FitchRatings

Banks
Universal Commercial Banks
Germany

Deutsche Bank AG

Key Rating Drivers

Restructuring Completed: Deutsche Bank AG's ratings reflect the completion of the bulk of its restructuring and its more stable, fairly diversified business model, albeit with a still significant contribution from more volatile capital market activities and lack of pricing power in its domestic banking market. The bank's sound risk appetite, asset quality, funding and liquidity also support the ratings.

Profitability has substantially improved in the past four years, but Fitch Ratings expects it to remain below that of higher-rated global trading and universal bank (GTUB) peers in the near term. Weaker organic capital generation and a lower regulatory leverage ratio than the European peer average also result in capitalisation being only adequate.

More Balanced Business Profile: Deutsche Bank has a fairly diversified business model focused on four businesses: corporate bank (CB), investment bank (IB), private bank (PB) and asset management (AM). The revenue contribution and cost/income ratios of the CB and PB have substantially improved and, together with AM, these businesses accounted for 65% of total revenue in 1Q23.

Improving Risk Controls: Non-financial risk controls still lag behind those of peers. Large investments and improved anti-financial crime controls since 2019 have reduced litigation costs and regulatory fines, although the bank's business model will remain exposed to these risks. Underwriting standards are conservative. Appetite for market risk is fairly limited despite sizeable trading operations. Interest-rate risk in the banking book is largely hedged.

Resilient Asset Quality: We expect Deutsche Bank's asset quality to deteriorate moderately in the current economic downturn and its impaired loan ratio to rise to about 3% in the next two years, driven by defaults in the bank's commercial real-estate and corporate portfolios. The bank's large exposure to Germany and good record of managing credit risk mitigate lower precautionary loan loss allowances compared with peers. Non-loan assets are generally of good credit quality and are neutral to our asset-quality assessment.

Moderate but Improving Earnings: The bank's operating profit/risk-weighted assets (RWAs) steadily improved to 1.5% in 2022 having been loss-making in 2019. We expect rising net interest income to more than offset declining revenue in the IB and higher loan impairment charges (LICs) in 2023 and 2024. This should help the bank maintain operating profit/RWAs above 1.5%. We also expect growing net commission income to sustain revenue growth in the medium term.

However, we believe that the full realisation of the planned cost cutting and revenue growth initiatives remains subject to material execution risk in a more volatile economic environment.

Adequate Capitalisation: Capitalisation is adequate in light of lower risks from the bank's restructuring. They reflect Deutsche Bank's improved but still modest internal capital generation relative to GTUB peers. We expect the common equity Tier 1 (CET1) capital ratio and the Basel leverage ratio to remain in line with management's targets of about 13% and at least 4.5%, respectively, in the next two years, as capital retention should offset regulatory RWA inflation and fading business growth should result in broadly flat leverage exposure.

Diversified Funding; Sound Liquidity: We expect the bank to take measures to maintain its solid domestic deposit franchise, limiting its reliance on market funding in the next two years. The latter is well-diversified but remains more confidence-sensitive than GTUB peers, as evidenced by the sharper fall of Deutsche Bank's bond prices in late March. We expect liquidity to decline close to the management's target as targeted longer-term refinancing operations drawings mature, and loan and deposit balances to remain broadly in line with end-March 2023 levels.

Ratings

Deutsche Bank AG	
Long-Term IDR	A-
Short-Term IDR	F2
Derivative Counterparty Rating	A(dcr)
Viability Rating	a-
Government Support Rating	ns

Sovereign Risk (Germany)	
Long-Term Foreign-Currency IDR	AAA
Long-Term Local-Currency IDR	AAA
Country Ceiling	AAA

Outlooks	
Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Applicable Criteria

Non-Bank Financial Institutions Rating Criteria (May 2023)

Bank Rating Criteria (September 2022)

Related Research

Fitch Upgrades Deutsche Bank to 'A-'; Outlook Stable (July 2023)

Large European Banks Quarterly Credit Tracker (July 2023)

DM100 Banks Tracker – End-2022 (May 2023)

Global Banks Mid-Year Outlook 2023 (June 2023)

Bank Debt-Class Visualisation Tool (June 2023)

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Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

The ratings could come under pressure if the bank fails to at least stabilise its cost-efficiency, if revenue significantly declines due to market-wide disruptions or franchise erosion in core businesses relative to its peers, leading to operating profit/RWAs durably below 1.5%. Rating pressure would also arise if a deterioration of credit conditions globally hinders adequate operating profits, for example, by triggering persistently high LICs and durably eroding the CET1 ratio below 13%.

We could also downgrade the ratings if the bank's liquidity metrics fall more than expected, leading to loss of market confidence, without swift recovery prospects or following significantly higher than anticipated operational losses, for example, from civil litigation or regulatory fines.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

Upgrade potential is limited, given Deutsche Bank's business profile. An upgrade would require an increase of the bank's CET1 ratio to well above 14%, contingent on a substantial improvement of the bank's cost-efficiency along with franchise growth in stable and profitable businesses. This would have to result in a balanced revenue profile, as seen at higher rated peers, and operating profit/RWAs sustainably above 2%. An upgrade would also require clear evidence of lower confidence sensitivity in the bank's funding and liquidity, while maintaining sound risk appetite and asset quality.

Other Debt and Issuer Ratings

	Deutsche Bank AG	Deutsche Bank Australia Ltd.	Deutsche Bank Trust Corporation	Deutsche Bank AG, London Branch	Deutsche Bank Securities, Inc.	Deutsche Bank Trust Company Americas
IDRs	A-/Stable/F2		A-/Stable/F2	A-/Stable/F2	A-/Stable/F2	A-/Stable/F2
Viability Rating	a-					
Government Support Rating	ns					
Shareholder Support Rating			a-		a-	a-
Derivative Counterparty Rating	A(dcr)			A(dcr)	A(dcr)	
Deposits	A/F1			A/F1		
Senior preferred debt	A/F1			A/F1		
Senior non-preferred debt	A-			A-		
Senior unsecured debt		F1				
Subordinated Tier 2 notes	BBB			BBB		
Hybrid Tier 1 notes[a]	BB+					
State-guaranteed notes	AA-					

[a] Includes notes issued by Deutsche Postbank Funding Trust I and III
Source: Fitch Ratings

Deutsche Bank's funding and liquidity score of 'a-' constrains the bank's Short-Term IDR at 'F2', the lower of two options mapping to the Long-Term IDR of 'A-'.

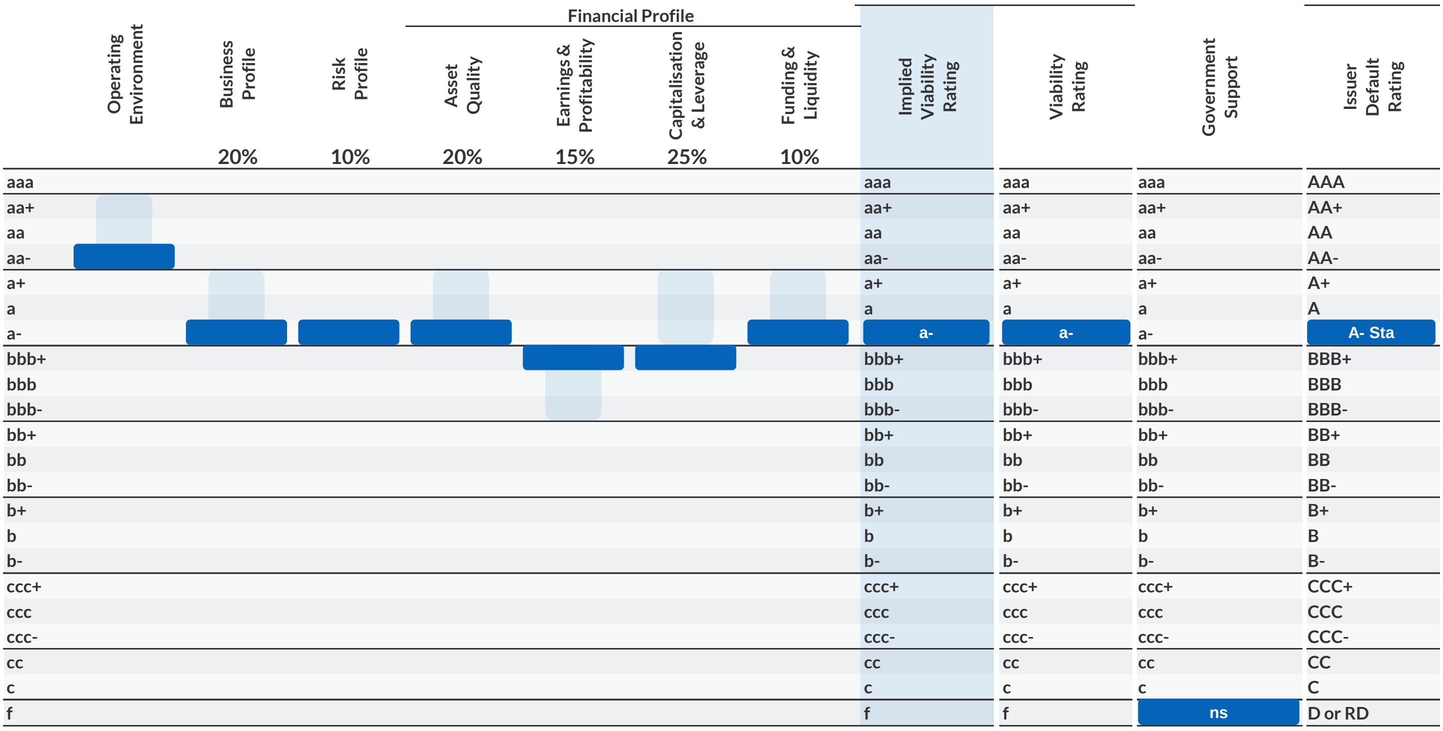
Deutsche Bank's Derivative Counterparty Rating (DCR), long-term deposit and senior preferred (SP) debt ratings are one notch above Deutsche Bank's Long-Term IDR, and the senior non-preferred (SNP) debt rating is aligned with the Long-Term IDR. This reflects the protection of preferred creditors by large SNP and junior debt buffers (19.2% of RWAs at end-March 2023). The buffers are underpinned by the bank's subordinated minimum requirement for own funds and eligible liabilities (MREL) of 25.4% of RWAs, which is higher than its total loss-absorbing capacity requirement of 23.1%.

Deutsche Bank's short-term deposit and senior preferred debt ratings of 'F1' are above the bank’s Short-Term IDR due to the protection of preferred creditors by large SNP and junior debt buffers.

We rate the Tier 2 notes two notches below the Viability Rating (VR) to reflect the poor recovery prospects of these instruments. We rate Deutsche Bank's additional Tier 1 (AT1) notes and legacy Tier 1 notes issued by Deutsche Postbank Funding Trust I and III four notches below the VR (two notches for poor recovery prospects and two notches for non-performance risk). The bank had a broadly stable and sufficient buffer of 251bp over the minimum required to pay coupons on its AT1s at end-March 2023.

Senior and Tier 2 bonds issued by DSL Bank are notched up three times from Deutsche Bank's Long-Term IDR, reflecting their outstanding recovery prospects. The German government (AAA/Stable), which guarantees these bonds until maturity, is extremely likely to fully reimburse the grandfathered creditors if Deutsche Bank defaults. However, we see no certainty that a reimbursement would be on a timely basis as the DSL Transformation Act from 1999, on which the state guarantee is based, does not oblige the government to honour the guarantee on first demand.

Ratings Navigator



The Key Rating Driver (KRD) weightings used to determine the implied VR are shown as percentages at the top. In cases where the implied VR is adjusted upwards or downwards to arrive at the VR, the KRD associated with the adjustment reason is highlighted in red. The shaded areas indicate the benchmark-implied scores for each KRD.

VR - Adjustments to Key Rating Drivers

The capitalisation and leverage score of 'bbb+' is below the 'a' category implied score, due to the following adjustment reason: internal capital generation and growth (negative).

Company Summary and Key Qualitative Factors

Business Profile

Deutsche Bank, Germany's largest bank and a global systemically important bank, has a large presence in Europe, the US and Asia. The restructuring it started in 2019 to lift its profitability and capitalisation after a decade of weak earnings and declining market was largely completed in 2022. Key improvements include sizeable cost reduction and a run-down of less profitable, capital-intensive non-core IB businesses. The bank's four segments - IB, CB, PB and AM - focus on key strengths and more predictable revenues.

The IB's relative weight remains large and at the upper end of the peer group, accounting for 37% of group revenue and 44% of the four segments' pre-tax profit in 2022. However, we expect it to reduce to about a third as market conditions normalise and higher interest rates, growth, and strategic initiatives feed into CB and PB revenues. The IB focuses on businesses where Deutsche Bank has top five positions, such as foreign exchange, rates and flows in credit products. Primary market debt underwriting and advisory, which includes large and profitable franchises in leveraged, structured and commercial real estate (CRE) finance and asset-backed securities, are also strategic. The smaller equity capital market business mostly focuses on Europe. The IB has strengthened its franchise in the past two years and in April 2023 Deutsche Bank made an offer to acquire the UK broker and advisory firm Numis. We believe this is not in contradiction with the bank's strategy to diversify revenue towards its more stable businesses given Numis' relatively small expected contribution.

The CB has become increasingly important under Deutsche Bank's more balanced business model and its contribution to pre-tax profit was close to that of the IB in 1Q23. Its comprehensive and sophisticated product suite and global network add modest pricing power in the German market, which is characterised by intense price competition. The bank is a leading euro-clearer, and in trade finance it is well positioned to serve its large base of export-driven German corporate clients. The CB also offers trust and securities services and lending to corporate and institutional clients, as well as business banking for SMEs. The bank plans to increase the scale of its cash management and payments, institutional business and ESG transition offerings until 2025, with a credible fee growth path.

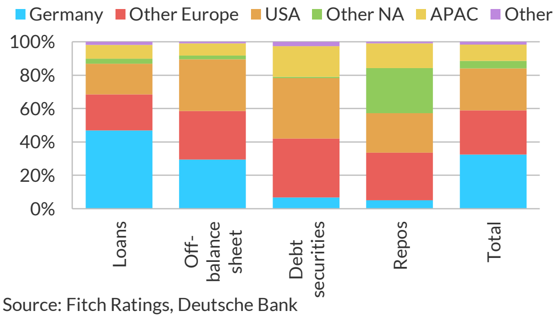
The PB generates about 60% of its revenue in Germany, 10% in international retail banking and 30% in international wealth management. Its international operations, mainly in Italy, Spain, Belgium and India, target growth through lending (especially higher-margin loans), investment products and small business banking from a relatively low base. Foreign clients generate significantly more revenue and business volume on average than German clients despite Deutsche Bank's modest franchises in Italy, Spain and Belgium. The PB targets about 7% annual revenue growth until 2025, supported by higher interest rates, the gathering of over EUR150 billion of ESG-compliant assets under management (AuM) and investment in distribution channels and client advisory.

This will also be achieved by expanding its wealth-management business, which managed about half of the PB's EUR531 billion AuM at end-March 2023 and caters mainly to ultra-high-net-worth individuals, generating a large share of its revenue from emerging markets. Cost-cutting and digitalisation in its mass retail German business remain key to strengthening the PB's profitability.

DWS, the bank's 79.5%-owned AM business with EUR841 billion AuM at end-1Q23, is a reliable but relatively small revenue contributor. It has good market shares in Germany, where it is a leading provider of retail funds and, to a lesser extent, in Europe, where it is a top-three provider of retail exchange-traded funds. DWS aims to become a top-10 asset manager globally to expand its international reach, particularly in Asia, and targets annual AuM inflows of 4% until 2024, driven by passive and alternative investments and ESG offerings.

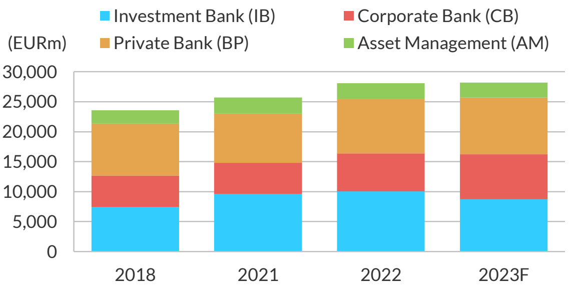
Credit Exposure by Geography

(End-2022)



Source: Fitch Ratings, Deutsche Bank

Revenue Split by Segment



Source: Fitch Ratings, Deutsche Bank

Risk Profile

Deutsche Bank's business model is exposed to material operational, reputational, market and counterparty risk. The bank remains exposed to several legal and regulatory proceedings. We expect some of these to result in fines, which should be manageable but could result in reputational damage.

Non-financial risk controls still lag behind those of peers but over EUR4 billion in investments since 2019, tight scrutiny from regulators and consistent management focus on strengthening anti-financial crime controls have brought significant improvements. Strengthening anti-money-laundering and know-your-customer controls remain a priority, for which the bank has increased its technical capabilities and resource allocation significantly.

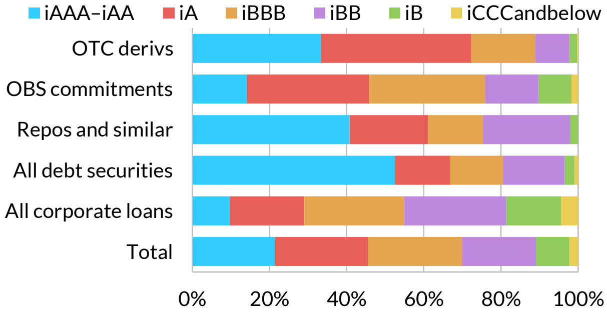
However, progress in these areas remains slow, with only 27% of the risk environment targets and 50% of anti-money laundering and know-your-customer remediation targets achieved in 2022. In July 2023, the Federal Reserve Board also announced two enforcement actions against Deutsche Bank pointing out deficiencies in anti-money laundering controls, governance processes and risk management. At the same time, litigation costs have also decreased and the bank faces fewer demands from regulators for remediation than it did a few years ago. However, its business model will continue to expose it to this type of risk.

The bank is exposed to interest-rate risk in its banking book and traded market risk in the IB. Trading assets and derivatives account for close to a third of total assets. Value at risk (VaR; 99%, one-day) and stressed VaR (99%, 10 days) averaged EUR51 million and EUR170 million in 1Q23, respectively, broadly in line with the levels in 2022.

Interest-rate risk in the banking book is conservatively hedged. A 200bp upward parallel shift of the yield curve would have reduced the economic value of the bank's equity by EUR4.2 billion at end-2022, equivalent to 7.4% of Tier 1 equity, or 40% of its excess CET1 capital over regulatory requirements. This is mitigated by the fact that this upward parallel shift would have augmented the net interest income (NII) by EUR1.9 billion. Based on January 2023 forward rates and a static end-2022 balance sheet, the bank expects NII to rise by over EUR1 billion (7%) in 2023 and EUR1.1 billion (8%) in 2025 from 2022, mainly in CB and PB.

CB and IB Gross Exposure by Internal Rating

End-2022



Source: Fitch Ratings, Deutsche Bank

Financial Profile

Asset Quality

Deutsche Bank's resilient impaired-loan ratio, including purchased or originated credit impaired loans, benefits from its conservative credit risk management globally and its large exposure to Germany. German retail mortgage loans (almost a third of total loans) are low-risk (0.7% are impaired) and overall adequately collateralised (80% have a loan-to-value (LTV) ratio of less than 70%). German consumer loans, which account for only 3% of total loans, are mainly amortising loans and, to a lesser extent, credit cards and credit standards were tightened in recent quarters. The international retail and SME books (7%) are somewhat weaker and concentrated in Italy and Spain. Wealth management (11%) includes highly collateralised Lombard loans, mortgages and structured loans.

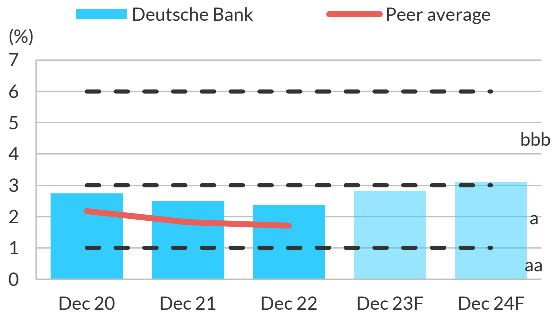
The CB and IB's credit quality is adequate, with more than two-thirds of the exposure rated investment-grade and well-diversified, with extensive risk mitigation. A large majority of the corporate loans are to multinationals and mid-caps, most of which have global production facilities and would be less affected by potentially resurging energy prices in Germany. Fitch estimates that sectors more vulnerable to energy price disruptions account for less than 10% of total loans, which is manageable. Exposures more vulnerable to rising interest rates include the leveraged finance and CRE books. The core non-recourse CRE portfolio (7% of gross loans) is primarily originated in the US, which we view as higher risk than Germany. They are typically secured by first-lien mortgages and extended with LTV ratios of generally less than 75%.

The bank's LICs in 2022 (25bp of gross loans) were driven by a deterioration in macroeconomic forward-looking indicators rather than an increase in impaired loans. We expect LICs to remain in line with Deutsche Bank's guidance of 25bp-30bp of gross loans in 2023, driven by new defaults in the bank's CRE and sub-investment-grade corporate portfolios. We forecast an increase in the impaired-loan ratio to about 3% in the next two years.

We think the quality of Deutsche Bank's non-loan assets is satisfactory. Its exposure to level 3 fair-valued assets (55% of CET1 capital at end-2022) remains large compared with that of peers and includes complex derivatives, illiquid trading securities and other illiquid assets such as leveraged loans and distressed debt. The bank's sensitivity analysis shows a potential fair-value loss of EUR1.4 billion (or 24% of Fitch's 2023 forecast operating profit) if it had used more conservative but reasonable alternative valuation inputs for these assets at end-2022. However, this is mitigated by EUR800 million in regulatory capital deductions for prudent valuation of level 3 assets. Deutsche Bank's reported IFRS positive market values from derivative trading assets of EUR300 billion is reduced to EUR19 billion after netting for master netting agreements and collateral received. Deutsche Bank also hedges its net derivatives trading exposure to further reduce the economic risk.

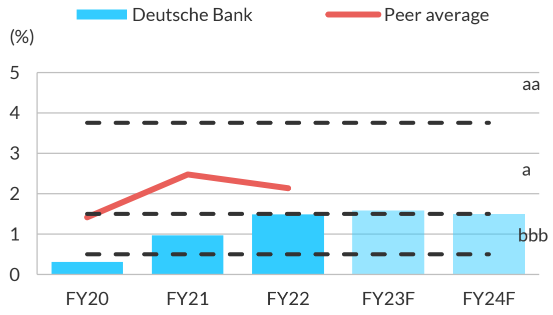
Deutsche Bank's direct gross exposure to Russian corporates and institutions amounted to 0.1% of credit exposure at end-March 2023, while loan exposure to China accounted for about 1% of total loan exposure. Operations in Russia are funded locally and we therefore believe the maximum immediate loss if the bank's Russian subsidiary is expropriated would be limited to the EUR400 million capital.

Impaired Loans/Gross Loans



Source: Fitch Ratings, Fitch Solutions, banks

Operating Profit/Risk-Weighted Assets



Source: Fitch Ratings, Fitch Solutions, banks

Earnings and Profitability

Deutsche Bank's average profitability lags behind that of higher-rated peers. However, we expect its operating profits/RWAs to remain above 1.5% in the next two years. Deutsche Bank achieved most of its restructuring targets in 2022. It missed its initial cost targets but reported a satisfactory operating profit/RWAs of 1.5% (2021: 1%), driven by significantly lower restructuring charges, and further benefitting from strong trading and rising interest rates. Gains of EUR1.4 billion from deferred tax revaluations and EUR305 million from the sale of DB Financial Advisors Italy further boosted the return on tangible equity to 9.4%, above the bank's 8% target.

Deutsche Bank provided guidance for EUR28 billion–29 billion in revenue in 2023, an increase of 3%-6% from 2022. The bank expects higher interest rates to contribute more than EUR1 billion to this increase based on March 2023 forward rates, with the remainder resulting from growth initiatives. The CB and PB segments should be the main growth drivers in 2023. At the same time, a material reduction in trading volumes in 1H23 will lead to a decline in the IB's revenue in 2023.

In 1H23, the bank announced a number of new revenue growth initiatives across all its businesses and now expects substantial upside to its previously communicated annual revenue growth target of 3.5%-4.5%. We believe that higher interest rates and business volume growth will continue to support revenue, but exceeding the EUR30 billion target also requires substantial market share gains amid a more challenging environment.

The bank's EUR8.6 billion in restructuring and transformation charges since 2019 led to a EUR3.1 billion decline in non-interest expense to EUR20.4 billion in 2022. We expect non-interest expense to increase slightly in 2023, driven by a temporary rise in litigation costs and the booking of EUR0.5 billion in new restructuring provisions, which will be partially offset by lower bank levies.

The restructuring provisions are instrumental to achieving the planned EUR2.5 billion cost savings by 2025. Efficiency measures include cutting the number of branches by about one-third, reducing the workforce, completing the integration of the two German retail banking IT platforms, decommissioning legacy applications and migration to the cloud, front-to-back process automation, deployment of artificial intelligence and machine learning. The achievement of these savings will be key to offsetting volume-driven incremental costs, reinvestments and inflation. Non-interest expense should also benefit from a reduction in litigation and the rundown of the capital release unit, but we believe that execution risks on the cost-cutting plan remain high.

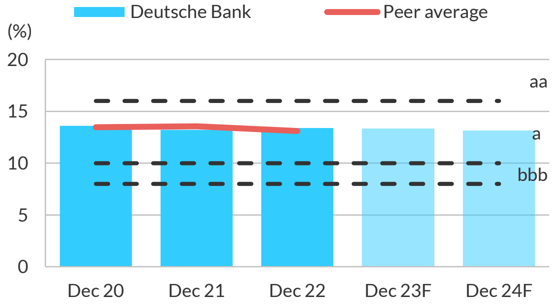
Capital and Leverage

Deutsche Bank's capitalisation is adequate in light of the progress in reducing legacy portfolios as well as still modest but improving capital generation relative to peers. Its CET1 ratio is in line with management's target of around 13% and offers satisfactory headroom over regulatory requirements. The regulatory CET1 ratio requirement increased to 11.1% in 2023 (2022: 10.4%), driven by a higher Pillar 2 requirement on the ECB's assessment of Deutsche Bank's leveraged finance business, as well as the implementation of a countercyclical buffer of 0.75% in Germany and a sectoral systemic risk buffer of 2% for German residential real-estate exposures.

The bank plans to distribute EUR5 billion to shareholders from 2022 to 2025 through progressive dividends and share buybacks. It also expects the implementation of Basel III end-game rules to inflate its RWAs by EUR25 billion by end-2025 before mitigating actions. Both effects would reduce the CET1 ratio by about 210bp in total. We expect the CET1 ratio to remain above 12.5%, based on our earnings and business growth forecast, which would be towards the lower end of large European banks.

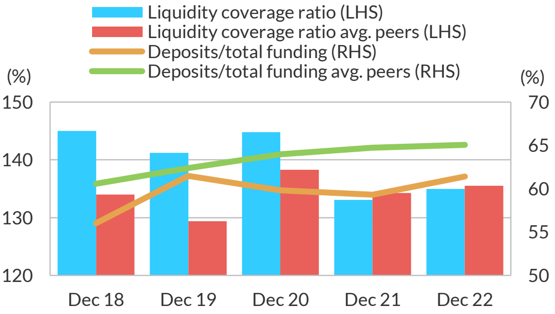
The leverage ratio of 4.6% at end-March 2023 is above the bank's targeted floor of 4.5% and offers adequate headroom over Deutsche Bank's 3.75% regulatory requirement, resulting in a Tier 1 buffer over minimum distributable amounts of EUR11 billion. We expect the leverage ratio to increase over the next two years as capital retention is likely to offset modest growth in leverage exposure. At the same time, the next call date for EUR3 billion in AT1 notes will only be in 2025.

CET1 Ratio



Source: Fitch Ratings, Fitch Solutions, banks

Funding & Liquidity vs Peers



Source: Fitch Ratings, Fitch Solutions, banks

Funding and Liquidity

Deutsche Bank's funding benefits from a well-established retail deposit base mostly sourced in Germany, which accounted for 41% of the bank's deposits at end-March 2023. Deposits from customer and banks accounted for about 60% of total funding, excluding derivatives, at end-2022; 77% of German retail deposits (41% of total deposits excluding bank deposits) are insured by the statutory deposit protection scheme. Wealth management accounts for only 11% of deposits. The remaining customer deposits are mainly from large corporates. Close to three-quarters of deposits in the CB are operational and term deposits have a seven-month weighted-average maturity, providing some funding stability to Deutsche Bank's CB operations.

Deposits declined by EUR29 billion, or 5%, qoq by end-March 2023. Deutsche Bank estimates about a third of this reduction came at the end of the quarter, following the turmoil in the banking sector, while the remaining decline resulted from increasing price competition, migration towards off-balance-sheet investment products, seasonality and foreign exchange. We expect deposit volumes to remain broadly resilient over the next few quarters as the bank steers remuneration of existing deposits accordingly and offers attractive conditions to new retail customers at the same time.

The sharper fall of Deutsche Bank's bond prices in late March than that of industry peers shows that its market funding remains more confidence sensitive. Wholesale funding is diversified by investors, products and currencies. Its debt maturity profile is comfortable and reliance on short-term unsecured wholesale funding is modest at 14% of total funding. Deleveraging, driven by maturing trading liabilities and strong deposit inflows, in the past few years has lowered the bank's annual debt issuance needs to EUR10 billion–20 billion. The bank exploited tighter issuance spreads to pre-fund opportunistically in 1Q23 more than half of its full-year target of EUR12 billion-15 billion, which will provide a cushion against deteriorating markets in the remainder of the year.

Deutsche Bank's eligible debt buffer exceeded by a comfortable EUR19 billion its transitional MREL of 29.97% of RWAs at end-March 2023. The bank plans to issue mainly senior preferred debt and covered bonds in the current market environment, given the comfortable EUR28 billion buffer over the MREL subordination requirement.

The bank's liquidity coverage ratio (LCR) temporarily increased to 143% by end-March 2023 from 135% at end-2022 mainly as the result of large collateral swaps and declining customer loans, which more than offset the deposit outflows. We expect the LCR to decline towards management's 130% target in the coming quarters. The LCR target is calibrated based on internal stress tests and warrants an adequate level of liquidity reserves. At end-March 2023, 67% of EUR208 billion high-quality liquid assets were held in cash and 30% in level 1 securities. The bank also maintains EUR33 billion additional highly liquid central bank eligible assets. Most of the liquidity buffer is held at Deutsche Bank AG and its branches.

Deutsche Bank had EUR26 billion of outstanding central bank tenders (TLTRO) at end-March 2023, which it plans to hold to maturity. If it had prepaid the remaining EUR11 billion due in 2023 in 1Q23, the LCR would have been 136%. We also do not expect the phasing out of TLTRO to lower the net stable funding ratio (NSFR) below the bank's 115%-120% target for a prolonged period because about three-quarters of the stable funding is still from deposits and long-term funding and about half of the high-quality liquid collateral encumbered by the TLTRO could be placed against new long-term funding.

Additional Notes on Charts

The forecasts in the charts in this section reflect Fitch's forward view on the bank's core financial metrics per Fitch's Bank Rating Criteria. They are based on a combination of Fitch's macro-economic forecasts, outlook at the sector level and company-specific considerations. As a result, Fitch's forecasts may materially differ from the guidance provided by the rated entity to the market

To the extent Fitch is aware of material non-public information with respect to future events, such as planned recapitalisations or merger and acquisition activity, Fitch will not reflect these non-public future events in its published forecasts. However, where relevant, such information is considered by Fitch as part of the rating process.

Black dashed lines represent indicative quantitative ranges and implied scores for Fitch's core financial metrics for banks operating in the environments that Fitch scores in the 'aa' category. Light-blue columns represent Fitch's forecasts.

Peer average includes Barclays plc (VR: a), Societe Generale S.A. (a-), BNP Paribas S.A. (a+), HSBC Holdings plc (a+), UBS Group AG (a), JPMorgan Chase & Co. (aa-), Citigroup Inc. (a) and Bank of America Corporation (aa-).

Financials

Financial Statements

	31 Mar 23		31 Dec 22	31 Dec 21	31 Dec 20
	3 months - 1st quarter	3 months - 1st quarter	Year end	Year end	Year end
	(USDm)	(EURm)	(EURm)	(EURm)	(EURm)
	Unaudited	Unaudited	Audited - unqualified	Audited - unqualified	Audited - unqualified
Summary income statement					
Net interest and dividend income	3,724	3,424	13,650	11,155	11,526
Net fees and commissions	2,553	2,348	9,838	10,934	9,424
Other operating income	2,074	1,907	3,534	3,322	3,079
Total operating income	8,351	7,679	27,022	25,411	24,029
Operating costs	5,932	5,455	20,439	21,523	21,247
Pre-impairment operating profit	2,419	2,224	6,583	3,888	2,782
Loan and other impairment charges	405	372	1,226	493	1,761
Operating profit	2,014	1,852	5,357	3,395	1,021
Other non-operating items (net)	0	0	237	-5	0
Tax	576	530	-65	880	397
Net income	1,438	1,322	5,659	2,510	624
Other comprehensive income	226	208	-267	1,334	-1,386
Fitch comprehensive income	1,664	1,530	5,392	3,844	-762
Summary balance sheet					
Assets					
Gross loans	530,304	487,636	493,764	476,074	431,803
- Of which impaired	13,478	12,394	11,713	11,925	11,848
Loan loss allowances	5,431	4,994	4,790	4,754	4,808
Net loans	524,873	482,642	488,974	471,320	426,995
Interbank	6,376	5,863	7,195	7,342	9,130
Derivatives	267,850	246,299	301,103	299,732	343,455
Other securities and earning assets	273,096	251,123	221,692	230,001	249,755
Total earning assets	1,072,196	985,927	1,018,964	1,008,395	1,029,335
Cash and due from banks	174,845	160,777	178,896	192,021	166,208
Other assets	174,079	160,073	138,928	123,577	129,716
Total assets	1,421,120	1,306,777	1,336,788	1,323,993	1,325,259
Liabilities					
Customer deposits	643,732[a]	591,937[a]	536,403	519,435	492,599
Interbank and other short-term funding	5,838	5,368	139,278	142,484	124,643
Other long-term funding	227,513	209,207	138,112	150,149	154,634
Trading liabilities and derivatives	314,395	289,099	333,756	341,826	372,091
Total funding and derivatives	1,191,477	1,095,611	1,147,549	1,153,894	1,143,967
Other liabilities	149,290	137,278	116,411	101,541	117,775
Preference shares and hybrid capital	9,840	9,048	9,078	8,833	7,145
Total equity	70,514	64,840	63,750	59,725	56,372
Total liabilities and equity	1,421,120	1,306,777	1,336,788	1,323,993	1,325,259
Exchange rate		USD1 = EUR0.91954	USD1 = EUR0.937559	USD1 = EUR0.884173	USD1 = EUR0.821963

[a] Includes deposits from banks
Source: Fitch Ratings, Fitch Solutions, Deutsche Bank

Key Ratios

	31 Mar 23	31 Dec 22	31 Dec 21	31 Dec 20
Ratios (annualised as appropriate)				
Profitability				
Operating profit/risk-weighted assets	2.1	1.5	1.0	0.3
Net interest income/average earning assets	1.4	1.3	1.1	1.1
Non-interest expense/gross revenue	71.0	76.1	85.0	88.9
Net income/average equity	8.3	9.2	4.3	1.1
Asset quality				
Impaired loans ratio	2.5	2.4	2.5	2.7
Growth in gross loans	-1.2	3.7	10.3	1.0
Loan loss allowances/impaired loans	40.3	40.9	39.9	40.6
Loan impairment charges/average gross loans	0.3	0.2	0.1	0.4
Capitalisation				
Common equity Tier 1 ratio	13.6	13.4	13.2	13.6
Tangible common equity/tangible assets	4.0	4.0	3.9	3.7
Basel leverage ratio	4.6	4.6	4.9	4.8
Net impaired loans/common equity Tier 1	15.1	14.4	15.4	15.8
Funding and liquidity				
Gross loans/customer deposits	n.a.	92.1	91.7	87.7
Liquidity coverage ratio	143.0	135.0	133.1	144.8
Customer deposits/total non-equity funding	n.a.	61.4	59.3	59.8
Net stable funding ratio	120.0	120.0	121.0	n.a.

Source: Fitch Ratings, Fitch Solutions, Deutsche Bank

Support Assessment

Commercial Banks: Government Support	
Typical D-SIB GSR for sovereign's rating level (assuming high propensity)	a+ to a-
Actual jurisdiction D-SIB GSR	ns
Government Support Rating	ns
Government ability to support D-SIBs	
Sovereign Rating	AAA/ Stable
Size of banking system	Negative
Structure of banking system	Neutral
Sovereign financial flexibility (for rating level)	Positive
Government propensity to support D-SIBs	
Resolution legislation	Negative
Support stance	Negative
Government propensity to support bank	
Systemic importance	Neutral
Liability structure	Neutral
Ownership	Neutral

The colours indicate the weighting of each KRD in the assessment.

🟥 Higher influence 🟦 Moderate influence ▨ Lower influence

Deutsche Bank's Government Support Rating (GSR) of 'no support' reflects our view that, due to German resolution legislation, senior creditors cannot rely on receiving full extraordinary state support if the bank becomes non-viable.

Subsidiaries and Affiliates

Deutsche Bank AG, London Branch's ratings are equalised with Deutsche Bank's as they refer to the same legal entity.

The IDRs of Deutsche Bank's US subsidiaries Deutsche Bank Securities, Inc., Deutsche Bank Trust Corporation and Deutsche Bank Trust Company Americas are based on their Shareholder Support Ratings (SSRs), which are aligned with Deutsche Bank's Long-Term IDR. This reflects the subsidiaries' high integration and core roles in supporting the group's capital-market activities.

Deutsche Bank Australia Ltd.'s commercial paper programme rating is aligned with Deutsche Bank's short-term preferred debt ratings based on the strong support available from the parent.

The DCR of Deutsche Bank Securities Inc. also reflects the protection that could accrue to derivative counterparties from the bail-in debt and equity buffers at the level of the intermediate holding company DB USA Corporation.

Environmental, Social and Governance Considerations

Deutsche Bank AG

Banks
Ratings Navigator

Credit-Relevant ESG Derivation

Deutsche Bank AG has 5 ESG potential rating drivers

- Deutsche Bank AG has exposure to compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security) but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

			ESG Relevance to Credit Rating
key driver	0	issues	5
driver	0	issues	4
potential driver	5	issues	3
not a rating driver	4	issues	2
	5	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations	Business Profile (incl. Management & governance); Risk Profile; Asset Quality	1

How to Read This Page
ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to result in a negative impact unless indicated with a '+' sign for positive impact.h scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	2	Services for underbanked and underserved communities: SME and community development programs; financial literacy programs	Business Profile (incl. Management & governance); Risk Profile	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security)	Operating Environment; Business Profile (incl. Management & governance); Risk Profile	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Business Profile (incl. Management & governance)	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	2	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core banking practices	Business Profile (incl. Management & governance); Financial Profile	1

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy	3	Operational implementation of strategy	Business Profile (incl. Management & governance)	5
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Business Profile (incl. Management & governance); Earnings & Profitability; Capitalisation & Leverage	4
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Business Profile (incl. Management & governance)	3
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Business Profile (incl. Management & governance)	2
				1

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

The highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

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