

# Deutsche Bank to Meet 2024 Revenue Target

## Credit Comment

Deutsche Bank AG's operating profit/risk-weighted assets (RWAs) ratio was 2.1% in 1H24, broadly in line with Fitch Ratings' forecast for the full year 2024. This excludes EUR1.3 billion provisions booked for possible litigation claims related to the Postbank takeover offer, which Fitch views as non-operating. The provisions led to a small quarterly net loss and weighed on the return on tangible equity, which only reached 3.9% in 1H24. The bank's 1H24 performance remains consistent with our expectations and with the bank's 'A-' Long-Term Issuer Default Rating (IDR).

### Revenue Generation, Execution on Track

The bank is on track to reach its EUR30 billion revenue target for 2024. Reported net interest income (NII) declined slightly in 1H24, but was essentially flat after netting for accounting asymmetries. It benefitted from deposit growth, lower unsecured funding spreads and higher gross margins in the Corporate Bank and in the Investment Bank, all of which offset rising deposit betas. Deutsche Bank now expects net interest income (NII) net of accounting asymmetries in 2024 to be close to its 2023 level.

Net commission income increased 12% yoy in 1H24, driven by growth in all segments and in particular in Origination and Advisory, where revenue bounced back sharply, driven by strong issuance and market share gains. Trading revenue rose 3% compared to a high 1H23, underperforming US peers because of Deutsche Bank's weaker franchise in securitised products, where US peers saw strong performance.

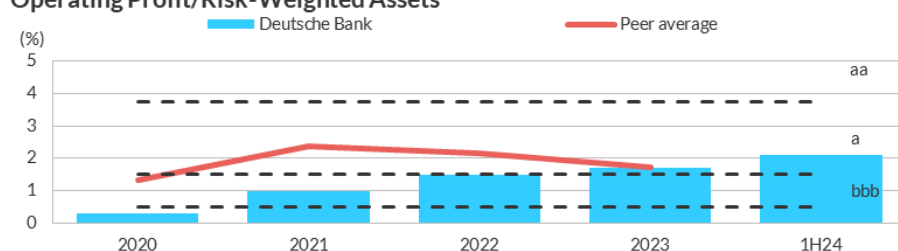
Litigation expenses remain high, even when excluding the Postbank one-off. Non-interest expenses, excluding litigation, restructuring and bank levies, increased only by 2.2% yoy in 1H24, reflecting good cost management. Similar to European peers, the bank benefitted from significantly lower bank levies.

### CRE, Large Files Continue to Weigh on LICs

Loan impairment charges increased to a higher-than-average 38bp of gross loans. The latter continue to mainly result from the EUR38 billion non-recourse commercial real estate portfolio (9.4% impaired at end-1H24) and some large defaults in the wealth management and corporate loan book, partially hedged with collateralised loan obligations. The bank expects lower loan impairment charges (LICs) in 2H24, especially in corporate loans, but has revised its 2024 LICs guidance up to slightly above 30bp, in line with our forecast of 30bp-40bp. The impaired loans ratio increased to 3.1% at end-1H24 (end-2023: 2.7%).

Deutsche Bank remains committed to its plan to distribute more than EUR8 billion for financial years ending 2021-2025. At 13.5% at end-1H24, the CET1 ratio was only slightly below its end-2023 level (13.7%) and maintains adequate headroom over regulatory requirements.

### Operating Profit/Risk-Weighted Assets



Peer average includes Barclays plc, BNP Paribas S.A., Deutsche Bank AG, HSBC Holdings plc, Societe Generale S.A. and UBS Group plc.  
Source: Fitch Ratings, Fitch Solutions, banks

## Ratings

### Foreign Currency

Long-Term IDR	A-
Short-Term IDR	F2
Derivative Counterparty Rating	A(dcr)

Viability Rating	a-
Government Support Rating	ns

### Sovereign Risk (Germany)

Long-Term Foreign-Currency IDR	AAA
Long-Term Local-Currency IDR	AAA
Country Ceiling	AAA

### Outlooks

Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

## Related Research

- [Deutsche Bank \(July 2024\)](#)
- [Fitch Affirms Deutsche Bank at 'A-'; Outlook Stable \(June 2024\)](#)
- [Large European Banks' Net Interest Margins Likely to Have Peaked \(June 2024\)](#)
- [Global Economic Outlook \(June 2024\)](#)
- [Large European Banks' Commercial Real Estate: No Outsized Credit Losses Expected \(May 2024\)](#)
- [Postbank Takeover Litigation Costs Will Be Neutral to Deutsche Bank's Credit Profile \(April 2024\)](#)
- [German Banks' Commercial Real Estate: Credit Losses to Stay High \(February 2024\)](#)

## Analysts

Marco Diamantini  
+49 69 768076 114  
[marco.diamantini@fitchratings.com](mailto:marco.diamantini@fitchratings.com)

Rafael Quina  
+33 1 44 29 91 81  
[rafael.quina@fitchratings.com](mailto:rafael.quina@fitchratings.com)

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