



Investor presentation

April 2023

DKB
Das kann Bank

Business performance 2022



- **Successful year**, despite current geopolitical situation, high inflation and challenges on the energy markets
- Continued positive momentum in our **new business** generation
- **Client receivables** of **EUR 89 bn** (2021: EUR 87 bn)
- **Client liabilities** of **EUR 85 bn** (2021: EUR 84)

- **Net interest income** increased significantly to **EUR 1,313 m** (2021: EUR 1,019 m)
- **Net commission income** improved significantly to **EUR 88 m** (2021: EUR 21m)
- **Profit before taxes** significantly exceeded our expectations due to the development of net interest income

- **Cyclically resistant** loan book
- **Risk result** remained lower than planned **EUR -16 m** (2021: EUR +7 m)
- **Additional risk provisions (post model adjustment)** of **EUR 137 m** (2021: EUR 128 m) made to deal with possible macroeconomic risks

Agenda



Business model



Facts and figures



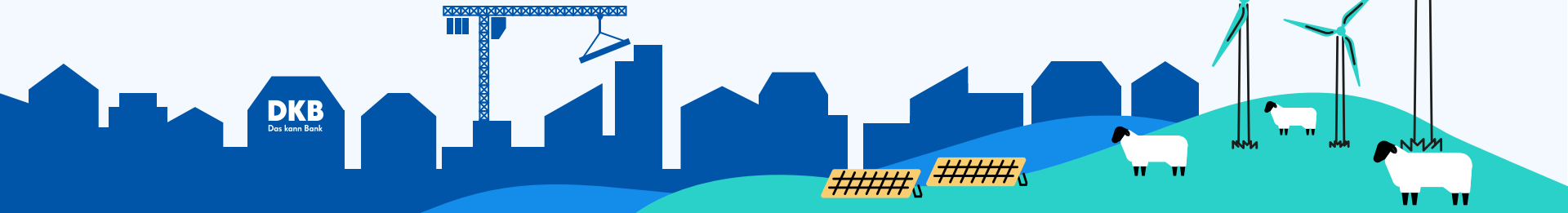
Sustainability



Funding



Contact



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Business model



DKB at a glance

We invest in what is important: in renewable energies, affordable housing, kindergardens, schools, hospitals. We support citizen participation and are a partner of local agriculture.



1990 founding year
100% subsidiary of BayernLB



5.3 million clients
Local authorities, companies, retail clients



EUR 121.0 billion balance sheet
One of the top 20 banks in Germany



5,134 employees



EUR 89.3 billion client loans



EUR 1,313 million net interest income



DKB as a wholly owned subsidiary of BayernLB since 1995



Free State of Bavaria
≈ 75%

BayernLB Holding AG

100%



Financing progress.



Association of Bavarian
Savings Banks ≈ 25%

Corporates & Markets

- Specialised bank for future sectors
- Structuring experts
- Focused financial markets services

Real Estate & Savings Banks/ Financial Institutions

- Real estate financier in Germany and chosen markets abroad
- Central Bank of the Bavarian Savings Banks and partner for the public sector

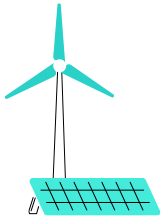


- Innovative tech bank with sustainable focus
- Focus on qualitative and profitable growth

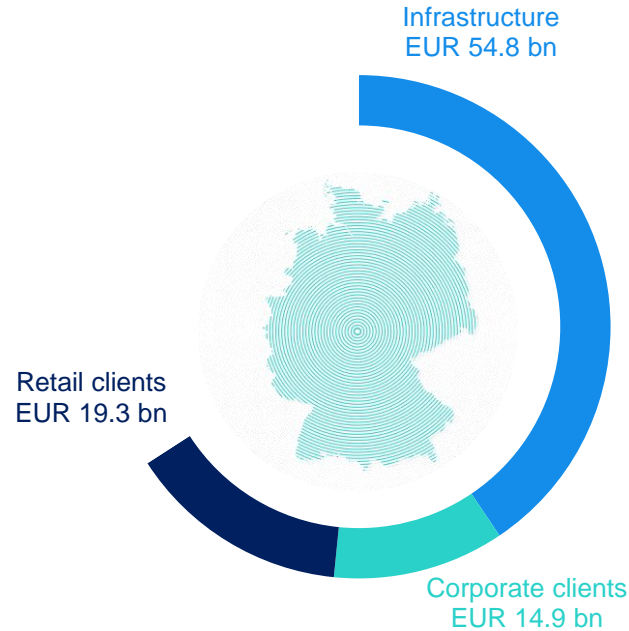
Proven business model – market leadership in Germany



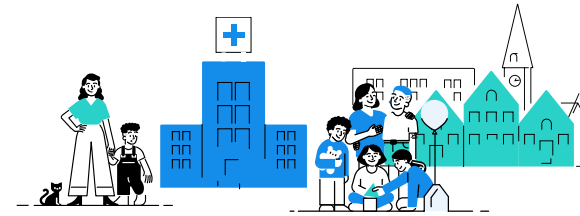
- Second largest German direct bank
- Market leader in current accounts



- Largest renewable energies portfolio in Germany
- Market leader in agriculture

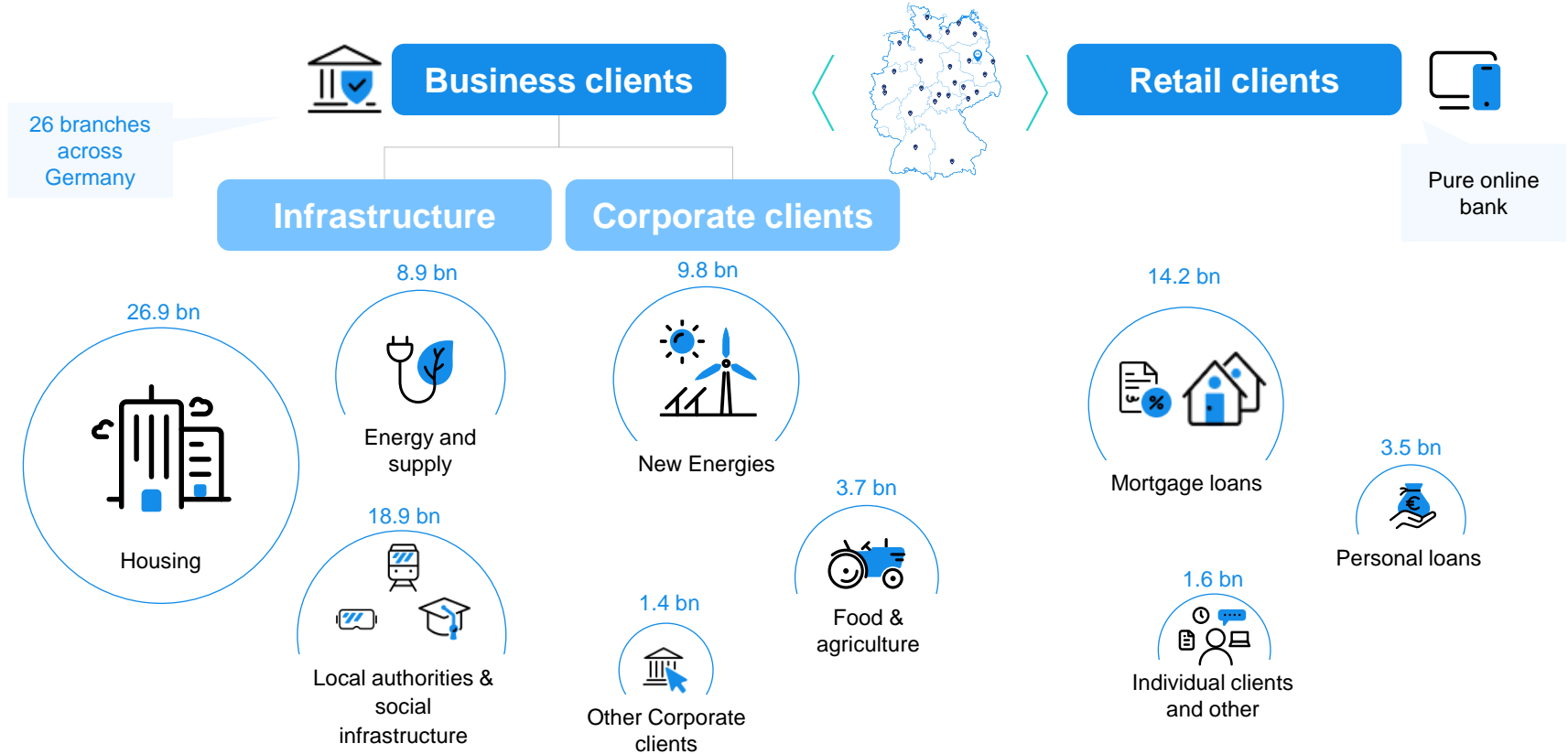


- Financing to safeguard services of public welfare



- Projects often have a public, municipal background

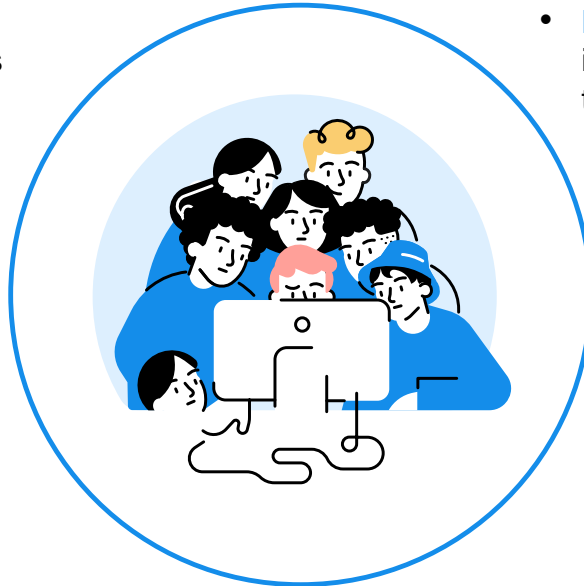
Two complementary business areas – online + on site



Highlights 2022

Business clients

- Organisational merger: infrastructure + corporate customers = business customers
- Digitalisation of the credit process for business customers advanced
- Media seamless digital processing of customer applications in CRM solution further expanded
- Further strengthened position as market leader in financing renewable energies in Germany



Retail clients









- Launch of new card strategy and increase commission income through monetisation
- Free Visa debit card introduced for existing and new customers
- Continuous performance enhancement with the new banking app and co-branding app
- Significant expansion of automation in lending without media discontinuity

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Facts and Figures

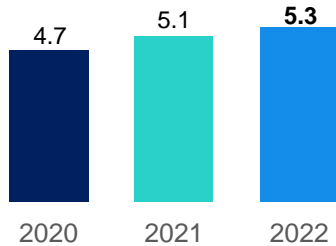


Healthy and stable growth

Key figures		2022	2021	2020	2019	2018	2017
Total assets (million)		121,035	134,946	109,840	83,754	77,388	77,323
Client receivables (million)		89,258	84,170	76,557	69,526	65,933	64,552
Client liabilities (million)		85,232	83,481	72,409	60,767	54,366	53,931
Net interest income (million)		1,313	1,019	954	954	945	935
Profit before taxes (million)		356	363	249	298	301	263
Cost Income Ratio (CIR)		61.9%	59.9%	61.2%	56.7%	51.5%	50.8%
Return on Equity (RoE)		7.7%	9.9%	7.7%	9.5%	10.2%	9.6%
Equity Ratio		15.6%	14.6%	11.6%	11.1%	11.1%	10.5%

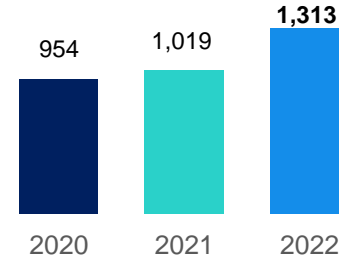
Key figures at a glance

Clients in million



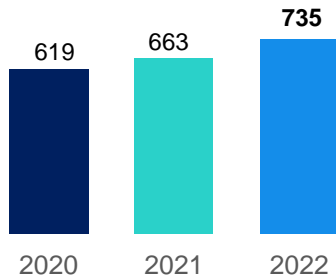
- Private clients in particular as growth drivers
- Sustained positive momentum

Net interest income in EUR million



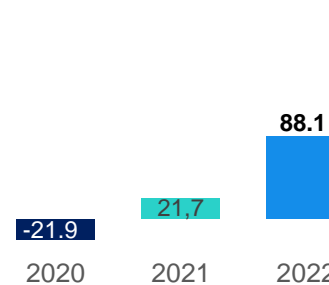
- Continued new business generation
- Higher Interest rates lead to positive impact on earnings

Administrative expenses in EUR million



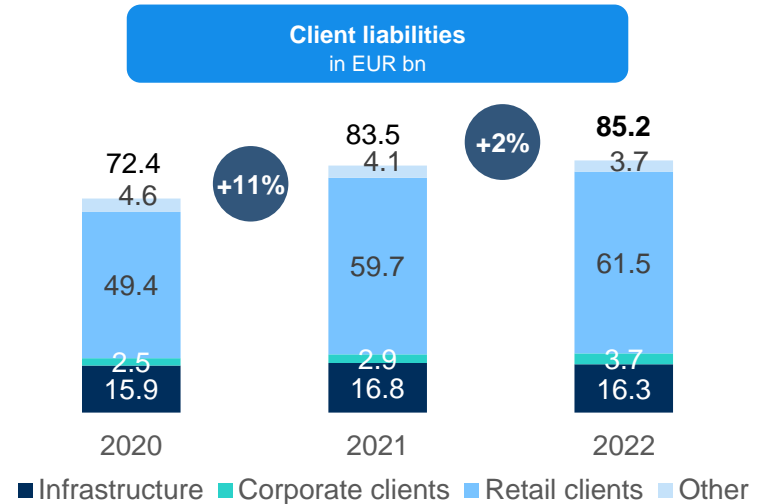
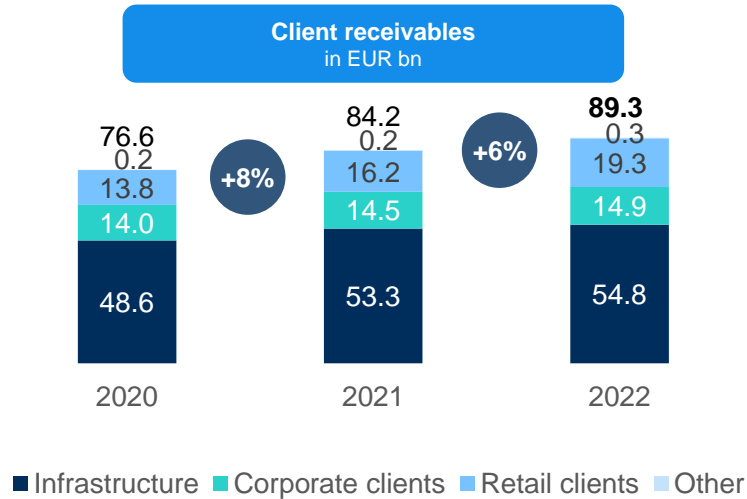
- Expected increase in administrative expenses impacted by:
 - Higher personnel expenses and workforce expansion
 - Investments in digital infrastructure

Net commission income in EUR million



- Higher income from credit card business
- Consolidation effects from the acquisition of shares in Bayern Card-Services (BCS)

Positive business development on the assets and liabilities side



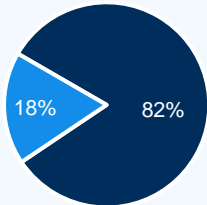
- The increase is driven by all three market segments
- Extraordinarily positive development in the **retail client segment**
- Further automation and simplification of loan processing

- Deposit growth mainly in the **retail** and **corporate** segments
- Client deposits partly refinance net new business in the customer lending segment

Deep Dive: Deposit structure according to LCR systematics

Deposits – total

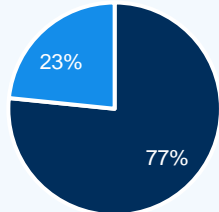
(total: EUR 80.6 bn)



■ Retail deposits ■ Wholesale funding

- Deposits of Retail clients account for > 80% of the total volume
- This is accompanied by high deposit granularity and stability

Deposit protection

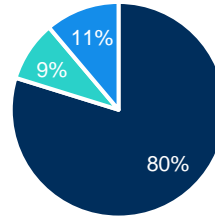


■ Statutory protected deposits
■ Voluntary protected deposits

- A large proportion of deposits from business clients are also backed by lower outflow factors
- The share of deposits that are subject to statutory protected deposits is just under 77%

Retail deposits

(total: EUR 66.3 bn)

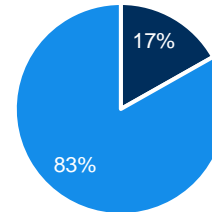


■ Stable deposits
■ Less stable deposits
■ Other retail deposits

- Very high proportion of **stable** deposits
- Criteria for stable deposits:
 - Established business relationship (> 1 year)
 - Payment transactions account (mostly salary accounts)
 - Covered by statutory protected deposits system

Wholesale funding

(total: EUR 14.3 bn)

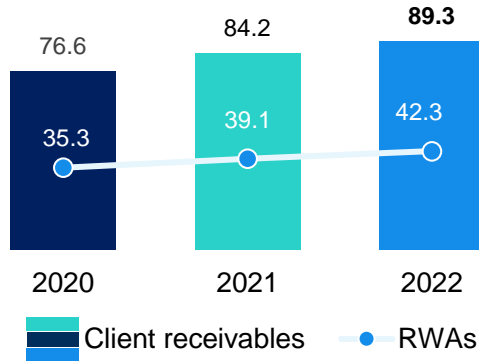


■ Operational deposits
■ Non-operational deposits

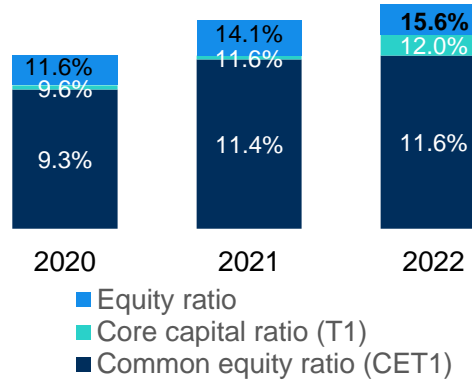
- Operational deposits: Deposits of business clients for the providing of operating services

Risk and capital situation

RWAs based on SA*
EUR billion



Equity ratios
(based on SA*)



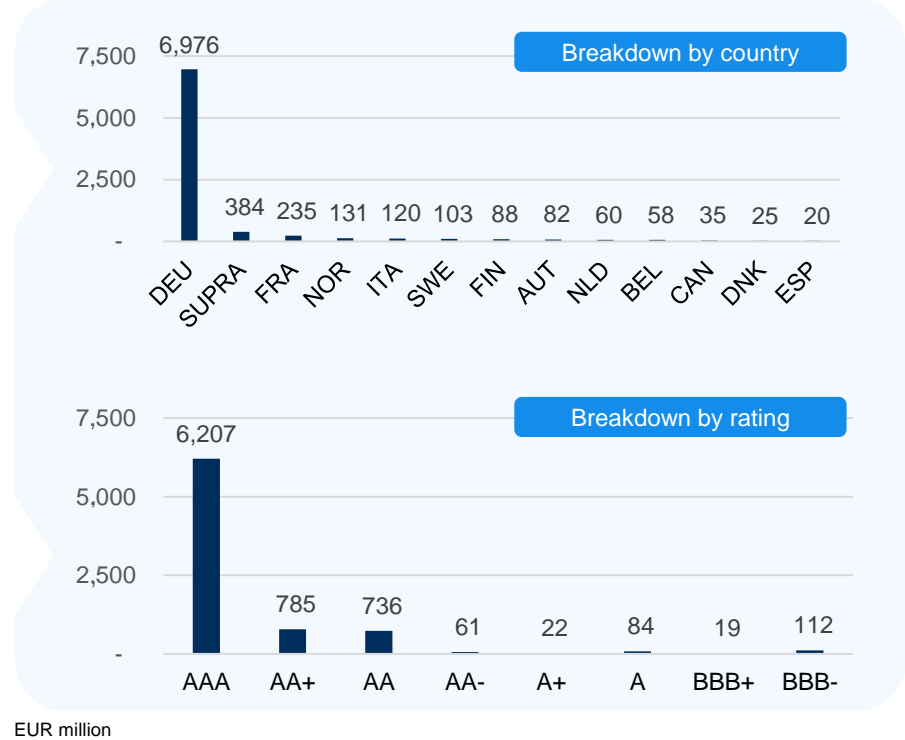
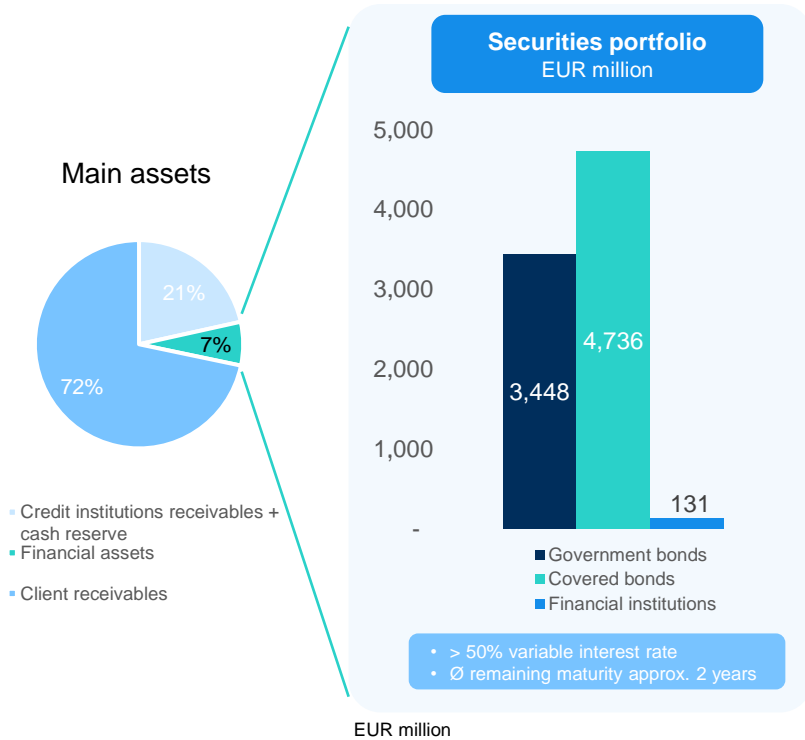
Risk result
EUR million



- Increase in risk assets due to **growth** in the lending business
- No change in risk policy
- **T2 capital transaction** of EUR 150 m
- Injection of **AT1 capital** in the amount of EUR 500 m in full year 2022
- Risk result remains at a **low level**
- Focus on cyclically resistant sectors

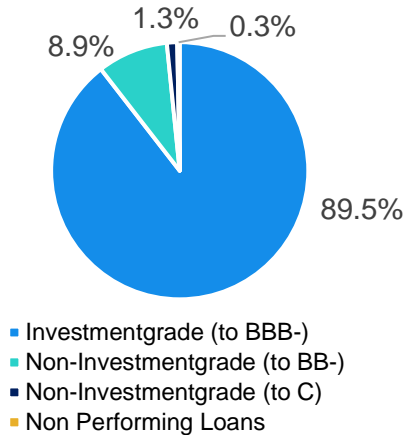
* Standardised approach (SA)

Deep Dive: Securities portfolio DKB (total: EUR 8.3 bn)



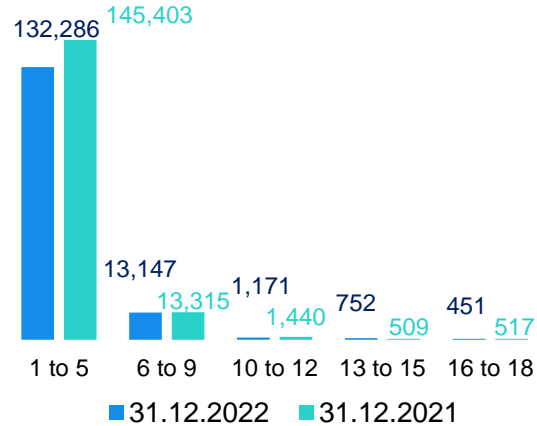
Credit portfolio – quality increased

Credit portfolio quality



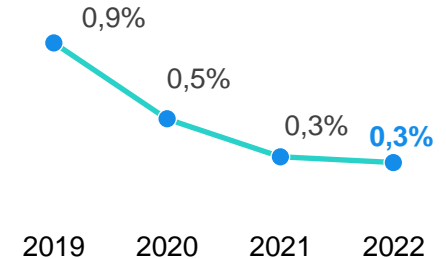
- Nearly unchanged investment grade ratio

Gross exposure by rating classes EUR million



- Focus of business activity in low-risk business

Non Performing Loans NPL ratio



- Stable NPL ratio on historic low level

Additional key figures

LCR

31.12.2022	207%
31.12.2021	432%

Leverage ratio

31.12.2022	4.28%
31.12.2021	5.02%

NSFR

31.12.2022	140%
31.12.2021	156%

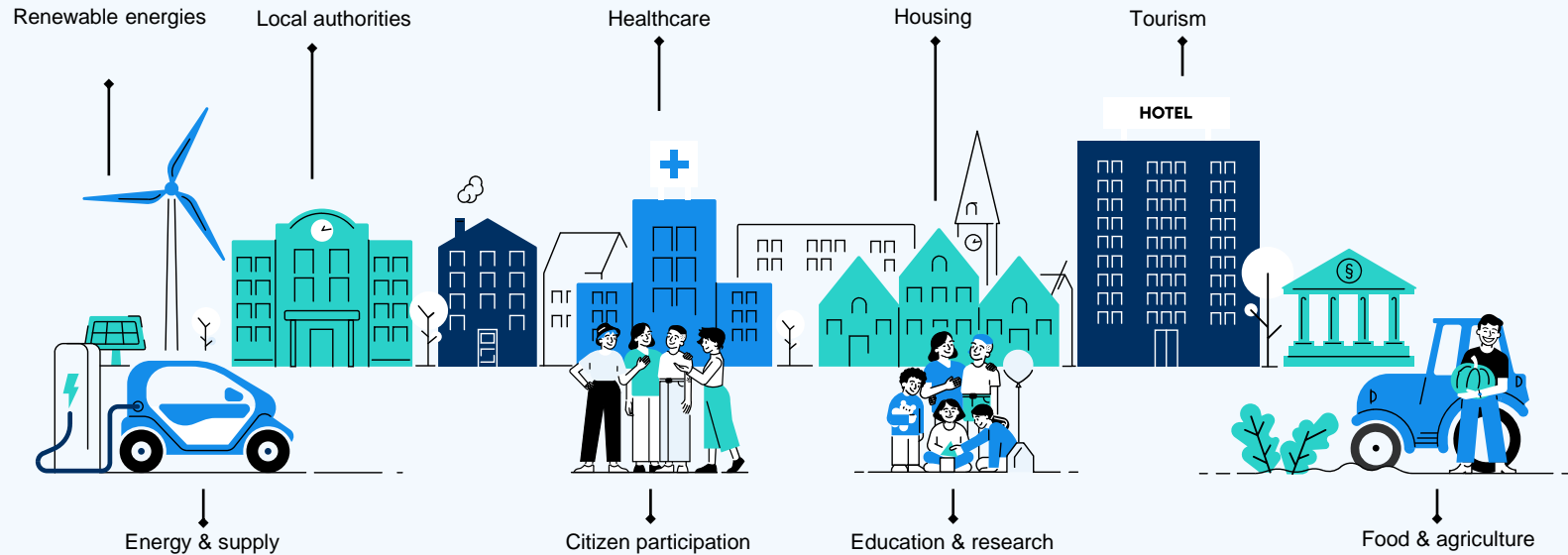
- Declines in LCR and Leverage ratio mainly result from the partial repayment of ECB's TLTRO III der of EUR 18.3 bn
- Decrease in NSFR after partial repayment of TLTRO, taking into account the relief of associated collateral / assets

3

Sustainability



Everyone talks about sustainability. We finance it.



Our understanding of sustainability is blue

Differentiation

- Expansion of the concept of sustainability
- **Sustainable Development Goals (SDGs)** as a strategic foundation
- **Inclusive** instead of exclusive



Blue Sustainability

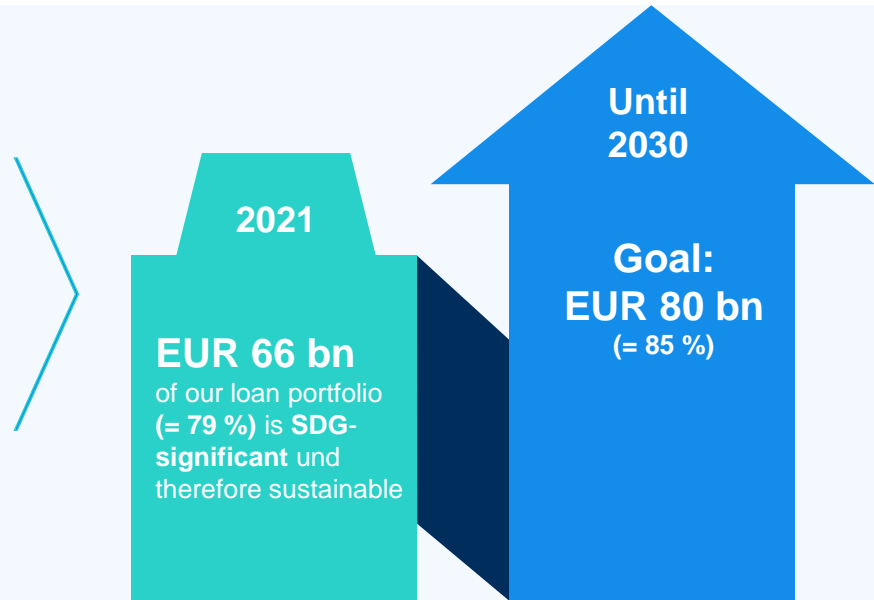
- Environmental + social aspects
- Orientation towards **people's needs**
- Positioning sustainability in the **mainstream**

Our SDG-Mapping shows a sustainable loan portfolio

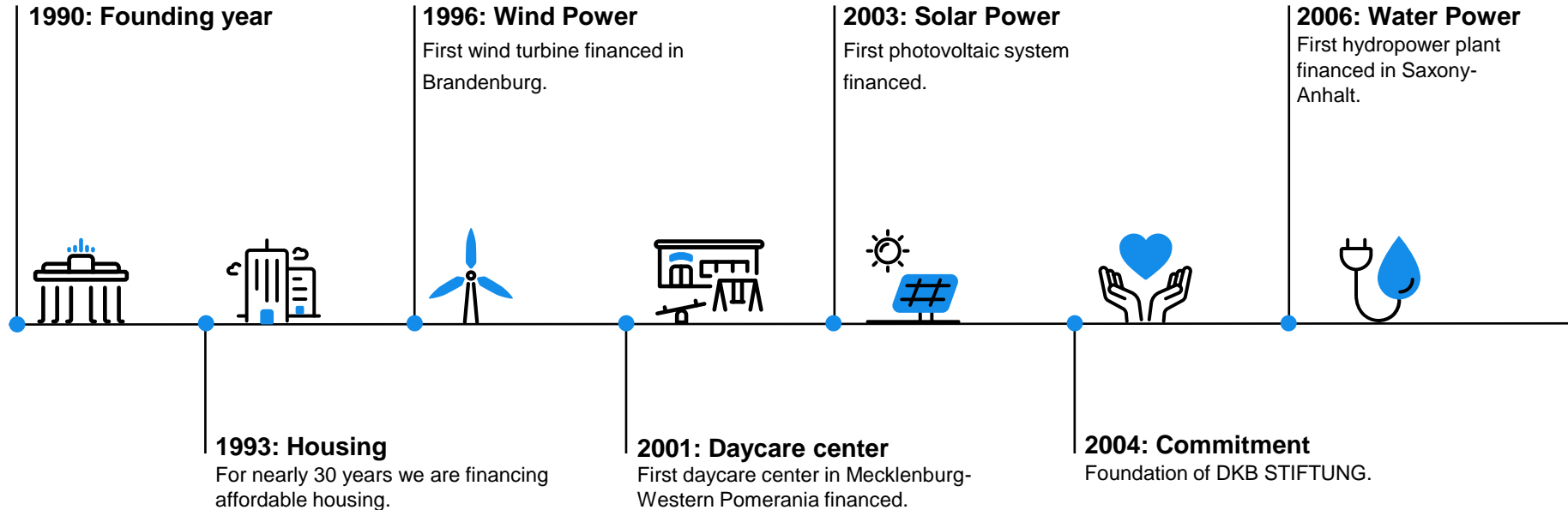


We are clearly committed to the 17 global Sustainable Development Goals (SDGs) of the United Nations. They are the basis and measuring instrument for our actions.

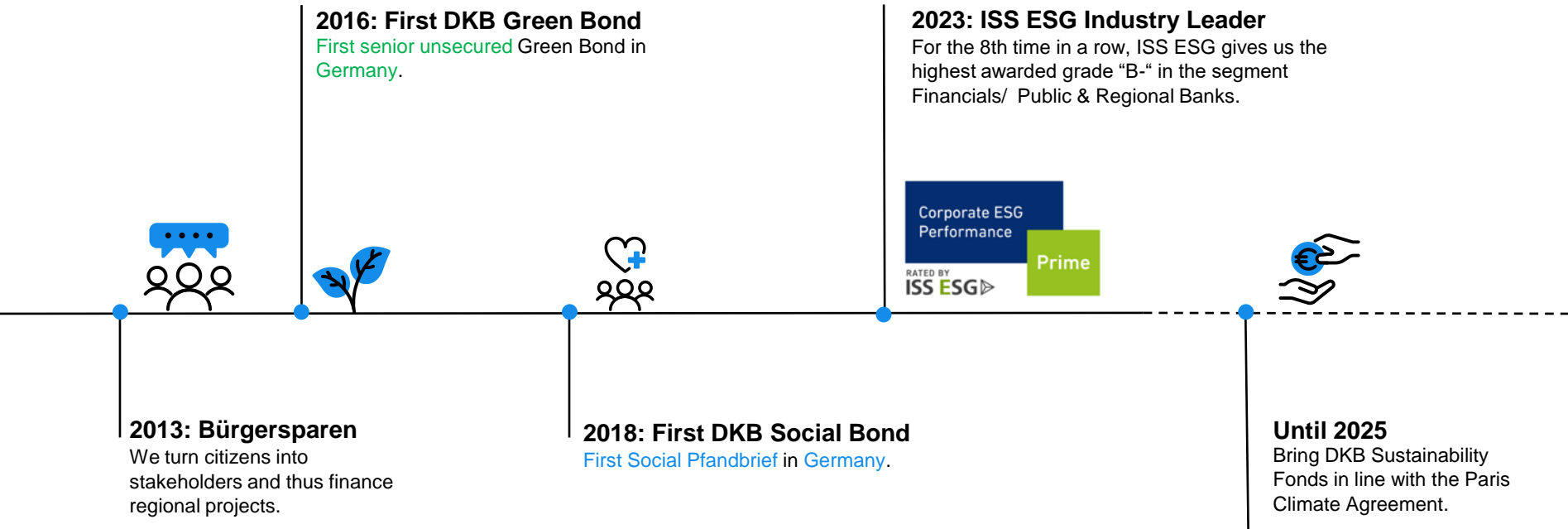
Source: [Nachhaltigkeitsbericht 2021 \(DNK\)](#), in German only



We take responsibility for country and people



We take responsibility for country and people



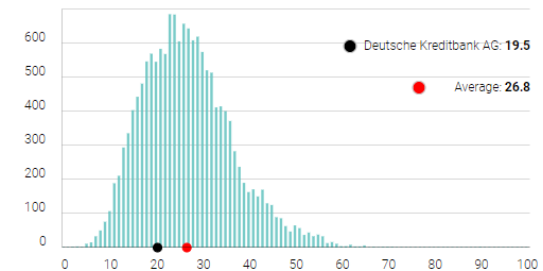
Sustainability performance and ratings of DKB



- **Highest Ranking (B-)** for the seventh time in a row
- Decile Rank: 1 (Ranking “Industry Leader“)
- Peer group: Financials/ Public & Regional Banks
- Size of the peer group: approx. 270 financial institutions

- Top ranking (ranking as runner-up) also confirmed in the 2nd WWF banking rating of non-profit organisation World Wide Fund for Nature (WWF) in Germany for the year 2021 (corporate and retail business)
- Peer group: the 15 largest banks in Germany by balance sheet total
- DKB with **highest** rating score

ESG Risk Score Distribution ?



- Low risk of financial impact due to ESG factors

Our commitment to sustainability in various initiatives



think • climate-conscious travel



Certificate

for compensated greenhouse gases

Deutsche Kreditbank AG
compensates on 17.05.2022 with atmosfair
1,970,000 kg of CO₂ greenhouse gases.



- From 2022: Annual progress reports on our commitment to:
 - UN Global Compact (UN GC)
 - Principles for Responsible Banking (PRB)
- Intensive involvement of our stakeholders in the development of our sustainability strategy

What is the impact of your climate contribution?

With your climate protection contribution of 36,445.00 euros, you support the following project:



La Esperanza" hydropower plant in Honduras

The small hydropower plant enables the electrification of four nearby villages. Due to the steep gradient, even a small amount of water is sufficient to generate a relatively large amount of energy. The environmental impact is therefore very low. The small hydropower plant has created 70 permanent jobs. Approximately 30,000 tons of CO₂ are saved annually.

Additional documents

Green Bonds

- [Green Bond Framework \(2020\)](#)
- [Second Party Opinion \(2020\)](#)

Social Bonds

- [Social Bond Framework \(2018\)](#)
- [Second Party Opinion \(2022\)](#)



- [Impact & Allocation Report \(for 2022\)](#)

Sustainability@DKB



[Nachhaltigkeitsbericht 2021 \(DNK\)](#)
in German only

[Nachhaltigkeitspolitik](#)
in German only

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Funding



Ratings are stable

MOODY'S

Type of rating	Public Covered Bonds	Mortgage Covered Bonds	Senior Unsecured Issuances
Covered Bond Rating	Aaa	Aaa	
Issuer Rating (senior preferred)			A1
Junior Senior Unsecured (senior non-preferred)			A2
Adjusted BCA			baa1
Baseline Credit Assessment (BCA)			baa1
Outlook			stable

DKB's Funding Mix

Client deposits

Primary funding source, diversified through all client segments

Development banks

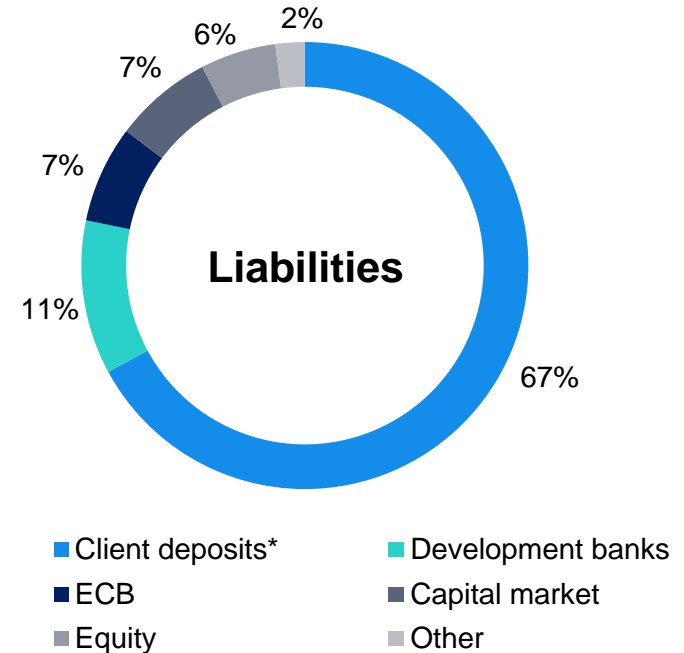
Pass-through and global loans (e.g. from KfW, EIB, Rentenbank)

Capital markets

Since 2006 mainly via Pfandbriefe, 2016, 2017 and 2021 respectively **Green Bonds**, Since 2018 **Social Bonds**, first Retail Social Bond in 2019 Bond and first **Berlin Social Housing Bond** in 2022

Central bank

Central bank operations on an opportunistic basis, After the partial repayment made, the utilisation of **TLTRO III** is EUR 8.5 bn



* Treasury perspective without registered bonds held by non-banks

DKB's sustainable funding strategy since 2016

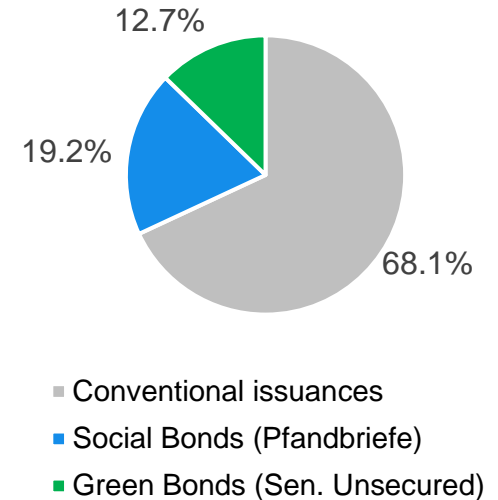
Green Bonds

- Start of preparations in 2015
- Transactions to date:
 - 2016: First **Senior Unsecured Green Bond** in Germany
 - 2017: further Green Bond issuance
 - 2021: First FIG Green Bond compliant with **EU Green Bond Standard** and **Taxonomy** in Europe

Social Bonds

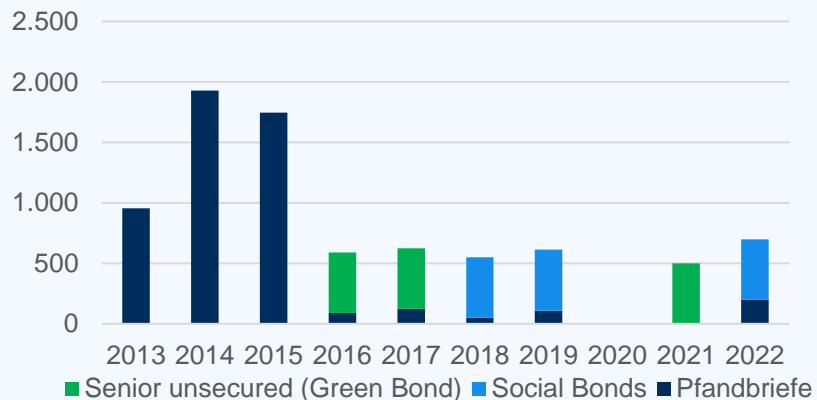
- Social Bond Framework launched in 2018
- Transactions to date:
 - 2018: **First Social Pfandbrief** in **Germany**
 - 2019: First **Blue Social Bond worldwide**
 - 2019: First **Retail Social Bond** in Germany
 - 2022: First Berlin **Social Housing Bond** in Germany

Sustainable USP

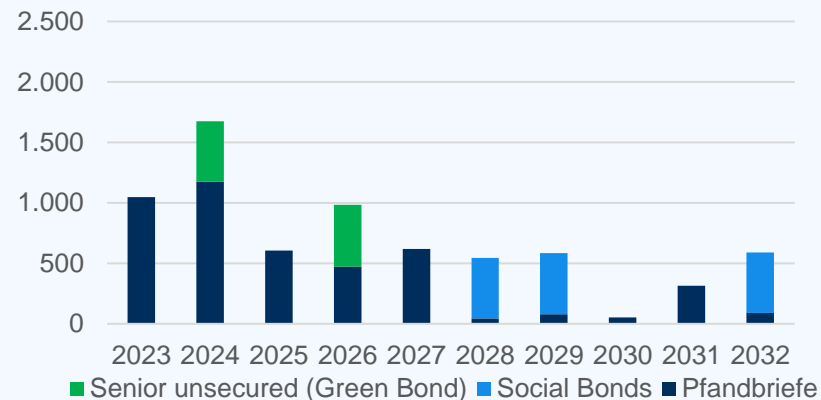


Capital market funding is dependent on further refinancing sources

Placement volume
EUR million



Maturity profile
EUR million

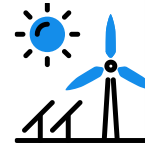
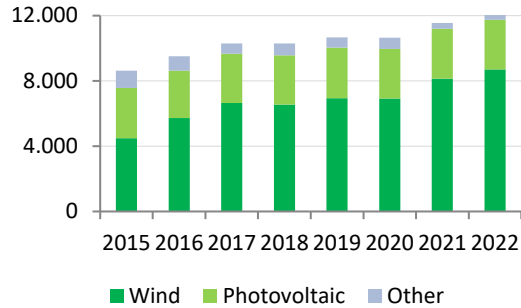


- Capital markets funding depends on client deposits and maturities
- Additional factors: ECB actions, in particular TLTRO

Green Bonds



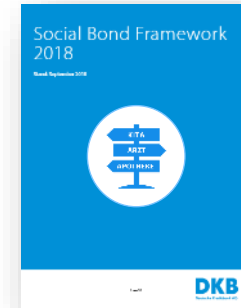
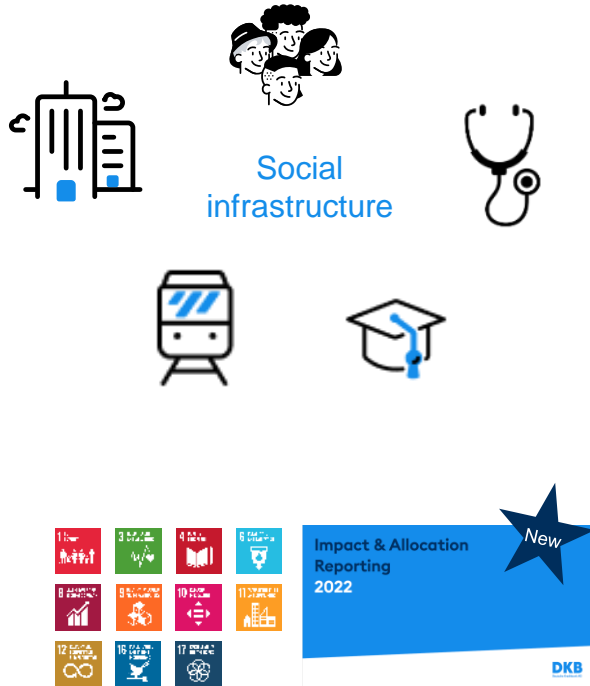
Renewable energy portfolio: EUR 12.2 bn*



- 2016 EUR 500 m senior non-preferred
- 2017 EUR 500 m senior non-preferred
- 2021 EUR 500 m senior preferred

*) Gross exposure of DKB's New Energies division

Social Bonds



- 2018 EUR 500 m Social Pfandbrief
- 2019 Retail Social Pfandbrief
- 2019 EUR 500 m Blue Social Pfandbrief
- 2022 EUR 500 m Berlin Social Housing Pfandbrief
- 2023 EUR 500 m Social Housing Pfandbrief



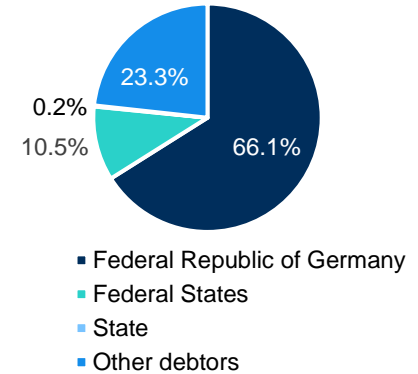
Public cover pool

Cover assets	Number	Volume
German federal government	4	11
German federal states	73	736
German cities and municipalities	4,033	6,056
Other cover assets	35	197
Additional EU states	1	50
Total	4,146	7,050

Volume in EUR million

*As of December 2022

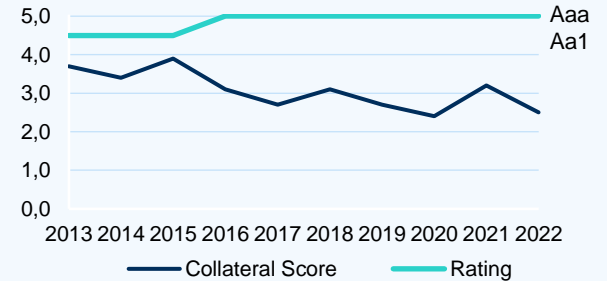
- 100% Germany (ordinary cover funds)
- High granularity



Key figure*

Outstanding bond volume (EURm)	4,153
Rating Moody's	Aaa
Overcollateralisation required by Moody's	0.5%
NPV overcollateralisation	67.1%
Collateral Score	2.5%

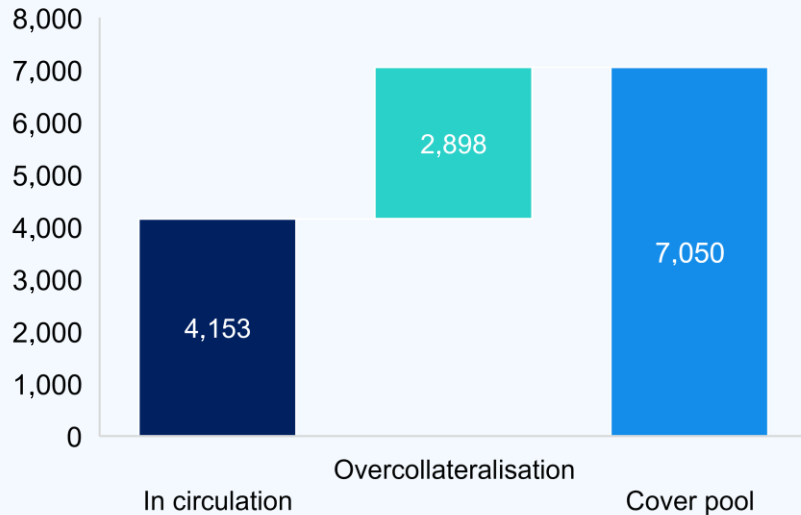
- Significant over fulfilment of the rating agency's requirements
- Very good collateral score



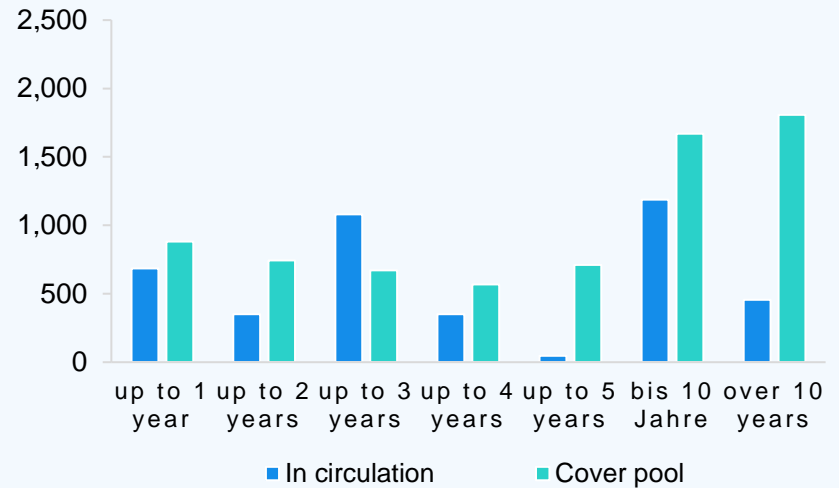
As of December 2022; Source: Moody's

Public cover pool

Overcollateralisation
(EUR million, nominal values)



Distribution of volumes
(EUR million)



As of December 2022

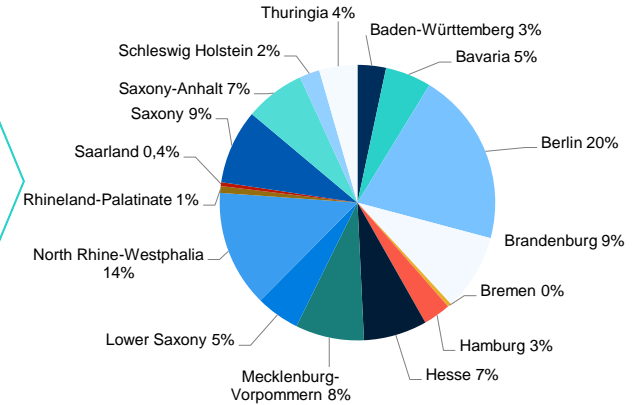
Mortgage cover pool

Cover assets	Number	Volume
Residential loans	19,313	1,038
House-industry investors	7,533	4,510
Other cover assets	8	316
Total	26,854	5,864

Volume in EUR million

As of December 2022

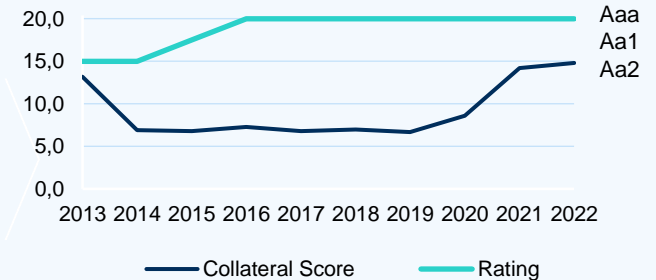
- 100% Germany
- Very high granularity
- Residential investors in the sense of commercial housing industry



Key figures

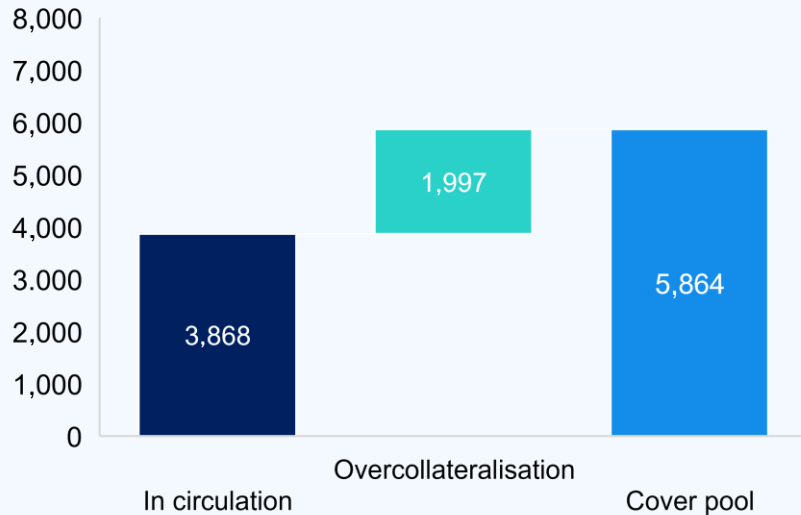
Outstanding bond volume (EURm)	3,868
Rating Moody's	Aaa
Overcollateralisation required by Moody's	13.0%
NPV overcollateralisation	50.3%
Collateral Score	14.8%

As of December 2022; Source: Moody's

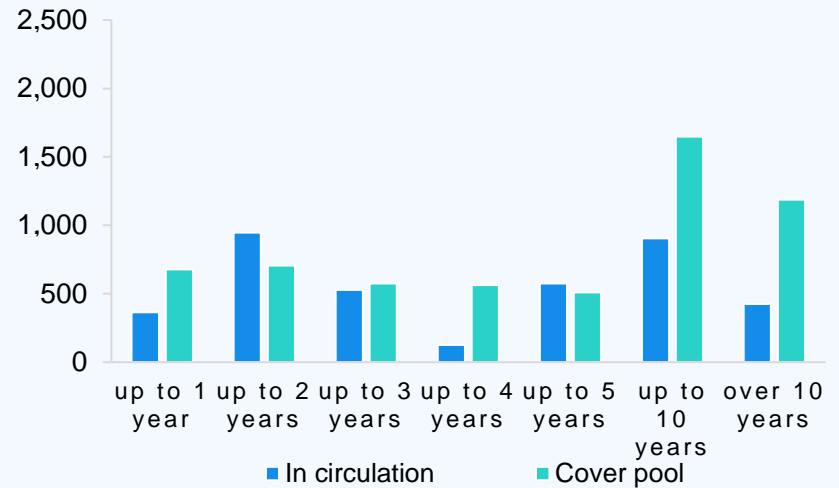


Mortgage cover pool

Overcollateralisation
(EUR million, nominal values)



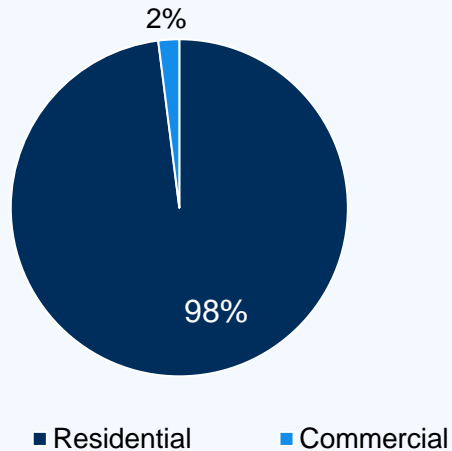
Distribution of values
(EUR million)



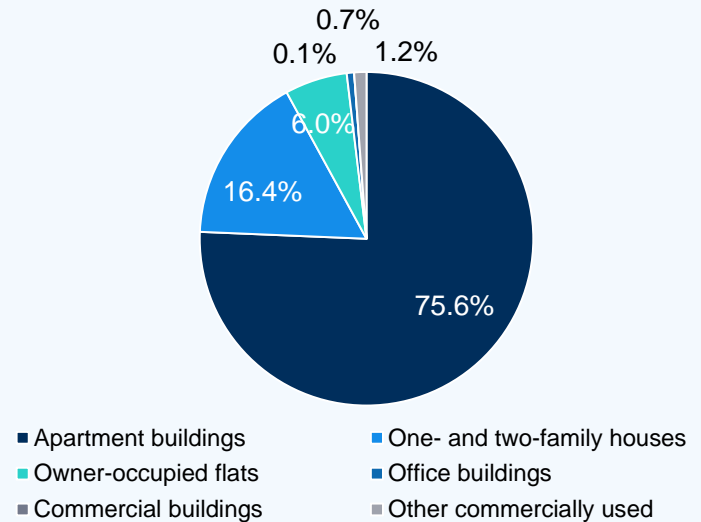
As of December 2022

Mortgage cover pool

Type



Type, details



As of December 2022

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Contact



Get in touch!



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