



Investment Bank – Fixed Income and Currencies (IB FIC)

#PositiveImpact

Claire Coustar, Global Head of ESG and Sustainable Finance for Fixed Income and Currencies

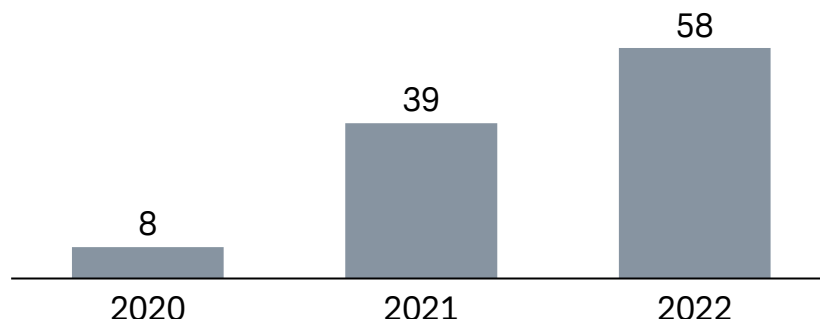
March 2, 2023

Achievements since last Sustainability Deep Dive



Sustainable finance volumes (2020 – 2022)¹⁾

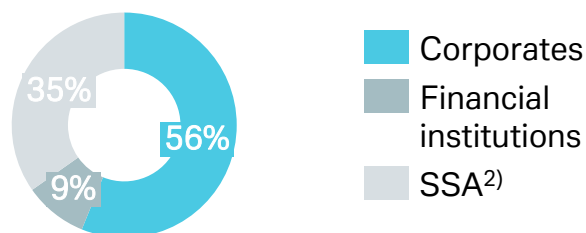
Volume
actuals
(in € bn,
cumulative)



By impact



By client
type



Progress made












- FIC's cumulative sustainable finance volume at € 58bn as of year-end 2022, representing annual growth of 171% (CAGR) since 2020
- Main drivers of volumes: a) outperformance in our US Affordable Housing business; b) lending and arranging green financing
- Significant progress in further embedding sustainability:
 - Expansion of our product offering: launch of green deposits / repos and index suite with ESG investment strategies linked to sustainability scores
 - Deepening engagement with our clients: hosting regular sustainability outlook events (e.g., issuer/investor roundtables, ESG market thematic emails)
 - Building industry thought leadership: participation in e.g., GFANZ³⁾ workstreams and responsibility in Net Zero Banking Alliance sub-tracks
 - Net Zero Banking Alliance sector targets: factor targets into our client discussions and business reviews
 - Fostering employee sustainability: creation of sustainability champion network, sustainability training of all FIC staff and net zero sector trainings

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) Supranationals, Sovereigns and Agencies 3) Glasgow Financial Alliance for Net Zero

Business highlights underpinning our market positioning



Classification	Client	Description ¹⁾	Type	Client Region	Sustainable Development Goals
Social		Supporting healthcare infrastructure in Ivory Coast in cooperation with Corporate Bank through € 142m social loan for two hospitals and five medical units²⁾	Use of proceeds	EMEA	
	Confidential	Expansion of our reach as a funding provider for affordable housing projects through co-investment with our institutional client base	Use of proceeds	Americas	
Environmental		Sole Lead Arranger and Sole Bookrunner on a \$ 392m project financing to construct a 400 MW solar farm in Indiana, USA for Doral Renewables LLC	Use of proceeds	Americas	
	 Deutsche Bank	Placement of our first institutional green structured note , in addition to 3.8x growth in our retail structured notes business, offering € 1bn of green structured bonds ²⁾	Use of proceeds	EMEA	
Sustainability-linked		Sole Lead Arranger and Sustainability Coordinator for € 120m Sustainability Linked Loan to Beontag . Transaction executed in the European Loan Market, marking the first fundraising outside LATAM for the Brazilian-founded multinational ³⁾	Sustainability-linked	Americas	
		Joint Lead Arranger, underwriter and joint ESG coordinator for H&H International's € 1bn multi-tranche term loan facility and a € 70m multi-currency revolving credit facility	Sustainability-linked	APAC	

1) Notional deal volumes (in currency of the deal) 2) Deal does not count towards our sustainable finance target under the current Sustainable Finance Framework

3) Deal not yet included in reported sustainable finance volumes

Note: Sustainable financing and investment activities as defined in DB's Sustainable Finance Framework and related documents, which are published on our website

FIC's sustainable finance strategy at a glance



Relevant recent market developments

Sustainable investment landscape is changing rapidly, driven by:

- geopolitical and economic factors **accelerating clean energy transition investment**
- **MiFID ESG target market** requiring investment firms and banks to integrate client sustainability preferences into suitability assessments
- **post-COVID Investor interest to support social thematics** across affordable housing, healthcare and micro-finance
- **EU legislation driving supply chain due diligence** on environment and human rights violation and deforestation free products
- **ecosystem of nature and biodiversity standards setters and stakeholder groups** accelerating – TNFD¹⁾, SBTN²⁾, NA100³⁾, NGFS⁴⁾ Nature Taskforce and others
- **expected inflationary pressures, disclosure requirements and regulatory focus** accelerates investor interest in Natural Capital asset class

Strategic priorities



Clean energy transition

Provide our infrastructure sponsor and corporate clients with structuring, financing and arrangement services for their clean energy infrastructure investments



Investment products

Expand our client flow engagement and investment product suite to ESG thematics – Corporate ESG leaders / laggards, compliant carbon, social, nature/ biodiversity, energy transition



Social finance

Expand our social housing finance platform into Europe and social lending for emerging markets



Nature-based solutions

Develop funding solutions supportive of nature investment and establish partnerships with leading conservation sponsors

1) Taskforce on Nature-related Financial Disclosures 2) Science Based Targets Network 3) Nature Action 100 4) Network for Greening the Financial System

Planned measures substantiating our growth ambition



Strategic response

Planned measures 2023-25

1

Clean energy transition

- **Establish new investment manager** to give institutional and high net worth clients access to private credit investments including across global infrastructure, renewable and energy transition assets globally
- **Lending and arranging funding for clean infrastructure**, enabling services and finance platform providers – grid batteries, offshore wind installation vessels, alternative storage, carbon capture utilization & storage, etc.
- **Establish Corporate Bank and Investment Bank Client Service Team** supporting our clients' development of credible transition plans and supporting our goal to increase the percentage of our clients with net zero commitments

2

Investment products

- **Credit flow sales – client engagement supported with thematic ESG in Credit:** trades and themes pieces
- **Establish Deutsche Bank social note platform** leveraging our distinct US affordable housing and senior care homes lending business to offer Social Structured Notes for our retail and institutional client base
- **Launch Carbon (EU ETS¹) investment products** by year end 2023; supporting investment in key policy tool driving cost effective emissions reductions
- **Investment products with thematic in social, nature / biodiversity, clean energy transition**

3

Social finance

- **Co-investment partners** – allowing us to scale our US social finance business
- Lending in support of **consumer finance offerings for underserved, unbanked populations**
- **Social lending in emerging markets** for health, education, waste and water management and others

4

Nature-based solutions

- **Establish Finance for Nature expert group** to support nature-based financing and investment solutions
- **Establish partnerships with leading conservation sponsors**, leveraging our Corporate, Social and Responsibility work and ocean leadership in our International Private Bank, to develop nature linked investment products
- **Financing supporting nature / conservation, sustainability-linked debt** with nature / biodiversity KPIs, SSA nature impact debt

1) EU Emissions Trading System

Deep-dive: sustainable finance in emerging markets



Market trends¹⁾

- Emerging Markets account for nearly half of all greenhouse gas and over a third of energy-related emissions
- Volume of investments in low-carbon technology is currently less than 10% of global total and not even two percent of the global ESG bond flow originates there
- Energy transition investment concentrated in a few countries compared to decarbonization and electrification needs
- Renewables are the cheapest source of power for many emerging markets and developing economies
- Access to capital markets remains limited, with public entities playing key credit mitigation role
- Domestic investors playing an increasingly important role
- Management of long-dated currency exposure key to scaling fund raising

Strategic approach

Industry and market leadership

Issuer and investor connections

Facilitating capital flows

Offer innovative solutions

- Member of **GFANZ²⁾ Mobilizing Capital** to Emerging Markets & Developing Economies
- Signatory to **JETPs³⁾ Vietnam and Indonesia, NWFE⁴⁾ Egypt**
- EMEA Finance 2022 **“Best Foreign Investment Bank in Angola / Gabon / Ghana / Rwanda”**
- **ESG Bond Deal of the Year PIF 100-yr Green Bond⁵⁾**
- **COP27: co-hosted Egypt Ministry of Finance client dinner**
- **Climate & Nature themed IMF investor & issuer lunch**
- **Sustainability in Africa Asset Manager panel**
- Consistently ranked in **top 4 in debt issuance** with Sub-Saharan Sovereigns⁶⁾
- **Monthly ESG thematics and ESG Bond runs**
- **\$ 1bn** of global liquidity supporting local emerging markets capital markets and investor flows
- Trading presence across **25 countries** and leader in **frontier currency access and complex issuances**
- **Top 4 provider of SSA local EM liquid currency primary issuance⁷⁾**
- Facilitate **€ 3bn in sustainable financing** for emerging markets by 2025 across Investment Bank
- Risk management solutions for hedging long-dated cross currency exposure – **first green cross-currency hedges for Continuum**
- Lending in support of consumer finance offerings for **underserved, unbanked populations in developing Asia**
- Placement of **high impact Emerging Market finance platform providers** - Eco-business Fund

1) International Energy Agency (IEA) 2) Glasgow Financial Alliance for Net Zero 3) Just Energy Transition Partnership 4) Nexus of Water, Food & Energy 5) Capital Markets & ESG Finance Saudi Arabia Awards 2023 6) Bondradar Jan 2023 7) Bloomberg Manager League Tables rankings (2022) for Emerging Markets Euro Medium-Term Notes (EMTNs) by SSA issuers (AA- and above), >1y, in MXN, BRL, RUB, INR, IDR, TRY, and ZAR

Key takeaways



- Creating assets in the clean energy and energy transition lending across the full value chain including emerging markets
- Integrating our net zero targets in client dialogue and supporting them to develop credible transition plans
- Social and nature-based solutions linked fixed income lending and investment products

Speaker biography – Claire Coustar



Claire is Managing Director, Global Head of ESG and Sustainable Finance for Fixed Income & Currencies.

Claire joined the bank in 2003, and during her tenure she has held various positions across structuring, sales, trading and governance; including Head of Emerging Market Structuring, co-head of CEEMEA Structured Credit Trading and co-chair of the Board of Directors of Deutsche Bank Turkey.

Prior to Deutsche Bank Claire held various positions in the New York and London offices of Merrill Lynch, including Commodity Derivatives, European Securitization and Latin America Structured Products groups.

Claire holds a Bachelor of Science degree from Babson College with a major in Finance, Economics and International Business.

Claire sits on the Fixed Income & Currencies Executive Committee of Deutsche Bank.

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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