ISSUER COMMENT
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Deutsche Bank AG

Strong 'focus' businesses drive record third-quarter earnings

All figures in this report relate to Q3 2026 and comparisons are made with Q3 2025, unless otherwise indicated.

On 28 October, Deutsche Bank AG (DB, A1 positive/A1 stable, baa2[1]) reported net income of €1.9 billion for the third quarter of 2026, up 2% from a year earlier. On a Moody's-adjusted basis[2], net income of €1.7 billion was up 4% and corresponded to an annualised net return on risk-weighted assets (RWA) of 191 basis points (bp), a return on assets of 44 bp and a net return on shareholders' equity of 10.4% (reported return on tangible equity was 10.6%).

Overall group revenue was up 4%, reflecting strong performances in the Corporate Bank (CB), Private Bank (PB) and Asset Management (AM) segments, where revenues were up by 9%, 8% and 4%, respectively, supported by higher lending activity and strong fee and commission income growth as well as continued strong net new money inflows and solid market performance. In the Investment Bank (IB) segment, revenue declined 2%, driven by weaker FIC Markets and significantly lower Debt Origination revenues that could not be fully offset by strong Equity Origination and solid FIC Financing. Noninterest expenses were flat at €5.2 billion, in-line with the bank's full-year ambition of non-interest expenses of slightly above €21 billion. The cost-to-income ratio (CIR) of 62.4% declined from 64.4% in Q3 2025.

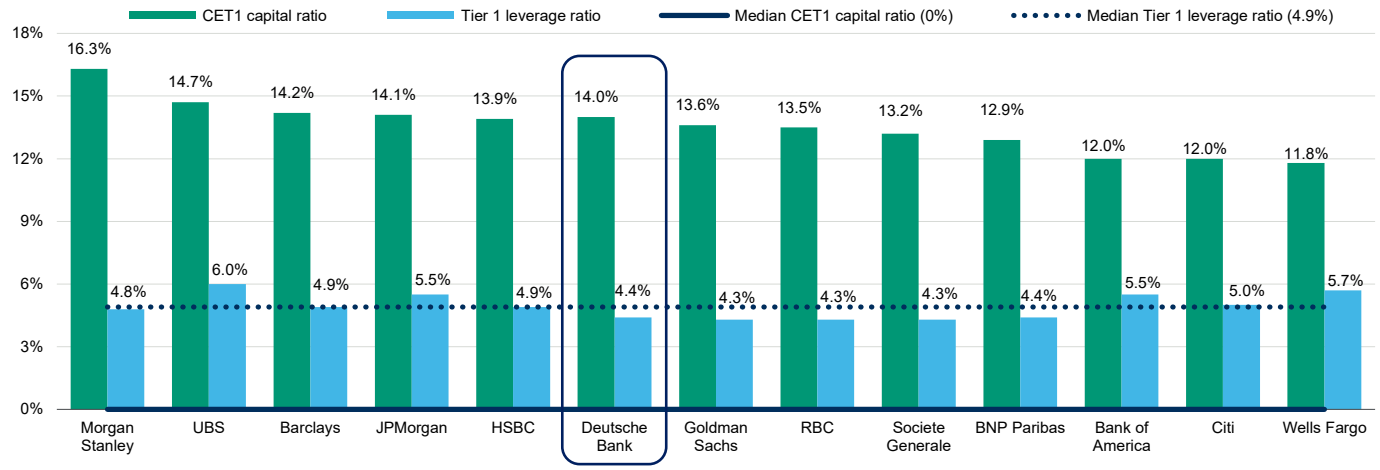
For 2026, DB expects net interest revenue to come in slightly above its prior guidance of €14.0 billion, with further positive effects expected in 2027 and 2028. Together with strong cost control, DB will remain track to achieve its 2026 and medium-term (2028) targets despite higher loan-loss provisioning needs related to the ongoing de-risking of its US commercial real estate portfolio. The bank's significantly improved profitability will help digest elevated charge-off levels over the coming quarters, which we anticipate decreasing into the second half of 2027. Further, and considering the persistent geopolitical and macroeconomic uncertainty, we view the results as credit positive.

The bank's solid liquidity buffers and stable funding continue to support its credit profile: DB's high-quality liquid assets rose 4% to a strong €242 billion in Q3, while its liquidity coverage ratio increased to 143% from 140% a year earlier. Deposit balances generated from DB's sizeable domestic and international corporate and retail banking franchises grew 8% to €716 billion, while loans were up 5% year over year at €497 billion.

In Q3 2026, DB's Tier 1 leverage ratio declined to 4.4% from 4.6% in the prior-year quarter, mainly reflecting a 10% increase in leverage exposures (see Exhibit 1). The bank's Common Equity Tier 1 (CET1) capital ratio was 14.0%, down from 14.5% a year earlier.

Exhibit 1

CET1 ratio and Tier 1 leverage ratio for Global Investment Banks as of 30 September 2026



(1) Data is as of Q2 2026 for Societe Generale; Q3 2026 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 Q3 loan loss charges of €501 million were once again higher than what we had anticipated, driven by €147 million of additional charges related to the continued de-risking of its nonperforming US commercial real estate (CRE) exposures. Overall, loan loss charges came in above the €417 million recorded in Q3 2025 and also above the €460 million reported in Q2 2026, the latter included €181 million additional charges for CRE-related risks. The US CRE portfolio is now at €11 billion, down 42% from 2022. Q3 2026 charge-offs were 41 bp of average loans (on an annualized basis), up from 35 bp and up from 38 bp in Q3 2025 and Q2 2026, respectively.

The bank also booked high Stage 3 provisions of €588 million during the quarter, up 65% year over year and up 5% from the previous peak recorded last quarter. The increase in Stage 3 provisions was driven by the aforementioned CRE portfolio de-risking as well as one idiosyncratic event in Asia (Corporate Bank). Stage 1 and Stage 2 provisions recorded a release of €88 million against a charge of €60 million a year earlier, manly driven by overlay releases (see Exhibit 2).

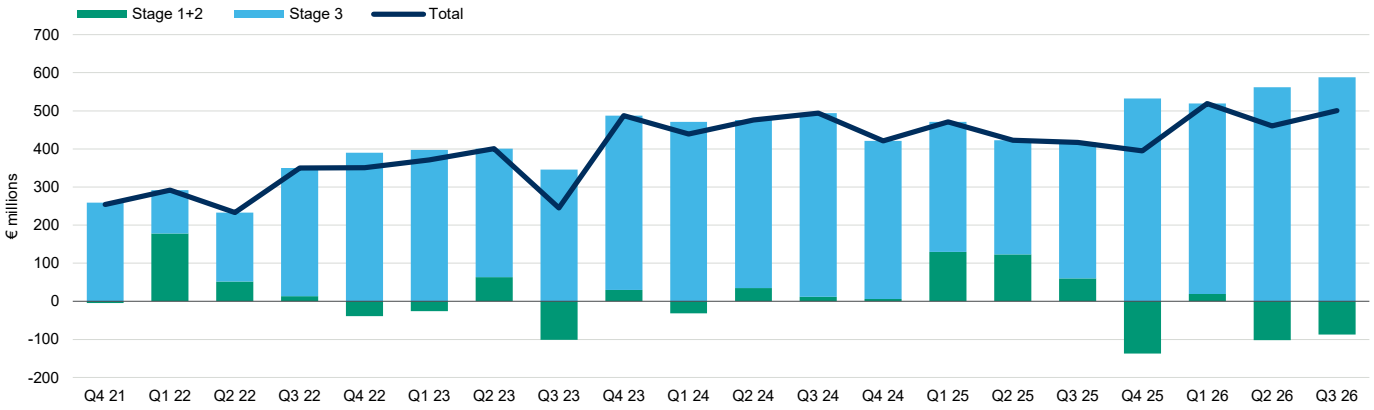
DB's ratio of nonperforming loans (NPL) to gross loans was 3.2% during the quarter, broadly in line with Q2 2026 and the prior-year quarter (3.1% and 3.2%, respectively), with total doubtful loans (Stage 3 at amortised cost) of €15.9 billion, up from €14.8 billion a year earlier. The coverage ratio of Stage 3 loans improved to 35% (Q3 2025: 30%) but remains low compared with peers, partly reflecting the highly collateralized nature of DB's loan book. In addition, forward-looking provisions on performing Stage 1 and Stage 2 loans of €1.1 billion continue to provide 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 above the bank's usual run rate, driven by planned CRE portfolio disposal

Stage 3 provisions also remain elevated



Sources: Company reports and Moody's Ratings

Noteworthy segment considerations

All figures relate to Q3 2026 and comparisons are made with Q3 2025, unless otherwise indicated.

The **Investment Bank** reported a pretax profit of €1.1 billion, up 12% year over year but down 18% sequentially. Revenue held up well and only decreased 2% to €2.9 billion (see Exhibit 3), mainly driven by a 3% contraction in Fixed Income & Currencies (FIC) revenue, while Investment Banking & Capital Markets (IBCM) revenue was up 1%. Lower costs and a significant reduction in loan loss provisions more than offset the modest revenue decline.

FIC revenue was strained by weaker performance in Credit Trading, which was particularly strong in the prior-year quarter. IBCM's performance benefitted from growth in Equity Origination and Advisory, which more than offset lower Debt Origination revenue, primarily in Leveraged Debt, while investment-grade debt origination delivered a record third quarter.

Segment costs declined 4%, reflecting lower litigation expenses, bank levies and one-off items, partly offset by targeted investments. Loan loss provisions declined 36% to €197 million but remained high at 63 bp of average loans, reflecting DB's planned exit and related charges from a portfolio of nonperforming CRE exposures.

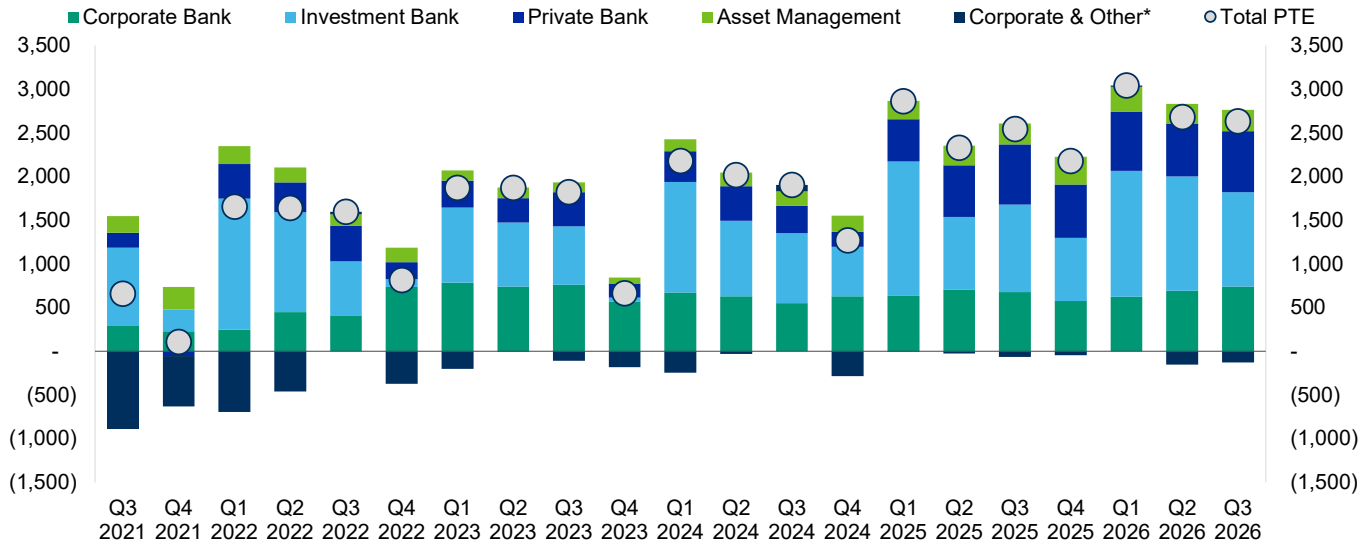
US peers reported stronger IBCM revenue growth (1% contraction for DB compared with 8% aggregate growth for US peers in US dollar terms), while FIC revenue was broadly in line (5% contraction for DB versus 4% aggregate contraction in the US). However, unlike its US peers, DB lacks an equities sales & trading (S&T) franchise and therefore did not benefit from the exceptionally strong equities trading environment, which drove a 16% aggregate increase in FIC and equities revenue for US peers, supported by strong client activity, single-stock dispersions and higher prime balances. However, the absence of an equities S&T business reduces DB's market risk and limits earnings volatility.

Asset Management reported a pretax profit of €244 million, up 3% year over year. Revenue increased 4% to €766 million, as higher average assets under management (AUM) drove a 14% increase in management fees to €745 million. AUM rose 16% year over year and 3% sequentially to a record €1.2 trillion, supported by record quarterly net inflows, driven primarily by Passive and Cash products, as well as favourable foreign exchange effects. The increase in management fees was partly offset by a sharp decline in performance and transaction fees, following prior-year inflated fees from a large deal, and a 51% decline in other revenue. Costs increased 5%, reflecting higher fund-related service costs from increased AUM, ongoing strategic growth investment and higher personnel costs, partly offset by lower IT costs.

Exhibit 3

DB's revenue benefitted from solid business performance across segments and a strong IB

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. 2026 revenues are not adjusted.
*Capital Release Unit (CRU) discontinued from 2023 and restated in 2022 (moved to Corporate and Other [C&O]). Quarterly 2021 figures for C&O reflect combined CRU and C&O.
Sources: Company reports and Moody's Ratings

Corporate Bank reported a pretax profit of €743 million, up 11% year over year. The increase reflected 9% revenue growth to €2.0 billion, which more than offset 2% higher costs and increased loan loss provisions. Net interest income rose 10% to €1.2 billion, supported by business growth, while net commission and fee income increased 13% to €759 million, reflecting stronger client engagement. Corporate Treasury Services revenue increased 11%, and Business Banking revenue by 10%; Institutional Client Services grew more modestly by 3%. Deposits increased 13% to €346 billion, primarily reflecting sight deposits, while loans grew 8% to €127 billion, supported by Flow and Structured Trade. Costs reflected volume growth and strategic investment. Loan loss provisions were €68 million, or 22 bp of average loans, compared with a €4 million net release a year earlier. The increase is mainly attributable to a larger idiosyncratic event in Asia.

Private Bank reported a pretax profit of €699 million, up 2% year over year, as an 8% increase in revenue more than offset 3% higher costs and a more than doubling in loan loss provisions. Revenue benefitted from 6% growth in Personal Banking and 10% growth in Wealth Management. Net interest income rose 9% to €1.7 billion, while net commission and fee income increased 13% to €818 million. Growth was supported by deposit and investment-product revenue, particularly in discretionary mandates, alongside strong deposit gathering. AUM rose 12% year over year and 3% sequentially to €752 billion, with quarterly net inflows of €17 billion, including €11 billion in investment products, and positive market developments of €4 billion. Higher costs reflected growth investment and workforce initiatives, partly offset by simplification, savings from prior branch closures and workforce measures, and favourable episodic items. Loan loss provisions increased to €209 million, or 34 bp of average loans, primarily because favourable model updates in the prior-year quarter did not recur; the underlying credit performance was stable.

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 unsecured ratings carry a stable outlook, while the outlook for DB's bank deposit ratings is positive.

Moody's related research

Credit Opinion

» Deutsche Bank AG, September 2026

In-Depth Reports

» Global Investment and Universal Banks - US: Q3 2026 Update: Solid earnings and stable asset quality, but capital ratios decline at several banks, October 2026

» Global Investment and Universal Banks – Europe: Q2 2026 Update: Capital markets strength drives step-up in profitability, August 2026

» Deutsche Bank: Stronger earnings, robust capital, and a resilient risk profile underpin positive outlook, February 2026

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 takes action on 69 banking groups in Western Europe following update of Banks methodology, November 2025

Rating Methodology

» Rating Methodology: Banks, September 2026

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 rating and its Baseline Credit Assessment.

2 Excluding litigation charges and using a tax rate of 35%.

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