

pbb Deutsche Pfandbriefbank  
Company Presentation  
November 2022

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# Agenda

1. **pbb at a glance**
2. **Market environment & New business**
3. **Asset quality & Risk provisioning**
4. **Funding**
5. **Capitalisation**
6. **ESG**
7. **Summary & Outlook**


**Appendix**  
**Contact details**

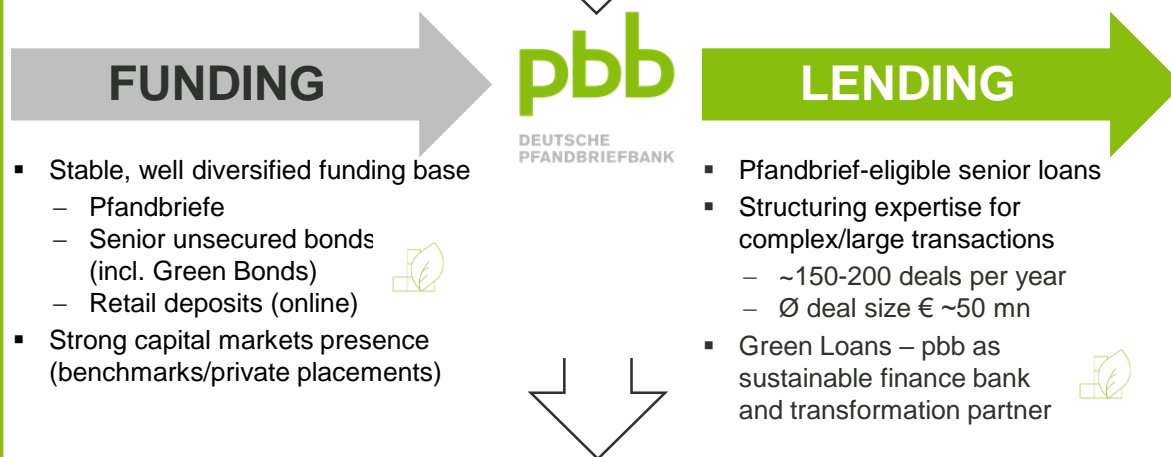
# Business Model & Strategy


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



## USP

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



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

- Pfandbrief-eligible senior loans
- Structuring expertise for complex/large transactions
  - ~150-200 deals per year
  - Ø deal size € ~50 mn
- Green Loans – pbb as sustainable finance bank and transformation partner 

## Value Proposition for Equity Investors

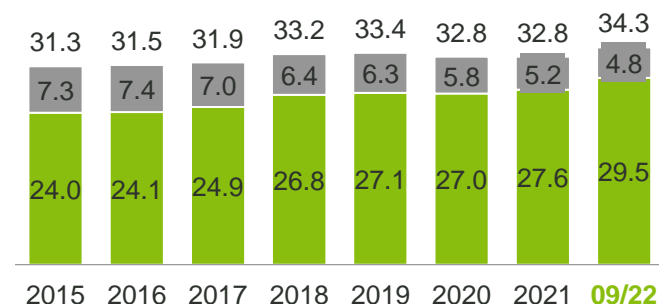
- High portfolio quality and risk standards
- Strong capital base
- Strong operating performance
- Attractive dividend yield
- Strategic initiatives to push growth

## Key figures (IFRS, 30/09/2022)

Total assets	€ 55.9 bn
Equity	€ 3.7 bn
RWA	€ 17.3 bn
CET1 ratio <sup>1</sup>	16.3%
Leverage ratio <sup>1</sup>	5.6%
RoE before taxes	6.4%
FTE	776

## Strategic portfolio

Financing volume in € bn



 Public Investment Finance (i.e. asset based public sector lending)

 Real Estate Finance (i.e. commercial real estate lending)

<sup>1</sup> Excl. interim result, post proposed dividend 2021

# The system works as designed

pbb well positioned to navigate current landscape

## Challenges

### Earnings pressure

- **Low interest rate sensitivity** while interest rates are rising
- **Expiring floor income**
- **Loss of TLTRO benefits**
- **Widened unsecured funding spreads**

### Rising risks

- **Inflation, economic downturn and geopolitical uncertainty**
- **Pressure on CRE markets**  
– slowdown of transaction volumes and rising risks

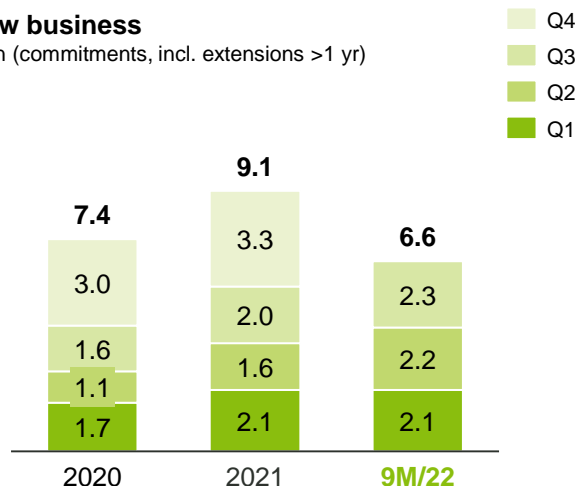
## Our response

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

# Operating and financial overview

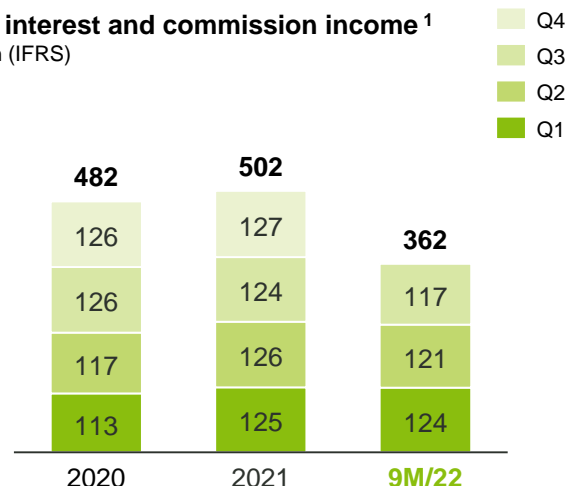
## New business

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



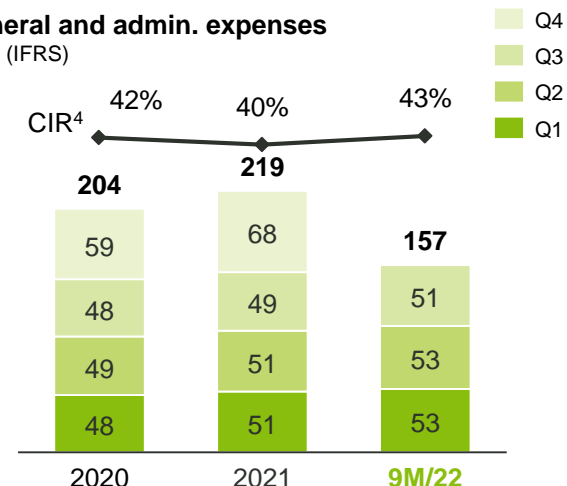
## Net interest and commission income<sup>1</sup>

€ mn (IFRS)



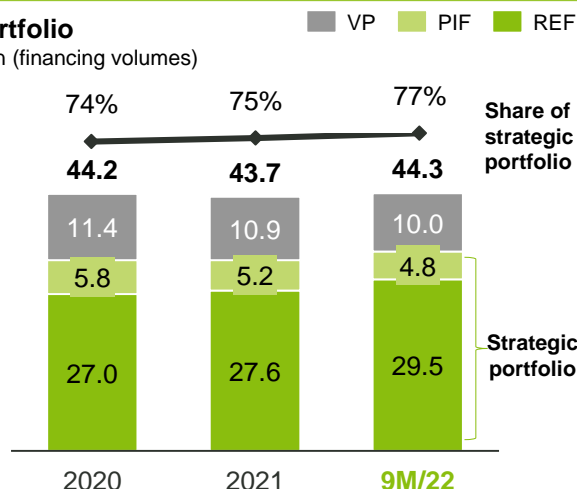
## General and admin. expenses

€ mn (IFRS)



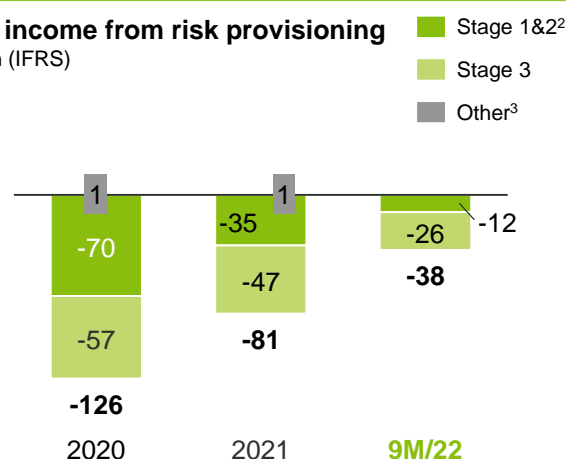
## Portfolio

€ bn (financing volumes)



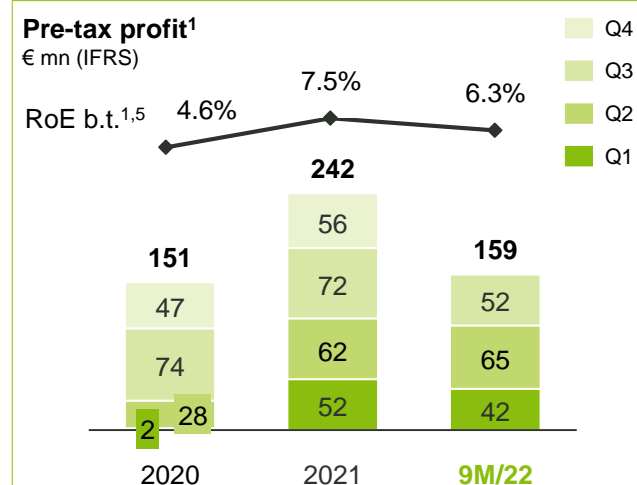
## Net income from risk provisioning

€ mn (IFRS)



## Pre-tax profit<sup>1</sup>

€ mn (IFRS)



Note: Figures may not add up due to rounding

<sup>1</sup> 2020 figures retrospectively adjusted according to IAS 8.42

<sup>2</sup> Incl. provisions in off balance sheet lending business

<sup>3</sup> Recoveries from written-off financial assets

<sup>4</sup> CIR = (GAE + net income from write-downs and write-ups on non-financial assets) / operating income

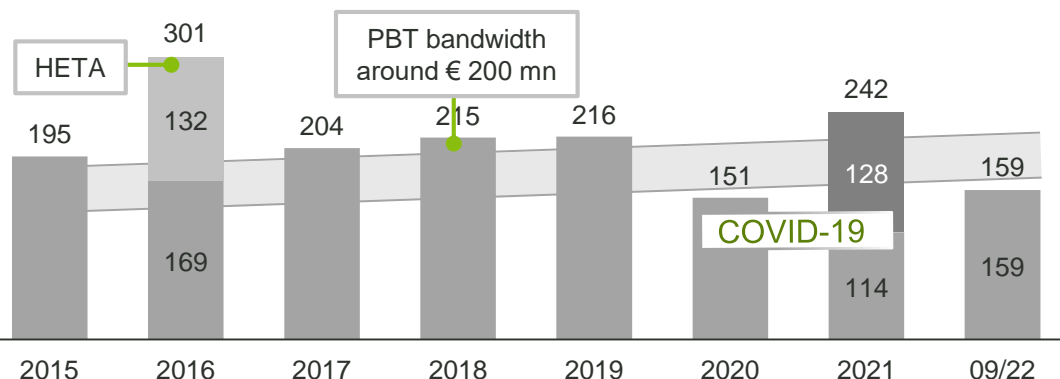
<sup>5</sup> After AT1 coupon (2020: € -17 mn; 2021: € -17 mn; 9M/22: pro-rata € -13 mn)

# Shareholder return

Stable returns and conservative risk approach shows good resilience even in global pandemic crisis – attractive dividend yield and total return of 6% since IPO



## PBT (in € mn)



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

**+3.7%**  
p.a. till 12/21

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

**€ -263 mn**  
~ 50% stage 1&2 since 12/19

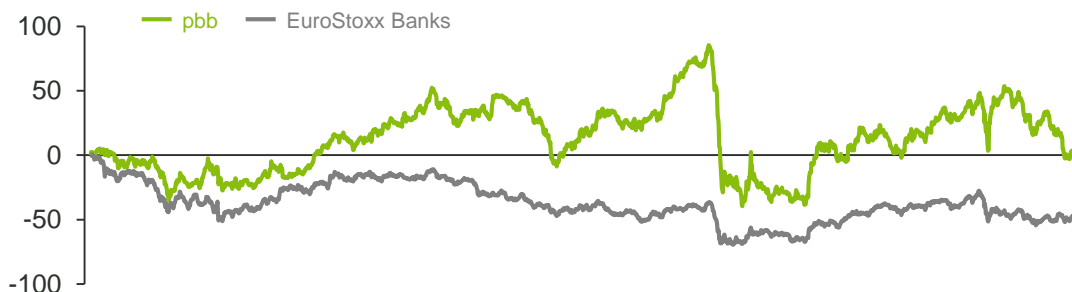
## Dividend yield (DY)<sup>1</sup>



**Attractive dividend yield**  
since IPO

**> € 700 mn**  
dividends distributed  
≅ ~7.5% DY<sup>3</sup>

## Total shareholder return (TSR in %)<sup>4,5</sup>



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

**+6%**  
TSR since IPO<sup>4,5</sup>  
(vs. -46% of index)

<sup>1</sup> Based on XETRA year-end closing price <sup>2</sup> Based on ECB COVID-19 recommendation to refrain from making dividend distributions (27/03/2020) <sup>3</sup> Since IPO and including 2021 dividend of € 1.18 per share (pay-out 2022)  
<sup>4</sup> Total shareholder return indexed to IPO date (16/07/2015) and pbb's first Xetra daily closing price of €11.45 <sup>5</sup> Source: Reuters (Xetra daily closing prices), data as of 19/08/2022

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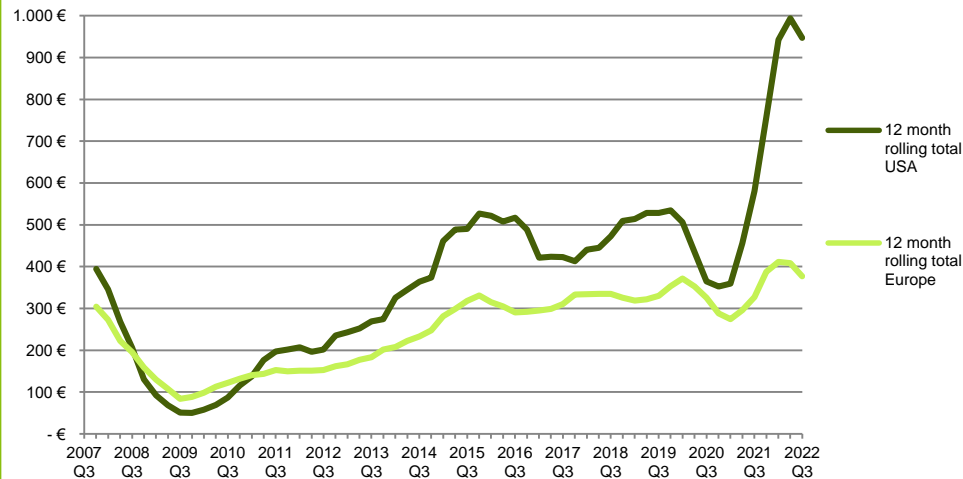
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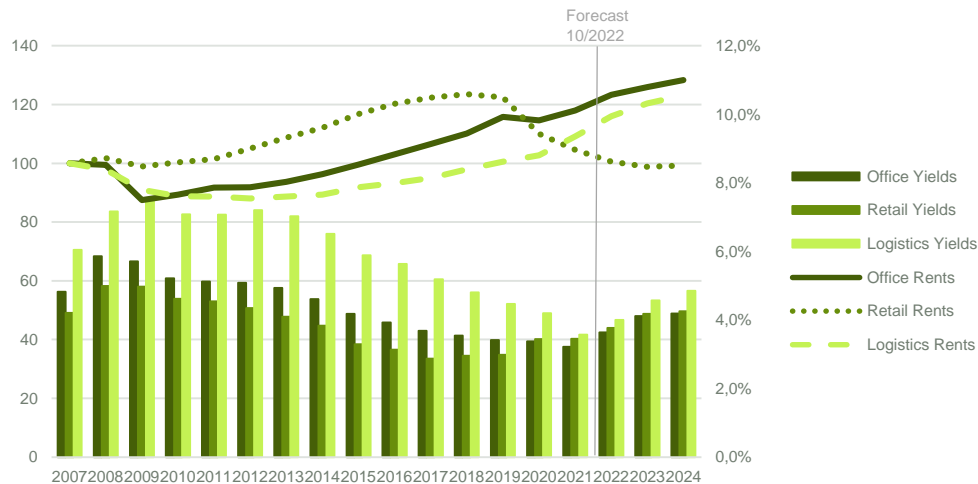
# CRE Markets

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

European and US Investment volume<sup>1</sup>  
(€ bn)



European Prime Rents (2007=100; LHS) and Prime Yields (RHS)<sup>2</sup>



■ Despite further slowing volume growth US CRE **investment volumes** still with relatively solid performance in Q3/22 but, weak sentiment toward real estate is not yet reflected in the latest numbers

■ European property investment volume declined in Q3/22 as the market is currently reassessing valuations and price discovery process takes longer

## Europe:

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

## Germany:

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

## USA:

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

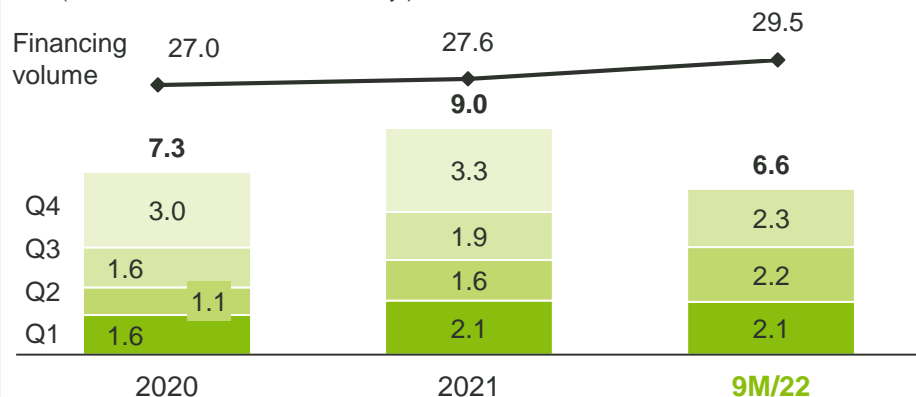
<sup>1</sup>All property types. Based on independent reports of properties and portfolios over € 5 million (over \$ 2.5 mn for US), USD to EUR = end years FX rates Source: Real Capital Analytics (RCA) <sup>2</sup> Source: pbb Property Market Analysis (PMA) as of October 2022

# New Business

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

## REF New business

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



## Key drivers Q3/9M 2022

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

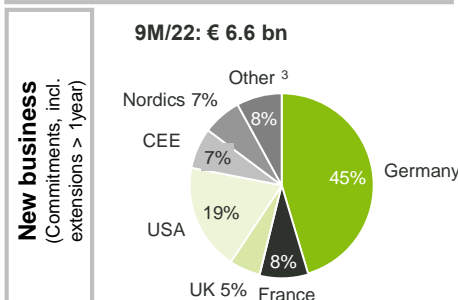
## ESG – Green Loans

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

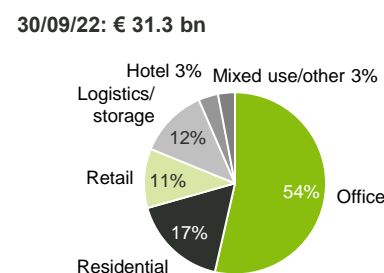
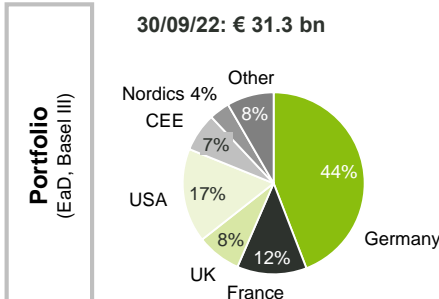
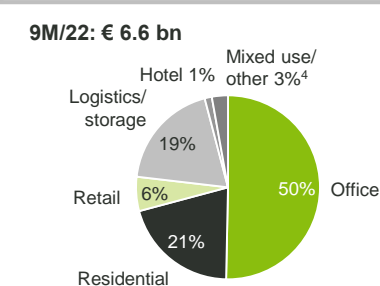
## REF new business

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

## Regions



## Property types



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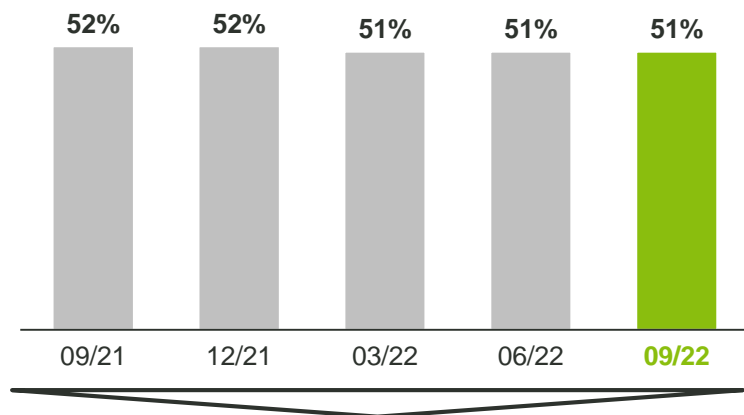
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# Portfolio

Business approach reflected in stable risk parameters and continued low average LTV of 51%, providing solid risk buffer

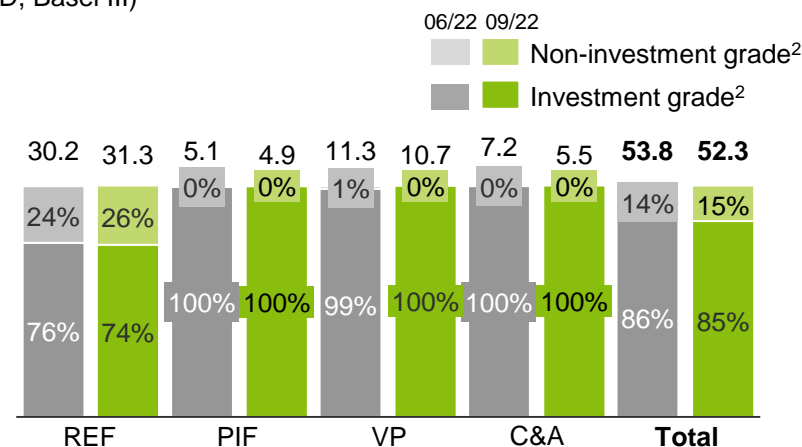
## REF Portfolio: Avg. weighted LTVs

% (commitments)<sup>1</sup>



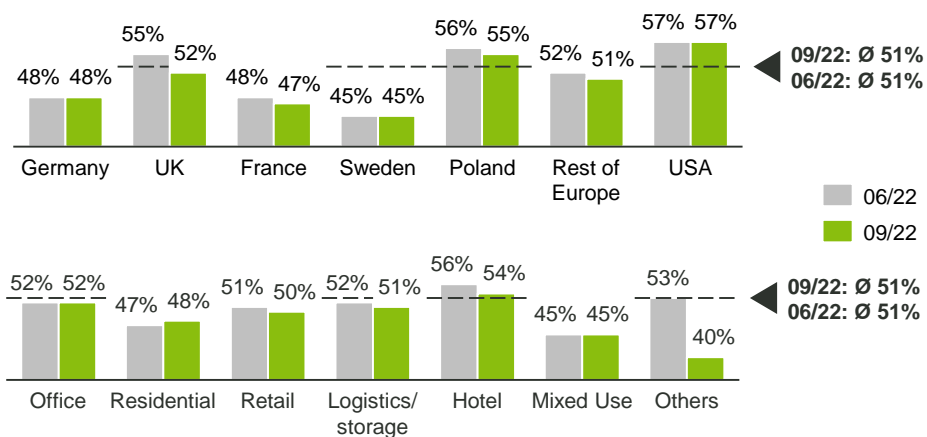
## Total portfolio: Internal ratings (EL classes)

€ bn (EaD, Basel III)



## Key messages

- **Avg. LTV** of 51% slightly improved y-o-y, stable q-o-q, reflecting pbb's business approach – LTV changes in regions and loan types reflect structural portfolio changes due to repayments and new business
- Stable development of **internal ratings** q-o-q
- **Ukraine/Russia:**
  - **No direct exposure** in/to Ukraine, Russia and Belarus
  - **Secondary risks minor**



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

# Risk provisioning

Risk provisioning down y-o-y – scenarios adequately cover current macroeconomic forecasts, management overlay maintained

## Net income from risk provisioning

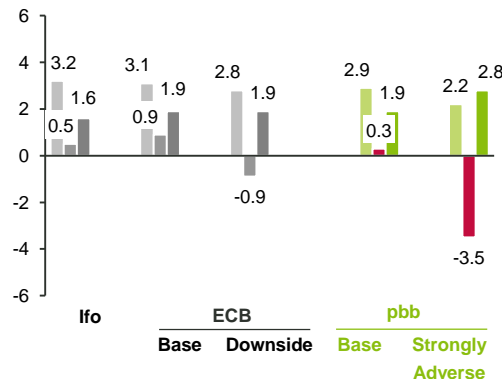
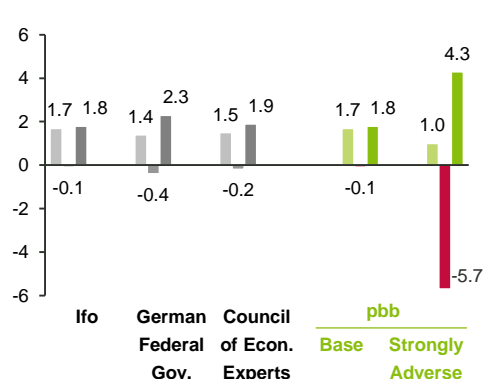
€ mn

	Q3/21	Q3/22	9M/21	9M/22
Net income from risk provisioning	-17	-19	-50	-38
stage 1 & 2 thereof	1	-17	-19	-12
Off-balance sheet lending business	2	-11	1	-22
stage 3 Recoveries	-18	-2	-31	-26
	-	-	-	-

## GDP Germany (%)

## GDP Eurozone (%)

2022 2023 2024 pbb 2022 pbb 2023 pbb 2024



## Key drivers Q3/9M 2022

- **Net income from risk provisioning** of € -19 mn in Q3/22 (9M/22: € -38 mn; 9M/21: € -50 mn)
- **Stage 1&2<sup>1</sup>: Net addition** of € -17 mn in Q3/22 (9M/22: € -12 mn; 9M/21: € -19 mn)
  - Most recent model-/risk-parameters revised downward in line with current economic forecasts till 2024
  - Strongly Adverse Scenario takes into account recession and oil/gas embargo, high weighting of 40% for downside scenario maintained
  - Additions partially compensated by rating upgrades in VP
  - **Management overlay** kept stable at € 41 mn (06/22: € 42 mn; 12/21: € 54 mn)
- **Stage 3:** Net additions of € -2 mn in Q3/22 (9M/22: € -26 mn; 9M/21: € -31 mn) mainly due to decrease of collateral values resulting from increasing interest rates
- **Coverage ratio:** Stage 3 coverage ratio<sup>2</sup> at 32% (09/21: 26%; 12/21: 30%); gap covered by collateral

1 Incl. provisions in off balance sheet lending business

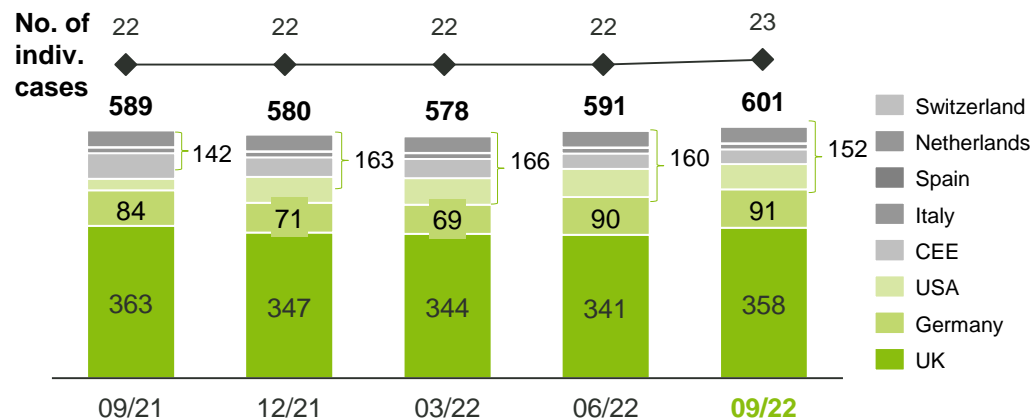
2 Coverage ratio = credit loss allowances on financial assets in stage 3 / gross book values in stage 3 (loans and securities)

# NPLs & loss allowances on B/S

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

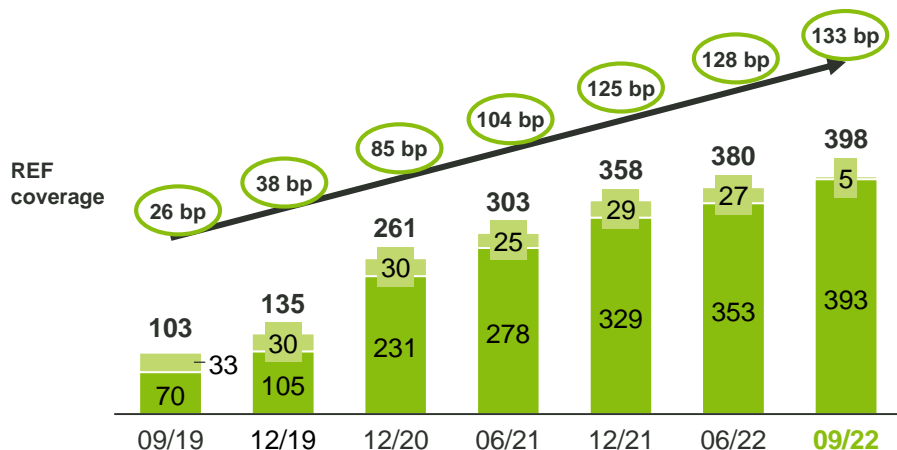
## Non-performing loans – regions

€ mn (EaD, Basel III)



## Balance sheet – loss allowances

€ mn



## Key drivers Q3/9M 2022

### Non-performing loans (NPLs) remain on low level

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

partially compensated by incoming payments from

- € -67 mn office loan, USA (no risk provisioning)
- € -1 mn Office park, Poland (partial repayment)
- € -9 mn FX-effects

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

- **NPL ratio**<sup>1</sup> of 1.1% remains on low level (06/22: 1.1%; 03/22: 1.0%; 12/21: 1.0%)

- **Solid loss allowances on balance sheet** provide comfortable buffer for challenges to come

- **REF coverage** of 133 bp
- Approx. 50% **stage 1&2** allowances

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

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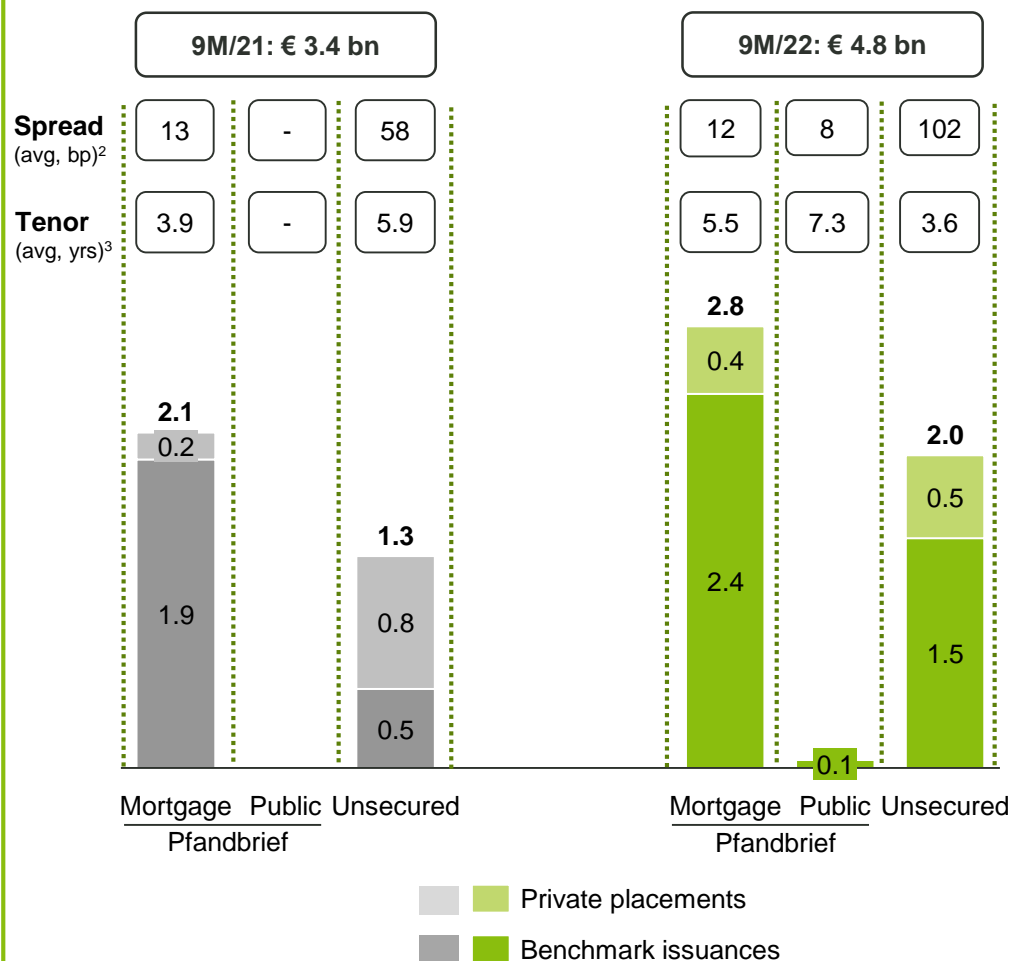
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# Funding

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

## New long-term funding<sup>1</sup>

€ bn



## Funding Q3/9M 2022

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

## ESG – Green Bonds

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

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

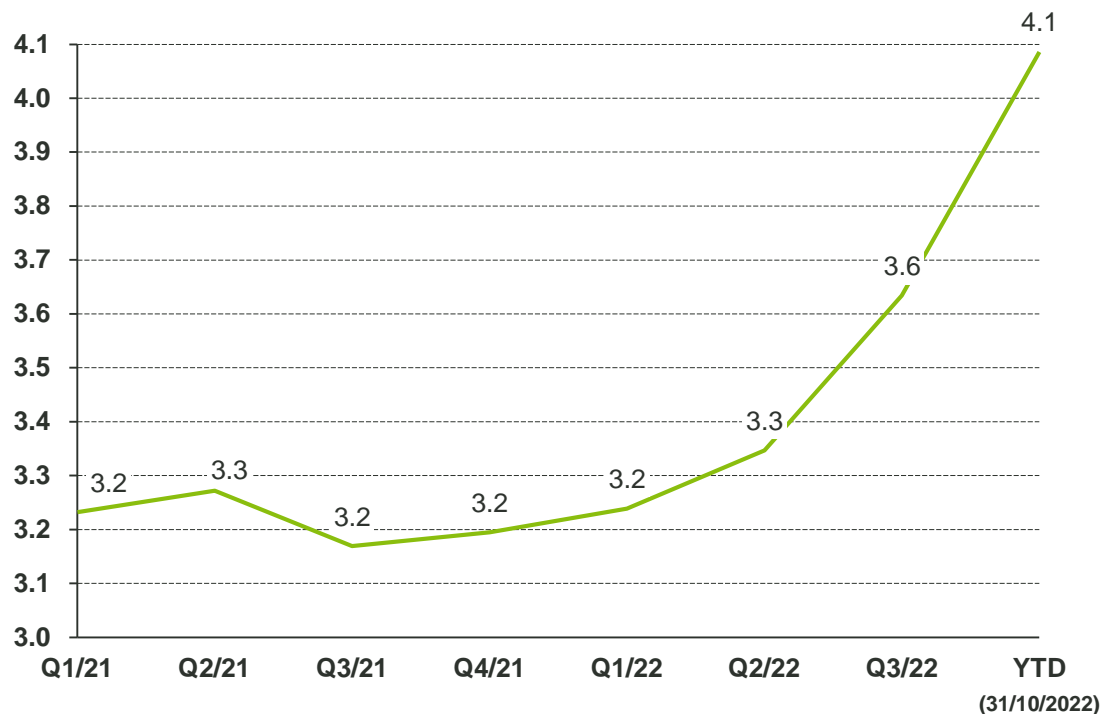


# Funding

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

### Development of pbb direkt volume

€ bn



### Retail deposits Q3/9M 2022

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

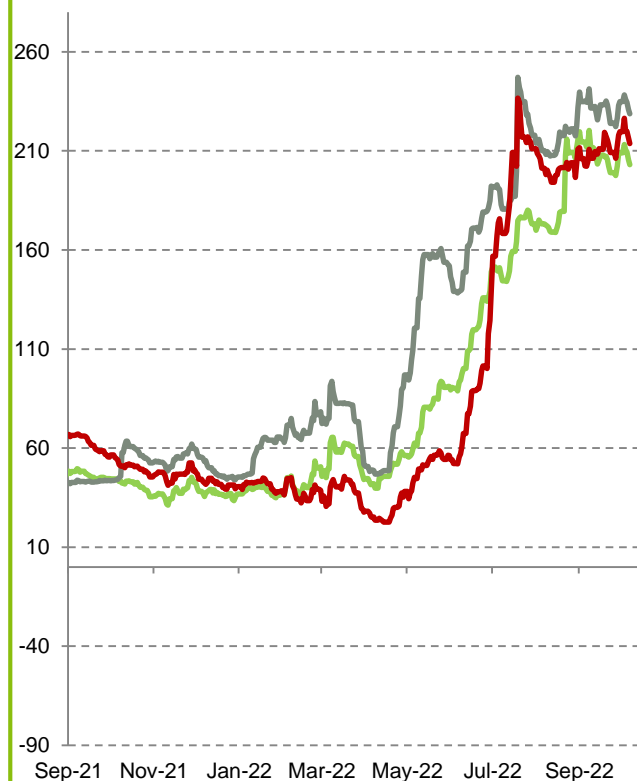
Note: Figures may not add up due to rounding    <sup>1</sup> Initial weighted average maturity

# Funding

Structural shifts in funding costs – contrary to Senior Preferred, retail deposits cheapened significantly while Pfandbrief spreads have remained largely stable

## Senior Preferred

Spread Development pbb vs peers



PBBGR 0.1 02/2026    Peer 1 0.05 09/2026  
Peer 2 0.375 03/26

## pbb direkt

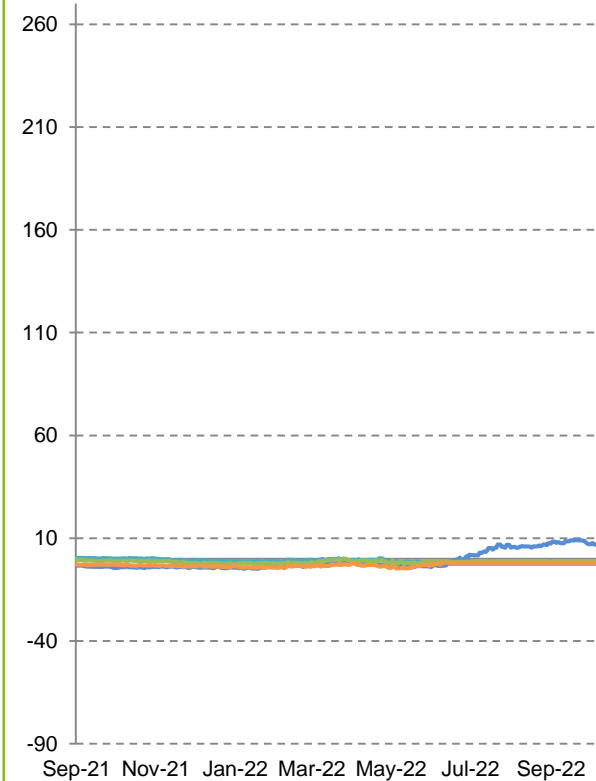
Spread Development vs Mid-Swap



3Y pbbdirekt    5Y pbbdirekt

## Pfandbrief

Spread Development pbb vs peers



Peer 1 01 02/18/27    Peer 2 0.01 07/08/27  
PBBGR 0.625 08/30/27    Peer 3 0.01 11/12/27

Source: Bloomberg; Treasury

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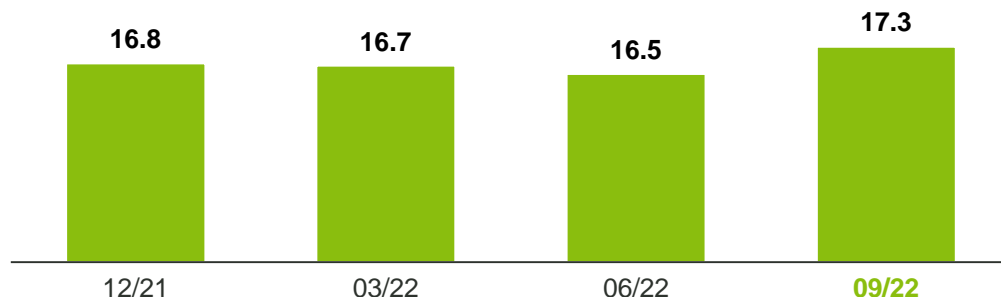
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# Capital

## Capitalisation remains strong

### Basel III: RWA

€ bn (IFRS)



### Basel III: Equity and capital ratios

(IFRS)

Capital in € bn	12/21 <sup>1</sup>	06/22 <sup>2,3</sup>	09/22 <sup>2</sup>
CET 1	2.9	2.8	2.8
AT 1	0.3	0.3	0.3
Tier 2	0.6	0.6	0.6
<b>Total Equity</b>	<b>3.8</b>	<b>3.7</b>	<b>3.7</b>

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

### RWA development Q3/9M 2022

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

### Capital ratios

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

### Capital requirements

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

Note: Figures may not add up due to rounding

1 Incl. full-year result, post proposed dividend 2021    2 Excl. interim result    3 Retrospectively adjusted (previously, AT1 coupon was deducted from CET 1 capital)    4 Regulatory technical reasons (exemption for Central Bank deposits expired)

# Agenda

1. pbb at a glance
2. Market environment & New business
3. Asset quality & Risk provisioning
4. Funding
5. Capitalisation
6. ESG
7. Summary & Outlook

Appendix  
Contact details

# ESG Governance

ESG Program provides for holistic approach with clear responsibilities assigned – significant progress positively acknowledged by ECB

## Holistic approach in pbb's bank management

### Management and Supervisory Board

#### ESG Committee

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

#### ESG Program Management

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

#### ESG Expert Group

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

#### Green Financing Committee

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

#### Environmental

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

#### Social

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

#### Governance

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

#### ESG Risks

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

#### Communication / Disclosure

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

#### Strategy

- Development of ESG strategy
- Alignment with risk strategy

#### Planning/ Portfolio

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

#### ESG-Data

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

# Sustainable Finance

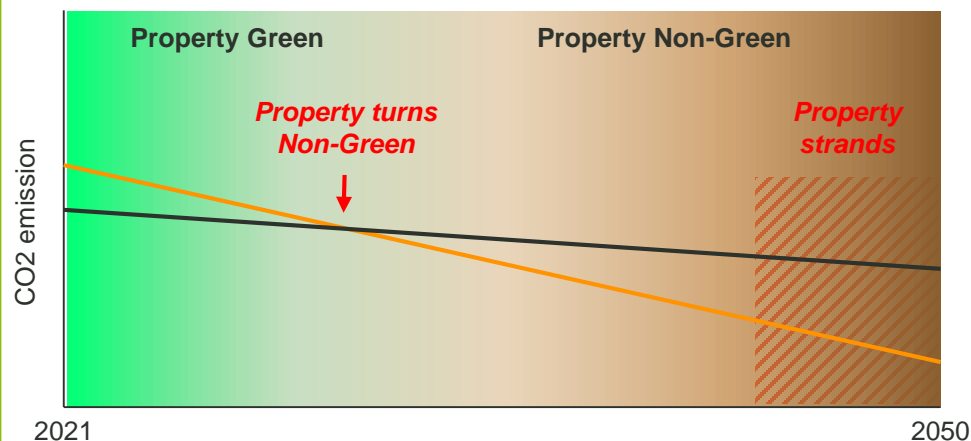
pbb as sustainable finance bank and transformation partner –  
~30% green REF portfolio share targeted by 2024/2025

## Sustainable Finance

- Systematic collection of sustainability criteria of financed properties integral part of pbb's credit process
  - **Green Loan** products (explicit loan documentation) actively marketed – decarbonization pathway to place increasing exit risk on existing properties if not modernized, providing for additional business opportunities (Green capex facilities)
  - **Green REF portfolio share** (i.e. green loan eligible assets) of ~30% targeted by 2024/2025
  - **Green Bonds** integral part of funding strategy – with three Green benchmarks and one tap, pbb is one of the most active issuers in green senior funding

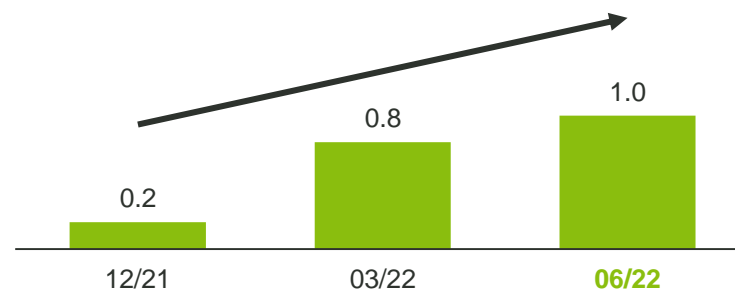
## Decarbonization pathway (simplified/illustrative) (IFRS)

- **Property** (considering overall changing energy mix)
- **Decarbonization pathway**



## Green Loans (with explicit loan documentation)

€ bn



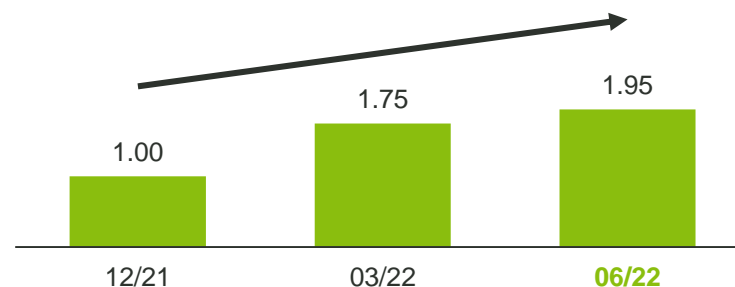
## Green REF portfolio share (green loan eligible assets)

%



## Green Bonds

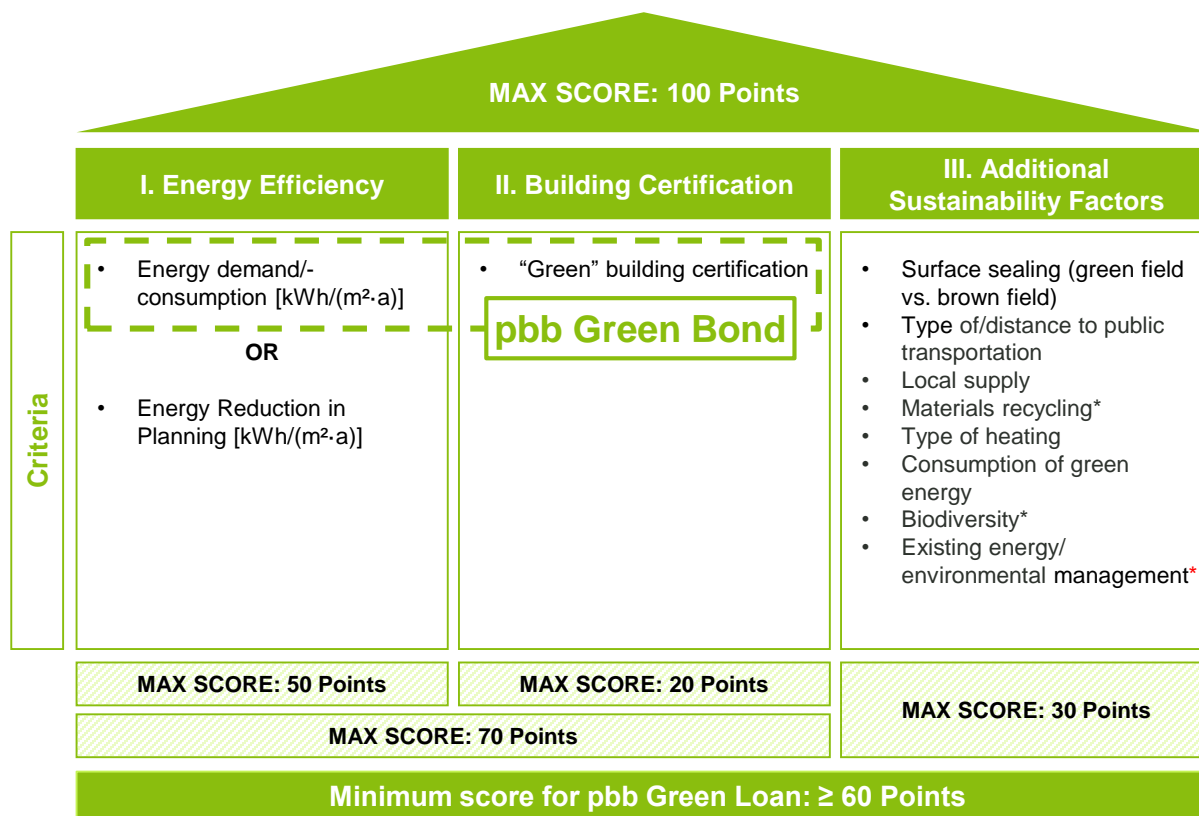
€ mn



# Sustainable Finance

pbb's Green Bond and Green Loan and Frameworks aligned with current regulation and market standards

## pbb Scoring Model



OR

**pbb Green Loan**

\* Aligned with the EU Taxonomy

\* Do Not Significant Harm Principles according to EU Taxonomy



# CO<sub>2</sub> Footprint

Further expansion of pbb's reporting scope in progress –  
systematic collection of sustainability criteria of financed properties

Scope	General description	Specific subject	Emissions (in t CO <sub>2</sub> )		CO <sub>2</sub> compensation
			2020	2021	
Scope 1	The emissions from owned or operated assets (e.g., emissions from a company's fleet of vehicles)	Company cars <sup>1</sup>	387	383	Climate-neutral via certificates
Scope 2	The emissions from purchased energy	Indirect emissions from purchased electricity - Germany	0	0	Renewable energy sources
		Indirect emissions from purchased electricity – Rest	7	7	Party renewable energy sources/partly climate-neutral in certificates
Scope 3	The emissions from everything else – from upstream (e.g. suppliers) and downstream (distributors, product use, etc.) activities	Office consumer goods <sup>2</sup>	8	6	Climate-neutral via certificates
		Business travel	153	63	Climate-neutral via certificates
		Events (Annual Press Briefing, Analyst Conferences, virtual AGM)	2	9	Climate-neutral via certificates
			557	468	

<sup>1</sup> Calculation based on the contractually agreed upon annual mileage

<sup>2</sup> Only paper; calculation in accordance with <https://www.papiernetz.de/informationen/nachhaltigkeitsrechner/>

# ESG Ratings

Progress also positively acknowledged by ESG rating agencies with above sector average ratings – upgrade from MSCI from A to AA

► pbb rating/score

ISS ESG	MSCI	Moody's ESG Solutions
A+	AAA (8.571-10.0)	80-100
A		
A-	<b>AA</b> (7.143-8.571) ► <b>7.9</b>	
B+		60-80
B	A (5.714-7.143)	
B-		
C+	BBB (4.286-5.714)	<b>40-60</b>
<b>C</b> ► <b>50.9</b>	BB (2.857-4.286)	► <b>44</b>
C-		20-40
D+	B (1.429-2.857)	
D		
D-	CCC (0.0-1.429)	0-20

LAST UPDATE: March 2022

LAST UPDATE: May 2022

LAST UPDATE: April 2022

- “Prime” Rating since initiation in 2012
- ISS ESG confirms „Very High“ transparency level

- Second-best rating on MSCI rating scale
- Recent upgrade from “A” to „AA“ in 03/22 mainly reflects strongly increased “E” score

- Solid rating with score of 44 (scale of 100)
- „Limited“ Performance Level since 2019

## ESG Ratings

- **Progress** also positively acknowledged by ESG rating agencies with **above sector average ratings**
  - ISS ESG confirms “Very High“ **transparency level**
  - **Recent upgrade** (03/22) from **MSCI from A to AA** mainly reflects strongly increased Environmental score
- **No involvement in controversial activities** identified by agencies depicted

# Agenda

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**Appendix**  
**Contact details**

# Summary & Outlook

## System works as designed

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

**pbb on track to achieve full-year guidance 2022**

# Appendix

# Appendix

## 1. Financials

## 2. Portfolio

## 3. ECB stress test 2021

## 4. Funding

## 5. Ratings

## Contact details

# Financials

## Solid operating performance despite difficult market environment

### Income statement

€ mn	Q3/21	Q3/22	9M/21	9M/22
<b>Operating Income</b>	<b>142</b>	<b>128</b>	<b>429</b>	<b>400</b>
Net interest income	123	116	369	358
Net fee and commission income	1	1	6	4
Net income from fair value measurement	1	7	3	21
Net income from realisations	17	-	55	10
Net income from hedge accounting	1	8	-2	7
Net other operating income	-1	-4	-2	-
Net income from risk provisioning	-17	-19	-50	-38
General and administrative expenses	-49	-51	-151	-157
Expenses from bank levies and similar dues	1	-1	-28	-32
Net income from write-downs and write-ups on non-financial assets	-5	-5	-14	-14
<b>Pre-tax profit</b>	<b>72</b>	<b>52</b>	<b>186</b>	<b>159</b>
Income taxes	-11	-8	-28	-24
<b>Net income</b>	<b>61</b>	<b>44</b>	<b>158</b>	<b>135</b>

RoE before tax <sup>1</sup> (%)	8.9	6.1	7.7	6.3
RoE after tax <sup>1</sup> (%)	7.5	5.1	6.5	5.3
CIR <sup>2</sup> (%)	38.0	43.8	38.5	42.8
EpS <sup>1</sup> (€)	0.43	0.29	1.09	0.91

### Key drivers Q3/9M 2022

- **NII** slightly down y-o-y – mainly affected by lower floor income, loss in TLTRO premium and slightly higher average refinancing spreads, largely compensated by increased average REF financing volume
- **Fair value measurement** up y-o-y in reflection of market environment – mainly impacted by credit risk and funding cost induced valuation components
- **Net income from realisations** significantly down y-o-y in reflection of market environment (esp. rising interest rates) – previous year strongly benefitted from higher individually driven prepayment fees
- Positive **net income from hedge accounting** resulting from strong increase of 3M Euribor in Q3/22
- **Net other operating income** up y-o-y – release of provisions mainly for tax and legal topics in Q1/22, compensated by negative FX changes
- **Risk provisioning** down y-o-y – scenarios adequately cover current macroeconomic forecasts (high weighting of 40% for downside scenario maintained); management overlay kept stable at € 41 mn
- **GAE** largely stable y-o-y despite increase in inflation
- **Bank levy** up y-o-y – increased target volume of the European Deposit Protection Fund resulted in higher fee (9M/22: € -32 mn; 9M/21: € -28 mn; 2021: € -29 mn)
- **RoE and EpS** taking into account AT1 coupon<sup>1</sup>

<sup>1</sup> After AT1 coupon (Q3/9M 2021: pro-rata € 4 mn / € 13 mn; Q3/9M 2022: pro-rata € 4 mn / € 13 mn)

<sup>2</sup> CIR = (GAE + net income from write-downs and write-ups on non-financial assets) / operating income

# Key figures

## pbb Group



DEUTSCHE  
PFANDBRIEFBANK

FFANDBRIEF BANK

Income statement (€ mn)	2019	2020	Q1/21	Q2/21	Q3/21	Q4/21	2021	Q1/22	Q2/22	Q3/22	9M/22
Net interest income	458	476 <sup>8</sup>	123	123	123	125	494	122	120	116	358
Net fee and commission income	6	6	2	3	1	2	8	2	1	1	4
Net income from fair value measurement	-7	-8	2	-	1	7	10	9	5	7	21
Net income from realisations	48	26	21	17	17	26	81	5	5	-	10
Net income from hedge accounting	-2	4	-1	-2	1	2	-	1	-2	8	7
Net other operating income	3	22	-1	-	-1	-	-2	10	-6	-4	-
Operating Income	506	526	146	141	142	162	591	149	123	128	400
Net income from risk provisioning	-49	-126	-10	-23	-17	-31	-81	-18	-1	-19	-38
General and administrative expenses	-202	-204	-51	-51	-49	-68	-219	-53	-53	-51	-157
Expenses from bank levies and similar dues	-24	-26	-28	-1	1	-1	-29	-31	-	-1	-32
Net income from write-downs and write-ups on non-financial assets	-18	-19	-5	-4	-5	-6	-20	-5	-4	-5	-14
Net income from restructuring	3	-	-	-	-	-	-	-	-	-	-
Pre-tax profit	216	151	52	62	72	56	242	42	65	52	159
Income taxes	-37	-30 <sup>8</sup>	-10	-7	-11	14	-14	-6	-10	-8	-24
Net income	179	121	42	55	61	70	228	36	55	44	135
Key ratios (%)	2019	2020	Q1/21	Q2/21	Q3/21	Q4/21	2021	Q1/22	Q2/22	Q3/22	9M/22
CIR <sup>1</sup>	43.5	42.4 <sup>8</sup>	38.4	39.0	38.0	45.7	40.4	38.9	46.3	43.8	42.8
RoE before tax	6.9	4.6 <sup>8</sup>	6.4	7.8	8.9	6.7	7.5	4.8	7.9	6.1	6.3
RoE after tax	5.7	3.6 <sup>8</sup>	5.1	6.9	7.5	8.5	7.0	4.1	6.7	5.1	5.3
Balance sheet (€ bn)	12/19	12/20	03/21	06/21	09/21	12/21	03/22	06/22	09/22		
Total assets	56.8	58.9	58.1	59.0	58.8	58.4	56.3	55.1	55.9		
Equity	3.2	3.3	3.3	3.3	3.4	3.4	3.4	3.3	3.4		
Financing volume	45.5	44.2	44.6	43.4	43.4	43.7	43.8	43.3	44.3		
Regulatory capital ratios <sup>2</sup>	12/19	12/20	03/21	06/21	09/21	12/21	03/22	06/22	09/22		
RWA (€ bn)	17.7	17.7	18.3	18.0	18.1	16.8	16.7	16.5	17.3		
CET 1 ratio – phase in (%)	15.9 <sup>3</sup>	16.1 <sup>4</sup>	15.4 <sup>5</sup>	15.4 <sup>6</sup>	14.9 <sup>6</sup>	17.1 <sup>7</sup>	16.9 <sup>9</sup>	17.2 <sup>10,11</sup>	16.3 <sup>10</sup>		
Personnel	12/19	12/20	03/21	06/21	09/21	12/21	03/22	06/22	09/22		
Employees (FTE)	752	782	779	779	782	784	780	777	776		

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



# Key figures

## Real Estate Finance (REF)



DEUTSCHE  
PFANDBRIEFBANK

Income statement (€ mn)	2019 <sup>3</sup>	2020	Q1/21	Q2/21	Q3/21	Q4/21	2021	Q1/22	Q2/22	Q3/22	9M/22
Net interest income	388	396 <sup>4</sup>	104	104	103	106	417	104	103	101	308
Net fee and commission income	7	6	2	3	1	2	8	2	1	2	5
Net income from fair value measurement	-8	-6	1	-	1	4	6	6	4	4	14
Net income from realisations	48	24	21	17	17	26	81	5	5	1	11
Net income from hedge accounting	-1	3	-1	-1	1	1	-	1	-1	4	4
Net other operating income	2	19	-1	1	-1	-	-1	8	-4	-2	2
<b>Operating Income</b>	<b>436</b>	<b>442</b>	<b>126</b>	<b>124</b>	<b>122</b>	<b>139</b>	<b>511</b>	<b>126</b>	<b>108</b>	<b>110</b>	<b>344</b>
Net income from risk provisioning	-57	-129	-11	-23	-15	-30	-79	-19	-3	-41	-63
General and administrative expenses	-164	-175	-44	-44	-43	-58	-189	-46	-47	-45	-138
Expenses from bank levies and similar dues	-14	-16	-17	-1	1	-1	-18	-20	-	-	-20
Net income from write-downs and write-ups on non-financial assets	-15	-16	-4	-4	-4	-5	-17	-4	-4	-4	-12
Net income from restructuring	3	-	-	-	-	-	-	-	-	-	-
<b>Pre-tax profit</b>	<b>189</b>	<b>106</b>	<b>50</b>	<b>52</b>	<b>61</b>	<b>45</b>	<b>208</b>	<b>37</b>	<b>54</b>	<b>20</b>	<b>111</b>

Key ratios (%)	2019	2020	Q1/21	Q2/21	Q3/21	Q4/21	2021	Q1/22	Q2/22	Q3/22	9M/22
CIR <sup>1</sup>	41.1	43.2 <sup>4</sup>	38.1	38.7	38.5	45.3	40.3	39.7	47.2	44.5	43.6
RoE before tax	11.3	5.5	10.0	10.2	11.4	8.2	9.9	6.3	9.0	2.9	6.1

Key figures (€ bn)	12/19	12/20	03/21	06/21	09/21	12/21	03/22	06/22	09/22
Equity <sup>2</sup>	1.7	1.9	1.9	2.1	2.1	2.1	2.0	2.3	2.3
RWA	15.8	16.0	16.6	16.2	16.4	15.1	15.1	15.1	15.9
Financing volume	27.1	27.0	27.5	26.8	27.0	27.6	28.0	28.4	29.5

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

1 CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income

2 Equity 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 <sup>3</sup>	2020	Q1/21	Q2/21	Q3/21	Q4/21	2021	Q1/22	Q2/22	Q3/22	9M/22
Net interest income	37	38	9	9	10	9	37	8	8	8	24
Net fee and commission income	-	-	-	-	-	-	-	-	-	-	-
Net income from fair value measurement	-2	-1	-	-	-	1	1	1	-	1	2
Net income from realisations	1	1	-	-	1	1	2	-	-	-	-
Net income from hedge accounting	-	-	-	-	-	-	-	-	-	1	1
Net other operating income	-	3	-	-	-1	1	-	1	-1	-1	-1
<b>Operating Income</b>	<b>36</b>	<b>41</b>	<b>9</b>	<b>9</b>	<b>10</b>	<b>12</b>	<b>40</b>	<b>10</b>	<b>7</b>	<b>9</b>	<b>26</b>
Net income from risk provisioning	-	-1	-	-	-	-	-	-2	1	-	-1
General and administrative expenses	-25	-19	-4	-5	-4	-6	-19	-4	-4	-4	-12
Expenses from bank levies and similar dues	-3	-3	-4	-	-	-	-4	-4	1	-1	-4
Net income from write-downs and write-ups on non-financial assets	-2	-2	-1	-	-	-1	-2	-1	-	-	-1
Net income from restructuring	-	-	-	-	-	-	-	-	-	-	-
<b>Pre-tax profit</b>	<b>6</b>	<b>16</b>	<b>-</b>	<b>4</b>	<b>6</b>	<b>5</b>	<b>15</b>	<b>-1</b>	<b>5</b>	<b>4</b>	<b>8</b>

Key ratios (%)	2019	2020	Q1/21	Q2/21	Q3/21	Q4/21	2021	Q1/22	Q2/22	Q3/22	9M/22
CIR <sup>1</sup>	75.0	51.2	55.6	55.6	40.0	58.3	52.5	50.0	57.1	44.4	50.0
RoE before tax	2.7	8.0	-0.6	11.7	14.0	11.5	9.1	-3.0	15.4	11.6	7.7

Key figures (€ bn)	12/19	12/20	03/21	06/21	09/21	12/21	03/22	06/22	09/22
Equity <sup>2</sup>	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1
RWA	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.6	0.6
Financing volume	6.3	5.8	5.7	5.5	5.4	5.2	5.0	4.9	4.8

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

1 CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income

2 Equity 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 <sup>3</sup>	2020	Q1/21	Q2/21	Q3/21	Q4/21	2021	Q1/22	Q2/22	Q3/22	9M/22
Net interest income	29	38	9	10	9	10	38	9	9	7	25
Net fee and commission income	-1	-	-	-	-	-	-	-	-	-1	-1
Net income from fair value measurement	3	-1	1	-	-	2	3	2	1	2	5
Net income from realisations	-1	1	-	-	-1	-1	-2	-	-	-1	-1
Net income from hedge accounting	-1	1	-	-1	-	1	-	-	-1	2	2
Net other operating income	1	-	-	-1	1	1	-1	1	-1	-1	-1
<b>Operating Income</b>	<b>30</b>	<b>39</b>	<b>10</b>	<b>8</b>	<b>9</b>	<b>11</b>	<b>38</b>	<b>12</b>	<b>8</b>	<b>9</b>	<b>29</b>
Net income from risk provisioning	8	4	1	-	-2	-1	-2	3	1	22	26
General and administrative expenses	-13	-10	-3	-2	-2	-4	-11	-3	-2	-2	-7
Expenses from bank levies and similar dues	-7	-7	-7	-	-	-	-7	-7	-1	-	-8
Net income from write-downs and write-ups on non-financial assets	-1	-1	-	-	-1	-	-1	-	-	-1	-1
Net income from restructuring	-	-	-	-	-	-	-	-	-	-	-
<b>Pre-tax profit</b>	<b>17</b>	<b>25</b>	<b>1</b>	<b>6</b>	<b>4</b>	<b>6</b>	<b>17</b>	<b>5</b>	<b>6</b>	<b>28</b>	<b>39</b>

Key ratios (%)	2019	2020	Q1/21	Q2/21	Q3/21	Q4/21	2021	Q1/22	Q2/22	Q3/22	9M/22
CIR <sup>1</sup>	46.7	28.2	30.0	25.0	33.3	36.4	31.6	25.0	25.0	33.3	27.6
RoE before tax	1.7	3.9	0.3	5.0	3.1	4.9	3.3	4.3	5.8	34.9	13.7

Key figures (€ bn)	12/19	12/20	03/21	06/21	09/21	12/21	03/22	06/22	09/22
Equity <sup>2</sup>	0.6	0.5	0.4	0.4	0.4	0.4	0.5	0.4	0.3
RWA	0.5	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.2
Financing volume	12.1	11.4	11.4	11.1	11.0	10.9	10.8	10.0	10.0

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

1 CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income 2 Equity 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



### Balance sheet

IFRS, € bn

Assets	30/09/22	31/12/21	Liabilities & equity	30/09/22	31/12/21
<b>Financial assets at fair value through P&amp;L</b>	<b>1.0</b>	<b>1.2</b>	<b>Financial liabilities at fair value through P&amp;L</b>	<b>0.8</b>	<b>0.6</b>
thereof			thereof		
Positive fair values of stand-alone derivatives	0.5	0.5	Negative fair values of stand-alone derivatives	0.8	0.6
Debt securities	0.1	0.1	<b>Financial liabilities measured at amortised cost</b>	<b>50.4</b>	<b>52.7</b>
Loans and advances to customers	0.3	0.5	thereof		
<b>Financial assets at fair value through OCI</b>	<b>1.7</b>	<b>1.3</b>	Liabilities to other banks (incl. central banks)	10.9	10.6
thereof			thereof		
Debt securities	1.4	0.9	<i>Registered Mortgage Pfandbriefe</i>	<i>0.3</i>	<i>0.3</i>
Loans and advances to customers	0.3	0.3	<i>Registered Public Pfandbriefe</i>	<i>0.5</i>	<i>0.5</i>
<b>Financial assets at amortised cost (after credit loss allowances)</b>	<b>49.6</b>	<b>48.1</b>	Liabilities to other customers	17.4	20.1
thereof			thereof		
Debt securities	5.5	6.9	<i>Registered Mortgage Pfandbriefe</i>	<i>3.0</i>	<i>3.7</i>
Loans and advances to other banks	6.1	2.6	<i>Registered Public Pfandbriefe</i>	<i>6.1</i>	<i>7.9</i>
Loans and advances to customers	38.0	38.4	Bearer Bonds	21.4	21.3
<b>Positive fair values of hedge accounting derivatives</b>	<b>0.3</b>	<b>1.0</b>	thereof		
<b>Other assets</b>	<b>3.3</b>	<b>6.8</b>	<i>Mortgage Pfandbriefe</i>	<i>11.7</i>	<i>12.3</i>
			<i>Public Pfandbriefe</i>	<i>2.0</i>	<i>2.2</i>
			Subordinated liabilities	0.6	0.7
			<b>Negative fair values of hedge accounting derivatives</b>	<b>1.2</b>	<b>1.4</b>
			<b>Other liabilities</b>	<b>0.1</b>	<b>0.3</b>
			<b>Equity (attributable to shareholders)</b>	<b>3.1</b>	<b>3.1</b>
			<b>AT1-capital</b>	<b>0.3</b>	<b>0.3</b>
<b>Total Assets</b>	<b>55.9</b>	<b>58.4</b>	<b>Total liabilities &amp; equity</b>	<b>55.9</b>	<b>58.4</b>

Share of  
Pfandbriefe of  
refinancing  
liabilities

**47% / 51%**

Note: Figures may not add up due to rounding

# Appendix

## 1. Financials

## 2. Portfolio

## 3. ECB stress test 2021

## 4. Funding

## 5. Ratings

## Contact details

# Portfolio

Well diversified portfolio with continued focus on European markets, particularly on Germany

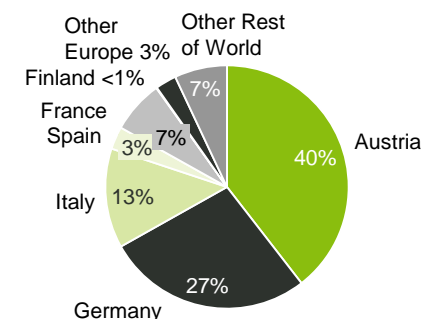
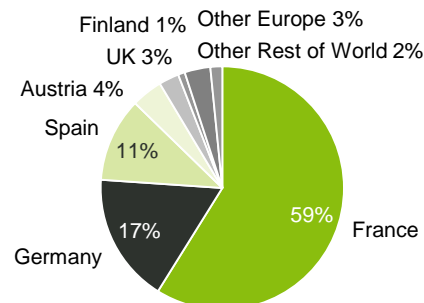
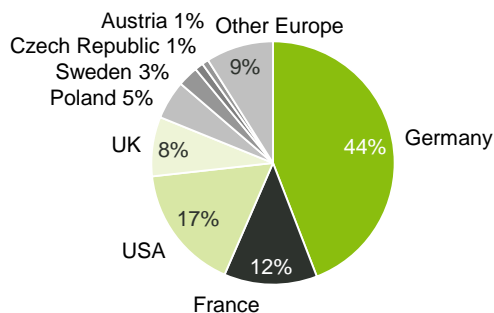
30/09/2022 (EaD, Basel III)

## Real Estate Finance

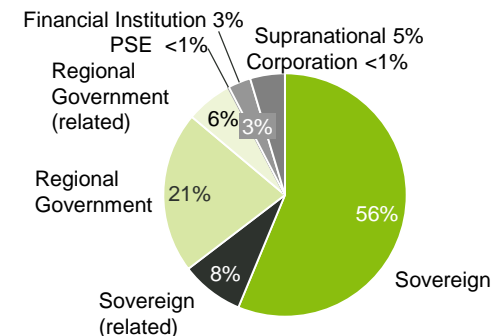
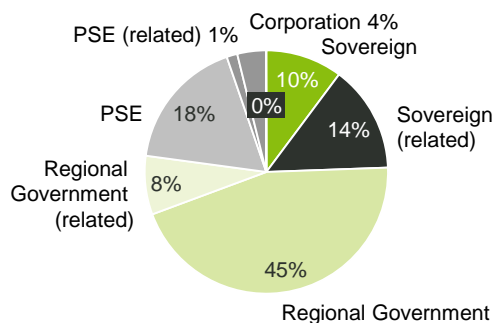
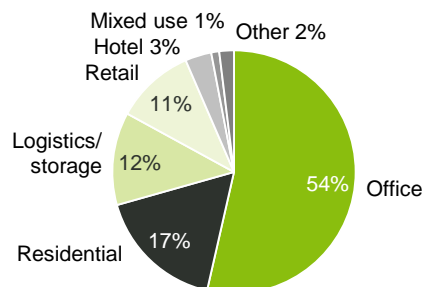
## Public Investment Finance

## Value Portfolio

by region



by property type /  
borrower classification<sup>1</sup>



€ 31.3 bn

€ 4.9 bn

€ 10.7bn

**Strategic portfolio**  
– moderate growth targeted

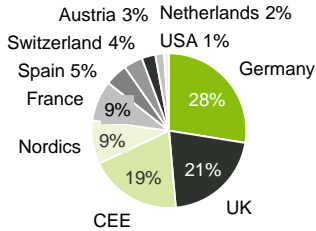
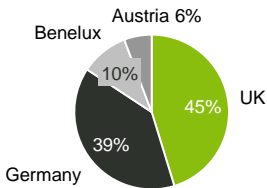
**Strategic portfolio**  
– in “hold” mode

**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
<b>Retail</b>  € 3.3 bn (11%)		<ul style="list-style-type: none"> <li>Shopping centres: increased pressure, fashion dominated shopping centres most impacted (decline in rents, shorter lease terms, etc.).</li> <li>Retail-parks/discounter with strong local demand: largely stable development.</li> <li>High street properties: declines in rents and rise in yields.</li> <li>Downward trend in secondary locations and smaller cities expected to intensify.</li> <li>Specialized Retail (e.g. FOC) is doing good as Pre-Corona.</li> <li>Rising commodity costs dampen consumer confidence and purchasing power.</li> </ul>	<ul style="list-style-type: none"> <li>Short Term: threats to income stability as well as decreasing consumer spendings/consumer confidence (war in Ukraine leading inter alia to strong increase of energy costs) will hamper further recovery of retail markets post COVID-19 pandemic.</li> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>Selective approach with foresighted reduction of retail portfolio by ~55% or € 3.8 bn since 2016 (09/22: € 3.3 bn; 12/16: € 7.1 bn).</li> <li>Only investment loans, almost no development loans</li> <li>Conservative risk positioning: avg. LTV of 50%<sup>1</sup> provides good buffer and supports commitment of investors/sponsors</li> <li>Well diversified portfolio</li> <li>Current approach is no new commitments for shopping centres</li> </ul>
<b>Hotel</b> (Business Hotels only)  € 1.1 bn (3%)		<ul style="list-style-type: none"> <li>Rising competition leads to insolvencies for operators and licencees and rebuild secondary hotels for other uses (temporary office, longstay, etc.).</li> <li>Hotels dependent on international tourist and business travelers still not expected to substantially recover in short-/mid-term.</li> <li>Leisure hotels focused on domestic guests with good accessibility will recover faster.</li> <li>Economic uncertainty triggered by the military conflict and lower disposable income because of inflation will slow the recovery.</li> </ul>	<ul style="list-style-type: none"> <li>Recovery in progress with some locations close to pre-Corona-levels.</li> <li>Airport/Fair hotels being late in recovery cycle due to inter alia changing travel habits as well as fairs still substantially from pre-COVID-level of activity.</li> <li>Recovery of business hotels focus on central locations, fringe locations expected to be late in recovery, too.</li> <li>Shortage of qualified personnel in parts of the industry</li> </ul>	<ul style="list-style-type: none"> <li>Selective approach and strict adherence to conservative underwriting standards in particular during the hot phase of hotel investment market in 2018/19 resulting in a relatively small portfolio volume of € 1.1 bn</li> <li>Focus on prime location secures base value of properties</li> <li>Conservative risk positioning: avg. LTV of 54%<sup>1</sup> provides good buffer and supports commitment of investors/sponsors</li> <li>Focus on strong sponsors with ability to inject more equity</li> <li>Currently, approach is no new commitments</li> </ul>

<sup>1</sup> Based on performing investment loans only

# Markets

## Sub segments

Property type	Regions	Evaluation of current situation	Challenges	Risk positioning
<b>Office</b> € 16.8 bn (54%)	<p>Spain 1% Italy 1% Austria &lt;1% Germany 40% USA 24% France 16% CEE 6% UK 5% Nordics 3% Benelux 4%</p>	<ul style="list-style-type: none"> <li>Slight rise in vacancies; but in most markets still on comparatively low levels.</li> <li>Office investment volumes are now again below pre-COVID levels. Only 1a-properties with a long term lease with a good tenant are still in the purchase processes.</li> <li>The expectation is that yields will increase over the next 6 month by 50 bps, this is expected to happen to prime properties with long-term leases to first-class tenants in the later stage as well.</li> <li>More important criteria is the ESG aspect of the properties which is a main argument for the selling. Without a good 'Green-' rating or very good energy consumptions balance office properties are expected to not get a market in the future.</li> </ul>	<ul style="list-style-type: none"> <li>Financial difficulties of tenants / insolvencies expected to increase due to impact of Ukraine war on overall economy</li> <li>Increased reletting/extension risks with pressure on rental level</li> <li>Good locations expected to remain competitive</li> <li>Structural changes               <ul style="list-style-type: none"> <li>Work from home</li> <li>Hygiene/social distancing standards</li> <li>Focus on green buildings</li> </ul>               expected to negatively affect older buildings in weaker locations mid/long term             </li> </ul>	<ul style="list-style-type: none"> <li>Focus on good locations</li> <li>Conservative risk positioning: avg. LTV of 52%<sup>1</sup> provides good buffer and supports commitment of investors/sponsors</li> <li>Well diversified portfolio with focus in Germany, main cities in the US (e.g. New York, Boston, Washington) and France (almost completely Paris/Isle de France region)</li> <li>In new business and on occasions of (annual) credit reports transactions detailed analysis of "green profile" of properties including associated risk</li> </ul>
<b>Residential</b> € 5.3 bn (17%)	<p>Nordics 1% Austria &lt;1% Germany 74% USA 20% Benelux 2% UK 3%</p>	<ul style="list-style-type: none"> <li>At present the multifamily market seems to be stable. Especially in countries with strong social welfare programs.</li> <li>Growth in rental prices seen so far expected to soften in future, due to rising cost for the energy. Nevertheless inflation coupled rental contracts leads to rising rents.</li> <li>Condo market expected to soften because of the rising prices for financing. Longer timeline in the selling process.</li> </ul>	<ul style="list-style-type: none"> <li>Call for increased rent regulation could impact value and cash flow</li> <li>Increasing interest level might put pressure on value</li> <li>Increasing energy costs with effect of cash flow and potential tenant difficulties</li> <li>Stock listed residential companies have come under massive pressure since Q1/22 and often lost substantially in market capitalization.</li> </ul>	<ul style="list-style-type: none"> <li>Conservative risk positioning</li> <li>Portfolio volume of € 5.3 bn with conservative avg. LTV of 48%<sup>1</sup> provides good buffer and supports commitment of investors/sponsors</li> <li>Well diversified portfolio with strong focus on Germany</li> </ul>
<b>Logistics</b> € 3.9 bn (12%)	<p>Austria 1% Italy 1% Germany 26% CEE 22% France 18% Nordics 7% Benelux 10% USA 5% Spain 3%</p>	<ul style="list-style-type: none"> <li>Logistic properties were very popular for investors.</li> <li>Prices have decoupled from overall trend and increased in last years. The expectation is now a yield widening by a minimum of 50 bps in the next half year.</li> <li>The benefitting from increasing focus on e-commerce and the need of more resilient supply chains rents expected to rise.</li> <li>Total return is balanced out by rising yields and rising rents.</li> </ul>	<ul style="list-style-type: none"> <li>Currently still taking advantage from strategic developments like:               <ul style="list-style-type: none"> <li>Online-shopping</li> <li>Need for more resilient supply chains in the industry sector</li> <li>Professionalisation of entire industry</li> </ul> </li> <li>Monoline logistics centres</li> <li>Limited availability of new space in some countries</li> <li>Due to partially overheated prices, market correction seen.</li> </ul>	<ul style="list-style-type: none"> <li>Strategic approach; expert team since 2014; share increase since 2013 from 8% to 12%</li> <li>Focus on locations: good infrastructure, connection to a variety of different transportation routes</li> <li>Conservative risk positioning: avg. LTV of 51% provides good buffer and supports commitment of investors/sponsors</li> <li>Well diversified portfolio</li> <li>High quality of sponsors</li> </ul>

<sup>1</sup> Based on performing investment loans only



# Appendix

**1. Financials**

**2. Portfolio**

**3. ECB stress test 2021**

**4. Funding**

**5. Ratings**

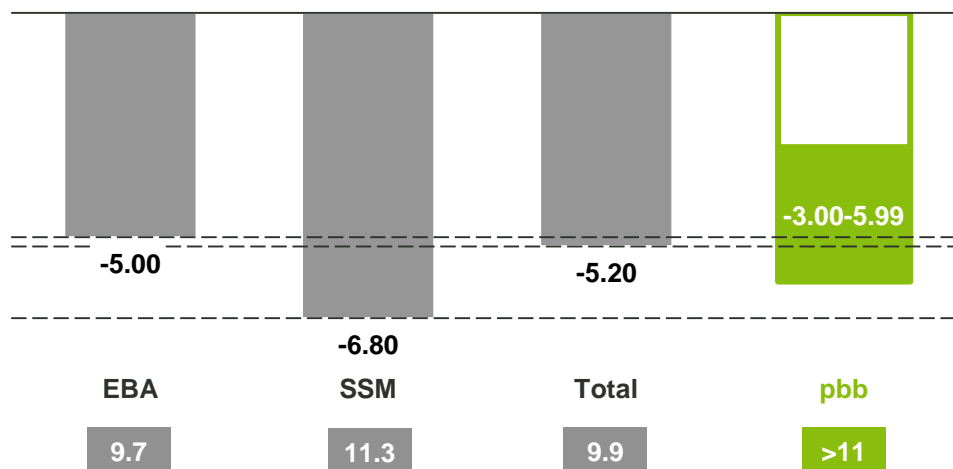
**Contact details**

# 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

# Appendix

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# Funding

## Public benchmark issuances since 2018



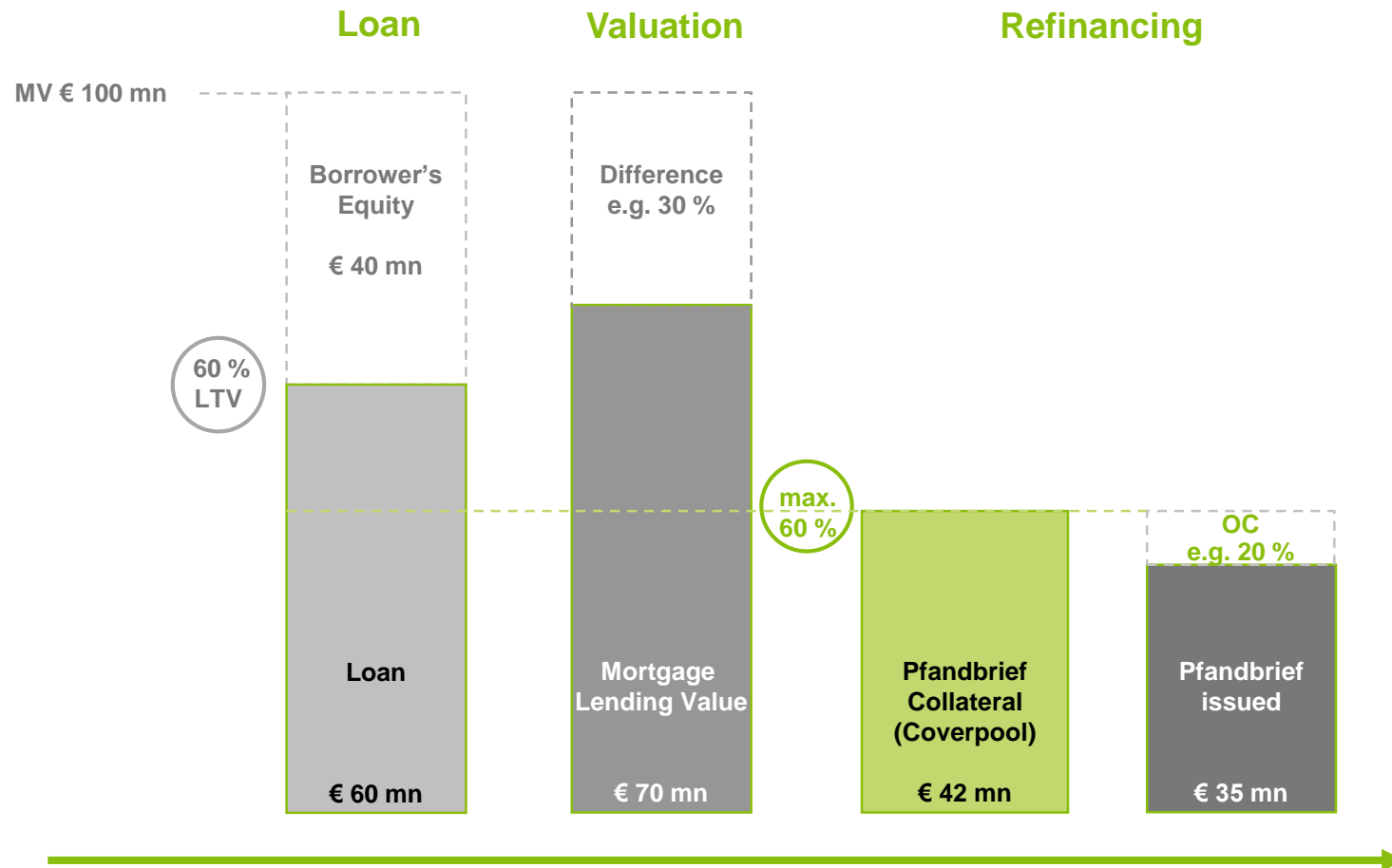
DEUTSCHE  
PFANDBRIEFBANK  
Issue/Reoffer Price

Types	WKN	Launch Date	Maturity Date	Size	Spread <sup>1</sup>	Coupon	Issue/Reoffer Price
Senior Unsecured	A2GSLC6	16.01.2018	23.02.2022	EUR 500 mn	+40 bp	0.625%	99.956%
Mortgage Pfandbrief (1 <sup>st</sup> Tap)	A2E4ZE	24.01.2018	05.09.2022	EUR 250 mn	-18 bp	0.05%	99.579%
Mortgage Pfandbrief	A2GSLF	08.03.2018	15.03.2023	EUR 750 mn	-13 bp	0.25%	99.520%
Additional Tier 1	XS1808862657	12.04.2018	Perpetual	EUR 300 mn	+538 bp	5.75%	100.00%
Mortgage Pfandbrief (1 <sup>st</sup> Tap)	A2E4ZK	24.04.2018	04.12.2020	GBP 50 mn	+26 bp <sup>2</sup>	1.00%	98.958%
Mortgage Pfandbrief	A2GSLL	15.05.2018	22.05.2024	EUR 500 mn	-9 bp	0.500%	99.912%
Mortgage Pfandbrief	A2GSLV	22.08.2018	30.08.2027	EUR 500 mn	-2 bp	0.625%	98.933%
Mortgage Pfandbrief	A2LQNH	19.09.2018	16.12.2021	GBP 300 mn	+32 bp <sup>2</sup>	1.50%	99.802%
Mortgage Pfandbrief	A2LQNK	13.11.2018	22.11.2021	USD 600 mn	+35 bp <sup>3</sup>	3.375%	99.603%
Mortgage Pfandbrief	A2LQNP	21.01.2019	29.01.2024	EUR 500 mn	+8 bp	0.25%	99.812%
Senior Preferred	A2LQNQ	31.01.2019	07.02.2023	EUR 500 mn	+80 bp	0.75%	99.679%
Mortgage Pfandbrief (1 <sup>st</sup> Tap)	A13SWE	31.01.2019	01.03.2022	EUR 100 mn	+2 bp	0.20%	100.74%
Public Sector Pfandbrief (1 <sup>st</sup> Tap)	A13SWG	05.02.2019	20.04.2035	EUR 100 mn	+17 bp	1.25%	99.476%
Mortgage Pfandbrief (1 <sup>st</sup> Tap)	A2GSLL	07.02.2019	22.05.2024	EUR 100 mn	-9 bp	0.50%	101.638%
Mortgage Pfandbrief (2 <sup>nd</sup> Tap)	A13SWE	04.03.2019	01.03.2022	EUR 100 mn	-3 bp	0.20%	100.81%
Public Sector Pfandbrief (2 <sup>nd</sup> Tap)	A13SWG	04.03.2019	20.04.2035	EUR 150 mn	+14 bp	1.25%	100.057%
Senior Preferred (1 <sup>st</sup> Tap)	A2LQNQ	06.03.2019	07.02.2023	EUR 250 mn	+72 bp	0.75%	100.004%
Senior Preferred	CH0419041246	15.05.2019	05.06.2023	CHF 125 mn	+65 bp <sup>4</sup>	0.125%	100.12%
Mortgage Pfandbrief	A2NB7J	22.05.2019	31.05.2022	USD 600 mn	+32 bp <sup>3</sup>	2.50%	99.851%
Mortgage Pfandbrief (1 <sup>st</sup> Tap)	A2GSLV	12.06.2019	30.08.2027	EUR 100 mn	0 bp	0.625%	104.138%
Senior Preferred	A2NBKK	29.08.2019	05.09.2024	EUR 500 mn	+75 bp	0.125%	99.498%
Mortgage Pfandbrief (3 <sup>rd</sup> Tap)	A13SWE	10.09.2019	01.03.2022	EUR 50 mn	-0.5 bp	0.20%	101.795%
Mortgage Pfandbrief (1 <sup>st</sup> Tap)	A2YNVK	25.09.2019	31.05.2022	USD 50 mn	32 bp <sup>3</sup>	2.50%	101.619%
Mortgage Pfandbrief	A2YNVM	09.10.2019	16.10.2025	EUR 500 mn	+5 bp	0.01%	101.984%
Senior Preferred	A2YNVU	13.11.2019	21.11.2022	GBP 250 mn	+114 bp <sup>2</sup>	1.75%	99.849%
Mortgage Pfandbrief (1 <sup>st</sup> Tap)	A1X3LT	19.11.2019	21.01.2022	EUR 100 mn	0 bp	1.875%	104.77%
Mortgage Pfandbrief	A2YNVY	14.01.2020	21.01.2028	EUR 750 mn	+5 bp	0.10%	99.992%
Mortgage Pfandbrief (2 <sup>nd</sup> Tap)	A1X3LT	15.01.2020	21.01.2022	EUR 150 mn	0 bp	1.875%	104.36%
Mortgage Pfandbrief (1 <sup>st</sup> Tap)	A2LQNP	22.01.2020	29.01.2024	EUR 250 mn	+1 bp	0.25%	101.919%
Senior Preferred	A2YNV3	23.01.2020	28.07.2023	EUR 300 mn	+55 bp	3m-Euribor+90 bp	101.237%
Public Sector Pfandbrief (3 <sup>rd</sup> Tap)	A13SWG	18.02.2020	20.04.2035	EUR 50 mn	+0 bp	1.25%	116.16%
Mortgage Pfandbrief	A289PQ	24.09.2020	29.09.2023	GBP 500 mn	+38 bp <sup>6</sup>	SONIA +100 bp	101.844%
Mortgage Pfandbrief	A3H2ZW	13.01.2021	20.01.2023	USD 750 mn	+23 bp <sup>3</sup>	0.50%	99.93%
Senior Preferred (Green)	A3H2ZX	25.01.2021	02.02.2026	EUR 500 mn	+55 bp	0.10%	100.00%
Mortgage Pfandbrief	A3H2Z8	20.04.2021	27.04.2024	GBP 500 mn	+27 bp <sup>6</sup>	SONIA +100 bp	102.178%
Mortgage Pfandbrief	A3E5K7	25.08.2021	20.08.2026	EUR 500 mn	+0 bp	0.01%	101.747%
Mortgage Pfandbrief (2 <sup>nd</sup> Tap)	A2GSLV	26.08.2021	30.08.2027	EUR 50 mn	-1 bp	0.625%	105.890%
Mortgage Pfandbrief (1 <sup>st</sup> Tap)	A2YNVM	26.08.2021	16.10.2025	EUR 50 mn	-1,9 bp	0.01%	101.880%
Mortgage Pfandbrief (2 <sup>nd</sup> Tap)	A2YNVM	16.09.2021	16.10.2025	EUR 50 mn	-2 bp	0.01%	101.540%
Mortgage Pfandbrief (3 <sup>rd</sup> Tap)	A2YNVM	21.09.2021	16.10.2025	EUR 100 mn	-2 bp	0.01%	101.490%
Mortgage Pfandbrief	A3E5KY5	14.10.2021	11.10.2024	USD 750 mn	+20 bp <sup>3</sup>	0.875%	99.778%
Senior Preferred (Green)	A3T0X22	20.10.2021	27.10.2025	EUR 500 mn	+48 bp	0.25%	99.754%
Senior Preferred (Green)	A3T0X97	12.01.2022	17.01.2025	EUR 750 mn	+42 bp	0.25%	99.798%
Mortgage Pfandbrief	A3TOYD	09.02.2022	14.02.2025	USD 750 mn	+43 bp <sup>7</sup>	1.875%	99.767%
Mortgage Pfandbrief (1 <sup>st</sup> Tap)	A3E5K7	17.02.2022	20.08.2026	EUR 50 mn	-3 bp	0.01%	98.70%
Mortgage Pfandbrief	A3TOYH	06.04.2022	13.04.2026	EUR 750 mn	+1 bp	1.00%	99.727%
Mortgage Pfandbrief (2 <sup>nd</sup> Tap)	A3E5K7	07.04.2022	20.08.2026	EUR 50 mn	-2 bp	0.01%	98.35%
Senior Preferred (Green) (1 <sup>st</sup> Tap)	A3T0X22	11.04.2022	27.10.2025	EUR 200 mn	+55 bp	0.25%	95.045%
Mortgage Pfandbrief	A30WFU	19.07.2022	26.07.2027	EUR 750 mn	+6 bp	1.75%	99.872%
Senior Preferred (Green)	A30WFV	22.08.2022	28.08.2026	EUR 500 mn	+250 bp	4.375%	99.921%
Mortgage Pfandbrief	A30WF2	17.10.2022	25.01.2027	EUR 500 mn	+3 bp	3.00%	99.682%

1 vs. mid-swap 2 vs. 3m GBP-Libor 3 vs. 3m USD-Libor 4 vs. 6m CHF-Libor 5 vs 3m Euribor 6 vs SONIA 7 vs SOFR

# Funding

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



# Appendix

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- 4. Funding**
- 5. Ratings**

**Contact details**

# Mandated Ratings

Bank ratings	S&P	
Long-term	BBB+	
Outlook/Trend	Stable	
Short-term	A-2	
Stand-alone rating <sup>1</sup>	bbb	
<b>Long Term Debt Ratings</b>		
“Preferred” senior unsecured Debt <sup>2</sup>	BBB+	
“Non-preferred” senior unsecured Debt <sup>3</sup>	BBB-	
Subordinated Debt	BB+	
<b>Pfandbrief ratings</b>		<b>Moody's</b>
Public Sector Pfandbrief		Aa1
Mortgage Pfandbrief		Aa1

## Disclaimer:

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

# Definition of borrower classifications

Borrower classification	Definition
<b>Sovereign</b>	Direct and indirect obligations of Central Governments, Central Banks and National Debt Agencies
<b>Sovereign (related)</b>	Indirect obligations of Non Sovereigns with an explicit first call guarantee by a Sovereign
<b>Regional Government</b>	Direct and indirect obligations of Regional, Provincial and Municipal Governments
<b>Regional Government (related)</b>	Indirect obligations of Non Regional Government with an explicit first call guarantee by a Regional Government
<b>Public Sector Enterprise</b>	Direct obligations of administrative bodies and non commercial/non-profit undertakings
<b>Public Sector Enterprise (related)</b>	Indirect obligations of Non Public Sector Enterprise with an explicit first call guarantee by a Public Sector Enterprise
<b>Financial Institution</b>	Direct and indirect obligations of Universal Banks, Investment Banks, Mortgage Institutions, Brokerages and other banks or Basel regulated institution
<b>Corporation</b>	Direct and indirect obligations of enterprises, established under corporate law and operating in a for profit or competitive environment
<b>Structured Finance</b>	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
<b>Supranational</b>	Direct obligations to international Organisations and International Investment and Development Banks
<b>Other</b>	Direct obligations to Individuals



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