



# Global Markets

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Head of Global Markets

Investor Day  
Frankfurt, 15 December 2009

A Passion to Perform.

**Deutsche Bank**



## 2009: A remarkable transition

### Significant recalibration of operating model

- **Equities:** Shift from proprietary trading and retail product focus to improved position in cash, prime brokerage and institutional derivatives
- **Credit:** Originate to distribute and illiquid business replaced by client solutions and flow trading
- **Dedicated prop:** Focus on liquid strategies with lower resource utilisation
- **Continued investment** in commodities, Rates, FX and emerging markets

### Reduction in resource utilisation

- 50% reduction in balance sheet
  - 19% reduction in RWA
  - 31% reduction in headcount
- } From peak levels

### Change in risk management approach

- 55% reduction in constant input VaR
  - 34% reduction in Level 3 assets
  - Significant tail risk truncation
- } From peak levels

### Enhanced market shares

- #1 FX for fifth consecutive year
- #2 Global Fixed Income
- #1 Prime Broker
- Improved position in US Fixed Income, US Equities, commodities

### Record revenues and improved efficiency

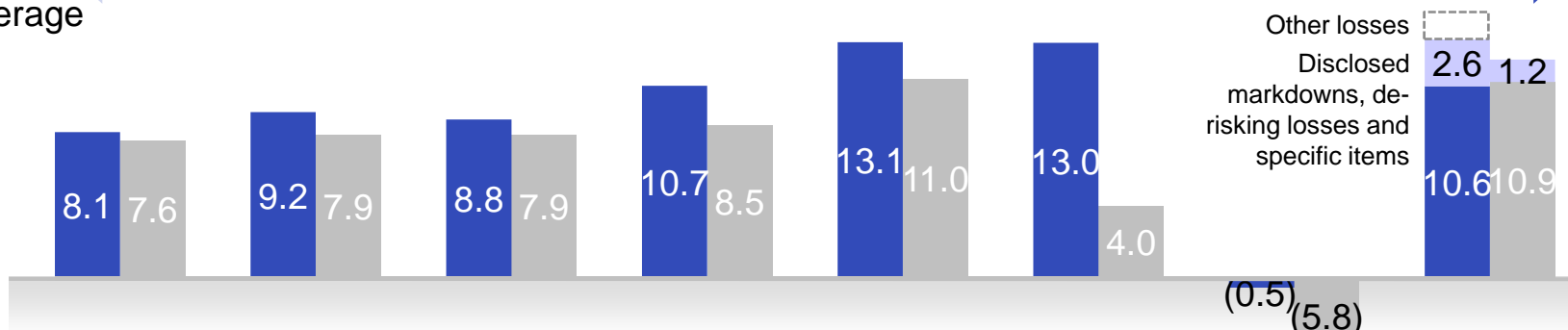
- Record 9M2009 Sales & Trading revenues
- Reduced cost / income ratio, higher RoA, higher RoE

# At a point where a differentiated strategy is less important than superior execution, our track record speaks for itself

S&T revenues<sup>(1)</sup>, in EUR bn

← DB's aggregate out-performance (2002-9M2009)<sup>(2)</sup> EUR 21 bn →

■ Peer average  
■ DB



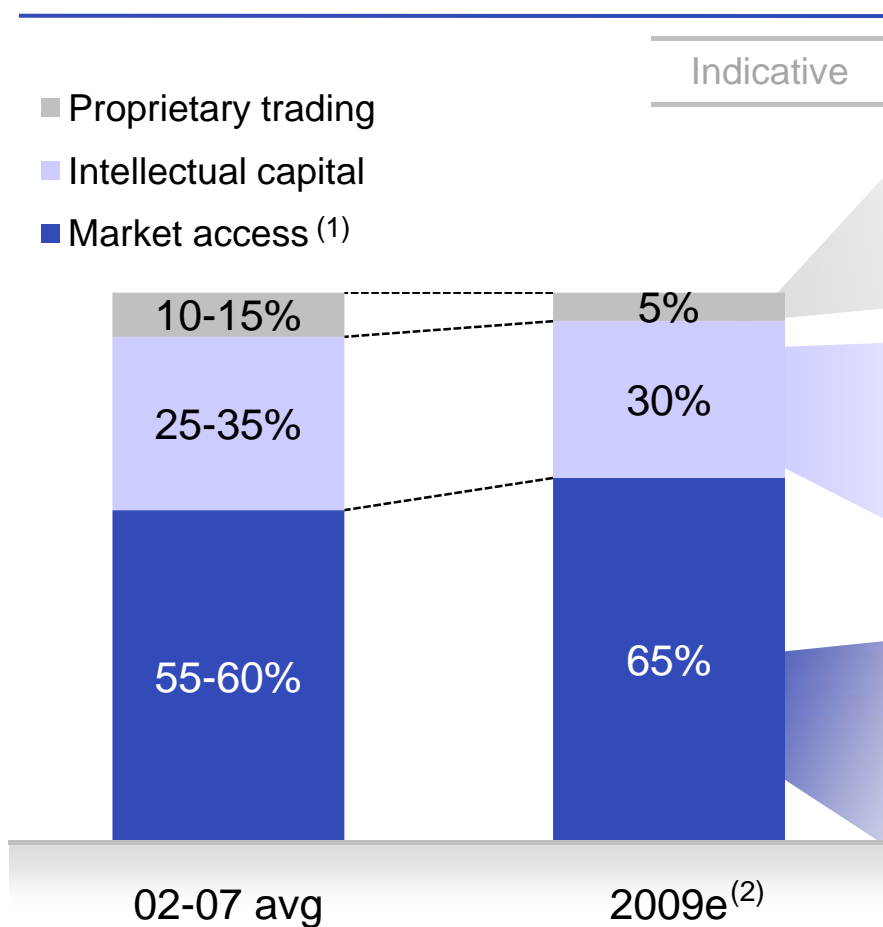
	2002	2003	2004	2005	2006	2007	2008	9M2009
<b>Volatility</b>	↑	↓	↓	→	→	↑	↑↑	↓
<b>Credit spreads</b>	↑	↑	→	→	↓	↑	↑↑	↓
<b>Issuance</b>	↓	↑	→	→	↑	→	↓	↑↑
<b>Equity markets</b>	↓	↑	→	→	↑	→	↓	↑
<b>Yield curve</b>	→	→	↓	↓	→	↑	↑	↑↑

→ no change  
↓ flattening  
↑ steepening

(1) S&T revenues differ from Global Markets revenues due to some revenue reallocation between GM and GB  
 Note: 2002 – 2005 based on U.S. GAAP, 2006 onwards based on IFRS; 2002 based on structure as of 2005, 2003 – 2005 based on structure as of 2006, 2006 based on latest structure (2) Out-performance over time does not adjust for any write-downs  
 Source: Publicly reported information, peers include BoA, ML, Citi, CS, GS, JPM, MS and UBS  
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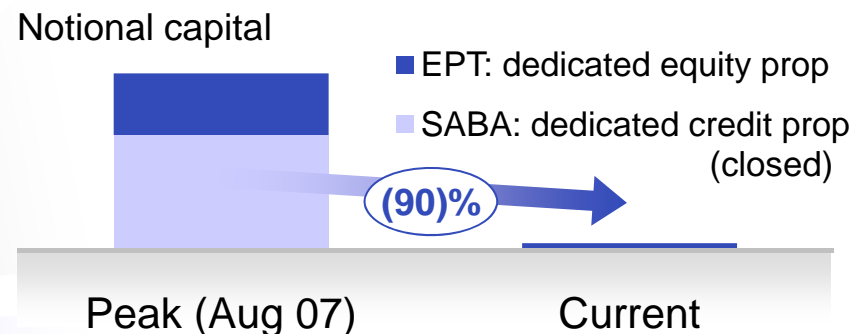
# 2009: A successful recalibration of our model

## Recalibration, not revolution



(1) Includes non-customised derivatives  
 (2) Before all markdowns and significant losses  
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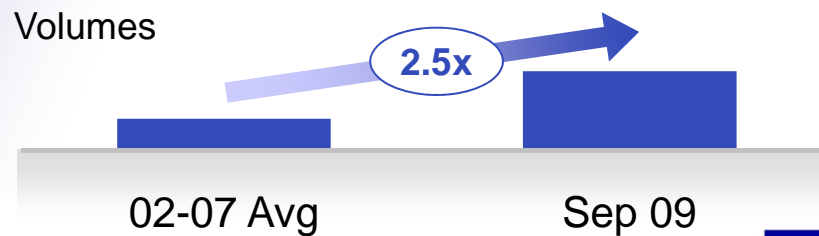
## Reduced capital in prop trading



## Shift in intellectual capital

- Replaced securitisation and illiquid products with client solutions
- Significant reduction of tail risk

## Benefited from investment in capacity

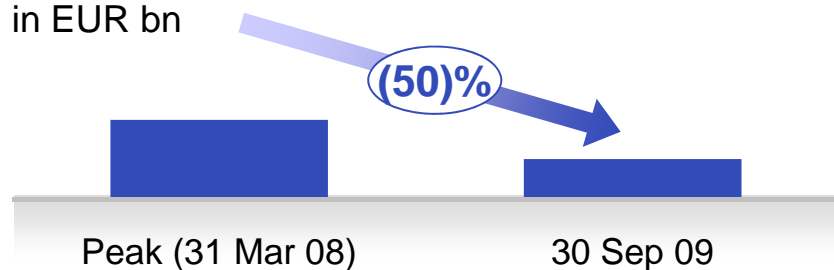


# We have dramatically reduced our usage of balance sheet and other scarce resources ...

## Global Markets

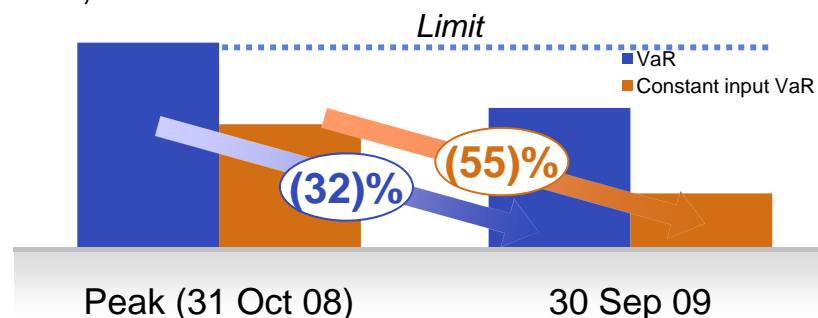
### Deleveraged aggressively

US GAAP 'pro-forma' total assets<sup>(1)</sup>,  
in EUR bn



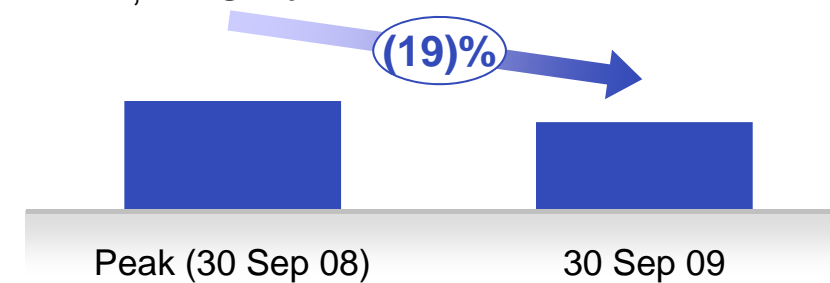
### Reduced trading risk

VaR, in EUR m



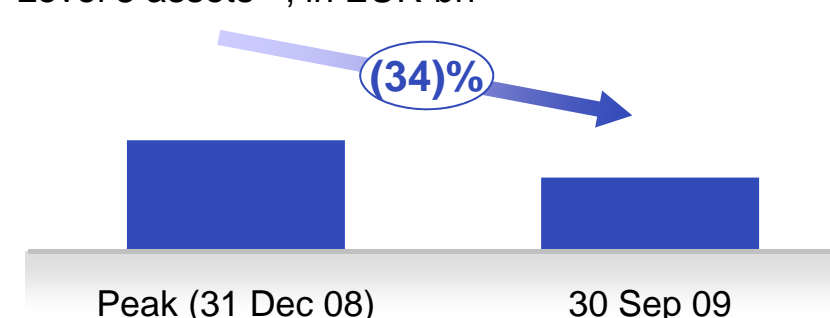
### Reduced RWA

RWA<sup>(2)</sup>, in EUR bn



### Reduced Level 3 assets

Level 3 assets<sup>(3)</sup>, in EUR bn



(1) As of 30 Sep 2009, US GAAP pro-forma total assets in Global Markets represented 70-80% of the comparable figure in CIB (EUR 742 bn). The reduction of these assets vs. 31 March 2008 was 40% in CIB. (2) As of 30 Sep 2009, RWA in Global Markets represented 55-65% of RWA in CB&S (EUR 202 bn). The RWA reduction vs. 30 Sep 2008 was 16% in CB&S. (3) As of 30 Sep 2009, level 3 assets in Global Markets represented 80-90% of such assets in Deutsche Bank Group (EUR 60 bn). The reduction vs. 31 Dec 2008 was 32% in the Group.  
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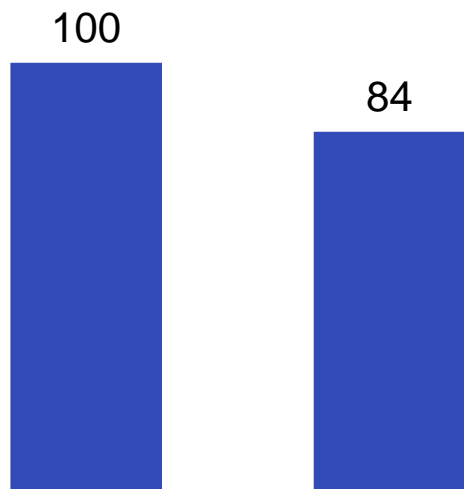


# ... while improving or maintaining our overall business efficiency

## Global Markets

### Non-bonus cost / revenues

Indexed (06-07 avg = 100)



06-07 avg      Jan-Sep 2009

### Return on Assets<sup>(1)</sup>

132 bps

256 bps

06-07 avg      Jan-Sep 2009  
annualised<sup>(2)</sup>

### Average active equity

Indexed (06-07 avg = 100)

100

115

06-07 avg      Jan-Sep 2009<sup>(3)</sup>

>25%  
pre-tax RoE

(1) RoA calculated as reported revenues divided by total US GAAP pro-forma assets and includes write-downs and other losses

(2) Annualised figures do not constitute estimates of the actual full-year results

(3) For 9M2009, 60-70% of the average active equity in CB&S was allocated to Global Markets

# An enviably diversified platform

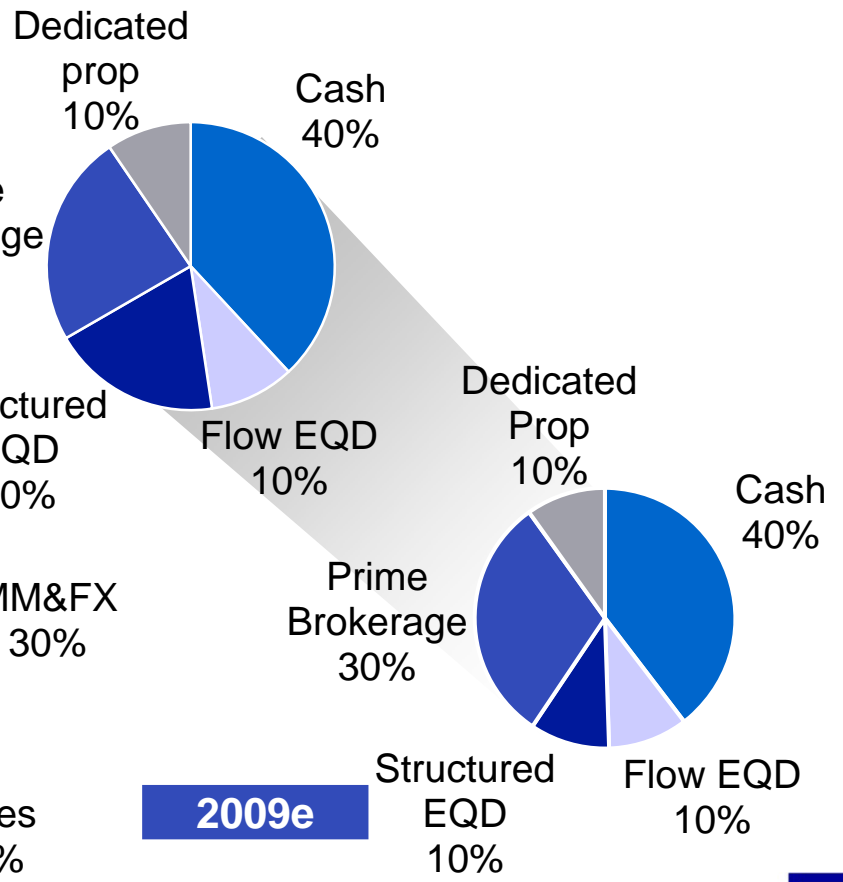
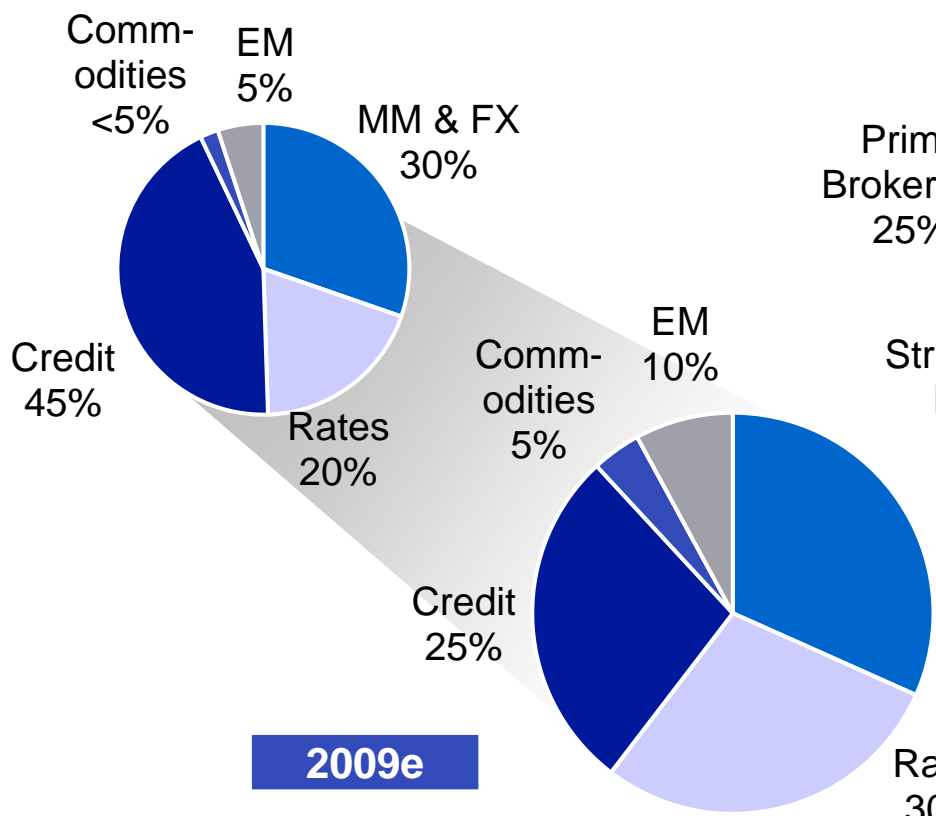
Global Markets revenues by business area<sup>(1)</sup>

## Fixed Income

## Equities

2007

2007

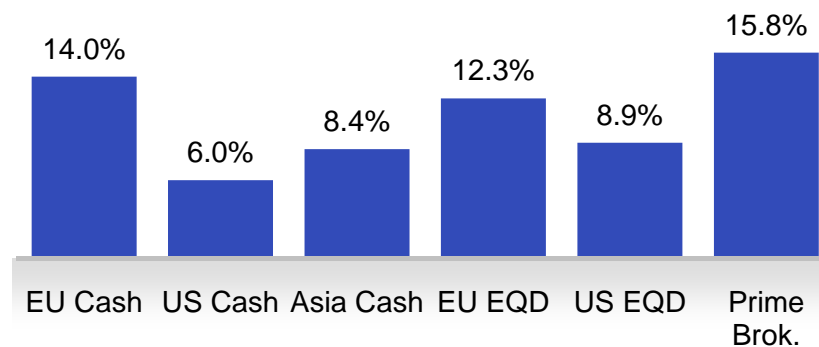
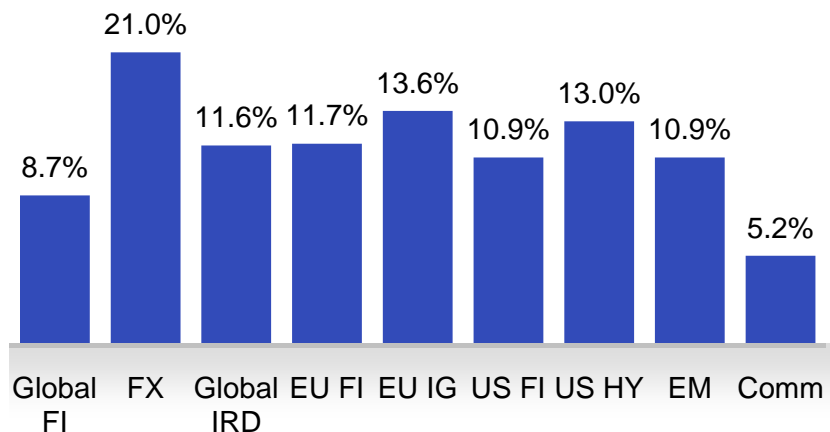
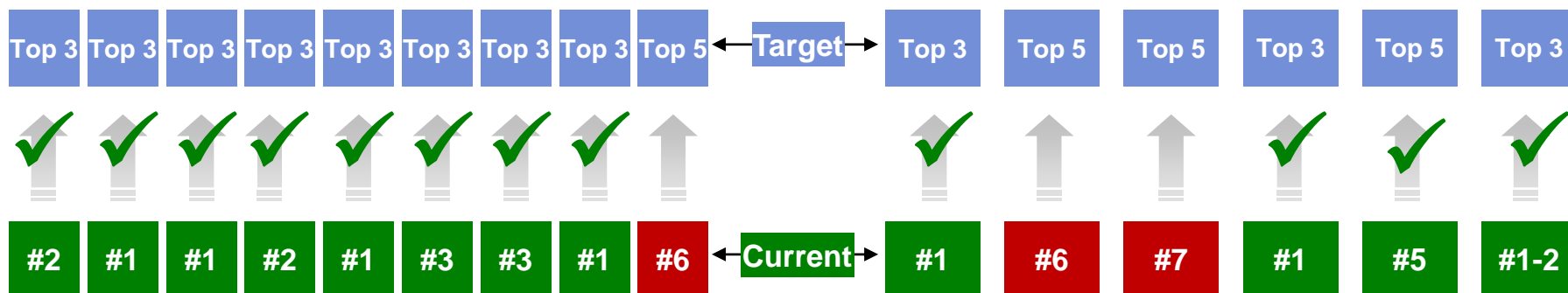


(1) Before all markdowns and significant losses  
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# Our breadth of industry leading positions is unique amongst our peers; we are targeting the few gaps that remain

## Leading fixed income player

## Targeting Top 3 or Top 5 in global equities



Note: FI = Fixed Income, IRD = Interest Rate Derivatives, IG = Investment Grade, HY = High Yield, EM = Emerging Markets, EQD = Equity Derivatives; % figures represent client market shares unless stated below; commodities and prime brokerage show revenue market share of top 9 players only; equity derivatives numbers represent equity swaps  
Source: Greenwich Associates, Coalition Development, Euromoney, Bloomberg  
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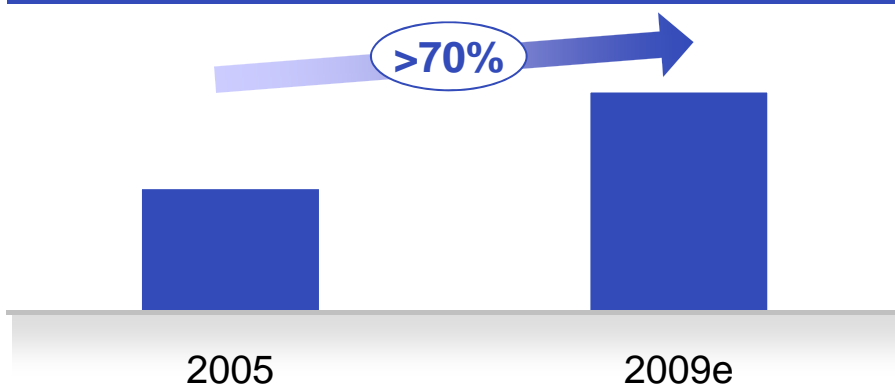


# Opportunities: We have a strong position in Asia but there is more room for growth

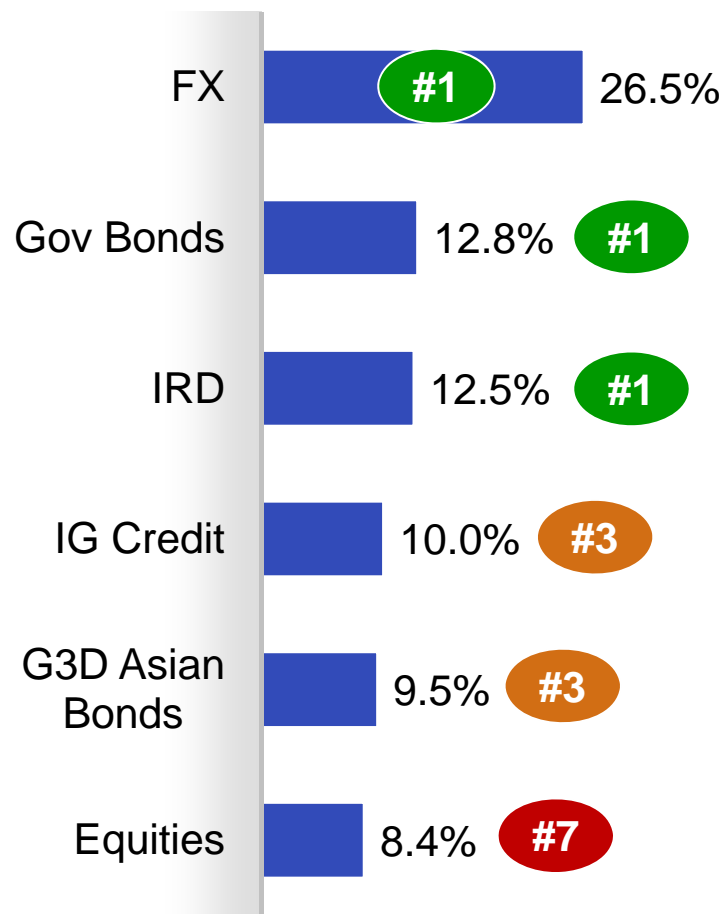
Global Markets Asia locations



Global Markets Asia revenues



Asia ex Japan market share

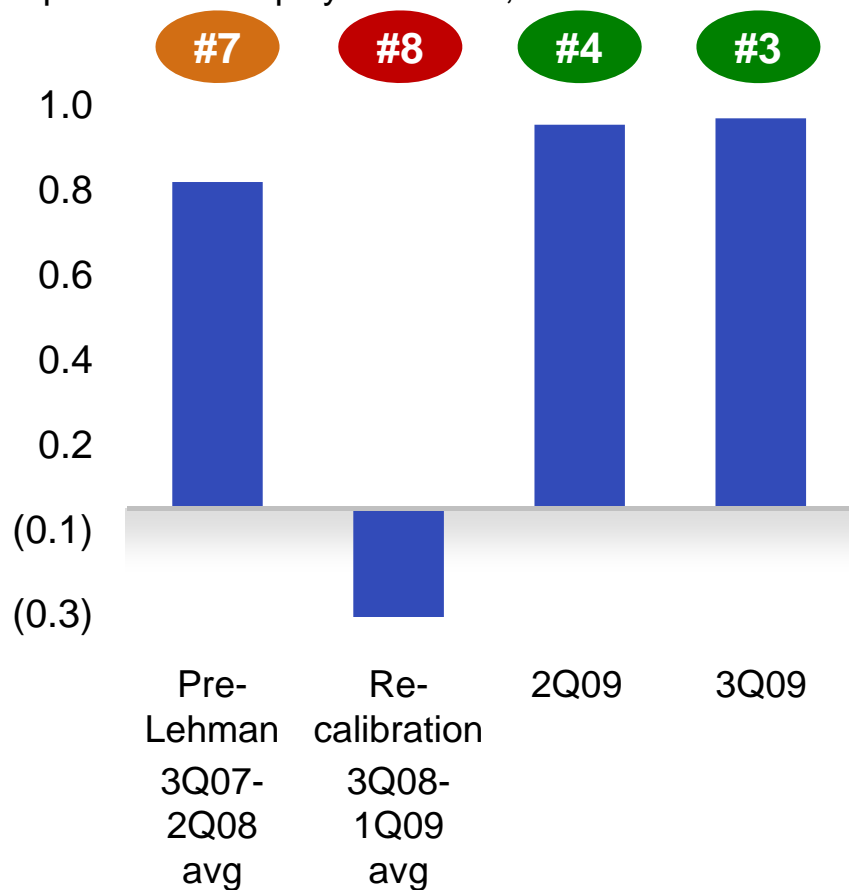


Source: McKinsey, Global Markets analysis, Euromoney, Greenwich Associates  
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# Opportunities: Our recalibrated equities platform is producing the desired results

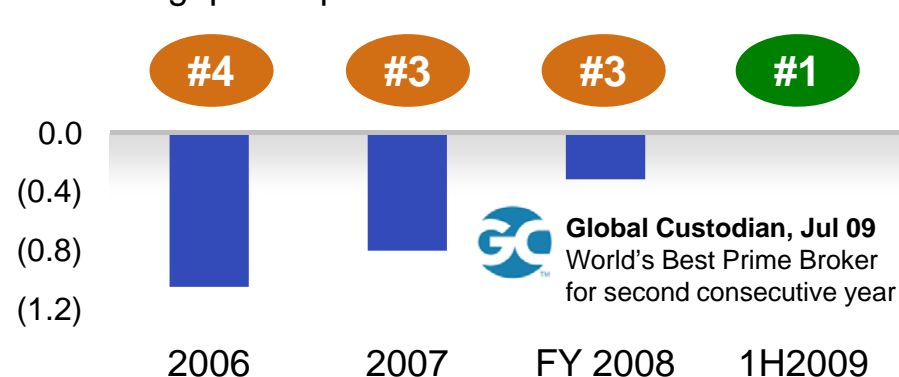
## Improved position in Equity S&T

Reported S&T equity revenues, in EUR bn



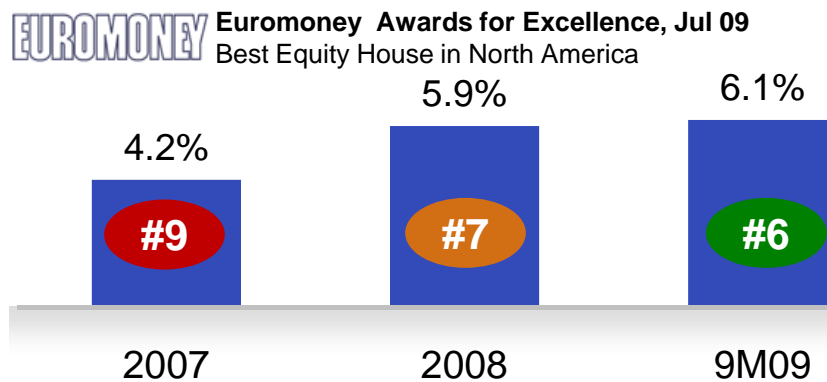
## #1 in Prime Brokerage

Revenue gap to Top 3 firms in EUR bn



## Improved US cash equities

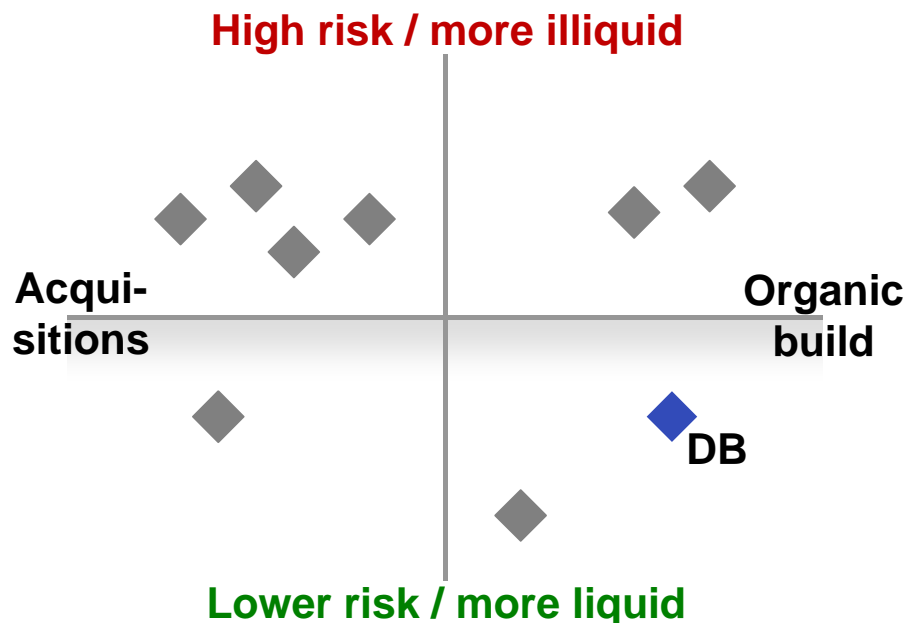
Cash equities market share



Source: Coalition Development, Bloomberg, company reports  
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# Opportunities: A differentiated and diverse business model in commodities, with strong growth momentum

## Differentiated business model

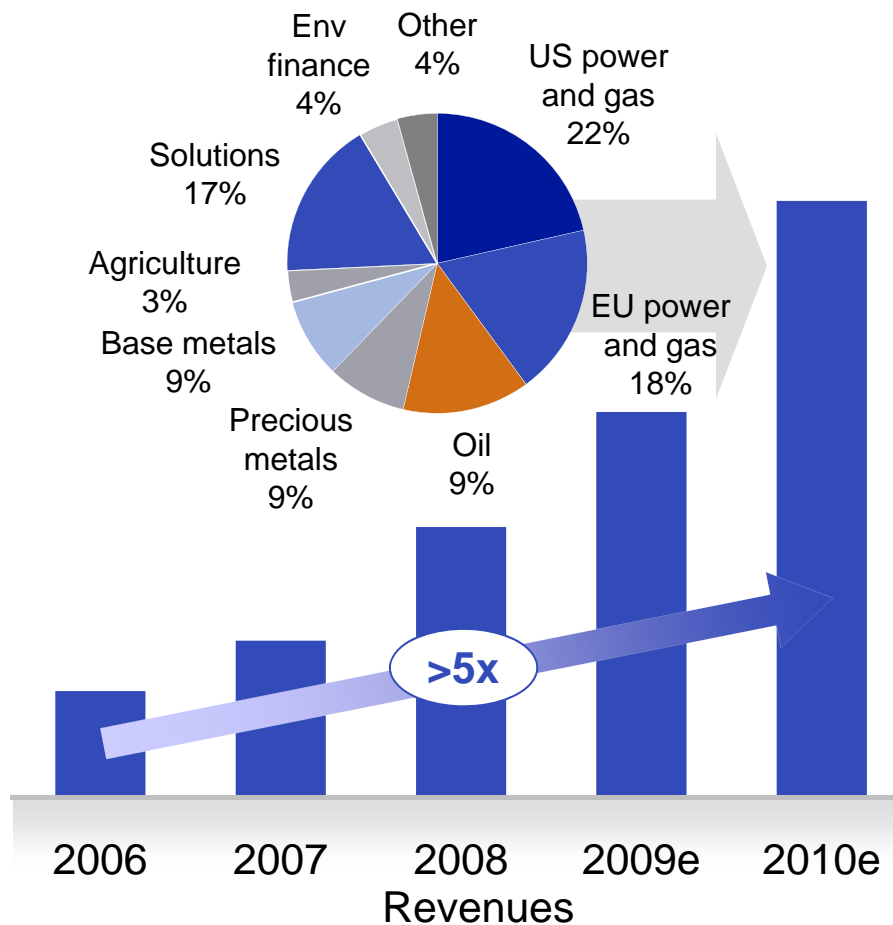


**Energy Risk, Jun 09**  
 ■ House of the Year – Base Metals  
 ■ House of the Year – Natural Gas US



**Risk Magazine, Apr 09**  
 ■ No.3 in Commodities, Global

## Growth and diversification



# Opportunities: Our market leading FX / MM / Rates franchise will continue to generate superior returns

## Foreign Exchange

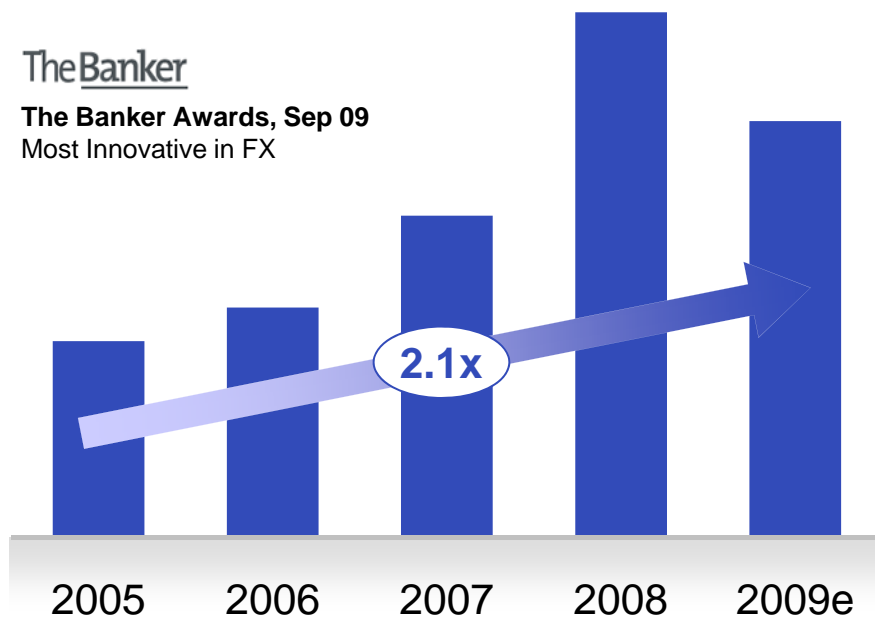
Market share and rank



Indexed revenues (2005 = 100)

The Banker

The Banker Awards, Sep 09  
Most Innovative in FX



## Rates

Market share and rank

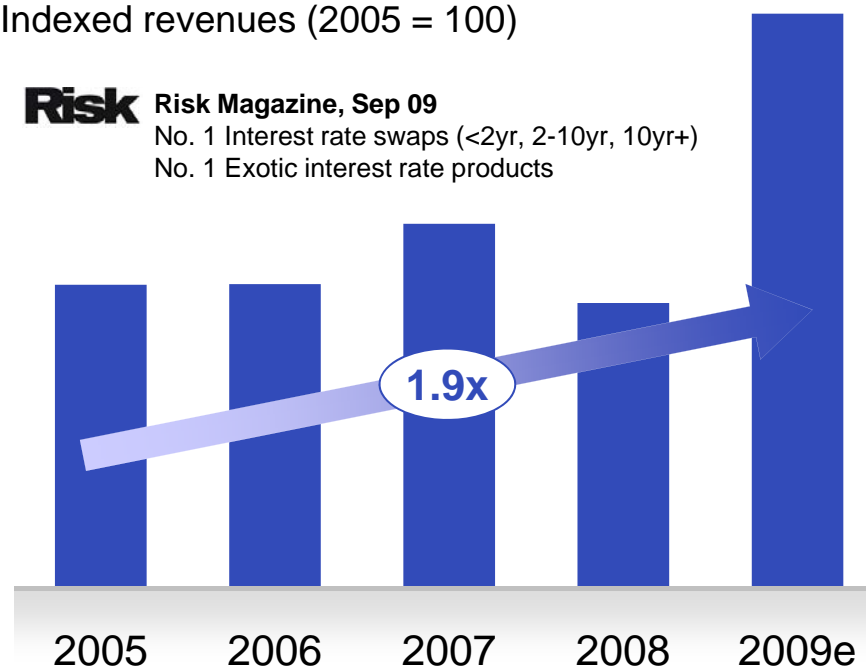


Indexed revenues (2005 = 100)

**Risk**

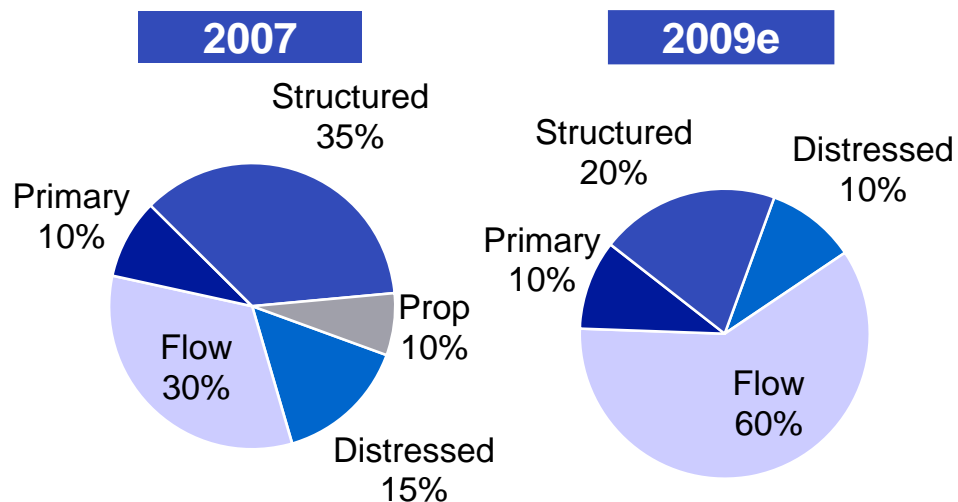
Risk Magazine, Sep 09

No. 1 Interest rate swaps (<2yr, 2-10yr, 10yr+)  
No. 1 Exotic interest rate products



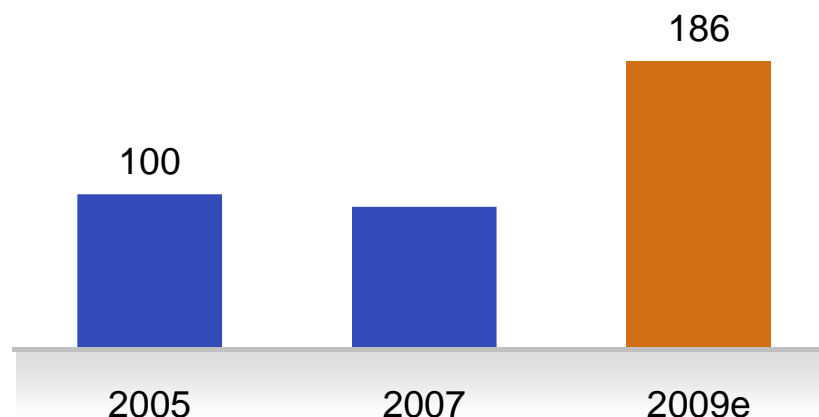
# Opportunities: We have recalibrated credit trading and continue to dominate in emerging markets

Credit revenues<sup>(1)</sup>



EM debt revenues

Indexed (2005 = 100)



**Life & Pensions, Insurance Ranking Survey, Oct 09**

No.1 Advisory and Execution - Capital Funding & Securitisation  
No.1 Advisory and Execution - Credit Risk



**Credit Magazine, Jul 09**

Best Bank for Covered Bonds, Distressed Debt and Euro bonds



**Euromoney, Jul 09**

Best at Risk Management in CEMA and Middle East  
Best Debt House in CEMA



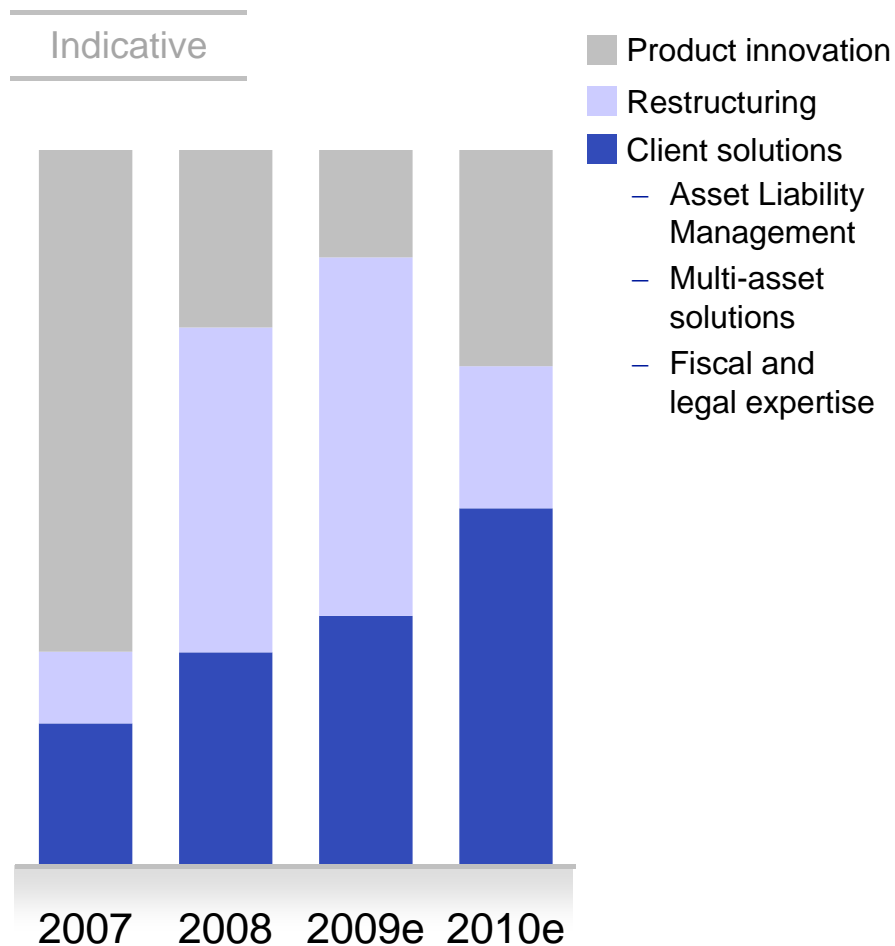
**Risk Magazine, Jan 09**

Islamic Derivatives House of the Year

(1) Excluding writedowns on legacy assets in both 2007 and 2009e  
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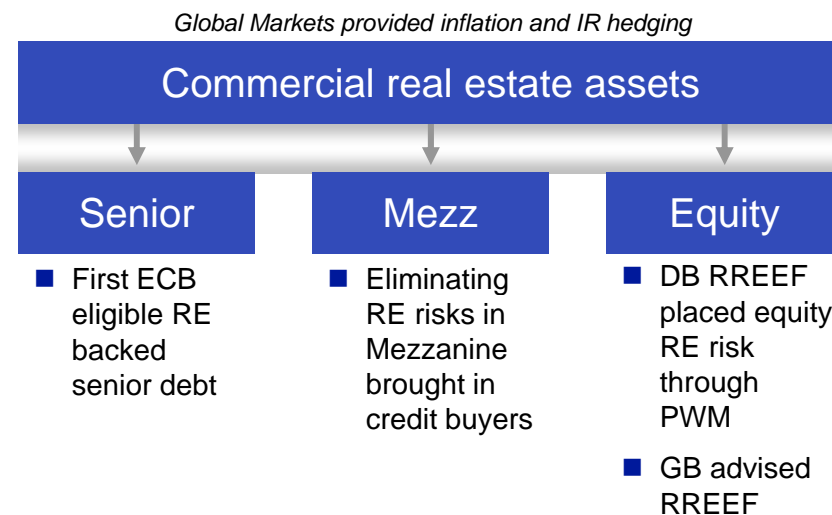
# Opportunities: World class structuring platform ensures that our intellectual capital receives a high dividend

## Composition of structuring revenues



## Client example

- Major retail bank needed to sell real estate assets to generate ~EUR 1 bn Tier 1 capital
- CMBS market closed, no real estate buyers
- Global Markets re-structured the risk to make it more attractive to potential buyers
- Deutsche Bank co-operation: Global Markets, Global Banking and RREEF involved

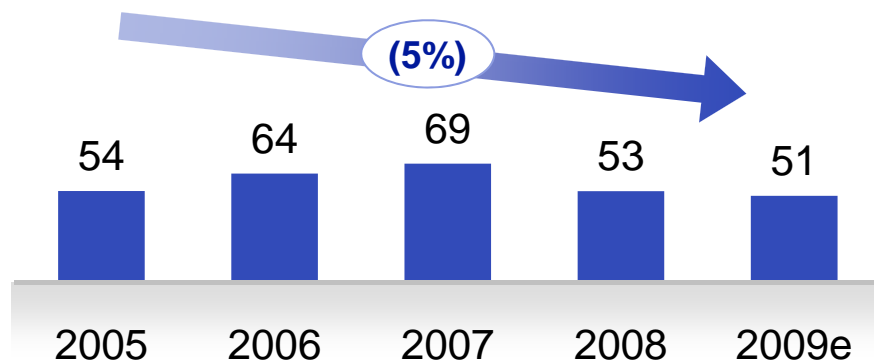




# Opportunities: Rapidly growing ETF business – now the #5 global manager, surpassing much older firms

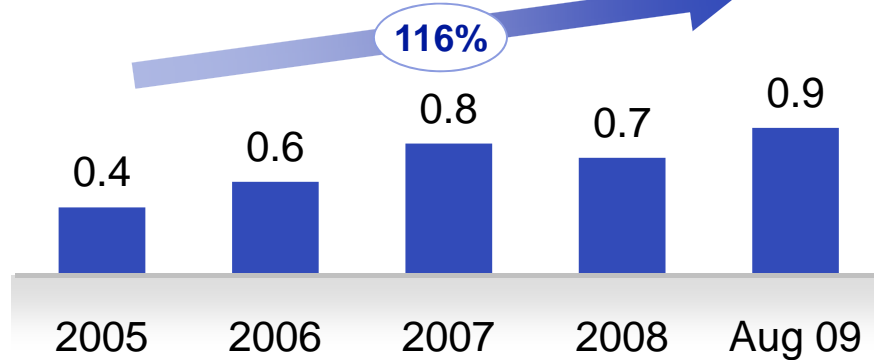
## Asset management industry

AuM in USD tn



## ETF industry

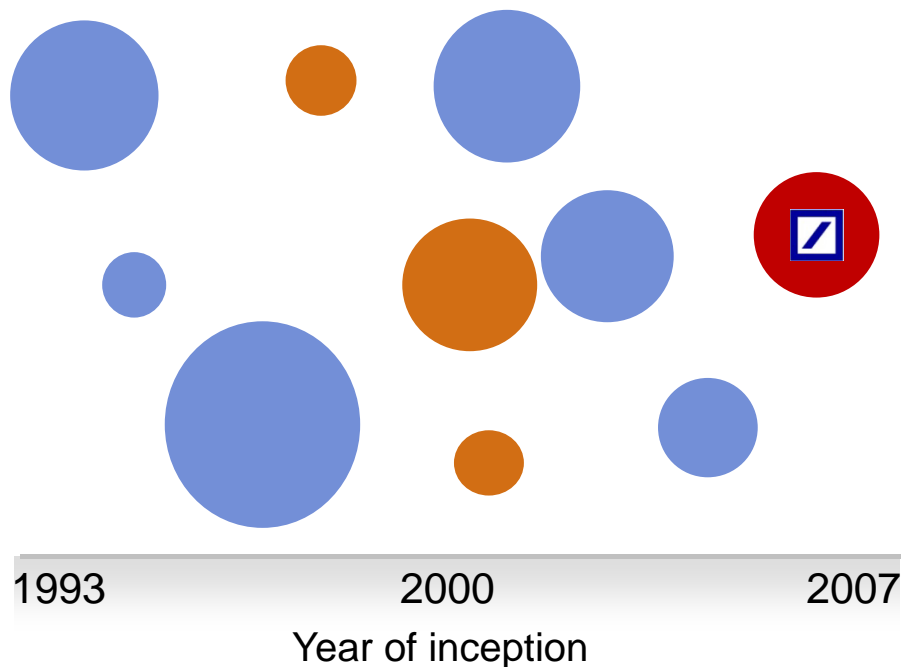
AuM in USD tn



## Fast growth despite recent inception

Top ETF managers

Bubbles represent size of AuM



- Owned by an investment bank
- Owned by an asset manager

Source: Watson Wyatt survey 2009, ETF Industry Review by BGI  
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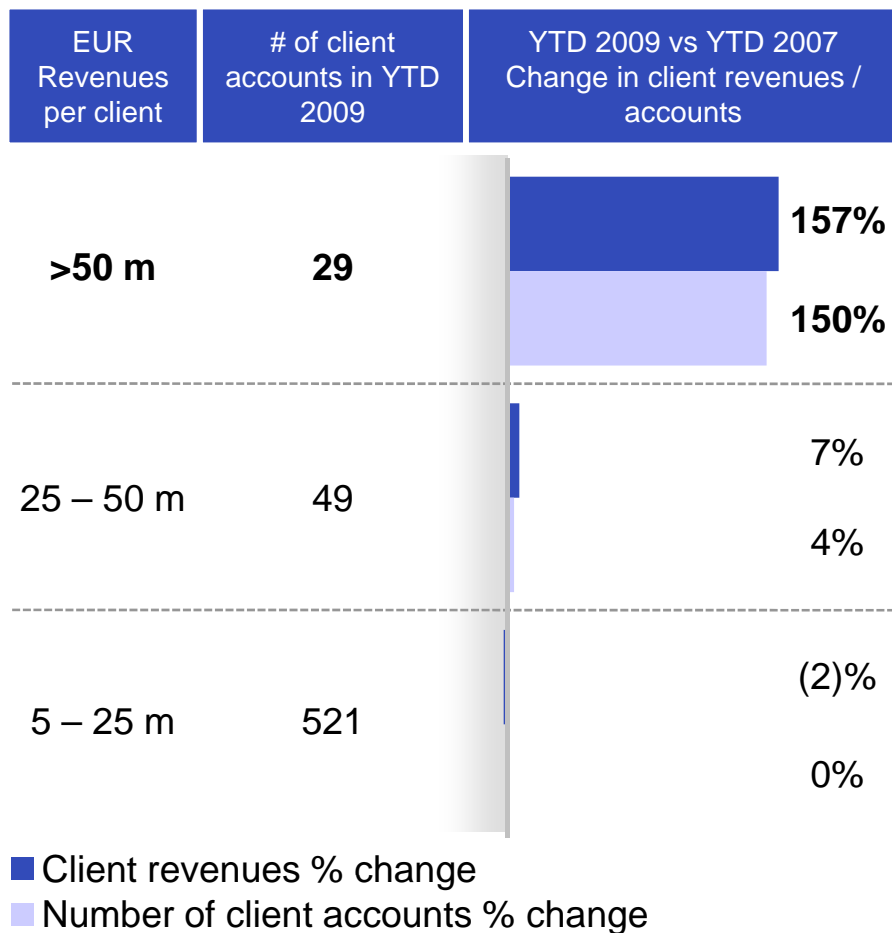


## Opportunities: Investing to strengthen our platform

<b>Equities</b>	<ul style="list-style-type: none"><li>■ Investment in cash equities and prime brokerage in North America and Asia</li><li>■ Buildout of our listed / flow equity derivatives platform</li></ul>
<b>Commodities</b>	<ul style="list-style-type: none"><li>■ Product and regional buildout including physical oil, Eastern European power and gas and metals in Asia</li><li>■ Invest in core risk management capabilities to support product build</li></ul>
<b>Direct Market Access / Algorithmic trading</b>	<ul style="list-style-type: none"><li>■ Develop a world class electronic cash equities trading product across existing and new clients – targeting top 5 electronic trading revenues within 2 years</li><li>■ Rates / FX investment to maintain our market leading electronic trading position and protect market share</li></ul>
<b>Clearing</b>	<ul style="list-style-type: none"><li>■ Develop self-clearing and client clearing infrastructure in all OTC derivative asset classes, with cross-product offerings and collateral netting</li><li>■ Refresh the futures clearing technology platform as an integral part of DB's F&amp;O strategy</li></ul>

# Opportunities: We have created a diverse portfolio of highly profitable and consistent client relationships

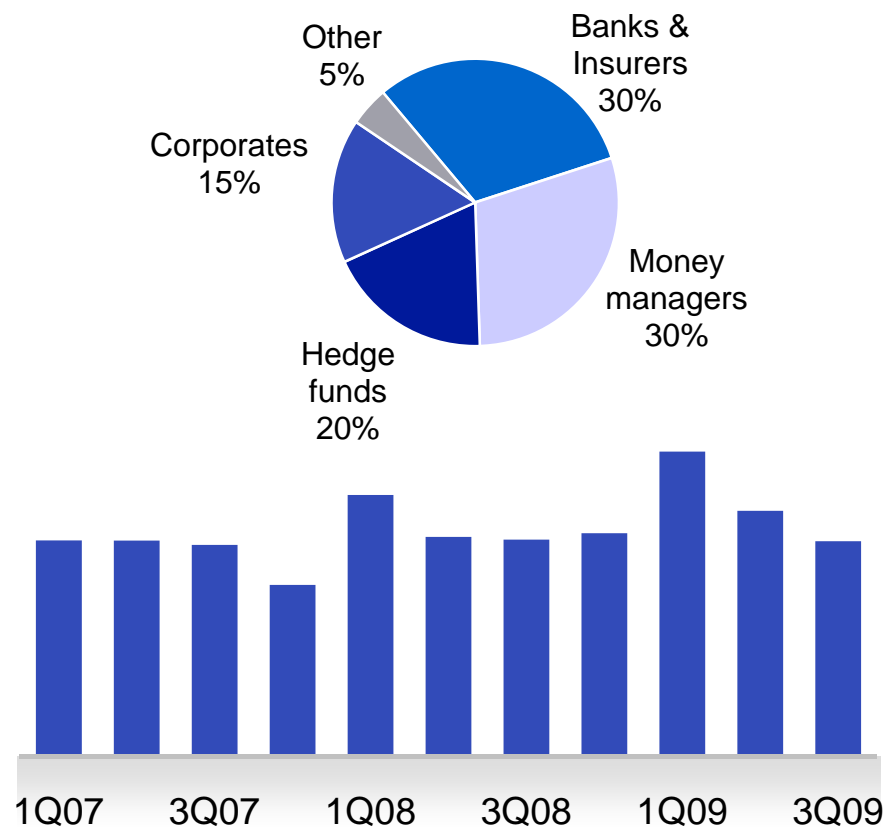
## Growing relationships with largest clients



Note: YTD refers to period from January to early December  
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## Stable client revenues

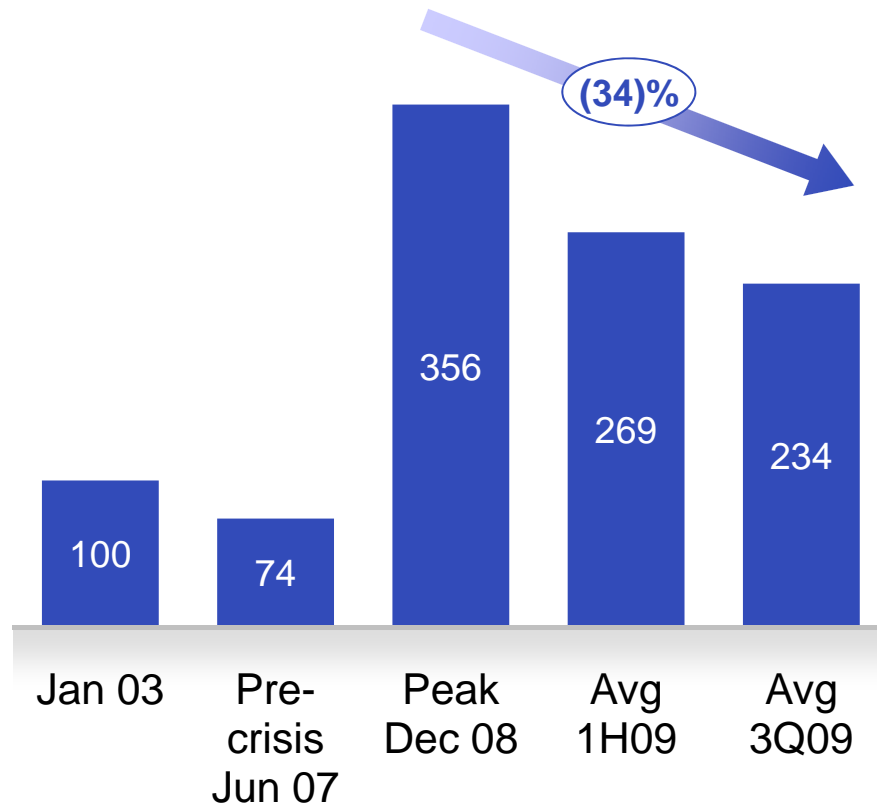
Breakdown of YTD revenues



## Challenge: Margins and volumes are normalising

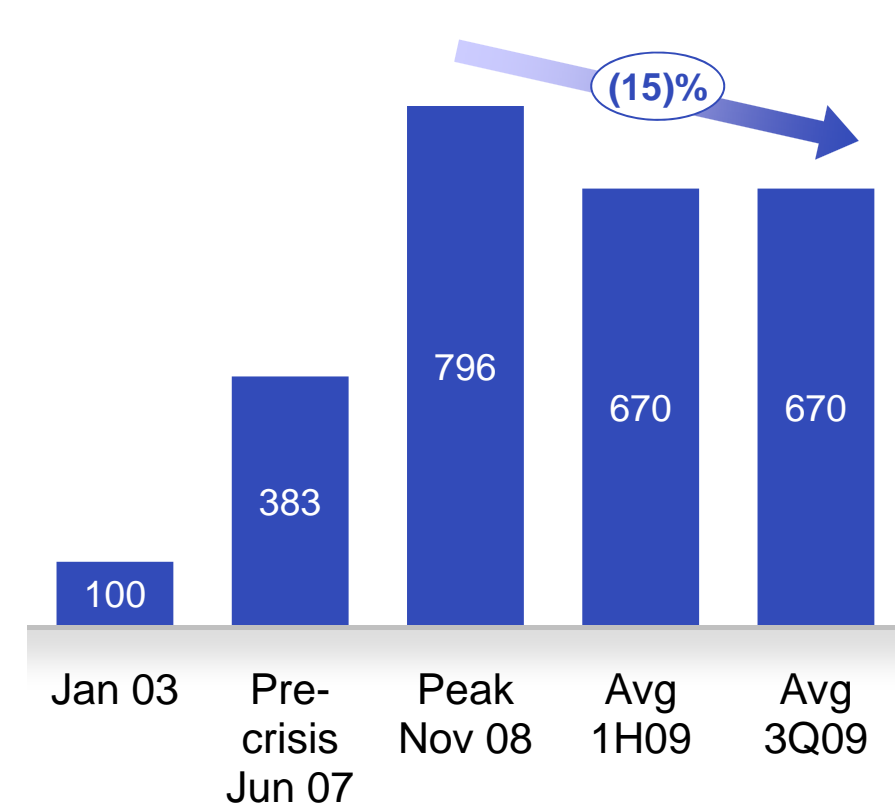
### Margins

Global Markets margin index



### Volumes

Global Markets volume index



Note: The margin and volume indices include indexed bid-offer spreads and volumes respectively across cash equities, credit, FX and rates; these are weighted according to their relative contribution to Global Markets revenues; daily averages are used for margins and monthly averages are used for volumes; the indices are meant to be indicative only

Source: Bloomberg, Global Markets analysis

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## Challenge: Derivatives regulation could bring significant change to the investment banking landscape

### Challenges

Margin compression

Some customised products likely to become uneconomic due to higher capital requirements

Cost of new infrastructure

### Opportunities

Higher traded volumes due to reduced frictional costs

Significant new product offerings (e.g. cross-product margining)

New client segments attracted by higher liquidity and client clearing

Balance sheet and revenue benefits of CSA<sup>(1)</sup> rollout (e.g. central banks)

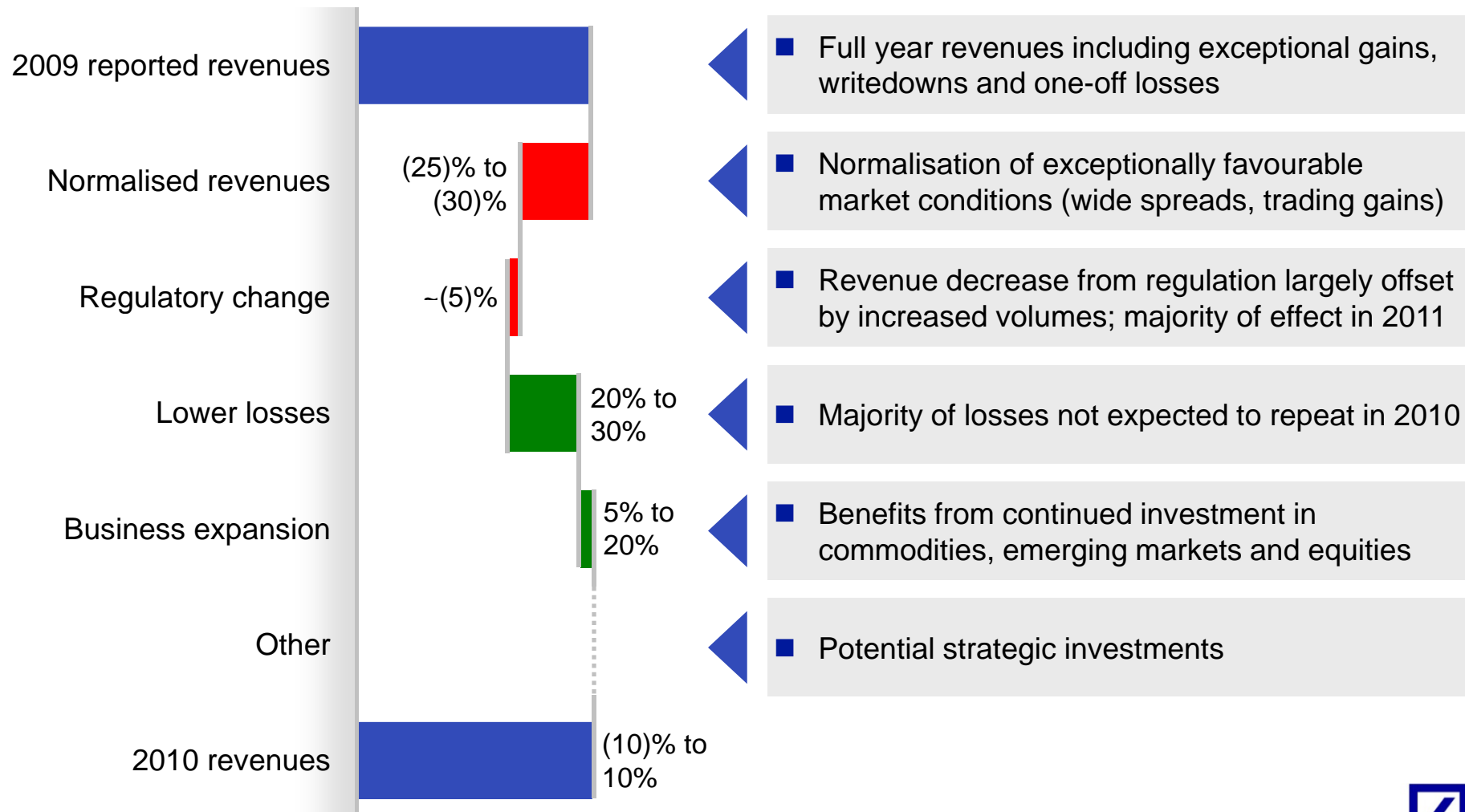
Few competitors able to provide clearing services to all clients/markets

DB likely to gain share due to leading position in electronic fixed income

(1) CSA or Credit Support Annex is a legal document which regulates credit support (collateral) for derivative transactions  
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## 2010: Normalisation offset by growth opportunities and lower losses

Deutsche Bank estimates for Global Markets





## Phase 4: IBIT potential

in EUR bn

	Phase 4 potential 2011
<b>Corporate Banking &amp; Securities</b>	<b>6.3</b>
<b>Global Transaction Banking</b>	<b>1.3</b>
<b>Asset and Wealth Management</b>	<b>1.0</b>
<b>Private &amp; Business Clients</b>	<b>1.5</b>
<b>Total business divisions</b>	<b>10.0</b>

Note: Figures do not add up due to rounding differences  
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## Cautionary statements

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

By their very nature, forward-looking statements involve risks and uncertainties. A number of important factors could therefore cause actual results to differ materially from those contained in any forward-looking statement. Such factors include the conditions in the financial markets in Germany, in Europe, in the United States and elsewhere from which we derive a substantial portion of our trading revenues, potential defaults of borrowers or trading counterparties, the implementation of our management agenda, 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 24 March 2009 under the heading “Risk Factors.” Copies of this document are readily available upon request or can be downloaded from [www.deutsche-bank.com/ir](http://www.deutsche-bank.com/ir).

This presentation may also contain 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 3Q2009 Financial Data Supplement, which is accompanying this presentation and available at [www.deutsche-bank.com/ir](http://www.deutsche-bank.com/ir).