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Transcript

Speakers:
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Rohith Chandra-Rajan: Session with Deutsche Bank. As with most of the other sessions in here, I've got some questions that I'll run through with James. And then we'll have plenty of time for questions from you guys towards later on in the session. So with that, welcome back, James. It's a pleasure to have you back with us again. Thank you.

James von Moltke: Thank you, Rohith. Thank you for hosting us.

Rohith Chandra-Rajan: Always a pleasure. I guess, maybe, if we could just start with the recap? So you've recently reiterated your 10% RoTE and 8 billion euros capital return commitment by 2025. So where are we so far in that journey? And what do you need to do to deliver both of those? And how are you managing the business to do that?

James von Moltke: Thanks for the question. Happy to give the overview. So the targets, I'll go through them one by one. So we set this is in March of 2022. We set a 3.5% to 4.5% compound annual growth rate target from FY 2021. A 62.5% CIR target producing a RoTE of better than 10%. And our distribution path was essentially 50% increase per year in dividends. Also, share repurchases that would cumulatively pay out 8 billion euros in respect of the financial years to 2025. Meaning, including the dividend paid in 2026, and the buyback.

And we're absolutely on track, or better, on all of those things. I'll take them one by one. First of all, the compound annual growth rate in revenue so far, since 2021 to June of this year is 7.5%. So well ahead of what we thought. And of course, interest rates relative to what we were looking at in March of 2022 has been a big driver of performance since that time.

Interestingly, interest rates just keep giving. Part of that is, you've heard, I think, from some of our competitors, is being, beta assumptions in the models simply didn't capture how this cycle has progressed. And we're continuing to see more support from the interest environment than we expected at the time.

And there's an interesting dynamic at this point, as to how, while we do expect betas to begin to converge in our deposit books still, over the next, say, nine months, 12 months, interestingly, we may be bridging a little bit better to the point where some of our long-term hedges come through.

So interest rates has been a driver of that compound annual growth rate outperformance. What we're now waiting for, and believe is going to happen, is a resurgence of non-interest revenues. And we think, at Deutsche Bank, we're well-positioned. Our business models are geared in the businesses to that. And I think the businesses are performing, from what we can see, extremely well against the client opportunity, the market opportunity that's out there. So, we're feeling good on the revenue side.

And as we started to say in the first quarter results, we're working on strategies to try to outperform hopefully, considerably outperform that revenue path.

On expenses, we've talked about, initially, as an expense takeout, of about 2 billion euros, based on initiatives that were underway or planned, if you take the clock back to March of 2022. And we've now made considerable progress on those initiatives. And we've raised the target now to 2.5 billion euros, recognizing that there's more investments that we see the opportunity for, but also that inflation has been more significant than we thought, along with the interest rate environment back in March of 2022.

And so, we need to work harder to stand still. And basically, the message back in March of 2022 was, we're going to be working hard to keep costs flat over that period of years, which produces the CIR, and ultimately the RoTE.

So, we feel good. We talked about, in the second quarter, we've now taken actions, apart from raising the target, we've now taken and completed actions that will deliver about 2.5 billion euros. And there is a whole raft of initiatives underway that we're tracking very carefully.

As you've seen, we've now sort of further expanded Rebecca Short’s responsibility, as my colleague, to be just every day focused on executing on those initiatives. And we can go into what some of those were. So, a lot of work to do on the expense side, but we're making really good progress on it.

On the capital side, I have to say I'm probably as comfortable about our capital trajectory as I've been since I've been in this role. Because as you know, and you've followed this journey for us, whether it's significant restructuring and transformation charges, or changes from models in trim, or the most recent IMI, or the ELA work that we've been doing with the ECB, and then Basel III.

We've been climbing this mountain of demands on our capital. And we now see the end of that process, or at least clear predictability as to what the outcomes will be. And as often happens, we're now seeing the benefit of more ability to optimize better models, better data, and working through how we ameliorate the capital position.

We talked in Q1 about seeing now a path to taking 15 to 20 billion euros RWA out of what we thought was there before in terms of inflation and impact of the various items. So, as we now look to the future, I can tell you, I have more confidence than I've had for a very long time about the capital path that lies ahead, our ability to deliver on that target as well.

So, if I put all that together, Rohith, we're feeling good about our trajectory, and all of the steps we've been taking to put ourselves on this trajectory.

Rohith Chandra-Rajan: And then if we think about the businesses that make up the group, how do you feel about the current capital allocation across the businesses? And do you expect all of them to make that 10% RoTE hurdle?

James von Moltke: Well, look, first of all, one of the challenges that we know we faced, and we had the feedback from investors, it was the business mix that the firm had. So first of all, it wasn't profitable enough, it wasn't sustainably profitable, and the business mix was viewed to be too heavy in its balance towards the Investment Bank.

At this point, if you look at our revenues in the first half of this year now, let me just preface by saying, we want all of our businesses to thrive. But that business mix has changed. The investment bank at this point is just a bit over a third of the revenues in the first half, which we know is seasonally the strongest for investment banking.

Our Private Bank is just under a third of revenues in the Group. Our Corporate Bank is 25% and growing quickly. And then the Asset Management is the rest. So, between the two of them, they make up the other third.

So, a business mix that's quite different from several years ago. And within the Investment Bank, our view is the market doesn't fully understand how and we need to do a better job explaining how we make money in the Investment Bank, and how it's quite different from five or ten years ago.

You ask, though, about capital allocation. We've been looking at it carefully. It was, of course, part of the restructuring that we began in 2019, was trying to take down the total capital allocation. We had, what I'll call, those wholesale businesses, which, through the CRU, was actually significantly impacted.

But essentially, we're working in a world where we want to limit new capital going into the Investment Bank, obviously continue to serve clients, optimize the capital we have. And of course, there’s some absorption of rate inflation that happens.

But in a sense, the Investment Bank works with constraints, and seeks to optimize.

And then in the Private Bank and Corporate Bank within the risk appetite that we set for those businesses, we want them to grow in line with the customer demand and the opportunities in the market. So, the capital allocation direction is towards those two businesses. There's a little bit that our Asset Management business gets in seed capital and other things that it needs to support its businesses. But we're operating in that world.

And absolutely, we want, at the business segment level, we want all of the businesses to be exceeding the group's cost of capital and more. And what we've been spending a lot of time in the past couple of years is going through the individual sub portfolio businesses and getting much more refined on the tools and the discipline that we're applying to the businesses at that level.

You've seen us take some actions, announce actions to address some sub hurdle portfolios. So, for example, pull back on mortgage lending, worked on our trade finance portfolios. That's another area where we're operating sub hurdle. But across the bank, a much sharper focus on ensuring that all of the businesses, certainly at the top level, are doing better than the cost of capital.

Rohith Chandra-Rajan: And then just to come back to the commentary around the rates, environment, and NII. So, I guess you mentioned the beta increase that you're anticipating. Can you scale that for us first? And also, the interaction with the hedging?

James von Moltke: It's hard to do, to be honest. And the reason I say that is not to back away from providing guidance, but we've been wrong.

So had I given you the numbers we thought, whatever, December of last year, or in March, or in June, I would have been wrong, to the conservative side, to scale it.

There is a percentage of the run rate. So, if you take the run rate of NII in the second quarter, which annualizes to about 14.4 billion euros, or call it 14.5 billion euros. There's some amount of that, that I would see going away in the three quarters to the middle of next year. And that's particularly in the Corporate Bank, much less in the Private Bank.

Private Bank, is just the sensitivity, I think, to the betas. The fact that it's euro, it's an overwhelmingly euro denominated book. And the point in time when the hedges start to flow through, we can potentially bridge it better.

I think, in the Corporate Bank, some amount of retracement. But interestingly, in the second half of next year, you already have the 2021 hedges rolling off. A lot of that book is hedged over three years. So, we begin to get the lift of the roll-off of hedges already in the second half of next year. Hard to scale. And the honest truth is, because we've been wrong, and I'd like to think that we're still conservative on our views.

Rohith Chandra-Rajan: And that uncertainty, or being wrong, do you think that's a timing thing, or is it a difference in the endpoint in terms of where the cumulative beta ultimately gets to?

James von Moltke: Well, if you talk to our businesses, they think it's a timing thing. And the reason is that the laws of competition haven't been suspended. I mean, there is pressure from clients to, naturally, the corporate treasurer is seeking to maximize the return on their liquidity books.

We think there may be a decision, at some point, to term out to a greater extent than has taken place so far. Again, you're working in an environment where you're going to have to respond to pricing actions that some of your competitors might take in that business. So hard, really, to judge what happens.

But the fact that the rate environment has continued to move up, at least at this week in the euro, may continue to do so in the dollar. So that there's this sort of catch-up period.

The fact that I think the industry is being disciplined in how it's managed pricing, the fact that we, for the wrong reasons, built the very granular pricing capabilities with our clients when we were talking about passing on negative rates, means that that granularity of client pricing is working in a beneficial way in this cycle.

All of those things are different to what the models might have predicted, and hence the greater retention. So those are the dynamics that we're seeing. And remember also, and I expect you've heard this from others, the convergence to models in dollars has been more fulsome. So, there's also a very different dynamic in dollar versus euro, where we've seen more of that pressure.

Rohith Chandra-Rajan: And then moving on from NII, particularly thinking about the Corporate Bank and the Private Bank. Near-term, do you see much credit demand? And longer term, you mentioned, I guess, at the start, about the range of growth drivers you have outside of NII. Can we talk about those in the context of those two businesses?

James von Moltke: Sure. Happy to. I'll start with the Corporate Bank again. About a year ago, we started to see that slowdown. And you could see, in our published accounts, slowdown in loan growth. From a high point of in the middle of last year, we've come down in our total loan book by a little bit over 10 billion euros. Of that, by the way, half is FX.

So, it's 5 billion euros on a balance that now has gotten to around a little over 120 billion euros. So, there's been a decline. And there had been a decline in demand. And we haven't yet seen an inflection point, but we expect that that's coming now. It may not be the next quarter, but we would hope to see some loan growth into the year end. But what we're seeing is an increase that we expect in demand, just as the investment decisions that corporates have made in the past few years are beginning now to roll through actual expenditure. And you see a lot of that.

So, we see a pipeline, in a sense, developing. You read the papers. Some of these big investments, say, in chips going into Germany, the auto industry, supply chain changes. We're seeing that in our business. We're working with clients to prepare. And so, we think, starting in 2024 and beyond, we'll see some lasting upside from that.

We've also been quite aggressive on positioning the portfolio ourselves. So, I mentioned sub hurdle lending. You've seen that in both pricing and selection in, for example, trade finance. Some of it is actions that we've taken on our own, and less demand. But Rohith, to your question, we do see an inflection point coming. We would expect that to pick up. But the last year has been going in the wrong direction.

On the fee income side, that's what we're also investing to produce. So, take some of the fee income businesses. Our sub custody business is getting momentum, had been going in the wrong direction for some time. That's encouraging. We've really put ourselves in documentary custody, trust, and agency services, and what have you, in a really good place, a depository receipts.

These are sometimes considered boring businesses. But as the markets consolidated, and frankly, just as activity increases, it comes to us. And these are also capitalized businesses. So, one piece of the strategy shift that we and others are making is, to the capital light side of the equation, we think we're well equipped, well positioned to benefit from that.

So, lots of good things happening in the Corporate Bank, beyond interest rates, that we think will show through in the coming years. In Private Bank, you may remember, I think I was sitting on this stage a few years ago, explaining quarter after quarter, or year after year. There was good stuff going on underneath the surface in the Private Bank, but you couldn't see it, because every year we had the run-off of old hedges that we were fighting through 100 million euros, 200 million euros of interest rate related pressure. And that's now gone in the other direction.

But we still have this underlying growth. You will have seen that we had inflows in total in the first half, across Asset Management and the Private Bank of 28 billion euros of AuM. So good growth there. And frankly, not entirely in line with the markets. Ahead of what we see the market is doing, in terms of assets flowing into those businesses.

And we've also been working through some, I call them, idiosyncratic headwinds in the first half of this year, in the Private Bank. Had to do with some changes in law about commissions and some other things. But there's momentum there as well. So that's why we think this pivot to better growth in non-interest income will benefit those two businesses. And we're trying to position them to really leverage that.

And just as an aside, we also think there's momentum of that nature in our corporate finance business, as we call Origination & Advisory. So underwriting M&A, leveraged lending. Those are businesses that have gone through now a six quarters hiatus in terms of activity. And you're seeing, I think, quite clearly that activity coming back. So, reasons for optimism, I think, across several of the businesses in the growth drivers.

Rohith Chandra-Rajan: Which was my next question, actually. So, you had flagged at the second quarter that you felt that momentum was coming back. It sounds like your experience in September has been consistent with that. I guess, what we've heard from some of the other banks recently is, that may not translate into fees near-term. It's more a longer-term thing, or a 2024 thing rather than a 2023 thing. Would that be consistent with your?

James von Moltke: 2024 thing? Yeah, I think you'll probably start to see it in the fourth quarter. Because by the fourth quarter of last year, we were already in that period. But the third quarter, as you've seen, just in terms of deal volume or wallet, still significantly down.

So let me start. Fabrizio, I think, said last week, we think the revenues, the consensus is about right in revenues for the Investment Bank for this quarter consensus. And within that, what you do have is a normalization of the FICC businesses, fixed income and currencies, relative to a really strong performance last year, with a variety of things going on.

Within that normalization actually, there's also a positive message that we have, which is, this year has been characterized by just a healthy, solid flow environment, even as volatility in some of the places, like FX, was a lot lower than last year. And less in the way of lumpy transactions, structured transactions, this year than we saw last year.

So, to the extent that we've actually preserved a good level of activity in this normalization is one reason that we're encouraged about the picture there, and the markets business.

And I think there's another thing to point out. These businesses are very different from the past, in terms of the risk profile and how it's managed, and what have you, in that markets business.

The lending side, the financing side is strong, in terms of the opportunity there. Again, there's just a constraint that we put on it, business selection from capital.

In O&A, one thing that's a little different to us than some of our peer disclosures is leverage debt capital markets marks that we went through last year, particularly in the second and third quarters, we run through our debt capital markets line. So, the non-repeat of that is helping us. And therefore, you'll see origination advisory up in a down market, like in the second quarter, somewhat driven by that non-repetition.

Your question though, said the green shoots debate, we absolutely see it. You're seeing it. And the equity market is always a good indicator of animal spirits, I think the banks are talking about the pipelines in M&A. So, we think all of those things are coming back in a healthy way.

And what I find especially encouraging about it is this repricing that had to take place, as the rate environment changed so dramatically. And that's a natural part of how the capital markets function. You'll have a period of time where everybody steps back, waits to see what's going to happen with the rates, what's going to happen with absolute valuations. And when they see more clearly about the future, they start to transact again. And in many cases, have to transact. Because there's just a refinancing pipeline and things that need to get done. So that's what we're seeing. And I would expect that to play out over the coming quarters.

Rohith Chandra-Rajan: So that's the short-term. When we think a bit longer term, how do you feel about the revenue pool for investment banking globally?

James von Moltke: Look, I think there are just underlying drivers that move it out. Where there are periods of time where we had secular declines for one reason or another, yes. And that was particularly true if you wind the clock back to 2015, let's say, in the fixed income businesses, this idea that it was on a steady decline. We don't see that today.

The world is growing its indebtedness, the need to hedge risks, the need to finance activities, especially these days with big investment requirements that governments have, and corporates have, in transitions to sustainability investments and digitalization, supply chains. All the things that are happening require financing. And with that financing comes the investor activity, the hedging, and all those things.

So, I think that, in a secular sense, that is going up. The same is true, by the way, of corporate finance wallets. There's always a little bit of margin compression, by the way, in both of those two businesses. But in essence, corporate finance activities tend to slightly outpace the economic growth. And I don't see a reason why that would necessarily change.

Rohith Chandra-Rajan: And when you think about your market share opportunities, is that particularly in the O&A, where you've certainly been hiring recently?

James von Moltke: Yeah. Look, I want to start by saying, we intend to be disciplined here, and not retrace the strategies of the past. We think we've got a clear client proposition we refer to as the Global Hausbank. And that we have a unique position in that world.

I know, unique is a horribly overused word. But in the European Union, we're one of a small number of banks that has a set of capabilities that we think, our governments, our corporations, our investors need. We're the only one of those that is really still a network bank globally, which, in particular, supports our Corporate Bank activities, which, again, puts us in a slightly unique position.

And our corporate finance capabilities absolutely fit with that and support that. We do see, and we saw an opportunity this year, in some respects, opportunistically, to accelerate some of our investments there, and reposition. But it is in the context of this Global Hausbank idea, where we think we can be especially relevant to clients.

But we were underpenetrating, if you like, our client base in some of the products like M&A advice, equity underwriting, debt underwriting, and what have you. And we retrieted market share for quite a period of time. Our market share today is around 2% of that wallet.

I mean, I would argue that that's not necessarily a natural place to be. It's not that we have a birth right. But we can work. We can invest. We can engage with clients to, I think, do more with them, within or mostly within our existing footprint, and definitely within our risk appetite.

So, we feel very confident about that, but it's a disciplined strategy that's taking advantage of opportunities that are presenting themselves in the marketplace. And an environment where we're investing, we think, in the down period of the market, which, hopefully, we'll be able to enjoy more of the benefits when the market comes back.

Rohith Chandra-Rajan: And then Investment Bank profitability. You talked about you're flagging some revenue growth, but no additional capital to the Investment Bank. Then how are you managing the cost base within that?

James von Moltke: Look, we think we've made, in the Investment Bank, real progress already in the cost base, which isn't to say there's not more to do. And particular, I think, slimming down processes, continuing investments in technology. And by the way, Fabrizio will often talk about front-to-back.

And it's not just Fabrizio. All of us believe in this. But we still haven't really gained the efficiencies in my area and in the risk area of how we manage our data and our systems in a front-to-back way. So, there's work that we can continue to do to optimize. But if we look, we've done a fair amount of work on benchmarking recently.

We look at, if you like, the front office costs in the Investment Bank. And we think we're pretty much in line with our peers. And we have a revenue productivity in most areas that is also in line with our peers. Doesn't mean we're not going to keep working to optimize and build on that.

And as I say, a lot of opportunity still on the cost side, but more in the middle to back, if you like. And that's something we'll continue to work on.

And just one thing to make sure we're clear. Capital allocations move around very slowly because they ultimately are the relative growth rates of the businesses and management steering. But they also include the relative impact of regulatory inflation. So, we treat regulatory inflation as something that it's hard to offset without damaging the business. So, I don't want to leave that unsaid.

Rohith Chandra-Rajan: Thank you. So, broadening out the cost discussion. You talked about the fact that you've increased the gross cost reduction targets, given the higher inflationary environment. There are a number of other pressures on the cost base. So, the control environment has been a repeated issue if you like. There's investment in the business to improve efficiency and improve growth. So could you expand a little bit on your earlier comments in terms of how you're managing the overall Group's cost base to keep that relatively low?

James von Moltke: Sure. Well, look, first of all, we understand that it's one thing that the market is looking for us to really demonstrate. And so, it's front and centre in terms of the management agenda, delivering on those promises. What gives us confidence and comfort about the trajectory we're on, it's that the things we're doing are being done today.

So, we're not talking whiteboards and ideas to fill the promises and commitments we've made. We're talking about delivery of specific items that then go in the rear-view mirror and produce the benefits that we're looking for.

There is a bit of an inflection point that we've come to. And believe me, it's been a long time. If I think of our investment portfolio, so, where are we putting our efforts and our money? We're always trying to strike a balance between the control investments that we need to do, the technology investments, what I often would look at as deferred maintenance, if you like, or deferred investments, investments that can drive cost savings, and then the business front outcome, what clients see and what drives growth. Trying to find a balance with all of that.

I do think we're moving from a world where so much of that investment profile was, in essence, mandatory, to a world where we're much more of it becomes discretionary and forward-looking. And particularly, as we get to a greater degree of maturity in our control environment, that should help. Still work to do. And we won't disinvest.

But there is the opportunity that you've seen with peers that are earlier in this cycle. You begin to, again, reduce new investment and gain efficiencies in how you reduce the controls, how you do all that. So that is an opportunity.

The other thing on the opportunity to be more discretionary about investments. The other opportunity is on technology, where some of the things that we've been doing, in essence, build on each other on themselves. The analogy I use is walking out of the water in the beach.

As you gain altitude, if you like, you can make more progress with less effort. And so, we see that, for example, in our cloud environment. As our engineers are trained, as we've got the environment set up, the acceleration of moving apps into that environment is something that we can now capitalize on, in a way that, two years ago, we were embarking on or just learning.

So, a lot of things, Rohith, that we're seeing tangibly in the day-to-day that help us. I think there's also, we have to demonstrate internally the discipline to deliver on all these things. And so that's where there's a lot of management focus, I can assure you, on how we do that.

Rohith Chandra-Rajan: And then moving on to asset quality. At the second quarter, you flagged some softening in your mid-market client base. And there's obviously a lot of focus on Commercial Real Estate. So how has that evolved over the last couple of months?

James von Moltke: Yeah. Look, in a word, I'd say stable. So, we did flag. There are two areas of the portfolio that we're looking at carefully - at mid-market and CRE. We certainly haven't seen a deterioration in conditions in those two areas since the last time we talked to the market in July.

Are there strains in that mid-market area around higher financing costs. Again, all the things we've dealt with energy supply chains and so on. They're working through those things. We've actually had some good things happen on the recovery side of the ledger there. So, clients go through bankruptcy or bankruptcy-like processes. And then the outcomes come out better than we might have expected or provisioned for.

But we were expecting continued strains on that part. It hasn't deteriorated, but I'd say it's been stable, maybe with a little bit of good events, as I say, on the recovery side.

On CRE. Similarly, I know we're watching it closely, investors are watching it closely. We've provided some disclosure. And I'd say it's in line with the expectations, again, that we set out in July. So, are we taking provisions against the portfolio? Absolutely.

So, there are instances where sponsors are walking away from projects, banks have to get into a workout situation. That is happening at a level that we might have expected. So, it's a worsening of the environment relative to a year or two years ago, but it's been pretty stable.

And what's encouraging is what I'll call the events that each of these projects has to go through, whether it's an extension of an event, or refinancing, and a negotiation between banks and sponsors. Those things are taking place in line with our expectations. And so, we see rational behavior.

As you've seen in our disclosure, we benefit, I think, we need to then prove this over time. But from a portfolio that's well underwritten, clients that are sort of high-quality sponsors, high-quality positions in the market, that part of our portfolio that's office, US office, is high-grade, good sponsors.

So, part of our confidence, such as it is, is a feeling that the portfolio we have is well underwritten. Obviously, we all need to work through this, and carry it to the other side without incurring what I'd see as a stress scenario in terms of losses.

Rohith Chandra-Rajan: I do have a few more questions, but perhaps we should take some from the room. Any questions? There's one. I think it’s Ian.

Audience: Morning. Thank you. Two separate questions, please. The first one is, Postbank integration process has been picking up some ugly press commentary. Could you talk around that please, and help me understand what's really happening, and what you can do to fix it? And then the second one is, you talked about the Global Hausbank strategy, which makes perfect sense following your corporate client base across the world. What I always wonder in my mind is, as you build those costs across the various geographies and I think some of those are new geographies where you had exited and now you've gone back. How do you get the balance between putting the costs there and then avoiding the drift of gradually expanding the capability to maybe serve local companies but where you don't have such good critical mass or corporate relationships as you do with following your core corporate client base?

James von Moltke: Yeah. It's a great question. So, by the way, we want to be careful about re-entering geographies. So, I don't want to rule it out. But you know, re-entering geographies you left has a bunch of things with it. We've gone back into Mexico, as an example, but in a pretty sort of targeted franchise around FIC.

But you're right. There's a cost to every node in the network, and you've got to be quite careful about making sure that each node is sort of paying for itself, is valuable to clients, and that the business you're doing in that node is in line with your strategy. I have to say, as I wander around the world to some of the geographies that I've travelled to recently, I do see this alignment of the global franchise with what we're doing onshore, which is actually encouraging because there were times where some of our local franchises were sort of disconnected with really what the mothership was doing, or the whole group was doing.

I think we've gotten to a much more kind of coherent platform there. And to your question is, it's simply management discipline to remain there and not go into things that you don't understand that well.

On the Postbank situation, it's really frustrating to us, and obviously clients. And so, the outcomes for clients in, especially, a couple of specific areas that are operationally intensive, or are obviously not acceptable, and you're seeing us sort of react as we should and need to do it. And I think we clearly reacted too late, given what was happening on the ground.

But if I'm to give investors a clear sense of what happened here, the technology transfer was completed and successful. So, from my perspective, the point of risk on that part of what we were doing is behind us. And that's a really good thing because that's been three years of hard work and a lot of investment that's gone into that.

What we underestimated was the operational sort of frictions that the clients were seeing. And as a consequence, there was sort of a cascade of operational backlogs has concentrated itself in some areas that are operationally very intense, garnishment and trusts and estates is two examples. Those are painful for clients, not acceptable to allow that to happen.

So, what we've done is surge resources into that to work down those backlogs and prove the times and get sort of back into what you'd expect in terms of service levels, and we're well on our way to achieving that. So, the peaks of these backlogs were in early August. Doesn't make it good that with the passage of time, customers are still suffering dislocations. But we're surging the operational resources to deal with it and get back into service level.

And I think also, as you hope, lessons learned and figure out how we can change that equation significantly in terms of the customer experience. So, a lot of work we're doing to make sure that we fix that problem and get on top of it, and hopefully, also change that customer experience and to take it in the other direction.

Rohith Chandra-Rajan:	Okay. I think we are going to have to wrap it up there. So, thank you very much for your time this morning, James.
James von Moltke:	Rohith, thank you.

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