Credit Rating Report
Deutsche Bank AG

Morningstar DBRS
2 July 2024

Contents

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Credit Ratings

Debt	Credit Rating	Credit Rating Action	Trend
Long-Term Issuer Rating	A	Tr. Change June '24	Positive
Short-Term Issuer Rating	R-1 (low)	Tr. Change June '24	Positive
Intrinsic Assessment	A	Maintained June '24	--

Credit Rating Drivers

Factors with Positive Rating Implications

- An upgrade of the credit ratings would require the Bank to successfully deliver on its medium-term targets, and especially further demonstrate recurrent profitability improvement while continuing investments on digital and internal controls.
- It would also require the Bank to maintain solid asset quality and capital ratios in the current environment.

Factors with Negative Rating Implications

- Morningstar DBRS would change the trend back to Stable if the Bank deviated substantially from its medium-term targets. A downgrade of the credit ratings would occur in the case of a significant deterioration in the risk profile or higher-than-expected litigation charges.

Credit Rating Considerations

Franchise Strength (Very Strong/Strong)

- Global franchise in Investment Banking, Corporate Banking, and Asset Management combined with a sizable German Retail business and an international Private Banking business.

Earnings Power (Good/Moderate)

- Consistently improving core profitability through progress on the cost side, upward trend in revenues and contained cost of risk, albeit still somewhat higher than similarly rated peers. However, profitability remains modest compared with other global investment banks.

Risk Profile (Good)

- Relatively conservative credit risk and market risk profile. Asset quality metrics have remained fairly stable but some tensions are related to the CRE portfolio. Operational risk is currently affected by Postbank integration failures, but improving. Litigation risk and anti-money laundering (AML) risk management remain an ongoing issue for large, complex banks.

Funding and Liquidity (Strong)

- The funding profile is diversified, underpinned by a substantial deposit base and various forms of wholesale funding. The liquidity position is strong and well-managed.

Capitalisation (Strong/Good)

- Solid regulatory capital ratios, with ample buffers over regulatory requirements. Sound internal capital generation and access to equity markets.

Financial Data Through 2023	Scorecard Building Block (BB) Assessment	Grids BB Assessment	Combined BB Assessment
Franchise	VS	S	VS/S
Earnings	G/M	G/M	G/M
Risk	G/M	S/G	G
Funding & Liquidity	S/G	S	S
Capitalisation	G/M	S	S/G

Overall Assessment	Intrinsic Assessment Range (IAR)	Assigned IA
S/G	[AA (low), A (high), A]	A

Financial Information

			For the Year Ended December 31 (IFRS)				
(In EUR millions unless otherwise stated)	Q1 2024	Q1 2023	2023	2022	2021	2020	2019
Total Assets	1,330,785	1,306,777	1,312,331	1,336,788	1,323,993	1,325,259	1,297,674
Gross Loans to Customers	480,344	487,636	479,426	486,616	473,870	433,552	435,685
Income Before Provisions and Taxes (IBPT)	2,736	2,313	8,252	6,889	4,834	4,208	1,545
Net Attributable Income	1,422	1,296	4,772	5,525	2,365	495	(5,390)
Net Interest Margin	1.2%	1.3%	1.3%	1.3%	1.2%	1.4%	1.6%
Cost/Income ratio	64.8%	69.9%	71.4%	74.3%	81.0%	82.5%	93.3%
LLP/IBPT	16.0%	16.1%	18.2%	17.8%	10.7%	42.6%	46.8%
Cost of Risk	0.37%	0.31%	0.31%	0.25%	0.12%	0.41%	0.17%
CET1 Ratio	13.4%	13.6%	13.7%	13.4%	13.2%	13.6%	13.6%

Sources: Morningstar Inc., Company Documents.

Issuer Description

Deutsche Bank AG (DB, or the Bank) is a global financial services company with a significant international Capital Markets franchise, a Corporate Bank with a focus on German and multinational companies, an Asset Manager that maintains solid market positioning in Germany and across Europe, as well as a predominantly German Retail and a more international Private Bank.

Credit Rating Rationale

The change in trend to Positive reflects the continued progress the Bank has made in implementing its strategic transformation programme and meeting its medium-term profitability targets. In Morningstar DBRS' view, DB has simplified and reoriented its business mix toward more predictable revenue sources, focusing on key growth areas. This, combined with the volatility in the capital markets since 2020 and higher interest rates since 2022, has enabled the Bank to grow revenues despite the volatile market conditions, increased geopolitical tensions, and the uncertainty surrounding the macroeconomic environment. Morningstar DBRS considers this places the Bank in a good position to reach its 2025 revenue target, despite the less favourable market environment and normalising net interest income. The Positive trend also takes into account the progress made on the cost side, which should help improve operating efficiency, and Morningstar DBRS' expectation that DB will maintain its cost discipline. Morningstar DBRS considers this provides DB with extra room to absorb a potential deterioration in the cost of risk in the current environment and unforeseen events such as the one-off EUR 1.3 billion provision for litigation in the Postbank case. Nevertheless, the current credit rating level also reflects that despite experiencing profitability improvement, DB continues to lag other global peers. At the same time, the Bank has maintained a conservative risk profile and a diversified loan book, which has so far mitigated potential asset quality deterioration.

The Positive trend also incorporates the progress made in addressing certain corporate governance issues, notably the Bank's Anti Money Laundering (AML) procedures, through significant investments in internal controls. In Morningstar DBRS' view, this has restored confidence in the Bank's franchise, despite litigation costs linked to legacy issues.

The confirmation of DB's credit ratings reflects the Bank's global franchise and leading position in Germany as well as a high degree of business diversification. In addition, DB continues to benefit from a sound funding profile, thanks to a large and stable deposit base, mostly in Germany, supplemented by a diversified and moderate reliance on wholesale funding. On top of this, the Bank maintains a strong liquidity cushion. Finally, the credit ratings reflect the Bank's solid capital levels, with ample buffers over regulatory requirements and supported by sound internal capital generation.

Franchise Strength

Scorecard BB Assessment	Grids BB Assessment	Combined BB Assessment
Very Strong	Strong	Very Strong/Strong

With total assets of EUR 1.3 trillion at end-Q1 2024, DB operates globally, but has a regional focus on Europe, and Germany in particular. The Bank offers a wide range of products and services across Investment Banking, Private Banking (including Retail), Corporate Banking, and Asset Management. After the successful implementation of a strategic transformation programme, which has helped stabilise the Bank and put it on a growth path, DB has established new profitability targets for 2025, including a return on tangible equity of at least 10% and a cost/income ratio (CIR) below 62.5%. This is expected to be achieved mainly through revenue growth, as the Bank has regained financial flexibility to invest, but also cost containment through significant cost savings initiatives put in place.

The Bank’s business mix results in about 38% of revenues generated within the Investment Bank (IB), 24% in the Corporate Bank (CB), 30% within Private Banking (PB), and 8% within Asset Management (AM). IB revenues have benefitted from market volatility since 2019 while the relative contribution of the Corporate Bank has increased due to higher rates.

Exhibit 1 Net Revenues by Segment, 2020–Q1 2024

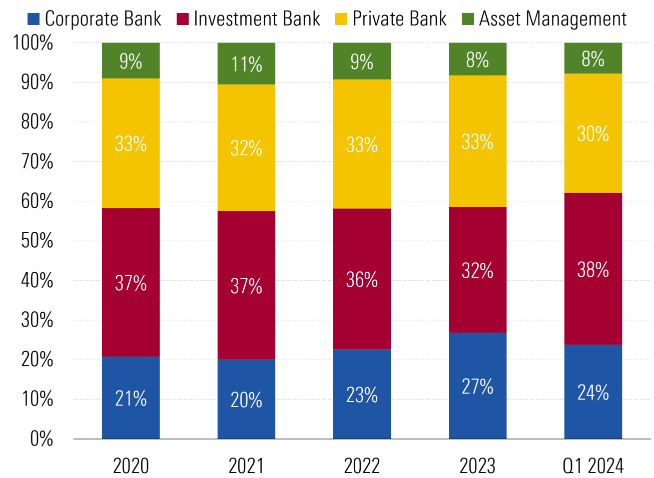
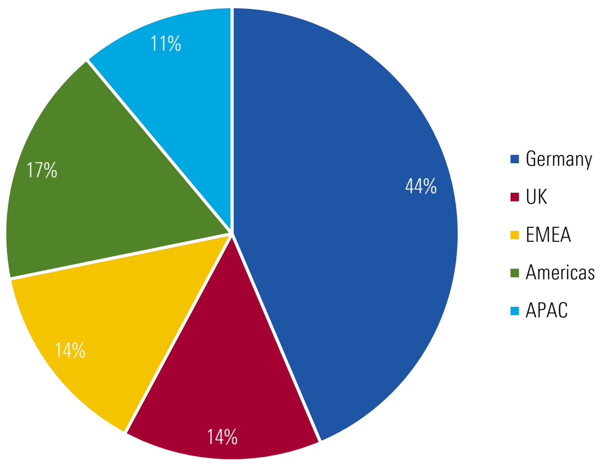


Exhibit 2 Geographic Distribution of Net Revenues, 2023



Sources: Morningstar DBRS, Company Reports.

Investment Bank (IB) – Net Revenues of EUR 9.2 billion in 2023; EUR 3.0 billion in Q1 2024
DB's global Investment Bank (IB) provides financing, market making/liquidity provision, risk management solutions, advisory, debt, and equity issuance with key strengths in Fixed Income and Currency (FIC) Sales & Trading as well as Debt Origination. Contributing 32% of 2023 net revenues (34% in Q1 2024), the IB represents a significant part of DB's business. To counter the high dependence on FIC revenues following the exit from the scale-driven Equity Sales & Trading business and the sale of its Prime Brokerage business, DB has made targeted hires in Origination & Advisory, which resulted in market share growth in the segment. In addition, the Bank acquired Numis in 2023, a boutique investment bank with significant market shares in the UK to further develop in the O&A franchise and ranks among the top 10 leading franchises in the segment. On top of this, the Bank is targeting a top-four position in FIC globally and a top-three position in EMEA.

Corporate Bank (CB) – Net revenues of EUR 7.7 billion in 2023; EUR 1.9 billion in Q1 2024
The Corporate Bank is a leading provider of cash management, trade finance, lending, and foreign exchange for German and multinational corporate clients. The division also provides correspondent banking, trust & agency, and securities services to financial institutions. In addition, business banking services are provided to small corporates and entrepreneurs. As part of its strategic initiatives, the Bank is growing all of its segments through deepening coverage relationships with sector-specific teams, capturing key clients in what the group has identified as key growth market and further developing foreign exchange and Escrow.

Private Bank (PB) – Net Revenues of EUR 9.6 billion in 2023; EUR 2.4 billion in Q1 2024
Within this segment, the Private Bank Germany offers retail and wealth management services under the Deutsche Bank and the Postbank brand. The Retail Bank has over 20 million retail clients in Germany, benefitting from scale and increased digital investments and had EUR 606 billion in assets under management (AUM) at end-March 2024. Going forward, the Bank will focus on serving client based under a more efficient and focused approach by classifying them into two distinct categories: Wealth Management & Private Banking, focusing on high and ultra-high-net-worth clients as well as some commercial clients in some specific international business, and Personal Banking, targeted at retail and affluent customers, as well as small businesses and corporates. DB has successfully transferred all Postbank customers to the DB IT platform, and reduced branches, bringing significant cost synergies. The International Private Bank offers private banking services to individuals and commercial clients. DB strives to further grow its franchise especially focusing on entrepreneurs, ultra-high net worth families and globally affluent clients across Europe under a digitally led model.

Asset Management (AM) – Net Revenues of EUR 2.4 billion in 2023; EUR 0.6 billion in Q1 2024
DB has one of the leading asset management businesses globally with assets under management (AUM) of EUR 941 billion at end-Q1 2024, mainly managed by DWS Group GmbH & CO (DWS) in which DB holds a 79.49% stake. While asset management is attractive for banks due to its low capital needs, competition is strong and scale is key. DB focuses on efficiency gains through digitalisation, cost cuts, strategic alliances, and has been growing in the more profitable segments, Passive and Alternatives. This resulted in AUM growth.

2025 Financial Goals

DB has set specific targets for 2025, which include a post-tax RoTE of at least 10% and a CIR of less than 62.5% and a CET1 ratio of around 13%. DB plans to realise further cost savings of around EUR 2.5 billion to be partly reinvested in the franchise, notably through the integration of Postbank's IT and digitalisation. The Bank has so far achieved EUR 1.4 billion and is on track to deliver on further cost savings. However, we view the target of flat operating expenses between 2022 and 2025 as ambitious, given the current inflationary environment and the Postbank related one-off charge in 2024. On top of this, the goals are also based on a revised compound annual growth rate of 5.5% to 6.5%, aiming at revenues of around EUR 32 billion by 2025 compared with EUR 25.4 billion in 2021. The Bank remains on track to achieve these targets with revenues of around EUR 30 billion expected for 2024.

Earnings Power

Scorecard BB Assessment	Grids BB Assessment	Combined BB Assessment
Good/Moderate	Good/Moderate	Good/Moderate

In our view, DB's core profitability has improved significantly over recent years driven by the restructuring programme implemented since 2019. This continued in 2023 and Q1 2024, although 2024's overall profitability will be affected by the Postbank one-off litigation provision. Higher rates have benefitted net interest income since 2022, although this should be normalising in 2024. On top of this, increased capital market volatility since 2020 has overall benefitted results from financial activities and contribution from the investment banking activities. The significant cost savings programmes have also supported results as operating efficiency continued to improve while leaving room for additional investments in the franchise and to absorb inflationary pressures.

Annual Results

In 2023, the Bank reported a net attributable income of EUR 4.9 billion compared with EUR 5.5 billion in 2022 due to higher income tax expense. The latter included a positive DTA valuation adjustment of EUR 1 billion in 2023 related to the UK performance compared with EUR 1.4 billion in 2022 of positive DTA valuation adjustment related to the U.S. operations. However, pre-tax profit was EUR 5.7 billion, in line with 2022 and significantly up from previous years. The return on average equity (ROAE) was 6.7% in 2023 compared with 8.4% in 2022, which remains well above the run rate of 2021 and 2020. Results benefitted from higher revenues, positive operating jaws despite higher loan loss provisions resulting from the still-challenging macroeconomic environment.

Revenues stood at EUR 28.9 billion in 2023, up 6% year over year (YOY). Excluding specific items, including the sale of Deutsche Bank Financial Advisors in Italy for EUR 305 million and workout activities related to Sal. Oppenheim for EUR 125 million in 2022, revenues were up 8%. These were mainly driven by the strong performances of the Corporate Bank, benefitting from higher interest rates and the Private Bank and overall from the resilient revenue streams and diversified revenue mix. Net interest remained fairly stable YOY at EUR 13.6 billion, due to higher interest rates on deposits, partly offset by higher interest rates on loans, as well as higher interest expenses related to TLTRO III

The Bank was able to maintain its operational efficiency. Reported non-interest expenses were up 6% YOY to EUR 21.7 billion, on the back of higher non-operating costs mainly driven by restructuring and severance expenses and goodwill impairment charges related to the acquisition of Numis. Excluding these items, adjusted operating costs were up 3% to EUR 20.6 billion, as cost savings partly offset additional investments to accompany business growth and tighter controls and to some extent, inflation. While the reported cost-to-income remained stable at 75% in 2023, this represents a significant improvement compared with historical levels. The adjusted cost-to-income ratio as calculated by Morningstar DBRS stood at 71.2% compared with 74.5% in 2022, evidencing the successful delivery of the bank's key objectives. We note that DB is aiming to further lower its cost base, with a plan of around EUR 2.5 billion in additional cost savings of which already EUR 1.4 billion have been achieved as of April 2024. This includes optimization and efficiency measures. These measures include branch closures, improvements in automation, and the completion of Postbank's IT migration, among other items, and is expected to be overwhelmingly completed by 2025. The Bank should also benefit from lower bank levies; however, inflationary pressure remains a headwind.

Provisions for credit losses stood at EUR 1.5 billion in 2023, up from EUR 1.2 billion in 2022 due to the still-challenging macroeconomic and rate environment. Almost all provisions were related to Stage 3 loans, and we note that the bank booked EUR 400 million of provisions in relation to the commercial real estate segment. As a result, the cost of risk represented 31 basis points (bps) of average loans compared with 25 bps last year and at the higher end of the guidance provided by the bank.

Q1 2024 Results

Net attributable income was EUR 1.3 billion in Q1 2024, up 10% compared with Q1 2023 and further evidencing the progress made by the bank. The ROAE was 7.8%, up from 7.4% in Q1 2023. This was mainly driven by revenue resiliency and lower operating expenses, which offset higher provisions for credit losses. Revenues were up 1% YOY, driven by the investment bank and asset management. In particular, we note the growth in fees and commissions, as the group's strategy to grow capital-light businesses is bearing fruit. Non-interest expenses declined by 3% YOY, and adjusted costs were down 6% YOY, as the cost savings initiatives more than offset inflation and further investments in the franchise. As a result, the cost income ratio improved to 68.2% from 71.0% in Q1 2023 and more in line with the Group's target for 2025. Provisions increased by EUR 67 million YOY to EUR 439 million or 37 bps in terms of cost of risk despite releases on Stage 1 and Stage 2 loans. The cost of risk is expected to remain at the higher-end of the 25–30 bps guidance given by the bank.

Exhibit 3 Profitability Evolution, 2020–23, Q1 2023–Q1 2024

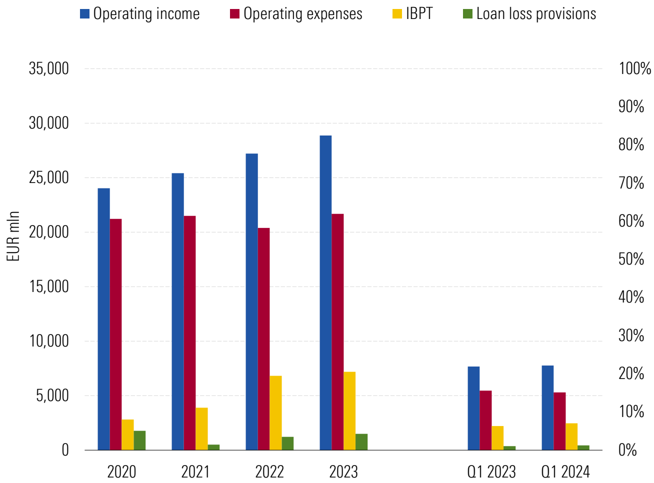
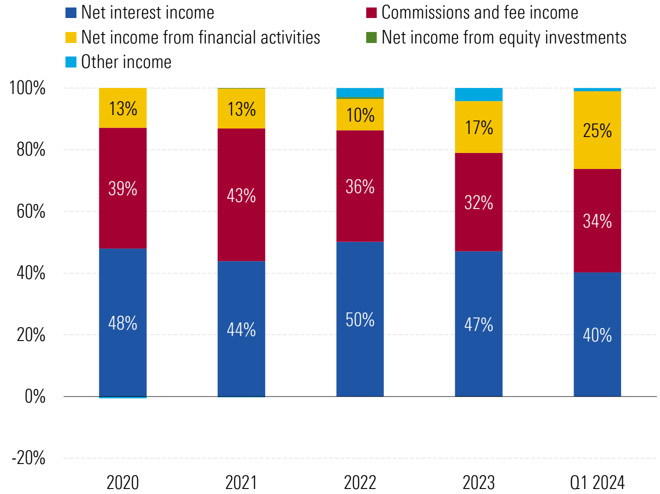


Exhibit 4 Operating Income Breakdown, 2020–Q1 2024



Sources: Morningstar DBRS, Company Reports.

Segment Results

In 2023, the Corporate Bank reported a strong revenue increase of 22% YOY to EUR 7.7 billion as a result of higher interest rates and sustained pricing discipline. Growth was strong across all segments. In Q1 2024, the Corporate Bank registered a 5% YOY revenue decline, and net interest income is normalising, despite the rise in fees and commissions.

Investment Banking revenues in 2023 were down 9% to EUR 9.2 billion due to lower Fixed Income & Currencies (FIC) revenues from a very high base in 2022. Rates, Emerging Market & Foreign Exchange revenues were also much lower due to lower volatility and market activity. However, revenues were up 25% in Origination and Advisory, driven by the former and offsetting the 38% decline in Advisory revenues. In Q1 2024, revenues were up 13% YOY driven by FIC, Credit Trading and FX, and very strong performance in O&A thanks to the recovery in the leveraged debt market.

In 2023, the Private Bank reported revenues of EUR 9.6 billion (+10% YOY adjusted for specific items), benefitting from higher interest rates offsetting lower fees and commissions. In Q1 2024, the Private Bank has experienced a 2% decline in revenues on lower net interest income partly offset by the growth in investment products.

In 2023, Asset Management revenues declined 9% YOY on lower management fees. However, assets under management grew strongly to EUR 896 billion, a trend that continued in Q1 2024.

Risk Profile

Scorecard BB Assessment	Grids BB Assessment	Combined BB Assessment
Good/Moderate	Strong/Good	Good

Deutsche Bank's asset quality performance has been historically solid, thanks to a low proportion of unsecured consumer loans, a resilient home market in Germany, and disciplined risk management. Since the financial crisis, risk management has improved further, with refined systems, reduced concentration risk, and collateral or hedges. Despite current challenges such as a weaker global economy, geopolitical conflicts, supply chain disruptions and more recently, turmoil in the commercial real estate markets, we still anticipate manageable provision needs based on its track record.

Credit Risk

Deutsche Bank's loan portfolio is fairly diversified in terms of geographies, with significant exposures in Germany (47%), North America (21%), and the Rest of Europe (22%). The bank also has significant exposures in the Asia Pacific region. In the U.S., the exposure stems mainly from the Investment Bank and from loans to large multinational corporations. Credit exposure is distributed between the Private Bank and the Corporate and Investment Bank.

DB benefits from its robust home market environment, with the German mortgage loan book within the Private Bank division accounting for 32% and contributing to a well-balanced portfolio mix in terms of revenue stability and credit risk. This is supported by the 12% loan book exposure to wealth management, which we also view as risk-efficient. Overall, we consider DB's high reliance on the Private Bank business as a good balance to riskier business segments like the Investment Bank, which is exposed to market volatility.

Exhibit 5 Loan Book Composition by Geography, end-2023

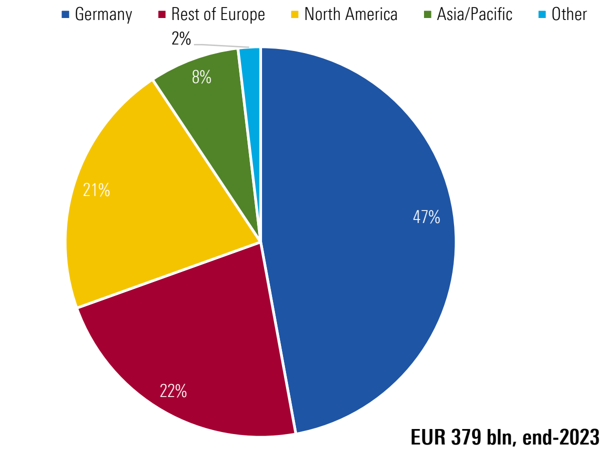
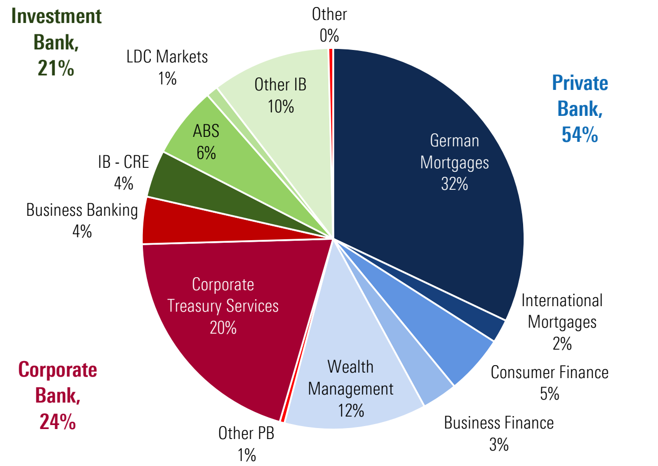


Exhibit 6 Loan Book Composition by Segment, end March-2024



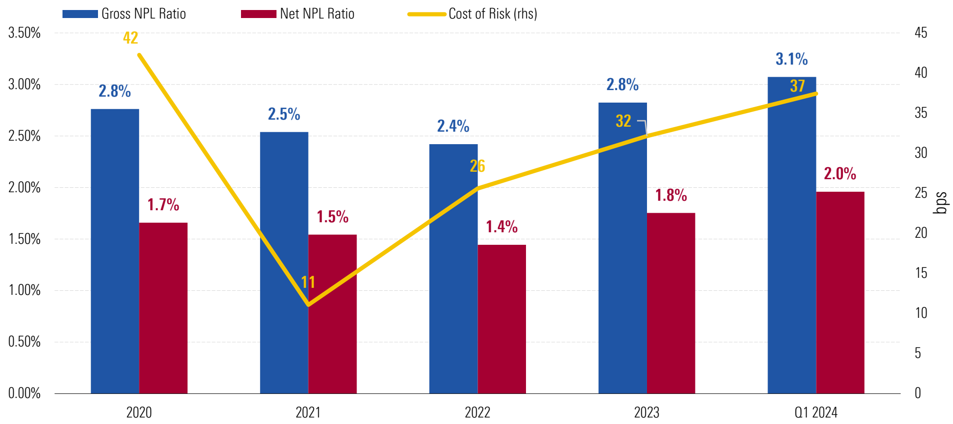
Sources: Morningstar DBRS, Company Reports.

In June 2024, DB acquired a significant portion of Norddeutsche Landesbank's (NORD/LB) aircraft financing portfolio, valued at EUR 1.67 billion, for an undisclosed amount. The transaction involves a diverse range of well-structured performing loans secured by commercial passenger aircraft and engines, which are to be fully incorporated into DB's Global Credit Financing & Solution's business by H2 2024; however, it is still pending antitrust authority approval. The portfolio, which used to be an integral part of NORD/LB's business, was adversely affected by the COVID-19 pandemic as air travel became one of the most affected industries. We note that while none of the portfolio positions is distressed and despite more a more benign current environment for the sector, it is a business characterised by high vulnerability to economic cycles, fuel prices, and geopolitical events.

Asset Quality Trends

The Bank's Stage 3 loan ratio slightly deteriorated to 3.1% at end-Q1 2024 from 2.8% at year-end 2023 and 2.7% at end Q1 2023, mainly driven by non-performing influxes from commercial real estate exposures within the Investment Bank. The annualised cost of risk (CoR) stood at 37 bps, a level still high compared with global peers. This was driven by Bank's CRE portfolio in the Investment Bank and operational backlog in the Private Bank. However, this was offset by net releases of performing (Stage 1 and 2) loans, driven by an improvement in macroeconomic prospects and model recalibration effects. Despite this, we expect the CoR to normalise and sit at the higher end of the 25 bps–30 bps guidance for 2024, as provisions should lower thanks to the anticipated improvement in CRE and partial releases of provisions in the Private bank.

Exhibit 7 Asset Quality Metrics



Sources: Morningstar DBRS, Company Reports.

Market risk

The Bank has demonstrated effectively managed market risk even during times of high market volatility in recent years; however, the Bank's large commercial real estate footprint in the U.S. attracted attention during the turmoil in the sector in Q4 2023 and Q1 2024. DB uses limits for value-at-risk (VaR), economic capital and portfolio stress tests to manage market risk in various trading books. In 2023, the average value-at-risk decreased 8% YOY to EUR 40.7 million. This decline was mainly due to reduced market volatility in the rolling one-year period of the value-at-risk model. Additionally, strategic adjustments in cross-currency interest rate exposures and sovereign bond curve positioning contributed to the lower average value-at-risk. Despite recent capital market volatility, the absence of significant losses underscores the robustness of DB's models and processes.

Commercial Real Estate

With a total CRE non-recourse loan portfolio of around EUR 38 billion, comprising 8% of the Group's lending portfolio as at end-March 2024, DB's exposure to the sector is broadly in line with European peers. Moreover, the Group remains among the German banks with the least exposure relative to total loans, considering that the CRE lending scene in its home market is dominated by specialised banks and the public-owned Landesbanken. Nevertheless, among German banks, DB has the highest exposure to U.S. CRE as a proportion of total CRE loans, accounting for 56% of their total CRE lending at end-March 2024, of which 44% corresponds to. Since Q4 2023, the CRE sector, particularly the U.S. office segment, has faced elevated stress primarily driven by remote work habits and rising interest rates, resulting in reduced office demand. However, we view this as manageable given the Bank's low exposure to this sector (1.5% of total loans), with a portfolio consisting of prime offices in the main U.S. financial hubs.

Given the current elevated risks in the sector, and despite DB's relatively low exposure to the segment, the Bank's exposure to the sector has driven LLPs in 2023. During the year, LLPs for CRE constituted 26% of total LLPs, while CRE loans represent just 3.5% of customer loans. However, 2024 should result in slightly lower provisioning needs. The difficult market situation for U.S. office properties is reflected in an increase in average office LTVs of 81% in Q4 2023 compared with 64% in Q1 2023. The Bank does not disclose an NPL ratio for its U.S. CRE loan book; however, EUR 8 billion of EUR 17 billion in total U.S. CRE loans have been modified.

Exhibit 8 CRE Loan Exposure by Sector Evolution

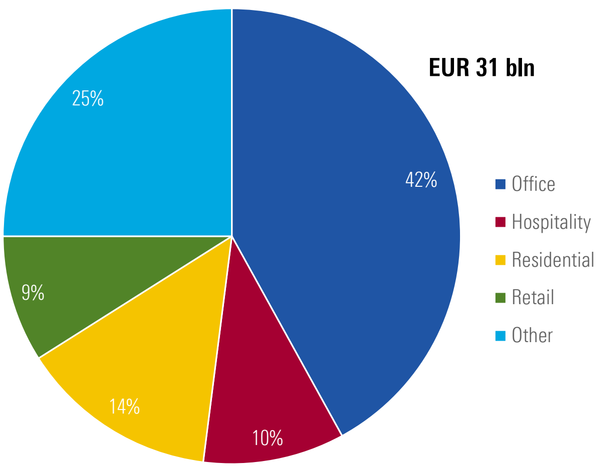
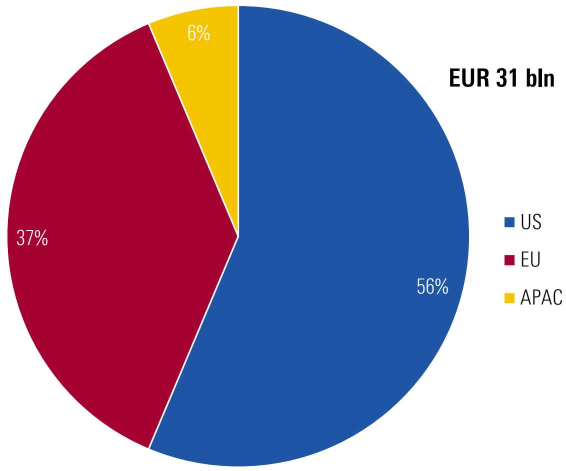


Exhibit 9 CRE Loan Exposure by Geography



Sources: Morningstar DBRS, Company Reports.

Operational Risk

DB has faced challenges related to conduct risk, affecting its finances and reputation. However, the bank has made significant strides in addressing legal issues, reducing their financial impact. Additionally, ongoing efforts to enhance anti-financial crime processes remain under intense regulatory scrutiny. During the second half of 2024, DB faced significant challenges following the integration of Postbank's IT systems, which has resulted in service disruptions and customer lockouts. Despite assurances of a smooth transition, the migration of 12 million clients and 50 billion data sets has overwhelmed service centres and disrupted critical workflows. This prompted the German financial regulator BaFin to step in and increase oversight. Nevertheless, the Bank notified that during Q1 2024, it could resolve the backlog in the client migration.

Litigation Risk

In 2023, DB had reported litigation charges of EUR 605 million up 118% from EUR 278 million in the previous year, mainly driven by higher provision from civil litigation, external fraud charges due to two material litigation cases, with the remainder being non-litigation cases. We note that most of the litigation provisions stem from the ongoing Postbank costs**.** On April 26, 2024, the Higher Regional Court of Cologne indicated that it may find elements of former Postbank shareholders' claims valid in a later ruling. The estimate of the full amount of all claims by the Postbank shareholders in the dispute with DB revolving around the acquisition, including cumulative interest, is around EUR 1.3 billion (maximum amount). As a result, DB had to make a legal provision, which will be booked in Q2 2024.

Funding and Liquidity

Scorecard BB Assessment	Grids BB Assessment	Combined BB Assessment
Strong/Good	Strong	Strong

We view DB's funding profile as robust and well-managed, supported by a diverse and stable deposit franchise and a modest reliance on wholesale funding. The Group has a large customer base, which is the Bank's main source of funding, with consolidated customer deposits of EUR 635 billion at end-March 2024, up from EUR 622 billion at end-2023, and accounting for approximately 51% of total liabilities. At end-March 2024, the Bank's loan-to-deposit (LTD) ratio of 76%, fairly stable from end-2023. We view the Bank's deposits as diverse and granular, primarily originating from the German home market. Most German retail deposits and approximately 40% of all customer deposits are insured by the statutory guarantee scheme, with additional protection from the voluntary guarantee scheme of German private banks.

Another factor supporting the credit ratings is the Bank's solid liquidity position. The Bank has implemented a comprehensive liquidity management framework. At end-March 2024, DB's total high quality liquid assets (HQLA) remained high at around EUR 222 billion. At end-Q1 2024, DB has almost repaid the entirety of its TLTRO III funding, down from EUR 25.8 billon in Q1 2023 and after a significant reimbursement of EUR 15 billion in Q1 2024. Also confirming a solid liquidity position, the Bank reported LCR and NSFR ratios well above the regulatory requirements of 136% and 123% at end-March 2024.
The Bank is planning to issue between EUR 13 billion and EUR 18 billion in 2024 across various instruments. At end-June 2024, approximately EUR 10.6 billion had been issued in the form of three Senior Non-Preferred and a Panda Bond.

Exhibit 10 Funding Mix, 2020–Q1 2024

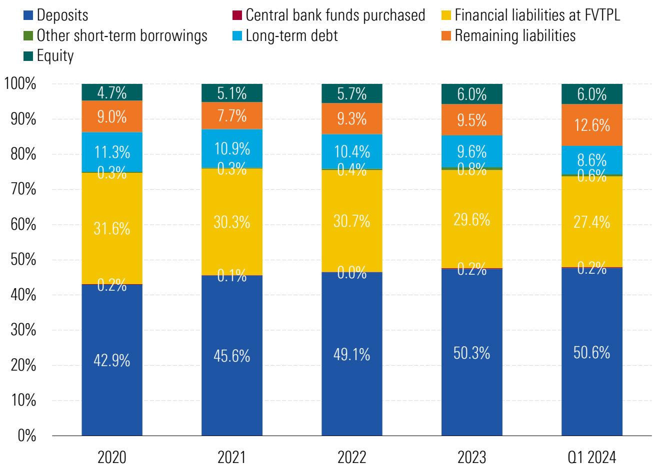
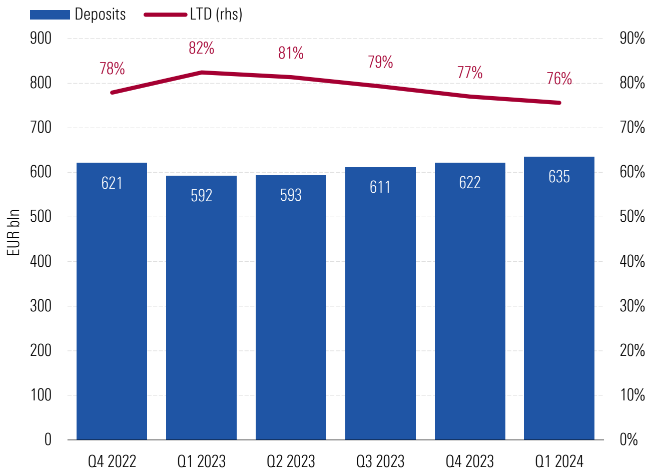


Exhibit 11 LtD Ratio Evolution, Q4 2022–Q1 2024



Sources: Morningstar DBRS, Company Reports.

Capitalisation

Scorecard BB Assessment	Grids BB Assessment	Combined BB Assessment
Good/Moderate	Strong	Strong/Good

The Bank's capitalisation remains robust, thanks to an improving internal capital generation capacity and regular access to wholesale capital markets. At end-March 2024, the CET1 capital ratio was 13.4%, down 31 bps since end-2023, driven by a share buyback of EUR 675 million (approved by the ECB), which more than offset organic capital generation. Morningstar DBRS also notes that DB reported higher risk-weighted assets, up 1.5% quarter over quarter (QOQ), on the back of business growth. The total capital ratio was 18.2% at end-March 2024, down 16 bps QOQ and 37 bps YOY. The leverage ratio remained stable QOQ at 4.5% at end-March 2024, comfortably above the new 3.85% requirement applicable since 1 January 2024.

As a result, the Bank maintained comfortable buffers over the minimum SREP CET1 capital ratio requirement of 11.13%, which includes a minimum Pillar 1 Capital Requirement of 4.5%, a Pillar 2 Requirement of 1.49%, a Capital Conservation Buffer of 2.50%, a 0.64% Countercyclical/Systemic risk buffer (CCyB/SyRB), and a Global/Other Systemic Institutions (G-SII/O-SII) buffer of 2.0%**.** The SREP requirement for Total Capital ratio is 15.79%. The bank plan is to keep the CET1 ratio at around 13% by end-2025 and to keep a similar payout ratio. However, because of the unforeseen litigation charge related to the Postbank acquisition, a second share buyback is unlikely in 2024.

In addition, we note that DB comfortably meets the Minimum Requirement for Own Funds and Eligible Liabilities (MREL) standards. At end-March 2024, the Group's MREL ratio was 35% over risk-weighted assets (RWAs), well above the 30% requirement. Additionally, DB's total loss-absorbing capacity (TLAC) is sound, at 31% compared with a requirement of 24% over RWAs.

Exhibit 12 Capital Ratios (Phased-In) versus Requirements, end-March 2024

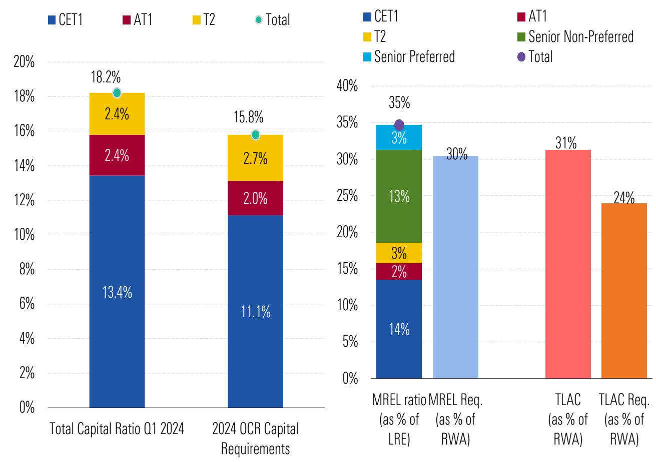
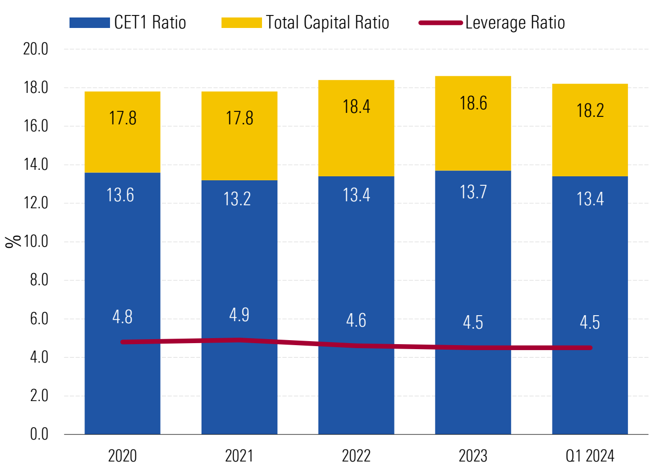


Exhibit 13 Capital Ratios Evolution, 2020 – Q1 2024



Sources: Morningstar DBRS, Company Reports.

Deutsche Bank AG
ESG Checklist

ESG Factor		ESG Credit Consideration Applicable to the Credit Analysis: Y/N		Extent of the Effect on the ESG Factor on the Credit Analysis: Relevant (R) or Significant (S)*
Environmental		**Overall:**	N	N
	Emissions, Effluents, and Waste	Do we consider that the costs or risks for the issuer or its clients result, or could result, in changes to an issuer's financial, operational, and/or reputational standing?	N	N
	Carbon and GHG Costs	Does the issuer face increased regulatory pressure relating to the carbon impact of its or its clients' operations resulting in additional costs and/or will such costs increase over time affecting the long-term credit profile?	N	N
	Climate and Weather Risks	In the near term, will climate change and adverse weather events potentially disrupt issuer or client operations, causing a negative financial impact?	N	N
		In the long term, will the issuer's or client's business activities and infrastructure be materially affected financially under key IPCC climate scenarios up to a 2°C rise in temperature by 2050?	N	N
		Climate and Weather Risks	N	N
	Passed-through Environmental credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by environmental factors (see respective ESG checklist for such issuer)?	N	N
Social		**Overall:**	N	N
	Social Impact of Products and Services	Do we consider that the social impact of the issuer's products and services pose a financial or regulatory risk to the issuer?	N	N
	Human Capital and Human Rights	Is the issuer exposed to staffing risks, such as the scarcity of skilled labour, uncompetitive wages, or frequent labour relations conflicts, that could result in a material financial or operational impact?	N	N
		Do violations of rights create a potential liability that could can negatively affect the issuer's financial wellbeing or reputation?	N	N
		Human Capital and Human Rights	N	N
	Product Governance	Does failure in delivering quality products and services cause damage to customers and expose the issuer to financial and legal liability?	N	N
	Data Privacy and Security	Has misuse or negligence in maintaining private client or stakeholder data resulted, or could it result, in financial penalties or client attrition to the issuer?	N	N
	Community Relations	Does engagement, or lack of engagement, with local communities pose a financial or reputational risk to the issuer?	N	N
	Access to Basic Services	Does a failure to provide or protect with respect to essential products or services have the potential to result in any significant negative financial impact on the issuer?	N	N
	Passed-through Social credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by social factors (see respective ESG checklist for such issuer)?	N	N
Governance		**Overall:**	Y	R
	Bribery, Corruption, and Political Risks	Do alleged or actual illicit payments pose a financial or reputational risk to the issuer?	N	N
		Are there any political risks that could affect the issuer's financial position or its reputation?	N	N
		Bribery, Corruption, and Political Risks	N	N
	Business Ethics	Do general professional ethics pose a financial or reputational risk to the issuer?	N	N
	Corporate / Transaction Governance	Does the issuer's corporate structure allow for appropriate board and audit independence?	N	N
		Have there been significant governance failures that could negatively affect the issuer's financial wellbeing or reputation?	Y	R
		Does the board and/or management have a formal framework to assess climate-related financial risks to the issuer?	N	N
		Corporate / Transaction Governance	Y	R
	Passed-through Governance credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by governance factors (see respective ESG checklist for such issuer)?	N	N
		Consolidated ESG Criteria Output:	Y	R

* A Relevant Effect means that the impact of the applicable ESG risk factor has not changed the rating or rating trend on the issuer.
A Significant Effect means that the impact of the applicable ESG risk factor has changed the rating or trend on the issuer.

ESG Considerations

Environmental

Morningstar DBRS does not view the environmental ESG factor as affecting the Group's credit ratings or trends. Compared with global peers, the Bank has limited exposure to oil, gas, coal, and related industries. Also, the Bank has made efforts to improve its environmental impact, namely by setting out a new fossil fuel policy under which the Bank intends to end its coal mining related business activities by 2025 at the latest. Morningstar DBRS notes that climate risk is incorporated into DB's overall risk management policies. The Bank is part of the Net-Zero Alliance and has signed up for the Task Force on Climate-Related Financial Disclosures, which has been taken over by the IFRS Foundation.

The European Central Bank's climate risk stress test results were published on 8 July 2022. While they did not provide detailed indications on the geographies potentially affected under the selected scenarios, participating European banks were told they needed to enhance their climate risk stress testing framework. In the meantime, Morningstar DBRS notes the results were integrated into two SREP elements in a qualitative manner: (1) business model assessment and (2) internal governance and risk management.

Social

The Social factor does not affect the credit ratings or trends assigned to Deutsche Bank. The Bank is making efforts to improve its social standing through the implementation of internal bank policies on social factors such as gender diversity and work/life balance. We note that since the invasion of Ukraine, there have been increased concerns of cybersecurity attacks, which could have serious effects on a bank's franchise and earnings in the event of a substantial data breach or security failure. However, Morningstar DBRS notes that while DB has not reported any significant data breaches or cybersecurity attacks, these could have significant reputational and financial consequences for ING.

Governance

The Governance factor does not affect the ratings or trend assigned to Deutsche Bank. However, as a result of shortcomings in the Bank's Anti-Money Laundering (AML) framework and deficiencies in the Bank's internal control issues, the Corporate Governance subfactor is still considered as relevant. This has been reflected in the Bank's risk building block grades. The Bank has made progress regarding its internal controls and AML framework, but is still subject to regulatory scrutiny, which carries the potential for financial penalties. More recently, DB's asset manager, DWS, was fined EUR 21 million to end a U.S. investigation related to "greenwashing" in the context of ESG assets. Additionally, an outsized fine related to AML or other signs of lack of internal controls, have an impact on ratings or trend in the future. Finally, the unfavourable ruling related to the Postbank acquisition will result in a significant provision affecting the bank's Q2 2024 profit.

A potential governance risk is related to the Russian invasion of Ukraine. EU banks need to ensure that they are blocking and identifying any potential illicit payments from sanctioned individuals and/or businesses, and any noncompliance with the imposed sanctions could lead to fines and reputational consequences over time.

Deutsche Bank AG

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Financial Data Through 2023	**Scorecard Indicator**	**Scorecard Indicator Data**	**Scorecard Indicator Assessment**	**Scorecard Building Block (BB) Assessment**	**Grids BB Assessment**	**Combined BB Assessment**
Franchise	Adjusted Assets	961	VS	VS	S	VS/S
	Sovereign Rating Category	20	VS			
Earnings	Return on Equity	5.44%	M	G/M	G/M	G/M
	Return on Assets	0.41%	G/M			
	IBPT/Avg.Assets	0.70%	G/M			
Risk	Net NPLs/Net Loans	1.57%	G/M	G/M	S/G	G
	Provisions/IBPT	19.23%	S/G			
Funding & Liquidity	Sovereign-Adjusted Funding Ratio	89.4%	S/G	S/G	S	S
Capitalisation	Sovereign-Adjusted Capital Ratio	13.50%	S	G/M	S	S/G
	NPL/[Equity + Loan Loss Reserves]	16.51%	S/G			
	5-Year Accumulated Net Income/Total Assets	0.84%	M			

6	7			8
Overall Assessment	**Intrinsic Assessment Range (IAR)**			**Assigned IA**
S/G	AA (low)	A (high)	A	A

Annual Financial Information

			For the Year Ended December 31 (IFRS)				
	Q1 2024	Q1 2023	2023	2022	2021	2020	2019
Balance Sheet (EUR millions)							
Cash & Cash Equivalents*	156,341	166,640	189,758	193,239	206,970	180,852	153,429
Investments in Financial Assets	506,775	487,382	437,110	451,975	451,180	525,392	520,684
Gross Loans to Customers	480,344	487,636	479,426	486,616	473,870	433,552	435,685
Loan Loss Reserves	(5,390)	(4,994)	(5,170)	(4,790)	(4,754)	(4,808)	(3,990)
Net Lending to Customers	474,954	482,642	474,256	481,826	469,116	428,744	431,695
Total Assets	1,330,785	1,306,777	1,312,331	1,336,788	1,323,993	1,325,259	1,297,674
Deposits from Customers	634,678	591,937	531,001	536,404	519,435	492,599	495,352
Debt & Capital Lease Obligations	116,075	133,096	144,506	146,879	156,717	161,386	151,747
Total Liabilities	1,254,894	1,233,399	1,237,514	1,264,460	1,255,962	1,263,062	1,235,514
Total Equity	75,891	73,378	74,817	72,328	68,031	62,197	62,160
Income Statement (EUR millions)							
Net Interest Income	3,129	3,424	13,602	13,650	11,154	11,526	13,749
Non-Interest Income	4,644	4,259	15,273	13,006	14,149	12,442	9,301
Equity Method Results	6	(4)	(38)	152	98	120	110
Total Operating Income	7,779	7,679	28,837	26,808	25,401	24,088	23,160
Total Operating Expenses	5,043	5,368	20,588	19,918	20,567	19,880	21,616
Income Before Provisions and Taxes (IBPT)	2,736	2,313	8,252	6,889	4,834	4,208	1,545
Loan Loss Provisions	439	372	1,505	1,226	515	1,792	723
Irregular Income/Expenses	261	89	1,069	69	929	1,395	3,456
Net Attributable Income	1,422	1,296	4,772	5,525	2,365	495	(5,390)
Growth (%) - YOY Change							
Net Interest Income	-8.62%	19.01%	-0.35%	22.38%	-3.23%	-16.17%	3.25%
Total Operating Income	1.30%	4.89%	7.57%	5.54%	5.45%	4.01%	-6.95%
Total Operating Expenses	-6.05%	-1.11%	3.36%	-3.16%	3.46%	-8.03%	-5.23%
IBPT	18.29%	22.19%	19.79%	42.51%	14.88%	172.36%	-25.76%
Net Attributable Income	9.72%	9.18%	-13.63%	133.62%	377.78%	-109.18%	-2118.73%
Gross Loans & Advances	-1.50%	1.38%	-1.48%	2.69%	9.30%	-0.49%	4.79%
Deposits from Customers	7.22%	-1.98%	-1.01%	3.27%	5.45%	-0.56%	2.68%
Earnings (%)							
Net Interest Margin	1.23%	1.35%	1.34%	1.29%	1.22%	1.42%	1.62%
Non-Interest Income/Total Revenue	59.70%	55.46%	52.96%	48.52%	55.70%	51.65%	40.16%
Cost/Income ratio	64.83%	69.90%	71.39%	74.30%	80.97%	82.53%	93.33%
LLP/IBPT	16.05%	16.08%	18.24%	17.80%	10.65%	42.59%	46.80%
Return on Avg Assets (ROAA)	0.44%	0.40%	0.37%	0.41%	0.19%	0.05%	-0.38%
Return on Avg Equity (ROAE)	7.73%	7.30%	6.66%	8.12%	3.73%	0.81%	-8.38%
IBPT over Avg RWAs	3.11%	2.57%	2.31%	1.90%	1.42%	1.28%	0.46%

Internal Capital Generation	7.73%	7.30%	5.81%	7.53%	3.73%	0.81%	-8.38%
Risk Profile (%)							
Cost of Risk	0.37%	0.31%	0.31%	0.25%	0.12%	0.41%	0.17%
Gross NPLs over Gross Loans	3.04%	2.54%	2.79%	2.41%	2.52%	2.73%	2.20%
NPL Coverage Ratio	36.95%	40.29%	38.63%	40.89%	39.87%	40.58%	41.71%
Net NPLs over Net Loans	1.94%	1.53%	1.73%	1.44%	1.53%	1.61%	1.27%
NPLs to Equity and Loan Loss Reserves Ratio	18.35%	16.19%	17.11%	15.55%	16.78%	18.11%	14.83%
Funding & Liquidity (%)							
Net Loan to Deposit Ratio	74.83%	81.54%	89.31%	89.83%	90.31%	87.04%	87.15%
Liquidity Coverage Ratio	136%	136%	140%	135%	142%	145%	141%
Net Stable Funding Ratio	123%	120%	121%	120%	121%	NA	NA
Capitalization (%)							
CET1 Ratio	13.4%	13.6%	13.7%	13.4%	13.2%	13.6%	13.6%
Tier1 Ratio	15.8%	15.9%	16.1%	15.7%	15.7%	15.7%	15.6%
Total Capital Ratio	18.2%	18.5%	18.6%	18.4%	17.8%	17.8%	17.4%
Leverage Ratio	4.50%	4.60%	4.50%	4.60%	4.90%	4.80%	4.30%
Dividend Payout Ratio	0.0%	0.0%	12.8%	7.3%	0.0%	0.0%	NA

Sources: Morningstar Inc., Company Documents.
*Includes Loans to Banks.

Credit Rating Methodology

The applicable methodology is the *Global Methodology for Rating Banks and Banking Organisations* (4 June 2024), and *Morningstar DBRS Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings* (23 January 2024), which can be found on our website under Methodologies.

Credit Ratings

Issuer	Debt Rated	Credit Rating Action	Credit Rating	Trend
Deutsche Bank AG	Long-Term Issuer Rating	Confirmed, Trend Changed	A	Positive
Deutsche Bank AG	Long-Term Senior Debt	Confirmed, Trend Changed	A	Positive
Deutsche Bank AG	Long-Term Deposits	Confirmed, Trend Changed	A	Positive
Deutsche Bank AG	Short-Term Issuer Rating	Confirmed, Trend Changed	R-1 (low)	Positive
Deutsche Bank AG	Short-Term Debt	Confirmed, Trend Changed	R-1 (low)	Positive
Deutsche Bank AG	Short-Term Deposits	Confirmed, Trend Changed	R-1 (low)	Positive
Deutsche Bank AG	Senior Non-Preferred Debt	Confirmed, Trend Changed	A (low)	Positive
Deutsche Bank AG	Long Term Critical Obligations Rating	Confirmed, Trend Changed	AA (low)	Positive
Deutsche Bank AG	Short Term Critical Obligations Rating	Confirmed, Trend Changed	R-1 (middle)	Positive

Ratings History

Issuer	Debt Rated	Current	2023	2022	2021	2020
Deutsche Bank AG	Long-Term Issuer Rating	A	A	A (low)	A (low)	A (low)
Deutsche Bank AG	Long-Term Senior Debt	A	A	A (low)	A (low)	A (low)
Deutsche Bank AG	Long-Term Deposits	A	A	A (low)	A (low)	A (low)
Deutsche Bank AG	Short-Term Issuer Rating	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)
Deutsche Bank AG	Short-Term Debt	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)
Deutsche Bank AG	Short-Term Deposits	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)
Deutsche Bank AG	Senior Non-Preferred Debt	A (low)	A (low)	BBB (high)	BBB (high)	BBB (high)
Deutsche Bank AG	Long-Term Critical Obligations Rating	AA (low)	AA (low)	A (high)	A (high)	A (high)
Deutsche Bank AG	Short-Term Critical Obligations Rating	R-1 (middle)	R-1 (middle)	Stable	Stable	Stable

Previous Actions

- Morningstar DBRS Changes Trend on Deutsche Bank AG to Positive from Stable, Confirms its Issuer Ratings, 26 June 2024.
- Morningstar DBRS Upgrades Deutsche Bank's Long-Term Issuer Rating to 'A', Stable trend, 29 June 2023.
- Morningstar DBRS Confirms Deutsche Bank's A (low) Long-Term Issuer Rating, Trend Changed to Positive, 1 July 2022.
- Morningstar DBRS Confirms Deutsche Bank's A (low) Long-Term Issuer Rating, Trend Changed to Stable, 1 July 2021.

Related Research

- European Banks Reported Stable Cost of Risk in Q1 but Some Challenges Remain, 10 June 2024.
- European Capital Markets Revenues: Strong Underwriting in Q1 2024 Offset Ongoing Weakness in Fixed-Income S&T, 28 May 2024.
- European Banks' Exposure to Russia: Work in Progress; Full Exit Remains the Ultimate Goal, 10 May 2024.
- German Banks' CRE Lending: U.S. Office Loans Driving Increasing NPLs, 17 April 2024.
- European Banks' Cost Of Risk Remained Steady in FY 2023; Some Deterioration in Germany, Portugal, Ireland and Spain, 16 April 2024.
- European Banks' NPLs Resilient in FY 2023, But Increased Pressure in Some Countries, 16 April2024.
- Weak European Capital Markets Revenues in 2023 Driven By Lower Trading; Better Outlook for 2024, 7 March 2024.
- European Banks' Office Loans: More Price Declines are Likely as Office Vacancy Rates Remain High, 6 March 2024.
- European Banks' ESG Risk Factors and 2024 Outlook, 15 February 2024.
- Banks' CRE Exposures: Steep Rise in Provisions on CRE Loans amid Rising Risks on Property Valuations, 14 February 2024.
- Global 2024 FIG Credit Outlook: Mostly Sound With Pockets of Vulnerabilities, 6 February 2024.
- Asset Quality Performance Across European Banks; Trend in NPL Reduction Unlikely to be Sustained in 2024, 22 January 2024.

Previous Reports

- Deutsche Bank AG: Rating Report, 13 July 2023.
- Deutsche Bank AG: Rating Report, 19 July 2022.
- Deutsche Bank AG: Rating Report, 16 July 2021.

European Bank Ratios & Definitions

- Bank Ratio Definitions, 14 March 2022

About Morningstar DBRS

Morningstar DBRS is a full-service global credit ratings business with approximately 700 employees around the world. We're a market leader in Canada, and in multiple asset classes across the U.S. and Europe.

We rate more than 4,000 issuers and nearly 60,000 securities worldwide, providing independent credit ratings for financial institutions, corporate and sovereign entities, and structured finance products and instruments. Market innovators choose to work with us because of our agility, transparency, and tech-forward approach.

Morningstar DBRS is empowering investor success as the go-to source for independent credit ratings. And we are bringing transparency, responsiveness, and leading-edge technology to the industry.

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