



# Deutsche Bank AG Strategy 2015+: Road to operational excellence

Henry Ritchotte, Chief Operating Officer,  
Member of the Management Board

*Passion to Perform*

Goldman Sachs European Financials Conference  
Brussels, 12 June 2013



## 1 Where we stand on Strategy 2015+

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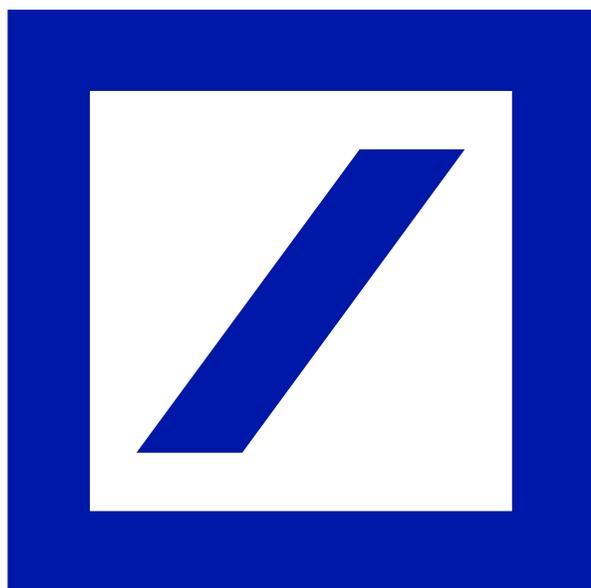
## 2 Update on Operational Excellence Program

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# Strategy 2015+: Progress against our published goals



**We aspire to be the leading client-centric global universal bank**



**Capital**

**Costs**

**Competencies**

**Clients**

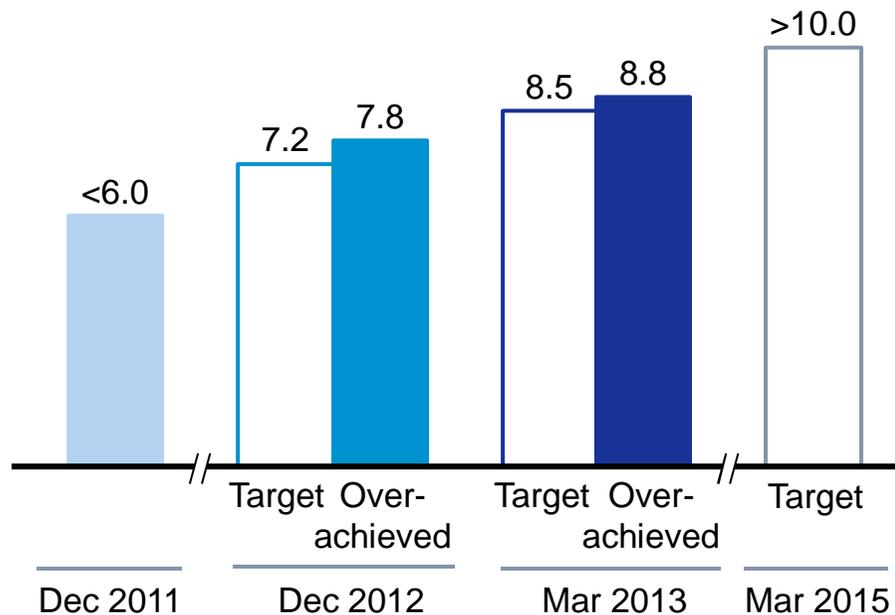
**Culture**



# Capital: We outperformed our ambitious organic capital targets thanks to significant asset sales and hedging...

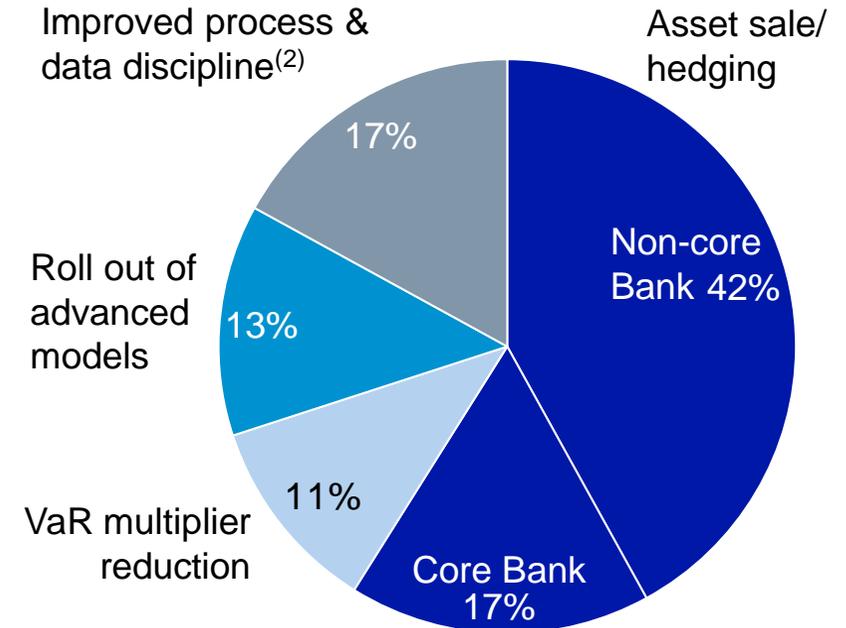
## Two quarters of outperformance

Pro-forma Basel 3 CT 1 ratio (fully loaded), in %, at period end



## Significant RWA reduction

Pro-forma Basel 3 RWA equivalent<sup>(1)</sup> relief, 1 Jul 2012 to 31 Mar 2013, 100% = EUR 103bn



(1) RWA plus equivalent of items currently deducted 50/50 from Tier 1/Tier 2 capital whereby the Tier 1 deduction amount is scaled at 10%  
 (2) Previously referred to as "Operating model improvement"

# Capital: ...and closed the capital gap to our peers

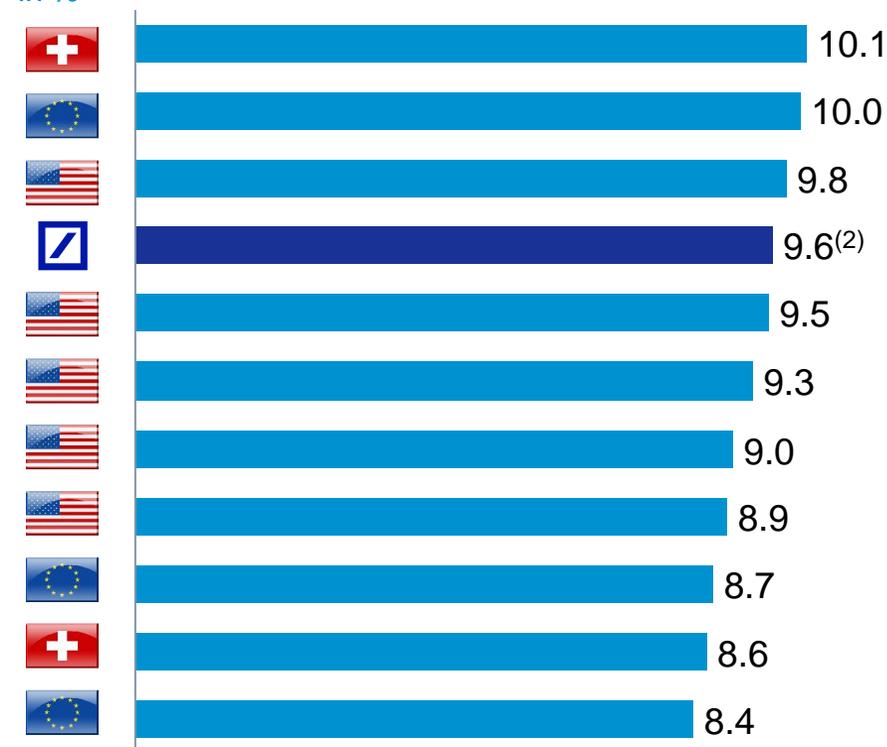


## Set of announced capital measures

<b>Ex-rights issue</b>	<ul style="list-style-type: none"> <li>— Issued 90 m new shares raising EUR 2.96 bn</li> <li>— Strong investor demand and rapid book building</li> <li>— Positive reactions across all stakeholders</li> </ul>
<b>Additional subordinated capital</b>	<ul style="list-style-type: none"> <li>— Up to EUR 2.0 bn eligible additional LT1/LT2 capital</li> <li>— Addressing recovery and resolution planning</li> <li>— &gt;50% already achieved with first-ever benchmark callable LT2 issue</li> </ul>

## DB has closed the capital gap to its peers<sup>(1)</sup>

Pro-forma Basel 3 CT 1 ratio (fully loaded), as of 31 Mar 2013, in %



(1) Including Morgan Stanley, Bank of America, Citigroup, Goldman Sachs, JPMorgan Chase, Credit Suisse, UBS, BNP Paribas, Société Générale, Barclays

(2) Pro-forma including EUR 2.9 bn net impact of ex-rights issue

Source: Company data



# Costs: Operational Excellence program is on track

## On track to deliver 2013 target

In EUR bn



## Examples of success

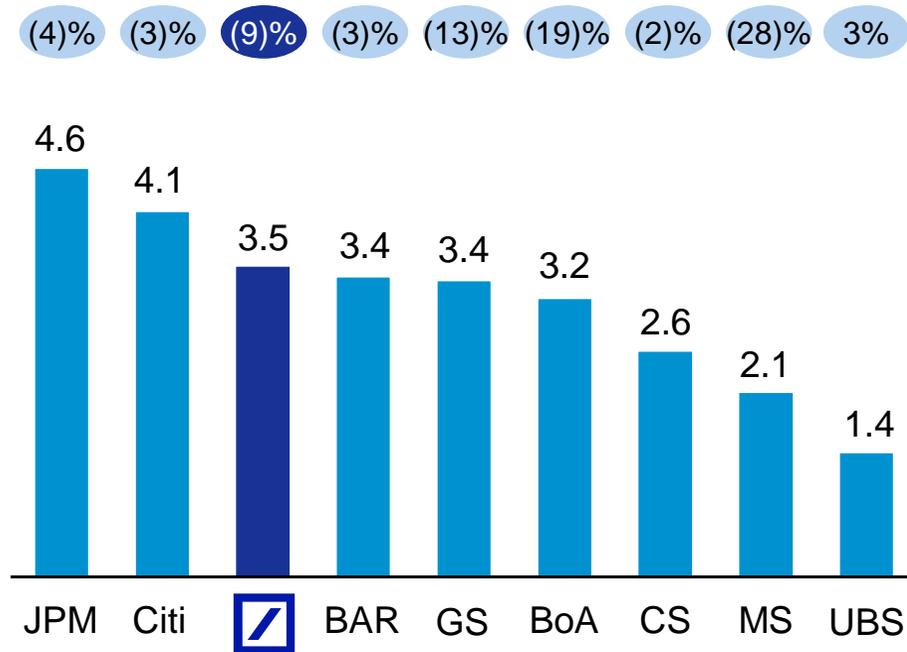
IT platform renewal	<ul style="list-style-type: none"> <li>~900 applications eliminated</li> <li>&gt;20 million retail clients migrated to new IT platform ("Magellan")</li> </ul>
Organizational streamlining	<ul style="list-style-type: none"> <li>Progress in recalibrating CB&amp;S and integrating AWM: 90% of associated FTE reductions in US, UK and Asia</li> </ul>
Sourcing excellence	<ul style="list-style-type: none"> <li>Number of vendors reduced by &gt;5,000</li> <li>&gt;120 savings initiatives developed in PBC</li> </ul>
Front-to-back productivity	<ul style="list-style-type: none"> <li>Integrated retail middle-office platform with 9,000 FTE established</li> </ul>
Footprint rationalization	<ul style="list-style-type: none"> <li>Transfer of 1,500 FTE from New York, London, Hong Kong and Singapore initiated (overall target: 8,000 FTE)</li> </ul>



# Competencies: Our franchise is performing well...

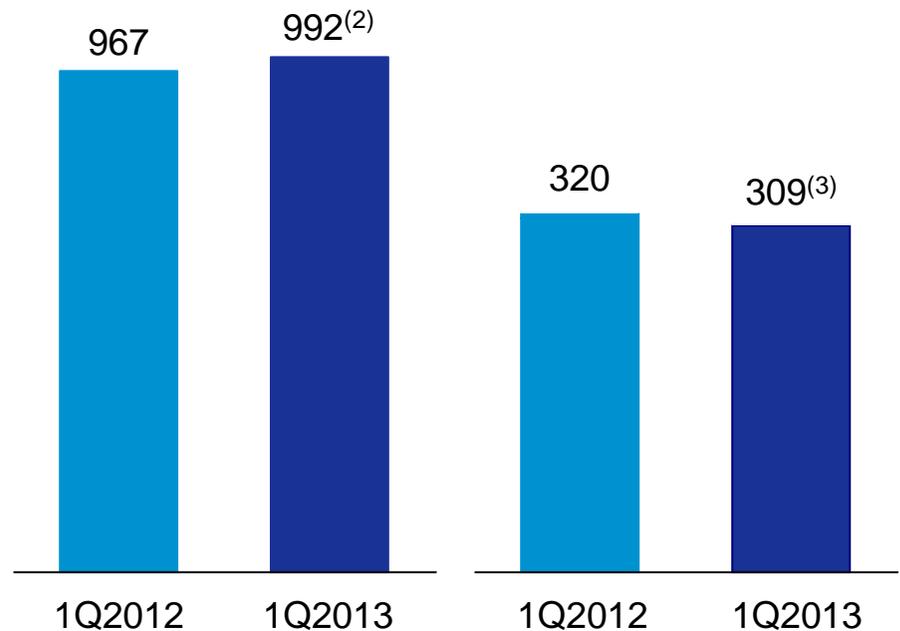
## CB&S: Best performing European bank

1Q2013 S&T revenues<sup>(1)</sup>, in EUR bn ● 1Q13 vs. 1Q12, in %



## GTB: Good 1Q2013 performance

Revenues In EUR m IBIT In EUR m



Note: Figures may not add up due to rounding

- (1) Adjusted to compare figures on a like-for-like basis with Deutsche Bank
- (2) Best year-on-year revenue development versus key peers
- (3) IBIT impacted by an increase in loan loss provisions due to a single client credit event

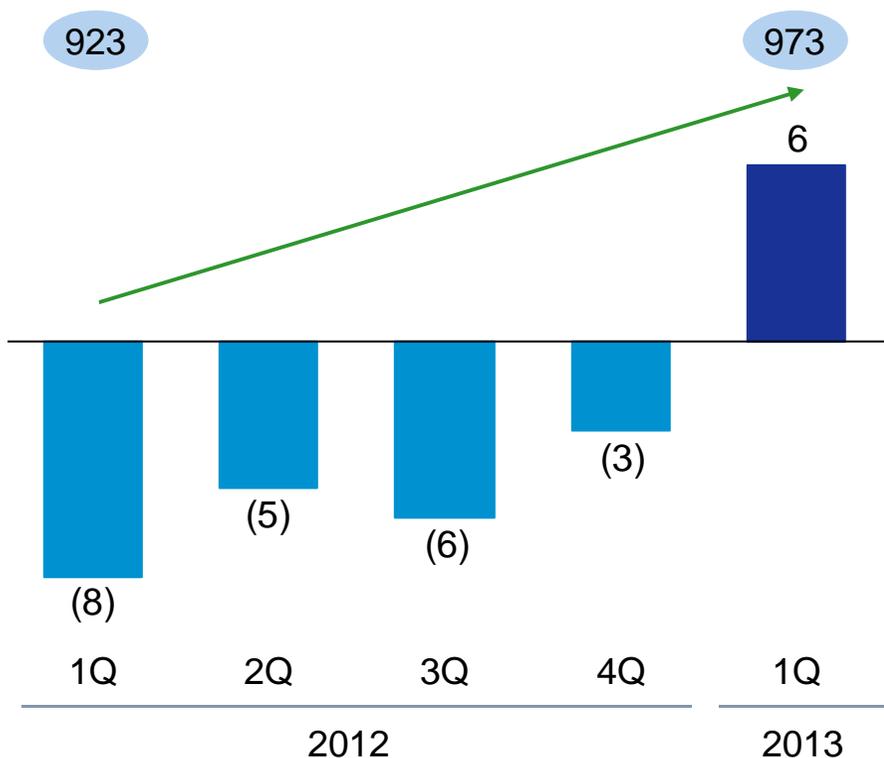
Source: Company data, per latest disclosure, including 10-Q publications

# Competencies: ...across all our core businesses



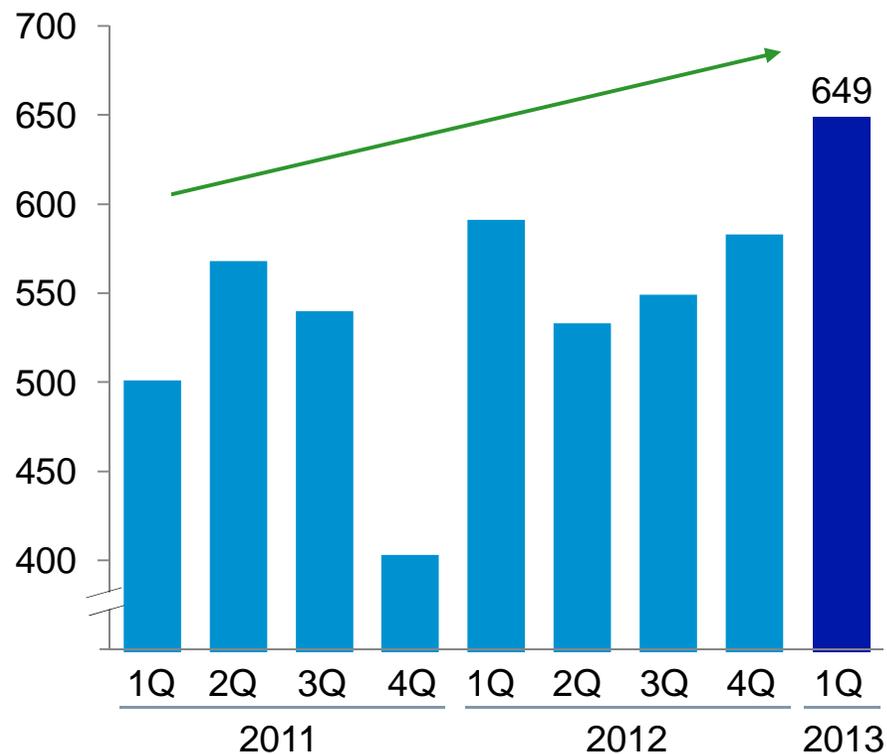
## AWM: Positive NNM and increased assets

NNM<sup>(1)</sup>, in EUR bn      Invested assets, in EUR bn



## PBC: Best quarter since consolidation

Adjusted IBIT<sup>(2)</sup>, In EUR m



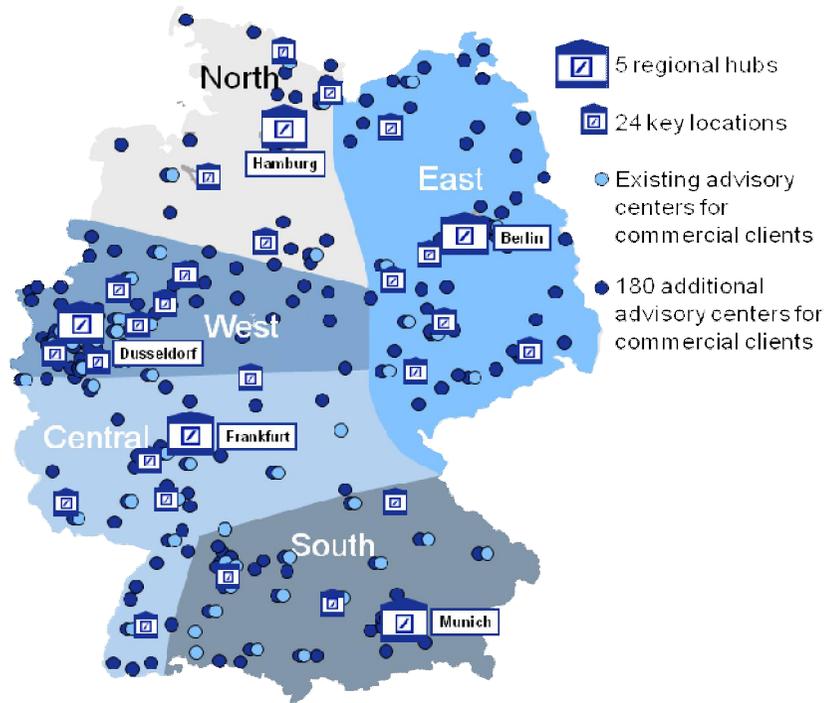
(1) Net new money

(2) Adjusted for Cost-to-Achieve resulting from Postbank integration and OpEx, PPA, impact resulting from Greek government bonds, and Hua Xia; see reconciliation in appendix



# Clients: Client-centricity at work

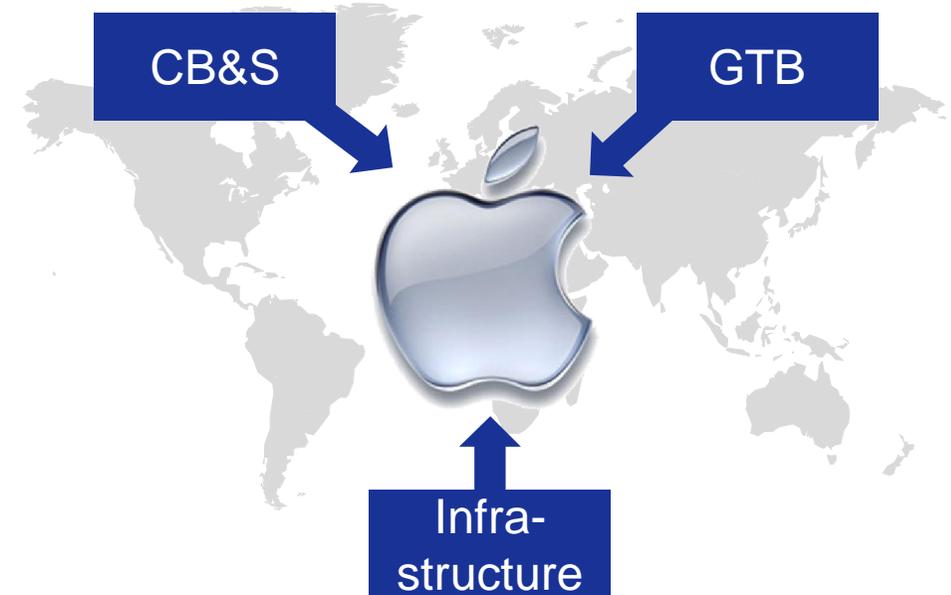
In our home market...



*Integrated commercial banking coverage: ~11,500 small-/mid-sized corporate clients (Mittelstand) transferred from CB&S and GTB to PBC*

...and globally

Example Apple

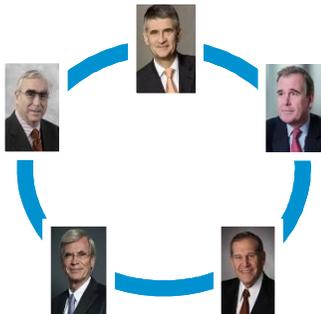


# Culture: Working on cultural change



## Selected examples

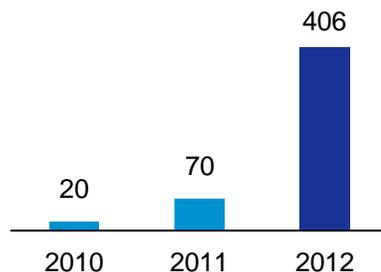
### Independent compensation review panel



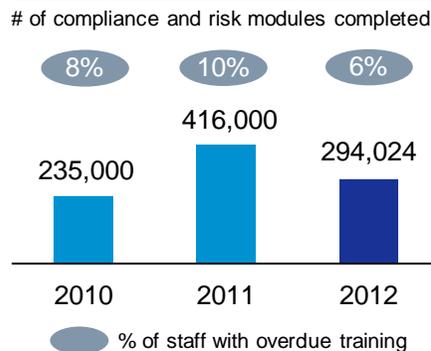
### "Red flag" monitoring system



### Transactions<sup>(2)</sup> reviewed by Group Sustainability

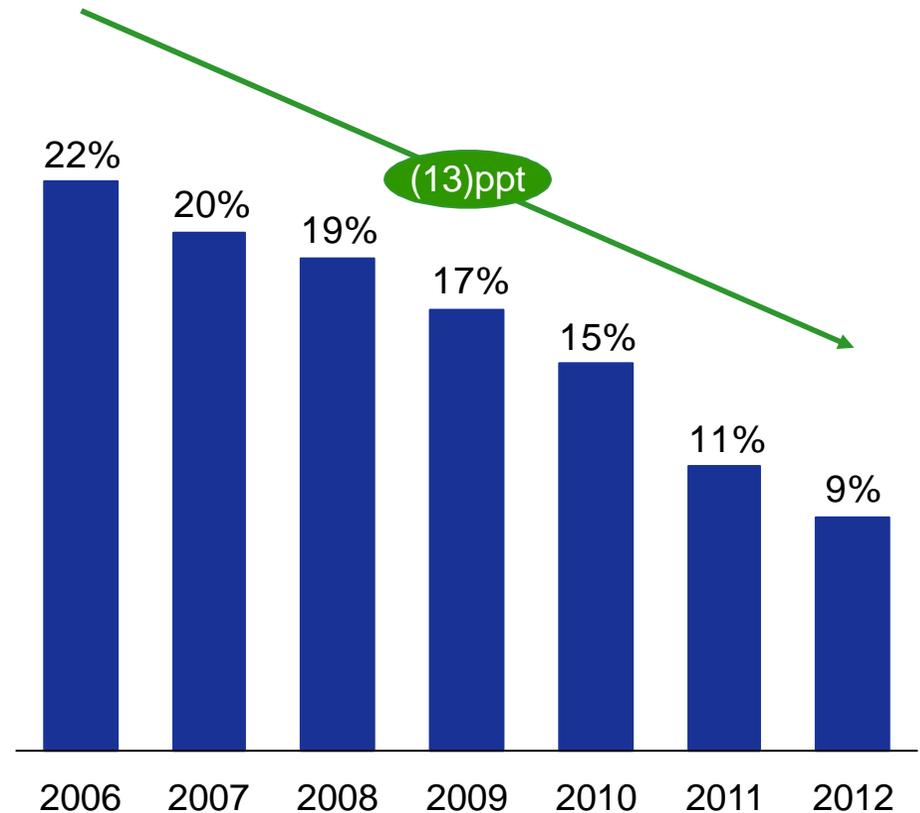


### Compliance and risk culture education



## Variable comp has decreased significantly

### Variable compensation in % of revenues<sup>(1)</sup>



(1) Variable remuneration awarded including deferrals. No adjustment made for pay mix change in 2010 (EUR 742 m)

(2) Note: Analysis based on transactions in three exemplary high risk sectors: Oil & Gas, Agriculture & Forestry, Metals & Mining. Figures do not include flow business which can also be subject to a mandatory Group Sustainability review

# Agenda



1 Where we stand on Strategy 2015+

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**2 Update on Operational Excellence Program**

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# OpEx Program prepares DB for the "new normal"



## "New normal" – lasting market characteristics

<b>Macro-economic challenges</b>	Low growth, further potential for shocks
	Continued dependence on policy stimulus
	Significant, prolonged deleveraging ahead
<b>Megatrends drive significant opportunities</b>	Changing global demographics
	Urbanization and financial deepening in emerging markets
	Technological advancements
<b>Unprecedented pressure on banks</b>	Fractured relationship with society
	Restrictive regulatory landscape
	Transformation of competitive landscape

## Key OpEx objectives

### Quality

Improving services to clients and business

**Customization rate <20%**

### Control

Robust and effective centralized controls

**Zero tolerance for control breaks**

### Flexibility

Strategic flexibility through reduced fixed cost base

**>40% of cost base flexible**

### Cost

Become world class cost player

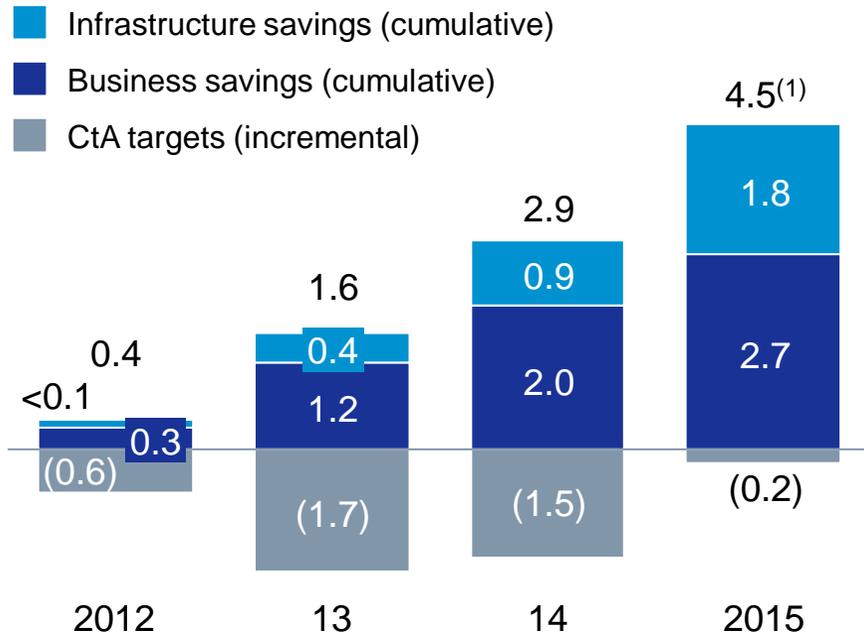
**<65% cost income ratio**



# Program savings and CtA on track

## Savings and CtA ramp-up, in EUR bn

### Program saving and CtA targets

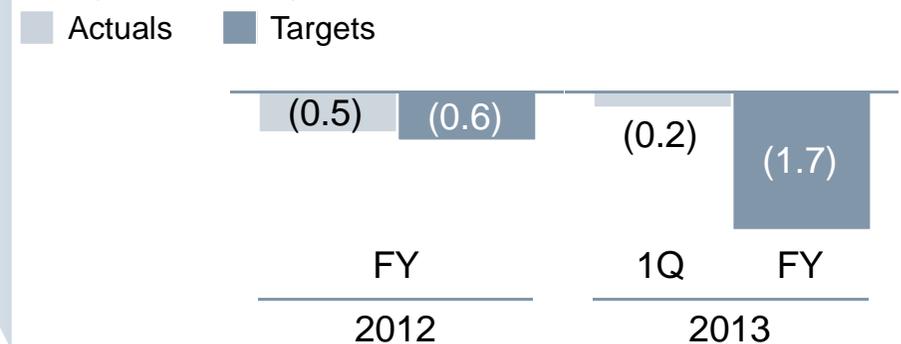


### Achievements FY2012/1Q2013

#### Savings (cumulative)



#### CtA (incremental)



▶ 1Q demonstrates continued delivery

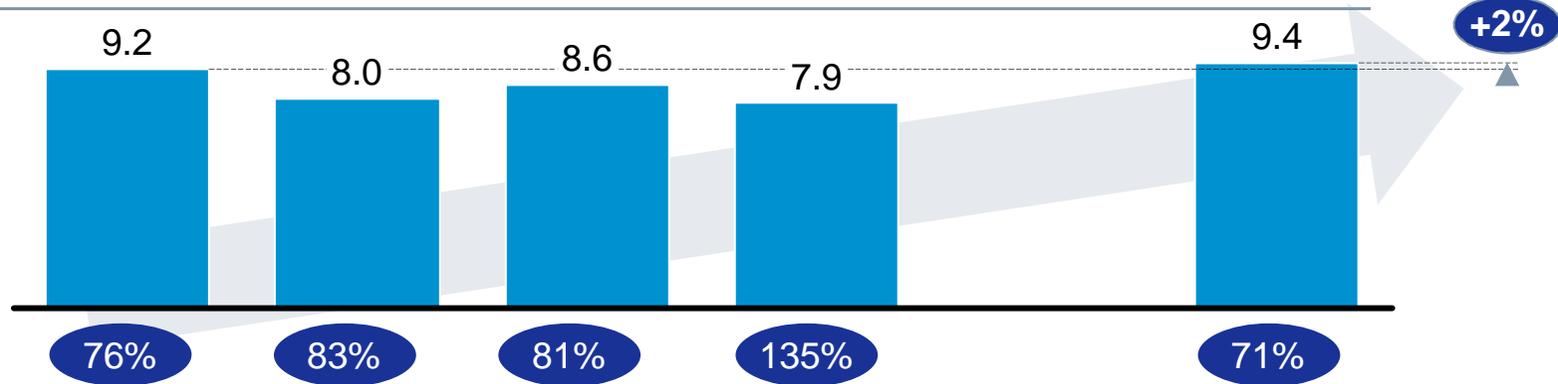
(1) Reallocation of EUR 0.1 bn from Business to Infrastructure compared to announced targets at Investor Day (12 September 2012)



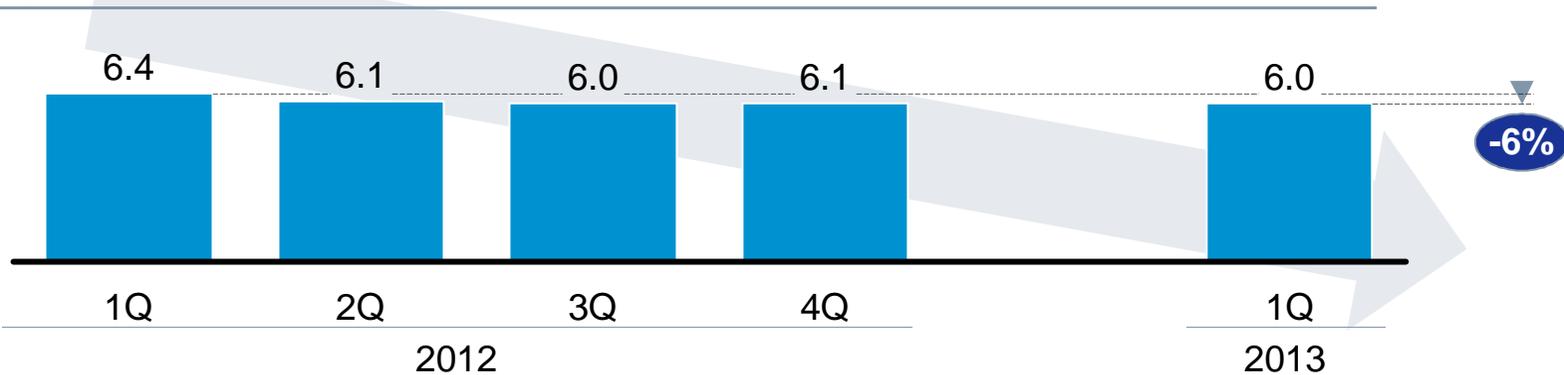
# OpEx target to deliver cost savings and sustainable revenue growth

● Reported cost/income ratio

Net revenues, in EUR bn



Adjusted cost base<sup>(1)</sup>, in EUR bn



Overall cost/income ratio of <65% targeted from 2015

(1) Non-interest expenses excl. CtA, litigation, policyholder benefits and claims, other severances and other non-interest expenses

# Goals for structural change clearly defined along 5 levers



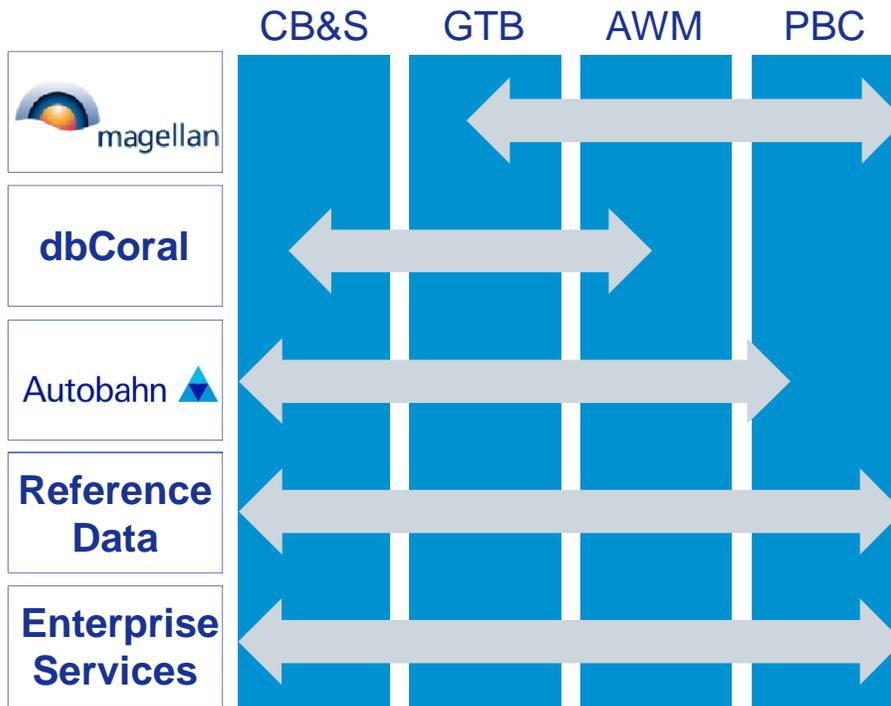
Structural lever	Aspiration level OpEx 2015	Committed savings <sup>(1)</sup> (EUR bn)	Expected CtA (EUR bn)
<b>1</b> IT platform renewal	<ul style="list-style-type: none"> <li>Customization rate &lt;20%</li> <li>40% reduction in apps and systems</li> <li>Virtualized and integrated platforms</li> </ul>	<b>0.8</b>	<b>1.5</b>
<b>2</b> Organizational streamlining	<ul style="list-style-type: none"> <li>Span of control: ≥8</li> <li>Management layers: ≤8</li> <li>Streamlined committee structures</li> </ul>	<b>1.8</b>	<b>1.4</b>
<b>3</b> Sourcing excellence	<ul style="list-style-type: none"> <li>Central procurement and single sourcing for all spend</li> <li>&gt;80% of spend with 500 vendors consolidated</li> <li>Vendor base reduced by 25%</li> </ul>	<b>0.6</b>	<b>0.1</b>
<b>4</b> Front-to-back productivity	<ul style="list-style-type: none"> <li>Front-to-back view and ownership on processes</li> <li>Highly automated processes</li> <li>Cost per trade in CB&amp;S reduced by 20%</li> </ul>	<b>1.0</b>	<b>0.5</b>
<b>5</b> Footprint rationalization	<ul style="list-style-type: none"> <li>&lt;40% of infrastructure staff in prime locations</li> <li>Minimum service centers headcount &gt;750 FTE</li> <li>Reduce workspace per FTE by 15%</li> </ul>	<b>0.3</b>	<b>0.4</b>
<b>Total</b>		<b>4.5</b>	<b>4.0</b>

(1) Reallocation of EUR 0.1 bn from organizational streamlining to front-to-back productivity compared to announced targets at Investor Day (12 September 2012)

# 1 IT platform renewal



## Major IT platforms



- Reduction of customization rate to <20% and of applications and systems by 40%
- Migration of applications onto highly standardized and virtualized platforms

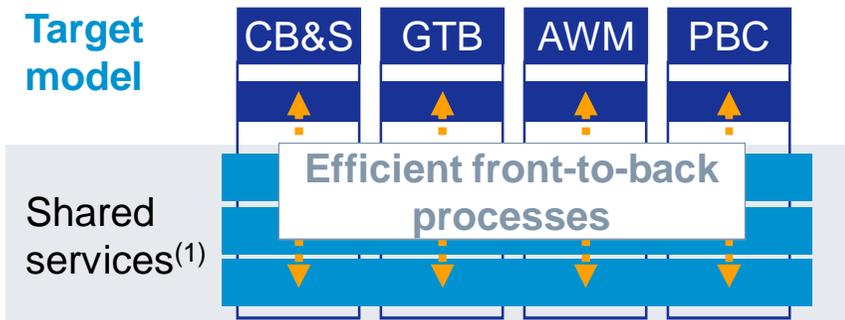
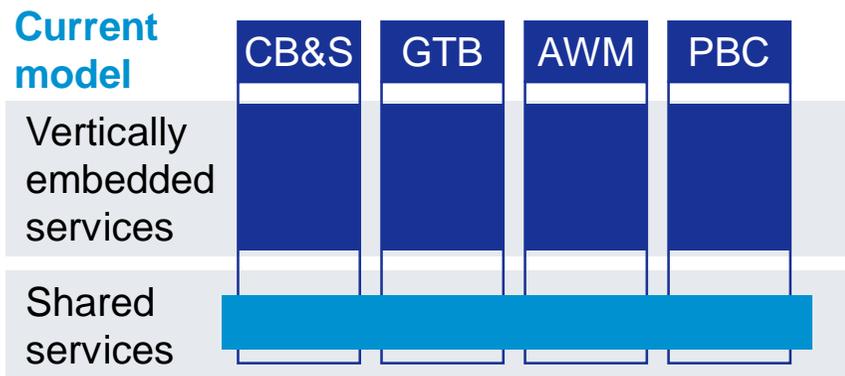
## Achievements to date

- Platform program kicked off in 2012 with ~ 2,650 applications in scope for standardization
- 900 applications (16%) eliminated, additional 1,300 flagged for decommissioning (05/13, ongoing)
- Shift of >20 m clients to new Magellan platform; further migrations planned
- GIRO and SPAR Postbank SAP systems moved to standardized x86 hardware

## 2 Organizational streamlining



### Shared services approach



- Establishment of 8x8 organizational design
- Consolidation of functional activities and streamlining of committee structures

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

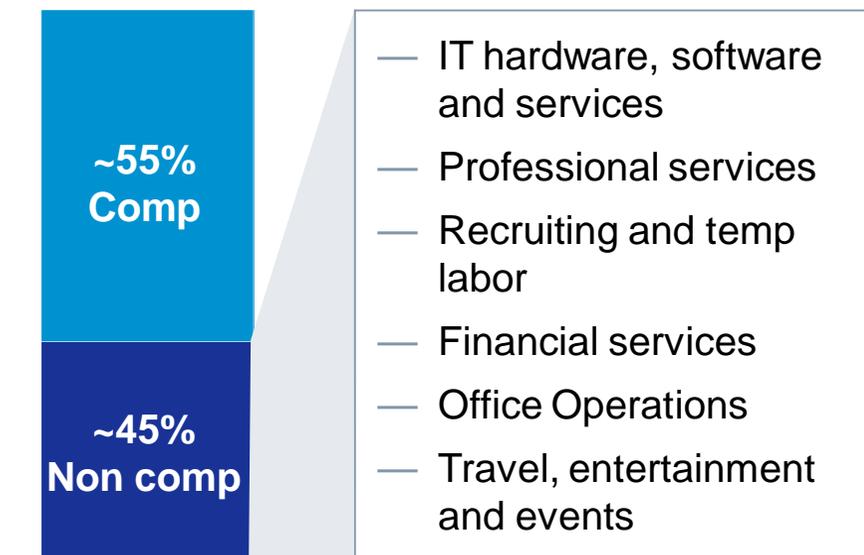
### Achievements to date

- Re-alignment of AWM organization for Germany and repositioning of Sal. Oppenheim started in late 2012
- AWM buy-side activities consolidated and 700+ investment professionals brought together
- Integrated change organization within Global Technology Office operational since 1Q2013
- ~3,300 FTE bank-wide identified and confirmed for consolidation into common functions, ~1,200 FTE already moved

### 3 Sourcing excellence



#### Share of non-compensation cost



2012 cost base

Procurement function consolidated and centralized with reduction of vendors by 25% and single sourcing for all spend categories

#### Achievements to date

- Total number of vendors reduced by ~5,100 (8%) between 1Q2012 and 1Q2013
- EUR 60 m savings realized to date via sourcing synergies and standardization of processes and tools<sup>(1)</sup>
- Phone and conferencing services consolidated
- Testing vendors across Global Technology Office consolidated

(1) Incremental savings not counted against OpEx targets



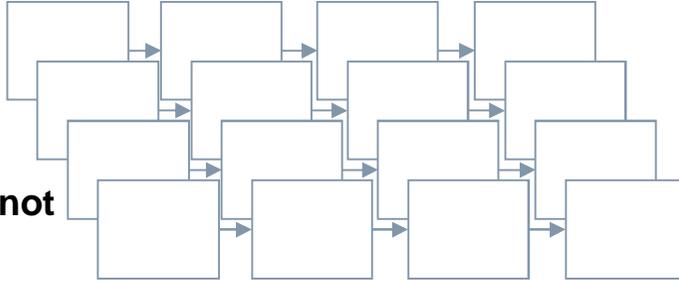
## 4 Front-to-back productivity

### Process landscape

#### Current model

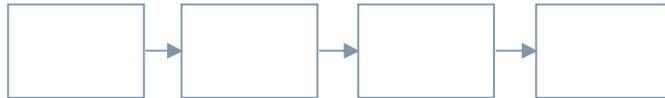
Many custom processes

Still often manual and not optimized



#### Target model

Fewer



Leaner



Straight through



- Increase of automation and establishment of standardization
- Implementation of lean processes

### Achievements to date

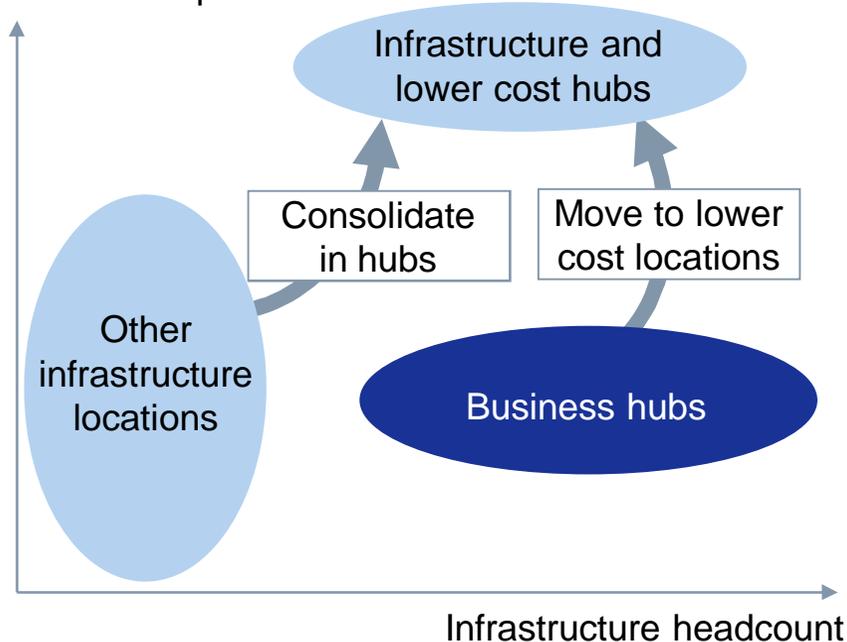
- Coverage function increasing proximity by transferring 11,000 mid-sized corporate clients in Germany from CB&S to Mittelstandsbank
- Middle-office Operations Platform Holding (PBC Banking Services) for the retail bank established with 9,000 FTE

# 5 Footprint rationalization



## Current location footprint

Share of infrastructure headcount per location



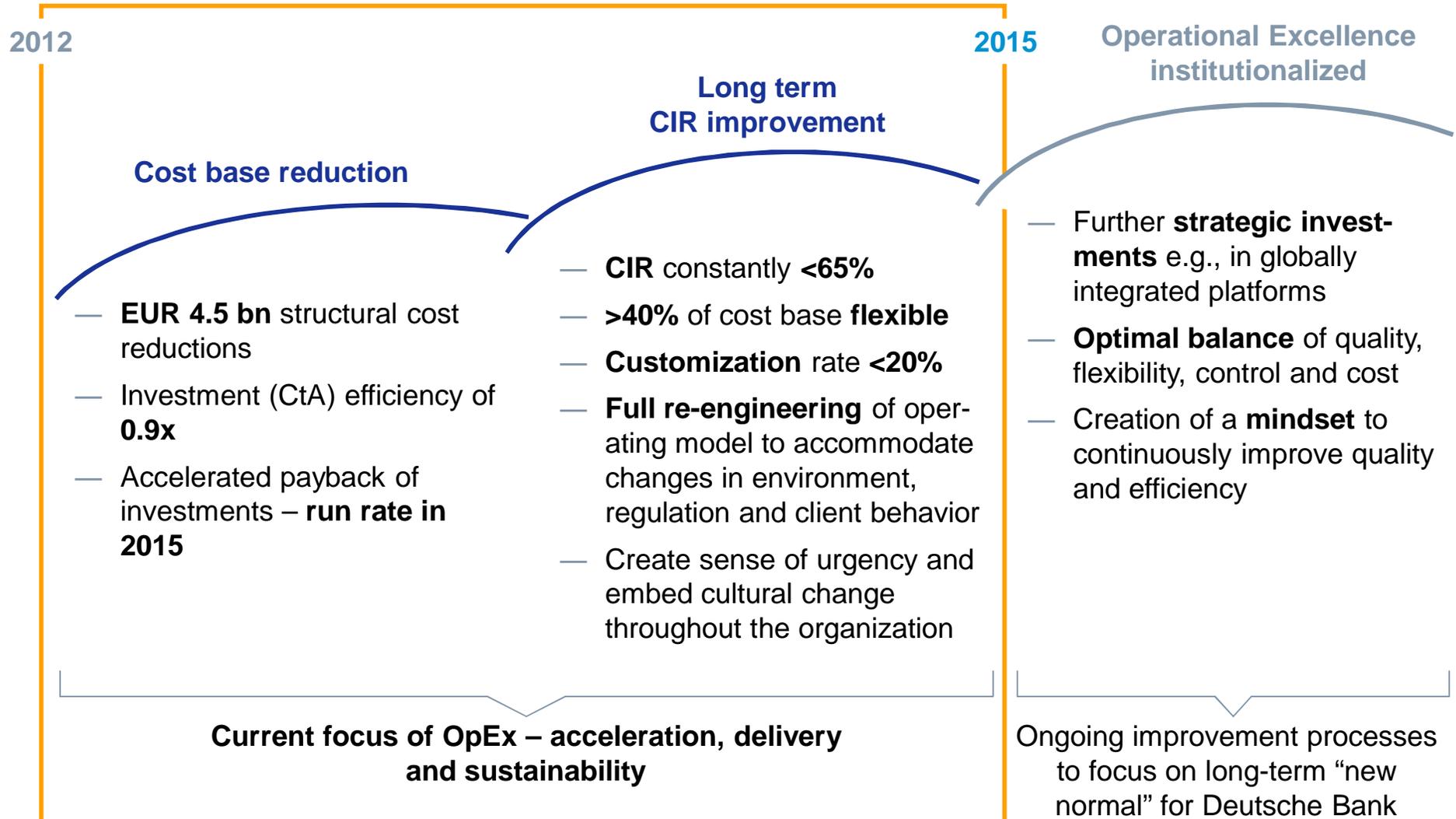
- Increased utilization and selected complementation of existing locations with an average of infrastructure staff in prime locations of 40%
- Right sizing of real estate footprint

## Achievements to date

- Share of infrastructure staff in prime locations reduced from 61% (3Q 2012) to 57% (1Q 2013)
- Number of legal entities reduced by 100 since end of 2012, savings of EUR 18 m
- Transfer of 1,500 roles out of prime locations New York, London, Hong Kong and Singapore initiated in 1Q 2013



# We will turn Operational Excellence from a program to a permanent way of life





# Cross-silo integration and culture change key to mitigate operational risks and secure success of OpEx Program

## Challenges to ensure impact and business continuity during implementation

Involve all stakeholders, get full management commitment, provide sufficient resources and make progress transparent

Break down divisional silos to strengthen teamwork across functions and improve operational discipline sustainably

Deliver on the promise of client-centricity and enhance integrity of client relationships

## Addressed through

- Systematic and strong communication program leveraging various channels as core effort of OpEx
- Dedicated program lead and sufficient resources from all divisions
- Implementation of cross-divisional initiatives – supporting institutionalized exchange and mutual learning
- Establishment of a new standardized process discipline and link to performance management
- Creation of awareness for client understanding and delivering high quality service



# Extensive communications and dedicated change team support program and ensure cultural change of DB



## Management presentations

- One-on-one meetings
- Regular debriefing of board meetings
- Calls with senior management



## Events

- Global/divisional townhalls
- Management off-sites



## Written communication

- Forum magazine
- DB Intranet/OpEx homepage



## Personalized communication

- Letters/Emails
- Video messages



## Multimedia

- Trailer film – to be published via DB Intranet
- Video interviews
- mydb – interactive platform for employees



## Change management infrastructure

- Dedicated central and regional Change teams
- Toolbox of key change management interventions
- Clear process for change implementation
- Close daily coordination with Communications to ensure concerted action



# Key takeaways of presentation

Through strong organic capital formation and our equity raise, we closed the capital gap to our peers

We have delivered strong first quarter results with good operating performance in the core businesses and progress on cost reduction

OpEx has been built as an integrated bank-wide program to adjust DB to the “new normal” along 4 major objectives: Quality, Control, Flexibility, and Cost

OpEx is fully on track, delivers against its financial targets, and has shown first structural improvement effects with respect to 5 key levers

We are on track to deliver our Strategy 2015+ aspirations



# Appendix

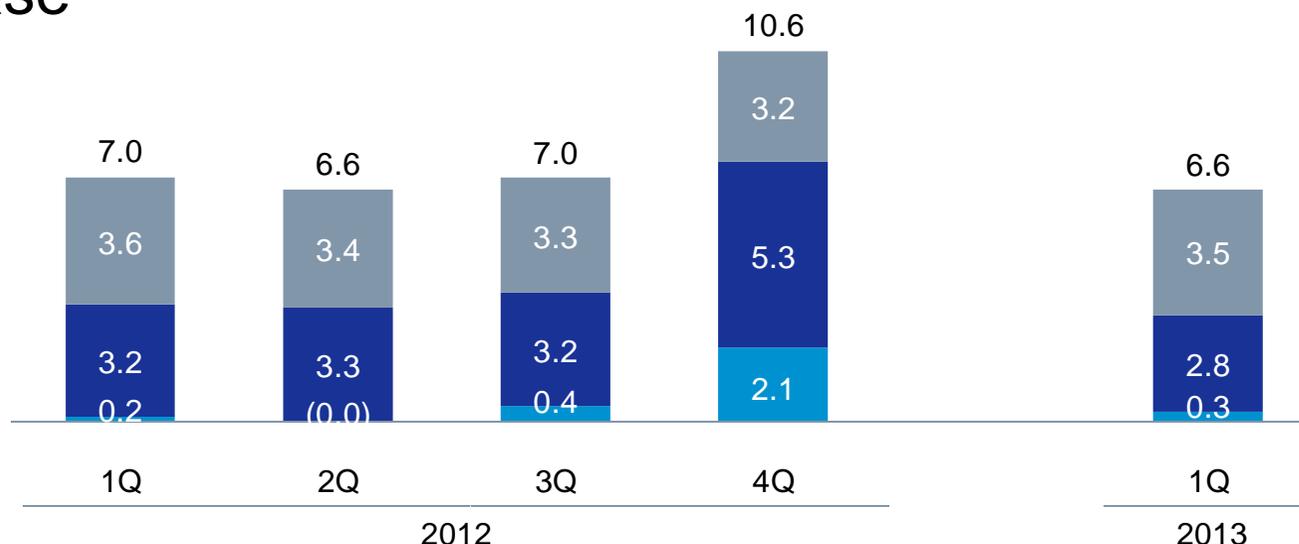
# Reconciliation of reported expenses and adjusted cost base

In EUR bn

- Compensation and benefits
- General and administrative expenses
- Other noninterest expenses<sup>(1)</sup>



1H2012  
annualised:  
EUR 25.1 bn



	2012				2013
Compensation ratio, in %	40	42	38	40	38
<b>Adjusted cost base</b>	<b>6,411</b>	<b>6,117</b>	<b>6,045</b>	<b>6,091</b>	<b>6,034</b>
<i>excluding:</i>					
Cost-to-Achieve <sup>(2)</sup>	69	96	384	355	221
Litigation <sup>(3)</sup>	240	272	308	1,787	132
Policyholder benefits and claims	149	(4)	161	108	191
Other severances	101	98	43	5	10
Remaining	22	56	25	2,261 <sup>(4)</sup>	34

Note: Figures may not add up due to rounding differences

(1) Incl. policyholder benefits and claims, restructuring costs, impairment of goodwill and other intangible assets where applicable

(2) Includes CtA related to Postbank and OpEx

(3) Figures differ to previously reported numbers due to methodology change in 1Q2013

(4) Includes other divisional specific cost one-offs (including EUR 280 m charges related to commercial banking activities in the Netherlands, EUR 90 m IT write-down in AWM and impairment of goodwill and intangibles of EUR 1,876 m)



# Reconciliation of IBIT Private & Business Clients (PBC)

In EUR m, post-minorities

		FY2011	1Q2012	2Q2012	3Q2012	4Q2012	FY2012	1Q2013
Advisory Banking Germany <sup>(1)</sup>	Reported IBIT	574	233	137	93	5	468	117
	Cost-to-achieve	(180)	(28)	(42)	(49)	(149)	(268)	(51)
	<i>thereof cost-to-achieve related to OpEx</i>							(47)
	<i>thereof costs related to Postbank integration</i>	(180)	(28)	(42)	(49)	(149)	(268)	(4)
	PPA <sup>(2)</sup>							
	Impact from Greek government bonds Hua Xia	(62)	1				1	
Adjusted IBIT	816	260	178	142	154	735	168	
Advisory Banking International	Reported IBIT	626	139	123	129	151	543	161
	Cost-to-achieve				(0)	(19)	(19)	(1)
	<i>thereof cost-to-achieve related to OpEx</i>				(0)	(19)	(19)	(1)
	<i>thereof costs related to Postbank integration</i>							
	PPA <sup>(2)</sup>							
	Impact from Greek government bonds Hua Xia	263						
Adjusted IBIT	363	139	123	130	170	563	162	
Consumer Banking Germany <sup>(1)</sup>	Reported IBIT	702	88	107	182	131	508	204
	Cost-to-achieve	(102)	(40)	(51)	(22)	(41)	(155)	(32)
	<i>thereof cost-to-achieve related to OpEx</i>							(32)
	<i>thereof costs related to Postbank integration</i>	(102)	(40)	(51)	(22)	(41)	(155)	
	PPA <sup>(2)</sup>	(29)	(64)	(72)	(74)	(86)	(296)	(83)
	Impact from Greek government bonds Hua Xia							
Adjusted IBIT	833	191	231	278	258	958	318	
PBC	Reported IBIT	1,902	460	367	404	287	1,519	482
	Cost-to-achieve	(283)	(68)	(93)	(71)	(209)	(442)	(84)
	<i>thereof cost-to-achieve related to OpEx</i>				(0)	(19)	(19)	(80)
	<i>thereof costs related to Postbank integration</i>	(283)	(68)	(93)	(71)	(190)	(422)	(4)
	PPA <sup>(2)</sup>	(29)	(64)	(72)	(74)	(86)	(296)	(83)
	Impact from Greek government bonds Hua Xia	(62)	1				1	
Adjusted IBIT	2,013	591	533	549	583	2,256	649	

(1) norisbank reported under Consumer Banking Germany

(2) Net regular FVA amortization



# Cautionary statements

This presentation 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 implementation of our strategic initiatives, 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 SEC Form 20-F of 15 April 2013 under the heading “Risk Factors.” Copies of this document are readily available upon request or can be downloaded from [www.db.com/ir](http://www.db.com/ir).

This presentation also contains non-IFRS financial measures. For a reconciliation to directly comparable figures reported under IFRS, to the extent such reconciliation is not provided in this presentation, refer to the 1Q2013 Financial Data Supplement of 29 April 2013 available at [www.db.com/ir](http://www.db.com/ir).