

Green Bond - Allocation Report

November 2023

Green Bond Senior Preferred Benchmarks						
ISIN	DE000A3H2ZX9	DE000A3T0X22	DE000A3T0X97	DE000A30WV1	DE000A30WF43	DE000A30WF84
Issue Rating	BBB+ (S&P)					
Second Party Opinion	Cicero					
Coupon	0.10%	0.25%	0.25%	4.375%	7.625%	5.0%
Value Date	01.02.2021	27.10.2021	19.01.2022	29.08.2022	08.12.2022	06.02.2023
Maturity	02.02.2026	27.10.2025	17.01.2025	28.08.2026	08.12.2025	05.02.2027
Issue Size	€ 500 mn	€ 500 mn + € 200 mn tap	€ 750 mn	€ 500 mn	GBP 350 mn	€ 500 mn
Outstanding Amount	€ 500 mn	€ 602 mn	€ 622 mn	€ 500 mn	GBP 350 mn	€ 500 mn
Total outstanding amount	€ 3.13 bn					
Index Membership	Bloomberg MSCI Global Green Bond Index iBoxx Global Green, Social & Sustainable Bonds Index					



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Business Model & Strategy

Dividend title with an attractive shareholder return and clear focus on Green transformation of the CRE sector

Core Business

Funding

- Strong capital market presence: benchmark issuances and private placements
- Resilient **Pfandbrief** as main funding source complemented by unsecured bonds
- pbb one of most active senior unsecured **Green Bond** issuers
- EUR and foreign currencies
- pbb direkt**
 - Scalable **retail deposit** online-platform (pbb direkt)
 - Call and term deposits (EUR, USD)

Specialized on-balance sheet lending ...



... based on stable, well diversified funding base



CRE Lending

- Pfandbrief-eligible **senior loans**, complemented by limited non-senior loans
- **Structuring expertise** for complex/large transactions
 - ~ 150 deals per year
 - Ø deal size ~€ 50-70 mn
- **Green Loans** integral part of business model: **CRE transformation partner**

USP

- **Leading specialized CRE bank** with conservative lending standards and **high-risk competence**
- **Strong franchise** with long-standing client relationships
- Local presence in core **Europe and the US**
- **Resilient Pfandbrief** as main funding source — in addition, **scalable retail deposit platform**

New Business Lines



RE Invest. Mgmt.

- Issuance of **open-ended real estate funds**
- **Capital-efficient** and **scalable** income source



pbb Debt

- Provide required formats to **institutional investors** (e.g. debt funds)
- Leverage our extensive **market access**



Green Consulting

- Advise on holistic solutions within the **green transformation of RE** (e.g. green development loans, green capex facilities)

Strategy Update

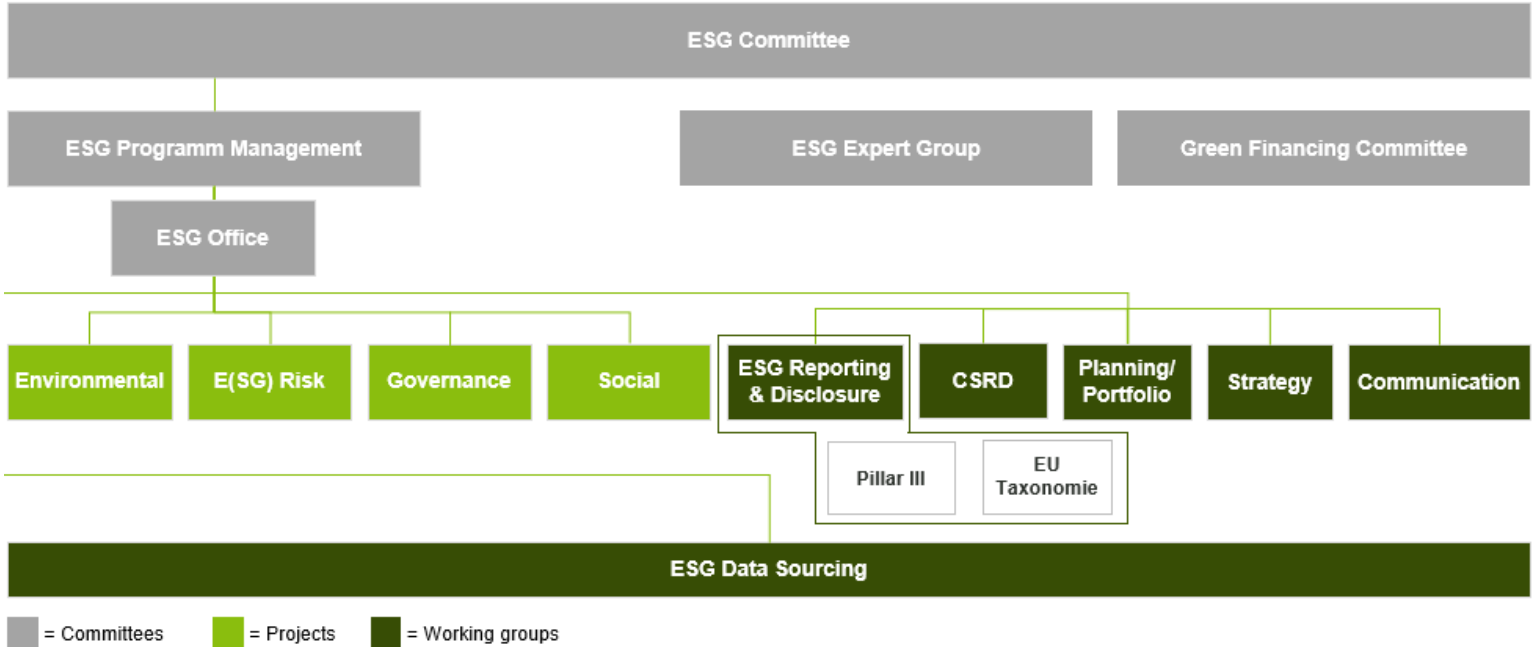
- Maintain a **conservative risk profile** and retain **strict cost discipline**
- **Increase of profitability by growth** and **capital light strategic initiatives**
- **Sustainable finance** as an **important contributor** for **all growth initiatives**



ESG Governance & ESG Ratings

ESG Program provides for holistic approach with clear responsibilities assigned

ESG Programme



	2021	2022	10/23
ISS ESG	C Prime	C Prime	C Prime
MSCI	A	AA	AAA
Moody's ESG Solutions	Score 43	Score 44	Score 50

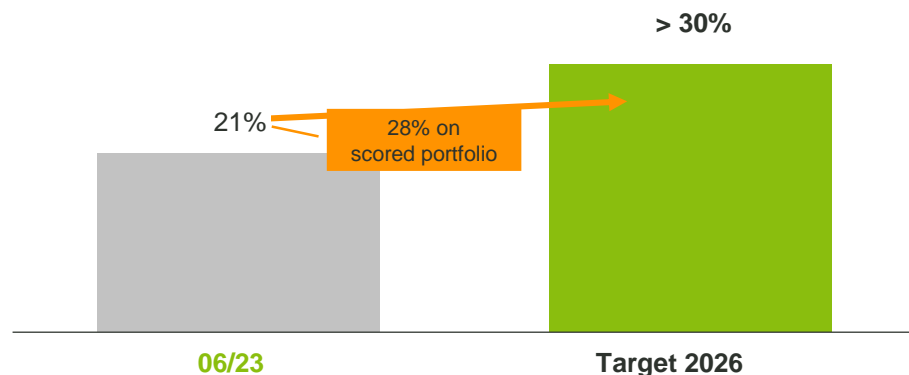
- ESG at core of pbb's strategy:
 - pbb can make a real difference, reducing the real estate sector's significant CO₂ impact
 - Green finance bank and transformation partner
 - Active portfolio steering with clear roadmap to align CRE portfolio with Paris 1.5° C target by 2045/50
- ESG risk structurally 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 in place
 - Management Board responsibility – ESG targets part of remuneration
 - Operationally, all ESG dimensions covered with clear responsibilities assigned, e.g. EU taxonomy alignment for REF business
- Progress acknowledged by regulator, ESG rating agencies and capital markets. ESG Rating Upgrade to AAA from MSCI in 11/23 driven by improved governance aspects.

Sustainable Finance

Strong progress in sustainable finance activities

Green share of REF portfolio¹

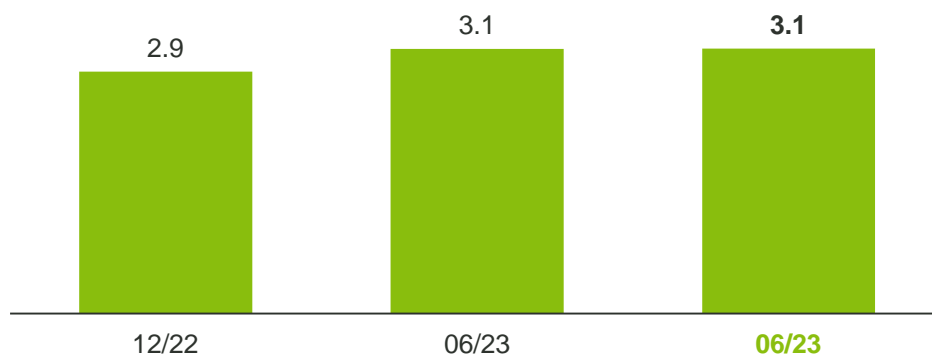
(green loan eligible assets, %)



- 74% of REF portfolio scored – scoring of remaining portfolio ongoing
- Green share of total REF portfolio currently at 21% resp. € 6.3 bn (28% based on scored portfolio of 74%) vs. 2026 target of >30%

Green Bonds

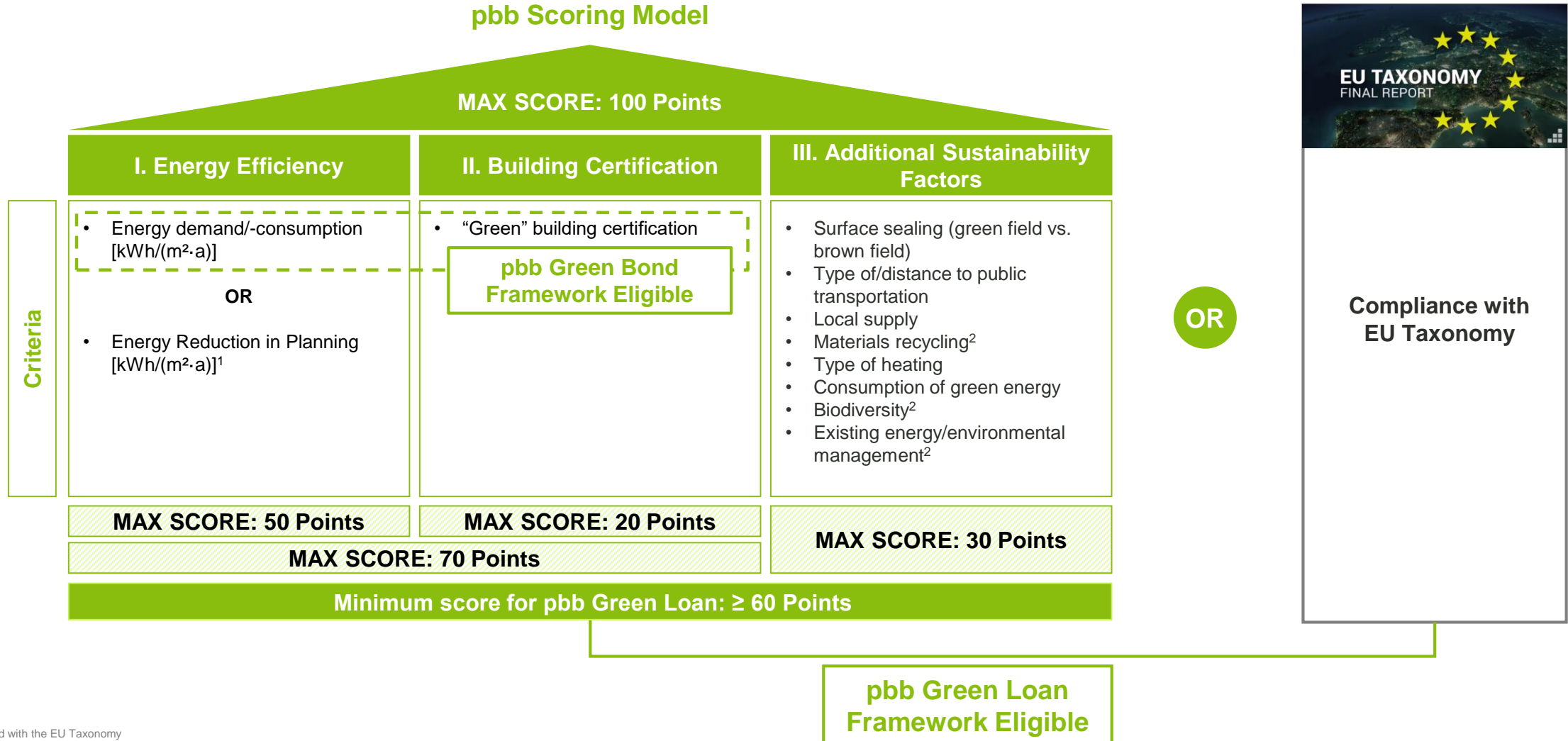
€ bn



- 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 78% as of 30 September 2023 / Green assets according to pbb's green loan framework (Green loan eligible)

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

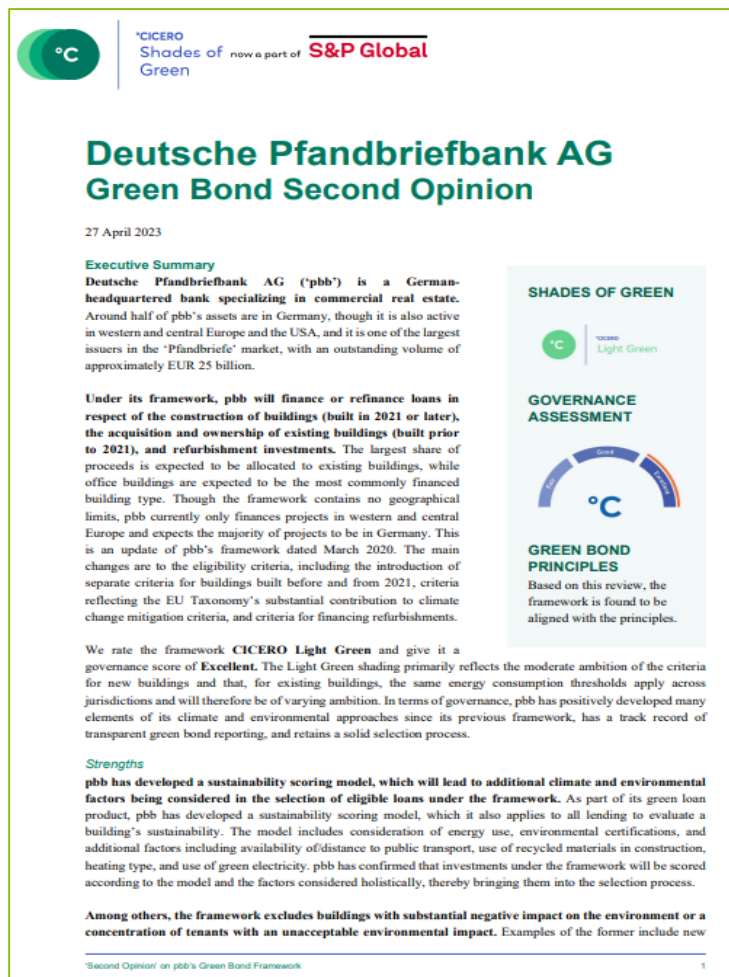


Green Bond – Second Party Opinion

Last Second Party Opinion & External Review by Cicero Shades of Green (CICERO Light Green)



- CICERO Shades of Green provided the [Second Party Opinion](#) on pbb's Green Bond Framework and related policies. The most recent framework was published in March 2023
- CICERO Shades of Green also provided the last annual independent review of pbb's [Green Bond Report](#) in January 2023.
- pbb publishes all reports [here](#).



Allocation Report: Green Bond – Reference Portfolio

Preliminary Impact Reporting based on current portfolio

Carbon Impact Figures

Main building type	Carbon Emissions of heating & electricity (kgCO ₂ /m ² /year)	Energy Demand Baseline (kWh/m ² /year)	Emission Factor (kgCO ₂ /kWh)	Carbon Emission Benchmark (kgCO ₂ /m ² /year)	Carbon Savings (kgCO ₂ /m ² /year)	Total Carbon Savings (tCO ₂ /year)	Financed Carbon Savings (tCO ₂ /year)
Building 1	EPC	Local average	Local energy mix	EDB x EF	CEB - CE	CS x Area	TCS x pbb financing share
Total						XXX	XXX

pbb Green Bond Carbon Impact: 53,783 tCO₂/year

Carbon impact assessment methodology

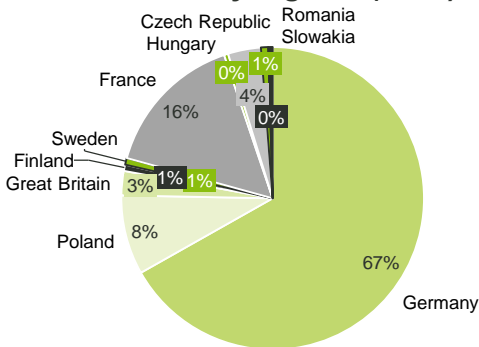
- pbb estimates the carbon impact of its Green Bond Assets portfolio on a line by line basis
- pbb collects the carbon emission intensity for each building from its Energy Performance Certificates (EPCs)
- If carbon emissions are not included in the EPC, energy demand figures are translated to carbon emissions via applicable emission factors for heating (sources: GEG 9 – German building energy law) and electricity (source: European Environment Agency)
- The benchmark is the average energy demand by type of use in specific locations from PCAF (Partnership for Carbon Accounting Financials). (<https://carbonaccountingfinancials.com/about>). In last last year's report we used ENTRANZE values as benchmark. In order to tighten the benchmark, we decided to use PCAF which provides more recent values.

As of	Outstanding nominal amount in the potential Green Portfolio (€ mn)	No. of Green Buildings	Total floor area (m ²)	Carbon savings - pbb financing share (tCO ₂ /year)	Carbon savings - pbb financing share (tCO ₂ /€ 1mn)
11/2023	~4,749	187	~3.5 mn	~54,000	~11

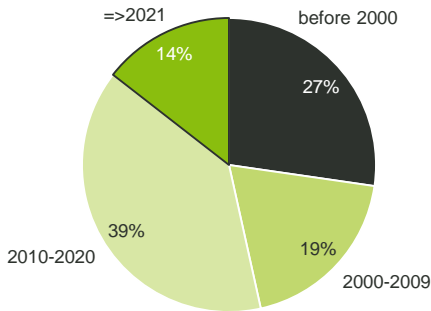
Allocation Report: Green Bond – Reference Portfolio

Reference Portfolio: approx. € 4.75 bn as of 11/2023

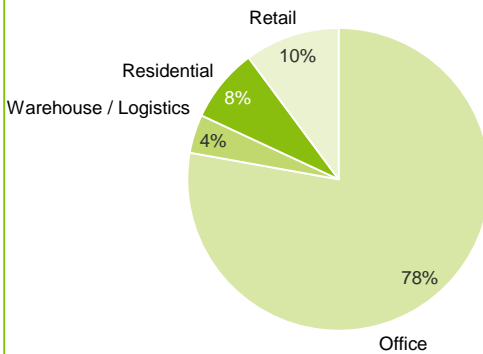
Breakdown by regions (€ mn)



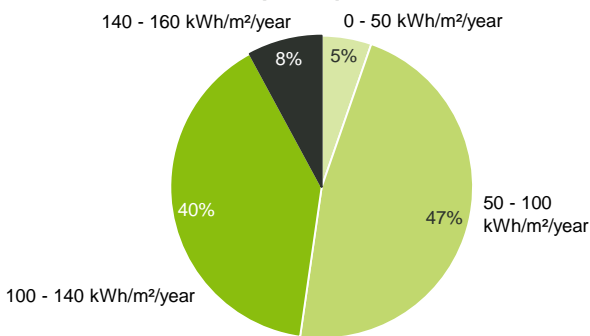
Breakdown by year of construction (€ mn)



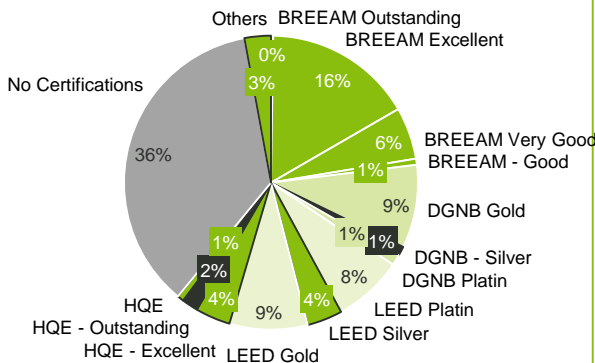
Breakdown by property type (€ mn)



Breakdown by final energy consumption (€ mn)



Breakdown by green certifications (€ mn)



- **Portfolio** consisting of ~ € 4.75 bn.
- Portfolio will change over time
- Process for **recording the criteria** of the overall portfolio established:
 - Recording of all properties of the new business
 - Recording of the already existing portfolio as part of the regular monitoring process

Green Bond – Reference Portfolio

Examples of Green Assets: Project „Optineo“, Werksviertel, Munich



Building

- Two components: high rise & low rise
- High rise: 18 and 5 storeys partly
- 24,000 m² gross floor area, 299 parking units
- Gastronomy on the ground floor

Green

- A groundwater geothermal plant
- Photovoltaic systems produce electricity
- Operation of heat pumps
- Electromobility infrastructure in the neighbourhood

Standards

- LEED Gold (pre-check)
- KfW-55 standard
- Green Scoring 82

