Deutsche Bank

# Deutsche Bank – Credit Overview

December 2018

(including reported financials as of 30 September 2018)

# Summary

| | |
|---|---|
| Strategic measures | — Strategic adjustments to the franchise now complete<br>— Near-term targets of return on tangible equity of greater than 4% in 2019 supported by<br>  — Commitment to reduce adjusted costs to below € 23bn for 2018 and below € 22bn in 2019<br>  — Headcount reduction to 93,000 at the end of 2018 and well below 90,000 in 2019 |
| Balance sheet strength | — Strength of the balance sheet gives time and flexibility to execute the strategic plan and pursue targeted growth opportunities<br>  — DB is well positioned to meet all current and future regulatory requirements<br>  — Cash and high quality liquid assets account for more than 25% of Deutsche Bank's funded balance sheet, negatively impacting returns but providing further support<br>  — Over 75% of the balance sheet is funded by long-term, diversified sources |
| Creditor / Counterparty considerations | — German bail-in law provides greater protection for various creditors, such as depositors, derivative counterparties, beneficiaries of guarantees and letters of credit (LoCs), holders of structured notes and money market instruments<br>— Issuance of preferred senior benchmark notes should result in an additional CDS instrument on Deutsche Bank, allowing better comparison with peers and hedging of counterparty risk (current CDS references to non-preferred instruments ranking lower in the creditor hierarchy)<br>— All rating agencies now have separate counterparty obligation ratings, covering - depending on the agency - products such as deposits, derivatives and guarantees/LoCs |

# Agenda

# Deutsche Bank at a glance

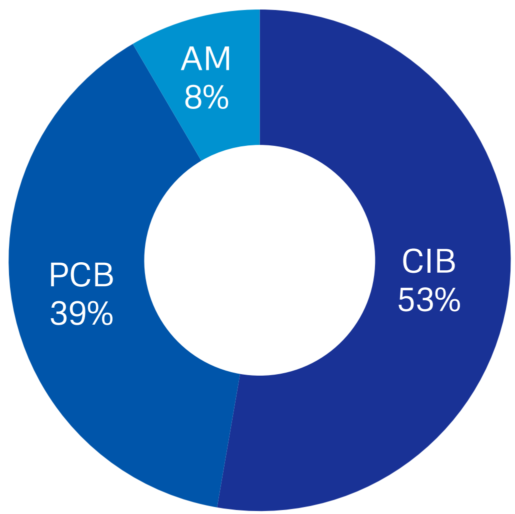
€ bn

## Key figures[1] (30 Sep 2018)

| | |
|---|---|
| IFRS assets | 1,380 |
| Leverage exposure | 1,305 |
| Risk-weighted assets | 342 |
| Common Equity Tier 1 capital | 47.8 |
| Tier 1 capital | 52.4 |
| Total capital | 61.5 |
| CET1 ratio | 14.0% |
| Leverage ratio | 4.0% |

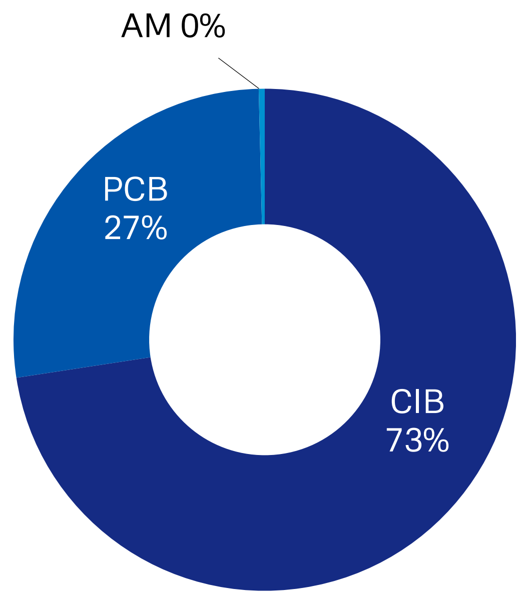
## Revenues by business[2]

9M 2018




## Leverage exposure by business[3]

30 Sep 2018




Note: Throughout the presentation figures may not add up due to rounding differences. CIB: Corporate & Investment Bank, PCB: Private & Commercial Bank, AM: Asset Management

(1) All figures, except IFRS assets are on a CRR / CRD 4 fully loaded, pro forma basis

(2) 9M 2018 revenues of €19.7bn included revenues for Corporate & Other of €(80)m that are not included for the calculation of the percentages

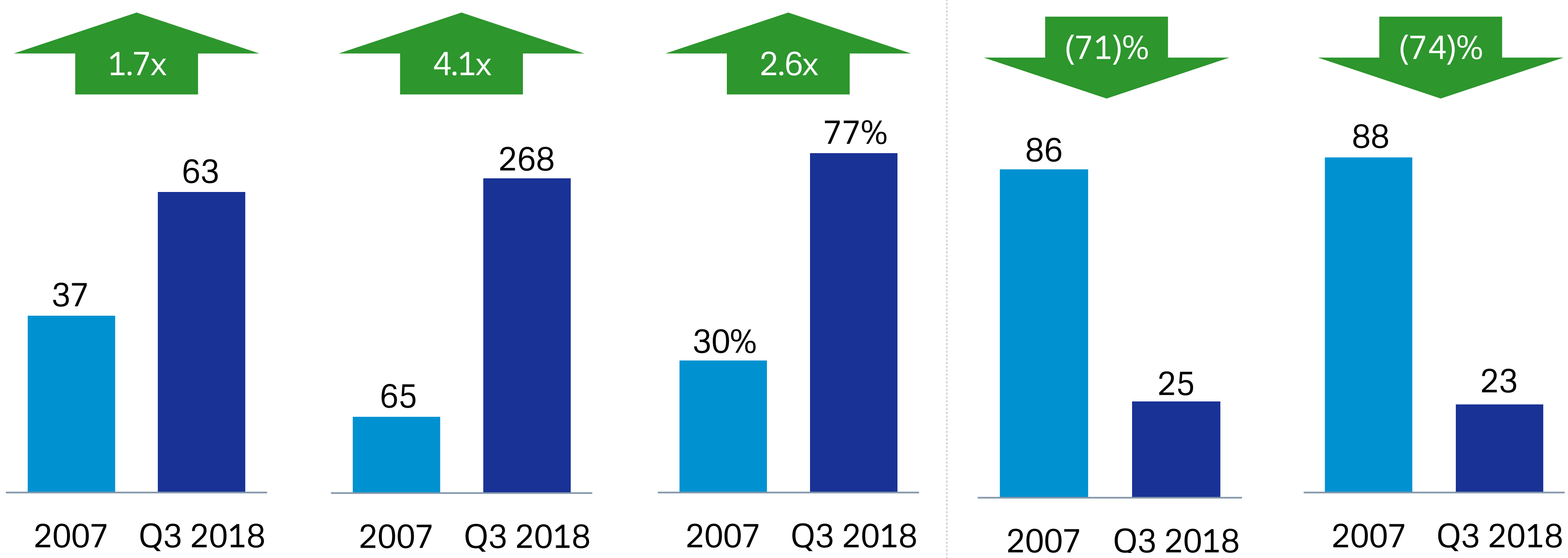
(3) 30 September 2018 leverage exposure of €1,305bn included Corporate & Other exposure of €4bn (0.3%) that are not included for the calculation of the percentages

# A safer and more secure organization

€ bn, at period end, unless otherwise stated

Shareholders' equity | Liquidity reserves[1] | Most stable funding[2] | Avg. Value-at-Risk[3] | Level 3 assets[4]

In € m




Materially higher capital, liquidity and stable funding

Risk at record-low levels

(1) Liquidity reserves include cash, highly liquid government, agency and government guaranteed bonds and other Central Bank eligible securities
(2) Most stable funding as a proportion of the total €948bn external funding profile. Most stable funding is defined as funds from Capital Markets & Equity, Retail, Transaction Banking and Wealth Management deposits
(3) Value-at-risk (VaR) is the average risk of loss for Deutsche Bank's trading units based on a 99% confidence interval and a one-day holding period
(4) Level 3 assets tend to be less liquid instruments where fair value cannot be determined directly by reference to market-observable pricing. Examples would include more-complex OTC derivatives, distressed debt and highly-structured bonds

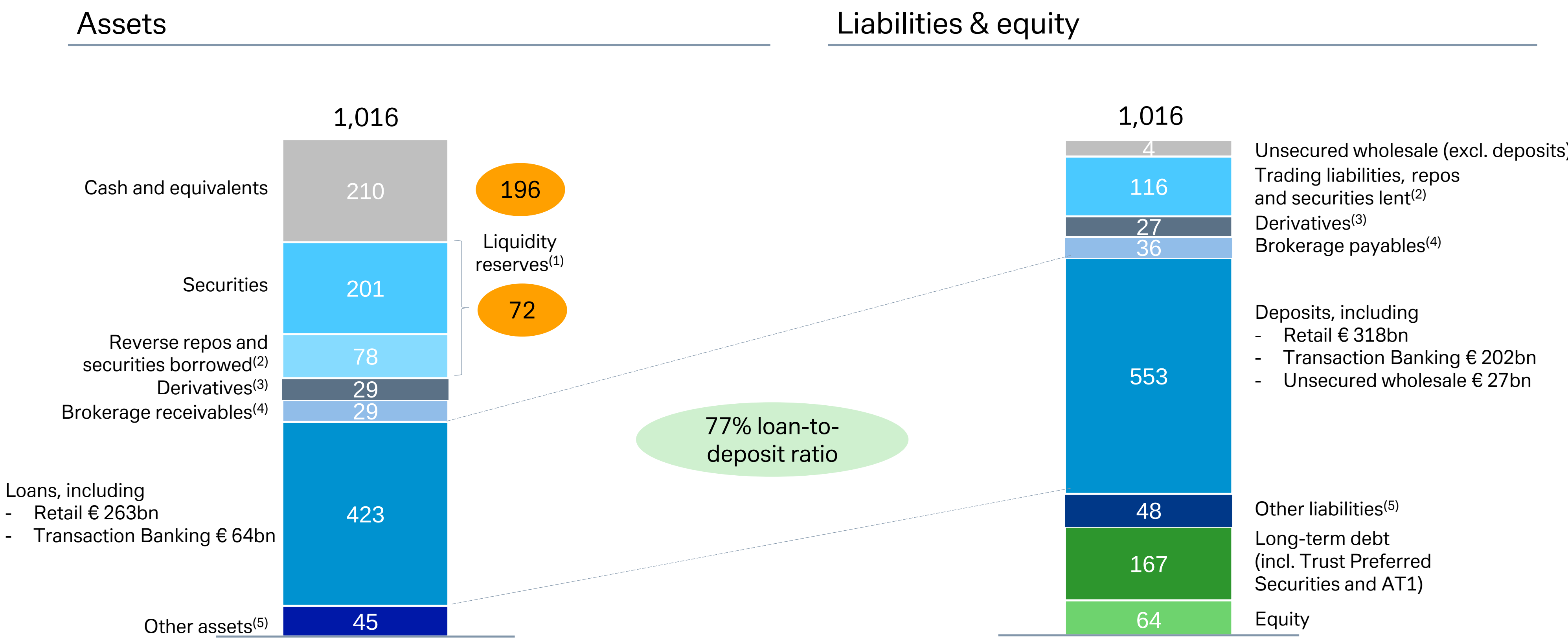
# Continued conservative balance sheet management

| | As of 30 September 2018 | Higher / (lower) vs. 30 June 2018 | |
|---|---|---|---|
| Common Equity Tier 1 capital ratio (fully loaded) | 14% | 23 bps | CET1 capital ratio above >13% target & €12bn above SREP requirement[(1)] |
| Loss-absorbing capacity | € 118bn | € (1)bn | Excess above MREL requirement: € 19bn[(2)] |
| Provision for credit losses as a % of loans | 9 bps[(3)] | 0 | Strong underwriting track record |
| Average Value-at-Risk | € 25m | € (1)m | Tightly controlled market risk |
| Loans as a % of deposits | 77% | 1 ppt | High quality loan portfolio against stable deposits |
| Liquidity coverage ratio[(4)] | 148% | 1 ppt | Excess above LCR requirement of 100%: € 76bn |

(1) Represents capital above the CET1 requirement contained in the ECB 2018 SREP letter
(2) 2018 requirement for Minimum Requirement for Eligible Liabilities (MREL) set at 9.14% of Total Liabilities and Own Funds of €1,085bn. Excess above 2019 requirement for Total Loss Absorbing Capacity (TLAC) of € 39bn
(3) Year-to-date provision for credit losses annualized as a % of loans at amortized cost
(4) Liquidity coverage ratio is designed to promote the short-term resilience of the liquidity risk profile of banks by ensuring an adequate stock of unencumbered high-quality liquid assets that can be converted in private markets into cash to meet their liquidity needs for a 30 calendar day liquidity stress scenario. Based on EBA Delegated Act

# Strong balance sheet with stable funding

Overview after netting, € bn, as of 30 September 2018




Note: Based on product level view across all applicable measurement categories. Net balance sheet of € 1,016bn includes adjustments to the IFRS balance sheet (€ 1,380bn) to reflect the funding required after recognizing (i) legal netting agreements, (ii) cash collateral, and (iii) offsetting pending settlement balances to our

(1) Different to balance sheet as Liquidity reserves reflect liquidity value as per internal assessment

(2) Includes adjustments for Master Netting Agreements of € 1bn

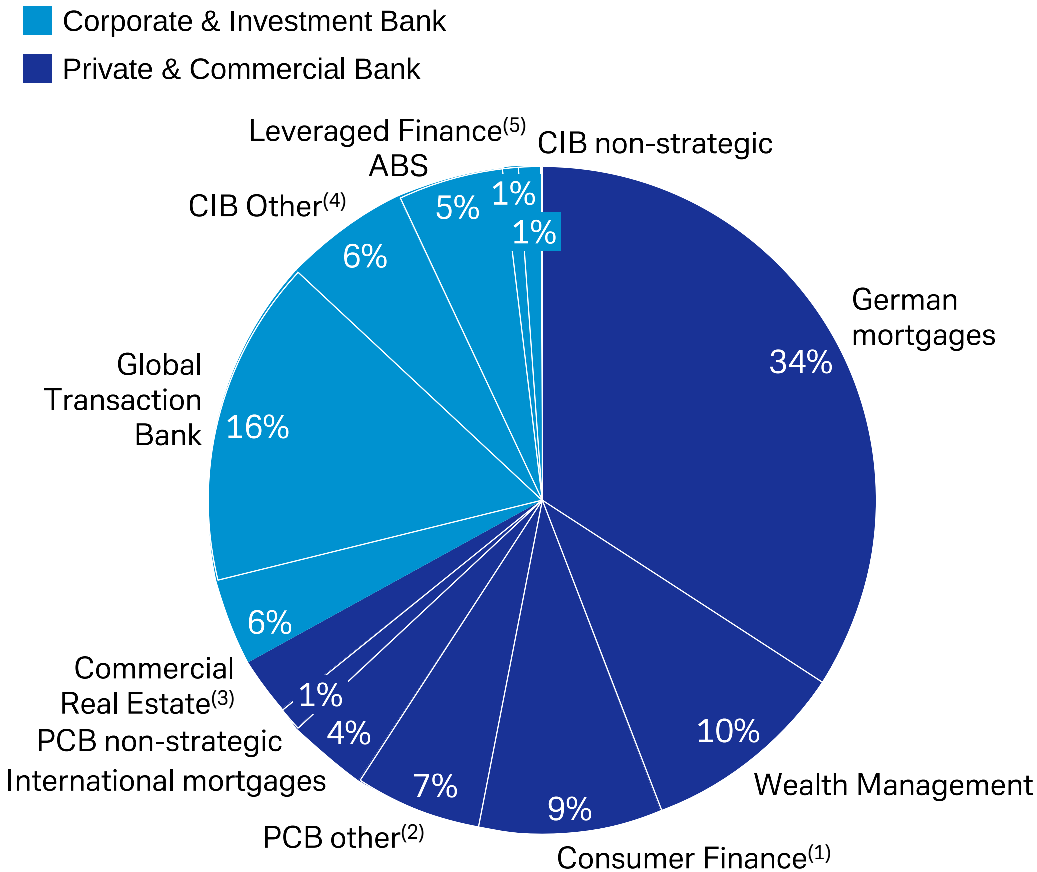
(3) Includes derivatives qualifying for hedge accounting and adjustments for Master Netting Agreements and cash collateral received/paid of € 297bn for assets and € 284bn for liabilities

(4) Includes adjustments for cash collateral paid/received and pending settlements offsetting of € 66bn for assets and € 79bn for liabilities

(5) Other assets include goodwill and other intangible assets, property and equipment, tax assets and other receivables. Other liabilities include financial liabilities designated at fair value through P&L other than securities sold under repurchase agreements / securities loaned, accrued expenses, investment contract liabilities and other payables

# Conservative loan book

## IFRS loans at amortized cost, 30 September 2018




— Well diversified Loan Portfolio
  - — Over 2/3rds of the loan portfolio in the Private & Commercial Bank and ~50% in retail mortgages and Wealth Management
  - — Global Transaction Banking counterparties predominantly investment grade rated
  - — DB has high underwriting standards & a defined risk appetite across CIB portfolios

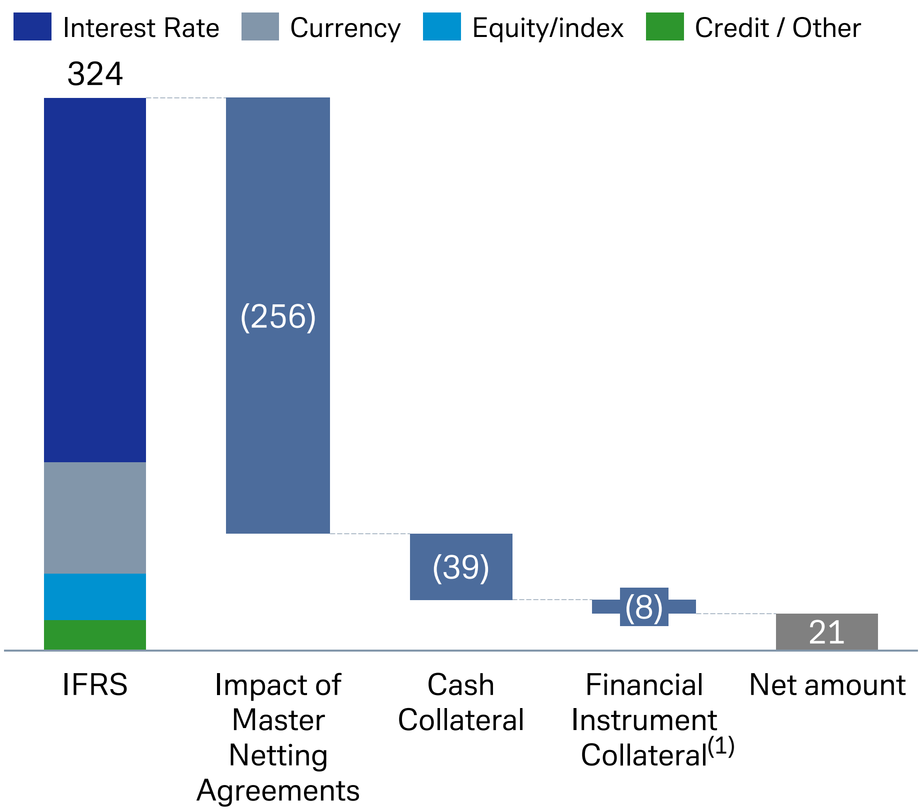
— Overall, strong quality of the loan portfolio evident from only ~40bps of credit loss provisions on average since 2007

Note: Loan amounts are gross of allowances
(1) Consumer and small business financing per external reporting
(2) PCB other predominantly includes (a) Postbank Commercial and Corporate Loans (b) Individual loans above 1 million
(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)
(5) Leveraged Debt Capital Markets

# Derivatives exposure – headline numbers materially overstate the economic risk

## IFRS derivative trading assets and the impact of netting and collateral

€ bn, as of 30 September 2018




## Comments

- Gross notional derivative exposure amounts are not exchanged and relate only to the reference amount of all contracts. It is no reflection of the credit or market risk run by a bank
- IFRS balance sheet derivatives trading assets are the present value of future cash flows owed to DB and as a result represent the credit risk to the Bank
- Unlike US GAAP, IFRS accounting does not allow for all Master Netting Agreements[2] to reduce derivative assets shown on the balance sheet
- DB's reported IFRS derivative trading assets of €324bn would fall to €21bn on a net basis, after considering the Master Netting Agreements in place and collateral received
- In addition, DB actively hedges its net derivatives trading exposure to further reduce the economic risk

(1) Excludes real estate and other non-financial instrument collateral
(2) Master Netting Agreements allow counterparties with multiple derivative contracts to settle through a single payment

# Agenda

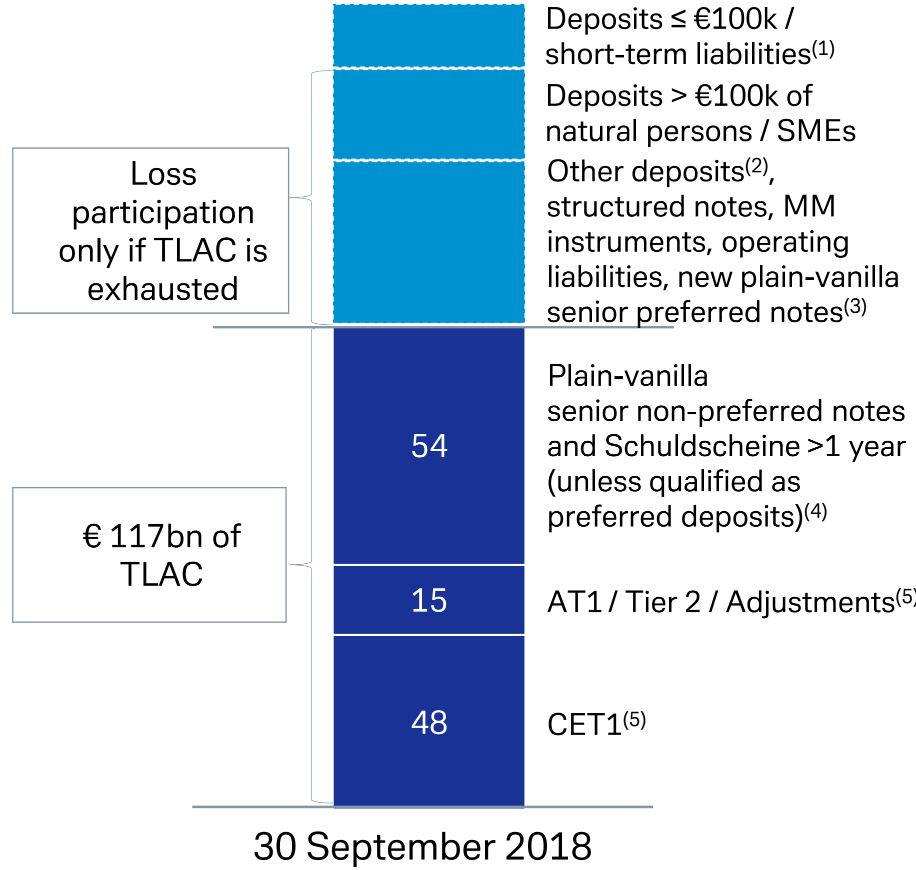
# German insolvency law strengthens position of depositors and counterparties

€ bn

— Creditors, including depositors, derivative counterparties, beneficiaries of guarantees and LoC's, structured note holders and money market instruments sit above € 63bn of equity, Tier 1 and Tier 2 instruments and also € 54bn of senior non-preferred debt liable for bail-in

— Deutsche Bank has € 117bn of Total Loss Absorbing Capacity (TLAC). Senior plain-vanilla debt < 1 year will not qualify as TLAC but still represents loss-absorbing capacity

— CDS & senior non-preferred bond yields are no appropriate risk proxies for the entire Deutsche Bank Group, given the lower ranking of plain-vanilla senior non-preferred bonds under the German bail-in law



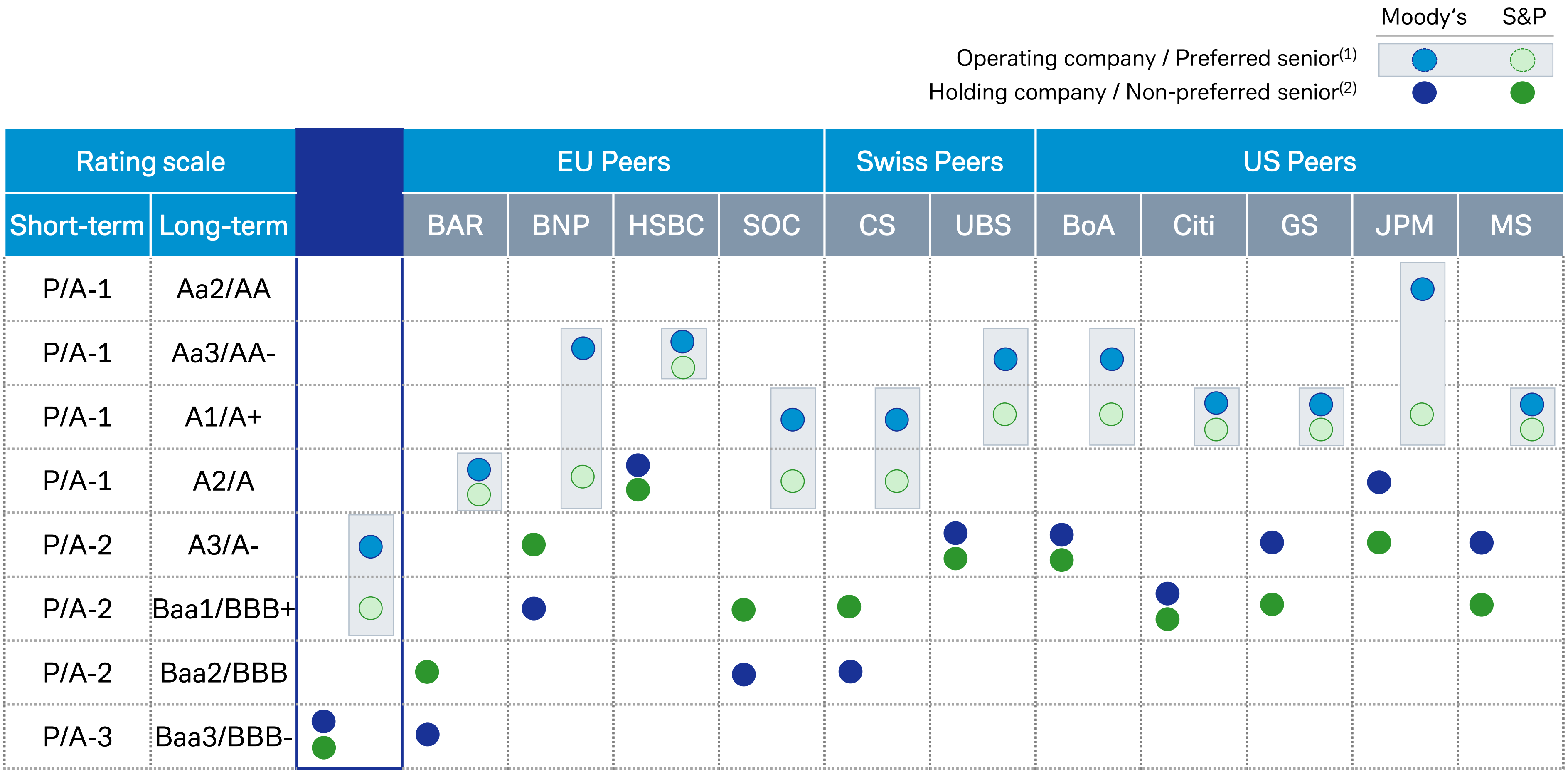

(1) Insured deposits and deposits by credit institutions and investment firms with original maturity <7 days are excluded from bail-in
(2) Deposits >€ 100k of large caps, all remaining deposits of financial institutions and the public sector
(3) Includes all plain-vanilla senior notes issued on or after 21 July 2018, the terms of which do not indicate that they are non-preferred
(4) Includes (i) all plain-vanilla senior notes issued before 21 July 2018 and (ii) all plain-vanilla senior notes issued on or after 21 July 2018 the terms off which explicitly refer to the non-preferred rank
(5) Regulatory capital under fully loaded rules; includes AT1 and T2 capital issued out of subsidiaries to third parties which is eligible until YE 2021. Includes adjustments reflecting TLAC eligible capital instruments that do not qualify as fully loaded regulatory capital; add-back of regulatory maturity haircut for T2 instruments with a maturity >1 year, G-SIB TLAC holding deduction

# Rating methodologies reflect new resolution regime and therefore require more differentiation

| | Moody's | S&P Global Ratings | Fitch Ratings | |
|---|---|---|---|---|
| Counterparty obligations (e.g. Deposits / Derivatives / Swaps / Trade Finance obligations) | A3 | BBB+(1) | A- | Reflecting their position in the resolution hierarchy, the deposit and counterparty ratings are the relevant rating for >95% of Deutsche Bank's clients |
| Long-term preferred senior unsecured(2) | A3 | BBB+ | A- | |
| Non-preferred senior unsecured | Baa3 | BBB- | BBB+ | |
| Short-term | P-2 | A-2 | F2 | |
| Outlook | Negative | Stable | Negative | |

Note: Ratings as of 26 October 2018
(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, preferred senior debt rating at Fitch

# Rating Agencies reflect bail-in risk of senior instruments



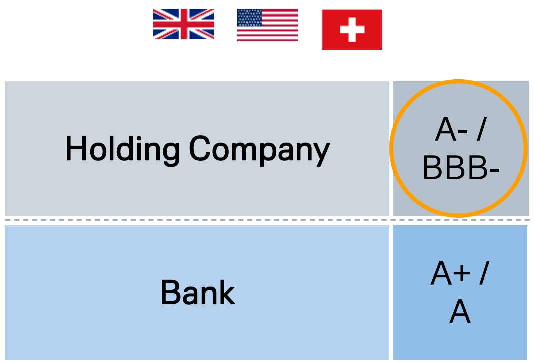

Note: Data from company information / rating agencies, as of 26 October 2018. Outcome of short-term ratings may differ given agencies have more than one linkage between long-term and short-term rating

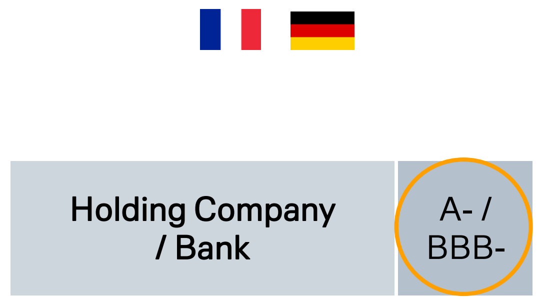
(1) Senior unsecured instruments that are either issued out of the Operating Company (US, UK and Swiss banks) or statutorily rank pari passu with other senior bank claims like deposits or money market instruments

(2) Senior unsecured 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)

# Structures complicate credit rating and CDS comparisons

## DB ratings are broadly in-line with peers when adjusted for the differences in corporate structure



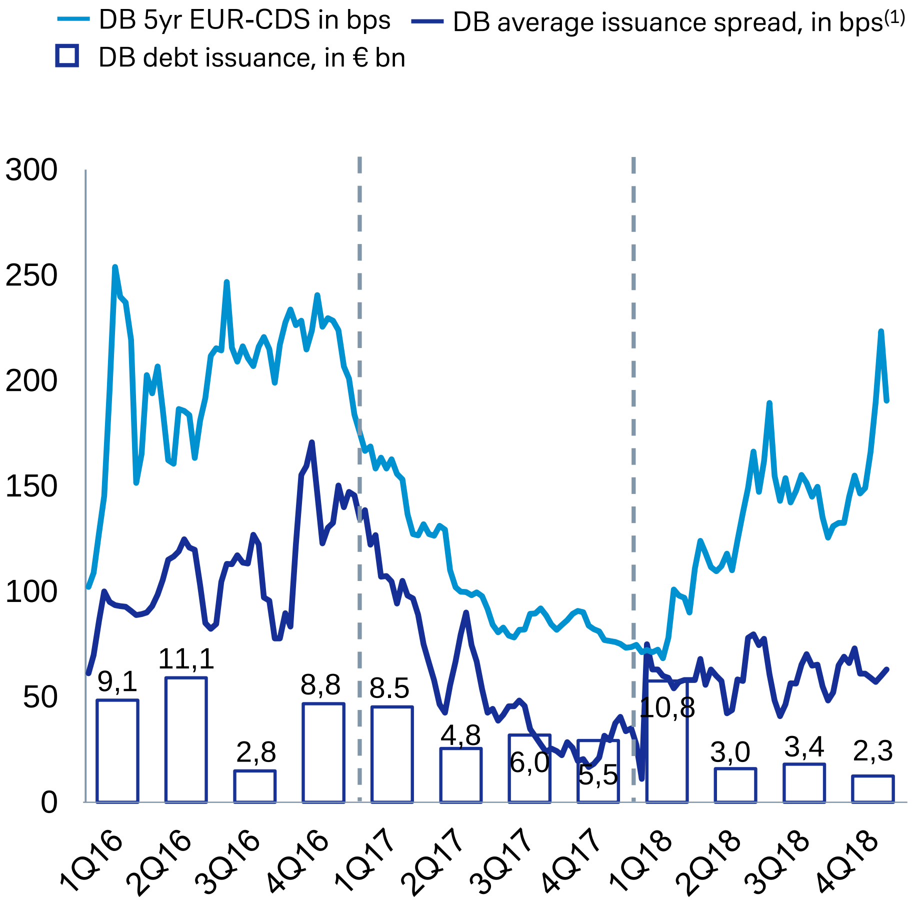

- Counterparties of UK, US and Swiss banks typically face the bank entity which comes with higher credit ratings
- Benchmark debt is typically issued out of the lower rated non-operating holding company

- German (and French) banks operate from a combined operating bank and holding company structure which rating agencies rate on a holding company level
- Counterparties of Deutsche Bank face DB AG, which is both the operating bank and the holding company

Note: Reference ratings are taken from the following peer group: MS, GS, C, JPM, BoA, UBS, CS, SOC, BNP, BAR, DB

# CDS spreads do not reflect Deutsche Bank's counterparty risk or funding costs

## CDS spreads have had limited correlation with DB's cost of funding or issuance plans




## Comments

- Single-name CDS trading volumes are lower than they used to be making movements in prices more erratic
- The movement in Deutsche Bank CDS spreads since early 2016 reflects the introduction of the German bail-in law on 1 January 2017
- As a result of the lower volumes and bail-in law, there has been limited correlation between Deutsche Bank's CDS spreads and the Bank's funding costs
- The introduction of holding company level CDS contracts on Swiss and UK banks allows a direct comparison with Deutsche Bank's CDS spreads given the similar position in the capital structure
- Harmonization of German creditor hierarchy with European law should result in an additional CDS instrument on Deutsche Bank referencing to preferred senior notes

(1) Based on the 4-week moving average issuance spread vs. 3-month Euribor. AT1 instruments excluded from spread calculation

# 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 16 March 2018 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 Q3 2018 Financial Data Supplement, which is accompanying this presentation and available at www.db.com/ir.