



Deutsche Bank AG
Investor Deep Dive
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Transcript

Speaker:

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FABRIZIO CAMPELLI

- Hello everyone
- I'm Fabrizio Campelli, and I'm the Chief Transformation Officer of Deutsche Bank
- I joined the bank nearly 17 years ago, and over the years I have gained a fair amount of insight into the organisation by working in and leading several businesses and infrastructure functions
- This department was created a year ago but did not feature heavily in last year's Investor Deep Dive, so I wanted to spend the next 10 minutes or so explaining the purpose and mandate of the Chief Transformation Office, and how we're ensuring that our bank delivers on its strategy

Slide 1 – Summary

- The Chief Transformation Office was created to oversee the disciplined delivery of the bank's transformation agenda as outlined in July 2019
- We've created a well-defined portfolio of initiatives and key deliverables and around that we've built strong governance and systems to track against our targets
- The Chief Transformation Office however does not just drive the transformation agenda
- It also directly contributes to new cost and revenue measures to address challenges in our environment, and it supports a significant part of the management agenda that Christian talked about earlier – I will come back to this in a few minutes
- So you can see that the Transformation Office's overarching purpose is to be both an enabler of our strategic agenda as well as an enforcer of discipline in its delivery



Slide 2 – Well defined portfolio

- As you may remember from last years' Investor Deep Dive, we have structured the programme around 20 Core Transformation Initiatives which are aligned with our strategy of refocusing our business model around our four core businesses;
- Restructuring our infrastructure to reduce costs and become more efficient;
- Reinvigorating our workforce around a more entrepreneurial mindset and a stronger control culture;
- And optimising our returns through disciplined use of capital and balance sheet

Slide 3 – Execution closely monitored

- More specifically, these 20 Core Transformation Initiatives rely on the disciplined execution of around 70 Key Deliverables, which in turn require us to achieve around 800 milestones and manage a number of risks and dependencies through a new governance framework
- These Key Deliverables are expected to contribute the largest portion of our plan's financial benefits: on expenses alone they represent almost three quarters of the cost reductions we are targeting by 2022
- There are also non-financial benefits - such as an improved control environment and enhanced data quality - which we monitor closely across the bank
- We aim to focus on leading indicators so that we have an early warning system to alert us if anything deviates from our plans or expectations
- This way we can escalate any problems rapidly to the relevant decision-making bodies of the bank
- Furthermore, this enables us to identify possible future delays to key programs which could have material consequences to our goals and identify – well ahead of time – measures to mitigate the risks to the overall plan
- Another important benefit of this new approach is better resource prioritisation: we are able to focus the whole organisation more rigorously than ever around top priorities



- This systematic approach is keeping execution on track, and delivering results – as you will see on the next slide

Slide 4 – Delivering tangible results

- Despite the challenges of the Corona virus pandemic, our transformation has remained firmly on track
- Over the course of 2020 we have taken many decisions, and have concluded a number of very tangible actions across all business and technology areas
- The milestones highlighted on the left of this slide point to an important aspect of this transformation: this management team is very committed to getting things done
- The results of this approach are quite visible
- Overall, during the first 9 months of the year, we have achieved 90% of the milestones and 130% of the cost savings we had identified and planned for within our key deliverables portfolio
- This helped to keep us on course on costs – as well as on non-financial benefit goals - despite the turbulence of 2020
- So being on track or ahead of our objectives so far gives us confidence that we will achieve our 2022 goals

Slide 5 – Driving own ideas

- Managing the disciplined execution of the transformation agenda is a key part of the Transformation Office, but not the only one
- We are also tasked with acting as a catalyst for new ideas to help mitigate risks that can arise in the turbulent environment we are operating in
- As a team, we continue to look at ways to originate, validate, and then implement new initiatives that improve our bank's outlook on costs, revenues or non-financial goals
- For example, we have launched an end-to-end process re-engineering programme, deploying Artificial Intelligence to find more effective ways of working



- We're using data tracing tools to do the heavy lifting for us
- So in just 6 to 8 weeks we can identify tangible measures to improve processes, client experience and efficiency – something that would have taken us six months previously
- We are doing this in partnership with the leading German financial technology company Celonis
- By 2022, we expect process re-engineering to deliver over 60m euros in cost efficiencies just from 40 processes we will re-engineer first – as you heard already from my colleague Morgane Meillon
- To pick another example, we are also learning from our experiences during the Covid pandemic to think about how we and our employees would like to work differently in the future
- It's clear that more employees would favor more flexible work models and that it is possible to work efficiently remotely
- So we're operating in close partnership with Frank Kuhnke and the Chief Operating Office team to develop a long-term remote working model which will help us improve our employees' experience, drive more efficient usage of our office space without compromising our productivity or supervisory requirements
- This is a good example of the work that we do to not only focus on improving our current financial position but also to contribute to a long-term transformation of our organization

Slide 6 – Supporting management agenda

- Supporting the execution of the management agenda that Christian presented earlier is another way in which the Chief Transformation Office is working on making our strategy viable for the future
- I would like to touch upon two of these themes – client centricity and leadership, while my colleague Bernd will be talking about our approach to technology separately



- You will also hear a lot more about our stance on sustainability from the leaders of our business areas while you have already heard from Stuart Lewis about our risk management framework

Slide 7 – Enabling Client Centricity

- We know that historically Deutsche Bank has under-leveraged its client base as we've been rather product-oriented in our approach to clients
- We said a year ago that we want to be more client centric, which is easier said than done
- As you will also hear from our business leaders in later presentations, over the past year, our intention has been to apply the same discipline to the execution of our client centricity strategy as to other transformation initiatives
- We've done a lot of work to improve our client centricity culture across the entire organization – both in the client facing areas as well as in the infrastructure
- To support the evolution of this mindset, we have continued to develop a number of measures we can use to enable and make tangible improvements to our client centricity
- First, we're enhancing our approach to client coverage – as example, by moving to a common Client Relationship Management platform, Salesforce, that gives us a three-hundred and sixty degree view of our clients relationships across the entire bank
- Second, we're fostering better cross-divisional collaboration so that we meet more of our clients' needs from within the Group
- As we mentioned at last year's Investor Day, this is a very important lever for Deutsche Bank because even small steps in the right direction can deliver substantial returns – I'll come back to this in a moment
- And finally, we're also improving our client analytics platform and gathering client feedback much more systematically so that we can learn from our clients' experiences



Slide 8 – Growing cross-divisional revenues

- Coming back to cross divisional revenues - you may remember the left hand side of this chart from last year's Investor Deep Dive
- By driving new partnership ideas across our bank and focusing on a set of specific high-potential collaboration corridors between our businesses, we have a clear plan on how to add up to 500 million euros of cross-divisional revenues by 2022
- This also includes assigning new cross-divisional revenue targets across our businesses
- So we are confident that by taking a consistent and structured approach to client centricity across the entire bank, we can leverage our client relationships much more effectively and achieve our 2022 revenue goals for the group

Slide 9 – Re-invigorating leadership

- Turning to leadership: our transformation is not just about the hard numbers captured by cost and revenue targets
- Nothing can be achieved without taking our people along with us
- We are investing systematically in leadership capabilities and the development of our staff
- As I mentioned earlier – we're also developing new ways of working, including new workspace models and agile work practices
- Furthermore, it is our firm belief that diverse teams generate better ideas and reach more balanced decisions
- We are therefore fostering a culture of diversity and inclusivity and have action plans to improve representation of women and people from ethnic minority backgrounds in our recruitment and talent development processes

Slide 10 – Change is already well perceived

- Our people are responding well to our transformation and how we are managing it right now
- Results of this year's People Survey are the best we've achieved in nearly a decade



- As you have heard in earlier presentations, morale is markedly higher and our employees feel empowered and respected
- We're exceeding the peer benchmarks and are even starting to reach or beat the mark set by high performing companies on several of these measures
- So despite the challenges, we have a supportive and motivated workforce behind our transformation agenda

Slide 11 – Conclusion

- I hope you now have a better idea of how the Chief Transformation Office is fostering discipline and oversight around the delivery of our transformation agenda, and also supporting the management agenda for the future
- Relentless focus on execution will remain our top priority over the next years
- Our transformation roadmap is delivering tangible results and will keep us on track towards our 2022 goals, and beyond
- Thank you very much

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