

Strong PBT of € 114 mn in H1/21 provides good basis for increased full-year guidance of € 180-220 mn

Results Q2/H1 2021

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# Financials

NII + NCI increased by >9% y-o-y, supported by continued low refinancing costs and floor income

## Income from lending business

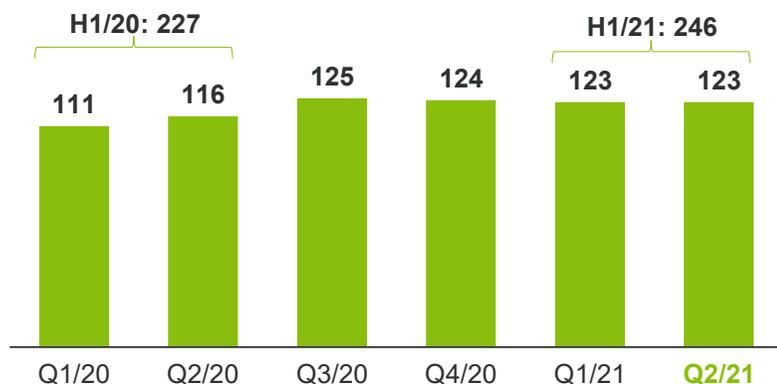
€ mn

	Q2/20	Q2/21	H1/20	H1/21
Net interest income <sup>1</sup>	116	123	227	246
Net fee and commission income	1	3	3	5

	Q2/20	Q2/21	H1/20	H1/21
Net income from realisations	2	17	16	38

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

€ mn



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

## Key drivers Q2/H1 2021

- **NII + NCI** up by >9% y-o-y, supported by
  - **continued low refinancing costs** (incl. positive effect from TLTRO III)
  - **improved floor income** from unchanged low interest environment
  - stable REF avg. gross interest margin
  
- **Net income from realisations up** y-o-y, mainly driven by higher prepayment fees – no run-rate

# Financials

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

## Net income from risk provisioning

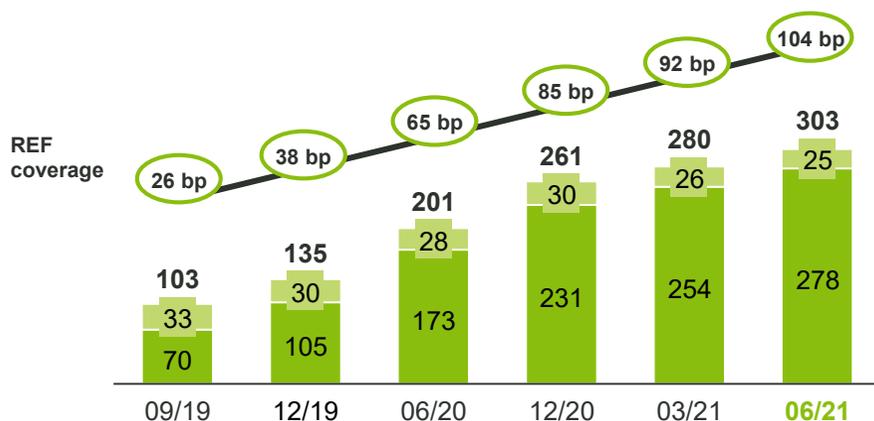
€ mn

	Q2/20	Q2/21	H1/20	H1/21
Net income from risk provisioning	-36	-23	-70	-33
thereof				
stage 1	-10	-2	-27	-9
stage 2	-14	-10	-27	-10
stage 3	-8	-8	-12	-13
Off balance sheet				
lending business	-4	-3	-5	-1
Recoveries	-	-	1	-

## Balance sheet – loss allowances

€ mn

■ Non-REF ■ REF



## Key drivers Q2/H1 2021

- **Net income from risk provisioning** of € -33 mn (H1/20: € -70 mn) – previous year strongly affected by COVID-19 pandemic
- **Stage 1&2: Net additions<sup>1</sup>** of € -20 mn (H1/20: € -59 mn) mainly driven by deteriorating PDs of selected business partners and high new business, partially compensated by releases from improved parameters for a few deals (esp. LGDs), repayments and maturity effect
  - **Management overlay** on model-induced releases of € 38 mn in place as subsequent effects from COVID-19 pandemic expected with delay in H2/21
  - **No relief measures** applied since inception
- **Stage 3: Net additions** of € -13 mn (H1/20: € -12 mn) mainly for **UK shopping centres**; transfer of two loans from stage 2 to stage 3 in Q2/21:
  - Shopping centre, Germany – risk provisioning < € 2 mn
  - Hotel, Netherlands – no provisioning required
- Significant build up of **loss allowances on balance sheet** over the last quarters – **REF coverage** now at 104 bp
- **Coverage ratio:** Stage 3 coverage ratio<sup>2</sup> at 24% (03/21: 26%; 12/20: 25%, 12/19: 11%), additional collateral not taken into account – incl. these factors, REF coverage ratio at approx. 100%

<sup>1</sup> Incl. provisions in off balance sheet lending business

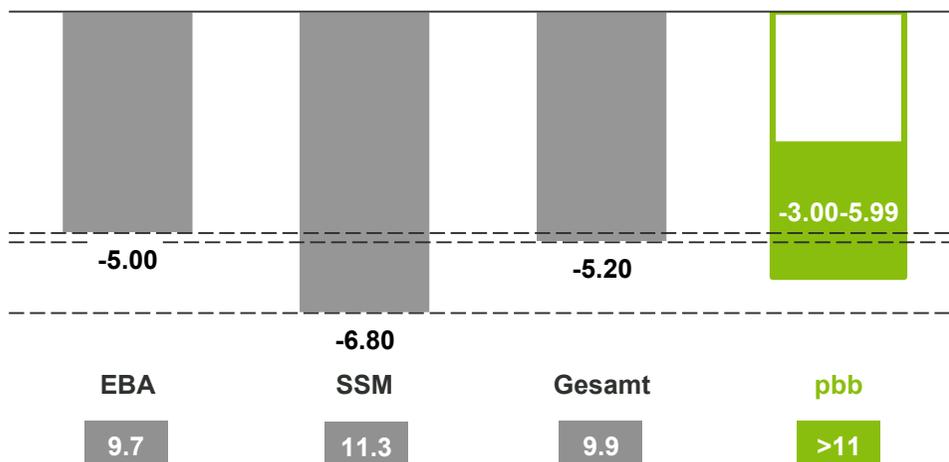
<sup>2</sup> Coverage ratio = credit loss allowances on financial assets in stage 3 / gross book values in stage 3 (loans and securities)

# 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%

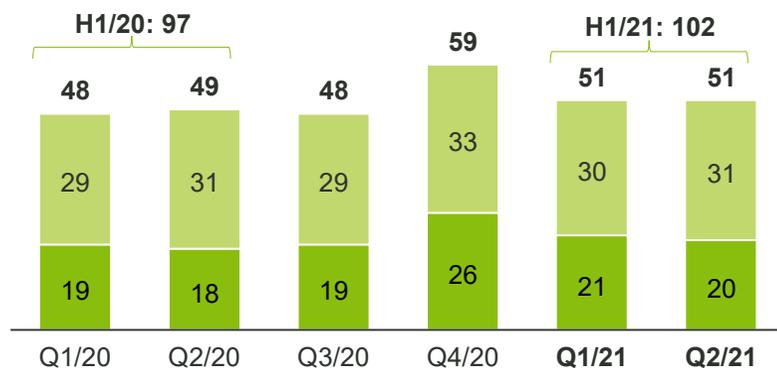
Source: ECB

# Financials

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

	Q2/20	Q2/21	H1/20	H1/21
General admin. expenses	-49	-51	-97	-102
<i>Personnel</i>	-31	-31	-60	-61
<i>Non-personnel</i>	-18	-20	-37	-41
Net income from write-downs and write-ups on non-financial assets	-5	-4	-10	-9
<i>CIR (%)</i> <sup>1</sup>	44.3	39.0	46.1	38.7

■ Personnel  
■ Non-personnel



## Key drivers Q2/H1 2021

- **GAE** slightly up y-o-y as expected:
  - **Personnel expenses:** Increase of € 1 mn y-o-y due to higher FTE number (06/21: 779; 06/20: 763, 12/20: 782), esp. driven by IT insourcing and ramp up of capacities for regulatory projects in 2020
  - **Non-personnel expenses:** Up € 4 mn y-o-y due to higher costs for regulatory and strategic projects
- **Net income from write-downs and write-ups** on non-financial assets driven by scheduled depreciations

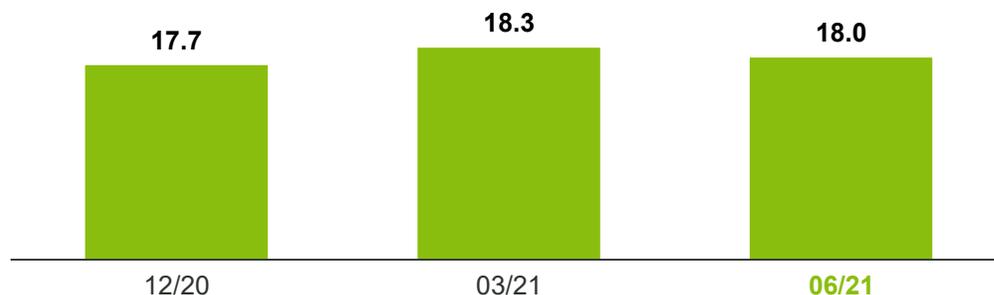
<sup>1</sup> CIR = (GAE + net income from write-downs and write-ups on non-financial assets) / operating income

# Capital

## Capitalisation remains strong

### Basel III: RWA

€ bn (IFRS)



### Basel III: Equity and capital ratios

(IFRS)

Capital in € bn	12/20 <sup>1</sup>	03/21 <sup>2</sup>	06/21 <sup>3</sup>
CET 1	2.9	2.8	2.8
AT 1	0.3	0.3	0.3
Tier 2	0.6	0.7	0.6
<b>Total Equity</b>	<b>3.8</b>	<b>3.8</b>	<b>3.7</b>

Capital ratios in %	12/20 <sup>1</sup>	03/21 <sup>2</sup>	06/21 <sup>3</sup>
CET 1	16.1	15.4	15.4
Tier 1	17.8	17.0	17.1
Own funds	21.4	20.6	20.5
Leverage ratio	6.0	6.0	5.9

### RWA development Q2/H1 2021

- RWA down q-o-q due to various effects
  - mainly as a result from decrease in REF portfolio
  - some small effects from syndication and technical adjustments
  - RWA increases due to individual rating deteriorations in the light of COVID-19
- 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%<sup>3</sup> down ytd (12/20: 16.1%<sup>1</sup>), but stable q-o-q (03/21: 15.4%<sup>2</sup>)
- Decrease in regulatory capital mainly resulting from EL shortfall and methodical reduction in income from pension commitments

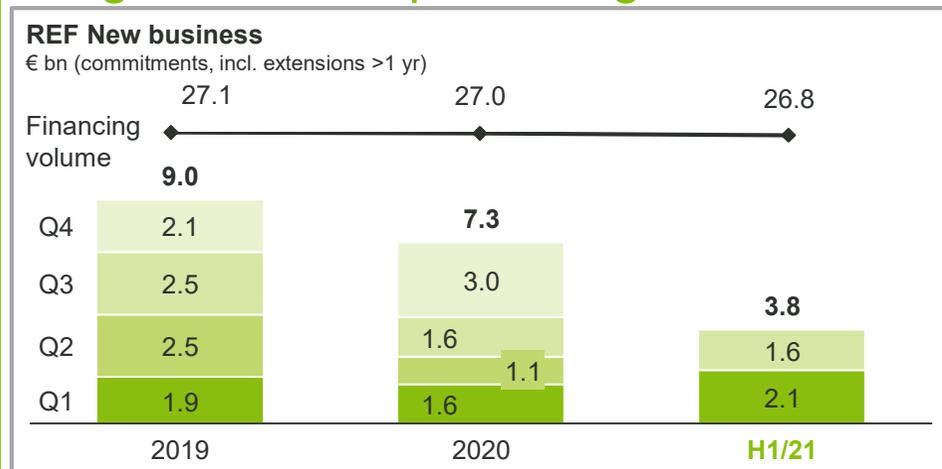
### SREP requirements

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

Note: Figures may not add up due to rounding 1 After approved year-end accounts, 2020 result not included 2 Excl. Interim result, post proposed dividend 2020, 2020 result not included 3 Excl. interim result, 2020 result not included

# New business

Solid REF new business volume of € 3.8 bn with avg. gross interest margin of ~170 bp and avg. LTV of 54%



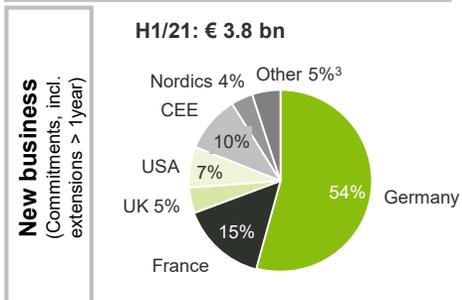
## Key drivers Q2/H1 2021

- REF new business of € 3.8 bn with an average gross interest margin of ~170 bp on solid level despite continued selective approach and increased competition
  - Avg. gross interest margin stable at ~170 bp q-o-q (H1/20: >175 bp, 2020: ~180 bp, 2019: ~155 bp)
  - Unchanged conservative risk positioning with avg. LTV of 54%<sup>2</sup>
  - Higher share of **extensions** reflects market environment – 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 Q3/21 at stable margin level

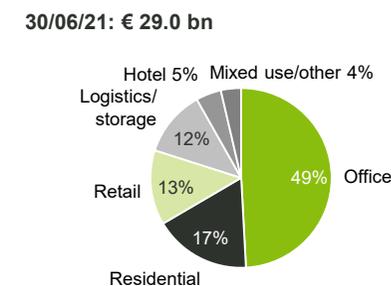
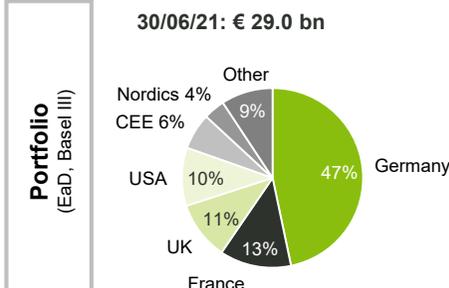
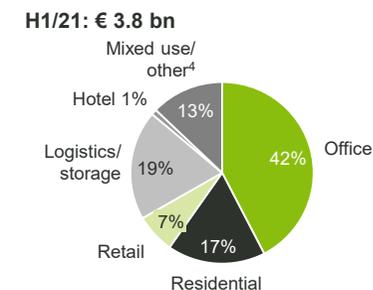
## REF new business

	H1/20	FY20	H1/21
Total volume (€ bn)	2.7	7.3	3.8
thereof: Extensions >1 year	1.0	2.6	1.1
No. of deals	59	142	72
Avg. maturity (years) <sup>1</sup>	~3.7	~4.3	~5.2
Avg. LTV (%) <sup>2</sup>	54	54	54
Avg. gross interest margin (bp)	>175	~180	~170

## Regions



## Property types



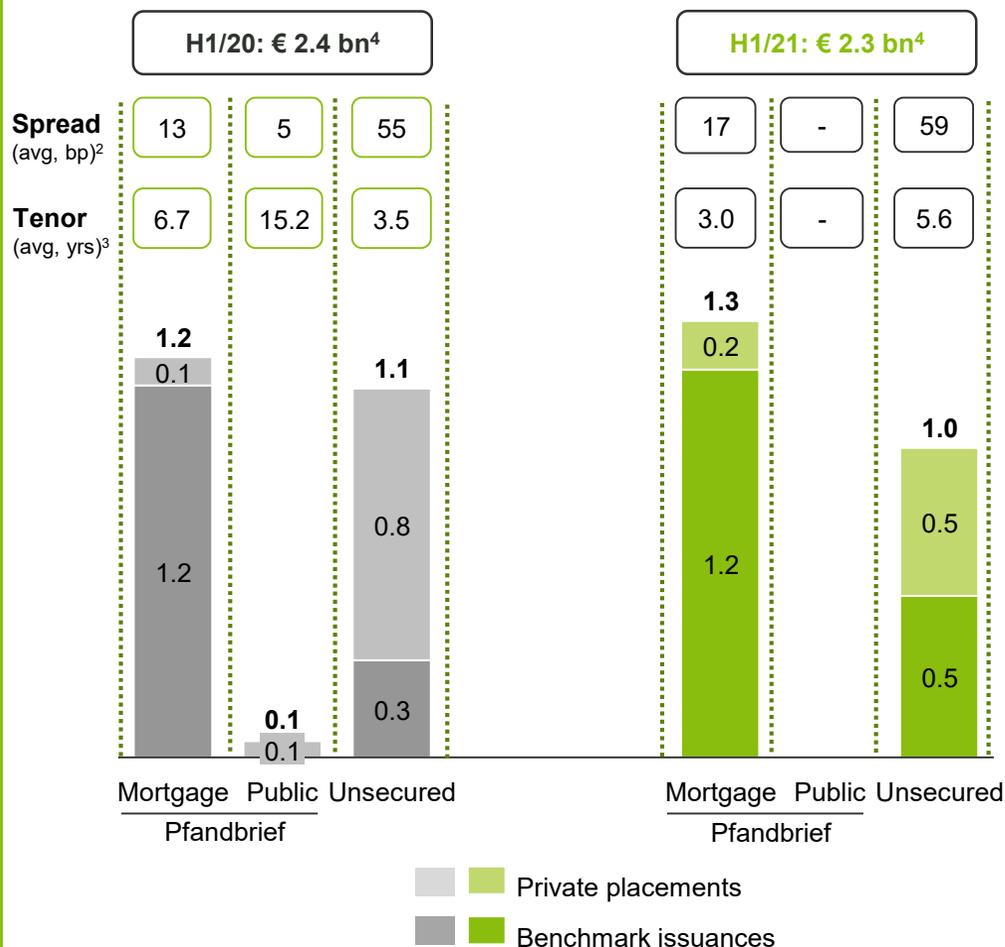
Note: Figures may not add up due to rounding 1 Legal maturities 2 New commitments; avg. LTV (extensions): H1/21: 54%, H1/20: 52% 3 Netherlands and Spain 4 Land (53%), mixed use (27%), special property (21%)

# Funding

Solid funding activities with focus on non-Euro Pfandbriefe and Senior Preferred – funding optimised through TLTRO III

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

€ bn



## Funding Q2/H1 2021

- **Solid funding in H1/21** with focus on foreign currencies
  - USD 750 mn Pfandbrief
  - GBP 500 mn Pfandbrief
  - Pfandbrief Private Placements in SEK
- **In addition**, € 500 mn inaugural Green Senior Preferred Benchmark
- **Private Placements** focused on senior preferred with robust demand from investors albeit volatile markets
- **No EUR Pfandbriefe** as funding in EUR sufficiently covered by TLTRO III participation
  - **TLTRO III** participation increased by € 0.9 bn to € 8.4 bn in June 2021 to optimise funding costs – TLTRO III provides an attractive and flexible source of funding
  - € 0.7 bn “own use” Pfandbriefe issued as collateral for upsizing TLTRO III
- **Comfortable liquidity buffer** sufficient to cover internal stress tests
- **Retail deposit** funding scalable – in H1/21 pbb direkt deposits amounted to € 3.3 bn (H1/20:€ 2.8 bn)
- **ALM profile and liquidity position** remain comfortable (NSFR >100%; LCR >150%)

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

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