



Key updates communicated during Q2 2023

30 June 2023



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Costs:

- James von Moltke reiterated at the [Q1 2023 results](#) communication that Deutsche Bank expects to **keep its noninterest expenses for FY 2023 to FY 2025 broadly flat to FY 2022**; he reconfirmed this guidance at the [Goldman Sachs European Financials Conference](#) and noted that this would be before the impact of the [acquisition of Numis Corporation Plc](#) announced on April 28, 2023
- With Q1 2023 results, Deutsche Bank also announced **additional measures to reinforce the cost agenda across the bank**, including centralizing the responsibility for costs in the Chief Operating Officer role, executing a reduction in force of senior staff in non-client facing functions, limiting new hires and streamlining the bank's mortgage platform; these cost reduction measures are expected to lead to a **restructuring and severance provision of approximately € 500m in FY 2023**, higher than initially planned, which is included in the guidance for noninterest expenses for FY 2023
- Looking at the quarterly development, at the Q1 2023 results James von Moltke confirmed that the expected **run-rate for adjusted costs excluding bank levies is about € 1.6bn to € 1.65bn per month**, which produces **around € 4.9bn of adjusted costs excluding bank levies per quarter**; this was reiterated by James von Moltke at the Goldman Sachs European Financials Conference, though he noted that **FX effects have pushed up the monthly run-rate closer to the upper end of this range**
- With regard to total noninterest expenses, James von Moltke also noted that for Q2 2023, Deutsche Bank expects to **incur non-operating expenses in a range of € 600-700m, of which restructuring and severance would comprise around € 250-300m with the balance reflecting a quarter of unusually high litigation charges**
- At the Q1 2023 results, Christian Sewing outlined **additional efficiency measures to accelerate the execution of Deutsche Bank's strategic agenda for 2025**; these measures include the strategic realignment and future proofing the bank's workforce, streamlining the mortgage platform, optimizing the retail distribution network and improving operations and process automation; the measures are expected to deliver **incremental operational efficiencies of € 500m above and beyond the € 2bn efficiencies** announced with the [Investor Deep Dive in 2022](#)

Revenues:

- At the Q1 2023 results, James von Moltke reiterated that Deutsche Bank anticipates **revenues for FY 2023 around the mid-point of a range between € 28bn to € 29bn**, with Christian Sewing adding details for the businesses:
 - The **Corporate Bank** is expected to deliver revenues well above € 7bn for the year and James von Moltke noted that Q1 results are believed to have



- been the **peak for interest revenues** in the Corporate Bank; at the [dbAccess German Swiss Austrian Conference](#), David Lynne said that the Corporate Bank aims to counter an expected decrease in interest revenues through a combination of business volume growth, fee income, management of liabilities and interest rate risk, and the restructuring of hedges
- The **Private Bank** is seen as stable with an expected revenue number of well above € 9bn for FY 2023, benefitting from the improved interest rate environment
 - In **Asset Management** revenues of € 2.5bn are seen as achievable
 - With regard to the **Investment Bank**, the [Earnings Report as of March 31, 2023](#) states that revenues for FY 2023 are expected to be essentially flat compared to the prior year
 - In an [interview with Bloomberg](#) on June 22, 2023, Christian Sewing noted that he sees good momentum in all businesses and he expects **Group revenues for Q2 2023 to be higher than in the prior-year quarter**; James von Moltke gave further details about revenue expectations for Q2 2023 at the Goldman Sachs European Financials Conference:
 - **Investment Bank** revenues are expected to be down 15% or slightly more year on year, but within the stated range of € 2.0-2.5bn of revenues per quarter; he noted for the subdivisional split:
 - **Fixed Income, Currency Sales & Trading (FIC S&T)** is expected to be down 15-20% year on year from outstanding levels in 2022; however, Christian Sewing mentioned in the interview with Bloomberg that he expects trading revenues to slightly recover in H2 2023
 - **Origination & Advisory (O&A)** is anticipated to be flat to up relative to Q2 2022, in part because of the non-repetition of leveraged debt mark-to-market losses in the prior-year period
 - Looking at the stable businesses, **Corporate Bank** revenues are expected to be around € 1.9bn, while **Private Bank** revenues are anticipated to be well over € 2bn

Provision for credit losses:

- At the Q1 2023 results, James von Moltke reiterated that Deutsche Bank expects the provision for credit losses for FY 2023 to be **in a range between 25 to 30 basis points** of average loans

Capital and capital distribution:

- At the Q1 2023 results, Christian Sewing reconfirmed Deutsche Bank's commitment to its capital distribution plans as laid out at the Investor Deep Dive 2022 and announced that the bank has **initiated the dialogue with supervisors**



about share buybacks; he indicated that he remains confident that a buyback will take place in H2 2023

- Following the Annual General Meeting on May 17, 2023, Deutsche Bank **paid a cash dividend per share of 30 euro cents**
- James von Moltke added at the Q1 2023 results that, mirroring the annual increase in dividend per share, **a 50% increase in the amount of the share buyback relative to the share buyback conducted in FY 2022** would be sought
- James von Moltke also stated that Deutsche Bank now has more clarity on the outcome of model reviews, which is now expected to be in a **range between 40 and 60 basis points of CET1 ratio impact**
- As part of the accelerated strategic agenda, Christian Sewing announced with the Q1 2023 results that Deutsche Bank aims to free up **€ 15-20bn of risk-weighted assets by 2025** from a reduction in certain sub-hurdle lending portfolios, greater utilization of securitization and hedging optimization

Liquidity:

- At the Q1 2023 results, James von Moltke noted that over time as market conditions improve Deutsche Bank would look to **prudently steer its liquidity coverage ratio towards the bank's 130% target**

2025 targets:

- At the [Annual General Meeting](#) and at the [Deutsche Bank Global Financial Institutions Conference](#), Christian Sewing stated that he is **confident that the bank can overachieve its growth targets set for FY 2025**
- Specifically, he mentioned Deutsche Bank is expected to **convincingly exceed revenues of € 30bn**, and a **10% return on tangible equity is at the lower end of what can be achieved**

Other:

- On June 29, 2023, the rating agency **DBRS Morningstar** [upgraded](#) all of Deutsche Bank's **long-term ratings by one notch**; the long-term issuer rating and long-term deposit rating are upgraded to 'A', while the long-term senior non-preferred debt rating and the long-term critical obligations rating are upgraded to 'A (low)' and 'AA (low)', respectively; in all cases, DBRS applies a stable outlook
- On April 28, 2023, Deutsche Bank [announced](#) that it has reached an agreement on the terms of a recommended all-cash offer for the **acquisition of Numis Corporation Plc**
 - The transaction is expected to allow Deutsche Bank to accelerate its *Global Hausbank* strategy by unlocking a much deeper engagement with the corporate client segment in the United Kingdom



- The transaction is expected to complete during Q4 2023, subject to certain conditions
- On June 21, 2023, the Board of Numis Corporation Plc [announced](#) that the Court Meeting to consider the Court-sanctioned scheme of arrangement under Part 26 of the Companies Act 2006 and the General Meeting to consider the Special Resolution to implement the above-mentioned scheme relating to the transaction were each held and all resolutions were approved by the requisite majorities
- Further information can be found on the Deutsche Bank Investor Relations [website](#)
- On April 26, 2023, Deutsche Bank [announced changes to its Management Board](#) to further sharpen its focus on accelerating the bank's strategy execution;
 - Karl von Rohr will leave the Management Board after his contract expires on October 31, 2023; Christiana Riley left the bank on the day following the Annual General Meeting on May 17, 2023
 - The new, smaller Management Board will consist of nine people
 - Claudio de Sanctis will join the Management Board and assume responsibility for the Private Bank
 - James von Moltke will additionally assume responsibility for the Asset Management division
 - Stefan Simon will additionally take over responsibility for the Americas as of May 18, 2023
 - Alexander von zur Mühlen will assume regional responsibilities for Germany, Europe, the Middle East and Africa (EMEA, ex UK and Ireland) and the Asia-Pacific region
 - Rebecca Short will take on an expanded Chief Operating Officer (COO) role with primary responsibility for costs across the group; to strengthen the link between performance and outcomes across the bank, Human Resources and Global Real Estate will also fall under the COO's remit
 - The roles of Fabrizio Campelli (Corporate Bank and Investment Bank), Bernd Leukert (Technology, Data and Innovation) and Olivier Vigneron (Chief Risk Officer) remain unchanged
- On June 20, 2023, Deutsche Bank [announced](#) that Karl von Rohr will hand over his responsibilities to his successors on July 1, 2023, but remain a member of the Management Board until his contract expires

Issuances:

- Deutsche Bank has already executed **69%** (€ 9.3bn) of **its 2023 funding plan** (€ 12-15bn)



- On May 10, 2023, the bank priced a € 1.0bn public tender offer for six series of its senior non-preferred bonds
- Select issuance highlights below:
 - May 10, 2023: € 1bn dual-tranche with 3.5y and 10y tenor in covered bonds (Pfandbriefe)

Next significant events:

- July 26, 2023 – Q2 2023 results – Analyst Conference Call
- July 28, 2023 – Q2 2023 results – Fixed Income Call

Disclaimer

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