Deutsche Bank AG

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Prepared remarks by CEO and CFO

Speakers:
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CHRISTIAN SEWING

Slide 1 – Solid results despite challenging environment

- Thank you, Ioana. A warm welcome from me as well
- It's a pleasure to be discussing our second quarter and first half 2022 results with you today
- Since the end of our first quarter conditions for the global economy and the macro environment have become more challenging, not least as a result of the terrible war in the Ukraine that continues to be devastating for millions of people
- And we, like other banks, are not immune to the associated pressures and impacts
- As you will have seen from our media release, they will impact our 2022 cost/income ratio target
- We are continuing to work towards our return on tangible equity targets for both the Group and Core Bank, even though the path ahead of us is more challenging
- Nonetheless, we are very proud that despite an unprecedented operating environment, we are transforming our bank and once again have proven our resilience
- Our franchise is more competitive, and the bank is more resilient than was thought possible three years ago
- And we are proud of our achievements, particularly as we have now delivered the highest second quarter and first half post tax profit since 2011
- The trends we saw in the first quarter continued in the second quarter, and we saw revenue growth across all four core businesses, driven by a mix of business momentum, market share gains and investments that will support sustainable growth in the second half of 2022 and beyond
- We delivered Group revenues of 14 billion euros, an increase of 4% year on year. And our Core Bank operating businesses grew revenues by a very impressive 9% year on year
- In the first half of this year, we generated an 8% return on tangible equity, up from 6.5% in the first six months of 2021
- We also improved our profitability and efficiency. First half post-tax profit of 2.4 billion euros was up 31% year on year, driven by positive operating leverage

- Our cost/income ratio was 73% for the first six months, 5 percentage points lower than the comparable period
- And finally, we continue to adhere to prudent risk management principles and processes. Provision for credit losses was 22 basis points of average loans in the first six months, including a management overlay, reflecting elevated market uncertainty
- Our capital position remained stable. We finished the second quarter up compared to the first quarter, with a Common Equity Tier 1 capital ratio of 13%
- Now let me take you through the progress in our core businesses, on slide 2

Slide 2 – All core businesses demonstrating clear momentum

- You can see that the momentum across our businesses, especially in the past six months, supports the delivery of our 2022 plans at the divisional level
- In the Corporate Bank, business growth continued despite the more challenging market, as we diligently executed on our strategy
- We saw this reflected in loan growth which, alongside interest rate tailwinds, contributed to an increase in interest income. This led to a 10% return on tangible equity
- In the Investment Bank, our leading FIC franchise saw strong client activity with growth across both institutional and corporate clients, which marked the highest first half FIC revenues in ten years
- And despite the unfavourable environment for Origination & Advisory activities, M&A revenues were 65% higher year on year
- All-in, the Investment Bank delivered a return on tangible equity of 14%
- The Private Bank had a strong first half year result with a return on tangible equity above 9%
- It captured net new business of 24 billion euros, across inflows into assets under management and loans supporting 4% revenue growth despite the more challenging environment
- And it continued to optimize its distribution channels with the closure of more than 100 branches

- Asset Management delivered revenue growth of 6% year on year, driven by higher management fees, despite the volatile market environment
- At the same time, the business continued to invest in growth initiatives and platform transformation and delivered a 22% return on tangible equity
- Looking back at the progress of the Core Bank since the start of the transformation, we have improved profitability significantly. First half profit before tax of 3.7 billion euros more than doubled compared to the same period in 2020
- As much of the momentum is driven by revenues, let me summarise our progress on slide 3

Slide 3 – Growth now visible across divisions

- Group revenues were the highest for the first half since 2016, despite business exits in 2019, as our transformation led to a stronger franchise with better revenue potential
- These strong results include a revenue drag of around 700 million euros in Corporate & Other driven mainly by valuation and timing differences, as the market volatility in the first six months created temporary accounting asymmetries on derivatives used to hedge the bank's balance sheet
- Nonetheless, we have already delivered more than half of our expected revenue plan for the year and we are particularly encouraged to see strong growth rates in each division. These are either in line with or ahead of the compound annual growth rates we expected at the beginning of our transformation three years ago
- Excluding revenues in C&O, the average divisional annual increase of revenues in the four core businesses was 9%
- And we are especially pleased with the performance in our stable businesses, which contributed more than 60% of revenues over the last twelve months

Slide 4 – Significant improvement in pre-provision profit

- Moving to slide 4, we are encouraged by the performance in our Core Bank, which delivered a 10% return on tangible equity in the first half, up from 9.3% in 2021, clearly ahead of our 2022 target of 9%

- On a pre-provision basis, we made significant progress on our profitability, as we diligently executed on our plans to make our divisions more focused, profitable, and efficient
- While we benefited from market volatility, this also created some offsetting effects visible through our C&O line, so the majority of the improvement is due to the success of our business growth initiatives
- As we just mentioned, we are especially pleased to see the improvements in our stable businesses, with Corporate Bank, Private Bank and Asset Management increasing their pre-provision profit contribution to 60%, while our Investment Bank continues to perform, driven by our FIC franchise
- This is clear evidence that our bank is now more balanced, thus resilient in a very complex and uncertain environment. Exactly what we promised three years ago when we introduced our "Compete to Win" strategy
- We expect many of these trends to remain in place and to be beneficiaries of interest rate hikes in the coming years
- Overall, with Core Bank pre-provision profit of 4.3 billion euros in the first half, we believe that our shareholders can take comfort in the improved operating margins, as it creates stronger protection from a tougher macro-economic outlook

Slide 5 – Ongoing progress, despite pressures

- Let me now turn to slide 5 to take you through our journey to deliver improved operating margins and the progress we have made to date, as well as our management actions
- In 2019 we introduced a new strategy, which unlike prior years, included strict cost management and focused investments in our core businesses, particularly into technology and controls, to deliver efficiencies and just as importantly, to grow the company over time
- This plan and these investments helped us to significantly increase our return on tangible equity from being in negative territory just two years ago to 8%, and at the same time, to reduce our cost/income ratio by 14 percentage points to 73% for the first half of this year
- At the IDD in March, we shared the continued progress we have been making, with clear ongoing focus on further managing our cost base
- However, the macro-economic environment changed materially, resulting in headwinds which impacted some of our planned

reductions, most notably from inflation, high compensation and foreign exchange and are likely to stay with us for the balance of the year

- At the same time, we also faced setbacks from uncontrollable items relating to higher-than-expected bank levies, litigation and costs arising from the war in Ukraine
- And while the recent market volatility has been favourable for some of our businesses, we also saw offsets via the larger than expected drag from valuation and timing differences in C&O
- These items generated an impact of around 2.9 percentage points on our cost/income ratio and 1.3 percentage points on our return on tangible equity in the first six months
- Given our cost discipline, our controllable expenses were contained, despite seeing some inflationary pressures and investments we decided to make, which were not in the initial plan
- These higher costs are important to our business, as we want to continue to invest in technology, human capital and controls to drive growth and efficiency, despite a more challenging revenue environment ahead
- Together these items created a trade-off between our long-term strategic goals and year-end targets
- And as we stand here today, we have taken the decision to stick to our investment plans because we do not run the company on a one-year horizon, but with a long-term strategy and a vision for growth that will benefit us for the long term
- Exactly this underlying belief in our strategy is the reason and the key lever behind our successful transformation over the last three years
- Reflecting this and using a conservative approach, achieving our cost/income ratio target for this year is no longer realistic without sacrificing long-term potential. Therefore, we have amended our cost/income ratio guidance for this year to mid to low 70s
- However, we are executing on our plans and considering the uncertain environment, we will work on additional measures to ease the pressures we are facing and are ready to take decisive actions where necessary
- We are well prepared for different scenarios and we continue working towards our return on tangible equity target for this year
- We remain committed to our cost/income ratio target of less than 62.5% and our return on tangible equity target of more than 10% for 2025 and we are continuing to work towards reducing our run rate to

the planned step off point at the end of this year, even if the path ahead is more challenging

Slide 6 – Robust balance sheet

- Let me now spend some time talking to our balance sheet, on slide 6
- Our balance sheet metrics are solid which means that we enter a more challenging macro environment from a clear position of strength
- We have been managing our balance sheet conservatively and intend to keep doing so through this period of volatility
- With a 13% CET1 ratio at the quarter end, we maintain a buffer of 253 basis points above regulatory requirements
- Our liquidity coverage ratio is at 133%, 51 billion euros above regulatory requirements
- And our funding position is robust; we already completed majority of our planned issuance for 2022 and we will continue to fund our balance sheet through stable sources, predominantly our deposit base

Slide 7 – Resilient loan book with strong risk management

- Moving to slide 7, in 2020, as the pandemic caught the market by surprise, we went through our balance sheet to explain why we felt we were well positioned to navigate through that environment
- And while the current crisis presents different challenges and many unknowns, what has not changed is our loan book, which is low risk and well diversified; nor have we changed our approach to risk management
- Let me remind you that around 79% of our lending is in the Private Bank and Corporate Bank, mainly consisting of retail mortgages in Germany
- Concerns over the supply of gas could have a material impact on the German economy and we must of course be prudent and consider the impact this could have on our bank. However, we deem this potential impact as manageable and our improved pre-provision profitability means we are resilient
- Furthermore, on the items we can control, we have always managed our balance sheet conservatively and intend to continue to do so through this period of volatility

- And as the outlook evolves, we will monitor the development of macro-economic forecasts and will update our allowances based on what we see in the environment and in our portfolios
- Next, let me briefly cover Sustainability on slide 8

Slide 8 – Sustainable Finance strategy well on track

- ESG activity has been muted compared to previous quarters, reflecting several factors
- These included lower overall capital market issuance activity, which also impacted sustainable financing volumes, more muted investment activity against a backdrop of lower asset valuations, and lower levels of sustainability activities as companies simply prioritised their responses to the war in Ukraine
- We believe this is a temporary effect and assume that activity will pick up again
- And nonetheless, we are pleased with the growth rates in all businesses, as you can see on the slide
- After finishing 2021 with cumulative ESG financing and investment volumes of 157 billion euros, excluding DWS, we have now reached a cumulative total of 191 billion euros and we are on track to exceed our 200 billion euro target by the end of this year
- We reaffirm our target to generate at least 500 billion euros cumulatively by the end of 2025, which implies an average rate of at least 100 billion euros in ESG financing and investments per year from 2023 to 2025
- And we are on track to publish 2030 reduction targets for the carbon intensive sectors in our corporate loan portfolios, at our second Sustainability Deep Dive later this year
- We will share further details on our net zero strategy at this event and describe how we are partnering with our clients in their decarbonisation efforts
- Finally, Deutsche Bank will further strengthen its sustainability governance by creating the position of Chief Sustainability Officer with effect from September 1, 2022
- Before I hand over to James, let me summarise our progress this year on slide 9

Slide 9 – Significantly improved performance in challenging market

- Thanks to our transformation, Deutsche Bank is on the right track strategically. Although the market continues to be challenging, our half year results show a substantial improvement in profitability
- We are delivering on our strategy and our businesses saw strong revenue generation leading to material improvements in returns
- So, while we achieved a robust and very satisfactory performance in the first half of the year, we, as everyone else, are confronted with pressures from the extraordinary geopolitical and economic environment
- We will continue to work towards absorbing these shocks and executing on our strategy, towards our stated trajectory
- Our loan book remains resilient, and we continue to have robust risk management
- And we continue to execute on measures to deliver on our return on tangible equity objectives
- And to be clear; our 2025 targets and capital distribution plans remain unchanged
- With that, let me now hand over to James

JAMES VON MOLTKE

Slide 10 – Q2 2022 Group financial highlights

- Thank you Christian
- Let me start with a summary of our financial performance for the quarter, on slide 10
- Total revenues for the Group were 6.6 billion euros, up 7% on the second quarter of 2021, despite negative revenues in C&O
- Noninterest expenses of 4.9 billion euros were down 3% year on year including lower restructuring and severance and lower transformation charges
- Adjusted costs excluding bank levies and transformation charges were up less than 2% year on year, mainly driven by FX movements and modestly higher compensation costs. I will detail these shortly
- Our provision for credit losses was 233 million euros or 19 basis points of average loans for the quarter

- We generated a profit before tax of 1.5 billion euros and a net profit of 1.2 billion euros, an increase of 46% year on year
- Tangible book value per share was 25 euros and 68 cents, up 53 cents on the quarter, and 7% year on year
- The return on tangible equity for the group was 7.9% including an effective tax rate of 22% for the quarter benefitting from a change in the geographic mix of income and as a result reflects higher positive deferred tax valuation adjustments related to our 2022 earnings
- The effective tax rate for the first half of the year was 24%, which is broadly in line with the rate we now expect for the remainder of 2022
- Let's now turn to the Core Bank's performance on slide 11

Slide 11 – Q2 2022 Core Bank financial highlights

- Core Bank revenues were 6.6 billion euros for the quarter, up 6% on the prior year quarter
- Noninterest expenses were down 1% for the quarter and adjusted costs increased 3% year on year
- We reported a profit before tax of 1.7 billion euros, up 21% on the prior year quarter
- Our Core Bank post-tax return on tangible equity for the quarter was 9.5%, ahead of the full year target of above 9%
- And our cost/income ratio came in at 70%, down from 76% in the prior year period

Slide 12 – Net interest margin

- Let me provide some detail on the evolution of our net interest margin on slide 12
- The NIM increase was driven predominantly by short-term US dollar interest rate rises in the first half of 2022, but it was also supported by higher longer-term Euro rates that benefited the deposit books as we roll over hedge portfolios
- The NIM increase was also driven by approximately 6 basis points in positive one-off effects, as it still includes a 2 basis point effect from the minus 1% TLTRO bonus rate

- Normalizing for these one offs, we expect NIM will continue to rise due to the favorable interest rate environment
- Average interest earning assets were up modestly reflecting US dollar strengthening and underlying loan growth, offset by lower average cash balances
- Before we move on to costs, let me briefly comment on our updated NII guidance. We now expect the revenue benefit from the interest rate curve relative to 2021 to be significantly higher than the 2 billion euros we had previously guided for by 2025
- Even accounting for increased issuance costs implied by current spreads, the environment is more favorable than the outlook we shared with you at the March IDD
- Let's now turn to costs on slide 13

Slide 13 – Adjusted costs – Q2 2022 (YoY)

- As we have previously outlined and as Christian said, there are pressures on our cost base
- This has impacted our 2022 cost/income ratio target, as we look to absorb a series of uncontrollable items and preserve necessary investments in controls and information technology
- Turning to the quarter more specifically, adjusted costs excluding transformation charges and bank levies increased by 70 million euros or 2% year on year, but declined by 2% excluding FX effects
- Compensation and benefits costs increased by 155 million euros or 75 million euros excluding FX effects
- On an FX neutral basis, the salary increases were almost entirely offset by lower headcount. Variable compensation accrual increased reflecting business performance, and we incurred about 20 million euros of costs associated with the opening of the Berlin Tech Centre
- IT costs were essentially flat on an FX neutral basis and we saw a reduction in noncompensation costs

Slide 14 – Adjusted costs – H1 2022 (YoY)

- If we look at the half year on slide 14, adjusted costs excluding transformation charges and bank levies decreased by 65 million euros, down 1% compared to the prior year, or 3% excluding FX effects

- All noncompensation categories declined, in line with our expectations, but we saw an increase in compensation and benefit costs of 213 million euros or 83 million excluding FX effects. This reflects higher performance related compensation and the one-off costs associated with the Berlin Tech Centre
- Now, moving to a full year view, let me give you some sense of the drivers that have caused us to change our guidance
- First, as we talked about, bank levies were nearly 180 million euros higher than we expected, contributing approximately 70 basis points to our cost/income ratio
- Second, litigation expenses have risen based on recent events and we now expect them to be at least 100 million euros higher than planned, amounting to an additional 40 basis points
- Third, we expect around 100 million euros, or 40 basis points, for the full year related to our Berlin Tech Centre from staff migration and real estate costs
- Thereafter, there are elements of our cost base which are mostly controllable, where we have had to make management decisions
- In the first quarter, we had already flagged some higher variable costs as a result of good business performance, as well as expenses that relate to better future performance. The good business performance continues despite a somewhat more muted outlook for the second half of the year
- As previously communicated, we made strategic hires to support future growth, in line with the growth plans we presented at the IDD
- Moving to investments, we consistently said that we will not sacrifice on controls, even though the related costs are higher than we expected and add to cost pressures
- In addition, early in the year, we saw the opportunity to invest revenues into efficiency and growth initiatives
- Focus areas of these IT investments are further front to back streamlining in the Investment Bank and Corporate Bank as well as further upgrading our global payments infrastructure
- The front to back initiative will help us further reduce infrastructure cost, and the payments investments will support revenue growth and efficiencies in the Corporate Bank, while delivering an attractive marginal cost/income ratio

- As Christian mentioned, we decided to continue with these investments despite some emerging revenue headwinds which may also weigh on our cost/income ratio this year, as we truly believe these are the right decisions for the bank in the long term

Slide 15 – Provision for credit losses

- Provision for credit losses for the second quarter was 19 basis points of average loans on an annualised basis, or 233 million euros. The sequential decrease was driven by a lower level of new provisions on the Russia portfolio, while the second order effects have not yet materialized
- Stage 1 and 2 provision of 52 million euros, compared to a net release of 36 million euros in the prior year quarter, relate to a deterioration of macroeconomic parameters and a new management overlay to reflect macroeconomic uncertainties. This was partly compensated by otherwise positive portfolio developments, such as changes in the portfolio composition and improved collateralisation
- Stage 3 provision increased to 181 million euros, compared to 111 million euros in the prior year quarter. The increase was driven by a small number of incremental provisions on Russian and Ukrainian names in the Corporate Bank. The Investment Bank had a few new impairments, while the prior year quarter benefited from a large release. Private Bank provisions benefited from a portfolio sale
- Moving to capital on page 16

Slide 16 – Capital ratios

- Our Common Equity Tier 1 ratio ended 14 basis points higher compared to the previous quarter at 13%, in line with our previous full year 2022 guidance
- This ratio increase principally reflects higher CET1 capital from strong organic capital generation net of deductions for dividend and Additional Tier 1 coupon payments and losses in Other Comprehensive Income
- CET1 capital now includes a capital deduction for common share dividends of 450 million euros for 2022
- A 3 basis point drag on our CET1 ratio came from FX translation effects, reflecting the significant euro weakening over the quarter

- Risk weighted assets net of FX were marginally down compared to last quarter
- Market Risk RWA increased, principally from an increase in the quantitative VaR and SvaR multiplier
- This increase was more than offset by a reduction in credit and operational risk RWA
- Our leverage ratio, including ECB cash, was 4.3%, a like-for-like increase of 5 basis points over the quarter
- Higher Tier 1 capital from strong quarterly earnings and the recognition of our 750 million euro AT1 issuance, which settled in early April, added 10 basis points to our ratio
- This was partially offset by a 3 basis point impact from FX translation effects, reflecting the significant Euro weakening in the quarter and 2 basis points from higher leverage exposure, including Core Bank loan growth
- With that, let's now turn to performance in our businesses, starting with the Corporate Bank on slide 18

Slide 18 – Corporate Bank

- Corporate Bank revenues in the second quarter were 1.6 billion euros, 26% higher year on year
- Continued revenue growth was driven by improvements in the interest rate environment, loan and deposit growth and higher fee income across all three segments
- The Corporate Bank grew loans to 129 billion euros, up by 4 billion euros compared to the prior quarter and by 12 billion euros compared to the prior year quarter, mainly in Corporate Treasury Services
- Noninterest expenses of 1 billion euros declined by 4% year on year due to noncompensation initiatives and lower nonoperating costs, partly offset by FX movements
- Higher revenues and lower noninterest expenses resulted in positive operating leverage of 30% year on year
- Provision for credit losses increased year on year after a net release in the prior year quarter, reflecting a more challenging macro-economic environment and impacts of the war in Ukraine

- Corporate Bank profit before tax was 534 million euros in the quarter, more than double the prior year quarter, reflecting improvements in our profitability and efficiency
- Return on tangible equity was 13.4% and the cost/income ratio came in at 62%, in line with our commitments presented at the Investor Deep Dive in December 2020
- I will now turn to revenues by business segment in the second quarter on slide 19

Slide 19 – Q2 2022 Corporate Bank revenue performance

- Corporate Treasury Services revenues of 962 million euros increased by 30% year on year driven by strong operating performance, the improving interest rate environment and increased loan and deposit volumes
- Institutional Client Services revenues of 394 million euros rose by 26%, benefitting from the improving interest rate environment and FX movements
- Business Banking revenues of 195 million euros grew by 9% year on year driven by benefits from deposit charging and account repricing
- I'll now turn to the Investment Bank on slide 20

Slide 20 – Investment Bank

- Revenues for the second quarter were higher year on year, both on a reported basis and excluding specific items
- We saw strong revenue growth in Emerging Markets and the macro trading businesses
- This was partially offset by significantly lower revenues in Origination & Advisory and credit trading, with Financing revenues broadly flat
- Noninterest expenses were higher driven by increased litigation costs due to a one-off item related to an industry wide matter, combined with a modest increase of compensation expense and the impact of FX movements
- Our loan balances increased year on year, primarily driven by higher loan originations across the Financing businesses and the impact of the US dollar strengthening. We continue to maintain a well-diversified portfolio across regions and industries

- Leverage exposure was higher, reflecting increased lending commitments and trading activities to support client flows
- The year-on-year increase in risk weighted assets predominantly reflects the impact of FX movements
- Provision for credit losses was 72 million euros, or 30 basis points of average loans
- The year-on-year increase was driven by a small number of impairment events, while the prior year benefited from a larger stage 3 release
- Turning to revenues by segment on slide 21

Slide 21 – Q2 2022 Investment Bank revenue performance

- Revenues in FIC Sales & Trading increased by 32% in the second quarter when compared to the prior year
- Strong performance across Emerging Markets and macro trading businesses was partially offset by significantly lower revenues in credit trading
- Revenues across Rates and Foreign Exchange were significantly higher driven by market activity and client flows, and also benefiting from effective and disciplined risk management
- During the quarter our Foreign Exchange business was ranked Overall FX Market Leader by market share in the 2022 Euromoney FX Survey
- Emerging Markets revenues more than doubled driven by strong performance across the regions
- Financing revenues were essentially flat year on year
- Credit trading revenues were significantly lower driven by materially reduced distressed revenues and a challenging environment
- In Origination & Advisory, reported revenues were down 63% but included commitment markdowns. Excluding the mark downs, revenues declined 38%, as the industry fee pool reduced by approximately 45%
- Debt Origination revenues were 95% lower due to materially reduced Leveraged Debt Capital Markets revenues. This was driven by the impact of commitment markdowns of approximately 150 million euros, in addition to the industry fee pool decline
- Equity Origination revenues were 60% lower, reflecting an industry fee pool reduction of approximately 70% versus the prior year quarter

- Revenues in Advisory increased by 50% driven by market share gains in a reduced feel pool year on year
- Turning to the Private Bank on slide 22

Slide 22 – Private Bank

- Revenues were 2.2 billion euros, up 7% year-on-year, or 4% if adjusted for the net impact of the BGH ruling across the periods and specific items
- Revenue growth was supported by FX movements and valuation impacts and also reflected higher business volumes
- The year-on-year reduction of 16% in noninterest expenses was driven by a 71 million euro litigation provision release related to the BGH ruling, compared to litigation charges of 128 million euros in the prior year quarter, as well as lower restructuring expenses
- Adjusted costs were down 1%. Negative impacts from exchange rate movements and higher compensation costs mostly offset lower internal service cost allocations and incremental savings from transformation initiatives including workforce reductions and branch closures
- As a result, the Private Bank swung from a loss before tax of 15 million euros in the prior year quarter, to a profit of 463 million euros
- In the first half of 2022 the cost/income ratio improved to 75%, compared to 89% in the prior year period and post-tax return on tangible equity rose to 9%
- Assets under Management declined by 20 billion euros in the quarter. A negative impact of 33 billion euros from market movements was partly offset by net inflows of 7 billion euros and beneficial exchange rate movements
- Risk weighted assets increased by 13% reflecting regulatory changes in the prior year and a growing loan book
- Provision for credit losses was 96 million euros or 15 basis points of average loans, down 17% year on year, reflecting releases of credit loss allowances following non-performing loan sales, tight risk discipline and a high-quality loan book
- Turning to revenues by segment on slide 23

Slide 23 – Q2 2022 Private Bank revenue performance

- Revenues in the Private Bank Germany were up 11% or 3% adjusted for the net impact of the BGH ruling across the periods. Valuation adjustments and higher net interest income more than offset lower fee income in a more challenging market environment
- Business volumes grew with net inflows in Assets under Management of 2 billion euros mainly into investment products. In addition, net new client loans were 2 billion euros
- In the International Private Bank, revenues were up 2%, or 6% excluding specific items
- Starting this quarter, we have aligned our revenue disclosure with our client coverage model
- Revenues excluding specific items in Wealth Management & Bank for Entrepreneurs increased by 7% despite a more challenging market environment. The revenue increase was attributable to continued loan growth and higher revenues from deposits, supported by the recent interest rate increases. FX movements also had a positive impact
- Premium Banking revenues were up 3%, mainly reflecting higher net interest income in deposits and volume growth in consumer finance in Italy
- The International Private Bank attracted net inflows in Assets under Management of 5 billion euros in the quarter, driven by 3 billion euros into investment products and 2 billion euros in deposits
- Net new client loans were 2 billion euros, mainly in the Americas and Italy

Slide 24 – Asset Management

- As you will have seen in their results, DWS produced a resilient performance compared to the prior year, despite the continued market turbulence
- My usual reminder: the Asset Management segment on slide 24 includes certain items that are not part of the DWS stand-alone financials
- Revenues grew by 5% versus the prior year. Management fees grew by 6% reflecting consistent net inflows in the prior year and higher valuations in illiquid products. Higher performance fees, combined with

positive impacts from the fair value of guarantees, more than offset lower other revenues

- Noninterest expenses increased 11%, with adjusted costs up 7%
- This reflects higher compensation costs, including hiring and carried interest costs, partly offset by lower deferred compensation costs. Higher noncompensation costs were led by professional service fees and increased marketing, regulatory enforcement matters and other costs as well as further investments into platform transformation
- As a result, the cost/income ratio increased to 67% from 63% last year
- Profit before tax of 170 million euros in the quarter declined by 6% over the same period last year, reflecting the higher expenses
- Assets under management of 833 billion euros have declined by 69 billion euros in the quarter, reflecting the negative impact from market performance and net outflows, partly mitigated by FX translation effects
- Net outflows of 25 billion euros in the quarter, were almost exclusively due to outflows in low margin cash and passive products, partly offset by positive net flows in higher margin products such as active Equity, Multi-Asset and Alternatives. Excluding cash, net flows were largely flat in the period with a positive revenue contribution
- The management fee margin has improved to 28.4 from 28.1 basis points in the prior year period, reflecting outflows in lower-margin and inflows in higher-margin products
- Moving to Corporate & Other on slide 25

Slide 25 – Corporate & Other

- Corporate & Other reported a pre-tax loss of 498 million euros in the second quarter of 2022, compared with a pre-tax loss of 39 million euros in the prior year quarter
- A significant driver of the results in this quarter was valuation and timing impacts of negative 185 million euros, compared to a positive contribution of 83 million euros in the prior year quarter. These were driven by market volatility and interest rates, similar to the first quarter
- Valuation and timing differences arise on derivatives used to hedge the Group's balance sheet. These are accounting impacts, and the valuation losses are expected to be recovered over time as the underlying instruments approach maturity

- In addition, Funding and Liquidity impacts were negative 126 million euros, versus negative 60 million euros in the prior year quarter. These include certain transitional costs relating to the bank's internal funds transfer pricing framework as well as costs linked to legacy activities
- Expenses associated with shareholder activities not allocated to the business divisions, as defined in the OECD Transfer Pricing guidelines, were 120 million euros, broadly flat to the prior year quarter
- We can now turn to the Capital Release Unit on slide 26

Slide 26 – Capital Release Unit

- The Capital Release Unit recorded a loss before tax of 181 million euros in the quarter, an improvement of 76 million euros from the prior year period, making this the lowest quarterly loss since the CRU's inception
- Revenues for the quarter were 7 million euros, an improvement of 31 million euros from the prior year period. This improvement was due to lower de-risking, risk management and funding impacts that more than offset the non-recurrence of the Prime Finance cost recovery in the prior year
- Noninterest expenses declined by 26% year on year, primarily driven by a 38% reduction in adjusted costs, reflecting lower internal service charges and lower compensation costs
- CRU reduced leverage exposure by 42 billion euros year on year driven by the completion of the Prime Finance transfer and continued progress on deleveraging
- CRU reduced Risk Weighted Assets by 7 billion euros year on year driven by lower Operational Risk and de-risking
- In the second quarter, RWAs remained broadly flat as reductions from Operational Risk and other impacts were offset by market risk increases as financial markets became significantly more volatile
- Looking through to the remainder of 2022, we are confident of achieving the full-year target for adjusted costs excluding transformation charges of 800 million euros that we reaffirmed at the Investor Deep Dive in 2022
- We will also aim to drive risk weighted assets and leverage down further opportunistically and expect to record a small negative revenue for the year
- Turning finally to the Group outlook for 2022 on slide 27

Slide 27 – Outlook

- The strong performance in the Core Bank is testament to the quality of our businesses and the strength of the franchise, despite the challenges ahead. Therefore, we can confirm our revenue guidance of 26 to 27 billion euros for 2022
- However, as Christian noted, the current environment and uncertainty are unprecedented and we see pressures, including on expenses and credit costs
- But we remain committed to our cost measures and we will continue to execute on our 2022 plan, as we believe our strategy is the right one for the Group and we are committed to its delivery, as we focus on the long term
- Consistent with our previous guidance, our provision for credit losses remains at around 25 basis points of average loans, including the currently expected impact of the war in Ukraine, slowing growth in our core markets and other dislocations
- We will continue to manage our balance sheet prudently and closely monitor our cost of risk, particularly with regards to a more adverse scenario on the potential disruption of gas supplies to Germany
- And, of course, we have analyzed the impact of potential downside scenarios, but we do not believe these scenarios are present today and based on detailed conversations with our clients, we do not see stress in our portfolios
- We remain confident in our full year CET1 ratio target of greater than 12.5%
- And we are confident we can deliver our 2025 targets and capital distribution path, as many of the management actions we have taken are in support of this trajectory
- With that, let me hand back to Ioana and I look forward to your questions

Dislaimer

This transcript 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 most recent SEC Form under the heading "Risk Factors." Copies of this document are readily available upon request or can be downloaded from investor-relations.db.com.

This transcript 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 transcript, refer to the Q2 2022 Financial Data Supplement, which is available at investor-relations.db.com.

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