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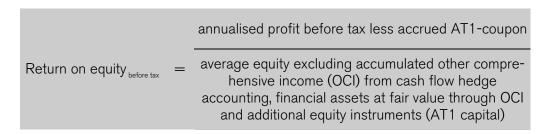
Deutsche Pfandbriefbank Group

The consolidated financial statements as at 30 June 2020 are based on the International Financial Reporting Standards (IFRSs) as adopted in European law by the European Commission as part of its endorsement process.

Definitions and Usefulness

RETURN ON EQUITY

Definition



Return on equity after tax = annualised net income less accrued AT1-coupon average equity excluding accumulated OCI from cash flow hedge accounting, financial assets at fair value through OCI and AT1 capital

During the course of the year, the annualised profit before tax (net income) is based on the current figure (before/after tax) as disclosed according to IFRS, divided by the number of months elapsed and multiplied by the factor 12.

Average equity excluding accumulated OCI from cash flow hedge accounting, financial assets at fair value through OCI and AT1 capital is the arithmetic mean based on the amount at the beginning of the year and the amounts as disclosed at the quarterly reporting dates of the current financial year. Equity excluding accumulated OCI from cash flow hedge accounting, financial assets at fair value through OCI and AT1 capital comprises the following items: subscribed capital, additional paid-in capital, retained earnings, consolidated profit and OCI from pension commitments.

Usefulness

pbb Group uses return on equity before (after) tax as most important key performance indicator (KPI) to measure profitability. Return on equity after tax is another KPI used in the internal management-system. However, the informative value of the respective KPI is limited by the fact that they represent rates (quota). Therefore, they do not provide information (and cannot be used to draw conclusions) on the absolute amount of profit or loss before tax (or net income/loss) or average equity excluding accumulated OCI from cash flow hedge accounting, financial assets at fair value through OCI and AT1 capital. In addition, annualised projections of profit before tax (or net income) provided during the course of the year may be inaccurate due to the linear extrapolation method. Moreover, non-recurring

effects may have an influence on return on equity before and after tax without any long-term repercussions on pbb Group's profitability.

COST-INCOME RATIO

Definition

Operating income comprises the sum of net interest income, net fee and commission income, net income from fair value measurement, net income from realisations, net income from hedge accounting and net other operating income.

Usefulness

Cost-income ratio is used within pbb Group as most important key indicator to monitor cost discipline and efficiency, and is defined as KPI in the internal management system. However, the informative value of the cost-income ratio is limited by the fact that it represents a rate (quota). Therefore, it does not provide information (and cannot be used to draw conclusions) on the absolute amount of general and administrative expenses, net income from write-downs and write-ups on non-financial assets or operating income. Non-recurring effects may have an influence on the cost-income ratio through income and expenses without any long-term repercussions on pbb Group's efficiency.

FINANCING VOLUMES

Definition

Financing volume is the notional amount of the drawn parts of granted loans and the securities portfolio (customer business). The financing volume includes "Financial assets at fair value through profit or loss", Financial assets at fair value through other comprehensive income" and "Financial assets at amortised cost after credit loss allowances"...

The average financing volume is the arithmetic mean based on the value at the beginning of the year and the values at the quarterly reporting dates of the current financial year.

Usefulness

The financing volumes of the strategic segments Real Estate Finance is defined as financial KPls in the internal management system. The financing volume is a significant factor influencing the future earning power of pbb Group, since it represents the interest-bearing part of active customer business. New business volume, as well as repayments, are the main drivers for the financing volume. However, new business volume provides only a limited basis from which to draw conclusions regarding financing volume amounts, since pbb Group's influence on repayments is limited. In addition, financing volumes are subject to foreign exchange rate movements beyond pbb Group's sphere of influence.

Reconciliation Statements

RETURN ON EQUITY BEFORE TAX AND AFTER TAX

Return on equity reconciliation 1 January to 30 June 2020

in € million (if not otherwise stated)	1.1.2020	31.3.2020	30.6.2020
Equity	3,236	3,244	3,237
Less accumulated OCI from cash flow hedge accounting, financial assets at fair value through OCI and AT1 capital	-352	-343	-342
Equity excluding accumulated OCI from cash flow hedge accounting, financial assets at fair value through OCI and AT1-Kapital	2,884	2,901	2,895
Calculation			1.1- 30.6.2020
Annualised profit before tax lessaccrued AT1-coupon			45
Annualised net income less accrued AT1-coupon			29
Average equity excluding accumulated OCI from cash flow hedge accounting, financial assets at fair value through OCI and AT1 capital			2,893
Return on equity before tax (in %)			1.6
Return on equity after tax (in %)			1.0

Return on equity reconciliation 1 January to 30 June 2019

in € million (if not otherwise stated)	1.1.2019	31.3.2019	30.6.2019
Equity	3,257	3,273	3,172
Less accumulated OCI from cash flow hedge accounting, financial assets at fair value through OCI and AT1 capital	-374	-369	-368
Equity excluding accumulated OCI from cash flow hedge accounting, financial assets at fair value through OCI and AT1-Kapital	2,883	2,904	2,804
Calculation			1.1- 30.6.2020
Annualised profit before tax less accrued AT1-coupon			217
Annualised net income less accrued AT1-coupon			181
Average equity excluding accumulated OCI from cash flow hedge accounting, financial assets at fair value through OCI and AT1 capital			2,864
Return on equity before tax (in %)			7.6
Return on equity after tax (in %)			6.3

COST-INCOME-RATIO

Cost-income ratio calculation

in € million (if not otherwise stated)	1.1 30.6.2020	1.1 30.6.2019
General and administrative expenses and net income from write-downs	30.0.2020	30.0.2013
and write-ups of non-financial assets	107	101
Operating income	233	238
Cost-income ratio (in %)	45.9	42.4

AVERAGE FINANCING VOLUMES

Average financing volumes reconciliation 2020

in € billion	1.1.2020	31.3.2020	30.6.2020	Semi- annual average 2020
Financing volumes Real Estate Finance (REF)	27.1	26.8	26.7	26.9
Financing volumes Public Investment Finance (PIF)	6.2	6.3	6.0	6.2
Financing volumes REF and PIF	33.3	33.1	32.7	33.1
Financing volumes Value Portfolio (VP)	12.1	11.9	11.8	11.9
Financing volumes total	45.4	45.0	44.5	45.0

Average financing volumes reconciliation 2019

in € billion	1.1.2019	31.3.2019	30.6.2019	Semi- annual average 2019
Financing volumes Real Estate Finance (REF)	26.8	27.8	27.1	27.4
Financing volumes Public Investment Finance (PIF)	6.4	6.4	6.3	6.4
Financing volumes REF and PIF	33.2	34.2	33.4	33.8
Financing volumes Value Portfolio (VP)	13.2	12.9	12.1	12.6
Financing volumes total	46.4	47.1	45.5	46.4

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