

ISSUER COMMENT

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Deutsche Bank AG

Strong Q1 puts DB on track to achieve its ambitious targets

All figures in this report relate to Q1 2026 and comparisons are made with Q1 2025, unless otherwise indicated.

On 29 April, [Deutsche Bank AG](#) (DB, A1 positive/A1 stable, baa2¹) reported net income of €2.2 billion in the first quarter of 2026, up 8% from a year earlier. On a Moody's-adjusted basis², net income of €2.0 billion was up 7% and corresponded to an annualised net return on risk-weighted assets (RWA) of 225 basis points (bp), a return on assets of 55 bp and a net return on shareholders' equity of 12.1% (reported 12.7%).

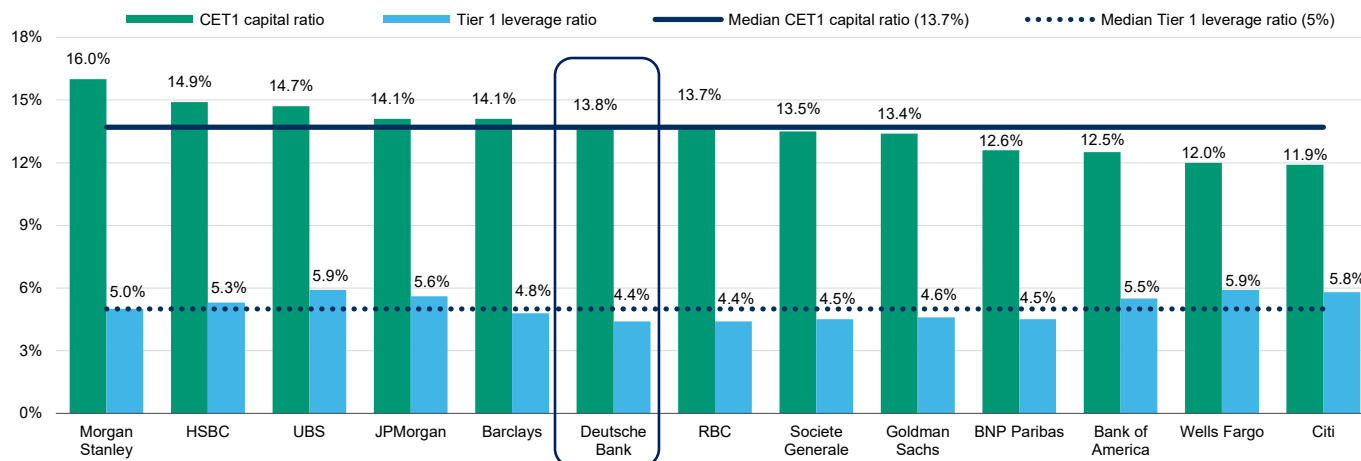
Overall group revenue was up 2%, reflecting strong performance in the Asset Management (AM) and Private Bank (PB) segments, where revenue grew 10% and 5%, respectively. Corporate Bank (CB) revenue fell 3% while Investment Bank (IB) revenue was flat. Costs were down 2% at €5.1 billion and below the bank's target run rate³. The cost-to-income ratio (CIR) of 58.9% was below the 61.2% in the prior-year quarter. 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. The bank further reaffirmed its 2028 targets despite the very challenging geopolitical and macroeconomic environment, a credit positive.

DB's high-quality liquid assets rose 6% to a strong €245 billion in Q1, while its liquidity coverage ratio increased to 140% from 134% in Q1 2025. DB's solid liquidity buffers and stable funding continue to support its credit profile. Deposit balances generated from its sizeable domestic and international corporate and retail banking franchises grew 3.3% to €687 billion. Loans were up 0.8% year over year at €486 billion.

In Q1 2026, DB's Tier 1 leverage ratio declined slightly to 4.45% from 4.63% in the prior-year quarter, mainly because of higher leverage exposures (Exhibit 1). Its Common Equity Tier 1 (CET1) capital ratio was 13.8%, flat year over year.

Exhibit 1

CET1 ratio and Tier 1 leverage ratio for Global Investment Banks as of 31 March 2026



1) Data is as of Q1 2026 for DB, Goldman Sachs, Morgan Stanley, UBS, Barclays, RBC, JPMorgan, Bank of America, Citi and Wells Fargo; Q4 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 Q1 loan loss charges of €519 million were higher than anticipated, albeit driven by the build-up of a conservative €90 million overlay because of the current highly uncertain macroeconomic environment (Exhibit 2). Loan loss charges were also driven by additional charges because of the revaluation of collateral values for an already non-performing US commercial real estate (CRE) exposure. Excluding the overlays, underlying loan loss charges came in at €429 million, below the €471 million recorded in Q1 2025 and slightly up from the €395 million reported in Q4 2025. However, and including the CRE-related write-down, Q1 2026 charge-offs came in at 37 bp of gross loans, down from 39 bp and up from 33 bp of gross loans in Q1 2025 and Q4 2025, respectively.

The bank also booked high Stage 3 provisions of €500 million in the quarter, up 47% year over year, but 6% down from the peak recorded last quarter. The increase in Stage 3 provisions was driven by one large single event as well as several additional smaller events in the bank's middle market loan book. Stage 1 and Stage 2 provisions remained contained at €19 million in the quarter, significantly lower than the €130 million booked a year earlier.

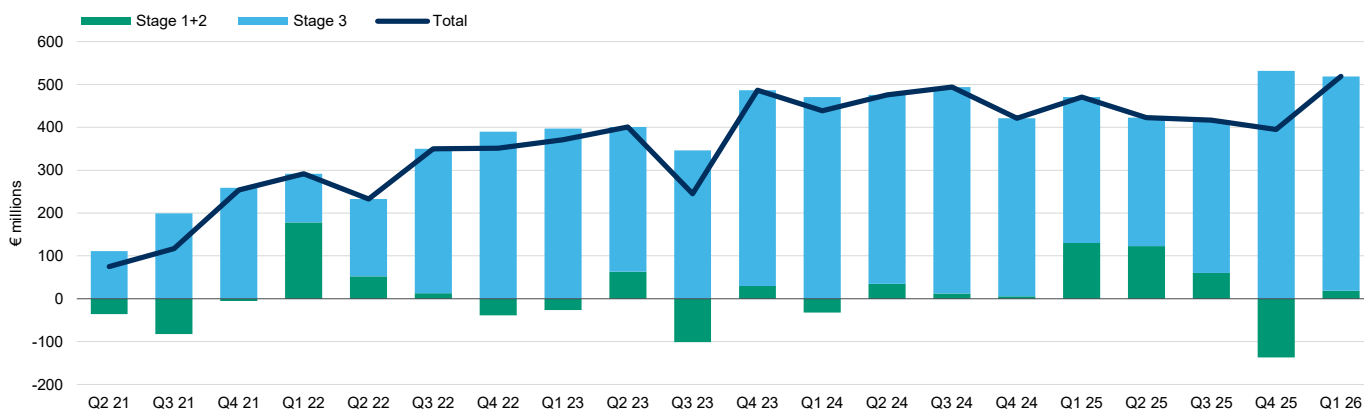
DB's ratio of nonperforming loans (NPL) to gross loans was 3.1% during the quarter, broadly in line with Q4 2025 (3.2%) and up from 2.9% in the prior-year quarter, with total doubtful loans (Stage 3 at amortised cost) of €15.2 billion, increasing from €14.1 billion a year earlier. The coverage ratio of Stage 3 loans improved to 33% (Q1 2025: 32%), but remains low peers'. This partly reflects the highly collateralized nature of the bank's loan book. We still 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.

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Exhibit 2

Loan loss provisions remain above the bank's usual run rate, despite conservative build-up of an overlay

Stage 3 provisions remain close to Q4 2025 peak



Sources: Company reports and Moody's Ratings

Noteworthy segment considerations**All figures relate to Q1 2026 and comparisons are made with Q1 2025, unless otherwise indicated.**

The **Investment Bank** reported a pretax profit of €1.44 billion, down 7% year over year. Revenue remained broadly stable at €3.4 billion, driven by growth in Investment Banking & Capital Markets (IBCM) revenue (up 5%) which helped offset a 1% decrease in Fixed Income & Currencies (FIC) revenue.

FIC revenue was also affected by market volatility, which led to a 5% contraction in markets revenue in particular because of lower rates revenue, partially offset by a strong quarter in financing revenue (up 7%). IBCM's performance benefited from higher equity and debt origination revenue, in particular in investment grade debt. The 5% increase in IBCM also reflects the loss on the sale and markdown of a loan in Leveraged Debt Capital Markets posted last year. US peers reported stronger growth both in FIC and IBCM revenue. DB's FIC revenue increased 10% in US dollar terms compared with 11% aggregate rise among US peers (17% including Equities, where DB does not compete) and DB's IBCM revenue rose 17% in dollar terms versus US banks' 31% aggregate increase. DB underperformed in FIC revenue mainly because it lacks equities trading franchise, which was a key outperformer for U.S. peers amid higher client volumes, strong derivatives activity, and continued growth in prime brokerage balances. However, the absence of an equities business reduces DB's market risk and limits earnings volatility.

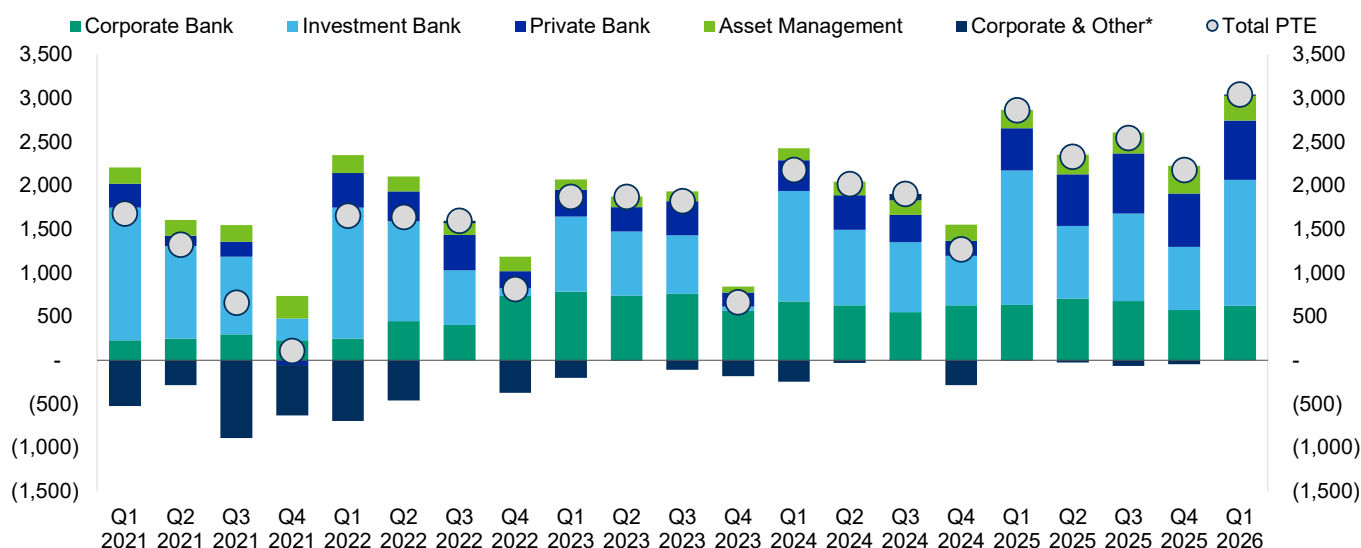
Costs in the segment also remained broadly stable, benefitting from foreign exchange movements in the quarter which offset higher investments. The rise in loan loss provisions (up by €126 million to €290 million, accounting for 100 bp of average loans) was the main contributor to the lower pretax profit, driven by a single name event (CRE) and the conservative build-up of management overlays.

Asset Management reported a pretax profit of €279 million, up 37% year over year. Revenue increased 10% to €802 million because of higher average assets under management (AUM), which drove a 5% increase in management fees, the segment's main source of revenue. AUM rose 8% year over year and 1% sequentially to €1.1 trillion, supported by net inflows and positive foreign exchange effects which more than offset the negative impact from market volatility. The segment has also benefitted from the recognition of significant fees from an infrastructure fund, which led to a tripling of performance and transaction 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. Q1 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 figure for C&O reflects combined CRU and C&O.

Sources: Company reports and Moody's Ratings

Corporate Bank reported a pretax profit of €623 million, down 1% from a year earlier. The year-on-year contraction reflects 3% lower revenue, partially offset by a mild decrease in costs and meaningfully lower loan loss provisions. The segment's net interest income (NII) slightly declined 1% and remains strained by the ongoing normalisation of deposit margins and persistent foreign-exchange headwinds, mitigated by interest rate hedging and higher average deposits (up 2%) and loans (up 6%). Net commission and fee income remained fairly stable compared with the prior year. Loan loss provisions decreased €29 million year over year to €48 million despite the inclusion of some management overlays in the segment.

Private Bank reported a pretax profit of €681 million, a sharp 39% increase from €489 million a year earlier, supported by 5% revenue growth and a 1% reduction in costs. Loan loss provisions also declined 18% year on year, reflecting improving portfolio quality and higher provisions on performing exposures booked in the prior-year quarter because of macroeconomic uncertainty. Revenue benefitted from 5% growth in both Wealth Management and Personal Banking revenue. Revenue growth mainly reflected significantly higher deposit revenue, which drove a 13% increase in net interest income. The modest reduction in costs was supported by lower severance expenses and ongoing workforce and branch rationalisation, which is set to continue into 2026, notwithstanding the deployment of targeted investments. AUM increased 10% year over year and 1% sequentially, driven by net inflows and positive foreign exchange effects despite market volatility.

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](#), February 2026

In-Depth Reports

- » [Deutsche Bank: Stronger earnings, robust capital, and a resilient risk profile underpin positive outlook](#), February 2026
- » [Global Investment and Universal Banks – Europe Q4 Update: Low cost of risk and operating leverage drive improved results and higher targets](#), February 2026
- » [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 takes action on 69 banking groups in Western Europe following update of Banks methodology](#), November 2025

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 rating and its Baseline Credit Assessment.
- ² Excluding litigation charges and using a tax rate of 35%.
- ³ DB's adjusted cost target is slightly above €21 billion for 2026.

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