Results Q2/H1 2023 - Analyst Presentation

10 August 2023

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AGENDA

HIGHLIGHTS H1/23

PBT guidance 2023 confirmed – cost cutting program initiated

- PBT of € 81 mn in H1/23 – full-year guidance of € 170-200 mn confirmed
- REF portfolio strongly increased by € 0.9 bn to € 30.2 bn with improving margin
- New business volume stays low in reflection of market environment – full-year guidance adjusted to € 6.5-8 bn[1]
- Strategic initiatives pushed forward in a tightly focused manner with continuous progress
- Cost cutting program initiated – cost reduction to 2022 level with medium-term CIR target of <45% by 2026

1. Incl. extensions > 1 year

STRATEGIC AGENDA

We aim to deliver our plan in three phases by 2026

STRATEGIC INITIATIVES

Continuous progress in strategic initiatives

1 Profitable growth

- Strong REF portfolio growth (€ +0.9 bn to € 30.2 bn) with improving margin, supported by strong new business margins (~200bp vs ~170bp in 2022)

2 Green finance

- Incorporation of Eco Estate GmbH (Green consulting/ cooperation with Groß & Partner)
- Share of scored REF portfolio increased to 72%, Green share[1] of total REF portfolio currently at 20% (28% on scored portfolio)

3 Revenue diversification

- Operational set-up of RE Invest in progress
- Strategy for first products defined
- Equity and Debt-products planned

4 Focus on core business

- Bundling of PIF and VP in a non-core unit
- Optimisation ongoing, asset sales where feasible
- CAPVERIANT will not be continued, completion of measures in Q3/23

5 Funding diversification

- Broaden of brand and distribution channels
- Cooperation with investment platform "Raisin"
- Strong growth of retail deposits by € 1.2 bn (27%) to € 5.6 bn in H1/23

6 Digitalisation & operational revamp

- Digital Credit Workplace put to next level (process efficiency)
- Comprehensive cost cutting program initiated

1. According to pbb's green bond framework

COST CUTTING PROGRAM

Cost reduction to 2022 level with medium-term CIR target of <45% by 2026

- Cost savings spread among ~40% personnel costs and ~60% non-personnel costs
- Reduction of ~15% FTE
  - Main drivers: increased process efficiency (esp. digital credit workplace, in-depth process review), discontinuation of PIF/Capveriant
  - Socially responsible measures, taking into account company agreements and demographic development structures; the necessary reconciliation of interests is in preparation
- Non-personnel cost reduction predominantly driven by reduction of IT costs (in-sourcing), in-depth review/specific cost savings
- Program costs already considered in confirmed PBT guidance for 2023

AGENDA

OPERATIVE HIGHLIGHTS H1/23

Adequate positioning throughout the cycle

€ 2.5 bn

REF new business[1]
(H1/22 € 4.3 bn)

~200 bp

Gross interest margin[2]
REF new business[1]
(approx. +30bp vs 2022)

€ 30.2 bn

REF portfolio[3]
(12/22 € 29.3 bn)

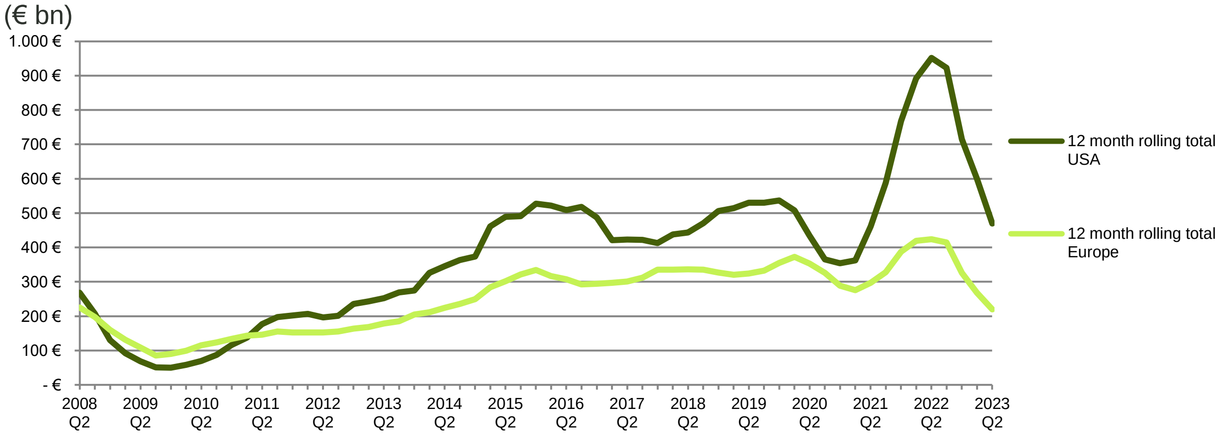
+27%

pbb direkt; total volume € 5.6 bn

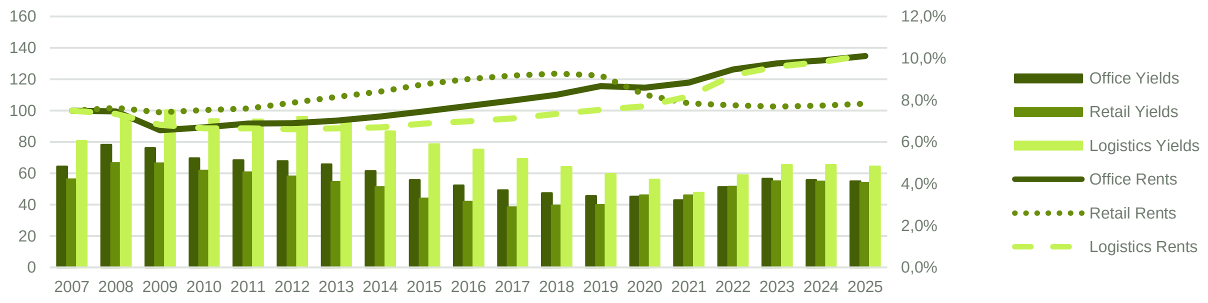
1. Incl. extensions > 1 year 2. Net of FX-effects; gross revenue margin H1/23 ~230 bp 3. Financing volume

Challenging market environment – further strong decline of CRE investment volumes in Q2/23

European and US Investment volume[1]



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



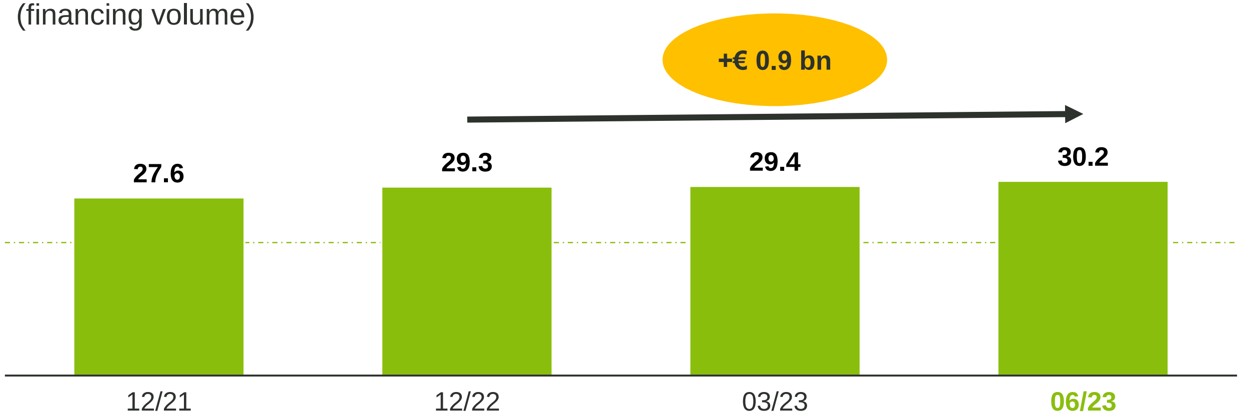
- European and US CRE investment volumes remain on very low level in Q2/23
- Ongoing difficult investment environment – prices expected to bottom not before 2024
- Europe:
  - Prices are falling across all asset types as a reflection of weak investment demand
  - Prime office yields have already edged up and are expected to move out slightly further in all markets
  - Logistics is seeing price decreases despite rising rents while residential values are expected to decline less
  - Hotel / Retail: comparatively stable pricing since main corrections already through
- USA:
  - Challenging combination of higher interest rates and structural vacancies due to work from home

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

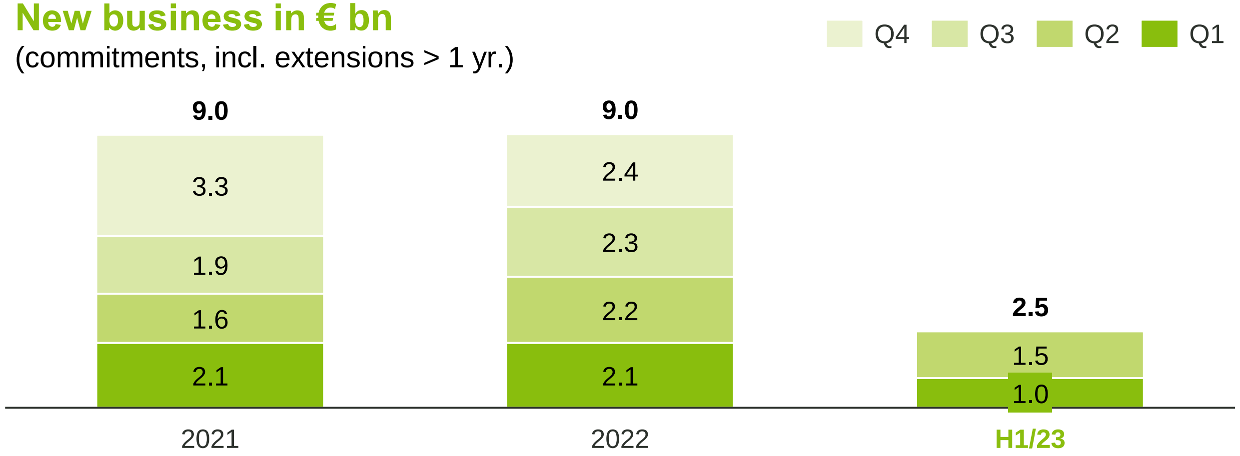
REF NEW BUSINESS & PORTFOLIO

Strong REF portfolio growth with improving margin

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



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



- Growth in **strategic REF portfolio** benefitting from draw downs of new business and low level of prepayments
- **Avg. gross portfolio margin** further up, increasingly supporting NII
- Selective **new business** volume in challenging market environment
- Focus on **balanced risk/return ratio**, avoiding higher risk profile at the expense of higher volume or higher margin
- **Pipeline** supports increasing new business dynamics in H2/23

New Business	2021	2022	H1/23
Share of extension > 1 year (%)	29	30	41
Ø Gross interest margin (bp)[2]	~170	~170	~200
Ø LTV[1] (%)	56	54	56
Ø Maturity[3] (yrs.)	~4.8	~4.3	~3.5
No. of Deals	166	137	44

1. New commitments; avg. LTV (extensions): 06/23: 50%; 12M/22: 52%; 12M/21: 54% 2. Net of FX-effects; gross revenue margin: 2021: ~175bp, 2022: ~190bp, H1/23 ~230 bp 3. Legal maturities

REF NEW BUSINESS & PORTFOLIO

Diversification by countries and property types allows to manage business through the cycle

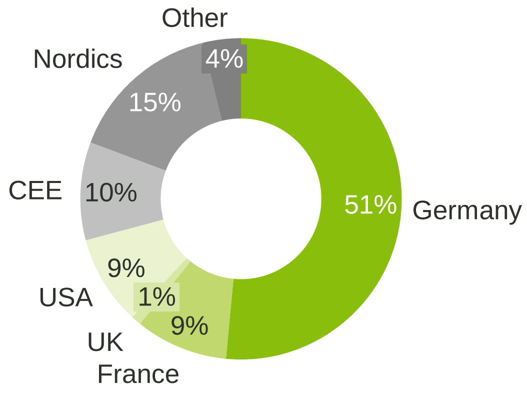
As of 30/06/23

€ 2.5 bn

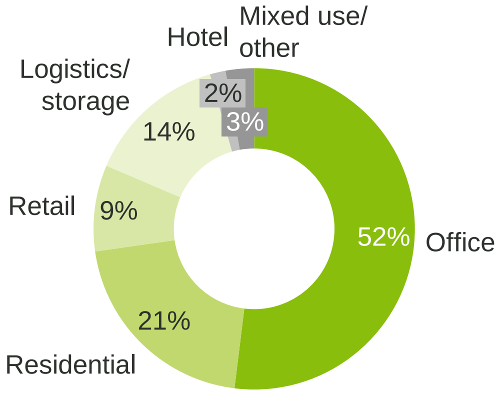
New business

(commitments, incl. extensions > 1 year)

Regions



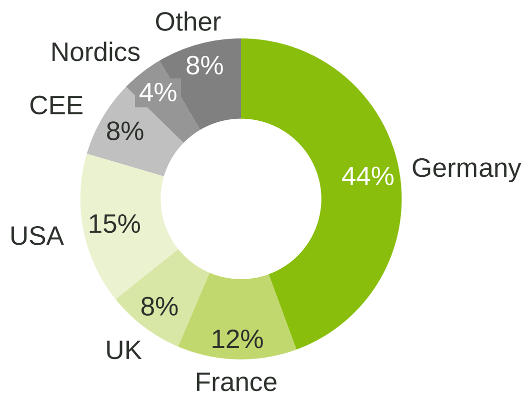
Property types

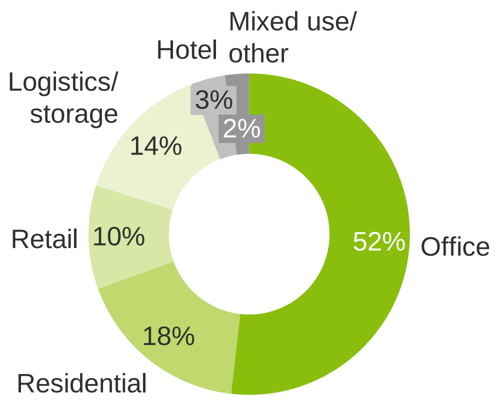


€ 31.6 bn

Portfolio

(EaD, Basel III)





- Highly **selective and risk conservative new business** approach in USA and UK
- Increased **share of extensions** >1 year from 30% to 41% in H1/23
- ~80% of new business in Logistics & Residential are **new commitments** rather than extensions
- **Office** with balanced share of extensions (49%) and new commitments (51%) with main focus on Germany (33%), Nordics (21%) and France (18%)

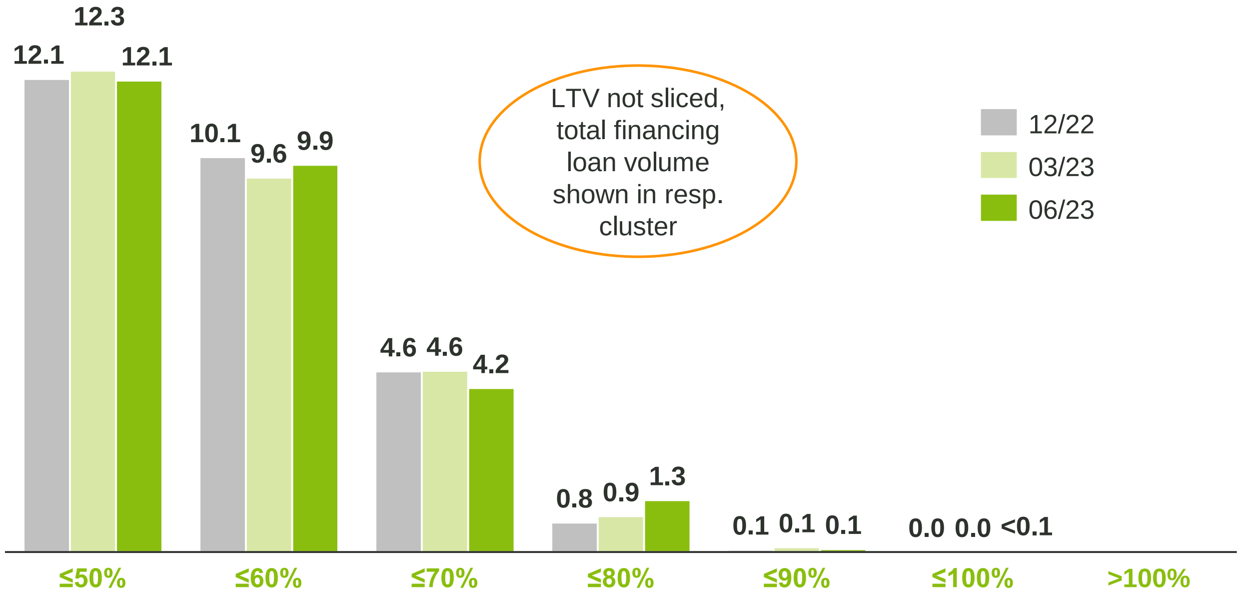
1. Note: Figures may not add up due to rounding

REF NEW BUSINESS & PORTFOLIO

Solid portfolio quality – stable low average LTV of 51%

REF Portfolio: LTV cluster[1]

30/06/2023: € 27.6bn (€ bn, commitments, Basel III)



Avg. LTV[1] 51%

Avg. ISC[2] >300%

- Solid **portfolio quality** with focus on prime properties in core inner-city locations with conservative risk parameters
- Continuous and intensive monitoring of the **portfolio** by real estate appraisers
- **Total portfolio** scanned with particular focus on US and Office
- Expected valuation adjustments for pbb's portfolio (focus on prime/core) in H2/23 and 2024 are taken into account in our **model parameters** for level 1&2 risk provisioning**:**
  - **US Office portfolio**: 15-20%
  - **European Office portfolio**: 5-10%
  - **Total Office portfolio**: 8-12%

  Expected value adjustments are to be seen in context / in addition to prior value adjustments of preceding quarters which are already accounted for

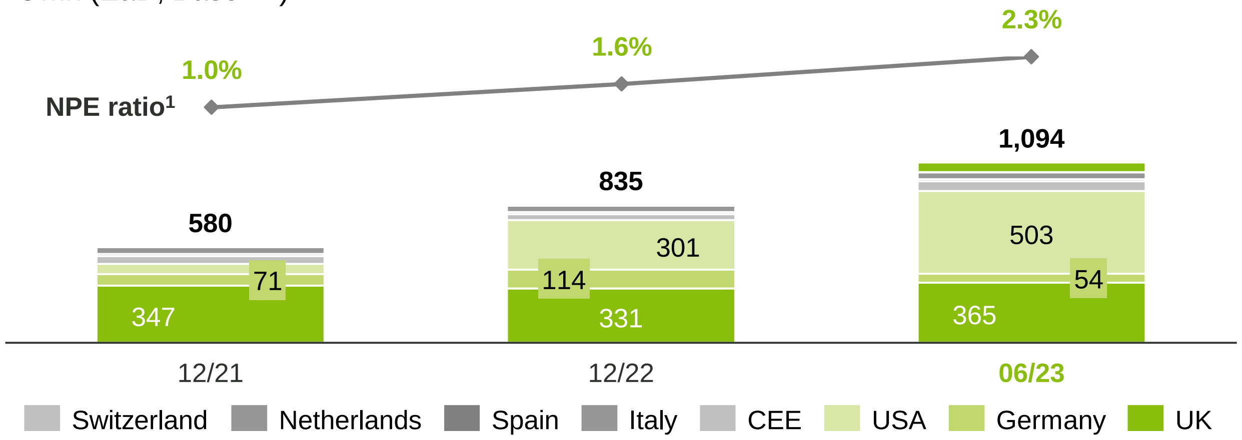
1. Based on performing investment loans only 2. Interest Service Coverage (ISC)-calculation 12 month forward looking, no re-letting assumptions made, guaranties / recourse elements not considered Note: Figures may not add up due to rounding

NPL PORTFOLIO

NPLs ≠ risk provisioning

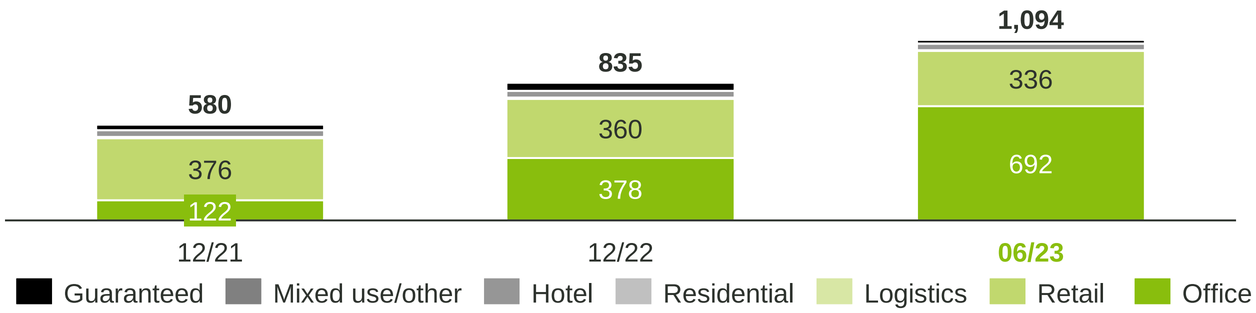
Non-performing loans – regions

€ mn (EaD, Basel III)



Non-performing loans – property type

€ mn (EaD, Basel III)



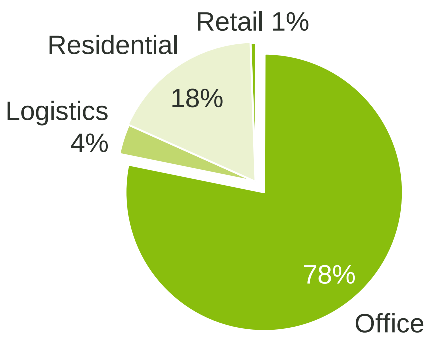
- **NPL development** reflecting stressed market environment, but coming with only moderate risk provisioning needs
- **Non-performing loans (NPLs)** up ytd mainly due to new addition of 9 office loans with only small provisioning need for 3 loans (€ 17 mn):
  - 6 US loans (€ 318 mn), 3 European loans (€ 112 mn, France, Poland and UK)
  - Partially compensated by removal of 1 US office loan (€ 116 mn) and 3 German loans (€ 49 mn)
- **NPE ratio** (EaD)[1] increased to 2.3% (12/22: 1.6%)
- **NPL portfolio**: € 1,094 mn, 31 loans, thereof
  - without LLP: € 468 mn, 13 loans
  - with LLP: € 626 mn, 18 loans with ~36% LLP ratio (LLP: € 224 mn)
- 88% in **restructuring**, 12% in **workout**

1. Non-Performing Exposure ratio = Non-performing loans and bonds / total portfolio (EaD); NPL ratio (EBA definition) 06/23: 2.9%; 12/22: 1.9%; 12/21: 1.4% (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

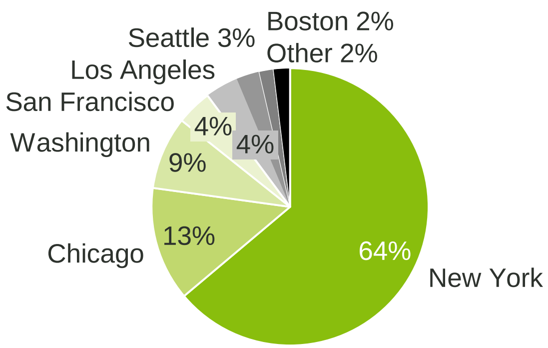
FOCUS: US PORTFOLIO

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

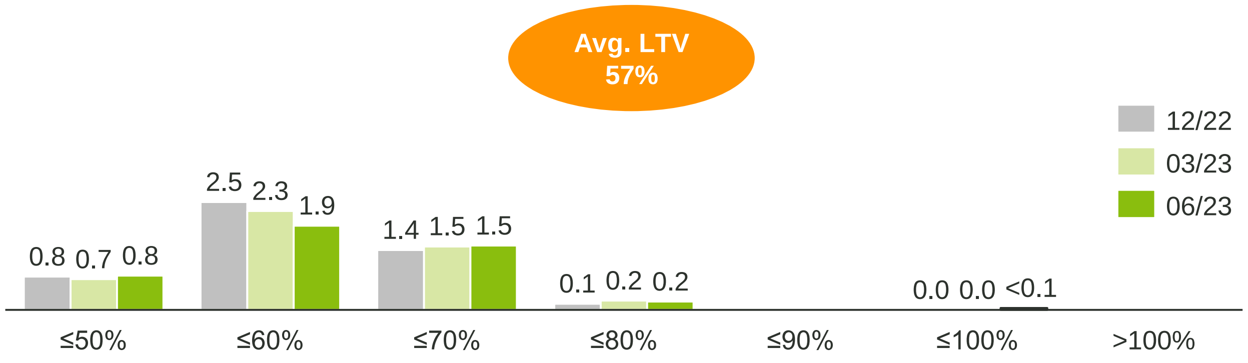
US portfolio: Property types
30/06/2023: € 4.8 bn (EaD, Basel III)



US Office portfolio: Regions
30/06/2023: € 3.8 bn (EaD, Basel III)



US portfolio[1]: LTV ratio
30/06/2023: € 4.5 bn (€ bn, commitments, 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 differences between regional markets and sub-segments
  - Flight-to-quality transforming the office market with prime properties in A-locations having less structural vacancies
  - Owners of Grade B office buildings face the prospect of widely expensive refurbishment or depressed sales
  - Fundamentals primarily driven by interest level, “working from home”, Green compliance and location
  - Crisis in particular hits West-Coast metropolises, pbb’s office exposure in these markets rather limited
- Valuations of Office and – to a lesser extent – Logistics properties presently subject to significant corrections – size 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.

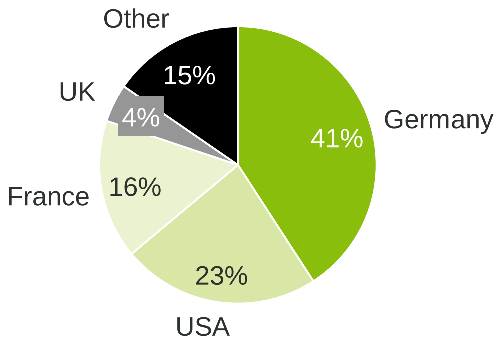
US NPL portfolio
30/06/2023: € 503 mn (EaD, Basel III)

- 9 NPL loans, all multi-tenant office properties, 3 loans provisioned
- Total volume € 503 mn, thereof 3 loans with € 123 mn at East Coast
- Risk provisioning of € 17 mn necessary for 3 loans
- Individual situations developing in parts dynamically, e.g. ongoing negotiations on restructurings / sales process.

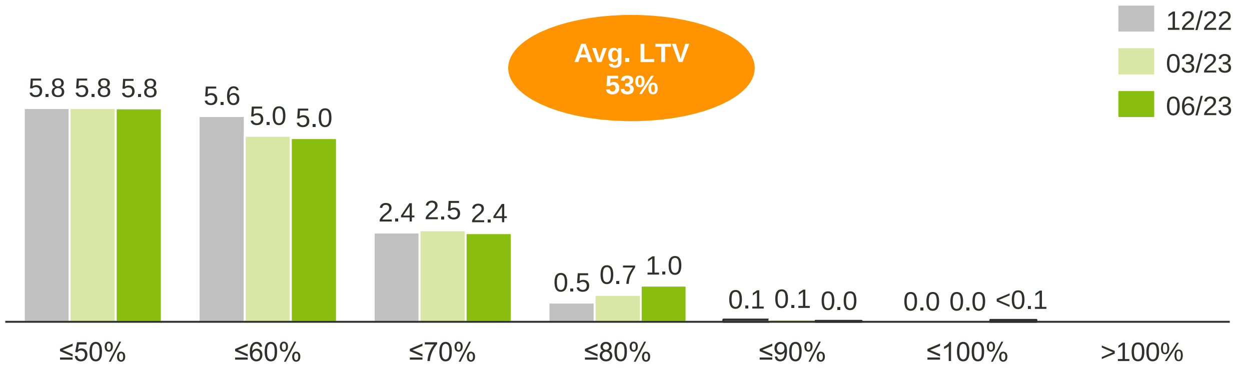
FOCUS: OFFICE PORTFOLIO

Risk profile strictly monitored and managed – solid risk parameters

Office portfolio: Regions
30/06/2023: € 16.4 bn (EaD, Basel III)



Office portfolio[1]: LTV ratio
30/06/2023: € 14.2 bn (€ bn, commitments, Basel III, LTV not sliced)



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

- 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 vacancies still on comparatively low levels
- Adjustments in values in the process of coming through, however, with broad range between good locations/good quality properties and weak locations/older non-Green compliant properties
- Increase in average Loan to Value expected, however, coming from a moderate 53% LTV, so on portfolio level comfortable buffers.

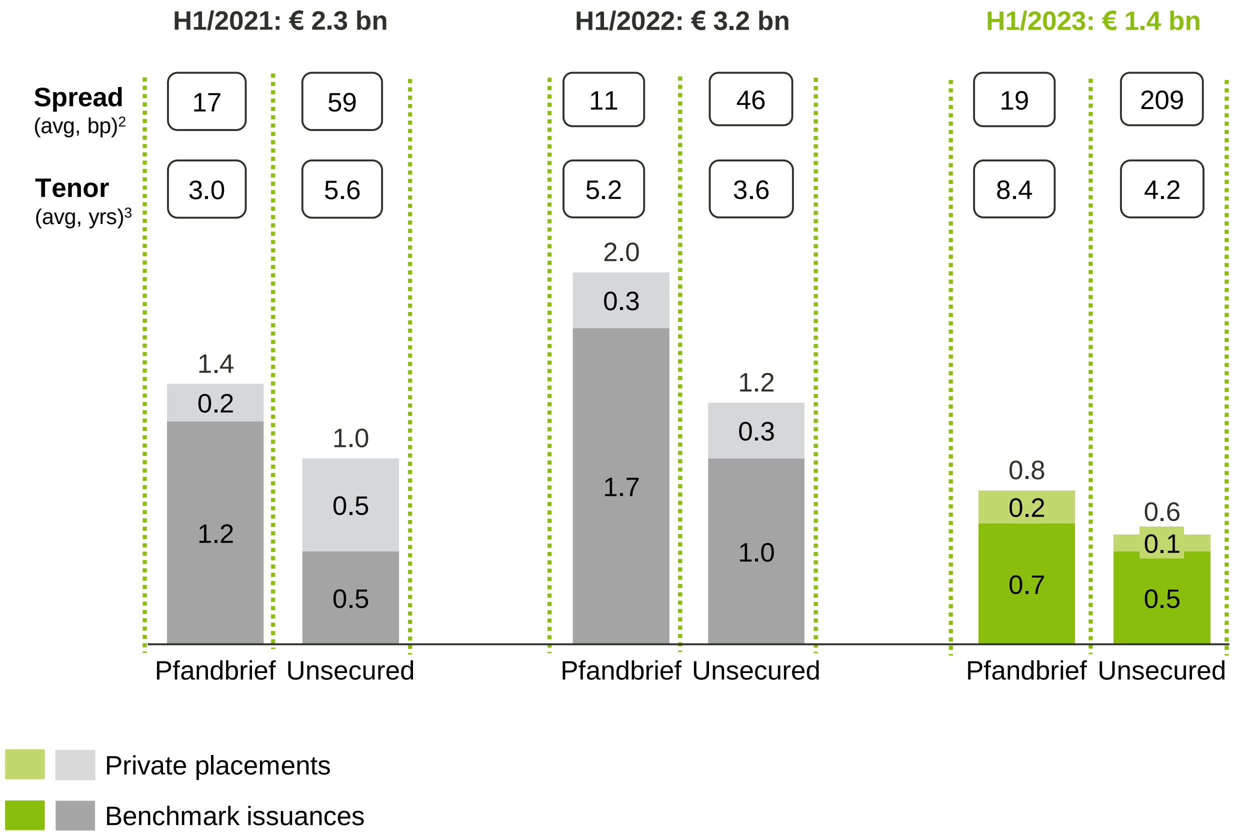
Office NPL portfolio: Regions
30/06/2023: € 692 mn (EaD, Basel III)

- 14 NPL loans, 6 loans provisioned
- Total volume € 692 mn, thereof € 503 mn US loans, remainder distributed across Europe (in particular Poland, UK, France)
- Corresponding risk provisioning of € 33 mn

FUNDING AND LIQUIDITY

Funding activity reflects optimisation of refinancing with focus on retail deposits

New long-term funding[1]
€ bn



- Reduced capital market funding with focus on Pfandbrief and retail deposits to substitute Senior Preferred funding
- Public buyback tender for three Senior Preferred and one Public Sector Pfandbriefe in Q2/23 (~€ 400 mn) to optimise funding and liquidity structure
- TLTRO III repayment of € 1.8 bn in 06/23 - remaining volume of € 0.9 bn to be repaid in 2024

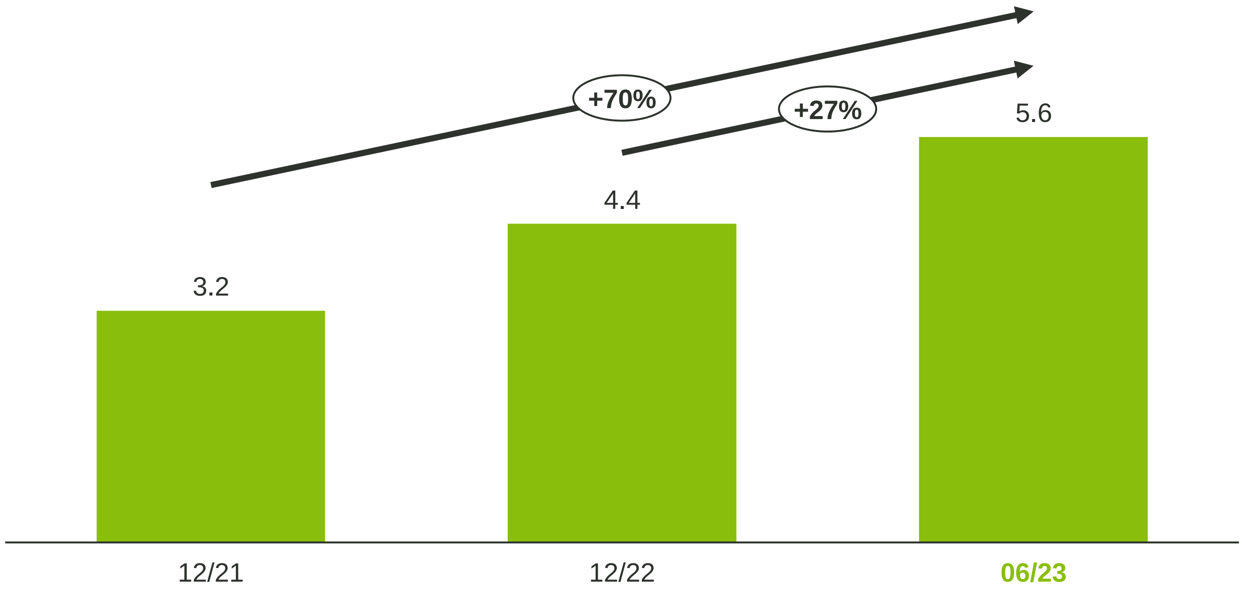
- pbb manages its liquidity on a 6-months basis – liquidity buffer must withstand 6-months stress test (vs. 1-month regulatory requirement)
- Potential unexpected outflow of call money sufficiently covered by cash and cash equivalents
- Comfortable liquidity ratios: LCR 163% / NSFR 114%

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

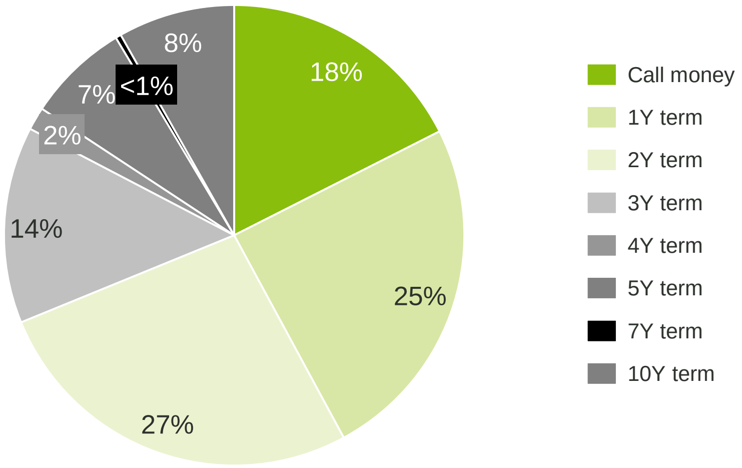
RETAIL DEPOSITS

Retail deposits up by 27% ytd to € 5.6 bn – ~82% term money

Development of retail deposit volume
€ bn



Retail deposits – maturity profile[1]
30/06/2023: € 5.6 bn



Retail deposits	12/21	12/22	06/23
Avg. term[1] (yrs.)	3.8	3.1	3.1
pbb direkt	**12/21**	**12/22**	**06/23**
Number of Clients	39,500	60,000	76,000
Avg. deposit amount per client (€)	71,000	69,000	67,000

Term deposits: 2.98 yrs WAL

pbb direkt deposits nearly 100%[2] guaranteed

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

AGENDA

FINANCIAL HIGHLIGHTS

Pre-tax profit of € 81 mn underpins full-year guidance of € 170-200 mn

€ 81 mn
PBT (RoE before tax of 4.4%)

16.0%
CET 1 ratio[1]
(12/22: 16.7%)

€ -21 mn
Risk Provisioning
(H1/22 € -19 mn)

€ -123 mn
GAE
(H1/22 € -106 mn)

1. Calibrated towards anticipated Basel IV levels (fully loaded), excl. interim result

Solid operating performance despite difficult market environment

Income statement

€ mn

	Q2/22	Q2/23	H1/22	H1/23
Operating Income	**123**	**140**	**272**	**259**
Net interest income	120	110	242	216
Net fee and commission income	1	1	3	2
Net income from fair value measurement	5	-1	14	-
Net income from realisations	5	28	10	42
Net income from hedge accounting	-2	-1	-1	-3
Net other operating income	-6	3	4	2
Net income from risk provisioning	-1	-19	-19	-21
General and administrative expenses	-53	-65	-106	-123
Expenses from bank levies and similar dues	-	-2	-31	-24
Net income from write-downs and write-ups on non-financial assets	-4	-5	-9	-10
Pre-tax profit	**65**	**49**	**107**	**81**
Income taxes	-10	-7	-16	-12
Net income	**55**	**42**	**91**	**69**
RoE before tax[1] (%)	7.9	5.5	6.4	4.4
RoE after tax[1] (%)	6.7	4.6	5.4	3.6
RoCET1 after tax[1] (%)	7.3	5.2	5.9	4.1
CIR[2] (%)	46.3	50.0	42.3	51.4
EpS[1] (€)	0.38	0.27	0.62	0.44

1. After AT1 coupon (Q2/H1 2022: pro-rata € 4 mn / € 9 mn; Q2/H1 2023: pro-rata € 5 mn / € 10 mn)
2. CIR = (GAE + net income from write-downs and write-ups on non-financial assets) / operating income

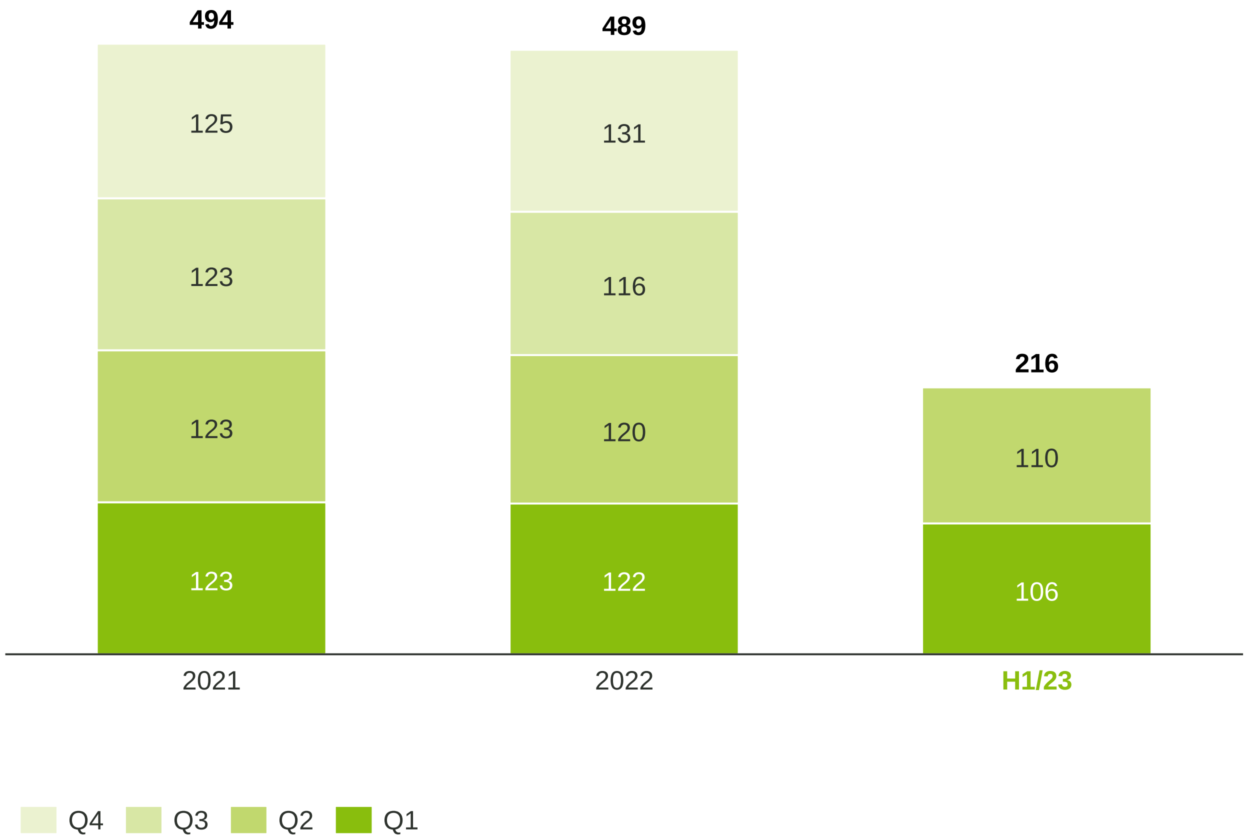
Comments on selected P&L positions which are not described on following pages

- **Fair value measurement** balanced – 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 income from hedge accounting** – temporary fixing effects in a rising interest rate environment
- **Net other operating income** – slightly positive due to releases of provisions for tax and legal topics, partly compensated by neg. FX-effect
- **Bank levy** – decreased target volume of European Deposit Protection Fund resulted in lower fee – fully booked in Q1/23
- **Net income from write-downs and write-ups on non-financial assets** – regular depreciations and extraordinary full depreciation of software of CAPVERIANT GmbH
- **RoE** and **EpS** taking into account AT1 coupon[1]

NET INTEREST INCOME

Positive NII development in Q2/23 – ongoing trend expected for H2/23

Net Interest Income
€ mn (IFRS)



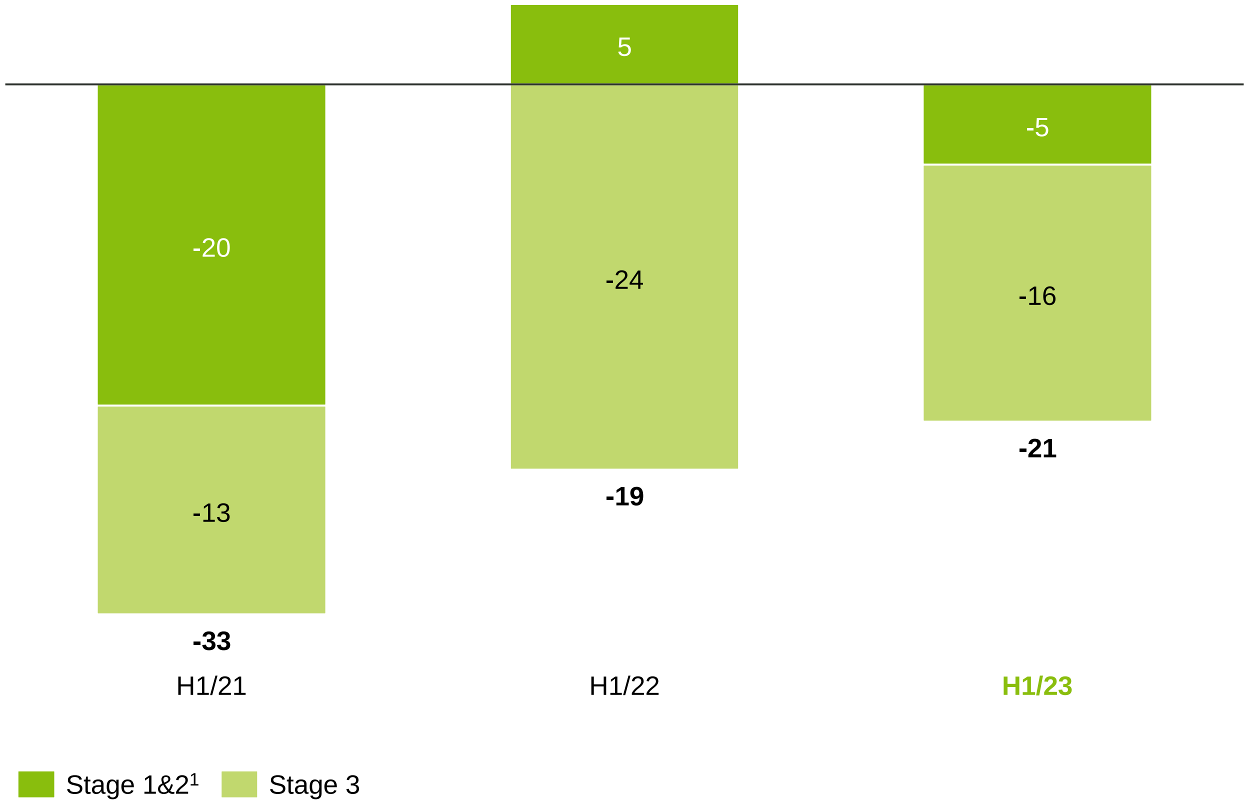
Note: Figures may not add up due to rounding

- 2023, **NII** mainly affected by
  - loss of floor income
  - loss of TLTRO III benefit
- Increased **NII** in Q2/23, benefitting from
  - increased **avg. REF financing volume** (H1/23: € 29.6 bn; H1/22: € 28.0 bn) and
  - higher **portfolio margin**

RISK PROVISIONING

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

Net income from risk provisioning
€ mn (IFRS)



- **Net income from risk provisioning** increased by € 2 mn y-o-y (H1/23: € 21 mn; H1/22: € 19 mn)
- **Stage 1&2:** Net addition of € -10 mn in Q2/23 (Q1/23: € +5 mn)
  - Additions mainly due to increased PDs for individual financings and updated valuation parameters
  - Partially compensated by release of management overlay (€ 14 mn) as anticipated uncertainty factors materialized in stage 1&2 additions
  - Management overlay of € 28 mn covers assumptions about further deterioration of market values in Office markets
- **Stage 3:** Net additions of € -9 mn in Q2/23 (Q1/23: € -7 mn) driven by two US office loans (€ -13 mn), partly compensated by release from four deals (€ 4 mn)

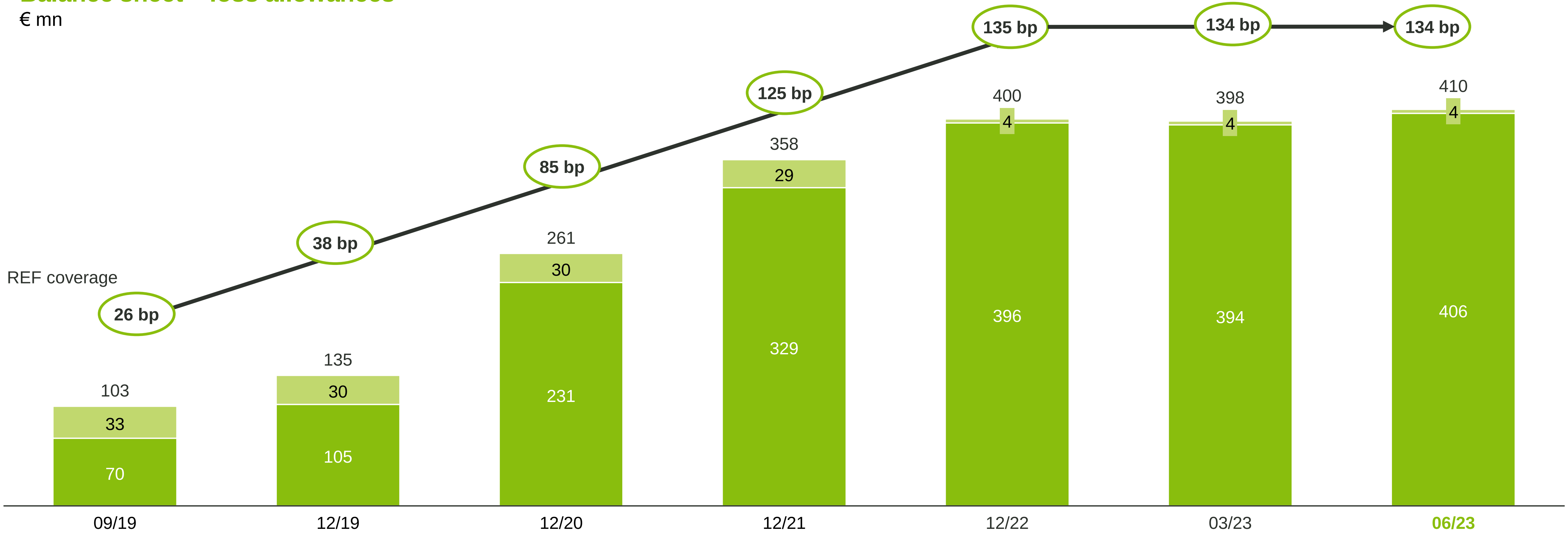
1. Incl. provisions in off balance sheet lending business 2. Recoveries from written-off financial assets

RISK PROVISIONING

Long-term sustainable provisioning level of 40-80bp expected throughout the cycle

Balance sheet – loss allowances

€ mn



	09/19	12/19	12/20	12/21	12/22	03/23	06/23
Mgmt. overlay	**-**	**-**	**-**	**54**	**69**	**42**	**28**

Non-REF REF

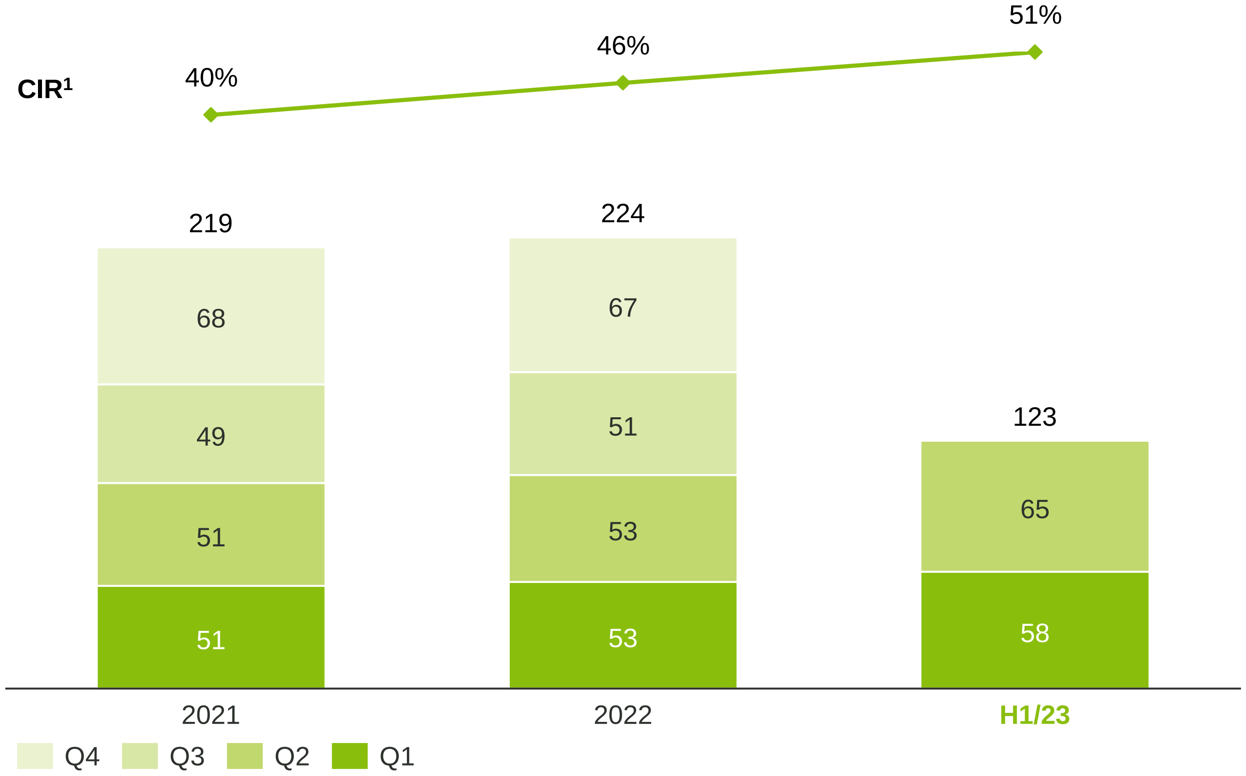
Note: Figures may not add up due to rounding

GAE

Investment in strategic projects to continue in 2023 – cost cutting program initiated

General and admin. expenses

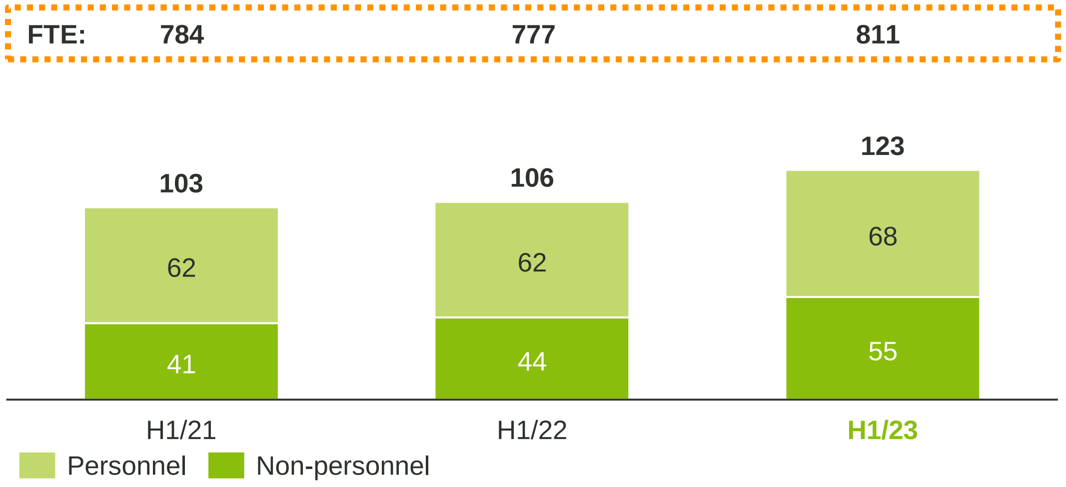
€ mn (IFRS)



- **Personnel expenses** mainly driven by FTE increase due to IT insourcing
- Uplift in **non-personnel expenses** driven by investments in strategic initiatives
- Medium-term **cost target** with CIR <45% by 2026

Personnel vs. non-personnel expenses

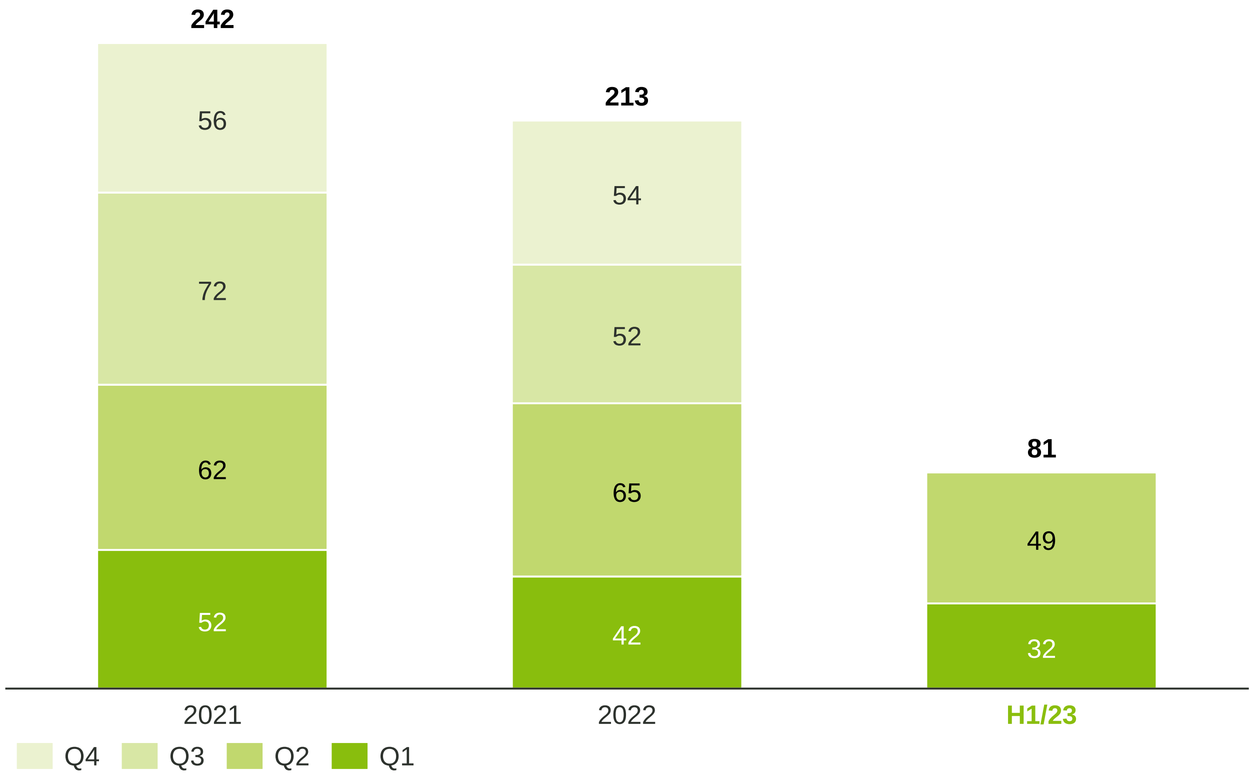
€ mn (IFRS)



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

Pre-tax profit of € 81 mn underpins full-year guidance of € 170-200 mn

Pre-tax profit
€ mn (IFRS)



Note: Figures may not add up due to rounding

Expectations for H2/23

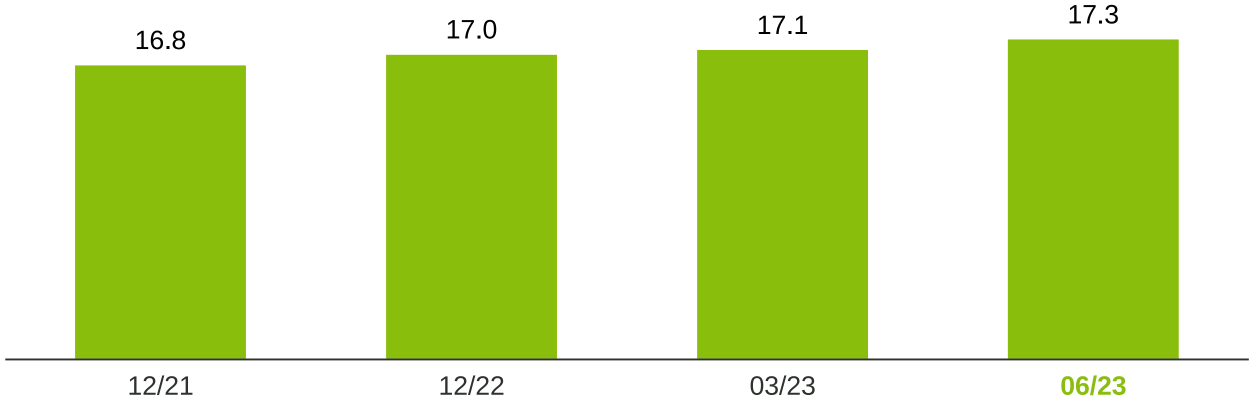
- Increase of **NII** by 10% vs. H1/23 expected, benefitting from stable REF financing volume and further increasing portfolio margin (Guidance NII/NCI 2023: > € 450 mn)
- **Realisation income** expected on low level
- No further effect from **bank levy** (fully booked in Q1/23)
- Conservative and lasting **loss allowances** cushion risk provisioning going forward

	H1/22	2022	H1/23
RoE b.t. (%)	6.4	6.3	4.4
RoE a.t. (%)	5.4	5.5	3.6
RoCET1 a.t. (%)	5.9	6.0	4.1
EPS (€)	0.62	1.27	0.44

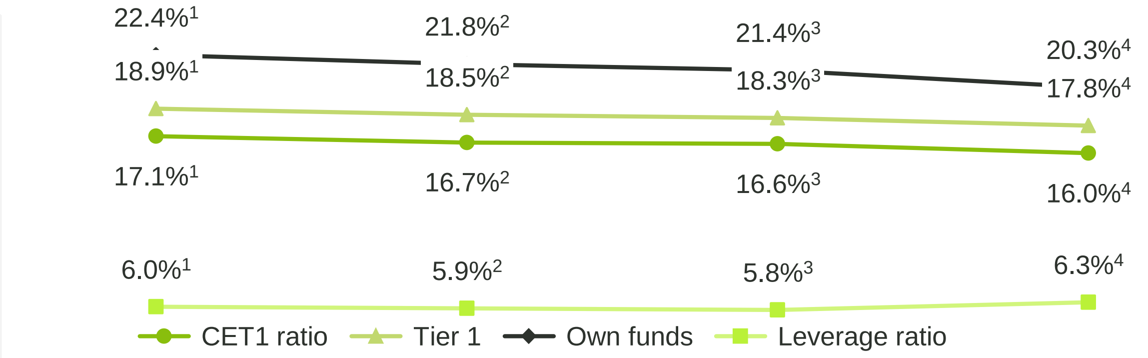
CAPITAL

Strong capital base allows for taking advantage of profitable growth opportunities

Basel III: RWA
€ bn (IFRS)



Basel III: Capital and leverage ratios
(IFRS)



- **RWA** increase from new REF commitments, individual internal rating deteriorations and reclassifications partially compensated by maturity and FX effects
- Decrease in **regulatory capital** vs. 12/22 mainly resulting from EL shortfall and shorter remaining maturities of Tier 2 instruments; interim profit not included

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

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

AGENDA

SUMMARY

pbb well on track to reach full-year PBT guidance

- Confirmation of PBT Guidance of € 170-200 mn supported by further increasing NII dynamics
- REF portfolio expected to stay above € 30 bn with increasing portfolio margin
- Adjusted New Business Guidance of € 6.5-8 bn in reflection of challenging market environment – solid pipeline supports increasing new business dynamics in H2/23
- Conservative and lasting loss allowances cushion risk provisioning going forward
- Cost Cutting Program initiated with medium-term CIR target of <45% by 2026

AGENDA

APPENDIX

1. Strategic Initiatives
2. Guidance
3. ESG
4. 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

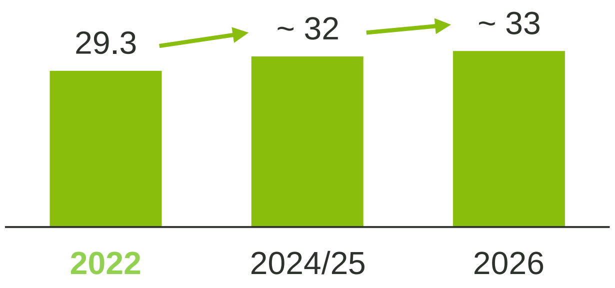
We re-allocate portfolios to continue to improve our margins based on current market opportunities across our asset classes

- 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

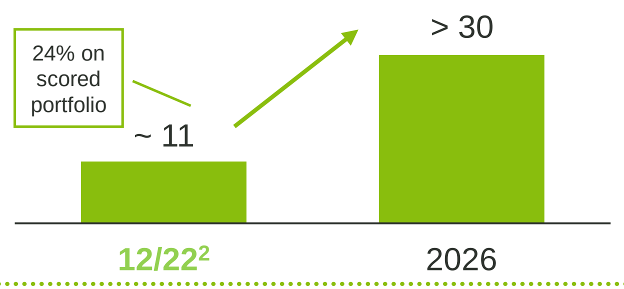
- We are a leading issuer of green senior unsecured bonds

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)

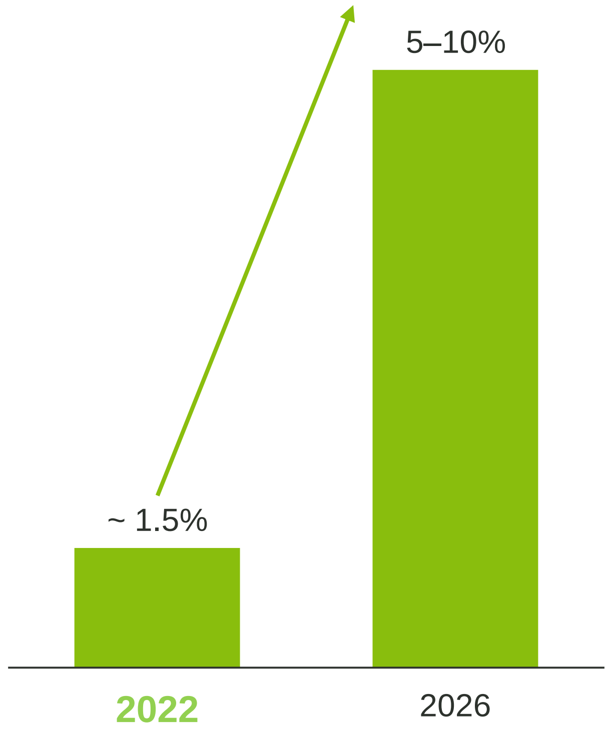
- We finalise the ramp-up of our new business model
- Experienced new board member already hired[1] and further hiring of senior IM experts
- Establish distribution partnership with an industry leader
- Complement in-house capabilities with fund administration partner (Universal Investment)
- Setup dedicated 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

4/5

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

4 Focus on core business

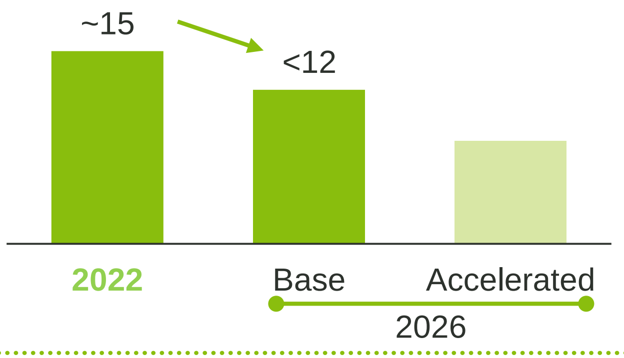
We optimise our balance sheet structure for our core business

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)

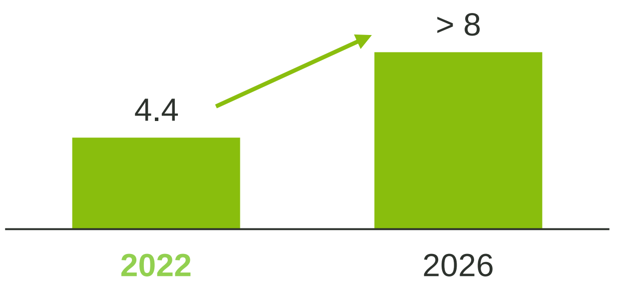


5 Funding diversification

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

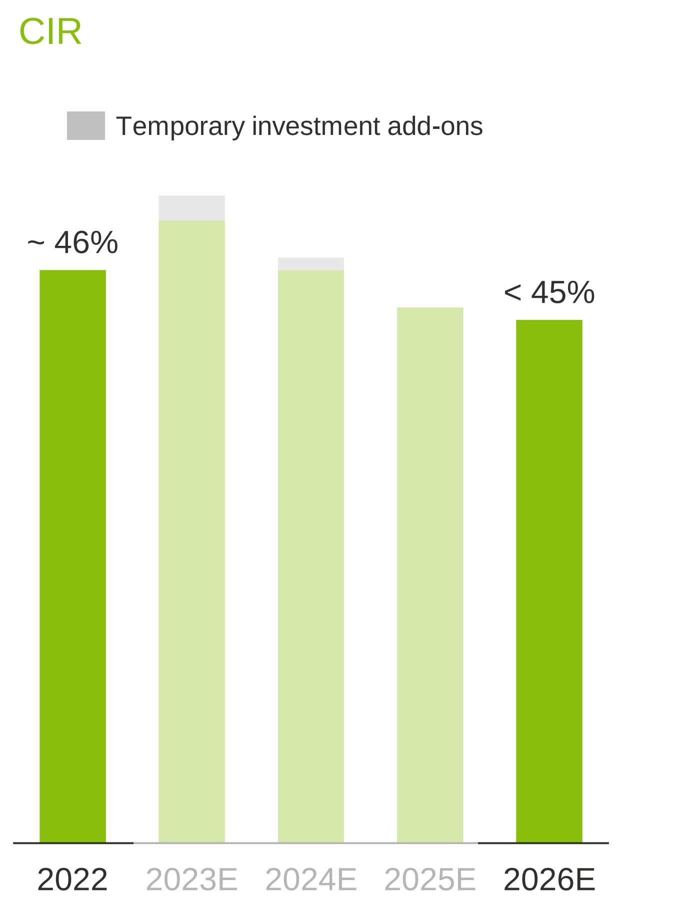
Cost control

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

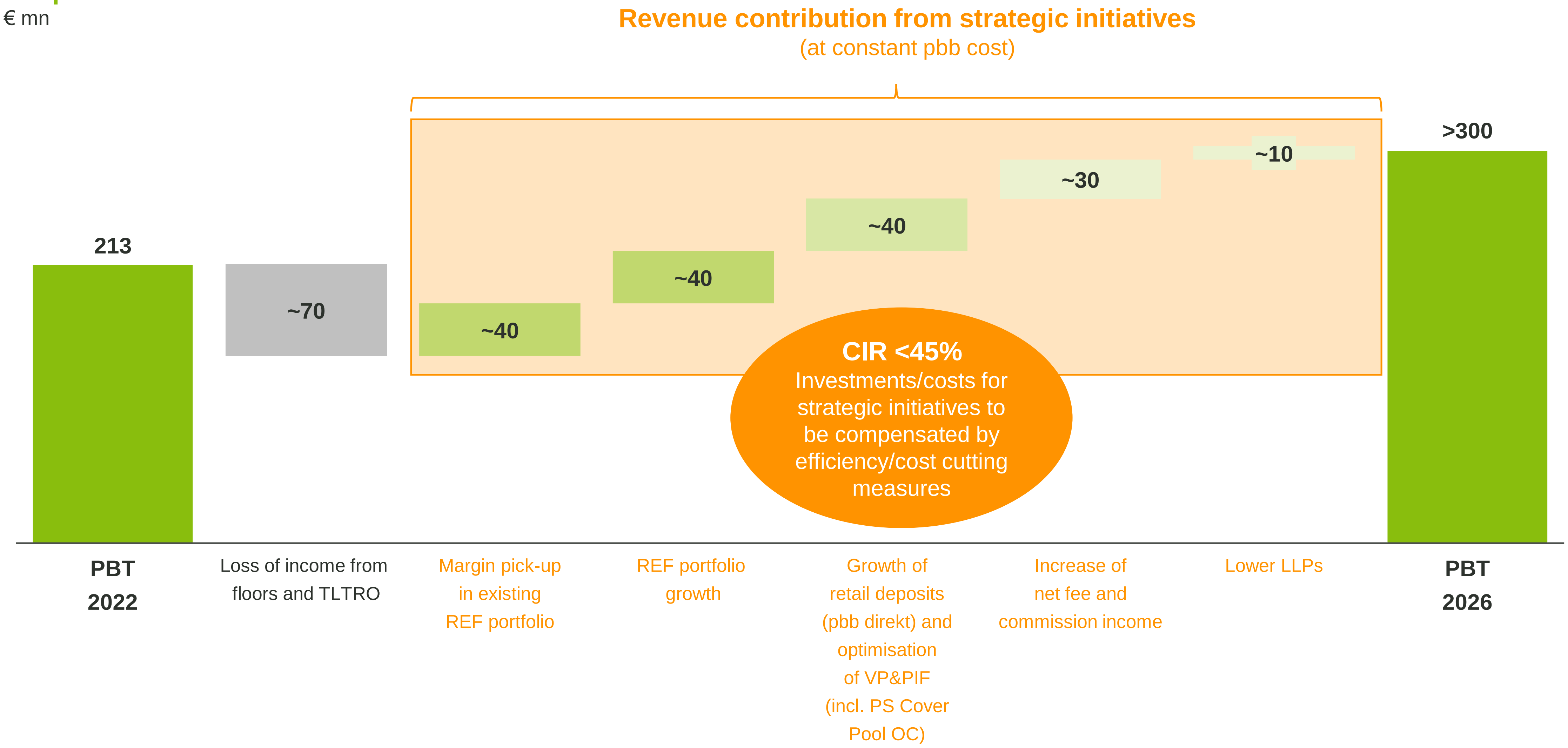
KPIs



STRATEGIC INITIATIVES

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

Simplified waterfall
€ mn



APPENDIX

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** (New business guidance updated 10 August 2023 to € 6.5-8 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

Published 9 March 2023, Annual Results 2022

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

Progress in all areas

+ € 0.5 bn

Green Bonds[1]

€ 3.1 bn

Green Bonds[1] outstanding

20%

Green REF Portfolio share[2]
(28% on scored portfolio)

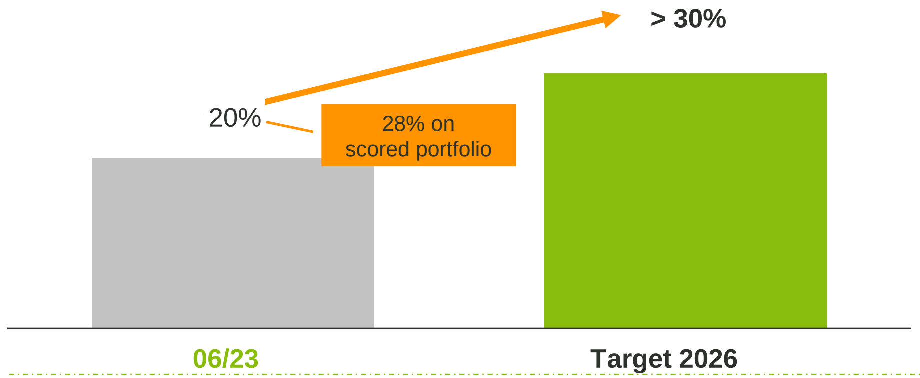
72%

Share of scored REF portfolio

1. According to pbb's green bond framework 2. Based on total REF portfolio; 28% based on scored REF portfolio of 72% as of 30 June 2023 / Green assets according to pbb's green loan framework (Green loan eligible)

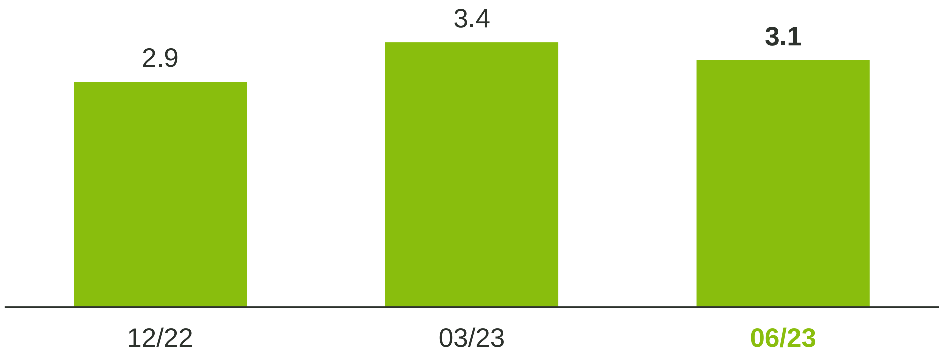
Strong progress in sustainable finance activities

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



- 72% of REF portfolio scored – scoring of remaining portfolio ongoing
- Green share of total REF portfolio currently at 20% (28% based on scored portfolio of 72%) vs. 2026 target of >30%

Green Bonds
€ bn



- pbb is a leading issuer of senior preferred green bonds in the European market
- Reduction of outstanding green bonds due to bond buy-back in Q2/23

1. Based on total REF portfolio; 28% based on scored REF portfolio of 72% as of 30 June 2023 / Green assets according to pbb's green loan framework (Green loan eligible)

ESG Program provides for holistic approach with clear responsibilities assigned

ESG Programme

	2021	2022	06/23
ISS ESG	C Prime	C Prime	C Prime
MSCI	A	AA	AA
Moody‘s ESG Solutions	Score 43	Score 44	Score 50

- 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 clear roadmap to align CRE portfolio with Paris 1.5° C target by 2045/50
- 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] **pbb Green Bond Framework Eligible**	▪ “Green” building certification	▪ 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

KEY FIGURES

pbb Group

Income statement (€ mn)	2021	Q1/22	Q2/22	Q3/22	Q4/22	2022	Q1/23	Q2/23	H1/23
Net interest income	494	122	120	116	131	489	106	110	216
Net fee and commission income	8	2	1	1	4	8	1	1	2
Net income from fair value measurement	10	9	5	7	-1	20	1	-1	0
Net income from realisations	81	5	5	0	5	15	14	28	42
Net income from hedge accounting	-	1	-2	8	-7	0	-2	-1	-3
Net other operating income	-2	10	-6	-4	-1	-1	-1	3	2
Operating Income	**591**	**149**	**123**	**128**	**131**	**531**	**119**	**140**	**259**
Net income from risk provisioning	-81	-18	-1	-19	-6	-44	-2	-19	-21
General and administrative expenses	-219	-53	-53	-51	-67	-224	-58	-65	-123
Expenses from bank levies and similar dues	-29	-31	0	-1	0	-32	-22	-2	-24
Net income from write-downs and write-ups on non-financial assets	-20	-5	-4	-5	-4	-18	-5	-5	-10
Pre-tax profit	**242**	**42**	**65**	**52**	**54**	**213**	**32**	**49**	**81**
Income taxes	-14	-6	-10	-8	-2	-26	-5	-7	-12
Net income	**228**	**36**	**55**	**44**	**52**	**187**	**27**	**42**	**69**

Key ratios (%)	2021	Q1/22	Q2/22	Q3/22	Q4/22	2022	Q1/23	Q2/23	H1/23
CIR[1]	40.4	38.9	46.3	43.8	54.2	45.6	52.9	50	51.4
RoE before tax	7.5	4.8	7.9	6.1	6.3	6.3	3.3	5.5	4.4
RoE after tax	7.0	4.1	6.7	5.1	6.0	5.5	2.7	4.6	3.6
RoCET1 after tax	n/a	4.5	7.3	5.6	6.7	6.0	3.0	5.2	4.1

Balance sheet (€ bn)	12/21	03/22	06/22	09/22	12/22	03/23	06/23
Total assets	58.4	56.3	55.1	55.9	53.0	53.7	49.8
Equity	3.4	3.4	3.3	3.4	3.4	3.5	3.3
Financing volume	43.7	43.8	43.3	44.3	43.7	43.5	43.3

Regulatory capital ratios[2]	12/21	03/22	06/22	09/22	12/22	03/23	06/23
RWA (€ bn)	16.8	16.7	16.5	17.3	17.0	17.1	17.3
CET 1 ratio – phase in (%)	17.1[3]	16.9[4]	17.2[5/6]	16.3[5]	16.7[7]	16.6[8]	16.0[5]

Personnel	12/21	03/22	06/22	09/22	12/22	03/23	06/23
Employees (FTE)	784	780	777	776	791	800	811

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

KEY FIGURES

Real Estate Finance (REF)

Income statement (€ mn)	2021	Q1/22	Q2/22	Q3/22	Q4/22	2022	Q1/23	Q2/23	6M/23
Net interest income	417	104	103	101	112	420	96	101	197
Net fee and commission income	8	2	1	2	3	8	1	1	2
Net income from fair value measurement	6	6	4	4	0	14	0	-1	-1
Net income from realisations	81	5	5	1	5	16	4	16	20
Net income from hedge accounting	0	1	-1	4	-4	0	-1	-1	-2
Net other operating income	-1	8	-4	-2	0	2	-1	4	3
Operating Income	**511**	**126**	**108**	**110**	**116**	**460**	**99**	**120**	**219**
Net income from risk provisioning	-79	-19	-3	-41	-6	-69	-2	-19	-21
General and administrative expenses	-189	-46	-47	-45	-58	-196	-51	-56	-107
Expenses from bank levies and similar dues	-18	-20	0	0	-1	-21	-15	-1	-16
Net income from write-downs and write-ups on non-financial assets	-17	-4	-4	-4	-4	-16	-4	-5	-9
Pre-tax profit	**208**	**37**	**54**	**20**	**47**	**158**	**27**	**39**	**66**

Key ratios (%)	2021	Q1/22	Q2/22	Q3/22	Q4/22	2022	Q1/23	Q2/23	6M/23
CIR[1]	40.3	39.7	47.2	44.5	53.4	46.1	55.6	50.8	53.0
RoE before tax	9.9	6.3	9.0	2.9	7.3	6.4	3.7	5.5	4.6

Key figures (€ bn)	12/21	03/22	06/22	09/22	12/22	03/23	06/23
Equity[2]	2.1	2.3	2.3	2.3	2.4	2.5	2.5
RWA	15.1	15.1	15.1	15.9	15.5	15.5	15.8
Financing volume	27.6	28.0	28.4	29.5	29.3	29.4	30.2

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 2022/23 unaudited, but reviewed

KEY FIGURES

Non-Core (PIF & VP)

Income statement (€ mn)	2021	Q1/22	Q2/22	Q3/22	Q4/22	2022	Q1/23	Q2/23	6M/23
Net interest income	75	17	17	15	18	67	9	9	18
Net fee and commission income	0	0	0	-1	1	0	0	0	0
Net income from fair value measurement	4	3	1	3	-1	6	1	0	1
Net income from realisations	0	0	0	-1	0	-1	10	12	22
Net income from hedge accounting	0	0	-1	4	-3	0	-1	0	-1
Net other operating income	-1	2	-2	-2	-1	-3	0	-1	-1
Operating Income	**78**	**22**	**15**	**18**	**14**	**69**	**19**	**20**	**39**
Net income from risk provisioning	-2	1	2	22	0	25	0	0	0
General and administrative expenses	-30	-7	-6	-6	-9	-28	-7	-9	-16
Expenses from bank levies and similar dues	-11	-11	0	-1	1	-11	-7	-1	-8
Net income from write-downs and write-ups on non-financial assets	-3	-1	0	-1	0	-2	-1	0	-1
Pre-tax profit	**32**	**4**	**11**	**32**	**6**	**53**	**4**	**10**	**14**

Key ratios (%)		Q1/22	Q2/22	Q3/22	Q4/22	2022	Q1/23	Q2/23	6M/23
CIR[1]	44	36.4	40	38.9	64.3	43.5	42.1	45.0	43.6
RoE before tax	n/a	2.2	8.5	28.1	5.3	10.5	3.9	12.1	7.5

Key figures (€ bn)		03/22	06/22	09/22	12/22	03/23	06/23
Equity[2]	0.6	0.6	0.5	0.4	0.4	0.3	0.3
RWA	1.0	1.0	0.8	0.8	0.8	0.8	0.6
Financing volume	16.1	15.8	14.9	14.8	14.4	14.1	13.1

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 2022/23 unaudited, but reviewed

BALANCE SHEET

Specialist lender with attractive German Pfandbrief as major funding instrument

Balance sheet

IFRS, € bn

Assets	30/06/23	31/12/22
Financial assets at fair value through P&L	**1.1**	**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	0.4	0.4
Financial assets at fair value through OCI	**1.5**	**1.7**
thereof		
Debt securities	1.3	1.4
Loans and advances to customers	0.1	0.3
Financial assets at amortised cost (after credit loss allowances)	**46.4**	**48.7**
thereof		
Debt securities	4.5	5.4
Loans and advances to other banks	3.8	5.8
Loans and advances to customers	38.3	37.8
Positive fair values of hedge accounting derivatives	**0.2**	**0.3**
Other assets	**0.2**	**1.2**
Total Assets	**49.8**	**53.0**

Liabilities & equity	30/06/23	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	**44.6**	**47.7**
thereof		
Liabilities to other banks (incl. central banks)	5.5	7.5
thereof		
Registered Mortgage Pfandbriefe	*0.4*	*0.4*
Registered Public Pfandbriefe	*0.5*	*0.5*
Liabilities to other customers	18.9	17.9
thereof		
Registered Mortgage Pfandbriefe	*3.1*	*3.0*
Registered Public Pfandbriefe	*5.7*	*5.9*
Bearer Bonds	19.6	21.6
thereof		
Mortgage Pfandbriefe	*11.1*	*12.0*
Public Pfandbriefe	*1.9*	*2.0*
Subordinated liabilities	0.6	0.6
Negative fair values of hedge accounting derivatives	**1.0**	**1.1**
Other liabilities	**0.2**	**0.1**
Equity (attributable to shareholders)	**3.0**	**3.1**
AT1-capital	**0.3**	**0.3**
Total liabilities & equity	**49.8**	**53.0**

Share of Pfandbriefe of refinancing liabilities

51%/50%

Note: Figures may not add up due to rounding

APPENDIX

MONITORING PROCESS

Multi-level valuation review process

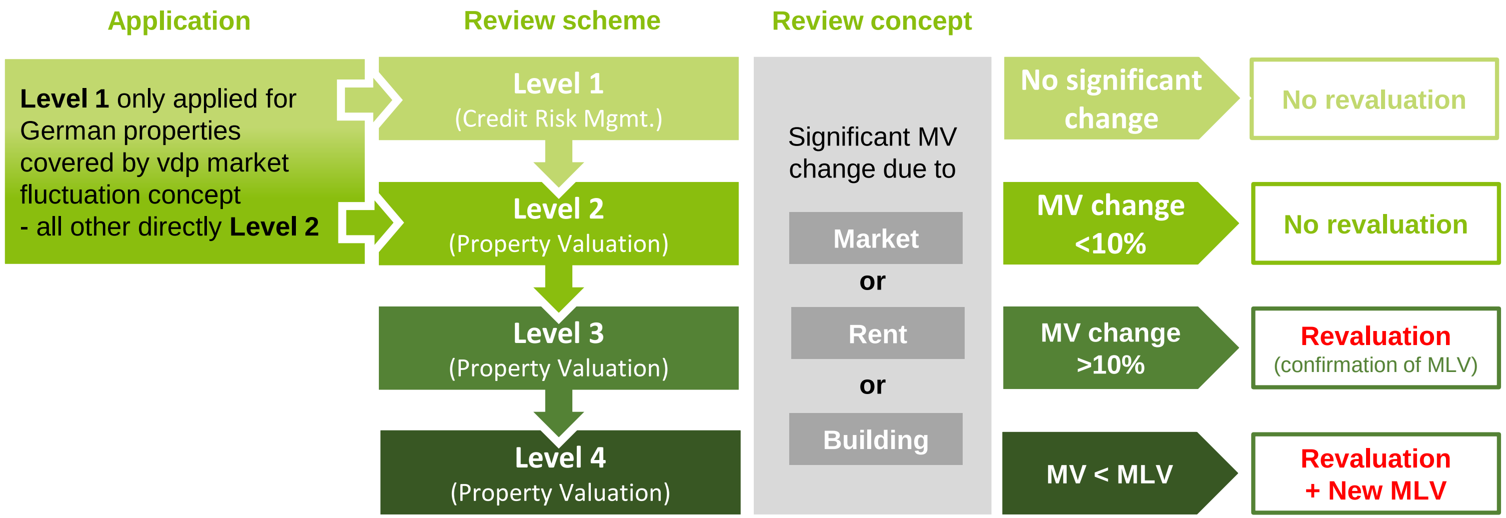
- **Regular annual review** (Level 1/2) – revaluation mandatory in case of significant changes (Level 3/4)
- **Mandatory revaluation** (Level 3) **after 3 years**

In addition, reviews on a continuous basis:

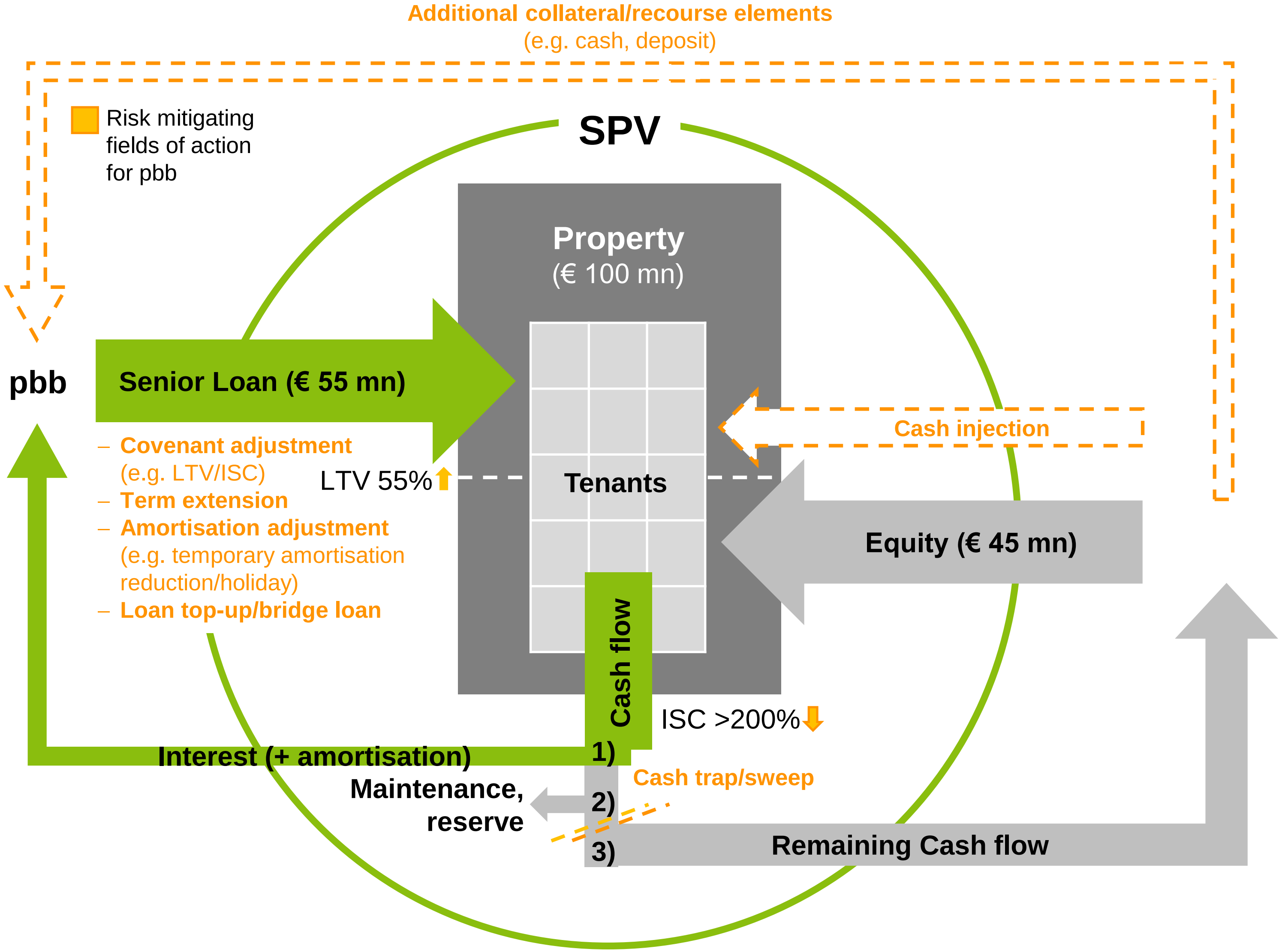
– **Event triggered review** – revaluation mandatory in case of significant changes (e.g. special events/reasons, extreme market fluctuations, transfer to watchlist, default)

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

Valuation review process (simplified)



Risk mitigating fields of action for pbb in worsening credit situations



- Conservative **risk positioning**, strong **covenant structures**, close **monitoring processes** 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

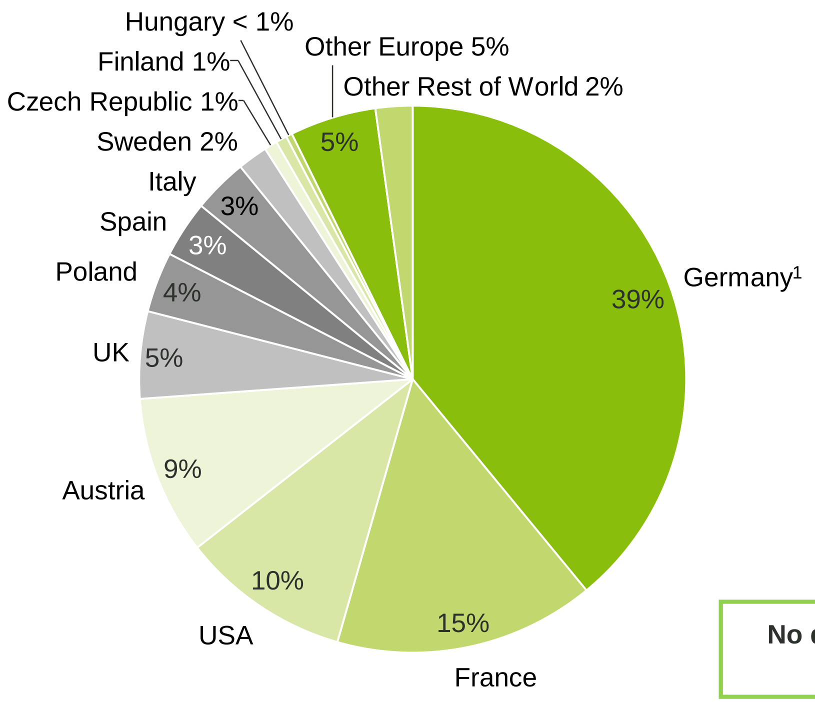
PORTFOLIO

Total portfolio

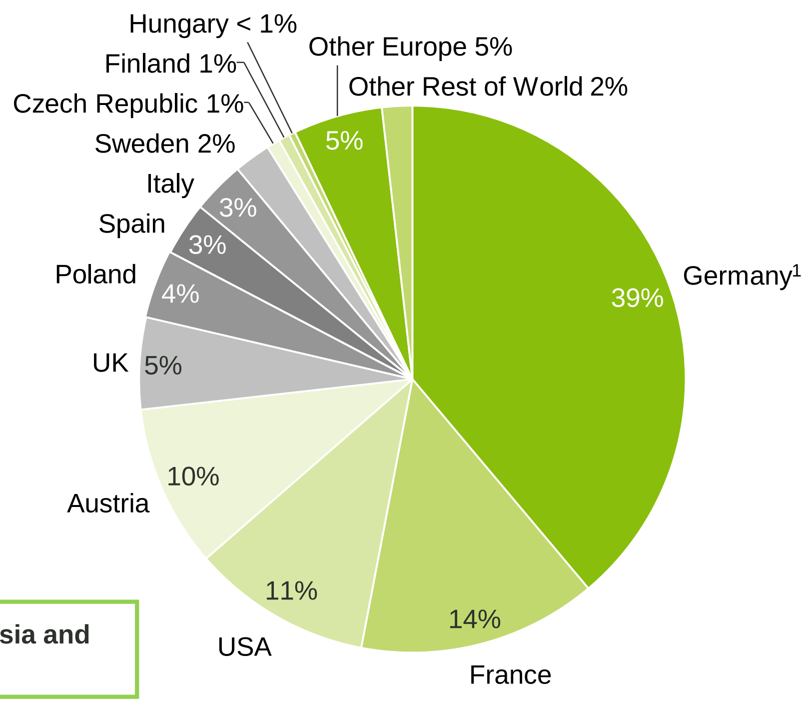
Regions

(EaD, Basel III)

31/12/2022 / Total: € 50.0 bn



30/06/2023 / Total: € 48.4 bn



No direct exposure in/to Ukraine, Russia and Belarus

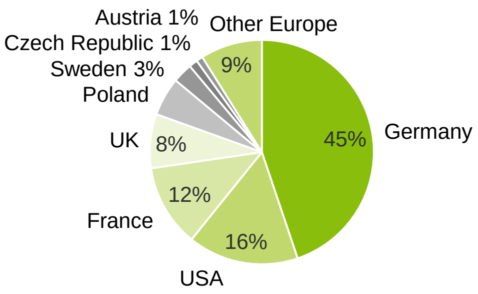
1. Incl. Bundesbank accounts (12/22: € 1.0 bn; 06/23: € 0.4 bn) 2. EaD, Basel III Note: Figures may not add up due to rounding

PORTFOLIO

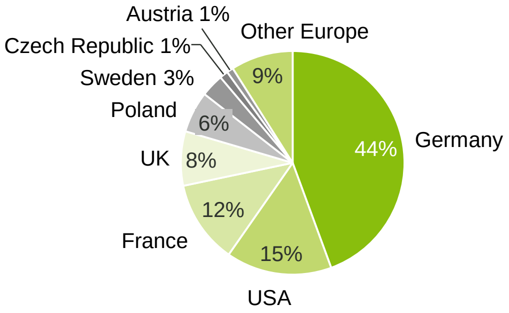
Real Estate Finance (REF)

Regions

31/12/2022: € 31.0 bn

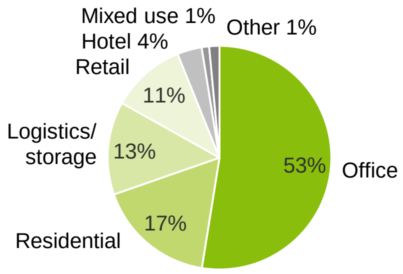


30/06/2023: € 31.6 bn

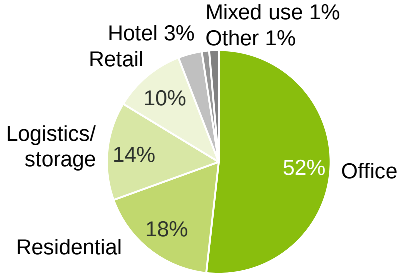


Property types

31/12/2022: € 31.0 bn

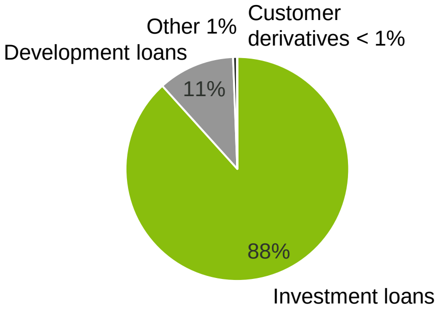


30/06/2023: € 31.6 bn

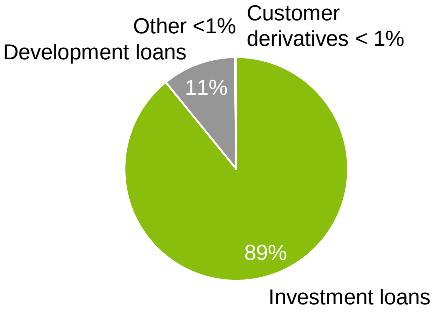


Product class

31/12/2022: € 31.0 bn

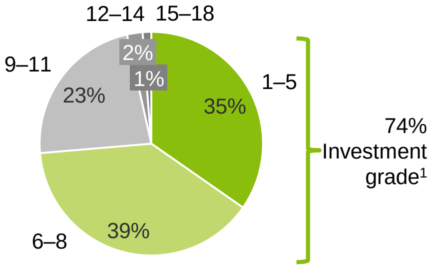


30/06/2023: € 31.6 bn

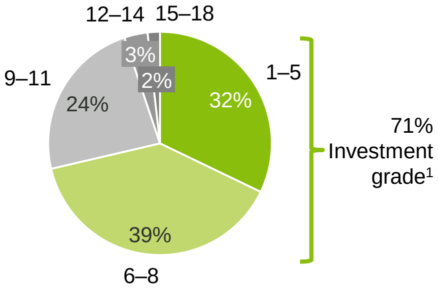


Internal ratings (EL classes)

31/12/2022: € 31.0 bn



30/06/2023: € 31.6 bn



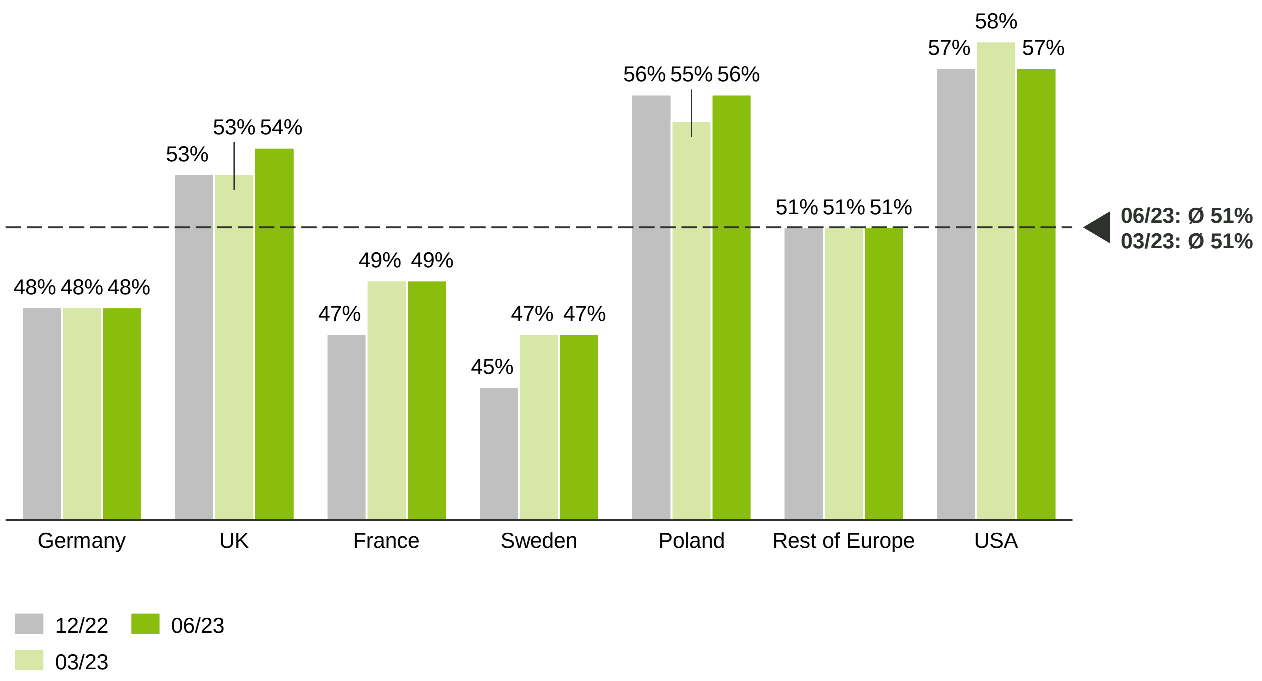
1. Internal EL Classes 1–8 = Investment grade; Internal EL classes 9–18 = Non-investment grade

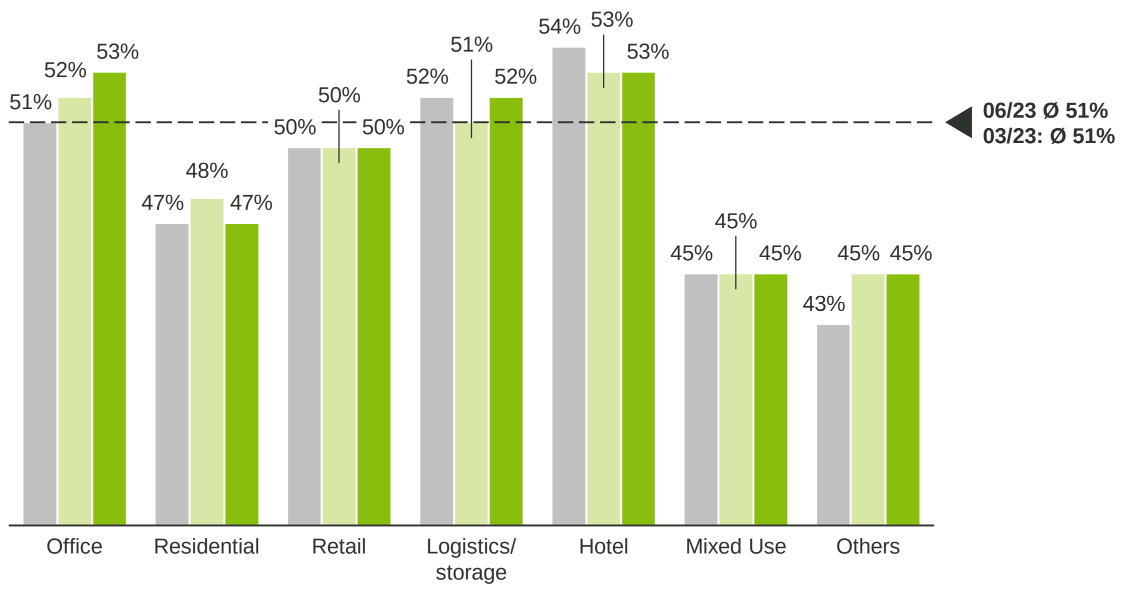
Note: Figures may not add up due to rounding, EaD, Basel III

LTV development reflecting stressed market environment

REF Portfolio: LTV cluster[1]

€ bn



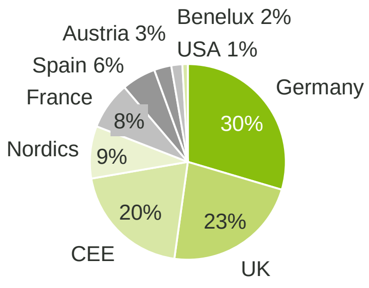


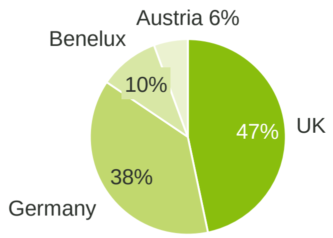
1. Based on performing investment loans only Note: Figures may not add up due to rounding

REF PORTFOLIO

Sub-segments

<table>
<tr><th>Property</th><th>Regions</th><th>Evaluation of current situation</th><th>Challenges</th><th>Risk positioning</th></tr>
<tr><td>Retail

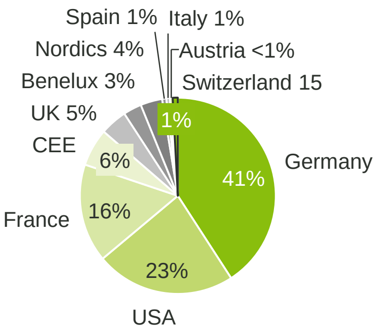
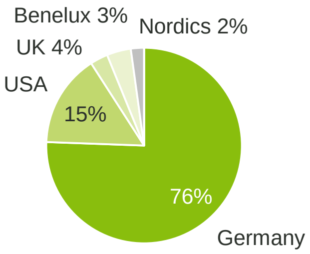
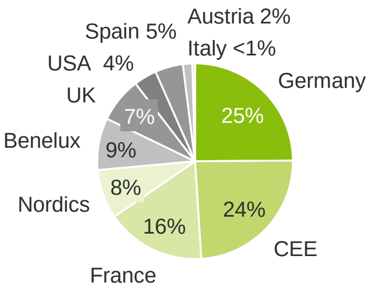
€ 3.3 bn
(10%)</td><td>
</td><td>▪ General retail property market trading conditions remain challenging and retailers continue to retrench their physical store estates. Coupled with further retail business insolvencies and consolidation, this had already an adverse impact on occupancy and rents.
▪ Currently vacancy rates are stabilizing, but at a high level. Rents are expected to fall further slightly in the medium term and to stabilize from 2024 on. Further online sales diversion will further burden in-store spending.
▪ Ongoing dampen consumer confidence and purchasing power due to high inflation and economic uncertainties.
▪ 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</td><td>▪ 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</td><td>▪ Selective approach with foresighted reduction of retail portfolio by ~55% or € 3.8 bn since 2016 (06/23: € 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
▪ For new business selective approach with moderate LTVs</td></tr>
<tr><td>Hotel
(Business Hotels only)

€ 1.1 bn
(3%)</td><td>
</td><td>▪ Rising competition has led to insolvencies for operators and licencees and rebuilt secondary hotels for other uses like eg. longstay concepts.
▪ But in the meantime Hotels are benefiting from strong pent-up demand, mainly driven by the leisure sector. But business demand is also improving, albeit at a slower pace.
▪ This in turn led to relatively strong recovery in hotel performance, boosted by rising room rates, which are significantly higher than before the pandemic. RevPAR is already above 2019 levels.
▪ Despite these positive signs still low investment volumes.
▪ Economic uncertainty and lower disposable income because of high inflation are still a threat for Hotel performance.</td><td>▪ 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.</td><td>▪ 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 business hotels in main European capitals/business location in combination with strong brands and professional sponsors.</td></tr>
</table>

1. Based on performing investment loans only   Note: Figures may not add up due to rounding, EaD, Basel III

REF PORTFOLIO

Sub-segments

Property	Regions	Evaluation of current situation	Challenges	Risk positioning
Office € 16.4 bn (52%)		▪ Net absorption in Europe has recovered, although 2023 is still challenging and pre-Covid rates remain largely unattainable. ▪ Increased discussion about new concepts of work. It will be more about concepts of hybrid work and there will be efficiency savings, also in good locations. ▪ Modern, flexible and ESG-conform properties in good location are still sought after while demand for secondary is limited. ▪ Significant price adjustments coming through. Yields have already edged up and are expected to move out further. US office market is affected by a particularly sharp decline in values since yield driven devaluation is amplified by decreasing rents.	▪ 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 in main European and US urban agglomerations ▪ Conservative risk positioning: avg. LTV of 53%[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 € 5.6 bn (18%)		▪ Higher interest rates and inflation has a strong impact on the owner-occupier market. A significant cooling of the market is currently underway. ▪ For most multifamily properties, the drop in values will be less significant. These properties held as income assets will continue to benefit from the relatively stable nominal rental growth in the future. ▪ But high energy prices may dampen rental growth and new legal regulations can have an impact on values in the medium term.	▪ Increasing interest level puts pressure on value, however still more moderate than in other (sub-) asset classes. ▪ Cash flow under pressure from many angles – interest rates, energy costs, investment requirements. This however partially counterbalanced by increasing rents. ▪ In particular capital market oriented owners often with challenging refinancing situations.	▪ Conservative risk positioning ▪ Portfolio volume of € 5.6 bn with conservative avg. LTV of 47%[1] provides good buffer and supports commitment of investors/sponsors ▪ Well diversified portfolio with strong focus on Germany
Logistics € 4.5 bn (14%)		▪ The logistics sector benefits from a stronger focus on e-commerce but also by the need of more resilient supply chains in the industry sector. ▪ This in turn leads to rental growth in most market types, but focused on key cities where supply is particular low. ▪ The expected significant drop in values is yield driven, while rental growth is partial mitigating the decline. ▪ Since demand for logistic space is typically strongly correlated with economic activity and GDP current economic uncertainties pose a potential threat.	▪ 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 52%[1] provides good buffer and supports commitment of investors / sponsors ▪ Well diversified portfolio ▪ High quality of sponsors

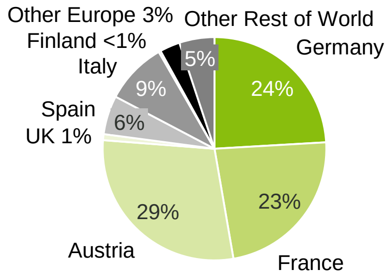
1. Based on performing investment loans only Note: Figures may not add up due to rounding, EaD, Basel III

PORTFOLIO

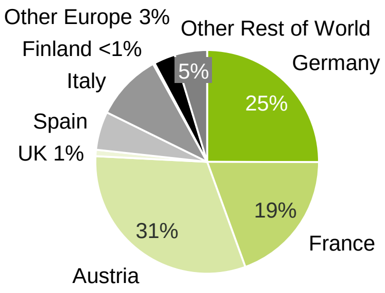
Non-Core Unit (PIF& VP)

Regions

31/12/2022: € 15.2 bn

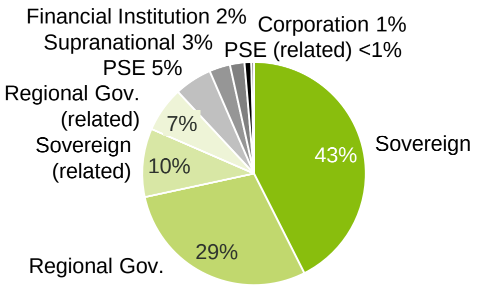


30/06/2023: € 13.9 bn

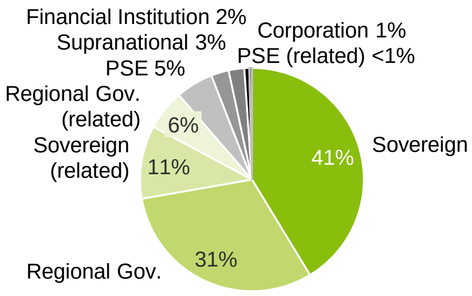


Borrower classification[1]

31/12/2022: € 15.2 bn

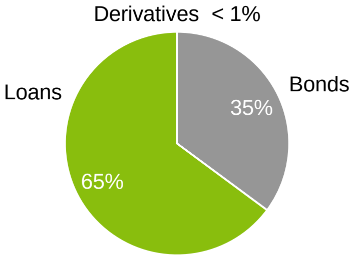


30/06/2023: € 13.9 bn

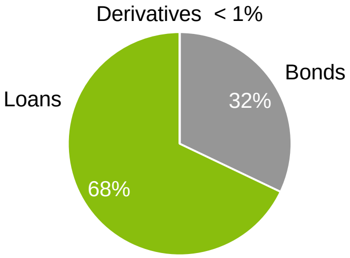


Product class

31/12/2022: € 15.2 bn

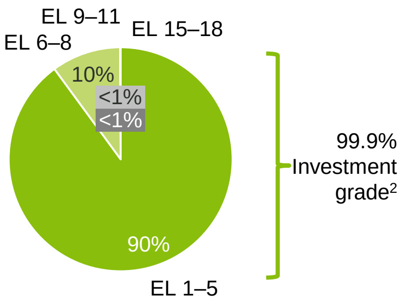


30/06/2023: € 13.9 bn

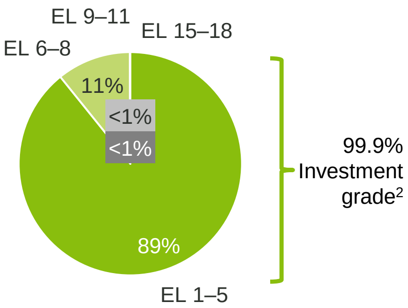


Internal ratings (EL classes)

31/12/2022: € 15.2 bn



30/06/2023: € 13.9 bn



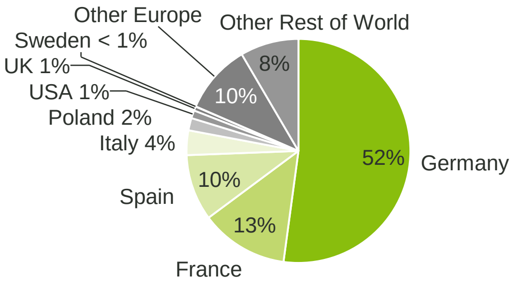
1. See appendix for definition of borrower classification 2. Internal EL Classes 1–8 = Investment grade; Internal EL classes 9–18 = Non-investment grade   Note: Figures may not add up due to rounding, EaD, Basel III

PORTFOLIO

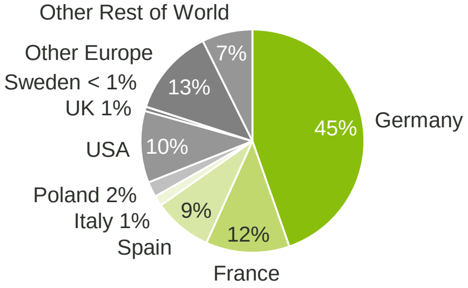
Consolidation & Adjustments (C&A)

Regions

31/12/2022: € 3.7 bn

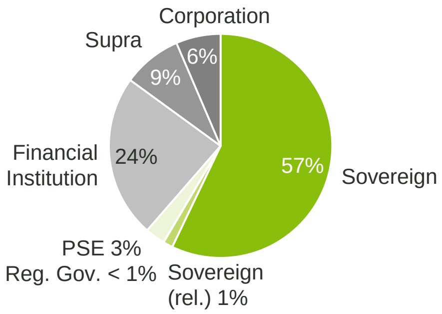


30/06/2023: € 2.9 bn

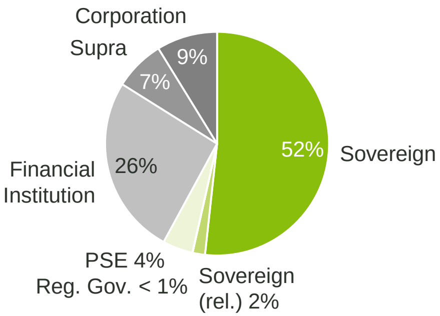


Borrower classification[2]

31/12/2022: € 3.7 bn

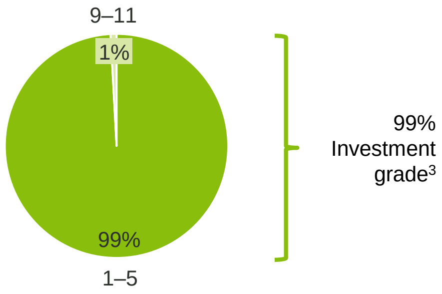


30/06/2023: € 2.9 bn

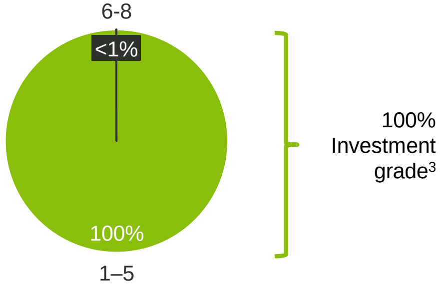


Internal ratings (EL classes)

31/12/2022: € 3.7 bn



30/06/2023: € 2.9 bn



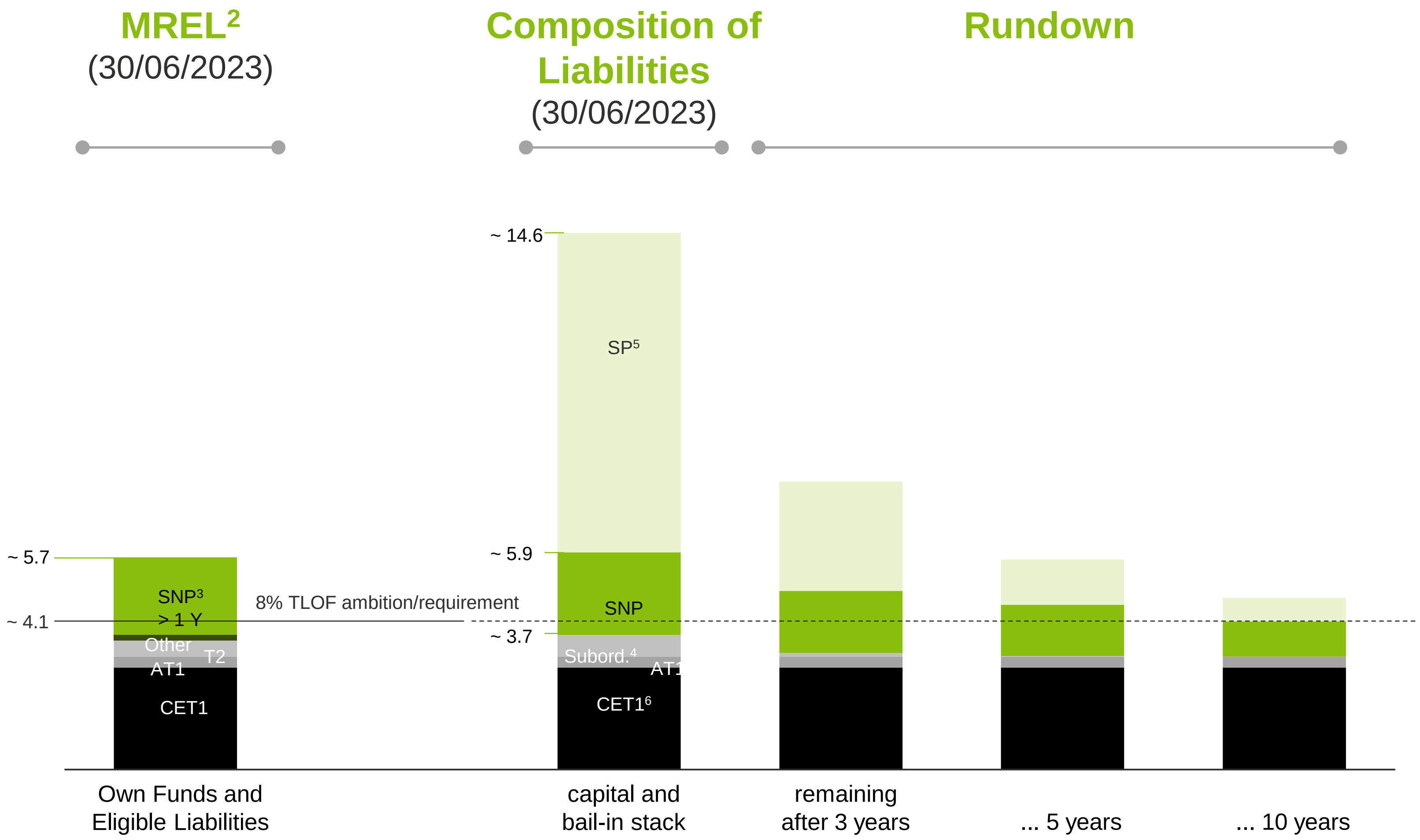
1. Incl. Bundesbank accounts (12/21: € 1.0 bn; 06/23: € 0.4 bn) 2. See appendix for definition of borrower classification 3. Internal EL Classes 1-8 = Investment grade; Internal EL classes 9-18 = Non-investment grade
Note: Figures may not add up due to rounding, EaD, Basel III

APPENDIX

FUNDING

Own Funds and Eligible Liabilities significantly exceed 8% TLOF

€ bn



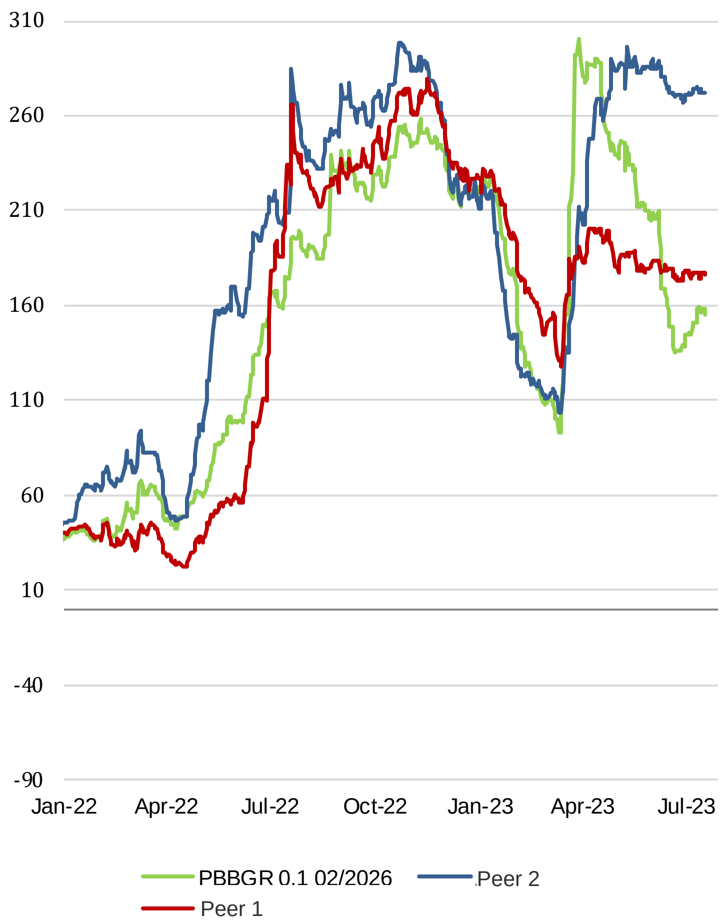
- Buffer for Senior Preferred (SP) investors due to high volume of capital instruments and Senior Non-Preferred (SNP) liabilities
- Existing Senior Non-Preferred liabilities with long remaining terms
- SP currently predominant senior product, but SNP to remain a key element of pbb's funding strategy
- 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 dividend paid 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 30 June 2023, MREL eligible items amounted to ~ 10.9% TLOF (without approved scope from the General Prior Permissions)/~ 32.7% RWA/~ 11.7% 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

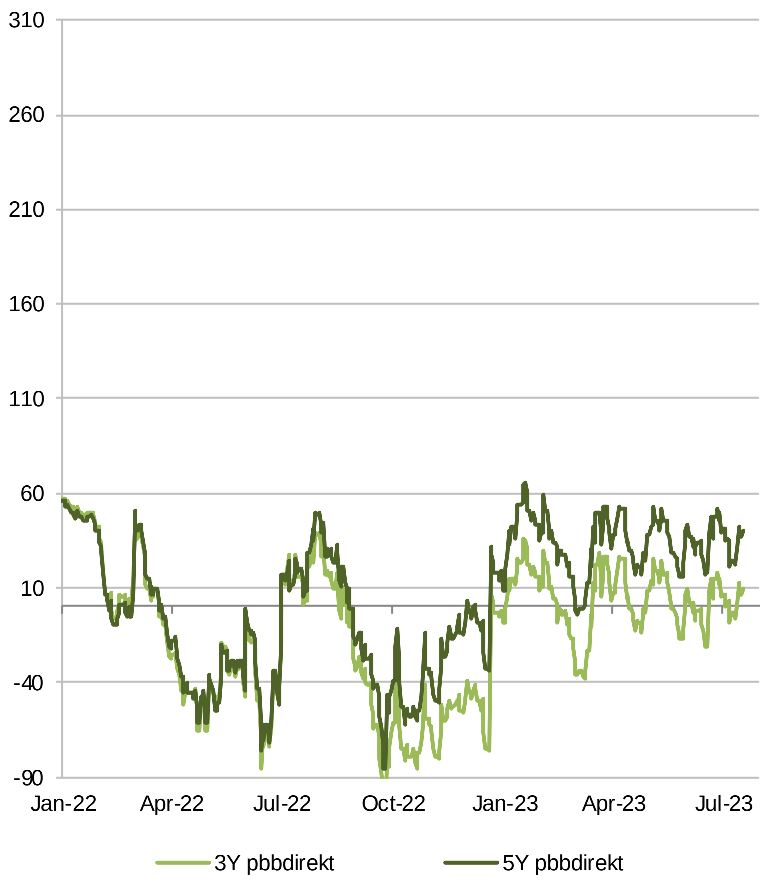
FUNDING

Structural shift of funding into currently cheaper retail deposits

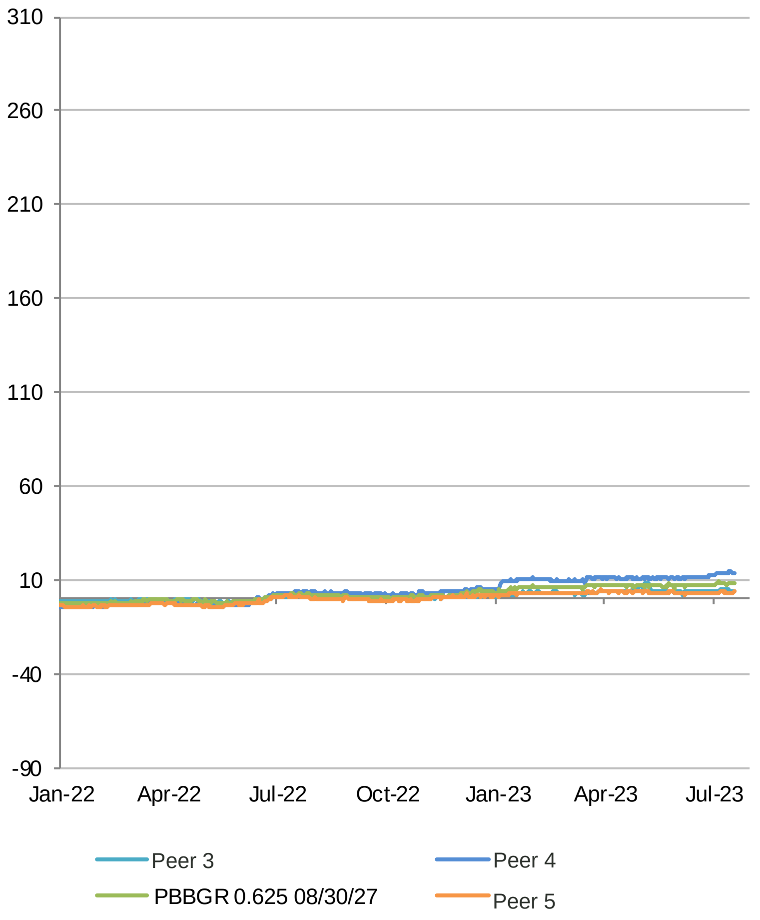
Senior Preferred
Spread Development (6M-Euribor) pbb vs peers



pbb direkt
Spread Development vs 6M-Euribor



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



Source: Bloomberg; Treasury

FUNDING

Public benchmark issuances since 2019

Typesjjjj	WKN	Launch Date	Maturity 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	A2YNVM	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	3m-€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)	A2YNVM	26.08.2021	16.10.2025	€ 50 mn	-1,9 bp	0.01%	101.880%
Mortgage Pfandbrief (2nd Tap)	A2YNVM	16.09.2021	16.10.2025	€ 50 mn	-2 bp	0.01%	101.540%
Mortgage Pfandbrief (3nd Tap)	A2YNVM	21.09.2021	16.10.2025	€ 100 mn	-2 bp	0.01%	101.490%
Mortgage Pfandbrief	A3E5KY	14.10.2021	11.10.2024	USD 750 mn	+20 bp[3]	0.875%	99.778%
Senior Preferred (Green)	A3T0X2	20.10.2021	27.10.2025	€ 500 mn	+48 bp	0.25%	99.754%
Senior Preferred (Green)	A3T0X9	12.01.2022	17.01.2025	€ 750 mn	+42 bp	0.25%	99.798%
Mortgage Pfandbrief	A3T0YD	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	A3T0YH	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)	A3T0X2	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 (1st Tap)	A30WF2	09.01.2023	25.01.2027	€ 50 mn	+ 6 bp	3.00%	99.99%
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%
Mortgage Pfandbrief (2nd Tap)	A30WF2	14.02.2023	25.01.2027	€ 100mn	+10 bp	3.00%	99.54%
Mortgage Pfandbrief	A31RJS	06.07.2023	13.10.2023	€ 500mn	+14 bp	3.625%	99.651%

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 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

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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

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

DEUTSCHE PFANDBRIEFBANK

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