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Transcript

Speakers:
James von Moltke, Chief Financial Officer
Rohith Chandra-Rajan, Bank of America

Rohith Chandra-Rajan: (Bank of America)

Good morning, everybody. I'm very pleased to welcome James von Moltke, CFO of Deutsche Bank. Good morning, James. It's a pleasure to have you with us again this year.

James von Moltke:

Good morning, Rohith. It's a pleasure to be with you again this year. And of course, as we all would like to be live, hopefully that's next year.

Rohith Chandra-Rajan:

Yes, let's very much hope so. Perhaps we could start the discussion just by recapping the strategy. So, the strategy and the overall 2022 financial targets have been pretty consistent since you set them, but the operating environment has changed a lot in the interim. I was wondering if you could walk us through the key achievements to date and what needs to be done to meet your 2022 goals.

James von Moltke:

Sure. I'd be happy to and thank you for the question. It's something that we've tried to communicate consistently over the last sort of two and a half years. That we've been pursuing a consistent strategy, executing on that strategy faithfully, even as the market environment has changed several times over the last couple of years.

We've completed 8 of what was going to be 14 quarters of a transformation of Deutsche Bank, and nearly completed the 9th of those 14. And, of course, we've all seen remarkable changes, COVID, the largest of those changes, but the interest rate and the economic environment has had several sorts of shifts in that time. But we've held very firm to the targets that we've set out. So if I think about 2020, for example, we hit an absolute cost target of 19.5 billion that we'd laid out. We kept our capital ratio well above the 12.5% target that we laid out. And we guided, as you may recall, even to credit loss provisions during the COVID environment in a range that we hit, almost in the middle of it.

While all of that's been going on, our Capital Release Unit has executed on its strategy around de-leveraging, de-risking, and putting the non-core businesses off the balance sheet and out of our company.
We've also been very focused, as you've heard us say, about what I'll call the non-financial transformation. So the investments in the control environment, in our capabilities around regulatory remediation, and so all of

those things sort of continue as we also drive the businesses forward. So yes, the market environment ended up very different from what we might've imagined two and a half years ago, but it didn't at all distract from our execution.

If I turn briefly to the businesses, obviously all of us have seen a remarkable financial market environment, really since April of last year. And that's benefited overall our Investment Banking and Asset Management businesses. And the associated lower for longer interest rate environment, at least until very recently, has actually put a burden, particularly on the Private Bank and the Corporate Bank. Again, our strategy has not changed. And I actually have to say, I like the mix of businesses that we have. So as financial markets normalize a little bit, and we see the real economy growth, we'd expect the performance in Private Bank and Corporate Bank to pick up. Also, the interest rate environment is less of a headwind for them. And so, we'd expect to see that shift move towards the Private Bank and Corporate Bank business in our mix.

Again, the delivery, I think, has been very strong in the 12 months to June of this year, the core bank pretax profit was up 92%. And I think we've now, in other words, delivering and showing in our financial performance the path that we have been working towards the financial targets for next year.

Rohith Chandra-Rajan: Thank you. And with the latest update, you've moved to a 70% cost income ratio from a hard cost target. That will require nearly another 600 million of additional revenues. Could you give us an idea of where you see the key areas of strength by division that will deliver those additional revenues?

James von Moltke: Sure. Happy to. Essentially our guidance in July around second quarter was in moving our target language to the cost income ratio. We also indicated that we we're very comfortable. Revenues were running ahead of our earlier plans, and so we'd expect for next year at least 25 billion of revenues at a group level. And that's driven by, frankly, all four core businesses running either in line with or in most cases ahead of the sort of framework that we provided in December of last year at our last investor deep dive.

So let me give you a little bit of color on all that. Again, four core businesses: Asset Management, Private Bank, Corporate Bank, Investment Bank. I'll go in that order.

Asset management right now is running at about, or at least in June, was running about 860 billion of assets under management, so again ahead of our planning, and a run rate of about 2.5 billion of revenues on an annualized basis, so well ahead of where we expected them to be and is continuing to execute on their strategies and grow.

Private Bank, we talked about very strong business volumes. So loan growth, AUM growth in their franchise, 14% AUM growth year-on-year in Q2, and also very strong loan growth of about 4 billion. So we're seeing the driver growth in Private Bank. So that's running, if you exclude the impact of the high court ruling, annualized revenues, there would be about 8.2 billion. Again, well in line with and, frankly, ahead of where we needed to be to position for next year.

Corporate Bank, we've been talking for a while, has been executing on a number of core initiatives around businesses with platform, e-commerce providers, growing the German business banking franchise, positioning for growth in Asia, and, of course, has being very clear on its deposit re-pricing strategies and has executed well on those. And despite all of the headwinds that they faced, we think they're well on track to be on a run rate basis in the fourth quarter at the step-off we were looking to, to support their revenue target for next year.

And then the Investment Bank, of course, the Investment Bank has had a very strong run. It's grown or gained market share over the past really year and a half. And we're seeing clients come back to the platform, engage with Deutsche Bank. That's being fueled, with the recent Moody's upgrade even further. And we've recovered our market share, for example, in FIC to be, I think solidly number three, again, globally. And I've seen more market share gains than really any of our peers over the last little while.

And so, as Mark Fedorcik outlined at an investor communication last week, we do continue to expect to see revenues in 2021 in line with the very strong revenues of 2020, so around the 9.3 level billion.

So the summary is all businesses are executing on their strategies, as I say, running ahead of or in line with our planning, which is what gives us the confidence about at least 25 billion.

And actually one other point to make is, we've been making investments, so the market's seen us reducing costs. Of course, there's a fear that we're not making appropriate investments in the businesses, but we are making those investments to support growth and sustainable revenues. We've been making selective hires in our business divisions. We've been upgrading systems. We've been making investments in our control environment, as we've talked about. And so, I think in the execution of the strategies, we're making sure that the businesses are positioned not just for 2022, but of course for the period after.

Rohith Chandra-Rajan: Thank you. If we can maybe spend a little bit more time on some of those divisions, perhaps starting with the investment bank, which is, as you said, has benefited from market share gains, particularly in FIC, as well as a strong market. How do you plan to sustain or grow market shares as the revenue pool normalizes?

You mentioned investments. Major competitors are investing in both costs and capital, so do you need to do the same? And then you also just touched on the revenue environment for the rest of the year. I was wondering if you could expand on that a little bit, perhaps touching on Q3.

James von Moltke: Sure. Happy to. So it's interesting. Of course we benefited from the environment that's been very strong for investment banking over the last five or more quarters. But the sort of the idiosyncratic Deutsche Bank story, after the transformation we announced in 2019, was one of focus in our franchises. And that's actually paid off more than we might've expected two or so years ago. And again, as Mark talked about last week, I think one of the drivers or something that's easy to underestimate is just the consistency of strategy, the consistency of leadership in the business, and the sustained client engagement, which when you're distracted in restructurings, you're not focused on clients and clients are uncertain about dealing with you. That hasn't been the case now for really two years. And so, you're seeing that sort of build in terms of market share, as I say, client engagements.

And you mentioned, we're making investments in FIC and O&A, that's origination and advisory, the corporate finance franchise for us. And that's absolutely true. That enabled us to grow revenues and actually market share without seeking more resources on the balance sheets. So RWA have basically been flat, if you exclude the impact of regulatory inflation. And we do think that revenue performance is sustainable. We all will rise with the tide, but we think that the market share gains and the performance improvements are sustainable.

Now I'll go into a little bit more depth of what those investments look like, Rohith. In FIC we're continuing to invest in the drivers of market share. Revenues are driven by, again, consistency of coverage, consistency of pricing that we deliver to clients, and the technology platform. And those are all things that we've been investing in as Ram outlined to investors back in December.

As Mark said last week, we've also been making strategic investments, particularly in our M&A franchise where we think there's real scope for growth. We punch below our weight today in M&A. So we've made some strategic hires in industry verticals like healthcare, industrials, also private equity and technology coverage during the year. We're focused on cross border M&A, and also developing and growing our very strong relationships with private equity firms and also the C-suites of our clients. And again, the doors were open today to Deutsche Bank, which was a more difficult sort of road for our bankers a couple of years ago.

Mark and I, we talk weekly about client intensity in our engagements. And it's really gratifying to see, last year in particular, as I think many of our competitors saw, a very high degree of engagement of bankers with clients, as clients needed to work with their trusted partners to navigate through the crisis. But interestingly, over the last several quarters, we've seen intensity metrics at/or above those levels. So we're very comfortable with the progress we've made, and, frankly, the sustainability of the revenues. We delivered 9.3 billion of revenues in 2020; we've indicated a similar level in 2021. And that's up from about 7 billion in the investment bank in 2019.

I talked in June about trying to get to a sustainable level of quarterly revenues in the investment bank between 2 and 2.5 half billion. And that would at least support our ambitions for next year or exceed them. And that's what we're working towards. And also making that as sustainable a revenue base as possible.

To the last part of your question, Rohith, we're close to the end of the quarter and we're looking at a quarter against a very strong Q3 2020 of IB revenues down approximately 10% only, which we think is strong. That 10% would translate to up around 30% from Q3 of 2019, which I think again underscores the strength of the franchise.

Rohith Chandra-Rajan: Thank you. So moving to other parts of the business. As you highlighted, loan growth, deposit charging, and Asset Management fees have been good, but there are still some residual interest rate headwinds that you flagged. And Corporate Bank and Private Bank, in particular, like they have the highest hurdles to overcome to meet your 2022 revenue targets. You touched on corporate in particular a little bit earlier, but what are the key initiatives to get those two businesses to the 2022 target level?

James von Moltke: Yes and it's something we're extremely focused on. I mentioned earlier the financial market, and if you like more balance sheet driven and perhaps real economy driven businesses, we're very focused on delivering now the financial profile in our Corporate Bank and Private Bank that I think investors want to see. And again, we think they're on track to achieve their goals.

As I said at the outset, they've been executing on their strategies very faithfully. It's been hard to see because the year-on-year interest rate headwinds, of course, have been pushing down their revenues, and so they have to work hard to stay in the same place. But they have been executing on offsetting measures throughout. If I give you some sense of scale, this year as in 2021 relative to 2020, the businesses will face respectively 300 million and 400 million of interest rate driven pressure, CB and PB, because of the interest rate environment essentially as old deposit hedges runoff. But in some respects, those are the last of the deposit hedges that were put in place at higher revenues. So that headwind becomes much less impactful in 2022. It is less than half in the Private Bank next year and is immaterial in the Corporate Bank.

And so, you'll get an opportunity to see the underlying growth come through to the topline finally next year. And so, let's talk about those drivers. As you say, I mentioned a number of drivers in the Corporate Bank, sort of growth strategies that Stefan and his team have been busy executing on and that they often start small and grow to larger businesses over time. Most impactfully, as you've seen, they've been able to pursue deposit re-pricing. And that's really been very successful. Our last disclosure was that we've re-priced or got into customer contracts on accounts representing about 87 billion of our deposit base. And that's a run rate of about 85 million of revenues per quarter. And we're building from that. So we think that still has some room to run, as I say, in addition to the other measures that we talked about.

Private Bank is, as I said earlier, running ahead of our plans based on really the driver growth. And while it's had the impact of the high court ruling, its loan growth, its investment product growth, its insurance products, and generally sort of business volumes building kind of the installed base of activity there. So we're quite pleased with that performance and that it's running ahead of plan. So with those businesses it's very much about building the businesses on a run rate basis to the targets that we've set, and, of course, continuing to work on the cost base while we drive the revenues.

Rohith Chandra-Rajan: So then on cost. We sort of talked earlier that you've moved from a hard cost target to a cost income ratio. How have your cost plans evolved, given that you now expect expenses outside of your control to be higher than previously anticipated, but also more income? And has there been any change in the focus or cost of your investment in controls?

James von Moltke: Yeah, as you said at the outset, of course there have been changes, as there always would be over a three and a half-year period in terms of the environment that you're working in. And what the management team has been very focused on is this faithful execution of the strategy and delivering on the targets we set for 2022.

You mentioned that the target language changed from costs to a cost income ratio that we talked about at the second quarter earnings. I do again, want to emphasize, it's the same cost income ratio that we'd initially targeted, which is the 70% and we just removed the absolute cost that was associated with that in recognition of two things. One is some uncontrollable expenses that had come in, but where we felt we could offset those in the cost income ratio, and ultimately the ROTE target with better than expected revenues is, as I've described. But again, I want to emphasize it's no change in terms of the management's focus on cost management and driving efficiencies in the company.

I did mention, Rohith, at the time, and we had some disclosure on this, that we were working on additional measures to help offset volume related and other pressures that we see. We've talked also about the investments that we now continue to need to make in our control environment, which are also running above our earlier expectations. And it's important, in that context, that we do not sacrifice control investments to hit financial targets, but equally do everything we can within our power to preserve those financial targets.

And so, we had been working earlier this year on some additional measures to drive down expenses next year. And those measures included further workforce optimization, accelerating further our real estate reductions, and systems rationalization, so going deeper and further into some of the areas we've been working on for several years.

We did say at the time in our disclosure that those measures might require additional restructuring charges and what we're calling transformation charges. And so, I do want to provide an update to our earlier guidance in that context. We would now expect to see about 400 million of additional IT related transformation charges, again, relative to the overall transformation initiatives that we began back in July of 2019. In other words, the guidance that we provided throughout of the transformation effects, an additional 200 million of restructuring and severance costs, an additional 100 million, in round numbers, of real estate related charges.

And so, by taking these charges, I think again demonstrating the focus on expenses and where we can go in deeper and accelerating. Our goal, given again next year is a measurement year against our targets, obviously our goal is to largely book these charges by the end of the year, the incremental charges, and stay on track. But we also expect the benefits of those charges to start as soon as the fourth quarter and obviously impact 2022 and beyond.

If I think to the third quarter, some of these charges will fall in the third quarter, and so you should expect our transformation charges to be significantly higher compared to the recent run rate or the Q2 level.
And for Q3 this would largely be reflecting the IT related transformation charges that I mentioned a moment ago. It may be partially offset by better DTA over time, but that's still sort of in the final analysis.

Overall we'd expect these movements not to change our outlook or, frankly, consensus in terms of profitability, materially from what we see today. So we do see some profitability outperformance against consensus in revenues and CLP as offsetting, or more than offsetting, the incremental charges in Q3.

And the last thing I'd like to say is that again, these incremental charges, which will take the whole compete-to-win strategy that we announced in July 2019 to a total of about 8.8 billion, again, on consistent disclosure, which we'll update in our Q3 numbers. Our goal is to have almost all of those transformation related effects now booked by the end of the year. So we would have the impact of this transformation essentially fully booked by the end of the year. Remember in all of this, one of the things we're seeking to do is ensure that we have the room to support some of the control investments that we've talked about. But I hope in this you see, again, a management team that will course correct when we see challenges and take sort of quick and aggressive action to offset our pressures.

Rohith Chandra-Rajan: Thank you. That's a helpful update. And just coming back to revenue, sorry, briefly. One of the things that you've had to deal with is the German current account fees. Could you give us an update in terms of how the customer response there is going in terms of the outreach and contacts process, and your level of confidence that those revenues can be recovered?

James von Moltke: Sure. Happy to. And it's progress we're actually quite pleased with. Obviously, we were disappointed with the federal court, the high court results, but we move very quickly to then execute on what, again, I'll call remediation of that situation. Our current view is that by the end of this quarter, so essentially next week, almost two-thirds of the impacted client base will have consented. And that's on track with our expectations that we outlined in June and again in July.

If I take you back to the financial impact of this event, we booked about 220 million related to this, what we're calling our disclosure BGH ruling, in Q2 of which about 130 related to a litigation provision, essentially the restitution costs, both the operational and the client restitution costs, and then foregone revenues of about 94 million euros. That revenue hit is something that repeats until we have the signed client consents. And hence the reason we worked so quickly and hard to bring the consent process forward, we'd outlined it would be 94 in Q2, again in Q3, and we expect a much smaller impact in Q4, as we try to bring the last of those client consents across the line.

Remember it's a sector issue so it's something that we and our competitors in Germany are all dealing with at the same time. But we're quite happy with the progress we've made and, frankly, the customer response. And so, I think in short, we're on track with the actions that we outlined in June and July to address this matter.

Rohith Chandra-Rajan: Thank you. And you mentioned when we were talking about costs in terms of your expectations versus Q3 consensus from one of the areas of out-performance being credit quality. So Q2 to the full year guidance imply the 30 basis points credit loss provision in the second half of the year. I mean it sounds like recent economic activity gives you more confidence around that number. So just wondering there if you give an update in terms of what you're seeing, particularly given the evolving news flow around China, and also what your expectations are for asset quality beyond this year, in terms of both the upside and the downside risks that you see.

James von Moltke: We continue to see a very benign credit environment. Our guidance this year started high-ish at 25, and on a relative basis low I think to many of our peers, and we've continually taken it down, really on the basis that we want it to be conservative. There was uncertainty in the environment, given how the pandemic would continue to evolve, the end of moratoria and other support programs.

But as we actually said in July, it would continue to improve, that is the CLP guidance for the year would continue to improve, if the credit environment remained as benign. And it has. So at this point, I think for the full year, we probably will be at around 15 basis points or perhaps even a little bit better. For the quarter we'd expect, it's always hard to tell, but around 150 million in this quarter or perhaps a little better than that. So overall benign in credit.

As you say, the economic environment, you've heard this from some of our peers and obviously economists, remains quite robust. It's changed a little bit based on expectations with the Delta variant and other considerations, but in principle it's a very strong environment, and you've seen very low default rates including in high yield and other parts of the market where you might look for potential signs of credit deterioration. So while we're all vigilant about vulnerability to downside risks and remaining uncertainties, the environment remains quite benign.

You mentioned China, and it's probably worth giving you a couple of comments about that. The headlines that you've seen about one obligor, we don't have any direct credit exposure to that obligor and de minimis market risk exposure. So we're not really directly affected at all by the events of the last week or so. And actually the indirect effects at this point, we don't see any really impact indirectly at this stage.

We're seeing the economic environment in China, of course, slow from the very high levels that it has recorded over the last several quarters, driven by both a slowdown in the property sector and also the impact of recent government interventions and things like tech, education, and the real estate market. And that's driven some volatility. If I think about our portfolio, it is a very high quality portfolio and we're focused on our China exposures. Our exposures tend to be state-owned enterprises, tier one financial institutions, and also particular subsidiaries of multinationals. And so, we're very comfortable with that portfolio.

Real estate, of course, is an area of focus and will be for a little while now. But there our exposures, as is typical of our book, are conservatively structured and at relatively low LTV. So we would continue to see the fallout, if you like, in the real estate sector as being at least manageable for us and maybe better than that.

Rohith Chandra-Rajan: Thank you. Moving back to strategy briefly, ESG's has clearly moved up your agenda. So what progress have you been making there and how does it fit with the broader transformation strategy?

James von Moltke: You're absolutely right, Rohith. If I think back to July of 2019, there was a management agenda that we articulated. It didn't get a lot of focus understandably because the restructuring was the focus at the time, both of investors and of the management team. But we're very pleased in the way we've been able to advance that broader management agenda, and that included ESG, which is at this point really a very high and if not top priority for Deutsche Bank. And as you'll recall, we did a sustainability deep dive to try to apply the same rigor in terms of dialogue with stakeholders; metrics, and transparency to the sustainability agenda as we do with you and our investors.

So our focus here is the transformation journey, so supporting our clients as the economy transforms. I think that's the critical role for financial institutions and moving the economy financing, the economy's transition to climate friendlier ways of doing business and supporting the economy. We have set targets for that financing, as many of our peers have done. In our case, it's 200 billion. We initially had that target for 2025, in May we brought it forward to 2023. We're continuing really to outperform our targets, which to my mind is a signal of how well we've been able to engage and how successful, once we really focused on this agenda, how successfully we were able to drive it forward. And it's across the businesses. So you will have seen that we've set targets, not just for the group, but also over time for each of the businesses.

So it's financing in the Corporate Bank and Investment Bank, obviously underwriting in the Investment Bank. In the private bank, it's generating sustainable assets in their investment products. Again, at this point, the last number we disclosed was 99 billion, so we're essentially halfway to the 200 billion target. The strategy, though, goes beyond just environmental and sustainability, as we talked about in May. It goes into diversity inclusion. Obviously we're focused on governance and we're focused as a management team on driving all of the various elements, the dimensions if you like, that our external stakeholders look at and we've tied that to management compensation. So it's a quite far reaching initiative.

I do want to take the opportunity, Rohith, to speak to the recent press that DWS has had because that's obviously been very painful for us as a group and DWS as a company. And what I want to highlight is it's very important to understand DWS stands by its disclosures. It's been very clear that the 2020 annual report disclosures of both ESG managed assets and ESG integrated assets are numbers and processes that we stand by. DWS has a 20-year history of focusing on sustainable investments and building its capabilities, and we believe it's been a leader in this regard.

And hence, I think we have to go through the process of the investigations. That's entirely appropriate under the circumstances. But we're working hard then to move as quickly as possible through these. And as I say, we stand by the disclosure that we've made of both our sustainable assets and our processes. I will say, just from a performance perspective, at this point we're not seeing an impact in terms of inflows or assets under management at DWS. We're very focused on managing through this, communicating with clients, and ensuring that the impact is as small as possible. But speaking for the third quarter performance, at this point we don't see a measurable impact.

Rohith Chandra-Rajan: Thank you. That's very clear, James. If we can move on to capital, there's now a direct link between the stress test and capital requirements, and this year's drawdown looks consistent with the regulatory minimum CET1 ratio between 11.4 and 13.2%. So do you expect any change in Pillar II guidance that would impact your CET1 target?

James von Moltke: Short version, I don't think so at this point. A) we don't know this for sure, and B) it's not disclosed. But to give you a little bit of color, there's always been a link between the EBA stress test results or depletion in the EBA stress test and the P2G setting. As you would be aware, the ECB has come up with a revised methodology and framework for essentially translating, not just the stress test, but other considerations into the P2G setting. It's not part of the minimum CET or the MDA, as you know, but it's a threshold that drives dialogue between the supervisors and the supervised companies.

But looking at where we are today, the depletion didn't really materially change between our 2018 stress test and the 2021 stress test. And while it's early to say, we don't see any impact on our capital targeting or our distribution plans.

Rohith Chandra-Rajan: Thank you. So that leads us on nicely to distribution. How are you thinking, what parameters would you consider when you think about distributions potentially starting at the end of this year? And how should we think about the scale of those in the context of the 575 million accrual that you've made in the first half of the year?

James von Moltke: So it's early to have that conversation to be honest. I mean that's a decision later this year and into next year with our Supervisory Board, and obviously with our regulators, we would make final determinations. So the short answer is truly to say what we're very pleased about, though, is that the profitability that we've been able to show this year, notwithstanding still being in a transformation phase, has supported this accrual. I'll call it an accrual. It's really a deduction from our capital ratio for purposes, and it's a mechanical one.

But it enables us to pay out on a running basis now. In other words the first half, almost 600 million without affecting the capital ratio. And obviously as we go into the determinations at the end of the year, the accrued number, as well as a number of other considerations will factor into our thinking. I think the important thing from my perspective is we made a promise to investors to distribute 5 billion of capital back in July of 2019. And even while we're still going through the period of transformation this year in 2021 we've been able to get ready for what I think is a meaningful down payment on that 5 billion. It's above 10% at this point of the 5 billion so that's very, very encouraging.

Rohith Chandra-Rajan: And over what period do you anticipate returning that 5 billion?

James von Moltke: It's always been hard to say. And so, we've been sort of deliberately vague about the period, but our goal is to make it as quickly as possible. And as I said last December, it is within our planning horizon and it remains within the planning horizon we had in December, which is five years. Again, our goal is to bring it out as quickly as possible, while at the same time supporting business growth and building for the next wave of regulatory inflation, which will come with a Basel III final framework.

Rohith Chandra-Rajan: Thank you. And then a quick question on M&A, if you don't mind. You mentioned previously that you're open to acquisitions once you've completed your own transformation. What attributes would you look for when you're considering M&A, both for Deutsche Bank and also for the Asset Management business?

James von Moltke: Yes, I think our messaging has been consistent on this. That we see the industry logic that there should be consolidation in European banking. And I think you've seen that in terms of regulators encouragement and then some activity, typically in market activity last year. And it's something that we see in the future for our company. But as you've also heard Christian and me say, our focus on transformation, I think is part of the preparation that we need to do for that eventuality. And that's getting the businesses ready for performance, it's the control environment, it's investing in our technology; all the things that we're doing to build, I think a stronger and more competitive platform. And that's a platform that I think will enable us to engage in strategic activity.

Hard to speak to the specific attributes. There is so much that goes into it, Rohith, and I'd probably be giving more away than I ought to. But obviously we want to do things that are – we want to ultimately engage in discussions where we think there's a transaction that can be value additive to our shareholders and further the strategies in our relative competitive position in the marketplace, while being very cognizant incidentally of capital allocation where we made some very clear sort of direction of travel statements back in 2019. And I see no reason to change those.

Just quickly to Asset Management. You've heard us again speak to the level of preparedness that I think that DWS is at to pursue its own strategies, the support from the parent to do that, and the industrial logic that I think is also true there. What that will look like when the transaction is, as there's been some commentary, they've been actively seeking the right alternatives, but both for them and for the group, I would say the discipline with which we would approach inorganic activity will be the same discipline with which we've conducted ourselves in our transformation over the last two and change years.

Rohith Chandra-Rajan: Thank you very much for that, James. We are going to have to wrap it up there. We've run out time. But thank you as always for your time this morning. I very much hope to see you in person and not too distant future.

James von Moltke: I look forward to it as well. Rohith, thank you for having me.

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 revenues and in which we hold a substantial portion of our assets, the development of asset prices and market volatility, potential defaults of borrowers or trading counterparties, the implementation of our strategic initiatives, 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 12 March 2021 under the heading "Risk Factors." Copies of this document are readily available upon request or can be downloaded from www.db.com/ir.

This transcript also contains non-IFRS financial measures. For a reconciliation to directly comparable figures reported under IFRS, to the extent such reconciliation is not provided in this transcript, refer to the Q2 2021 Financial Data Supplement, which is available at www.db.com/ir.

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