pbb Deutsche Pfandbriefbank

Debt Investor Update based on Q3/2022 results

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Business Model & Strategy

pbb is a leading commercial real estate lender with a complementary public investment finance business

USPs

- Specialised on-balance sheet lender with extensive placement capabilities
- Strong franchise with long-standing client relationships and local presence with 1 Head office, 9 branches and 1 Rep office in Europe and the US
- Conservative lending standards and focus on risk management
- Pfandbrief is main funding instrument

Key figures[1]

(IFRS, 30/09/2022)

Total assets	€ 55.9 bn
Total equity	€ 3.7 bn
RWA	€ 17.3 bn
CET1 ratio	16.3%
Leverage ratio[2]	5.6%
RoE before taxes	6.3%
FTE	776

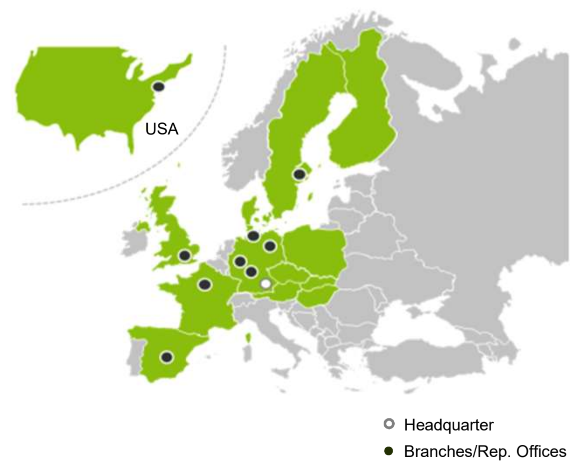
[1] Excl. interim result [2] Regulatory technical reasons (exemption for Central Bank deposits expired)

FUNDING

- Stable, well diversified funding base
  - Pfandbrief
  - Senior unsecured bonds
  - Retail deposits (online)
- Strong capital markets presence (benchmarks/private placements)

LENDING

- Pfandbrief-eligible senior loans
- Structuring expertise for complex/large transactions
  - ~200 deals per year
  - Avg. deal size € ~40 - 60mn



Value Proposition for Debt Investors

- Considerable MREL buffer
- Strong capital base
- High quality cover pools
- High portfolio quality and risk standards
- Strong operating performance

Operating and financial overview

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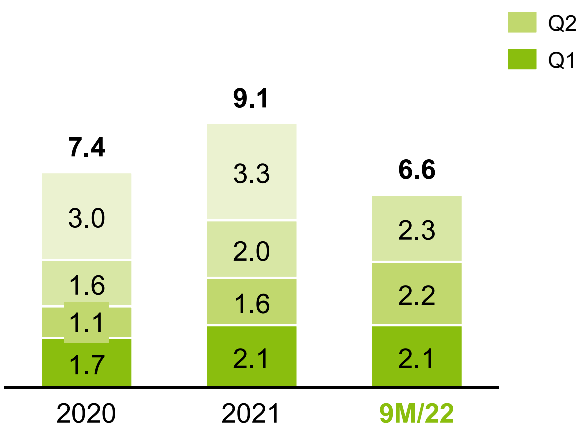
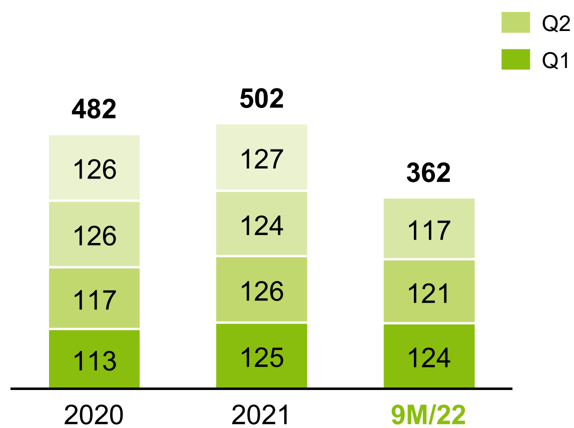
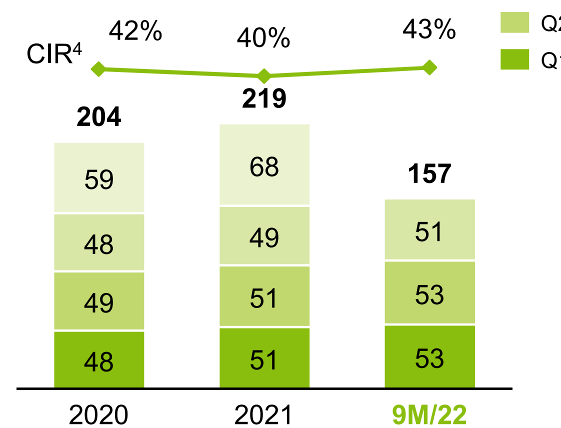
New business
€ bn (commitments, incl. extensions >1 yr)



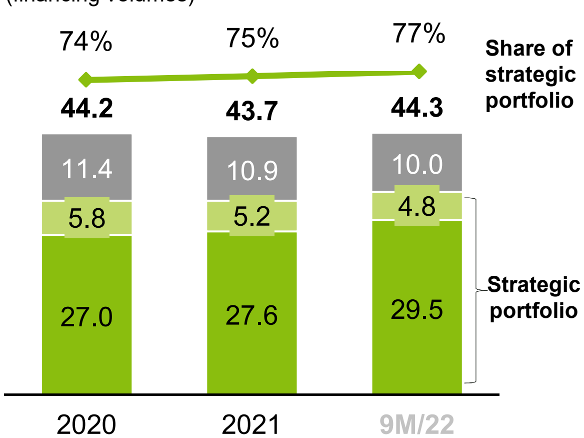
Net interest and commission income[1]
€ mn (IFRS)



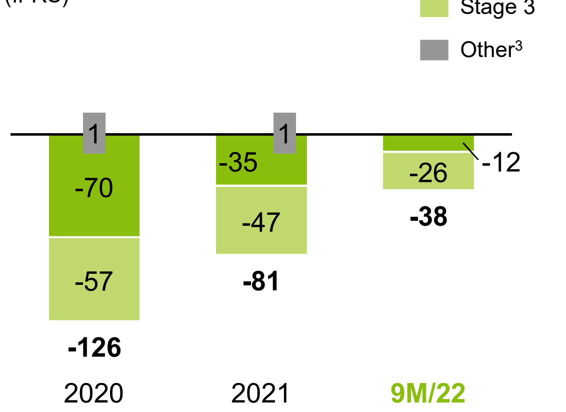
General and admin. expenses
€ mn (IFRS)



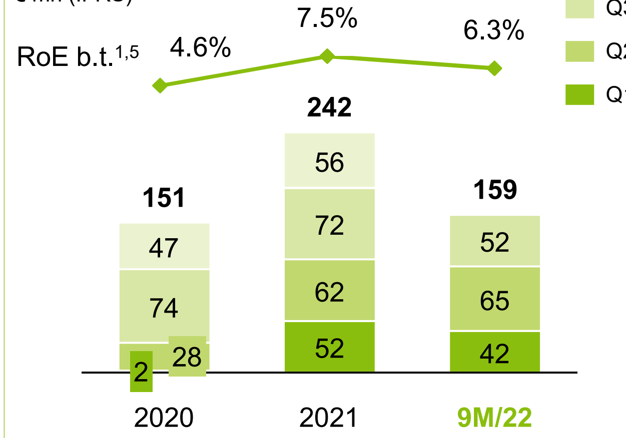
Portfolio
€ bn (financing volumes)



Net income from risk provisioning
€ mn (IFRS)



Pre-tax profit[1]
€ mn (IFRS)



Note: Figures may not add up due to rounding 1 2020 figures retrospectively adjusted according to IAS 8.42 2 Incl. provisions in off balance sheet lending business 3 Recoveries from written-off financial assets
4 CIR = (GAE + net income from write-downs and write-ups on non-financial assets) / operating income 5 After AT1 coupon (2020: € -17 mn; 2021: € -17 mn; 9M/22: pro-rata € -13 mn)

The system works as designed

pbb well positioned to navigate current landscape

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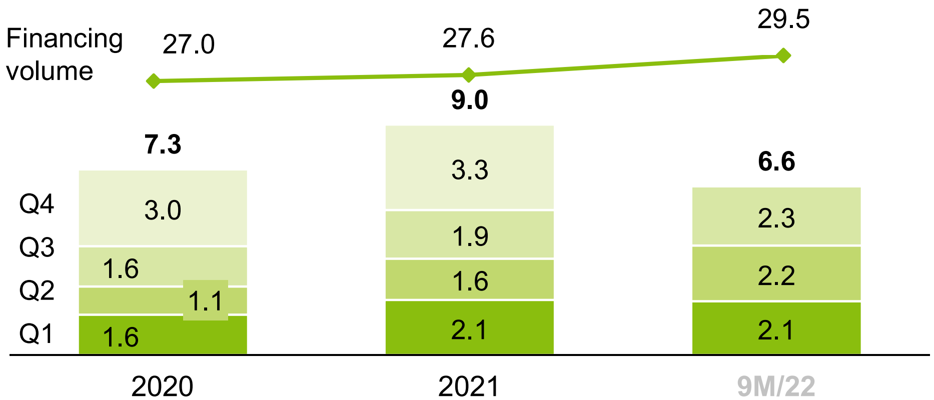
	Challenges	Our response
Earnings pressure	➢ **Low interest rate sensitivity** while interest rates are rising ➢ **Expiring floor income** ➢ **Loss of TLTRO benefits** ➢ **Widened unsecured funding spreads**	➢ Interest rate positioning **by design not part of pbb's business model**, setting stabilising floor in times of declining interest rates – focus on core expertise credit risk ➢ Low prepayment volumes and higher share of extensions to support **REF portfolio growth** (9M/22: nearly € +2 bn), mitigating loss in floor income and TLTRO benefits – **further support from expected margin pick-up and strategic initiatives** ➢ Pressure on unsecured funding costs to be mitigated by **further growth of retail deposits** (10M/22: nearly € +1 bn)
Rising risks	➢ **Inflation, economic downturn** and **geopolitical uncertainty** ➢ **Pressure on CRE markets** – slowdown of transaction volumes and rising risks	➢ **Real Estate** typically being decent **inflation hedge** and to remain **"safe haven" asset class** (esp. prime/core), **still providing adequate business opportunities** in future ➢ Continued **conservative risk approach** preserves high asset quality and mitigates increasing risks ➢ **Solid stock of risk provisions** (09/22: nearly € 400 mn / >130 bp on REF portfolio, incl. management overlay) provides comfortable buffer to mitigate overall rising risks and keep risk provisioning on moderate level going forward

New Business

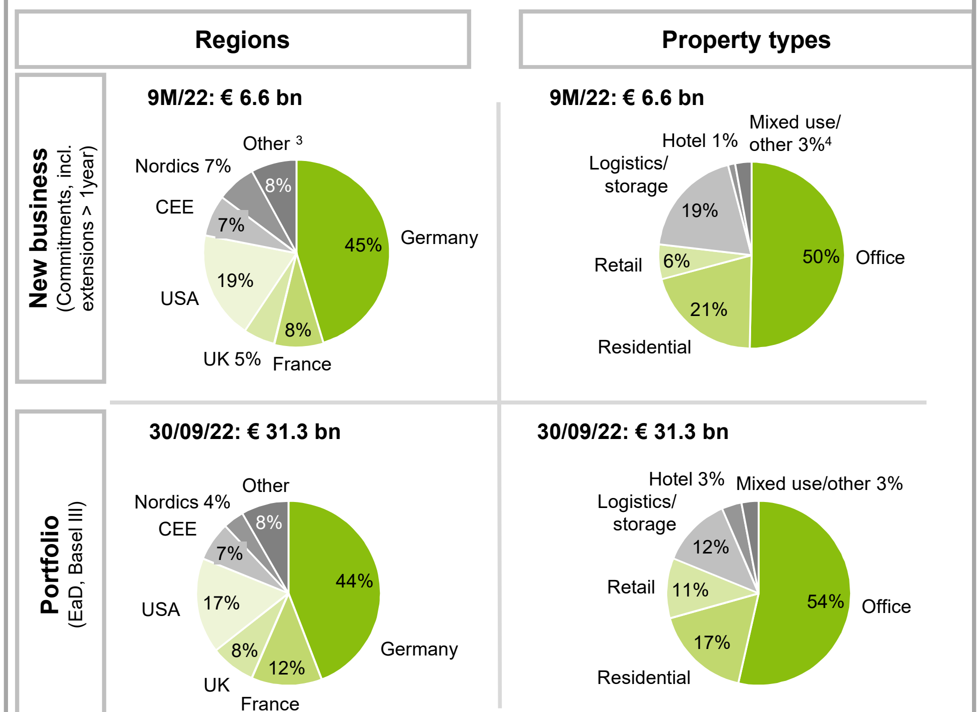
REF new business up by € 0.9 bn y-o-y – deal pipeline supports solid new business with significant positive margin trend for Q4/22

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



REF new business

	9M/21	FY21	9M/22
Total volume (€ bn)	5.7	9.0	6.6
thereof: Extensions >1 year	*1.7*	*2.6*	*1.8*
No. of deals	103	166	102
Avg. maturity (years)[1]	~4.7	~4.8	~4.6
Avg. LTV (%)[2]	55	56	55
Avg. gross interest margin (bp)	~170	~170	~160



***Key drivers* Q3/9M 2022**

- **REF new business** of € 6.6 bn on solid level despite continued selective approach and drop in CRE transaction volumes
  - **Avg. gross interest margin** slightly down to ~160 bp in 9M/22 (2021: ~170 bp), reflecting lower LTV business in Q3/22 (avg. LTV 49%)
  - High share in **Germany, USA, Residential** and **Office,** low share in **France**
  - Risk positioning unchanged with **avg. LTV** of 55% for **new commitments** and 52% for **extensions** in 9M/22
  - **No new commitments** in property types Hotel and Retail Shopping Centres since March 2020 – only extensions at conservative conditions
  - Good **deal pipeline** supports solid new business level for Q4/22 with significant positive margin trend

ESG – Green Loans

- **Green Loan volume** further increased to more than € 1.3 bn (06/22: € 1.0 bn; 03/22: € 0.8 bn; 12/21: € 0.2 bn)

Note: Figures may not add up due to rounding 1 Legal maturities 2 New commitments; avg. LTV (extensions): 9M/22: 52%; 9M/21: 55% 3 Netherlands, Austria, Belgium, Spain 4 Land

Portfolio

Business approach reflected in stable risk parameters and low average LTV of 51%, which provides solid risk buffer – NPLs remain on low level

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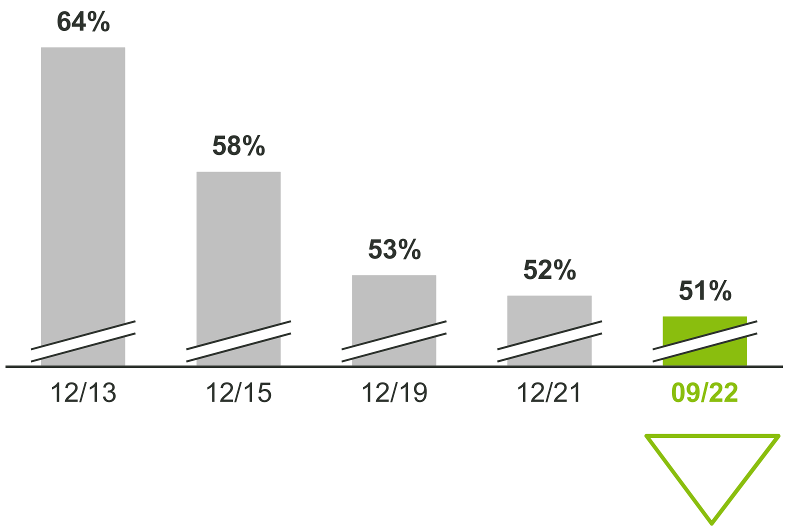
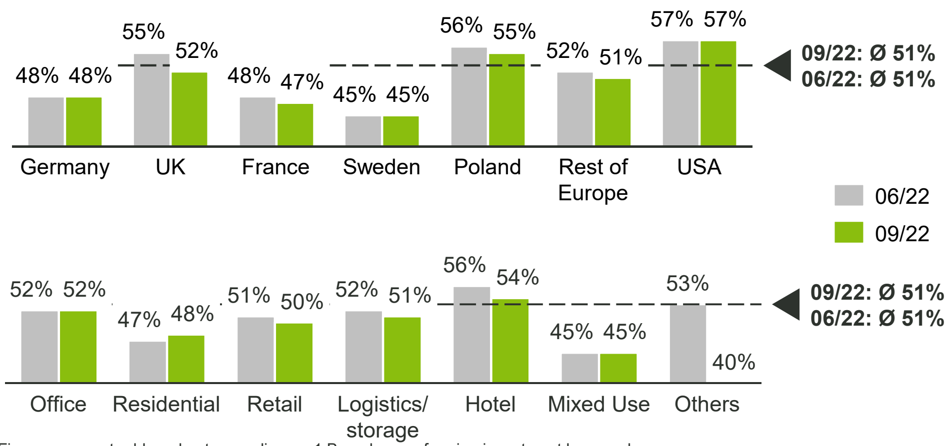
REF Portfolio: Avg. weighted LTVs

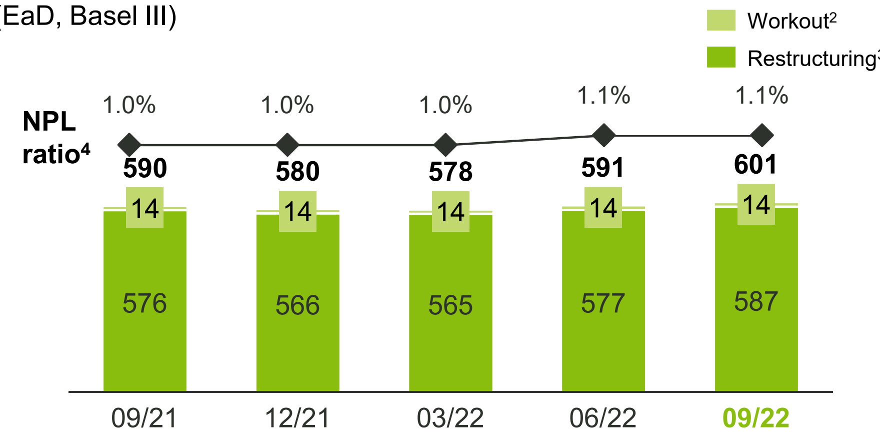
% (commitments)[1]





Non-performing loans

€ mn (EaD, Basel III)



Key drivers

- **Non-performing loans** (NPLs) remain on low level
- **NPL ratio**[4] of 1.1% remains on low level (06/22: 1.1%; 03/22: 1.0%; 12/21: 1.0%)
- **Avg. LTV** of 51% slightly improved y-o-y, stable q-o-q, reflecting pbb's business approach – LTV changes in regions and loan types reflect structural portfolio changes due to repayments and new business
- Stable development of **internal ratings** q-o-q
- **Ukraine/Russia:**
  - **No direct exposure** in/to Ukraine, Russia and Belarus
  - **Secondary risks minor**

Note: Figures may not add up due to rounding   1 Based on performing investment loans only
2 Internal PD class 30: No signs that the deal will recover soon, compulsory measures necessary   3 Internal PD class 28+29: Payments more than 90 days overdue or criteria acc. to respective policy apply   4 NPL ratio = NPL volume / total assets

Financials

NPLs remain on low level – solid loss allowances on balance sheet

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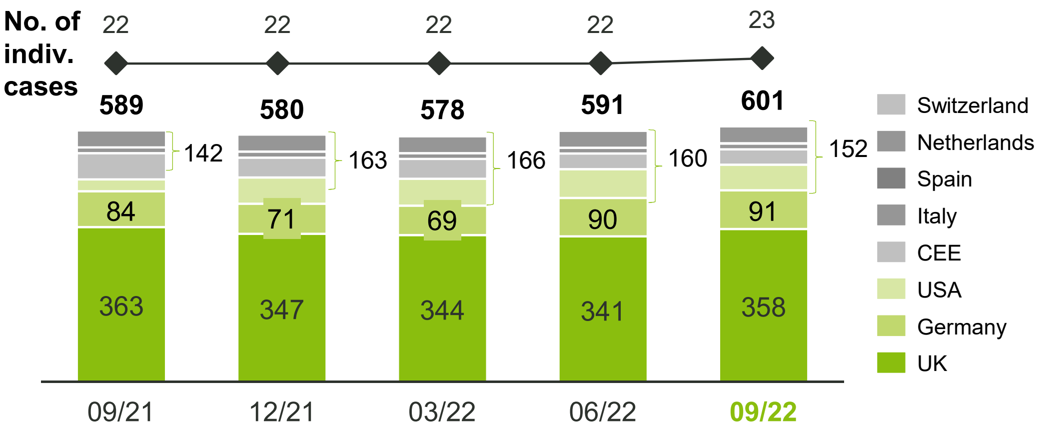
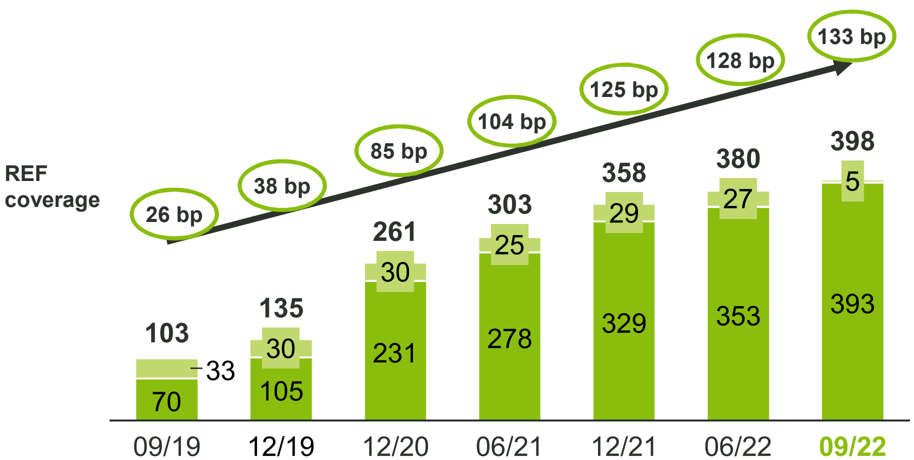
Non-performing loans – regions

€ mn (EaD, Basel III)



Balance sheet – loss allowances

€ mn



Key drivers Q3/9M 2022

- **Restructuring loans slightly up at € 587 mn (06/22: € 577 mn)**
  - newly added € 26 mn retail loan, UK (small provisioning of € 0.4 mn) and
  - € 60 mn office loan, USA (no provisioning necessary)

  partially compensated by incoming payments from
  - € -67 mn office loan, USA (no risk provisioning)
  - € -1 mn Office park, Poland (partial repayment)
  - € -9 mn FX-effects

  - **Workout loans** stable at only € 14 mn

- Solid **loss allowances on balance sheet** provide comfortable buffer for challenges to come
  - **REF coverage** of 133 bp
  - Approx. 50% **stage 1&2** allowances

Note: Figures may not add up due to rounding   1 NPL ratio = NPL volume / total assets

Funding

Strong funding in 9M/22 – focus on Pfandbriefe, asset matching currencies and Green refinancing

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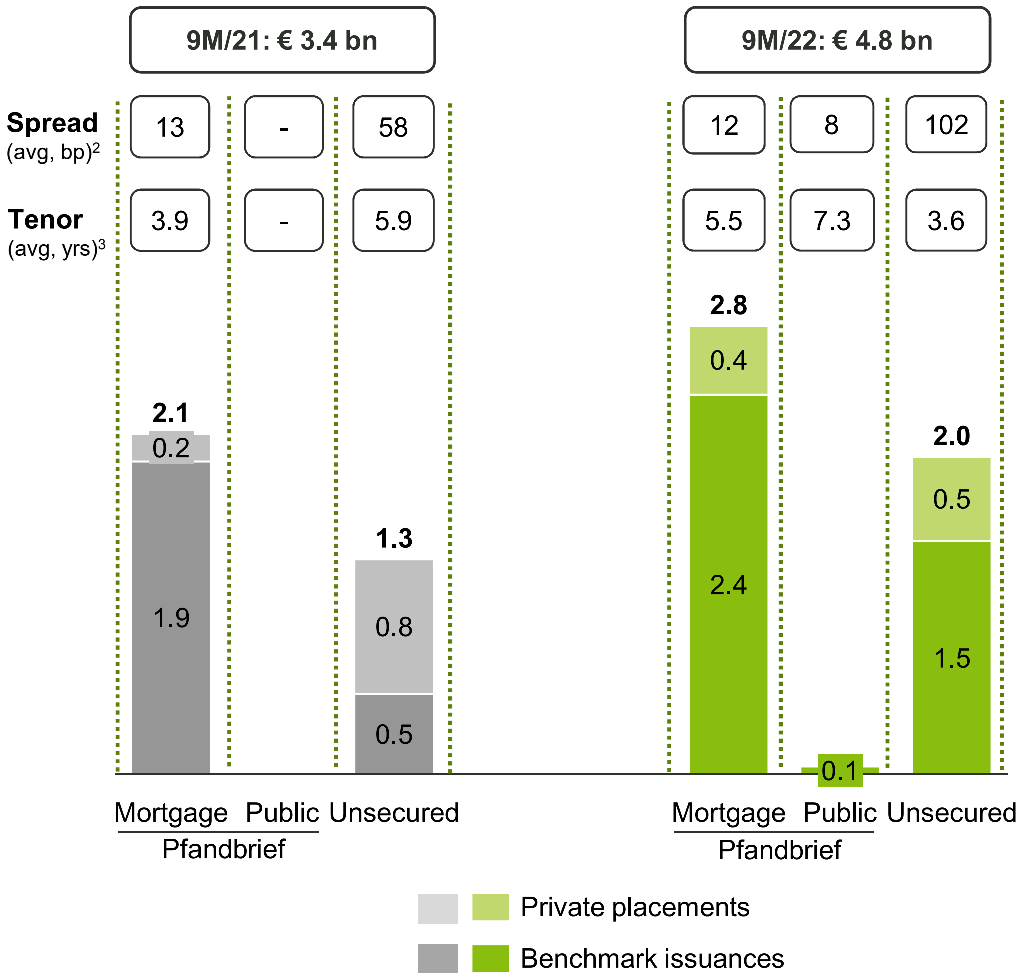
New long-term funding[1]
€ bn



Funding Q3/9M 2022

- Strong **Pfandbrief** funding year-to-date:
  - US$ 750 mn Pfandbrief
  - € 2.75 bn Pfandbrief Benchmarks (2 x € 750 mn in April and July 2022 and a € 500 mn in October 2022)
  - € 250 mn Pfandbrief taps
  - Additionally, pbb has again successfully placed SEK Pfandbriefe with Nordic investors
- € 1.45 bn **Green Senior Preferred** Benchmarks issued in 2022 with two Benchmarks (€ 750 mn in January 2022 and € 500 mn in August 2022) and a € 200 mn tap of a Green Senior Preferred Benchmark in April 2022
- Strong increase in **retail deposits** to mitigate increased unsecured capital market spreads
- **ALM profile** and **liquidity position** remain comfortable (NSFR >100%; LCR >150%)

ESG – Green Bonds

- Green Bond **volume further increased** – as of 09/22, outstanding volume at € 2.45 bn (06/22: € 1.95 bn)
- With four Green Benchmarks and one tap, pbb is **one of the most active issuers** in Green senior funding

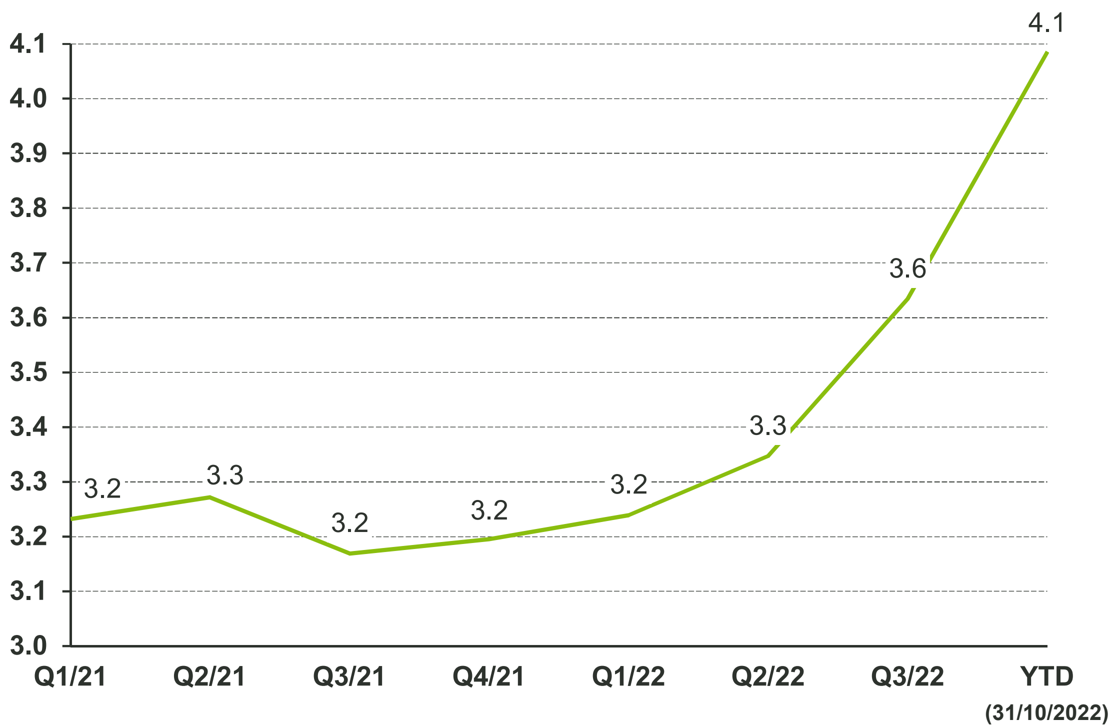
Note: Figures may not add up due to rounding 1 Excl. retail deposit business and "own-use" Pfandbriefe 2 vs. 3M Euribor 3 Initial weighted average maturity

Funding

Strong increase in retail deposits to mitigate increased unsecured capital market spreads

Development of pbb direkt volume

€ bn



Retail deposits Q3/9M 2022

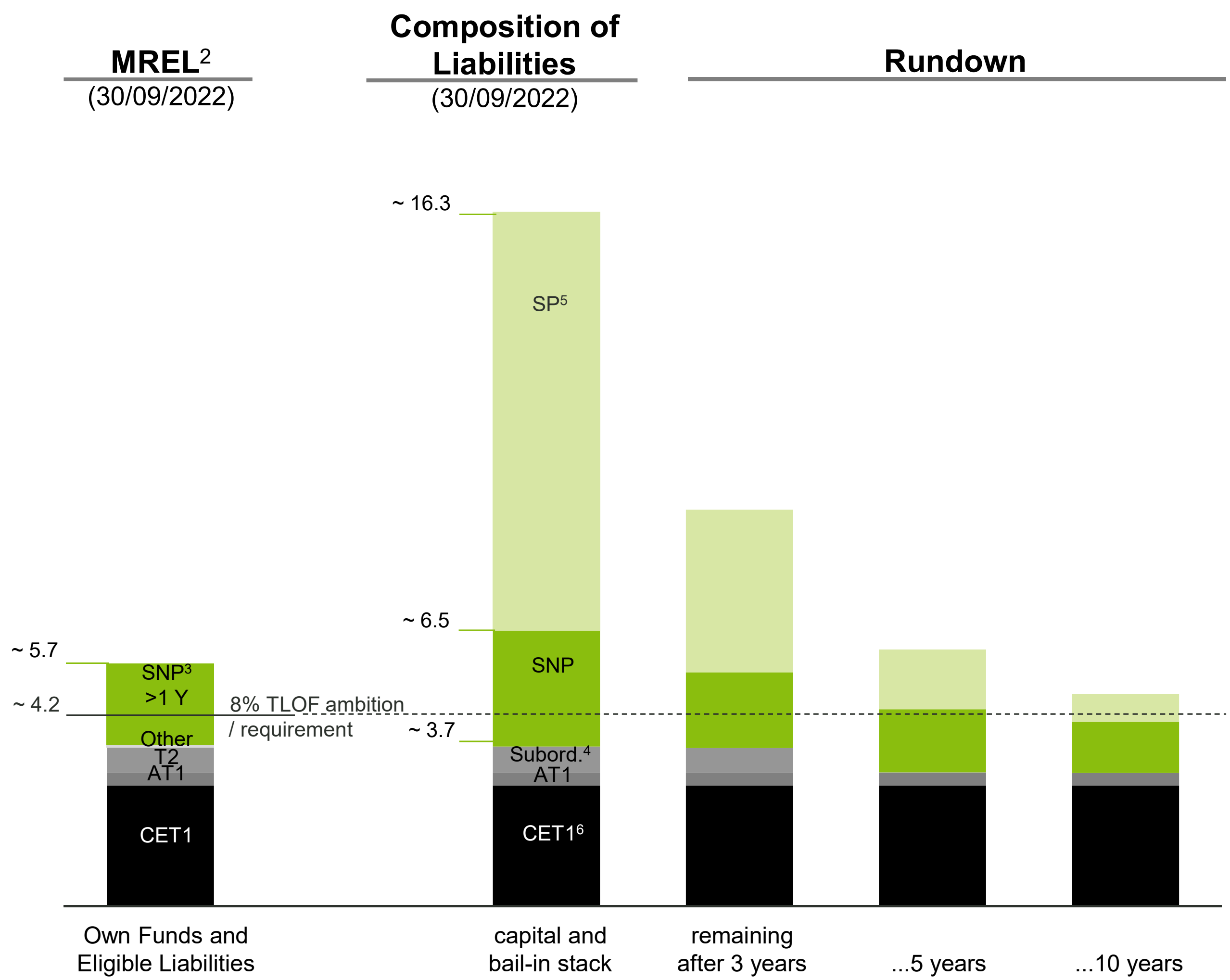
- **Retail deposit** funding increased to counterbalance higher capital market spreads – further increase intended
- Steady increase of deposit rates lead to **continuous fund inflows**, supported by further increasing interest rates as well as active measures to push organic growth (through e.g. marketing, new products) and cooperations or additional partnerships
- As of 09/22 **pbb direkt deposits** amounted to € 3.6 bn and further increased to € 4.1 bn ytd (10/22)
- **Avg. term of deposits[1]** 9M/22 is 3.5 yrs (9M/21: 3.8 yrs)

Note: Figures may not add up due to rounding 1 Initial weighted average maturity

Funding

Own Funds and Eligible Liabilities significantly exceed 8% TLOF

(in € bn as of 30/09/2022)[1)]



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

1 after confirmation of the 2021 financial statements, less the proposed dividend 2 pbb has set its ambition level at 8% TLOF with 100% subordination (i.e. Own Funds and Senior Non-Preferred), which is the currently binding regulatory target. As of 30 September 2022, MREL eligible items amounted to ~10.8% TLOF (without approved scope from the General Prior Permissions) / ~34.4% RWA / ~10.6% Leverage Exposure 3 MREL-eligible Senior Non-Preferred Debt >1Y according to legal maturities 4 Nominal amount of Tier 2 instruments; the capital stack includes € 300 mn AT1 issuance callable in 2023 5 Senior Preferred, structured unsecured and corporate deposits (excl. protected deposits) 6 CET1 assumed to be constant

Capital
Capitalisation remains strong

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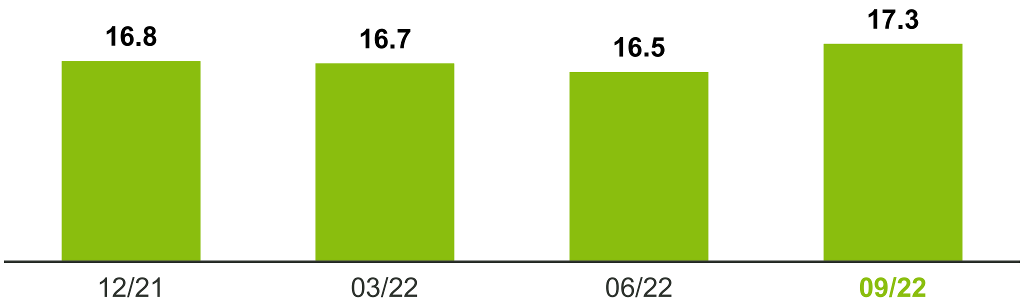
Basel III: RWA
€ bn (IFRS)



Basel III: Equity and capital ratios
(IFRS)

Capital in € bn	12/21[1]	06/22[2,3]	09/22[2]
CET 1	2.9	2.8	2.8
AT 1	0.3	0.3	0.3
Tier 2	0.6	0.6	0.6
Total Equity	**3.8**	**3.7**	**3.7**

Capital ratios in %	12/21[1]	06/22[2,3]	09/22[2]
CET 1	17.1	17.2	16.3
Tier 1	18.9	19.0	18.1
Own funds	22.4	22.5	21.5
Leverage ratio	6.0	5.7[4]	5.6[4]

RWA development Q3/9M 2022

- RWA up mainly due to
  - increase in REF portfolio and FX effects
  - only partly compensated by maturity, interest rate movements; reclassification and syndication effects
  - no material RWA effect from individual rating deteriorations
- RWA already calibrated towards Basel IV (fully-loaded) – thus, no major further effects expected from implementation

Capital ratios

- CET 1 ratio down to 16.3%[2] (06/22: 17.1%[2]; 03/22: 16.9%[2]; 12/21: 17.1%[1]) due to increase in RWA – decrease in regulatory CET 1 capital vs. 12/21 mainly resulting from EL shortfall; interim profit not included

Capital requirements

- Unchanged P2R of 2.5% results in the following SREP requirements (incl. anticipated countercyclical buffer):
  - CET 1 ratio: 8.86%
  - Tier 1 ratio: 10.83%
  - Own funds ratio: 13.45%
- pbb intends to account for upcoming changes of country-specific countercyclical buffers and German sectoral systemic risk buffer with increase of already anticipated countercyclical buffer from 45bp to ~90bp in 2023

Note: Figures may not add up due to rounding
1 Incl. full-year result, post proposed dividend 2021 2 Excl. interim result 3 Retrospectively adjusted (previously, AT1 coupon was deducted from CET 1 capital) 4 Regulatory technical reasons (exemption for Central Bank deposits expired)

Summary & Outlook
System works as designed

- **Solid PBT** despite current geopolitical and economic developments
- **Strong growth in REF portfolio**, compensating decline in floor income and from TLTRO in the mid-term
- **Best use of funding base** – Pfandbrief remains stable source while expansion of our "pbb direkt" deposit business mitigates higher unsecured capital market spreads
- **Strategic initiatives on track** – organic growth, “green” finance and digitalisation
- **pbb DNA unchanged** – risk-conservative, vigilant and reliable

pbb on track to achieve full-year guidance 2022

Appendix

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Guidance 2022 and mid-term ambition

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

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

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

Ambition 2024/2025

1 Organic growth

~ € 32 bn
REF portfolio

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

2 "Green" finance

~ 30%
Green REF portfolio share

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

3 Digitalisation

Portal and digital credit workplace fully established

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

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

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

ESG – Set-up & Strategy

pbb's ESG set-up and strategy provide for holistic approach (1/3)

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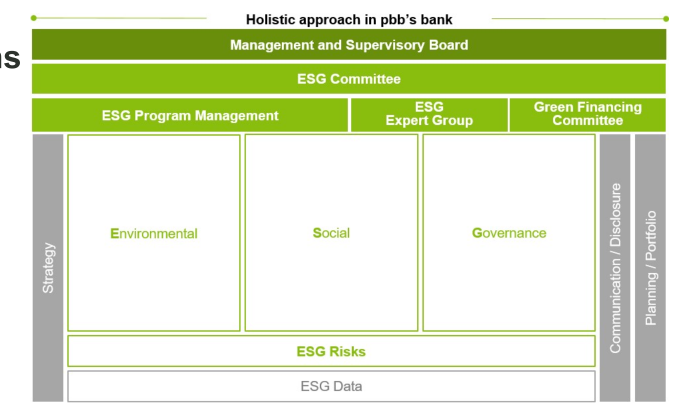
ESG Governance

General

- Overall **governance framework** with **high standards applied**
  - Law-abiding conduct, responsible corporate governance and adherence to ethical principles considered **essential prerequisites**
  - General governance framework defined by **code of conduct** and **human rights policy**, providing non-negotiable standards to comply with, complemented by **code of conduct for suppliers**
  - **Governance structure** with high standard **monitoring and control mechanisms – „Three Lines of Defence“ (3 LoD)** system implemented for ESG risk steering

ESG Program

- **Comprehensive ESG Program** in place with sound governance structure, **covering all ESG dimensions**
  - Clearly assigned **Board responsibility**
    - **Management Board** and **Supervisory Board** involvement
    - **ESG performance targets** part of variable compensation
  - **Central program management** accompanied by relevant **committees**
  - Operationally, **all ESG dimensions covered** with **clear responsibilities assigned**



ESG – Set-up & Strategy

pbb's ESG set-up and strategy provide for holistic approach (2/3)

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ESG Strategy (1/2)

Self-conception

- **Sustainability** defined as self-conception, that own actions provide an essential contribution to securing long-term future and to consider the consequences for all stakeholders and the environment

Materiality

- Material topics and aspects identified through **materiality analysis**, including stakeholder feedback

Topics	Aspects
Industry-specific aspects	Client orientation Sustainable financing solutions Risk management
Corporate governance	Compliance Human rights
Social matters	Considering social implications of business partner choices
Employee matters	Remuneration and employee benefits Working environment Training and continuing professional development

SDGs and UN Global Compact

- Sustainability strategy also aligned to UN **Sustainable Development Goals** (**SDGs)**, commitment to further relevant **initiatives** envisaged
- pbb joined **UN Global Compact (UNGC)** in 2022 and commits itself to the ten principles of the UNGC, which are derived from the 17 SDGs

Paris Climate Goals

- Clear **strategic commitment** on active contribution towards the **goals of the Paris Agreement and transition to low-carbon economy**

PARIS2015
COP21·CMP11

ESG Risk

- ESG risks **structurally integrated** in Risk Management landscape and overall Business Strategy – current focus on climate risks
- Climate-related risks include both, **physical and transitional risks** from the transformation towards a low carbon economy

ESG – Set-up & Strategy

pbb's ESG set-up and strategy provide for holistic approach (3/3)

pbb
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ESG Strategy (2/2)

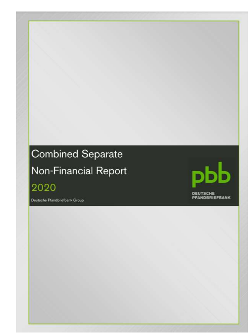
Sustainable Finance

- Given pbb's business model, inter alia strong focus on **Sustainable Finance** and contribution to a more climate-efficient real estate sector – pbb aims to be a **transformation partner** for its clients
  - Systematic **collection of sustainability criteria** of financed properties **integral part of pbb's credit process**
  - **Green Bond**: Since 2021, three Green Senior Preferred Bonds issued in benchmark format - thus, pbb is one of the most active issuers in Green Senior funding with a total outstanding Green Bond volume of € 2.45 bn; first impact reporting published in January 2022
  - **Green Loan:** Since its introduction in Q4 2021, pbb granted green loans in a total volume of more than € 1.3 bn
  - **"Green" asset share** of 30% in pbb's REF portfolio envisaged until 2024/25

Disclosure

Non-financial Reporting

- **Non-financial Report (NFR)** published since 2017 according to Non-Financial Reporting Directive (NFRD) / CSR Directive Implementation Act (CSR-RUG)
- Reporting obligations according to **Corporate Sustainability Reporting Directive (CSRD)** in preparation – to be applied for the first time to non-financial report on financial year 2023
- Transparency **significantly improved** in recent years, incl. reporting on CO_2 footprint acc. to scope 1-3 – **further expansion of reporting scope** envisaged



Green Loan

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

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pbb Scoring Model

MAX SCORE: 100 Points

Criteria

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

Minimum score for pbb Green Loan: ≥ 60 Points

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

OR

Compliance with EU Taxonomy

pbb Green Loan

ESG Ratings

Continuous improvement reflected in ESG ratings – Upgrade from MSCI from “A“ to “AA“

DEUTSCHE PFANDBRIEFBANK

▶ pbb rating/score

ISS ESG	MSCI	Moody‘s ESG Solutions
LAST UPDATE: March 2022	LAST UPDATE: May 2022	LAST UPDATE: April 2022
A+ (Prime)	AAA (8.571 – 10.0)	80-100
A (Prime)	AA (7.143 – 8.571) ▶ 7.9	60-80
A- (Prime)	A (5.714 – 7.143)	40-60 ▶ 44
B+ (Prime)	BBB (4.286 – 5.714)	20-40
B (Prime)	BB (2.857 – 4.286)	0-20
B- (Prime)	B (1.429 – 2.857)	
C+ (Prime)	CCC (0.0 - 1.429)	
C (Prime) ▶ 50.9		
C-		
D+		
D		
D-		

ISS ESG:
- “Prime” Rating since initiation in 2012

MSCI:
- Second-best rating on MSCI rating scale
- Upgrade to from “A” to „AA“ in 03/22

Moody‘s ESG Solutions:
- Solid rating with score of 44 (scale of 100)
- „Limited“ Performance Level since 2019

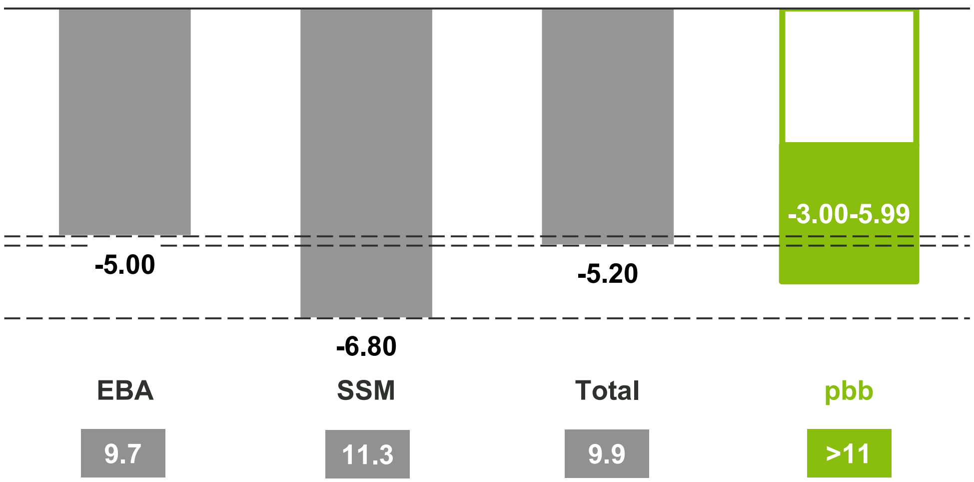
- Continuous improvement of ESG organisational set-up, governance, strategy and operative integration reflected in above average ESG ratings
- Recent upgrade from MSCI from „A“ to „AA“ mainly reflects strongly increased Environmental score
- ISS ESG confirms „Very High“ transparency level
- No involvement in controversial activities identified by agencies depicted

ECB stress test 2021

Stress test results demonstrate pbb's resilience to crisis and capital strength

Stress test result 2021

Max. CET 1 ratio depletion in adverse scenario (pp.) / Min. CET 1 ratio (%)



- ECB stress test result 2021 demonstrates pbb's resilience to crisis and capital strength
- In the adverse scenario, pbb in each case – maximum CET 1 ratio depletion, minimum CET1 ratio and minimum Tier 1 leverage ratio – ranks in the second best category
- The maximum CET 1 ratio depletion at pbb (within range of 3.00-5.99 pp.) is well below the average figure of its peers (SSM banks: avg. -6.8 pp.) and well below overall average
- With a CET 1 ratio of above 11%, pbb remains well above its regulatory requirements even in adverse stress

German SSM banks

		High-level individual results by range adverse scenario, FL	
Institution	Sample	Maximum CET1 ratio (FL) depletion by ranges	Minimum CET1 ratio (FL) by ranges
Deutsche Pfandbriefbank AG	**SSM**	**300 to 599 bps**	**11% ≤ CET1R < 14%**
Bank A	SSM	300 to 599 bps	11% ≤ CET1R < 14%
Bank B	SSM	300 to 599 bps	11% ≤ CET1R < 14%
Bank C	SSM	300 to 599 bps	8% ≤ CET1R < 11%
Bank D	SSM	300 to 599 bps	8% ≤ CET1R < 11%
Bank E	SSM	600 to 899 bps	11% ≤ CET1R < 14%
Bank F	SSM	> 900bps	CET1R ≥ 14%
Bank G	SSM	> 900bps	8% ≤ CET1R < 11%

Source: ECB

CRE Markets

Investment volumes still on solid level despite further decline in Q3/22, with expectations more subdued

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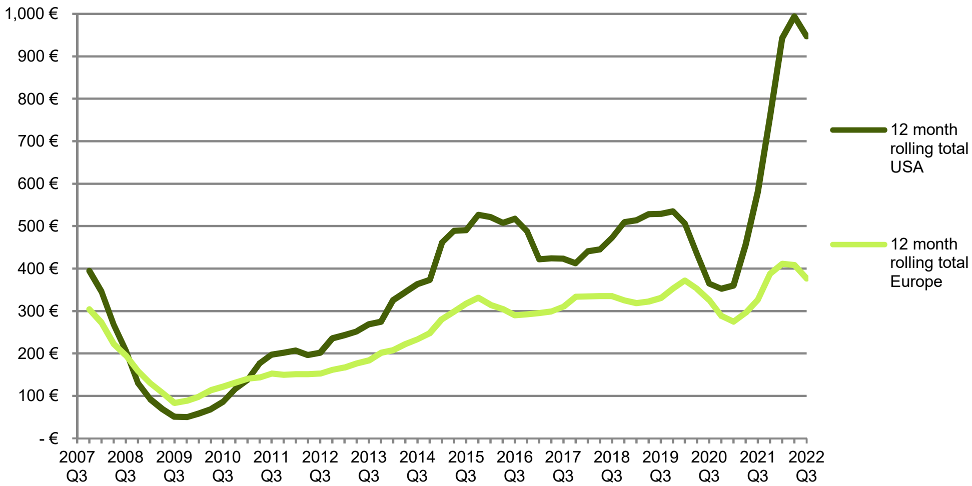
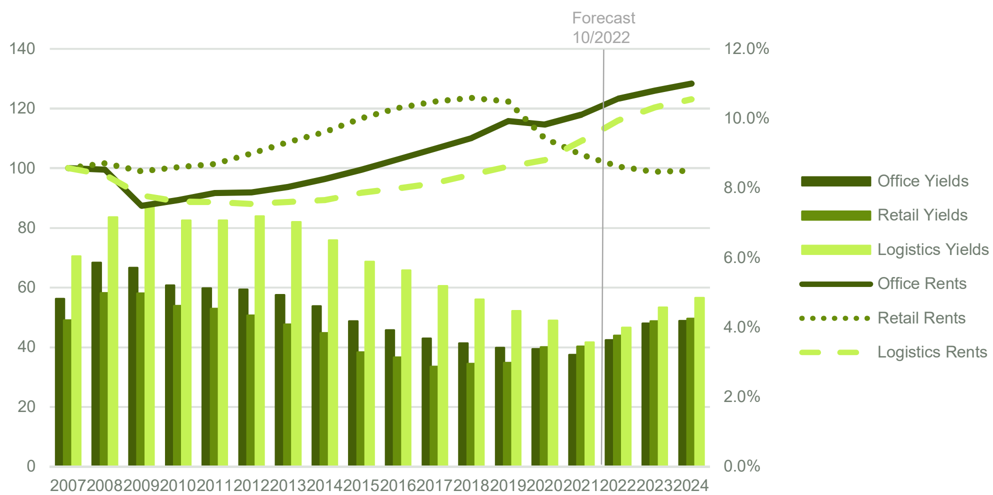
European and US Investment volume[1]
(€ bn)



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



- Despite further slowing volume growth US CRE **investment volumes** still with relatively solid performance in Q3/22 but, weak sentiment toward real estate is not yet reflected in the latest numbers
- European property investment volume declined in Q3/22 as the market is currently reassessing valuations and price discovery process takes longer

- Europe:
  - With the exception of **hotel and retail,** market values were in general relatively stable
  - Prime **office** yields are increasing in all markets
  - **UK office** and **retail** values are declining as well despite current relatively favourable pricing
  - **Logistic** expected to see relatively strong price decreases while **residential** values are expected to decline less

- Germany:
  - **Office** markets are very expensive by historical standards and yields will move out in the short and medium term
  - Investor sentiment deteriorates also for **logistic**, while **residential** and food-based or big box **retail** assets are expected to fare better
  - Yields for prime **high street shops** and **shopping centres** are projected to increase

- USA:
  - Overall still low commercial property price growth
  - Weaker trends for the **office** sector, counteracted by stronger **industrial** and **apartment** sectors
  - Yields for **office** properties are very likely to increase slightly in the short term before stabilising again in the medium term

1All property types. Based on independent reports of properties and portfolios over € 5 million (over $ 2.5 mn for US), USD to EUR = end years FX rates Source: Real Capital Analytics (RCA) 2 Source: pbb Property Market Analysis (PMA) as of October 2022

Markets
Sub segments

pbb
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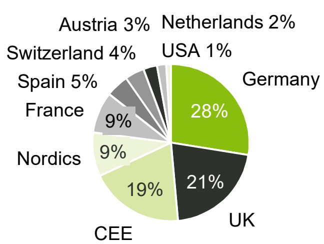
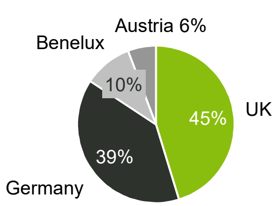
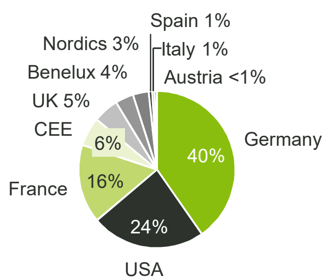
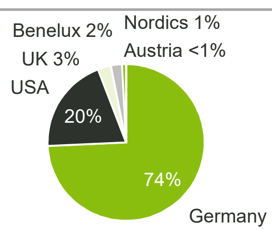
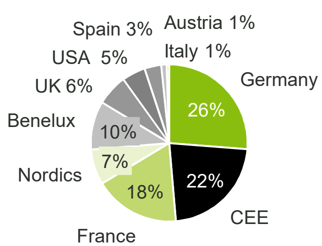
Property type	Regions	Evaluation of current situation	Challenges	Risk positioning
Retail € 3.3 bn (11%)		▪ Shopping centres: increased pressure, fashion dominated shopping centres most impacted (decline in rents, shorter lease terms, etc.). ▪ Retail-parks/discounter with strong local demand: largely 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) will hamper further recovery of retail markets post COVID-19 pandemic. ▪ 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 (09/22: € 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 (3%)		▪ Rising competition leads to insolvencies for operators and licences and rebuild secondary hotels for other uses (temporary office, long stay, etc.). ▪ Hotels dependent on international tourist and business travellers still not expected to substantially recover in short-/mid-term. ▪ 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 to pre-Corona-levels. ▪ 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	▪ 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 54%[1] provides good buffer and supports commitment of investors/sponsors ▪ Focus on strong sponsors with ability to inject more equity ▪ Currently, approach is no new commitments

1 Based on performing investment loans only

Markets
Sub segments

DEUTSCHE PFANDBRIEFBANK

Property type	Regions	Evaluation of current situation	Challenges	Risk positioning
Office € 16.8 bn (54%)		▪ Slight rise in vacancies; but in most markets still on comparatively low levels. ▪ Office investment volumes are now again below pre-COVID levels. Only 1a-properties with a long term lease with a good tenant are still in the purchase processes. ▪ The expectation is that yields will increase over the next 6 month by 50 bps, this is expected to happen to prime properties with long-term leases to first-class tenants in the later stage as well. ▪ 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.	▪ Financial difficulties of tenants / insolvencies expected to increase due to impact of Ukraine war on overall economy ▪ Increased reletting/extension risks with pressure on rental level ▪ Good locations expected to remain competitive ▪ Structural changes – Work from home – Hygiene/social distancing standards – Focus on green buildings expected to negatively affect older buildings in weaker locations mid/long term	▪ 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 € 5.3 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.	▪ Call for increased rent regulation could impact value and cash flow ▪ Increasing interest level might put pressure on value ▪ Increasing energy costs with effect of cash flow and potential tenant difficulties ▪ Stock listed residential companies have come under massive pressure since Q1/22 and often lost substantially in market capitalization.	▪ Conservative risk positioning ▪ Portfolio volume of € 5.3 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 € 3.9 bn (12%)		▪ 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 in the next half year. ▪ The benefitting from increasing focus on e-commerce and the need of more resilient supply chains rents expected to rise. ▪ Total return is balanced out by rising yields and rising rents.	▪ 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 seen.	▪ Strategic approach; expert team since 2014; share increase since 2013 from 8% to 12% ▪ Focus on locations: good infrastructure, connection to a variety of different transportation routes ▪ Conservative risk positioning: avg. LTV of 51% provides good buffer and supports commitment of investors/sponsors ▪ Well diversified portfolio ▪ High quality of sponsors

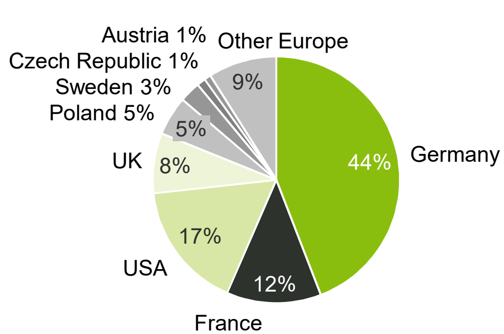
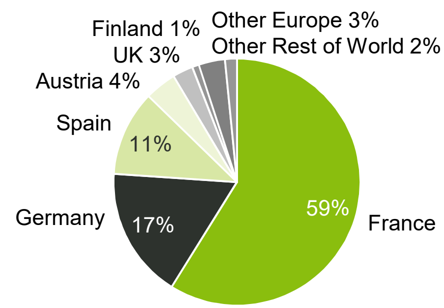
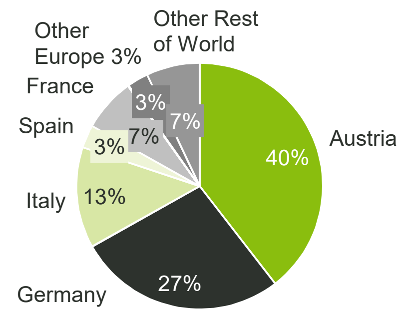
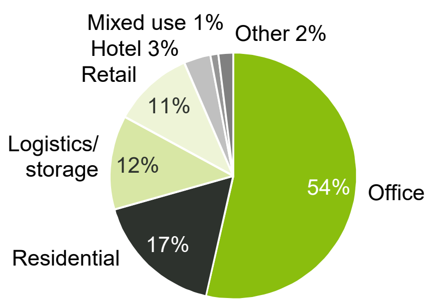
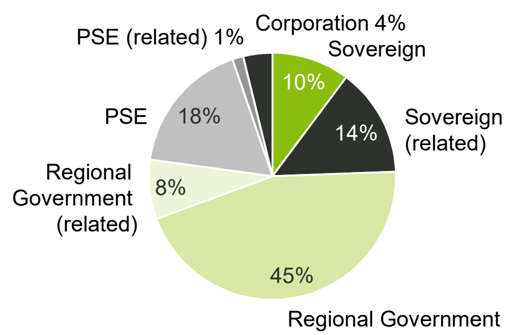
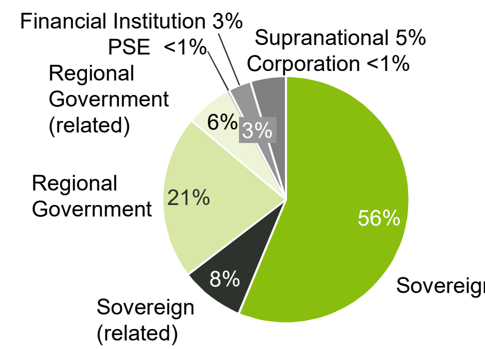
1 Based on performing investment loans only

Portfolio

Stable and well diversified portfolio with continued focus on European markets, particularly on Germany

DEUTSCHE PFANDBRIEFBANK

30/09/2022 (EaD, Basel III)

	Real Estate Finance	Public Investment Finance	Value Portfolio
by region			
by property type / borrower classification			
Vol.	**€ 31.3 bn**	**€ 4.9 bn**	**€ 10.7 bn**
Strategy	**Strategic portfolio – moderate growth targeted**	**Strategic portfolio – in "hold" mode**	**Non-strategic portfolio – in run-down mode**

Note: Figures may not add up due to rounding

REF Portfolio
Shift in composition

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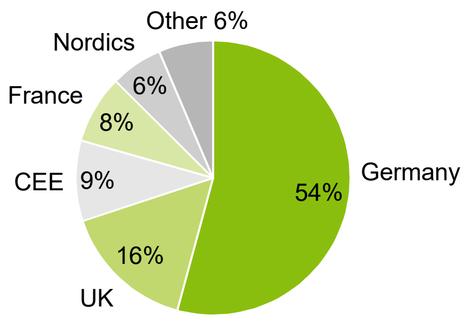
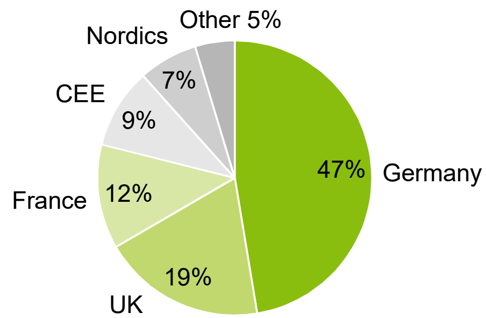
31/12/2013 / Total: € 22.2 bn[1]

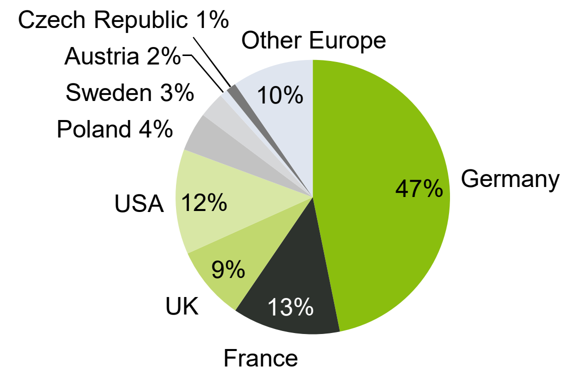
31/12/2015[2] / Total: € 25.8 bn[1]

31/12/2021 / Total: € 29.7 bn[1]

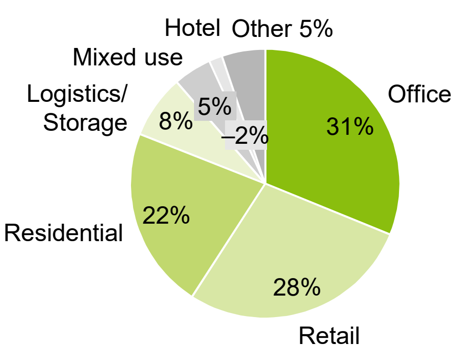
Regions

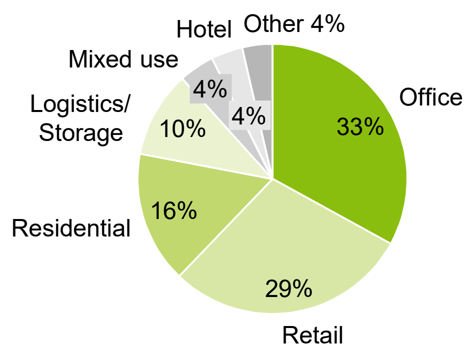


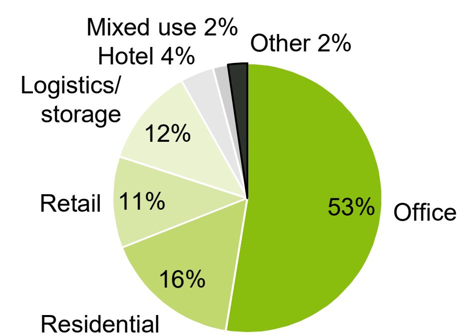




Property types



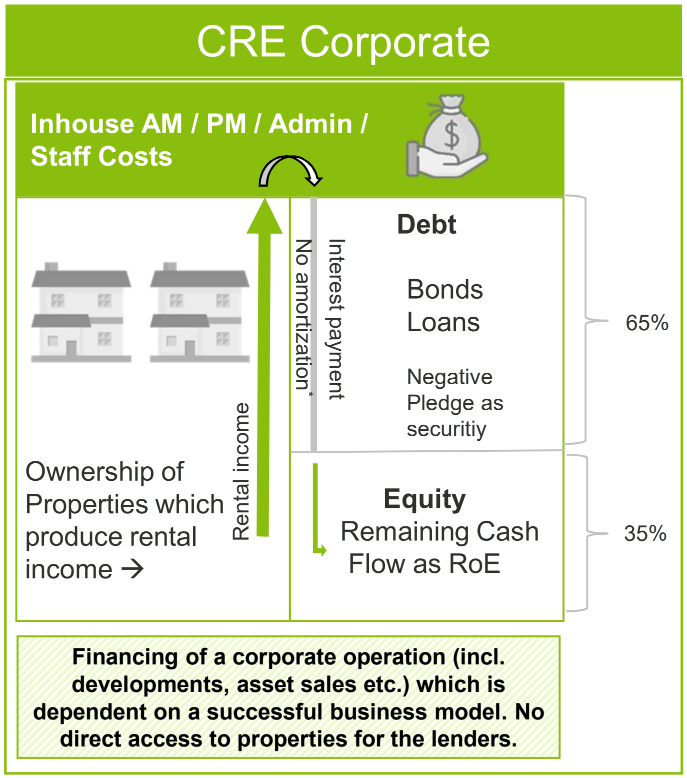


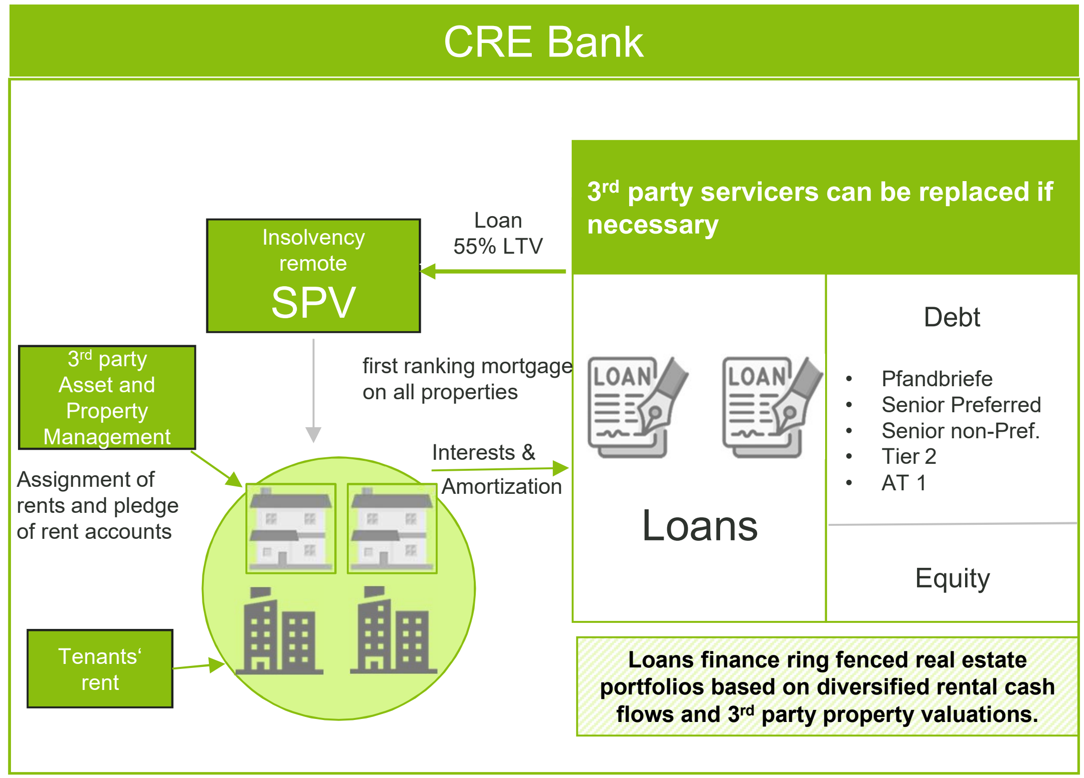


Note: Figures may not add up due to rounding 1 EaD, Basel III 2 prior to the Brexit referendum in 2016

Simplified description of CRE business models

CRE Bank Lending Business compared to CRE Corporate's business





Lower risk in CRE lending

- Highly diversified in terms of tenants, property types, regions and loans which leads to a low correlation of default risk between single loans.
- Strong protection by a comprehensive security package incl. immediately enforceable mortgage (which allows for forced administration and foreclosure of the property) and covenants in the loan documentation (LTV & ICR). 3rd party servicers can be replaced if necessary.
- Annual review of the loans including property values (conservative valuation according to the German Pfandbriefgesetz and 3rd party market values).Quarterly monitoring of rent cash flows.

Cover Pools

ISCR and the effect of the Mortgage Lending Value – very simplified example!

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Interest Service Cover Ratio

€ 4.0 mn rent p.a. at 4% property yield results in a market value of € 100 mn

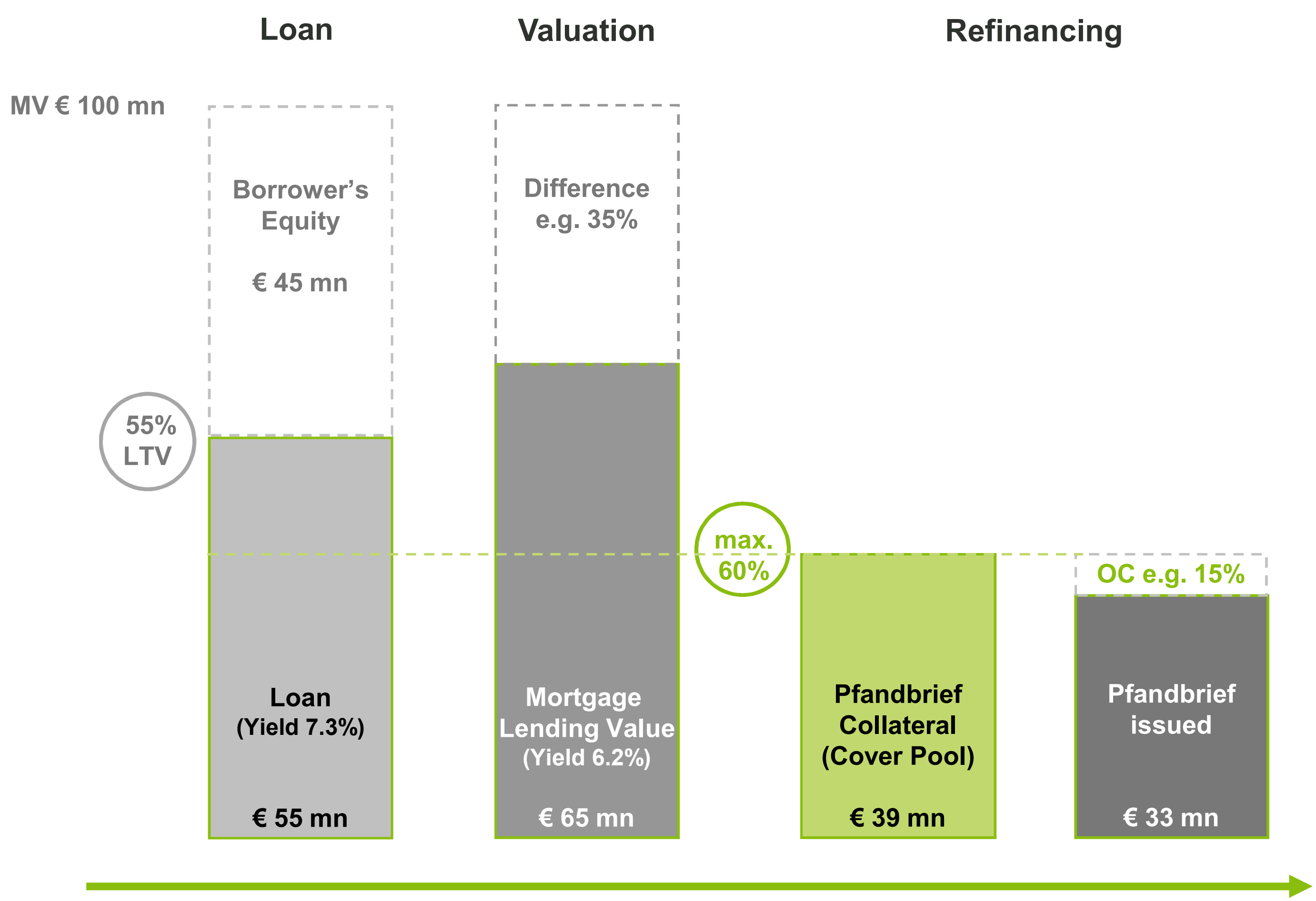
minus

€ 1.1 mn interest payment p.a. for a € 55 mn loan at 2% interest rate

€ 2.9 mn excess cash

$$\frac{\text{€ 4.0 mn rent}}{\text{€ 1.1 mn interest}} = \text{~ 360\% ISCR}$$

Loan - to - Value Ratio



[at current interest rates of approx. 3 % the ICR drops to ~ 240%]

Cover Pools

Mortgage Pfandbrief Cover Pool

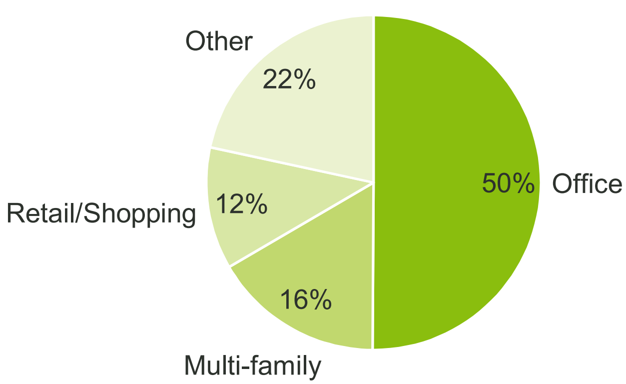
COVERED BOND LABEL

pbb DEUTSCHE PFANDBRIEFBANK

Mortgage cover pool (nominal)	30/06/2022	30/09/2022
Pfandbriefe outstanding	€ 16.1 bn	€ 16.2 bn
Cover funds	€ 18.6 bn	€ 18.5 bn
Over-collateralisation (Nominal/NPV)	16.1% / 18.7%	18.1% / 21.7%
No. of loans	1,567	1,567
No. of properties	2,940	2,940
Payments ≥ 90 days overdue	€ 0 mn	€ 0 mn
Weighted average LTV (based on market value)	32.34%	32.1%

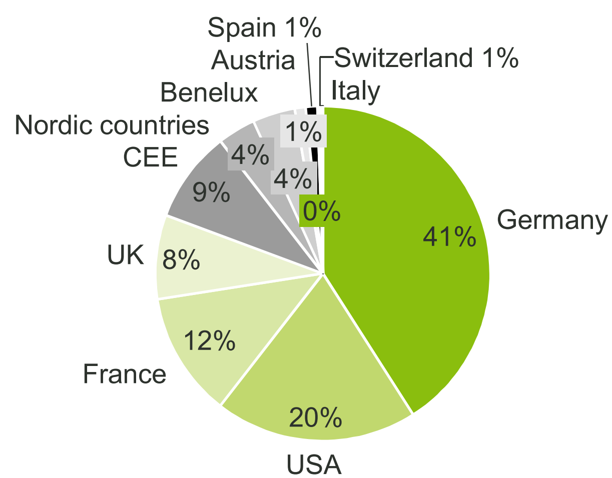
Cover funds by property type

(as of 30/09/2022)



Cover funds by region

(as of 30/09/2022)



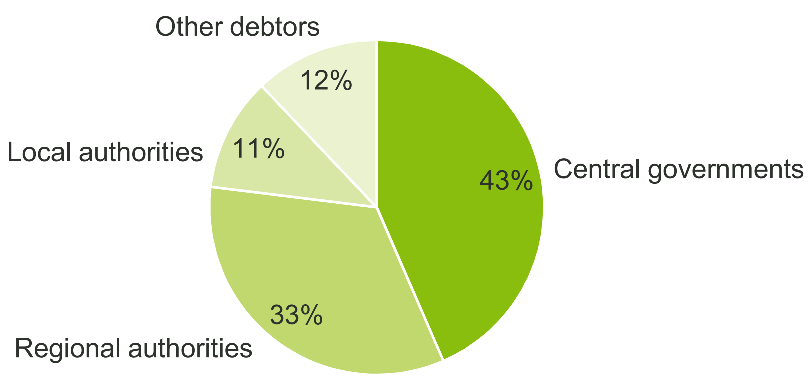
Cover Pools

Public Sector Pfandbrief Cover Pool

Public Sector cover pool (nominal)	30/06/2022	30/09/2022
Pfandbriefe outstanding	€ 9.8 bn	€ 9.7 bn
Cover funds	€ 11.0 bn	€ 10.7 bn
Over-collateralisation (Nominal/NPV)	12.3 % / 12.2 %	10.2 % / 10.4 %
No. of loans	495	485
Payments ≥ 90 days overdue	-	-

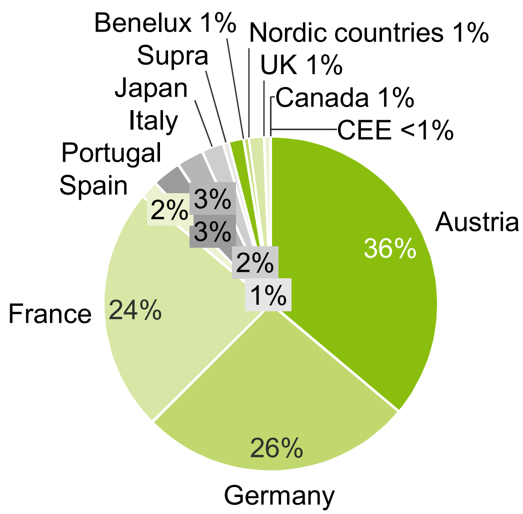
Cover funds by counterparty type

(as of 30/09/2022)



Cover funds by region

(as of 30/09/2022)



Note: Figures may not add up due to rounding

Mandated Ratings

DEUTSCHE PFANDBRIEFBANK

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
Public Sector Pfandbrief		Aa1
Mortgage Pfandbrief		Aa1

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

Key figures
pbb Group

DEUTSCHE PFANDBRIEFBANK

Income statement (€ mn)	2019	2020	Q1/21	Q2/21	Q3/21	Q4/21	2021	Q1/22	Q2/22	Q3/22	9M/22
Net interest income	458	476[8]	123	123	123	125	494	122	120	116	358
Net fee and commission income	6	6	2	3	1	2	8	2	1	1	4
Net income from fair value measurement	-7	-8	2	-	1	7	10	9	5	7	21
Net income from realisations	48	26	21	17	17	26	81	5	5	-	10
Net income from hedge accounting	-2	4	-1	-2	1	2	-	1	-2	8	7
Net other operating income	3	22	-1	-	-1	-	-2	10	-6	-4	-
Operating Income	**506**	**526**	**146**	**141**	**142**	**162**	**591**	**149**	**123**	**128**	**400**
Net income from risk provisioning	-49	-126	-10	-23	-17	-31	-81	-18	-1	-19	-38
General and administrative expenses	-202	-204	-51	-51	-49	-68	-219	-53	-53	-51	-157
Expenses from bank levies and similar dues	-24	-26	-28	-1	1	-1	-29	-31	-	-1	-32
Net income from write-downs and write-ups on non-financial assets	-18	-19	-5	-4	-5	-6	-20	-5	-4	-5	-14
Net income from restructuring	3	-	-	-	-	-	-	-	-	-	-
Pre-tax profit	**216**	**151**	**52**	**62**	**72**	**56**	**242**	**42**	**65**	**52**	**159**
Income taxes	-37	-30[8]	-10	-7	-11	14	-14	-6	-10	-8	-24
Net income	**179**	**121**	**42**	**55**	**61**	**70**	**228**	**36**	**55**	**44**	**135**

Key ratios (%)	2019	2020	Q1/21	Q2/21	Q3/21	Q4/21	2021	Q1/22	Q2/22	Q3/22	9M/22
CIR[1]	43.5	42.4[8]	38.4	39.0	38.0	45.7	40.4	38.9	46.3	43.8	42.8
RoE before tax	6.9	4.6[8]	6.4	7.8	8.9	6.7	7.5	4.8	7.9	6.1	6.3
RoE after tax	5.7	3.6[8]	5.1	6.9	7.5	8.5	7.0	4.1	6.7	5.1	5.3

Balance sheet (€ bn)	12/19	12/20	03/21	06/21	09/21	12/21	03/22	06/22	09/22
Total assets	56.8	58.9	58.1	59.0	58.8	58.4	56.3	55.1	55.9
Equity	3.2	3.3	3.3	3.3	3.4	3.4	3.4	3.3	3.4
Financing volume	45.5	44.2	44.6	43.4	43.4	43.7	43.8	43.3	44.3

Regulatory capital ratios[2]	12/19	12/20	03/21	06/21	09/21	12/21	03/22	06/22	09/22
RWA (€ bn)	17.7	17.7	18.3	18.0	18.1	16.8	16.7	16.5	17.3
CET 1 ratio – phase in (%)	15.9[3]	16.1[4]	15.4[5]	15.4[6]	14.9[6]	17.1[7]	16.9[9]	17.2[10,11]	16.3[10]

Personnel	12/19	12/20	03/21	06/21	09/21	12/21	03/22	06/22	09/22
Employees (FTE)	752	782	779	779	782	784	780	777	776

Note: annual results audited, interim results Q1 2021/22 and Q3 2021/22 unaudited, interim results Q2 2021/22 unaudited, but reviewed 1 CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income 2 Basel III transition rules 3 Adjusted, incl. full-year result 2019, based on resolution of AGM to allocate the distributable profit 2019 to other revenue reserves on 28 May 2020 4 After approved year-end accounts 5 Excl. Interim result, post proposed dividend 2020 6 Excl. Interim result 7 Incl. full-year result, post proposed dividend 2021 8 2020 figures retrospectively adjusted according to IAS 8.42 9 Excl. Interim result, post proposed dividend 2021 10 Excl. Interim result 11 Retrospectively adjusted (previously, AT1 coupon was deducted from CET 1 capital)

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