Deutsche Bank

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Transcript

Speakers:

James von Moltke, Chief Financial Officer
Chris Hallam, Goldman Sachs

Chris Hallam: Thank you very much. Delighted to be joined here by James von Moltke, CFO of Deutsche Bank. Thank you, James, for traveling here. I know it's not always easy to travel around Europe in these days, so we appreciate you and the team making the effort to come to our conference.

James von Moltke: Chris, thank you for having me. And I'm delighted to be here. Happy to make the trip. I'm very fond of this conference. It was four years ago now, when I first talked about the virtuous circle that we were focused on unleashing and it's always for me a marker of the progress we've made against that.

Chris Hallam: Perfect. We'll count you in for next year.

James von Moltke: Exactly.

Chris Hallam: Let's kick off with a bit of a macro or broad based overview. We started this year thinking it would be easier than 2020 and 2021, and then clearly events have overtaken us. So, the first question would just be, how is the bank currently doing and are you seeing the same strength and revenues across the divisions that you were seeing at the beginning of the year?

James von Moltke: Well, Chris, absolutely. I don't think it's the year that any of us expected and not least the citizens of Ukraine or the residents of Shanghai. I think we've all been reacting to a market environment that's nothing like we could have anticipated. But as you say, the business performance even in that environment, in some cases helped by the environment, some cases dealing with headwinds because of the environment, continue to perform really well. You saw the trends in the first quarter and we have seen them repeated or continued into the second quarter. We're looking at a revenue performance in the core operating businesses which in terms of year-on-year growth rates, we expect to be in line with or better than the same growth rates we saw in Q1 year over year. So, we see that as really encouraging signs in the operating businesses.

Within that you have a lot of stories. I think you've got, call it, a core economy. So, momentum in what we would think of as our stable businesses in the Corporate Bank and the Private Bank driven by just solid driver growth, loan growth, deposit growth, investment asset growth, activity with our clients. And we actually don't see that abating, at least in the current environment. For example, loans have continued to grow in the Corporate Bank. We see our corporate client base continuing to make investment decisions, react to supply chain differences and make investments, which is encouraging. In the Private Bank, we're seeing a continued engagement and inflows into investment products and what have you that is steadily building the revenue base in that business. And that's encouraging. In the Investment Bank, I think as you've heard from other investment banking competitors, you have actually a very weak what we call Origination and Advisory marketplace or Corporate Finance, where the year-on-year volumes are quite low, down by, I guess, 30 plus percent for the full year and down by more than 40% in the quarter.

But in our case, you have, I think a larger, FIC business that's continuing to perform very nicely. So we've had real momentum in that business. And that gives us, I think, some confidence about the environment we're operating in. One other area where we're seeing a continuation of trends in Q2 that we talked about in Q1, regrettably is in our Corporate and Other area. As we do the valuation and timing, essentially the hedging of the risks on the balance sheet, that was a drag in total in Corporate and Other. Another of about € 300 million in the first quarter, we see a similar result taking place in the second quarter.

Of course, it's volatile. The results depend on markets through to the end of the quarter, but we are continuing to see that drag just as with the volatility and the changes in financial markets that drive a lot of the risks in our balance sheet that we hedge centrally, and that continued to create what we call the valuation and timing differences. In fairness, those can come back, either through changes in markets or through the pull to par, which has flipped from being modestly positive at the beginning of the year to being very positive. So, we'll see a lot of that revenue drag come back, but certainly for the second quarter, we continue to see a drag.

Chris Hallam: Okay. Very clear. Now, if we turn to rates, clearly ECB is trying to thread their needle between cooling inflation on the one hand and not tipping the European economy into recession on the other hand. As we sit here today, first of all, how do you approach managing the bank through that period, and are you continuing to see increased revenue opportunities as a result of where we've seen rates gone already? And then, I suppose the final point would be competitive pressures or how much of that is being passed back to customers?

James von Moltke: Well, look, I guess I'll start with, I think the ECB is speaking essentially now. And so, I have a lot of competition away in terms of investors' attention, but look, we've taken the view, I think DB research, as well, I think our internal view is that the central banks have been behind the curve for a while now. And I think it's good to see them taking concerted aggressive action to go after the inflationary pressures that are there and influence inflation expectations. We obviously welcome that as an economic matter. There's obviously the risk that it'll result in a landing that's worse than what some people expect, a soft landing. For our business, it's obviously helpful. We've now had such an extended time of very low, and in Europe negative rates, that seeing the end of that and getting to a more normalized sort of rate curve, both kind of the steepness and the level of rates is going to be helpful for the banking business. There's no question.

In specific terms for us, we've provided some disclosure about that support. It was going to deliver about € 400 million in revenue support for this year, and that's now expanded, we think to about € 600 million. So, a pretty significant increase, especially when you think over the short term. It's one of the reasons, by the way, we provided guidance for revenues of € 26 to 27 billion. We are biased to the upside on that today in part, given the interest rate support that we have. Notwithstanding frankly, some of the uncertainties that we all know are out there in the remaining seven months of the year.

Chris Hallam: We touched earlier upon some of the dynamics you're seeing across the Investment Bank. But if we just dig into the Investment Bank a little bit, how has client risk appetite changed in the idea and also how firm are the pipelines that you have out there?

James von Moltke: I'll start with the good news part of it then first, perhaps. And that is, I do think we are seeing a fixed income markets environment where you talk about good volatility. We've got an environment where there's a direction of travel, there's some uncertainty as to the pace and the magnitude of the movements. And that's expressing itself in financial markets. And as a consequence, investors and corporates are needing to take action, whether that's investment action or risk management, that clearly supported the momentum in our FIC business. Fabrizio talked about that at a conference last week. And again, as we said, the Q1 beneficiaries of that were really rates, FX and emerging markets in our business and we think that's continuing.

I think the FIC environment is benefiting from that with a tier risk appetite type point. With a sensible level of risk appetite out there, I think both Investors and Corporates are approaching it with a reasonable degree of caution in terms of how they're managing collateral, how they're managing cash balances and what have you. So, there's, I think, room for encouragement that that can continue to assist as a trend.

In the Corporate Finance products, obviously you've seen, as I mentioned, that significant reversal against what were in fairness record levels of activity last year.

We were looking at the overall wallet. In fairness, it's in line with the pre-pandemic wallet. If you looked at say 2017 to 2019, you have activity that's normalized fully now, as much as it is weak on a year on year basis.

In risk appetite terms, certainly you've seen Corporates pull back, especially in, well, I'll call it risk activities. M&A is a risk activity, and in the higher yielding asset classes like leverage lending and high yield, you've seen a real pullback. I do think that markets will stabilize. They always do. Corporates and issuers adjust to an environment, they get comfortable issuing at certain prices and investors get comfortable investing at certain prices. So that equilibrium, I think, is something that will come in time, but it's been a dampen, no question on activity so far. And as we've talked about, there are considerable uncertainties as the range of outcomes remains pretty wide.

Chris Hallam: And turning to investments, this was obviously clearly a focus in the IDD, maybe you could provide some update on how investments are trending, and also how we should think about these, whether they focus primarily on the revenue side or the cost side?

James von Moltke: Actually, it was also a year ago at this conference, at that time unfortunately remotely, that I started making the point.

And we've wanted to reemphasize that in our dialogue with investors, that as much as we've been focused on costs for the past several years in the transformation of the company, and that's absolutely true, we've been cautious about not starving the company of investments. And I think we've been consistent about that messaging as well. If I think about investments, yes, the predominant investment thesis right now remains regulatory remediation, control remediation, technology investments, for sure. And also, investments that are focused on delivering future structural cost reductions, including incidentally with technology. So, it is the preponderance of our investment profile today, but at the same time, we've been quite consciously shifting to a revenue-oriented investment portfolio. And again, that started about a year ago, that really is the internal discussions and the formulation of plans, so across the businesses and we talked about this as well at the Investor Deep Dive in March. Each business was asked to formulate its investment plans to drive future revenue growth and begin to build in and at least prepare, if not begin to filter those investments into our activities.

So, if I just run through at a very high level, Corporate Bank has been focused on product innovation and technology in particular in its investment thesis. Private Bank has been focused on building omnichannel capabilities, deepening our data driven marketing and lead generation and also building out investment products. And in the International Private Bank, in Wealth Management particularly, bringing on as we've continued to do over several years, new wealth advisors to continue building and growing the business and we're encouraged by all of those investments.

In the Investment Bank, we've had a number of areas inside the FIC complex, where either filling in gaps or very nearby adjacencies making investments. And then we talked about the M&A investments we've been making, where we think we can build our Corporate Finance franchise with M&A hires. Lastly, in DWS, there's been a number of different investment theses that they've had building their alternative platforms, building the use, it's platform. And although it's become controversial, continuing to invest in the ESG framework and capabilities that DWS has, because they're long term committed to that area of product innovation. So short version of it all, there has been a shift.

There's been a lot that we've done to prepare for expense savings over the next three and a half years that we talked about. But over time, especially as the wave of regulatory remediation begins to abate, we think we can shift more of that emphasis towards revenue growth driven investments.

Chris Hallam: The Q1 call, clearly there was a lot of focus on the cost story, and we spent some time talking about that since then, but maybe you could provide a little bit of an update on the cost narrative more broadly and also how things are progressing thus far in Q2?

James von Moltke: Sure. Happy to, Chris. I know it's a focus for investors, no question and believe me, it's a focus inside the company with management. We have both, in cost and capital, we have a very intense management focus on really every Euro and every basis point. And that is discipline that I think we've built over the last three or four years that is important and we intend to carry it forward into the future, because I think cost management will be no less important, going down the track. This year, as we talked about in Q1, there's no question there's been some pressures and some pressures that have gone beyond what we anticipated. The good news generally has been that's been broadly offset by stronger revenues in the operating businesses than anticipated.

So, I think as much as there is a focus on cost, it is somewhat counterbalanced by a stronger revenue outlook for the operating businesses than we had anticipated. Look, in the first quarter, we had given pretty clear guidance in January as to where we were headed for the first quarter and we missed on that by about a hundred million. But the story was actually out-performance in non-compensation costs and compensation costs that were higher than we had anticipated. In many respects, good costs in so far as it reflected higher revenues, but nevertheless, we understand that investors look at that with some concern as to, what does it mean for the future? So, as I say, we remain very focused. As things stand, we are continuing to drive our efficiency initiatives, whether it is more tactical right now, trying to offset some of the pressures that we've seen, or it's more structural as we talked about at the IDD. Three or four areas of significant investments, significant work over the next three and a half years, that's aimed at taking out about two billion of cost, creating the room to make some of the investments that we talked about.

And so, we're focused on both time horizons. Christian said in his AGM speech, and it's obviously no secret the 70% cost income ratio target is the more challenging of our targets for this year. We've had some surprises in the uncontrollable areas. We're living with some pressures in controllable areas, but we remain as focused as ever on working to delivery on both our short term and long-term objectives. I think it's important on that last point that we, and I said this a year ago, we're not prepared to sacrifice some of the long-term growth opportunities and importantly, the regular remediation, the control remediation investments, for the near-term satisfaction, if you like.

Chris Hallam: And then turning to capital, I suppose, we mentioned earlier on the uncertainty of the macro backdrop we've witnessed so far this year, and I guess there's two questions within that. First of all, what regulatory reaction, if anything, do you expect to come out? I think back in early March, late February, we all expected there would be something and there hasn't yet been anything. So is there anything we could be expecting? And you also, have referenced your year end, CET1 target of 13%. So perhaps also update on how you're progressing in that regard.

James von Moltke: Sure. Thanks Chris. Well, look, ironically, we're in another crisis now. It remains to be seen how severe the war and the supply chain and the other related shocks and conceivably also an economic slowdown ends up being. But it's ironic that some of the pandemic driven regulatory accommodation, let's call it is running off, just as we're in the middle of the next difficult environment. And unfortunately, some of the machinery that's just going on, in terms of model reviews, EBA, parameter adjustments and what have you, that's just continuing, so it remains a challenge. We talked about that also on our earnings call, so it continues to be a headwind for the industry. It's something we think is unhelpful, frankly, we'd like to manage in a more predictable, steady environment but as I say, this machinery is continuing to operate.

I don't really expect any additional accommodation. I don't think we're at a point like that, but equally, you haven't seen any actions like dividend bans or restrictions that could have placed a dampener on that part of the industry story. For us, we're very focused as I said on not just cost, but also capital management, managing to the 13% CET1 ratio target. You saw in the first quarter, not just for us, but also for some of our competitors, some drawdowns on capital. Actually, on a relative basis, ours were smaller than most with about, call it 40 basis points, it was roughly evenly split between regulatory impacts and war related impacts. So, we felt actually pretty happy with the overall performance. Nevertheless, it was a little tougher in terms of the path to 13%, but as we said in the first quarter and would reiterate, we're focused on achieving the 13% for the end of the year. And it's part of our capital management discipline that we'll find a way to get there.

Chris Hallam: And I asked you a question on the Q1 call, which with the benefit of two months, maybe I could just ask you again. Does the dislocation you've seen and the pressures you've seen change at all how you think about, you mentioned your capital targets, but actually probably more importantly, your capital distribution commitments that you've made already?

James von Moltke: Nothing, that I would say has changed there, Chris. Part of the reason we want to focus on this 13% to the end of the year is the step off that we see in the capital build that's required to get to 2025 and this next round of Basel III implementation which at this point, we would still expect to be a January 1st 2025 event. As we talked about with some of the analysts and investors immediately after our IDD, we did build in some cushion into our next several years of capital planning.

I think, wisely and appropriately, and it's always a feature of capital planning that you should be prudent. But, as a consequence, looking at the environment, looking at the recent performance, looking at our outlook, there's nothing we would change about our distribution plans at all.

Chris Hallam: Okay. Let's talk about some, some themes now. So, technology has always been a big theme in the industry. It's coming up again and again at this conference. How do you think about fintech in terms of how is that thinking evolving, opportunity versus threat, and what are the right KPIs that we should be looking at that we can actually measure tangible progress or lack thereof over the next few years?

James von Moltke: Look, the KPI question is a really hard one. Actually, we struggle with that a little bit internally as well, sort of what are useful KPIs to measure how you're progressing the digital delivery of your capabilities. I've talked to a lot of my peers about that as well.

Fintech is interesting. I'll say as a backdrop point, Chris, that I do believe that the banks get better with the competition of fintechs out there. The fact that fintechs are delivering innovative ideas, that in some cases we can partner with them or make investments in them to bring the ideas into the company. In other cases, we can buy them or incorporate technology and ideas into our core business. I think overall, in the long term, that will make the banking industry stronger and better at delivering capabilities to our clients.

I think we're at an interesting juncture right now in this, call it old guard new fintech debate. First of all, the interest rate environment changing, of course helps banks a little bit in some of our investment capabilities, but it also puts, I think, a little bit more pressure on the fintech and they're financing rounds and what have you. And so it might engender some changes there. I think the other thing that's changing a little bit is the regulatory approach to this sector. I think there was probably some regulatory accommodations in the early days, but as the sector grows up it's going to find itself forced to the same standards that the older firms have had to live with.

So I think there is, I don't know how you'd describe it, a shaking out and a process that we'll go through in the next few years. I think it's encouraging. A lot of what we want to do in the period to 2025 that we talked about at the IDD is generating the kinds of efficiencies through technology investments that, obviously, you've seen fintech companies do much more easily than we have. And, I think the better we get at that, whether it's by managing our data estate, by managing a transition to the cloud by, simplifying our application landscape, I think the more velocity we'll be able to generate and therefore, a better competitive response to the fintech world.

Chris Hallam: Staying with some of these big picture themes, and on the topic of sustainability, looking at the headlines from last week on DWS and the allegations of greenwashing, what is the tangible impact on DWS and also on Deutsche Bank as a majority shareholder? And then, perhaps you could talk a little bit about whether or not we should assume there could be any sort of strategy evolution at DWS given the change in management? So, as someone who follows Stefan on LinkedIn, he's a big picture thinker.

James von Moltke: He is. Well, thank you for asking the question and look, DWS has got their AGM today. Obviously, they're facing some of the questions that have arisen and sharpened as a result of last week's events. So, let me start with a couple of points. First of all, to your point about Stefan, absolutely. I mean, he's a superb manager, leader, and I think will bring some fresh ideas and also energy into DWS. So, I don't look at that as a negative for DWS in any way, as much as we regret that this change of leadership happened and had to happen, and regret, particularly on Asoka's behalf, that he's had to endure what he has over the last year or 18 months, that culminated in the events of last week.

I think that's the first point. Second point on the events of last week and really the communications that you've seen from DWS today and the last few days, there is no new information, to our knowledge, that has given rise to the new investigation, or the raid last week. And, we are continuing to work, as we have been throughout, in a very transparent, collaborative way with the various groups investigating this. So, for us the real objective is to bring our internal investigation and then the reviews of the various authorities of that to a conclusion just as quickly as possible.

I think it's really important, I've said this to a number of people last week, and also before, DWS continues to stand by its disclosures. Its 2020 annual report, its 2021 annual report, and the prospectus disclosures that underline the funds that are being criticized. And that's an important statement, I think, especially given the benefit of now pretty extensive investigations that we've conducted, internally.

Now, it'll take time to finish that and see what we learn from it, but it's built on an edifice of just how seriously and passionately committed DWS has been to this ESG product category and everything that underlies it over the last several years. And so, to us, there's a great deal of frustration about how it undermines the hard work of so many people in that organization that we are, unfortunately, in the focal point of all of this. Now, the debate is around what we call ESG integrated products. And, the disclosure around those, we stand behind that disclosure. We think we've done a good job there. But, at the same time, the environment we all know, has been evolving for these products and capabilities.

So, whether it's through SFDR or clearer taxonomies on these things, clearer information basis for these things, I think our hope, and I'm sure everybody's hope, is that there'll be more and more developed frameworks around these products that would avoid events like this. But, I think for now, we just need to get through it and to the other side. In terms of impact on the business, it really is too early to say. DWS, as you saw in the first quarter, has performed quite well. That was true up until the events of last week. Obviously, for any asset manager coming into headlines and also management changes, creates a period of a challenge. With Stefan, after today, they need to work through that. And, hopefully, the damage won't be too large.

Our focus is on getting through it as quickly as possible.

Chris Hallam: Okay. So just one final, big picture question before we open up to audience Q&A. We can talk about this quite frequently, but in terms of what do you need to see, to see progress on the banking union? And that's probably a question that we've had quite a few times in recent years. But, more importantly, how impactful could this be in terms of activity levels across your market share trends, and would that elicit any change in market structure?

James von Moltke: Our policy position has been consistent for a while, supportive of capital markets union, supportive of banking union, impatient to see more change there. And, for the ball to move a little bit more quickly. Obviously EDIS, the deposit insurance scheme is the most difficult thing to resolve, or final issue about banking union to resolve. Highly political. And look, I understand a lot of the arguments on both sides of that equation. I don't really want to wade into that, but we do think that this idea of reinsurance of national deposit schemes has to provide a fruitful avenue of work there. Equally, I think the capital markets union is critically important for, just, financial intermediation in Europe.

And this is a conversation we have in our advocacy with the official sector all the time. We all think and know that there are huge financing demands over the next five years, decade for Europe, whether that's social investments, whether that's the transition to a sustainable economy, whether it's frankly recovering from some of the challenges of the past several years. A lot of that today would be intermediated on banks. And we can't get to, I think, a more efficient intermediation on bank’s balance sheet without more movement on the capital markets union. How quickly do I think it influences the structure of the European banks? To be honest, I don't think it's been a unique barrier. It, certainly, provides some inefficiencies. The ECB and others have been looking at ways to ameliorate some of the efficiencies in terms of how capital is held in a legal entity structure, how liquidity is managed in legal entity structure, more use of branching. And all of those things are helpful. But, of course, they don't get to that end state of seeing, truly, a single market.

One great example, by the way, that has me a little frustrated is the GSIB calculations. The GSIB calculations go into it on both the asset and liability side, speak to nondomestic assets and liabilities. So in our calculation, if the EU 27 or even just the SSM were considered one market, our GSIB score would be lower because we have a fungible currency and a fungible, or almost entirely fungible currency. And you get closer to fungible, liquidity and fungible capital over time. Why wouldn't the GSIB score represent that, the way it does in the United States? So there are some, some smaller things along the way, but, but we would certainly be impatient to see EDIS and capital markets, union banking unit, move ahead.

Chris Hallam: Okay, great. Look with that. I think we'll open up to any questions there may be in the audience.

Question 1: Thank you. Over the last two years, we've seen a very high volatility, which in a way, supported your market revenues. And this also helped you at the end of the day, really deliver on your strategic plan, which is good news. But as a flip side, is that maybe the moment of tools will come when there will be normalized volatility. So my question is, how confident are you and how confident can we be that you will be able to maintain your revenues and profitability in investment banking, in the normalized volatility and environment? In other words, what is the share of your activities, which is really benefiting from high volatility and the share of your activities, which will perform better in a more stable let's say environment. Thanks.

James von Moltke: Yeah. Thank you for the question. There's a lot to say there. And so I'll try to be as brief as I can. First of all, a year ago, everyone was telling us you would start to see real movement in the evaluation of the company, if, and when you show growth in the Corporate Bank and Private Bank revenues, and we're now showing sort of double-digit growth in the Corporate Bank. And I think a trajectory of sustainable growth in both of those businesses helped by interest rates. So I just want to remind everybody that pivot point is one that we have reached and passed, that growth is with us and I expect to be sustainable. Obviously within the confines of what the economy does, Investment Bank is a portfolio of businesses, and we've tried to sort of communicate this. Unfortunately, it's hard to do in numbers in fairness, because every cut that you do will have some, some flaws to it. But if you, if you want to take it in maybe four parts, you've got a macro trading business, you've got a trade, got a credit business, which is both, financing and distribution. You have a balance sheet that we run that is actually quite stable in terms of, throwing off carry and finally Origination and Advisory. So a generalized Corporate Finance wall, but within that, you've got advisory, high yield underwriting, leverage lending, and also an equity business. So, that's a portfolio. I believe, and I think we're demonstrating that portfolio is, has more sustainability and less volatility than we've traditionally thought, but I recognize we need to improve. I need to prove that over time and through cycles.

So again, a year ago, Chris is, this is an anniversary for me. I started talking about revenue ranges of € 2 to 2.5 billion in the investment bank. And that was purposeful. We think that the way we see the composition of revenues, gives us more confidence around the monthly, quarterly profile, recognizing that it's even in FIC or the larger IB business, recognizing as portfolio businesses. I think there's good reason to think that there's been a structural change in the FIC market, as much as we, member of some, whatever it is. 5, 7 years ago, we were talking about cyclical and structural changes in the wallet. I think we're actually probably in an environment where we'll see structural underpinnings for a more healthy, FIC environment. So, leave aside the volatility question, but, but I think a general trend, if gently to the north, for that business, hope that helps. There's a lot of different elements to it, but I hope that answers the question.

Question 2: Thanks. As you said, we're about to hear from the ECB feels like a bit of a joyous moment for us all. Do you obsess like we do over the 25 or 50 basis point move?

James von Moltke: No.

Question 2: You don't? And then I guess the other question is sort of what, what is the ideal outcome for your business in terms of the pace and size of hikes and at which point, and this is a question that's come up a lot, at which point do you start getting worried about credit quality in terms of the quantum of hikes?

James von Moltke: So, no, we don't obsess about that. I mean, look, from my perspective it is just a question of timing. Do they need to move? Do they need to neutralize? Yes. And, and the question, it'll decide, but the other thing is you saw in some of our interest rate, risk disclosures, or interest rate disclosures. The long-term bleeds in over time. So in fairness, we're patient any, we're sort of call it structurally patient about how these, these changes will, will come through over time. It's always hard to judge where the Goldilocks point is. I think it's around communication, so the clearer, the central banks can be on the direction of travel, I think the less disruptive it is to the market and therefore you can manage. And I think they do a good job in general.

I mean, don't take that as a criticism. I think as they've pivoted maybe again, a little bit slowly, but once they did, particularly the Fed they've tried to be as clear as they could be that about the movement and both the direction of travel and the pace. It's hard to say where it tips over and potentially creates a worse recession than we might otherwise have or slow down. I can't judge, our economists were saying that the neutral rate has gone up enough and that the need to take down expectations is severe enough that we might have to go to say, to big numbers in the US currency area. So 4.5-5%, do I think there are levels which can potentially produce unwanted economic outcomes? I do, but I also think it's important to shake inflation out of the economy. Ultimately, I'm certainly in the camp of people who think that price stability is very important to long term economic growth and frankly investment decision making in the economy. So I can't tell you where the tipping point is, but certainly where we're looking at right now, we're pretty comfortable with the direction of travel and the pace of travel.

Question 3: Hi, thank you. One feature of this sort of steepening yield curve has been banks in the Eurozone have not really passed on higher mortgage rates. And I think Germany in particular has been the slowest. Could you talk a little bit about, is that just a timing thing or, should we be worried that actually to sort you're going to take it away on the asset side in time?

James von Moltke: I'd like to think it's a timing thing. And I honestly, I genuinely believe it's a timing thing, but I've observed the same thing that you have. And it's frustrating to me that we're slower than we should be on, on that as an industry, because not just by the way, not just the interest rate impact, but also the capital impact, especially with the countercyclical buffer coming in, essentially the capitalization of more of domestic mortgages has changed in a way that prices do need to react in order to restore if you like the equilibrium of that product in terms of its call it shareholder value added. And if that doesn't happen, we are going to be disciplined about our provision of that and pricing. We may give up some market share because I think we have to have some discipline in that core product.

Chris Hallam: Okay. Thank you so much, James. Thank you for coming, taking the time and sharing your insights. It's been incredibly interesting.

James von Moltke: Chris has been my pleasure. Thank you.

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