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Debt Investor Update – Tier 2 Roadshow

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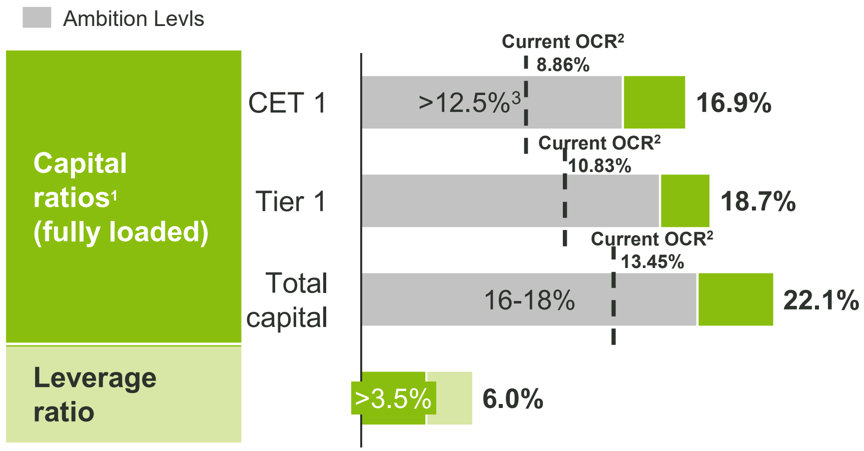
All figures based on IFRS, pbb Group, unaudited, as of 31/03/22, unless otherwise indicated

Capital position and Tier 2 rationale

pbb comfortably exceeds targets and requirements

Current vs Ambition Levels

%, 31/03/2022



- pbb substantially exceeds its regulatory Overall Capital Requirements by approximately 8% (Total SREP Capital Requirements plus 2.5% capital conservation buffer and 0.45% anticipated counter-cyclical buffer)
- pbb also exceeds its own capital ambition levels which aim to provide a comfortable cushion vs. regulatory requirements (e.g. for possible RWA growth) by approx. 400bps
- With 3.5% pbb also comfortably exceeds the specific Tier 2 bucket including P2R of 2.62%

Rationale for Tier 2 Issuance

- Tier 2 is the most cost effective instrument to fill 2% (of Pillar 1) and total 2.62% (of Pillar 1 + Pillar 2) capital requirements and provide cushion for possible RWA growth
- New Tier 2 issuance is fully efficient regulatory capital while the outstanding Tier 2 loses recognition if not called. pbb intends to keep its Tier 2 ratio (3.5% as of Q1/2022) above the effective 2.62% requirement
- EUR 300m size equates to approximately 1.8% of RWAs (EUR 16.7bn as of Q1/2022) vs. 2.62% Tier 2 bucket (EUR 438m using Q1/2022 RWAs)
- Limited amount of Tier 2 to be issued by pbb compared to other European issuers; further supply will likely be limited as pbb aims to continue to fill its Tier 2 bucket

Moderate debt capital issuance needs

Note: Figures may not add up due to rounding 1 Excl. interim result, post proposed dividend 2021 2 Overall Capital Requirements incl. 45 bp anticipated countercyclical buffer 3 Ambition level 12.5% plus management buffer 1-1.5%

Business Model & Strategy

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

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USPs

- Specialised on-balance sheet lender with extensive placement capabilities
- Strong franchise with long-standing client relationships and local presence with 10 branches/rep offices in Europe and the US
- Conservative lending standards and focus on risk management
- Pfandbrief is main funding instrument

FUNDING

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

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LENDING

- Pfandbrief-eligible senior loans
- Structuring expertise for complex/large transactions
  - ~150 deals per year
  - Avg. deal size € ~40 - 60mn

Value Proposition for Debt Investors

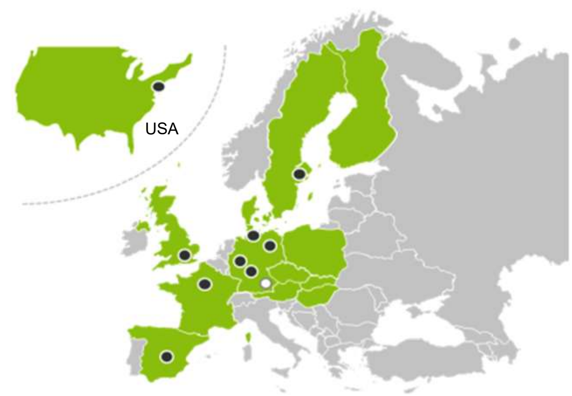
- Considerable MREL buffer
- Strong capital base
- High quality cover pools
- High portfolio quality and risk standards
- Strong operating performance

Key figures

(IFRS, 31/03/2022)

Total assets	€ 56.3 bn
Total equity	€ 3.7 bn
RWA	€ 16.7 bn
CET1 ratio[1]	16.9%
Leverage ratio[1]	6.0%
RoE before taxes	4.8%
FTE	780

[1] Excl. Interim result



Headquarter
Branches/Rep. Offices

All figures based on IFRS, pbb Group, unaudited, as of 31/03/22, unless otherwise indicated

Operating and financial overview

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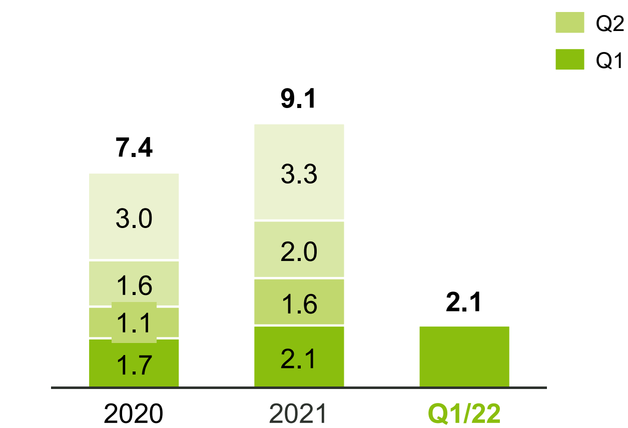
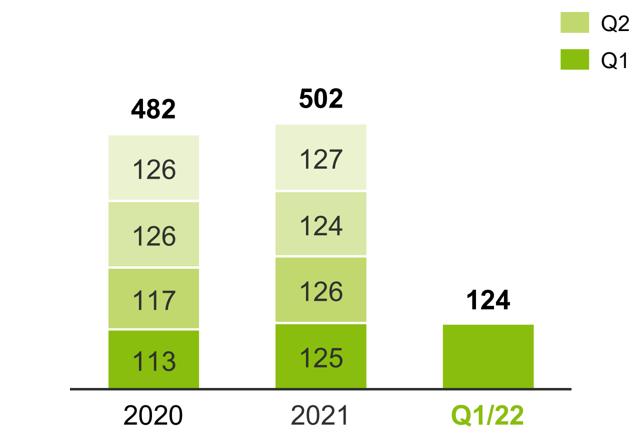
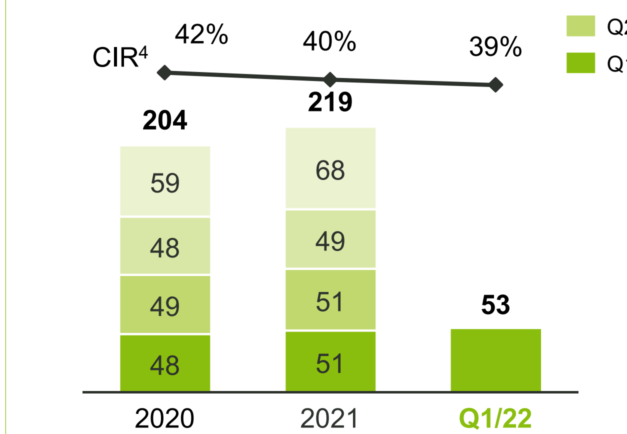
New business
€ bn (commitments, incl. extensions >1 yr)



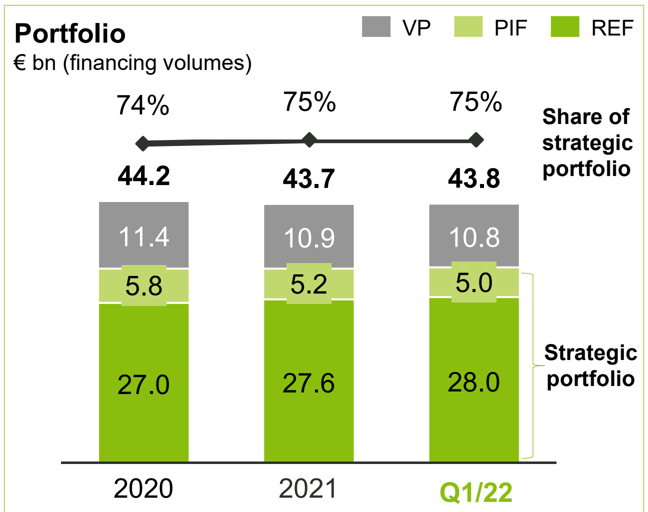
Net interest and commission income[1]
€ mn (IFRS)



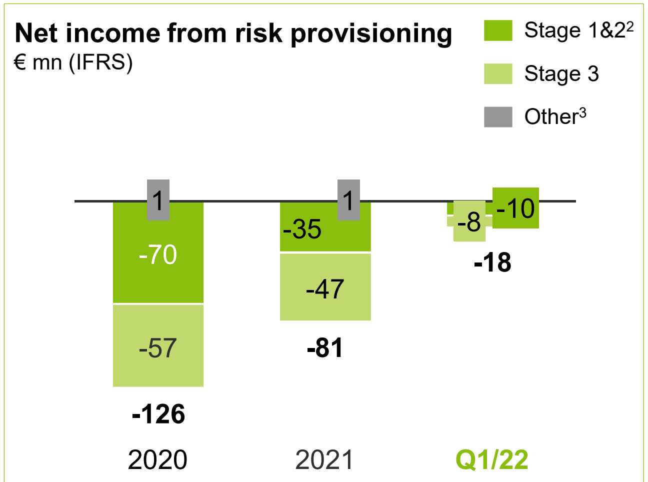
General and admin. expenses
€ mn (IFRS)



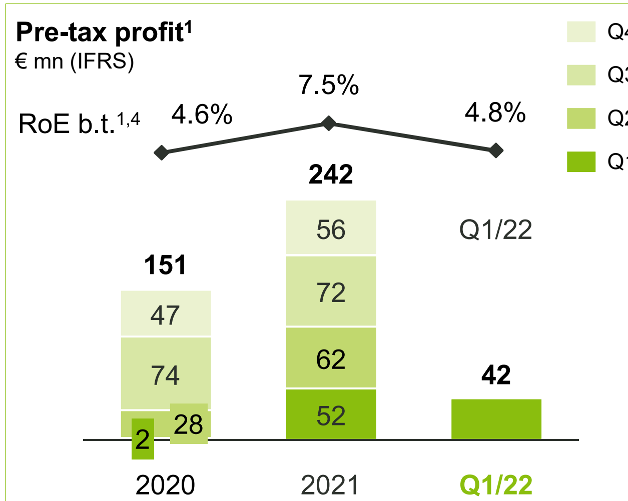
Portfolio
€ bn (financing volumes)



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 After AT1 coupon (2020: € -17 mn; 2021: € -17 mn; Q1/22: € -4 mn) 4 CIR = (GAE + net income from write-downs and write-ups on non-financial assets) / operating income

All figures based on IFRS, pbb Group, unaudited, as of 31/03/22, unless otherwise indicated

Update: Ukraine/Russia – impact on global economy, CRE and pbb

No direct exposure in/to Ukraine and Russia – but uncertainties on overall economic impacts

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Status quo

Markets

- Continued supply chain disruption and resource scarcity
- Inflation on record levels in Europe and the US, esp. driven by energy prices
- Interest rate increases in the UK and the US in Q1/22; ECB likely to follow
- Weakened economic situation (partially accelerated by further expanded sanctions) – economic forecasts downwardly revised

Commercial Real Estate

- Investment volumes have been on record levels in Q1/22 – however, overall reluctance can be observed
- Property prices still resilient – prime/core yields trending sidewards or even still compress
- Developments affected by supply chain disruptions and scarcity of building materials, driving up construction costs

Implications on pbb in Q1/22

Portfolio

- No direct exposure in/to Ukraine or Russia
- Downwardly revised economic forecasts result in model-related provisions
- € 2 mn precautionary write-down on ECA-guaranteed PIF loan because of ties to Russia
- Indirect risks (incl. tenant risks) remain marginal
- No major impacts on developments so far, however further development will be closely monitored – land phase or advanced construction stadium with limited immediate impact

Bank operations

- No material impacts from sanctions – only marginal indirect ties
- Strict monitoring of compliance matters – focus group implemented

Lending business

- Solid new business despite continued selective and conservative approach
- Tightened underwriting standards for development loans.
- Transaction pipeline presently unaffected; higher margins expected in Q2/22

Funding

- Solid pre-funding in Jan/Feb 2022 – ytd, new long-term funding of € 3.0 bn ahead of plan; comfortable liquidity buffer
- So far, only moderate spread widening in overall market

Future challenges

Markets

- Length and severity of conflict highly uncertain
- Second round effects complex and hard to predict – further sanctions possible
- Inflation likely to stay high and interest rates likely to increase
- Slow down of economic growth – pbb's scenario assumptions more conservative than current forecasts of economic institutes, but not yet covering severe scenario of potential oil/gas embargo

Commercial Real Estate

- Investment activity likely to slow down in 2nd half 2022 due to persisting uncertainties and rising interest rates, esp. in CEE markets; 'save haven' assets/markets most likely less affected
- Real Estate generally being decent hedge on inflation (core/prime), but
  - Increasing interest rates may lower yield premium vs. gov. bonds
  - Lower demand may put property prices under pressure – higher resilience of core/prime (flight to quality)
- Overall tenant risk possibly affected
- Construction activities may slow down due to continued supply chain disruptions and resource scarcity

All figures based on IFRS, pbb Group, unaudited, as of 31/03/22, unless otherwise indicated

New business

REF new business volume of € 2.1 bn on solid level in further challenging environment

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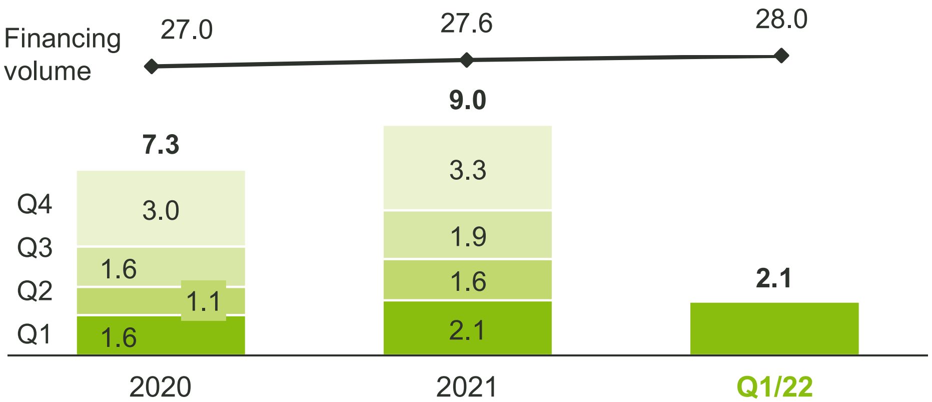
REF New business

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



Key drivers Q1/22

- **REF new business** of € 2.1 bn on solid level, despite continued selective approach and increased competition
  - **Avg. gross interest margin** down to ~150 bp (Q1/21: ~170 bp; 2021: ~170 bp), negatively impacted by a few, partly large-volume loans with low LTVs
  - High share in **Germany, US and Office**
  - Low share in **France and Logistics**, no share in **UK and Retail**
  - Unchanged conservative risk positioning with **avg. LTV** of 56%[2]
  - **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 volume at higher margin level in Q2/22

ESG – Green Loans

- Following the market launch in 10/21, **Green Loan volume** (subject to explicit Green Loan documentation) further increased – 03/22: € 0.8 bn (12/21: € 0.2 bn)

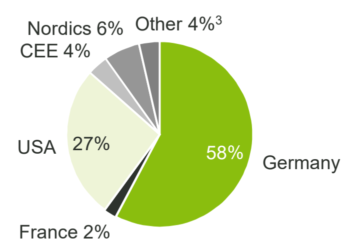
REF new business

	Q1/21	FY21	Q1/22
Total volume (€ bn)	2.1	9.0	2.1
thereof: Extensions >1 year	*0.5*	*2.6*	*0.4*
No. of deals	41	166	31
Avg. maturity (years)[1]	~5.7	~4.8	~5.8
Avg. LTV (%)[2]	54	56	56
Avg. gross interest margin (bp)	~170	~170	~150

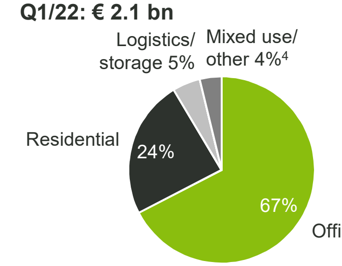
	Regions	Property types

New business (Commitments, incl. extensions > 1year)

Q1/22: € 2.1 bn

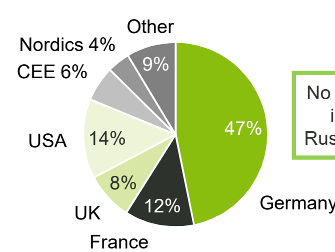


Q1/22: € 2.1 bn



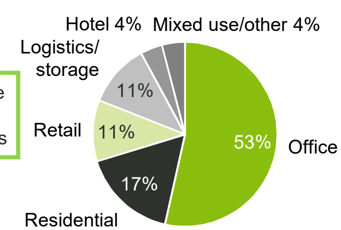
Portfolio (EaD, Basel III)

31/03/22: € 30.1 bn



No direct exposure in/to Ukraine, Russia and Belarus

31/03/22: € 30.1 bn



Note: Figures may not add up due to rounding 1 Legal maturities 2 New commitments; av. LTV (extensions): 3M/22: 54%; 3M/21: 57% 3 Belgium 4 Land

All figures based on IFRS, pbb Group, unaudited, as of 31/03/22, unless otherwise indicated

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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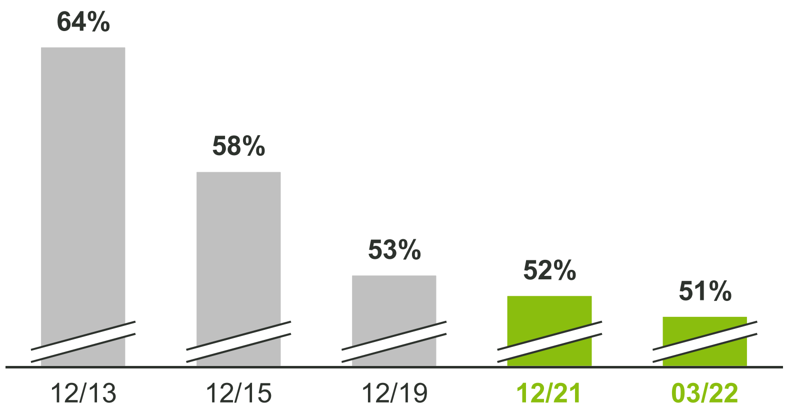
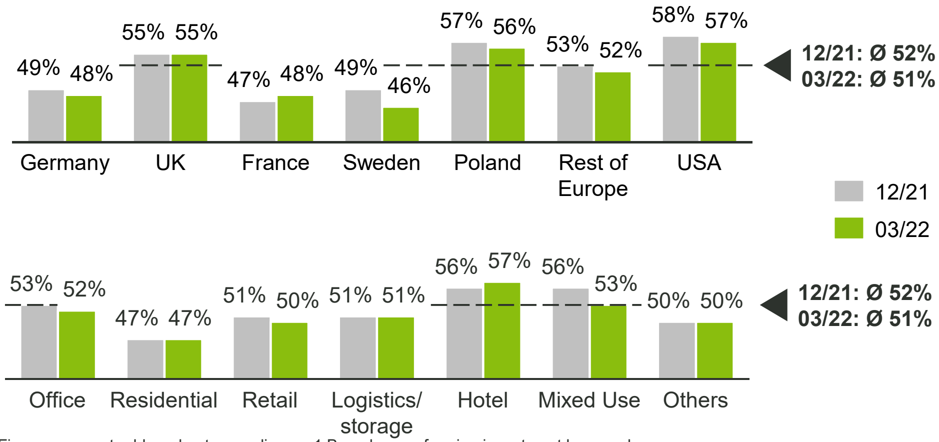
REF Portfolio: Avg. weighted LTVs

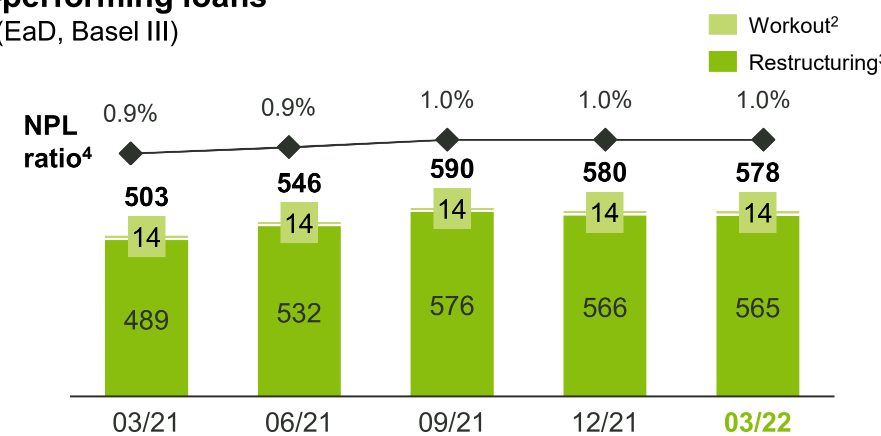
% (commitments)[1]





Non-performing loans

€ mn (EaD, Basel III)



Key drivers

- **Non-performing loans** (NPLs) remain on low level
  - **Restructuring loans** stable at € 565 mn (12/21: € 566 mn)
    - newly added € 34 mn ECA-guaranteed PIF loan with ties to Russia (non-guaranteed part of € 3 mn)

    compensated by
    - € 32 mn repayment of fully ECA-guaranteed PIF loan
    - € 3 mn net decrease in Q1/22 mainly from FX effects
  - **Workout loans** stable at only € 14 mn (12/21: € 14 mn)
- **NPL ratio**[3] of 1.0% remains on low level (12/21: 1.0%)
- **Avg. LTV** of 51% slightly improved y-o-y and 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 and Russia
  - **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

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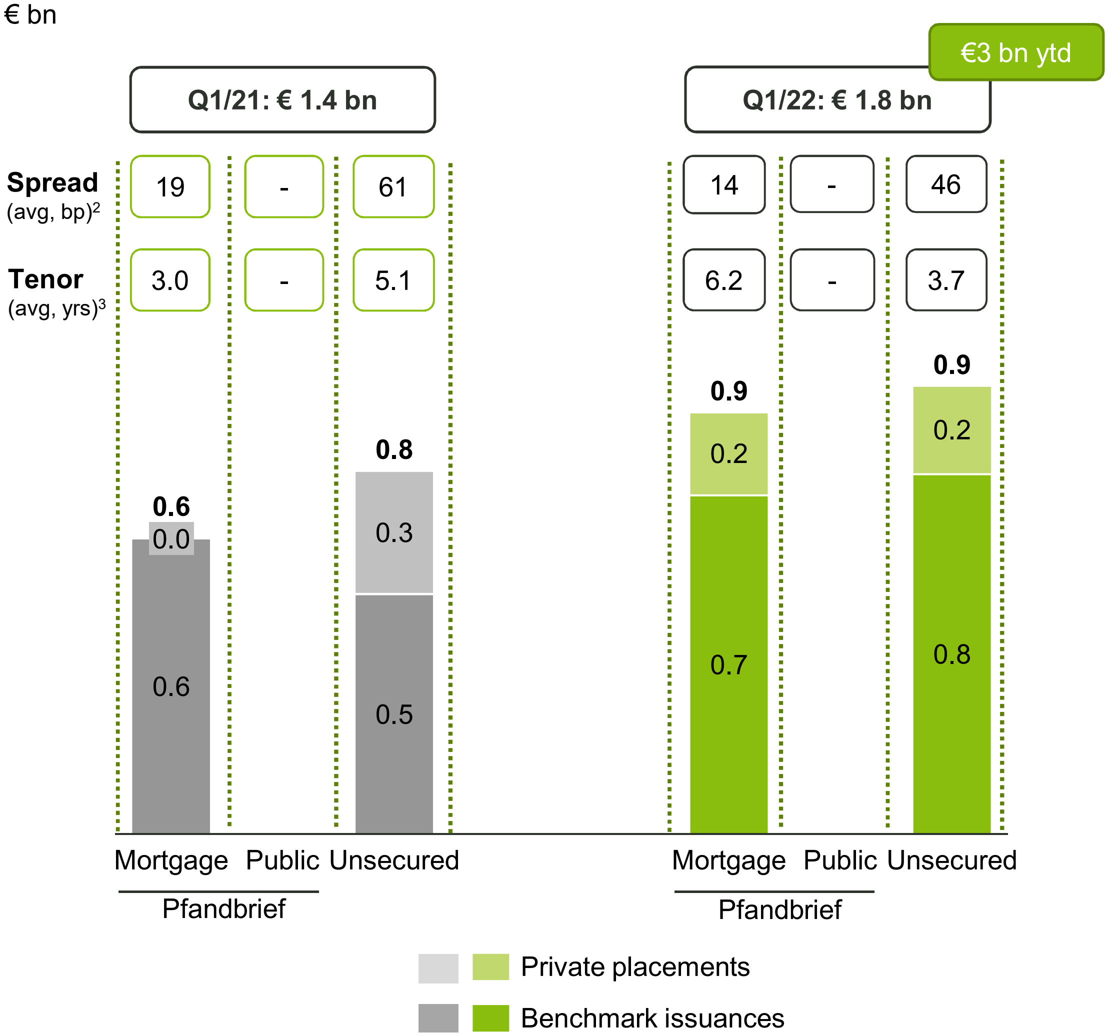
Funding
Strong start into 2022 – continued focus on Green Bonds

New long-term funding[1]
€ bn



Funding 2022

- **Strong Pfandbrief funding year-to-date:**
  - USD 750 mn Pfandbrief
  - € 750 mn Pfandbrief
  - € 200 mn Pfandbrief taps

  Additionally, pbb has again successfully placed SEK Pfandbriefe with Nordic investors
- **€ 750 mn Green Senior Preferred Benchmark** issued in January 2022 and € 200 mn tap of a Green Senior Preferred Benchmark in April 2022
- Increasing take-up of **€ Pfandbrief funding** planned in preparation of future repayment of TLTRO III
- **Comfortable liquidity buffer** sufficient to cover internal stress tests
- **Retail deposit** funding established and scalable – in Q1/22 pbb direkt deposits amounted to € 3.2 bn (Q1/21: € 3.2 bn)
- **ALM profile** and **liquidity position** remain comfortable (NSFR >100%; LCR >150%)

ESG – Green Bonds

- Green Bond **volume further increased** – as of 03/22, outstanding volume at € 1.75 bn (12/21: € 1.0 bn); further € 200 mn tap in April 2022 brings volume to now € 1.95 bn
- With three 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 2 vs. 3M Euribor 3 Initial weighted average maturity

Bail-In Stack

Own Funds and Eligible Liabilities significantly exceed 8 % TLOF

(in € bn as of 31/03/2022)[1)]

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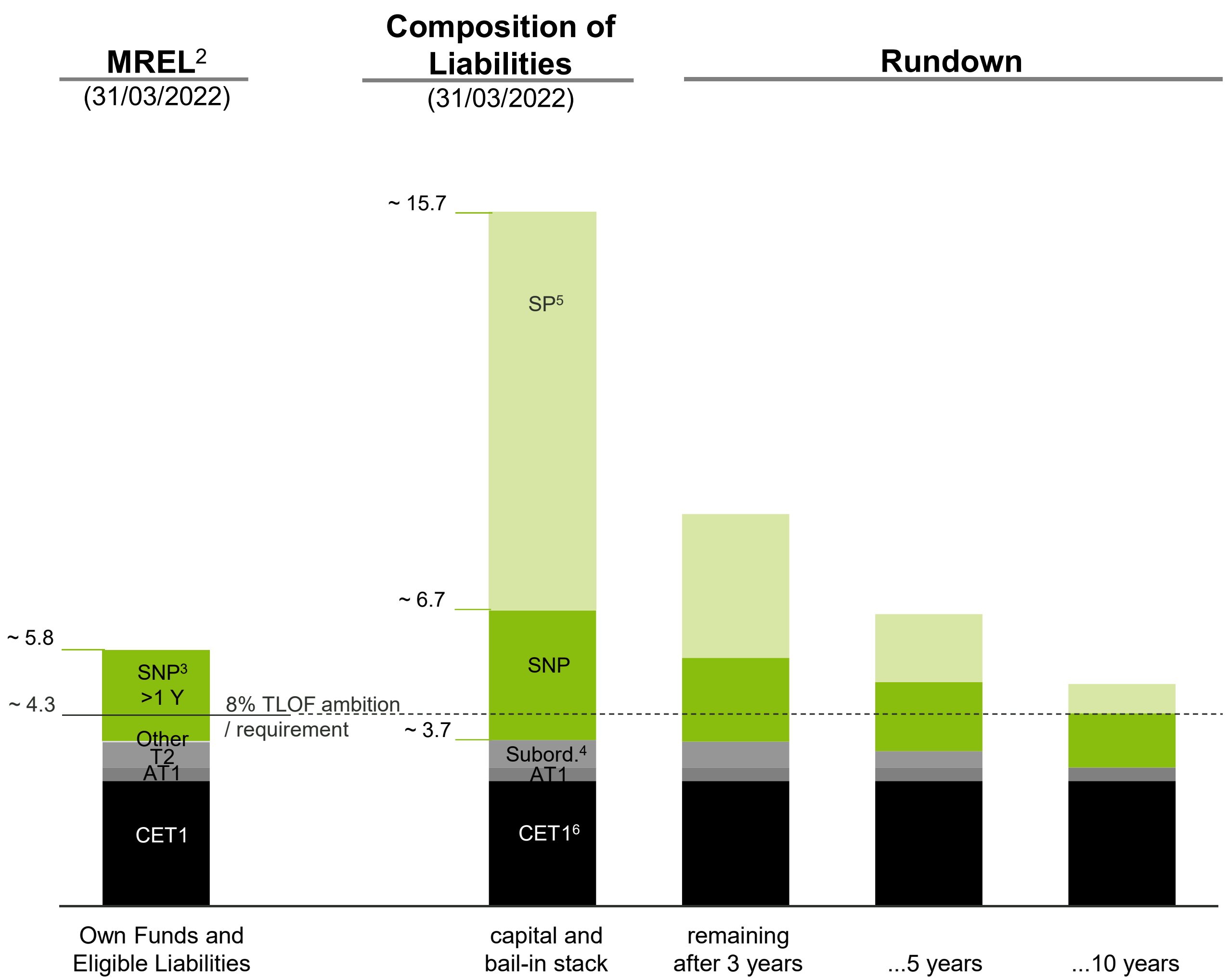

- Buffer for Senior Preferred (SP) investors due to high volume of capital instruments and Senior Non-Preferred (SNP) liabilities
- Existing Senior Non-Preferred liabilities have long remaining terms
- SP is the predominant senior product, but SNP will remain a key element of pbb's funding strategy
- pbb has an MREL-ambition level of 8 % TLOF in line with the binding regulatory target.
- Regulatory requirements (SREP, MREL etc.) are comfortably 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 31 March 2022, MREL eligible items amounted to ~11% TLOF (based on the transfer to retained earnings from the 2021 annual result n TLOF as of 31.03.2022) / ~35% RWA / ~11% 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 and € 300 mn T2 issuance callable in 2022 5 Senior Preferred, structured unsecured and corporate deposits (excl. protected deposits) 6 CET1 assumed to be constant

All figures based on IFRS, pbb Group, unaudited, as of 31/03/22, unless otherwise indicated

Capital
Capitalisation remains strong

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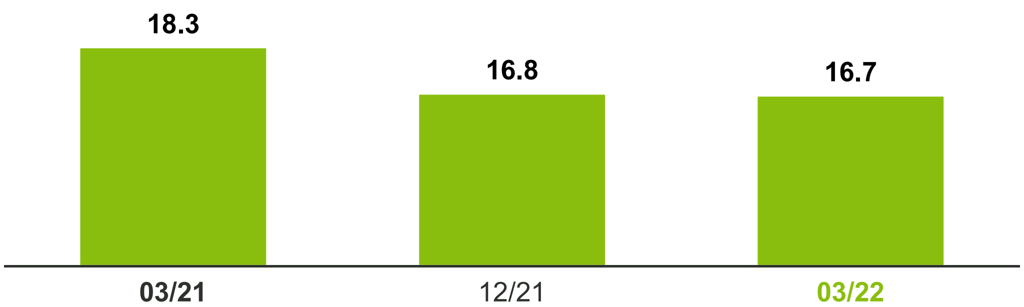
Basel III: RWA
€ bn (IFRS)



Basel III: Equity and capital ratios
(IFRS)

Capital in € bn	03/21[1]	12/21[2]	03/22[3]
CET 1	2.8	2.9	2.8
AT 1	0.3	0.3	0.3
Tier 2	0.7	0.6	0.6
Total Equity	**3.8**	**3.8**	**3.7**

Capital ratios in %	03/21[1]	12/21[2]	03/22[3]
CET 1	15.4	17.1	16.9
Tier 1	17.0	18.9	18.7
Own funds	20.6	22.4	22.1
Leverage ratio	6.0	6.0	6.0

RWA development Q1/22

- RWA down q-o-q mainly due to
  - Maturity and syndication effects
  - Smaller opposite effect from increase in REF portfolio
  - No material RWA effect from individual rating deteriorations in the light of COVID-19
  - Q4/21 benefitted from reduction of add-ons acc. to Art. 501 CRR II[4]
- RWA already calibrated towards Basel IV (fully-loaded) – thus, no major further effects expected from implementation

Capital ratios

- CET 1 ratio slightly down to 16.9%[3] (12/21: 17.1%[2]) – 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 currently anticipates countercyclical buffer of 45 bp, providing for solid cushion on current requirements – upcoming changes of country-specific countercyclical buffers and German sectoral systemic risk buffer expected to have only moderate effect with increase by +20-25 bp over time

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

Transaction Highlights
Summary of Terms & Conditions

Issuer	Deutsche Pfandbriefbank AG (the "Issuer")
Issuer Rating	BBB+ (S&P, Stable)
Exp. Issue Rating	BB+ (S&P)
Status	Unsecured and subordinated obligations of the Issuer ranking pari passu among themselves and all other unsecured and subordinated obligations of the Issuer unless statutory provisions, subordinated to the claims of all unsubordinated creditors of the Issuer ("the Notes"). The Notes are intended to qualify as Tier 2 capital of the Issuer; waiver of set-off applies
Tenor	[•] August 2032 / 10.25NC5.25, with a par call exercisable on any calendar day during the three months period commencing on (and including) [•] May 2027 to (and including) [•] August 2027
Currency / size	EUR [300]m
Interest	• Fixed rate of [•]% up to (but excluding) [•] August 2027 (the "Reset Date"). If not called on an Call Redemption Date, resets to the prevailing 5-year EUR MS rate plus the Margin of [•]% • Payable annually in arrears on [•] each year, commencing on [•] August 2023
Optional Redemption	Callable in whole but not in part, in the three months period from and including [●] May 2027 to and including the Reset Date ([●] August 2027), at the Issuer's discretion, subject to the prior approval of the competent authority (to the extent then required) and other conditions, at par together (if appropriate) with interest accrued, if any, to (but excluding) the date of redemption
Regulatory Call	If in the determination of the Issuer the Notes are for reasons other than amortisation pursuant to Article 64 CRR disqualified from Tier 2 Capital pursuant to the applicable provisions as a result of any change in, or amendment to applicable provisions, which in any event was not foreseeable at the date of the issuance of the Notes, subject to the prior consent of the competent authority
Tax Call	If as a result of any change in, or amendment to, the laws or regulations of the Federal Republic of Germany or any political subdivision or taxing authority thereto or therein affecting taxation or the obligation to pay duties of any kind, or any change in, or amendment to, an official interpretation or application of such laws or regulations, which amendment or change is effective on or after the Issue Date and was not foreseeable at the Issue Date, the Issuer is required to pay additional amounts or if the tax treatment of the Notes changes in any other way and such change is in the assessment of the Issuer materially disadvantageous, subject to the prior consent of the competent authority
Governing Law	German law
Denominations	EUR 100k + 100k
Listing	Munich Stock Exchange (regulated market)
Documentation	Under Euro 50,000,000,000 Debt Issuance Programme (the "Programme") dated 5th of April 2022 as supplemented

Prospective investors should not rely on the above summary terms and should refer to the Documentation for the full Terms & Conditions

Contact details

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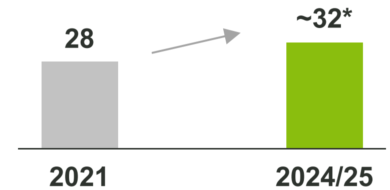
Appendix

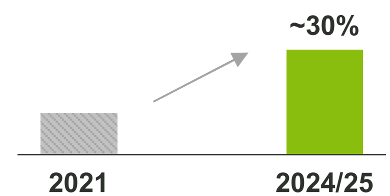
Summary & Outlook

Initiatives – good progress achieved

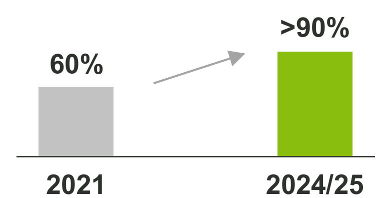
Initiatives	Key measures	Status quo Q1/22
1 Organic growth	**Product expansion** (Loan-on-loan, non-senior lending)	**All prerequisites** for respective product lines **in place; origination started**
	Build-out US business	**Strong origination focus** on the US – new business **share of 27%** vs. 14% portfolio in Q1/22
	Low-leverage lending	New low-leverage lending business with **rd. 35-40% share** in Q1/22
2 "Green" finance	**Green loans**	pbb embarking as **transition lender** for real estate industry
	Green development loans	"Green" finance products **actively marketed**
	Green capex facilities	**Green Loan** volume further increased – 03/22: € 0.8 bn (12/21: € 0.2 bn)
3 Digitalization	**Value-add through digital client interface**	**Usage** of Client Portal continuously increasing – rate now at 69% (12/21: 60%)
	State of the art infrastructure and capabilities	**Efficiency measures** constantly pushed forward to cover entire primary process
	Scalable platform to allow further growth	Significant rise in **business activity** on Capveriant platform – quadrupling of transactions placed on platform compared to Q1/21



REF portfolio (in € bn)
(*incl. green finance)



Green REF portfolio share



Client portal usage
(*business supported by client portal)

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

pbb DEUTSCHE PFANDBRIEFBANK

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	**Increase** to **€ 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 Digitalization

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

All figures based on IFRS, pbb Group, unaudited, as of 31/03/22, unless otherwise indicated

Key figures
pbb Group

DEUTSCHE PFANDBRIEFBANK

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

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

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

Regulatory capital ratios[2]	12/19	12/20	03/21	06/21	09/21	12/21	03/22
RWA (€ bn)	17.7	17.7	18.3	18.0	18.1	16.8	16.7
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]

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

Note: annual results audited, interim results Q1 2021/22 and Q3 2021 unaudited, interim results Q2 2021 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

All figures based on IFRS, pbb Group, unaudited, as of 31/03/22, unless otherwise indicated

Green Loan

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

DEUTSCHE PFANDBRIEFBANK

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

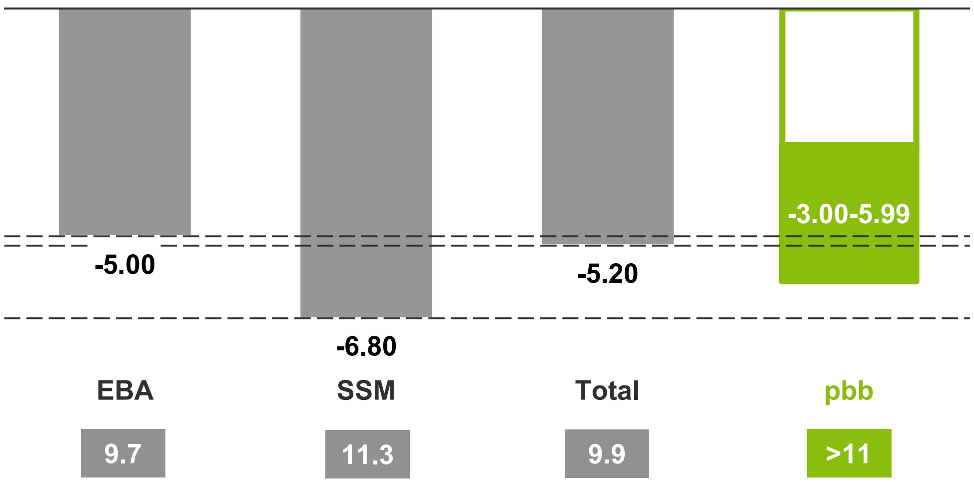
pbb Green Loan

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

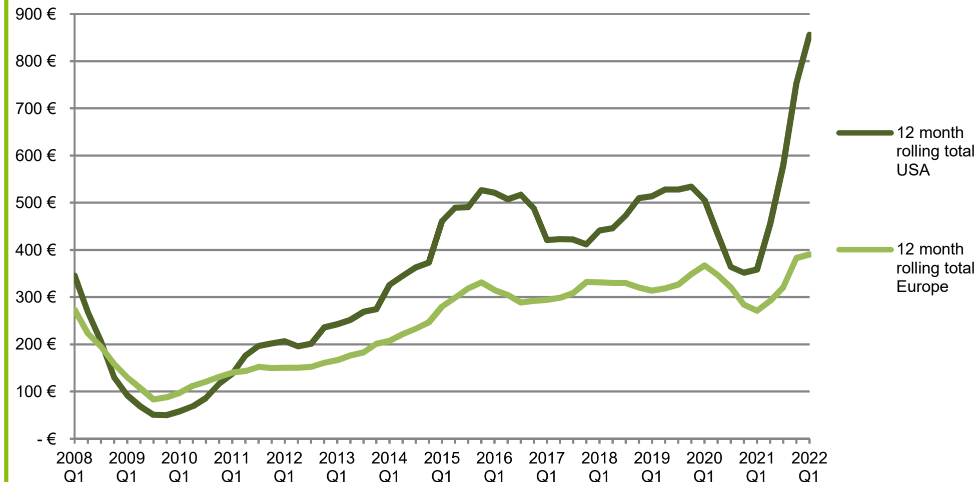
		High-level individual results by range adverse scenario, FL	
Institution	Sample	Maximum CET1 ratio (FL) depletion by ranges	Minimum CET1 ratio (FL) by ranges
Deutsche Pfandbriefbank AG	**SSM**	**300 to 599 bps**	**11% ≤ CET1R < 14%**
Bank A	SSM	300 to 599 bps	11% ≤ CET1R < 14%
Bank B	SSM	300 to 599 bps	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

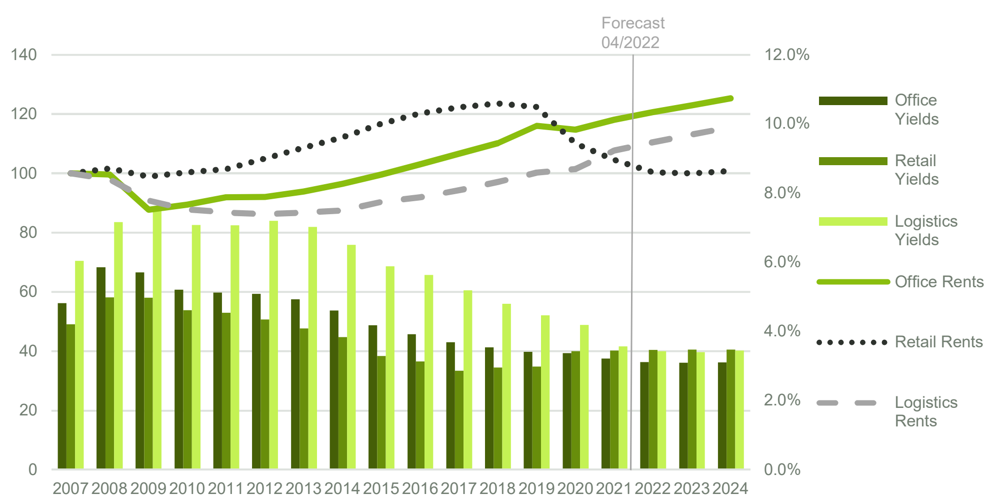
CRE Markets

Investment volumes in Q1/22 are on pre-Covid-19 level again in Europe – at all-time high in the US

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



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

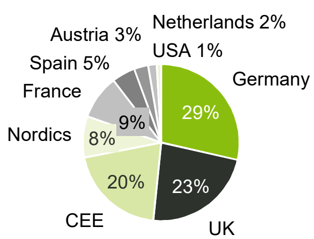
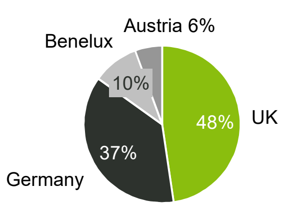


- European and US CRE **investment volumes** with strong performance in 2021
- Preliminary investment figures for Q1 suggest a solid start in 2022 in Europe and a strong result in the US – still unaffected by Ukrainian war and global economic implications, even though some reluctance esp. in CEE noticeable
- Europe:
  - Decreasing market values were focused on **retail and hotel** sectors; hotel values are already recovering while retail is stabilising
  - Prime **Office** yields continue to compress over the short term before levelling out
  - **UK office** yields are expected to decline slightly and **retail** yield correction seems to be mostly over
  - **Logistic** and **residential** stable so far or see even increasing prices
- Germany:
  - **Office** prime yields are expected to see only a very modest inward yield shift despite an increase in vacancy
  - Deal activity and investor sentiment focus on **logistics**, **residential** and food-based or big box **retail** assets
  - For overall retail, yield downward trend seems to be slowed, while **shopping centres** may see some increases
- USA:
  - Overall still commercial property price growth
  - Weaker trends for the CBD **office** sector, counteracted by strength in the **industrial** and **apartment** sectors
  - Yields for **office** properties are expected to stabilise again in the short term
- Even though some reluctance can be observed by investors, transaction **pipeline for Q2** still intact
  - Demand for **prime/core assets** should stay high or even increase (**'flight to quality'**) – in the short run potentially even with further price increases before yields may widen
  - **Inflation** to raise building costs, but in general CRE seen as classical protection against inflation (e.g. rent increases)

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 April 2022

Markets
Sub-segments

pbb DEUTSCHE PFANDBRIEFBANK

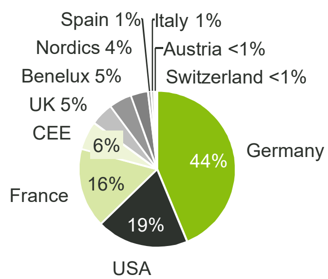
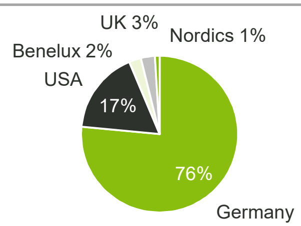
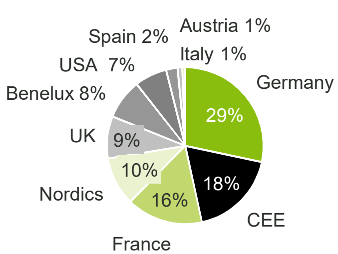
Property type	Regions	Evaluation of current situation	Challenges	Risk positioning
Retail € 3.2 bn (11%)		▪ In general retail property market trading conditions remain challenging and retailers continue to retrench their physical store estates ▪ Rising commodity costs, exacerbated by the war in Ukraine, will dampen again consumer confidence and purchasing power ▪ Coupled with further retail business insolvencies and consolidation, this is having an adverse impact on occupancy and rents ▪ Retail parks rents proving most resilient and high street shops and shopping centers faring worse ▪ Nevertheless, investors sentiment to retail is recovering and there are signs that the yield correction is mostly over	▪ 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) might hamper post COVID-19 pandemic recovery of retail markets. ▪ Mid Term: structural changes (online sale, change of high street retailer structure from smaller regional chains/owner occupied shops towards national/international chains and brands) leading to continued pressure on rents and to substantial oversupply of space in particular outside A-locations	▪ Selective approach with foresighted reduction of retail portfolio by ~55% or € 3.8 bn since 2016 (03/22: € 3.2 bn; 12/16: € 7.1 bn). ▪ Only investment loans, almost no development loans ▪ Conservative risk positioning: avg. LTV of 51%[1] provides good buffer and supports commitment of investors/sponsors ▪ Well diversified portfolio ▪ Current strategy is no new commitments for shopping centres
Hotel (Business Hotels only) € 1.2 bn (4%)		▪ Hotel is meanwhile benefiting from strong pent-up demand after the easing of pandemic restrictions on travel ▪ However, the economic uncertainty triggered by the military conflict and lower disposable income because of inflation will slow their recovery ▪ Strong increases in accommodation prices also due to lack of staff ▪ Recognizable trends in the market are the strengthening of the lower to middle segment ▪ Market values and lease/rentals decreased substantially during 2020 and stabilized largely in 2021. Value growth is positive again	▪ Recovery of performance to pre-Corona-levels not before 2024/25 ▪ Airport/Fair hotels being late in recovery cycle due to continuing travel restrictions. ▪ Recovery of business hotels expected to focus first 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 € 1.2 bn ▪ Focus on prime location secures base value of properties ▪ Conservative risk positioning: avg. LTV of 56%[1] provides good buffer and supports commitment of investors/sponsors ▪ Focus on strong sponsors with ability to inject more equity ▪ Currently, strategy is no new commitments

1 Based on performing investment loans only

All figures based on IFRS, pbb Group, unaudited, as of 31/03/22, unless otherwise indicated

Markets
Sub-segments

pbb DEUTSCHE PFANDBRIEFBANK

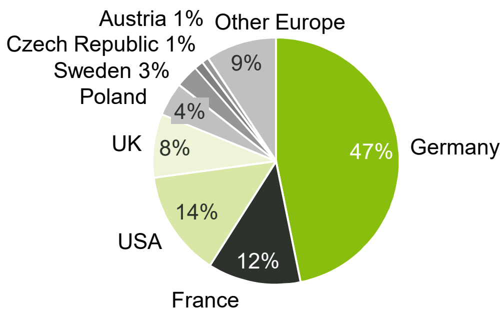
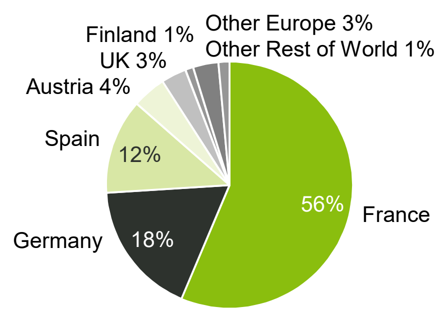
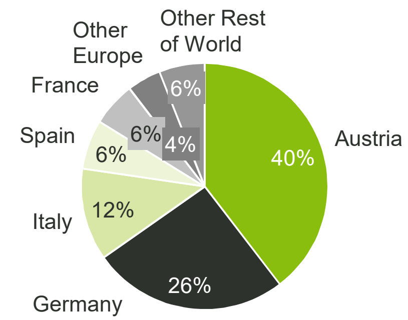
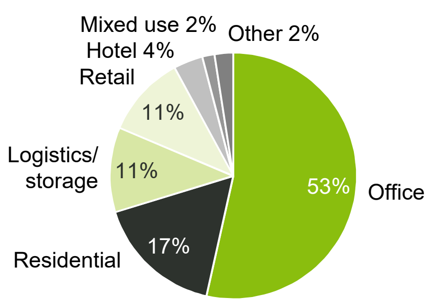
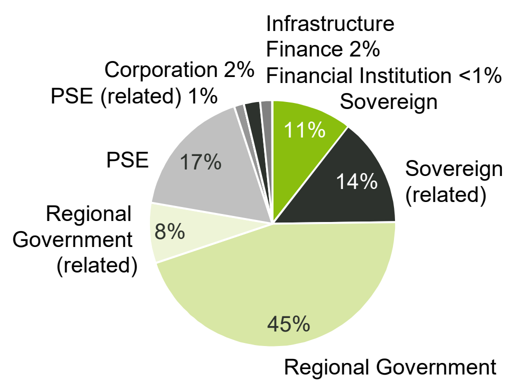
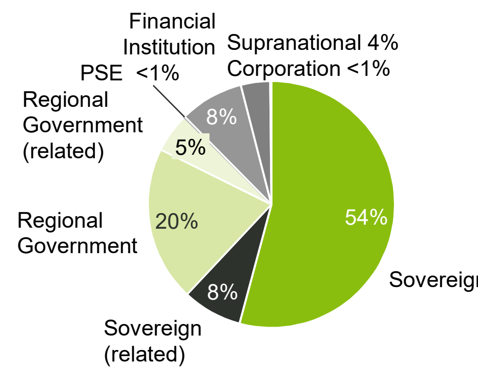
Property type	Regions	Evaluation of current situation	Challenges	Risk positioning
Office € 16.1 bn (53%)		▪ Despite the increase during the pandemic, the vacancies are still on comparatively low levels in many markets. ▪ In turn the development of rents is expected to be modest but positive over the coming years ▪ Investor sentiment towards office is partly wait-and-see (fewer investments expected before summer break), but overall still relatively solid Particular modern, flexible and ESG-conform properties in good location are sought after while demand for secondary is limited	▪ 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 stable ▪ 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 53%[1] provides good buffer and supports commitment of investors/sponsors ▪ Well diversified portfolio with focus in Germany ▪ In new business transactions detailed analysis of “green profile” of properties including associated risk
Residential € 5.0 bn (17%)		▪ At present the market seems to be stable ▪ Higher interest rates and inflation will have a strong impact on the owner-occupier market. Currently high sales figures with once again sharply increased prices seem to herald a significant cooling in this market ▪ Market for multifamily properties will continue to benefit from the expected stable rental growth in the future	▪ Call for/imposed increased rent regulation could impact value and cash flow ▪ Hike in vacancy rates in UK and USA during Lock Down have lead to decreased rental levels, situation however recovering at present.	▪ Conservative risk positioning ▪ Portfolio volume of € 5 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 € 3.3 bn (11%)		▪ The logistics sector benefits from an even stronger focus on e-commerce but also by the need of more resilient supply chains in the industry sector ▪ These structural changes are driving both, investor and occupier demand ▪ With rents still rising, there should be relative value stability in the future	▪ Currently taking advantage of the pandemic crisis and other developments due to strategic trends like: – Online-shopping – Need for more resilient supply chains in the industry sector ▪ Monoline logistics centres ▪ Limited availability of new space in some countries ▪ In some markets trend to overheated prices	▪ Strategic approach; expert team since 2014; share increase since 2013 from 8% to 11% ▪ Focus on locations: good infra-structure, 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

31/03/2022 (EaD, Basel III)

	Real Estate Finance	Public Investment Finance	Value Portfolio
by region			
by property type / borrower classification[1]			
Vol.	**€ 30.1 bn**	**€ 5.4 bn**	**€ 12.9 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 1 See appendix for definition of borrower classification

REF Portfolio
Shift in composition

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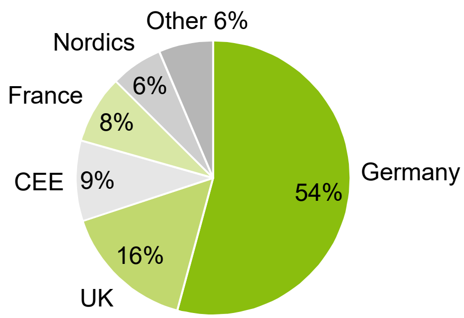
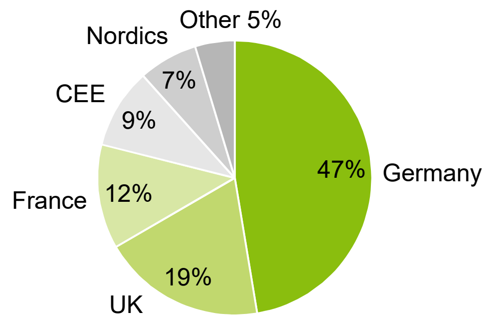
31/12/2013 / Total: € 22.2 bn[1]

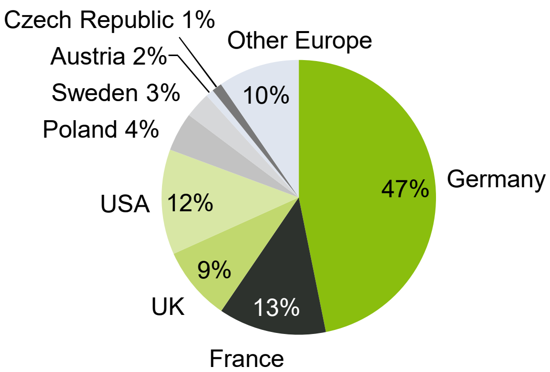
31/12/2015[2] / Total: € 25.8 bn[1]

31/12/2021 / Total: € 29.7 bn[1]

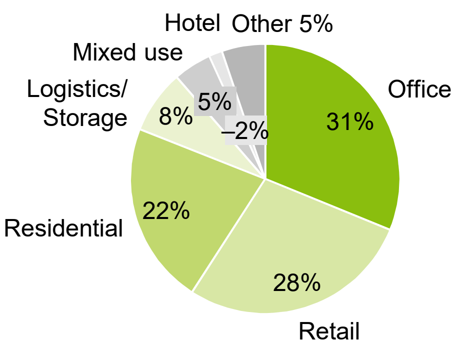
Regions

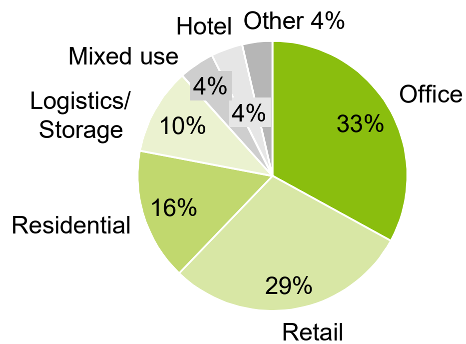


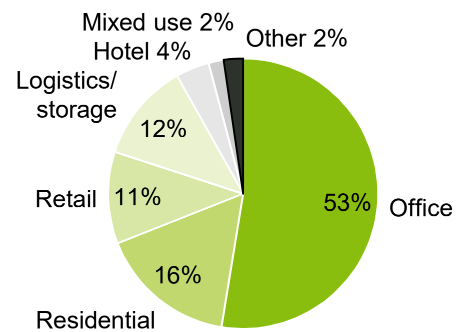




Property types







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

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"