Deutsche Bank AG

Deutsche Bank Strategic Announcement

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Transcript

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James von Moltke, Chief Financial Officer
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James Rivett I'd like to remind you that the presentation may contain forward looking statements, which may not develop as we currently expect. I therefore ask you to take notice of the precautionary warning at the end of our materials. With that, let me hand over to Christian.

Christian Sewing Thanks, James, and hello, ladies and gentlemen. Thank you very much for coming today, and thank you for joining us on a very important day for Deutsche Bank. Yesterday, as you know, we announced the most radical transformation in our bank for decades. We are actually doing nothing short of reinvesting Deutsche Bank.

Today's presentation will be followed by an investor day in the fourth quarter, where our new leadership team will present their respective in-depth strategies to you in person.

Slide 2 – Focused on unresolved challenges

Let's get started and take a look at the challenges we have to address. This transformation will build on the progress we made over the past year.

We successfully stabilised our bank and started reducing costs and focusing our business. But when we are taking an honest look into the mirror, we all know that we are not yet where we need to be. As our share price development in the past 18 months demonstrates, there are fundamental questions about our ability to compete successfully in our current setup.

No one is more disappointed than I about our share price. It is our responsibility, and yes, it is our duty to demonstrate Deutsche Bank's real value and to make Deutsche Bank's core strengths visible again. To achieve this, we need to do more and we are fully aware of the challenges we have to address. First of all, we are simply not profitable enough.

In 2018, we made our first profit in four years, but we all agree than an ROTE of 0.5% on group level is simply unacceptably low. In particular, parts of our investment banking business have been a drag on our results for years now. So, that's where we have to start.

Our second challenge has also been with us for quite some time; our costs are still too high. We made progress last year when we sustainably deceased our cost base for the first time, but we now have to continue and even reinforce this discipline across the bank.

Discipline is also key to overcome the poor culture of capital allocation. Too many resources went to businesses where we don't compete to win. And actually, leading to under investment in areas where we would have far more potential. Simply put, we kept too many options open. Focusing our business will also help to address our leverage ratio.

We have to ensure that any doubts about the strengths of our balance sheet, including the leverage ratio, are put to rest for good. But above all, we need to listen to our clients and build a bank, which really reflects their needs and what they expect from us. We don't just have to talk about being client centric; we simply have to live it.

Slide 3 – Our mission

And this leads to the fundamental question of who this bank wants to be. What is our north star, when reshaping Deutsche Bank? What is actually our mission? For me, personally, it is about rediscovering what our bank has stood for in the better part of its 150 year history. It is about reinvigorating our traditional values. And it is about focusing on the areas where we are simply at our best.

And our mission has four dimensions. We are the leading German bank with a global network. We are aligned with the strength of our home market economy, the strongest one in Europe. No German bank is as global as we are, and no global bank is as German as we are.

German, European, and multinational companies are at the heart of what we do. And many of the financial solutions they need most are those that we actually do best. Cash management, trade finance, foreign exchange, financing strategic advisory, and investment advice. These are the real strengths of our bank. And with this offering, we are at the centre of what our corporate, institutional, and our private clients actually expect from us and what they need.

However, our client needs are changing dramatically, reflecting the unprecedented digital revolution, and also, the increasing uncertainties we are experience in today's word. We will align our bank closely to their changing needs. That means we have to make a further step change in embracing technology, but there is much more to that.

While platform and technology solutions will dominate standard services, it will be equally important that we remain the trusted advisor and the risk manager for our clients. This is what defines our mission going forward. To live this mission, we can build on the solid foundations that we have laid out, including a robust balance sheet and effective controls, safeguarding our integrity.

Slide 4 – Our guiding principles

But we have to be more focused in what we are doing. First and foremost, we will only operate where our clients want us to be as that is where also have the greatest potential to grow profitability. What is equally important, is it's not only about short-term wins, which may turn out to be a burden in the long-term. We are committed to creating sustainable value.

And third, going forward, we will only operate where we are competitors. We try to compete in nearly every area of the banking market at the same time. We simply spread ourselves too thin. We too often try to generate revenues wherever they happen to pop up. That was tactical behaviour, not growth driven by strategy or even purpose.

That, in turn, has exactly created the culture of poor capital allocation I was talking about before. Going forward, we need to focus our bank on where we are most competitive. To put it simply, you maximise your returns where you're one of the market leaders.

Slide 5 – Our decisive actions

These will be our guiding principles going forward, and we have to provide our strong businesses the oxygen they need to prosper by clearly withdrawing it from others. To this end, we have taken decisive action. First, we need to do more than merely trip the parameter, like we did in the past.

That is why we are going to exit our equities business, including prime finance, cash equities trading, and equity derivatives, while retaining a focus equity capital markets operation around selected core industries. As demonstrated by the preliminary agreement, which we signed with BNP Paribas yesterday, we actually received a lot of unsolicited interest to purchase those businesses.

This clearly confirms our view that these are good assets, but they simply don't fit our strategy. We will also resize our rates business and accelerate the wind down of our non-strategic assets. As a result, we plan to cut RWA allocated to these activities by almost 40%.

Second, we are going to move corporate banking back to the centre of this company. This will be done by merging our corporate banking activities into one, and use forced division. This is the business Deutsche Bank was founded for, however, we have to admit that we lost our compass in the last two decades when it comes to that business. Now we will make the business stronger than ever before.

This division, along with the private bank and asset management, will actually benefit from a reallocation of our capital and additional investments. We are fully committed to growing this business in a profitable way.

Third, we will cut our cost further. The exit of these businesses, the new setup of our infrastructure, as well as our investment into IT will make it possible to substantially reduce both our non-compensation costs and our workforce.

This means that we will reduce adjusted costs far beyond the exited businesses. As a result, we intend to reduce, overall, adjusted costs by €6 billion to €17 billion in 2022, to be precise, by 2022. The number of fulltime equivalent employees is set to fall by 18,000 to 74,000 over the same period. Of course, we will continue to invest into our technology platforms, and to that end, we plan to spend €13 billion in this space 2022.

This will enable our infrastructure to become simply more efficient. And this will also facilitate growth, and unleash the innovation power in all businesses. As important as the investment amount, are the people who actually do this. And that is why I'm particularly excited that Bernd Leukert is joining us from SAP to spearhead exactly this mission.

And fifth, we are going to manage our capital in a much more disciplined way. To that end, we are creating a capital release unit to manage down approximately €75 billion in RWAs, and close to 300 billion in leverage exposure. Winding down these assets will substantially improve our leverage ratio and free up resources to allow for shareholder returns.

Slide 6 – Four client-centric businesses poised to grow

These decisions will make our bank more competitive, more resilient, and simpler to understand, but also, simpler to operate. Our bank will be comprised of four strong and profitable business units, deeply interlinked with each other. Our corporate bank, as I said, will be at the centre of Deutsche Bank.

The corporate bank will be built around our transaction bank, and it will be strengthened by our commercial client unit, which actually houses our mittelstand clients that will move over from the current private and commercial bank, including Postbank.

This new and unified corporate bank will service more than one million clients, holding over 200 billion of deposits and generating more than €5 billion in annual revenues right from the outset. All of our businesses will now work in close cooperation with the corporate bank, in order to realise the tremendous potential that we have.

For example, more than two thirds of our corporate banking clients already use our investment banking services. On the other hand, only a fraction of our wealth management clients have a corporate banking relationship with them. So, clearly, we have a tremendous foundation to build on, but there remains further potential for us to capture.

Slide 7 – Corporate Bank

Let me now dive deeper into how we plan to develop our new division, the corporate bank. This is a very exciting business, active in a growing and attractive market. And again, we have a great competitive position. Let me provide you with some numbers.

All DAX 30 companies are clients of our transaction bank and use our anchor cash products, like payments, clearing, as well as liquidity management. In the first half of 2019 alone, we facilitated payments worth more than €100 trillion. We have a top five market position in transaction banking, financing, and FX. We provide the products our clients require most and foremost in the day-to-day banking business.

We help to manage liquidity and payments, we mitigate foreign exchange and interest rate risk, and we provide clients access to working capital and also strategic financing. Simply put, we are relevant and our clients need us. Last year, this business generated attractive margins with a 9% ROTE. The great news is that we have substantial room to further improve this.

Not by doing rocket science but by simply reaping low hanging fruit. And let me tell you how we are going to do that. We need to address client needs much more thoroughly than we have done it in the past. Going forward, we need to deliver a seamless, highly efficient and fully integrated solutions to our clients. This is something we have begun to address with the decision to merge all of our corporate banking activities now under one umbrella.

Now we will be able to fully align our products, our standards, our competencies, and our platforms without internal structural barriers. The further change is that we will truly put our client needs at the forefront. And to that end, we will shift from product and sales mindset to a client coverage mindset. Why haven't we done this in the past? Because we haven't been set up in this way.

Most corporates don't think in banking products. They want a holistic solution for their financial requirements, in particular, when we talk about their day-to-day business. And we are turning our current coverage model upside down. In this division, we are the bank for the treasurers, so the relationship managers who are in touch with them must be our strongest people.

This alignment will be completed before the end of the year. And this is a real game changer to how we internally operate. Finally, in order to deliver our client solutions wherever they need them, we also need to bolster our footprint in all regions, and further develop our digital platforms.

This means that our first incremental euro or dollar investment will be spent in the corporate bank. Europe will always be our home market and we aim to continue increasing our market share. In Asia, we will continue our growth story, and as the overall revenue pool is now bigger than in Europe, and it's growing at a much faster rate, it's the clear growth region for Deutsche Bank.

In the Americas, we will invest selectively with the aim to capture additional growth with the big tech companies, and to complement our global platform. What the people in the business are most excited about is the fact that we are an early mover in becoming the financial backbone for many of the world's leading online marketplaces, as well as some of the most promising start-ups.

As such, we have become an integral player in enabling online marketplaces to manage their explosive growth. Among these marketplaces, 85 of 145 companies in scope for aggregate payments are our clients. We are processing payments for them, we manage their currencies, we do lending, we are their partner of choice.

As a result, this part of the business has grown from zero to a quarter of a billion in revenues in only a few years. Stay tuned, this will be a very exciting space for Deutsche Bank. As you can see, we have a tremendous business here. It now has its freedom, it has a great management team, and it will get the resources to grow.

And unlike the past, we will make sure that we won't lose cost discipline for the sake of growth. We intend to deliver cost decreases of around 2% annually also in that business. Our corporate bank is resilient, it is competitive and profitable, the type of business I like. And I hope you can see it and feel it, it is exciting.

By executing our strategy, we aim to grow the corporate bank to roughly a € 6 billion business, with €2 billion in pre-tax earnings by 2022. That's absolutely achievable, assuming an annual growth rate of approximately 3% which is a conservative assumption, given that transaction banking has shown significantly higher growth rates across the industry recently.

Let me put this into context. If you were to put a conservative valuation on this, the corporate bank alone would be worth more than the entire bank today. That shows the value inherent in our bank. And that was previously hidden, but will now become transparent to all.

Slide 8 - Investment Bank

Our investment bank will shrink in size, but gain in competitiveness and resilience.

Our investment bank is, and will remain, core to what we do, and it will become a much better business. We have great investment banking businesses that are crucial for our corporate and wealth management clients, and also for other businesses. Actually, where we are, an important partner for our institutional clients, and where we earn excellent returns on the capital we have employed.

In our reshaped investment bank, we are top five in about 75% of our core businesses. We will continue to be a leader in the debt financing markets across investment grade, leverage finance, asset backed securities, and commercial real estate. We will continue to have one of the top FX businesses in the world, and continue to be a trusted advisor to our corporate and financial sponsors, clients.

And although we are exiting equity sales and trading, we will play, and continue to play, a role supporting our clients in primary equity capital markets activities, like IPOs. It is our view that secondary flows in this business are becoming increasingly less linked to primary activity.

So, our objectives in the investment bank are clear, we want to invest to stabilise our business and focus where we have a real competitive advantage. We want to be a leading financing advisory and solution provider to our clients, and we want to build on the success of our digital platforms. This is the future of our business. We will concentrate our resources where we have competitive products and solutions for our target clients on areas where we can achieve acceptable returns.

We will cover this in much more detail during our investor day later this year. The days of spectacular ambition in this division are behind us, but the years of a fiercely competitive, well-respected, and a sustainably profitable investment bank are coming. By 2022, our target is to have an investment bank with revenues of around €7.5 billion, and a pre-tax result of close to €2 billion.

Going forward, we expect to deliver cost decreases of 4% annually.

Slide 9 - Private Bank

Let me now move to our private bank. We have made good headway with the business in recent years, making solid progress with the integration of Postbank, and creating a market leader with approximately 20 million clients in our home market, the biggest economy in Europe.

We have become a digital leader with 11 million clients on our digital retail platform. And these clients are very active and loyal. We have more than 100 million digital client interactions per month. As these numbers demonstrate, we have the necessary scale to strengthen our position as the leading private client platform in Germany, servicing all customers from retail to ultra-high net worth.

This includes our global wealth management, which is the market leader in Germany and has more than €200 billion of assets under management globally, but we know we have to do more. We have to move faster, especially in the retail business, which is developing at an incredible speed.

We want to be at the forefront of these developments, and we are committed to becoming significantly more profitable. This is not something we are launching today; we are actually already well underway. We have seen growth both in lending and investment products in the first quarter of 2019, and we are determined to keep up exactly this momentum.

While we want to grow client volumes, we are also reviewing our pricing structures, and will adapt them to the ongoing low interest rate environment. While these measures will help grow our revenues, we continue to work on our costs, expecting the first €200 million of synergies from the integration of Postbank and Deutsche Bank in Germany this year. And this is only the beginning.

It remains our strategic priority to realise the full synergy potential we have previously communicated. And we won't stop here. We are aiming to realise additional\ efficiencies by 2022. James will lead through this when he talks about the details of the plan. It's not only about costs. It's also about sustained growth.

We will further strengthen our wealth management franchise by building on its strong German and European business, in particular, areas of growth and investments will be the Americas and our emerging markets region, which includes Asia Pacific and the Middle East. And of course, we will go all in on digital. Expect us to continue to set the pace in Germany, building on our digital client base.

By 2022, we are aiming for our private bank to have close to ten billion in revenues, delivering well in excess of €2 billion in pre-tax profit.

Slide 10 – Asset Management

With that, let's move to our fourth division asset management. With more than €700 billion of assets under management, DWS is the market leader in Germany and one of the leading management franchises in Europe.

We have already made significant changes to DWS over the last few months. We have overhauled the senior executive team, and consolidated the digital platform business. These actions have already begun to pay off with the business returning to net inflows in the first quarter of this year.

The asset management business will continue to pursue its objective of becoming one of the top ten asset managers globally. The management team will capitalise on the positive momentum we saw in the first quarter, and build on the net new inflow. In this context, we expect to benefit from existing and new strategic partnerships, an approach that has already been bearing fruit.

The asset management business will strengthen key strategic partnerships, and deepen growth assets, particularly in Asia. And it isn't only about retail investors, DWS aims to outperform the industry in the institutional business this year. We are also targeting significant efficiencies and are on track to deliver on the €150 million of annual savings by 2020.

In short, we have a great business in a highly attractive market. Our new leadership team has reenergised the franchise, and we are focused on building on the positive momentum we have created. By 2022, we expect asset management to be a business with around 2.5 billion in revenues, with a pre-tax result of more than €700 million.

Slide 11 – Executing our strategy

As you can see, this new Deutsche Bank will be built on four distinct resilient and competitive businesses, each with their own clear strategy and dedicated management team centred around distinct client segments. Our business has a focused growth plan with efficient capital allocation, and we are targeting increases in both revenues and ROTE across the board.

We are not reaching for the stars here. Our aspirations are based on the assumptions of core revenues growing by just 2% per year. I'm sure you have seen much higher numbers in former strategy presentations. We are being more conservative this time, and we are fully confident that we can achieve this. By 2022, we believe the bank can generate close to €25 billion in revenues and more than €6 billion in pre-tax profit.

Slide 12 – Our way to fundamentally change the bank

Now you know where we are heading to, but how do we get there? In this regard, we have created a four pronged approach that has been built, bottom up, over the last five months. The four levers will be delivered in parallel and are entirely synchronised. First of all, we will exit loss making businesses, and expand our higher return and growth business.

This leads to our second priority. We will restructure the bank, in particular, our infrastructure functions, to reduce our costs further. Third, to implement this, we need a new leadership team and a new leadership culture. And finally, we are going to be much more disciplined in the way we allocate capital and free up resources. Both for investments and for distribution to shareholders going forward. Let's go through these levers one by one.

Slide 13 – Refocus: Four businesses competing to win

Our approach of refocusing the bank manifests in three ways. As I said, first, by exiting businesses in which we are simply not competitive. This is one example of why this is different from the past. We are creating a bank that competes to win. If we can't compete with the best, we won't be in the game. The businesses we are exiting were underperforming, or even loss making, in the past, and a drag on our pre-tax profit of €1.1 billion in 2018 alone.

Second, as a result, we will be able to allocate more capital to our growing business. This is a radical step change for the bank. Our businesses will be pursuing growth strategies going forward, and this will energise our people, and materially increase our competitiveness. Having said that, we will be disciplined in our capital allocation.

Capital will be allocated to those businesses and regions where we do have a competitive advantage. Revenue growth alone is not enough. It is all about profitable growth, no ifs, no buts. As we are exiting businesses, we will also focus the investments in our IT. Despite our more focused parameter, we will continue to invest in innovation and development.

This will ensure that we continue to set standards, in particular, in digital solutions. More on that later.

Slide 14 – Refocus: More stable and predictable revenues

By refocusing our activities, Deutsche Bank will inherently become more resilient. The share of relatively stable, reliable revenues will increase further, as we will be much less dependent on volatile states and trading revenues.

In our new setup, we expect the investment bank to contribute 30% to the core revenues. And just as important, about 75% of our remaining investment banking revenues already hold a top five market position. In short, we intend our revenue and earnings quality to substantially improve, making us more competitive and a resilient bank with lower capital costs.

This makes it crystal clear to our employees, our clients, and our public shareholders alike, Deutsche Bank is set up to win in every business we choose to compete in. And these changes give us and our regulators the confidence to lower our target quarter one ratio to at least 12.5%. Our transformation will build and materially accelerate our restructuring and cost reduction programme.

Slide 15 – Restructure: Improve efficiency

As I said, we are committed to reducing our adjusted costs by one quarter or €6 billion to €17 billion in 2022. Our aim is to reduce Deutsche Bank's cost income ratio from 93% in 2018 to 70% in 2022. This new target is, for me, as non-negotiable as the 23 billion cost number that we set and achieved last year.

Why am I so confident? Because we have planned this in detail and all businesses were part of the planning throughout and structured process over the past few months. James will lead you through the details of this plan later on. While reducing costs, it is absolutely vital that we continue to improve our controlled systems.

We have already made good progress, as was demonstrated by our result in the Federal Reserve's 2019 CCAR process. Now we need to continue to invest. We need to embrace technology to ensure that our systems and processes are reliable, lean, and future proofed. And that is why we are committing to allocate €4 billion of our investments to further improve our controlled environment by 2022, making it both more effective and efficient.

This restructuring will be a real game changer for Deutsche Bank. It will swiftly and significantly right side our cost base and make our business scalable for the platform era.

Slide 16 – Reinvigorate: Leadership and spirit

To create this new bank, it needs a new leadership structure and a new leadership culture. This culture must be team orientated, entrepreneurial, accountable, and committed.

And the leadership team must represent one bank. I'm also deeply convinced that we have to connect the management board much closer to the rest of the bank. This is why we will introduce a new leadership structure, which will free up management capacity for our business and clients on the one hand, and ensure a maximum of efficiency, control, and connectivity on the other.

Therefore, we have decided to reshape our management board. It will only include the central and regional functions going forward, and among these central functions, there is a newly created role of a dedicated management board member for technology, data, and innovation.

This underpins the importance of efficiency and innovation for our bank, and Bernd Leukert will bring a new skillset to this management team. Whereas the business units will be represented in the newly created global management committee. Around that, there is a third circle, the senior leadership team, and comprises the top 30 managers of the bank, including the vital infrastructure functions.

Slide 17 – Return: Free up capital

Our fourth priority is freeing up and returning capital to our shareholders. By establishing our new capital release unit, which will hold about one fifth of our leverage exposure, we will ensure that we exit non-strategic positions and assets, as well as businesses. These are quality assets and partially of short duration, that's why the wind down should be rather quick.

We expect over 50% of the reductions in credit and market risk RWA to accrue in 2019, with more than 70% to be done by the end of 2020. While the restructuring and the CRU wind down will be funded without asking shareholders for capital, we will waive dividends for 2019 and 2020, but we intend to pay the AT1 coupons. We will compensate shareholders afterwards.

The planned balance sheet reductions are expected to generate €5 billion of excess capital, which we plan to return through dividends and share buyback starting in 2022. Our strategy and the planned delivering will substantially improve our leverage ratio.

We believe that the bank can now comfortably run with the fully loaded leverage ratio of 4.5% by the end of 2020, rising to around 5% in 2022. As I said, our new core tier one ratio of at least 12.5% takes into account the significant adjustments in our business model towards a much more balanced and stable bank, as well as our improvements in our control environment over the past few years.

Our plan has been discussed in detail with our home regulators, who support the direction and transformation of Deutsche Bank, as well as the targets laid out as part of our multiyear process. We are, of course, committed to working closely with our supervisors around the world, as we have done consistently in the past.

Slide 18 – Using capital differently

We will also deploy our capital in a very different manner. The main reason for our low price to book ratio is that we have not been disciplined enough in using our base of tangible equity of €50 billion, but we will change it. If the value of a company is at a third of its book value, there's a very easy way to increase shareholder return; giving back capital.

We plan to liberate €5 billion of capital for distribution to shareholders starting in 2022. And finally, our new business mix should reduce volatility of earnings and our funding needs. In the future, around 85% to 90% of our funding will come from stable sources, materially lowering our need to go to market for funding.

This was the summary of what we plan to do. Let me now hand over to James for further details.

Slide 20 – Our areas of focus

James von Moltke

Thank you. Christian's just articulated how we are thinking differently about the bank. I'm going to go through our planning assumptions and the financial past behind these commitments. We will focus on three key areas, as shown on slide 20. The first is to improve efficiency.
For the more focused business perimeter, we are better positioned to attack costs and drive significant efficiency improvements. We aim to reduce adjusted costs by around €6 billion to €17 billion in 2022. That's a big reduction. However, with business exits and reductions

from measures we've already announced, the additional improvements are achievable.

Even with realistic revenue growth assumptions, that would put us at a cost income ratio of 70% in 2022. And this will provide sufficient margin for us to manage and invest in our businesses. We will be disciplined and focused in our execution, as we have demonstrated in the past several quarters.

Second, we will further optimise our balance sheet. As Christian has said, the capital release unit will wind down around €280 billion of leverage exposure, principally in low yielding assets. We are developing a detailed portfolio by portfolio plan, and we're confident that we can do this in a capital efficient manner.

The outcome will be greater balance sheet efficiency and significantly reduced funding requirements.

Third, executing on our planned cost reductions and balance sheet optimisation will enable us to grow our return on tangible equity. Under our new definition, which is after the payment of AT1 coupons, we believe that the group can generate an 8% return on tangible equity in 2022.

This return level, in our view, approaches the cost of capital for our new business mix, and is realistic, given the interest rate environment we're facing. Importantly, getting to these returns depends on factors, which are largely in our control and require very little in the way of growth or external support.

Slide 21 – 2018 pro-forma financials

Let's now look at how we get there. Christian has explained how we will centre around four core businesses, plus a separately created capital release unit, or CRU. We will report under this new structure starting in the third quarter, and will provide you with restated results before them.

Our core bank reflects our strategic vision and will comprise the new corporate bank, the refocused investment bank, the private bank and asset management, as well as our corporate and other segments.

Slide 21 provides you with our pro forma 2018 financials and shows the drag from low yielding and no longer strategic assets.

Activities that are being moved to the CRU accounted for around 10% of group revenues in 2018, but consumed over 20% of our balance sheet. The CRU was loss making, with a negative 6% return on equity.

The core bank achieved a pro forma 1.7% return on tangible equity, and operated with an 87% cost income ratio. This shows the work ahead of us, as well as the opportunity.

Slide 22 – Realistic revenue growth assumptions

Let's go through the levers that will drive how we will improve returns in more details, starting with revenues on slide 22. As we transform our bank, we're taking what we believe is a realistic approach to forecasting our revenues.

Our core bank generated revenues of €22.8 billion in 2018, and we expect to grow from this level about around €2 billion over the next four years or a little less than 10% in aggregate. Around half of this growth will come from lower funding requirements and a modest improvement in the interest rate environment we expect over this period. The funding improvements are modelled and almost entirely in our control, given our smaller and less market dependent balance sheet.

We have reset our interest rate assumptions to reflect market expectations, but amongst other things, European short-term rates improved to only 0% during 2021.

In the core bank we forecast revenue growth of approximately 2% per year, with no business growth forecast for our investment bank. These growth rates are broadly consistent with, or lower than, the nominal GDP growth where we operate. We believe that this is appropriately conservative as a set of planning assumptions that we will look to outperform.

Slide 23 – Targeting a material reduction in adjusted costs

Let's now turn to costs on slide 23. We must maintain our recent momentum of diving cost discipline within the organisation.

Based on detailed bottom up planning, we expect to be able to reduce our adjusted costs by a little less than €6 billion over the next four years. These reductions can be broken down into three buckets.

First, we're on track to deliver the previously announced €1 billion of cost reductions in 2019. And we commit to an incremental €300 million reduction, resulting from our business exits.

We expect to incur €600 million of one-off software and real estate impairments in 2019, related to our strategic decisions. Second, adjusted costs within our exited businesses will be €3.3 billion, excluding previously announced reductions. As a result, we expect the pro forma adjusted cost base in our 2019 core bank to be around €18.8 billion.

The private bank should generate around €1.4 billion of cost reductions in addition to the €200 million that we will realise this year. I'll give more detail on these substantial reductions shortly.

And third, we have ongoing cost management actions to achieve the remaining relatively modest reductions.

These reductions will be mostly with our infrastructure, where we can streamline, reduce complexity, and remove duplicate functions.

This is not about a radical programme. It's about instilling the discipline, transparency, and culture to attack expenses on a daily basis. Additionally, we'll adjust our real estate footprint to lower workforce size and perimeter.

We're confident that by 2022, we will have removed €2.6 billion of the costs within the capital release unit. This will leave a further €1 billion that we need to reduce. We will work tirelessly to cut these residual costs, but we believe it is right to be conservative in our planning at this stage. Let me focus for a moment on the cost reductions in the private bank.

Slide 24 – Private Bank cost reductions

Slide 24 gives some details around the incremental €1.4 billion of cost reductions in our private bank between 2019 and 2022. Around 40% of the savings should come from our German operations, including the merger related synergies, of which €200 will have occurred in 2019.

We have recently reached agreements with the workers' representatives for the head office integration. A further €200 million of cost reductions come from lower than previously announced investment spin related to this investment programme. We also expect to reduce costs in our international operations, driven in part by lower investment spend in our platforms, mostly in Italy and Spain.

Finally, the private bank will also benefit from a series of infrastructure rationalisation measures, including lower real estate costs.

Slide 25 – Upfront costs to execute our strategy quickly

To execute on our plans, we will take substantial upfront costs in 2019, as you can see on slide 25. In the second quarter specifically, we expect our restructuring to have a total pre-tax impact of €900 million, with an additional €2 billion in deferred tax asset valuation adjustment.

These charges will impact our common equity tier one capital by approximately 200 million, with a €2 billion reduction in our tangible book value.

For 2019 as a whole, we expect total charges against net income of €5.1 billion with a €2 billion impact on CET1 capital and 3.6 billion on tangible book value.

In aggregate, between 2019 and 2022, we expect restructuring and severance charges of €2.3 billion. Including the €600 million already on the balance sheet at the end of last year, we will have €2.9 billion of restructuring and severance provisions. These provisions will be principally used to fund €2.6 billion of annual compensation and benefit savings. The additional €3.2 billion of cost savings only incur very modest restructuring charges.

So, the two important numbers for you to be mindful of are the €2.9 billion of restructuring provisions to pay for the €2.6 billion of compensation and benefits savings.

Our plans are fully costed, based on our prior experience, and reflect a significant proportion of reductions related to our front office locations, in particular in London and New York.

Slide 26 – Continuing to invest in our IT

As Christian said, it is critical for us that we do not lose the momentum we have built in our IT investment spending, which has been running at a little less than €4 billion.

This spend has enabled us to serve clients better, become safer, more efficient, and better controlled. And despite the smaller footprint, our investment plans in 2019 are broadly unchanged as we reallocate resources to our core businesses. We do still expect IT spend to peak in 2019, and then decline somewhat, reflecting our smaller footprint and benefits from previous investment.

We will also benefit from savings made in internalising the 5,000 external IT contractors that we have, principally within our corporate and investment bank. These programmes, which began in 2018, will generate about €300 million of net savings by 2022. We will continue to invest, but our delivery will improve.

Slide 27 – Capital Release Unit (CRU)

Now let's turn to our second area of focus, optimising our balance sheet. I'll start with the capital lease unit on slide 27. At the end of

2018, the portfolios comprising the CRU had approximately €74 billion of risk weighted assets, including €36 billion of operational risk RWAs and €288 billion of leverage exposure.

Of this leverage exposure more than half comes from the equities business, and approximately 30% is related to legacy fixed income positions, mainly low return derivative inventory.

Given the nature of these assets, they have a different runoff profile and costs to exit than our own historical and peer comparisons. The assets in CRU are typically held at fair value with significant natural runoff.

We will also transfer our former non-strategic portfolio into the CRU. As we have previously disclosed, this accounted for €7 billion in RWA, and 25 billion in leverage exposure at the end of 2018.

Slide 28 – Capital Release Unit deleveraging

We expect to achieve most of the rundown in the CRU within the next 18 months.

Within the first 12 months, we expect that a material portion of the exposure in the CRU will run off naturally, driven principally by the prime finance balances. You will have seen that we entered into a preliminary agreement with BNP Paribas to transfer our prime finance balances, electronic technology, and staff to BNP Paribas.

We believe that this is commercially the right decision for our clients, our employees, and our ongoing institutional franchise. However, as we work to finalise a transaction, it may lead to a slightly slower pace of RWA and leverage exposure reductions for year-end 2019, depending on the closing timeline.

And for the remainder of the assets, we will take opportunities to accelerate the wind down, where it's economically rational. We have made a functions around wind down costs, which are included in our forecasts, and we believe are conservative, relative to previous experience and the nature of these assets. But as you can understand, we're not going to publicly disclose this number.

The credit and market risk RWAs within the CRU should also reduce relatively quickly. The impact on operational risk RWA from the exit of the equities business is comparatively modest, due to its low loss history. We are working with our regulators to reduce this operational risk RWA, reflecting our smaller footprint and the resulting lower loss history.

At this stage, we do not factor in material declines in our operational risk RWA, but reductions would provide additional upside to our current deleveraging estimates. Now let me turn to capital on slide 29.

Slide 29 – CET1 ratio: CRU wind-down and capital generation more than offset potential inflation

As Christian said earlier, we aim to be careful stewards of our shareholders' capital. We will fund our transformation within our existing capital resources.

We believe the balance sheet and RWA reductions we achieve in the CRU will further support our solid capital position and funding metrics, reflecting the lower risk nature of our businesses going forward. And having consulted with the ECB and other regulators, we feel comfortable slightly lowering our CET1 ratio from 13% to at least 12.5%.

This adjustment reflects anticipated reductions in our regulatory floors, and maintains appropriate headroom above our likely minimum requirements. We've also made the painful, but necessary decision to recommend to shareholders that we do not pay common equity dividends with respect to 2019 and 2020. The capital soundness of the bank is, of course, paramount to us.

Our plans are conservative and we will manage our existing resources to keep our CET1 ratio at at least 12.5% at all times. At the end of 2019, we expect our CET1 ratio to be around 13% with a reduction in risk rated assets broadly offsetting the negative impact of regulatory capital headwinds, which we have discussed in our earnings calls.

We expect our CET1 capital ratio to trough in 2020, reflecting regulatory inflation, specifically around the new securitisation framework and the potential impact to lower the default portfolios from the targeted review of internal models.

From 2020 onwards, we expect to increase capital as net income generation should more than offset investment growth and the impact of regulatory headwinds.

In total, we now expect the incremental inflation from regulatory items to be around €25 billion between now and 2022. This inflation will be predominantly driven by changes in the securitisation framework, default definition, and targeted review of internal models. The forecast does not include any further impacts of Basel IV, and we do not expect these changes to be included in European regulations until after 2022. And the impacts are still subject to considering uncertainty.

Our planned exits, specifically from equities, have a relatively modest impact on future regulatory inflation. But with a more focused business, we're able to reallocate resources into improving specific models, which will help reduce future inflation. As a result, from 2021, we expect to have excess capital.

We will look to return this capital to shareholders through a combination of ordinary dividends and share buybacks, subject to regulatory and shareholder approvals.

Slide 30 – Material improvement in leverage ratio planned

We will target a fully loaded leverage ratio above 4.5% by the end of 2020, when our deleveraging will be materially complete.

As we build capital from 2021 onwards, we expect our leverage ratio to continue to improve and reach around 5% in 2022 as we maintain a discipline around balance sheet deployment. We believe that this level is sufficient for our stakeholders generally, to see that leverage is a manageable constraint for our businesses.

Slide 31 – A smaller, simpler, less market-sensitive balance sheet

Our smaller and simpler balance sheet will also allow us to make significant improvements in our funding profile. Long-term, we expect to run with a funded balance sheet of around €820 billion from 2018 levels. Around 85% to 90% of our balance sheet will be funded by stable sources, namely equity, debt and deposits compared to around 75% today

Market funding was already a relatively small part of our overall funding profile, but with around 70% of our funded balance sheet funded by deposits, we will have less need for short-term wholesale funding, or even benchmark debt issuances. Given the balance sheet reductions, we have limited requirements to issue further debt for the remainder of 2019.

Slide 32 – Maintaining solid funding and liquidity

Along with a conservative balance sheet, we are committed to keeping our strong liquidity and funding, as shown on slide 32. We will continue to run with a liquidity coverage ratio of over 130%, which is at the higher end of our peer group, for the next 18 months. Our net stable funding ratio, or NSFR, of 117% in the first quarter of 2019 was already well above the 100% requirement.

As a natural consequence of the shift in our core business mix towards more stable and lower risk businesses, our NSFR is expected to increase further. And despite lower issuance requirements, our MREL will remain at healthy levels. In conclusion, this restructuring makes our balance sheets smaller, and also, materially reduces our exposure to uncertainties in the market.

Slide 33 – Reallocating resources

Beyond a smaller group balance sheet, we're also focused on reallocating resources within our core businesses, as shown on slide 33. By 2022, we expect group risk rated assets, excluding operational risk and regulatory inflation, to decline around 10% to a little over €230 billion.

On this basis, by 2022, and reflecting the lower return profile, we expect around 40% of our assets to be allocated to our investment bank and CRU, down from around 50% in 2018.

You can see on this slide that the balance of credit and market risk RWAs will be taken up by our private and corporate businesses as we shift the business mix of the bank.

Slide 34 – Improving returns over time

The combination of lower costs, realistic assumptions on revenues, and reduce drag from low yielding assets should lead to a material improvement in the return on tangible equity within our four core businesses.

Looking at the specific businesses in turn, for the private bank, we expect the return on tangible equity to improve to about 12% by 2022, driven principally by the cost reductions I outlined earlier.

For the corporate bank, we believe that we can grow the ROTE to above 15%, driven mostly by modest revenue growth and cost assumptions.

For the investment bank, the combination of improvements in revenues in our funding costs and cost reductions should conservatively allow us to increase our ROTE to over 6%. While this is still below our cost of capital, it does provide a base for further upside should market conditions ameliorate. We would further expect improvement over time as our capital allocation discipline bears fruit.

Asset management will remain a high return business, reflecting the fiduciary nature of that business model.

In 2022, we believe further positive contribution from the core bank will more than offset the drag from the capital release unit, leading to a group ROTE of 8%.

Slide 35 – Near-term objectives

For 2019, our primary focus will be on reducing assets in the capital release unit and continuing our ongoing cost discipline. On a comparable basis to our previous guidance, we now expect adjusted costs to decline by €1.3 billion in 2019 to 21.5 billion.

This reflects full execution on our €1 billion cost reduction programme, plus further reductions from the changes announced today.

For 2020, we expect a further €2 billion decline to €19.5 billion, reflecting the sustained reductions in the capital release unit, and further benefits from the private bank integration.

These cost reductions should enable us to be profitable in 2020, while absorbing the announced restructuring charges.

We expect to end 2019 with a CET1 ratio of around 13%, and we will manage our existing resources to ensure that our CET1 ratio remains above at least 12.5% threshold that we have set.

We expect our fully loaded leverage ratio to remain at 4% by year end 2019, as the impact of deleveraging are offset by lower capital. We expect this ratio to rise to 4.5% by the end of 2020, on the back of further progress in rundown in CRU leverage exposures I've just mentioned. Longer term, we would aim for a leverage ratio of around 5% by 2022.

Slide 36 – Support our financial targets

These short-term financial objectives are set as guideposts as we execute towards our long-term targets. Our principle target is to generate an 8% return on tangible equity at group level by 2022. To reach this target, and in conjunction with our capital reallocation and return approach, we're now targeting a cost income ratio for the group of 70% in 2022 with adjusted costs of €17 billion at current exchange rates.

As we've developed the financial plan that supports this strategy, we've been conservative and focused on what we can control. Revenue assumptions are relatively modest, cost reductions, reflecting the business exits and existing measures, are fully costed, within our hands, and absolutely achievable.

Balance sheet reductions to leverage and risk rated assets are substantial, and are clearly broken out by area. We've been conservative in modelling the perimeter changes on operational risk RWA, and we've included conservative assumptions about the impact of regulatory inflation in the coming years.

Given our business mix, our plans are less exposed to unpredictable financial market conditions. We've detailed targets for both the near term and the mid-term. With that, let me hand back over to Christian.

Slide 38 – On our way to a new bank

Christian Sewing

Thank you, James. You can see that we are transforming this bank in a fundamental manner. We want to create a new and better Deutsche Bank. This bank is not just built on the structural changes we are going to make; it also requires a new and a different mindset.

You will experience a bank that is more than client orientated. We want to become client obsessed. A bank with employees who know they have a tremendous career opportunity and who are invested in this bank, and who act and think like entrepreneurs.

A leadership team that understands itself as stewards of your capital. This will also be a bank that embraces technology, a bank that invests in innovation, a bank where agility is more than a buzzword.

And we will be a bank that thinks sustainably, and a bank that is open to partnerships with mutual benefits. This bank will be led by a responsible and accountable leadership team that actually works like a team and not like a collection of individuals. For all of these focus areas, we lay out a detailed plan on our investor day in the fourth quarter.

Slide 39 – What is different this time?

But there is one last thing we need to talk about, prior to us taking your questions. Some may say that you have heard this before, or at least, part of it. It is different this time, we are different.
We are not coming to you to share the burden. We are going to manage this transformation organically. We will not ask for additional capital.

We are not denying or turning a blind eye to our weaknesses. We are tackling them head on. We are resolute about this transformation and that is why we are not trimming; we are shutting down businesses altogether. We're listening to you and your acting on what we hear. Just one example, we are addressing the issue of leverage.

We are presenting tangible and conservative plans to get to a compelling destination. We are not accountable just in five years' time, we are accountable every day, due to short-term targets, like we did in 2018, when we also delivered. And we are in relentless execution mode. I am; my team is. To us, actions speak louder than words.

Slide 39 – A new mindset

It is my personal purpose to reconnect this bank with what it used to be and what it is supposed to be. A bank that knows who it is, who it serves, how it wins, and why its people are excited to be working for it. When we have delivered on our transformation strategy by 2022, Deutsche Bank will be a growing bank with €25 billion in revenues.

An efficient bank with a cost income ratio of 70% and adjusted costs of €17 billion. A profitable bank with a pre-tax profit of at least €6 billion. A shareholder orientated bank with €5 billion in shareholder returns and a substantially increased price to book ratio.

As a resilient bank with winning and stable businesses, well capitalised, and running with a leverage ratio of around 5%. This will be a bank everybody can be proud of. This is what we will deliver and this energises me and energises our leadership team.

This will energize all of our employees and also clients. In the last 15 months, we've begun to re-earn your trust in a no nonsense way by simply delivering on what we promised. And I'm personally putting my money where my mouth is. I want to lead by example, so I've decided to invest a substantial amount of my fixed salary over the next years, and details will be announced with the Q2 numbers.

I want to have a personal stake in this company. I'm excited about the journey ahead and I'm confident about our success. Thank you. We are now ready to take your first question.

Question & Answers

Andy Stimpson

Thank you very much. I think you're right, you've built that track record on the costs, so I think my question is here on the revenue growth. And in that regard, slides seven and nine, both of those slides show that you want to commit more balance sheet to the corporate and the private bank.

But we also see on the capital slides that you're expecting hefty risk rated asset inflation, the op risk related assets end up being stranded in the non-core, and obviously, you want to return some capital to shareholders by 2022. So, I just want to understand better where that growth capital is coming from, please.

Then my second question, and again, apologies for asking this one, but if we just dare to imagine that something goes wrong for a second. If I look at the slide on capital, where we've got a CET1 of 12.7% by 2020, what if it looks like you're falling below the 12.5%? Say it's something we haven't thought of yet.

What's your pecking order for fixing that problem? Is it to come and raise capital? Or is it to go and cut credit trading risk weighted assets? Or is it to slow growth in the corporate bank, or anything like that? I would be very interested. Thank you.

James von Moltke

Andy, I'll start with the first one, and Christian will take and maybe I'll add to the second. So, first of all, the CRU, of course, partially funds the growth in the core businesses. As the deleveraging take place there are some more resources, oxygen, as Christian calls it, that's freed up to invest in the core businesses.

One of the underpinnings of our confidence in the growth trajectory in those core businesses is that we've been seeing growth in the drivers, including loan growth in the private bank. There is some element, in addition, that we think those businesses can self-fund their growth by pushing more discipline in capital allocation, pushing out assets that don't meet the hurdle within those businesses. And hence, we speak to more discipline around that.

I think the third thing to add is you've heard us talk recently about more emphasis on AUM driven growth in the private bank, that's obviously off balance sheet, and revenue growth from fees and some degree of repricing. So, we don't want to see the growth in revenues in those businesses as being entirely dependent on balance sheet capacity. We're also going to be pushing on commission growth in those businesses, in the business mix that they pursue.

Christian Sewing

On your question with regard to the capital ratio in 2020, first of all, I think we have seen a track record in Deutsche Bank that we have missed our capital ratio targets over the past years. I think the way we have always forecasted, monitored, and also, took action when we thought we need to do more, in order to be well above our guidance, the guidance well above 13%, we always met that.

I think that speaks for our internal management. That's number one. Number two, this plan is, in a way, different from the previous ones, because we have gone through such a detailed bottom up plan that I really believe, and also, with the conservative assumptions, that actually, the 12.7% is shown, but that this is already a conservative assumption.

And, we have obviously, like in the past, countermeasures in place that we can use. Also, we will do and we will act every day also on the operational risk RWA to bring it further down. Also, you haven't seen a really steep rundown over the next years, because obviously, we need to discuss that with the regulators; there are certain regulatory requirements.

But rest assured that Stuart and his team are working every day on potential moves to further reduce it. I think these are very conservative numbers, in addition to the countermeasures we have. And in this regard, we are absolutely confident that with the 12.5% and then with the conservative number of 12.7%, we are fine.

Last, but not least, and not that I want to re-discuss the 12.5%, not at all, that's the target we have, at least the minimum target, but honestly, with that business setup, with the stable earnings we have in this business, if you compare that guidance with some of the other European banks, I think we are still conservative.

Nicholas Herman

Thank you for taking my question. It's Nicholas Herman from Citigroup. Two questions, please. Firstly, just on the capital point, I take your point that in 2020, the 12.7% is a conservative number and that you have a countermeasure. Thereafter, capital will build, but it will build slowly, at least initially.

What makes you confident that you will have enough capital, both to return additional capital to shareholders, but also, to absorb regulatory inflation, particularly through the finalisation of the Basel III rules? And if you could provide an estimate on that, that would be very, very helpful.

Second question is, thank you for the detailed breakdown, on how you expect the numbers by division to go. In particular, you'll be cutting costs by 4% per annum, and also deliver revenue growth on a net basis of 2% to 2.5% per annum. If you could also please provide what assumptions you've made or revenue attrition across the group. Thank you.

James von Moltke

I'll start on both, and hopefully, capture your questions. First of all, when we talk about liberating resources, in order to enable a capital return starting in 2022, of course, we've taken into account and estimate of regulatory inflation that we expect from Basel III final framework, and in particular, FRTB, which we assume would be introduced in 2023.

The first step is next year, we see some pretty significant regulatory inflation, as I mentioned, about 25 billion, coming from securitisation framework, delinquency definitions, and TRIM. Then in our planning, we assume there's something of a hiatus in 2021 and 2022. And then we get the FRTB impact in 2023.

As you can imagine, one of the things that we were looking at as we thought about this strategy was essentially, at least partially, future proofing our business model for FRTB, and after that Basel III, while I don't think this goes all the way there, this obviously had a significant impact in the regulatory inflation we see. At this point, while there's still uncertainty, our estimate would be that another 25 billion is absorbed in 2023.

And again, the capital return glide path that we are assuming takes into account additional regulatory inflation. I hope that that answers your question about RWA inflation. As I say, we're continuing to work to mitigate these things with model approval, data improvements, and additional adjustments in our businesses.

On the revenue side, two things. You asked about expenses and then revenues. On the expense side, one point to note is a significant portion, a third, of the expense reductions on this trajectory is assumed to take place in the infrastructure areas, so support capabilities for the businesses.

Like we've talked about in the past, we want to impact the front office revenue generation in the core businesses, as little as possible, to preserve our revenue generating capacity. We do, to your question, assume some amount of franchise impact, if you like, in areas that are adjacent to those that we're exiting or significantly reducing.

And we'd assume that takes place in the early year or two, during this restructuring, and that growth, in other words, over the four-year period offsets that negative franchise impact that we would expect. And as you have seen in our numbers, principally in the investment bank.

Nicholas Herman	On the Basel III impact through 2027 as well?
James von Moltke	It's too early. You've seen in some research, I think, has been good that's come out recently. The number of uncertainties starting with timing, going on to multipliers for op risk,, whether there are exceptions for commercial exposures and all of that. There's too much uncertainty for us to speculate at this point what the impact in 2025 or 2026 would be. Again, we think we're taking actions to somewhat future proof our model. Because the reality is the floor bites based on the relationship between your weighted and unweighted risk balance sheet. So, this is moving in the direction of a higher risk rating of the IFRS balance sheet, if you like, so we see an improvement coming from these actions, but I think it's too early to talk about 2025 to 2027.
Christian Sewing	Can I just make one additional point on your revenue question, because that is close to my heart. We shouldn't forget that three out of four businesses have already shown, over the last six months, the momentum to increase revenue speed on the lending side and assets under management. That was in the private bank, that was in the asset management, and in the GTB business. Those three businesses are actually further benefitting now from that. There is no restructuring in those businesses. We want to grow these businesses. We have the oxygen to do this. In the investment bank, where obviously we have exactly what James is saying, we are modelling in potentially negative attrition revenues, if you close the equities business, that have a negative impact on certain other businesses, which are modelled in. And therefore, you don't see, just for the investment bank, a revenue increase. But don't forget that 75% of the remaining revenues are actually holding a top five position. And if I talk to Matt Borstein in New York in commercial real estate, he is forecasting increases in his revenue. Very important business, not affected by this at all. So, I really do think that also there, given the not only top down revenue assumption, given that we have done this plan over the last three months bottom up, that these guys exactly know in those businesses that are not affected that they can grow. There is where we focus on. We are getting smaller in the investment bank, but far more competitive, and therefore, I believe in these numbers very much.

Anke Reingen — Two questions, please. First, on slide 22 and 23. If you could talk a bit about the trajectory. Will we see the revenues going down in some divisions and more back end loaded, and the same on the costs? How much of the costs will be coming through only 2021, 2022? And then on the tax rate, what's the assumption? Thank you.

James von Moltke — To start with, the revenue trajectory is complicated, because of course, the CRU is coming down. The core businesses, we would see continuing the level of growth that we've seen in recent quarters. And that underlying growth would be partially offset in the early quarters with the dip that I've described of a franchise impact in adjacent businesses.

But we would see a stabilisation around the pro forma level, maybe a little lower, next year, and then growth after that in 2021. We've talked about the step down in expenses. Obviously, a significant step next year. And then a slightly more gradual path. But a lot will have been done in our glide path assumptions by 2021, in terms of the distance travelled to 17 billion.

On the tax rate, that will have moved up a little bit with the shift of earnings into the jurisdictions that have slightly higher tax rates. We've talked in the past about low 30s. This probably moves it up by 2% or 3% on a run rate basis, maybe as high as 35% while it settles down.

It just takes some time for pre-tax profits to grow to a point where the effective tax rate begins to converge to the blended statutory rate, given the impact of temporary differences on a relatively low level of pre-tax profitability. So, I think build 33% into your models, maybe a little bit higher in the early years of stabilisation.

Amit Goel — Thank you. Two questions. The first one just touching on one of the points you just raised. In terms of the investment bank profitability and revenue assumptions that you factored in, and maybe a slight difference versus slide 22, because I think in the remarks, you mentioned about 7.5 billion of revenues in 2022 versus 6.8 you showed for 2018.

So, a two and a bit percent CAGR there. But what I want to understand is in terms of that glide path for 2019, what kind of IB revenue are you expecting, in terms of maintaining the 6.8 and where that can go, so we don't get any surprises.

James von Moltke — I don't want to go too detailed into the model, and 2019 is underway and we'll talk about the second quarter in a few weeks' time and move into the second half. I will say, and I think it's important on this chart 22, to just disaggregate the revenue impacts we're seeing over this project period from a combination of interest rates and funding costs, which are, essentially, on the right.

They represent a little less than half of the ladder or the steps to 2022. The compound growth rates that we're articulating for the businesses exclude those, and they refer to the basis to your question in 2018. Clearly, there's uncertainty as to whether there's a small step back in 2019, but we've built expectations about that into our planning.

Amit Goel

Thanks. And the second question is more about when you're thinking about the plan, when you're thinking about capital, I'm curious in terms of the point of if you were to have raised, would you have been able to do more? Just how you thought about that.

Because obviously, you're trying to differentiate, you're trying to do it in a self-contained manner, but there's also an argument some people have made to me that there was potential for more restructuring, if you are raising capital and that type of thing. So, I'm just curious what you think on that.

Christian Sewing

I think the underlying point from where we started was what Deutsche Bank is actually good at. That you always have certain further adjustments, which we may also think about, that can happen, but the basic strategic setup at the outset is done now. We know exactly where we can win.

We know exactly in which businesses, also in the investment banking, we are strong enough to compete. It's exactly that where we want to be. There are some businesses also in investment banking that standalone do not actually generate yet, and potentially, also, not in one, two, or three years, the returns on equity, which you have heard. But they are essential for our corporate bank.

They are essential for our wealth management bank. And therefore, and I have said already in the AGM, I want an investment bank with businesses, which are either standalone, that profitable that they fulfil all our return on equity requirements, or they are essentially important for cross sale into our other businesses. And that is exactly what we have done.

Let me also give you a little bit more guidance, because you may think that 6% return on equity for an investment bank in 2022 is not sufficient. Why are you still doing it? That's the start. And I would like to go away from overpromising and underdelivering.

I'm absolutely confident that we can deliver exactly this amount. Is my internal aspiration even higher? Yes. We have shown it last year on costs. We have shown it on the clean-up of the balance sheet. We have shown it in our regulatory controls. We've got progress and we will also do it here. But times of overpromising at Deutsche Bank should be over.

Jon Peace: Thank you. You have given us the first half numbers for revenues, the group in the old format. What would it look like in the new format, the split of core and non-core, just to give us an idea of the current year run rate.

James von Moltke: We are in the process of, as you can imagine, the re-segmentation exercise here is complex. Some elements are drag and drop; some of it is more complicated than that. So, I'd ask you to wait until we're ready to provide more pro forma's for you, or ultimately, the re-segmentation numbers ahead of the third quarter.

Jon Peace: Just as a follow-up, on slide 23, the costs in the CRU unit are 3.3 billion in 2019, trailing down to one billion in 2022. How quick did that step down? It looks like the assets step down pretty quickly into 2020, do the costs follow that?

James von Moltke: Yes. We're aware that, by the way, there's a degree of lag between the front office and the support. One of our areas of real focus, and I'm looking at my partner Frank Kuhnke, that we're going to have is on making sure that we target those additional expenses that support those businesses in our current allocations.

So, a portion of it is pretty fast. Some of it lags, and our goal is to get after the whole block. But as I said in the prepared remarks, we are realistic that the stranded expenses are one of the most challenging elements of a restructuring like this, and so we're assuming that a billion is still with us in 2022. And that's, in some ways, an upside that sits behind 2022 is if we can continue to get after those expenses thereafter.

Christian Sewing: I'll potentially just add one thing, and also a reason why we have been that detailed. This is not just a plan on a yearly basis. You can imagine that in particular, for the next 18 months, this will be comprised of monthly plans, whether it be on FTE reduction, cost reduction. And therefore we know exactly where we need to be in six months' time, seven months' time, eight months' time.

With the monthly bottom up plan, which we now have to deliver on. And we also have some experience with the capital release unit from our former non-core. It's the reason why we asked Frank to lead it, because he was the CEO of the non-core department before, and I think we know how to also take the cost out.

Jernej Omahen

It's Jernej from Goldman Sachs. I'm going to kick it off with three very short questions, and then a couple of slightly longer ones. Can I just ask you, the decision at the board level, was it unanimous? That's my first question. The second is, James, you talked about getting an initial positive indication from your home supervisor. I was just wondering whether you've triangulated or coordinated a plan with the rating agencies as well, and what response we should be expecting over the next days?

And the third very short question is, you talked about the corporation agreement with BNP, but you left the closure date open ended. I was just wondering whether you have a binding agreement you've entered into with BNP, or whether this is still at exploration stage. And then the slightly longer questions.

Christian Sewing

Yes, we have full approval at the management board. Nevertheless, that does not mean that each and everyone is happy with the way forward, how we strategically go, but the overall plan was approved by all. That's number one. Home supervisor, I think we had long and detailed meetings.

And also, this plan is not only discussed with them in detail, but the milestones in terms of target financials have been syndicated with them and then agreed with, in particular, at least 12.5% to show that this plan was done in a robust way. James, I'll hand over to you with regard to the discussions on the rating agency.

James von Moltke

On the rating agencies, we're always careful about commenting. I think they'll be writing notes in the next several days, but as you can imagine, we took care to go through this planning and our strategy in a lot of detail with them, including things like the capital plan and what the balance sheet would look like on a pro forma basis.

On BNP Paribas, that is a non-binding agreement, other than some small elements of it. It's one that I wouldn't say is exploratory at all. There has been some time for preliminary due diligence work on what the transition would look like and what have you. So, we feel very comfortable with BNP Paribas as a very capable home for those balances, those clients, and also, the staff and technology that we're transferring.

There's some work to do over the next couple of months to get to a definitive agreement, and then close it. But our aim is to do it all within the year. And I hedged a little bit on the balance transfer. We think that's largely achievable within the year.

Some clients may not have repapered, and so it introduces a little bit more uncertainty into the wind down glide path, but we actually think it was the more responsible thing to do to manage an orderly transition to a new home.

Jernej Omahen That's very clear. Then I was hoping to get the answer to the following. Your starting point for the balance sheet reduction is year-end 2019, but we are half a year through. So, when you indicated that the leveraged assets are going to go down from 288 billion to the end of last year, I think it's 117 billion at the end of this year. How much of that is already done? And the same on the risk rated assets.

James von Moltke That was one of the reasons, again, our planning, as Christian mentioned, started some months ago, so we keyed off December 2018 and stuck with that. As you'd imagine with the emphasis that we had on the limits, and the capital allocation decisions we were making over time, you would expect that the businesses we have defined as core have been growing, and the non-core less so.

I wouldn't say though that a significant amount of this deleveraging has taken place as of this quarter. I would expect to announce, it's preliminary at this stage, a couple of weeks ahead of time, but we think we're starting from a leverage ratio of very close to 4%, as much as we have reported at the end of this year. And our current estimate is that the CET1 will be somewhere between 13.4% and 13.5% in Q2 pro forma for the charges that we announced today. So, those are good anchor points, at least until we announce earnings on the 24th for the starting point capital base.

Jernej Omahen I was hoping to ask you, just here on page 22, and I think a couple of people have touched on that. James, can you explain exactly what interest rate tab actually means? So, if I understood you correctly, it's a notion that short-term rates go to zero.

But your central bank has pretty much telegraphed that they're going down first, so should we be adjusting these downwards before we adjust it up, or how do are you thinking about this?

James von Moltke What we did was, and this has been, as you know, part of our dialogue with investors, and obviously, internally for planning, we built this new plan on the basis of the market environment and implied forward rates that prevailed at the very end of May. So, in our judgement, it had built in most, if not perhaps all, of the impact of the recent developments in monetary policy.

I will say, that moves back and forth, you can't chase every announcement with your planning. But in that planning, as I mentioned, we assumed that short term rates, so think of the three month based on implied forward rates at that time, would get towards zero in 2021. So, this interest rate impact is a pretty modest relief over this timeframe from the current environment.

The other thing that's baked in there is we've, I think, been very conservative in our interest rate risk management. One of the reasons for that has been limited hedge capacity. We think we've found some opportunities to expand to hedge capacity, and so, be able to extend the duration on the asset side a little bit during this time and open up more tools to manage interest rate risk.

So, there's a little bit of that also baked in here. It's not just optimism about the rate environment, but developing better tools to manage the balance sheet.

Jernej Omahen

Then finally, you talked a lot about total leverage exposure and risk rated assets tied up in the capital release unit, but you actually haven't said how much capital you think is tied up in there. You talk about a five billion buy-back at some point in the future, but what's wrong with just applying the current capital ratios to leverage exposure and risk rated assets and coming up with ten or 11 billion?

James von Moltke

Yes, you can absolutely do that. Our calculation is a more complicated growth in the business, reduction in capital release unit, and reg inflation. We also do the tangible equity allocation in a slightly more complicated way of leveraged exposure, RWA, and also, stress losses.

So, the way we look at tangible equities is more detailed, but you could absolutely do the maths to have a view yourself how much capital is freed up from the CRU wind down.

Christian Sewing

Can we just go back one to the revenue slide, because Jerneij, I understand your question obviously, but if you just look by the graph and not giving you the detailed numbers, but you can see that actually the revenue increases half-half from operating business and then from the interest rate and balance sheet efficiency.

Now again, just think about that we have three businesses in there with the corporate bank, the private bank and asset management, which has been growing over the last six to nine months already. Now, the full focus will be put on this. There is no cut in those businesses. We want to grow.

And then thinking about the number which you can extract from the slide, it doesn't actually mean a lot if you also think of the overall GDP growth, where actually our strength in this bank is, again by putting zero growth in the operating business, in the investment bank. And therefore, I really do think – and I have been here for 30 years – it is, for the first time, actually a conservative revenue assumption for Deutsche Bank.

Lee Street: Thanks for taking the question. Firstly, can you just explain how you expect your MDA to evolve over the coming years? From 11.8%, I think presently, how will that roll down over the forthcoming years?

James von Moltke: So that's not in our control, obviously. But I think it's a good way to think about the announcement that we made yesterday about the 12.5%, at least 12.5% ratio that we would be comfortable running at, and the ECB, you know, I think has implicitly also gotten comfortable with.

You know, let's start with the point that capital ratios today for banks tend to be conservatively created and then buffers on a buffer, and sometimes a buffer on top of that. So, you know, our starting point is that we have the highest P2R in the industry, in Europe, at 275 basis points, and think about the 12.5% then as what kind of buffer is put on top of MDA that itself is a buffer, you know, on top of minimum requirements?

And those minimum requirements today include not just our G-SIBs that are charged, but also now some countercyclical buffer and other stuff in it. So, you know, in terms of your feelings of conservatism, what does 12.5% or at least 12.5% represent, you've got to start with that factored in.

We are aware obviously that the gap between MDA and where we run today will narrow. But implicitly, and as I said, we do draw some comfort from the fact that our business model is evolving, the business mix is changing so dramatically that it informs an expectation over time that MDA would come down, and hence the buffer that 12.5% or at least 12.5% represents, would grow.

Lee Street: Thank you. So on slide 22, what is the balance sheet efficiency that's referred to as part of, you know, the revenue growth assumption?

James von Moltke: So this is simply that in deleveraging, you get lower funding costs, less requirement for, among other things, non-preferred debt and just efficiency in how we manage the balance sheet. So that's built into the future. It’s just a modelled outcome of the balance sheet restructuring that we anticipate.

And by the way, this is not aggressive in terms of assumptions of, you know, credit spreads, rating or anything of that nature. We more or less, you know, have a steady state world, just a more, you know, smaller and more efficient balance sheet.

Lee Street — And just finally on the strategy, so you’ve announced the plans yesterday. I guess, was this Plan A or was the Commerzbank Plan, for anybody thinking around that? Because there’s quite a diversion around outcomes.

Christian Sewing — So I think, again, first of all, this plan has been developed for months now. You know, when we started it was always clear that we wanted to stabilise Deutsche Bank in year one, clean up the balance sheet, instil a cost discipline, improve our regulatory controls, which we all ticked.

But it was clear for us that, as I said last year already in the AGM, that I would like to come up with a more stable and balanced business model. And hence, we started very early on working with this plan, and if you compare this one with that, what could have come out with the Commerzbank transaction, this one is clearly more competitive, more prevailing, and also, we don’t need incremental capital. That would’ve been different in the other transaction.

And therefore it was clear for us, also from the execution risk, that we are here controlling our own destiny, in control of our restructuring, knowing how this bank functions, knowing the strength and the weaknesses. And hence, obviously, we think this clearly the beneficial one.

James von Moltke — Yes, I mean, just let me be clear – when we made the decision back in April to discontinue the discussions with Commerzbank, together with Commerzbank, it was reasonably well developed at that time. And so you can assume that we concluded it was the superior plan.

Jeremy Sigee — Thank you very much. Jeremy Sigee from Exane. Two questions on capital, please. So firstly, could you talk a bit more about the operational risk, RWAs that are going into the CRU?

Sort of, what are they, what type of operational risk, and what triggers would cause them to come off? What would need to happen? Is it just time elapsed or getting out of businesses?

So that's my first question. And my second question is also on capital. The 5% leverage ratio target in 2022, is that a sort of, hard requirement that you've sat down and agreed with the regulators? Or is that a buffer on a buffer on a buffer?

James von Moltke: Yes, Jeremy, I'm waiting for the applause on leverage after our discussions on that. Look, on op risk, as you know, we area an AMA bank and so there's a great deal of detail built into our models, built into the loss history, and ultimately, the allocations that we make of op risk RWA to the businesses. What we've essentially done is take the op risk RWA that are allocated to the businesses and activities moving into the CRU, and ported them over to the CRU with them, and so that gets you the 36 billion number that we start with.

Now, in the operational risk world, you can drop the loss history ultimately from your modelled results if you exit a business, again in consultation with your regulators. In our view, this is a reasonably conservative glide path because all it really does is assume that the loss history falls out associated with those things that we are definitively out of.

We think there's more opportunity, as we've outlined, for a variety of reasons that are both methodological and relate to the size of the company that we are on a pro-forma basis. But again, as Christian emphasised, we have not built that into our capital plan or path. And it's one of the things, when we talk about, you know, levers that we have to manage against downsides conceivably, that is certainly one that we have on the opportunities list. And we of course have identified what the risks are and how we'd scale those.

Your question on leverage, look, you've noticed the tilde ahead of the five. And it's not because I don't believe we're on a clear glide path to five and that we'd be able to maintain it. I wanted to give myself a little, or give us a little bit of room here, just because in 2022, I don't want to be constrained by a hard and fast leverage ratio target at year end in terms of capital return, beginning the capital return that we've promised.

But we're on a very clear glide path from that 4.5% to 5% and conceivably beyond. We talked a bit about the leverage, the RWA inflation. Over time, that is just bringing the leverage ratio and CET1 into the type of balance that I think you've been looking for.

Stuart Graham: Hi. I had three questions please. Just back to Lee's question on the capital again, if I understood correctly, the MDA hasn't changed; it's 11.82%. But looking forward, the regulator has given you some wriggle

	room. What is that on? Is that the G-SIB, the D-SIB, the Pillar 2R? Can you tell us exactly what that relief comes on?
James von Moltke	We don't want to speak for the regulators. We're simply making management decisions here on the basis of our expectations about the future, the business mix. Although that of course has been done after some consultation with the regulators.
Stuart Graham	So your management buffer has come down rather than the regulatory guidance?
James von Moltke	So the management is indicating it's comfortable running closer to MDA. And as we've indicated, our hope and expectation is that over time, MDA will go down.
Stuart Graham	Okay. And then on slide 14, you've got those 25% of investment bank businesses are not top five. I just wanted to check I understood you correctly. You're saying you're, kind of, okay with that because they support the rest of the business. We're not going to be sitting here in 18 months' time and now talking about another restructuring. I think I understood you correctly on that.
Christian Sewing	Stuart, as I said, exactly, you have some business which you simply need to support the other business divisions, be it in wealth or the corporate banking. Of course, we will do everything also to further improve this and work on it. Therefore I said 6% is the starting point in the return on equity for the investment bank. We are confident to achieve this one. But as you just saw the slide on how we allocate capital, how disciplined we will be around this one, I'm very much confident that we can get there, and even above it.
Stuart Graham	Okay. Then my last question – sorry to flog a dead horse – but Basel IV, on the one hand, you want us to give you credit for the five billion of buyback; but on the other hand, you won't disclose the Basel IV figure. I mean, the EBA put an analysis out saying the average for G-SIB was 28%. I think if we did a poll of this room, everybody would assume you're higher than that, not lower than that. So why don't you just give us the figure? And you can make some commentary around mitigation.
James von Moltke	I mentioned a variety of things about that, the QIS, that I think are preliminary and not worth talking about. We have, as I say, built in the glide path, including FRTB. Our view is that some of what's taking place now – I mean, you hear us talking endlessly about TRIM, about some of the adjustments that are being made over time – frankly, a good way to think about it is that some of that ultimate impact of the floor is being brought into these

earlier years. And so the impact of the floor would then consequently be less.

Naturally, we're building everything we know into our capital planning. And again, we're indicating that we're comfortable with that five billion return based on everything we know. But as I pointed out, I think there are still significant uncertainties around what that final rule will look like, and the impact on us.

You know, there are, let's say, four conditions or decisions that the supervisors and regulators can make that together would cut our inflation down by half. Just as I sit here today, I can analytically point to the December 31st 2018 balance sheet. So Stuart, I understand your interest, but I continue to believe that talking about that 25, 26, 27 impact of the floor is just too soon, based on what we know.

Christian Sewing — And Stuart, just to your first question, just to take any concerns here out of the room, we wouldn't have gone out with the new management target in terms of quarter one if this wouldn't have been discussed but also agreed with the ECB. So I just want to be clear on that.

Roland Bosch — Roland Bosch from Hermes. Two quick questions. I see on page 12, you talk about incremental spend on your controls. Maybe some details on that in terms of AML or KYC. And then the second question, the team, I see three additions to the management board. You already mentioned Mr Leukert, but can you maybe explain key skills or experience which Christiana and Stefan will bring to your team?

Christian Sewing — Sure. The first one, the incremental spend, it's just simply important with the overall cost measures we have taken that you don't get the wrong impression that we are now starting to cut costs on our regulatory control framework. I think we have done a lot. We have invested a lot. You can see now, I think, the first positive signs with passing various tests.

But we are clearly further investing into this in order to further improve our systems, to further make our systems more efficient because that helps, over time, obviously also to become a more efficient bank in terms of cost. So clearly, we are committed, despite the cost cuts, to further improve on the regulatory side and invest into the control system.

Your question number two, yes, Bernd Leukert, obviously technology expert with a 25-year history at SAP. I think that will help us tremendously actually, not only with regard to our own technology and our own systems, but in particular also when it comes to innovation. He was responsible for digital and innovation at SAP. And it will also help us in particular with regard to client offerings.

Christiana has been a DB lifer and we wanted to have somebody overlooking the regional responsibility for the US who has actually the connection between Europe, Frankfurt and the US. The US will also have, in future, approximately a five billion revenue business.

It is important for us. It is just, size-wise, the second largest country in terms of revenues, after Germany, and we need to have a person over there who is not only understanding the regulatory impact there. And as a German American, I think with her background, she definitely understands it, but has the network also into Germany. And she will join the board so that we make sure that group and regional strategy is fully aligned.

Mr Simon has been our supervisory board expert in legal. Given the new rules from Karl von Rohr, we have looked for continuity, we have looked for somebody who knows obviously our legal portfolio, who has contributed to the clean-up over the last two to three years. So simply continuity and with a person who knows Deutsche Bank very well. And hence, these three choices.

Anke Reingen

Yes, thank you. Two questions please. The five billion share buyback and dividend, what's the timeframe for it?

James von Moltke

Well, look, our intention is to start it in 2022. It's deliberately open-ended for some of the reasons we've talked about. There are uncertainties that we face. There is a glide path of RWA inflation. But we thought it was important to set a management commitment that of course we'll aim to meet as early as we can, as quickly as we can, you know, starting in 2022.

One other thing that I'll perhaps take the opportunity to explain is that we are not having a dividend, so spending a dividend in respect of 19 and 20 so as to be able to preserve the distribution capital that's available, the ADI that's available to us, to give back to shareholders.

And you can only do that under statutory accounting if the losses under HDB in 19 and 20 are applied to the share capital accounts. So we're essentially barred from doing so until 2022, but then we've got the capacity to do so thereafter. As we think about it, again, German statutory environment, we'd be limited to about a 10% buyback at that point in time. So it can't reasonably come out as quickly as in one year.

But again, it represents the commitment that we think is important, as much in its scale and then as well as in the discipline that we want to communicate by doing that, that we are going to be holding ourselves and the businesses to hurdle rates and discipline in the use of capital because it's very clear to us at the current multiple, the capital is better deployed being given back to shareholders than currently in our business.

Anke Reingen

And sorry, on the 3% revenue growth in corporate banking, I mean, I'm a bit surprised because almost every bank I cover talks about the growth potential in Germany in SMEs, and you are already in the market and you think you can take market share.

So from whom are you taking market share, and is it just because of what was going on with Deutsche, you fell behind and you're recapturing some of the market share you lost? Yes, I'm just surprised that you still think you can take market share.

Christian Sewing

Yes. I mean, first of all, the corporate bank is not only focused on Germany. Germany is obviously one region. The corporate bank is a global division. We have actually lots of growth which we also see and have seen over the last six to nine months, in particular in the Asian area. I talked about our investments which we do selectively in the US. And of course, Europe is something which we are focusing on. So there is no doubt.

I think there is a difference in particular now when we put more resources into the corporate bank, if we also describe the strategy of the bank around the corporate bank, that we can gain more market share not only in Germany but by simply making it clear to clients, but also to our own people, for what we actually stand.

That is the business which grew already also in Germany, by the way, in Q4 and in Q1. Now with more resources, with the focus on this one, it is clearly something which is achievable, and we can always see that it is a growth rate which you can compare to the GDP growth globally. And as it is a global business with 60 locations where we are doing this business, it needs a 60-country network, we are more than confident to get the 3%.

Joe Hopkins

Hi. Two questions from me, one on capital, one on ratings. Considering the new minimum capital target of 12.5%, is it correct to assume that total CET1 needs, including Pillar 2G on top of your SREP is 12.5% or lower? And on ratings, how much have you factored in maintenance of credit ratings into the new strategy, particularly given the negative outlook at Moody's?

James von Moltke So P2G is confidential supervisory information so we would not talk to it. But you should just assume, as I think we've articulated, that in these numbers, we are comfortable running at a ratio of at least 12.5% and that the regulators have indicated to us that that is acceptable to them, within the framework of their P2G expectations.

From a ratings perspective, as I mentioned, we've spent some time with the rating agencies. We expect them to comment. By and large, our view that we've expressed to the rating agencies is that these actions are creditor positive in a variety of ways. One is that they simply remove us or significantly reduce our footprint in the more volatile businesses of global markets, and they move us or orient us to real economy, corporate banking, private banking and other businesses where we're seeing growth and stability.

I think secondly, I talked about the balance sheet and as the balance sheet comes down, you know, it essentially capitalises itself more and more conservatively over time. And the comfort we draw from it is not being exposed to, you know, third-party financing conditions as it has been over the past several years.

So we think all of these things, and the leverage that we've talked about, all of these things are creditor friendly, despite the in my judgement relatively modest decline in our CET1 ratio minimum that we've articulated. And so that's our view. I think, I certainly hope that that'll prevail in the judgement of the rating agencies.

Carlo Digrandi Yes. Good morning. Just a question on slide 28, if I may please. You have the breakdown of the operational and credit risk. So the question is why is it that the operational risk remains relatively flat from 2019 onwards? And related to this, can we assume that the 28 plus the six will be reabsorbed eventually into the business, or it will continue to be worked out? Thank you.

James von Moltke So simply, as I mentioned, because it's only that amount of the loss history that we assume falls out of our AMA calculations over this time period – the answer to the first part of the question.

The second is, you know, at this point, we're not making any assumptions about the end of the CRU's life and its reabsorption into the rest of the bank, but we are articulating that there's about a billion of expense, and then the RWA and leverage exposure that you see here. Which is also a way of saying that we will remain focused on removing those resources, whether they are balance sheet resources or expense, out of the CRU in this time period.

Christian Sewing	I don't want to repeat myself, but I think it's so important to mention that again. I really do think that the run-down on the operation risk is a rather conservative picture. I know that Stuart Lewis is working on various ideas and measures in order to accelerate that. But we simply wanted to show that what we think is definitely possible, and not again overpromise. But you are pointing to an issue where we think there is more room, which obviously can then be used for business or even for capital return.
Robert Smalley	Hi. Thanks very much. A lot of questions asked and answered, particularly around 28, so just a couple of follow-ups. One, you recently passed the stress test, the CCAR, in the US. Was today's plan part of that? And did the US regulators sign off on that first? That's number one. And number two, are you assuming that in terms of your AT1s and any of your tier twos, are you assuming non-calls there, so you can maintain that capital cushion as well? Or are you assuming calls and refi's as you go down the road? Thanks.
Christian Sewing	With regard to your CCAR question, no, I think the CCAR, passing CCAR is, in particular, a result of improving our controls, delivering on that what we have promised. I said last year, when we faced the qualitative test, that this is one of our top five priorities for 2018 and 2019, and that's what we delivered on. That of course we give regular updates also to our regulator in the US on what we are planning, that is clear. But this plan or approval of this plan was not a precondition for passing CCAR. But I think also the regulator there acknowledges our improvement, as we know that we have to further improve.
James von Moltke	And on the AT1 question or our capital instruments generally, Robert, we stick with our usual formulation that any such activity would have to be economically rational at the time. I mentioned that we haven't made heroic assumptions in all of this planning about, you know, spread tightening or rating actions. So certainly, we hope there'd be opportunity and time to lower the cost of our capital stack, if you like. But I'd stick with the formulation about economically rational and each call date.
Kian Abouhossein	Yes, hi. I have first of all some number questions for 2022 and then some strategic, if I may. On slide 25, you have the 1.2 billion cost or savings which is other cost savings. Can you just explain where they're

coming from and what they're related to? Also, the run-off division loss in 2022, could you explain me what we should be thinking of in terms of magnitude of pre-tax loss?

And Christian, I think you mentioned a six billion pre-tax profit by 2022, which sounded very low to me. I just wanted to get some clarity. Is that correct? Is that what you are aiming for, or is there any one-off items? Or just explaining this number or is it a different number and what number it would be actually.

James von Moltke — Just on the other, on the far right of 25, you know, there's a bunch of non-comp expense built into that. Some amount of it is real estate related expenditure. There is third-party consultants and professional services baked in. There's just a host of other non-comp in that area.

I guess the main point that I do want to draw out here is that much of the expense above the compensation line, you know, can be discontinued without restructuring other charges. That isn't totally true of the other line. As you see with the real estate impairment, we are assuming some costs to exit from the real estate items.

I think your second question was the CRU losses in 2022. You should assume that it's a little bit greater on a pre-tax basis than just the operating expenses that we've outlined. There's probably, in our judgement, a little bit of negative revenue still around in the CRU at that time. But, so a modest increase over just the stranded expense on a pre-tax basis in 2022.

Christian Sewing — On the six billion pre-tax profit, that is the guidance we give you, or over six billion pre-tax profit, based on the guidance we have given you on the divisional profitability of the investment bank, asset management, the private bank and the corporate bank, which I mentioned in my presentation.

Of course, against that, you have certain central C & O costs still allocated. So again, based on the cost reduction we plan, the overall 2% revenue increases, that is the number where we feel absolutely confident that we can achieve this. But yes, it is not something which is heroic or looking at the stars. It is something which is again based on a bottom-up plan which has been signed off by the businesses and infrastructure functions. And that was the most important, that we have a solid plan which is owned by the people who have to execute it.

Kian Abouhossein — Okay. And sorry, I'm not 100% sure then what equity or tangible book value you're focusing on for 2022. Can you give that as well? And then I can put my numbers together. Because I I get to very low book value levels..

James von Moltke: Kian, I think that's the one piece that we then ask you to solve, you know, in your own models. But I'm sure you'll be able to work out a glide path in your model.

Kian Abouhossein: Yes, I can do a glide path, but the numbers go down quite significantly. That's why I'm just asking, so I don't do anything wrong. But I can do it. If I may also ask strategic questions, the investment banking business, you mentioned that you'd keep selectively research functions, and I'm just trying to understand how big of a research function that you actually require to run the investment. Can you give us a bit more of a background? Because we hear that you have contacted clients, that you will keep a European franchise.

And in that context also, investment banking versus corporate bank, most banks seem to put them together now to get the synergies out. You are separating them. Can you just explain to us the thinking around that? Thank you.

Christian Sewing: Well, let me start with the second one. Yes, we are showing, given the strength of the transaction bank – and that is and has been in particular in the past the core DNA of Deutsche Bank – we want to show this division as one of the cornerstones of Deutsche Bank. If you look at the clients who we served out of this corporate bank, it was one million corporate clients. I think it deserves to have an own division, in particular also with the profitability numbers we have there.

Nevertheless, that does not mean that there is no interlink and a close cooperation with the investment bank. That is also the reason why, on the management board, I'm overlooking both the investment bank plus the corporate bank, because obviously, there must be a strong link between both. But it is important that both have then, in their day to day business, their individual management team managing the business.

And again, look at the corporate bank. We include all the corporate exposures out of Germany into this one. These are small midcap companies, medium sized midcap companies who obviously have different demands than large corporates, which is more again then to the investment bank.

So given the differentiation but also the diversity in the corporate bank, I think it absolutely warrants its own division. At the same time, given that it is in the management board under my wings, there is a close cooperation between Mark Fedorcik, running the investment bank, and Stefan Hoops, running the transaction bank.

On the research, and in particular equity research, I won't give you now exactly the detailed numbers, how many people it consists of. We feel that for the offering we have, in particular in ECM and in order to help our advisory business, we want to keep that, in particular, in core and selected industries we are covering, and hence, we took that decision.

James von Moltke — And Kian, it's James – I need to follow up on your question. I was reacting to the tangible book value in 2022 question that I think I heard, but maybe one number that would be useful to you that I thought I had had in my prepared remarks was 3.6 billion is the tangible book value reduction that we expect in 19 from the actions that we announced yesterday. Now, so hopefully that's a number that you can anchor on to help think about a number of things, including that glide path. I hope that's helpful.

Kian Abouhossein — Yes, that's actually very helpful. And if I may, just very briefly, one more. The run-off business de-risking cost, could you tell me how much you factored in for that?

James von Moltke — No, we're not going to give the market a view on the de-risking cost. What I will say is, first of all, we think we've been conservative in how we've estimated that de-risking cost, again, as I said, portfolio by portfolio. It's an area where I hope to see upside in the coming months and quarters.

But I do want to say about this de-risking cost, I'll emphasise what we said at the outset which is this is very unlike what you all are used to in seeing a pool of non-core assets for rundown. This is almost exclusively a fair-value portfolio, so think of it as mark-to-market on the balance sheet. These are, by and large, liquid assets. Some of course have longer maturities, but many of them don't. We mentioned the runoff profile, which is relatively rapid, as you can see, particularly of the leverage exposure.

One thing that I just want to maybe give you as a guide – you can see that from this point, 18 months and into the end of 2020, the RWA deleveraging is about € 28 billion. Think of that as about three fifths of that would happen naturally, based on a runoff schedule, and maybe another ten or two fifths that we would then seek to seek to accelerate through active de-risking.

So that can give you the sense of scale against which we would estimate the need for a de-risking budget. It is very unlike what you're used to seeing, and I do want to emphasise that, as you think about estimating these costs as investors or on behalf of your investors.

Kian Abouhossein — Okay, thank you very much for answering all my questions.

James Rivett — Excellent. Thank you very much all for your time. Thank you Christian, thank you James. You know where we are if you want us. Otherwise, we'll see you in a couple of weeks for our second quarter earnings.

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