financial transparency.

# Deutsche Bank


## Anshu Jain

**Head of Global Markets**
**Member of the Group Executive Committee**


# Conference

**Deutsche Bank German & Austrian Corporate Conference**

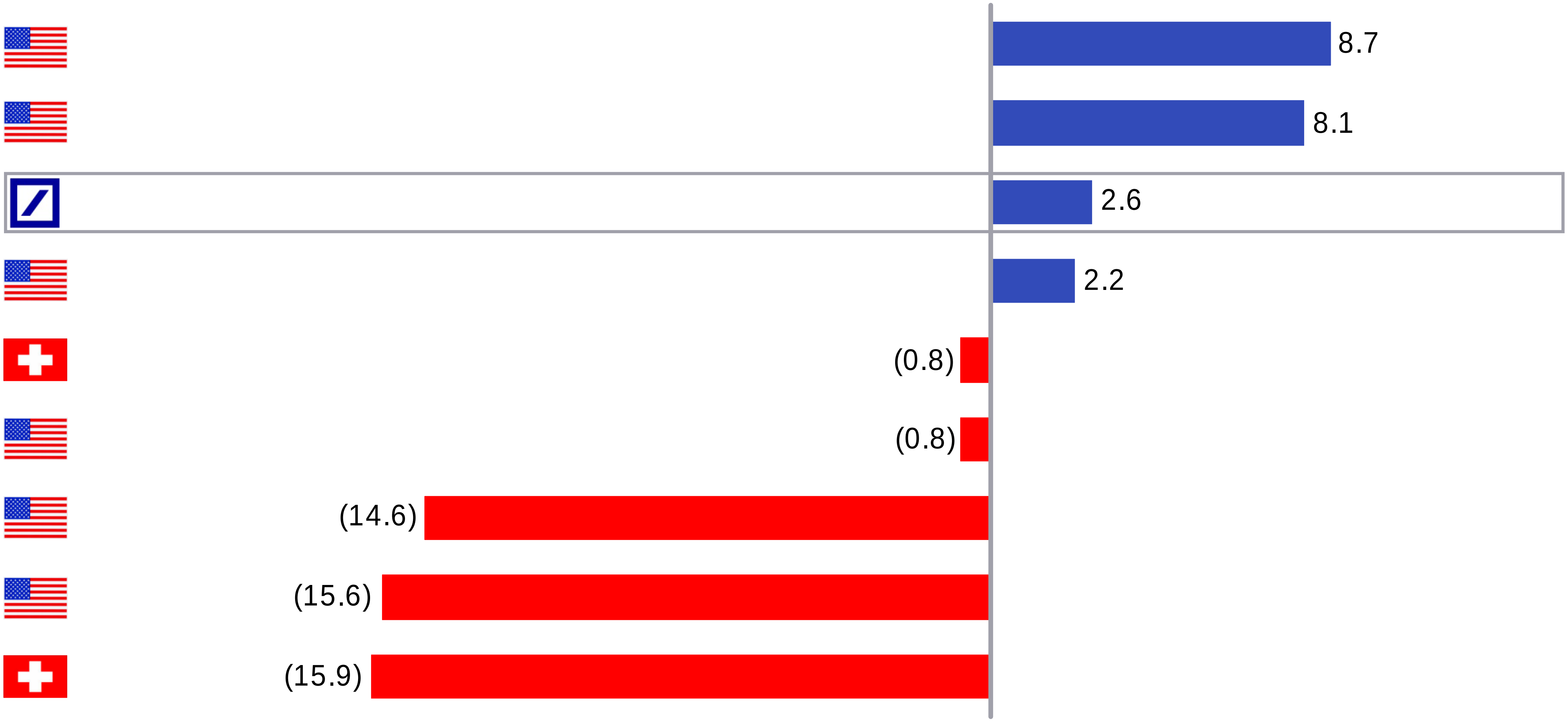
**Frankfurt, 4 June 2008**

# Agenda

| | |
|---|---|
| 1 | Deutsche Bank Group overview |
| 2 | The crisis and Global Markets performance |

# Deutsche Bank with relatively robust profitability through the downturn

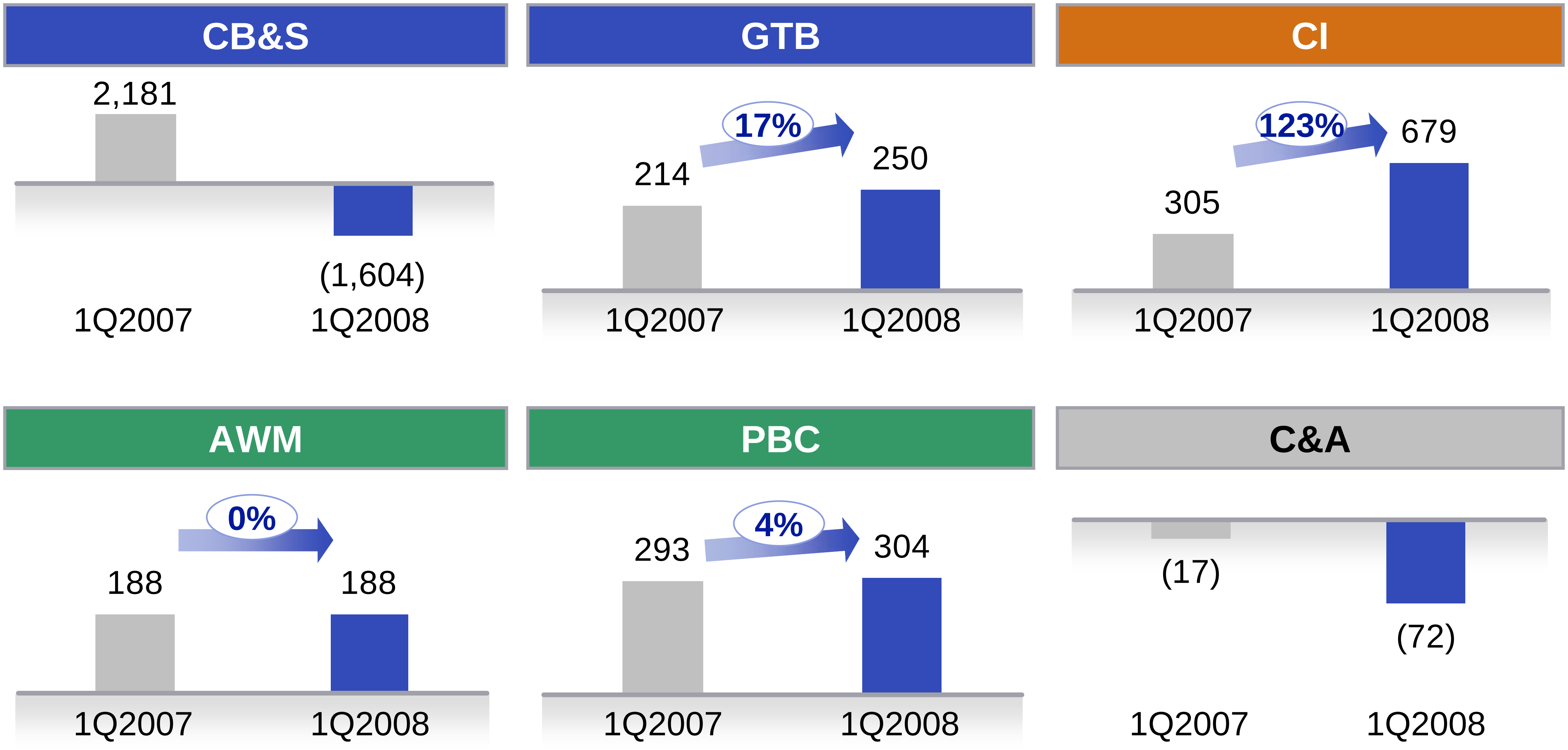
Aggregate IBIT, 3Q2007/4Q2007/1Q2008, reported, in EUR bn




Note: For peers IBIT reflects IBIT attributable to the shareholders of the parent; translation into EUR based on average FX rate of respective reporting period
Source: Company reports

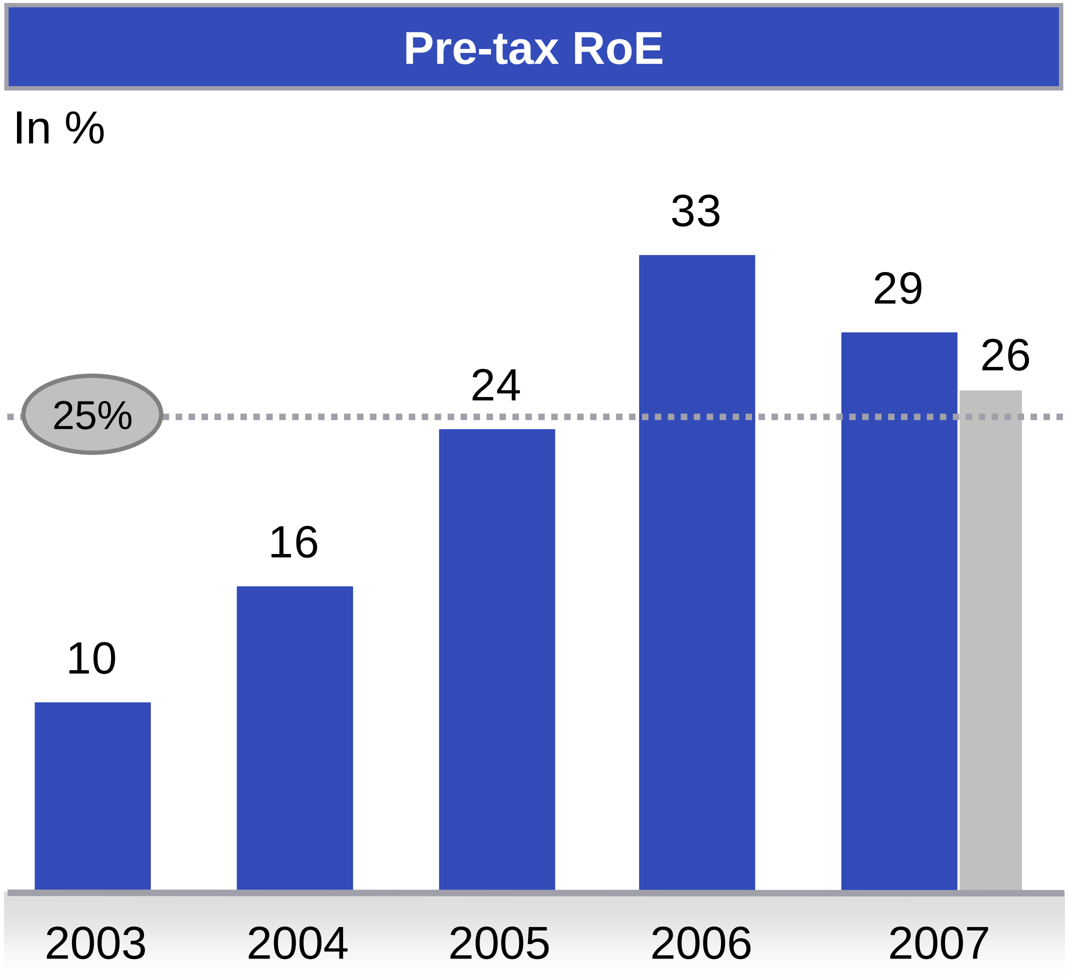
# 1Q2008: Pre-tax profit by segment

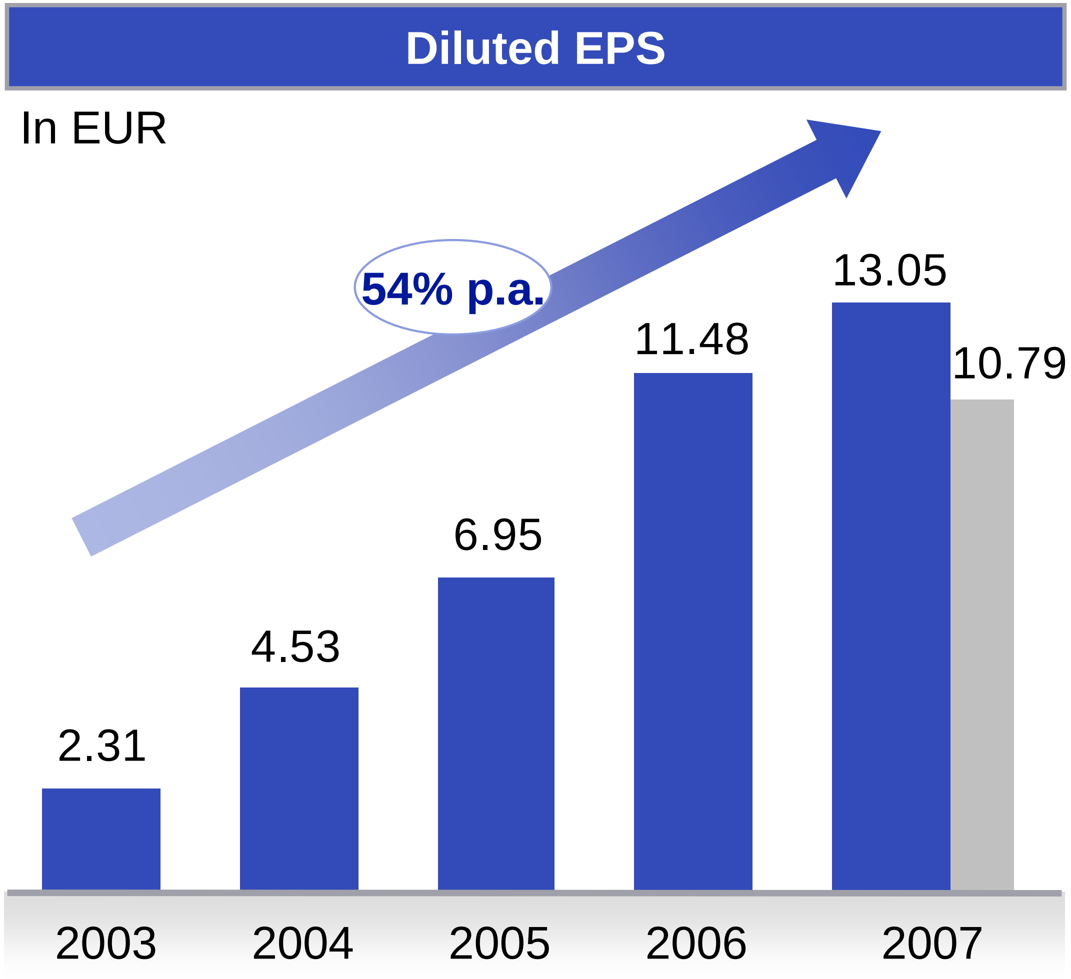
Income before income taxes, in EUR m



# We have outperformed against key targets

Reported
Target definition

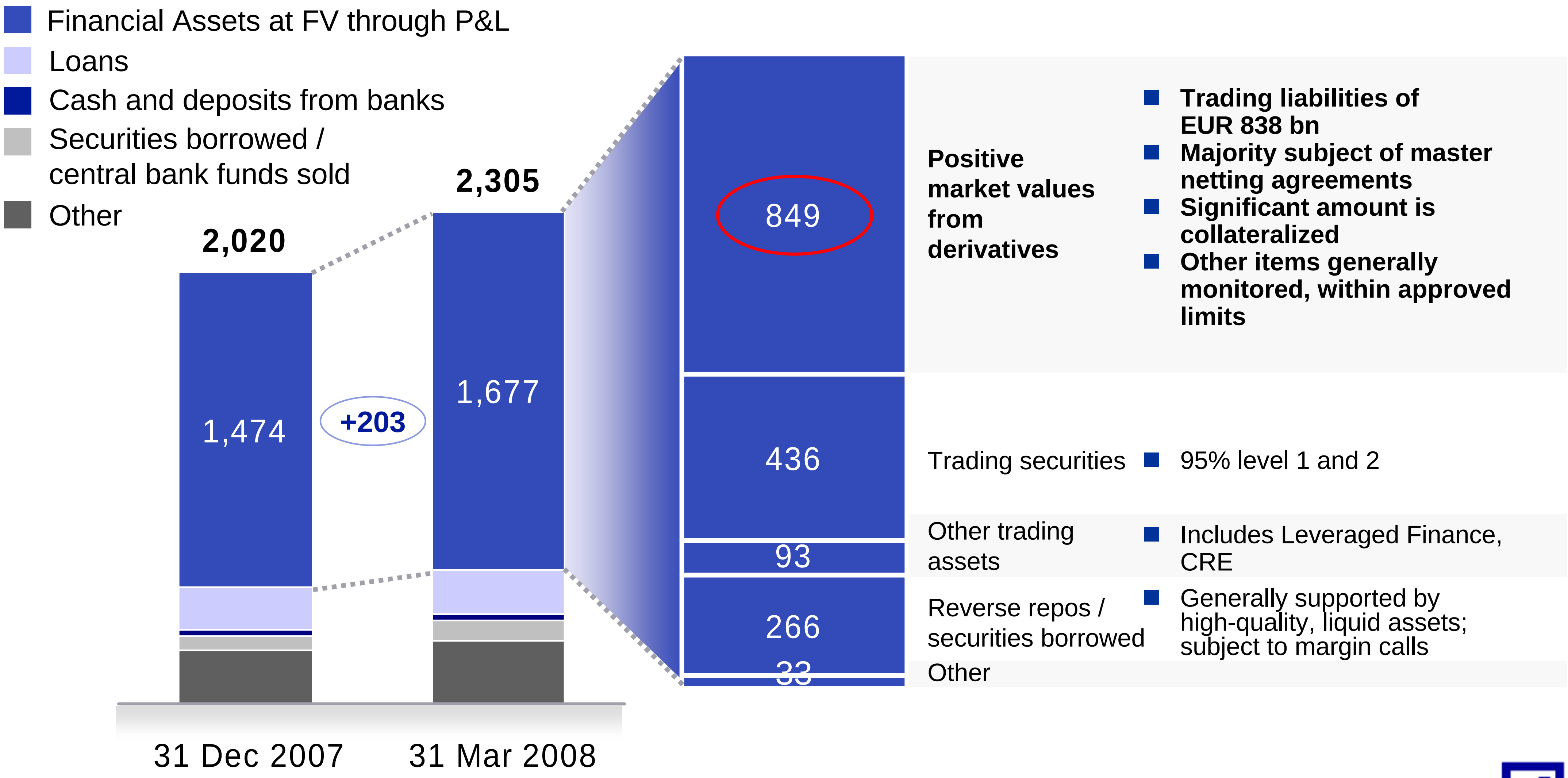



Note: 2003-2005 based on U.S. GAAP, 2006 onwards based on IFRS

# Asset growth driven by ‘fair value financial assets’ – particularly derivatives

In EUR bn



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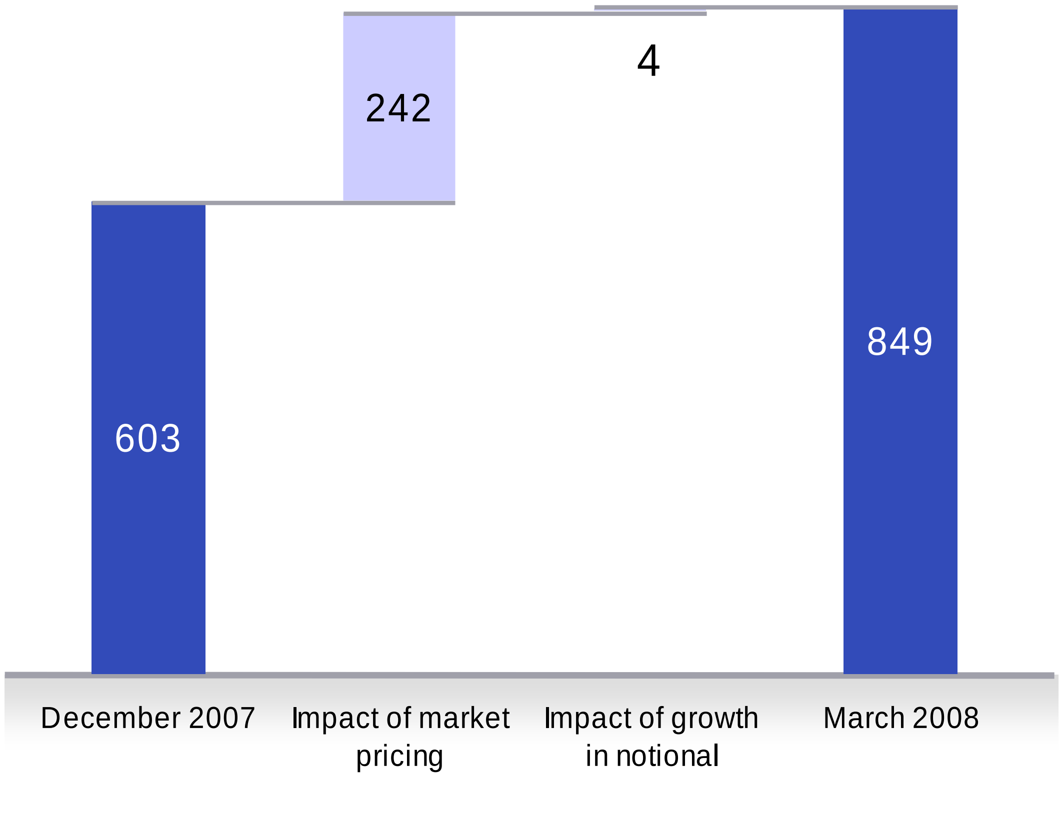
# Market conditions drive rising derivatives balances, credit risk remains low

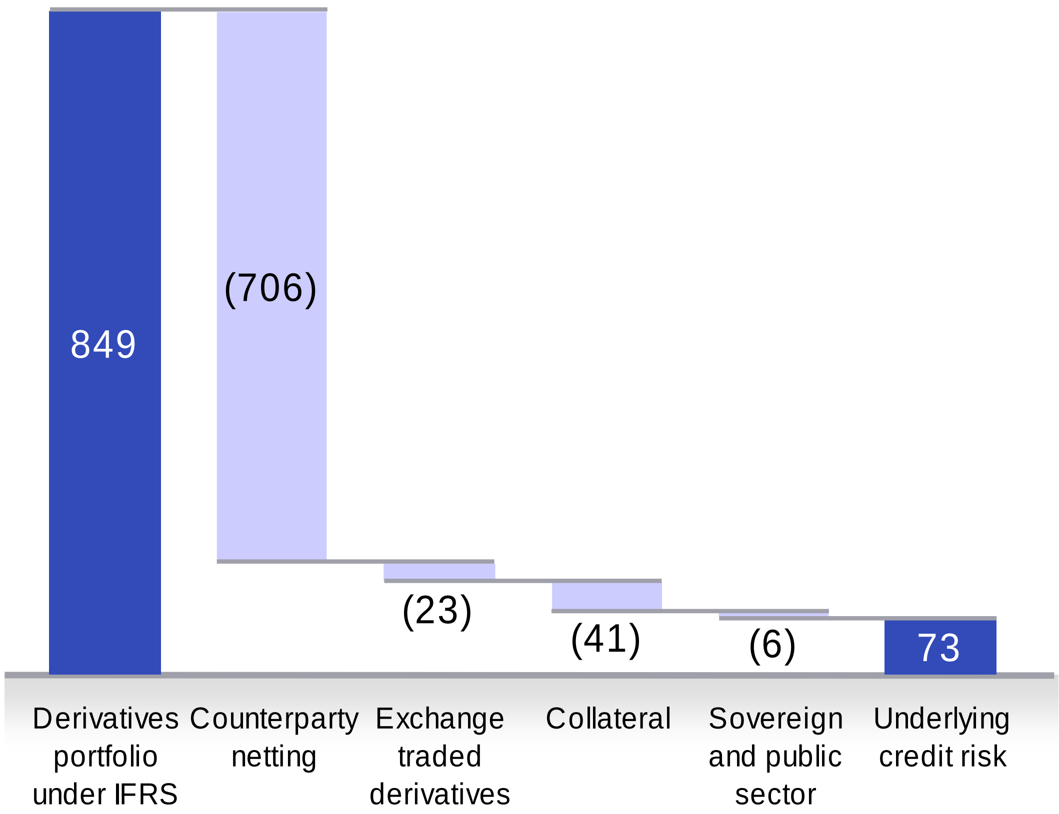
## Growth in derivatives

In EUR bn




## Underlying credit risk

March 2008, in EUR bn



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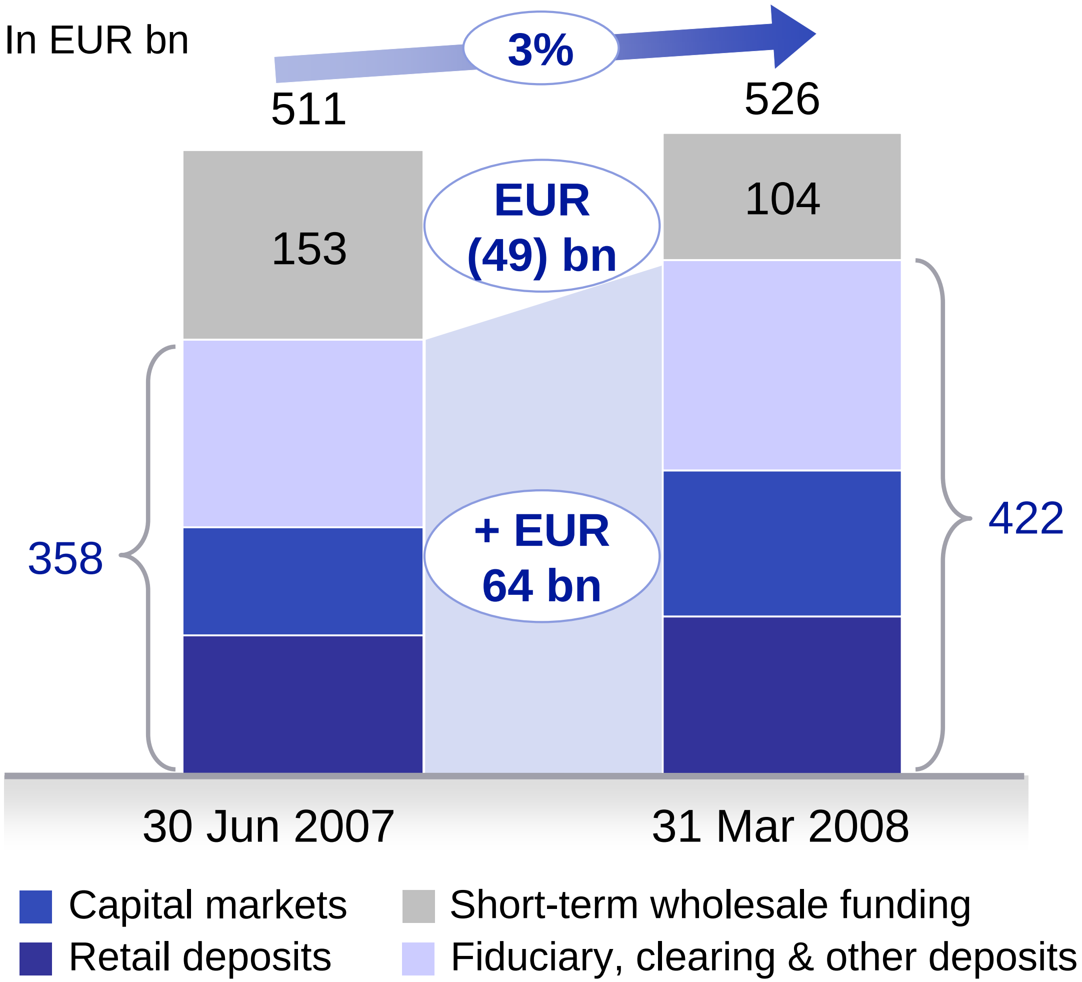
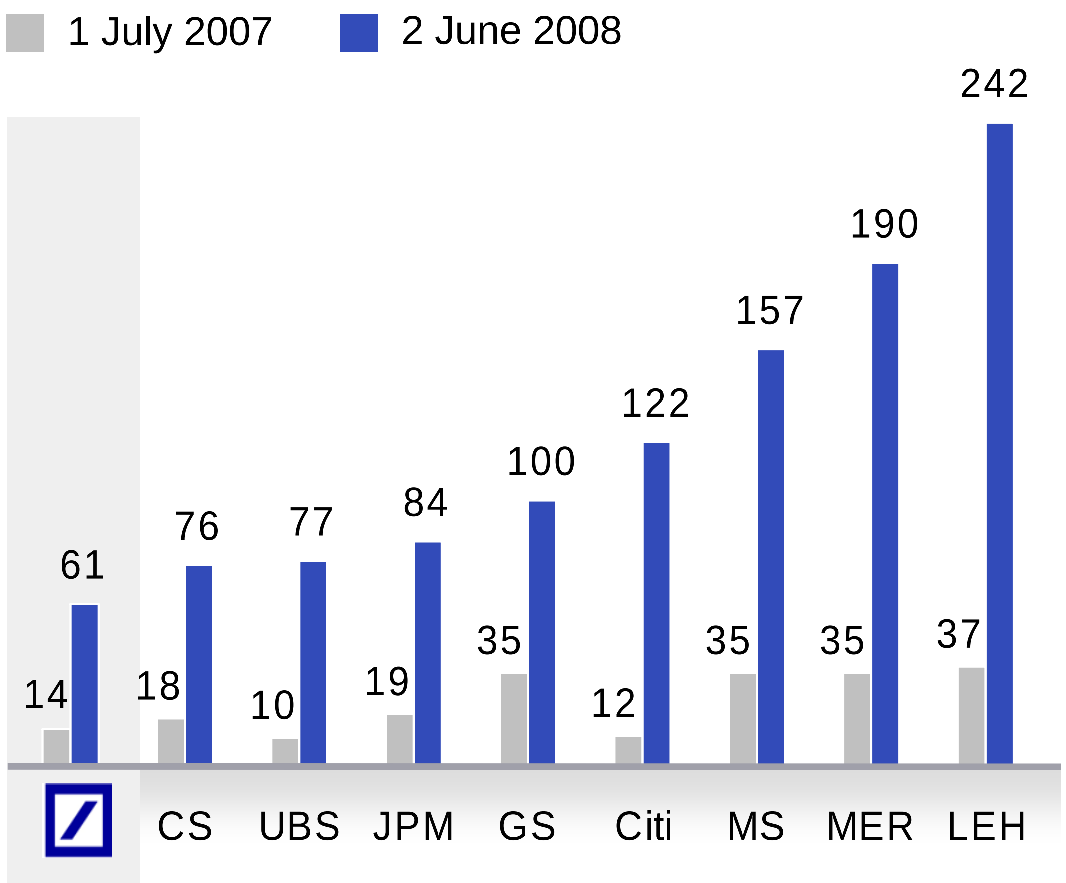
# Unsecured funding base has grown; markets appreciate Deutsche Bank's credit

## Unsecured funding by source




## 5-year senior CDS, in bps




Note: Figures may not add up due to rounding differences

Source: Bloomberg

# Agenda

| | |
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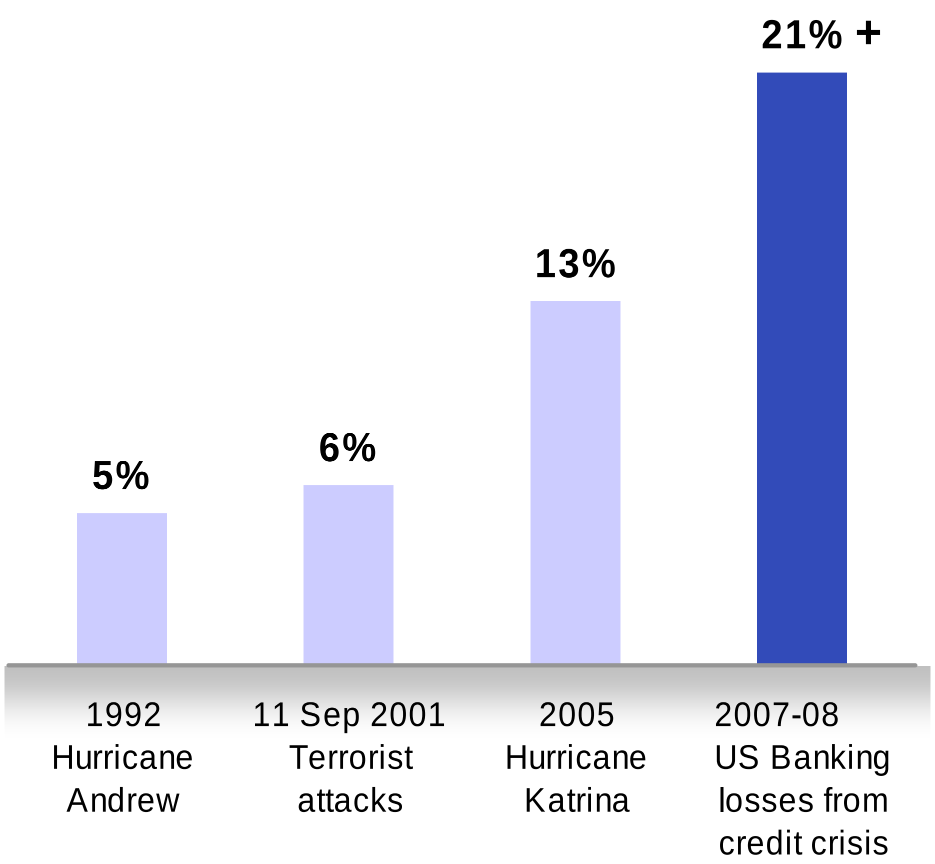
# The banking crisis represents an unprecedented example of value destruction …

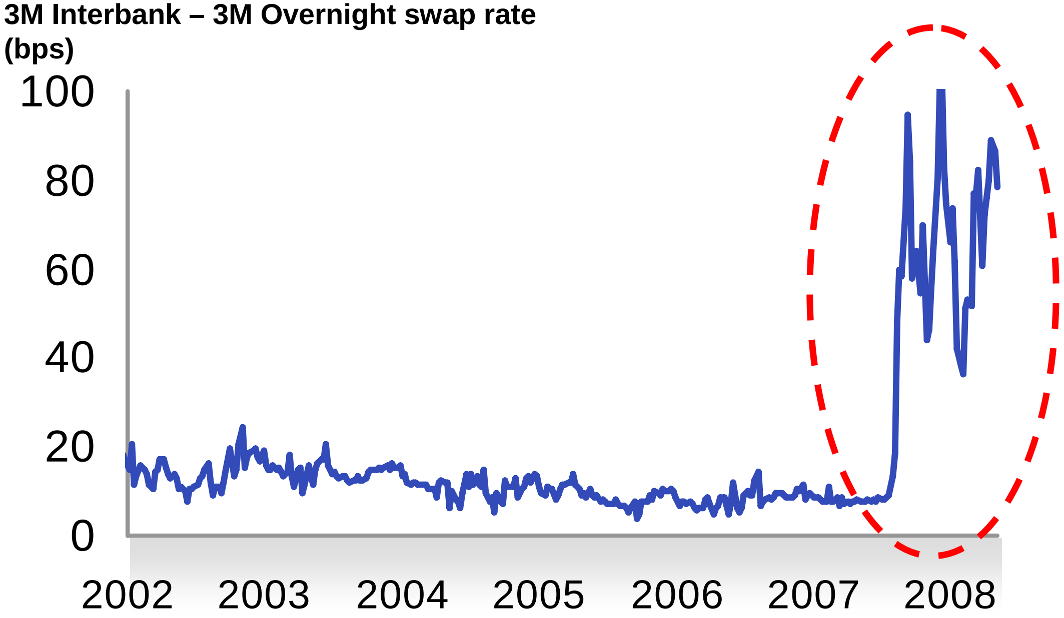
**Losses as % of capital base or equity***




"The current financial crisis is likely to be judged in retrospect as the most wrenching since the end of the Second World War"

*Alan Greenspan, 17 March 2008*

**Example: Swap rates**




* Defined as pre-tax insured losses as % of the Global Property & Casualty capital base for Insurers, and writedowns as % of tangible equity for US banking

Source: Swiss-Re, Deutsche Bank Research, Bloomberg



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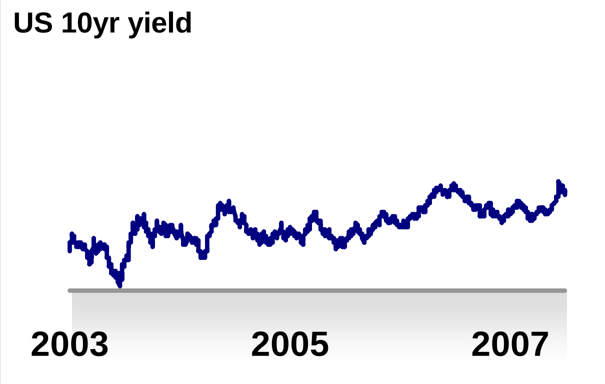
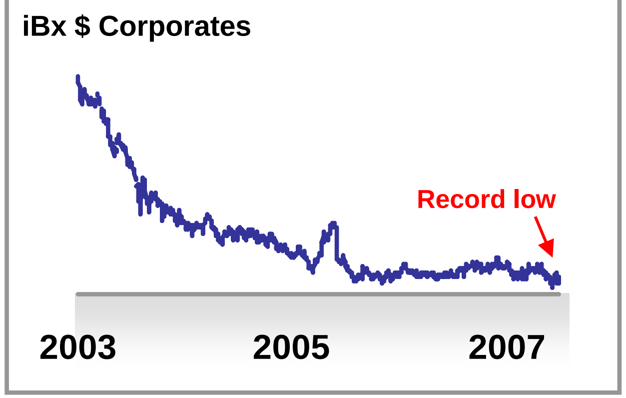
# … and was preceded by an equally extraordinary period of market exuberance

**Rising equity markets …**

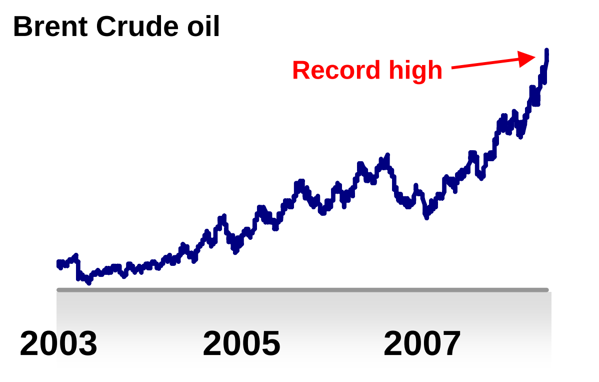

**Sustained low interest rates …**



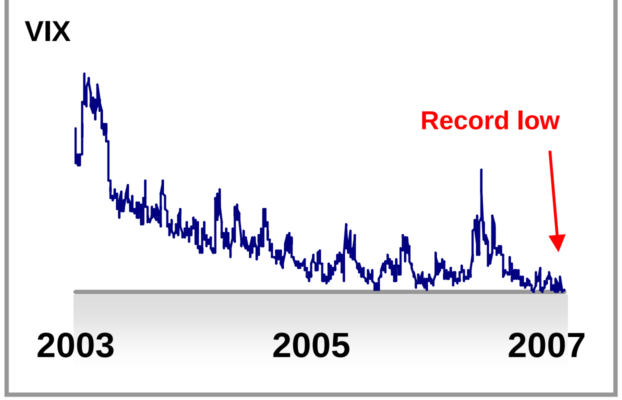

**Tightening credit spreads …**




**Rising commodity prices …**



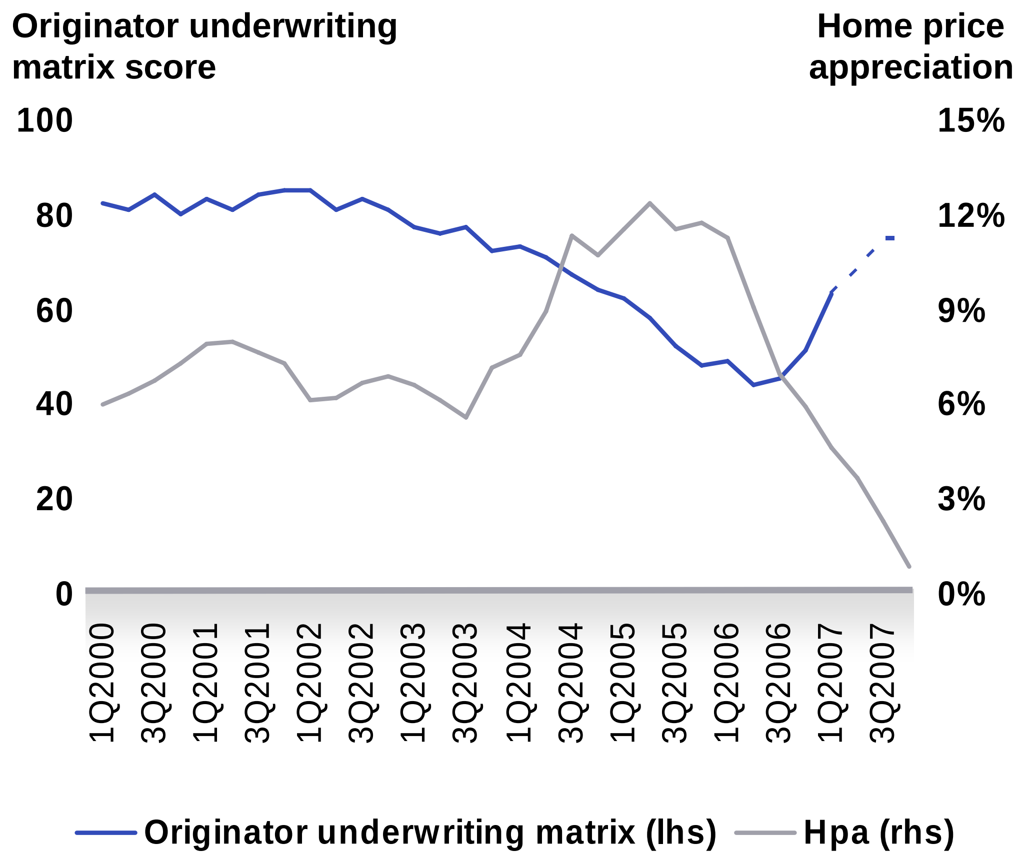

**Falling volatility …**




Source: Bloomberg

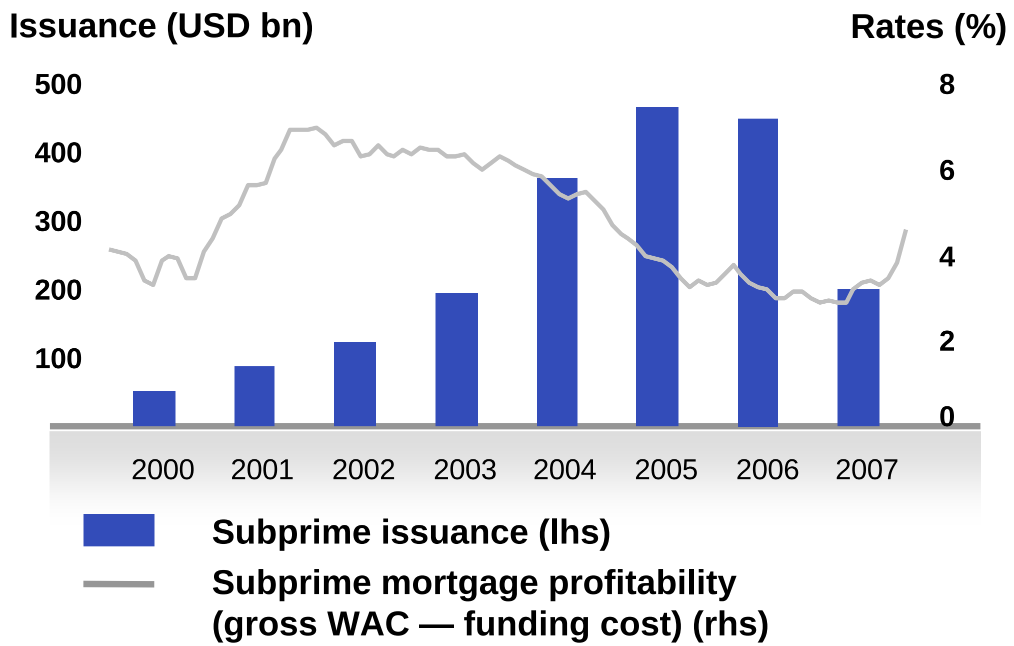
# A steep decline in US house prices and a drop in subprime valuations were the trigger for the crisis

## Underwriting standards decreased as home prices appreciated




## Subprime mortgage profits declined despite increasing volumes

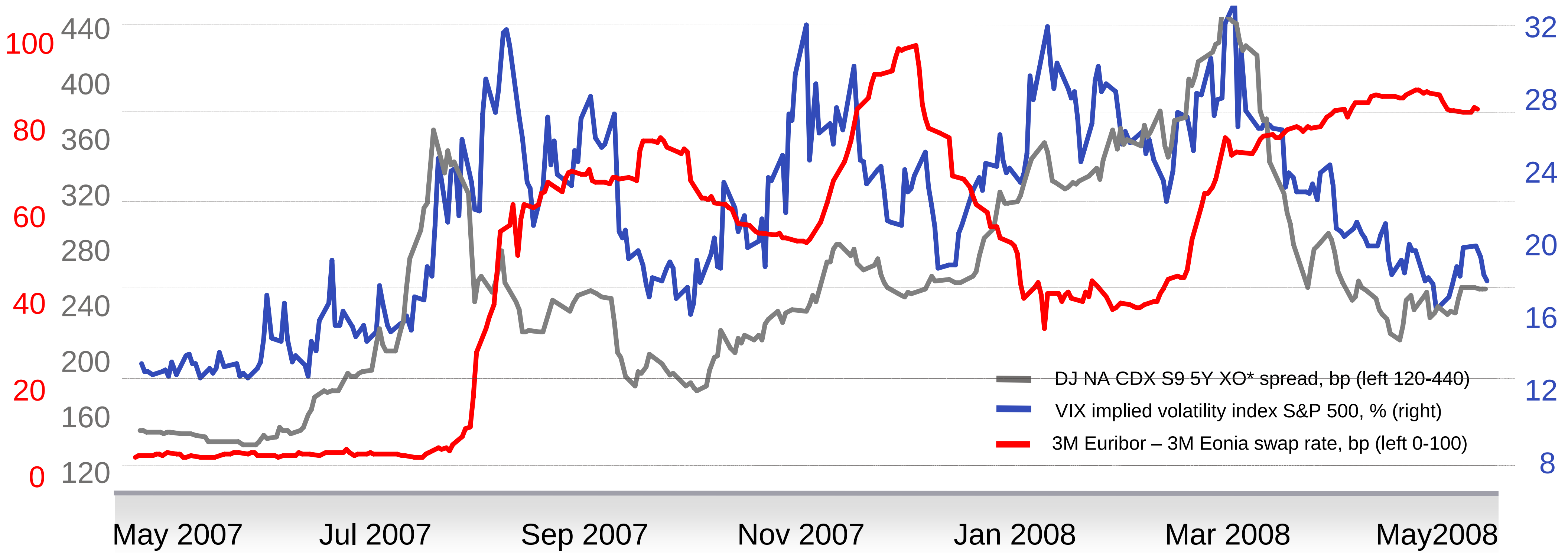
"Bear Stearns, already forced to shut two hedge funds that bet heavily on the risky subprime mortgage market, is now facing big losses in a third fund"
*Wall Street Journal, 31 July 2007*




Note: "Originator underwriting matrix" used as lending standards proxy; score represents a composite of loan underwriting standards employed by loan originator
Source: Bloomberg, Deutsche Bank Research, Datastream, Inside Mortgage

# Market conditions have continued to be very turbulent since then

| Phase 1: Crisis looks to be contained | Phase 2: Affects leveraged loans, Credit spreads surge | Phase 3: Spill over into money markets | Phase 4: Restoration of calm after rate cuts | Phase 5: Market gaps down as writedowns continue | Phase 6: Contagion continues spread into equities, bond insurers | Phase 7: Some normalisation but conflicting indicators |
|---|---|---|---|---|---|---|



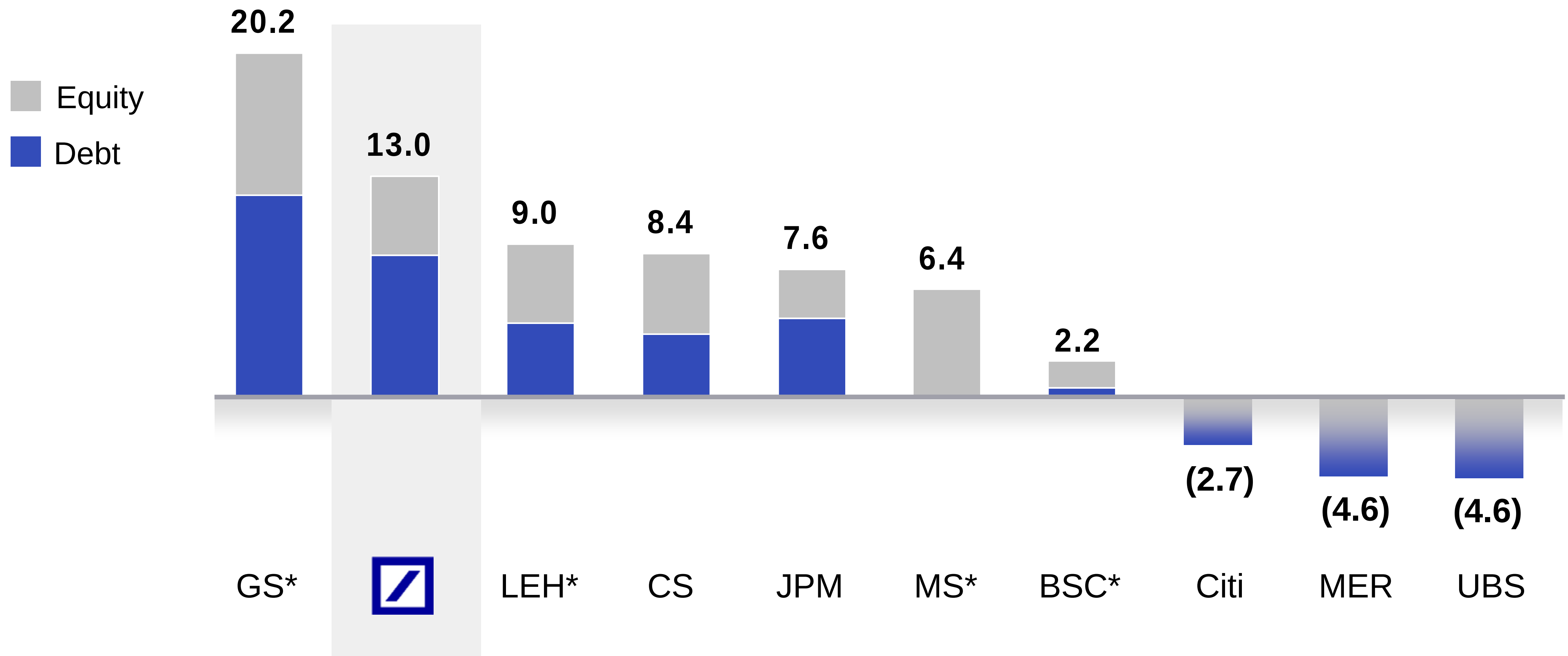

**Events**

- Bear Stearns letter to Hedge Fund investors
- IKB warning and bailout
- Canadian CP liquidity squeeze
- Fed cut: 50bps
- Fed cut: 25bps
- Large writedowns announced by IBs
- Fed cut: 75bps
- Fed cut: 50bps
- Fed cut: 75bps
- Fed cut: 25bps

* Dow Jones North America CDX Crossover, 5-year, series 9 (index of CDS credit derivatives on 35 companies rated at the threshold of investment and speculative grade)
Source: Bloomberg, Deutsche Bank analysis

# Global Markets emerged as a leader in 2007 despite these difficult conditions

Sales & Trading revenues, FY2007, in EUR bn

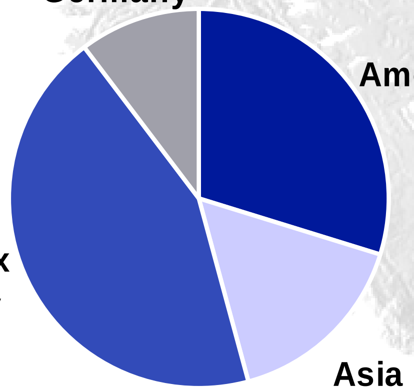



* Diverging fiscal year
Note: Citi includes cross-divisional revenue share; GS excludes Principal Investments; translation into EUR based on average FX rate of respective reporting period
Source: Company data

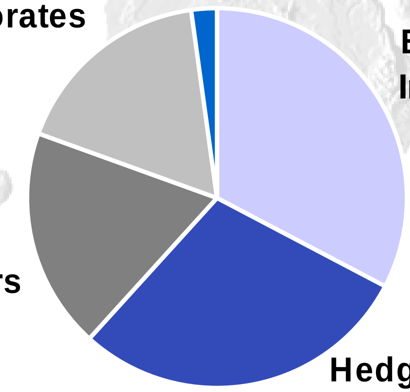
# Global Markets has highly-diversified revenues

## Global Markets revenues, FY 2007

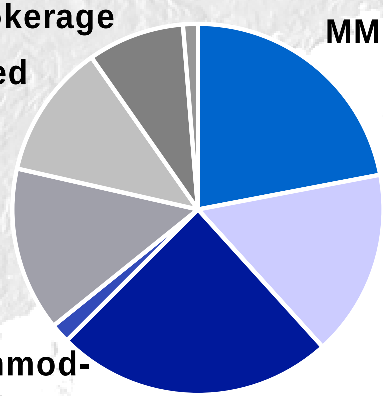
### By region




### By client




### By product

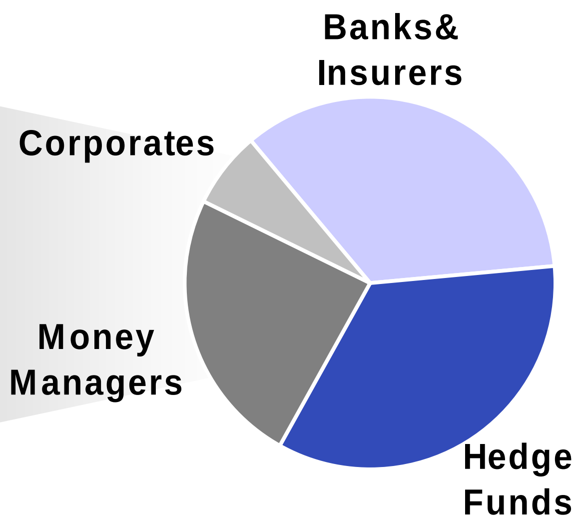



(1) Includes RMBS
(2) Includes Distressed
Source: Deutsche Bank analysis

# We have created a diverse portfolio of deep and consistently profitable client relationships ...

| Revenues Per Client Account | No. of Accounts | % Total Sales | 2007 vs 2005 change in # clients |
|---|---|---|---|
| >50 m | 26 | 20% | 53% |
| 25 – 50 m | 64 | 16% | 39% |
| *5 – 25 m* | *446* | *34%* | *25%* |
| *1 – 5 m* | *1,188* | *20%* | *20%* |

**Breakdown of clients > EUR 25 m revs**



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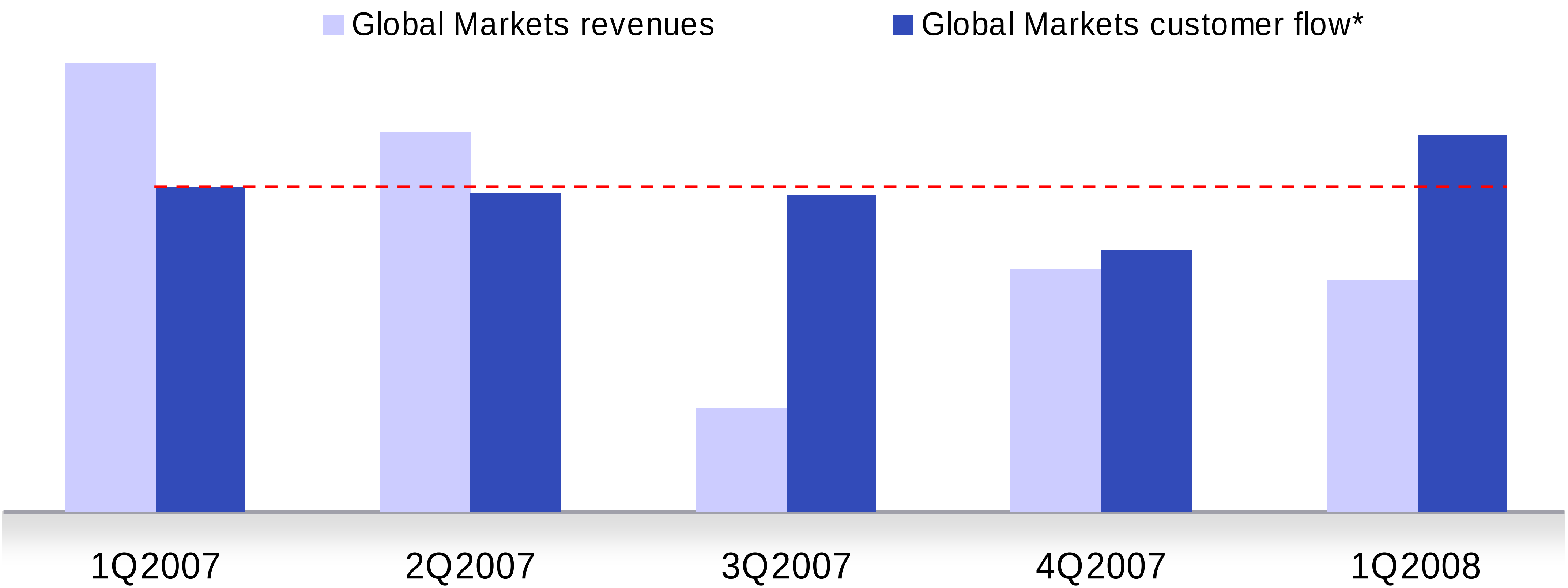
# … ensuring that our underlying customer franchise has remained strong throughout the crisis




* Customer flow is defined as client business – Global Markets uses sales credits as an internal measure to track client profitability



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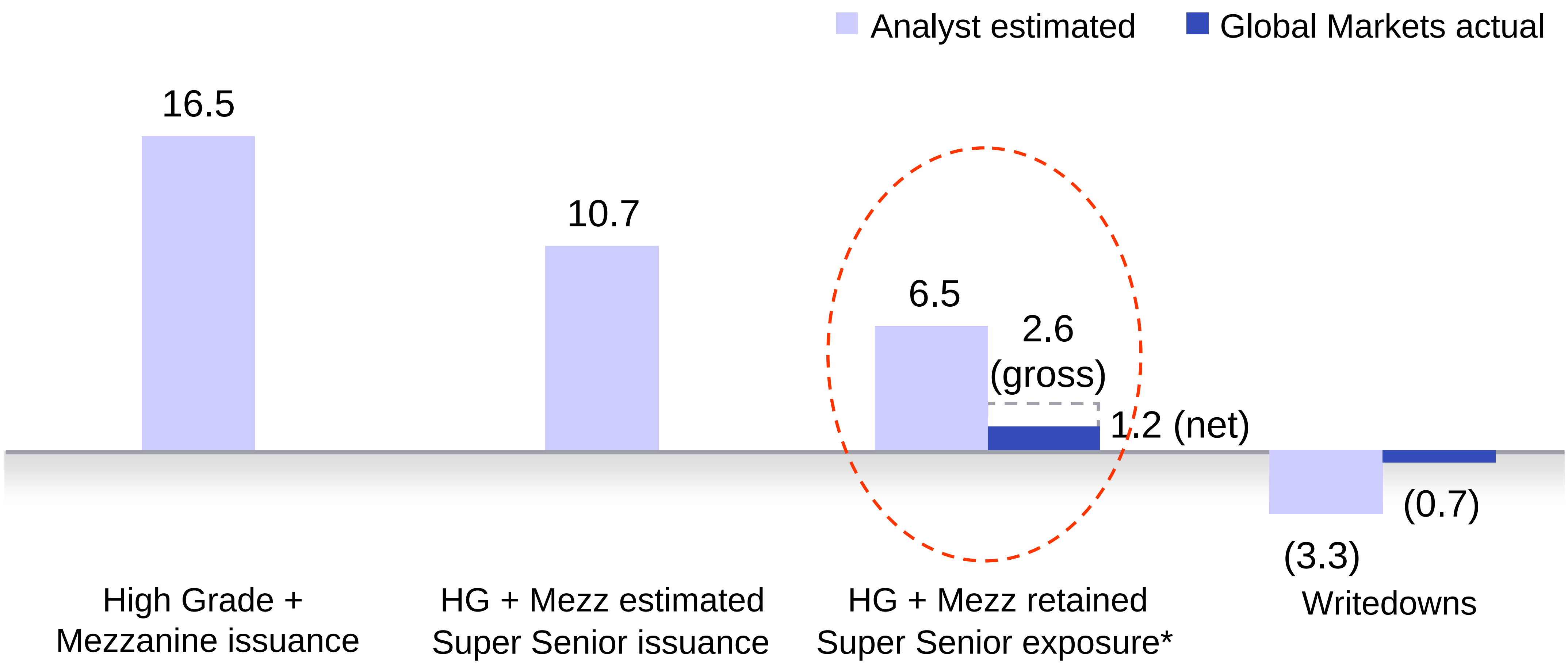
# Crucially, Global Markets has always emphasised risk transformation and distribution ...

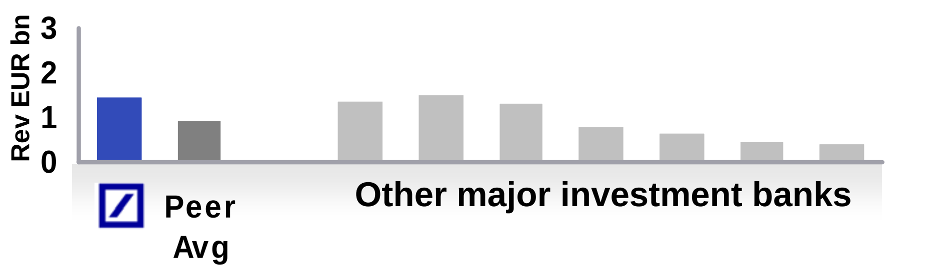
Reconciliation of Citigroup analysis to DB actual, all numbers 2H2007, in USD bn



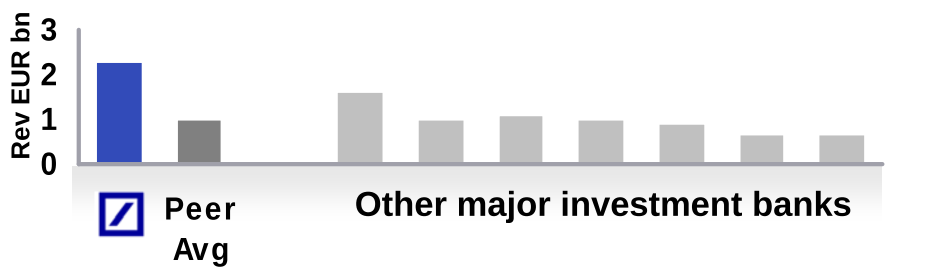

* DB gross exposure of EUR 1,778 m as reported on page 17 of 2007 Financial Report, converted into USD; Net exposure is significantly lower due to hedges
Note: DB actual exposure converted at USD/EUR spot rate on 31 December 2007 of EUR 1.4701
Source: Citi Fixed Income Quantitative Research as of 6 November 2007, Deutsche Bank analysis

# … allowing us to outperform peers without retaining excessive risk

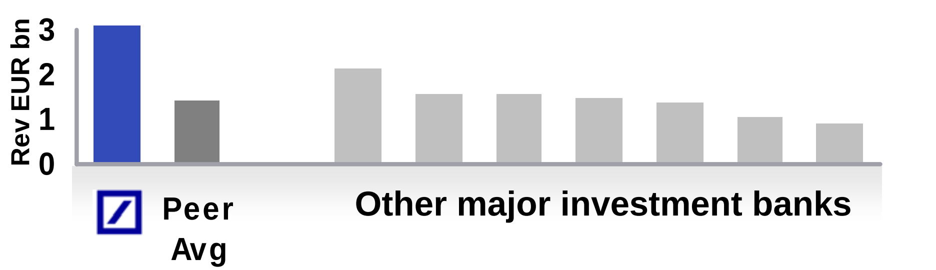
## Credit – 2004



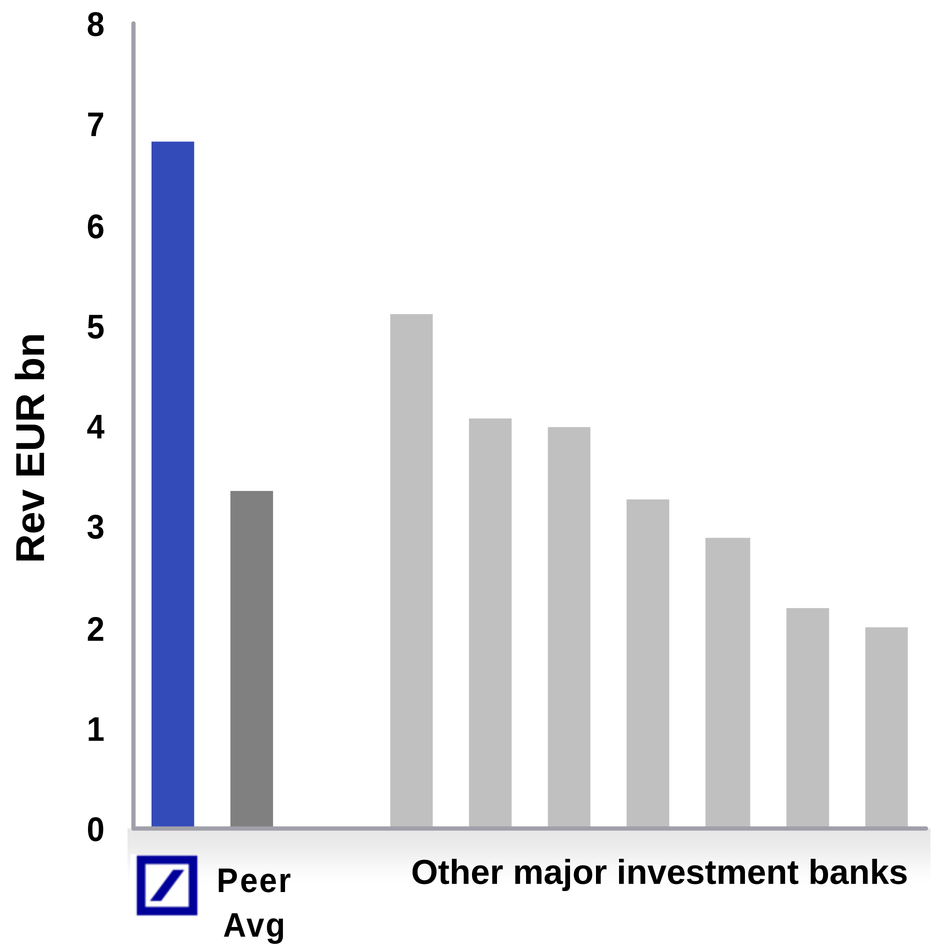

## Credit – 2005




## Credit – 2006




## Credit – 2004–2006 total




Credit includes: flow, structured and securitisation businesses

Source: Coalition, Deutsche Bank analysis



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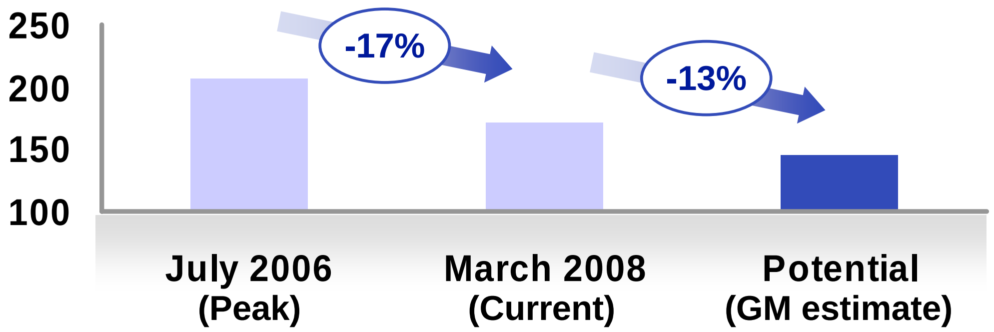
# Is the crisis behind us? Market indicators point to different conclusions

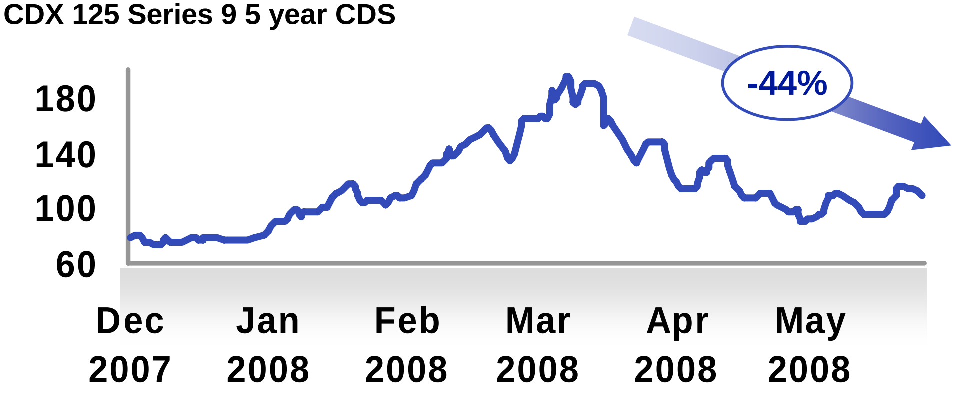
## US house prices

S&P/Case Shiller home price index – Top 20 composite



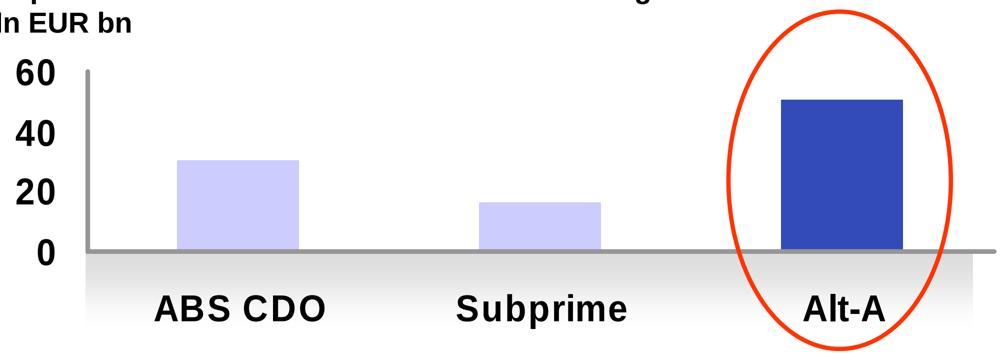

## Investment grade spreads

CDX 125 Series 9 5 year CDS



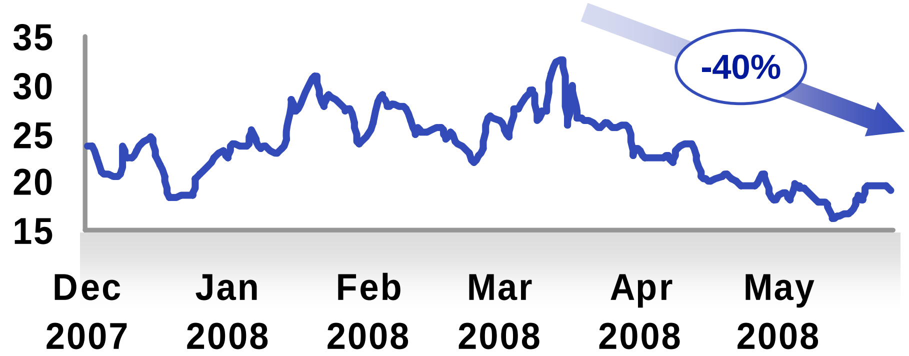

## Remaining disclosed RMBS exposures

Top-9 investment bank disclosed RMBS holdings ex Prime
In EUR bn




## Volatility index

VIX



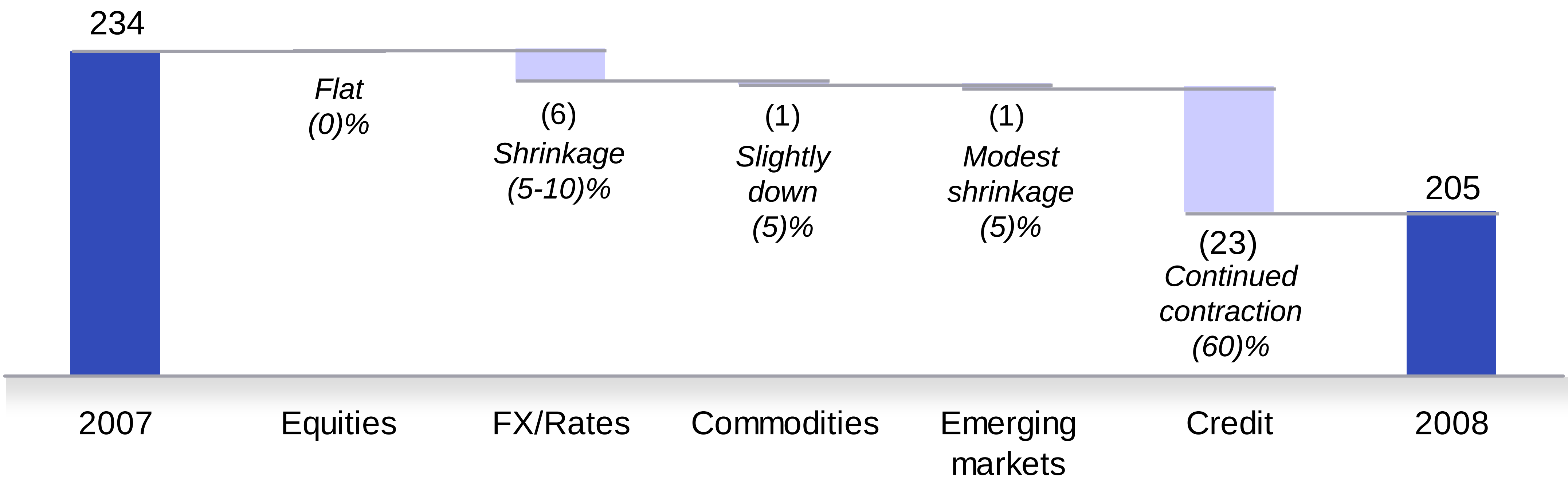

Source: Standard & Poor's, Company reports, Deutsche Bank Research, Bloomberg

# The aftermath of the crisis

| Challenges | Opportunities |
|---|---|
| (-) Lower leverage (and more efficient balance sheet usage) | (+) Expanded opportunities for profitable liquidity provision |
| (-) Lower relevance of opaque, highly-structured products | (+) Huge scope to capture market share |
| (-) Reduced investor adventurism | (+) Increased premium for superior risk management and intellectual capital |
| (-) Potentially increased regulation | (+) Enhanced value of deep client relationships |

# We are positioned well for the aftermath of the crisis

Morgan Stanley / Oliver Wyman total market revenue forecasts 2007 / 08, in USD bn



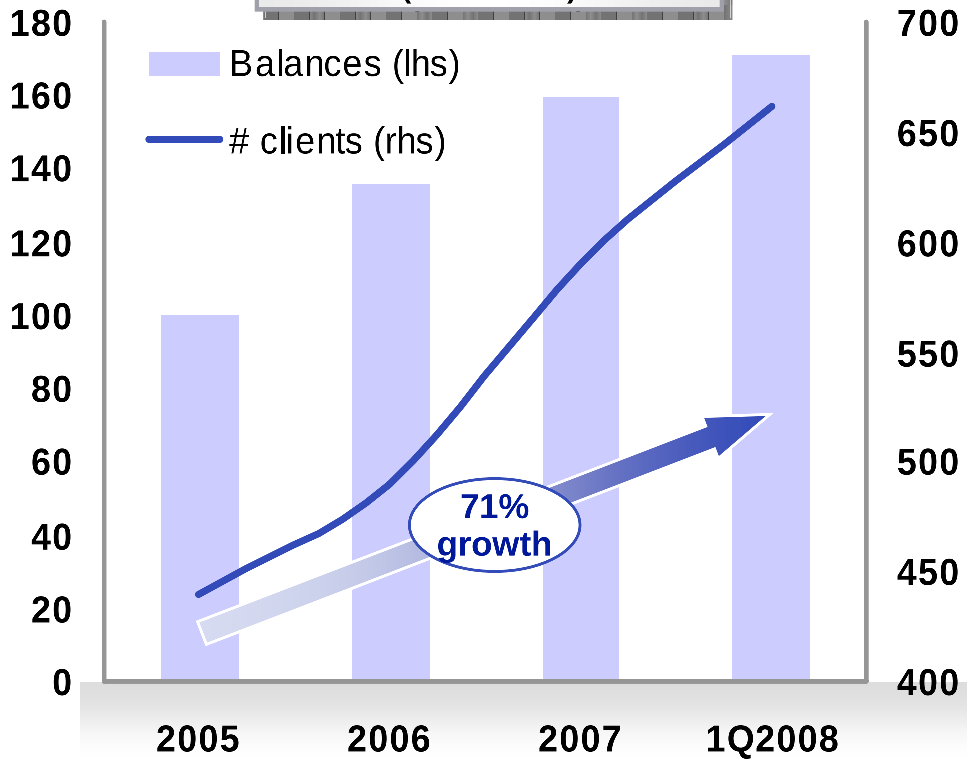

| | Equities | FX/Rates | Commodities | Emerging markets | Credit |
|---|---|---|---|---|---|
| Market dynamic | Tough prop market /margin compression offset growth | Difficult trading environment | Growing investor demand but risks of bursting bubble | Increasingly sophisticated clients | Growth in most products offset by RMBS/CMBS deterioration |
| Deutsche Bank | Take market share | Consolidate leadership | Build out and take market share | Continue build out and take market share | Re-position and consolidate leadership |

Source: Morgan Stanley / Oliver Wyman Research as of 1 April 2008, Deutsche Bank analysis

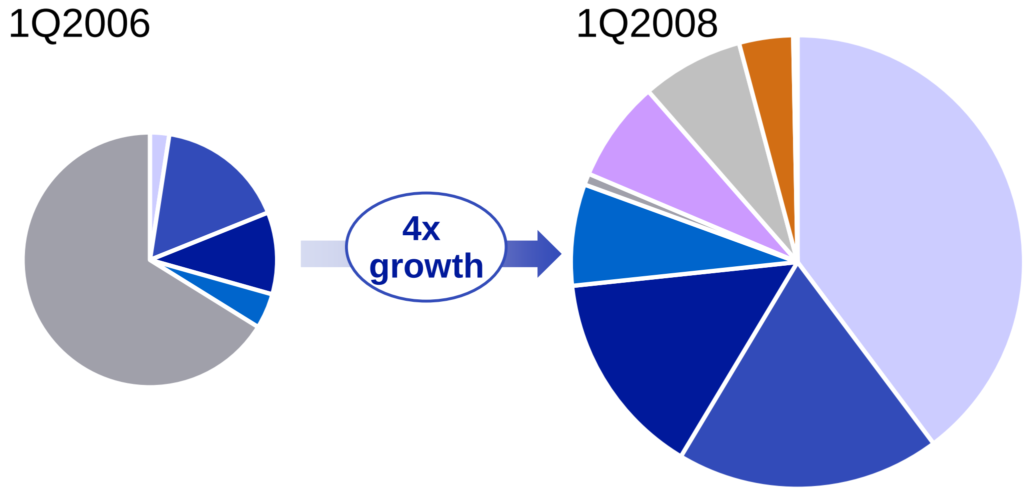
# We continue to build out selectively, profitably and successfully

## Prime Brokerage – taking market share and enhancing reputation

GLOBAL CUSTODIAN
World's Best Prime Broker (March 2008)




## Commodities – delivering on initiatives and diversifying the portfolio




GLOBAL PENSIONS Awards 2008
Commodity Manager of the Year (February 2008)

AsiaRisk COMMODITY SURVEY 2008
#2 Overall (April 2008)

The Banker
Commodities Trading House of the Year (Sep 2007)

energy risk awards 2007
Derivatives House of the Year (May 2007)

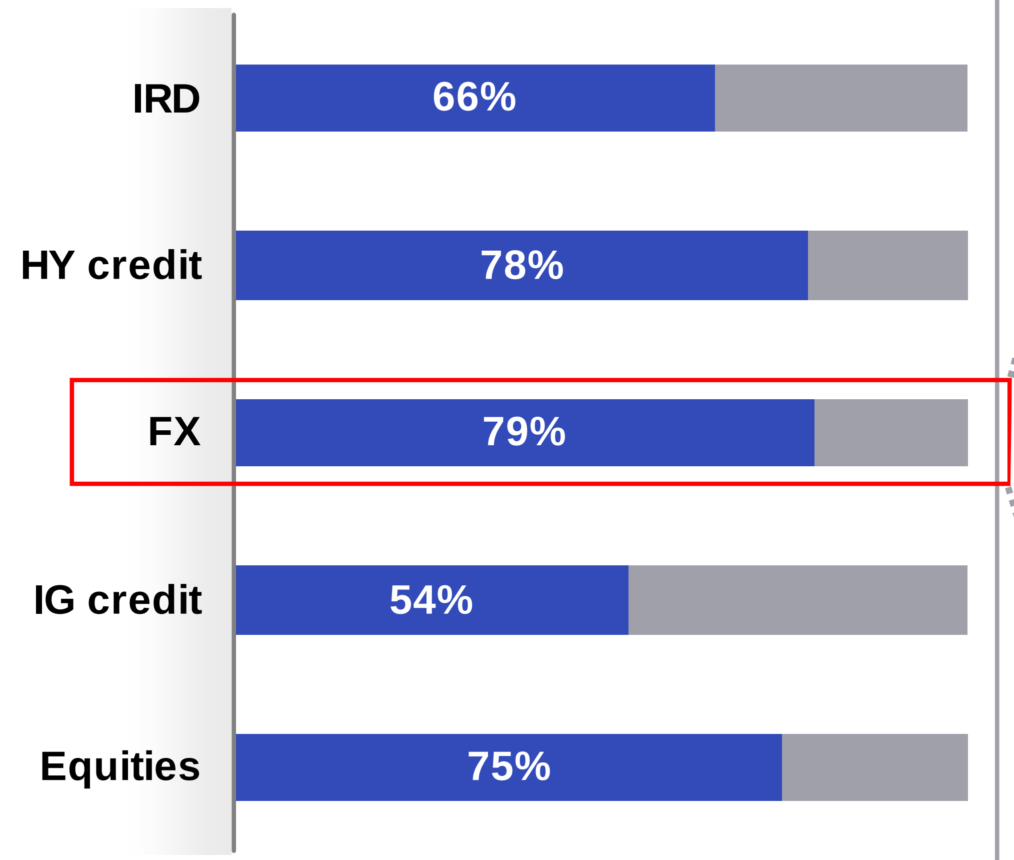
*NB: Colours represent individual business areas*

Source: Deutsche Bank analysis

# We are consolidating industry leadership by continuing to take market share

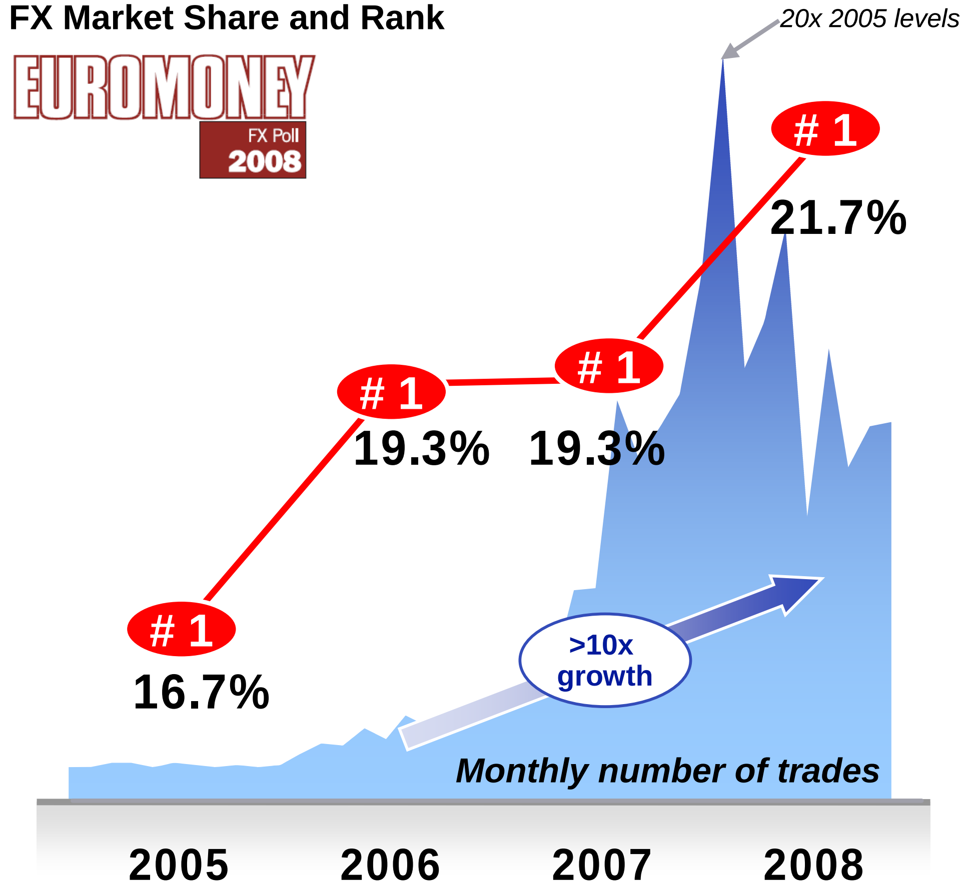
## An oligopoly of firms in many products will still see significant shifts of market share

2007/08 market share of Top-10 banks




## Example: DB extends position in FX even in an already concentrated market

FX Market Share and Rank




Source: Greenwich, Euromoney for FX, company reports



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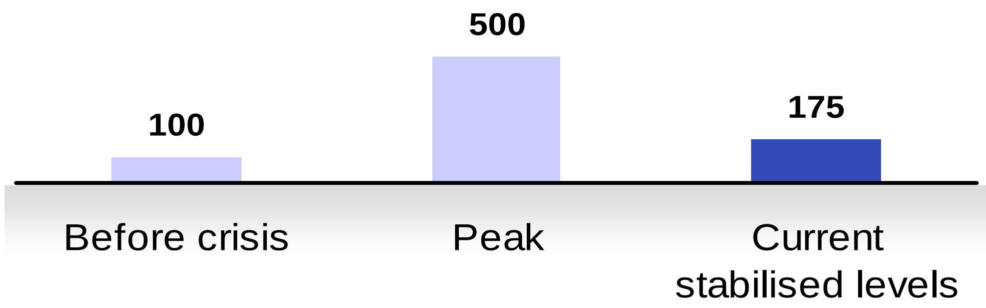
# In the wake of the crisis, provision of liquidity now commands a premium

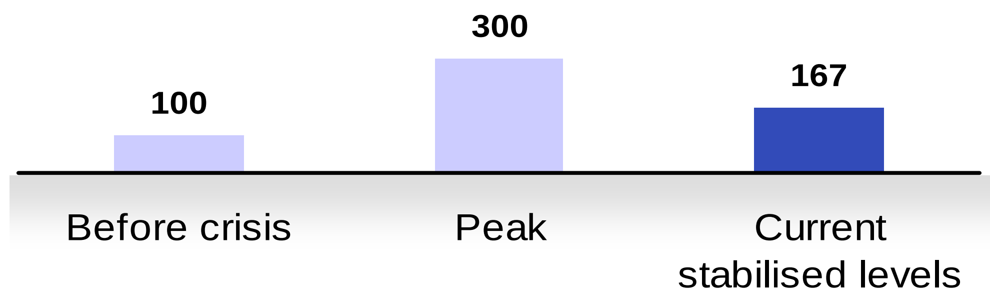
## Interest rate swaps

**Bid-offer spread (indexed)**



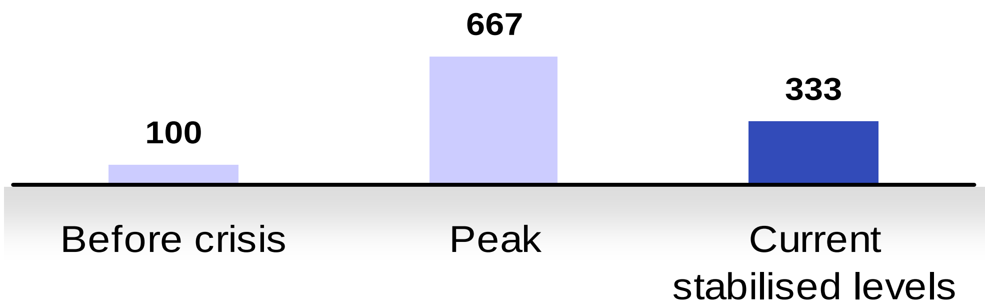

## Tier 1 Single Name European OTC equities

**Volatility points (indexed)**



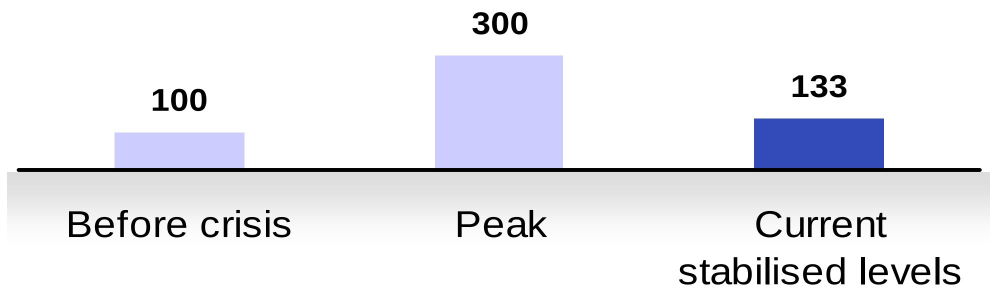

## US/European single name CDS – index names

**Bid-offer spread (indexed)**




## Interest rate options

**Bid-offer spread (indexed)**




Before crisis: Pre August 2007

Peak: Peak level reached since August 2007

Current stabilised levels: as at May 2008

# Despite market turbulence, megatrends continue to favour our business

| Trend | Features | Global Markets Strengths |
|---|---|---|
| Globalisation | ■ Growth of emerging markets<br>■ Geographical boundaries disappear<br>■ Global players act locally | ■ Regional business diversification<br>■ Global network<br>■ Global capital market access<br>■ Local presence and culture |
| Growth of capital markets | ■ Growing investor appetite<br>■ Innovation / structuring<br>■ Corporate activity<br>■ Leverage / risk distribution | ■ World-class Sales & Trading<br>■ Access to a diverse set of clients<br>■ Recognised risk management expertise |
| Global asset growth | ■ Private retirement funding<br>■ Emerging market wealth creation<br>■ Shift toward new asset classes<br>■ Bifurcation of alpha / beta | ■ Forefront of life / pensions expertise<br>■ Access to emerging markets<br>■ Leading ETF platform |

# Cautionary statements

This presentation also 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 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 26 March 2008 under the heading "Risk Factors." Copies of this document are readily available upon request or can be downloaded from www.deutsche-bank.com/ir.

This presentation contains non-IFRS financial measures. For a reconciliation to directly comparable figures reported under IFRS refer to the 1Q2008 Financial Data Supplement, which is accompanying this presentation and available on our Investor Relations website at www.deutsche-bank.com/ir.