Debt Investor Update - Results Q4/FY 2023

ESG Ratings

MSCI[1]	AAA
ISS ESG[2]	C/Prime
Sustainalytics[3]	23.3/Medium Risk with 0 being the best
Moody's ESG Solutions[4]	50/100

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Business Model & Strategy

pbb is a specialised CRE lender with a clear focus on senior lending and green transformation of the CRE sector

Core Business

Funding

- Strong capital market presence: benchmark issuances and private placements
  - Resilient **Pfandbrief** as main funding source complemented by unsecured bonds
  - pbb one of most active senior unsecured **Green Bond** issuers
  - Strong **ESG Ratings** (e.g. MSCI AAA)
  - EUR and foreign currencies

pbb direkt

- Scalable **retail deposit** online-platform (pbb direkt)
- Call and term deposits (EUR, USD)

Specialized on-balance sheet lending …

… based on stable, well diversified funding base

CRE Lending

- Pfandbrief-eligible **senior loans**, complemented by limited non-senior loans
- **Structuring expertise** for complex/large transactions
  - ~ 150 deals per year
  - Ø deal size ~€ 50-70 mn
- **Green Loans** integral part of business model: **CRE transformation partner**

USP

- **Leading specialized CRE bank** with conservative lending standards and **high-risk competence**
- **Strong franchise** with long-standing client relationships
- Local presence in core **Europe and the US**
- **Resilient Pfandbrief** as main funding source — in addition, **scalable retail deposit platform**

New Business Lines

RE Invest. Mgmt.

- Issuance of **open-ended real estate funds**
- **Capital-efficient** and **scalable** income source

Partners

Amundi

Universal Investment

pbb Debt

- Provide required formats to **institutional investors** (e.g. debt funds)
- Leverage our extensive **market access**

Green Consulting

- Advise on holistic solutions within the **green transformation of RE** (e.g. green development loans, green capex facilities)

ECO ESTATE TRANSFORMATIONS

Strategy Update

- Maintain a **conservative risk profile** and retain **strict cost discipline**
- **Increase** of **profitability by growth** and **capital light strategic initiatives**
- **Sustainable finance** as an **important** contributor for **all growth initiatives**

KEY MESSAGES

pbb is an expert in managing the cycle

pbb remains profitable and well capitalised

- **Pre-provision profit of € ~300 mn** provides for solid risk absorption capacity
- **CET 1 ratio is more than 600 bp (€ 1 bn)** above the regulatory requirement
- In light of the challenging market environment, **2023 profit will be retained** – conditions to pay AT1 coupon are comfortably met

Portfolio remains solid with an avg. LTV of 53%[1]

- **100% senior lender, always first ranking**
- Total LLPs of € 589 mn provide for **~189 bp coverage on REF portfolio**
- **US portfolio 100% revalued** – pro-active workout and restructuring limited NPL increase to € ~300 mn

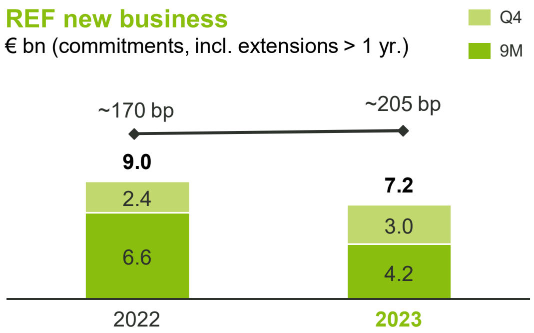
Pre-funding provides pbb with **strong liquidity position – capital market funding needs for 2024 largely covered**

- **Retail deposit growth** substituted more expensive unsecured wholesale funding (12/23: € 6.6 bn); **no Senior benchmark in 2024** to be issued
- **Secured capital market funding largely covered for 2024,** thanks to strong pre-funding
- **€ >6.0 bn liquidity** – sufficient liquidity well beyond internal stress horizon; **LCR >200%** (02/24)

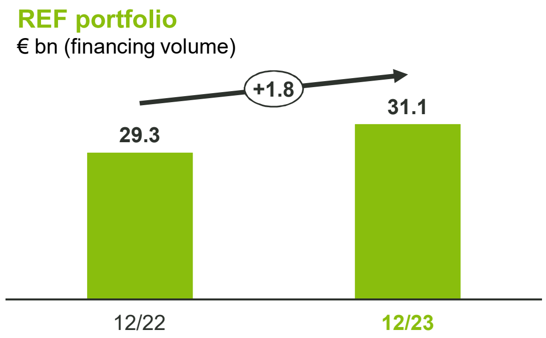
1. Based on performing investment loans only

OPERATING & FINANCIAL OVERVIEW

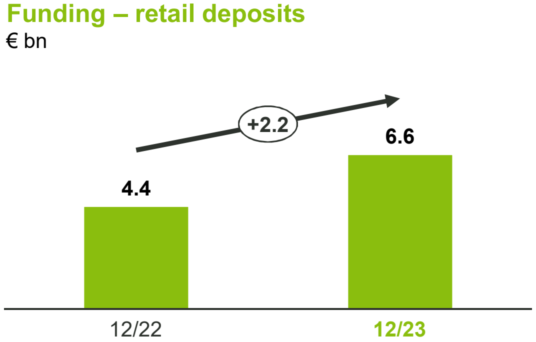
Growing REF portfolio, rising margins



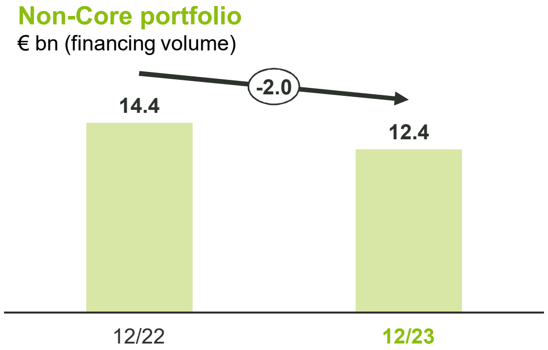
- New business volume adjusted to challenging market environment
- Margin well above plan: +35 bp



- REF portfolio growth
- Improved portfolio margin



- Growth of retail deposits at favourable costs, well ahead of plan
- Strong liquidity position benefitting from strong pre-funding



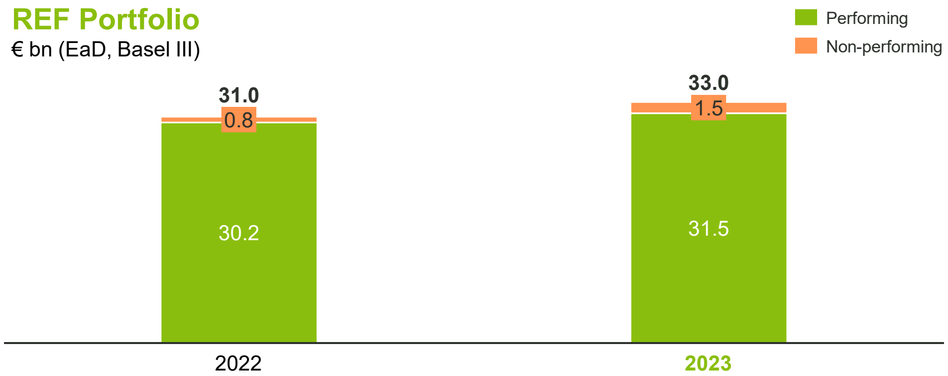
- Optimisation of non-core portfolio ongoing
- Asset reduction accelerated at attractive price level

Note: Figures may not add up due to rounding

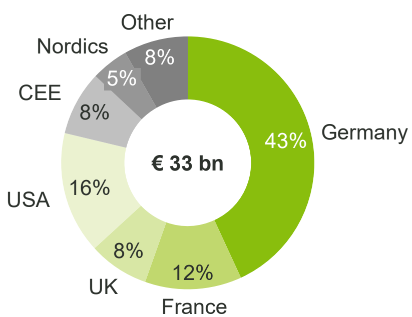
REF PORTFOLIO

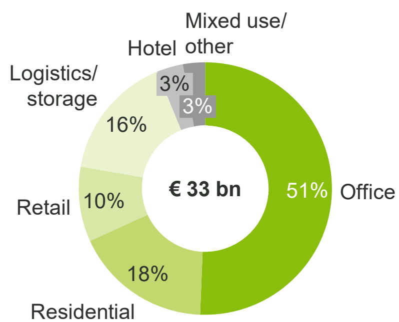
Portfolio quality remains solid

REF Portfolio
€ bn (EaD, Basel III)

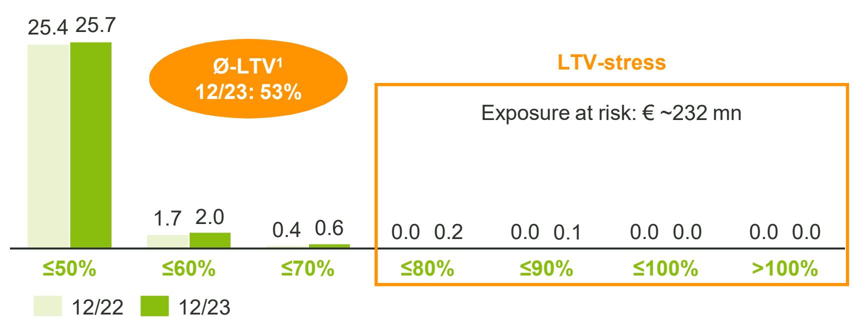


- **Portfolio quality** remains solid – focus on prime properties in core locations
- **Collateral values of entire portfolio reviewed in 2023** – low avg. LTV[1] of 53% already reflects 2023 valuation reductions, esp. for office properties – in line with pbb's core markets
- **LTV-stress: Exposure at risk** only ~0.8% of portfolio[1]; **coverage ratio** of ~75% via existing stage 1&2 LLPs of € 175 mn





Layered LTV – based on performing investment loans only
31/12/2023 (€ bn, commitments, Basel III)



Note: Figures may not add up due to rounding 1. performing investment loans, based on commitments

FOCUS: US – PERFORMING

Entire portfolio revalued in 2023

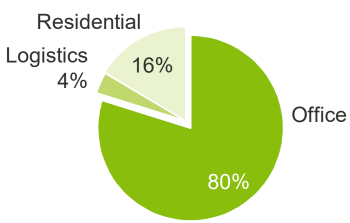
Performing Portfolio

€ bn (EaD, Basel III)

- **USA largest liquid and transparent CRE market** – low market share of pbb allows for selective business. pbb focuses only on **7 gateway-cities** (CBDs) and predominantly on **East Coast** office
- Fully focused on **risk mitigation** in existing portfolio, no new commitments this year
- **100% of portfolio revalued** with avg. **revaluation** of around -19% – in line with markets we are operating in; 9% of the portfolio to mature in 2024 and 17% in 2025
- **LTV-stress: Exposure at risk** only ~3.0% of portfolio[1]; **coverage ratio** of ~121% via existing stage 1&2 LLPs of € 121 mn

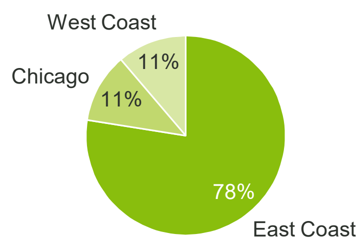
Property types

31/12/2023: € 4.5 bn (EaD, Basel III)



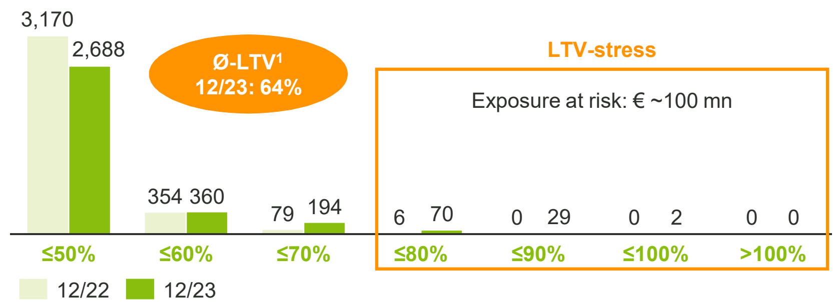
Office – Regions

31/12/2023: € 3.6 bn (EaD, Basel III)



Office – Layered LTV – based on performing investment loans only

31/12/2023 (€ mn, commitments, Basel III)

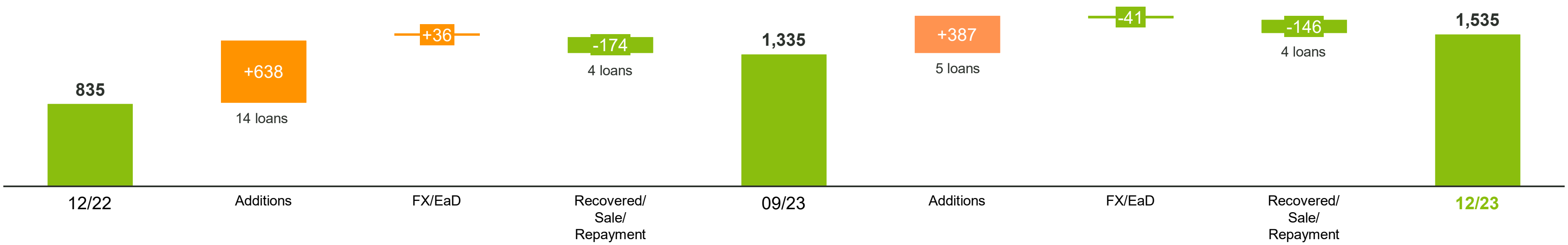


Note: Figures may not add up due to rounding   1. performing investment loans, based on commitments

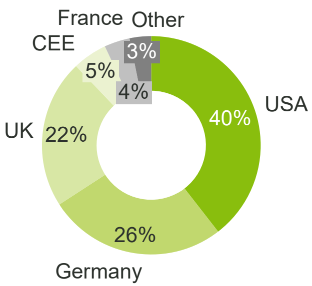
NPL PORTFOLIO

Pro-active NPL management

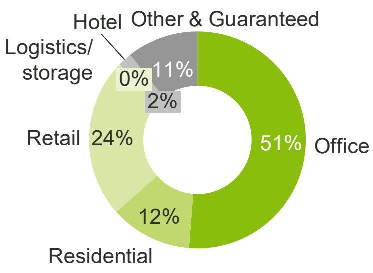
NPL Portfolio
€ mn (EaD, Basel III)



Regions
31/12/2023 (EaD, Basel III)



Property Type
31/12/2023 (EaD, Basel III)



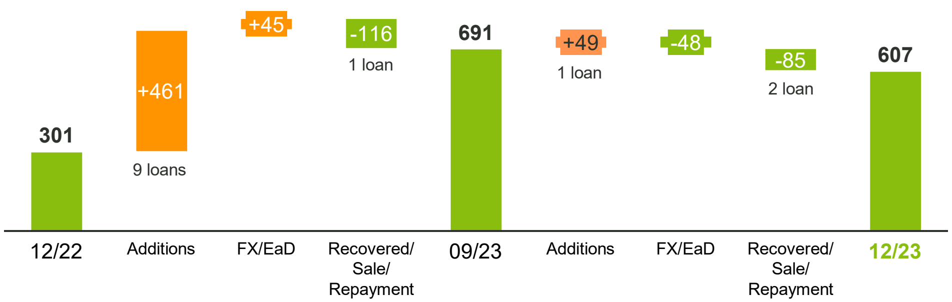
- Active **management of NPL portfolio** with 8 loans (€ 320 mn) successfully restructured/worked out in 2023
- 4 loans (€ 201 mn) recovered to performing and 4 loans (€ 119 mn) repaid at or above internal valuation marks
- **NPE[1] ratio** 3.0% / **REF NPE[1] ratio** 4.6%
- **Coverage ratio** of ~27% via existing stage 3 LLPs of € 414 mn

Note: Figures may not add up due to rounding 1. Non-Performing Exposure ratio = Non-performing loans and bonds / total portfolio (EaD); NPL ratio (EBA definition) 12/23: 3.7% (NPL ratio = gross carrying amount of non-performing loans and advances (incl. loans in forbearance cure-period) / total gross carrying amount of loans and advances)

FOCUS: US – NON-PERFORMING

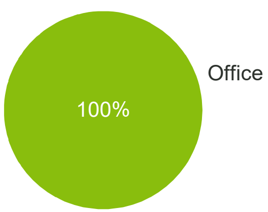
Pro-active workout and restructuring limited NPL increase to € ~300 mn

US NPL Portfolio
€ mn (EaD, Basel III)

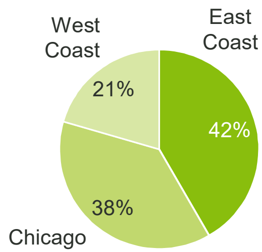


- Active **management of NPL portfolio** with 3 US loans (€ 201 mn) successfully restructured/worked out in 2023
- 2 loans (€ 172 mn) recovered to performing and 1 loan (€ 29 mn) repaid above internal valuation mark
- **US NPE[1] ratio** 12%
- **Coverage ratio** of ~23% via existing stage 3 LLPs of € 138 mn
- Avg. **revaluation** of around -35% in 2023. Portfolio LTV and existing stage 3 LLPs cover for further valuation reduction between 30-40%

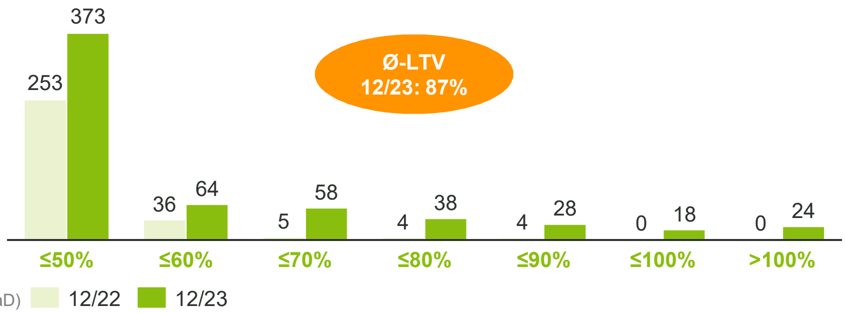
Property types
31/12/2023: € 607 mn (EaD, Basel III)



Office – Regions
31/12/2023: € 607 mn (EaD, Basel III)



US NPL – Layered LTV – based on investment loans only
(€ mn, commitments, Basel III)

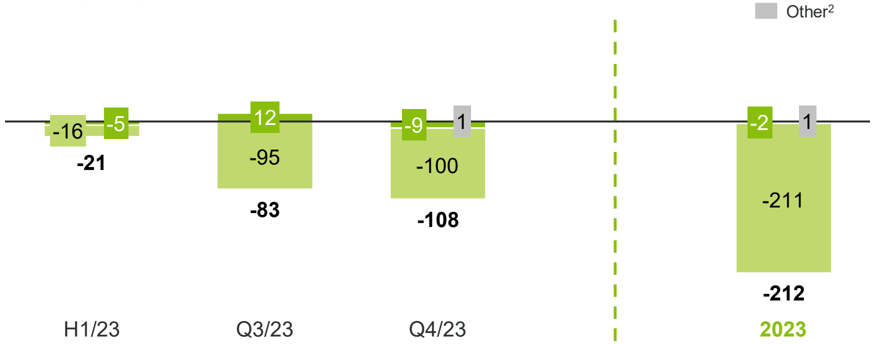


Note: Figures may not add up due to rounding 1. Non-Performing Exposure ratio = Non-performing loans and bonds / total US portfolio (EaD)

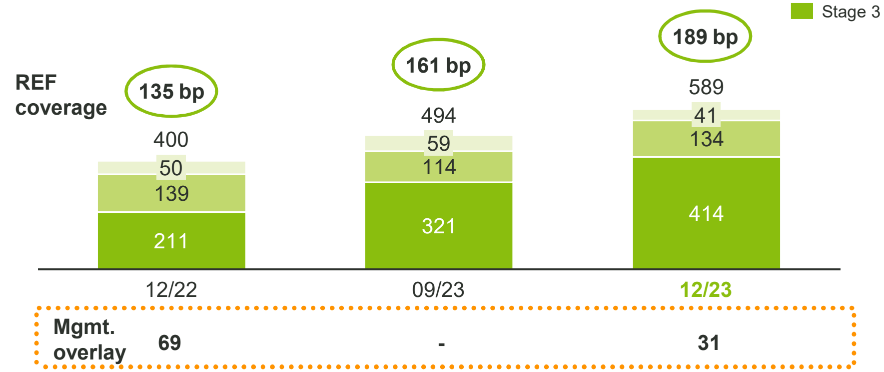
RISK COSTS

Risk provisioning mainly driven by US

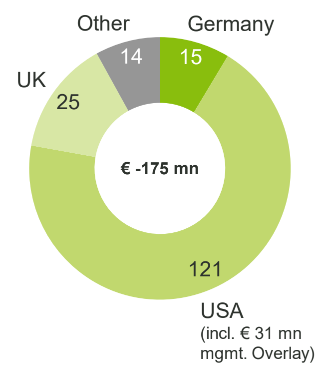
Net income from risk provisioning
€ mn (IFRS)



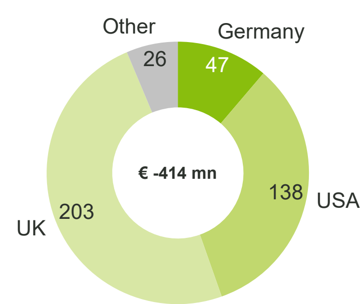
Balance sheet – loss allowances
€ mn



Stage 1&2



Stage 3



- **Stage 1&2:** € 62 mn additions for US (incl. € 31 mn management overlay) compensated by model based release from improved macroeconomic model parameters in Europe
- **Stage 3:** € 132 mn net additions mainly driven by US office loans
- **US LLPs:** Total LLPs of € 259 mn in place for US – thereof, € 121 mn coverage for performing US portfolio

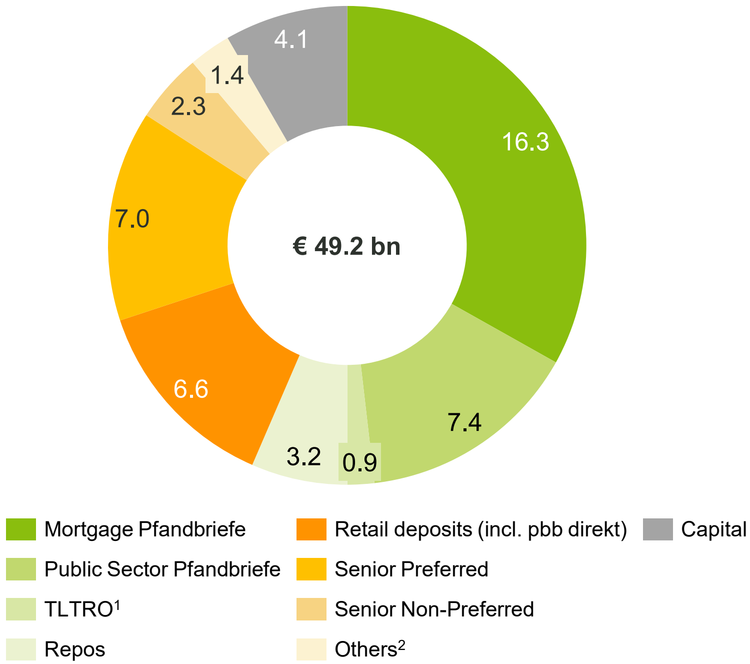
1. Incl. provisions in off balance sheet lending business 2. Recoveries from written-off financial assets

FUNDING AND LIQUIDITY

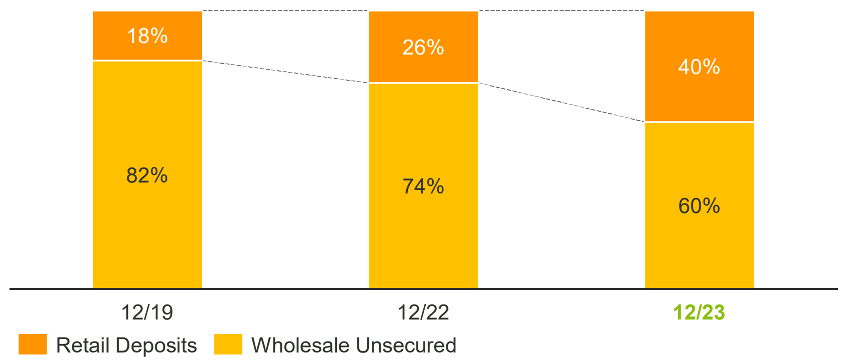
Diversified funding base

Diversified Funding Base

31/12/2023: € bn, nominal values



Unsecured Funding



- Over 55% resilient **secured funding**[3]
- **Broad toolbox** for both, secured and unsecured funding
- Capital market **unsecured funding** systematically **substituted with retail deposits**

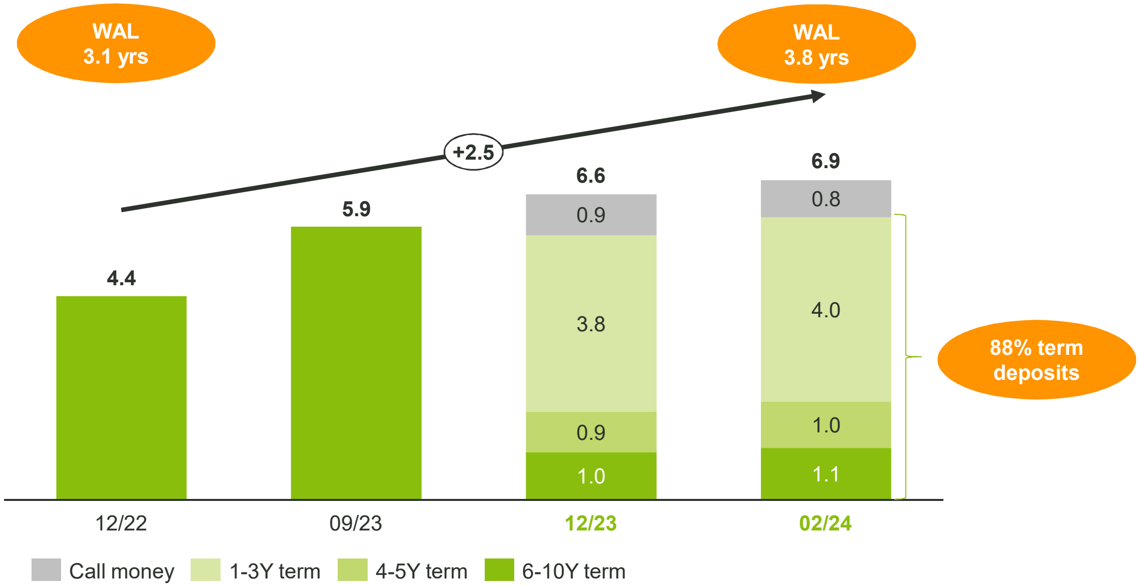
1. To be repaid in 2024 (liquidity neutral) 2. Others: e.g. institutional deposits and cash collateral 3. Pfandbriefe, TLTRO and Repos

RETAIL DEPOSITS

Retail deposit continue to grow

Retail Deposits – development & maturity profile[1]

€ bn



pbb direkt[3]	12/22	12/23	02/24
Number of Clients	~60,000	~91,900	~97,000
Avg. deposit amount per client (€)	~68,000	~64,000	~63,000

- **Granular, long-term and deposit insured**
  - Granular: € 63,000 average deposit (pbb direkt)
  - Long-term: 88% with 3.8 yrs WAL
  - Deposit insured[2]: nearly 100%
- **Call money only 12% / € 800 mn** at any time well covered by liquidity reserves
- **Cost efficient** – more than 180 bp cheaper than senior preferred funding in 2023
- **Elastic source of funding:** rates lowered twice in Jan and Feb 2024; currently paying 3% for 5Y and 10Y deposits; room to grow
- **Co-operations broadened** with CHECK 24 and Raisin/Weltsparen added in 2023 – total brokered deposits € 0.9 bn, 100% term

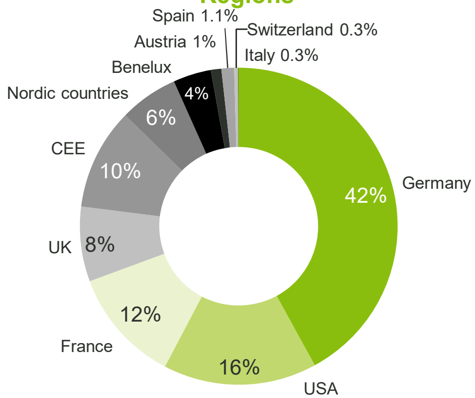
Note: Figures may not add up due to rounding
1. Initial weighted average life 3.8 years, remaining average time to maturity 2.6 years 2. Statutory deposit protection scheme in combination with the voluntary protection scheme of German Banks 3. Only pbb direkt clients without co-operations

MORTGAGE COVER POOL

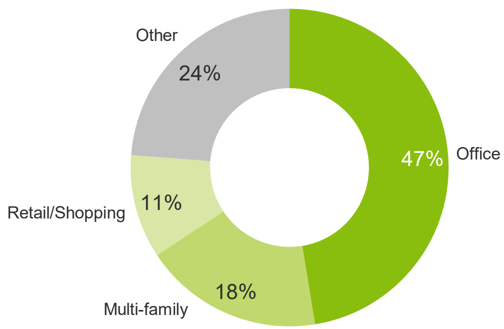
Diversification by countries and property types

Mortgage Cover Pool

Regions



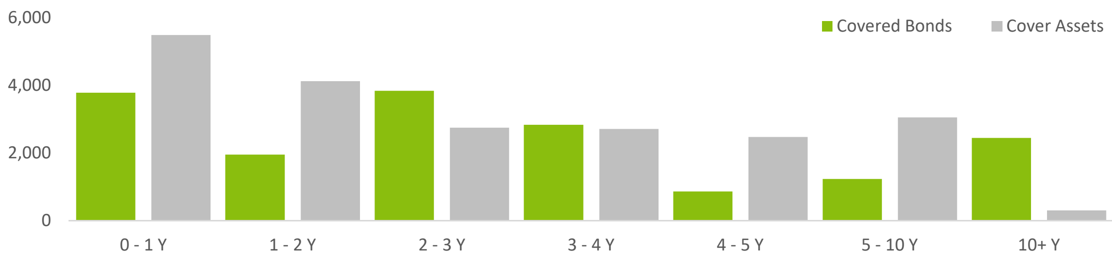
Property types



Key metrics

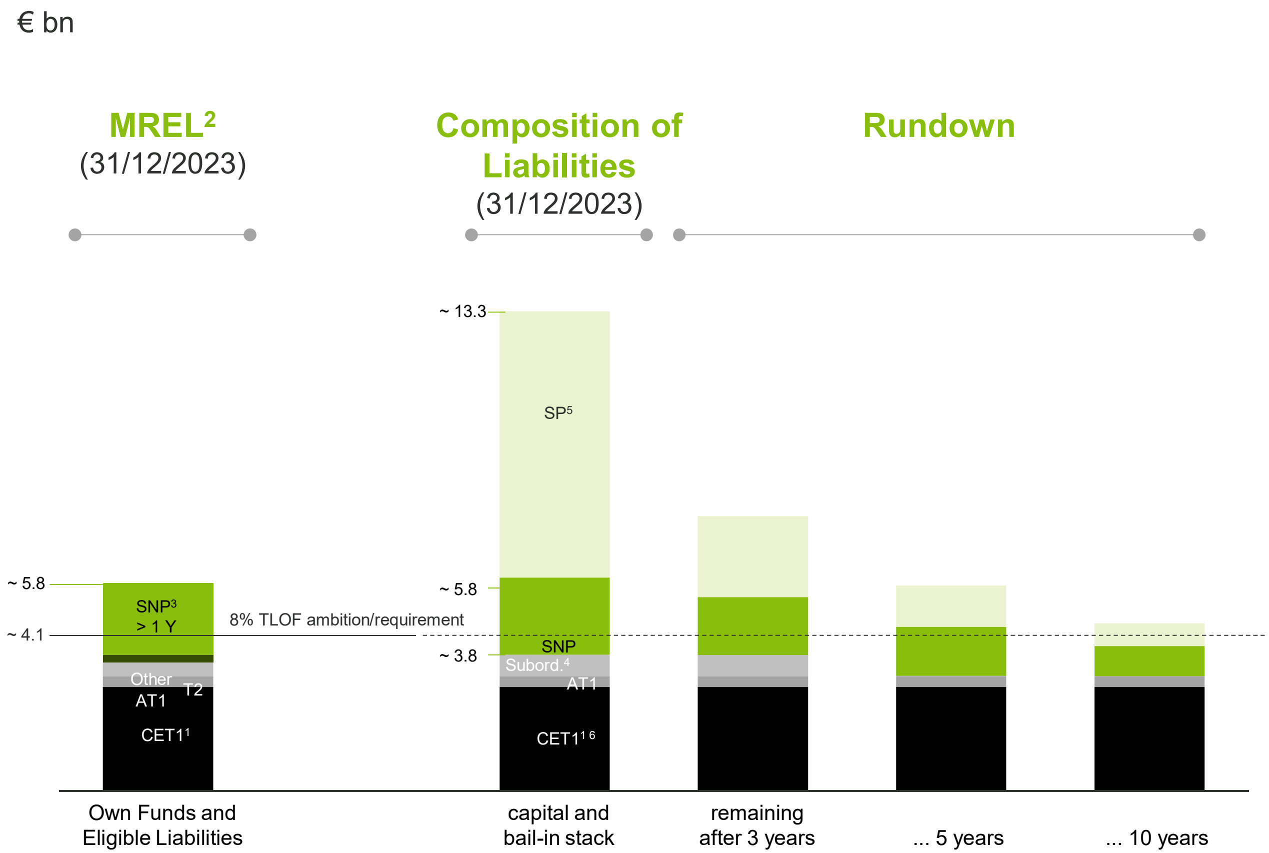
Mortgage cover pool (nominal)	31/12/2023
Pfandbriefe outstanding	€ 17.0 bn
Cover funds	€ 20.9 bn
Over-collateralisation (Nominal/NPV)	23.4% / 25.4%
No. of loans	1,464
No. of properties	3,260
Payments ≥ 90 days overdue	€ 0.1mn
Weighted average LTV (based on market value)	34.3%

Maturity Profile
(nominal values, € mn)



FUNDING

Own Funds and Eligible Liabilities exceed 8% TLOF



- Buffer for Senior Preferred (SP) investors due to high volume of capital instruments and Senior Non-Preferred (SNP) liabilities
- Existing Senior Non-Preferred liabilities with long remaining terms
- SP currently predominant senior product, but SNP to remain a key element of pbb's funding strategy
- pbb with MREL-ambition level of 8% TLOF in line with the binding regulatory target
- Regulatory requirements (SREP, MREL etc.) are met

1. After confirmation of the 2023 financial statements 2. In addition to the regulatory requirements, pbb has set itself an ambition level of 8% TLOF with 100% subordination (i.e. own funds and senior non-preferred). As of 31 December 2023, MREL-eligible positions amounted to ~10.8% TLOF (excluding the approved level of general pre-approvals)/~ 29.8% RWA/~ 10.7% leverage exposure 3. MREL-eligible Senior Non-Preferred Debt > 1Y according to legal maturities; without prior approval volumes for early termination of investments 4. Nominal amount of Tier 2 instruments; the capital stack includes € 300 mn AT1 issuance 5. Senior Preferred, structured unsecured and corporate deposits (excl. protected deposits) 6. CET1 assumed to be constant

MANDATED RATINGS

Bank ratings	S&P	
Long-term	**BBB-**	
Outlook/Trend	Negative	
Short-term	A-3	
Stand-alone rating[1]	bb+	
Long Term Debt Ratings		
“Preferred” senior unsecured Debt[2]	BBB-	
“Non-preferred” senior unsecured Debt[3]	BB-	
Subordinated Debt	B+	

Pfandbrief ratings		Moody’s
Mortgage Pfandbrief		Aa1
Public Sector Pfandbrief		Aa1

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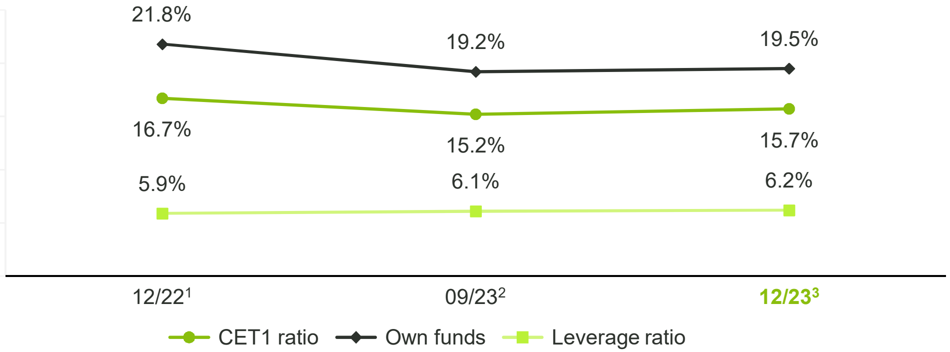
1. S&P: Stand-alone credit profile 2. S&P: “Senior Unsecured Debt” 3. S&P: “Senior Subordinated Debt”

CAPITAL

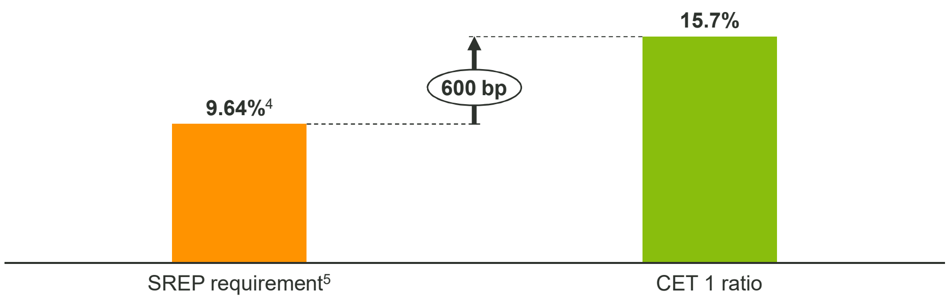
pbb well capitalised

Basel III: Capital and leverage ratios
(IFRS)



- **15.7% CET 1 capital ratio** remains well above management ambition level
- REF portfolio growth and internal rating developments resulted in higher **RWA**
- Quarter-over-quarter increase driven by **recognition of full-year results and retention of 2023 profit**
- **Leverage ratio** remains well above regulatory requirements

Basel III: MDA buffer
(IFRS)

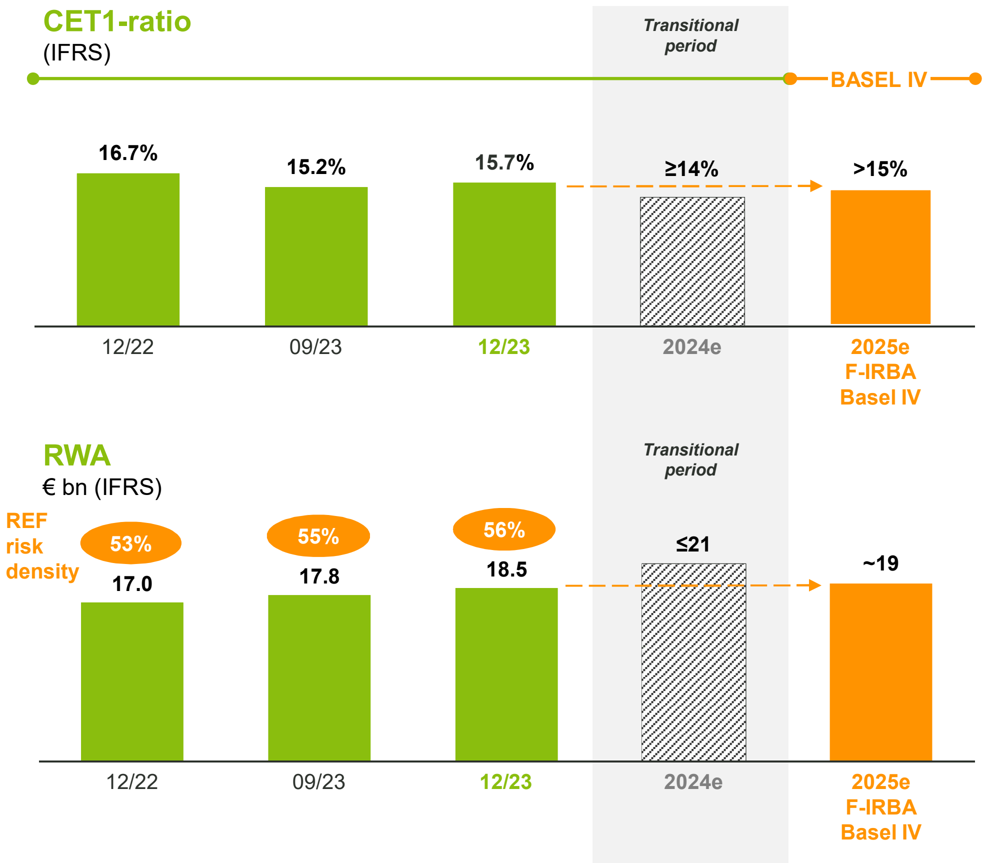


- Strong **MDA buffer of 600 bp (€ 1 bn)** over regulatory requirements
- In addition, with ADI of € 2.3 bn, **conditions to pay AT1 coupon comfortably met**

1. Incl. full-year result, post dividend 2022 2. Excl. interim result 3. Incl. full-year result 4. 4.5% P1R + 1.69% P2R + 2.5% Capital Conservation Buffer + 0.95% anticipated additional buffer (CCyB + SyRB) 5. SREP requirements 2024: CET 1 ratio: 8.69%, Tier 1 ratio: 10.75%, Own funds ratio: 13.50% (excl. anticipated additional buffer of 95 bp (CCyB + SyRB)
Note: Figures may not add up due to rounding

CAPITAL

Road to new model landscape – Different ratio, same capital



Basel IV target landscape 2025

- **Foundation Internal Ratings-based Approach (F-IRBA)** will be applied for the majority of pbb's portfolio following Basel IV implementation and ECB approval
- **CET 1 ratio of >15%** expected (RWA € ~19 bn)

Transitional period 2024

- Models to be calibrated towards **standardised parameters** – no further downside risk on PD/LGD parameters
- **CET 1 ratio expected to remain ≥14% – RWA managed to stay € ≤21 bn**
  - Technical, temporary uplift by € ~3-4 bn to be expected
  - De-risking and additional RWA reduction measures of up to € ~1.5 bn
- pbb's **capital to remain stable**
- CET 1 ratio to remain **significantly above the current regulatory requirement** throughout the entire transitional period

Note: Figures may not add up due to rounding

GUIDANCE 2024

Solid operating income strength; PBT expected significantly above 2023 level

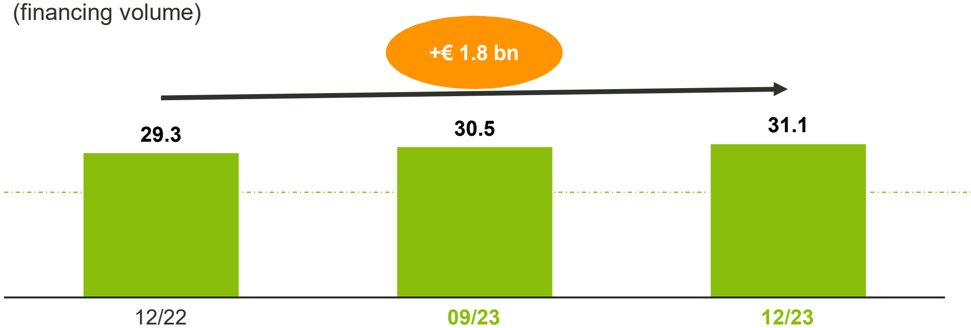
REF Portfolio	**New business** (incl. extensions > 1 year)	€ 6-7 bn
	Financing volume	€ 30-31 bn
P&L	**Operating Income**	€ 525-550 mn
	thereof: NII + NCI	€ 475-500 mn
	LLPs	<< 2023
	CIR	~50%
Profitability	**Pre-tax profit**	>> 2023
	RoE/RoCET1 after taxes	>> 2023
Capitalisation	**CET 1 ratio**	≥14%

APPENDIX

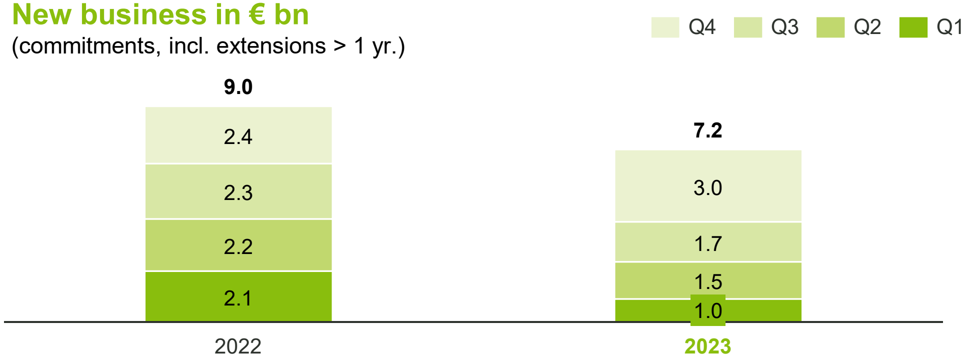
REF NEW BUSINESS

REF portfolio growth with improving margin

Volume of strategic REF portfolio in € bn
(financing volume)



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



- Growth in **strategic REF portfolio** benefitting from drawdowns of new business and low level of prepayments and repayments
- **Avg. portfolio margin** further up
- **New business** volume of € 7.2 bn fully in-line with adjusted guidance of € 6.5-8 bn for 2023
- Selective **new business** in challenging market environment and significant share of extensions
- Focus on **balanced risk/return ratio**, avoiding higher risk profile at the expense of higher volume or higher margin

New Business	2022	2023
Share of extension > 1 year (%)	30	50
Ø Gross interest margin (bp)[2]	~170	~205
Ø LTV[1] (%)	54	53
Ø Maturity[3] (yrs.)	~4.3	~3.8
No. of Deals	137	116

1. New commitments; avg. LTV (extensions): 12/23: 55%; 12M/22: 52%; 12M/21: 54% 2. Net of FX-effects; gross revenue margin: 2021: ~190 bp, 2022: ~190 bp, 2023 ~225 bp 3. Legal maturities

REF NEW BUSINESS

Diversification supports management of the cycle

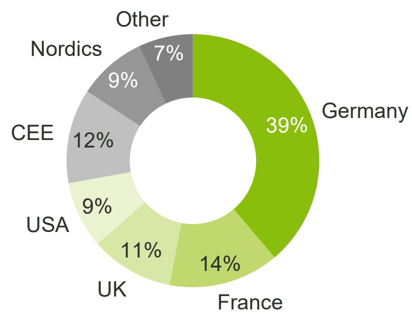
As of 31/12/23

€ 7.2 bn

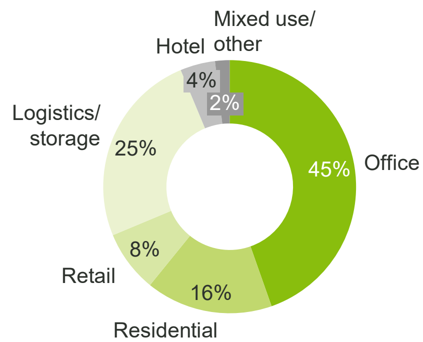
New business

(commitments, incl. extensions > 1 year)

Regions



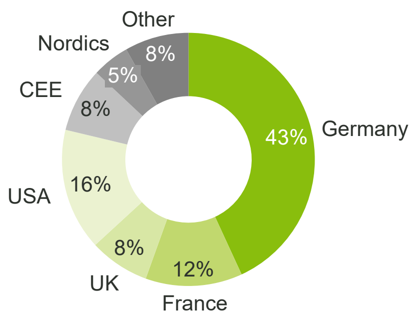
Property types

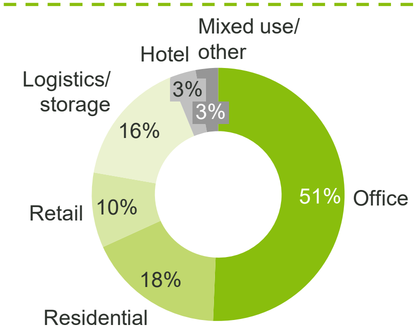


€ 33.0 bn

Portfolio

(EaD, Basel III)





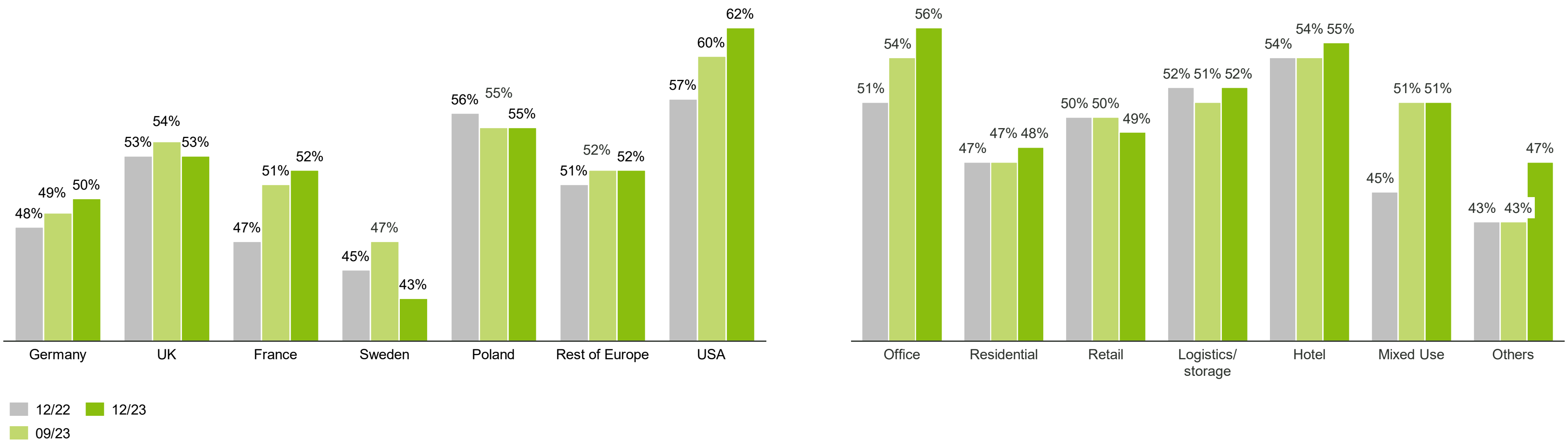
1. Note: Figures may not add up due to rounding

REF PORTFOLIO

LTV development reflects market environment

REF Portfolio: LTV cluster[1]
€ bn

Avg. LTV[1]
12/22: 51%
12/23: 53%



1. Based on performing investment loans only Note: Figures may not add up due to rounding

MONITORING PROCESS

Multi-level valuation review process

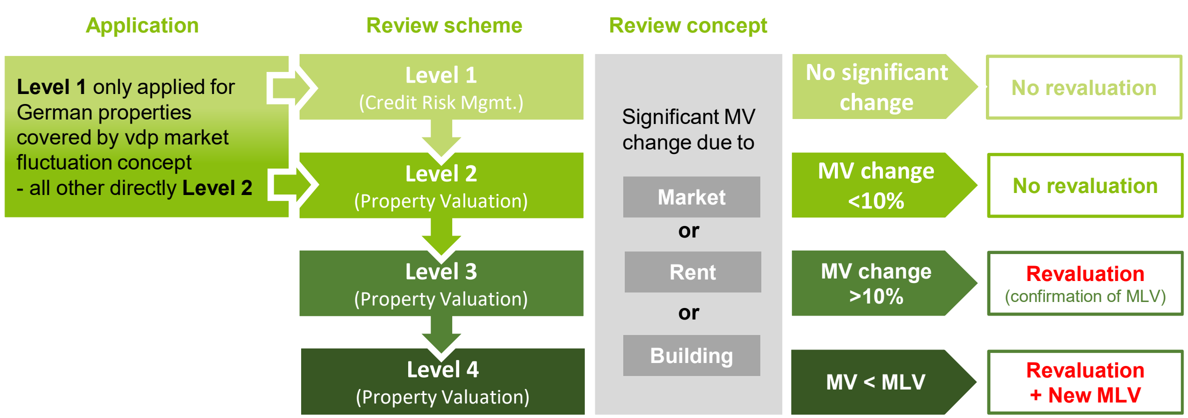
- **Regular annual review** (Level 1/2) – revaluation mandatory in case of significant changes (Level 3/4)
- **Mandatory revaluation** (Level 3) **after 3 years**

In addition, reviews on a continuous basis:

– **Event triggered review** – revaluation mandatory in case of significant changes (e.g. special events/reasons, extreme market fluctuations, transfer to watchlist, default)

– **Credit review** (e.g. covenant testing, credit rating screening, tenant monitoring, early warning signals, forward-looking assessment)

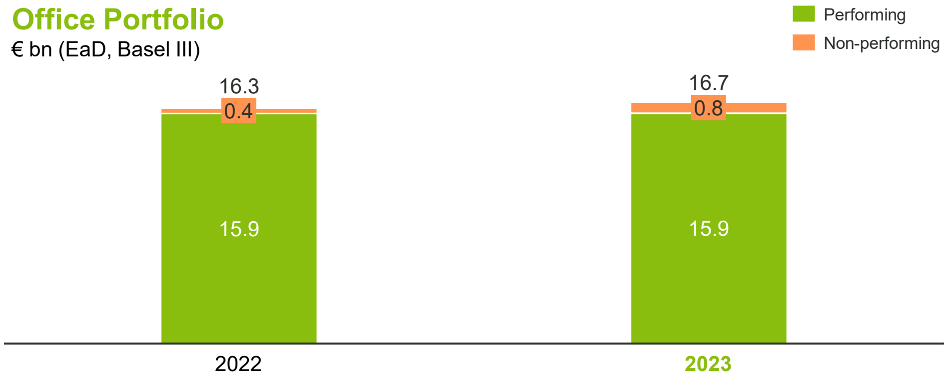
Valuation review process (simplified)



FOCUS: OFFICE PORTFOLIO

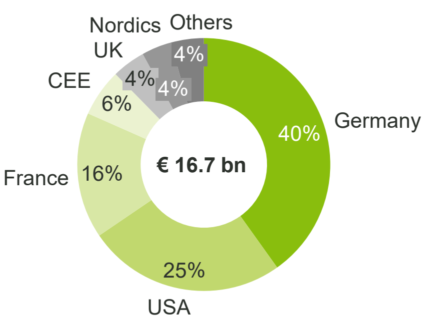
Solid portfolio quality

Office Portfolio
€ bn (EaD, Basel III)

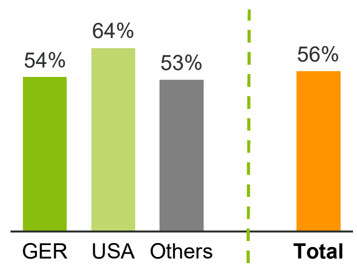


- **European office structure** is different from US office. Flight to quality trend remains intact, different home office behavior, different sponsor behavior, lower vacancies and less sensitive to short-term interest rate changes
- Focus on **prime properties** in core inner-city locations and strict risk parameters
- **Collateral values of entire portfolio reviewed in 2023**
- **LTV-stress: Exposure at risk** only ~1.5% of portfolio[1], **coverage ratio** of ~57% via existing stage 1&2 LLPs of € 124 mn

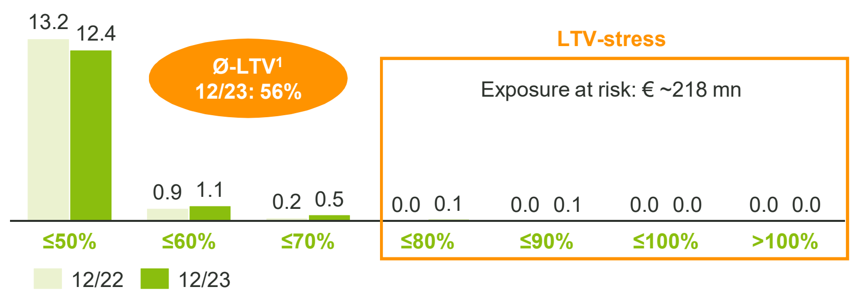
Regions
31/12/2023 (EaD, Basel III)



Avg. LTV[1]
31/12/2023 (Commitment, Basel III)



Layered LTV – based on performing investment loans only
31/12/2023 (€ bn, commitments, Basel III)

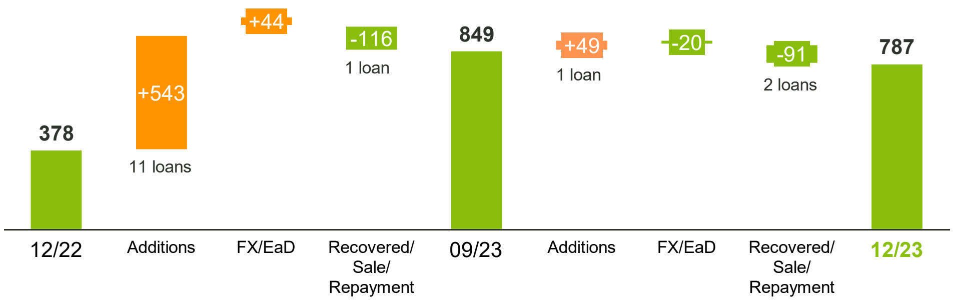


Note: Figures may not add up due to rounding 1. performing investment loans, based on commitments

FOCUS: OFFICE – NON-PERFORMING

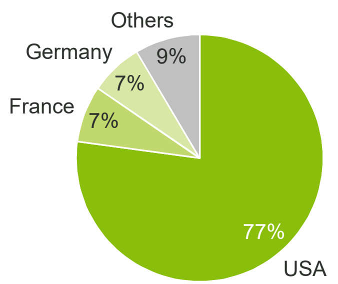
Pro-active NPL management

Office NPL Portfolio
€ mn (EaD, Basel III)

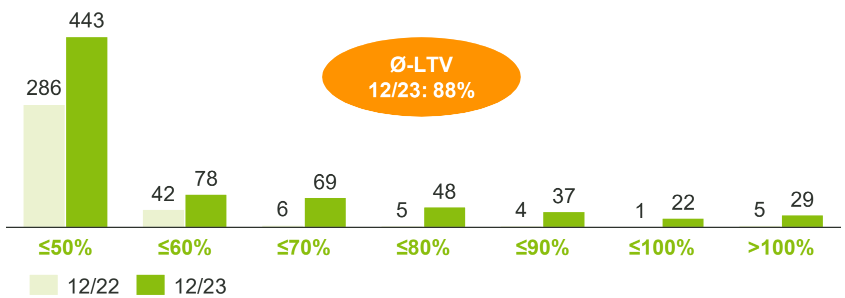


- Active **management of NPL portfolio** with 3 office loans (€ 207 mn) successfully restructured/worked out in 2023
- 2 loans (€ 172 mn) recovered to performing and 1 loan repaid (€ 35 mn) at or above internal valuation marks
- **Office NPE[1] ratio** 4.7%
- **Coverage ratio** of ~21% via existing stage 3 LLPs of € 165 mn
- Avg. **revaluation** of around -35% in 2023. Portfolio LTV and existing stage 3 LLPs cover for further valuation reduction between 30-40%

Regions
31/12/2023 (EaD, Basel III)



Office NPL – Layered LTV – based on investment loans only
(€ mn, commitments, Basel III)

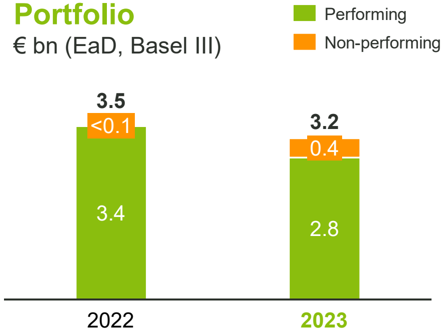


Note: Figures may not add up due to rounding 1. Non-Performing Exposure ratio = Non-performing loans and bonds / total Office portfolio (EaD)

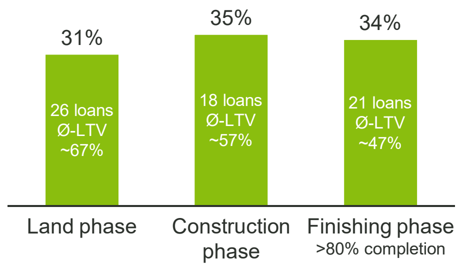
FOCUS: DEVELOPMENT PORTFOLIO

Strict underwriting standards

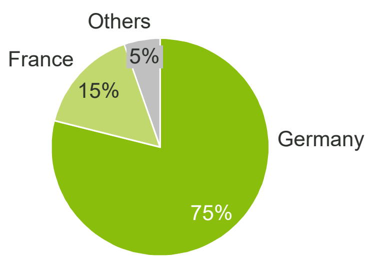
Portfolio
€ bn (EaD, Basel III)



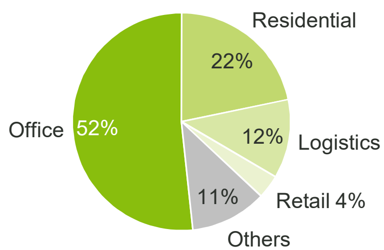
Phase
31/12/2023 (commitments, Basel III)



Regions
31/12/2023 (EaD, Basel III)



Property types
31/12/2023 (EaD, Basel III)

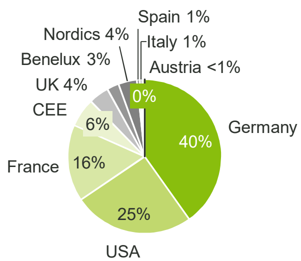
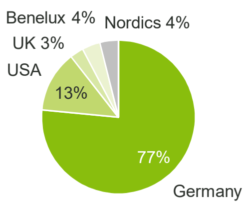
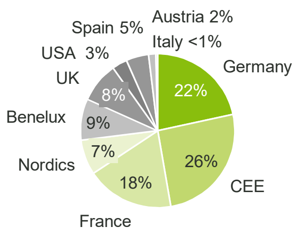


- **Portfolio** significantly **reduced** since 2019 (12/19: € 4.7 bn, 12/23: € 3.2 bn) – **turnover** of € 6.3 bn due to repayment (~70%) or transfer to investment loan (~30%)
- **Senior lending** only – no exposure in unsecured/subordinated instruments
- Cooperation only with selective and well **experienced large developers**
- Focus on **office, residential and logistics** in major urban locations (very good locations) in Germany (only big 7) and Europe
- 2/3 in **land and finishing phase**, therefore no or only little immediate construction risk – risk management **focus on loans in construction phase**
- **NPL portfolio** of € 382 mn with coverage ratio of ~12% via existing stage 3 LLPs of € 45 mn – 2023: 5 new cases (€ 351 mn)
  - All Germany; very good inner city locations
  - 3 cases in land phase
  - 2 cases in construction phase (1 residential/1 retail)

Note: Figures may not add up due to rounding

REF PORTFOLIO

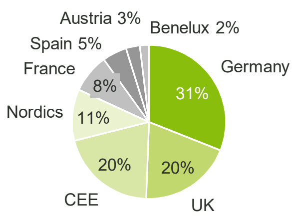
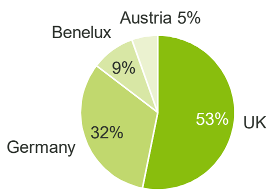
Sub-segments

Property	Regions	Evaluation of current situation	Challenges	Risk positioning
Office € 16.7 bn (51%)		▪ 2023 was still challenging. Due to the overall economic situation occupiers were still reluctant. Although net absorption stabilized. ▪ Discussions about new concepts of work are still ongoing. Employees prefer flexible working models and therefore office presence declines. Demand for office space is reduced accordingly. ▪ Demand is currently focused on modern, flexible and ESG-compliant properties in prime locations. Office space in secondary locations is still not sought after. ▪ Occupancy forecasts track employment and are expected to be stable or even slightly positive. ▪ As interest rates and inflation peaked, a further decline in prices is only expected to a very limited extent, concentrating on older properties in secondary locations.	▪ Cooling of tenant market due to overall economic situation and shift of demand towards modern, green, centrally located properties leads to reletting/extension risks with pressure on rental level on secondary/older buildings. ▪ Good locations expected to remain competitive and “Green” having become a very core element in competition. ▪ Increased interest level in combination with competitive disadvantage for B-properties/B-locations has increased pressure on value on these properties. ▪ Some former A-locations have, due to structural changes, downgraded to B-locations. ▪ Structural changes, cooled letting market and increased interest level have put pressure on cash flow for, in particular, class-B-properties.	▪ Focus on good locations in main European and US urban locations. ▪ Avg. LTV of 56%[1] provides good buffer and supports commitment of investors/sponsors. ▪ 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). ▪ Detailed analysis of “green profile” of properties including associated risk conducted in new business and on occasions of (annual) credit reports transactions.
Residential € 5.8 bn (18%)		▪ The market of owner-occupier properties is expected to recover slowly as inflation declines and central banks will probably cut interest rates. ▪ Increased interest rates also had a negative impact on multifamily properties. Multipliers dropped significantly. Rising rents mitigated the effect to some extent. ▪ 2024 is expected to have different dynamics. First of all ESG-compliant properties are expected to be sought after. Regulations in the rental sector expected to impede NOI increase.	▪ Increased interest level puts pressure on value, however still more moderate than in other (sub-) asset classes. ▪ Cash flow under pressure from many reasons: interest rates, energy costs, investment requirements - partially counterbalanced by increasing rents. ▪ In particular, capital-market oriented investors often with challenging refinancing situations.	▪ Portfolio volume of € 5.8 bn with avg. LTV of 48%[1] provides good buffer and supports commitment of investors/sponsors. ▪ Well diversified portfolio with strong focus on Germany.
Logistics € 5.3 bn (16%)		▪ The logistics sector benefits from a stronger focus on e-commerce but also from the need for more resilient supply chains in the industry sector. ▪ This in turn leads to rental growth in most market types, but focused on key cities where supply is low. ▪ The expected significant drop in values is yield driven, while rental growth is partially mitigating the decline. ▪ Since demand for logistics space is typically strongly correlated with economic activity and GDP current economic uncertainties pose a potential threat. ▪ Sought after investment class.	▪ Monoline logistics centres. ▪ Due to partially overheated prices, market correction on investment side seen. ▪ Rents still stable/partially further increasing.	▪ Strategic approach; expert team since 2014; share increase since 2013 from 8% to 16%. ▪ Focus on locations: good infrastructure, connection to a variety of different transportation routes. ▪ Avg. LTV of 52%[1] provides good buffer and supports commitment of investors / sponsors. ▪ Well diversified portfolio. ▪ High quality of sponsors.

1. Based on performing investment loans only   Note: Figures may not add up due to rounding, EaD, Basel III

REF PORTFOLIO

Sub-segments

Property	Regions	Evaluation of current situation	Challenges	Risk positioning
Retail € 3.2 bn (10%)		▪ Inflation and high interest rates weakened retail sales in 2023. In 2024 consumer confidence expected to increase due to declining inflation rate and lower interest rates. Therefore, consumer spending expected to increase. ▪ Real purchasing power expected to increase in 2024. Therefore, discretionary sales should increase on a small scale. ▪ European retailers expected to continue to explore flagship-stores. Therefore, prime locations expected to sought after in the upcoming years. ▪ In 2024 E-Commerce is expected to grow in Europe on its pre-pandemic growth trend. Constant consumer spending assumed while in-store spending expected to decrease further. ▪ Factory Outlet Center have outperformed the retail sector in 2023, expected to continue in 2024. The investment market was observed to be very liquid although the yield increased.	▪ Short Term: threats to income stability as well as decreasing consumer spendings/consumer confidence due to inflation, however re-stabilization post Covid partially compensates this. Therefore, performing retail assets with on average less impacted than other (sub-) asset classes. ▪ Mid Term: structural changes (online sale, change of high street/shopping centre retail structure towards more leisure) leading to continued pressure on rents and to oversupply of space in particular outside A-locations.	▪ Selective approach with planned reduction of retail portfolio by ~55% or € 3.8 bn since 2016 (12/23: € 3.2 bn; 12/16: € 7.1 bn). ▪ Only investment loans, almost no development loans. ▪ Avg. LTV of 49%[1] provides good buffer and supports commitment of investors/ sponsors. ▪ Well diversified portfolio. ▪ For new business selective approach with moderate LTVs.
Hotel (Business Hotels only) € 1.1 bn (3%)		▪ Increasing competition has led to mergers of operators and licensees. Secondary hotels have been developed to apartments. ▪ Hotel industry benefits from strong pent-up demand resulting from both leisure and business. This in turn led to relatively strong recovery in hotel performance, boosted RevPAR by rising room rates. ▪ Economic uncertainty and lower disposable income because of high inflation are still a threat for Hotel performance. ▪ ESG requirements expected to be an ongoing challenge for the hotel industry.	▪ Recovery in progress with many locations close or even above to pre-Corona-levels in terms of occupancy and room rates. ▪ Recovery of business hotels focus on central locations, fringe locations lagging behind. ▪ Shortage of qualified personnel in parts of the industry, further increasing operating costs squeeze margins and compensate part of the recovery trend.	▪ Selective approach and strict adherence to 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. ▪ Focus on prime locations secures base value of properties. ▪ Avg. LTV of 55%[1] provides good buffer and supports commitment of investors/ sponsors. ▪ Focus on business hotels in main European capitals/business locations in combination with strong brands and professional sponsors.

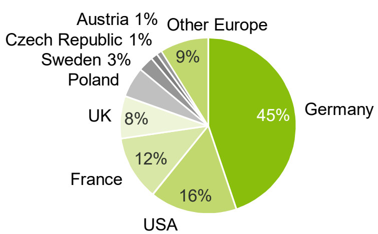
1. Based on performing investment loans only Note: Figures may not add up due to rounding, EaD, Basel III

PORTFOLIO

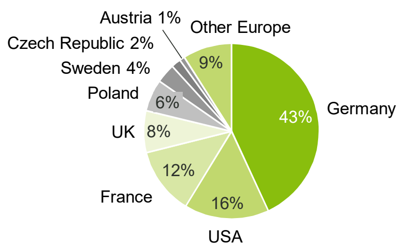
Real Estate Finance (REF)

Regions

31/12/2022: € 31.0 bn

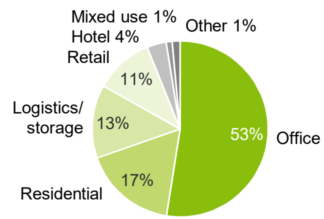


31/12/2023: € 33.0 bn

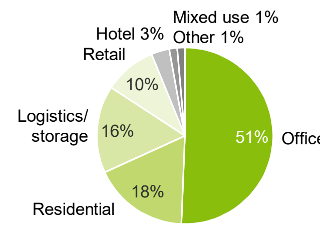


Property types

31/12/2022: € 31.0 bn

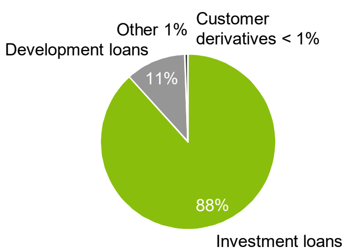


31/12/2023: € 33.0 bn

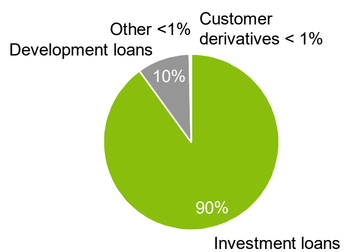


Product class

31/12/2022: € 31.0 bn

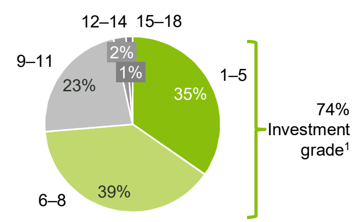


31/12/2023: € 33.0 bn

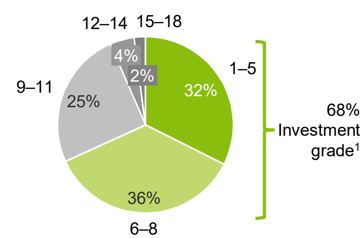


Internal ratings (EL classes)

31/12/2022: € 31.0 bn



31/12/2023: € 33.0 bn



1. Internal EL Classes 1–8 = Investment grade; Internal EL classes 9–18 = Non-investment grade

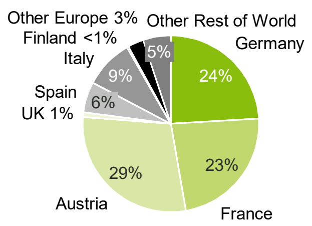
Note: Figures may not add up due to rounding, EaD, Basel III

PORTFOLIO

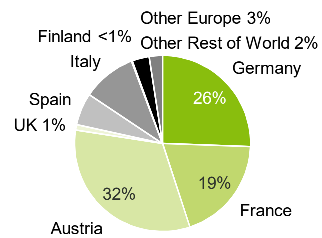
Non-Core Unit (PIF & VP)

Regions

31/12/2022: € 15.2 bn

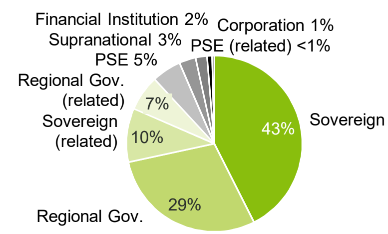


31/12/2023: € 13.2 bn

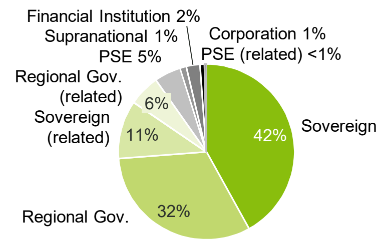


Borrower classification[1]

31/12/2022: € 15.2 bn

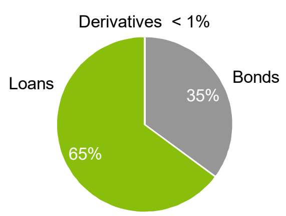


31/12/2023: € 13.2 bn

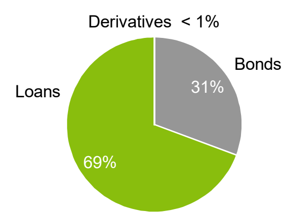


Product class

31/12/2022: € 15.2 bn

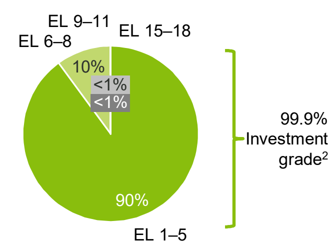


31/12/2023: € 13.2 bn

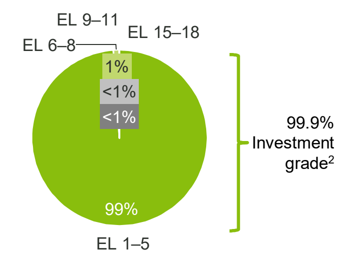


Internal ratings (EL classes)

31/12/2022: € 15.2 bn



31/12/2023: € 13.2 bn

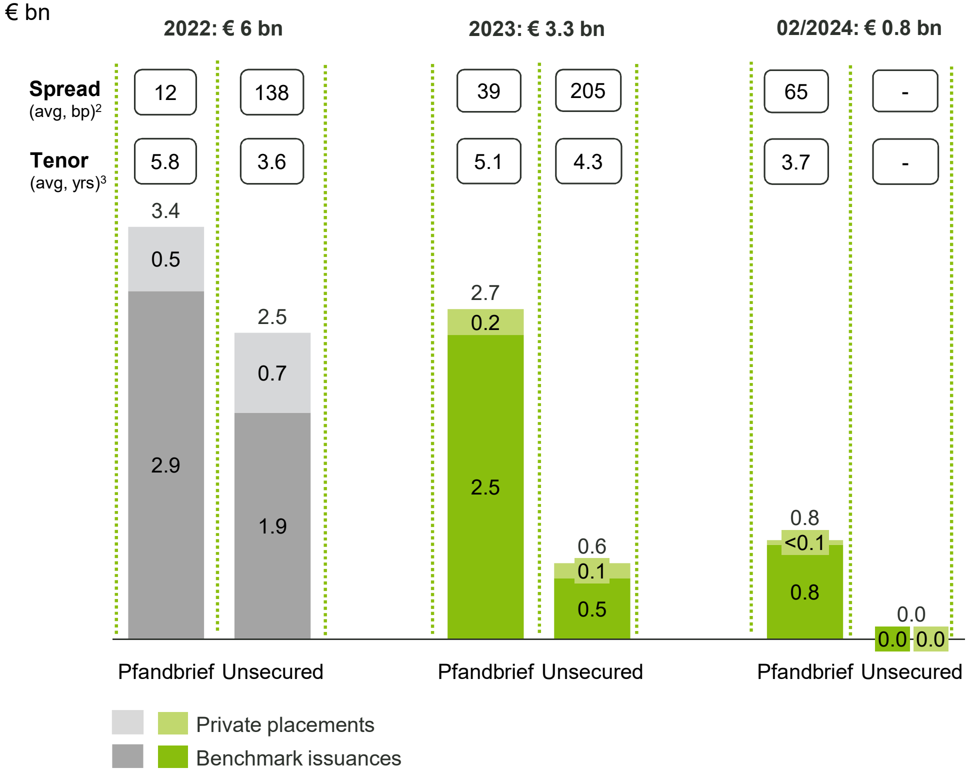


1. See appendix for definition of borrower classification 2. Internal EL Classes 1–8 = Investment grade; Internal EL classes 9–18 = Non-investment grade Note: Figures may not add up due to rounding, EaD, Basel III

FUNDING AND LIQUIDITY

Capital Market funding focused on Pfandbrief

New long-term funding[1]



- **Unsecured wholesale** largely replaced by stable and competitive retail deposits
  - One Senior Unsecured benchmark in early 2023
  - No Senior Unsecured benchmark needed in 2024
- **Secured capital market funding** largely covered for 2024, thanks to prefunding and moderate new business
  - With € 2.7 bn Pfandbrief issuance in 2023 and € >800 mn year-to-date, secured funding is well ahead of plan
  - Majority of Pfandbrief issuances in H2 2023 and 2024 year-to-date (€ 2.7 bn)
  - 7 Pfandbrief Benchmarks in 2023 and 2024 year-to-date (4 EUR Benchmarks, 1 USD Benchmark, 1 GBP and 1 SEK) with average duration of 3 years matching pbb`s asset duration

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

Cover Pools

ISCR and the effect of the Mortgage Lending Value – very simplified example!

Interest Service Cover

€ 4.0 mn rent p.a. at 4% property yield results in a market value of € 100 mn

minus

€ 1.1 mn interest payment p.a. for a € 55 mn loan at 2% interest rate

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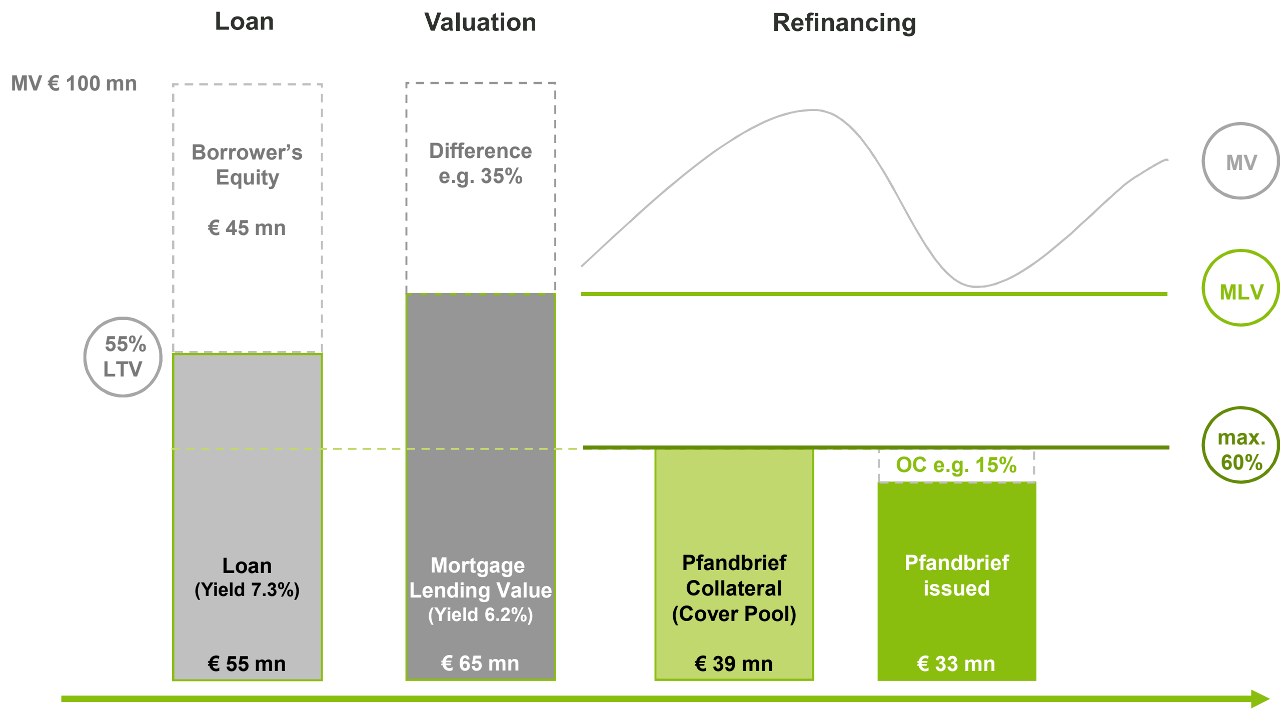
€ 2.9 mn excess cash

$$\frac{\text{€ 4.0 mn rent}}{\text{€ 1.1 mn interest}} = \text{~ 360\% ISC}$$

[at current interest rates of approx. 5 % the ISC drops to ~ 150%]

Loan - to - Value Ratio



GREEN LOAN

pbb Green Loan Framework aligned with current regulatory and market developments – specific metrics defined for each criterion

pbb Scoring Model

MAX SCORE: 100 Points

Criteria

I. Energy Efficiency

- Energy demand/-consumption [kWh/(m²·a)]
- **OR**
- Energy Reduction in Planning [kWh/(m²·a)][1]

pbb Green Bond Framework Eligible[2]

MAX SCORE: 50 Points

II. Building Certification

- "Green" building certification

MAX SCORE: 20 Points

MAX SCORE: 70 Points

III. Additional Sustainability Factors

- Surface sealing (green field vs. brown field)
- Type of/distance to public transportation
- Local supply
- Materials recycling[3]
- Type of heating
- Consumption of green energy
- Biodiversity[3]
- Existing energy/environmental management[3]

MAX SCORE: 30 Points

Minimum score for pbb Green Loan: ≥ 60 Points

OR

Compliance with EU Taxonomy

pbb Green Loan Framework Eligible

1. Aligned with the EU Taxonomy
2. Selected criteria are stricter, when the building is considered for pbb Green Bond Framework Eligibility.
3. Do Not Significant Harm Principles according to EU Taxonomy

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