

Bulletin:

Deutsche Bank AG Ratings And Outlook Unchanged Following News Of Strong Third-Quarter Earnings

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PARIS (Standard & Poor's) Oct. 29, 2009--Standard & Poor's Ratings Services said today its ratings and outlook on Germany-based Deutsche Bank AG (A+/Stable/A-1) and related entities remain unchanged following the bank's announcement of €1.3 billion in pretax income in the third quarter of 2009 and the acquisitions of private bank Sal. Oppenheim jr. & Cie S.C.A. (unrated) and parts of ABN-AMRO's Dutch commercial banking network.

Deutsche Bank's strong global position in fixed income and equities and favorable conditions in these markets explained its performance in the quarter. Market conditions continued to favor securities sales and trading due to high volumes of bond issuance, a positively sloped yield curve, still-wide bid-offer spreads, and reduced competition in the securities business. Revenues (net of mark-downs) from this area totaled €3.1 billion in the quarter and €10.6 billion in the first nine months of 2009, up from €4.3 billion for the first nine months of 2008.

The bank's credit loss provisions fell to €0.5 billion for the quarter, while problem loans slightly increased to €8.7 billion on Sept. 30, 2009. We expect losses from erosion in corporate credit, including from commercial real estate and leveraged loans, to continue in the fourth quarter and throughout 2010 as

the recession continues to erode credit quality. We expect corporate credit loss charges to be high in the fourth quarter and throughout 2010 as the recession continues to erode credit quality. Deutsche Bank's Basel II Tier 1 capital ratio rose to 11.7% due to earnings retention, issuance of a €1.3 billion Tier 1 hybrid capital security, and a slight reduction in risk-weighted assets. Standard & Poor's own risk-adjusted capital framework (RACF) assigns a greater (than Basel II) risk weighting for trading risk, corporate loans, and equity investments in the banking book; consequently, our assessment of Deutsche Bank's capitalization is less favorable.

The acquisitions of Sal. Oppenheim and parts of ABN-AMRO's Dutch business should reduce moderately the weight of investment banking in the overall mix. An increase in Deutsche Bank's current 25% stake in Deutsche Postbank AG (A-/Positive/A-2) would shift the group further toward a more balanced investment/commercial banking mix and improve the group's business profile from a credit perspective. Given Deutsche Bank's high systemic importance, we believe German federal government support would be forthcoming if the bank encountered substantial problems. This acts as a counter to potential downward pressure on Deutsche Bank's creditworthiness.

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