Results Q3/9M 2023 - Company Presentation

February 2024

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AGENDA

BUSINESS MODEL & STRATEGY

Specialist Bank for Commercial Real Estate lending with clear focus on 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
  - 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

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 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)

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**

STRATEGIC AGENDA 2026

We aim to deliver our plan in three phases by 2026

2023

Invest into our business

Start investing to lay the foundation for the implementation of our plan and steer through difficult markets

2024 & 2025

Accelerate our performance

Harvest first benefits to lift our performance beyond past levels

2026 & beyond

Release our full potential

Further scale up our growth initiatives beyond 2026

Project implementation & Market recovery

GUIDANCE 2026

We release our full potential by 2026 and reach a higher profitability level with >10% RoE b.t.

> 10%
RoE b.t.
(> 9% RoCET1 a.t.)

> € 300
Profit b.t.

< 45%
Cost-income ratio

> 14%
CET1 ratio[1]

> 30%
Green REF portfolio share[2]

50% + 25%
Payout ratio for 2023-25[3]

1. Calibrated towards anticipated Basel IV levels (fully-loaded) 2. Green assets according to pbb's green loan framework (Green loan eligible) 3. Dividend policy of 50% regular dividend plus 25% special dividend; based on consolidated PAT attributable to shareholders acc. to IFRS and after AT1 coupon – no payment of special dividend for 2023

AGENDA

HIGHLIGHTS Q3/9M 2023

pbb increases LLPs and is fully on track to deliver on 2026 targets

- pbb adjusts **PBT full-year guidance for 2023 to € 90-110 mn** due to increased risk provisioning and substantial business investments
- In reaction to the **ongoing weak CRE markets** (esp. in the US), pbb follows its risk conservative approach and increases **LLPs to € -104 mn**[1] **for 9M/23** (9M/22: € -38 mn) – full-year guidance already anticipates a further noticeable Q4 addition to LLPs (incl. potential management overlay) caused by still dynamic market situation
- Given its sound financial strength, pbb is able to deliver a significant **PBT of € 91 mn for 9M/23** – despite increased risk costs and substantial expenses to deliver on the strategic agenda 2026
- In specifying the Basel IV orientation, pbb intends to move to the so-called Foundation Internal Ratings-based Approach (F-IRBA) after implementation of Basel IV (~2025) – **after a transition period, CET1 ratio expected at ~15%** (09/23: 15.2%)
- Taking into account the challenging situation on the real estate markets, **pbb assumes that unlike in previous years a special dividend will not be distributed**. However, **the overall dividend proposal remains subject to the conditions of pbb's dividend policy** and will be decided upon and communicated together with our full year results 2023.
- pbb is **fully on track to deliver on 2026 targets:**
  - Increasing NII+NCI (+20% q-o-q)
  - Portfolio growth (€ +1.2 bn ytd) with margin uplift (gross new business margin 9M/23: +30bp vs. FY 2022)
  - Strong retail deposit growth (€ +1.5 bn ytd)
  - Significant cost cutting expected to deliver from 2024 onwards (back to 2022 level in 2026)

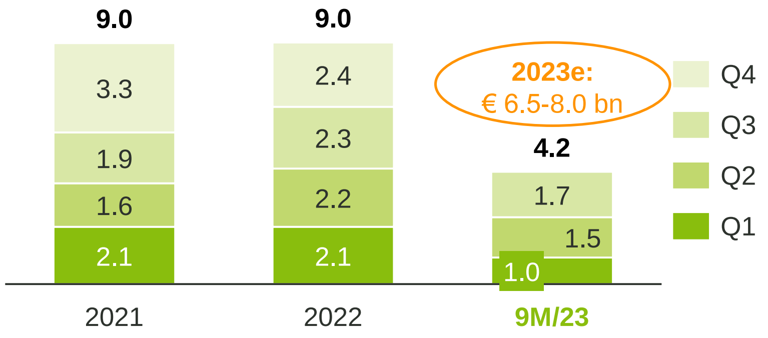
1. € +7 mn stage 1&2, € -111 mn stage 3

OPERATING & FINANCIAL OVERVIEW

pbb proves operating resilience

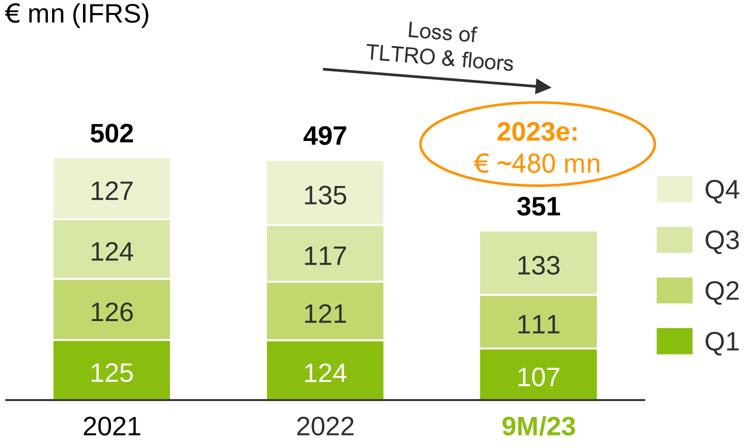
REF New business

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



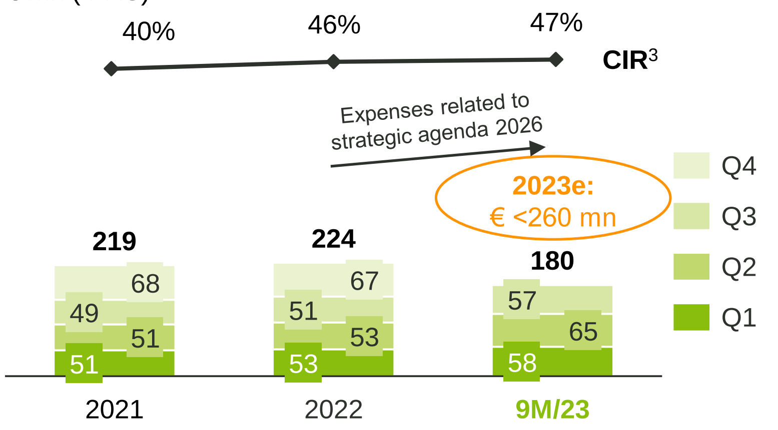
Net interest and commission income

€ mn (IFRS)



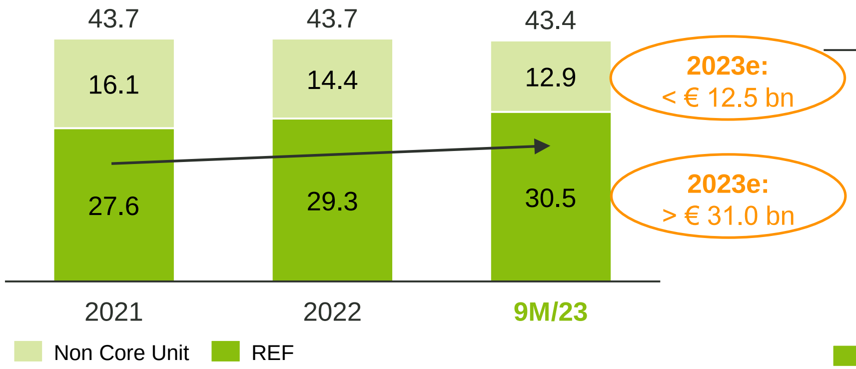
General and admin. expenses

€ mn (IFRS)



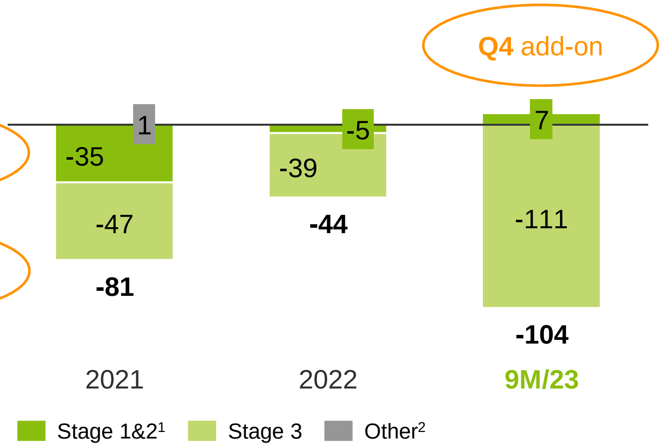
Portfolio

€ bn (financing volumes)



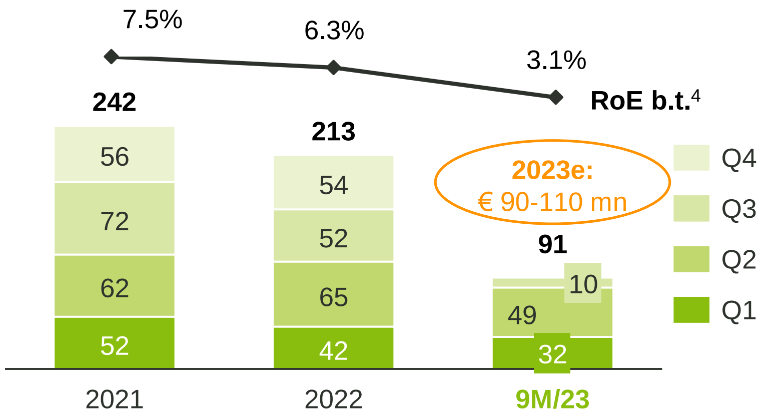
Net income from risk provisioning

€ mn (IFRS)



Pre-tax profit

€ mn (IFRS)



Note: Figures may not add up due to rounding 1. Incl. provisions in off balance sheet lending business 2. Recoveries from written-off financial assets 3. CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income 4. After AT1 coupon (2021: € 17 mn ; 2022: € 17 mn; Q3/9M 2023: pro-rata € 6 mn / € 17 mn)

AGENDA

pbb profitable despite increased risk costs and substantial expenses for strategic agenda 2026

Income statement

€ mn

	Q3/22	Q3/23	9M/22	9M/23
Operating Income	**128**	**156**	**400**	**415**
Net interest income	116	132	358	348
Net fee and commission income	1	1	4	3
Net income from fair value measurement	7	2	21	2
Net income from realisations	-	3	10	45
Net income from hedge accounting	8	3	7	-
Net other operating income	-4	15	-	17
Net income from risk provisioning	-19	-83	-38	-104
General and administrative expenses	-51	-57	-157	-180
Expenses from bank levies and similar dues	-1	-	-32	-24
Net income from write-downs and write-ups on non-financial assets	-5	-6	-14	-16
Pre-tax profit	**52**	**10**	**159**	**91**
Income taxes	-8	-2	-24	-14
Net income	**44**	**8**	**135**	**77**
RoE before tax[1] (%)	6.1	0.5	6.3	3.1
RoE after tax[1] (%)	5.1	0.3	5.3	2.5
RoCET1 after tax[1] (%)	5.6	0.3	5.8	2.9
CIR[2] (%)	43.8	40.4	42.8	47.2
RWA (€ bn)	17.3	17.8	17.3	17.8
CET1-ratio	16.3	15.2	16.3	15.2
EpS[1] (€)	0.29	0.01	0.91	0.45

- **Net interest, fee and commission income** only slightly down y-o-y despite loss of TLTRO benefit and floor income, driven by REF portfolio growth, margin uplift, matured hedging instruments related to the TLTRO III and supported by one-offs (final loan extensions, payment of past due interest)
- **Fair value measurement** slightly positive – previous year mainly supported by credit risk and funding cost induced valuation components
- **Net income from realisations** benefitted from sales from non-core unit (i.e. optimisation PIF&VP) and liability buybacks in H1/23; prepayment fees low
- **Net income from hedge accounting** – temporary fixing effects in a rising interest rate environment
- **Net other operating income** mainly driven by release of provisions for litigation costs in Q3/23
- **Net income from risk provisioning** – significant increase in Q3/23 mainly driven by volatile US market
- **General administrative expenses** expectedly up in reflection of substantial expenses to deliver on strategic agenda 2026 (“2023 year of investments”)
- **Bank levy** – decreased target volume of European Deposit Protection Fund resulted in lower fee; fully booked in H1/23
- **Net income from write-downs and write-ups on non-financial assets** – regular depreciations and extraordinary full depreciation of software of CAPVERIANT GmbH in Q2/23
- **RoE and EpS** taking into account AT1 coupon[1]

1. After AT1 coupon (Q3/9M 2022: pro-rata € 4 mn / € 13 mn; Q3/9M 2023: pro-rata € 6 mn / € 17 mn) 2. CIR = (GAE + net income from write-downs and write-ups on non-financial assets) / operating income

RISK PROVISIONING

Significant increase in risk provisioning mainly driven by volatile US market (esp. in US office segment)

- **Most challenging market environment**, driven by high interest rates, high inflation, several geopolitical and economic uncertainties as well as structural changes
- **US market more strongly impacted**, affecting some individual loans
  - Structural changes in locations and preferences (new/remote work, green/ESG) lead to a shift in appreciation of macro and micro locations (e.g. tenants are avoiding certain CBD areas)
  - At time of origination, all US office properties financed by pbb were in A-locations – now, ~5-10% are considered B-locations
  - Structural changes have led to partially fast and steep value decreases in formerly prime locations, also driven by short refinancing cycles in the US going along with a faster and more significant increase in interest rates compared to Europe
  - Cash investors are currently in a strong position as (re-)financing is scarce, as many banks pulled out of the market – this results in significant discounts
  - However, ~80%[1] of the market correction is assumed to have happened – many ex-prime locations are likely to achieve prime status again in expected market recovery
- Attractive opportunities for pbb to underwrite new business on corrected valuations at highly favorable margins

1. Applies for interest rate induced cyclical market correction, does not take into account structural dislocations in singular cases

RISK PROVISIONING

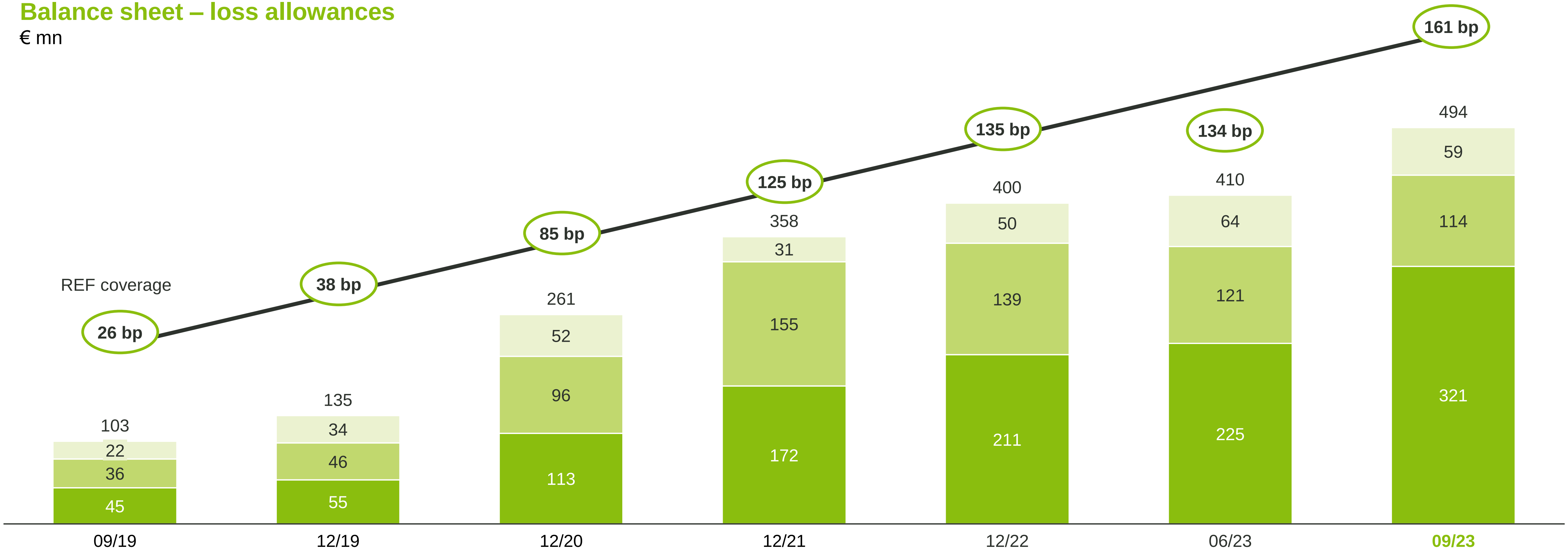
Market volatility reflected in increased risk provisioning

- **Risk provisioning** significantly increased by € -83 mn in Q3/23 (9M/23: € -104 mn, 2022: € -44 mn), primarily driven by existing stage 3 US office loans
- € -95 mn additions in **stage 3** (9M/23: € -111 mn) resulting from a limited number of individual cases
  - Primarily driven by existing stage 3 US office loans – mainly derived from a decrease in expected market values based on low bids of comparable assets in a very weak market with opportunistic investors only
  - Only a few new cases with moderate LLPs in Q3/23
- € +12 mn release of **stage 1&2** in Q3/23 (9M/23: € +7 mn) – full release of **management overlay** (€ +28 mn) as anticipated uncertainty factors materialized and now reflected in risk models

RISK PROVISIONING

Increase in stage 3 loss allowances reflecting market volatility, esp. in US market

Balance sheet – loss allowances
€ mn



	09/19	12/19	12/20	12/21	12/22	06/23	09/23
Mgmt. overlay	-	-	-	**54**	**69**	**28**	-

stage 1 stage 2 stage 3

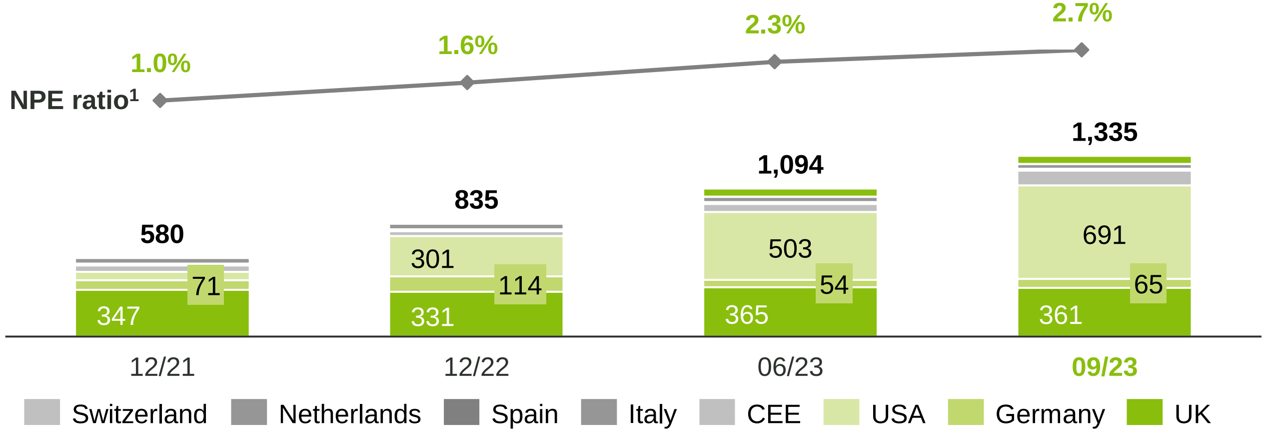
Note: Figures may not add up due to rounding

NPL PORTFOLIO

Increase in NPL portfolio volume driven only by a few new cases, mainly in the US

Non-performing loans – regions

€ mn (EaD, Basel III)



Non-performing loans – property type

€ mn (EaD, Basel III)

Total NPL portfolio

- NPL increase of net € +241 mn reflects stressed market environment, esp. high volatility in certain locations/asset classes in the US
  - € +254 mn additions and € -13 mn releases (incl. EaD changes and FX)
  - 5 new cases with stage 3 LLPs of € -19 mn in Q3/23 – thereof € -18 mn for 3 US office loans
  - Further € -76 mn additions of stage 3 LLPs mostly for existing US office NPLs, mainly derived from a decrease in expected market values based on low bids of comparable assets in a very weak market with opportunistic investors only
- In total, 14 new NPL cases in 9M/23
  - 9 US loans (€ 465 mn), 5 European loans (€ 178 mn; France, Germany, Poland and UK) plus EaD changes and FX
  - Partially compensated by removal of 1 US office loan (€ 116 mn), 1 UK loan (€ 9 mn) and 3 German loans (€ 49 mn)

US NPL portfolio

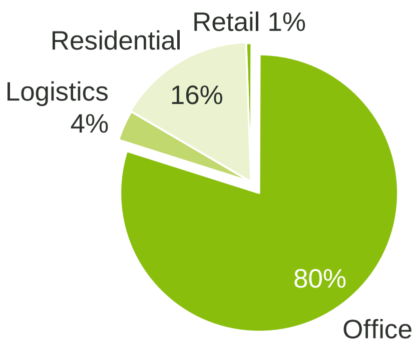
- Individual situations developing in parts dynamically, e.g. ongoing negotiations on restructurings / sales process in complex bank consortiums
- In total, 12 US NPL loans (11 office loans and 1 retail loan) with stage 3 LLPs of € 109 mn (in addition, € 94 mn stage 1&2 LLPs allocated to US loans)
- Decline in property market values of Ø 41% in last 12 months – value decrease adequately considered in risk provisioning

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) 09/23: 3.6%; 12/22: 1.9%; 12/21: 1.4% (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)

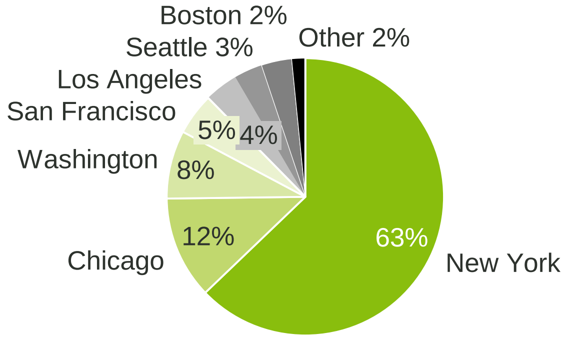
FOCUS: US REF PORTFOLIO

Total US portfolio has been reviewed in 2023

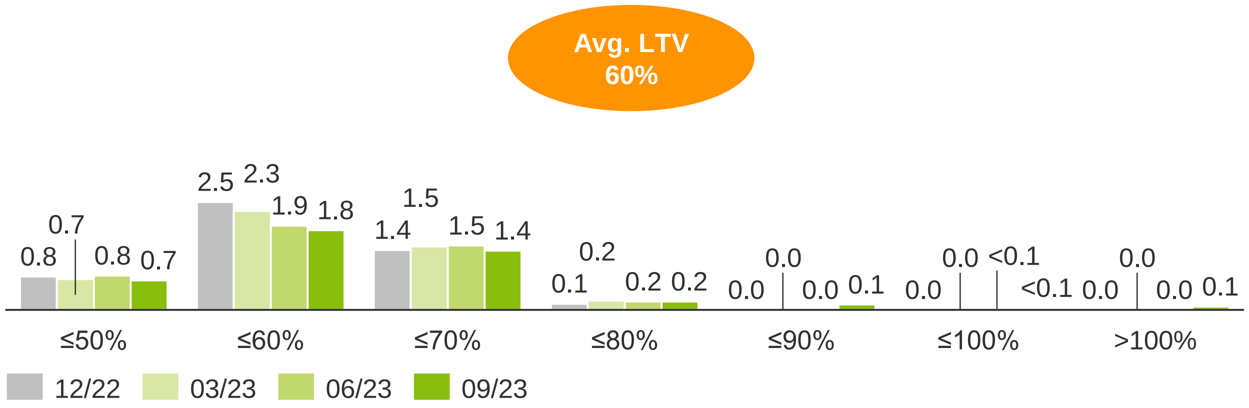
Property types
30/09/2023: € 4.9 bn (EaD, Basel III)



Regions
30/09/2023: € 4.9 bn (EaD, Basel III)



US portfolio: LTV cluster[1]
30/09/2023: € 4.3 bn (€ bn, commitments, Basel III, LTV not sliced)



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

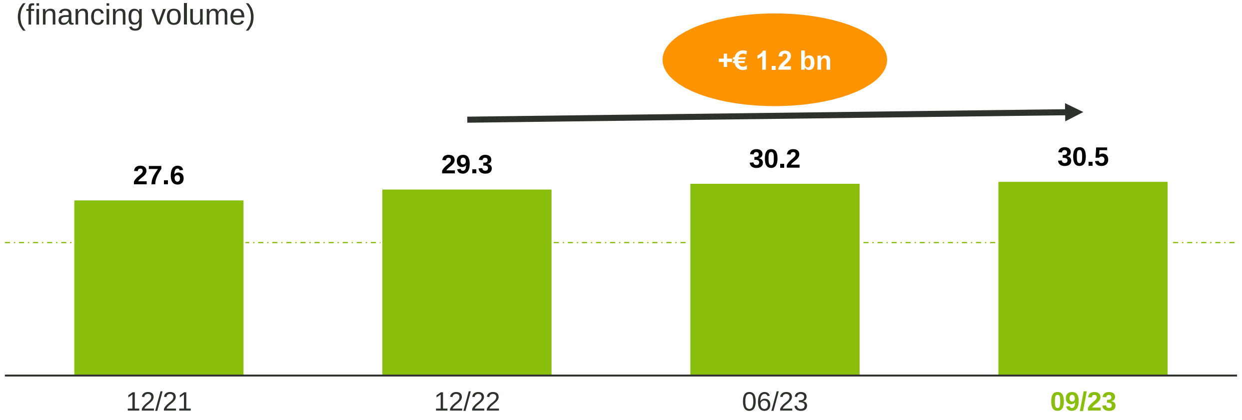
- Total US portfolio has been reviewed in 2023, all revaluations based on external appraisers
- Property value decrease in the last 12 months:
  - Performing loans: ~24% on average, resulting in an average LTV[1] of 60%
  - Non-performing loans: ~41% on average, value decrease adequately considered in risk provisioning
- In line with bank standard, pbb measures LTVs based on commitment:
  - Drawdowns are typically linked to investments into the financed property and thus tend to increase market value
  - If measured against outstanding, no performing loan would be above 100% LTV

AGENDA

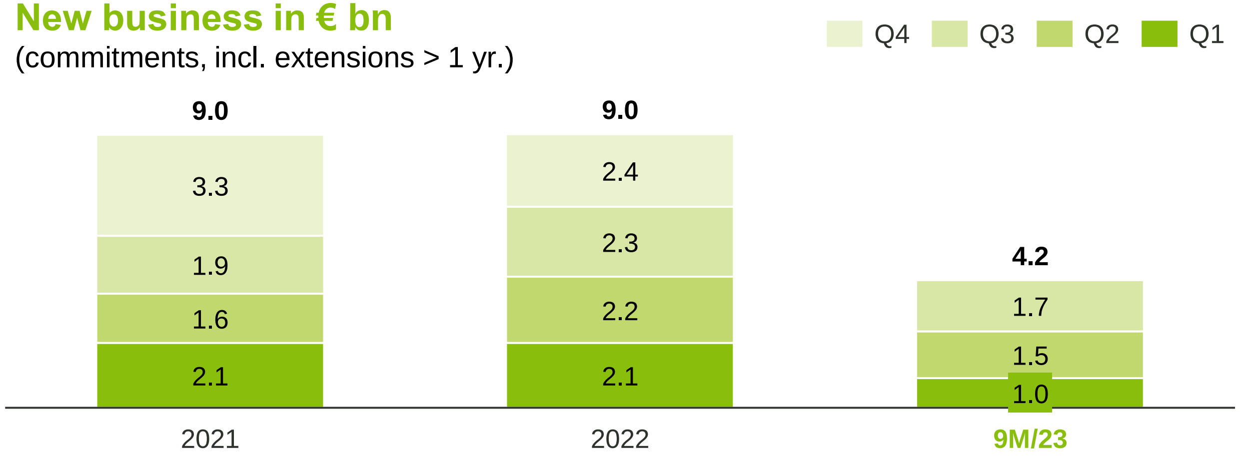
REF NEW BUSINESS & PORTFOLIO

Strong 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 draw downs of new business and low level of prepayments and repayments
- **Avg. gross portfolio margin** further up
- 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
- **Solid pipeline** supports new business guidance of € 6.5-8 bn for 2023

New Business	2021	2022	9M/23
Share of extension > 1 year (%)	29	30	40
Ø Gross interest margin (bp)[2]	~170	~170	~200
Ø LTV[1] (%)	56	54	54
Ø Maturity[3] (yrs.)	~4.8	~4.3	~3.9
No. of Deals	166	137	69

1. New commitments; avg. LTV (extensions): 06/23: 54%; 12M/22: 52%; 12M/21: 54% 2. Net of FX-effects; gross revenue margin: 2021: ~190bp, 2022: ~190bp, 9M/23 ~220bp 3. Legal maturities

REF NEW BUSINESS & PORTFOLIO

Diversification by countries and property types allows to manage business through the cycle

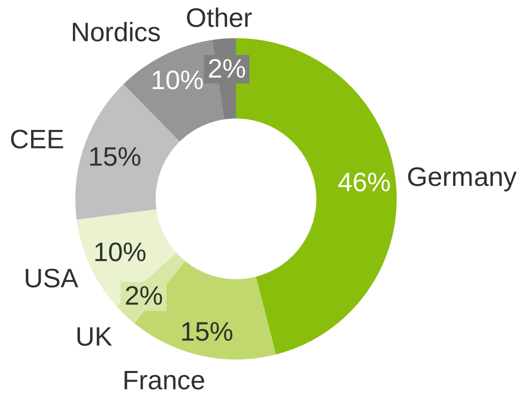
As of 30/09/23

€ 4.2 bn

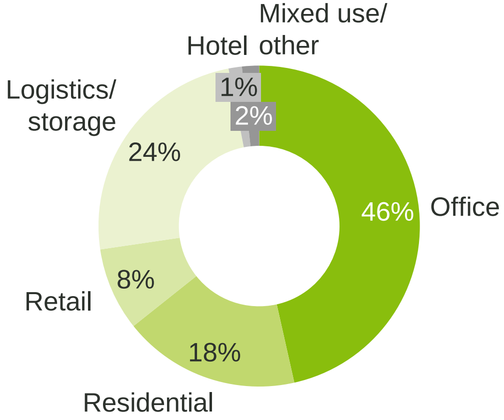
New business

(commitments, incl. extensions > 1 year)

Regions



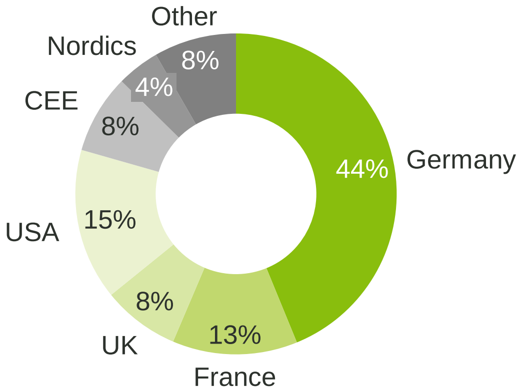
Property types

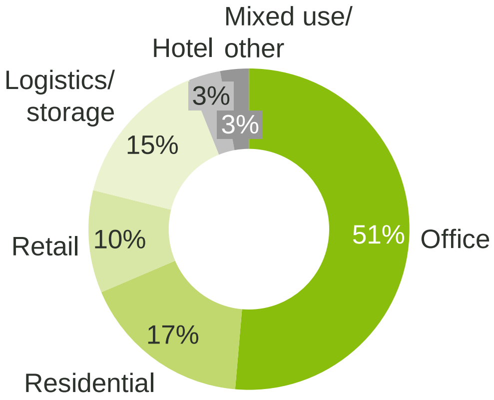


€ 32.1 bn

Portfolio

(EaD, Basel III)





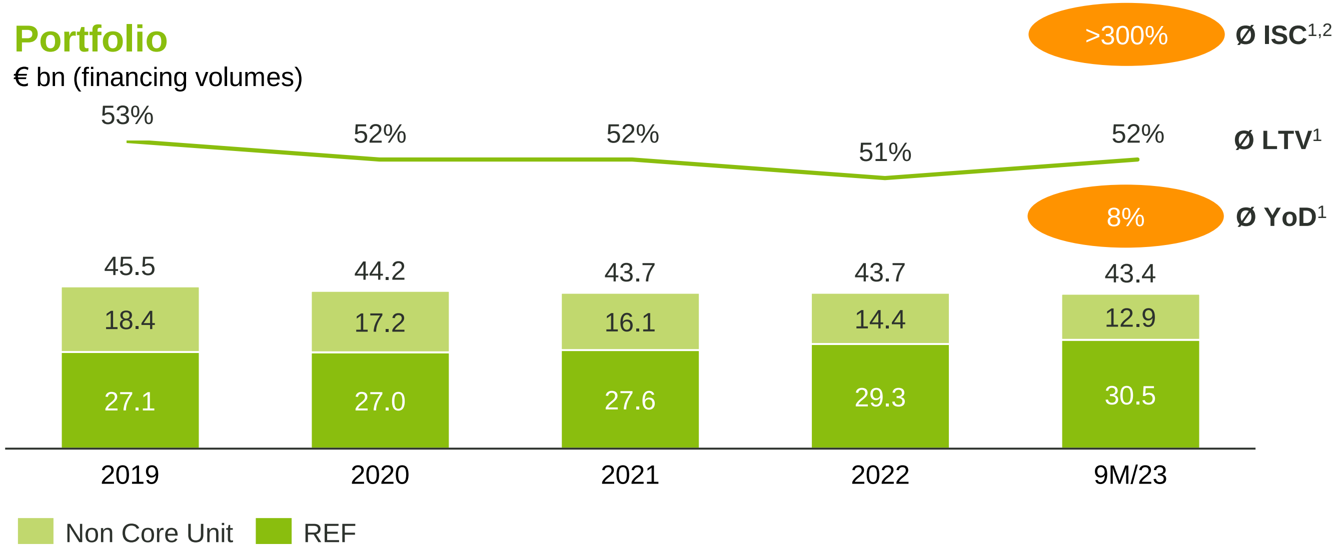
- Highly **selective and risk conservative new business** approach in USA and UK
- Increased **share of extensions** >1 year from 30% to 40% in 9M/23
- ~80% of new business in Logistics & Residential are **new commitments** rather than extensions
- **Office** with balanced share of extensions (53%) and new commitments (47%) with main focus on Germany (37%)

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

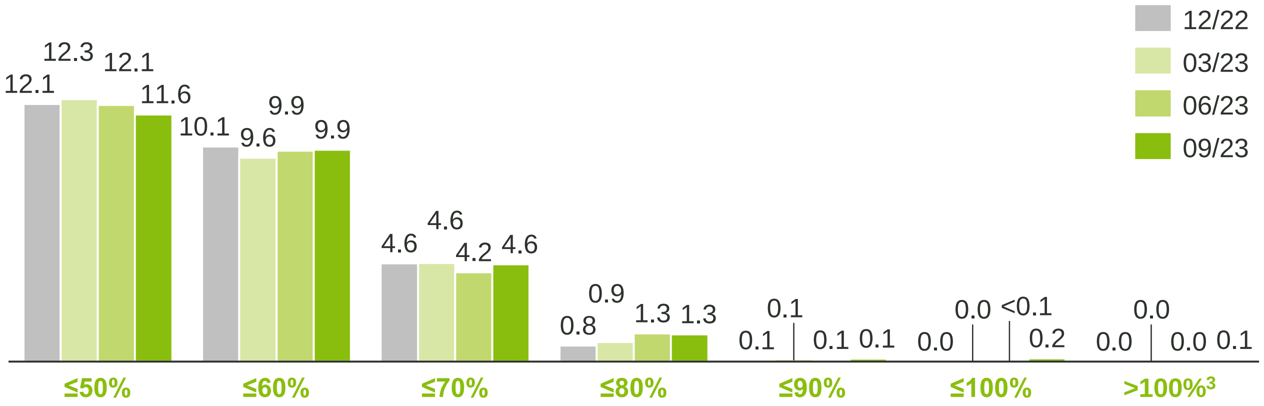
PORTFOLIO

Overall portfolio quality remains solid with avg. LTV of 52% despite recent valuation adjustments

Portfolio
€ bn (financing volumes)



REF Portfolio: LTV cluster[1,3]
30/09/2023: € 27.9bn (€ bn, commitments, Basel III, LTV not sliced)



- Overall **portfolio quality** remains solid with focus on prime properties in core inner-city locations and conservative risk parameters
- Continuous and intensive monitoring of the **portfolio** by real estate appraisers – total portfolio scanned with particular focus on US and Office
  - Further expected valuation adjustments for pbb's portfolio in Q4/23 and 2024 are taken into account in our **model parameters** for stage 1&2 LLPs**:**
    - **US Office portfolio**: Ø 10%
    - **European Office portfolio**: Ø 3%
    - **Total Office portfolio**: Ø 4%

    Expected value adjustments are to be read against valuation adjustments of previous periods already accounted for / to be seen cumulative
  - Potential stage 3 cases identified and closely monitored
  - ~80%[4] of the market correction is assumed to have happened

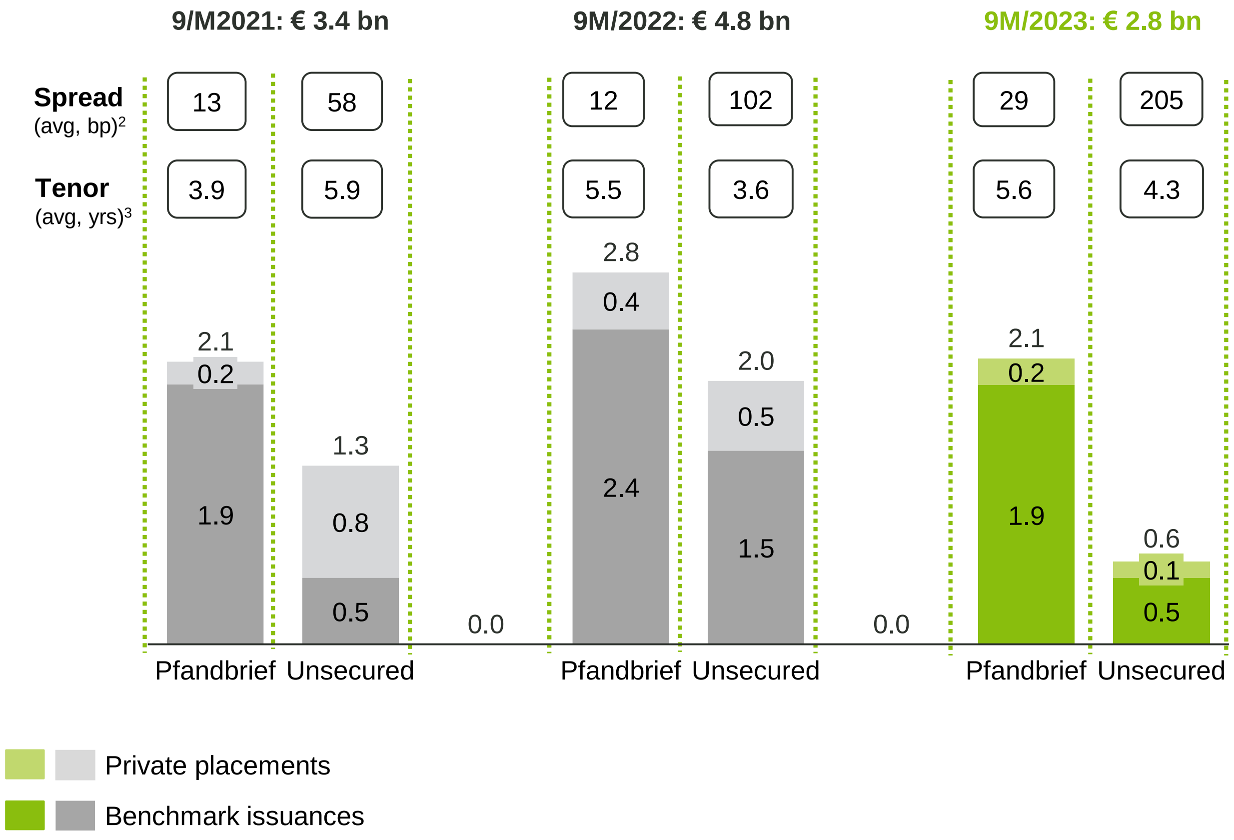
Note: Figures may not add up due to rounding 1. Based on performing investment loans only 2. Interest Service Coverage (ISC)-calculation 12 months forward looking, no re-letting assumptions made, guarantees/recourse elements not considered 3. pbb measures bank standard LTV based on commitment. Drawdowns are typically linked to investments into the financed property and thus tend to increase market value. If measured against outstanding, no performing financing would be above 100% LTV 4. Applies for interest rate induced cyclical market correction, does not take into account structural dislocations in singular cases

AGENDA

FUNDING AND LIQUIDITY

Funding activity reflects optimisation of refinancing with focus on retail deposits

New long-term funding[1]
€ bn



- Reduced capital market funding with focus on Pfandbrief and retail deposits to substitute Senior Preferred funding
- Three Pfandbrief Benchmark issued in Q3/23
  - £ 250 mn 3yr Mortgage Pfandbrief
  - € 500 mn 4yr Mortgage Pfandbrief
  - € 500 mn 3yr Mortgage Pfandbrief
- TLTRO III repayment of € 1.8 bn in 06/23 - remaining volume of € 0.9 bn to be repaid in 2024

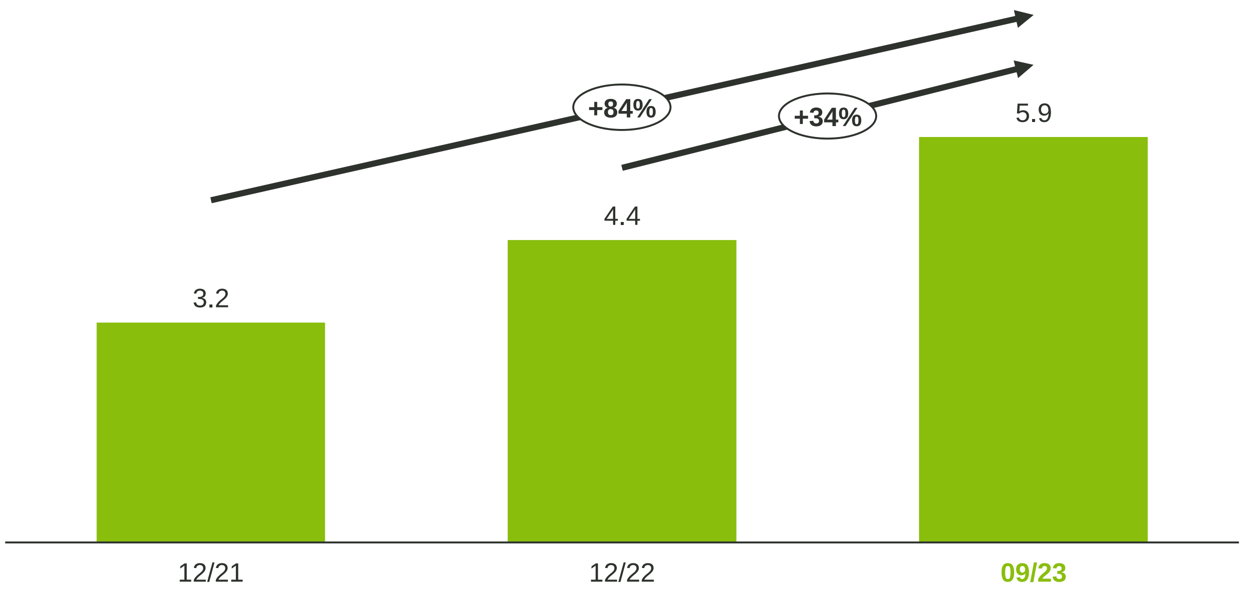
- pbb manages its liquidity on a 6-months basis – liquidity buffer must withstand 6-months stress test (vs. 1-month regulatory requirement)
- Hypothetical unexpected outflow of call money would sufficiently be covered by cash and cash equivalents
- Comfortable liquidity ratios: LCR 218% / NSFR 114%

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

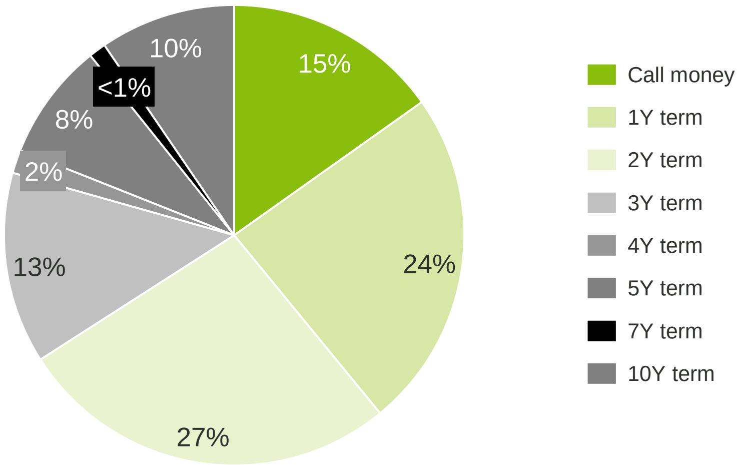
RETAIL DEPOSITS

Retail deposits up by 34% ytd to € 5.9 bn – ~85% term money

Development of retail deposit volume
€ bn



Retail deposits – maturity profile[1]
30/09/2023: € 5.9 bn



Retail deposits	12/21	12/22	09/23
Avg. term[1] (yrs.)	3.8	3.1	3.2
pbb direkt	**12/21**	**12/22**	**09/23**
Number of Clients	~39,500	~60,000	~82,000
Avg. deposit amount per client (€)	~71,000	~69,000	~71,000

Term deposits: 3.2 yr WAL

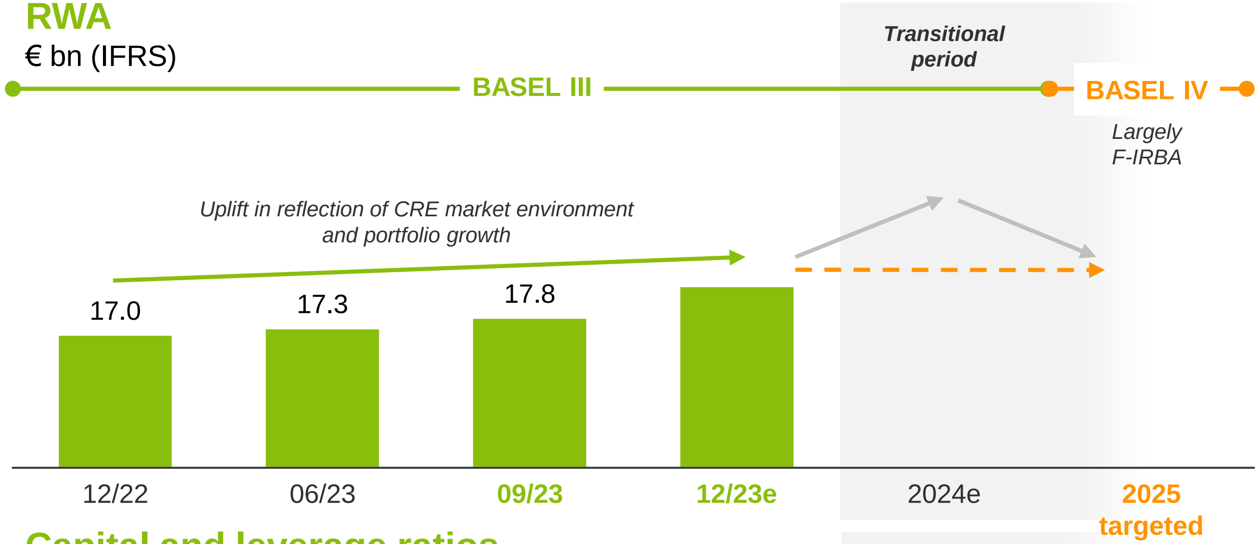
pbb direkt deposits nearly 100%[2] guaranteed

1. Initial weighted average maturity 2. Statutory deposit protection scheme in combination with the voluntary protection scheme of German Banks Note: Figures may not add up due to rounding

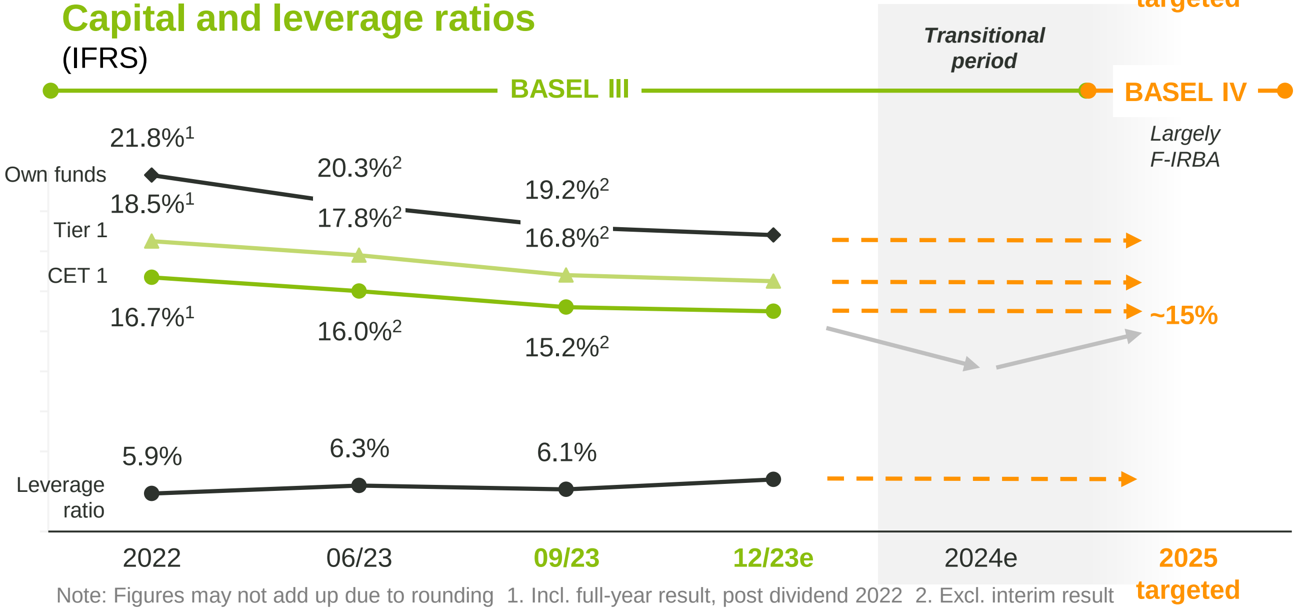
AGENDA

pbb intends to move to F-IRBA – CET1 ratio expected at ~15% after Basel IV introduction

RWA
€ bn (IFRS)



Capital and leverage ratios
(IFRS)



Note: Figures may not add up due to rounding 1. Incl. full-year result, post dividend 2022 2. Excl. interim result

Q3/9M 2023

- **Capital ratios** down y-o-y due to increased RWA and decreased regulatory capital
  - **RWA** increase reflects new REF commitments, individual internal rating deteriorations and reclassifications, partially compensated by maturity and FX effects
  - Decrease in **regulatory capital** vs. 12/22 mainly resulting from EL shortfall and shorter remaining maturities of Tier 2 instruments; interim profit not included

Target landscape for risk models

- In specifying the Basel IV orientation, **pbb intends to move to the so-called Foundation Internal Ratings-based Approach (F-IRBA) for the majority of the portfolio**
  - Target landscape (largely F-IRBA) provides for expected **CET 1 ratio of ~15%** after implementation of Basel IV (~2025)
  - Until the new rules come into effect, standardized model parameters will be used, which may lead to a **temporary reduction of the CET1 ratio**
  - **CET 1 ratio remains significantly above the current regulatory requirement** of 9.31% even in transitional period
- Thus, pbb continues to follow its overall risk conservative approach, providing for **more stable regulatory capital ratios in the future**
- **No effect on pbb's overall strategy** as absolute capital, portfolio quality and default rates remain unchanged and thus pbb's overall risk capacity

- **SREP requirements 2024** excl. anticipated additional buffer of 95 bp (CCyB + SyRB) – Pillar 2-requirements increased by 0.50% to 3.00% vs. 2023:
  - **CET 1** ratio: 8.69%
  - **Tier 1** ratio: 10.75%
  - **Own funds** ratio: 13.50%

AGENDA

STRATEGIC AGENDA 2026

Continuous progress in strategic initiatives

1 Profitable growth

- Strong REF portfolio growth (€ +1.2 bn to € 30.5 bn) with improving margin
- Strong new business margins (+30bp vs. ~170bp in 2022)

2 Green finance

- Eco Estate GmbH (green consulting) incorporated and in operative mode
- Share of scored REF portfolio increased to 74%, green share[1] of total REF portfolio at 21% (28% on scored portfolio)

3 Revenue diversification

- pbb Invest operationally set up – starts to contribute from 2024 onwards
- First debt fund to be launched in Q1/24

4 Focus on core business

- Bundling of PIF and VP in a non-core unit since Q1/23
- Optimisation ongoing, first asset sales in H1/23
- Capveriant closed in Q3/23

5 Funding diversification

- Broadening of brand and distribution channels ongoing
- Cooperation with investment platform “Raisin” and “Check24”
- Strong growth of retail deposits by € 1.5 bn (34%) to € 5.9 bn in 9M/23

6 Digitalisation & operational revamp

- Digital Credit Workplace put to next level (process efficiency)
- Comprehensive cost cutting programme initiated

Cost cutting programme

- 2023 year of investment – costs to be reduced to 2022 level by 2026
- Expected to deliver from 2024 onwards / ~80% of cost reduction expected to materialize by 2025
- Cost-cutting largely predictable – timewise and in terms of amount

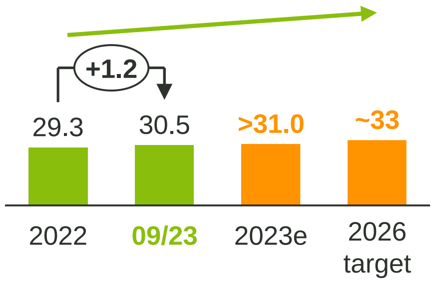
1. According to pbb’s green bond framework

STRATEGIC AGENDA 2026

pbb full on track to deliver on 2026 targets – PBT > € 300 mn, RoE b.t. > 10%

REF Portfolio growth

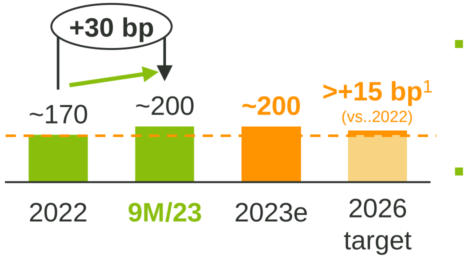
REF portfolio (€ bn)



- The system works as designed: portfolio growth supported by almost no prepayments
- New business pipeline supports guidance and further portfolio growth in Q4/23 and following years

Margin uplift

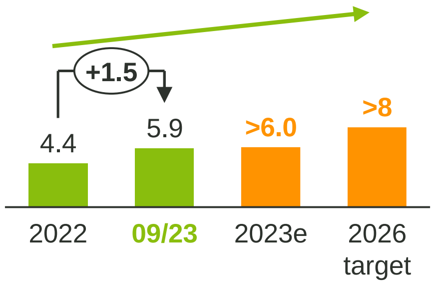
REF new business margin (bp)



- New business at elevated margin level since Q4/22
- REF portfolio margin gradually increasing

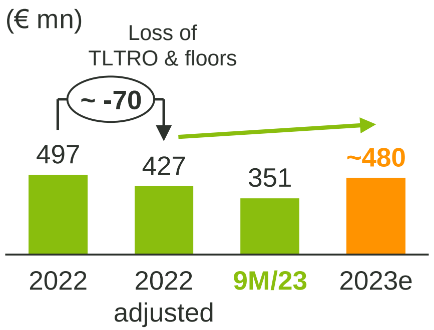
Retail deposit growth

Retail deposits (€ bn)

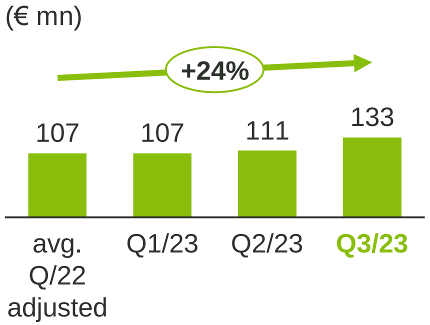


- Retail deposits strongly increased
- Growth path aligned with overall funding/ liquidity needs

NII + NCI

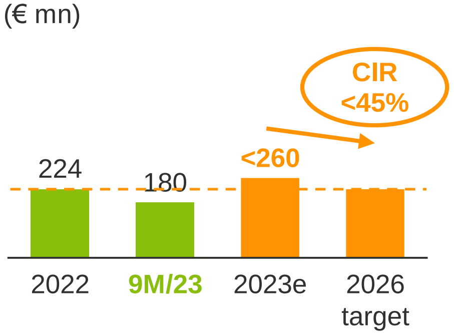


- Drop of NII+NCI in 2023 due € ~ -70 mn loss of TLTRO & floor income
- Gradual catch up by strategic measures



- Growth path intact
- pbb invest to start with first debt fund in Q1/24 – starts to contribute from 2024 onwards

GAE
(excl. write-downs)



- 2023 year of investments
- Cost cutting program started, over-compensating for operating uplift from new business lines until 2026
- Costs 2026 targeted at 2022 level

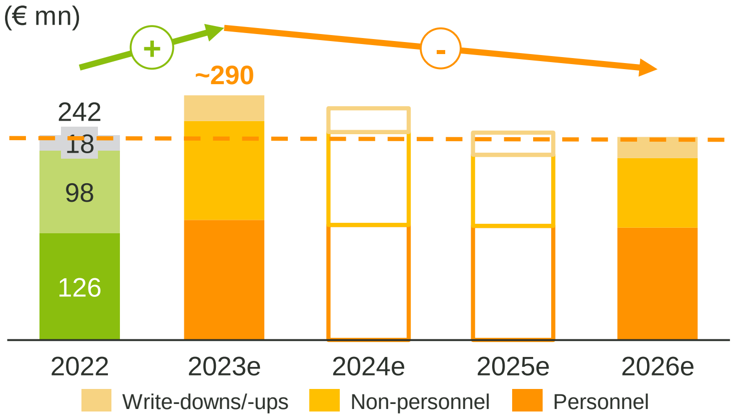
1. Gross revenue margin based on 3-month EURIBOR and incl. FX effects

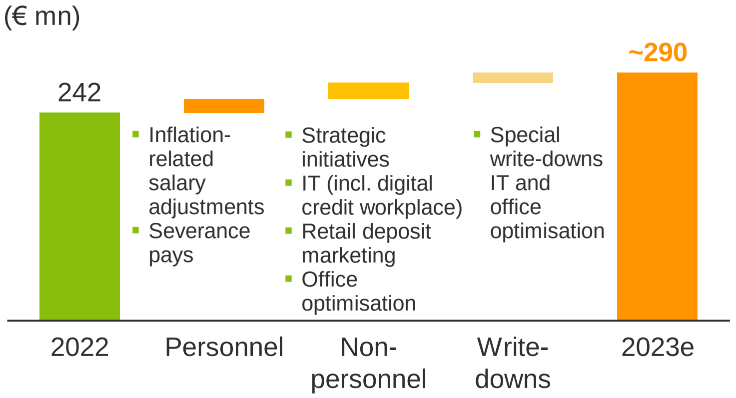
STRATEGIC AGENDA 2026

2023 year of investment – costs to be reduced to 2022 level by 2026

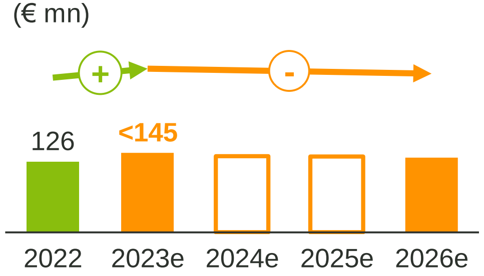
Operating expenses

- **Cost-cutting largely predictable – timewise and in terms of amount**
- **~80% of cost reduction expected to materialize by 2025**



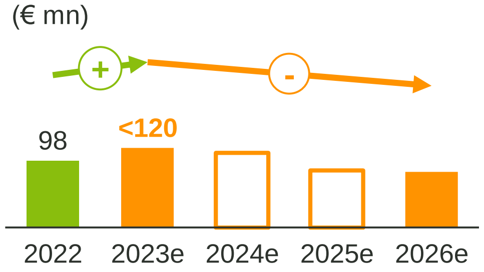


Personnel



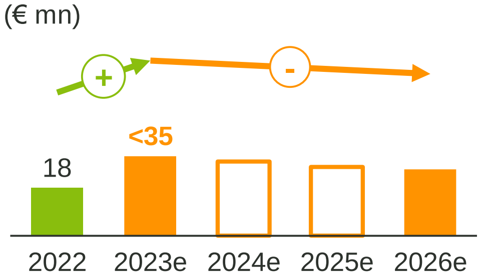
- Uplift 2023 resulting from regular inflation-related salary adjustments and severance pays
- Future uplift from new strategic business lines largely compensated by process and IT measures (e.g. Digital Credit Workplace)

Non-personnel



- Strategic measures now in second phase – 2023 burdened by start-up expenses
- New IT setup in state of finalisation (contracts concluded) with significant cost reduction afterwards (insourcing, new IT provider)

Write-downs



- Office optimisation in 2023 with future positive effect
- Review of immaterial assets in the light of new strategy

pbb proves operating resilience

- pbb proves **operating resilience** in most challenging market environment (CRE, strongly increased/high interest rates, high inflation, several geopolitical and economic uncertainties)
- Given its sound financial strength, pbb is able to provide for **adjusted but significant PBT full-year guidance 2023 of € 90-110 mn** – despite increased risk costs (further noticeable Q4 addition) and substantial expenses (2023e: ~ € -45-50 mn) to deliver on strategic agenda 2026
- pbb is fully on track to deliver on 2026 targets:
  - Increasing NII+NCI
  - Portfolio growth with margin uplift
  - Strong retail deposit growth
  - Significant cost cutting set to deliver from 2024 onwards

AGENDA

APPENDIX

STRATEGIC INITIATIVES

Strategic initiatives to further strengthen pbb's profitability growth trajectory and adapt our strategic focus to changing market conditions

1 Profitable growth

We optimise our portfolio to drive profitable growth in our core business

2 Green finance

We aim to become the leading green CRE transformation financing partner in Europe

3 Revenue diversification

We launch new business lines to diversify revenue streams and increase capital-efficient income

4 Focus on core business

We tailor our balance sheet structure to our core REF business

5 Funding diversification

We diversify our funding base by continuing retail deposit growth

6 Digitalisation & operational revamp

We digitalise our customer portal & processes and reduce complexity while maintaining strict cost discipline

People strategy & talent

We have a clear people strategy and initiatives for the attraction of young talent to enable change towards our targets

PROFITABLE GROWTH

1

We accelerate profitable, organic growth in our core business

Strategic Rationale

We grow our core REF business in two dimensions: volume and margin – while average risk weight to remain unchanged

We exploit selected market opportunities across asset classes while keeping our risk-conservative approach

Measures

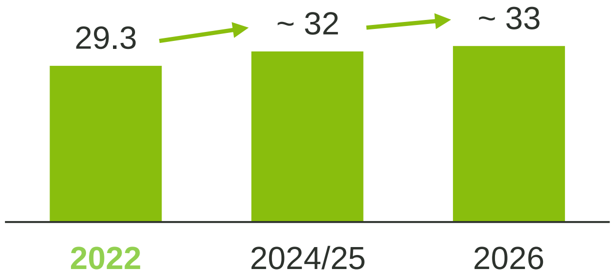
We re-allocate portfolios to continue to improve our margins based on current market opportunities across our asset classes

- Property types: re-considering cautious focus of asset class spectrum (comparable to pre-crisis within strategic scope of pbb)
- Property locations: continue diversification and geo-graphical expansion into attractive markets (e.g., US, UK, and selective CEE)
- Product types: selective expansion of higher-margin product types in combination with green/ESG initiative (e.g., developments, also outside of Germany, Green capex)

Within each of our portfolios, we further strengthen profitability focus when steering new business

KPIs

REF portfolio (€ bn)



Gross revenue margin[1] uplift of REF new business

> 15 bps
until 2026
(vs. 2022)

1. Based on 3-month EURIBOR and incl. FY effects

GREEN FINANCE

2

Become the leading green CRE transformation financing partner in Europe

Strategic Rationale

We set pbb up as sustainable finance bank and real estate transformation partner through a comprehensive ESG programme

ESG being a responsibility and opportunity at the same time

We establish pbb with sustainability expertise and profile beyond lending

Measures

Green Lending

- We increase share of financed green properties in our REF-portfolio with clear business target
- We emphasize green (development) loans and green capex facilities
- We build up a comprehensive ESG data gathering and holistic ESG database

Green Bonds

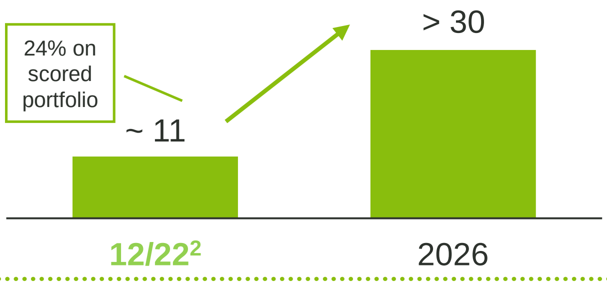
- We are a leading issuer of green senior unsecured bonds

Green Consulting

- We want to offer our clients independent and voluntary consulting services for holistic solutions in green CRE transformation
- We establish a partnership with ESG-minded RE developers for advisory services (Groß & Partner)
- We identify green leads through proprietary data tools and create transparency on ESG quality of the pbb loan book

KPIs

Green REF portfolio share[1] (%)



Achievement green bonds

No. 1
Issuer of green bonds in SP-format

€ 3.3 bn
Green bonds issued (since 2021)

1. Green assets according to pbb's green loan framework (Green loan eligible) 2. Based on total REF portfolio; 24% based on scored REF portfolio of 45% as of 31 December 2022 / Green assets according to pbb's green loan framework (Green loan eligible)

REVENUE DIVERSIFICATION

3

We leverage our core CRE competencies for capital-efficient diversification of our income

Strategic Rationale

We continue to diversify our business model expanding into off-balance sheet business

We leverage our CRE expertise and market positioning to set up an RE investment manager and expand origination for our institutional investors base

Measures

pbbinvest
DEUTSCHE PFANDBRIEFBANK

pbb Real Estate Investment Management (IM)

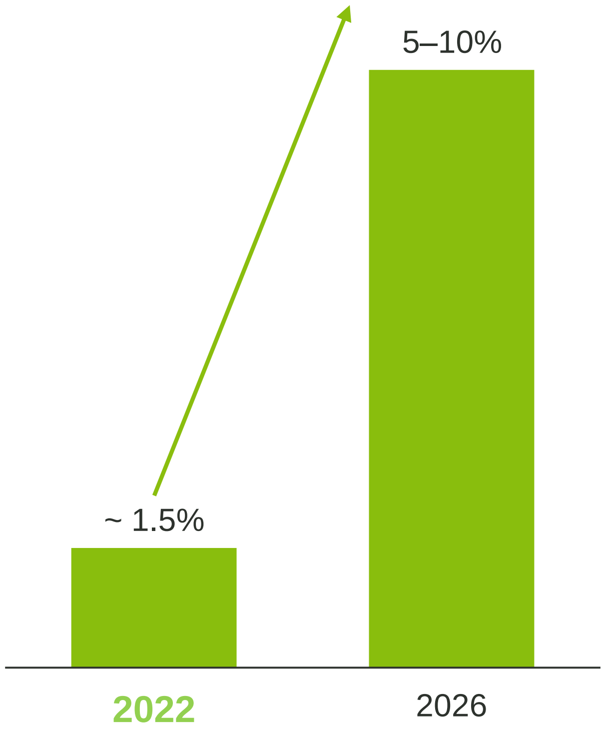
- We finalise the ramp-up of our new business model
- Experienced new board member already hired[1] and further hiring of senior IM experts
- Establish distribution partnership with an industry leader
- Complement in-house capabilities with fund administration partner (Universal Investment)
- Setup dedicated brand "pbb invest", with IM subsidiary to follow in the medium term
- We build a comprehensive CRE product suite entailing CRE equity investments and expand to debt investments

pbb Debt Products

- We expand and intensify serving of our institutional investor base understanding their investment needs
- We leverage our extensive market access to source their preferred RE debt types
- We broaden our product offering to provide exactly the required formats (e.g. debt fund)

KPIs

pbb Group: share of net fee and commission to operating income



1. Starting as general manager / Generalbevollmächtigte at pbb, appointment to pbb's management board subject to pending ECB approval

Diversify funding base to drive cost savings & optimize balance sheet for core business

4 Focus on core business

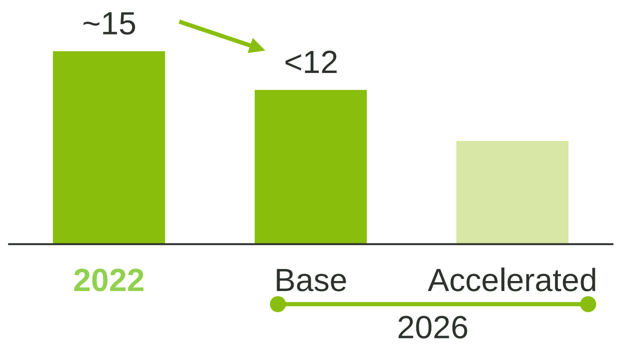
We optimise our balance sheet structure for our core business

Measures

- We focus on our REF core business and merge our PIF & VP segments into one non-core unit
- In light of re-allocating resources to our core business we minimise overcollateralisation of public sector cover pool and thereby lower funding costs
- We follow a value-preserving approach considering opportunistic acceleration options

KPIs

Total assets PIF & VP (€ bn)

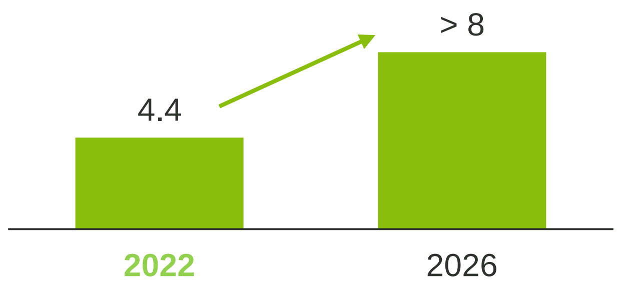


5 Funding diversification

We further accelerate retail deposit growth for a diversified and cost-effective funding base

- Further strengthen pbb direkt channel building on strong growth in 2022 (+38% to € 4.4 bn) through brand building and online channel optimisation
- Diversify deposit sources and set up strategic partnerships (e.g., deposit brokerage platforms)

Retail deposits (€ bn)



DIGITALISATION & OPERATIONAL RECAMP

6

Catalyse profitable growth through digital processes and steadfast cost discipline compensating for investments in strategic initiatives

Digitalisation

We continue our digitalisation efforts to drive quality, speed and efficiency

Measures

We further expedite the successful introduction of our digital customer portal & continue to reap the benefits

We continue on our path of process digitalisation (e.g., AI-assisted pipeline & resource allocation) to further

- Reduce complexity
- Increase customer loyalty & satisfaction
- Create room for profitable growth

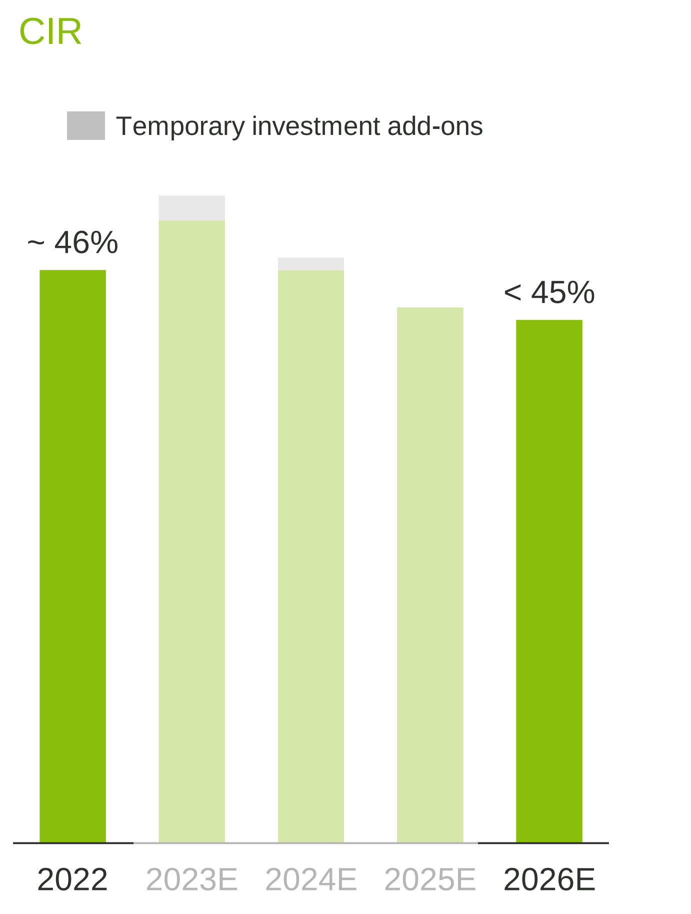
Cost control

We retain cost control and carefully allocate costs to value-creating activities

We leverage selective cost measures to finance investments in growth opportunities

We build on our strong record of maintaining cost discipline despite ongoing investments in strategic initiatives, digitalisation and pressures due to inflation

KPIs

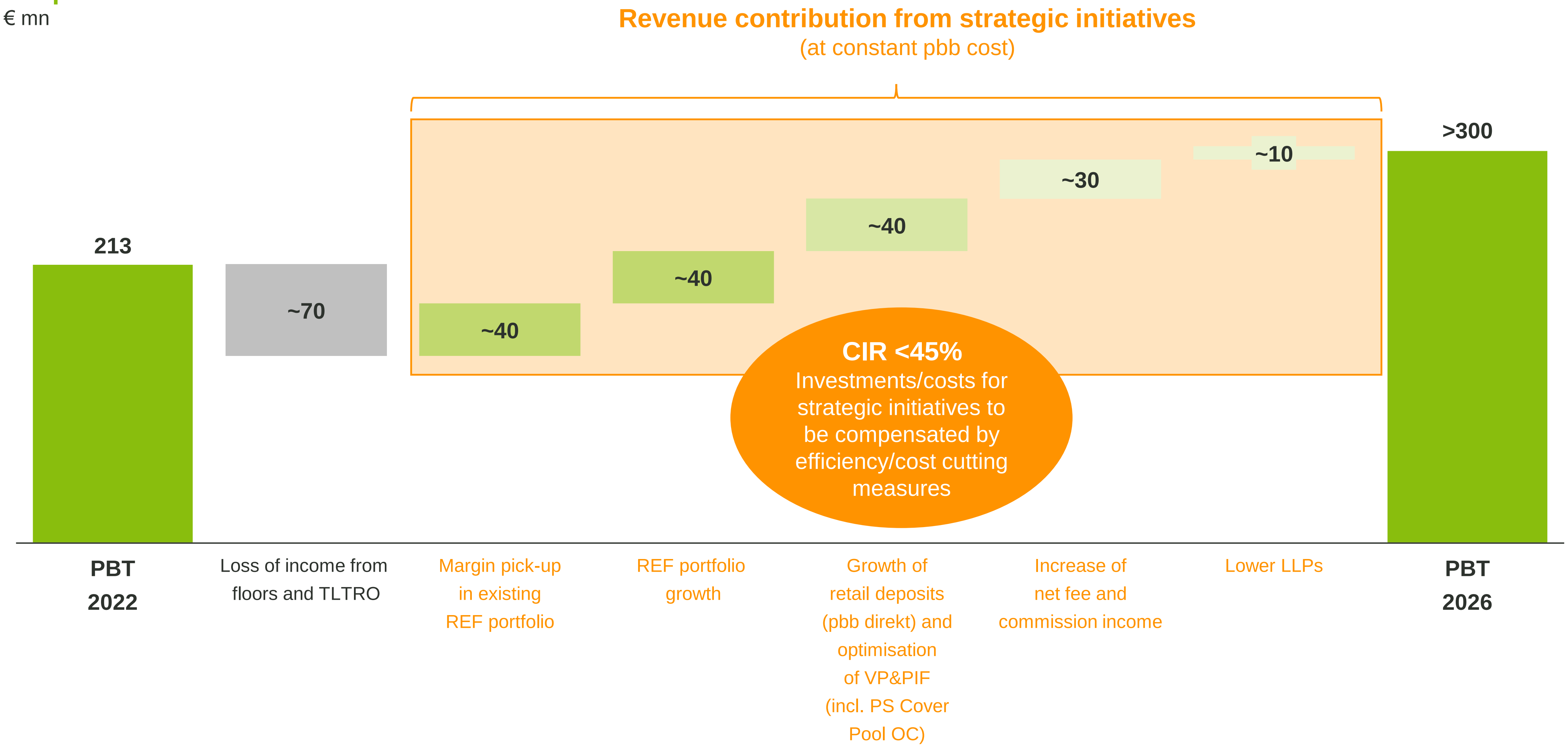


STRATEGIC INITIATIVES

pbb's path to its PBT target of >300 mn by 2026

Simplified waterfall

€ mn



Published 10 August 2023, Q2/H1 2023 figures

COST CUTTING PROGRAM

Cost reduction to 2022 level with medium-term CIR target of <45% by 2026

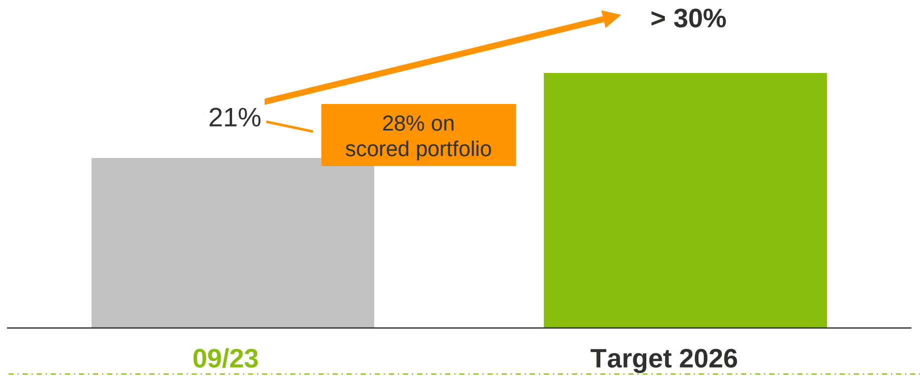
- Cost savings spread among ~40% personnel costs and ~60% non-personnel costs
- Reduction of ~15% FTE
  - Main drivers: increased process efficiency (esp. digital credit workplace, in-depth process review), discontinuation of PIF/Capveriant
  - Socially responsible measures, taking into account company agreements and demographic development structures; the necessary reconciliation of interests is in preparation
- Non-personnel cost reduction predominantly driven by reduction of IT costs (in-sourcing), in-depth review/specific cost savings
- Program costs already considered in confirmed PBT guidance for 2023

APPENDIX

Strong progress in sustainable finance activities

Green share of REF portfolio[1]

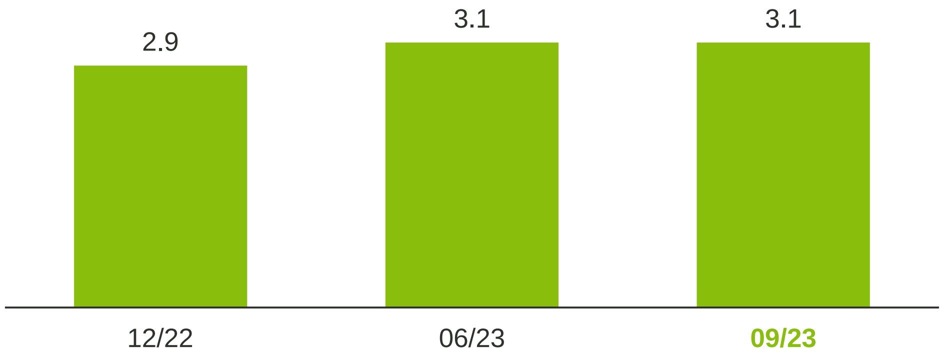
(green loan eligible assets, %)



- 74% of REF portfolio scored – scoring of remaining portfolio ongoing
- Green share of total REF portfolio currently at 21% resp. € 6.3 bn (28% based on scored portfolio of 74%) vs. 2026 target of >30%

Green Bonds

€ bn



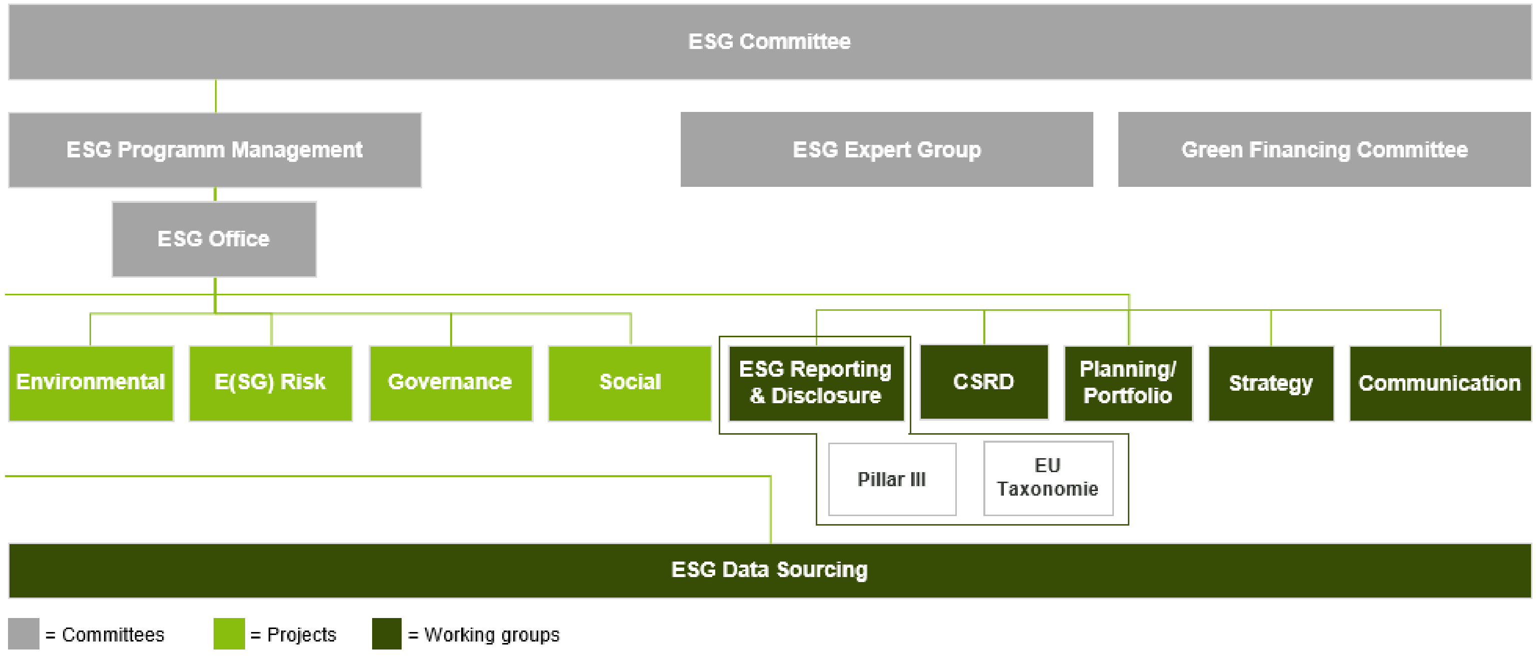
- pbb is a leading issuer of senior preferred green bonds in the European market
- Reduction of outstanding green bonds due to bond buy-back in Q2/23

1. Based on total REF portfolio; 28% based on scored REF portfolio of 74% as of 30 September 2023 / Green assets according to pbb's green loan framework (Green loan eligible)

ESG

ESG Program provides for holistic approach with clear responsibilities assigned

ESG Programme



	2021	2022	10/23
ISS ESG	C Prime	C Prime	C Prime
MSCI	A	AA	AAA
Moody's ESG Solutions	Score 43	Score 44	Score 50

- ESG at core of pbb's strategy:
  - pbb can make a real difference, reducing the real estate sector`s significant CO_2 impact
  - Green finance bank and transformation partner
  - Active portfolio steering with clear roadmap to align CRE portfolio with Paris 1.5° C target by 2045/50
- ESG risk structurally integrated in risk management landscape and overall business strategy
  - Comprehensive monitoring of physical and transitional risks in REF exposure – portfolio & individual loan basis
  - ESG risk assessment integral part of credit process
- Comprehensive ESG programme in place
  - Management Board responsibility – ESG targets part of remuneration
  - Operationally, all ESG dimensions covered with clear responsibilities assigned, e.g. EU taxonomy alignment for REF business
- Progress acknowledged by regulator, ESG rating agencies and capital markets. ESG Rating Upgrade to AAA from MSCI in 11/23 driven by improved governance aspects.

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

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[2]
- Type of heating
- Consumption of green energy
- Biodiversity[2]
- Existing energy/environmental management[2]

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. Do Not Significant Harm Principles according to EU Taxonomy

APPENDIX

KEY FIGURES

pbb Group

Income statement (€ mn)	2021	Q1/22	Q2/22	Q3/22	Q4/22	2022	Q1/23	Q2/23	Q3/23	9M/23
Net interest income	494	122	120	116	131	489	106	110	132	348
Net fee and commission income	8	2	1	1	4	8	1	1	1	3
Net income from fair value measurement	10	9	5	7	-1	20	1	-1	2	2
Net income from realisations	81	5	5	0	5	15	14	28	3	45
Net income from hedge accounting	-	1	-2	8	-7	0	-2	-1	3	0
Net other operating income	-2	10	-6	-4	-1	-1	-1	3	15	17
Operating Income	**591**	**149**	**123**	**128**	**131**	**531**	**119**	**140**	**156**	**415**
Net income from risk provisioning	-81	-18	-1	-19	-6	-44	-2	-19	-83	-104
General and administrative expenses	-219	-53	-53	-51	-67	-224	-58	-65	-57	-180
Expenses from bank levies and similar dues	-29	-31	0	-1	0	-32	-22	-2	0	-24
Net income from write-downs and write-ups on non-financial assets	-20	-5	-4	-5	-4	-18	-5	-5	-6	-16
Pre-tax profit	**242**	**42**	**65**	**52**	**54**	**213**	**32**	**49**	**10**	**91**
Income taxes	-14	-6	-10	-8	-2	-26	-5	-7	-2	-14
Net income	**228**	**36**	**55**	**44**	**52**	**187**	**27**	**42**	**8**	**77**

Key ratios (%)	2021	Q1/22	Q2/22	Q3/22	Q4/22	2022	Q1/23	Q2/23	Q3/23	9M/23
CIR[1]	40.4	38.9	46.3	43.8	54.2	45.6	52.9	50.0	40.4	47.2
RoE before tax	7.5	4.8	7.9	6.1	6.3	6.3	3.3	5.5	0.5	3.1
RoE after tax	7.0	4.1	6.7	5.1	6.0	5.5	2.7	4.6	0.3	2.5
RoCET1 after tax	n/a	4.5	7.3	5.6	6.7	6.0	3.0	5.2	0.3	2.9

Balance sheet (€ bn)	12/21	03/22	06/22	09/22	12/22	03/23	06/23	09/23
Total assets	58.4	56.3	55.1	55.9	53.0	53.7	49.8	48.2
Equity	3.4	3.4	3.3	3.4	3.4	3.5	3.3	3.4
Financing volume	43.7	43.8	43.3	44.3	43.7	43.5	43.3	43.4

Regulatory capital ratios[2]	12/21	03/22	06/22	09/22	12/22	03/23	06/23	09/23
RWA (€ bn)	16.8	16.7	16.5	17.3	17.0	17.1	17.3	17.8
CET 1 ratio – phase in (%)	17.1[3]	16.9[4]	17.2[5/6]	16.3[5]	16.7[7]	16.6[8]	16.0[5]	15.2[5]

Personnel	12/21	03/22	06/22	09/22	12/22	03/23	06/23	09/23
Employees (FTE)	784	780	777	776	791	800	811	800

1. CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income 2. Basel III transition rules 3. Incl. full-year result, post proposed dividend 2021 4. Excl. Interim result, post proposed dividend 2021 5. Excl. Interim result 6. Retrospectively adjusted (previously, AT1 coupon was deducted from CET 1 capital) 7. Incl. full-year result, post proposed dividend 2022 8. Excl. Interim result, post proposed dividend 2022 Note: annual results audited, interim results Q1 2022/23 and Q3 2022/23 unaudited, interim results Q2 2022/23 unaudited, but reviewed

KEY FIGURES

Real Estate Finance (REF)

Income statement (€ mn)	2021	Q1/22	Q2/22	Q3/22	Q4/22	2022	Q1/23	Q2/23	Q3/23	9M/23
Net interest income	417	104	103	101	112	420	96	101	117	314
Net fee and commission income	8	2	1	2	3	8	1	1	2	4
Net income from fair value measurement	6	6	4	4	0	14	0	-1	2	1
Net income from realisations	81	5	5	1	5	16	4	16	-1	19
Net income from hedge accounting	0	1	-1	4	-4	0	-1	-1	2	0
Net other operating income	-1	8	-4	-2	0	2	-1	4	15	18
Operating Income	**511**	**126**	**108**	**110**	**116**	**460**	**99**	**120**	**137**	**356**
Net income from risk provisioning	-79	-19	-3	-41	-6	-69	-2	-19	-84	-105
General and administrative expenses	-189	-46	-47	-45	-58	-196	-51	-56	-50	-157
Expenses from bank levies and similar dues	-18	-20	0	0	-1	-21	-15	-1	0	-16
Net income from write-downs and write-ups on non-financial assets	-17	-4	-4	-4	-4	-16	-4	-5	-5	-14
Pre-tax profit	**208**	**37**	**54**	**20**	**47**	**158**	**27**	**39**	**-2**	**64**

Key ratios (%)	2021	Q1/22	Q2/22	Q3/22	Q4/22	2022	Q1/23	Q2/23	Q3/23	9M/23
CIR[1]	40.3	39.7	47.2	44.5	53.4	46.1	55.6	50.8	40.1	48.0
RoE before tax	9.9	6.3	9.0	2.9	7.3	6.4	3.7	5.5	-1.0	2.7

Key figures (€ bn)	12/21	03/22	06/22	09/22	12/22	03/23	06/23	09/23
Equity[2]	2.1	2.3	2.3	2.3	2.4	2.5	2.5	2.6
RWA	15.1	15.1	15.1	15.9	15.5	15.5	15.8	16.7
Financing volume	27.6	28.0	28.4	29.5	29.3	29.4	30.2	30.5

1. CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income 2. Equity allocated according to going concern view instead of liquidation approach Note: annual results audited, interim results Q1 2022/23 and Q3 2022/23 unaudited, interim results Q2 2022/23 unaudited, but reviewed

KEY FIGURES

Non-Core (PIF & VP)

Income statement (€ mn)	2021	Q1/22	Q2/22	Q3/22	Q4/22	2022	Q1/23	Q2/23	Q3/23	9M/23
Net interest income	75	17	17	15	18	67	9	9	14	32
Net fee and commission income	0	0	0	-1	1	0	0	0	-1	-1
Net income from fair value measurement	4	3	1	3	-1	6	1	0	0	1
Net income from realisations	0	0	0	-1	0	-1	10	12	4	26
Net income from hedge accounting	0	0	-1	4	-3	0	-1	0	1	0
Net other operating income	-1	2	-2	-2	-1	-3	0	-1	0	-1
Operating Income	**78**	**22**	**15**	**18**	**14**	**69**	**19**	**20**	**18**	**57**
Net income from risk provisioning	-2	1	2	22	0	25	0	0	1	1
General and administrative expenses	-30	-7	-6	-6	-9	-28	-7	-9	-7	-23
Expenses from bank levies and similar dues	-11	-11	0	-1	1	-11	-7	-1	0	-8
Net income from write-downs and write-ups on non-financial assets	-3	-1	0	-1	0	-2	-1	0	-1	-2
Pre-tax profit	**32**	**4**	**11**	**32**	**6**	**53**	**4**	**10**	**11**	**25**

Key ratios (%)		Q1/22	Q2/22	Q3/22	Q4/22	2022	Q1/23	Q2/23	Q3/23	9M/23
CIR[1]	44.0	36.4	40.0	38.9	64.3	43.5	42.1	45.0	44.4	43.9
RoE before tax	n/a	2.2	8.5	28.1	5.3	10.5	3.9	12.1	14.3	9.6

Key figures (€ bn)		03/22	06/22	09/22	12/22	03/23	06/23	09/23
Equity[2]	0.6	0.6	0.5	0.4	0.4	0.3	0.3	0.2
RWA	1.0	1.0	0.8	0.8	0.8	0.8	0.6	0.6
Financing volume	16.1	15.8	14.9	14.8	14.4	14.1	13.1	12.9

1. CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income 2. Equity allocated according to going concern view instead of liquidation approach Note: annual results audited, interim results Q1 2022/23 and Q3 2022/23 unaudited, interim results Q2 2022/23 unaudited, but reviewed

BALANCE SHEET

Specialist lender with attractive German Pfandbrief as major funding instrument

Balance sheet

IFRS, € bn

Assets	30/09/23	31/12/22
Financial assets at fair value through P&L	**0.9**	**1.1**
thereof		
Positive fair values of stand-alone derivatives	0.5	0.6
Debt securities	0.1	0.1
Loans and advances to customers	0.3	0.4
Financial assets at fair value through OCI	**1.3**	**1.7**
thereof		
Debt securities	1.2	1.4
Loans and advances to customers	0.1	0.3
Financial assets at amortised cost (after credit loss allowances)	**44.2**	**48.7**
thereof		
Debt securities	4.4	5.4
Loans and advances to other banks	1.7	5.8
Loans and advances to customers	38.1	37.8
Positive fair values of hedge accounting derivatives	**0.2**	**0.3**
Other assets	**1.6**	**1.2**
Total Assets	**48.2**	**53.0**

Liabilities & equity	30/09/23	31/12/22
Financial liabilities at fair value through P&L	**0.7**	**0.7**
thereof		
Negative fair values of stand-alone derivatives	0.7	0.7
Financial liabilities measured at amortised cost	**43.0**	**47.7**
thereof		
Liabilities to other banks (incl. central banks)	4.0	7.5
thereof		
Registered Mortgage Pfandbriefe	*0.4*	*0.4*
Registered Public Pfandbriefe	*0.5*	*0.5*
Liabilities to other customers	18.5	17.9
thereof		
Registered Mortgage Pfandbriefe	*3.0*	*3.0*
Registered Public Pfandbriefe	*5.4*	*5.9*
Bearer Bonds	19.9	21.6
thereof		
Mortgage Pfandbriefe	*11.9*	*12.0*
Public Pfandbriefe	*1.9*	*2.0*
Subordinated liabilities	0.6	0.6
Negative fair values of hedge accounting derivatives	**1.1**	**1.1**
Other liabilities	**0.0**	**0.1**
Equity (attributable to shareholders)	**3.1**	**3.1**
AT1-capital	**0.3**	**0.3**
Total liabilities & equity	**48.2**	**53.0**

Share of Pfandbriefe of refinancing liabilities

53%/50%

Note: Figures may not add up due to rounding

APPENDIX

MONITORING PROCESS

Multi-level valuation review process

Regular annual review (Level 1/2) – revaluation mandatory in case of significant changes (Level 3/4)

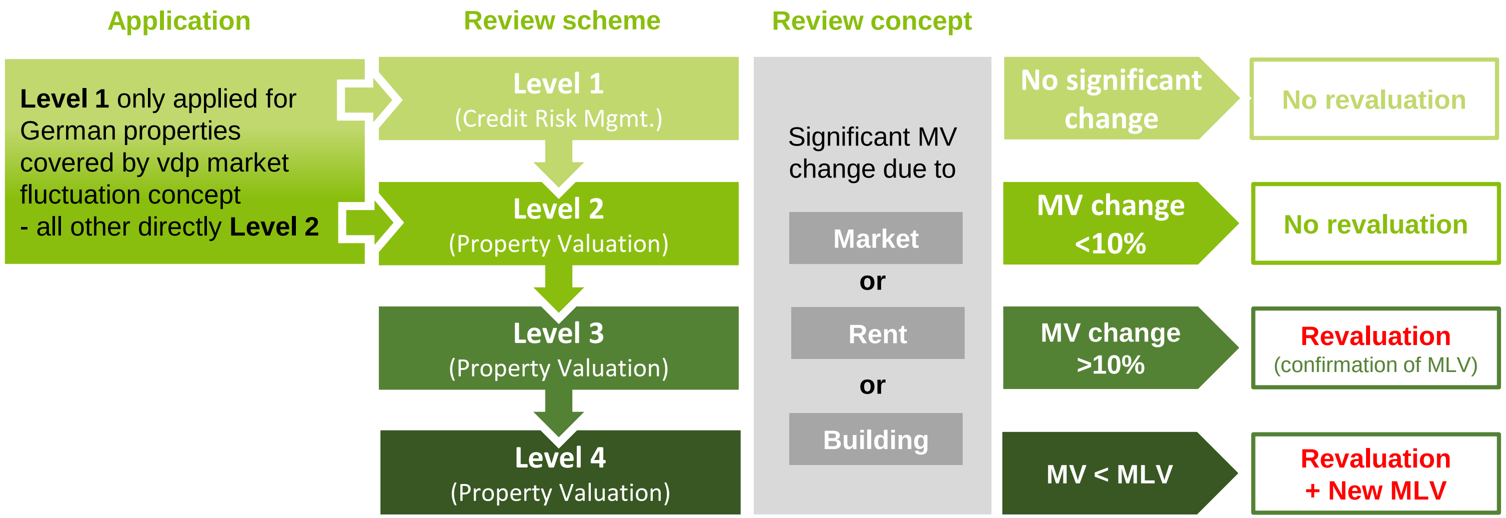
Mandatory revaluation (Level 3) **after 3 years**

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)

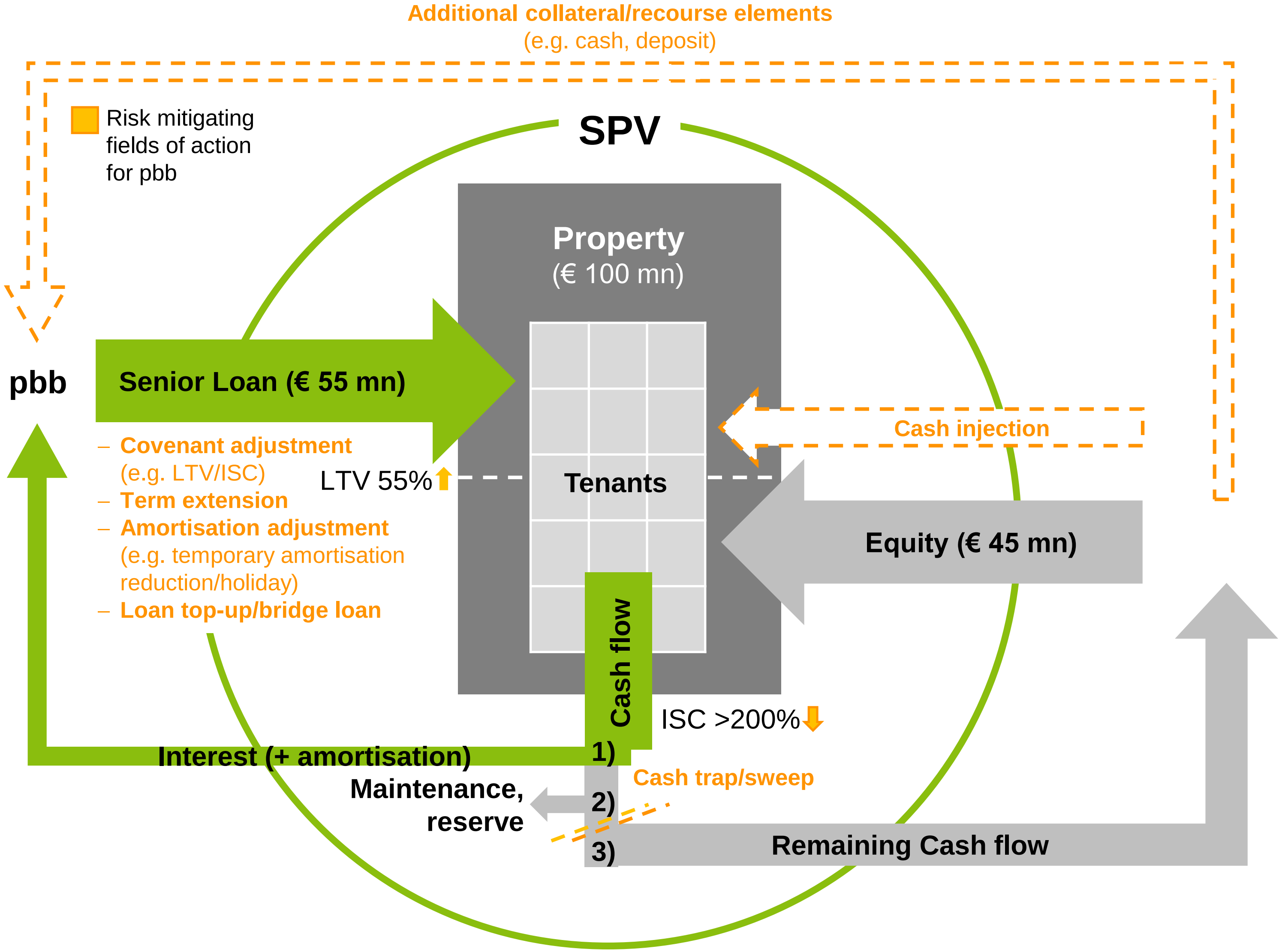
– **Credit review** (e.g. covenant testing, credit rating screening, tenant monitoring, early warning signals, forward-looking assessment)

Valuation review process (simplified)



RISK MANAGEMENT

Risk mitigating fields of action for pbb in worsening credit situations



- Conservative **risk positioning**, strong **covenant structures**, close **monitoring processes** and intensive **client dialogue** allow for early action in case of worsening credit situations
  - pbb as senior lender **always in first rank** (cash flow/ mortgage) – secured by SPV structure
  - **Broad fields of action** to mitigate risks
- **Focus on individual case by case solutions**
  - Agreements often include **support elements from sponsor**
  - **No negative impact on net present value** as key prerequisite

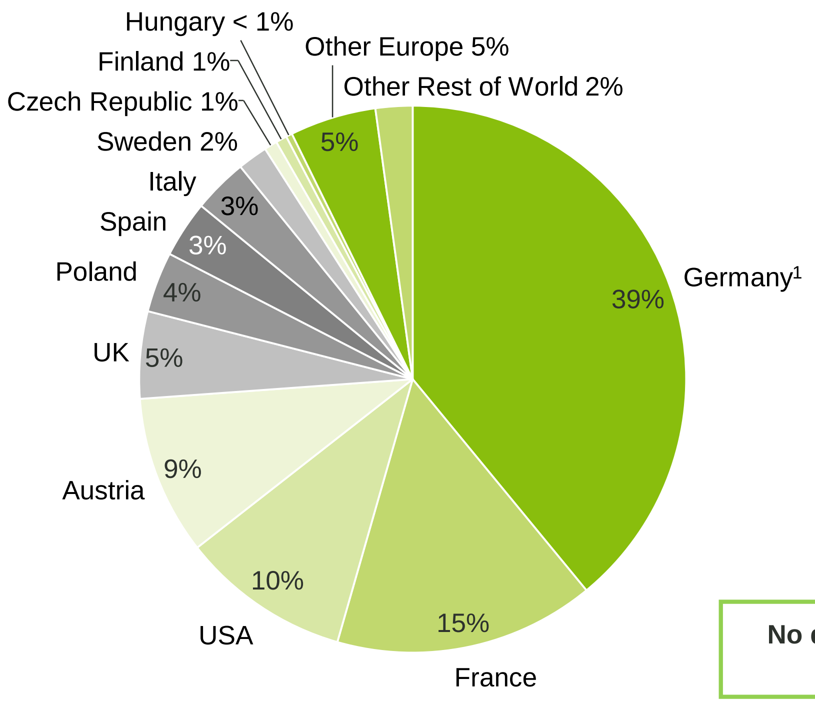
PORTFOLIO

Total portfolio

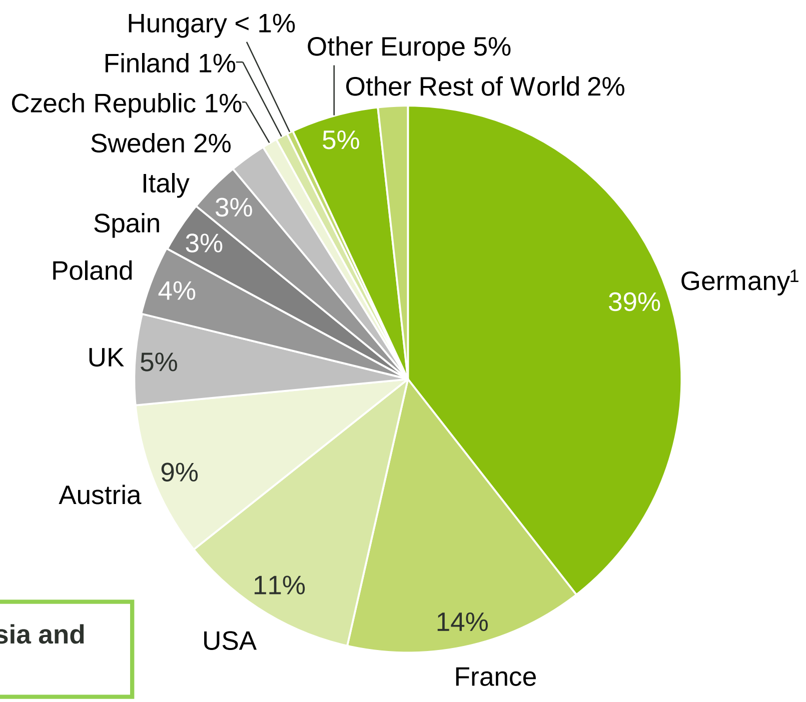
Regions

(EaD, Basel III)

31/12/2022 / Total: € 50.0 bn



30/09/2023 / Total: € 49.2 bn



No direct exposure in/to Ukraine, Russia and Belarus

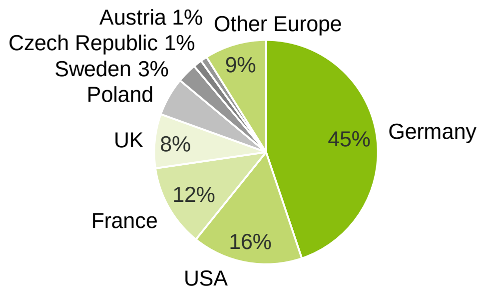
1. Incl. Bundesbank accounts (12/22: € 1.0 bn; 09/23: € 1.3 bn) 2. EaD, Basel III Note: Figures may not add up due to rounding

PORTFOLIO

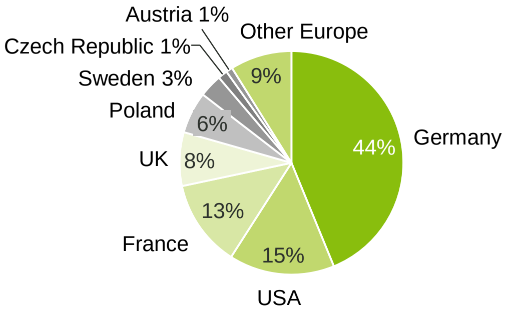
Real Estate Finance (REF)

Regions

31/12/2022: € 31.0 bn

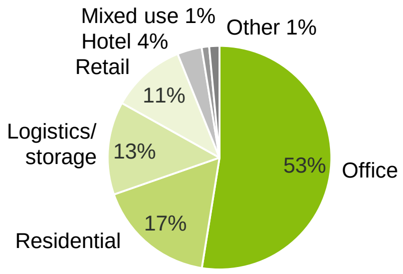


30/09/2023: € 32.1 bn

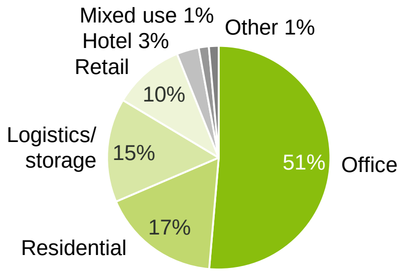


Property types

31/12/2022: € 31.0 bn

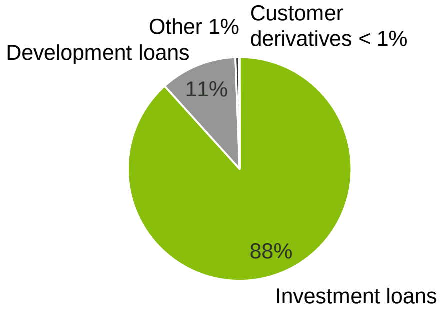


30/09/2023: € 32.1 bn

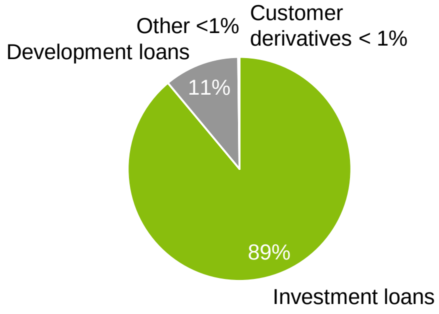


Product class

31/12/2022: € 31.0 bn

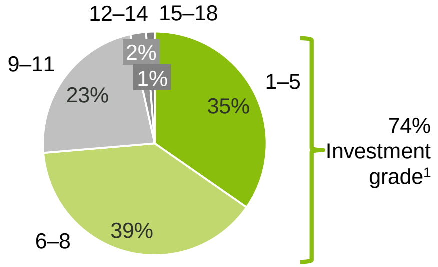


30/09/2023: € 32.1 bn

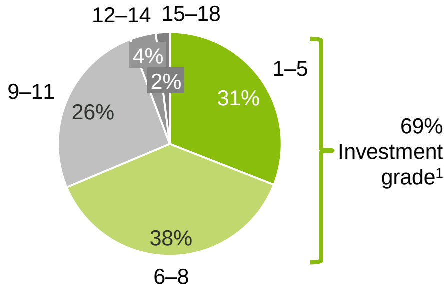


Internal ratings (EL classes)

31/12/2022: € 31.0 bn



30/09/2023: € 32.1 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

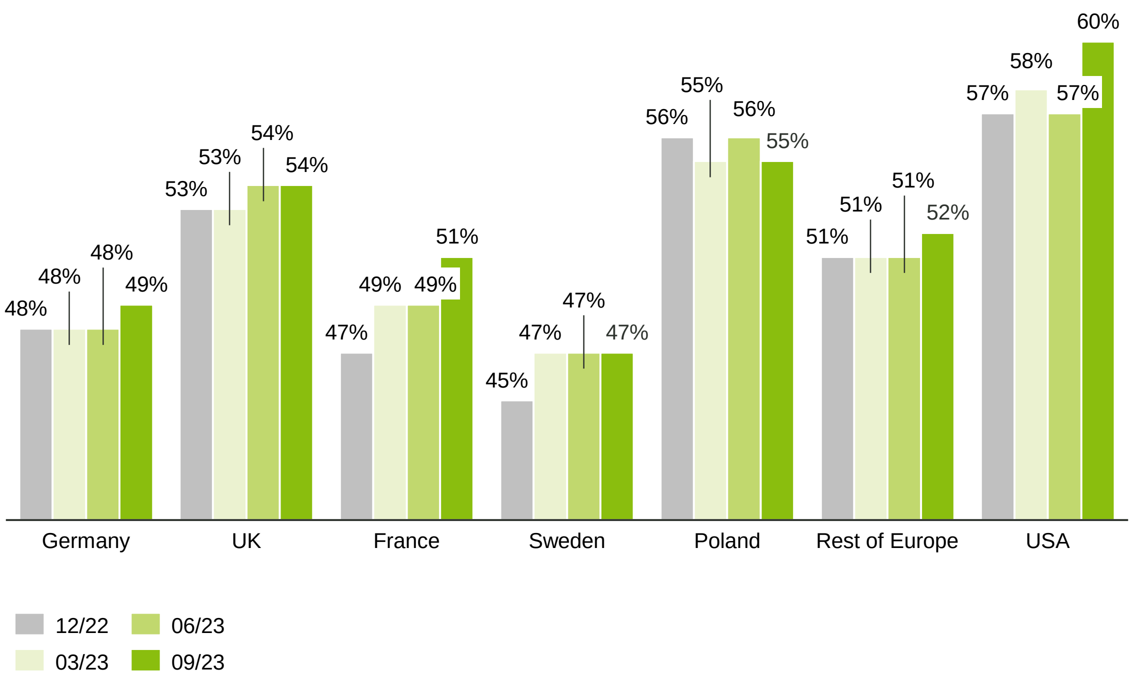
REF PORTFOLIO

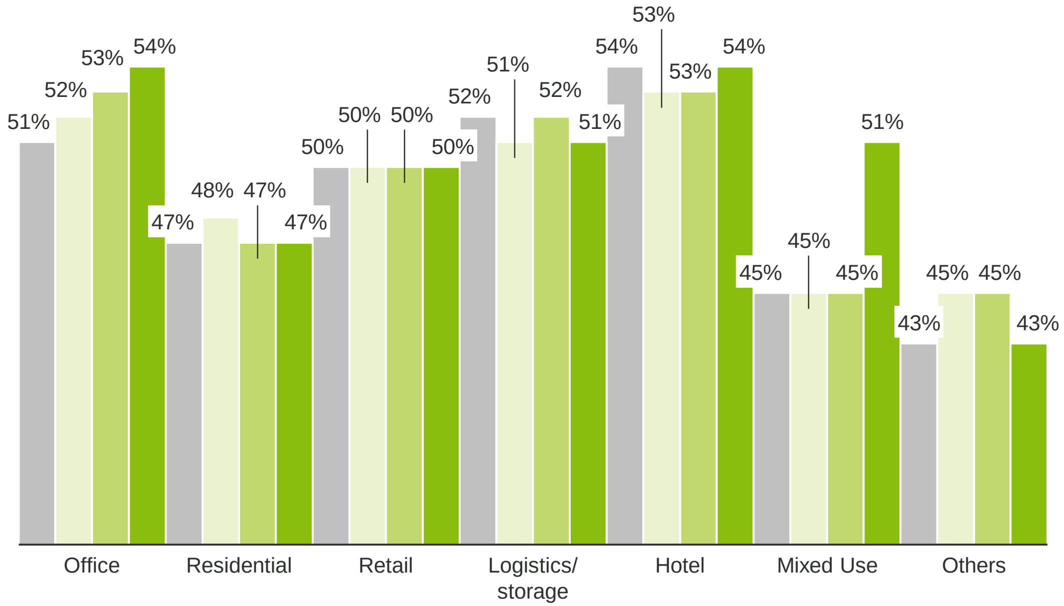
LTV development reflecting stressed market environment

REF Portfolio: LTV cluster[1]

€ bn

Avg. LTV[1]
12/22: 51%
09/23: 52%

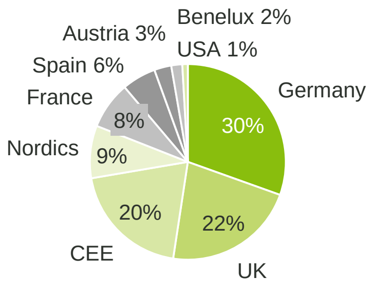
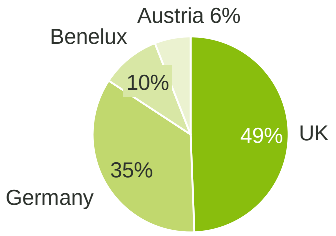




1. Based on performing investment loans only Note: Figures may not add up due to rounding

REF PORTFOLIO

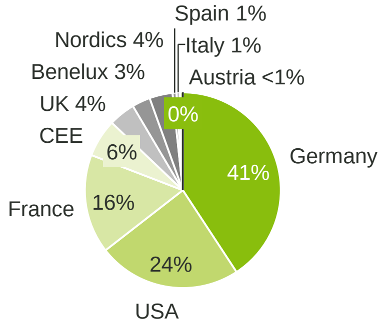
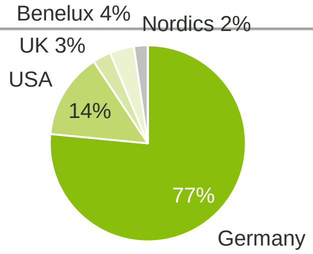
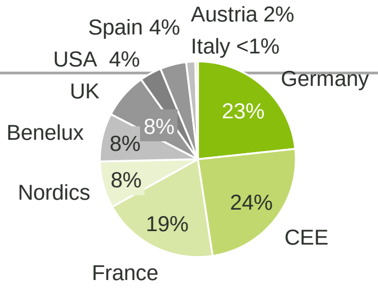
Sub-segments

Property	Regions	Evaluation of current situation	Challenges	Risk positioning
Retail € 3.3 bn (10%)		▪ General retail property market trading conditions remain challenging and retailers continue to retrench their physical store estates. Coupled with further retail business insolvencies and consolidation, this had already an adverse impact on occupancy and rents. ▪ Currently vacancy rates are stabilizing, but at a high level. Rents are expected to fall further slightly in the medium term and to stabilize from 2024 on. ▪ Online sales diversion expected to further burden in-store spending, although there are first signs in some countries of a cooling down of the internet sales. ▪ Ongoing dampen consumer confidence and purchasing power due to high inflation and economic uncertainties. ▪ Non-discretionary retailers such as grocery, convenience, drug, pet and auto parts retailers are expected to be better positioned to weather inflation. Luxury retailers also expected to fare better.	▪ Short Term: threads 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 in 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 foresighted reduction of retail portfolio by ~55% or € 3.8 bn since 2016 (09/23: € 3.3 bn; 12/16: € 7.1 bn). ▪ Only investment loans, almost no development loans ▪ Conservative risk positioning: avg. LTV of 50%[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) € 1.0 bn (3%)		▪ Rising competition has led to insolvencies for operators and licencees and rebuilt secondary hotels for other uses like e.g. longstay concepts and co-living. ▪ Hotels are benefiting from strong pent-up demand, mainly driven by the leisure sector. But business demand is also improving, albeit at a slower pace. ▪ This in turn led to relatively strong recovery in hotel performance, boosted by rising room rates, which are significantly higher than before the pandemic. RevPAR is already above 2019 levels. ▪ However, investment volumes are still low. ▪ Economic uncertainty and lower disposable income because of high inflation are still a threat for Hotel performance. So are current high staff expenses and ESG requirements.	▪ 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, furthermore increasing operating costs squeeze margins and compensate part of the recovery trend.	▪ Selective approach and strict adherence to conservative underwriting standards in particular during the hot phase of hotel investment market in 2018/19 resulting in a relatively small portfolio volume of € 1 bn ▪ Focus on prime locations secures base value of properties ▪ Conservative risk positioning: avg. LTV of 54%[1] provides good buffer and supports commitment of investors/sponsors ▪ Focus on business hotels in main European capitals/business location 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

REF PORTFOLIO

Sub-segments

Property	Regions	Evaluation of current situation	Challenges	Risk positioning
Office € 16.5 bn (51%)		▪ Net absorption in Europe has recovered, although 2023 is still challenging and pre-Covid rates remain largely unattainable. ▪ Increased discussion about new concepts of work. It will be more about concepts of hybrid work and there will be efficiency savings, also in good locations. Nevertheless occupancy forecasts track employment and are expected to be stable or even slightly positive. ▪ Modern, flexible and ESG-conform properties in good location are still sought after while demand for secondary is limited. ▪ Significant price adjustments coming through. Yields have already edged up and are expected to move out further. US office market is affected by a particularly sharp decline in values since yield driven devaluation is amplified by decreasing rents.	▪ Cooling of tenant market due to overall situation of economies, furthermore shift of demand towards modern, green, centrally located schemes. This leads to increased reletting/extension risks with pressure on rental level on secondary/older buildings. ▪ Good locations expected to remain competitive, "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. ▪ Structural changes (requiring often substantial investments), 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 agglomerations ▪ Conservative risk positioning: avg. LTV of 54%[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) ▪ In new business and on occasions of (annual) credit reports transactions detailed analysis of "green profile" of properties including associated risk
Residential € 5.5 bn (17%)		▪ Higher interest rates and inflation had a strong impact on the owner-occupier market. A significant cooling of the market is currently underway. The situation is similar for smaller investors in condominiums. ▪ However, the increasing interest rates do have also an effect on multifamily properties, where a drop in values (multiplier) is obvious. Although, the expected increase in yields is not as significant, as rising rents mitigate the impact on value ▪ Energy cost and regulation in the rental sector are the main risks and will reduce the NOI for the multifamily owner especially in the low price segment.	▪ Increasing interest level puts pressure on value, however still more moderate than in other (sub-) asset classes. ▪ Cash flow under pressure from many angles – interest rates, energy costs, investment requirements. This is however partially counterbalanced by increasing rents. ▪ In particular capital market oriented owners often with challenging refinancing situations.	▪ Conservative risk positioning ▪ Portfolio volume of € 5.5 bn with conservative avg. LTV of 47%[1] provides good buffer and supports commitment of investors/sponsors ▪ Well diversified portfolio with strong focus on Germany
Logistics € 4.8 bn (15%)		▪ The logistics sector benefits from a stronger focus on e-commerce but also by the need of 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 particular low. ▪ The expected significant drop in values is yield driven, while rental growth is partial mitigating the decline. ▪ Since demand for logistic space is typically strongly correlated with economic activity and GDP current economic uncertainties pose a potential threat.	▪ Monoline logistics centres ▪ Due to partially overheated prices, market correction on investment side seen. ▪ Rents still stable/partially further increasing, however	▪ Strategic approach; expert team since 2014; share increase since 2013 from 8% to 15% ▪ Focus on locations: good infrastructure, connection to a variety of different transportation routes ▪ Conservative risk positioning: avg. LTV of 51%[1] provides good buffer and supports commitment of investors / sponsors ▪ Well diversified portfolio ▪ High quality of sponsors

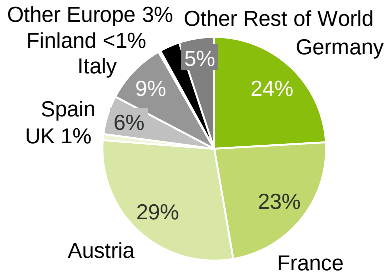
1. Based on performing investment loans only Note: Figures may not add up due to rounding, EaD, Basel III

PORTFOLIO

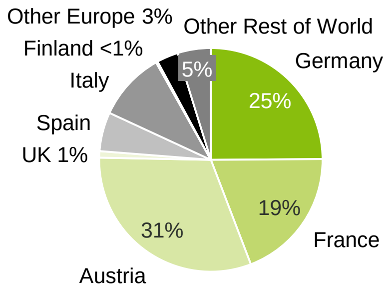
Non-Core Unit (PIF& VP)

Regions

31/12/2022: € 15.2 bn

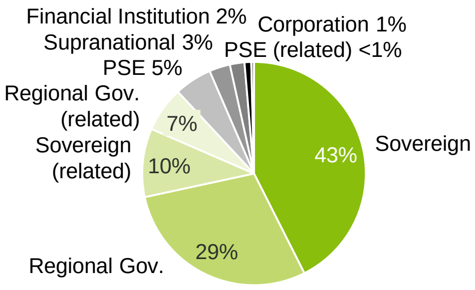


30/09/2023: € 13.5 bn

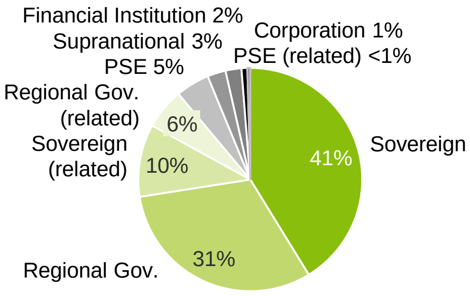


Borrower classification[1]

31/12/2022: € 15.2 bn

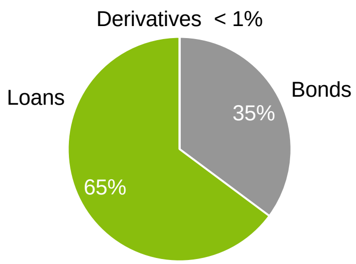


30/09/2023: € 13.5 bn

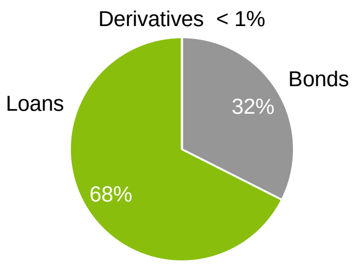


Product class

31/12/2022: € 15.2 bn

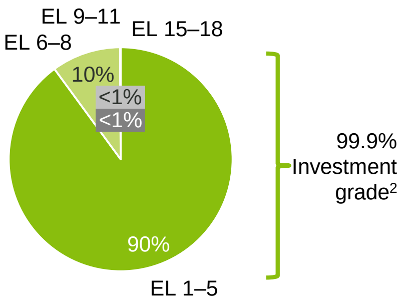


30/09/2023: € 13.5 bn

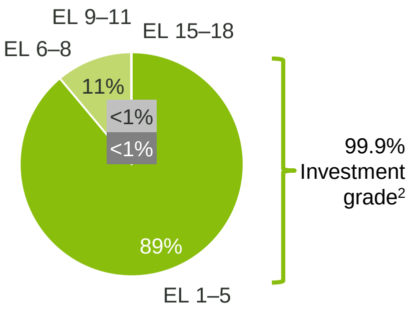


Internal ratings (EL classes)

31/12/2022: € 15.2 bn



30/09/2023: € 13.5 bn



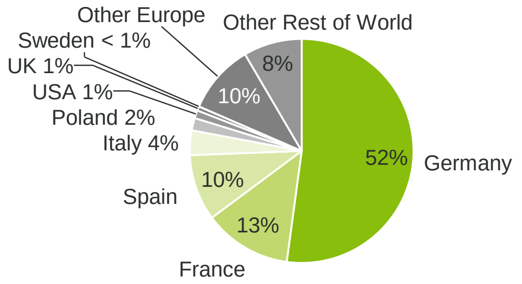
1. See appendix for definition of borrower classification 2. Internal EL Classes 1–8 = Investment grade; Internal EL classes 9–18 = Non-investment grade Note: Figures may not add up due to rounding, EaD, Basel III

PORTFOLIO

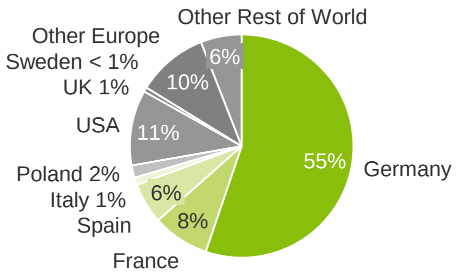
Consolidation & Adjustments (C&A)

Regions

31/12/2022: € 3.7 bn

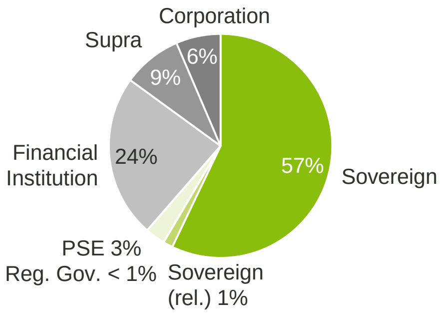


30/09/2023: € 3.6 bn

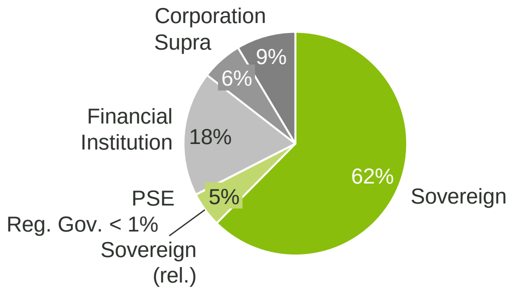


Borrower classification[2]

31/12/2022: € 3.7 bn

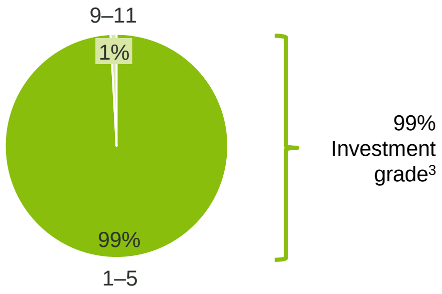


30/09/2023: € 3.6 bn

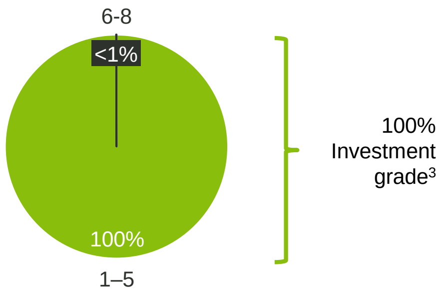


Internal ratings (EL classes)

31/12/2022: € 3.7 bn



30/09/2023: € 3.6 bn



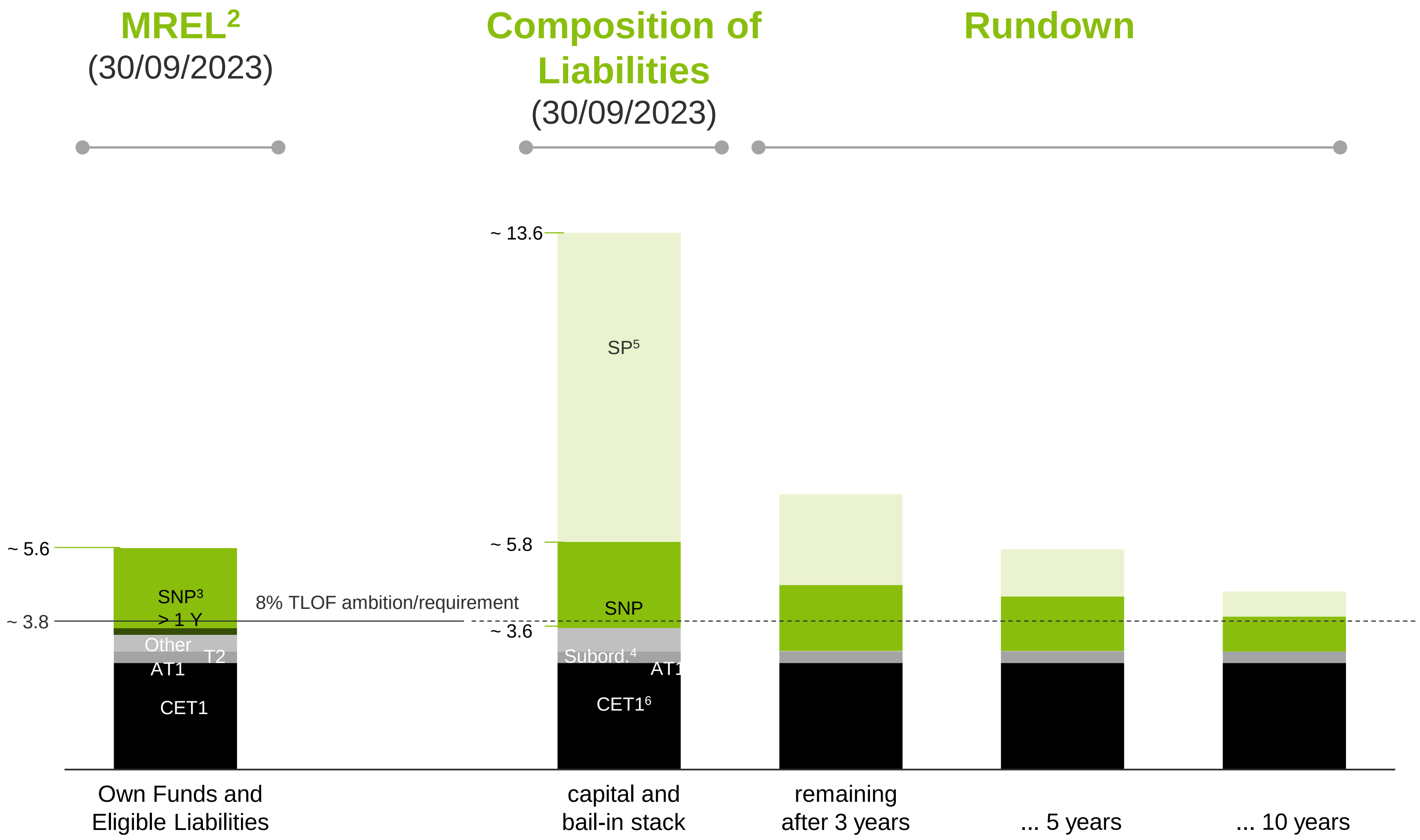
1. Incl. Bundesbank accounts (12/22: € 1.0 bn; 09/23: € 1.3 bn) 2. See appendix for definition of borrower classification 3. Internal EL Classes 1-8 = Investment grade; Internal EL classes 9-18 = Non-investment grade
Note: Figures may not add up due to rounding, EaD, Basel III

APPENDIX

FUNDING

Own Funds and Eligible Liabilities significantly exceed 8% TLOF

€ bn



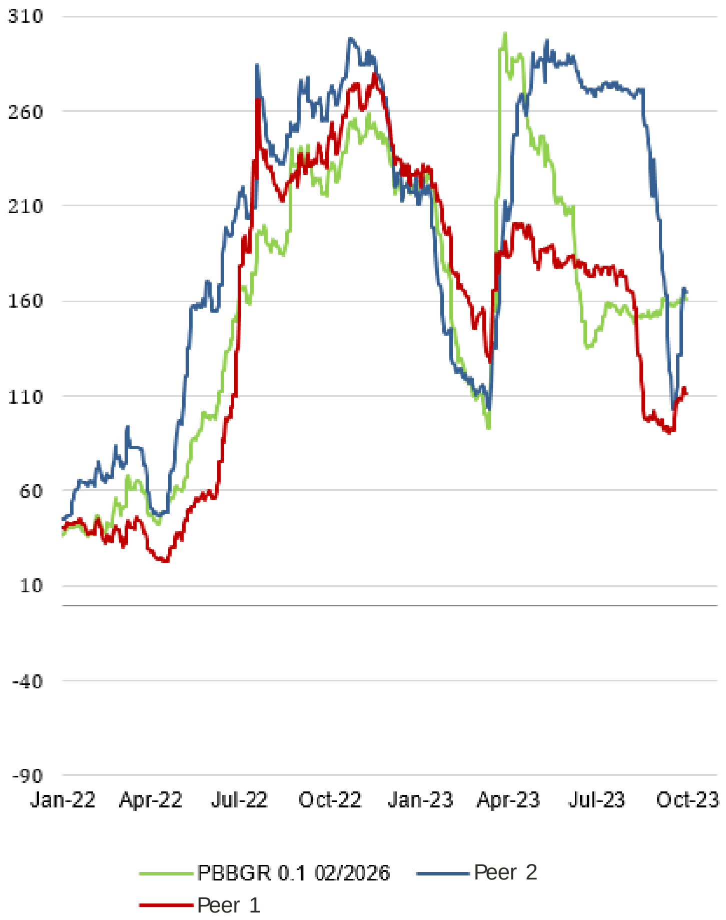
- Buffer for Senior Preferred (SP) investors due to high volume of capital instruments and Senior Non-Preferred (SNP) liabilities
- Existing Senior Non-Preferred liabilities with long remaining terms
- SP currently predominant senior product, but SNP to remain a key element of pbb's funding strategy
- 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 2022 financial statements, less the dividend paid 2. pbb has set its ambition level at 8% TLOF with 100% subordination (i.e. Own Funds and Senior Non-Preferred), which is the currently binding regulatory target. As of 30 September 2023, MREL eligible items amounted to ~ 11.8% TLOF (without approved scope from the General Prior Permissions)/~ 33.0% RWA/~ 11.3% 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

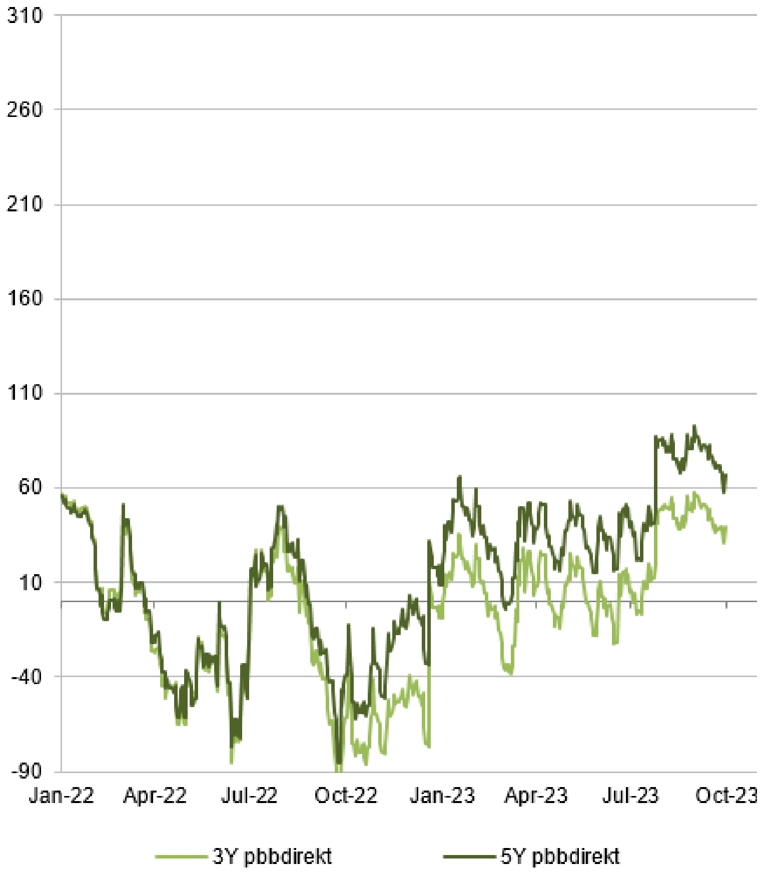
FUNDING

Structural shift of funding into currently cheaper retail deposits

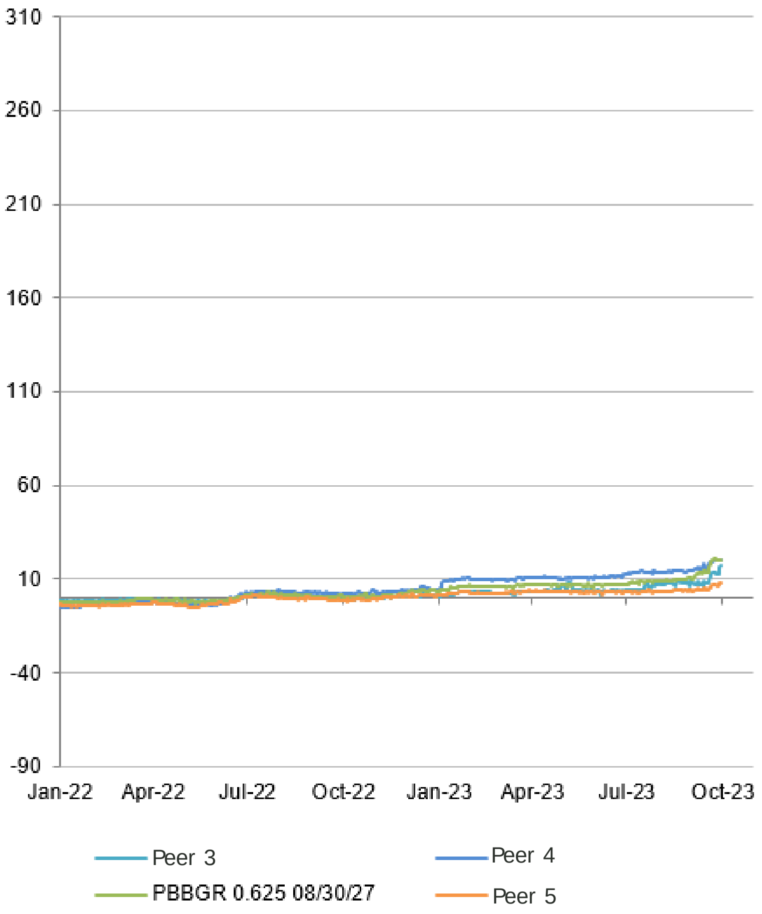
Senior Preferred
Spread Development (6M-Euribor) pbb vs peers



pbb direkt
Spread Development vs 6M-Euribor



Pfandbrief
Spread Development (6M-Euribor) pbb vs peers



Source: Bloomberg; Treasury

Public benchmark issuances since 2019

Typesjjjj	WKN	Launch Date	Maturity Date	Size	Spread[1]	Coupon	Issue/Reoffer Price
Mortgage Pfandbrief	A2LQNP	21.01.2019	29.01.2024	€ 500 mn	+8 bp	0.25%	99.812%
Senior Preferred	A2LQNQ	31.01.2019	07.02.2023	€ 500 mn	+80 bp	0.75%	99.679%
Mortgage Pfandbrief (1st Tap)	A13SWE	31.01.2019	01.03.2022	€ 100 mn	+2 bp	0.20%	100.74%
Public Sector Pfandbrief (1st Tap)	A13SWG	05.02.2019	20.04.2035	€ 100 mn	+17 bp	1.25%	99.476%
Mortgage Pfandbrief (1st Tap)	A2GSLL	07.02.2019	22.05.2024	€ 100 mn	-9 bp	0.50%	101.638%
Mortgage Pfandbrief (2nd Tap)	A13SWE	04.03.2019	01.03.2022	€ 100 mn	-3 bp	0.20%	100.81%
Public Sector Pfandbrief (2nd Tap)	A13SWG	04.03.2019	20.04.2035	€ 150 mn	+14 bp	1.25%	100.057%
Senior Preferred (1st Tap)	A2LQNQ	06.03.2019	07.02.2023	€ 250 mn	+72 bp	0.75%	100.004%
Senior Preferred	CH0419041246	15.05.2019	05.06.2023	CHF 125 mn	+65 bp[4]	0.125%	100.12%
Mortgage Pfandbrief	A2NBJ7	22.05.2019	31.05.2022	USD 600 mn	+32 bp[3]	2.50%	99.851%
Mortgage Pfandbrief (1st Tap)	A2GSLV	12.06.2019	30.08.2027	€ 100 mn	0 bp	0.625%	104.138%
Senior Preferred	A2NBKK	29.08.2019	05.09.2024	€ 500 mn	+75 bp	0.125%	99.498%
Mortgage Pfandbrief (3rd Tap)	A13SWE	10.09.2019	01.03.2022	€ 50 mn	-0.5 bp	0.20%	101.795%
Mortgage Pfandbrief (1st Tap)	A2YNVK	25.09.2019	31.05.2022	USD 50 mn	32 bp[3]	2.50%	101.619%
Mortgage Pfandbrief	A2YNVM	09.10.2019	16.10.2025	€ 500 mn	+5 bp	0.01%	101.984%
Senior Preferred	A2YNVU	13.11.2019	21.11.2022	GBP 250 mn	+114 bp[2]	1.75%	99.849%
Mortgage Pfandbrief (1st Tap)	A1X3LT	19.11.2019	21.01.2022	€ 100 mn	0 bp	1.875%	104.77%
Mortgage Pfandbrief	A2YNVY	14.01.2020	21.01.2028	€ 750 mn	+5 bp	0.10%	99.992%
Mortgage Pfandbrief (2nd Tap)	A1X3LT	15.01.2020	21.01.2022	€ 150 mn	0 bp	1.875%	104.36%
Mortgage Pfandbrief (1st Tap)	A2LQNP	22.01.2020	29.01.2024	€ 250 mn	+1 bp	0.25%	101.919%
Senior Preferred	A2YNV3	23.01.2020	28.07.2023	€ 300 mn	+55 bp	3m-€ibor+90 bp	101.237%
Public Sector Pfandbrief (3rd Tap)	A13SWG	18.02.2020	20.04.2035	€ 50 mn	+0 bp	1.25%	116.16%
Mortgage Pfandbrief	A289PQ	24.09.2020	29.09.2023	GBP 500 mn	+38 bp[6]	SONIA +100 bp	101.844%
Mortgage Pfandbrief	A3H2ZW	13.01.2021	20.01.2023	USD 750 mn	+23 bp[3]	0.50%	99.93%
Senior Preferred (Green)	A3H2ZX	25.01.2021	02.02.2026	€ 500 mn	+55 bp	0.10%	100.00%
Mortgage Pfandbrief	A3H2Z8	20.04.2021	27.04.2024	GBP 500 mn	+27 bp[6]	SONIA +100 bp	102.178%
Mortgage Pfandbrief	A3E5K7	25.08.2021	20.08.2026	€ 500 mn	+0 bp	0.01%	101.747%
Mortgage Pfandbrief (2nd Tap)	A2GSLV	26.08.2021	30.08.2027	€ 50 mn	-1 bp	0.625%	105.890%
Mortgage Pfandbrief (1nd Tap)	A2YNVM	26.08.2021	16.10.2025	€ 50 mn	-1,9 bp	0.01%	101.880%
Mortgage Pfandbrief (2nd Tap)	A2YNVM	16.09.2021	16.10.2025	€ 50 mn	-2 bp	0.01%	101.540%
Mortgage Pfandbrief (3nd Tap)	A2YNVM	21.09.2021	16.10.2025	€ 100 mn	-2 bp	0.01%	101.490%
Mortgage Pfandbrief	A3E5KY	14.10.2021	11.10.2024	USD 750 mn	+20 bp[3]	0.875%	99.778%
Senior Preferred (Green)	A3T0X2	20.10.2021	27.10.2025	€ 500 mn	+48 bp	0.25%	99.754%
Senior Preferred (Green)	A3T0X9	12.01.2022	17.01.2025	€ 750 mn	+42 bp	0.25%	99.798%
Mortgage Pfandbrief	A3T0YD	09.02.2022	14.02.2025	USD 750 mn	+43 bp[7]	1.875%	99.767%
Mortgage Pfandbrief (1st Tap)	A3E5K7	17.02.2022	20.08.2026	€ 50 mn	-3 bp	0.01%	98.70%
Mortgage Pfandbrief	A3T0YH	06.04.2022	13.04.2026	€ 750 mn	+1 bp	1.00%	99.727%
Mortgage Pfandbrief (2nd Tap)	A3E5K7	07.04.2022	20.08.2026	€ 50mn mn	-2 bp	0.01%	98.35%
Senior Preferred (Green) (1st Tap)	A3T0X2	11.04.2022	27.10.2025	€ 200 mn	+55 bp	0.25%	95.045%
Mortgage Pfandbrief	A30WFU	19.07.2022	26.07.2027	€ 750 mn	+6 bp	1.75%	99.872%
Senior Preferred (Green)	A30WFV	22.08.2022	28.08.2026	€ 500 mn	+250 bp	4.375%	99.921%
Mortgage Pfandbrief	A30WF2	17.10.2022	25.01.2027	€ 500 mn	+3 bp	3.00%	99.682%
Senior Preferred (Green)	A30WF4	01.12.2022	08.12.2025	GBP 350 mn	+434 bp[8]	7.625%	99.959%
Mortgage Pfandbrief (1st Tap)	A30WF2	09.01.2023	25.01.2027	€ 50 mn	+ 6 bp	3.00%	99.99%
Mortgage Pfandbrief	A30WF6	12.01.2023	19.01.2029	€ 500 mn	+16 bp	2.875%	99.777%
Senior Preferred (Green)	A30WF8	30.01.2023	05.02.2027	€ 500 mn	+215 bp	5.00%	99.428%
Mortgage Pfandbrief (2nd Tap)	A30WF2	14.02.2023	25.01.2027	€ 100mn	+10 bp	3.00%	99.54%
Mortgage Pfandbrief	A31RJS	06.07.2023	13.10.2023	€ 500mn	+14 bp	3.625%	99.651%
Mortgage Pfandbrief	A31RJV	23.08.2023	01.09.2026	GBP 250mn	+68 bp	SONIA +68 bp	100%
Mortgage Pfandbrief	A31RJZ	18.09.2023	28.10.2027	€ 500mn	+27 bp	3.625%	99.863%

1. vs mid-swap 2. vs 3m GBP-Libor 3. vs 3m USD-Libor 4. vs 6m CHF-Libor 5. vs 3m Euribor 6. vs SONIA 7. vs SOFR 8. vs UK Treasuries (Gilts)

MANDATED RATINGS

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

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"

DEFINITION OF BORROWER CLASSIFICATIONS

Borrower classification	Definition
Sovereign	Direct and indirect obligations of Central Governments, Central Banks and National Debt Agencies
Sovereign (related)	Indirect obligations of Non Sovereigns with an explicit first call guarantee by a Sovereign
Regional Government	Direct and indirect obligations of Regional, Provincial and Municipal Governments
Regional Government (related)	Indirect obligations of Non Regional Government with an explicit first call guarantee by a Regional Government
Public Sector Enterprise	Direct obligations of administrative bodies and non commercial/non-profit undertakings
Public Sector Enterprise (related)	Indirect obligations of Non Public Sector Enterprise with an explicit first call guarantee by a Public Sector Enterprise
Financial Institution	Direct and indirect obligations of Universal Banks, Investment Banks, Mortgage Institutions, Brokerages and other banks or Basel regulated institution
Corporation	Direct and indirect obligations of enterprises, established under corporate law and operating in a for profit or competitive environment
Structured Finance	Obligations of an SPV which references the risk of an underlying pool of securitised assets, either synthetically via CDS or directly, the tranches issued by the SPV have different seniority to each other
Supranational	Direct obligations to international Organisations and International Investment and Development Banks
Other	Direct obligations to Individuals

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