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Annual Media Conference

Frankfurt am Main, 1 February 2019

– Check against delivery –

SELECT FINANCIALS AT A GLANCE

Thank you very much, Christian.

Deutsche Bank was substantially **more profitable** in 2018:

- We delivered our first full-year net profit since 2014
- And a pre-tax profit of 1.3 billion euros, up by 8% year-on-year
- In the fourth quarter our pre-tax loss was 319 million euros – an improvement of more than 1 billion euros versus 2017.

What were the drivers?

<u>Firstly:</u> **revenues** declined slightly.

- Down 4% in the full year 2018 and down 2% in the fourth quarter

<u>Secondly:</u> **costs** declined more sharply than revenues.

- Adjusted costs were down 5% in the full year 2018, and down 15% in the fourth quarter.

<u>Thirdly:</u> **risk provisions** remained stable.

- At historically low levels of 525 million euros.
- This is not only due to the favourable environment; it also demonstrates the good quality of our loan book.

Let's move on to our capital position and balance sheet:

- Our **Common Equity Tier 1 ratio** was 13.6% at the end of the year, in line with our target of above 13%.
- On a phase-in basis the **leverage ratio** improved from 4.1% to 4.3% in the year, which is close to our mid-term target of 4.5%.
- We achieved this by reducing our **leverage exposure** by 122 billion euros. Adjusted for exchange-rate fluctuations during the year it was down by no less than 148 billion euros.

Those are the headline figures. Let me now discuss in more detail the factors which impacted revenues.

REVENUE DEVELOPMENT NOT SATISFACTORY

Revenues were 25.3 billion euros, down 4%, reflecting various factors:

- First: execution of our strategy of refocusing on our core strengths and exiting peripheral business areas, as Christian just explained.
- Second: the challenging market environment.
- Third: negative Deutsche Bank-specific news.

These mainly impacted revenues in investment banking, to be precise in Sales & Trading and Origination & Advisory, and our Asset Management businesses.

- However, revenues in Global Transaction Banking and the Private & Commercial Bank, which together account for over 50% of Group revenues, remained essentially stable.

These negative factors particularly impacted revenues in the fourth quarter.

Group revenues fell by 2%, but at the same time we benefited in particular from the stability of Global Transaction Banking and the Private & Commercial Bank, where revenues actually grew.

Let me now talk about costs – one of our most important success stories in 2018.

BUT AHEAD OF TARGET ON ADJUSTED COSTS

Let me start by looking at the full year:

- As Christian said, we have beaten our cost target.
- Adjusted costs were 22.8 billion euros.
- This means we achieved a year-on-year reduction of 1.1 billion euros, after adjusted costs already declined by 800 million euros in 2017.
- Our personnel costs declined, mainly due to workforce reductions and lower variable compensation.
- And we also succeeded in cutting non-compensation costs in nearly all areas. We have, however, continued to invest in IT.

In the fourth quarter the results of our cost discipline were particularly clear:

- In previous years costs had always risen in the fourth quarter – something we managed to avoid in 2018.
- Adjusted costs fell by approximately 1 billion euros, or 15%.
- We cut expenditure across all areas, reducing both personnel expenses and non-compensation costs.

Importantly, however, notwithstanding our cost discipline we continue to invest in our internal controls. My colleague Karl von Rohr will expand upon this in a moment.

That completes my remarks on costs. One of our objectives was to reduce the risk on the balance sheet and to focus the balance sheet more on our client business.

CONSERVATIVELY MANAGED BALANCE SHEET

Here you can see our results of that effort since 2007:

- Our funded balance sheet has become smaller and safer.
- Overall, we have reduced it by around one-third - that is, by nearly half a trillion euros, although we consolidated Postbank.
- Our liquidity reserves have quadrupled.
- Back then our trading and related assets were as large as our entire balance sheet is today. These have been reduced by more than 70%.
- We have reduced our derivatives, post-netting, by approximately 80%.
- And our loan book has doubled in volume.

So where are we now?

- 26% of our balance sheet comprises liquidity reserves. In 2007 it was only 4%. This means our liquidity is 66 billion euros above regulatory requirements. That’s a good basis for growth.
- Trading and related assets now constitute around one-third of the funded balance sheet.
- Only 3% of our funded balance sheet is made up of derivatives. In 2007 this figure was 11%.

About 40% of our balance sheet is made up of loans. That’s around 400 billion euros of financing for our clients. Let me go into more detail on that:

- The quality of these assets is very good: around half are loans to clients based in Germany. More than one-third are German real-estate loans. A substantial proportion of corporate borrowers are investment grade.
- Our loan book is broadly diversified. 65% comes from the Private & Commercial Bank.
- These loans are funded by a sizeable deposit base on the other side of the balance sheet. The loan-to-deposit ratio is 77%, which is conservative compared with many of our peers.
- Our risk provisions are at low levels by historical standards.

Finally, let me turn from our balance sheet to our business divisions.

DIVISIONAL REVENUE DEVELOPMENT

In the **Corporate & Investment Bank** revenues were 13 billion euros in 2018.

There were two factors at work here:

- Firstly, the refocusing of the business, as just described by Christian.
- As part of this effort we reduced adjusted costs by approximately 700 million euros, reduced front-office employees by 7% and reduced leverage exposure.
- The second factor was the challenging market environment:
  - It impacted both Sales & Trading and Origination & Advisory revenues in 2018.
  - In the fourth quarter, conditions deteriorated for most leading banks, especially in rates and credit trading.

Revenues in the Global Transaction Banking business, by contrast, remained stable and actually grew by 5% in the fourth quarter. In the full year this business generated nearly one-third of the Corporate & Investment Bank's revenues.

Let's turn to the **Private & Commercial Bank**.

Here, full-year revenues remained stable at 10.2 billion euros, despite sustained pressure on deposit margins and the introduction of MiFID II rules. These made providing investment advice more difficult and have cost the sector revenues as well.

- In Private & Commercial Business (Germany), our revenues actually rose by 3%.
- Revenues were lower in Wealth Management (Global), as client activity was impacted by the challenging market environment.

We nevertheless managed to grow our lending and deposit business. Adjusted for disposals, which included Poland, loan volume expanded by 10 billion euros, 7 billion of which came from Germany, while deposits increased by 12 billion euros.

Despite the merger and the investments in our platform we were able to cut costs by roughly half a billion euros. Adjusted costs also fell slightly, which meant that we were able to achieve a post-tax return on tangible equity of nearly 5%, as Christian mentioned.

We are confident that the result will improve further as we expect to benefit increasingly from merger-driven synergies.

Lastly, let me turn to **Asset Management** and thus **DWS:**

2018 was a difficult year for the asset management industry generally, and DWS was no exception. Assets under management in our Asset Management division declined by 5% due to:

- the impact of the US tax reform,
- outflows resulting from specific low-margin insurance mandates, and
- lower demand for mutual funds in Europe against a backdrop of challenging markets.

We do not expect a repeat of these developments in 2019.

Revenues fell to 2.2 billion euros, partly reflecting a decline in assets under management.

Furthermore, revenues were impacted by sold and discontinued businesses. This particular effect is not included in the DWS figures, which have been published today. DWS revenues fell by 10%.

Nevertheless, DWS retains its leading position in Germany and Europe.

- We are the No. 2 in exchange traded funds and commodities in Europe. This is where we registered 17% of new business in 2018 (Source: ETFGI).
- DWS was able to maintain a market share of 26% in mutual funds in Germany (Source: BVI).

That concludes my remarks on our results. I would now like to hand over to Karl von Rohr.