



09 February 2015

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Deutsche Bank's response to the European Banking Authority (EBA) Consultation Papers on Draft Guidelines on i) creditworthiness assessment and ii) on arrears and foreclosure

Dear Mr Farkas,

Deutsche Bank (DB) welcomes the opportunity to comment on the two Consultation Papers mentioned above, which both derive from the Mortgage Credit Directive (MCD).

DB agrees with the standards for the provision of mortgage credit the EBA is proposing in the two Draft Guidelines. They fulfil the MCD's goals as stipulated in Recital 6. There are two small clarifications in the Annex that could be clearer but the Guidelines themselves are comprehensive, clear, and therefore we do not suggest any additions.

In addition to our response, we also refer to the input that you will receive from the German financial umbrella trade body Die Deutsche Kreditwirtschaft (DK).

Please let us know if we can provide any further information.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Daniel Trinder', written in a cursive style.

Daniel Trinder
Global Head of Regulatory Policy
Deutsche Bank



Annex – Answers to EBA/CP/2014/42 – Draft Guidelines on creditworthiness assessment

Question 1: Do you agree with the proposed Guidelines? If not, outline why you disagree and how the Guidelines could be improved. Please respond separately for each of the seven Guidelines.

We agree with the proposed Guidelines, which are mainly already common practice at DB. We believe it is very important to have clear, practical guidelines in place for the assessment process. Once signed, a mortgage contract will be binding for banks for up to 40 years.

In addition, we have comments on two issues: Documentation and retention of information (GL 2) and assessment of the consumer's ability to meet his/her obligations under the credit agreement (GL 4):

a) Documentation and retention of information (GL 2):

All documentation for the process leading up to the credit agreement, the agreement itself and all the follow-up exchanges are scanned and stored electronically. We assume that secure electronic filing in a durable medium fulfils these standards.

b) Assessment of the consumer's ability to meet his/her obligations under the credit agreement / loan term extending past retirement age (para 4.4):

The customer's likely entering into retirement age is a regular part of the credit approval process. Whilst making every effort to obtain documentation on likely retirement income from the customer (e.g. the German Statutory Pension Insurance Scheme's annual statement of likely monthly payments), some borrowers are not able to present a full total of their statutory, private and occupational pension insurance entitlements (for example, in the case of self-employed people). In any case, even if all the documentation is available, they can only provide an estimate based on current law and economic conditions. We therefore interpret this guideline as saying that the bank should use appropriate standard calculations deriving from the customer's employment history and income statements, which – if possible – will be supported by pension scheme documentation.

Question 2: Are there any additional requirements that you would suggest adding to the Guidelines? If so, outline the reason(s) for each proposed additional requirement.

We believe that the Draft Guidelines are complete and have no additional suggestions.