Private Bank Germany (PB GY)

#PositiveImpact

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Achievements since last Sustainability Deep Dive

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

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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

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Deutsche Bank
Chief Sustainability Office
# Key business highlights underpinning our transformation

<table>
<thead>
<tr>
<th>Objective</th>
<th>Products and services</th>
<th>ESG advisory concept</th>
<th>Social commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selected examples</td>
<td>Providing competitive ESG offerings across all relevant categories to our clients</td>
<td>Our philosophy as a “Hausbank” is to advise our customers on sustainable finance holistically</td>
<td>Acting as we think to contribute positively to society</td>
</tr>
</tbody>
</table>

### A. Products and services

- **Sustainable investment policy** and dedicated review process for classification of sustainable investment products
- **Sustainability Package** for mortgage lending including Funding Service, Heating Renewal, Climate Loan
- **Digitization rate** >75% of DB branch service processes to reduce paper consumption (-6mio sheets/-30t CO$_2$ in 2022$^1$)

### B. ESG advisory concept

- **Employee-driven branch concept** to foster awareness and make sustainability tangible
- **ESG trainings** for all sales staff and certification for investment advisors
- **Partnership with WWF** to improve sustainable advisory processes, products and services
- **Exploring approaches to determine and compensate** for carbon emissions

### C. Social commitment

- **Volunteering** in ~1,000 social days and >360 financial education projects in schools with >5,900 employees and >47,000 hours spent
- More than **700 speakers** for financial education
- **Donation from product margin** for charitable purposes$^2$
- **Donations** for Ukrainian refugees, Trinkwasserwald e.V. and local organizations$^3$

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1) Estimate is 5 grams CO$_2$ 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

Resulting market opportunities

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

Strategic response

1. **ESG advisory concept**
   - Emphasize dialogue to navigate clients through complex environment of sustainable finance and to advise clients for an impactful financial life

2. **Products & services**
   - Continue to expand sustainable offering in combination with platforms and broadened partner network to promote sustainable change

3. **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)  
3) Deutsche Bank expert estimate
Planned measures substantiating our growth ambition

<table>
<thead>
<tr>
<th>Strategic response</th>
<th>Planned measures 2023-25</th>
</tr>
</thead>
</table>
| 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 |
| 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 |
| 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\(^1\), the real estate sector accounts for 30%\(^2\) 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\(^2\), required modernization rate to be >2% p.a.\(^2\)
- 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\(^3\)

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
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.
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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.

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