



# Private Bank Germany (PB GY)

#PositiveImpact

Lars Stoy

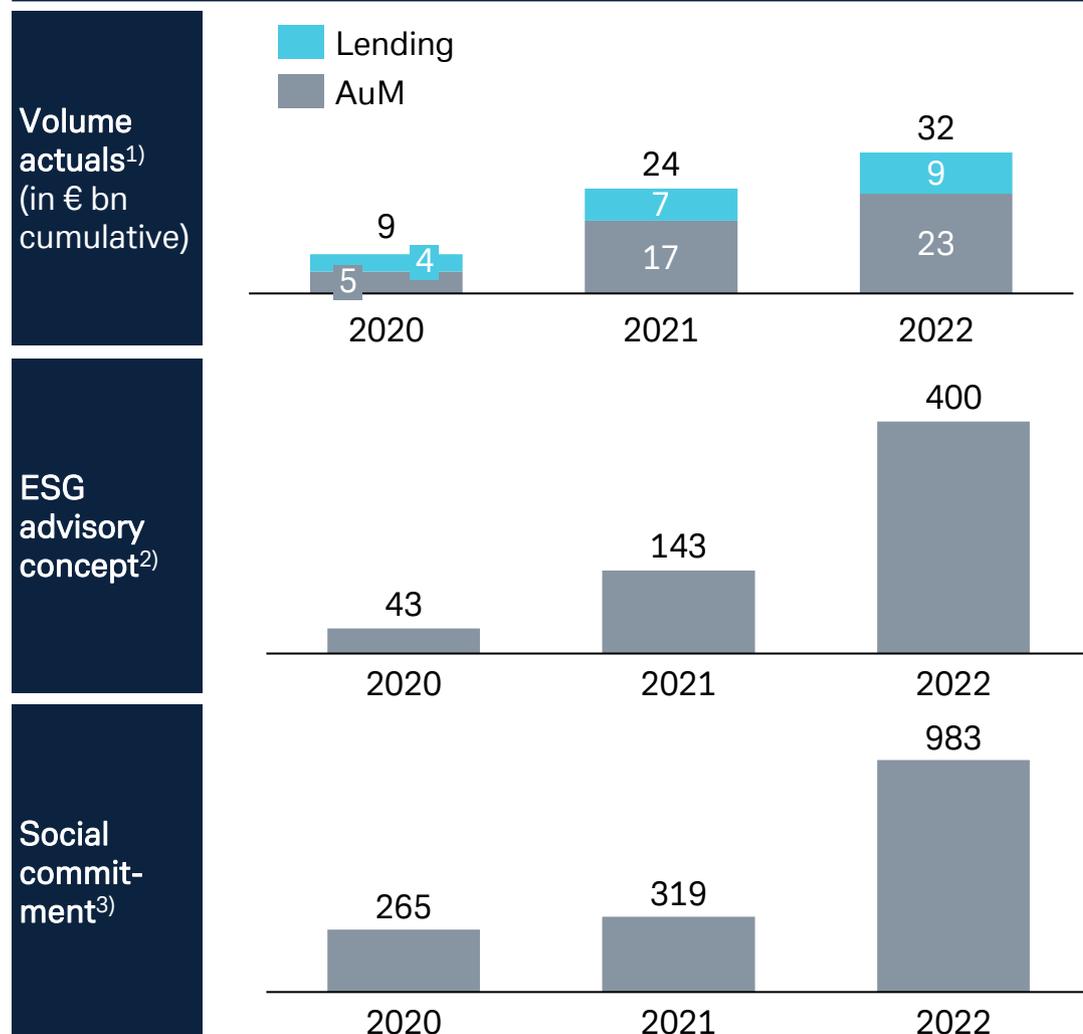
Head of Private Bank Germany

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# Achievements since last Sustainability Deep Dive



## Sustainable finance and investment volumes (2020 – 2022)<sup>1)</sup>

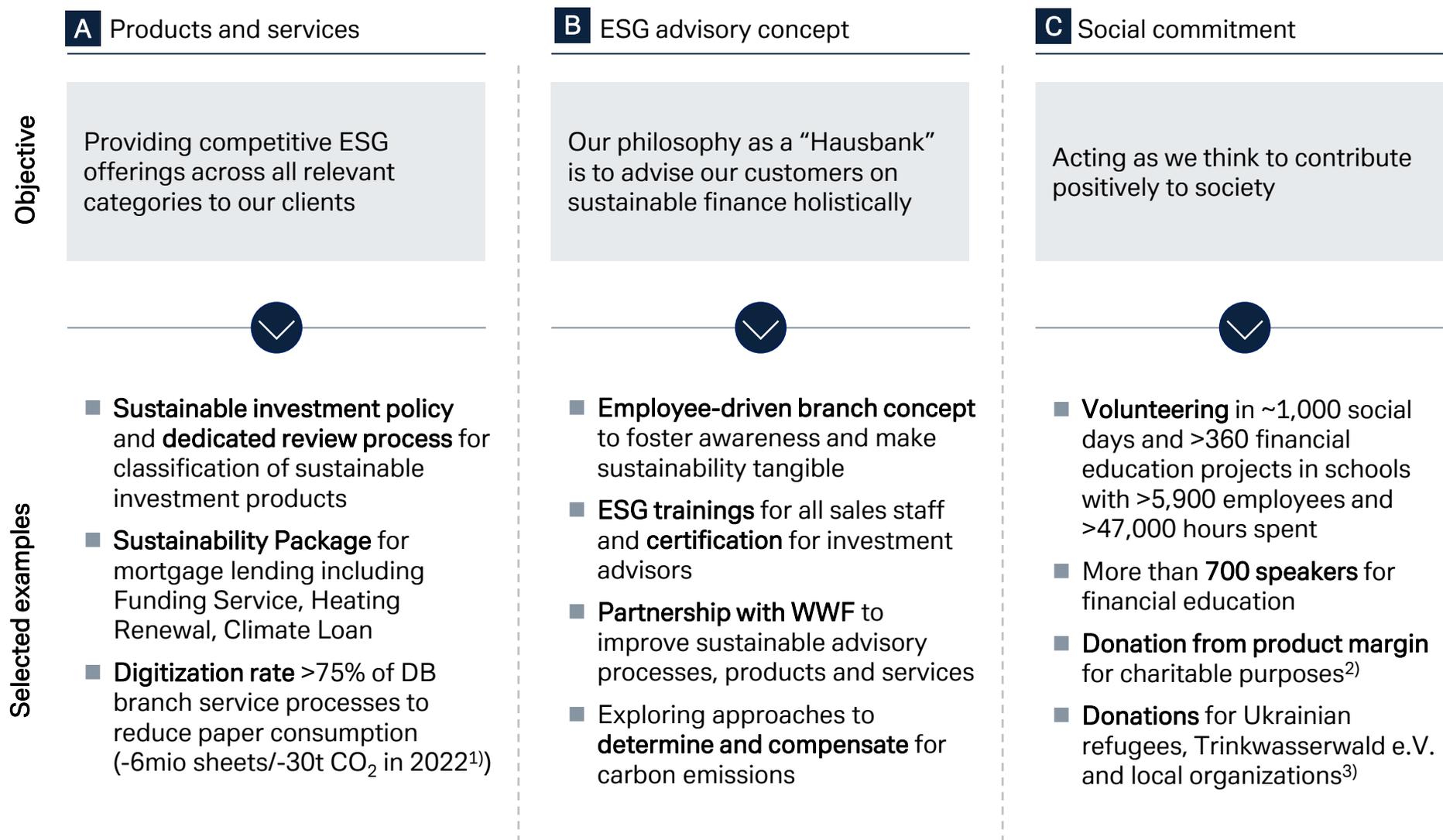


## Progress made

- **Solid growth of ESG volumes** with Compound Annual Growth Rate of 90% in Assets under Management and Lending since 2020
- Set-up of a new **Sustainability Team** organization at PB GY across all brands
- **Strong progress** on our ESG transformation (see next page for details):
  - A** Introduced **ESG offerings** to each relevant product category to meet individual customer needs in the best way
  - B** Implemented **ESG advisory concept** to all 400 DB branches and regional advisory centers to make sustainability tangible for customers
  - C** Determined **social commitment** as part of our sales force management to encourage employees to engage in their societies

1) Cumulative figures include 2020-2022, sustainable financing and investment activities as defined in DB's Sustainable Finance Framework and related documents, which are published on our website  
 2) Number of DB branches with dedicated ESG advisory concept by year-end 2022    3) Number of social days conducted by Private Bank Germany employees by year-end 2022

# Key business highlights underpinning our transformation



1) Estimate is 5 grams CO<sub>2</sub> per sheet 2) Donations jointly with DZ Bank from dedicated certificates to Trinkwasserwald e.V. 3) Donations to local non-profit organizations

# PB GY's sustainability strategy at a glance



## Relevant recent market developments

- **Uncertainty** caused by climate change and **high energy prices** massively increasing customer interest in energy efficiency
- Managing **climate risks** is increasingly relevant also for private investors and lenders
- Positive contribution to **climate protection** requires a change in product and service offering<sup>1)</sup>

## Resulting market opportunities

- Sustainability has major **business potential**:
  - Regulatory proposals at European level to reallocate **€ 180bn** p.a. into sustainable finance until 2030<sup>2)</sup>
  - Rising market for **energy-efficient modernization** shows potential of ~€ 600bn until 2045<sup>3)</sup>

## Strategic response



### ESG advisory concept

Emphasize **dialogue** to navigate clients through complex environment of sustainable finance and to advise clients for an **impactful financial life**



### Products & services

Continue to expand **sustainable** offering in combination with **platforms** and **broadened partner network** to promote sustainable change



### Innovations

Enter into targeted **partnerships** to advance our capabilities and knowledge to open up **new opportunities** for clients

1) Capital Group (2022) and ESG Global Study (2022) 2) European Commission - Sustainable finance: Commission's Action Plan for a greener and cleaner economy (2018) 3) Deutsche Bank expert estimate

# Planned measures substantiating our growth ambition



## Strategic response

## Planned measures 2023-25

1

### ESG advisory concept

- Further integrate clients' **sustainability preferences** in relevant **advisory applications**
- Create a novel **consulting approach** to holistically foster **energy-efficient refurbishment**
- Strengthen **advisory competence** to deliver our ESG value proposition with ongoing **training and education**

2

### Products & services

- Provide a strong suite of **ESG products, services** and novel **non-banking solutions**
- Establish **BHW** as a sustainable building society and **platform provider** with new processes and products for energy-efficient refurbishment
- Consider climate impact in terms and conditions

3

### Innovations

- Partner with **WWF** to develop a long-term sustainability strategy in the key areas of client transformation, product & service offering and market appearance
- Cooperate with **external providers** to enhance awareness on decrease of carbon emissions and to offer compensation and impact options

# Realizing market potential for energy modernization



## Regulatory environment & market developments

- Germany set the ambition to become net zero by 2045
- With ~13m (67%) properties built prior to 1979<sup>1)</sup>, the real estate sector accounts for 30%<sup>2)</sup> of Germany's total carbon emissions
- Further tightened framework conditions (incentives, bans) are expected to achieve the emissions target
- Increasing demand for energy cost savings, reduction of dependence on fossil fuels and minimization of pollution

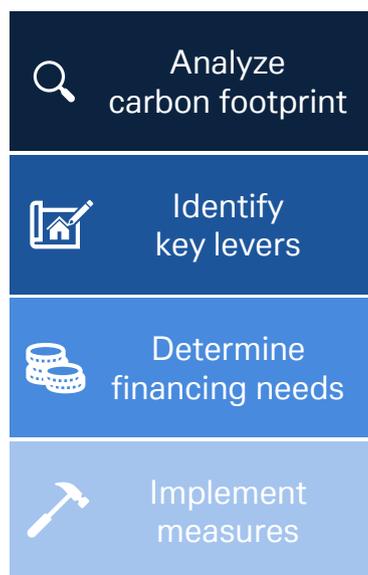


## Market opportunities

- ~58% homes have poor energy efficiency<sup>2)</sup>, required modernization rate to be >2% p.a.<sup>2)</sup>
- DB with 1.5m financed properties and a mortgage lending portfolio of > € 160bn
- Derived business ambition for "green" mortgage volume of € 7-10bn for 2023 - 2025<sup>3)</sup>



## Our systematic advisory approach is to establish an energy modernization advisory cosmos



- Enable clients to align their properties with the low-emission economy of the future
- Focus on renovation and conversion measures of our current clients to reduce carbon emissions
- Submit individual financing options across all brands
- Consider climate component in pricing
- Benefit clients from refinancing advantages ("Greenium")
- Offer a nationwide network of craft businesses for energy-efficient renovations
- Offer solutions for carbon compensation

1) Statistische Ämter des Bundes und der Länder 2) Deutsche Energie-Agentur (dena-Gebäudereport 2021) 3) Deutsche Bank expert estimate

# Key takeaways



- Accelerate the change in our advisory and offering suite towards sustainability, supported by partners such as WWF
- Support the energy efficiency improvement of clients' residential properties with a business ambition for "green" mortgage volume of € 7-10bn for 2023 – 2025
- Manage the carbon footprint of the mortgage portfolio of Private Bank Germany
- Be the preferred sustainable solutions advisor for client action and impact

# Speaker biography – Lars Stoy



Lars has been Head of the Private Bank Germany and a member of the Group Management Committee of Deutsche Bank since May 2021.

Previously, he was Head of Private Clients Germany for Postbank and a Member of the Board of DB Privat- und Firmenkundenbank AG and of Deutsche Postbank AG.

Earlier positions include CEO of Postbank Finanzberatung AG, the entity's mobile sales force, CEO of BHW Bausparkasse AG, Deutsche Bank's building society, and Head of Investor Relations for Deutsche Postbank AG.

Before joining Deutsche Bank Group he worked at BHW and Commerzbank.

Lars holds a degree in business administration from the Frankfurt School of Finance and Management.

# Disclaimer



There are currently no uniform criteria nor a common market standard for the assessment and classification of financial services and financial products as sustainable or green. This can lead to different parties assessing the sustainability of financial services and financial products differently. In addition, there are various new regulations on ESG (environment, social, and corporate governance) and sustainable finance, which need to be substantiated, and further draft legislation is currently being developed, which may lead to financial services and financial products currently classified as sustainable or green not meeting future legal requirements for qualification as sustainable. Harmonized standards and calculation methods are expected to be developed and will also improve data quality.

The transition to a sustainable economy is a long-term undertaking. In its current stage, we are confronted with the limited availability of reliable data, esp. climate related data. It is inevitable to use estimates and models until improved data will become available. Our expectations on the increase of data quality are based on reporting obligations as currently developed. New regulations on reporting will likely become effective in the coming years.

This presentation includes metrics that are subject to measurement uncertainties resulting from limitations inherent in the underlying data and methods used for determining such metrics. The selection of different but acceptable measurement techniques can result in materially different measurements. The precision of different measurement techniques may also vary. The information set forth herein is expressed as of end of December 2022 and we reserve the right to update its measurement techniques and methodologies in the future.

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