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ISSUER COMMENT

29 January 2026

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Deutsche Bank AG

Investment Bank and Asset Management performance support solid Q4 as DB meets its 2025 targets

All figures in this report relate to Q4 2025 and comparisons are made with Q4 2024, unless otherwise indicated.

On 29 January, Deutsche Bank AG (DB, A1/A1 stable, baa2[1]) reported net income of €1.6 billion in the fourth quarter of 2025, up 56% from a Moody's-adjusted €1.0 billion a year earlier. On a Moody's-adjusted basis, net income of €1.4 billion was up 41% and corresponded to an annualised net return on risk-weighted assets (RWA) of 164 basis points (bp), a return on assets of 40 bp and a net return on shareholders' equity of 8.6%.

This set of results marks the end of DB's 2022-25 strategic plan which the bank has successfully delivered on all of its targets leading to stronger revenues, improved efficiency and more stable profitability, which – in combination – provide a solid foundation for the new 2028 strategy. DB is now operating with a more predictable earnings profile, higher capital generation capacity and a robust liquidity position, all of which are credit positive.

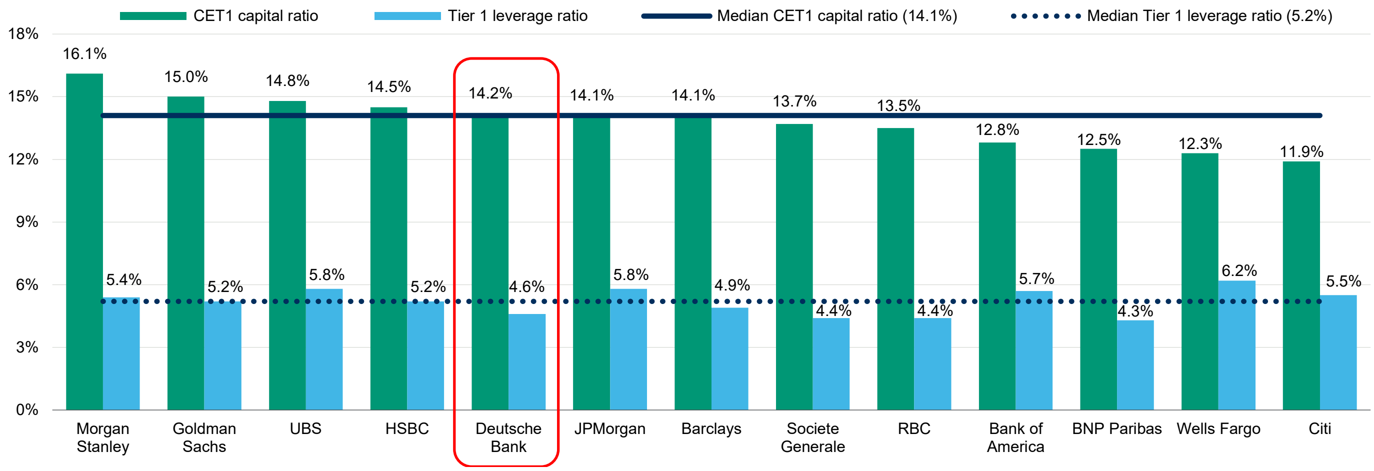
Overall group revenue was up 7%, reflecting another solid performance in the Investment Bank (IB) and Asset Management (AM) segments, where revenue grew 5% and 25%, respectively. Corporate Bank (CB) revenue fell 2% while Private Bank (PB) revenue grew 3%, driven by a 10% increase in wealth management revenue. Adjusted costs[2] came in at €5.1 billion, down 2.7%, and in-line with the bank's target run rate[3]. The cost-to-income ratio (CIR) of 68.6% was virtually flat and was 64.4% for the full year, below the 65% guidance. For 2026, DB expects revenue to grow further to around €33 billion (2025: €32.1 billion) while maintaining cost discipline with total operating expenses expected to come in at slightly above €21 billion (2025: €20.7 billion reported), including €900 million of incremental growth investments.

DB's high-quality liquid assets rose 15% to a strong €260 billion in Q4 (up 11% sequentially), while its liquidity coverage ratio increased to 144% from 131% in Q4 2024. 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 3.8% to €692 billion. Average loans were down 1.2% year over year at €479 billion despite €6.0 billion growth in operating businesses because of negative foreign-exchange translation effects.

On 28 January, the public prosecutor's office started investigating transactions from 2013 to 2018 as part of its probe into DB on suspicion of money laundering, reportedly related to a late filing of a suspicious transactions. At this stage, we would not expect these investigations, which seem to be focused on one single client relationship, to cause any financial or reputational damage to DB who will be cooperating fully with the authorities on the matter.

In Q4 2025, DB's Tier 1 leverage ratio remained unchanged at 4.6%, supported by higher retained earnings and only slightly higher leverage exposures (Exhibit 1). Its Common Equity Tier 1 (CET1) capital ratio was 14.2%, up 40 bp year over year. DB's RWA declined 2.9% to €347 billion against €357 billion in Q4 2024, benefitting from a cumulative RWA relief from significant risk transfers (SRT) as well as process and data improvements totaling around €31 billion as of the end of 2025.

Exhibit 1
CET1 ratio and Tier 1 leverage ratio for Global Investment Banks as of 31 December 2025



1) Data is as of Q4 2025 for DB, Goldman Sachs, Morgan Stanley, RBC, JPMorgan, Bank of America, Citi and Wells Fargo; 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

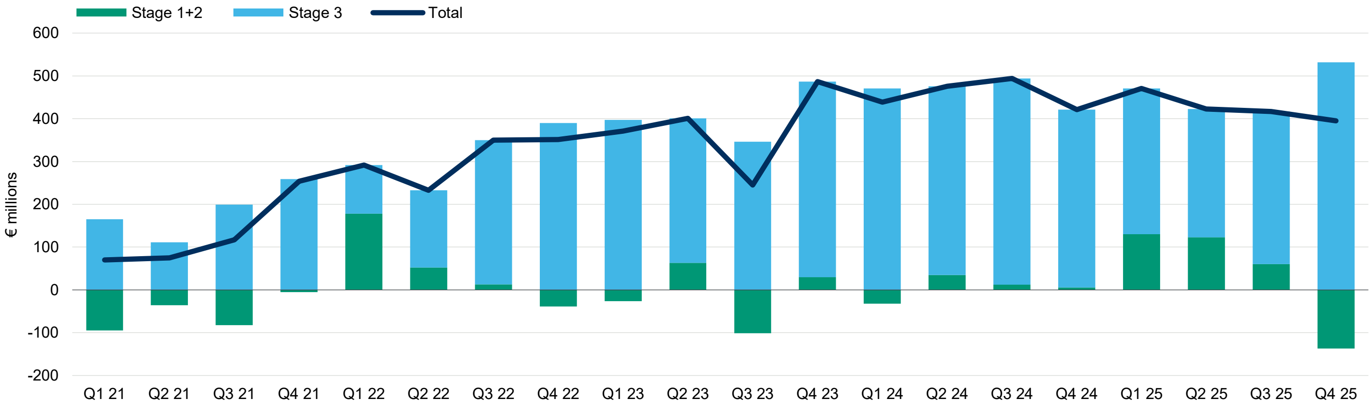
DB's Q4 loan loss charges remain above the bank's usual run rate at €395 million, although lower than €420 million in the year-earlier period and €417 million in Q3 2025 (see Exhibit 2), representing 33 bp of gross loans in the quarter (Q4 2024: 35 bp; Q3 2025: 35 bp). The bank had releases of €137 million in Stage 1 and Stage 2, mitigating an increase in Stage 3 provisions to €532 million, up 28% year over year, the highest Stage 3 provision over the past 16 quarters. The increase in Stage 3 provisions was driven by one larger single event as well as several additional smaller events in the bank's middle market loan book.

DB's ratio of nonperforming loans (NPL) to gross loans was 3.2% during the quarter, in line with Q3 2025 and down from 3.3% in the prior-year quarter, with total doubtful loans (Stage 3 at amortised cost) of €15.5 billion, declining from €15.8 billion a year earlier. Within Commercial Real Estate (CRE), headwinds from the bank's US portfolio continued and led to additional provisions, in particular (again) on office properties located on the US West Coast and one larger single-name event.

The coverage ratio of Stage 3 loans improved to 31% (Q3 2025: 30%), but 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 year 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 Stage 2 loans of €1.3 billion continue to provide an ample buffer against unexpected shocks.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on https://ratings.moodys.com for the most updated credit rating action information and rating history.

Exhibit 2
Loan loss provisions remain contained, but stayed above the bank's usual run rate
Stage 3 provisions at highest level over the past 16 quarters



Sources: Company reports and Moody's Ratings

Noteworthy segment considerations

All figures relate to Q4 2025 and comparisons are made with Q4 2024, unless otherwise indicated.

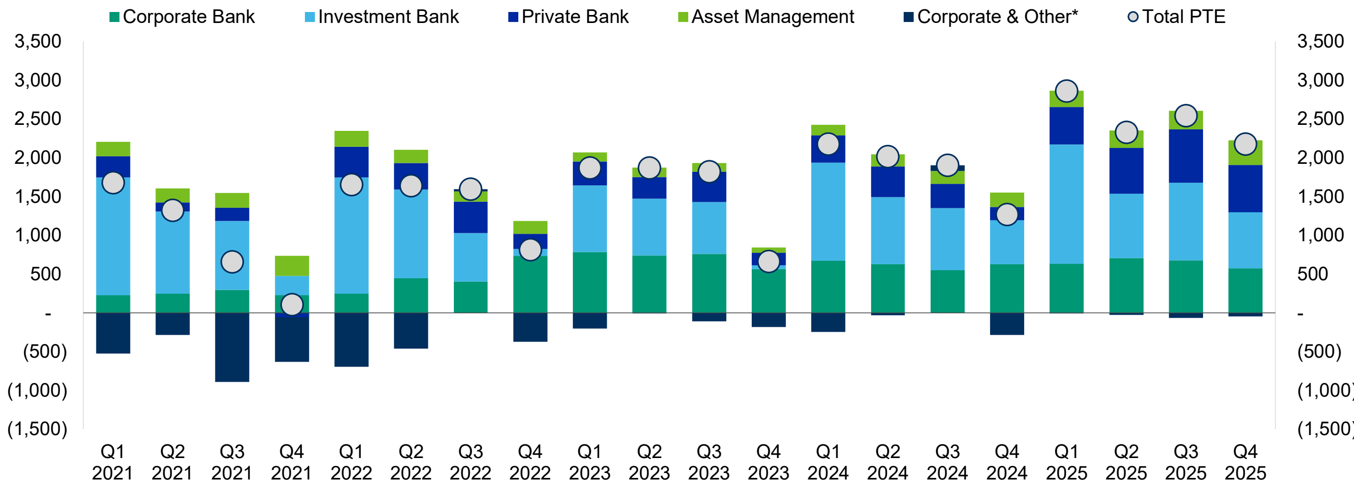
The **Investment Bank** reported a pretax profit of €685 million, up 32% year over year. Revenue rose 5% to €2.5 billion, driven by growth in FIC revenue (up 6%) which more than offset a 4% decrease in IBCM revenue.

FIC's revenue marked the strongest fourth quarter on record, mainly because of continued outperformance in Foreign Exchange and Emerging Markets, as well as balance sheet deployment in 2025. IBCM's performance suffered lower leveraged debt capital market revenue, which drove a 6% reduction in debt origination, and lower advisory with respect to the strong prior year (down 9%), more than offsetting the benefit from a 23% increase in equity origination. DB outperformed its US peers in FIC revenue, which increased 16% in US dollar terms compared with a 4% aggregate rise among US peers (11% including Equities, where DB does not compete). Conversely, US peers reported stronger growth in IBCM revenue, posting a 17% aggregate increase versus DB's 5% rise in US dollar terms.

Higher revenue in the quarter was further supported by a 3% decline in costs, partially reflecting the lower restructuring and severance costs year on year. Additionally, the segment experienced a reduction in loan loss provisions (down 3%) as continued elevated Stage 3 impairments stemming from the bank's CRE lending books were mitigated by Stage 1 and Stage 2 releases.

Asset Management reported a pretax profit of €317 million, up 73% year over year. Revenue increased 25% to €888 million because of higher average AUM, which drove a 4% increase in management fees, the segment's main source of revenue. AUM rose 7% year over year and 3% sequentially to €1.1 trillion, supported by net inflows into passive products alongside strong market performance, as well as higher inflows across active, alternatives and cash products. The segment has also benefitted from the recognition of fees from a large client in the forth quarter, leading to a 60% increase in performance fees.

Exhibit 3
DB's revenue benefitted from solid 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 2021 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 €564 million, up 66% from a year earlier. The year-on-year increase is mainly because of €287 million of litigation costs recorded last year. The absence of similar litigation expenses this quarter led to a 23% decline in expenses, more than offsetting the 2% decrease in revenue. The segment's net interest income (NII) declined 9% and remains strained by the ongoing normalisation of deposit margins and persistent foreign-exchange headwinds, mitigated by interest rate hedging and higher average deposits. By contrast, net commission and fee income increased 4%. Loan loss provisions also increased €76 million year over year to €99 million driven by higher Stage 3 provisions.

The **Private Bank** reported a pretax profit of €570 million, a sharp increase from €161 million a year earlier, supported by 3% revenue growth, an 11% reduction in costs and a 44% decline in loan loss provisions owing to the absence of legacy-case charges booked last year. Revenue benefitted from 10% growth in Wealth Management, around half of which stemmed from hedge roll overs, while Personal Banking revenue fell 1%, mainly reflecting the strategic shift towards higher value products, which reduced lending income. The steep cost reduction reflects lower restructuring and severance expenses, as well as ongoing workforce and branch rationalisation, which is expected to continue into 2026. AUM increased 8% year over year and 2% sequentially, driven by net inflows into investment products and deposit gathering campaigns in Germany.

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, November 2025

In-Depth Reports

» Global Investment and Universal Banks - US: Q4 Update: Favorable operating environment brings credit positive results, January 2026

» 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

» Rating Methodology: Banks, November 2025

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 but including bank levies.

3 DB's adjusted cost target was €20.3 billion for 2025.

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REPORT NUMBER 1472594