



# Investor Deep Dive Corporate Bank

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10 December 2019

Deutsche Bank

# Summary



		FY 2018	9M 2019
 A scale player with innovative products, operating in an attractive market	Revenues (% of Group)	€ 5.2bn (21%)	€ 4.0bn (22%)
 Well positioned to benefit from the current macroeconomic and geopolitical environment	Adjusted costs <sup>(1)</sup> (% of Group)	€ 3.8bn (17%)	€ 3.0bn (18%)
 On track to reach a 12-13% return on tangible equity in 2022	Risk weighted assets (% of Group)	€ 58bn (17%)	€ 57bn (17%)

Note: Throughout this presentation the Corporate Bank financials have been adjusted to reflect refinements in allocations between the Corporate Bank and Private Bank. These will be reflected in the Q4 2019 results. The refinements increase Corporate Bank revenues by € 71m and adjusted costs by € 148m in 2018 as well as revenues by € 52m and adjusted costs by € 112m in 9M 2019

Throughout this presentation totals may not sum due to rounding differences

(1) Excluding transformation charges

# Well positioned in an attractive market



## Corporate Banking industry

### High barriers to market entry

- Clients require sophisticated solutions to complex needs
- Banks need to comply with strict and differing regulatory regimes globally
- Substantial ongoing investment requirements

### Steady revenue growth

- Industry fee pools continue to grow, especially in Asia
- Revenues from corporate clients set to grow at 4x the pace of institutional clients through 2021<sup>(1)</sup>

### Innovation and Disruption

- Client demand for quicker and more efficient processes drives banks to change
- Platforms becoming an increasingly relevant client group for Corporate Banking

## Our core competencies

1

Operating at the heart of our corporate clients' businesses

2

Leveraging our global network as partner for Financial Institutions

3

Capturing the full potential of our payments business

4

Leading institution serving German corporates in Germany and abroad

(1) Morgan Stanley / Oliver Wyman Research (March 2019)

# Corporate Bank at a glance

Offering the full product suite for our clients globally

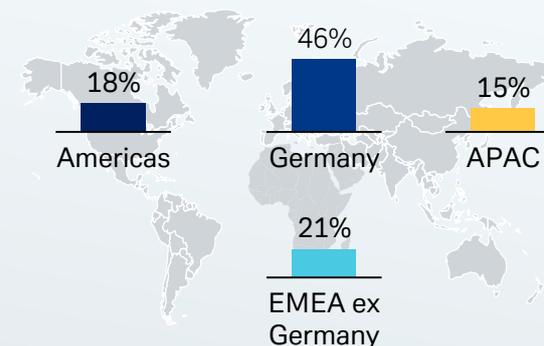


## Core strengths across our business

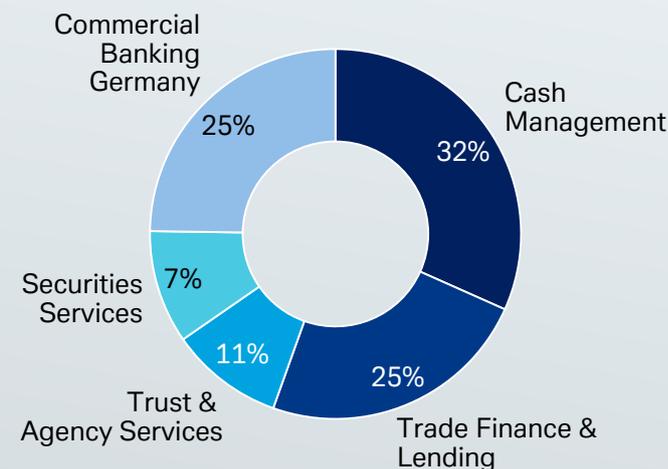
<b>Cash Management</b>	<ul style="list-style-type: none"> <li>— #1 Euro &amp; largest Non-US domiciled US\$ clearer<sup>(1)</sup></li> <li>— Integrated payments and FX solutions in 125+ currencies</li> </ul>
<b>Trade Finance &amp; Lending</b>	<ul style="list-style-type: none"> <li>— Best International Trade Finance Bank in APAC<sup>(2)</sup></li> <li>— Banking network across 145 countries</li> </ul>
<b>Trust &amp; Agency Services</b>	<ul style="list-style-type: none"> <li>— Global Corporate Trust Provider of the Decade<sup>(3)</sup></li> <li>— Best American Depositary Receipts Bank 2019<sup>(4)</sup></li> </ul>
<b>Securities Services</b>	<ul style="list-style-type: none"> <li>— Multiple accolades across regional product and service offering in Asia</li> <li>— Solutions across Sub-Custody and Agency Securities Lending</li> </ul>
<b>Commercial Banking</b>	<ul style="list-style-type: none"> <li>— Integrated expertise and product offering across Deutsche Bank and Postbank brands</li> <li>— Trusted advisor to ~900k commercial clients</li> </ul>

- (1) SWIFT
- (2) The Asian Banker Transaction Banking Awards (2019)
- (3) Infrastructure Investors magazine (2019)
- (4) Global Finance magazine (2019)
- (5) 9M 2019 revenues

## Revenue breakdown by region<sup>(5)</sup>



## Revenue breakdown by product<sup>(5)</sup>



# Well placed to help clients in a complex environment



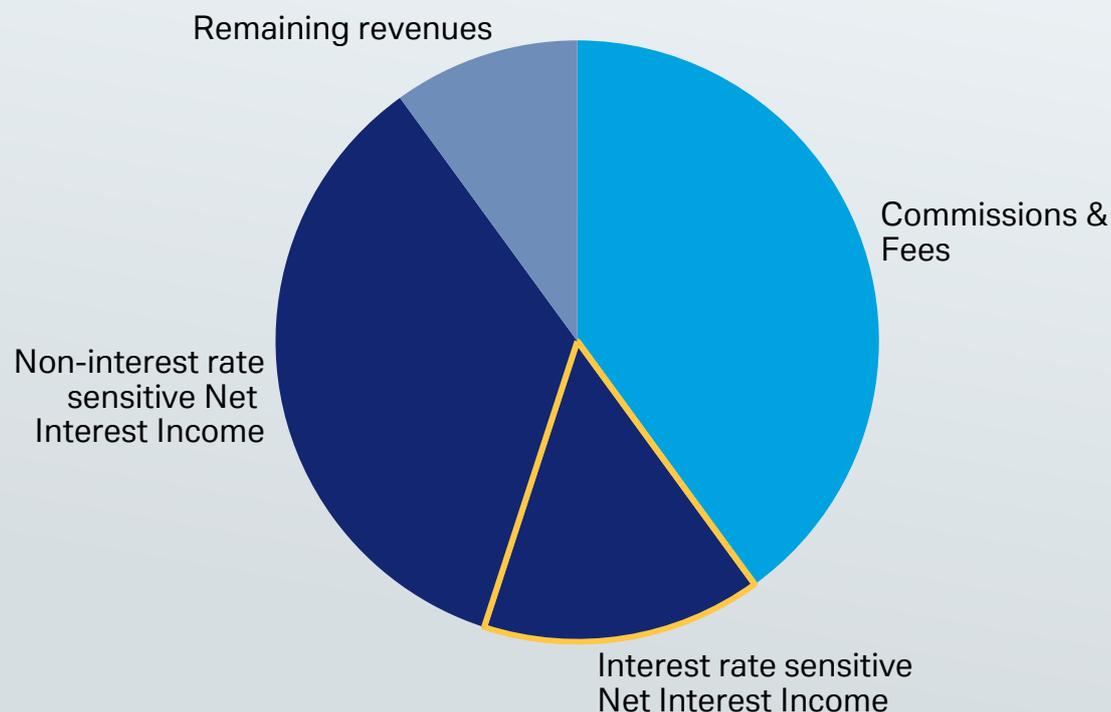
(1) Asia Risk Awards (2019)

(2) The Asian Banker, Banker's Choice Awards (2018)

# Limited sensitivity to further interest rate declines



## 9M 2019 revenue composition



### Commission & Fees

- Highly sticky fee income primarily from service fees and well established long-term relationships

### Net Interest Income

- Primarily driven by lending margins and balances in Cash Management, Trust & Agency Services and Securities Services
- Majority of Net Interest Income driven by spreads we earn rather than current underlying interest rate
- Substantial upside potential in case of rates increase

### Remaining Revenues

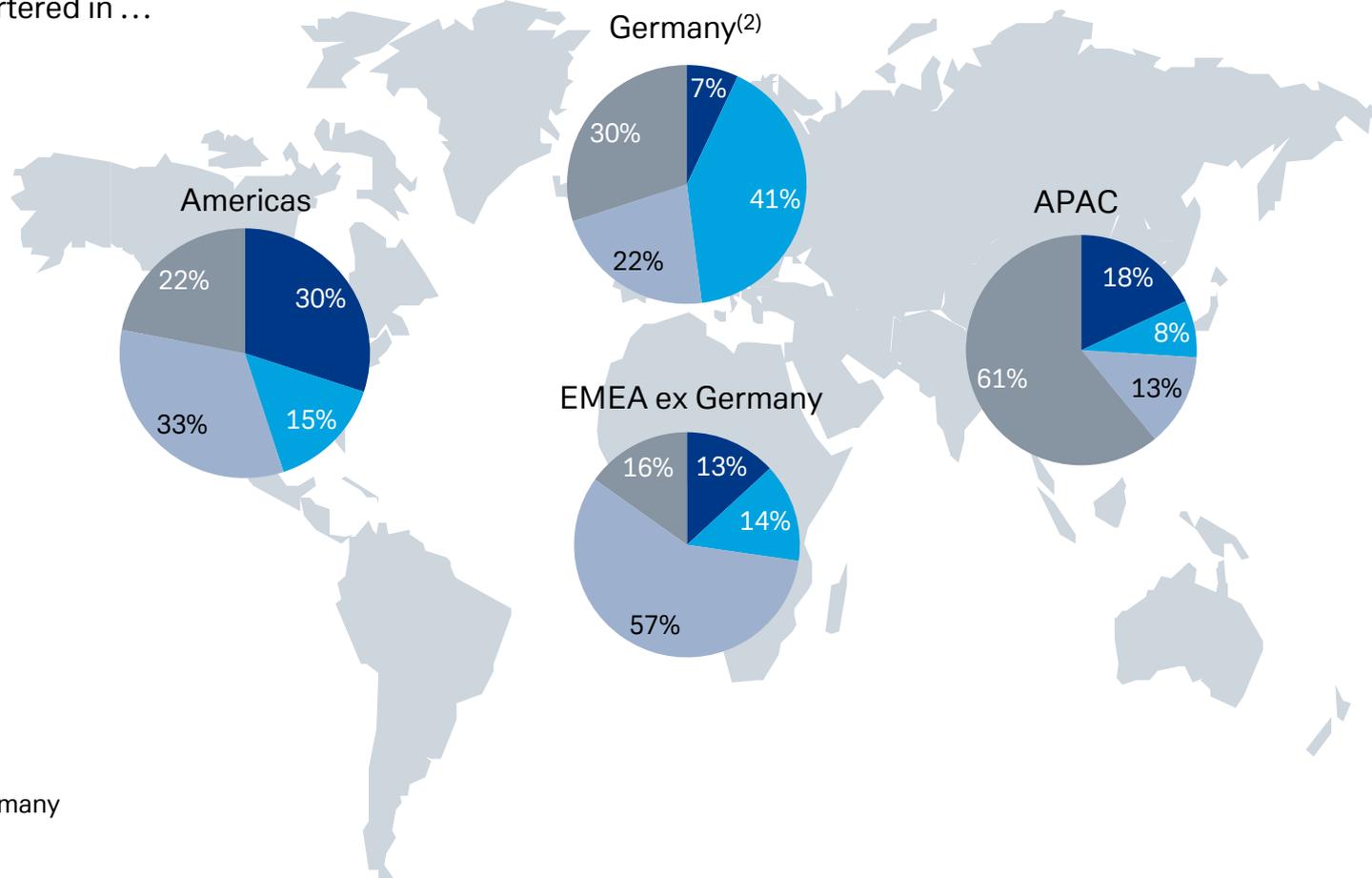
- Primarily profit share with other divisions

# Partnering with our international clients globally



## Regional revenue break-down of multinational corporate clients<sup>(1)</sup>

Clients headquartered in ...



Note: Global revenues with global multinational corporates for transaction banking products (9M 2019)

(1) 9M 2019 outbound revenues, i.e. services delivered by Corporate Bank for clients headquartered in the regions above

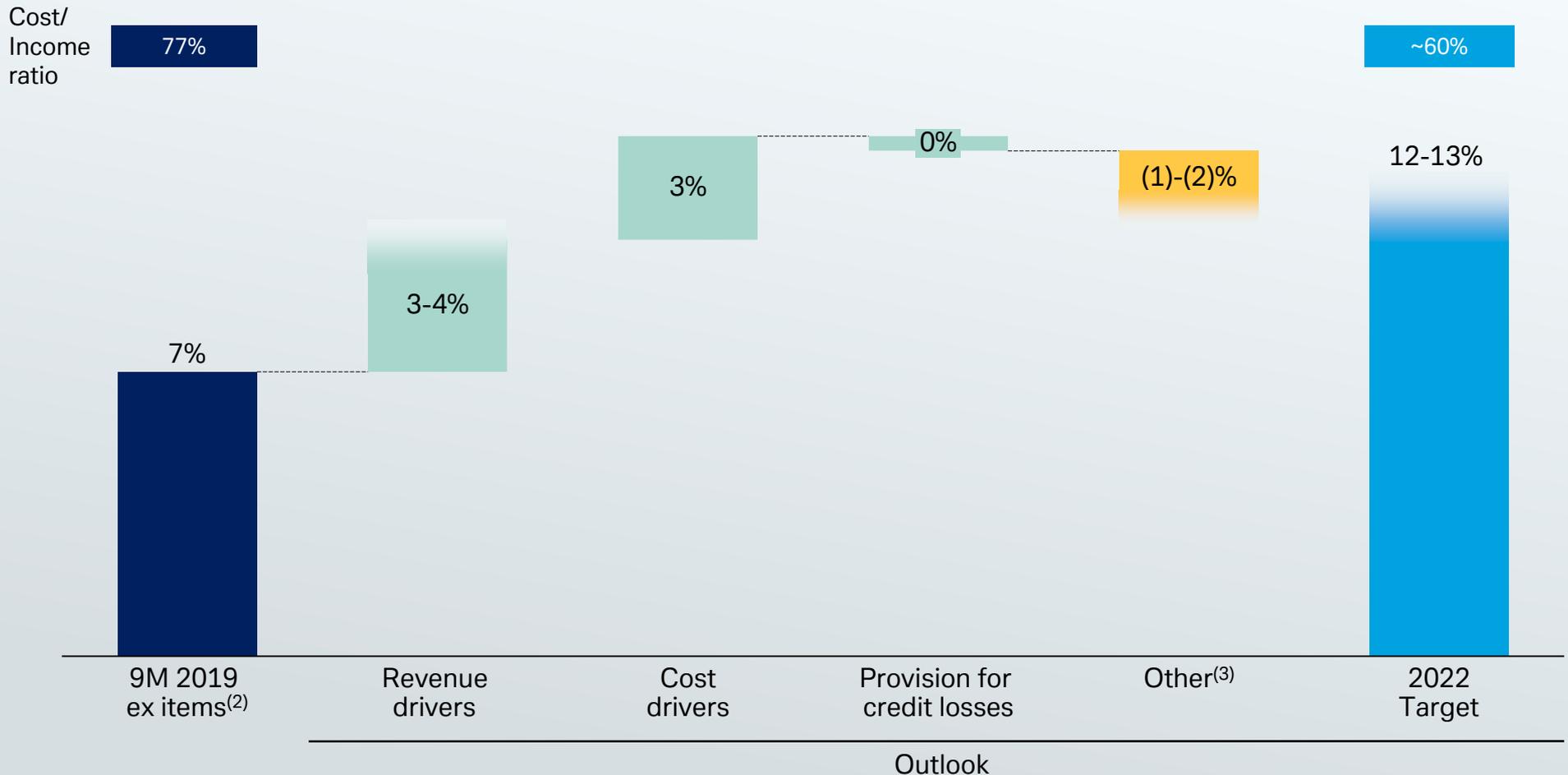
(2) Includes Austria and Switzerland

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# Our path to improved profitability

Post-tax return on tangible equity<sup>(1)</sup>, in %



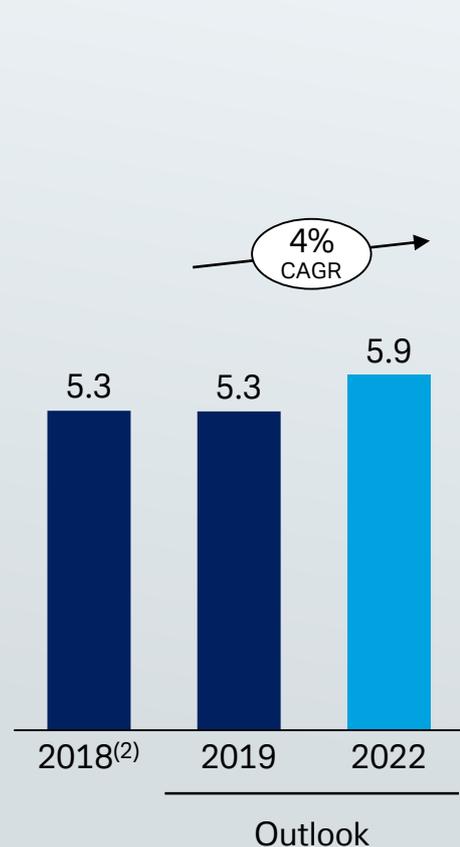
- (1) 9M 2019 post-tax RoTE adjusted for (65)bps impact from refinements of P&L allocations between Corporate Bank and Private Bank to be reflected in Financials with Q4 2019 reporting
- (2) Items include specific revenue items, impairments of goodwill and other intangible assets, software and real estate impairments, transformation related restructuring and severance and deferred tax asset valuation adjustments. 9M 2019 reported post-tax return on tangible equity: 2.7%. For further details see slide 18 in the Chief Financial Officer presentation
- (3) Includes impacts from nonoperating costs, tax, additional equity components and tangible equity

# Substantial revenue opportunities

In € bn



Revenues<sup>(1)</sup>



Driver

Measures

Deposit strategy	— Passing on negative interest rates to partly compensate EUR headwinds (~€ 25bn additional deposits in scope for 2020)
Payments strategy	— Grow platform, FinTech and eCommerce payment fees from less than € 100m to € 200m annually over the next 3 years
Bank of choice for Corporate Treasurer	<ul style="list-style-type: none"> <li>— Increase Rates and FX revenues from corporate clients by 5%-7% annually</li> <li>— Complete 3 'pay per use' projects by Q2 2020</li> </ul>
Growth initiatives in Asia	— Increase revenues booked in Asia by 6% per year

(1) The refinements in allocation between Corporate Bank and Private Bank increase Corporate Bank revenues by € 71m in 2018 and by € 52m in 9M 2019

(2) FY 2018 revenues include a gain on sale of € 0.1bn in Q2 2018 and other episodic events

# Bank of choice for Corporate Treasurer



# Growth initiatives in Asia



## Strong regional capability

Enabling clients to harness opportunity in a dynamic environment

### Regional Footprint

14 markets, more than 140 years



### Strengths

- ✓ Business model aligned with client activity
- ✓ Front to back understanding of client needs
- ✓ Digital innovation to sustain growth and scale activity with clients in the most efficient way

- 1 **India Securities Services**  
40% market share in domestic market
- 2 **RMB product delivery**  
Unique capability – CNY hedging from any DB branch  
Asia Risk RMB House of the Year 2019
- 3 **Outbound Activity**  
+25% of regional franchise is APAC clients operating outside the region

## APAC growth initiatives

Aligning capability with regional trends

### Key regional trends

Infrastructure expenditure	Supply Chain dynamics
Capital market maturity	Electronic payments
Globalisation of local corporates	Consumer expansion

### Strategic Opportunities

Expanding Country Wallets	Custody Growth
<ul style="list-style-type: none"> <li>— China, India, ASEAN</li> <li>— Investment into people and technology underway</li> </ul>	<ul style="list-style-type: none"> <li>— AUC growth in India alone estimated at 30%-50%</li> <li>— Product development and hires undertaken to enable further region-wide growth</li> </ul>
Trade Corridors	New Market Development
<ul style="list-style-type: none"> <li>— Inter and intra-regional trade flows</li> <li>— Leveraging existing client activity (e.g. Germany) into Asia, and Asian clients</li> </ul>	<ul style="list-style-type: none"> <li>— Australia – cash branch development</li> <li>— Frontier markets – in place to develop in-line with market growth</li> </ul>

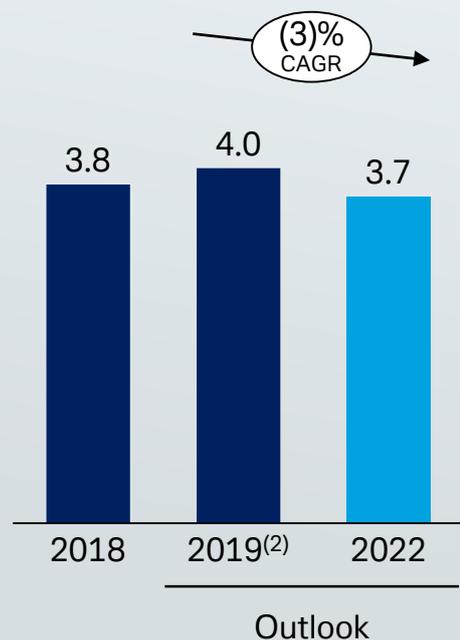
# Cost reduction driven mainly by infrastructure

In € bn



Adjusted costs<sup>(1)</sup>

ex transformation charges



Driver

Measures

Impact<sup>(3)</sup>

Direct business driven measures

- Headcount efficiencies
- Various initiatives on non compensation cost optimization

up to € 0.1bn

Measures along the infrastructure and internal service value chain

- Elimination of duplicate tasks
- Alignment of location strategy
- Internalization of external staff
- Process efficiencies and centralisation of tasks
- Decommissioning of legacy applications
- Lower internal service cost from other divisions

up to € 0.3bn

- (1) The refinements in allocation between Corporate Bank and Private Bank increase Corporate Bank adjusted costs by € 148m in 2018 and by € 112m in 9M 2019
- (2) Cost increase vs. 2018 partly due to methodology changes in internal service cost allocations following the implementation of the new divisional structure and higher investments in technology and controls
- (3) Planned total financial impact by 2022

# Key take-aways



➤ Well positioned in an attractive, growing market

➤ High proportion of stable revenues, supported by global setup and limited interest rate sensitivity

➤ Revenue growth via selected strategic opportunities with continued cost discipline

➤ On track to reach 2022 RoTE target of 12 – 13%



# Appendix



# Financial overview

In € bn



	2017	2018	9M 2018	9M 2019
Revenues	5.3	5.3	3.9	4.0
Revenues ex specific items	5.4	5.2	3.9	4.0
Noninterest expenses	(3.9)	(3.8)	(2.9)	(3.5)
Adjusted costs	(4.0)	(3.8)	(2.9)	(3.0)
Adj. costs ex transformation charges	(4.0)	(3.8)	(2.9)	(3.0)
Profit before tax	1.5	1.3	0.9	0.2 <sup>(1)</sup>
Assets	249	215	251	234
Loans	112	113	112	119
Deposits	255	251	244	265
Avg. allocated tangible equity	10.9	9.4	9.4	8.9
Risk weighted assets	58	58	58	57
Leverage exposure	276	247	283	264

Note: Numbers including refinements of P&L allocations between Corporate Bank and Private Bank to be reflected in Financials with Q4 2019 reporting, of which € 71m revenues for 2017, € 71m for 2018, € 53m for 9M 2018, € 52m for 9M 2019, adjusted costs of € (143)m for 2017, € (148)m for 2018, € (112)m for 9M 2018 and € (112)m for 9M 2019, profit before tax of € (75)m for 2017, € (80)m for 2018, € (61)m for 9M 2018 and € (61)m for 9M 2019. No adjustments to balance sheet numbers due to materiality reasons

(1) Includes goodwill impairment of € 491m in Q2 2019

# Overview of Corporate Bank / Private Bank refinements



In € m

	FY 2018								9M 2019							
	CB	IB	PB	AM	C&O	Core Bank	CRU	Group	CB	IB	PB	AM	C&O	Core Bank	CRU	Group
Net revenues	5,193	7,467	8,712	2,187	(120)	23,438	1,878	25,316	3,920	5,443	6,311	1,662	95	17,431	385	17,816
CB / PB refinements	71	-	(71)	-	-	-	-	-	52	-	(52)	-	-	-	-	-
Net revenues post refinements	5,263	7,467	8,641	2,187	(120)	23,438	1,878	25,316	3,973	5,443	6,259	1,662	95	17,431	385	17,816
Noninterest expenses	(3,697)	(6,501)	(7,742)	(1,735)	(421)	(20,096)	(3,365)	(23,461)	(3,436)	(4,813)	(6,129)	(1,273)	(288)	(15,940)	(2,740)	(18,681)
CB / PB refinements	(148)	-	148	-	-	-	-	-	(112)	-	112	-	-	-	-	-
Noninterest expenses post refinements	(3,846)	(6,501)	(7,593)	(1,735)	(421)	(20,096)	(3,365)	(23,461)	(3,548)	(4,813)	(6,018)	(1,273)	(288)	(15,940)	(2,740)	(18,681)
Adjusted costs	(3,619)	(6,172)	(7,708)	(1,657)	(311)	(19,467)	(3,343)	(22,810)	(2,929)	(4,554)	(5,639)	(1,234)	(136)	(14,491)	(2,560)	(17,051)
CB / PB refinements	(148)	-	148	-	-	-	-	-	(112)	-	112	-	-	-	-	-
Adjusted costs post refinements	(3,767)	(6,172)	(7,560)	(1,657)	(311)	(19,467)	(3,343)	(22,810)	(3,040)	(4,554)	(5,528)	(1,234)	(136)	(14,491)	(2,560)	(17,051)

# Speaker biography



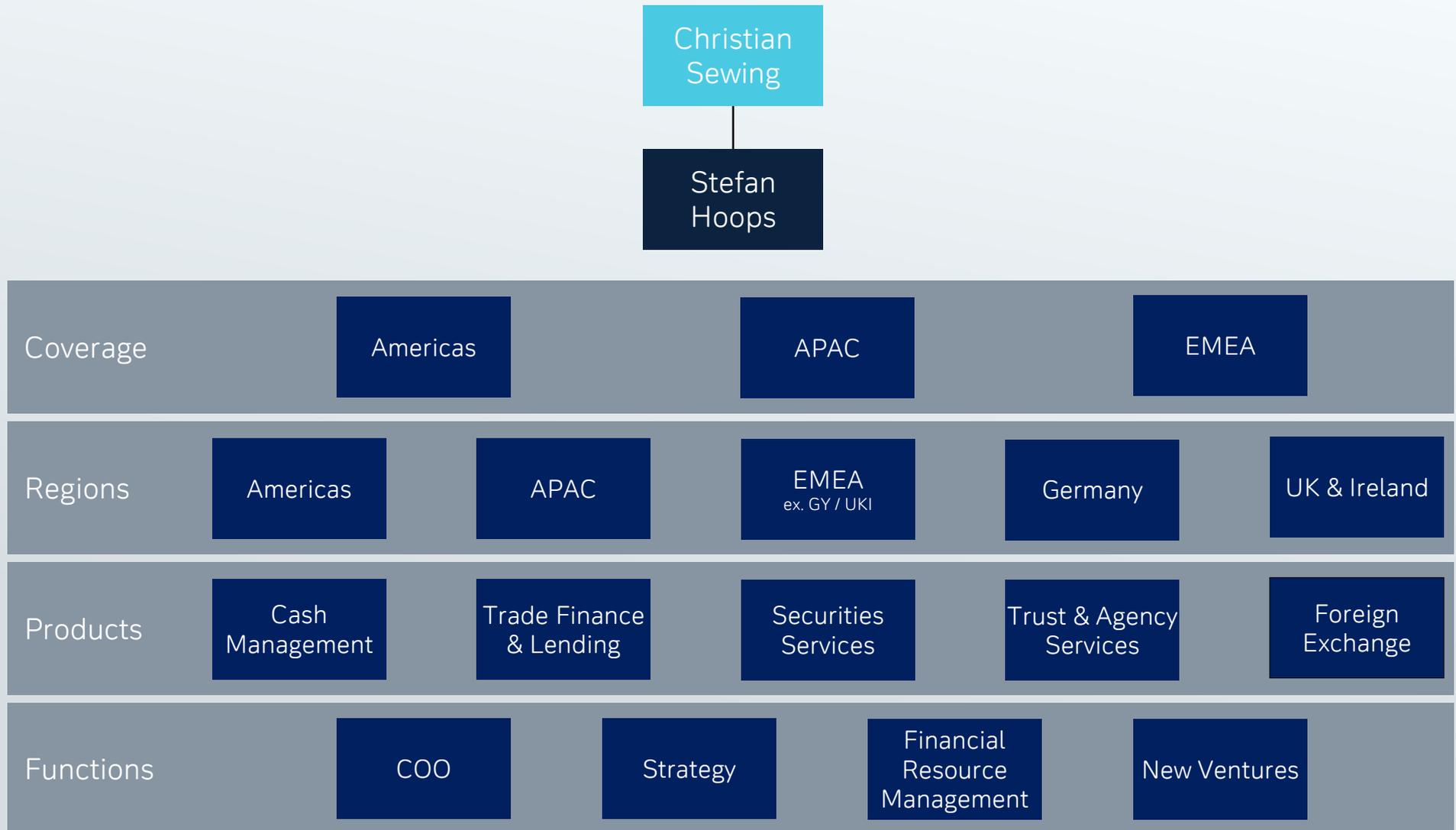
Stefan has been at Deutsche Bank since 2003 when he started in Structured Sales. In 2008 he moved to Credit Trading in New York and has since taken on various leadership roles across Sales, Trading and Structuring in the United States and Germany, including Global Head of Institutional Sales.

In October 2018 he was named Head of Global Transaction Banking and the Corporate and Investment Bank in Germany.

As of July 2019, he is Head of DB's Corporate Bank.

Stefan Hoops holds a Master of Science in Business Administration and a PhD in Economics from the University of Bayreuth.

# Corporate Bank – organisational structure



# Cautionary statements



## Non-IFRS Financial Measures

This document contains non-IFRS financial measures. For a reconciliation to directly comparable figures under IFRS, to the extent not provided herein, please refer to the Financial Data Supplement which can be downloaded from [www.db.com/ir](http://www.db.com/ir).

## Forward-Looking Statements

This document 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 22 March 2019 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).