

ISSUER COMMENT

29 October 2025



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Deutsche Bank AG

Solid Investment Bank and Asset Management drive strong Q3 performance despite CRE headwinds

All figures in this report relate to Q3 2025 and comparisons are made with Q3 2024, unless otherwise indicated.

On 29 October, [Deutsche Bank AG](#) (DB, A1/A1 stable, baa2¹) reported net income of €1.8 billion in Q3 2025, up 9% from €1.6 billion a year earlier. On a Moody's-adjusted basis, net income of €1.7 billion was up 33% and corresponded to an annualised net return on risk-weighted assets (RWA) of 198 basis points (bp), a return on assets of 48 bp and a net return on shareholders' equity of 10.3%.

Overall group revenue was up 7%, reflecting another solid performance in the Investment Bank (IB) and Asset Management (AM) segments, where revenue grew 18% and 11%, respectively. The IB's solid performance was boosted by higher Fixed Income and Currencies (FIC) revenue (up 19%) and a strong 27% increase in Origination and Advisory (O&A) revenue. In AM, continued net new inflows of €12.1 billion, mainly in passive products, and 9% higher average assets under management (AUM) supported management fee generation. Corporate Bank (CB) revenue fell 1%, reflecting the continued challenge of sustaining net interest income (NII) in a lower interest-rate environment and ongoing pressure on margins. Private Bank (PB) revenue grew 4%, driven by a 9% increase in net interest income.

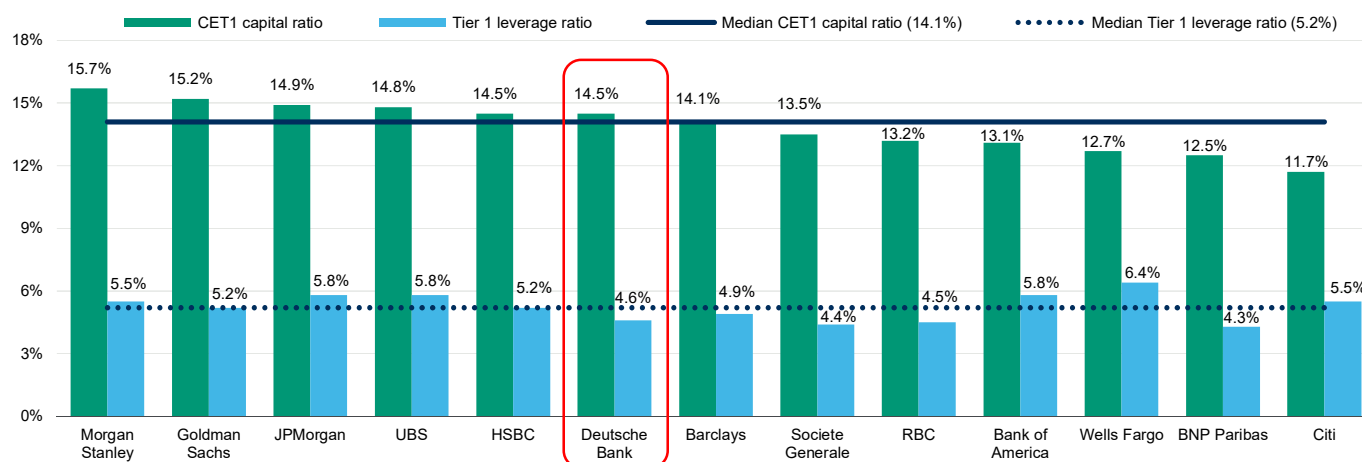
Adjusted operating expenses² remained virtually flat at €5.0 billion, slightly below the bank's target run rate of around €5.1 billion by quarter³. The cost-to-income ratio (CIR) of 64.4% remained below DB's 65% guidance for the year (Q3 2024: 63.2%). On the back of this solid performance, DB confirmed it is on track to achieve all targets for the year⁴.

DB's high-quality liquid assets rose 2% to €234 billion in Q3 (up 1% sequentially), while its liquidity coverage ratio increased to 140% from 136% in Q2 2025. DB's solid liquidity buffers and stable funding continue to support its credit profile, and deposit balances generated from its sizeable domestic and international corporate and retail banking franchises grew 2% (up 1.5% sequentially at €663 billion). Average loans were down 1% year over year at €473 billion as subdued economic growth continued to constrain a return to higher lending production, in addition to negative foreign-exchange translation effects.

In Q3 2025, DB's Tier 1 leverage ratio remained unchanged at 4.6% (Q3 2024: 4.6%), supported by higher retained earnings and only slightly higher leverage exposures (Exhibit 1). Its Common Equity Tier 1 (CET1) capital ratio was 14.5%, up 26 bp sequentially and 70 bp year over year. During the third quarter, DB's RWA remained virtually flat against the prior quarter at €340 billion (Q3 2024: €356 billion). This number includes an accumulated RWA relief from significant risk transfers (SRT) as well as process and data improvements totaling around €30 billion.

Exhibit 1

CET1 ratio and Tier 1 leverage ratio for Global Investment Banks as of 30 September 2025



1) Data is as of Q2 2025 for Societe Generale; Q3 2025 for all others. 2) The Tier 1 leverage ratios of UK and European banks are calculated per the Capital Requirement Regulations and exclude certain central bank balances as temporarily allowed; for US banks we show the supplemental leverage ratio (SLR). 3) The CET1 capital ratio for US banks is calculated under the advanced approach.

Sources: Company reports and Moody's Ratings

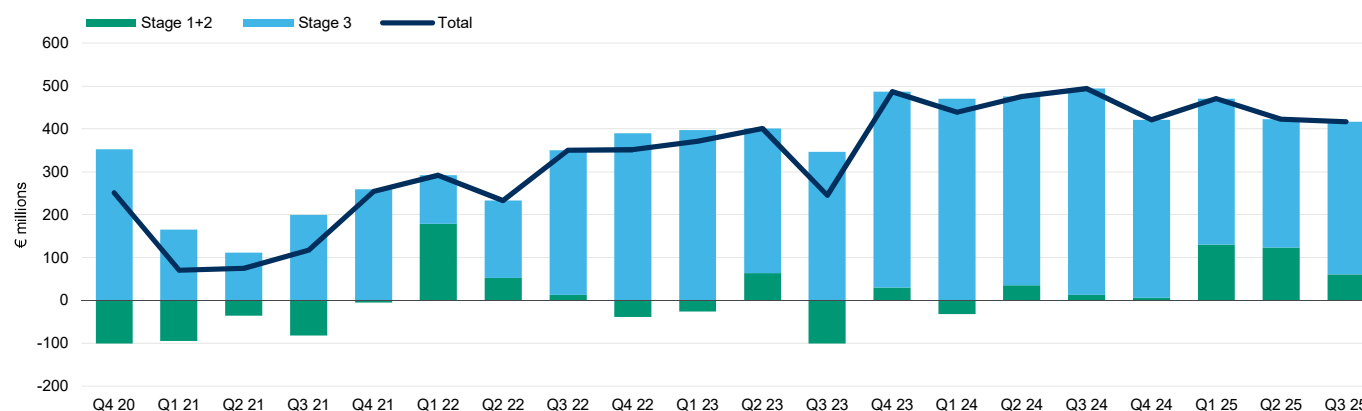
DB's Q3 loan loss charges remained elevated at €417 million, yet declined 16% from €494 million in the year-earlier period and €423 million in Q2 2025 (see Exhibit 2), representing 35 bp of gross loans in the quarter (Q3 2024: 41 bp; Q2 2025: 36 bp). The bank took some additional precautionary provisions in Stage 1+2 of €60 million to account for the deteriorating macroeconomic environment, bringing the total additional Stage 1+2 provisions for this year to €313 million.

Stage 3 provisions declined 26% to €357 million from Q3 2024 but were up 19% sequentially. DB's ratio of nonperforming loans (NPL) to gross loans was 3.2% during the quarter, up from 3.1% in Q2 2025 and down from 3.3% in the prior-year quarter, with total doubtful loans (Stage 3 at amortised cost) of €15.0 billion, declining from €15.7 billion a year earlier (Q2 2025: €14.9 billion). Within Commercial Real Estate (CRE), headwinds from the bank's US portfolio continued and led to additional provisions, in particular on office properties located on the US West Coast. DB plans to mitigate further deterioration in coming months given the slower-than-anticipated recovery in this asset class.

Exhibit 2

Loan loss provisions remain above the bank's usual run rate

Stage 3 provisions are declining



Sources: Company reports and Moody's Ratings

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The coverage ratio of Stage 3 loans improved to 30% (Q3 2024: 28%), but declined sequentially (Q2 2025: 31%), and remains low compared with peers. This partly reflects the highly collateralized nature of the bank's loan book. We expect NPL formation to slow into the final quarter of the year and potentially into 2026 as declining formation in the bank's CRE books is likely to offset gradually rising problem loan formation from the turning credit cycle in other books. In addition, forward-looking provisions on performing Stage 1 and 2 loans of €1.4 billion continue to provide an ample buffer against unexpected shocks.

Noteworthy segment considerations

All figures relate to Q3 2025 and comparisons are made with Q3 2024, unless otherwise indicated.

The **Investment Bank** reported a pretax profit of €965 million, up 19% year over year. Revenue rose 18% to €3.0 billion, driven by continued double-digit growth in FIC revenue (up 19%) and a strong improvement in O&A revenue (up 27%). Higher revenue in the quarter more than offset an 8% increase in costs, driven by higher deferred compensation and some litigation charges. Additionally, the segment experienced a more than twofold increase in loan loss provisions mainly because of model changes and continued elevated Stage 3 impairments stemming from the bank's CRE lending books. O&A's performance has been underpinned by a recovery in Leveraged Debt Capital Markets issuances, which lead to a sharp 34% increase in Debt Origination revenue. FIC's revenue was supported by Credit Trading, Financing and Macro products in the context of strong market activity in Q3 2025.

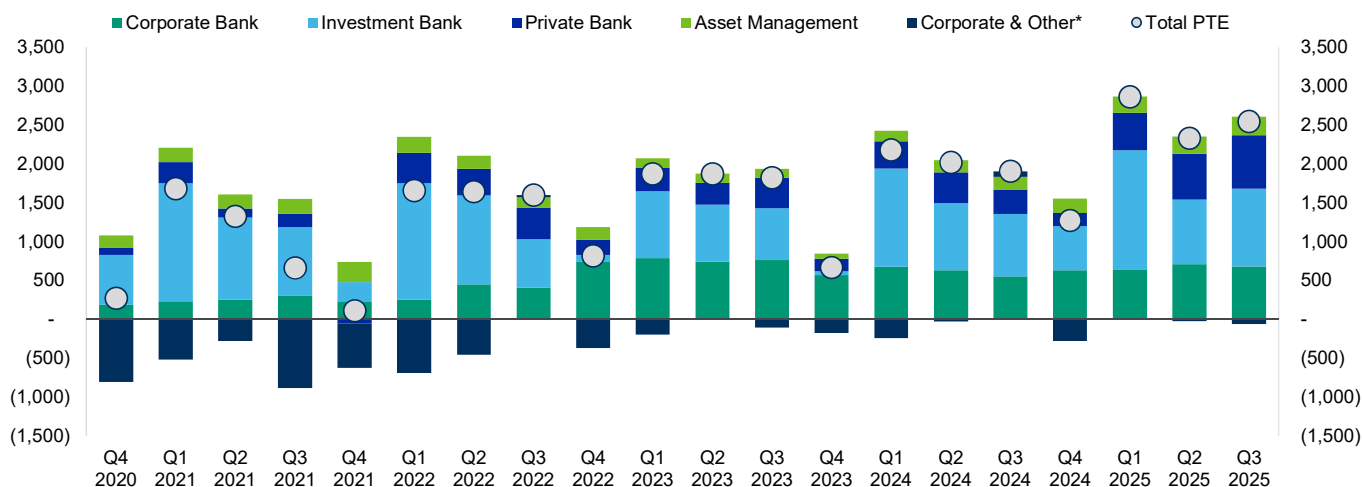
DB outperformed its US peers both in FIC and O&A. FIC revenue rose 26% in US dollar terms versus the aggregate 14% increase for US peers (17% including Equities business, where DB does not compete). O&A revenue was up by 35% in US dollar terms versus an aggregate increase of 32% for US peers.

Asset Management reported a pretax profit of €237 million, up 42% year over year. Revenue increased 11% to €734 million because of an increase in performance fees, which rose to €50 million from €12 million a year earlier, driven by Alternative Infrastructure and Real Estate funds. Revenue also benefitted from higher average AUM, driving a 5% increase in management fees, the segment's main source of revenue. AUM were up 9% year over year and 4% sequentially to €1.1 trillion, underpinned by net inflows in passive products and supported by strong market performance.

Exhibit 3

DB's revenue benefitted from strong performances across all segments

Adjusted quarterly pretax profit by business line (excluding litigation, impairments, Debit Valuation Adjustments and one-offs), € million



Restatement for 2023 numbers are in line with the bank's revised divisional reporting.

*Capital Release Unit (CRU) discontinued from 2023 and restated in 2022 (moved to C&O). Quarterly 2019-21 figure for C&O reflects combined CRU and C&O.

Sources: Company reports and Moody's Ratings

The **Corporate Bank** reported a pretax profit of €670 million, up 23% from a year earlier. The performance was underpinned by a small €4 million reversal in loan loss provisions (Q3 2024: charges of €126 million) and a 4% decrease in general and administrative expenses, which more than offset the 1% decrease in revenue owing to weaker Business Banking and Institutional Client Services revenue. The segment's revenue remains under pressure from ongoing normalisation of deposit margins, although mitigated by

hedging, and continued foreign-exchange headwinds, driving an 8% reported drop in NII, partially offset by a 4% rise in fee and commission income. The release in loan loss provisions was primarily driven by Stage 1 and Stage 2 releases.

The **Private Bank** reported a pretax profit of €683 million, up 119% from a year earlier, underpinned by a 4% increase in revenue and a 9% decrease in costs, as well as a 59% reduction in loan loss provisions benefitting from model updates. The segment's revenue was supported by 4% revenue growth in both the Personal Banking and Wealth Management and Private Banking businesses, mainly driven by higher net interest income. Higher revenue from deposits and investment products and good momentum in discretionary portfolio mandates helped offset a decline in lending, the latter in-line with DB's strategic shift away from capital-intensive loan products. AUM increased 8% from year earlier and 5% sequentially despite negative foreign-exchange rate effects, reflecting both net inflows (€13.0 billion) and positive market developments.

Rating considerations

Deutsche Bank has a Baseline Credit Assessment of baa2 and is rated A1 for deposits, A1 for senior unsecured debt and Baa1 for junior senior unsecured debt, and is assigned a Counterparty Risk Assessment of A1(cr)/P-1(cr) and Counterparty Risk Ratings of A1/P-1. The long-term senior debt and deposit ratings carry a stable outlook.

Moody's related research

Credit Opinion

» [Deutsche Bank AG](#), May 2025

In-Depth Reports

- » [Global Investment and Universal Banks - US: Q3 Update: Credit positive results tempered by prospect of lower capital](#), October 2025
- » [Universal Banks – Cross Region: Market leadership, strong governance will help sustain benefits of universal model](#), April 2023
- » [Most diversified G-SIBs deliver more robust, predictable earnings through the cycle](#), September 2022

Latest Rating Action(s)/Announcement(s)

- » [Moody's Ratings announces completion of a periodic review of ratings of Deutsche Bank AG](#), March 2025
- » [Moody's Ratings affirms Deutsche Bank AG's long-term deposit ratings, outlook stable](#), June 2024

Rating Methodology

» [Banks Methodology](#), November 2024

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Endnotes

- ¹ The ratings shown are the bank's deposit rating, senior unsecured debt rating and Baseline Credit Assessment.
- ² Per DB disclosures. Excluding litigation charges and restructuring and severance payments.
- ³ DB's adjusted cost target is €20.3 billion for 2025.
- ⁴ Key targets include FY 2025 revenues of €32 billion, a cost-to-income ratio of below 65%, and a return on tangible equity of above 10%.

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REPORT NUMBER 1464935