Deutsche Bank AG

Investor Deep Dive

Tuesday, 10 December 2019 | 13:00 p.m. CET

Transcript

James Rivett

Thank you all to those of you who have joined us here today in Frankfurt and to those of you on the webcast. Before we start talking about the future with our various business heads and presentations, the lawyers have just asked me to remind you that the future is uncertain, and therefore, every presentation contains forward looking statements about the way that things may be different than we expected. With that, let me hand over to Christian.

Christian Sewing

Thank you very much, James, and a very warm welcome from me to our investor deep dive today. Our aim today is to reintroduce you to our business in the new shape and provide further depth on the transformation strategy, which we launched in July. We will also provide you with an update on our progress in executing on our strategy.

James von Moltke and I will begin with a summary of the group's objectives, targets, and where we stand. Following that, the leaders of our core business and the capital release unit will present their strategies and describe how they plan to contribute to those objectives. Stuart will then walk you through our risk management strategy over the transformation period.

And we have also set time aside for you to ask your questions throughout the day. We also want you to meet our leadership team on an informal basis, so we will end the day with a reception where you will have the opportunity to meet all the presenters in, hopefully, a more relaxed atmosphere. I don't want to waste any more time, so let me just right into it.

To sum it up in five words, we are fully on track. On key dimensions of our transformation agenda, we are either in line or ahead of our plans. We told you that we would continue on our path towards getting our costs under control and we did. We have delivered seven quarters of year-on-year reductions, and we remain on track to reach our 2019 full year target for adjusted costs, taking into account transformation related charges and the impact of the global prime finance transfer to BNP Paribas.

And with this run rate, we have achieved almost half of the savings, which we need to meet our 2020 target. Over the last 20 months, we took out costs in the amount of almost €2 billion on an annualised basis. We also told you that we would retain a solid capital base and we did. Our core tier one ratio was stable at 13.4% during the third quarter, despite the significant upfront transformation charges. This obviously provides us with a healthy cushion.

And for Q4, we expect to be above our guidance of 13%. This was possible because we wasted no time in reducing leverage exposure and risk weighted assets in the Capital Release Unit. This is financing the restructuring of our bank and here, we are ahead of our plan, too. We told you that we would exit businesses where we are not competitive or which did not produce sufficient returns, and we did.

We are also well on track with the exit from equities trading, and have concluded an agreement to transfer our global finance business to BNP Paribas.

We told you that we would focus our investment bank on its strengths and allocate resources accordingly. We are already seeing that in our results, which are ahead of plan, and we are pleased with the investment bank's development in the fourth quarter. We have also successfully created our corporate bank, a unified division to serve our corporate clients segment globally.

This is at the heart of what Deutsche Bank has been doing for the last 150 years. The third quarter already demonstrated growth potential for that business. Overall, you can see the strengths of our businesses when looking at the performance of our core bank. Despite all the unrest and external headwinds, both revenues and profitability have been stable in the first nine months of this year, compared to last year. Clients are supportive as evidenced by a pickup in client engagement.

And we see strong support for our strategy among our employees. Three out of four employees embrace this transition, and that is crucial to make this transformation a success. We have also received positive feedback from our regulators, not only in words, but also in tangible results like in the lower G-SIB buffer.

Finally, in July we announced a new IT strategy to support our clients. This strategy will reduce complexity, improve efficiency, and create stronger working relationships between the business, technology, data, and innovation teams. And this is only the beginning. With our new setup implemented and our new leadership team in place, transformation is now in full swing.

Let me reassure you right from the start, we are delivering, we are executing, and we are doing it relentlessly in a no nonsense way. Quarter by quarter, month by month, and day by day.

We have been delivering in an environment that has become more uncertain in several respects. Our business case now assumes that interest rates remain lower for longer. The global economy has slowed in 2019, although there has been more positive signals recently.

We see chances that global growth may now bottom out short of recession territory. However, geopolitical uncertainties remain, for example, around trade and also Brexit. Finally, we are operating in a world of increasing regulatory requirements, especially for the European banking sector. All of these issues will have an impact on our sector and on us. Let me be clear, these impacts are all factored into our strategic decisions, into our financial planning, and into our financial targets.

So, where do we go from here? Let me put it into a wider context. In July, we told you that our success was built on four pillars. Refocusing our bank on our four core businesses competing to win. Restructuring to increase efficiency. Reinvigorating the entrepreneurial spirit of our bank. And fourthly, returning capital to shareholders from 2022 onwards. Let's turn first to refocusing on slide five.

Until July, we were competing in too many businesses where we weren't strong enough and we weren't making good enough returns. I just described the progress we have made in exiting parts of the equities business. A business that lacks scale and where we were not competing to win. And that allows us to concentrate investment and resources on business where we can win and business where we have competitive advantages.

In the corporate bank and the investment bank, we are significantly increasing the share of revenues from those businesses with market leading positions. For example, around 75% of our investment bank revenues come from businesses where we enjoy a top five position globally. In our four core businesses, the indicators are positive. And that includes the encouraging momentum we see in the investment bank.

Focusing on strong businesses reduces earnings volatility and over time, also reduces cost of equity. Overall, this could be seen already in the first nine months of 2019 when our core bank revenues and profits were stable, compared to the first three months in 2018. And as I said, despite the significant headwinds we were facing. That sets us on course to be a bank that is built on competitive advantage and is simply more relevant to its clients.

Second, we are restructuring to finally make our bank more efficient, as you can see on slide six. As a result we, are on track to meet both our 2019 and 2020 cost targets, and this puts us on a good path to reduce adjusted costs by 25% or €6 billion by 2022, compared to 2018 levels. In 2018 and 2019, a large portion of our cost reductions came from reducing our business footprint. And of course, these front office reductions impacted our revenues.

But these reductions are now largely completed. From now on, our focus shifts to infrastructure costs, addressing structural inefficiencies and delivering on our previously announced programmes. And that gives us the confidence that we can achieve our cost targets without undermining revenue generation going forward. Furthermore, we will achieve these reductions without compromising on our commitments to technology investment and a strong control environment.

In fact, we have invested significantly in our compliance, AFC, and audit departments. And the results speak for themselves, as you can see on page seven. We have made significant progress in addressing historical conduct, litigation, and regulatory deficiencies. One recent example, last week, Frankfurt's Public Prosecutors Office closed investigations in the so called Regula proceedings against our bank.

Because no instances of criminal misconduct were found. One year after a search in our Frankfurt headquarters, which created huge attention worldwide. Putting the past behind us is also a result of our changed leadership culture, which you can see in the reduction in operational losses and red flags. And we have taken further measures to reinvigorate this leadership. We set up a Group Management Committee to support the new management board.

And this has enabled us to make progress faster and in a more coordinated and disciplined way. And yes, with a better focus on our businesses. That's also underpinned by the broader skillset in our team. And something else I'm especially pleased about, despite executing Deutsche Bank's biggest restructuring in two decades, we have received positive feedback, particularly from our clients and from our own employees.

In our annual people survey, key indicators on staff morale are up, for the first time since five years. People are clearly more committed and feel more productive today than a year ago. And how did we get such a result like that in the middle of a major restructuring? I personally think it's because we finally have the corporate clarity that we have been missing for so long.

When I attended meetings in Washington DC in October, the feedback from regulators and our client was unmistakable. They clearly recognised the progress we are making.

And finally, we are managing shareholders' capital in a more efficient and disciplined way, as you can see on slide eight. Today, five months after launching our strategy, we reaffirm our capital targets. We are absolutely determined to manage our transformation within our existing capital resources.

And the third quarter gave you an idea of how we intend to do this. RWA reductions in the Capital Release Unit offset the net income impact from capital, resulting from transformation related charges. As a result, we held our core tier one ratio stable at 13.4% stronger than many of our international peers. And to give you a preview on the fourth quarter, we are very confident that our core tier one ratio will again be above 13% through year end.

The progress we are making is reflected in recent actions by the regulators. The financial stabilities board's G-SIB assessment recently reduced our G-SIB surcharge by 50 bases points to 1.5%. That lowers our 2022 leverage ratio requirement to 3.75%. In addition, we very much welcome the ECB decision announced this morning to reduce our minimum core tier one requirement by 25 basis points from January 1st next year.

That reflects the credibility we have built with our regulators. But also our capital and leverage requirements are now lower, we are keeping our commitment unchanged. We aim for a capital ratio of at least 12.5% throughout the transformation process. And yes, we will improve our leverage ratio to 5% by 2022. In a nutshell, we are now managing capital in a different way and we see a path towards being able to return capital to shareholders starting from 2022.

Our overall efforts are underpinned by over 120 initiatives across all businesses and regions. And these are tracked by our new Chief Transformation Officer Fabrizio Campelli. And as you can see on slide nine, all of these initiatives have been grouped into a more focused set of deliverables to provide a coherent and coordinated transformation agenda. The managers who lead them are enabled and accountable.

The objective of this roadmap is to monitor the performance of each of our transformation initiatives against milestones and financial targets, and to trigger an early intervention where appropriate and when necessary. Fabrizio has the mandate to enable delivery in partnership with all other members of the management board. And with all of this in place, I'm very confident that this will gain even more traction in our daily execution.

Having said this, we have to deal with some headwinds. And actually, they have become stronger for the whole industry since our strategy announcement in July, mainly because of lower interest rates. But again, we have acted fast and decisively to offset these negative effects as far as possible. We have started passing through parts of the impact of negative interest rates to corporate and high net worth clients and making use of the ECB deposit tiering scheme.

We are advising our clients on migrating from deposits to higher yielding investment assets. And we are managing our balance sheet in a more dynamic fashion to mitigate the drag from liquidity reserves. And therefore, we remain confident regarding our path to improve profitability as shown on slide 12. Let me be frank upfront, returns to our shareholders today are simply unacceptable. Even adjusting for transformation costs and de-risking within the capital release unit.

Our bank must deliver a significantly better return on tangible equity. Our way towards our 2022 targets is a balanced mix of stabilised and growing revenues, and in particular, a focused execution of our cost programme. On the revenue side, we see some very positive momentum in some areas. Also, we benefit from the parameter change, which we announced at the end of July.

This compensates, at least partially, for the tougher interest rate environment. But let me be clear, the bulk of our profit improvement will come from our cost savings, and this is completely under our control. And we have a proven track record over the last two years that we are able to deliver on costs. On the other hand, we expect some offsetting impact from a normalisation of credit provision, from the exceptionally low level of recent years.

And at the same time, the drag from the Capital Release Unit will significantly decrease until 2022. As a result, we reaffirmed our target on post tax return on tangible equity of 8% in 2022 as we communicated in July. We also have enough incremental levers to deliver on our promise. Notably, we are determined to reduce the residual costs of the Capital Release Unit as fast and as far as possible.

And you may ask now how do we ensure to preserve and grow our revenues, given we announced that we would reduce costs by another €4.5 billion and the number of employees by almost 18,000. The answer is straightforward. Our client facing staff in revenue generating areas, in the corporate bank, the investment bank, and in wealth management, the total number of staff will remain almost unchanged in our plans from 2019 onwards.

And this will strongly support our commitment to client centricity and our revenue and market share ambition. Our cost reductions will almost entirely arise from the business exits, which we have announced, run down of remediation projects, technology and infrastructure simplifications, and a leaner, more digitised retail platform.

Now, let me say a few words on how each business will contribute, and please be aware that James and I are referring to 2018 CAGRs to ensure easy comparison to our July disclosures. In the business updates, you will find references to 2019 levels. Now I will start with the corporate bank on slide 13. This newly created division is not only closest to Deutsche Bank's roots, it is core to our bank. And the good news is it is a highly attractive business.

It is a leading business globally with more than €5 billion in revenues. We expect revenues to grow at 3% annually. And that's roughly in line with GDP growth, which has been a good indicator for the corporate bank revenue development in the past. And our starting point is great. We are the world leader in euro clearing and the number one non-US clearer of US dollars. With our full suite of products, our aim is to become the bank of choice for the corporate treasure.

We provide day-to-day essential services very efficiently and reliably. And that gives us the platform to deliver our bank more broadly. Here, we can use technology to connect and integrate our services more closely to our clients. Regionally, we see opportunities to leverage growth in trade flows, in particular between Europe and Asia, as well as intra-Asian flows.

In the current geopolitical environment, it is an advantage to be a European bank in that region. And we have a great brand recognition over there. Accordingly, we will allocate more resources to that region. All in all, key indicators for the corporate bank are positive. We are already growing loans by 5% and the number of cash transactions by 10%.

And we will gain further traction by exporting our domestic coverage concept to other regions. Just bear in mind our cross-sell ratio in Germany is significantly higher than internationally. And we can grow revenues by collaborating more closely with the investment bank. Stefan Hoops will provide you with more details but let me now turn to the investment bank.

Five months into the restructuring, I'm pleased with the progress we have seen. And I'm proud of what Mark and Ram have achieved so far. We have already successfully refocused our investment bank on our industry leading businesses, be it credit, financing, foreign exchange rates and advisory, and the results are encouraging. In fact, our revenues in the investment bank in October and November are well ahead of last year's revenues.

In sales and trading, we've experienced healthy double digit growth in these two months. Because of this and perimeter changes we announced in July, we do see a clear path to a post-tax RoTE between 7% and 8% in 2022, which is a bit more than we expected this summer. Why have we become more optimistic? As mentioned, we have now virtually completed our front office restructuring. From 2020 on, we will focus on infrastructure costs in particular.

Mark and Ram will take you through our detailed plans to drive these cost efficiencies without impacting our revenue generating potential. Additionally, we are now a bit more optimistic on revenues than in July. What drives this improvement? There are several factors. We are, first of all, much more focused on our strengths.

But most importantly, we have seen a broad vote of confidence among our clients and among our investors as reflected by significantly lower CDS levels. And the impact of our exit from equities trading on the other businesses has been less than we have assumed. Our investment bank is a good business. We focus and we will grow where we have a top five market position, which again, makes up 75% of our business. And this is paying off.

Revenues from top institutional clients are up 20% this year. In corporate finance, our ranking and market share with our top target clients is significantly higher than our overall share and is substantially up year-on-year. Client calling intensity is up 23% in EMEA, 40% globally, since we announced the strategy. Consequently, I'm pleased with our new management team, which took prompt action to address our shortcomings. Turning now to the Private Bank on page 15.

For the Private Bank, we expect stable revenues. We are confident that our targeted growth initiatives can offset interest rate headwinds. And we are planning to double post tax return on equity from 4% today to 10% to 11% in 2022. Karl and his team will show you retail banking is mostly an efficiency game. And above all, it is all about efficiency in Germany.

We are fully focused on accelerating the integration of Postbank. In 2019, we are on track to achieve around €200 million of cost synergies, as we said before. With our German platforms now under a single legal entity, we are able to drive more efficiencies across the whole value chain. We are working with Bernd Leukert, our new Head of Technology, Data and Innovation, to realise additional savings from modernising the IT platform of this unified business. And our market position is unique.

There is no other German bank with the advisory capacity, as well as the scale and product range, to help clients navigate, in particular, in a low interest rate environment like we have. And we have been growing already assets under management. Internationally, our investments in our global wealth management are paying off. It has turned into a growth story.

We have achieved consecutive quarters of net asset inflows, reversing the outflows of 2018. And we are gaining market share, especially in Asia. Hence, while we increase the efficiency of our business model, we will invest further into our advisory capacity.

Finally, let me come to the asset management business. In asset management, we are building on the momentum that Asoka has been generating since taking the helm about a year ago.

Our revenue plan is conservative with growth of 1% per year throughout 2022. However, we have already made progress in reducing costs in 2019 as evidenced by the improved cost income ratio. For example, in DWS, we abolished corporate titles, that brings less hierarchy and more teamwork. And yes, this could be a role model for other areas in our bank.

We have also seen consecutive quarters of net inflows, reversing the outflows of 2018 and clearly progressing towards our target of net inflows of 3% to 5% per year. How has this been possible? It is, again, very simple. By good management of DWS. Or, to be more precise, by launching new products, leveraging our distribution partnerships, investing in ESG, and delivering sustained and strong performance.

More than 80% of our assets under management outperformed the benchmarks. The number of DWS funds ranked four or five star by Morningstar, has increased by 25% since the beginning of last year. And DWS is on the right track.

So, within each business, we have strategy for efficiency and growth. Furthermore, it is part of the strategy to leverage a potential, which we have slightly neglected in prior years when our focus was rather on selling products than offering our client holistic solutions.

And that is changing now. We are collaborating across our businesses as never before, as you can see, on page 17. We are finally leveraging our potential as a universal global bank. Remember the "FX4cash" example I gave you during the third quarter earnings call. Our online real time FX hedging tool, developed in partnership between the investment bank and the corporate bank, had its best quarter ever.

Wealth management is using credit solutions from the investment bank and trade facilities from the corporate bank to grow the wallet share with key entrepreneurial clients. And in the Private Bank, we are migrating clients into investment products, including those of DWS. And finally, we are teaming up to deliver in the so important ESG space. Within the investment bank, we have the engine to originate ESG products, which institutional investors, wealthy individuals, and private clients want.

We are making significant efforts to expand quickly in this area. And finally, with cross business collaboration across our senior leadership, we are breaking down the silos that have held back this bank for so long. Another key enabler for growth is technology, which I will discuss on slide 18. As we said in July, despite the smaller footprint, our technology investments are broadly unchanged as we reallocate resources to our core businesses.

And the future of banking will rest on two main pillars. Platform on the one hand and trusted advisor or risk manager on the other. Both pillars help us to better understand our client needs holistically, and that's true for institutional, corporate, but also, private clients. The platform business needs to handle huge and increasing volumes in a highly efficient manner, and that's how we stay relevant to our clients.

And today, we have some highly successful platforms already. Autobahn, our institutional client platform for foreign exchange, has around 85,000 active user. Some large corporates have over 200 individual users. And these are our most loyal clients. In the last three years, Autobahn electronic FX option volumes have grown by more than 100% per year. And we can, and we are, leveraging this platform, which places us at the heart of the client's dealing for other offerings.

With this, we are at the heart of the corporate treasurer. In the Private Bank, our DB mobile app is another great example. We have seen growth of 40% year-to-date in monthly active users and clients use the app around one million times a day. That's up 25% compared to the beginning of the year. But there is much more to it. Our cross-sell rates for active online clients are over 60% higher than for those clients who are not online.

The information we generate every day from these platforms, and the action we can take by using it, transforms our relationships with our clients. We now anticipate client needs far better and can propose target solutions for them. With that, we are moving to the next level of platform business by becoming much more of an initiator of transactions than a processor of transactions.

Deutsche Bank offers the unique combination of platform efficiency and high quality advice. I hope I've demonstrated clearly how we will compete to win by growth and by efficiency. But also, I would like to reemphasise that this is, first of all, a cost game and we are on track to reach our adjusted cost targets. We delivered in 2018 and we are delivering in 2019.

Based on our expected exit rate this year, we have achieved almost half of the improvement we need to hit our 2020 targets. And I'm confident that we can deliver exactly this other half. I know the details of the underlying programmes. And our track record speaks for us, so do the management tools we have developed to increase transparency around our costs and track them accordingly. In 2021 and 2022, we will see additional reductions of around €2.5 billion in total.

That's a combination of momentum of current initiatives and future benefits from initiatives we are setting up. For example, the state of the art IT platform in the Private Bank. And any additional cost reduction in the Capital Release Unit will follow the de-risking efforts associated with that. Let me finish with an overview of our balance sheet.

The basis for our success is a conservatively managed balance sheet. Slide 20 shows you the remarkable transformation of Deutsche Bank's balance sheet since the start of the financial crisis. We have become a much safer, a much better capitalised, and a better funded bank. Net balance sheet assets are down by almost a third. Our capital ratio is far stronger, despite a more rigorous definition of the capital that's included.

We manage a high quality loan book very conservatively. Provisions are now just 15 bases points of loan on an annualised basis well below our peer average. Our funding base is also very strong. Today, a much higher proportion, around 80%, comes from the most stable sources, and most of this is client deposits. And as we progress our transformation strategy, we will continue on the path to a smaller, safer Deutsche Bank.

Be sure, we have a world class risk management and you will hear about it from Stuart Lewis.

Let me sum up. We are working to stabilise and then grow our group revenues by 2022. Revenues in the core bank are essentially stable this year. The results of swift management action in the investment bank have improved the outlook in that business. We reaffirm our 2019, 2020, and 2022 cost targets. By 2022, we will have reduced costs to €17 billion.

And we will continue to manage shareholders' capital prudently and maintain our CET1 ratio above our minimum threshold with the goal of returning capital starting in 2022. And finally, we reaffirm our 8% RoTE target in 2022 while recognising that it has become more ambitious since we announced our strategy in the summer.

Executing what was announced, reaffirming targets, this is what counts right now. We all know that our bank did not have a good track record in the past decade when it came to this. So, what we are presenting to you today is a new way of managing this institution. And we are building on past experience here. We have proven, seven quarters in a row, that we are determined to manage our bank in a disciplined way.

We promised you a management team that would execute relentlessly quarter by quarter. And we promised you that we would work as one team to deliver one Deutsche Bank to our clients. Five months into this transformation, what do you see? We are well on our way to creating this new bank. We do not underestimate the challenges ahead or the magnitude of this task, but in all key dimensions, we are on track.

In some areas, we are ahead of where we expected to be. Where we have encountered new headwinds, we have taken swift action to offset them. This management team has adjusted quickly and will continue to do so. We're encouraged by positive feedback from clients, regulators, and from our own people. After 30 years at this bank, I can tell you from my personal experience: this time is different.

Our leadership team feels it, our employees feel it, and our clients feel it. We are still at the beginning of an historic transformation, but we got off to a good start. We are absolutely focused and determined to continue to deliver. With that let me hand over to James to talk to you about the details of how we get there. Thank you.

James von Moltke

Thank you, Christian, and welcome from me. Christian has just shown you our vision and execution priorities. In my presentation, I will update you on our planning assumptions and the financial path behind our commitments as we work to improve long term sustainable profitability and returns for our shareholders. We set a series of short term financial targets to act as guideposts in our progress towards our long term objectives.

As Christian just said, we are running in line with our 2019 and 2020 targets, and we reaffirm our 8% post tax return on tangible equity for 2022. On costs, we're also reaffirming our targets. Finally, as Christian outlined, we remain committed to managing our transformation within our existing capital resources and positioning ourselves to begin returning capital to shareholders from 2022.

Let me start on slide two with a summary of our financial performance under our new segment structure, breaking out the core bank and the capital release unit. We were encouraged by the performance of the core bank in the first nine months of 2019 in the face of our transformation and the challenges presented by the environment.

We held pre-tax profits, broadly flat, excluding specific items and transformation related charges. Our cost reductions offset an uptick in credit loss provisions due partly to lower recoveries and a modest decline in revenues. Core bank revenues declined by 1%, ahead of our internal planning assumptions. That said, we're well aware that there's work to do to improve long term profitability and returns.

As you can see on slide three, the core bank generated a 4% return on tangible equity in the first nine months of 2019, excluding transformation related items. I'm aware that this is a partial view of the group's performance, but it does give some indication of the starting point, which we will build on. Each of our businesses will contribute to the improvement in returns and you will hear from our leadership team about their respective paths to execute on these targets.

Their decisions and plans support a clear path to materially increase the tangible return on equity in the core bank by five percentage points to 9% or higher by 2022.

Turning to the underlying business performance that supports this path to 2022 on slide four. In addition to other impacts, the numbers shown reflect updated planning assumptions, as well as further refinements to revenue and cost allocations between the corporate bank and the Private Bank.

For the Private Bank, we now expect the return on tangible equity to improve from 4% in 2018 to between 10% and 11% by 2022, principally driven by cost reductions. This return level is slightly lower than our previous assumption, reflecting the interest rate pressures. For the corporate bank, we believe that we can grow the return on tangible equity to between 12% and 13%, driven by improvements in operating leverage as we grow revenues modestly and reduce costs.

This is also slightly below our prior expectations, reflecting the headwinds from lower interest rates, as well as higher cost and capital allocations. For the investment bank, we now aim to increase our return on tangible equity to between 7% and 8%

thanks to a combination of cost reductions, model improvements in our funding costs, and the stabilisation of our revenue base, together with targeted growth in selected areas.

This is higher than our previous estimate of 6%, and principally reflects the perimeter adjustments we made in July, as well as lower allocated funding and internal infrastructure costs. While this is still below our cost of capital, it does provide a base for further upside, should market conditions improve. As Asoka laid out at the DWS even this morning, asset management will continue to generate attractive returns, reflecting both continued improvements in DWS earnings and the modest capital requirements of the business.

We're also focused on reallocating resources as part of our path to improve returns to shareholders. Slide five provides an update to a slide we showed in July and the underlying trends are consistent with those disclosures. Capital allocated to the core business is increasing as a proportion of the total, as we wind down the capital release unit. The equity allocated to our sales and trading activities in total across the investment bank and the capital release unit is forecast to decline from 37% to around 25% of group total by 2022.

The residual equity allocated to the capital release unit principally reflects the operational risk RWA.

At a group level, our returns on tangible equity were slightly positive, excluding transformational related items in the first nine months of the year. As you can see on slide six, a relatively small proportion of the improvement in our RoTE to 2022 comes from our revenue growth assumptions.

The largest part of the improvement, around five percentage points, comes from executing on our cost reductions. These are partly offset by the normalisation of credit loss provisions, in line with the guidance we gave you in the third quarter, and which Stuart will discuss later. Our returns will also be negatively impacted by the build-up of capital within the group, reflecting the net capital accretion in the core bank.

We are working on measures to reduce the tangible equity employed in our businesses through greater use of securitisations, which will help us increase the velocity of our balance sheet. The negative impact on group returns from a capital release unit should decline over time as we execute on our cost and asset reduction programmes. During the first nine months of 2019, the capital release unit reduced group return on tangible equity by four percentage points.

Our updated financial plans assume that the drag on group returns from the capital release unit will be reduced to approximately two percentage points by 2022 with the residual drag principally reflecting the €1 billion of stranded costs that we currently assume to remain at that time. We're working on a number of measures to reduce these stranded costs, and Louise will detail some of the additional actions that our team is planning to achieve this over time.

Let us now go through the drivers of returns, starting with revenues on slide seven. Our updated planning assumptions incorporate current economic and financial markets, most importantly, interest rate forecasts. In July, we applied a forward interest curve from late May, which gave us a €600 million benefit to group revenues in 2022.

Consistent with the interest rate sensitivity, we disclosed each quarter, this benefit has now reversed and become a headwind, based on the forward rate curve. It now represents a deterioration in our 2022 revenue outlook of around €850 million. Our updated planning assumptions incorporate this impact, although expectations remain volatile and have improved materially since the low points in the summer.

We now take a more conservative view on the future performance of equity markets after the strong increases so far in 2019. This impacts our revenue growth assumptions, principally in asset management. Measures we've already taken to offset more than 60% or around €800 million, of these headwinds. These offsets include the perimeter changes we announced at the time of our second quarter results, as well as the benefit from the ECB's deposit tiering scheme.

Tiering reduces the burden from negative interest rates on a portion of our deposits placed at the central banks by a little over €100 million per year. We're also working on a series of additional measures to counteract the remaining impacts. These changes are all in progress, but it is too early to quantify the ultimate revenue impact. Importantly, we have begun to pass through more of the impact of negative interest rates to our corporate and high net worth customers.

The slide shows that offsetting the remaining lost revenues could be achieved on the basis of still conservative assumptions about the number and type of customers to whom we pass through negative interest rates. That said, we think it is appropriate to remain conservative on this, as it is still early days in the industry's response to the rate environment we all now expect. Stefan will give some details on a potential upside in the corporate bank since we implemented a more systemic pass through strategy in October of this year.

The reaction from clients in the corporate bank has been encouraging to date with very little deposit attrition. We're also working on additional measures to optimise our balance sheet and reduce the drag from our liquidity reserves. We're confident that the actions we've already taken, combined with the repricing and liquidity deployment measures we're working on, will be sufficient to offset these headwinds over time.

Slide eight provides and update to the revenue growth assumptions that we presented to you in July, reflecting our progress and certain changes we've made in our assumptions since then. While some of the details have altered slightly, the key messages that we're performing in line to slightly better than our internal plans for 2019. We expect core bank revenues to grow by around 1% per year over the four year period from 2018 to 2022.

If you role these assumptions forward, naturally, the growth rates are higher from a three year period from 2019 at around 3%. But we do not view 3% growth in the core bank as ambitious. The growth assumptions reflect the trends we anticipated in the investment bank, where we assumed revenues would decline in 2019 before recovering. As Mark and Ram will outline, we are pleased with the momentum they are building.

With that, let me turn to the second driver of our return improvements, namely costs, on slide nine. We remain on track to reduce adjusted costs in 2019 to €21.5 billion. This target excludes the impact of transformation charges, as well as the retained costs associated with the global prime finance platform to be transferred to BNP Paribas. Our aim is to reduce adjusted costs by a further €4.5 billion over the next three years.

I wanted to give you a sense of our cost plans and the granularity supporting them in the line item details we report against each and every quarter. Let's start by looking at these reductions by category. Of the €4.5 billion of cost reductions, we expect approximately 40% to come from lower compensation costs, especially driven by workforce reductions.

The benefits in compensation expenses will be partially offset by the impact of increased internalisation of core IT capabilities, which we currently outsource to third parties. These internalisation actions will have a benefit on non-compensation costs, and we believe they're important to improve delivery, efficiency, and our controls. The remainder of about €2.5 billion is to come from non-compensation costs.

We expect IT spend to decline over time as we benefit from accelerated software amortisation taken in prior periods. That said, we remain committed to investing in our technology as a core part of our transformation and our €13 billion IT spend commitment from 2018 to 2022 is unchanged. We expect to manage occupancy spend flat, despite rising real estate prices, and transitioning into improved premises in both London and New York.

We achieved this through implementation of space reduction and building optimisation, which will ultimately reduce our square meterage by almost 25%. This initiative is well underway and accounts for a portion of the transformation costs we will report this year. During the day, our business leaders will discuss how each business contributes to this total, working closely with our infrastructure functions where a substantial part of the savings will arise.

Karl and his team will detail their plans to reduce adjusted costs in the Private Bank by €1.4 billion, predominantly in Germany, including the Postbank merger synergies. Mark and Ram will outline plans to reduce costs in the investment bank by €1.2 billion, predominantly through infrastructure efficiencies, which do not undermine revenue generation.

That's also true for the €400 million of savings in the corporate bank, which Stefan will discuss. Louise will walk you through the €1.6 billion of savings, which arise in the capital release unit from the BNP Paribas transition agreement and other asset exits. It goes without saying that as we reduce costs, we're determined to continue investing in our control environment as Stuart will discuss.

We said, in July, that our restructuring would be different this time. We have developed the detailed plans we need to execute, and we have invested in the tools required to drive decision making. These tools include management information systems, which allow us to attack the structural cost base more comprehensively. Some examples. We have initiated six cross-divisional efficiency initiatives under the banner of our cost catalyst programme.

These initiatives cover employment costs, internal and external service provision, elimination of overlapping functions, and our regional governance and infrastructure. We have also recently introduced driver based cost management, which enables us to manage infrastructure costs on a more granular basis, according to demand, to reduce complexity and to drive better outcomes, based on benchmarking data.

This tool has already identified €200 million of savings that we will now realise. We've also made investments in process mapping, which will allow our businesses to pinpoint and remove bottlenecks that exist in our processes. Across the bank, we run over 650 distinct processes, a large number of which we believe can be streamlined or rationalised.

As an example, the process weaknesses we have identified and the investments we have made have helped us to significantly improve our liquidity risk management. These improvements are, in turn, helping us to more efficiently manage our liquidity reserves, as Ram will discuss later. Beyond tools, we have also significantly tightened governance and centralised management over our non-compensation expenses over the past two years.

This has led to improvements in such areas as communication, market data, marketing, and professional services fees, which you've heard me talk about on several earnings calls. We're also driving greater accountability in the organisation by widening our use of balance scorecards to track and measure senior people's performance against their objectives.

In summary, after nearly eight quarters of progress, cost discipline is building in the organisation and the momentum is growing. Improved tools and governance, combined with a concrete plan for businesses and functions have developed, give us increased confidence in hitting our cost reduction targets. To execute on our plans, we're taking substantial upfront costs in 2019 with a lesser but still significant burden in 2020 and 2021.

Slide 11 updates the chart we showed you in July. Since then, we have made a few adjustments in our assumptions, but the figures are consistent with the guidance we gave with our third quarter results. We're now expecting higher software and goodwill impairments, partly offset by lower restructuring and severance.

Including the approximately €400 million of restructuring and severance we expect to take in the fourth quarter of 2019, we will end the year with over €900 million of restructuring and severance provisions. Of the total transformation charges, only the real estate impairments and restructuring and severance, in other words about a quarter of the total, will have an impact on our capital position. With that, let us turn to capital on slide 12.

In the third quarter of 2019, the first of our transformation, we maintained our common equity tier one ratio stable at 13.4%. The positive impact of risk weighted asset reductions in the capital release unit offset the negative net income impact on capital from costs associated with our transformation strategy, as well as regulatory headwinds. This illustrates the way we will manage our capital position through the transformation period in the balance of 2019 and 2020.

We remain confident in the outlook we have provided for both years. We still expect our CET1 ratio to be above 13 at the end of the fourth quarter 2019 reflecting the impact of transformation related charges on net income as I have just described. Our CET1 capital ratio should trough in 2020 at around 12.7%. That's clearly above our maximum distributable amount which, as we announced this morning, the ECB has just reduced by 25 basis points to approximately 11.6% with effect from 1st January 2020.

Next year, the core bank should generate approximately 40 basis points of capital. The capital release unit is expected to be broadly neutral to capital as the wind-down in risk weighted assets offsets the drag on net income from costs related to our de-risking efforts. The decline in our common equity tier one ratio in 2020 is therefore forecast to come from regulatory inflation.

From 2021 we expect to be building capital as the improvements in the core bank offset the remaining drag from the capital release unit and the impact of regulatory inflation, which I will discuss in more detail on slide 13. We take a conservative approach to planning for future regulatory impacts. There are at this stage no material changes in our assumptions. In fact, the planned impact of certain issues has moved to later years.

For 2020, we now anticipate risk weighted asset inflation of approximately €15 billion. That's equivalent to about 50 basis points of our CET1 capital ratio. Of the inflation we have planned for in 2020, approximately half relates to known changes in the securitisation framework which will occur on January 1st. The remainder principally relates to the targeted review of internal models where the impact is still subject to regulatory review and is therefore uncertain.

For 2021, we allow for potential changes in regulatory standards around probability of default and loss given default assumptions. Here, the impact and timing are also hard to predict. Looking beyond 2022, there is significant discussion between regulators and the industry around the implementation of the final BASEL III measures. Given these uncertainties, it's extremely difficult to predict the timing and the magnitude of any impact.

That said, as we discussed in July, we currently expect the impact of the fundamental review of the trading book to be around €25 billion of risk weighted asset inflation, although the timing of this impact is more likely to be in 2024 than our original 2023 assumption.

The introduction of output floors is even more difficult to predict given the debate currently underway on both sides of the Atlantic and especially the legislative process in Europe, but our initial assumption is that output floors could increase our risk-weighted assets by 10% to 15% with the impact expected to be felt from 2028. This implies that we have to generate capital worth around 25 to 50 basis points of current risk weighted assets per year.

Our expectation is that by 2022 we will be generating net income at a rate of approximately 1% of current risk weighted assets per year. As a result, we feel comfortable that the RWA builds relating to final BASEL III rules will be manageable with our own resources, even on relatively conservative assumptions for RWA inflation, earnings, and capital distributions in this period.

We target a fully loaded leverage ratio of 4.5% by the end of 2020 when our deleveraging will be substantially advanced, as we detail on slide 14. As we build capital from 2021 onwards, we expect our leverage ratio to continue to improve and reach around 5% in 2022 as we maintain discipline around the balance sheet deployment. We believe that this level is sufficient for our stakeholders to see that leverage is a manageable constraint for our business. This leverage ratio will be materially above our regulatory requirement of 3.75%.

Additionally, our smaller and simpler balance sheet will also allow us to make significant improvements in our funding profile. The progress that we have made already gives us a clear line of sight to what we can achieve in 2020. Next year, we have three key targets. First, as described, we're confident we will maintain our CET1 ratio above 12.5% as we manage the remaining part of our transformation.

Second, we aim to build on the momentum we have generated over the past two years and develop and deliver our 2022 adjusted cost target of €19.5, excluding transformation charges and the impact of the prime finance transfer. Finally, we aim to raise our fully loaded leverage ratio to 4.5% reflecting the ongoing deleveraging within the capital release unit.

The progress towards our short-term financial objectives gives us confidence in our ability to deliver on our 2022 targets, which Christian outlined to you. We reaffirm our group return on tangible equity target of 8%, as you can see on slide 16. A large part of the improvement in returns at the group will come from the core bank where we introduce a return on tangible equity target of greater than 9% by 2022.

Let me conclude. We're happy with the progress we've made in the first six months of our transformation. Our performance is in line with our internal plans. We're building momentum and this gives us confidence that we can offset the current headwinds in the macroeconomic environment with our own actions, and we're confident of meeting targets in 2020 and 2022. With that, we move to a short break of 20 or so minutes and reconvene at 14:30 CET sharp. Thank you very much.

James Rivett

I think we'll begin and move on to the next session where we go through the details of our businesses. In a second, Karl von Rohr will start with the Private Bank.

Karl von Rohr

Good afternoon, ladies and gentlemen. Together with my management team, Manfred Knof in charge of the Private Bank in Germany, Ashok Aram responsible for Private and Commercial Business International, as well as Claudio de Sanctis in charge of Wealth Management, I would like to give you an update on the Private Bank's transformation programme presented in July.

I will start giving you an overview of the Private Bank, our plans, and our targets as a division, and then Manfred, Ashok, and Claudio will provide more in-depth updates on their respective businesses and targets. Since we spoke to you this summer, we have on the one hand faced substantial headwinds from an interest rate perspective, while on the other hand we've actually made very good progress in developing countermeasures and in executing our priorities.

Most importantly, we have a clear path to improving our post-tax ROTE to 10% to 11% by 2022. While of course stabilising and growing revenues will be an important focus, a substantial part of this improvement will come from cost savings which we will also take you through today. The financial details on page one will be familiar to you from our quarterly results presentation, so I will move straight on to an overview of the Private Bank on slide two.

The Private Bank has deep roots into our German and European markets, and through our Wealth Management business our division taps into international growth opportunities in the US and an important number of emerging markets. We serve around 22 million clients globally and we manage half a trillion of client assets and roughly a quarter of a trillion of loans.

Year to date, revenues were over 6 billion euros and on an annualised basis for 2019 we expect them to be well above eight billion. This represents about 35% of the group's total, so we do contribute an important part of Deutsche Bank's high quality stable business. We are a relatively low consumer of capital, with only around 20% of group risk-weighted assets, and with around €60 billion of surplus funding we're a major provider of high quality funding and liquidity. At the same time, our loan to deposit ratio is conservative, providing headroom to safely grow our loan book.

We're also an important partner to other parts of the bank, supporting the cross business collaboration that Christian talked about earlier. For example, we are the biggest distributor of DWS products and, in turn, we benefit from the products offered in the Corporate and Investment Bank, such as corporate finance or structured lending. Both the Private Bank and the Corporate Bank actively facilitate customer referrals between each other.

Deutsche Bank's Private Bank has always been regarded for its investment advisory capability, which we have maintained through the adoption of MIFID II and other rules. In times when low interest rates require deep investment advisory knowledge and experience, this combination of product breadth and advisory depth is a substantial competitive advantage.

In our home market in Germany, our offering is very strong and very well regarded, and even when looking to our international markets or in the wealth management area, only few of our competitors can deliver that breadth and depth locally as we can.

Now, it's important to understand that our path to improving our returns did not begin in July. As you can see on page three, we're building on a series of actions we have already taken and we are adding further initiatives. We have reshaped our retail network in Germany and in our European businesses in the last three years, closing more than 20% of our branches and reducing workforce by around 10%.

In addition, we have divested non-strategic businesses, including our operations in Poland and in Portugal. We've also significantly simplified and digitalised our business. This is an important foundation and will of course remain a focus area as we are committed to further developing our digital product lanes and to automate our back office processes.

In July, we announced three near-term objectives and we are well on our way to delivering them. First, we have accelerated the integration of Postbank and Deutsche Bank in Germany.

This is the largest banking merger since the ECBs single supervisory mechanism in Europe was established. We expect to achieve around €200 million cost synergies by the end of this year and we're well on track to deliver an additional €200 million by the end of 2020.

Second, we have partially offset the impact of low interest rates with a number of repricing measures delivering a positive run rate impact of €100 million starting in 2019. Third, we have proven that we can grow. We've increased our business volumes in lending by €7 billion and our assets under management with €10 billion of net inflows in the course of 2019. Now let me turn to our 2019 to 2022 ROTE trajectory.

Adjusted for specific revenue items and transformation effects, primarily the goodwill impairment in wealth management, our return on tangible equity was 4% in the first nine months of 2019 on an annualised basis. We're working to improve our ROTE to 10%-11% by 2022. The headwinds we face, mainly the further decline in interest rates since July that James has mentioned, represent a three-digit million Euro impact for us on our path towards our 2022 targets.

We are already implementing a series of measures to more than compensate these headwinds, including passing on negative interest rates to some of our wealthier customers, repricing, converting deposits into investment products, and of course underlying business growth. The net impact from revenue growth on our ROTE is expected to be between 2%-3%.

On our path to achieving our cost reduction target of €1.4 billion in 2022, our business in Germany will be the main driver. However, all our businesses will continue to have their share in the envisaged savings. I'll get to more details how we plan to achieve €1.4 billion.

We expect loan loss provisions to increase in line with our operating growth and to normalise from the currently very low levels over the coming years and, finally, we will see a higher capital allocation in line with our RWA trajectory. So despite not fully hitting the greater than 12% ROTE mentioned in July, we are confident to achieve an ROTE of 10%-11% by 2022. Given the challenging market conditions, it is all the more important that we focus on consequent cost disciplines, so let's have a closer look at this on slide five.

Since July, our teams around Manfred, Ashok, and Claudio have added further granularity to the plans to reach our €1.4 billion cost savings target. Around one billion of these reductions is planned to come from our business in Germany where we aim to cut costs in our sales network and our non-client facing functions.

With the transfer of the commercial clients to the corporate bank, we're now a pure play retail bank which will allow us to build a considerably more efficient IT and operations platform, specifically designed for retail customers and for retail operations, and Manfred will walk you through more details in a minute.

In addition, our Private and Commercial Business International and our Wealth Management are expected to deliver about €100 million in cost savings each, primarily from savings in IT, reductions in head office functions, and of course also footprint rationalisations.

Finally, we're working on structural and portfolio measures that should contribute an additional €200 million of cost reductions, so in total we confirm our €1.4 billion cost savings target. Now, we did promise you a deep dive, so let me hand over to Manfred to outline the strategy for the Private Bank in Germany.

Manfred Knof

Thank you, Karl, and good afternoon from me. My name is Manfred Knof and I recently joined the Deutsche Bank management team this August from Allianz where I was responsible for the entire insurance business in Germany. I'm very excited by the opportunity we have in transforming this private client business in Germany and I'm looking forward to the challenge.

Today, I would like to talk you through the strong starting point we have, the sources of competitive advantage we enjoy, and the way we will boost profitability and contribute to the improvement in returns to shareholders. But let me start with a strong starting point; we are Germany's leading retail bank with two highly complementary brands, Deutsche Bank and Postbank.

Serving around 19 million clients who are either looking for convenience through our Postbank offering, or seeking advisory solutions from Deutsche Bank, we offer the full retail banking product suite. Our loan book of €150 billion, with more than 85% being low risk mortgages, is funded by our €180 billion of deposits and we benefit from about €100 billion of higher margin investment assets.

We offer a true omni channel approach in distribution, with advisory services available through a broad network of 1,300 branches, and more than 10,000 contact and service points. We have a comprehensive mobile and online presence with more than nine million users. Personal and digital is our strategy.

Our position as the leading digital bank gives us an important advantage when winning new customers. For example, our non-branch channels already generate more than 75% of our new business loan volume. In addition to a strong base, we have unique competitive advantages. Germany's economic power makes the largest retail market in Europe and it's more attractive than you might expect.

The size of the market with a revenue pool of €51 billion is attractive and favours scale players. Germans are conservative savers, but they still want to protect themselves from the current interest rate environment. That presents a huge opportunity for us to convert deposits into higher yielding investment products and, at the same time, credit is growing by 5% per year in a generally high quality, low risk credit environment and this is a market in which we enjoy unique advantages.

First is scale. With 19 million clients and committed technology spending, we develop our powerful digital offerings for our customers to interact with us online and offline. In addition, we have a world-class risk management engine which enables us to capture new businesses in a very controlled and secured way.

Second, we do not just offer the Private Bank to our customers, we offer Deutsche Bank to our customer. For example, customers can benefit from the power of DWS which has a 26% share of mutual funds in Germany, and is Europe's second-largest provider of ETFs. With nine million accounts, we're uniquely positioned to respond to changing customer behaviour with a broader digital offering than most of our traditional competitors.

Our strategy then must be to monetise these advantages to generate better returns for our shareholders, and now I will explain how we plan to achieve this. We see both costs and revenues as essential on our path to improving returns but, as Karl made it clear, costs will be the predominant contributor. The transfer of commercial banking clients to the corporate bank was an important first step towards a more client driven business model and for the first time we are now a pure retail bank.

We see cost savings of around €1 billion between now and 2020 and half of this comes from the integration of Postbank. On the revenue side, our goal is to stabilise revenues by offsetting the negative impact of lower interest rates, both by growth in our loan and advisory business, and by repricing. But now let me give you more details on cost.

Incremental cost reduction has been on our agenda for some time, but we have accelerated the integration and increased our efforts, yielding approximately €200 million in savings this year and an additional €200 million we anticipate to materialise next year in 2020. We see room for cost synergies in four areas. First, our position as a pure play retail bank will provide significant opportunities to simplify our operations and our IT. We will be working closely with our colleague, board member for IT, Bernd Leukert to drive those cost efficiencies.

Our plan has two phases. The first is to migrate from two platforms down to one, and the second step and the second phase will optimise the single platform into a more cost efficient state-of-the-art solution. This new platform will allow us to generate further savings through simplified processes, further downsizing of operations, and achieving higher flexibility through a modular architecture and lower running costs through cloud transformation.

This will have implications on our efforts to simplify our product portfolio and process landscape, and I want to make this absolutely clear; this is a completely different approach from what you've seen in the past and this reflects the experience we gained when integrating Postbank. As you can imagine, such ideas are not defined overnight, but four months in the job, Frank, Bernd, and myself are now happy that we share with you this general direction with you.

We calculate that recalibrating our operations model and migrating onto one single IT system will deliver €400 million of savings. So after the IT, as second we are further reshaping our distribution network, reflecting the trends in customer behaviour. By moving to this joint IT platform, we will be able to offer all our clients seamless services through our Postbank and Deutsche Bank branches across the country.

But it's also clear we will preserve our two-brand strategy of Deutsche Bank and Postbank. We will be able to offer different formats, such as self-service location, new branch format, and this will allow us to optimise our real estate footprint by increasing our client reach. Do you see the new IT platform has not only direct but also indirect benefits? So, overall, we see a potential of around €200 million in savings from optimising our distribution network.

First, IT. Second, distribution. Number three, we will reduce our head office and central functions as part of the group wide integration of overhead functions with the potential to cut another €200 million. Number four, completing the Postbank integration also enables us to normalise then investment spending around a single platform. That will lead to another savings of approximately €200 million. So, in total, the German bank aims to generate one billion in cost savings compared to the €600 million that was announced in July.

Now, after the cost side, let me turn on the details of our revenue planning. On revenues, as Karl said, we have several measures in place to offset the headwinds from negative interest rates in order to keep revenues broadly stable between now and 2020. First, we aim to continue to grow our loan book by around 5% per year, particularly in mortgages and consumer finance.

Second, we will help our customers to migrate from low interest deposits into commission and fee products to protect them from the erosion of value in this interest rate environment. Our plan in this environment is to convert more than €10 billion of deposits into commission and fee products and, on top, to grow assets under management by more than €11 billion. Third, we will take repricing measures for some products we will provide.

So, let me conclude. We are well on our way becoming a more fee driven business with a more integrated and automated platform and a more efficient balance sheet. We have a detailed cost reduction plan on which we are executing and we will deliver one billion of cost savings over the planning period. We are confident that we have a series of levers identified to offset the headwinds for negative interest rates on the revenue side. Those two levers will enable the Private Bank Germany to play a central, stable role in meeting the divisional and group ROTE targets. With that, let me hand over to Ashok.

Ashok Aram

Thank you Manfred and good afternoon. I'd like to do three things. First, give you an outline of our business. Second, explain to you the competitive advantages PCB International enjoys in the markets in which we operate. And, third, summarise for you the revenue and cost measures that we are taking to contribute to the return on tangible targets of the Private Bank, as Karl has outlined.

First turning to the business overview, revenues were €1.1 billion in the first nine months of the year, roughly 20% of the Private Bank's total. Loan volume was €33 billion, and we had €60 billion of assets under management. We serve more than three million clients, with a focus on affluent private clients and export orientated SMEs in Europe, through a network of 530 branches today in Italy, Spain, Belgium, and India.

Importantly, our business mix is well balanced and the proportion of deposits, and therefore our exposure to negative interest rates, is considerably lower than the Private Bank in Germany. We are profitable and we are growing. Our return on tangible equity this year is up by two percentage points versus 2018 thanks to a continuing improvement in operating leverage.

In two of our markets, Belgium and India, we're already substantially above the Private Bank's return on tangible capital target for 2022. In Spain we are slightly below and we are confident we will deliver the targets in a timely manner. In Italy we are below, but this is driven partially by the cost of a new self-funded technology platform which is transforming the core banking engine. We expect this core platform to be ready by Easter next year and that will lead to a normalisation of investment spending in Italy as well.

Turning to our competitive advantage, we focus on some of the most affluent areas in the Eurozone, northern Italy, northern Spain and Belgium, where the Deutsche Bank brand resonates extremely well and, importantly, we see above average wealth and a broader, more sophisticated set of financial needs which is driving our revenue growth. This is combined with large concentrations of SME clients and entrepreneurs who seek to tap the global markets. They have a lot in common with the German Mittelstand.

Second, we are leveraging Deutsche Bank's digital banking capabilities to the fullest and we are creating a unique multichannel offering which fits the sophisticated client base extremely well. India is a very good example of how valuable this is. It is the world's fastest growing economy. Offering advisory services to digital channels gives us a cost-effective way of tapping into all the new entrepreneurial families who are growing there so the business is both scale able and enables us to grow in a cost efficient manner.

Third, we offer a unique combination of global strength and local delivery. Local proximity is very important for affluent clients seeking financial advice in negative interest rate environments, with global products like those we offer from DWS Zurich and other important partners. For commercial clients we can offer the full suite of products and a global network that my colleague Stefan Hoops will describe in detail from the corporate bank. We also offer foreign exchange and capital market services to this client base. Very few competitors in Europe offer this combination; local delivery plus global capabilities.

Let me now turn to the specific revenue and cost measures that we are undertaking to contribute to our return on tangible capital targets. To grow revenues, we plan to leverage the digital advisory tool that we have already successfully introduced in Belgium to other markets. This is perfect for multi country expansion. It is unique in the market, highly scale able and, importantly, MIFID compliant.

We aim to grow lending and continue to move our portfolio towards higher margin products. In Italy, for example, we leverage our consumer finance advisory network and have already introduced a fully digital loan process that will allow us to attract further business, and growth in 2019 has been very encouraging.

In the business banking and entrepreneur segment we will continue to grow revenues at a 6% compound annual rate by deepening the coverage and enhancing our product offering and working very closely with the corporate bank, as well as for the entrepreneurs with our wealth management area under Claudio. Finally, we will continue to offset the impact of interest rates, as Manfred has outlined, with repricing measures.

Let me now conclude with a few words on our cost saving plans. We plan to cut costs by around €100 million in the next three years. Already this year we have benefited from our previous investments in Italy and Spain made in the last two years under the go to market models. The majority of our platform investments and business model refinements have already materialised, resulting in €100 million of cost reductions year-over-year and will be fully achieved by 2021, as communicated by James and others before.

Going forward, investments in Italy will normalise and we aim to install the new technology platform, as I mentioned earlier, in Easter. Once that is done, we will further optimise our branch network and country head office structures and leverage off our digital capabilities. All levers together will enable us to reduce our costs further by another €100 million, as Karl has outlined. Let me wrap up now.

The combination of revenue growth and cost measures will allow us to improve our operating leverage further and our return on tangible equity by four percentage points, contributing fully to the targets that Karl has outlined. With that, I pass it on to Claudio. Thank you.

Claudio de Sanctis

Thank you, Ashok, and good afternoon, everyone. It is my pleasure today to introduce you our wealth management franchise and explain how we're going to grow it in the next three years profitably and sustainably, and why this growth is in our control and realistic. Let's start with our strategy and how we differentiate ourselves.

The global wealth pool is growing at about 5% a year and, out of this, the fastest growing segment is the entrepreneurial families. They're growing at 9% globally and higher double-digit in the emerging markets. Today, we are uniquely positioned to fulfil the needs of this segment. Why? Because this is a segment that expresses a clear need for a European based wealth manager with global booking capabilities that can bring in a leading corporate bank and deliver solutions of a top tier investment bank.

This is why our strategy is to become the primary partner for every single entrepreneur family in any region we operate. On top of delivering our Corporate Bank and the leading FX and fixed income capabilities out of our Investment Bank, there are two more key differentiating factors when dealing with this specific segment.

Number one is our best-in-class CIO investment solutions coupled with the institutional services of DWS and, finally, our superior lending capabilities, both on the private and corporate side of these entrepreneurial families.

Most of the same differentiating factors makes us compelling for every UHNW and HNW sophisticated investor globally and, on top of this, of course we should be the primary partner for every wealthy German client because we are, after all, Deutsche Bank.

So let's now look at our existing franchise and how it reconciles with the segments that I have outlined. Our wealth management business is presently positioned in the best possible way to execute on the strategic focus I just outlined. For example, our client split already reflects this focus, with about 60% of our client business volume being with UHNW clients of which over 70% are already entrepreneurial families.

From a regional point of view, we clearly have a well-diversified client base with over a third of our clients in core Europe, 20% of our clients in our 25-year-old US franchise, and over 40% in our growing emerging markets. In each of the regions we are targeting always the segment of the entrepreneur families. These families in today's globalised economy will almost always have connectivity to Europe, as Stefan will also highlight in his presentation on the Corporate Bank.

Finally, we have a good product diversification and we already make more than 16% of our revenues on cross divisional collaboration, and this number has substantial potential to grow.

Let me exemplify our strategy with a client case. This is a European family, entrepreneurial family, where we've managed to transform a traditional wealth management relationship into a holistic delivery of Deutsche Bank. Historically, we worked with a family office by providing, amongst many other things, bespoke discretionary solutions in collaboration with DWS.

Through time, on the wealth management side we've helped family members secure financing for their residential real estate properties in North America and in London. But thanks to our wealth management relationship and the privileged access we have to the family decision-makers, in the last three years we've been able to introduce the corporate bank which today provides clearing services in Dollars and Euros, and Custody Services in Asia to the main company of the family.

We've also managed to bring in and connect the investment bank which successfully issued bonds for one of the smaller companies of the family and today is the main interface for any FX needs for all of the business of the family. This specific case is a European family, not German, we have many German families, but we could have as easily picked an entrepreneurial family out of any of the regions where we operate.

Now let's see how this strategy is already starting to reflect in our numbers. Let's start with the hiring. We have focused our hiring on relationship managers that are dedicated to entrepreneurial families. Because we have such a unique value proposition for these clients and have targeted the right bankers, we have been very successful in attracting top talent at market rate. This year, we've increased our number of relationship managers by 8% compared to fractional growth at our peers.

To prove that these hires are the right ones is the turnaround in the net new assets where we have a delta negative to positive of €9 billion year-on-year. In turn, this is also reflected in our revenues which are starting to show the benefit of positive net new assets with 5% core revenue delta increase Q3 18 to Q3 19, and Q4 is looking to improve this trend.

Let's now turn our attention to our plans from now to 2022. Our ambition is to deliver positive jaws, increasing revenues by 6% a year. The 6% is broadly in linear fashion, is net of legacy and, more importantly, is net of the substantial impact of negative interest rates. If you exclude these last two points, the growth rate is around 10% a year.

This revenue growth will be driven of course by the approach on entrepreneurial families as I just described, but also through the conversion of deposits and non-invested assets into investment solutions. Given how critical this is, let me elaborate a bit further.

Overall, we have a relatively low penetration in discretionary mandates, around half of our top peers. The average margin in the industry that our competitors are charging to their clients is 80bps for discretionary solutions and this is in addition to materially high third-party costs. The established industry trend is shifting into passive investments and increasing transparency of cost. This has led in the last few years to margin erosion and will further bring margin reduction, up to half of what it is today.

In Q1, we are launching a new line of mandates that combines our outstanding CIO view and risk management tools with the institutional execution capabilities of DWS. This will be competitively priced between at 50-60bps for our clients net of any other cost, and this will allow us to grow revenues by converting existing deposits and unmanaged assets, but also by attracting assets from other competitors. Conversely, the rest of the industry will face either reduction in margins or in volumes, or potentially both of them.

Lastly, if you look at the next three years, we intend to achieve all this whilst reducing costs by €100 million. As you've seen, we've already made substantial investments in the last few years that are starting to bear fruit, but we want to continue to hire top relationship managers. How do we achieve that? The first is of course our segment strategy, as already described, where by focusing our products and services exclusively on the entrepreneurial families we will eliminate all the marginal product solutions that were developed for less strategic segments, and we will redeploy those resources to hiring client facing staff.

We already started. We've stopped producing single equity recommendations. We've reduced 30% of our offering. Both of these things have come to a marginal reduction in revenues. We're also continuing to focus our footprint. We're consolidating offices. We're moving non-client facing staff to near and offshore locations. And last but not least, we are reducing our IT costs by 30% by implementing agile by 2021.

To conclude, my beautiful wealth management business has a unique opportunity over the next three years to grow the revenue line by 6%, reduce the costs by €100 million, and deliver €400 million pre-tax profit to the Private Bank. Thank you, and with that I hand over back to Karl.

Karl von Rohr

Thank you very much, Claudio, Ashok, and Manfred. So let me summarise the Private Bank session. As you have heard, in the Private Bank we have three businesses with very straightforward implementation plans, very straightforward strategies, and we will execute with a resolute focus on delivery.

Our German business is fully focused on lowering costs. Our International business is looking to continue its path to operational excellence. Our Wealth Management, as you could just hear, has all hands on deck capturing the tremendous growth opportunity it is presented with.

Now, despite being confronted with a challenging interest rate environment, we will generate sufficient underlying revenue growth to offset the negative impact. We are well on track to achieve our near-term targets, and we are executing on the €1.4 billion of cost reductions. These elements, strong leadership, capitalising on our competitive advantages, and a relentless focus on cost give us very strong confidence to deliver 10-11% ROTE by 2022. With that, I would now hand back to James and ask my colleagues to join me here back on stage for Q&A.

Thank you very much.

James Rivett	Thank you, Karl. Thank you, everyone. We'll now begin with your questions. Why don't we start here with Andy at the front? If you could introduce yourself that would be great.
Andy Stimpson (BofA)	Hello. Good afternoon, everyone. Securities. Karl, a top level question. I see that you've laid out the plan for improving the ROTE, but nevertheless returns 10%-11% are well above your peers. I appreciate you've reduced that from above 12% in July, but why in your opinion should Deutsche Bank be able to return so much more than its peers, particularly in Germany? And then my second question, in Germany you say that you wanted to create a pure end-to-end retail platform by 2022 and that counts for quite a big chunk of the savings you've got there. It's extremely rare, at least in my experience, that a bank shows savings immediately after implementing a new IT platform. What's different this time and how confident are you, you can turn off the old systems fairly rapidly to realise those savings, please? Thank you.
Karl von Rohr	Thanks, Andy. I guess I'll start with the first question and then Manfred will take the second question. I think, our ROTE confidence has multiple angles. On the one hand, as I explained, we have already cut costs and we have already started reaping the benefits of integration of two major banks in Germany for the last, one to two years and we have much more ahead of ourselves. We have very clear integration plans. We have plans to look into, to further reduce also our distribution footprint, to look into head office functions, look into operations functions. So we're very confident that with that integration, other than some of our competitors who are actually optimising within their own remit, we actually have two

franchises that we're putting together, while of course maintaining the two brands which is very important for us because they're very distinct brands.

On the other hand, we think that with especially our advisory capability and the track record we have on the advisory side, as well as on the loan growth side, we can make up for the interest rate headwinds that we're faced with. As you've seen and Claudio has explained, we've also hired quite a number of RMs into our wealth management franchise which is why we think that we will actually be able to grow in this difficult environment.

At the same time, we have substantial cost savings that we've planned. We know what we need to do and therefore we think that this ROTE, which is steep, we acknowledge that, that's everything but easy, but we think it's absolutely achievable and we'll go for it.

Manfred Knof

€1 billion of cost savings, we are building that up from the €600 million announced in July. I think that will set us apart from our competition and will be a main driver of our ROTE.

The IT project is really different, now with Frank Kuhnke and Bernd Leukert and the team, they're absolutely convinced that we are going on a prudent but also rapid approach.

First we're going from two systems into one. We're starting this already in 2020, and then at the same time we are building already the first applications in a new world. We're going to partner with third partners, and we're in the process of identifying partners to build a new system.

Once the first phase is over, we then migrate the second to the new platform and I think this is not an all-in-one approach from two to one new. So it is a prudent but rapid two-step approach we are going to deliver, and therefore we are convinced this is going to help. The new IT system is a modular system and is also running in the cloud.

James Rivett

Let's go to the back first and then we'll come back to the front. Is that Daniele there at the back? I can't see you very well.

Daniele Brupbacher (UBS)

Thanks. Yes, just on the interest rates. On the interest rates, you mentioned that a few times, it would be just helpful given also the limited disclosure at the divisional level if you could quantify those headwinds and where does it really come from; is it the asset side of the balance sheet, liability side? What's the duration of the book? Is there a certain front book, back book dynamic? Just additional details there would be helpful. What are the limitations in terms of passing on negative rates to customers? Does that limit some of that ambitions? Thank you.

Karl von Rohr

Yes, the impact we are talking about is more or less €600 million plus on a divisional level. You obviously see it in the bucketing. That's where you see the negative interest rates are coming through because we're now placing deposits that are coming to maturity at a rate, even at a ten-year negative.

With regard to the limitations, first of all, you have, and that's actually interestingly under discussion in Germany whether you can legally pass on interest rates to savers. There was a common understanding until a few weeks ago when there was a high court judgement in Germany that for savings accounts you cannot put through interest rates, while for side deposit accounts you can if the client agrees.

So there are some legal aspects to be borne in mind, and then we know that some banks have technical limits to apply negative interest rates. We will be able, well, we can already nowadays do it manually, and we will be able as of 2022 to also technically have that in an automated fashion.

And then I think it's the practical impact you're facing when talking to customers, and we know that especially in Germany, Germany is a nation of savers. People like their savings accounts and the discussions we've had with customers have actually been very, very good because people appreciate the fact that we're trying to explain to them that we're facing constant wealth destruction.

I think apart from having this as a financial problem for people, personally I think it's actually a societal problem that we have here in Germany, not just on wealth destruction of savers but obviously also with regards to our pension system. So our discussions with our clients are generally speaking very good and what we try to do is we look at the overall relation. We look at what kind of business do the customers with us, and what's the right way to convert their deposits into high yielding assets.

Generally speaking, that goes very well. Obviously sometimes you have people who don't like that idea, but I think, more generally speaking we are at the start of that. We've started that a couple of months ago and that's where we're currently primarily in discussions with our wealthier customers and for now we don't have the intention to pass on negative interest rates to our private clients at large.

Ashok Aram

If I can just address the front book, back book part of the question as well, Karl, with your permission? I think that’s one of the true operating leverages we have in the Private Bank. We have consumer lending, business banking and mortgages, and then we have the deposit side of our balance sheet. If you look at the planning period we’re talking about, these three years, and you look at what we have achieved in the last 18 months, we were able to enhance our margins by about 27 basis points, which is quite a lot if you think of the volume of business we do, so the front book, back book orientation gives us a lot of operating leverage in the Private Bank.

James Rivett

Thank you very much, we'll now move over to the Corporate Bank.

Stefan Hoops

Good afternoon, everyone. As a quick introduction, my name is Stefan Hoops and I've joined Deutsche Bank in 2003 as a graduate. Since then I've done a variety of things in markets, corporate finance and global transaction banking. I now run the corporate bank.

As a reminder, the corporate bank was formed in July this year when we brought together all corporate banking activities into one division including global transaction banking, commercial clients in Germany and the corporate coverage team from the markets function in the investment bank.

I'm going to talk about the corporate bank's competitive strengths and address some common misperceptions in the market before I'm going to tell you about how we plan to deliver on our targets. Let's go to slide one for a brief overview.

We operate in a highly attractive market and our corporate bank has the scale required to compete successfully. The current macroeconomic environment is getting more challenging but this also provides upside for our corporate bank and with the growth plan that I'm going to elaborate on shortly we are well set up to reach our target of 12% to 13% in 2022.

Let's turn to slide two to talk about corporate banking as an industry. We believe that corporate banking is an attractive segment of the industry with high barriers to entry and attractive returns. One barrier to entry is that you need scale in order to compete. Without scale it's impossible to make the level of investments required to meet regulatory demands and to gain the necessary banking licenses in every jurisdiction where you want to serve clients.

If you have scale and the ability to invest this is an attractive industry which has grown consistently over the last three years globally. At the same time some parts of corporate banking, especially payments, are experiencing a high degree of innovation and disruption. The winners will be those that have a realistic view of their competitive edge, truly understand their clients' needs and have the capabilities to respond in a disciplined manner.

Our core value proposition as a corporate bank is fourfold. First our capabilities in cash management, lending and foreign exchange delivered in conjunction with the investment bank place us at the heart of our corporate clients' business. Unlike most of our peers we have a fully integrated coverage model with just one team covering corporate clients for all treasury products including rates and foreign exchange.

This team sits in the Corporate Bank while trading sits in the Investment Bank. I could talk about why this is the optimal set-up for coverage but what is more important is how we work together. I've known Mark Fedorcik and Ram Nayak for many years and we've worked together in a variety of different roles across the old Corporate and Investment Banking division.

As a leadership team we work well together and are completely aligned in our decisions. Frankly we also like each other so I think that sort of makes a big difference.

Our second value proposition is that we act as a highly specialised provider of services to financial institutions, safeguarding assets as well as offering correspondent banking in trust and agency services. All these activities are difficult to break into as the required capabilities are not easily replicated.

Third we've a payment business with a great deal of unrealised potential. Historically payments has always been seen as part of cash management rather than a business in its own right but the payments world is changing rapidly and we have all the necessary strengths to create a stand-alone payments business and I'm going to talk more about this later.

Fourth, we're the leading bank serving German corporates domestically and abroad. We cater to almost one million German corporate clients ranging from large multinationals to the German Mittelstand to small commercial clients and, as I said, we serve them not just in Germany but in more than 100 markets across the world. Let's go to slide three.

I recognise that all banks can talk about their works but what's important on this page is that very few banks can offer such a wide range of products and services that are important for finance departments across so many markets.

In cash management, which represents about one-third of our revenues, we're the number-one house for euro clearing and the largest non-American house for US dollar clearing so we have a strong market position in both businesses.

Trade finance and lending is about a quarter of our revenues and this is the business that we have been set up for almost 150 years ago - it is the very foundation of Deutsche Bank, and is why we have a long-standing network across 145 countries.

We got into the trust business when we acquired Bankers' Trust 20 years ago. It's a niche business that represents about 10% of our revenues. It is growing in mid to high single digits and we've also just been recognised as the trust services provider of the decade by Infrastructure Investor magazine.

This business also includes depository receipts, where we are one of just a few global players. This is another example of our close ties with the Investment Bank as most mandates come through investment banking coverage. In security services we're just one of two pure-play sub-custodians which makes us an ideal partner for global custodians, especially in high-growth markets in Asia Pacific.

And as I just mentioned, we serve almost a million clients in Germany though both the Deutsche Bank and Postbank brands. Commercial banking in Germany represents about a quarter of our revenues.

I've talked about our relationship with the Investment Bank but we're also working with other divisions to accelerate growth. For example we're collaborating with DWS by converting deposits into DWS-managed funds. We're also introducing business owners and entrepreneurs who are clients of the Corporate Bank to Wealth Management, as Claudio mentioned earlier, to help them manage their personal as well as business needs.

So that gives you an overview of our business. Over the next three slides I want to address some common perceptions of the Corporate Bank. The first is that the current macroeconomic and market environment is problematic for us, the second that we're at the mercy of the interest rate environment, and the third that we're overly reliant on growth in Germany.

I'll start with the current macroeconomic environment on slide four, which we do not see as problematic. In fact we think that we will benefit from this environment. We've a leading credit and market risk function that Stuart is going to represent later at Deutsche Bank with the competency to assess any type of credit and market risk around the globe. This means that we're a reliable partner for our clients in a difficult credit cycle when other banks might pull out of the market altogether.

We also have a leading foreign exchange platform to help clients hedge their currency risk. And in a world with many geopolitical uncertainties one thing is clear: global clients need a global Corporate Bank that understands local markets and has local banking licences. Many clients are also looking for a bank headquartered in Europe to help them navigate these geopolitical tensions.

One market trend we think we'll benefit from is the growing focus on payments as a service in its own right. As I mentioned earlier, we have all the key strengths to drive a successful payments business in conjunction with technology companies and large corporates.

We're also seeing a huge shift of fee pools to Asia Pacific. Deutsche Bank is very well aligned with intercontinental trade corridors into Asia and the trade corridors within Asia. We have been in the region for over 140 years and we have licences and local presence in 14 countries.

We are also well positioned in China where Deutsche Bank has been operating since 1872. As a case in point, we were voted renminbi house of the year at the recent Asia Risk Awards in recognition of our market-leading renminbi product offering and our success in promoting the renminbi internationally.

We were also one of just two foreign banks to have been granted a type A underwriting licence in China, which allows us to underwrite bonds issued by both local and foreign corporates for the first time.

In short, we believe we are well positioned to help our clients navigate current macroeconomic and geopolitical uncertainties and to benefit from this market trend. Let's look at interest rates on slide five.

You can see from this breakdown that about 40% of our revenues are fee-based and most of these are service fees from well-established, long-running relationships. We earn fees in correspondent banking, security services, trust and agency services and even in trade finance where we receive commitment fees.

It is true that net interest income makes up about half our revenues but we've a limited sensitivity to falling rates because most of this relates to spreads we earn on lending and other products, rather than the underlying interest rate. This leaves somewhere between 10% and 20% of our revenues which are sensitive to interest rate fluctuations.

There is substantial upside should interest rates go up but in the current environment we have limited revenues with potential downside and, as I will explain later, we have recently started to pass on the cost of negative interest rates to clients. We're also focused on further growing our fee income, specifically in payments and our trust business.

Slide six shows where we are most relevant for our clients. The pie charts illustrate where our clients are headquartered along with a breakdown of the region in which we delivered service for them. So when we look at our clients who are we most relevant for and where, is it German companies in the US, US companies in Germany or actually US companies in Asia?

So take the US as an example; 22% of our revenues from US clients are for services in Asia, 33% are in Europe outside Germany and just 15% are for services in Germany. These figures show that we are much more global than you might imagine. In fact we're one of very few European banks with a global reach and we've seen opportunity to drive growth by serving both US and European companies in Asia as well as by serving clients along the intra-Asian trade corridors.

As I said earlier, we have a competitive advantage in Asia because we have been there for over a century, we have all the relevant licences and in the current environment many clients want a bank that is not American but European.

Let's go to slide seven and actually talk about returns. Let's start at the right rather than the left side because I want to address why our target is now 12% to 13% rather than the 15% as announced in July. About half this reduction is the net effect on revenues of lower than expected interest rates. Around a third is the result of additional cost allocations, as mentioned in our Q3 results. And the balance is the result of a slightly higher capital allocation.

Now if I look at the left side, excluding the impact of a write-down on goodwill of roughly €500 million taken in the second quarter, the return on tangible equity for the first nine months of 2019 would have been 7%. We plan to reach a return of 12% to 13% by 2022 through a combination of revenue growth and cost reduction, partially offset by higher capital allocation to the Corporate Bank.

Let me be clear; our expectation on loan growth has not changed since July. This allocation reflects a combination of risk-weighed asset inflation, as James just alluded to, as a result of regulation and the loan growth already included in our plan in July.

The resulting cost/income ratio of about 60% puts us on par with our peers and on track for sustainable earnings generation. You will hear later from Stuart about risk management at Deutsche Bank. As the macroeconomic environment has weakened credit loss provisions in the corporate bank have increased moderately in 2019 from an exceptionally low level in 2018.

We expect them to return to a more normalised level but remain low by historical standards, reflecting the high quality of our loan portfolio and strict lending standards. Let's take a look at the projected revenue growth in more detail on slide eight.

We believe we can deliver revenue growth of 4% per annum from 2019 to 2022 to achieve revenues of €5.9 billion. You will see here that the headline revenues are expected to be broadly stable between 2018 and 2019. However we have almost 200 million fewer one-offs and episodic events in 2019 versus 2018 so excluding this the underling growth rate in 2019 is broadly in line with our planned growth trajectory.

Given the global nature of our business there are obviously many growth opportunities in the Corporate Bank but I'm going to focus on four key drivers in our plan. First, as Christian and James have mentioned, we've started to systematically pass on the cost of negative interest rates to our cash management clients a couple of months ago and have seen limited deposit attrition as a result. We have identified a further 25 billion of deposits that we aim to reprice in the first half of 2020.

The second growth driver is payments. We plan to more than double the annual fees we generate from facilitating payments for fintechs and e-commerce to €200 million over the next three years. This does not include fees from correspondent banking or cash management because, as I said earlier, until now payments has mostly been seen as part of cash management.

We now plan to offer payments as a stand-alone service. Why do we think we can do this? We clear €500 billion and $500 billion every day and we move cash in almost all currencies so this gives us deep insights into payments trends, insight that has remained fairly under-utilised so far.

And we're also already the incumbent payments provider for some of Silicon Valley's largest technology companies. We see an opportunity to grow with them as well as with our corporate clients as they develop e-commerce strategies for the 2020s. We want to build out our e-commerce business, in particular in the B2B segment with comprehensive payment solutions in the next 12 months, for example by providing checkout offerings for our corporate clients. Over time we believe payments may be one of the biggest growth areas in the corporate bank.

Third, as you've heard from Christian, we want to be the bank of choice for corporate treasurers. And fourth, we plan to grow our revenues in Asia. I'm going to use the next two slides to talk about these two initiatives.

We have several initiatives to drive growth with corporate treasurers. In particular we aim to take advantage of our leading fixed-income and currencies platform and increase rates and FX revenues with our corporate clients by 5% to 7% per annum.

Another initiative is to increase product density, where we have plenty of upside, with our large multinational clients. Our German multinational clients currently use on average seven of our products and services, while our non-German clients use only four. I guess, stating the obvious, we want to bring our non-German clients more closely in line with our German clients and now that we've a unified coverage team we are much better set up to achieve this.

Another way we plan to drive growth with corporate treasurers is to provide solutions for the issues that keep them up at night so let me give you an example. One significant trend that we see is that some of our clients no longer sell the goods they manufacture. Instead their customers sign a contract on a pay-per-use basis.

For example one of our clients manufactures tires for airline companies but they no longer sell the tires. Instead they receive a payment from the airline each time a plane takes off or lands so think about it on your way back home. The problem for the treasurer is the tires never leave the balance sheet. This company needs support through a combination of securitisation, supply chain finance and managing micropayments and these are all areas in which Deutsche Bank is very strong.

We already have multiple pay-per-use projects in train and aim to deliver at least three in the first half of 2020. We expect this trend to accelerate as this becomes a key means of financing for manufacturing companies in the next decade.

The fourth driver on slide ten is to expand our business in Asia. I've already spoken about Asia as a source of growth, but let's be specific.

In security services we plan to drive growth in India, Indonesia and China. In trade finance our focus is on the intra-Asian trade corridors, for example Japan to India and China to the south-east Asian countries. And in cash management we expect to drive growth across the region but especially in payments in India.

Local markets in Asia are maturing and our clients in Asia are growing in number, size and reach. We expect to grow revenues in Asia at 6% per annum, broadly in line with GDP in the region. We have already invested in people and technology and we've recruited eight new MDs into key positions and more than doubled our greatest intake.

We've also combined our FIC and corporate banking business in Asia Pacific under one leader and created a highly integrated markets and transaction banking technology platform.

This serves treasurers with solutions across payments, liquidity management, currency conversion and risk management so we're now in a good position to benefit from this investment, as Ram will highlight later.

Looking at the three initiatives I just outlined - repricing, payments and growth in Asia - we expect each one to deliver revenue uplift of more than €100 million so these account for about 60% of our projected revenue growth.

Clearly we also have plans to grow revenues in traditional cash management, trade finance, security services and with our clients in Germany. We have a world-class trust business which, if it simply grows in line with the market over the next several years, will deliver over the next three years incremental revenues of €80 to €100 million. So taking all these initiatives together we believe our revenue growth trajectories are very achievable.

Let's look at costs. We've committed to reduce cost to €3.7 billion by 2022. Given reported costs in 2018 of €3.8 billion this may not seem very ambitious. However, as you can see, our cost has increased in 2019 by about €250 million which is partly due to methodology changes and cost allocations as well as higher investments in control and technology, which we refer to in our Q3 results.

This means we actually plan to reduce costs by €300 million or more over the course of the next three years. The measures we're implementing can be grouped in two categories; front office and infrastructure. In the front office we can achieve greater efficiency from streamlining our coverage functions and by reducing duplication in non-client-facing roles.

We will also enforce strict cost discipline across all of our discretionary spend and we expect this to deliver up to €100 million of cost reductions. We plan to reduce cost related to our infrastructure functions by up to €300 million and to give you some examples, we're removing any duplication of roles as a result of creating four new divisions in our core bank.

We are also looking carefully at the location of all our people to ensure that our business and infrastructure are well aligned. And we are reassessing the provision of services from external vendors we can reduce our costs significantly if we bring activities in-house.

There are also many processes within non client-facing roles that can be more automated. This will reduce a number of manual interventions or repetitive tasks within technology and operations. We intend to centralise certain tasks such as general reporting activities and we expect software amortisations to decline as a result of decommissioning numerous legacy applications.

So the majority of our savings will come from greater efficiency in functions that support the front office rather than from revenue-generating areas. Our major focus in the front office is on tightly controlling all discretionary spending. We've already initiated most of these measures so that they may materialise in the next three years and we're confident that they will deliver the cost reductions in our plan.

So in conclusion on slide 12, we're well positioned in an attractive, growing market with high barriers of entry. Our global reach gives us a competitive advantage especially when clients are looking for support from a European bank and we're leveraging our close relationships with the investment bank, Private Bank and DWS to drive well-targeted revenue growth.

By growing revenues and continuing our disciplined controls of cost we've a clear path to reach a return of 12% to 13% by 2022. Thank you very much and I would now invite my partner James to the stage for Q&A.

Magdalena Stoklosa (Morgan Stanley)

I've got two questions so the first one is, could you give us a little bit more of a competitive context that you see over the next couple of years? You've talked a lot about product innovation, about your global reach. You've talked a lot about growth in Asia as well but of course your competitors are not kind of standing still as well, particularly when it comes to kind of Asian growth overall.

So if you can give us a sense, particularly historically, where have you come from and where you are now. That is my first question and the second is about the interest rate sensitivity. If you could give us a sense about what is the drag on your loans and deposits within the cash business and how dollarized it is. Thank you.

Stefan Hoops

So maybe if you allow me I'm going to start with the second because otherwise it will look - I will run out of time on the first one but I will definitely spend time on the first. So when you look at our deposits, we have 260 billion of deposits in the Corporate Bank, of which about 180 billion in euros and the rest is dollars, Indian rupee and a bunch of other currencies.

When it comes to the headwind from interest rates I guess we've already heard like two numbers. James has mentioned €850 million as the overall headwind and Karl mentioned €600 million. So given that the Investment Bank doesn't have deposits, that leaves €250 million of headwind in 2022 for the Corporate Bank.

So therefore when you think about the kind of walk from 15% to between 12% and 13% that I made, it explains why I said that half of the change is due to the change in interest rate environment.

On the first one - and I'm going to keep it somewhat short - so we clearly compete in many, many markets across the globe so what we've done for about three months before we set the strategy is that we asked three questions. The first one was always, is this an attractive market for a bank. So when you look at regulation and barriers to entry, like when you look at the dynamics in a certain market is it a good market for a bank to enter.

The second question, which was actually quite humbling, is it a good market for Deutsche Bank to compete in? Back to the point you made, I think when you look at a market and you think it's very attractive but you're number eight it's sort of unlikely that the first seven will just forget about the attractiveness of the market.

And then the third was really what are the resources needed to compete in that market through the cycle so is that smart people, technology, operations in many countries, balance sheet. So when you think about the type of competitors we have, we have some that are fintech so an area in which I just compete on regulation is not a smart market to compete.

If it's a market in which you actually need the ability to do payments and currency conversion then it's a much better market to compete against a fintech. Again, I could go on. I suspect there are more questions but that was the approach to actually choosing the markets that we want to compete in.

Jernej Omahen (Goldman Sachs)

I just have one question for you. I understand why your colleagues in the retail part of the business are a bit shy passing on negative rates to their clients so there are constraints and I don't think that the product offering is that different from many of your competitors'. But what I struggle with is why are you not more aggressive in passing on the full effects of negative rates to your large quarters because the way you laid it out here, you've got a product offering which is unique and your clients have nowhere to go. So that's my first. I said just one, right; I lied.

My second question is this; you said that only 15% of your revenue is rate-sensitive, right. That's really counter-intuitive. You've got a loan to deposit of less than 50% and you've cut your RoE target, you said, by one percentage point due to the change in rate environment. Can you just explain?

You know, on the one side you're telling us there's a €100 million upside if you pass on negative rates. On the other side you're telling us there's no negative rate sensitivity so I'd just like to understand that better. Thank you.

Stefan Hoops

Okay. If we put up slide five for the second part of the question. So on the first you're completely right; we're a laggard in passing on negative interest rates to clients. It's true so we started a few months ago; we hadn't done it before so we have already passed on to a variety of German clients, which we're now expanding to other sizes, other regions and so on.

So what we've essentially done; when you look at the €180 billion we have grouped the clients into certain client groups and dependent on the size of the client, whether it's operational liquidity or others, we've defined thresholds. Anything above the thresholds gets repriced. Below the threshold we just allow them to do in order to because certain notional they just need for the operational purposes.

Anything above the threshold is really three options; you can either move it into a difference currency - and our US dollar deposits went up by about two billion over the last couple of months because people moved from euros into dollars.

Second is to move into DWS-managed funds and then third is to reprice so therefore the €25 billion is not - it's not the quantum if we look at including thresholds but is essentially the reprice of the notional. Which is why I said 25 times 15, so like to give an idea of the revenue upside because of that.

I think the second question; clearly our sense of the quantum of revenues which is dependent on the level of interest rates is sort of a, you know, like a point-in-time perspective so when you look at our revenues 40% are fees and I guess they're clearly not level of interest rate-sensitive.

When it comes to lending it's really the spread because the risk-free rate doesn't matter that much, which is also a big portion. So when you look at the portion which is truly sensitive to the level of interest rates it is just ten to 20% and when you think about what happened since July - and James, you know, on one of the slides explained the difference to interest rates - the impact on our business was €250 million, as I just mentioned.

But when you think about - we have a bit over €5 billion franchise so the impact of something which was many standard deviations was still only four to 5% of the revenues and that's really the point. I mean, you know, we have positive convexity because if interest rates go up the percentage of those revenues also becomes greater but at the current level it's only ten to 20%.

Jernej Omahen	Where is the deposit overhang?
Stefan Hoops	So what I do with my deposits; I give them to treasury and if I want to have balance sheet for my loans I get it from Treasury. That's why that's for James to answer.
Andrew Coombs (Citigroup)	Thank you. I guess just following up on the last two questions and thinking specifically about slide eight there that you put up with the revenue walk. I'm just trying to do these numbers; you're looking for €600 million improvement between 2019 and 2022. We know there's a €250 million headwind from rates; you yourself have flagged that so there's €100 million from the deposit tiering; €100 million from the fintech and e-commerce payments; €200 million, give or take, on Asia. There's still €450 million balance so just trying to work out - the rates and FX revenues to corporate clients and this complete three-paper use; is that the vast majority of that 450 or is there another bucket that we're missing here?
Stefan Hoops	No, I think, just to correct that, that number, the 5.9, is net of the 250 so forget the 250. If interest rates had been different the target would have been 6.15, right, so therefore I think what you need to sum up is just 600 million additional revenues between now and 2022.
Andrew Coombs	I understand but if the 5.9 is net of the 250 then the gross revenue you need to do to get to that 5.9 target is €250 million.
Stefan Hoops	Maybe I used the wrong term. My point is the 250 are something different so if the interest rate had been the same my revenue target would have been 6.15. We had some moves from the Private Bank to the Corporate Bank so that's why the numbers are not completely comparable but the 250. Forget that so the 5.3 and 5.9 are sort of like for like; that's the current interest rate environment.
Andrew Coombs	So ignore the 250; say your target's 6.15 and you've got 850 you're working towards as improvement and you've outlined 400 of it; there's still a shortfall, 450.
Stefan Hoops	So in your example the 250 would have been from the interest rates because you just added them so forget that for a second. Right now we're at 5.3 and have to make an extra 600 million. The repricing is 25 times 50 so it's a good 100 million; Asia is a good 100 million; payment is a good 100 million; the trust

business is currently, as I disclosed, low ten percentage of our €5.4 billion so that grows by mid to high single digits.

That also compounded over the next three years is roughly €100 million so that leaves €200 million for the combination of cash management, trade finance, security services clients in Germany. So our point was we just wanted to highlight a couple of key initiatives but obviously our franchise; much broader.

To clarify, the rates and FX; that is something that Ram and Mark would be booking so therefore given that the coverage folks sit in the corporate bank clearly I need to get a target of their revenue increase so that was the 5.7 but that would be reflected in the investment bank.

James Rivett

Great. Well, thank you, Stefan. I think we'll now move to the Investment Bank and, Mark and Ram, if you could come up now, that would be great.

Mark Fedorcik

Okay, good afternoon. For the next 20 minutes Ram and I are going to walk through the investment bank strategy but for those of you that do not know us I figured a brief introduction would help. My name is Mark Fedorcik. I am Head of the Investment Bank for 24 years. I started with Bankers' Trust in 1995 and have spent most of my career within Corporate Finance, running global businesses like Leveraged Finance, Corporate Finance and most recently Co-President with Ram of the Corporate Investment Bank. I'll also introduce you.

Ram Nayak

Thank you.

Mark Fedorcik

Ram is our head of Fixed Income. He'll be presenting with me today. Ram has been at Deutsche Bank for ten years. Prior to that he worked at Citi, Merrill, Credit Suisse. He previously led our structuring team, was Co-President of the Corporate Investment Bank with responsibility for risk and financial resource management.

We are both committed and passionate about leading the bank, the Investment Bank to its highest potential. We're going to start with an overview of the businesses, its core strengths and then we're going to take you through our plans to drive improvements in our return on tangible equity to shareholders.

Our focus in this presentation will be on reducing costs, including optimising funding and we'll talk about stabilising and in some cases growing business revenues. Let's first start with an overview of the Investment Bank. We offer a competitive and mature portfolio of businesses. In Fixed Income and Currencies, as you can see at the bottom-left, our Credit businesses have contributed around 55% of revenues year to date and year to date revenues within Credit have been broadly stable.

Around half of the Credit revenues come from net interest income, principally in our secured financing businesses - where we have some excellent underlying businesses and I'll touch upon them later - Commercial Real Estate and Asset-Backed financing.

In Foreign Exchange we have the leading global client franchise and in spite of the current reduced levels of market volatility we will continue to leverage our FX expertise to both our institutional and our corporate banking clients.

Core Rates and Emerging Markets are traditional areas of strength for us where we have seen mixed performance recently and Ram will explain later. We have taken management actions to address some of this and we are very encouraged by the progress so far.

Our Origination and Advisory business; those businesses represent approximately 25% of the overall Investment Bank and those businesses grew 20% in the third quarter versus an industry flat fee pool. And we have excellent businesses within Corporate Finance like Leveraged Debt Capital Markets and investment-grade debt origination.

And we have opportunities to build within M&A and yes, we will continue to offer our clients a competitive equity capital markets solution. Let's now turn and look at why clients use the investment bank. Our starting point is clear; the Investment Bank is here to serve our clients and they come to us for our really good product offering and our global capabilities.

These products and services give us a foundation for stabilising and in some areas growing the business. However let me be clear; we are not yet where we want to be on our return of equity of shareholders. This is our focus. Having a 2% return on tangible equity business overall, as Christian said - and I'll say it again - is unacceptable.

Therefore the rest of this presentation will focus on specific management actions that were taken to improve the return to shareholders. It's pretty clear; we have three levers. The first lever is we will reduce costs. The 88% cost/income ratio that we report in the first nine months of the year is also simply unacceptable. We've already made some progress.

We have taken hard decisions and we reduced headcount materially in some of our front-office businesses and we have a detailed plan to continue to drive down costs. Second, we will eliminate inefficiencies in our funding costs. We expect to see significant benefits in the Investment Bank as we continue to improve our liquidity management.

And third, we will aim to stabilise our franchise and grow revenues. We have a strong starting point; our client footprint, our talent and in many cases our market-leading businesses. This all gives us a solid foundation on which to build and we are seeing promising signs of revenue momentum.

Now let's turn and look at the impact of these actions on the path to delivering on our 2022 targets. We have a well-defined plan on how we will deliver seven to 8% return on tangible equity by 2022. Most importantly, we control most of this. Costs and funding are within our control while on revenues we are making elastic assumptions.

We have already made progress on reducing costs. We took actions in the third quarter of this year that will reduce the front office costs into 20 and beyond. We have a clearly defined set of cost reduction plans to deliver the remaining reductions and Ram will go through that in detail in a moment.

Optimising funding is driven by our investment in technology and our improvement in our scenario modelling. This will also be addressed in a moment.

But to pause for a moment, between just cost reductions and funding efficiencies we will be able to reach a return on tangible equity of 6% and on top of this we have assumed reasonable revenue growth assumptions. We're going to talk about how we're planning to transform - and in some cases we've done it - challenged businesses.

We will now focus on playing and focusing on our competitive skills and this additional revenue will give us an uplift to target a seven to 8% return on tangible equity by 2022. Ram - and then I will come back - will talk about the specific actions we're taking in each of these areas. Over to you.

Ram Nayak

Perfect. Thank you, Mark. Given that we have demonstrated our ability to hit our cost targets over the past 18 months I presume that one of the questions many of you have will not be whether we can get our cost base down further but whether we can maintain our revenues while getting our costs down.

Let me demonstrate how we intend to do that. It's probably easiest to think of our cost reduction strategy in two phases, the first starting from 2017 to 2019 and the second running from 2020 to 2022. In the first phase we focused on reducing front-office costs through headcount reductions and disciplined expense management.

As you can see on slide six, two-thirds of the €600 million reduction in costs came from reductions in the front office. In this phase we've reduced revenue-generating front-office headcount in sales, training, structuring and banking by 975, which was just under 20% of the total front-office headcount.

Not unexpectedly, these headcount reductions had an impact on revenues. The impact was further magnified by some of our perimeter reductions in 2016, including those in certain emerging market countries, uncleared credit derivatives, residential mortgage-backed securities and a few others.

I'd like to make it clear, the majority of the front-office reductions as well as the perimeter optimisations are now behind us. Going forward this should ensure that our businesses can operate without any material impact to either revenues or market share.

In the second phase of our cost reduction we expect the cost base in the Investment Bank to drop by a further €1.2 billion over the next three years. This is a reduction of approximately 20%. Almost 80% of these reductions or about €900 million are expected to be achieved using technology to simplify and streamline the processes within our infrastructure.

If you contrast this with the past two years where 70% of the savings were driven by reductions in perimeter and in the front-office headcount, if you look at that you can then see why I'm confident we can protect our revenue-generating capabilities as we continue to reduce our cost base.

Let me now move to some specific initiatives which we plan to deliver on our cost reduction targets. As I just mentioned, in the front office we believe that much of the required restructuring has been completed. As you can see, we have still set ourselves a front-office cost reduction target of over €200 million. Some of that is the impact of headcount reductions that we made in Q3 and Q4 of this year.

But the majority is driven by further improving our non-headcount-related expense discipline and by a reduction in the bank levy driven by the balance sheet reductions that we have already made.

Let's now move on to technology. We intend to deliver approximately €300 million of annual cost reductions over the next three years in technology. How are we going to achieve that? Firstly we will simplify our architecture and decommission applications. In FIC we are consolidating all our activities from front-office interactions through to post-trade services onto three best-in-class internally engineered platforms.

These are tried and tested systems. We are replicating our successful Foreign Exchange infrastructure across the rest of our global Fixed Income platform. As a result of this simplification we expect to decommission in excess of 30% of our applications over the next three years, resulting in annual steady-state savings in excess of €200 million.

Next we will reduce our external vendors and contractors by as much as 45% over the next three years and move our development expertise in-house, which will save us an incremental €50 million. And finally we will continue to build out our offshore centres of excellence, simultaneously improving our capabilities as we reduce our cost base.

That's really the technology cost reduction story in a nutshell; simplify, standardise, reduce contractors and save €300 million.

Finally let's move on to infrastructure. As you can see, we intend to deliver €600 million of annual cost reductions in infrastructure by 2022. There're quite a few drivers listed here but again the real win stems from the work that our technology teams are doing. As we move to a simplified set of straight-through processes and standardised platforms and as we complete the migration of our businesses to these platforms we will continue to automate processes in Risk, Finance and Treasury.

This will result in a material reduction in our manual processes. Why don't I walk you through three examples as to why we believe that reducing infrastructure cost by 30% is eminently feasible. There are others but let me go through three now.

Firstly, for those rates businesses where we have completed the migration we have seen as much as a 70% reduction in the workload of the impacted finance teams. Secondly, in the valuations group we have already achieved a 25% reduction in the headcount that directly supports those business where independent valuation processes have been automated. Once fully rolled out we would expect cost reduction in that area to drop by in excess of 50%.

My third example; in credit risk management in Asia we automated the process relating to the calculation of peak credit exposure on derivative transactions and we were able to eliminate the entire support area that was focused on that function.

So in summary, that's €1.2 billion of cost reductions, equal to a 20% reduction in our cost base, over €200 million in the business, approximately €300 million in technology and €600 million in infrastructure, all of this with little to no impact on the revenue-generating capability of the firm.

Let's move on to revenues. As you can see on the chart on the left, revenues in the Investment Bank excluding DVA fell by around €500 million in the first nine months of this year. A quarter of this decline was from our Origination and Advisory businesses but the rest, amounting to €350 million, was from our Fixed Income and Currency business.

While our FIC business in EMEA is one of the key drivers of revenues in the investment bank with most of the businesses there ranked in the top three the majority of the mixed performance that we saw in the first nine months of the year was from here. This mixed performance was limited to a few specific businesses, primarily in the flow rates area.

But given the depth and breadth of our client relationships in this region we took a decision this summer to invest in and turn around these businesses. We changed the management, we instilled a new risk discipline and we are in the process of making selective hires.

It is still very early days but we are pleased with the momentum we've seen over the past three or four months and we are optimistic that we have arrested or possibly even reversed the market shared losses in fixed income over the first nine months of this year.

This view is also borne out by the strength of our institutional client base. I am pleased to highlight that in the first nine months of this year our revenues with our top 100 clients, institutional clients globally was actually up 20%. If you look at our top 100 clients in EMEA that number approaches 30% for the first nine months of this year. This is a testament to the confidence our clients have in us and the value they attach to the services that we provide them.

The second step we've taken to stabilise revenues is to work on replicating our hugely successful Asian strategy in the rest of emerging markets. Stefan briefly alluded to this. Working closely with the Corporate Bank our Asian FIC business has been able to grow revenues and market share driven by the multinational client base of the Corporate Bank.

Revenues with these multinational clients in Fixed Income and Currencies in Asia is up 60% over the past two years. We intend to focus our growth and expand our footprint in line with the Corporate Bank in the rest of the emerging markets. The size of the Corporate Bank's footprint in the rest of the emerging markets is roughly similar to the size of its footprint in Asia. Therefore we see no reason why we can't replicate our Asian success with the Corporate Bank in the rest of emerging markets. A penetration rate of only 50% of what we have achieved in Asia over the past two years will result in an incremental €100 million of revenues.

Let's briefly continue with the partnership that we have in the Investment Bank - with the Corporate Bank. As Stefan mentioned, we already have a leading payments e-offering as well as bespoke risk and treasury solutions but we believe we can do more. In 2019 only 15% of the top 3,000 clients across the Investment Bank and the Corporate Bank regularly used products from both divisions.

If we were to increase this by just five percentage points we anticipate we could generate an incremental €100 to €150 million of revenues. The early signs are promising. In a shrinking market we have seen a 9% growth year on year in our FX for cash business so we feel there is a tremendous opportunity in this space.

Lastly let me touch upon funding as the last revenue driver before I hand over to Mark. Parts of our planned funding cost reductions arise directly from our technology investments and the resulting improvements in how we manage and measure our liquidity.

In 2016 we materially increased the stress liquidity buffers that we held in the Investment Bank. These were buffers which acted to compensate for weaknesses in our data quality. We have since made significant technology investments in liquidity modelling and liquidity management. The result is that we now have a more accurate real-time view of liquidity consumption of our cash assets, which is based on dynamic data and this has reduced our liquidity buffers by more than €5 billion in 2019 alone.

We further expect to reduce our liquidity buffers by more than €10 billion by the end of 2020 and further thereafter. Reducing these buffers is a direct funding cost-save to the Investment Bank which comes from lower liquidity buffers for the group as a whole. I'll now hand back to Mark to continue with the revenue story in our Financing and Origination and Advisory businesses.

Mark Fedorcik

Thank you. I now want to discuss two of our larger - largest businesses where we will continue to invest and where we are seeing revenues stabilise and in a bunch of cases actually grow. Over the last 12 months in aggregate revenues across Origination and Advisory and our Financing businesses within Credit have been stable.

One of the primary reasons for this is because we are a global leader in Credit, ranked number three globally by coalition. We are starting from a position of strength. In the first half of 2019 in Credit we gained market share. However market share only matters if revenues follow and in many businesses we have seen year over year revenue growth, notably in our three sizeable businesses; Asset-Backed financing, Commercial Real Estate and Asia Pacific corporate lending.

These businesses are differentiated by the depth of their client relationships, our expertise across these asset classes and of course the robust nature of our structuring and risk management capabilities, which I'll address in a moment.

Turning to Origination and Advisory, we are not trying to be all things to all clients. We are taking a targeted approach. In the past two-and-a-half years we have deliberately reduced our client footprint by 21% in Origination and Advisory and to further deepen and penetrate this client base we will continue to make strategic hires in M&A and industry banking coverage groups. In 2019 we hired 28 new managing directors and directors into corporate finance.

Let's turn and look at our disciplined approach to loan growth.

We strive to maintain a high-quality, well-diversified loan portfolio across geographies and various industry sectors. Over 90% of the portfolio is secured and within our Credit businesses the average loan duration is only two to three years. As Stuart will discuss in a few moments, our underwriting standards are robust and our expected provision for credit losses are low.

Within Asset-Backed financing our facilities are secured by mortgages, consumer or corporate loans. Within Commercial Real Estate and corporate lending we're focused on collateral value and concentration risk. For example, in US Commercial Real Estate we only have 30% exposure to New York City assets with an average loan to value of only 55%.

In Leveraged Finance we are focused obviously on credit quality but equally on managing distribution risk. So far this year we have syndicated over 99% of our exposure in leveraged debt capital market bridges and we will continue to be disciplined in our underwriting standards.

In conclusion, our priorities are defined by our drive to improve our return on tangible equity. First we are committed to reducing costs. We have already made some progress and will continue to focus on expense discipline. We will also work with technology and our infrastructure partners to reshape the service model and we have tangible cost reduction plans to deliver this.

Second, we are focused on optimising funding costs. We are going to do this by using technology to strengthen our liquidity management.

And third, we are working to stabilise and in some cases grow revenues. We have a strong base of businesses and we will continue to focus on our strengths across Fixed Income and Origination and Advisory and of course on our corporate banking clients.

Where we've had underperforming businesses we have taken management actions and we are seeing momentum within those businesses in revenues. We are committed to delivering on our 2022 targets. Thank you.

James Rivett — Thank you, Mark; thank you, Ram.

James Rivett	First question comes from Stuart.
Stuart Graham (Autonomous)	I have two questions, please. Firstly, how much revenue comes from the loan book, the 71 billion loan book? And secondly, I think that loan book's grown 17% year on year on a FX-neutral basis so why are financing revenues only flat? Surely they should be up significantly. Shouldn't they? Thank you.
Mark Fedorcik	The first question is, we don't break out the revenues that come from the loan book. I think it's important when you look at that loan book; it talks - the majority of it looks at commercial real estate and asset-backed and within those two businesses we have allocated within the portfolio of the investment bank capital to those businesses. We think it's a core strength that we have. Our clients have been asking for it and it helped us grow and outperform in some of those businesses, as I referenced.
Stuart Graham	But why aren't revenues up if the loan book's growing 17%?
Mark Fedorcik	As I said - again back in my comments - commercial real estate, ABS, core businesses, part of that financing loan book, those businesses have performed quite nicely throughout the year. We're encouraged by that performing. We haven't broken out those results but we're encouraged by the signs that we're seeing and the growth we're seeing in those.
Ram Nayak	I'll just add one point to that which is, as you probably know, over the last three years credit spreads have been coming down. These loans tend to roll off. We go for loans with the highest quality and the highest collateral and therefore we have been - given where we are in the credit cycle - been willing to accept potentially less of a spread to compensate for what we believe is an extremely well-collateralised pool of assets.
James Rivett	Next question comes from Adam.
Adam Terelak (Mediobanca)	I just follow up on that question. The risk-weighted assets for 2022, that eight billion increase; how much of that is regulatory. how much capacity have you got then to continue to grow those books?

Ram Nayak

So six to seven billion of that eight billion is regulatory inflation, largely coming from the securitisation framework; so the simple answer is, there is almost no non-regulatory growth in capital in the Investment Bank from now until 2022; it's roughly flat.

Adam Terelak

So that financing revenue growth is somewhat behind us now.

Mark Fedorcik

No, and this is a complement to Ram. When you have an investment banking portfolio the size that we have you can always look to optimise, where can you get a better return on those assets and what we have done over the last year, year-and-a-half - and I'll credit Ram for doing this - is move some of those assets to businesses where we can get a higher-performing return.

And we'll continue to look to do that based upon the right risk controls and what we think those returns look like.

Ram Nayak

Which is why for example we've exited our securitised trading businesses because that tends to be a capital-intensive business for the lesser-rated securitised assets.

James Rivett

Next question from Kian.

Kian Abouhossein (JP Morgan)

Thank you. On slide five you have the RoTE path.
What do you assume are market growth rates in terms of revenues for the fixed income environment, investment banking, your comparable kind of set of businesses?

Ram Nayak

I'll take the first one.

Kian Abouhossein

And what would happen if you don't reach the two to 3% growth rate? I.e. let's assume it's flat like my model. What would you assume would be the growth - how would you achieve your RoTE target or should we assume x at 6% as you mentioned x revenue growth? That's the first question.

The second question is, you still have about 20,000 people in the Investment Bank; about half is back-office, half is front-office. I would say industry standards are much bigger in back office/front office. So what number is wrong, where can you reduce further costs and in that context what's the exit run rate of staff numbers that we should think of post restructuring?

Mark Fedorcik

Okay, so you asked three questions there. Let me just summarise them so then he's going to start with the first one. What are we assuming for growth rates on the market? Two, how do we go from six to eight if we don't get the revenue growth rates. And three, we're going to come back and talk about the FTE numbers because I think they'll surprise you when we give them to you.

Kian Abouhossein — Yes, you summarised it much better than me.

Ram Nayak — Okay, so I'll take the first one and then I'll hand back to Mark for the next. So we - the most of the revenue up-tick - not all but most of the revenue up-tick we had baked in does not actually require or need a growth in the industry. So for example one of the big drivers in the revenue growth comes from our funding improvement so as all of you are aware, that is booked as a contra-revenue item so therefore that increases revenues and our liquidity buffer decease is independent of market growth. It's driven by our technology. That's one of the drivers.

The second driver which I referred to is the flow business issue, shall we say, mixed performance that we had in EMEA in the first nine months of this year. It was not just in rates; it was spread across one or two other businesses but very focused. It's early days - we've effectively changed the risk discipline there, changed the management, made some selective hires and, as I've said, we've seen the results in the first three or four months.

Again that is not really taking, in what sense, banking on any market growth. These are businesses that materially underperform the market versus where they were in 15, 16 and 17 and part of 18 as well. So the two biggest drivers, I would say, don't require any real growth in market.

The third driver I would put also probably doesn't require much market growth and that's our close collaboration with Stefan's Corporate Bank. As I mentioned, in Foreign Exchange, as you've seen in 2019, the wallet in Foreign Exchange trading has actually come down. Yet in that process our FX for cash is actually up 9% so we are as a result of closer collaboration with the Corporate Bank seeing increasing revenues, in some cases even in a declining market.

So those are three of the drivers. There are other drivers we can talk about; for example the replication of our Asia strategy in EMEA, which again does not really bank on incremental market growth.

Mark Fedorcik — I would add one thing and Christian mentioned this earlier; do not underestimate that once you define and establish a perimeter and a strategy of businesses that you're committed to and there's no longer chatter of what you're in and what you're not in and you start running that quarter after quarter, year after year and people now understand, both your clients and your employees know what you're in, that has an impact and we're starting to see that as part of what Ram was saying on the business.

Your second point; we are focused on cost reductions. Cost reductions are the majority of getting us to the seven to 8% return on tangible equity. That is the bulk; we're focused on that. On top of that, my previous comment of now a defined perimeter of businesses that we're going after, some of the management actions he's talked about; we're confident on those revenue growth assumptions.

Third, if you look in our Financial Data Supplement it says we have 10,256 full-time employees. Half of those are technology. That should give you a good flavour for the underlying front-office people within the Investment Bank.

James Rivett

I think we've got time for one more question before we go for a little break. Let's go to Jeremy at the back there.

Jeremy Sigee (Exane)

Thank you. There was a comment at the very beginning of the session, I think from Christian or from James, saying that the negative impact in the adjacent businesses - so ECM and M&A had been less negative, been less of a problem after you got out of the Equities business than you had feared it might be. I just wondered if you could talk a bit more about that, partly to give us evidence or substantiate that observation and just expand on what gives you confidence to stay in those businesses given that it's a crowded field and plenty of people would like to take that business off you.

Mark Fedorcik

It's a really good question and I go back to this slide because I think it's worth putting in perspective what Equity Capital Markets represent as a percentage of the Investment Bank. It's the smallest bar on the right-hand side so we know where we are, we know where we're starting from, okay. We value - our clients valued our ability to provide an equity capital market solution.

They'd like us to provide research, they'd like us to be in those deals because we provide capital because, they like the industry banker; that's part of it. So we are going to continue to offer an equity capital markets solution but as you think about where that ranks as just an absolute revenue in terms of the Investment Bank and what we're expecting in the forward, we're doing it because our clients want it and it's going to be a small piece but it's an offering that we'll continue to have.

And we have scaled back dramatically both in terms of headcount from a research perspective as well as an equity capital markets perspective to size it to the opportunity.

James Rivett — Let's now begin our last two presentations, starting first with Louise Kitchen, who runs our capital release group.

Louise Kitchen — Thank you, James. Good afternoon, everyone and thank you very much for your time today. My name is Louise Kitchen and I joined Deutsche Bank in 2005. Since then I've held a variety of roles in trading, structuring and sales across the investment bank and I am now the head of the capital release group.

My job essentially is to manage down the assets within the capital release unit and we are running really hard into year-end. We still have a few live auctions to complete. But I wanted to come and talk to you about the progress we are making within the capital release unit and how we are freeing up capital to facilitate the bank's transformation through our existing resources.

Our wind-down programme is key to transformation - it will significantly reduce the bank's risk-weighted assets, leverage exposure and costs.

Our role is to manage down the positions in the division as quickly and cost-effectively as we can. Everybody in the team knows that our work is of the upmost importance to the bank and the role we are playing in its wider transformation.

It is a significant, complex book of work that we need to complete as efficiently as we can to minimise the disruption to the bank but also, just as importantly, to our clients; clients of the four businesses many of you have heard about today.

We've made significant progress thus far and we are on track to complete on schedule. For the next 15 minutes I will talk you through what we have done so far, what the assets are, our approach to asset reductions as well as our expectations for the future from a revenues, cost and capital perspective.

Let's start with the work we have done so far, which has been in three phases.

Whilst I do not intend to go into details in all of these steps that we've taken in the last five months, I want to talk you through some of them. We've laid the foundations from which we're able to execute efficiently and effectively. In addition to the standard new processes and procedures associated with setting up a new division it was vital to put in place an enhanced risk framework and the appropriate governance to manage the wind down process and we have done this.

We've also invested in putting in place the right people. We've brought in wind-down experts to manage the end-to-end process. This team has in-depth knowledge of the asset classes, complex structures, the underlying markets as well as importantly our own infrastructure.

As you can see from the slide, the set of activity during phases one and two was balanced with the need for immediate action to meet our financial objectives 2019. As such, the capital release unit was simultaneously engaged in the set-up of the division and the de-risking of the portfolio. The de-risking to date that we've completed during 2019 and the set-up phase has actually helped us to set up a common platform of utilities that will help us for the future.

As an example, we have used the de-risking phase thus far to sign master sale agreements with many of the bidders that will be used in forthcoming auctions throughout the life cycle of the Capital Release Unit. Thanks to this work we now are well positioned to wind down the assets quickly and in a controlled environment, which means that we can drive out cost sooner from the platform. We have completed phases one and two and phase three is well underway.

Now let's look at the assets held within the division. When the capital release unit was set up we had €250 billion of leverage exposure and €65 billion of risk-weighted assets, of which €33 billion relate to operational risk. Of these amounts €61 billion of leverage exposure and €3 billion of risk-weighted assets relate to the BNP Paribas transaction, which I will discuss in more detail in a moment.

These assets are typically held at fair value and the disposals we have made to date confirm the valuations. This shows that the capital release unit is not a bad bank. The unit just holds discontinued businesses such as equities or assets which no longer meet our strategic direction or fall below our hurdle rates.

In the middle of this slide you will see the weighted average life of the portfolio which for the most part is relatively short-dated when you look that almost half of the leverage exposure has an average life of two years. That said, we do have a number of assets that are longer-dated such as our interest rate derivative portfolio and the legacy assets from businesses that we've exited in Poland and the Netherlands.

Some of these long-dated assets were previously held within the non-core unit and the non-strategic unit of the investment bank. However since they have joined our unit we have reviewed all of these assets and a number of these assets are now subject to an active de-risking plan or some form of optimisation programme.

Now let us talk about the topic of execution, how we are prioritising the order of our disposal and how we've delivered to date against those financial objectives. We approached the execution in three stages; firstly a clear segmentation of the assets such as segmenting of equity flow derivatives and then subgrouping it regionally for sale.

The second step was to analyse each segment, validating the economics, the cost to achieve the de-risking and identifying the most appropriate disposal methods for those assets. In terms of how we validated the cost of de-risking, we use a combination of methods. Obviously we include our standard risk metrics along with the broad risk programmes such as those that model the cost of winding down the businesses along with our reserves and funding. Valuing each of these portfolios as though Deutsche Bank were a buyer is another simple route. We also use a different set of return hurdles for each portfolio. We use the ongoing metrics that we get from our ongoing business in core and of course our experience in current and prior wind-down programmes.

These exit costs are sensitive to various factors such as market levels, liquidity, regulatory change and risk appetite in the marketplace for our assets. Such sensitivities, along with all the other factors, have been built and incorporated into the final step, the final step being the creation of a multi-year timetable for managing down our assets.

The creation of the wind-down timetable takes into consideration four key criteria; the amount of capital accretion provided by the asset, the cost reduction, the risk that will be mitigated and the time to market. This timetable however is not static, it's flexible, it has to be. It facilitates the change not only within group but also the execution, strategy and timing.

This flexibility is critical in ensuring completion of the plan whilst market conditions may vary and we ensure that we are helping to manage the impact of our activity on our ongoing client relationships.

As I discussed in the earlier slide, we commenced de-risking immediately in July. We did exit some of the simpler assets whilst completing phases one and two of the division's set-up. However since we created the strategic plan and completed the timetable in the summer we have been tackling aggressively some of the more complex and longer-dated transactions in line with our plan.

In our 2019 asset reduction programme, aside from the BNP transaction, we have successfully completed asset disposals across many of the asset classes within the division. For example in equities the cash business and flow derivatives have been exited alongside portions of the exotics derivatives book.

We have also exited platforms. These are platforms mostly associated with equities. We did not choose them nor decide to exit them because of their capital release flow. We targeted them purely and simply because of their costs, costs that we were able to eradicate from the system quicker.

We've also exited several of our global derivatives portfolios from our fixed income business and reduced our credits assets, mainly through reductions in the loan book. On this slide you can see that pursuant to the BNP transaction and the final completion of our strategic timetable we have slightly slower run-down of leverage exposure in 2020 and therefore we are slightly increasing our 2020 leverage target to €50 billion.

However, given our progress to date in reducing risk-weighted assets, we are reducing our risk-weighted asset target by two billion at the end of 2020 so therefore no longer are we targeting €40 billion of risk-weighted assets at the end of 2020 but €38 billion.

I am confident we are on track to reach our fourth quarter 2019 risk-weighted average and leverage exposure targets when adjusted for the BNP Paribas transaction. On the basis of this we have already kicked off the 2020 programme.

So let me return for a moment to the BNP Paribas agreement, which is an important part of our programme. This deal is positive for Deutsche Bank. Our clients will receive continuity of service and a large number of our employees will transfer with the platform over to BNP Paribas.

The execution of this transaction also underscores Deutsche Bank's belief in the value of the business we're transferring, the depth of our client relationship and the quality of our systems, technology and infrastructure.

We have signed and closed the deal, as you all know. The process of transferring the technology to BNP Paribas has commenced. This is a complicated process and it will take time. Deutsche Bank will continue to operate the business until the migration is complete in 2021 or before.

We have illustrated here on the slide how the transaction will impact our risk-weighted assets, leverage exposure and the expected profit before tax. During the transition period we will continue to bear the operating costs of providing the service to our prime finance customers. BNP Paribas will receive the revenues from prime finance activities whilst they reimburse us for around €400 million of the cost.

This reimbursement shows up through the Capital Release Unit revenue line, as you can see in the green box in the centre of the slide, slightly down. In addition there is economic upside in the transaction if the business grows. Overall we expect the BNP Paribas transaction and the transfer of our global prime finance business and electronic execution to be positive at the pre-tax level.

I will now turn to the Capital Release Unit's revenues. In Q3 we reported negative revenues of €123 million excluding the specific items. This performance was in line with our internal planning. As James stated in our Q3 results call, it is natural for an operation like the capital release unit to generate negative revenues. When you consider that most of our assets like our substantial derivatives portfolio do not have a yield in themselves but do have ongoing hedging costs.

However this impact will of course reduce over time as we reduce the overall size of the Capital Release Unit. We will be getting revenues through the agreed reimbursement from BNP Paribas and revenues from some of the other portfolio such as the loan portfolio but these will be more than offset by funding, hedging and de-risking impacts.

As part of our plan we expect the de-risking costs to peak in 2020 and have a significantly lower impact on our financials in 2021 and beyond. Of course this will depend to some degree on market conditions and as I've said, we have previously built flexibility into our execution timetable for this. We are confident our strategic plan will meet our commitments and responsibility to de-risk to achieve the overall aim of the Capital Release Unit.

Now let's turn to the topic of cost reduction. We do have a detailed and disciplined three-year cost elimination programme which aligns headcount, technology and infrastructure usage to the asset disposal timetable. We are already executing on this plan and we are on track. We expect our costs to reduce by €2.3 billion from 2018 to 2022.

On this slide we break down our costs according to the different types of initiatives and how much we expect to save from each. The first of the arrows going across relates to the BNP Paribas transaction and it relates to the €700 million that will roll off post the BNP Paribas transition including €400 million of cost recovery mentioned earlier.

The next four arrows show that the focus is on reducing direct costs aligned to the assets and businesses directly attributable to the business exits. This also includes bank levies, principally contributions to the single resolution fund paid in the third quarter each year. These will also decline formulaically as we reduce our assets and exit businesses, albeit with a small time lag.

The wind-down plan is directly aligned to the resource consumption. As such by 2022 we will have cut our costs by €2.3 billion to €1 billion. Taking a cautious approach, the group plans, which James outlined, currently assume that some €1billion of the costs in allocated stranded costs remain but we plan and are today using the wind-down mandate of the Capital Release Unit to reduce this drag.

We have already done some work on attacking these types of costs. It came as part of the BNP Paribas transaction. You'll see that the BNP transaction relates to €700 million of costs. €400 of those we get reimbursed for. The €300 relates to the same; it is group and infrastructure allocations.

So the work we did to eliminate these costs provided us with a template to start to address the stranded costs, also the 700 million you see in the right-hand bar chart on the page here. We have identified several streams including the decommissioning of further applications, the compression of our residual transactions, leading to the closure of trading books, to allow us to close cost centres and ultimately legal entities.

In addition we now have the tools through the implementation of driver-based cost management to identify the source of the allocation. We will use a zero-based cost approach to the Capital Release Unit to drive these costs from the bank. We will then support both group and infrastructure to discontinue the provision of these services and as such eliminate the costs.

Now moving on to capital, as I said earlier, the Capital Release Unit has been tasked with releasing capital by winding down assets and in doing so funding Deutsche Bank's strategic transformation from within our existing resources.

As you can see from the light blue boxes on the slide, between 2019 and 2022 we expect the positive impact on capital from the risk-weighted assets reduction to enhance Deutsche Bank's common equity tier one ratio by approximately 160 basis points.

The positive impact of the asset reductions will be offset by the negative impact on capital from our net income. In 2019 alone we expect the Capital Release Unit to contribute approximately a net 20 basis points to the group's common equity tier one ratio. This is driven by the reduction of risk-weighted assets and capital deduction items offset by the net income of the division.

We are very focused on reducing the Capital Release Unit's net income drag. We target to reduce this by almost two-thirds by 2022. In addition to the combined benefit of these two effects on our common equity tier one ratio, over the long term the group will obviously benefit from a more focused and profitable business mix in the four pillars discussed today.

So in order to summarise, the capital release unit has got off to a very quick start. In just five months we have put in place the full framework and the people we need to execute the entire plan end-to-end. We have made progress on reducing assets and we are now on track to deliver against our de-risking targets for 2019 with progress made across a broad range of assets.

We have also demonstrated how rapid de-risking can offset the negative net income impact of transformation costs on our capital. In line with our strategic plan, the bank's overall goals on transformation, as we de-risk we will release capital, reduce risk and costs. We have demonstrated our ability to deliver on our targets with our Q3 performance this year. Our next two years' targets are ambitious. I am confident though that we will be able to deliver.

I thank you for your time this afternoon and I'd like to hand over now to our chief risk officer and management board member, Stuart Lewis.

Stuart Lewis

Okay, thank you, Louise and good afternoon from me. Over the next 20 minutes I will explain to you why from a risk perspective we are comfortable that we have the right foundations to execute the next stage of our transformation strategy.

Before I describe our risk profile I'd like to say a few words about how we look at risk at Deutsche Bank. As many of you may know, I've been at DB since 1996 and have been primarily involved in Risk Management roles. I've been the bank's Chief Risk Officer since 2012. During my career, Risk Management in banking has evolved significantly and particularly post the financial crisis.

Today it's imperative to take a holistic view of all the risks facing a systemically important bank like Deutsche Bank.

Risk Management has become far more multidimensional. Today we oversee around 140 different risk types. Around 40 of these risks are traditional financial risk such as default risk or credit spread risk but the clear majority are now non-financial risks. These include everything from high-value payment risk to conduct risk to vendor risk.

Our mandate has been to establish clear control frameworks around all these risk types and put systems in place to capture, measure, monitor and manage these risks. Technology has enabled us to significantly expand our capability to store, analyse and process data more cost-effectively. We have completely rebuilt our market risk system, invested in our liquidity risk management platform and in more mature disciplines like credit risk we're improving both effectiveness and efficiency through automation.

Earlier this year, we moved Compliance and Anti Financial Crime into a broader Risk organisation. That gives Deutsche Bank a holistic perspective of the risk profile across all risk types within a single function. That's the mission of my team.

By the end of my presentation, I want to make sure that you come away with the following three key messages:

We have significantly shrunk and transformed our balance sheet and substantially reduced our risk profile.

We have strengthened the risk and control environment and enhanced capabilities across all risk types through investment in both technology and people.

And we continue to maintain a conservative risk profile supported by high underwriting standards and controlled risk appetite.

With that, let's look at the way we've reduced our risk profile since the crisis on slide two.

We have transformed our balance sheet on every major dimension. Our CET1 ratio is strong and, as James outlined, we are managing our transformation within our existing capital resources.

Our credit risk losses remain contained: Loan loss provisions are just 15 basis points of loans in the year to date on an annualised basis.

We have managed our market risk exposure tightly. In 2019 our trading value at risk has averaged €30 million on a daily basis and remained in the range of €22 to €35 million.

Our liquidity profile is solid: liquidity reserves are €243 billion, and with a Liquidity Coverage Ratio of 139% we have €59 billion of excess above the 100% requirement.

Our risk profile is supported by our comprehensive stress testing framework and proactive risk management, which we use to maintain our portfolios within our risk appetite.

Let's move to the next slide, where I'll provide you with more detail on the investment we have made to further strengthen our control environment.

We are investing more. We have tripled the budget and headcount allocated to non-financial risk functions since 2013 to around €600 million to strengthen our risk management framework and enhance controls.

We've also built capabilities in our other control functions; for example model risk management and liquidity risk management, while in more mature disciplines like credit risk we are improving efficiency through process enhancements. Our investments in these areas have also been recognised by the positive outcomes in recent regulatory stress tests such as CCAR and the ECB liquidity stress test.

As a result of these initiatives operational risk losses have declined in both number and value in the last few years. We expect such losses to remain significantly below peak levels of a few years ago. These declines stem from a combination of improved and external loss profile, business changes and model enhancements.

Some of these model enhancements require regulatory approval - an additional sign that we've been able to evidence to our regulators that we continue to make good progress in these areas.

Strong internal controls are absolutely vital in our effort to manage all forms of risk and technology is a key enabler in those efforts.

We've invested and will continue to invest significantly to achieve these goals, as shown on the next slide.

Our cumulative cash investment in technology across Risk, Anti Financial Crime and Compliance in the last three years amounts to €900 million. We have modernised data architecture and improved both our detective and preventative controls. Let me give you a few examples.

Our Anti-Money-Laundering teams have implemented a digital platform which enables us to screen our entire client portfolio on a daily basis. That's around 28 million clients screened against sanctions, politically exposed persons and our internal blacklist criteria.

Our Trade Surveillance team are now able to monitor over one million internal communications per day in 12 languages. This enables us to capture all internal communication from all in-scope employees in the markets-related businesses.

We have also invested in our financial risk capabilities and we have reached a significant milestone recently with the adoption of historical simulation for market risk management purposes.

This transition improves accuracy, granularity and risk management capabilities through around €15 billion daily trade revaluations.

We plan to increase our investment in technology for the Risk function in 2020. This includes an aggregate 25% to 30% year on year increase in our cash IT spend for Anti Financial Crime and Compliance. Let's move on to the composition of the balance sheet.

We've already made considerable progress in reducing and simplifying our balance sheet and we have transformed our risk profile.

As you can see on slide five, we have reduced our net balance sheet by around a third or well over €400 billion since 2007. Today around a quarter of our net balance sheet consists of liquidity reserves. Approximately two-thirds of these liquidity reserves are in cash and cash equivalents.

Since 2007 we have reduced our trading assets by €700 billion and they now account for less than 30% of net balance sheet compared to two-thirds in 2007. We have significantly reduced our derivative portfolio and our trading inventory in rates and credit trading compared to pre-crisis levels.

Our loan book has increased by €230 billion to €431 billion or 42% of funded balance sheet following our acquisition of Postbank in 2010.

Overall we have a good loan quality portfolio with approximately 90% of our credit exposure to investment-grade counterparties. The European banking authority stress test in 2018 supports this.

It's partly because we have made transition to a smaller and safer balance sheet that the FSB reduced its G-SIB capital buffer requirement for Deutsche Bank, the only one of 30 G-SIBs to be allocated a lower risk bucket in the 2019 exercise.

Moving to our credit portfolios, we remain confident that we are well-positioned to manage downside risk. Our guidance for credit loss provisions is unchanged compared to the third quarter earnings update. We expect credit loss provisions to be in the mid-teens or slightly higher in basis points of loans for 2019 and below 30 basis points in 2020, reflecting the weaker global macro environment.

Our portfolios have performed better than peers through the cycle, an achievement that we expect to maintain going forward. Credit loss provisions were slightly higher in 2013 and 2016, driven by proactive de-risking of some of our higher-risk portfolios such as our non-core operating unit, shipping and oil and gas. Yet even in those years our credit loss provisions remained below peer average.

This better performance reflects the lower risk of our portfolios, supported by our generally high underwriting standards and controlled risk appetite. We have also a higher share of collateralised portfolios including mortgages and lower direct exposure to credit cards and auto loans.

The next slide gives you more detail regarding the composition of our loan portfolio.

A central part of our strategy is to allocate - reallocate resources to our core businesses including targeted loan growth. The loan growth we saw in 2019 follows the material de-risking of our loan portfolio, which I just mentioned. This has created capacity to prudently grow our loan portfolio and is fully consistent with the disciplined liquidity deployment we signalled last year.

Putting this in a different perspective, we have actually reduced our overall loan portfolio since 2015 by approximately 3%. In contrast, the median growth of our closest peers was an increase of 9% over the same period.

Our loan books are well diversified across our businesses, customer segments and regions. Around half of the loan portfolio is in the Private Bank, mainly consisting of low-risk, high-quality German retail mortgages and Wealth Management. Our sizeable low-risk German mortgage portfolio has conservative loan to value ratios and very low delinquency rates whilst continuing to benefit from strong market demand.

Average credit loss provisions in the last five years in our German mortgage portfolio have been close to zero. Approximately 10% of our loan portfolio consists of Wealth Management exposures. Almost 100% of these loans are secured, typically by highly liquid stocks and bonds, real estate and/or personal guarantees. We apply conservative loan to value to the underlying collateral, taking into account the quality of the underlying pledged assets. Our credit loss provisions in Wealth Management in the last five years have been negligible.

Around one-quarter of the loan is in the Corporate Bank across Global Transaction Banking and Commercial Banking. In Global Transaction Banking loans are predominantly in trade finance to corporates and institutional clients, 50% of these have a tenure of less than one year. In summary, our loan portfolio is low-risk and well diversified.

On slide eight, let me discuss how we manage some of the loan portfolios in key areas in the Investment Bank: Asset-Backed Securities, Commercial Real Estate and Leveraged Debt Capital Markets. In aggregate these portfolios account for around 10% of total loans and 7% of risk-weighted assets. These loans are well-secured and well-structured and are supported by comprehensive risk appetite and stress testing frameworks to manage concentration risk.

These transactions undergo significant due diligence and are assessed against multiple conservative downside scenarios. We have maintained our underwriting standards and have not increased our risk appetite or aggregate underwriting limits in the Investment Bank.

Our Asset-Backed Securities business focuses on senior positions and medium-term financing provided to core clients and backed by a broad range of assets.

These transactions are conservatively underwritten and benefit from strong credit enhancements including robust covenant structures with the first loss typically retained by the client.

We have negligible credit loss provisions in our ABS business in the last five years.

Our Commercial Real Estate business is focused on top-tier financial sponsors and high-quality properties and is managed to tight underwriting standards. Our portfolio is well-diversified by property type with limited single-name concentration risk.

We have limited exposure to construction, retail and the higher-end condo business. Credit loss provisions in our Commercial Real Estate business in the last five years have been a modest 15 basis points.

Our Leveraged Debt Capital Markets business principally 'originates to distribute' financial sponsor-backed loans. We typically retain a stake in the revolving credit facility where we benefit from a senior position in the capital structure. Comprehensive risk management and limit frameworks are in place to manage the underwriting pipeline, including market and liquidity risk. We have introduced significant restrictions on industry and single-name concentrations in both our underwriting pipeline as well as in our loan portfolio.

We also actively pursue hedging strategies to manage both our market risk and default risk. Our track record of successful distribution continues to be strong, while our losses incurred on so-called hung deals have been minimal in 2019, representing only 2% of LDCM's revenue generated through November.

Slide nine provides details of our Level 3 assets, which we disclose on a regular basis. We hold Level 3 assets because they're valuable in our business and valuable to our customers. Of our €25 billion of Level 3 assets, the vast majority are generated in our core bank and the portfolio is not static with around 40% turned over every year.

Consistent with the overall reduction in our trading assets, we have reduced our Level 3 assets to under one-third of the 2007 level. These now account for 1.6% of total assets.

It's important to note that Level 3 assets is a characterisation of the observability of one or more of the input parameters. It is not a reflection of the quality nor complexity of the asset.

If only 5% of the market value depends on an unobservable input the entire asset is classified as Level 3. We frequently stress test our Level 3 portfolio and evaluations are subject to particular scrutiny by our external auditors. Valuation uncertainty for Level 3 assets is quantified and capitalised via the prudent valuation adjustment. As of 30th September 2019 nearly 90% of our Level 3 assets comprised derivatives, loans and debt securities.

Our Level 3 derivative assets are diversified, largely collateralised and often hedged with Level 3 liabilities. Approximately 70% of these Level 3 derivatives assets relate to plain vanilla products, such as interest rate or FX derivatives, which nonetheless have an unobservable valuation component; for example counterparty credit risk.

In addition a moderate share of the Level 3 assets comprised debt securities, of which just under 50% are related to government or quasi sovereign entities.

In summary, we consider Level 3 assets a small but natural part of our core business.

On slide ten, through our comprehensive stress testing framework, we are confident that we can navigate the many different challenges and emerging risks in today's macro environment. We run a variety of stress tests with varying frequency, some as often as daily. These stress tests can be applied at group level or focused on specific business units, legal entities or regions. We also perform stress tests on a risk type and product-specific basis.

We support these regular exercises with ad hoc tests on emerging themes. So for example we recently reviewed our Hong Kong and broader Asia exposure against multiple severe stress test scenarios. We concluded that losses would be very manageable if real estate prices in Hong Kong dropped by 50%. Our comprehensive stress testing framework allows us to determine proactive risk management strategies to ensure that our portfolios remain within risk appetite and limit our downside losses.

So let me sum up. Our balance sheet is smaller and simpler and we will continue to steer it in that direction. We have significantly strengthened our capital and liquidity profile. Our risk levels are well-controlled and are a clear reflection of our strong risk management capabilities. We have invested significantly and will continue to invest in our control functions.

Our investments into sustainable strategic platforms are increasingly acknowledged by our regulators. This has also been recognised through the reduction in operational risk-weighted assets as well as recent successes in public stress tests.

I said at the beginning that risk in our industry has become more multifaceted than ever. For the first time Deutsche Bank is taking a holistic, 'one-team' approach to the different risks we face.

My team has one overall priority: to steer Deutsche Bank safely through today's risk landscape, and help make transformation a success. With that, let me hand over to James for Q&A. Thank you.

QUESTION & ANSWERS

James Rivett

We now have half an hour for questions to the entire management team. We've just got James and Christian up here but you're also welcome to ask everybody else. Dieter, please feel free to go first.

Dieter Hein (Fairresearch)	Yes, thank you. So the last restructuring unit of Deutsche Bank called NCOU did cost Deutsche €17 billion pre-tax in the period 2011 to 2016. So what loss do you expect pre-tax from the capital release unit until you can close the unit?
Christian Sewing	Well, we said already in July that we are not talking about our de-risking budget which we put forward for that but let me be very clear on one thing; please do not compare the non-core unit with the capital release unit we are running now. At that point in time, from 2013 to 2016, there were assets which did not fit the strategy but also where we thought that we have, in my view, weaker underlying criteria. Weaker underlying assets and we knew that that costs us more money. This time we have assets where we simply said, these are the assets from exiting these businesses where we don't think that going forward we can compete to win. So the quality of the assets in the capital release unit we have right now is completely different from that what we have seen in the non-core unit between 2013 and 2016 and therefore one cannot even make the comparison between the de-risking cost there and the path going forward.
Dieter Hein	Sorry, maybe a follow-up to this item. If I had it right, in the period 2017 until September 2019 the total pre-tax loss from the capital release unit is around €5.3 billion so maybe it is comparable to the former restructuring unit.
James von Moltke	Well, I think there's a couple of things. One is that restated history includes operating losses over the time, so part of the problem with those businesses that have now gone into the capital release unit is that they had a relationship between revenues and expenses that wasn't sustainable so there's operating losses that we had there. And I think Louise's slides gave you a picture of what those ongoing operating losses look like together with some idea of what we estimate the de-risking costs to be in the coming quarters. And as Louise also said, we think the sort of peak of that de-risking cost is in 2020 baked into our plans. One other thing I'd just add to this portfolio is it's almost entirely a fair value portfolio so it goes through valuations on a quarterly basis that you then see, reviewed by auditors, reviewed by our regulators and goes through valuation processes. So it's a little

bit more dynamic than when you had sort of large stuck assets like casinos and ports.

Christian Sewing

One last point while remembering the past; in the non-core we also had some of our major legal costs - which is obviously not the case now in the capital release unit so we had also a different type of losses in the non-core in the past.

James Rivett

Let's go to Amit, please.

Amit Goel (Barclays)

Two questions, slightly different topics. The first one; listening to the various presentations it comes across as very much the revenue growth and the opportunity there is very independent from the cost and the cost take-out. I just wanted to understand a bit more about the operating leverage so if you were to achieve the €17 billion on the cost side, you know, if the revenues, you know, happen to be stronger or weaker, I mean, how much incremental flex is there or should we just literally just keep that 17 constant?

James von Moltke

So it's a good question. Look, on the upside and that would be a good world - you'd probably see some more cost, particularly around compensation that goes with the revenues depending on where those revenues arise from. So one of the challenges of managing to absolute cost targets; it doesn't give you that flexibility.

We want to start to transition - and I think we've said this for a while - to more of a cost/income ratio view but we needed to go in this restructuring for some pretty hard targets and that's what we've managed to now over the last seven - soon eight - quarters.

The operating leverage on the downside is also a little bit hard to judge. Clearly the starting point - Mark said in his presentation but it's true of the others; if some of that revenue growth doesn't appear what left with is slightly lower-return business than we would like to see but clearly a big distance from when we are today given the controllable factors we've laid out.

Would we want to do more on the cost side in that event? Absolutely and we've talked in particular about the stranded costs in the CRU as being the place that we need to do some additional work. But at this point it would be far too early to begin taking down that 17. I think we've got a lot of work to do on the now €4.5 billion that still lies ahead.

One other thing just to highlight that Louise mentioned in her talk and I a little bit and it came up in other places; this idea of zero-based budgeting that driver-based cost management enables us to do and, Asoka, those two areas are the best two candidates.

Now that we can show the infrastructure services that are being provided to parts of the company by service and related cost it results in a conversation that says: I don't recognise that service, I don't get it, I don't want to pay for it. And that then goes back to the infrastructure provider - that could be me in finance or Stuart in risk - and we've just got to figure out how we then eliminate that service.

So it's a totally changed conversation and these two business areas, if you like, are the vanguard of helping us do that across the firm. Part of the reason you see so much emphasis in this cost trajectory is infrastructure-related and therefore has less impact on revenues.

Amit Goel	Sorry, the second part if I can, a slightly different question. It's just on the capital guidance and the RWA inflation. I think, you know, we've seen in the past you've been hesitant in giving some of that for the Basle 4, Basel 3 finalisation, etc.
James von Moltke	We have, yes.
Amit Goel	So I'm just curious; obviously it's still a changing world. Yes, and just maybe a bit more colour in terms of the assumption that have gone into the 10% to 15% and the other €25 billion which I think is primarily FRTB.
James von Moltke	Primarily, yes.
Amit Goel	But just to get a sense in case, you know, things change, etc.
James von Moltke	Sure. You're right, Amit. I've been on the end of the spectrum that says it's first of all early to talk about things that are taking place in 28 and 29, as well as there's a huge amount of uncertainty still in how those rules will be implemented, particularly given the legislative process in Europe as well as some of the sort of evolving thinking about this on both sides of the Atlantic and Christian may want to add some commentary to that.

The 10% to 15%, to clarify one thing; I think some of our peers you'll hear talk about a mitigated outcome and that's how we see it as well. When I say mitigation it isn't sort of massive business model restructurings and things like that that you might undertake if the situation is more negative than we anticipate.

But things like model enhancement, data enhancement and some relatively modest assumptions about the way the rules are implemented, in our judgement consistent with what the FSB intends but probably isn't written the way that some people understand it. So, we don't think, a heroic amount of mitigations.

Finally just on the 2024 numbers. There's sort of three or four things happening in 2024 across risk types so market risk is FRTB, CVA and also off-risk. All of those things kind of bake together and other than op risk they net out so the €25 billion of… Sorry, other than FRTB they net out so when we talk about the €25 billion it's really the market risk RWA increase from FRTB coming through.

Christian Sewing

I just wanted to add what you refer to. I think Europe is finally waking up to the implementation and to the recalibration and to the final rule-setting. I have to say that over the last three or four months but in particular also after the IIF meeting in Washington there is an increased debate in Brussels, in Berlin, in other European cities how we actually implement that. Obviously it's clear that it will be implemented but the sensitivity around that, the discussion level is as deep as I haven't seen it before and that is a positive signal.

Anke Reingen (RBC)

I guess your strategy is about releasing capital and investing as well so in terms of the capital release shown on slide eight actually from Louise how much of the run-down in the CRU is just run-off of the assets and the operations versus active sales?

And then in terms of the reinvestment of the capital, how should we think about organic risk-weighted assets growth? At the divisional level you have given it for investment banking but for private banking, corporate banking what should we think about organic growth in risk-weighted assets? Thank you.

James von Moltke

Sure. First part of the answer is it's both run-off and active de-risking. Obviously when we can - you know, and Louise may want to add - when we can rely on just run-off to take place that's great and that doesn't create de-risking costs. Where we accelerate is where it is capital-productive to engage in a sort of a proactive de-risking cost.

In terms of how we then allocate the capital that comes out, that's a dynamic process, as you can imagine. You've seen that there've been some changes in assumptions since the summer as we've sat down in a new planning round, talked to the businesses about where the opportunities are, where we can put the balance sheet to work.

We actually see some opportunities or have seen some opportunities on the capital side that has allowed us to put out a little bit more balance sheet over this planning horizon, again working with the businesses on where that can be achieved within our credit appetite, within our client base that we target and with prudent targeting, if you like, of where we put the balance sheet to work. Anything you want to add?

Louise Kitchen	I didn't see who asked the question, but it's between 10% and 15% effectively is run off so what we do is we prioritise the schedule, the timetable of de-risking and we set certain dates by each portfolio as to what we're actually just going to let run off and what we're actually going to de-risk in the future. But for this year it's just over 10%.
Anke Reingen	So 80% to 90% of sales.
Louise Kitchen	Eight to ten...
Anke Reingen	80% to 90% for the other part.
Louise Kitchen	So on an annualised basis just between 10% and 15% runs off and the rest of it may run off in the future but we prioritise on the basis of which one, what date runs off.
Anke Reingen	And then on the risk-weighted assets question I was looking for a target risk-weighted assets growth on an organic basis in your business plan.
James von Moltke	I mean, to be honest, we don't target a risk-weighted asset growth. It's a function of the underlying growth in the balance sheet that we think we can afford from a capital perspective and of course the mix that comes there. You know, a lot of - as Karl said in response to a question about growth in the Private Bank, a lot of that is actually quite low RWA, at least on content, on the IRB given it's mortgages, it's, you know, it's secured lending. So it's not going the way we think about the balance sheet growth but in some ways an output that needs to be then calibrated against what we can afford in our capital plan.

Magdalena Stoklosa (Morgan Stanley)

I'm actually just going to follow up from Anke's question. We've talked about risk-weighted assets inflation but of course there's the other side of it, your future capital requirements and of course we have seen what kind of has happened over the last couple of weeks as well. How do you see that trajectory progressing from here?

Christian Sewing

Well, I think first of all we are grateful that the regulators are crediting us for the changed business mix, for the clear structure and strategy and obviously that we are following up in a way like we said it in July.

But we view that as a first step. Others must follow because if we can show over a certain time period that we can have a business mix with 70% coming from the three stable businesses where we show that the remaining 30% from the investment bank is in particular depending on the markets business where we have a top-five market-leading position.

And I think Ram and Mark pointed out that actually the stability in that business is a different one than a lot of people think. If we can show that we maintain a solid and a robust balance sheet, which we're completely determined to, we view that further reductions should be our goal because we also have to compare ourselves with other European peers and if we look at other banks in Europe with a comparable business mix then we see that there's room for further downside. We have to deliver and then I'm sure we are treated fairly.

James von Moltke

Just one other thing I'd perhaps add to your point, Magdalena; the capital even from these regulatory effects is actually not just a one-way street. As you will have seen on our disclosures, we actually have some capital surcharges and other things that get applied that then come off as we complete remediation so in our plan there's some capital that comes back to us from those things.

And also we tend to be conservative in how we forecast. I sort of tried to indicate this in my prepared remarks, the impact of regulatory. When I think about variability in some of our forward-looking forecasts, we can afford to be variable on either side of a base case. In capital we have to be conservative so that the variability's only to the upside.

You heard us on - you know, labour through in the earnings call what we think's going to happen in TRIM or in other things and very often it'll come on the, if you like, the favourable side of outcomes and I would hope that that will continue.

Andrew Coombs (Citi)	One follow-up on capital and then just one clarification on the private bank. On the capital, following up from Magdalena's question, you've had the reduction in the SREP. There's also been a lot of news flow around the 104A rules that have come out in terms of filling some of the pillar two requirement with tier one and tier two. So in short, is 12.5% still the right hurdle rate or could that come down?
James von Moltke	We think 12.5% is the right rate. You know, things in the environment could change over time but it's far too early to think and talk about that. We're going to manage to 12.5% as our minimum. You know, one thing just on the 104A. As we look at the rules or legislation as it's drafted, yes, there is the possibility that the pillar two bucket could be filled 56/44 if that were to be interpreted that way by the ECB and we don't have any insight frankly into what the ECB intends there. For us that would be an opportunity of about 3.85 billion of our CET1 and maybe that's an opportunity in time - again not part of our planning or expectations and frankly, you know, as I think about it the way capital structures are built today you'd expect 150 basis points of AT1 and 200 basis points of tier two. My expectations of that aren't really changing at this point but conceivably there are opportunities there and those opportunities of course can help our trajectory.
Andrew Coombs	Okay, thank you, and then on the Private Bank revenue split between the three segments 60/20/20, could you provide us with the cost split as well, please?
James von Moltke	You have a little bit of an indication on the page and we're not going to go deeper in part because of this driver-based cost management; it's going to have settled down next year and we'll have a much, much better picture of appropriate allocations or charges to each of the businesses at which point I think we'd have more confidence of giving you sub-segment P&L's in their entirety. So forgive me but we're transitioning. I think it gets to an important point and perhaps a little bit of explanation as to why there's so much change that's going on. It's that we feel - whether it's FTP or driver-based cost management - we needed to get the company to a place where we really understand the P&L's, the contributions of all the businesses in a granular way.

And the changes that we've implemented this year give us that opportunity. Conceivably they can offer some more disclosure opportunity over time but the slides, as I say, give you an indication of the relationship today.

Christian Sewing

There was a little indication when we said retail is all about efficiency and in particular in Germany and that's also the answer Karl gave to the question, why can you make 10% also in Germany. We have the big opportunity to really now do the efficiency on the scale business. We have 20 million clients. We have two banks. You heard about one IT platform, one head office.

The incremental savings Manfred and Karl are looking at in the head office, in the operations; it's really something where we there see efficiency gains.

Andy Stimpson (BofA)

Thank you very much. We've heard from the - this is more for Stuart here, sorry. We've heard from some of the business unit leaders and I think it's fair to say they're all, as a broad-brush statement, looking for volume growth and quite a lot of volume growth in some cases; things like structured lending and wealth that make 12% a year, consumer finance outside of Germany by 7% a year.

I think it's also fair to say that if you did a survey of people the broad response would be that we're probably quite late-cycle. So I'm just wondering, as your role as chief risk officer, what your push-backs were on some of those rates and how you felt they were taken into account. Thank you.

Stuart Lewis

Okay, thanks, Andy. So where you see the growth tends to be in the corporate bank in several areas, either in areas of trade finance and particularly for multinationals where we have for example Asian or emerging markets so that's kind of for us quite a traditional business. I think Stefan said we were born to do that business 150 years ago so I think we're pretty comfortable with that kind of activity.

We have quite a lot of structured financing business both in the commodity space and export finance. That generally - that business tends to be ECA-covered and actually the risk profile and our loss experience there is relatively low.

If you think about the Private Bank then, yes, we've seen some requests for increasing consumer finance. There that is really around how your credit scoring is and what your reward is to cover your losses so in at least our experience our rewards have certainly outpaced any increasing LLPs that we've seen historically.

And then the other place that we're looking at expanding is in that mortgages sector. As I mentioned, over the last five years, you know, the mortgage CLPs are negligible. If you look at globally for the bank or group-wide for the last five years our CLPs have been sub 20 basis points; over the last ten years sub 30 basis points and if you include 2009, which was their 100-basis-point high-water peak then CLPs would be round about 35, 36 basis points over the last 11 years.

So I think that tells you that our underwriting standards remain strong. We are absolutely at the tail when it comes to setting risk appetite and strategy and I believe that the team has done a thorough job in assessing the downside risk.

James von Moltke

Can I just add - I have one thing on Claudio's business. Remember that when you acquire advisors, a book of business tends to transfer with them or very shortly afterwards, so some of it can be sort of non-organic but still absolutely in our risk appetite or risk box and secured lending that we're really comfortable with.

So don't understand that growth as only, you know, putting real emphasis behind growth; there's also some non-organic in there.

Christian Sewing

I would also say, to not belabour this point but risk management starts here really in the front office. I think the discipline and the underwriting skills which come from the front office is something which is a strength of Deutsche Bank so in this regard the whole value chain from front office to then the risk management infrastructure is something why I said in my speech, it's a world-class risk management.

Of course it's Stuart's department but it starts actually with the behaviour, the culture and the standards which are set in the front office.

Adam Terelak (Mediobanca)

I had a couple of follow-ups on capital and the first was on operational risk. You've kind of over-performed on operational risk reduction year to date but it's - one of the moving parts into next year we haven't got any guidance on is core op risk so if we could get a bit more detail there and how would that tie up with the guidance for the 2024 Basel finalisation?

And then I want to ask another question but it's a kind of a repeat of your buffers and what you're comfortable with. Clearly we don't know where the capital requirement is going but on a long-term basis what kind of buffer would you like to run over the look-through SREP you might have in a few years' time?

Christian Sewing

I'm happy to do the second one. I think, you know, we clearly said that despite the 25 basis points' reduction which we now got we are not changing our 12.5% guidance as the minimum threshold. I think that is actually a good guidance and that you are saying we want to be 100 basis points above that, what is kind of the regulatory minimum.

We haven't actually discussed that because for us now, you know, we have the 12.5 minimum. We said clearly we want to stay above 13% in 2019. We have a clear path for 2020. In this regard I can only emphasise that what James said and what James and Stuart are driving kind of every day and every week.

There is no debate and there is no flexibility on capital. That must be hit and therefore we have an early warning system. We are very diligent about this one and therefore we are working always with the buffer and with the current buffer I think we're adequately positioned.

Stuart Lewis

Shall I do op risk? We have some further model changes with regulators at the moment. It's unclear whether that gets approved before end of the year or into next quarter but for the next several years I would see op risk reduction as being, you know, somewhat minimal.

It's really then a question of the unwinds of the business and reduction of the business volumes. With the SMA coming through we give guidance of about - anywhere between 60 and 65 billion of op risk under SMA, you know, at that point in time.

Stuart Graham (Autonomous)

A couple of questions, please. I think in July you said that you expected 2020 revenues to be roundabout €22.8 billion and since then the perimeters changed and there've been lots of ups and downs. Maybe you could give us some new rough guidance for 2020 revenues.

And then the second question is back to James' slide on the mitigation measures and the deposits that could be charged negative rate. I know you've already answered the question once but I probably just don't quite understand it. I mean, it seems there's a lot more you could do. What has to happen for you to do that, is it about competitive pressures in the market, is it something you have to do, what is it that unlocks that potential?

James von Moltke

So I think we've given a whole bunch of details on the financial model so I probably don't want to go into too much detail but, you know, modestly up next year based on what we're seeing.

And I will say, you've heard us talk, I think, today a bit more confidently about the revenue outlook. You know, perhaps we see some upside to what even we're planning in 2020 based on that experience in the last five months or so. We said in the summer we were making some conservative assumptions about the first couple of quarters of this restructuring.

What you're hearing from us now is we are ahead, in some cases well ahead of the internal planning that we've put in place for our sort of transformation period. We hope that continues but we've been, I think, appropriately conservative at least in these coming quarters.

In terms of deposits, you're absolutely right and what we are still, I think, in the early days of doing is the industry feeling out how far and how quickly you can go with these things. Of course, as you heard from Stefan, you know, one can put through pricing changes in what you might call the professional market of corporate treasurers more completely, more fully and quickly.

One thing I'd add though about that dialogue is it's not just a here's-the-bill dialogue. It is, as Stefan outlined, what can we do to help you manage that liquidity by currency, other products that are off our balance sheet, what is the type of relationship you have.

In the Private Bank it's a different dialogue. To begin with, the higher tiers of deposits; again those clients are more familiar with the idea that they would bear some cost associated with negative rates. As you go further down that's harder and, as Karl outlined, there's still some uncertainty, if you like, in the German market of where you will start and how you explore the legal aspects of that.

As we say, with that broad mass of small-value depositors there's currently no expectation that we pass on negative rates to them at least in that form. It could be that we implement new fees and pricing structures but how far down you go will also depend on how the market evolves and how each of those client relationships evolves. Many of them will be one-on-one.

Short version; we have, I think, been conservative about how much of that almost €260 billion deposit base that is essentially sight deposits we think we can apply it to. I think the total number against that €100 billion is obviously a much bigger number than we've built into our planning.

Christian Sewing

Stuart, one more point to that; I really do think - and Stefan is too humble to admit that but he actually changed his management team in GTB and the way they are applying it in the Corporate Bank now, going out to corporate clients; you also need their courage - they have the courage, they're brave enough to do this. We were in this regard not doing the right things in the past.

He has changed the management team and that shows what action you can do and we will not stop here. By the way, one answer to your question which you had, because on the financing side we said that the loan book is growing but you can't see that in the income. Actually in the financing income we also have the distressed debt income. That was actually increasing, offset also by the credit business, the financing business, just as an additional answer to you for your question from before.

James Rivett

That's great and with that, Christian, let me hand over to you to conclude and then we'll end the formal session.

Christian Sewing

Well, I think we had a long day and I, on behalf of the management board of the group management committee, I really would like to thank you for being here and for us it was a great opportunity and hopefully it was also helpful for you to go deeper into our transformation, to share with you more details of the underlying business.

You saw the management team of Deutsche Bank and we in particular wanted to give you that insight. Also internally it was a little nice side-effect with that investor day today. We concluded our internal planning round for next year earlier so it's always nice so also have side-effects but no, to be honest, I hope it helps you.

I really would like to leave four items with you. First of all I hope it came true; it's all about execution, it's all about discipline, it's all about day-to-day work. We are focused on delivery. We have done it since July and, as James just said, we are in line with our goals and in some even ahead.

We're making good progress on cost, on capital and I think we also see - and that is my second point - we also see that actually the franchise is appreciating that and let me add one thing. A lot of people are saying, well, the investment bank, now you have two or three nice months.

The most important about the investment bank is actually that the halo impacts when we exit equities are not that as we actually anticipated that. The clients stayed with us. We were immediately in contact after July 8th with all our clients who were affected by the equities exit.

And of course we had internal assumptions around that. The outcome, what we see after five months is that far more clients actually stay with us in the other businesses we keep and that shows that actually the vote of confidence and that the engagement with the clients - in particular then obviously in the investment bank but also with impact on the corporate bank - is far better.

The execution which we are doing reaffirms our financial targets for 2019, 2020 and beyond and we can assure you that we will maintain a robust and healthy balance sheet because we all believe that is actually the foundation for a long-term, sustainable, profitable institution.

And finally hopefully you have seen this is a team which is hugely determined, hugely committed to deliver that what we promised. It's a management team which I think is energised, which is not only determined but is also flexible enough to actually react on issues which come up and where we have to counteract with swift action.

The spirit of teamwork and collaboration in this bank and in the broader management team is on a level, which I haven't seen it in particular since I've been in the senior management of Deutsche Bank so I'm highly energised by that one.

And it's nice to see that it's not only internally - I've talked about our staff - that we get the positive feedback from clients and our regulators. With this I can really tell you it is different this time. We keep the discipline, we keep focus on execution and we do it quarter by quarter, month by month, week by week, day by day.

With that I hand over to the informal part. It think there are drinks outside. Thank you again for staying with us for a long day. I wish you on behalf of the management board a very nice pre-Christmas season, a very nice Christmas and see you again next year. Thank you.

James Rivett Thank you.

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