Deutsche Bank AG

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Transcript

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Tim Rokossa

Thank you very much and welcome all of you guys to the 27th edition of our German Equity Conference. It's pretty remarkable that we managed to do this over 27 years, and obviously this conference went through quite a few changes over all of those years, as did the environment.

We originally started here in Frankfurt 27 years ago as a very German-centric conference. Then we moved that conference to Berlin for political reasons largely, to be very close to the German politicians. We expanded it to a DACH format over the years, and then post-COVID we took it back to Frankfurt just to accommodate for the strange working environment that many of us live in today.

And now what we have here today is a really impressive line-up. These type of things really only work if a lot of people work very well together, so a big thank you to the conference team here on the ground specifically, but also everyone involved.

And to get you excited for the next two days, there's a couple of stats that I'd like to throw at you. The first one is we have about 200 investors here from basically everywhere in the world. We have 74 of the leading corporates that are having meetings. And the one stat that I would like to leave you with is that this team managed 1,826 meeting requests. It's a pretty impressive number, by any standard.

And we have a couple of things that you can look forward to. There will be fireside chats in this room with all the major executives of the corporates attending this conference. There will be panels next door with our CEO Christian Sewing and our previous Vice Chancellor Sigmar Gabriel about Europe specifically in geopolitics.

There will be a panel on defense with two companies that we helped bring into the stock market over the last years. There will also be a discussion with Sigmar Gabriel, most of you guys know that very prominent figure in German politics. And then last but not least, tonight there's going to be a panel with our partner for IT, Bernd Leukert, as well as the EMEA president of Microsoft, talking about the AI efforts of Microsoft, obviously involving ChatGPT and OpenAI.

So all of this you can look forward to over the next two days. We at Deutsche Bank, we are all about client focus, and two of our most important client groups are here at this conference to connect to each other, investors and corporates. Therefore, I couldn't imagine a better discussion partner to open up this conference than Fabrizio, who oversees the Investment Bank and the Corporate Bank for us.

Fabrizio looks back on an amazing career at Deutsche Bank over the last 20 years ever since joining from McKinsey. And he will be joined on stage by Benjamin Goy, our Head of European financials.

And with that I would say Fabrizio, Ben, the stage is yours. Thank you very much.

Benjamin Goy

Good morning and warm welcome also from my side. And thanks for joining us, Fabrizio.

Tim already mentioned it, you are the head of the Corporate Bank and the Investment Bank. You have multiple touch points with the corporates and investors attending today, so indeed makes you an ideal candidate to start this conference with. Many of you will be familiar, if not you will soon be, the format of this fireside chat as well as the sessions thereafter. We will start with a couple of questions from my side and then we also open up to Q&A from the room.

We already heard we have many different companies from different industries attending, but one thing is typically a topic for every industry, every sector, is macro. And why don't you start giving the framework how you see the world at the moment in this actually pretty unprecedented times and volatile times actually?

Fabrizio Campelli

Thank you, Ben. And thank you all for being here. It is actually great to see the format of the conference being so different and continuously improving year after year. So I'm actually really excited about today.

The macro environment, and speaking both to institutional clients, corporate clients who are watching the markets, is interesting. Starting to show signs of improvement, we're starting to see those steps that we were all hoping to see coming through. We are seeing GDP growth stabilizing, inflation, which was still double-digit not so long ago, starting to really come into the much closer touching distance from our target levels, from central bank target levels. We're starting to see market activity regaining some confidence.

It's a market environment that is also showing great resilience relative to what we expected. Despite the significant interest rate hikes we have seen that economies have remained strong, unemployment has remained at an all-time low, 4% in the US, 6% in the EU, very low levels.

The financial system has shown resilience. The fear that the most significant tightening of interest rates that we have seen in 40 years may break something in the financial sector actually didn't occur. Yes, there were some significant issues in pockets of the financial system, but really at the end it was in very contained ways.

So all of this is positive and encouraging. However, there are also some signs of concerns and we see them as still lingering very much on people's minds. Partly it's because it is obvious that we have had two extraordinary shocks within two years at the global level, the pandemic and everything that it entailed as well as the Ukraine invasion and how it changed the balance of some of our key assumptions, particularly corporate assumptions around energy prices, supply chains and so on.

Those have caused our global GDP trend lines to be materially affected. We are still about 1% below the pre-pandemic GDP trend line in the US and 5% below in Europe. Those are big, big gaps to recover the trends from.

We're also seeing that inflation is not entirely defeated. We see that there is still a fair amount of risk, and that can rear its head up depending on how things could play out from here.

Geopolitics is still keeping people very worried and it used to be very focused on Ukraine-Russia, clearly now extending with China and the US continuously looking at their relationship. It is probably more constructive than a few months ago, but still kind of looking like in managed decline. We see the Middle East becoming more problematic with economic consequences. And the debt levels are at an all-time high. So these are all indicators that actually we are not out of the woods yet. There is some positive shoots, but there is still a lot of risk for downside.

So the sense I get, and even speaking to market participants, to investors, to our clients, there is a sense that there is no time for complacency. Wherever we look there could be a bounce back, particularly of inflationary pressures that could put us under a lot of pressure.

So while we have revised upwards some of our outlooks for GDP growth, and were quite constructive both on Europe and the US and Germany on outlook, I think there are signals we watch very, very closely with some apprehension.

Benjamin Goy	You already mentioned parts of it, so when you look at it geographically, you mentioned that we are more positive on Germany, so much more a glass half full perspective. But a couple of more words on Germany, Europe, US, the broader environment, if you want to go a bit more deeper in the regions?
Fabrizio Campelli	Sure. So US, we see a growth level in 2024, comparable to 2023. This kind of our economists are forecasting a 2.5% or so GDP growth level for this year, a bit lower next year, but still on a very positive trend line. So clearly we went from being quite worried about the hard landing and a clear recession risk to being much more constructive about the US growth prospects. We expect a normalization of interest rates happening over the course of the next year and a half towards sometime target inflation level reached in the US around mid 2026. With an unemployment level hovering around or maybe slightly above 4%, so a healthier state. Clearly the elections later this year could in some way alter the picture, depending on the extent to which there could be a change to the approach, particularly to fiscal policy. But this is kind of how we see it. In Europe, again, more constructive. We see growth moving out of stagnation in Europe. Probably still half a percentage point of growth forecasted this year, but it's actually hiding the fact that the momentum, the trajectory is quite positive. We expect the second half of 2024 to be a much richer growth opportunity with exports rising, with Europe feeling healthier than it has been in the past. For Germany, we have recently revisited our forecast again to the positive. We see some positive momentum in Germany, because a

number of the dynamics that are playing out and a number of expectations we have, particularly on interest rates, would benefit Germany quite materially. We revisited our forecast for Germany to a fairly positive GDP growth for 2024 of about 0.3% this year, but with a few of the signs actually pointing to resilience and the trajectory recovering in the right direction.

Benjamin Goy

That's certainly good to hear. And the other big topic these days on the last actually two and a half years, of course interest rates. You mentioned it, inflation, you mentioned that the last mile is a bit more challenging potentially. But what's your outlook for the interest rate environment for the big currency blocks?

Fabrizio Campelli

This has kept us so busy. At the beginning of the crisis, so after the pandemic and before Russia-Ukraine, DB had called for a clear inflation wave that would've led to very material hikes and interest rates.

Once you make that call and you have conviction behind, then the rest of the narrative is laid out. The hikes will go to a certain level, terminal rates will be higher than the core inflation rate if you want to tame it. All of that proved right.

Calling it the other way now of when we will see normalization, it's much, much harder. And so we are all watching this very closely. We all have our point of views, but it is clearly a much more difficult task. And in fact, we are seeing our investors and our clients in the market having the same apprehension of not seeing direction, not having that clarity makes it much harder to call.

In general, we would see it very unusual for the ECB to start moving before the FED. Historically, they've done that less yet. Yet, we do expect that this is what will happen this year. The ECB has too many indicators pointing to the fact that it may be the right time, properly soon in the next month or so, to start easing. And that's because growth prospects in Europe are lower than what we've seen in the US. All things equal, the US is enjoying a much higher yield from productivity gains. So their growth push, the two and a half percent GDP growth outlook I described earlier has a lot to do with productivity, which Europe has not enjoyed. So the high interest rates are currently really holding Europe back in ways that the US doesn't have. Hence, it would make more sense to see the ECB and possibly the Bank of England moving. We've already seen Sweden and Switzerland already act, so the European environment is one that is probably more ready to do that outlook terms. We expect the numbers to drop over the next, I would say, year and a bit until early 2026, maybe end of 2025 to a 2% kind of policy rate level for the ECB, from the current level of around 4%.

The Fed is a bit more in trouble right now. The initial expectation that inflation was transitory was driven by a couple of indicators which led the Fed to take their time in hiking. It's actually playing out the other way around now. What if those reductions of headline inflation levels are driven by some transitory effect, but actually core inflation is still a bit stubbornly sticking to higher levels? And in fact, we've seen that the last three prints have been heading in their direction, but above expectation and partly because there are some dynamics in the inflation levels that may suggest that there may be a sustained inflationary risk. The Fed has been very explicit about it, particularly the 4% unemployment level. They don't want to run the risk of easing and then having to hike again. Should there be a surprise, that would be a real problem.

The risk of something breaking the financial sector seems to be contained. So we do not expect the Fed to cut rates materially. We went from expecting six cuts in 2024 to properly now only one in December this year, maybe two in the first half of next year, and perhaps three at the beginning of 2026. So from the five and a quarter level that we are at right now, we probably expect to see a drop to, according to our research teams, three and three quarters fed fund rate level by sometime in the spring of 2026.

Now there's one dynamic though that I would like to highlight. I think the ECB will be watching this very closely. The risk of the ECB disconnecting its rates policy too far from the Fed is something that will worry many Europeans and certainly will worry the ECB, because the risk of a weaker euro. An excessively weak Euro also may cause inflation to pick back up, may cause some of the recovery to not work as well. Hence, I think the outlook for 2025 for the ECB will be more complicated than the task at hand for this year.

Benjamin Goy

Fair enough. Now looking at the two divisions, Corporate Bank and Investment Bank, how does it impact falling rates or higher for longer rates? How does it impact your businesses?

Fabrizio Campelli

Deutsche Bank has four divisions - Corporate Bank, Investment Bank, Private Bank and Asset Management. I think the two most affected divisions are obviously the Private Bank and the Corporate Bank, because they have a very high reliance on net interest income. Given particularly euro denominated deposits are very relevant for the Private Bank. The Corporate Bank has a better currency mix, but euro is still very important and hence the European interest rates policy will have a very big bearing on the performance of the business. We've listened very carefully to what President Lagarde said around the interest rates, will properly have a phase of taking the edge off as she expressed a bit more elegantly, and only then a phase of normalization. I think that taking the edge off phase, that taking interest rates down once or twice over the course of this year will likely result in a reduction of net interest income for divisions.

We have already seen it in Q1 of this year. The Corporate Bank has reduced its net interest income and that was only partly offset by non-interest rate sensitive revenues coming into the division. And while it has been quite successful that revenue substitution is a problem that is common to all the corporate bank and the retail banks.

There have been a few areas in which we have used the time wisely as interest rates have picked up significantly and the deposit betas, the transfer of higher interest rates value to deposit holders was happening more slowly across the street than expected. That excess income has been invested in revenue streams on the non-interest sensitive parts of the business, which is now showing results on the payment infrastructure. Merchant acquiring infrastructure are trust and agency services, which have a lot of fee commission rich parts of the business. So that is going to continue to be a key theme for us and other corporate banks. But at DB, that strategy is starting to pay off and that's why we are seeing that overall the performance of the business is staying ahead of our original plans, despite deposit beta starting to bring the NII levels down further than expected.

Benjamin Goy

That makes sense. And we see that indeed across the industry there is from net industry income shifting to non-interest income ideally. Maybe zooming in a bit more on the Corporate Bank. Other than the cyclical factors, as you mentioned, there's lots of structural investments going on. Could you speak a bit about multinational corporates? Corporate cash management is one of the growth areas we outlined for the segment. Recent client wins. So what revenue streams are in here and what is the outlook?

Fabrizio Campelli

That the division is kind of, if you look at it has three large segments, Institutional Treasury Services, Corporate Treasury Services and Business Banking, which is kind of more the small cap business typically here in Germany. Corporate Treasury Services has multiple components. Corporate Cash Management being a very important one, a very strategic one for us. It is also at the center of the strategy that we pivoted Deutsche Bank to as we announced our strategic realignment in 2019 of truly becoming a Hausbank to our corporate clients, a bank of reference across all needs. Multi-solution, multi-product, multi-region. Corporate Cash Management is a core business to us, not least because we are the number one corporate cash management bank in Europe and the number three corporate cash management bank worldwide.

The activity in this segment for us are focused on three things. Becoming again, a reference bank for deposits, deposit gathering, deposit management in 2023. Despite couple of days of intense scrutiny on all banks, particularly regional banks in the U.S and obviously Credit Suisse, and for a couple of days, even DB, our Corporate Cash Management deposits were up 11% in 2023. In fact we closed the year with deposits about 300 billion. So a very large number.

I'm constantly checking in with Gerald, my CFO, but he's nodding to tell me that the numbers I'm giving are correct. So the other dynamic is as we expect those deposits to give us less revenues in the future for all the reasons we discussed earlier, the substitution towards new revenue streams that speak to that corporate cash management role, that ability to be the bank of reference for corporate treasurers have focused on cross-divisional solutions. For example, automation of treasure workflow solutions for effects, particularly in high currency-controlled environments or emerging markets, currency pairs.

We have also invested much more significantly on solutions that support the activities of our corporates in new geographies, new corridors in which they have not operated before. This is as a result of the Russia-Ukraine crisis. We've seen a lot of companies rebuilding their supply chains to new geographies, and actually we've been a very agile partner in following them towards those new areas. All of these are areas in which we have been invested. We are continuously investing, and the result is very positive because we are seeing that expectation we had of a materially reduced revenue base from the peak in 2023 is not materializing. Yes, we expect 2024 to have somewhat lower revenues than 2023, but the reduction would be more contained than we had initially expected. And judging on where we are today in May properly, it'll be less acute than what we had planned for.

Benjamin Goy

Okay, that's good. I mean, you mentioned funding is in place, there's a strong deposit base, but still what we haven't seen in Europe really is loan growth on the corporate side, same on retail, but focusing more on the corporate side. Do you think with rate cuts you mentioned at least, do you expect for the ECB, that it's getting better or is it all about business confidence? And to your comment on the trade corridors, if you expect that, where do you see that loan demand picking up first?

Fabrizio Campelli

The interest rate environment will be very beneficial mainly to investment banking businesses across the street. Corporate banks, private banks will actually have a normalization of top lines. And so the trick will be all about revenue substitution towards new revenue streams, like I said, which are less interest income-dependent, and therefore, it would be a matter of investing in technology enablers, new front ends, new products, deposit gathering activities, the fee and commission part of that business. The lending business will remain somewhat muted across Europe for banks, particularly for a couple of reasons. One is, as I said, we're not out of the woods. The interest rates higher for longer means that we are still enjoying, to a certain extent, the effects of stimulus from the pandemic, but not only, the effects of a material easing that banks have put forward in dealing with the refinancing requirements of companies. But interest rates are still very high and a lot of refinancing is still owed.

If we also think about the risk of some of these events actually causing interest rates to have to stay high a bit longer, that could potentially put more strain. So the risk of the financial event still being out there is non-trivial. That's why we're seeing a lot of corporates being careful with their investment strategies and therefore their borrowing strategies. Demand has been more muted, supply has been more limited, particularly in Europe. I say particularly in Europe because 70%+ of corporate funding in Europe is still bank dependent, so that is the main relationship to watch. You look at it in the U.S., there's a lot more bond borrowing that has picked up very dramatically this year, there's a lot more private credit activity in that market. There has been a very significant rotation of capital from banks that could actually drop their balance sheet through securitization, through government sponsored entities, and shed that risk from their balance sheet and keep the velocity of the balance sheet in the U.S. more active. So the dynamics are a bit disconnected.

Then, in fact, we see debt levels in the U.S. that have never been this high across the private and the public sector since World War II. Therefore, we don't expect in Europe the credit levels to pick up very significantly, it'll be steady growth. And I think to the extent that we start to see a normalization of interest anyway, we'd be left at interest rates, which are if we follow my forecast from before, 2%-ish in the Eurozone, still 2.5 percentage points higher than when people last had to finance. So it is a very significant change which will ultimately reset, somewhat, those expectations.

Where I see big opportunities for the Corporate Bank is in those products that actually benefit from this environment. Trust products, the corporate trust services, and in the security services people are looking to tap new pools of investments. We're seeing in the depository receipts a significant pickup of activity. Those are all areas which are very good for us. They're extremely high return on equity. They basically don't consume capital. They enjoy fee and commission income, and they lean on decade-long experiences that the bank has.

One of the reasons why Deutsche Bank is so strong in corporate trust is because in the late '90s we bought Bankers Trust in the U.S. and that is an expertise that has been embedded in our Corporate Bank. Those are a few flavors of what we are going to watch in the future. The lending activity, as I said, particularly for corporate clients will have to stay, one to watch. By the way, if I can add one thing. In Germany, I think an easing of interest rates by the ECB could be quite beneficial from the perspective of lending, because we have seen particularly here that there's been a substantial reduction of construction investment of CapEx at lower interest rates.

Benjamin Goy	Now maybe moving to the Investment Bank. I mean you already made a comment on a cyclical environment for an Investment Bank, but probably even more interesting is the more structured initiatives and the growth initiatives. And one is Origination and Advisory. We have seen hiring of teams of individuals, but also the Numis deal, which is of course close to our hearts. So any thoughts around that area?
Fabrizio Campelli	DB is a bank that has historically had an over-reliance on its investment banking businesses. And the strategy for the last few years was really to create this global Hausbank approach of being a bank of reference across banking needs, but with a Corporate Bank as a reference to our corporate clients. So that rebalancing of activities was very heavily predicated on growing faster than investment banking revenues, all the non-investment banking revenues. That diversification strategy has to play out inside the Investment Bank as well. Historically, very high dependence on our FIC businesses, on our sales and trading businesses, rebuilding out our origination advisory, the corporate finance products was a very big priority. Hence, in 2023, we spent a fair amount of resources really targeting weakness in the market and then timing it to a time when other banks were actually shedding capacity, we decided to actually build out capacity in that part of the business. That's the fee and commission high return on equity part of the business that can actually rebalance the mix between sales and trading and non-sales and trading activities. It's working quite well. The investments we've made increased the footprint of our corporate finance senior bankers

by about a quarter. It was spread across the world, about 40-45% in Europe, 35-40% in Americas and about 15-20% in Asia. We've made a very deliberate effort to build out sectors that needed to be picked up. So we made a bet not to be across all sectors, all products, all geographies, the league table, top of the league table bank. We actually picked our spots where we believe we can do most for our clients, and that strategy is starting to show results.

Numis was a shortcut. We were very light, particularly on corporate broking, which is a very particular feature of the UK market, a big enabler to the corporate finance activities. Numis shortcuts, our ability to tap into that market very effectively, the largest corporate finance market in the European time zone. It's a quarter of all fees paid in corporate finance are paid in the UK. So for us, this was an important market not to miss on as a European investment banking champion. And the results I think are showing in Q1, we were 55% up year-on-year in the first quarter on revenues for origination advisory, 65% up quarter on quarter, comparing it to December. If I look at Q2, I think we're seeing that that momentum is not abating, so we're feeling quite good about that business.

FIC, however, is also a business which we're focused on and we want to continue to invest in diversification. That's a business that has much more cyclicality in parts of it, but that cyclicality tends to even out depending on which part of the business you look at. So for us, it was important to protect the areas of FIC in which we're really strong. We're one of the leading FIC financing businesses, the number one FX business, number three, global rates business. When those suffer from cyclical pressure, having a strong credit trading business, for example is key. And so we've invested in flow credit and now we're seeing the result. We have now a FIC business, which is call it around 8 billion in revenues, a third of which is Financing. Banking book, highly predictable revenues, very high return on tangible equity business. The rest is a sales and trading business in the fixed income and currency space, which used to be historically very concentrated around one or two engines with a lot of smaller businesses around.

Now that portfolio has four roughly equal components. There are a couple that are slightly bigger, but much more balanced businesses, which can really complement each other when we see some stress in parts of them. For example, this year we are seeing that all that uncertainty in interest rates is causing some headaches to the rates business, and so having the rates business perform a little bit less is not that big a problem, when we have FX Financing, Global Emerging Markets and the Credit Trading businesses all actually performing to expectations. That diversification strategy is the key of our investments in 2023, and we expect the results to continue to show for FIC in 2024 and beginning of 2025 and for the origination advisory all the way through to 2026.

Benjamin Goy

Okay, so lots going on, but at the headline level, a relatively good outlook. I mean, you mentioned FIC Financing and I think it's which we recently improved disclosure on, because fixed income can be this misconception, it's very volatile. But there is also financing business, we have been strengthening that, as you mentioned. The gross focus you mentioned but what was the role of credit rating agency upgrades, which we also saw? And yeah, clients coming back maybe a bit more on the financing side of things.

Fabrizio Campelli

Yeah, I mean, interestingly, the credit rating upgrades of DB really helped us on the sales and trading business. This is where, particularly on the non-cleared businesses, like in FIC, you build a pipe to a bank and then you post margin to that bank and having a credit rating that kept improving for us meant that more and more clients came back to DB. We had to do nothing, just to sit there and we had more clients come back to us that felt that according to their charters, according to their credit policies, as the credit rating came back, we've seen a steady return to performance there.

The FIC financing business is a business that in itself is quite diversified. It's a global business, it's asset backed. It's always recourse focused. It's diversified by asset classes. It includes commercial real estate, but includes also many other lending elements that are performing really quite strongly. In an analysis we carried out internally of which were the most stable businesses over 15 years at DB on a return on equity basis, this was one of the ones that was ranking the highest. And partly because the strategy of the business, the mandate of the business and the leadership of the business have remained remarkably stable for the last 25 years. I've been at the bank 20 years, so the number of people that they joined before me are becoming fewer and fewer. And that business, that team is one that actually has some of the longest tenure and they've been very consistent at keeping the discipline in that business. I think in general, discipline is probably one way to interpret what is going on in the Investment Bank. Discipline, on resources, on expenses, on risk taking has been a key feature and it has paid off. We've seen it even in the difficult times. For example, when we have started to see losses in the leverage finance sector globally, in the commercial real estate sector globally. One of the things we always watch very closely is our share of losses that we can measure higher or lower than our market share in that business over the cycle. And it gives us great comfort that actually those losses that everybody incurred including DB, are always lower than our share of market, which means we have good underwriting standards and that's one of the features of that financing business.

Benjamin Goy

Maybe one last from my side and then we open up to the floor. Now bringing all together, all the growth initiatives you mentioned, the cyclic environment. How do the Corporate Bank and the Investment Bank contribute to our Hausbank strategy? Our 2025 targets, and also maybe if you want to link that to capital return, which is clearly an important feature for the industry.

Fabrizio Campelli

I think those two businesses are key. They represent today around, call it 60% of the top line of the bank. They are a very central part to the narrative we have put forward around the strategy, which is aimed at putting the client at the center of Deutsche Bank and being engines for a much, much deeper level of collaboration for our clients. Those are key features of the strategy and a key feature of our enabler of that client strategy I just outlined. Collaboration is key and DB comes from a history of having to run itself more on a product basis and in the last few years, certainly with the Hausbank strategy, the intent is to become a much better at embracing clients across their needs. For the first time in 2023 as an example, when we look at our Corporate Bank, we had 80% of our transaction banking clients that came to DB for more than one product, which speaks to our ability to actually start to look at these clients in a much, much more holistic way.

You mentioned Numis – it is a great example of a company we bought that didn't have a Corporate

Bank, didn't have an international network, didn't have a fixed income arm, didn't have a private banking arm. And we're now seeing that one of the big benefits is not just the origination advisory, what that business does, but the ability to connect that bank with the rest of the bank in itself is proven to be a very substantial value creator. So the strategy that the bank is pursuing has those two businesses right at the heart of it. One of the biggest enablers of revenues in the last two years in the Corporate Bank has been cross-divisional products, which is this automation of workflow tools for treasurers. When a treasurer needs to send money or extract money from a high currency control environment, Vietnam, the paperwork needed, the filing requirements are quite manual.

Often they require local accountants, local tax experts, and if our technology across the Corporate Bank, the fixed income department, our tech department can automate that workflow entirely for a small fee, the treasurer doesn't need to worry about anything. We can take care of that workflow for them, which is really a workflow. It's actually making sure you follow the right steps and the right filing and the right paperwork and that is something that can only be achieved if the bank collaborates in ways that historically it wasn't doing and that is resulting in really great outcomes. The last example is the one that resonates the most with people who look at DB and have been looking at DB for a long time. We've put a much greater emphasis on product density. Historically, we had many clients, 50% of our clients that were purchasing one or two products from the bank.

If we become the bank of reference, by definition they will be more inclined to buy more from us 3, 4, 5 products. We have seen that the times in which there is uncertainty in the market, corporate clients in particular tend to concentrate much more of their people around fewer banking counterparties. They want to have people that know their story so they don't need to re-explain it too many times the unbundling happens when the market are really buoyant, but there tends to be a re-concentration when markets are more uncertain. That product density is a major opportunity, have the same product, the same clients, the same coverage officers, but we can achieve a lot more by having them collaborate much more together. So a lot of investment is going into centering that strategy for the bank, much more around that collaboration. What does this all mean? It means that we have great conviction around our 2025 targets that we put out.

I think we will have the increased CAGR on the revenue side, which we upped from our original 2020 communication to the levels that we are communicating right now. We're seeing that steadily progressing in the right direction towards the 32 billion revenues we're targeting in 2025 for the group. A 62.5% cost income ratio, which is the target out there for the bank is at reach if we do all the things I described, which would translate in a 10% plus return on tangible equity for the bank in 2025 as one of the key things we focus on. All of this is built towards being able to return capital to our shareholders in the various forms we've communicated dividends and share buybacks and the conviction we have behind being able to staying on track on that remains high.

Benjamin Goy

Great conviction into 2025 is normally a nice sentence to finish, but I promise there's also the opportunity to ask questions. So maybe I think we have time for one question.

Fabrizio Campelli

I was trying to end on a high note, so I'm very hopeful on the question.

Jonathan Gerhardt	I'll try and deliver for you. You talked about the newest acquisition plugging a hole in the portfolio. Do you see other opportunities across the portfolio for further acquisitions or do you think the next two, three years is going to be more about organic growth?
Fabrizio Campelli	Thank you. The focus of the bank is to continue to deliver on organic basis. The bolt-on acquisition was an opportunity that presented itself and should we see other really attractive bolt-on opportunities, of course, we'll take a look. But the core of the strategy and the targets I outlined are really built onto delivering organically as we should do. Given where we are still trading on a price-to-tangible-book basis, it is better currently to deliver through our own strengths rather than tapping external opportunities. Like I said, we can never say never and it would be unwise to just put the blinders on and not look at those options. But right now the bulk of what we're focused on as a managing team is predicated on organic delivery.
Benjamin Goy	Perfect. Right on time. Thanks everyone. Thank you Fabrizio, for setting the scene.

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 our most recent Financial Data Supplement, which is available at www.db.com/ir.

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