



## **Deutsche Bank AG**

Deutsche Bank Q2 2025 Analyst Conference Call

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**Prepared remarks CEO and CFO**

### **Speakers:**

Christian Sewing, Chief Executive Officer

James von Moltke, Chief Financial Officer

Ioana Patrniche, Head of Investor Relations



## CHRISTIAN SEWING

### **Slide 2 – On track to deliver 2025 targets due to disciplined execution**

- Thank you Ioana, and a warm welcome from me
- Our first-half results demonstrate clearly where Deutsche Bank stands today
- Our strategy has proven itself in different environments; our *Global Hausbank* served clients at times of elevated volatility in the second quarter and thanks to our diversified model, we delivered resilient revenues which grew 6% to 16.3 billion euros, in line with our full-year goal of around 32 billion euros, and, while it is still early, we are encouraged by the strong start of the third quarter
- Noninterest expenses declined 15% year on year to 10.2 billion euros, in line with our full-year outlook, resulting in a cost/income ratio of 62%
- This strong operating leverage produced a return on tangible equity of 11% in the first half year, which means we delivered returns in line with our target of greater than 10% in both quarters, including the second quarter that was impacted by increased volatility
- Our CET1 ratio of 14.2% enables us to deploy capital to grow our business and to support clients, while increasing returns to shareholders
- And we are absolutely focused both on delivering our year-end targets, and on preparing the next phase of our strategy, to further boost returns and value generation for our shareholders beyond 2025

### **Slide 3 – Positive operating leverage drives increasing profitability**

- As you can see on slide 3, we delivered a pre-provision profit of 6.2 billion euros in the first half, nearly double the same period in 2024
- Adjusting for Postbank takeover litigation impacts, pre-provision profit was up 29% year on year, on the back of strong operating leverage of 10%, resulting in a 37% increase in the pre-tax profit over what was already a strong operating performance last year
- Robust revenues reflect our well-diversified business mix, with 74% from more predictable revenue streams in the Corporate Bank, Private Bank, Asset Management and FIC Financing
- Net commission and fee income increased by 4% year on year, in line with our goal to boost revenues from fee-based and capital-light businesses



- As anticipated, net interest income in key banking book segments and other funding also remained resilient
- Excluding the impacts of the Postbank takeover litigation provision in both periods, noninterest expenses declined 4%
- Adjusted costs remained flat and, as we intended, significant progress on our operational efficiency measures is offsetting business investments and inflation
- Now let's look at divisional developments on slide 4

#### **Slide 4 – Continued execution on divisional strategies to drive further growth and profitability**

- All four businesses delivered double-digit returns in the first half of this year
- And we believe they will continue to build on this. Our diversified business mix is poised to perform in a fast-changing environment, particularly as our focused investments to serve clients are paying off across the platform
- Our Corporate Bank has a leading market position in Germany and, with deep roots in our home market, is perfectly positioned to help clients capitalize on opportunities created by investment programs in Germany and Europe and the improving business momentum overall
- We expect revenue momentum to pick up again, once government investments and initiatives to support the economy show their impact. We are already preparing for this; as an example, we are cooperating with KfW and EIB to support clients in Germany with tailored solutions
- Additionally, its global market presence positions the Corporate Bank well to support multinational clients as they respond to the rapidly evolving environment
- The Investment Bank is focused on consolidating its position as the leading European FIC franchise, while Origination & Advisory is looking to grow market share, specifically in Advisory, aided by recent investments, driving further revenue diversification
- Our platform is ideally placed to help institutional and corporate clients serve the German and European infrastructure and defense agenda, especially in Germany where we have the leading O&A franchise, including in Aerospace & Defense, where we have recently invested further in our dedicated sector coverage team



- And our Investment and Corporate Banks have already seen increased demand for defense finance. Our O&A team has been involved in deals spanning Equity Capital Markets, M&A, and financing, while the Corporate Bank sees growth potential, particularly in Trade Finance solutions for short-term and long-term financings
- In the Private Bank, we are pleased to see the progress on our transformation, reflected in the improvement in returns seen year to date. Personal Banking continues to drive efficiency through workforce reductions and branch network optimization, mainly in Germany. These steps, combined with increasing digitalization, are enabling us to streamline operations and innovate our offerings
- At the same time, we are focusing on investments in growth across Wealth Management and Private Banking, deepening segment coverage, leveraging the bank's broader product suite for our clients
- Progress made and the fact that the Private Bank is well positioned to help clients take advantage of current trends, make us confident we will see returns improve further in the medium term
- Asset Management stands to build from its diversified assets under management of more than 1 trillion euros, and we believe it is ideally placed not only to serve German and European investors, but also to act as a gateway to Europe for global investors
- Clearly, both our asset gathering businesses will support one of the strategic initiatives of the Savings and Investment Union: fostering citizens' wealth by broadening their access to capital markets, as we are Germany's leading Wealth Manager and Retail Fund Manager, in addition to being its leading capital markets bank
- Before I hand over to James, let me conclude on the progress toward our 2025 delivery on slide 5

### **Slide 5 – Progress on strategic agenda for delivery in 2025 and beyond**

- Let's start with revenue growth. Since 2021 we have achieved a compound annual growth rate of 5.9%, in the middle of our target range of 5.5% to 6.5%
- Second, we have achieved around 90% of our 2.5-billion-euro target for operational efficiencies, with 2.2 billion euros in cost efficiencies either delivered or expected from completed measures



- And we continue with our strict cost management approach, which includes strategic and tactical measures to deliver our profitability and efficiency targets
- Third, capital efficiencies have reached a cumulative total of 30 billion euros, already at the high end of the bank's target range for full-year 2025 and contributing to our strong CET1 ratio. We delivered another 2 billion euros of RWA reductions this quarter through securitization transactions
- And we are not stopping here; we already see opportunities to deliver further capital efficiencies in the second half of 2025
- With a CET1 ratio of 14.2% this quarter, we feel very comfortable with our commitment to surpassing our 8-billion-euro target for total distributions to shareholders
- In fact, we already applied for a second share buyback in addition to the previously announced 2.1-billion-euro distribution for this year
- And James will shortly cover our pathways to materially reduce or potentially eliminate the impact of the output floor from the implementation of CRR 3
- To sum up, our first-half results demonstrate that we are on track to meet our 2025 financial targets, and we are fully focused on delivering them
- In parallel, we are working on the next phase of our strategic agenda to further increase value generation beyond 2025
- We see significant potential to unlock additional value from the combination of our strategic actions and market opportunities arising from growth stimulus, defense spending and structural reforms in Europe
- The 'Made for Germany' initiative, which we launched together with leading German companies earlier this week, underscores a shared commitment by both government and industry to prioritize growth and competitiveness. We also see increasing global investor demand to deploy funds into the German economy. All in all, given our unique domestic positioning and global reach, this is a clear net positive for us
- We have built a resilient and diverse business mix and a strong capital base, and we are now in the sustainable growth stage
- This allows us to fine-tune our business model and extract further value by strictly applying our SVA framework, targeted re-engineering and further developing our leadership culture



- We look forward to updating you in more detail on our plans later this year
- With that, let me hand over to James

## **JAMES VON MOLTKE**

### **Slide 7 – Key performance indicators**

- Thank you, Christian, and good morning
- As you can see on slide 7, we saw continued strong delivery this quarter against all the broader objectives and targets we set ourselves for 2025
- Our revenue growth, cost/income ratio and RoTE are all developing in line with our full-year objectives
- Our year-to-date performance continues to support our revenue and noninterest expense objectives, before FX effects, of around 32 and 20.8 billion euros, respectively. Note, if current FX rates were to persist, the weaker US dollar would result in a small headwind to pre-tax profit, as the negative impact on revenues would be slightly greater than the benefit on expenses
- Our capital position is strong and our liquidity metrics are sound; the liquidity coverage ratio finished the quarter at 136% and the net stable funding ratio was 120%
- With that, let me now turn to the second quarter highlights on slide 8

### **Slide 8 – Q2 2025 highlights**

- We continued to demonstrate strong franchise momentum across the bank
- And our diversified and complementary business mix resulted in reported revenue growth of 3% year on year, or 5% if adjusted for foreign exchange translation impacts
- Our cost/income ratio of 63.6% remained in line with our guidance for 2025. Second quarter nonoperating costs benefitted from a modest provision release mainly driven by further settlements related to the Postbank takeover litigation matter
- Profit generation was robust, and our post-tax return on tangible equity of 10.1% continues to support the ambition to deliver sustainable returns of greater than 10% in 2025 and beyond



- In the second quarter, diluted earnings per share was 48 cents and tangible book value per share increased to 29 euros and 50 cents, up 3% year on year; the sequential development mainly reflects AT1 coupon and dividend payments, as well as FX impacts
- Before I go on, a few remarks on Corporate & Other, with further information in the appendix on slide 38
- C&O generated a pre-tax profit of 28 million euros in the quarter, mainly from positive revenues in valuation and timing, partially offset by shareholder expenses and other funding and liquidity impacts
- Let me now turn to some of the drivers of these results starting with net interest income on slide 9

#### **Slide 9 – Net interest income (NII) / Net interest margin (NIM)**

- NII across key banking book segments and other funding was 3.4 billion euros, stable quarter on quarter despite headwinds from a weaker US dollar
- Private Bank continues to deliver strong NII supported by our structural hedge portfolio, while Corporate Bank NII remained stable, supported by the ongoing hedge rollover, loan income and a one-off benefit from hedge portfolio optimization
- FIC Financing benefitted from loan growth in the first quarter, with strong lending margins offsetting FX effects
- With respect to the full year, we confirm our prior guidance of 13.6 billion euros
- Underlying drivers of the year-on-year development continue to be an increasing contribution from the long-term hedge portfolio rolling over at higher rates, which we detail in the appendix on slide 25, and volume growth combined with stronger lending income in FIC as well as lower funding costs. Together, these are more than offsetting margin normalization and FX headwinds

#### **Slide 10 – Adjusted costs – Q2 2025 (YoY)**

- Turning to slide 10, adjusted costs were just over 5 billion euros for the quarter



- Cost discipline across the franchise remained strong. Compensation costs were slightly lower on a year-on-year basis, as wage growth was more than offset by ongoing measures for workforce optimization and beneficial FX impacts
- With that, let me turn to provision for credit losses on slide 11

### **Slide 11 – Provision for credit losses**

- Stage 3 provision for credit losses materially reduced in the second quarter to 300 million euros reflecting a model update mainly benefitting the Private Bank, while provisions for Commercial Real Estate continued to be elevated
- Stage 1 and 2 provisions remained at a high level at 123 million euros and also included an impact from the aforementioned model updates as well as portfolio-related effects and moderate charges relating to forward-looking information, net of the overlay we built in the first quarter
- The model updates mainly impacted CRE-related provisions and reflect updates to Loss Given Default assumptions to align with the latest EBA requirements, incorporating a change in assumptions applied in portfolio level calculations
- On a year-to-date basis, overall CRE provisions stand at 430 million euros. As guided in prior quarters, the impact from new non-performing items is limited, but we are seeing ongoing valuation pressure on existing non-performing exposures, particularly on the US West Coast
- While developments around CRE as well as the macroeconomic environment continue to create uncertainty, we feel comfortable with our broader portfolio performance and asset quality, and we currently anticipate provisions to ameliorate in the second half of the year
- With that, let me turn to capital on slide 12

### **Slide 12 – Capital metrics**

- Strong second-quarter earnings net of AT1 coupon and dividend deductions, combined with diligent resource management, led to a CET1 ratio of 14.2%, up 42 basis points sequentially
- Lower risk-weighted assets were driven by credit risk, benefitting from continued execution of capital efficiency measures, predominantly through two securitization transactions during the quarter





- Market risk remained flat. Increases at the beginning of the quarter, reflecting market turbulence at the time, have been offset through strict risk management and hedging
- Our second quarter leverage ratio was 4.7%, up by 8 basis points, principally driven by FX effects, as higher Tier 1 capital was mostly offset by higher trading inventory
- With regards to bail-in ratios, we continue to operate with significant buffers over all requirements
- Before we turn to our divisional performance, I want to offer my perspective on the bank's most recent CRR 3 disclosure on slide 13

### **Slide 13 – CRR 3 does not change distribution policy or financial targets**

- We see clear pathways to materially reduce or eliminate the hypothetical impact of CRR 3 and let me say upfront; our distribution policy and financial targets are unaffected
- Before we go into detail, we need to remember that the implementation of CRR 3 is a multi-year journey, including several transitional arrangements that are subject to reviews and will mostly apply through 2032, and we are not planning franchise-changing decisions today for an outcome that is almost certain to change
- The hypothetical RWA inflation of 118 billion euros in 2033 includes a 64-billion-euro impact from the output floor and 54 billion euros from the potential expiry of the transitional arrangements in 2033, based on an unmitigated balance sheet as of March 31, 2025
- We expect the output floor impact to decline by at least 45 billion euros through a combination of low-cost mitigation measures and the full application of already final CRR 3 rules not reflected in the March pro-forma. We see this mitigation as virtually certain and without any meaningful cost
- We will address the remaining RWA impact of around 20 billion euros via additional mitigation measures like business mix reviews through the application of disciplined, SVA-driven decisions on balance sheet optimization
- As a result, the output floor will only become binding in 2030 at the earliest, instead of 2028
- Based on the March pro-forma numbers, we would subsequently face a further RWA impact of 54 billion euros if transitional rules expire, which you can see on the right side of the slide



- Even at this early stage, we are confident we can reduce this impact by at least 15 billion euros through additional measures, such as expanding private rating agency coverage for unrated corporates, and further potential additional balance sheet optimization actions
- In addition, considering developments in the US, rule changes in Europe are expected to ensure European banks can operate on a level playing field and continue to support lending to European corporates and overall economic growth
- As an example, around 30 billion euros of the 54 billion euros RWA under transitional rules relate to unrated corporates; it is crucial for the EU's bank financing-dependent corporate sector that banks can continue to provide this funding at appropriate capital costs
- If transitional arrangements are extended or made permanent, there would be no additional RWA impact
- Let us now turn to performance in our businesses, starting with the Corporate Bank on slide 15

### **Slide 15 – Corporate Bank**

- Corporate Bank revenues were essentially flat in the second quarter as interest hedging, higher average deposits and growth in net commission and fee income have offset ongoing margin normalization
- Revenues were impacted by adverse FX movements, which were compensated by one-off interest hedging gains from portfolio optimization
- We continued to make good progress further accelerating noninterest revenue development with 6% growth in reported net commission and fee income and a particularly strong contribution from our Institutional Client Services business
- For the third quarter, we expect revenues to be slightly lower and in line with the prior year, reflecting the aforementioned FX headwinds and a lower level of one-offs
- Adjusted for FX movements, loans increased by 3 billion euros year on year and sequentially, with the growth primarily coming from our Trade Finance & Lending business. Deposit volumes remained strong as volumes were up by 9 billion euros year on year and remained essentially flat sequentially
- Noninterest expenses were lower year on year driven by a litigation provision release



- Provision for credit losses declined to 22 million euros as Stage 3 provisions remained overall contained whilst Stage 1 and 2 benefitted from a model update
- This resulted in a post-tax return on tangible equity of 17.6% and a cost/income ratio of 60%, both improving sequentially and year on year
- I'll now turn to the Investment Bank on slide 16

### **Slide 16 – Investment Bank**

- Revenues for the second quarter increased 3% year on year, despite a significant FX headwind, with strength in FIC more than offsetting a decline in O&A revenues
- FIC revenues increased 11%, primarily driven by strong performances in both Financing and Macro products
- FIC Financing continued its momentum with revenues again higher than the prior year period, reflecting an increased carry profile following targeted balance sheet deployment in line with our strategy, in addition to robust fee income
- Excluding Financing, FIC revenues increased versus the prior year period despite the extreme market volatility seen in early April, as we continue to support our clients through these uncertain times, with year-on-year activity increasing across institutional, corporate and our priority clients
- Moving to O&A, revenues were significantly lower when compared to a strong prior year, with the business impacted by market uncertainty, most notably in our areas of strength, combined with the delay of some material transactions into the second half of the year
- Debt Origination saw the biggest impact, with the Leveraged Debt Capital Markets industry fee pool declining year on year, while the business was also selective in relation to new committed transactions in a volatile environment
- Advisory performance was robust, with revenues increasing year on year, while the pipeline for the second half of the year is encouraging
- Noninterest expenses were 5% lower year on year reflecting reduced litigation charges, with adjusted costs essentially flat



- Provision for credit losses was 259 million euros, significantly higher year on year with the increase driven by Stage 1 and 2 provisions, particularly in CRE due to the aforementioned model updates, as well as forward-looking indicator impacts, while Stage 3 impairments declined
- Let me now turn to Private Bank on slide 17

### **Slide 17 – Private Bank**

- In the Private Bank, disciplined strategy execution drove 10% operating leverage and a 56% increase in profit before tax. Return on tangible equity grew both sequentially and year on year, to 10.8%
- The Private Bank recorded stronger revenues as net interest income grew by 5% year on year while net commission and fee income rose by 1% year on year, supported by investment revenues, despite market volatility. Sequential revenue trends reflect seasonal investment activity typically concentrated early in the year
- Personal Banking benefitted from better deposit and investment product revenues mainly in Germany, leveraging successful deposit campaigns as well as the bank's leading advisory product offering. The growth was partially offset by lower lending revenues following the strategic decision to reduce capital intensive loans
- Wealth Management and Private Banking revenues grew 2% year on year, driven by discretionary portfolio mandates, despite FX headwinds and market volatility. Good business momentum continued, with the majority of net inflows of 6 billion euros in the quarter coming from these businesses
- The Private Bank continued the transformation of the Personal Banking business, closing a further 25 branches in the second quarter, bringing total closures to 85 this year. Workforce was reduced by 700 in the first half, continuing the trajectory in line with plan
- Transformation effects more than offset inflationary pressure leading to a 5% reduction in adjusted costs. Noninterest expenses declined by 8% reflecting lower restructuring charges, with the cost/income ratio improving by 7 percentage points to 69%
- Provision for credit losses benefitted from updated Loss Given Default model assumptions, while underlying portfolio performance remained stable. Provisions in the prior year quarter benefitted from a non-performing loan sale



## **Slide 18 – Asset Management**

- Turning to slide 18; my usual reminder, the Asset Management segment includes certain items that are not part of the DWS stand-alone financials
- Profit before tax improved significantly by 41% from the prior year period, driven by higher revenues and resulting in an increase in return on tangible equity of 8 percentage points to 26% for this quarter
- Revenues increased by 9% versus the prior year. Higher management fees of 630 million euros, driven by Passive products, reflected higher average assets under management
- Performance fees saw a significant increase from the prior year period, mainly due to the recognition of fees from an infrastructure fund
- Noninterest expenses and adjusted costs were essentially flat, resulting in a decline in the cost/income ratio to 60%
- Quarterly net inflows of 8 billion euros represent the fourth consecutive quarter of positive net flows, including a further 3 billion euros into Passive products
- Cash and Alternatives saw combined net inflows of 9 billion euros, which more than offset 4 billion euros in outflows from Active products and Advisory Services
- Assets under management remained above 1 trillion euros. An increase from positive market impact and net inflows was offset by negative FX effects
- In the quarter, DWS and its partners received BaFin approval to issue Germany's first fully regulated euro-denominated stablecoin and the division also extended its strategic distribution partnership with DVAG for another ten years
- For further details please have a look at DWS's disclosure on their Investor Relations Website
- Finally, let me turn to the Group outlook on slide 19

## **Slide 19 – Outlook**

- We are on track to meet our full-year 2025 targets and remain comfortable with our trajectory to deliver a RoTE of above 10% and a cost/income ratio of below 65%; our year-to-date performance supports our revenue and expense objectives



- Our diversified and complementary businesses are performing well and the strong revenues in the first half year put us on course to deliver our ambition for revenue growth
- We remain committed to rigorous cost management, while maintaining our focus on controls and investments, as we continue to benefit from ongoing delivery of our cost efficiency initiatives
- As outlined, the current FX rates marginally impact our return and efficiency ratios, but this has been more than offset by a greater-than-expected reduction in nonoperating costs, which we expect to carry into the remainder of the year
- Our asset quality remains solid and despite uncertainty from developments around CRE as well as the macroeconomic environment, we currently anticipate a reduction in provisioning levels in the second half year
- Our strong capital position and second-quarter profit growth provide a solid foundation as we head into 2026. As we plan capital distributions for 2026 and beyond, we also plan to return excess capital to our shareholders when sustainably exceeding a 14% CET1 ratio
- To date, we have announced 2.1 billion euros of capital distributions, including the 1.3-billion-euro dividend paid in May and the two-thirds-complete 750-million-euro share buyback announced in January and we await approval for our second share buyback
- In short, we remain comfortable with our capital position and reiterate our commitment to outperforming our 8-billion-euro distribution target
- We are also steadfast in our commitment to further improved profitability and increasing shareholder returns beyond 2025
- With that, let me hand back to Ioana, and we look forward to your questions

### **Questions & Answers**

Flora Bocahut  
(Barclays)

Hello. Thank you for taking my questions. I have two. One on the revenue outlook, one on the distribution policy. On revenues, you've reiterated today the full-year target of € 32 billion. Consensus, I think, is a little bit below that level, so basically sceptical that you can get there. If I think of the moving parts, you just did in H1 just over € 16 billion, but that was helped by a seasonally strong Q1. And then in Q2, the strong print



you had in FIC, as well as C&O. You're guiding for a slowdown, I think, in Q3 in the Corporate Bank revenues. If you could elaborate on what gives you the confidence that you will make that target and you expect H2 to basically be as strong as H1? And whether there is also already there in H2 a contribution from the German fiscal stimulus, or if it's something that is more helping from 2026 onwards?

The second question is on the distribution policy. I just want to make sure I understand correctly. The idea is that you have a payout ratio of 50%, but then if you close the year with a CET1 ratio that is above 14%, then you would consider distributing that excess, even if it would take the payout above 50%? Just checking that the payout ratio is not the binding constraint and could be seen as a minimum, but also effectively, that you're telling us that the distribution threshold is now 14% CET1. Thank you.

Christian Sewing

Thank you, Flora. Let me take the first question on revenues and also the German stimulus program. First of all, I'm really happy with the first half revenues, because in particular Q2 was a complex quarter. We have seen, in particular in the O&A business, a softer Q2 than we thought and initially expected. But the good thing about that is that actually, these are delayed deals, and a good part of that is moving into Q3 and into Q4. And I think you have seen it from the prepared remarks from James, that we started pretty well in July. One of the reasons also that O&A had a very good start in July, not only FIC.

Also, having that in mind, I'm really happy with Q1 and Q2 in aggregate. It shows that the franchise and the business model is working. And even if you have slightly softer revenues in one subsegment, the bank is strong enough and robust enough to compensate it with a good outperformance in other parts. Now, why am I confident that we will achieve our € 32 billion also with Q3 and Q4? I expect, first of all, that Fixed Income remains very, very strong. Now, very early, again, to say what we have seen far in July. But I'm sure also, if you



take exchange rate changes in Q2 into account, we again gained market share in the Fixed Income business. We can see actually also, with the whole reallocation of funds from US to Europe, Deutsche Bank is the gateway to Europe, and we see it simply in the flows. And I can't see that stopping in Q3 and Q4, if I look at our financing pipeline, so FIC will remain strong.

I just told you about O&A. I'm absolutely convinced that O&A will be stronger in H2 than in H1. And again, we see that some of the delayed transactions are now coming through and already were booked in July. You're right, Corporate Bank, slightly weaker, potentially in Q3, but we are not talking big numbers here. But this will not only be fully compensated, but more than compensated by stronger Asset Management and the Private Bank. If I think about Asset Management and the Private Bank, what I see in Q3 and Q4, also compared with Q1 and Q2, clearly better and more than offsetting the potentially softer quarter in the Corporate Bank. If I put this all together I don't see the concern that we are not achieving our € 32 billion.

Now, on top of that, is coming something which you just raised in your second part of your question, and that is the stimulus program in Germany. I think the bulk of that, to be honest, we will see then the impact in 2026. Very bullish on 2026, actually. We, as Deutsche Bank, changed our outlook for the GDP growth for Germany to 2% growth in 2026, i.e., we upsized it with all that, what is coming. But you can see a clear sentiment change in Germany. The level of discussions we have with our corporate clients, whether it's on financing, whether it's on investment plans, it's a completely different one than before. I think we have seen from this government the first wave of reforms, in particular on this taxation side and on the energy side. There will be a second round of reforms in the second half of the year. And that also all supported this "Made for Germany" initiative, which we announced on





Monday. And to be honest, after Monday, we got a number of additional companies joining this initiative with more investments.

And these investments, Flora, at the end of the day, need to be financed. And there is a huge opportunity. Now, this kind of potential upside for the second half of 2025 is in no numbers I just quoted for you, because that was the base case without that. Now, again, most of that will come in 2026, and we will show you then later in the year, when we come out with our targets for 2026, 2027, 2028, with a detailed layout of what that means. But clearly, it's tailwind.

Last but not least, I really do believe it's not only the Corporate Bank which will benefit from that and the Investment Bank, but I'm absolutely convinced that Germany will address in the one or the other form, also our pension system. And I always said, never underestimate what that means for our retail business. We have 19 million clients. And obviously, we will hopefully go into more of a capital covered pension system. That is our chance, and that is why I'm so positive that also, over 2025 and beyond, we have real chances to grow there. And therefore, from a business mix, no concern on the € 32 billion. Really, really good pipeline. Very good momentum in the bank. But even more upside from all that what is happening in Germany for 2026 and beyond.

James von Moltke

Flora, it's James. Just to add one thing to Christian's point on revenues and tie it back to both our outlook statements and the consensus. FX, as we've talked about since our fourth-quarter results, plays a role in that. If you simply applied the current FX rates to the second half, the implied number is revenue pressure of a little less than € 400 million for the full year. That would translate into something a little bit higher than € 31.6 billion. And the numbers Christian just went through with you, € 7.8 billion for the second quarter, are at an FX rate of 1.15 on an average basis, EUR/USD. There's a decent chance that we get to € 32 billion on a reported basis, so no impact from FX. And



again, against where the consensus is right now is about € 31.4 billion. We've been trying to give you very clear guideposts along the way as to how to compare the revenue forecast that we had for the year, as it's influenced by FX. But in principle, the ingredients Christian just gave you would potentially represent an outperformance, if all we did was repeat the second quarter in each of the next two quarters.

Just going to distribution policy, your second question. A short answer is that's correct. In the adjustment we made to the distribution policy and announced at the AGM, we essentially have the flexibility to distribute 50% of the prior year's net income. That will more than cover the dividend and a significant buyback next year. Amounts above 50% would need to be funded from excess capital, but the payout ratio would not be an upper limit. Rather, call the 14% a threshold at which we define excess capital. And you would expect us to distribute above the 50% as long as capital is sustainably above the 14%.

Nicolas Payen  
(Kepler Cheuvreux)

Morning. I have two questions, please. The first one on the output floor and the output floor mitigation measures. Could you clarify how the final application of FRTB is a capital relief for the output floor, please? And also, as the measure seems to be a very large part of your mitigation action, if you could provide maybe some color on what actions you can actually take within this framework to offset the impact.

And then the second question would be on your CLP outlook. With your guidance of H2 provisions being actually lower than H1 provisions, what does that mean for the full-year guidance for CLP, and how does the elevated CRE provisions fit into that guidance? Thank you very much.

James von Moltke

Thank you, Nicolas. Let me start with the implication that we want to leave you with on the output floor mitigation path is that, for your modelling purposes, zero is a good number to put into the forward. On the basis that we are quite confident we've moved out the



point in time at which it becomes binding, point one. Point two, on what we call phase one, we're quite confident we'll bring that number down significantly, potentially all the way to zero. And then we work on the mitigation of what we call phase two, which is how to address the impact of the transitional arrangements potentially expiring. And there, it's very early days on what we see, but we've already identified € 15 billion, and we'll work from there, so we're quite confident.

The only question is, over time, as you get deeper into the transitional arrangement, will costs and changes to the balance sheet start to really occur? But the starting point is a high degree of confidence, and zero is a good number to operate with for now.

You asked about FRTB and how it plays into the output floor. It's a good question, because as you've seen, one of the reasons that we're idiosyncratically impacted is the mix of capital markets businesses within our overall balance sheet structure. And there, one of the points we want to leave you with is, the mitigation of the FRTB-related impact is actually relatively straightforward and very low cost. But now, you would not begin to apply those mitigation actions until the full FRTB or the final version of FRTB is, in fact, in force. You should not and would not simultaneously essentially hedge to a standardized and an IRB approach. Well, as long as the standardized doesn't bite. And hence, that still lies somewhere in the future. But it's part of the reason we have confidence it's, if you like, the biggest part of phase one in this journey.

In terms of the CLP outlook and guidance, as we say, H1 clearly was higher than our expectations at € 900 million, really all driven by Commercial Real Estate. The rest of the picture, as we see it, is actually reasonably benign. But Commercial Real Estate, which year-to-date is about € 430 million, clearly has surpassed what we expected. What does it leave us for guidance for the full year? In round numbers, our original guidance would have suggested at the high end, € 1.6 billion, which would mean an additional € 700 million in the



second half. I wouldn't say that that's out of the realm of the possible, but clearly much more challenging, especially if there's continued pressure on Commercial Real Estate.

But if you move the number in the second half up from there, and set as a constraint this idea that it should be in the second half better than the first, you're travelling in a range that's actually pretty consistent with the existing consensus number. If you throw out that number, it's about € 1.7 billion, probably a good number to put in the models for now. Again, it's quite path dependent on what happens with Commercial Real Estate. But that's been really the one area of pressure that we've seen in the CLP landscape, where most of the other things that we talked about with you last year have been on the, what we call normalization path that we talked about.

Anke Reingen  
(RBC)

Thank you very much for taking my questions. The first is on the stress test and the consideration of the output floors. Looking at previous stress tests, that could potentially mean your ratio comes out quite low on a fully-loaded basis. Are you concerned that the low ratio could impact the regulator's view of your MDA or capital guidance and could impact your capital distributions? Or are they more looking at the drawdown over the stress test period? And are you concerned that if the ratio comes out really low, how credit markets might react?

And then secondly, on costs, adjusted costs were € 5 billion in Q2 helped by FX effects. Is the € 5 billion then the adjusted cost run rate we should think about for the second half, taking the costs for the full year closer to € 20.1 billion on an adjusted basis? And that's the number that will come with the € 31.6 billion revenues you mentioned earlier. But could the € 20.1 billion also be higher if the revenues move closer to the € 32 billion? Thank you very much.

James von Moltke

Thank you, Anke, I appreciate the questions. On the stress test, the short answer is no. We would start with



the point that we actually don't think it's relevant, really, to have to disclose the stress test results on a fully phased-in basis. To begin with, those rules do not apply during the stress test window that we're talking about, and they're well outside. Consequently, we don't think supervisors will be focused on the fully phased-in results, to your point. Correctly, they will look at the drawdown on that basis, which might be interesting. As it happens, our drawdown is, in fact, lower on the fully phased in numbers than it is by virtue of starting with a higher denominator, if you like. In that sense, it's ironically a positive. But we think emphatically, it's not appropriate to look at those numbers.

Credit markets, there's simply going to be a communication challenge associated with numbers that people aren't used to looking at. Again, to us, they are irrelevant, given that they're hypothetical, well out in the future, and also entirely unmitigated, given it only really references the starting point, which is a December 31st starting point. That's where we are. I think it's important for people to be aware that that disclosure is ahead on what otherwise for us would be stress test outcomes that we would expect, not to gun jump on the disclosure, but will reflect the improvements in the company's risk profile and profitability over the past several years. We would certainly hope that the market would focus on those aspects of the results.

As it relates to the cost run rate, short answer is yes. As I mentioned, FX is built in at 1.15 on the dollar-euro rate. It's a little higher now, so that would have an effect up and down as the rate changes. But certainly, our intention, consistent with our guidance at the beginning of the year, to run more or less flat to that level as the year goes by.

Christian Sewing

Anke, on the stress test part of the question was also whether that limits us in terms of whether the regulator has an issue then with share buybacks or distribution. No, to be honest. I think the transparency which we are providing with regard to our capital plan, obviously not



only for 2025, but also for the other years, I think we have reached a level which is, in my view, appreciated. We are in really good discussions with the regulators. I'm not expecting that. And from all I can see how we have handled the capital in the past, also the discussions we have during the year 2025, I think they will understand on which path we are, so I'm not concerned about that at all.

Tarik El Mejjad  
(Bank of America)

Hi. Good morning, everyone. Just two questions from my side. Just to follow up on the growth aspect. Thanks for the detailed answer you gave earlier. But there's lots of skepticism about the execution risk of this fiscal package or stimulus and need a lot of planning to do before we can see it filtering through the real economy. Can you tell us, actually, and give us some concrete measures or actions you already see on the ground of how the German government is effectively working on being with no loss on this spending to non-growth measures? I think something will be for the CMD, as you alluded to, but what would be for you in this context the multiplier to GDP in terms of growth, that a bank like Deutsche Bank can deliver, which is still pan-European, with some exposure to Germany?

And my second question is on capital. Very interesting answer about the 14%, and very clear, James, thank you. But now that you say we can put in our models zero impact from the Pillar 3 new disclosure, I'm surprised by your increase of CET1 to 13.5-14%, which is a big number in the European context at the moment. Now that means that's really 14% is a hard stop number. And then you would do extra distribution intra-year to stay at this level, or you can actually overshoot it and then go back later on? In short, can we still have more buyback than the one you've already applied for? Or there's upside to what consensus has for the current type of buyback? Thank you.

Christian Sewing

Thank you, Tarik. Let me start with your first question on execution risk on the German fiscal stimulus. First of all, it is a real mindset change when you talk to the German government these days. And I can tell you also



from the discussions we had this Monday with the chancellor, by the way, accompanied by the finance minister and the minister of economic affairs, growth and competitiveness is at the core of the agenda what they are doing. And that is key, because obviously, this goes also into the sentiment of the private sector, and only because of that, it is possible to launch an initiative like we did.

Now on the plummeting and execution risk of the fiscal measures, I think we need to a little bit differentiate. On the one hand, defense starts as we speak, and you have seen all our announcements, how we have fostered actually our defense financing capabilities and capacities over the last three or four months. I think Fabrizio has done a tremendous job in Germany, but also in Europe to further increase our resources, whether it's capital resources, whether it's people, in order to make sure we are organized, we are set up in order to respond to the tasks which we are getting. And here, while we speak, we can see a different level of engagement with the corporates, with institutions, with public institutions, where the orders are going out now, and the financing questions are coming in.

On the infrastructure side, you have seen that the budget has been proposed to the Parliament before the summer break. The 2025 budget, 2026 is coming soon after that, it's actually something for September. And I think in the second half, you will see that the € 500 billion of infrastructure fund which has been created, which actually looks into different subsegments, housing is one, digitalization and technology a second one, key infrastructure is the third one. That is all launched in the second half. And also there you can see that the preparation is well underway. But I would say the main effect of that is coming in 2026.

Now, there is the one or the other order already coming in, but you can also see that it has a positive impact on the corporates who are now rethinking their investments into Germany and saying we want to be prepared for the day that is coming in. And therefore,



you can see a much more engagement level on the German corporate side. And also, again, from a sentiment point of view, much better results over the last, I would say, two to three months, when the corporate owners are asked, what's going on in Germany, the response rate is a much better one. And therefore, I do believe that we will already see a slight uptick in the second half, in particular driven by defense. On the infrastructure side, the € 500 billion, the main impact is coming in 2026, and that's what we will show you then when we have the Investor or Capital Markets Day later in the year, how it actually impacts the one or the other business.

James von Moltke

Tarik, I'll go to your second question. But actually, one thing, just to add to what Christian said about the multiplier, because you reminded me of my early days as a bank analyst on the private side, for what it's worth. We used to talk in the US about the multiplier of bank sector growth being something like 1.3 times the GDP growth. And I haven't thought of it in those terms, but I think that's what's behind your question.

I think that Germany, and particularly Deutsche Bank, have a chance to meaningfully outperform that type of multiplier, because the changes that we're talking about here is really about redeploying savings into investment activities. It's a corollary of this idea that European capital being tied up in bank deposits is under-leveraging those deposits. If you think that the banking sector, particularly Deutsche Bank, with our business model on asset gathering, asset management, advice underwriting is shifting. Would shift not just our deposits, but the banking sector's trillions of euros of deposits from relatively unproductive uses in bank deposits into the capital markets, investment, growth, innovation. I think the multiplier you're talking about could be significantly higher than it was in those days, 30 years ago.

Just talking to capital and the range. Let me be really clear. Firstly, we decided to change the language around the capital policy, because it was clear that our





earlier language was out of date, of 200 basis points above MDA. We'd grown past that, and we felt it needed to be updated. Second thing, the market and sometimes credit investors will tend to focus on distance to MDA. And we've recognized that the bank has operated at a bit of a thinner buffer than some of our peers. Shifting as we've done, we think is addressing that, and doing so in a really positive way, in line with where we, in fact, are capitalized today.

We've made the point that we think MDA is too high, and over time, for a variety of different reasons should come down. And therefore, increasingly, I think our buffer to MDA will look to the world like a source of strength. And hence, we think the initial reaction perhaps underplayed that element of it. And as I've said before, our goal from here is to make the tangible equity that we need to hold for a given ratio, let's take 14%, more and more efficient over time. That's the journey we're on. And to Flora's earlier point, the distribution policy would then see, in a sense, the 50% as a floor, and an excess capital as incremental distributions, hopefully with more freedom and predictability as to the outcomes.

The last thing just to note is, and I think it's also confused investors a little bit, there is a timing lag attached to this. As you may know, the ECB's process is about a four-month process, they're looking actually to potentially shorten it to three months. But it means that the ratio on any given quarter end is a bit of a lagging indicator of what management was looking at as a spot level when we put in an application. It also goes to why we talk about sustainably our applications for buybacks are, of course, a forward-looking view. Naturally, the supervisors would say it can't just be a moment in time at which you're above, but hopefully sustainable. But with a company that's growing earnings and organic capital generation, by and large, that should be something that moves over time up from the spot. I hope that's helpful, also, in explaining some of the timing lags that you see in an announcement versus



spot ratio.

Kian Abouhossein  
(JP Morgan)

Thank you very much for taking my questions. If I may first make a comment. Good results, but I'm questioning a bit why we are discussing dollar impacts of € 400 million on revenues, which is roughly 1% of total revenues. I hope, Christian, you can get the troops to make up for the € 32 billion and generate extra revenues as such, just as a comment.

But coming to my questions. First of all, we've talked a lot about top-down impact from Germany spending on your future potential revenues. What I'm interested in is market shares. What are you doing on Private Bank market shares? What are you doing on Corporate Bank market shares? Not exactly clear if you're gaining, maybe you're losing market share, but I want to try to understand that on the deposit and lending side.

Secondly, on cost. You almost exhausted your cost program. And I was wondering what areas of cost we should think of where you could do further improvements, which we should think about could further improve on a gross basis, at least your cost impact. Thanks.

James von Moltke

Kian, it's James. I'll quickly cover the first item, and then Christian will talk about market shares and cost. We agree, we don't want to focus too much, but what we simply are doing is giving you the mark-to-market, so that people can essentially have an honest reckoning at the end of the year as to what we delivered versus what we promised. But I agree, it shouldn't overshadow what I think is good momentum in the businesses and delivery against our revenue objectives.

Christian Sewing

Kian, to your initial comment, I think you know me, that I would put everything into that we deliver the € 32 billion or even more. Rest assured that this is under daily watch.

On market share, I think we have a first-class position to grow market share, in particular in the Corporate Bank and Private Bank from here. Why? Because we have



done the transformation. We have done the restructuring. We have done, in particular, in the Private Bank, the heavy lifting of the IT integration of Postbank and Deutsche Bank. You can see, nobody actually thought that we were able to grow the profitability in the Private Bank. We are by far not there where we want to be, but you can see the steady progress. And the steady progress is not only coming by taking costs out, which I'm very happy about, and this will continue, but also that Claudio is actually putting the right focus on where to grow in revenues, whether it's on the deposit side, whether it's under assets under management. I think we had assets under management coming in of around € 40 billion in the first half of the year. And all I can see also from July, from the meetings I have, is actually this is continuing. That means, with the healing of the Deutsche Bank reputation, we're making sure that we are behind our IT transformation issues. Making sure that a lot of investment is going into the digitalization of the retail area, and further changes to come in August and September there, with an even nicer client experience for our retail clients.

And with that, what I tried to explain before, that I do believe over the next years, in particular, we will see a shift, also what James just said, from deposits into investment products, because the Germans are understanding that the retirement structure needs to be different from that what we had before. This is actually the best foundation we have in Deutsche Bank. We can grow from here, and I'm sure we will see growing market share in the Private Bank.

Corporate Bank, I would say the same, because in particular, when it comes now to the financing piece, in particular, if it comes to moving and providing international investors access to Germany, we are exceptionally well positioned. Fabrizio, on purpose, positioned in the Corporate Bank and in the Investment Bank areas like defense, infrastructure financing. He pushed more capital into it. He increased the resourcing for this group. Also, in this regard, I would



say we are pruned to grow market share in our home business. And all I can see, also from the number of clients interacting with us in the home market, this clearly goes into the right direction.

On the cost side, to be honest, we took your comments to heart. And I'm really happy to see that discipline is even better than before, and that I think we have delivered now quarter for quarter a cost number, which is not only in line with expectation, but stronger than consensus. No doubt that this is continuing. The only thing where I would say I slightly disagree with your comment is on exhausting the programs. We are now working, obviously, on the programs beyond 2025. We will achieve the 100% of the € 2.5 billion by year end, that is clear. We are now already at 90%. The other thing will come in over the next six months. And a good part of the work we are doing in the management board is now to define the path to 2028.

And if I think about what we are thinking in terms of front-to-back processing for our main capabilities, whether it's trading, whether it's investment business, whether it's lending business, how macroeconomic is now defining the credit process in a much more digital way, and connect the front office with the back office. If you think about what savings we still can get in the re-engineering of the FIC business, under Ram Nayak working with the IT, to be honest, there is more to come. And therefore, Deutsche Bank 3.0 is, on the one hand, the SVA method and capital allocation. On the other hand, a better and more efficient Target Operating Model, which actually encapsulates a lot of cost savings in the future. Therefore, I'm really bullish why we can achieve a higher profitability than 10% after 2025.

Giulia Aurora Miotto  
(Morgan Stanley)

Hi. Good morning. Thank you for taking my questions. The first one, Christian, you often talk about leveraging the fiscal stimulus with private investments. And I think you mentioned working with KfW and EIB on this. Is your view still that this can be leveraged five times? And how would this work? When would we see this



money really being mobilized? And what's in it for Deutsche Bank? I guess you make a fee on the IB side, but I would be curious for any comments there.

And then secondly, I hear you're very positive on the mobilization of savings, but what incentive do you think will come? Or will this be left just to Germans realizing that the state pension is not enough, they need to invest? Do you expect a tax incentive, or what do you expect here? Thank you.

Christian Sewing

Thank you, Giulia. On the first thing, you actually have seen the start of the leveraging of the program. I think four or five weeks ago, we announced the cooperation with EIB, I think it was a € 500 million program. And this is only with regard to defense, similar activities we are discussing with KfW and others with regard to infrastructure funding, with regard to how can we actually also make sure that other investors, private investors, are leveraging the programs which have been set up under the fiscal stimulus program. And how can we link these private investors with the fiscal stimulus? And this is our role that we are trying to connect these private investors with our public spending which we have in Germany.

And on top of that, we are obviously then trying to leverage that with further debt from our side, with other institutions. I said last week, if we are doing it the right way in Germany, this € 500 billion infrastructure stimulus program can actually be turned into an overall program, which is four, five times as high as the € 500 billion, because we can link it with private investor and obviously bank debt, in a way that the € 500 billion are also used as first loss piece, guarantees public-private partnerships. And these discussions are running as we speak. And, again, the first piece you have seen in a live scenario with EIB.

On the pension, I think there are there are different incentives or different levels of discussions taking place. Number one, you have this, which has been approved by Germany, is this early investment program



targeted at young savers. Now, of course, € 10 a month for every child, I think, which is above, and now I need to be careful that I'm not saying the wrong thing, six years or seven years old, I think it starts there, that does not mean the world. But actually, it changes a lot the mindset of the people, that this money is designed to go into a capital covered pension program. And it will mean that obviously, banks like us and others are trying to capture this opportunity and say what else can we do? It's not only the € 10. What else can we do with your deposits which you have with us?

We need to be all conscious that, for the time being, Europe is exporting € 300 billion of deposits every year to the United States. We need to make sure that with these kinds of changes, we actually try to capture more of that for us, in order to finance the growth and the investments which are needed. Secondly, I do believe that with the whole discussion we have, also the financial literacy and the education of people will take a different momentum, and people will be aware that there is far more to get, if you think differently about your own pension program than before.

Thirdly, digitalization and the way you are offering it to your clients will make a big difference going forward. One of the items Claudio is so much pressing on and pushing for is actually a digital offering in terms of investment programs for retail clients to make it easy for them, and far simpler, to actually opt for certain products. In this regard, our investments into technology will pay off. And lastly, now not yet decided, but from all that I hear in Berlin, the new early investment program was just the start. I'm absolutely confident that over the second half of 2025, and then also in 2026, there will be at least a discussion about a broader reform of the pension program. And that, again, will deepen our domestic capital markets in a significant way. And if there is a capital markets bank in Germany, which will obviously benefit from it, it's us, and in those discussions we are in.



Stefan Stalmann  
(Autonomous)

Good afternoon. Thank you very much for taking my questions. I had one on strategy and one on numbers. Regarding strategy, it now becomes increasingly clear that the US investment banks, US banks are getting quite substantial capital relief from their regulators, and that they have the intention to plough a good chunk of that freed up capital into organic growth. How do you see your own competitive situation, in particular in capital markets, affected by that?

And regarding the number question, you had another very positive contribution from valuation and timing differences in C&O, and you do mention that they might, to some degree, represent a reversal of previous negative numbers. But if I look back all the way to 2018, you have generated cumulative benefits of € 2.5 billion during that period. Should we assume that that € 2.5 billion also reverses over time? And if so, how should we think about the timing and magnitude of that and the drivers? Thank you.

Christian Sewing

Thank you, Stefan. Let me take the first question. Of course, we are observing closely the question of level playing field globally. And to be honest, we also address it with the relevant authorities in Europe. And I have to tell you that I'm actually positively surprised about the level of discussions we have that is different to last year and the years before. There is an openness to discuss that. I'm not saying that we will get exactly there where potentially the US is going to. I don't know that. But first of all, it's a good signal that there is an openness to discuss. I also do believe the working group, which has been imposed and set up within the ECB is the right step to look into it. And therefore, also, there you can see that competitiveness is playing a role.

Number two, I think we have shown over the last years now that despite the strength of the US banks, and no doubt we have built our market share. We have built out market share there, where we can be competitive, where we have a good offering. And more importantly, with where the world is going and with the geopolitical uncertainty, we can see the trend that a lot of clients



around the world, not only in Europe, but also in Asia, in the Middle East, and also in the US, would like to have a European alternative. And that's what we are seeing in the market share of our offerings, whether it is in the financing business, whether it's in the trading business, whether it's in those areas of the Corporate Bank where we really want to play.

We can see that it's very important in this world for clients that they are having at least the alternative. And when it comes to global corporate banking, when it comes to global investment banking, to be honest, there are not many European alternatives left. And therefore, I can see that what you are referring to. But, A, we have good and fair discussions with the European authorities, and I see some movement. And secondly, I do believe that the clients actually always want to have an alternative, and we want to be that alternative. That is exactly our strategy.

James von Moltke

Stefan, on the Corporate & Other valuation and timing differences. There's a number of things that feed that line. But in principle, what you're seeing is a pull-to-par of the losses that in derivatives, on the hedging of the balance sheet, that took place really in 2022 and 2023, as you saw the interest rate cycle play out. And those derivative losses pulled to par based on the duration, the maturity of the underlying risk assets they were hedging. Some of them are shorter in nature, some of them longer in nature. You're seeing a combination of pull-to-par of relatively shorter dated derivative losses, overlaying on top of a longer-term pull-to-par on the longer-term hedging that was produced by the interest rate cycle. The short version of that is there is still a lot of pull-to-par to come over time. But the near term, if you like, excess benefit is closer to washing out.

That said, that's not the only thing that runs through there. A number of other things that go up and down, one of which is a little bit more structural that has to do with the interest rate differential between euros and dollars. Some of it, if you look at it on a cumulative basis, goes beyond, if you like, the swings of the





derivative portfolio or the risk hedging that we do. And hence, it is, I don't want to say structurally positive, it's a little bit structurally positive, but can swing around neutral in any given quarter.

Chris Hallam  
(Goldman Sachs)

Good morning, everyone. Just two quick ones from me. On O&A, announced M&A volumes are up around 30% on a global basis. It's up nearly 20% in Europe, but Germany's nearly plus 60%. If we couple that with the fiscal backdrop, we're into uncharted territory. I just wonder how we should think about O&A momentum heading into H2 and into next year, particularly in the context of the comments you made earlier on the strength of your franchise in Germany, in particular.

And then second, on CLPs, you referenced earlier some further pressure on US Commercial Real Estate, especially on the West Coast. Just looking at the CLP number on slide 31, it ticked up quite a bit quarter on quarter, so how should we think about that for the balance of the year? I know you mentioned being in an advanced stage of the down cycle, but just how advanced? Thanks.

James von Moltke

Chris, your point about M&A and Germany is a great example of an answer to Tarik's question, why the multiplier is potentially much, much higher than what you'd expect in terms of, call it, revenue generation from economic growth and the fiscal expansion. Now, I think the environment is certainly good, but the timing of when transactions happen, at what pace, what size is still outstanding. I will say that the client dialogue is very strong. We've talked a little bit externally about the defense industry, but it goes well beyond that in terms of potential activity and then the support of investors, domestic and foreign, for potential strategies. Short version is we do think there's a real opportunity. And it's a market that is our home market and one that we're a clear number one in. And hence, we stand to benefit disproportionately from that.

On the CLPs and Commercial Real Estate, and what we show you in the appendix is the US CRE portfolio. One



thing to just note, and which is why we broke out the Stage 1 and 2 numbers this quarter for you, is the model adjustment that we talk about in our prepared remarks played out in the Stage 2 provision in this quarter. The fact that the quarter was as high, really a significant amount was reflected by the LGD setting, that became more conservative in Stage 2 and impacted CRE. It sits on top of a Stage 3 number, which is higher than we anticipated. And, as we say, is concentrated in the West Coast. And it has to do with, again, valuation on already defaulted positions. The valuations from here will depend on leasing activity and comparables in the marketplace and also sponsor behavior. But I want to focus you on Stage 1 and 2, which was an outsized factor in this quarter in CRE, given the LGD model setting change.

Mate Nemes  
(UBS)

Thank you very much. Two questions, please. The first one is on the change in revenue outlook for full-year 2025. It seems like you've downgraded just a bit your revenue outlook in the Corporate Bank and upgraded Fixed Income in the IB. Could you give us a bit more color on what drove that downgrade for the Corporate Bank? And what sort of revenue mix shift, if any, should we expect from next year onwards in the business, given the opportunities you are seeing on the back of the fiscal stimulus? That's the first question.

And the second question would be on the Corporate Bank and, again, linked to the fiscal stimulus. Can you talk about the capital consumption implications of the fiscal stimulus driven opportunity, specifically for the Corporate Bank? If I listen to you, Christian, clearly, there's an opportunity to leverage out the infrastructure fund, and bank debt can play a role in that. But obviously, you have quite a few ways to provide capital, be it outright bank lending, be it securitizations. I would be interested to hear your thoughts, how you intend to tackle that from a capital consumption perspective. Thank you.

James von Moltke

Thanks, Mate. Interesting questions. And I'm going to assume the entirety of the question was focused on the



Corporate Bank but correct me if otherwise. The downgrade reflected FX, to begin with, but then also really net interest income, I'll call it deterioration relative to our earlier expectations. We are seeing a little bit more deposit margin pressure and a little bit less loan growth than we'd expected for the year. All in all, that's produced some pressure on CB in the net interest income line. What's encouraging, on the other hand, is that fee and commission income was being quite strong, you saw it grew 6% year on year. And as we've talked about, we're investing to continue that trend, investing behind fee and commission income generating revenue streams in the Corporate Bank.

How will it shift going forward? We're actually encouraged about what the trends look like on the, call it, the balance sheet side of the Corporate Bank, and what that therefore means in terms of tailwinds going into the end of the year and into 2026. Deposit volumes have been okay, and there's been growth there. Actually, growth on a top line basis that's offsetting some other trends within the book, including some runoff of concentrated deposit positions. The picture is actually a little better than it looks like on the surface. And then the question is, will loan growth come back? And that begins to feed into your question on fiscal and how that'll change the composition of the business. We did have loan growth, again, FX obscures a little bit, by about € 3 billion in the quarter, which to us is a good start. We've been waiting to see the proverbial green shoots there. But there's no question, as Christian said earlier, but that the fiscal stimulus is going to generate loan growth going forward. And hence, I think that NII momentum is likely to pick up towards the end of the year and into 2026.

That then feeds to your follow-on question, which is capital consumption. Clearly, that will go up to some degree in the business. We think at the strong ratio that we have, we're well equipped to support clients in that growth scenario. But, as you also say, given the focus we have on the efficiency of the balance sheet and SVA



performance of the business, we do think that the way the market's changed, especially around private credit and the securitization opportunities, also potential changes to the securitization rules in Europe, that the scope of our ability to accelerate the velocity of the balance sheet there is going to be significant. Short version is we don't see ourselves as being in any way capital constrained in the ability to support that growth. As you refer to it as business mix, it can, therefore, I think change the shape of the business in not so much NII fee and commission, although there will be some of that, but velocity of the balance sheet supporting revenue growth.

Jeremy Sigee  
(Exane BNP Paribas)

Thank you. Just really one follow-up from me. You were starting to talk about the next business plan, which I was finding quite interesting, some of the comments you're making there. I know we've got to wait for the details, but could you just tell us about the guiding priorities as you do the work for that plan and what success will look like for you?

Christian Sewing

Of course. And as you rightly say, I can't give you details, we're in the middle of that. But potentially two or three guiding principles. A, we believe that our general strategy of running this bank with four distinct businesses is exactly the right one. We also feel that the balance of the business is broadly in line with what we have. If I think about the next three years, if I think about what is happening in Europe and in Germany, I do believe that from where we are right now, that we will see some solid growth in the Corporate Bank and in the Private Bank. This is why we are actually now doing also the investments, like we started the investments on the defense side and on the team side, while we are thinking about reallocating part of the capital. The four businesses we clearly want to focus on. If I think from a regional point of view, I think we have in particular, growth opportunities in the Corporate Bank and in the Private Bank here in the home market, but also in the in the wider European part.

Second point, when you look out, I think it is super



important also, when we talk to our clients, that there is a remaining bank, which is a global bank out of Europe. Again, what I said before, that the clients are looking more and more for the European alternative when it comes to global banking. And therefore, I think the strategy going forward will clearly also mean that we are focusing on our growth areas, be it in Asia, the Middle East, but also in the US, that we can provide our clients with the right access there.

And thirdly, I think now it's all about growth and optimization. And James just said it, that, A, we are not capital constrained. B, to be very honest, if we look at the capital allocation and the return on the deployed capital so far, there is lots for improvement. And therefore, the next three years will be all about, after we restructured the bank and transformed the bank, now optimizing that deployed capital. And we are also in the position to have those discussions, which we need to have, if there is a client where for three or four years we haven't seen the returns, then we need to reprice. We can do it now and we will do that. And therefore, SVA and then obviously, the next level of fine tuning our Target Operating Model with taking further costs out will be the third dimension of the strategy going forward. I would describe it here. You will get lots more then later in the year, but as you can hopefully hear from it, quite a lot of optimism when I think from which level we start now.

Matthew Clark  
(Mediobanca)

Hello. Two questions from me. One, again, on the corporate center. You guided revenues roughly zero at the start of the year, and you've obviously come in better than that in the first half. I'm just wondering whether, based on the foreseeable elements of the corporate center, you still see an outlook as being zero for the coming quarters? Or is there any reason to think above or positive or negative for the quarters ahead, to the extent that you can foresee these factors?

Second question is on risk-weighted asset growth. What is your mid-term ballpark expectation for risk-weighted asset growth for the group, given you have



new investment opportunities clearly coming and then some lingering regulatory headwinds, presumably, as well? Those two questions, please.

James von Moltke

Sure, Matthew, thank you for them. I would put zero in the third and fourth quarters for the corporate center. Again, we see some pluses and minuses, to Stefan's question. Some of the dollar-euro rate differential is still there, but there's also some things that, in terms of treasury and funding, that we think offset it, so zero is a good assumption. It means for our outlook that we would be retaining the upside that we achieved in the first half, so that's overall positive.

RWA, it's hard to say. Remember, to begin with FX again, not to overdo the FX, but at € 340 billion and change, that's relatively low for us. And it'll vary. We hedge the CET1 to FX for RWA. But, and this goes a little bit to the growth scenario, we do assume some growth in the business and client support. € 10 billion, let's say, to the end of the year, it would probably be a good assumption. And as we talked about before, we do expect growth in the years to come, in terms of a growing business and growing strong intermediation for clients.

Matthew Clark

And just on that, is it reasonable to impute that should be above that annualized € 20 billion that you're talking about for the remainder of the year, in future years, as you see wider economic growth pick up, etc.?

James von Moltke

Yes. The first half has been unusually slow, because we did have the impact of € 5 billion of securitization. That was probably seasonally unusual, so you'd have more underlying growth built into the second half. I'm not sure I'd annualize that as it is. Going forward, again, it's going to be a push and pull. The nice thing is, it's a normalized push and pull. It is, by and large, organic growth in the business and capital generation offsetting one another and excess capital being deployed into shareholder distributions and potentially inorganic. And that's a normal, healthy place for us to be.

I would just remind on two things that are, I'll call it



seasonal. In the next two years, we have the impact of the lapsation of the OCI filter, which affects us 1 January 2026, and then for FRTB, at least under current expectations, go live on the 1 January 2027. There are still some changes to plan for. And then each first quarter, we will recognize the standardized approach operational risk RWA, that pertains to the revenue of the prior year. Those are the, I'll call it, exogenous impacts on the capital ratio in the years that lie ahead, and the rest is normal business development and distributions.

Andrew Coombs  
(Citigroup)

Two follow ups, if I may, please. One on capital return and one coming back to the Corporate Bank. On capital return, I just wanted to understand the interaction between the 50% payout ratio and then this new commentary around distributing capital when sustainably exceeding a 14% CET1 ratio. Which of the two do you see as the floor, as it were? In the event that a 50% payout ratio took you to a 13.8% CET1 ratio, would you be happy with that, or would you have to trim back the buyback on that basis? If you could just clarify.

And then my second question on the Corporate Bank. What I'm struggling with is the positive rhetoric versus what we've actually seen in 2025. As you allude to, there's been this step change in the German government mindset. You've got all of the fiscal stimulus coming on board. It's going to increase loan demand in the second half in 2026. At the same time, your full-year 25 guidance for the Corporate Bank has been slightly lowered. If we look at the loan growth, it's slightly distorted by the fact that there is no loan growth at the moment. How quickly can that change, is my question? And when you look at, say, Commerzbank targeting an 8% CAGR in their corporate bank loan growth over the next four years, could you do something similar, or is the business mix just very different and that's not a feasible target?

James von Moltke

Thanks, Andrew. On the payout ratio, I think you need to have confidence that we're able to steer the ratio, at



least between that 13.5% and 14%, in the ordinary course. You have to remember, and this is part of the thinking behind setting the range, that at the 50% payout ratio policy, we disregard earnings above that amount in the ratio. Let's say hypothetically, I think Flora asked the question at the very beginning of the call, if we finish the year at 14%, then the entirety of that 50% that we pay out in the subsequent year is already disregarded in the ratio. And then we would start a new year earning and accruing, if you like, the next annual 50% payout. And at that point, generation of capital above the 14%, given all other movements, would be capital that at some point could be invested or distributed. And that goes a little bit to the sustainability. We have to be able to evidence that that will be sustainably above. The point is to just remind you that the interim profit recognition essentially says that the ending point ratio already includes all of that 50%. There's a little bit of pressure, as I mentioned just a moment ago, in Q1, but then as you build through the balance of the year, you would expect to be building excess capital.

On the Corporate Bank, and Christian may want to add, but there is a lag. It's a business that, again, the balance sheet component is based on the stock of business, on the asset and deposit side. And the business overall, including the fee and commission income piece relies on essentially putting on new contracts, new relationships, winning RFPs. There's a little bit of a dynamic of how much work is pursued to replace the base book, if you like, of business. And how much of the new business growth at a point in time contributes to revenue growth. I think at the moment we're running a little bit in place, outrunning some of the pressures that I alluded to. But, as I say, as we get towards the end of the year, I think we'll start to win that race and see that revenue growth start to come back with the lag that I mentioned, and the impact of the fiscal now tangibly flowing through into business volumes.

Christian Sewing

There's not a lot to add from my side. James already





alluded to it that we actually saw a little bit of loan growth in the second quarter. And it's the start of that, what we see as a recovering economy, which is also confident enough to start investing again, number one. I think sometimes we are underestimating the time to invest. Last year, we were talking about, for instance, the transaction and the long relationship transaction we won with Lufthansa on Miles & More. That had a preparation time of two years. We are coming to an end of this preparation, that will have then the impact, actually in particular from 2026 on, of those kinds of transactions and new relationships. It's not only that one; we are working on various on that, and that all is coming back.

And then last, but not least, I really do think that if I see how many investments have been held back in the German economy, in particular in the midcaps, family-owned corporates, that is being reversed. And that means absolutely upside for us. And therefore, I think it's well explainable what we are seeing now and what we potentially see in Q3. But clearly, with the upside in 2026 and 2027, and therefore, we are very bullish and will invest into this business. We have a long-term view here.

Tom Hallett  
(KBW)

Hi. Thank you for taking my questions. Firstly, well done on the capital performance. In that light, given the excess that is emerging, I'm just wondering how you balance the potential investment opportunities arising from the fiscal stimulus with buybacks and potential acquisitions? What are the hurdle rates or conditions needed to prefer one over the other?

And then secondly, sorry to go back to revenues again, but on fees, if I recall, at the start of the year, you had expected an increase of € 800 million across the Corporate and Private Banks and the Asset Management division. And with half a year gone, this is running at under half of that on an annualized basis, and that's despite record markets. I suppose my concern is, when I look at the original group revenue building blocks for the year versus today, your revenue



target is becoming increasingly dependent on trading, which is obviously not ideal, but it also leaves you up against it, if you look out to 2026 and beyond.

And finally, sorry if I missed it, but is there a date set for the potential strategy update for later this year? Thank you.

James von Moltke

Hi, Tom. Thank you. I'll take a stab at both, and Christian may want to add. The threshold, it's a good question, it's one of the reasons I think this Shareholder Value Add discipline that we've instilled around the bank is so important, because any business that we do, any investment programs that we initiate, need to clear a hurdle. And that hurdle needs to be at least our cost of capital, if not the impact of the alternative, which is to distribute. In that sense, I think you should take comfort that the competition, if you like, for deployment of capital inside the company and between organic or inorganic decisions and the distribution is lively. And we clearly want to deliver on the distribution promises that we've made and growth thereafter.

If I look to 2026, obviously, we're, I think at this point, very clearly going to be in a position to fund at least our dividend and then a healthy buyback. And if you look at the progression that we've had over the past several years, we certainly target to be able to continue that progression. That would be something we need to earn, in a sense, by generating excess capital, but there will clearly be a bias to delivering on that when we think about how to deploy capital in the company.

On the fees, you make a fair point. I would have hoped to be higher than where we are right now in fee and commission income. In fairness, the shortfall is not in the Corporate Bank. That was at 6% year on year. The biggest part of the shortfall is O&A, which, of course, is a fee commission income generating business. And as Christian said at the outset, we do see a recovery the second half of the year that should begin to make up some of that gap. And actually a little bit in the Private Bank, as well as Wealth Management activity, capital



markets activity from high net worth individuals has been a little bit stalled by the environment as well. Over time, I think we'll close the gap. I'm confident we'll close the gap to € 3 billion a quarter in fee and commission income likely next year. I would have wanted to be closer this year, but let's see where we finish the year and the third and fourth quarters against that type of ambition. I hope that helps, Tom.

Christian Sewing

I just wanted to add, in particular, on your distribution question and balance. I think it's a really good question, and this is exactly what we are now planning for, in order to give you more guidance later this year. But I simply wanted to also tell you, obviously, we want to build this bank for the long term, and therefore, the balance must be right. But let me also say, we know that we asked for a lot of patience from our investors over the last years, and I think we have shown that step by step, we are paying back, and this is not ending. We know that there is more to come, and that the investors are obviously very close to our heart.

Tom Hallett

Thank you. Just a quick follow up with James, just on the fee development. I thought the € 800 million was specifically just for the Corporate Bank, Asset Management and the Private Bank, with another € 500 to € 600 million in O&A. In the Corporate Bank, what I'm getting year on year is you're only up € 77 million on a half-and-half basis, which is versus I thought was € 400 million. It feels like some could be to do with FX, but it feels like there is an underperformance there. I'm just thinking, is there anything that you've seen that might be different from now versus what you had thought six months ago in there?

James von Moltke

Probably some phasing. And really, the first quarter was, in fact, weaker than we'd expected. The second quarter was okay, in terms of relative to our expectations in fee income in the Corporate Bank. And we're carrying forward a little bit of underperformance relative to our own planning from the first quarter. And we'd be targeting, obviously, growth in the back half of the year, year on year, in fee and commissions in the



Corporate Bank. That should help close the gap you're pointing out.

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