



Deutsche Bank AG
Investor Deep Dive
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Transcript

Speaker:

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ALEXANDER VON ZUR MÜHLEN

- Thank you for joining us today.
- My name is Alex von zur Mühlen – earlier this year, I was appointed CEO of Deutsche Bank Asia Pacific.
- I was most recently Head of Group Strategy, developing the transformation that we presented to you in 2019.
- At this event a year ago, the management team told you Asia would play a central role in our strategy.
- Today, I would like to elaborate on the region's growth story, the opportunities it now offers to us, and more importantly, why we are well positioned to capitalize on them.

Slide 1 - Summary

- Asia is at the epicentre of global trade growth, now - and for the foreseeable future - as supply chains evolve.
- We're a leading, truly global bank in the region, with strong linkages to our
- Deutsche Bank has deep roots in Asia, going back to 1872 when we opened our first branches in Shanghai and Yokohama.
- We are now present in 14 markets. Our commitment has been strong and consistent.
- That's especially true as we were one of the few global banks who did not leave this region in the Asian financial crisis.
- We are profitable in the region and we are investing into our footprint.
- Building on our successful franchise, we have the ambition to deliver a return on tangible equity of 15% by 2022.
- I would now like to expand on some of the key macro trends that illustrate why Asia Pacific offers such a remarkable potential.
- With and after Covid-19, Asian economies are expected to lead the global return to growth.



Slide 2 - Asia Pacific at the centre of global growth

- With the latest GDP estimates of more than five per cent per year, this region is predicted to grow significantly faster than the rest of the world.
- Banking fee pools are also expected to rise accordingly.
- So what are the key macro trends?
- Firstly, the general trend of economic growth in the region, accelerated by a shift of supply chains to – and within – Asia.
- This will particularly benefit the ASEAN corridors.
- Our local presence and cross-border capabilities are highly complementary in this regard.
- This is the ‘glocalisation’ that Christian referred to earlier.
- Secondly, the rising scale of Asian globalisation – with more Asian multinational corporations in need of a genuine global partner.
- Just as Deutsche Bank has helped European multinational clients to expand throughout our history, we are now leveraging our experience to help Asian clients with their global expansion.
- Thirdly, the continued development and liberalization of Asian financial markets.
- The internationalization of the Renminbi and the Indian Rupee, together with the opening of China’s bond markets are some examples.
- As you can see, they play to the strength of a leading global capital markets platform.
- Finally, the creation of significant wealth within the region, which opens up attractive opportunities in the fields of wealth and asset management.
- The next slide explains why we are well positioned to capture these growth opportunities.

Slide 3 - Deutsche Bank Asia Pacific at a glance

- With over 30 branches in the region, we benefit from a strong local footprint alongside our worldwide reach.



- For example, we were the first bank approved by regulators to trade onshore Renminbi all over the world, across our branch network.
- We also led the recent US Dollars and Euro bond issuances for the People's Republic of China, leveraging our global network.
- We benefit from extremely strong brand recognition both locally and globally, making us an easy choice for businesses from outside Asia Pacific looking for a partner in the region, and for local clients looking for a partner for intra-Asian or global activities.
- As an example, we are advising SK Hynix in its current acquisition of Intel's memory and storage business for 9bn US Dollars.
- We offer clients an extensive suite of banking products both onshore and offshore.
- For instance, we're one of only two foreign banks permitted to underwrite bonds issued by local and foreign corporations in China – thanks to the Type A underwriting license we have been granted there
- We have strong local market regulatory understanding and connectivity.
- We offer extensive local expertise and services for clients based in- and outside Asia Pacific – and are a strong liquidity provider in all major Asian locations.
- As I will show you later on, this enables us to serve the evolving trade corridors within Asia and from Asia into the rest of the world.
- Throughout the Covid-19 crisis, we continuously provided clients with much-needed FX liquidity.
- We did this seamlessly as was recognized when we were awarded both Asia Market Maker of the Year, and Crisis Response of the Year by AsiaRisk Awards.
- We are the only known bank amongst our peers with a dedicated platform-wide regional ESG team.
- Our specialist knowledge of the region tells us that its relevance will grow significantly.
- This year, we transacted the first ever ESG linked hedge in the Asia Pacific region.



- Let's look into the expanding role the region is playing in terms of revenues for Deutsche Bank

Slide 4 - A network with strong global client connectivity

- In 2019, we generated 2 billion euros in revenue from Asia Pacific clients doing business with us within the region.
- We also generated 900 million euros of inbound revenues from clients headquartered in EMEA and the Americas doing business with us in Asia Pacific.
- Increasingly, we're supporting outbound operations for clients headquartered within Asia as they expand around the world.
- This group of Asian clients generated a further roughly 500 million euros in revenues booked in EMEA and the Americas.
- With the continued rise of Asia Pacific multinationals, the evolution of trade corridors and the increasing quantum of capital seeking foreign investment opportunities we are confident these numbers will grow.
- Let us now take a look at some key financials.

Slide 5: Broad and profitable footprint geared towards growth

- In the first nine months of 2020 Deutsche Bank Asia Pacific generated total revenues of 2.6 billion euros with adjusted costs of 1.7 billion euros.
- Our relative contribution to overall group revenues and costs is strong.
- It is important to note that our revenues are well diversified across our businesses.
- The Investment Bank provides a full product suite with market-leading positions in Financing and fixed income and currencies.
- We rank number three in FIC across the region.
- We have resized our Corporate Finance platform globally and in Asia Pacific as part of our transformation strategy and we now have a focussed, efficient and effective setup.



- Our Corporate Bank offering includes trade finance, cash management and securities services in selected markets.
- The platform was ranked number 5 in the region in 2019. As Stefan told you earlier, this platform is set for growth.
- Our Asset management business is focused on institutional clients and strategic partnerships.
- We run a successful joint venture in China in the form of Harvest Fund Management, with around 140 billion US Dollar assets under management.
- Thanks to this, we are amongst the top 3 foreign JVs in China.
- And growing.
- The International Private Bank is focused on High Net Worth Individuals for offshore China and South-East Asia and Non-resident Indians globally.
- We also operate a growing personal and business banking platform in India.
- We are investing in our Wealth Management business.
- And, thanks to the market-leading lending and capital markets platform that Claudio mentioned, we are ideally positioned to serve the sophisticated needs of this region's entrepreneurs
- Christian talked about 'client centricity' earlier.
- In Asia Pacific we are positioning ourselves even more strongly to support our clients by increasing connectivity between different parts of the bank.
- So you are looking at a well-established, profitable, and market-leading platform with an outstanding franchise.
- One that stands to be the single largest contributor to the Group in terms of RoTE.
- A bank which offers a fu Thank you for joining us today.

Slide 6 - Our path to growing profitability and returns

- Here you can see our aspirations for growth. We anticipate that our 2020 RoTE will outstrip 2019's, and already exceeds our 2022 group target level.
- Moving forward to 2022, we plan to bring this to 15%.
- How will we get there?



- In this region, we have accelerated and broadly concluded our reduction measures.
- With our foundation on a solid footing and building blocks already in place, we have significant operating leverage that will enable us to achieve greater financial success. Our focus is on growth.
- We will concentrate on the following key strategic drivers:
 - Firstly, continuing to build on our strengths: our comprehensive range of products and services across divisions, deep knowledge of the region, our remarkable pool of talent and –above all – the cross-border capabilities that make us a unique and trusted platform for clients.
 - Secondly, client centricity is key. We will carry on delivering solutions for clients from all parts of the bank.
 - We very recently remodeled our coverage structure towards an aligned partnership between Corporate Finance and Wealth Management.
 - Deutsche Bank is ideally placed to be a leading bank that an entrepreneur in the region chooses for both his and her business and personal needs.
 - Risk management products on the back of evolving corporate treasury needs have been a key differentiator for Deutsche Bank with our clients.
 - We are aligning the Corporate Bank and fixed income and currencies businesses more closely through combined tech investments and talent pooling to deliver even more advanced and innovative solutions for our clients.
 - We will do so in the strong control environment that Stuart has told you about, with a clear focus on credit, market and non-financial risk.
 - Thirdly, our markets are dynamic.
 - We need to continuously evolve with our client needs.
 - That will mean leveraging our local market expertise and marrying our platform strength to support our clients’ shifting supply chains.
 - We will support the growing outbound activity from Asian multinationals with our global network. This will all result in stronger bonds with our clients.
 - And as we increase client connectivity, we will further increase our opportunities.
 - At the same time – and as mentioned before – we will make even greater efforts to distinguish the Deutsche Bank brand through leadership in ESG solutions, an area



of increasingly critical importance to our clients – underlining our commitment to sustainability.

- Lastly, we will focus on our fourth strategic driver, and invest more in our platform within the Asia Pacific region.
- We aim to hire to strengthen client coverage and further enhance our relationships.
- We will consider increasing our capital allocation where we see potential for greater scale in the market – for example India – where the opportunities are promising.
- We will also complement our local offerings, such as our recent establishment of a cash branch in Australia.
- We will continue to invest in infrastructure and technology to support business growth.
- As Bernd discussed, we will leverage our global tech investments.
- But we will also allow for regional customization where appropriate.
- For example: we just launched GEM connect – our brand-new technology solution automating Treasury processes across collections, payments, funding and FX – across the region and into other emerging market locations.

Slide 7 - Conclusions

- To conclude:
- At Deutsche Bank Asia Pacific, our transformation is broadly complete.
- We have cut back our costs, reduced our headcount and maintained our capital at par.
- We are now focused on profitable, well-controlled growth.
- We are strong and poised to achieve a solid RoTE, and to contribute even more to Group performance going forward.
- With our deeply rooted presence and excellent capabilities across the region, we are well positioned to capitalize strongly on the exciting opportunities in this dynamic and fast-growing part of the world.
- Thank you.

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