Rating Report

Deutsche Bank AG

Sonja Förster
+49 69 80883510
sforster@dbrs.com

Iason Kousantakis
+44 20 7855 6654
ikousantakis@dbrs.com

Elisabeth Rudman
+44 20 7855 6655
erudman@dbrs.com

Insight beyond the rating.

Ratings

Issuer	Obligation	Rating	Rating Action	Trend
Deutsche Bank AG	Long-Term Issuer Rating	A (low)	Confirmed March '19	Negative
Deutsche Bank AG	Short-Term Issuer Rating	R-1 (low)	Confirmed March '19	Stable
Deutsche Bank AG	Intrinsic Assessment: A (low)	--	--	--

See back of report for complete rating list.

Rating Drivers

Factors with Positive Rating Implications

1. The trend could be changed to Stable from Negative, if the Bank is successful in increasing profitability while maintaining a solid risk profile.
2. Additionally, demonstrating an ability to maintain and/or improve business positioning in key strategic areas would be supportive of the current rating level.

Factors with Negative Rating Implications

1. Downward pressure on the rating could arise, if DB Bank is unable to make further progress with its strategic plan and the improvement of its systems and technology, or,
2. if the loss of market share has a material adverse impact on its franchise and business momentum.
3. Additional rating pressure could arise from a major business transformation, including a merger, if this negatively impacts DB's financial profile, or jeopardises the progress under the current strategy.

Rating Considerations

Franchise Strength: The franchise combines a major global Corporate & Investment Bank (CIB), that is shifting to become more European-focused, with a sizable German retail and corporate banking business and global asset management business. Execution risks associated with DB's strategic initiatives are significant.	**Good**
Earnings Power: DB's profitability has been challenged in recent years. While progress has been made on the cost side, earnings pressure is expected to continue over the near- to medium-term due to revenue pressures especially in the CIB business.	**Good/ Moderate**
Risk Profile: DBRS generally views the credit risk and market risk management as conservative. Operational risk has improved with settlements and improving controls, but several cases are still pending.	**Strong/ Good**
Funding and Liquidity: The funding position is strong, underpinned by a substantial deposit base and diversified wholesale funding. The liquidity position is strong and well-managed.	**Strong**
Capitalization: The regulatory risk-adjusted capital is strong. However, limited internal capital generation is a constraining factor.	**Good/ Moderate**

Financial Information

Deutsche Bank AG	2018Y	2017Y	2016Y	2015Y	2014Y
EUR Millions					
Total Assets	1,348,137	1,474,732	1,590,546	1,629,130	1,708,703
Equity Attributable to Parent	67,170	67,849	64,502	67,353	72,970
Income Before Provisions and Taxes (IBPT)	1,905	1,835	1,168	957	4,630
Net Attributable Income	267	(751)	(1,402)	(6,794)	1,663
IBPT over Avg RWAs (%)	0.55	0.52	0.30	0.23	1.21
Cost / Income ratio (%)	92.47	93.06	95.95	97.13	85.40
Return on Avg Equity (ROAE) (%)	0.40	-1.10	-2.11	-9.31	2.58
Gross NPLs over Gross Loans (%)	2.20	1.52	1.76	1.81	2.21
CET1 Ratio (Fully-Loaded) (%)	13.60	14.03	11.80	11.12	11.70

Source: SNL Financial

Issuer Description

Deutsche Bank AG is a global financial services company with a significant capital markets franchise, combined with a retail and corporate bank that maintains solid market positioning in Germany and across Europe, with other businesses such as transaction banking and asset & wealth management adding diversity and depth to the franchise.

Rating Rationale

Deutsche Bank's ratings are supported by its established global franchise, including a strong position within Germany, which is being enhanced by the integration of Postbank. DBRS also notes the Bank's strong balance sheet fundamentals and well managed credit and market risk. This is mitigated by significant headwinds, including declining investment banking market share and continued low levels of profitability, as well as DB's need to demonstrate strengthened internal controls and processes.

The Negative trend takes into account the challenges the Bank faces in growing revenues and recovering lost market share amid a difficult operating environment. The Bank also needs to absorb still sizable restructuring costs and make continuing investments in systems and process enhancements, while balancing the need to compensate its employees in order to retain top talent. The Negative trend also reflects DBRS's concerns about management stability and cohesiveness following multiple high-level departures.

More recently, the Bank entered into and subsequently ended official merger talks with Commerzbank. Given the difficult revenue environment, the rationale for a merger could have been compelling from a cost savings perspective. Another benefit could have been a further reduction in the more volatile investment banking revenues as a proportion of total revenues. However, given that DB is still in the process of implementing numerous strategic initiatives, including the integration of Postbank, DBRS' view was that the additional execution risks would have been elevated and consequently a merger could have led to negative rating pressure. Also, costs related to a merger would likely be front-loaded, whereas cost savings would only materialise over time.

Franchise Strength

Grid Grade: Good

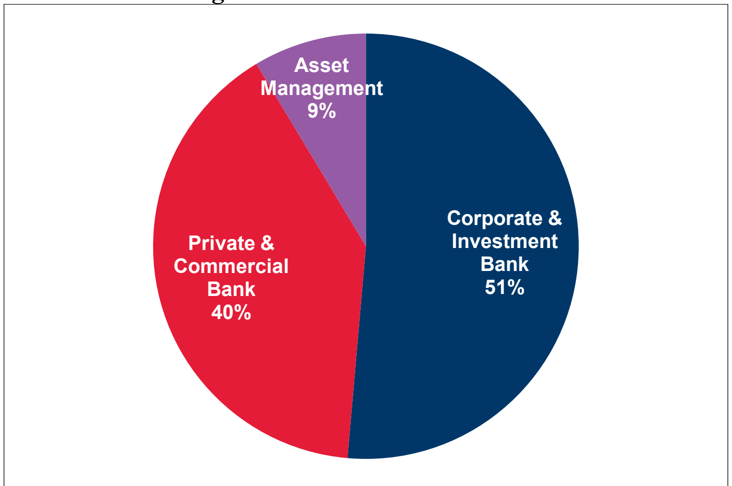
With total assets of EUR 1.3 trillion at end-2018, DB is one of the largest financial institutions globally. DB is shifting focus toward being a more European-focused Corporate & Investment Bank (CIB), with key strengths in global payments and foreign exchange markets, among others, combined with a strong Private & Commercial Bank (PCB). As DB is the only European CIB with significant market positions across all products globally, the Bank plays an important role in the European capital markets, as well as catering to large corporate and institutional clients globally. To maintain and improve market shares within strategically important CIB businesses will require continued investment, in both people and technology.

DBRS sees DB as facing the challenge of balancing the need to reduce expenses and improve profitability, while also investing in the franchise. Specifically, while DB achieved its adjusted costs target for 2018, the Bank will need to reduce expenses by about EUR 1.0 billion over the coming year to meet its EUR 21.8 billion target. DBRS sees this as challenging, particularly when working to demonstrate franchise momentum and improve revenue generation capabilities. While management has taken appropriate steps to manage through various periods of market stress and position the Bank well for future growth, progress has been slower than anticipated resulting in added pressure on the Bank to institute change.

A key challenge for DB has been enhancing its technology, systems and processes. DBRS sees the Bank as having made significant progress with this effort, which has contributed to improved relationships with regulators, though DB has a long way to go. With its digitalization effort, DB has enabled its private clients to open an account online in a few minutes (versus seven days previously), its mobile services in Germany are strong, and it has launched robo-advisers in AM and PCB. DBRS notes that while the Group is reducing costs and has strict targets, investment in IT has remained stable over the past few years. Investments in systems, processes and controls have increased.

The Bank's current business mix results in about 51% of revenues generated within the CIB, 40% within PCB, and 9% within Asset Management (AM) (see Exhibit 1).

Exhibit 1: 2018 Segment Net Revenues



Source: DBRS, Company reports; *Excluding Corporate & Other

Corporate & Investment Bank (CIB) – Net Revenues of EUR 13.0 billion in 2018

Contributing 51% of 2018 net revenues, the CIB is a sizable and important global business for DB. According to Dealogic, in 2018 DB ranked 10th in Global M&A, 8th in Global Equity Underwriting and 9th in Global Debt Underwriting. Focusing on EMEA, these ranks were 6th in M&A, 6th in Equity Underwriting and 6th in Debt Underwriting. While the Bank's market shares have slipped in the global rankings, DBRS pays particular attention to DB's EMEA rankings given its strategic focus. Over time, DB's market shares in EMEA have slipped and DBRS will look to see if DB can regain this lost share. DBRS notes that DB was ranked #1 in Fixed Income Sales & Trading (S&T) in EMEA and APAC in 2015, now ranking 3rd in both, according to Coalition data. In Equity S&T, DB is ranked outside the top 9 in EMEA as compared to #3 in 2014, per Coalition data. DBRS also recognizes that some of this loss of market share can be attributed to the Bank's decision to allocate capital only to select business areas and move away from broad secondary market activity.

DB's global transaction banking (GTB) is a leading provider of commercial banking products and services globally to corporates and financial institutions, including domestic and cross-border payments, risk mitigation, international trade finance as well as trust, agency, depositary, custody and related services.

In 2Q18 DB announced a strategy update indicating a further reduction in the scope of the CIB. Within its Corporate Finance business, the focus is on industries and segments which either align with DB's core European client base, or link to underwriting and financing products where the Bank has a leadership position. The Bank scaled back activities in U.S. Rates, reduced the balance sheet, leverage exposure and repo financing, while remaining committed to its European business. In addition, DB resized its global equities platform.

The restructuring caused intended as well as unintended revenue losses in 2018. The Bank is confident that the platform has stabilized and expects improved revenue momentum going forward, with GTB given the highest priority within CIB. However, DBRS notes that the industrywide CIB activity has been muted in 2019 so far, possibly jeopardising 2019 full year growth targets.

Private & Commercial Bank (PCB) – Net Revenues of EUR 10.2 billion in 2018

PCB includes Private & Commercial Clients, Postbank and Wealth Management, which contributed 40% of 2018 consolidated net revenues. These businesses contribute stable and resilient revenues through serving personal and private clients, small- and medium-sized enterprises, and wealthy private clients with various products, including payment and account services, credit and deposit products, and investment advice. Included within Private & Commercial Clients are the Bank's German and International businesses. Internationally, DB has Private & Commercial banking presence in Italy, Spain, Belgium, Portugal and India.

Postbank focuses on retail and banking in Germany, along with the Private & Commercial Clients business, providing standardized banking and financial services for retail, business and corporate clients. In cooperation with Deutsche Post DHL AG, the Bank also offers postal and parcel services in the branches. Since DB acquired Postbank in 2010, the entity has been subject to various strategic plan changes, including a potential disposal. In 2016, DB ultimately decided to integrate the entity with PCB. DB expects the integration process to last for another three to four years. The legal entity merger was concluded in May 2018, with expected synergies of EUR 900 million annually by 2022. The combined entity will create a platform with 20 million retail, business and corporate clients in Germany, benefitting from scale and increased digital investments.

Within its Wealth Management business, DB serves wealthy, high-net-worth and ultra-high-net-worth individuals and families. Services include wealth structuring, wealth transfer, philanthropy services, customized investment solutions, investment advice, and financing solutions. DB can also meet a client's institutional and corporate needs with M&A, pre-IPO, private placements and institutional-like access to structured lending, private and public investment opportunities, trading and hedging in collaboration with the CIB.

For 2019 the Bank targets stable revenues, as growth in lending and AUM is expected to be offset by margin pressure across all segments.

Asset Management (AM) - Net Revenues of EUR 2.2 billion in 2018

DB has a sizable Asset Management business which ranked #12 globally as of 2017. With EUR 664 billion in assets under management (AUM) at the end of 2018 AM remains a core business for the Bank. While AUM are well diversified, about 43% of AUM are in low margin products (Active Fixed Income and Active Cash). Traditionally, asset management has been a stable, high margin business with low capital needs. However, in recent years, the industry has experienced margin erosion, asset outflows, and, in 2018, an unfavorable market development. Deutsche Bank has not been able to stem this negative trend and has announced further cost cuts for 2019.

In March 2018, AM completed its initial public offering, branded as DWS, and is now listed on the Frankfurt stock exchange. The rationale for this partial IPO was to unlock the potential of the business by fostering greater autonomy. While DBRS views the partial IPO as ceding a portion of earnings and adding complexity to the structure, DBRS also realises the benefit of demonstrating the value in this business and providing further capital for reinvestment in the AM business. In order to counter the above-mentioned margin pressure, DBRS expects further strategic developments with the goal of increasing the scale of the business, including distribution partnerships or joint ventures.

Earnings Power

Grid Grade: Good/Moderate

DB's profitability has been significantly challenged in recent years. Earnings pressure continues, but the Bank was able to return to bottom line profitability in 2018 after 4 years. Revenues have been adversely impacted by the low interest rate environment, low levels of client activity, and the refocusing of businesses, which has resulted in a loss of market share. However, expenses improved in 2018 following DB's efforts to reduce costs. DBRS continues to view the Bank's earnings as below the franchise potential.

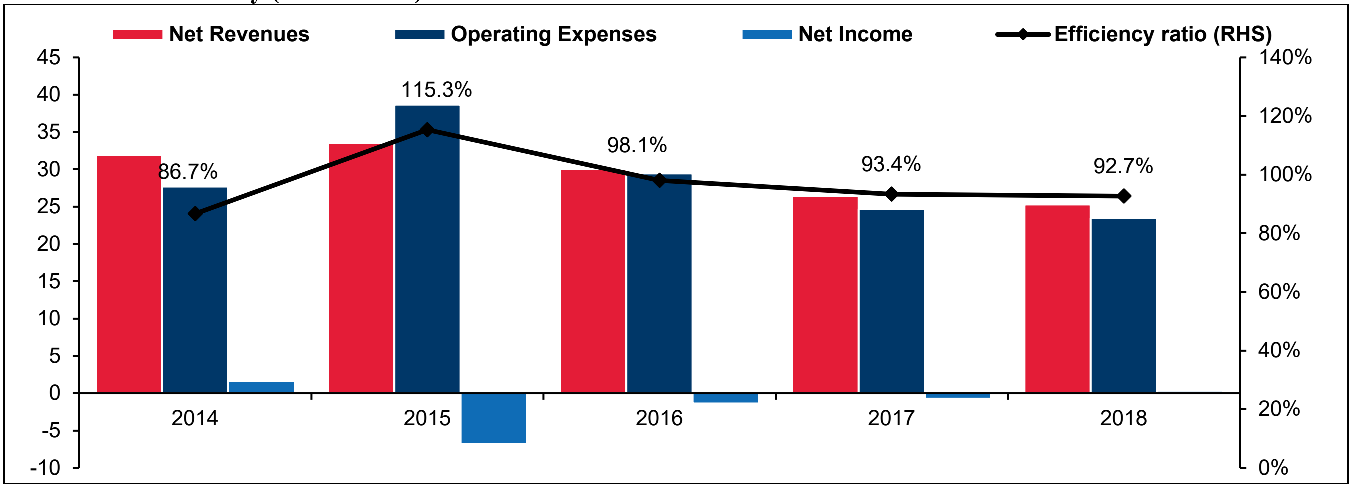
Even though DB reported its first net profit (EUR 341 million) since 2014, DBRS considers that the Bank's profitability continues to be challenged. While progress in reducing the Bank's high cost base has begun to materialize, headwinds to revenues remain significant. Net revenues in 2018 were down 4% year-on-year (YoY), with declines across most segments, particularly in CIB and Asset Management.

CIB revenues were impacted by the Bank's strategic repositioning. Origination and Advisory revenues were down 13% YoY, while Sales & Trading were 16% down YoY. PCB revenues were down only marginally, as margin pressure was mitigated by increased business volume. Looking ahead, CIB restructuring is largely complete, and the Bank is set for growth. However, DBRS notes that many factors driving revenues are out of the Bank's control. Financial market conditions in Sales & Trading have led to muted activity for 2019, so far. A potential economic slowdown could make it more difficult to offset revenue pressure from the low rate environment.

In AM revenues were affected by challenging market conditions, negative net flows, lower performance fees and the impact from discontinued operations. AUM decreased by 5% YoY, driven by lower valuations and net asset outflows. In addition to adverse market conditions, poor performance in some flagship funds also contributed to outflows. The trend towards passively managed funds continues with net inflows up 7% YoY.

Cost control has been a key focus for Deutsche Bank. Despite a decline in expenses of 5% YoY, the efficiency ratio remained very high at 93% in 2018 due to the drop in revenues. Adjusted costs were EUR 22.8 billion in 2018, meeting the Bank's target. For 2019, the Bank expects a further reduction to EUR 21.8 billion. This will be supported by the further headcount reduction, retail merger synergies and the realisation of disposals made in 2018.

Exhibit 2: Profitability (EUR billion)



Source: DBRS, Company reports

Earnings are likely to remain pressured by further strategic shifts and additional restructuring costs, and revenue momentum has not yet become evident. DBRS sees DB as facing the challenge of appropriately balancing its investment in the franchise, including people and technology, while improving returns.

For 1Q19 DB reported net income of EUR 201 million: a very weak result in absolute terms, but demonstrating some progress in the Bank's key target of cost reductions. Revenues remained under pressure and declined by 9% YoY to EUR 6.35 billion (or 5% excluding certain items), driven by a 13% decline in Corporate and Investment Banking (CIB) revenues. It has been a challenging market environment for investment banks globally, and DB's revenue performance was not out of line with peers. However, the Bank has a substantially less profitable investment banking operation than peers and underperformed peers in its most important CIB business segment, Fixed Income and Currencies Sales and Trading (FIC S&T). Nevertheless, DBRS views positively the fact that cost management stayed on track, and there has been growth momentum in some areas like loans and assets under management, and credit costs remained low. For further details on 1Q19 results, please refer to the DBRS Commentary "DB's 1Q19 Results Remain Weak, but Progress on Costs Continues".

Risk Profile

Grid Grade: Strong/Good

DB benefits from solid risk systems, which continue to be enhanced and harmonized globally, as a result of both management focus and regulatory pressure. Operational risk has also improved significantly following the resolution of a number of outstanding litigation matters in 2016 and 2017. From a risk perspective, DBRS sees DB as better positioned than it was two years ago, indicating the significant progress that has been made.

Market Risk

DBRS views DB's readiness to take on risk and its ability to manage market risk as an important component of its success with its trading businesses. Client flows benefit from the ability of its trading desks to execute trades for customers that can result in substantial risk to DB. When executing flow business on behalf of the client, DB typically holds trading positions in its inventory for a limited period of time. The persistence of the current challenging operating environment has put pressure on different areas of the Bank and has led DB to be more cautious in using its risk capacity. Additionally, elevated capital requirements have caused the bank to re-evaluate balance sheet usage, with an increasing focus on retaining only those assets that are generating the required returns.

Market risk, as measured by regulatory value-at-risk (VaR), has declined significantly from its peak of EUR 126.8 million in 2009, and now remains relatively stable around EUR 20-50 million. Average daily trading VaR (measured at a 99% confidence interval) was EUR 27.5 million in 2017, down from EUR 29.8 million in 2017. Complementing VaR, DB makes extensive use of stress tests and scenario analyses to understand the nature and scope of potential risks that can be outside the range of the normal data set.

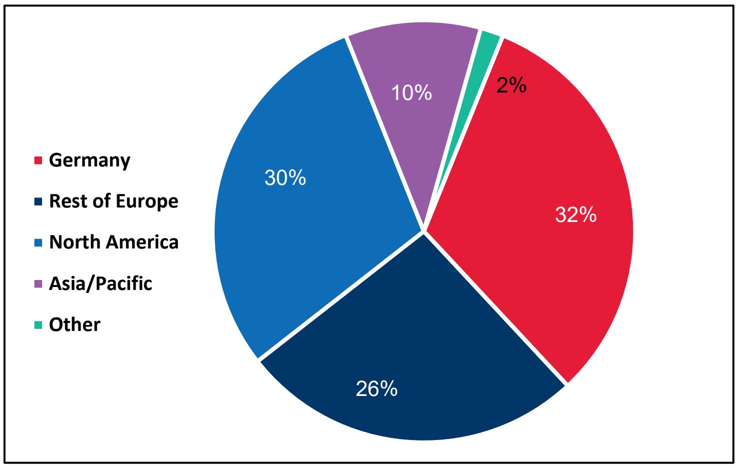
Another perspective that DBRS uses to evaluate market risk is the distribution of trading results. Reflecting the difficult market environment especially towards the end of 2018, the number of trading days resulting in losses has increased (approximately 37 days versus 15 days in 2017). DBRS notes that for the majority of the trading loss days, the losses ranged from EUR 0 to 15 million. The Bank experienced very few significant losses, with only 1 loss day in excess of EUR 50 million.

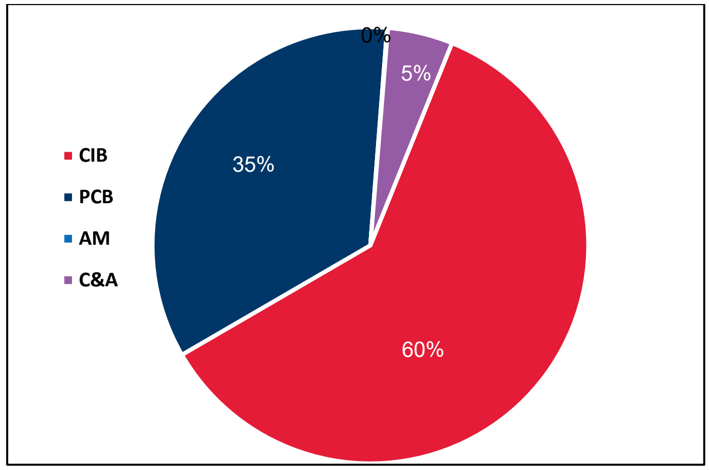
Credit Risk

DB takes a comprehensive approach to credit risk, including counterparty risk. Credit risks are evaluated for individual counterparties, as well as for concentrations by client type, industry, products, markets and regions or countries, with a focus on large exposures. A key principle of DB's credit risk management is client credit due diligence, which is assessed in conjunction with the business divisions (first line of defense). Credit risk is managed with various tools, including position limits based upon internal credit ratings of counterparties and concentration limits.

Geographically, the Bank's main credit exposures are in North America (30%), Germany (32%) and Rest of Europe (26%) (see Exhibit 3). The Bank also has meaningful exposures in Asia Pacific. By business, the CIB (EUR 574 billion) and PCB (EUR 328 billion) account for the bulk of the total credit exposure of EUR 949 billion at end-2018. Within the CIB, EUR 168 billion of exposure was related to irrevocable lending commitments, EUR 164 billion to lending, EUR 101 billion to debt securities and EUR 76 billion to repo/matched book transactions. Within PCB, EUR 269 billion was lending-related.

Exhibit 3: Total Credit Exposure by Geography & Business (%)
End-2018

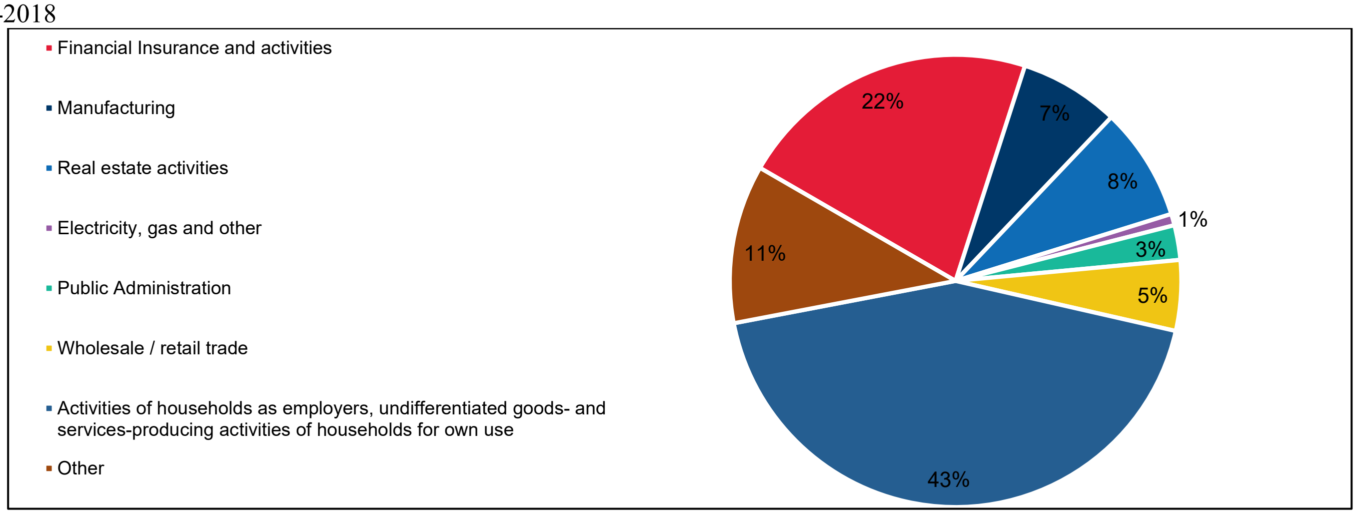




Note: Total exposure of EUR 949 billion.
Source: DBRS, Company Reports

When looking at loan exposures only, which totaled EUR 429 billion at the end of 2018, DB's primary source of lending is to households (43% or EUR 188 billion), of which the majority is low-risk German mortgages (EUR 144 billion). Lending to the corporate sector is relatively small at aggregate 34% (see Exhibit 4).

Exhibit 4: Loan Exposure by Industry Sector (%)
End-2018



Source: DBRS; Company reports

Due to the introduction of IFRS 9, asset quality metrics are not comparable to previous years. The group's definition of "credit-impaired" under IFRS 9 is now aligned with the default definition as per Art. 178 of the CRR for regulatory purposes. Total Stage 3 assets, including off-balance sheet assets, were EUR 8.05 billion at the end of 2018.

During 2018, Stage 3 assets recorded at amortized costs declined by EUR 274 million to EUR 7.45 billion, reflecting an improvement in asset quality due to the benign economic environment. Accordingly, the allowance for credit losses for assets at amortised costs declined to EUR 4.26 billion at year-end 2018, from EUR 4.6 billion a year earlier. In addition, the Bank held EUR 2.7 billion in collateral against Stage 3 assets. For 2018, the Bank accrued EUR 525 million in provisions for credit losses, flat YoY. The Bank's exposure to higher risk sectors was approximately 1% of total financial assets at amortised costs.

Operational Risk

DB has been adversely impacted by conduct risk issues, which have had a significant financial and reputational impact. Over the past two years, DBRS sees the Bank as having made considerable effort to address these issues, agree to settlements and remove significant conduct-related uncertainties for the Bank. While DBRS still sees conduct-related issues as a potential risk for the Bank, DB's remaining legal issues are less material than in the past. However, operational risk remains a concern, given the limited flexibility the Bank has to absorb risk due to its low profitability.

Funding and Liquidity

Grid Grade: Strong

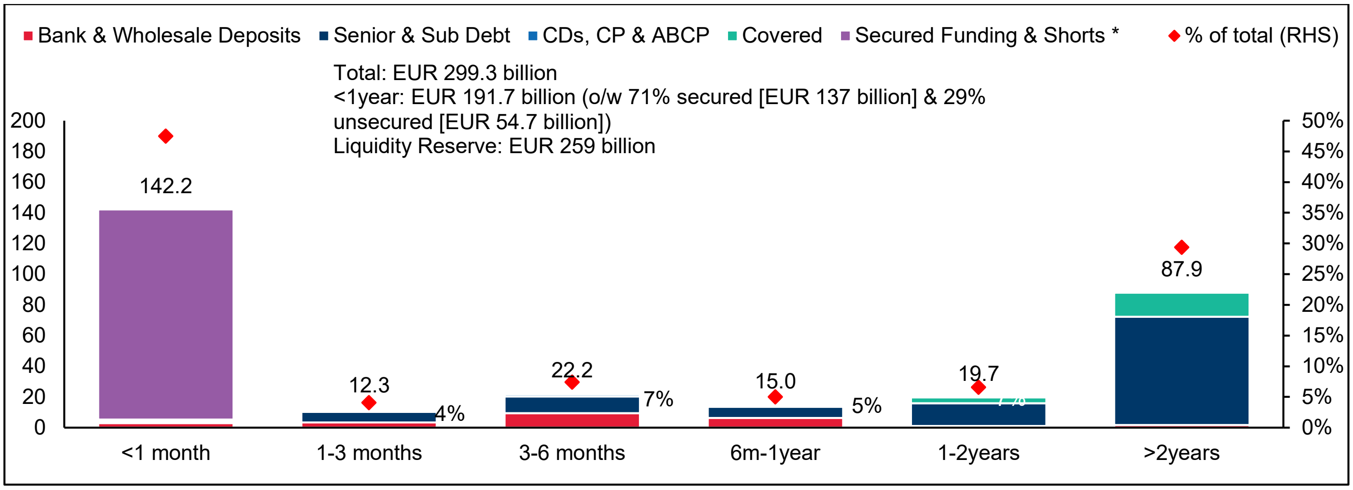
DB maintains a sound liquidity profile and has a comprehensive framework in place to manage its liquidity and funding needs. This framework covers three specific areas: i) management of intraday exposures, including daily payments, forecasting cash flows and central bank access; ii) access to secured and unsecured funding sources, and iii) the maturity profile of all assets/liabilities and issuance strategy; and is supplemented with stressed scenario analysis looking at inventory characteristics under various stress scenarios and contingent funding requirements.

DBRS views the level of market confidence and the Bank's ability to weather challenging market conditions to be of critical importance. Liquidity is essential for DB's business, as it relies on access to the capital markets to conduct its trading activities, and to fund a portion of its balance sheet. Liquidity pressure could arise from disruptions in the financial markets or operational problems affecting the Bank, as illustrated on various occasions in 2016. Despite the multiple stress events experienced during 2016, DB was able to monetise its liquidity reserves and maintain substantial excess liquidity, which DBRS views positively from a credit perspective.

The Bank's deposit franchise continues to support the funding profile, with EUR 564 billion of deposits as of 2018. The Bank's organic deposit customer growth has been solid in recent years and core deposits fund the Bank's entire loan portfolio. Deposits are sourced through PCB businesses, including Postbank and wealth management, as well as through transaction banking. Retail and transaction banking deposits contribute a substantial 56% of total funding as of 2018, up from 18% at end 2007.

DBRS views DB's wholesale funding maturity profile as well spread out, backed by a significant amount of liquidity to prevent rollover risk. At end-2018, DB had approximately EUR 299 billion of wholesale funding outstanding, including long-term debt, short-term debt and secured funding. DBRS estimates that DB had approximately EUR 192 billion of its wholesale funding, or about 71% of the total, maturing in less than a year (see Exhibit 5). DBRS notes that a significant portion of this short-term funding (EUR 137 billion) is secured. EUR 42 billion relate to the Bank's matched book repo activities (Pillar III report, page 177), EUR 23 billion to LTRO (Long-term Refinancing Operations), with the remainder being short-term cash instruments. While secured funding activities are largely collateralized by high-quality securities, this type of funding is typically short-term, often overnight, and can be susceptible to disruption. The Bank attempts to mitigate this risk by running a matched book on the repo side and by diversifying the group of counterparties as well as the types of securities. DBRS views the use of overnight funding as a liquidity risk. DBRS does, however, note that DB has taken steps to reduce its reliance on secured funding in recent years.

Exhibit 5: Maturity Profile of Wholesale Funding & Capital Markets Issuance (EUR billion)
End-2018



Source: DBRS; Company Reports. Footnote: * DBRS assumption that all Secured Funding & Shorts has a maturity of less than one month

The Bank reported liquidity reserves of EUR 259 billion as of 2018 and a strong liquidity coverage ratio of 145%. The Company also calculates a stressed net liquidity position (sNLP) that represents the surplus of its liquidity reserves and other inflows in excess of stressed liquidity demand under five stress scenarios. As of 2018, DB reported a sNLP of EUR 48.1 billion, up from EUR 32.6 billion in 2017 and well above the minimum risk appetite of EUR 10.0 billion.

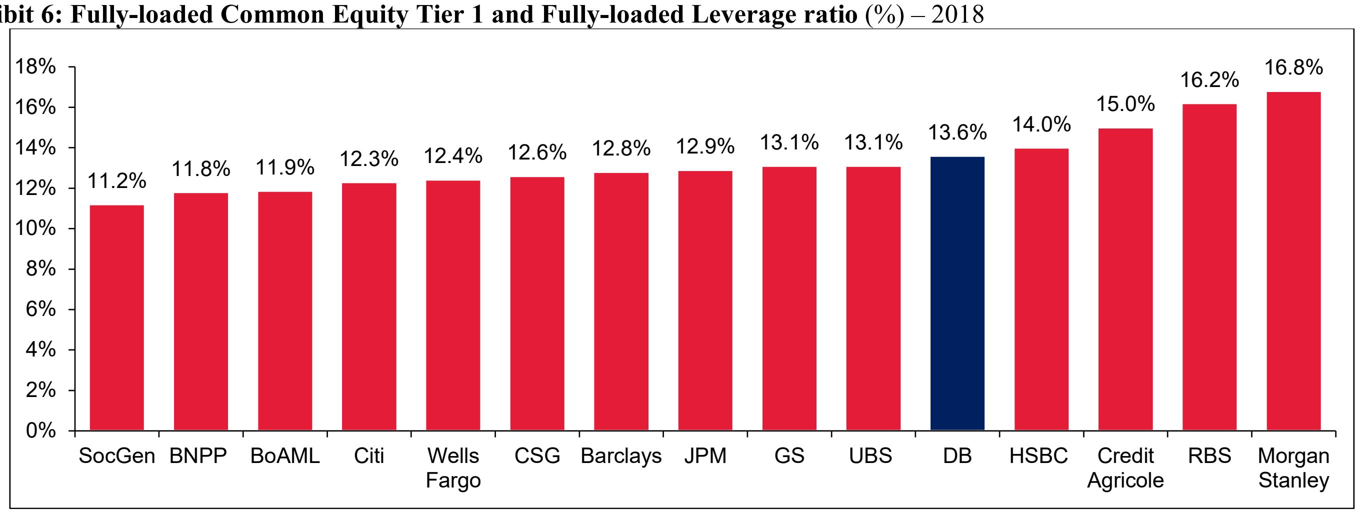
Capitalization

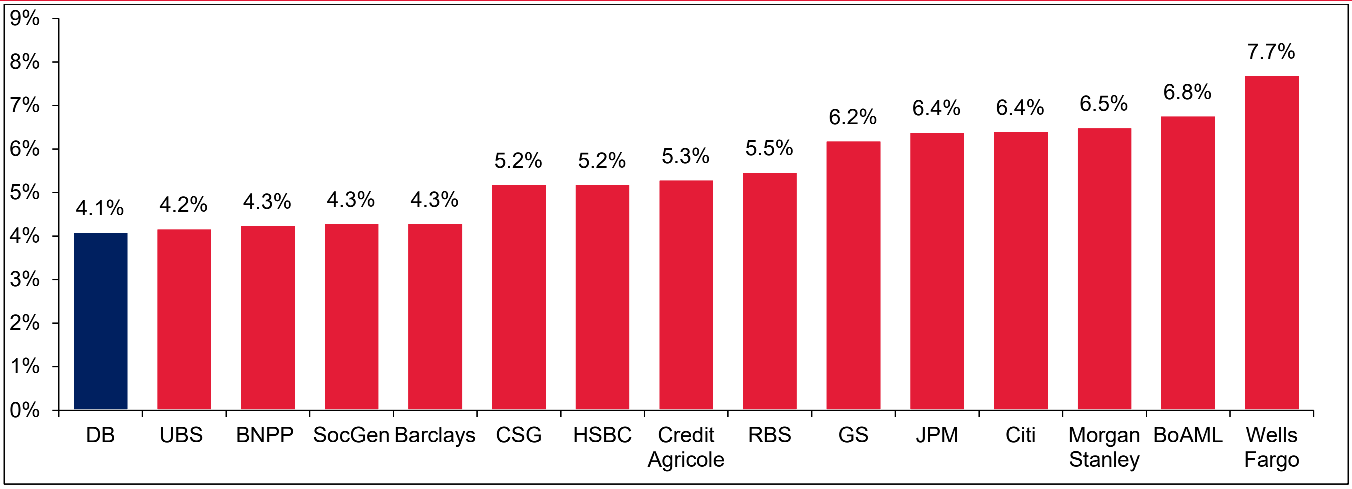
Grid Grade: Good/Moderate

In DBRS's view DB's capitalisation as providing a sufficient cushion to absorb losses. While the Bank's fully-loaded Common Equity Tier 1 (CET1) ratio is at the upper end of the large global peer group, its leverage ratio remains at the low end of the peer group (see Exhibit 7). DBRS sees DB's ability to generate capital internally as moderate, given its profitability challenges. DBRS also sees the Bank as constrained in its flexibility to further raise capital given three capital raises over the past five years (EUR 2.8 billion in April 2013, EUR 8.5 billion in June 2014, and EUR 8 billion in April 2017).

DB's fully-loaded CET1 ratio of 13.6% as of 2018 is well above the Bank's 2018 minimum SREP requirement of 11.82%. The Bank's fully-loaded leverage ratio was low at 4.1%, albeit up 30 basis points (bps) YoY and 110 bps above the regulatory minimum requirement. In 1Q2019, the CET 1 ratio increased slightly to 13.7%, while the leverage ratio experienced a seasonal drop to 3.9%. DBRS views the leverage ratio as constraining for DB given its positioning at the bottom of the global peer group. DBRS notes that the Bank could take steps to further reduce its derivatives exposure and matched book repo portfolio in order to improve the leverage ratio.

Exhibit 6: Fully-loaded Common Equity Tier 1 and Fully-loaded Leverage ratio (%) – 2018





Source: DBRS; Company Reports

	Deutsche Bank AG	Deutsche Bank AG	Deutsche Bank AG	Deutsche Bank AG	Deutsche Bank AG
EUR Millions	**2018Y**	**2017Y**	**2016Y**	**2015Y**	**2014Y**
Balance Sheet	31/12/2018	31/12/2017	31/12/2016	31/12/2015	31/12/2014
Cash and Deposits w ith Central Banks	197,612	234,920	192,970	109,782	83,572
Lending to/Deposits w ith Credit Institutions	6,605	12,838	13,276	14,183	23,059
Financial Securities	286,792	336,845	330,974	403,873	386,002
Financial Derivatives Instruments	323,086	364,185	488,666	518,730	634,361
Net Lending to Customers	422,986	407,225	419,090	444,577	417,444
- Gross Lending to Customers	*427,227*	*411,146*	*423,636*	*449,605*	*422,656*
- Loan Loss Reserves	*4,241*	*3,921*	*4,546*	*5,028*	*5,212*
Investment in Associates or Subsidiaries	879	866	1,027	1,013	4,143
Total Intangible Assets	9,141	8,839	8,982	10,078	14,951
Fixed Assets	2,421	2,663	2,804	2,846	2,909
Insurance Assets	NA	NA	NA	NA	NA
Other Assets (including DTAs)	98,615	106,351	132,757	124,048	142,262
Assets	**1,348,137**	**1,474,732**	**1,590,546**	**1,629,130**	**1,708,703**
Deposits from Banks	81,980	NA	NA	119,065	108,350
Deposits from Central Banks	NA	NA	NA	NA	NA
Deposits from Credit Institutions	NA	NA	NA	NA	NA
Deposits from Customers	482,425	NA	NA	447,909	424,584
Issued Debt Securities	278,813	326,254	324,690	285,026	266,785
Issued Subordinated Debt	10,312	13,590	14,135	14,845	16,965
Financial Derivatives Instruments	303,409	344,020	468,451	500,441	615,265
Insurance Liabilities	512	574	592	8,522	8,523
Other Liabilities	203,929	722,195	717,859	304,763	303,359
Equity Attributable to Parent	67,170	67,849	64,502	67,353	72,970
Minority Interests	1,568	250	316	270	253
Liabilities & Equity	**1,348,137**	**1,474,732**	**1,590,546**	**1,629,130**	**1,708,704**

	Deutsche Bank AG	Deutsche Bank AG	Deutsche Bank AG	Deutsche Bank AG	Deutsche Bank AG
EUR Millions	**2018Y**	**2017Y**	**2016Y**	**2015Y**	**2014Y**
Income Statement	31/12/2018	31/12/2017	31/12/2016	31/12/2015	31/12/2014
Interest Income	24,793	24,092	25,636	25,967	25,001
Interest Expenses	11,601	11,714	10,929	10,086	10,729
Net Interest Income	**13,192**	**12,378**	**14,707**	**15,881**	**14,272**
Net Fees and Commissions	10,039	11,002	11,744	12,765	12,409
Results from Financial Operations	1,148	2,815	744	3,478	3,239
Equity Method Results	219	137	455	164	619
Net Income from Insurance Operations	3	4	-285	-148	-148
Other Operating Income	713	111	1,462	1,234	1,318
Total Operating Income	**25,314**	**26,447**	**28,827**	**33,374**	**31,709**
Staff Costs	11,814	12,253	11,874	13,293	12,512
Other Operating Costs	10,070	10,983	14,525	17,975	13,495
Depreciation/Amortisation	1,525	1,376	1,260	1,149	1,072
Total Operating Expenses	**23,409**	**24,612**	**27,659**	**32,417**	**27,079**
Income Before Provisions and Taxes (IBPT)	**1,905**	**1,835**	**1,168**	**957**	**4,630**
Loan Loss Provisions	525	525	1,383	956	1,134
Securities & Other Financial Assets Impairments	0	0	42	106	49
Other Impairments	51	82	1,409	5,994	331
Other Non-Operating Income (Net)	1	0	856	2	0
Income Before Taxes (IBT)	**1,330**	**1,228**	**-810**	**-6,097**	**3,116**
Tax on Profit	989	1,963	546	675	1,425
Discontinued Operations	0	0	0	0	0
Other After-tax Items	0	0	0	0	0
Minority Interest	75	15	45	21	28
Net Attributable Income	**267**	**-751**	**-1,402**	**-6,794**	**1,663**

	Deutsche Bank AG	Deutsche Bank AG	Deutsche Bank AG	Deutsche Bank AG	Deutsche Bank AG
	2018Y	2017Y	2016Y	2015Y	2014Y
Earnings Power					
Earnings					
Net Interest Margin (%)	1.03	0.89	0.96	1.01	0.96
Yield on Average Earning Assets (%)	1.93	1.73	1.67	1.65	1.68
Cost of Interest Bearing Liabilities (%)	0.97	0.90	0.76	0.69	0.77
IBPT over Avg Assets (%)	0.13	0.12	0.07	0.05	0.27
IBPT over Avg RWAs (%)	0.55	0.52	0.30	0.23	1.21
Expenses					
Cost / Income ratio (%)	92.47	93.06	95.95	97.13	85.40
Operating Expenses by Employee	255,175	252,340	277,300	320,630	275,928
LLP / IBPT (%)	27.56	28.61	118.41	99.90	24.49
Profitability Returns					
Return on Avg Equity (ROAE) (%)	0.40	-1.10	-2.11	-9.31	2.58
Return on Avg Assets (ROAA) (%)	0.02	-0.05	-0.08	-0.38	0.10
Return on Avg RWAs (%)	0.10	-0.21	-0.35	-1.64	0.44
Dividend Payout Ratio (%)	85.09	-52.28	0.00	-15.22	59.24
Internal Capital Generation (%)	0.06	-1.96	-2.31	-12.50	1.57
Risk Profile					
Gross NPLs over Gross Loans (%)	2.20	1.52	1.76	1.81	2.21
Net NPLs over Net Loans (%)	1.22	0.57	0.69	0.70	0.99
NPL Coverage Ratio (%)	45.05	62.90	61.04	61.69	55.76
Net NPLs over IBPT (%)	271.60	126.05	248.37	326.33	89.33
Net NPLs over CET1 (%)	10.90	4.55	6.07	5.96	6.88
Texas Ratio (%)	12.90	8.66	10.74	11.22	11.92
Cost of Risk (%)	0.13	0.13	0.31	0.23	0.29
Level 2 Assets/ Total Assets (%)	35.34	34.80	39.79	43.53	49.61
Level 3 Assets/ Total Assets (%)	1.83	1.49	1.65	1.94	1.83
Funding and Liquidity					
Bank Deposits over Funding (%)	9.57	NA	NA	13.63	13.10
- Interbank over Funding (%)	NA	NA	NA	NA	NA
- Central Bank over Funding (%)	NA	NA	NA	NA	NA
Customer Deposits over Funding (%)	56.31	NA	NA	51.26	51.32
Wholesale Funding over Funding (%)	34.12	NA	NA	35.12	35.58
- Debt Securities over Funding (%)	32.55	NA	NA	32.62	32.25
- Subordinated Debt over Funding (%)	1.57	NA	NA	2.50	3.33
Liquid Assets over Assets (%)	36.42	39.64	33.78	32.40	28.83
Non-Deposit Funding Ratio (%)	62.29	NA	NA	71.32	74.04
Net Loan to Deposit Ratio (%)	87.68	NA	NA	99.26	98.32
LCR (Phased-in) (%)	145.35	143.60	127.22	119.25	119.00
NSFR (%)	NA	NA	NA	NA	NA
Capitalisation					
CET1 Ratio (Phased-In) (%)	13.55	14.80	13.41	13.19	15.15
CET1 Ratio (Fully-Loaded) (%)	13.60	14.03	11.80	11.12	11.70
Tier 1 Capital Ratio (Phased-In) (%)	15.72	16.79	15.58	14.65	16.11
Total Capital Ratio (Phased-In) (%)	17.49	18.65	17.45	16.24	17.22
Tang. Equity / Tang. Assets (%)	4.45	4.04	3.53	3.55	3.44
Leverage Ratio (DBRS) (%)	4.59	4.53	4.29	4.69	5.57
Growth					
Net Attributable Income YoY (%)	NA	NA	NA	NA	149.7
Net Fees and Commissions YoY (%)	-8.8	-6.3	-8.0	2.9	0.8
Total Operating Expenses YoY (%)	-4.9	-11.0	-14.7	19.7	1.4
IBPT YoY (%)	3.8	57.1	22.0	-79.3	-3.8
Assets YoY (%)	-8.6	-7.3	-2.4	-4.7	6.0
Gross Lending to Customers YoY (%)	3.9	-2.9	-5.8	6.4	7.2
Net Lending to Customers YoY (%)	3.9	-2.8	-5.7	6.5	7.4
Loan Loss Provisions YoY (%)	0.0	-62.0	44.7	-15.7	-45.1
Deposits from Customers YoY (%)	NA	NA	NA	5.5	2.7

Methodologies

The principal applicable methodology is the Global Methodology for Rating Banks and Banking Organisations (July 2018).

Ratings

Debt	Debt	Rating Action	Rating	Trend
Deutsche Bank AG	Long-Term Issuer Rating	Confirmed	A (low)	Negative
Deutsche Bank AG	Long-Term Senior Debt	Confirmed	A (low)	Negative
Deutsche Bank AG	Long-Term Deposits	Confirmed	A (low)	Negative
Deutsche Bank AG	Short-Term Issuer Rating	Confirmed	R-1 (low)	Stable
Deutsche Bank AG	Short-Term Debt	Confirmed	R-1 (low)	Stable
Deutsche Bank AG	Short-Term Deposits	Confirmed	R-1 (low)	Stable
Deutsche Bank AG	Long Term Critical Obligations Rating	Confirmed	A (high)	Negative
Deutsche Bank AG	Short Term Critical Obligations Rating	Confirmed	R-1 (middle)	Negative
Deutsche Bank Trust Company Americas	Long-Term Issuer Rating	Confirmed	A (low)	Negative
Deutsche Bank Trust Company Americas	Long-Term Senior Debt	Confirmed	A (low)	Negative
Deutsche Bank Trust Company Americas	Long-Term Deposits	Confirmed	A (low)	Negative
Deutsche Bank Trust Company Americas	Short-Term Issuer Rating	Confirmed	R-1 (low)	Stable
Deutsche Bank Trust Company Americas	Short-Term Debt	Confirmed	R-1 (low)	Stable
Deutsche Bank Trust Company Americas	Short-Term Deposits	Confirmed	R-1 (low)	Stable

Rating History

Debt	Debt	Current	2018	2017
Deutsche Bank AG	Long-Term Issuer Rating	A (low)	A (low)	A (low)
Deutsche Bank AG	Long-Term Senior Debt	A (low)	A (low)	A (low)
Deutsche Bank AG	Long-Term Deposits	A (low)	A (low)	A (low)
Deutsche Bank AG	Short-Term Issuer Rating	R-1 (low)	R-1 (low)	R-1 (low)
Deutsche Bank AG	Short-Term Debt	R-1 (low)	R-1 (low)	R-1 (low)
Deutsche Bank AG	Short-Term Deposits	R-1 (low)	R-1 (low)	R-1 (low)
Deutsche Bank AG	Long Term Critical Obligations Rating	A (high)	A (high)	A (high)
Deutsche Bank AG	Short Term Critical Obligations Rating	R-1 (middle)	R-1 (middle)	R-1 (middle)
Deutsche Bank Trust Company Americas	Long-Term Issuer Rating	A (low)	A (low)	A (low)
Deutsche Bank Trust Company Americas	Long-Term Senior Debt	A (low)	A (low)	A (low)
Deutsche Bank Trust Company Americas	Long-Term Deposits	A (low)	A (low)	A (low)
Deutsche Bank Trust Company Americas	Short-Term Issuer Rating	R-1 (low)	R-1 (low)	R-1 (low)
Deutsche Bank Trust Company Americas	Short-Term Debt	R-1 (low)	R-1 (low)	R-1 (low)
Deutsche Bank Trust Company Americas	Short-Term Deposits	R-1 (low)	R-1 (low)	R-1 (low)

Previous Actions

- DBRS Confirms Deutsche Bank's A (low) Rating, Trend Still Negative. March 29, 2019
- DBRS Confirms Deutsche Bank's A (low) Rating, Trend Revised to Negative, May 9, 2018
- DBRS Harmonises its Ratings Nomenclature for Banks in Europe and Asia-Pacific, July 14, 2017
- DBRS Confirms Deutsche Bank's A (low) Issuer Rating, Trend Revised to Stable, June 7, 2017
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- DBRS Confirms Deutsche Bank's A (low) Rating, Revised Trend to Negative, October 7, 2016
- DBRS Downgrades Deutsche Bank to A (low), Trend Now Stable, July 7, 2016
- DBRS Confirms Deutsche Bank's A (low) Issuer Rating, Trend Revised to Stable, June 7, 2017

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- DBRS: European Capital Markets Revenues Show Further Weakness in 1Q19, May 2, 2019
- DBRS: DB's 1Q19 Results Remain Weak, but Progress on Costs Continues, April 29, 2019
- DBRS: A Deutsche / Commerzbank Merger Could Present Significant Execution Challenges, March 15, 2019
- DBRS: European Capital Markets Revenues Weaken Further in 4Q18; Headwinds Prevail, March 15, 2019
- DBRS: DB's 4Q18 Cap Markets Weakness Partially Offset by Business Diversity & Good Cost Containment, February 5, 2019
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- DBRS: European Capital Markets Participants Underperform US peers in 1Q18, May 23, 2018
- DBRS: Implications of Deutsche Bank's Management Changes for Strategic Direction, April 16, 2018

Previous Report

- Deutsche Bank AG, Rating Report, May 21, 2018