PRESS RELEASE JULY 24, 2025

Morningstar DBRS Comments on Deutsche Bank's Strong Q2 2025 Results

BANKING ORGANIZATIONS

In Q2 2025, Deutsche Bank AG (DB or the Bank; rated A (high) with a Stable trend by Morningstar DBRS) reported a net profit of EUR 1,733 million compared with just EUR 52 million in Q2 2024, which included the EUR 1.3 billion of litigation charges related to the Postbank acquisition. Excluding this effect, results were up on a combination of strong revenue growth, lower noninterest expenses, and lower loan loss provisions. As a result, DB's ROTE was 10.1% in Q2 2025, much improved from 4.7% in 2024 and in line with the Bank's target of above 10% for 2025. This confirms that DB is in a good position to achieve its 2025 targets.

Revenues grew 3% by year over year (YOY), driven by strong dynamics in almost all business lines, with a robust Investment Bank performance, on the back of fixed income and currencies (FIC), strong growth in Asset Management revenues, and good dynamics in the Private Bank division, while Corporate Bank revenues remained fairly stable YOY. In Morningstar DBRS' view, this continues to reflect solid momentum and speaks to the strategy DB laid out of implementing initiatives to optimise its franchise, streamline costs, and adapt its business mix.

Corporate Bank revenues were EUR 1.9 billion for the quarter, essentially flat YOY, because of mixed trends. Business Banking revenues posted a 6% decline amid the lower interest rate environment and foreign exchange headwinds, albeit offset by interest hedging gains, higher average deposits and net commission, and fee income growth.

While the Investment Bank division remained a key contributor this quarter, Morningstar DBRS notes that the performance declined quarter over quarter (QOQ) due to seasonality. However, revenues were up 3% YOY to EUR 2.7 billion in Q2 2025, mainly driven by a strong performance in FIC, up 11% YOY, which more than offset a 29% decline in Origination and Advisory revenues, affected by market uncertainty implying a delay in deals.

The Private Bank division once again experienced good dynamics this quarter, with revenues up 2% YOY, mainly driven by higher net interest income as well as higher fees and commissions. Morningstar DBRS notes that the Private Bank division recorded a good performance in Wealth Management, Private Banking, and Personal Banking. This reflected higher revenues from deposit and investment products in Germany in Personal Banking and was offset by lower revenues in capital-intense loan products. Wealth Management and Private Banking benefitted from revenue growth on higher mandates. Morningstar DBRS also notes that assets under management stood at EUR 645 billion in Q2 2025, up 2% QOQ and 5% from Q2 2024.

Asset Management continued to be a key contributor in Q2 2025 with strong revenue growth, up 9% YOY, driven by a continued increase in performance fees and recognition of management fees.

DB has continued to improve its operating efficiency with cost discipline supported by ongoing optimisation initiatives. Noninterest expenses were down 26% YOY, as Q2 2024 included the litigation costs related to the Postbank takeover. Excluding this effect, and in line with its guidance for 2025, adjusted costs were down 1% YOY at EUR 5.0 billion as wage growth was more than offset by workforce optimisation and favourable foreign exchange impacts. As a result, the Bank's cost-to-income ratio was 63.6% in Q2

2025, below its target of 65% and much below FY 2023 and FY 2024 figures of 75% and 76%, respectively. This confirms Morningstar DBRS' view that DB has taken the necessary steps in terms of cost optimisation to improve its operating efficiency going forward.

Provisions for credit losses were down 11% YOY to EUR 423 million in Q2 2025, mainly on a model update that benefited the Private Bank and the Corporate Bank divisions. In line with previous quarters, Stage 3 provisions further decreased, mainly in the Private Bank, while Stage 3 provisions remained elevated in the Corporate Bank, driven by exposure to commercial real estate. Stage 1 and 2 provisions were also down from previous levels but remained elevated compared with 2024 because of moderate macroeconomic forecasts amid the current challenging environment. The cost of risk was 36 basis points (bps) in Q2 2025, down from the 2024 average of around 38 bps.

The Bank's CET1 ratio stood at 14.2% at the end of Q2 2025 compared with 13.8% at YE2024 and well above the 13.5% to 14.0% capital objective. This was mostly supported by this quarter's results combined with lower risk-weighted assets. DB's leverage ratio was slightly up QOQ at 4.7% in Q2 2025, still well above requirements.

For more information on this issuer or on this industry, visit https://dbrs.morningstar.com or contact us at info-DBRS@morningstar.com.

DBRS Ratings GmbH
Neue Mainzer Straße 75
D-60311 Frankfurt am Main
Tel. +49 (69) 8088 3500
Geschäftsführung: Detlef Scholz, Marta Zurita Bermejo
Amtsgericht Frankfurt am Main, HRB 110259

Contacts

Arnaud Journois
Senior Vice President - European Financial Institution Ratings
+(49) 69 8088 3526
arnaud.journois@morningstar.com

Marcos Alvarez
Managing Director - Global Financial Institution Ratings
+(34) 919 036 529
marcos.alvarez@morningstar.com