pbb Deutsche Pfandbriefbank

Company Presentation

January 2022

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Business Model & Strategy

Leading commercial real estate lender in Europe, complemented by the US

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

Key figures
(IFRS, 30/09/2021)

Total assets	€ 58.8 bn
Total equity	€ 3.4 bn
RWA	€ 18.1 bn
CET1 ratio[1]	14.9%
Leverage ratio[1]	5.7%
RoE before taxes	7.7%
FTE	782

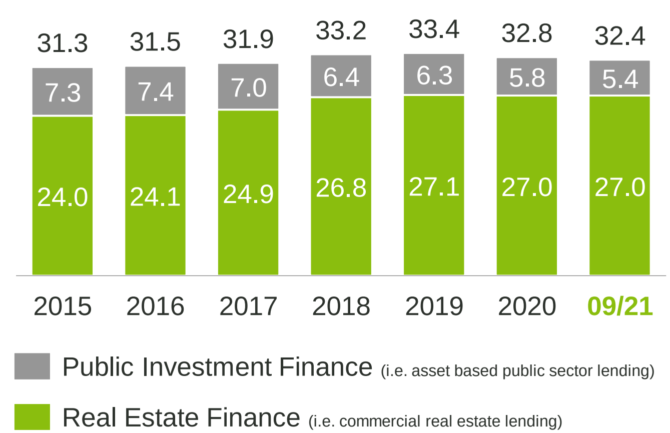
FUNDING

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

LENDING

- Pfandbrief-eligible senior loans
- Structuring expertise for complex/large transactions
  – ~150-200 deals per year
  – Ø deal size € ~50 mn

Strategic portfolio
Financing volume



Value Proposition for Equity Investors

- High portfolio quality and risk standards
- Strong capital base
- Strong operating performance
- Attractive dividend yield

1 Excl. interim result, 2020 result not included

Operating and financial overview

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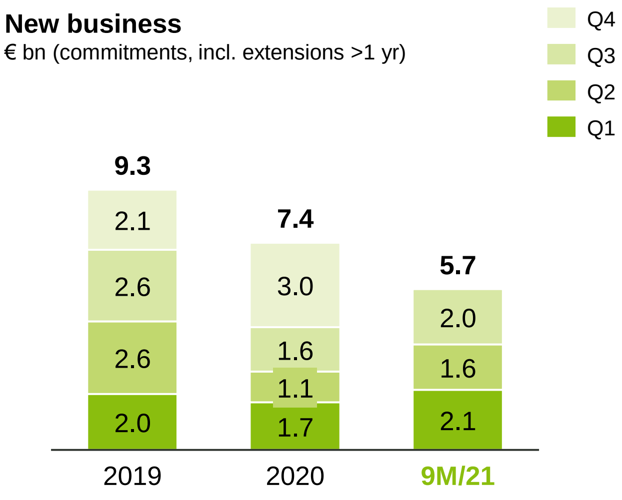
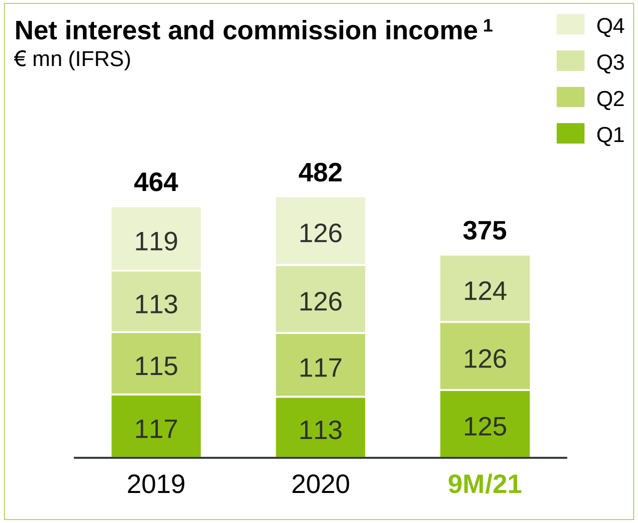
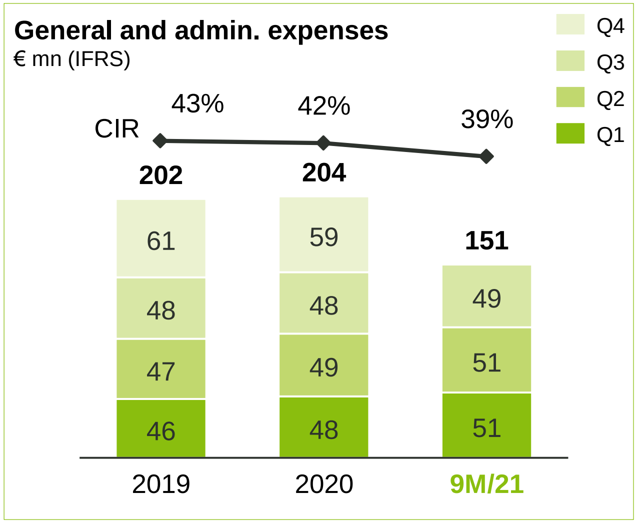
New business
€ bn (commitments, incl. extensions >1 yr)



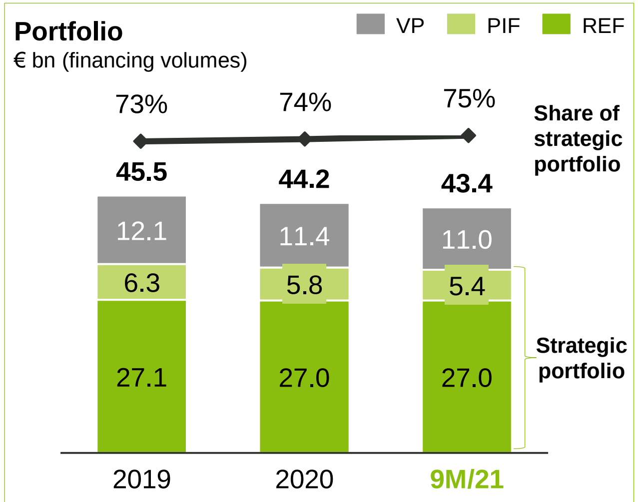
Net interest and commission income [1]
€ mn (IFRS)



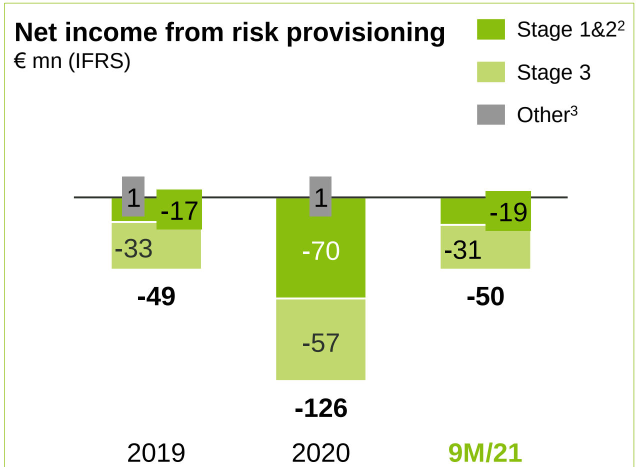
General and admin. expenses
€ mn (IFRS)



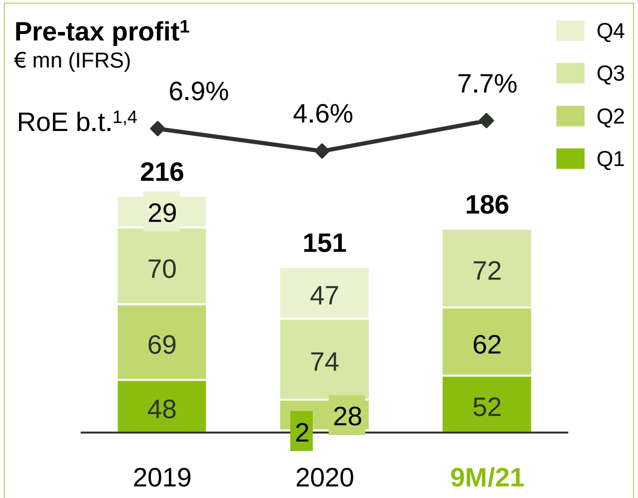
Portfolio
€ bn (financing volumes)



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 (2019: € -17 mn; 2020: € -17 mn; 9M/21: pro-rata € -13 mn)

Financials

Risk provisioning stays on moderate level – solid buffer to cope with potential further impacts from COVID-19 pandemic

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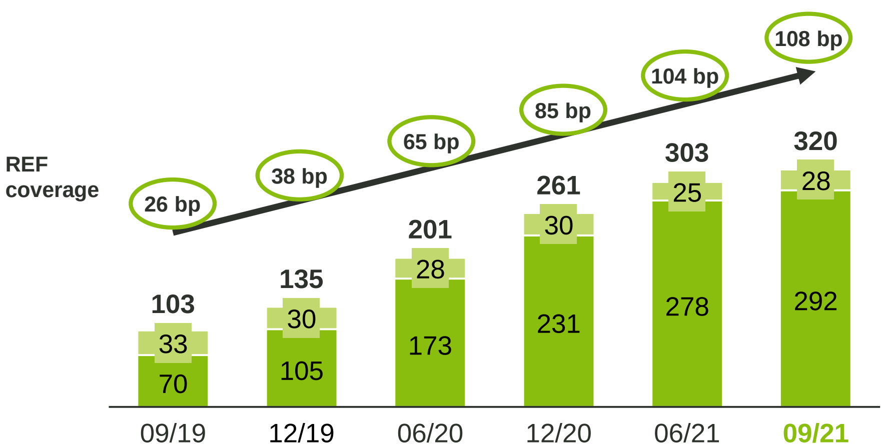
Net income from risk provisioning

€ mn

	Q3/20	Q3/21	9M/20	9M/21
Net income from risk provisioning	-14	-17	-84	-50
thereof				
stage 1	*4*	*1*	*-22*	*-8*
stage 2	*9*	*-2*	*-18*	*-12*
stage 3	*-31*	*-18*	*-43*	*-31*
Off balance sheet lending business	*4*	*2*	*-1*	*1*
Recoveries	*-*	*-*	*-*	*-*

Balance sheet – loss allowances

€ mn



Key drivers Q3/9M 2021

- **Net income from risk provisioning** of € -50 mn (9M/20: € -84 mn) – previous year strongly affected by COVID-19 pandemic
- **Stage 1&2: Net additions**[1] of € -19 mn (9M/20: € -41 mn) mainly driven by deteriorating PDs of selected business partners and new business, partially compensated by releases from improved parameters for a few deals (esp. LGDs), repayments and maturity effects

  Management overlay build up slightly by € 10 mn in Q3/21 taking account for potential delayed or newly arising effects from COVID-19 pandemic
  - Total management overlay now at € 48 mn
  - Overlay envisaged to be maintained at least until year-end, given current sharp rise in COVID-19 infections
- **Stage 3:** Net additions of € -31 mn (9M/20: € -43 mn); € -18 mn net additions in Q3 driven by
  - further increase of provisions for UK shopping centres (€ -11 mn)
  - transfer of one loan from stage 2 to stage 3 in Q3/21 – Office Park, Poland (€ -7 mn)
- Significant build up of **loss allowances on balance sheet** over the last quarters – **REF coverage** now at 108 bp
- **Coverage ratio:** Stage 3 coverage ratio[2] at 26% (06/21: 24%; 12/20: 25%; 12/19: 11%), additional collateral not taken into account

1 Incl. provisions in off balance sheet lending business   2 Coverage ratio = credit loss allowances on financial assets in stage 3 / gross book values in stage 3 (loans and securities)

New business

Solid REF new business volume of € 5.7 bn with stable avg. gross interest margin of ~170 bp and avg. LTV of 55%

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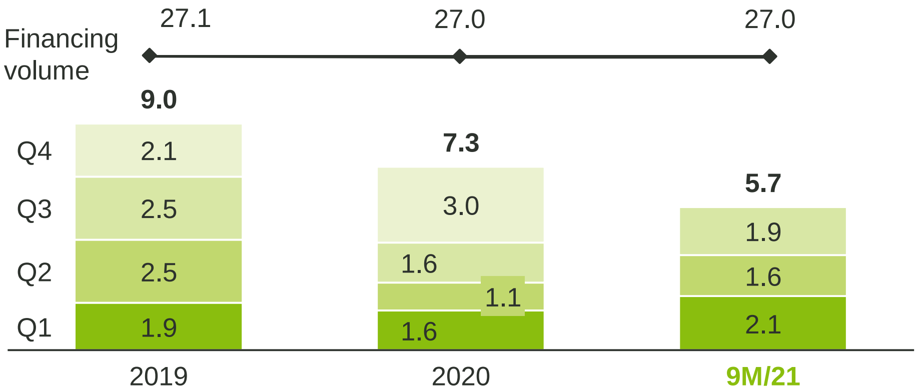
REF New business

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

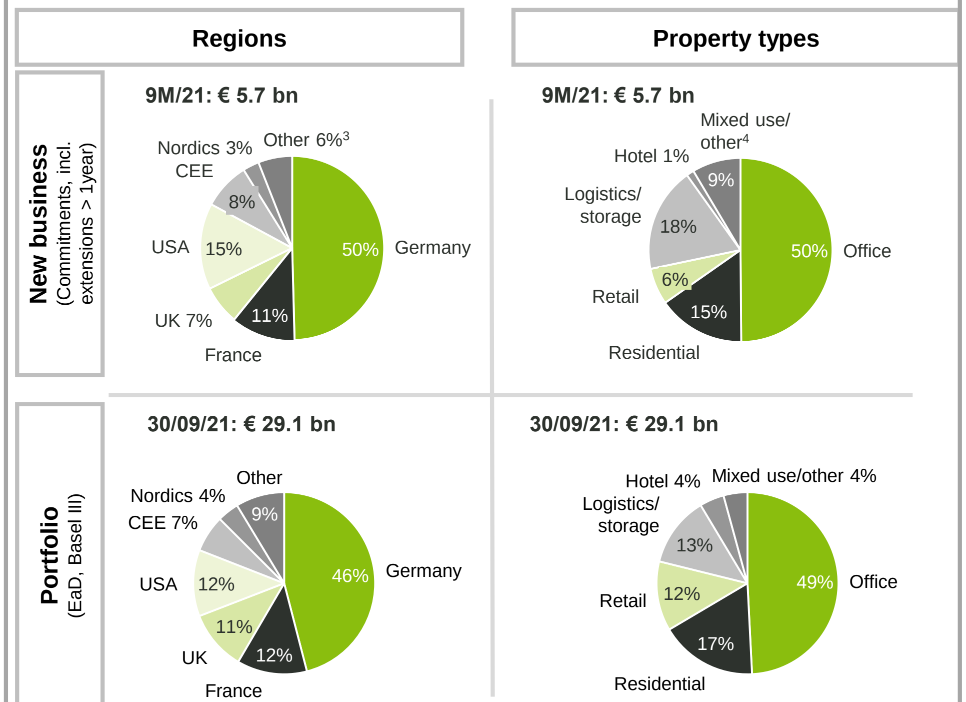


Key drivers Q3/9M 2021

- **REF new business** on solid level of € 5.7 bn and stable average gross interest margin despite continued selective approach and increased competition
  - **Avg. gross interest margin** stable at ~170 bp q-o-q (H1/21: ~170 bp; 2020: ~180 bp; 2019: ~155 bp)
  - Unchanged conservative risk positioning with **avg. LTV** of 55%[2]
  - In Q3/21, some more opportunities taken in the US again in line with sharp rise in overall investment volumes – US share up from 7% (H1/21) to 15% (9M/21) vs. portfolio share of 12%
  - **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 in Q4/21 at stable margin level

REF new business

	9M/20	FY20	9M/21
Total volume (€ bn)	4.3	7.3	5.7
thereof: *Extensions >1 year*	*1.4*	*2.6*	*1.7*
No. of deals	94	142	103
Avg. maturity (years)[1]	~4.0	~4.3	~4.7
Avg. LTV (%)[2]	53	54	55
Avg. gross interest margin (bp)	>180	~180	~170



Note: Figures may not add up due to rounding 1 Legal maturities 2 New commitments; avg. LTV (extensions): 9M/21: 55%; 9M/20: 53% 3 Netherlands, Austria, Switzerland and Spain 4 Land (53%), mixed use (27%), special property (21%)

Markets

Overall positive trend is further emerging, investment volumes recover and are almost on pre-Covid-19 level again

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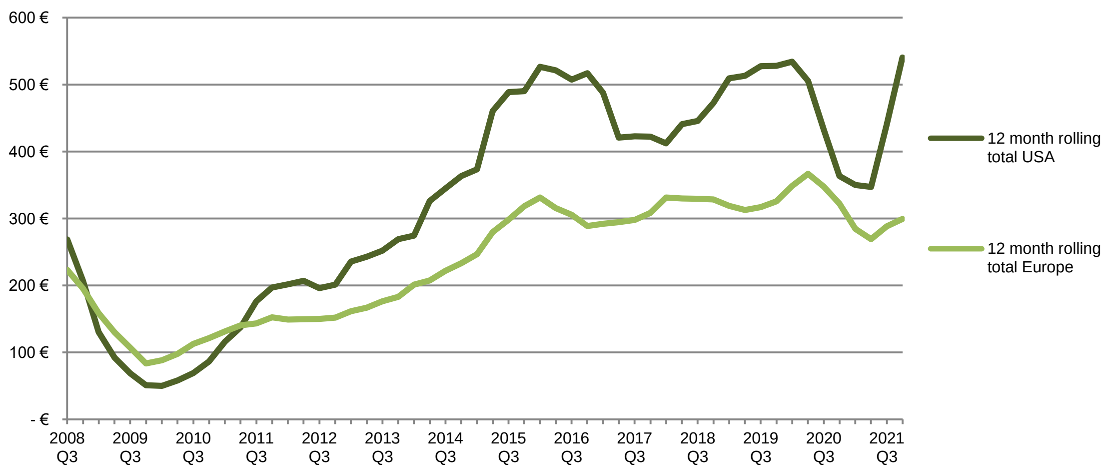
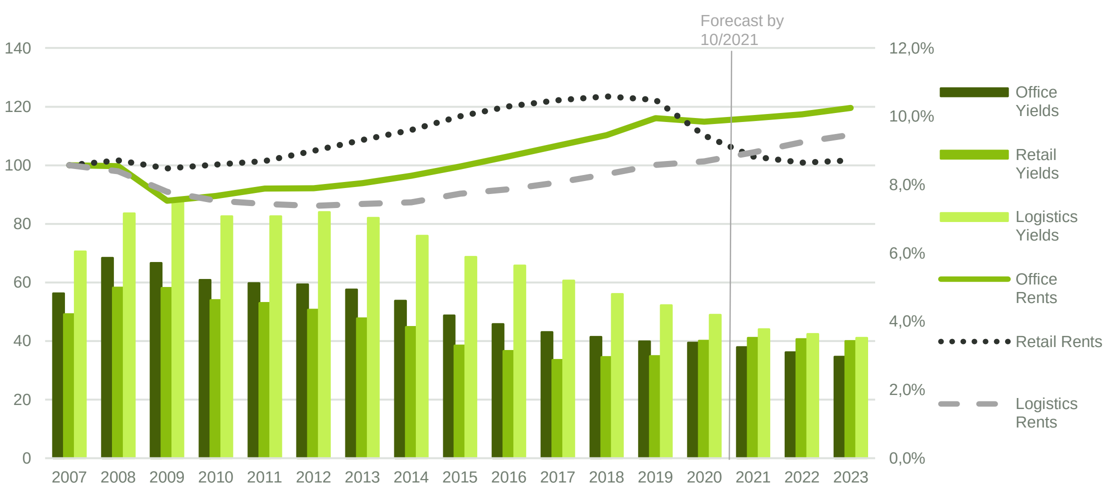
European and US Investment volume[1]
(€ bn)



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



- European and US CRE **investment volumes** showing further signs of recovery also in Q3/21
  - Quarterly US figures were 29% above the pre-pandemic trend
  - First figures for Q3/21 suggest positive trend also for Europe
- Europe:
  - Decreasing market values so far focused on **retail and hotel** sectors
  - **Office** yields continue to compress over the short to medium term, but on the back of relatively low volumes
  - **UK office** yields are expected to be stable whereas **retail** yields are not expected to stabilize before 2022
  - **Logistic** and **residential** assets are stable so far or see even increasing prices
- Germany:
  - **Office** prime yields are expected to see a continued but very modest inward yield shift driven by continued low interest rates despite an increase in vacancy
  - Deal activity and investor sentiment focus on **logistics**, **residential** and food-based and big box **retail** assets
  - Yields expected to increase, most notably for **shopping centres**
- USA:
  - Overall still commercial property price growth
  - Weaker trends for the CBD **office** and **retail** sectors, counteracted by strength in the **industrial** and **apartment** sectors
  - Yields for **office** properties are expected to increase

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 2021

Markets

Future structural challenges – “Green” as positive differentiating factor

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- Current crisis (COVID-19) different from last crisis (GFC) – no cyclical downturn of CRE market prices and subsequent upwards adjustment; pandemic accelerates **structural changes** in real estate markets and their subsegments
  - New **space concepts** (Hygiene standards / social distancing)
  - Changing **working environment** (Working from Home / reduced space requirement)
  - Change in **shopping behavior** (Online-Shopping / new shopping & leisure concepts)
- High liquidity and investment pressure among investors still lead to high demand, with **focus on Prime** (“flight “ to prime properties)
- Long term resilience of **property values** comes into focus – **“Green”** as decisive positive factor – reinforces “flight to prime”

- Future market development will be increasingly determined by **“Green” buildings”**
  - **ESG conformity** is becoming increasingly important
    - Legal / regulatory requirements
    - Social change / consciousness
  - **First indications** in the real estate market can already be observed
    - Better ‘lettability’ of ESG-conform properties (time, rental income)
    - Positive effect on stability of property value vs. “brown” real estate

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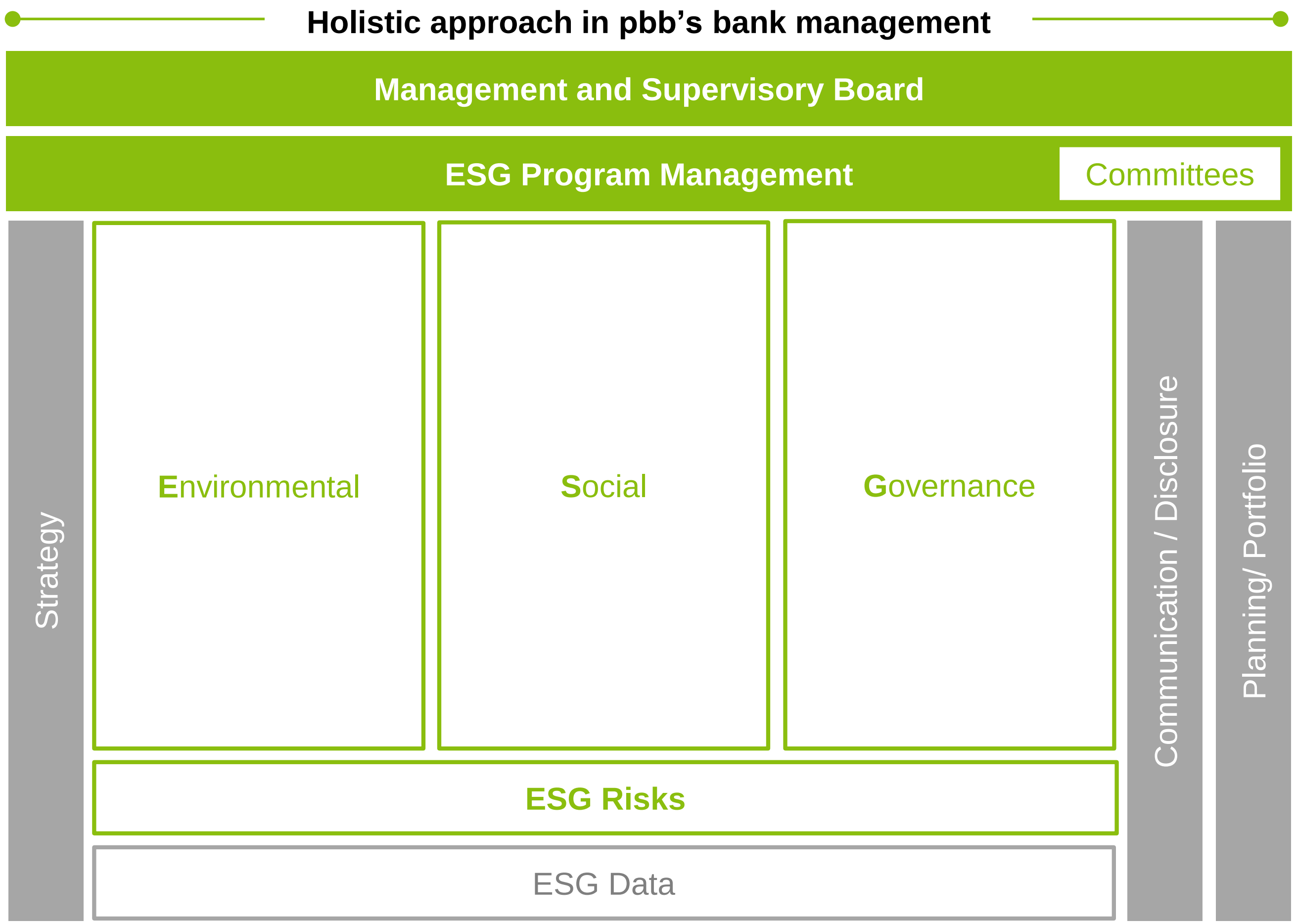
Focus on Green

- High attention of pbb on adaptation to **structural challenges** and contributing to **climate protection**
  - **pbb Green Bond** Concept in place since 2020 - two Senior Preferred Green Bond benchmark issuances successfully issued in 2021
  - **pbb Green Loan** Concept in place since October 2021 – Green loan as new credit product
- Property investors expected to increasingly incorporate **ESG/Green factors** into business plans

➢ **“Green” becomes the new standard for more stable demand and resilience of property value**

ESG

ESG Program provides for holistic approach in pbb's bank management – all ESG dimensions covered with clearly assigned responsibilities



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	• 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		

pbb Green Bond

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

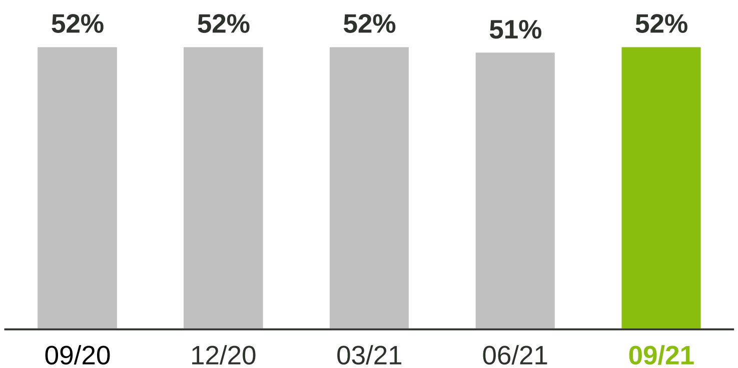
pbb Green Loan

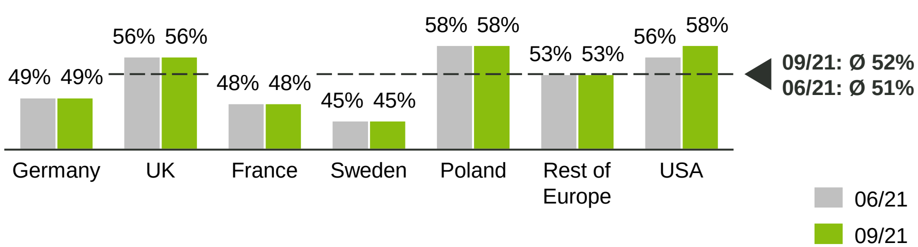
Portfolio

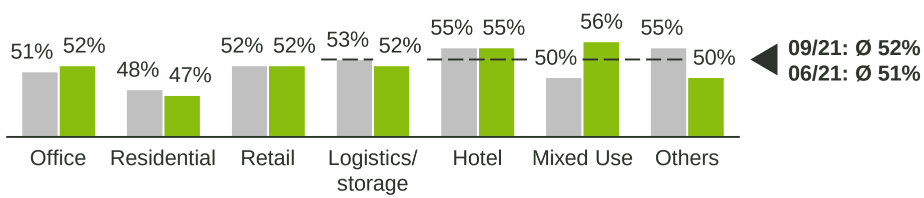
Business approach reflected in stable risk parameters and low average LTV of 52%, which provides solid risk buffer

REF Portfolio: Avg. weighted LTVs

% (commitments)[1]

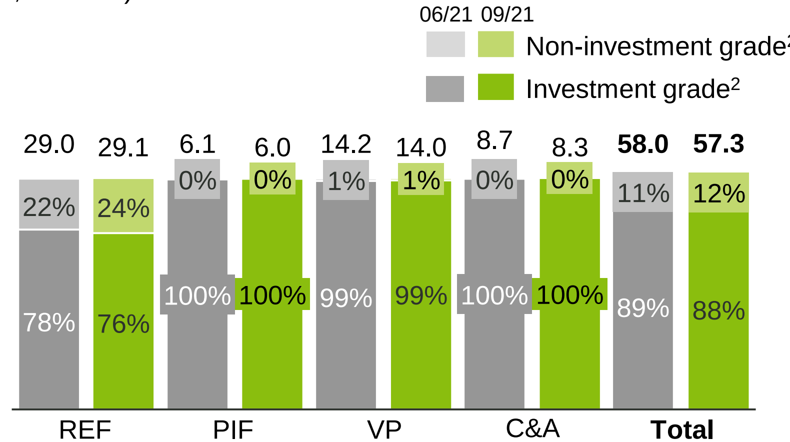






Total portfolio: Internal ratings (EL classes)

€ bn (EaD, Basel III)



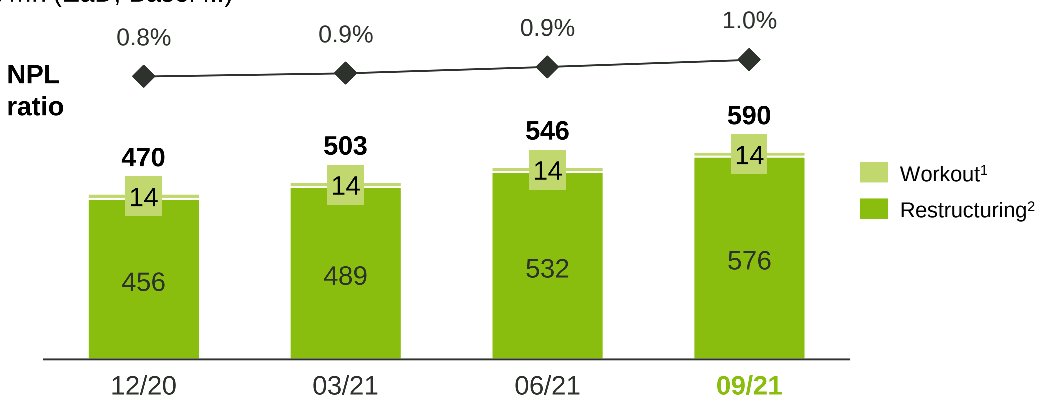
Key messages

- **Avg. LTV** of 52% stable y-o-y, reflecting pbb's business approach – LTV changes in regions and loan types reflect structural portfolio changes due to repayments and new business
- Slight decrease of **internal ratings** q-o-q due to individual downgrades

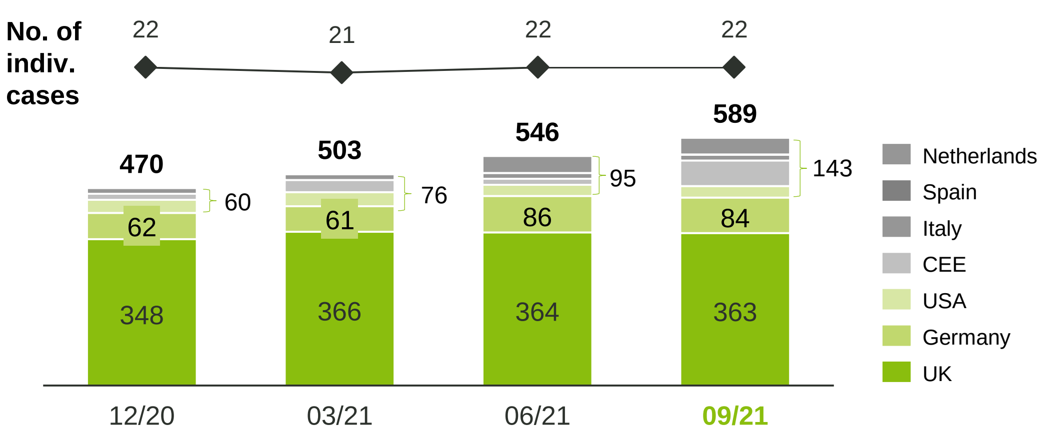
Note: Figures may not add up due to rounding 1 Based on performing investment loans only 2 EL classes 1-8 = Investment grade; EL classes 9-18 = Non-investment grade

Portfolio
NPLs remain on low level

Non-performing loans
€ mn (EaD, Basel III)



Non-performing loans – regions



Key drivers Q3/9M 2021

- **Non-performing loans** (NPLs) up to € 590 mn (06/21: € 546 mn; 12/20: € 470 mn)
  - **Restructuring loans** up to € 576 mn (06/21: 532 mn; 12/20: € 456 mn)
    - € 47 mn transfer of 1 loan to stage 3 in Q3/21 – Office Park, Poland

    partially compensated by
    - € 3 mn decrease in Q3/21 mainly from repayments and FX-effects
  - **Workout loans** stable at only € 14 mn (06/21: € 14 mn; 03/21: € 14 mn; 12/20: € 14 mn)

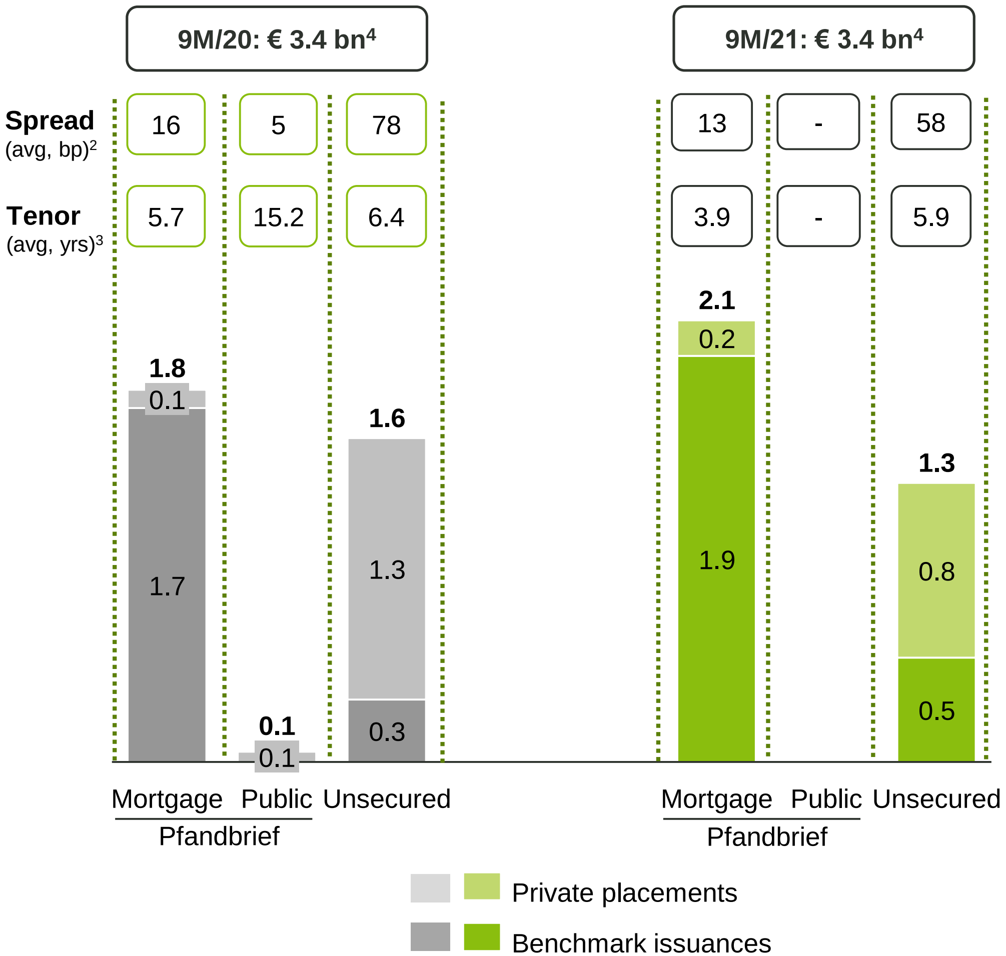
- **NPL ratio**[3] of 1.0% remains on low level (06/21: 0.9%; 03/21: 0.9%; 12/20: 0.8%)

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

Funding

Solid funding activities focused on non-Euro Pfandbriefe and "Green" Senior Preferred – funding optimised with TLTRO III

New long-term funding[1]
€ bn



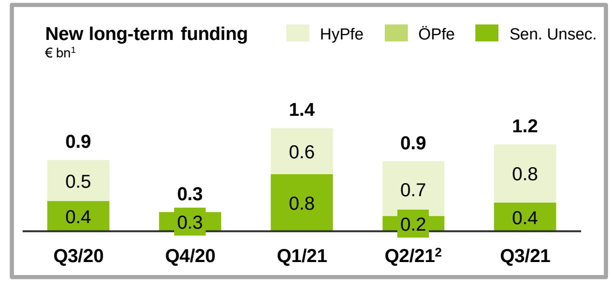
Funding Q3/9M 2021

- **Solid Pfandbrief funding** with focus on foreign currencies
  - USD 750 mn Pfandbrief
  - GBP 500 mn Pfandbrief
  - EUR 500 mn Pfandbrief
  - Pfandbrief Private Placements in SEK
- € 500 mn **inaugural Green Senior Preferred Benchmark** in 01/21, followed by an equally successful **second € 500mn Green Senior Preferred Benchmark** in 10/21. With two green Benchmarks, pbb is one of the most active issuers in Green Senior funding
- With a **second USD 750 mn Pfandbrief** issued in 10/21, pbb became the **largest USD Covered Bond issuer** in the RegS market.
- **TLTRO III** participation increased by € 0.9 bn to € 8.4 bn in June 2021 to optimise funding costs – TLTRO III provides an attractive and flexible source of funding (€ 0.7 bn "own use" Pfandbriefe issued as collateral for upsizing TLTRO III).
- **Comfortable liquidity buffer** sufficient to cover internal stress tests.
- **Retail deposit** funding scalable – in Q3/21 pbb direkt deposits amounted to € 3.2 bn (Q3/20: € 3.1 bn).
- **ALM profile** and **liquidity position** remain comfortable (NSFR >100%; LCR >150%).

Note: Figures may not add up due to rounding 1 Excl. retail deposit business 2 vs. 3M Euribor 3 Initial weighted average maturity 4 Excl. "own use" Pfandbriefe issued as collateral for TLTRO III

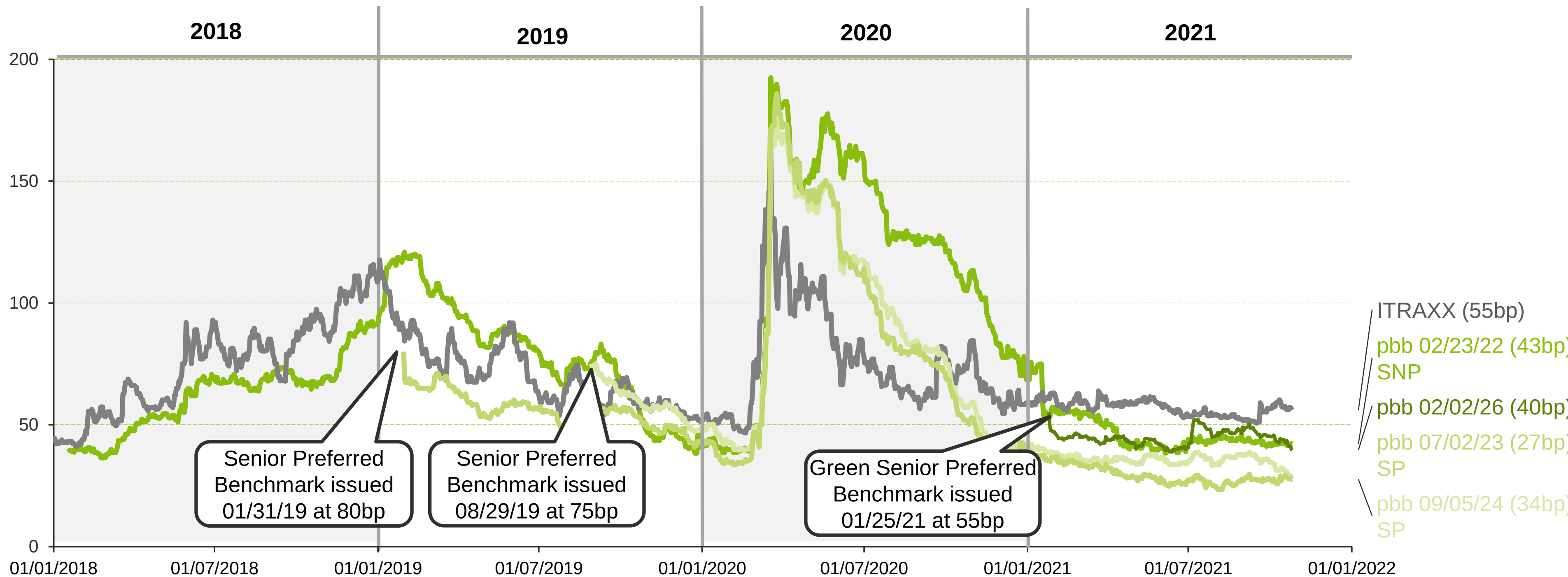
Funding

Secondary performance generally in line with broader market



Spread development of pbb Senior Benchmarks vs iTraxx Bank Senior

(Spread in bp vs. 6m Euribor)



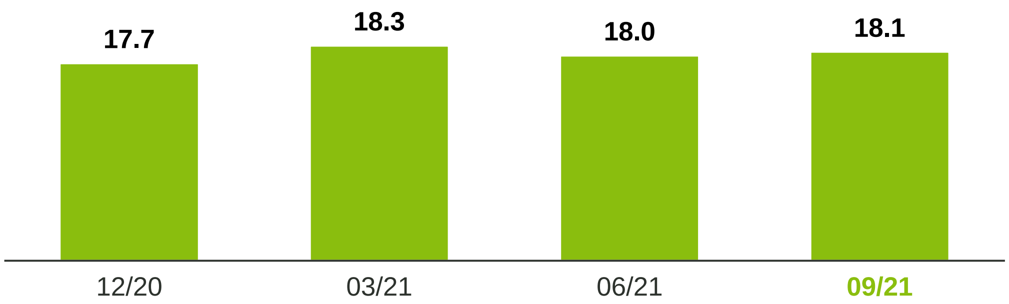
Source: Bloomberg 1 Excl. money market and deposit business 2 Excl. "own use" Pfandbriefe issued as collateral for TLTRO III

Capital

Capitalisation remains strong

Basel III: RWA

€ bn (IFRS)



Basel III: Equity and capital ratios

(IFRS)

Capital in € bn	12/20[1]	06/21[2]	09/21[2]
CET 1	2.9	2.8	2.7
AT 1	0.3	0.3	0.3
Tier 2	0.6	0.6	0.6
Total Equity	**3.8**	**3.7**	**3.6**

Capital ratios in %	12/20[1]	06/21[2]	09/21[2]
CET 1	16.1	15.4	14.9
Tier 1	17.8	17.1	16.6
Own funds	21.4	20.5	19.8
Leverage ratio	6.0	5.9	5.7

RWA development Q3/9M 2021

- RWA up q-o-q due to various effects
  - mainly as a result from increase in REF portfolio
  - partly compensated by maturity effects and technical adjustments
  - no material RWA effect from individual rating deteriorations in the light of COVID-19
- No significant systematic deterioration in the portfolio

Capital ratios

- CET 1 ratio of 14.9%[2] down (12/20: 16.1%[1]; 06/21: 15.4%[2]) reflecting only slight increase in RWA and decrease in regulatory capital
- Decrease in regulatory capital mainly resulting from EL shortfall and methodical reductions (e.g. income from pension commitments in Q2/21)
- Profit retention 2020 (after dividend payment) year-to-date profits 2021 and build-up of risk provisions 2021 not yet included in regulatory capital

SREP requirements

- SREP requirements (excl. anticipated countercyclical buffer of 45 bp):
  - CET 1 ratio: 9.5%
  - Tier 1 ratio: 11.0%
  - Own funds ratio: 13.0%
- ECB's Banking Supervisory Committee lowered requirements due to COVID-19 as of 12.03.2020 with 1.09%-pts CET1-relief for pbb – temporarily adjusted CET1 requirement at 8.86% (incl. anticipated countercyclical buffer)

Note: Figures may not add up due to rounding 1 After approved year-end accounts, 2020 result not included 2 Excl. interim result, 2020 result not included

Summary & Outlook

pbb well on track – full-year result 2021 expected at upper end or slightly above guidance of € 180-220 mn

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Strategic Initiatives	➢ **Digitalisation** initiatives on track with current focus on client interfaces and processes ➢ Comprehensive **ESG program** in place: Sound governance structure with Board responsibility, covering all ESG dimensions ➢ **Sustainable finance** as one key element of pbb's ESG strategy – 2nd **Green Bond** in unsecured benchmark format successfully issued in October 2021 – **Green Loan** as new credit product in place since October 2021 ➢ **ESG risks** structurally integrated in Risk Management landscape and overall business strategy – current focus on climate risk (physical/transitional risks)
9M/21	➢ **Strong 9M/21 result with PBT of € 186 mn** – **NII** remains on high level plus some support from prepayment fees – stable REF portfolio margin – **GAE** slightly up as expected – costs under control – **Risk provisions** on moderate level – underlines conservative risk profile of our portfolio – **New business** at solid volume, stable margins and low avg. LTV – continuing our selective approach – **Liquidity and capitalisation** stay comfortable
Outlook	➢ **pbb expects full-year result 2021 at upper end or slightly above guidance of € 180-220 mn** – NII is expected to stay stable, higher level of prepayment fees also expected in Q4/21 – GAE up in Q4/21 as usual – Risk provisioning expected to stay on moderate level while maintaining solid buffers for remaining potential COVID-19 risks ➢ **Optimistic outlook for 2022** – concrete guidance will be provided with publication of preliminary full-year results 2021 on 9 March 2022

Appendix

ESG – Governance & Strategy

pbb's ESG set-up and strategy provide for holistic approach with clearly assigned Board responsibility (1/3)

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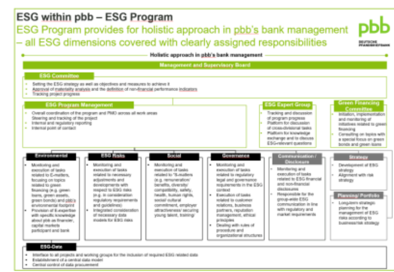
ESG Governance

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**

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 – Governance & Strategy

pbb's ESG set-up and strategy provide for holistic approach with clearly assigned Board responsibility (2/3)

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ESG Strategy

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

- Sustainability strategy also aligned to UN **Sustainable Development Goals** (**SDGs**), commitment to further relevant **initiatives** envisaged

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

Sustainable Finance

- As to pbb's business model, inter alia **strong focus on Sustainable Finance** and contribution to a **more climate-efficient real estate sector**
  - Systematic **collection of sustainability criteria** of financed properties **integral part of pbb's credit process**
  - **Green Bond Framework** in place – first Green Bond issued in Q1 2021
  - **Green Loan Framework** in place – Green Loan as new credit product since October 2021

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 – Governance & Strategy

pbb's ESG set-up and strategy provide for holistic approach with clearly assigned Board responsibility (3/3)

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Disclosure

Non-financial Reporting

- **Non-financial report** published since 2017 according to Non-Financial Reporting Directive (NFRD) / CSR Directive Implementation Act (CSR-RUG)
- Reporting obligations according to **EU Taxonomy Article 8 Delegated Act** (incl. Green Asset Ratio – GAR) as well as **Corporate Sustainability Reporting Directive** (CSRD) in preparation
- Transparancy **significantly increased** in recent years – **further expansion of reporting scope** envisaged

ESG – ESG Program

All ESG dimensions covered with clearly assigned responsibilities

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Holistic approach in pbb's bank management

Management and Supervisory Board

ESG Committee

- Setting the ESG strategy as well as objectives and measures to achieve it
- Approval of materiality analysis and the definition of non-financial performance indicators
- Tracking project progress

ESG Program Management

- Overall coordination of the program and PMO across all work areas
- Steering and tracking of the program
- Internal and regulatory reporting
- Internal point of contact

ESG Expert Group

- Tracking and discussion of program progress
- Platform for discussion of cross-divisional tasks
- Platform for knowledge exchange and to discuss ESG-relevant questions

Green Financing Committee

- Initiation, implementation and monitoring of initiatives related to green financing
- Consulting on topics with a special focus on green bonds and green loans

Environmental

- Monitoring and execution of tasks related to E-matters, focusing on topics related to green financing (e.g. green loans, green assets, green bonds) and pbb's environmental footprint
- Provision of E-expertise with specific knowledge about pbb as financier, capital markets participant and bank

ESG Risks

- Monitoring and execution of tasks related to necessary adjustments and developments with respect to ESG risks (e.g. in consideration regulatory requirements and guidelines)
- Integrated consideration of necessary data models for ESG risks
- In line with ECB's expectations, current focus on climate risks

Social

- Monitoring and execution of tasks related to "S-matters (e.g. remuneration/ benefits, diversity/ compatibility, safety, health, human rights, social/ cultural commitment, employer attractiveness/ securing young talent, training/

Governance

- Monitoring and execution of tasks related to regulatory legal and governance requirements in the ESG context
- Execution of tasks related to customer relations, business partners, reputation management, ethical principles
- Dealing with rules of procedure and organizational structures

Communication / Disclosure

- Monitoring and execution of tasks related to ESG financial and non-financial disclosures
- Responsible for the group-wide ESG communication in line with regulatory and market requirements

Strategy

- Development of ESG strategy
- Alignment with risk strategy

Planning/ Portfolio

- Long-term strategic planning for the management of ESG risks according to business/risk strategy

ESG-Data

- Interface to all projects and working groups for the inclusion of required ESG related data
- Establishment of a central data model
- Central control of data procurement

=Committees =Projects =Working groups

ESG – Sustainable Finance

Systematic collection of sustainability criteria of financed properties integral part of pbb's credit process

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Criteria
Energy demand/-consumption [kWh/(m²·a)]
"Green" building certification
Exclusion criteria for controversial customers and building use according to existing business strategy

Green Bond

- **Green Bond Framework** developed in line with market standard
- Documentation based on **ICMA Green Bond Principles**
- **Second Party Opinion** by Cicero Shades of Green (Light Green)
- Implementation completed in first half of 2020 and **first Green Bond issued in Q1 2021**

➕

Energy Reduction in Planning [kWh/(m²·a)] *
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**

Green Loan

- No established standard for green loans on the market yet – therefore, **Green Loan Framework** aligned with current regulatory (EU Taxonomy) and market developments
- Documentation based on **LMA Green Loan Principles**
- pbb Green Loan product offered **since mid-October 2021**

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

ESG – 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

- Energy demand/-consumption [kWh/(m²·a)]

OR

- Energy Reduction in Planning [kWh/(m²·a)]

MAX SCORE: 50 Points

II. Building Certification

- "Green" building certification

pbb Green Bond

MAX SCORE: 20 Points

MAX SCORE: 70 Points

III. Additional Sustainability Factors

- 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: 30 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

EU Taxonomy

Compliance with EU Taxonomy

pbb Green Loan

ESG – ESG ratings

ESG ratings do not yet reflect most recent ESG related activities

pbb
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MSCI

MSCI
ESG RATINGS

Rating: A

CCC	B	BB	BBB	**A**	AA	AAA

LAST UPDATE: November 2020

ISS ESG

Corporate ESG Performance
Prime
RATED BY ISS ESG

Rating: C

D-	D	D+	C-	**C**	C+	B-	B	B+	A-	A	A+

LAST UPDATE: January 2021

V.E, part of Moody's ESG Solutions

ESG OVERALL SCORE

ESG Overall Score: 43/100

LAST UPDATE: January 2021

ECB stress test 2021

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

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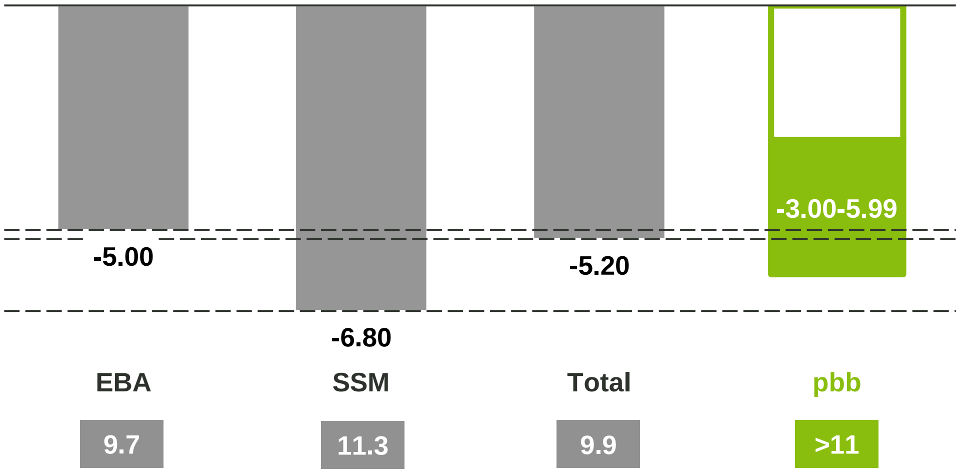
Stress test result 2021

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

Financials

Strong operating performance continued – risk provisioning remains on moderate level

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Income statement

€ mn

	Q3/20	Q3/21	9M/20	9M/21
Operating Income	**140**	**142**	**372**	**429**
Net interest income [1]	125	123	352	369
Net fee and commission income	1	1	4	6
Net income from fair value measurement	4	1	-12	3
Net income from realisations	4	17	20	55
Net income from hedge accounting	6	1	4	-2
Net other operating income	-	-1	4	-2
Net income from risk provisioning	-14	-17	-84	-50
General and administrative expenses	-48	-49	-145	-151
Expenses from bank levies and similar dues	-	1	-25	-28
Net income from write-downs and write-ups on non-financial assets	-4	-5	-14	-14
Pre-tax profit	**74**	**72**	**104**	**186**
Income taxes[1]	-23	-11	-31	-28
Net income	**51**	**61**	**73**	**158**

RoE before tax[2] (%)	9.7	8.9	4.3	7.7
RoE after tax[1,2] (%)	6.5	7.5	2.8	6.5
CIR[3] (%)	37.1	38.0	42.7	38.5
EpS[1,2] (€)	0.35	0.43	0.45	1.09

Key drivers Q3/9M 2021

- **NII** up y-o-y, supported by continued low refinancing costs (incl. pos. effect from TLTRO III), floor income and slight increase in average REF financing volume at increased portfolio margin
- **Fair value measurement** slightly positive – previous year mainly affected by credit spread driven valuation effects related to COVID-19 pandemic
- **Net income from realisations up** y-o-y, reflecting higher prepayment fees – no run-rate
- **Net income from hedge accounting** last year benefitted from positive one off effect from conversion of reference rates to €STR (€ 5 mn)
- **Net other operating income** burdened by FX effects – last year benefitted from the release of provisions
- **Risk provisioning significantly down** y-o-y – previous year strongly affected by COVID-19
- **GAE** up y-o-y mainly due to higher project costs
- **Income taxes** positively impacted by a deferred tax benefit due to changed accounting treatment; 2020 burdened by tax expenses for previous years from tax audits and not tax-deductible higher risk provision
- **RoE** and **EpS** taking into account pro-rata AT1 coupon[2]

1 2020 figures retrospectively adjusted according to IAS 8.42 2 After AT1 coupon (pro-rata Q3/9M 2021: € -4 mn / € -13 mn; Q3/9M 2020: € -4 mn / € -13 mn) 3 CIR = (GAE + net income from write-downs and write-ups on non-financial assets) / operating income

Key figures
pbb Group

DEUTSCHE PFANDBRIEFBANK

Income statement (€ mn)	2018	2019	Q1/20	Q2/20	Q3/20	Q4/20	2020	Q1/21	Q2/21	Q3/21	9M/21
Net interest income	450	458	111	116[9]	125[9]	124[9]	476[9]	123	123	123	369
Net fee and commission income	6	6	2	1	1	2	6	2	3	1	6
Net income from fair value measurement	-9	-7	-17	1	4	4	-8	2	0	1	3
Net income from realisations	32	48	14	2	4	6	26	21	17	17	55
Net income from hedge accounting	-1	-2	-1	-1	6	-	4	-1	-2	1	-2
Net other operating income	-7	3	1	3	-	18	22	-1	-	-1	-2
Operating Income	**471**	**506**	**110**	**122**	**140**	**154**	**526**	**146**	**141**	**142**	**429**
Net income from risk provisioning	-14	-49	-34	-36	-14	-42	-126	-10	-23	-17	-50
General and administrative expenses	-193	-202	-48	-49	-48	-59	-204	-51	-51	-49	-151
Expenses from bank levies and similar dues	-25	-24	-21	-4	-	-1	-26	-28	-1	1	-28
Net income from write-downs and write-ups on non-financial assets	-15	-18	-5	-5	-4	-5	-19	-5	-4	-5	-14
Net income from restructuring	-9	3	-	-	-	-	-	-	-	-	-
Pre-tax profit	**215**	**216**	**2**	**28**	**74**	**47**	**151**	**52**	**62**	**72**	**186**
Income taxes	-36	-37	-	-8	-23[9]	1[9]	-30[9]	-10	-7	-11	-28
Net income	**179**	**179**	**2**	**20**	**51**	**48**	**121**	**42**	**55**	**61**	**158**

Key ratios (%)	2018	2019	Q1/20	Q2/20	Q3/20	Q4/20	2020	Q1/21	Q2/21	Q3/21	9M/21
CIR[1]	44.2	43.5	48.2	44.3[9]	37.1[9]	41.6[9]	42.4[9]	38.4	39.0	38.0	38.5
RoE before tax	7.1	6.9	-0.3	3.3	9.7[9]	5.9[9]	4.6[9]	6.4	7.8	8.9	7.7
RoE after tax	5.9	5.7	-0.3	2.2	6.5[9]	6.0[9]	3.6[9]	5.1	6.9	7.5	6.5

Balance sheet (€ bn)	12/18	12/19	03/20	06/20	09/20	12/20	12/20	03/21	06/21	09/21
Total assets	57.8	56.8	56.6	60.7	60.2	58.9	58.9	58.1	59.0	58.8
Equity	3.3	3.2	3.2	3.2	3.3	3.3	3.3	3.3	3.3	3.4
Financing volume	46.4	45.5	45.0	44.5	44.4	44.2	44.2	44.6	43.4	43.4

Regulatory capital ratios[2]	12/18	12/19	03/20	06/20	09/20	12/20	12/20	03/21	06/21	09/21
RWA (€ bn)	14.6	17.7	17.3	17.4	17.8	17.7	17.7	18.3	18.0	18.1
CET 1 ratio – phase in (%)	18.5[3]	15.9[4]	16.3[5]	15.8[5]	15.3[5]	16.1[6]	16.1[6]	15.4[7]	15.4[8]	14.9[8]

Personnel	12/18	12/19	03/20	06/20	09/20	12/20	12/20	03/21	06/21	09/21
Employees (FTE)	750	752	749	763	772	782	782	779	779	782

Note: annual results audited, interim results Q1 2020/21 and Q3 2020/21 unaudited, interim results Q2 2020/21 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 Incl. full-year result, post dividend 4 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 5 Excl. interim result, incl. full-year result 2019 6 After approved year-end accounts 7 Excl. Interim result, post proposed dividend 2020 8 Excl. Interim result 9 2020 figures retrospectively adjusted according to IAS 8.42

Key figures
Real Estate Finance (REF)

pbb DEUTSCHE PFANDBRIEFBANK

Income statement (€ mn)	2018	2019[3]	Q1/20	Q2/20	Q3/20	Q4/20	2020	Q1/21	Q2/21	Q3/21	9M/21
Net interest income	372	388	93	95[4]	104[4]	104[4]	396[4]	104	104	103	311
Net fee and commission income	6	7	2	1	1	2	6	2	3	1	6
Net income from fair value measurement	-8	-8	-4	1	-2	-1	-6	1	-	1	2
Net income from realisations	27	48	11	2	4	7	24	21	17	17	55
Net income from hedge accounting	-1	-1	-1	-	3	1	3	-1	-1	1	-1
Net other operating income	-5	2	2	5	-	12	19	-1	1	-1	-1
Operating Income	**391**	**436**	**103**	**104**	**110**	**125**	**442**	**126**	**124**	**122**	**372**
Net income from risk provisioning	-22	-57	-33	-39	-13	-44	-129	-11	-23	-15	-49
General and administrative expenses	-154	-164	-41	-42	-41	-51	-175	-44	-44	-43	-131
Expenses from bank levies and similar dues	-14	-14	-12	-3	-	-1	-16	-17	-1	1	-17
Net income from write-downs and write-ups on non-financial assets	-12	-15	-4	-4	-4	-4	-16	-4	-4	-4	-12
Net income from restructuring	-7	3	-	-	-	-	-	-	-	-	-
Pre-tax profit	**182**	**189**	**13**	**16**	**52**	**25**	**106**	**50**	**52**	**61**	**163**

Key ratios (%)	2018	2019	Q1/20	Q2/20	Q3/20	Q4/20	2020	Q1/21	Q2/21	Q3/21	9M/21
CIR[1]	42.5	41.1	43.7	44.2[4]	40.9[4]	44.0[4]	43.2[4]	38.1	38.7	38.5	38.4
RoE before tax	12.9	11.3	2.5	3.2	11.4	4.9	5.5	9.9	10.1	11.8	10.6

Key figures (€ bn)	12/18	12/19	03/20	06/20	09/20	12/20	12/20	03/21	06/21	09/21
Equity[2]	1.4	1.7	1.7	1.7	1.8	1.9	1.9	1.9	1.9	2.0
RWA	8.3	15.8	15.4	15.5	16.1	16.0	16.0	16.6	16.2	16.4
Financing volume	26.8	27.1	26.8	26.7	26.8	27.0	27.0	27.5	26.8	27.0

Note: annual results 2018, 2019 and 2020 audited, interim results Q1 2020/21 and Q3 2020/21 unaudited, interim results Q2 2020/21 unaudited, but reviewed
1 CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income 2 Equity now allocated according to going concern view instead of liquidation approach
3 Segment allocation of net interest income and equity retrospectively adjusted 4 2020 figures retrospectively adjusted according to IAS 8.42

Key figures

Public Investment Finance (PIF)

DEUTSCHE PFANDBRIEFBANK

Income statement (€ mn)	2018	2019[3]	Q1/20	Q2/20	Q3/20	Q4/20	2020	Q1/21	Q2/21	Q3/21	9M/21
Net interest income	34	37	9	10	10	9	38	9	9	10	28
Net fee and commission income	1	-	-	-	-	-	-	-	-	-	-
Net income from fair value measurement	-2	-2	-1	-	-	-	-1	-	-	-	-
Net income from realisations	5	1	1	-	-	-	1	-	-	1	1
Net income from hedge accounting	-	-	-	-	1	-1	-	-	-	-	-
Net other operating income	-	-	-	1	-	2	3	-	-	-1	-1
Operating Income	**38**	**36**	**9**	**11**	**11**	**10**	**41**	**9**	**9**	**10**	**28**
Net income from risk provisioning	4	-	-	-	-1	-	-1	-	-	-	-
General and administrative expenses	-27	-25	-4	-5	-5	-5	-19	-4	-5	-4	-13
Expenses from bank levies and similar dues	-4	-3	-3	-	-	-	-3	-4	-	-	-4
Net income from write-downs and write-ups on non-financial assets	-2	-2	-1	-	-	-1	-2	-1	-	-	-1
Net income from restructuring	-1	-	-	-	-	-	-	-	-	-	-
Pre-tax profit	**8**	**6**	**1**	**6**	**5**	**4**	**16**	**-**	**4**	**6**	**10**

Key ratios (%)	2018	2019	Q1/20	Q2/20	Q3/20	Q4/20	2020	Q1/21	Q2/21	Q3/21	9M/21
CIR[1]	76.3	75.0	55.6	45.5	45.5	60.0	51.2	55.6	55.6	40.0	50.0
RoE before tax	5.4	2.7	1.5	11.4	9.9	8.5	8.0	-0.6	11.6	13.5	8.2

Key figures (€ bn)	12/18	12/19	03/20	06/20	09/20	12/20	12/20	03/21	06/21	09/21
Equity[2]	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
RWA	1.4	0.8	0.8	0.8	0.8	0.8	0.8	0.7	0.7	0.7
Financing volume	6.4	6.3	6.3	6.0	5.9	5.8	5.8	5.7	5.5	5.4

Note: annual results 2018, 2019 and 2020 audited, interim results Q1 2020/21 and Q3 2020/21 unaudited, interim results Q2 2020/21 unaudited, but reviewed

1 CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income 2 Equity now allocated according to going concern view instead of liquidation approach

3 Segment allocation of net interest income and equity retrospectively adjusted

Key figures
Value Portfolio (VP)

DEUTSCHE PFANDBRIEFBANK

Income statement (€ mn)	2018	2019[3]	Q1/20	Q2/20	Q3/20	Q4/20	2020	Q1/21	Q2/21	Q3/21	9M/21
Net interest income	39	29	8	10	10	10	38	9	10	9	28
Net fee and commission income	-1	-1	-	-	-	-	-	-	-	-	-
Net income from fair value measurement	1	3	-12	-	6	5	-1	1	-	-	1
Net income from realisations	-	-1	2	-	-	-1	1	-	-	-1	-1
Net income from hedge accounting	-	-1	-	-1	2	-	1	-	-1	-	-1
Net other operating income	-2	1	-1	-3	-	4	-	-	-1	1	-
Operating Income	**37**	**30**	**-3**	**6**	**18**	**18**	**39**	**10**	**8**	**9**	**27**
Net income from risk provisioning	4	8	-1	3	-	2	4	1	-	-2	-1
General and administrative expenses	-12	-13	-3	-2	-2	-3	-10	-3	-2	-2	-7
Expenses from bank levies and similar dues	-7	-7	-6	-1	-	-	-7	-7	-	-	-7
Net income from write-downs and write-ups on non-financial assets	-1	-1	-	-1	-	-	-1	-	-	-1	-1
Net income from restructuring	-1	-	-	-	-	-	-	-	-	-	-
Pre-tax profit	**20**	**17**	**-13**	**5**	**16**	**17**	**25**	**1**	**6**	**4**	**11**

Key ratios (%)	2018	2019	Q1/20	Q2/20	Q3/20	Q4/20	2020	Q1/21	Q2/21	Q3/21	9M/21
CIR[1]	35.1	46.7	n/a	50.0	11.1	16.7	28.2	30.0	25.0	33.3	29.6
RoE before tax	1.4	1.7	-9.2	2.8	11.1	12.9	3.9	0.3	4.4	2.7	2.4

Key figures (€ bn)	12/18	12/19	03/20	06/20	09/20	12/20	12/20	03/21	06/21	09/21
Equity[2]	1.1	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5
RWA	4.0	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.3
Financing volume	13.2	12.1	11.9	11.8	11.7	11.4	11.4	11.4	11.1	11.0

Note: annual results 2018, 2019 and 2020 audited, interim results Q1 2020/21 and Q3 2020/21 unaudited, interim results Q2 2020/21 unaudited, but reviewed
1 CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income 2 Equity now allocated according to going concern view instead of liquidation approach
3 Segment allocation of net interest income and equity retrospectively adjusted

Balance sheet

Specialist lender with attractive German Pfandbrief as major funding instrument

DEUTSCHE PFANDBRIEFBANK

Balance sheet

IFRS, € bn

Assets	30/09/21	31/12/20	Liabilities & equity	30/09/21	31/12/20
Financial assets at fair value through P&L	**1.4**	**1.4**	**Financial liabilities at fair value through P&L**	**0.6**	**0.6**
thereof			thereof		
Positive fair values of stand-alone derivatives	0.6	0.7	Negative fair values of stand-alone derivatives	0.6	0.6
Debt securities	0.1	0.1	**Financial liabilities measured at amortised cost**	**53.0**	**52.6**
Loans and advances to customers	0.7	0.5	thereof		
Financial assets at fair value through OCI	**1.3**	**1.5**	Liabilities to other banks (incl. central banks)	10.7	9.8
thereof			thereof		
Debt securities	1.0	1.4	*Registered Mortgage Pfandbriefe*	*0.3*	*0.3*
Loans and advances to customers	0.3	0.1	*Registered Public Pfandbriefe*	*0.5*	*0.5*
Financial assets at amortised cost (after credit loss allowances)	**48.1**	**48.7**	Liabilities to other customers	20.6	22.6
thereof			thereof		
Debt securities	7.0	7.5	*Registered Mortgage Pfandbriefe*	*3.7*	*4.3*
Loans and advances to other banks	3.0	1.9	*Registered Public Pfandbriefe*	*8.4*	*9.1*
Loans and advances to customers	38.1	39.3	Bearer Bonds	21.1	19.5
Positive fair values of hedge accounting derivatives	**1.1**	**1.7**	thereof		
Other assets	**6.9**	**5.6**	*Mortgage Pfandbriefe*	*12.2*	*10.7*
			Public Pfandbriefe	*2.3*	*2.3*
			Subordinated liabilities	0.7	0.7
			Negative fair values of hedge accounting derivatives	**1.4**	**1.9**
			Other liabilities	**0.4**	**0.5**
			Equity (attributable to shareholders)	**3.1**	**3.0**
			AT1-capital	**0.3**	**0.3**
Total Assets	**58.8**	**58.9**	**Total liabilities & equity**	**58.8**	**58.9**

Share of Pfandbriefe of refinancing liabilities

52% / 52%

Note: Figures may not add up due to rounding

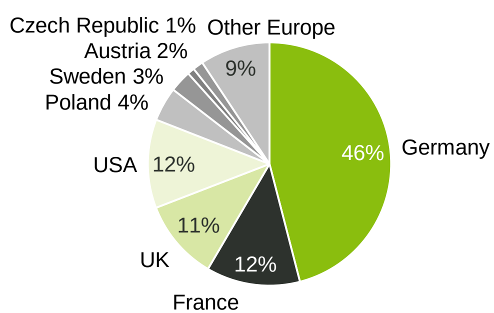
Portfolio

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

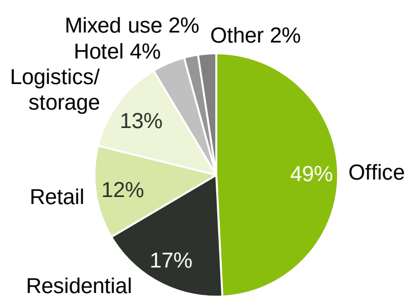
30/09/2021 (EaD, Basel III)

Real Estate Finance

by region

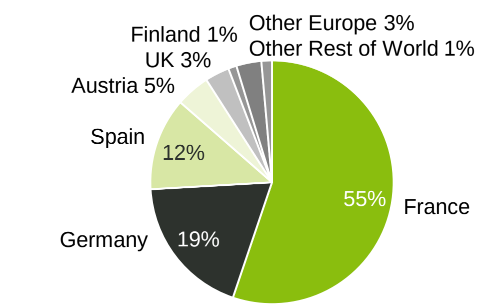


by property type / borrower classification[1]

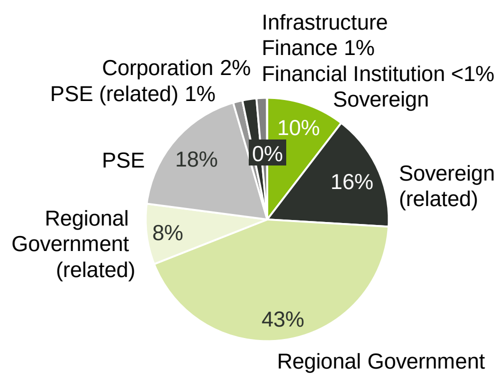


Public Investment Finance

by region

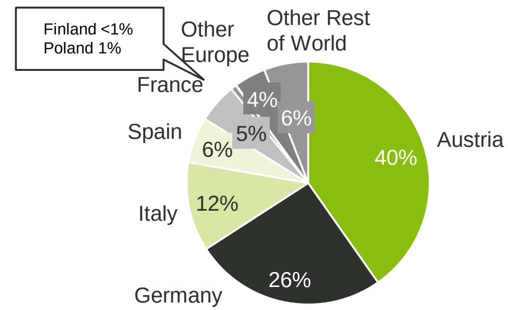


by property type / borrower classification[1]

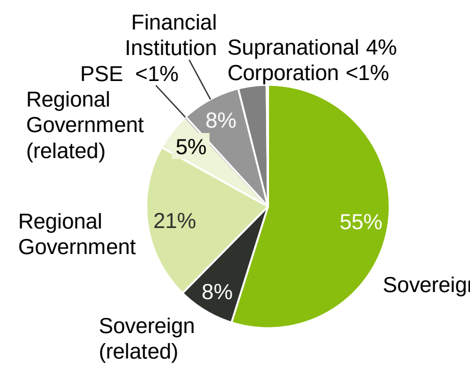


Value Portfolio

by region



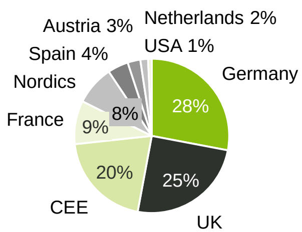
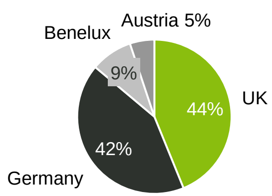
by property type / borrower classification[1]



	Real Estate Finance	Public Investment Finance	Value Portfolio
Vol.	**€ 29.1 bn**	**€ 6.0 bn**	**€ 14.0 bn**
Strategy	**Strategic portfolio – moderate growth targeted**	**Strategic portfolio – in "hold" mode**	**Non-strategic portfolio – in run-down mode**

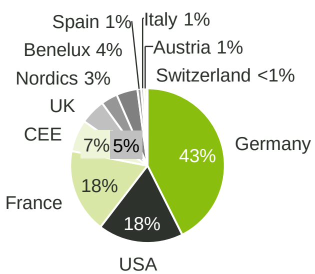
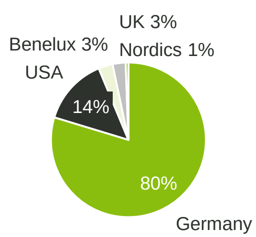
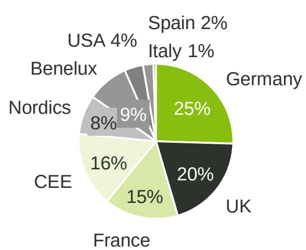
Note: Figures may not add up due to rounding 1 See appendix for definition of borrower classification

Markets
Sub-segments

Property type	Regions	Evaluation of current situation	Challenges	Risk positioning
Retail € 3.6 bn (12%)		▪ 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 ▪ High street properties: declines in rents and slight rise in yields ▪ Downward trend in secondary locations and smaller cities expected to intensify ▪ Further development very much dependent on further development of COVID-19 pandemic	▪ Short Term: supply chain challenges could increase pressure on tenants in particular in upcoming Christmas sale period ▪ Short Term: threads to income stability in some countries could hamper post COVID-19 pandemic recovery of retail markets in non-food sectors ▪ 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 ~51% or € 3.5 bn since 2016 (09/21: € 3.6 bn; 12/16: € 7.1 bn). ▪ Only investment loans, almost no development loans ▪ Conservative risk positioning: avg. LTV of 52%[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) € 1.3 bn (4%)		▪ Due to ongoing restrictions for travel and events only minor catch-up effect ▪ Operators with a wide variety of measures to cut costs/use downtime meaningful (e.g. renovations)/tap into additional capital/liquidity sources ▪ Rising competition leads to insolvencies for small operators ▪ Present increased vaccination activity fosters expectation of a recovery ▪ Hotels dependent on international tourist and business travelers not expected to substantially recover in short-/mid-term ▪ Leisure hotels focused on domestic guests with good accessibility expected to recover faster	▪ Recovery of performance to pre-Corona-levels not before 2023/24 ▪ 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 € 1.3 bn ▪ Focus on prime location secures base value of properties ▪ Conservative risk positioning: avg. LTV of 55%[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

Markets
Sub-segments

Property type	Regions	Evaluation of current situation	Challenges	Risk positioning
Office € 14.3 bn (49%)		▪ Slight rise in vacancies ▪ No strategic disinvestments, but in long term context relatively low investors demand. Yields moved out in a handful of markets and some further yield softening can be expected. ▪ Investors are increasingly turning to high quality prime properties and thus a strong separation between prime and other locations is occurring in the market.	▪ Financial difficulties of tenants / insolvencies expected to increase ▪ 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 negativly 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 ▪ In new business transactions detailed analysis of “green profile” of properties including associated risk
Residential € 5.0 bn (17%)		▪ At present, markets are relatively stable, especially in countries with strong social welfare programs ▪ Negative impact on occupancy ratios in US and UK ▪ Growth in rental and sales prices seen so far expected to soften in future ▪ Stabilising element: investors tend to classify residential as solid asset class with partially increasing demand	▪ 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 € 5.0 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 € 3.6 bn (13%)		▪ Logistic properties are very popular for investors ▪ Prices have decoupled from overall trend and increased in last years ▪ Benefitting from increasing focus on e-commerce and the need of more resilient supply chains ▪ Possible, further price increases in a short term fueled by higher rental growth and prime yield compression, especially for modern urban logistics properties	▪ Currently taking advantage of the pandemic crisis 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 13% ▪ Focus on locations: good infra-structure, connection to a variety of different transportation routes ▪ Conservative risk positioning: avg. LTV of 52% provides good buffer and supports commitment of investors/sponsors ▪ Well diversified portfolio ▪ High quality of sponsors

1 Based on performing investment loans only

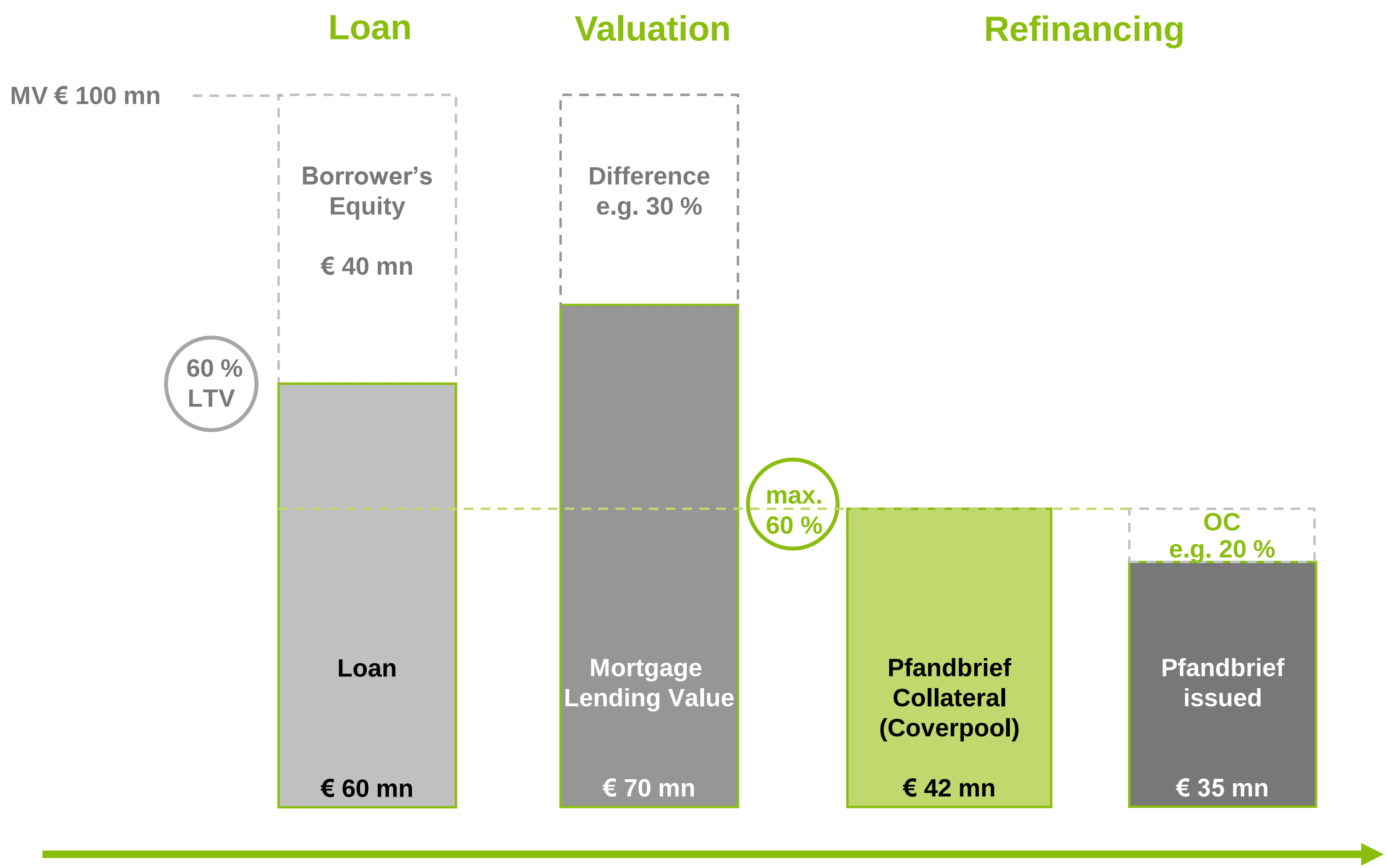
Definition of borrower classifications

DEUTSCHE PFANDBRIEFBANK

Borrower classification	Definition
Sovereign	Direct and indirect obligations of Central Governments, Central Banks and National Debt Agencies
Sovereign (related)	Indirect obligations of Non Sovereigns with an explicit first call guarantee by a Sovereign
Regional Government	Direct and indirect obligations of Regional, Provincial and Municipal Governments
Regional Government (related)	Indirect obligations of Non Regional Government with an explicit first call guarantee by a Regional Government
Public Sector Enterprise	Direct obligations of administrative bodies and non commercial/non-profit undertakings
Public Sector Enterprise (related)	Indirect obligations of Non Public Sector Enterprise with an explicit first call guarantee by a Public Sector Enterprise
Financial Institution	Direct and indirect obligations of Universal Banks, Investment Banks, Mortgage Institutions, Brokerages and other banks or Basel regulated institution
Corporation	Direct and indirect obligations of enterprises, established under corporate law and operating in a for profit or competitive environment
Structured Finance	Obligations of an SPV which references the risk of an underlying pool of securitised assets, either synthetically via CDS or directly, the tranches issued by the SPV have different seniority to each other
Supranational	Direct obligations to international Organisations and International Investment and Development Banks
Other	Direct obligations to Individuals

Funding

Pfandbrief funding – effect of the Mortgage Lending Value (very simplified example)



Mandated Ratings

DEUTSCHE PFANDBRIEFBANK

Bank ratings	S&P	
Long-term	**BBB+**	
Outlook/Trend	Negative	
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]	BB+	
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"

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