

Strong start into 2021 with PBT of € 52 mn in Q1/21

Results Q1/21

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Financials

NII increased by 11% y-o-y, supported by lower refinancing costs and floor income

Income from lending business

€ mn

	Q1/20	Q4/20	Q1/21
Net interest income ¹	111	124	123
Net fee and commission income	2	2	2

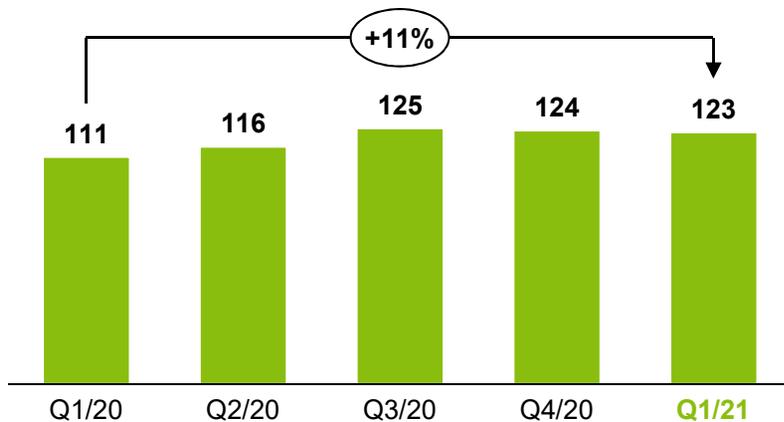
	Q1/20	Q4/20	Q1/21
Net income from realisations	14	6	21

Key drivers Q1/21

- **NII** up by 11% y-o-y, supported by
 - **lower refinancing costs** (incl. pos. effect from TLTRO III)
 - **improved floor income** from continued low interest environment
 - Increase in **REF portfolio** by € 0.5 bn – mainly realised in March, therefore only marginal impact on NII
- **Net income from realisations up** y-o-y, mainly benefitting from some higher individually driven prepayments fees – no run-rate

Net interest income¹

€ mn



¹ 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

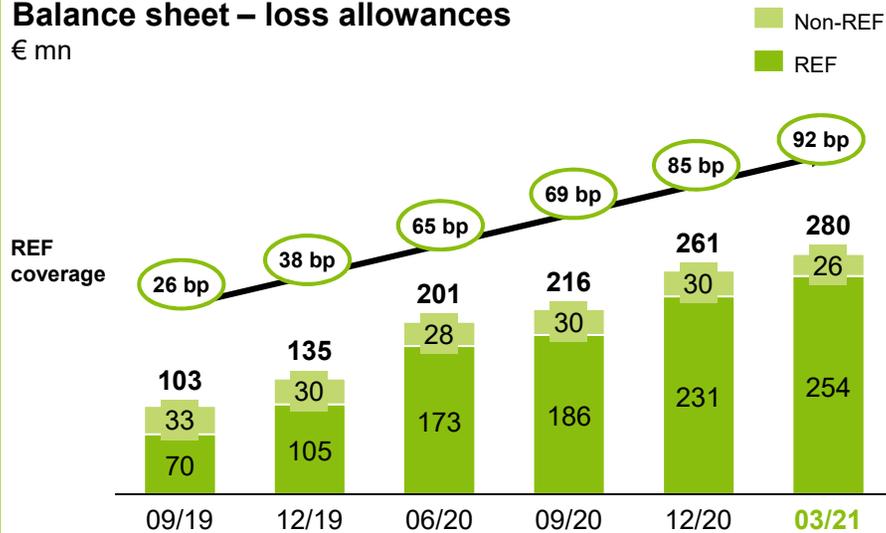
Net income from risk provisioning

€ 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 additions²** 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 ratio¹ 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

Financials

Operating costs under control – only moderate increase of GAE despite ongoing investments in strategic and regulatory projects



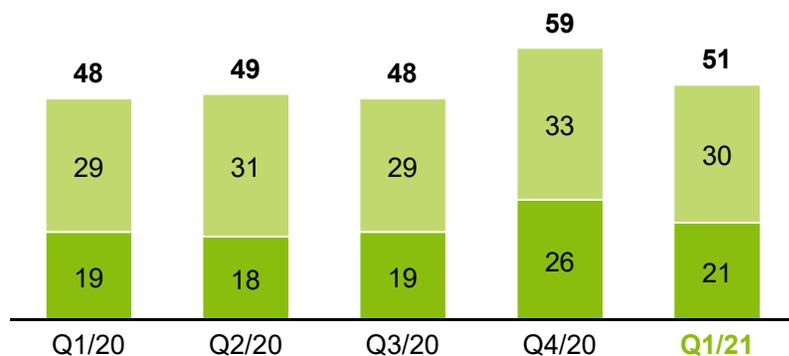
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General & administrative expenses and depreciations

€ mn

	Q1/20	Q4/20	Q1/21
General admin. expenses	-48	-59	-51
<i>Personnel</i>	-29	-33	-30
<i>Non-personnel</i>	-19	-26	-21
Net income from write-downs and write-ups on non-financial assets	-5	-5	-5
<i>CIR (%)</i> ¹	48.2	41.6	38.4

■ Personnel
■ Non-personnel



Key drivers Q1/21

- **GAE** slightly up y-o-y:
 - **Personnel expenses:** Increase of € 1 mn y-o-y due to higher FTE number (03/21: 779, 03/20: 749, 12/20: 782), esp. driven by IT insourcing and ramp up of capacities for regulatory projects in 2020
 - **Non-personnel expenses:** Up € 2 mn y-o-y due to higher project costs
- **Net income from write-downs and write-ups** on non-financial assets driven by scheduled depreciations

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

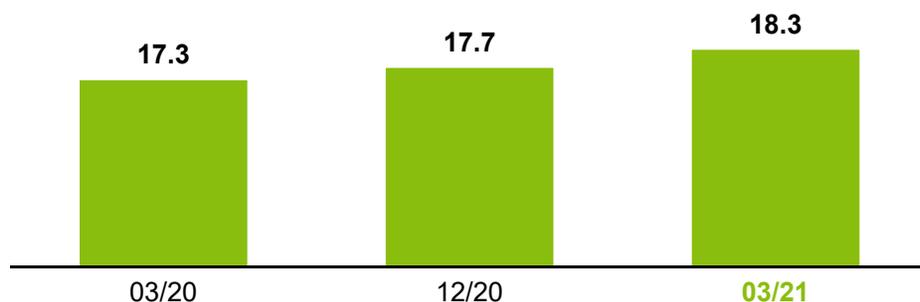
Capital

Capitalisation remains strong



Basel III: RWA

€ bn (IFRS)



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

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

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

New business

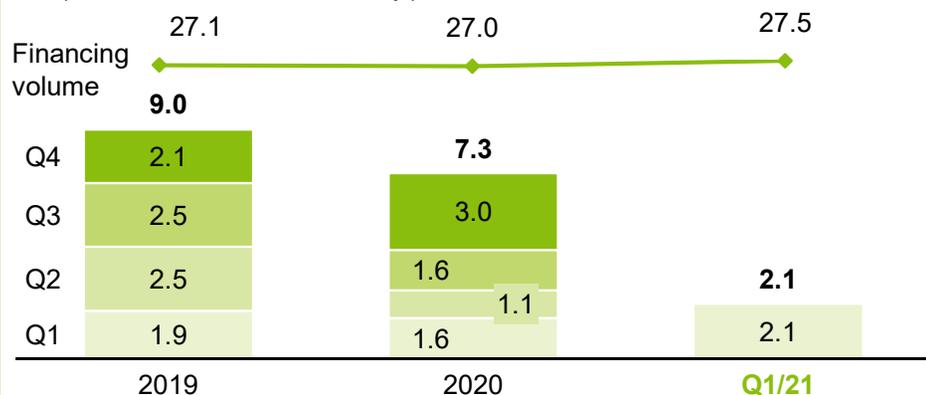
REF new business volume of € 2.1 bn with avg. gross interest margin of ~170 bp and low avg. LTV of 54% underpin continued selective approach in competitive environment



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REF New business

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



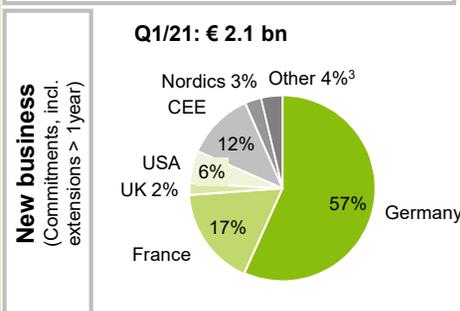
Key drivers Q1/21

- 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 commitments 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

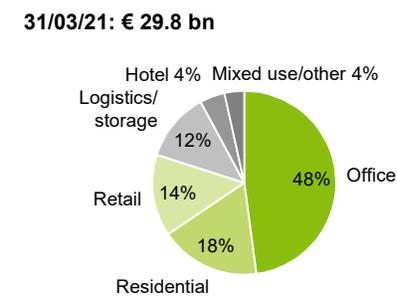
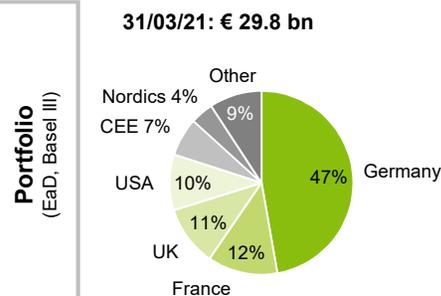
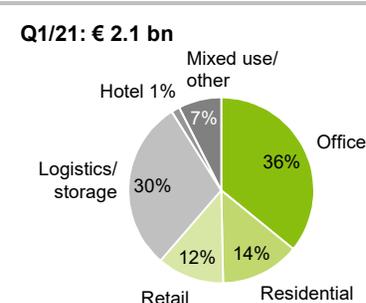
REF new business

	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

Regions



Property types



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

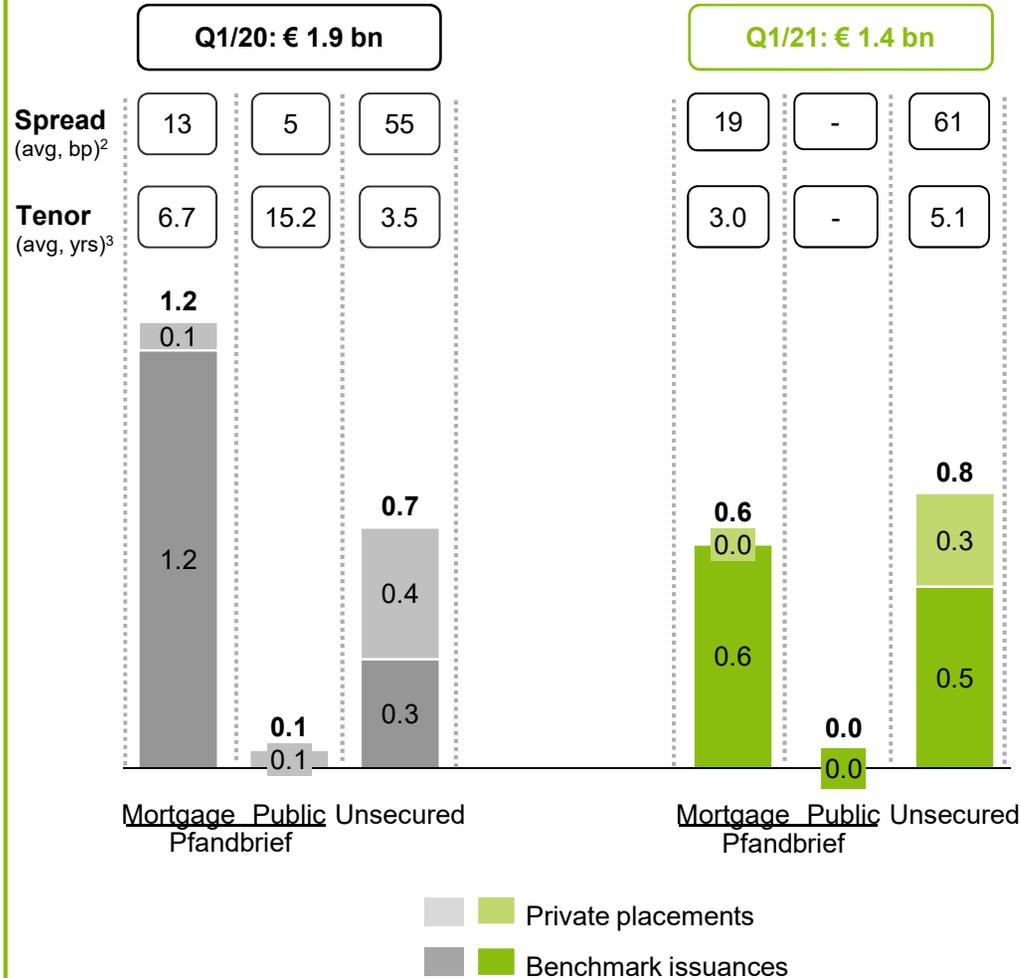
Funding

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



New long-term funding¹

€ 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

Results Q1/21 (IFRS, pbb Group, unaudited), 10 May 2021

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