

Global Banking

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Investor Day

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A Passion to Perform.

Deutsche Bank





Agenda

- | | |
|----------|---|
| 1 | Global Banking – Performance and goals |
| 2 | Corporate Finance |
| 3 | Loan Exposure Management Group (LEMG) |
| 4 | Global Transaction Banking |





Market trends and observations

- Double-digit fee pool growth
- Industry's ability to manage and mitigate risk greatly enhanced
- Margins under pressure
- No consolidation on horizon
- Costly regulatory environment





This is Global Banking

Underlying activities externally reported as ...

		Transaction services	Corporate Banking & Securities			
			Origination	Advisory	Loan products	Sales & Trading
Transaction Banking	Capital Market Sales	✓				
	Cash Management	✓				
	Trade Finance	✓				
	Trust & Securities Services	✓				
Corporate Finance	Asset Finance & Leasing				✓	
	Commercial Real Estate		✓	✓	✓	✓
	Debt Capital Markets ⁽¹⁾		✓			
	Debt Finance (High Yield & Loan CM) ⁽²⁾		✓	✓		✓
	Equity Capital Markets		✓			
	Lending				✓	
	Mergers & Acquisitions			✓		

(1) Results included in Global Markets' management accounting

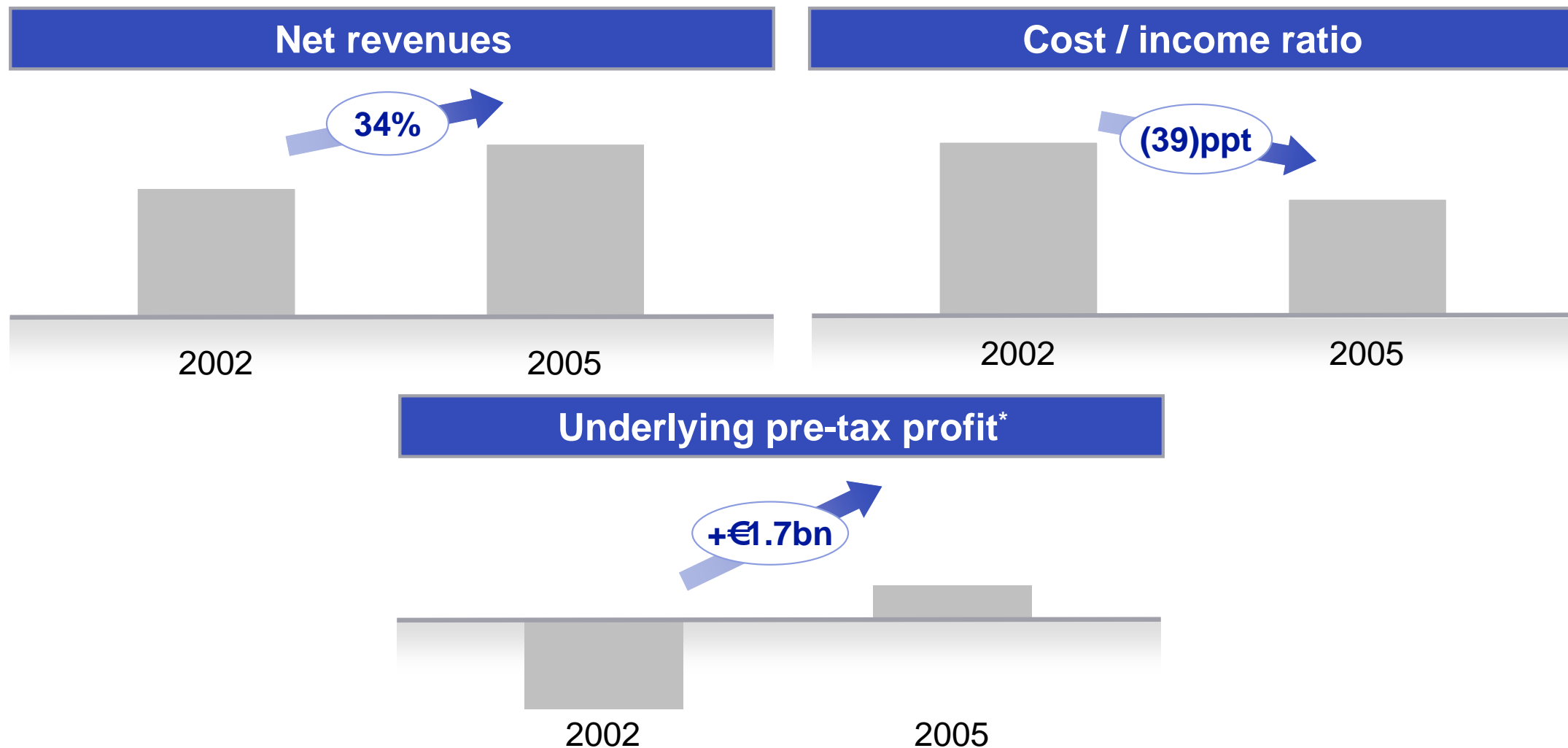
(2) CM = Capital Markets





Corporate Finance – EUR 1.7 billion turnaround in underlying pre-tax profit

2005 vs. 2002

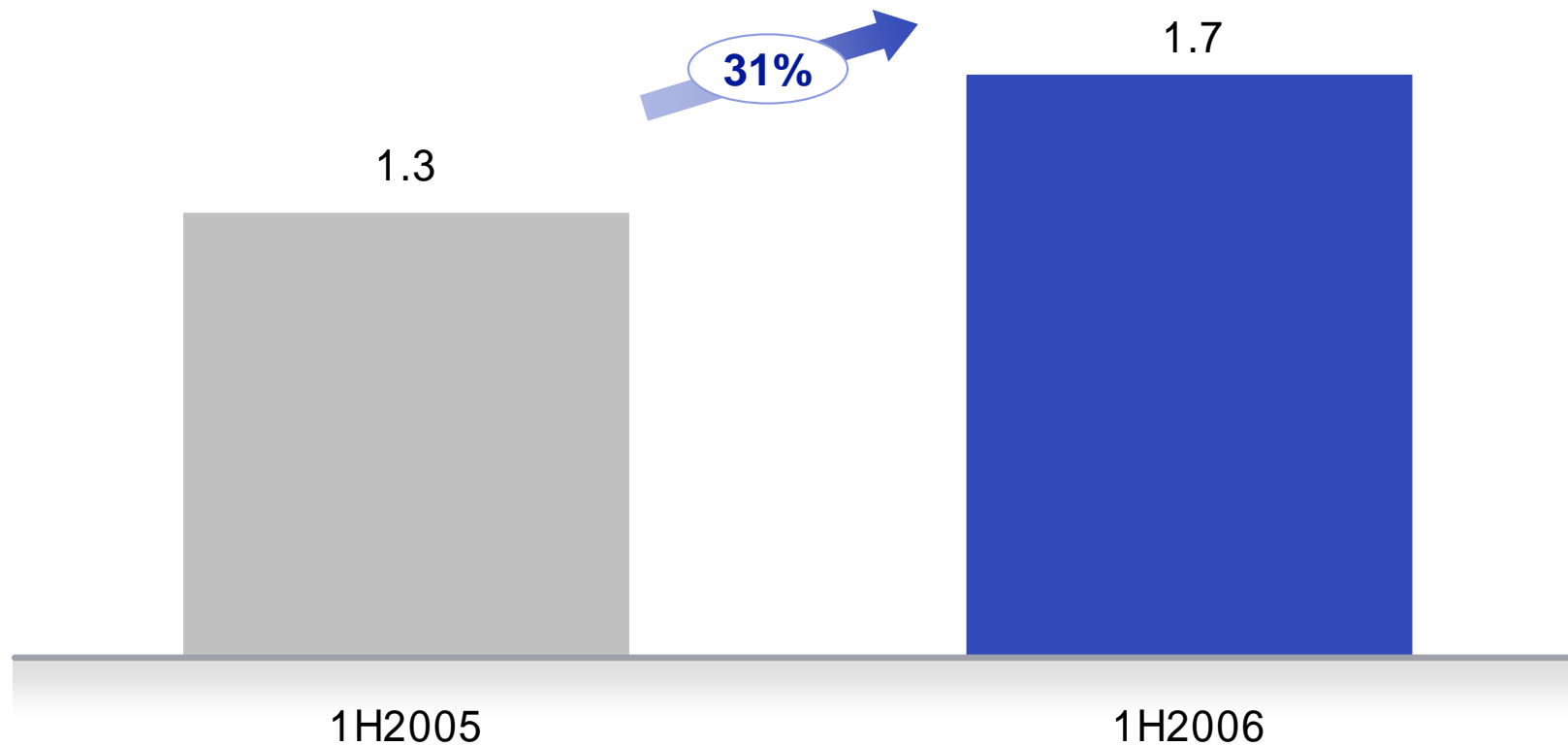


* Underlying pre-tax profit includes provisions for credit losses which are down EUR 0.75 bn
 Note: Figures based on internal management information systems
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Corporate Finance – performance momentum continues in 1H2006

Net revenues, in EUR bn





GTB – focused on delivering profitable growth

2005 vs. 2003, in EUR m

	2003	2005	Change	
			Absolute	In %
Underlying revenues	1,915	1,972	+58	+3%
Provision for credit losses	51	18	(33)	(65)%
Operating cost base	1,744	1,471	(273)	(16)%
Underlying pre-tax profit	222	519	+297	+134%
Underlying cost / income ratio	91%	75%	(16)ppt	
Underlying Return on Equity	16%	39%	+24ppt	

Note: Figures may not add up due to rounding
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GTB – momentum continued in 1H2006

1H2006 vs. 1H2005, in EUR m

	1H2005	1H2006	Change	
			Absolute	In %
Underlying revenues	965	1,099	+133	+14%
Provision for credit losses	(5)	21	+26	n/m
Operating cost base	700	730	+30	+4%
Underlying pre-tax profit	260	390	+131	+50%
Underlying cost / income ratio	73%	66%	(7ppt)	
Underlying Return on Equity	39%	71%	+32ppt	

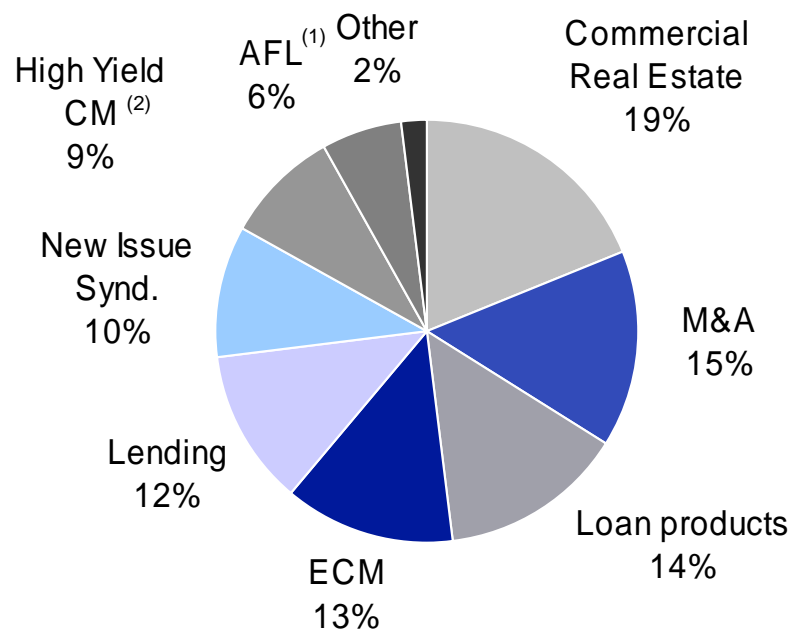
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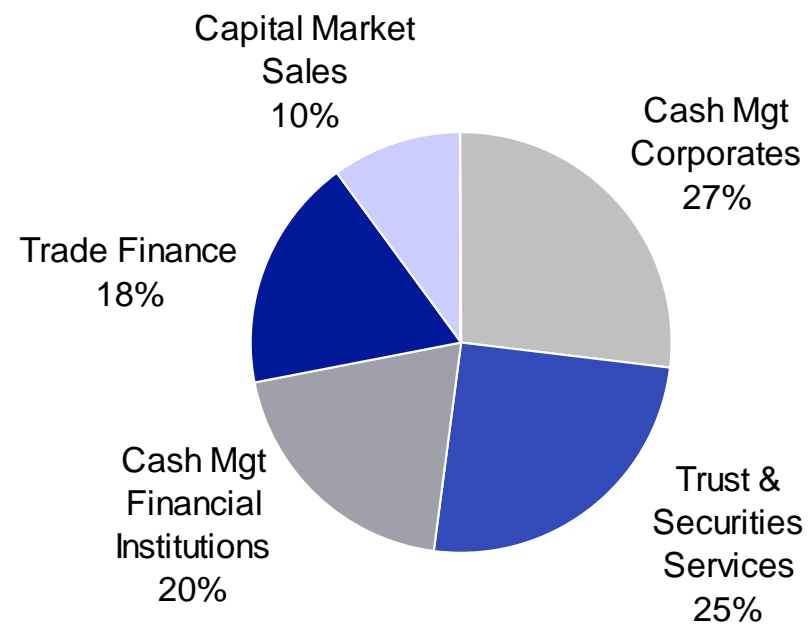
Well diversified revenues – by product

Net revenues, 2005

Corporate Finance



Global Transaction Banking



(1) Asset Finance & Leasing

(2) CM = Capital Markets

Note: Loan products incl. Loan Capital Markets, Loan Trading and Other Debt Products; Global Transaction Banking includes continued business only

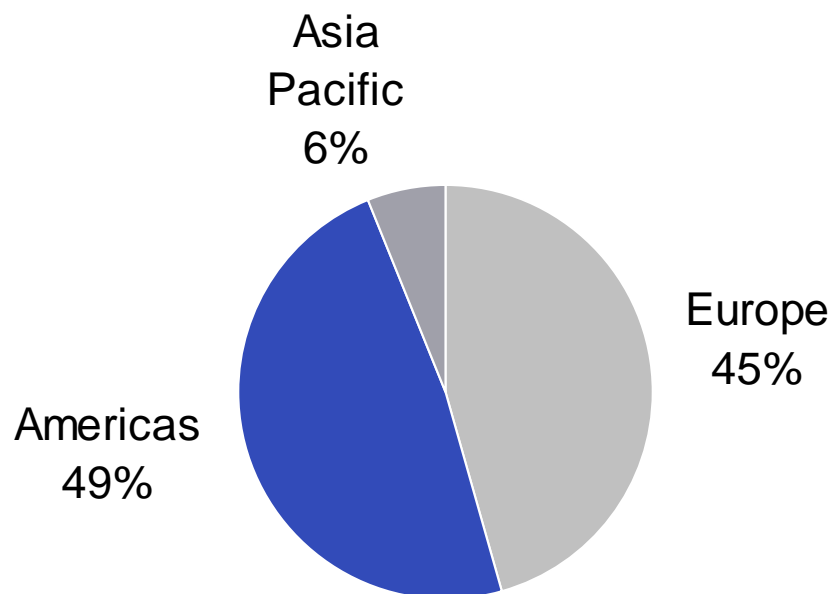




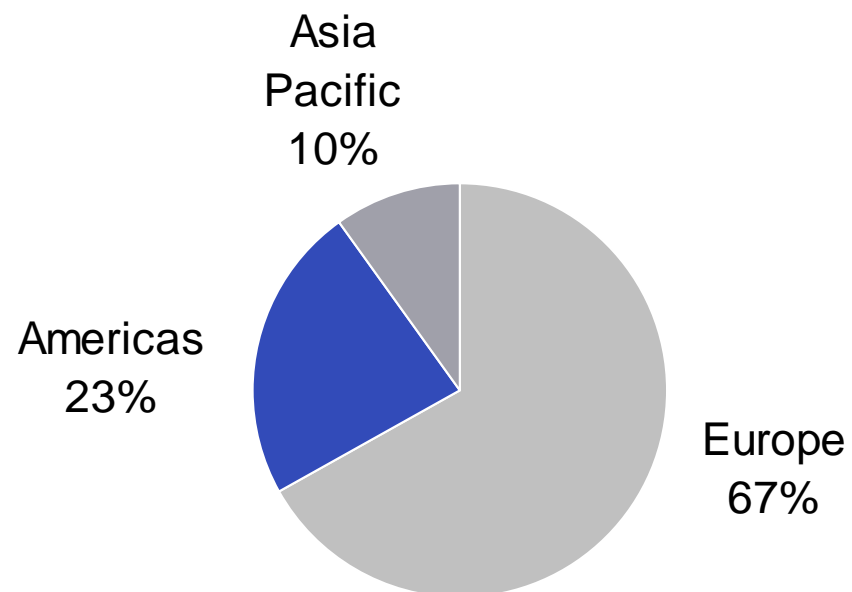
Well diversified revenues – by region

Net revenues, 2005

Corporate Finance



Global Transaction Banking





Almost all regions are pre-tax profit positive

	Underlying pre-tax profit positive (✓) or negative (x)			
	Europe	Americas	Asia Pacific	Global
Corporate Finance	✓	✓	x	✓
Global Transaction Banking	✓	✓	✓	✓





Global Banking's two key goals

1. Corporate Finance – Become top 5 globally by fee league tables and profitability

2. GTB – achieve EUR 1 billion underlying pre-tax profit in 2008



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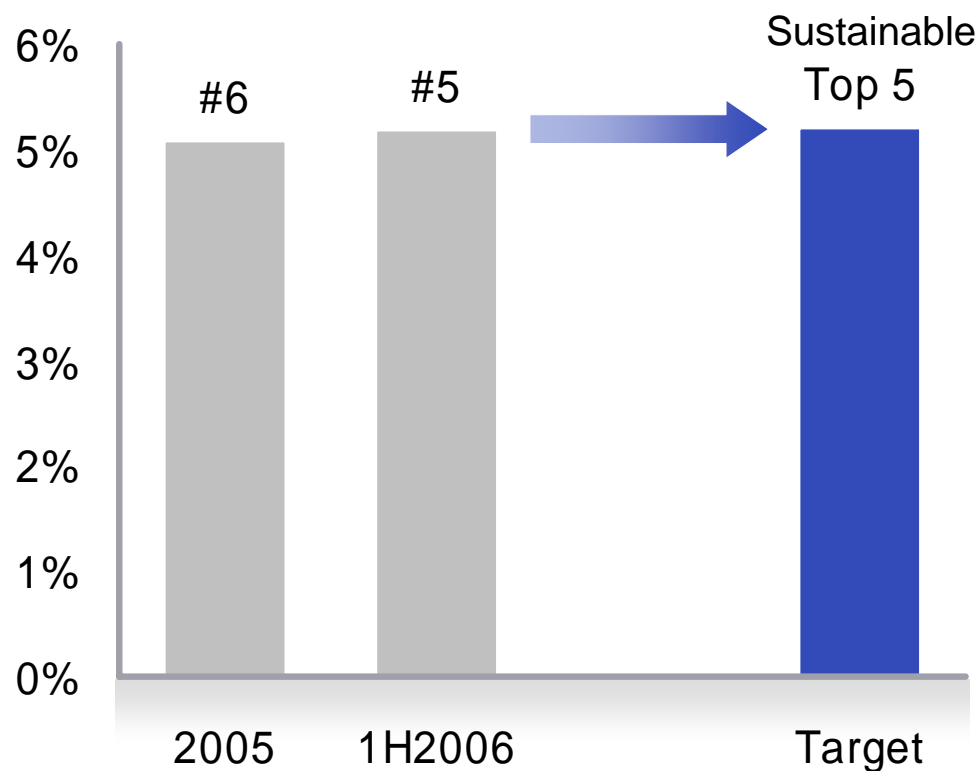




Corporate Finance – the road to sustainable Top 5

Goal

Fee pool market share, in %



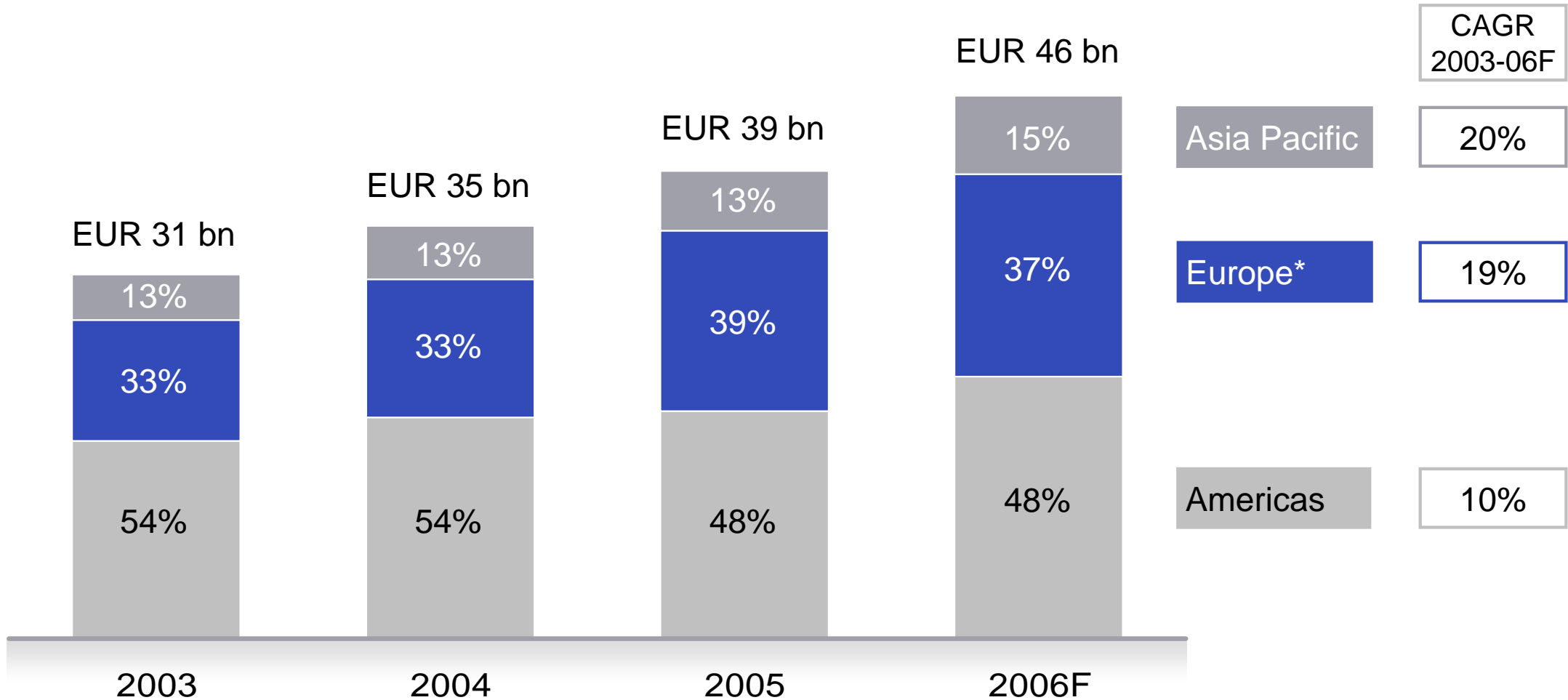
Strategy

- Grow market share in Americas profitably
- Coverage intensity aligned to new DB client tiering system
- Build out emerging markets to capture growth and to mitigate margin erosion
- Further integrate Global Markets and Global Banking





Largest growth opportunity is in the Americas

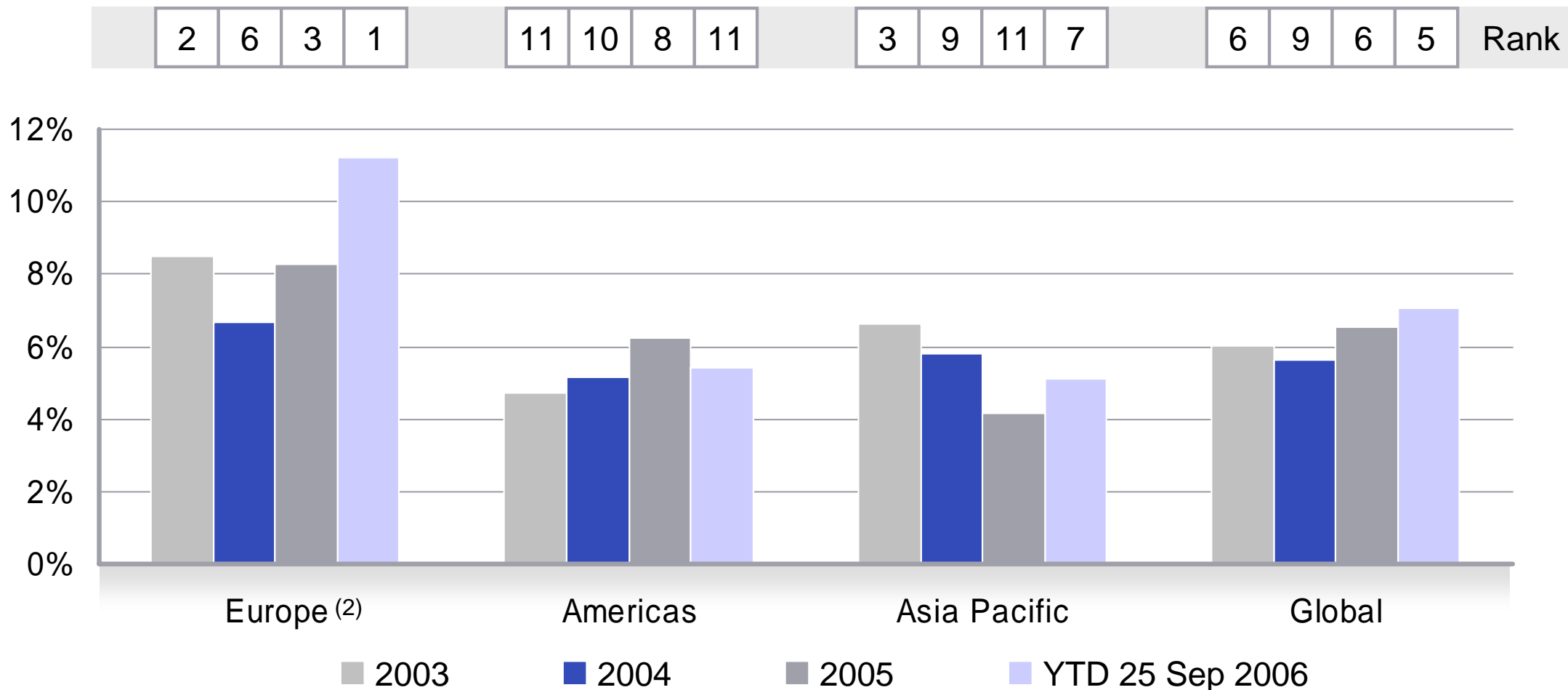


* Including Middle East and Africa
Source: Dealogic
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Corporate Finance – volume league table positions

Volume⁽¹⁾ market share, in %



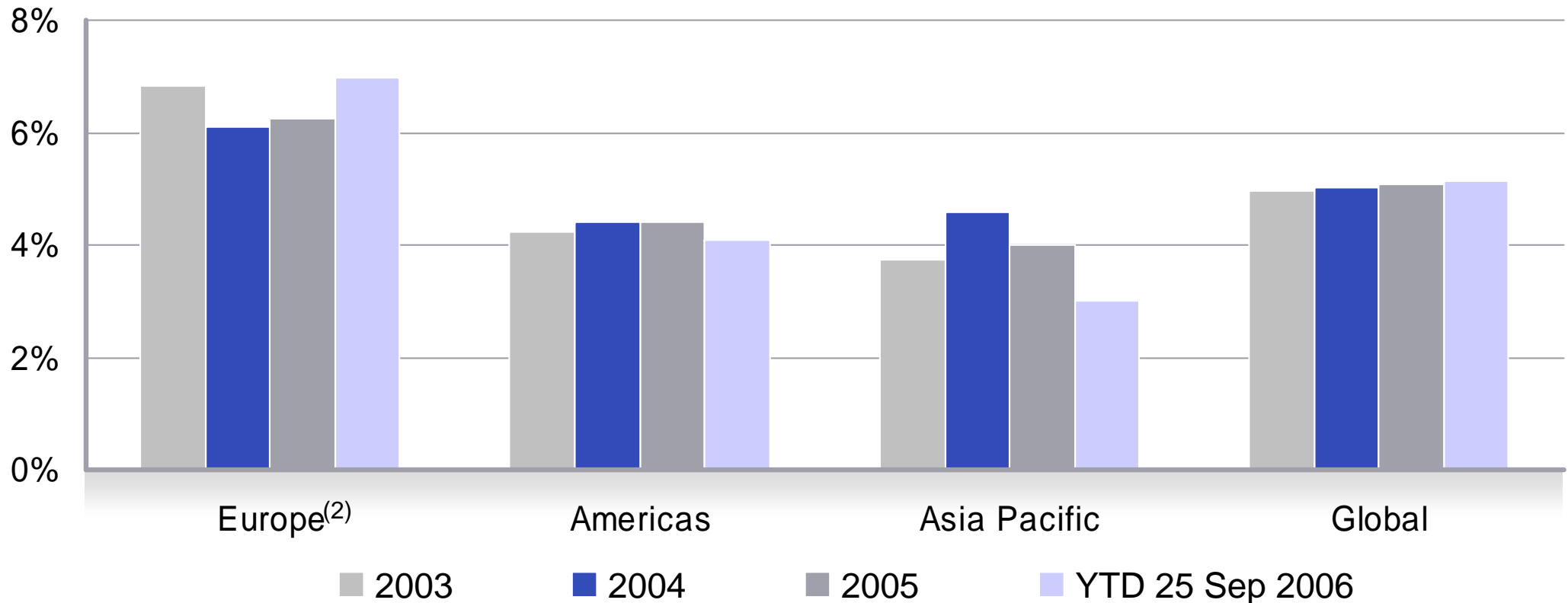
(1) Incl. Origination and Advisory
 (2) Europe includes Middle East and Africa
 Source: Dealogic
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Corporate Finance – fee league table positions

Fee pool⁽¹⁾ market share, in %

1	1	1	1		10	10	10	10		11	6	10	10		8	7	6	5	Rank
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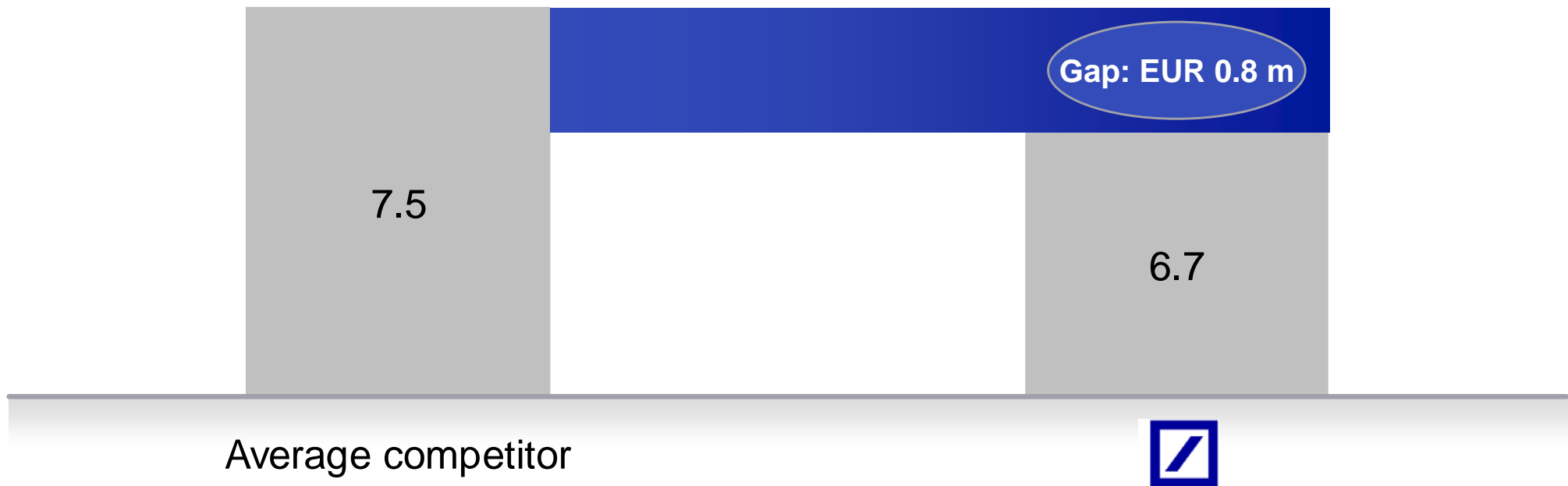


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 Source: Dealogic
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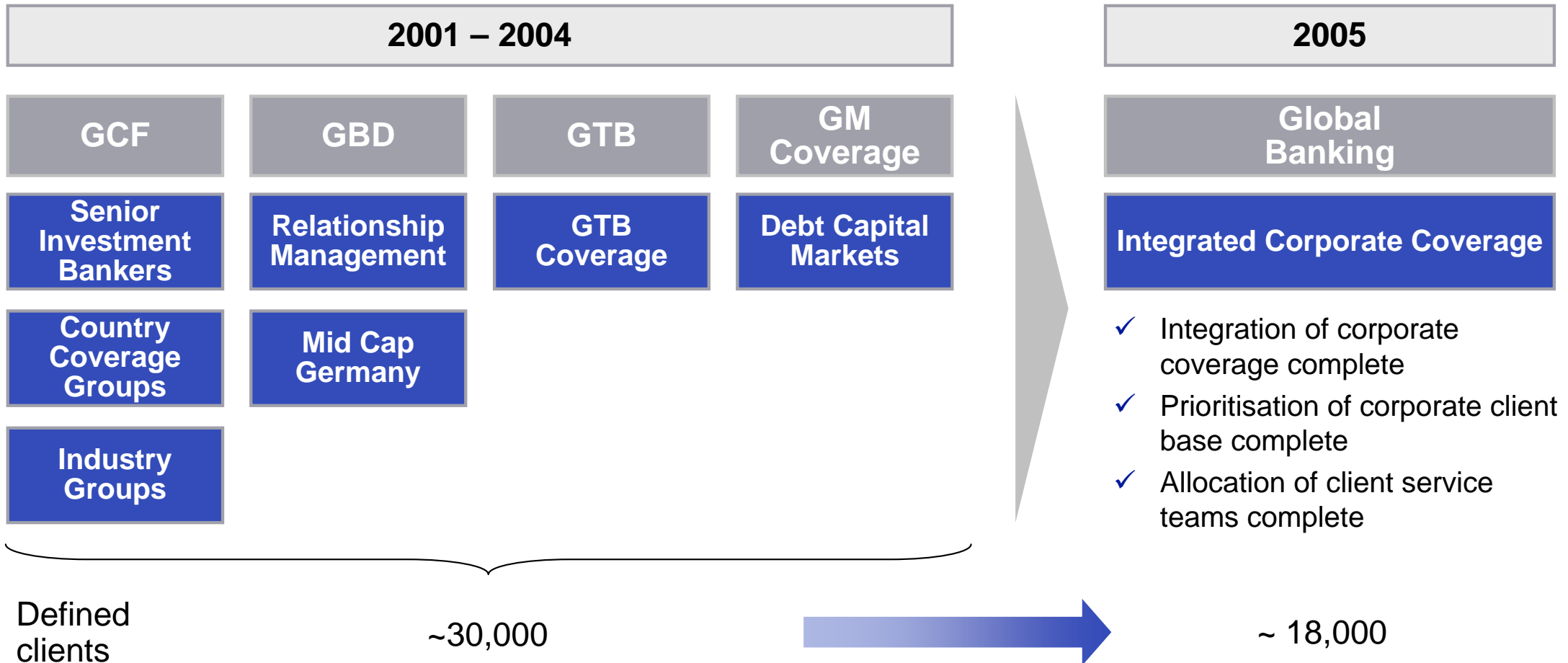
Improve productivity in Corporate Finance

Revenues / MD 2005, in EUR m





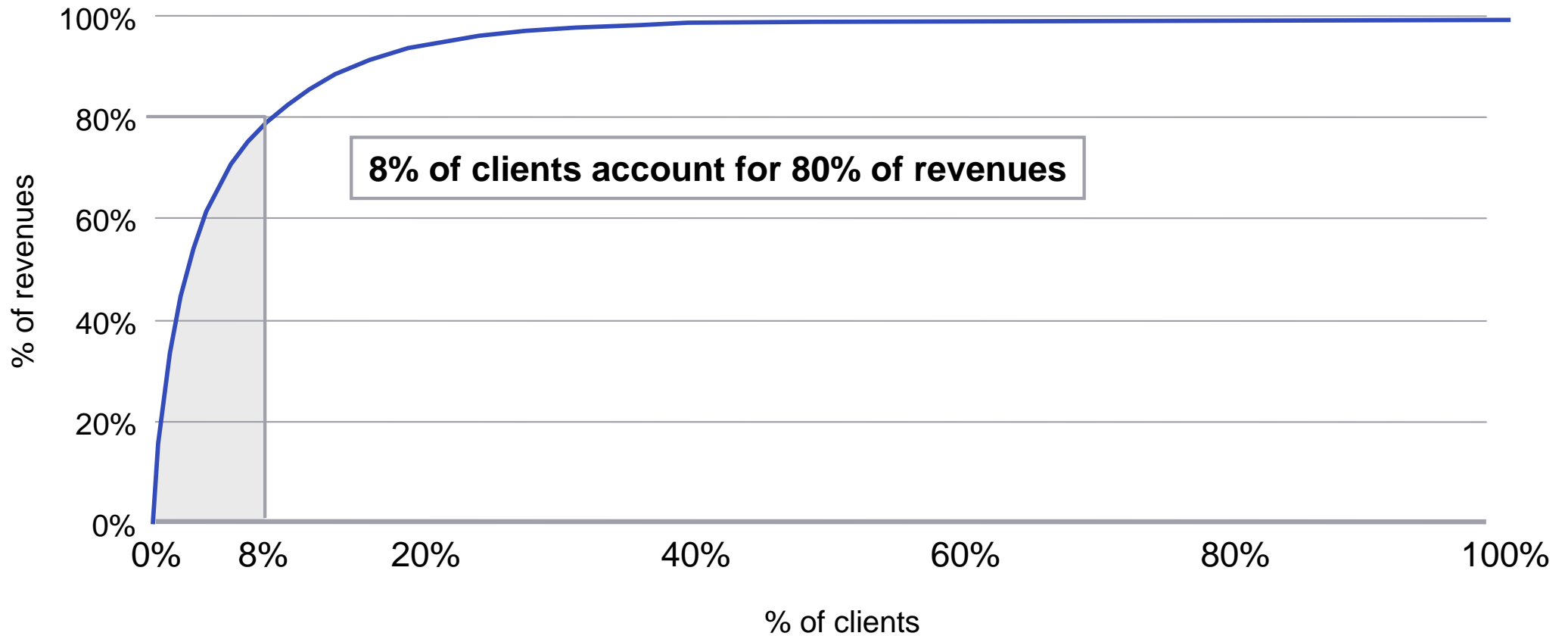
A leaner and more integrated coverage model





Focus on coverage intensity

Accumulated Corporate Finance revenues by number of clients, 2005

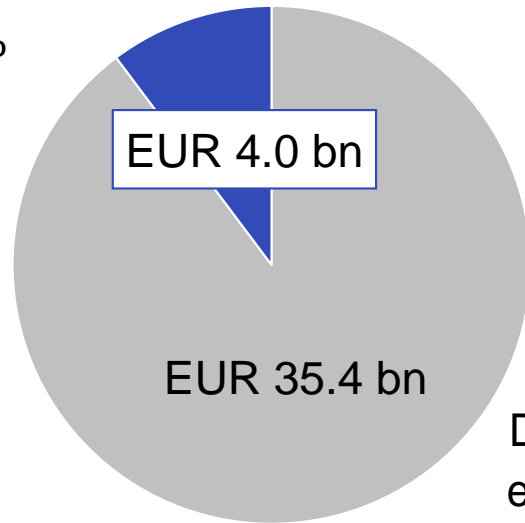




Build out emerging markets

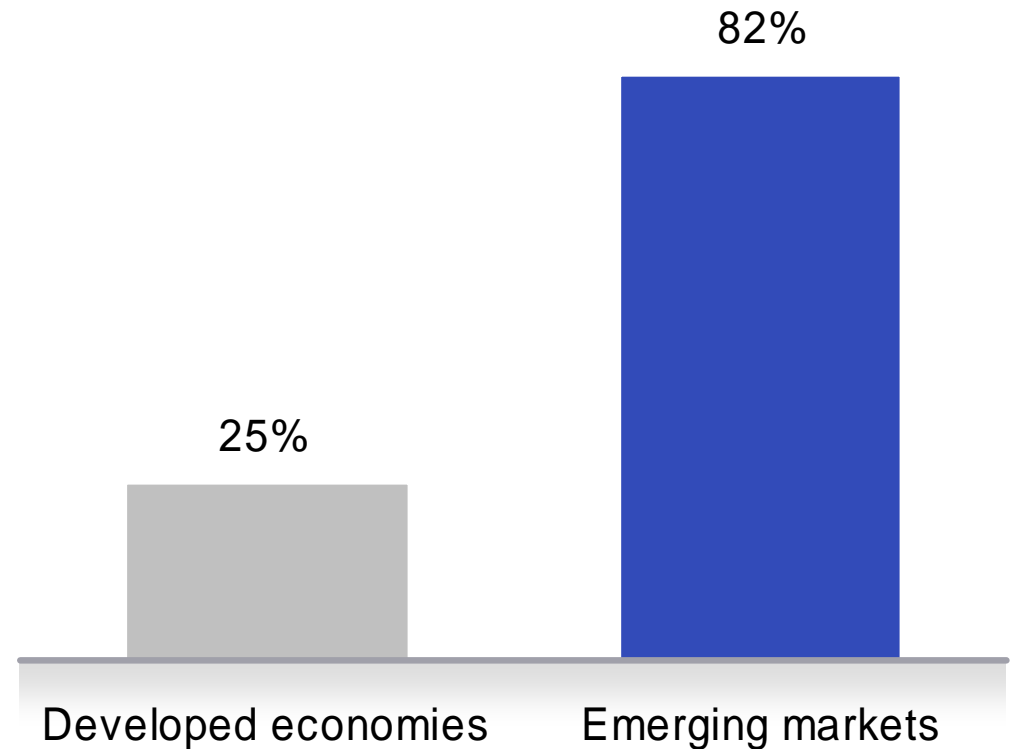
Fee pool size 2005

Emerging
markets
10%



Developed
economies
90%

Fee pool total growth 2003 – 2005





Corporate Finance – cross-divisional opportunities

	Global Markets						PCAM		
✓ cross-sell opportunities	Equity Derivatives	Distressed Products	Rates	Credit Trading	Cash Equities	Currencies / Commodities	PWM	Asset Mgt	PBC
M&A	✓	✓	✓	✓	✓	✓	✓	✓	✓
Equity Capital Markets	✓	✓	✓	✓	✓	✓	✓	✓	✓
Debt Finance		✓	✓	✓		✓	✓	✓	
Lending	✓	✓	✓	✓	✓	✓	✓	✓	✓
Commercial Real Estate	✓	✓	✓	✓	✓	✓	✓		
Asset Finance & Leasing	✓	✓	✓	✓		✓	✓	✓	✓



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The Loan Exposure Management Group (LEMG)



To impose mark-to-market discipline on the DB accrual loan book



To reduce earnings volatility by hedging the loans



To charge the business for the subsidy we provide to clients





Chronology: The migration of balance sheet to LEMG

✓ in LEMG

	End of			
	2003	2004	2005	1H2006
Investment Grade Long term Short term	✓	✓	✓	✓ ✓
German MidCap Long term New Legacy Short term		✓	✓	✓ ✓ ✓





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This is Transaction Banking

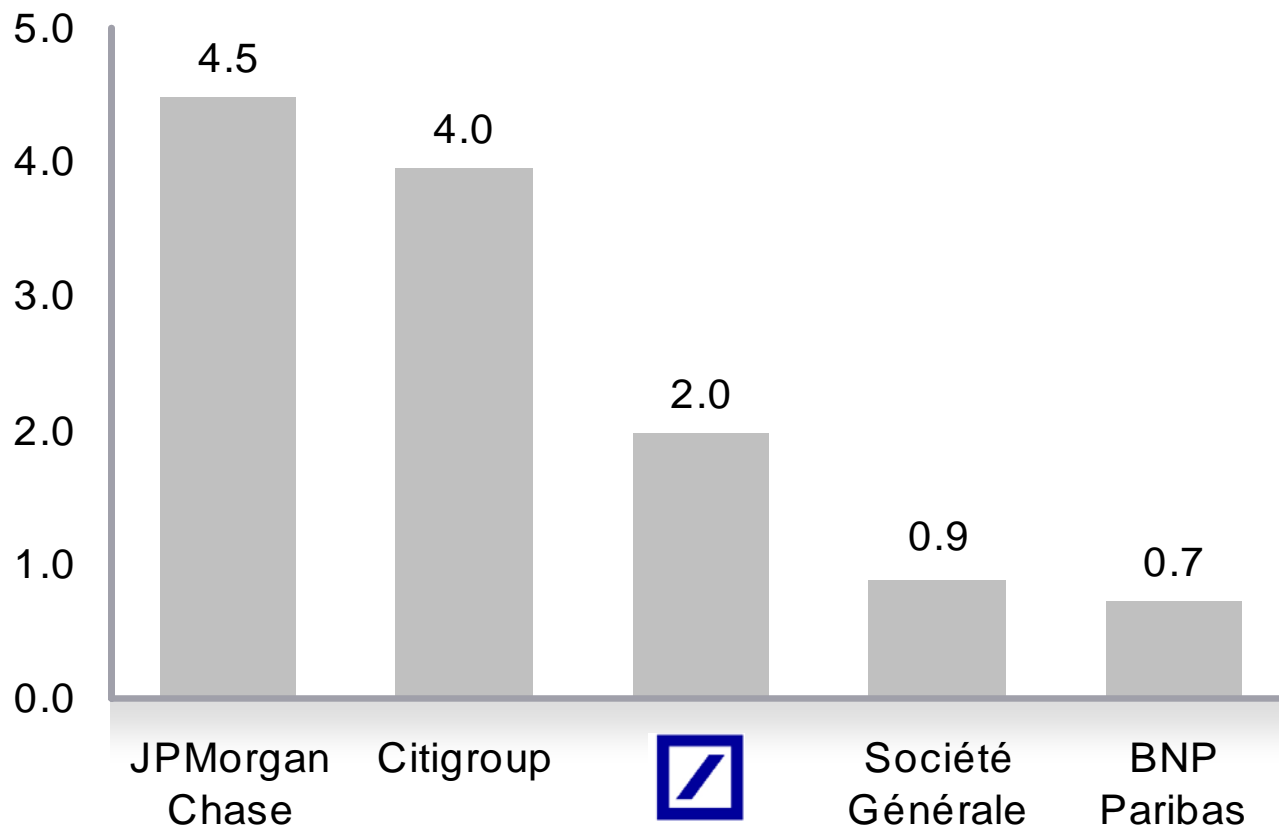
Area	Description	Product lines
<p>Cash Management Corporates</p>	<p>Optimise cash management for Corporate Clients and Financial Customers with a comprehensive array of global, regional and domestic solutions</p>	<ul style="list-style-type: none"> ■ Current Accounts ■ Sight Deposits / Overdrafts ■ Customer Access ■ Information and Account Services ■ Liquidity Management ■ Payment and Collection Services ■ Wholesale Solutions ■ Electronic Bill Presentment & Payment
<p>Cash Management Financial Institutions</p>		
<p>Capital Market Sales</p>	<p>Hedge trade-related interest rates and currency risks; mainly for MidCap clients</p>	<ul style="list-style-type: none"> ■ Foreign exchange, OTC, Commodities
<p>Trade Finance</p>	<p>Execute and advise on clients' trade-related finance and risk requirements</p>	<ul style="list-style-type: none"> ■ International Trade Products ■ Accounts Receivables Finance ■ Collateralised Trade Finance ■ Global Sourcing ■ Structured Trade & Export Finance
<p>Trust & Securities Services</p>	<p>Provide trust, agency, depositary, custody and related services in debt and equity securities</p>	<ul style="list-style-type: none"> ■ Issuer Services ■ Global Debt Services ■ Structured Finance Services ■ Global Equity Services ■ Investor Services ■ Domestic Custody Services



A leading global transaction banking franchise

In EUR bn

Peer revenues in 2005⁽¹⁾



Market leadership in key products⁽²⁾

Product	Rank	Market share
Euro clearing	1	17%
US Dollar clearing	5	8%
US ABS/MBS Trustee	1	24%

(1) Peers: Banks with business structures similar to DB; source: Company reports

(2) Source for Euro clearing: Bundesbank: RTGS+/Target (as of June 2006); source for US Dollar clearing: Clearing House Interbank Payment System (CHIPS); source for US ABS/MBS (Asset Backed and Mortgage Backed Securities) Trustee: Asset Backed Alert (2005)





GTB restructuring – major initiatives completed

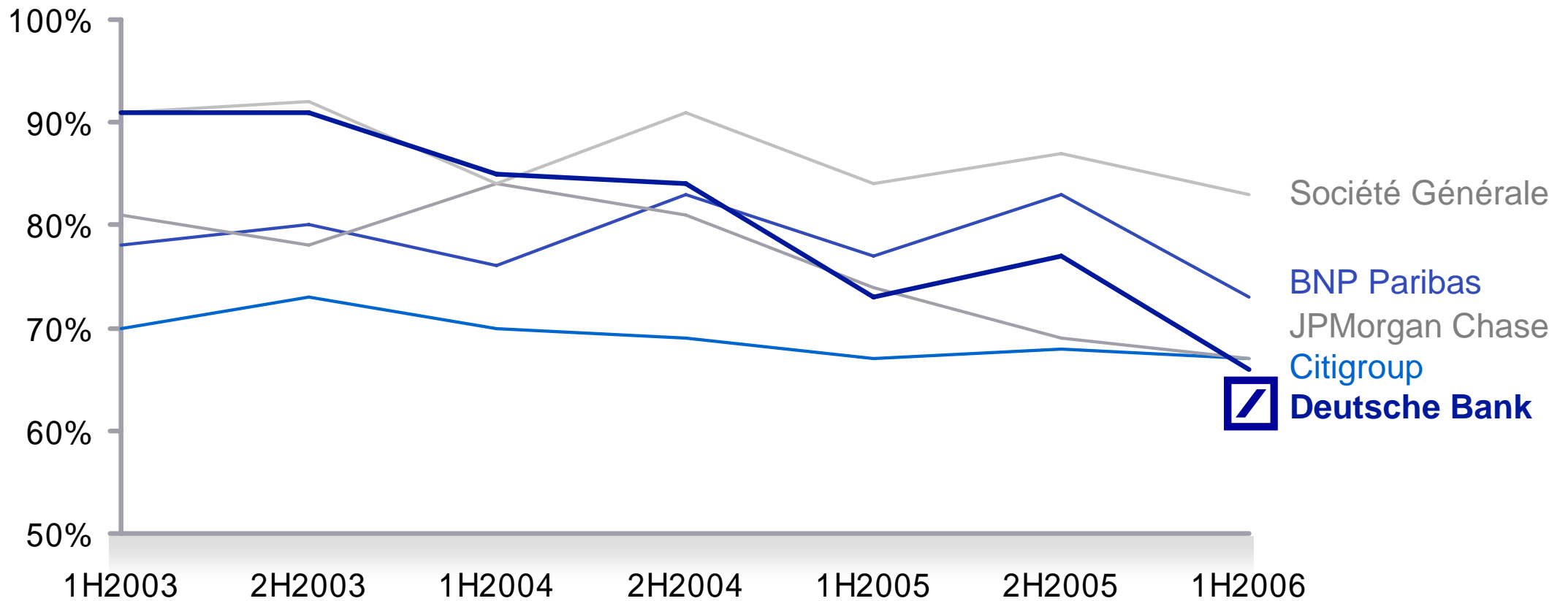
Initiative

- Raise efficiencies in Sales for Trade Finance & Cash Management Corporates
- Consolidate German cross-border payments operations into four centres
- Consolidate Trade Finance operations into four trade centres across Germany
- Smart-sourcing of selected trust operations to India
- Various other efficiency measures



GTB cost / income ratio now among the best in class

Underlying cost / income ratio

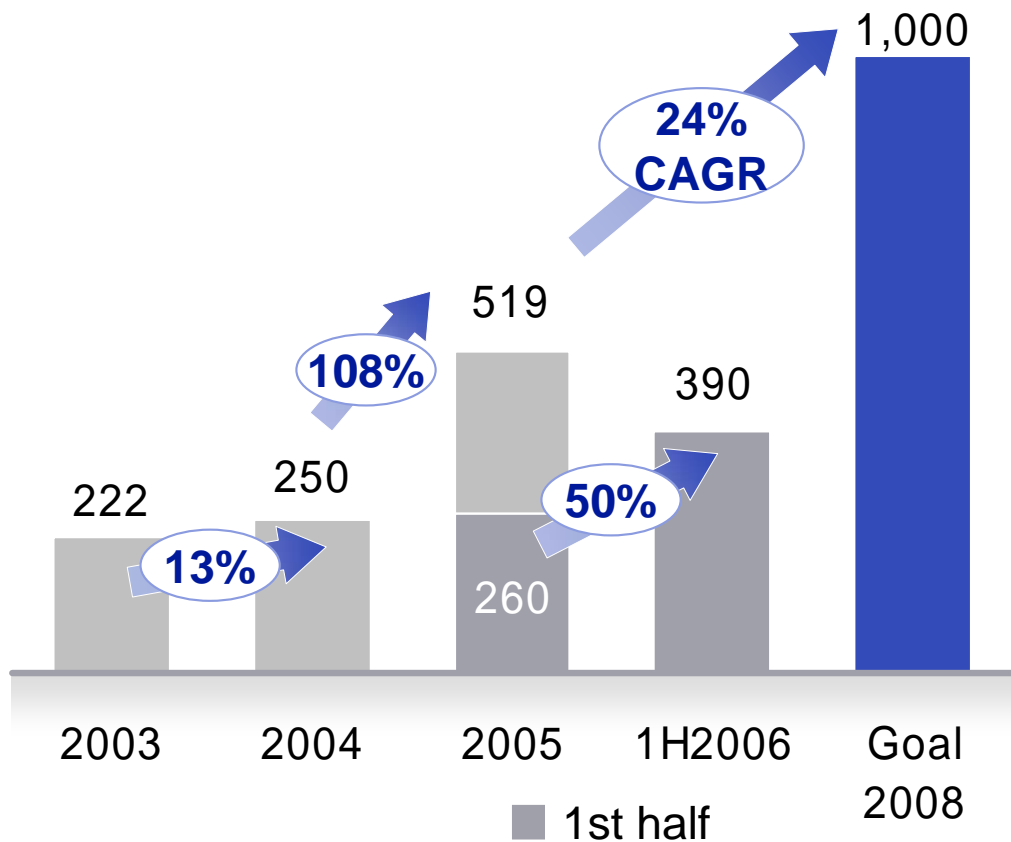




GTB – the road to EUR 1 bn

Underlying pre-tax profit, in EUR m

Required growth



Tactics

- 1 More organic topline growth – focus on Europe
- 2 Benefit from restructured Asian business
- 3 Build out other emerging markets
- 4 Bolt-on acquisitions
- 5 More cooperation with Corporate Finance, Global Markets and PCAM
- 6 Continued cost discipline



1 GTB – more organic top-line growth in Europe

Expand leading position in Germany – currently serve more than 56% of German large and MidCap corporates

Build out European Domestic Custody platform – revenue growth 20% plus

Position DB as “SEPA”^{*} Bank in Europe – must be in place by 1 Jan 2008

European MidCap roll-out – Spain, Italy broad presence for small-caps through PBC network already in place



2 Benefit from restructured Asian business

Grow profitability with Large Local Corporates (LLCs) – DB 15% of revenues in Asia from LLCs vs. > 50% for peers

Growth countries identified for GTB – China, India, Korea – countries with economic growth two times global average

Monetise existing DB franchise – potential to expand market share with existing infrastructure



3 GTB – build out other emerging markets

High margin business – attractive cost / income ratios
e.g. Trade Finance Poland < 20%, Domestic Custody Russia ~40%

Focus on high growth emerging markets

- Poland – capitalise on PBC strength
- Russia – leverage UFG purchase
- Turkey – take advantage of historic trade relationship with Germany
- Middle East – part of overall DB build out

Capitalise on existing DB footprint – utilise existing infrastructure and client base



4 Make further bolt-on acquisitions – GTB has been a successful integrator in the past

Description:

Recent successful acquisitions of domestic custody, depository and clearing businesses

Products involved:

- Cash clearing & asset holding
- Securities & paying agency
- Custody
- Settlement

Operational & financial impact:

- Significantly enhanced our overall reputation as GTB service provider
- Over EUR 900 m assets under custody
- Integration successfully completed between 5 and 10 months
- 131 staff transferred into Deutsche Bank
- Additional revenues of EUR 38 m





5 More cooperation with Corporate Finance, Global Markets and PCAM

	Global Markets					PCAM			
✓ cross-sell opportunities	Equity Derivatives	Distressed Products	Rates	Credit Trading	Cash Equities	Currencies / Commodities	PWM	Asset Mgt	PBC
Cash Management Corporates			✓		✓	✓	✓	✓	✓
Cash Management Financial Institutions						✓			
Trade Finance	✓	✓	✓	✓	✓	✓	✓	✓	✓
Trust & Securities Services	✓	✓	✓	✓	✓	✓	✓	✓	



6 GTB – continued cost discipline

Changed culture – intense scrutiny and specific cost targets

Improved ratio of “run the bank” technology and operations expense to revenues by more than 10 percentage points between 2004 and 2006

In 2004 approx. 60% of IT spend went through centralised governance reviews – 100% compliance in 2005 and 2006

Investment decisions either return based or driven by cost avoidance



Summary: Global Banking's two key goals

1. Corporate Finance – Become top 5 globally by fee league tables and profitability

2. GTB – achieve EUR 1 billion underlying pre-tax profit in 2008



Cautionary statement regarding forward-looking statements and non-U.S. GAAP financial measures

This presentation contains forward-looking statements. Forward-looking statements are statements that are not historical facts; they include statements about our beliefs and expectations. Any statement in this presentation that states our intentions, beliefs, expectations or predictions (and the assumptions underlying them) is a forward-looking statement. 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 trading revenues, potential defaults of borrowers or trading counterparties, the implementation of our management agenda, 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 23 March 2006 on pages 7 through 13 under the heading "Risk Factors." Copies of this document are readily available upon request or can be downloaded from www.deutsche-bank.com/ir.

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