



# Morgan Stanley European Financials Conference 2019

Frank Kuhnke – Chief Operating Officer

20 March 2019



# Chief Operating Office (COO) responsibilities

Chief Operating Office	
Chief Information Office	Sets Deutsche Bank IT standards; modernizes the bank's IT platform and services to reduce complexity and risk and enables business growth
Chief Security Office	Protects information and manages security operations
Chief Data and Innovation Office	Manages data processes, provides tools to control and simplify data flows; creates innovation through internal development and partnerships
Corporate Services	Ensures efficient use of real estate, facilities management, procurement and logistics services
CIB Operations	Manages and runs operational services for CIB globally
Client LifeCycle Management	Ensures that Anti-Money Laundering risks are appropriately captured, measured and managed



Corporate & Investment  
Bank



Private & Commercial  
Bank



Asset Management

# Three focus areas



Pillars	Description	Primary benefits
1 <b>Stability</b>	<ul style="list-style-type: none"> <li>— Fulfill current regulatory requirements and be prepared for new regulation</li> <li>— Ensure robust performance of our systems</li> <li>— Provide accurate, timely and complete data to support businesses and processes</li> </ul>	<ul style="list-style-type: none"> <li>✓ Revenues</li> <li>✓ Costs</li> <li>✓ Control</li> </ul>
2 <b>Efficiency</b>	<ul style="list-style-type: none"> <li>— Reduce bureaucracy and speed up decision making</li> <li>— Lower costs by optimizing demand and eliminate inefficiencies, overlap and complexity</li> <li>— Automate and leverage technology where possible</li> </ul>	<ul style="list-style-type: none"> <li>✓ Costs</li> </ul>
3 <b>Future of Banking</b>	<ul style="list-style-type: none"> <li>— Drive innovation across the organization and adopt new technologies to continuously enhance products and client services</li> <li>— Leverage internal and external innovations to drive revenues, efficiency and improve controls</li> <li>— Empower and enable teams across Deutsche Bank to work in an agile and efficient way</li> </ul>	<ul style="list-style-type: none"> <li>✓ Revenues</li> <li>✓ Costs</li> </ul>

# Regulatory preparedness



Operational Resilience



Cyber-security



Outsourcing & Vendor Management



AML, KYC & Trade Surveillance



Brexit



IT Risk Management



Compliance controls

# IT stability is essential



## Core components of IT stability



## 2018 achievements

Achieved 2018 critical application stability target with IT uptime of 99.97%

Very few critical IT incidents

Reduced operational losses by 83% in 2018

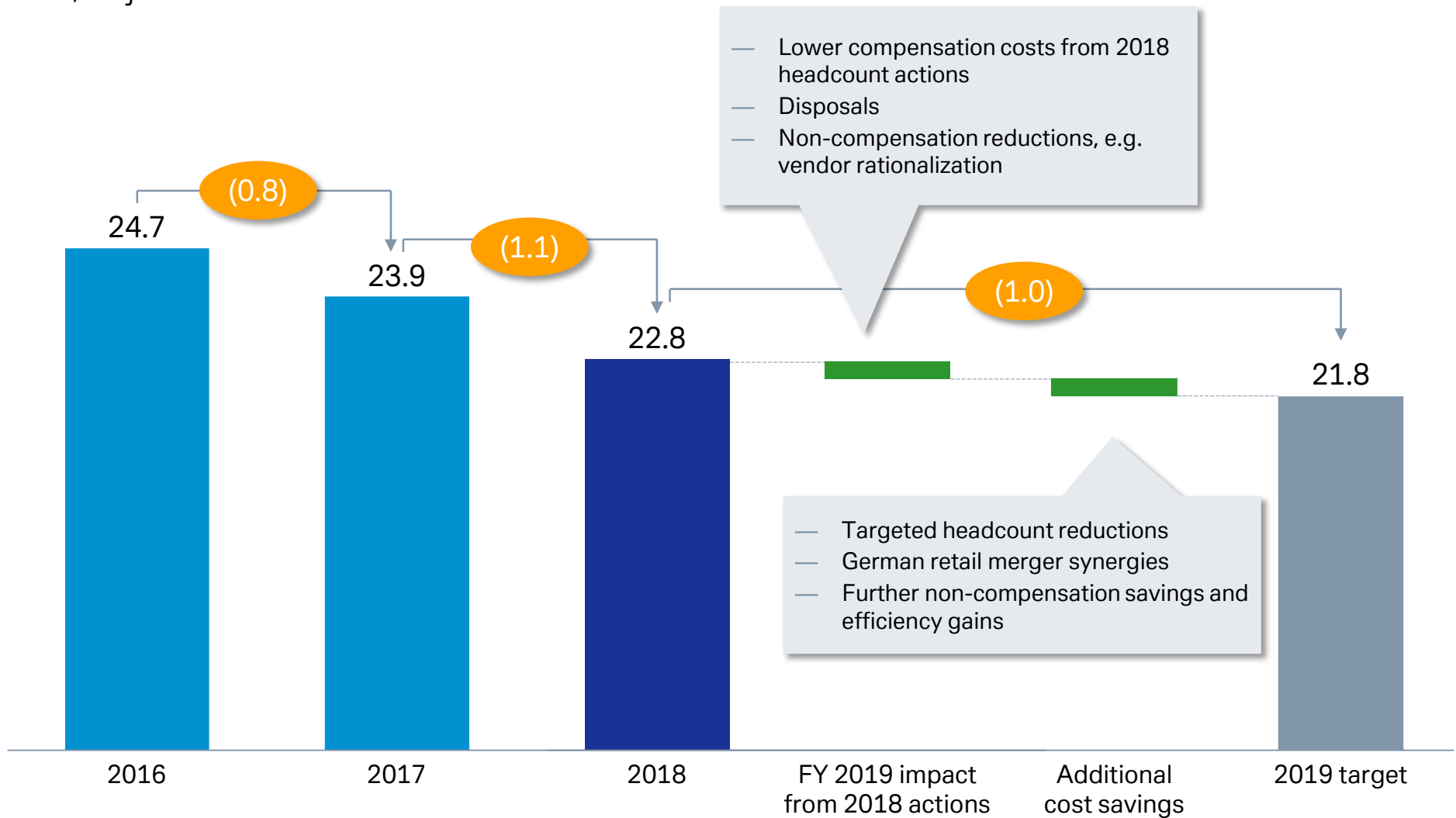
Roadmap compliance<sup>(1)</sup> at 91% in 2018 (<80% in 2015). On track for 95% target in 2020

(1) % of components running on supported products



# Accelerated cost reductions

€ bn, adjusted costs<sup>(1)</sup>



(1) Total noninterest expenses excluding impairment of goodwill and other intangible assets, litigation, and restructuring and severance



## What is Cost Catalyst?

### Think & act differently:



- Simplify the organization
- Enhance transparency and ownership of costs
- Drive cost consciousness and awareness for demand management
- Improve collaboration and share best practices

## Cost Catalyst program

### Workstreams

1	Aligning Role and Reward
2	Defining 'Home of Best Fit'
3	Demand Management & Process Optimization
4	<b>Optimizing External Spend:</b> External Spend is addressing €~9bn of the 2019 group adjusted cost target of € 21.8bn
5	Streamlining Approval Processes
6	Defining Regional Operating Model



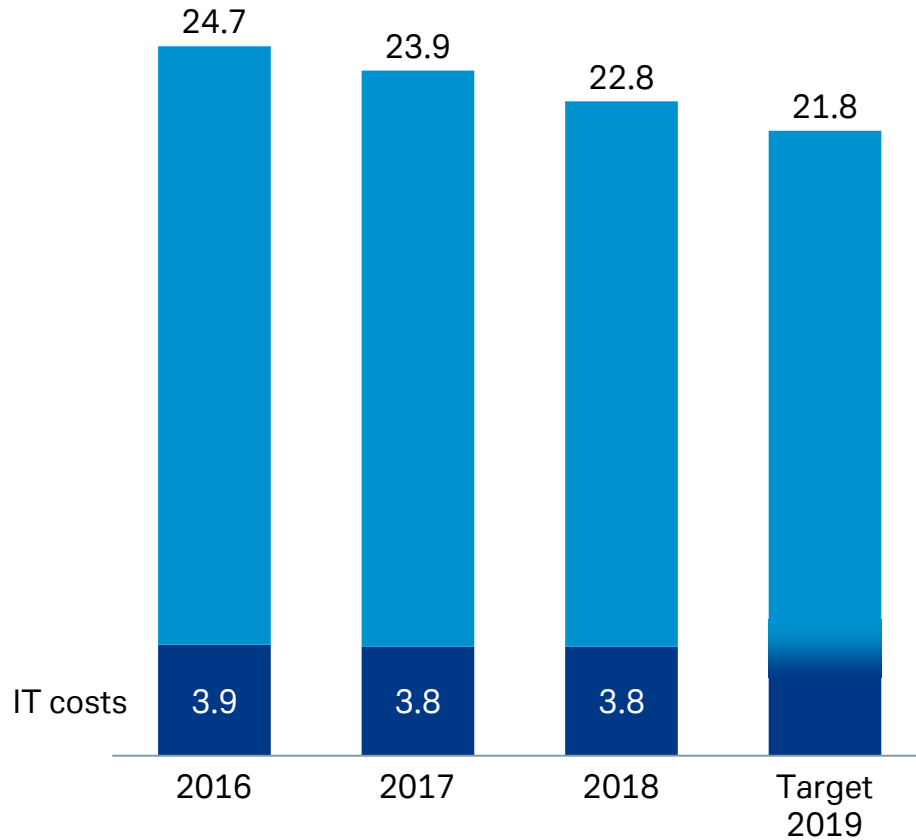
### Examples of achievements in Cost Catalyst program in 2018:

- Introduced internal billing models for better cost transparency
- Optimized infrastructure in non-hub locations
- Rationalized vendors and price renegotiations



# IT costs – focused on increasing efficiency

€ bn, adjusted costs



## Highlights

- Continuing IT investment despite group cost reduction targets
- Generating efficiency savings in IT spend through
  - Reducing complexity (e.g. 26 operating systems in 2018 from 45 in 2015)
  - Move to low cost hubs; reduction of staff-presence in high-cost locations
  - Streamlining IT organization
- Continue to reinvest savings into modernization of our platform:
  - Prepare infrastructure for cloud
  - Launch of state-of the-art tools for customers
  - Invest in research and development capabilities (e.g. Innovation labs, Digital Factory, Datalab)



# Ecosystem established to foster sustainable innovation



## Research



db Innovation Labs<sup>(1)</sup>



Massachusetts Institute of Technology



Plug and Play Accelerator



API<sup>(2)</sup>/ Hackathons

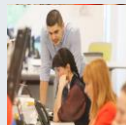


Quartier Zukunft Berlin

## Development



Digital Factory Frankfurt



Technology Centres<sup>(3)</sup> / Functions



Data Lab Dublin

## Execution / Implementation



Centre of Excellence



Business Divisions (CIB, PCB and AM)

(1) Located in Berlin, Frankfurt, London, Palo Alto, New York & Singapore (2) Application programming interface (3) Located in Bucharest, Cary (US), Moscow, St. Petersburg and Pune (India)

# Cloud strategy creating a more agile work environment



## Deutsche Bank today



- Large application network
- Largely outsourced infrastructure
- Cloud initiative started in 2016

## What we see the cloud offering



- Stability, security and resilience
- Developer agility
- High cost flexibility
- Adaptable ecosystem

## Deutsche Bank Cloud Strategy

- **Cloud first** – Build all new apps to work in the Cloud:
  - Balance public and private cloud depending on economic terms
  - Strong control framework
  - Use scalable capacity of Cloud
- **Gradual shift of infrastructure** – where applicable and where makes economic sense
- **Central Centre of Excellence** – Deutsche Bank's centre of accountability for Cloud

# Select innovation highlights



## CIB



CIB's brand for internal and external provision of digital products & services



Acquisition of Quantiguous to accelerate the development and adoption of APIs<sup>(1)</sup> globally



Data Innovation Group applications (i.e.  $\alpha$ -DIG); use of Artificial Intelligence to provide data-driven investment solutions

## PCB



Deutsche Bank one of key partners. Cross-industry identity and payment-platform



Successful launch of Apple Pay

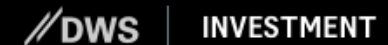


Non-banking service to retail customers

## AM



Process automation for cost reduction, productivity increase and improved client experience



Web & mobile investment applications to increase scale of distribution



Algorithms to convert unstructured broker requests and to lend stocks to best performing brokers

(1) Application programming interface

# Autobahn – continuing to invest and expand our offerings

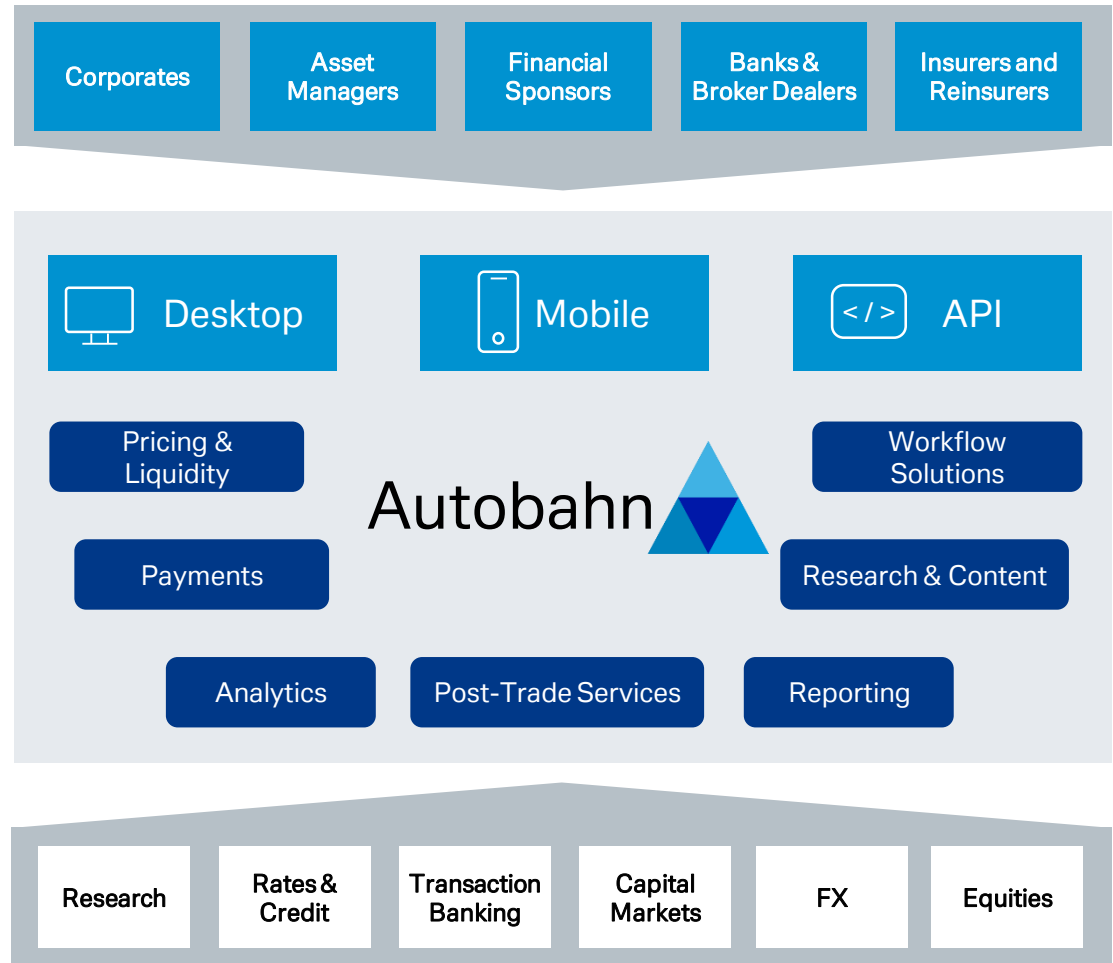


## Our clients expect

- Direct access to Deutsche Bank CIB products and services
- High quality interaction with Deutsche Bank people and systems
- Alignment to industry standards with the ability to tailor client-specific and product-specific solutions

## Autobahn provides

- A unified digital platform for CIB clients as well as sales and client servicing employees
- Convenience with access via web, mobile and APIs<sup>(1)</sup>
- A broad range of 120+ digital services across liquidity, pricing, transactions and client servicing
- An expanding set of solutions to solve clients' operational challenges



(1) Application programming interface

# COO is an important enabler to group financial targets



## Near-term targets

	2018	2019
Post-tax return on tangible equity		>4%
Adjusted costs	€ 23bn ✓	Updated € 21.8bn
Employees <sup>(1)</sup>	<93,000 ✓	<90,000
CET 1 ratio	13.6% ✓	>13%

## COO contribution and focus

### Costs

Continue strong execution discipline and leverage accountability on expenses

### IT

Implement end-to-end accountability and ensure internal and external connectivity (API, Cloud)

### Processes

Ensure and exploit scale by investing in automation and innovative technologies

(1) Internal full-time equivalents, end of period

# Cautionary statements



The figures in this presentation are preliminary and unaudited. Our Annual Report 2018 and SEC Form 20-F are scheduled to be published on 22 March 2019.

This presentation contains forward-looking statements. Forward-looking statements are statements that are not historical facts; they include statements about our beliefs and expectations and the assumptions underlying them. These statements are based on plans, estimates and projections as they are currently available to the management of Deutsche Bank. Forward-looking statements therefore speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

By their very nature, forward-looking statements involve risks and uncertainties. A number of important factors could therefore cause actual results to differ materially from those contained in any forward-looking statement. Such factors include the conditions in the financial markets in Germany, in Europe, in the United States and elsewhere from which we derive a substantial portion of our revenues and in which we hold a substantial portion of our assets, the development of asset prices and market volatility, potential defaults of borrowers or trading counterparties, the implementation of our strategic initiatives, the reliability of our risk management policies, procedures and methods, and other risks referenced in our filings with the U.S. Securities and Exchange Commission. Such factors are described in detail in our SEC Form 20-F of 16 March 2018 under the heading “Risk Factors.” Copies of this document are readily available upon request or can be downloaded from [www.db.com/ir](http://www.db.com/ir).

This presentation also contains non-IFRS financial measures. For a reconciliation to directly comparable figures reported under IFRS, to the extent such reconciliation is not provided in this presentation, refer to the Q4 2018 Financial Data Supplement, which is accompanying this presentation and available at [www.db.com/ir](http://www.db.com/ir).