pbb Deutsche Pfandbriefbank

Company Presentation

March 2022

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Agenda

Business Model & Strategy

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

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
  - 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

Value Proposition for Equity Investors

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

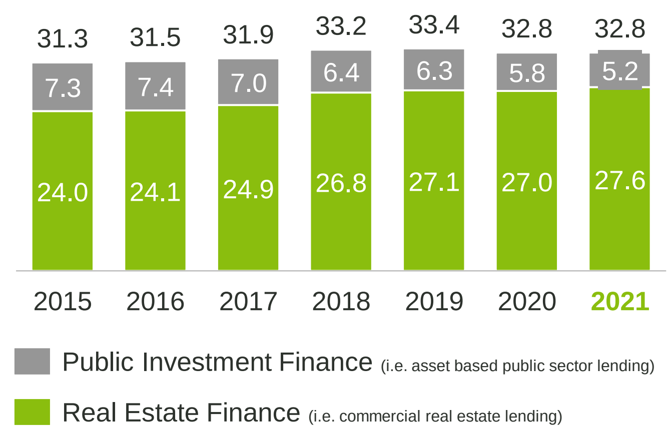
Key figures

(IFRS, 31/12/2021)

Total assets	€ 58.4 bn
Total equity	€ 3.8 bn
RWA	€ 16.8 bn
CET1 ratio[1]	17.1%
Leverage ratio[1]	6.0%
RoE before taxes	7.5%
FTE	784

Strategic portfolio

Financing volume in € bn



1 Incl. full-year result, post proposed dividend 2021

Ukraine/Russia crisis – impact on pbb

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

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pbb – Status quo & Challenges

Portfolio and bank operations

- **No direct exposure** in/to Ukraine and Russia (country of risk)
- **Indirect risks** from resp. countries **only marginal**
- **No material tenant risk**
- **No exposure** to Ukrainian and Russian banks
- **SWIFT** – no direct effects
- **No currency exposure** to resp. countries
- **No direct service relationships**
- **No employees and offices** in resp. countries

Market Spreads / Refinancing

- **Moderate spread widening** on Senior Unsecured since beginning of Russian invasion; Pfandbrief spreads robust
- **Solid pre-funding since January 2022**: € 930 mn Senior Unsecured and € 850 mn Pfandbrief
- **Comfortable liquidity reserve**

Macro-economic challenges

- **Economic growth** – post-Corona recovery vs. current crisis
- **Inflation** – increasing trend
- **Interest rates** – upward trend vs. Reversal of policies
- **Sanctions** – impact on overall economy (e.g. export/import, supply chain)

Market impacts

Markets

- Length and severity of conflict highly uncertain
- Second round effects complex and hard to predict
- Further sanctions likely
- Economic growth likely to slow down
- Impact from energy prices to further force inflation
- Consequences for monetary policy and interest rates unclear

Commercial Real Estate

- 'Flight to quality' – prime/core assets expected to benefit from increasing demand
- Overall tenant risk may increase – mitigated by asset quality, low LTVs and diversification
- Liquidity and strong capital supports value stability in 'safe haven assets'
- Transaction pipeline presently unaffected

pbb well positioned

- **Conservative approach** – focus on core Europe/US, prime locations, prime clients and prime assets
- **Proven resilience** through Corona crisis and ECB stress test
- **Strong capital base** to support profitable REF portfolio growth even in difficult times

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Operating and financial overview

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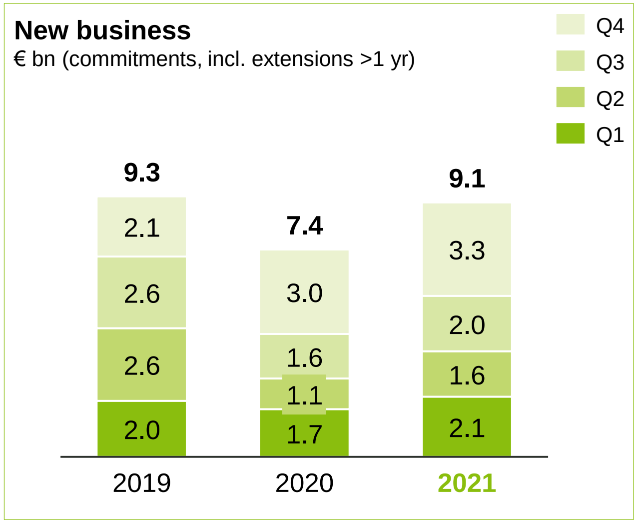

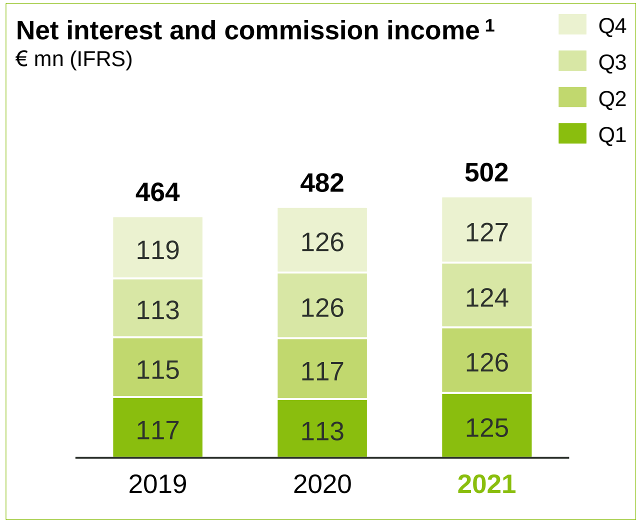

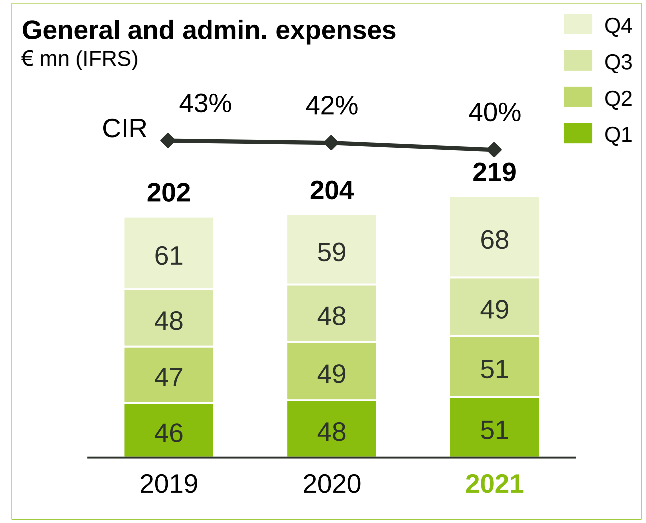

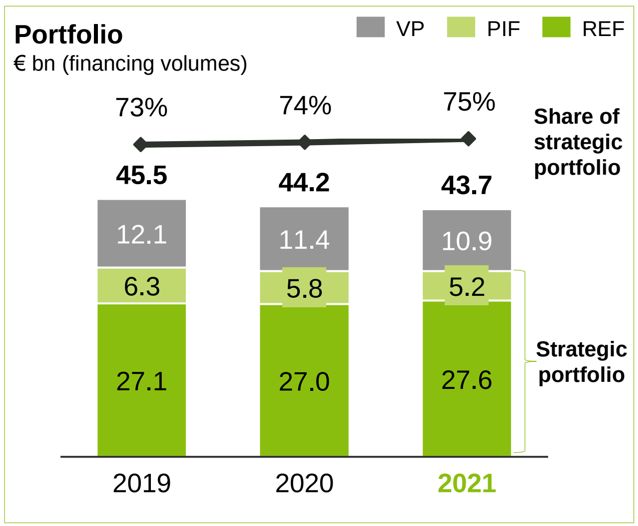

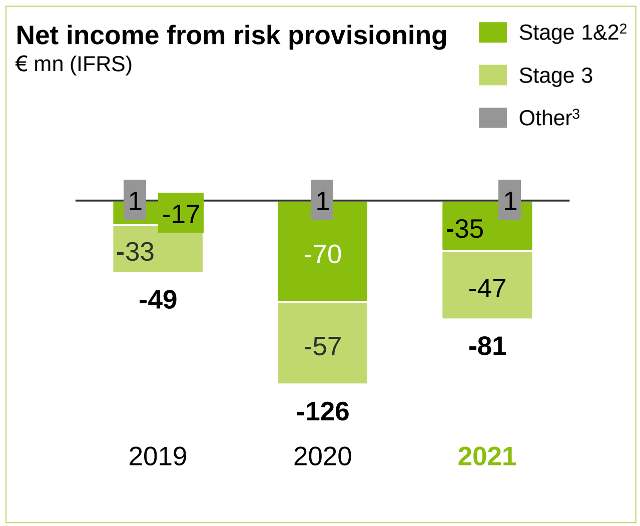

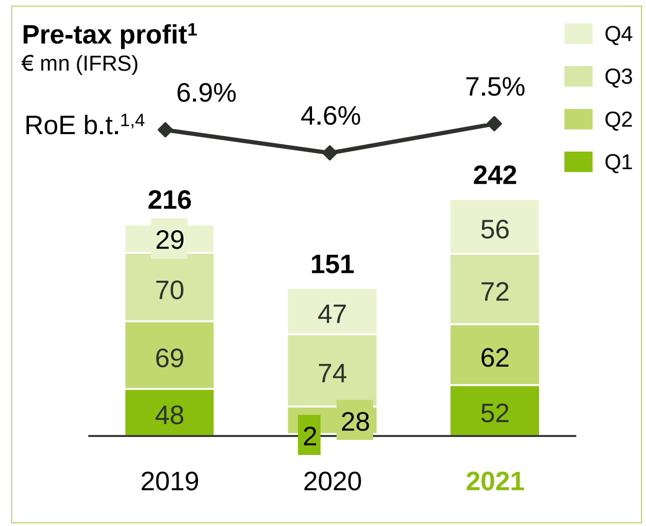

Note: Figures may not add up due to rounding
1 2020 figures retrospectively adjusted according to IAS 8.42   2 Incl. provisions in off balance sheet lending business   3 Recoveries from written-off financial assets   4 After AT1 coupon (2019: € -17 mn; 2020: € -17 mn; 2021: € -17 mn)

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CRE Markets

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

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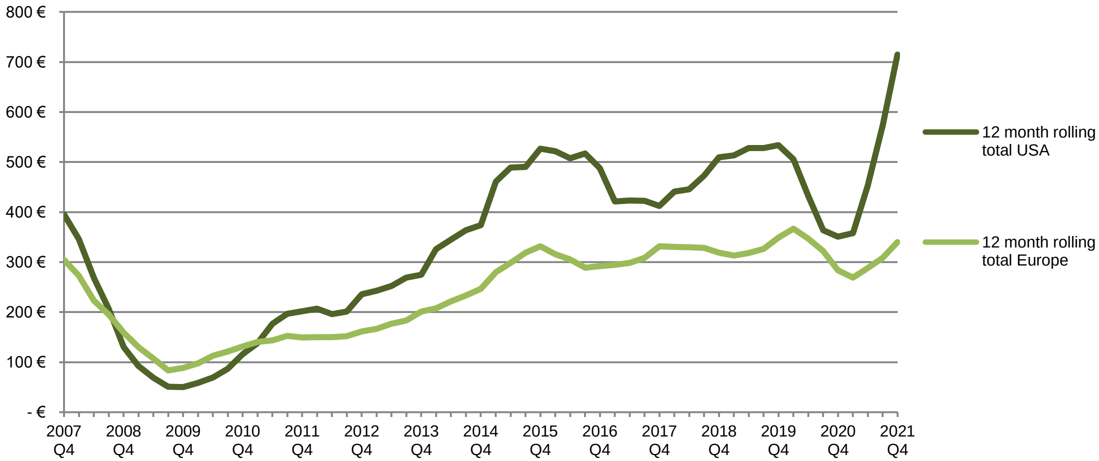
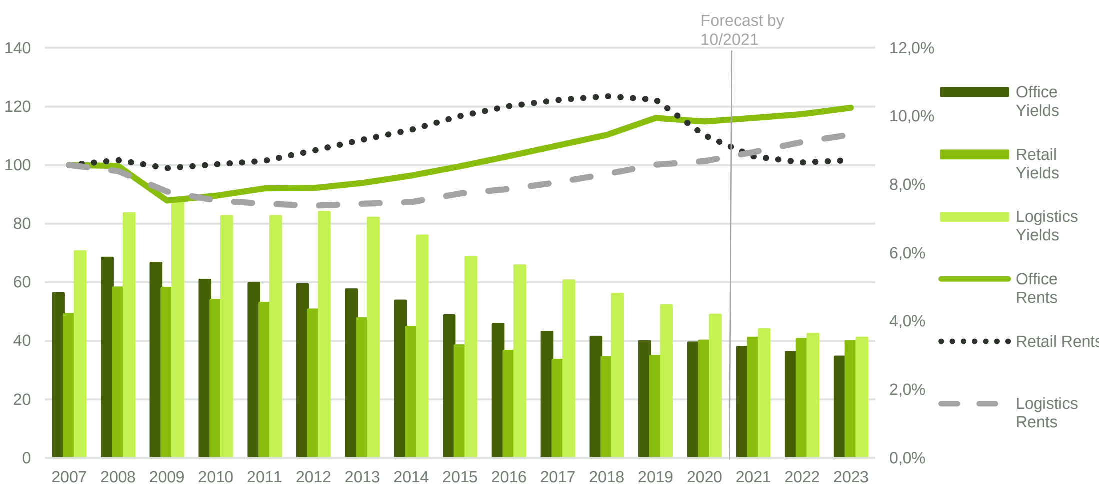
European and US Investment volume[1] (€ bn)



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



- European and US CRE **investment volumes** showing strong performance in Q4/21
  - Quarterly US figures were far above the pre-pandemic trend
  - European volumes are in line with the long term average again
- Europe:
  - Decreasing market values were focused on **retail and hotel** sectors; hotel values are already recovering
  - Prime **Office** yields expected to continue to compress over the short to medium term, but on the back of relatively low volumes
  - **UK office** yields are expected to decline slightly and **retail** yields are expected to stabilize in the medium term
  - **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 or 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 stabilize again in the short term

1All property types. Based on independent reports of properties and portfolios over € 5 million (over $ 2.5 mn for US), USD to EUR = end years FX rates Source: Real Capital Analytics (RCA) 2 Source: pbb Property Market Analysis (PMA) as of October 2021

New business

Strong REF new business volume of € 9.0 bn above full-year guidance of € 7-8 bn in further challenging environment

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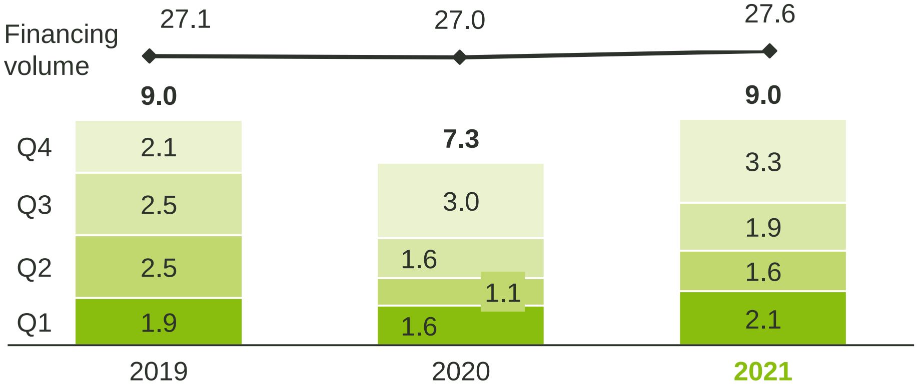
REF New business

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



Key drivers Q4/12 2021

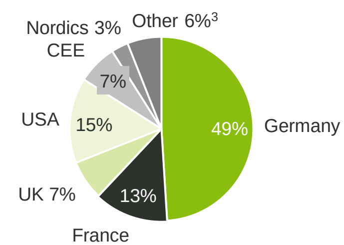
- Strong **REF new business** of € 9.0 bn above our guidance of € 7-8 bn for 2021 despite continued selective approach and increased competition; 2020 more strongly affected by COVID-19 pandemic
  - **Avg. gross interest margin** stable at ~170 bp (9M/21: ~170 bp; 2020: ~180 bp; 2019: ~155 bp); however with slightly declining trend as expected
  - Unchanged conservative risk positioning with **avg. LTV** of 56%[2]
  - **Focus** on Germany, France, USA – share for France and US up by 2%, Germany stable
  - Decreasing share in Retail -4% and Hotel -1% as expected given COVID-19, compensated by stronger **focus** on Office - share up by 5%
  - **No new commitments** in property types Hotel and Retail Shopping Centres since March 2020 – only extensions at conservative conditions

REF new business

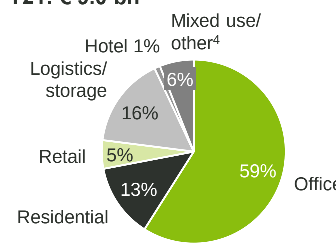
	FY20	9M/21	FY21
Total volume (€ bn)	7.3	5.7	9.0
thereof: Extensions >1 year	*2.6*	*1.7*	*2.6*
No. of deals	142	103	166
Avg. maturity (years)[1]	~4.3	~4.7	~4.8
Avg. LTV (%)[2]	54	55	56
Avg. gross interest margin (bp)	~180	~170	~170

	Regions	Property types
New business (Commitments, incl. extensions > 1year)	FY21: € 9.0 bn	FY21: € 9.0 bn
Portfolio (EaD, Basel III)	31/12/21: € 29.7 bn	31/12/21: € 29.7 bn

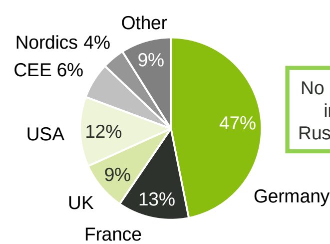
New business – Regions – FY21: € 9.0 bn



New business – Property types – FY21: € 9.0 bn

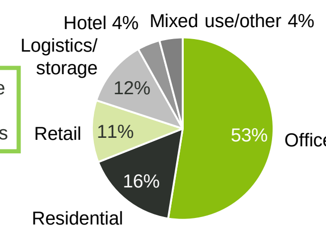


Portfolio – Regions – 31/12/21: € 29.7 bn



No direct exposure in/to Ukraine, Russia and Belarus

Portfolio – Property types – 31/12/21: € 29.7 bn



Note: Figures may not add up due to rounding 1 Legal maturities 2 New commitments; avg. LTV (extensions): 12M/21: 54%; 12M/20: 54% 3 Netherlands, Austria, Switzerland and Spain 4 Land (58%), mixed use (24%), special property (18%)

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Portfolio

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

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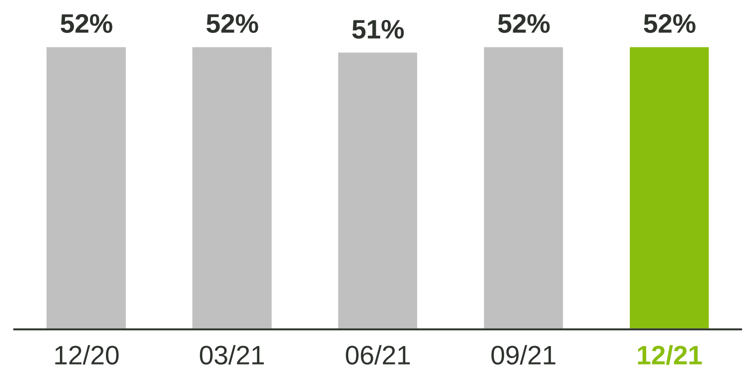
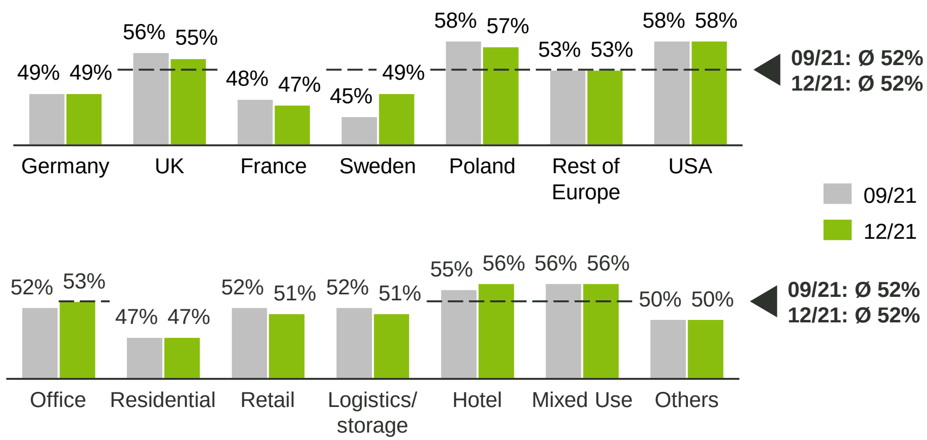
REF Portfolio: Avg. weighted LTVs

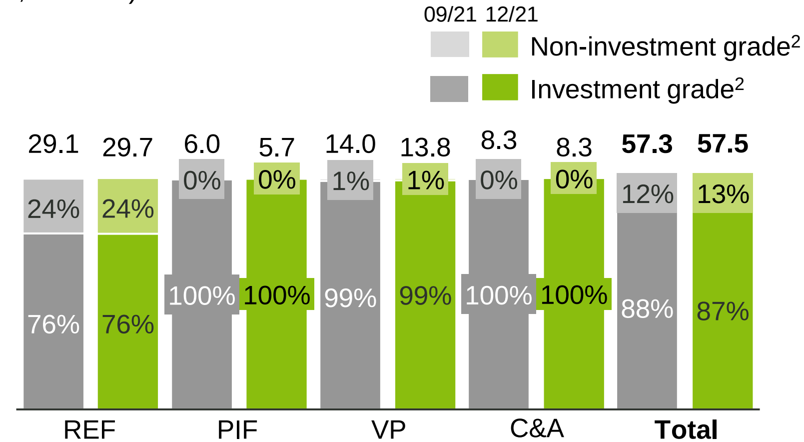
% (commitments)[1]





Total portfolio: Internal ratings (EL classes)

€ bn (EaD, Basel III)



Key messages

- **Avg. LTV** of 52% stable y-o-y – LTV changes in regions/loan types reflect structural portfolio changes due to repayments and new business
- **Ukraine/Russia:**
  - **No direct exposure** in/to Ukraine and Russia
  - **Secondary risks very minor**

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

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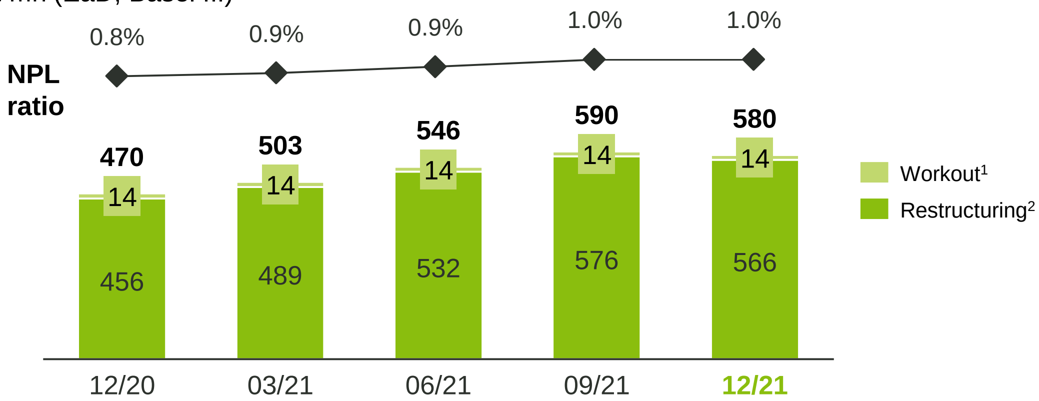
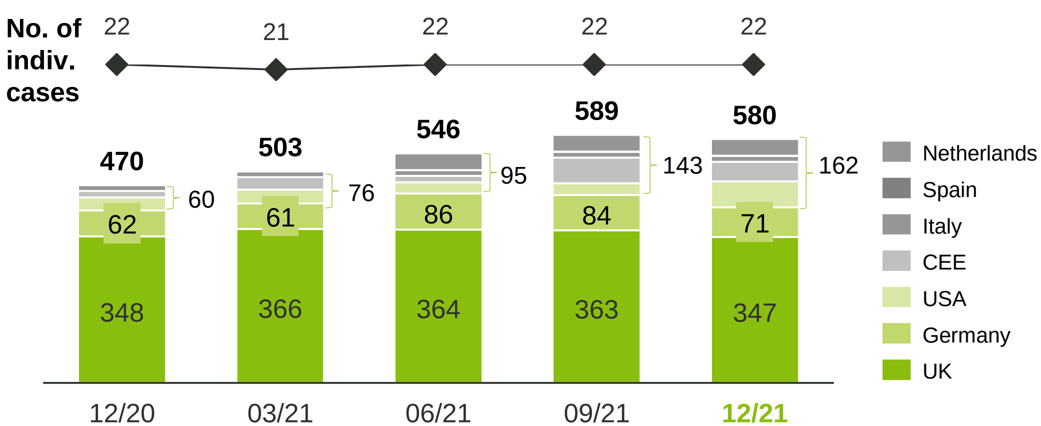
Non-performing loans
€ mn (EaD, Basel III)



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



Key drivers Q4/12M 2021

- **Non-performing loans** (NPLs) up to € 580 mn y-o-y (12/20: € 470 mn)
  - **Restructuring loans** up to € 566 mn (12/20: € 456 mn)
    - Q2/21: € 70 mn transfer of 2 loans to stage 3 - € 40 mn NL Hotel (no provisioning) and € 30 mn German shopping centre (small provisioning)
    - Q3/21: € 47 mn transfer of 1 loan to stage 3 – Office Park, Poland (€ 7mn risk provisioning)
    - Q4/21: € 62 mn transfer of 1 loan to stage 3 – Office Building, US (no provisioning)
    - FX effects € ~10 mn

    partially compensated by
    - successful restructuring/sale of assets, thereof
    - € 23 mn UK shopping centre (small LLP release)
    - € 28 mn Office and Retail Building, US (re-shift to stage 2)
  - **Workout loans** stable at only € 14 mn (12/20: € 14 mn)
- **NPL ratio**[3] of 1.0% remains on low level (12/20: 1.0%)

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

Risk Provision

Risk provisioning significantly down y-o-y – solid buffer to cope with potential further market risks

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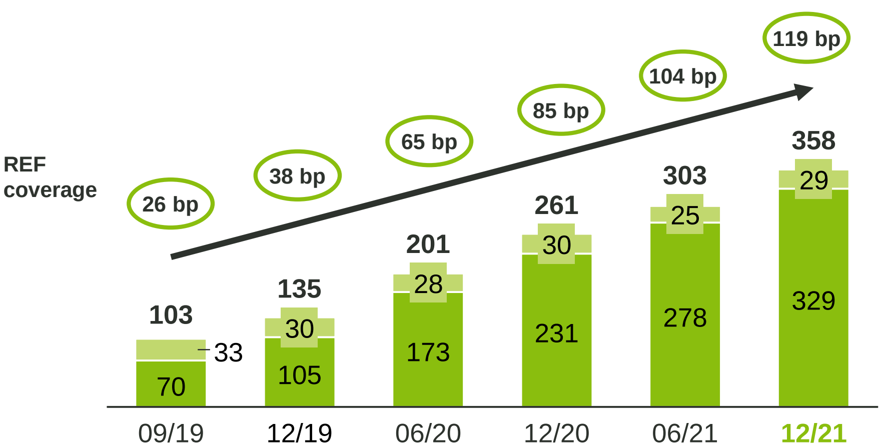
Net income from risk provisioning
€ mn

	Q4/20	Q4/21	12M/20	12M/21
Net income from risk provisioning	-42	-31	-126	-81
thereof				
stage 1	*-7*	*29*	*-29*	*21*
stage 2	*-14*	*-45*	*-32*	*-57*
stage 3	*-14*	*-16*	*-57*	*-47*
Off balance sheet lending business	*-8*	*-*	*-9*	*1*
Recoveries	*1*	*1*	*1*	*1*

Balance sheet – loss allowances
€ mn



Key drivers Q4/12M 2021

- **Net income from risk provisioning** of € -81 mn (FY 2020: € -126 mn) – previous year strongly affected by COVID-19 pandemic
- **Stage 1&2: Net additions[1]** of € -35 mn (FY 2020: € -70 mn) mainly driven by
  - changes in estimates
  - management overlay

  partially compensated by releases from
  - improved macroeconomic parameters
  - maturity effects

  Management overlay of € -54 mn to cover risks from the expiry of state support measures by shifting stage 1 REF portfolios in a volume of € 3.1 bn to stage 2 – stage transfer based on management measure and not caused by model trigger
- **Stage 3:** Net additions of € -47 mn (FY 2020: € -57 mn) mainly for UK shopping centres (€ -35 mn)
- Significant build up of **loss allowances on balance sheet** over the last quarters – **REF coverage** now at 119 bp
- **Coverage ratio:** Stage 3 coverage ratio[2] at 30% (12/20: 25%; 12/19: 11%); gap covered by collateral

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)

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Funding

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

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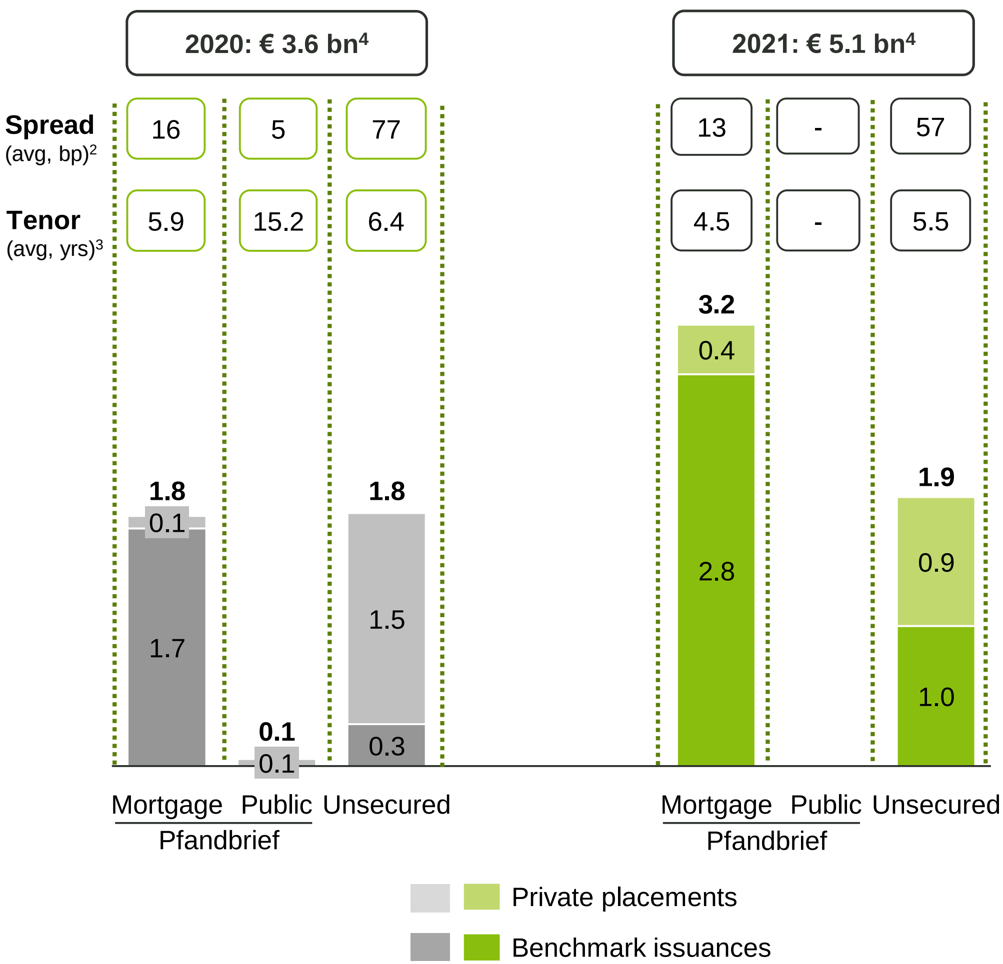
New long-term funding[1]
€ bn



Funding Q4/12M 2021

- **Solid Pfandbrief funding** with focus on foreign currencies
  - USD 750 mn Pfandbrief
  - GBP 500 mn Pfandbrief
  - € 500 mn Pfandbrief
  - Pfandbrief Private Placements in SEK
- € 500 mn **inaugural Green Senior Preferred Benchmark** in 01/21, followed by an equally successful **€ 500 mn Green Senior Preferred Benchmark** in 10/21; in 01/22 a further **€ 750 mn Green Senior Preferred Benchmark** issued. With three green Benchmarks, pbb is one of the most active issuers in Green Senior funding
- With **two USD 750 mn Pfandbrief** issued in 2021 and another USD 750 mn Pfandbrief in 02/22, pbb is the **most active 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 Q4/21 pbb direkt deposits amounted to € 3.2 bn (Q4/20: € 3.2 bn)
- **ALM profile** and **liquidity position** remain comfortable (NSFR >100%; LCR >150%)

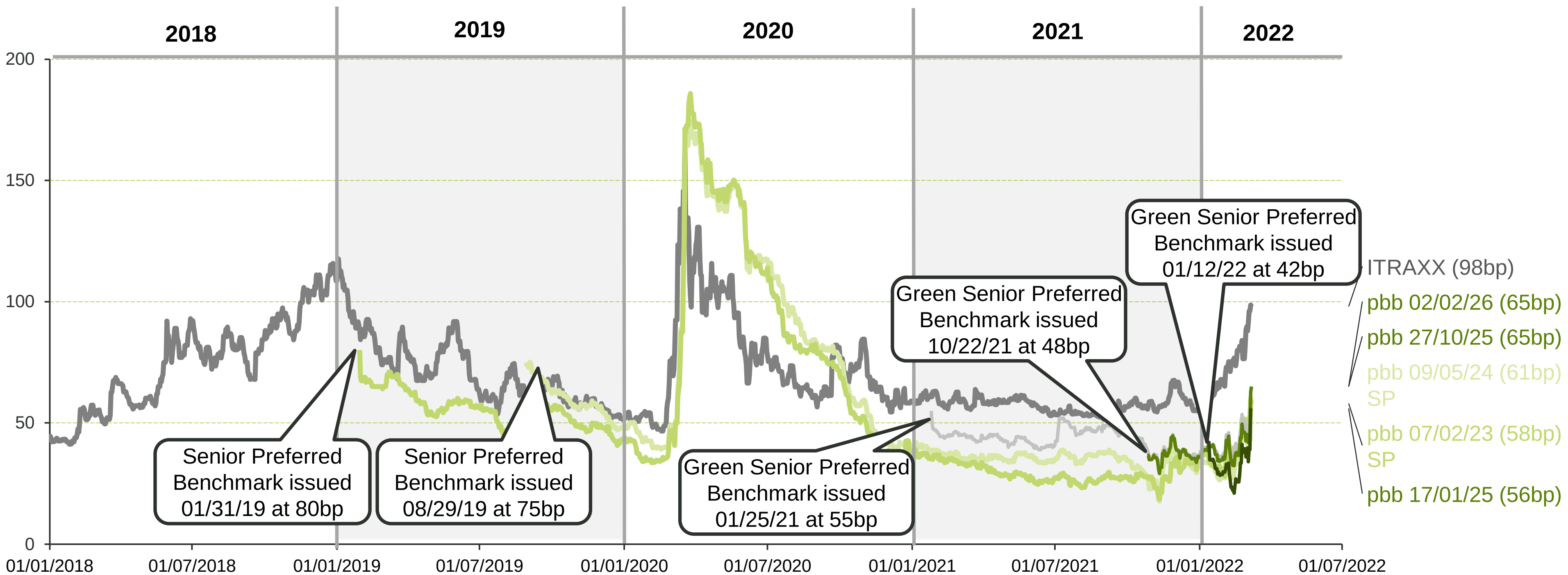
Note: Figures may not add up due to rounding 1 Excl. retail deposit business 2 vs. 3M Euribor 3 Initial weighted average maturity 4 Excl. "own use" Pfandbriefe issued as collateral for TLTRO III

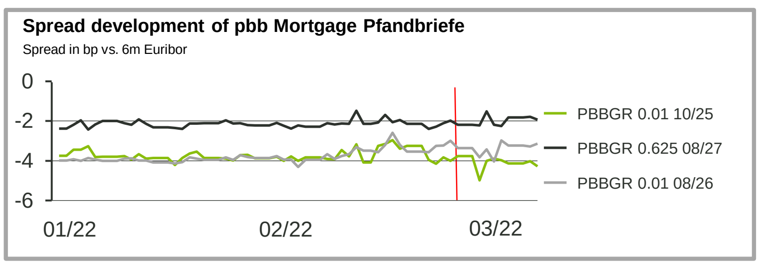
Funding

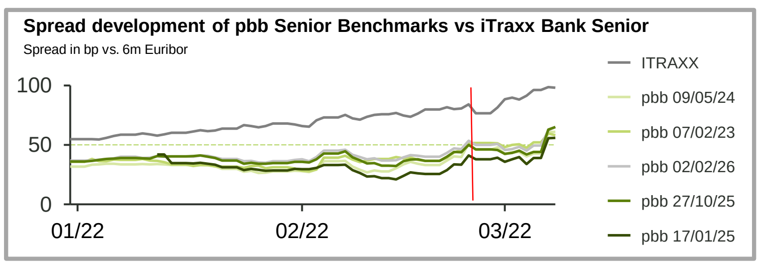
Secondary spread performance generally in line with broader market – current crisis with only moderate effect so far

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

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1. Business Model & Positioning
2. Operating and financial overview
3. Markets & New Business
4. Portfolio Profile & Risk Provision
5. Funding
6. Capital & Dividend
7. Initiatives & Guidance

Appendix
Contact details

Capital

Capitalisation remains strong – RWA reduction mainly reflecting RWA relief according to CRR II (reduction of add-ons) in Q4/21

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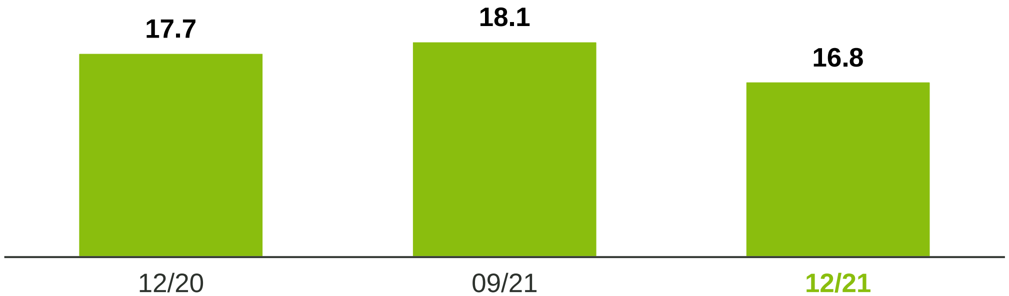
Basel III: RWA

€ bn (IFRS)



Basel III: Equity and capital ratios

(IFRS)

Capital in € bn	12/20[1]	09/21[2]	12/21[3]
CET 1	2.9	2.7	2.9
AT 1	0.3	0.3	0.3
Tier 2	0.6	0.6	0.6
Total Equity	**3.8**	**3.6**	**3.8**

Capital ratios in %	12/20[1]	09/21[2]	12/21[3]
CET 1	16.1	14.9	17.1
Tier 1	17.8	16.6	18.9
Own funds	21.4	19.8	22.4
Leverage ratio	6.0	5.7	6.0

RWA development Q4/12M 2021

- RWA down y-o-y due to
  - Reduction of add-ons acc. to art. 501 CRR II[4]
  - Maturity effects and technical adjustments inter alia by improvement of data quality
  - Smaller contrary effect from increase in REF portfolio
  - No material RWA effect from individual rating deteriorations in the light of COVID-19
- No significant systematic deterioration in the portfolio
- RWA already calibrated towards Basel IV (fully-loaded)– thus, no major further effects expected from implementation

Capital ratios

- CET 1 ratio of 17.1%[3] up (12/20: 16.1%[1]; 09/21: 14.9%[2]) reflecting decrease in RWA
- Regulatory capital stable y-o-y – methodical reductions (e.g. income from pension commitments in Q2/21) compensated by retention of profit 2020/21 and reduced EL shortfall due to build up of risk provisions

Capital requirements

- Unchanged P2R of 2.5% results in the following SREP requirements (excl. countercyclical buffer):
  - CET 1 ratio: 8.41%
  - Tier 1 ratio: 10.38%
  - Own funds ratio: 13.00%
- pbb currently anticipates countercyclical buffer of 45 bp, providing for solid buffer 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 Excl. interim result, 2020 result not included 3 Incl. full-year result, post proposed dividend 2021 4 CRR=Capital Requirements Regulation

Dividend proposal for 2021

Shareholders to participate from continued strong performance – management intends to propose dividend of € 1.18 per share

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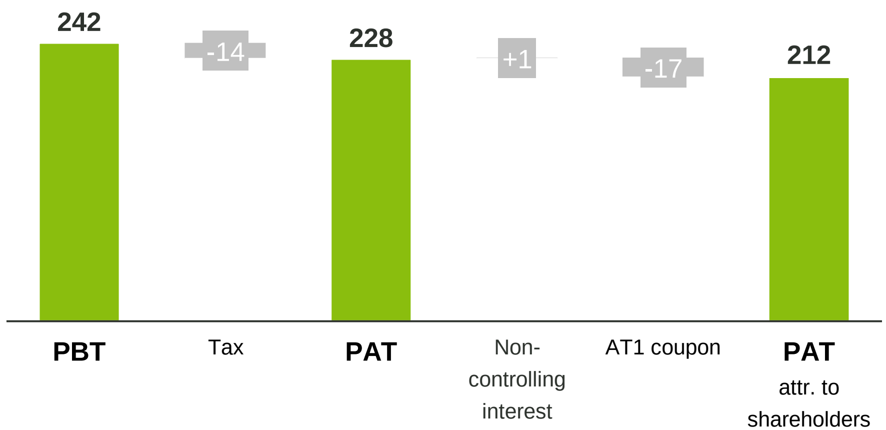
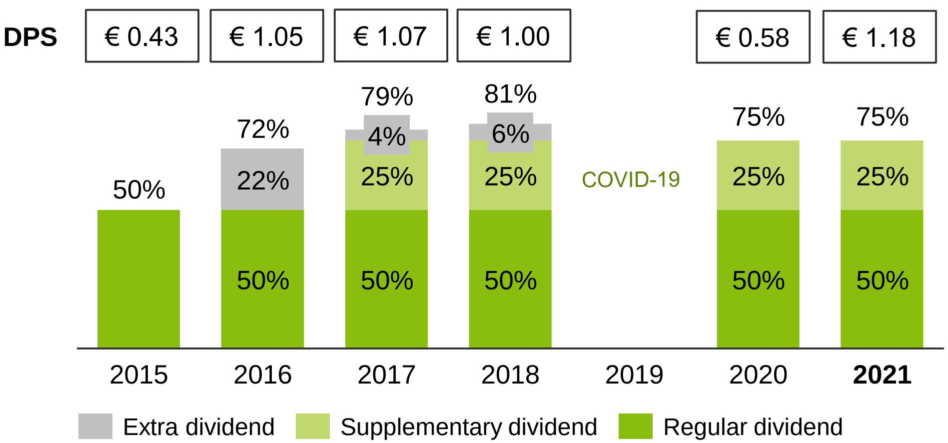
Profit attributable to shareholders

€ mn (IFRS)



Payout



Dividend proposal 2021

Management intends to propose a dividend of € 1.18 per share

- PAT attributable to shareholders[1]: € 212 mn
- Earnings per share[2]: € 1.58
- Dividend per share[2]: € 1.18

2021 dividend proposal underscores pbb's positioning as a dividend share

- Payout ratio of 75%[1] in line with dividend policy of 50% regular dividend plus 25% supplementary dividend
- Dividend yield 11.2%[3]

As before, pbb will also in future consider the following aspects in its **decisions on dividend payments** (regular dividend and supplementary dividend)**:**

- Overall economic and sector-specific risks
- Regulatory requirements
- Communicated ambition level with regards to capitalization including a cautionary buffer
- Future growth and investment measures

1 Based on IFRS group profit after tax and AT1-coupon, attributable to shareholders 2 Number of outstanding shares 134,475,308 3 Based on XETRA year-end closing price 2021 of 10.57€

Agenda

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Starting point

Our business model has provided stable returns since the IPO and shows good resilience even in global pandemic crisis

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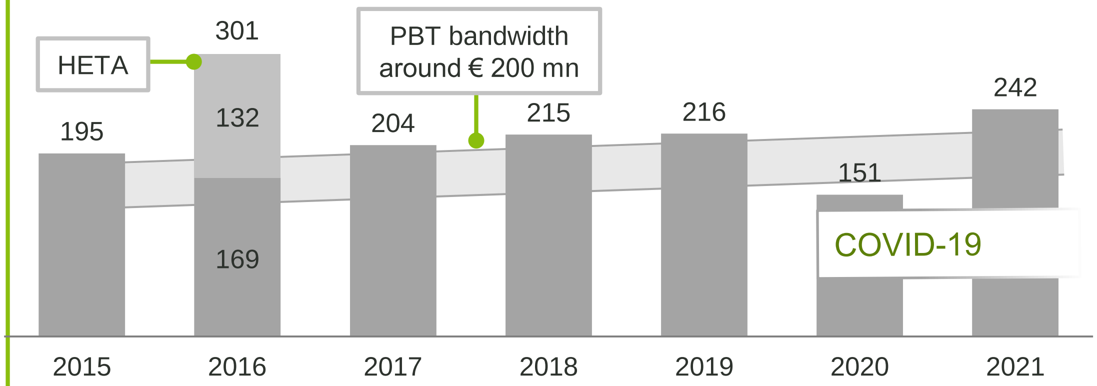
PBT (in € mn)



Stable and profitable PBT since IPO despite various one-off effects in 2020

+3.7% p.a.

Conservative risk approach reflected in build-up of model-based loan loss provisions during the pandemic including management adjustments

€ -207 mn t/o € 105 mn stage 1&2 in 2020 & 2021

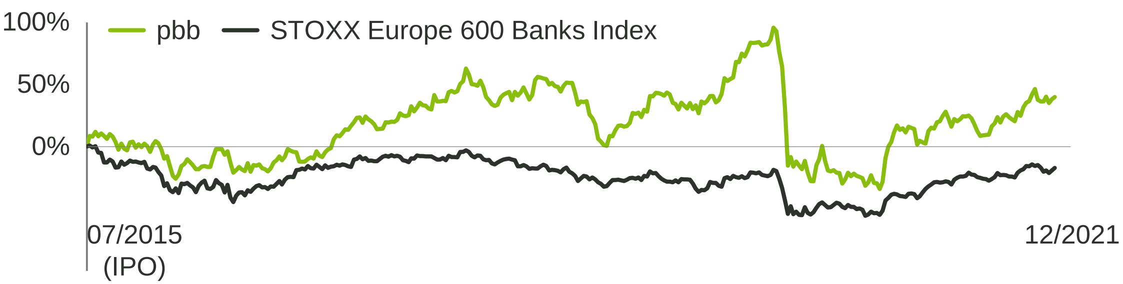
Dividend yield (DY)[1]

2015	2016	2017	2018	2019	2020	2021
7.7%	11.5%	8.0%	9.3%	-[2] COVID-19	6.6%	~11%[3]

Attractive dividend yield since IPO

> € 700 mn dividends distributed ≙ **~7.5% DY[4]**

Total shareholder return (TSR)[5,6]



Through the cycle, we have **reliably generated TSR** and outperformed the benchmark

+40% TSR since IPO[5,6] (vs. -17% of index)

1 Based on XETRA year-end closing price 2 Based on ECB COVID-19 recommendation to refrain from making dividend distributions (27/03/2020) 3 Proposed 2021 dividend of € 1.18 per share (i.e. payout of 50% regular dividend + 25% supplementary dividend) to be confirmed by AGM 4 Since IPO and including proposed 2021 dividend of € 1.18 per share (pay-out 2022) to be confirmed by AGM 5 Total shareholder return indexed to IPO date (16/07/2015) and pbb issue price of €10.75 6 Source: Refinitiv Datastream, data as of 31/12/2021

Challenges and Opportunities

Challenges carry on – pbb is well prepared and positioned with three initiatives

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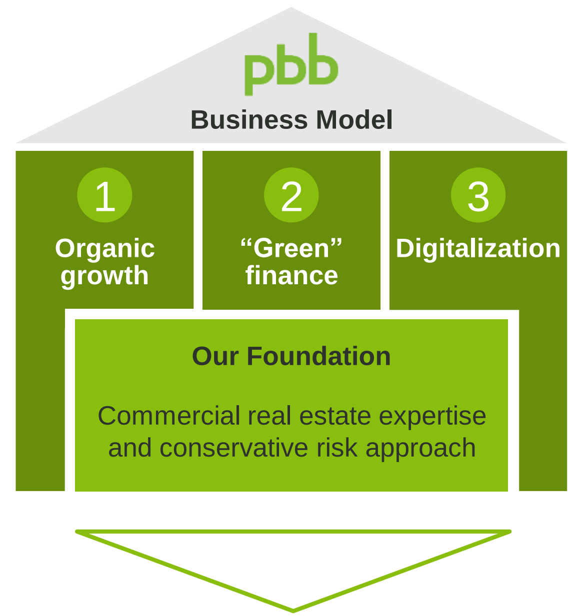
Challenges and opportunities persist	pbb's perspective and response
Macroeconomic risks and pandemic ▪ Increasing political and macroeconomic risks, especially due to current geopolitical developments ▪ Uncertainties around COVID-19 still remain, however impact decreasing	**Conservative risk approach** ▪ Risk positioning is exactly where we are and where it should be: Risk conservative, prime locations, prime clients and prime assets
Interest rates and inflation ▪ Search for yield drives competition in prime assets, increasing interest rates with multiple implications on demand, margins, floors, prepayments and equity/liquidity book yield ▪ Interest neutral positioning of pbb as stabilizer of income in the event of interest rate changes – positive and negative – in contrast to other banks, e.g., retail banks	**Add-on organic growth from complementary directions** ▪ Compensate potential revenue decline (TLTRO benefit, lower floor income) through organic growth, taking advantage of rebounding demand in CRE ▪ Diversify geographical footprint, e.g., by building out the US business ▪ Expand product portfolio towards sustainable finance ▪ Wider product portfolio keeping conversative risk approach with loan-on-loan and low leverage lending
Climate change and sustainability ▪ Good governance combined with material business opportunity from energy/climate transition and growing client demand for green investments	**Build on sustainability** ▪ Sustainability as corporate citizen's responsibility, regulatory task and business opportunity: Green loans as a significant growth factor, green bonds as attractive funding
Digitalization and platform solutions ▪ Technological progress creating opportunities across the value chain – even in wholesale financing	**Invest in digital client access and digital credit process** ▪ Digitalization of core processes supports client centricity, growth and efficiency
Regulation and monetary policy ▪ Increasing cost burden from regulatory developments; changes in monetary policy (e.g., TLTRO) impacts P&L	**Reliably comply with regulation** ▪ Early investments in regulatory upgrades (e.g., risk models, Basel IV calibrated) plus dependable capital ratios provide long term base for stable growth

pbb's initiatives



Strategic initiatives enhance our success story to a stronger, growing business model while maintaining our conservative risk approach

Initiatives

Taking advantage of pbb's strengths in building out business, based on core competencies, market reach and risk profile

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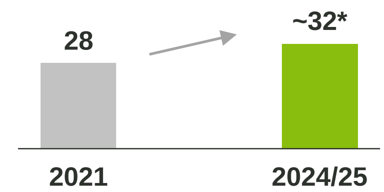
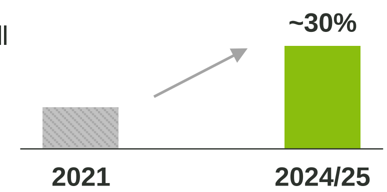
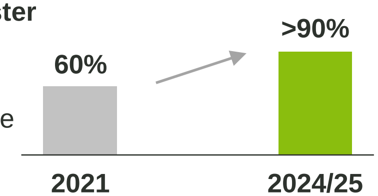
Initiatives	Key measures	Impact
1 Organic growth	**Product expansion** (Loan-on-loan, non-senior lending) **Build-out US business** **Low-leverage lending**	**Widened product portfolio** allows broader, **diversified risk-return** combinations **US** market yields opportunities for **profitable REF portfolio growth** (less correlated with European portfolio) **Low-leverage lending** uses more standardized process and **balances portfolio risk**
2 "Green" finance	**Green loans** **Green development loans** **Green capex facilities**	Provides financing instruments for **new projects** as well as **upgrade of legacy real estate**. Green finance goes beyond regulatory/moral obligation and is a **business opportunity** that yields **attractive risk-return** profiles due to supported property values
3 Digitalization	**Value-add through digital client interface** **State of the art infrastructure and capabilities** **Scalable platform to allow further growth**	Digital client interface based on universal corporate data storage with **holistic transparency for clients** and **faster "time to yes"** increases client satisfaction Foster **agile methods, new ways of working** and **progressive technologies** (robotics and AI) to increase scalability and efficiency Scalable business model to **materialize efficiency potential and room to grow**



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



Green REF portfolio share

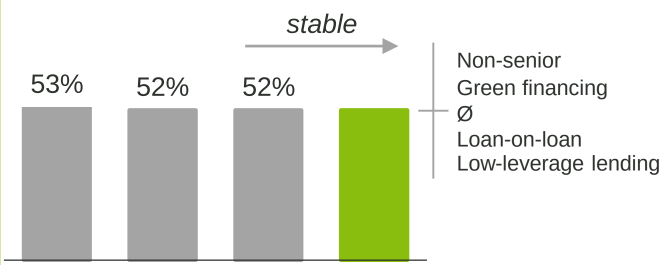


Client portal usage
(*business supported by client portal)

Impact of initiatives

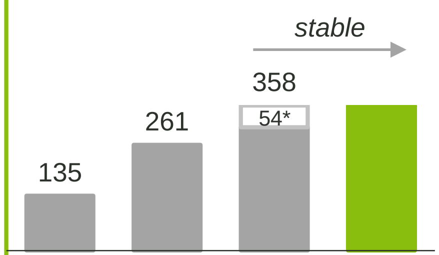
Conservative risk positioning provides room to maneuver for new strategic growth initiatives

Outlook 2024/25



REF portfolio LTV

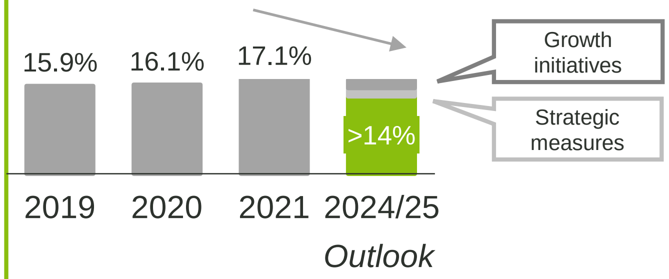
- pbb maintains a **stable risk profile**, beneficial diversification characteristics help to reduce overall risk
- **Green financing** with relatively **higher LTV** but **supported by property values/demand** and attractive margins
- Expansion of **non-senior business increases** average **LTV**
- **Low-leverage lending balances** LTV impact of other initiatives



* Management Overlay

Loan loss reserves (in € mn)

- **Conservative risk approach:** Over 50% of loan loss reserves in stage 1 & 2 in 2021 despite global pandemic
- **Return to normal provisioning level expected**, depending on market recovery – release of management overlay over time, against P&L or new provisioning if required
- Build-up of loan loss provisions provides a **solid basis for growth in REF new business**



CET1-ratio (Basel IV, calibrated, fully-loaded)[1]

- **Strong capitalization** (Basel IV calibrated, fully-loaded)[1] allowing for potential growth and strategic flexibility
- **Investment of capital** for growth initiatives and digitalization to increase RoE, but **potential for further strategic growth**
- Despite investments, **CET1-ratio remains significantly above SREP requirements** and in line with pbb's overall ambition level

1 Exposure already calibrated acc. to Basel IV risk weights (fully-loaded), no major effects from implementation expected

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

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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 developments

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

Appendix

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1 Initiatives – Organic growth

pbb maintains conservative risk approach and leverages existing strengths and expertise

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Achievements

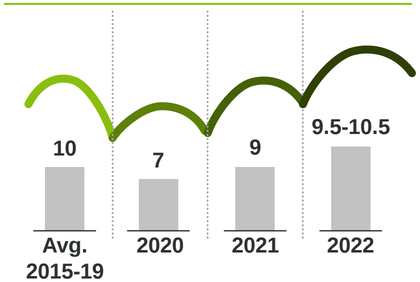
Strong market standing and origination power
- **Constructive** and long-standing **customer relationships**
- **Resilient new business** volume 2021[1] (€ 9 bn) despite COVID-19 crisis
- Focus on **pipeline strength** as well as visibility to continue and **intensify organic growth path**

Broad geographical diversification and expansion
- Profitable market entry in US with now 12% portfolio share, ensuring a balanced market approach
- **Refocusing UK** due to Brexit and COVID-19 (from 2nd largest new business market to stable contributor)

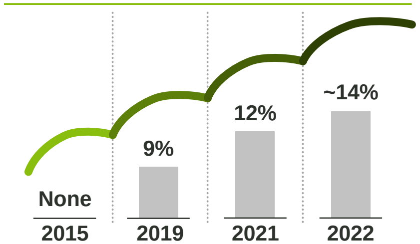
Significant **adjustment of property type distribution** to **changing market environment** shows resilience
- **Reduction of retail** portfolio share from 29% to 11% since 2015 and **no new commitments** in **hotel** since 2020 minimizing COVID-19 impact

Evolution

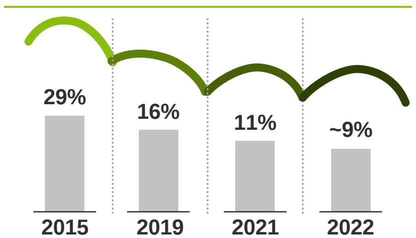
Volume of REF new business (€ bn)[1]



Share US of REF portfolio



Share retail of REF portfolio



Key measures

Leverage scalable platform via **enhanced product portfolio depth** and diversified risk-return combinations	**Product expansion and diversification** ▪ Introduce Loan-on-Loan business (coverpool eligible) ▪ Cautiously expand into Mezzanine lending at strict conditions (non-senior)
Expand into **attractive geo-graphies** to diversify portfolio and reduce impact of economic downturns	**Build-out US REF financing business**: Intensify market penetration of US market (less correlated with European portfolio)
Leverage market positioning, brand, and strong client relationships	**Increase volume of low-leverage lending:** Low LTVs, i.e., lower risk and lower margin, using more standardized credit process at lower costs

~ € 32 bn*

REF portfolio 2024/25
(*incl. green finance)

1 Incl. extensions >1 yr

2 Initiatives – "Green" finance

pbb is part of the solution in climate transition with products and processes, and a dedicated internal sustainability program

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Achievements

Comprehensive ESG program implemented – providing for holistic approach in pbb's bank management

- Sound governance structure with Management Board and Supervisory Board oversight
- Operationally, all ESG dimensions covered with clear responsibilities assigned

Sustainable finance defined as one key element of pbb's ESG strategy

- Systematic pbb approach to classify new sustainable REF investments integrated in pbb's credit process

> € 0.6 bn
Green loans granted
(since October 2021)

Green loans granted based on pbb's new business classification

€ 1.75 bn
Green bonds issued
(since January 2021)

Green bonds used as attractive funding source based on pbb's sustainable assets

ESG risks structurally integrated in risk management landscape and overall business strategy – current focus on climate risk (physical / transitional risks)

ESG data collection and transparency significantly increased

Scope of CO_2 footprint continuously improved

Strategic levers

Financial industry plays a **special role** in the **climate transition** due to being able to **support funding** into climate-friendly projects

Sustainability provides **profitable growth opportunities** due to

- more sustainable property values and
- strong property/financing demand

Sustainability for pbb is the **commitment** to make a **positive contribution** by **securing the long-term future** and considering the consequences for all stakeholders of the company as well as for the environment

Key measures

Grow pbb's impact as sustainable finance bank and as transformation partner based on lending products and advisory services

Several **transformation levers** identified to increase green portfolio share from new projects as well as upgrade of legacy real estate

- increase **green loans**
- increase **green development loans**
- increase **green capex facilities** for transitions of existing non-green assets into green assets

Integration of further relevant strategic objectives and definition of sustainability-related **quantitative targets**

Further expansion of **pbb's CO_2 footprint reporting**

~30%

"Green" REF portfolio share 2024/25

3 Initiatives - Digitalization

pbb is scaling up its digitalization initiatives to support organic growth

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Achievements

Efficiency

- **Established digital client portal** for REF clients setting the basis for efficiency improvement (both for pbb and clients) via process **standardization**, **modularization**, and **automation**
- **Client portal progress monitored**
- **Convenience** plays a major role in developing **client satisfaction** and **loyalty**

Cloud infrastructure

- Initiated cloud migration with the client portal running on **Microsoft Azure**

Artificial Intelligence

- Developed **credit decision support** via **machine learning** techniques for optimized pipeline and resource allocation of distribution force

Partnership

- **Implemented strategic partnership** between our Fintech **Capveriant** and **CDC (France)**

Evolution

Digitization roadmap – Client portal

Start of client portal 03/2021 → **60% usage**[1] client portal 12/2021 → **~90% usage**[1] client portal 12/2022

Digital client portal: Cloud-based interface & entry point for efficient credit process as prerequisite for platform business

Optimization of underlying processes via **build-up of SAP platform** and **universal corporate data storage**

Optimized processes (& further gradual development) provide **scalable platform & technological/regulatory edge**

Business model innovation – Digital credit process

Build-up of **platform economy via Capveriant**

Implementation of **digital credit work-place, enlarged cloud-usage**, establishment of **AI assisted use cases**

Technological & processual readiness for potential entry of pbb in platform business

Business case implication

Significant investments into digitalization (> €10mn)

Ongoing investment phase

Significant **efficiency improvements** in core credit processes

today | 2024 / 2025

Foundation | **Scale-up** | **Target**

Initiatives & key measures

- **Client value-add** through digital interface
- Focus on **digitization of core processes**, leading to **faster "time to yes", more transparency for clients, and employee satisfaction**
- Establish simplified **data model** and storage that allows **efficient processes and regulatory reporting**

- Continue to drive digitization efforts to **prepare for REF platform business**
- Enable Capveriant to play an active role in **market consolidation** of public investment finance

- **Make investments** to foster agile methods, new ways of working and progressive technologies (e.g., robotics and AI) as enabler for pbb's full blown digitization approach
- **Execute on** detailed roadmap to materialize already identified **efficiency potential** in upcoming years and to provide a **scalable business model** with room to grow

Portal and digital credit workplace fully established

2024/25

1 Based on share of business which is already supported by client portal functionality (share of business supported by client portal 12/2021: ~55%; 12/2022: ~75-80%)

ESG – Set-up & Strategy

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

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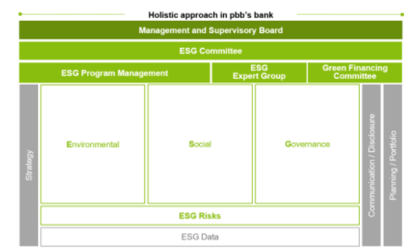
ESG Governance

General

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

ESG Program

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



ESG – Set-up & Strategy

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

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ESG Strategy (1/2)

Self-conception

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

Materiality

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

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

SDGs and UN Global Compact

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

Paris Climate Goals

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

ESG Risk

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

ESG – Set-up & Strategy

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

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ESG Strategy (2/2)

Sustainable Finance

- Given pbb's business model, inter alia strong focus on **Sustainable Finance** and contribution to a more climate-efficient real estate sector – pbb aims to be a **transformation partner** for its clients
  - Systematic **collection of sustainability criteria** of financed properties **integral part of pbb's credit process**
  - **Green Bond**: Since 2021, three Green Senior Preferred Bonds issued in benchmark format - thus, pbb is one of the most active issuers in Green Senior funding with a total outstanding Green Bond volume of € 1.75 bn; first impact reporting published in January 2022
  - **Green Loan:** Since its introduction in Q4 2021, pbb granted green loans in a total volume of € 685 mn
  - **"Green" asset share** of 30% in pbb's REF portfolio envisaged until 2024/25

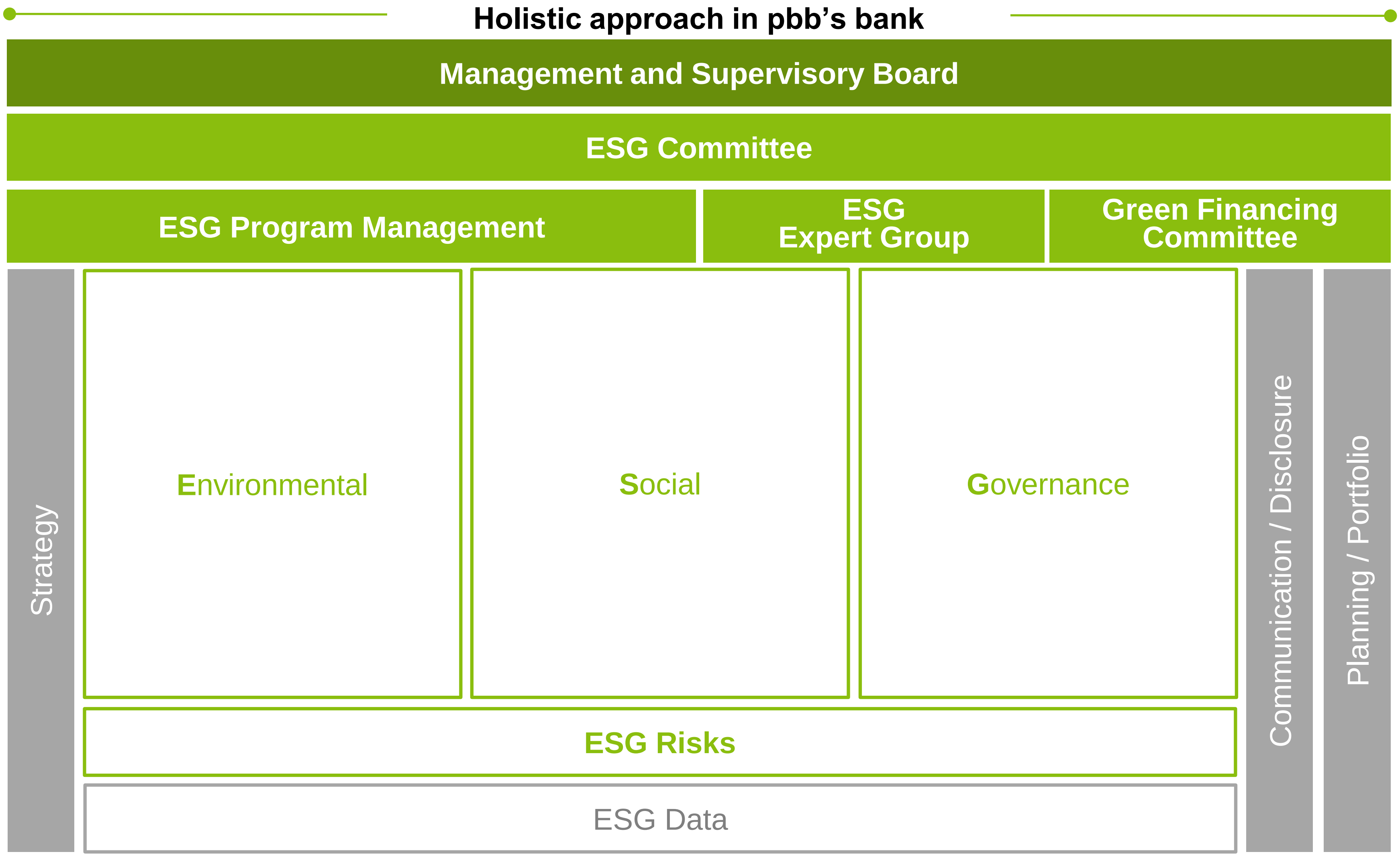
Disclosure

Non-financial Reporting

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

ESG – ESG Program

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



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
+
Energy Reduction in Planning [kWh/(m²·a)] [1]
Surface sealing (green field vs. brown field)
Type of/distance to public transportation
Local supply
Materials recycling[2]
Type of heating
Consumption of green energy
Biodiversity[2]
Existing energy/ environmental management[2]

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

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**

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**

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	II. Building Certification	III. Additional Sustainability Factors
	• Energy demand/-consumption [kWh/(m²·a)] **OR** • Energy Reduction in Planning [kWh/(m²·a)][1]	• "Green" building certification	• Surface sealing (green field vs. brown field) • Type of/distance to public transportation • Local supply • Materials recycling[2] • Type of heating • Consumption of green energy • Biodiversity[2] • Existing energy/ environmental management[2]
	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

1 Aligned with the EU Taxonomy
2 **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

Financials

Strong operating performance continued, supported from high income from realisations

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Income statement

€ mn	Q4/20	Q4/21	12M/20	12M/21
Operating Income	**154**	**162**	**526**	**591**
Net interest income [1]	124	125	476	494
Net fee and commission income	2	2	6	8
Net income from fair value measurement	4	7	-8	10
Net income from realisations	6	26	26	81
Net income from hedge accounting	-	2	4	-
Net other operating income	18	-	22	-2
Net income from risk provisioning	-42	-31	-126	-81
General and administrative expenses	-59	-68	-204	-219
Expenses from bank levies and similar dues	-1	-1	-26	-29
Net income from write-downs and write-ups on non-financial assets	-5	-6	-19	-20
Pre-tax profit	**47**	**56**	**151**	**242**
Income taxes[1]	1	14	-30	-14
Net income	**48**	**70**	**121**	**228**

	Q4/20	Q4/21	12M/20	12M/21
RoE before tax[2] (%)	5.9	6.7	4.6	7.5
RoE after tax[1,2] (%)	6.0	8.5	3.6	7.0
CIR[3] (%)	41.6	45.7	42.4	40.4
EpS[1,2] (€)	0.30	0.49	0.77	1.58

Key drivers Q4/12M 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** 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 and addition of provisions for personnel measures in connection with our efficiency initiatives
- **Income taxes** positively impacted by a deferred tax benefit mainly due to improved earnings perspective and 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 AT1 coupon[2]

1 2020 figures retrospectively adjusted according to IAS 8.42 2 After AT1 coupon (2021: € -17mn; 2020: € -17 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)	2019	Q1/20	Q2/20	Q3/20	Q4/20	2020	Q1/21	Q2/21	Q3/21	Q4/21	2021
Net interest income	458	111	116[9]	125[9]	124[9]	476[9]	123	123	123	125	494
Net fee and commission income	6	2	1	1	2	6	2	3	1	2	8
Net income from fair value measurement	-7	-17	1	4	4	-8	2	0	1	7	10
Net income from realisations	48	14	2	4	6	26	21	17	17	26	81
Net income from hedge accounting	-2	-1	-1	6	-	4	-1	-2	1	2	-
Net other operating income	3	1	3	-	18	22	-1	-	-1	-	-2
Operating Income	**506**	**110**	**122**	**140**	**154**	**526**	**146**	**141**	**142**	**162**	**591**
Net income from risk provisioning	-49	-34	-36	-14	-42	-126	-10	-23	-17	-31	-81
General and administrative expenses	-202	-48	-49	-48	-59	-204	-51	-51	-49	-68	-219
Expenses from bank levies and similar dues	-24	-21	-4	-	-1	-26	-28	-1	1	-1	-29
Net income from write-downs and write-ups on non-financial assets	-18	-5	-5	-4	-5	-19	-5	-4	-5	-6	-20
Net income from restructuring	3	-	-	-	-	-	-	-	-	-	-
Pre-tax profit	**216**	**2**	**28**	**74**	**47**	**151**	**52**	**62**	**72**	**56**	**242**
Income taxes	-37	-	-8	-23[9]	1[9]	-30[9]	-10	-7	-11	14	-14
Net income	**179**	**2**	**20**	**51**	**48**	**121**	**42**	**55**	**61**	**70**	**228**
Key ratios (%)	**2019**	**Q1/20**	**Q2/20**	**Q3/20**	**Q4/20**	**2020**	**Q1/21**	**Q2/21**	**Q3/21**	**Q4/21**	**2021**
CIR[1]	43.5	48.2	44.3[9]	37.1[9]	41.6[9]	42.4[9]	38.4	39.0	38.0	45.7	40.4
RoE before tax	6.9	-0.3	3.3	9.7[9]	5.9[9]	4.6[9]	6.4	7.8	8.9	6.7	7.5
RoE after tax	5.7	-0.3	2.2	6.5[9]	6.0[9]	3.6[9]	5.1	6.9	7.5	8.5	7.0
Balance sheet (€ bn)	**12/19**	**03/20**	**06/20**	**09/20**	**12/20**	**12/20**	**03/21**	**06/21**	**09/21**	**12/21**	
Total assets	56.8	56.6	60.7	60.2	58.9	58.9	58.1	59.0	58.8	58.4	
Equity	3.2	3.2	3.2	3.3	3.3	3.3	3.3	3.3	3.4	3.4	
Financing volume	45.5	45.0	44.5	44.4	44.2	44.2	44.6	43.4	43.4	43.7	
Regulatory capital ratios[2]	**12/19**	**03/20**	**06/20**	**09/20**	**12/20**	**12/20**	**03/21**	**06/21**	**09/21**	**12/21**	
RWA (€ bn)	17.7	17.3	17.4	17.8	17.7	17.7	18.3	18.0	18.1	16.8	
CET 1 ratio – phase in (%)	15.9[3]	16.3[4]	15.8[4]	15.3[4]	16.1[5]	16.1[5]	15.4[6]	15.4[7]	14.9[7]	16.8[8]	
Personnel	**12/19**	**03/20**	**06/20**	**09/20**	**12/20**	**12/20**	**03/21**	**06/21**	**09/21**	**12/21**	
Employees (FTE)	752	749	763	772	782	782	779	779	782	784	

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 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 Excl. interim result, incl. full-year result 2019 5 After approved year-end accounts 6 Excl. Interim result, post proposed dividend 2020 7 Excl. Interim result 8 Incl. full-year result, post proposed dividend 2021 9 2020 figures retrospectively adjusted according to IAS 8.42

Key figures
Real Estate Finance (REF)

DEUTSCHE PFANDBRIEFBANK

Income statement (€ mn)	**2019[3]**	**Q1/20**	**Q2/20**	**Q3/20**	**Q4/20**	**2020**	**Q1/21**	**Q2/21**	**Q3/21**	**Q4/21**	**2021**
Net interest income	388	93	95[4]	104[4]	104[4]	396[4]	104	104	103	106	417
Net fee and commission income	7	2	1	1	2	6	2	3	1	2	8
Net income from fair value measurement	-8	-4	1	-2	-1	-6	1	-	1	4	6
Net income from realisations	48	11	2	4	7	24	21	17	17	26	81
Net income from hedge accounting	-1	-1	-	3	1	3	-1	-1	1	1	-
Net other operating income	2	2	5	-	12	19	-1	1	-1	-	-1
Operating Income	**436**	**103**	**104**	**110**	**125**	**442**	**126**	**124**	**122**	**139**	**511**
Net income from risk provisioning	-57	-33	-39	-13	-44	-129	-11	-23	-15	-30	-79
General and administrative expenses	-164	-41	-42	-41	-51	-175	-44	-44	-43	-58	-189
Expenses from bank levies and similar dues	-14	-12	-3	-	-1	-16	-17	-1	1	-1	-18
Net income from write-downs and write-ups on non-financial assets	-15	-4	-4	-4	-4	-16	-4	-4	-4	-5	-17
Net income from restructuring	3	-	-	-	-	-	-	-	-	-	-
Pre-tax profit	**189**	**13**	**16**	**52**	**25**	**106**	**50**	**52**	**61**	**45**	**208**

Key ratios (%)	**2019**	**Q1/20**	**Q2/20**	**Q3/20**	**Q4/20**	**2020**	**Q1/21**	**Q2/21**	**Q3/21**	**Q4/21**	**2021**
CIR[1]	41.1	43.7	44.2[4]	40.9[4]	44.0[4]	43.2[4]	38.1	38.7	38.5	45.3	40.3
RoE before tax	11.3	2.5	3.2	11.4	4.9	5.5	9.9	10.1	11.8	8.6	10.1

Key figures (€ bn)	**12/19**	**03/20**	**06/20**	**09/20**	**12/20**	**12/20**	**03/21**	**06/21**	**09/21**	**12/21**
Equity[2]	1.7	1.7	1.7	1.8	1.9	1.9	1.9	1.9	2.0	2.0
RWA	15.8	15.4	15.5	16.1	16.0	16.0	16.6	16.2	16.4	15.1
Financing volume	27.1	26.8	26.7	26.8	27.0	27.0	27.5	26.8	27.0	27.6

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 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)	2019[3]	Q1/20	Q2/20	Q3/20	Q4/20	2020	Q1/21	Q2/21	Q3/21	Q4/21	2021
Net interest income	37	9	10	10	9	38	9	9	10	9	37
Net fee and commission income	-	-	-	-	-	-	-	-	-	-	-
Net income from fair value measurement	-2	-1	-	-	-	-1	-	-	-	1	1
Net income from realisations	1	1	-	-	-	1	-	-	1	1	2
Net income from hedge accounting	-	-	-	1	-1	-	-	-	-	-	-
Net other operating income	-	-	1	-	2	3	-	-	-1	1	-
Operating Income	**36**	**9**	**11**	**11**	**10**	**41**	**9**	**9**	**10**	**12**	**40**
Net income from risk provisioning	-	-	-	-1	-	-1	-	-	-	-	-
General and administrative expenses	-25	-4	-5	-5	-5	-19	-4	-5	-4	-6	-19
Expenses from bank levies and similar dues	-3	-3	-	-	-	-3	-4	-	-	-	-4
Net income from write-downs and write-ups on non-financial assets	-2	-1	-	-	-1	-2	-1	-	-	-1	-2
Net income from restructuring	-	-	-	-	-	-	-	-	-	-	-
Pre-tax profit	**6**	**1**	**6**	**5**	**4**	**16**	**-**	**4**	**6**	**5**	**15**

Key ratios (%)	2019	Q1/20	Q2/20	Q3/20	Q4/20	2020	Q1/21	Q2/21	Q3/21	Q4/21	2021
CIR[1]	75.0	55.6	45.5	45.5	60.0	51.2	55.6	55.6	40.0	58.3	52.5
RoE before tax	2.7	1.5	11.4	9.9	8.5	8.0	-0.6	11.6	13.5	10.9	8.9

Key figures (€ bn)	12/19	03/20	06/20	09/20	12/20	12/20	03/21	06/21	09/21	12/21
Equity[2]	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
RWA	0.8	0.8	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.7
Financing volume	6.3	6.3	6.0	5.9	5.8	5.8	5.7	5.5	5.4	5.2

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 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)	2019[3]	Q1/20	Q2/20	Q3/20	Q4/20	2020	Q1/21	Q2/21	Q3/21	Q4/21	2021
Net interest income	29	8	10	10	10	38	9	10	9	10	38
Net fee and commission income	-1	-	-	-	-	-	-	-	-	-	-
Net income from fair value measurement	3	-12	-	6	5	-1	1	-	-	2	3
Net income from realisations	-1	2	-	-	-1	1	-	-	-1	-1	-2
Net income from hedge accounting	-1	-	-1	2	-	1	-	-1	-	1	-
Net other operating income	1	-1	-3	-	4	-	-	-1	1	1	-1
Operating Income	**30**	**-3**	**6**	**18**	**18**	**39**	**10**	**8**	**9**	**11**	**38**
Net income from risk provisioning	8	-1	3	-	2	4	1	-	-2	-1	-2
General and administrative expenses	-13	-3	-2	-2	-3	-10	-3	-2	-2	-4	-11
Expenses from bank levies and similar dues	-7	-6	-1	-	-	-7	-7	-	-	-	-7
Net income from write-downs and write-ups on non-financial assets	-1	-	-1	-	-	-1	-	-	-1	-	-1
Net income from restructuring	-	-	-	-	-	-	-	-	-	-	-
Pre-tax profit	**17**	**-13**	**5**	**16**	**17**	**25**	**1**	**6**	**4**	**6**	**17**

Key ratios (%)	2019	Q1/20	Q2/20	Q3/20	Q4/20	2020	Q1/21	Q2/21	Q3/21	Q4/21	2021
CIR[1]	46.7	n/a	50.0	11.1	16.7	28.2	30.0	25.0	33.3	36.4	31.6
RoE before tax	1.7	-9.2	2.8	11.1	12.9	3.9	0.3	4.4	2.7	4.2	2.9

Key figures (€ bn)	12/19	03/20	06/20	09/20	12/20	12/20	03/21	06/21	09/21	12/21
Equity[2]	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5
RWA	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.3	0.3
Financing volume	12.1	11.9	11.8	11.7	11.4	11.4	11.4	11.1	11.0	10.9

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 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	31/12/21	31/12/20	Liabilities & equity	31/12/21	31/12/20
Financial assets at fair value through P&L	**1.2**	**1.4**	**Financial liabilities at fair value through P&L**	**0.6**	**0.6**
thereof			thereof		
Positive fair values of stand-alone derivatives	0.5	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**	**52.7**	**52.6**
Loans and advances to customers	0.5	0.5	thereof		
Financial assets at fair value through OCI	**1.3**	**1.5**	Liabilities to other banks (incl. central banks)	10.6	9.8
thereof			thereof		
Debt securities	0.9	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	20.1	22.6
thereof			thereof		
Debt securities	6.9	7.5	*Registered Mortgage Pfandbriefe*	*3.7*	*4.3*
Loans and advances to other banks	2.6	1.9	*Registered Public Pfandbriefe*	*7.9*	*9.1*
Loans and advances to customers	38.5	39.3	Bearer Bonds	21.3	19.5
Positive fair values of hedge accounting derivatives	**1.0**	**1.7**	thereof		
Other assets	**6.8**	**5.6**	*Mortgage Pfandbriefe*	*12.3*	*10.7*
			Public Pfandbriefe	*2.2*	*2.3*
			Subordinated liabilities	0.7	0.7
			Negative fair values of hedge accounting derivatives	**1.4**	**1.9**
			Other liabilities	**0.3**	**0.5**
			Equity (attributable to shareholders)	**3.1**	**3.0**
			AT1-capital	**0.3**	**0.3**
Total Assets	**58.4**	**58.9**	**Total liabilities & equity**	**58.4**	**58.9**

Share of Pfandbriefe of refinancing liabilities

51% / 52%

Note: Figures may not add up due to rounding

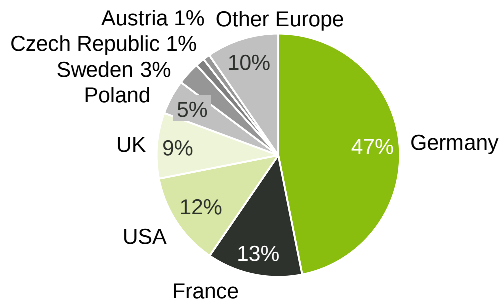
Portfolio

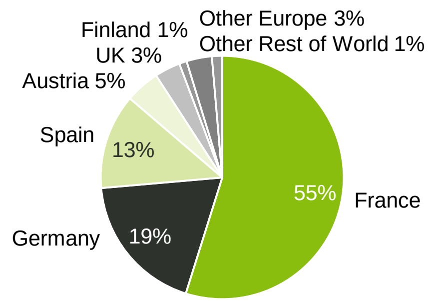
Stable and well diversified portfolio with continued focus on European markets, particularly on Germany

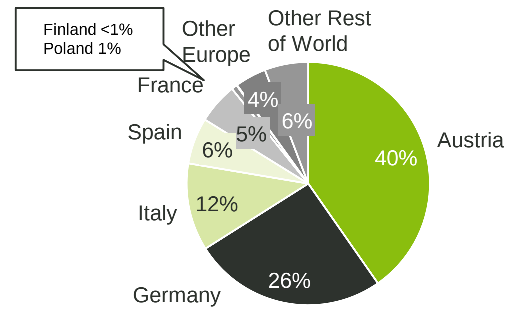
31/12/2021 (EaD, Basel III)

	Real Estate Finance	Public Investment Finance	Value Portfolio

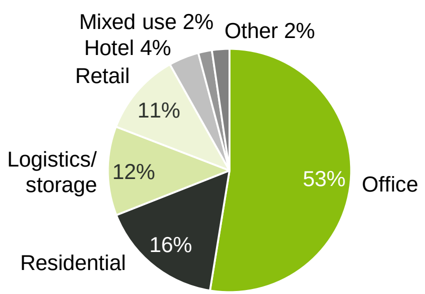
by region

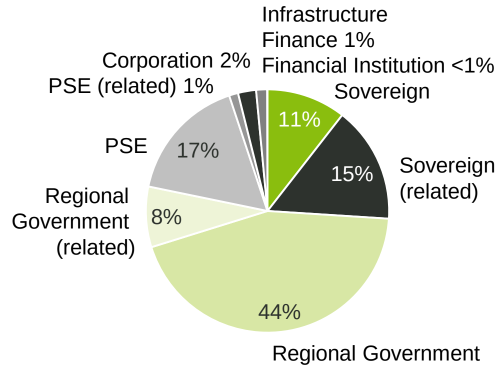


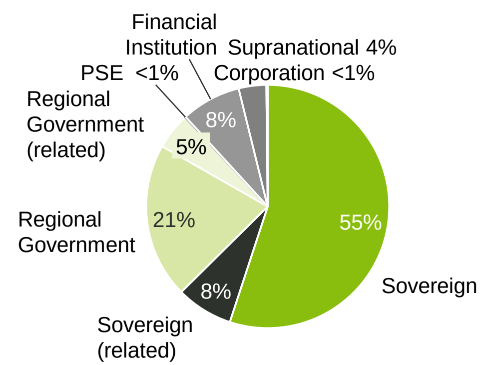




by property type / borrower classification[1]



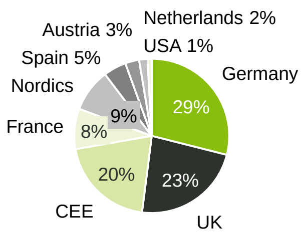
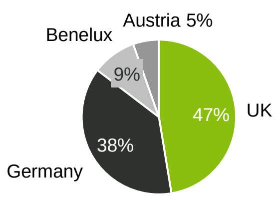




	Real Estate Finance	Public Investment Finance	Value Portfolio
Vol.	**€ 29.7 bn**	**€ 5.7 bn**	**€ 13.8 bn**
Strategy	**Strategic portfolio – moderate growth targeted**	**Strategic portfolio – in “hold” mode**	**Non-strategic portfolio – in run-down mode**

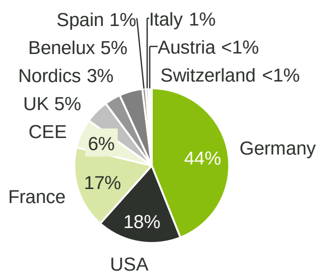
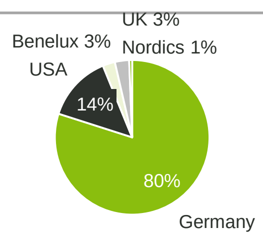
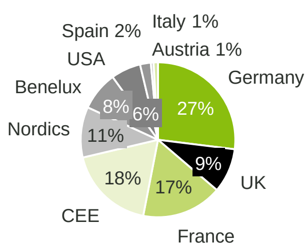
Note: Figures may not add up due to rounding 1 See appendix for definition of borrower classification

Markets
Sub-segments

Property type	Regions	Evaluation of current situation	Challenges	Risk positioning
Retail € 3.3 bn (11%)	 	▪ Shopping centres: increased pressure, fashion dominated shopping centres most impacted (decline in rents, shorter lease terms, etc.) ▪ Retail-parks/discounter with strong local demand: largely positive development ▪ 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: 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 ~54% or € 3.8 bn since 2016 (12/21: € 3.3 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%)	 	▪ Due to ongoing restrictions for travel and events only minor catch-up effect Mainly driven by domestic leisure demand. Hotels took a hit from the Omicron variant to start the year ▪ Rising competition leads to insolvencies for operators and licencees and rebuild secondary hotels for other uses (temporary office, longstay, etc.) ▪ 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 will recover faster	▪ 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

Markets
Sub-segments

Property type	Regions	Evaluation of current situation	Challenges	Risk positioning
Office € 15.6 bn (53%)		▪ Slight rise in vacancies but still on comparatively low levels ▪ The investment market was less affected than in 2009 and has since largely recovered. Nevertheless office investment volumes are still below pre-Covid levels ▪ Yields remained relatively stable, while prime properties with long-term leases to first-class tenants do see even a decline in yields, despite a slight increase in vacancies ▪ The buildings that are selling are those which fit investors' criteria — best in class, with strong tenant covenants, and future-proofed — and those which do not fit the criteria are being left on the shelf	▪ 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 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 € 4.9 bn (16%)		▪ At present the market seems to be stable. Especially in countries with strong social welfare programs ▪ 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 € 4.9 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 € 3.5 bn (12%)		▪ 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 ▪ It can come to 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 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 12% ▪ 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

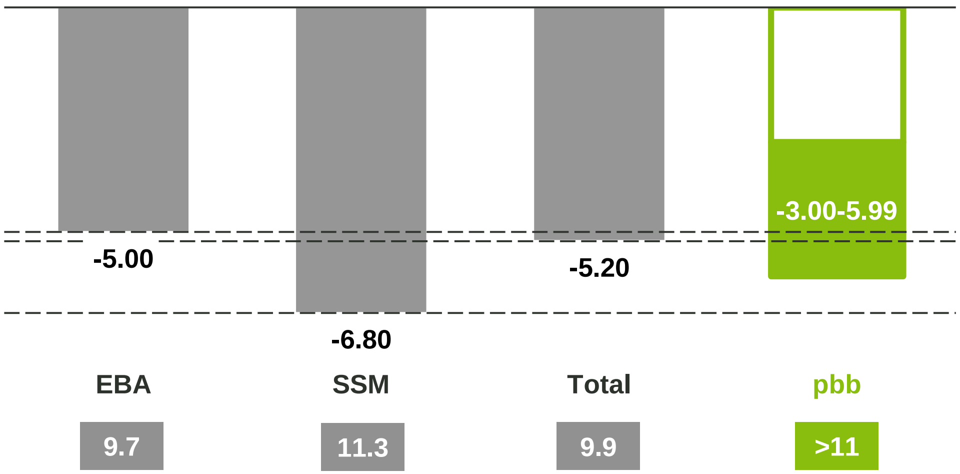
1 Based on performing investment loans only

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

Definition of borrower classifications

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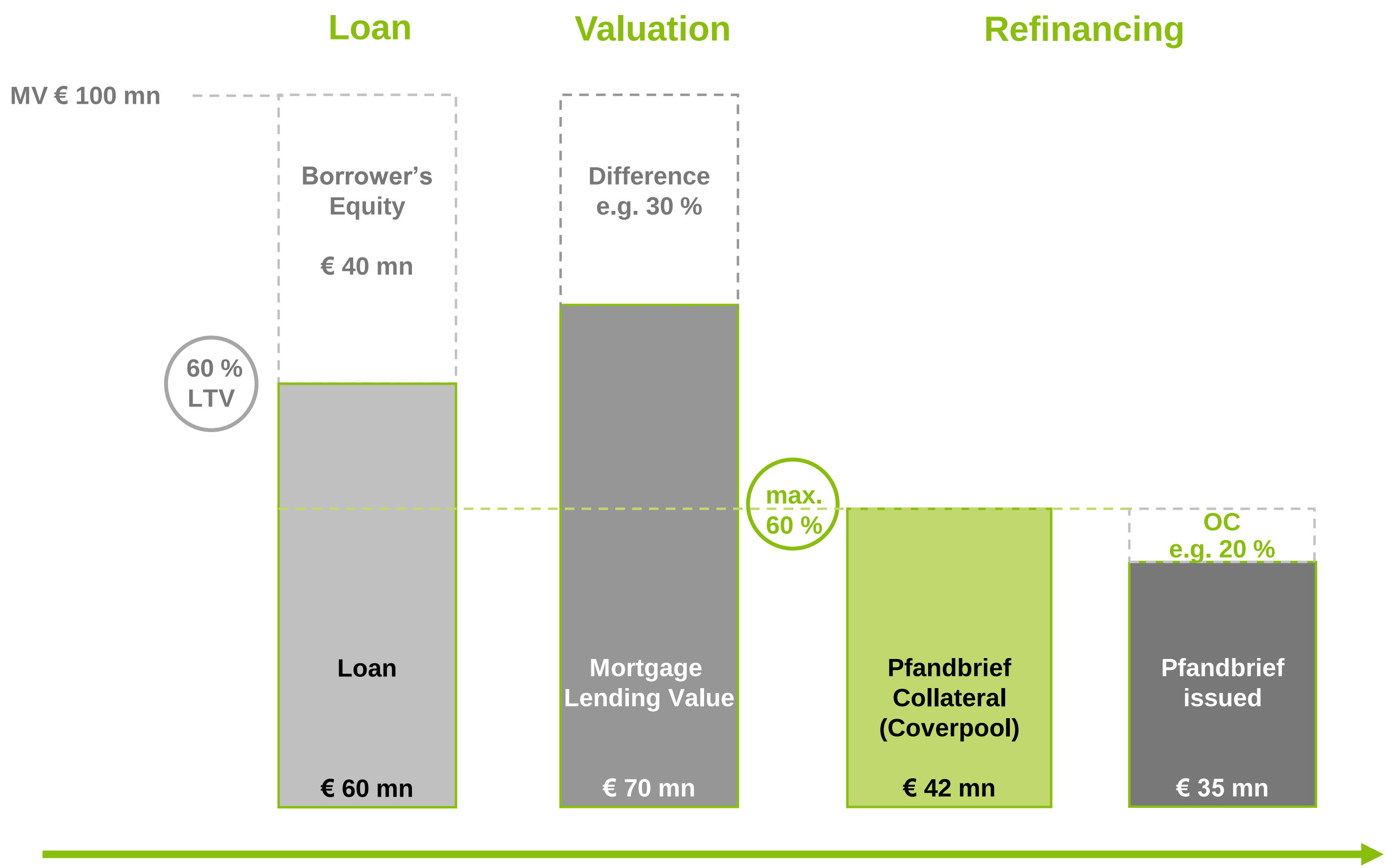
Borrower classification	Definition
Sovereign	Direct and indirect obligations of Central Governments, Central Banks and National Debt Agencies
Sovereign (related)	Indirect obligations of Non Sovereigns with an explicit first call guarantee by a Sovereign
Regional Government	Direct and indirect obligations 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	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"

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