Capital and Risk

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Investor Day
Frankfurt, 15 December 2009

A Passion to Perform.

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Sound risk, liquidity and capital profile further strengthened

1 Credit Risk

- Core portfolio on track
- 2009 LLP impacted by IAS 39 portfolio
- 2010 overall LLP expected to decline
- Risk discipline and robustness of our processes proven during the crisis

2 Market Risk

- Risk profile significantly improved, sharply lower EC and VaR utilization
- De-risking discipline driving reduction in legacy risks
- Framework further enhanced to reflect experiences from the crisis

3 Liquidity / Funding

- Improved Liquidity Mgmt incl. EUR 55 bn strategic liquidity reserve build-up
- Improved quality of funding, reduced dependence on short-term funding
- Modest additional capital market funding needs in 2010

4 Capital

- Despite significant capital demand since 3Q2007, capital cushion increased
- Regulatory changes drive capital requirements going forward …
- … but manageable with sufficient focus
- Rights issue only for acquisitions

Robustness of credit risk management processes proved during the crisis

Risk bucket outlook at Investor Day 2006 … / … tested in reality in 2009

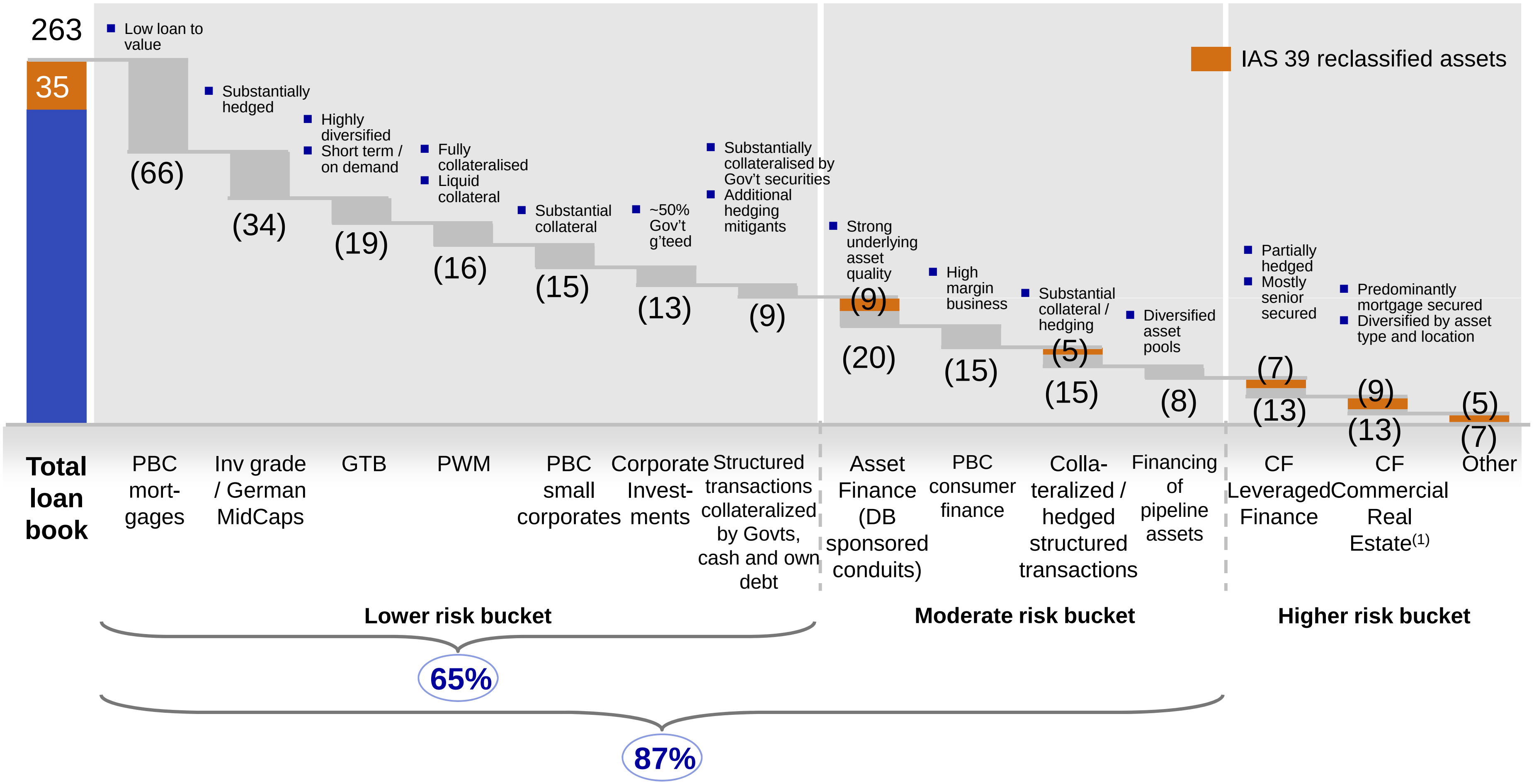
	Loan book (EUR bn)[1] Jun 2006	Provisioning level (bps)		Provisioning level YTD 2009 (bps)			Loan book (EUR bn) Sep 2009
		Current	Downturn	Core	IAS 39	Total	
International	48	<0	**<20**	**~25**	~25	~25	89[3]
MidCaps	18	~5 – 15	**<50**	**~5**	-	~5	28[4]
Lev Fin / CRE	5[2]	<0	**<200**	**~205**	~730	~450	34
PBC	76	~40 – 50	**<70**	**~80**	-	~80	96
PWM	11	~0	**~0**	**~10**	-	~10	16

Loan books performed in line with our downturn scenario expected at Investor Day 2006, verifying risk discipline approach and risk processes

(1) Excl. EUR ~6 bn Real Estate Investment Banking and EUR ~2 bn other (2) Leveraged Finance Hold portfolio only
(3) Includes securitization exposures and Corporate Investments (4) Includes European MidCaps

Composition of loan book

In EUR bn, as of 30 Sep 2009



(1) Includes loans from CMBS securitizations

Note: Loan amounts are gross of allowances for loan losses; figures may not add up due to rounding differences

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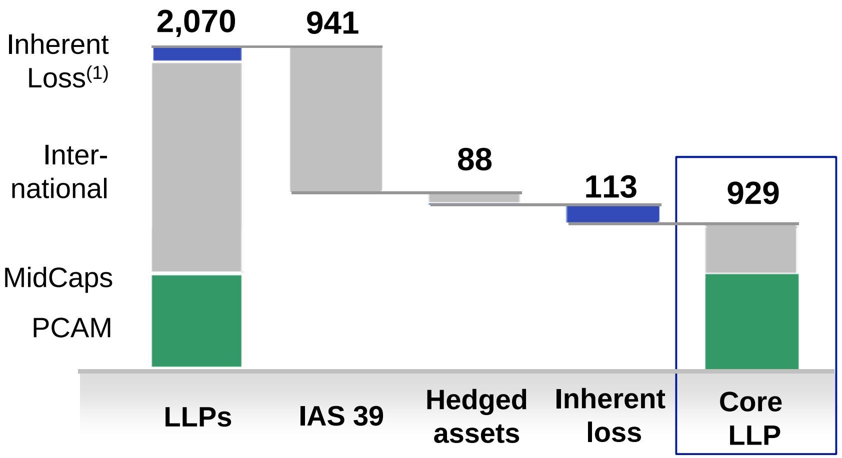
2009 Loan loss provision

Core portfolio on track, but significant LLP in IAS 39

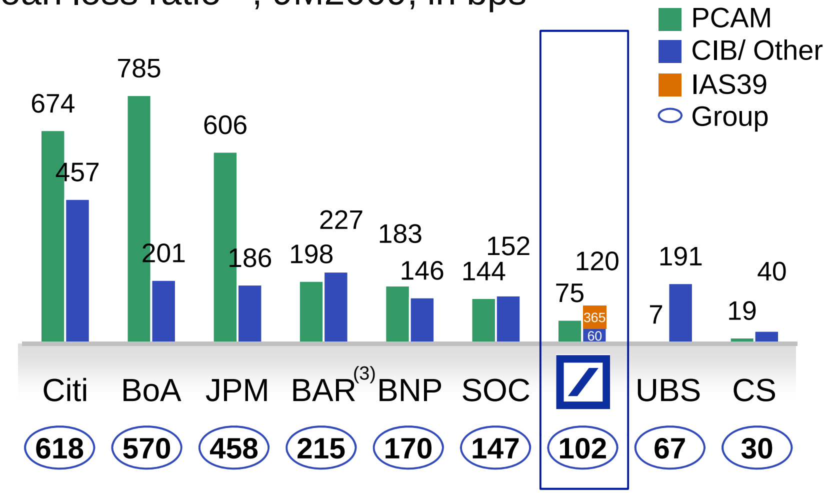
LLP driven by IAS 39 – core portfolio intact …

Loan loss provision, 9M2009, in EUR m



… and loan book is performing relatively well

Loan loss ratio[2], 9M2009, in bps



Total LLP	■ Almost 50% of 9M2009 LLP related to IAS 39 reclassified assets, driven by small number of loans ■ Further 10% corresponding hedge gains (booked in trading income) and inherent losses
Core portfolio	■ Largely in line with original forecast for 2009 ■ Most risk buckets broadly within original assumptions (66 bps annualized run rate)

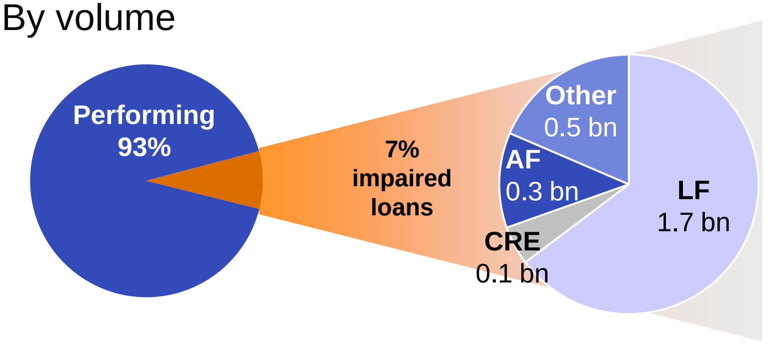
(1) Includes homogenous loan losses and general reserve for expected losses on performing loans based on expected loss methodology
(2) Provision for credit losses as % of loan book (annualized), loan book as of 31 December 2008 (3) Based on 1H2009 provision for credit losses
Source: company data

Assets reclassified under IAS 39

Solid credit quality – impairments on small numbers of loans drove LLP

Quality of IAS 39 portfolio

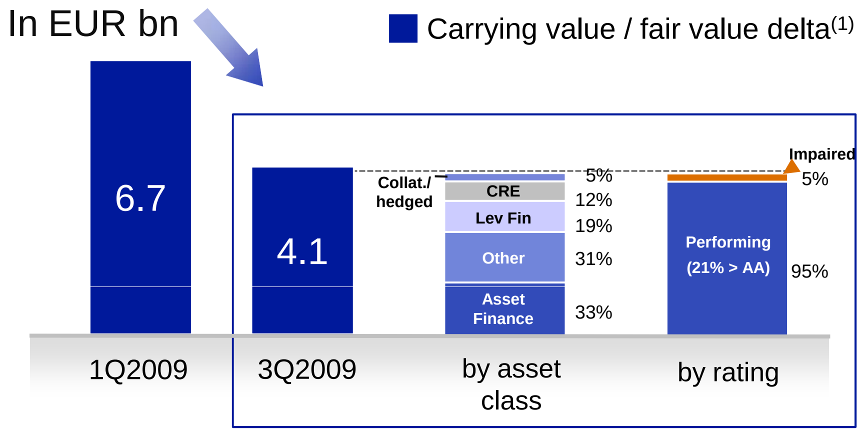
By volume



EUR 34.7 bn
1,445 assets

EUR 2.6 bn
29 assets

Carrying value / fair value delta decline



2009 LLP	■ Substantial LLP taken on LF mezzanine exposures in 2009 (> 90% of 2009 LF LLP) ■ Money Good decision generally confirmed by substantial decline in CV vs. FV delta ■ Impairments caused by new external events or unexpected client deterioration
Limited future credit risk	■ Further impairments under IAS 39 contained in most of asset classes ■ Solid overall quality of IAS portfolio: 70% of assets are marked > 75% ■ Key risk within Leveraged Finance, specifically in mezzanine exposures of EUR 2.9 bn (Over 70% mezzanine relates to one single concentration name)

(1) At period end

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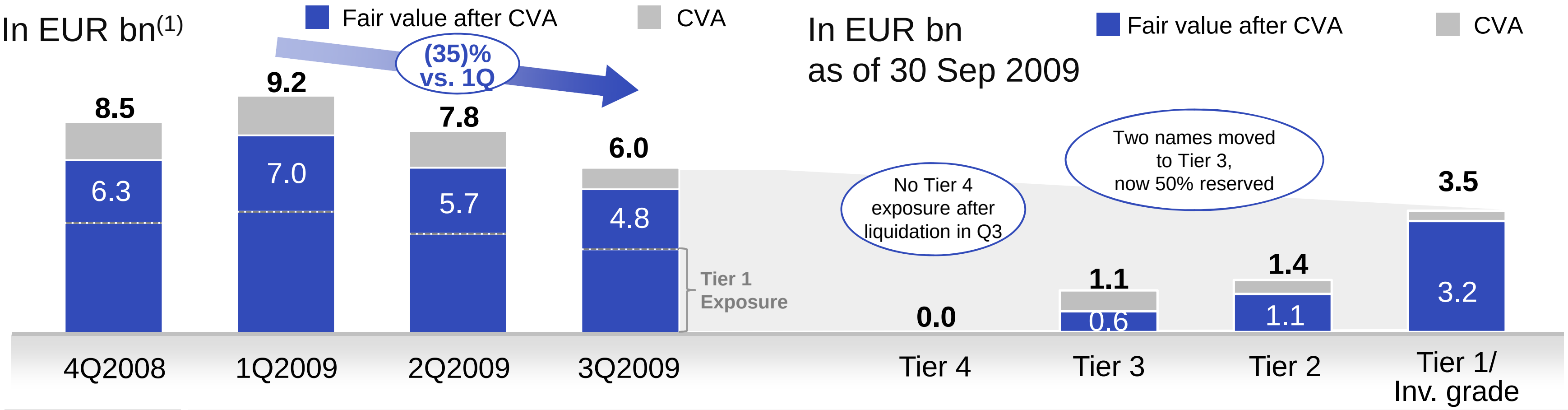
Monoline update

Exposure materially reduced, reserve levels remain adequate

Substantial reduction since 1Q2009 peak … … and exposure adequately reserved



Price recovery / sector restruct.	■ Improved pricing in most asset classes reduced exposure by 21% during 3Q2009 ■ Restructuring/liquidation of two names completed in 3Q2009, eliminating EUR 0.6 bn of exposure ■ Reserves more than covered losses from liquidation / commutation
Overall risk manage-able	■ Tiering(2) differentiates monolines, requiring increased reserves based on counterparty quality: Tier 1 (AAA/AA): 9% reserved, Tier 2: 25%, Tier 3 : Minimum 50% ■ Strong underlying assets give limited exposure to further commutation ■ Adequate reserve level gives strong cushion in event of participation in restructurings

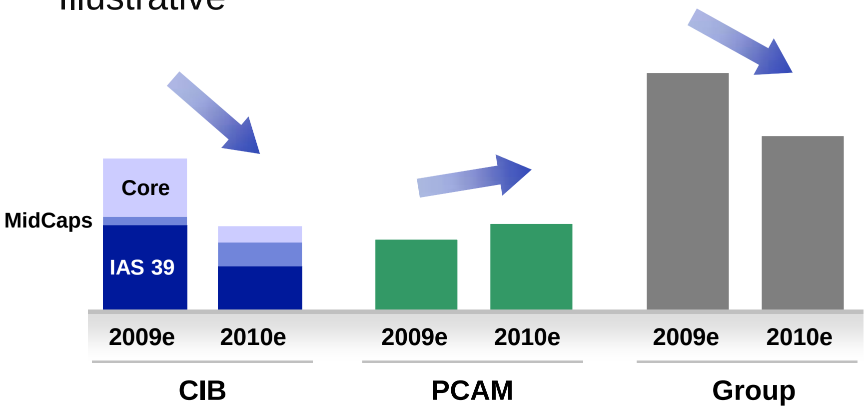
(1) Includes counterparty exposure to monoline insurers that relates to wrapped bonds
(2) Tiering is an internal CRM designation (Tier 1 = strongest / Tier 4 = weakest)
Note: All 3Q2009 figures are "Flash"; all historic periods show "Final" figures

Loan loss provision: Outlook 2010

Credit cycle likely to gradually turn; overall LLP to decline

LLP forecast

Illustrative



LLP by loan category

In bps, annualized

		Core portfolio 9M2009	Core portfolio 2010	IAS 39 9M2009	IAS 39 2010
CIB	Leveraged Finance	~75	→	~1,140	↘
	CRE / Securitization	~465	↘	~410	→
	International	~25	→	~25	→
	MidCaps	~5	↗		
PCAM	PBC – Mortgages	~25	→		
	PBC – Consumer Fin.	~300	↗		
	PBC – Business prod.	~115	↗		
	PWM	~10	↘		
Group		~66	→	~360	↘

CIB

- LF/CRE: Substantially lower LLP expected given lower non-recurring IAS 39 impairments
- International loan book: Continuation of benign LLP level due to hedging and credit policy
- German MidCaps: Corporate insolvencies to peak in 2010 with limited LLP expected due to strong underwriting standards and very low concentration risk

PCAM

- Continuation of favourable provision level within PBC Mortgages due to concentration of collateral in stable German real estate market and improvements in collection processes
- Moderately higher impairments foreseen in Consumer Finance and Business Products, due to sluggish economic recovery

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Market Risk: Refined framework and de-risking discipline …

Market Risk Management focus

Reduce risk concentrations

- Adapt position size to liquidity environment
- Invest in unwinding most illiquid risk positions

Continued use of active hedging

- Active program of macro hedging
- Improve hedging efficiency of single strategies

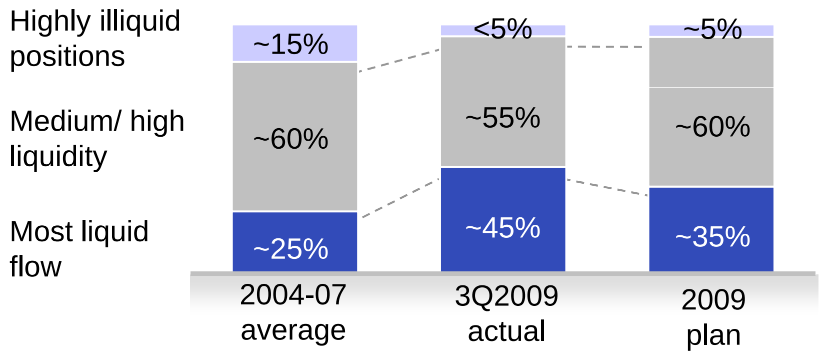
De-lever balance sheet

- Manage gross and net exposure down
- Align market risk appetite to new balance sheet and leverage targets

Reduce uncertainty

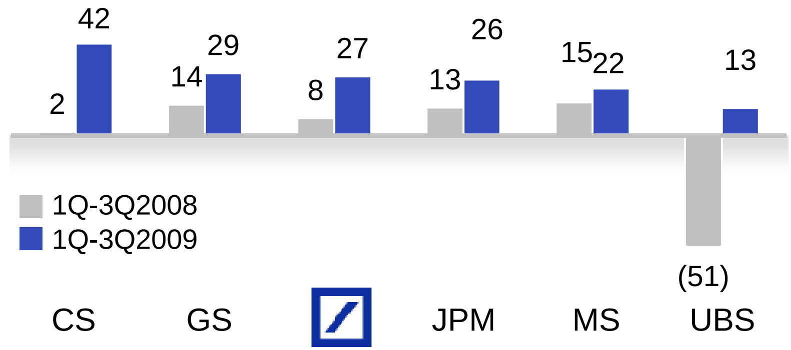
- Avoid exposure to difficult to value products
- Reduce reliance on complex, highly structured products

Re-calibration of business model



Improved VaR efficiency

Sales & Trading P&L / VaR



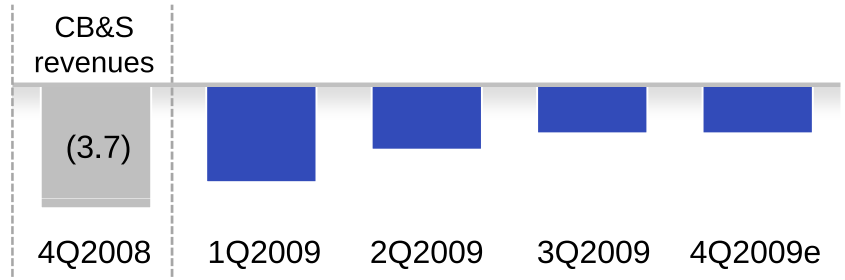
… has led to significant reduction in legacy risks …

Risk reduction by trading strategy

Average percentage reduction since year-end 2008[(1)]

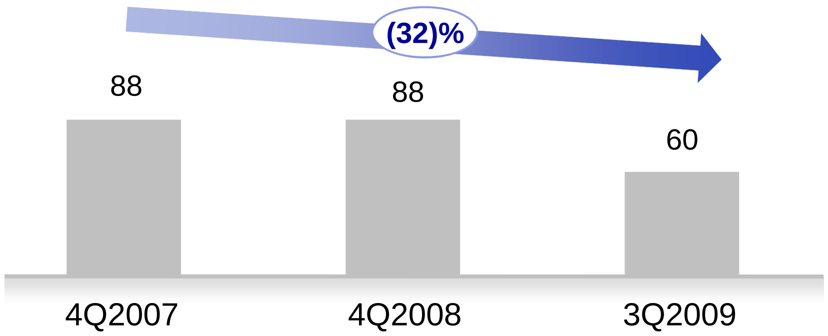
Limited losses in tail risk

Revenue scenarios for key risk positions assuming 4Q2008 market conditions, in EUR bn



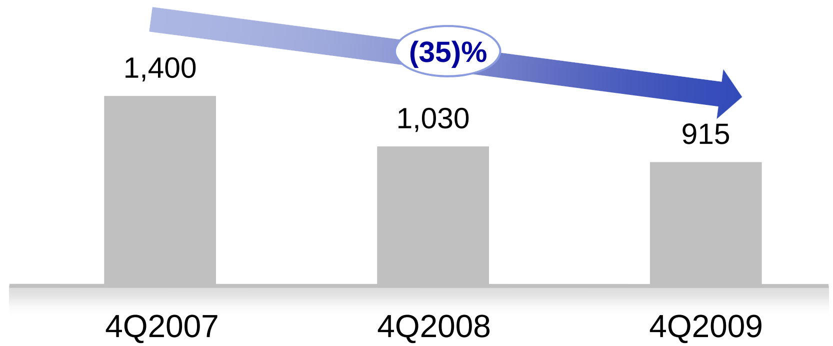
Sharp reduction of Level 3 assets …

In EUR bn



… and total assets[(2)]

In EUR bn



(1) Trading strategies include multiple asset classes and multiple risk measures. Graph is an equally-weighted average of the component risks
(2) Assets based on U.S. GAAP pro-forma, 2007 does not reflect revised application of U.S. GAAP netting; at period end

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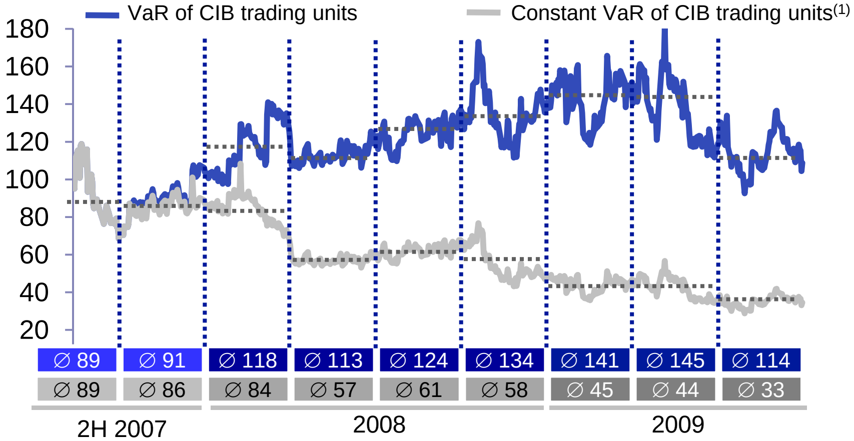
… which is reflected in reduced VaR and EC utilisation

VaR

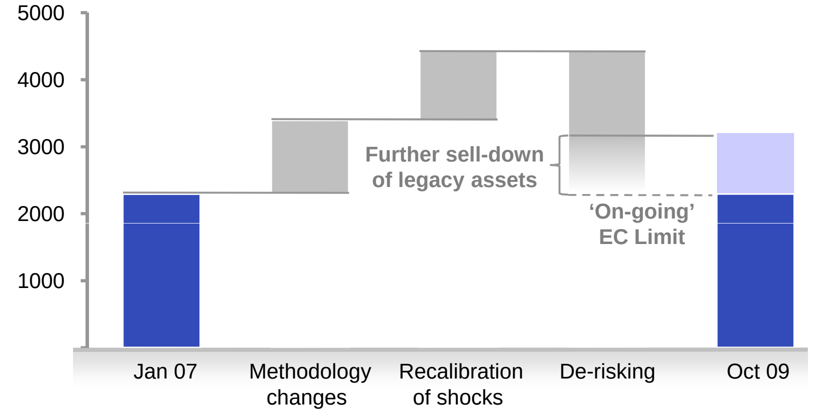
Development 3Q2007 – 3Q2009, in EUR m



- On a 'like for like' basis, constant VaR reduced by approx. 60% since 3Q2007
- This excludes effect of series of methodology enhancements made to VaR model
- Actual (or unadjusted) VaR level shows significant risk reduction during 3Q2009 (down 20% from 2Q2009)

Traded Market Risk Economic Capital (EC)

Development Jan 2007 – Oct 2009



- Model improvements include shock recalibration to reflect 2008 conditions
- On a 'like for like' basis traded Market Risk EC reduced by approx. 30%
- Sell-down progress of 'legacy' positions will continue to reduce total EC …
- … allowing further growth in 'on-going', more liquid trading

(1) Constant VaR is an approximation of how the VaR would have developed if all market data updates since Oct 2007 were reversed; the calculation is based on a broad assumption that the cumulative impact of the market data to date on the current portfolio of trading risks is the same as it would be on the portfolio at the start of the period

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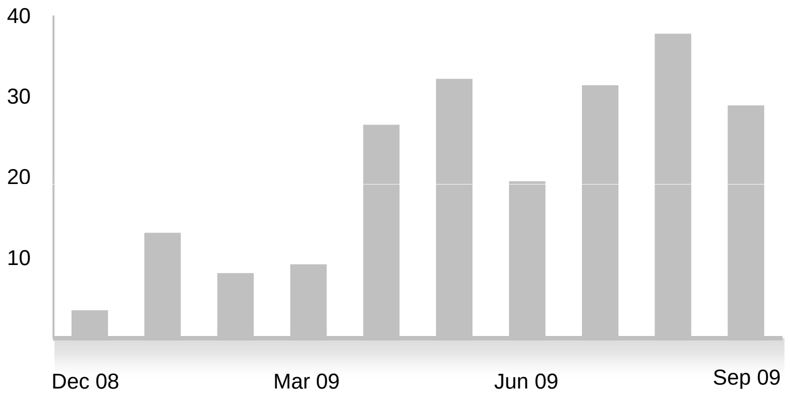
Liquidity Management: Conservative liquidity risk position …

Stress testing improved based on lessons learned from the crisis

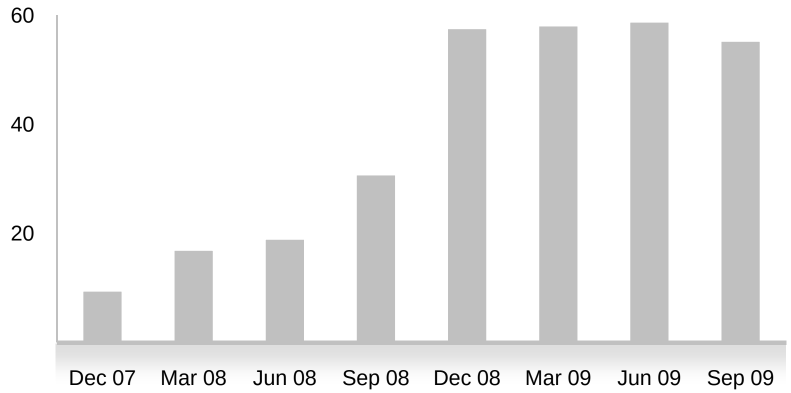
Net liquidity position after severe downgrade(1), in EUR bn



- Useful early warning indicator pre-crisis
- Refinements reflect lessons learnt on
  - secured funding outflows
  - depth of FX markets
  - intra-day liquidity needs
- Net positive results increased due to reduced exposure to wholesale funding and increased cash reserves

Build-up of sizeable Strategic Liquidity Reserve

In EUR bn



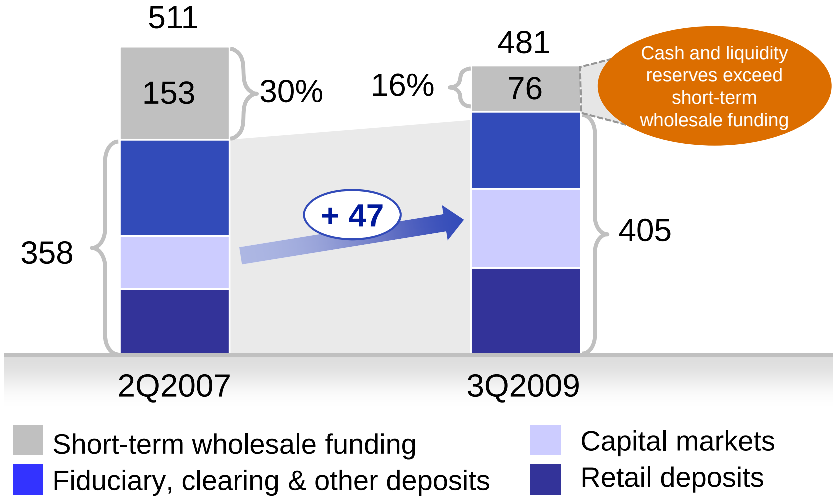
- Dedicated liquidity buffer safeguards liquidity in times of stress
- Size of Strategic Liquidity Reserve is determined by stress testing results
- Increase from EUR 10 bn to EUR 55 bn since crisis start(2)
- Liquidity & cash reserves significantly exceed wholesale funding requirement

(1) Net liquidity after 8 weeks after downgrade to 'A-2/P-2'
(2) Excludes Real-Time Gross Settlement (RTGS) portfolios which are held for clearing purposes

… and improved funding base at cost-effective levels – well prepared for new regulatory requirements

Strongly improved unsecured funding base …

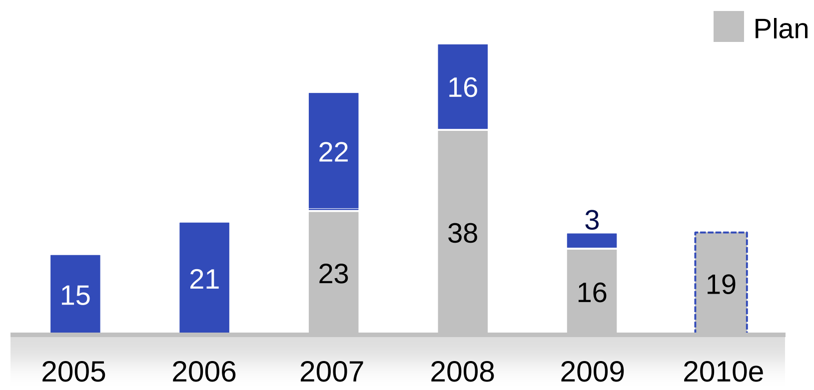
In EUR bn



- Short-term wholesale funding significantly reduced by EUR (77) bn
- Replaced with capital market issuance and retail deposits of EUR 78 bn
- Early response locked in cheap funding without sacrificing maturity profile

… leading to modest funding requirements in 2010

Capital Markets issuance volume, in EUR bn



- 2009 issuance plan of EUR 16 bn completed
- YTD 2009 issuance of EUR 19 bn at Libor +91 bps, 4.7 years
- 2010 issuance plan of EUR 19 bn
- Maturities in 2010-12 < EUR 20 bn p.a.

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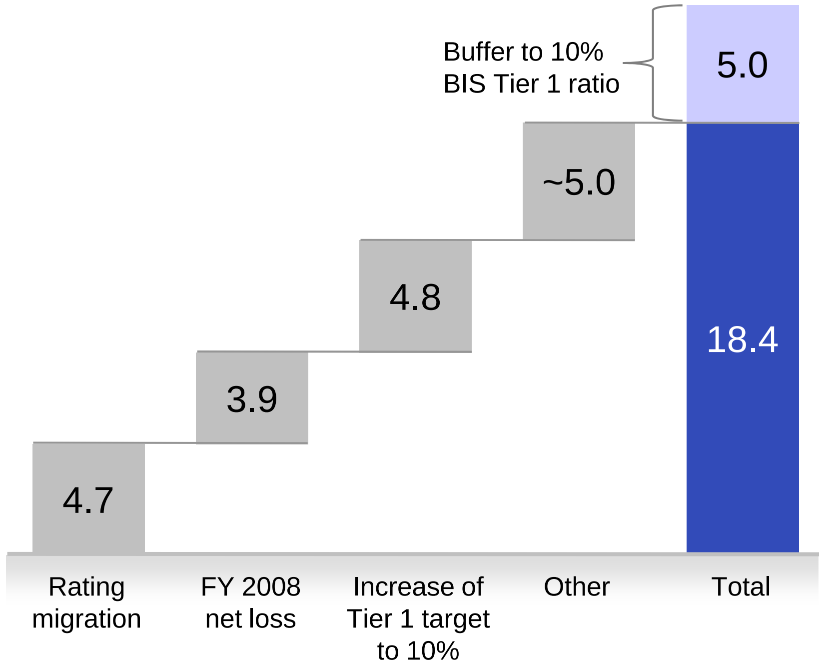
Capital Management: We have successfully managed a huge capital demand before …

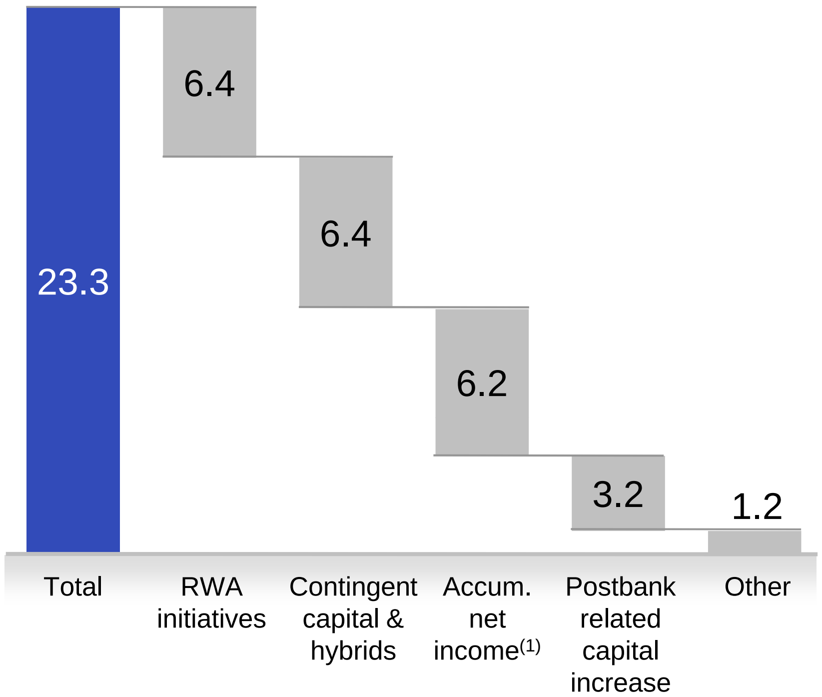
Substantial capital demand 3Q2007 – 3Q2009 ...

In EUR bn



… was met by strong capital generation capacity

In EUR bn



Contingent capital conversion, increased collateral, and focused risk mitigation compensated for RWA spikes.

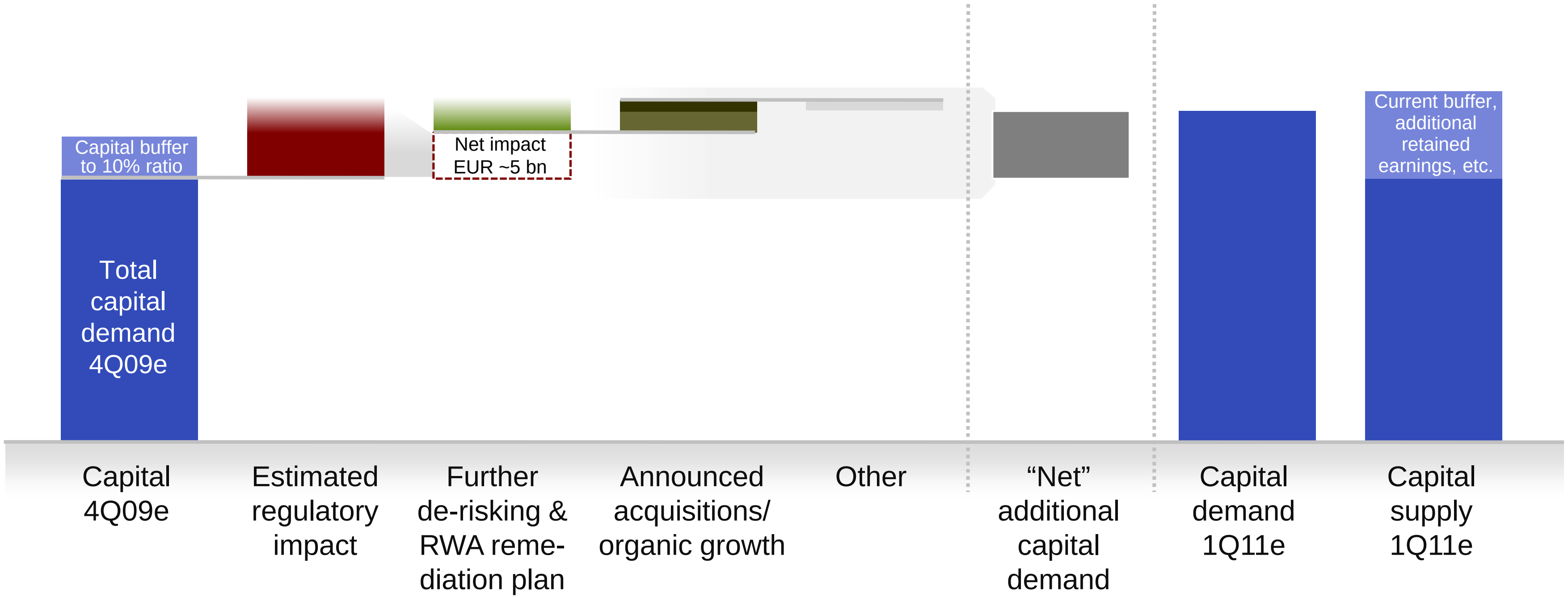
(1) Excluding FY2008 net loss; figures do not add up due to rounding

… and are prepared to do so again on upcoming regulatory-driven capital demand

Incremental capital demand by 1Q2011 covered by current capital buffer & retained earnings

Capital demand based on a 10% BIS Tier 1 ratio

Illustrative



Managing growth and external challenges relies on organic capital generation. Equity issuance is for buying future cash flows only!

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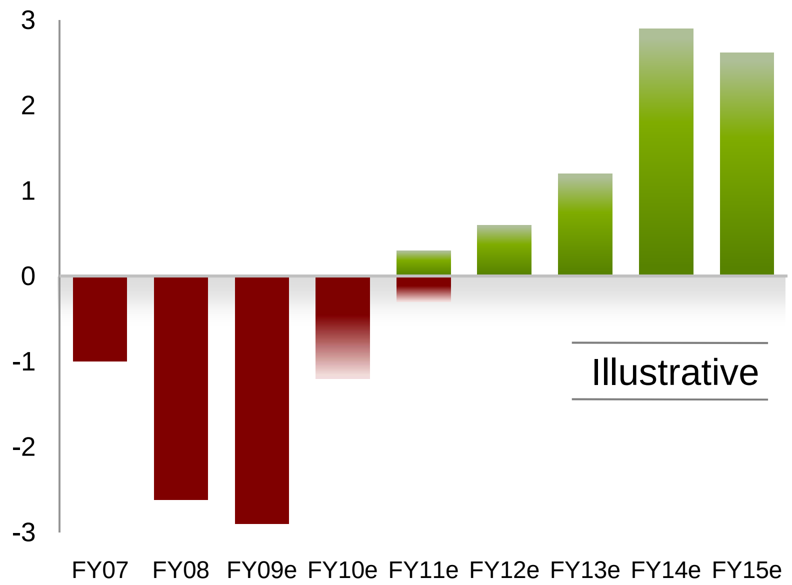
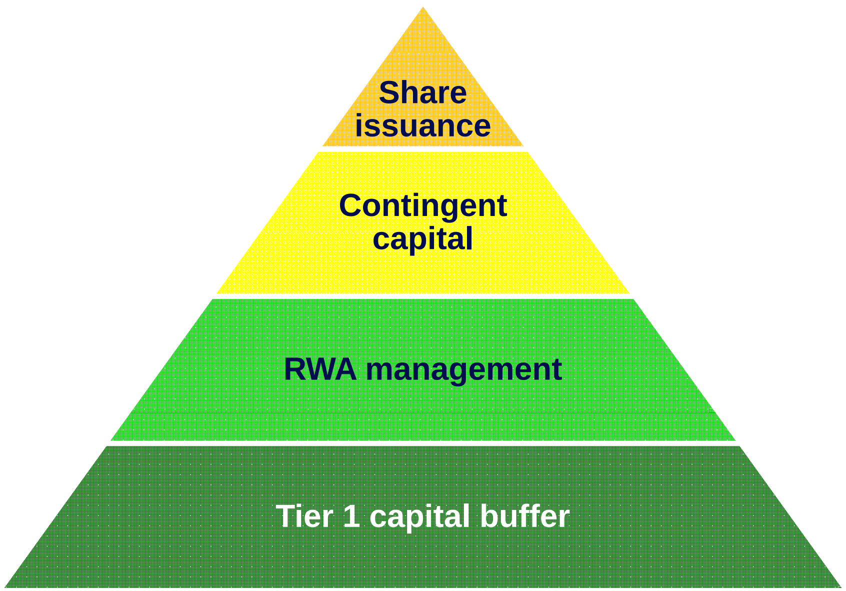
Capital instruments to manage RWA volatility over the cycle

Basel II RWA volatility …

Expected capital volatility through rating changes(1)



… manageable through comprehensive capital tool box



DB supports the concept of contingent capital as it permits efficient capital management in challenging times

(1) FY2007/08 based upon actual rating migrations of DB's credit portfolio; FY2009 estimate; FY2010 onwards illustrative

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