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Co-Chairmen of the Management Board
and the Group Executive Committee of
Deutsche Bank AG

Annual Press Conference

Frankfurt am Main, January 31, 2013
– Check against delivery –

Opening remarks

Ladies and Gentlemen: on behalf of the Management Board, Anshu and myself: welcome to Deutsche Bank’s Annual Press Conference 2013!

As all of you know by now we announced our fourth-quarter and full year 2012 financial results this morning. For the fourth quarter, on a reported basis, we announced a pre-tax loss of €2.6 billion, and a net loss of €2.2 billion. For the full year, we reported pre-tax profits of €1.4 billion and net income of €0.7 billion. Our fourth-quarter result is a direct consequence of decisions we took in mobilising Strategy 2015+, and we will devote time this morning to going through those decisions with you.

At this Annual Press Conference, you see new faces on the podium, and a new format. Our purpose with this Press Conference is slightly different. Specifically, the running order for this meeting is as follows:

- First, Anshu will take you through an update on our progress on implementing Strategy 2015+ and the performance of our core businesses;

- I will discuss our progress with clients and the work we are doing on cultural change;

- Then Stefan Krause will give a ‘snapshot’ of key elements in our financial results which we published this morning, and which Anshu and Stefan have already discussed with analysts and investors;

- And after that, we will devote the majority of our time to addressing your questions.

At this meeting, and ready to participate in Q&A, we have the Management Board.

With that – let me hand over to Anshu.

Delivering Strategy 2015+: overview

Ladies and Gentlemen, let me start by summarising our financial results for the quarter and the full year.

- Revenues were resilient, despite a tough environment and the significant reconfiguration of our platform which is underway. For the fourth quarter, revenues were €7.9 billion, €1 billion higher than in the fourth quarter of 2011. For the full year, revenues were €33.7 billion, slightly higher than 2011.

- We raised our pro-forma Basel 3 Core Tier 1 capital ratio, on a fully-loaded basis, to 8.0% – up by over 200 basis points during the year and well ahead of our target of 7.2%. That enables us to recommend a dividend of 75 cents per share, consistent with last year.

- We reported a pre-tax loss of €2.6 billion in the fourth quarter and full year pre-tax profit was €1.4 billion – significantly down versus 2011, principally as a consequence of our fourth-quarter result.

Our reported results reflect a number of decisions we took in the fourth quarter. We have clearly communicated our commitment to taking determined but tough decisions, in order to deal with past issues head-on, and prepare Deutsche Bank for the future. Let me go through those:

- In the Core Bank, we took impairments on goodwill and intangible assets of €1.5 billion in the fourth quarter. Stefan Krause will shortly discuss these in more detail.

- We also took significant litigation charges of €1.3 billion in 2012, of which €1.0 billion in the fourth quarter. These relate to developments in regulatory investigations and adverse court rulings which you are all familiar with.

- In the Non-Core Operations Unit (NCOU), we reported a pre-tax loss of €1.1 billion for the quarter and €2.4 billion for the year. This included the cost of de-risking, and impairments and litigation charges related to non-core assets and businesses. However, by reducing risk-weighted asset (RWA) equivalents by €29 billion, the NCOU in effect generated capital of some €2.5 billion. As we stated clearly in September, capital generation is our top priority. NCOU has therefore been a net value creator.

Adjusting for these effects, operating performance was strong. Adjusted pre-tax profits in the Core Bank were €1.0 billon for the quarter, after €0.6 billion of costs directly related to mobilising Strategy 2015+ including Postbank implementation, costs to achieve related to our Operational Excellence Program and other specific items. For the full year, adjusted pre-tax profits were €6.5 billion after absorbing specific costs of some €1.4 billion. Before these specific costs, adjusted pre-tax profits in the Core Bank would have been close to €8 billion and comparable with 2011.

Now let me give you an update on our progress with our strategy.

In September we set out a strategy to position Deutsche Bank as a long-term winner in a changed environment. We also made clear that in the near term, the path would be tough. Specifically, we identified five key levers which we would utilise to deliver

Strategy 2015+: first and foremost, capital; cost control; competencies in our core businesses; delivering to our clients in all key regions; and changing our culture.

We are still in the early stages of a long journey – but our strategic vision remains clear: *to be the leading, client-centric, global universal bank*. So now I would like to discuss in more detail our progress so far on each one of the five key levers.

(I) **Turning first to capital strength:**

- Last summer, your feedback to us was clear: strengthening our capital base was our top priority. Clients, regulators, and capital market participants were unanimous. We listened, and we delivered.

- We are now ahead of target on capital strengthening. During the fourth quarter we raised our Basel 3 pro-forma Core Tier 1 ratio to 8.0% on a fully-loaded basis, well above our year-end target of 7.2% and narrowing the discount between ourselves and our peer group. We achieved the fastest organic capital formation of any major peer during 2012. Just to put this in context: under the Basel 2.5 framework, we raised our Tier 1 ratio to 15.3%, its highest level ever, and up from 12.9% at the end of 2011.

- Rapid capital demand reduction contributed to this. The NCOU has reduced RWA equivalents by €29 billion, around two-thirds of its March 31 reduction target, while our core businesses reduced RWA equivalents by €51 billion, ahead of target. In total, we have reduced RWA equivalents by €80 billion, nearly 90% of our March 31 target. We did this through a combination of portfolio optimisation, de-risking activities, and enhancing our risk models and processes.

- This means that over 2012, our capital strategy has contributed the equivalent of a capital raise of at least €8 billion, by organic means. On top of this, we still see the potential to pay a cash dividend of 75 cents per share to shareholders, unchanged from last year.

- Based on this outperformance, I'm very pleased to tell you that we have decided to raise our Basel 3 Core Tier 1 target from 8% to 8.5% for the end of the first quarter, and to raise our target for reducing Basel 3 RWA equivalents from €90 billion to at least €100 billion. This enables us to decisively narrow the gap between Deutsche Bank and our peer group average. Jürgen and I are very proud of this development and we'd like to thank publicly our colleagues who have contributed to it.

(II) Turning next to costs:

Our Operational Excellence Program commits to cost savings of €4.5 billion vs. our run-rate in the first half of 2012 excluding litigation, severance and other costs to achieve. We are also committed to investing €4 billion over this period to achieve these savings. As at the end of 2012 the Operational Excellence Program is proceeding on track:

- We have delivered savings through the end of the fourth quarter of approximately €400 million, consistent with plan. The measures already implemented will save around €800 million in 2013 – half our published savings target of €1.6 billion for this year and a strong head start for the coming year. We also invested €500 million in the Program in 2012 – close to our anticipated investment spending.

- Just to give you some examples: we have migrated over 20 million private customers onto an integrated IT platform which is more efficient for them and more cost-effective for us; we have substantially streamlined our investment banking complex and AWM platform as part of our reconfiguration; we are already becoming much more efficient in our sourcing strategy; and making progress in migrating our real estate ‘footprint’ toward more cost-efficient locations.

(III) Turning now to our competencies in core businesses:

In **PBC** we achieved a great deal in spite of significant headwinds:

- The external environment was very challenging. Interest rates were close to zero; private investors remained very wary for most of the year; and economic conditions in PBC’s peripheral Eurozone markets were extremely difficult. Internally, PBC also faced the challenge of progressing to ‘full implementation’ mode with the large and complex Postbank integration program, where we are ahead of plan, and simultaneously launching the Operational Excellence Program.

- Nonetheless, operating and franchise performance was very robust. We gained market share in key products in Germany; every European location was profitable in the year – in fact, we increased profitability in our advisory banking business outside Germany by over 50%. And on Postbank integration, we are now ahead of schedule in delivering synergy targets.

AWM is the new business division we created in September and therefore faces the most significant structural challenges.

- The task of merging five business units into one is very considerable. In addition, the business had to contend with margin pressure and the impact on both clients and revenues of the strategic review of Asset Management conducted early in 2012.

- Re-shaping the business is well underway. Headcount has been streamlined by approximately 600 from the peak. We also took impairment charges related to our acquisition of Scudder Investments back in 2002, IT write-downs related to the transition to a more integrated back-office, and investments in the OpEx Program.

- We are absolutely convinced of the value of an integrated wealth management platform for our clients. Nonetheless, we're under no illusions about the scale of the integration work, which lays the foundations for future performance.

GTB's core business has proven robust in the face of substantial challenges, while GTB has had to absorb charges related to turning around the Netherlands platform acquired from ABN AMRO.

- The business faced a combination of persistent low interest rates, increasing competitive pressures, and very tough conditions for the small-business sector in the Netherlands.

- The core business responded to these pressures. We countered the impact of low interest rates with growth in fee income of over 30%. We grew revenues by 14%, well above market. In Europe revenues are up by 9% while in both the Americas and Asia, revenues are up by around 20%. Furthermore, on an adjusted basis, financial performance is encouraging: stripping out impairments and costs related to turnaround measures in the Netherlands and investments in OpEx, pre-tax profits for the year would have been €1.2 billion, up 14% over 2011.

- Refocusing work in our commercial banking platform in the Netherlands led to substantial one-off expenses in the fourth quarter. There may be some further costs related to this refocusing in 2013.

In **CB&S,** our published objective is to retain our leading position while recalibrating our platform in response to the changed business environment. And despite significant challenges we have made very good progress on both those objectives.

- CB&S also faced a very difficult macro-political and macro-economic environment, especially during the first half of the year, which affected European-centred banks more than their U.S. peers. We saw low revenue growth, margin compression, declining volumes, and macro-economic and regulatory uncertainties which led to volatility and risk aversion among investors. This was combined with many internal challenges: management changes; rightsizing; a major reconfiguration of the platform; and reputational challenges from external scrutiny.

- In spite of these challenges, the new management team delivered. We grew adjusted revenues, and strengthened our client franchise. We were world number 1 in fixed income for a remarkable 3rd year running; world number 1 in foreign exchange for the 8th successive year; gained market share in cash equities, notably in the very competitive North American market, and were the only European bank to be global top-5 in corporate finance with our highest market share ever. We also delivered on our reconfiguration targets: out of a published headcount reduction target of 1,500 from the investment banking complex, some 1,350 are now completed.

And 'doing more with less' has been a key part of our effort to reconfigure our investment banking platform since the crisis. The investment bank of today is very different from the pre-crisis business:

- We have fundamentally changed our business mix – we discontinued dedicated proprietary trading and opaque structured products, which produced annual revenues of around €2 billion in the pre-crisis years, and recalibrated our platform around customer-driven 'flow' and solutions businesses – for example, helping insurance companies and pension funds match assets with liabilities.

- The investment banking business produces lower returns than pre-crisis. Capital requirements are higher, while margins are lower. In response, we significantly changed our business model.

- We drastically reduced our risk profile. We reduced balance sheet and capital consumption by around half. We scaled back market risk. We cut back our exposure to some business areas, reducing our commitments to a fraction of pre-crisis levels.

I would like to put the CB&S result in a longer-term context – a context I personally identify with, having led the investment bank. Our progress in investment banking has been a long and extraordinary journey.

- The year after I joined Deutsche Bank, we were not initially shortlisted by the German government for the privatisation of Deutsche Telekom – in other words, in the mid 1990s, Germany's largest bank was not seen as competent to handle one of Germany's most important capital market transactions at that time. For us, this was a call to arms.

- In the years that followed, we turned Deutsche Bank into a world-leading capital market player. We are the only bank to have led the four biggest IPOs of all time – three of which were in China.

- In September last year, the wheel came full circle. Deutsche Bank was chosen by the American government to lead the sale of the restructured insurance company AIG out of nationalisation – an important milestone on the road to post-crisis stabilisation and, at nearly $21 billion, the biggest ever transaction of its kind. This appointment was a remarkable honour for a non-American bank. It proves that, when we compete on a level regulatory playing field, Deutsche Bank can compete with the best in the world, anywhere in the world.

- And we have turned this global strength to the benefit of our German clients. Germany is the world export champion. German industry is profoundly globalised – and so must we be. For example: we advised and financed SAP in its acquisition of Ariba in the US; we advised BASF on its offer for the Norwegian Pharma company Pronova Biopharma; we helped Bosch Siemens Hausgeräte issue debt in China; and we helped Siemens arrange financing in Dubai.

- This is not only true of large multinationals. Many German *Mittelstand* companies also need a truly global bank. Take, for example, some *Mittelstand* clients I have visited recently. We served Gerresheimer with strategic advice and bond issuance; we helped Vorwerk mitigate foreign exchange risk and provided cash management and trade finance for their business across the Americas and Asia; and we help Siempelkamp with export and project finance, foreign exchange risk mitigation and strategic advice for their interests across the globe. Our goal is to help these clients anywhere in the world they need us.

Before handing over to Jürgen, a few words about the outlook for our core businesses.

The regulatory environment presents significant challenges, on three levels.

- First, the sheer volume of regulatory change which is being either implemented or proposed. No industry in recent history has had to face such wide-ranging regulatory changes, simultaneously and across all major jurisdictions, as the banking industry faces today.

- Second, significant uncertainties exist around if, and how, many of the proposals currently under consideration will be implemented.

- Third, it becomes increasingly difficult to operate on a global ‘level playing field’. In Europe, several proposals threaten the universal banking model. In fact, developments in the past six months underline the strength of integrated universal banking platforms which are capturing business from 2nd-tier players, some of whom have withdrawn from some businesses. This makes sense. Universal banks can offer clients a full range of services in a co-ordinated and cost-efficient manner. The integrated model enables us to serve our clients well. We remain convinced that German industry is well-served by a German bank which can offer a truly integrated, truly global service. Regulation which handicaps European banks hands a decisive advantage to our leading North American peers.

Despite substantial challenges in our business environment and the significant amount of reconfiguration underway, Deutsche Bank's underlying client franchise has proven very resilient. We made market share gains in key areas and revenues in core businesses have increased year-on-year in every business with the exception of PBC, where low interest rates and private investor sentiment had an impact.

Furthermore, we see positive signals in the business outlook. In the global economy we see some favorable trends continuing into 2013. Conditions in the Eurozone have stabilised since mid-2012. The U.S. 'fiscal cliff' is still a potential source of uncertainty, but other indicators in the U.S. economy are positive. Structural debt levels in mature economies are still high, and Asia will continue to contribute the bulk of the world's growth; but overall we foresee less turbulent conditions in 2013 than in the past two years.

Jürgen will now discuss our progress with clients and with cultural change**.**

(IV) Client-centricity

Back in September we reaffirmed our clear commitment to put clients at the centre of what we do. In 2012, we did exactly that. Our clients understand the value we deliver to them.

- <u>For our private and small business clients:</u> we helped 300,000 clients move into a new home, with €24 billion in new mortgage volume. In Germany we provided one-eighth of all new mortgage lending. Through Private and Business Clients, we helped 60,000 clients either start or build out their small businesses.

- <u>For corporate and institutional clients</u>: worldwide, we helped 180 companies gain access to the capital markets for the first time. We supported €56 billion of trade finance activity for companies which do business internationally. We provided secure access to the world's financial markets for 3,500 financial institutions from 33 countries around the world.

- <u>We have another very important responsibility: contributing to the functioning of the global economy</u>. Every day, we clear €1.3 trillion in daily payment volumes. Of all the foreign exchange trading conducted across the world, one-seventh is handled by Deutsche Bank. In Euro clearing, one Euro in every five is cleared through Deutsche Bank.

We have also strengthened our franchise in all key regions. In Germany, we have leveraged our ‘bank of choice’ status to reinforce leading positions in key areas, and committed an additional €10 billion of lending volume by 2015. *Euromoney* named us ‘Best Bank in Germany’ and *Focus Money* named us ‘Best Advisor for Retirement Provision’ in a poll of all German financial institutions. In Europe ex-Germany, the Middle East and Africa, focused support of leading corporate and institutions has also been recognised in a number of accolades. In the very important U.S. market, our franchise achievements are without precedent for any non-U.S. bank. In Asia-Pacific, we have also focused our investments on strengthening our position with investment banking and local transaction banking clients, while simultaneously growing our wealth management franchise.

Our commitment to our home market, Germany, also remains a cornerstone of our vision and strategy.

- We serve 24 million clients in Germany, through some 1,900 locations, with 46,000 staff. In all four of our core divisions, we have an undisputed number 1 position.

- Our investment in Germany is also very considerable. Since 2006 – despite some very difficult economic conditions – we have invested over €8 billion into the acquisition of Postbank, Sal Oppenheim, Berliner Bank and norisbank. We have expanded our Risk Service Centre in Berlin, adding 250 employees last year.

- Our commitment to Germany goes beyond business. Since the financial crisis, we never withdrew from our social and community spending. Last year we committed a total of (€35m) to citizenship, charitable and social activities in Germany, and over the past five years the total approached €200 million. We and our Postbank colleagues sponsored 2,000 apprentices during the year. And some 7,600 Deutsche Bank staff – one in four of our German colleagues - gave their time as volunteers on citizenship projects.

(V) Turning finally to the topic of cultural change

During our 100-day strategy review we consulted intensely with all our stakeholders. Their message was clear: cultural change was an imperative. We stated in September that our biggest challenge of all is to **place Deutsche Bank at the forefront of cultural change**. That belief has been borne out by events since then. We have had to address significant consequences of issues arising in the past few years, including LIBOR and carbon trading. Undoubtedly, we will need to deal with further developments in these and other issues during 2013.

Since September, we have delivered on three priorities:

- First, we have reconfigured and continue to implement sustainable and responsible compensation practices;

- Second, we have continued to strengthen our control environment;

- And third, we have laid the foundations for longer-term culture change at Deutsche Bank. In September we were under no illusions – this must be a multi-year commitment. However, we were in absolutely no doubt: we must start at once. We're convinced that the right culture, and values which are aligned with all our stakeholders, is essential to the success of our business.

Turning first to work to overhaul our compensation practices:

- Our Compensation Panel, chaired by Jürgen Hambrecht, was formed in the autumn. Its recommendations already played a part in the 2012 year-end compensation process. And we have already made significant changes. We have reduced bonuses as a proportion of revenues to around half what they were pre-crisis. We have extended deferrals for our most senior leaders to 5 years – more closely aligning their rewards with long-term success. We have eliminated multi-year bonus guarantees. We have increased transparency on compensation. And we have reduced the burden on future earnings from deferred bonuses. Based on the latest recommendations from the panel we have two further initiatives ongoing – to integrate our cultural priorities, and the risk management function, more closely into the compensation process; and to achieve a proper alignment of reward as between employees, retained earnings, and investors.

- The impact of our work has already influenced the balance of reward between our different stakeholders. The variable compensation ratio, which was over 20% pre-crisis, is now below 10%. And in absolute terms, variable compensation has come down by 11% between 2011 and 2012, and in 2012, as recommended by the Compensation Panel, we reduced our deferral rate from 61% to 47%, thus reducing the financial burden on future years' earnings.

Secondly, we have continued to tighten our control environment. This significantly reduces the scope for unacceptable behaviour: our framework of internal controls is very different from what it was pre-crisis. Our goal is to transform our risk culture – ensuring that the Bank's reputation is at the heart of our decision-making.

- We have very substantially strengthened the control culture in our business lines – our 'first line' of defence. We have massively increased our mandatory compliance training. This year we are rolling out mandatory Business Conduct and Ethics training for all employees. Our control environment is not just the responsibility of our Compliance department. It is the responsibility of every manager and every employee at Deutsche Bank.

- We have also significantly developed our systems and processes. We have tightened our client adoption procedures. We have expanded our new product approval processes. We have strengthened our Reputational Risk Committees. We have bolstered our defences against 'rogue traders' by installing a Trade Detection Testing program, which tests the resilience of our control environment against potentially problematic trades. During the third quarter last year we created an independent Benchmark Submission Oversight function within Market Risk Management. This body commenced oversight of Deutsche Bank's LIBOR submissions in September.

- But good systems and procedures must be followed and enforced. We have significantly strengthened our 'red flag' monitoring system which reports any breaches of compliance requirements in specific areas. We have also integrated the results of our monitoring into our governance and reporting structures.

- We make sure there are consequences for any staff member who does not respect our control environment. The results of our monitoring are now bound in to the promotion process and year-end bonus-setting process. By the end of the 4th quarter, 'red flag' incidents in CB&S and GTB had fallen by nearly 50% versus end-2011.

- Does this mean we have eliminated the risk? No, it doesn't. Some deliberate, calculated abuse by individuals is always a risk, in every large organisation. But by constantly tightening our control environment, we are striving to lock in improvements which reduce scope for the problems of recent years, whose aftermath we're now dealing with.

Finally, let me turn to longer-term measures: laying the foundation for deep cultural change.

Cultural change is much broader than compensation or controls. We have also laid the foundations for deep behavioural change across the organisation. Immediately after concluding our strategy review, we conducted the most comprehensive dialogue in recent years – we gathered feedback from more than 52,000 employees. The results were followed by intense discussion with our leadership group in November.

As a result, we launched three specific areas of focus, each led by Board/GEC members. First: behaving with the highest standards of integrity in all aspects of our engagement with clients. Second: reinforcing operational discipline in our use of the bank's resources. And third: collaborating across functions to create a true 'one-bank' culture.

We have also redesigned our Group performance standards around our cultural priorities, and these will form the basis for setting the objectives of each & every employee for 2013.

We are determined to bring about deep cultural change at Deutsche Bank. That is what clients, society, and investors demand. Our values are clear. We believe in fundamental integrity of dealing; in furthering the interests of our clients; in building a long-term, sustainable franchise; in disciplined use of scarce resources; and in working as a true team. Those values are locked into the way we manage, train, pay and promote our people more closely than ever before.

So as an employer, our message is simple. We cannot compromise. If you cannot commit yourself to those values without reservation, Deutsche Bank is not the place for you. Do not come to work with us. Or, if you work for us and you cannot respect these values: leave.

So Ladies and Gentlemen, let me conclude.

This is the most comprehensive reconfiguration of Deutsche Bank in recent times. We reconfigured our divisional structure, launched our most ambitious cost control program ever, and set Deutsche Bank on course for fundamental cultural change. Despite the burden of this reconfiguration, our client franchise and operating results have remained robust. This enables us to take deliberate but tough decisions on the platform we inherited. These decisions had a substantial financial impact on our results in the fourth quarter; but our priority is to position Deutsche Bank for the future.

We are confident that the strategic direction we have taken is right. We re-affirm our vision, to be the leading client-centric global universal bank.

We are under no illusions. The journey will take years, not months. But feedback from our clients and employees is both clear and encouraging. As a management team, we are united in our determination to continue on the uncomfortable path of change.

Now let me hand over to Stefan Krause who will discuss some key aspects of our financial results.