ISSUER IN-DEPTH
19 February 2026

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RATINGS

Baseline Credit Assessment (BCA)	baa2
Counterparty Risk (CR) Assessment	A1(cr)

Bank Deposit Rating	A1
Outlook	Positive
Senior Unsecured Bank Debt	A1
Outlook	Stable

Source: Moodys.com

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Deutsche Bank AG

Stronger earnings, robust capital, and a resilient risk profile underpin positive outlook

Deutsche Bank AG (DB; A1 positive/A1 stable, baa2[1]) has continued to improve the resilience, sustainability and diversification of its earnings base since its 2019 strategic reset. Successful execution of the bank's 2022–25 plan has led to stronger revenues, improved efficiency and more stable profitability, providing a solid foundation for the bank's new 2028 strategy. DB now has a more predictable earnings profile, higher capital generation capacity and healthy liquidity, all of which support 19 February affirmation of the bank's ratings and revision of the outlook on the bank's deposit ratings to positive from stable.

Stronger, more diversified earnings support the new strategic plan. DB significantly strengthened its profitability, narrowing the gap versus its higher rated global peers. Under its new strategic plan, the bank targets revenue of about €37 billion in 2028, up from €32.1 billion in 2025. It also aims to restrict operating costs to around €22 billion, up only modestly from €20.7 billion as of the end of 2025 despite ongoing investments. This would support sustained positive operating leverage, allowing DB to maintain strong profitability growth. Continued disciplined execution towards the 2028 plan's targets will remain key to further improvements in the bank's credit strength and ratings.

Capital and liquidity reinforced through strong execution. Since 2019, DB has also significantly improved its capital trajectory. The bank now guides to a Common Equity Tier 1 (CET1) ratio of 13.5%–14.0% through 2025–28, helped by stronger earnings, balanced shareholder returns, and disciplined balance sheet growth. DB's CET1 ratio guidance is comfortably above regulatory minimums and will help the bank absorb the impact of further regulatory tightening. DB also benefits from a large, granular deposit base and its reliance on confidence sensitive wholesale funding is diminishing. This reduces refinancing risks and contributes to a more stable and predictable funding profile. At the same time, the bank's sizeable stock of high quality liquid assets provides a substantial buffer against potential stresses.

Loan book is well diversified with moderate risk concentrations. DB's €479 billion loan book as of the end of 2025 is well diversified across asset classes, regions and segments. It is also supported by high collateralization on performing exposures, €6.0 billion of loan loss reserves, and a variety of hedging positions. This provides significant protection against unexpected credit deterioration.

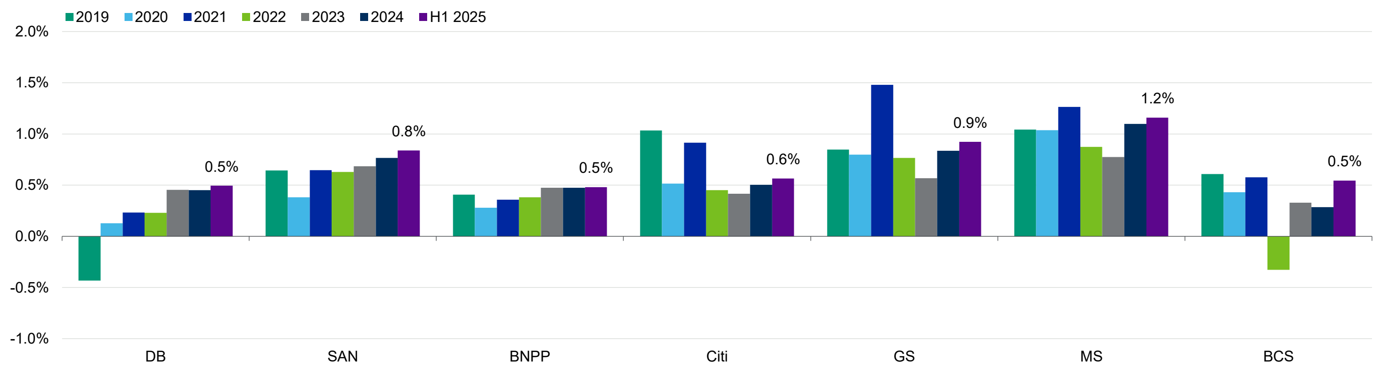
Stronger, more diversified earnings support the new strategic plan

DB significantly improved its profitability, narrowing the gap against its higher-rated global peers.

Exhibit 1

DB's returns have caught up with those of its higher-rated* peers

Return on assets



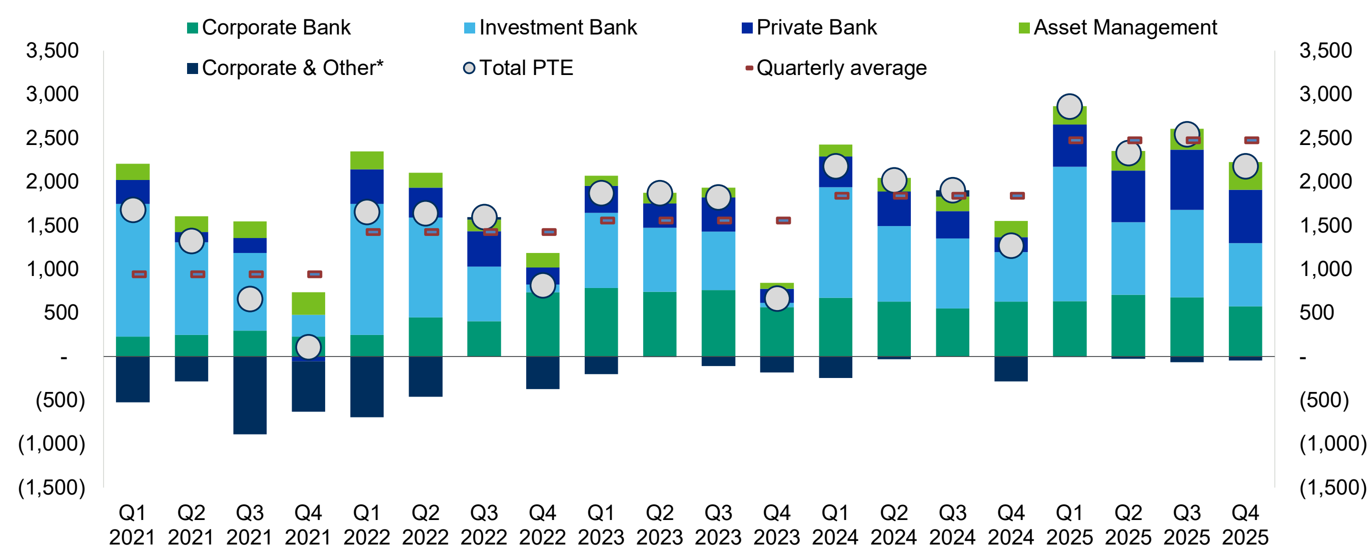
*Comparison is against the baa1 BCAs of the above peer group, while DB has a baa2 BCA. DB = Deutsche Bank; SAN = Banco Santander; BNP = BNP Paribas; Citi = Citigroup; GS = Goldman Sachs; MS = Morgan Stanley; BCS = Barclays.
Sources: Company reports, Moody's Ratings

A more favorable interest-rate environment since 2023 has boosted retail and corporate banking revenues, and the Investment Bank (IB) segment has also contributed a large share of overall revenue growth. DB has regained market share in core fixed income flow products, helping to offset subdued primary issuance activity over the past few years. Transaction banking and asset management have also continued to perform strongly, lifting fee and commission income. These improvements reflect DB's more focused business model and the benefits of withdrawing from lower margin, higher volatility institutional activities.

Exhibit 2

DB's revenue benefited from a solid performance across all segments

Adjusted pretax earnings by business line



*Capital Release Unit (CRU) discontinued from 2023 and restated in 2022 (moved to C&O). Quarterly 2021 figure for Corporate&Other (C&O) reflects combined CRU and C&O.
Sources: Company reports and Moody's Ratings

Under its new strategic plan, DB targets group revenues of about €37 billion by 2028, up 15% from €32.1 billion in 2025. Growth will likely come from asset gathering, payments, servicing and advisory, with DB's now larger scale and continued strength in global markets and financing businesses also contributing. Combined with DB's strong German corporate and private client franchise, these factors provide a credible path to the bank's demanding revenue goal.

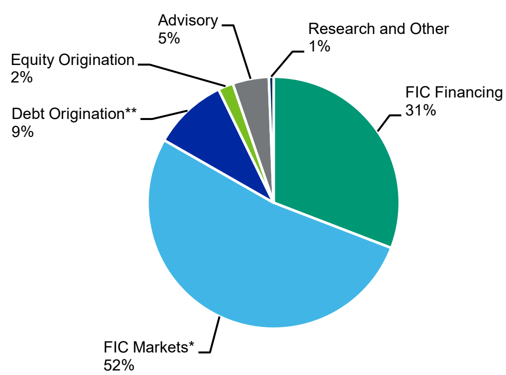
The bank's ambitious plan reflects its expectation of continued favorable conditions in corporate and private banking, and of a sustained earnings boost from its IB operations. The latter contributed around 36% of group revenue in 2025 and accounted for almost one third of overall revenue growth in 2022-25. While this strong IB performance may not persist, the bank will continue to safeguard its improved earnings potential through select investments in regions, products and technology that will sustain revenue even under less promising conditions. To deliver the bulk of the targeted revenue growth, DB must also continue to expand its market and wallet share within its key markets served by its Corporate Bank (CB) and IB segments, while remaining disciplined on capital usage.

Growth in retail and corporate banking on the back of more stable and predictable interest rates as well as windfall gains from interest-rate hedges will support overall revenue generation, provided the macroeconomic environment stays stable and the bank benefits from the German stimulus package taking effect over the next couple of years. Capital market-related earnings streams in the bank's IB and Asset Management (AM) businesses are vulnerable to market setbacks and tighter liquidity. However, market volatility has stimulated client demand for capital market products as well as financial protection, supporting some of DB's core IB franchises.

DB's fixed income oriented capital markets franchise exposes it to volatility in fee pools, particularly as global fixed income and currency (FIC) revenues may normalize during the 2025-28 planning horizon. However, the bank has deliberately shifted toward less capital intensive activities and more stable, non-institutional client flows. It has also withdrawn from lower margin, higher-risk client segments that account for a high share of the bank's leverage exposures and risk-weighted assets (RWAs). As a result, the IB's revenue mix is now more diversified across financing, interest rates, foreign exchange, credit and primary market and advisory products. This should mitigate the impact of revenue downturns in any single area and help sustain a stronger earnings baseline.

Exhibit 3

Revenue from DB's Investment Bank segment is well diversified and focused on flow products
IB revenue split by type, 2025



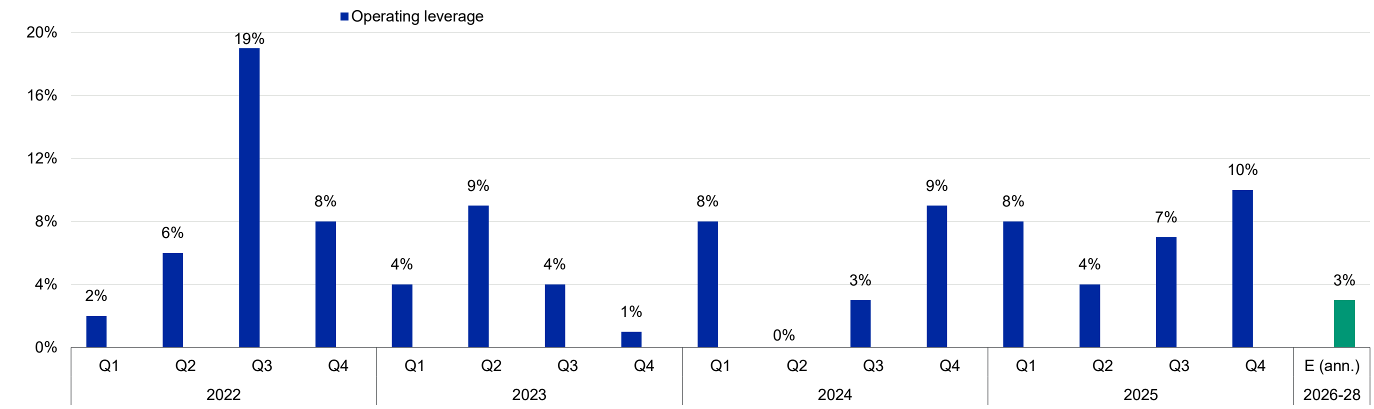
*FIC Markets includes diversified revenues from Credit Trading, FX, Rates and Emerging Markets.
**Debt Origination also includes Leveraged Debt Capital Markets.
Sources: Company reports, Moody's Ratings

Cost discipline remains central to achieving the goals outlined in the 2028 strategic plan. DB aims to keep operating costs around €22 billion in 2028[2], up only 6% from €20.7 billion in 2025 despite growth investments of around €1.5 billion during the planning period. Achieving this alongside the targeted 15% cumulative revenue growth will support sustained positive operating leverage, and allow DB to maintain strong profitability growth.

Exhibit 4

DB has regained operating leverage

Revenue over cost growth, year-over-year, Q1 2022 - Q4 2025 and forecast



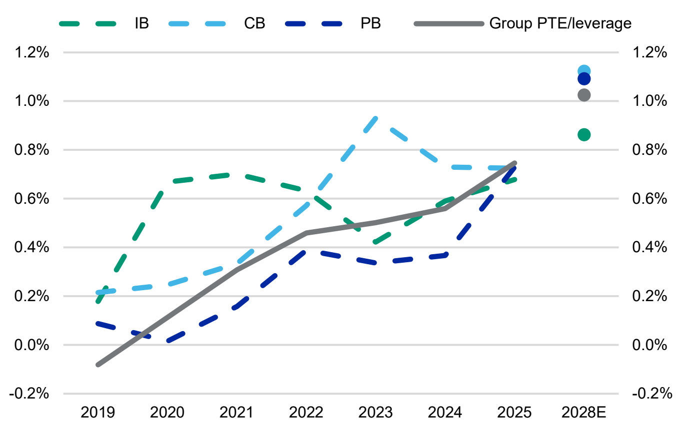
*Revenue excluding specific items as reported by DB and annualized. ^Costs adjusted in accordance with DB definition and excluding transformation charges. Also annualized. 2026-28E is annual according to DB guidance.
Sources: Company reports, Moody's Ratings' estimates

DB has also structurally improved its business-line efficiency, as reflected in higher revenue yields and stronger pretax returns on risk-weighted assets (RWAs) and leverage exposures. These gains contributed to the step change in group profitability since its 2019 strategic reset. Maintaining and building on these efficiency improvements will be crucial to delivering the milestones in DB's 2028 plan. Continued efficiency gains combined with sound risk management leading to loan loss charges of around 30 basis points of gross loans through the cycle would move the bank close to its target return on tangible equity (ROTE) of at least 13% by 2028 (2025: 10.3%; 2018: 4.0%) and further lift the bank's pre-provision returns on RWAs and leverage exposures.

Exhibit 5

All business lines contributed to the surge in returns on leverage exposures...

Return on leverage exposures split by business line

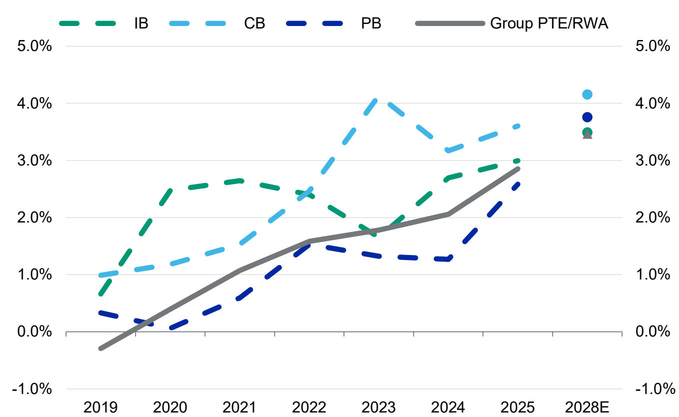


2028E is based on Moody's estimates. PB = Private Bank; CB = Corporate Bank; IB = Investment Bank.
Sources: Company reports, Moody's Ratings' estimates

Exhibit 6

... and on risk-weighted assets

Return on RWA split by business line



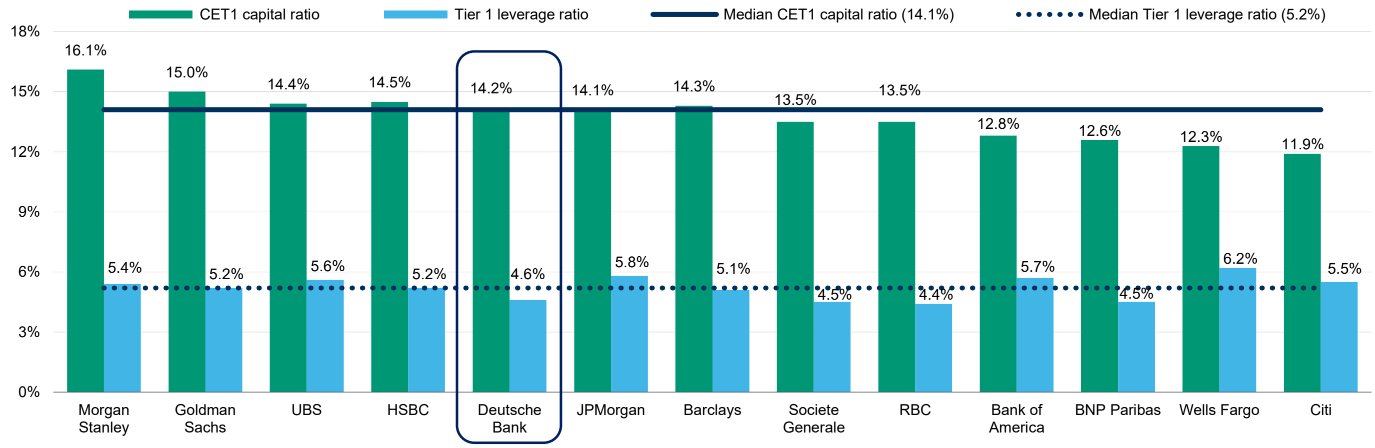
2028E is based on Moody's estimates. PB = Private Bank; CB = Corporate Bank; IB = Investment Bank.
Sources: Company reports, Moody's Ratings' estimates

Capital and liquidity reinforced through strong execution

DB's stronger profitability and disciplined balance sheet management have allowed the bank to consistently raise its capital targets since its 2019 strategic reset. The bank now expects its CET1 ratio to remain in the 13.5%–14% range during 2025–28. This is comfortably above regulatory requirements, and will continue to shield DB from potential negative impacts from the adoption of the updated Basel III rules.

Exhibit 7

Common Equity Tier 1 (CET1) ratio and Tier 1 Leverage Ratio for Global Investment Banks, as of 31 December 2025



Notes: 1) Q3 2025 for HSBC, Q4 2025 for all others. 2) The Tier 1 leverage ratios of UK and European banks are calculated per the Capital Requirement Regulations, and they exclude certain central bank balances as temporarily allowed; for US banks we show the supplemental leverage ratio (SLR). 3) The CET1 ratio for US banks is calculated under the advanced approach.
Source: Company reports, Moody's Ratings

DB aims for a 60% total dividend payout ratio from 2026, combining cash dividends and flexible share buybacks. This balanced distribution policy supports shareholder returns while maintaining bondholder protection. The increase in the cash payout target from 50% previously reflects management confidence in the durability of earnings. It also helps keep the CET1 ratio within the target range, alongside continued RWA management through risk transfers and similar measures. These aim to offset RWA growth from business expansion and operational effects, limiting total RWAs to about €385 billion by 2028 (2025: €347 billion).

The bank's funding and liquidity remains strong, underpinned by a large and stable deposit base that accounted for 61% of DB's net liabilities (including equity) as of year-end 2025. Disciplined growth within the target client base has allowed DB to grow deposits more quickly than loans, strengthening profitability and fortifying liquidity by reducing reliance on wholesale funding. DB also has a large stock of high-quality liquid assets (HQLA; €260 billion as of 31 December 2025), largely composed of central bank cash and Level 1 securities. This provides substantial protection against market stress, and mitigates the bank's reliance on long-term capital market debt. DB holds €143 billion of outstanding market debt, but aims to reduce it by not replacing all non-preferred senior instruments coming due over the next 12-18 months.

Loan book remains well diversified with moderate risk concentrations

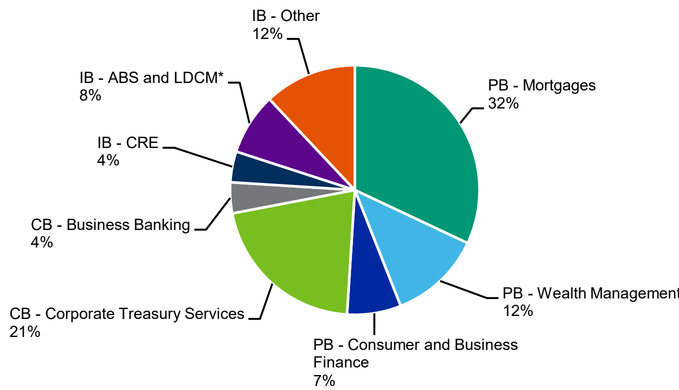
DB's €479 billion loan book as of year-end 2025 is well diversified across asset classes, regions and segments. Strong collateralization on performing exposures, €4.8 billion of loan loss reserves against nonperforming Stage 3 loans, €1.3 billion of provisions on performing Stage 1 and Stage 2 loans, and a variety of hedging positions provide significant protection against credit deterioration.

Approximately half of DB's lending is to German corporate and retail customers and only a small proportion of this is unsecured. Underwriting is conservative, and the bank's mortgage book is dominated by long dated, low loan-to-value (LTV) German residential mortgages with very low historical delinquency rates. This reflects Germany's strong labor market and stable borrower behavior. More than half of DB's loan book sits in retail and wealth management, while the remaining exposures lie in corporate and investment banking. The corporate bank accounts for around one quarter, of which about half consists of low risk transaction banking balances. The IB accounts for another quarter, primarily in asset-backed lending and commercial real estate (CRE).

Exhibit 8

DB's loan book remains well diversified, despite some higher-risk pockets

Gross loans by segment and loan type, as of 31 December 2025*



*Moody's grouping. PB = Private Bank; CB = Corporate Bank; IB = Investment Bank; ABS = Asset-backed securities; LDCM = Leveraged debt capital markets.

Sources: Company reports, Moody's Ratings estimates

Higher risk segments, including CRE and leveraged debt capital markets (LDCM), account for only around 5% of gross loans. There is a concentration of risk in the bank's €31 billion CRE book, but this is mitigated by sound collateralization (the €24 billion CRE book deemed to be higher risk had LTV ratios of 64% in the investment bank and 58% in the corporate bank as of 30 September 2025) and reasonable diversification by geography and asset type. Within the higher risk CRE subset, around 26% of exposures were classified as Stage 2 and 13% as Stage 3 as of 30 September 2025.

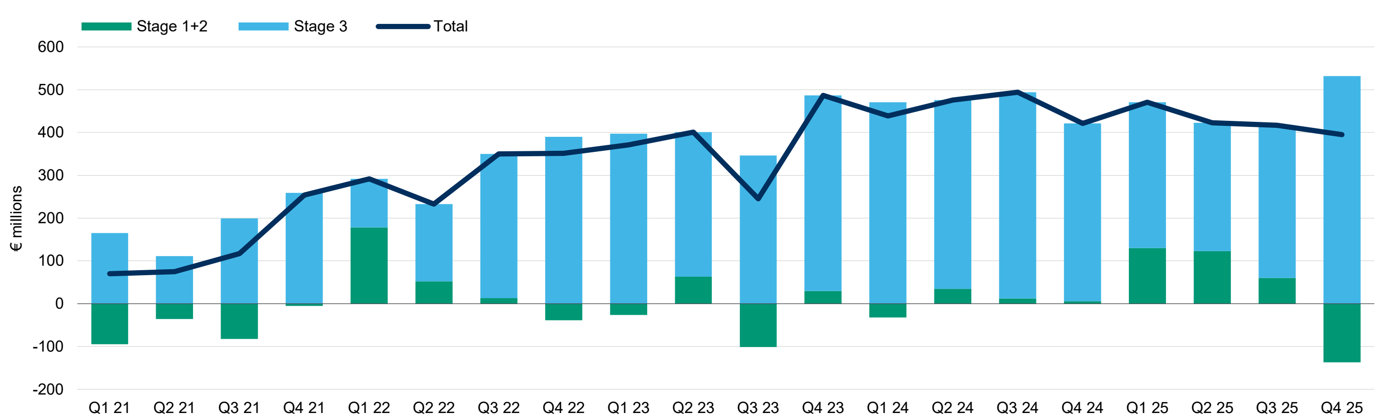
Weakness is likely to persist in the US CRE portfolio, which makes up 51% of the higher risk CRE book, particularly for loans linked office properties on the US West Coast. The US portfolio is likely to keep contributing to elevated loan loss charges during 2026. DB plans to further accelerate de-risking and restructuring measures to mitigate a slower than expected recovery in the CRE market. The bank has already reduced its total CRE book by 16% from €37 billion in 2024.

Overall, we expect formation of nonperforming loans (NPLs) to moderate through 2026. A decline in new CRE problem loans should offset a gradual rise in credit stress elsewhere as the economic cycle continues to turn gradually. Forward looking provisions of €1.3 billion on performing Stage 1 and 2 exposures provide an additional buffer against unexpected shocks, complementing DB's cash collateral.

Exhibit 9

Provisions for NPLs remain moderate, yet above the bank's usual run rate

Stage 3 provisions at highest level over the past 16 quarters



Sources: Company reports, Moody's Ratings

Moody's related publications

Credit Opinion

» Deutsche Bank AG, February 2026

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 affirms Deutsche Bank AG's ratings; outlook on deposit ratings changed to positive from stable, February 2026

» 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 and senior unsecured debt ratings together with their corresponding outlooks and the Baseline Credit Assessment (BCA).

2 To support its goal of an only gradually growing operating cost base, DB has identified €2.0 billion of additional cost saving opportunities that it aims to reinvest fully into the businesses. Key items include increased usage of artificial intelligence (AI) supporting digital-led advice, reducing head count needs as well as overall server cost and maintenance; better and further digitized lending processes and infrastructure; and ongoing rationalization of real estate footprints.

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