

Fitch Affirms Deutsche Bank on 29.75% Interest in Postbank

Fitch Ratings-London/Frankfurt-12 September 2008: Fitch Ratings has today affirmed Deutsche Bank's (DB) ratings at Long-term Issuer Default (IDR) 'AA-' (AA minus) with Stable Outlook, Short-term IDR 'F1+', Individual 'B' and Support '1'. Deutsche Bank's trust preferred securities are affirmed at 'A+'. This follows the announcement that DB will acquire 29.75% of Deutsche Postbank (DPB) from Deutsche Post for EUR2.79bn or EUR57.25 per share in cash.

At the same time, the agency affirmed the ratings of DPB at Long-term IDR 'A' with Stable Outlook, Short-term IDR 'F1', Individual 'C' and Support '1'. The Support Rating Floors for DB and DPB are affirmed at 'A-' (A minus). DPB's hybrid capital instruments, issued by Postbank Funding Trust I-IV and ProSecure Funding, are affirmed at 'A-' (A minus). The agency has also affirmed the ratings of DB's subsidiaries, which are linked to those of the parent bank, and the unsecured debt issued by the former DSL Bank, as detailed below.

"This transaction provides DB with the opportunity to enhance its stable revenues from its private and business clients operations through cooperation agreements and, in a second step, the option to become the majority owner in DPB without the need to fund a larger-scale transaction in the currently difficult market environment," says Andrea von Schnurbein, Director in Fitch's Financial Institutions team in Frankfurt. Fitch positively notes that a strengthening of DB's more stable (ie retail, asset and wealth management and transaction banking) business, which contributed EUR3bn to its income (before income taxes) in FY07 and EUR1.6bn in H108, could help to limit overall earnings volatility.

DB was also granted the option to acquire an additional 18% in DPB's capital for EUR55 per share within the time period of 12 months and 36 months after the initial transaction's close. Deutsche Post has been granted a put option to sell its remaining stake of 20.25% plus one share in DPB to DB for EUR42.80 per share. This option can be exercised between 21 months and 36 months after the closing date.

Half of the EUR2.8bn financial investment, to be accounted for at equity, will be deducted from Tier 1 capital and the other half from Tier 2. In addition, the put option will consume another EUR400m of Tier 1 capital. However, DB's capitalisation will remain strong as it intends to fully compensate the capital burden by issuing EUR2bn in new shares and up to EUR1.5bn in subordinated debt. Consequently, the transaction will have no impact on the Tier 1 ratio, which stood at 9.3% at end-H108.

DB is a leading global investment and commercial bank, with EUR1,991bn in total assets at end-H108. Its ratings reflect its strong global franchise, diversified revenues structure, sound quality of its loan portfolio and capitalisation as well as its sophisticated risk management, which helped the bank to weather the financial markets crisis better than many peers.

DPB is Germany's largest private retail bank, with EUR229bn in total assets at end-H108. Its ratings continue to reflect its leading domestic market position, good franchise in German retail banking, extensive and stable retail deposit base and relatively low credit and funding risk as well as gradually improving underlying operating revenues. The ratings also factor in DPB's comparably high market risks, modest capitalisation and negative impact from its structured credit portfolio.

The ratings of DB's subsidiaries, Deutsche Bank Securities, Deutsche Bank Trust Company Americas and Deutsche Bank Trust Corporation, are affirmed at Long-term IDR 'AA-' (AA minus) with Stable Outlook, Short-term IDR 'F1+' and Support '1'. Additionally, Fitch has affirmed the unsecured debt issued by the former DSL Bank at 'AA', based on the grandfathered, legally binding, deficiency guarantee from the Federal Republic of Germany. DPB acquired DSL in 1999 when it was privatised. The 'AA' ratings relate to obligations undertaken in the period prior to its privatisation.

The transaction is subject to approval by regulatory and anti-trust authorities as well as the German government and is expected to close in Q109.

Contact: Andrea von Schnurbein, Frankfurt, Tel: +49 69 7680 76248; Simone Brehmer, +49 69 7680 76263, Gordon Scott, London, +49 207 417 4307.

Media Relations: Christian Giesen, Frankfurt, Tel: + 49 (0) 69 7680 762 32; Hannah Warrington, London, Tel: +44 (0) 207 417 6298.

Fitch's rating definitions and the terms of use of such ratings are available on the agency's public site, www.fitchratings.com. Published ratings, criteria and methodologies are available from this site, at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance and other relevant policies and procedures are also available from the 'Code of Conduct' section of this site.