

Debt Investor Update - Results Q2/H1 2024



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, MARKETS & PRODUCTS

pbb is a leading, specialized commercial real estate lender

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
- EUR and foreign currencies

pbbdirekt

- 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

pbb

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 specialised CRE bank with 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



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)

Diversification of business model

- ▶ Diversify into **capital light business**
- ▶ **Sustainable finance** as an **important** contributor



KEY MESSAGES

➤ Pre-tax profit of € 47 mn in H1/24 due to robust operating performance

- € 150 mn **pre-provision profit** up by ~47% supported by **NII** (+14%)
- **New business** € 1.9 bn focused on favourable risk/return profile with ~240 bp gross interest margin
- € 103 mn **risk provisioning** remains elevated, reflecting challenging H1/24

➤ Transition into Basel IV F-IRBA regime started

- **CET 1 ratio with standardised risk parameters at 14.0%**
- **Technical uplift of RWA** (€ ~3.6 bn) mitigated by active balance sheet and NPL management (€ -1.5 bn)
- **Pro-forma Basel IV F-IRBA CET 1 ratio at 17.2%** – increase of 90 bp (vs. Q1/24)

➤ Strong liquidity position of € >7 bn – funding well ahead of 2024 plan

- **Pfandbrief funding** with € 2.0 bn issued year-to-date well ahead of needs
- **Retail deposits** at € 8.1 bn well above year-end target of € 7.5 bn
- No need for **Senior Unsecured funding** in 2024

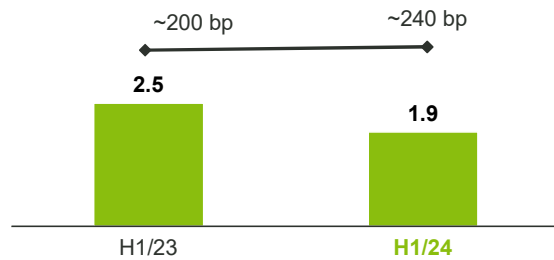
1. Based on performing investment loans only

OPERATING & FINANCIAL OVERVIEW

New business with strong margins and focus on risk/return profile

REF new business

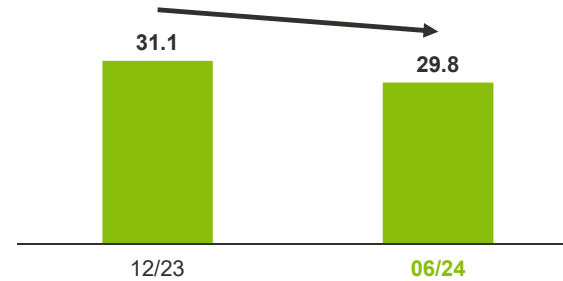
€ bn (commitments, incl. extensions > 1 yr.)



- New business with focus on risk/return profile
- Strong uplift of gross interest margin
- Full-year expected at € ~6 bn

REF portfolio

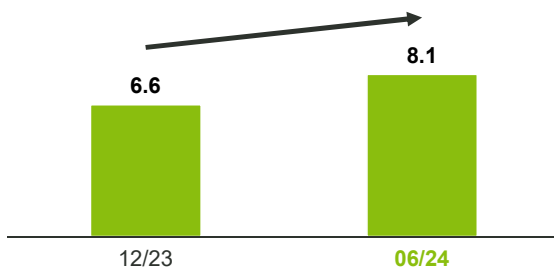
€ bn (financing volume)



- REF portfolio decreased, mainly due to portfolio transaction (€ -0.9 bn)
- Gross portfolio margin up
- Portfolio volume expected at € ~30 bn by year-end

Funding – retail deposits

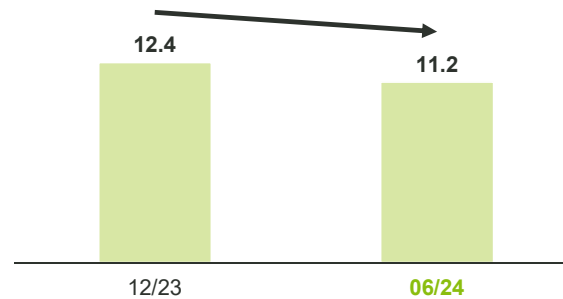
€ bn



- Strong growth of retail deposits, ahead of plan
- Expected to be at € ~7.5 bn by year-end due to balancing of funding needs

Non-Core portfolio

€ bn (financing volume)



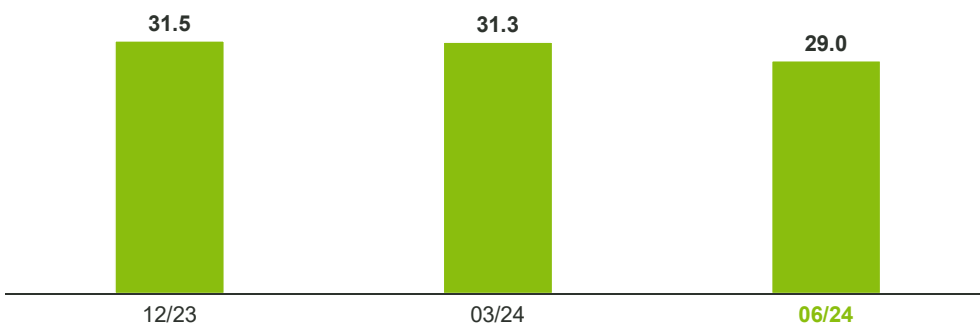
- Optimisation of non-core portfolio ongoing
- Accelerated asset reduction through asset sales at attractive price levels

Note: Figures may not add up due to rounding

REF PORTFOLIO PERFORMING

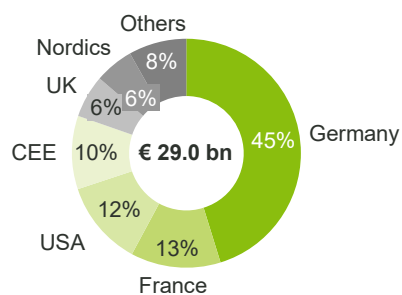
Performing Portfolio

€ bn (EaD, Basel III)



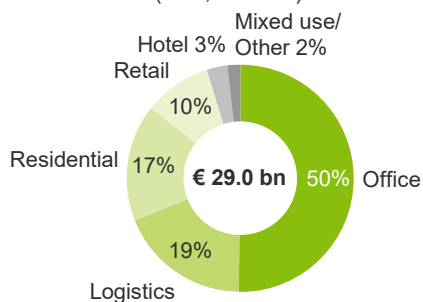
Regions

30/06/2024 (EaD, Basel III)



Property types

30/06/2024 (EaD, Basel III)



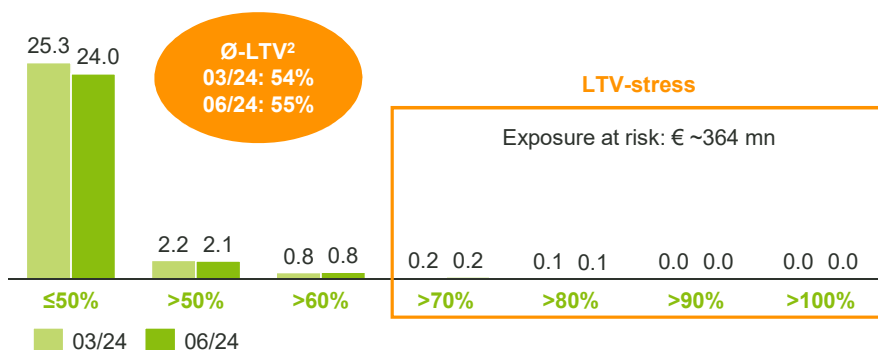
Note: Figures may not add up due to rounding. 1. On the part, where a revaluation was necessary 2. performing investment loans, based on commitments

Portfolio reduced, mainly by portfolio transaction

- **Performing REF portfolio** reduced by € ~2.3 bn in Q2/24 through
 - Portfolio transaction (€ 0.9 bn)
 - Transfer to NPL (€ 0.2 bn)
 - Repayments & others (€ 1.2 bn)
- **Portfolio quality** remains solid – focus on senior lending only
- **100% of the portfolio reviewed/revalued** in last 12 months – avg. value change of -10%¹
- **Strong senior lending profile** – ~88% of loans collateralised at LTV ≤50%
- **LTV-stress:**
 - **Exposure at risk:** ~1.3% of portfolio²
 - **Coverage ratio:** ~41% via existing stage 1&2 LLPs of € 151 mn

Layered LTV – based on performing investment loans only

(€ bn, commitments, Basel III)

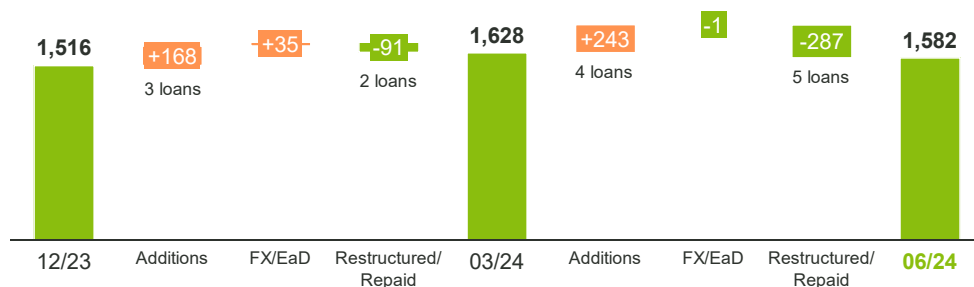


REF PORTFOLIO NPL

Successful active NPL management leads to reduction of NPL portfolio

NPL Portfolio

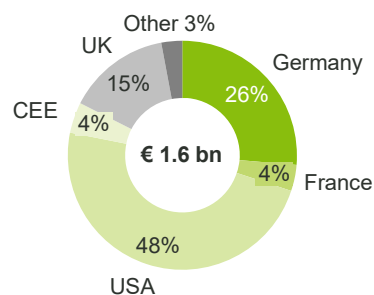
€ mn (EaD, Basel III)



- **Reduction of NPL portfolio** by € -46 mn benefitting from ongoing active **NPL management** in Q2/24
- **Additions** driven by 4 US office loans
- Decrease of NPL portfolio driven by active **management of NPLs**
 - 1 loan (€ 45 mn) restructured (1 US office loan)
 - 4 loans (€ 242 mn) repaid (2 UK shopping centres and 2 US office loans)
- **100% of the portfolio reviewed/revalued** in last 12 months – avg. value change of -26%¹
- **NPE² ratio** 3.5% - up in Q2/24 due to decrease in total portfolio
- **NPL coverage ratio** of ~24% via existing stage 3 LLPs of € 386 mn

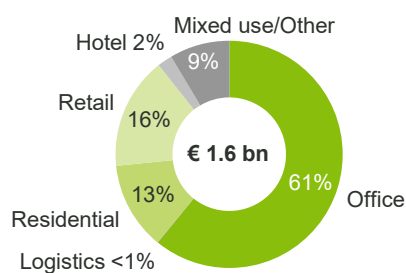
Regions

30/06/2024 (EaD, Basel III)



Property types

30/06/2024 (EaD, Basel III)

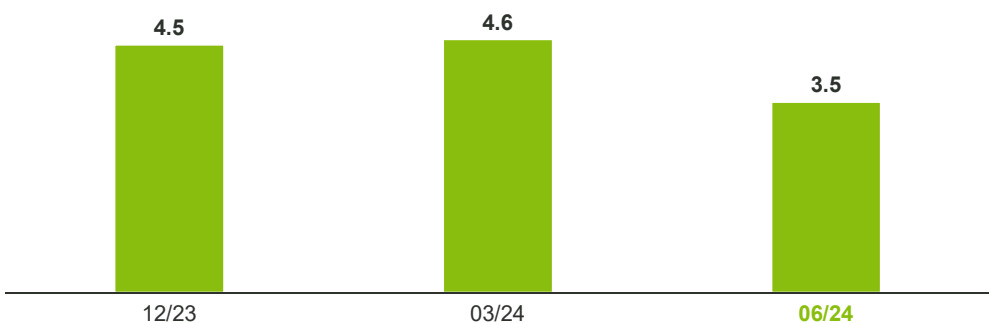


Note: Figures may not add up due to rounding. 1. On the portfolio part, where a revaluation was necessary. 2. Non-Performing Exposure ratio = Non-performing loans and bonds / total portfolio (EaD); NPL ratio (EBA definition) 06/24: 4.1%, 03/24: 3.9% (NPL ratio = gross carrying amount of non-performing loans and Advances (incl. loans in forbearance cure-period) / total gross carrying amount of loans and advances)

FOCUS: USA PERFORMING

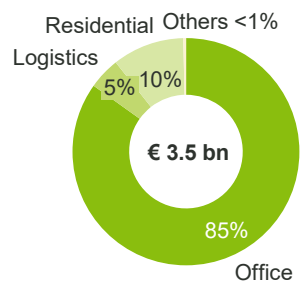
Performing Portfolio

€ bn (EaD, Basel III)



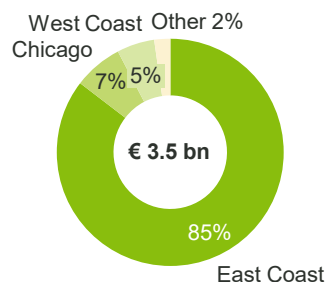
Property types

30/06/2024: (EaD, Basel III)



US Office – Regions

30/06/2024: (EaD, Basel III)

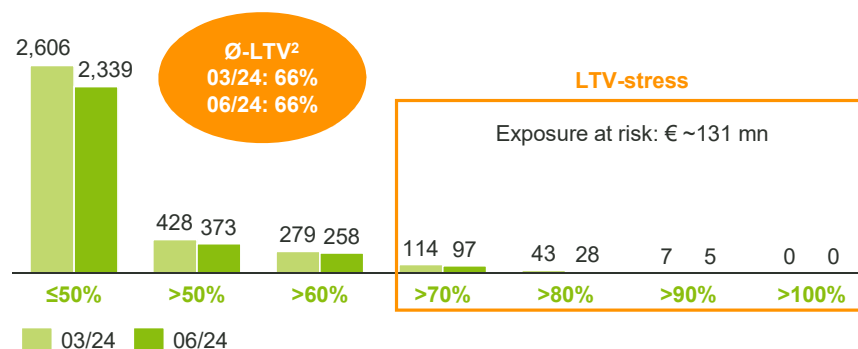


Portfolio de-risked by € 1.1 bn (-24%)

- **Performing US portfolio** reduced by € ~1.1 bn in Q2/24 through
 - Portfolio transaction (€ 0.5 bn)
 - Transfer to NPL (€ 0.2 bn)
 - Repayments & others (€ 0.4 bn)
- Full focus on **risk mitigation** in existing portfolio
- **100% of the portfolio reviewed/revalued** in last 12 months – avg. value change of -15%¹
- **LTV-stress:**
 - **Exposure at risk:** ~4.2% of portfolio²
 - **Coverage ratio:** ~77% via existing stage 1&2 LLPs of € 101 mn

US Office – Layered LTV – based on performing investment loans only

(€ mn, commitments, Basel III)

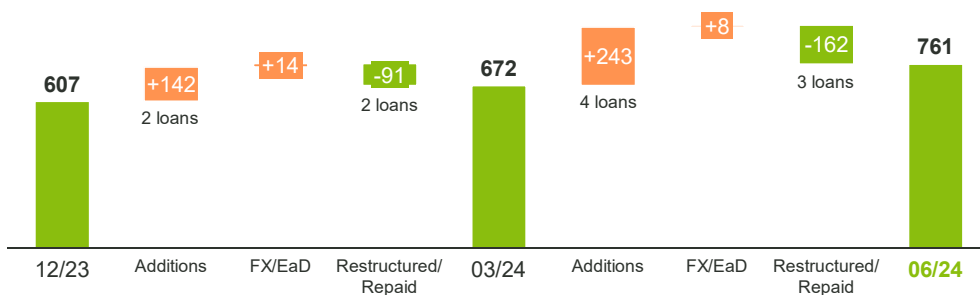


Note: Figures may not add up due to rounding 1. On the portfolio part, where a revaluation was necessary 2. performing investment loans, based on commitments, 03/24 corrected from 68% to 66%

FOCUS: USA NPL

Non-Performing Portfolio

€ mn (EaD, Basel III)

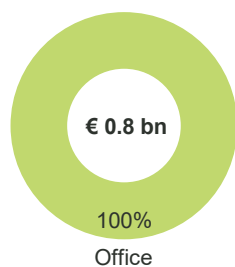


Ongoing pressure on valuations resulted in 4 new NPLs – partially compensated by 3 restructured/repaid loans

- 4 new office NPLs (€ 243 mn) in Q2/24, largely West Coast and Chicago
- Additions mitigated by ongoing active **NPL management** in Q2/24
 - 1 loan (€ 45 mn) restructured
 - 2 loans (€ 117 mn) repaid
 - Repayments and restructuring at internal valuation marks
- **100% of the portfolio reviewed/revalued** in last 12 months – avg. value change of -46%¹
- **US NPE² ratio 18%**
- **NPL coverage ratio** of ~19% via existing stage 3 LLPs of € 147 mn

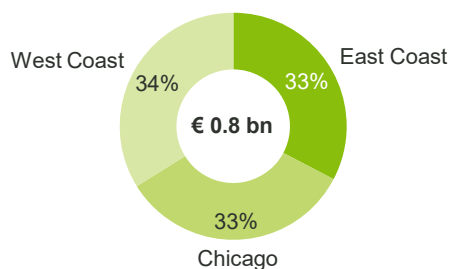
Property types

30/06/2024: (EaD, Basel III)



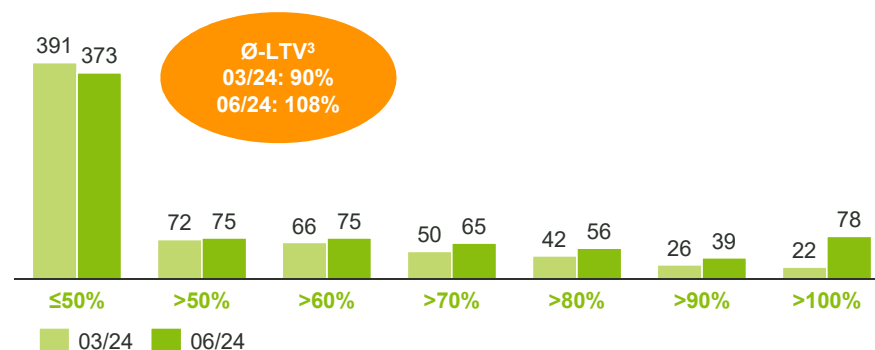
Office – Regions

30/06/2024: (EaD, Basel III)



Layered LTV – based on investment loans only

(€ mn, commitments, Basel III)



Note: Figures may not add up due to rounding. 1. On the portfolio part, where a revaluation was necessary

2. Non-Performing Exposure ratio = Non-performing loans and bonds / total US portfolio (EaD)

3. Non-performing investment loans, based on commitments

Results H1/24 (IFRS, pbb Group, unaudited, but reviewed), 14 August 2024 / © Deutsche Pfandbriefbank AG

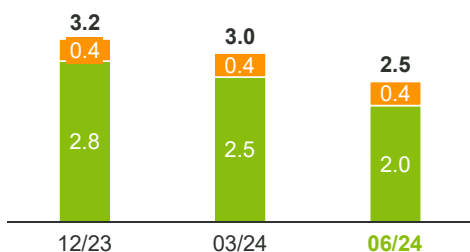
FOCUS: DEVELOPMENT PORTFOLIO

Portfolio further reduced by € 0.5 bn (-17%) – no new NPLs in Q2/24

Portfolio

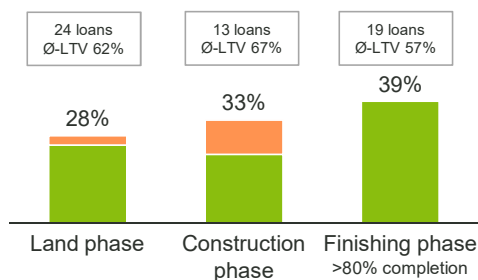
€ bn (EaD, Basel III)

■ Performing
■ Non-performing



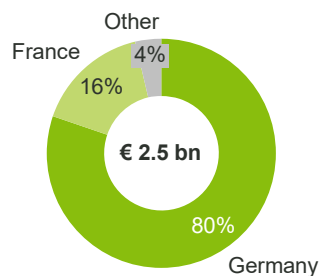
Phase

30/06/2024 (commitments, Basel III)



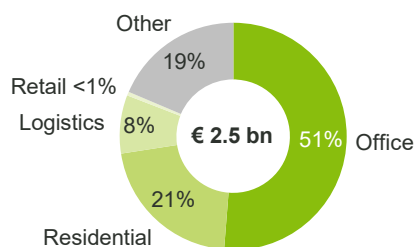
Regions

30/06/2024 (EaD, Basel III)



Property types

30/06/2024 (EaD, Basel III)



➤ Portfolio reduced by € 0.5 bn in Q2/24

- 6 loans repaid/transferred to investment loans
- Further reduction expected in 2024
- Risk management **focus on loans in construction phase** – reduction of construction risk by ~50% expected till year-end

➤ Development **NPLs** of € 413 mn with increased coverage ratio of ~22% (Q1/24: 15%) via existing stage 3 LLPs of € 89 mn

- Only German loans
- Very good inner city locations
- 5 cases in land phase
- 2 cases in construction phase (1 residential/1 retail)
- No new **NPL** development loans in Q2/24, but further deterioration in existing construction cases

➤ Senior lending only

- No exposure in unsecured/subordinated instruments
- Cooperation only with selective and well **experienced large developers** – 35 developers for 56 projects
- Focus on **office, residential and logistics** in major urban locations (very good locations) in Germany (only big 7) and Europe

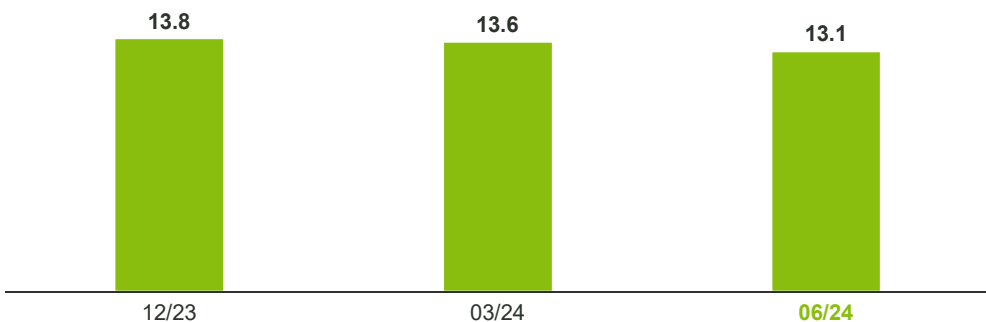
Note: Figures may not add up due to rounding

FOCUS: GERMANY PERFORMING

High portfolio quality – well diversified, senior lending portfolio with ~80% of loans collateralised at LTV ≤50%

Performing Portfolio

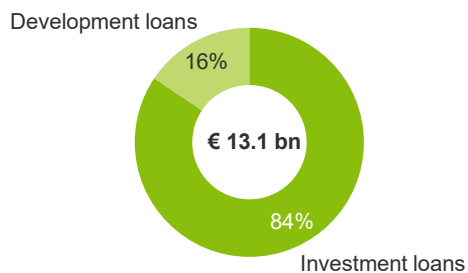
€ bn (EaD, Basel III)



- **Performing German portfolio** reduced by € ~0.5 bn through repayments and others
- **German CRE portfolio** well diversified by region and property type with focus on big 5 cities
- 100% of the portfolio **reviewed/revalued** in last 12 months – avg. value change of -12%¹
- **LTV-stress:**
 - **Exposure at risk:** ~1.5% of portfolio²
 - **Coverage ratio:** ~10% via existing stage 1&2 LLPs of € 17 mn
- **German NPLs** limited to development loans (see previous page)

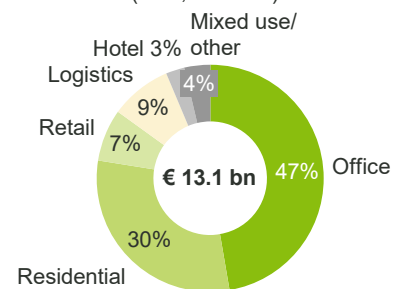
Product Class

30/06/2024: (EaD, Basel III)



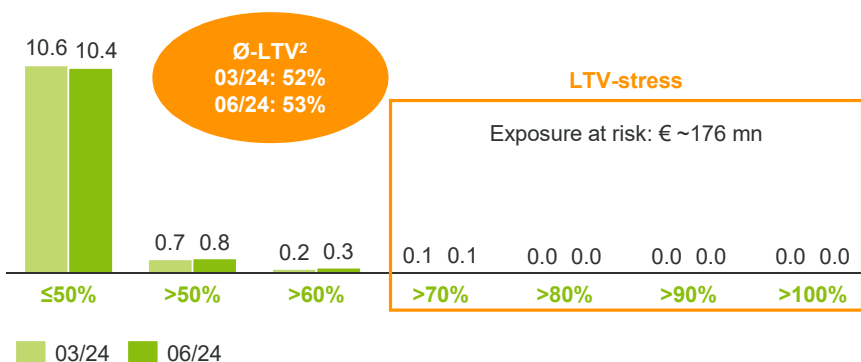
Property types

30/06/2024: (EaD, Basel III)



Layered LTV – based on performing investment loans only

(€ bn, commitments, Basel III)



Note: Figures may not add up due to rounding

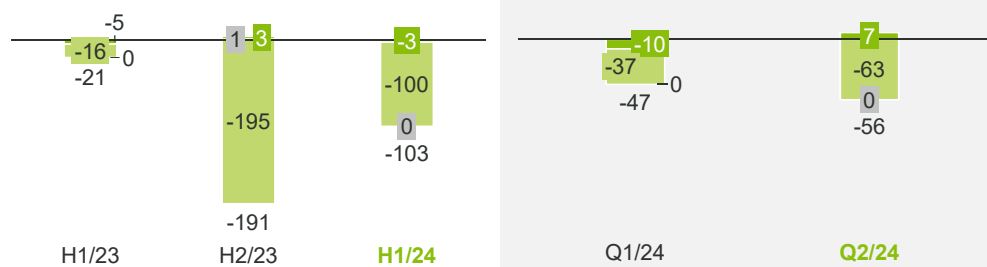
1. On the portfolio part, where a revaluation was necessary 2. performing investment loans, based on commitments

RISK COSTS

Net income from risk provisioning

€ mn (IFRS)

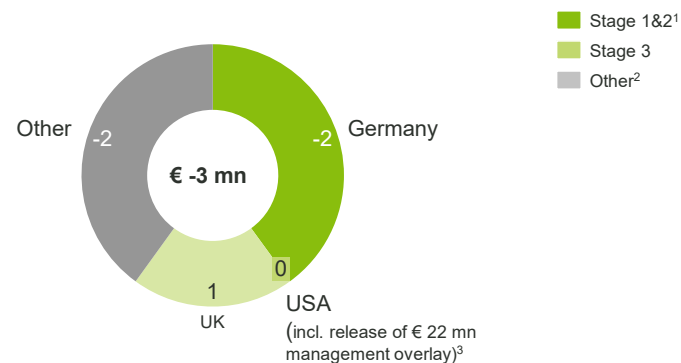
Quarterly view



H1/24

€ mn (IFRS)

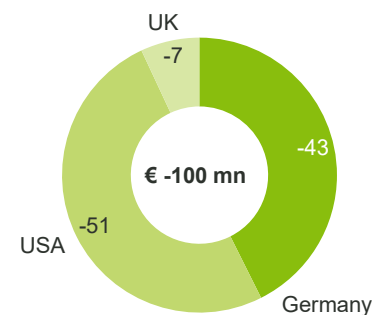
Stage 1&2



Challenging market environment reflected in risk costs in H1/24

- **Stage 1&2:** € -3 mn net addition
 - Credit risk changes largely compensated by positive effects from repayments and releases
 - Release of **management overlay** (€ 22 mn; Q2/24: € 13 mn)³ due to materialisation of risks in US portfolio
- **Stage 3:** Net additions driven by US office and German development loans (H1/24: € -100 mn, Q2/24: € -63 mn)

Stage 3

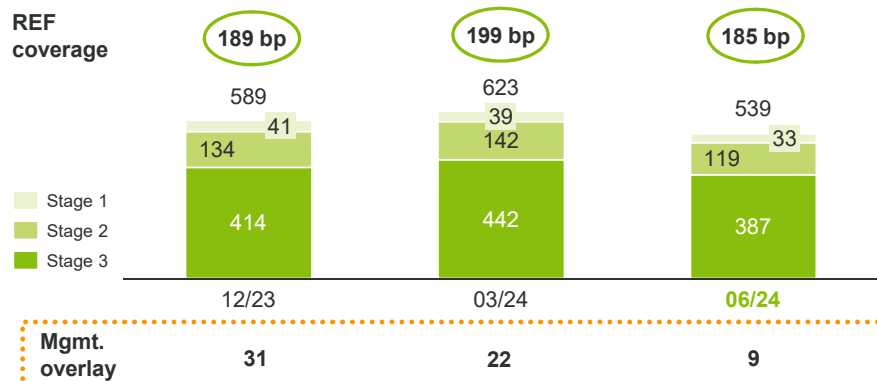


1. Incl. provisions in off balance sheet lending business 2. Recoveries from written-off financial assets 3. Incl. € 3 mn consumption in Q2/24 (not affecting P&L)

RISK COSTS

Balance sheet – loss allowances

€ mn



- Reduction of **loss allowances** due to active NPL management
 - Main effect from sale of 2 UK shopping centre loans in Q2/24 with consumption of € 79 mn stage 3 risk provisions
 - **REF coverage** of 185 bp
- **Stage 1&2:** Net decrease mainly due to release/consumption of **management overlay** for US loans (€ 22 mn)
- **Stage 3:** Net decrease mainly due to consumption of risk provisions (incl. sale of 2 UK NPL loans in Q2/24)

Note: Figures may not add up due to rounding

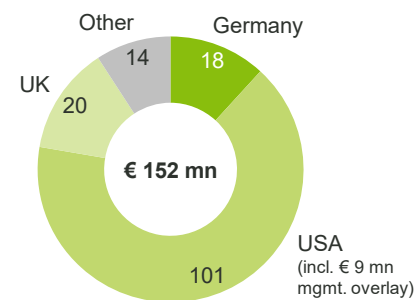
Results H1/24 (IFRS, pbb Group, unaudited, but reviewed), 14 August 2024 / © Deutsche Pfandbriefbank AG

Active NPL management leads to reduction in loss allowances

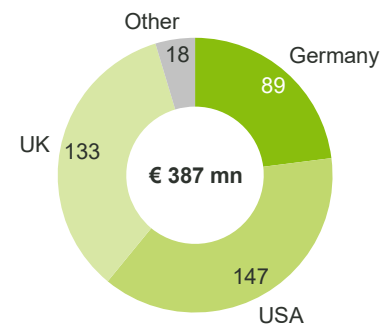
H1/24

€ mn (IFRS)

Stage 1&2



Stage 3



FUNDING AND LIQUIDITY

Funding well ahead of 2024 plan

- € 2 bn **Pfandbrief** funding year-to-date well ahead of 2024 needs
- Growth of **retail deposits** peaked at € 8.1 bn in H1/24
 - Current volume of € 8.0 bn (07/24) well exceeds needs
 - Focus in H2/24 on aligning deposit volume with actual overall balance sheet funding needs, targeting € 7.5 bn by year-end
- No need for **Senior Unsecured funding** in 2024

Strong liquidity position - focus shifting to cost optimisation

- **€ >7 bn liquidity position** further increased in light of balance sheet management transactions
- Strong regulatory ratios with both **LCR and NSFR** significantly above minimum requirements of 100%

Strong liquidity position to be actively managed going forward

LCR

>300%

(06/24)

NSFR

115%

(06/24)

Retail deposits

€ 8 bn

(07/24)

Liquidity

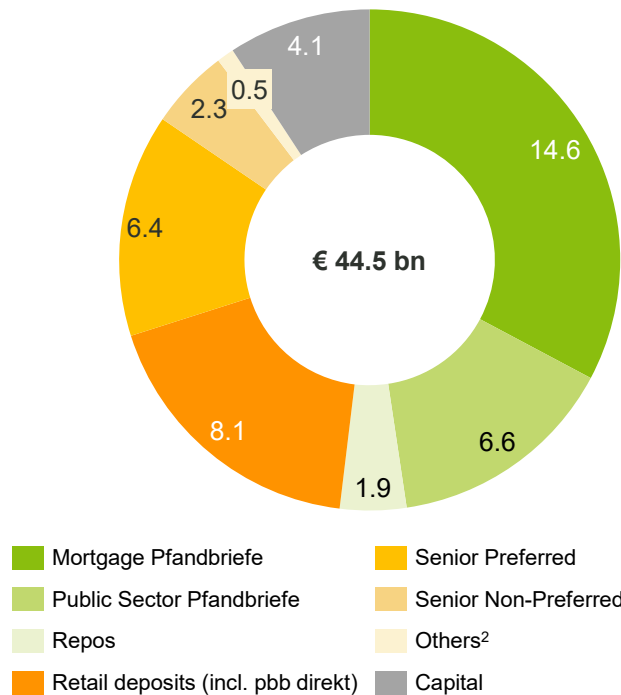
€ >7 bn

(07/24)

FUNDING AND LIQUIDITY

Diversified Funding Base

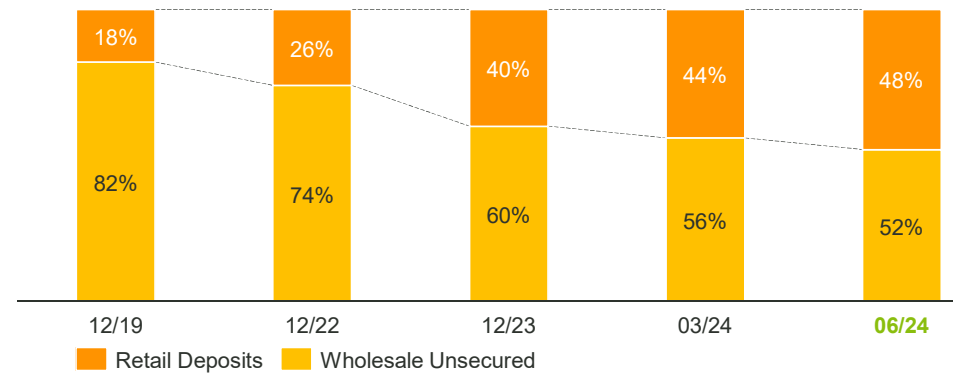
30/06/2024: € bn, nominal values



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

Diversified funding base

Unsecured Funding

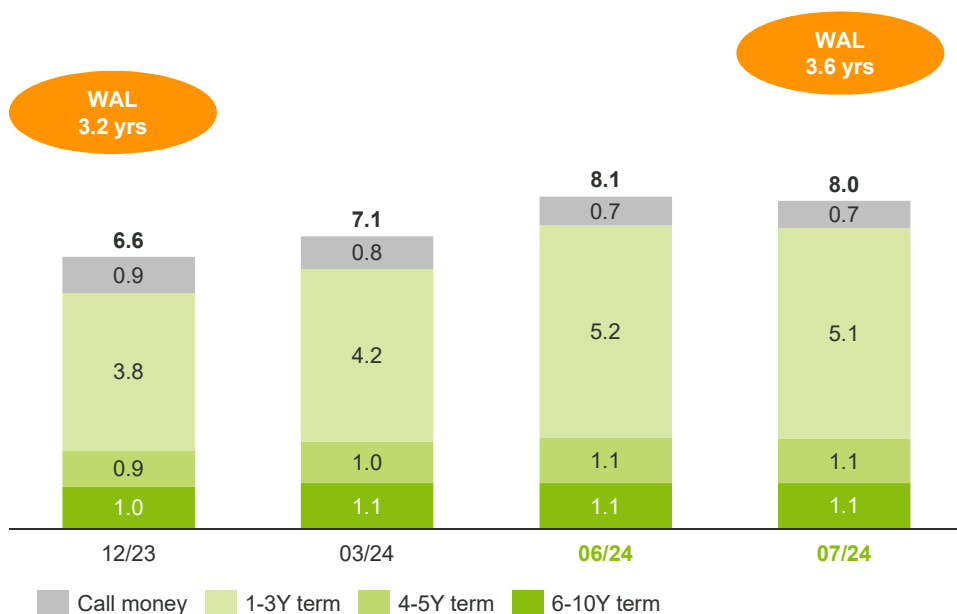


- Over 50% resilient **secured funding**³
- **Broad toolbox** for both, secured and unsecured funding
- Capital market **unsecured funding** currently **substituted with retail deposits**

RETAIL DEPOSITS

Retail Deposits – development & maturity profile¹

€ bn



pbb direkt ³	12/23	03/24	06/24	07/24
Number of Clients	~91,900	~99,000	~107,500	~107,000
Avg. deposit amount per client (€)	~64,000	~61,000	~61,000	~60,000

Note: Figures may not add up due to rounding

1. Initial weighted average life of term deposits 3.6 years, remaining average time to maturity 2.4 years 2. Statutory deposit protection scheme in combination with the voluntary protection scheme of German Banks 3. Only pbb direkt clients without co-operations

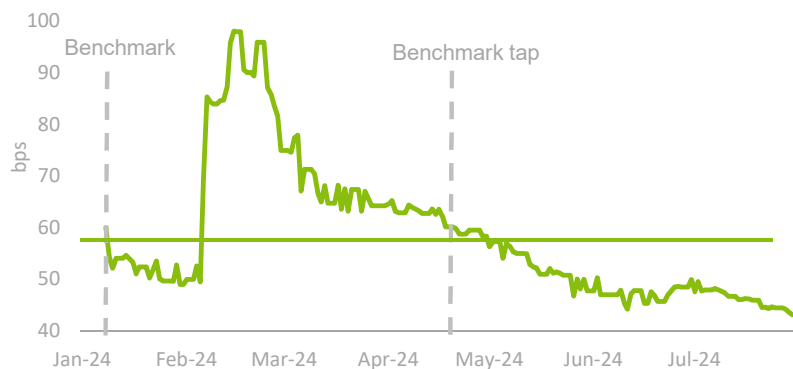
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Retail deposit growth exceeding unsecured funding needs

- Growth of **retail deposits** peaked at € 8.1 bn in H1/24
 - Current volume of € 8.0 bn (07/24) well exceeds needs
 - Focus in H2/24 on aligning deposit volume with actual overall balance sheet funding needs, **targeting € ~7.5 bn** by year-end
- **Attractive source** of unsecured funding
 - **Long-term, granular and deposit insured**
 - 91% term deposits, WAL stable at 3.6 yrs
 - € 61,000 average deposit (pbb direkt)
 - nearly 100% insured²
 - **Call money** only ~9% / € 0.7 bn well covered by liquidity reserves
 - **Cost efficient** – attractive funding costs around Euribor

FUNDING AND LIQUIDITY

3Y Pfandbrief vs. Midswaps



3Y deposit vs. Midswaps



Source: Bloomberg, pbb

Shift focus to cost optimisation

Pfandbrief

- Successful 3Y **Pfandbrief benchmark** issued at +58 bp end of January 2024
- Due to pre-funding **no issuance in February/March volatility**
- **Acceleration of funding in Q2 and Q3** across maturities and currencies at **manageable cost** (around January levels)

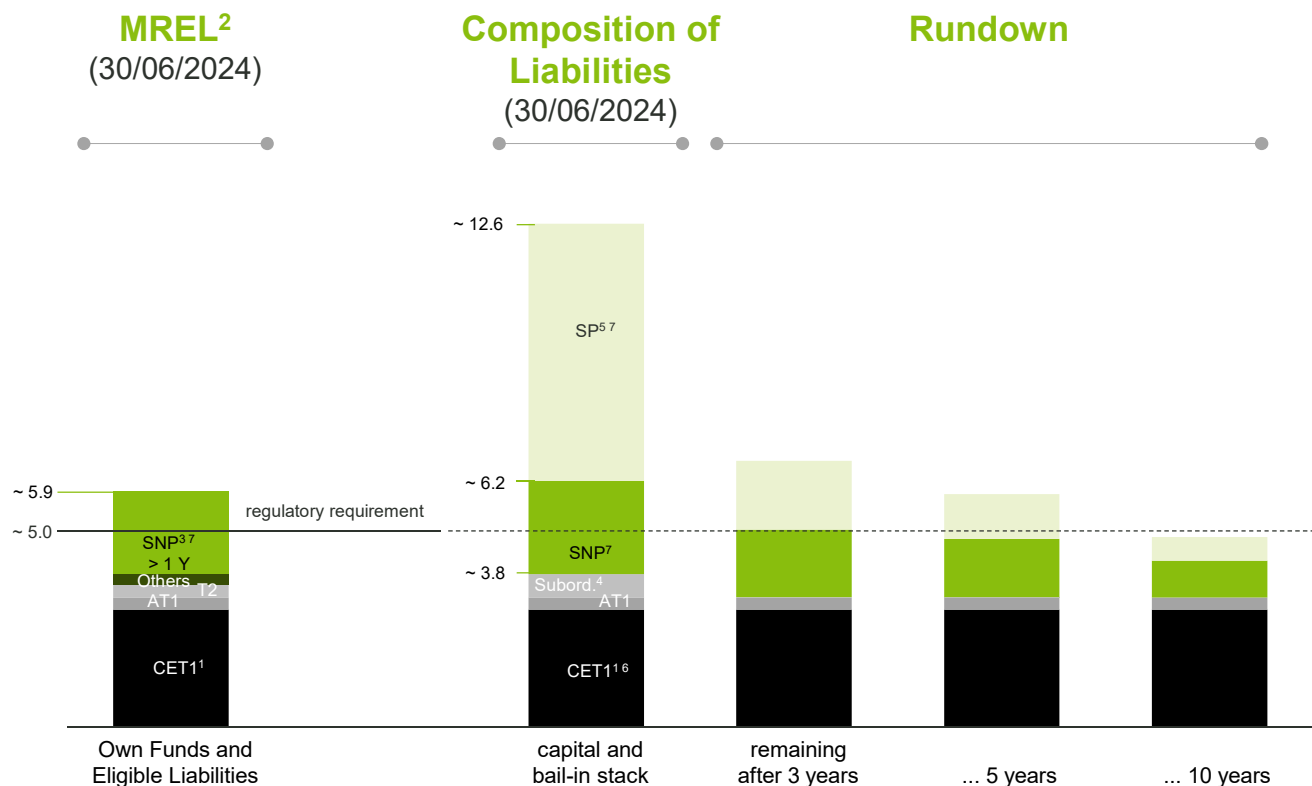
Retail deposits

- **Actively managed** in line with needs and swap rate developments
 - 2 **interest rate reductions** in 01/24 and 02/24 by ~50 bps each (for term deposits ≥ 2Y)
 - **Interest rate increase** in 03/24 by ~50 bps (for term deposits ≥ 2Y) with strong inflow
 - **Further rate reduction** in 05/24 by a total of ~ 100 bps in two steps for all term deposits and call money
- Currently, **attractive pricing**

FUNDING

Own Funds and Eligible Liabilities exceed regulatory requirements

€ bn



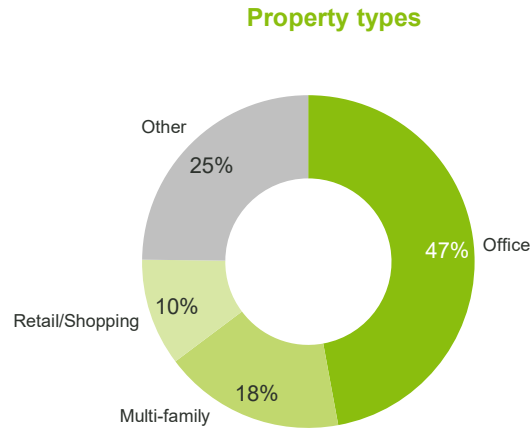
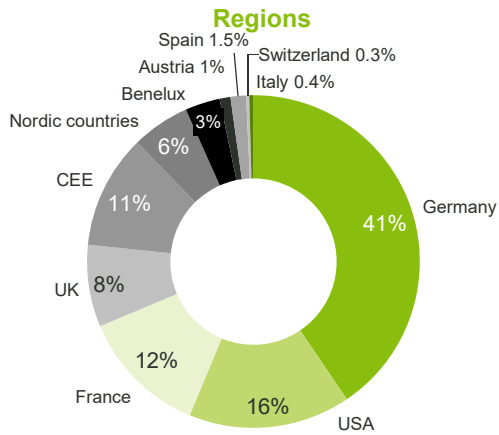
- Buffer for Senior Preferred (SP) investors due to high volume of capital instruments and Senior Non-Preferred (SNP) liabilities
- Existing Senior Non-Preferred liabilities with long remaining terms
- SP currently predominant senior product, but SNP to remain a key element of pbb's funding strategy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

1. Incl. interim profit 2. Requirement set by SRB for 2024 (higher value of the requirement in relation to the Total Risk Exposure Amount (TREA) and in relation to the Leverage Ratio Exposure (LRE); replaces former TLOF measure. As of 30 June 2024, MREL capacity (subordinated only) amounts to ~28.1% TREA / ~12.9% LRE 3. MREL eligible Senior Non-Preferred Debt > 1Y according to legal maturities 4. Nominal amount of Tier 2 instruments 5. Senior Preferred, structured unsecured and corporate deposits (excl. protected deposits) 6. CET1 assumed to be constant 7. Reclassification of eligible Senior Non-Preferred instruments in Q2.2024

MORTGAGE COVER POOL

Diversification by countries and property types

Mortgage Cover Pool

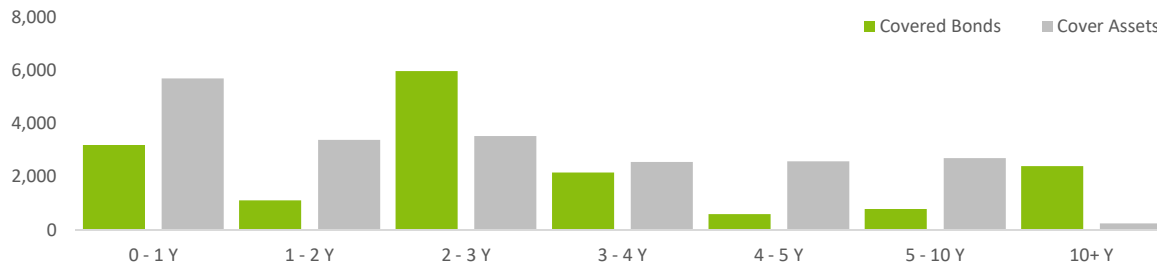


Key metrics

Mortgage cover pool (nominal)	31/03/2024
Pfandbriefe outstanding	€ 16.2 bn
Cover funds	€ 20.7 bn
Over-collateralisation (Nominal/NPV)	27.7% / 30.4%
No. of loans	1,445
No. of properties	3,290
Payments ≥ 90 days overdue	€ 0.3mn
Weighted average LTV (based on market value)	35.5%

Maturity Profile

(nominal values, € mn)



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+	
		Moody’s
Mortgage Pfandbrief		Aa1
Public Sector Pfandbrief		Aa1

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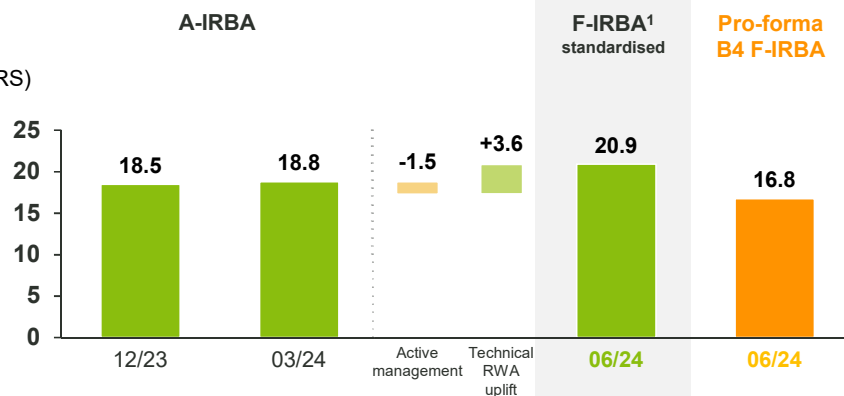
1. S&P: Stand-alone credit profile 2. S&P: “Senior Unsecured Debt” 3. S&P: “Senior Subordinated Debt”

CAPITAL

Basel III: capital and leverage ratios (IFRS)

%	A-IRBA		F-IRBA ¹ standardised	Pro-forma B4 F-IRBA
	12/23 ²	03/24 ³		
CET 1	15.7	15.2	14.0	17.2
Own funds	19.5	18.7	17.0	21.0
Leverage ratio	6.2	6.4	7.1	

RWA € bn (IFRS)



Start into transitional period – CET 1 ratio of 14% delivered as guided

- Transition into **Basel IV F-IRBA** started – for transitional period, models calibrated towards **standardised risk parameters** – no further downside risk on PD/LGD parameters
 - Temporary technical uplift of RWA** (€ ~3.6 bn) mitigated by active balance sheet management and de-risking measures (€ -1.5 bn) in Q2/24
 - Capital** slightly increased due to technical effect (mainly from reduced deductible item “EL shortfall”)
- Ambition level for CET1 ratio of 14% delivered as guided**
- Continued **active balance sheet management** and furthermore intention to **optimise capital structure**
- CET 1 ratio remains more than 400 bp above **current regulatory requirement**
 - SREP requirement (incl. anticipated additional buffer)⁴:
 - CET 1 ratio 9.64%
 - Own Funds Ratio 14.45%

1. B3 F-IRBA calibrated to standardised risk parameters 2. Incl. full-year result 3. Incl. interim result 4. SREP requirement: 4.5% P1R + 1.69% P2R + 2.5% Capital Conservation Buffer + 0.95% anticipated additional buffer (CCyB + SyRB)
Note: Figures may not add up due to rounding

BALANCE SHEET MANAGEMENT

Pro-active management of pbb's balance sheet

Active REF Portfolio Management

- Portfolio transaction in May 2024 – sale of € 0.9 bn performing loan portfolio, RWA relief of € 0.7 bn
- Transaction targets to improve REF portfolio RoE and to support capital trajectory
- Further sales of performing/non-performing loans in consideration

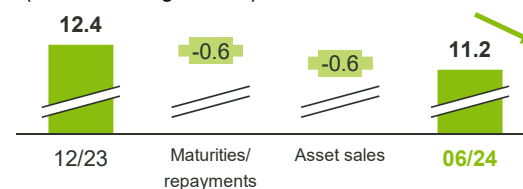
Portfolio transaction (€ bn, financing volume)



Management of Non-Core Portfolio

- Non-strategic portfolio in run-down – acceleration through sale of assets
- € 0.6 bn asset sales in H1/24 (Q1/24: € 0.4 bn) – mainly public sector bonds from Austria, Japan and Germany

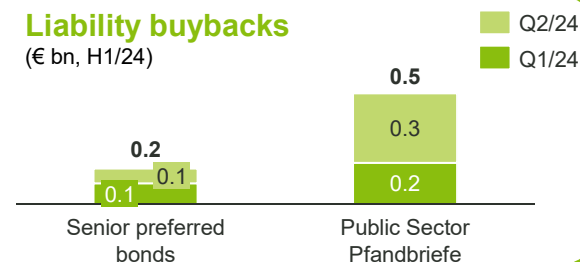
Non-core Portfolio (€ bn, financing volume)



Liability Management

- Pro-active liability management aims to optimise asset/liability profile
- Buybacks common instrument of pbb's tool box
- € 0.7 bn buybacks in H1/24 (Q1/24: 0.3 bn)

Liability buybacks (€ bn, H1/24)



Note: Figures may not add up due to rounding

GUIDANCE 2024

pbb on track to meet its targets

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

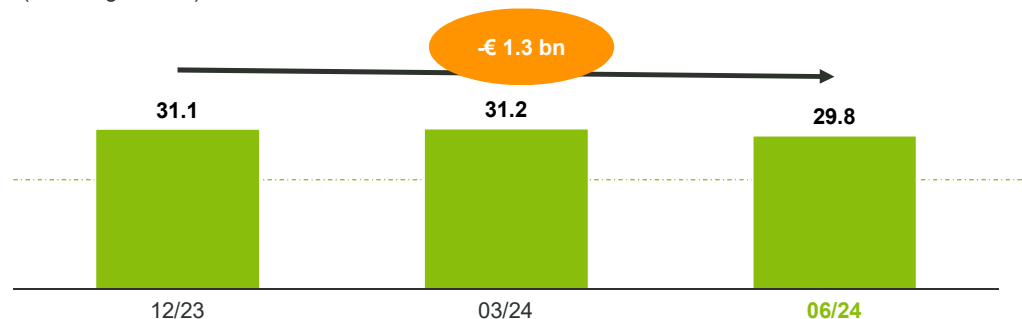
CET 1 ratio

≥ 14%

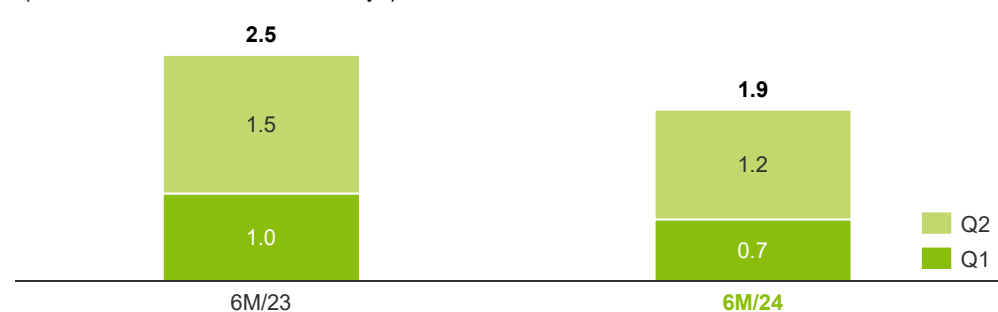
APPENDIX

REF NEW BUSINESS

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



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



Selective new business volume with margins on elevated level

- **Strategic REF portfolio** down ytd and q-o-q, mainly through portfolio transaction (€ -0.9 bn) and repayments
- **Avg. portfolio margin** further up
- **Selective new business** volume of € 1.9 bn with focus on extensions
- **Gross interest margin** further on strong level
- Focus on **balanced risk/return ratio**, avoiding higher risk profile at the expense of higher volume or higher margin

New Business	6M/23	6M/24
Share of extension > 1 year (%)	41	68
Ø Gross interest margin (bp) ²	~200	~240
Ø LTV ¹ (%)	56	50
Ø Maturity ³ (yrs.)	~3.5	~3.2
No. of Deals	44	37

1. New commitments; avg. LTV (extensions): 6M/24: 59%, 6M/23: 50% 2. Net of FX-effects; gross revenue margin: 6M/24: ~265 bp, 6M/23: ~230 bp 3. Legal maturities

REF NEW BUSINESS

Diversification supports management of the cycle

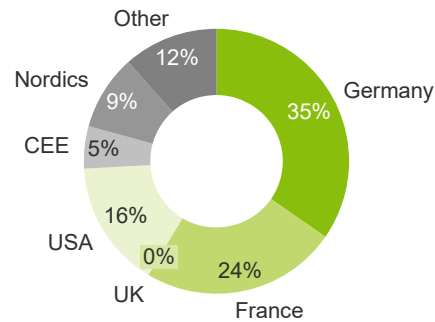
As of 30/06/24

€ 1.9 bn

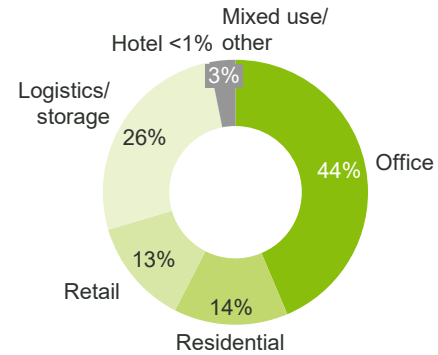
New business

(commitments, incl. extensions > 1 year)

Regions



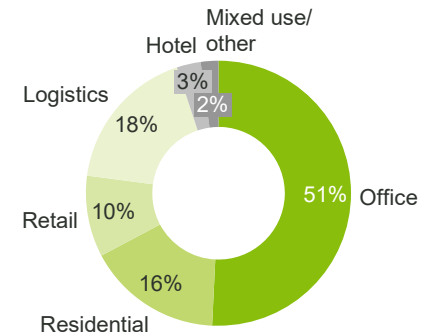
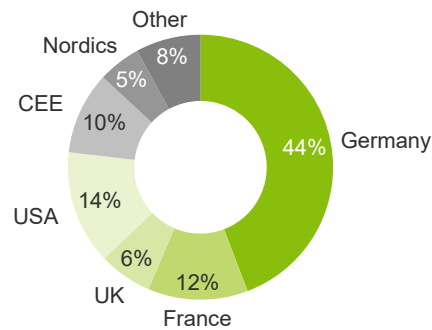
Property types



€ 30.6 bn

Portfolio

(EaD, Basel III)

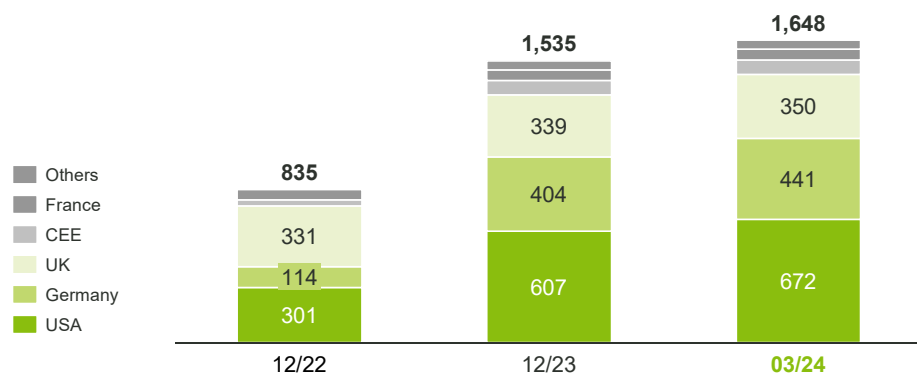


1. Note: Figures may not add up due to rounding

REF NPL PORTFOLIO

Geographical breakdown

€ mn (EaD, Basel III)



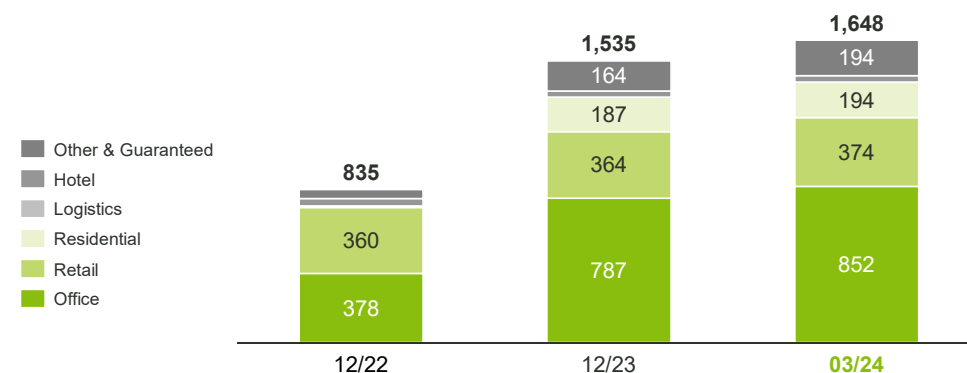
- **USA:** Ongoing active management of NPLs with 2 loans (€ 91 mn) successfully restructured/worked out in Q1/24 – addition of 2 new office loans (€ 142 mn), FX changes (€ 14 mn)
- **Germany:** Addition of 1 development loan (office) in top location – no LLP required
- **UK:** 4 shopping center loans (default 2019, 70% LLP ratio) and 1 Office loan (default 2023, no LLP)

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

Small increase in Q1/24 – active restructuring/
work-out ongoing

Breakdown by property type

€ mn (EaD, Basel III)



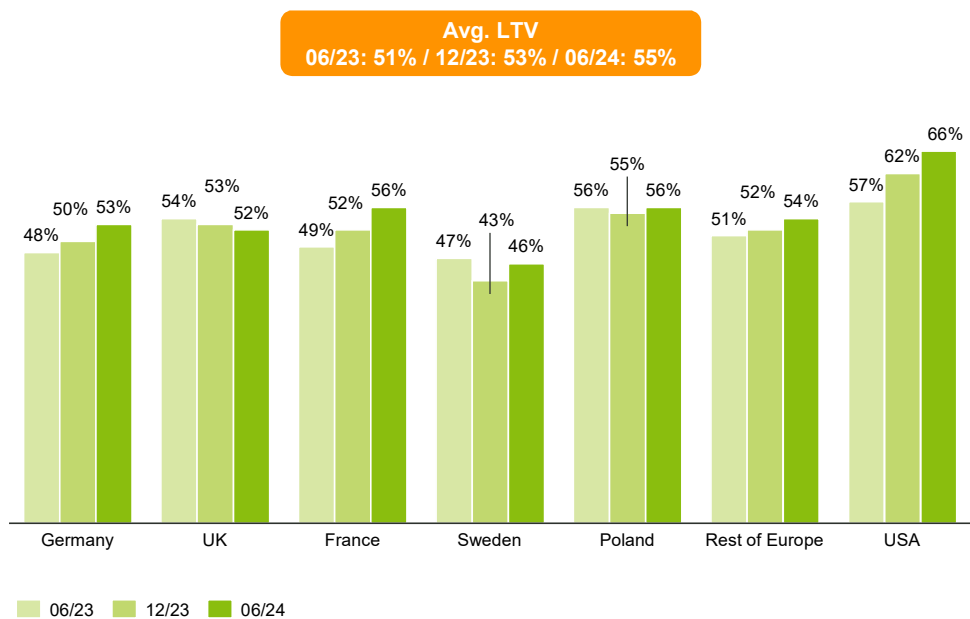
- **Office:** Increase in NPLs from US loans
- **Retail:** Increase from FX changes
- **Residential:** Increase from EaD changes
- **Others:** Increase resulting from 1 German development and FX changes

REF PORTFOLIO

LTV development reflects market environment

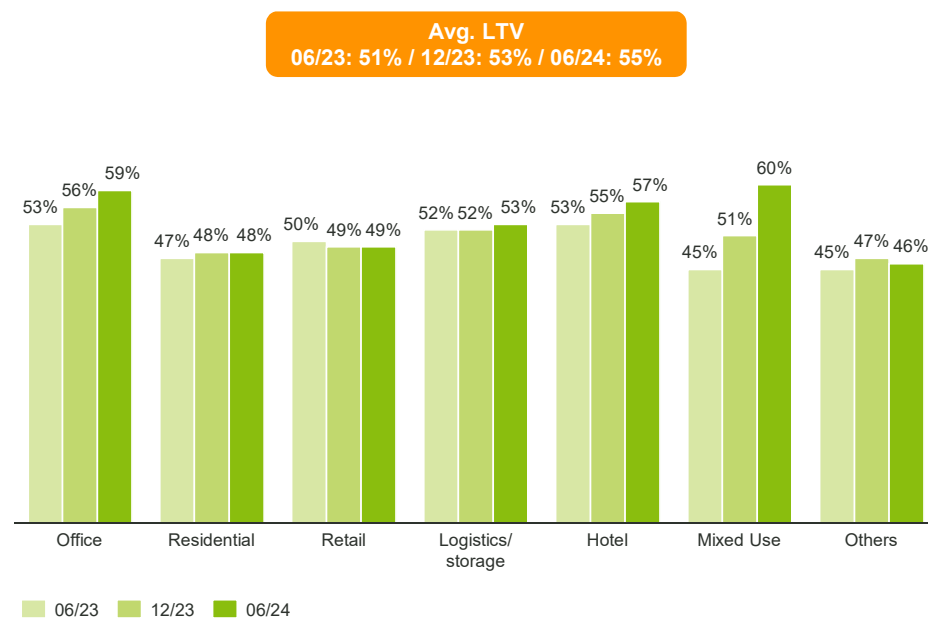
LTV – Regions

(€ bn, commitments, Basel III)¹



LTV – Property types

(€ bn, commitments, Basel III)¹



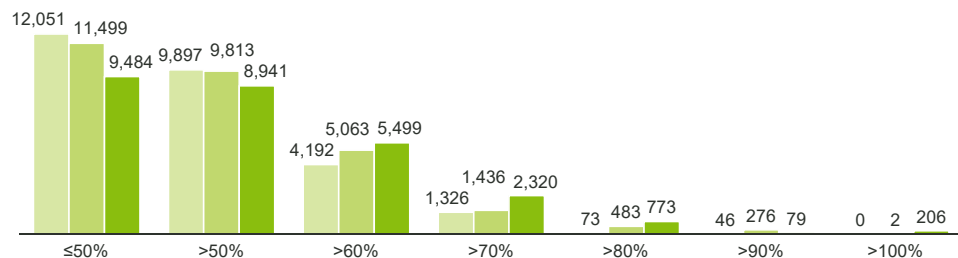
1. Based on performing investment loans only Note: Figures may not add up due to rounding

REF PORTFOLIO – LTV CLUSTER¹

Total REF portfolio

(€ mn, commitments, Basel III)

Avg. LTV¹: 06/23: 51% / 12/23: 53% / 06/24: 55%
Volume € bn: 06/23: 27.6 / 12/23: 28.6 / 06/24: 27.3

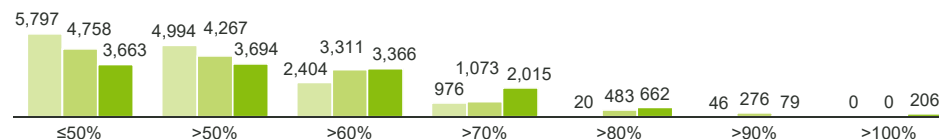


LTV development reflects market environment

Office

(€ mn, commitments, Basel III)

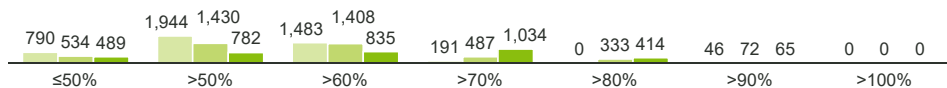
Avg. LTV¹: 06/23: 51% / 12/23: 56% / 06/24: 59%
Volume € bn: 06/23: 14.2 / 12/23: 14.2 / 06/24: 13.7



USA

(€ mn, commitments, Basel III)

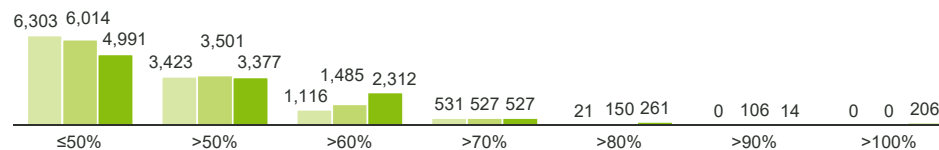
Avg. LTV¹: 06/23: 57% / 12/23: 62% / 06/24: 66%
Volume € bn: 06/23: 4.5 / 12/23: 4.3 / 06/24: 3.6



Germany

(€ mn, commitments, Basel III)

Avg. LTV¹: 06/23: 48% / 12/23: 50% / 06/24: 53%
Volume € bn: 06/23: 11.4 / 12/23: 11.8 / 06/24: 11.7

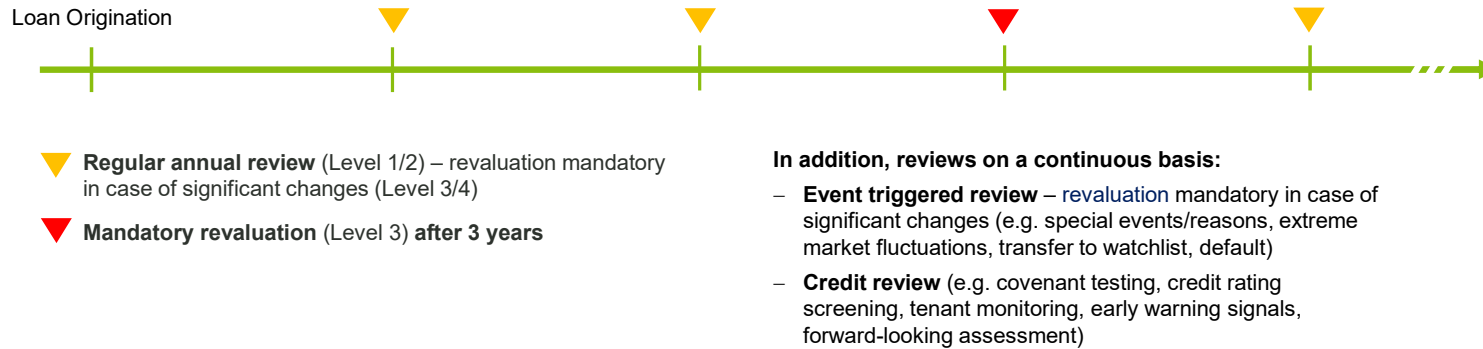


06/23 12/23 06/24

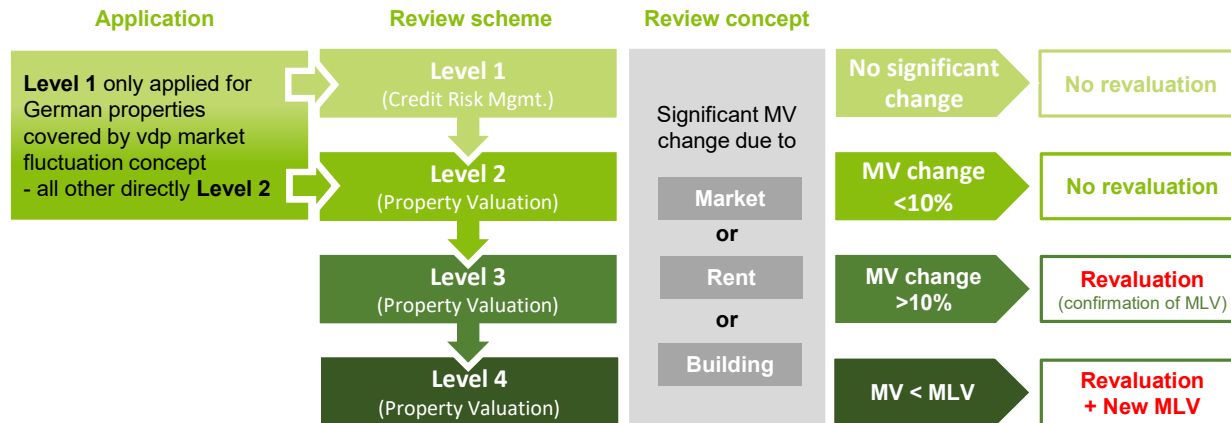
1. Based on performing investment loans only Note: Figures may not add up due to rounding

MONITORING PROCESS

Multi-level valuation review process



Valuation review process (simplified)



REF PORTFOLIO

Sub-segments

Property	Regions	Evaluation of current situation	Challenges	Risk positioning
Office € 15.5 bn (51%)		<ul style="list-style-type: none"> Office demand in Europe is still relatively weak as a result of both the economic cycle and longer efficiency trends. Demand is focused particularly on modern, flexible and ESG-conform properties in good locations while demand for secondary locations is limited. Despite muted take up, vacancies, although risen in the last years, are still under control and are not expected to increase to historical highs. This is due to a more modest development activity over the past years and the fact that older space is withdrawn or repurposed. Whilst a big slump in rents has been avoided, the rental forecast is subdued with just marginal nominal rent growth over the coming years. In US vacancy is a lot higher and is expected to stay elevated for some years. Buildings of the very highest quality have seen consistently positive net absorption and prime assets in Live-Work-Shop submarkets are expected to continue to benefit from the flight-to-quality trend. But much of this has come at the expense of lower-quality buildings which is expected to suffer from further rental decline. 	<ul style="list-style-type: none"> 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 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 in particular for 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. 	<ul style="list-style-type: none"> Focus on good locations in main European and US urban locations. Avg. LTV of 59%¹ provides good buffer and supports commitment of investors / sponsors. Well diversified portfolio, focus on 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. Due to focus on existing business and exits from risk positions via active portfolio management (loan sales, exits from NPL) in particular in the US total amount as compared to year end 2023 decreased by € 1.5 bn or ca. 9%. Further reductions planned.
Residential € 5.0 bn (16%)		<ul style="list-style-type: none"> The market of owner-occupied properties is expected to recover slowly as inflation and interest rates declines. For multifamily properties rising rents mitigated the impact on values. Multifamily rental growth is expected to continue although at a far more modest pace than in recent years as landlords adjust to new market conditions. Energy cost and regulation in the rental sector are the main risks and are expected to reduce the NOI for the multifamily owner especially in the low price segment. 	<ul style="list-style-type: none"> Increased interest level puts pressure on value, however still more moderate than in other (sub-) asset classes. Cash flow under pressure for many reasons: interest rates, energy costs, investment requirements - partially counterbalanced by increasing rents. In particular, capital-market oriented investors often with challenging refinancing situations for non traditional bank loans. Transaction Market in Germany for portfolios gaining momentum again. 	<ul style="list-style-type: none"> Portfolio volume of € 5.0 bn with avg. LTV of 48%¹ provides good buffer and supports commitment of investors/sponsors. Well diversified portfolio with strong focus on Germany.

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 € 3.0 bn (10%)	<table border="1"> <caption>Retail Regional Distribution</caption> <thead> <tr> <th>Region</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Germany</td> <td>32%</td> </tr> <tr> <td>Nordics</td> <td>11%</td> </tr> <tr> <td>CEE</td> <td>21%</td> </tr> <tr> <td>UK</td> <td>17%</td> </tr> <tr> <td>France</td> <td>9%</td> </tr> <tr> <td>Spain</td> <td>5%</td> </tr> <tr> <td>Austria</td> <td>3%</td> </tr> <tr> <td>Benelux</td> <td>2%</td> </tr> </tbody> </table>	Region	Percentage	Germany	32%	Nordics	11%	CEE	21%	UK	17%	France	9%	Spain	5%	Austria	3%	Benelux	2%	<ul style="list-style-type: none"> Lower inflation helps stabilise real incomes and mitigating declines in sales volumes. Occupier demand is expected to be focused on prime locations, with retailers focusing on larger format, flagship stores in the best locations and potentially rationalising stores in secondary locations. Vacancy is improving for high streets but remains high for shopping centers. Most of Europe's luxury pitches have lower vacancy rates than their city centres. General retail property market trading conditions remain challenging and retailers continue to retrench their physical store estates. But reduced expectations for online diversion is expected to benefit in-store retail spending while food spending remain predominantly store-based. Despite an improved rental outlook, prime sectors rising only just ahead of inflation for both Shopping Center and highstreet. 	<ul style="list-style-type: none"> Short Term: threats to income stability as well as decreasing consumer spendings / consumer confidence due to inflation and modest economic development in many countries. Professionally managed (and therefore well performing) assets stable. 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 partial oversupply of space in particular outside A-locations. 	<ul style="list-style-type: none"> Selective approach with consequent reduction of retail portfolio by ~58% or ca. € 4 bn since 2016 (06/24: € 3 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.
Region	Percentage																					
Germany	32%																					
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CEE	21%																					
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Hotel (Business Hotels only) € 0.9 bn (3%)	<table border="1"> <caption>Hotel Regional Distribution</caption> <thead> <tr> <th>Region</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>UK</td> <td>43%</td> </tr> <tr> <td>Germany</td> <td>39%</td> </tr> <tr> <td>Austria</td> <td>7%</td> </tr> <tr> <td>Benelux</td> <td>11%</td> </tr> </tbody> </table>	Region	Percentage	UK	43%	Germany	39%	Austria	7%	Benelux	11%	<ul style="list-style-type: none"> The travel recovery continued in 2023. Particular leisure-led demand recovery has driven stronger performance in parts of southern Europe. While occupancy has still not fully recovered, room rates have driven RevPAR gains with both KPI's clearly above pre-Covid levels. With consumers prioritising travel and continued recovery in APAC and business demand further demand growth to come. Since room supply growth should be relatively subdued compared to pre-Covid, further RevPAR growth can be expected. Current challenges are high staff expenses, ESG and the ongoing conversion to different concepts like longstay and coliving. Also occupancy is not yet on pre-Covid level. 	<ul style="list-style-type: none"> Recovery mostly achieved with many locations close or even above to pre-Covid-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. 	<ul style="list-style-type: none"> 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 slightly less than € 1 bn. Focus on prime locations secures base value of properties. Avg. LTV of 57%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. 								
Region	Percentage																					
UK	43%																					
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REF PORTFOLIO

Sub-segments

Property	Regions	Evaluation of current situation	Challenges	Risk positioning																						
<p>Logistics</p> <p>€ 5.4 bn (18%)</p>	<table border="1"> <caption>Regional Distribution of Logistics Portfolio</caption> <thead> <tr> <th>Region</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>CEE</td> <td>26%</td> </tr> <tr> <td>Germany</td> <td>21%</td> </tr> <tr> <td>France</td> <td>16%</td> </tr> <tr> <td>Nordics</td> <td>8%</td> </tr> <tr> <td>Benelux</td> <td>11%</td> </tr> <tr> <td>UK</td> <td>8%</td> </tr> <tr> <td>USA</td> <td>3%</td> </tr> <tr> <td>Spain</td> <td>5%</td> </tr> <tr> <td>Austria</td> <td>2%</td> </tr> <tr> <td>Italy</td> <td><1%</td> </tr> </tbody> </table>	Region	Percentage	CEE	26%	Germany	21%	France	16%	Nordics	8%	Benelux	11%	UK	8%	USA	3%	Spain	5%	Austria	2%	Italy	<1%	<ul style="list-style-type: none"> E-commerce and the need for more resilient supply chains is still driving occupier demand, although the effect is expected to be already more or less priced in and therefore somewhat weakened. Overall demand for logistics is back to average pre-Covid levels and due to the macroeconomic uncertainty and vacancy increased in 2023. Marketing periods are expected to become longer and tenants are incentivised again. Alongside softer occupier demand, developers have responded to increasing financing costs and construction cost inflation. Overall, space under construction has decreased and this rebalancing is expected to see vacancy rates stabilize. However, development activity should remain strong when compared to long-run averages. Rental growth is expected to moderate from the exceptional years of 2021/22 but is expected to remain higher than pre-Covid rates in the near term. 	<ul style="list-style-type: none"> Monoline logistics centres depending on particular clients seen sceptical. Due to partially overheated prices, market correction on investment side seen. Rents still stable / partially further increasing. 	<ul style="list-style-type: none"> Strategic approach; expert team since 2014; share increase since 2013 from 8% to 18%, further increase expected. Focus on locations: good infrastructure, connection to a variety of different transportation routes. Avg. LTV of 53%¹ provides good buffer and supports commitment of investors / sponsors. Well diversified portfolio. High quality of sponsors.
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CEE	26%																									
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Italy	<1%																									

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

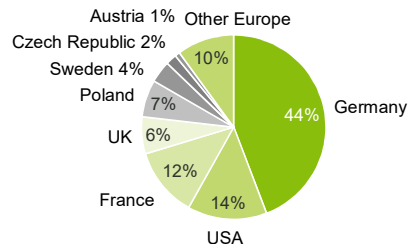
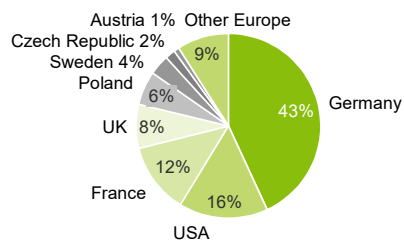
PORTFOLIO

Real Estate Finance (REF)

Regions

31/12/2023: € 33.0 bn

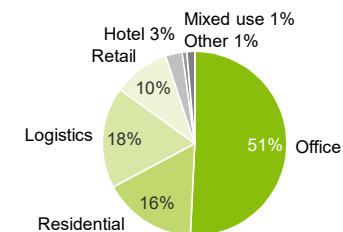
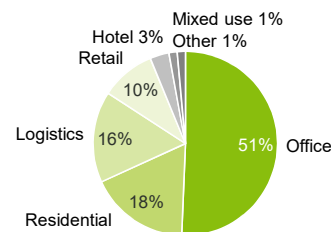
30/06/2024: € 30.6 bn



Property types

31/12/2023: € 33.0 bn

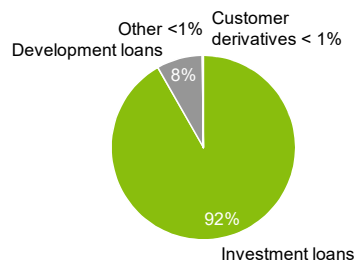
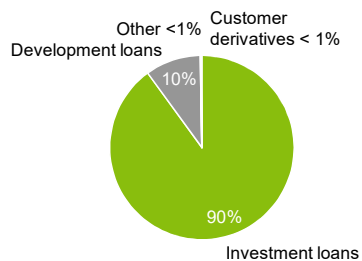
30/06/2024: € 30.6 bn



Product class

31/12/2023: € 33.0 bn

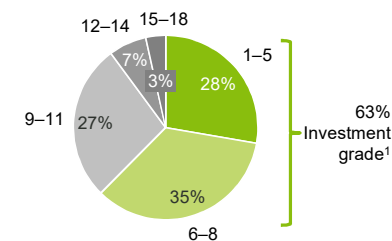
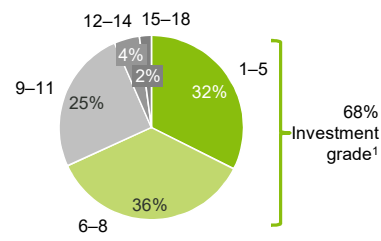
30/06/2024: € 30.6 bn



Internal ratings (EL classes)

31/12/2023: € 33.0 bn

30/06/2024: € 30.6 bn



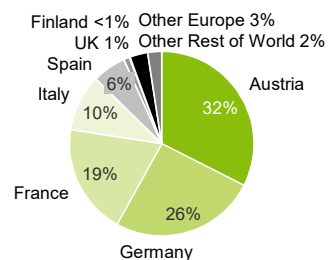
1. Internal EL Classes 1-8 = Investment grade; Internal EL classes 9-18 = Non-investment grade Note: Figures may not add up due to rounding, EaD, Basel III

PORTFOLIO

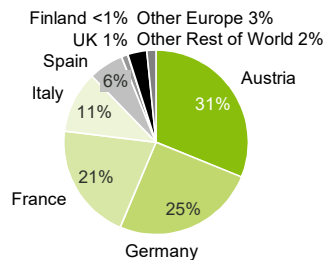
Non-Core Unit (PIF & VP)

Regions

31/12/2023: € 13.2 bn

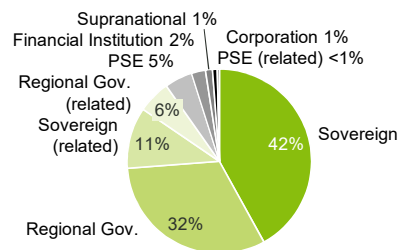


30/06/2024: € 11.9 bn

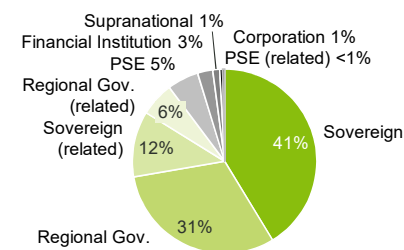


Borrower classification¹

31/12/2023: € 13.2 bn

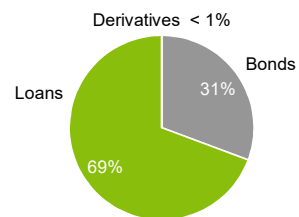


30/06/2024: € 11.9 bn

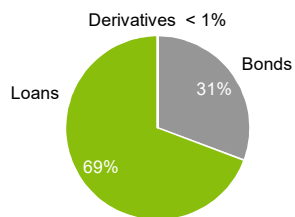


Product class

31/12/2023: € 13.2 bn

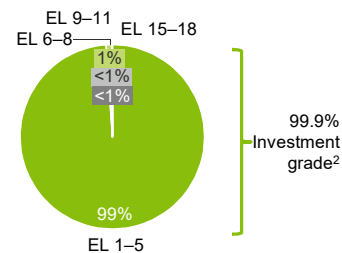


30/06/2024: € 11.9 bn

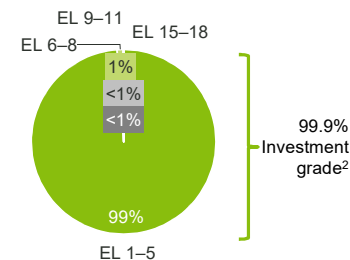


Internal ratings (EL classes)

31/12/2023: € 13.2 bn



30/06/2024: € 11.9 bn

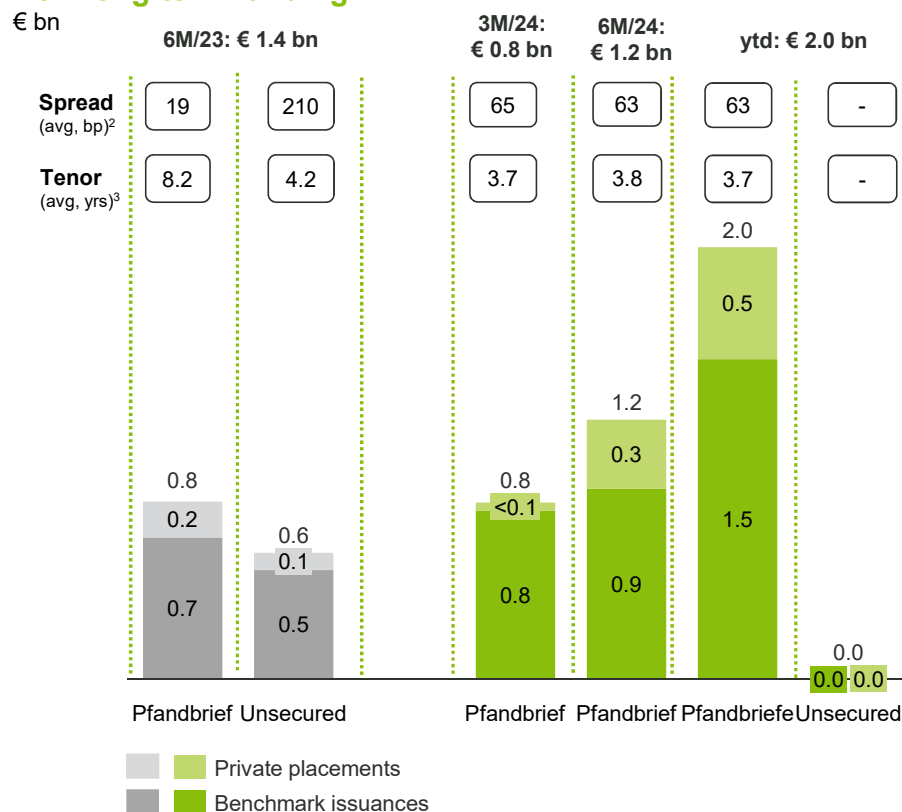


1. See appendix for definition of borrower classification 2. Internal EL Classes 1-8 = Investment grade; Internal EL classes 9-18 = Non-investment grade Note: Figures may not add up due to rounding, EaD, Basel III

FUNDING AND LIQUIDITY

Capital market funding focused on Pfandbrief

New long-term funding¹



■ Pfandbrief funding well ahead of 2024 needs

- Markets open for public issues and private placements – € 450 mn taps of EUR Benchmarks since Q1/24 in addition to an € 250 mn FRN
- Strong activity in SEK, issuing a total of SEK 5.9 bn (€ 518 mn)
- Funding exceeds 2024 needs; any further issuance is pre-funding for next year

■ Unsecured wholesale largely replaced by stable and competitive retail deposits

- One Senior Unsecured benchmark in early 2023
- No Senior Unsecured benchmark planned in 2024

■ Remaining **TLTRO** tranche of € 0.9 bn repaid in June 2024

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

PFANDBRIEF COVER POOL

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

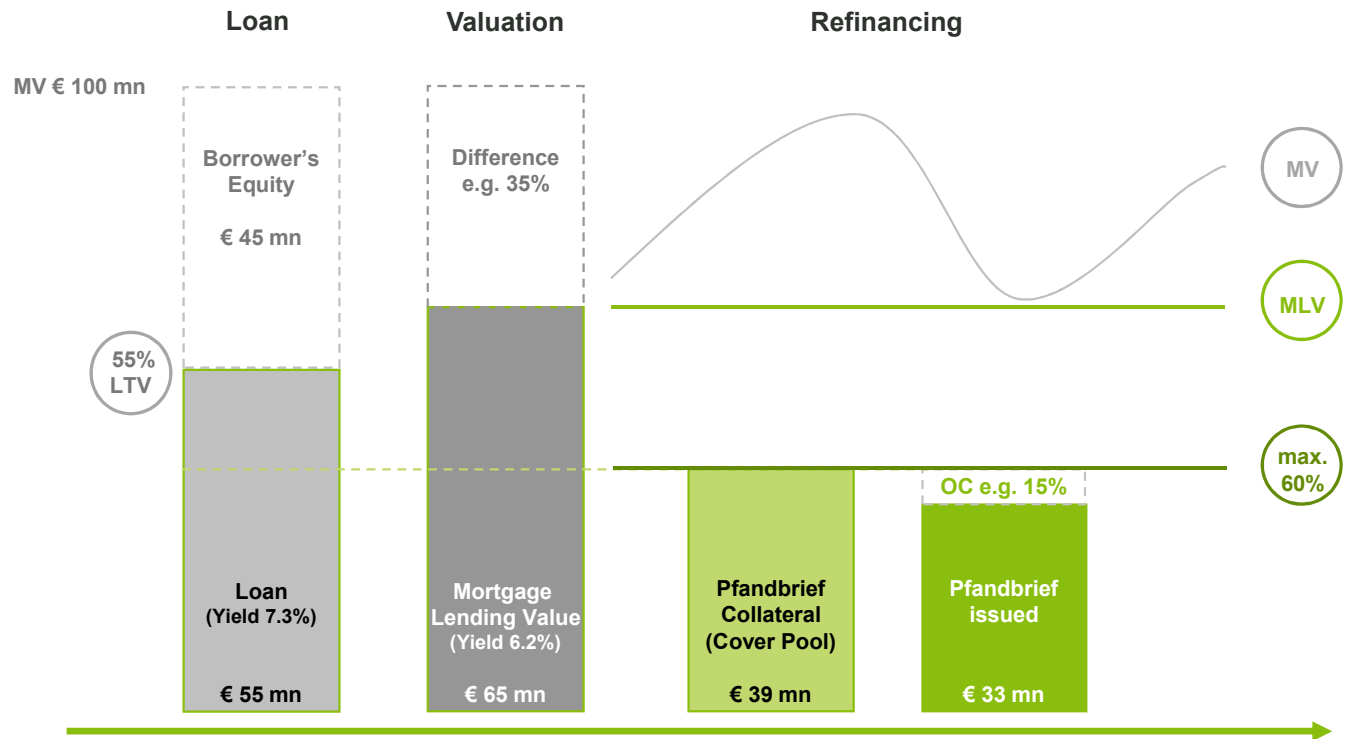
€ 1.1 mn interest payment p.a. for a € 55 mn loan at 2% interest rate

€ 2.9 mn excess cash

€ 4.0 mn rent
€ 1.1 mn interest
= ~ 360% ISC

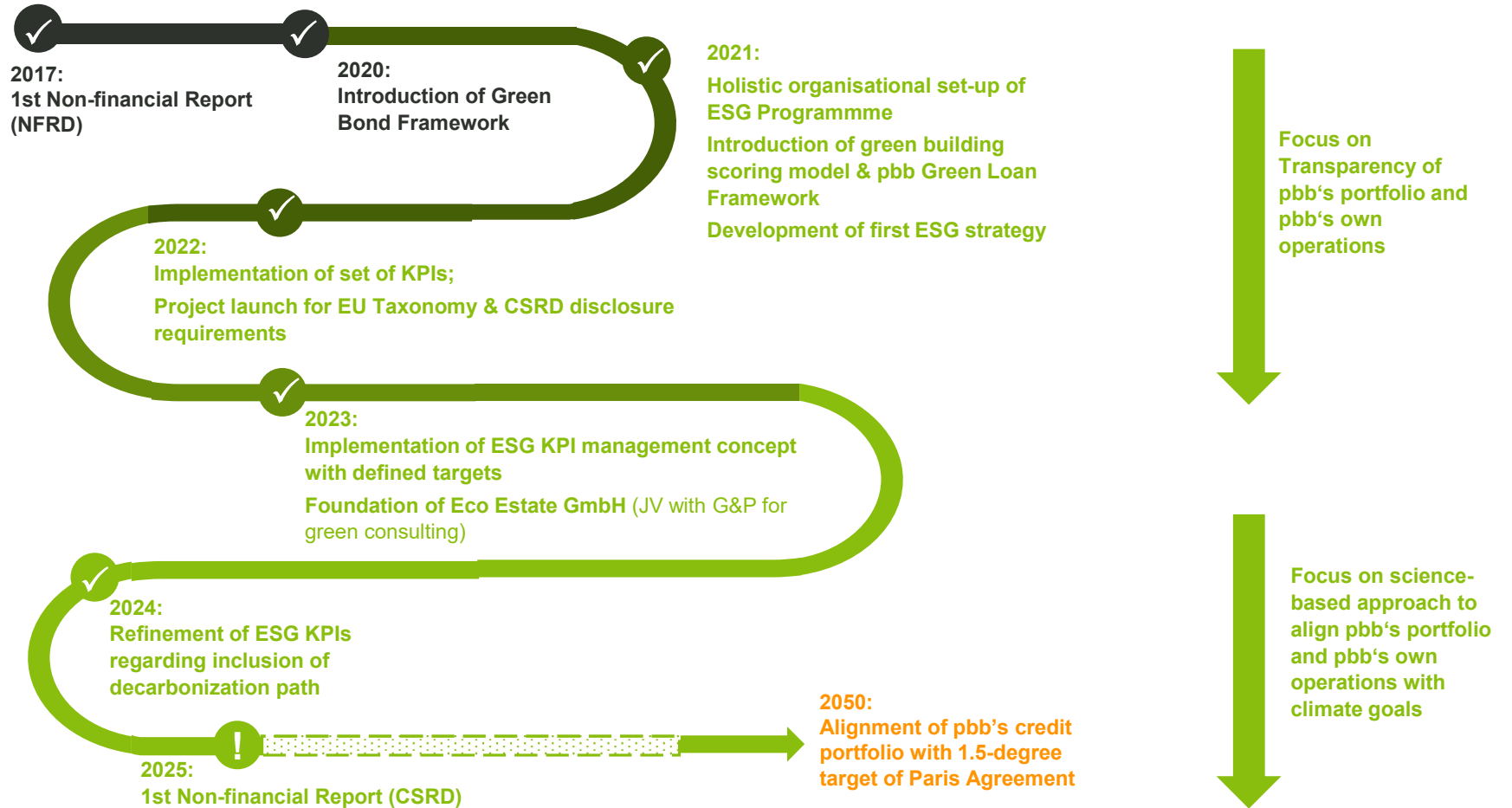
[at current interest rates of approx. 5 % the ISC drops to ~ 150%]

Loan-to-Value Ratio



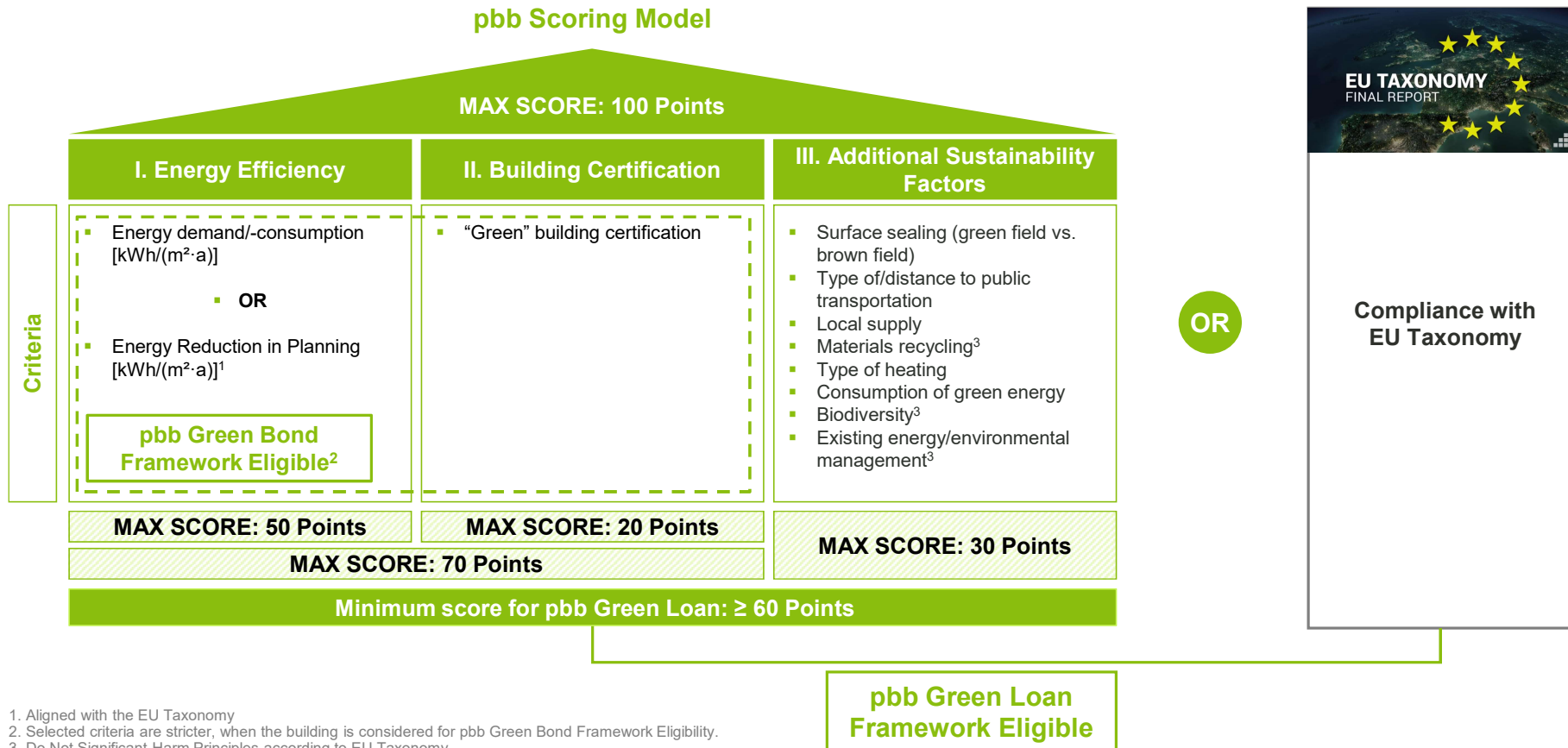
ESG

pbb continues to execute on its strategy



GREEN LOAN

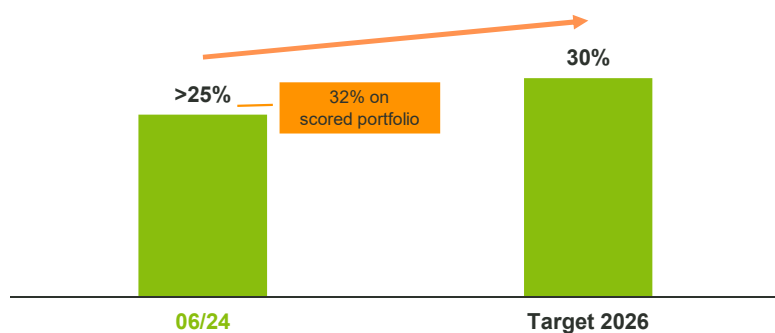
pbb Green Loan Framework aligned with current regulatory and market developments – specific metrics defined for each criterion



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

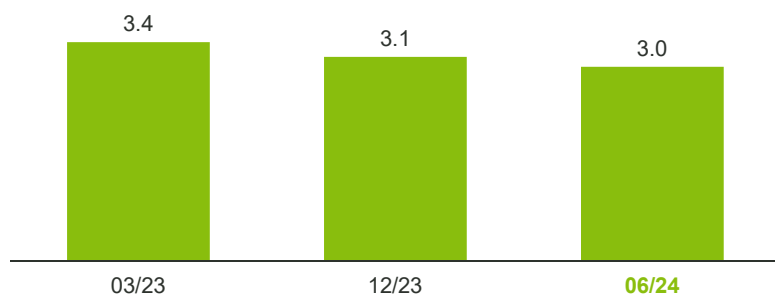
Green share of REF portfolio¹

(commitments, green loan eligible assets, %)



Green Bonds

(nominal volume, € bn)



1. Based on total REF portfolio; 32% based on scored REF portfolio of 80% as of 30 June 2024 / Green assets according to pbb's green loan framework (Green loan eligible)

Continued progress in sustainable finance activities


- 80% of REF portfolio scored – scoring of remaining portfolio ongoing
- Green share of total REF portfolio currently at 25% resp. € 7.6 bn (32% based on scored portfolio of 80%) vs. 2026 target of >30%

- pbb is a leading issuer of senior preferred green bonds in the European market
- Current headroom between green bond eligible loans and green bonds outstanding allows further green finance activities

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