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– Check against delivery –
1 billion euros in profit before tax in 2020

Good morning and welcome from my side!

As Christian said, we reported a billion euros in profit before tax in 2020, after a loss before tax of 2.6 billion euros in 2019.

Let me now explain in more detail what drove this development.

As we expected, the impact of transformation-related effects is coming down, as we’ve made significant progress with our restructuring. After six quarters of disciplined execution we can see the result: 85% of the total transformation-related effects is now behind us.

Goodwill impairments, of approximately 1 billion euros in 2019, did not recur in 2020.

Transformation charges were down by around 700 million euros year on year.

And restructuring and severance costs were down by 15% year-on-year or around 100 million euros.

This reduction in transformation-related effects explains only about half of why this year’s result is so much better.

The other half comes from the strength in our core businesses, where we see our future, as well as the successful progress made in the Capital Release Unit, as we call it.

In an environment dominated by the pandemic the operating performance of our businesses was in line with what we had expected or even stronger. As a result, the adjusted pre-tax profit increased by more than 1.8 billion euros to 2.2 billion euros – after 361 million euros in the previous year.

12th consecutive quarter of cost reductions

Our cost discipline remains an important driver of our success.

We delivered on this target.

Adjusted costs\(^1\) were 19.5 billion euros in 2020, down 9% versus the previous year.

\(^1\) Ex-transformation charges and Prime Finance-related reimbursable expenses.
Excluding transformation charges and bank levies we have reduced our adjusted costs for twelve quarters in a row.

Over the course of three years since the beginning of 2018, we’ve taken more than 1 billion euros out of our quarterly expenses.

Compensation and benefits expenses came down, driven by the progress on workforce reductions.

We also reduced IT expenses and professional service fees.

In 2020, we have grown our revenues and simultaneously continued cost reduction which more than offset a rise in provision for credit losses.

In a year dominated by many uncertainties we can be very proud of our risk managements’ achievements.

**Benefiting from a well-diversified loan portfolio**

Provisions for credit losses were 1.8 billion euros in 2020, up from 723 million euros in the prior year. This represents 41 basis points of average loans, in the middle of the range we guided to already in April, of between 35 and 45 basis points.

With allowances of 4.8 billion euros in our balance sheet, Deutsche Bank is well-protected against credit risk, and for the further development of the pandemic and its economic impacts.

The relatively good development of our risk costs reflects a number of factors:

- We have a high-quality loan book – about half is in Germany, and the bulk of this is in low-risk German mortgages.
- Our exposure to industry sectors impacted more by the pandemic is relatively small and is largely well-diversified and collateralised.
- Our exposure to consumer loans and the credit card business, i.e. in areas where higher defaults are more likely to happen, is significantly lower than most of our international peers.

Another strength in these difficult times is our capital position.
**Sustained capital strength**

Our Common Equity Tier 1 or ‘CET1’ capital ratio finished the year at 13.6%, essentially unchanged versus the end of 2019.

This ratio is more than 300 basis points higher than our regulatory requirement, which equates to around 10 billion euros.

In the fourth quarter, this ratio improved from 13.3% to 13.6%, driven by three factors:

- Growth of our client business led to an increase in RWA, which reduced our capital ratio.
- This was offset by other positive factors: the Capital Release Unit (CRU) made further progress to reduce RWA.
- and our capital position improved due to higher profits and regulatory changes in how the capital is calculated.

Our liquidity reserves of 243 billion euros give us a strong funding base to support our business.

**Corporate Bank: 2020 performance in summary.**

Let’s now turn to our businesses, starting with the Corporate Bank.

Revenues in the Corporate Bank were slightly down at 5.1 billion euros or 5.2 billion euros ex-specific items. Adjusted for currency movements revenues remained flat.

The results in the Corporate Bank were in our view better than it might seem at first glance. The Corporate Bank largely offset interest rate and other macroeconomic headwinds, principally through deposit re-pricing.

By the end of 2020 we had reached re-pricing agreements on accounts worth around 78 billion euros, ahead of plan.

This contributes revenues of more than 200 million euros on an annualised basis.

Noninterest expenses in the Corporate Bank were down 13% in 2020, principally driven by lower transformation-related effects as we make progress on transformation.

Profit before tax was 561 million euros, up from 92 million euros in the prior year.
Adjusting for specific cost and revenue items, profit before tax was 714 million euros – equal to post tax Return on Tangible Equity of 4.8%. It was lower year-on-year on an adjusted basis. However, the only reason for this development was an increase of provisions for credit losses due to the Covid-19 pandemic in 2020.

**Investment Bank: 2020 performance in summary**

Let’s now take a deeper look at the results of the Investment Bank.

This success has surprised many market observers: Investment Bank revenues were up 32% to 9.3 billion euros.

In our Fixed Income & Currencies business, revenues were up 28%.

Origination and Advisory revenues were up as much as 34%, and grew faster than industry fee pool\(^2\) in all four quarters of the year. We gained market share in key areas, notably in Investment Grade Debt Origination.

In Corporate Finance, we recaptured the number one position in Germany in the fourth quarter.\(^2\)

Very important for us: We achieved this revenue performance with a very moderate growth in risk weighted assets other than regulatory increases.

Simultaneously, we reduced adjusted costs by 9%.

As a result, our cost income ratio improved to 58%.

Lower costs, the same capital, significantly higher revenues: This is a great success. To put it in numbers: Profit before tax was six-fold to 3.2 billion euros, while adjusted pre-tax profit was 3.3 billion euros. This equates to a post-tax RoTE of around 10%.

Our market share gains give us confidence that, as markets normalise, a significant portion of the growth we achieved in 2020 is sustainable.

**Private Bank: 2020 performance in summary**

Let’s continue with the Private Bank.

\(^2\) Source: Dealogic.
Revenues in the Private Bank were also stable in 2020, including a one-time negative revenue impact from the sale of Postbank Systems in the fourth quarter.

The Private Bank successfully offset interest rate headwinds with business growth:

- We achieved higher fee income from insurance partnerships;
- Net inflows into investment products were 16 billion euros;
- Net new client loans were 13 billion euros;
- and we repriced deposit accounts with a value of 9 billion euros.

The Private Bank made a major contribution to Deutsche Bank’s over-delivery on sustainable finance and investment targets. Sustainable finance and investing volumes reached 4 billion euros in loans and 11 billion euros in investment products at year-end.

The Private Bank reported a loss before tax of 124 million euros, after 642 million euros of transformation-related effects in the year.

Adjusting for these and the specific revenue items, profit before tax was only marginally below last year, at 493 million euros despite higher loan loss provisions due to the pandemic. In this market environment it was a strong result, as indeed it was for the Corporate Bank.

This brings us to Asset Management.

**Asset Management: 2020 performance in summary**

Asset Management revenues were 2.2 billion euros in 2020, down 4%. This reflects certain large performance fees of last year which did not recur in 2020.

However, management fees, which account for the majority of revenues, were essentially stable, as inflows and a favourable mix of Assets under Management offset industry-wide margin compression.

The business attracted a record 30 billion euros in net inflows in the year, including 14 billion euros in the last quarter alone.

Assets under Management rose to 793 billion euros at year end – the highest level for DWS since 2013.

Profit before tax was 544 million euros, up 16%.
Adjusted costs excluding transformation charges were down 10%, reflecting successful cost management. This more than offset the 4% decline in revenues.

Thus the cost-income ratio of Asset Management improved to 68% and DWS reached its target ratio of 65% one year earlier than expected.

**Capital Release Unit: 2020 performance in summary**

Finally I would like to look at our Capital Release Unit which maintained its pace of de-risking in the fourth quarter.

At year-end, leverage exposure was down to 72 billion euros, ahead of guidance of 80 billion euros. RWAs were also reduced to 34 billion euros versus the original target of 38 billion euros which we had set in July 2019.

Since the end of 2018, our leverage exposure in the Capital Release Unit is down by three-quarters, and RWAs by more than half.

This balance sheet reduction helped improve our capital position – more than offsetting the net income impact of the CRU.

The Unit also reduced noninterest expenses by 43% in 2020 and this reduced its loss before tax significantly, to 2.2 billion euros.

**Delivered on all milestones**

That summarises our full year results. Given the current environment we are more than pleased with these numbers.

We have delivered in line with or ahead of all our milestones. We’re making good progress with our transformation – in line with plan.

We will continue along this path with the same determination.

For the outlook on 2021 and beyond, let me hand back to Christian.