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NON-RATING ACTION COMMENTARY

Deutsche Bank 2028 Strategic Plan Is Rating Positive if Well Executed

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Fitch Ratings-Paris-18 November 2025: Deutsche Bank AG's updated strategic plan for 2026–2028 could be positive for the bank's 'A-'/Stable/'F1' ratings if well executed, Fitch Ratings says.

The plan signals a strategy shift towards sustained organic earnings growth following a long phase of restructuring, refocusing, remediation and stabilisation since 2019. We view execution risk as moderate, as the new plan does not entail any strategic disruption. We believe that some targets are ambitious, especially in the private bank. However, the management execution record, with key targets for 2025 about to be achieved, lends credibility to the plan.

We estimate that DB's targeted return on tangible equity (ROTE) of 13% in 2028, while maintaining a common equity Tier 1 (CET1) ratio of 13.5%–14%, would translate to an operating profit/risk-weighted assets (RWAs) ratio of about 3% in 2028. This would be in line with DB's 9M25 performance, which, however, benefitted from strong performance in the investment bank on highly supportive market conditions. This performance will be challenging to maintain over the planning period. Therefore, achieving a ratio of about 3% in 2028 (double the 2021–2024 average) will require structural performance improvement across the group, particularly in the private bank and corporate bank, which would indicate a strengthened business profile.

The plan's strategic continuity and overall moderate revenue and RWA growth targets do not signal increasing risk appetite. Therefore, we believe careful execution could be compatible with an improvement of DB's impaired loans ratio from 3% at end-September 2025. This assumes a recovery of its weak US commercial real estate loan book, which has weighed on the ratio since 2024, and no severe materialisation of late-cycle risks. DB's long-term impaired loans ratio prior to 2024 averaged 2.5%.

Therefore, we view DB's main rating upgrade sensitivities as achievable. These comprise an operating profit/RWAs ratio of sustainably at least 2%, a CET1 ratio of at least 13.5%, and an impaired loans ratio below 3%, together with a further strengthening of the bank's business model and a turnaround of the domestic retail business.

DB expects improved performance in each of the plan's three years, with revenue growth to pick up over time. We forecast an operating profit/RWAs ratio of about 2.5% in 2026. However, this will depend on how front-loaded investment spends will be and how rapidly they will generate incremental earnings.

DB's plan factors in favourable trends such as growing global trade amid evolving globalisation drivers, demographic transition and lasting geopolitical uncertainties. We believe the bank is well positioned to benefit from these drivers, with strong international franchises in advisory, payments and assets gathering. We also view as reasonable that the plan does not rely on external measures such as the German government's fiscal stimulus package or the EU's Savings and Investments Union, given their uncertain execution, benefits and timelines. However, a materialisation of these measures could cushion unforeseen setbacks during the implementation of the plan and provide upside.

We believe that DB, as the largest bank in Europe's largest economy but with underexploited franchises, has significant untapped potential to strengthen its performance and reduce the gap to large European banks. This will depend on optimising intragroup collaboration and growing capital-light activities significantly, in addition to economic and market conditions remaining reasonably supportive.

The plan's achievement will also depend on a strong and lasting recovery of the private bank, which has 2028 targets of least 18% ROTE and a 60% cost/income ratio. We view these targets as ambitious considering the division's still short record of adequate profitability following years of weak restructuring-driven earnings in a structurally challenging German market. However, the division's strong improvement (9M25: 11% ROTE) following the completion of German platform restructuring is encouraging.

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