pbb Deutsche Pfandbriefbank

Company Presentation

June 2021

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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

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

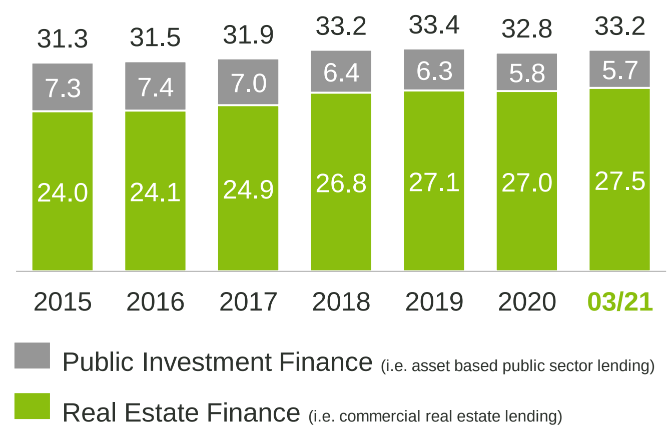
Key figures

(IFRS, 31/03/2021)

Total assets	€ 58.1 bn
Total equity	€ 3.3 bn
RWA	€ 18.3 bn
CET1 ratio[1]	15.4%
Leverage ratio[1]	6.0%
RoE before taxes	6.4%
FTE	779

Strategic portfolio

Financing volume



1 Excl. interim result, post proposed dividend 2020

Operating and financial overview

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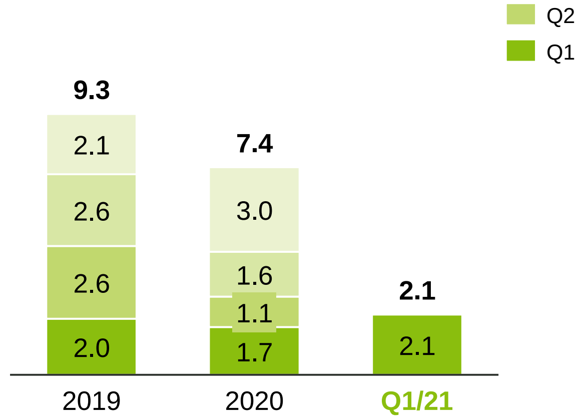
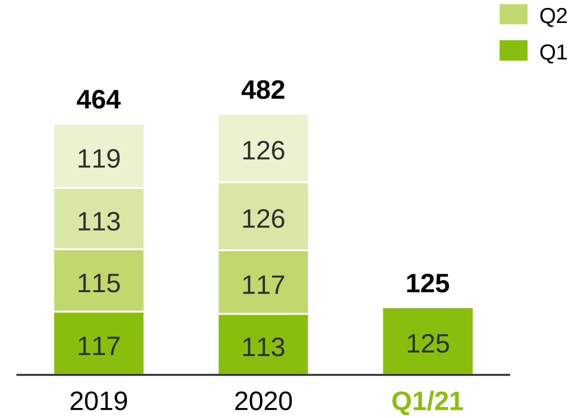
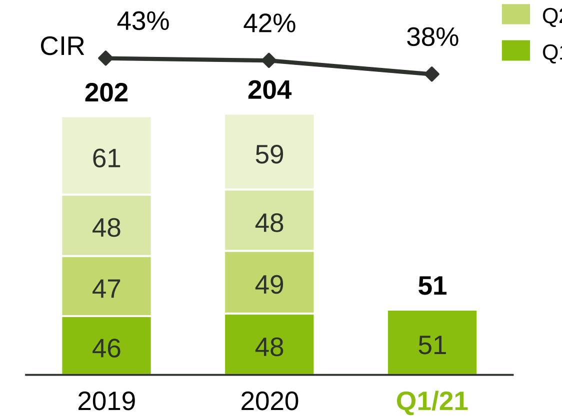
New business
€ bn (commitments, incl. extensions >1 yr)



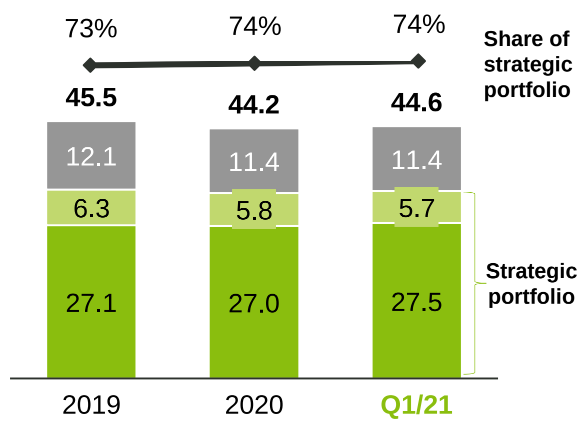
Net interest and commission income [4]
€ mn (IFRS)



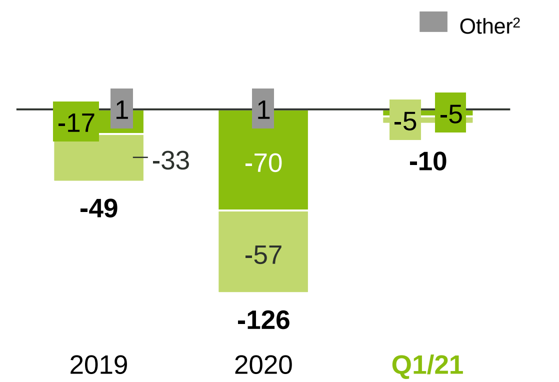
General and admin. expenses
€ mn (IFRS)



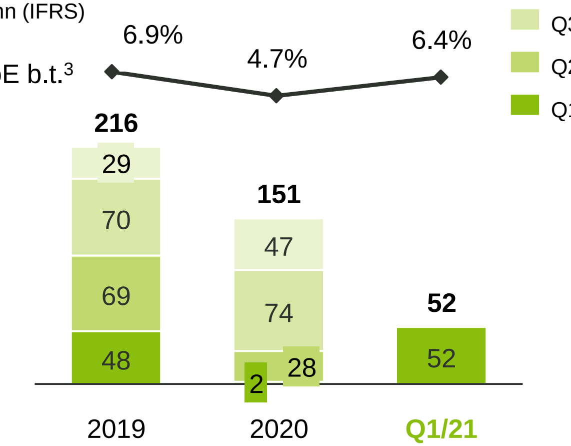
Portfolio
€ bn (financing volumes)



Net income from risk provisioning
€ mn (IFRS)



Pre-tax profit
€ mn (IFRS)



Note: Figures may not add up due to rounding 1 Incl. provisions in off balance sheet lending business 2 Recoveries from written-off financial assets 3 After AT1 coupon (2019: € 17 mn; 2020: € 17 mn; Q1/21: pro-rata € 4 mn) assuming full payment of the discretionary coupon 4 2020 figures retrospectively adjusted according to IAS 8.42 resulting from changed timing of realization of commitment interest

Financials

Risk provisioning on low level – comfortable buffer in place to cope with potential further impacts from COVID-19 pandemic

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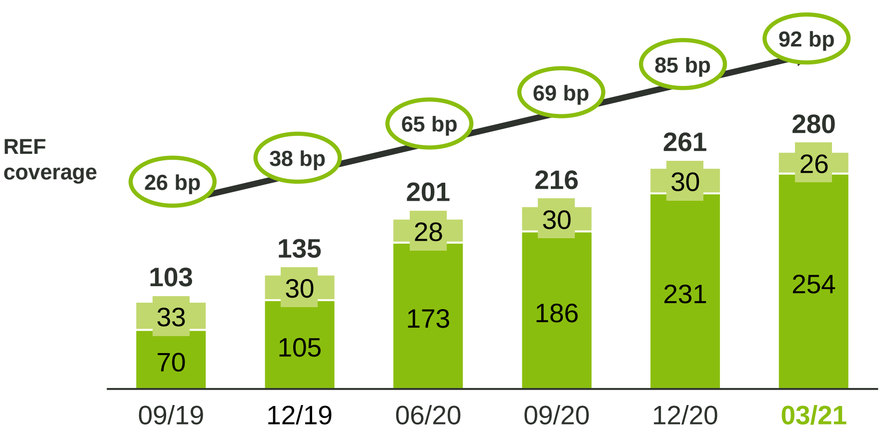
Net income from risk provisioning

€ mn

	Q1/20	Q4/20	Q1/21
Net income from risk provisioning	-34	-42	-10
thereof			
stage 1	*-17*	-7	*-7*
stage 2	*-13*	-14	-
stage 3	*-4*	-14	*-5*
Off balance sheet lending business	*-1*	-8	*2*
Recoveries	*1*	1	-

Balance sheet – loss allowances

€ mn



Key drivers Q1/21

- **Net income from risk provisioning** of € -10 mn (Q1/20: € -34 mn) previous year strongly affected by COVID-19
- **Stage 1&2: Net additions[2]** of € -5 mn (Q1/20: € -31 mn) mainly driven by deteriorating PDs of selected business partners and high new business, partially compensated by releases from improved parameters (esp. LGDs) and maturity effect
  - **Management overlay** on model-induced releases of € 18 mn as subsequent effects from COVID-19 expected with delay, esp. H2/21
  - **No further management overlays** or other relief measures
- **Stage 3:** Net additions of € -5 mn (Q1/20: € -4 mn) for **UK shopping centres**; transfer of one loan from stage 2 to 3 but no provisioning required
- Significant build up of **loss allowances on balance sheet** over the last quarters – **REF coverage** of 92 bp
- **Coverage ratio:** Stage 3 coverage ratio[1] at 26% (12/20: 25%, 12/19: 11%), additional collateral not taken into account – incl. these factors, REF coverage ratio at approx. 100%

1 Coverage ratio = credit loss allowances on financial assets in stage 3 / gross book values in stage 3 (loans and securities)

2 Incl. provisions in off balance sheet lending business

New business

REF new business volume of € 2.1 bn with avg. gross interest margin of ~170 bp and low avg. LTV of 54%

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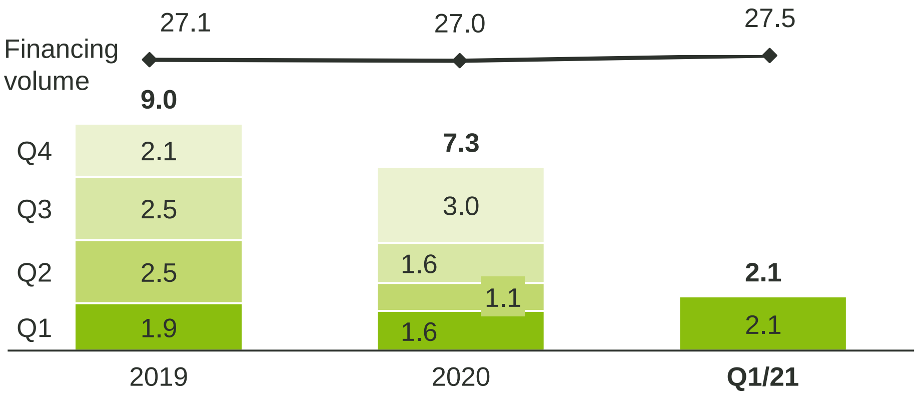
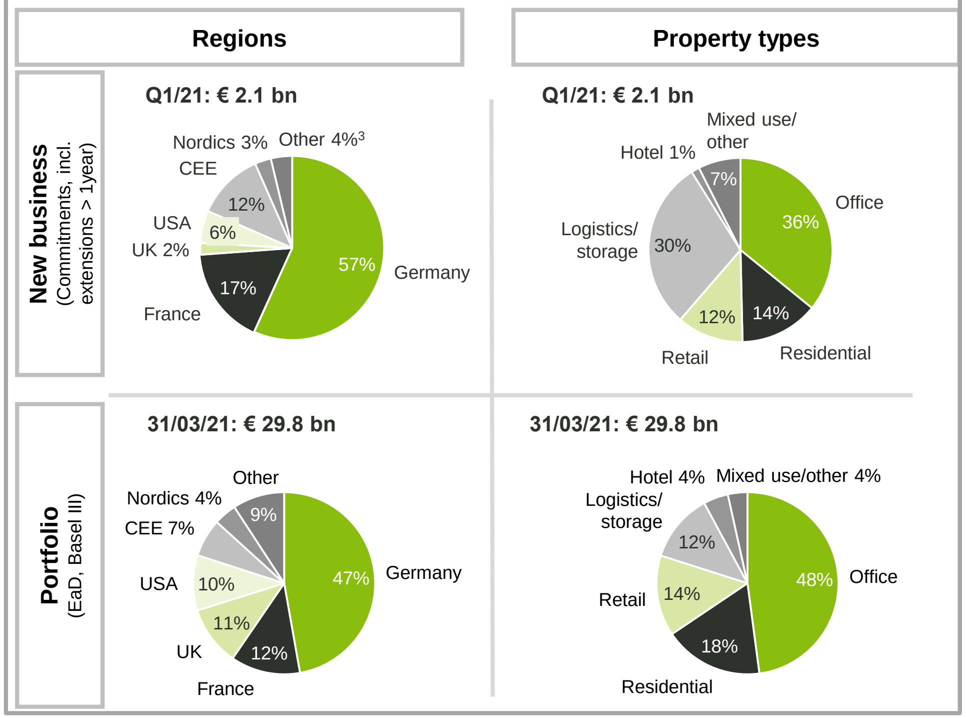
REF New business

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



REF new business

	Q1/20	FY20	Q1/21
Total volume (€ bn)	1.6	7.3	2.1
thereof: *Extensions >1 year*	*0.4*	*2.6*	*0.5*
No. of deals	32	142	41
Avg. maturity (years)[1]	~4.4	~4.3	~5.7
Avg. LTV (%)[2]	56	54	54
Avg. gross interest margin (bp)	>170	~180	~170



Key drivers Q1/21

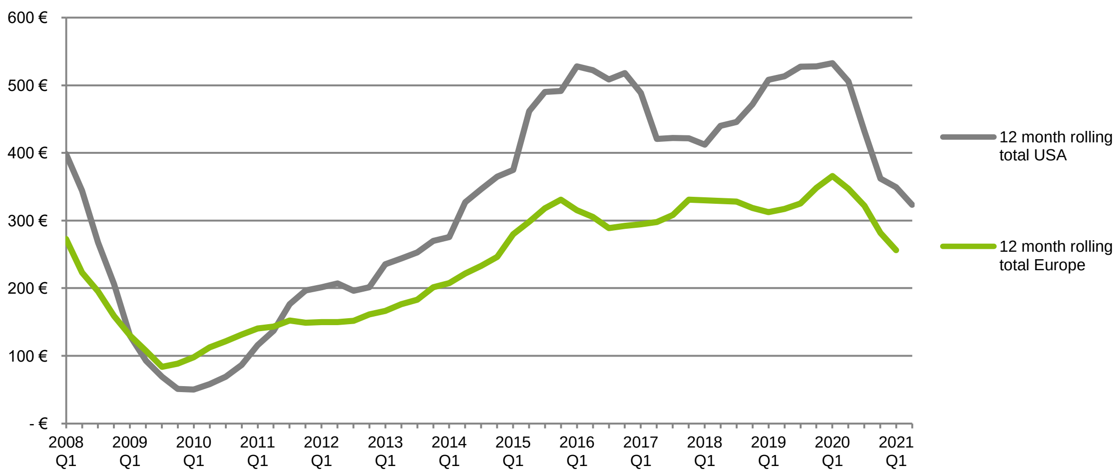
- **REF new business** of € 2.1 bn with an average gross interest margin of ~170 bp on solid level despite overall lower transaction levels and increased competition
  - **Avg. gross interest margin** at solid level of ~170 bp (Q1/20: >170 bp, 2020: ~180 bp, 2019: ~155 bp)
  - Continued selective approach with focus on conservative risk positioning – **avg. LTV** improved y-o-y from 56% to 54%[2]
  - Higher share of **new committments** leads to strong growth of € 0.5 bn in REF portfolio; share of **extensions** with 24% down vs. 2020 (36%) – no forced extensions
  - 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 Q2/21 at stable margin level

Note: Figures may not add up due to rounding 1 Legal maturities 2 New commitments; avg. LTV (extensions): Q1/21: 57%, Q1/20: 47% 3 Netherlands

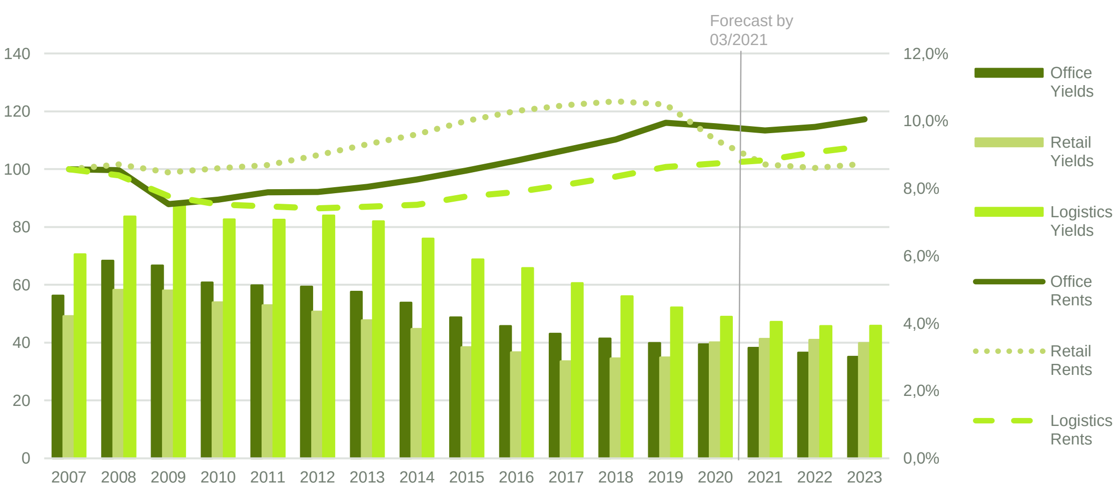
Markets

Drop in European and US Real Estate transaction volumes in 2020 and Q1/2021 – however, so far no severe yield shift obvious

European and US Investment volume*
(€ bn)



European Prime Rents (2007=100; LHS) and Prime Yields (RHS)**



- European and US CRE **investment volumes** decreased due to COVID-19
  - US figures were down by 32% while Europe saw a decline by 27% in 2020
  - Preliminary figures for Q1 suggest also a weak start into 2021
- Europe:
  - Decreasing market values so far focussed 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 while stabilising **retail** yields cannot be expected 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
  - Deals activity and investor sentiment focus on **logistics**, **residential** and food-based and big box **retail** assets
  - Yields will increase, most notably for **shopping centres**
- USA:
  - Overall still commercial property price growth in 2020
  - Weaker trends for the o**ffice** and **retail** sectors, counteracted by strength in the **industrial** and **apartment** sectors
  - Yields for o**ffice** properties are expected to increase

*All 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) ** Source: Property Market Analysis (PMA) as of March 2021

COVID-19 Challenges

Successful management of COVID-19 challenges by focusing on selective business and strong risk monitoring

Fundamental Challenges

- **Economy and subsequently Real Estate sector affected** by COVID-19 driven hygiene/social distancing standards as well as government measures (e.g. lockdowns, curfews) to fight the pandemic, esp**. Retail and Hotel**
- Subsequent effects from unemployment and insolvencies expected to have an delayed impact **on property values and cash flows - impacts** expected to become more **visible in H2/21**
  - Expiring state support measures
  - Delayed effects on labor markets, insolvencies and rental market
  - Expiring agreements with customers (e.g. change in covenants, postponements of amortization)
- **Structural challenges** as a result of the COVID-19 impact
  - Space requirement / home office
  - Online shopping
  - Change in behavior in private and business travelling

Business Approach

- **Selective business approach** with overall conservative risk positioning
  - **Focus on Prime** locations / properties / sponsors
  - No Hotels and Shopping Centres since March 2020; Retail only highly selective with focus on neighborhood shopping/high street retail
- **Strong risk monitoring**
  - Permanent **dialogue with clients**
  - COVID-19 related **client requests** on moderate level
    - **Tailor-made** mid- to long-term viable **solutions** in cooperation with clients / sponsors
    - Only partially required to be classified as “Forbearance”
    - All cases are **performing** (no regulatory defaults)
    - Client requests **widely spread by regions** (incl. Germany, UK, France, US, Poland) and mostly focusing on certain **property types** (incl. Retail ~44%, Hotel ~20%, Office ~17%)
- In addition, **forward-looking monitoring** of selected sub-portfolios with regard to potential future structural challenges

Portfolio

pbb's business approach reflected in stable risk parameters – average LTV of 52% provides solid risk buffer

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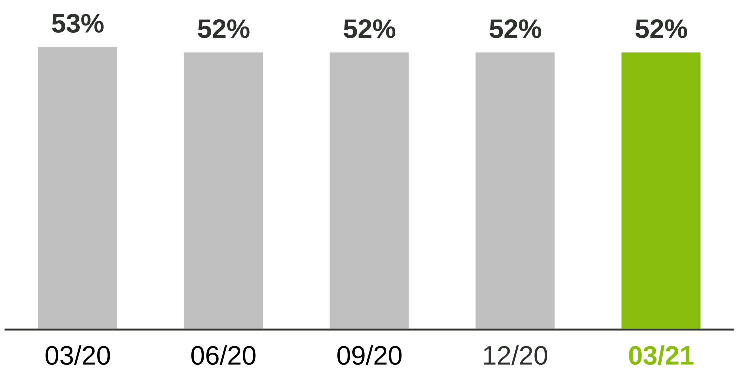
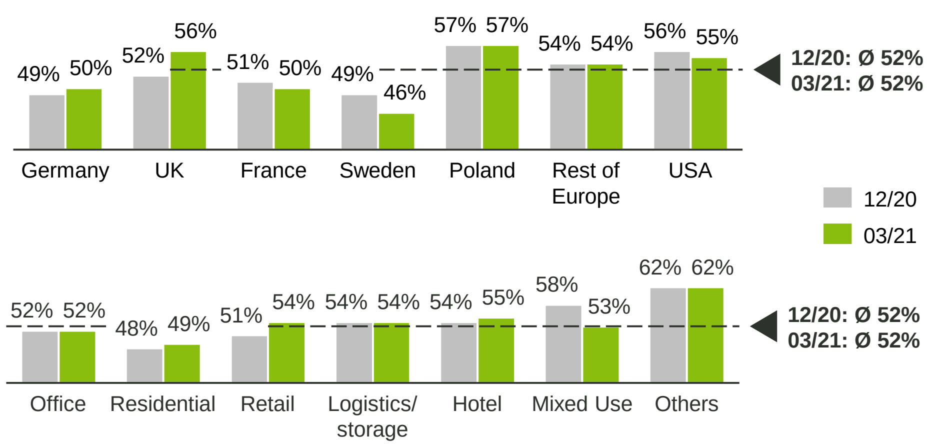
REF Portfolio: Avg. weighted LTVs

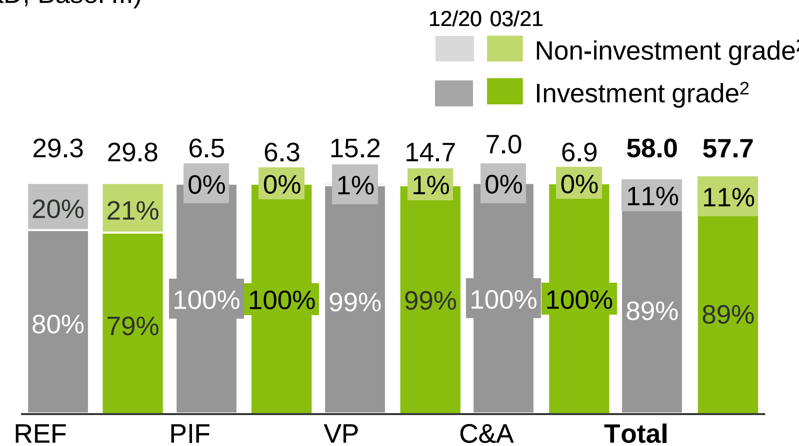
% (commitments)[1]





Total portfolio: Internal ratings (EL classes)

€ bn (EaD, Basel III)



Key messages

- **Avg. LTV** of 52% slightly improved y-o-y and stable q-o-q, reflecting pbb's business approach – LTV increase in UK and retail in the light of COVID-19 pandemic and special situation of UK shopping centres
- Stable development of **internal ratings** q-o-q
- Furthermore delayed **effects from COVID-19 pandemic** expected

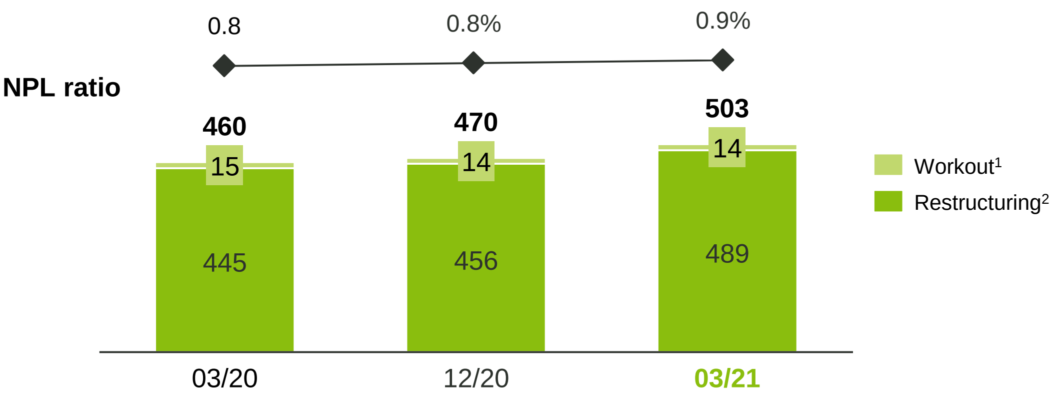
Note: Figures may not add up due to rounding 1 Based on performing investment loans only, values not fully reflecting COVID-19 effects 2 EL classes 1-8 = Investment grade; EL classes 9-18 = Non-investment grade

Portfolio

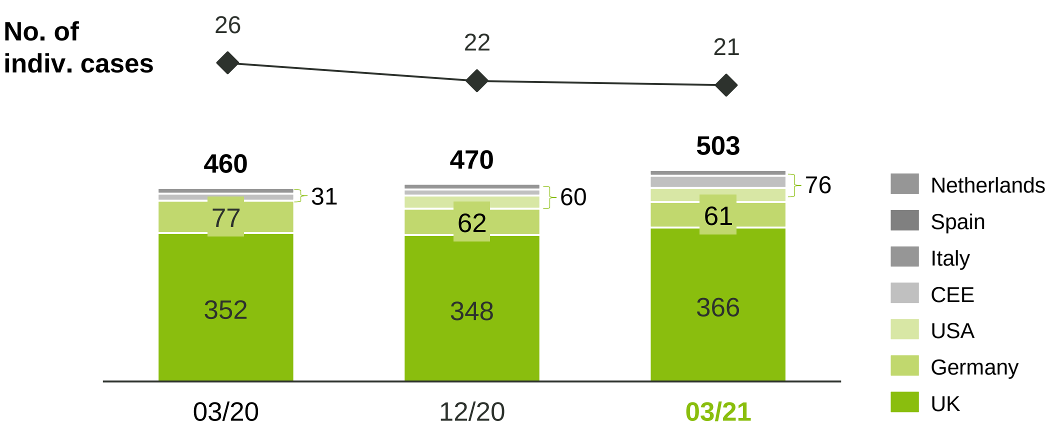
NPLs remain on low level

Non-performing loans

€ mn (EaD, Basel III)



Non-performing loans – regions



Key drivers Q1/21

- **Non-performing loans** (NPLs) slightly up to € 503 mn (12/20: € 470 mn, 03/20: € 460 mn)
  - **Restructuring loans** up to € 489 mn (12/20: € 456 mn, 03/20: € 445 mn)
    - € 15 mn CEE shopping centre loan added in Q1/21 triggered by covenant breach (repayment overdue due to COVID-19 driven delay in sale), but no provisioning required due to sufficient collateral
    - € 18 mn net increase in Q1/21 mainly from FX effects
  - **Workout loans** stable at only € 14 mn (12/20: € 14 mn, 03/20: € 15 mn)
- **NPL ratio**[3] of 0.9% remains on low level (12/20: 0.8%, 03/20: 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

Strong funding activities in Q1/21 – focus on non-Euro Pfandbriefe – inaugural Green Senior Preferred Benchmark issued

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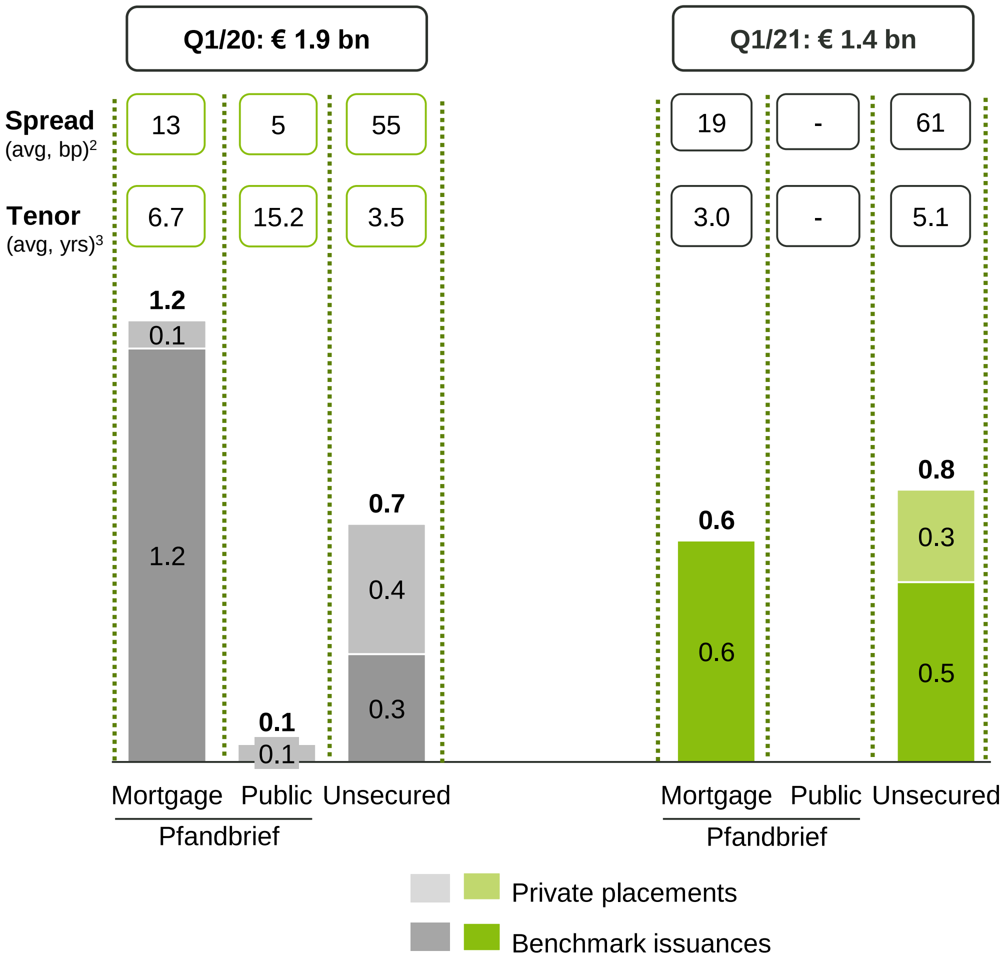
New long-term funding[1]
€ bn



Funding Q1/21

- **Strong start into 2021** with a USD 750 mn 3Y Pfandbrief Benchmark, an inaugural € 500 mn Green Senior Preferred 5Y Benchmark, both issued in January, and a GBP 500 mn 3Y Pfandbrief in April as well as Pfandbrief Private Placements in SEK
- **Broadening of investor base,** with Pfandbriefe in SEK, GBP and USD
- Good demand for unsecured **Private Placements** (focus on senior preferred) supported by strong markets
- No offering of EUR Pfandbriefe which have been substituted by TLTRO III participation
- **Frontloading of funding in 2020** resulting in reduced need for capital market funding in 2021 and **comfortable liquidity buffer** sufficient to cover internal stress test well beyond 6 months
- **Retail deposit** funding channels established and scalable – in Q1/21 pbb direkt amounted to € 3.2bn (Q1/20:€ 2.7 bn)
- € 7.5 bn participation in **TLTRO III** in 2020 to optimise funding costs – TLTRO III provides an attractive and flexible source of funding

- **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

Funding

Encouraging secondary market performance after COVID-19 widening in March 2020

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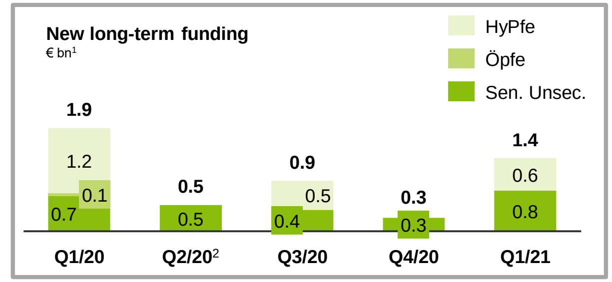
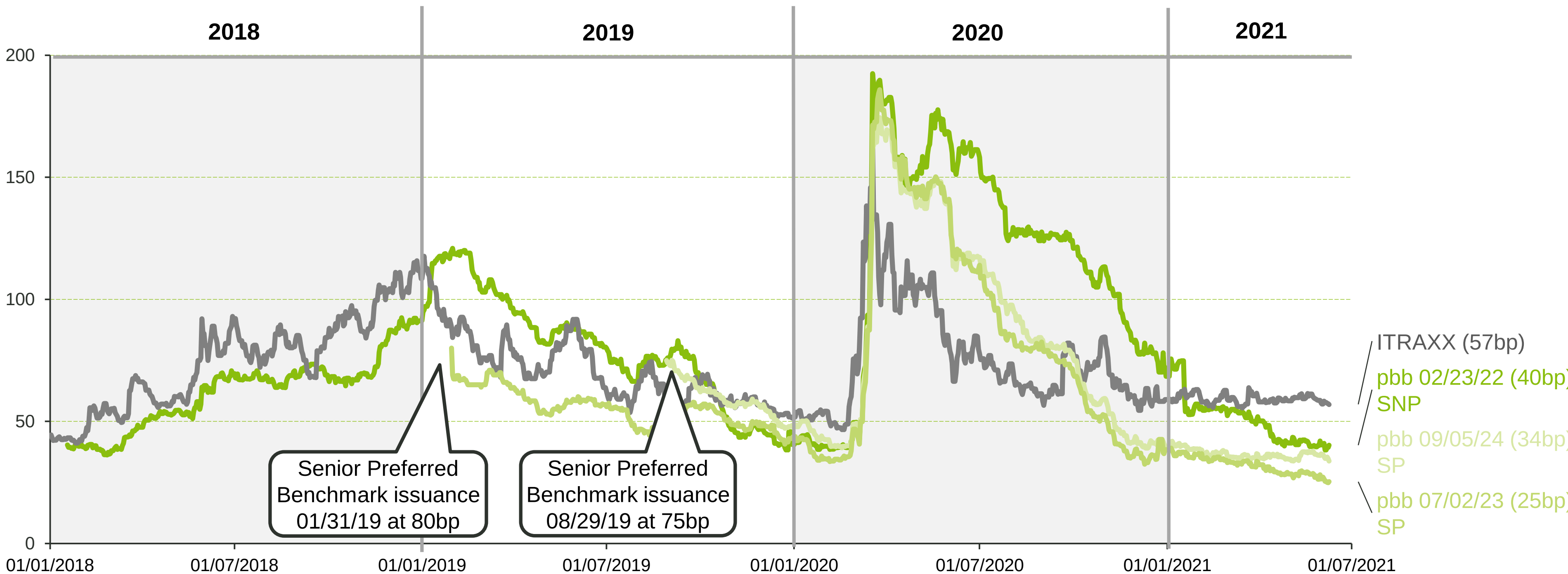


Spread development of pbb Senior Benchmarks vs iTraxx Bank Senior

(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

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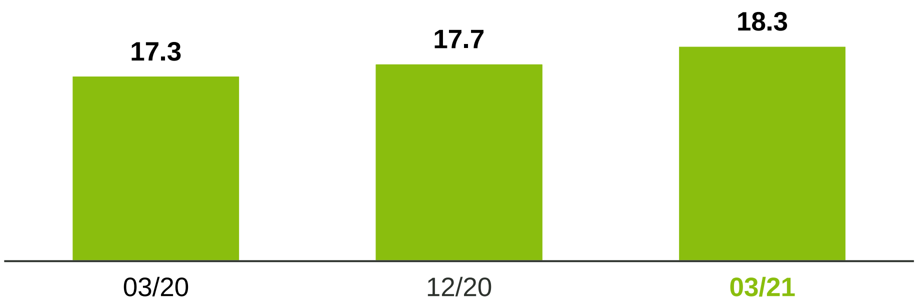
Basel III: RWA
€ bn (IFRS)



RWA development Q1/21

- RWA up y-o-y due to various effects
  - mainly as a result from strong increase in REF portfolio
  - individual deteriorations due to COVID-19 (rating downgrades, market value adjustments)
  - regulatory and liquidity adjustments
- So far, no significant systematic deterioration in the portfolio
- However, potential future impacts on RWA due to COVID-19 driven reclassification effects

Basel III: Equity and capital ratios
(IFRS)

Capital in € bn	03/20[1]	12/20[2]	03/21[3]
CET 1	2.8	2.9	2.8
AT 1	0.3	0.3	0.3
Tier 2	0.6	0.6	0.7
Total Equity	**3.7**	**3.8**	**3.8**

Capital ratios in %	03/20[1]	12/20[2]	03/21[3]
CET 1	16.3	16.1	15.4
Tier 1	18.0	17.8	17.0
Own funds	21.6	21.4	20.6
Leverage ratio	5.6	6.0	6.0

Capital ratios

- CET 1 ratio of 15.4%[3] down (12/20: 16.1%[2], 03/20: 16.3%[1])
- Decrease in regulatory CET 1 capital of € -29 mn vs 12/20 mainly resulting from EL shortfall and adjustments to retained earnings due to changes in the calculation of the commitment interest

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 Excl. interim result, incl. full-year result 2019 2 After approved year-end accounts 3 Excl. Interim result, post proposed dividend 2020

Strategic Initiatives

Client portal launched in March – digital interface between clients and pbb with further development of internal process optimisation

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Digital Transformation of pbb

Fields of action	Solution
Customer	Digitalisation of the customer interface by building a **client portal for REF customers** and thus establishing an **integral workflow** between customer and bank
Efficiency	Digitisation of processes based on new technologies across the **entire value chain**
Product & Service	**CAPVERIANT** - new **platform business model** for public sector financing **Strategic acquisition** of ~ 28.57% stake **by CDC** closed in 04/21 – joint goal digitisation of municipal business in France Additional **expansion** of the **pbb business model**

Origination → Analysis & credit decision → Closing & handover → Portfolio Management

Customer Portal

- Dashboard & Deal Display
- Transaction Management and Status
- Task- and Document Management
- Calendar & Notification Function

- Digitalisation of Internal Processes
- Standardised Data Management
- Change of Capabilities / Mindset

Origination → Analysis & credit decision → Closing & handover → Portfolio Management

pbb internal Credit Processes

- Standardized Brokerage Portal for Municipality Loans
- Information Platform for Chamberlains
- Development as Technical Service Platform for Partner Banks and Cooperation Partners

CAPVERIANT

Strategic Initiatives

Focus 2021 on sustainable lending and climate risk

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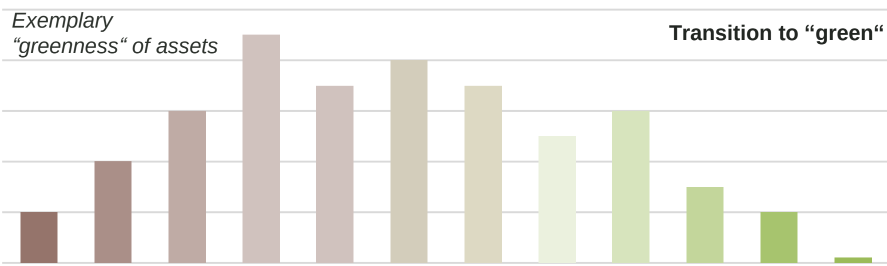
Sustainable lending



Climate risk

Risk related to the transition to a low-carbon and climate resilient future

Risk related to extreme weather (e.g. flooding, drought, sea level rise, heat, storm)

Focus 2021

- Structural integration of **“green” criteria** into credit / lending process, targeting to assess the **“greenness” of pbb’s new business/ portfolio** and subsequently pbb’s **carbon emissions / impact** from its lending business over time
  - Set of “green” criteria identified – **focus on measurement, integration into credit / lending process and IT systems**
  - Basic concept of **Green Loan Framework** defined – **focus on finalisation and implementation**
  - pbb also **intends to set targets** in near future
- Structural integration of **climate risk** into risk management, targeting to identify and assess **transitional and physical climate risks**
  - **Project “Climate Risk”** launched

Summary & Outlook

Strong operative result in Q1/21 confirms outlook to exceed previous year's result

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Strong Q1 result with PBT of € 52 mn

- Continued solid income from lending business – **NII** remains on high level plus some support from prepayment fees
- **Risk provisions** on low level
- **New business** at solid volume and margins, while continuing our selective approach; strategic **REF portfolio increased**
- **Liquidity and capitalisation** stay comfortable

Q1/21 result confirms guidance to exceed previous year's result, based on **solid operating performance**

- **NII** stable to slightly higher, supported by continued low funding costs (incl. TLTRO) and floor income
- Operating **costs** largely stable
- **Risk provisioning** lower, depending on future potential impacts from COVID-19 pandemic

pbb expects impacts from COVID-19 to become more visible in H2/21 – guidance sets **floor at last year's result**

Appendix

Financials

Strong operating performance continued – risk provisioning on low level

Income statement

€ mn

	Q1/20	Q4/20	Q1/21
Operating Income	**110**	**154**	**146**
Net interest income [3]	111	124	123
Net fee and commission income	2	2	2
Net income from fair value measurement	-17	4	2
Net income from realisations	14	6	21
Net income from hedge accounting	-1	-	-1
Net other operating income	1	18	-1
Net income from risk provisioning	-34	-42	-10
General and administrative expenses	-48	-59	-51
Expenses from bank levies and similar dues	-21	-1	-28
Net income from write-downs and write-ups on non-financial assets	-5	-5	-5
Pre-tax profit	**2**	**47**	**52**
Income taxes	-	-2	-10
Net income	**2**	**45**	**42**

RoE before tax[1] (%)	-0.3	5.8	6.4
RoE after tax[1] (%)	-0.3	5.6	5.1
CIR[2] (%)	48.2	41.6	38.4
EpS[1] (€)	-0.01	0.30	0.28

Key drivers Q1/21

- **NII** up y-o-y, driven by lower refinancing costs (incl. pos. effect from TLTRO III) and improved floor income; only marginal impact from increase in **REF portfolio** by € 0.5 bn – mainly realised in March
- **Fair value measurement** slightly positive – strong credit spread widening in Q1/20 caught-up during 2020
- **Net income from realisations up** y-o-y, reflecting higher prepayment fees – no run-rate
- **Risk provisioning significantly down** y-o-y – previous year strongly affected by COVID-19
- **GAE** up y-o-y – higher expenses from increase in FTE (03/21: 779, 03/20: 749, 12/20: 782) and project costs
- Increased requirements on EU level resulted in slightly higher **bank levy** (Q1/21: € 28 mn, Q1/20: € 21 mn; 2020: € 26 mn)
- **RoE** and **EpS** taking into account pro-rata AT1 coupon (3M/21: € -4 mn; 3M/20: € -4 mn)

1 After AT1 coupon (2020: € 17 mn, Q1/21: pro rata € 4 mn) assuming full payment of the discretionary coupon
2 CIR = (GAE + net income from write-downs and write-ups on non-financial assets) / operating income
3 2020 figures retrospectively adjusted according to IAS 8.42 resulting from changed timing of realization of commitment interest

Key figures
pbb Group

Income statement (€ mn)	**2018**	**2019**	**Q1/20**	**Q2/20**	**Q3/20**	**Q4/20**	**FY/20**	**Q1/21**
Net interest income	450	458	111	116[8]	125[8]	124[8]	476[8]	123
Net fee and commission income	6	6	2	1	1	2	6	2
Net income from fair value measurement	-9	-7	-17	1	4	4	-8	2
Net income from realisations	32	48	14	2	4	6	26	21
Net income from hedge accounting	-1	-2	-1	-1	6	-	4	-1
Net other operating income	-7	3	1	3	-	18	22	-1
Operating Income	**471**	**506**	**110**	**122**	**140**	**154**	**526**	**146**
Net income from risk provisioning	-14	-49	-34	-36	-14	-42	-126	-10
General and administrative expenses	-193	-202	-48	-49	-48	-59	-204	-51
Expenses from bank levies and similar dues	-25	-24	-21	-4	-	-1	-26	-28
Net income from write-downs and write-ups on non-financial assets	-15	-18	-5	-5	-4	-5	-19	-5
Net income from restructuring	-9	3	-	-	-	-	-	-
Pre-tax profit	**215**	**216**	**2**	**28**	**74**	**47**	**151**	**52**
Income taxes	-36	-37	-	-8	-27	-2	-37	-10
Net income	**179**	**179**	**2**	**20**	**47**	**45**	**114**	**42**

Key ratios (%)	**2018**	**2019**	**Q1/20**	**Q2/20**	**Q3/20**	**Q4/20**	**FY/20**	**Q1/21**
CIR[1]	44.2	43.5	48.2	44.3	37.1	41.6	42.4	38.4
RoE before tax	7.1	6.9	-0.3	3.3	9.6	5.8	4.6	6.4
RoE after tax	5.9	5.7	-0.3	2.2	5.9	5.6	3.3	5.1

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

Regulatory capital ratios[2]	**12/18**	**12/19**	**03/20**	**06/20**	**09/20**	**12/20**	**12/20**	**03/21**
RWA (€ bn)	14.6	17.7	17.3	17.4	17.8	17.7	17.7	18.3
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]

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

Note: annual results 2018, 2019 and 2020 audited, interim results Q1 2020/21 and Q3 2020 unaudited, interim results Q2 2020 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 2020 figures retrospectively adjusted according to IAS 8.42 resulting from changed timing of realization of commitment interest

Key figures
Real Estate Finance (REF)

DEUTSCHE PFANDBRIEFBANK

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

Key ratios (%)	2018	2019	Q1/20	Q2/20	Q3/20	Q4/20	FY/20	Q1/21
CIR[1]	42.5	41.1	43.7	44.2	40.9	44.0	43.2	38.1
RoE before tax	12.9	11.3	2.4	3.2	11.4	4.9	5.5	9.9

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

Note: annual results 2018, 2019 and 2020 audited, interim results Q1 2020/21 and Q3 2020 unaudited, interim results Q2 2020 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 resulting from changed timing of realization of commitment interest

Key figures
Public Investment Finance (PIF)

DEUTSCHE PFANDBRIEFBANK

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

Key ratios (%)	2018	2019	Q1/20	Q2/20	Q3/20	Q4/20	FY/20	Q1/21
CIR[1]	76.3	75.0	55.6	45.5	45.5	60.0	51.2	55.6
RoE before tax	5.4	2.7	1.6	11.4	9.8	8.4	7.9	-0.6

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

Note: annual results 2018, 2019 and 2020 audited, interim results Q1 2020/21 and Q3 2020 unaudited, interim results Q2 2020 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	FY/20	Q1/21
Net interest income	39	29	8	10	10	10	38	9
Net fee and commission income	-1	-1	-	-	-	-	-	-
Net income from fair value measurement	1	3	-12	-	6	5	-1	1
Net income from realisations	-	-1	2	-	-	-1	1	-
Net income from hedge accounting	-	-1	-	-	2	-	1	-
Net other operating income	-2	1	-1	-1	-	4	-	-
Operating Income	**37**	**30**	**-3**	**3**	**18**	**18**	**39**	**10**
Net income from risk provisioning	4	8	-1	3	-	2	4	1
General and administrative expenses	-12	-13	-3	-2	-2	-3	-10	-3
Expenses from bank levies and similar dues	-7	-7	-6	-1	-	-	-7	-7
Net income from write-downs and write-ups on non-financial assets	-1	-1	-	-1	-	-	-1	-
Net income from restructuring	-1	-	-	-	-	-	-	-
Pre-tax profit	**20**	**17**	**-13**	**5**	**16**	**17**	**25**	**1**

Key ratios (%)	2018	2019	Q1/20	Q2/20	Q3/20	Q4/20	FY/20	Q1/21
CIR[1]	35.1	46.7	n/a	50.0	11.1	16.7	28.2	30.0
RoE before tax	1.4	1.7	-9.1	2.8	11.0	12.8	3.9	0.2

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

Note: annual results 2018, 2019 and 2020 audited, interim results Q1 2020/21 and Q3 2020 unaudited, interim results Q2 2020 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	31/03/21	31/12/20	Liabilities & equity	31/03/21	31/12/20
Financial assets at fair value through P&L	**1.5**	**1.4**	**Financial liabilities at fair value through P&L**	**0.7**	**0.6**
thereof			thereof		
Positive fair values of stand-alone derivatives	0.6	0.7	Negative fair values of stand-alone derivatives	0.7	0.6
Debt securities	0.1	0.1	**Financial liabilities measured at amortised cost**	**52.0**	**52.6**
Loans and advances to customers	0.7	0.5	thereof		
Financial assets at fair value through OCI	**1.6**	**1.5**	Liabilities to other banks (incl. central banks)	9.7	9.8
thereof			thereof		
Debt securities	1.3	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)	**48.3**	**48.7**	Liabilities to other customers	21.7	22.6
thereof			thereof		
Debt securities	7.4	7.5	*Registered Mortgage Pfandbriefe*	*4.0*	*4.3*
Loans and advances to other banks	1.7	1.9	*Registered Public Pfandbriefe*	*8.8*	*9.1*
Loans and advances to customers	39.2	39.3	Bearer Bonds	20.0	19.5
Positive fair values of hedge accounting derivatives	**1.2**	**1.7**	thereof		
Other assets	**5.5**	**5.6**	*Mortgage Pfandbriefe*	*11.4*	*10.7*
			Public Pfandbriefe	*2.3*	*2.3*
			Subordinated liabilities	0.7	0.7
			Negative fair values of hedge accounting derivatives	**1.6**	**1.9**
			Other liabilities	**0.5**	**0.5**
			Equity (attributable to shareholders)	**3.0**	**3.0**
			AT1-capital	**0.3**	**0.3**
Total Assets	58.1	58.9	**Total liabilities & equity**	58.1	58.9

Share of Pfandbriefe of refinancing liabilities

53% / 52%

Note: Figures may not add up due to rounding

Portfolio

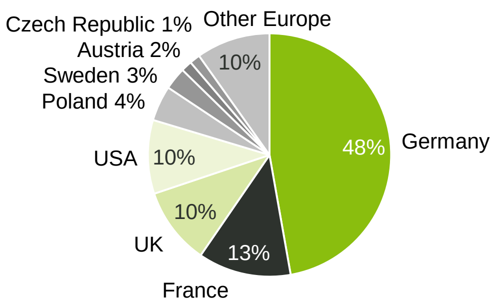
Stable and well diversified portfolio with continued focus on European markets, particularly on Germany

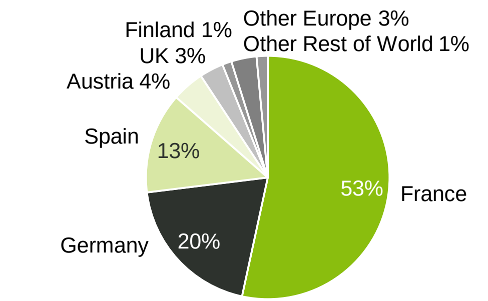
DEUTSCHE PFANDBRIEFBANK

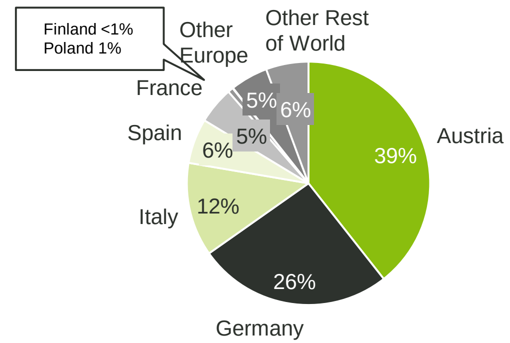
31/03/2021 (EaD, Basel III)

	Real Estate Finance	Public Investment Finance	Value Portfolio

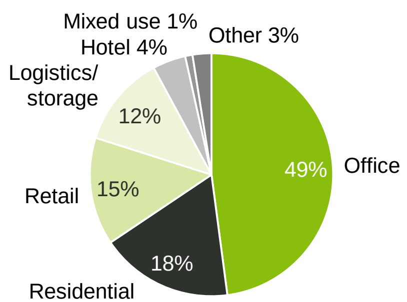
by region

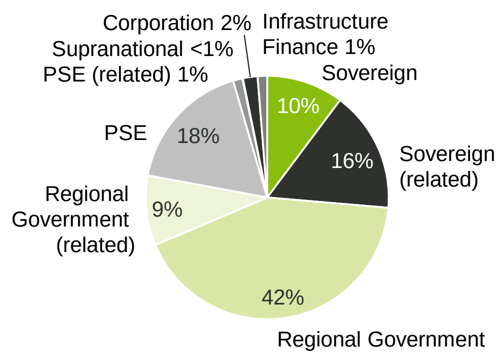


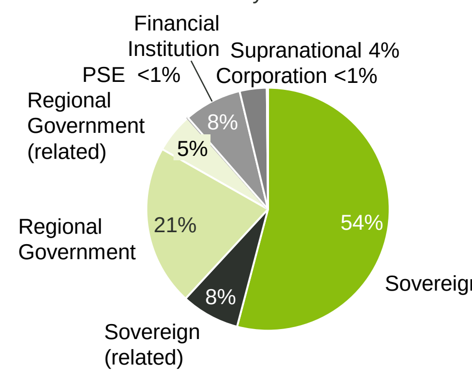




by property type / borrower classification[1]



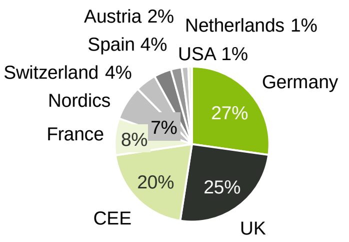
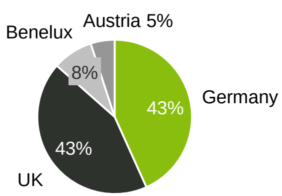




	Real Estate Finance	Public Investment Finance	Value Portfolio
Vol.	**€ 29.8 bn**	**€ 6.3 bn**	**€ 14.7 bn**
Strategy	**Strategic portfolio – moderate growth targeted**	**Strategic portfolio – in "hold" mode**	**Non-strategic portfolio – in run-down mode**

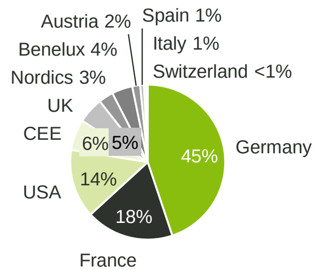
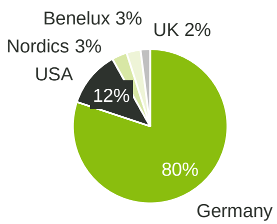
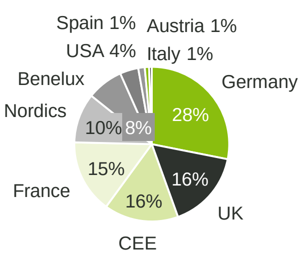
Note: Figures may not add up due to rounding 1 See appendix for definition of borrower classification

Markets
Sub-segments

Property type	Regions	Evaluation of current situation	Challenges	Risk positioning
Retail € 4.3 bn (14%)		■ 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: moderate 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	■ Declining consumer purchasing power and expected increase of financial difficulties/insolvencies leads to pressure on rents and allocable costs ■ Duration of 2nd lockdown ■ In weaker locations: purchasing power expected to decrease ■ Structural changes accelerating – Online-Shopping – Hygiene/social distancing standards	■ Selective approach with foresighted reduction of retail portfolio by ~40% or € 2.8 bn since 2016 (03/21: € 4.3 bn; 12/16: € 7.1 bn,) ■ Only investment loans, no developments ■ Conservative risk positioning: avg. LTV of 54%[1] provides good buffer and supports commitment of investors/sponsors ■ Well diversified portfolio ■ Currently, no new commitments for shopping centres
Hotel (Business Hotels only) € 1.3 bn (4%)		■ Most hotels have kept open during lock down, but at rather low occupancy rates ■ Operators with a wide variety of measures to cut costs/use downtime meaningful (e.g. renovations)/tap into additional capital/liquidity sources ■ Present increased vaccination activity fosters expectation of a recovery from late Q2/2021, depending on easing travel restrictions ■ Hotels dependent on international tourist and business travelers will not substantially recover in short-/mid-term ■ Leisure hotels focused on domestic guests with good accessibility expected to recover faster	■ Recovery of occupancy rates will take time ■ Currently significantly suffering from restriction/lockdown measures ■ Coverage of operational costs ■ Market values and cash flows / leases expected to decrease ■ Financial difficulties/insolvencies expected to increase ■ Liquidity in transaction and of the sponsors	■ Selective approach with relatively small portfolio volume of € 1.3 bn (12/19: € 1.4 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, no new commitments

1 Based on performing investment loans only, COVID-19 effects not yet fully reflected

Markets
Sub-segments

Property type	Regions	Evaluation of current situation	Challenges	Risk positioning
Office € 14.3 bn (48%)		■ Slight rise in vacancies ■ Investment market so far less affected than in 2009. No strategic disinvestments but correction of record prices expected. 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 top 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
Residential € 5.3 bn (18%)		■ 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	■ Unemployment expected to increase ■ Increasing vacancy rates in US and UK market expected ■ 'Work from home' could encourage migration from city to country	■ Focus on good locations ■ Conservative risk positioning ■ Portfolio volume of € 5.3 bn with conservative avg. LTV of 49%[1] provides good buffer and supports commitment of investors/sponsors ■ Well diversified portfolio with strong focus on Germany
Logistics € 3.6 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 ■ Increasing focus on online-shopping ■ Need for more resilient supply chains in the industry sector ■ Monoline logistics centres ■ Limited availability of new space ■ In some markets trend to overheated prices	■ Focus on locations with good infrastructure and connection to a variety of different transportation routes ■ Conservative risk positioning: avg. LTV of 54%[1] provides good buffer and supports commitment of investors/sponsors ■ Well diversified portfolio ■ High quality of sponsors

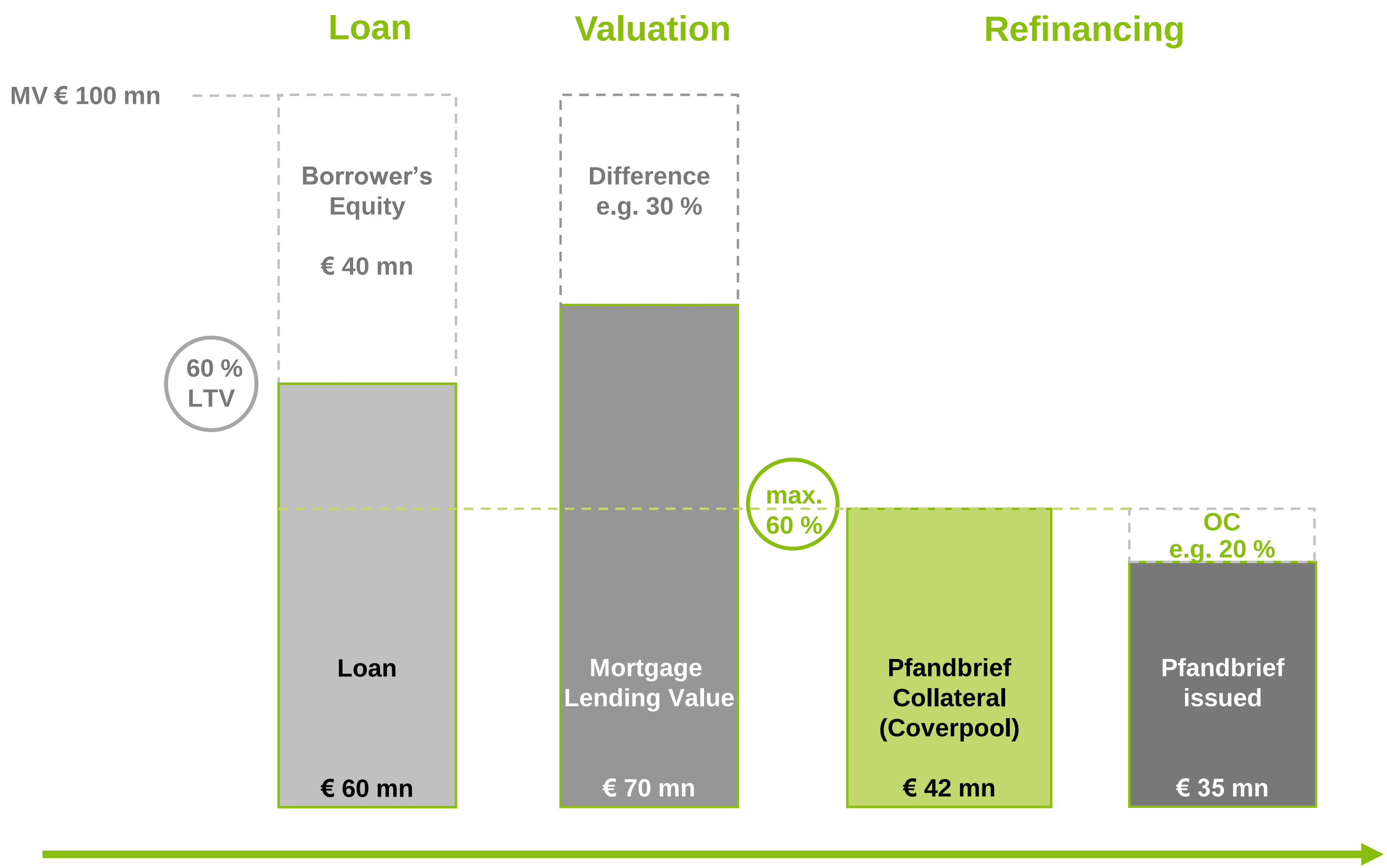
1 Based on performing investment loans only, COVID-19 effects not yet fully reflected

Definition of borrower classifications

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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Reflect excellent standing and continuous improvement

„Prime“ Rating from ISS ESG since initiation in 2012

„A“ Rating from MSCI since initiation in 2013

2016

2017

Top 3 “Best of same Sector“

2018

Top 3 “Stress Test Sustainability – How good are the 25 largest German banks?“[2]

2019

1 formerly “oekom” 2 imug Impuls 2019 “Stresstest Nachhaltigkeit – Wie gut sind die 25 größten deutschen Banken?”, 2 December 2019

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