Deutsche Bank

Annual General Meeting 2022

Text of the speech Christian Sewing

Chief Executive Officer
Deutsche Bank AG

Christian Sewing
Chief Executive Officer
Deutsche Bank AG

Annual General Meeting

Frankfurt am Main, 19 May 2022

Text of the speech published in advance on May 11, 2022

The speech delivered during the Annual General Meeting may deviate from this preliminary manuscript. Please check against delivery.

Dear Shareholders,

When we met at our virtual Annual General Meeting this time last year, we were in the midst of a crisis caused by the Covid pandemic. But we were convinced that together we would overcome this crisis, not least because we believed the global community, despite some weaknesses, was robust enough to pull together to tackle such challenges.

Fast forward 12 months and we find ourselves in a crisis of an entirely new dimension. And the global community of a year ago no longer exists. Russia's President Vladimir Putin put an end to it with his brutal war of aggression against Ukraine. For us at Deutsche Bank, too, there can only be one response to this: we condemn this war in the strongest possible terms and stand by Ukraine, the German government and all countries that are committed to democracy, peace and freedom.

That is why we see it not only as our legal duty but also as our moral obligation to dutifully implement all sanctions against Russia and to support our government and its allies. We announced early on that we would be winding down our remaining business in Russia and no longer doing any new business there. It goes without saying that we are doing this in accordance with legal and regulatory requirements.

No one knows how long this terrible war will last or how it will end. But we know one thing for certain: this war will have consequences, political, social, macroeconomic. It will change the architecture of global alliances, and all of that will have an impact on many businesses, including on banks.

But first and foremost, of course, this war has devastating consequences for the people in Ukraine. For months now, they have been living in fear for their lives. Thousands have lost their lives and millions of people have fled their home country.

We are witnessing a horrific scene of human suffering. Help to alleviate this suffering – no matter how small – is gratefully received. People all over the world have been launching aid efforts, including our own colleagues: Urszula Marcinkowska is one. She is our Facility Services manager for Poland, Hungary, the Netherlands and Turkey. Together with her teammates in Poland, Urszula was quick to organise accommodation for our Ukrainian colleagues. They also provided them with essential items and other assistance.

Or there is Constantin Bajenaru, one of our drivers in Romania. Since the outbreak of the war, he has driven more than 6,000 kilometers between Bucharest and other Romanian cities, picking up the families of Ukrainian colleagues and getting them to safety.

Then there are Christian Kühner and Leander Hofmann from our Private Bank in Germany. They made a spontaneous decision to collect donations and relief supplies, which they loaded on a truck and drove it themselves to the Polish-Ukrainian border, then organised distribution. They have since done five round trips and are already organising more.

There are numerous examples like these. Deutsche Bank wholeheartedly supports these initiatives, and we went one step further. Together with our employees, our bank has raised more than 1.5 million euros for victims of the war and collected donations in kind. We opened almost 25,000 accounts for refugees and we have also helped set up a job exchange for people from Ukraine.

These are all small gestures of our solidarity and our unity. Together with the many other initiatives for Ukraine around the world, they are the exact opposite of the devasting war in Ukraine. Personally, this contrast gives me hope. A new movement for democracy, peace and freedom has emerged here, the likes of which we have not seen since the fall of the Berlin Wall and the collapse of socialist dictatorships.

At the same time, we are seeing a paradigm shift in the global economic order. For decades, globalisation and the worldwide division of labour have served to increase prosperity in many places around the world, although there is undoubtedly still considerable room for improvement in terms of making trade fairer and more sustainable. Some observers now see this globalisation trend as all but over because national interests are increasingly dictating economic activity.

I do not share this view. I firmly believe that globalisation remains the best concept for creating and securing sustainable prosperity for as many people in the world as possible. The Covid pandemic and the war in Ukraine have both highlighted how important common rules and coordinated action across borders are. Rules that everyone abides by. In this respect, I do not believe that the cogs of globalisation are being turned back.

However, it must be said that the face of globalisation has changed due to the war and the pandemic, and this process will continue. We will have to find answers to the fact that economic activity is becoming more fragmented and different markets function according to different rules. Glocalisation, as it is called, will see local knowledge and a broad regional positioning becoming more important again. Local representation and having a network in many countries is highly valuable.

You may ask why I am exploring this in such detail at the beginning of my speech this year?

Because this change of course also has and will continue to have consequences for us at Deutsche Bank. It is closely related to our corporate purpose, a purpose that lies in our origins: for more than 150 years, we have considered our mission to be to connect worlds so that our clients can participate in global prosperity.

This founding mission, this business model is more relevant than ever.

Our *Global Hausbank* concept, which we presented at our Investor Deep Dive on March 10, is the answer to the rapidly changing environment we are witnessing. We can be part of the solution to our clients' challenges at this time. We have strong roots in Germany and Europe but also local expertise in almost 60 countries worldwide. In times when markets are falling away, supply chains are changing dramatically and countries are closing themselves off, it is particularly important for our clients to have an international bank at their side whose global network they can rely on.

It is at times like these when our advice has a special value, for private clients as well as for companies or institutional investors. What we are experiencing is nothing short of a renaissance of banking advice.

This shift started with the outbreak of the Covid pandemic more than two years ago. Back then, large parts of the economy came to an abrupt standstill and sales started slumping. We were quick to respond and set up a helpdesk for corporate clients to help them navigate this difficult period.

When Russia invaded Ukraine on February 24 and the democratic world responded with strong sanctions, we set up a similar helpdesk. We have helped companies protect themselves from defaults and price swings, secure their supply of raw materials, and meet their short and medium-term capital needs. We are now helping them to withdraw from Russia, which is why we are also still there on the ground for our international clients.

But it goes much further than that: companies need advice on financing issues that are significantly more complex than before. Private clients and institutional investors are looking to hedge or restructure their assets.

We are seeing a growing need for a strong global bank in Europe. Our clients' risk awareness has increased considerably over the past two years. They no longer want to focus on only one location or one supplier. Diversification is the new normal. We benefit from this because we are one of the very few banks in Europe that can stand up to the American banks, with a global presence, deep capital market expertise and a broad product range.

We are there for our clients, we are part of their solution. As a strong and stable partner. We have worked hard to achieve this position of strength in recent years.

Looking back: the year 2021

This brings me to a look back at the past year, a key year in our transformation. In 2021, it became apparent for the first time just how much potential we have if we continue to implement our strategy in a consistent and disciplined manner. We achieved a net profit of 2.5 billion euros, the highest in a decade.

Of course, you, our shareholders, should also benefit from this. Today we are proposing a dividend of 20 cents per share for the 2021 financial year. This corresponds to a total payout of around 400 million euros. In addition, we already bought back shares for a total of around 300 million euros in March and April this year. These are the first steps towards significantly more attractive payouts in the coming years. I will come back to this later.

Last year's strong performance was down to us rigidly maintaining the path we had set out with our new strategy in summer 2019:

— We consistently built on our strengths regardless of disruptions in the market and business environment. In other words, we invested in the areas where our clients need us most urgently. Our results are proof of this. In summer 2019 we estimated that we could generate 24.5 billion euros in annual revenues by the end of this year. In fact, we hit 25.4 billion euros as early as at the end of last year. We are confident of generating up to 27 billion euros for 2022.

— We continued to be disciplined on costs. Our adjusted costs[1] were down to 19.3 billion euros in 2021. That means we have already cut back 3.6 billion euros here since 2018. We have also reduced total costs by 2 billion in the same period. And this is even after another 1.5 billion euros in transformation-related effects last year, meaning we have already booked 97 percent of the planned transformation cost budget.

— We also continued to invest. In our business and in our product suite, in our employees, and in the further strengthening and automation of our control systems. This is an area where we made further progress in 2021. But we also know that we must continue to work at resolving regulatory issues, especially in terms of our anti financial crime efforts.

— That is one of the reasons why we also made investments in technology. We also do so with a view to providing our clients with a modern and high-performance banking experience. At the same time, we are streamlining our IT infrastructure, for example by moving applications to the cloud, where 30 programmes are now running. Our partnership with Google Cloud has already proven its worth.

— Finally, in everything we did in 2021, we never lost focus on the stability of our bank. We kept our Common Equity Tier 1 capital ratio well above our minimum target of 12.5 percent. We have further improved our leverage ratio. We have liquidity and funding buffers that far exceed regulatory requirements. And we reduced risks in crisis areas, especially those relating to Russia, at an early stage. Loans in Russia account for less than 0.3 percent of our total loan book. And in the first quarter, we again reduced net lending in Russia to 0.5 billion euros.

That is the position of strength I referred to earlier. A position of strength that allows us to offer our clients precisely the solutions they need, whatever their individual situation.

Let me give you two examples here and rest assured that our clients are happy for us to talk about them:

— We assisted BASF Group in the acquisition and construction of the world's largest offshore wind farm off the Dutch coast and structured the financing of the complex project. This transaction was groundbreaking in many respects. At a time when energy security is being discussed everywhere, this is the first time that a

[1] Adjusted costs excluding transformation charges and reimbursable Prime Finance

German corporation has invested significantly in a wind farm itself in order to be less dependent on third parties. At the same time, BASF takes an important step to become climate-neutral by 2050.

— Most recently, we launched a supply chain financing scheme in cooperation with Henkel. The scheme also allows suppliers to the consumer goods company to benefit from Henkel's good credit ratings. This not only brings stability to the supply chain, but also reduces costs. Another feature of the scheme is that the financing costs of individual suppliers are linked to ESG ratings. Suppliers with an especially sustainable way of doing business can obtain even more favourable conditions. This creates a positive steering effect. The scheme helps Henkel achieve its sustainability goals.

Examples like these are one way to illustrate our success with our clients. Surveys are another. The results of one survey were particularly pleasing: according to our latest customer survey, 91 percent of our corporate clients in Germany trust Deutsche Bank. It's the highest score since we started measuring it in 2005.

Progress among all our stakeholders

All of this shows that we have the right positioning and a strong product offering for our clients. But that's not even half the story. It's about so much more. Trust comes from having colleagues our clients can rely on. We would not get results like this if it were not for all of our excellent employees all over the world. Over the past two years, during a time when the transformation of our bank has coincided with all the other challenges in the world, our employees have outdone themselves.

One reason for this is that our employees once again identify much more strongly with our bank. For example, the motivation and approval ratings of our employees in our annual People Survey have risen continuously since 2019 and have now reached record levels.

At my first Annual General Meeting as CEO in 2018, I told you that we wanted to restore our employees' pride in Deutsche Bank. Today we can say that we have. I am delighted about that. Our colleagues take this positive attitude with them into client meetings.

That is why I, on behalf of the entire Management Board, would like to take this opportunity to thank all of our employees. You are the heart and soul of Deutsche Bank. Since becoming CEO of our bank back in April 2018, I know now more than ever how much we can rely on you all.

The loyalty of our employees and the trust of our clients are essential.

But of course, the approval of our other stakeholders is just as important to us. And here, too, we are seeing very positive developments.

Our brand once again has more positive attributes than it did just a few years ago. Media tonality for our bank has also clearly improved, as independent data shows. After years of predominantly negative headlines, this is a welcome development – although we understand that we have to do even more to improve our reputation through our actions and our results.

After more than a decade, we finally made tangible progress on ratings when all three leading global rating agencies upgraded their ratings for our bank last summer. We have never had this happen in the same year. As a result, the ratings relevant to our clients are now consistently in the "A" range at Moody's, Fitch and S&P.
An important milestone.

Why is this so important?

Because higher ratings have a direct and positive impact on our business. Institutional clients, who have to follow strict guidelines for the creditworthiness of their banking partners in their financial transactions, are now allowed to do more business with us or start doing business with us once again. As clients return, we are gradually seeing not only the positive effects on the earnings side, but also the sustainability of our revenues.

Another benefit is that better ratings mean that our bonds are more attractive for international investors. Our refinancing costs are therefore also lower.

Our stock performed strongly in 2021, clearly outperforming the DAX with a gain of more than 20 percent. Of course, we are disappointed with the performance since mid-February this year. After briefly working our way up to above the 14-euro mark, the setbacks came with the Russian invasion of Ukraine. This is particularly bitter as we are delivering what we promised, but there is very little we can do to counter the current geopolitical environment or the concerns about economic growth in view of disruptions to supply chains and inflation levels.

Nevertheless, the implied value of your shares has continued to rise. By operating more profitably, we have increased the tangible book value per share by almost 2 euros to around 25 euros since the beginning of 2021. I am convinced that sooner or later this will also be reflected in the share price, especially as analysts now see the target price for our shares on average at 13.30 euros. According to Bloomberg, nine of the analysts in its database are now recommending buying our stock, compared to only one at the end of 2020.

Outlook: 2022 and the years to 2025

All this gives us a lot of confidence. It confirms that we are on the right track and we made further progress in the first quarter of this year, where our net revenues increased to 7.3 billion euros. We achieved a pre-tax profit of 1.7 billion euros and a net profit of 1.2 billion euros, more than in any quarter since the beginning of 2013. If we exclude our contributions to the European Single Resolution Fund, which has only existed in this form since 2016, net profit in the first quarter of this year was actually the highest we have seen since the first quarter of 2011. Back then, profit parameters were quite different. Today, our balance sheet is much smaller, but our capital and liquidity buffers have increased significantly.

This is further proof of how far our bank has come. All our businesses contributed to this success - our Capital Release Unit, too, which is steadily reducing its costs and losses and is well ahead of our roadmap in reducing risk positions.

We achieved a post-tax return on tangible equity of 8.1 percent in the first quarter. If we were to distribute our contribution to the European Single Resolution Fund evenly over four quarters, it would even be above 11 percent. So we are already above the target of 8 percent for the full year. And we remain confident of delivering this target at year end. This has our full focus and that includes remaining undiminished in our cost discipline, especially as we see further cost pressures. Here, the economic consequences of the war in Ukraine are making themselves felt along with supply bottlenecks, currency fluctuations and significantly higher inflation rates in general. As we mentioned in our first quarter disclosure, the environment for our 70 percent cost-income ratio target for 2022 is more challenging.

We presented our plans for 2023 onwards at our Investor Deep Dive in March. We are again very ambitious for this next stage of our strategy up to 2025. After the successful completion of our transformation, we want to focus more on the growth of our bank.

This will take the form of an evolution of our existing strategy, not a revolution. Why? Because we see the positioning of our four business areas confirmed by our successes since 2019:

- Our Corporate Bank is increasingly benefiting from the strategic growth initiatives of the past years. Recently, it has recently shown how much potential it has when the interest rate environment becomes more favourable.
- The Investment Bank is holding its own in a difficult environment and is gaining market share in key areas. This is a clear sign that the earnings growth of the past years was and is sustainable.
- Our Private Bank is making good progress in its integration. It is working much more efficiently, is growing its German and international business.
- Our Asset Manager DWS enjoys the trust of its clients even with uncertainty in the financial markets, especially in the area of sustainable and alternative investments.

With these four businesses, we see excellent prospects for growing faster than the banking market as a whole. On average, we expect revenue growth of between 3.5 and 4.5 percent per year up to 2025. This forecast is based on the assumption that we will gain market share in all four businesses and benefit from the more favourable interest rate environment, particularly in the Private Bank and the Corporate Bank. If we meet our expectations, in 2025 we will be a bank generating around 30 billion euros in revenues.

Of course, business growth does not come for free: that's why we will continue to invest. Just as we have financed our transformation organically since 2018, we also plan to finance our investments using our own resources. We therefore want to reduce our cost-income ratio to less than 62.5 percent by 2025 by investing our efficiency gains in growth.

We are firmly convinced that we can deploy our capital even more profitably than we do today. We aim to achieve a post-tax return on tangible equity of more than 10 percent by the end of 2025. We anticipate that this would be the first time we would be earning our cost of capital in a long time.

So, with our Global Hausbank strategy, we want to create large amounts of equity, which should benefit all of you. We plan to distribute a total of around 8 billion euros for the years 2021 to 2025, by increased dividends and share buybacks.

The rest of the capital we create will be reinvested in our business. In this way, we want to create a positive impetus that will lead us to higher earnings, higher profits and, ultimately, higher valuations on the stock market.

The impact of the economy and our macro outlook

Since we unveiled our plans in March, we have received many positive reactions from analysts and investors. Positive in the sense that they recognise our successes in recent years and believe our strategy is the right one.

However, I do not want to conceal the fact that scepticism remains as to how our ambitious targets are compatible with the uncertain geopolitical and macroeconomic environment. I know that many of you are wondering the same thing.

I can assure you that we are mindful of the risks. Our economists were among the first to predict permanently higher inflation last year and they were also among the first to warn of a recession, possibly even a deeper recession, for the year following the start of the war in Ukraine.

The economic risks are real, and they are growing. It is impossible to gauge them precisely as there are still too many unknowns. What is clear, though, is that the risks will have implications for our clients and therefore also for our business. That is why we have significantly increased our provisioning for possible credit losses in the first quarter. Of course, we continue to monitor developments closely and will take appropriate measures in reaction to any changes in the macroeconomic conditions.

The *Global Hausbank* — a close partner in difficult times

On the other hand, it is precisely these phases of economic uncertainty in which we can demonstrate leadership. I would even say that there has rarely been a louder call for this than at present. Our clients are facing a multitude of major challenges where they want our advice. Three issues stand out:

I have already described the geopolitical and macroeconomic uncertainties. Unfortunately, this volatile environment is expected to persist for years. This has significant implications for businesses, private and institutional investors and public finances, which need to be actively addressed.

At the same time, a double transformation is underway and must be mastered. On the one hand, there is the transition to a sustainable and low-emission economy; on the other, the rapid adoption of digital technologies which is driving change in nearly all areas of the economy. Both transformations have the potential to disrupt entire industries and they will require considerable investments.

We can help our clients meet these challenges by accomplishing the Global Hausbank mission I spoke about at the beginning.

What exactly is a *Global Hausbank*?

- It is a bank that is the first point of contact for its clients in all financial matters, one that provides them with guidance in an increasingly complex world and offers the right products and solutions.
- It is a bank that supports clients with their investment plans and projects and helps them manage their risks.
- It is a bank with a strong balance sheet that it puts to work for its clients. Stability is the basis of our trust; it must never be questioned. This requires us to further strengthen our controls. Because we all know: any event that questions our integrity, rightly or wrongly, sets us back.
- The *Global Hausbank* is a bank where people work flexibly and collaborate across teams to achieve the best results for their clients.
- Most importantly, the *Global Hausbank* is a bank that can be there for its clients anywhere in the world with a global network and first-class market access. This also means driving forward our technological transformation worldwide. Only then will our business be as scalable and efficient as is required for a *Global Hausbank*.

Do not let me give you the wrong impression here; we are not where we want to be on all of those points, we still have work to do. But we have the best prerequisites to be the leading *Global Hausbank* in Europe for our clients and some of the developments we are currently experiencing will increase the need for a strong Global Hausbank, most notably in our home market of Germany.

What are they?

1) Germany's and Europe's role in the world is changing.

The first development has to do with the shifts in the global political and economic landscape that I highlighted earlier. Germany, as the fourth largest economy in the world and by far the most stable in Europe, will play a key role in this.

Granted, there are plenty of discussions about Germany being too dependent on Russian oil and gas and on strategic raw materials from China. But we have always managed to adapt to new situations and turn challenges into opportunities.

I assume that Germany will also learn the right lessons this time and better diversify its trade and supply relationships. Our solid fiscal policy of recent years has given us the strength to do so.

Above all, we are part of the European single market with 450 million people and with enormous potential. But we Europeans do not come close to exploiting this potential. That might now change. The crisis in Ukraine has brought Europe much closer together politically. This will help to now also drive forward economic integration and cooperation, including a common European commodity and energy strategy, a Capital Market Union and a Banking Union.

A strong Germany in a strong Europe will have many opportunities. And a strong bank will be able to help the German economy take advantage of these opportunities, finance change and connect to global markets. It must be our ambition to be precisely this bank and to grow together with Germany and Europe.

At this point, however, let me also say that we need certain framework conditions in order to live up to this ambition. We need the clear will of politicians to advance European unity.

And we need a better understanding of the fact that we compete globally, and how regulation influences this.

Unfortunately, it is becoming increasingly difficult for banks in Germany and Europe to play on a par with international competitors. I don't want to go into too much detail here, but there are very significant additional burdens for us that our competitors in the US and Asia simply don't have. This applies to the increasing contributions to the European Single Resolution Fund as well as to higher capital buffers for German banks, which are supposed to take account of an economic upswing, even though the environment has changed significantly as a result of the war in Ukraine.

This is economically counterproductive because these and other regulatory requirements have one thing in common: they limit the banks' scope to provide the economy with credit. This threatens to squander opportunities.

2) Strong position in the sustainability space

Nowhere are the opportunities as great as in the field of sustainability. I have great confidence in Germany and Europe in this area and this is also the second major advantage that I see for our bank.

Numerous nations and companies have committed to reducing CO2 emissions to net zero by 2050. Deutsche Bank also joined the Net Zero Alliance last year as a founding member.

The war in Ukraine does not alter the need to achieve the reduction targets. We in Germany would do well to keep our focus here. Our engineers are among the best in the world, we have first-class researchers and many years of experience in the field of environmental protection. So why shouldn't it be German and European companies driving sustainable technologies?

At Deutsche Bank, we see sustainability as an important growth area for us. That is why we made the topic a management priority when we announced our strategy in 2019. We have embedded it in all areas of our bank. We have set ourselves stricter guidelines, ambitious sustainability targets, and we have closely linked our Management Board compensation to these targets.

All the more crucial for us, though, is how we help our clients make their operations climate-friendly and that includes those clients for whom this challenge is particularly great. One thing is clear: Deutsche Bank will only achieve "net zero" if our clients also emit no carbon dioxide on balance by 2050.

Time is short. That is why it is gratifying that demand for ESG solutions from our clients is already higher than we expected. In 2020 we announced the target of enabling 200 billion euros in sustainable financing and investments within six years. We will likely reach this target before the end of this year. From next year, we expect to add at least an additional 100 billion euros every year.

Our ambition is to become one of the world's leading banks for sustainability, together and in close partnership with our clients around the world. We want to be the bank that sets standards in this area, is at the center of society, and, wherever possible, makes an important contribution to solving the most urgent problems facing our planet.

3) Our clients need the best risk manager

Something else our clients need most of all right now, and this is my third point, is a first-class risk manager. My speech today unfortunately makes this very clear: it is about war, about inflation and recession risks; it is about a new world order and the transformation of business models.

All these issues challenge our clients. On the one hand, they have to protect themselves and their business, but they also have to take risks if they want to defend their competitiveness in the long term. They need a bank as a partner which can assess global risks but also understands the issues specific to their home market. They need a bank that is a reliable partner in times of growing political tensions.

Of course, this also includes protecting ourselves from all these risk factors and safeguarding our stability. As I already said, we've been at the top of this field for years now. This year, Risk magazine named us Bank Risk Manager of the Year for the second time in a row. We are the only bank to ever achieve this.

Closing

This brings me to the final part of my speech. I have described our plans to you today. I have shown you that, after years of successful transformation, your Deutsche Bank is well on track to achieving its ambitious plans. We are relevant again, our clients trust us, and our employees' pride in their employer is greater than it has been in many years.

This puts us in an excellent position to be an important pillar of strength for our clients in times of increasing risk and to continue with our mission to be a *Global Hausbank*. Because only if we are successful in business can we live up to the responsibility we have as a company:

— the responsibility we bear for our employees;

— the responsibility we have towards our clients;

— the responsibility we take for society as a whole;

And, of course, the responsibility to you, our shareholders. Many of you have remained loyal to us in recent years, continuing to place your trust in us. The time has come to repay this trust. We are taking the first steps in this direction this year by buying back shares and increasing the dividend if you approve our proposal. We are determined that further and bigger steps will follow.