



Deutsche Bank AG

Deutsche Bank Q1 2026 Fixed Income Conference Call

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Transcript

Speakers:

Raja Akram, Chief Financial Officer

Richard Stewart, Group Treasurer

Philip Teuchner, Investor Relations



Slide 2 – Strong Q1 2026 results demonstrate franchise resilience

- Thank you, Philip, and welcome from me
- We are very pleased with our first quarter performance. We proved our resilience in an environment of heightened uncertainty, and delivered record net profits as we continue to build on our strong foundations
- Both our key metrics improved over the already-strong prior year quarter. Post-tax return on tangible equity rose to 12.7% and our cost/income ratio improved to below 59%
- This gives us a strong start on our path towards our targets
- We generated revenues of 8.7 billion euros, up 2% or 6% excluding FX impacts even against the strong performance in the prior year quarter, driven by focused growth areas and improving business mix
- Costs reflect disciplined execution of our strategy: we self-funded investments by realizing efficiencies as planned
- Our capital position is solid. We finished the quarter with a CET1 ratio of 13.8%, well within our operating range of 13.5% to 14%

Slide 3 – All divisions achieved a RoTE near or above 13%

- Looking at our divisional performance on slide 3, two points are clear
- First, earnings mix and balance are improving. Our non-investment banking businesses, with more predictable earnings streams, account for a larger share of Group profits compared to the same quarter of last year
- Second, we have delivered strength across the board. All four divisions achieved a return on tangible equity of either close to or well above 13%
- The Private Bank increased client assets by 30 billion euros since the start of the year with net Assets under Management inflows of 11 billion euros, primarily driven by investment products
- Asset Management achieved 11 billion euros of total net flows, mainly in Passive and Cash
- And DWS agreed to acquire a 40% minority stake in Nippon Life India Alternative Investment Fund, reinforcing our asset gathering capacity
- Corporate Bank saw sustained momentum in growing business volumes year on year, with loans up 6% and deposits up 2%



- Investment Bank performance was again very solid this quarter
- We continued to support our clients in volatile markets, with client activity up 8% despite a very strong prior year

Slide 4 – Reaffirming strategic directions in dynamic environment

- Some thoughts on slide 4 on our strategic direction in a dynamic operating environment, where recent geopolitical developments continue to underscore the importance of resilience and disciplined execution
- While the outlook for the global economy might be uncertain, the current conflict underlines Europe's need for self-reliance and strategic autonomy, and investment in defense and other capabilities
- When it comes to Germany, we want to reiterate that despite lower forecasted growth rates in 2026, our medium-term view is unchanged, as there are tailwinds from fiscal stimulus and we see scope for further measures going beyond the reform framework announced earlier this month
- And we will continue to actively leverage our leadership position in Germany. We see significant growth opportunities, including private sector investments and reforms, and defense and infrastructure plans
- From a risk perspective, we have very limited direct exposure to the Middle East, our portfolio performance remains well within our expectations and we continue to monitor clients across industries
- And in line with our disciplined risk framework, we put in place a management overlay to reflect broader macroeconomic uncertainties
- Looking ahead, we re-affirm our confidence in reaching our strategic goals and 2028 financial targets
- And much of the upside we talked about in November is already visible, providing operational flexibility to reach our financial plan and create potential for further outperformance
- We are encouraged by the progress made across our levers and the enhanced collaboration across our divisions
- AI is advancing rapidly and we are working closely across businesses and functions to make sure we deliver maximum productivity and enhance client experience
- Overall, we see positive momentum in our operating environment



Slide 5 – Balance Sheet

- Turning to Treasury-specific topics, starting with our net balance sheet on slide 5
- We continue to operate with a strong and conservative balance sheet, underpinned by robust capital and liquidity buffers that comfortably exceed regulatory requirements and support the Group across cycles
- Loans and deposits continue to be of high quality, underpinned by a strong domestic footprint and a large base of insured retail deposits
- Our funding profile is well balanced, anchored in a stable deposit base and long-term issuances
- This strength allows us to support clients, absorb volatility, and invest selectively in growth opportunities

Slide 6 – Capital metrics

- Moving to capital on slide 6
- Starting with the CET1 ratio, we ended the quarter at 13.8%, down 38 basis points compared to the fourth quarter but squarely in line with our target operating range
- Net income net of deductions for AT1 coupons contributed 53 basis points, reflecting strong first quarter earnings, while deductions for distributions of 32 basis points represent the 60% payout ratio from 2026
- Other deductions of 11 basis points mainly relate to equity compensation, partly offset by reduced capital deduction items
- Turning to risk-weighted assets, RWAs increased by 12 billion euros, excluding FX effects of 2 billion euros
- This was driven mainly by 6 billion euros of business growth in credit risk RWA, notably in loans in the Corporate Bank and Investment Bank, but also from derivatives and secured financing transactions. Market risk contributed an additional 2 billion euros of RWA
- Other includes changes in operational risk RWAs and smaller model effects from updates to the existing models



Slide 7 – Capital and leverage ratio requirements

- Our capital ratios remain well above regulatory requirements as shown on slide 7
- The CET 1 MDA buffer now stands at 260 basis points or 9 billion euros of CET1 capital
- The quarter-on-quarter decrease reflects the lower CET1 ratio from our business growth investments net of the reduction in the CET1 ratio requirement
- The buffer to the total capital requirement is 270 basis points - a further decrease compared to the CET1 MDA, mainly from the AT1 call and Tier-2 maturity haircuts
- On the leverage side, we ended the quarter at 4.4%, which is 12 basis points down versus the prior quarter, leaving us with an MDA buffer of 12 billion euros
- The increase of 2 billion euros compared to the prior quarter is driven by a reduction in our minimum requirement from 3.85% to 3.60%, offset by a reduction in capital from our AT1 call and the increase in leverage exposure

Slide 8 – MREL and TLAC requirements

- We continue to operate with a significant loss-absorbing capacity, well above all requirements, as shown on slide 8
- Compared to the presentation in the prior quarter, we now show the requirements in per cent of RWA instead of absolute Euro numbers
- On the right-hand side of the slide we show our MREL surplus, both as a ratio as well as in absolute Euro numbers
- The MREL surplus of 17 billion euros continues to provide us with the flexibility to pause issuing new eligible liabilities for at least one year
- The MREL requirement will reduce by approximately 100 basis points in the second quarter based on the decision we received from the resolution authorities. This will increase our surplus by around 3.5 billion euros



Slide 9 – Liquidity

- On slide 9, we can see that our liquidity and funding profile remained very strong in the first quarter
- Our Liquidity Coverage Ratio was 140%, which keeps us comfortably above the regulatory minimum
- Compared to the seasonally elevated year-end position, both HQLA and the surplus above requirement normalized in the first quarter, while the overall liquidity position remained robust
- We ended the quarter with 245 billion euros of high-quality liquid assets, and the composition of that buffer continues to be very strong, with the large majority held in cash and level 1 securities
- The daily average LCR for the quarter was 139%, very close to the quarter-end level, which underlines the consistency of our liquidity position throughout the period
- Our Net Stable Funding Ratio was 119%, while available stable funding increased to 651 billion euros
- Overall, this continues to underscore the resilience and diversification of our liquidity and funding base

Slide 10 – Loans

- Looking at the development of the loan book on slide 10
- During the first quarter, loans grew by 5 billion euros, adjusted for FX effects
- The underlying quality of the loan book remains strong, reflecting our conservative underwriting standards across all businesses
- In the Private Bank, we continued the intended portfolio rebalancing by growing our Wealth Management franchise and delivering further reductions in the German mortgage book
- Loans increased in the Corporate Bank where we saw encouraging growth in our Trade Finance business
- Within FIC Financing, the steady growth path continued, driven by new loan originations across segments
- For the remainder of the year, we see further growth opportunities across all businesses while our focus remains on value accretion and capital discipline



Slide 11 – Deposits

- Moving now to deposits on slide 11
- Our well-diversified deposit book reduced by 8 billion euros to 687 billion euros during the first quarter, adjusted for FX effects
- The reduction in the Group deposit base is primarily driven by the Corporate Bank, where we saw a normalization of balances from the year-end spot peak, in line with our expectations and prior guidance
- In the Private Bank, deposit balances remained broadly stable, supported by continued underlying campaign inflows in Germany
- The portfolio continues to be of high quality, supported by a strong domestic footprint and a substantial level of insured retail deposits
- Looking ahead, our focus remains on maintaining a high portfolio quality and growing SVA accretive deposits both in the Private Bank and Corporate Bank

Slide 12 – Net interest income

- Moving to net interest income on slide 12
- NII was strong at 3.5 billion euros in the key banking book segments and other funding
- Deposit-related NII has been stable over the past year as we have successfully offset the headwinds from interest rates with volume growth and our hedge portfolio and anticipate tailwinds going forward
- Looking at the divisions, the Private Bank continued to show steady margin progression, driven by increasing deposit revenues in both Personal Banking and Wealth Management
- The Corporate Bank net interest income was stable, with clear signs of the rate headwinds on deposit NII diminishing compared to the prior quarter
- In FIC Financing, revenues remain strong, supported by ongoing loan growth
- For the full year 2026, we expect NII across key banking book segments and other funding to increase to around 14 billion euros
- The performance in the first quarter and the current view for long-term rates gives us conviction for the 2028 targets we outlined at the IDD



Slide 13 – Interest rate hedge

- On slide 13, which is based on the market implied forward rates as per the end of March, you can see that the hedge portfolio provides increasing annual contributions
- The yield of maturing hedges this year is around 40 basis points on average. These hedges are reinvested at the current 10 year swap rate of around 3%
- More than 90% of the hedge contribution for 2026 is locked in given our rolling structure
- The total volume invested longer-term stands at around 200 billion euros
- While the growth of the hedge portfolio income will depend on future market developments, we currently see a positive slope at least until 2030

Slide 14 – 2026 issuance plan

- Let us now look at our issuance plan on slide 14
- Markets have obviously been challenging due to geopolitical uncertainty and as a consequence, primary market activity has been lower than usual
- Nonetheless, we have continued to make progress on our issuance plan
- As of end of April, we have issued a total of 6 billion euros out of our 10 to 15 billion plan for the year, mainly driven by five benchmark transactions in three currencies
- Following the 1-billion-euro Tier 2 transaction in January, we issued our tightest US-dollar denominated senior non-preferred bond in early February, as well as a 500 million Euro senior green non-preferred bond, our first under the European green bond format
- Later in March, we further diversified our investor base and issued our first multi-tranche Panda bond transaction, totaling 5.5 billion Chinese Yuan. This represents the largest Panda bond issuance by a commercial bank so far
- In early April, we issued our second US dollar denominated senior non-preferred transaction this year which, despite the geopolitical



uncertainty, attracted over 6 billion in total orders. This allowed us to price a 1-billion-dollar transaction with minimal concession

- We also successfully completed a tender offer for several of our Pfandbrief benchmarks, repurchasing 1.6 billion euros which will help manage our Pfandbrief curve going forward

Slide 15 – Outlook

- To sum up on slide 15
- First, we are confident in our revenue ambition of around 33 billion euros, supported by key banking book NII and other funding growing to around 14 billion euros, as well as growth in net commission and fee income. The market-implied expectations around interest rates are a tailwind and adding to our conviction around this number
- Second, as demonstrated, we remain firmly committed to disciplined strategy execution
- On costs and our investment plans, we confirm our expense guidance and expect a gradual increase throughout the year, in line with what we said at the IDD, while retaining flexibility
- In the second quarter, we expect increases in expenses primarily from restructuring and severance costs in the Private Bank, but also to support our business-led front-to-back optimization agenda to generate in-year efficiencies, as well as hiring across divisions
- Third, we reiterate our guidance for provision for credit losses for 2026. Asset quality remains strong and portfolios are performing in line with expectations. We remain vigilant given the evolving macroeconomic environment and took a management overlay which may not be eventually needed when the Middle East situation normalizes
- Fourth, we are comfortable with the trajectory in profitability and continue to expect strong operating performance in 2026
- Finally, we are well progressed with our issuances after an active first quarter and reflecting the lower senior issuance requirements for this year
- With that, we look forward to your questions



Questions & Answers

Yan Zhu
(Autonomous)

Hi, thanks for the presentation. We have got three questions, please. The first one is on MREL. At Q4, you discussed a potential senior non-preferred downgrade at Moody's due to the lower issuance. We would like to understand, is that still the case and when do you expect this to happen?

Do you confirm your NII outlook for this year and beyond? And what is the upside from the higher rate? And lastly, on RWA, can you also comment on your RWA expectations following the strong increase in the first quarter, please? Thank you very much.

Richard Stewart

Okay. Fine. So let's deal with the first one, then so on MREL. So, as you know, we announced in January that we are going to give up the LGF times in the LGF 10% Moody's rating uplift that we had.

And as you know, Moody's then did come out with an announcement in February, which said that our deposit rating would be moved to positive outlook and our issuer rating for senior preferred rating will be stable. And how we think about that is we kind of think that Moody's is already reflecting the potential impacts from CMDI and LGF to some degree with that reflection in the senior rating.

So there is a positive outlook on the deposits and stable on the senior preferred rating. There is no specific rating for Senior non-preferred does not come with a dedicated outlook. So what we're saying is that Moody's has already, in our opinion, kind of reflected the impact in its assessment of us.

So positive for deposits, stable for senior preferred, that is both in our opinion, reflecting LGF and the CMDI regulation. And so what we're trying to do is work with them, just try and minimize that rating volatility. Ideally we will be able to resolve the fundamental outlook on the deposits as well as the final action CMDI without too much impact from today's ratings. So hopefully, that clarifies your question.



In terms of NII outlook, in general, higher rates are beneficial for Deutsche Bank's NII, as you can consistently see in our sensitivity disclosures. Current market implied rates are higher than what we use for planning for IDD at both the long and the short end, which will result in tailwinds compared to our expectations, both this year and in 2028.

Our remaining sensitivity, as you can see from the slides, is quite limited for 2026, but we still have a material portion of our hedge book to roll over by 2028. So the tailwind there remains subject to developments in market conditions. Now while we are not changing our overall revenue guidance for 2026 nor 2028, the interest rate developments clearly support confidence in meeting and potentially outperforming those targets that we have laid out.

And then in terms of RWA expectations, let me start by saying that the first quarter RWA increase that you saw was a bit exceptional for us, driven by a few factors. And the growth in the first quarter can certainly not be extrapolated to future quarters.

So first of all, the quarter-on-quarter increase included 2 billion for FX moves. It also included 2 billion higher market risk RWA, reflecting a lower year-end 2025 starting point and sort of a more normalized kind of level, reflecting also bit of first quarter volatility.

And then operational risk RWA equally rose by 2 billion. We do not expect either of these to repeat in the second quarter. The second point I would make is ex FX, credit RWA grew by 8 billion in the quarter, mostly in the Investment Bank, where we executed on market opportunities in our financing businesses, but also saw increases related to market volatility, notably in derivatives and SFT related credit exposure.

This explains 6 billion of the 8 billion credit RWA growth. And then the Corporate Bank and Private Bank explained the balance, whereby growth was much more moderate around 1 billion in each division. And then let me just sort of take you back to what we said at IDD last



year. The Private Bank, we will reduce RWA from exiting sub-hurdle mortgages whilst increasing capital deployment in Wealth Management. That is kind of part of the strategy.

And then also in the core bank, we will optimize within our trade finance and lending book, exiting negative SCA portfolios and shifting to more rewarding relationships. And to be clear, when doing this, the value from the overall clients is paramount for us and not just individual asset returns. When we bring all that together, we expect significantly lower business-driven RWA growth in the second quarter and thereafter, nothing comparable to what we saw in the first quarter.

And of course, the RWA benefits from new SRT transactions will also continue to improve the velocity of the balance sheet and free up additional RWA capacity throughout the year. So, I hope that gives you a little bit more color as to what we're thinking around RWA for the rest of the year.

Lee Street
(Citigroup)

Hello. Good afternoon, and thank you for taking my questions. And the first one, I would just like to ask about your thoughts on UniCredit's tender for Commerzbank, but specifically in terms of the impact on the banking sector in Germany, any potential impact you might see on Deutsche Bank's competitive position domestically?

And I guess, finally, just obviously, the German government had a very strong pushback, what you think that means for European Banking Union, cross-border M&A, all those types of things? That would be my first question.

And the second question, again, on RWAs and it links to the last question, but there's obviously been an increase in the share of investment bank risk-weighted assets over recent quarters.

Also, you are taking actions to lower some of the RWAs in the Private Bank and Corporate Bank. Should I be expecting the share of Investment Bank RWAs of



overall RWAs to carry on increasing? Is there an upper limit? That would be my questions. Thank you.

Raja Akram

Hi, this is Raja. Let me take the questions. Look, it is not in my position to comment on potential transactions that are in the market between two competitors. But I would just reassure you from our perspective, it does not change our plan and our strategy or our competitive position.

We are a market leader already. In fact, some of the returns and targets that the proposal puts out there as a potential accomplishment of if this merger goes through, we are, from a competitive perspective in Germany are already there. So, it does not put us at a competitive disadvantage.

In fact, from my perspective and our perspective, if this transaction does go through, I think there is certainly an opportunity for Deutsche Bank to, in certain cases, take market share.

If you look at the corporate banking side, most clients would like to have at least a couple of corporate banking relationships and in certain instances, their relationships might be the two banks that actually end up merging.

So, from our perspective, we could see an outcome where actually this might actually be slightly net positive for us. We certainly do not see it as a disadvantage.

Our bank competes on being global with a 60-country network. Most of the clients that we serve want products and investment banking advice along with just pure domestic corporate banking relationships.

So, net-net, I think whether this merger goes through or does not go through does not change our strategy, but I could see envision situation where it actually turns out to be a little bit net positive, both in terms of talent as well as from a client intake perspective.



Now on the whole, I think, obviously, the German government has its position, but the German government has also been very clear and we are also very supportive that we need to make Europe more competitive, and there should be an ability for more cross-border merger.

I do not think that's necessarily a bad thing, whether it is in the financial services sector or outside of financial services sector. So I think anything that makes Europe more competitive from my perspective and our perspective is welcome.

In relation to your Investment Bank RWA question, I think Richard explains that this was a little bit of an unusual quarter from us from an RWA growth perspective because obviously, the market risk RWA primarily impacts also the Investment Bank.

And the other thing that you have to see is that we are actually really growing the asset-light part of our businesses, meaning Asset Management and Corporate Banking as well as Private Bank.

They naturally take and consume less RWA than the Investment Bank. So, in essence, if we continue to grow those businesses and maintain our competitive position in certain quarters, it might look like a bigger chunk of the RWA allocation went to the Investment Bank. But that's not the strategy that we are going with.

At the Investor Day, I think if you look at our Investor Day guidance, we basically said that the consumption of the portion of RWA consumed by the Investment Bank is going to kind of stay the same as it was in 2025, but with obviously a much larger contribution, which means even inside the Investment Bank, we are going to try to grow the capital-light businesses.

I do not think that, as Richard said, I do not think you should extrapolate the RWA growth this quarter as something that would be repetitive, neither should we look at the percentage of RWA allocated to Investment Bank as a new normal or an aspired state.



Our goal is to actually keep our best-in-class FIC business performing, but at the same time, increase the revenue and the profit before taxes from our non-RWA consuming businesses.

Lee Street

All right. That is very clear. Thank you very much for those answers.

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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 Q1 2026 Preliminary Financial Data Supplement, which is available at investor-relations.db.com.

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