Deutsche Bank AG
Sustainability Deep Dive
May 20, 2021

– Transcript –

Mark Fedorcik – Investment Bank Origination & Advisory

- My name is Mark Fedorcik and I'm the Head of the Investment Bank.
- I'm going to spend the next 8 minutes focused on the Origination and Advisory business.
- Sustainability has become extremely important to our clients, and equally important to our employees and shareholders.
- Let me start by saying that ESG in the investment bank is not only about supporting clients access to the capital markets.
- We are also focused on advising them on their capital structures, their sustainability ratings, and importantly helping themselves evolve their business model over time.

- Sustainable finance is one of the fastest growing segments within the capital markets.
- And, is one of the important growth areas within the investment bank for us.
- The market for investment-grade debt issuance totalled 734 billion euros last year and ESG penetration was only 6% but with a strong upward trajectory.
- So much so that the ESG figure in Q1 2021 has already risen to an 11% penetration rate.
- And the market is broadening quickly: the ESG opportunity in Origination & Advisory has accelerated from being largely an investment-grade debt opportunity to all parts of our business, including Leveraged Finance, Equity Capital Markets and M&A.

- When I consider Deutsche Bank's competitive edge in the ESG market, there are several key ingredients differentiating us.

- First and foremost, our investment bank is a leader in European finance, which is the epicentre of sustainability.

- We have deep capital markets intelligence, outstanding structuring capabilities and we can export this European ESG content to other parts of our client base around the world.

- Second, Sovereign, Supranational and Agency issuance is one of the fastest growing markets in ESG.
- It is now 20% of the total SSA volume, almost triple that of three years ago and Deutsche Bank is a top-three leader in the market.
- For example, we were a lead bookrunner and marketing coordinator on the debut 6.5 billion euro green bond for the German government. This is exactly the kind of expertise and insight we can share with other Sovereigns.

- Third, our corporate and private-equity clients in both investment-grade and leveraged finance are core areas of strengths of our business, which gives us a leading edge in sustainability.
- At the end of Q1 2021, we held a 9.1% market share in ESG leveraged finance issuance.
- The leveraged finance market is still underdeveloped with only 4% penetration and we continue to see this as an important growth opportunity for us.

- Lastly, we see high potential in advising our clients on equity issuance, as well as supporting them on how to transition their business and how best to communicate their ESG strategy externally to an investor audience.
- We have a particularly strong focus on sectors like Automotives, Industrials, Technology and Consumer, where sustainability is a critically important topic for these clients in their journey to transform.

- Based on the growing market opportunity coupled with our competitive strengths, we are well on track to exceed our original volume forecasts and we are now aspiring to achieve 75 billion euros of financing by 2023.

- I would like to walk you through some client examples from this past year that underpin our strengths in the ESG market across both Corporates, Private Equity, Sovereigns, Supranationals and Agencies.

- In the SSA market, one of the highest profile transactions was the European Union's 17 billion euro "Support to mitigate Unemployment Risks in an Emergency" – the (SURE) social bond.

- Deutsche Bank was a joint bookrunner and our Origination teams worked in close coordination with our fixed-income colleagues on this very successful transaction. Claire Coustar will talk more about it in a few minutes.
- This was the EU's fourth deal of this kind, which consisted of two bonds designed to help protect jobs and keep people in work during the ongoing Covid pandemic. Deutsche Bank was also on the EU's inaugural SURE social bond.

- Turning to the investment-grade corporate debt market, in March of this year we were active joint bookrunner for Mastercard's 600 million dollar inaugural sustainable bond, which financed eligible sustainability projects including diversity and inclusion initiatives about our US CEO Christiana Riley will talk later on.

- Now lets turn to Leveraged Finance market, one of the fastest growing segments in ESG.
- Deutsche Bank recently acted as Joint Global Coordinator and Sustainability Structurer on a 3.1billion equiv. Swiss Francs acquisition of Lonza Speciality Ingredients by Bain and Cinven.
- The transaction was the first of its kind to incorporate a sustainability-linked bond as part of the leverage buyout financing package.
- The structure is also unique in incorporating ESG & emission reduction targets during the transformation and future growth of the company.

- So let us move on to our strategic priorities:
- The first is around providing holistic advice to our clients as they transform their business models.
- We're leading all these discussions not from a product perspective, not from a transaction perspective, but from a long-term advisory view with a focus on how we can help clients evolve and transform their business models towards a low carbon economy, and with increased diversity.

- Next, we will continue to offer outstanding product capabilities across asset classes and our proven execution capabilities for helping clients finance in the ESG market.
- We will look to export our European capital markets expertise, where we have a clear competitive edge, to other geographies in Europe, to the US and to Asia Pacific.

- Lastly, it's maintaining our core competency within the business for ESG and continually educating and training our employees. For example, one of the areas we are doing this is working in close coordination with our fixed income and Corporate Banking colleagues.

- Let me finish up with the following key takeaways:
- First, Deutsche Bank is already a leader in ESG capital markets and we will leverage our competitive advantage.
- In Q1 2021, Deutsche Bank had a 6.1% market share by fees in combined investment grade and leveraged finance debt issuance in euros up from 4.3% in all of last year, and we aim to grow that in the years ahead.

- Second, we have a differentiated approach to helping our clients with ESG.
- We have knowledge that is unique to us given our footprint in Europe and given our coverage across Leveraged Finance in the Debt Capital Markets.

- Third, to reflect that, we are exceeding our original sustainable finance targets and have set ambitious new targets for 2023.

- Thank you.

the U.S. Securities and Exchange Commission. Such factors are described in detail in our SEC Form 20-F of 12 March 2021 under the heading "Risk Factors." Copies of this document are readily available upon request or can be downloaded from www.db.com/ir.

This transcript also contains non-IFRS financial measures. For a reconciliation to directly comparable figures reported under IFRS refer to www.db.com/ir.