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PFANDBRIEFBANK

Strong performance with PBT of EUR 242 mn in 2021 – leveraging business model for growth going forward

Results Q4/12M 2021

9 March 2022

Annual Press Briefing
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CEO/CFO

Starting point

Our business model has provided stable returns since the IPO and shows good resilience even in global pandemic crisis

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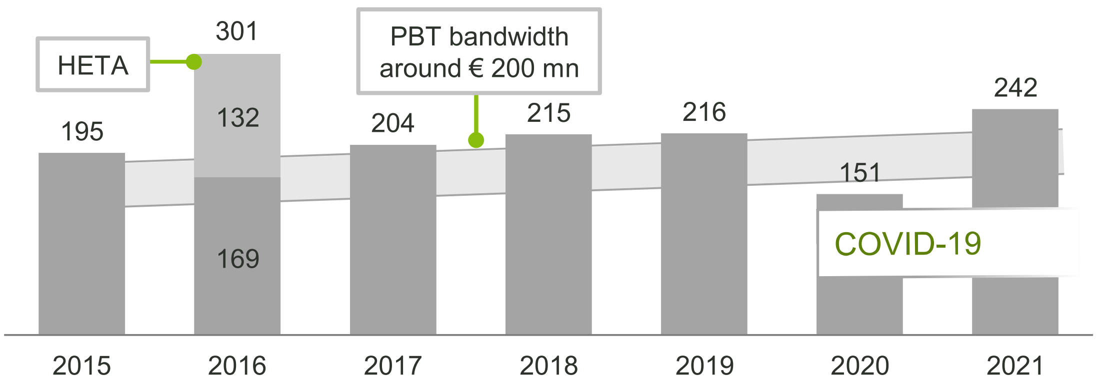
PBT (in € mn)



Stable and profitable PBT since IPO despite various one-off effects in 2020

+3.7% p.a.

Conservative risk approach reflected in build-up of model-based loan loss provisions during the pandemic including management adjustments

€ -207 mn t/o € 105 mn stage 1&2 in 2020 & 2021

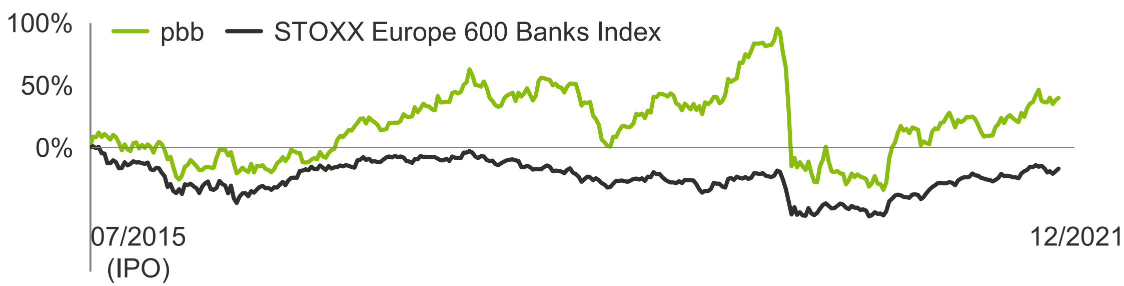
Dividend yield (DY)[1]

2015	2016	2017	2018	2019	2020	2021
7.7%	11.5%	8.0%	9.3%	-[2] (COVID-19)	6.6%	~11%[3]

Attractive dividend yield since IPO

> € 700 mn dividends distributed **≙ ~7.5% DY[4]**

Total shareholder return (TSR)[5,6]



Through the cycle, we have **reliably generated TSR** and outperformed the benchmark

+40% TSR since IPO[5,6] (vs. -17% of index)

1 Based on XETRA year-end closing price 2 Based on ECB COVID-19 recommendation to refrain from making dividend distributions (27/03/2020) 3 Proposed 2021 dividend of € 1.18 per share (i.e. payout of 50% regular dividend + 25% supplementary dividend) to be confirmed by AGM 4 Since IPO and including proposed 2021 dividend of € 1.18 per share (pay-out 2022) to be confirmed by AGM 5 Total shareholder return indexed to IPO date (16/07/2015) and pbb issue price of €10.75 6 Source: Refinitiv Datastream, data as of 31/12/2021

Financials

NII+NCI up by >4% y-o-y

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Income from lending business

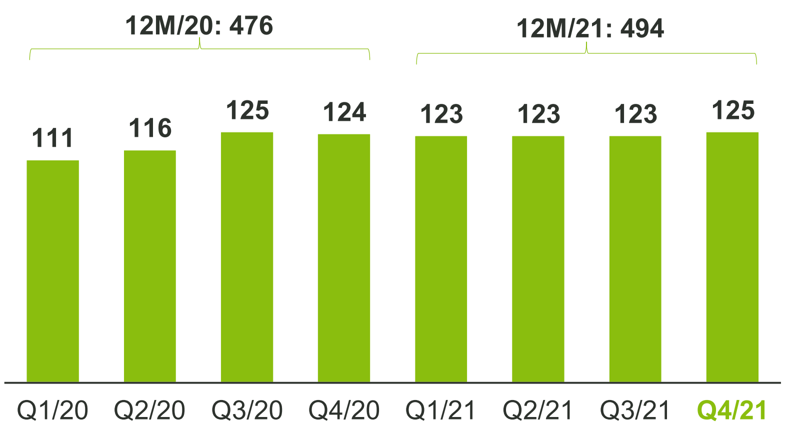
€ mn

	Q4/20	Q4/21	12M/20	12M/21
Net interest income[1]	124	125	476	494
Net fee and commission income	2	2	6	8

	Q4/20	Q4/21	12M/20	12M/21
Net income from realisations	6	26	26	81

Net interest income[1]

€ mn



Key drivers Q4/12M 2021

- **NII + NCI** up by >4% y-o-y, supported by
  - **continued low refinancing costs** (incl. positive effect from TLTRO III)
  - **improved floor income** from unchanged low interest environment
  - slight **increase in average REF financing volume** (12M/21: € 27.2bn; 12M/20: € 26.9 bn) at increased portfolio margin

  but continued downward pressure from

  - decreasing public sector portfolio (VP+PIF)
  - lower returns from equity and liquidity book
- **Net income from realisations up** y-o-y, mainly driven by higher prepayment fees
  - Prepayments driven by **individual considerations** of investors and are thus not predictable – pbb's focus on prime properties supportive
  - Even though expecting a level above average also for 2022, elevated level in 2021 not be considered as run-rate

1 2020 figures retrospectively adjusted according to IAS 8.42

Financials

Risk provisioning significantly down y-o-y – solid buffer to cope with potential further market risks

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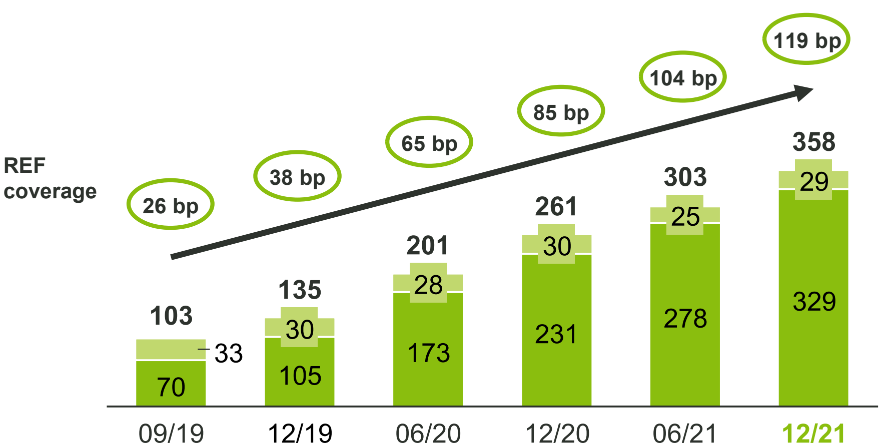
Net income from risk provisioning

€ mn

	Q4/20	Q4/21	12M/20	12M/21
Net income from risk provisioning	-42	-31	-126	-81
thereof				
stage 1	*-7*	*29*	*-29*	*21*
stage 2	*-14*	*-45*	*-32*	*-57*
stage 3	*-14*	*-16*	*-57*	*-47*
Off balance sheet lending business	*-8*	*-*	*-9*	*1*
Recoveries	*1*	*1*	*1*	*1*

Balance sheet – loss allowances

€ mn



Key drivers Q4/12M 2021

- **Net income from risk provisioning** of € -81 mn (FY 2020: € -126 mn) – previous year strongly affected by COVID-19 pandemic
- **Stage 1&2: Net additions**[1] of € -35 mn (FY 2020: € -70 mn) mainly driven by
  - changes in estimates
  - management overlay

  partially compensated by releases from
  - improved macroeconomic parameters
  - maturity effects

  Management overlay of € -54 mn to cover risks from the expiry of state support measures by shifting stage 1 REF portfolios in a volume of € 3.1 bn from to stage 2 – stage transfer based on management measure and not caused by model trigger
- **Stage 3:** Net additions of € -47 mn (FY 2020: € -57 mn) mainly for UK shopping centres (€ -35 mn)
- Significant build up of **loss allowances on balance sheet** over the last quarters – **REF coverage** now at 119 bp
- **Coverage ratio:** Stage 3 coverage ratio[2] at 30% (12/20: 25%; 12/19: 11%); gap covered by collateral

1 Incl. provisions in off balance sheet lending business 2 Coverage ratio = credit loss allowances on financial assets in stage 3 / gross book values in stage 3 (loans and securities)

Financials

Operating costs under control – increase of GAE in line with expectation, including provision for efficiency measures

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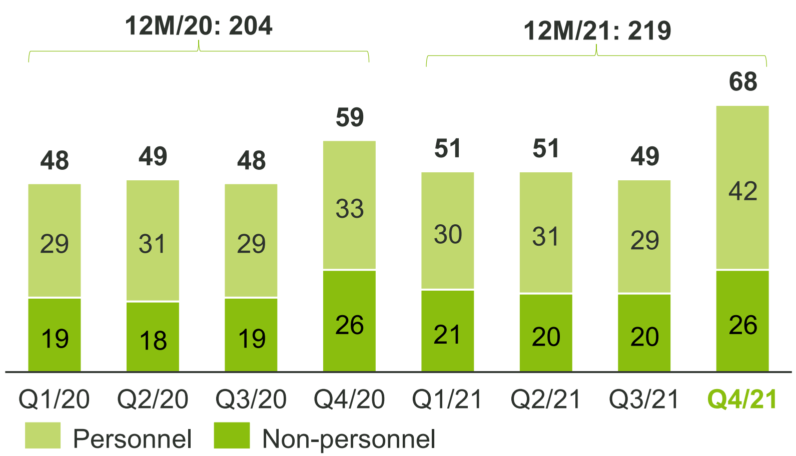
€ mn	Q4/20	Q4/21	12M/20	12M/21
General admin. expenses	-59	-68	-204	-219
Personnel	*-33*	*-42*	*-122*	*-132*
Non-personnel	*-26*	*-26*	*-82*	*-87*
Net income from write-downs and write-ups on non-financial assets	-5	-6	-19	-20
CIR (%)[1]	*41.6*	*45.7*	*42.4*	*40.4*

General admin. expenses
€ mn



Key drivers Q4/12M 2021

- **GAE** up y-o-y as expected, including **€ 11 mn provision** in connection with our efficiency initiatives (personnel expenses)
  - **Personnel expenses (excl. provisions) stable y-o-y**
    - FTE number largely stable at 784 (12/20: 782)
    - Avg. FTE number[2] up to 781 (2020: 762), reflecting investments into strategic initiatives with dragging effect into 2022
  - **Non-personnel expenses up € 5 mn y-o-y**
    - due to ongoing investments in strategic and digitalisation projects
- **Net income from write-downs and write-ups** on non-financial assets driven by scheduled depreciations

1 CIR = (GAE + net income from write-downs and write-ups on non-financial assets) / operating income 2 Incl. temporary staff >1 year

Dividend proposal for 2021

Shareholders to participate from continued strong performance – management intends to propose dividend of € 1.18 per share

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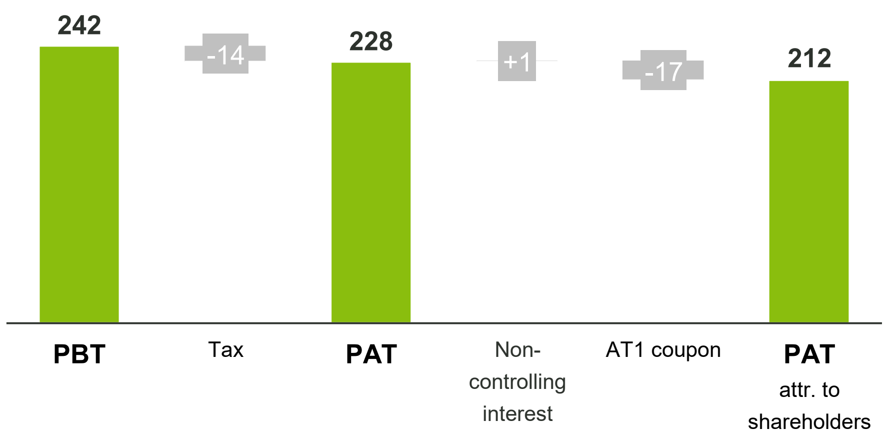
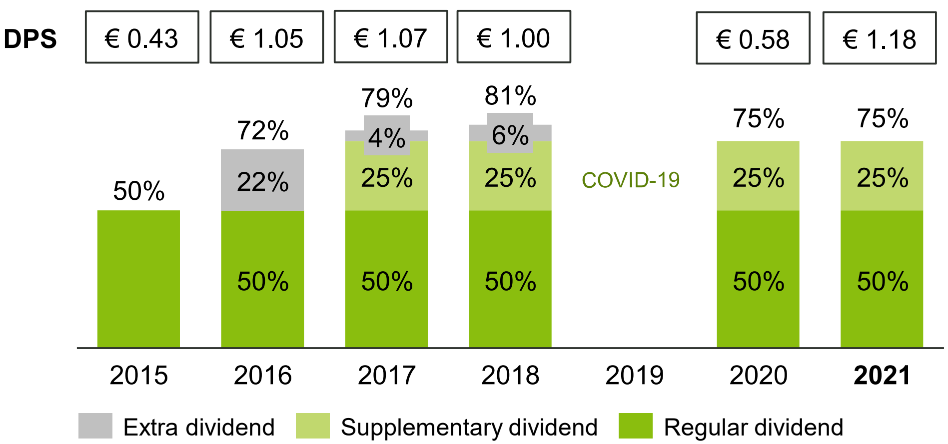
Profit attributable to shareholders
€ mn (IFRS)



Payout



Dividend proposal 2021

Management intends to propose a dividend of € 1.18 per share

- PAT attributable to shareholders[1]: € 212 mn
- Earnings per share[2]: € 1.58
- Dividend per share[2]: € 1.18

2021 dividend proposal underscores pbb's positioning as a dividend share

- Payout ratio of 75%[1] in line with dividend policy of 50% regular dividend plus 25% supplementary dividend
- Dividend yield 11.2%[3]

As before, pbb will also in future consider the following aspects in its **decisions on dividend payments** (regular dividend and supplementary dividend)**:**

- Overall economic and sector-specific risks
- Regulatory requirements
- The communicated ambition level with regards to capitalization including a cautionary buffer
- Future growth and investment measures

1 Based on IFRS group profit after tax and AT1-coupon, attributable to shareholders 2 Number of outstanding shares 134,475,308 3 Based on XETRA year-end closing price 2021 of 10.57€

Capital

Capitalisation remains strong – RWA reduction mainly reflecting RWA relief according to CRR II (reduction of add-ons) in Q4/21

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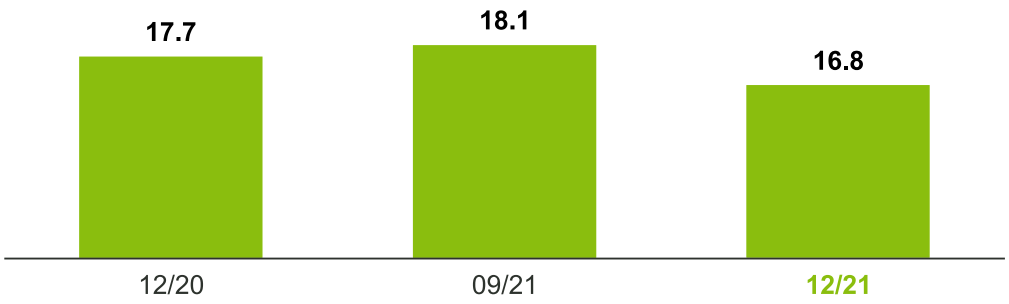
Basel III: RWA

€ bn (IFRS)



Basel III: Equity and capital ratios

(IFRS)

Capital in € bn	12/20[1]	09/21[2]	12/21[3]
CET 1	2.9	2.7	2.9
AT 1	0.3	0.3	0.3
Tier 2	0.6	0.6	0.6
Total Equity	**3.8**	**3.6**	**3.8**

Capital ratios in %	12/20[1]	09/21[2]	12/21[3]
CET 1	16.1	14.9	17.1
Tier 1	17.8	16.6	18.9
Own funds	21.4	19.8	22.4
Leverage ratio	6.0	5.7	6.0

RWA development Q4/12M 2021

- RWA down y-o-y due to
  - Reduction of add-ons acc. to Art. 501 CRR II[4]
  - Maturity effects and technical adjustments inter alia by improvement of data quality
  - Smaller contrary effect from increase in REF portfolio
  - No material RWA effect from individual rating deteriorations in the light of COVID-19
- No significant systematic deterioration in the portfolio
- RWA already calibrated towards Basel IV (fully-loaded)– thus, no major further effects expected from implementation

Capital ratios

- CET 1 ratio of 17.1%[3] up (12/20: 16.1%[1]; 09/21: 14.9%[2]) reflecting decrease in RWA
- Regulatory capital stable y-o-y – methodical reductions (e.g. income from pension commitments in Q2/21) compensated by retention of profit 2020/21 and reduced EL shortfall due to build up of risk provisions

Capital requirements

- Unchanged P2R of 2.5% results in the following SREP requirements (excl. countercyclical buffer):
  - CET 1 ratio: 8.41%
  - Tier 1 ratio: 10.38%
  - Own funds ratio: 13.00%
- pbb currently anticipates countercyclical buffer of 45 bp, providing for solid buffer on current requirements – upcoming changes of country-specific countercyclical buffers and German sectoral systemic risk buffer expected to have only moderate effect with increase by +20-25 bp over time

Note: Figures may not add up due to rounding 1 After approved year-end accounts, 2020 result not included 2 Excl. interim result, 2020 result not included 3 Incl. full-year result, post proposed dividend 2021 4 CRR=Capital Requirements Regulation

New business

Strong REF new business volume of € 9.0 bn above full-year guidance of € 7-8 bn in further challenging environment

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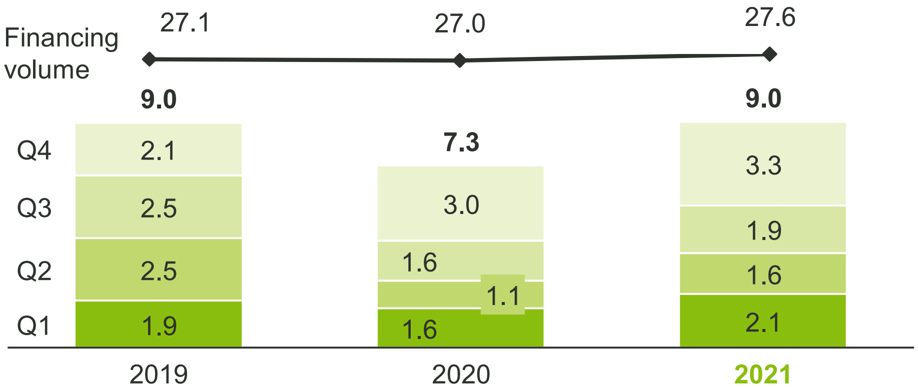
REF New business

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



Key drivers Q4/12 2021

- Strong **REF new business** of € 9.0 bn above our guidance of € 7-8 bn for 2021 despite continued selective approach and increased competition; 2020 more strongly affected by COVID-19 pandemic
  - **Avg. gross interest margin** stable at ~170 bp (9M/21: ~170 bp; 2020: ~180 bp; 2019: ~155 bp); however with slightly declining trend as expected
  - Unchanged conservative risk positioning with **avg. LTV** of 56%[2]
  - **Focus** on Germany, France, USA – share for France and USA up by 2%, Germany stable
  - Decreasing share in Retail -4% and Hotel -1% as expected given COVID-19, compensated by stronger **focus** on Office - share up by 5%
  - **No new commitments** in property types Hotel and Retail Shopping Centres since March 2020 – only extensions at conservative conditions

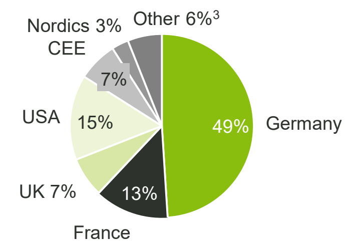
REF new business

	FY20	9M/21	FY21
Total volume (€ bn)	7.3	5.7	9.0
thereof: Extensions >1 year	*2.6*	*1.7*	*2.6*
No. of deals	142	103	166
Avg. maturity (years)[1]	~4.3	~4.7	~4.8
Avg. LTV (%)[2]	54	55	56
Avg. gross interest margin (bp)	~180	~170	~170

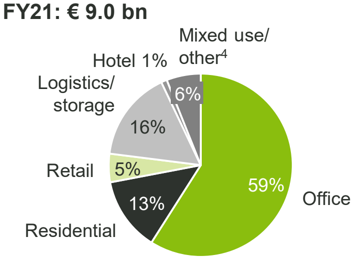
Regions	Property types

New business (Commitments, incl. extensions > 1year)

FY21: € 9.0 bn

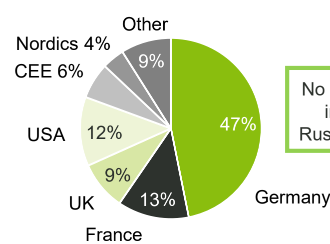


FY21: € 9.0 bn



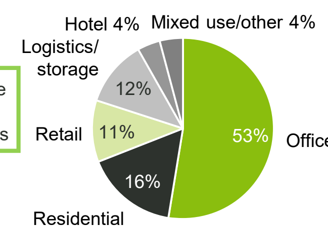
Portfolio (EaD, Basel III)

31/12/21: € 29.7 bn



No direct exposure in/to Ukraine, Russia and Belarus

31/12/21: € 29.7 bn



Note: Figures may not add up due to rounding 1 Legal maturities 2 New commitments; avg. LTV (extensions): 12M/21: 54%; 12M/20: 54% 3 Netherlands, Austria, Switzerland and Spain 4 Land (58%), mixed use (24%), special property (18%)

Funding

Strong funding activities focused on non-Euro Pfandbriefe and "Green" Senior Preferred – funding optimised with TLTRO III

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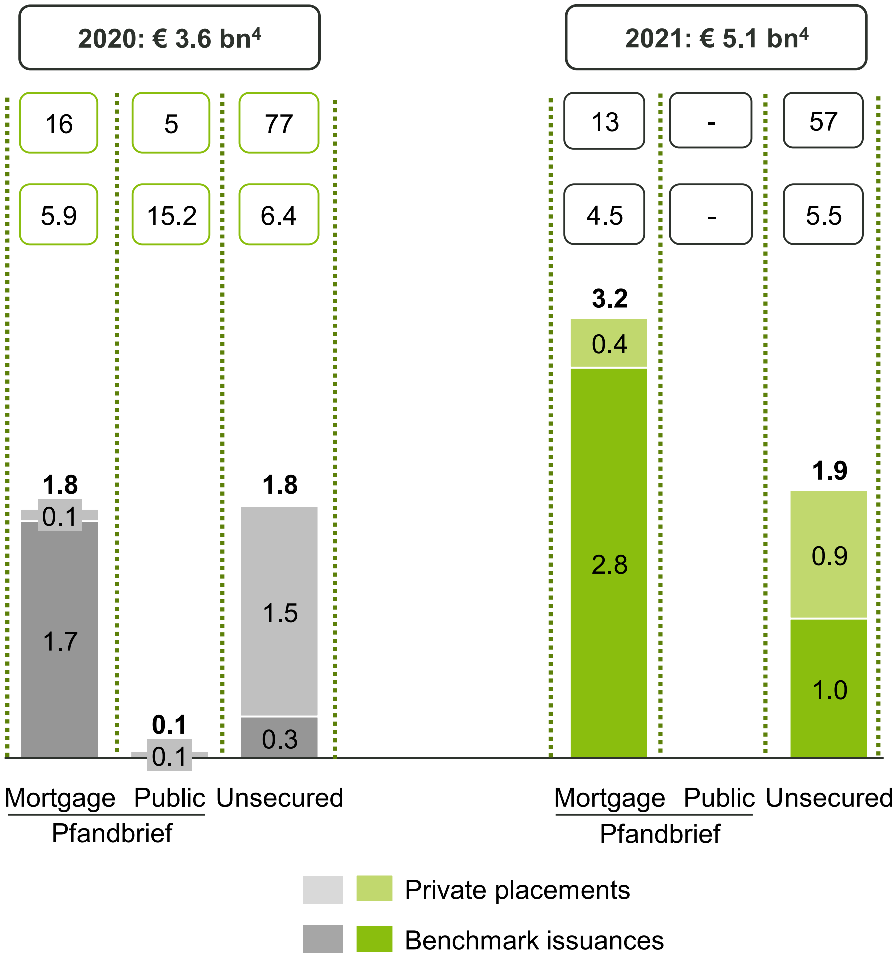
New long-term funding[1]
€ bn



Funding Q4/12M 2021

- **Solid Pfandbrief funding** with focus on foreign currencies
  - USD 750 mn Pfandbrief
  - GBP 500 mn Pfandbrief
  - EUR 500 mn Pfandbrief
  - Pfandbrief Private Placements in SEK
- € 500 mn **inaugural Green Senior Preferred Benchmark** in 01/21, followed by an equally successful **€ 500 mn Green Senior Preferred Benchmark** in 10/21; in 01/22 a further **€ 750 mn Green Senior Preferred Benchmark** issued. With three green Benchmarks, pbb is one of the most active issuers in Green Senior funding
- With **two USD 750 mn Pfandbrief** issued in 2021 and another USD 750 mn Pfandbrief in 02/22, pbb is the **most active USD Covered Bond issuer** in the RegS market
- **TLTRO III** participation increased by € 0.9 bn to € 8.4 bn in June 2021 to optimise funding costs – TLTRO **III** provides an attractive and flexible source of funding (€ 0.7 bn "own use" Pfandbriefe issued as collateral for upsizing TLTRO III)
- **Comfortable liquidity buffer** sufficient to cover internal stress tests
- **Retail deposit** funding scalable – in Q4/21 pbb direkt deposits amounted to € 3.2 bn (Q4/20: € 3.2 bn)
- **ALM profile** and **liquidity position** remain comfortable (NSFR >100%; LCR >150%)

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

Ukraine/Russia crisis – impact on global economy, CRE and pbb

No direct exposure in/to Ukraine and Russia – but uncertainties on overall economic impacts

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pbb – Status quo & Challenges

Portfolio and bank operations	**No direct exposure** in/to Ukraine and Russia (country of risk)
	Indirect risks from resp. countries **only marginal**
	No material tenant risk
	No exposure to Ukrainian and Russian banks
	SWIFT – no direct effects
	No currency exposure to resp. countries
	No direct service relationships
	No employees and offices in resp. countries
Market Spreads / Refinancing	**Moderate spread widening** on Senior Unsecured since beginning of Russian invasion; Pfandbrief spreads robust
	Solid pre-funding since January 2022: € 930 mn Senior Unsecured and € 850 mn Pfandbrief
	Comfortable liquidity reserve
Macro-economic challenges	**Economic growth** – post-Corona recovery vs. current crisis
	Inflation – increasing trend
	Interest rates – upward trend vs. Reversal of policies
	Sanctions – impact on overall economy (e.g. export/import, supply chain)

Market impacts

Markets

- Length and severity of conflict highly uncertain
- Second round effects complex and hard to predict
- Further sanctions likely
- Economic growth likely to slow down
- Impact from energy prices to further force inflation
- Consequences for monetary policy and interest rates unclear

Commercial Real Estate

- 'Flight to quality' – prime/core assets expected to benefit from increasing demand
- Overall tenant risk may increase – mitigated by asset quality, low LTVs and diversification
- Liquidity and strong capital supports value stability in 'safe haven assets'
- Transaction pipeline presently unaffected

pbb well positioned

- **Conservative approach** – focus on core Europe/US, prime locations, prime clients and prime assets
- **Proven resilience** through Corona crisis and ECB stress test
- **Strong capital base** to support profitable REF portfolio growth even in difficult times

Initiatives

Taking advantage of pbb's strengths in building out business, based on core competencies, market reach and risk profile

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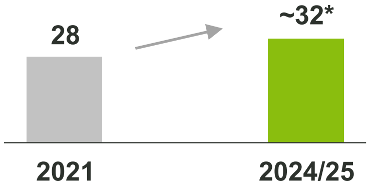
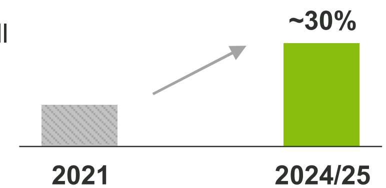
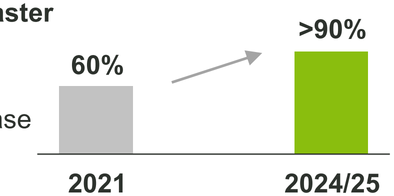
Initiatives	Key measures	Impact
1 Organic growth	**Product expansion** (Loan-on-loan, non-senior lending) **Build-out US business** **Low-leverage lending**	**Widened product portfolio** allows broader, **diversified risk-return** combinations **US** market yields opportunities for **profitable REF portfolio growth** (less correlated with European portfolio) **Low-leverage lending** uses more standardized process and **balances portfolio risk**
2 "Green" finance	**Green loans** **Green development loans** **Green capex facilities**	Provides financing instruments for **new projects** as well as **upgrade of legacy real estate**. Green finance goes beyond regulatory/moral obligation and is a **business opportunity** that yields **attractive risk-return** profiles due to supported property values
3 Digitalization	**Value-add through digital client interface** **State of the art infrastructure and capabilities** **Scalable platform to allow further growth**	Digital client interface based on universal corporate data storage with **holistic transparency for clients** and **faster "time to yes"** increases client satisfaction Foster **agile methods, new ways of working** and **progressive technologies** (robotics and AI) to increase scalability and efficiency Scalable business model to **materialize efficiency potential and room to grow**



REF portfolio (in € bn)
(*incl. green finance)



Green REF portfolio share



Client portal usage
(*business supported by client portal)

Guidance 2022 and mid-term ambition

Sustainable PBT level in 2022 despite income headwinds and investments to achieve growth ambition 2024/25 – uncertainties from geopolitical situation

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Financials (€ mn)	2020	2021	Guidance 2022
PBT	151	242	**PBT of € 200-220 mn** in line with past sustainable level
NII and NCI	482	502	**Slightly lower** due to fading out of supportive income elements, i.e., TLTRO benefit (expiry in 06/22) and lower floor income due to rising interest rates; prepayment fees expected to stay above long-term average
General and administrative expenses (excl. restructuring expenses)	-204	-208[1]	**Stable,** despite investments in strategic initiatives
Risk provisioning	-126	-81	**Significantly lower level**, depending on market recovery in the light of COVID-19
REF new business volume (€ bn)	7.3	9.0	**Increase** to **€ 9.5-10.5 bn** at moderately lower **avg. gross interest margins**
REF financing volume (€ bn)	27.0	27.6	**Moderate growth** based on new business increase with add-on initiatives to gradually impact 2nd half of 2022
CET1 ratio (in %)[2]	16.1	17.1	**Slight decrease** due to growth but still **significantly above SREP** requirements

Uncertainties remain regarding the geopolitical situation and the possible impact on macro-economic development

Ambition 2024/2025

1 Organic growth

~ € 32 bn
REF portfolio

Growing REF portfolio supported by growth initiatives and stable client relationships that continue to lead to **strong new business**

2 "Green" finance

~ 30%
Green REF portfolio share

Growing our impact as **sustainable finance bank** and **transformation partner**

3 Digitalization

Portal and digital credit workplace fully established

Moving to **full blown digitalization approach** with materialization of **significant efficiency improvements**

Strategic initiatives enhance and strengthen our business model while maintaining our conservative risk approach

1 Reported €219M, including €11M restructuring expenses 2 Basel IV calibrated, fully-loaded

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