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Transcript

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Giulia Aurora Miotto: Good morning. Thank you for joining us today for the fireside chat with Christian Sewing, CEO of Deutsche Bank. Thank you for being with us, Christian.

Christian Sewing: Thank you.

Giulia Aurora Miotto: I have a few questions to ask you, and then our audience as well, I'm sure. But before we do that, let me ask the audience a polling question. It's always the same question, but with different options. So what is the most important thing for Deutsche Bank share price performance over the next 12 months in your view? First, delivery on the cost base; second, additional buybacks ahead of consensus, the € 1.1 billion expectation which includes the € 675 million already announced; the third is revenue momentum, especially in the IB; and then the last point is asset quality with no major issues in commercial real estate.

Okay. A mix, but the number three, revenue momentum in Investment Bank. We'll touch upon that.

So Christian, let me start with a question on strategy. You have successfully completed the "Compete to win" in 2022. You have now moved on to the "Global Hausbank" strategy. And you are really transforming the bank. So can you tell us, where are you on the journey and, also, what sort of feedback do you get from clients in how you're helping them as part of this strategy?

Christian Sewing: Yes. Thank you, Giulia, and good morning to everybody. I'm glad to be back here in London, despite the weather, I have to say, when I've entered this morning. But it is what it is.

Look, I'm obviously quite happy with the way we have built it up over the last five years. First, it was a very structured plan. We knew in 2019 that it's kind of a two-phase transformation. The first phase was, as you said it, "Compete to win". This was all about resetting, focusing the bank, focusing on four running engines: the Asset Management, the Private Bank, taking the Corporate Bank out of the Investment Bank, because for Deutsche Bank, the soul of this bank and the reason why Deutsche Bank exists and started to exist in 1870, is the Corporate Bank. And then a more focused Investment Bank. And at the same time, we knew that we were far too expensive. We had far too high costs, so we took € 3 billion of costs out. And we reduced the balance sheet by quite a lot, a three-digit-billion number in terms of leverage, two-digit-billion number in terms of risk-weighted assets so that we could finance the whole transformation by ourselves. And I would say that this “Compete to win” in the first three or four years was, so actually three years, was decisive to give us then the foundation for that what we announced in early 2022, the “Global Hausbank” strategy, where we said, now we want to sustainably grow. And in this regard, Giulia, I'm happy and I'm encouraged with the progress we have done. And you have seen us at the start of the year where we increased, actually, the growth expectation we have across the bank. We used to have, we announced a 3.5-4.5% revenue increase for the years 2021 to 2025. We upped it now to 5.5-6.5%, and everything what we said six weeks ago holds true. So I see these four engines running well, and in this regard we can confirm our revenue target of € 30 billion for this year and € 32 billion in 2025.

We are doing the progress which we have to do, which was one of your questions on cost cuts. You know that we have the goal of € 2.5 billion, the majority of that until 2025, and we are on a good way. And we are halfway through taking out the € 25-30 billion of risk-weighted assets or having a relief there in order to free up more capital, which is then also used for distribution. So overall, I would say the first part, restructuring the bank, focusing of the bank on the strengths, really helped us, then, to invest into the business, and the growth which we are now seeing and the investments which we have done in the various businesses is starting to pay off. So I'm happy.

And then that's the feedback of the clients. And whether it's corporate clients, private banking clients, institutional clients, they are, actually, in my view, quite positive in working with Deutsche Bank. And of course, each re-rating we got, also from the rating agencies, helped us to again onboard or do more business. So overall, I think quite a nice story.

Giulia Aurora Miotto: Thank you. And if I start with Corporate Bank and Private Bank, and leave the Investment Bank for later. So at the full year results six weeks ago, you reported quite an exceptional performance, in both Corporate Bank and Private Bank top lines, which was driven by strong net interest income. So can you talk a little bit more on the outlook for these businesses, Corporate Bank and Private Bank, in Q1 but also 2024 overall, in particular, for the non-interest income revenue side of the business? And how do you see interest income normalizing instead?

Christian Sewing: Yeah. Very happy to. So as you were saying, we were very pleased with both the results of the Corporate Bank and Private Bank on the top line in 2023. And you are right, it was also driven by net interest income. But I also have to say that, actually, there was a lot of talk already since June or July, in particular on the corporate side, that we will see NII to come down far more strongly than we have seen it. And I think we have done a good job in investing into the Corporate Bank for the last three, four years, actually, to build up other businesses than just focusing on NII. That was always our strategy, and this starts to pay off. We gave you the example in platform business, in the card business, in the Miles & More businesses. All these contracts and mandates which we are winning are obviously helping to take a little bit of pressure off, which obviously, we also see and which we also indicated to you when it comes to the NII outlook for 2024 overall, that we are trying to compensate that with other fee business.

Also in the first quarter, I have to say that the NII development is still satisfactory. So I would say that in the first quarter, the Corporate Bank is kind of essentially flat with regard to the fourth quarter of 2023, and that shows, I think, the strength of the bank in having a diversified business mix in the Corporate Bank, not only focusing on NII but now the investments on fee-related business are really coming through.

Let me also say something else, and it may sound odd, but the geopolitical situations which we have around the world is actually a key reason why corporate clients are needing advice in building up a more diversified network, thinking about risk management, too. So what they need is a bank which is global. They would like to have in particular, in corporate banking, an alternative to the US banks. And we have the global network; we have, through the Investment Bank, all the tools on the risk management side so that we can offer something to our clients, in particular in these quite challenging situations which we have around the world, which fits their needs. And therefore, it's another reason that we are doing quite well also in those businesses which are not NII driven.

On the Private Bank side, as you are also saying, a good year 2023. I'm also encouraged, actually, by the start into the year if I think about assets under management going into the right direction. But, of course, as we indicated for the overall group we have a headwind in terms of NII in 2024 of approximately € 500-600 million. And in the

Private Bank versus the fourth quarter of 2023, again, we are in the first quarter essentially flat, potentially slightly down versus the fourth quarter. But overall, I would say that also in the Private Bank, I can see with everything what we are building, very stable revenues in 2024. And then don't forget that given our positioning, we actually have on the NII side upside in 2025. So that's also giving me, for the Private Bank side, a lot of comfort.

Last but not least, we should not forget the big transformation of Unity is behind us. A lot of focus, managerial focus, even focus of sales people, people, who are doing the revenues, were done and were focused on the Unity transformation, i.e., doing the IT migration from Postbank to Deutsche Bank. That's behind us, so I actually see a lot of focus now on the client-related side.

So overall, encouraged but obviously we need to take into account that what we said, that there is some NII headwind in 2024.

Giulia Aurora Miotto: Excellent. Thank you. And if we move then to the Investment Bank, and we start with Fixed Income, I think people find it a bit difficult to forecast. 2023 was very strong at € 8 billion. We have the ratings upgrade, which I think helped bringing new business in. Potentially or potentially not the Basel 3 endgame in the US. So how should we think about Fixed Income in Q1, but also for 2024?

Christian Sewing: Well, I'm positive, and I'm again quite happy with the start. But most of you know that I'm a risk manager by training, and we have today March 12th, so we have approximately 14 business days left. And therefore, I never want to preclude too early on a quarter. But as far as I can see it right now, in the FIC business, where we actually outperformed our peers in 11 out of 14 quarters over the last three years, I think we have a chance to be slightly up year over year. Again, subject also to that there is not a change over the next days, but overall I think Ram Nayak has built actually a fantastic FIC business around the world. I think we have gained market share in particular in Europe, and you just said something very important, and that is the rating upgrades. Don't underestimate, also, what the last rating upgrade of S&P meant to us in December. And it is not the fact that this immediately goes into the revenue line, but it takes between three to six months in order to renegotiate the historic agreements, and in order to kind of trade even more or to onboard new clients and then start trading.

So, I think we have a good chance to be even up year over year in FIC if we maintain that what I can see.

Giulia Aurora Miotto: Thank you. If I move on to Origination & Advisory, two questions. Yes, the short-term, everybody is really bulled up about you know, the pipeline coming back, and the volumes that seem on fire according to the Dealogic, but also more strategically, the Numis acquisition. How is that going? What is that bringing to Deutsche Bank?

Christian Sewing: Yes. You have seen us potentially, a little bit against the cycle that we invested last year, not only Numis, I'm happy to talk about that, but also that we actually did selective hiring, so, 50 to 60 investment bankers around the world, in particular to our investment banking coverage, in order to strengthen our industry expertise, strengthen our seniority coverage around the world, but also go into regions where we used to focus on a decade or two or three decades ago. I've been with Deutsche Bank for 34 years, so I know that we were strong in Latin and South America. Then we reduced it, and now we are back in particular in Mexico and Brazil, and have a team there. And I'm excited how they started to run and hit the ball. So that's really impressive.

Now, in the O&A business, as we heard from our colleagues, very strong stuff on the Debt side. Also on the Leverage side. So really good momentum. But I would also say in the more capital-light business, i.e., M&A, not that much ECM, but M&A, we can see a nice buildup of mandates. So, everything what we invested a year ago is now starting off to pay benefits. And therefore, you know, I know again it's early in the year, and therefore I have to say it like that, but for the first six or seven weeks in the year, our market share in the O&A actually increased by 90 basis points.

Now if you just think about what that could mean, in case we are able to run with that increased market share through the year, and this is exactly, by the way, what we were targeting. We were targeting increasing the market share in O&A to 3%. We are now approximately at 2.7-2.8%. So if we think about that there is a fee pool of whatever, € 70 billion or up to € 80 billion this year. One percent market share is a lot of money, and this is exactly what we can see in the first six to eight weeks. And again, it goes back to the point I said before. The corporates around the world want to have and are in need of more strategic advice, also to think about the risks of diversification, than kind of ever before, at least in the last ten years. And for that, they would like to have a European alternative, and that's what we are trying to grab.

So, I'm quite encouraged here with the start, but of course, in particular if ECM and M&A is further driving, then we will even see better numbers.

On Numis, really happy that we have done it. You know, it's not only in addition to our Investment Bank. I'm standing, and I really do believe that Deutsche Bank is the Hausbank for corporate clients, and that means that we are not only doing the strategic advice but that we can actually offer to these clients also the day-to-day banking. And that is the major change, what we have seen over the last four or five years, that Deutsche Bank, with our existing client base, we have shown them that we are in to do everything. Not only the strategic advice, but we want to be the provider, day-by-day, of those needs which are as important, like a strategic advisor, and that is cash management. That is trade finance. That is the day-to-day guarantee business. I want to make sure that every treasurer knows exactly that when he or she goes into her office on a Monday morning, that salary payments are done; that cash management around the world is done; that we have the up-to-date systems. That is what Deutsche Bank is all about.

If we are good on that level, and here we are good, you have seen the development of the Corporate Bank, automatically, you get the trust and the belief of the C-suite, and then we are also qualifying for strategic business. And therefore, Numis is really interesting for us, because obviously it gives us the access to 170 corporate clients in the UK, and the overlap is quite limited. It's actually less than 10 clients in the UK, which we had. But we also have now the inroads to also offer other services like corporate banking or private wealth management.

Giulia Aurora Miotto: Perfect. Thank you. That was very useful. If I now change topic and talk about asset quality, I have to ask about asset quality. So, 2023 cost of risk, 31 basis points, and guidance still for 25 to 30 basis points. So there doesn't seem to be any deterioration. How are you seeing it in your book? Is there any area that you're looking at more closely, anything that worries you, or still very benign?

Christian Sewing: Well, no. There is nothing which really worries me, because I think we have seen for years and years that we haven't done quite a bad job in underwriting credits, even through times where Deutsche Bank was overall having potentially other challenges. On the credit side, we did well and we kept this underwriting profile, this underwriting discipline. So it's not that I'm worried, but I would say that 2024 is a year where we are again seeing, for our standards, elevated provisions, and that means we are between 25 and 30 basis points. And I would not be surprised if we are at the upper range of these 25 to 30 basis points for the year. Because there are a lot of uncertainties in this world. We have asset classes like commercial real estate, which obviously face some challenges, and therefore, I'm confident that we are within that range, but at the higher end of the range. And I would even say how the overall loan loss provisions are stacking up, that I personally think that we see loan loss provisions in Q1 and Q2 which are closer to the Q4 loan loss provisions. And then we see some relaxation in Q3 and Q4.

So overall, confirmation of that, what we said, the range. But given where the world is, I would say it's a little bit more on the high side of the 25 to 30 basis points.

Giulia Aurora Miotto: Right. And specifically, so let me follow up there on commercial real estate, right, because it got some exposure in the US as well, and of course, in Germany some more. So what are you seeing there? Is the environment deteriorating or how are you assessing your portfolio?

Christian Sewing: No. There is no deterioration. Also, in the quality of our book versus that what we had said at year-end, really, no deterioration. But it's also not that we are now seeing the big rally in that asset class. But you know what makes me comfortable with that portfolio is that the US real estate portfolio, which we have in our focus, is € 17 billion, so out of that we have € 7 billion in the office building. And out of that, we have 85% in Class A real estate.

So, I would say that we see, to your question, 2024 provisions for commercial real estate in line with 2023. I don't see a deterioration, but certainly this year is, in my view, a year where you don't see a big relief to the overall challenges in that asset class.

Giulia Aurora Miotto: And I'll open it up to the floor shortly, but I just want to ask a couple more questions, and one is on costs. So high conviction on the € 5 billion number is what we've heard, € 5 billion per quarter underlying number is what we heard in Q4 call. But yet in Q4 you were at € 5.3 billion. So can you just give us an update on, you know, how is the project on stabilizing, on that € 20 billion per year going?

Christian Sewing: € 5 billion for the first quarter. I promised that. We will make it happen. It will be the case. And I'm quite confident that we will be also around the € 20 billion, which we indicated already for 2024, so we are working on € 5 billion for each quarter. I can't give you now for Q2 and Q3 the forecast for the last € 10 million, but you have my full confidence on € 5 billion for Q1.

Giulia Aurora Miotto: Okay.

Christian Sewing: And overall, why? Because I can see each and every program. We have € 2.5 billion of cost takeouts. Out of that, € 1.3 billion have been realized. Either it's already in the savings, or it's completed and we know it's now coming into the savings. And for the rest of € 1.2 billion, we know up to a single-digit cost measure where we stand and when it's implemented and when we can see the impact on the P&L. Actually, we are even working on initiatives beyond € 2.5 billion. I don't want to commit to that yet, but we are of course working to that.

And the maturity phase, the way Rebecca is tracking that on a week-by-week basis gives me all the confidence that this cost goal which we have given to the market is something which we will achieve.

Giulia Aurora Miotto: In 2024 and 2025, so you see it flat, essentially?

Christian Sewing: So that is our goal. Again, I will not for now, for 2024, give you the last confirmation on the € 10 million, but the € 5 billion per quarter on average is our target. And for the first quarter, we will achieve it.

Giulia Aurora Miotto: Thanks. Capital. So Deutsche Bank seems to have hit a sort of inflection point, right. Now we're talking about capital distribution. You promised € 8 billion. Probably, well, for sure, you will be about that. So when you think about capital allocation, what is your priority, between capital distribution, business growth, and other uses, like I don't know, potentially some bolt-ons?

Christian Sewing: Well, first of all, I'm quite happy with the capital management exercise which we have done. And that only brought us into the position, Giulia, that what we said, that we would like to target, and are targeting, at 50/50% allocation, 50% distribution, 50% using for business growth and potentially also a little bit for regulatory items which still may come. So we really would like to go for this equal allocation. And on that, we made it clear that we have this, or we want to continue on our path to increase the distribution by 50% year over year, and with the progress which we have done not only on our profitability but also under James' and Olivier's leadership to get € 25-30 billion of risk-weighted assets down, and that we are already at the end of last year, I think we achieved, € 13.1 billion at the end of December. And obviously, this is an exercise which works on a weekly basis to think about where else can we take capital out, how can we re-price?

That makes me comfortable and very confident that we can achieve our goal to absolutely and substantially allocate out of the € 3 billion of additional capital, a substantial part to the investors.

Giulia Aurora Miotto: That's clear. Thank you. So let me see if we have questions from the room.

Audience Member: Yes, good morning. What would be your worst possible scenario for accomplishing your plans? Would it be that the economies accelerate globally and then your absolute cost target gets impacted by the need to grow risk-weighted assets revenues faster? Or would it be the opposite that Germany and global PMIs never recover?

Christian Sewing: The answer to that question is, neither of your suggestions. The answer is that we would lose management discipline. This bank has such a potential on the revenue side, and if we keep the discipline in underwriting our risks and managing the costs. And therefore, I was just so firm on the cost number now in the first quarter. It's all about discipline. It's all about transparency. It's all about giving out plans, monitor these plans, having structured cost reliefs over the next month and quarters, and working that down. And therefore, I would say the biggest risk of not meeting our plan, as far as I can see it right now, is that we would kind of lose the management discipline to continue the way which we have done over the last three or four years. And that's in particular my task, to again and again have this rigor, the discipline, and also this call for action, and always the sense of urgency.

On the overall global economic development, the nice thing about Deutsche Bank is our regional diversification. Our home revenues are between 35% and 40% of our total Group revenues.

Germany, as we all know, is struggling for the time being in terms of growth. We have zero growth in that country. Actually, it doesn't really impact us because the corporates, which we are working with, usually their export ratio is 50% to 60%. We are doing a lot of international trade business with them, and this is not even bothered by, for instance, the regional development. We are strong in the US; we are very strong in Asia. The trade corridor Asia-Europe is working pretty well. And as I said, in particular in times of geopolitical uncertainties, the need of corporates but also private clients to get advice from banks is very, very high, and from that we are benefiting.

So, I would go back to the point. It's actually our discipline and our clarity of managing this bank into the direction we set forth. If we continue that, I'm actually quite relaxed.

Giulia Aurora Miotto: There is another question over here.

Audience Member: Just to ask about using capital beyond looking inwards, and it sounds like there's a big focus on executing internally. But you did do Numis. How do you feel about further acquisitions, whether it be similar to that or beyond in Asset Management, beyond banking, etc.?

Christian Sewing: Look, it is always hard, and it is wrong to exclude something completely. And therefore, in particular if we see what we have done with Numis, if there is a brilliant opportunity in particular in the Corporate Bank, or in the Asset Management that we have an addition kind of, we call it an add-on, not a big acquisition or a merger or something like that, but a smaller size, of course we are looking into the market what kind of offerings are there, also from a technology point of view. But I would tell you, we are rather conservative there. Because I think each and every, even if it's a small add-on acquisition, takes a lot of managerial capacity. There is always a risk attached to it from a cultural

	integration, and therefore, I think also with the past Deutsche Bank has, and again, I've seen that over the past 30 years, there must be a lot of convincing arguments to go for another smaller add-on. But if I would completely rule that out, I wouldn't be honest. But the real focus of this management team is to organically grow this company. And that's again what I can see with the feedback we get from corporate and private clients. We fixed also a lot of things on the regulatory side. There are still things which we need to do better, but it also means that we can think about growing again, for instance, in Institutional Cash Management. It's a real good business, where we are now onboarding clients again. That is all organic, and I'd rather grow organically than taking the risk of buying something. And therefore, I have a clear preference.
Giulia Aurora Miotto:	Perfect. Let's see if we have another one. Here.
Audience Member:	Hi, good morning. Just one quick one. I think your CFO made a comment a few weeks ago around the AT1 not being really a product you guys like, and I wonder if you have anything to add to that.
Christian Sewing:	Well, my CFO is so good that I would never say something different than he does. But again, I mean, for that I can tell you at least now a funny story with James. When we issued the last AT1, I was actually saying, oh, this is a bit expensive. That was in January last year, and I will never ever doubt again what he is telling me to do on AT1 because it was exactly the right thing at that point in time to do it. So he is in full control.
Giulia Aurora Miotto:	Okay. We have two questions. Let's go on the back first.
Audience Member:	I was just wondering if there's any incentive to keep DWS listed because, obviously, the fact that they distribute excess capital means that there is

no M&A in sight? And one of the reasons why the company was listed was for M&A. So is there any incentive today for you to keep DWS listed?

Christian Sewing: First of all, I think Stefan Hoops is somewhere in the room, and if we have to discuss something, then he and I do it first. And James, who is on the Supervisory Board of DWS, and responsible in the Management Board of Deutsche Bank for DWS.

I think, by the way, there were more reasons to list DWS than just doing M&A. I would say, as I said on the other question, if there is something which would make sense and irrespective now of the size, again, I couldn't rule that out in full. But I think also for other reasons, as DWS is completely differently regulated, it is actually good to have a legal entity in the way we have structured it. Then you have an acquisition currency, which is good. So I don't think that it was the one and the only reason, and for the time being, I wouldn't see any necessity to change that.

Giulia Aurora Miotto: Yes. We had a question on the first row, here.

Audience Member: If I can follow up on your comments on the US commercial real estate, if you could give us a little bit more outlook for asset quality in that book. Obviously, still a lot of concern in that sector, especially in the regionals. There is concern that as more transaction happens, some of these properties need to be revalued. You did take some provisions in last quarter, but just the outlook for the next 12 months in terms of having to do more modifications and having to take more provisions in that book? It'd be great if you'd give any color.

Christian Sewing: I hope you don't take it the wrong way, but I can't say more than I just said. We believe that overall, in the commercial real estate portfolio, we will see in 2024 provisions in line with 2023, and of course, 2023 was elevated versus the normal years in commercial real estate. So there is no deterioration, but there is also not kind of signs of improvements here. Now, it’s always hard to talk about an asset class, so to say, across the sector because each and every bank, and I was 20 years in risk management, you have different underwriting standards. You have different methodologies, also, when it comes to structure a loan. We are very early in the process with our borrowers, and in particular with the sponsors, to think about early extensions. The way the team is engaged, starting by the way, obviously in the first line of defense, not even in the second line of defense, but in the first line of defense, to think about early extensions, early restructurings.

Actually, if you do it right, it can also take pressure off the portfolio, and therefore, I would say, and this is my best assessment, and I think also a conservative assessment, 2024 in that portfolio for us is like 2023. And again, at the end of the day, you know, I understand that there is a lot of discussion on that asset class. We have a € 500 billion loan book, € 7 billion of that is in office buildings in the US. Sometimes, I think, the talk about that portfolio is a bit too much. Our pre-provision of this bank is, if you take the pre-provision last year of this bank, i.e., pre-tax profits, plus loan loss provisions, it's around € 7 billion. Obviously, we do everything in 2024 to further increase it.

Even if there is € 20, € 30, or € 40 million more in loan loss provisions, it doesn't concern me. We have an eye on it, we have a fantastic risk management, we have a good first line of defense. We are in early discussions with the sponsors, so I feel okay with that.

Giulia Aurora Miotto: Do we have further questions? Yes. It's coming, here.

Audience Member: I have a general question about the ECB, which will unveil its operational framework tomorrow. I think this will not be neutral for banks, and I am curious to know your view about that. Potentially if implementing permanent liquidity for banks is a game changer in terms of risk perception.

Christian Sewing: I don't want to now judge on so to say, not individual items or sector-specific items, which they will implement. But let me first say that I think the ECB has done, in my view, a really good job over the last 12 months. And it's unusual that CEOs are praising the regulators. But I remember well when I was sitting here a year ago. It was a week before the takeover of Credit Suisse by UBS happened. And you also know what happened with us on the 23rd or the 24th of March. And of course, there were thoughts or concerns on our side that it could result in a, and I don't mean a negative, but for us it is negative, knee-jerk reaction for banks, with regard to liquidity, with regard to capital.

I think the ECB really reacted in a very mature way, and they have seen that also given actually their decisions which they have taken over the last 10 years, they strengthened the banking sector. I think overall, the European banking sector is not only mature, but very robust, not only from balance sheet point of view, from a liquidity point of view, but also from an earnings point of view, sustainable profitable. And I'm really glad that this kind of conviction that we have a solid banking sector which can withstand issues like we have seen last year, but in particular also issues which we have seen with the regional banks in the US, that they took a very calm approach.

Now, why do I tell you that? I also think that the ECB is aware that the financial institutions and the banking sector, again, in particular in the geopolitical situations where we are globally, I'm always telling the politicians and the regulators - banking is a strategic industry. We need our own European large banks in order to make sure that we have, you know, our banks from a strategic, from a financing point of view to go forward. And I think the ECB is and has realized that, and therefore, you know, I'm not nervous about any decisions which will materially disadvantage European banks. And I think it's also time to say that at some point in time.

Giulia Aurora Miotto: Maybe if I can quickly follow up on the regulatory front, there is also the discussion in the US instead about the Basel 3 endgame. So how are you seeing that play out? In the short term, do you see more opportunity for business? In the long term, what do you expect? And we only have five minutes, you can't speak for an hour.

Christian Sewing: No, no, no. I'm not talking for five minutes, but this is the European Financial Conference, right? So there is not one of my US colleagues coming tomorrow, right?

Giulia Aurora Miotto: No.

Christian Sewing: I'm just joking. I don't know at the end of the day what is happening there. Obviously, there is a lot of discussion, in particular, after that what happened last year with the regional banks. At the end of the day, as much as I can interpretate that, what we see in the US with our operations, but what I also hear from my colleagues, we will see an increase in capital requirements, and in particular in certain businesses, also in the US.

Now the key question is, what does it mean for us? We have a clear strategy in the US. You need to be if you want to be a globally-active bank, and where you are advising corporate clients, private wealth management individual clients, and institutional clients, you cannot be globally successful without being in the US. But there are pockets in particular also in the markets business where we do think with the successful restructuring and turnaround, and now with the development Ram has shown in particular in Europe, also in many parts of Asia, that we have a chance to grow revenues in the US. And there are plans that in the one or the other trading business, where we feel we are close to our clients, we have the right products and we have the right front-to-back processes that we can attack there. And that's what we want to do.

But that decision is irrespective how the outcome of the Basel issue is in the US. I would expect a bit more higher capital requirements for them. How much, I cannot tell you. And you can also have trust in the lobby work of my colleagues in the US, I'm sure.

Giulia Aurora Miotto: Right. Can I check if we have any final questions? Yes. In the front line here.

Audience Member: Thank you. Just a quick question, going back to CRE in Germany, some of the specialized banks are challenged. What could be the contagion, or what could be your role to help the solution? What could be the impact on the macro environment? How do you see what's going on?

Christian Sewing: I'm not commenting and talking about other banks. I don't like that, and I was always happy when we were having some challenging times if others were not talking about us. But I do believe that last Thursday, actually, was quite a good day in terms of transparency, in terms of news from the bank you are mentioning. And the best thing for us is that banks can show that they can handle potentially challenging situations by themselves. And I have overall full trust and you know who the CEO of that bank is. He used to be a former risk manager of Deutsche Bank, so he will do a good job.

Giulia Aurora Miotto: Christian, thank you very much.

Christian Sewing: Thank you.

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