Fabrizio Campelli at

Morgan Stanley Virtual European Financials Conference 2021

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Transcript

Magdalena Stoklosa: Well, good morning, and it's my pleasure to welcome Fabrizio Campelli, the Chief Transformation Officer and member of the management board of Deutsche Bank, and actually I'm very pleased to say second year in a row. Welcome, Fabrizio.

Fabrizio Campelli: Thank you very much.

Magdalena Stoklosa: Absolutely. Before we start our fireside chat, we've got a polling question for you. And it's actually quite simple. It's on your screens. And it says, "What do you see as the single biggest driver for Deutsche Bank's share price in 2021?" And of course we've got the resilience of IB revenues. We've got the cost efficiencies, NII defence, capital resilience and M&A. We'll come back to that polling question maybe a little bit later.

So, Fabrizio, let's start with the Investment Bank. Of course the trends have been strong across the industry. We've heard about it over the last kind of two days. And of course you yourself, Christian at the year end talked about a strong start to the year. So can I just ask, how has the quarter continued? And also, how do you see the seasonality of the IB revenues as the year progresses?

Fabrizio Campelli: Thank you, Magdalena. Very happy to be here again, the second year in a row with you.

We did have some of that language in our Q4 results. Christian did speak about good momentum being carried into 2021 from what was a strong 2020. And that I have to say, six weeks later into the year, so towards the end of the first quarter, that momentum has continued quite strongly. In fact, quarter to date, we are seeing revenues being up in the Investment Bank by about 20% year over year. And this is across the franchise, so in Origination & Advisory as well as in FIC and in particular in Credit Trading. So a good performance across Investment Bank.

Magdalena Stoklosa: Fabrizio, do you want to kind of take it a little bit further for us, because of course the investment banking revenues are also key to your overall group targets. Do you expect the year to be, of course, so far we've seen it very strong, 20% a very high number. But do the comps get much harder as we go through the year?

Fabrizio Campelli: Yes, of course. We did describe our 2020 performance as one that had some outperformance related to market circumstances that were not easy to replicate. And yet, we also were very clear in our Investor Day in December that we saw a substantial portion of that outperformance actually being resilient and sustained and sustainable into future years. I think what we're seeing right now is exactly that strategy playing out. So it's early to tell how the full 2020 will play out, but clearly we're very encouraged by this start of the year in the business.

Also, because we see the performance, like I said, not focused on one particular business only, but distributed across our franchises. And that's true for LDCM, for the DCM franchise, obviously for ECM as well as in FIC. I think it speaks to not just the momentum in the Investment Bank, but the fact that we have our core businesses really having shown a great resilience last year and carrying resilience into this year, and it speaks to a certain amount of positive momentum that the bank is experiencing. And we expect that momentum not to abate due to seasonality, but in fact to continue strongly. So notwithstanding the fact that some of our businesses obviously do experience seasonality, but the indicators we get, the pipelines, the activity, the volumes of inflows in those businesses in which it matters are actually quite positive.

So 2021, it's early days, but so far things are going quite well. And in fact, as I just told, the Investment Bank better than well.

Magdalena Stoklosa: Perfect. Thank you very much. Very, very encouraging. Now let's look into the transformation of the bank. You've mentioned a little bit of it on the investment banking side already. But you're in the job for 15 months. So what are your key takeaways so far, the greatest challenges, particularly last year and particularly as the backdrop of the pandemic?

Fabrizio Campelli: Yes. I have been in the job for 15 months. And the job was established to actually support the consequent execution of our strategy. We announced the strategy in July 2019. Shortly thereafter the Transformation Office was set up. And the purpose was really to give us that systematic focus on executing on a strategy which was predicated on focusing on businesses in which we wanted to compete to win.

And the execution clearly has gone to our plan in 2020, and I think it has been the result of a number of ingredients. A lot of effort that has gone into the preparation of the strategy and the Transformation Office there has contributed to creating the structure around it. I spoke a bit about it at the Investor Deep Dive. We've broken the executional strategy down into 20 initiatives, about 70 key deliverables, 800 milestones. We monitor 130 risks, 130 dependencies between initiatives. It's to create structure and to mitigate the risk of the execution of those long-term strategic building blocks of our execution in any way to go off track.

We also built a lot of mechanisms as part of the Transformation Office to stay on track on shorter term measures and in a way that would allow us to stay focused on the long-term priorities, but also respond tactically to short-term challenges. Little did we know when we set the office up that way that COVID would really force us into a lot these short-term management of difficulty. But things have gone particularly well in 2020 because we have been able to stick to the long-term priorities. As I indicated at the end of the year in our Investor Day, over 90% of our milestones were met. Over 130% of the costs that we were targeting to reduce as part of the key deliverables of the specific transformation initiatives were achieved. And so the program is clearly delivering its cause.

And on the short-term more tactical measures, we've also been able to support the bank quite proactively in countering the effects of the crisis, which clearly did have an impact on our ability to execute and there were some challenges. Think about for example in spring, we announced that we had to put our restructuring on hold, not to launch our employees into what was at that point in time an untenable uncertainty. And when we did that, we had to found countering measures to stay on track on cost, as we did, because we did end up closing the year at the € 19.5 billion of cost.

I have to say, a very important aspect of this was really creating and then riding on the positive momentum that was generated within Deutsche Bank. I think the whole market in 2020 and in 2021 has seen some things that have supported particularly banks with our business model. But what was specific about Deutsche Bank is that that momentum we saw from employees, from our clients has really supported us into making these changes. And we see that momentum being stronger now than it was just a year ago.

The measure of that is when we poll our employees, 90% of our staff stands behind the strategy, understands what we're trying to do and they are actively supporting it. And those are the kind of small things that make a difference. This is the difference between 2, 3 years ago, the effort that was put into these transformation measures, and now seeing our clients starting at 7:00 in the morning making those phone calls, and late at night supporting us to execute on what we want to do.

An example of that is also in Germany. The standing of the bank, the feedback we get from our retail and commercial clients in Germany is at a 10-year high on what we are receiving. And again, showing that the big effort and the heavy lifting that has happened in past years is starting to pay off in the results that Deutsche Bank is showing. So my job was also to channel a lot of this energy, keep us organized, come up with new ideas in the meantime to carry this momentum firmly into 2021 and 2022.

Magdalena Stoklosa: Perfect. At the Investor Deep Dive in December 2020, you've also announced the partnership with Google. And could you just elaborate what are the benefits of it and how should we think about it from the perspective of financial impact? Is it a net positive kind of on the revenue side? Is it net negative on the cost short term because of, I suppose, upfront investment? Could you give us a sense of what's happening there?

Fabrizio Campelli: Sure. The Google partnership we signed, which made us the primary financial partner to Google, is actually designed to actually play right into this spirit of the transformation I outlined. Transformation we often think about it being a cost play when in reality for Deutsche Bank, it is a revenue growth play, a cost play, a culture play. And on the cost side, I mentioned a few examples. But on the revenue side as well, we're really aiming to build momentum around our growth, particularly by harvesting more of this cross-divisional capability which are in turn built on deepening and leveraging better our client relationships. And the Google partnership plays right there.

So we have signed this partnership with three fundamental objectives in mind. The first one is to really change the way we develop technology going forward at Deutsche Bank. And the spirit there, Bernd has been quite open about it in his speech at the investor event in December. The spirit there is to change the way we develop our applications and using better technology that Google can make available to us in the way we architect, develop and use technological infrastructure to get to more flexible, better architecture, more scalable, safer set of technology and applications solutions to clients faster.

The second part is innovation. Because thanks to a joint recruiting of engineers, the co-creation of solutions, we will be able to develop applications and make them available to clients in ways that were not possible before to us alone.

And the third part actually is a cost effectiveness play because we are effectively moving to a much more variable cost space. If you think about it, we moved from a world in which we would buy and use our infrastructure to actually having, thanks to the hyperscale model, a model in which we pay for what we use.

And all of this will actually contribute to making us more innovative, better client responsive and obviously enhance growth and come up with new products and new ideas that will make revenue solutions to our clients and reaching new clients possible, and over time also achieve a higher level of cost efficiency. We're talking about a 10 year partnership we've signed, so the time horizon for many of these benefits will distribute over that period of time. And they play right into the spirit of making the strategy of Deutsche Bank a long-term one and making us sustainably profitable and competitive in the long term.

Magdalena Stoklosa: Brilliant, because that actually leads me to a couple of cost questions. And I think before I go into those cost questions, I think you'll be pleased to know that our poll has closed. And the highest answer to the share price question, almost 40% is still continuing cost delivery. So no pressure on the cost questions. So of course you've lowered your 2022 cost target. And what do you see as the contribution of the Transformation Office here?

Fabrizio Campelli: Well, we did see very strong momentum on cost, and we have often spoken about the 12th consecutive quarter of adjusted cost reductions. And again, that shows a very thoughtful execution of how we intend to go about the delivery of the efficiency, which is one of the core tenets of the 'compete to win' strategy we have announced. And we intend to keep driving that into 2021 and 2022.

I think the further reduction of our target from € 17 billion to € 16.7 billion in 2022 and obviously reflects the fact that as a team, we continue to see opportunities to harvest on investment made to date, investments we are continuing to make in 2021, and obviously we are contributing with some of those ideas. I described some of them. If you think about how the Transformation Office is playing into this, we look at adding and catalyzing new ideas, building on the cost catalyst initiative that James von Moltke started a few years ago and continuing to drive new thoughts. And some of these are relatively small, like a more consistent use of tools and workflow tools to optimize our expenses.

For example, when it comes to our vendor professional service expenses, some are medium and larger size. We have been speaking about end-to-end process re-engineering as a mechanism by which we can release € 60 million of incremental cost in 2022 by using artificial intelligence technology partners that enable us to much faster engineering of end-to-end processes. And some are more fundamental, more transformative, as the shift of attention is focusing from cost reduction in the businesses to infrastructure, as much of the heavy lifting in the business has already occurred. A much higher focus on end-to-end process re-engineering and realignment and the re-architecting from a front-to-back perspective becomes a big enabler of further savings.

So if you think about it in big blocks, we're targeting a € 1.4 billion of compensation. So compensation and benefits reductions as we continue to reduce our workforce cost. € 900 million or so of IT cost reductions that come from a number of measures from application decommissioning to more efficient application development. And there continues to be focus on those professional service costs that we are optimizing in terms of how we relate to our vendors. Our COO, Frank

Kuhnke, has worked hard on optimizing those costs, and we expect another € 200 million or so of costs.

Incrementally, we're looking at new ideas that cover, for example, an optimized use of our space, and an incremental € 100 million or so has been targeted in 2022. And it will be facilitated by a number of measures we've made, which include for example the consolidation of campuses. In London and New York, we're moving our footprint to new and more efficient buildings, which will help us reduce the overall cost target in 2022. So overall, we remain confident in those.

And this is counting in also other effects that we are seeing. For example, when it comes to Single Resolution Fund, based on the latest guidance we are getting from the SRB, we are expecting in 2021 at least, an increase to the funding of the Single Resolution Fund relative to our assumptions. And so we expect in 2021 bank levies to be closer to last year's level, at around € 600 million.

Magdalena Stoklosa: Perfect. And Fabrizio, you gave us some of the numbers, but let's simply come back to some yearly staging of your cost declines. Because of course, your cost trajectory kind of looks like a hockey stick. So we've got € 1 billion in 2021, of course at the same time with all necessary investments. We've got € 2 billion cost cuts in 2022. Now, can you talk to us about your level of confidence that that 2022 cost target, € 16.7 billion, how difficult is it to achieve? Because in real, in absolute numbers, these are big saves.

Fabrizio Campelli: Yes. Magdalena, I would point to one thing, which is I wouldn't really see it as a hockey stick in the sense that from end of 2018 to end of 2020, we reduced costs by € 3 billion on an adjusted basis. And between the end of 2021 or 2022, it's now only € 2.8 billion left. So in a way, we have already, if anything, it's an inverse because we've done the heavy lifting upfront and we're now benefitting from the enormous effort that has gone into previous years.

We said very clearly, I think James has also provided some transparency on this, that in 2021, we decided to accelerate some of the investments that will help us make 2022 and beyond more efficient. For example, we transparently showed that in 2021, we decided to invest an incremental € 300 million on the integration of our German IT platform. And this is an investment that will give us benefits into 2022, but into 2023 and beyond, it will be an even larger investment. We decided to invest more through the use of the Driver Based Cost Management in the reduction of the stranded cost into our Capital Release Unit, which is why from the original assumption of approximately € 1 billion, the Capital Release Unit stranded cost expected at the end of 2022 have now dropped to € 800 million. But thanks to the investment we're making this year, it would also carry momentum into 2023 and beyond.

So overall, I would say we have a strong conviction obviously into our 2022 targets. The € 16.7 billion remains absolutely the number we are committed to. And we see and we have a strong plan on how to achieve that, which is predicated on not just the work done so far, the fact that many of the initiatives we have carried out in 2020 and 2021 will run rate into future years and so will help us get there. But also because we continue to replenish the book with new ideas. That's what my office is also very heavily involved in, which is giving us comfort that the plan we have, we intend to navigate with the same discipline that we have shown for the last 3 years with the kind of the intent to continue the last 12 quarters of meeting or exceeding promises on cost to be maintained for the next 8 quarters.

Magdalena Stoklosa: Fabrizio, let's move a little bit forward, because of course when we originally spoke about of course the strategy back in 2019, 2022 just seemed very far away. And of course 2022 now is just kind of next year, and we've talked about the confidence in that € 16.7 billion target. When you cast your eye 3 years further, how should we think about a cost base that Deutsche needs to operate with?

Fabrizio Campelli: It's really important to understand, we started the transformation and it was healthy for many reasons to attach absolute targets to many aspects of our plan. And so that's why there was an absolute cost target laid out for us for 2020, for 2022, and those are serving a certain purpose. As we normalize the transformation cycle, we move back to being a bank that can deliver and will deliver an 8% return on tangible equity, which is what our target is. As we move back to having the heavy portion of the therapy behind us, it will also be important to move back to a more relative measurement of cost efficiency. So we intend after 2022 that our effort would be to move back to a cost-income ratio target. And we see that for 2023, for example, a level of 70% would be the level that we would target, and of course improve from there based on a number of metrics that we can see.

I mentioned earlier, we already see that for 2023 there would be pressure upwards on cost from a number of things. But also, we have a lot of measures already lined up, which will blossom only fully in 2023. I mentioned the stranded costs in the CRU, the full impact of having a single platform supporting the technology of our private bank in Germany, all of these will continue to generate positive momentum. But again, we will have the heavy part of transformation behind us at that point and not giving up any discipline because we will be very focused on sticking to this consequential execution or strategy. We would want to carry this momentum into 2023 and beyond, but looking at the right balance between cost and revenues. And the 70% cost-income ratio is really what we are currently looking at as our hypothesis.

Magdalena Stoklosa: Okay. So of course cost-income ratio, there's costs, there's revenues. Let's go back onto the revenue side. We talked about the strength of IB revenues, but of course there's kind of the second big discussion on the revenue side is of course the trajectory of net interest income. And you have been quite vocal over the last quarters about a defence of the net interest income by of course loan growth, particularly kind of domestically in Germany, but also repricing, again, kind of corporate commercial deposits across Europe. Could you give us a sense of where we are, any context you can give to the broad NII trajectory?

Fabrizio Campelli: Sure. It has remained a very central part of our strategy to counter the negative drag of interest rates with active measures that we've embraced in our businesses. Perhaps let's start with the Corporate Bank. The starting point for the Corporate Bank is already quite strong with 40% of the revenues there are fee income based already. So it's a pretty solid starting point. But nonetheless, we do have exposure to net interest income, and the negative interest rate environment has clearly been a challenge.

In that sense, Stefan Hoops and his team have done a formidable job at actually continuing to work on the conversion and the establishment of charged arrangement. And currently we have about € 78 billion of our accounts which actually have a charging agreement attached to them, which has helped us really increase and enhance revenues relative to where we were at the end of 2019 by about € 200 million a year in that business. And with momentum that, again, we expect to carry into 2021 as more of that activity is carried out.

In the Private Bank, focus has been on rounding out the business, and it has been done quite successfully. We have increased volumes in 2020 of loans by about € 13 billion and net inflows were approximately € 16 billion in 2020 of which € 5 billion were actually deposit conversions. So we have achieved a good reduction of deposits, enhancement of invested assets, which obviously is good for the bank, is good for our clients.

And if you take into account the fact that we have continued on the repricing activities on all of our products, we have for example continued to create these new accounts over € 100,000 are applied on a charged basis. The combination of higher account fees and other re-pricing initiatives generated approximately € 100 million of incremental revenues for the Private Bank in 2020. And we expect that same level of incremental revenue to continue into 2021 as these measures continue to be applied.

And so when you look at the growth rates expected in these businesses, it's actually looking like we are holding, for example in the Private Bank in Germany, quite steady. But in the interest rate environment we have in Europe that is actually a strong performance as shown in the performance of our retail bank in 2020 relative to peers. That was actually quite resilient thanks to all these measures that have been put in place.

Magdalena Stoklosa: Brilliant. Thank you very much for that. Now let's move on to the CRU run down path. Because you've mentioned the stranded costs, and of course they have been revised down. But also the Prime Finance transfer to BNP, is it on track? When is this transaction finishing?

Fabrizio Campelli: So we are very pleased with the progress we're making on the CRU. We have halved the RWA exposure since inception. We have reduced the leverage exposure by three quarters since inception. Costs have been nearly halved to € 1.8 billion. And we actually see really good progress towards those targets we have laid out for 2022, and in fact even improved, for example on the cost side, the numbers further by virtue of us focusing quite systematically on the continued extraction of a number of charges.

Now, the performance of the CRU is predicated on a lot of activities from de-risking to a successful execution of the sale of our Prime Finance business to BNP. That transaction is fully on track. In fact, we are really quite pleased of how it's playing out. I think it's a positive transaction for us, for BNP and for our clients. It's actually playing out in the way we had envisaged. And we have continued to offer to our clients those services obviously now after the transaction has closed quite successfully.

As it relates to the outlook for the CRU, we do expect the targets for 2022 of a reduction of RWAs down to approximately € 32 billion to stay on track. We have been quite transparent on the composition of those € 32 billion. The vast majority would be operational risk, but assets which will play down over time. Approximately € 9 billion relate to credit and market risk. And those are going to have a stickier profile. And so while we do not see a particularly adverse risk profile from those, we expect that it will take some time to unwind. It's things like structured repos with severance, which obviously are safe positions that will nonetheless take a longer period of time to unwind. And so in that sense, we feel that the trajectory of the CRU deliberation of capital strategy has worked well, will continue to serve us very well in 2022, and we remain on track on all fronts.

Magdalena Stoklosa: Perfect. I think maybe one of the kind of last things. We haven't touched upon of course the credit cycle and your outlook on provisions into 2021.

Fabrizio Campelli: I can say a few words on that. We were quite pleased with how 2020 played out. In fact, I remember, Magdalena, you asked me the question just last year when we were actually still physically on stage at Park Lane at the Hilton in Central

London. And you asked me about how do we see loan losses. At the time, I think we had just started to give guidance. In April, we guided for 35 to 45 basis points of credit loss provisions for 2020. And we were pleased to actually land in a 41 basis points number for the year, which was within that guidance. And I have to say, this was down to a strong risk management framework that Deutsche Bank had embraced and strong discipline in the portfolio we went into the crisis with and then continued to work with stronger discipline to continue to de-risk as the year unfolded.

If I look at 2021, that strength has continued to show. So for example, for Q1, we expect our credit loss provisions to come in at probably around half of the current consensus of € 360 million. And we expect overall for 2021 the overall CLP profile to be modestly lower than we had for 2020. And then we expect for 2022 onwards to see a more normalized CLP environment of around 25 to 30 basis points. But for 2021, like I said, for Q1, our current outlook is about half of current consensus for DB.

Magdalena Stoklosa: Very encouraging to hear the numbers. All right. Superb. And before we move to questions, Fabrizio, let's talk about something slightly different. You have been the best performing banking stock in SX7P in 2020. So how do you continue to build that kind of shareholder value into this year?

Fabrizio Campelli: Yes. It was a very positive run for Deutsche Bank in 2020. We believe the best thing we can do is to continue to execute on the plan we have laid out. We are very focused on that 8% return on tangible equity in 2022, and we're doing this by everything we discussed today. On revenue, continuing growth, the level at which we are expecting it. That level, by the way, if you look at 2020 would imply a 0.4% compounded annual growth rate for 2021 and 2022, which seems to be at reach given the momentum we're seeing, in fact already in the first few weeks in the year.

On cost, we spoke about it. There is a lot of discipline and a lot of focus on achieving those goals in a very systematic and disciplined matter. And frankly, when we look at revenues being close on that reach, 12 consecutive quarters of cost reductions which we intend to carry forward into the year, a robust credit position and framework that is making us comfortable around the plan, notwithstanding maintaining a lot of mitigants and maintaining overlays which we had in the second half of last year and carried into 2021 to mitigate for risks. We see that that 8% return on tangible equity and the fact that we will be working our way to reach it quite consistently, and with the momentum we are seeing right now inside the bank, around the bank, is giving us confidence that the Deutsche Bank share price will continue to rate.

At 8% return on tangible equity, we will be talking about a 0.8x tangible book. And so obviously we are very focused on not disappointing on our targets. This is a management team that has really in the last 18 months delivered against everything it promises, and the intention would be to maintain that focus.

If on top of that you add the fact that we did speak about going back to capital returns from 2022 onwards, and we have spoken about the € 5 billion capital return strategy that would come on top, and of course we would hope that all of this would be enough to continue to build that momentum on Deutsche Bank.

Magdalena Stoklosa: Perfect. Well, thanks very much. And let's take a couple of questions from the audience. The first one is about capital markets performance kind of year to date. In your review of the phenomenon of SPACs, I suppose you wouldn't have avoided this one.

Fabrizio Campelli: Yes. SPACs are performing really well. It's predominantly in the US. They're benefitting I think all banks and they're benefitting Deutsche Bank as well. We are seeing great momentum in that part of the business ourselves. And it is the kind of product we're looking at because we obviously want to build on long-term momentum, and of course, these are the kind of products that tend to live more on cycles rather than long-term outlooks. And so we are looking at quite closely at how we can continue to support clients on the product, but we continue to also focus on having a long-term capital market strategy that builds on all legs of capital markets. And in that sense, as I outlined earlier, we were actually quite pleased with the fact that our overall performance in capital markets was well balanced across all products and asset classes within it, and it was not just one product.

Magdalena Stoklosa: And one more question on IB. And it's a little bit kind of one sided, so bear with me. You're the second bank at this conference which gave actually the kind of year-to-date Investment Banking revenue growth number. So of course, you talk about 20% and Credit Suisse yesterday talked about 50%. So the question is, is that, do you feel, of course, it's literally a comparison one on one, but do you feel that you're actually kind of losing market share if some of your peers are showing that type of momentum?

Fabrizio Campelli: We are actually looking at our market shares quite closely. And we have looked at our market share and the momentum on market share we had in the second half of 2020 was actually quite positive as the idiosyncrasies that particularly benefits US banks and normalized in the second half of the year, Deutsche Bank benefitted quite a bit. I think we gained across investment banking over, almost half a percentage points of market share. And we see that momentum having continued, actually, in 2021. It's also worth saying that the number I quoted earlier didn't have any particular one-off effect in it. So it's a fairly consistent comparison year on year.

Magdalena Stoklosa: Okay. Is there any, when you think about the IB side, and of course you have a stated objective of growing share within the IB overall, I suppose which bits are you hoping to kind of gain share the most?

Fabrizio Campelli: So our strategy was to refocus our franchise. And therefore, when you think about how our Investment Bank has developed, it was in the context of the broader strategy in which we want our Core Bank in all of its entirety to be focused on areas in which we can compete to win.

What we are seeing, and 2020 was a good display of that and 2021 is actually very positive in confirming that, is that that strategy of refocusing our franchise away from equities and much more into the Origination & Advisory capital markets thesis, and within the FIC on our financing, trading and the macro businesses is actually paying out, because those are businesses in which Deutsche Bank has gained market share, has strengthened its position in ways that actually play right in the hand of the rest of the bank and in the rest of the franchise where we can truly become more client centric and operate in businesses in the Investment Bank in which we can continue to support our, for example, corporate client base into 2021 and beyond.

So the areas in which we're seeing momentum are exactly the areas in which we have invested since 2019. And those are the areas of Investment Bank that have been quite systematically performing particularly strongly since the beginning of 2020.

Magdalena Stoklosa: Perfect. And now there's a couple of kind of NII questions. And I suppose the one which is most, which is asked pretty much to every single bank is how should we think about the steepening of the curve for you in terms of how does it translate broadly into your NII?

Fabrizio Campelli: Well, we do expect looking into our models that the vast majority of the adverse effect of the drag to revenues caused by the current curve environment will be digested by 2022. And so for us, the effort continues to be that of defending our NII through the strategies I outlined earlier on deposit charging, on repricing, on the systematic conversion of deposits into investments, focusing on inflows. All of these measures are going to contribute to maintaining as resilient and steady a revenue outlook in our Core Bank until we see more of that momentum kicking in later in hopefully 2021 and into 2022 where we believe that thanks to all this effort, combined obviously with the heavy lifting that is happening behind the scenes on cost, staying very disciplined on credit risk, it will help us to really turn those businesses into strong profitability momentum businesses into 2022 and beyond.

Magdalena Stoklosa: Perfect. And a couple of clarification kind of questions coming through. Fabrizio, you've talked about the potential for a higher SRF fee. Can you just repeat that? You thought it could be € 600 million, and that does not impact your cost target. That was the question, whether the change in that charge impacts your target at all.

Fabrizio Campelli: Sure. I did mention that. So you remember that at the end of last year, James described our expectation on the SRF bank levy to be approximately € 300 million for 2021. And that was predicated on the assumption of the overall Single Resolution Fund being capped at approximately € 55 billion. And with the latest guidance from the Single Resolution Board that the fund may be expanded to over € 70 billion, we are obviously adjusting our charges accordingly, which we therefore believe will be just under € 600 million for 2021.

We obviously do not expect that this is already a decision for 2022 as well. And we continue to advocate that given that expansion of the base for the calculation of the levy is also driven by an expansion of deposits across European banks, driven by the very strong peculiarities of 2020 and the pandemic, that that should be resolved or should be addressed in future calculation that we remain our focus. But either way, we remain committed to the € 16.7 billion target. And of course, we will do everything, even in 2021, to counter the effects of that incremental charge relative to our original plan by basically targeting the same level of profitability we had before.

Magdalena Stoklosa: Okay, perfect. Thank you very much for that clarification. Now there's also a quick question, again press topical, from the perspective of any impact from Greensill insolvency.

Fabrizio Campelli: Thank you. We do not have as a bank any direct exposure to Greensill or the GFG Alliance. We obviously are a German bank and are a large contributor to the German deposit insurance schemes, and so there will likely be an impact from that perspective. But those schemes are fully funded, and so there is no expectation of any imminent impact deriving from those events. Of course over time, there may be the need to replete, to refund those funds certainly on the statutory side. The voluntary side is to be decided. So it's still unclear when and how much this would result into, but we don't see this as being an imminent situation on Deutsche Bank.

Magdalena Stoklosa: And the last question is really quite longer term. It kind of asks, we've got, we're in a period of a very good Investment Banking performance. We talked about it a lot, of course 2020 and expectations for 2021. As you look at your revenue diversification going forward, so medium term, do you think that there is a situation where the other parts of the group are likely to increase their revenue mix? So a lot of moving parts, but longer term, how do you see the revenue mix?

Fabrizio Campelli: Well, our strategy has not changed to what we have announced in 2019. In fact, what is happening right now has clearly been more beneficial to the Investment Bank and the environment, particularly the adverse interest rates have really made it harder for the rest of our Core Bank businesses to perform at the level that is their potential.

But based on everything we're doing and the things I was describing to you earlier, actually there is a lot of untapped momentum, untapped potential in those businesses, which in a normalized interest rate environment, as we really think about that reflation wave that may come across, will really benefit precisely those businesses that we see as the remaining part of our core strategy.

So as we look into 2022, 2023 and beyond, the strategy we laid out, to want to compete to win, on four businesses, obviously the Investment Bank but also the Corporate Bank, a well-rounded Private Bank which sits on a pillar in Germany and a pillar internationally, and our asset management franchise with DWS, we believe that all of them will actually behave quite strongly. The best thing we are doing right now is to ensure that relative to competition, those business perform well. And already in 2020, in a year in which everybody in our continent in particular suffered quite markedly from the macroeconomic environment around us, our franchises in Corporate Bank and in the Retail Bank actually performed quite strongly. So we expect all of that to then pay off all the effort and the confidence that we have as a management team, our people, our clients to help us navigate exactly the strategy we laid out so that we can make Deutsche Bank sustainably profitable in the long term.

Magdalena Stoklosa: Well, perfect. I couldn't have finished our session on a better summary. So, Fabrizio, thank you very much. Thank you for your time. It's always a very insightful conversation. And of course, thank you to everybody that's joined us on the web.

Fabrizio Campelli: Thank you. Thank you very much.

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