FitchRatings

Deutsche Bank on Track to Hit 2025 Targets After Solid 1H25

Credit Comment

Deutsche Bank AG (A-/Stable) has had its highest pre-tax profit in 1H25 for the first half of a year since 2007, reporting a robust EUR5.3 billion. This was up 22% from 1H24 excluding litigation and restructuring costs, especially a EUR1.3 billion charge for Postbank-related litigation in 1H24. Stable underlying operating costs year on year and execution of planned cost savings confirm improved cost control.

After a seasonally strong 1H25, which benefitted from conducive market conditions, the annualised operating profit/risk-weighted assets (RWAs) ratio of 3.1% was well above Fitch Ratings' full-year forecast. The bank's main targets for 2025, including revenue of about EUR32 billion (excluding currency effects), a return on tangible equity (RoTE) above 10% (1H25: 11%) and a cost/income ratio below 65% (1H25: 62%) are achievable. By rolling over at higher rates, the hedge portfolio helped stabilise the net interest margin at 1.2%, as calculated by Fitch.

Trading Revenue Particularly Strong

Revenue rose in most businesses. The investment bank continued to perform well (13% RoTE), generating almost half of the bank's pre-tax profit. Fixed-income and currencies revenue was up 14% from a strong 1H24 despite pressure from a weakening US dollar, helped – similar to US peers – by high trading volumes, driven by exceptionally high market volatility in 2Q25.

This more than offset a 19% revenue decline in the much smaller Origination and Advisory business. The latter underperformed US peers, notably due to weak debt origination volumes as transactions were postponed due to geopolitical and tariff uncertainties, although the market showed signs of recovery at the end of 2Q25.

Private Bank Gradually Recovering

The private bank continued to lag behind the other divisions, but its pre-tax profit was up 50% year on year and with a RoTE of 10%, as restructuring benefits are gradually delivered.

Asset quality was stable, but the 3.1% impaired loans ratio is one of the highest among large European banks. Model adjustments and portfolio effects inflated loan impairment charges (LICs), which, at 37bp of gross loans (annualised), continue to exceed the bank's guidance, equivalent to about 30bp, for 2025. But Stage 3 provisions fell in the past three quarters despite pressure in US commercial real estate, which generated over a third of total LICs in 1H25.

Deutsche Bank is one of the most affected large European banks out of those that have disclosed their estimates of the impact of the final Basel 3 rules, with a hypothetical 33% rise in RWAs from the application of the output floor from end-1H25. However, this should be largely mitigated over the long phase-in period, including through market risk exposure optimisation and hedging, which should avoid material erosion of its regulatory capital buffers.

Ratings

Foreign Currency

Long-Term IDR	A-
Short-Term IDR	F1
Derivative Counterparty Rating	A(dcr)
Viability Rating	a-
Government Support Rating	ns

Sovereign Risk (Germany)

Long-Term Foreign-Currency IDR	AAA
Long-Term Local-Currency IDR	AAA
Country Ceiling	AAA

Outlooks

Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Highest ESG Relevance Scores

Environmental	2
Social	3
Governance	3

Applicable Criteria

Bank Rating Criteria (March 2025)

Non-Bank Financial Institutions Rating Criteria (January 2025)

Related Research

Fitch Affirms Deutsche Bank at 'A-'/Stable; Upgrades Short-Term IDR to 'F1' (June 2025)

Deutsche Bank AG (June 2025)

Large European Banks Quarterly Credit Monitor (May 2025)

Global Economic Outlook – June 2025 Update

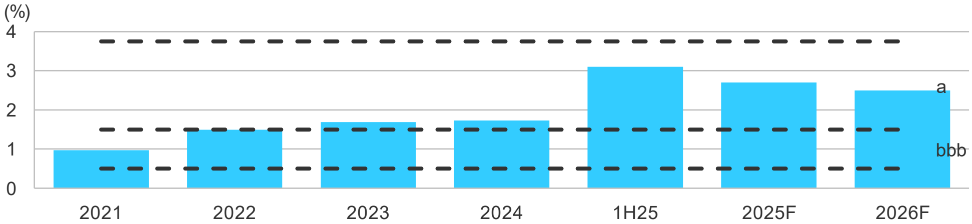
Western European Banks Well Placed to Absorb Tariff Uncertainty Fallout (April 2025)

Analysts

Patrick Rioual
+33 1 44 29 91 21
patrick.rioual@fitchratings.com

Rafael Quina
+33 1 44 29 91 81
rafael.quina@fitchratings.com

Operating Profit/Risk-Weighted Assets



Dashed lines represent indicative quantitative ranges and implied scores for Fitch's core financial metrics for banks.
Source: Fitch Ratings, Fitch Solutions, Deutsche Bank

DISCLAIMER & DISCLOSURES

All Fitch Ratings (Fitch) credit ratings are subject to certain limitations and disclaimers. Please read these limitations and disclaimers by following this link: https://www.fitchratings.com/understandingcreditratings. In addition, the following https://www.fitchratings.com/rating-definitions-document details Fitch's rating definitions for each rating scale and rating categories, including definitions relating to default. 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. Directors and shareholders' relevant interests are available at https://www.fitchratings.com/site/regulatory. Fitch may have provided another permissible or ancillary service to the rated entity or its related third parties. Details of permissible or ancillary service(s) for which the lead analyst is based in an ESMA- or FCA-registered Fitch Ratings company (or branch of such a company) can be found on the entity summary page for this issuer on the Fitch Ratings website.

In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third- party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed. Fitch Ratings makes routine, commonly-accepted adjustments to reported financial data in accordance with the relevant criteria and/or industry standards to provide financial metric consistency for entities in the same sector or asset class.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US$1,000 to US$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US$10,000 to US$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001.

Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the "NRSRO"). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see https://www.fitchratings.com/site/regulatory), other credit rating subsidiaries are not listed on Form NRSRO (the "non-NRSROs") and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.