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Beginning of the speech

Christian Sewing

Chief Executive Officer

Deutsche Bank AG

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– Check against delivery –

Ladies and gentlemen,

Representatives of the media,

I, too, have the pleasure of welcoming you to our Annual Media Conference.

It's the same time of year, the same venue and largely the same audience – but nevertheless there seems to be a strong contrast between today and the situation one year ago. Although we have now made a sizeable loss after reporting a small profit in the preceding year, I stand in front of you today in a very optimistic frame of mind.

Why?

Because we are well on track. Because of course the loss is attributable to the fact that we have already booked a large proportion of our restructuring costs. Our operating performance was very solid. Not only was our Core Bank – those businesses which we will continue – profitable in 2019, it was actually more profitable than in 2018.

But let me start at the beginning:

After three loss-making years we reported our first profit twelve months ago, but there was still doubt about the direction in which our bank was heading in the medium term. And it wasn't even clear if we would continue to plot our course alone.

Now we have taken a series of landmark decisions and made good progress with the most radical transformation of Deutsche Bank for two decades. Nearly seven months after announcing our strategy we can now say that we are well on track, our strategy is working.

And we can feel the tailwinds, also in January 2020.

Substantial progress on our strategic transformation

Let us briefly take stock.

We laid the most important foundations on July 7 when we announced our new strategy. A strategy with which we fully focus our bank on its strengths. We have made radical decisions and exited activities where we did not have a leading position.

And we made an immediate and determined start to implementing our decisions, with no ifs and no buts.

This comes at a price – you can see that in our full-year net loss. But what is important is that we have already absorbed 70 percent of the anticipated transformation costs that we announced for the period up to 2022. This means we are not only on track – in some areas we actually dealt with more than we originally planned. So it should come as no surprise that today we are reporting a net loss for 2019 of 5.3 billion euros.

We can already see the results of having acted fast:

We are doing well in all four divisions. Despite all the attendant uncertainty of such a transformative year we have improved the operating results of our Core Bank. I'll provide further details later.

We managed to do this because of the support we have received for our transformation from many quarters. Whether clients, our employees, our regulators, our investors or other market participants – the feedback has been and continues to be positive.

Our cost discipline has also been essential. And we have been disciplined in trimming the balance sheet and reducing risk.

This has enabled us to further expand our strong capital position despite all the transformation costs in the last quarter. This is an excellent basis for expanding our business and becoming sustainably profitable.

Delivered on all objectives in 2019

As we do so, one thing will continue to hold true: we do what we say we'll do.

And as you can see, we have hit all our targets.

We reduced adjusted costs[1] to 21.5 billion euros, as we intended. Inevitably, workforce reduction contributed to this. In the space of 20 months we cut the full-time equivalent number of staff by almost 10,000 to well below 90,000.

Both our Common Equity Tier 1 (CET1) ratio and our leverage ratio comfortably met or exceeded our targets at year-end. A key factor in this has been our Capital Release Unit, which reduced risk faster than we expected.

Building momentum in the Core Bank

Of course this reduction in the balance sheet initially has a negative impact on our revenues. The businesses that we have exited and transferred to the Capital Release Unit

[1] excluding transformation-related effects and fourth quarter expenses associated with the bank's Prime Finance platform being transferred to BNP Paribas

have largely ceased to generate revenues. At the same time it is impossible to reduce costs at the same rate as assets – this explains the larger losses in those businesses that we intend to exit.

But if you want to judge how our bank is positioned for the future, then it's worth putting aside all the exceptional items specific to the transformation year 2019.

So how did our core businesses perform?

The answer is: quite well.

Let's start with adjusted revenues: despite the transformation and despite an even tougher interest rate environment we not only kept revenues stable, we actually managed to grow them slightly.

And because we succeeded in our disciplined cost-cutting at the same time, the picture for results looks even more encouraging: the adjusted pre-tax profit[2] of the Core Bank grew by 7 percent to 2.8 billion euros.

Of course, here too we still have a long way to go – but considering 2019 was a year of transformation, we're satisfied with the result.

Stabilizing revenues

This becomes particularly clear in the second half of 2019, the period since we announced our new strategy in early July:

In our new Corporate Bank we kept our revenues stable despite the interest rate headwinds. The key to this was our growth in lending and in Asia.

The stabilisation of our Investment Bank has moved forward faster than many people expected. We grew Investment Bank revenues, adjusted for specific items, by 7 percent in the second half of last year – thanks to a very strong fourth quarter when revenues excluding specific items grew 22 percent. We delivered year-on-year growth last quarter for the first time in almost three years – mainly thanks to Fixed Income & Currencies (FIC) Sales & Trading, where revenues climbed by more than 30 percent.

I know what many of you will say, that Deutsche Bank is now moving back heavily into investment banking.

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[2] Pre-tax profit excluding specific revenue items, transformation charges, goodwill impairments and restructuring and severance expenses

But that is simply not correct. We have not shifted any additional resources into the Investment Bank. It is simply that some of the negative revenue effects of the transformation – which we were expecting last summer as we were planning conservatively – failed to materialise. And our new structure has delivered positive results faster – the business has set itself up very quickly, so we can focus our full attention on our clients.

Our Private Bank did well, too, although negative interest rates are, of course, hitting it hard. We were able to offset the lion's share of this burden by extending more loans and by growing our investment products business. In addition, we are also benefiting from having hired a number of new client advisors around the world in our Wealth Management business.

And last but not least, our Asset Management business continued on its growth path, having generated revenue growth of 12 percent in the second half of last year.

Stabilisation of this kind was possible because we refocused on our strengths. And that is precisely the basis on which we need to revive growth.

Grow the core: our Corporate Bank

In our Corporate Bank, for instance, we can build on our strong market position. We have 900,000 commercial clients in Germany; we have a 20 percent share of the German trade finance market; we are the biggest clearer of euro payments in the world and the largest dollar clearer outside of the United States[3].

Our clients include corporate treasurers and chief financial officers of small and medium-sized enterprises. We offer them loans, cash management services and currency hedging solutions – all from a single source. We increased our lending volume by 5 percent in 2019, predominantly in Germany.

Last year we cleared almost three billion cash transactions for our corporate clients. Three billion – a figure that underlines what an important role the Corporate Bank plays in the economy. This is 9 percent higher than in the previous year. So we are well positioned in the growth market of payments.

And the revenues we generated with fintechs and with our digital platforms increased by more than 15 percent last year.

We also see greater opportunities for growth in numerous countries in Asia. A key element in grasping these opportunities will be that we start implementing the kind of client

[3] Source: SWIFT benchmark report H1 2019

service abroad that has brought us success at home. Multinational firms in Germany express an interest in seven of our products on average; abroad, the corresponding figure is just four. So there is still plenty of scope for growth here.

Demonstrate resilience in our Investment Bank

And growth is something we are seeing once again in our Investment Bank. The close cooperation between the Investment Bank and our Corporate Bank shows just how important the Investment Bank is for the success of the entire group. In our fixed income and currencies business, both divisions work together intensively because our clients need products from both these divisions – now they obtain them from a single source. The expert knowledge we have in our Investment Bank around financing and placing, or the strategic advice we offer are all of great significance for the entire bank, especially when we're talking about doing sustainable business. More about that later, though.

The development in the fourth quarter – the first increase in revenues for almost three years – provides an extra boost for our Investment Bank. We are also back on the growth path in businesses that had, in the interim, become weaker revenue drivers, including our Rates business. Our debt origination business has also continued to develop positively. And we managed to increase our revenues with our 100 most important institutional clients last year by 15 percent.

Right across the Investment Bank we are benefiting from the strategic clarity that we provided in 2019. We have sharpened our profile: we are a global leader for financing and fixed income– in trading and origination. Our clients know what we stand for – and they know that we'll remain in these business areas in the long run. In over 25 client meetings in Davos, not once was I asked about our strategy. And this clarity is helping our business.

We grew our full-year 2019 adjusted pre-tax profit[4] in the Investment Bank, excluding transformation-related effects and specific revenue items. We plan on continuing along the same path this year, by growing our business and by further reducing our costs, although the focus of this cost-cutting will be less on our client business where such measures also cost us revenues, and more on the supporting infrastructure areas. Moreover, the Investment Bank is presently benefiting from the fact that our funding costs have fallen.

[4] Pre-tax profit excluding specific revenue items, transformation charges, and restructuring and severance.

Improve efficiency in our Private Bank

In our Private Bank, too, we continue to rigorously reduce our costs. In 2019, we realised 200 million euros in synergies from integrating Deutsche Bank and Postbank. We intend to remain on this track. In fact, we're going to pick up speed if we merge DB Privat- und Firmenkundenbank AG with Deutsche Bank AG as planned. All of this will help us reach our ambitious goals for 2022.

Negative interest rates in the eurozone are the main reason why we are having more trouble on the revenue side than the cost side. The interest rate effect on our deposits business lowered our revenues in 2019 by 230 million euros. We weren't able to offset this completely but at least to a substantial degree. In other words, if it hadn't been for these interest rate effects, we would have seen adjusted revenues grow year-on-year.

- We raised our lending volume in the German retail business by 4 percent – for example, with a concerted effort to offer our clients mortgage loans. We have thus achieved lending growth for the seventh quarter in a row.
- We recorded net inflows of about 2 billion euros in investment and insurance products in our German private clients business. This also helps our clients mitigate the negative effects of the low interest rates. Our clients have more than 90 billion euros invested in their Deutsche Bank investment accounts, and last year their investments performed well, with an increase in value of almost 11 billion euros.

So our client business was certainly successful in 2019. And we believe that in this incredibly difficult interest rate environment, we are well equipped to sustainably improve results in our Private Bank.

Delivering sustainable value in Asset Management

Of course, offering investors better prospects in a challenging environment is a key assignment for our asset manager DWS. And it does this by offering top-quality investments. DWS has significantly improved its clients' investment performance. 40 percent of DWS funds now have a Morningstar rating of four or five stars. That's 25 percent more than at the beginning of 2018.

And it's being noticed: our asset management business has achieved net inflows for four quarters in a row, reversing the 2018 trend. For the full year 2019, net inflows were 25 billion euros.

The trend towards sustainable investments promises more growth, and here, too, DWS has significantly broadened its offering much earlier than other asset managers.

The target remains for DWS to rank among the world's top ten asset managers.

Material cost reduction fully on track

One outstanding story of success across the entire bank is that of cost discipline. And we proved our discipline once again in the fourth quarter of 2019. Excluding transformation charges and bank levies, it was the eighth quarter in a row in which we reduced our adjusted costs compared with the previous year. Our adjusted costs[5] have dropped to 21.5 billion euros – just as we planned. Back in the first quarter of 2018 our annual running costs were approximately 2 billion euros higher.

And that means that for the second year running we achieved the goal we set ourselves. We aim to maintain this discipline in 2020, reducing our costs by a further 2 billion euros to 19.5 billion euros[6]. And as we do so, all our preparatory work now stands us in good stead because many of the measures we have already implemented will only come into full effect this year.

Furthermore, we will maintain this rigorous discipline to take costs right down to 17 billion euros by 2022. We have detailed plans on how to do this and are very confident that we will also achieve this goal.

Strong capital position

At the same time we are fully convinced that we can finance the transformation of our bank using our own resources. The first two quarters since we embarked on our transformation journey have given us even more confidence about this. We have, after all, strengthened our capital base. With our Common Equity Tier 1 (CET1) capital ratio at 13.6 percent we continue to have a stronger capital base than the majority of our peers in Europe and the US. And at 13.6 percent we are some way over the level required by our regulatory authorities – especially since the European Central Bank reduced our minimum capital requirement for 2020 in response to us having reduced our risks.

[5] excluding transformation-related effects and fourth-quarter expenses associated with the bank's Prime Finance platform being transferred to BNP Paribas
[6] excluding transformation charges and the impact of the BNP Paribas transfer

One key to us doing so was our Capital Release Unit and the successful shrinking of the balance sheet. Compared with the beginning of 2019 we have reduced our risk-weighted assets (RWAs) by 36 percent in those areas that no longer form part of our Core Bank. This equates to a 26 billion-euro reduction, which is 6 billion euros more than we had planned, with lower de-risking costs than we expected.

So we now have a solid base from which we can grow our client base.

Conservatively managed balance sheet

It’s not just our CET1 capital ratio that proves that the foundation we have created is more stable than ever before. Our provision for credit losses remains at an extremely low level, which underlines the high quality of our portfolio. And we have plenty of scope for growing our lending business even more – the excellent loan book to deposits ratio demonstrates this.

The figures we announced today show that we have successfully stabilised our business. We are making faster progress than we anticipated with our transformation. And we are doing this on the basis of an extremely stable foundation.

James von Moltke will explain the details to you now.

Market perception beginning to turn

Ladies and gentlemen, I hope we were able to show you just how far we have come in recent months. We have a clear plan for how we will drive this transformation forward.

This is increasingly recognised by the market:

- The cost of credit default protection on Deutsche Bank, in other words our CDS spread, is down by more than 50 percent compared to the time of our 2019 Annual General Meeting. And the spread over our peers has narrowed significantly.
- It’s a similar story with our subordinated notes: discounts of up to 20 percent one year ago showed a high level of uncertainty in the market. Today, the notes are trading at almost 100 percent, some even higher than par.

This also benefits our business activities: the lower our funding costs in the market, the more competitive we are in many business segments. And this will help us grow.

Ambition to lead the transition to sustainable finance

We can talk about transformation and trust, but there's another aspect of our business model that is especially important: sustainability.

We believe that Deutsche Bank has a duty to be committed to sustainability as an important part of our social responsibility. And we also believe that we are strategically well positioned to be able to make an impact.

Our loan book of roughly 430 billion euros will play a key role in this. Over the next few years we will gradually increase its allocation to sustainable financing. Our Corporate Bank, our Investment Bank and our Private Bank will all play a part in this. Subsequently we will be able to structure green bonds and other investment products.

The demand for them is already high. Wealth Management clients are particularly interested in investment opportunities that fulfil certain environmental, social and governance (ESG) criteria. In fact, demand is so high that some banks are finding it difficult to meet. But this is exactly where our strength lies. We have the funding and capital markets expertise to be able to create these investment products. That's where we have a significant competitive advantage.

And we're on the right track: we issued a little over 20 billion euros in green bonds for our clients in 2019 – which was two and a half times more than in the previous year and about 10 percent of the total market volume[7]. We plan to issue our first Deutsche Bank green bond this year.

Our top priority, however, is to help our clients to transform to a low-carbon economic model. This also means that we won't simply part with clients because they have a certain carbon footprint – we will help them to reduce that footprint. This will be an issue for virtually every single company; I am convinced that in just a few years a company's sustainability rating will be just as important as its conventional credit rating.

Before the end of this year we plan to present additional ambitious sustainability goals. One thing is important to us in all this: we don't want to just come out with large numbers – we want to provide very specific and clear details. We have to achieve our goals without taking risks that we later regret.

[7] Source: Dealogic

This is just a first insight into our sustainability strategy which is now being applied to many of our processes, ranging from risk management and our own refinancing through to providing the right incentives for our business divisions. You'll hear much more from us about it.

2020: transformation and growth

Sustainable growth in a broader sense is exactly what the next phase of our transformation will increasingly be about.

In 2018, we laid the foundation for transforming our Deutsche Bank.

2019 was the year of strategic course-setting. And we got off to a good start at implementing it.

2020 will be about further reducing our costs and shrinking the balance sheet of our Capital Release Unit.

At the same time we will shift our focus over to growth. We don't just want to defend our market position; we want to build on it. We're going on the offensive and we intend to sustain it. But not everywhere, just in those areas where we are relevant and have a leading position.

We're doing this with our new leadership team comprising not only traditional bank managers.

We're doing it by developing a new way of working: more entrepreneurial, more innovative, less bureaucratic, but still disciplined.

But first and foremost, we're doing it with and for our clients. They are at the centre of all we do.

Deutsche Bank was founded not as an end to itself. It was founded 150 years ago to help German, and later international, companies get to where they want to be in the world. Deutsche Bank was founded to connect worlds. That is our tradition. That is our mandate. That is our mission, and always will be.

We want to be exactly what our first clients hoped we would be: their global "Hausbank".

A bank that is trusted by its clients;

A bank where its employees work with pride and passion;

A bank that is sustainably profitable once more;

And a bank that lives up to its social responsibility.

That’s what we are working at – every single day.

Thank you for your attention. We now welcome your questions.