



Approach towards carbon-intensive sectors / clients

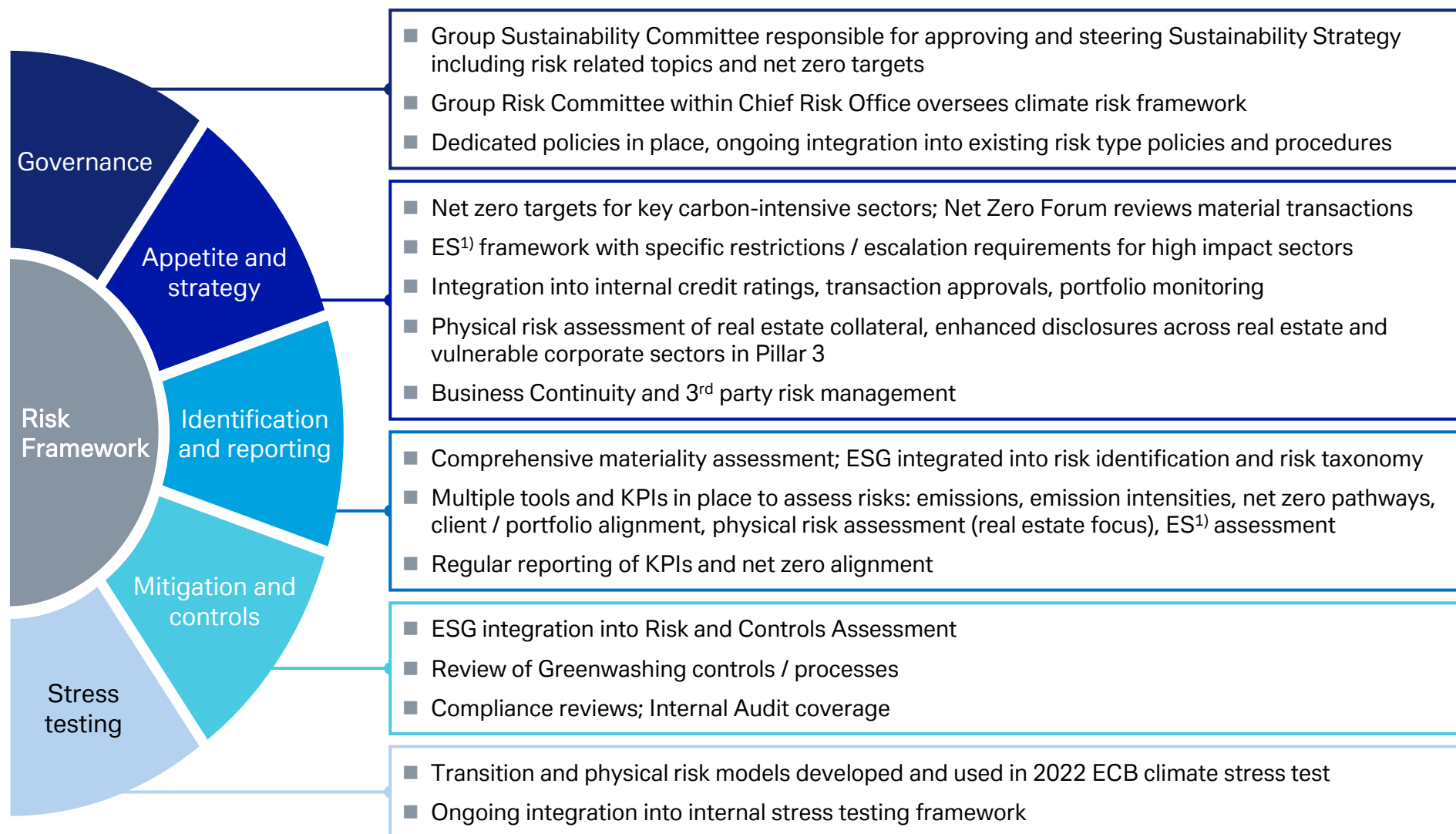
#PositiveImpact

Chris Jaques, Head of Enterprise Risk Management and CRO UK & Ireland

Jan-Philipp Gillmann, Global Head of Corporate Coverage in the Corporate Bank

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ESG risk management framework at a glance



1) ES = Environment and Social

Comprehensive materiality assessment of key risk drivers



Climate and environmental risk materiality assessment

Climate risk driver / risk types	Strategic	Credit	Market	Liquidity	Operational	Reputational
Acute physical	Medium	High	Low	Low	High	Low
Chronic physical	High	High	Low	Low	Medium	Low
Transition risk: policy changes	High	High	Medium	Low	Low	Low
Transition risk: technology changes	Medium	High	Low	Low	Low	Low
Transition risk: behavioural changes	High	High	Low	Low	Low	High
Other environmental risk drivers	Low	Medium	Low	Low	Low	High
Governance drivers	Medium	Low	Low	Low	Medium	Low
ESG-related liability consequences	Medium	Low	Low	Low	High	Low

Most Material Least Material



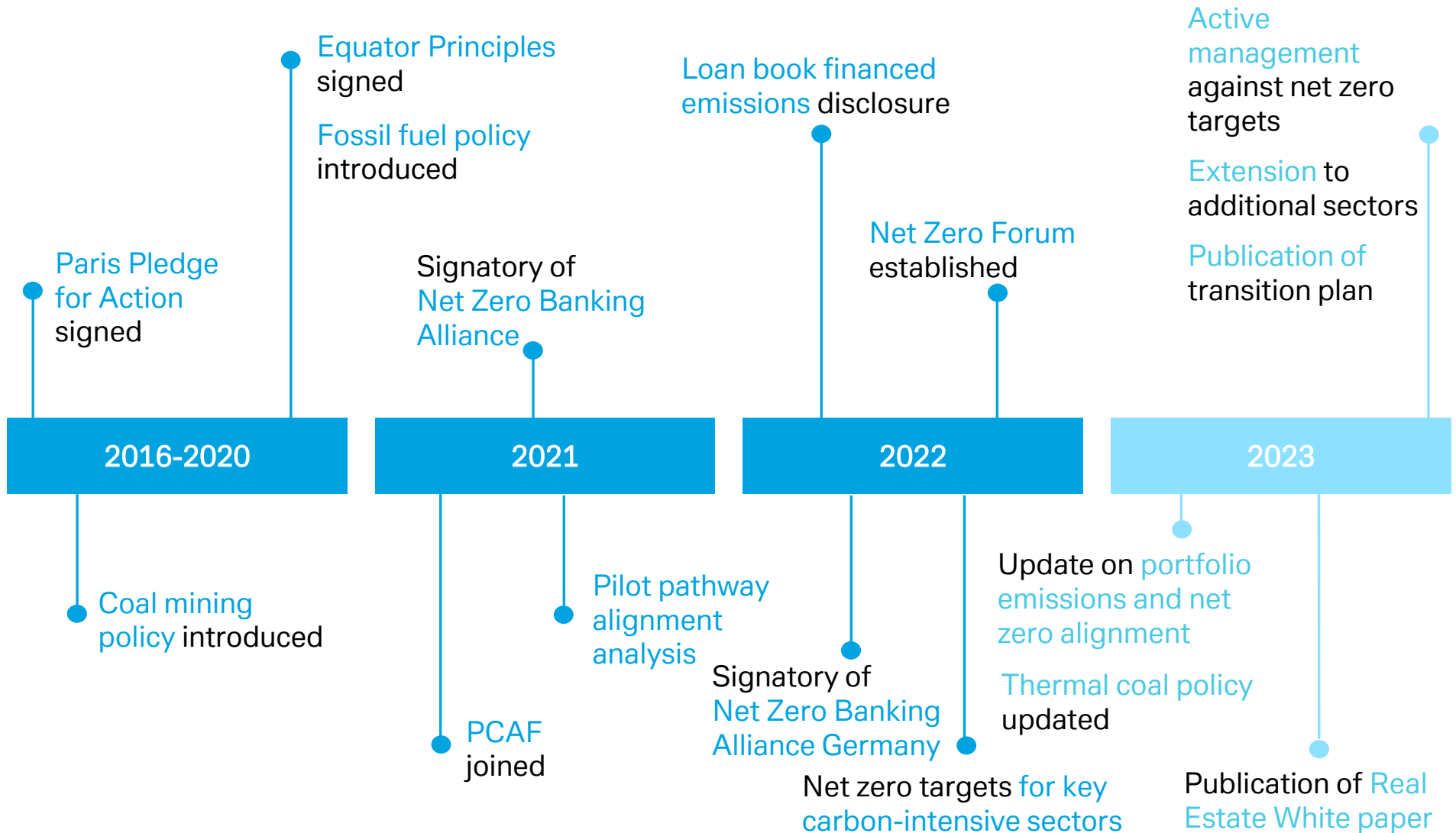
Assessment based on a combination of:

- i. quantitative model-driven estimates
- ii. assessment of observed impacts of selected severe acute physical risk events
- iii. structured analysis of a range of reputational-driven scenarios, and
- iv. internal expert judgement

Comments

- Deutsche Bank applies a **structured approach** to Climate and Environmental Risk materiality assessment
- **Transition risk drivers assessed as having highest materiality** in the short-to-medium term, primarily across Credit and Strategic risk
- Results inform risk identification and **internal control and strategy assessment**
- **Net zero targets** and risk management of carbon-intensive sectors / clients are **key to reducing transition risk impacts**

Portfolio decarbonization: Delivering on our commitments



Key principles of our net zero strategy



Key principals





Details

- 1** Prioritize sectors where we have the most impact
 - Focus on most carbon-intensive sectors in initial round of targets
- 2** Base our targets on credible net zero aligned scenarios
 - International Energy Agency Net Zero Emissions scenario used as a reference for pathways
- 3** Use sector-specific metrics which best reflect decarbonization pathways
 - Absolute Scope 3¹⁾ emissions target for Oil and Gas reflecting need to progressively phase out fossil fuels
 - Emission intensity metrics for other sectors where substantial investment is needed to fund transition
- 4** Embed targets into business strategy and risk management frameworks
 - Client transition assessment
 - Net Zero Forum for review of high emitting clients / transactions
 - Integration into Group risk appetite and governance
- 5** Partner with our clients to support and finance their transition
 - Structured approach to client engagement focusing on high emitters of carbon-intensive sectors

1) Amount of emissions from end-use combustion of oil and gas produced from upstream activities

Net zero targets set for four carbon-intensive sectors



Sector	Loan committed, € bn Q4 2021	Scope	Metric	2021 Baseline	2030 Target	2030 Reduction	2050 Target	2050 Reduction
Oil and Gas (Upstream) 	10.7	Scope 3	Absolute financed emission (MtCO ₂ /y)	23.4	<18.0	-23%	<2.3	-90%
Power Generation¹⁾ 	9.7	Scope 1	Physical emission intensity (kgCO ₂ e/MWh)	359	<112	-69%	0	-100%
Automotive (Light Duty Vehicles) 	7.5	Scope 3	Tailpipe (tank-to-wheel) emission intensity (gCO ₂ /vehicle km)	190	<77	-59%	0	-100%
Steel¹⁾ 	2.1	Scopes 1 and 2	Physical emission intensity (kgCO ₂ e/t steel)	1,519	<1,004	-34%	118	-92%

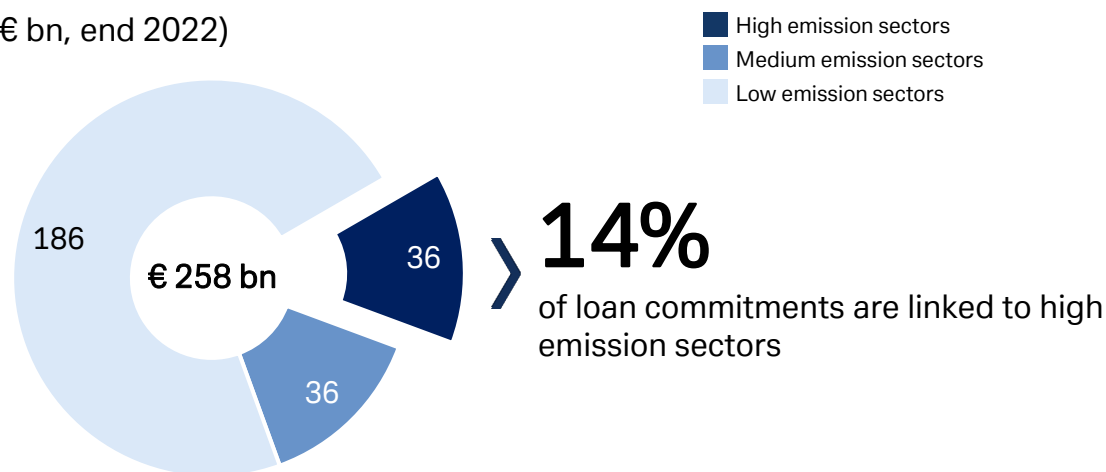
1) Baseline figures and net zero reduction targets for Power Generation and Steel sectors have been restated due to methodology changes from our asset level data provider
 References: [Towards net zero emissions \(db.com\)](https://www.db.com), [Deutsche Bank publishes targets for carbon footprint reduction \(db.com\)](https://www.db.com)

Prioritizing high impact sectors



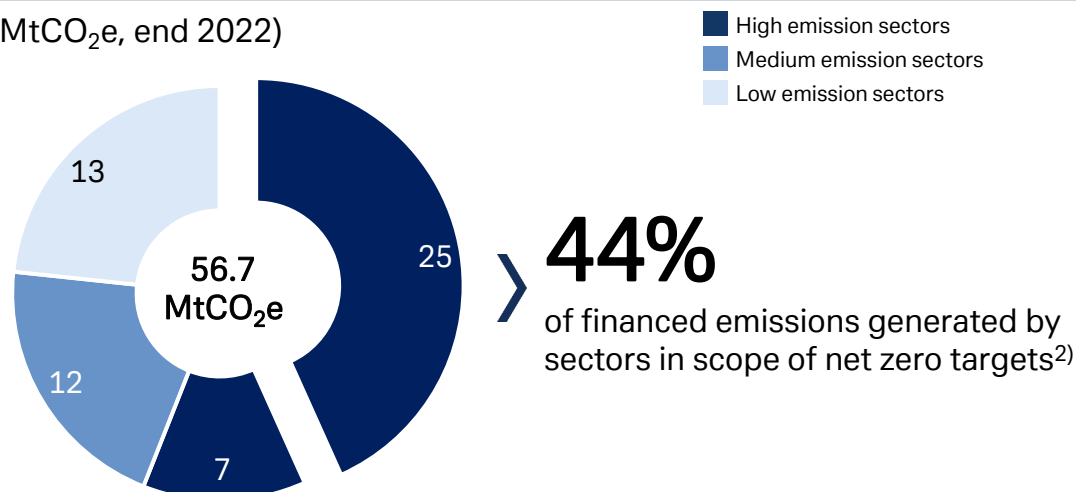
Total corporate loan commitments¹⁾

(in € bn, end 2022)



Emissions in scope of current targets¹⁾

(in MtCO₂e, end 2022)



Comments

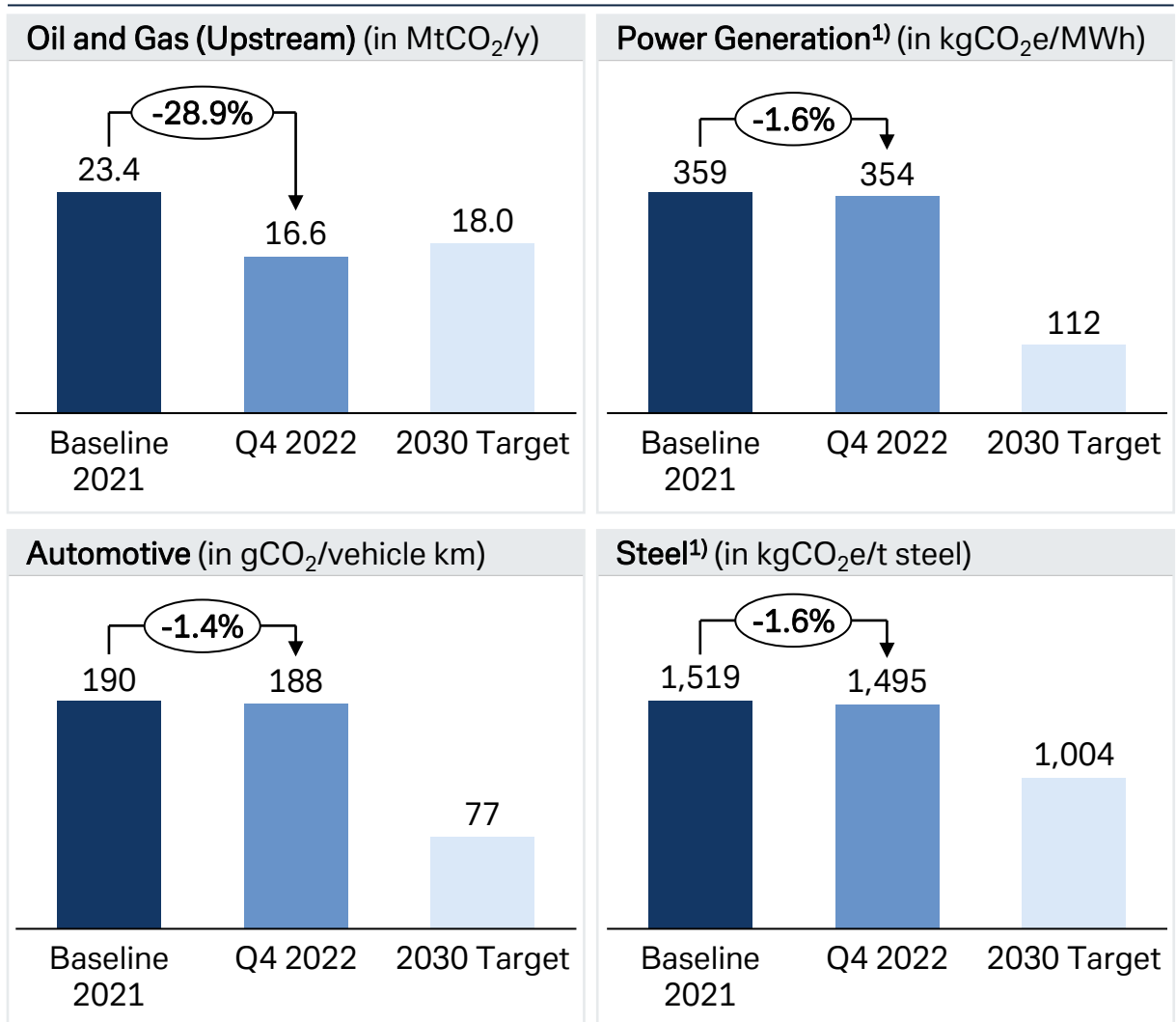
- **Financed emissions** from our corporate loan portfolio are concentrated in a **small number of sectors and clients**
- We **prioritize these sectors and clients** in our target setting framework and engagement
- Our initial set of targets cover clients which generate **44%²⁾ of total financed emissions** and **77% of emissions generated** by high emission intensity sectors
- Disclosure of targets for minimum **four additional sectors by October 2023** (Net Zero Banking Alliance commitment)

1) Corporate loan commitments represent total commitments to the 17 corporate industry portfolios which Deutsche Bank manages under its industry risk management framework and excludes financial institutions, public sector, real estate and securitization. Sector definition based on average carbon intensity and aggregated according to internal industry classifications (tCO₂e/€ m): >500 (high emission sectors), 150 to 500 (medium emission sectors) and <150 (low emission sectors) 2) Including automotive (light duty vehicles) covered in low emission sectors

Progress towards our net zero targets



Progress on our four carbon-intensive sectors



Comments

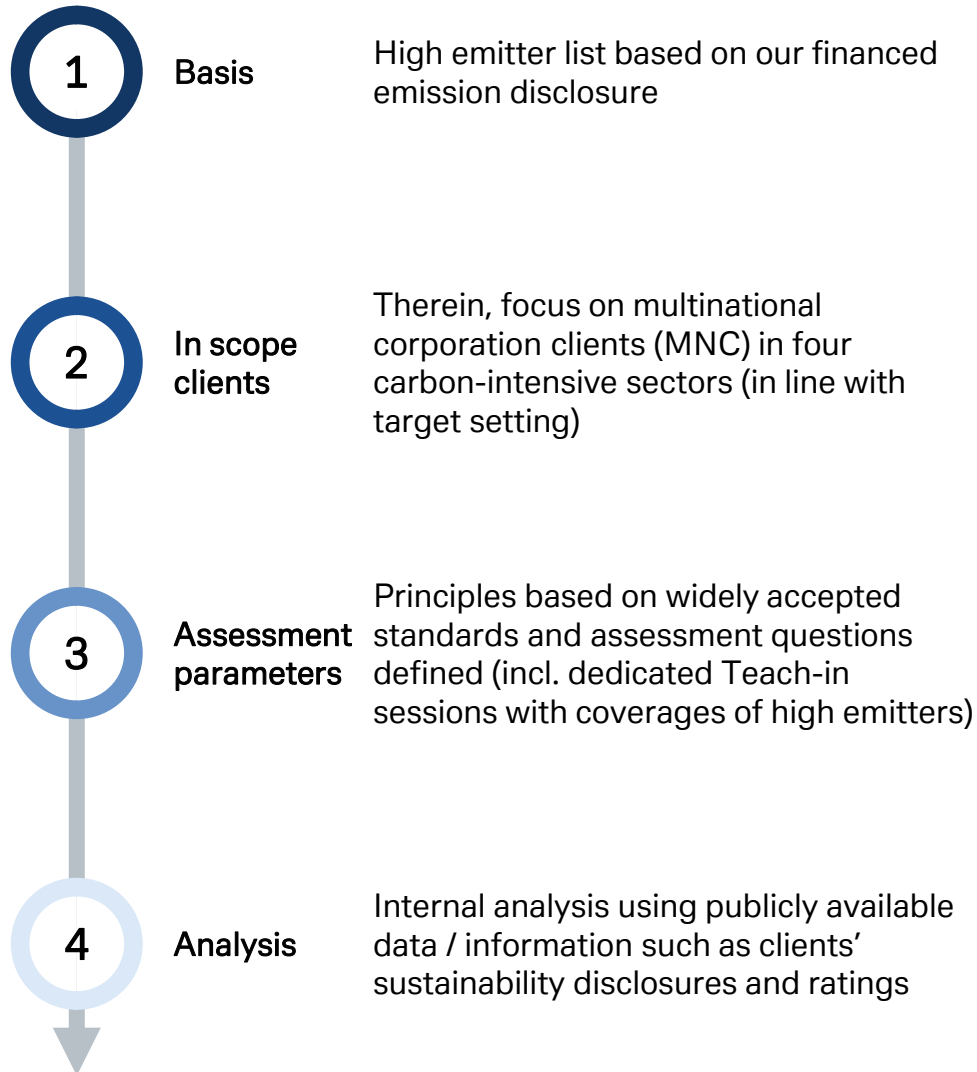
- **Material reduction in Oil and Gas (upstream)** sector emissions driven by:
 - Reduction in DB loan commitments (-5MtCO₂/y impact) due combination of Russia de-risking and reduced liquidity needs across the sector
 - Technical factors (-2MtCO₂/y impact) including higher client EVIC²⁾ / Assets and USD appreciation
- Technical factors will continue to drive volatility in the metric and may lead to inflation in subsequent years
- Our strategy remains to manage emissions extremely tightly
- **Power Generation, Automotive and Steel** sectors show slight reductions; acceleration in portfolio decarbonisation needed in future years to reach net zero target
- **Overall corporate portfolio financed emissions (Scopes 1 and 2) down ~4% YoY** on a loan committed basis
 - Reduction observed despite ~4% YoY increase in commitments and reflects an 8% reduction in overall portfolio emissions intensity

1) Baseline figures and net zero targets for Power Generation and Steel sectors have been restated due to methodology changes from our asset level data provider 2) EVIC (Enterprise Value including Cash): the sum of the market capitalisation of ordinary shares, preferred shares, and the book values of total debt and minority interests. Used as a scaler to estimate DB's share of company's emissions

Comprehensive portfolio view by analysing high emitters



Assessment approach



Key assessment parameters (non exhaustive)¹⁾

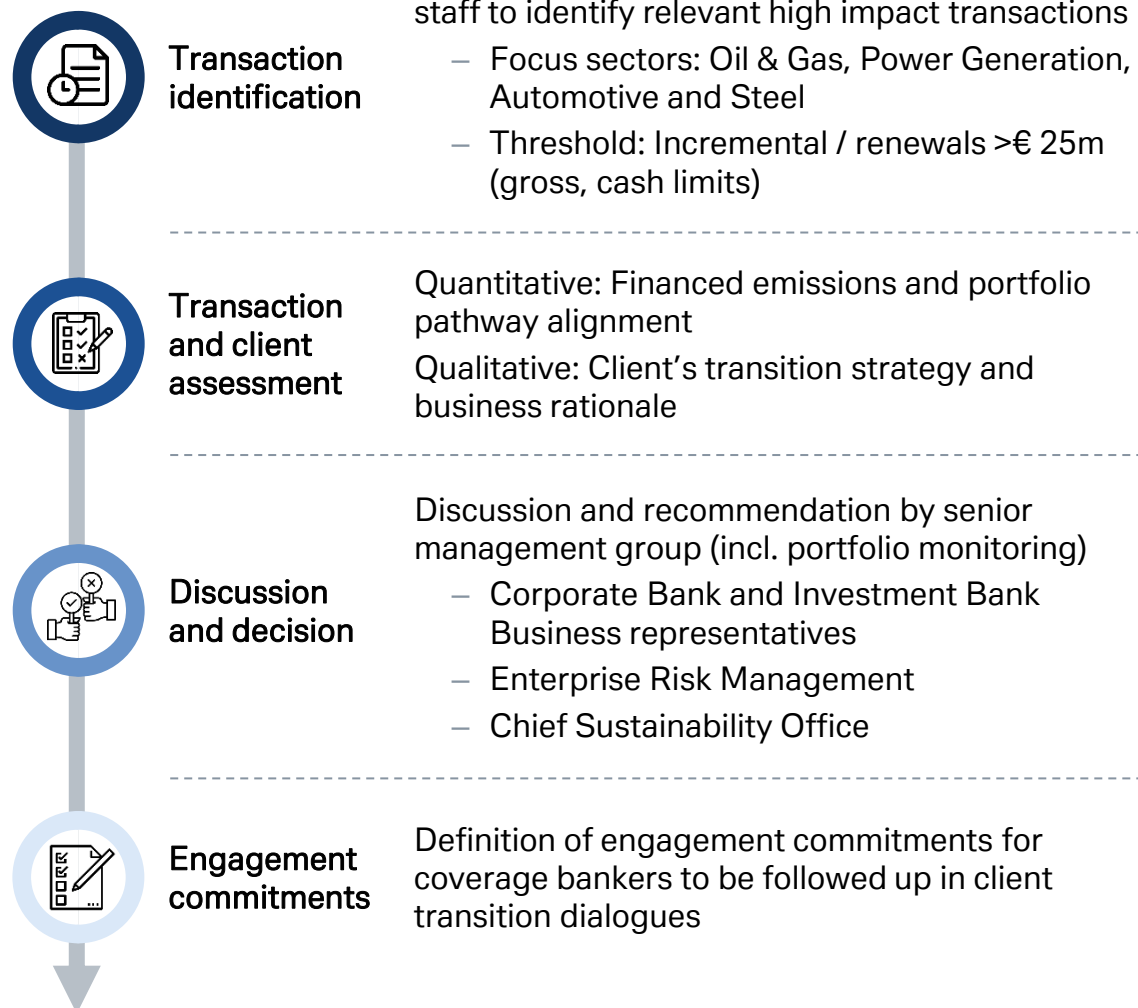
Disclosure	
Annual reporting on progress	Task Force on Climate-related Financial Disclosure
Metrics and targets	
Net zero targets incl. interim 2030 targets	Decarbonization target covers Scopes 1,2 or 3 as relevant by sector
Strategy to achieve targets	
Investment towards targets	Business actions to be taken to hit targets
Governance	
Policies addressing climate and ESG risk	Board level accountability of net zero transition planning

¹⁾ Assessment parameters represent current status quo and are subject to continuous refinement based on market standards as well as internal learnings

New Net Zero Forum established



High level process



Comments

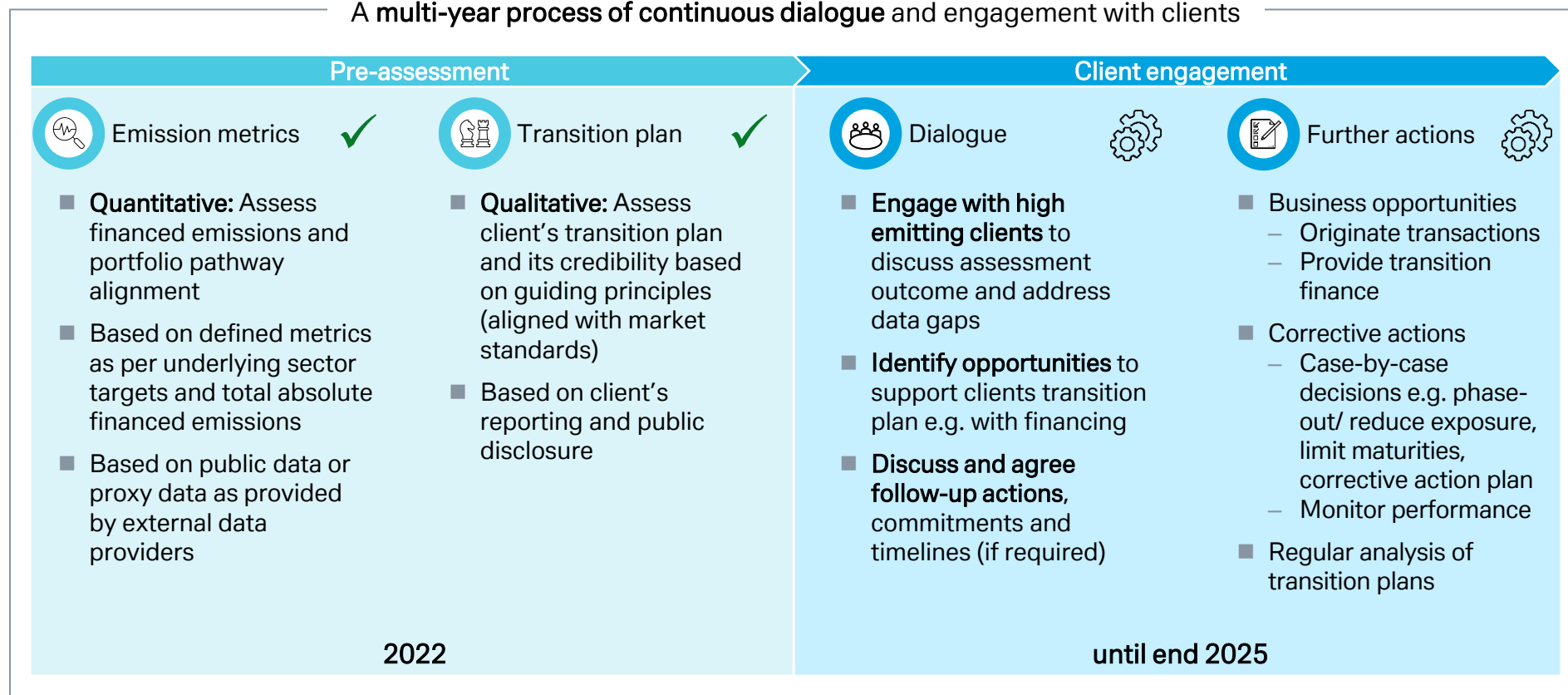
- **Mandate and responsibilities**
 - The forum was established to identify, assess and discuss key transactions and client transition strategies
 - The forum consists of ten senior management representatives including:
 - ESG Heads of Corporate Bank and Investment Bank FIC and O&A
 - Head of Enterprise Risk Management
 - Chief Sustainability Officer and Head of Group Sustainability
- **Recommendations and escalation**
 - The forum was established in Q4 2022 and meets on a weekly basis
 - The forum provides recommendations for actions to the business
 - If needed, transactions are escalated following established processes in the bank

Engaging with high emitting clients



The concept of transition and client engagement on ambitions and opportunities

A multi-year process of continuous dialogue and engagement with clients



Initial focus on high emitting clients of four key focus sectors¹⁾



Transactions / clients referred to and discussed in new Net Zero Forum



Review engagement with clients which are not willing or able to commit to a transition

Legend: ✓ Activity completed for high emitting clients ⚙️ Ongoing process and activity to be completed until end 2025 for high emitting clients

1) Focus sectors include Oil and Gas (upstream), Power Generation, Automotive (light duty vehicles) and Steel

Key takeaways



- Net zero targets embedded into business strategy and risk framework
- Disclosure of targets for minimum four additional sectors by October 2023 (Net Zero Banking Alliance commitment)
- Active partnership with clients committed to net zero to support the transition
- Ambition: At least 90 percent of the high emitting clients in the most carbon intensive sectors that engage in new corporate lending transactions with us shall have a net zero commitment in place from 2026 onwards
- Publication of group transition plan by October 2023 (Net Zero Banking Alliance commitment)

Speaker biography – Chris Jaques



Chris Jaques is Head of Enterprise Risk Management and also Chief Risk Officer for the UK & Ireland. Chris has been closely involved in the development of Deutsche Bank's climate risk strategy and the integration of ESG into Risk Management and sits on the Group Sustainability Committee. Chris joined Deutsche Bank in 2013.

Chris has over 30 years of financial industry experience, spanning a variety of roles across derivatives trading, fund management and second line risk management. Before entering the financial industry Chris served as an officer in the British Army. He holds an MBA from Cranfield School of Management.

Speaker biography – Jan-Philipp Gillmann



Jan-Philipp Gillmann is Global Head of Corporate Coverage in the Corporate Bank. In addition, he is Regional Head of Corporate Bank EMEA (ex UK/I). He joined Deutsche Bank in 2019.

Prior to joining, he worked for Commerzbank for 11 years, where he held various roles in Hamburg, New York, and Frankfurt.

Jan-Philipp holds a degree in business administration from University of Hamburg and a PhD from University of St. Gallen.

Disclaimer



The transition to a sustainable economy is a long-term undertaking. In its current stage, we are confronted with the limited availability of 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. Harmonized standards and calculation methods are expected to be developed and will also improve data quality.

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.

We have measured the carbon footprint of our corporate loan portfolio in accordance with the standards we discuss in our Corporate loan portfolio financed emissions and net zero aligned pathways for focus sectors report (Towards net zero emissions (db.com)). In doing so we used in part on information from third-party sources that we believe to be reliable, but which has not been independently verified by us, and we do not represent that the information is accurate or complete. The inclusion of information contained in this presentation should not be construed as a characterization regarding the materiality or financial impact of that information.

If emissions have not been publicly disclosed, these emissions may be estimated according to the Partnership for Carbon Accounting Financials (PCAF) standards. For borrowers whose emissions have not been publicly disclosed, we estimate their emissions according to the PCAF emission factor database. Since there is no unified source of carbon emission factors (including sustainability-related database companies, consulting companies, international organizations, and local government agencies), the results of estimations may be inconsistent and uncertain.

Past performance and simulations of past performance are not a reliable indicator and therefore do not predict future results.

This presentation contains forward-looking statements. Forward-looking statements are statements that are not historical facts; they include statements about our beliefs and expectations and the assumptions underlying them. These statements are based on plans, estimates and projections as they are currently available to the management of Deutsche Bank Aktiengesellschaft. Forward-looking statements therefore speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events. By their very nature, forward-looking statements involve risks and uncertainties. A number of important factors could therefore cause actual results to differ materially from those contained in any forward-looking statement. Such factors include the conditions in the financial markets in Germany, in Europe, in the United States and elsewhere from which we derive a substantial portion of our revenues and in which we hold a substantial portion of our assets, the development of asset prices and market volatility, potential defaults of borrowers or trading counterparties, the implementation of our strategic initiatives, the reliability of our risk management policies, procedures and methods, and other risks referenced in our filings with the U.S. Securities and Exchange Commission. Such factors are described in detail in our most recent SEC Form 20-F under the heading "Risk Factors". Copies of this document are readily available upon request or can be downloaded from our website (www.db.com/ir).