Solid Q3/20 with PBT of € 75 mn
– concerns persist about further development of real estate markets in the light of COVID-19 pandemic

Results Q3/9M 2020
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Markets

Impact from COVID-19 pandemic very much depending on stringency and duration of measures with accelerating effect on structural challenges – overall, pbb well positioned

COVID-19 Pandemic Challenges

Key drivers

- Stringency of measures
- Duration of measures

- Economy affected by hygiene/social distancing standards as well as government measures to fight the pandemic, esp.
  - Retail: Significantly less frequented
  - Hotel: No/low occupancy
- Unemployment and insolvencies expected to increase with effects on overall economic growth and subsequently on property values and cash flows

Catalyst

Structural Challenges

Key drivers

- Digitalisation
- ESG

- Structural transformation of Retail sector towards online shopping
- Increasing trend towards working from home
- Working in office more influenced by hygiene/social distancing standards to remain mid-/long-term
- Growing large metropolitan areas (density, traffic infrastructure and commuting challenges)
- Environmental requirements (carbon emission reduction, accelerated aging of properties)
- CRE and environmental risk management

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- Selective business approach with overall conservative risk positioning and strong risk monitoring

Focus on:

- Prime A locations
- Top sponsors
- Low leverage lending
- Long-term stable cash flows with focus on tenant quality and lease roll-over risk
- Solid covenant structures

- mitigates the risk of future volatility in property market values
- provides for solid risk buffers
- allows for early action
- increases commitment of investors/sponsors and thus willingness to inject more equity into the transaction

- Currently, no Hotels and Shopping Centres; Retail only highly selective with focus on neighborhood shopping/high street retail
- Development loans subject to strong risk-mitigating factors (e.g. high levels of pre-letting/-sales and upfront equity, long-stop dates in lease contracts, no business plans based on increasing rents and/or further yield)

Operating and financial overview

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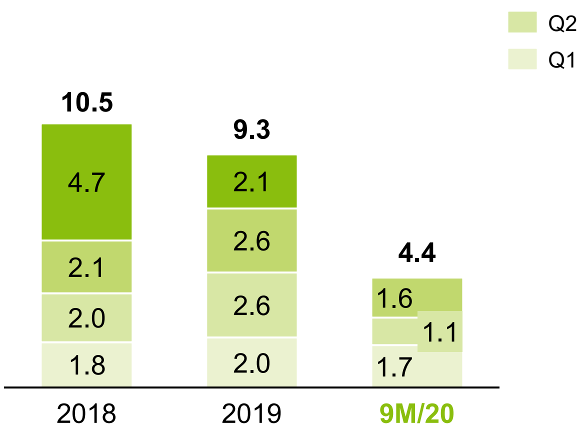
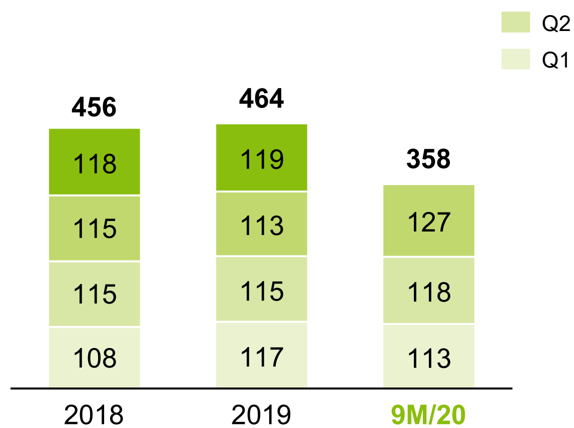
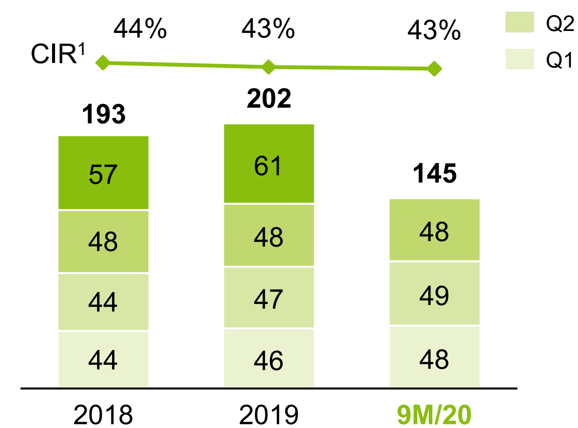
New business
€ bn (commitments, incl. extensions >1 yr)



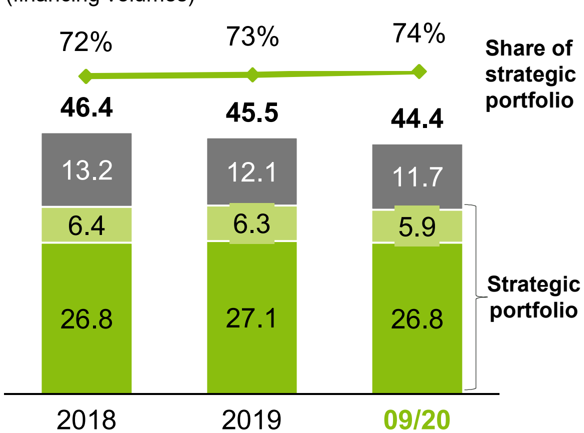
Net interest and commission income
€ mn (IFRS)



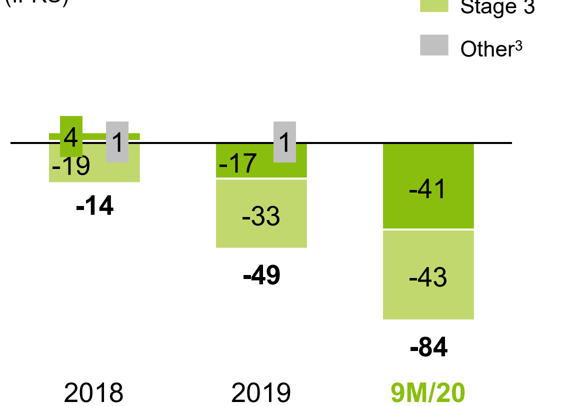
General and admin. expenses
€ mn (IFRS)



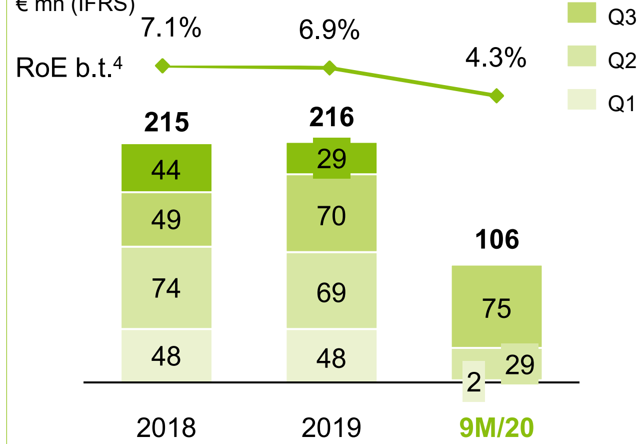
Portfolio
€ bn (financing volumes)



Net income from risk provisioning
€ mn (IFRS)



Pre-tax profit
€ mn (IFRS)



Note: Figures may not add up due to rounding 1 New definition: CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income 2 Incl. provisions in off balance sheet lending business 3 Recoveries from written-off financial assets 4 After AT1 coupon (2018: pro-rata € 12 mn; 2019: € 17 mn; H1/20: pro-rata € 9 mn) assuming full payment of the discretionary coupon

Capital
Capitalisation remains strong

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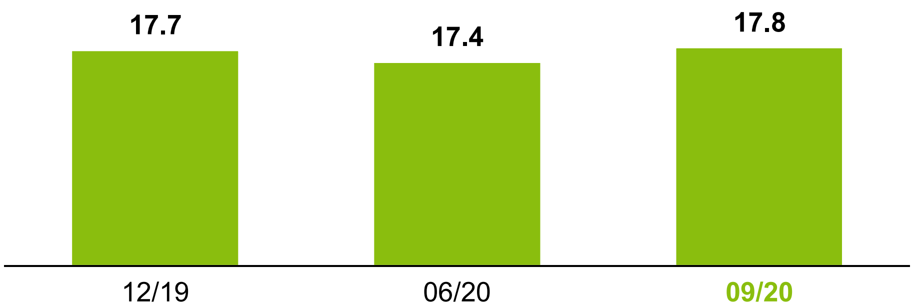
Basel III: RWA
€ bn (IFRS)



Basel III: Equity and capital ratios
(IFRS)

Capital in € bn	12/19 reported	12/19 full profit retention[1]	06/20[2]	09/20[2]
CET 1	2.7	2.8	2.7	2.7
AT 1	0.3	0.3	0.3	0.3
Tier 2	0.6	0.6	0.6	0.6
Total Equity	**3.6**	**3.7**	**3.7**	**3.6**

Capital ratios in %	12/19 reported	12/19 full profit retention[1]	06/20[2]	09/20[2]
CET 1	15.2	15.9	15.8	15.3
Tier 1	16.9	17.5	17.5	17.0
Own funds	20.4	21.1	21.1	20.4
Leverage ratio	5.4	5.6	5.1	5.7

RWA development Q3/9M 2020:

- RWA relatively stable y-t-d and slightly up by € 0.4 bn q-o-q, mainly due to technical effects
  - regular reviews
  - reclassification effects – precautionary PD-downgrade of all business partners in UK and US REF portfolio to account for uncertain outcome of Brexit discussions and US elections
- Further small increase of RWA expected till year-end due to COVID-19 driven reclassification effects

Capital ratios:

- CET 1 ratio down to 15.3%[2] q-o-q (06/20: 15.8%), mainly reflecting increase in RWA
- Decrease in regulatory CET 1 capital y-t-d resulting from AT1 coupon payment and EL shortfall

SREP requirements 2020:

- SREP requirements:
  - CET 1 ratio: 9.5%
  - Tier 1 ratio: 11.0%
  - Own funds ratio: 13.0%
- ECB's Banking Supervisory Committee lowered requirements due to COVID-19 as of 12.03.2020 with 1.09%-pts CET1-relief for pbb
- Anticipated countercyclical buffer stable at 45bp

Note: Figures may not add up due to rounding
1 Retrospectively adjusted, incl. full-year result 2019, based on resolution of AGM to allocate the distributable profit 2019 to other revenue reserves on 28 May 2020 2 Excl. interim result, incl. full-year result 2019

New business

New business volume of € 1.6 bn in Q3/20 slightly recovered vs. Q2/20 at further increased avg. gross interest margin

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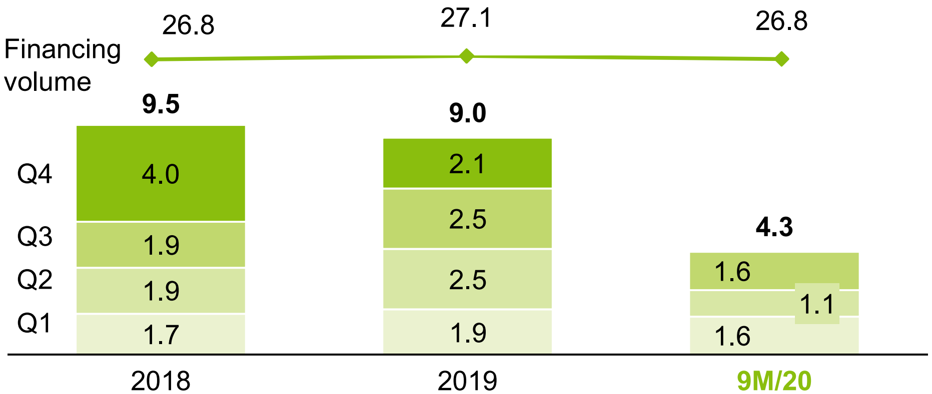
REF New business

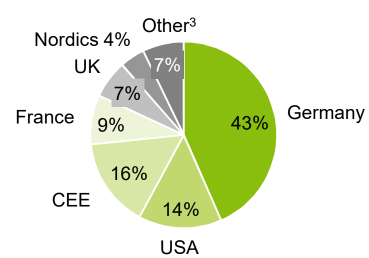
€ bn (commitments, incl. extensions >1 yr)

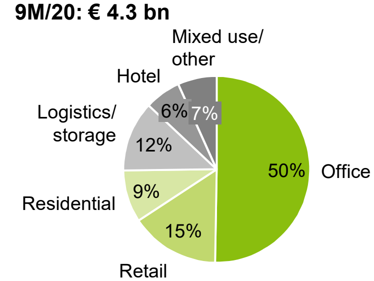


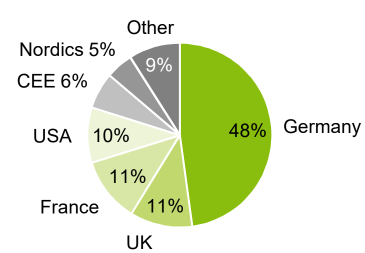
REF new business

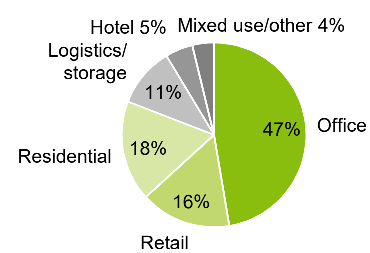
	9M/19	FY19	9M/20
Total volume (€ bn)	6.9	9.0	4.3
thereof: Extensions >1 year	1.5	*1.9*	*1.4*
No. of deals	115	155	94
Avg. maturity (years)[1]	~4.6	~4.6	~4.0
Avg. LTV (%)[2]	59	58	53
Avg. gross interest margin (bp)	~150	~155	>180

	Regions	Property types
New business (Commitments, incl. extensions > 1year)	9M/20: € 4.3 bn	9M/20: € 4.3 bn
Portfolio (EaD, Basel III)	30/09/20: € 29.2 bn	30/09/20: € 29.2 bn









Key drivers Q3/9M 2020:

- **REF** new business volume of € 1.6 bn in Q3/20 slightly recovered vs. Q2/20 (Q2/20: € 1.1 bn; 9M/20: € 4.3 bn) at further increased avg. gross interest margin of >180 bp
  - Overall lower investment activity – continued selective approach with focus on conservative risk positioning (avg. LTV 53%[2])
  - Only small prepayments, but higher share of extensions (9M/20: 33%; 2019: 21%) – no forced extensions
  - No new loan commitments in property types Hotel and Retail Shopping Centres since outbreak of COVID-19 in March 2020 – only extensions at conservative conditions
  - Avg. REF gross interest margin up to >180 bp (Q3/20: >190 bp; Q2/20 >185 bp; 2019: ~155 bp), reflects positive margin development since mid 2019 and pbb's better negotiation position as a result of COVID-19
  - Good deal pipeline supports solid new business volume in Q4/20 at continued elevated margin level
- **PIF** new business remains low (H1/20: € 0.1 bn) in line with strategy

Note: Figures may not add up due to rounding 1 Legal maturities 2 New commitments; avg. LTV (extensions): 9M/20: 53%; 9M/19: 55%, 2019: 55% 3 Netherlands, Austria

Funding

YTD issuance at similar spreads as last year – successful inaugural SONIA-linked Mortgage Pfandbrief benchmark issued

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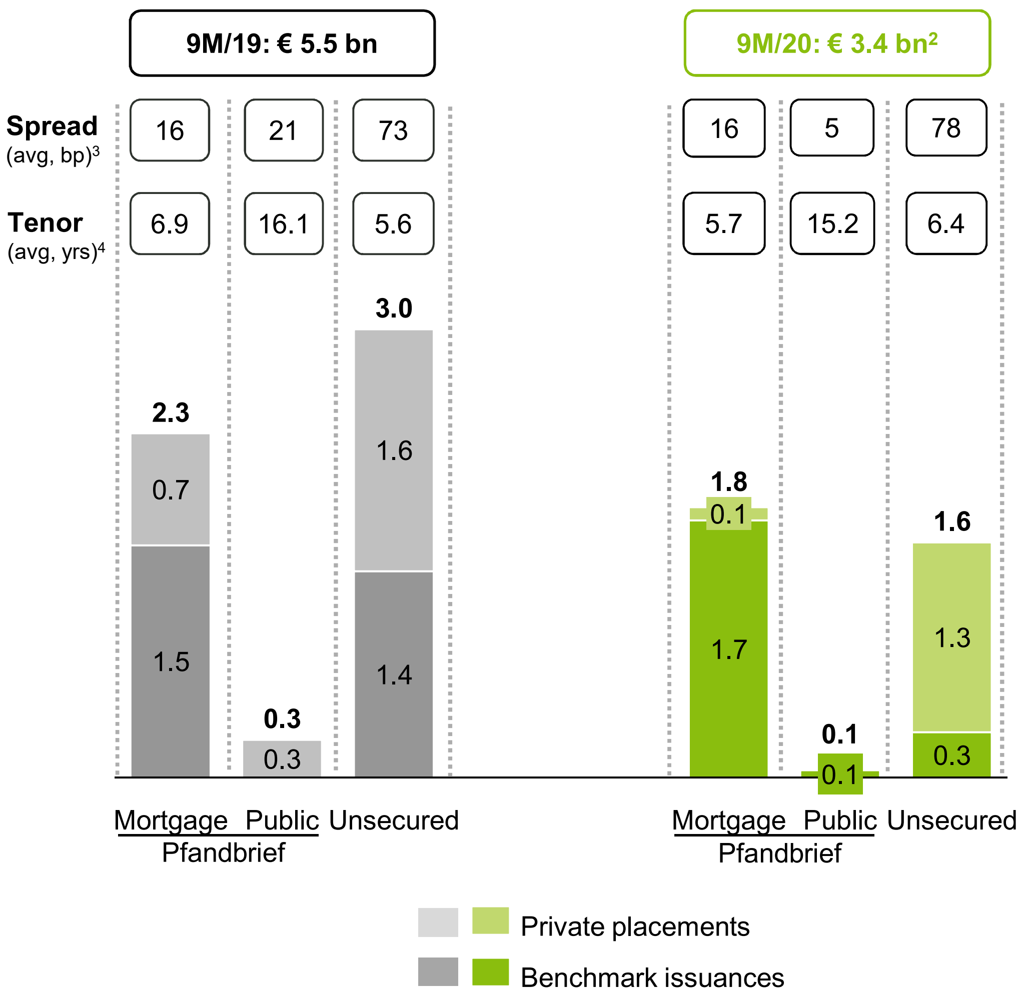
New long-term funding[1]

€ bn



Funding 9M/2020

- Strong **funding activities** at relatively stable avg. **funding spreads** y-o-y – € 1.0 bn in Q3/20; 9M/20 **funding targets** fully met
  - **Pfandbrief** volume optimised with respect to TLTRO III funding
    - € 1.2 bn (one € 750 mn benchmark plus taps)
    - SEK 400 mn Mortgage Pfandbrief issued in January
    - £ 500 mn inaugural SONIA-linked Mortgage Pfandbrief issued in September
    - € 1.4 bn "own use" issued as collateral for TLTRO III (in addition to €1.9 bn shown in graph)
  - **Senior Unsecured** issuance with strong focus on senior preferred bonds in both EUR and SEK
    - € 0.3 bn floater benchmark issued in January
    - Strong private placement activities with € 1.1 bn
    - SEK 1.3 bn issued in three bonds
- End of Q2/20 € 7.5 bn participation in **TLTRO III** to optimise funding costs
- **pbb direkt** – total volume increased at € 3.1 bn (12/19: € 2.8 bn); average maturity[5] decreased slightly to 3.8 years (12/19: 4.2 yrs)
- **ALM profile** and **liquidity position** remain comfortable (NSFR >100%; LCR >150%)

Note: Figures may not add up due to rounding 1 Excl. retail deposit business 2 Excl. "own use" Pfandbriefe issued as collateral for TLTRO III 3 vs. 3M Euribor 4 Initial weighted average maturity 5 Initial weighted average maturity of term deposits

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