S&P Global
Ratings

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Update: Deutsche Bank AG

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Update: Deutsche Bank AG

Ratings Score Snapshot

Global Scale Ratings

Issuer Credit Rating

A-/Stable/A-2

Resolution Counterparty Rating

A/--/A-1

Turkey National Scale

Issuer Credit Rating

trAAA/--/trA-1+

SACP: bbb → **Support: +2** → **Additional factors: 0**

Anchor	bbb+	
Business position	Adequate	0
Capital and earnings	Adequate	0
Risk position	Moderate	-1
Funding	Adequate	0
Liquidity	Adequate	
CRA adjustment		0

ALAC support	+2
GRE support	0
Group support	0
Sovereign support	0

Issuer credit rating
A-/Stable/A-2
Resolution counterparty rating
A/A-1

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Credit Highlights

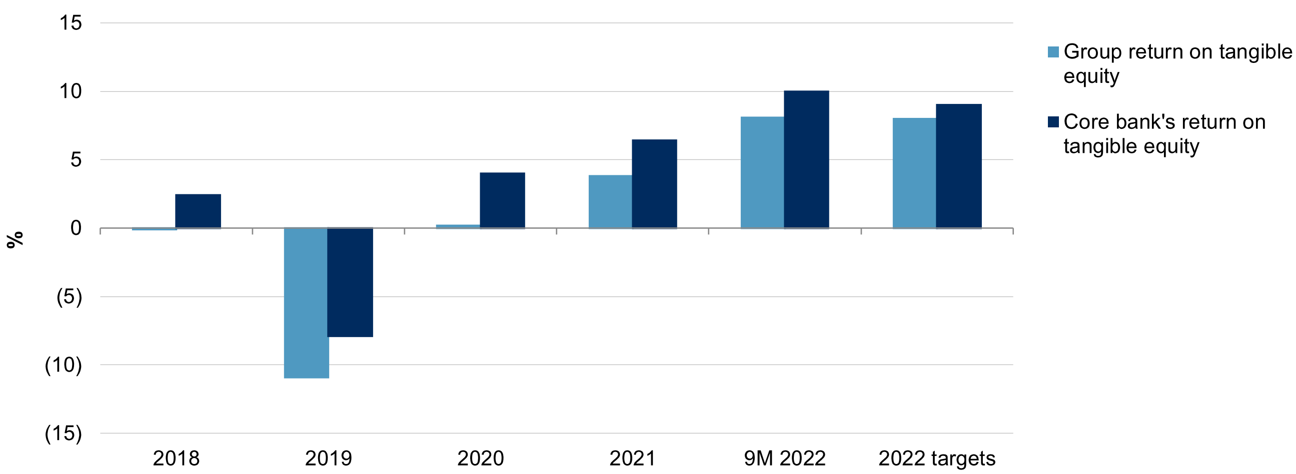
Key strengths	Key risks
Diversified franchise serving retail, corporate, and institutional clients.	Elevated economic and geopolitical risks.
Improving strategic execution and performance, with a tailwind from rising interest rates.	Strengthened earnings remain lower than those of various global systemically important bank (G-SIB) peers.
Solid capital, funding, and liquidity profiles.	Inherent complexity and cyclicality of the investment bank division.

Deutsche Bank's transformation program is increasingly delivering tangible benefits. We think Deutsche Bank is becoming a more focused, profitable, and better-controlled group as it completes the repositioning of its business model and balance sheet. Its disciplined execution of the transformation program announced in 2019 has positive implications for franchise stability, management credibility, and the level and consistency of earnings. The program involved fundamental changes, including exiting equities trading and prime finance, managing down other non-strategic assets, implementing significant cost-saving measures, and investing in technology and internal control enhancements.

2022 delivers the transformation program. Deutsche Bank is growing its franchise and delivering stronger earnings, although it remains less profitable than various G-SIB peers. It targets a groupwide 8% return on tangible equity (RoTE) in 2022, and the 8.1% outcome in the first nine months of the year indicates it is on track to meet this goal (see chart 1). It originally aimed for a 70% cost-to-income ratio (CIR) in 2022, but it has since withdrawn this objective due to higher-than-expected costs from bank levies, litigation, and the Russia/Ukraine conflict. Nevertheless, the bank demonstrated closer management of controllable costs and the 2022 CIR is likely to be in the low to mid 70s, which is poorer than many G-SIB peers but a marked improvement from 85% in 2021. Delivery of the transformation program lays the foundations for further progress and Deutsche Bank aims for an RoTE above 10% and a CIR below 62.5% in 2025.

Chart 1

Strengthening Earnings Under The Transformation Program
Trend in returns on tangible equity



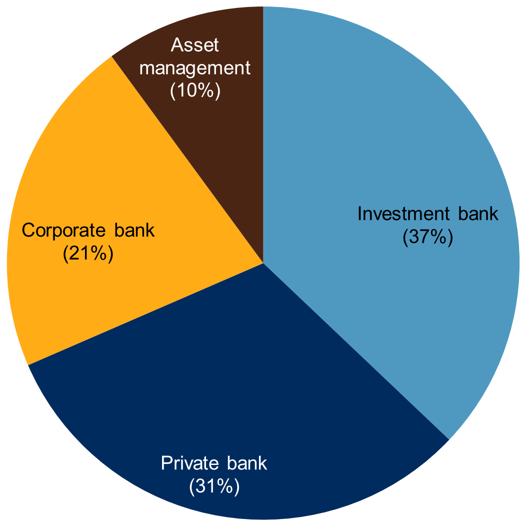
Source: Deutsche Bank.

Rising interest rates boost earnings and diversify divisional contributions. Revenue growth is the primary contributor to targeted earnings growth through 2025. As for other banks, rising interest rates are a tailwind, and the bank's improved reputation and strategic initiatives support market share gains. Higher rated peers typically have more substantial earnings streams from their retail and corporate banking businesses. Deutsche Bank is steadily progressing in these areas, which are a counterweight to its large investment bank division (see chart 2). Similar to peers, it seeks to leverage technology to meet client needs and manage costs, aiming to solidify its position as the "Global Hausbank" within Germany and across its international network for corporate and institutional clients.

Chart 2

Diverse Revenue Base

Divisional revenues in the 12 month period ending Sept. 30, 2022

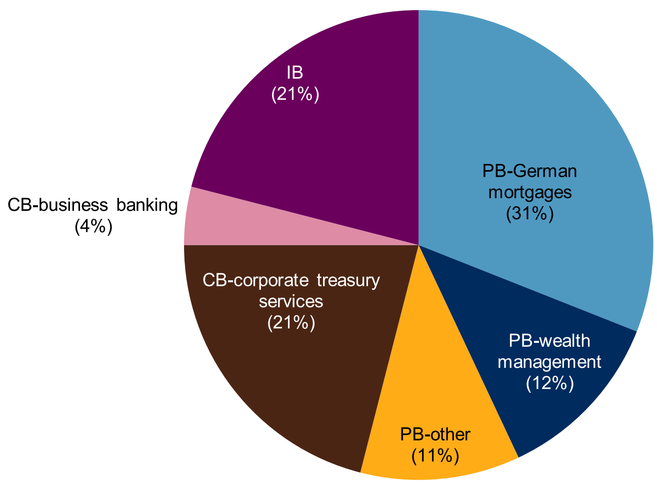


Excludes the capital release unit and the corporate & other segments. Source: Deutsche Bank.

Solid risk management partly mitigates economic uncertainties. Deutsche Bank's disciplined risk management, robust capital, and liquidity position are important mitigants to uncertainties in the external environment. Its loan portfolio is well-diversified and significantly collateralized (see chart 3). Current asset quality metrics are benign but we see increasing economic risks in Germany due to the country's former dependence on Russian energy and its export-focused industrial sector. In a downside stress scenario involving a sharper-than-expected economic deterioration, Deutsche Bank estimates an additional 20 basis points (bps), or about €1 billion, of credit loss charges over an 18-month period. This is a manageable sum that would be an earnings event rather than a capital event, but we are cautious on second-order effects and the possibility of a prolonged recession. Importantly, Deutsche Bank's focus on cost efficiency does not appear to have squeezed necessary investments in internal control remediation and enhancement, including its anti-financial-crime framework.

Chart 3

Well-Collateralized Loan Portfolio
Gross IFRS loans at Sept. 30, 2022



PB--Private Bank. CB--Corporate Bank. IB--Investment Bank. IFRS--International Financial Reporting Standards. Source: Deutsche Bank.

Robust capital and additional loss-absorbing capacity ALAC. Deutsche Bank's maintained a robust capital position through its self-funded transformation program. It targets a Common Equity Tier 1 (CET1) ratio above 12.5% and a leverage ratio of about 4.5% at year-end 2022. The actual ratios were 13.3% and 4.3%, respectively, at Sept. 30, 2022, and a November 2022 Additional Tier 1 issue added about 10 bps to the leverage ratio. We expect that our risk-adjusted capital (RAC) ratio will be in the 9.5%-10.0% range through year-end 2024, and our ALAC ratio will remain comfortably above the threshold for a two-notch ALAC rating uplift. Our projected RAC ratio takes into account Deutsche Bank's intention to increase shareholder distributions as earnings strengthen.

Funding and liquidity buffers are neutral to the rating. Deutsche Bank's business model refocusing has benefited its balance sheet stability and reduced dependence on short-term wholesale funding. Our funding and liquidity ratios are close to the peer group averages, and regulatory metrics also indicate a healthy position. The 116% net stable funding ratio at Sept. 30, 2022, was within the bank's 115%-120% target range, and the 136% liquidity coverage ratio was above the 130% internal target. Deutsche Bank had €44.7 billion outstanding at Sept. 30, 2022, under the European Central Bank's third targeted longer-term refinancing operations (TLTRO III). The recent changes to the pricing of TLTRO III and bank reserves will reduce the benefit to Deutsche Bank's 2023 interest income and might accelerate prepayment of the earliest TLTRO III tranches.

Outlook

The stable outlook reflects our view that Deutsche Bank is set to maintain its improved strategic focus and execution. We expect that 2022 full year earnings will strengthen meaningfully, which would narrow the performance gap with peers and improve resilience to unexpected stresses. We also assume the maintenance of sound capital and liquidity buffers, in line with management guidance. We expect that the bank will navigate effectively the global economic slowdown and Russian energy cutoff.

Upside scenario

We could consider raising the ratings over our two-year outlook horizon if Deutsche Bank continues to deliver on its strategy and positions its creditworthiness closer to peers with 'bbb+' group stand-alone credit profiles or 'A' issuer credit ratings. In particular, we would look for evidence that the operating environment is broadly supportive and the bank is set to sustain stronger, more consistent earnings. We would also take into account divisional earnings and whether stronger performances from the private and corporate banks will balance the investment bank's contribution to group profitability.

Downside scenario

We could lower the ratings if Deutsche Bank fails to deliver a stronger and more consistent performance, resulting in further upheaval of the business and operating models. An escalation of current macroeconomic and geopolitical risks could also pressure ratings if it significantly weakens prospects for the bank's core economies and markets.

Environmental, Social, And Governance

ESG Credit Indicators

E-1	**E-2**	E-3	E-4	E-5
- N/A				

S-1	**S-2**	S-3	S-4	S-5
- N/A				

G-1	G-2	**G-3**	G-4	G-5
- Risk management, culture, and oversight				

ESG credit indicators provide additional disclosure and transparency at the entity level and reflect S&P Global Ratings' opinion of the influence that environmental, social, and governance factors have on our credit rating analysis. They are not a sustainability rating or an S&P Global Ratings ESG Evaluation. The extent of the influence of these factors is reflected on an alphanumerical 1-5 scale where 1 = positive, 2 = neutral, 3 = moderately negative, 4 = negative, and 5 = very negative. For more information, see our commentary "ESG Credit Indicator Definitions And Applications," published Oct. 13, 2021.

Key Metrics

Deutsche Bank AG--Key Ratios And Forecasts					
	--Fiscal year ended Dec. 31 --				
(%)	**2020a**	**2021a**	**2022f**	**2023f**	**2024f**
Growth in operating revenue	3.7	5.7	7.0-8.0	1.5-2.0	2.0-2.5
Growth in customer loans	(0.3)	9.9	5.5-6.5	2.0-3.0	1.5-2.5
Net interest income/average earning assets (NIM)	1.7	1.6	1.8-1.9	1.9-2.1	2.0-2.2
Cost to income ratio	85.4	82.8	71-74	70-73	69-72
Return on average common equity	0.9	4.2	7.0-8.0	6.5-7.5	7.5-8.5
New loan loss provisions/average customer loans	0.4	0.1	0.2-0.3	0.3-0.4	0.2-0.3
Gross nonperforming assets/customer loans	2.8	2.7	2.7-3.0	2.9-3.2	2.8-3.1
Risk-adjusted capital ratio	9.4	9.9	9.5-10.0	9.5-10.0	9.5-10.0

All figures are S&P Global Ratings-adjusted. a--Actual. e--Estimate. f--Forecast. NIM--Net interest margin.

Key Statistics

Table 1

Deutsche Bank AG--Key Figures					
	--Year-ended Dec. 31--				
(Mil. €)	**2022***	**2021**	**2020**	**2019**	**2018**
Adjusted assets	1,490,668	1,317,169	1,318,534	1,290,645	1,337,906
Customer loans (gross)	502,911	468,607	426,427	427,733	397,951
Adjusted common equity	50,893	49,643	46,141	47,160	48,657
Operating revenues	20,895	25,400	24,028	23,163	25,316
Noninterest expenses	15,271	21,030	20,527	23,233	23,460
Core earnings	3,610	2,975	1,312	(3,423)	342

*Data as of Sept. 30.

Table 2

Deutsche Bank AG--Business Position					
	--Year-ended Dec. 31--				
(%)	**2022***	**2021**	**2020**	**2019**	**2018**
Total revenues from business line (currency in millions)	20,980	25,410	24,028	23,163	25,316
Commercial banking/total revenues from business line	21.8	20.3	21.4	22.7	22.6
Retail banking/total revenues from business line	31.7	32.4	33.8	35.6	40.1
Commercial & retail banking/total revenues from business line	53.5	52.7	55.2	58.3	62.8
Trading and sales income/total revenues from business line	39.8	37.9	38.6	30.1	28.9
Asset management/total revenues from business line	9.5	10.7	9.3	10.1	8.6
Other revenues/total revenues from business line	(2.8)	(1.2)	(3.1)	1.6	(0.3)
Investment banking/total revenues from business line	39.8	37.9	38.6	30.1	28.9
Return on average common equity	8.0	4.2	0.9	(9.1)	0.4

*Data as of Sept. 30.

Table 3

Deutsche Bank AG--Capital And Earnings

	--Year-ended Dec. 31--				
(%)	**2022***	**2021**	**2020**	**2019**	**2018**
Tier 1 capital ratio	15.3	15.6	15.3	15.0	14.9
S&P Global Ratings' RAC ratio before diversification	N/A	9.9	9.4	9.4	8.7
S&P Global Ratings' RAC ratio after diversification	N/A	11.5	11.1	11.1	10.2
Adjusted common equity/total adjusted capital	86.7	84.9	86.9	87.9	86.4
Net interest income/operating revenues	47.4	43.9	48.0	59.4	52.1
Fee income/operating revenues	36.6	43.0	39.2	41.1	39.7
Market-sensitive income/operating revenues	12.8	13.4	13.0	2.0	6.5
Cost to income ratio	73.1	82.8	85.4	100.3	92.7
Preprovision operating income/average assets	0.5	0.3	0.3	(0.0)	0.1
Core earnings/average managed assets	0.3	0.2	0.1	(0.3)	0.0

*Data as of Sept. 30.

Table 4

Deutsche Bank AG--Risk-Adjusted Capital Framework Data

(Mil. €)	Exposure*	Basel III RWA	Average Basel III RW(%)	S&P Global Ratings RWA	Average S&P Global Ratings RW (%)
Credit risk					
Government & central banks	271,958	17,643	6	3,615	1
Of which regional governments and local authorities	6,631	19	0	255	4
Institutions and CCPs	57,020	9,741	17	13,741	24
Corporate	356,389	130,625	37	282,776	79
Retail	240,485	62,633	26	84,824	35
Of which mortgage	189,200	41,684	22	42,565	22
Securitization§	68,616	12,189	18	21,384	31
Other assets†	15,686	1,415	9	29,718	189
Total credit risk	1,010,154	234,246	23	436,057	43
Credit valuation adjustment					
Total credit valuation adjustment	--	6,327	--	33,276	--
Market Risk					
Equity in the banking book	7,906	17,938	227	30,003	380
Trading book market risk	--	19,773	--	30,826	--
Total market risk	--	37,711	--	60,830	--
Operational risk					
Total operational risk	--	61,718	--	63,140	--
	Exposure	**Basel III RWA**	**Average Basel II RW (%)**	**S&P Global Ratings RWA**	**% of S&P Global Ratings RWA**
Diversification adjustments					
RWA before diversification	--	354,373	--	593,303	100

Table 4

Deutsche Bank AG--Risk-Adjusted Capital Framework Data (cont.)

Total Diversification/ Concentration Adjustments	--	--	--	(83,661)	(14)
RWA after diversification	--	354,373	--	509,643	86
		Tier 1 capital	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global Ratings RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments		55,375	15.6	58,476	9.9
Capital ratio after adjustments‡		55,375	15.7	58,476	11.5

*Exposure at default. §Securitization Exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. Sources: Company data as of Dec. 31 2021, S&P Global Ratings.

Table 5

Deutsche Bank AG--Risk Position

	--Year-ended Dec. 31--				
(%)	**2022***	**2021**	**2020**	**2019**	**2018**
Growth in customer loans	9.8	9.9	(0.3)	7.5	1.3
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	(14.1)	(15.6)	(15.2)	(14.3)
Total managed assets/adjusted common equity (x)	29.4	26.7	28.7	27.5	27.7
New loan loss provisions/average customer loans	0.2	0.1	0.4	0.2	0.1
Net charge-offs/average customer loans	N.M.	0.1	0.2	0.2	0.2
Gross nonperforming assets/customer loans + other real estate owned	2.3	2.7	2.8	2.2	2.3
Loan loss reserves/gross nonperforming assets	42.2	38.9	41.3	42.6	46.8

*Data as of Sept. 30. N/A--Not applicable. N.M.--Not meaningful.

Table 6

Deutsche Bank AG--Funding And Liquidity

	--Year-ended Dec. 31--				
(%)	**2022***	**2021**	**2020**	**2019**	**2018**
Core deposits/funding base	66.1	59.7	60.0	61.3	56.6
Customer loans (net)/customer deposits	78.9	89.3	85.6	85.5	81.6
Long-term funding ratio	82.6	74.8	75.5	77.6	73.0
Stable funding ratio	100.5	94.2	104.1	105.3	100.1
Short-term wholesale funding/funding base	18.5	27.0	26.2	24.0	29.0
Regulatory net stable funding ratio	116.0	121.0	N/A	N/A	N/A
Broad liquid assets/short-term wholesale funding (x)	1.6	1.2	1.6	1.7	1.5
Broad liquid assets/total assets	18.3	22.0	26.6	25.7	27.0
Broad liquid assets/customer deposits	43.5	56.1	71.5	67.3	75.6
Net broad liquid assets/short-term customer deposits	15.6	11.0	28.2	28.7	25.3
Regulatory liquidity coverage ratio (LCR) (x)	136.0	133.0	N/A	N/A	N/A
Short-term wholesale funding/total wholesale funding	53.5	65.3	64.3	60.8	65.3
Narrow liquid assets/3-month wholesale funding (x)	1.7	1.5	2.3	2.0	1.7

*Data as of Sept. 30. N/A--Not applicable.

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Methodology For National And Regional Scale Credit Ratings, June 25, 2018
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Guarantee Criteria, Oct. 21, 2016
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Rising Recession Risks Cloud Eurozone Banks' Earnings Prospects, Sept. 30, 2022
- Bulletin: Deutsche Bank's Second-Quarter Results Are Solid Amid Economic and Geopolitical Pressure, July 27, 2022
- Bulletin: Geopolitical Risks Add Headwinds For German Banks, Despite Robust Capitalization, July 19, 2022
- Deutsche Bank AG, May 24, 2022
- Deutsche Bank Long-Term Rating Raised To 'A-' On Improved Performance And Strategy Execution; Outlook Stable, Nov. 9, 2021

Ratings Detail (As Of November 30, 2022)*	
Deutsche Bank AG	
Issuer Credit Rating	A-/Stable/A-2
Turkey National Scale	trAAA/--/trA-1+
Resolution Counterparty Rating	A/--/A-1
Certificate Of Deposit	
Foreign Currency	A-/A-2/A-2
Commercial Paper	A-2
Junior Subordinated	BB-
Senior Subordinated	BBB-
Senior Unsecured	A-
Short-Term Debt	A-2
Subordinated	BB+

Ratings Detail (As Of November 30, 2022)*(cont.)		
Issuer Credit Ratings History		
09-Nov-2021		A-/Stable/A-2
26-Feb-2021		BBB+/Positive/A-2
23-Apr-2020		BBB+/Negative/A-2
01-Jun-2018		BBB+/Stable/A-2
12-Apr-2018		A-/Watch Neg/A-2
28-Jun-2018	*Turkey National Scale*	trAAA/--/trA-1+
08-Jul-2016		trAAA/--/trA-1
Sovereign Rating		
Germany		AAA/Stable/A-1+
Related Entities		
Deutsche Bank AG (Canada Branch)		
Issuer Credit Rating		A-/Stable/A-2
Resolution Counterparty Rating		A/--/A-1
Deutsche Bank AG (Cayman Islands Branch)		
Issuer Credit Rating		A-/Stable/A-2
Resolution Counterparty Rating		A/--/A-1
Deutsche Bank AG (London Branch)		
Issuer Credit Rating		A-/Stable/A-2
Resolution Counterparty Rating		A/--/A-1
Resolution Counterparty Liability		A
Senior Subordinated		BBB-
Senior Unsecured		A-
Deutsche Bank AG (Madrid Branch)		
Issuer Credit Rating		A-/Stable/A-2
Resolution Counterparty Rating		A/--/A-1
Deutsche Bank AG (Milan Branch)		
Issuer Credit Rating		A-/Stable/A-2
Resolution Counterparty Rating		A/--/A-1
Deutsche Bank AG (Sydney Branch)		
Senior Subordinated		BBB-
Deutsche Bank Luxembourg S.A.		
Issuer Credit Rating		A-/Stable/A-2
Resolution Counterparty Rating		A/--/A-1
Deutsche Bank Mexico S.A.		
Issuer Credit Rating		
CaVal (Mexico) National Scale		mxBBB/Stable/mxA-2
Deutsche Bank National Trust Co.		
Issuer Credit Rating		A-/Stable/A-2
Resolution Counterparty Rating		A-/--/A-2
Deutsche Bank Securities Inc.		
Issuer Credit Rating		
Local Currency		A-/Stable/A-2

Ratings Detail (As Of November 30, 2022)*(cont.)	
Resolution Counterparty Rating	
Local Currency	A-/--/A-2
Deutsche Bank Trust Co. Americas	
Issuer Credit Rating	A-/Stable/A-2
Resolution Counterparty Rating	A-/--/A-2
Deutsche Bank Trust Co. Delaware	
Issuer Credit Rating	A-/Stable/A-2
Resolution Counterparty Rating	A-/--/A-2
Deutsche Bank Trust Corp.	
Issuer Credit Rating	A-/Stable/A-2
Senior Unsecured	A-
Senior Unsecured	A-2
Subordinated	BB+
Deutsche Securities Inc.	
Issuer Credit Rating	A-/Stable/A-2
Deutsche Securities, S.A. de C.V., Casa de Bolsa	
Issuer Credit Rating	
CaVal (Mexico) National Scale	mxAA+/Stable/mxA-1+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.