DEUTSCHE PFANDBRIEFBANK

# Strong performance with PBT of EUR 242 mn in 2021 – leveraging business model for growth going forward

## Results Q4/12M 2021

## Analyst Conference

## 9 March 2022

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# Agenda

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1. Highlights
2. Markets
3. Financials
4. New Business
5. Portfolio Profile
6. Funding
7. Capital & Dividend
8. Outlook

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# Highlights 2021

## pbb with strong performance – PBT of EUR 242 mn above guidance

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| | |
|---|---|
| **Financials** | ▪ Strong **PBT** of € 242 mn in 2021 based on good operating performance<br>▪ **NII + NCI** up >4% y-o-y (2021: € 502 mn; 2020[1]: € 482 mn) supported by continued low refinancing costs (incl. ECB refinancing facilities), floor income and slight increase in average REF financing volume at increased portfolio margin<br>▪ **Prepayment fees** on elevated level in 2021 (realisation income 2021: € 81 mn; 2020: € 26 mn)<br>▪ **GAE** up y-o-y (2021: € 219 mn; 2020: € 204 mn) in line with expectation due to higher project costs and addition of € 11 mn provisions in connection with our efficiency initiatives<br>▪ **Risk provisioning** of € -81 mn in 2021 (2020: € -126 mn) significantly below prior year; management overlay maintained to account for remaining uncertainties (€ -54 mn) |
| **New business**[2] | ▪ Strong Q4 brings total **REF new business volume** to € 9.0 bn in 2021 (2020: € 7.3 bn, Q4/21: € 3.3 bn; Q4/20: € 3.0 bn) with low **avg. LTV** of 56%[3] and at avg. **gross interest margin** of ~170 bp in 2021 (9M/21: ~170 bp; 2020: ~180 bp) |
| **Portfolio** | ▪ **REF financing volume** moderately up y-o-y (12/21: € 27.6 bn; 09/21: € 27.0 bn; 12/20: € 27.0 bn)<br>▪ **NPLs** up y-o-y, but down q-o-q and still on low level (12/21: € 580 mn; 09/21: € 590 mn; 12/20: € 470 mn) with **NPL ratio** of 1.0% (09/21: 1.0%; 12/20: 0.8%) |
| **Funding** | ▪ Total **new funding volume** of € 5.1 bn in 2021 (2020: € 3.6 bn) with focus on non-Euro Pfandbriefe and “Green” Senior Preferred<br>▪ **Liquidity buffer** remains comfortable |
| **Capital** | ▪ **CET 1 ratio** at 17.1%[4] (09/21: 14.9%[5]; 12/20: 16.1%[6]) mainly reflecting RWA relief according to CRR II (reduction of add-ons) in Q4/21 |
| **Dividend 2021** | ▪ **Payout ratio** of 75% (50% regular dividend plus 25% supplementary dividend)[7] in line with overall dividend policy<br>▪ **Dividend proposal of € 1.18** per share provides for attractive **dividend yield of around 11%[8]** |
| **Guidance** | ▪ **PBT guidance of € 200-220 mn for 2022 - uncertainties** remain regarding the geopolitical situation and the possible impact on macro-economic development<br>▪ **Strategic initiatives** launched to elevate sustainable mid-term operating profit level |

1 2020 figures retrospectively adjusted according to IAS 8.42  2 Commitments, incl. extensions >1 year  3 New commitments; avg. LTV (extensions): 12M/21: 54%; 12M/20: 54%  4 Incl. full-year result, post proposed dividend 2021  5 Excl. interim result, 2020 result not included  6 After approved year-end accounts, 2020 result not included  7 Based on IFRS Group PAT after AT1 coupon  8 Based on Xetra year-end closing 2021 (€ 10.57) 21

# Operating and financial overview

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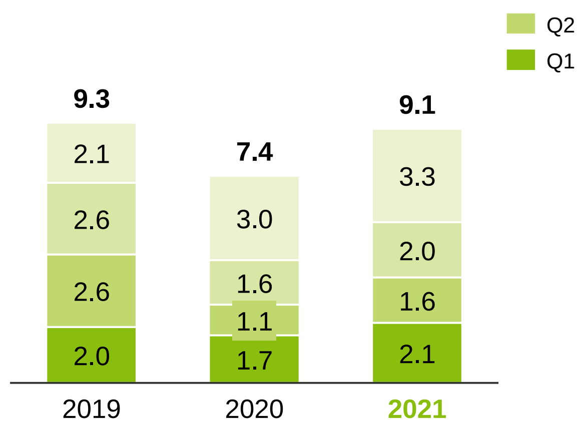
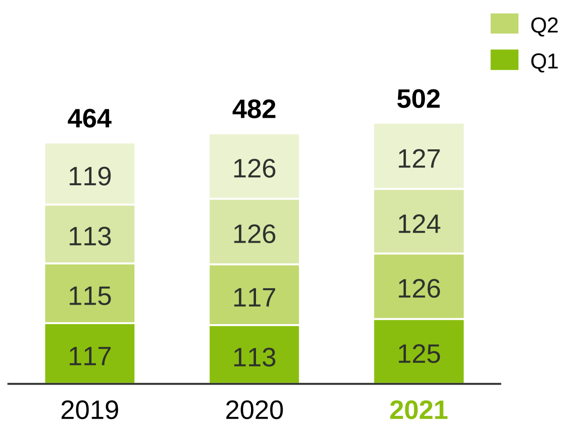
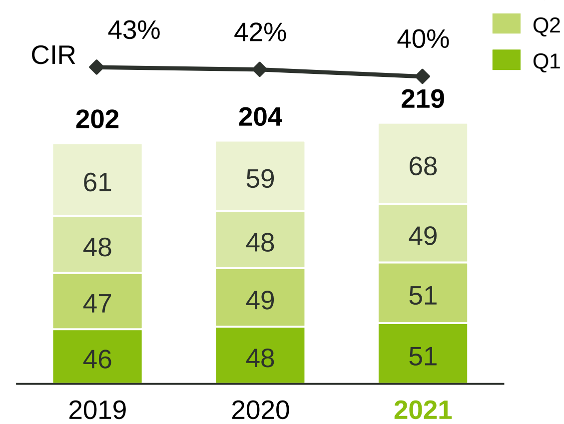
## New business
€ bn (commitments, incl. extensions >1 yr)



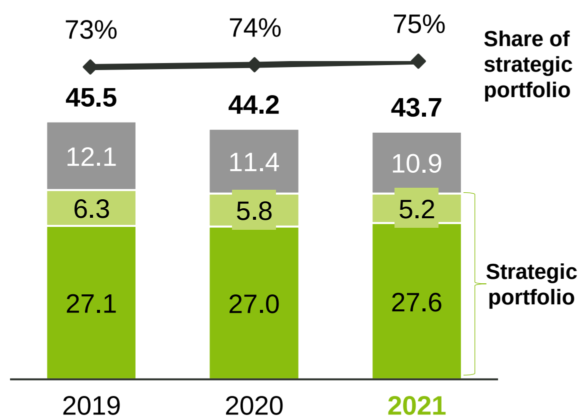

## Net interest and commission income [1]
€ mn (IFRS)



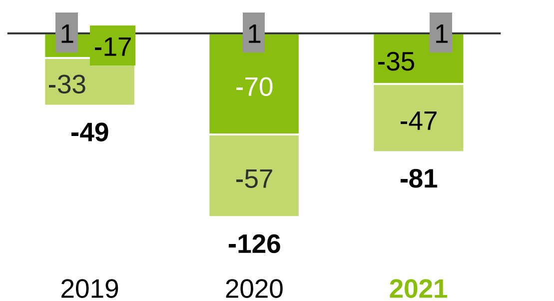

## General and admin. expenses
€ mn (IFRS)



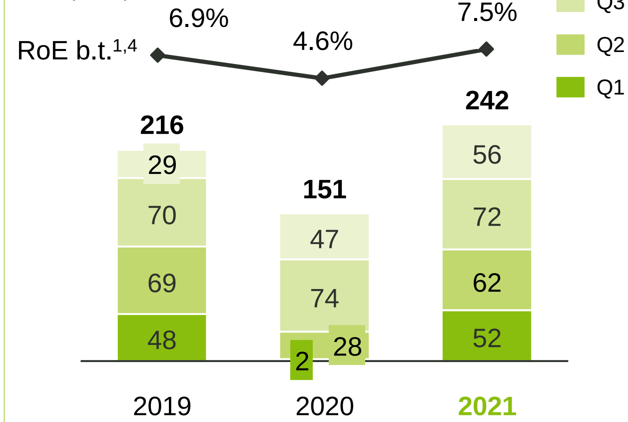

## Portfolio
€ bn (financing volumes)




## Net income from risk provisioning
€ mn (IFRS)




## Pre-tax profit[1]
€ mn (IFRS)




Note: Figures may not add up due to rounding
1 2020 figures retrospectively adjusted according to IAS 8.42 2 Incl. provisions in off balance sheet lending business 3 Recoveries from written-off financial assets 4 After AT1 coupon (2019: € -17 mn; 2020: € -17 mn; 2021: € -17 mn)

# Agenda

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# Ukraine/Russia crisis – impact on global economy, CRE and pbb

## No direct exposure in/to Ukraine and Russia – but uncertainties on overall economic impacts

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### pbb – Status quo & Challenges

| | |
|---|---|
| **Portfolio and bank operations** | **No direct exposure** in/to Ukraine and Russia (country of risk) |
| | **Indirect risks** from resp. countries **only marginal** |
| | **No material tenant risk** |
| | **No exposure** to Ukrainian and Russian banks |
| | **SWIFT** – no direct effects |
| | **No currency exposure** to resp. countries |
| | **No direct service relationships** |
| | **No employees and offices** in resp. countries |
| **Market Spreads / Refinancing** | **Moderate spread widening** on Senior Unsecured since beginning of Russian invasion; Pfandbrief spreads robust |
| | **Solid pre-funding since January 2022**: € 930 mn Senior Unsecured and € 850 mn Pfandbrief |
| | **Comfortable liquidity reserve** |
| **Macro-economic challenges** | **Economic growth** – post-Corona recovery vs. current crisis |
| | **Inflation** – increasing trend |
| | **Interest rates** – upward trend vs. Reversal of policies |
| | **Sanctions** – impact on overall economy (e.g. export/import, supply chain) |

### Market impacts

**Markets**

- Length and severity of conflict highly uncertain
- Second round effects complex and hard to predict
- Further sanctions likely
- Economic growth likely to slow down
- Impact from energy prices to further force inflation
- Consequences for monetary policy and interest rates unclear

**Commercial Real Estate**

- 'Flight to quality' – prime/core assets expected to benefit from increasing demand
- Overall tenant risk may increase – mitigated by asset quality, low LTVs and diversification
- Liquidity and strong capital supports value stability in 'safe haven assets'
- Transaction pipeline presently unaffected

**pbb well positioned**

- **Conservative approach** – focus on core Europe/US, prime locations, prime clients and prime assets
- **Proven resilience** through Corona crisis and ECB stress test
- **Strong capital base** to support profitable REF portfolio growth even in difficult times

# CRE Markets

## Investment volumes are on pre-Covid-19 level again in Europe – at all-time high in the US

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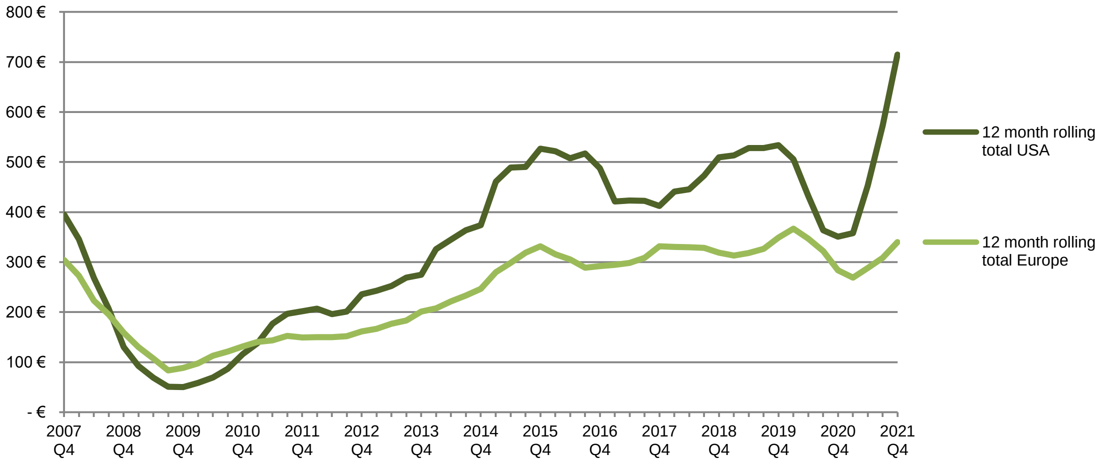
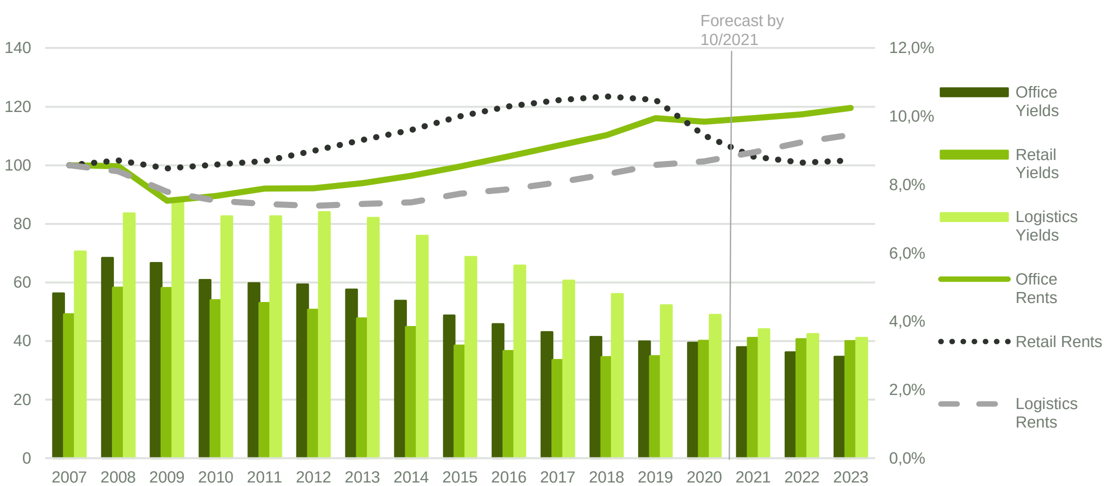
**European and US Investment volume**[1]
(€ bn)




**European Prime Rents (2007=100; LHS) and Prime Yields (RHS)**[2]




- European and US CRE **investment volumes** showing strong performance in Q4/21
  - Quarterly US figures were far above the pre-pandemic trend
  - European volumes are in line with the long term average again
- Europe:
  - Decreasing market values were focused on **retail and hotel** sectors; hotel values are already recovering
  - Prime **Office** yields continue to compress over the short to medium term, but on the back of relatively low volumes
  - **UK office** yields are expected to decline slightly and **retail** yields are expected to stabilize in the medium term
  - **Logistic** and **residential** assets are stable so far or see even increasing prices
- Germany:
  - **Office** prime yields are expected to see a continued but very modest inward yield shift driven by continued low interest rates despite an increase in vacancy
  - Deal activity and investor sentiment focus on **logistics**, **residential** and food-based or big box **retail** assets
  - Yields expected to increase, most notably for **shopping centres**
- USA:
  - Overall still commercial property price growth
  - Weaker trends for the CBD **office** and **retail** sectors, counteracted by strength in the **industrial** and **apartment** sectors
  - Yields for **office** properties are expected to stabilize again in the short term

1All 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) 2 Source: pbb Property Market Analysis (PMA) as of October 2021

# Agenda

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# Financials

## Strong operating performance continued, supported from high income from realisations

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### Income statement

| € mn | Q4/20 | Q4/21 | 12M/20 | 12M/21 |
|---|---|---|---|---|
| **Operating Income** | **154** | **162** | **526** | **591** |
| Net interest income[1] | 124 | 125 | 476 | 494 |
| Net fee and commission income | 2 | 2 | 6 | 8 |
| Net income from fair value measurement | 4 | 7 | -8 | 10 |
| Net income from realisations | 6 | 26 | 26 | 81 |
| Net income from hedge accounting | - | 2 | 4 | - |
| Net other operating income | 18 | - | 22 | -2 |
| Net income from risk provisioning | -42 | -31 | -126 | -81 |
| General and administrative expenses | -59 | -68 | -204 | -219 |
| Expenses from bank levies and similar dues | -1 | -1 | -26 | -29 |
| Net income from write-downs and write-ups on non-financial assets | -5 | -6 | -19 | -20 |
| **Pre-tax profit** | **47** | **56** | **151** | **242** |
| Income taxes[1] | 1 | 14 | -30 | -14 |
| **Net income** | **48** | **70** | **121** | **228** |

| | Q4/20 | Q4/21 | 12M/20 | 12M/21 |
|---|---|---|---|---|
| RoE before tax[2] (%) | 5.9 | 6.7 | 4.6 | 7.5 |
| RoE after tax[1,2] (%) | 6.0 | 8.5 | 3.6 | 7.0 |
| CIR[3] (%) | 41.6 | 45.7 | 42.4 | 40.4 |
| EpS[1,2] (€) | 0.30 | 0.49 | 0.77 | 1.58 |

*Key drivers Q4/12M 2021*

- **NII** up y-o-y, supported by continued low refinancing costs (incl. pos. effect from TLTRO III), floor income and slight increase in average REF financing volume at increased portfolio margin
- **Fair value measurement** positive – previous year mainly affected by credit spread driven valuation effects related to COVID-19 pandemic
- **Net income from realisations up** y-o-y, reflecting higher prepayment fees – no run-rate
- **Net income from hedge accounting** last year benefitted from positive one off effect from conversion of reference rates to €STR (€ 5 mn)
- **Net other operating income** burdened by FX effects – last year benefitted from the release of provisions
- **Risk provisioning significantly down** y-o-y – previous year strongly affected by COVID-19
- **GAE** up y-o-y mainly due to higher project costs and addition of provisions for personnel measures in connection with our efficiency initiatives
- **Income taxes** positively impacted by a deferred tax benefit mainly due to improved earnings perspective and changed accounting treatment; 2020 burdened by tax expenses for previous years from tax audits and not tax-deductible higher risk provision
- **RoE** and **EpS** taking into account AT1 coupon[2]

1 2020 figures retrospectively adjusted according to IAS 8.42 2 After AT1 coupon (2021: € -17mn; 2020: € -17 mn) 3 CIR = (GAE + net income from write-downs and write-ups on non-financial assets) / operating income

# Financials

## NII+NCI up by >4% y-o-y

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### Income from lending business

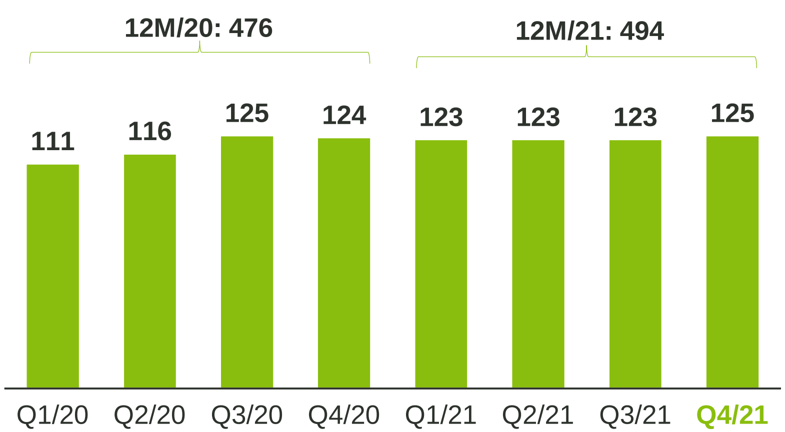
€ mn

| | Q4/20 | Q4/21 | 12M/20 | 12M/21 |
|---|---|---|---|---|
| Net interest income[1] | 124 | 125 | 476 | 494 |
| Net fee and commission income | 2 | 2 | 6 | 8 |

| | Q4/20 | Q4/21 | 12M/20 | 12M/21 |
|---|---|---|---|---|
| Net income from realisations | 6 | 26 | 26 | 81 |

### Net interest income[1]

€ mn




### *Key drivers Q4/12M 2021*

- **NII + NCI** up by >4% y-o-y, supported by
  - **continued low refinancing costs** (incl. positive effect from TLTRO III)
  - **improved floor income** from unchanged low interest environment
  - slight **increase in average REF financing volume** (12M/21: € 27.2bn; 12M/20: € 26.9 bn) at increased portfolio margin

  but continued downward pressure from

  - decreasing public sector portfolio (VP+PIF)
  - lower returns from equity and liquidity book

- **Net income from realisations up** y-o-y, mainly driven by higher prepayment fees
  - Prepayments driven by **individual considerations** of investors and are thus not predictable – pbb's focus on prime properties supportive
  - Even though expecting a level above average also for 2022, elevated level in 2021 not be considered as run-rate

1 2020 figures retrospectively adjusted according to IAS 8.42

# Financials

## Risk provisioning significantly down y-o-y – solid buffer to cope with potential further market risks

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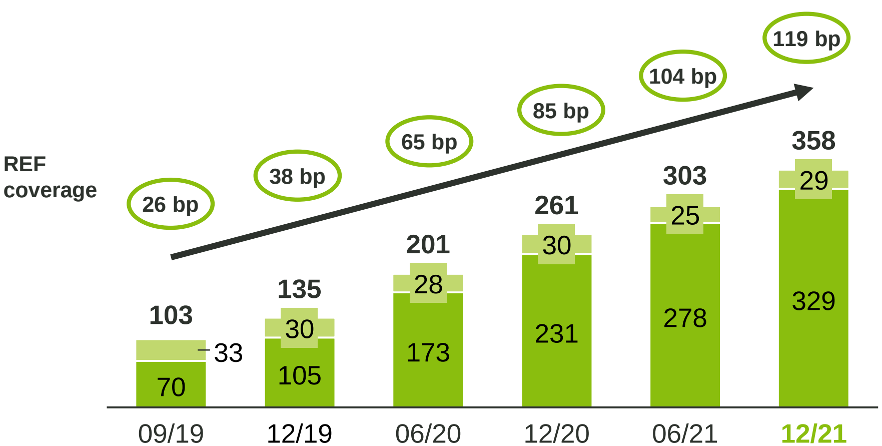
### Net income from risk provisioning
€ mn

| | Q4/20 | Q4/21 | 12M/20 | 12M/21 |
|---|---|---|---|---|
| Net income from risk provisioning | -42 | -31 | -126 | -81 |
| thereof | | | | |
| *stage 1* | *-7* | *29* | *-29* | *21* |
| *stage 2* | *-14* | *-45* | *-32* | *-57* |
| *stage 3* | *-14* | *-16* | *-57* | *-47* |
| *Off balance sheet lending business* | *-8* | *-* | *-9* | *1* |
| *Recoveries* | *1* | *1* | *1* | *1* |

### Balance sheet – loss allowances
€ mn




***Key drivers Q4/12M 2021***

- **Net income from risk provisioning** of € -81 mn (FY 2020: € -126 mn) – previous year strongly affected by COVID-19 pandemic
- **Stage 1&2: Net additions[1]** of € -35 mn (FY 2020: € -70 mn) mainly driven by
  - changes in estimates
  - management overlay

  partially compensated by releases from
  - improved macroeconomic parameters
  - maturity effects

  **Management overlay** of € -54 mn to cover risks from the expiry of state support measures by shifting stage 1 REF portfolios in a volume of € 3.1 bn from to stage 2 – stage transfer based on management measure and not caused by model trigger
- **Stage 3:** Net additions of € -47 mn (FY 2020: € -57 mn) mainly for UK shopping centres (€ -35 mn)
- Significant build up of **loss allowances on balance sheet** over the last quarters – **REF coverage** now at 119 bp
- **Coverage ratio:** Stage 3 coverage ratio[2] at 30% (12/20: 25%; 12/19: 11%); gap covered by collateral

1 Incl. provisions in off balance sheet lending business 2 Coverage ratio = credit loss allowances on financial assets in stage 3 / gross book values in stage 3 (loans and securities)

# Financials

## Operating costs under control – increase of GAE in line with expectation, including provision for efficiency measures

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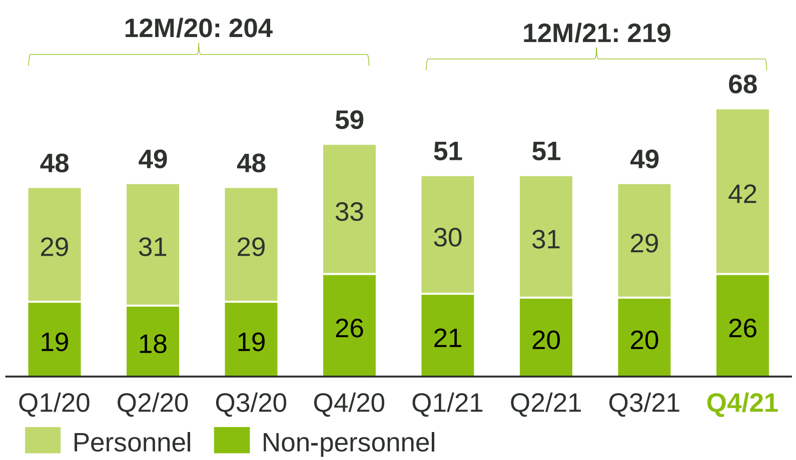
| € mn | Q4/20 | Q4/21 | 12M/20 | 12M/21 |
|---|---|---|---|---|
| General admin. expenses | -59 | -68 | -204 | -219 |
| *Personnel* | *-33* | *-42* | *-122* | *-132* |
| *Non-personnel* | *-26* | *-26* | *-82* | *-87* |
| Net income from write-downs and write-ups on non-financial assets | -5 | -6 | -19 | -20 |
| *CIR (%)[1]* | *41.6* | *45.7* | *42.4* | *40.4* |

### General admin. expenses
€ mn




*Key drivers Q4/12M 2021*

- **GAE** up y-o-y as expected, including **€ 11 mn provision** in connection with our efficiency initiatives (personnel expenses)
  - **Personnel expenses (excl. provisions) stable y-o-y**
    - FTE number largely stable at 784 (12/20: 782)
    - Avg. FTE number[2] up to 781 (2020: 762), reflecting investments into strategic initiatives with dragging effect into 2022
  - **Non-personnel expenses up € 5 mn y-o-y**
    - due to ongoing investments in strategic and digitalisation projects
- **Net income from write-downs and write-ups** on non-financial assets driven by scheduled depreciations

1 CIR = (GAE + net income from write-downs and write-ups on non-financial assets) / operating income 2 Incl. temporary staff >1 year

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# New business

## Strong REF new business volume of € 9.0 bn above full-year guidance of € 7-8 bn in further challenging environment

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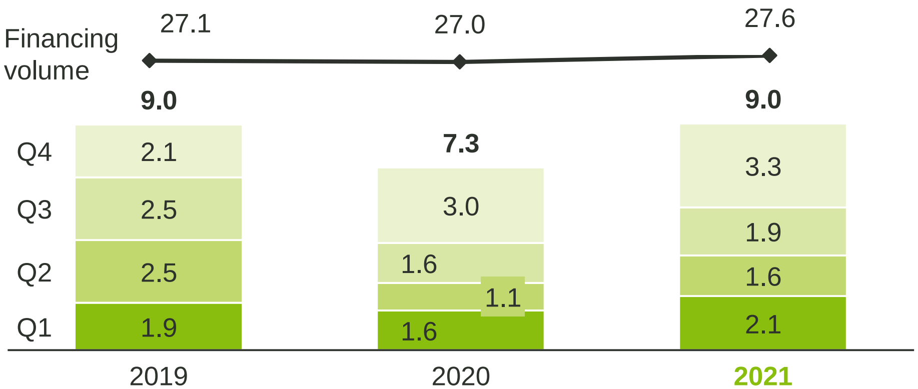
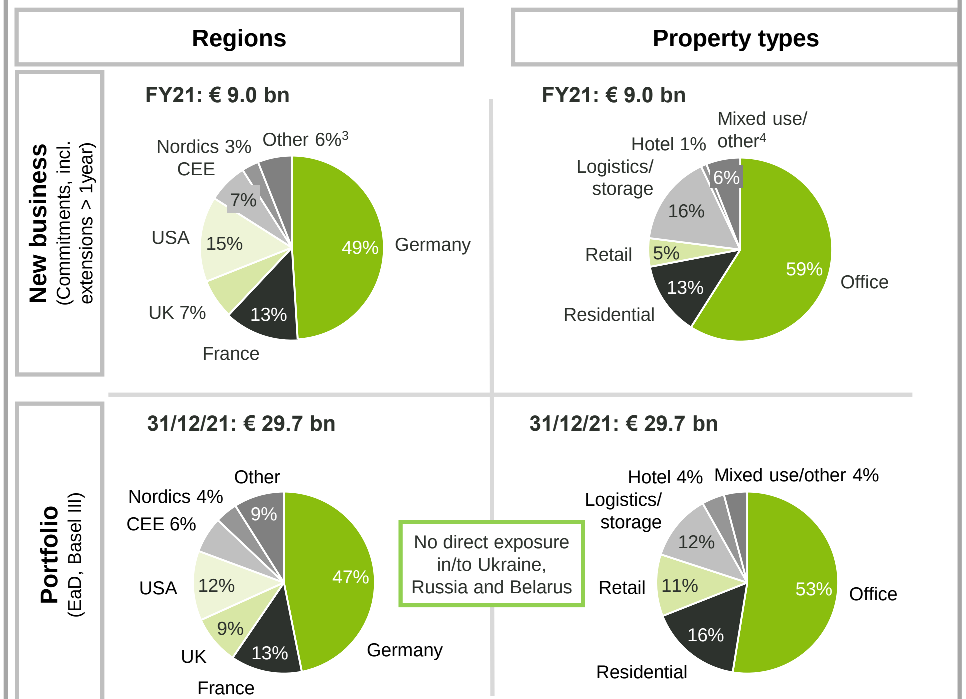
### REF New business

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




### REF new business

| | FY20 | 9M/21 | FY21 |
|---|---|---|---|
| Total volume (€ bn) | 7.3 | 5.7 | 9.0 |
| *thereof: Extensions >1 year* | *2.6* | *1.7* | *2.6* |
| No. of deals | 142 | 103 | 166 |
| Avg. maturity (years)[1] | ~4.3 | ~4.7 | ~4.8 |
| Avg. LTV (%)[2] | 54 | 55 | 56 |
| Avg. gross interest margin (bp) | ~180 | ~170 | ~170 |




### *Key drivers Q4/12 2021*

- Strong **REF new business** of € 9.0 bn above our guidance of € 7-8 bn for 2021 despite continued selective approach and increased competition; 2020 more strongly affected by COVID-19 pandemic
  - **Avg. gross interest margin** stable at ~170 bp (9M/21: ~170 bp; 2020: ~180 bp; 2019: ~155 bp); however with slightly declining trend as expected
  - Unchanged conservative risk positioning with **avg. LTV** of 56%[2]
  - **Focus** on Germany, France, USA – share for France and USA up by 2%, Germany stable
  - Decreasing share in Retail -4% and Hotel -1% as expected given COVID-19, compensated by stronger **focus** on Office - share up by 5%
  - **No new commitments** in property types Hotel and Retail Shopping Centres since March 2020 – only extensions at conservative conditions

Note: Figures may not add up due to rounding 1 Legal maturities 2 New commitments; avg. LTV (extensions): 12M/21: 54%; 12M/20: 54% 3 Netherlands, Austria, Switzerland and Spain 4 Land (58%), mixed use (24%), special property (18%)

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# Portfolio

## Business approach reflected in stable risk parameters and low average LTV of 52%, which provides solid risk buffer

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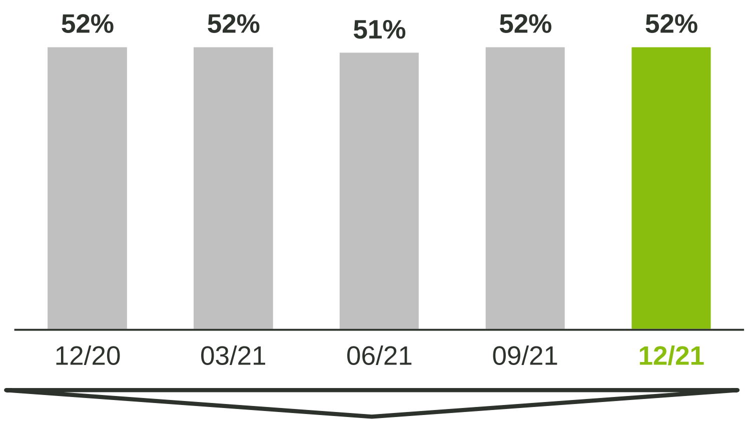
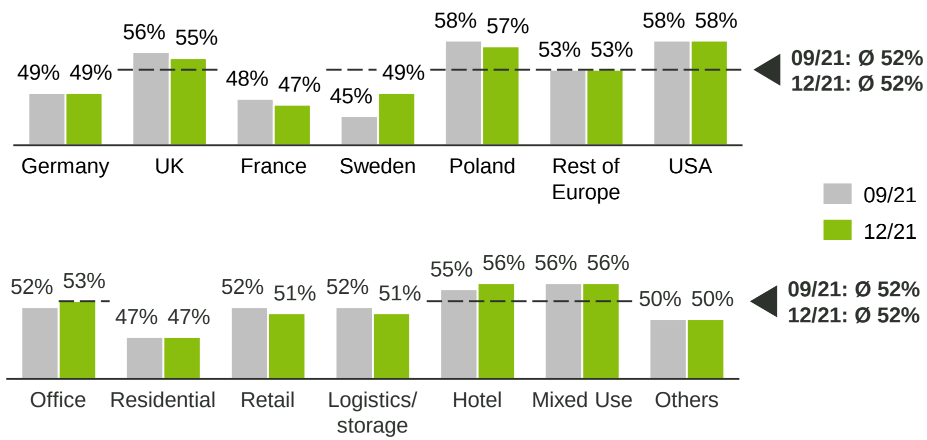
### REF Portfolio: Avg. weighted LTVs

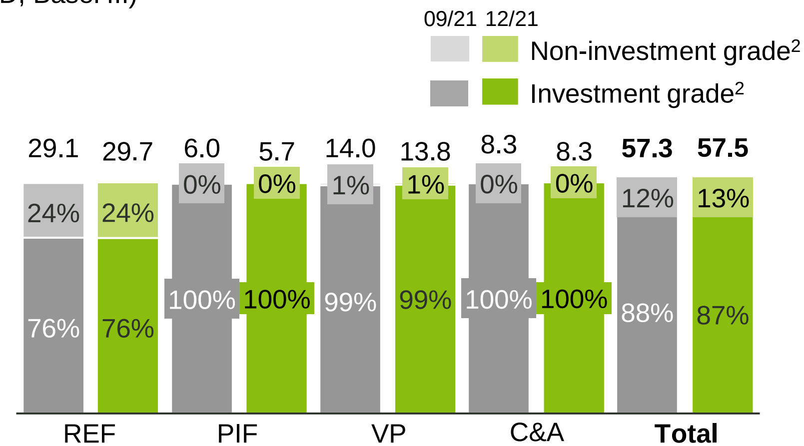
% (commitments)[1]




### Total portfolio: Internal ratings (EL classes)

€ bn (EaD, Basel III)




***Key messages***

- **Avg. LTV** of 52% stable y-o-y – LTV changes in regions/loan types reflect structural portfolio changes due to repayments and new business
- **Ukraine/Russia:**
  - **No direct exposure** in/to Ukraine and Russia
  - **Secondary risks very minor**

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

# Portfolio

## NPLs remain on low level

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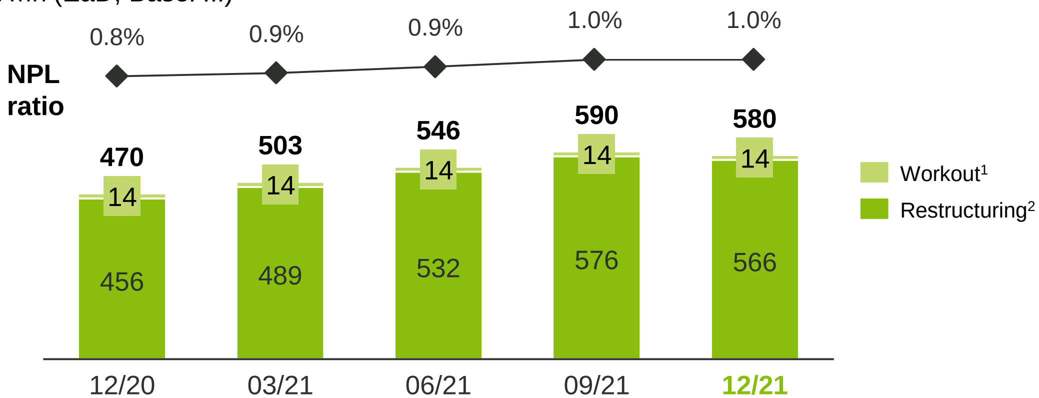
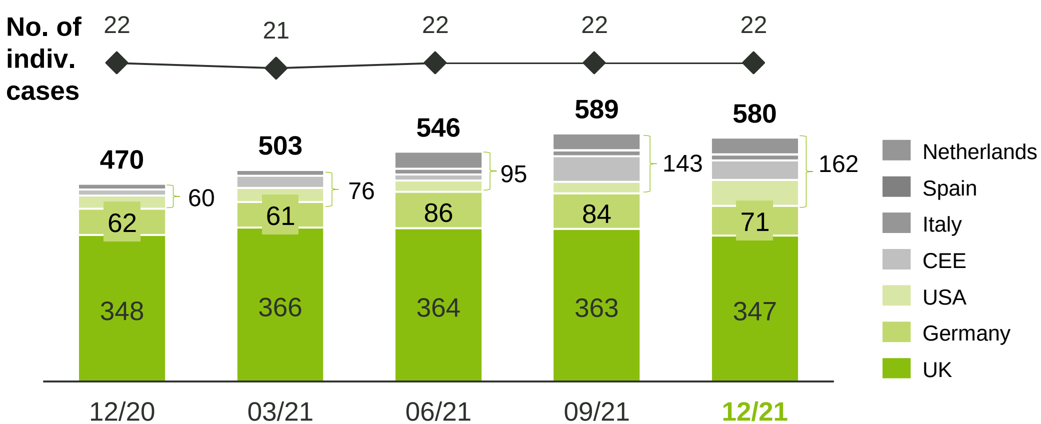
### Non-performing loans

€ mn (EaD, Basel III)




### Non-performing loans – regions




### *Key drivers Q4/12M 2021*

- **Non-performing loans** (NPLs) up to € 580 mn y-o-y (12/20: € 470 mn)
  - **Restructuring loans** up to € 566 mn (12/20: € 456 mn)
    - Q2/21: € 70 mn transfer of 2 loans to stage 3 - € 40 mn NL Hotel (no provisioning) and € 30 mn German shopping centre (small provisioning)
    - Q3/21: € 47 mn transfer of 1 loan to stage 3 – Office Park, Poland (€ 7mn risk provisioning)
    - Q4/21: € 62 mn transfer of 1 loan to stage 3 – Office Building, USA (no provisioning)
    - FX effects € ~10 mn

    partially compensated by
    - successful restructuring/sale of assets, thereof
    - € 23 mn UK shopping centre (small LLP release)
    - € 28 mn Office and Retail Building, USA (re-shift to stage 2)
  - **Workout loans** stable at only € 14 mn (12/20: € 14 mn)
- **NPL ratio**[3] of 1.0% remains on low level (12/20: 1.0%)

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

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# Funding

## Strong funding activities focused on non-Euro Pfandbriefe and “Green” Senior Preferred – funding optimised with TLTRO III

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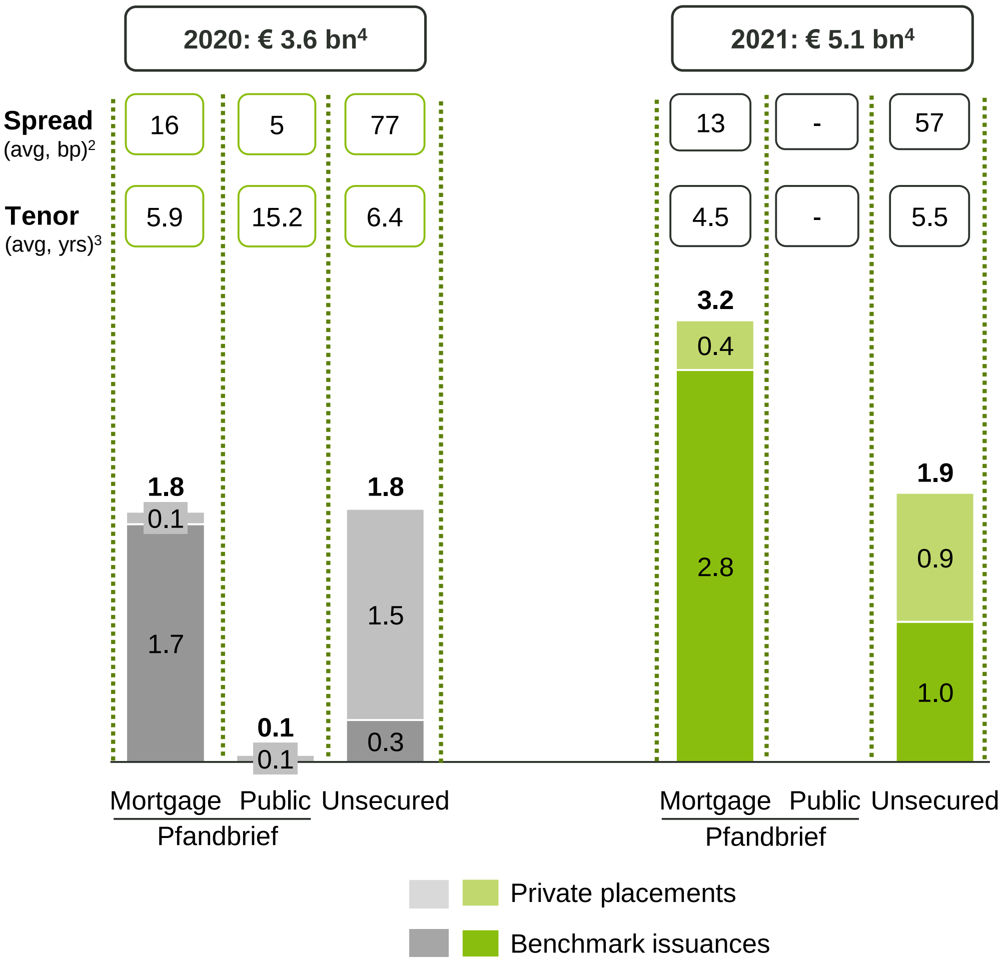
**New long-term funding**[1]
€ bn




***Funding Q4/12M 2021***

- **Solid Pfandbrief funding** with focus on foreign currencies
  - USD 750 mn Pfandbrief
  - GBP 500 mn Pfandbrief
  - € 500 mn Pfandbrief
  - Pfandbrief Private Placements in SEK
- € 500 mn **inaugural Green Senior Preferred Benchmark** in 01/21, followed by an equally successful **€ 500 mn Green Senior Preferred Benchmark** in 10/21; in 01/22 a further **€ 750 mn Green Senior Preferred Benchmark** issued. With three green Benchmarks, pbb is one of the most active issuers in Green Senior funding
- With **two USD 750 mn Pfandbrief** issued in 2021 and another USD 750 mn Pfandbrief in 02/22, pbb is the **most active USD Covered Bond issuer** in the RegS market
- **TLTRO III** participation increased by € 0.9 bn to € 8.4 bn in June 2021 to optimise funding costs – TLTRO III provides an attractive and flexible source of funding (€ 0.7 bn “own use” Pfandbriefe issued as collateral for upsizing TLTRO III)
- **Comfortable liquidity buffer** sufficient to cover internal stress tests
- **Retail deposit** funding scalable – in Q4/21 pbb direkt deposits amounted to € 3.2 bn (Q4/20: € 3.2 bn)
- **ALM profile** and **liquidity position** remain comfortable (NSFR >100%; LCR >150%)

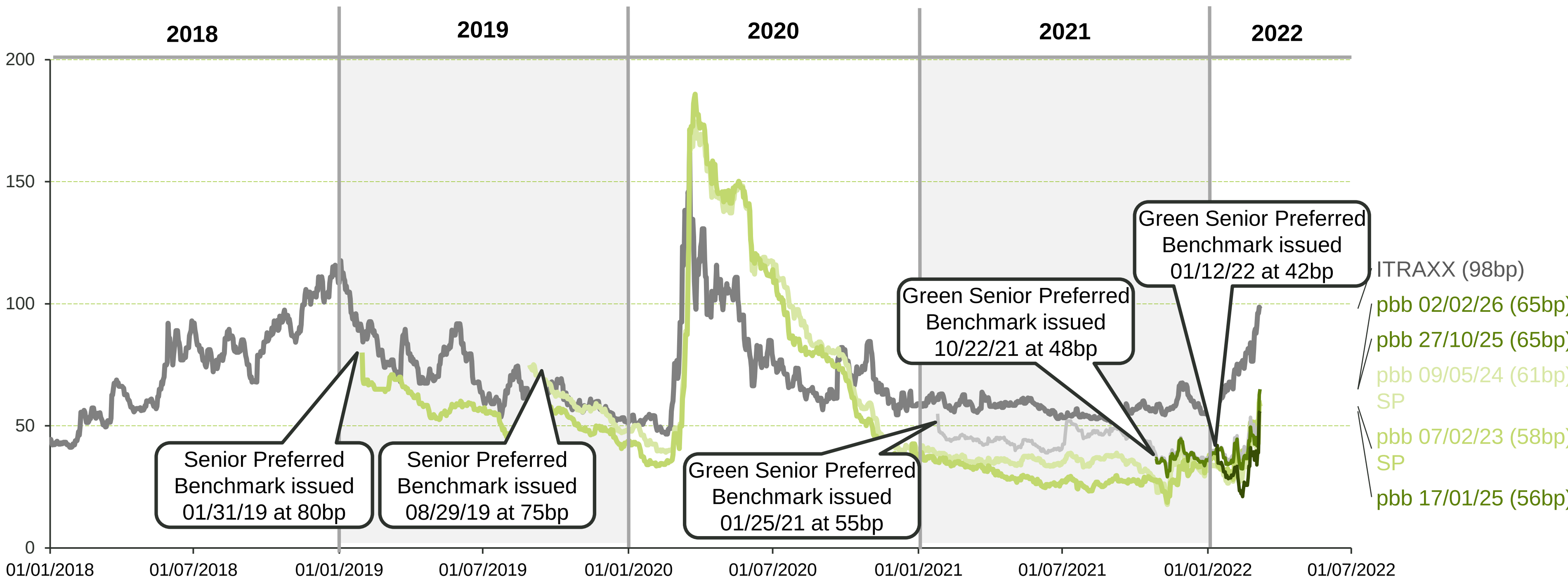
Note: Figures may not add up due to rounding 1 Excl. retail deposit business 2 vs. 3M Euribor 3 Initial weighted average maturity 4 Excl. “own use” Pfandbriefe issued as collateral for TLTRO III

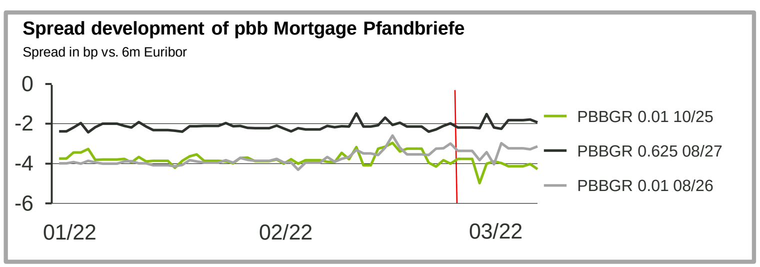
# Funding

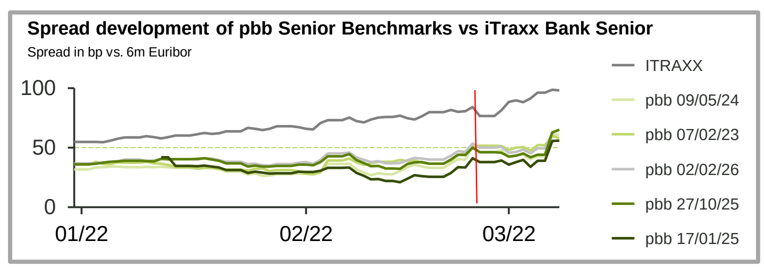
## Secondary spread performance generally in line with broader market – current crisis with only moderate effect so far

**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

# Agenda

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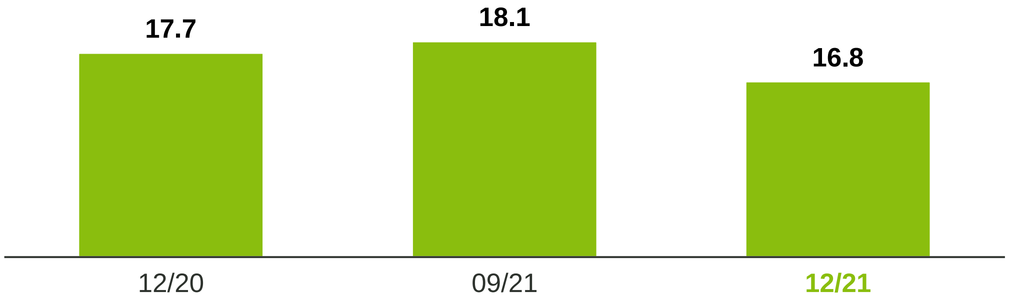
# Capital

## Capitalisation remains strong – RWA reduction mainly reflecting RWA relief according to CRR II (reduction of add-ons) in Q4/21

### Basel III: RWA

€ bn (IFRS)




### Basel III: Equity and capital ratios

(IFRS)

| Capital in € bn | 12/20[1] | 09/21[2] | 12/21[3] |
|---|---|---|---|
| CET 1 | 2.9 | 2.7 | 2.9 |
| AT 1 | 0.3 | 0.3 | 0.3 |
| Tier 2 | 0.6 | 0.6 | 0.6 |
| **Total Equity** | **3.8** | **3.6** | **3.8** |

| Capital ratios in % | 12/20[1] | 09/21[2] | 12/21[3] |
|---|---|---|---|
| CET 1 | 16.1 | 14.9 | 17.1 |
| Tier 1 | 17.8 | 16.6 | 18.9 |
| Own funds | 21.4 | 19.8 | 22.4 |
| Leverage ratio | 6.0 | 5.7 | 6.0 |

### *RWA development Q4/12M 2021*

- RWA down y-o-y due to
  - Reduction of add-ons acc. to Art. 501 CRR II[4]
  - Maturity effects and technical adjustments inter alia by improvement of data quality
  - Smaller contrary effect from increase in REF portfolio
  - No material RWA effect from individual rating deteriorations in the light of COVID-19
- No significant systematic deterioration in the portfolio
- RWA already calibrated towards Basel IV (fully-loaded)– thus, no major further effects expected from implementation

### *Capital ratios*

- CET 1 ratio of 17.1%[3] up (12/20: 16.1%[1]; 09/21: 14.9%[2]) reflecting decrease in RWA
- Regulatory capital stable y-o-y – methodical reductions (e.g. income from pension commitments in Q2/21) compensated by retention of profit 2020/21 and reduced EL shortfall due to build up of risk provisions

### *Capital requirements*

- Unchanged P2R of 2.5% results in the following SREP requirements (excl. countercyclical buffer):
  - CET 1 ratio: 8.41%
  - Tier 1 ratio: 10.38%
  - Own funds ratio: 13.00%
- pbb currently anticipates countercyclical buffer of 45 bp, providing for solid buffer on current requirements – upcoming changes of country-specific countercyclical buffers and German sectoral systemic risk buffer expected to have only moderate effect with increase by +20-25 bp over time

Note: Figures may not add up due to rounding 1 After approved year-end accounts, 2020 result not included 2 Excl. interim result, 2020 result not included 3 Incl. full-year result, post proposed dividend 2021 4 CRR=Capital Requirements Regulation

# Dividend proposal for 2021

## Shareholders to participate from continued strong performance – management intends to propose dividend of € 1.18 per share

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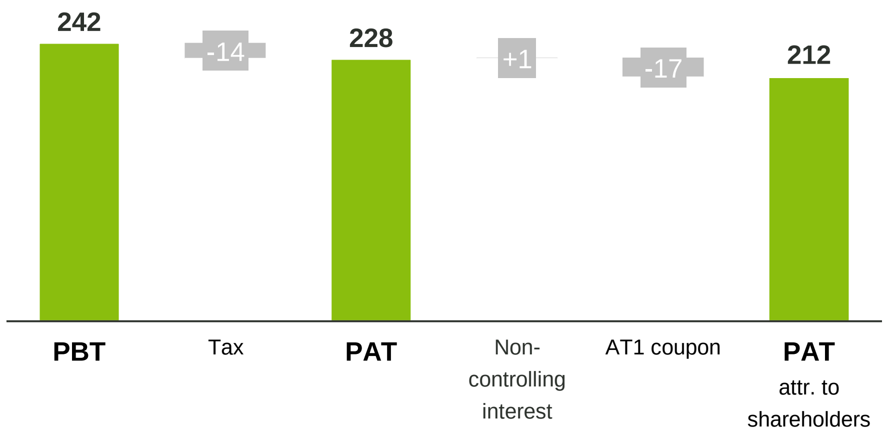
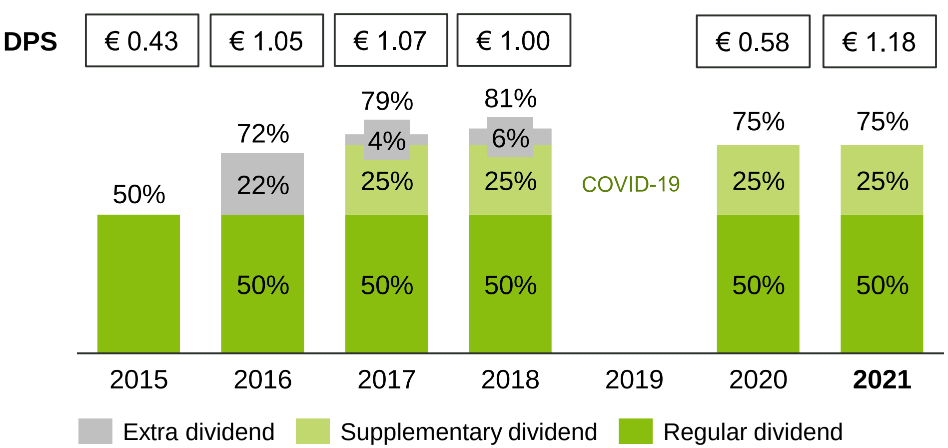
### Profit attributable to shareholders

€ mn (IFRS)




### Payout




### Dividend proposal 2021

**Management intends to propose a dividend of € 1.18 per share**

- PAT attributable to shareholders[1]: € 212 mn
- Earnings per share[2]: € 1.58
- Dividend per share[2]: € 1.18

**2021 dividend proposal underscores pbb's positioning as a dividend share**

- Payout ratio of 75%[1] in line with dividend policy of 50% regular dividend plus 25% supplementary dividend
- Dividend yield 11.2%[3]

As before, pbb will also in future consider the following aspects in its **decisions on dividend payments** (regular dividend and supplementary dividend)**:**

- Overall economic and sector-specific risks
- Regulatory requirements
- The communicated ambition level with regards to capitalization including a cautionary buffer
- Future growth and investment measures

1 Based on IFRS group profit after tax and AT1-coupon, attributable to shareholders 2 Number of outstanding shares 134,475,308 3 Based on XETRA year-end closing price 2021 of 10.57€

# Agenda

1. Highlights
2. Markets
3. Financials
4. New Business
5. Portfolio Profile
6. Funding
7. Capital & Dividend
8. Outlook

Appendix
Contact details

# Starting point

## Our business model has provided stable returns since the IPO and shows good resilience even in global pandemic crisis

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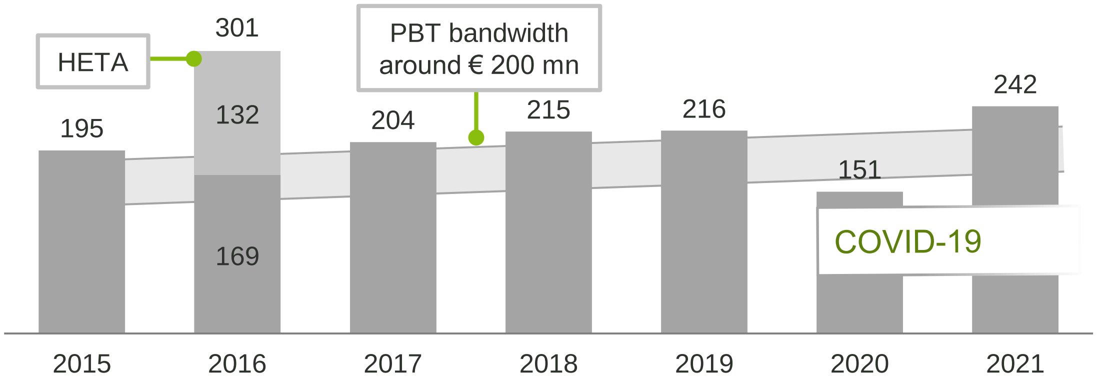
**PBT** (in € mn)




**Stable and profitable PBT** since IPO despite various one-off effects in 2020

**+3.7%** p.a.

**Conservative risk approach** reflected in build-up of model-based loan loss provisions during the pandemic including management adjustments

**€ -207 mn** t/o € 105 mn stage 1&2 in 2020 & 2021

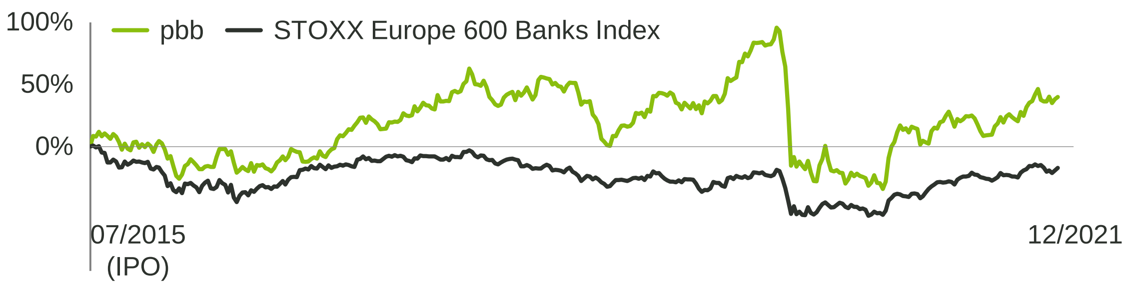
**Dividend yield** (DY)[1]

| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|
| 7.7% | 11.5% | 8.0% | 9.3% | -[2] (COVID-19) | 6.6% | ~11%[3] |

**Attractive dividend yield** since IPO

**> € 700 mn** dividends distributed ≙ **~7.5% DY[4]**

**Total shareholder return** (TSR)[5,6]




Through the cycle, we have **reliably generated TSR** and outperformed the benchmark

**+40%** TSR since IPO[5,6] (vs. -17% of index)

1 Based on XETRA year-end closing price 2 Based on ECB COVID-19 recommendation to refrain from making dividend distributions (27/03/2020) 3 Proposed 2021 dividend of € 1.18 per share (i.e. payout of 50% regular dividend + 25% supplementary dividend) to be confirmed by AGM 4 Since IPO and including proposed 2021 dividend of € 1.18 per share (pay-out 2022) to be confirmed by AGM 5 Total shareholder return indexed to IPO date (16/07/2015) and pbb issue price of €10.75 6 Source: Refinitiv Datastream, data as of 31/12/2021

# Challenges and Opportunities

## Challenges carry on – pbb is well prepared and positioned with three initiatives

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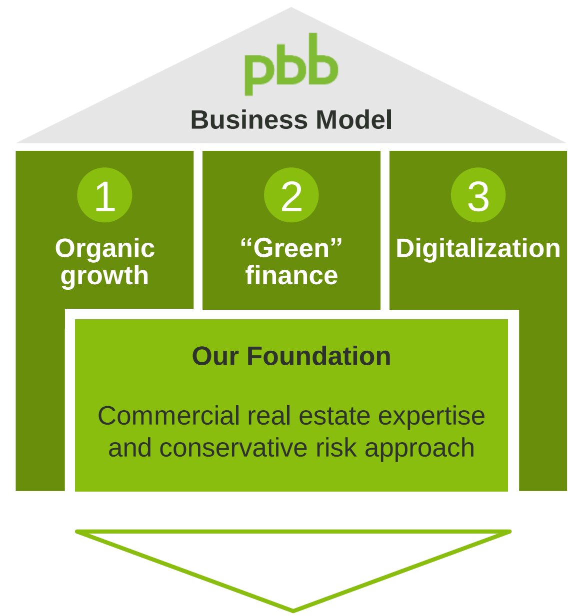
| Challenges and opportunities persist | pbb's perspective and response |
|---|---|
| **Macroeconomic risks and pandemic**<br>▪ Increasing political and macroeconomic risks, especially due to current geopolitical developments<br>▪ Uncertainties around COVID-19 still remain, however impact decreasing | **Conservative risk approach**<br>▪ Risk positioning is exactly where we are and where it should be: Risk conservative, prime locations, prime clients and prime assets |
| **Interest rates and inflation**<br>▪ Search for yield drives competition in prime assets, increasing interest rates with multiple implications on demand, margins, floors, prepayments and equity/liquidity book yield<br>▪ Interest neutral positioning of pbb as stabilizer of income in the event of interest rate changes – positive and negative – in contrast to other banks, e.g., retail banks | **Add-on organic growth from complementary directions**<br>▪ Compensate potential revenue decline (TLTRO benefit, lower floor income) through organic growth, taking advantage of rebounding demand in CRE<br>▪ Diversify geographical footprint, e.g., by building out the US business<br>▪ Expand product portfolio towards sustainable finance<br>▪ Wider product portfolio keeping conversative risk approach with loan-on-loan and low leverage lending |
| **Climate change and sustainability**<br>▪ Good governance combined with material business opportunity from energy/climate transition and growing client demand for green investments | **Build on sustainability**<br>▪ Sustainability as corporate citizen's responsibility, regulatory task and business opportunity: Green loans as a significant growth factor, green bonds as attractive funding |
| **Digitalization and platform solutions**<br>▪ Technological progress creating opportunities across the value chain – even in wholesale financing | **Invest in digital client access and digital credit process**<br>▪ Digitalization of core processes supports client centricity, growth and efficiency |
| **Regulation and monetary policy**<br>▪ Increasing cost burden from regulatory developments; changes in monetary policy (e.g., TLTRO) impacts P&L | **Reliably comply with regulation**<br>▪ Early investments in regulatory upgrades (e.g., risk models, Basel IV calibrated) plus dependable capital ratios provide long term base for stable growth |

### pbb's initiatives




**Strategic initiatives enhance our success story to a stronger, growing business model while maintaining our conservative risk approach**

# Initiatives

## Taking advantage of pbb's strengths in building out business, based on core competencies, market reach and risk profile

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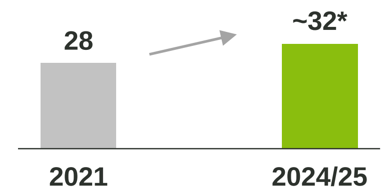
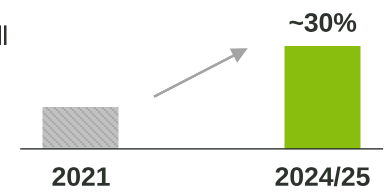
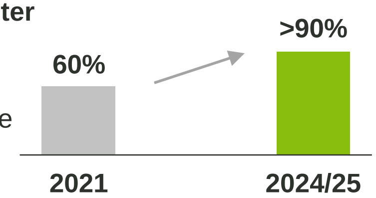
| Initiatives | Key measures | Impact |
|---|---|---|
| 1 Organic growth | **Product expansion** (Loan-on-loan, non-senior lending)<br>**Build-out US business**<br>**Low-leverage lending** | **Widened product portfolio** allows broader, **diversified risk-return** combinations<br>**US** market yields opportunities for **profitable REF portfolio growth** (less correlated with European portfolio)<br>**Low-leverage lending** uses more standardized process and **balances portfolio risk** |
| 2 "Green" finance | **Green loans**<br>**Green development loans**<br>**Green capex facilities** | Provides financing instruments for **new projects** as well as **upgrade of legacy real estate**. Green finance goes beyond regulatory/moral obligation and is a **business opportunity** that yields **attractive risk-return** profiles due to supported property values |
| 3 Digitalization | **Value-add through digital client interface**<br>**State of the art infrastructure and capabilities**<br>**Scalable platform to allow further growth** | Digital client interface based on universal corporate data storage with **holistic transparency for clients** and **faster "time to yes"** increases client satisfaction<br>Foster **agile methods, new ways of working** and **progressive technologies** (robotics and AI) to increase scalability and efficiency<br>Scalable business model to **materialize efficiency potential and room to grow** |



REF portfolio (in € bn)
(*incl. green finance)



Green REF portfolio share



Client portal usage
(*business supported by client portal)

# 1 Initiatives – Organic growth

## pbb maintains conservative risk approach and leverages existing strengths and expertise

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### Achievements

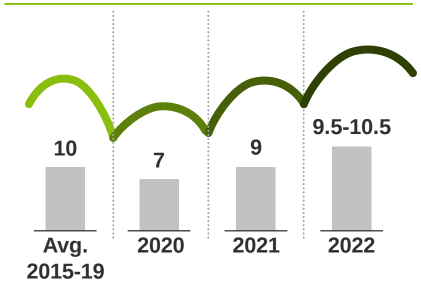
**Strong market standing and origination power**
- **Constructive** and long-standing **customer relationships**
- **Resilient new business** volume 2021 (€ 9 bn) despite COVID-19 crisis
- Focus on **pipeline strength** as well as visibility to continue and **intensify organic growth path**

**Broad geographical diversification and expansion**
- Profitable market entry in USA with now 12% portfolio share, ensuring a balanced market approach
- **Refocusing UK** due to Brexit and COVID-19 (from 2nd largest new business market to stable contributor)

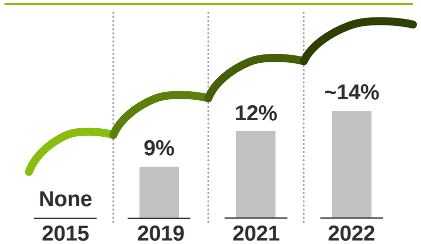
Significant **adjustment of property type distribution** to **changing market environment** shows resilience
- **Reduction of retail** portfolio share from 29% to 11% since 2015 and **no new commitments** in **hotel** since 2020 minimizing COVID-19 impact

### Evolution

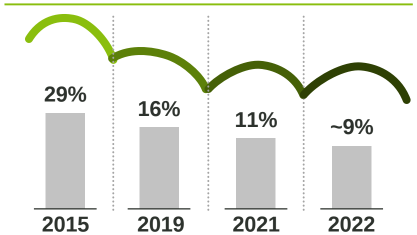
Volume of REF new business (€ bn)




Share US of REF portfolio




Share retail of REF portfolio




### Key measures

Leverage scalable platform via **enhanced product portfolio depth** and diversified risk-return combinations

**Product expansion and diversification**
- Introduce Loan-on-Loan business (coverpool eligible)
- Cautiously expand into Mezzanine lending at strict conditions (non-senior)

**Expand** into **attractive geo-graphies** to diversify portfolio and reduce impact of economic downturns

**Build-out US REF financing business**: Intensify market penetration of US market (less correlated with European portfolio)

**Leverage market positioning, brand,** and strong client relationships

**Increase volume of low-leverage lending:** Low LTVs, i.e., lower risk and lower margin, using more standardized credit process at lower costs

**~ € 32 bn***

**REF portfolio 2024/25**
(*incl. green finance)

# 2 Initiatives – “Green” finance

## pbb is part of the solution in climate transition with products and processes, and a dedicated internal sustainability program

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### Achievements

**Comprehensive ESG program implemented – providing for holistic approach in pbb's bank management**
- Sound governance structure with Management Board and Supervisory Board oversight
- Operationally, all ESG dimensions covered with clear responsibilities assigned

**Sustainable finance defined as one key element of pbb’s ESG strategy**
- Systematic pbb approach to classify new sustainable REF investments integrated in pbb's credit process

| | |
|---|---|
| **> € 0.6 bn**<br>Green loans granted (since October 2021) | Green loans granted based on pbb's new business classification |
| **€ 1.75 bn**<br>Green bonds issued (since January 2021) | Green bonds used as attractive funding source based on pbb's sustainable assets |

**ESG risks structurally integrated in risk management landscape and overall business strategy – current focus on climate risk (physical / transitional risks)**

**ESG data** collection and transparency significantly increased

**Scope of $CO_2$ footprint** continuously improved

### Strategic levers

Financial industry plays a **special role** in the **climate transition** due to being able to **support funding** into climate-friendly projects

Sustainability provides **profitable growth opportunities** due to
- more sustainable property values and
- strong property/financing demand

**Sustainability** for pbb is the **commitment** to make a **positive contribution** by **securing the long-term future** and considering the consequences for all stakeholders of the company as well as for the environment

### Key measures

**Grow pbb's impact as sustainable finance bank and as transformation partner** based on lending products and advisory services

Several **transformation levers** identified to increase green portfolio share from new projects as well as upgrade of legacy real estate
- increase **green loans**
- increase **green development loans**
- increase **green capex facilities** for transitions of existing non-green assets into green assets

Integration of further relevant strategic objectives and definition of sustainability-related **quantitative targets**

Further expansion of **pbb's $CO_2$ footprint reporting**

~30%

**“Green” REF portfolio share 2024/25**

# 3 Initiatives - Digitalization

## pbb is scaling up its digitalization initiatives to support organic growth

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## Achievements

**Efficiency**
- **Established digital client portal** for REF clients setting the basis for efficiency improvement (both for pbb and clients) via process **standardization**, **modularization**, and **automation**
- **Client portal progress monitored**
- **Convenience** plays a major role in developing **client satisfaction** and **loyalty**

**Cloud infrastructure**
- Initiated cloud migration with the client portal running on **Microsoft Azure**

**Artificial Intelligence**
- Developed **credit decision support** via **machine learning** techniques for optimized pipeline and resource allocation of distribution force

**Partnership**
- **Implemented strategic partnership** between our Fintech **Capveriant** and **CDC (France)**

## Evolution

### Digitization roadmap – Client portal

**Start of client portal** 03/2021

**60% usage**[1] client portal 12/2021

**~90% usage**[1] client portal 12/2022

Foundation: **Digital client portal:** Cloud-based interface & entry point for efficient credit process as prerequisite for platform business

Scale-up: Optimization of underlying processes via **build-up of SAP platform** and **universal corporate data storage**

Target: Optimized processes (& further gradual development) provide **scalable platform & technological/regulatory edge**

### Business model innovation – Digital credit process

Foundation: Build-up of **platform economy via Capveriant**

Scale-up: Implementation of **digital credit work-place, enlarged cloud-usage**, establishment of **AI assisted use cases**

Target: **Technological & processual readiness for potential** entry of pbb in platform business

### Business case implication

Foundation: **Significant investments into digitalization (> €10mn)**

Scale-up: **Ongoing investment phase**

Target: Significant **efficiency improvements** in core credit processes

today | 2024 / 2025

**Foundation** | **Scale-up** | **Target**

## Initiatives & key measures

- **Client value-add** through digital interface
- Focus on **digitization of core processes**, leading to **faster "time to yes", more transparency for clients, and employee satisfaction**
- Establish simplified **data model** and storage that allows **efficient processes and regulatory reporting**

- Continue to drive digitization efforts to **prepare for REF platform business**
- Enable Capveriant to play an active role in **market consolidation** of public investment finance

- **Make investments** to foster agile methods, new ways of working and progressive technologies (e.g., robotics and AI) as enabler for pbb's full blown digitization approach
- **Execute on** detailed roadmap to materialize already identified **efficiency potential** in upcoming years and to provide a **scalable business model** with room to grow

**Portal and digital credit workplace fully established**

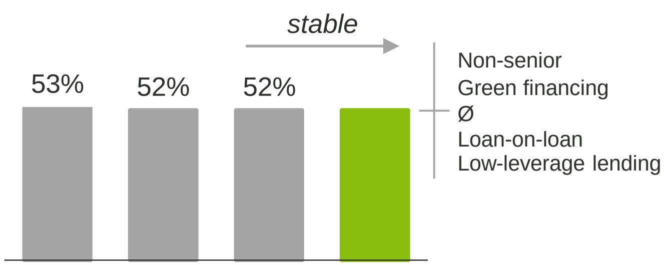
**2024/25**

1 Based on share of business which is already supported by client portal functionality (share of business supported by client portal 12/2021: ~55%; 12/2022: ~75-80%)

# Impact of initiatives

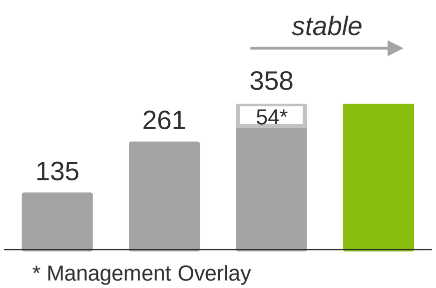
## Conservative risk positioning provides room to maneuver for new strategic growth initiatives

### Outlook 2024/25



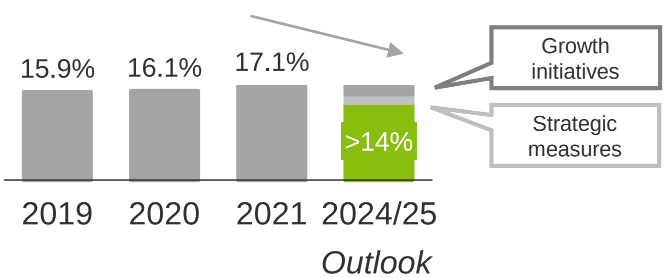

**REF portfolio LTV**

- pbb maintains a **stable risk profile**, beneficial diversification characteristics help to reduce overall risk
- **Green financing** with relatively **higher LTV** but **supported by property values/demand** and attractive margins
- Expansion of **non-senior business increases** average **LTV**
- **Low-leverage lending balances** LTV impact of other initiatives




**Loan loss reserves** (in € mn)

- **Conservative risk approach:** Over 50% of loan loss reserves in stage 1 & 2 in 2021 despite global pandemic
- **Return to normal provisioning level expected**, depending on market recovery – release of management overlay over time, against P&L or new provisioning if required
- Build-up of loan loss provisions provides a **solid basis for growth in REF new business**




**CET1-ratio** (Basel IV, calibrated, fully-loaded)[1]

- **Strong capitalization** (Basel IV calibrated, fully-loaded)[1] allowing for potential growth and strategic flexibility
- **Investment of capital** for growth initiatives and digitalization to increase RoE but **potential for further strategic growth**
- Despite investments **CET1-ratio remains significantly above SREP requirements** and in line with pbb's overall ambition level

1 Exposure already calibrated acc. to Basel IV risk weights (fully-loaded), no major effects from implementation expected

# Guidance 2022 and mid-term ambition

## Sustainable PBT level in 2022 despite income headwinds and investments to achieve growth ambition 2024/25 – uncertainties from geopolitical situation

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| Financials (€ mn) | 2020 | 2021 | Guidance 2022 |
|---|---|---|---|
| PBT | 151 | 242 | **PBT of € 200-220 mn** in line with past sustainable level |
| NII and NCI | 482 | 502 | **Slightly lower** due to fading out of supportive income elements, i.e., TLTRO benefit (expiry in 06/22) and lower floor income due to rising interest rates; prepayment fees expected to stay above long-term average |
| General and administrative expenses (excl. restructuring expenses) | -204 | -208[1] | **Stable,** despite investments in strategic initiatives |
| Risk provisioning | -126 | -81 | **Significantly lower level**, depending on market recovery in the light of COVID-19 |
| REF new business volume (€ bn) | 7.3 | 9.0 | **Increase** to **€ 9.5-10.5 bn** at moderately lower **avg. gross interest margins** |
| REF financing volume (€ bn) | 27.0 | 27.6 | **Moderate growth** based on new business increase with add-on initiatives to gradually impact 2nd half of 2022 |
| CET1 ratio (in %)[2] | 16.1 | 17.1 | **Slight decrease** due to growth but still **significantly above SREP** requirements |

**Uncertainties remain regarding the geopolitical situation and the possible impact on macro-economic development**

### Ambition 2024/2025

**1 Organic growth**

**~ € 32 bn**
REF portfolio

**Growing REF portfolio** supported by growth initiatives and stable client relationships that continue to lead to **strong new business**

**2 "Green" finance**

**~ 30%**
Green REF portfolio share

Growing our impact as **sustainable finance bank** and **transformation partner**

**3 Digitalization**

**Portal and digital credit workplace fully established**

Moving to **full blown digitalization approach** with materialization of **significant efficiency improvements**

**Strategic initiatives enhance and strengthen our business model while maintaining our conservative risk approach**

1 Reported €219M, including €11M restructuring expenses 2 Basel IV calibrated, fully-loaded

# Appendix

# Green Loan

## pbb Green Loan Framework aligned with current regulatory and market developments – specific metrics defined for each criteria

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### pbb Scoring Model

**MAX SCORE: 100 Points**

Criteria

| I. Energy Efficiency | II. Building Certification | III. Additional Sustainability Factors |
|---|---|---|
| • Energy demand/-consumption [kWh/(m²·a)]<br>**OR**<br>• Energy Reduction in Planning [kWh/(m²·a)] | • “Green” building certification | • Surface sealing (green field vs. brown field)<br>• Type of/distance to public transportation<br>• Local supply<br>• Materials recycling*<br>• Type of heating<br>• Consumption of green energy<br>• Biodiversity*<br>• Existing energy/ environmental management* |
| **MAX SCORE: 50 Points** | **MAX SCORE: 20 Points** | **MAX SCORE: 30 Points** |
| **MAX SCORE: 70 Points** | | |

pbb Green Bond

**Minimum score for pbb Green Loan: ≥ 60 Points**

* Aligned with the EU Taxonomy
* **D**o **N**ot **S**ignificant **H**arm Principles according to EU Taxonomy

**OR**


**Compliance with EU Taxonomy**

**pbb Green Loan**

# Key figures
## pbb Group

DEUTSCHE PFANDBRIEFBANK

| **Income statement** (€ mn) | **2019** | **Q1/20** | **Q2/20** | **Q3/20** | **Q4/20** | **2020** | **Q1/21** | **Q2/21** | **Q3/21** | **Q4/21** | **2021** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Net interest income | 458 | 111 | 116[9] | 125[9] | 124[9] | 476[9] | 123 | 123 | 123 | 125 | 494 |
| Net fee and commission income | 6 | 2 | 1 | 1 | 2 | 6 | 2 | 3 | 1 | 2 | 8 |
| Net income from fair value measurement | -7 | -17 | 1 | 4 | 4 | -8 | 2 | 0 | 1 | 7 | 10 |
| Net income from realisations | 48 | 14 | 2 | 4 | 6 | 26 | 21 | 17 | 17 | 26 | 81 |
| Net income from hedge accounting | -2 | -1 | -1 | 6 | - | 4 | -1 | -2 | 1 | 2 | - |
| Net other operating income | 3 | 1 | 3 | - | 18 | 22 | -1 | - | -1 | - | -2 |
| **Operating Income** | **506** | **110** | **122** | **140** | **154** | **526** | **146** | **141** | **142** | **162** | **591** |
| Net income from risk provisioning | -49 | -34 | -36 | -14 | -42 | -126 | -10 | -23 | -17 | -31 | -81 |
| General and administrative expenses | -202 | -48 | -49 | -48 | -59 | -204 | -51 | -51 | -49 | -68 | -219 |
| Expenses from bank levies and similar dues | -24 | -21 | -4 | - | -1 | -26 | -28 | -1 | 1 | -1 | -29 |
| Net income from write-downs and write-ups on non-financial assets | -18 | -5 | -5 | -4 | -5 | -19 | -5 | -4 | -5 | -6 | -20 |
| Net income from restructuring | 3 | - | - | - | - | - | - | - | - | - | - |
| **Pre-tax profit** | **216** | **2** | **28** | **74** | **47** | **151** | **52** | **62** | **72** | **56** | **242** |
| Income taxes | -37 | - | -8 | -23[9] | 1[9] | -30[9] | -10 | -7 | -11 | 14 | -14 |
| **Net income** | **179** | **2** | **20** | **51** | **48** | **121** | **42** | **55** | **61** | **70** | **228** |

| **Key ratios** (%) | **2019** | **Q1/20** | **Q2/20** | **Q3/20** | **Q4/20** | **2020** | **Q1/21** | **Q2/21** | **Q3/21** | **Q4/21** | **2021** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| CIR[1] | 43.5 | 48.2 | 44.3[9] | 37.1[9] | 41.6[9] | 42.4[9] | 38.4 | 39.0 | 38.0 | 45.7 | 40.4 |
| RoE before tax | 6.9 | -0.3 | 3.3 | 9.7[9] | 5.9[9] | 4.6[9] | 6.4 | 7.8 | 8.9 | 6.7 | 7.5 |
| RoE after tax | 5.7 | -0.3 | 2.2 | 6.5[9] | 6.0[9] | 3.6[9] | 5.1 | 6.9 | 7.5 | 8.5 | 7.0 |

| **Balance sheet** (€ bn) | **12/19** | **03/20** | **06/20** | **09/20** | **12/20** | **12/20** | **03/21** | **06/21** | **09/21** | **12/21** |
|---|---|---|---|---|---|---|---|---|---|---|
| Total assets | 56.8 | 56.6 | 60.7 | 60.2 | 58.9 | 58.9 | 58.1 | 59.0 | 58.8 | 58.4 |
| Equity | 3.2 | 3.2 | 3.2 | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 | 3.4 | 3.4 |
| Financing volume | 45.5 | 45.0 | 44.5 | 44.4 | 44.2 | 44.2 | 44.6 | 43.4 | 43.4 | 43.7 |

| **Regulatory capital ratios**[2] | **12/19** | **03/20** | **06/20** | **09/20** | **12/20** | **12/20** | **03/21** | **06/21** | **09/21** | **12/21** |
|---|---|---|---|---|---|---|---|---|---|---|
| RWA (€ bn) | 17.7 | 17.3 | 17.4 | 17.8 | 17.7 | 17.7 | 18.3 | 18.0 | 18.1 | 16.8 |
| CET 1 ratio – phase in (%) | 15.9[3] | 16.3[4] | 15.8[4] | 15.3[4] | 16.1[5] | 16.1[5] | 15.4[6] | 15.4[7] | 14.9[7] | 16.8[8] |

| **Personnel** | **12/19** | **03/20** | **06/20** | **09/20** | **12/20** | **12/20** | **03/21** | **06/21** | **09/21** | **12/21** |
|---|---|---|---|---|---|---|---|---|---|---|
| Employees (FTE) | 752 | 749 | 763 | 772 | 782 | 782 | 779 | 779 | 782 | 784 |

Note: annual results audited, interim results Q1 2020/21 and Q3 2020/21 unaudited, interim results Q2 2020/21 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 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 4 Excl. interim result, incl. full-year result 2019 5 After approved year-end accounts 6 Excl. Interim result, post proposed dividend 2020 7 Excl. Interim result 8 Incl. full-year result, post proposed dividend 2021 9 2020 figures retrospectively adjusted according to IAS 8.42

# Segment reporting

## Segment performance reflects strong performance of strategic REF portfolio in 2021

| | REF | | | | PIF | | | | Value Portfolio | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Income statement** (IFRS, € mn) | Q4/20 | Q4/21 | FY20 | FY21 | Q4/20 | Q4/21 | FY20 | FY21 | Q4/20 | Q4/21 | FY20 | FY21 |
| Operating income | 125 | 139 | 442 | 511 | 10 | 12 | 41 | 40 | 18 | 11 | 39 | 38 |
| *thereof: Net interest income [1]* | *104* | *106* | *396* | *417* | *9* | *9* | *38* | *37* | *10* | *10* | *38* | *38* |
| *Net income from realisations* | *7* | *26* | *24* | *81* | *-* | *1* | *1* | *2* | *-1* | *-1* | *1* | *-2* |
| Net income from risk provisioning | -44 | -30 | -129 | -79 | - | - | -1 | - | 2 | -1 | 4 | -2 |
| General administrative expenses | -51 | -58 | -175 | -189 | -5 | -6 | -19 | -19 | -3 | -4 | -10 | -11 |
| Net other revenues/expenses | -5 | -6 | -32 | -35 | -1 | -1 | -5 | -6 | - | - | -8 | -8 |
| **Pre-tax profit** | **25** | **45** | **106** | **208** | **4** | **5** | **16** | **15** | **17** | **6** | **25** | **17** |
| **Key indicators** | Q4/20 | Q4/21 | FY20 | FY21 | Q4/20 | Q4/21 | FY20 | FY21 | Q4/20 | Q4/21 | FY20 | FY21 |
| CIR (%)[2] | 44.0 | 45.3 | 43.2 | 40.3 | 60.0 | 58.3 | 51.2 | 52.5 | 16.7 | 36.4 | 28.2 | 31.6 |
| RoE before tax (%) | 4.9 | 8.6 | 5.5 | 10.1 | 8.5 | 10.9 | 8.0 | 8.9 | 12.9 | 4.2 | 3.9 | 2.9 |
| Financing volume (€ bn) | 27.0 | 27.6 | 27.0 | 27.6 | 5.8 | 5.2 | 5.8 | 5.2 | 11.4 | 10.9 | 11.4 | 10.9 |

***Key drivers Q4/12M 2021***

**REF**

- Financial **segment performance** benefitted from increased NII, net income from realisations and lower risk provisioning y-o-y
- **NII** up y-o-y, supported by low refinancing costs, floor income & increase in avg. REF financing volume at increased portfolio margin
- Net income from realisations driven by higher prepayment fees
- **Risk provisioning** down y-o-y – due to changes in PDs, estimates, scenarios and higher new business (stage 1&2); stage 3 mainly for UK shopping centres
- **GAE** up y-o-y, incl. higher project costs and provisions for personnel measures
- **Financing volume** slightly up y-o-y

**PIF**

- Financial **segment performance** supported by allocation effects
- **Operating income** down y-o-y, mainly affected by a slight decrease in net interest income
- **Financing volume** down due to maturities

**Value Portfolio**

- Financial **segment performance** supported by allocation effects
- Increase in risk provisioning (stage 2) due to parameter adjustments, last year benefitted from releases due to maturity effects
- **Financing volume** further down in line with strategy due to maturities

Note: Figures may not add up due to rounding 1 2020 REF figures retrospectively adjusted according to IAS 8.42 2 CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income

# Key figures
## pbb Group 12M/20 vs. 12M/21

DEUTSCHE PFANDBRIEFBANK

| **Income statement** (€ mn) | REF | | PIF | | VP | | C&A | | pbb Group | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2020** | **2021** | **2020** | **2021** | **2020** | **2021** | **2020** | **2021** | **2020** | **2021** |
| Net interest income | 396 | 417 | 38 | 37 | 38 | 38 | 4 | 2 | 476 | 494 |
| Net fee and commission income | 6 | 8 | - | - | - | - | - | - | 6 | 8 |
| Net income from fair value measurement | -6 | 6 | -1 | 1 | -1 | 3 | - | - | -8 | 10 |
| Net income from realisations | 24 | 81 | 1 | 2 | 1 | -2 | - | - | 26 | 81 |
| Net income from hedge accounting | 3 | - | - | - | 1 | - | - | - | 4 | - |
| Net other operating income | 19 | -1 | 3 | - | - | -1 | - | - | 22 | -2 |
| **Operating Income** | **442** | **511** | **41** | **40** | **39** | **38** | **4** | **2** | **526** | **591** |
| Net income from risk provisioning | -129 | -79 | -1 | - | 4 | -2 | - | - | -126 | -81 |
| General and administrative expenses | -175 | -189 | -19 | -19 | -10 | -11 | - | - | -204 | -219 |
| Expenses from bank levies and similar dues | -16 | -18 | -3 | -4 | -7 | -7 | - | - | -26 | -29 |
| Net income from write-downs and write-ups on non-financial assets | -16 | -17 | -2 | -2 | -1 | -1 | - | - | -19 | -20 |
| **Pre-tax profit** | **106** | **208** | **16** | **15** | **25** | **17** | **4** | **2** | **151** | **242** |

1 2020 figures retrospectively adjusted according to IAS 8.42

# Key figures
## Real Estate Finance (REF)

DEUTSCHE PFANDBRIEFBANK

| Income statement (€ mn) | 2019[3] | Q1/20 | Q2/20 | Q3/20 | Q4/20 | 2020 | Q1/21 | Q2/21 | Q3/21 | Q4/21 | 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Net interest income | 388 | 93 | 95[4] | 104[4] | 104[4] | 396[4] | 104 | 104 | 103 | 106 | 417 |
| Net fee and commission income | 7 | 2 | 1 | 1 | 2 | 6 | 2 | 3 | 1 | 2 | 8 |
| Net income from fair value measurement | -8 | -4 | 1 | -2 | -1 | -6 | 1 | - | 1 | 4 | 6 |
| Net income from realisations | 48 | 11 | 2 | 4 | 7 | 24 | 21 | 17 | 17 | 26 | 81 |
| Net income from hedge accounting | -1 | -1 | - | 3 | 1 | 3 | -1 | -1 | 1 | 1 | - |
| Net other operating income | 2 | 2 | 5 | - | 12 | 19 | -1 | 1 | -1 | - | -1 |
| **Operating Income** | **436** | **103** | **104** | **110** | **125** | **442** | **126** | **124** | **122** | **139** | **511** |
| Net income from risk provisioning | -57 | -33 | -39 | -13 | -44 | -129 | -11 | -23 | -15 | -30 | -79 |
| General and administrative expenses | -164 | -41 | -42 | -41 | -51 | -175 | -44 | -44 | -43 | -58 | -189 |
| Expenses from bank levies and similar dues | -14 | -12 | -3 | - | -1 | -16 | -17 | -1 | 1 | -1 | -18 |
| Net income from write-downs and write-ups on non-financial assets | -15 | -4 | -4 | -4 | -4 | -16 | -4 | -4 | -4 | -5 | -17 |
| Net income from restructuring | 3 | - | - | - | - | - | - | - | - | - | - |
| **Pre-tax profit** | **189** | **13** | **16** | **52** | **25** | **106** | **50** | **52** | **61** | **45** | **208** |

| Key ratios (%) | 2019 | Q1/20 | Q2/20 | Q3/20 | Q4/20 | 2020 | Q1/21 | Q2/21 | Q3/21 | Q4/21 | 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| CIR[1] | 41.1 | 43.7 | 44.2[4] | 40.9[4] | 44.0[4] | 43.2[4] | 38.1 | 38.7 | 38.5 | 45.3 | 40.3 |
| RoE before tax | 11.3 | 2.5 | 3.2 | 11.4 | 4.9 | 5.5 | 9.9 | 10.1 | 11.8 | 8.6 | 10.1 |

| Key figures (€ bn) | 12/19 | 03/20 | 06/20 | 09/20 | 12/20 | 12/20 | 03/21 | 06/21 | 09/21 | 12/21 |
|---|---|---|---|---|---|---|---|---|---|---|
| Equity[2] | 1.7 | 1.7 | 1.7 | 1.8 | 1.9 | 1.9 | 1.9 | 1.9 | 2.0 | 2.0 |
| RWA | 15.8 | 15.4 | 15.5 | 16.1 | 16.0 | 16.0 | 16.6 | 16.2 | 16.4 | 15.1 |
| Financing volume | 27.1 | 26.8 | 26.7 | 26.8 | 27.0 | 27.0 | 27.5 | 26.8 | 27.0 | 27.6 |

Note: annual results audited, interim results Q1 2020/21 and Q3 2020/21 unaudited, interim results Q2 2020/21 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 Segment allocation of net interest income and equity retrospectively adjusted 4 2020 figures retrospectively adjusted according to IAS 8.42

# Key figures
## Public Investment Finance (PIF)

DEUTSCHE PFANDBRIEFBANK

| Income statement (€ mn) | 2019[3] | Q1/20 | Q2/20 | Q3/20 | Q4/20 | 2020 | Q1/21 | Q2/21 | Q3/21 | Q4/21 | 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Net interest income | 37 | 9 | 10 | 10 | 9 | 38 | 9 | 9 | 10 | 9 | 37 |
| Net fee and commission income | - | - | - | - | - | - | - | - | - | - | - |
| Net income from fair value measurement | -2 | -1 | - | - | - | -1 | - | - | - | 1 | 1 |
| Net income from realisations | 1 | 1 | - | - | - | 1 | - | - | 1 | 1 | 2 |
| Net income from hedge accounting | - | - | - | 1 | -1 | - | - | - | - | - | - |
| Net other operating income | - | - | 1 | - | 2 | 3 | - | - | -1 | 1 | - |
| **Operating Income** | **36** | **9** | **11** | **11** | **10** | **41** | **9** | **9** | **10** | **12** | **40** |
| Net income from risk provisioning | - | - | - | -1 | - | -1 | - | - | - | - | - |
| General and administrative expenses | -25 | -4 | -5 | -5 | -5 | -19 | -4 | -5 | -4 | -6 | -19 |
| Expenses from bank levies and similar dues | -3 | -3 | - | - | - | -3 | -4 | - | - | - | -4 |
| Net income from write-downs and write-ups on non-financial assets | -2 | -1 | - | - | -1 | -2 | -1 | - | - | -1 | -2 |
| Net income from restructuring | - | - | - | - | - | - | - | - | - | - | - |
| **Pre-tax profit** | **6** | **1** | **6** | **5** | **4** | **16** | **-** | **4** | **6** | **5** | **15** |

| Key ratios (%) | 2019 | Q1/20 | Q2/20 | Q3/20 | Q4/20 | 2020 | Q1/21 | Q2/21 | Q3/21 | Q4/21 | 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| CIR[1] | 75.0 | 55.6 | 45.5 | 45.5 | 60.0 | 51.2 | 55.6 | 55.6 | 40.0 | 58.3 | 52.5 |
| RoE before tax | 2.7 | 1.5 | 11.4 | 9.9 | 8.5 | 8.0 | -0.6 | 11.6 | 13.5 | 10.9 | 8.9 |

| Key figures (€ bn) | 12/19 | 03/20 | 06/20 | 09/20 | 12/20 | 12/20 | 03/21 | 06/21 | 09/21 | 12/21 |
|---|---|---|---|---|---|---|---|---|---|---|
| Equity[2] | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| RWA | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.7 | 0.7 | 0.7 | 0.7 |
| Financing volume | 6.3 | 6.3 | 6.0 | 5.9 | 5.8 | 5.8 | 5.7 | 5.5 | 5.4 | 5.2 |

Note: annual results audited, interim results Q1 2020/21 and Q3 2020/21 unaudited, interim results Q2 2020/21 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 Segment allocation of net interest income and equity retrospectively adjusted

# Key figures
## Value Portfolio (VP)

DEUTSCHE PFANDBRIEFBANK

| Income statement (€ mn) | 2019[3] | Q1/20 | Q2/20 | Q3/20 | Q4/20 | 2020 | Q1/21 | Q2/21 | Q3/21 | Q4/21 | 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Net interest income | 29 | 8 | 10 | 10 | 10 | 38 | 9 | 10 | 9 | 10 | 38 |
| Net fee and commission income | -1 | - | - | - | - | - | - | - | - | - | - |
| Net income from fair value measurement | 3 | -12 | - | 6 | 5 | -1 | 1 | - | - | 2 | 3 |
| Net income from realisations | -1 | 2 | - | - | -1 | 1 | - | - | -1 | -1 | -2 |
| Net income from hedge accounting | -1 | - | -1 | 2 | - | 1 | - | -1 | - | 1 | - |
| Net other operating income | 1 | -1 | -3 | - | 4 | - | - | -1 | 1 | 1 | -1 |
| **Operating Income** | **30** | **-3** | **6** | **18** | **18** | **39** | **10** | **8** | **9** | **11** | **38** |
| Net income from risk provisioning | 8 | -1 | 3 | - | 2 | 4 | 1 | - | -2 | -1 | -2 |
| General and administrative expenses | -13 | -3 | -2 | -2 | -3 | -10 | -3 | -2 | -2 | -4 | -11 |
| Expenses from bank levies and similar dues | -7 | -6 | -1 | - | - | -7 | -7 | - | - | - | -7 |
| Net income from write-downs and write-ups on non-financial assets | -1 | - | -1 | - | - | -1 | - | - | -1 | - | -1 |
| Net income from restructuring | - | - | - | - | - | - | - | - | - | - | - |
| **Pre-tax profit** | **17** | **-13** | **5** | **16** | **17** | **25** | **1** | **6** | **4** | **6** | **17** |

| Key ratios (%) | 2019 | Q1/20 | Q2/20 | Q3/20 | Q4/20 | 2020 | Q1/21 | Q2/21 | Q3/21 | Q4/21 | 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| CIR[1] | 46.7 | n/a | 50.0 | 11.1 | 16.7 | 28.2 | 30.0 | 25.0 | 33.3 | 36.4 | 31.6 |
| RoE before tax | 1.7 | -9.2 | 2.8 | 11.1 | 12.9 | 3.9 | 0.3 | 4.4 | 2.7 | 4.2 | 2.9 |

| Key figures (€ bn) | 12/19 | 03/20 | 06/20 | 09/20 | 12/20 | 12/20 | 03/21 | 06/21 | 09/21 | 12/21 |
|---|---|---|---|---|---|---|---|---|---|---|
| Equity[2] | 0.6 | 0.6 | 0.6 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| RWA | 0.5 | 0.5 | 0.5 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.3 | 0.3 |
| Financing volume | 12.1 | 11.9 | 11.8 | 11.7 | 11.4 | 11.4 | 11.4 | 11.1 | 11.0 | 10.9 |

Note: annual results audited, interim results Q1 2020/21 and Q3 2020/21 unaudited, interim results Q2 2020/21 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 Segment allocation of net interest income and equity retrospectively adjusted

# Balance sheet

## Specialist lender with attractive German Pfandbrief as major funding instrument

DEUTSCHE PFANDBRIEFBANK

### Balance sheet

IFRS, € bn

| Assets | 31/12/21 | 31/12/20 | Liabilities & equity | 31/12/21 | 31/12/20 |
|---|---|---|---|---|---|
| **Financial assets at fair value through P&L** | **1.2** | **1.4** | **Financial liabilities at fair value through P&L** | **0.6** | **0.6** |
| thereof | | | thereof | | |
| Positive fair values of stand-alone derivatives | 0.5 | 0.7 | Negative fair values of stand-alone derivatives | 0.6 | 0.6 |
| Debt securities | 0.1 | 0.1 | **Financial liabilities measured at amortised cost** | **52.7** | **52.6** |
| Loans and advances to customers | 0.5 | 0.5 | thereof | | |
| **Financial assets at fair value through OCI** | **1.3** | **1.5** | Liabilities to other banks (incl. central banks) | 10.6 | 9.8 |
| thereof | | | thereof | | |
| Debt securities | 0.9 | 1.4 | *Registered Mortgage Pfandbriefe* | *0.3* | *0.3* |
| Loans and advances to customers | 0.3 | 0.1 | *Registered Public Pfandbriefe* | *0.5* | *0.5* |
| **Financial assets at amortised cost** (after credit loss allowances) | **48.1** | **48.7** | Liabilities to other customers | 20.1 | 22.6 |
| thereof | | | thereof | | |
| Debt securities | 6.9 | 7.5 | *Registered Mortgage Pfandbriefe* | *3.7* | *4.3* |
| Loans and advances to other banks | 2.6 | 1.9 | *Registered Public Pfandbriefe* | *7.9* | *9.1* |
| Loans and advances to customers | 38.5 | 39.3 | Bearer Bonds | 21.3 | 19.5 |
| **Positive fair values of hedge accounting derivatives** | **1.0** | **1.7** | thereof | | |
| **Other assets** | **6.8** | **5.6** | *Mortgage Pfandbriefe* | *12.3* | *10.7* |
| | | | *Public Pfandbriefe* | *2.2* | *2.3* |
| | | | Subordinated liabilities | 0.7 | 0.7 |
| | | | **Negative fair values of hedge accounting derivatives** | **1.4** | **1.9** |
| | | | **Other liabilities** | **0.3** | **0.5** |
| | | | **Equity (attributable to shareholders)** | **3.1** | **3.0** |
| | | | **AT1-capital** | **0.3** | **0.3** |
| **Total Assets** | **58.4** | **58.9** | **Total liabilities & equity** | **58.4** | **58.9** |

Share of Pfandbriefe of refinancing liabilities

**51% / 52%**

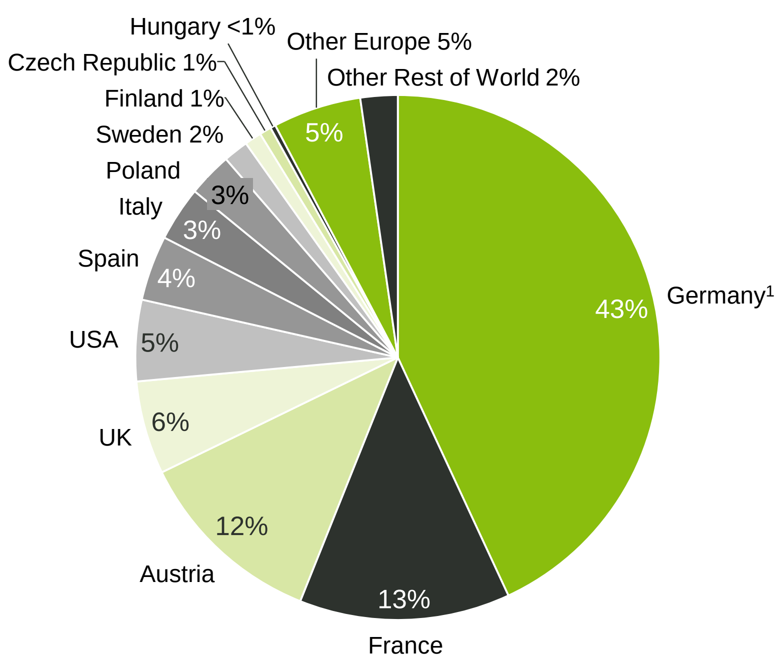
Note: Figures may not add up due to rounding

# Portfolio
## Total portfolio

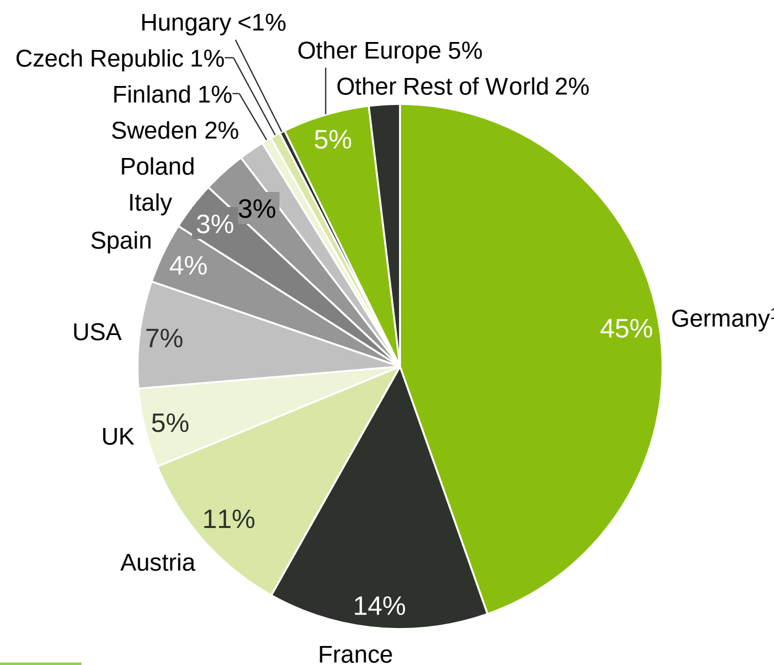
€ bn (EaD, Basel III)

**Regions**

**31/12/2020 / Total: € 58.0 bn**




**31/12/2021 / Total: € 57.5 bn**




**No direct exposure in/to Ukraine and Russia**

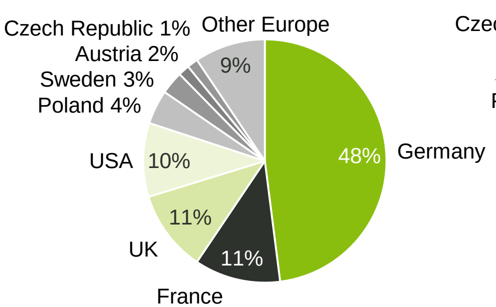
Note: Figures may not add up due to rounding 1 Incl. Bundesbank accounts (12/20: € 5.4 bn; 12/21: € 6.6 bn)

# Portfolio
## Real Estate Finance (REF)

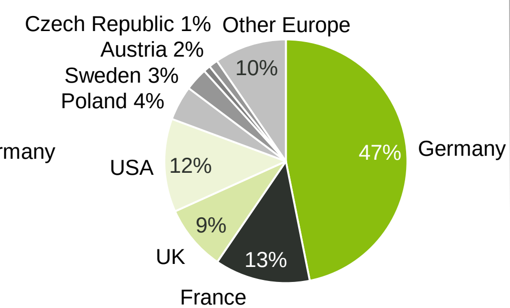
€ bn (EaD, Basel III)

### Regions

**31/12/2020: € 29.3 bn**

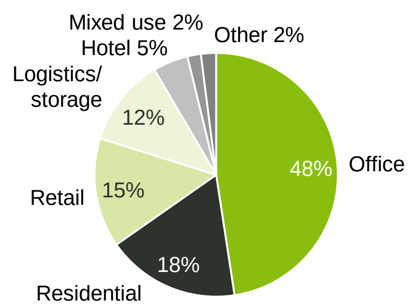



**31/12/2021: € 29.7 bn**

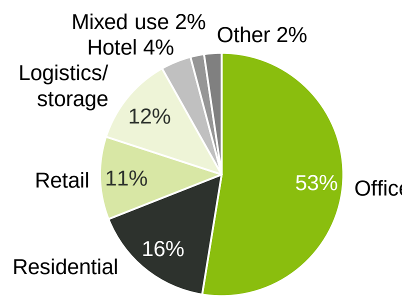



### Property types

**31/12/2020: € 29.3 bn**

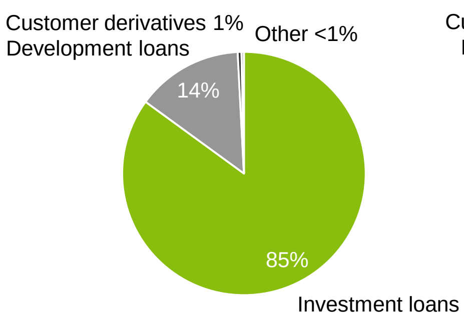



**31/12/2021: € 29.7 bn**

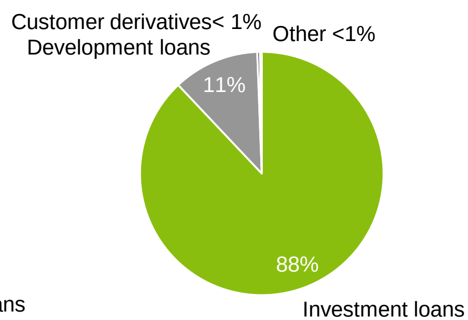



### Loan types

**31/12/2020: € 29.3 bn**

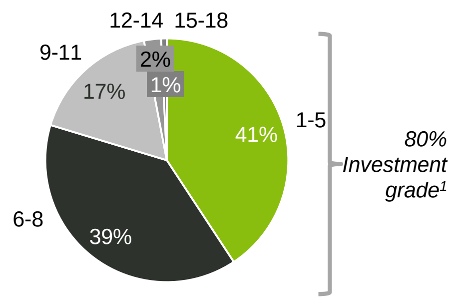



**31/12/2021: € 29.7 bn**

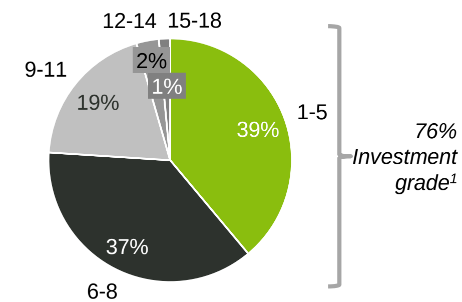



### Internal ratings (EL classes)

**31/12/2020: € 29.3 bn**




**31/12/2021: € 29.7 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

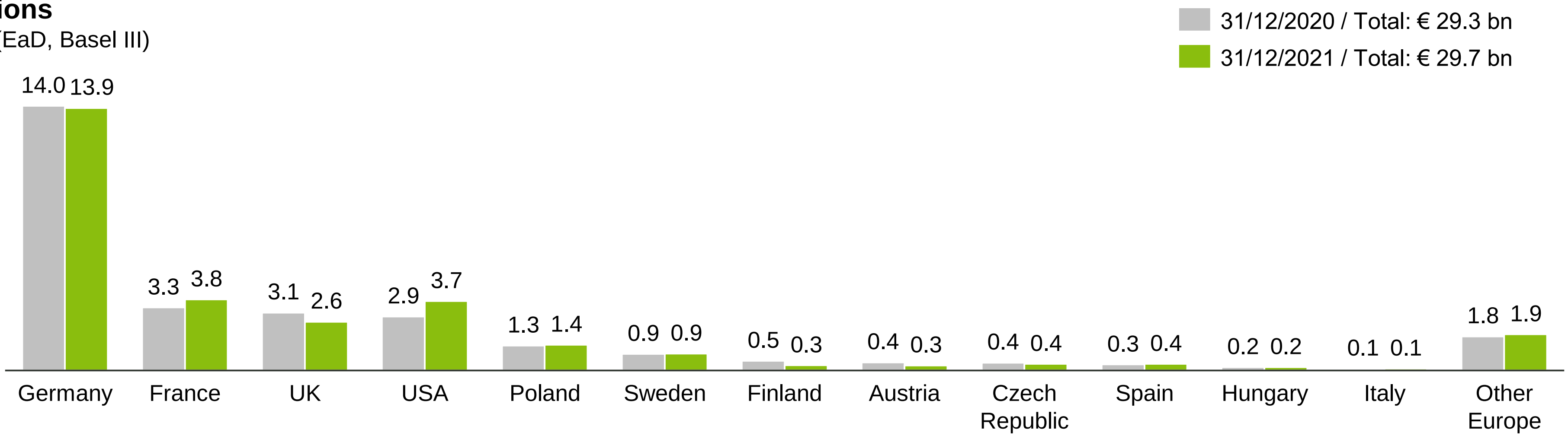
# Portfolio

## Real Estate Finance (REF)

DEUTSCHE PFANDBRIEFBANK

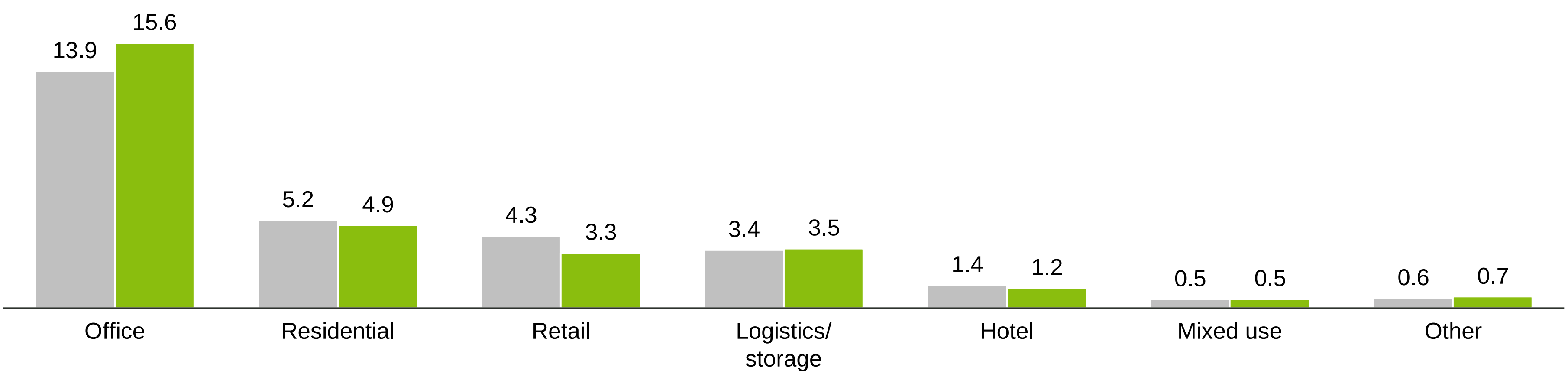
**Regions**

€ bn (EaD, Basel III)



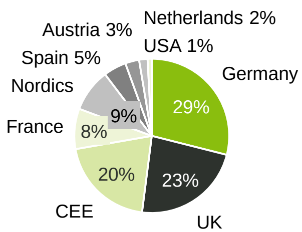
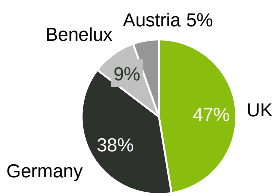

**Property types**

€ bn (EaD, Basel III)




Note: Figures may not add up due to rounding

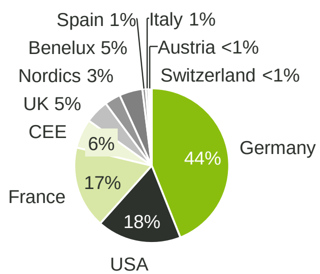
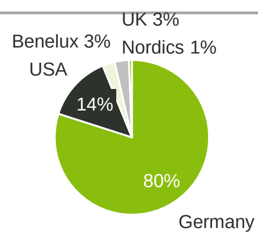
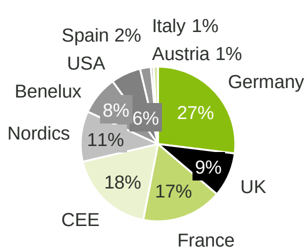
# Markets
## Sub-segments

| Property type | Regions | Evaluation of current situation | Challenges | Risk positioning |
|---|---|---|---|---|
| **Retail**<br><br>€ 3.3 bn<br>(11%) |  | ▪ Shopping centres: increased pressure, fashion dominated shopping centres most impacted (decline in rents, shorter lease terms, etc.)<br>▪ Retail-parks/discounter with strong local demand: largely positive development<br>▪ High street properties: declines in rents and slight rise in yields<br>▪ Downward trend in secondary locations and smaller cities expected to intensify<br>▪ Further development very much dependent on further development of COVID-19 pandemic | ▪ Short Term: threads to income stability in some countries could hamper post COVID-19 pandemic recovery of retail markets in non-food sectors<br>▪ Mid Term: structural changes (online sale, change of high street retailer structure from smaller regional chains/owner occupied shops towards national/international chains and brands) leading to continued pressure on rents and to substantial oversupply of space in particular outside A-locations | ▪ Selective approach with foresighted reduction of retail portfolio by ~54% or € 3.8 bn since 2016 (12/21: € 3.3 bn; 12/16: € 7.1 bn).<br>▪ Only investment loans, almost no development loans<br>▪ Conservative risk positioning: avg. LTV of 51%[1] provides good buffer and supports commitment of investors/sponsors<br>▪ Well diversified portfolio<br>▪ Current strategy is no new commitments for shopping centres |
| **Hotel**<br>(Business Hotels only)<br><br>€ 1.2 bn<br>(4%) |  | ▪ Due to ongoing restrictions for travel and events only minor catch-up effect Mainly driven by domestic leisure demand. Hotels took a hit from the Omicron variant to start the year<br>▪ Rising competition leads to insolvencies for operators and licencees and rebuild secondary hotels for other uses (temporary office, longstay, etc.)<br>▪ Hotels dependent on international tourist and business travelers not expected to substantially recover in short-/mid-term<br>▪ Leisure hotels focused on domestic guests with good accessibility will recover faster | ▪ Recovery of performance to pre-Corona-levels not before 2024/25<br>▪ Airport/Fair hotels being late in recovery cycle due to continuing travel restrictions.<br>▪ Recovery of business hotels expected to focus first on central locations, fringe locations expected to be late in recovery, too.<br>▪ Shortage of qualified personnel in parts of the industry | ▪ Selective approach and strict adherence to conservative underwriting standards in particular during the hot phase of hotel investment market in 2018/19 resulting in a relatively small portfolio volume of € 1.2 bn<br>▪ Focus on prime location secures base value of properties<br>▪ Conservative risk positioning: avg. LTV of 56%[1] provides good buffer and supports commitment of investors/sponsors<br>▪ Focus on strong sponsors with ability to inject more equity<br>▪ Currently, strategy is no new commitments |

1 Based on performing investment loans only

# Markets
## Sub-segments

DEUTSCHE PFANDBRIEFBANK

| Property type | Regions | Evaluation of current situation | Challenges | Risk positioning |
|---|---|---|---|---|
| **Office**<br><br>€ 15.6 bn<br>(53%) |  | ▪ Slight rise in vacancies but still on comparatively low levels<br>▪ The investment market was less affected than in 2009 and has since largely recovered. Nevertheless office investment volumes are still below pre-Covid levels<br>▪ Yields remained relatively stable, while prime properties with long-term leases to first-class tenants do see even a decline in yields, despite a slight increase in vacancies<br>▪ The buildings that are selling are those which fit investors' criteria — best in class, with strong tenant covenants, and future-proofed — and those which do not fit the criteria are being left on the shelf | ▪ Financial difficulties of tenants / insolvencies expected to increase<br>▪ Increased reletting/extension risks with pressure on rental level<br>▪ Good locations expected to remain stable<br>▪ Structural changes<br>– Work from home<br>– Hygiene/social distancing standards<br>– Focus on green buildings expected to negatively affect older buildings in weaker locations mid/long term | ▪ Focus on good locations<br>▪ Conservative risk positioning: avg. LTV of 53%[1] provides good buffer and supports commitment of investors/sponsors<br>▪ Well diversified portfolio with focus in Germany<br>▪ In new business transactions detailed analysis of "green profile" of properties including associated risk |
| **Residential**<br><br>€ 4.9 bn<br>(16%) |  | ▪ At present the market seems to be stable. Especially in countries with strong social welfare programs<br>▪ Growth in rental and sales prices seen so far expected to soften in future<br>▪ Stabilising element: investors tend to classify residential as solid asset class with partially increasing demand | ▪ Call for/imposed increased rent regulation could impact value and cash flow<br>▪ Hike in vacancy rates in UK and USA during Lock Down have lead to decreased rental levels, situation however recovering at present. | ▪ Conservative risk positioning<br>▪ Portfolio volume of € 4.9 bn with conservative avg. LTV of 47%[1] provides good buffer and supports commitment of investors/sponsors<br>▪ Well diversified portfolio with strong focus on Germany |
| **Logistics**<br><br>€ 3.5 bn<br>(12%) |  | ▪ Logistic properties are very popular for investors<br>▪ Prices have decoupled from overall trend and increased in last years<br>▪ Benefitting from increasing focus on e-commerce and the need of more resilient supply chains<br>▪ It can come to further price increases in a short term fueled by higher rental growth and prime yield compression, especially for modern urban logistics properties | ▪ Currently taking advantage of the pandemic crisis and other developments due to strategic trends like:<br>– Online-shopping<br>– Need for more resilient supply chains in the industry sector<br>▪ Monoline logistics centres<br>▪ Limited availability of new space in some countries<br>▪ In some markets trend to overheated prices | ▪ Strategic approach; expert team since 2014; share increase since 2013 from 8% to 12%<br>▪ Focus on locations: good infra-structure, connection to a variety of different transportation routes<br>▪ Conservative risk positioning: avg. LTV of 51% provides good buffer and supports commitment of investors/sponsors<br>▪ Well diversified portfolio<br>▪ High quality of sponsors |

1 Based on performing investment loans only

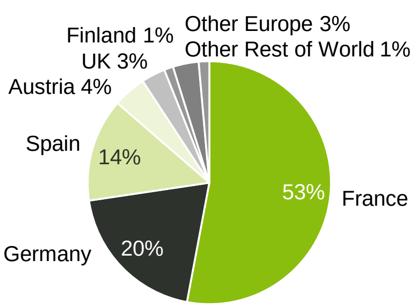
# Portfolio
## Public Investment Finance (PIF)

DEUTSCHE PFANDBRIEFBANK

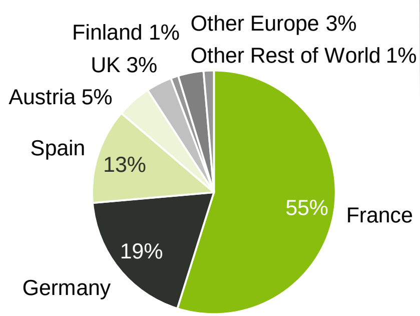
€ bn (EaD, Basel III)

### Regions

**31/12/2020: € 6.5 bn**

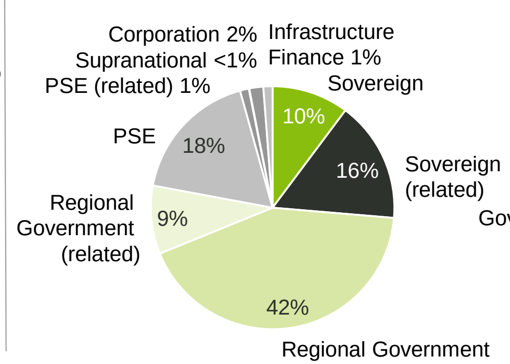



**31/12/2021: € 5.7 bn**

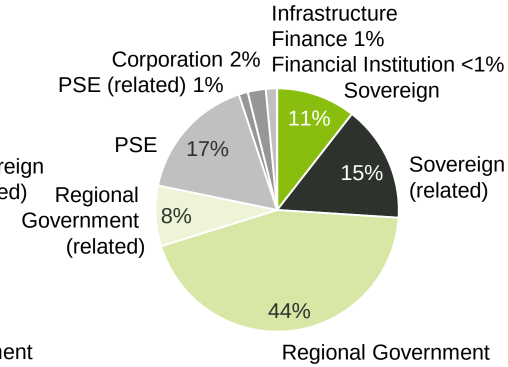



### Borrower classification[1]

**31/12/2020: € 6.5 bn**

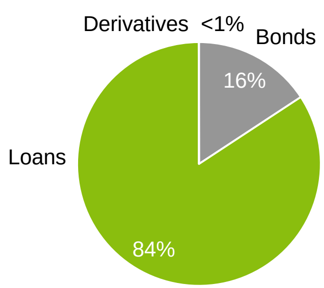



**31/12/2021: € 5.7 bn**

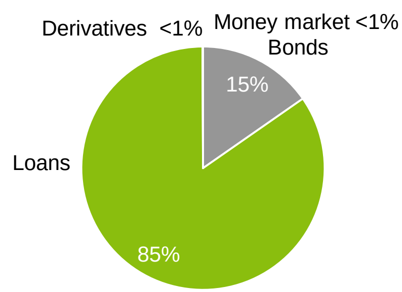



### Product class

**31/12/2020: € 6.5 bn**

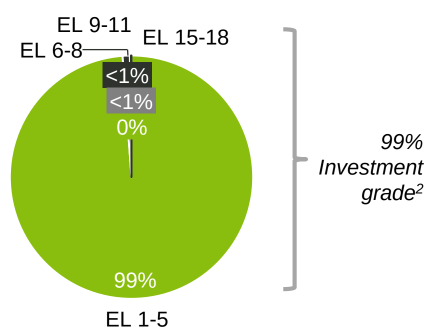



**31/12/2021: € 5.7 bn**

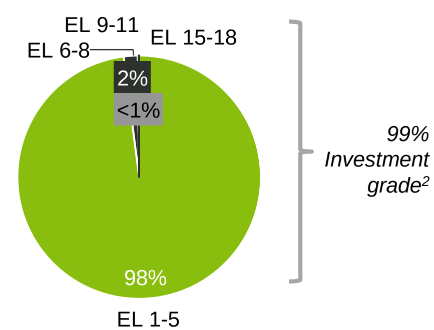



### Internal ratings (EL classes)

**31/12/2020: € 6.5 bn**




**31/12/2021: € 5.7 bn**

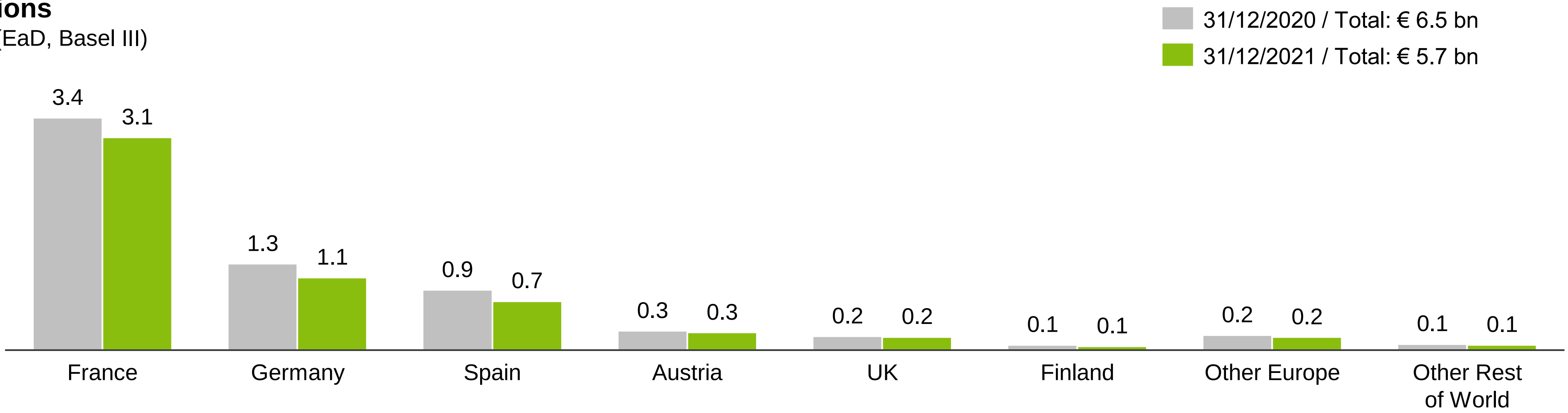



Note: Figures may not add up due to rounding 1 See appendix for definition of borrower classification 2 Internal EL Classes 1-8 = Investment grade; Internal EL classes 9-18 = Non-investment grade

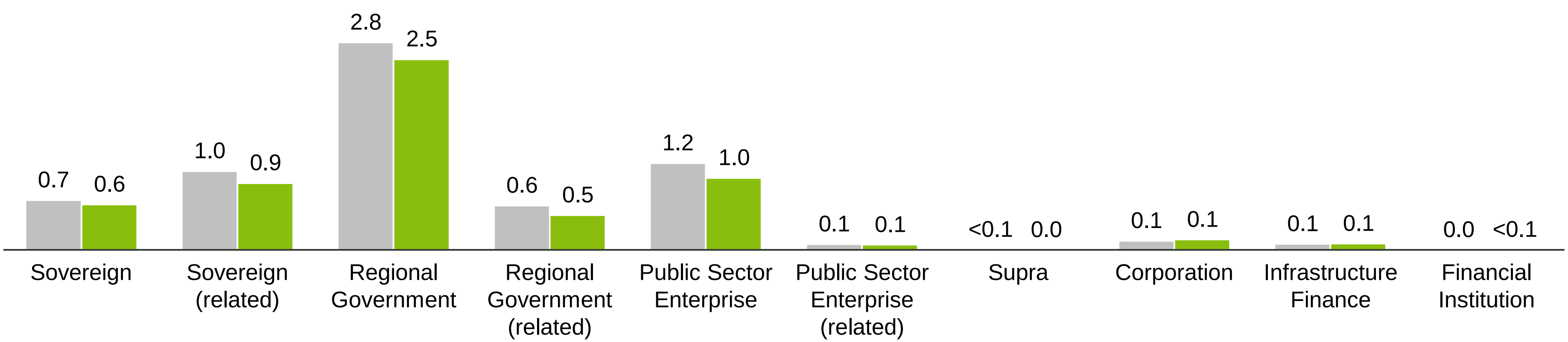
# Portfolio
## Public Investment Finance (PIF)

DEUTSCHE PFANDBRIEFBANK

**Regions**
€ bn (EaD, Basel III)




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




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

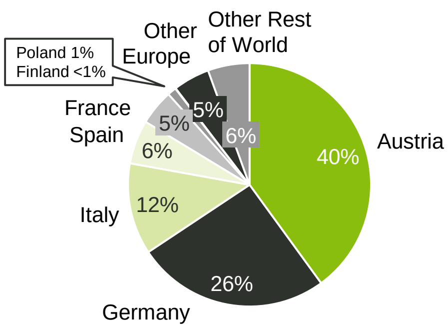
# Portfolio
## Value Portfolio (VP)

DEUTSCHE PFANDBRIEFBANK

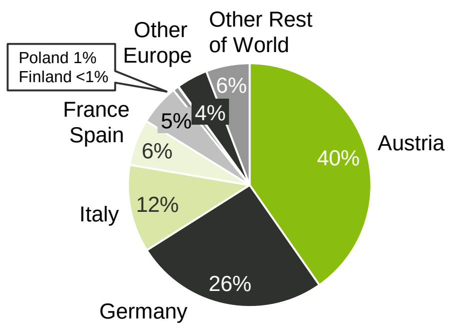
€ bn (EaD, Basel III)

### Regions

**31/12/2020: € 15.2 bn**

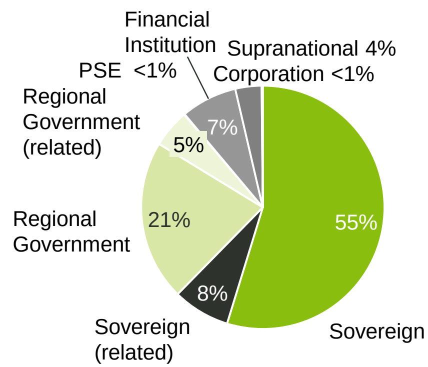



**31/12/2021: € 13.8 bn**

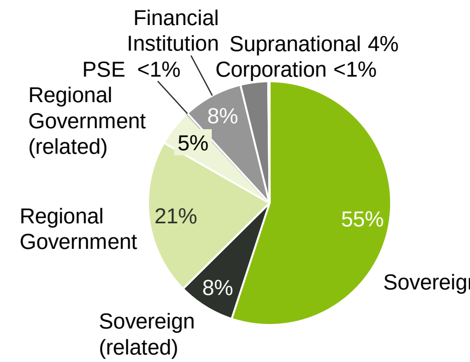



### Borrower classification[1]

**31/12/2020: € 15.2 bn**

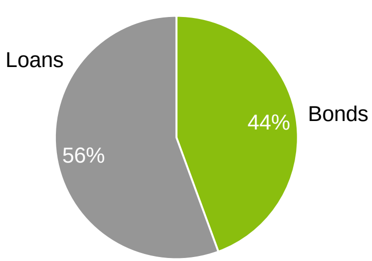



**31/12/2021: € 13.8 bn**

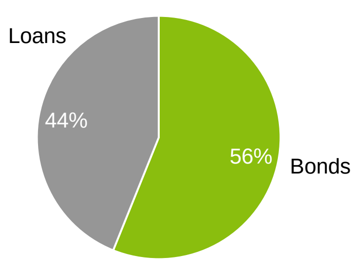



### Product class

**31/12/2020: € 15.2 bn**

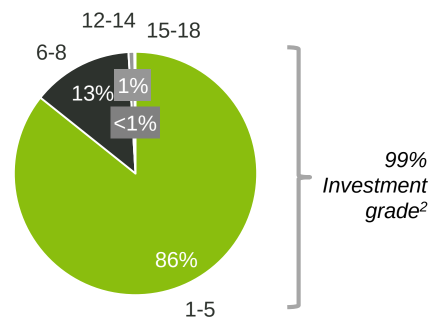



**31/12/2021: € 13.8 bn**

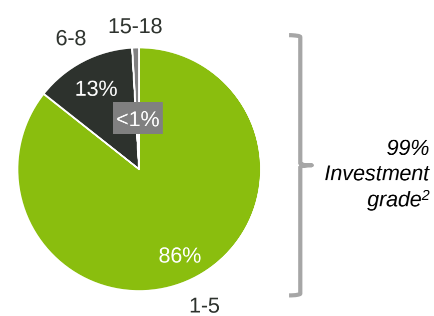



### Internal ratings (EL classes)

**31/12/2020: € 15.2 bn**




**31/12/2021: € 13.8 bn**



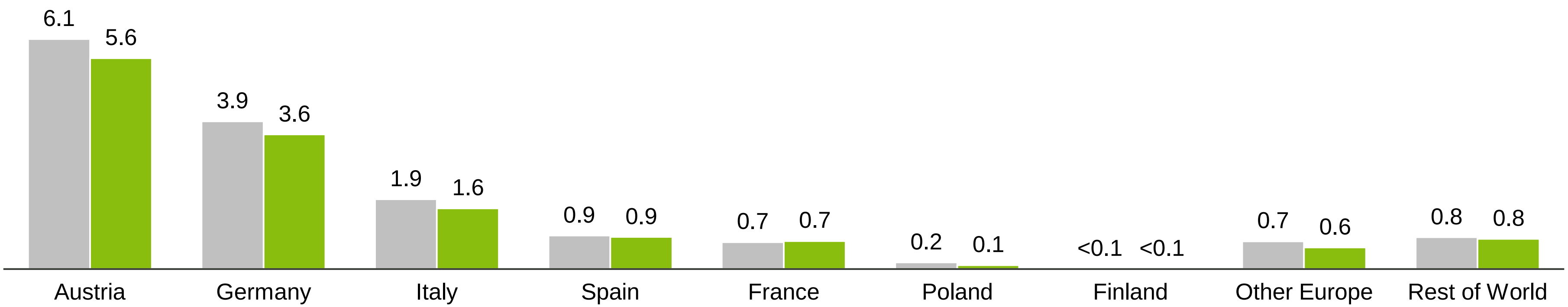

Note: Figures may not add up due to rounding 1 See appendix for definition of borrower classification 2 Internal EL Classes 1-8 = Investment grade; Internal EL classes 9-18 = Non-investment grade

# Portfolio
## Value Portfolio (VP)

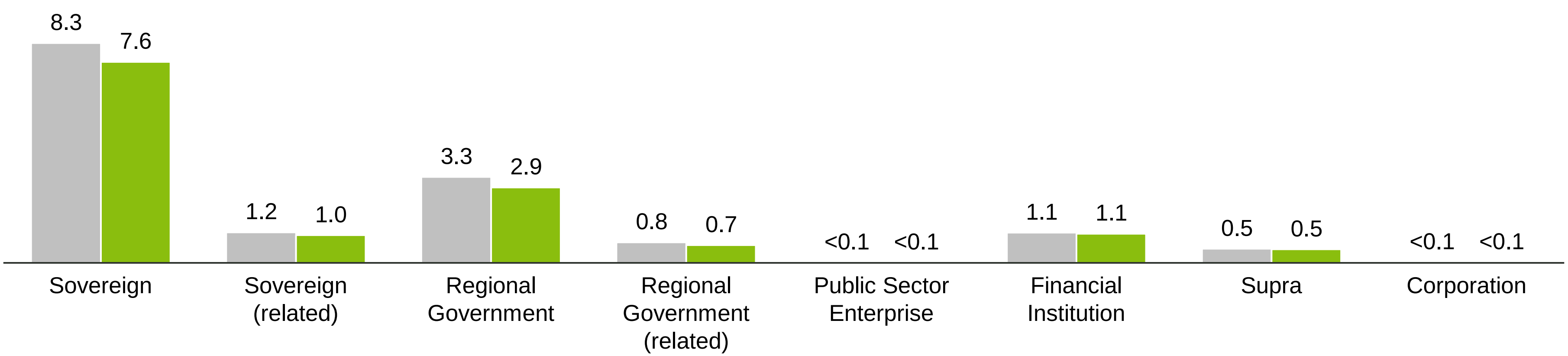
DEUTSCHE PFANDBRIEFBANK

**Regions**
€ bn (EaD, Basel III)

31/12/2020 / Total: € 15.2 bn
31/12/2021 / Total: € 13.8 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

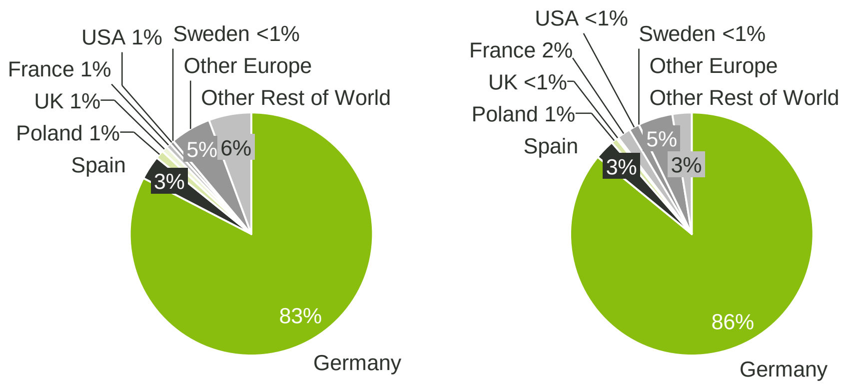
# Portfolio
## Consolidation & Adjustments (C&A)

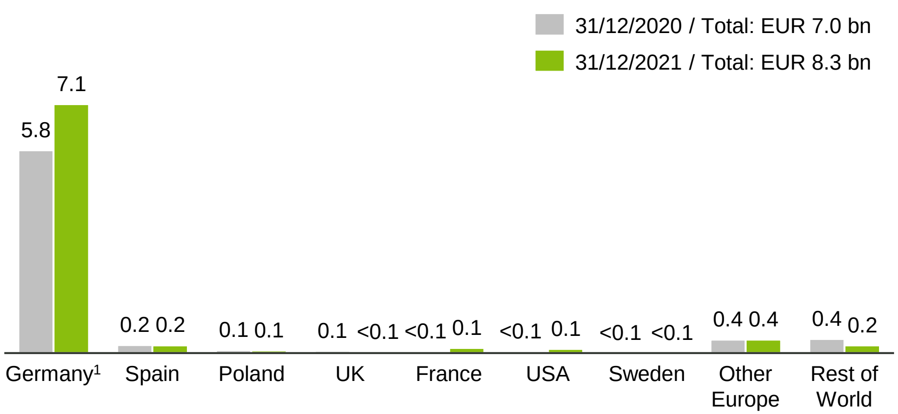
DEUTSCHE PFANDBRIEFBANK

€ bn (EaD, Basel III)

### Regions

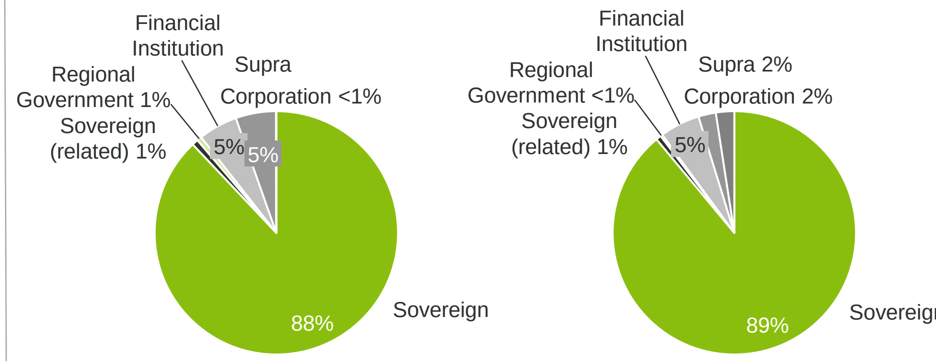
**31/12/2020: € 7.0 bn** | **31/12/2021: € 8.3 bn**



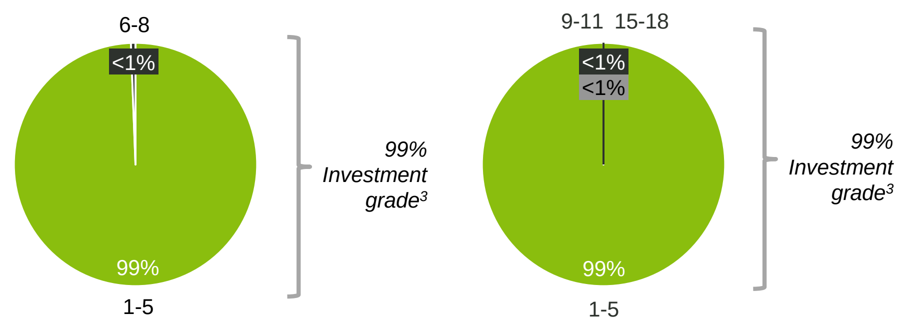

### Borrower classification[2]

**31/12/2020: € 7.0 bn** | **31/12/2021: € 8.3 bn**




### Internal ratings (EL classes)

**31/12/2020: € 7.0 bn** | **31/12/2021: € 8.3 bn**

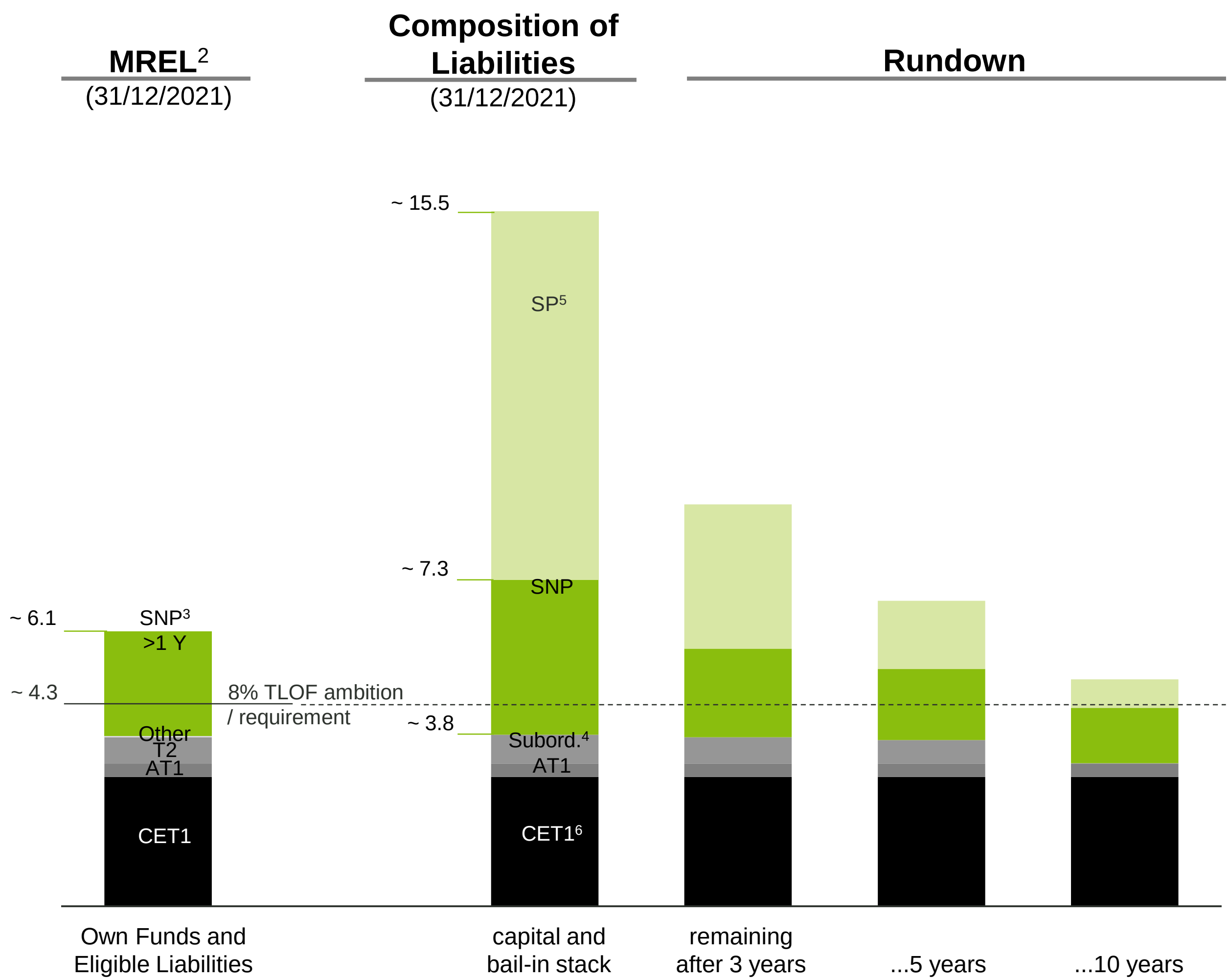



Note: Figures may not add up due to rounding
1 Incl. Bundesbank accounts (12/20: € 5.4 bn; 09/21: € 6.6 bn)
2 See appendix for definition of borrower classification
3 Internal EL Classes 1-8 = Investment grade; Internal EL classes 9-18 = Non-investment grade

# Funding

## Own Funds and Eligible Liabilities significantly exceed 8 % TLOF

(in € bn as of 31/12/2021)[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 an MREL-ambition level of 8 % TLOF in line with the binding regulatory target.
- Regulatory requirements (SREP, MREL etc.) are comfortably met

1 after confirmation of the 2021 financial statements, less the proposed dividend 2 pbb has set its ambition level at 8% TLOF with 100% subordination (i.e. Own Funds and Senior Non-Preferred), which is the currently binding regulatory target. As of 31 December 2021, MREL eligible items amounted to ~11% TLOF (based on the transfer to retained earnings from the 2021 annual result n TLOF as of 31.12.2021) / ~36% RWA / ~12% 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 2018

| Types | WKN | Launch Date | Maturity Date | Size | Spread[1] | Coupon | Issue/Reoffer Price |
|---|---|---|---|---|---|---|---|
| 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 | Perpetual | 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% |
| Mortgage Pfandbrief | A3H2Z80 | 20.04.2021 | 27.04.2024 | GBP 500 mn | +27 bp[6] | SONIA +100 bp | 102.178% |
| Mortgage Pfandbrief | A3E5K73 | 25.08.2021 | 20.08.2026 | EUR 500 mm | +0 bp | 0.01% | 101.747% |
| Mortgage Pfandbrief (2nd Tap) | A2GSLV6 | 26.08.2021 | 30.08.2027 | EUR 50 mn | -1 bp | 0.625% | 105.890% |
| Mortgage Pfandbrief (1nd Tap) | A2YNVM8 | 26.08.2021 | 16.10.2025 | EUR 50 mn | -1,9 bp | 0.01% | 101.880% |
| Mortgage Pfandbrief (2nd Tap) | A2YNVM8 | 16.09.2021 | 16.10.2025 | EUR 50 mn | -2 bp | 0.01% | 101.540% |
| Mortgage Pfandbrief (3nd Tap) | A2YNVM8 | 21.09.2021 | 16.10.2025 | EUR 100 mn | -2 bp | 0.01% | 101.490% |
| Mortgage Pfandbrief | A3E5KY5 | 14.10.2021 | 11.10.2024 | USD 750 mn | +20bp[3] | 0.875% | 99.778% |
| Senior Preferred (Green) | A3T0X22 | 20.10.2021 | 27.10.2025 | EUR 500 mn | +48 bp | 0.25% | 99.754% |
| Senior Preferred (Green) | A3T0X97 | 12.01.2022 | 17.01.2022 | EUR 750 mn | +42 bp | 0.25% | 99.798% |
| Mortage Pfandbrief | A3TOYD | 09.02.2022 | 14.02.2025 | USD 750 mn | +43 bp[7] | 1.875% | 99.767% |

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 7 vs SOFR

# Mandated Ratings

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

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

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1 S&P: Stand-alone credit profile   2 S&P: "Senior Unsecured Debt"   3 S&P: "Senior Subordinated Debt"

# Definition of borrower classifications

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| 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 |

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