

Bulletin:

Deutsche Bank Reports Good Restructuring Progress

December 9, 2020

LONDON (S&P Global Ratings) Dec. 9, 2020--S&P Global Ratings notes the good progress that Deutsche Bank reported today in its Investor Deep Dive presentations.

Amid weakened operating conditions arising from the COVID-19 pandemic, the management team appears to have ensured that the bank's restructuring remained on track--a journey that started in 2019 and is due to conclude in 2022. Buoyant capital markets activity earlier in 2020 and strong client demand for risk management solutions supported the bank's revenue base through the first nine months. We anticipated that Deutsche Bank would demonstrate relatively stronger asset quality performance than many European bank peers, and this appears likely to play out in practice. Throughout the year, the bank also maintained sound capital and liquidity buffers, after a slight dip in related metrics at end-March.

Consistent with our unchanged view of a negative trend for economic risk in Germany and many other major European economies, we remain highly mindful of downside risks from the COVID-19 pandemic to our base case. We reflect this and related profitability challenges in our negative outlooks on Deutsche Bank and many of its European peers.

Specifically for Deutsche Bank, we continue to look for it to emerge from this deep, but short-term cyclical downturn with a resilient balance sheet and, most importantly, the benefits of a more efficient, focused, and well-controlled business and operating model. This should not only allow management to deliver its targeted 8% return on total equity by 2022, but most importantly to achieve operating and franchise stability and sustainable, predictable performance.

This report does not constitute a rating action.

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