Deutsche Bank AG

Deutsche Bank Q2 2026 Analyst Conference Call

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Prepared remarks CEO and CFO

Speakers:
Christian Sewing, Chief Executive Officer
Raja Akram, Chief Financial Officer
Silke-Nicole Szypa, Deputy Head of Investor Relations

CHRISTIAN SEWING

Slide 2 – Disciplined strategy execution delivers record H1 results

- Thank you, Silke, and good morning everyone
- We are very pleased with the performance we delivered, and the momentum we achieved, in the first half of 2026
- We continued to invest in our Global Hausbank, which paves the way for further growth, efficiency gains, and value creation for shareholders
- We grew revenues to 17.2 billion euros, well on track to reach our full-year ambition of around 33 billion euros
- This momentum enabled us to deliver a post-tax profit of 4.1 billion euros, our highest ever for a half year
- We made further progress on our key ratios
- Post-tax RoTE increased to 11.9%, while our cost/income ratio improved to 60.9%, despite the impact of SVA-accretive strategic actions we took in the second quarter
- Our CET1 capital ratio was 13.9%, in line with our operating range
- Strong organic capital generation enabled us to support business growth and make distribution deductions in line with our 60% payout ratio
- And today, we are taking the next step: we are announcing a new 500-million-euro share buyback from 2026 net income
- This is the first time we are executing a buyback from the current year's earnings - a clear sign of the earnings momentum and confidence we have built in the first half
- This momentum positions us well to deliver our 2026 objectives and reinforces our confidence in achieving our 2028 targets
- Now: a few words on the progress we made on Scaling our Global Hausbank, on slide 3

Slide 3 – Continued progress on Scaling the Global Hausbank

- We made tangible progress across all three levers of our strategy
- We delivered revenue growth of 5%, with strong contribution from the Investment Bank and focused growth areas
- We maintained strict capital discipline. We announced the sale of the Private Bank's India franchise, which will be SVA-positive upon closing next year, and we took a number of additional capital-accretive measures across the franchise

- Third, we progressed our scalable operating model. We continued to simplify our operating model in the Private Bank and made targeted investments in technology and front-to-back capabilities across the group. For example, in the Corporate Bank we continued investing in our Cash Management capabilities and strengthening our coverage and sales platforms with multinational companies
- Our franchise performance indicators are all positive, with significant business volume growth across businesses:
- Assets under management grew by nearly 270 billion euros, or 16%, year on year to 1.92 trillion euros, supported by record inflows of 56 billion euros across Private Bank and Asset Management in the first half year
- Loans increased by 4% year on year, driven by momentum in the Corporate Bank and FIC Financing
- Deposits rose by 7% year on year, with strength across the Corporate Bank and Private Bank
- Furthermore, we delivered strong performance across all our divisions, as you can see on slide 4

<u>Slide 4 – All divisions delivered a RoTE of 12% or higher</u>

- All divisions delivered returns on tangible equity of 12%, or higher
- The Private Bank's transformation continues. We made progress on our target ratios, despite absorbing costs relating to continued investments and the exit of its India franchise, and grew client assets by more than 55 billion euros in the first half year
- The division has now completed the branch closures planned for 2026, and continued to strengthen Wealth Management coverage
- Asset Management grew assets under management by 97 billion euros in the second quarter alone, which included record net client flows of 25 billion euros
- The Corporate Bank continued to grow business volumes in both loans and deposits, reflecting the strength of our corporate client franchise
- And the Investment Bank supported clients through heightened market volatility, reinforcing our position as a trusted partner and gateway for investing in Europe, while also growing EMEA market share in Investment Banking & Capital Markets. Based on disclosures from peers so far, we are confident that with our record second-quarter performance we have also expanded our market share in FIC

Slide 5 – Progress with strategy execution complemented by more constructive backdrop

- At our Investor Deep Dive in November, we made clear that we view a RoTE of greater than 13% as a floor, dependent on the successful execution of our strategy
- We also identified several trends that could provide further upside over time. Let me briefly update you on how those trends are developing today
- First, German structural reforms, including health and pension reforms, are taking shape. The government's 34-point plan should boost economic activity in the years ahead
- Fiscal expansion is slowly but steadily gaining momentum. Investment spending in the infrastructure and defense sectors has started. Our Corporate Bank and Investment Bank are ideally placed to capture opportunities
- We are seeing encouraging steps in private pension reforms. With Deutsche Bank's combination of 19 million Private Bank customers in Germany, wealth management expertise, and Germany's leading asset management franchise, we are well placed to support existing and new clients with investment solutions, and help them participate in opportunities as the market develops
- The second trend is AI, which is evolving even faster than we expected – and the potential benefits for us are becoming clearer
- We are embedding AI across workflows to boost productivity and drive scalable growth. We also see scope to enhance client experience, deepen client coverage, and capture share of wallet through AI-driven intelligence
- This gives us potential both for incremental operating efficiencies and revenue growth in the future
- The third trend is Savings and Investment Union. Across Europe, momentum is building, especially as pension reforms are top of the agenda in Germany
- Our asset gathering businesses, alongside the Investment Bank and Corporate Bank, are very well placed to capture opportunities from more integrated markets, new frameworks and growing investment flows, as and when they arise, but also to provide clients with access to evolving capital markets and assist with financing needs
- The fourth trend we discussed in November is a more level regulatory playing field. We are encouraged to see an increasing policy focus on competitiveness, simplification, and growth in Europe. Over time, we expect this to be supportive on several dimensions:
- The European Commission is taking a number of initiatives, including the recent proposal with a broader legislative package expected in early 2027
- We believe that among European bank regulators, there is both increasing flexibility and political will to address some of the unintended consequences of CRR 3, while not compromising on resilience

- This includes support for lending activities, such as mortgages and financing for unrated corporates, by addressing the transitional arrangements currently in place
- Temporary relief on FRTB as soon as January 2027, and expected permanent relief via a legislative package later on, would also maintain the competitiveness of European banks in trading and capital markets
- In addition, efforts to streamline the EU macroprudential framework could lead to fewer buffers and more simplified requirements across member states
- In other words: across all four areas, the trends are positive. Of course, the speed and exact shape of change is hard to predict, but the overall direction is encouraging
- What this means for us:
- First: our financial and strategic progress reinforces our confidence in delivering a RoTE of greater than 13% in 2028, and the developments in these trends strengthen our view that there is considerable upside to our targets
- Second: we are actively positioning the bank to capture these opportunities through targeted investments, focused capital deployment and continued engagement with policymakers
- With that, let me hand over to Raja

RAJA AKRAM

<u>Slide 7 – Q2 2026 highlights</u>

- Thank you, Christian, and good morning
- We delivered another solid second quarter, with net revenues of 8.5 billion euros, a return on tangible equity of 11.0%, and a CET1 ratio of 13.9%
- Profit before tax increased by 11% year on year, while the cost/income ratio improved to 63.0%, despite the impact of SVA-accretive strategic actions in the quarter including the exit of Private Bank's India franchise
- Revenues were up 9% year on year, making these twenty consecutive quarters of revenue growth
- All divisions contributed to this revenue growth, led by the performance in the Investment Bank and strong contributions from our focused growth areas
- C&O also contributed positively to revenues this quarter, mainly due to valuation and timing differences, which we expect to revert over the remainder of the year, with our full-year C&O guidance remaining relatively unchanged
- We continued to see strong client activity across our asset-gathering businesses with record net flows in Asset Management and another quarter of

robust inflows in Private Bank, supporting a 16% year-on-year increase in assets under management which are now 1.9 trillion euros. Continued Corporate Bank deposit growth reinforces the broader momentum behind our client-led growth strategy

- Overall, despite a continued dynamic backdrop and specific strategic measures taken during the quarter, we delivered revenue growth ahead of cost growth year on year and maintained strong capital discipline; fully in line with our 2028 objectives
- Let me now turn to revenues in more detail, starting on slide 8

Slide 8 – Revenue performance

- We saw strong growth in the Private Bank, underpinned by both Wealth Management and Personal Banking, while Asset Management also contributed positively
- The Corporate Bank delivered sequential revenue growth as promised. We are encouraged by the continued underlying momentum in the franchise, supported by higher loan and deposit volumes and signs that activity in Germany is picking up
- Investment Bank results were driven by a record second quarter by our leading FIC franchise supported by clear improvement in Investment Banking & Capital Markets
- Looking at revenue composition, net interest income demonstrated a solid increase driven by volume growth and hedge roll-over, with trading and other income broadly flat year on year
- Net commission and fee income performance showed continued strength, benefiting from growth in Wealth Management as well as seasonally stronger performance within Institutional Client Services in the Corporate Bank
- Overall, our non-investment banking businesses continued to contribute more than 60% to our revenue mix
- Let me now move to NII on slide 9

Slide 9 – Net interest income (NII) and net interest margin (NIM)

- NII was solid at 3.6 billion euros across the key banking book segments and other funding, with both loan and deposit revenues contributing positively compared to the prior year quarter
- In the second quarter, deposit-related NII continued to benefit from underlying volume growth and the contribution from our hedge portfolio, while loan NII benefited from strong volume growth

- Looking at the divisions, in the Private Bank, margins continued to progress steadily, particularly in deposits, with volumes broadly stable in the quarter
- In the Corporate Bank, net interest income also went up sequentially, with strong underlying NII growth across both deposits and loans, supported by increased client activity resulting in volume growth
- In FIC Financing, revenues remained strong, benefiting from loan growth
- For the full year, we expect NII across key banking book segments and other funding to slightly exceed our prior guidance of around 14 billion euros and benefits from recent rate decisions to become more pronounced in 2027 and 2028, reflecting our structural hedging approach
- As always, you can find details on the benefit from the long-term hedge portfolio roll-over on slide 25 of the appendix

Slide 10 – Noninterest expenses

- Turning to slide 10
- Noninterest expenses were up 8% year on year at around 5.3 billion euros
- The year-on-year cost increase reflects increases in fixed-pay and performance-related compensation, the absence of prior-year litigation releases, and one-off costs of close to 100 million euros related to the recently announced exit of the Private Bank's India franchise
- Excluding the aforementioned litigation releases in the prior year quarter and the exit of the India franchise, the year-on-year cost increase would have been 4%
- As planned, incremental investments increased to around 200 million euros, including severance costs of slightly less than 100 million euros, mainly reflecting Private Bank operating model optimization
- The remaining investments were focused on technology and targeted hiring across Wealth Management, IBCM as well as the expansion of Corporate Bank solutions to support our capital-light growth agenda
- Importantly, operating efficiencies of around 200 million euros, mainly through workforce and target operating model measures, continued to largely offset these incremental investments
- As I said in April, we have kept our investment plans aligned with the external environment. As we continue to execute those plans and efficiency benefits accelerate, we expect positive jaws to become increasingly visible in the next two years
- With that, let me turn to provision for credit losses on slide 11

Slide 11 – Provision for credit losses

- Starting with asset quality, overall portfolio performance remains strong
- Provision for credit losses was 460 million euros
- As previously discussed, and consistent with our disciplined approach to managing financial resources, we took further targeted action to de-risk our portfolio and improve our overall risk profile via the planned exit of certain non-performing CRE exposures
- These actions had an impact of approximately 10 basis points in the quarter and will be overall capital accretive once executed
- Excluding these portfolio actions, CRE provisions would have been lower quarter on quarter
- Separately, we released a portion of the management overlays
- Underlying portfolio performance remains in line with expectations, supporting a normalized average provision run rate of roughly 30 basis points through 2028

Slide 12 – Capital metrics

- Turning to capital on slide 12
- Starting with the CET1 ratio, we ended the quarter at 13.9%, up 11 basis points compared to the first quarter, in line with our operating range
- Net income net of deductions for AT1 coupons contributed 45 basis points, reflecting strong second quarter earnings, while deductions for distributions of 27 basis points represent the 60% payout ratio that we committed to starting with 2026 financials
- And the 500-million-euro share buyback announced today has no incremental impact on our CET1 ratio as it is fully covered by CET1 capital-deductions
- The Other category increased by 11 basis points due to equity compensation and reduced capital deduction, mainly from lower Deferred Tax Assets
- Risk-weighted assets increased by 5 billion euros, excluding FX effects of 1 billion euros
- The main driver of this increase was business growth, notably growth in loans and commitments alongside guaranteed funds in Asset Management
- This was partially offset by increased RWA benefits from securitization and reduced CVA risk-weighted assets
- We plan to launch new SRT platforms in the second half of the year to create additional capital capacity

- Lastly, the Other category of risk-weighted assets includes effects of model recalibrations
- Let's now turn to divisional performance, starting with the Private Bank on slide 14

Slide 14 – Private Bank

- The Private Bank continues to deliver tangible progress, supported by robust revenue momentum, sustained asset gathering and disciplined execution of strategic priorities
- Return on tangible equity was 11% and the cost/income ratio stood at 70%, despite absorbing the upfront costs related to the divestiture of the Private Bank's India franchise, as well as severance costs
- The transaction supports a sharper focus on scale and competitive strength. Excluding the impact of the divestiture, return on tangible equity would have been approximately 13% and the cost/income ratio 66%, highlighting the strength of the underlying business performance
- Revenues increased by 8%, driven by a 10% growth in net interest income and an 8% rise in net commission and fee income, with both Personal Banking and Wealth Management contributing
- Personal Banking revenues grew by 6%, mainly from higher revenues from deposits, while Wealth Management revenues increased by 11%, driven by investment products and deposits
- Client activity continued to show solid momentum, with net assets under management flows of 9 billion euros, primarily into investment products, with client assets rising by 7% to almost 850 billion euros in the first six months
- Deposits increased 4% year on year, driven by underlying campaign inflows and Wealth Management growth
- Loan development remained aligned with our strategy, driven by continued expansion in Wealth Management lending and offset by targeted reductions in non-SVA accretive retail portfolios and the classification of the India franchise as held for sale. Excluding the aforementioned actions, Private Bank loans would have grown by 2% year on year
- The Private Bank continues to rationalize its branch network having completed all 100 planned branch closures for 2026 and has already onboarded 116 wealth management coverage hires, well on track towards the target of 250+ coverage hires
- Noninterest expenses rose by 8% year on year, reflecting the impact of the aforementioned divestiture and continued incremental investments including higher severance costs of more than 80 million euros

- We expect the cost of future growth from hiring and other investment initiatives to increase in the second half of the year, but we retain flexibility on the pacing
- Credit quality remains resilient and provision for credit losses is in line with expectations. The year-on-year increase was materially driven by model releases in the prior-year period

Slide 15 – Asset Management

- Turning to slide 15, Asset Management delivered a solid quarter, benefiting from favorable market conditions, stronger Passive flows and improving trends across selected Active asset classes
- Quarterly revenues increased 4% year on year, primarily driven by higher management fees, up 13% year on year, supported by higher average assets under management and stronger long-term flows. Sequentially, performance fees were lower, considering the recognition of significant fees from an infrastructure fund in the first quarter
- Noninterest expenses increased by 7% year on year, reflecting higher business activity, including volume-driven costs and share-price-related compensation effects. The increases are aligned with the growth initiatives and levers
- Turning to flows, net flows stood at a record 25 billion euros in the quarter, including 13 billion euros of cash inflows. Long-term net flows amounted to 12 billion euros, driven by continued strength in Passive products, where Xtrackers remains well positioned to continue capturing strong net flows, and supported by positive contributions from Active asset classes
- Within Active, SQI maintained strong momentum, while Active Equity returned to positive net flows, benefiting from further improved investment performance and client demand across selected strategies
- Total assets under management increased to almost 1.2 trillion euros, up 18% year on year, reflecting favorable market effects, net flows, and FX movements, partly offset by infrastructure-related asset paydowns
- For further details, please refer to DWS's disclosure on their Investor Relations website
- Let us move to the Corporate Bank on slide 16 before closing with the Investment Bank

Slide 16 – Corporate Bank

- The Corporate Bank once again delivered a strong return on tangible equity of 16.4% and a cost/income ratio of 62%, sustaining its high level of profitability

- As guided previously, we now see interest rate and FX headwinds diminishing, while positive business momentum has become more pronounced
- Second-quarter revenues were at 1.9 billion euros, up 1% year on year, compared against a very strong prior year quarter
- Corporate Treasury Services and Business Banking each grew by 3%, supported by higher business volumes, interest rate hedging and growth in net commission and fee income within Corporate Treasury Services
- The 6% decline in Institutional Client Services reflected the non-recurrence of prior year benefits and the remaining impacts of FX headwinds
- Sequentially, Corporate Bank revenues increased by 5%, driven by seasonally strong net commission and fee income in Institutional Client Services and higher business volumes in Corporate Treasury Services
- Business volumes were strong, with average deposits and loans both higher year on year and sequentially, primarily driven by higher sight deposits in Corporate Cash Management and higher loans in Trade Finance
- Noninterest expenses were slightly higher, as volume-related growth, franchise investments, and the non-recurrence of a prior-year litigation provision release were partially offset by disciplined cost management
- Provision for credit losses remained well contained, reflecting solid underlying portfolio quality
- I'll now turn to the Investment Bank on slide 17

Slide 17 – Investment Bank

- Revenues for the second quarter were 19% higher year on year, driven by a record second quarter performance in FIC and significantly higher revenues in IBCM
- Significant year-on-year revenue growth in FIC Markets was primarily driven by strength in Rates and Credit Trading. Both businesses benefited from the non-repeat of the market volatility seen early in the second quarter last year. In addition, Rates saw heightened client activity and Credit Trading benefited from a strong environment for Distressed Product Trading
- FIC Financing performance continued to be robust with revenues essentially flat compared to a strong prior year
- Moving to IBCM, revenues increased 36% year on year and 17% sequentially, demonstrating clear improvement
- The year-on-year increase reflected strong growth in both Equity Origination and Advisory, in line with the strategic rebalancing of IBCM that we indicated at our investor day

- IBCM pipeline visibility for the second half of 2026 points to further significant year-on-year revenue growth
- Noninterest expenses were 6% higher year on year, materially driven by targeted hiring combined with performance-related compensation
- Loan growth year on year was primarily in FIC Financing, driven by the Financing and Solutions business including well-collateralized asset-backed lending, while the CRE book remained broadly flat
- Provision for credit losses was 174 million euros and included impacts of aforementioned planned, capital-accretive exits. From a year-on-year perspective, these were more than offset by a partial release of management overlays and the non-recurrence of model updates recorded in the prior-year period
- With that, I'll turn to the outlook on slide 18

<u>Slide 18 – Outlook</u>

- We are on track to meet our 2026 objectives
- Our divisions are performing well, and strong first-half revenues are putting us firmly on track to comfortably deliver on our revenue ambition of around 33 billion euros, with further growth in the key banking book NII and other funding, as well as continued growth in net commission and fee income
- We continue to prudently pace our planned investments throughout the year, generate operating efficiencies and deliver on our full-year expense guidance, in line with our investor day commitments. And as we said with first-quarter results, we are seeing increasing signs of potential incremental productivity benefits led by AI and organization simplification versus our earlier assumptions for 2028
- Asset quality remains strong and portfolios are performing in line with expectations. We remain vigilant to potential geopolitical and other risks in the operating environment and expect our portfolios to remain resilient to those challenges. On an underlying basis, we continue to expect provision for credit losses to reduce slightly year on year. And we will continue to evaluate limited and targeted actions if they are both capital-accretive and further de-risk our portfolio
- We remain committed to delivering attractive capital returns. That is why we continue to make CET1 capital deductions in line with our 60% payout ratio target
- The 500-million-euro share buyback from 2026 net income announced today will commence on completion of the 1-billion-euro share buyback which is currently underway
- First-half year profitability lays a solid foundation for strong operating performance in 2026 and you can see this in our businesses, particularly in our

Private Bank, where disciplined execution is leading to higher profitability, and the Corporate Bank, with business momentum now clearly building

- And with that, we look forward to your questions; thank you

Disclaimer

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This transcript also contains non-IFRS financial measures. For a reconciliation to directly comparable figures reported under IFRS, to the extent such reconciliation is not provided in this transcript, refer to the Q2 2026 Preliminary Financial Data Supplement, which is available at investor-relations.db.com.

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