Deutsche Bank

Q2 2019 Fixed Income Investor Conference Call

James von Moltke, Chief Financial Officer
Dixit Joshi, Group Treasurer

26 July 2019

Agenda

Driving execution of our transformation agenda

- Execution of strategic alignment well underway
- Continued resilience of revenues in more controllable businesses
- Adjusted cost trajectory supports our material cost reduction target
- Balance sheet and CET1 ratio remain robust

Q2 2019 Group financial highlights

€ m, unless stated otherwise

		Q2 2019	Higher / (lower) in % vs. Q2 2018	Higher / (lower) in % vs. Q1 2019
Revenues	Revenues	6,203	(6)	(2)
	of which: Specific items[1]	109	(44)	n.m.
Costs	Noninterest expenses	6,987	21	18
	of which: Adjusted costs[2]	5,696	2	(4)
	Cost/income ratio (in %)[3]	113	25 ppt	19 ppt
Profitability	Profit before tax	(946)	n.m.	n.m.
	Net income (loss)[4]	(3,150)	n.m.	n.m.
Liquidity	Liquidity reserves (in € bn)	246	(12)	(5)
	Liquidity coverage ratio (in %)	147	- ppt	6 ppt
Risk and Capital	Provision for credit losses	161	70	15
	CET1 ratio (in %)	13.4	(34) bps	(32) bps
	Leverage ratio (in %, fully loaded)	3.9	(4) bps	3 bps

---

(1) Specific items defined on slide 25
(2) Adjusted costs include € 351m of transformation charges
(3) Throughout this presentation Cost/income ratio defined as total noninterest expenses as a percentage of total net revenues
(4) Includes deferred tax assets (DTA) valuation adjustment of € 2bn in Q2 2019

Q2 2019 impact of transformation charges

€ m, unless stated otherwise

	Reported	Transformation charges	Excluding items	Comment
Revenues	6,203	-	6,203	
Adjusted costs	(5,696)	(351)	(5,345)	Impairment of software and provisions for existing service contracts
Nonoperating costs(1)	(1,292)	(1,035)	(256)	Impairment of goodwill(2)
Noninterest expenses	(6,987)	(1,387)	(5,601)	
Provisions for credit losses	(161)	-	(161)	
Profit (loss) before tax	(946)	(1,387)	441	
Net income (loss)	(3,150)	(3,381)	231	Includes above effects and Deferred tax asset valuation adjustment of € 2bn
Cost / income ratio	113%	(22) ppt	90%	
RoTE(3)	(23.7)%	(25.1) ppt	1.4%	
Tangible book value per share (in €)	24.49	(0.95)	25.45	

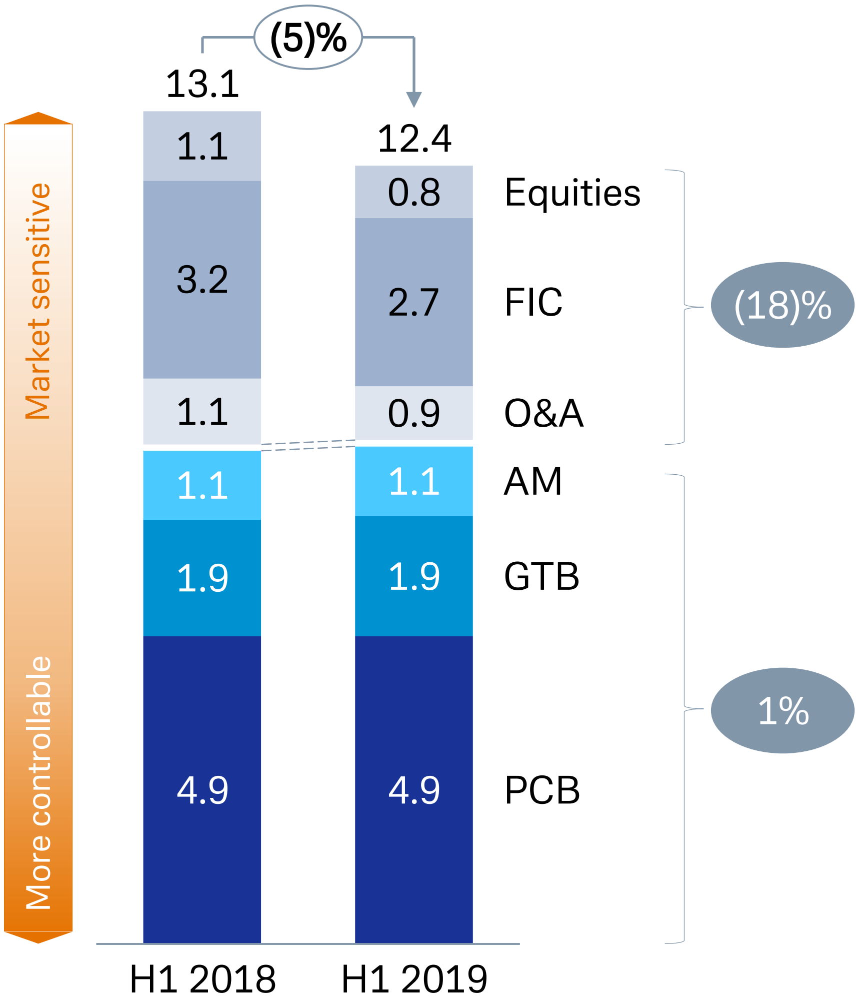
(1) Includes impairment of goodwill and other intangible assets, net litigation charges, and restructuring and severance

(2) Includes € 491m impairment of goodwill in Global Transaction Banking and Corporate Finance as well as € 545m in Wealth Management

(3) RoTE calculated using a monthly average tangible equity through the quarter. As a result of the transformation charges, the tangible equity used in the reported numbers is lower than the definition excluding items

Resilient revenues in more controllable areas

€ bn, revenues(1) excluding specific items(2)



Equities S&T	— Impact of challenging market conditions, perimeter adjustments in 2018 and uncertainty around our recent strategic transformation in H1 2019
FIC S&T	— Impact of challenging market conditions and continued low volatility environment, as well as perimeter adjustments in Rates in the US last year
Origination & Advisory (O&A)	— Declines reflect lower industry volumes, especially in our core geographies (EMEA) and products (Leveraged Debt)
Asset Management (AM)	— Revenues up by 1% YoY — AuM increased by € 29bn, reflecting positive market performance and net inflow
Global Transaction Bank (GTB)	— Revenues up 3% YoY excluding a gain on sale in Q2 2018 driven by growth in Cash Management and Trade Finance
Private & Commercial Bank (PCB)	— Revenues up 1% YoY in ongoing businesses excluding specific items — Deposit margin compression impact offset by continued business volume growth

---

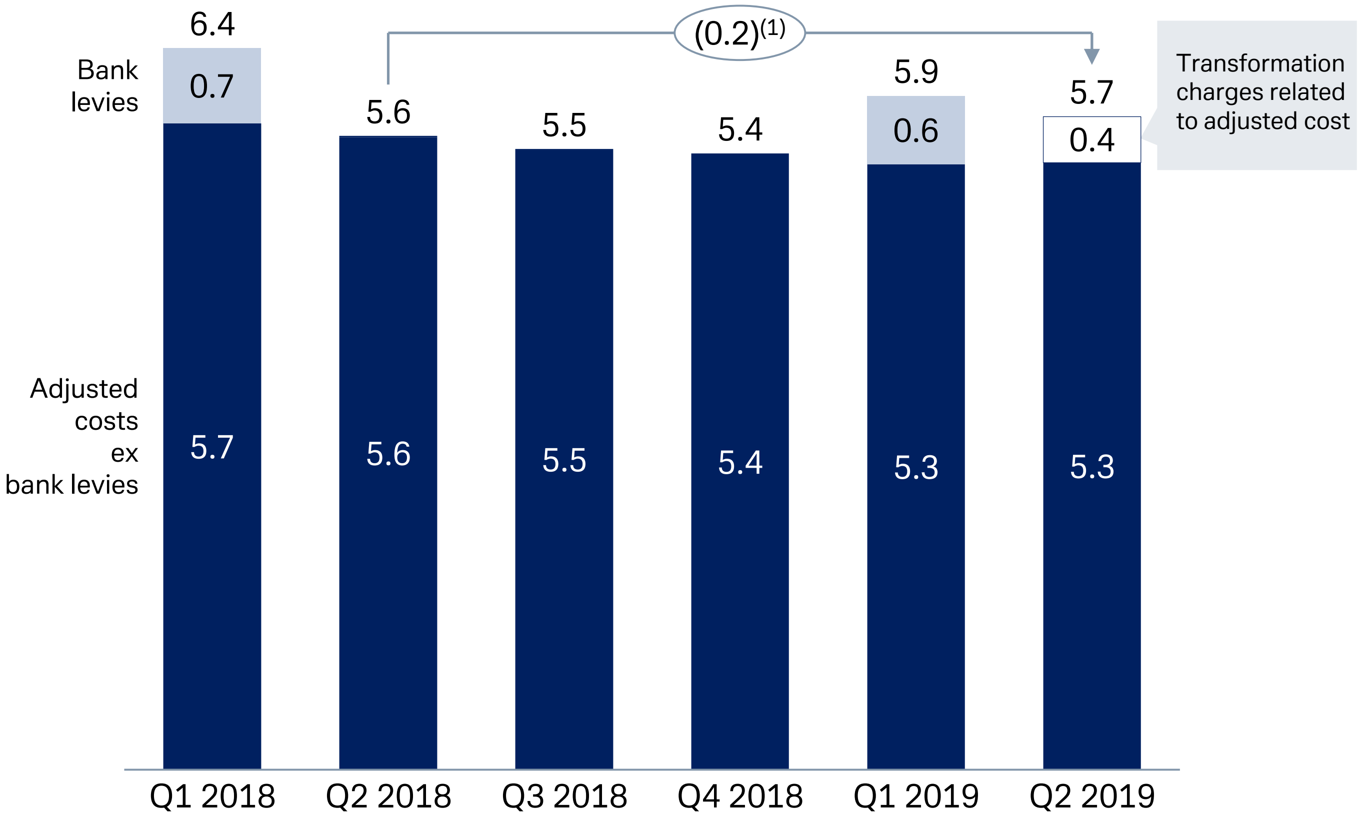
(1) Revenues in Corporate & Other (H1 2018: € (144)m, H1 2019: € 166m) and CIB Others (H1 2018: € 75m, H1 2019: € (187)m) are not shown on this chart but are included in DB Group totals

(2) Specific items defined on slide 26

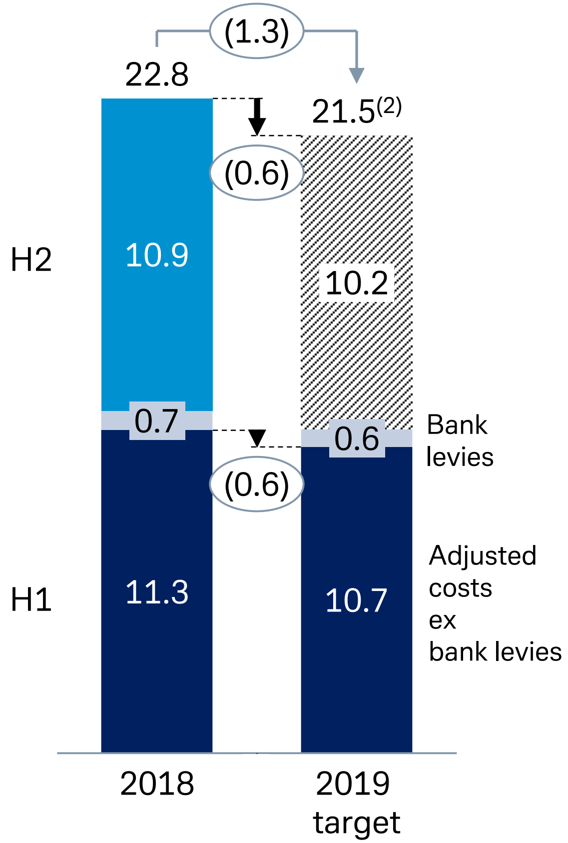
On track with adjusted cost reductions

€ bn, adjusted costs

Cost trajectory on track …



… to deliver 2019 cost target



---

(1) Excluding charges related to the strategic transformation announced on 7 July 2019

(2) 2019 adjusted cost excluding transformation related impairment of software, provisions for existing service contracts and impairment of real estate. Impairment of software includes quarterly amortization on software related to the Equities Sales and Trading business

Focused on execution to fundamentally change the bank

- Created Capital Release Unit with a dedicated management team
- Exited Cash Equities positions and begun process to shut down systems. Negotiations for the sale of Global Prime Finance & Electronic Equities ongoing
- More than 900 employees have either been given notice or informed that their role will be eliminated
- Supportive client reactions with very limited business impact in core businesses to date
- Completed sale of retail operation in Portugal
- Continued improvements in our controls

Progress towards near-term objectives

		2019	2020
Near-term objectives	Adjusted cost	€ 21.5bn(1)	€ 19.5bn
	CET1 Ratio	~13%	At least 12.5%
	Leverage Ratio (fully loaded)	4%	4.5%
CRU Derisking	Credit and Market Risk-weighted assets(2)	~€ 20bn	~€ 10bn
	Leverage exposure (fully loaded)	€ 119bn	€ 17bn

Note: Divisional figures in this presentation showing the pro-forma effect of resegmentation are preliminary, unaudited and subject to change

(1) 2019 adjusted cost excluding transformation related impairment of software, provisions for existing service contracts and impairment of real estate. Impairment of software includes quarterly amortization on software related to the Equities Sales and Trading business

(2) Q2 2019 Credit and Market risk-weighted assets in the Capital Release Unit € 32bn

Agenda

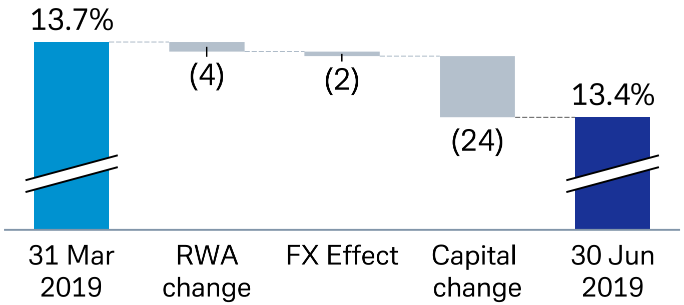
1 Q2 2019 results and execution progress

2 Capital, Liquidity and Funding

3 Appendix

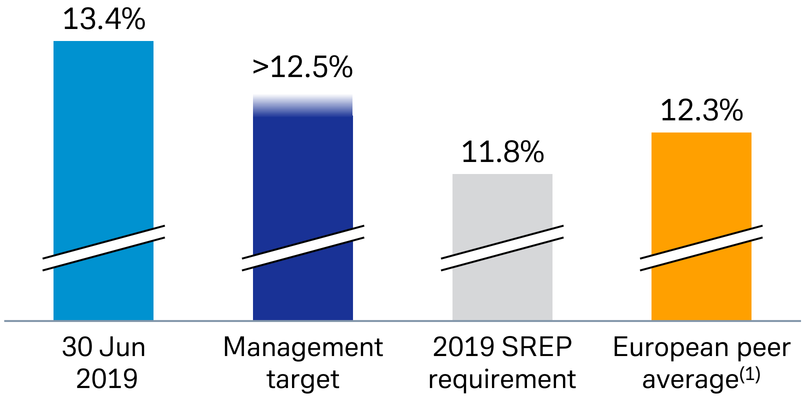
CET1 capital ratio to remain above peers and regulatory requirements

€ bn except movements in basis points, unless stated otherwise



CET1 Capital	47.7		(0.3)	(0.8)	46.5
RWA	347	1	(2)		347

- CET1 ratio declined by ~30 bps in the quarter, driven by two ECB decisions related to regular reviews (~20 bps) as well as the payment of common share dividend and AT1 coupon in the quarter (~10 bps)
- Risk-weighted assets flat as business growth driven increases in Credit Risk RWA were offset by lower Operational Risk RWA due to continued improvement of our loss profile
- Q2 2019 net loss had a negligible impact as the majority of the transformation charges have no impact on regulatory capital
- Q3 Outlook: ~(20) bps impact on CET1 ratio related to strategy implementation and a further ~(10) bps from regulatory headwinds



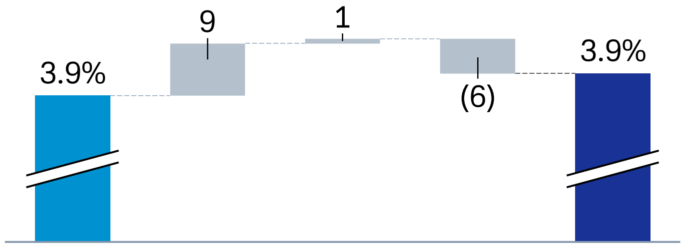
- CET1 ratio to remain above 12.5% at all times, leveraging strong capital planning processes
- Deutsche Bank currently has the highest Pillar 2 requirement of peer banks under the Single Supervisory Mechanism

Source: Company disclosures

(1) Based on reported Q1 2019 CET1 ratio of European peers UBS, CS, Barclays, BNP, Soc Gen

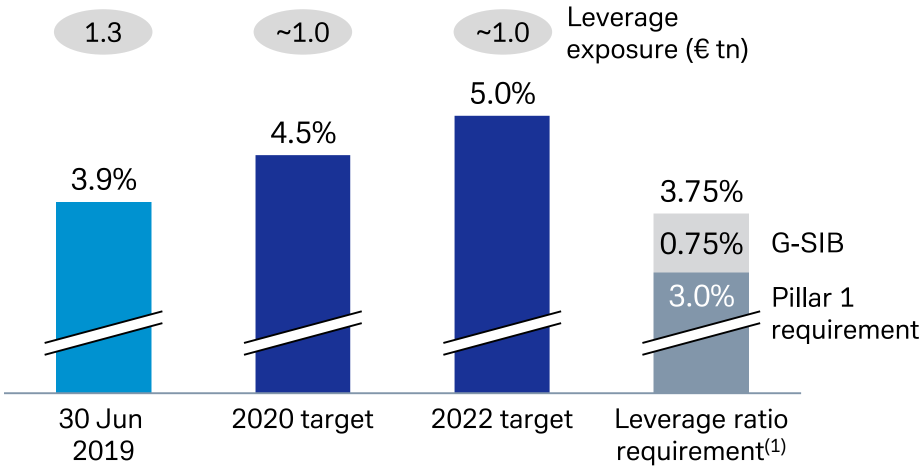
Addressing concerns around leverage

fully loaded, € bn except movements in basis points, unless stated otherwise



	31 Mar 2019	Leverage Exposure change	FX Effect	Capital change	30 Jun 2019
Tier 1 Capital	52.3		(0.3)	(0.9)	51.1
Leverage Exposure	1,345	(31)	(10)		1,304

- Leverage ratio improved by 3 bps in the quarter predominantly driven by lower leverage exposure on an FX neutral basis:
  - € (26)bn decrease in cash and deposits with banks
  - € (17)bn lower secured financing transactions and trading inventory primarily in Global Equities
  - € 8bn loan growth, partly offset by portfolio loan sales



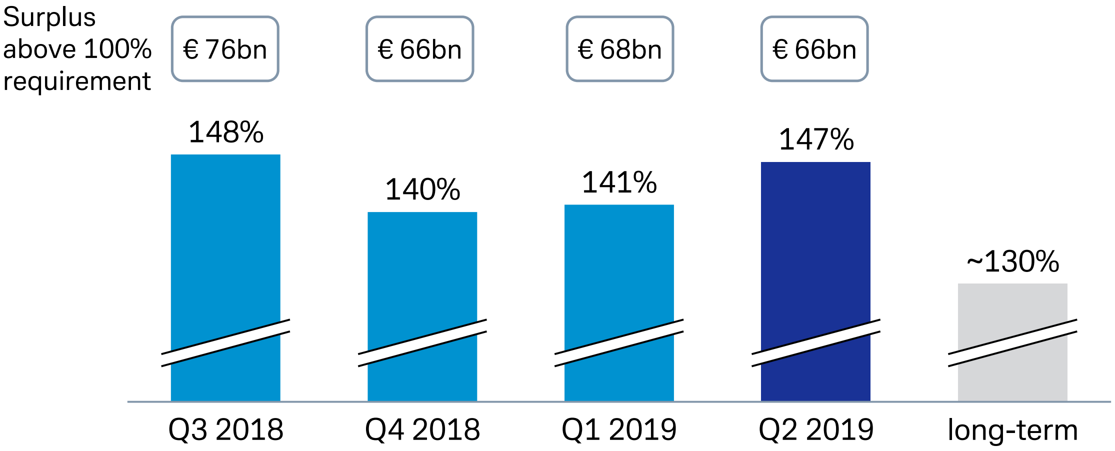
- Leverage ratio to increase in 2020 from reduction in leverage exposure, primarily driven by CRU
- Improvement from 2020 onwards reflects organic capital generation
- Benefits from pending settlements calculated on a net basis from Q2 2021 (delta vs gross method of ~10 bps)

---

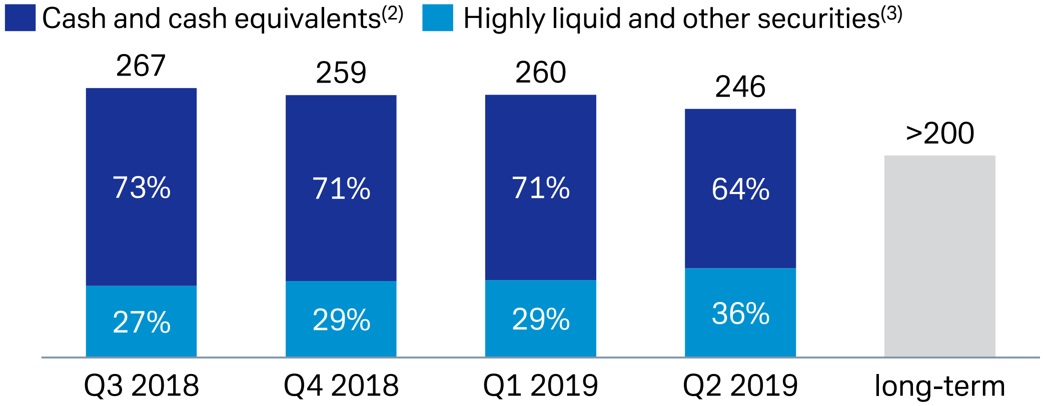
(1) Based on CRR II, binding requirement from 28 June 2021; Deutsche Bank's G-SIB buffer expected to drop to 1.5% bucket

Maintaining a solid liquidity profile

Liquidity Coverage Ratio[1] (LCR)



Liquidity Reserves, € bn



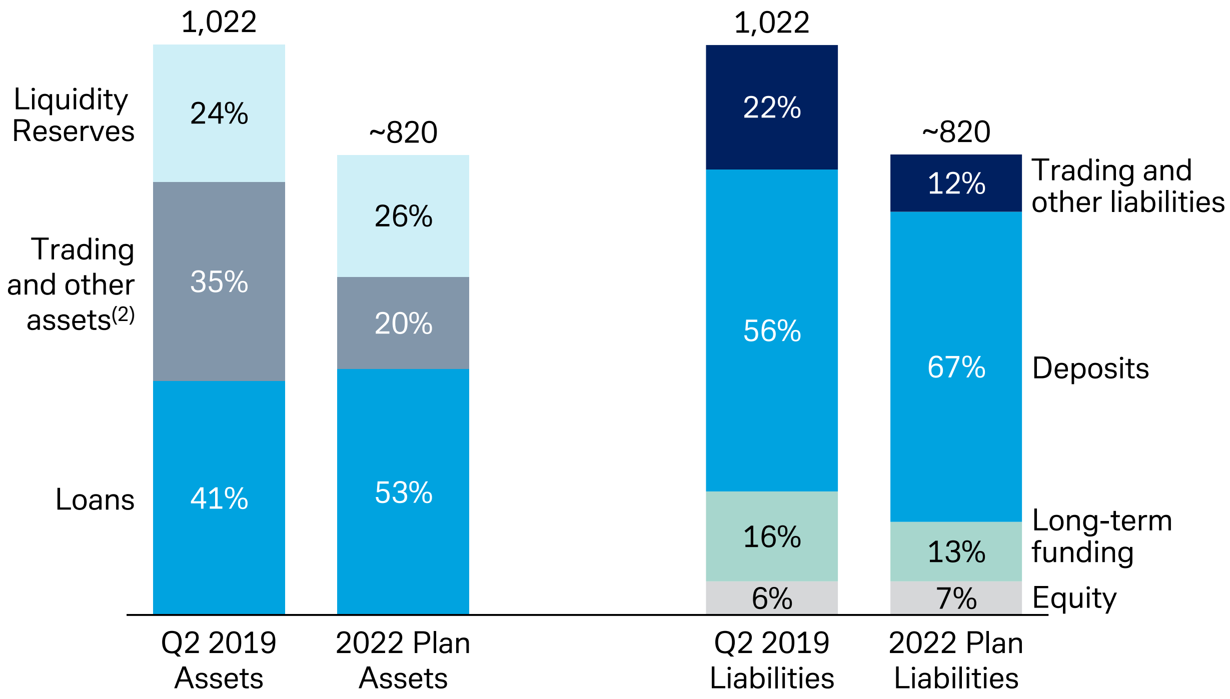
- LCR increased by 6% as a result of growth in operational deposits and liability reductions in the quarter
- Liquidity reserves decreased by € 14bn through continued redeployment of excess liquidity both via increased loans and reduced term funding
- Further optimization shifting liquidity reserves from cash into securities
- As a result of our strategic deleveraging we are targeting lower total liquidity reserves

---

(1) LCR based upon European Banking Authority (EBA) Delegated Act
(2) Held primarily at Central Banks
(3) Includes government, government guaranteed, and agency securities as well as other central bank eligible securities

A smaller, simpler, less market-sensitive balance sheet

Funded balance sheet(1) in € bn, unless otherwise stated



- Funded balance sheet reduction of ~20% planned principally from lower trading assets
  - Up to € 60bn reduction in long-term funding, primarily from TLTRO and structured notes
  - 85-90% of balance sheet planned to be funded by most stable sources(3), including ~70% from deposits
  - Loan to deposit ratio(4) around 80% to support business growth

---

(1) Funded balance sheet is defined as IFRS balance sheet adjusted to reflect the funding required after recognizing legal netting agreements, cash collateral received and paid and offsetting pending settlement balances

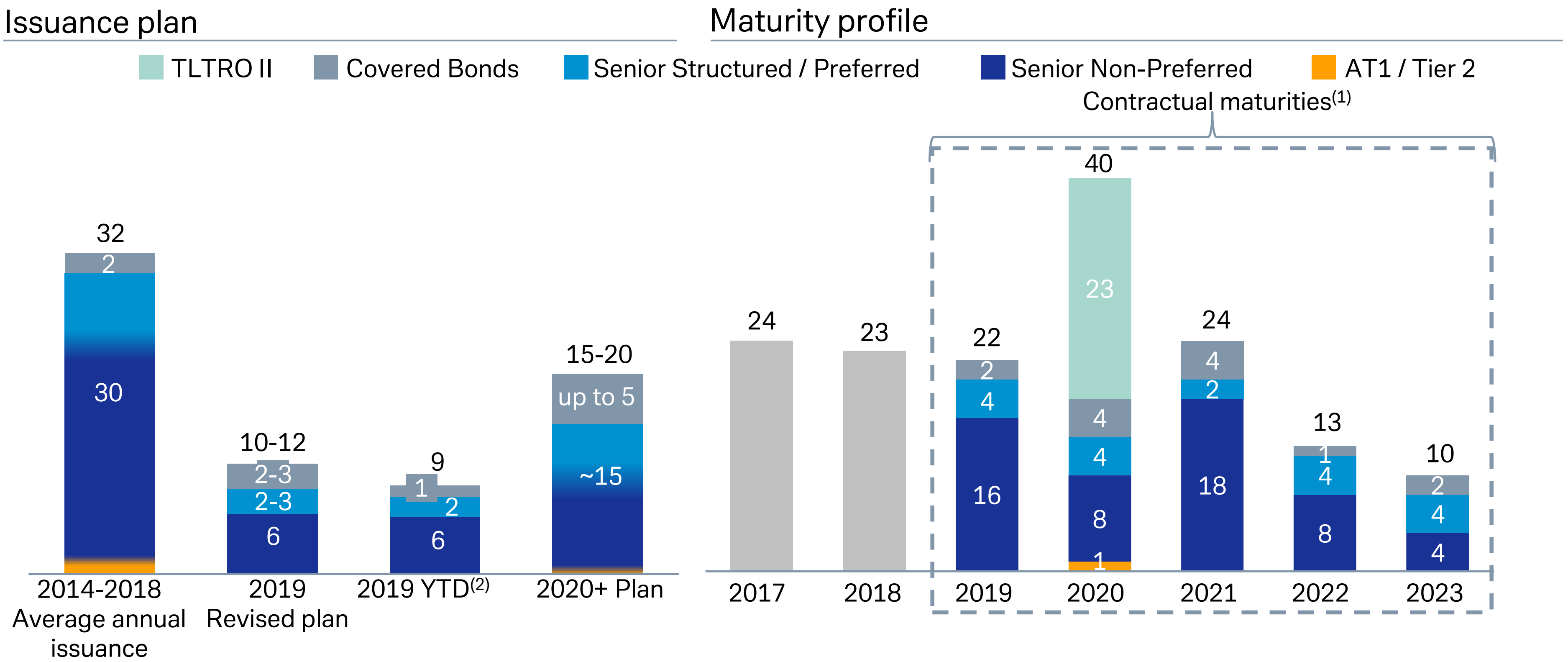
(2) Trading Assets defined as mark-to-market Derivatives, Non-Derivatives Trading Assets, Cash Margin Receivables, Prime Brokerage Receivables, Reverse Repos

(3) Most stable funding as a proportion of the total external funding profile. Most stable funding is defined as funds from Capital Markets & Equity, Retail, Transaction Banking and Wealth Management deposits

(4) Defined as gross accrual loans versus total deposits

2019 issuance plan and contractual maturities

€ bn



- 2019 issuance plan revised down to € 10-12bn from € 15-20bn, reflecting lower funding requirements after strategy update
- Approximately 80% of revised issuance plan already completed
- Reduction of outstanding funding of € 35-40bn for period 2019 and 2020(3)
- Deutsche Bank's credit improved with Senior Preferred CDS tightening to 72bps(4) from 103bps since introduction on 13 May 2019. Senior non-preferred CDS tightening to 144bps(4) from 210bps since the beginning of the year

---

(1) Contractual maturities including Postbank do not reflect early termination events (e.g. calls, knock-outs, buybacks) and early repayment at issuer option

(2) As per 30 June 2019

(3) Includes TLTRO II redemption and € 2-7bn of early redemptions in structured note portfolio

(4) As per 23 July 2019

Pro-forma distributable items for Additional Tier 1 instruments

€ m, after CRR2 amendments

	2018	2018 pro-forma
Distributable Profit	486	
Other revenue reserves	6,760	
Capital reserves	-	42,085
Dividend amount blocked[1]	(6,832)	-
Available Distributable Items (ADI)	414	49,331
Tier 1 interest expense add-back	507	
AT1 payment capacity	921	49,838

Comments

- The definition of Available Distributable Items (ADI) has been amended with the implementation of CRR II
- ADI is now conducted separately for different categories of own funds instruments
- The coupon payment capacity for AT1 instruments will increase significantly for April 2020 payments
- Legacy Tier 1 instruments have a different profit test but benefit from additional pusher events such as calling junior or pari passu instruments

---

(1) Under sections 253 (6) and 268 (8) of the German Commercial Code

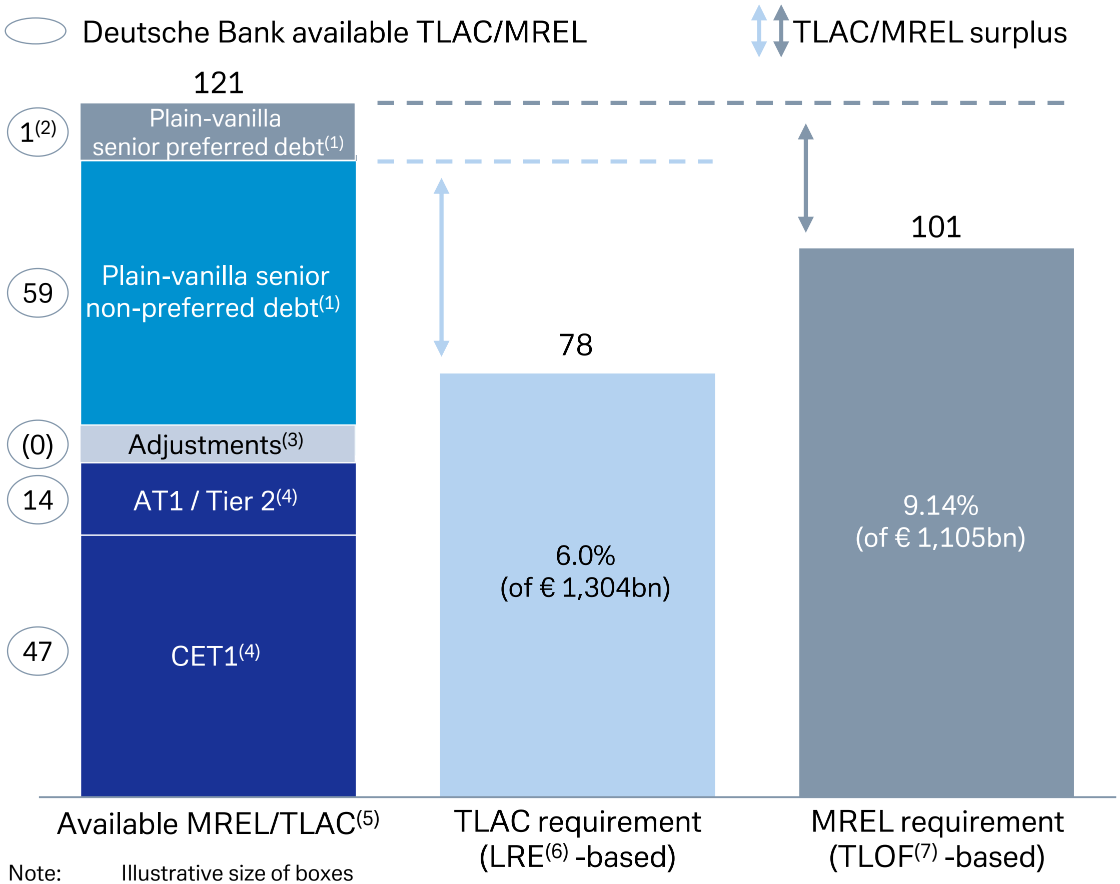
Benefits for bondholders from our strategic transformation

- Smaller, simpler, less market-sensitive balance sheet allows management to lower CET1 ratio of at least 12.5%
- Target leverage ratio to increase to 4.5% from 2020 and to ~5% from 2022
- Continue to maintain strong liquidity (target LCR ~ 130%) and stable funding (target NSFR ~ 120%)
- Reduction in funded balance sheet of ~20%, primarily from lower short-term wholesale funding and structured notes issuance, leading to a reduction in overall funding costs
- Execution of strategic transformation should improve the bank's credit ratings over time

Agenda

Total Loss Absorbing Capacity (TLAC) and Minimum Requirement for Own Funds and Eligible Liabilities (MREL)

€ bn, unless stated otherwise, as of 30 June 2019



- Deutsche Bank has significant TLAC/MREL above regulatory requirements
- TLAC requirements legally binding since June 2019
- Definition of MREL means it will be more binding than TLAC requirements
- MREL requirement expected to be updated in Q4 2019 with:
  - Unchanged target setting methodology
  - MREL decisions for individual entities (transitional periods of up to 4 years)
  - Subordination requirement to be introduced (limited impact as available MREL is almost fully subordinated)

Note: Illustrative size of boxes

(1) IFRS carrying value including hedge accounting effects; including all senior debt >1 year; excludes legacy non-EU law bonds

(2) Potential to include further senior preferred issuances and other MREL eligible liabilities of at least 2.5% of RWA

(3) Add-back of regulatory maturity haircut for Tier 2 instruments with maturity >1 year; deduction of holdings of eligible liabilities instruments of other G-SIIs (TLAC only)

(4) Regulatory capital; includes Additional Tier 1 (AT1) and Tier 2 capital issued out of subsidiaries to third parties which is eligible until year end 2021

(5) TLAC capacity does not include DB's € 1bn plain-vanilla senior preferred debt

(6) Leverage Ratio Exposure

(7) Total Liabilities and Own Funds: Principally IFRS total liabilities with derivatives after consideration of netting and IFRS equity replaced by total regulatory capital (own funds)

AT1 and Trust Preferred Securities outstanding(1)

Issuer	Regulatory capital treatment(1)	ISIN	Current coupon	Nominal outstanding	Original issuance date	Next call date	Subsequent call period
DB Contingent Capital Trust II	AT1 / -(2)	US25153X2080	6.550%	$ 800mn	23-May-07	23-Aug-19	Quarterly
DB Contingent Capital Trust V	AT1 / -(2)	US25150L1089	8.050%	$ 1,385mn	09-May-08	30-Sep-19	Quarterly
Postbank Funding Trust I	AT1 / -(2)	DE000A0DEN75	0.390%	€ 300mn	02-Dec-04	02-Dec-19	Semi-annually
Postbank Funding Trust II	AT1 / -(2)	DE000A0DHUM0	3.932%	€ 500mn	23-Dec-04	23-Dec-19	Annually
Postbank Funding Trust III	AT1 / -(2)	DE000A0D24Z1	0.427%	€ 300mn	07-Jun-05	07-Jun-20	Annually
DB Capital Finance Trust I	Tier 2 / -(2)	DE000A0E5JD4	1.750%	€ 300mn	27-Jun-05	27-Jun-20	Annually
Deutsche Bank Frankfurt	AT1 / AT1	XS1071551474	6.250%	$ 1,250mn	27-May-14	30-Apr-20	Every 5 years
Deutsche Bank Frankfurt	AT1 / AT1	DE000DB7XHP3	6.000%	€ 1,750mn	27-May-14	30-Apr-22	Every 5 years
Deutsche Bank Frankfurt	AT1 / AT1	US251525AN16	7.500%	$ 1,500mn	21-Nov-14	30-Apr-25	Every 5 years
Deutsche Bank Frankfurt	AT1 / AT1	XS1071551391	7.125%	£ 650mn	27-May-14	30-Apr-26	Every 5 years

— Grandfathered legacy hybrid instruments subject to reducing Tier 1 capital recognition during phase-out period
  - — Base notional for portfolio cap was fixed at € 12.5bn (notional as per year-end 2012)
  - — Maximum recognizable volume decreases by 10% each year (from 30% in 2019 to 0% in 2022)
  - — Deutsche Bank today has € 3.0bn instruments outstanding vs. the cap of € 3.8bn for 2019

— Calling legacy hybrid instruments allows to manage cost of capital as well as provides for coupon payments on such instruments

---

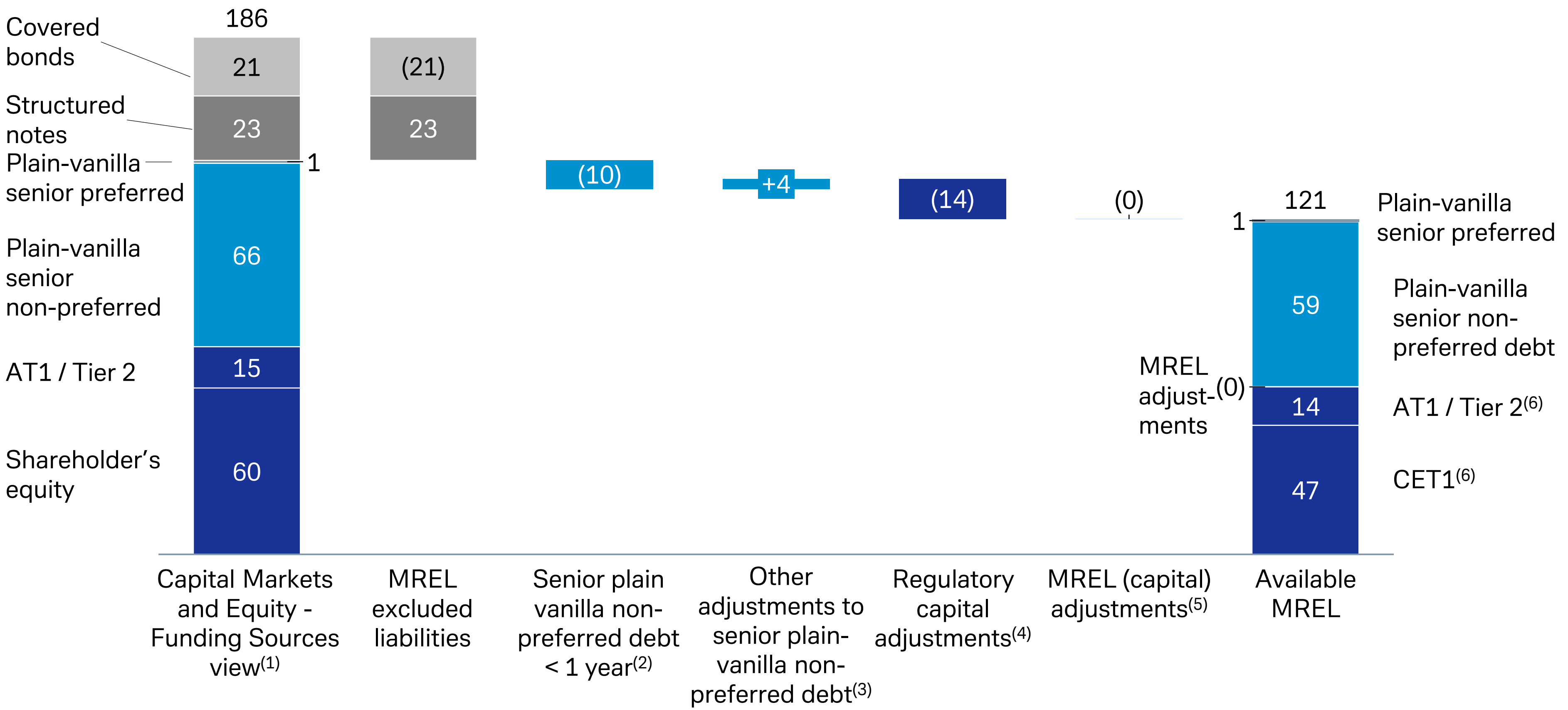
Note: Additional information is available on the Deutsche Bank website in the news corner of the creditor information page

(1) Pre 2022 (subject to portfolio cap, market making and own bonds related adjustments) / post 2022 based on prevailing CRD/CRR

(2) Instruments losing capital and TLAC/MREL recognition from 2022

Capital Markets and Equity[1] to MREL reconciliation

€ bn, as of 30 June 2019



---

(1) Capital Markets and Equity (funding sources view) differs from IFRS long-term debt (incl. trust preferred securities and AT1) and Equity accounts primarily due to exclusion of TLTRO, issuance under our x-markets program and differences between fair value and carrying value of debt instruments

(2) < 1 year based on contractual maturity and next call/put option date of issuer/investor

(3) Deduction of non MREL eligible seniors (legacy non-EU law bonds; legacy Postbank issuances; treasury deposits); recognition of senior plain-vanilla debt with issuer call options < 1 year; recognition of hedge accounting effects per IFRS accounting standards for DB Group; deduction of own holdings of Deutsche Bank's eligible senior plain-vanilla debt

(4) Regulatory capital deductions items (e.g. goodwill & other intangibles, Deferred Tax Asset), regulatory maturity haircuts and minority deductions for Tier 2 instruments

(5) Add-back of regulatory maturity haircut for Tier 2 instruments with maturity >1 year; deduction of holdings of eligible liabilities instruments of other G-SIIs (TLAC only)

(6) Regulatory capital; includes AT1 and Tier 2 capital issued out of subsidiaries to third parties which is eligible until year-end 2021

Current Ratings

■ part of loss-absorbing capacity
🟦 senior to loss-absorbing capacity

		MOODY'S INVESTORS SERVICE	S&P Global Ratings	FitchRatings	DBRS
Counterparty obligations (e.g. Deposits / Structured Notes / Derivatives / Swaps)		A3	BBB+(1)	BBB+	A (high)
Senior unsecured Long-term	Preferred(2)	A3	BBB+	BBB+	A (low)
	Non-preferred	Baa3	BBB-	BBB	BBB (high)
Tier 2		Ba2	BB+	BBB-	-
Legacy T1		B1	B+	BB-	-
AT1		B1	B+	B+	-
Short-term		P-2	A-2	F2	R-1 (low)
Outlook		Negative	Stable	Evolving	Negative

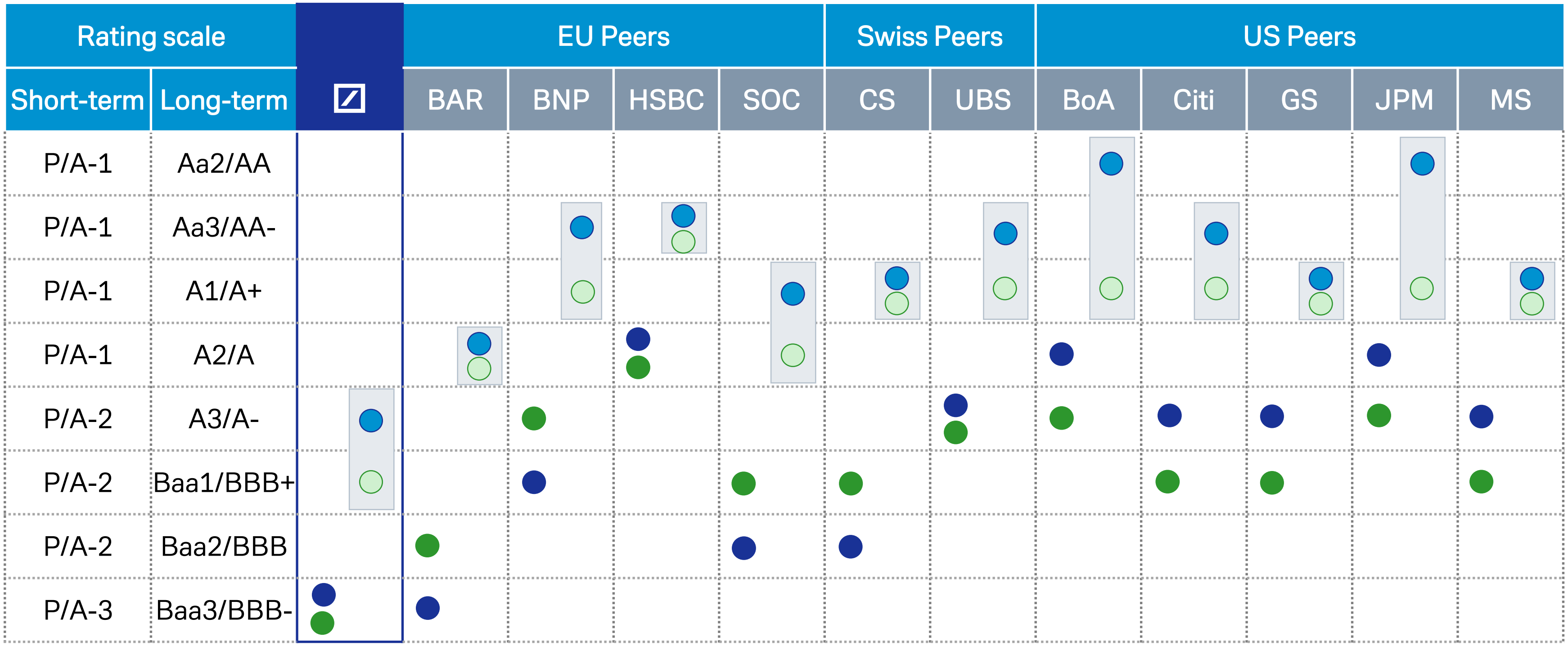
Note: Ratings as of 22 July 2019

(1) The Issuer Credit Rating (ICR) is S&P's view on an obligor's overall creditworthiness. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation

(2) Defined as senior unsecured debt rating at Moody's and S&P, as preferred senior debt rating at Fitch and as senior debt at DBRS

Rating landscape – senior debt ratings

	Moody's	S&P
Operating company / Preferred Senior(1)	◉	○
Holding company / Non-preferred Senior(2)	●	🟢



Rating scale			EU Peers				Swiss Peers		US Peers				
Short-term	Long-term		BAR	BNP	HSBC	SOC	CS	UBS	BoA	Citi	GS	JPM	MS
P/A-1	Aa2/AA								◉			◉	
P/A-1	Aa3/AA-			◉	◉ ○			◉		◉			
P/A-1	A1/A+			○		◉	◉ ○	○	○	○	◉ ○	○	◉ ○
P/A-1	A2/A		◉ ○		● 🟢	○			●			●	
P/A-2	A3/A-	◉		🟢				● 🟢	🟢	●	●	🟢	●
P/A-2	Baa1/BBB+	○		●		🟢	🟢			🟢	🟢		🟢
P/A-2	Baa2/BBB		🟢			●	●						
P/A-3	Baa3/BBB-	● 🟢	●										

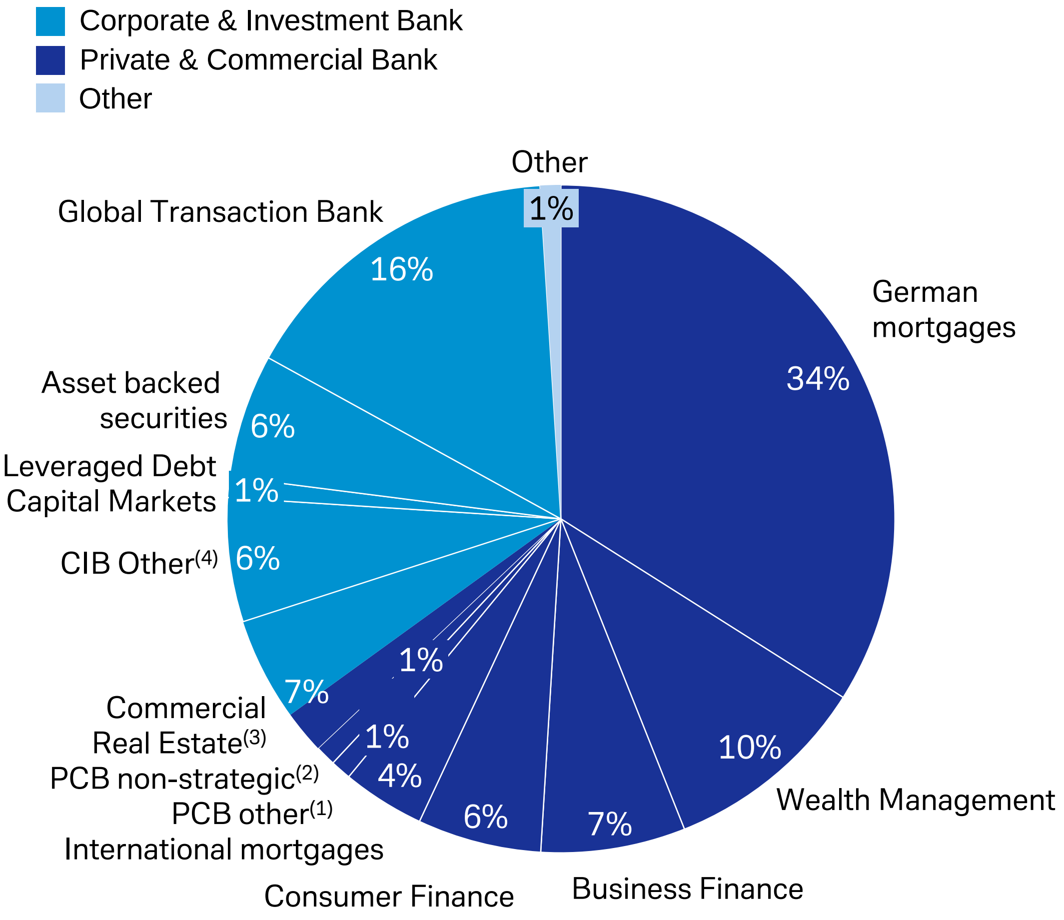
Note: Data from company information / rating agencies, as of 22 July 2019. Outcome of short-term ratings may differ given agencies have more than one linkage between long-term and short-term rating

(1) Senior debt instruments that are either issued out of the Operating Company (US, UK and Swiss banks) or statutorily rank pari passu with other senior bank claims like deposits or money market instruments

(2) Senior debt instruments that are either issued out of the Holding Company (US, UK and Swiss banks) or statutorily rank junior to other senior claims against the bank like deposits or money market instruments (e.g. junior senior unsecured debt classification from Moody's and senior subordinated from S&P)

Loan book composition

IFRS 9 loans at amortized cost, 30 June 2019



- Well diversified loan portfolio
  - ~2/3rd of the loan portfolio is in PCB, largely consisting of mortgages and secured lending
  - ~1/3rd of the loan portfolio is in CIB, mostly investment grade and approximately half Global Transaction Banking clients
  - The remainder comprises well-secured, mainly asset backed loans, commercial real estate loans and collateralized financing as well as relationship loans managed within a concentration risk framework
- Deutsche Bank has high underwriting standards and a defined risk appetite across PCB and CIB portfolios

Note: Loan amounts are gross of allowances

(1) PCB other predominantly includes Postbank recourse CRE business and financial securities

(2) PCB non-strategic includes a FX-mortgage portfolio in Poland

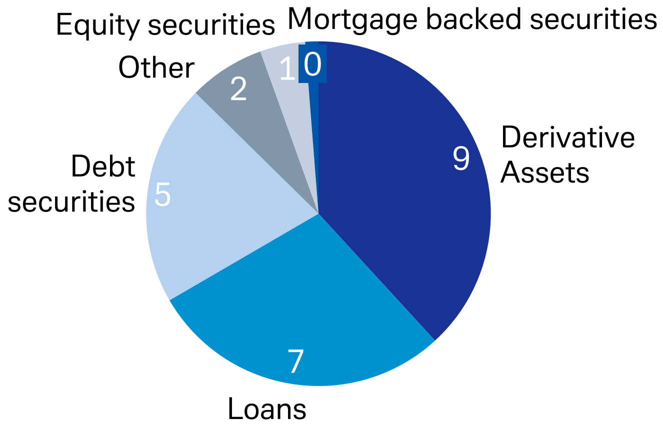
(3) Commercial Real Estate Group in CIB and Postbank non-recourse CRE business

(4) CIB Other comprises CIB relationship loans, FIC (excl. ABS & CRE) and Equities (Collateralized financing)

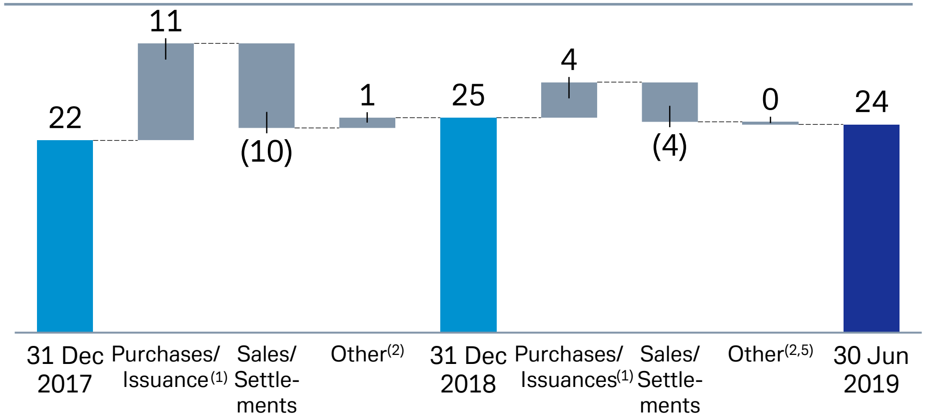
Level 3 assets

€ bn, as of 30 June 2019

Assets (total: € 24bn)



Movements in balances



- Level 3 assets arise from the bank's activities in various markets, some of which are less liquid
- Level 3 classification is not an indicator of risk or asset quality, but rather an accounting indicator of valuation uncertainty due to lack of observability of at least one valuation parameter
- Variety of mitigants to valuation uncertainty:
  - Valuation techniques and pricing models maximize the use of relevant observable inputs
  - Exchange of collateral with derivative counterparties
  - Uncertain input often hedged – e.g. in Level 3 liabilities
  - Prudent valuation capital deductions(3) specific to Level 3 balances of ~€ 0.5bn
- Following our strategy announcement ~30%(4) of the Level 3 assets portfolio will form part of the new Capital Release Unit going forward in line with our intention to unwind or dispose non-strategic assets

(1) Issuances include cash amounts paid on the primary issuance of a loan to a borrower
(2) Transfers, mark-to-market, IFRS 9
(3) Additional value adjustments deducted from CET 1 capital pursuant to Article 34 of Regulation (EU) No. 2019/876 (CRR)
(4) Divisional figures in this presentation showing the pro-forma effect of resegmentation are preliminary, unaudited and subject to change
(5) During the quarter DB implemented revisions to its IFRS fair value hierarchy classification framework

Specific revenue items and adjusted costs

€ m

	Q2 2019					Q2 2018					Q1 2019				
	CIB	PCB	AM	C&O	Group	CIB	PCB	AM	C&O	Group	CIB	PCB	AM	C&O	Group
Revenues	2,942	2,486	593	182	6,203	3,578	2,542	561	(91)	6,590	3,328	2,513	525	(15)	6,351
DVA - CIB Other	(15)	-	-	-	(15)	56	-	-	-	56	(49)	-	-	-	(49)
Change in valuation of an investment – S&T (FIC)	101	-	-	-	101	-	-	-	-	-	36	-	-	-	36
Gain on sale - Global Transaction Banking	-	-	-	-	-	57	-	-	-	57	-	-	-	-	-
Sal. Oppenheim workout - Wealth Management	-	23	-	-	23	-	81	-	-	81	-	43	-	-	43
Revenues excl. specific items	2,856	2,463	593	182	6,094	3,465	2,462	561	(91)	6,397	3,341	2,470	525	(15)	6,320
Noninterest expenses	3,759	2,640	471	117	6,987	3,071	2,194	441	77	5,784	3,393	2,108	398	20	5,919
Impairment of goodwill and other intangible assets	491	545	-	-	1,035	-	-	-	-	-	-	-	-	-	-
Litigation charges, net	169	(25)	2	18	164	(42)	(49)	16	44	(31)	3	(23)	(1)	3	(17)
Restructuring and severance	51	(6)	28	19	92	167	22	9	41	239	23	(18)	4	(3)	6
Adjusted costs	3,048	2,126	442	80	5,696	2,945	2,222	416	(7)	5,577	3,367	2,149	395	20	5,930

Specific revenue items and adjusted costs – H1 2019

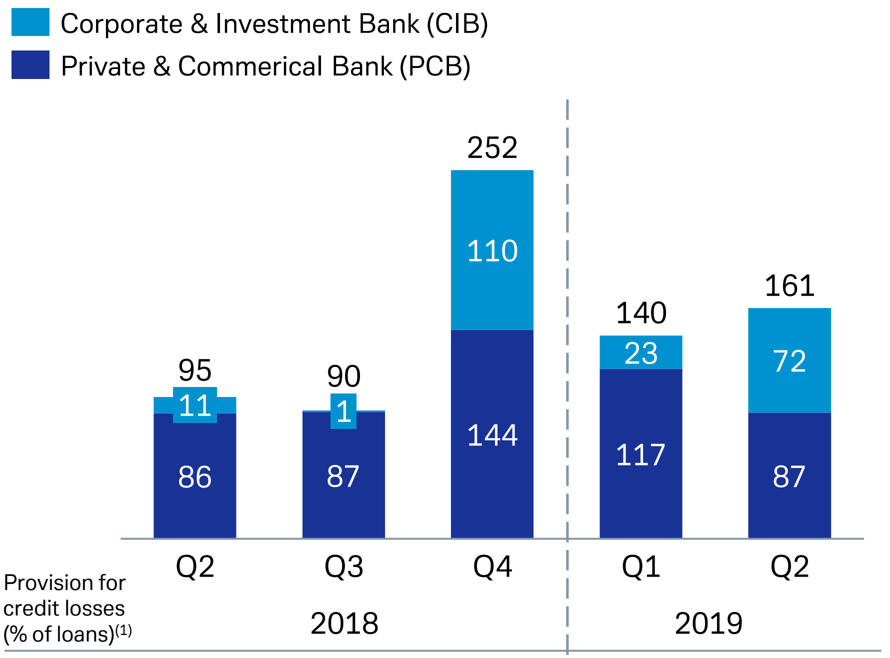
€ m

	H1 2019					H1 2018				
	CIB	PCB	AM	C&O	Group	CIB	PCB	AM	C&O	Group
Revenues	6,270	4,999	1,118	166	12,554	7,424	5,182	1,106	(144)	13,567
DVA - CIB Other	(64)	-	-	-	(64)	118	-	-	-	118
Change in valuation of an investment - Sales & Trading (FIC)	138	-	-	-	138	84	-	-	-	84
Gain on sale - Global Transaction Banking	-	-	-	-	-	57	-	-	-	57
Gain from property sale - Private & Commercial Business (Germany)	-	-	-	-	-	-	156	-	-	156
Sal. Oppenheim workout - Wealth Management	-	66	-	-	66	-	94	-	-	94
Revenues excl. specific items	6,197	4,932	1,118	166	12,414	7,165	4,932	1,106	(144)	13,058

	CIB	PCB	AM	C&O	Group	CIB	PCB	AM	C&O	Group
Noninterest expenses	7,151	4,749	869	137	12,906	6,714	4,421	914	192	12,241
Impairment of goodwill and other intangible assets	491	545	-	-	1,035	-	-	-	-	-
Litigation charges, net	172	(48)	1	21	147	17	(70)	43	46	35
Restructuring and severance	74	(23)	32	16	98	194	31	13	41	280
Adjusted costs	6,415	4,275	836	100	11,626	6,503	4,460	858	105	11,926

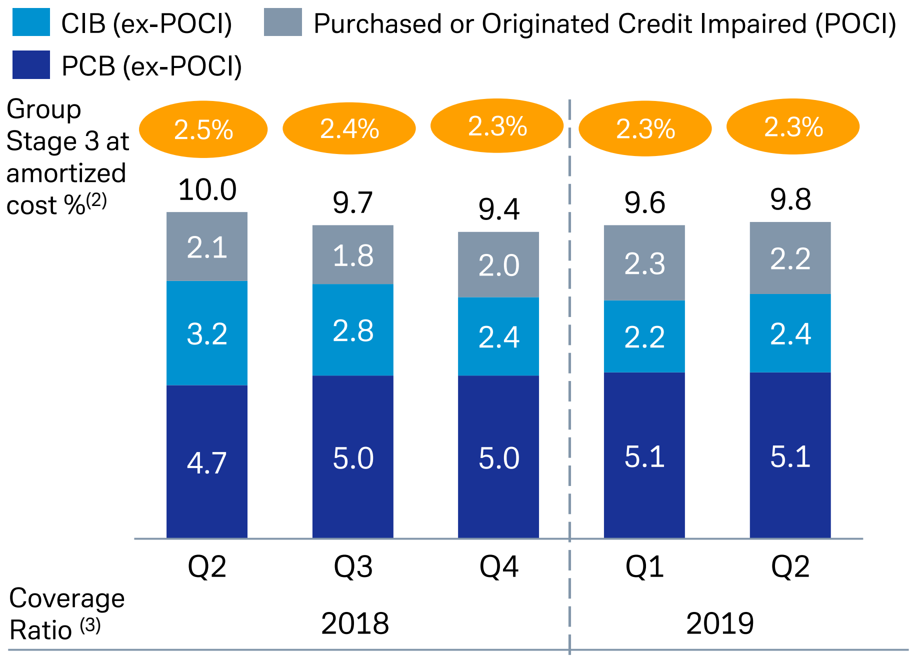
Provision for credit losses and stage 3 loans under IFRS 9

Provision for credit losses, € m



Provision for credit losses (% of loans)[1]	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Group	0.09%	0.09%	0.13%	0.13%	0.14%
CIB	0.01%	0.01%	0.09%	0.07%	0.13%
PCB	0.13%	0.13%	0.15%	0.17%	0.15%

Stage 3 at amortised cost under IFRS 9, € bn



Coverage Ratio [3]	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Group	44%	42%	44%	44%	40%
CIB	34%	36%	37%	42%	35%
PCB	51%	45%	47%	45%	42%

Note: Provisions for credit losses in the Corporate & Other and Asset Management segments are not shown on this chart but are included in the DB Group totals

(1) 2019 Year-to-date provision for credit losses annualized as % of loans at amortized cost (€ 419 bn as of 30 June 2019)

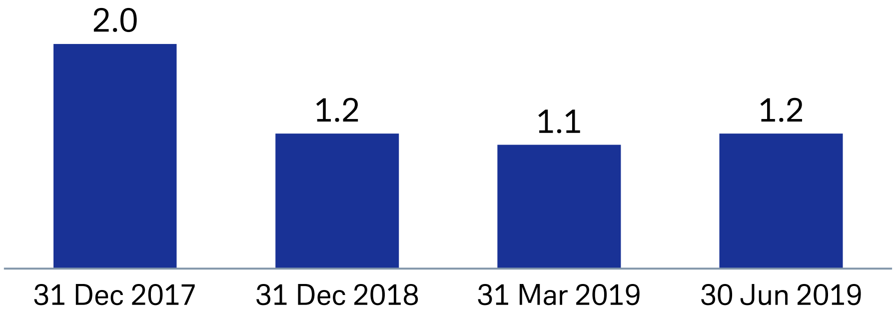
(2) IFRS 9 stage 3 financial assets at amortized cost including POCI as % of loans at amortized cost (€ 419 bn as of 30 June 2019)

(3) IFRS 9 stage 3 allowance for credit losses for financial assets at amortized cost excluding POCI divided by stage 3 financial assets at amortized cost excluding POCI

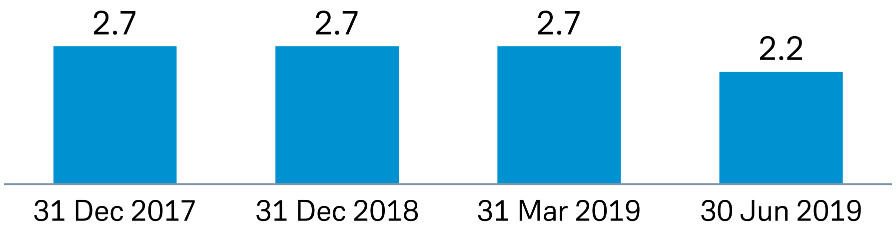
Litigation update

€ bn, unless stated otherwise

Litigation provisions(1)



Contingent liabilities(1,2)



- Provisions increased by € 0.1bn predominately due to additional charges relating to the Vestia matter, which settled on 12 July 2019
- Provisions include approximately € 0.3bn related to settlements already achieved or agreed in principle, including Vestia
- Contingent liabilities decreased by € 0.5bn QoQ, mostly due to a favorable court decision in the Postbank appraisal proceedings, as well as matters in which provisions have been taken

---

Note: Figures reflect current status of individual matters and are subject to potential further developments

(1) Includes civil litigation and regulatory enforcement matters

(2) Includes possible obligations where an estimate can be made and outflow is more than remote but less than probable for significant matters

Cautionary statements

This presentation 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.

This presentation also contains non-IFRS financial measures. For a reconciliation to directly comparable figures reported under IFRS, to the extent such reconciliation is not provided in this presentation, refer to the Q2 2019 Financial Data Supplement, which is accompanying this presentation and available at www.db.com/ir.