



Operational Excellence Program

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Passion to Perform

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The new COO organization incorporates strategy in order to align resource allocation across business and infrastructure

New COO structure



New mandate to re-engineer the infrastructure of the bank

- Importance of infrastructure in current operating environment
- Better alignment of infrastructure and strategy
- Need for a clearly defined target operating model
- Group Operating Committee binding strategy, business and infrastructure



1 External dynamics shaping our operating model

2 Operational Excellence Program

3 Roadmap 2012 – 2015



External dynamics drive a fundamental need for re-engineering

External dynamics

Changing client behavior

- Integration and connectivity
- Transparency

Market outlook

- Subdued growth
- Higher volumes, lower margins

Increased regulation

- Effective control and audit
- Increased IT spend

Change in environment

Historical state

- High growth and margin environment
 - Customization for clients
 - Entrepreneurship and dedicated structures
 - Control structure for fast decision making
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“New Normal”

- Flexible response to changing volumes
- Automation for future sustainability
- Lean, standardized run-the-bank setup
- Tight controls and low tolerance for error



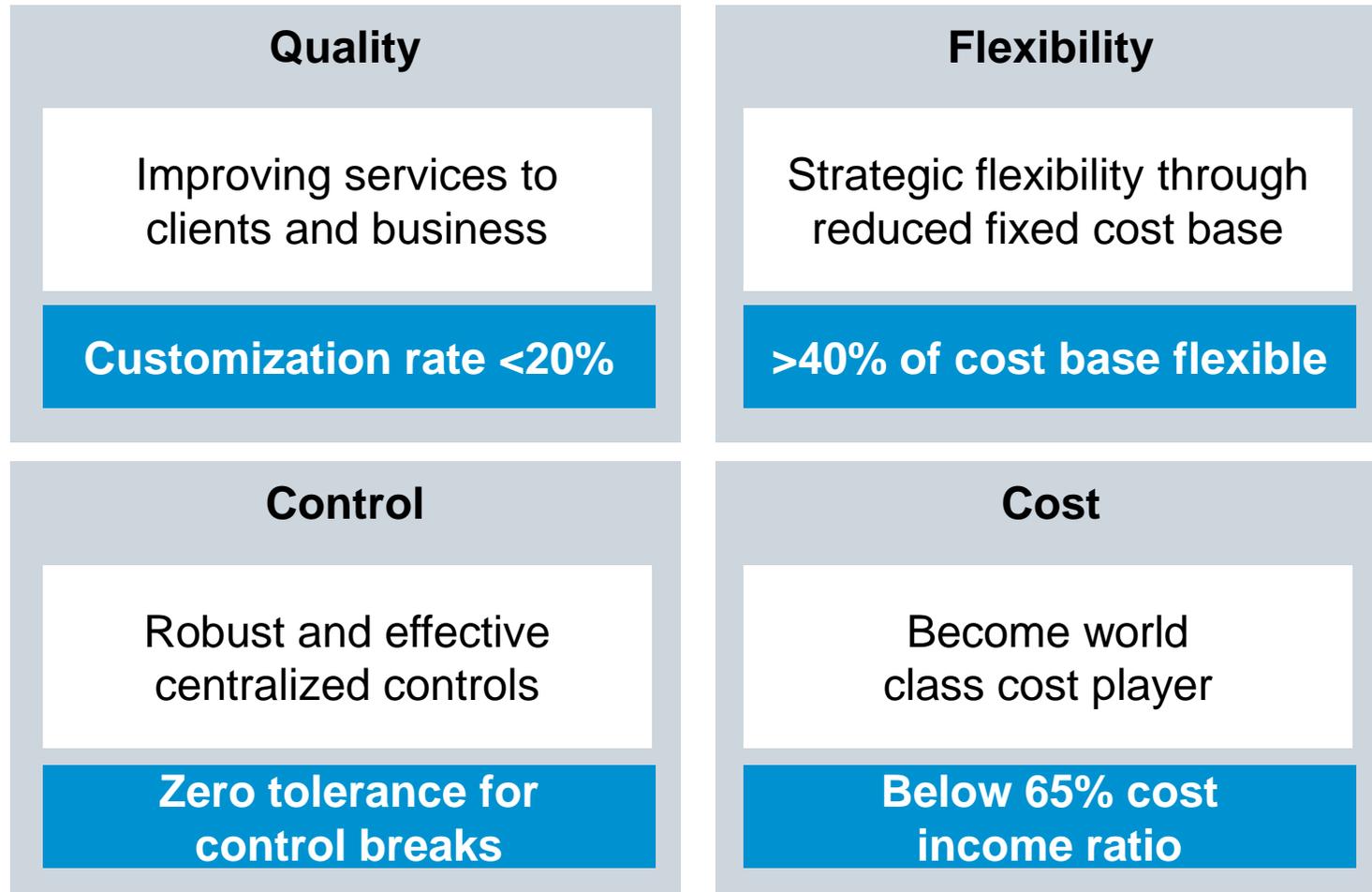
The “New Normal” implies significant shifts across key operating model dimensions

Required shift in operating model

Organizational design	<ul style="list-style-type: none">— Lean and consolidated— Sharing across the bank
Governance	<ul style="list-style-type: none">— Central governance— Control framework standards
Performance management	<ul style="list-style-type: none">— Clear accountability— Pay linked to performance
Processes	<ul style="list-style-type: none">— True front-to-back integration— High degree of automation
IT systems	<ul style="list-style-type: none">— Standardization, automation— Integration and data quality
People and culture	<ul style="list-style-type: none">— Risk and cost consciousness— Working in teams



We will address these shifts through an operating model that balances quality, flexibility, control and cost



Agenda

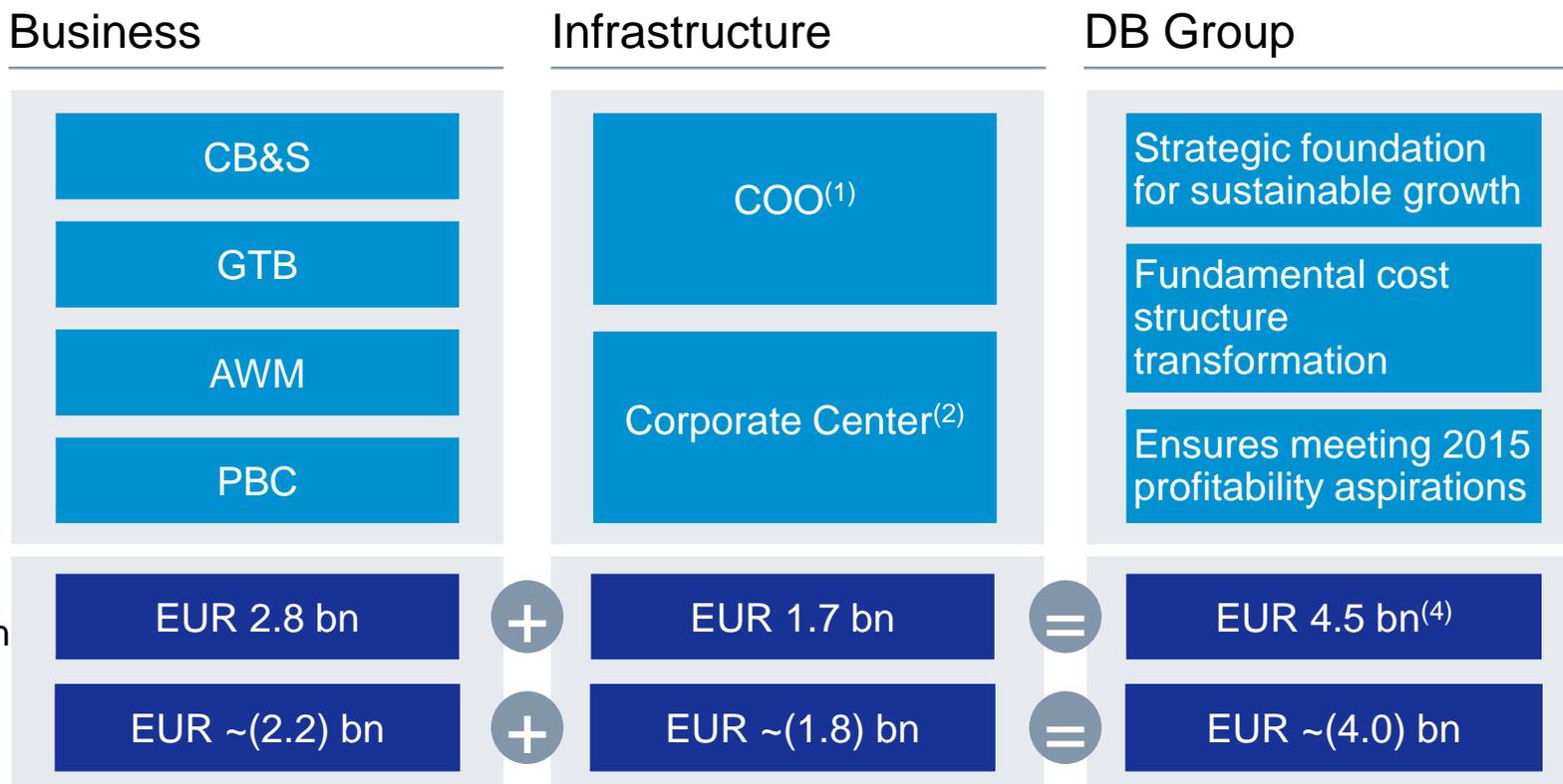


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We plan to invest to achieve lasting annual savings



Note: Cost savings based on 1H2012 annualized cost base; cost savings will be achieved without including cost changes that relate to litigation, investments (CtA), severance unrelated to new cost program; regulatory spend assumed constant; numbers may not add up due to rounding

- (1) COO includes Technology, Operations, Logistics, Group Strategy, Corporate Security and central coordination functions
- (2) Corporate Center includes Risk, Finance, Legal & Compliance (L/C), HR, Co-Chairmen, Regional Management
- (3) Cost-to-Achieve are one-off investments to realize savings
- (4) Thereof Corporate Investments/Other: run rate 2015 savings of EUR ~0.1 bn

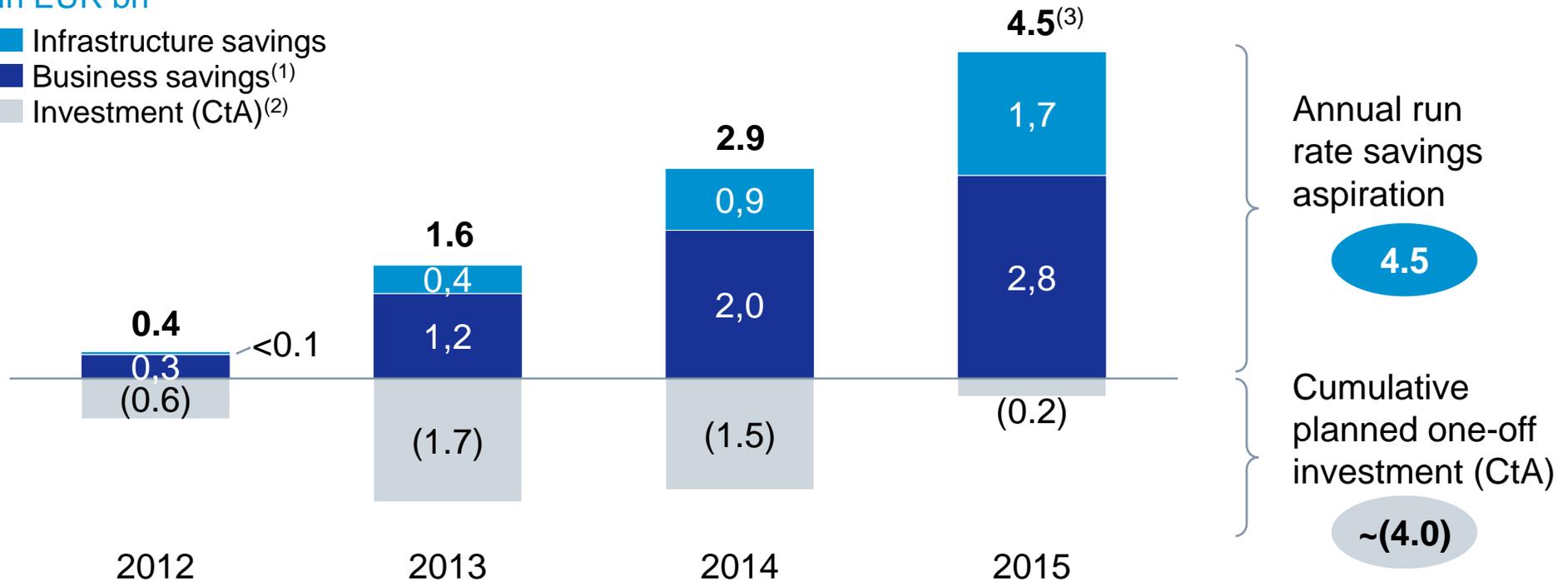


We plan to realize the full savings in 2015

Savings and investment (CtA) ramp-up until 2015

In EUR bn

- Infrastructure savings
- Business savings⁽¹⁾
- Investment (CtA)⁽²⁾



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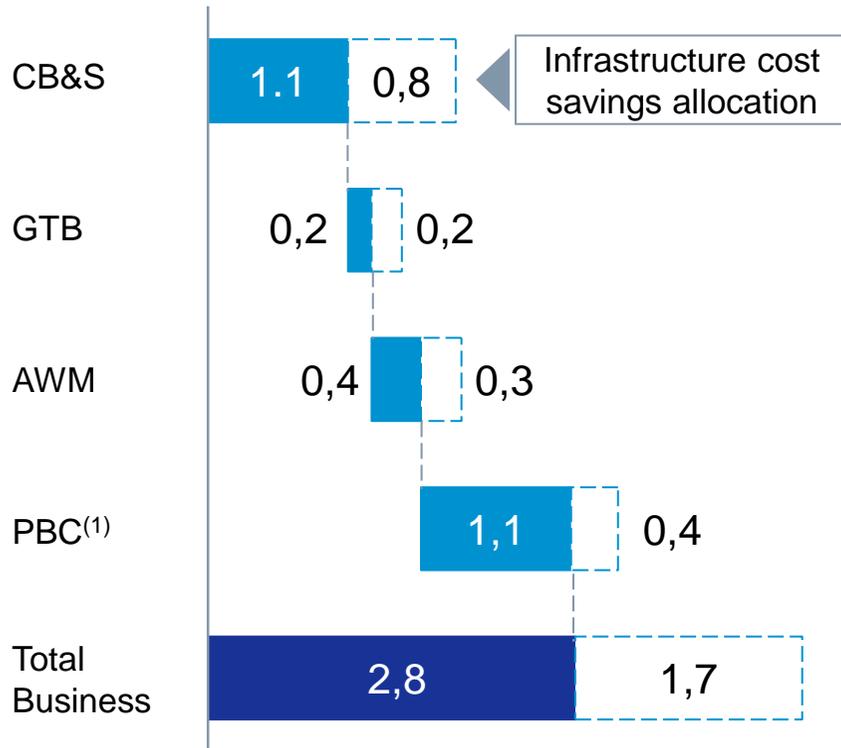
- (1) Thereof running Powerhouse initiatives: Annual run rate savings of EUR ~0.5 bn (2015)
- (2) Thereof running Powerhouse initiatives: Cumulative incremental investment (CtA) of EUR ~0.8 bn (2015)
- (3) Thereof Corporate Investments/Other: annual run rate savings of EUR ~0.1 bn (2015)



Our portfolio decisions and front end re-engineering drive direct cost reductions

2015 run rate savings aspiration

In EUR bn



Optimization approach

- Focus on right-sizing to market conditions
- Continued front-to-back process optimization
- Stable cost base in support of growth plan
- Optimization of organizational design
- Organizational streamlining via integration
- IT platforms and front-to-back streamlining
- Continued front-to-back process optimization
- Benefits from scaled IT platform

EUR 2.8 bn
16% of business baseline cost base

Note: Cost savings based on 1H2012 annualized cost base; cost savings will be achieved without including cost changes that relate to litigation, investments (CtA), severance unrelated to new cost program; regulatory spend assumed constant; numbers may not add up due to rounding

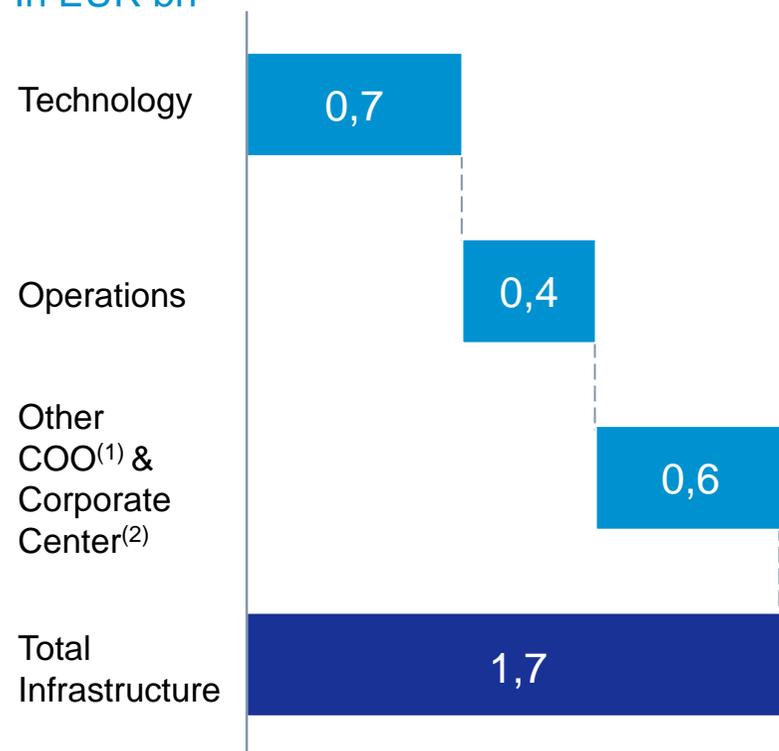
(1) Thereof running Powerhouse initiatives: run rate 2015 savings of EUR ~0.5 bn

We will re-engineer our Infrastructure functions as well



2015 run rate savings aspiration

In EUR bn



Optimization approach

- Application rationalization and renewal
 - Standardization and automation
 - Footprint optimization
- Front-to-back process automation
 - Application of IT solutions to processes
 - Footprint optimization
- Central purchasing/sourcing control
 - Optimization of location footprint
 - Organizational streamlining and automation
- EUR 1.7 bn**
23% of infrastructure baseline cost base

Note: Cost savings based on 1H2012 annualized cost base; cost savings will be achieved without including cost changes that relate to litigation, investments (CtA), severance unrelated to new cost program; regulatory spend assumed constant; numbers may not add up due to rounding

(1) Other COO includes Logistics, Corporate Security, and central coordination functions

(2) Corporate Center includes Risk, Finance, Legal & Compliance (L/C), HR, Co-Chairmen, Regional Management



The Operational Excellence Program employs five structural optimization levers across the entire bank

Structural levers

Savings aspiration

Run rate 2015

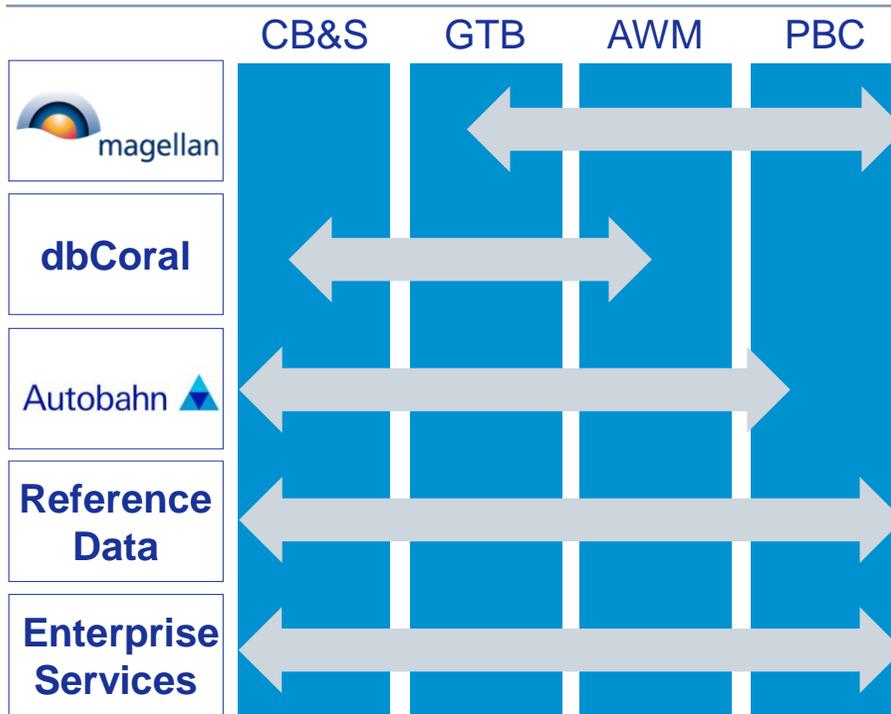
1 IT platform renewal	<ul style="list-style-type: none">— Industrialization of development processes— Automated, self service application support	EUR 0.8 bn
2 Organizational streamlining	<ul style="list-style-type: none">— Functional activity consolidation— Organization design incl. capacity right-sizing	EUR 1.9 bn
3 Sourcing excellence	<ul style="list-style-type: none">— Centralized procurement— In-source critical know-how	EUR 0.6 bn
4 Front-to-back productivity	<ul style="list-style-type: none">— Simplification, automation, standardization— Lean, straight through processing	EUR 0.9 bn
5 Footprint rationalization	<ul style="list-style-type: none">— Consolidation and shift to lower cost areas— Right size real estate footprint	EUR 0.3 bn
		EUR 4.5 bn

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1 Our IT platform renewal program drives business and process transformation

Major IT platforms



Optimization approach

- Re-platform critical core applications to adopt standard golden source data
- Build out enterprise services – risk, electronic distribution and data warehousing
- Industrialize application development and rationalize application landscape
- Migrate applications onto highly standardized virtualized platforms
- Standardize and automate the daily management of our platforms

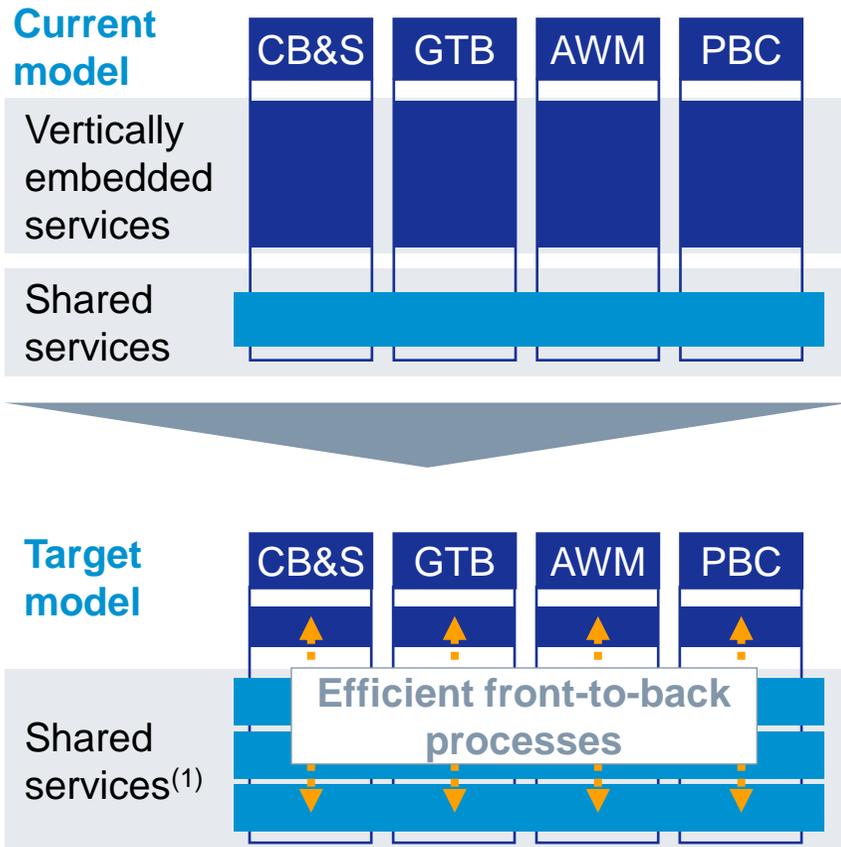
Utilize DB's core platforms to simplify the environment, improve operational efficiency, and enhance client experience

Run rate savings aspiration – **EUR 800 m**
40% reduction in apps and systems
30-40% reduction in system maintenance



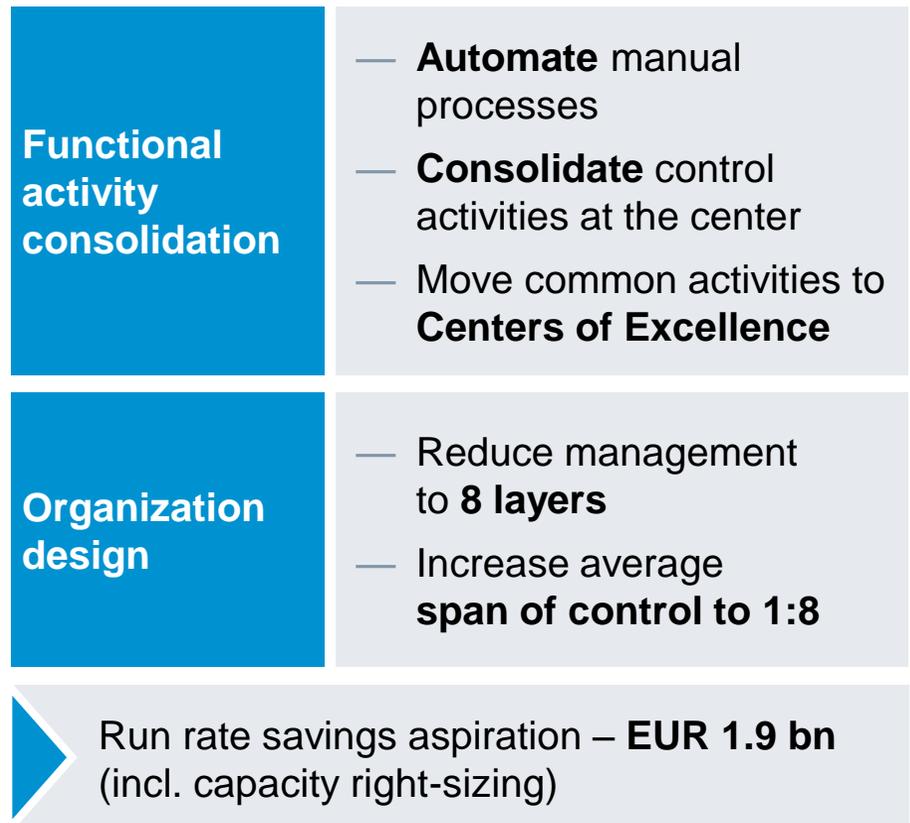
2 Organizational streamlining through centralization creates maximum synergies

Shared services approach



(1) Target model might additionally include multi-business specific shared service center, Centers of Excellence, etc.

Optimization approach

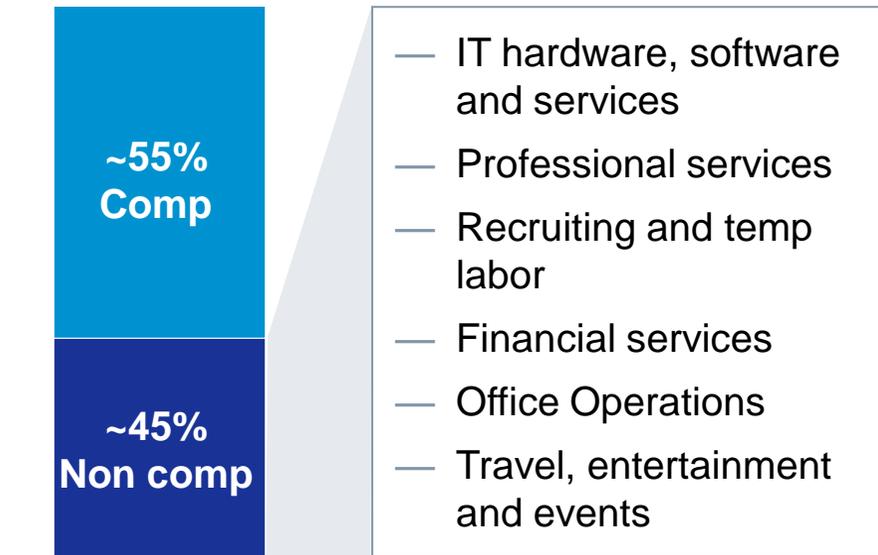




3 We will optimize non compensation cost spend aggressively

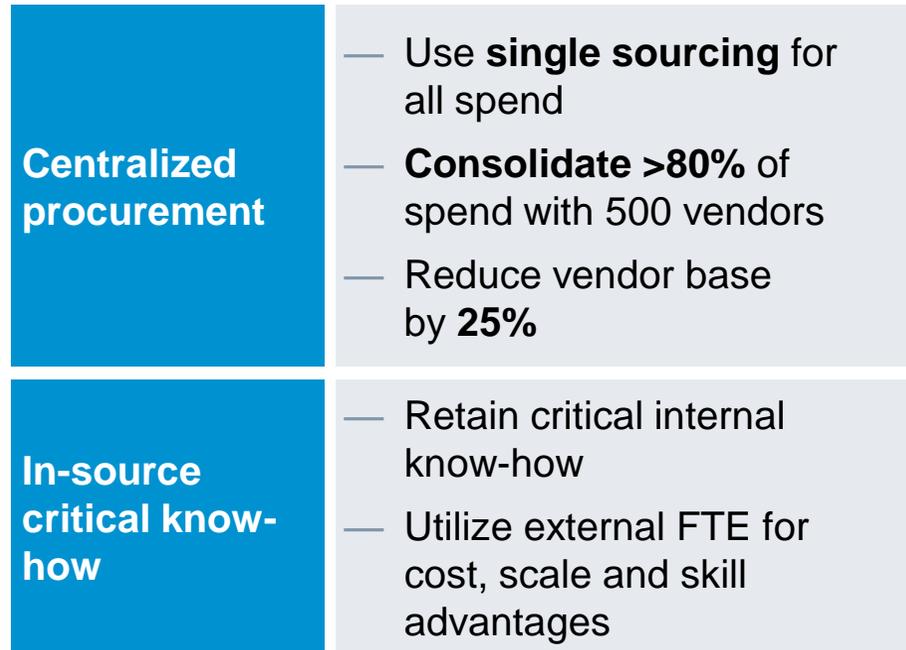
Share of non compensation cost

In %



2012 baseline cost base

Optimization approach



Run rate savings aspiration – **EUR 600 m**
(~10% reduction of procured spend)

Note: Cost savings based on 1H2012 annualized cost base; cost savings will be achieved without including cost changes that relate to litigation, investments (CtA), severance unrelated to new cost program; regulatory spend assumed constant



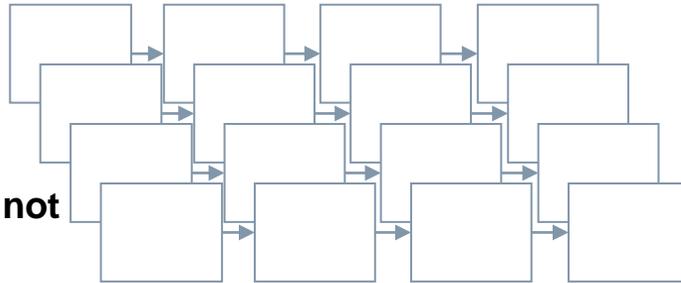
4 We will enable front-to-back productivity, with a particular emphasis on demand simplification

Process landscape

Current model

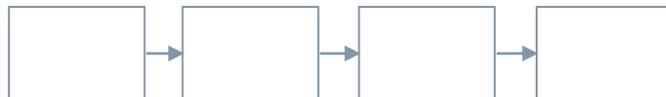
Many custom processes

Still often manual and not optimized

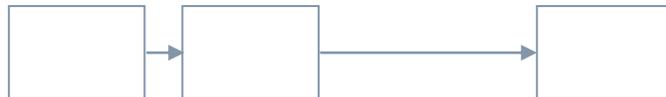


Target model

Fewer



Leaner



Straight through



Optimization approach

Automation

- Reduce **cost per trade by 20%** in CB&S
- Increase **straight through processing**

Standardization

- Systematic elimination of redundant processes
- Modular process architecture

Lean

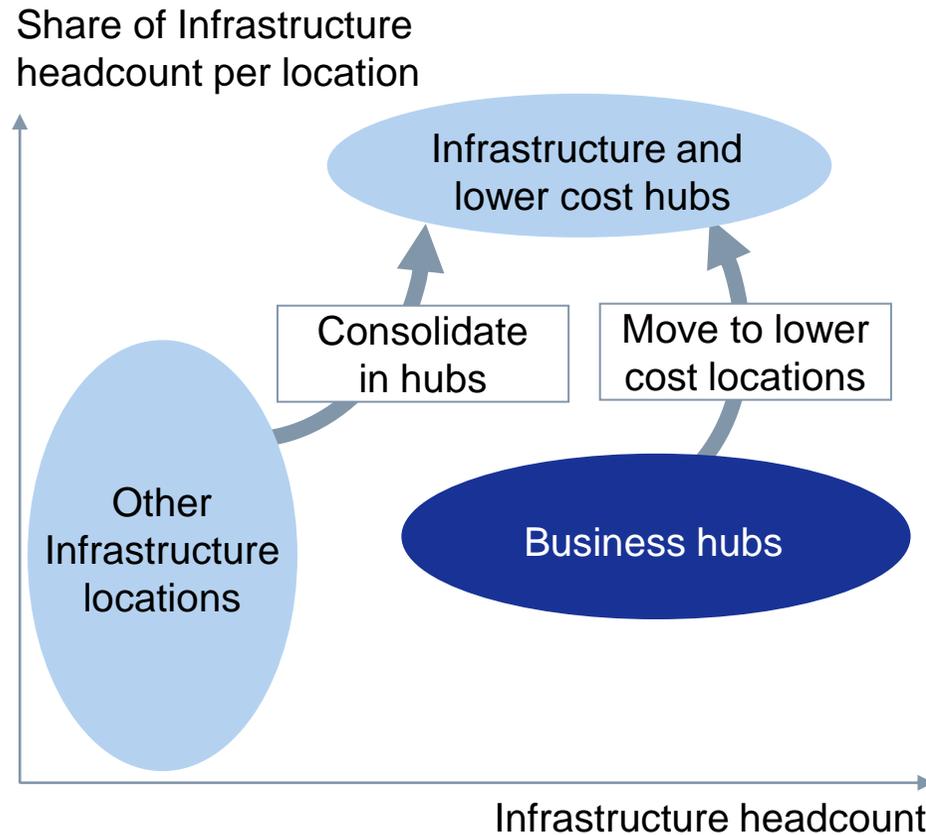
- Leverage more than **~5,000** lean practitioners
- Program of **lean initiatives**

Run rate savings aspiration – **EUR 900 m**
Annual 3% operational cost reduction
Complexity reduction



5 We will rationalize our real estate footprint

Current location footprint



Optimization approach

Consolidation and shift to lower cost areas

- Average share of Infrastructure staff in prime locations **40%**
- Minimum service centers headcount: **>750 FTE**

Right size real estate footprint

- Reduce workspace per FTE **by 15%** per workpoint
- **40 sites** targeted for disposal

Run rate savings aspiration – **EUR 300 m**

Agenda



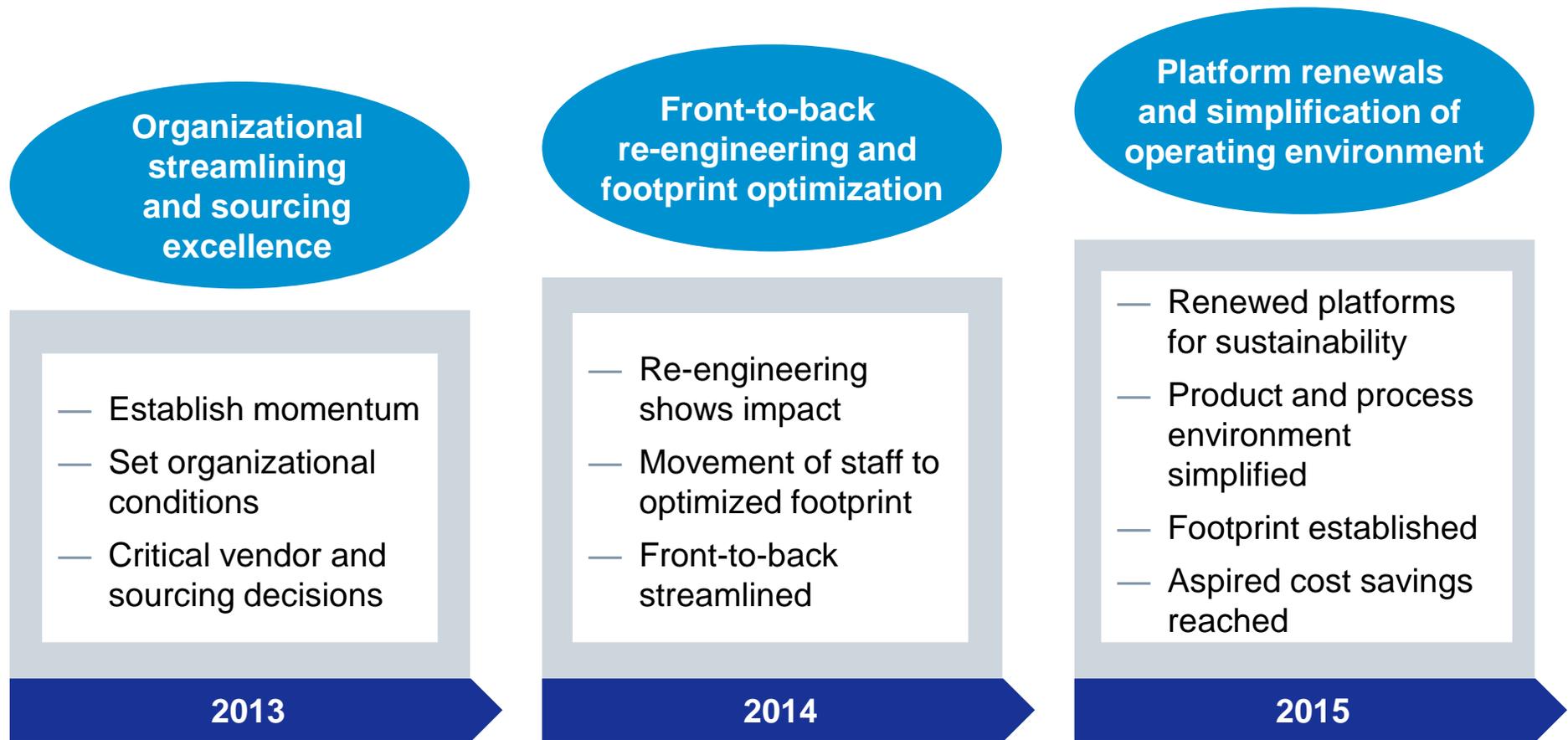
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Execution will unfold in stages, moving from organizational efficiency to more lead time intensive levers





Dedicated program architecture

Project Governance Operational Excellence Programme



Note: Representative group of people involved in Operational Excellence Programme

Operational Excellence is a cornerstone of DB's Vision



Operational Excellence

- ▶ Full re-engineering of **operating model** to accommodate changes in environment, regulation and client behavior
- ▶ Strategic investments in our **globally integrated platforms**
- ▶ Optimal balance of **quality, flexibility, control and cost**
- ▶ Significant planned run rate savings of **EUR 4.5 bn** by 2015
- ▶ Cumulative **investments (CtA) of EUR ~4.0 bn**
- ▶ **Investments (CtA) efficiency of 0.9x**
- ▶ Accelerated payback of investments – **run rate in 2015**
- ▶ **Strong management team** driving implementation success



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