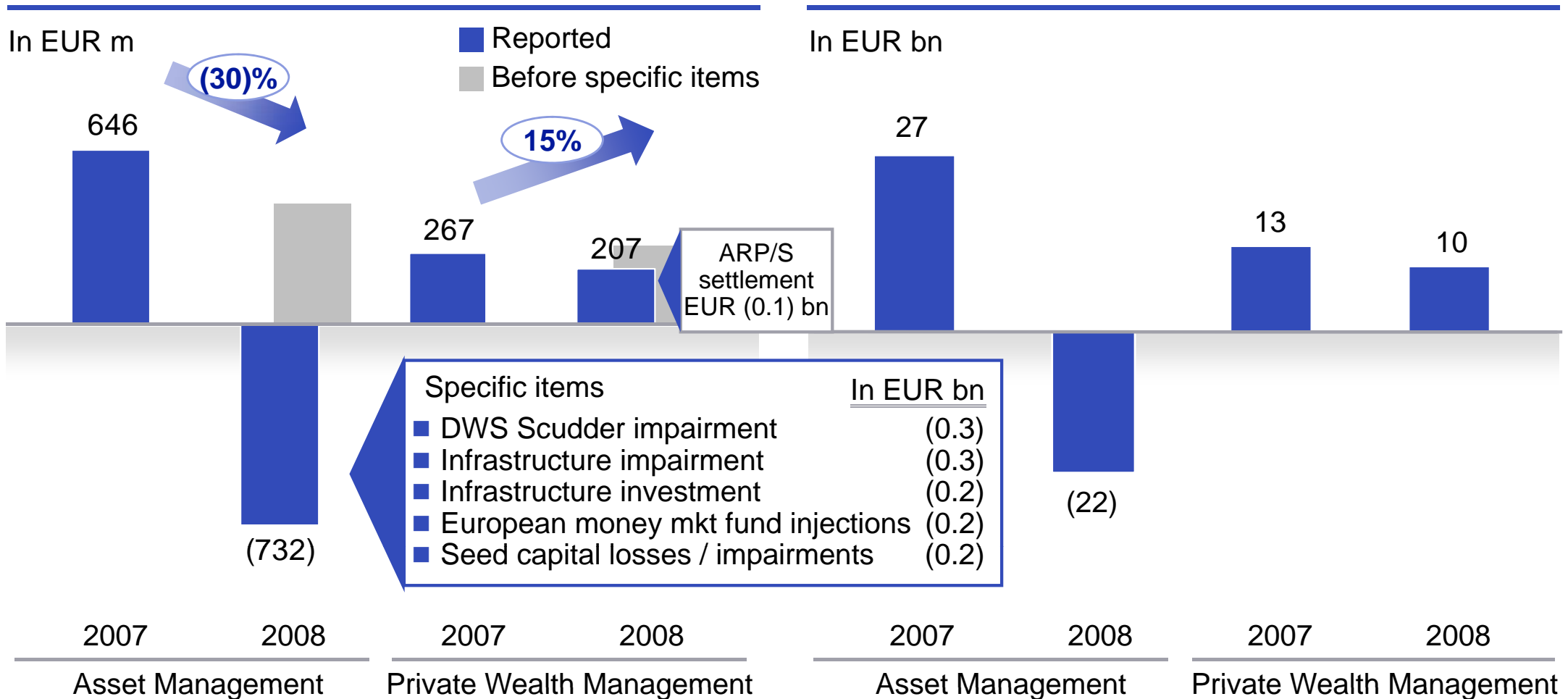




# AWM: Market conditions impacted full year 2008 results

## Income before income taxes

## Net new money





# AWM will reposition its platforms to a changed environment

## Asset Management

Reengineer platform to restore operating leverage at current market levels:

- Reposition exposure to European money-market fund business
- Right-size RREEF / infrastructure
- Downsize hedge fund platform
- Centralize shared services globally
- Cost reduction in mid / back office (marketing / real estate, technology, operations)

## Private Wealth Management

- Efficiency program / performance improvement initiative
- Capture new advisory / product opportunities
- Strengthen Discretionary Portfolio Management / Wealth Advisory Management
- Counter-cyclical hiring
- Monitor opportunities for selective bolt-on acquisitions

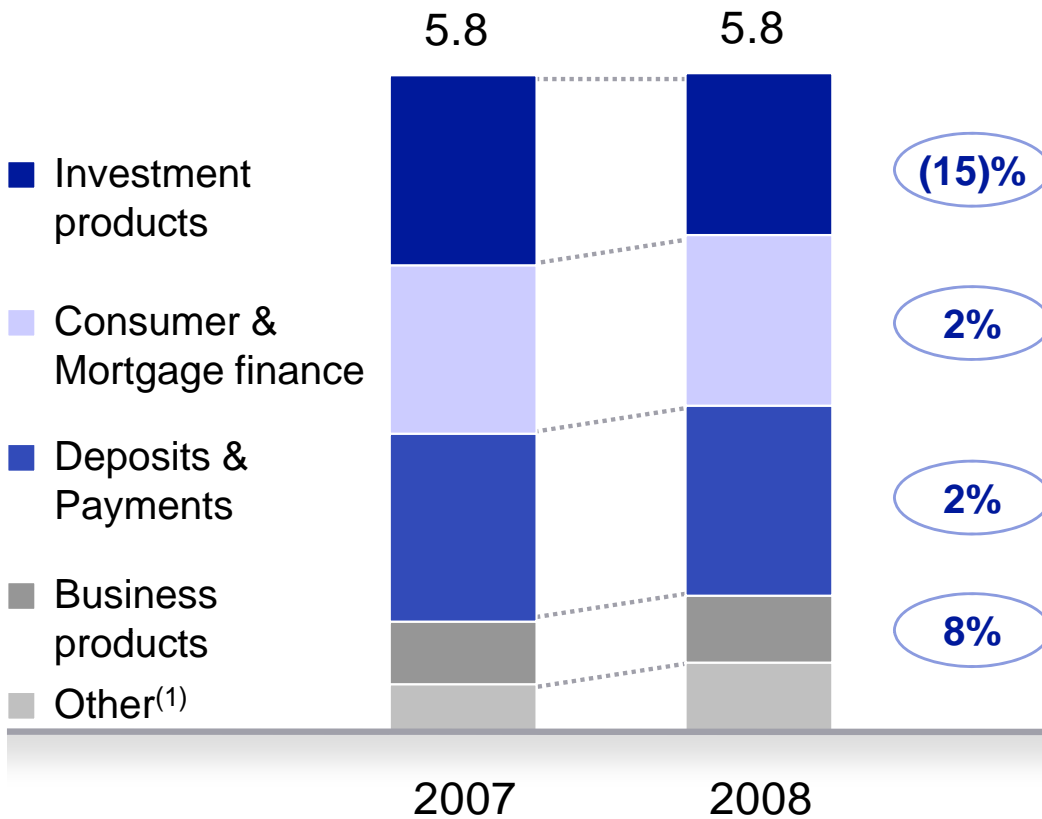




# PBC: Respond to shifts in revenue mix, and leverage benefits of 'flight to quality'

## Shift in revenue mix

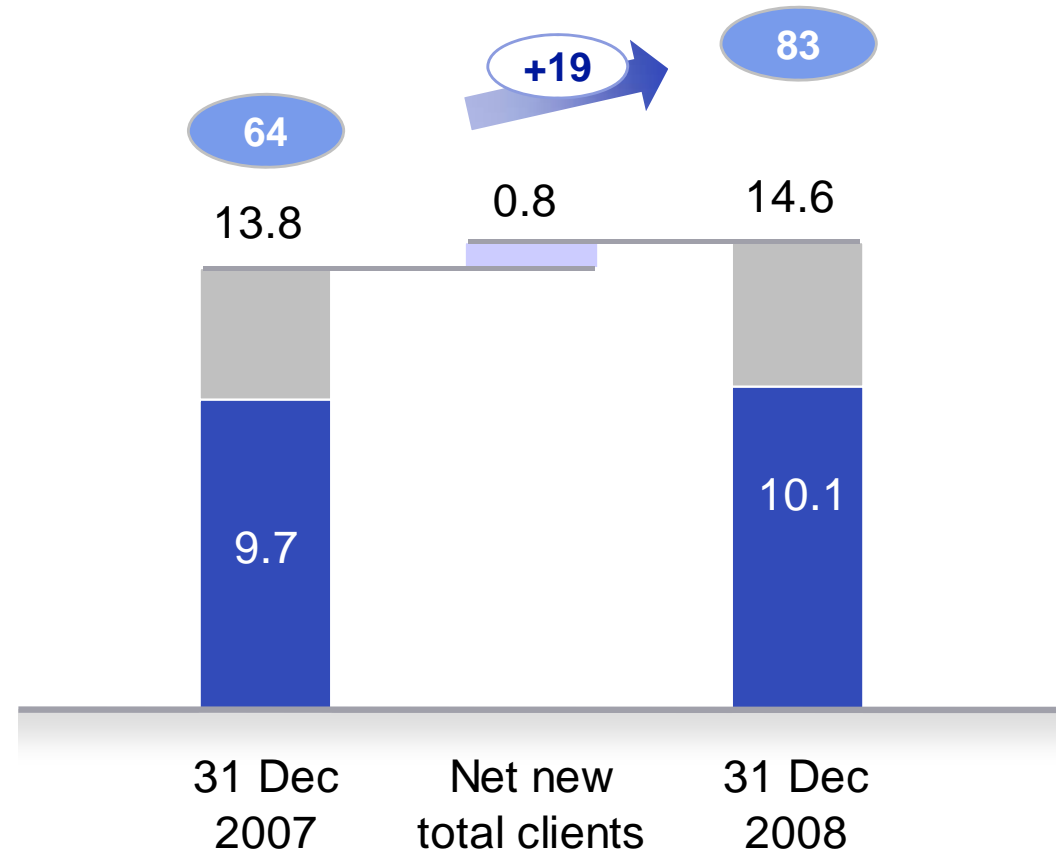
Net revenues, in EUR bn



## Substantial capture of new clients and deposits

Total clients, in m

x Deposits<sup>(2)</sup>, in EUR bn  
■ Germany



(1) Including non-recurring items  
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(2) Excl. sight deposits

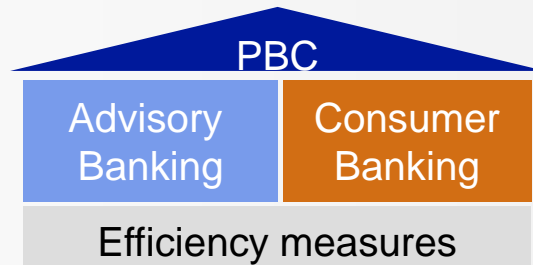






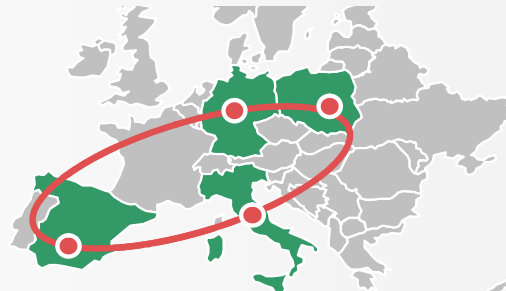
# PBC: Implementation of 'Growth and Efficiency' program

## Business model



- **Advisory banking:** Position for recovery in investment products via selective investments
- **Consumer banking:** Position for margin compression via cost-efficiency
- Leverage customer capture of prior year(s)

## Efficiency program



- Middle-office consolidation
- Integration of credit operations
- Back-office efficiency

## Postbank co-operation



Further details at a  
joint press conference  
in March 2009

- Product and distribution synergies
- Joint purchasing / infrastructure synergies
- Expected run-rate pre-tax impact of EUR ~120-140 m within 3-4 years:
  - Cost / revenue: ~ 60%/40%
  - Deutsche Bank / Postbank: ~ 50%/50%



# Business initiatives will be complemented by Group initiatives

## Complexity reduction

- Realign infrastructure complexity to recalibrated front-office requirements
- Reap full infrastructure savings from front-office simplification

## Offshoring

- Improve efficiency of outsourced functions
- Additional outsourcing / smartsourcing initiatives
- Realise onshore benefits

## Other efficiency initiatives

- Commoditisation of standardised businesses
- Increasing consistency of processes across businesses

## Compensation model

- Further develop longer-term performance systems
- Option of 'clawback' in subsequent years
- Increase focus on Group performance





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# CB&S: Outlook and prospects

## Environment

## Implications and opportunities for DB

### Global Markets

- Lower revenue pool
- Further industry concentration
- Competitor dislocations
- Sustained wider margins
- Liquidity stabilizing, but below pre-crisis levels

- Leverage continued flight to quality
- Opportunity for share capture
- Advantage for 'intact' platforms
- Importance of 'flow' businesses
- Value of risk solutions for clients

### Corporate Finance

- Lower fee pool
- Shift in advisory requirements
- Deteriorating credit environment
- Lower IPO activity
- Secondary equity / debt capital raising still in demand

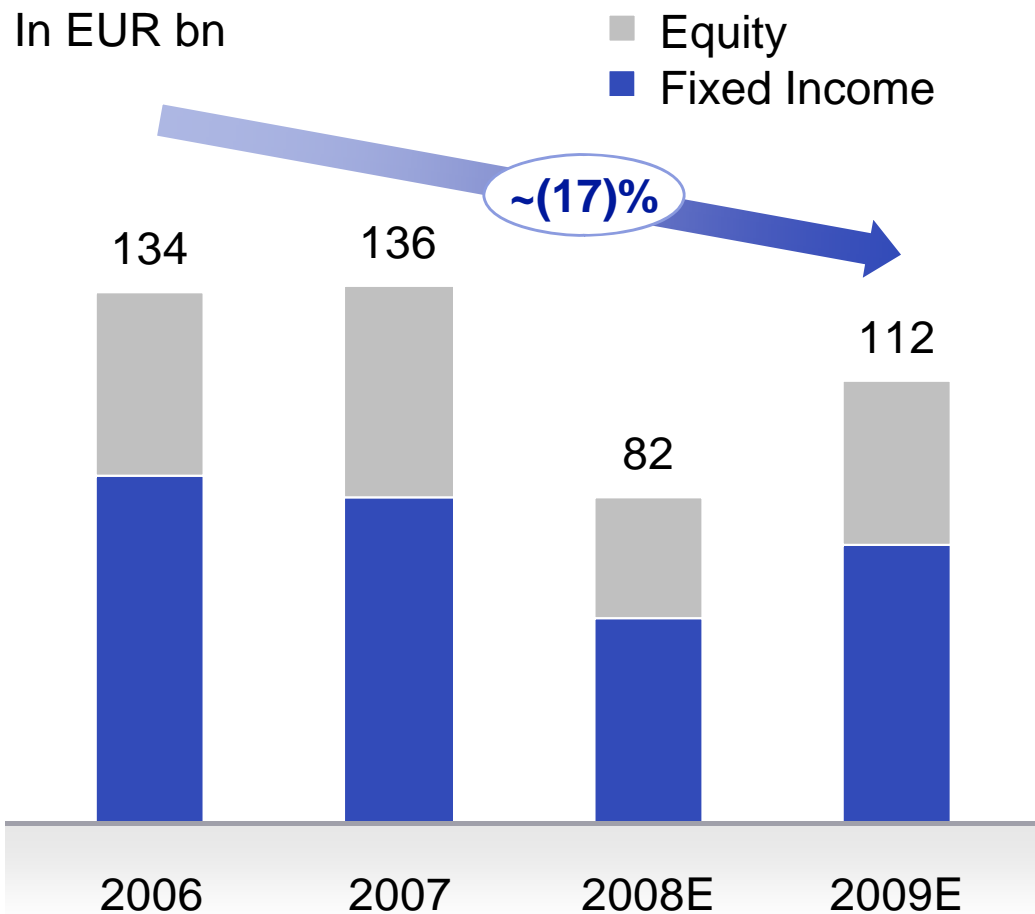
- Importance of cost-efficiency
- Opportunities in 'rescue' advisory
- Importance of loan exposure management
- Value of M&A / coverage relationships / Leveraged Finance



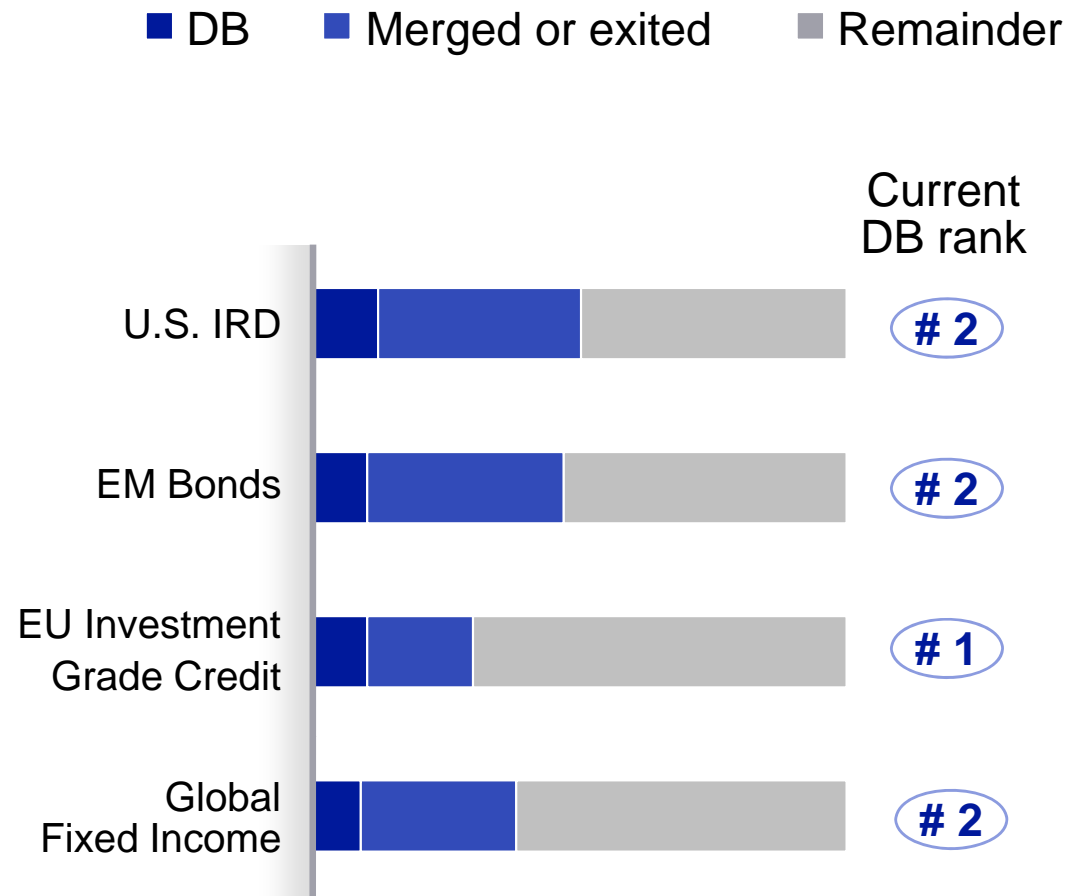


# Global Markets: Opportunity to gain share, despite lower revenues

## Sales & Trading: Global revenue pool\*



## Significant market share up for capture



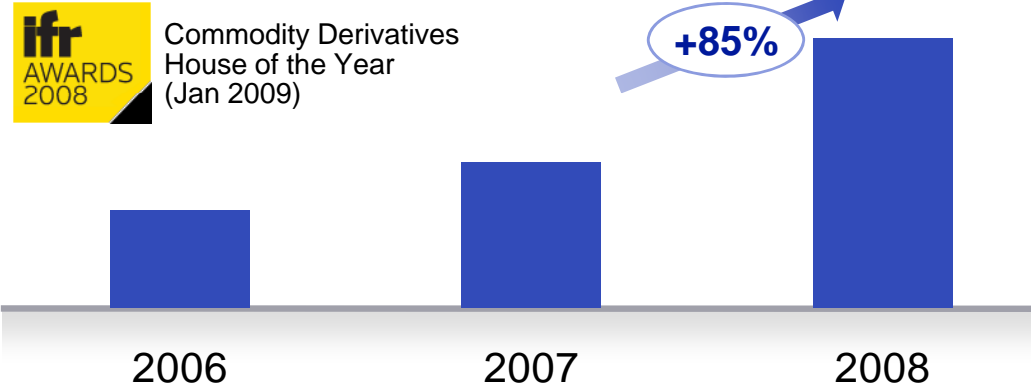
\* Deutsche Bank estimates of top-15 major firms; underlying revenues excluding writedowns  
 Source: Company reporting, Greenwich Associates Note: IRD: Interest Rate Derivatives  
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# Harvest benefits of recent strategic investments

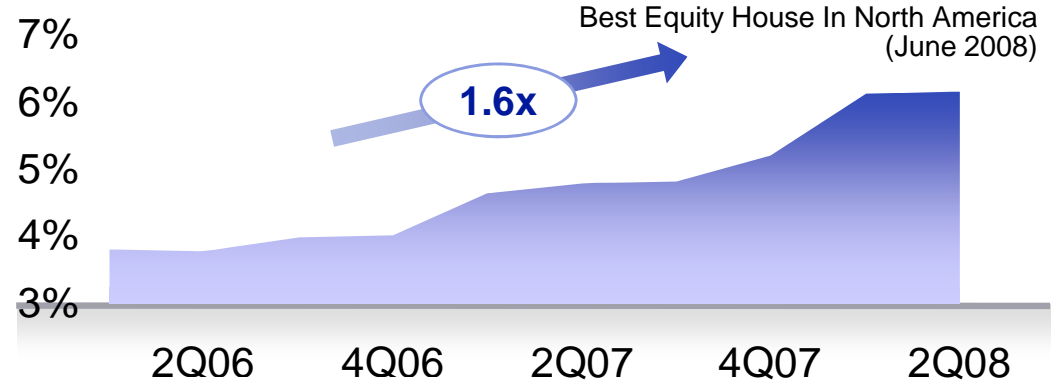
## Example: Commodities

Revenues in EUR bn



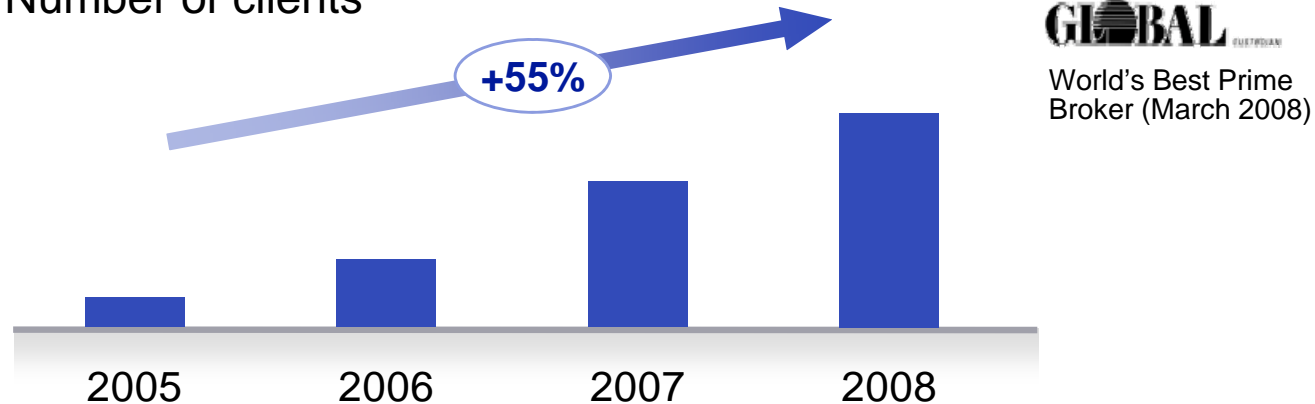
## Example: US Cash Equities

McLagan Cash Equities market share



## Example: Prime Brokerage

Number of clients

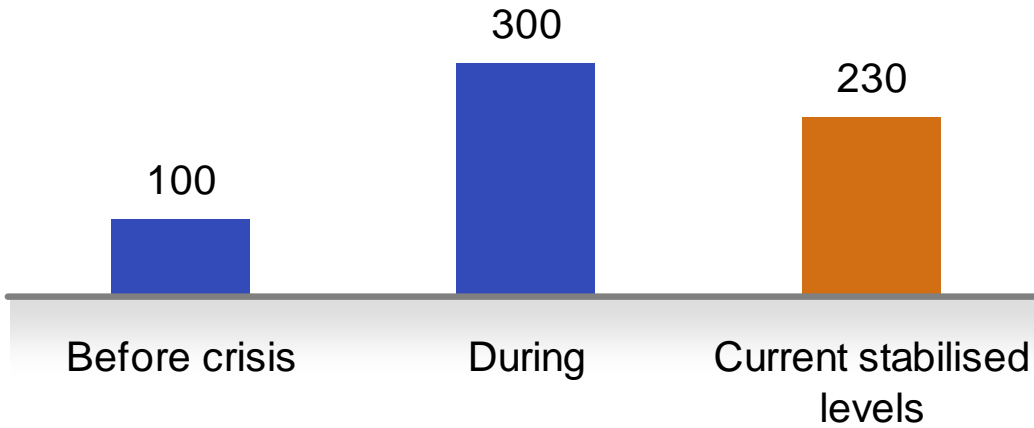




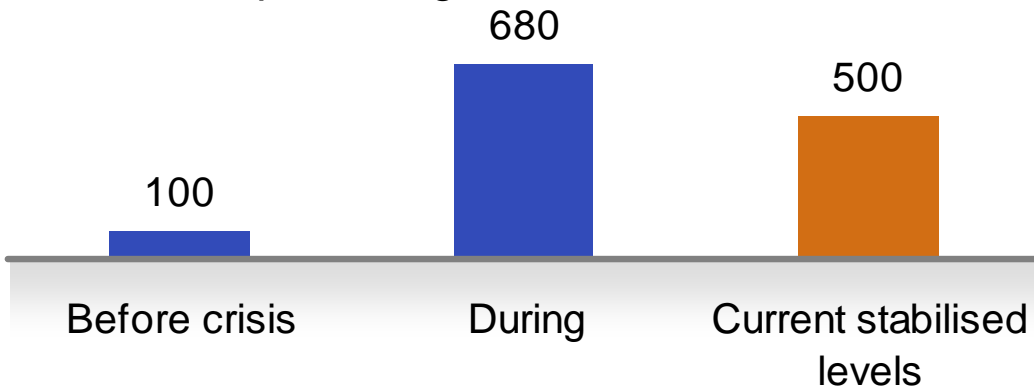
# Improved margins and industry concentration favour Deutsche Bank

## Higher bid-offer spreads (indexed)

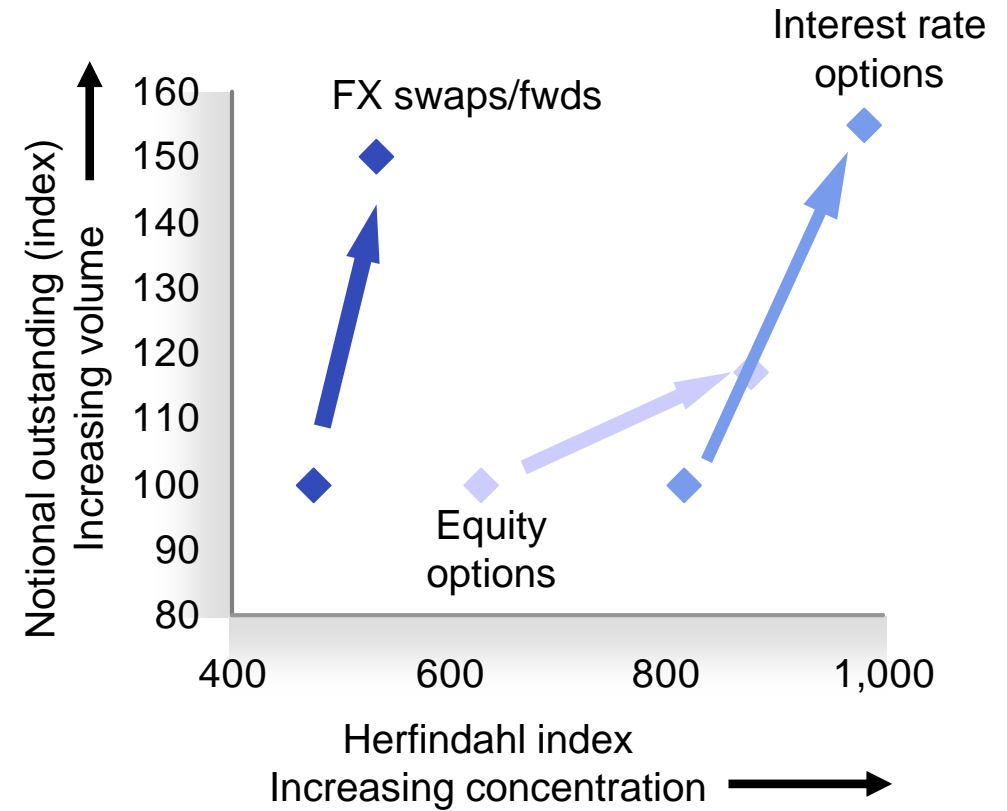
### Interest Rate Options



### U.S. / European single-name CDS



## Higher volumes, greater concentration





# AWM: Outlook and prospects

## Environment

### Asset Management

- Lower equity valuations
- De-leveraging impacts alternative asset classes
- Customer 'flight to simplicity'
- Competitor dislocations
- Fundamental trends intact (private retirement savings, wealth creation)

### Private Wealth Management

## Implications and opportunities for DB

- Reengineer to restore operating leverage
- Efficiency gains
- Value of franchise strengths (Global and diversified product offering)

- Efficiency gains
- Leverage prior year new money gain
- Opportunities for market share capture
- Product development







# PBC: Outlook and prospects

## Environment

- Near-term shift in revenue mix
  - ‘Flight to simplicity’
- Margin compression in deposits
- Consolidation in German market
- Potential recovery in investment products
- Further pressure on credit quality

## Implications and opportunities for DB

- Leverage new clients and deposit flows
- Efficiency gains
- Opportunities for share capture
- Opportunities for selective investments in Advisory banking
- Strengthen of collections and recoveries organisation
- Added Leverage from Postbank co-operation



## Summary: Looking forward in 2009

- Capital ratios remain solid
- Reduced exposure to legacy positions
- Trading assets in key areas have been significantly reduced
- Strong liquidity and funding base
- Cost-efficiency measures underway
- Repositioning businesses to the current environment





## Cautionary statements

Unless otherwise indicated, the financial information provided herein has been prepared under International Financial Reporting Standards (IFRS). It is preliminary and unaudited and may be subject to adjustments based on the preparation of the full set of financial statements for 2008.

This presentation also 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 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 Form 20-F and Form 6-K filed with the SEC on 26 March 2008 and 30 October 2008, respectively, 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 contains non-IFRS financial measures. For a reconciliation to directly comparable figures reported under IFRS refer to the 4Q2008 Financial Data Supplement, which is accompanying this presentation and available on our Investor Relations website at [www.deutsche-bank.com/ir](http://www.deutsche-bank.com/ir).