Solid full-year results 2020 with PBT of € 154 mn despite COVID-19 pandemic

Preliminary Annual Results 2020
Analyst Conference
4 March 2021

Disclaimer

- This presentation is not an offer or invitation to subscribe for or purchase any securities in any jurisdiction, including any jurisdiction of the United States. Securities may not be offered or sold in the United States absent registration or pursuant to an available exemption from registration under the U.S. Securities Act. Deutsche Pfandbriefbank AG (pbb) does not intend to conduct a public offering of securities in the United States.
- No warranty is given as to the accuracy or completeness of the information in this presentation. You must make your own independent investigation and appraisal of the business and financial condition of pbb and its direct and indirect subsidiaries and their securities. Nothing in this presentation shall form the basis of any contract or commitment whatsoever.
- This presentation may only be made available, distributed or passed on to persons in the United Kingdom in circumstances in which section 21(1) of the Financial Services and Markets Act 2000 does not apply.
- This presentation may only be made available, distributed or passed on to persons in Australia who qualify as 'wholesale clients' as defined in section 761G of the Australian Corporations Act.
- This presentation is furnished to you solely for your information. You may not reproduce it or redistribute to any other person.
- This presentation contains forward-looking statements based on calculations, estimates and assumptions made by the company's top management and external advisors and are believed warranted. These statements may be identified by such words as 'may', 'plans', 'expects', 'believes' and similar expressions, or by their context and are made on the basis of current knowledge and assumptions. Various factors could cause actual future results, performance or events to differ materially from those described in these statements. Such factors include general economic conditions, the conditions of the financial markets in Germany, in Europe, in the United States and elsewhere, the performance of pbb's core markets and changes in laws and regulations. No obligation is assumed to update any forward-looking statements.
- By participating in this presentation or by accepting any copy of the slides presented, you agree to be bound by the noted limitations.

Agenda

DEUTSCHE PFANDBRIEFBANK

Highlights 2020

Good operating performance while building up provisions for future potential impacts from COVID-19

DEUTSCHE PFANDBRIEFBANK

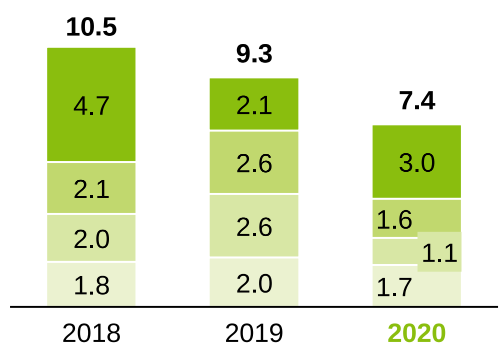
Financials	■ Solid **PBT** of € 154 mn in 2020 (2019: € 216 mn) reflects good operating performance, while building up provisions for future potential impacts from COVID-19 – **NII** up by 5% to € 479 mn (2019: € 458 mn), driven by lower refinancing costs (incl. TLTRO III) and improved floor income – **GAE** of € -204 mn stable (2019: € -202 mn) – higher personnel expenses esp. driven by IT insourcing and ramp up of capacities for regulatory projects, mainly compensated by reduced non-personnel expenses – **Risk provisioning** of € -126 mn (2019: € -49 mn) predominantly consists of model-based additions in **stage 1&2** (€ -69 mn; 2019: € -16 mn); additions in **stage 3** (2020: € -57 mn, 2019: € -33 mn) driven by revaluations of already stage 3 provisioned UK shopping centres (2020: € -57 mn, 2019: € -33 mn), but no new cases with need for stage 3 provisioning
New business[1]	■ **New business volume** at € 7.4 bn (REF € 7.3 bn, PIF € 0.1 bn) whilst pbb remains highly selective, also reflecting overall lower investment activity due to uncertainties with regards to COVID-19 pandemic ■ Avg. REF **gross interest margin** up to ~180 bp (2019: ~155 bp)
Portfolio and Risk	■ Strategic **REF** financing volume largely stable (12/20: € 27.0 bn; 12/19: € 27.1 bn) – lower new business volume counterbalanced by also lower prepayments; **PIF** and **VP** slightly down (PIF: € 5.8 bn; VP € 11.4 bn) ■ High **risk standards** maintained – **NPL** volume remains on low level, even slightly down (NPL ratio 2020: 0.8%, 2019: 0.9%)
Funding	■ Total **new funding volume** of € 3.6 bn[2] in 2020 below prior year's figure (2019: € 6.7 bn) at relatively stable avg. funding spreads, supplemented by € 1.4 bn "own use" Pfandbriefe issued as collateral for TLTRO III – majority funded ahead of COVID-19 crisis ■ Funding optimised by participation in **TLTRO III**, substituting some other liquid covered funding ■ **Strong start into 2021** with two benchmark issuances in January – USD 750 mn Mortgage Pfandbrief and € 500 mn inaugural Senior Preferred Green Bond
Capital	■ **CET 1 ratio** remains solid at 16.1%[3] (12/19: 15.9%[4]), reflecting stable **RWA** (12/20: € 17.7 bn; 09/20: € 17.8 bn; 12/19: € 17.7 bn) and slightly increased **CET 1 capital** due to reduced EL shortfall
Dividend	■ **Dividend proposal** of € 0.26 per share based on upper ceiling of ECB recommendation – potential for further dividend payment will be **reassessed in Q4/21** ■ Overall **dividend policy** of 50% regular dividend plus 25% supplementary dividend[5] until 2022 remains valid
Guidance 2021	■ **For 2021**, pbb expects **better PBT compared to 2020**, based on solid operating performance with stable to slightly higher interest income and stable operating costs as well as lower risk costs – however, uncertainties on risk provisioning persist in light of current developments with regards to COVID-19 pandemic

1 Commitments, incl. extensions >1 year 2 Excl. "own use" Pfandbriefe issued as collateral for TLTRO III 3 After approved year-end accounts 4 Retrospectively adjusted, incl. full-year result 2019, based on resolution of AGM to allocate the distributable profit 2019 to other revenue reserves on 28 May 2020 5 Based on PAT and after AT1 coupon

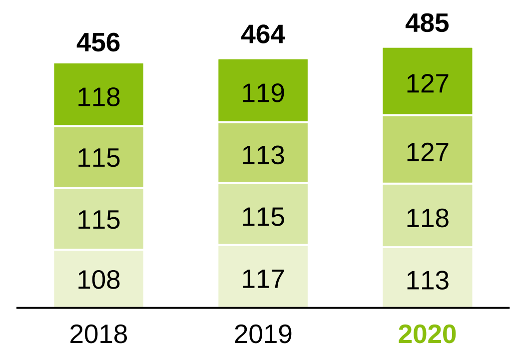
Operating and financial overview

DEUTSCHE PFANDBRIEFBANK

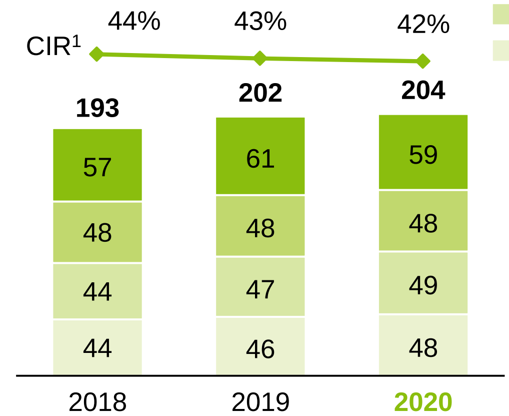
New business
€ bn (commitments, incl. extensions >1 yr)



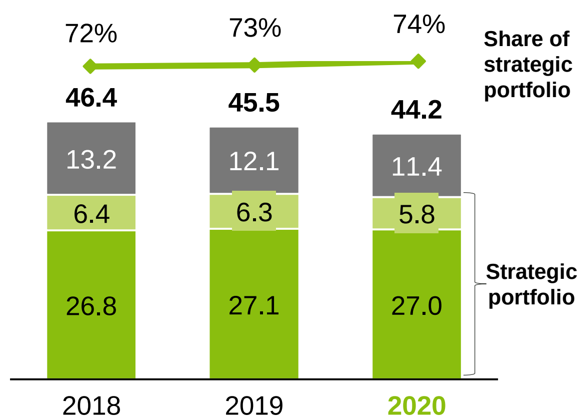
Net interest and commission income
€ mn (IFRS)



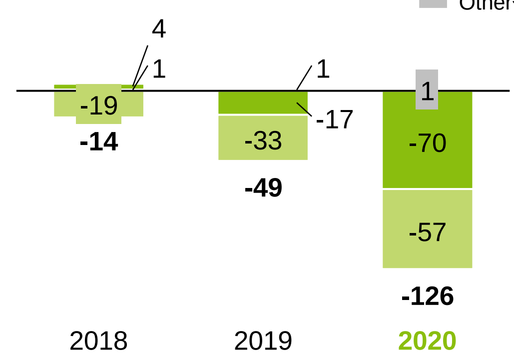
General and admin. expenses
€ mn (IFRS)



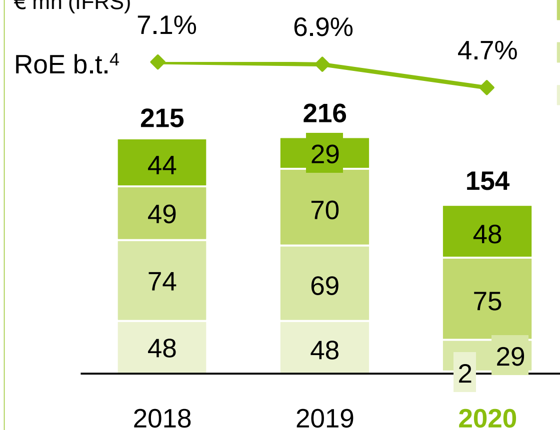
Portfolio
€ bn (financing volumes)



Net income from risk provisioning
€ mn (IFRS)



Pre-tax profit
€ mn (IFRS)



Note: Figures may not add up due to rounding 1 New definition: CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income 2 Incl. provisions in off balance sheet lending business 3 Recoveries from written-off financial assets 4 After AT1 coupon (2018: pro-rata € 12 mn; 2019: € 17 mn; 9M/20: pro-rata € 13 mn) assuming full payment of the discretionary coupon

COVID-19

Operational stability of pbb during pandemic given at any time – comprehensive multidimensional risk approach implemented at an early stage

DEUTSCHE PFANDBRIEFBANK

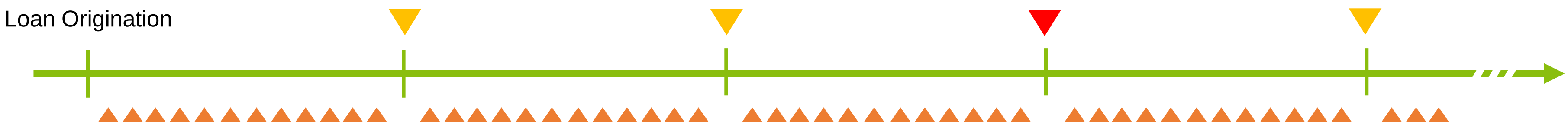
Staff and operations		■ pbb **fully operational across all areas at any time** – State-of-the-art IT landscape allowed for remote working from day 1 – Up to 90% of staff working from home ■ **Senior COVID-19 crisis team** implemented in 03/20 – implementation of a weekly **monitoring system** for IT and staff related topics with a set of numerous Key Risk Indicators and set limitations ■ Early and far reaching implementation of **prevention measures** (max. office presence quotas, team separation, social distancing, hygiene measures, meeting and travel policy) – overall infections among staff very low
Risk management	**Portfolio**	■ Since Q1/20, implementation of **comprehensive measures to address potential negative impact of COVID-19** – Implementation of **Corona-Task-Force**, comprising several working groups and covering specially affected clients/assets as well as special topics (e.g. state measures/subsidies, legal/regulatory issues, markets) – Substantially increased **monitoring activities** based on vulnerability to Corona – pbb's client structure (i.e. comparatively small number of clients/transactions) facilitates **monitoring on single transaction level** – **Intensified and extended reporting** to senior management including Management Board, Supervisory Board and relevant regulatory bodies (i.e. ECB, Bundesbank, BaFin) – "One-size-fits-all" solution inadequate to address Corona-induced challenges: pbb's strategy **focuses on tailor-made, mid- to long-term viable solutions** in cooperation with clients/sponsors and sponsor contributions; pbb in permanent dialogue with its clients, leading to pro-active early action – **No participation in public or private moratoria initiatives** ■ COVID-19 related **client requests on moderate level** – mostly only temporary covenant suspensions, changes in covenant structure and postponement of amortisation agreed – Only partially required to be classified as "Forbearance" – **All cases are performing** (no regulatory defaults) – **Client requests widely spread** by regions (incl. Germany, UK, France, US, Poland) and mostly focusing on certain property types (incl. Retail ~45%, Hotel ~20%, Office ~20%)
	New business	■ **Risk profile and requirements** for new business **further tightened beyond already conservative standards** ■ **Even more than before: focus** on prime A locations, top sponsors, low leverage lending, long-term stable cash flows with focus on tenant quality and lease roll-over risk, solid covenant structures ■ Currently**, no new commitments on Hotels and Shopping Centres**; other Retail classes only highly selective with focus on neighborhood shopping/high street retail ■ **Development loans subject to strong risk-mitigating factors** (e.g. high levels of pre-letting/-sales and upfront equity, substantial buffers in long-stop dates in lease contracts, no business plans based on increasing rents and/or further yield compression)

COVID-19

Monitoring process at pbb intensified given COVID-19 situation – multi-level valuation review process

DEUTSCHE PFANDBRIEFBANK

Valuation review cycle (simplified)



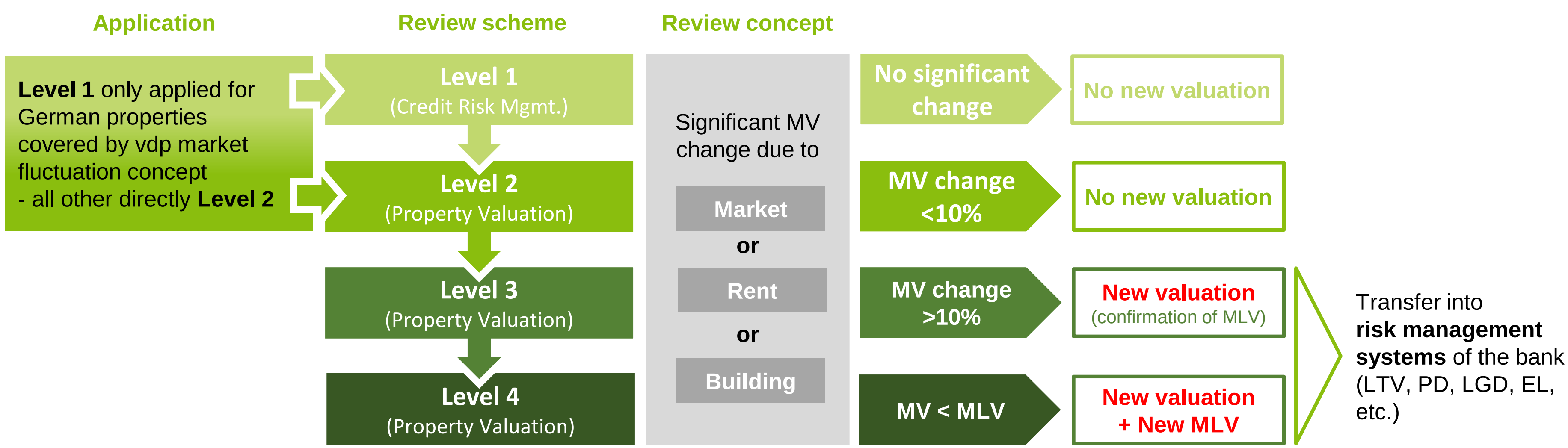
- **Regular annual review** (Level 1/2) – new property valuation mandatory in case of significant changes (Level 3/4)
- **Mandatory new property valuation** (Level 3) **after 3 years**
- **Monthly COVID-19 review of total portfolio** (since March 2020)

In addition, reviews on a continuous basis:

– **Event triggered review** – new property valuation mandatory in case of significant changes (e.g. special events/reasons, extreme market fluctuations, transfer to watchlist, default, etc.)

– **Credit review** (e.g. covenant testing, credit rating screening, tenant monitoring, early warning signals, forward-looking assessment, etc.)

Valuation review process (simplified)



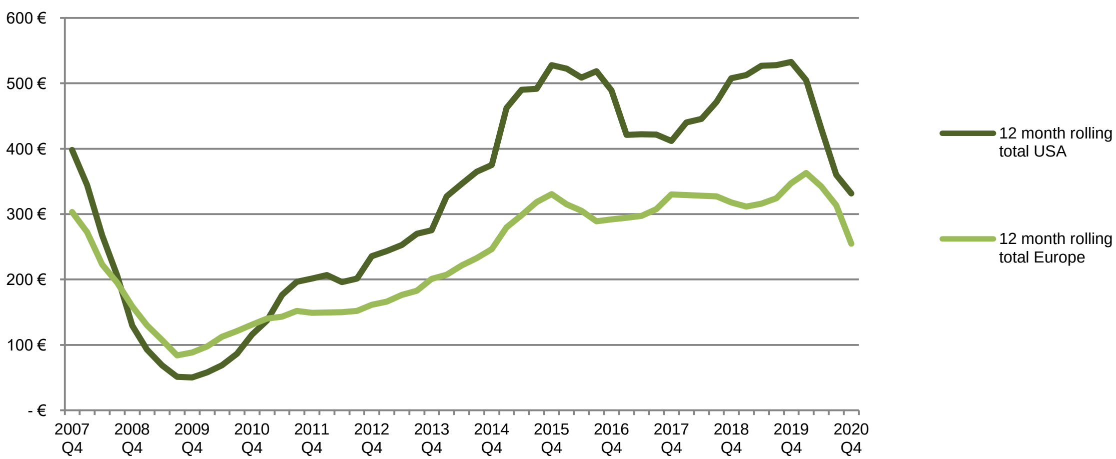
Agenda

DEUTSCHE
PFANDBRIEFBANK

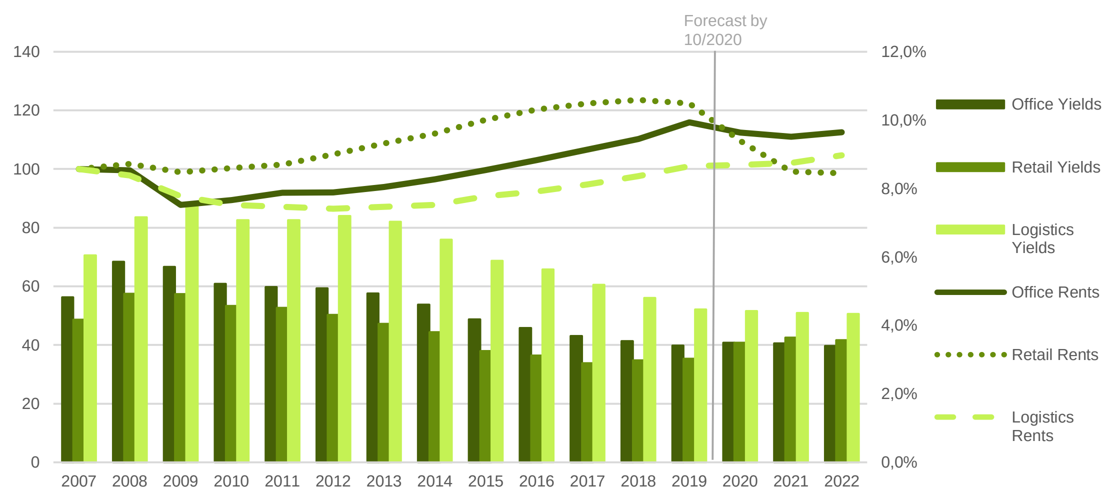
Markets

Despite drop in European and US Real Estate transactions, 2020 volumes are still well above global financial crisis 2008/2009

European and US Investment volume*
(€ bn)



European Prime Rents (2007=100; LHS) and Prime Yields (RHS)**

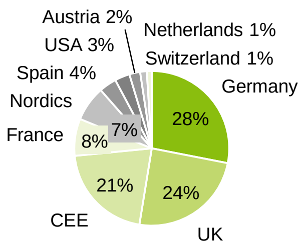
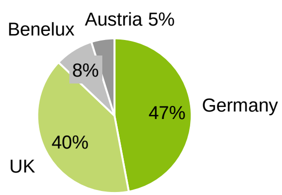


- European and US CRE **investment volumes** decreased in 2020 due to COVID-19 – US figures were down by 32% while Europe saw a decline by 27% compared to 2019
- Continental Europe:
  - Re-pricing is so far focussed on **retail and hotel** sectors
  - **Office** yields appear largely resilient for now, but on the back of relatively low volumes
  - **Yields** are expected to increase slightly in most continental markets
  - **Logistic** and **residential** assets are stable so far or see even increasing prices
- Germany:
  - **Office** properties are very expensive based on historic levels with record low yields
  - **Yields** are expected to stay on low level driven by continued low interest rates despite an increase in vacancy
  - Deals activity and investor sentiment towards **retail** property is down, except food-based and big box assets
  - Therefore yields will increase, most notably for **shopping centres**
- USA:
  - Overall still commercial property price growth in 2020
  - Weaker trends for the **office** and **retail** sectors, counteracted by strength in the **industrial** and **apartment** sectors
  - **Yields** generally unchanged compared to last year (except **Hotel**)

*All property types. Based on independent reports of properties and portfolios over € 5 million (over $ 2.5 mn for US), USD to EUR = end years fx rates Source: Real Capital Analytics (RCA) ** Source: Property Market Analysis (PMA) as of October 2020

Markets

Sub-segments in special focus: Overall, pbb well positioned, but concerns persist about further development of real estate market in the light of COVID-19 pandemic

Property type	Regions	Evaluation of current situation	Challenges	Risk positioning
Retail € 4.3 bn (15%)		■ Shopping centres: Increased pressure, fashion dominated shopping centres most impacted (decline in rents, shorter lease terms, etc.) ■ Retail-parks/discounter with strong local demand: largely stable ■ High street properties (exclusive prime locations in A-cities): moderate declines in rents and slight rise in yields ■ Downward trend in secondary locations and smaller cities expected to intensify ■ Further development very much dependent on further development of COVID-19 pandemic	■ Declining consumer purchasing power and expected increase of financial difficulties/insolvencies leads to pressure on rents and allocable costs ■ Duration of 2nd lockdown ■ In weaker locations: purchasing power expected to decrease ■ Structural changes accelerating – Online-Shopping – Hygiene/social distancing standards	■ Selective approach with foresighted reduction of retail portfolio by 40% or € 2.8 bn since 2016 (12/20: € 4.3 bn; 12/19: € 4.9 bn; 12/16: € 7.1 bn,) ■ Only investment loans, no developments ■ Conservative risk positioning: avg. LTV of 51%[1] provides good buffer and supports commitment of investors/sponsors ■ Well diversified portfolio ■ Currently, no new commitments for shopping centres
Hotel (Business Hotels only) € 1.4 bn (5%)		■ Most hotels have kept open during second lock down, but at rather low occupancy rates ■ Operators with a wide variety of measures to cut costs/use downtime meaningful (e.g. renovations)/tap into additional capital/liquidity sources ■ Present increased vaccination activity fosters expectation of a recovery from late Q2/2021, depending on easing travel restrictions ■ Hotels dependent on international tourist and business travelers will not substantially recover in short-/mid-term ■ Leisure hotels focused on domestic guests with good accessibility expected to recover faster	■ Recovery of occupancy rates will take time ■ Currently significantly suffering from restriction/lockdown measures ■ Coverage of operational costs ■ Market values and cash flows / leases expected to decrease ■ Financial difficulties/insolvencies expected to increase ■ Liquidity in transaction and of the sponsors	■ Selective approach with relatively small portfolio volume of € 1.4 bn (12/19: € 1.4 bn) ■ Focus on prime location secures base value of properties ■ Conservative risk positioning: avg. LTV of 54%[1] provides good buffer and supports commitment of investors/sponsors ■ Focus on strong sponsors with ability to inject more equity ■ Currently, no new commitments

1 Based on performing investment loans only, COVID-19 effects not yet fully reflected

Agenda

Financials

Solid operating performance apart from COVID-19 pandemic related impacts

DEUTSCHE PFANDBRIEFBANK

Income statement

€ mn

	Q4/19	Q4/20	FY19	FY20
Operating Income	**135**	**155**	**506**	**529**
Net interest income	117	125	458	479
Net fee and commission income	2	2	6	6
Net income from fair value measurement	-5	4	-7	-8
Net income from realisations	17	6	48	26
Net income from hedge accounting	1	-	-2	4
Net other operating income	3	18	3	22
Net income from risk provisioning	-39	-42	-49	-126
General and administrative expenses	-61	-59	-202	-204
Expenses from bank levies and similar dues	-1	-1	-24	-26
Net income from write-downs and write-ups on non-financial assets	-5	-5	-18	-19
Net income from restructuring	-	-	3	-
Pre-tax profit	**29**	**48**	**216**	**154**
Income taxes	-5	-2	-37	-37
Net income	**24**	**46**	**179**	**117**

	Q4/19	Q4/20	FY19	FY20
RoE before tax[1] (%)	3.4	5.9	6.9	4.7
RoE after tax[1] (%)	2.7	5.6	5.7	3.4
CIR[2] (%)	48.9	41.3	43.5	42.2
EpS[1] (€)	0.14	0.29	1.20	0.74

Key drivers 2020:

- **NII** up, driven by lower refinancing costs (incl. pos. effect from TLTRO III since end of June) and improved floor income, despite slightly lower avg. strategic REF financing volume y-o-y (2020: € 26.9 bn, 2019: € 27.4 bn)
- **Fair value measurement** stable y-o-y – catch-up of significant COVID-19 pandemic related credit spread widening in Q1/20 during 2020
- **Net income from realisations** down y-o-y, reflecting lower prepayment fees
- **Net income from hedge accounting** includes positive one-off effect from conversion of reference rates to €STR in Q3/20 (€ 5 mn)
- **Other operating income** up – net releases of provisions for tax and legal matters
- **Risk provisioning** up y-o-y, driven by economic impacts from COVID-19 pandemic in stage 1&2 and additions for revaluations of already stage 3 provisioned UK shopping centres
- **GAE** stable – higher personnel expenses from IT insourcing and ramp up of capacities for regulatory projects mainly compensated by reduced non-personnel expenses
- Increased requirements on EU level resulted in slightly higher **bank levy**
- **RoE** and **EpS** taking into account AT1 coupon (2020: € -17 mn; 2019: € -17 mn)

1 After AT1 coupon (FY 2019/ FY 2020: € 17 mn) assuming full payment of the discretionary coupon

2 CIR = (GAE + net income from write-downs and write-ups on non-financial assets) / operating income

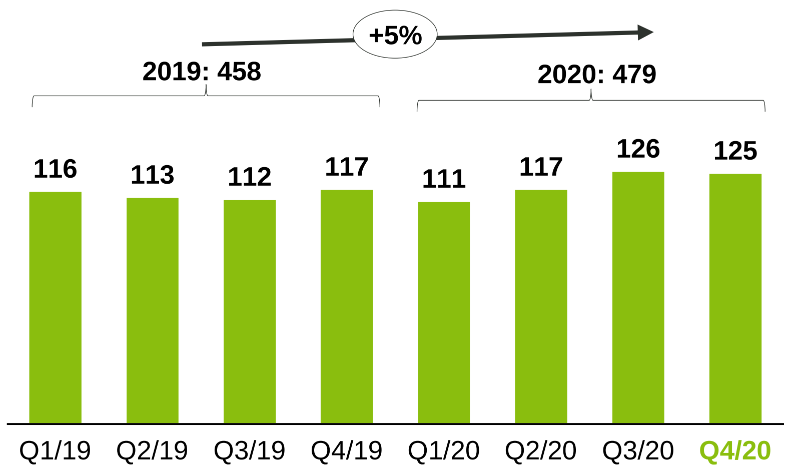
Financials
NII increased by 5% y-o-y, supported by positive effect from TLTRO and floor income

Income from lending business
€ mn

	Q4/19	Q4/20	FY19	FY20
Net interest income	117	125	458	479
Net fee and commission income	2	2	6	6

	Q4/19	Q4/20	FY19	FY20
Net income from realisations	17	6	48	26

Net interest income
€ mn



Key drivers 2020:

- **NII** up, supported by
  - lower refinancing costs (e.g. USD tender of Bundesbank, maturities, pos. effect from TLTRO III since end of June)
  - improved floor income from continued low interest environment

  overcompensating for
  - slightly lower avg. strategic REF financing volume y-o-y (2020: € 26.9 bn; 2019: € 27.4 bn)
  - further run-down of the non-strategic Value Portfolio
  - lower income from equity book
- **Net income from realisations** down y-o-y, reflecting lower prepayment fees

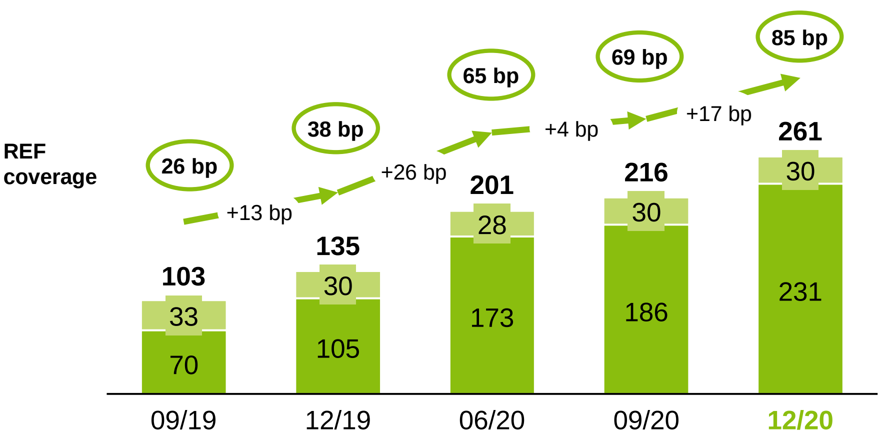
Financials

Risk provisioning: Build-up of provisions for future potential impacts from COVID-19

Net income from risk provisioning
€ mn

	Q4/19	Q4/20	FY19	FY20
Net income from risk provisioning	-39	-42	-49	-126
thereof				
stage 1	*-15*	*-7*	*-15*	*-29*
stage 2	*-7*	*-14*	*-1*	*-32*
stage 3	*-18*	*-14*	*-33*	*-57*
Off balance sheet lending business	*-*	*-8*	*1*	*-9*
Recoveries	*1*	*1*	*-1*	*1*

Balance sheet – loss allowances
€ mn



Key drivers 2020:

- **Net income from risk provisioning** of € -126 mn (2019: € -49 mn) driven by model-based additions in stage 1&2 and revaluation driven additions in stage 3 for already stage 3 provisioned UK shopping centres
- **Stage 1&2:** Net additions[2] of € 70mn (2019: € 16 mn) driven by **downward adjustments of economic and real estate forecasts – further adjustments** in Q4/20 due to current developments (e.g. 2nd lockdown)
  - **No management overlays** or other relief measures
  - **No smoothing** of development of property valuations
  - **Migration from stage 1 to 2** affects loans with a gross book value of € 7.8 bn (Q4/20: € 0.2 bn) of which € 1.9 bn were repaid by end of 2020
- **Stage 3:** Net additions of € -57 mn (2019: € -33 mn) for **UK shopping centres**; no stage 3 additions for new cases
- Significant build-up of **loss allowances** on balance sheet over the last quarters – REF coverage of 85 bp more than tripled since 09/19
- **Coverage ratio:** Stage 3 coverage ratio[1] at 25% (09/20: 20%, 12/19: 11%)

  Additional collateral not taken into account – incl. these factors, REF coverage ratio at approx. 100%

1 Coverage ratio = credit loss allowances on financial assets in stage 3 / gross book values in stage 3 (loans and securities)

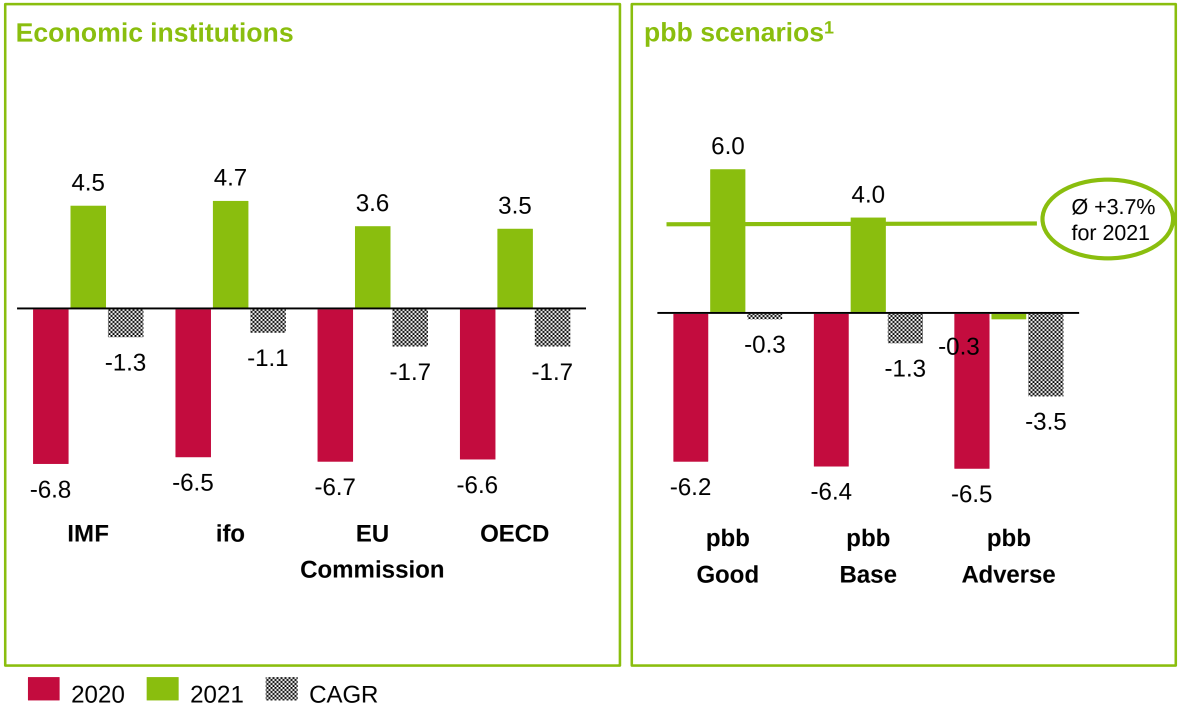
2 Incl. provisions in off balance sheet lending business

Risk provision in stage 1&2 driven by economic and sector-specific scenario assumptions – GDP assumptions reviewed in Q4 based on ECB requirements

DEUTSCHE PFANDBRIEFBANK

GDP forecasts – pbb portfolio-weighted

%



- **Scenario assumptions** gradually **aligned with economic forecasts** from international economic institutions – scenario assumptions **reviewed in Q4 based on ECB requirements**
  - pbb's **portfolio-weighted GDP forecast** over all scenarios with +3.7% for 2021 **at lower end of economic institutions** (range between 3.5% and 4.7%)
  - **Base Case** with 4.0% for 2021 in line with economic institutions
  - **Adverse scenario** of -0.3% significantly below economic institutions
- **pbb's scenarios** based on forecasts of central banks (German Bundesbank, Banque de France, BoE, FED) and internal forecasts weighted with country shares

Source: pbb, Bloomberg 1 Central banks and internal forecasts, weighted with country share: pbb base: Buba, BdF, BoE, FED; pbb good & adverse: Buba, BdF, internal forecasts for UK and USA

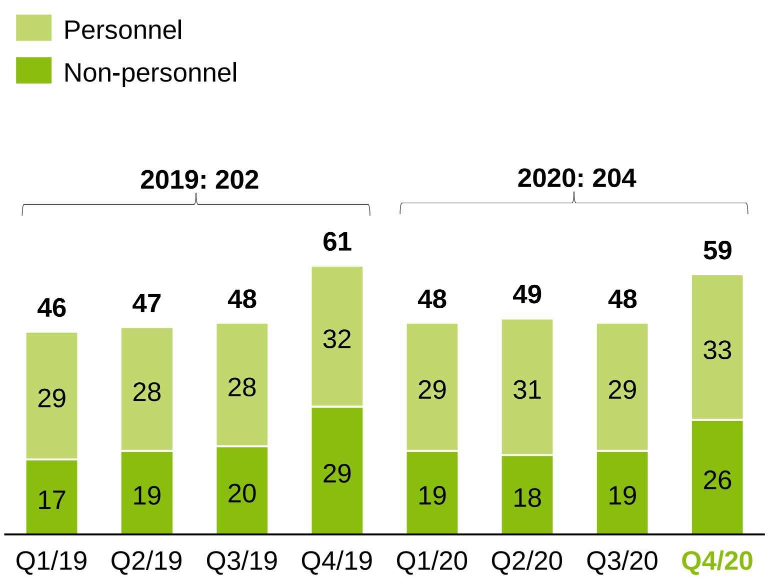
Financials

Operating costs under control

General & administrative expenses and depreciations

€ mn

	Q4/19	Q4/20	FY19	FY20
General admin. expenses	-61	-59	-202	-204
Personnel	*-32*	*-33*	*-117*	*-122*
Non-personnel	*-29*	*-26*	*-85*	*-82*
Net income from write-downs and write-ups on non-financial assets	-5	-5	-18	-19
CIR (%)[1]	*48.9*	*41.3*	*43.5*	*42.2*



1 CIR = (GAE + net income from write-downs and write-ups on non-financial assets) / operating income

Key drivers 2020:

- **GAE** stable y-o-y with two counter-balancing effects:
  - **Personnel expenses:** Increase due to higher FTE number (12/20: 782; 09/20: 772; 12/19: 752), esp. driven by IT insourcing and ramp up of capacities for regulatory projects
  - **Non-personnel expenses** down – lower office/admin costs overcompensating increase in IT and consulting expenses
  - **Net income from write-downs and write-ups on non-financial assets** driven by scheduled depreciations

    Increase y-o-y reflects recognition of lease contracts as right-of-use-assets (IFRS 16) since mid of 2019 (related to head office in Garching)

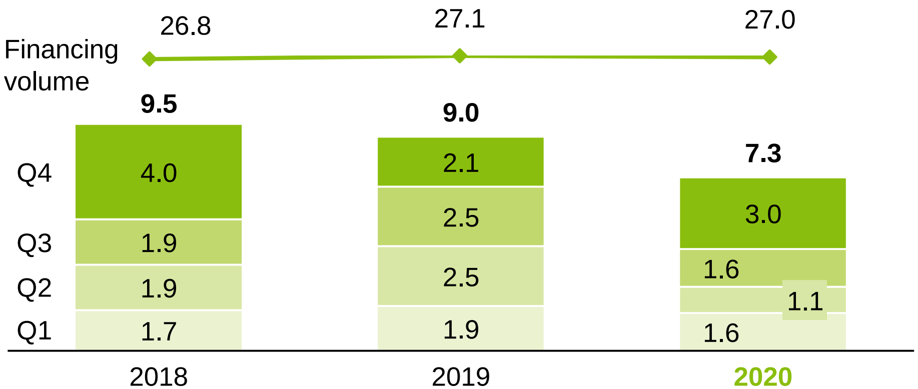
Agenda

New business

REF new business volume of € 7.3 bn only slightly below initial guidance despite COVID-19 related lower investment activities – avg. REF gross interest margin up to ~180 bp y-o-y

REF New business

€ bn (commitments, incl. extensions >1 yr)

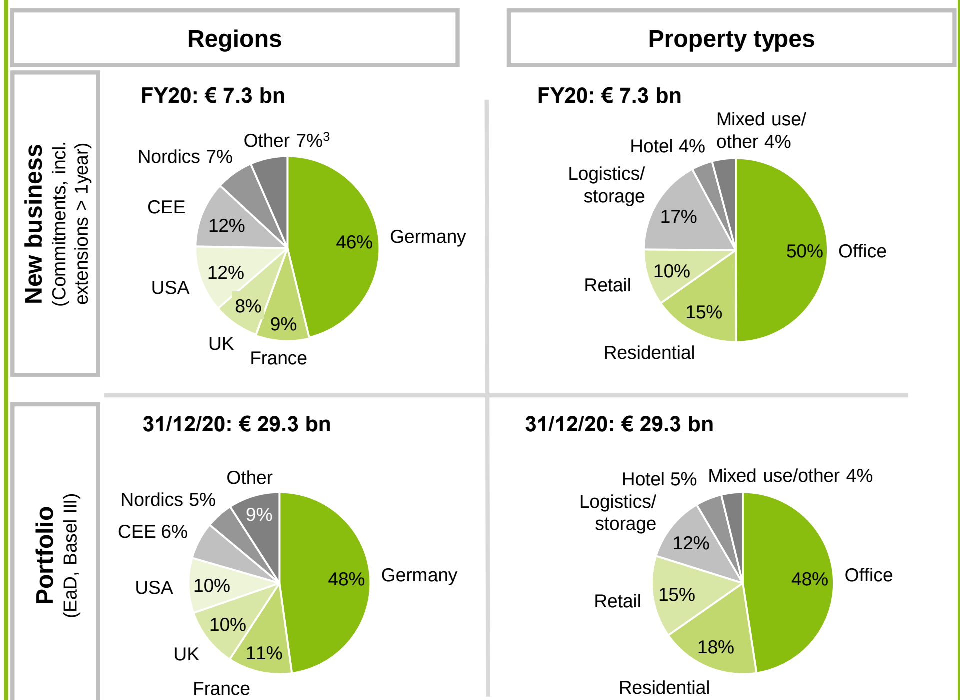


Key drivers 2020:

- **REF new business** of € 7.3 bn on solid level and only slightly below initial guidance of € 8-9 bn despite COVID-19 related lower investment activity
  - **Avg. gross interest margin** of ~180 bp significantly up y-o-y (2019: ~155 bp) with some weakening effect in Q4/20
  - Continued selective approach with focus on conservative risk positioning – **avg. LTV** improved y-o-y from 58% to 54%[2]
  - Only small **prepayments**, but higher share of **extensions** (2020: 36%; 2019: 21%) – no forced extensions
  - No **new loan commitments** in property types Hotel and Retail Shopping Centres since worldwide spread of COVID-19 in March 2020 – only extensions at conservative conditions
  - Good **deal pipeline** supports solid new business volume in Q1/21 at continued elevated margin level
- **PIF** new business of € 0.1 bn remains low in line with strategy

REF new business

	FY19	9M/20	FY20
Total volume (€ bn)	9.0	4.3	7.3
thereof: Extensions >1 year	*1.9*	*1.4*	*2.6*
No. of deals	155	94	142
Avg. maturity (years)[1]	~4.6	~4.0	~4.3
Avg. LTV (%)[2]	58	53	54
Avg. gross interest margin (bp)	~155	>180	~180



Note: Figures may not add up due to rounding 1 Legal maturities 2 New commitments; avg. LTV (extensions): 2020: 54%, 2019: 55% 3 Netherlands, Austria, Spain

Agenda

1. Highlights
2. Markets
3. Financials
4. New Business & Segment Reporting
5. **Portfolio Profile**
6. Funding
7. Capital
8. Strategic Initiatives
9. Summary & Outlook

Appendix
Contact details

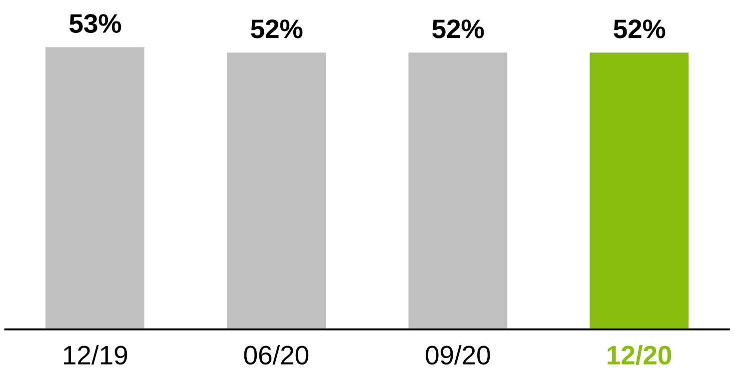
Portfolio

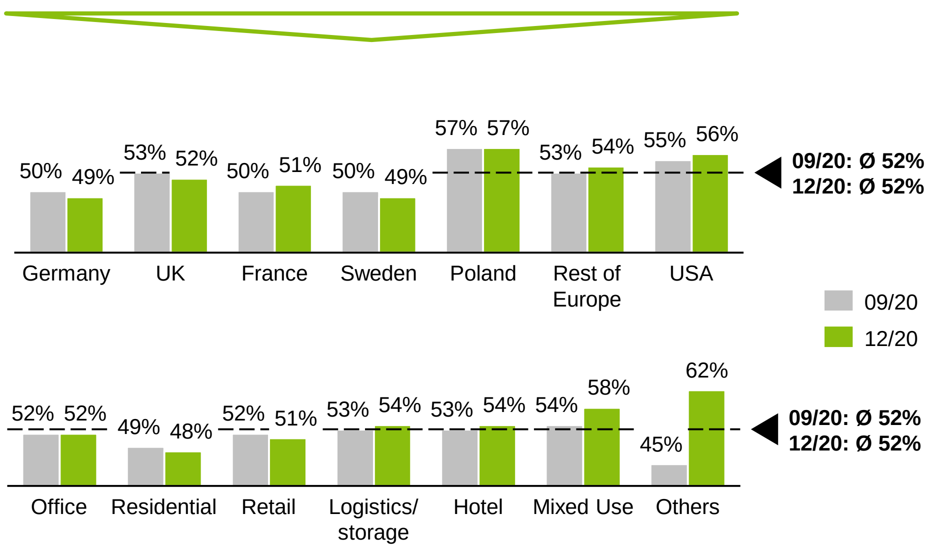
pbb's business approach reflected in stable risk parameters – average LTV of 52% provides solid risk buffer; so far, no significant valuation changes visible

DEUTSCHE PFANDBRIEFBANK

REF Portfolio: Avg. weighted LTVs

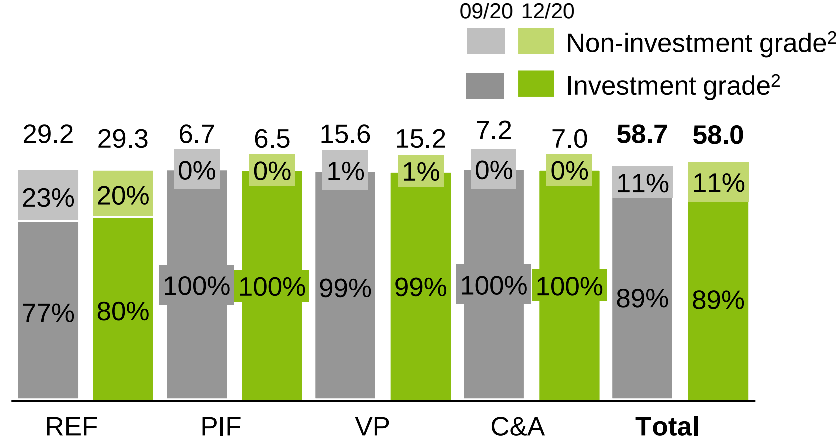
% (commitments)[1]





Total portfolio: Internal ratings (EL classes)

€ bn (EaD, Basel III)



Key messages

- **Avg. LTV** of 52% further improved y-o-y and stable q-o-q, reflecting pbb's business approach
  - Maturities with higher LTVs replaced by new business with lower LTVs
  - In some cases declines in market values – LTV impacts largely compensated by regular/special amortisation on portfolio level
  - Providing solid risk buffer
  - Only relatively small deviations between regions and property types
- Improvement of **internal ratings** q-o-q due to repayments
- Delayed **effects from COVID-19 pandemic** expected

Note: Figures may not add up due to rounding 1 Based on performing investment loans only, values not fully reflecting COVID-19 effects 2 EL classes 1-8 = Investment grade; EL classes 9-18 = Non-investment grade,

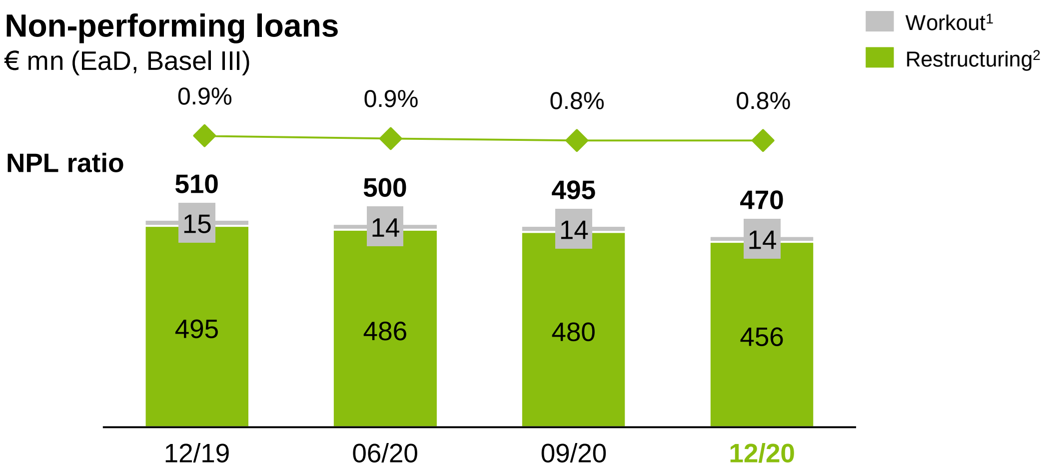
Portfolio

NPLs remain on low level – decrease of NPL portfolio by 8% y-o-y despite challenging environment due to COVID-19

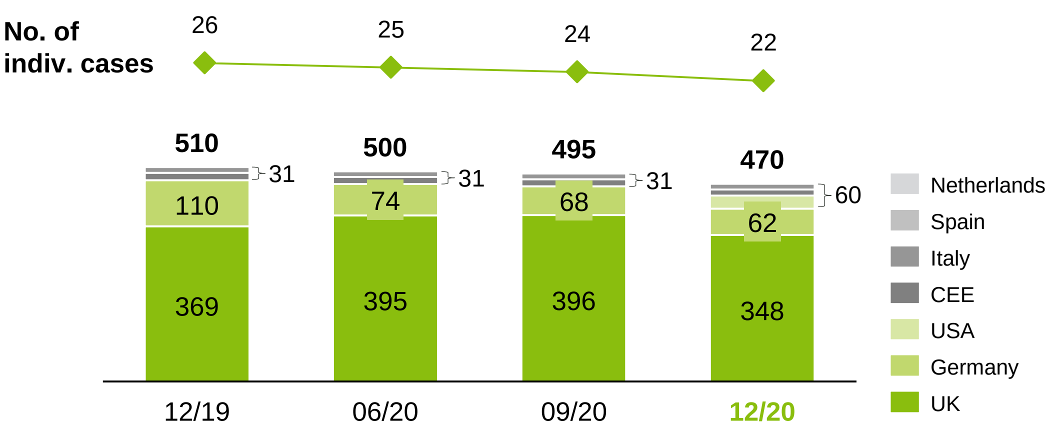
DEUTSCHE PFANDBRIEFBANK

Non-performing loans

€ mn (EaD, Basel III)



Non-performing loans – regions



Key drivers 2020

- **Non-performing loans** (NPLs) slightly down to € 470 mn (09/20: € 495 mn, 12/19: € 510 mn)
  - **Restructuring loans** down to € 456 mn (09/20: € 480 mn, 12/19: € 495 mn)
    - € 2 mn net reduction in Q4/20 from FX effects and repayments
    - Repayment of € 53 mn UK loan (Hotel) added in Q2/20; loan did not require any provisioning in stage 3
    - € 31 mn newly added US loan (High Street Office & Retail Building) in Q4/20 triggered by covenant breach, but no provisioning required due to sufficient collateral (loan amount well covered by current property value)
  - **Workout loans** stable at only € 14 mn (09/20: € 14 mn, 12/19: € 15 mn)
  - **NPL ratio**[3] of 0.8% remains on low level (09/20: 0.8%, 12/19: 0.9%)

Note: Figures may not add up due to rounding
1 Internal PD class 30: No signs that the deal will recover soon, compulsory measures necessary 2 Internal PD class 28+29: Payments more than 90 days overdue or criteria acc. to respective policy apply 3 NPL ratio = NPL volume / total assets

Agenda

DEUTSCHE
PFANDBRIEFBANK

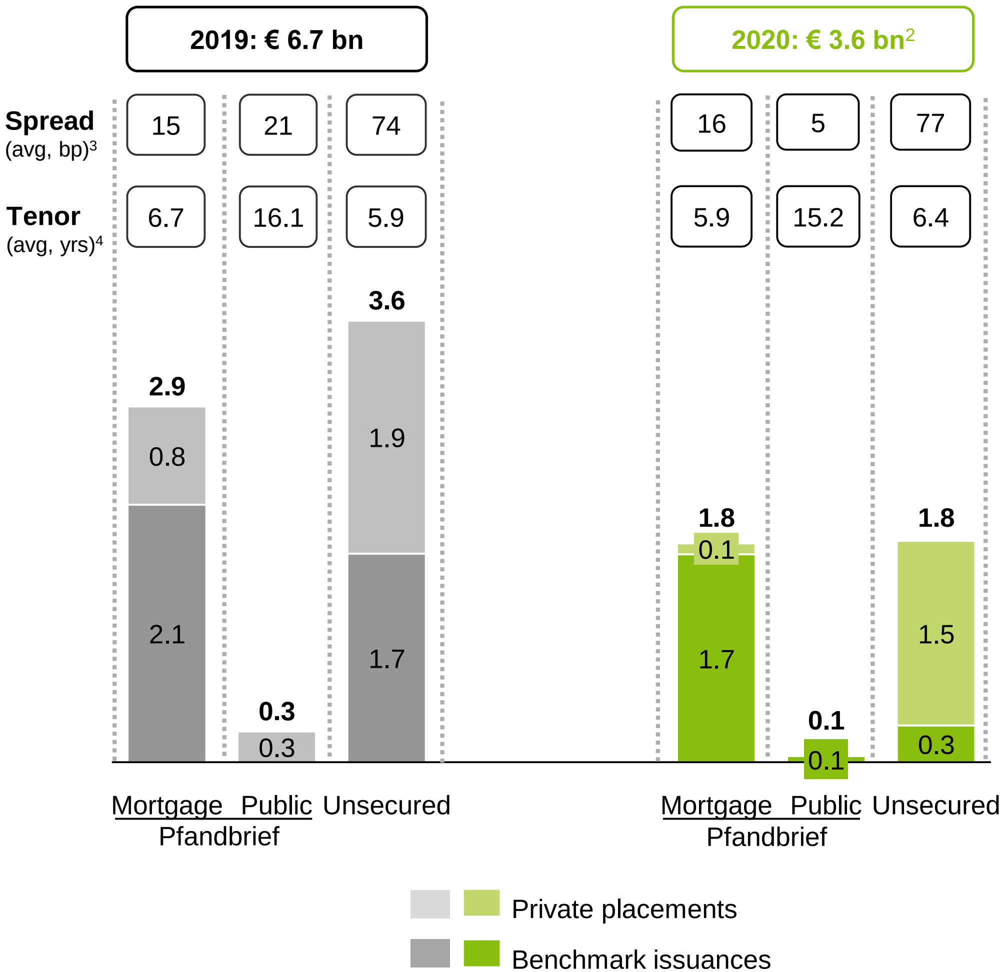
Funding

Good funding activities in 2020 at relatively stable avg. funding spreads compared to 2019, supported by TLTRO III – strong start into 2021

DEUTSCHE PFANDBRIEFBANK

New long-term funding[1]

€ bn



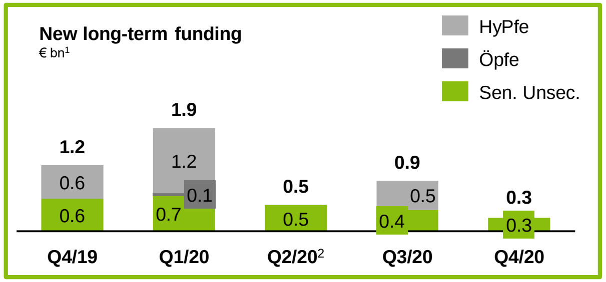
Funding 2020

- Good **funding activities** in 2020 at relatively stable avg. funding spreads compared to 2019
  - **Good access and timing** in capital markets despite market disruption due to pandemic
  - **Funding targets** fully met with funding largely collected prior to COVID-19 outbreak
- **Broadening of investor base,** with Benchmark Pfandbriefe in SEK and GBP (incl. first SONIA Benchmark)
- Strong demand for **Private Placements** (focus on senior preferred) supported by strong markets
- **Retail deposit** funding channels established and scalable – in 2020, wholesale funding need has been reduced by increasing deposit base (12/20: € 3.2 bn, 12/19: € 2.8 bn)
- € 7.5 bn participation in **TLTRO III** to optimise funding costs – TLTRO III provides an attractive and flexible source of funding
- **Frontloading of funding** resulting in reduced need for capital market funding in 2021 and **comfortable liquidity buffer,** sufficient to cover even internal stress test well beyond 6 months
- **ALM profile** and **liquidity position** remain comfortable (NSFR >100%; LCR >150%)
- **Strong start into 2021** with a USD 750 mn 3Y Pfandbrief Benchmark and an inaugural € 500 mn Green Senior Preferred 5Y Benchmark, both issued in January

Note: Figures may not add up due to rounding 1 Excl. retail deposit business 2 Excl. "own use" Pfandbriefe issued as collateral for TLTRO III 3 vs. 3M Euribor 4 Initial weighted average maturity 5 Initial weighted average maturity of term deposits

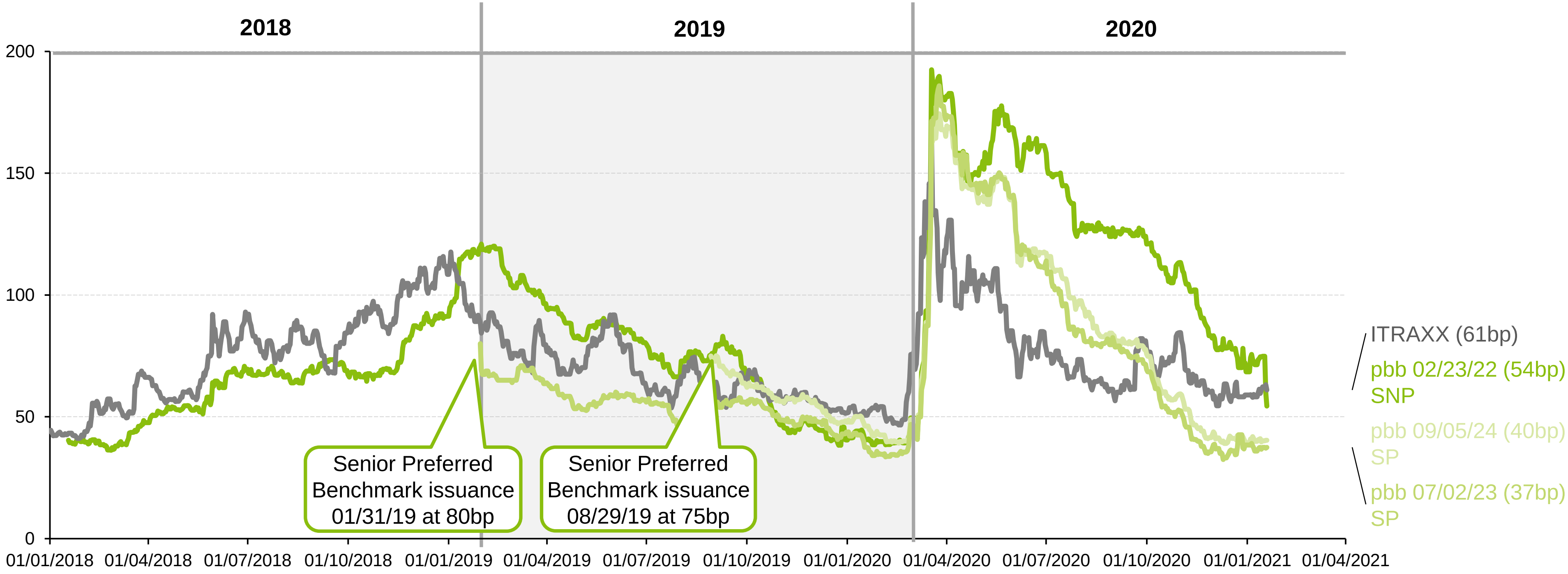
Funding

Encouraging secondary market performance after COVID-19 widening in March



Spread development of pbb Senior Benchmarks vs iTraxx Bank Senior

(Spread in bp vs. 6m Euribor)



Source: Bloomberg 1 Excl. money market and deposit business 2 Excl. "own use" Pfandbriefe issued as collateral for TLTRO III

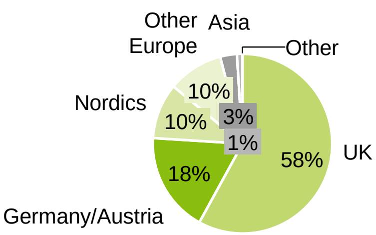
Funding

Strong success for pbb's latest benchmark issuances

pbb DEUTSCHE PFANDBRIEFBANK

	Order
Inaugural £500mn SONIA-linked Hypothekenfandbrief September 2020	Order ~ 2bn GBP
$750mn 3-year 0.500% Hypothekenpfandbrief January 2021	Order ~1.3bn USD
Inaugural €500mn 5-year GREEN Senior Preferred Bond January 2021	Order ~1.2bn EUR

Besides **overwhelming press coverage** (including ~11,400 views via LinkedIn) **more UK investors** reached and therefore **investor base significantly diversified**

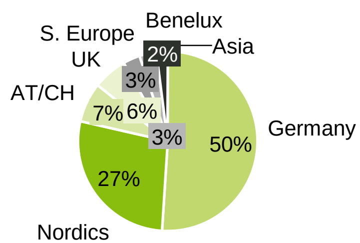


"…Deutsche Pfandbriefbank attracted more demand for its first Sonia-linked Pfandbrief on Thursday than it has for any covered bond it has ever issued..."
Source: Global Capital, Sept 2020

"…This transaction further demonstrates pbb's innovation and commitment to the GBP market as well as its ability to refinance in multiple currencies and to further diversify its investor base…"
Source: Nomura

Bankers said the outcome was impressive

Benefitting from the **relative rarity of the product** and **strong investor demand**

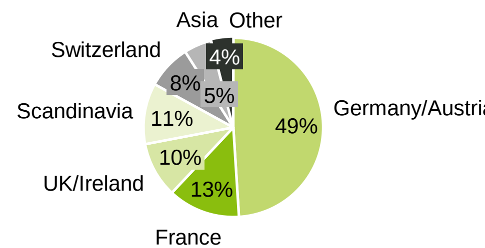


"…The $750m transaction was set with books above $1bn (excl. JLM interest). Books continued to grow steadily and peaked above $1.25bn (excl. JLM) at pricing…"

"…Looking back until 2009, this transaction ties the record for the largest dollar pfandbrief and sets the record for the tightest new issue spread for a dollar pfandbrief (excluding taps)…"

Source: Credit Suisse

Successfully further diversifying investor base and **funding mix**; very strong investor demand resulted in a spread at ms+55 bps.



"…The final c. €1.2 bn order book counted 126 individual investors, predominantly banks and asset managers.The domestic bid was expectedly strong, but buyers from France and Scandinavia also took a notable 13% and 11% share, respectively…"

"…80% of the new notes were allocated to ESG-aligned investors and green accounts significantly increased not only the volume but especially the granularity of the final high quality orderbook. Therefore, the transaction strongly enhances the regular German senior and covered bond issuer's investor diversification and denotes a major milestone in pbb's sustainability strategy…"
Source: Deka

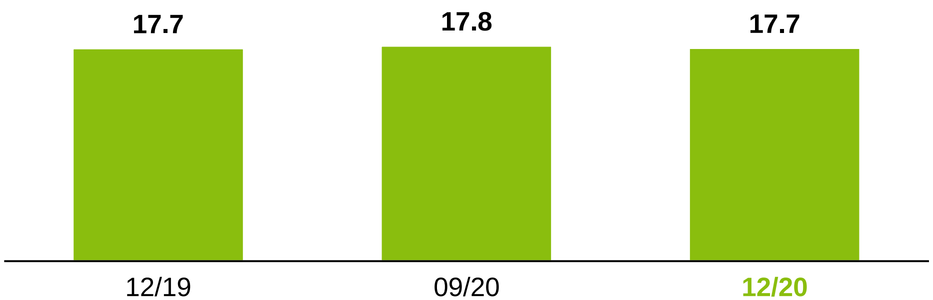
Agenda

DEUTSCHE PFANDBRIEFBANK

Capital
Capitalisation remains strong

pbb DEUTSCHE PFANDBRIEFBANK

Basel III: RWA
€ bn (IFRS)



Basel III: Equity and capital ratios
(IFRS)

Capital in € bn	12/19 reported	12/19 full profit retention[1]	09/20[2]	12/20[3]
CET 1	2.7	2.8	2.7	2.9
AT 1	0.3	0.3	0.3	0.3
Tier 2	0.6	0.6	0.6	0.6
Total Equity	**3.6**	**3.7**	**3.6**	**3.8**

Capital ratios in %	12/19 reported	12/19 full profit retention[1]	09/20[2]	12/20[3]
CET 1	15.2	15.9	15.3	16.1
Tier 1	16.9	17.5	17.0	17.8
Own funds	20.4	21.1	20.4	21.4
Leverage ratio	5.4	5.6	5.7	6.0

RWA development 2020:

- RWA stable y-o-y as a result of the recalibration to expected Basel IV levels in Q4/19, which tends to enhance the stability of risk-weights
  - So far, no significant systematic deterioration in the portfolio
  - RWA increase from individual deteriorations due to COVID-19 and new business compensated by relief out of repayments, FX and maturity effects
  - However, potential future impacts on RWA due to COVID-19 driven reclassification effects

Capital ratios:

- CET 1 ratio of 16.1%[3] up (09/20: 15.3%[2], 12/19: 15.9%[1])
- Increase in regulatory CET 1 capital y-o-y resulting from reduced EL shortfall due to build-up of risk provisions

SREP requirements:

- SREP requirements (excl. anticipated countercyclical buffer of 45 bp):
  - CET 1 ratio: 9.5%
  - Tier 1 ratio: 11.0%
  - Own funds ratio: 13.0%
- ECB's Banking Supervisory Committee lowered requirements due to COVID-19 as of 12.03.2020 with 1.09%-pts CET1-relief for pbb – temporarily adjusted CET1 requirement at 8.86% (incl. anticipated countercyclical buffer)

Note: Figures may not add up due to rounding
1 Retrospectively adjusted, incl. full-year result 2019, based on resolution of AGM to allocate the distributable profit 2019 to other revenue reserves on 28 May 2020 2 Excl. interim result, incl. full-year result 2019 3 After approved year-end accounts

Agenda

Strategic Initiatives

Digitalisation: pbb's digital transformation follows 3 strategic directions – strong focus on process efficiency and customer interaction

DEUTSCHE PFANDBRIEFBANK

Digital Transformation of pbb

Fields of action	Approach	Solution	Strategic & operative Target
Customer	**Positive customer experience** through a modern and efficient cooperation between bank and customer	Digitalisation of the customer interface by building a **client portal for REF customers** and thus establishing an **integral workflow** between customer and bank First **launch** end of March 2021	✓ **Customer satisfaction / retention** ✓ **Efficiency gains on both sides** - for customer and bank
Efficiency	**Improving existing processes** through automation	Digitisation of processes based on new technologies across the **entire value chain**	✓ **Velocity ("time to yes")** ✓ **Quality** ✓ **Cost savings**
Product & Service	**Transfer and development** of pbb's capabilities to **(new) digital products and services**	**CAPVERIANT** as new **platform business model** for public sector financing **Strategic acquisition** of ~ 28.5% stake **by CDC** in 01/21 – joint goal digitisation of municipal business in France Additional **expansion** of the **pbb business model** (e.g. TOC, realGreen)	✓ **Development of pbb business model** ✓ **Diversification and strengthening of income**

Strategic Initiatives

ESG structurally anchored in pbb – ESG criteria integrated into credit process/lending, factors more strongly integrated into risk management and ecological footprint extended

CSR Committee

- **Board Member** involvement and **responsibility**
- Comprising representatives from **all relevant business areas**
- Taking decisions on CSR **strategy and measures**

Focus / Achievements 2020

Environment

Project Green: Green building criteria – Lending, Funding

- Project to structurally **integrate "Green Building" criteria into credit process/lending** launched already in 2019 – **set of criteria has been identified, focus 2020 on measurement** ✓
  - ⇨ **Green Bond** Framework in place since Q2/20 – first Green Bond successfully issued in January 2021 ✓
  - ⇨ **Green Loan** concept currently under development ✓

Risk Management

- **ESG factors** more strongly/explicitly **integrated into risk management landscape** (risk strategy, risk inventory, risk monitoring)

Ecological Footprint

- Reporting on pbb's own **ecological footprint** gradually extended – disclosure according to **scope 1-3** ✓

Social

- Employee matters
- Diversity

- **COVID-19 pandemic** – prevention management for health and safety of staff as well as balancing of work and private challenges ✓
- Employee/talent development, **promotion of women** and **diversity** as well as **employer branding** ✓

Governance

- Governance structure / Remuneration
- Compliance
- Human rights

- Implementation of **explicit guidelines**
  - ⇨ **human rights** ✓
  - ⇨ **Code of conduct for suppliers** under development ✓

Agenda

Summary & Outlook

pbb well positioned to manage challenges ahead

DEUTSCHE PFANDBRIEFBANK

Summary 2020	Guidance 2021
Solid performance with PBT of € 154 mn	**Better PBT** compared to 2020, based on **solid operating performance** but **depending on COVID-19** developments and subsequent impact on loan-loss provisions
NII remains robust, supported by positive effects from market funding and TLTRO III	**NII** stable to slightly higher, supported by continued low funding costs (incl. TLTRO) and floor income
Operating costs are under control	**Operating costs** stable
Risk provisioning with strong build-up of provisions against future pandemic impact on loans	**Risk provisioning** lower, depending on future potential impacts from COVID-19 pandemic; economic impacts expected to become more visible in H2/21
Solid **REF new business volume** with strong increase in **avg. gross interest margin**	**REF new business volume** of € 7.0-8.0 bn relatively stable, but moderate decrease of **avg. gross interest margins**
Strategic **REF** financing volume largely stable, high risk standards retained	Moderate growth in strategic **REF** financing portfolio
Strong **CET1 ratio** with 16.1%	Significantly **above SREP requirements**
Dividend proposal of € 0.26 per share based on upper ceiling of ECB recommendation	**Reassessment of dividend payment** in Q4/21; **dividend policy** of 50% regular dividend plus 25% supplementary dividend[1] remains valid

1 Based on PAT and after AT1 coupon payment

Appendix

DEUTSCHE PFANDBRIEFBANK

Markets

Impact from COVID-19 pandemic very much depending on stringency and duration of measures with accelerating effect on structural challenges – overall, pbb well positioned

pbb DEUTSCHE PFANDBRIEFBANK

COVID-19 Pandemic Challenges

Key drivers

- Stringency of measures
- Duration of measures

- Economy affected by hygiene/social distancing standards as well as government measures to fight the pandemic, esp.
  - Retail: Significantly less frequented
  - Hotel: No/low occupancy
- Unemployment and insolvencies expected to increase with effects on overall economic growth and subsequently on property values and cash flows

Catalyst

Structural Challenges

Key drivers

- Digitalisation
- ESG

- Structural transformation of Retail sector towards online shopping
- Increasing trend towards working from home
- Working in office more influenced by hygiene/social distancing standards to remain mid-/long-term
- Growing large metropolitan areas (density, traffic infrastructure and commuting challenges)
- Environmental requirements (carbon emission reduction, accelerated aging of properties)
- CRE and environmental risk management

pbb

- Selective business approach with overall conservative risk positioning and strong risk monitoring

Focus on:

- Prime A locations
- Top sponsors
- Low leverage lending
- Long-term stable cash flows with focus on tenant quality and lease roll-over risk
- Solid covenant structures

- mitigates the risk of future volatility in property market values
- provides for solid risk buffers
- allows for early action
- increases commitment of investors/sponsors and thus willingness to inject more equity into the transaction

- Currently, no Hotels and Shopping Centres; Retail only highly selective with focus on neighborhood shopping/high street retail
- Development loans subject to strong risk-mitigating factors (e.g. high levels of pre-letting/-sales and upfront equity, long-stop dates in lease contracts, no business plans based on increasing rents and/or further yield)

Key figures
pbb Group

DEUTSCHE PFANDBRIEFBANK

Income statement (€ mn)	**2017**	**2018**	**Q1/19**	**Q2/19**	**Q3/19**	**Q4/19**	**2019**	**Q1/20**	**Q2/20**	**Q3/20**	**Q4/20**	**FY/20**
Net interest income	407	450	116	113	112	117	458	111	117	126	125	479
Net fee and commission income	8	6	1	2	1	2	6	2	1	1	2	6
Net income from fair value measurement	-5	-9	-2	-5	5	-5	-7	-17	1	4	4	-8
Net income from realisations	45	32	6	10	15	17	48	14	2	4	6	26
Net income from hedge accounting	-1	-1	-1	-	-2	1	-2	-1	-1	6	-	4
Net other operating income	-1	-7	-1	-1	2	3	3	1	3	-	18	22
Operating Income	**453**	**471**	**119**	**119**	**133**	**135**	**506**	**110**	**123**	**141**	**155**	**529**
Net income from risk provisioning	-10	-14	-1	1	-10	-39	-49	-34	-36	-14	-42	-126
General and administrative expenses	-199	-193	-46	-47	-48	-61	-202	-48	-49	-48	-59	-204
Expenses from bank levies and similar dues	-28	-25	-21	-1	-1	-1	-24	-21	-4	-	-1	-26
Net income from write-downs and write-ups on non-financial assets	-14	-15	-4	-4	-5	-5	-18	-5	-5	-4	-5	-19
Net income from restructuring	2	-9	1	1	1	-	3	-	-	-	-	-
Pre-tax profit	**204**	**215**	**48**	**69**	**70**	**29**	**216**	**2**	**29**	**75**	**48**	**154**
Income taxes	-22	-36	-8	-10	-14	-5	-37	-	-8	-27	-2	-37
Net income	**182**	**179**	**40**	**59**	**56**	**24**	**179**	**2**	**21**	**48**	**46**	**117**

Key ratios (%)	**2017**	**2018**	**Q1/19**	**Q2/19**	**Q3/19**	**Q4/19**	**2019**	**Q1/20**	**Q2/20**	**Q3/20**	**Q4/20**	**FY/20**
CIR[1]	47.0	44.2	42.0	42.9	39.8	48.9	43.5	48.2	43.9	36.9	41.3	42.2
RoE before tax	7.3	7.1	6.0	9.0	9.2	3.4	6.9	-0.3	3.4	9.7	5.9	4.7
RoE after tax	6.5	5.9	4.9	7.6	7.3	2.7	5.7	-0.3	2.3	6.0	5.6	3.4

Balance sheet (€ bn)	**12/17**	**12/18**	**03/19**	**06/19**	**09/19**	**12/19**	**12/19**	**03/20**	**06/20**	**09/20**	**12/20**	**12/20**
Total assets	58.0	57.8	60.3	60.1	59.8	56.8	56.8	56.6	60.7	60.2	58.9	58.9
Equity	2.9	3.3	3.3	3.2	3.2	3.2	3.2	3.2	3.2	3.3	3.3	3.3
Financing volume	45.7	46.4	47.1	46.4	46.3	45.5	45.5	45.0	44.5	44.4	44.2	44.2

Regulatory capital ratios[2]	**12/17**	**12/18**	**03/19**	**06/19**	**09/19**	**12/19**	**12/19**	**03/20**	**06/20**	**09/20**	**12/20**	**12/20**
RWA (€ bn)	14.5	14.6	14.3	13.6	14.3	17.7	17.7	17.3	17.4	17.8	17.7	17.7
CET 1 ratio – phase in (%)	17.6[3]	18.5[3]	18.8[4]	19.4[5]	18.3[5]	15.9[6]	15.9[6]	16.3[7]	15.8[7]	15.3[7]	16.1[8]	16.1[8]

Personnel	**12/17**	**12/18**	**03/19**	**06/19**	**09/19**	**12/19**	**12/19**	**03/20**	**06/20**	**09/20**	**12/20**	**12/20**
Employees (FTE)	744	750	743	746	750	752	752	749	763	772	782	782

Note: annual results 2017, 2018, 2019 and 2020 audited, interim results Q1 and Q3 2019/20 unaudited, interim results Q2 2019/20 unaudited, but reviewed
1 CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income 2 Basel III transition rules 3 Incl. full-year result, post dividend 4 Excl. interim result, post dividend 2018 5 Excl. interim result
6 Adjusted, incl. full-year result 2019, based on resolution of AGM to allocate the distributable profit 2019 to other revenue reserves on 28 May 2020 7 Excl. interim result, incl. full-year result 2019 8 After approved year-end accounts

Segment reporting

Segment performance reflects impact from COVID-19 pandemic

	REF				PIF				Value Portfolio			
Income statement (IFRS, € mn)	**Q4/19**	**Q4/20**	**FY/19**	**FY/20**	**Q4/19**	**Q4/20**	**FY/19**	**FY/20**	**Q4/19**	**Q4/20**	**FY/19**	**FY/20**
Operating income	117	126	433	445	9	10	36	41	8	18	30	39
thereof: Net interest income	*98*	*105*	*385*	*399*	10	9	37	*38*	8	10	29	38
Net income from realisations	*17*	*7*	*48*	*24*	-	-	1	*1*	-	-1	-1	1
Net income from risk provisioning	-42	-44	-57	-129	-	-	-	-1	3	2	8	4
General administrative expenses	-49	-51	-164	-175	-8	-5	-25	-19	-4	-3	-13	-10
Net other revenues	-5	-5	-26	-32	-	-1	-5	-5	-1	-	-8	-8
Pre-tax profit	**21**	**26**	**186**	**109**	**1**	**4**	**6**	**16**	**6**	**17**	**17**	**25**
Key indicators	**Q4/19**	**Q4/20**	**FY/19**	**FY/20**	**Q4/19**	**Q4/20**	**FY/19**	**FY/20**	**Q4/19**	**Q4/20**	**FY/19**	**FY/20**
CIR (%)[1]	46.2	43.7	41.3	42.9	88.9	60.0	75.0	51.2	50.0	16.7	46.7	28.2
RoE before tax (%)	4.4	5.1	11.3	5.6	1.5	8.4	2.7	7.9	3.2	12.8	1.7	3.9
Financing volume (€ bn)	27.1	27.0	27.1	27.0	6.3	5.8	6.3	5.8	12.1	11.4	12.1	11.4

Key drivers 2020:

REF

- Financial **segment performance** reflects impact from COVID-19 pandemic – **risk provisioning** mainly driven by model-based provisions in stage 1&2 and revaluation effects of already provisioned UK shopping centres in stage 3
- **NII** up – supported by lower refinancing costs incl. TLTRO and floor income compensating for lower avg. strategic REF financing volume y-o-y
- **GAE** up y-o-y, including higher costs for regulatory projects and IT insourcing
- **Financing volume** stable y-o-y

PIF

- Financial **segment performance** supported by allocation effects
- **GAE** down y-o-y in line with expectation
- **Financing volume** down due to maturities

Value Portfolio

- Financial **segment performance** supported by allocation effects
- **Financing volume** further down in line with strategy due to maturities

Note: Figures may not add up due to rounding 1 CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income

Key figures
pbb Group 2019 vs. 2020

DEUTSCHE PFANDBRIEFBANK

Income statement (€ mn)	REF		PIF		VP		C&A		pbb Group	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Net interest income	388	399	37	38	29	38	4	4	458	479
Net fee and commission income	7	6	-	-	-1	-	-	-	6	6
Net income from fair value measurement	-8	-6	-2	-1	3	-1	-	-	-7	-8
Net income from realisations	48	24	1	1	-1	1	-	-	48	26
Net income from hedge accounting	-1	3	-	-	-1	1	-	-	-2	4
Net other operating income	2	19		3	1	-	-	-	3	22
Operating Income	**436**	**445**	**36**	**41**	**30**	**39**	**4**	**4**	**506**	**529**
Net income from risk provisioning	-57	-129	-	-1	8	4	-	-	-49	-126
General and administrative expenses	-164	-175	-25	-19	-13	-10	-	-	-202	-204
Expenses from bank levies and similar dues	-14	-16	-3	-3	-7	-7	-	-	-24	-26
Net income from write-downs and write-ups on non-financial assets	-15	-16	-2	-2	-1	-1	-	-	-18	-19
Net income from restructuring	3	-	-	-	-	-	-	-	3	-
Pre-tax profit	**189**	**109**	**6**	**16**	**17**	**25**	**4**	**4**	**216**	**154**

Key figures
Real Estate Finance (REF)

Income statement (€ mn)	2017[3]	2018	Q1/19[4,5]	Q2/19[5]	Q3/19[5]	Q4/19[5]	2019[5]	Q1/20	Q2/20	Q3/20	Q4/20	FY/20
Net interest income	334	372	98	96	96	98	388	93	96	105	105	399
Net fee and commission income	9	6	1	2	2	2	7	2	1	1	2	6
Net income from fair value measurement	-	-8	-	-5	-	-3	-8	-4	1	-2	-1	-6
Net income from realisations	45	27	6	11	14	17	48	11	2	4	7	24
Net income from hedge accounting	-1	-1	-1	1	-2	1	-1	-1	-	3	1	3
Net other operating income	-19	-5	-1	1	-	2	2	2	5	-	12	19
Operating Income	**368**	**391**	**103**	**106**	**110**	**117**	**436**	**103**	**105**	**111**	**126**	**445**
Net income from risk provisioning	-8	-22	-2	-	-13	-42	-57	-33	-39	-13	-44	-129
General and administrative expenses	-158	-154	-37	-39	-39	-49	-164	-41	-42	-41	-51	-175
Expenses from bank levies and similar dues	-15	-14	-12	-1	-1	-	-14	-12	-3	-	-1	-16
Net income from write-downs and write-ups on non-financial assets	-12	-12	-3	-4	-3	-5	-15	-4	-4	-4	-4	-16
Net income from restructuring	2	-7	1	1	1	-	3	-	-	-	-	-
Pre-tax profit	**177**	**182**	**50**	**63**	**55**	**21**	**189**	**13**	**17**	**53**	**26**	**109**

Key ratios (%)	2017	2018	Q1/19	Q2/19	Q3/19	Q4/19	2019	Q1/20	Q2/20	Q3/20	Q4/20	FY/20
CIR[1]	46.2	42.5	38.8	40.6	38.2	46.2	41.1	43.7	43.8	40.5	43.7	42.9
RoE before tax	15.4	12.9	12.6	15.1	13.2	4.4	11.3	2.4	3.4	11.6	5.1	5.6

Key figures (€ bn)	12/17	12/18	03/19	06/19	09/19	12/19	12/19	03/20	06/20	09/20	12/20	12/20
Equity[2]	1.2	1.4	1.4	1.3	1.4	1.7	1.7	1.7	1.7	1.8	1.9	1.9
RWA	8.3	8.3	8.0	7.7	8.6	15.8	15.8	15.4	15.5	16.1	16.0	16.0
Financing volume	24.9	26.8	27.8	27.7	27.7	27.1	27.1	26.8	26.7	26.8	27.0	27.0

Note: annual results 2017, 2018, 2019 and 2020 audited, interim results Q1 and Q3 2019/20 unaudited, interim results Q2 2019/20 unaudited, but reviewed
1 CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income 2 Equity now allocated according to going concern view instead of liquidation approach 3 Adjusted acc. to IFRS 8.29
4 Segment allocation of net income from realisations retrospectively adjusted 5 Segment allocation of net interest income and equity retrospectively adjusted

Key figures
Public Investment Finance (PIF)

DEUTSCHE PFANDBRIEFBANK

Income statement (€ mn)	2017[3]	2018	Q1/19[4,5]	Q2/19[5]	Q3/19[5]	Q4/19[5]	2019[5]	Q1/20	Q2/20	Q3/20	Q4/20	FY/20
Net interest income	30	34	9	9	9	10	37	9	10	10	9	38
Net fee and commission income	-	1	-	-	-	-	-	-	-	-	-	-
Net income from fair value measurement	-2	-2	-	-1	-	-1	-2	-1	-	-	-	-1
Net income from realisations	-	5	-	-	1	-	1	1	-	-	-	1
Net income from hedge accounting	-	-	-	-	-	-	-	-	-	1	-1	-
Net other operating income	-2	-	-	-1	1	-	-	-	1	-	2	3
Operating Income	**26**	**38**	**9**	**7**	**11**	**9**	**36**	**9**	**11**	**11**	**10**	**41**
Net income from risk provisioning	-6	4	-	-	-	-	-	-	-	-1	-	-1
General and administrative expenses	-27	-27	-6	-5	-6	-8	-25	-4	-5	-5	-5	-19
Expenses from bank levies and similar dues	-4	-4	-3	-	-	-	-3	-3	-	-	-	-3
Net income from write-downs and write-ups on non-financial assets	-1	-2	-1	-	-1	-	-2	-1	-	-	-1	-2
Net income from restructuring	-	-1	-	-	-	-	-	-	-	-	-	-
Pre-tax profit	**-12**	**8**	**-1**	**2**	**4**	**1**	**6**	**1**	**6**	**5**	**4**	**16**

Key ratios (%)	2017	2018	Q1/19	Q2/19	Q3/19	Q4/19	2019	Q1/20	Q2/20	Q3/20	Q4/20	FY/20
CIR[1]	>100	76.3	77.8	71.4	63.6	88.9	75.0	55.6	45.5	45.5	60.0	51.2
RoE before tax	-8.0	5.4	-3.5	3.3	7.4	1.5	2.7	1.6	11.4	9.8	8.4	7.9

Key figures (€ bn)	12/17	12/18	03/19	06/19	09/19	12/19	12/19	03/20	06/20	09/20	12/20	12/20
Equity[2]	0.2	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2
RWA	1.6	1.4	1.4	1.5	1.4	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Financing volume	7.0	6.4	6.4	6.4	6.3	6.3	6.3	6.3	6.0	5.9	5.8	5.8

Note: annual results 2017, 2018, 2019 and 2020 audited, interim results Q1 and Q2 2019/20 unaudited, interim results Q2 2019/20 unaudited, but reviewed
1 CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income 2 Equity now allocated according to going concern view instead of liquidation approach 3 Adjusted acc. to IFRS 8.29
4 Segment allocation of net income from realisations retrospectively adjusted 5 Segment allocation of net interest income and equity retrospectively adjusted

Key figures
Value Portfolio (VP)

Income statement (€ mn)	2017[3]	2018	Q1/19[4,5]	Q2/19[5]	Q3/19[5]	Q4/19[5]	2019[5]	Q1/20	Q2/20	Q3/20	Q4/20	FY/20
Net interest income	37	39	8	7	6	8	29	8	10	10	10	38
Net fee and commission income	-1	-1	-	-	-1	-	-1	-	-	-	-	-
Net income from fair value measurement	-3	1	-2	1	5	-1	3	-12	-	6	5	-1
Net income from realisations	-	-	-	-1	-	-	-1	2	-	-	-1	1
Net income from hedge accounting	-	-	-	-1	-	-	-1	-	-	2	-	1
Net other operating income	20	-2	-	-1	1	1	1	-1	-1	-	4	-
Operating Income	**53**	**37**	**6**	**5**	**11**	**8**	**30**	**-3**	**3**	**18**	**18**	**39**
Net income from risk provisioning	4	4	1	1	3	3	8	-1	3	-	2	4
General and administrative expenses	-14	-12	-3	-3	-3	-4	-13	-3	-2	-2	-3	-10
Expenses from bank levies and similar dues	-9	-7	-6	-	-	-1	-7	-6	-1	-	-	-7
Net income from write-downs and write-ups on non-financial assets	-1	-1	-	-	-1	-	-1	-	-1	-	-	-1
Net income from restructuring	-	-1	-	-	-	-	-	-	-	-	-	-
Pre-tax profit	**33**	**20**	**-2**	**3**	**10**	**6**	**17**	**-13**	**5**	**16**	**17**	**25**

Key ratios (%)	2017	2018	Q1/19	Q2/19	Q3/19	Q4/19	2019	Q1/20	Q2/20	Q3/20	Q4/20	FY/20
CIR[1]	28.3	35.1	50.0	60.0	36.4	50.0	46.7	n/a	50.0	11.1	16.7	28.2
RoE before tax	2.8	1.4	-1.3	1.1	5.6	3.2	1.7	-9.1	2.8	11.0	12.8	3.9

Key figures (€ bn)	12/17	12/18	03/19	06/19	09/19	12/19	12/19	03/20	06/20	09/20	12/20	12/20
Equity[2]	1.1	1.1	1.1	0.9	0.8	0.6	0.6	0.6	0.6	0.5	0.5	0.5
RWA	3.5	4.0	4.0	3.7	3.6	0.5	0.5	0.5	0.5	0.4	0.4	0.4
Financing volume	13.8	13.2	12.9	12.3	12.3	12.1	12.1	11.9	11.8	11.7	11.4	11.4

Note: annual results 2017, 2018, 2019 and 2020 audited, interim results Q1 and Q3 2019/20 unaudited, interim results Q2 2019/20 unaudited, but reviewed
1 CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income 2 Equity now allocated according to going concern view instead of liquidation approach 3 Adjusted acc. to IFRS 8.29
4 Segment allocation of net income from realisations retrospectively adjusted 5 Segment allocation of net interest income and equity retrospectively adjusted

Balance sheet

Specialist lender with attractive German Pfandbrief as major funding instrument

pbb DEUTSCHE PFANDBRIEFBANK

Balance sheet

IFRS, € bn

Assets	31/12/20	31/12/19	Liabilities & equity	31/12/20	31/12/19
Financial assets at fair value through P&L	**1.4**	**1.3**	**Financial liabilities at fair value through P&L**	**0.6**	**0.8**
thereof			thereof		
Positive fair values of stand-alone derivatives	0.7	0.7	Negative fair values of stand-alone derivatives	0.6	0.8
Debt securities	0.1	0.1	**Financial liabilities measured at amortised cost**	**52.6**	**49.7**
Loans and advances to customers	0.5	0.5	thereof		
Financial assets at fair value through OCI	**1.5**	**1.7**	Liabilities to other banks (incl. central banks)	9.8	4.2
thereof			thereof		
Debt securities	1.4	1.3	*Registered Mortgage Pfandbriefe*	*0.3*	*0.3*
Loans and advances to customers	0.1	0.4	*Registered Public Pfandbriefe*	*0.5*	*0.3*
Financial assets at amortised cost (after credit loss allowances)	**48.7**	**50.2**	Liabilities to other customers	22.6	24.0
thereof			thereof		
Debt securities	7.5	7.7	*Registered Mortgage Pfandbriefe*	*4.3*	*4.6*
Loans and advances to other banks	1.9	2.4	*Registered Public Pfandbriefe*	*9.1*	*9.9*
Loans and advances to customers	39.3	40.2	Bearer Bonds	19.5	20.9
Positive fair values of hedge accounting derivatives	**1.7**	**2.2**	thereof		
Other assets	**5.6**	**1.4**	*Mortgage Pfandbriefe*	*10.7*	*12.4*
			Public Pfandbriefe	*2.3*	*3.0*
			Subordinated liabilities	0.7	0.7
			Negative fair values of hedge accounting derivatives	**1.9**	**2.6**
			Other liabilities	**0.5**	**0.5**
			Equity (attributable to shareholders)	**3.0**	**2.9**
			AT1-capital	**0.3**	**0.3**
Total Assets	**58.9**	**56.8**	**Total liabilities & equity**	**58.9**	**56.8**

Share of Pfandbriefe of refinancing liabilities

52% / 61%

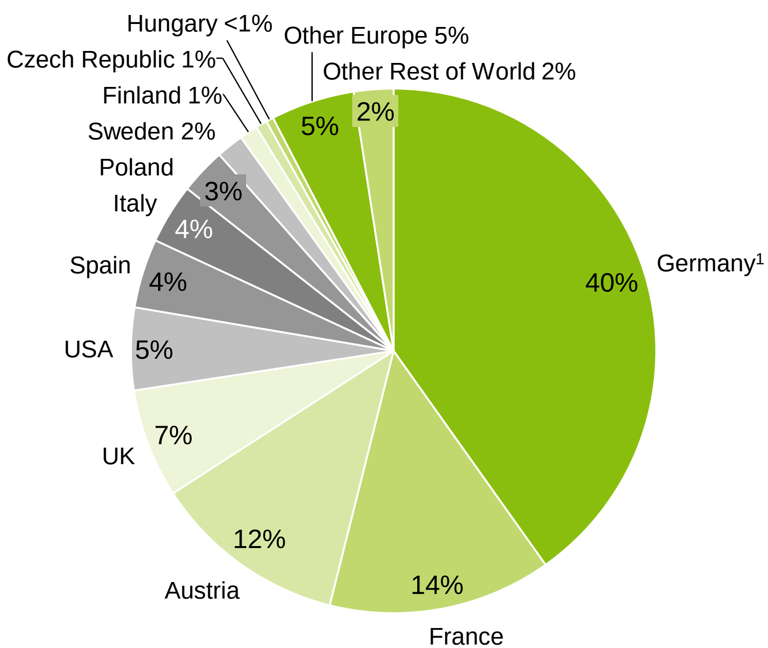
Note: Figures may not add up due to rounding

Portfolio
Total portfolio

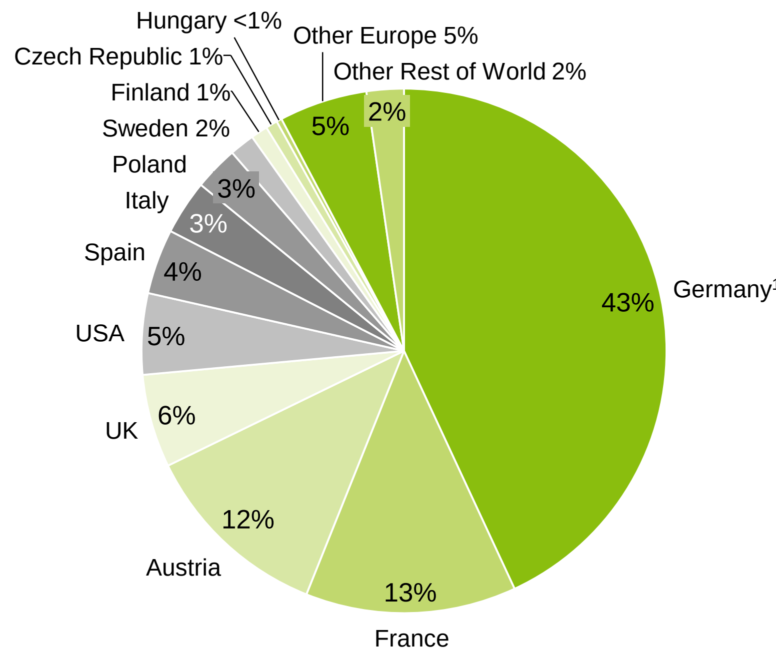
€ bn (EaD, Basel III)

Regions

31/12/2019 / Total: € 55.5 bn



31/12/2020 / Total: € 58.0 bn



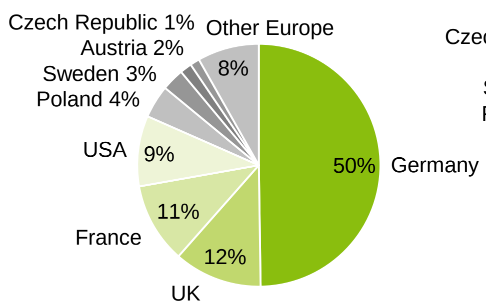
Note: Figures may not add up due to rounding   1 Incl. Bundesbank accounts (12/19: € 1.1 bn; 12/20: € 5.4 bn)

Portfolio
Real Estate Finance (REF)

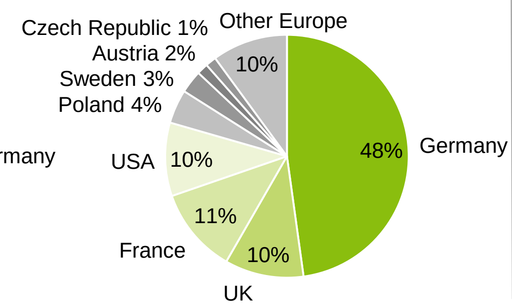
€ bn (EaD, Basel III)

Regions

31/12/2019: € 29.8 bn

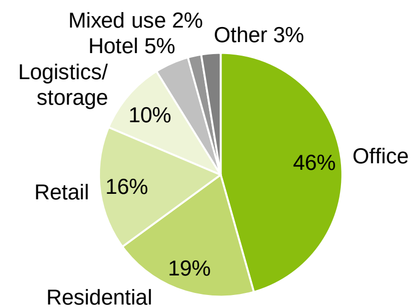


31/12/2020: € 29.3 bn

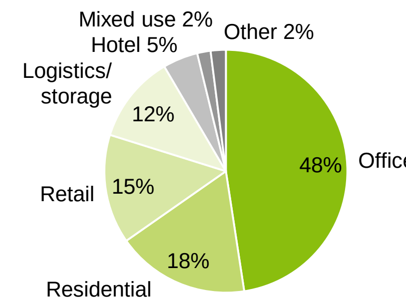


Property types

31/12/2019: € 29.8 bn

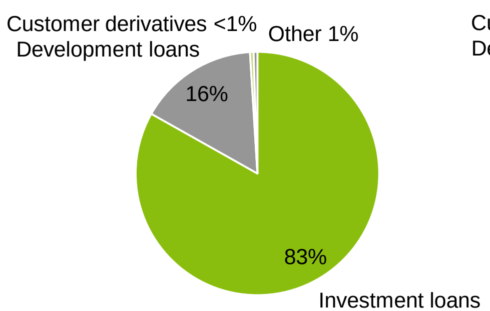


31/12/2020: € 29.3 bn

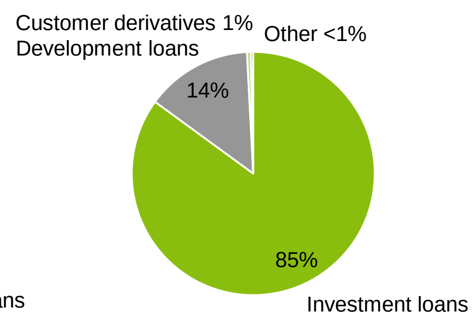


Loan types

31/12/2019: € 29.8 bn

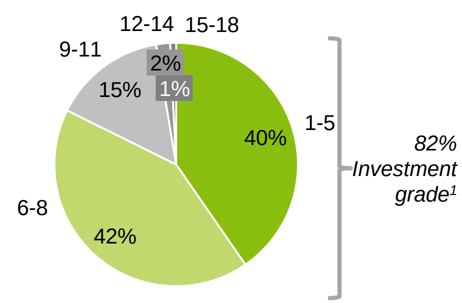


31/12/2020: € 29.3 bn

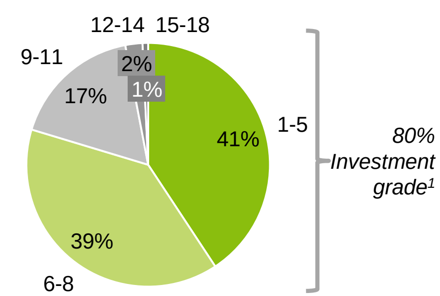


Internal ratings (EL classes)

31/12/2019: € 29.8 bn



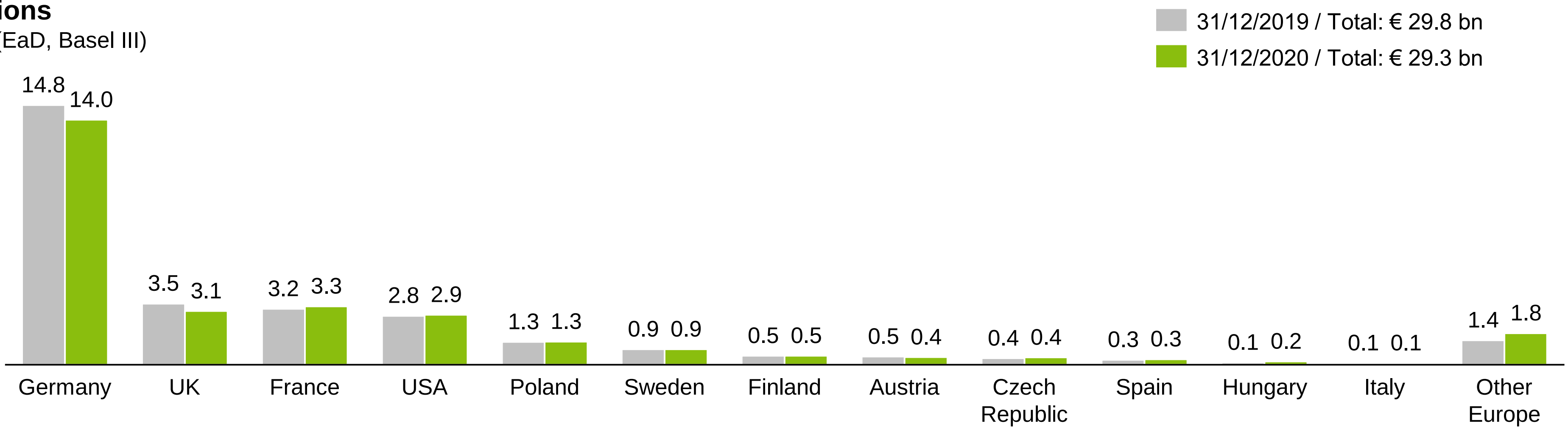
31/12/2020: € 29.3 bn



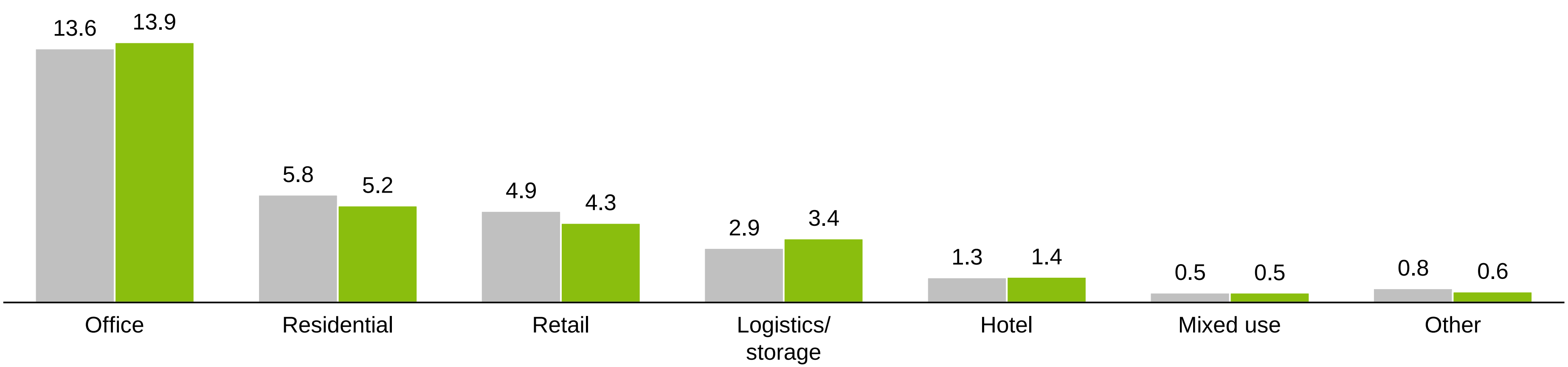
Note: Figures may not add up due to rounding   1 Internal EL Classes 1-8 = Investment grade; Internal EL classes 9-18 = Non-investment grade

Portfolio
Real Estate Finance (REF)

Regions
€ bn (EaD, Basel III)



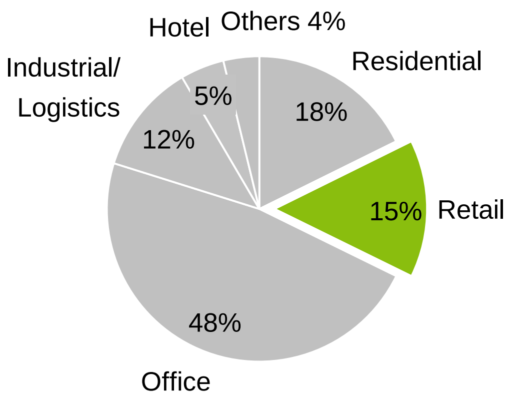
Property types
€ bn (EaD, Basel III)



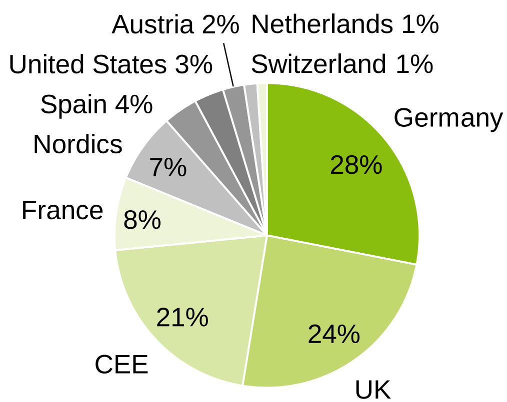
Note: Figures may not add up due to rounding

REF portfolio
Special focus: Retail

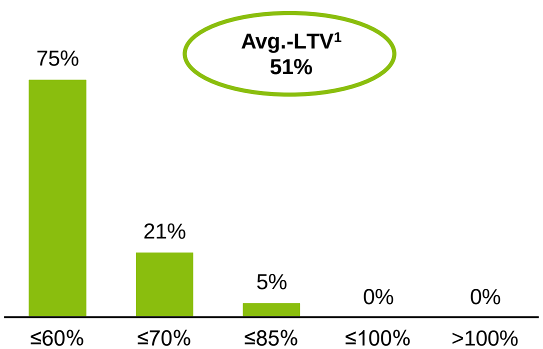
REF portfolio: Property types
31/12/2020: € 29.3 bn (EaD, Basel III)



Retail: Countries
31/12/2020: € 4.3 bn (EaD, Basel III)



Retail portfolio: LTV[1] ratio
31/12/2020: € 4.3 bn (EaD, Basel III)

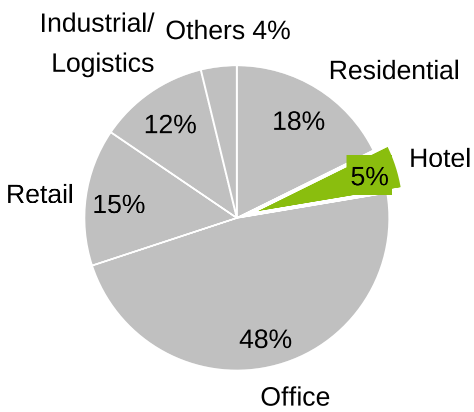


- Structural changes to overall retail segment (e.g. e-Commerce, Brexit) resulted in foresighted reduction of pbb's retail exposure (12/20: 15%; 12/19: 16%; 12/16: 26%); current retail exposure completely comprises investments loans
- Main countries Germany, UK and Poland (major part of CEE)
  - UK – Retail Parks, Shopping Centres and Outlet Parks
  - Poland – Local and regional Shopping Malls in larger/mid sized cities
  - Germany – Broad selection of Shopping Malls (mostly owned / operated by market leaders), High Street Shopping, Neighborhood Shopping Centres and Retail Parks
- Average LTV[1] of 51%
- COVID-19 impact varies depending on asset class and country.
  - In most countries official lockdowns / restrictions in shop frequency lead, inter alia, to hold backs of rent
  - Fashion dominated Shopping Centres most impacted as per today
  - recovery differing from country to country/sub-asset class to sub-asset class
  - Food retailing less impacted / Retail Parks mostly with limited impact / Factory Outlet Centres after first lock down with stronger than expected recovery, recovery post present second wave of lock down to be seen
- In order to support borrowers in present environment, pbb agreed in some cases to temporary adapt amortisation schedules and covenant structures, furthermore consented to alterations of lease contracts
- Further development very much dependent on further course of Corona-Pandemic, in particular recovery post present second pandemic wave
- At present increase in insolvencies of retail tenants, furthermore wave of announcements of cut backs in branch networks

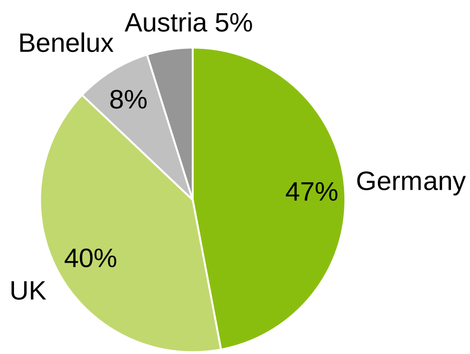
Note: Figures may not add up due to rounding   1 Based on performing investment loans only, values not fully reflecting corona effects, defaulted transactions excluded from this calculation

REF portfolio
Special focus: Hotel

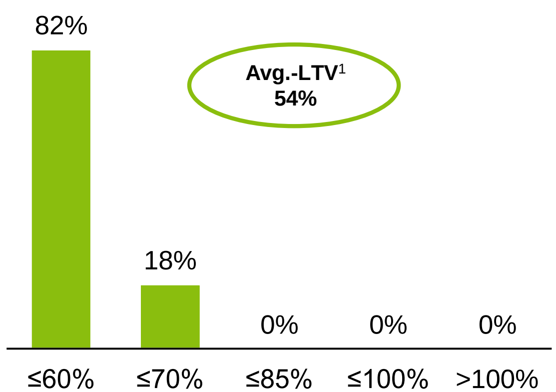
REF portfolio: Property types
31/12/2020: € 29.3 bn (EaD, Basel III)



Hotel: Countries
31/12/2020: € 1.4 bn (EaD, Basel III)



Hotel portfolio: LTV[1] ratio
31/12/2020: € 1.4 bn (EaD, Basel III)



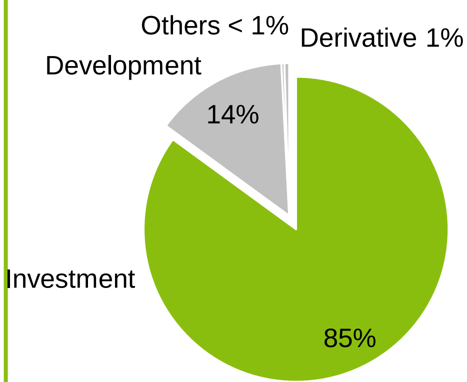
- Focus on business hotels in metropolitan regions of
  - Germany – Frankfurt, Hamburg, Munich, Berlin, Stuttgart,
  - Benelux – Luxembourg, Den Haag, Utrecht,
  - London and Vienna.
- No holiday resort hotels.
- 91% investment loans, only 9% developments.
- Typically good sponsor / brand background with established large brands / trademarks.
- Average LTV[1] of 54%.
- Most hotels financed by pbb have kept open during present second pandemic wave, however are trading at rather low occupancy rates (mostly below 25%).
- A number of Hotel Operators/Tenants have substantially tapped into state subsidies/taken measures like e.g. sale and lease-back/have initiated restructuring measures in order to keep the company afloat during crisis.
- Recovery is now expected to take substantially longer than originally expected by market participants and substantial catch up to pre crisis levels not to be seen before 2023, still, however, depending on further course of pandemic (in particular regarding travel restrictions). Vaccination however could during 2021 at least give support to recovery and first of all domestic travel.
- Based on prime location / sponsor quality / well-known branding, **we still generally expect good recovery and stabilisation post COVID-19 for hotels financed by pbb**
- In order to support borrowers, pbb agreed in some cases to temporary adapt amortisation schedules and covenant structures. Second wave of waivers expected due to prolonged market recovery expectations.
- At present, a number of tenants/operators are in negotiations with the land lords in order to achieve long term sustainable alterations of lease contracts.

Note: Figures may not add up due to rounding

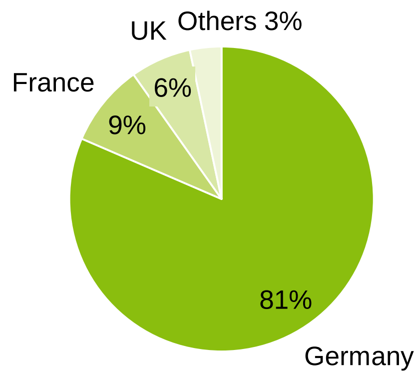
1 Based on performing investment loans only, values not fully reflecting corona effects

REF portfolio
Special focus: Developments

REF portfolio: Loan types
31/12/2020: € 29.3 bn (EaD, Basel III)



Developments: Countries
31/12/2020: € 4.1 bn (EaD, Basel III)

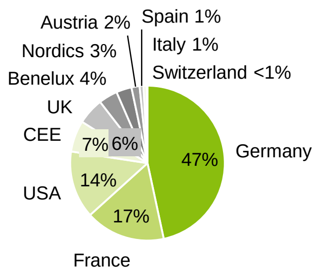
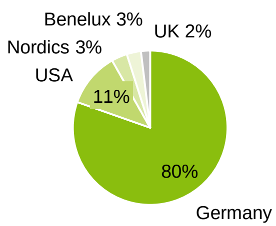
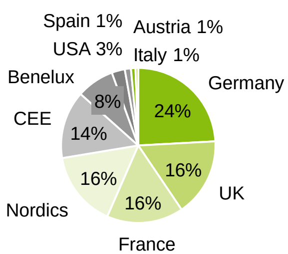


- Portfolio share of 14% with focus on Office (52%) and Residential (25%) mainly in Germany (81%) and France (9%)
- Strong risk-mitigating factors:
  - Experienced sponsors.
  - Good locations.
  - Excellent infrastructure.
  - High pre letting / pre-sales requirements for new transactions.
  - Long stop dates in lease and sales contracts providing comfortable buffers in terms of construction delays.
  - pbb is very strictly monitoring all our development financings leading to a very high risk transparency on our development exposure.
- Loan disbursements strictly linked to respective project and corresponding construction/letting progress.
- Except for officially ordered temporal lock downs in France, **pbb financed projects so far were not substantially impacted in its progress by COVID-19**, in France delays by 3 to 4 months were caused, which do not threaten overall project progresses. Sales of condominiums (business line in Germany only) seem to have caught up to pre crisis levels in terms of number of sales/sales price levels.
- **Due to rather strict credit quality approach of pbb for developments at present, this sector of pbb loan book is seen as stable.**
- Further development partially, however, still depending on further course the pandemic is to take, e.g.
  - Tenants of prelettings coming under economic pressure/pre lets falling away, by that existing sales contracts coming under pressure.
  - Unlet space becoming more difficult to let and therefore exit getting more difficult.

Note: Figures may not add up due to rounding

Markets
Sub-segments

pbb DEUTSCHE PFANDBRIEFBANK

Property type	Regions	Evaluation of current situation	Challenges	Risk positioning
Office € 13.9 bn (48%)		■ Already slight rise in vacancies ■ Yields slightly increased in a few markets and some further yield softening can be expected. ■ Prime properties with long-term leases to first-class tenants do however even see yield compression.	■ Financial difficulties of tenants / insolvencies expected to increase ■ Increased reletting/extension risks with pressure on rental level ■ Good locations expected to remain stable ■ Structural changes – Work from home – Hygiene/social distancing standards	■ Focus on top locations ■ Conservative risk positioning: avg. LTV of 52%[1] provides good buffer and supports commitment of investors/sponsors ■ Well diversified portfolio with focus in Germany
Residential € 5.2 bn (18%)		■ At present, markets are relatively stable, especially in countries with strong social welfare programs ■ Negative impact on occupancy ratios in US and UK ■ Growth in rental and sales prices seen so far expected to soften in future ■ Stabilising element: investors tend to classify residential as solid asset class with partially increasing demand	■ Unemployment expected to increase ■ Increasing vacancy rates in US and UK market expected ■ 'Work from home' could encourage migration from city to country	■ Focus on good locations ■ Conservative risk positioning ■ Portfolio volume of € 5.2 bn with conservative avg. LTV of 48%[1] provides good buffer and supports commitment of investors/sponsors ■ Well diversified portfolio with strong focus on Germany
Logistics € 3.4 bn (12%)		■ Logistic properties are very popular for investors ■ Prices have decoupled from overall trend and increased in last years ■ Benefitting from increasing focus on e-commerce and the need of more resilient supply chains ■ Further price increases possible in a short term	■ Currently taking advantage of the pandemic crisis ■ Increasing focus on online-shopping ■ Need for more resilient supply chains in the industry sector ■ Monoline logistics centres ■ Limited availability of new space ■ In some markets trend to overheated prices	■ Focus on locations with good infrastructure and connection to a variety of different transportation routes ■ Conservative risk positioning: avg. LTV of 54%[1] provides good buffer and supports commitment of investors/sponsors ■ Well diversified portfolio ■ High quality of sponsors

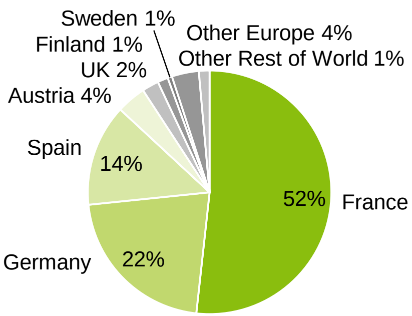
1 Based on performing investment loans only, COVID-19 effects not yet fully reflected

Portfolio
Public Investment Finance (PIF)

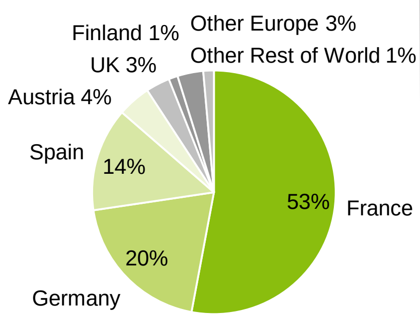
€ bn (EaD, Basel III)

Regions

31/12/2019: € 7.1 bn

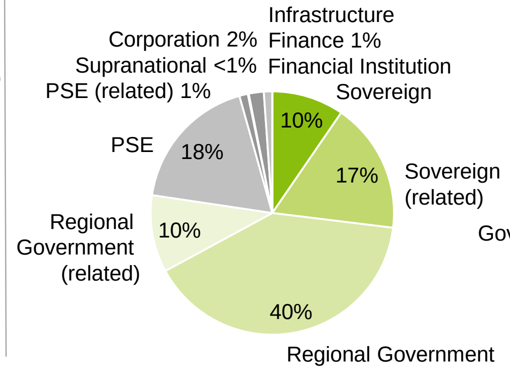


31/12/2020: € 6.5 bn

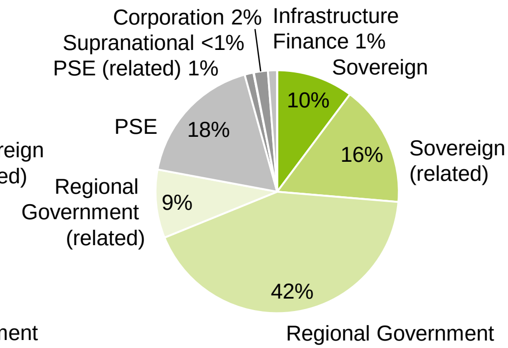


Borrower classification[1]

31/12/2019: € 7.1 bn

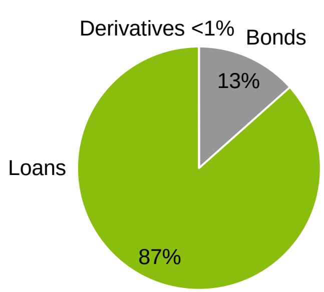


31/12/2020: € 6.5 bn

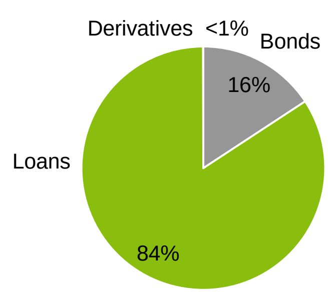


Product class

31/12/2019: € 7.1 bn

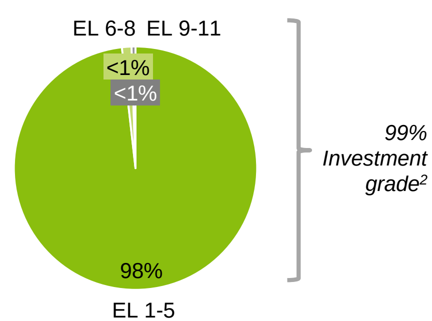


31/12/2020: € 6.5 bn

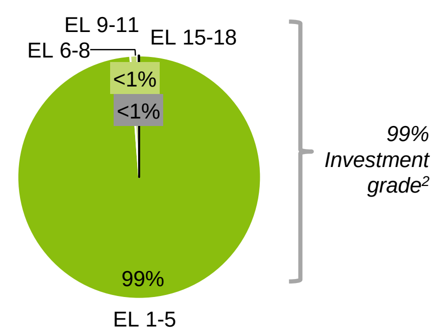


Internal ratings (EL classes)

31/12/2019: € 7.1 bn



31/12/2020: € 6.5 bn



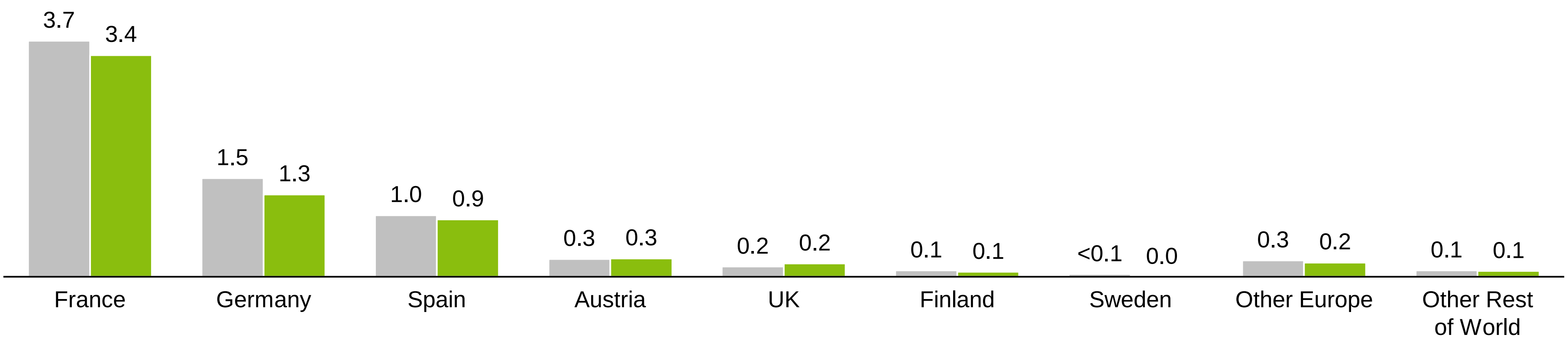
Note: Figures may not add up due to rounding 1 See appendix for definition of borrower classification 2 Internal EL Classes 1-8 = Investment grade; Internal EL classes 9-18 = Non-investment grade

Portfolio
Public Investment Finance (PIF)

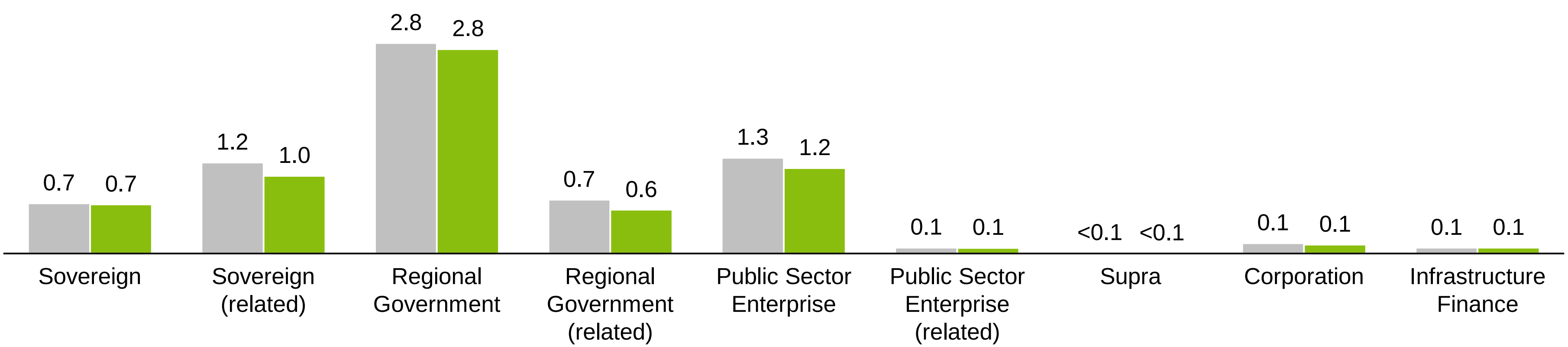
DEUTSCHE PFANDBRIEFBANK

Regions
€ bn (EaD, Basel III)

31/12/2019 / Total: € 7.1 bn
31/12/2020 / Total: € 6.5 bn



Borrower classification[1]
€ bn (EaD, Basel III)



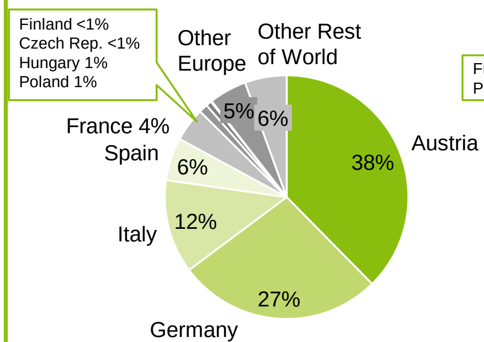
Note: Figures may not add up due to rounding   1 See appendix for definition of borrower classification

Portfolio
Value Portfolio (VP)

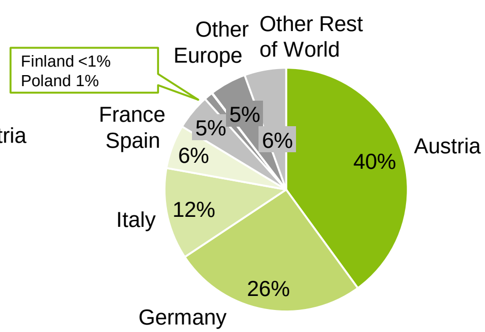
€ bn (EaD, Basel III)

Regions

31/12/2019: € 15.6 bn

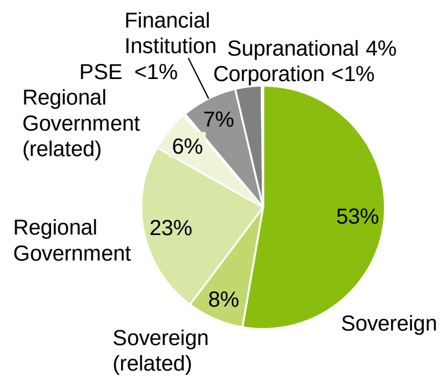


31/12/2020: € 15.2 bn

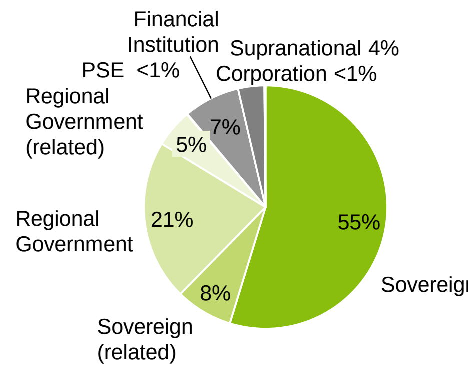


Borrower classification[1]

31/12/2019: € 15.6 bn

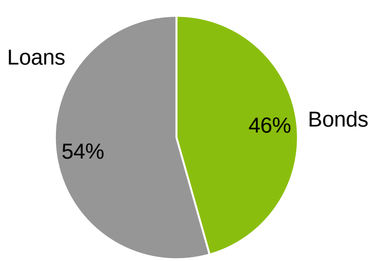


31/12/2020: € 15.2 bn

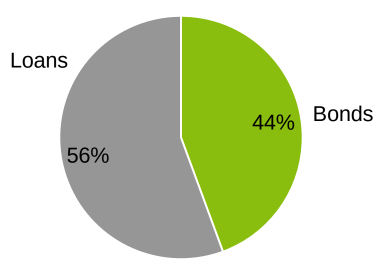


Product class

31/12/2019: € 15.6 bn

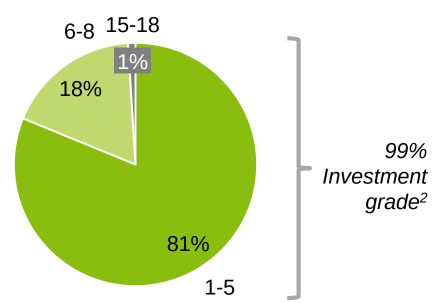


31/12/2020: € 15.2 bn

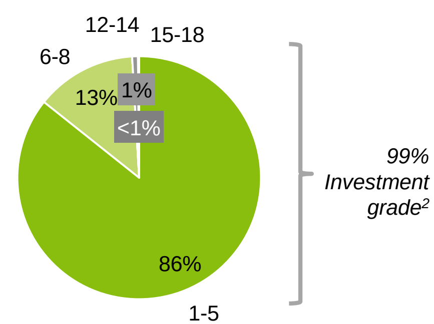


Internal ratings (EL classes)

31/12/2019: € 15.6 bn



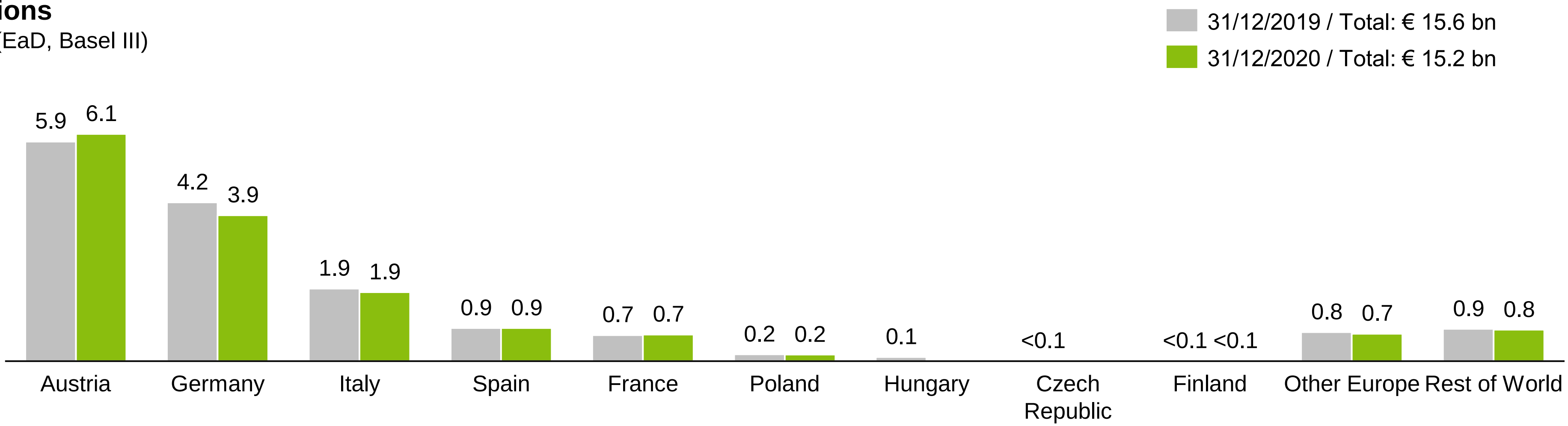
31/12/2020: € 15.2 bn



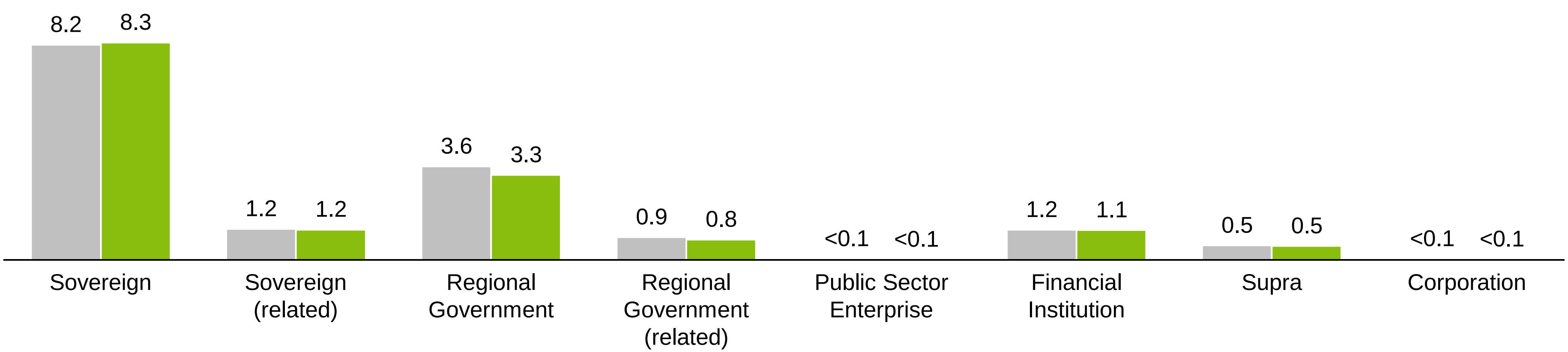
Note: Figures may not add up due to rounding 1 See appendix for definition of borrower classification 2 Internal EL Classes 1-8 = Investment grade; Internal EL classes 9-18 = Non-investment grade

Portfolio
Value Portfolio (VP)

Regions
€ bn (EaD, Basel III)



Borrower classification[1]
€ bn (EaD, Basel III)



Note: Figures may not add up due to rounding

1 See appendix for definition of borrower classification

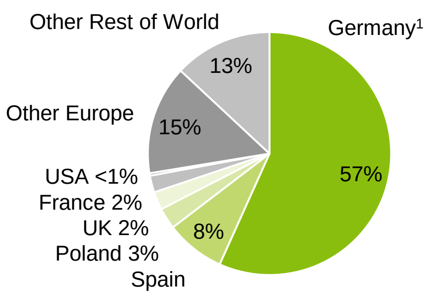
Portfolio
Consolidation & Adjustments (C&A)

DEUTSCHE PFANDBRIEFBANK

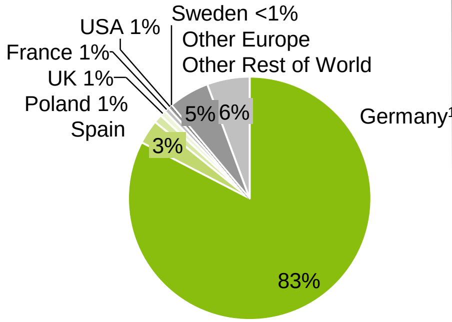
€ bn (EaD, Basel III)

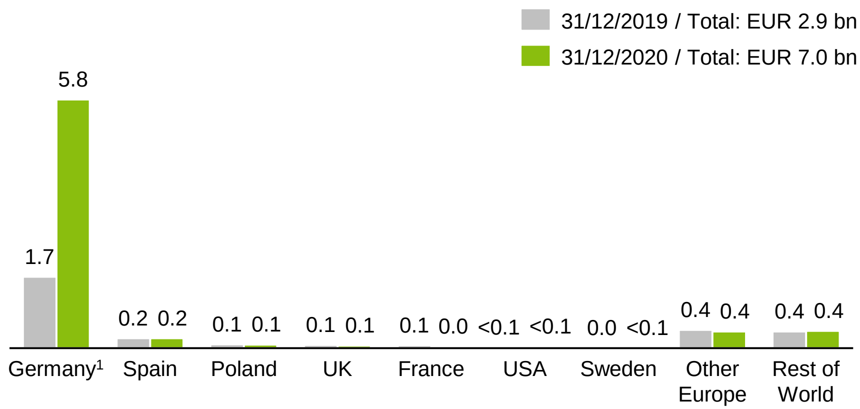
Regions

31/12/2019: € 2.9 bn



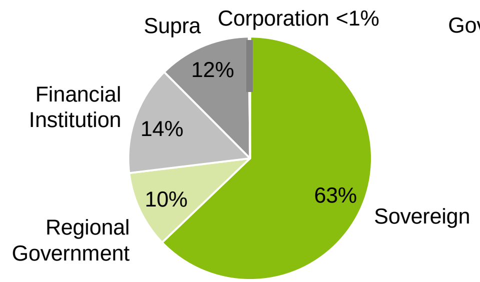
31/12/2020: € 7.0 bn



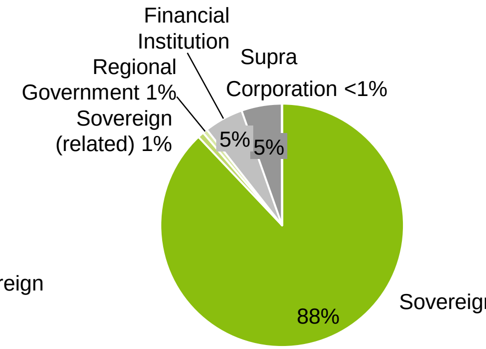


Borrower classification[2]

31/12/2019: € 2.9 bn

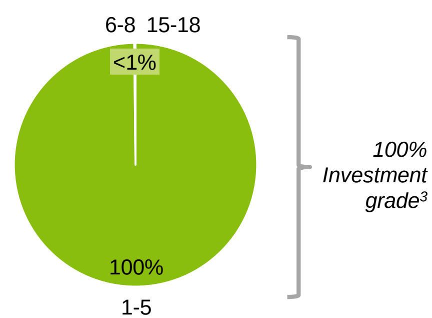


31/12/2020: € 7.0 bn

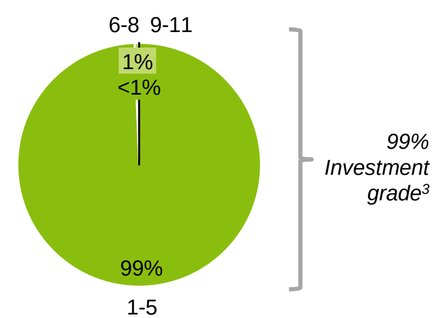


Internal ratings (EL classes)

31/12/2019: € 2.9 bn



31/12/2020: € 7.0bn

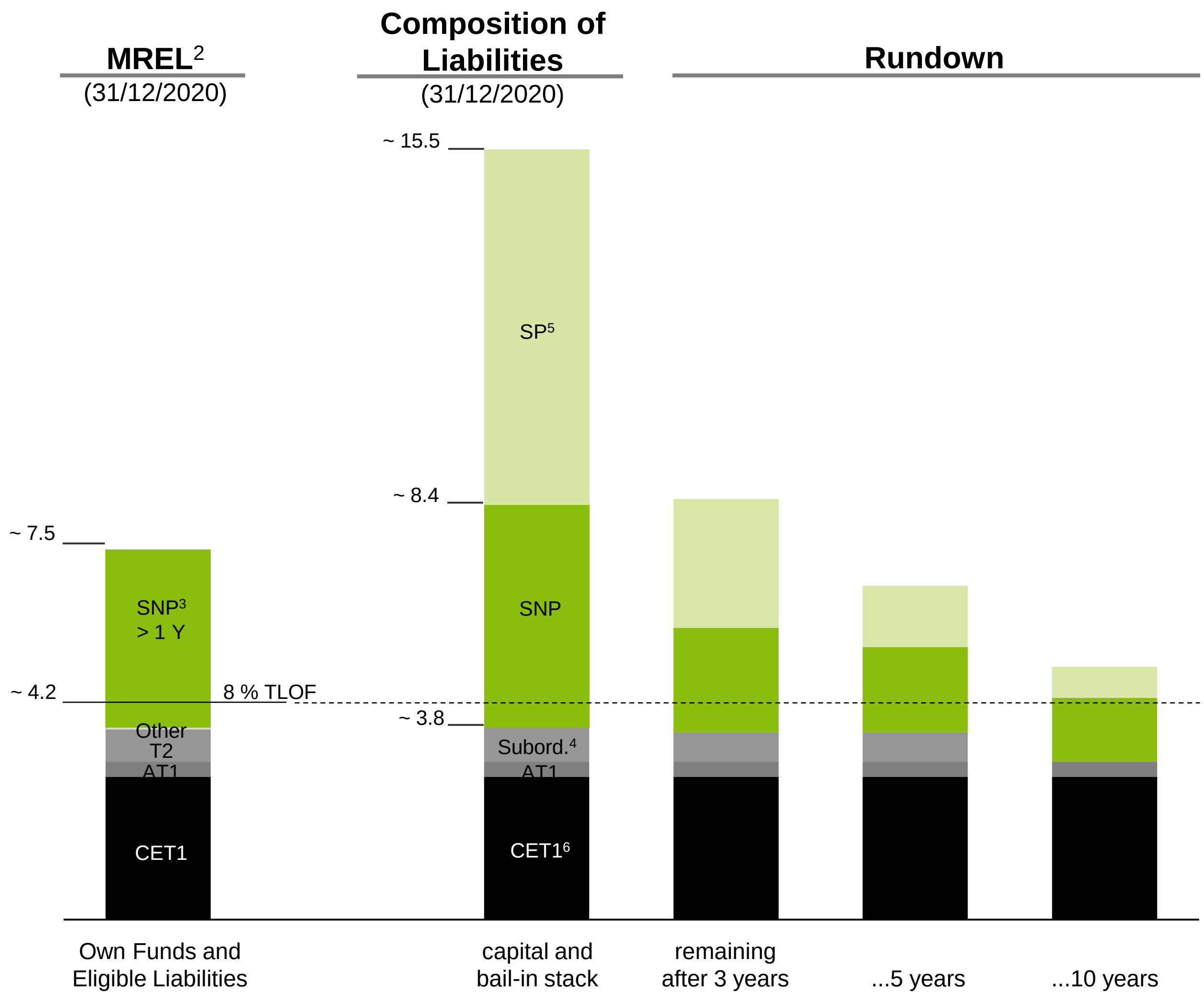


Note: Figures may not add up due to rounding
1 Incl. Bundesbank accounts (12/19: € 1.1 bn; 12/20: € 5.4 bn) 2 See appendix for definition of borrower classification 3 Internal EL Classes 1-8 = Investment grade; Internal EL classes 9-18 = Non-investment grade

Funding

Ambition level for Own Funds and Eligible Liabilities of more than 8 % TLOF

(in € bn as of 31/12/2020)[1]



- Substantial buffer for Senior Preferred (SP) investors due to high volume of capital instruments and Senior Non-Preferred (SNP) liabilities
- Existing Senior Non-Preferred liabilities have long remaining terms
- SP is expected to be the prevailing senior product in the near-term, but SNP will remain an element of pbb´s funding strategy
- pbb has a MREL-ambition level of > 8 % TLOF
- Regulatory requirements (SREP, MREL etc.) are comfortably met

1 Without allocation to retained earnings from the 2020 annual result 2 pbb has set its ambition level at > 8% TLOF. As of 31 December 2020, MREL eligible items amounted to ~14% TLOF (based on TLOF as of 31.12.2020) / ~42% RWA / ~14% Leverage Exposure 3 MREL-eligible Senior Non-Preferred Debt >1Y according to legal maturities 4 Nominal amount of Tier 2 instruments; the capital stack includes € 300 mn AT1 issuance callable in 2023 and € 300 mn T2 issuance callable in 2022 5 Senior Preferred, structured unsecured and corporate deposits (excl. protected deposits) 6 CET1 assumed to be constant

Funding

Public benchmark issuances since 2017

Types	WKN	Launch Date	Maturity Date	Size	Spread[1]	Coupon	Issue/Reoffer Price
Mortgage Pfandbrief	A2ADASA	05/01/2017	01/03/2022	GBP 250 mn	+55 bp[2]	3m-Libor +55 bp	100.00%
Mortgage Pfandbrief (5th Tap)	A1PG3M	16/01/2017	20/12/2019	GBP 50 mn	+50 bp[2]	1.875%	102.32%
Public Sector Pfandbrief (1st Tap)	A2AAVU	17/01/2017	30/08/2019	USD 100 mn	+55 bp[3]	1.625%	98.764%
Senior Unsecured	A2DASD	23/01/2017	29/01/2021	EUR 500 mn	+90 bp	0.875%	99.797%
Mortgage Pfandbrief	A2DASJ	01/02/2017	09/08/2021	EUR 500 mn	-6 bp	0.05%	99.901%
Senior Unsecured	A2DASK	08/02/2017	14/02/2020	EUR 150 mn	+75 bp[5]	3m-Euribor+75 bp	100.00%
Mortgage Pfandbrief	A2DASU	25/04/2017	04/05/2020	USD 600 mn	+55 bp[3]	2.25%	99.827%
Tier 2	XS01637926137	21/06/2017	28/06/2027	EUR 300 mn	+275 bp	2.875%	99.904%
Mortgage Pfandbrief (1st Tap)	A2DASU	03/08/2017	04/05/2020	USD 100 mn	+40 bp[3]	2.25%	100.417%
Mortgage Pfandbrief	A2E4ZE	29/08/2017	05/09/2022	EUR 500 mn	-7 bp	0.05%	99.930%
Mortgage Pfandbrief (1st Tap)	A2DASJ	19/09/2017	09/08/2021	EUR 100 mn	-14 bp	0.05%	100.473%
Mortgage Pfandbrief	A2E4ZK	27/11/2017	04/12/2020	GBP 450 mn	+29 bp[2]	1.00%	99.63%
Senior Unsecured	A2GSLC6	16/01/2018	23/02/2022	EUR 500 mn	+40 bp	0.625%	99.956%
Mortgage Pfandbrief (1st Tap)	A2E4ZE	24/01/2018	05/09/2022	EUR 250 mn	-18 bp	0.05%	99.579%
Mortgage Pfandbrief	A2GSLF	08/03/2018	15/03/2023	EUR 750 mn	-13 bp	0.25%	99.520%
Additional Tier 1	XS1808862657	12/04/2018	Perpertual	EUR 300 mn	+538 bp	5.75%	100.00%
Mortgage Pfandbrief (1st Tap)	A2E4ZK	24/04/2018	04/12/2020	GBP 50 mn	+26 bp[2]	1.00%	98.958%
Mortgage Pfandbrief	A2GSLL	15/05/2018	22/05/2024	EUR 500 mn	-9 bp	0.500%	99.912%
Mortgage Pfandbrief	A2GSLV	22/08/2018	30/08/2027	EUR 500 mn	-2 bp	0.625%	98.933%
Mortgage Pfandbrief	A2LQNH	19/09/2018	16/12/2021	GBP 300 mn	+32 bp[2]	1.50%	99.802%
Mortgage Pfandbrief	A2LQNK	13/11/2018	22/11/2021	USD 600 mn	+35 bp[3]	3.375%	99.603%
Mortgage Pfandbrief	A2LQNP	21/01/2019	29/01/2024	EUR 500 mn	+8 bp	0.25%	99.812%
Senior Preferred	A2LQNQ	31/01/2019	07/02/2023	EUR 500 mn	+80 bp	0.75%	99.679%
Mortgage Pfandbrief (1st Tap)	A13SWE	31/01/2019	01/03/2022	EUR 100 mn	+2 bp	0.20%	100.74%
Public Sector Pfandbrief (1st Tap)	A13SWG	05/02/2019	20/04/2035	EUR 100 mn	+17 bp	1.25%	99.476%
Mortgage Pfandbrief (1st Tap)	A2GSLL	07/02/2019	22/05/2024	EUR 100 mn	-9 bp	0.50%	101.638%
Mortgage Pfandbrief (2nd Tap)	A13SWE	04/03/2019	01/03/2022	EUR 100 mn	-3 bp	0.20%	100.81%
Public Sector Pfandbrief (2nd Tap)	A13SWG	04/03/2019	20/04/2035	EUR 150 mn	+14 bp	1.25%	100.057%
Senior Preferred (1st Tap)	A2LQNQ	06/03/2019	07/02/2023	EUR 250 mn	+72 bp	0.75%	100.004%
Senior Preferred	CH0419041246	15/05/2019	05/06/2023	CHF 125 mn	+65 bp[4]	0.125%	100.12%
Mortgage Pfandbrief	A2NBJ7	22/05/2019	31/05/2022	USD 600 mn	+32 bp[3]	2.50%	99.851%
Mortgage Pfandbrief (1st Tap)	A2GSLV	12/06/2019	30/08/2027	EUR 100 mn	0 bp	0.625%	104.138%
Senior Preferred	A2NBKK	29/08/2019	05/09/2024	EUR 500 mn	+75 bp	0.125%	99.498%
Mortgage Pfandbrief (3rd Tap)	A13SWE	10/09/2019	01/03/2022	EUR 50 mn	-0.5 bp	0.20%	101.795%
Mortgage Pfandbrief (1st Tap)	A2YNVK	25/09/2019	31/05/2022	USD 50 mn	32 bp[3]	2.50%	101.619%
Mortgage Pfandbrief	A2YNVM	09/10/2019	16/10/2025	EUR 500 mn	+5 bp	0.01%	101.984%
Senior Preferred	A2YNVU	13/11/2019	21/11/2022	GBP 250 mn	+114 bp[2]	1.75%	99.849%
Mortgage Pfandbrief (1st Tap)	A1X3LT	19/11/2019	21/01/2022	EUR 100 mn	0 bp	1.875%	104.77%
Mortgage Pfandbrief	A2YNVY	14/01/2020	21/01/2028	EUR 750 mn	+5 bp	0.10%	99.992%
Mortgage Pfandbrief (2nd Tap)	A1X3LT	15/01/2020	21/01/2022	EUR 150 mn	0 bp	1.875%	104.36%
Mortgage Pfandbrief (1st Tap)	A2LQNP	22/01/2020	29/01/2024	EUR 250 mn	+1 bp	0.25%	101.919%
Senior Preferred	A2YNV3	23/01/2020	28/07/2023	EUR 300 mn	+55 bp	3m-Euribor+90 bp	101.237%
Public Sector Pfandbrief (3rd Tap)	A13SWG	18/02/2020	20/04/2035	EUR 50 mn	+0 bp	1.25%	116.16%
Mortgage Pfandbrief	A289PQ	24/09/2020	29/09/2023	GBP 500 mn	+38 bp[6]	SONIA +100 bp	101.844%
Mortage Pfandbrief	A3H2ZW	13/01/2021	20/01/2023	USD 750 mn	+23bp[3]	0.50%	99.93%
Senior Preferred (Green)	A3H2ZX	25/01/2021	02/02/2026	EUR 500 mn	+55 bp	0.10%	100.00%

1 vs. mid-swap 2 vs. 3m GBP-Libor 3 vs. 3m USD-Libor 4 vs. 6m CHF-Libor 5 vs 3m Euribor 6 vs SONIA

Mandated Ratings

Bank ratings	S&P	
Long-term	**A-**	
Outlook/Trend	Negative	
Short-term	A-2	
Stand-alone rating[1]	bbb	
Long Term Debt Ratings		
“Preferred” senior unsecured Debt[2]	A-	
“Non-preferred” senior unsecured Debt[3]	BBB-	
Subordinated Debt	BB+	

Pfandbrief ratings		Moody’s
Public Sector Pfandbrief		Aa1
Mortgage Pfandbrief		Aa1

Disclaimer:

The rating information published in this presentation and on our web site are a service for our investors. The information does not necessarily represent the opinion of Deutsche Pfandbriefbank AG. Ratings should not serve as a substitute for individual analysis. The information provided should not be seen as a recommendation to buy, hold or sell securities. Deutsche Pfandbriefbank AG does not assume any liability, including for the completeness, timeliness, accuracy and selection of such information, or for any potential damages which may occur in connection with this information.

The rating agencies may alter or withdraw their ratings at any time. The rating of an individual security issued by Deutsche Pfandbriefbank AG may differ from the ratings shown above or an individual security might not be rated at all. For the evaluation and usage of the rating information (including the rating reports), please refer to the respective rating agencies’ pertinent criteria and explanations, terms of use, copyrights and disclaimers, which are to be considered.

Note: The above list does not include all ratings 1 Stand-alone credit profile 2 "Senior Unsecured Debt" 3 "Senior Subordinated Debt"

Financial reporting
Definition of key ratios

DEUTSCHE PFANDBRIEFBANK

CIR	■ Cost-Income-Ratio	$\text{CIR} = \dfrac{\text{General admin. Expenses + Net income from write-downs and write-ups on non-financial assets}}{\text{Operating income}}$
Coverage Ratio	■ IFRS9 Expected Credit Loss Model with 3 stage logic: – Stage 1: impaired with 1 year expected credit loss – Stage 2 and 3: impaired with lifetime expected credit loss ■ Coverage ratio does not take into account additional collateral	$\text{Coverage ratio} = \dfrac{\text{Credit loss allowances on financial assets in stage 3}}{\text{Gross book values in stage 3 (loans and securities)}}$
RoE	■ Adjustment of RoE calculation after AT1-issuance (Q2/18 onwards only)	$\text{Return on equity} = \dfrac{\text{Annualised profit - accrued (pro-rata) AT1 coupon}^{2}\text{ (before/after tax)}}{\text{Ø Shareholders equity}^{1}\text{ (excl. AT1)}}$

1 Excl. other comprehensive income from cash flow hedge accounting and from financial assets at fair value through other comprehensive income 2 Assuming full payment of the discretionary coupon

Definition of borrower classifications

Borrower classification	Definition
Sovereign	Direct and indirect obligations of Central Governments, Central Banks and National Debt Agencies
Sovereign (related)	Indirect obligations of Non Sovereigns with an explicit first call guarantee by a Sovereign
Regional Government	Direct and indirect obligations of Regional, Provincial and Municipal Governments
Regional Government (related)	Indirect obligations of Non Regional Government with an explicit first call guarantee by a Regional Government
Public Sector Enterprise	Direct obligations of administrative bodies and non commercial/non-profit undertakings
Public Sector Enterprise (related)	Indirect obligations of Non Public Sector Enterprise with an explicit first call guarantee by a Public Sector Enterprise
Financial Institution	Direct and indirect obligations of Universal Banks, Investment Banks, Mortgage Institutions, Brokerages and other banks or Basel regulated institution
Corporation	Direct and indirect obligations of enterprises, established under corporate law and operating in a for profit or competitive environment
Structured Finance	Obligations of an SPV which references the risk of an underlying pool of securitised assets, either synthetically via CDS or directly, the tranches issued by the SPV have different seniority to each other
Supranational	Direct obligations to international Organisations and International Investment and Development Banks
Other	Direct obligations to Individuals

Contact details

Walter Allwicher

Head of Communications

+49 (0)89 2880 28787

walter.allwicher@pfandbriefbank.com

Michael Heuber

Head of Investor Relations / Rating Agency Relations

+49 (0)89 2880 28778

michael.heuber@pfandbriefbank.com

Axel Leupold

Investor Relations / Rating Agency Relations

+49 (0)89 2880 23648

axel.leupold@pfandbriefbank.com

Website

www.pfandbriefbank.com/investor-relations.html

Parkring 28
85748 Garching/Germany
+49 (0) 89 28 80-0
www.pfandbriefbank.com