Results Q1 2023 - Analyst Presentation

DEUTSCHE
PFANDBRIEFBANK

Disclaimer

DEUTSCHE
PFANDBRIEFBANK

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

AGENDA

1. **Highlights Q1/23**
2. Operative Highlights
3. Financial Highlights
4. ESG
5. Strategic Initiatives
6. Summary
7. Appendix

HIGHLIGHTS Q1/23

pbb remains on track in difficult market environment

- Progress on strategic initiatives
- Pre-tax profit of € 32 million in-line with full-year guidance 2023
- Increased average gross portfolio margin
- Release of management overlay keeps risk provisions low
- Retail deposit volume strongly increased

THE ROAD AHEAD

We aim to deliver our plan in three phases by 2026 – 2023 is Year of Investments

2023

Operative resilience

- NII reduced due to floors/TLTRO – catch-up from H2/23 expected
- Forward-looking risk approach keeps risk provisioning on low level, while loan loss reserves remain stable
- On track to deliver on guidance

Year of Investments

2023 Year of Investments
to lay the foundation for the implementation of our plan and steer through difficult markets

2024 & 2025

Accelerate our performance

Harvest first benefits to lift our performance beyond past levels

2026 & beyond

Release our full potential

Further scale up our growth initiatives beyond 2026

Project implementation & Market recovery

AGENDA

1. Highlights Q1/23
2. **Operative Highlights**
3. Financial Highlights
4. ESG
5. Strategic Initiatives
6. Summary
7. Appendix

OPERATIVE HIGHLIGHTS

Adequate positioning throughout the cycle

€ 1 bn

REF new business[1]

~200bp

Gross interest margin[2]
(REF new business)

€ 29.4 bn

REF portfolio[3]

+23%

pbb direkt; total volume € 5.4 bn

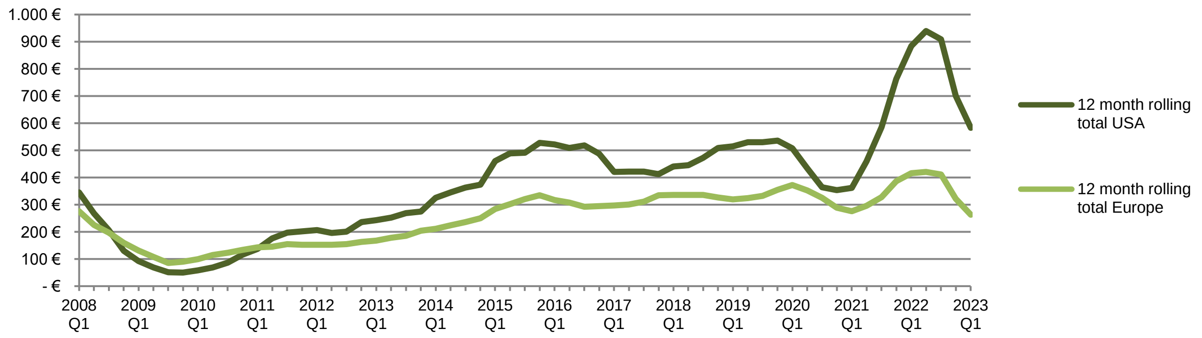
1. Incl. extensions > 1 year **2.** Net of FX-effects; gross revenue margin Q3/23 ~235 bp **3.** Financing volume

CRE MARKETS

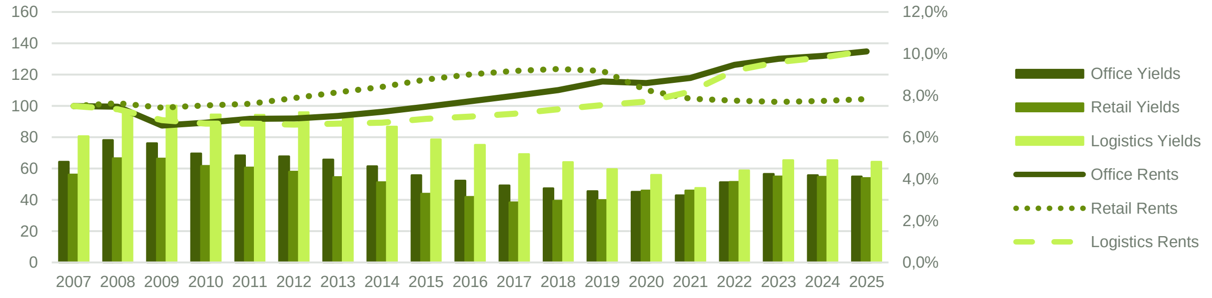
Challenging market environment – further decline of CRE investment volumes in Q1/23

European and US Investment volume[1]

(€ bn)



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



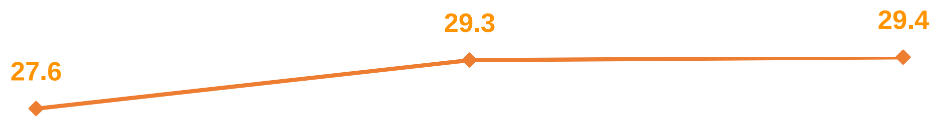
- European and US CRE investment volumes remain on very low level in Q1/23
- Ongoing difficult investment environment – prices expected to bottom out Q4/23 or early 2024
- Europe:
  - Prices are falling across all asset types as a reflection of weak investment demand
  - Prime office yields have already edged up and are expected to move out further in all markets
  - Logistics expected to see relatively large price decreases while residential values are expected to decline less
  - Hotel / Retail: slow return of prime transactions after significant price corrections
- USA:
  - Challenging combination of higher interest rates, structural vacancies due to work from home and overall turmoil around regional banks and debt ceiling
  - Very selective underwritings with prime sponsors at low LTV and sufficient debt yields

1. All property types. Based on independent reports of properties and portfolios over € 5 mn (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 April 2023

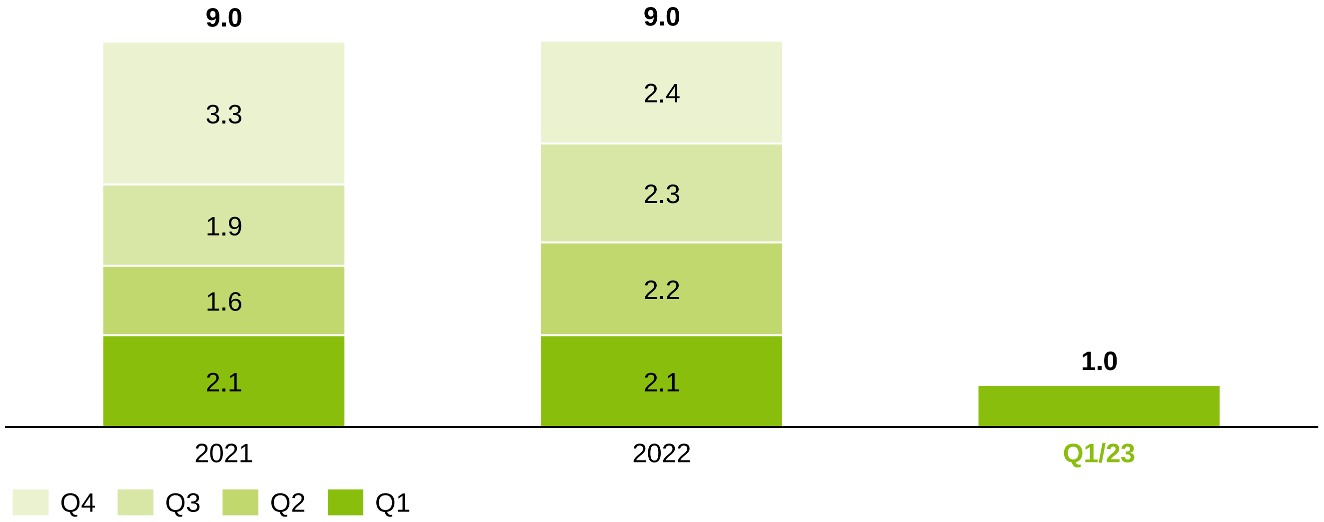
REF NEW BUSINESS & PORTFOLIO

New business margins remain on elevated level – strategic REF portfolio stable

Volume of strategic REF portfolio in € bn (financing volume)



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



- New business volume on low level in challenging market environment
  - Avg. gross interest margin remains on elevated level of ~200bp
  - Conservative and stable risk positioning with avg. LTV[1] of 54%
- Avg. gross portfolio margin increased, supporting NII going forward

New business	2021	2022	Q1/23
Share of extensions > 1 year (%)	29	30	34
Ø gross interest margin (bp)[2]	~ 170	~ 170	~ 200
Ø LTV[1] (%)	56	54	54
Ø Maturity[3] (yrs.)	~ 4.8	~ 4.3	~ 3.4

1. New commitments; avg. LTV (extensions): 12M/22: 52%; 12M/21: 54% 2. Net of FX-effects; gross revenue margin: 2021: ~175bp, 2022: ~190bp, Q3/23 ~235 bp 3. Legal maturities

REF NEW BUSINESS & PORTFOLIO

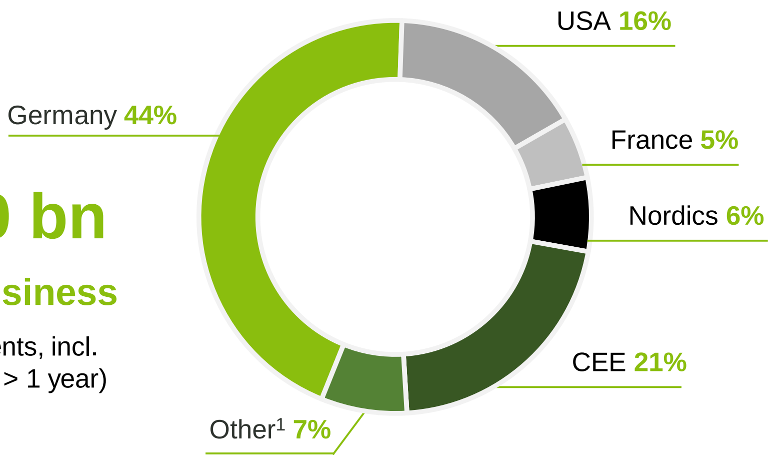
Diversification by countries and property types enables for flexible approach

Regions

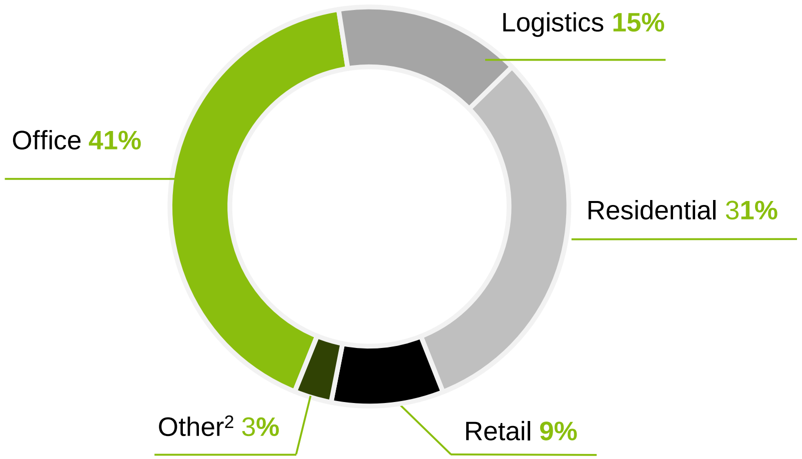
€ 1.0 bn

New business

(commitments, incl. extensions > 1 year)



Property types

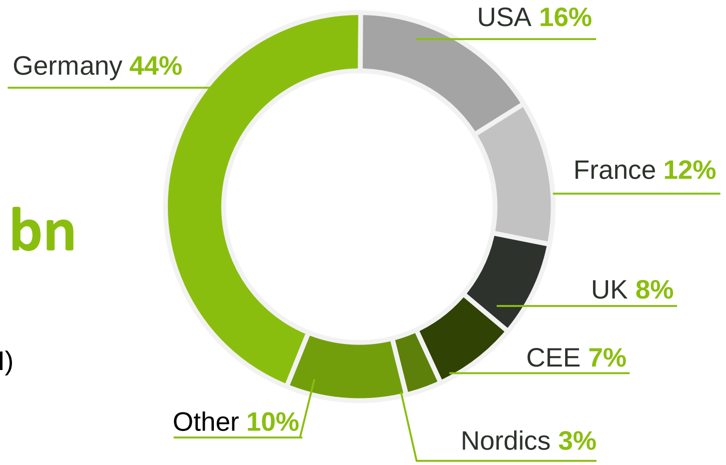


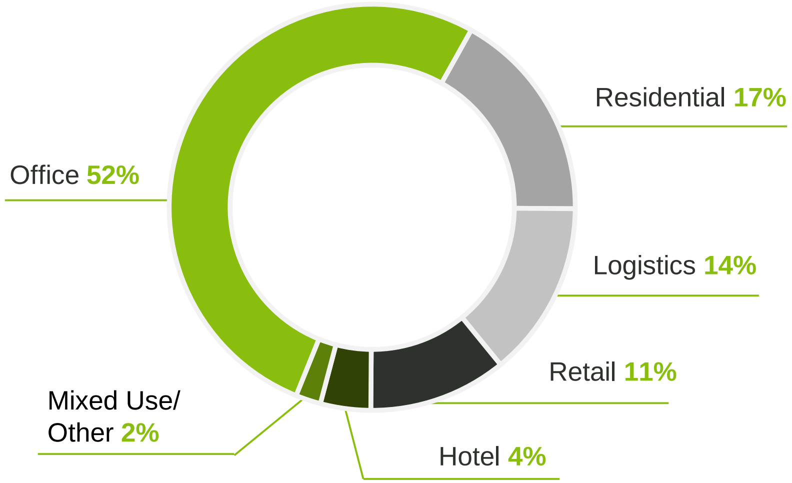
- No new commitments in property types Hotel and Retail Shopping Centres (except for extensions)

€ 30.9 bn

Portfolio

(EaD, Basel III)





Avg. LTV[3] REF portfolio 51%

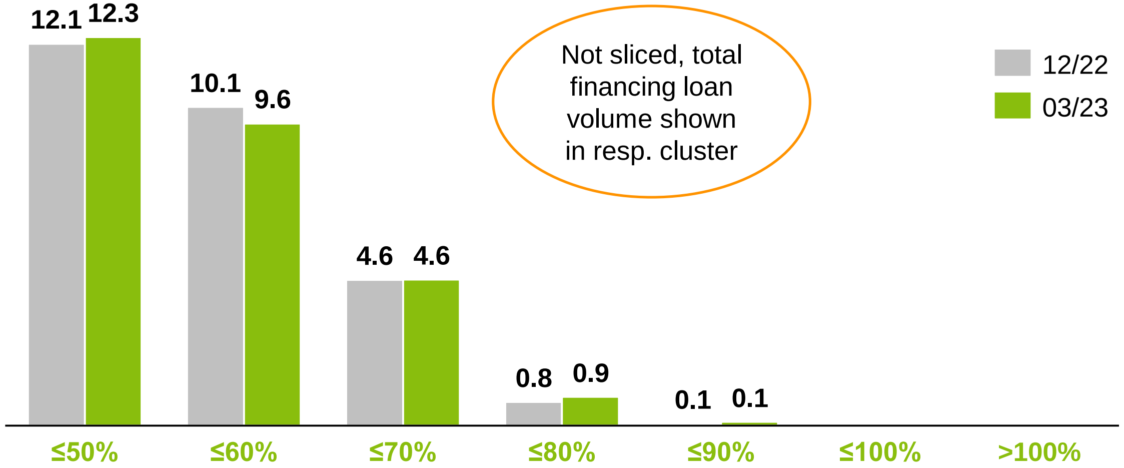
1. Netherlands **2.** Land 3. Based on performing investment loans only **Note:** Figures may not add up due to rounding

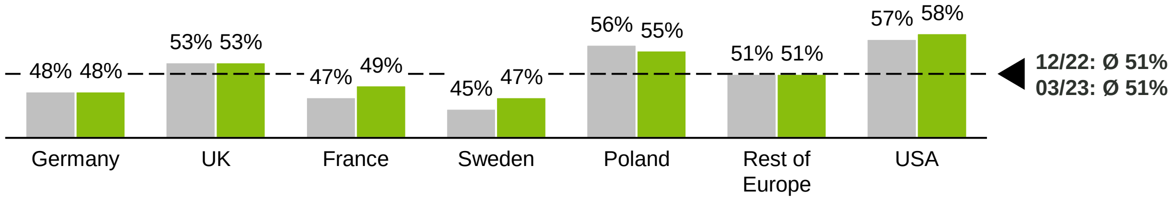
REF NEW BUSINESS & PORTFOLIO

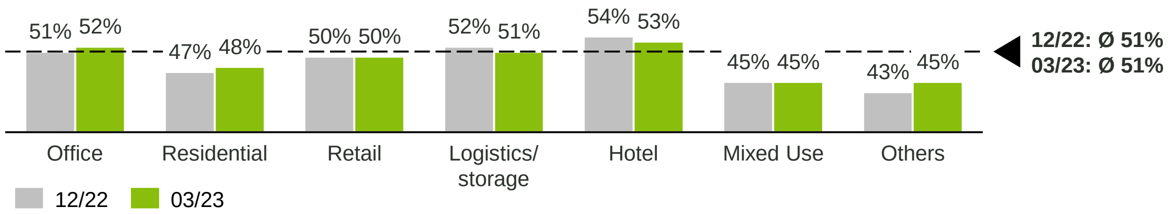
Solid portfolio quality – stable low average LTV of 51%

REF Portfolio: LTV cluster[1]

€ bn







Avg. LTV[1]
51%

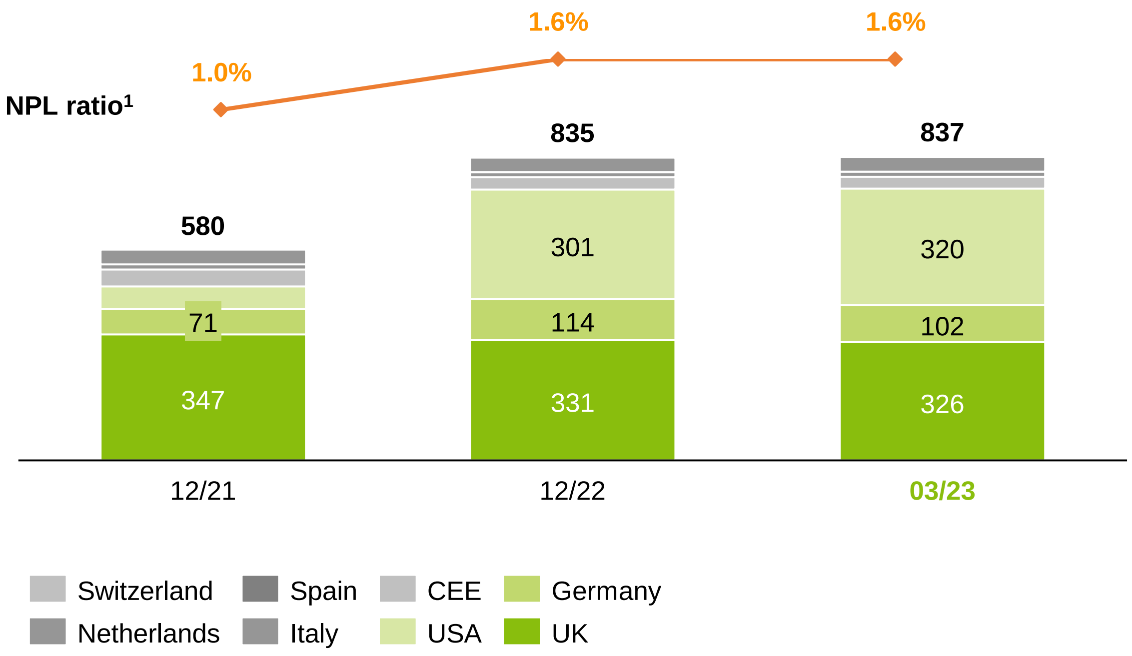
Avg. ISC[2]
>300%

1. Based on performing investment loans only 2. Interest Service Coverage (ISC)-calculation 12 month forward looking, no re-letting assumptions made, guaranties / recourse elements not considered **Note:** Figures may not add up due to rounding

NPL PORTFOLIO

NPL ratio on low level

Non-performing loans – regions
€ mn (EaD, Basel III)



- Non-performing loans (NPLs) stable q-o-q – 3 new additions of US loans (€ 137 mn) mainly compensated by removal of 1 US office loan (€ 116 mn, in forbearance cure-period) and 1 German residential loan (€ 3 mn)
- NPL ratio (EaD)[1] of 1.6% remains stable on low level (12/22: 1.6%)

1. Non-performing exposure ratio = Non-performing loans and bonds / total portfolio (EaD) / NPL ratio (EBA definition) 03/23: 2.2%, 12/22: 1.9% (NPL ratio = gross carrying amount of non-performing loans and advances (incl. loans in forbearance cure-period) / total gross carrying amount of loans and advances) Note: Figures may not add up due to rounding

NPL PORTFOLIO

NPLs ≠ risk provisioning

- Overall NPL levels remain moderate and largely without additional loan loss provisions due to conservative risk positioning

- NPL coverage ratio regularly underscores collateral position: NPLs are sized as loan amount minus actual collateral value – the effective coverage ratio adds up to 100%

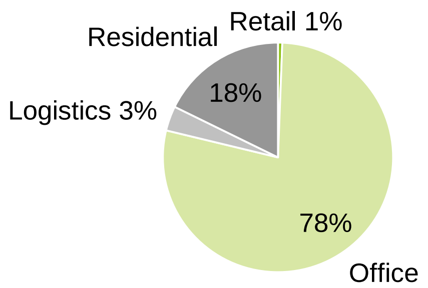
- Especially in the US: NPLs do not necessarily result in risk provisioning – impairment tests frequently indicate no or no major provisioning needs, e.g.
  - breach of tight (hard) debt yield covenants triggers default (and NPL) but interest is being paid and collateral value might still be sufficient
  - US specific extension structures (short base duration plus extension options) increase prolongation risk while cash flow for interest and valuation is still sufficient

➡ Last months have seen higher additions to NPLs especially in US Office exposure while some loans could be cured and put back into regular portfolio with low levels of risk provisioning required

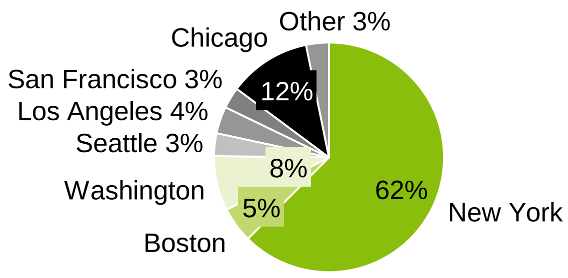
FOCUS: US PORTFOLIO

Risk profile strictly monitored and managed – only small risk provisioning need

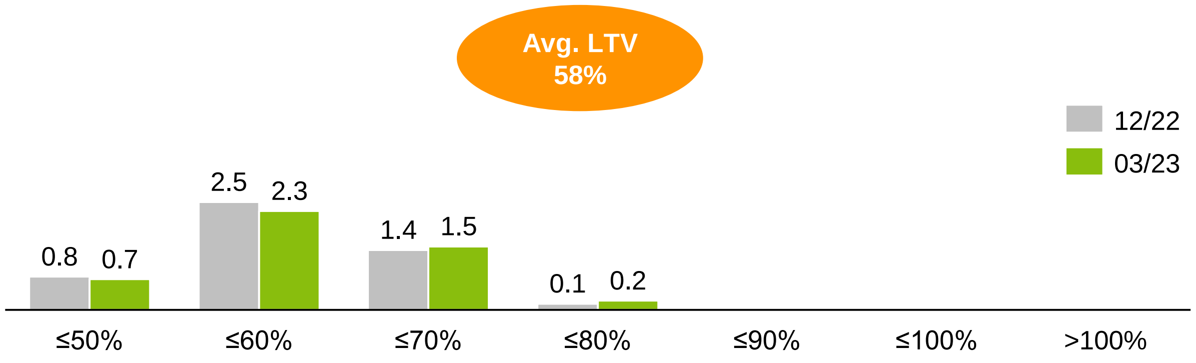
US portfolio: Property types
31/03/2023: € 4.9 bn (EaD, Basel III)



US portfolio: Regions
31/03/2023: € 4.9 bn (EaD, Basel III)



US portfolio[1]: LTV ratio
31/03/2023: € 4.7 bn (€ bn, financing volume, Basel III, LTV not sliced)



1. Based on performing investment loans only **Note:** Figures may not add up due to rounding

- Weak fundamentals esp. for the US Office market with high vacancies but significant discrepancies between regional markets and sub-segments
  - Prime properties in A-locations still with visibly higher presence in office and lower structural vacancies than average
  - Fundamentals primarily driven by: interest, "working from home" quota, ESG compliance and location
- Valuations of Office and – to a lesser extent – Logistics properties presently subject to significant corrections – dependent on regional and structural differences
- While serious concerns regarding US real estate markets prevail, US markets expected to recover relatively fast compared to most European markets

US NPL portfolio
31/03/2023: € 320 mn (EaD, Basel III)

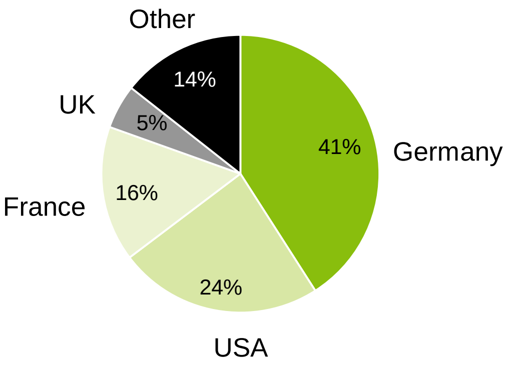
- 6 NPL loans
- Total volume € 320 mn
- Only small risk provisioning of € 7 mn necessary
- All multi-tenant office properties

FOCUS: OFFICE PORTFOLIO

Risk profile strictly monitored and managed – solid risk parameters

Office portfolio: Regions

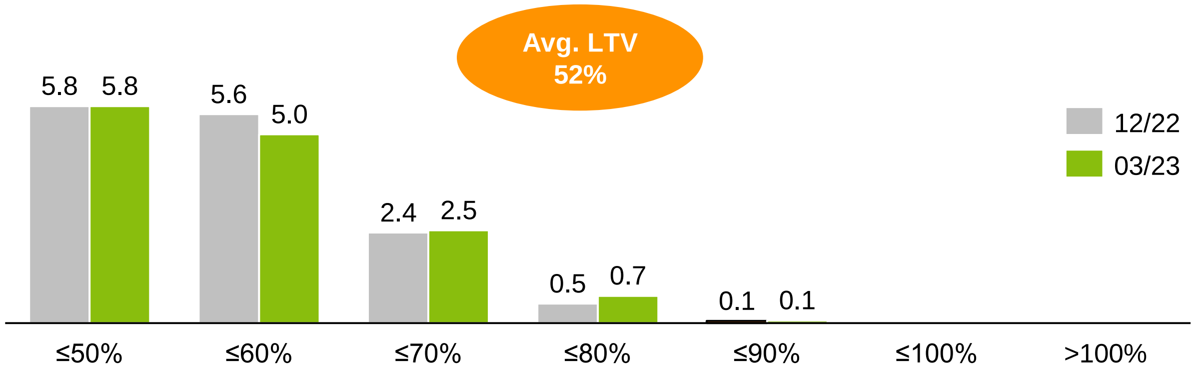
31/03/2023: € 16.0 bn (EaD, Basel III)



- Office investment volumes are at historic lows, only a few 1A-properties with long term leases and good tenants are still transacted
- Above average increase in vacancies in office properties which are not fulfilling the current property requirements (Prime location, Green property); but in many markets still on comparatively low levels
- Price adjustments coming through

Office portfolio[1]: LTV ratio

31/03/2023: € 14.4 bn (%, financing volume, Basel III, LTV not sliced)



Office NPL portfolio: Regions

31/03/2023: € 395 mn (EaD, Basel III)

- 9 NPL loans
- Total volume € 395 mn, thereof € 320 mn US loans
- Only small risk provisioning of € 18 mn

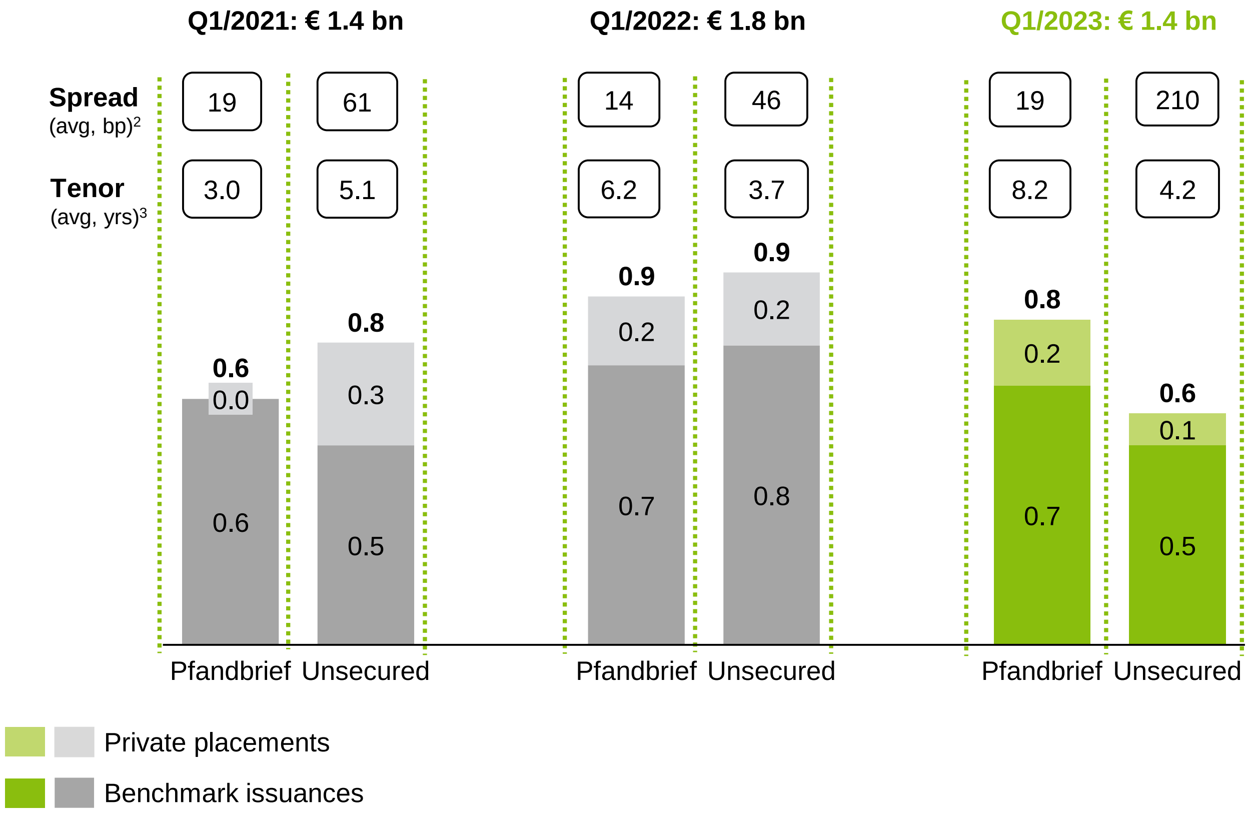
1. Based on performing investment loans only **Note:** Figures may not add up due to rounding

FUNDING AND LIQUIDITY

Focus on resilient and cost efficient Pfandbrief – unsecured funding increasingly shifted into currently more favourable retail deposit base

New long-term funding[1]

€ bn



- Focus on benchmarks and green refinancing
  - Pfandbrief funding with 1 benchmark and 2 taps
  - Unsecured funding dominated by € 500 mn Green Senior Preferred benchmark in January
- Increasing importance of pbb direkt – focus on term money
- TLTRO – remaining volume of € 2.65 bn to be repaid in 2023/24

- pbb manages its liquidity on a 6-months basis – liquidity buffer must withstand 6-months stress test (vs. 1-month regulatory requirement)
- Comfortable liquidity ratios: LCR 309% / NSFR 117%

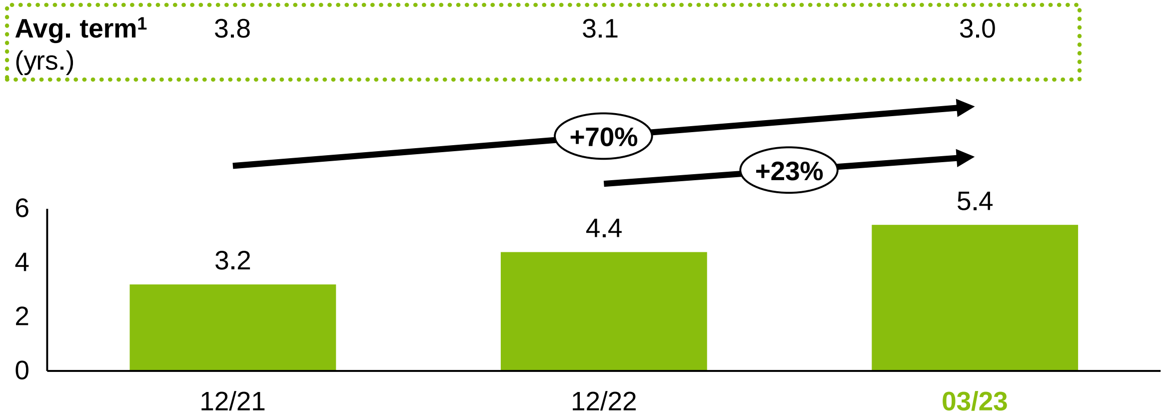
1. Excl. retail deposit business and "own-use" Pfandbriefe **2.** vs. 3M Euribor **3.** Initial weighted average maturity **4.** Excl. daily money **Note:** Figures may not add up due to rounding

pbb direkt – DEVELOPMENT OF VOLUMES

Retail deposits up by 23% to € 5.4 bn – ~80% term money

Development of pbb direkt volume

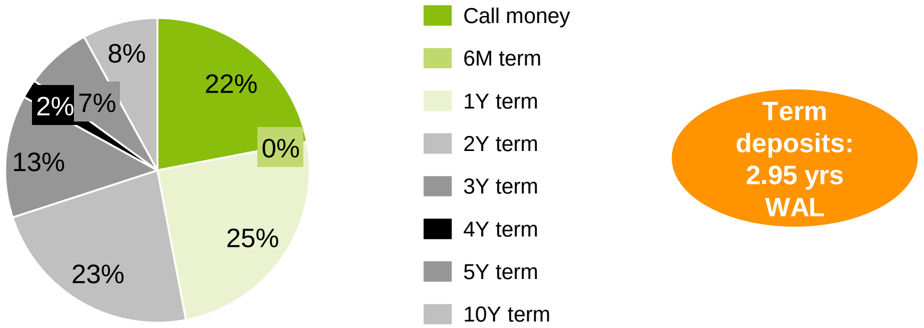
€ bn



- Number of clients increased by >80% since 12/21, from 41,000 to 75,000 in 03/23 with an avg. deposit amount of € 42,000 per client
- pbb direkt deposits approx. 100%[2] guaranteed

Retail deposits – maturity profile[1]

31/03/2023: € 5.4 bn

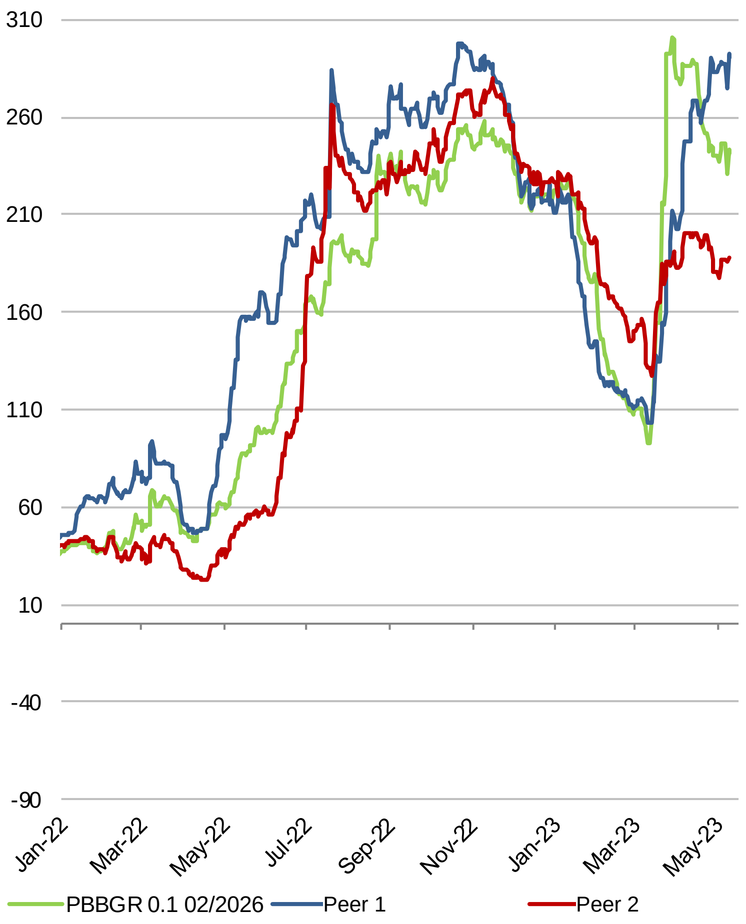


1. Initial weighted average maturity **2.** Statutory deposit protection scheme in combination with the voluntary protection scheme of German Banks **Note:** Figures may not add up due to rounding **Note:** Figures may not add up due to rounding

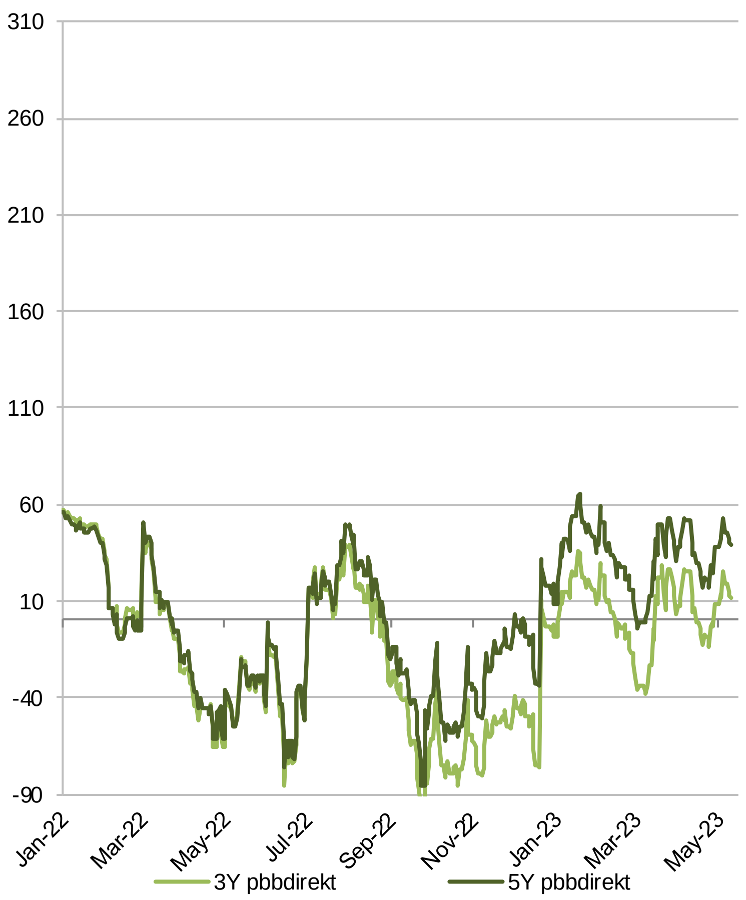
FUNDING

Structural shift of funding into currently cheaper retail deposits

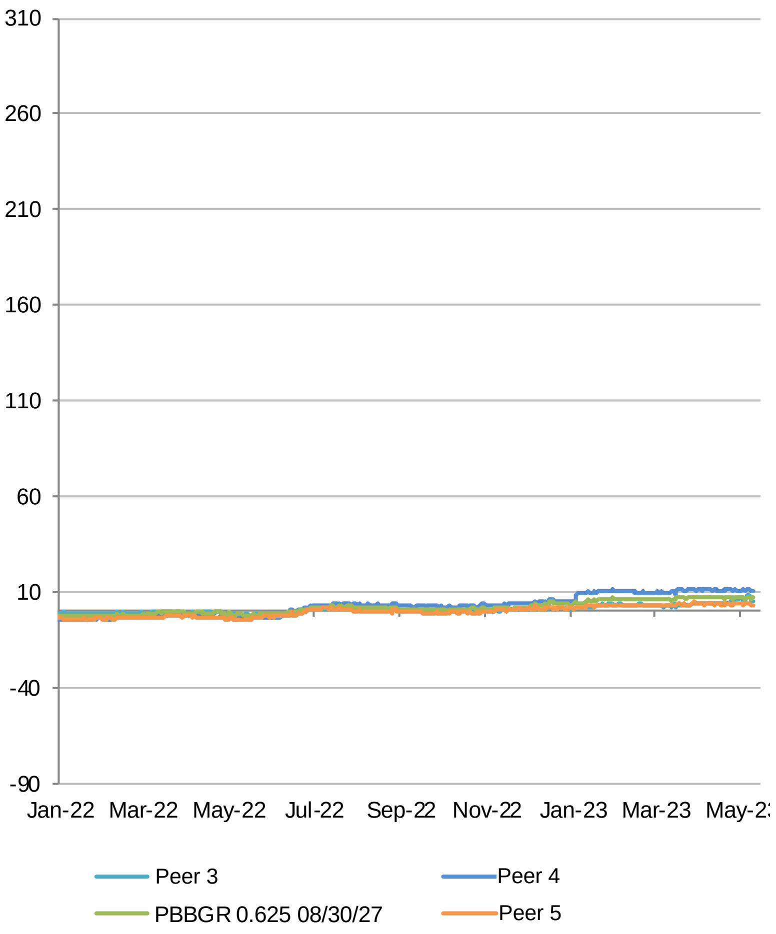
Senior Preferred
Spread Development (6M-Euribor) pbb vs peers



pbb direkt
Spread Development vs 6M-Euribor



Pfandbrief
Spread Development (6M-Euribor) pbb vs peers



Source: Bloomberg; Treasury

AGENDA

1. Highlights Q1/23
2. Operative Highlights
3. **Financial Highlights**
4. ESG
5. Strategic Initiatives
6. Summary
7. Appendix

FINANCIAL HIGHLIGHTS

Pre-tax profit of € 32 million in line with full-year guidance

€ 32 mn

PBT (RoE before tax of 3.3%)

16.6%

CET 1 ratio[1]

€ -2 mn

Risk Provisioning

€ -58 mn

GAE – 2023 Year of Investments

1. Calibrated towards anticipated Basel IV levels (fully loaded)

FINANCIALS

Solid operating performance despite difficult market environment

Income statement

€ mn

	Q1/22	Q4/22	Q1/23
Operating Income	**149**	**131**	**119**
Net interest income	122	131	106
Net fee and commission income	2	4	1
Net income from fair value measurement	9	-1	1
Net income from realisations	5	5	14
Net income from hedge accounting	1	-7	-2
Net other operating income	10	-1	-1
Net income from risk provisioning	-18	-6	-2
General and administrative expenses	-53	-67	-58
Expenses from bank levies and similar dues	-31	-	-22
Net income from write-downs and write-ups on non-financial assets	-5	-4	-5
Pre-tax profit	**42**	**54**	**32**
Income taxes	-6	-2	-5
Net income	**36**	**52**	**27**
RoE before tax[1] (%)	4.8	6.3	3.3
RoE after tax[1] (%)	4.1	6.0	2.7
RoCET1 after tax[1] (%)	4.5	6.7	3.0
CIR[2] (%)	38.9	54.2	52.9
EpS[1] (€)	0.24	0.36	0.17

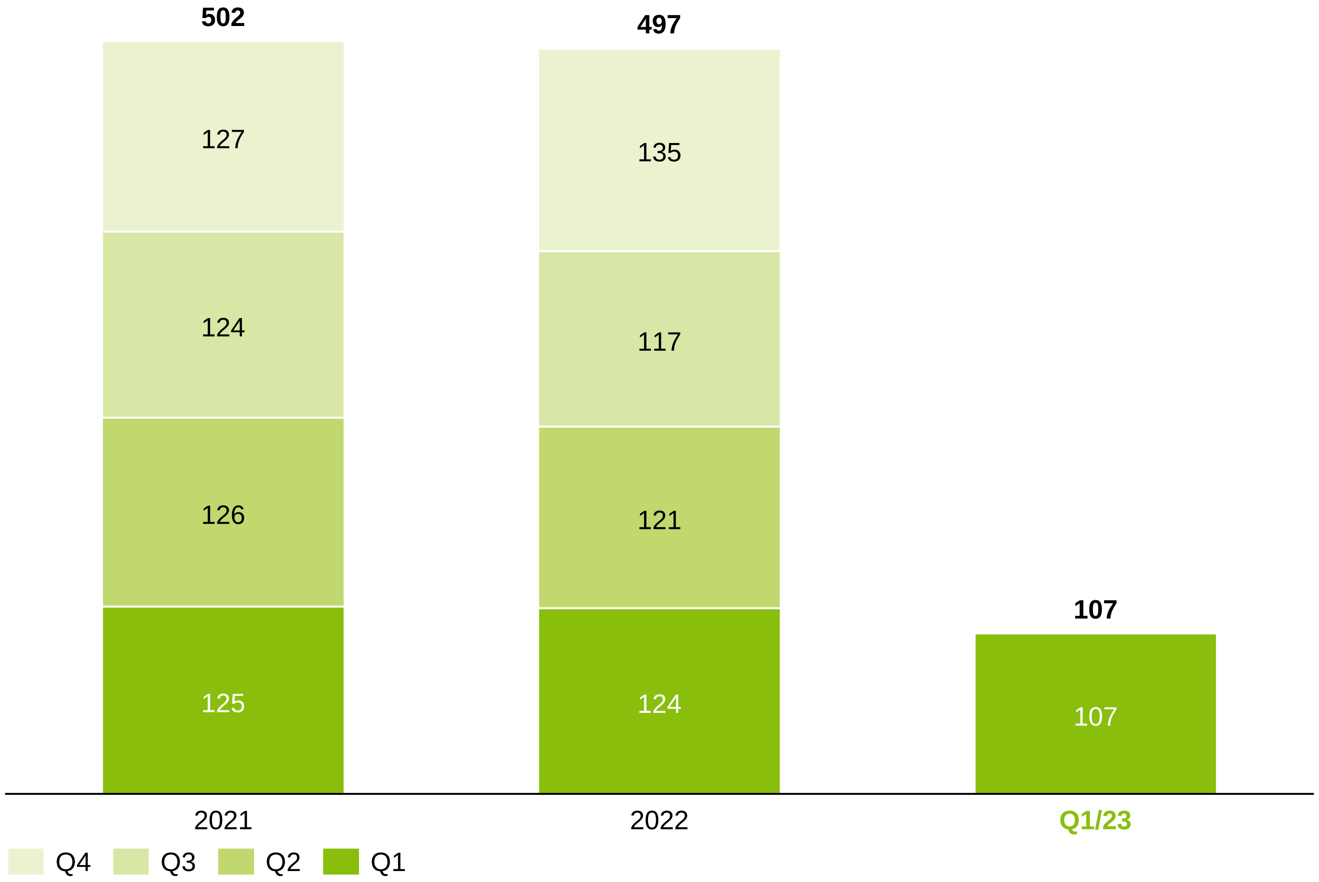
- **NII** mainly affected by loss of floor income and TLTRO III benefit, partially compensated by increased average REF financing volume
- **Fair value measurement** – previous year mainly supported by credit risk and funding cost induced valuation components
- **Net income from realisations** benefitted from sales from non-core unit (i.e. optimisation PIF&VP) and liability buybacks, prepayments below previous year's level
- **Net other operating income** – previous year benefitted from releases of provisions mainly for tax and legal topics
- **Risk provisioning** on low level, supported by release of management overlay; small addition in stage 3
- **GAE** affected by investments to advance strategic initiatives (2023 Year of Investment)
- **Bank levy** – decreased target volume of European Deposit Protection Fund resulted in lower fee
- **RoE** and **EpS** taking into account AT1 coupon[1]

1. After AT1 coupon (Q1/22: € -4 mn; Q1/23: € -4 mn)
2. CIR = (GAE + net income from write-downs and write-ups on non-financial assets) / operating income

NII AND NCI

Loss of floors and TLTRO III benefit weighs on NII as expected – strategic initiatives to compensate over time

NII and NCI
€ mn (IFRS)



- NII mainly affected by
  - loss of floor income
  - loss of TLTRO III benefit
- Partially compensated by increased average REF financing volume – effects from strategic initiatives to show over time

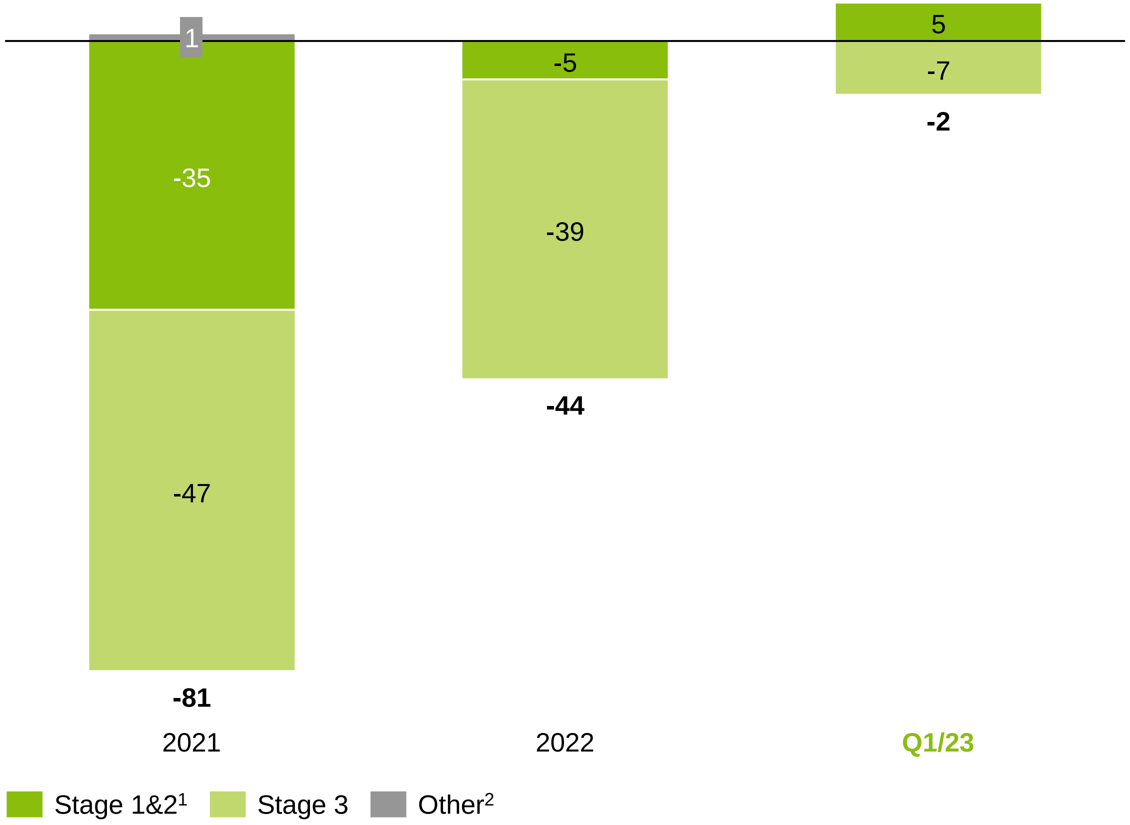
Note: Figures may not add up due to rounding

RISK PROVISIONING

Risk provisioning on low level, supported by release of management overlay

Net income from risk provisioning

€ mn (IFRS)



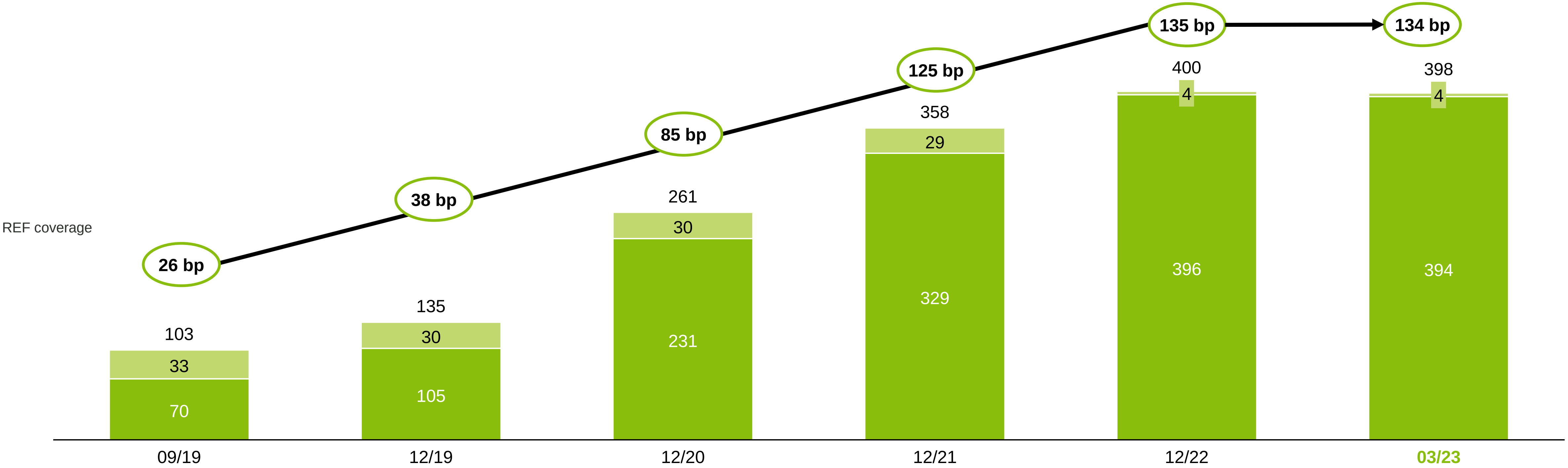
- **Stage 1&2:** Net release of € 5 mn – additions due to interest rate driven changes of model parameters and shift in internal ratings over-compensated by release of management overlay
- Management overlay reduced by € 27 mn to € 42 mn – remainder covering potential office market risks incl. ESG transformation and working from home
- **Stage 3:** Net additions of € -7 mn (Q1/22: € -8 mn) driven by one US office loan

1. Incl. provisions in off balance sheet lending business **2.** Recoveries from written-off financial assets

RISK PROVISIONING

Conservative risk profile aims at a long-term sustainable provisioning level of 40-80bp on the REF portfolio throughout the cycle

Balance sheet – loss allowances
€ mn



	09/19	12/19	12/20	12/21	12/22	03/23
Mgmt. overlay	-	-	-	54	69	42

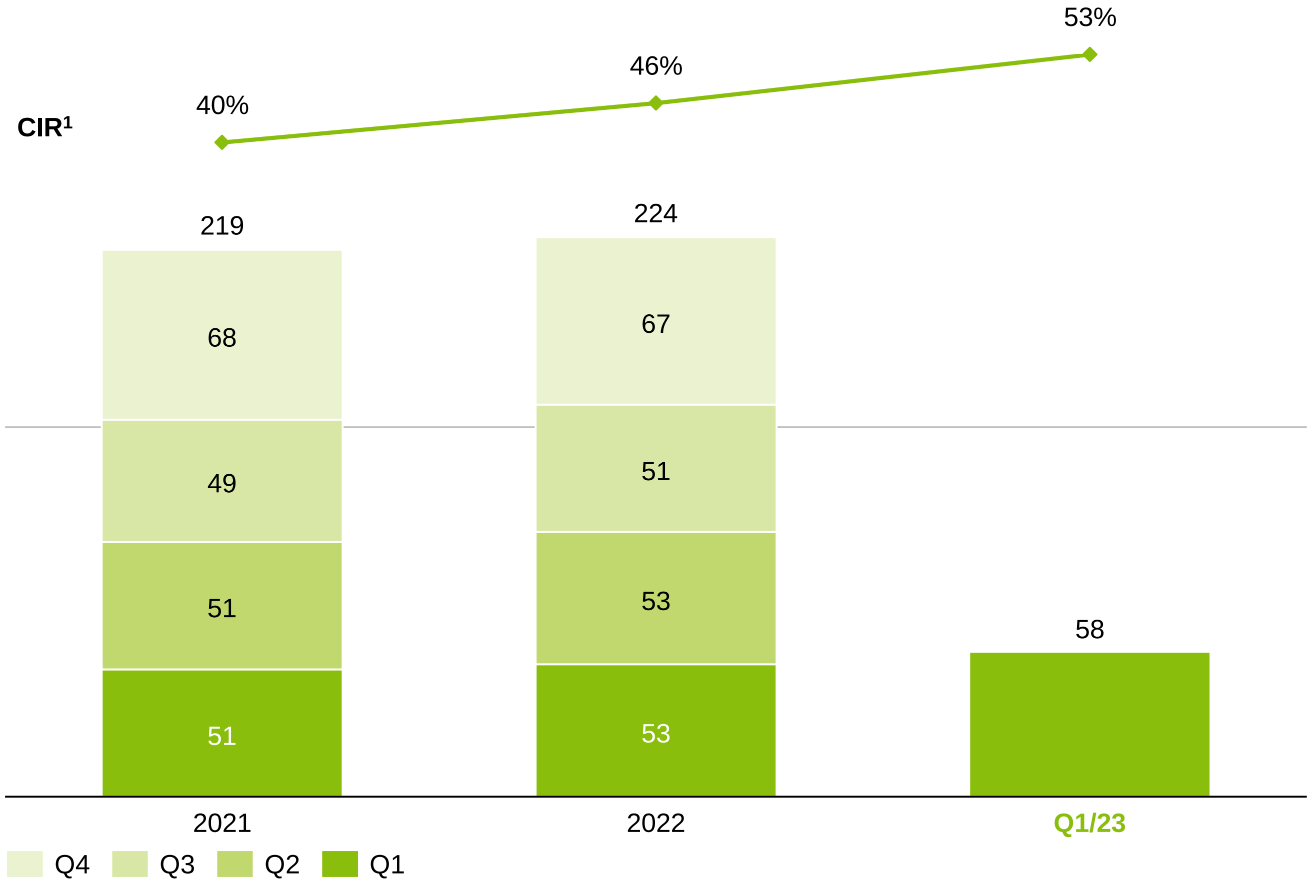
Non-REF REF

Note: Figures may not add up due to rounding

GAE

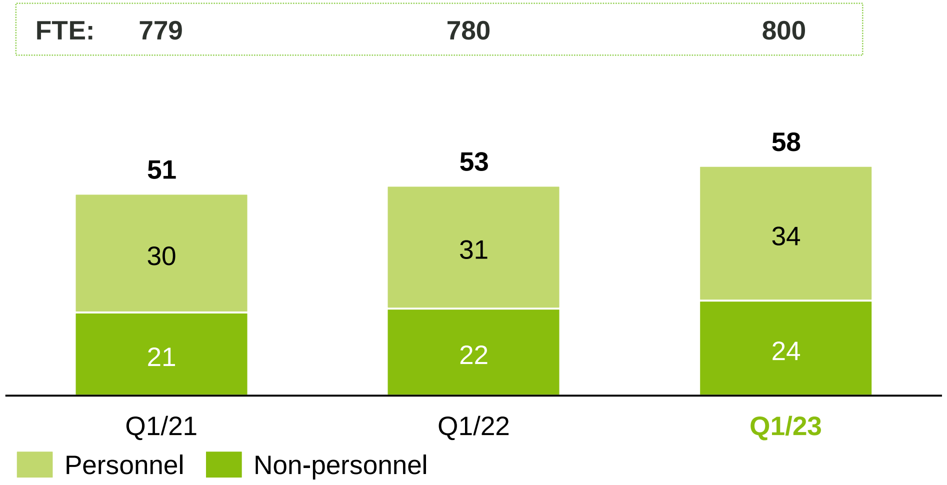
2023 is Year of Investments to advance strategic initiatives

General and admin. expenses
€ mn (IFRS)



- Investment in strategic projects to continue in difficult times
- FTE increase mainly driven by IT insourcing

Personnel vs. non-personnel expenses
€ mn (IFRS)



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

Compact cost reduction program to be launched with target CIR <45% by 2026

Cost efficiency is integral part of strategic agenda

2023 is Year of Investment

Cost reduction program to be launched in near-term: Investments imply that savings need to be realized – we look specifically into:

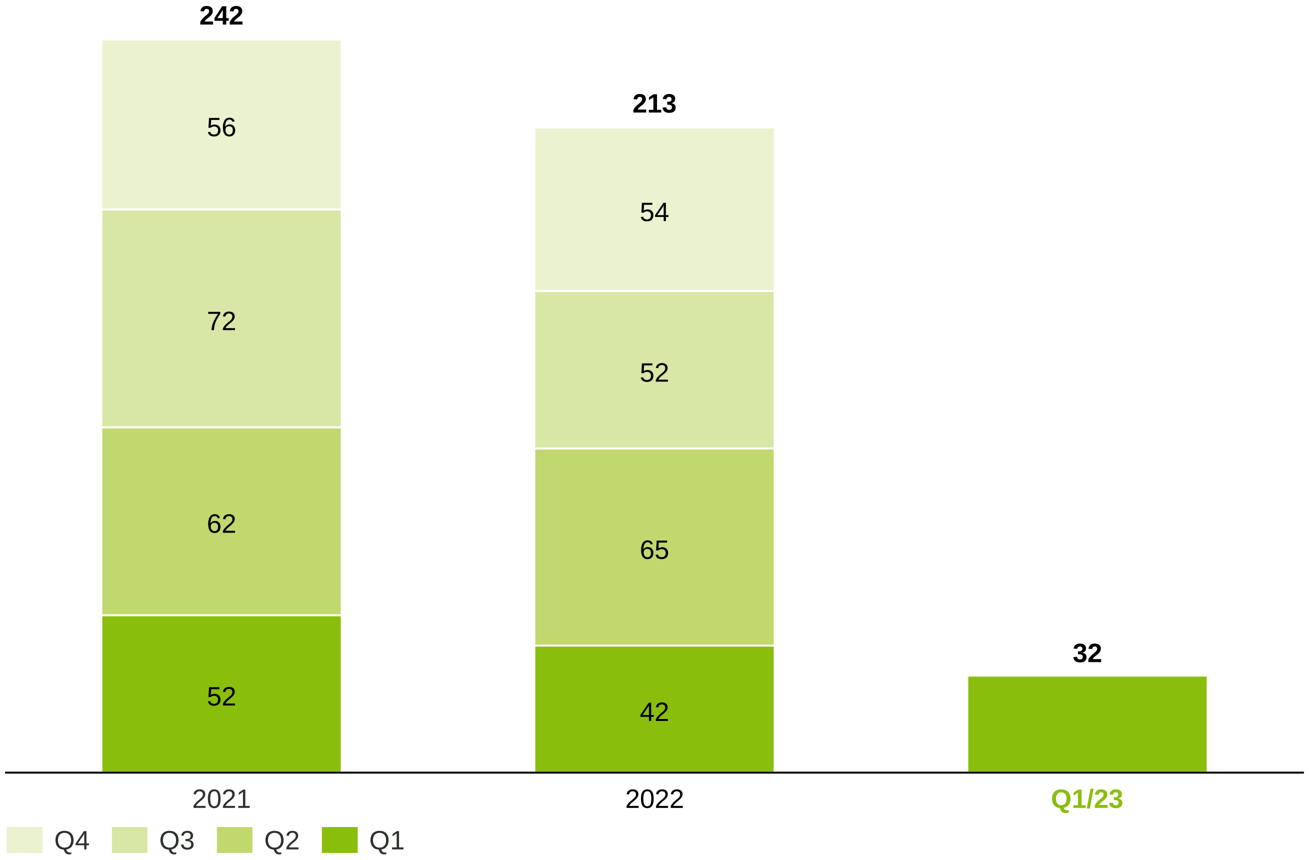
- Business focus measures (e.g. PIF in Non-core, Capveriant)
- Processes (e.g. credit)
- Non-personnel costs (e.g. consulting, admin, nearshoring, insourcing)

Medium-term cost target at 2022 level with CIR <45% by 2026

PBT

Pre-tax profit of € 32 million in line with full-year guidance

Pre-tax profit
€ mn (IFRS)



- Decline in NII driven by loss of floor income and TLTRO III benefit – strategic initiatives to compensate over time
- Forward-looking build-up of a management overlay keeps risk provisioning at low level
- 2023 Year of Investments to advance strategic initiatives

%	Q1/22	Q4/22	Q1/23
RoE b.t.	4.8	6.3	3.3
RoE a.t.	4.1	6.0	2.7
RoCET1 a.t.	4.5	6.7	3.0
EPS (€)	0.24	0.36	0.17

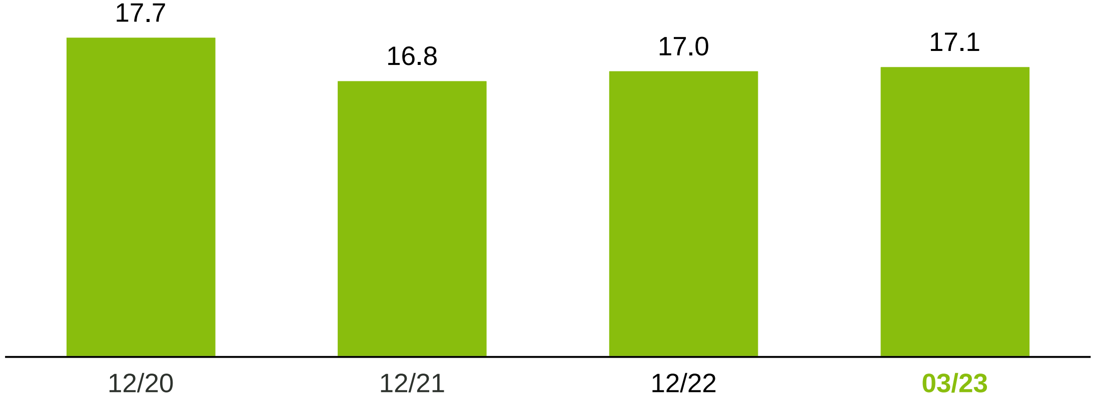
Note: Figures may not add up due to rounding

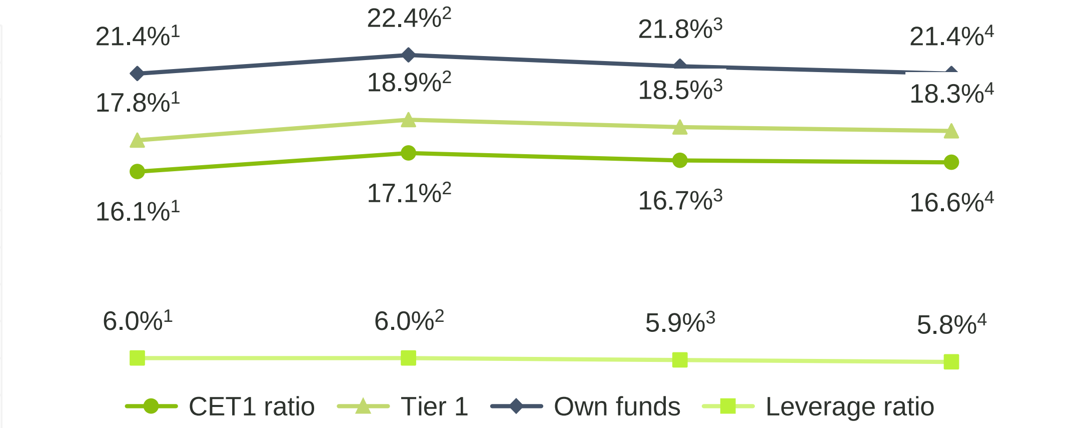
CAPITAL

Strong capital base allows for taking advantage of profitable growth opportunities

Basel III: RWA

€ bn (IFRS)





- **RWA** already calibrated towards anticipated Basel IV levels
  (fully loaded)
- Slight RWA increase by new REF commitments and individual internal rating deteriorations mainly compensated by maturity, reclassification and FX effects
- Strong capital base with **CET 1 ratio** of 16.6%[4] provides comfortable buffer
  - for expected rise in RWA from macroeconomic and Real Estate sector uncertainties
  - to take advantage of profitable growth opportunities

- **SREP requirements** (incl. anticipated additional buffer of 90bp):
  - CET 1 ratio: 9.31%
  - Tier 1 ratio: 11.28%
  - Own funds ratio: 13.90%

1. After approved year-end accounts, 2020 result not included **2.** Incl. full-year result, post dividend 2021 **3.** Incl. full-year result, post proposed dividend 2022 **4.** Excl. interim result, post proposed dividend 2022 **Note:** Figures may not add up due to rounding

AGENDA

1. Highlights Q1/23
2. Operative Highlights
3. Financial Highlights
4. **ESG**
5. Strategic Initiatives
6. Summary
7. Appendix

ESG

Progress in all areas

+ € 0.5 bn

Green Bonds[1]

€ 3.4 bn

Green Bonds[1] outstanding

18%

Green REF Portfolio share[2]
(26% on scored portfolio)

69%

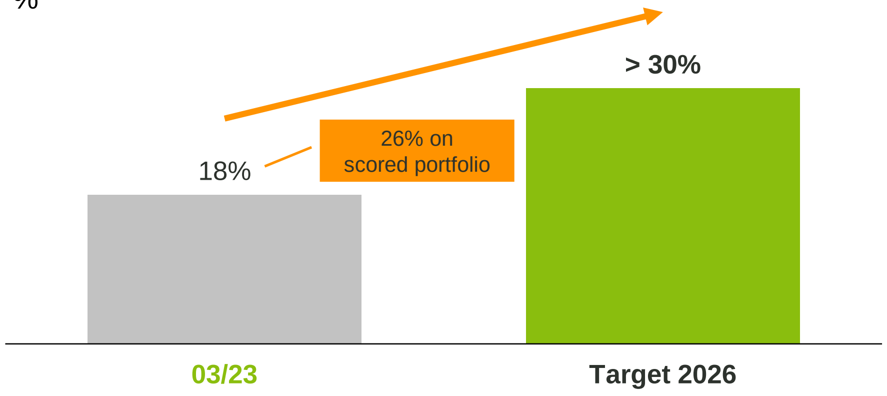
Share of scored REF portfolio

1. According to pbb's green bond framework **2.** Based on total REF portfolio; 26% based on scored REF portfolio of 69% as of 31 March 2023 / Green assets according to pbb's green loan framework (Green loan eligible)

Strong progress in sustainable finance activities

Green share of REF portfolio[1] (green loan eligible assets)

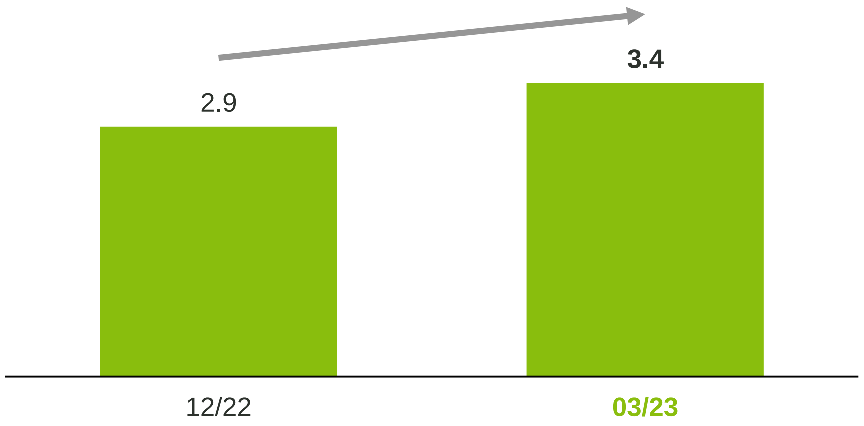
%



- 69% of REF portfolio scored – scoring of remaining portfolio ongoing
- Green share of total REF portfolio currently at 18% (26% based on scored portfolio of 69%) vs. 2026 target of >30%

Green Bonds

€ bn



- pbb is a leading issuer of senior preferred green bonds in the European market

1. Based on total REF portfolio; 26% based on scored REF portfolio of 69% as of 31 March 2023 / Green assets according to pbb's green loan framework (Green loan eligible)

AGENDA

1. Highlights Q1/23
2. Operative Highlights
3. Financial Highlights
4. ESG
5. **Strategic Initiatives**
6. Summary
7. Appendix

STRATEGIC INITIATIVES

Continuous progress in implementation of strategic initiatives – 2023 is Year of Investments

1 Profitable growth

- Strong new business margins result in increasing gross margin of existing portfolio

2 Green finance

- Cooperation with renowned partner in finalisation – Green consulting can start shortly
- Share of scored REF portfolio increased to 69%, Green share[1] of total REF portfolio currently at 18% (26% on scored portfolio)

3 Revenue diversification

- Dr. Pamela Hoerr onboarded, designated Board Member for build up of RE Investment Management
- Cooperations with Universal Investment (Fonds Servicing) and Amundi (Sales)

4 Focus on core business

- Transfer of PIF and VP to a non-core unit
- Discontinuation of intermediary business for municipal loans, CAPVERIANT will not be continued

5 Funding diversification

- Retail deposit volume increased by € 1.0 bn (23%) to € 5.4 bn in Q1/23

6 Digitalisation & operational revamp

- Progress in digitalisation initiatives, e.g. customer portal & process efficiency

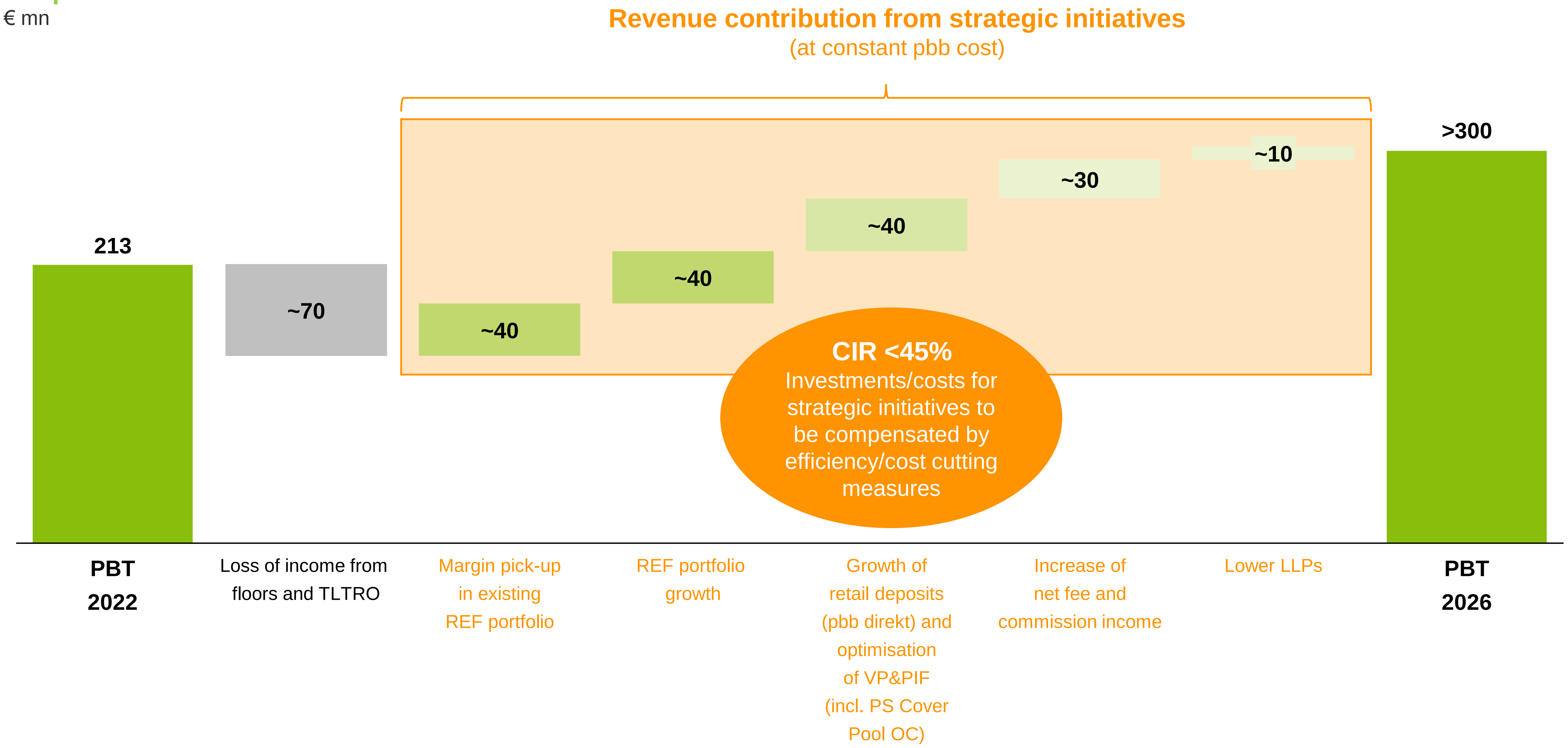
1. According to pbb's green bond framework

STRATEGIC INITIATIVES

pbb's path to its PBT target of >300 mn by 2026

Simplified waterfall

€ mn



AGENDA

1. Highlights Q1/23
2. Operative Highlights
3. Financial Highlights
4. ESG
5. Strategic Initiatives
6. **Summary**
7. Appendix

SUMMARY

pbb well positioned to weather current market challenges

2023 is Year of Investments

- Speedy implementation of strategic initiatives
- Managing increasingly difficult markets risk-wise
- Keeping operative track

Q1/23 in line to reach full-year guidance 2023

Significant growth in retail deposits to support NII especially in H2/23

Increased avg. gross portfolio margin to be maintained and further augmented

Stage 1&2 risk provisioning (loan loss reserves) calibrated towards demanding market environment in 2023 – should keep new provisioning low

AGENDA

1. Highlights Q1/23
2. Operative Highlights
3. Financial Highlights
4. ESG
5. Strategic Initiatives
6. Summary
7. **Appendix**

APPENDIX

1. **Strategic Initiatives**
2. Guidance
3. ESG
4. Dividend & Financials
5. Portfolio: Operating Processes and Profile
6. Funding & Ratings

Contact Details

STRATEGIC INITIATIVES

Strategic initiatives to further strengthen pbb's profitability growth trajectory and adapt our strategic focus to changing market conditions

1 Profitable growth

We optimise our portfolio to drive profitable growth in our core business

2 Green finance

We aim to become the leading green CRE transformation financing partner in Europe

3 Revenue diversification

We launch new business lines to diversify revenue streams and increase capital-efficient income

4 Focus on core business

We tailor our balance sheet structure to our core REF business

5 Funding diversification

We diversify our funding base by continuing retail deposit growth

6 Digitalisation & operational revamp

We digitalise our customer portal & processes and reduce complexity while maintaining strict cost discipline

People strategy & talent

We have a clear people strategy and initiatives for the attraction of young talent to enable change towards our targets

PROFITABLE GROWTH

1

We accelerate profitable, organic growth in our core business

Strategic Rationale

We grow our core REF business in two dimensions: volume and margin – while average risk weight to remain unchanged

We exploit selected market opportunities across asset classes while keeping our risk-conservative approach

Measures

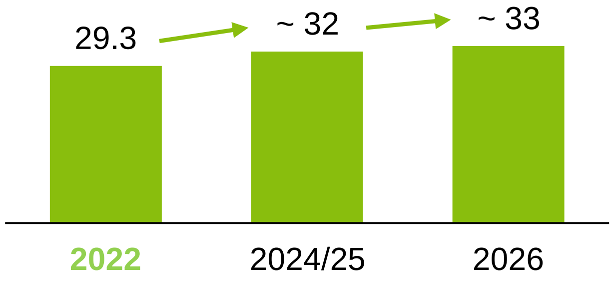
We re-allocate portfolios to continue to improve our margins based on current market opportunities across our asset classes

- Property types: re-considering cautious focus of asset class spectrum (comparable to pre-crisis within strategic scope of pbb)
- Property locations: continue diversification and geo-graphical expansion into attractive markets (e.g., US, UK, and selective CEE)
- Product types: selective expansion of higher-margin product types in combination with green/ESG initiative (e.g., developments, also outside of Germany, Green capex)

Within each of our portfolios, we further strengthen profitability focus when steering new business

KPIs

REF portfolio (€ bn)



Gross revenue margin[1] uplift of REF new business

> 15 bps
until 2026
(vs. 2022)

1. Based on 3-month EURIBOR and incl. FY effects

GREEN FINANCE

2

Become the leading green CRE transformation financing partner in Europe

Strategic Rationale

We set pbb up as sustainable finance bank and real estate transformation partner through a comprehensive ESG programme

ESG being a responsibility and opportunity at the same time

We establish pbb with sustainability expertise and profile beyond lending

Measures

Green Lending

- We increase share of financed green properties in our REF-portfolio with clear business target
- We emphasize green (development) loans and green capex facilities
- We build up a comprehensive ESG data gathering and holistic ESG database

Green Bonds

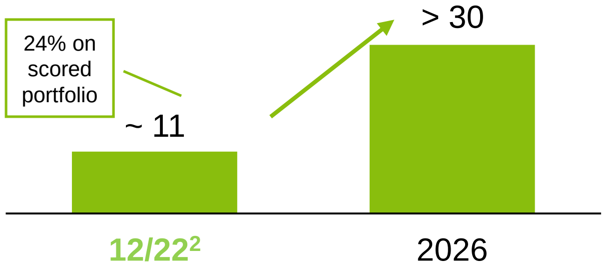
- We are a leading issuer of green senior unsecured bonds

Green Consulting

- We want to offer our clients independent and voluntary consulting services for holistic solutions in green CRE transformation
- We establish a partnership with ESG-minded RE developers for advisory services (Groß & Partner)
- We identify green leads through proprietary data tools and create transparency on ESG quality of the pbb loan book

KPIs

Green REF portfolio share[1] (%)



Achievement green bonds

No. 1 Issuer of green bonds in SP-format

€ 3.3 bn Green bonds issued (since 2021)

1. Green assets according to pbb's green loan framework (Green loan eligible) 2. Based on total REF portfolio; 24% based on scored REF portfolio of 45% as of 31 December 2022 / Green assets according to pbb's green loan framework (Green loan eligible)

REVENUE DIVERSIFICATION

3

We leverage our core CRE competencies for capital-efficient diversification of our income

Strategic Rationale

We continue to diversify our business model expanding into off-balance sheet business

We leverage our CRE expertise and market positioning to set up an RE investment manager and expand origination for our institutional investors base

Measures

pbbinvest DEUTSCHE PFANDBRIEFBANK

pbb Real Estate Investment Management (IM)

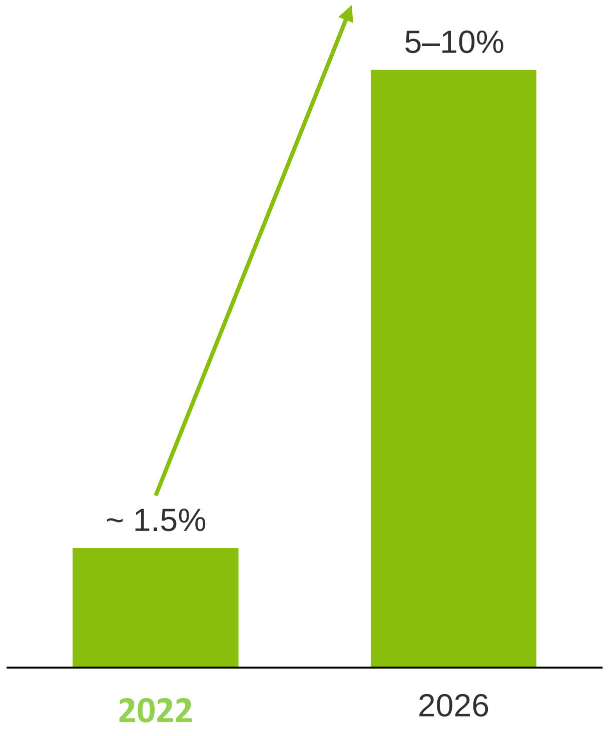
- We finalise the ramp-up of our new business model
- Experienced new board member already hired[1] and further hiring of senior IM experts
- Establish distribution partnership with an industry leader
- Complement in-house capabilities with fund administration partner (Universal Investment)
- Setup dedicated brand "pbb invest", with IM subsidiary to follow in the medium term
- We build a comprehensive CRE product suite entailing CRE equity investments and expand to debt investments

pbb Debt Products

- We expand and intensify serving of our institutional investor base understanding their investment needs
- We leverage our extensive market access to source their preferred RE debt types
- We broaden our product offering to provide exactly the required formats (e.g. debt fund)

KPIs

pbb Group: share of net fee and commission to operating income



1. Starting as general manager / Generalbevollmächtigte at pbb, appointment to pbb's management board subject to pending ECB approval

Diversify funding base to drive cost savings & optimize balance sheet for core business

4 Focus on core business

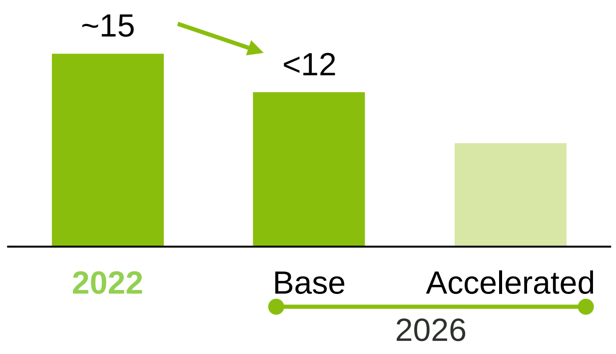
We optimise our balance sheet structure for our core business

Measures

- We focus on our REF core business and merge our PIF & VP segments into one non-core unit
- In light of re-allocating resources to our core business we minimise overcollateralisation of public sector cover pool and thereby lower funding costs
- We follow a value-preserving approach considering opportunistic acceleration options

KPIs

Total assets PIF & VP (€ bn)

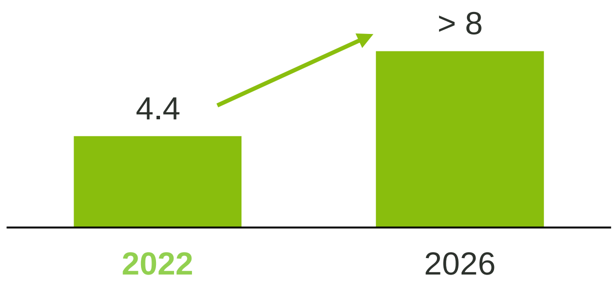


5 Funding diversification

We further accelerate retail deposit growth for a diversified and cost-effective funding base

- Further strengthen pbb direkt channel building on strong growth in 2022 (+38% to € 4.4 bn) through brand building and online channel optimisation
- Diversify deposit sources and set up strategic partnerships (e.g., deposit brokerage platforms)

Retail deposits (€ bn)



DIGITALISATION & OPERATIONAL RECAMP

6

Catalyse profitable growth through digital processes and steadfast cost discipline compensating for investments in strategic initiatives

Digitalisation

We continue our digitalisation efforts to drive quality, speed and efficiency

Measures

We further expedite the successful introduction of our digital customer portal & continue to reap the benefits

We continue on our path of process digitalisation (e.g., AI-assisted pipeline & resource allocation) to further

- Reduce complexity
- Increase customer loyalty & satisfaction
- Create room for profitable growth

Cost control

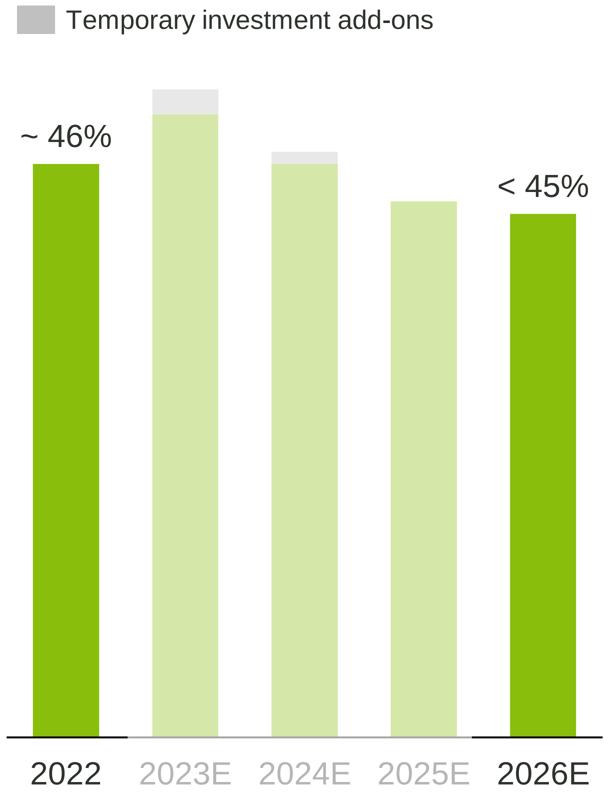
We retain cost control and carefully allocate costs to value-creating activities

We leverage selective cost measures to finance investments in growth opportunities

We build on our strong record of maintaining cost discipline despite ongoing investments in strategic initiatives, digitalisation and pressures due to inflation

KPIs

CIR



APPENDIX

1. Strategic Initiatives
2. **Guidance**
3. ESG
4. Dividend & Financials
5. Portfolio: Operating Processes and Profile
6. Funding & Ratings

Contact Details

Published 9 March 2023, Annual Results 2022

GUIDANCE 2023

In 2023, we invest in our business to lay the foundation for accelerated growth and a higher profitability level

	2022	2023 Financial Targets
REF new business[1]	€ 9.0 bn	**€ 9.0-10.0 bn**
Pre-tax profit	€ 213 mn	**€ 170-200 mn**
NII + NCI	€ 497 mn	**> € 450 mn**
Income from realisations	€ 15 mn	**€ 20-25 mn**
Risk provisioning	€ 44 mn	**Significantly less negative vs. 2022** – solid stock supports ongoing moderate level
General admin expenses	€ 224 mn	**< € 235 mn** – some uplift from investment into strategic initiatives
Cost-income ratio	45.6%	**50-55%**
RoE after taxes[2]	6.0%	**4.5-5.0%**

1. Incl. extensions > 1 year **2.** Based on CET1 capital

GUIDANCE 2026

We release our full potential by 2026 and reach a higher profitability level with >10% RoE b.t.

> 10%	RoE b.t. (> 9% RoCET1 a.t.)
> € 300	Profit b.t.
< 45%	Cost-income ratio
> 14%	CET1 ratio[1]
> 30%	Green REF portfolio share[2]
50% + 25%	Payout ratio for 2023-25[3]

1. Calibrated towards anticipated Basel IV levels (fully-loaded) **2.** Green assets according to pbb's green loan framework (Green loan eligible) **3.** Dividend policy of 50% regular dividend plus 25% special dividend; based on consolidated PAT attributable to shareholders acc. to IFRS and after AT1 coupon

APPENDIX

1. Strategic Initiatives
2. Guidance
3. **ESG**
4. Dividend & Financials
5. Portfolio: Operating Processes and Profile
6. Funding & Ratings

Contact Details

ESG at core of pbb strategy and brand

ESG Programme

	2021	2022	03/23
ISS ESG	C Prime	C Prime	C Prime
MSCI	A	AA	AA
Moody‘s ESG Solutions	Score 43 (limited)	Score 44 (limited)	Score 50 (robust)

- ESG at core of pbb’s strategy:
  - pbb can make a real difference, reducing the real estate sector`s significant CO_2 impact
  - Green finance bank and transformation partner
  - Active portfolio steering with initial roadmap to align CRE portfolio with Paris 1.5 degree target by 2045/2050
- ESG risk structurally integrated in risk management landscape and overall business strategy
  - Comprehensive monitoring of physical and transitional risks in REF exposure – portfolio & individual loan basis
  - ESG risk assessment integral part of credit process
- Comprehensive ESG programme implemented
  - Management Board responsibility – ESG targets part of remuneration
  - Operationally, all ESG dimensions covered with clear responsibilities assigned
- Progress acknowledged by regulator, ESG rating agencies and capital markets

GREEN LOAN

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

pbb Scoring Model

MAX SCORE: 100 Points

Criteria

I. Energy Efficiency	II. Building Certification	III. Additional Sustainability Factors
▪ Energy demand/-consumption [kWh/(m²·a)] ▪ **OR** ▪ Energy Reduction in Planning [kWh/(m²·a)][1]	▪ "Green" building certification **pbb Green Bond Framework Eligible**	▪ Surface sealing (green field vs. brown field) ▪ Type of/distance to public transportation ▪ Local supply ▪ Materials recycling[2] ▪ Type of heating ▪ Consumption of green energy ▪ Biodiversity[2] ▪ Existing energy/environmental management[2]
MAX SCORE: 50 Points	**MAX SCORE: 20 Points**	**MAX SCORE: 30 Points**
MAX SCORE: 70 Points		

Minimum score for pbb Green Loan: ≥ 60 Points

OR

Compliance with EU Taxonomy

pbb Green Loan Framework Eligible

1. Aligned with the EU Taxonomy **2.** Do Not Significant Harm Principles according to EU Taxonomy

APPENDIX

1. Strategic Initiatives
2. Guidance
3. ESG
4. **Dividend & Financials**
5. Portfolio: Operating Processes and Profile
6. Funding & Ratings

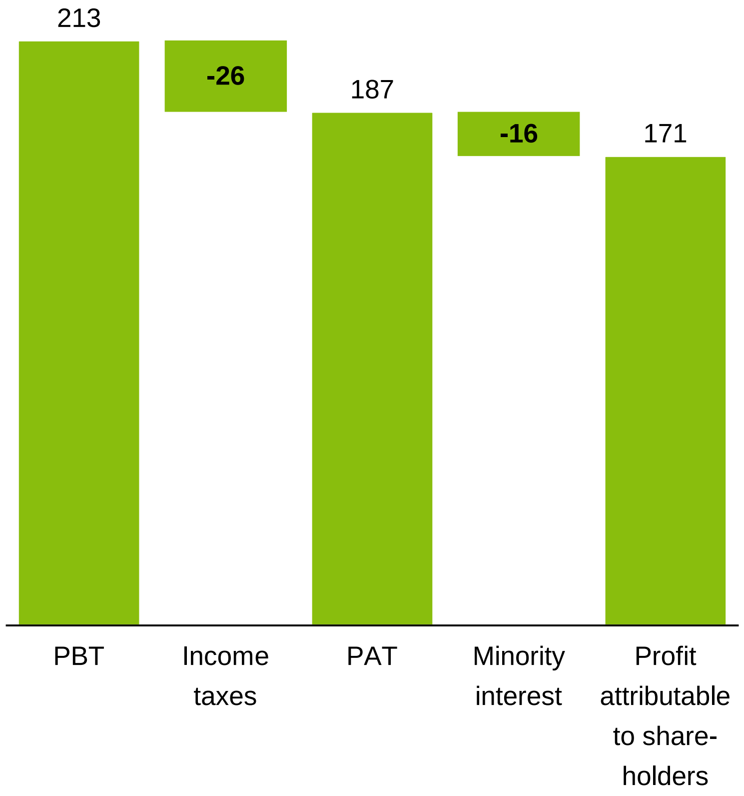
Contact Details

DIVIDEND PROPOSAL FOR 2022

pbb continues to deliver attractive shareholder return

Profit attributable to shareholders

€ mn (IFRS)



DPS (proposal)	Dividend policy 2023–2025	Payout ratio (proposal)
€ 0.95		75%[1]
50% regular dividend	+	25% special dividend

- Payout ratio based on consolidated IFRS profit after taxes, AT1 coupon and minority interest
- Overall, pbb‘s distributions are subject to economic viability and take into account macroeconomic and sector-specific risks, regulatory requirements and potential changes and actions, future growth and investment measures as well as further potential risks, in particular ESG risks
- Especially against the background of current geopolitical, macroeconomic and sector-specific uncertainties, maintaining a CET1 ratio of at least 14% is considered as a sufficient reference level for special dividend distributions
- pbb continues to aim at a long-term stable payout ratio which will be reviewed on a regular basis in the light of the aforementioned topics

1. 50% regular dividend + 25% special dividend

KEY FIGURES

pbb Group

Income statement (€ mn)	2020	2021	Q1/22	Q2/22	Q3/22	Q4/22	2022	Q1/23
Net interest income	476[5]	494	122	120	116	131	489	106
Net fee and commission income	6	8	2	1	1	4	8	1
Net income from fair value measurement	-8	10	9	5	7	-1	20	1
Net income from realisations	26	81	5	5	-	5	15	14
Net income from hedge accounting	4	-	1	-2	8	-7	-	-2
Net other operating income	22	-2	10	-6	-4	-1	-1	-1
Operating Income	**526**	**591**	**149**	**123**	**128**	**131**	**531**	**119**
Net income from risk provisioning	-126	-81	-18	-1	-19	-6	-44	-2
General and administrative expenses	-204	-219	-53	-53	-51	-67	-224	-58
Expenses from bank levies and similar dues	-26	-29	-31	-	-1	-	-32	-22
Net income from write-downs and write-ups on non-financial assets	-19	-20	-5	-4	-5	-4	-18	-5
Pre-tax profit	**151**	**242**	**42**	**65**	**52**	**54**	**213**	**32**
Income taxes	-30[5]	-14	-6	-10	-8	-2	-26	-5
Net income	**121**	**228**	**36**	**55**	**44**	**52**	**187**	**27**

Key ratios (%)	2020	2021	Q1/22	Q2/22	Q3/22	Q4/22	2022	Q1/23
CIR[1]	42.4[5]	40.4	38.9	46.3	43.8	54.2	45.6	52.9
RoE before tax	4.65	7.5	4.8	7.9	6.1	6.3	6.3	3.3
RoE after tax	3.65	7.0	4.1	6.7	5.1	6.0	5.5	2.7
RoCET1 after tax	n/a	n/a	4.5	7.3	5.6	6.7	6.0	3.0

Balance sheet (€ bn)	12/20	12/21	03/22	06/22	09/22	12/22	03/23
Total assets	58.9	58.4	56.3	55.1	55.9	53.0	53.7
Equity	3.3	3.4	3.4	3.3	3.4	3.4	3.5
Financing volume	44.2	43.7	43.8	43.3	44.3	43.7	43.5

Regulatory capital ratios[2]	12/20	12/21	03/22	06/22	09/22	12/22	03/23
RWA (€ bn)	17.7	16.8	16.7	16.5	17.3	17.0	17.1
CET 1 ratio – phase in (%)	16.1[3]	17.1[4]	16.9[6]	17.2[7/8]	16.3[7]	16.7[9]	16.6[10]

Personnel	12/20	12/21	03/22	06/22	09/22	12/22	03/23
Employees (FTE)	782	784	780	777	776	791	800

1. CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income **2.** Basel III transition rules **3.** After approved year-end accounts **4.** Incl. full-year result, post proposed dividend 2021 **5.** 2020 figures retrospectively adjusted according to IAS 8.42 **6.** Excl. Interim result, post proposed dividend 2021 **7.** Excl. Interim result **8.** Retrospectively adjusted (previously, AT1 coupon was deducted from CET 1 capital) **9.** Incl. full-year result, post proposed dividend 2022 **10.** Excl. Interim result, post proposed dividend 2022 **Note:** annual results audited, interim results Q1 2022/23 and Q3 2022 unaudited, interim results Q2 2022 unaudited, but reviewed

KEY FIGURES

Real Estate Finance (REF)

Income statement (€ mn)	2020	2021	Q1/22	Q2/22	Q3/22	Q4/22	2022	Q1/23
Net interest income	396[3]	417	104	103	101	112	420	96
Net fee and commission income	6	8	2	1	2	3	8	1
Net income from fair value measurement	-6	6	6	4	4	-	14	-
Net income from realisations	24	81	5	5	1	5	16	4
Net income from hedge accounting	3	-	1	-1	4	-4	-	-1
Net other operating income	19	-1	8	-4	-2	-	2	-1
Operating Income	**442**	**511**	**126**	**108**	**110**	**116**	**460**	**99**
Net income from risk provisioning	-129	-79	-19	-3	-41	-6	-69	-2
General and administrative expenses	-175	-189	-46	-47	-45	-58	-196	-51
Expenses from bank levies and similar dues	-16	-18	-20	-	-	-1	-21	-15
Net income from write-downs and write-ups on non-financial assets	-16	-17	-4	-4	-4	-4	-16	-4
Pre-tax profit	**106**	**208**	**37**	**54**	**20**	**47**	**158**	**27**

Key ratios (%)	2020	2021	Q1/22	Q2/22	Q3/22	Q4/22	2022	Q1/23
CIR[1]	43.2[3]	40.3	39.7	47.2	44.5	53.4	46.1	55.6
RoE before tax	5.5	9.9	6.3	9.0	2.9	7.3	6.4	3.7

Key figures (€ bn)	12/20	12/21	03/22	06/22	09/22	12/22	03/23
Equity[2]	1.9	2.1	2.3	2.3	2.3	2.4	2.5
RWA	16.0	15.1	15.1	15.1	15.9	15.5	15.5
Financing volume	27.0	27.6	28.0	28.4	29.5	29.3	29.4

1. CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income **2.** Equity allocated according to going concern view instead of liquidation approach **3.** 2020 figures retrospectively adjusted according to IAS 8.42 **Note:** annual results audited, interim results Q1 2022/23 and Q3 2022 unaudited, interim results Q2 2022 unaudited, but reviewed

KEY FIGURES

Non-Core (PIF & VP)

Income statement (€ mn)	Q1/22	Q2/22	Q3/22	Q4/22	2022	Q1/23
Net interest income	17	17	15	18	67	9
Net fee and commission income	-	-	-1	1	-	-
Net income from fair value measurement	3	1	3	-1	6	1
Net income from realisations	-	-	-1	-	-1	10
Net income from hedge accounting	-	-1	4	-3	-	-1
Net other operating income	2	-2	-2	-1	-3	-
Operating Income	**22**	**15**	**18**	**14**	**69**	**19**
Net income from risk provisioning	1	2	22	-	25	-
General and administrative expenses	-7	-	-6	-9	-28	-7
Expenses from bank levies and similar dues	-11	-6	-1	1	-11	-7
Net income from write-downs and write-ups on non-financial assets	-1	-	-	-	-2	-1
Pre-tax profit	**4**	**11**	**32**	**6**	**53**	**4**

Key ratios (%)	Q1/22	Q2/22	Q3/22	Q4/22	2022	Q1/23
CIR[1]	36.4	40.0	38.9	64.3	43.5	42.1
RoE before tax	2.2	8.5	28.1	5.3	10.5	3.9

Key figures (€ bn)	03/22	06/22	09/22	12/22	03/23
Equity[2]	0.6	0.5	0.4	0.4	0.3
RWA	1.0	0.8	0.8	0.8	0.8
Financing volume	15.8	14.9	14.8	14.4	14.1

1. CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income **2.** Equity allocated according to going concern view instead of liquidation approach **Note:** annual results audited, interim results Q1 2022/23 and Q3 2022 unaudited, interim results Q2 2022unaudited, but reviewed

BALANCE SHEET

Specialist lender with attractive German Pfandbrief as major funding instrument

Balance sheet

IFRS, € bn

Assets	31/03/23	31/12/22
Financial assets at fair value through P&L	**1.0**	**1.1**
thereof		
Positive fair values of stand-alone derivatives	0.6	0.6
Debt securities	0.1	0.1
Loans and advances to customers	0.3	0.4
Financial assets at fair value through OCI	**1.6**	**1.7**
thereof		
Debt securities	1.4	1.4
Loans and advances to customers	0.2	0.3
Financial assets at amortised cost (after credit loss allowances)	**48.4**	**48.7**
thereof		
Debt securities	5.3	5.4
Loans and advances to other banks	5.5	5.8
Loans and advances to customers	37.9	37.8
Positive fair values of hedge accounting derivatives	**0.2**	**0.3**
Other assets	**2.5**	**1.2**
Total Assets	**53.7**	**53.0**

Liabilities & equity	31/03/23	31/12/22
Financial liabilities at fair value through P&L	**0.7**	**0.7**
thereof		
Negative fair values of stand-alone derivatives	0.7	0.7
Financial liabilities measured at amortised cost	**48.4**	**47.7**
thereof		
Liabilities to other banks (incl. central banks)	8.3	7.5
thereof		
Registered Mortgage Pfandbriefe	*0.3*	*0.4*
Registered Public Pfandbriefe	*0.5*	*0.5*
Liabilities to other customers	18.8	17.9
thereof		
Registered Mortgage Pfandbriefe	*3.2*	*3.0*
Registered Public Pfandbriefe	*5.7*	*5.9*
Bearer Bonds	20.6	21.6
thereof		
Mortgage Pfandbriefe	*11.1*	*12.0*
Public Pfandbriefe	*2.1*	*2.0*
Subordinated liabilities	0.6	0.6
Negative fair values of hedge accounting derivatives	**1.0**	**1.1**
Other liabilities	**0.1**	**0.1**
Equity (attributable to shareholders)	**3.2**	**3.1**
AT1-capital	**0.3**	**0.3**
Total liabilities & equity	**53.7**	**53.0**

Share of Pfandbriefe of refinancing liabilities

47%/50%

Note: Figures may not add up due to rounding

APPENDIX

1. Strategic Initiatives
2. Guidance
3. ESG
4. Dividend & Financials
5. **Portfolio: Operating Processes and Profile**
6. Funding & Ratings

Contact Details

MONITORING PROCESS

Multi-level valuation review process

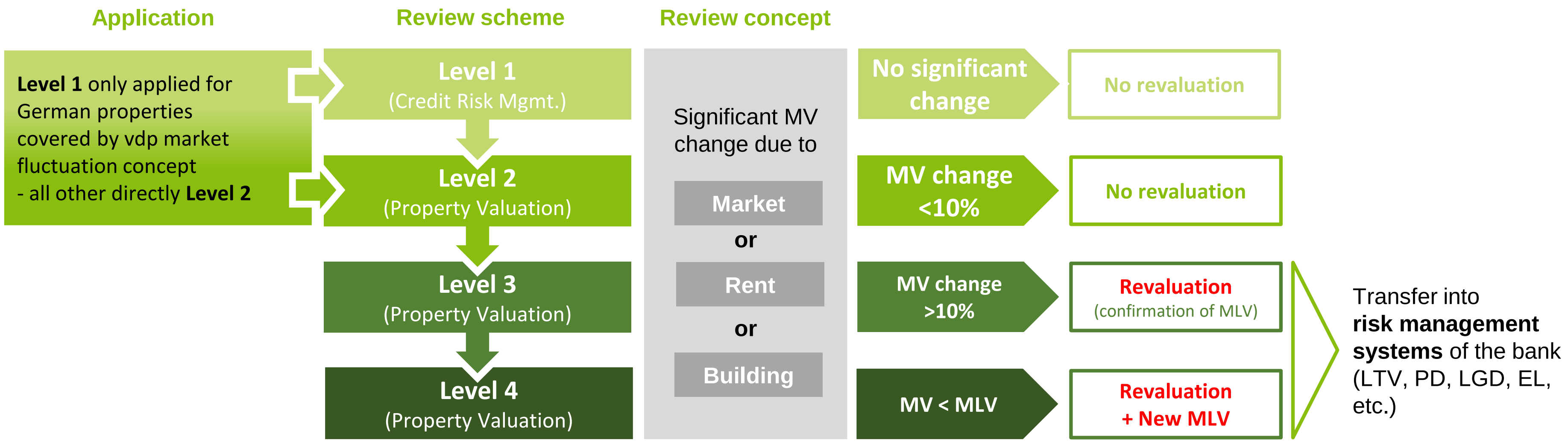
- **Regular annual review** (Level 1/2) – revaluation mandatory in case of significant changes (Level 3/4)
- **Mandatory revaluation** (Level 3) **after 3 years**

In addition, reviews on a continuous basis:

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

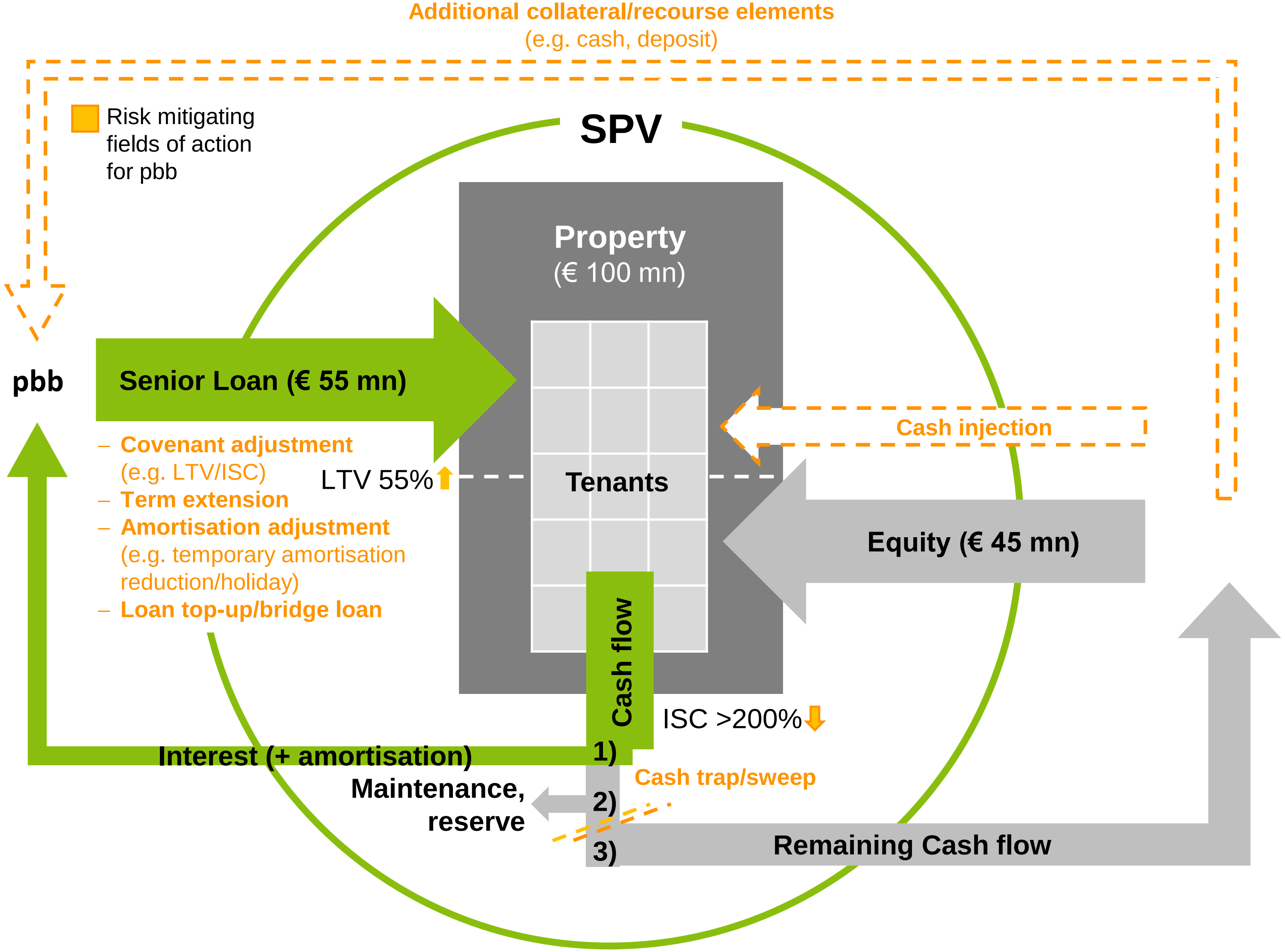
– **Credit review** (e.g. covenant testing, credit rating screening, tenant monitoring, early warning signals, forward-looking assessment)

Valuation review process (simplified)



RISK MANAGEMENT

Risk mitigating fields of action for pbb in worsening credit situations



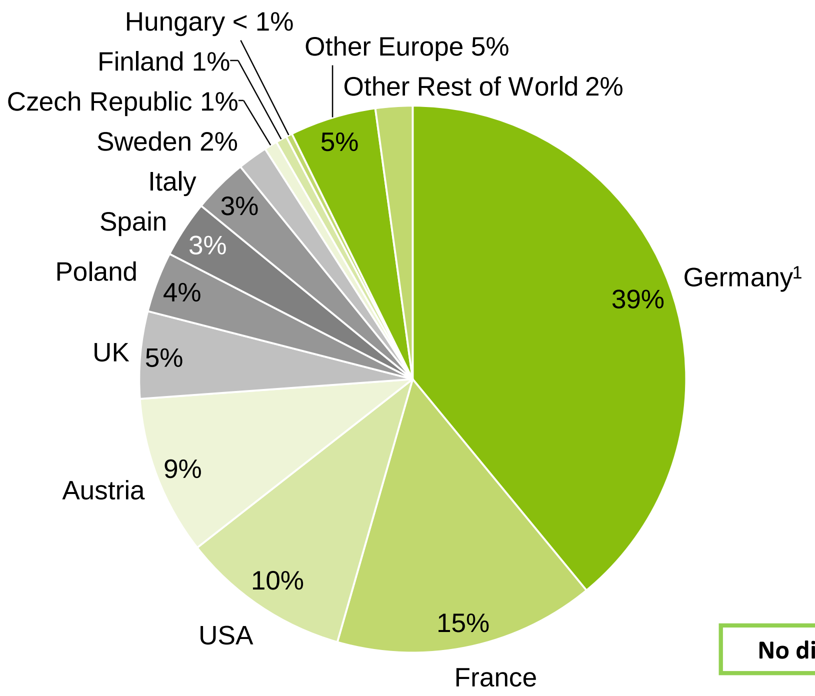
- Conservative **risk positioning**, strong **covenant structures**, close **monitoring process** and intensive **client dialogue** allow for early action in case of worsening credit situations
  - pbb as senior lender **always in first rank** (cash flow/ mortgage) – secured by SPV structure
  - **Broad fields of action** to mitigate risks
- **Focus on individual case by case solutions**
  - Agreements often include **support elements from sponsor**
  - **No negative impact on net present value** as key prerequisite

Total portfolio

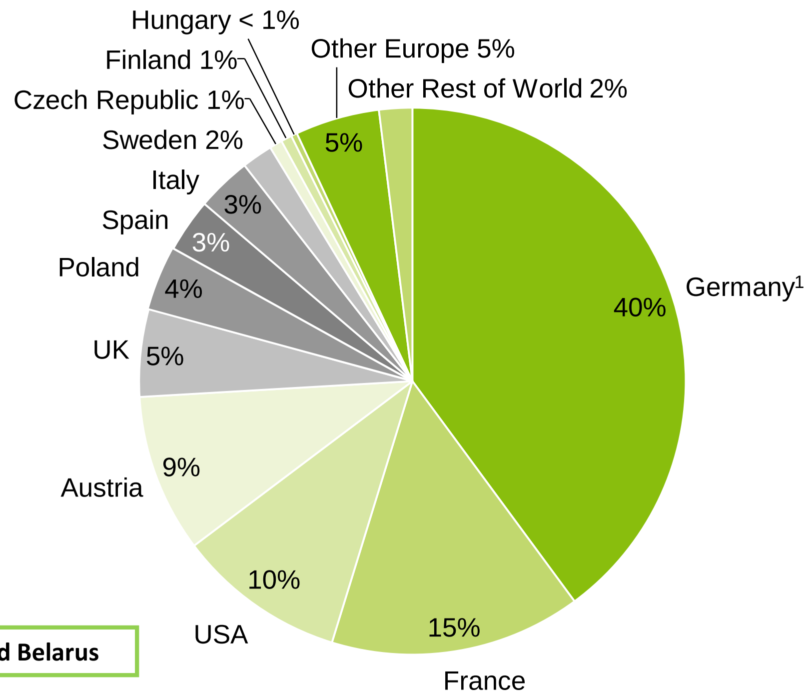
Regions

€ bn[2]

31/12/2022 / Total: € 50.0 bn



31/03/2023 / Total: € 50.9 bn



No direct exposure in/to Ukraine, Russia and Belarus

1. Incl. Bundesbank accounts (12/22: € 1.0 bn; 03/23: € 2.2 bn) 2. EaD, Basel III **Note:** Figures may not add up due to rounding

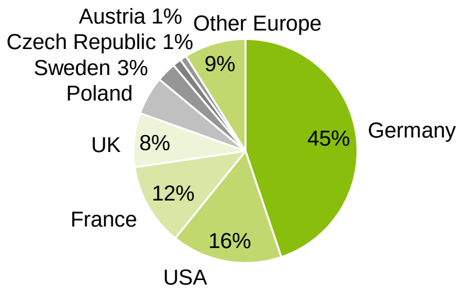
PORTFOLIO

Real Estate Finance (REF)

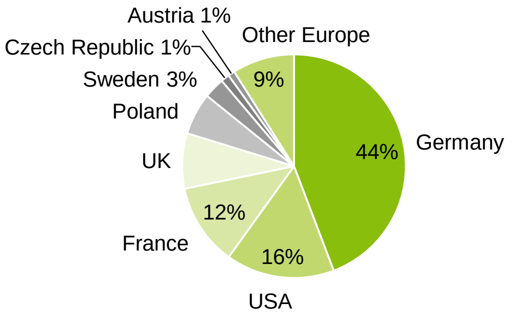
€ bn[2]

Regions

31/12/2022: € 31.0 bn

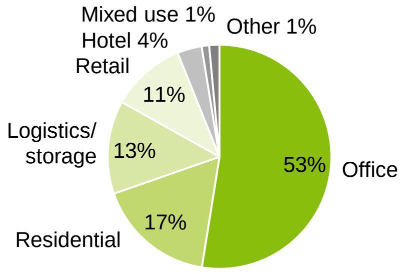


31/03/2023: € 30.9 bn

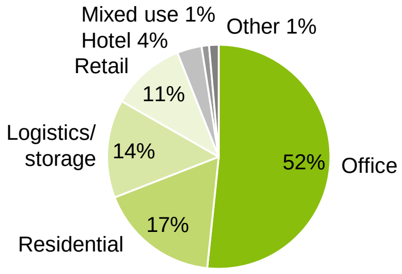


Property types

31/12/2022: € 31.0 bn

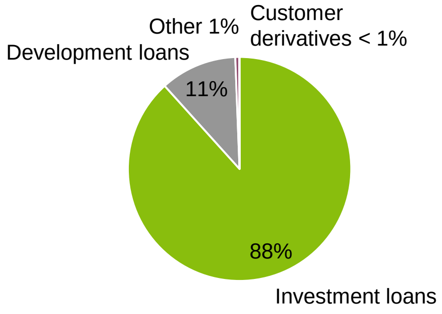


31/03/2023: € 30.9 bn

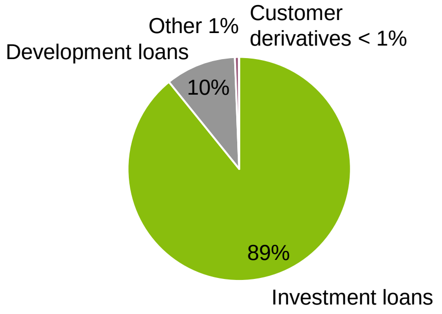


Product class

31/12/2022: € 31.0 bn

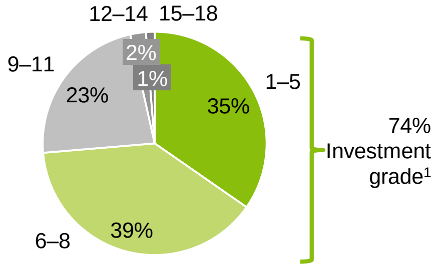


31/03/2023: € 30.9 bn

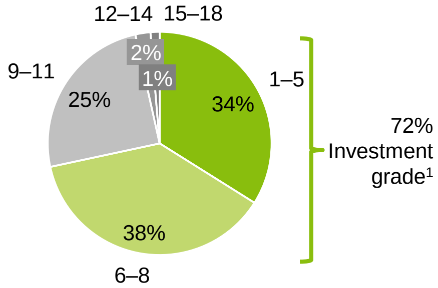


Internal ratings (EL classes)

31/12/2022: € 31.0 bn



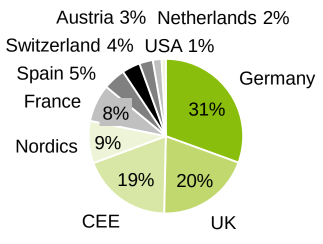
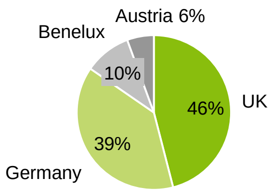
31/03/2023: € 30.9 bn



1. Internal EL Classes 1–8 = Investment grade; Internal EL classes 9–18 = Non-investment grade 2. EaD, Basel III **Note:** Figures may not add up due to rounding

REF PORTFOLIO

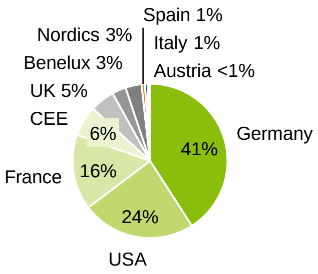
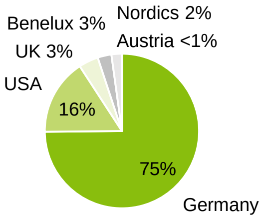
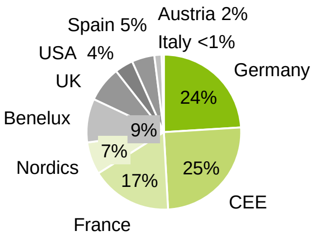
Sub-segments

Property type	Regions	Evaluation of current situation	Challenges	Risk positioning
Retail € 3.3 bn (11%)		▪ Shopping centres: increased pressure, fashion dominated shopping centres most impacted (decline in rents, shorter lease terms, etc.). There are plans for conversions by owners and operators ▪ Retail-parks/discounter with strong local demand: largely stable development. ▪ High street properties: declines in rents and rise in yields. ▪ Downward trend in secondary locations and smaller cities expected to intensify. ▪ Specialized Retail (e.g. FOC) is doing good as Pre-Corona. ▪ Rising commodity costs dampen consumer confidence and purchasing power.	▪ Short Term: threads to income stability as well as decreasing consumer spendings/consumer confidence (war in Ukraine leading inter alia to strong increase of energy costs), however partially compensated by recovery effects post Covid. Therefore performing retail assets from present downturn less impacted than other (sub-)asset classes ▪ 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 ~55% or € 3.8 bn since 2016 (03/23: € 3.3 bn; 12/16: € 7.1 bn). ▪ Only investment loans, almost no development loans ▪ Conservative risk positioning: avg. LTV of 50%[1] provides good buffer and supports commitment of investors/sponsors ▪ Well diversified portfolio ▪ Current approach is no new commitments for shopping centres
Hotel (Business Hotels only) € 1.1 bn (4%)		▪ Rising competition led to insolvencies for operators and licencees and rebuilt secondary hotels for other uses (temporary office, longstay, etc.). ▪ Hotels dependent on international tourist and business travelers still not expected to fully recover in short-/mid-term. ▪ However, due to catch-up effects (Revenge Travel), city hotels in good locations are now almost back to pre-Corona occupancy levels. ▪ Leisure hotels focused on domestic guests with good accessibility will recover faster. ▪ Economic uncertainty triggered by the military conflict and lower disposable income because of inflation will slow the recovery.	▪ Recovery in progress with some locations close or even above to pre-Corona-levels in terms of occupancy and room rates. ▪ Airport/Fair hotels being late in recovery cycle due to inter alia changing travel habits as well as fairs still substantially from pre-COVID-level of activity. ▪ Recovery of business hotels focus on central locations, fringe locations expected to be late in recovery, too. ▪ Shortage of qualified personnel in parts of the industry, furthermore increasing operating costs squeeze margins and often compensate substantial part of the recovery trend.	▪ 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 € 1.1 bn ▪ Focus on prime location secures base value of properties ▪ Conservative risk positioning: avg. LTV of 53%[1] provides good buffer and supports commitment of investors/sponsors ▪ Focus on strong sponsors with ability to inject more equity

1. Based on performing investment loans only

REF PORTFOLIO

Sub-segments

Property type	Regions	Evaluation of current situation	Challenges	Risk positioning
Office € 16.0 bn (52%)		▪ Above average increase in vacancies in office properties which are not fulfilling the current property requirements; but in many markets still on comparatively low levels. ▪ Office investment volumes are on historic lows. Only a few 1a-properties with a long term lease with a good tenant are still transferred. ▪ Significant price adjustments coming through. Yields have already edged up and are expected to move out further. ▪ More important criteria is the ESG aspect of the properties which is a main argument for the selling. Without a good 'Green-' rating or very good energy consumptions balance office properties are expected to not get a market in the future.	▪ Cooling of tenant market due to overall situation of economies, furthermore shift of demand towards modern, green, centrally located schemes. This leading to increased reletting/extension risks with pressure on rental level on secondary/older buildings. ▪ Good locations remain competitive, "Green" having become a very core element in competition ▪ Structural changes: – Work from home – Focus on green buildings – Focus on flexible and modern building layouts.	▪ Focus on good locations ▪ Conservative risk positioning: avg. LTV of 52%[1] provides good buffer and supports commitment of investors/sponsors ▪ Well diversified portfolio with focus in Germany, main cities in the US (e.g. New York, Boston, Washington) and France (almost completely Paris/Isle de France region) ▪ In new business and on occasions of (annual) credit reports transactions detailed analysis of "green profile" of properties including associated risk
Residential € 5.4 bn (17%)		▪ At present the multifamily market seems to be stable. Especially in countries with strong social welfare programs. ▪ Growth in rental prices seen so far expected to soften in future, due to rising cost for the energy. Nevertheless inflation coupled rental contracts leads to rising rents. ▪ Condo market expected to soften because of the rising prices for financing. Longer timeline in the selling process.	▪ Increasing interest level puts pressure on value, however still more moderate than in many other (sub-)asset classes. ▪ Cash flow under pressure from many angles – interest rates, energy costs, investment requirements. This somewhat counterbalanced by increasing rents. ▪ In particular capital market oriented owners often with challenging refinancing situations.	▪ Conservative risk positioning ▪ Portfolio volume of € 5.4 bn with conservative avg. LTV of 48%[1] provides good buffer and supports commitment of investors/sponsors ▪ Well diversified portfolio with strong focus on Germany
Logistics € 4.4 bn (14%)		▪ Logistic properties were very popular for investors. ▪ Prices have decoupled from overall trend and increased in last years. The expectation is now a yield widening by a minimum of 50 bps. ▪ The benefitting from increasing focus on e-commerce and the need of more resilient supply chains rents expected to rise. ▪ The expected significant drop in values is yield driven, while rental growth is still nearly mitigating capital value decline.	▪ Currently still taking advantage from strategic developments like: – Online-shopping – Need for more resilient supply chains in the industry sector – Professionalisation of entire industry ▪ Monoline logistics centres ▪ Limited availability of new space in some countries ▪ Due to partially overheated prices, market correction on investment side seen. Rents still stable/partially further increasing.	▪ Strategic approach; expert team since 2014; share increase since 2013 from 8% to 14% ▪ Focus on locations: good infrastructure, connection to a variety of different transportation routes ▪ Conservative risk positioning: avg. LTV of 51%[1] provides good buffer and supports commitment of investors / sponsors ▪ Well diversified portfolio ▪ High quality of sponsors

1. Based on performing investment loans only

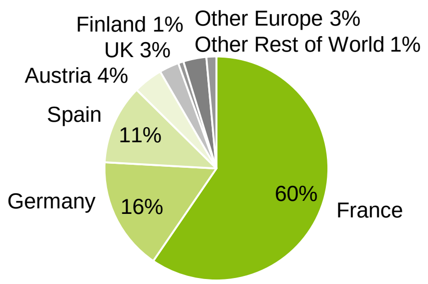
PORTFOLIO

Non-Core (PIF)

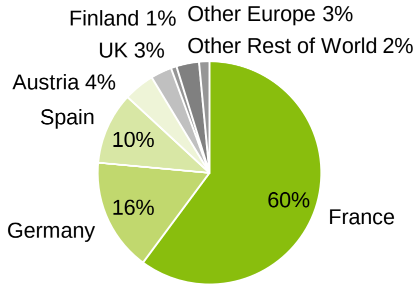
€ bn[3]

Regions

31/12/2022: € 4.7 bn

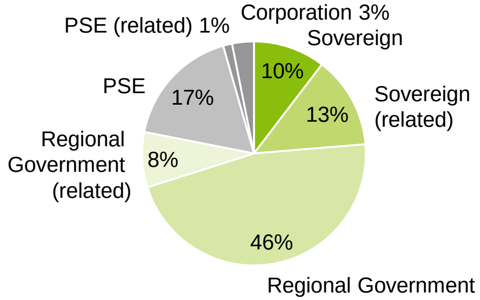


31/03/2023: € 4.5 bn

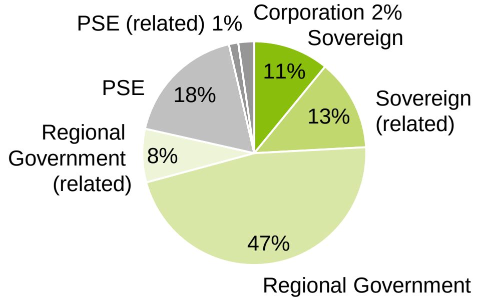


Borrower classification[1]

31/12/2022: € 4.7 bn

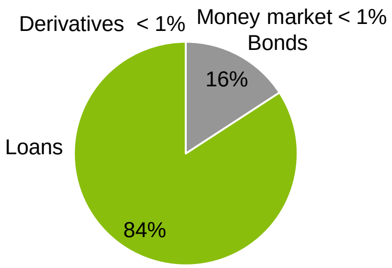


31/03/2023: € 4.5 bn

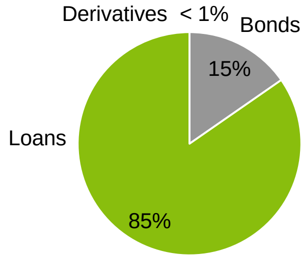


Product class

31/12/2022: € 4.7 bn

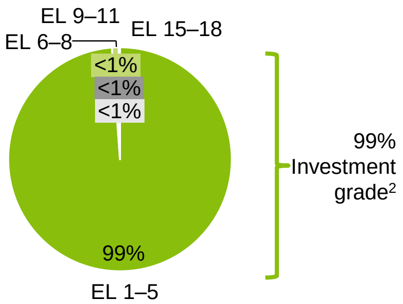


31/03/2023: € 4.5 bn

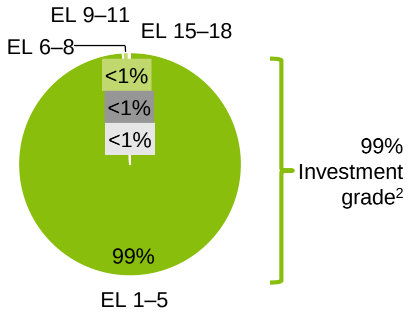


Internal ratings (EL classes)

31/12/2022: € 4.7 bn



31/03/2023: € 4.5 bn



1. See appendix for definition of borrower classification **2.** Internal EL Classes 1–8 = Investment grade; Internal EL classes 9–18 = Non-investment grade **3.** EaD, Basel III **Note:** Figures may not add up due to rounding

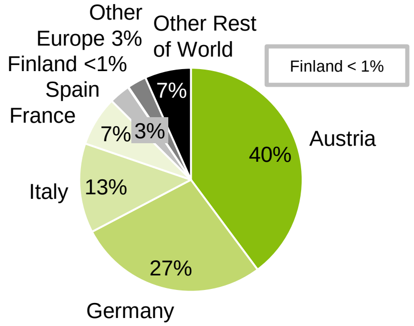
PORTFOLIO

Non-Core (VP)

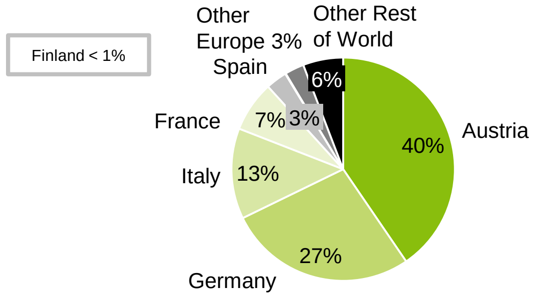
€ bn[3]

Regions

31/12/2022: € 10.6 bn

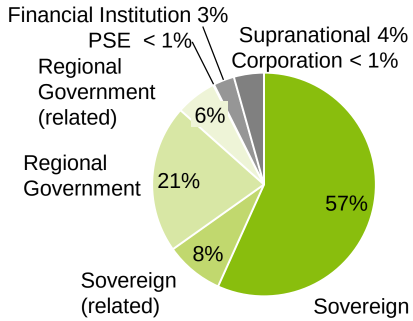


31/03/2023: € 10.5 bn

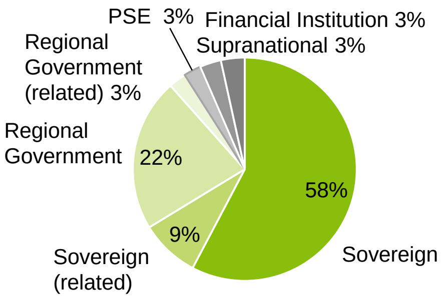


Borrower classification[1]

31/12/2022: € 10.6 bn

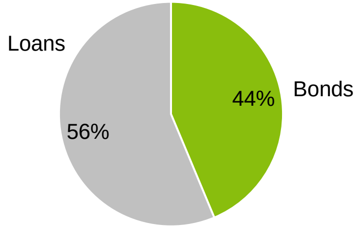


31/03/2023: € 10.5 bn

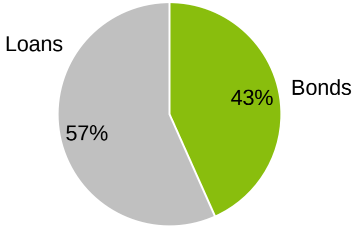


Product class

31/12/2022: € 10.6 bn

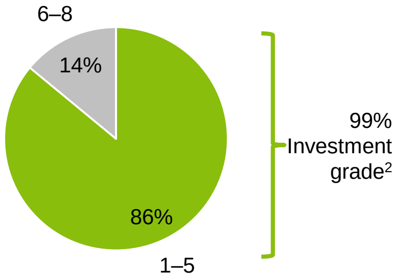


31/03/2023: € 10.5 bn

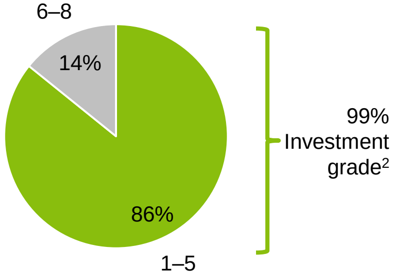


Internal ratings (EL classes)

31/12/2022: € 10.6 bn



31/03/2023: € 10.5 bn



1. See appendix for definition of borrower classification **2.** Internal EL Classes 1–8 = Investment grade; Internal EL classes 9–18 = Non-investment grade **3.** EaD, Basel III **Note:** Figures may not add up due to rounding

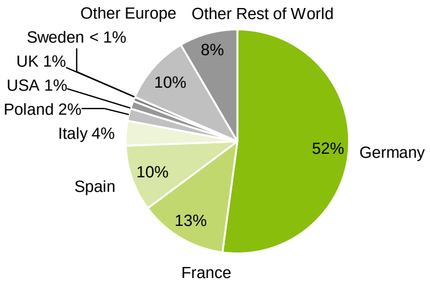
PORTFOLIO

Consolidation & Adjustments (C&A)

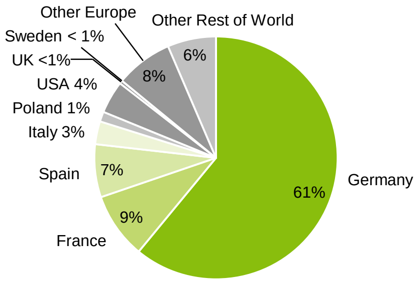
€ bn[4]

Regions

31/12/2022: € 3.7 bn

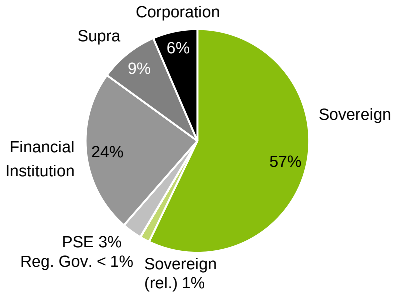


31/03/2023: € 4.9 bn

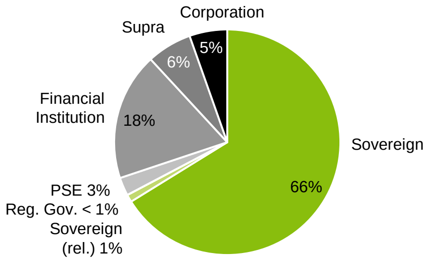


Borrower classification[2]

31/12/2022: € 3.7 bn

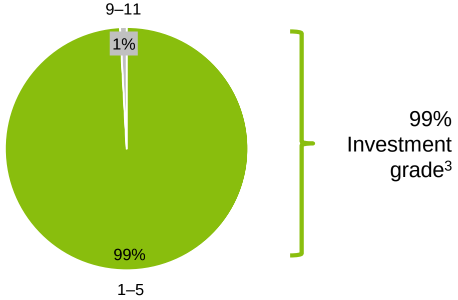


31/03/2023: € 4.9 bn

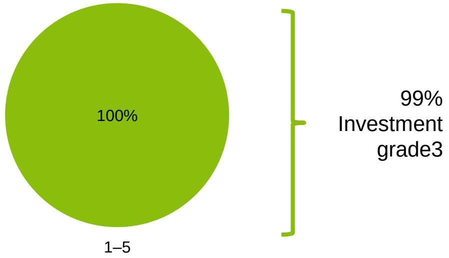


Internal ratings (EL classes)

31/12/2022: € 3.7 bn



31/03/2023: € 4.9 bn



1. Incl. Bundesbank accounts (12/21: € 1.0 bn; 03/23: € 2.2 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 **4.** EaD, Basel III **Note:** Figures may not add up due to rounding

APPENDIX

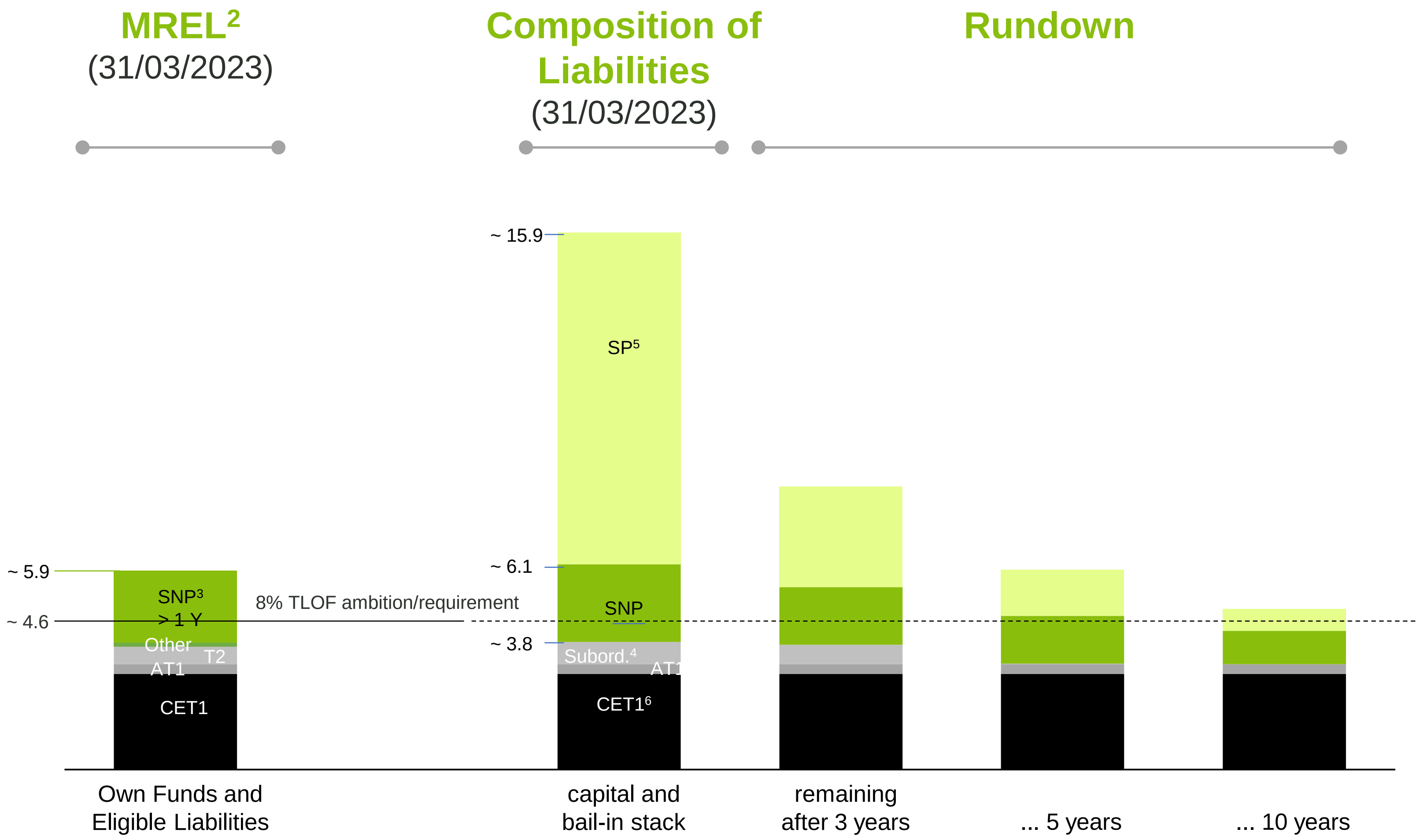
1. Strategic Initiatives
2. Guidance
3. ESG
4. Dividend & Financials
5. Portfolio: Operating Processes and Profile
6. **Funding & Ratings**

Contact Details

FUNDING

Own Funds and Eligible Liabilities significantly exceed 8% TLOF

€ bn



- Buffer for Senior Preferred (SP) investors due to high volume of capital instruments and Senior Non-Preferred (SNP) liabilities
- Existing Senior Non-Preferred liabilities with long remaining terms
- SP currently predominant senior product, but SNP to remain a key element of pbb's funding strategy
- pbb with MREL-ambition level of 8% TLOF in line with the binding regulatory target
- Regulatory requirements (SREP, MREL etc.) are met

1. After confirmation of the 2022 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 March 2023, MREL eligible items amounted to ~ 10.3% TLOF (without approved scope from the General Prior Permissions)/~ 34.5% RWA/~ 10.9% Leverage Exposure **3.** MREL-eligible Senior Non-Preferred Debt > 1Y according to legal maturities; without prior approval volumes for early termination of investments **4.** Nominal amount of Tier 2 instruments; the capital stack includes € 300 mn AT1 issuance **5.** Senior Preferred, structured unsecured and corporate deposits (excl. protected deposits) **6.** CET1 assumed to be constant

FUNDING

Public benchmark issuances since 2019

Types	WKN	Launch Date	mnaturity Date	Size	Spread[1]	Coupon	Issue/Reoffer Price
Mortgage Pfandbrief	A2LQNP	21.01.2019	29.01.2024	€ 500 mn	+8 bp	0.25%	99.812%
Senior Preferred	A2LQNQ	31.01.2019	07.02.2023	€ 500 mn	+80 bp	0.75%	99.679%
Mortgage Pfandbrief (1st Tap)	A13SWE	31.01.2019	01.03.2022	€ 100 mn	+2 bp	0.20%	100.74%
Public Sector Pfandbrief (1st Tap)	A13SWG	05.02.2019	20.04.2035	€ 100 mn	+17 bp	1.25%	99.476%
Mortgage Pfandbrief (1st Tap)	A2GSLL	07.02.2019	22.05.2024	€ 100 mn	-9 bp	0.50%	101.638%
Mortgage Pfandbrief (2nd Tap)	A13SWE	04.03.2019	01.03.2022	€ 100 mn	-3 bp	0.20%	100.81%
Public Sector Pfandbrief (2nd Tap)	A13SWG	04.03.2019	20.04.2035	€ 150 mn	+14 bp	1.25%	100.057%
Senior Preferred (1st Tap)	A2LQNQ	06.03.2019	07.02.2023	€ 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	€ 100 mn	0 bp	0.625%	104.138%
Senior Preferred	A2NBKK	29.08.2019	05.09.2024	€ 500 mn	+75 bp	0.125%	99.498%
Mortgage Pfandbrief (3rd Tap)	A13SWE	10.09.2019	01.03.2022	€ 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	A2YNVmn	09.10.2019	16.10.2025	€ 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	€ 100 mn	0 bp	1.875%	104.77%
Mortgage Pfandbrief	A2YNVY	14.01.2020	21.01.2028	€ 750 mn	+5 bp	0.10%	99.992%
Mortgage Pfandbrief (2nd Tap)	A1X3LT	15.01.2020	21.01.2022	€ 150 mn	0 bp	1.875%	104.36%
Mortgage Pfandbrief (1st Tap)	A2LQNP	22.01.2020	29.01.2024	€ 250 mn	+1 bp	0.25%	101.919%
Senior Preferred	A2YNV3	23.01.2020	28.07.2023	€ 300 mn	+55 bp	3mn-€ibor+90 bp	101.237%
Public Sector Pfandbrief (3rd Tap)	A13SWG	18.02.2020	20.04.2035	€ 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%
Mortgage Pfandbrief	A3H2ZW	13.01.2021	20.01.2023	USD 750 mn	+23 bp[3]	0.50%	99.93%
Senior Preferred (Green)	A3H2ZX	25.01.2021	02.02.2026	€ 500 mn	+55 bp	0.10%	100.00%
Mortgage Pfandbrief	A3H2Z8	20.04.2021	27.04.2024	GBP 500 mn	+27 bp[6]	SONIA +100 bp	102.178%
Mortgage Pfandbrief	A3E5K7	25.08.2021	20.08.2026	€ 500 mn	+0 bp	0.01%	101.747%
Mortgage Pfandbrief (2nd Tap)	A2GSLV	26.08.2021	30.08.2027	€ 50 mn	-1 bp	0.625%	105.890%
Mortgage Pfandbrief (1nd Tap)	A2YNVmn	26.08.2021	16.10.2025	€ 50 mn	-1,9 bp	0.01%	101.880%
Mortgage Pfandbrief (2nd Tap)	A2YNVmn	16.09.2021	16.10.2025	€ 50 mn	-2 bp	0.01%	101.540%
Mortgage Pfandbrief (3nd Tap)	A2YNVmn	21.09.2021	16.10.2025	€ 100 mn	-2 bp	0.01%	101.490%
Mortgage Pfandbrief	A3E5KY5	14.10.2021	11.10.2024	USD 750 mn	+20 bp[3]	0.875%	99.778%
Senior Preferred (Green)	A3T0X22	20.10.2021	27.10.2025	€ 500 mn	+48 bp	0.25%	99.754%
Senior Preferred (Green)	A3T0X97	12.01.2022	17.01.2025	€ 750 mn	+42 bp	0.25%	99.798%
Mortgage Pfandbrief	A3TOYD	09.02.2022	14.02.2025	USD 750 mn	+43 bp[7]	1.875%	99.767%
Mortgage Pfandbrief (1st Tap)	A3E5K7	17.02.2022	20.08.2026	€ 50 mn	-3 bp	0.01%	98.70%
Mortgage Pfandbrief	A3TOYH	06.04.2022	13.04.2026	€ 750 mn	+1 bp	1.00%	99.727%
Mortgage Pfandbrief (2nd Tap)	A3E5K7	07.04.2022	20.08.2026	€ 50mn mn	-2 bp	0.01%	98.35%
Senior Preferred (Green) (1st Tap)	A3T0X22	11.04.2022	27.10.2025	€ 200 mn	+55 bp	0.25%	95.045%
Mortgage Pfandbrief	A30WFU	19.07.2022	26.07.2027	€ 750 mn	+6 bp	1.75%	99.872%
Senior Preferred (Green)	A30WFV	22.08.2022	28.08.2026	€ 500 mn	+250 bp	4.375%	99.921%
Mortgage Pfandbrief	A30WF2	17.10.2022	25.01.2027	€ 500 mn	+3 bp	3.00%	99.682%
Senior Preferred (Green)	A30WF4	01.12.2022	08.12.2025	GBP 350 mn	+434 bp[8]	7.625%	99.959%
Mortgage Pfandbrief	A30WF6	12.01.2023	19.01.2029	€ 500 mn	+16 bp	2.875%	99.777%
Senior Preferred (Green)	A30WF8	30.01.2023	05.02.2027	€ 500 mn	+215 bp	5.00%	99.428%

1. Vs. mnid-swap **2.** Vs. 3mn GBP-Libor **3.** Vs. 3mn USD-Libor **4.** Vs. 6mn CHF-Libor **5.** Vs 3mn Euribor **6.** Vs SONIA **7.** Vs SOFR **8.** Vs UK Treasuries (Gilts

MANDATED RATINGS

Bank Ratings	S&P
Long-term	**BBB+**
Outlook/Trend	**Stable**
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]	BBB-
Subordinated Debt	BB+
Pfandbrief Ratings	**Moody's**
Mortgage Pfandbrief	Aa1
Public Sector Pfandbrief	Aa1

Disclaimer:

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

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

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

DEFINITION OF BORROWER CLASSIFICATIONS

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

CONTACT DETAILS

Grit Beecken

Head of Communications

+49 (0)89 2880 28787

grit.beecken@pfandbriefbank.com

Axel Leupold

Investor Relations/Rating Agency Relations

+49 (0)89 2880 23648

axel.leupold@pfandbriefbank.com

Michael Heuber

Head of Investor Relations/Rating Agency Relations

+49 (0)89 2880 28778

michael.heuber@pfandbriefbank.com

Website

www.pfandbriefbank.com/investor-relations.html

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