

Banks Ratings Navigator		
Navigator date:	June 2019	
Last rating action:	07 Jun 2019	
Sector Details:		
Bank sector:	Universal Commercial	
Region:	DM Europe	
Country:	Germany	
Country IDR:	AAA Stable	
Last action:	25 Jan 19 Affirmed	
Country ceiling:	AAA	
Macro prudential indicator:	1	
Bank systemic indicator:	a	
Bank Rating History		
Viability Rating (VR)		
07 Jun 19	bbb	Downgrade
21 Jun 18	bbb+	Affirmed
28 Sep 17	bbb+	Downgrade
Issuer Default Rating (IDR)		
07 Jun 19	BBB Evolving	Downgrade
21 Jun 18	BBB+ Negative	Affirmed
28 Sep 17	BBB+ Stable	Downgrade
Support Rating Floor (SRF)		
07 Jun 19	NF	Affirmed
21 Jun 18	NF	Affirmed
28 Sep 17	NF	Affirmed
Bar Chart Legend:		
Vertical bars = VR range of Rating Factor		
Bar Colors = Influence on final VR		
	Higher Influence	
	Moderate Influence	
	Lower Influence	
Bar Arrows = Rating Factor Outlook		
	Positive	
	Evolving	
	Stable	
Peer Ratings bars = Count of banks		
77	DM Europe Universal Commercial	
7	Germany Universal Commercial	
Relevant Criteria & References		
<a href="#">Bank Rating Criteria (Oct 2018)</a>		
<a href="#">Macro-Prudential Risk Monitor (Apr 2019)</a>		
<a href="#">Short-Term Ratings Criteria (May 2019)</a>		
Analysts		
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	Peer Ratings	Operating Environment	Company Profile	Management & Strategy	Risk Appetite	Asset Quality	Earnings & Profitability	Capitalisation & Leverage	Funding & Liquidity	Viability Rating	Support Rating Floor	Issuer Default Rating
aaa										aaa	AAA	AAA
aa+										aa+	AA+	AA+
aa										aa	AA	AA
aa-										aa-	AA-	AA-
a+										a+	A+	A+
a										a	A	A
a-										a-	A-	A-
bbb+										bbb+	BBB+	BBB+
bbb										bbb	BBB	BBB Evolving
bbb-										bbb-	BBB-	BBB-
bb+										bb+	BB+	BB+
bb										bb	BB	BB
bb-										bb-	BB-	BB-
b+										b+	B+	B+
b										b	B	B
b-										b-	B-	B-
ccc+										ccc+	CCC+	CCC+
ccc										ccc	CCC	CCC
ccc-										ccc-	CCC-	CCC-
cc										cc	CC	CC
c										c	C	C
f										f	NF	D or RD

Support Rating Floor	Value		
Typical D-SIB SRF for sovereign's rating level (assuming high propensity)	A+ to A-		
Actual country D-SIB SRF	NF		
<b>Support Rating Floor:</b>	<b>NF</b>		
Support Factors	Positive	Neutral	Negative
Sovereign ability to support system			
Size of banking system relative to economy			
Size of potential problem			
Structure of banking system			
Liability structure of banking system			
Sovereign financial flexibility (for rating level)			
Sovereign propensity to support system			
Resolution legislation with senior debt bail-in			
Track record of banking sector support			
Government statements of support			
Sovereign propensity to support bank			
Systemic importance			
Liability structure of bank			
Ownership			
Specifics of bank failure			
Policy banks			
Policy role			
Funding guarantees and legal status			
Government ownership			

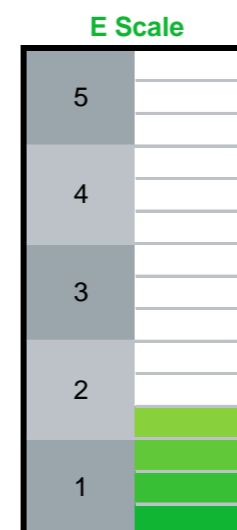
Drivers & Sensitivities	
<b>IDR, VR Downgraded</b>	The ratings reflect DB's limited progress in improving its profitability. Our assessment of its company profile, strategy and earnings reflects its high reliance on its underperforming corporate and investment bank (CIB), but also its robust capitalisation, funding, liquidity and asset quality.
<b>Evolving Outlook</b>	The ratings could benefit from a focus on stronger segments within CIB, a quicker integration of its retail bank and cost discipline, if such measures help stabilise the business model and improve earnings. Failure to address DB's weaknesses could put further pressure on the ratings.
<b>Weak Earnings</b>	DB's revenue was affected by a difficult trading environment for CIB, disposals and lack of progress with restoring lost franchise in 1Q19. Cost reduction is on track but insufficient to address the lagging efficiency. We expect the bank to miss the 4% return on tangible equity target for 2019.
<b>Adequate Capitalisation</b>	DB's CET1 ratio (13.7% at end-1Q19) provides some headroom over management's 13% target and regulatory requirements, but its fully loaded leverage ratio of 3.9% lags behind global peers.
<b>Funding and Liquidity Support the VR</b>	Despite its more stable retail and transaction banking deposits, DB's funding is more confidence-sensitive than peers' due to its weaker credit profile and significant share of wholesale funding. Liquidity metrics are strong, despite a planned liquidity redeployment into higher-yielding assets.
<b>Risk Controls Lag Peers'</b>	DB's progress to improve its risk controls, in particular updating its IT infrastructure, automating processes and strengthening its AML and KYC controls has been protracted. The bank's contained appetite for credit and market risk is an important mitigating factor.
<b>Solid Asset Quality</b>	DB's credit risk exposure entails a high proportion of investment-grade counterparties, and resilient German commercial and retail customers. The bank's exposure to leveraged finance, commercial real estate and emerging markets is more vulnerable to a downturn, but is well managed.
<b>DCR and Senior Preferred Rating Uplift</b>	DB's DCR, long-term deposit and senior preferred debt ratings are rated one notch above its Long-Term IDR because derivatives, deposits and structured notes have preferential status over the bank's large buffer of qualifying junior debt and statutorily subordinated senior debt.

Credit-Relevant ESG Derivation

				Overall ESG Scale			
Deutsche Bank AG has 1 ESG rating driver and 4 ESG potential rating drivers				key driver	0	issues	5
➔	Deutsche Bank AG has exposure to operational implementation of strategy which, in combination with other factors, impacts the rating.			driver	1	issues	4
➔	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.			potential driver	4	issues	3
➔	Deutsche Bank AG has exposure to board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions but this has very low impact on the rating.						
➔	Deutsche Bank AG has exposure to organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership but this has very low impact on the rating.			not a rating driver	4	issues	2
➔	Deutsche Bank AG has exposure to quality and frequency of financial reporting and auditing processes but this has very low impact on the rating.						
					5	issues	1

Environmental (E)

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



How to Read This Page

ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The left-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

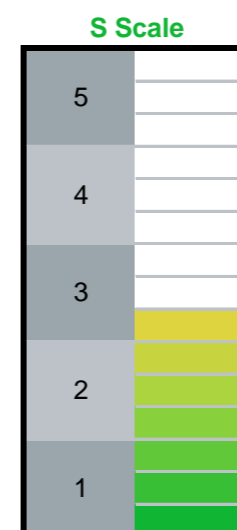
The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies the [number of] general ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with 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 and sub-sector ratings criteria and the General Issues and the Sector-Specific Issues have been informed with SASB's Materiality Map.

Sector references in the scale definitions below refer to Sector as displayed in the Sector Details box on page 1 of the navigator.

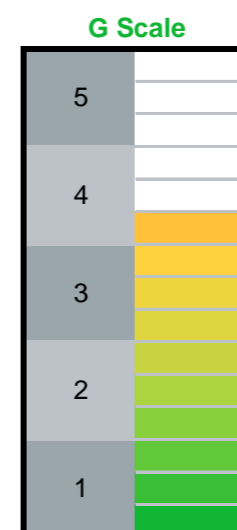
Social (S)

General Issues	S Score	Sector-Specific Issues	Reference
Human Rights, Community Relations, Access & Affordability	2	Services for underbanked and underserved communities: SME and community development programs; financial literacy programs	Company Profile; Management & Strategy; Risk Appetite
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; Company Profile; Management & Strategy; Risk Appetite
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Company Profile; Management & Strategy
Employee Wellbeing	1	n.a.	n.a.
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	Company Profile; Financial Profile



Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference
Management Strategy	4	Operational implementation of strategy	Management & Strategy
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	Management & Strategy; Earnings & Profitability; Capitalisation & Leverage
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Company Profile
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Management & Strategy



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.

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