Credit Update

28 October 2026

Investment Research

Corporate bond news

Deutsche Bank

- We view Deutsche Bank's Q3 26 report as slightly credit positive overall. This view is driven by improving underlying core earnings, while we see the development in the overall provision level as low and the realised cost base as adequate. Overall, our credit view is backed by a robust CET-1 ratio, broad-based profitable operations, healthy asset quality and a favourable liquidity coverage ratio. The bank's performance is still on a good trajectory, including core earnings and in terms of controlled cost management. Further profitability could be achieved according to the outlined 2028 targets, while maintaining a strong balance sheet. This view is shared by S&P and Fitch, both of which hold a positive outlook on the issuer.
- In summary, we observe a healthy performance and have limited fundamental concerns regarding the bank's asset quality, liquidity, deposit base, and solvency position. This underlines great financial flexibility and leaves scope for shareholder remuneration, which is evident by distributions but also acts as a credit buffer, if it should encounter more difficult operating conditions.
- We remain comfortable with the credit exposure in the subordinated capital instruments. Therefore, we reiterate our Overweight recommendation on the subordinated 4.875% tier 2 bond in USD maturing in 2032, callable 1 December 2027 (US251526BN89), as we observe an attractive Z-spread of 157bp; thus, the yield-to-call is an indicative 6.1%, as we see some room for spread contraction over the next 12 months.

Issuer information

Sector	Banking
Corporate ticker	DBK Corp
Equity ticker	DBK GR
Market cap	EUR56.8bn
Book value	EUR67.2bn
Total assets	EUR1,580bn

Issuer credit rating

S&P	A (Positive)
Moody's	A1 (Stable)
Fitch	A- (Positive)

Latest publication on issuer

Credit Update – Deutsche Bank, 29 July 2026

Source: Bloomberg, Danske Bank Credit Research

Selected bond

Company	ISIN	Min.Piece	Seniority	Currency	Maturity/Call	CPN	Issue Size (m)	Credit Ratings	Price	Yield*	Recommendation
DEUTSCHE BANK NY	US251526BN89	200,000	Subordinated	USD	01/12/2027	4.875	1,000	BBB-/Baa3/BBB	98.8	6.1%	Overweight

Note: Credit ratings by S&P, Moody's, Fitch, respectively; Source: Bloomberg, Danske Bank Credit Research

Deutsche Bank: Q3 26 report

Deutsche Bank published its Q3 26 quarterly report, and we see the key highlights as follows.

- The profit before tax result (PBT) was EUR2.6bn, up EUR0.2bn y/y but down EUR0.1bn q/q; this is 11% above the Bloomberg consensus of EUR2.5bn. The result after tax was EUR1.9bn, up 2% y/y and down 3% q/q. Moreover, on an annualised basis, the bank showed a return on tangible equity of 10.6%, compared with 11% in Q1 26 and 10.7% in Q3 25. We positively observe the core underlying earnings (NII+Fees-Costs), which amounted to EUR3.1bn, 11% higher than Q3 25, mostly due to higher NII and fee performance, while non-interest expenses were constant y/y.
- Net revenues for the quarter were EUR8.3bn, up 4% y/y and down 2% q/q. The group's Corporate Banking business reported a 9% y/y increase in net revenues to EUR2bn, while the Private Bank segment reported an 8% y/y increase in revenues for the period to EUR2.6bn. Deutsche Bank's Investment Banking unit reported 2% lower net revenues at EUR2.9bn, explained by a solid performance in Fixed Income & Currencies; also, Investment Banking & Capital Markets

Analyst

Rasmus Justesen

+45 45 14 15 30

rjus@danskebank.dk

More information:

For further information, see the latest *Corporate Bond Lists,* 26 October 2026.

Important certifications and disclosures are contained from page 4 of this document. This document is not for distribution in the US

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(IBCM) was flat while DCM was reported lower. Furthermore, revenue from asset management was 4% higher y/y at EUR745m, affected by management fee development and a EUR31bn inflow, as well as assets under management growing 16% y/y.

The main component in the revenue mix is the net interest income (NII), which was EUR4.3bn, with underlying being up EUR0.1bn q/q and up EUR0.4bn y/y. The second contributor is the net commission and fee income line, which was up sequentially flat and up EUR0.2bn y/y at EUR2.9bn. The third pilar is the trading and other line, which amounted to EUR1.2bn, up EUR0.1bn q/q and down EUR0.3bn y/y. The Corporate and Private bank segments continue to benefit from a stable and solid net interest margin. The robust development in interest income was primarily driven by the moderately high rate environment, supporting the margin in combination with marginal continued sequential q/q growth of 1% in the underlying loan growth as well as a 3% higher deposit development.

Non-interest adjusted expenses amounted to EUR5.2bn during the period, unchanged y/y, amid increased incremental cost items relating to technology, but partly offset by operating efficiencies. The cost/income ratio was 62.4% for the quarter, 2ppt lower y/y. The bank aims for a <60% target in 2028. The group plans to cut 3,500 employees in the coming years – it currently has 89,868 FTEs.

On asset quality, the provisions for credit losses were EUR501m in Q3 26, up EUR41m from Q2 26. This translates to 41bp of the loan book versus 38bp in Q2 and 35bp in Q3 25. Provisions for non-performing loans (Stage 3) in the period were EUR588m, up from EUR357m y/y, driven largely by CRE-related provisions to accelerate the exit in certain non-performing exposures and one event in the Corporate Bank in Asia. The bank still expects provisions for 2026 to remain resilient, reflecting a solid portfolio performance and a reduction in specific drivers such as derisking of legacy CRE exposure.

Regarding capitalisation, the Common Equity Tier 1 (CET 1) capital ratio was 14% at the end of Q3 26, up 12bp from the end of Q2 26, driven by a mix of earnings, distributions and changed RWA, and capital changes. This is adequately in line with management's objective of an operating target range of 13.5-14%. The current level provides a solid buffer to regulatory requirements. Additionally, the group aims for a EUR1.3bn dividend for FY 25 and has YTD completed EUR1.5bn of share buybacks. The amount for 2026 is targeted at a total payout ratio of 60%. Furthermore, the liquidity coverage ratio (LCR) stood at 143% as of end-Q3 26, up 1bp q/q, reflecting a comfortable surplus of EUR24.5bn above the regulatory MREL requirements.

The bank's financial targets for 2026 were affirmed to include revenue of approx. EUR33bn (FY 25: EUR32.1bn). Also, the aim of a return on tangible equity (RoTE) of >13% and the above-mentioned cost/income ratio of less than 60% were reaffirmed. Moreover, the CET1 ratio is targeted at 13.5-14%. Management reiterates that the strong capital position creates scope for increasing shareholder distributions, amounting to a payout ratio of 60% plus potential excess capital.

Credit conclusion

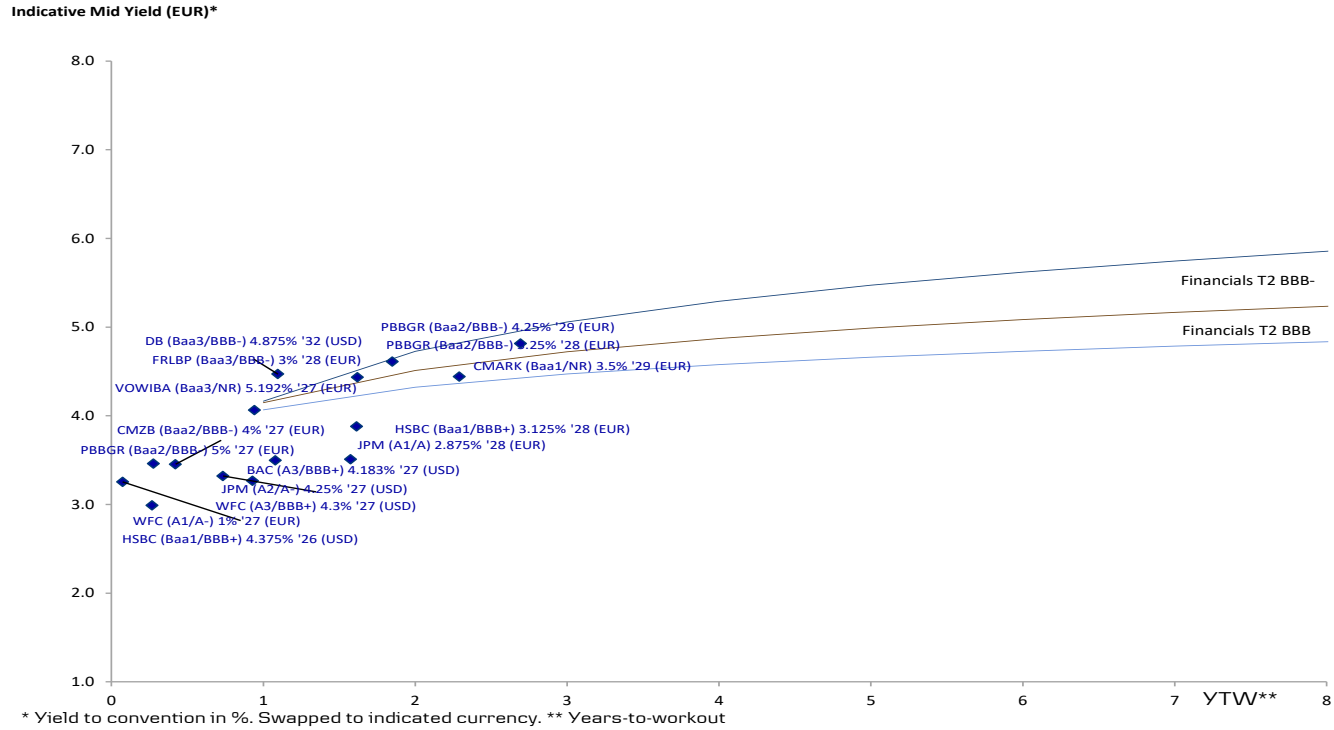
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shareholder remuneration, which is evident by distributions but also acts as a credit buffer, if it should encounter more difficult operating conditions.

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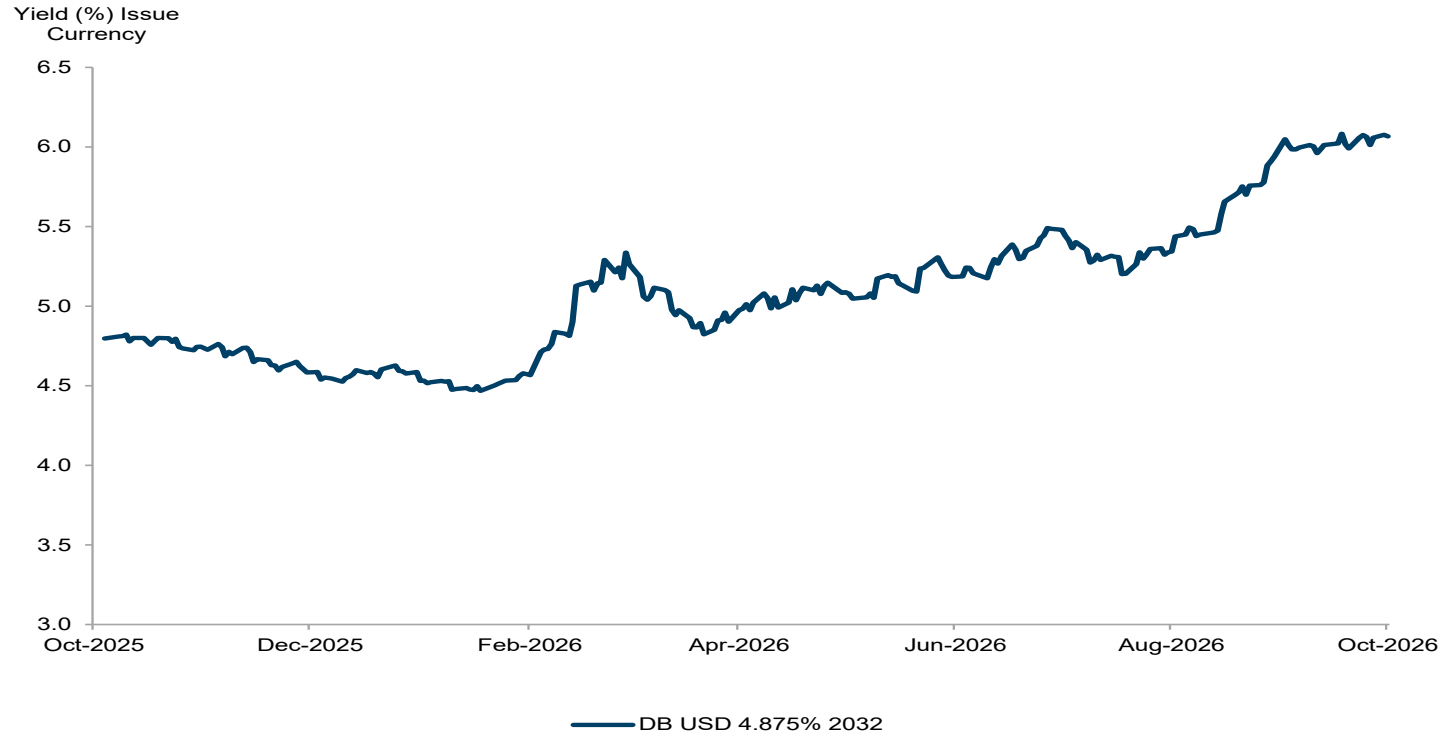
Relative value chart: selected DB notes in EUR (YTW)



* Yield to convention in %. Swapped to indicated currency. ** Years-to-workout
Note: Fair value curve(s) based on Danske Bank Credit Research's (mid) peer group of European issuers

Source: Bloomberg, Danske Bank Credit Research

Historical yield: selected DB subordinated notes in USD (YTW)



Source: Bloomberg, Danske Bank Credit Research

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Sell	A decrease in price of more than 10%	12 months	-	-

Changes in recommendation over past 12 months

US251526BN89

No changes in recommendation over past 12 months

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