pbb Deutsche Pfandbriefbank

Debt Investor Update – Q1/2023 Results

Disclaimer

- This presentation is not an offer or invitation to subscribe for or purchase any securities in any jurisdiction, including any jurisdiction of the United States. Securities may not be offered or sold in the United States absent registration or pursuant to an available exemption from registration under the U.S. Securities Act. Deutsche Pfandbriefbank AG (pbb) does not intend to conduct a public offering of securities in the United States.
- No warranty is given as to the accuracy or completeness of the information in this presentation. You must make your own independent investigation and appraisal of the business and financial condition of pbb and its direct and indirect subsidiaries and their securities. Nothing in this presentation shall form the basis of any contract or commitment whatsoever.
- This presentation may only be made available, distributed or passed on to persons in the United Kingdom in circumstances in which section 21(1) of the Financial Services and Markets Act 2000 does not apply.
- This presentation may only be made available, distributed or passed on to persons in Australia who qualify as 'wholesale clients' as defined in section 761G of the Australian Corporations Act.
- This presentation is furnished to you solely for your information. You may not reproduce it or redistribute to any other person.
- This presentation contains forward-looking statements based on calculations, estimates and assumptions made by the company's top management and external advisors and are believed warranted. These statements may be identified by such words as 'may', 'plans', 'expects', 'believes' and similar expressions, or by their context and are made on the basis of current knowledge and assumptions. Various factors could cause actual future results, performance or events to differ materially from those described in these statements. Such factors include general economic conditions, the conditions of the financial markets in Germany, in Europe, in the United States and elsewhere, the performance of pbb's core markets and changes in laws and regulations. No obligation is assumed to update any forward-looking statements.
- By participating in this presentation or by accepting any copy of the slides presented, you agree to be bound by the noted limitations.

Business Model & Strategy

Dividend title with an attractive shareholder return and 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

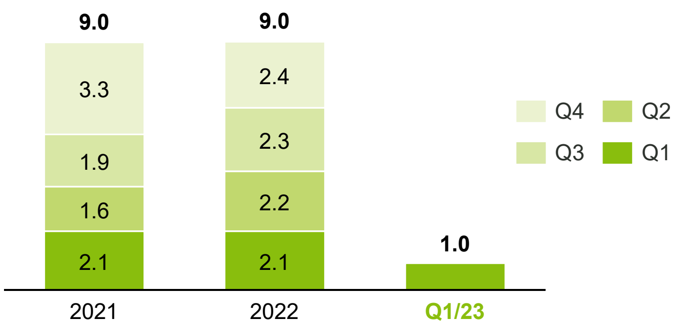
- Advise on holistic solutions within the **green transformation of RE** (e.g. green development loans, green capex facilities)

Strategy Update

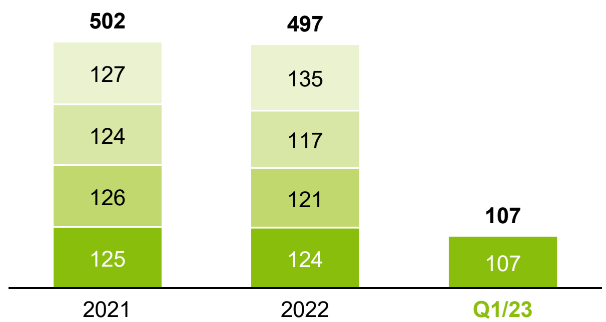
- Maintain a **conservative risk profile** and retain **strict cost discipline**
- **Increase** of **profitability by growth** and **capital light strategic initiatives**
- **Sustainable finance** as an **important** contributor for **all growth initiatives**

Operating and financial overview

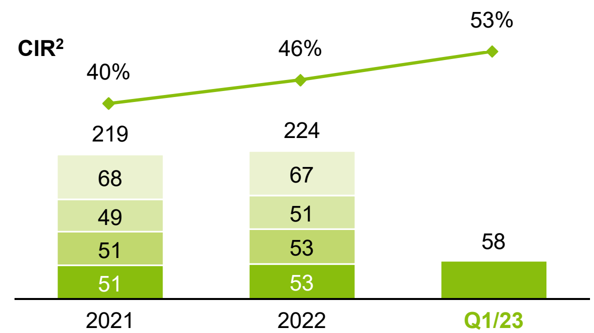
New business
€ bn (commitments, incl. extensions > 1 yr.)



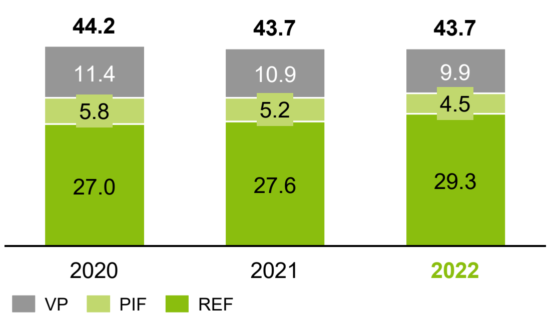
Net interest and commission income
€ bn (IFRS)



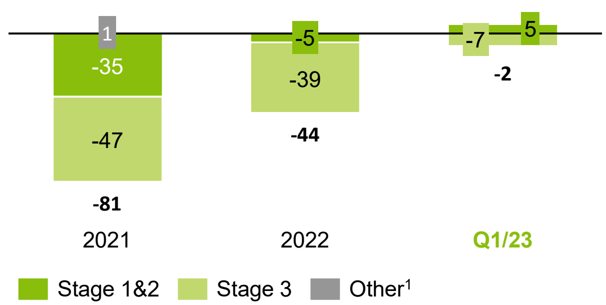
General and admin. expenses
€ mn (IFRS)



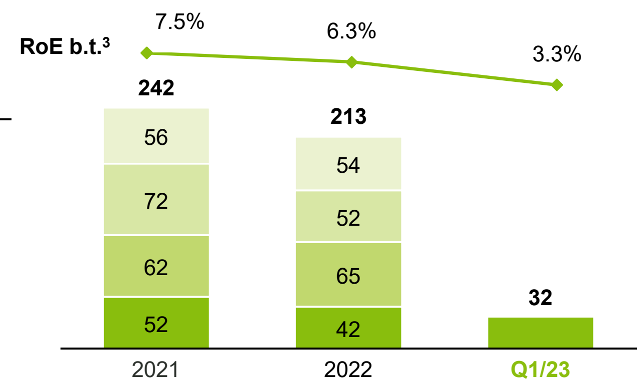
Portfolio
€ bn (financing volumes)



Net income from risk provisioning
€ mn (IFRS)



Pre-tax profit[1]
€ mn (IFRS)



Note: Figures may not add up due to rounding 1. Incl. provisions in off balance sheet lending business 2. CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income 3. After AT1 coupon

REF NEW BUSINESS & PORTFOLIO

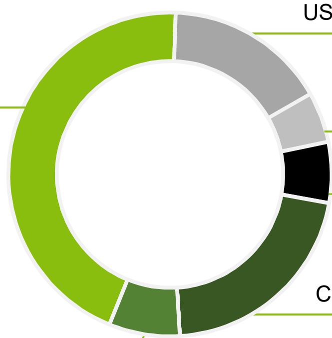
Diversification by countries and property types enables for flexible approach

Regions

€ 1.0 bn

New business

(commitments, incl. extensions > 1 year)

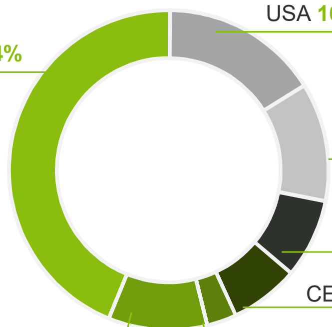


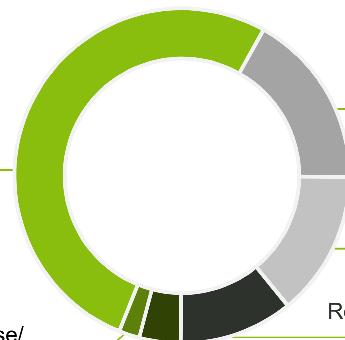
Property types

€ 30.9 bn

Portfolio

(EaD, Basel III)





- New business volume on low level in challenging market environment
  - Avg. gross interest margin remains on elevated level of ~200bp
  - Conservative and stable risk positioning with avg. LTV[3] of 54%
  - No new commitments in property types Hotel and Retail Shopping Centres (except for extensions)
- Avg. gross portfolio margin increased, supporting NII going forward

New business	2021	2022	Q1/23
Share ofextensions > 1year (%)	29	30	34
Øgross interest margin (bp)[4]	~ 170	~ 170	~ 200
ØLTV[3] (%)	56	54	54
Ø Maturity [5] (yrs.)	~ 4.8	~ 4.3	~ 3.4

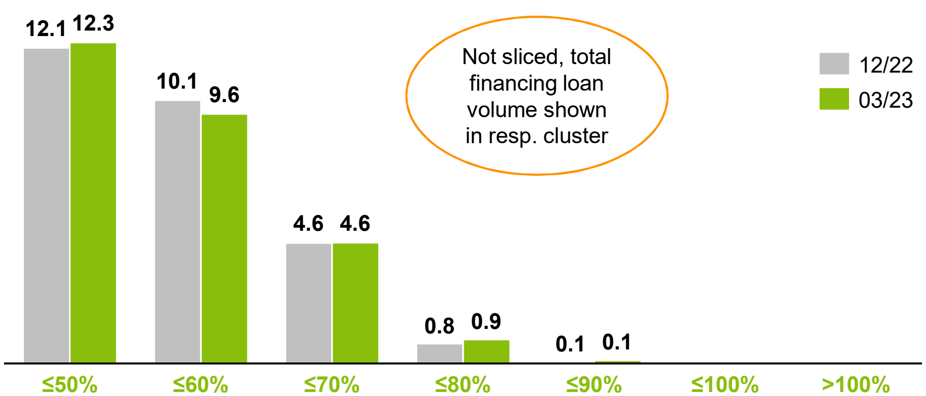
1. Netherlands 2. Land 3. New commitments; avg. LTV (extensions): 12M/22: 52%; 12M/21: 54% 4. Net of FX-effects; gross revenue margin: 2021: ~175bp, 2022: ~190bp, Q3/23 ~235 bp 5. Legal maturities

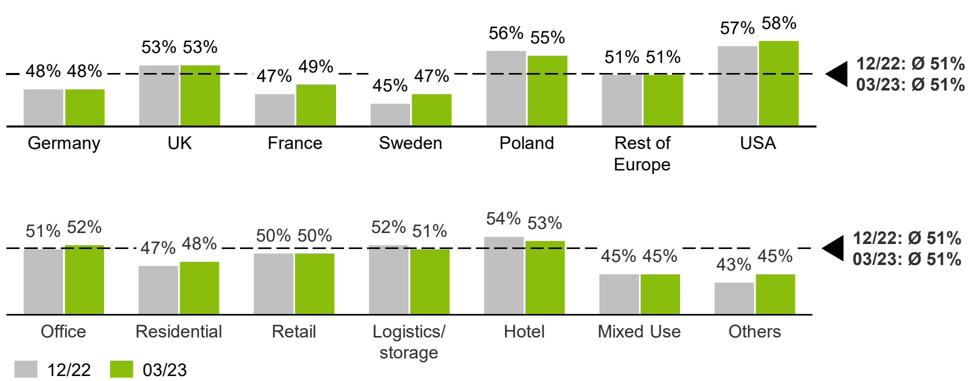
REF NEW BUSINESS & PORTFOLIO

Solid portfolio quality – stable low average LTV of 51%

REF Portfolio: LTV cluster[1]

€ bn





Avg. LTV[1] 51%

Avg. ISC[2] >300%

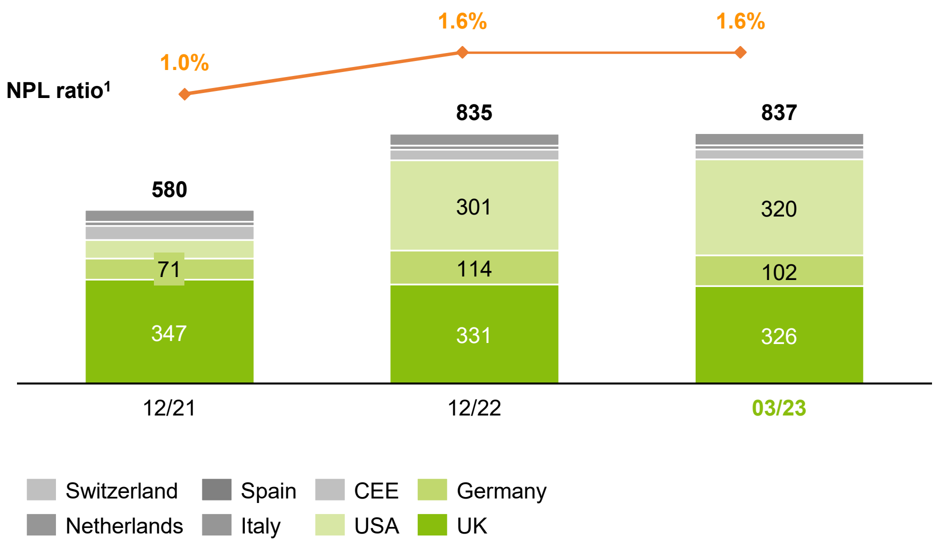
1. Based on performing investment loans only 2. Interest Service Coverage (ISC)-calculation 12 month forward looking, no re-letting assumptions made, guarantees / recourse elements not considered **Note:** Figures may not add up due to rounding

NPL PORTFOLIO

NPL ratio on low level

Non-performing loans – regions

€ mn (EaD, Basel III)



- Non-performing loans (NPLs) stable q-o-q – 3 new additions of US loans (€ 137 mn) mainly compensated by removal of 1 US office loan (€ 116 mn, in forbearance cure-period) and 1 German residential loan (€ 3 mn)
- NPL ratio (EaD)[1] of 1.6% remains stable on low level (12/22: 1.6%)

1. Non-performing exposure ratio = Non-performing loans and bonds / total portfolio (EaD) / NPL ratio (EBA definition) 03/23: 2.2%, 12/22: 1.9% (NPL ratio = gross carrying amount of non-performing loans and advances (incl. loans in forbearance cure-period) / total gross carrying amount of loans and advances) Note: Figures may not add up due to rounding

NPL PORTFOLIO

NPLs ≠ risk provisioning

- Overall NPL levels remain moderate and largely without additional loan loss provisions due to conservative risk positioning
- NPL coverage ratio regularly underscores collateral position: NPLs are sized as loan amount minus actual collateral value – the effective coverage ratio adds up to 100%
- Especially in the US: NPLs do not necessarily result in risk provisioning – impairment tests frequently indicate no or no major provisioning needs, e.g.
    - breach of tight (hard) debt yield covenants triggers default (and NPL) but interest is being paid and collateral value might still be sufficient
    - US specific extension structures (short base duration plus extension options) increase prolongation risk while cash flow for interest and valuation is still sufficient

➡ Last months have seen higher additions to NPLs especially in US Office exposure while some loans could be cured and put back into regular portfolio with low levels of risk provisioning required

ESG at core of pbb strategy and brand

ESG Programme

	2021	2022	03/23
ISS ESG	C Prime	C Prime	C Prime
MSCI	A	AA	AA
Moody's ESG Solutions	Score 43 (limited)	Score 44 (limited)	Score 50 (robust)

- 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 initial roadmap to align CRE portfolio with Paris 1.5 degree target by 2045/2050
- 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 implemented
  - Management Board responsibility – ESG targets part of remuneration
  - Operationally, all ESG dimensions covered with clear responsibilities assigned
- Progress acknowledged by regulator, ESG rating agencies and capital markets

GREEN FINANCE

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

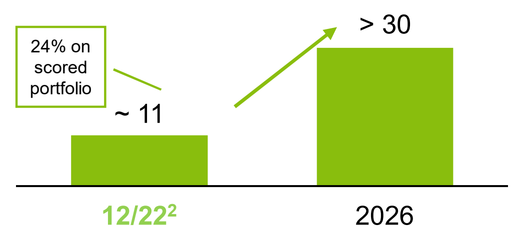
- We are a leading issuer of green senior unsecured bonds

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

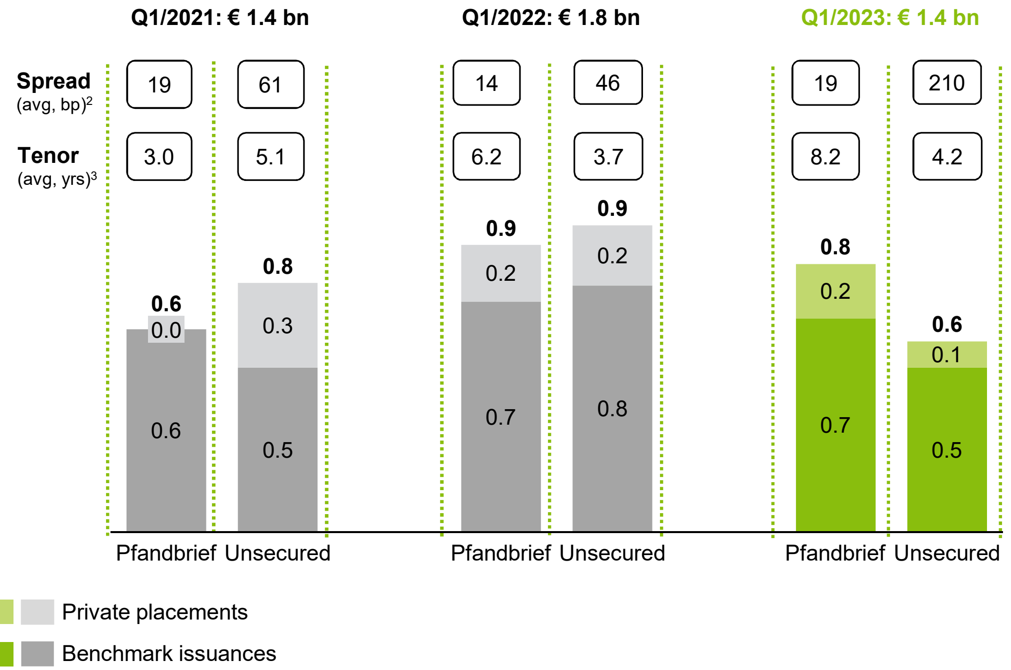
€ 3.3 bn
Green bonds issued (since 2021)

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)

FUNDING AND LIQUIDITY

Focus on resilient and cost efficient Pfandbrief – unsecured funding increasingly shifted into currently more favourable retail deposit base

New long-term funding[1]
€ bn



- Focus on benchmarks and green refinancing
  - Pfandbrief funding with 1 benchmark and 2 taps
  - Unsecured funding dominated by € 500 mn Green Senior Preferred benchmark in January
- Increasing importance of pbb direkt – focus on term money
- TLTRO – remaining volume of € 2.65 bn to be repaid in 2023/24

- pbb manages its liquidity on a 6-months basis – liquidity buffer must withstand 6-months stress test (vs. 1-month regulatory requirement)
- Comfortable liquidity ratios: LCR 309% / NSFR 117%

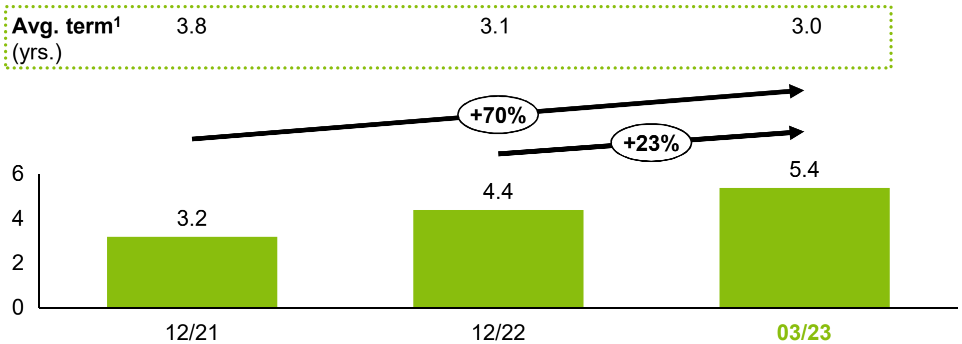
1. Excl. retail deposit business and "own-use" Pfandbriefe **2.** vs. 3M Euribor **3.** Initial weighted average maturity **Note:** Figures may not add up due to rounding

pbb direkt – DEVELOPMENT OF VOLUMES

Retail deposits up by 23% to € 5.4 bn – ~80% term money

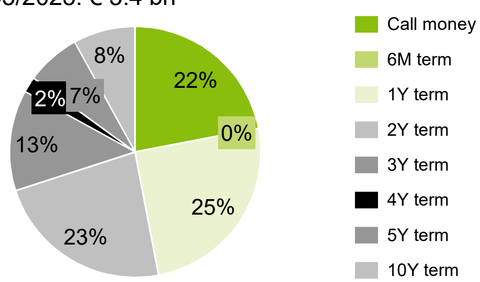
Development of pbb direkt volume

€ bn



Retail deposits – maturity profile[1]

31/03/2023: € 5.4 bn



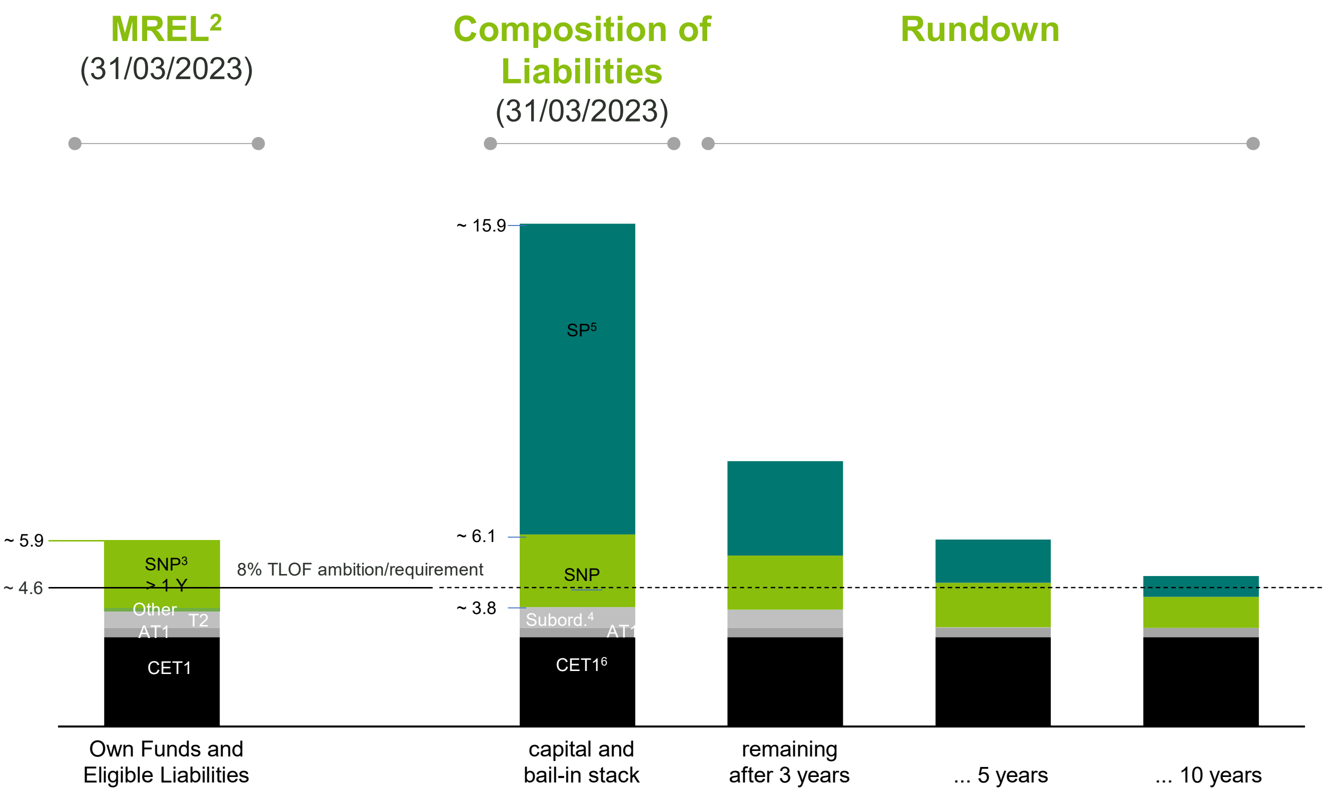
- Number of clients increased by >80% since 12/21, from 41,000 to 75,000 in 03/23 with an avg. deposit amount of € 72,000 per client
- pbb direkt deposits approx. 100%[2] guaranteed

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 **Note:** Figures may not add up due to rounding

FUNDING

Own Funds and Eligible Liabilities significantly exceed 8% TLOF

€ bn



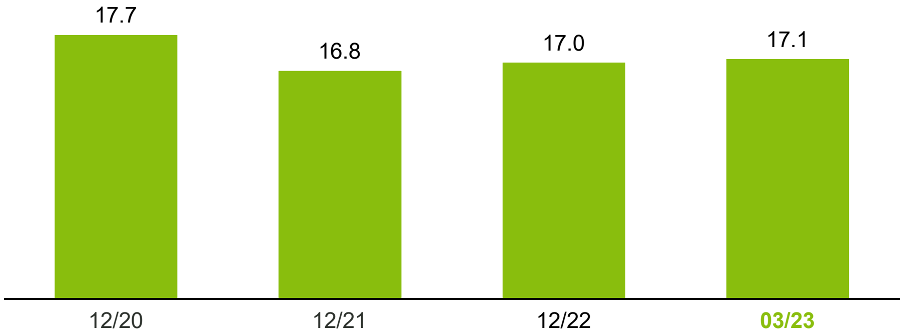
- Buffer for Senior Preferred (SP) investors due to high volume of capital instruments and Senior Non-Preferred (SNP) liabilities
- Existing Senior Non-Preferred liabilities with long remaining terms
- SP currently predominant senior product, but SNP to remain a key element of pbb's funding strategy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

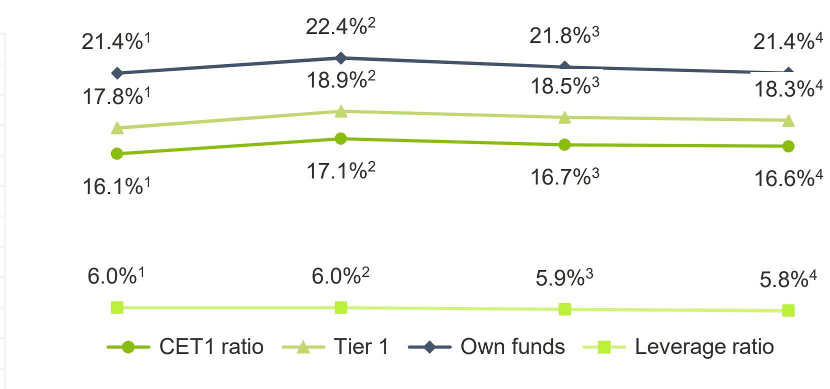
1. After confirmation of the 2022 financial statements, less the proposed dividend **2.** pbb has set its ambition level at 8% TLOF with 100% subordination (i.e. Own Funds and Senior Non-Preferred), which is the currently binding regulatory target. As of 31 March 2023, MREL eligible items amounted to ~ 10.3% TLOF (without approved scope from the General Prior Permissions)/~ 34.5% RWA/~ 10.9% 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

CAPITAL

Strong capital base allows for taking advantage of profitable growth opportunities

Basel III: RWA
€ bn (IFRS)





- **RWA** already calibrated towards anticipated Basel IV levels
  (fully loaded)
- Slight RWA increase by new REF commitments and individual internal rating deteriorations mainly compensated by maturity, reclassification and FX effects
- Strong capital base with **CET 1 ratio** of 16.6%[4] provides comfortable buffer
  - for expected rise in RWA from macroeconomic and Real Estate sector uncertainties
  - to take advantage of profitable growth opportunities

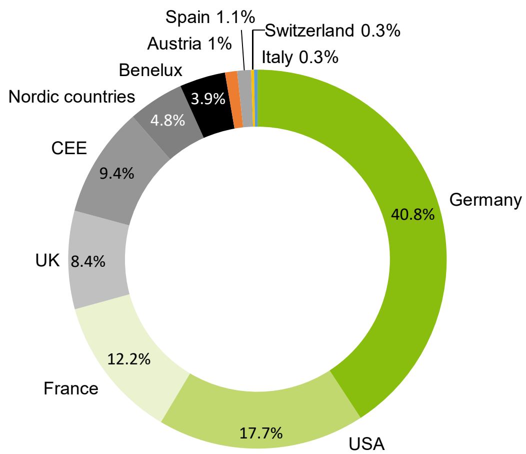
- **SREP requirements** (incl. anticipated additional buffer of 90bp):
  - CET 1 ratio: 9.31%
  - Tier 1 ratio: 11.28%
  - Own funds ratio: 13.90%

1. After approved year-end accounts, 2020 result not included **2.** Incl. full-year result, post dividend 2021 **3.** Incl. full-year result, post proposed dividend 2022 **4.** Excl. interim result, post proposed dividend 2022 **Note:** Figures may not add up due to rounding

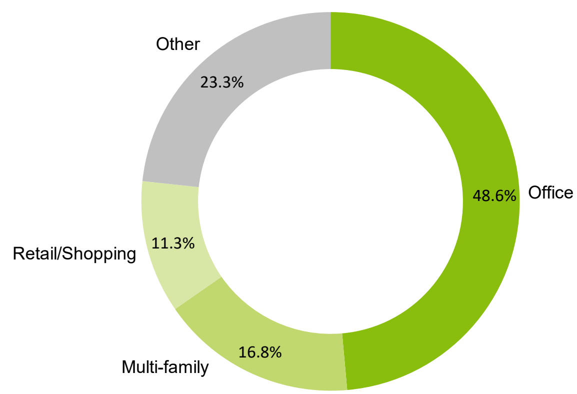
Funding Mortgage Cover pool

Diversification by countries and property types enables for flexible approach

Regions



Property types



Mortgage cover pool (nominal)	31/03/2023
Pfandbriefe outstanding	€ 15.2 bn
Cover funds	€ 19.3 bn
Over-collateralisation (Nominal/NPV)	26.8% / 31.2%
No. of loans	1,526
No. of properties	3,107
Payments ≥ 90 days overdue	-
Weighted average LTV (based on market value)	32.4%

MANDATED RATINGS

Bank Ratings	S&P
Long-term	**BBB+**
Outlook/Trend	**Stable**
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]	BBB-
Subordinated Debt	BB+
Pfandbrief Ratings	**Moody's**
Mortgage Pfandbrief	Aa1
Public Sector Pfandbrief	Aa1

Disclaimer:

The rating information published in this presentation and on our web site are a service for our investors. The information does not necessarily represent the opinion of Deutsche Pfandbriefbank AG. Ratings should not serve as a substitute for individual analysis. The information provided should not be seen as a recommendation to buy, hold or sell securities. Deutsche Pfandbriefbank AG does not assume any liability, including for the completeness, timeliness, accuracy and selection of such information, or for any potential damages which may occur in connection with this information.

The rating agencies may alter or withdraw their ratings at any time. The rating of an individual security issued by Deutsche Pfandbriefbank AG may differ from the ratings shown above or an individual security might not be rated at all. For the evaluation and usage of the rating information (including the rating reports), please refer to the respective rating agencies' pertinent criteria and explanations, terms of use, copyrights and disclaimers, which are to be considered.

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

SUMMARY

pbb well positioned to weather current market challenges

- 2023 is Year of Investments
  - Speedy implementation of strategic initiatives
  - Managing increasingly difficult markets risk-wise
  - Keeping operative track
- Q1/23 in line to reach full-year guidance 2023
- Significant growth in retail deposits to support NII especially in H2/23
- Increased avg. gross portfolio margin to be maintained and further augmented
- Stage 1&2 risk provisioning (loan loss reserves) calibrated towards demanding market environment in 2023 – should keep new provisioning low

APPENDIX

KEY FIGURES

pbb Group

Income statement (€ mn)	2020	2021	Q1/22	Q2/22	Q3/22	Q4/22	2022	Q1/23
Net interest income	476[5]	494	122	120	116	131	489	106
Net fee and commission income	6	8	2	1	1	4	8	1
Net income from fair value measurement	-8	10	9	5	7	-1	20	1
Net income from realisations	26	81	5	5	-	5	15	14
Net income from hedge accounting	4	-	1	-2	8	-7	-	-2
Net other operating income	22	-2	10	-6	-4	-1	-1	-1
Operating Income	**526**	**591**	**149**	**123**	**128**	**131**	**531**	**119**
Net income from risk provisioning	-126	-81	-18	-1	-19	-6	-44	-2
General and administrative expenses	-204	-219	-53	-53	-51	-67	-224	-58
Expenses from bank levies and similar dues	-26	-29	-31	-	-1	-	-32	-22
Net income from write-downs and write-ups on non-financial assets	-19	-20	-5	-4	-5	-4	-18	-5
Pre-tax profit	**151**	**242**	**42**	**65**	**52**	**54**	**213**	**32**
Income taxes	-30[5]	-14	-6	-10	-8	-2	-26	-5
Net income	**121**	**228**	**36**	**55**	**44**	**52**	**187**	**27**

Key ratios (%)	2020	2021	Q1/22	Q2/22	Q3/22	Q4/22	2022	Q1/23
CIR[1]	42.4[5]	40.4	38.9	46.3	43.8	54.2	45.6	52.9
RoE before tax	4.65	7.5	4.8	7.9	6.1	6.3	6.3	3.3
RoE after tax	3.65	7.0	4.1	6.7	5.1	6.0	5.5	2.7
RoCET1 after tax	n/a	n/a	4.5	7.3	5.6	6.7	6.0	3.0

Balance sheet (€ bn)	12/20	12/21	03/22	06/22	09/22	12/22	03/23
Total assets	58.9	58.4	56.3	55.1	55.9	53.0	53.7
Equity	3.3	3.4	3.4	3.3	3.4	3.4	3.5
Financing volume	44.2	43.7	43.8	43.3	44.3	43.7	43.5

Regulatory capital ratios[2]	12/20	12/21	03/22	06/22	09/22	12/22	03/23
RWA (€ bn)	17.7	16.8	16.7	16.5	17.3	17.0	17.1
CET 1 ratio – phase in (%)	16.1[3]	17.1[4]	16.9[6]	17.2[7/8]	16.3[7]	16.7[9]	16.6[10]

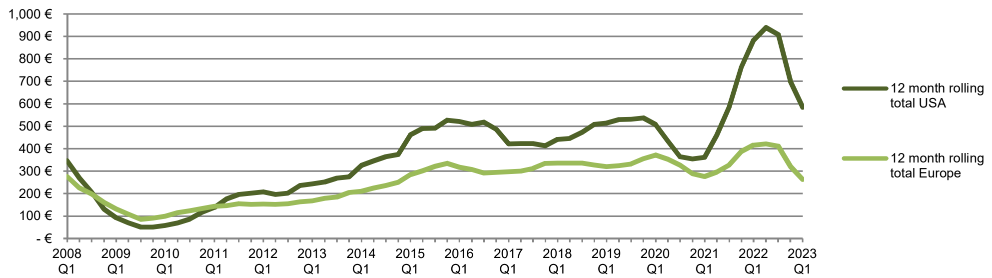
Personnel	12/20	12/21	03/22	06/22	09/22	12/22	03/23
Employees (FTE)	782	784	780	777	776	791	800

1. CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income **2.** Basel III transition rules **3.** After approved year-end accounts **4.** Incl. full-year result, post proposed dividend 2021 **5.** 2020 figures retrospectively adjusted according to IAS 8.42 **6.** Excl. Interim result, post proposed dividend 2021 **7.** Excl. Interim result **8.** Retrospectively adjusted (previously, AT1 coupon was deducted from CET 1 capital) **9.** Incl. full-year result, post proposed dividend 2022 **10.** Excl. Interim result, post proposed dividend 2022 **Note:** annual results audited, interim results Q1 2022/23 and Q3 2022 unaudited, interim results Q2 2022 unaudited, but reviewed

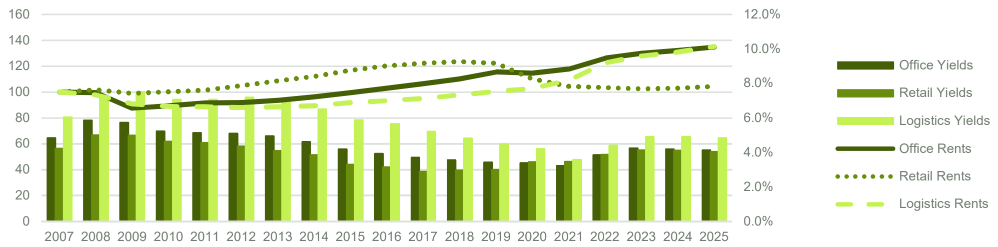
CRE MARKETS

Challenging market environment – further decline of CRE investment volumes in Q1/23

European and US Investment volume[1]
(€ bn)



European Prime Rents (2007=100; LHS) and Prime Yields (RHS)[2]

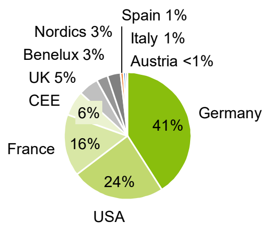
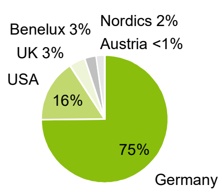
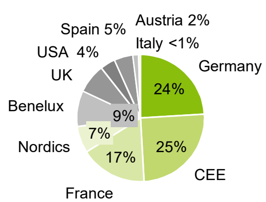


- European and US CRE investment volumes remain on very low level in Q1/23
- Ongoing difficult investment environment – prices expected to bottom out Q4/23 or early 2024
- Europe:
  - Prices are falling across all asset types as a reflection of weak investment demand
  - Prime office yields have already edged up and are expected to move out further in all markets
  - Logistics expected to see relatively large price decreases while residential values are expected to decline less
  - Hotel / Retail: slow return of prime transactions after significant price corrections
- USA:
  - Challenging combination of higher interest rates, structural vacancies due to work from home and overall turmoil around regional banks and debt ceiling
  - Very selective underwritings with prime sponsors at low LTV and sufficient debt yields

1. All property types. Based on independent reports of properties and portfolios over € 5 mn (over $ 2.5 mn for US), USD to EUR = end years FX rates
Source: Real Capital Analytics (RCA) **2.** Source: pbb Property Market Analysis (PMA) as of April 2023

REF PORTFOLIO

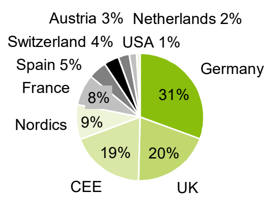
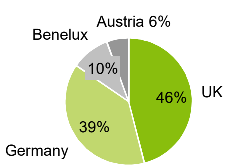
Sub-segments

Property type	Regions	Evaluation of current situation	Challenges	Risk positioning
Office € 16.0 bn (52%)		▪ Above average increase in vacancies in office properties which are not fulfilling the current property requirements; but in many markets still on comparatively low levels. ▪ Office investment volumes are on historic lows. Only a few 1a-properties with a long term lease with a good tenant are still transferred. ▪ Significant price adjustments coming through. Yields have already edged up and are expected to move out further. ▪ More important criteria is the ESG aspect of the properties which is a main argument for the selling. Without a good 'Green-' rating or very good energy consumptions balance office properties are expected to not get a market in the future.	▪ Cooling of tenant market due to overall situation of economies, furthermore shift of demand towards modern, green, centrally located schemes. This leading to increased re-letting/extension risks with pressure on rental level on secondary/older buildings. ▪ Good locations remain competitive, "Green" having become a very core element in competition ▪ Structural changes: – Work from home – Focus on green buildings – Focus on flexible and modern building layouts.	▪ Focus on good locations ▪ Conservative risk positioning: avg. LTV of 52%[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 € 5.4 bn (17%)		▪ At present the multifamily market seems to be stable. Especially in countries with strong social welfare programs. ▪ Growth in rental prices seen so far expected to soften in future, due to rising cost for the energy. Nevertheless inflation coupled rental contracts leads to rising rents. ▪ Condo market expected to soften because of the rising prices for financing. Longer timeline in the selling process.	▪ Increasing interest level puts pressure on value, however still more moderate than in many other (sub-)asset classes. ▪ Cash flow under pressure from many angles – interest rates, energy costs, investment requirements. This somewhat counterbalanced by increasing rents. ▪ In particular capital market oriented owners often with challenging refinancing situations.	▪ Conservative risk positioning ▪ Portfolio volume of € 5.4 bn with conservative avg. LTV of 48%[1] provides good buffer and supports commitment of investors/sponsors ▪ Well diversified portfolio with strong focus on Germany
Logistics € 4.4 bn (14%)		▪ Logistic properties were very popular for investors. ▪ Prices have decoupled from overall trend and increased in last years. The expectation is now a yield widening by a minimum of 50 bps. ▪ The benefitting from increasing focus on e-commerce and the need of more resilient supply chains rents expected to rise. ▪ The expected significant drop in values is yield driven, while rental growth is still nearly mitigating capital value decline.	▪ Currently still taking advantage from strategic developments like: – Online-shopping – Need for more resilient supply chains in the industry sector – Professionalisation of entire industry ▪ Monoline logistics centres ▪ Limited availability of new space in some countries ▪ Due to partially overheated prices, market correction on investment side seen. Rents still stable/partially further increasing.	▪ Strategic approach; expert team since 2014; share increase since 2013 from 8% to 14% ▪ 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

REF PORTFOLIO

Sub-segments

Property type	Regions	Evaluation of current situation	Challenges	Risk positioning
Retail € 3.3 bn (11%)		▪ Shopping centres: increased pressure, fashion dominated shopping centres most impacted (decline in rents, shorter lease terms, etc.). There are plans for conversions by owners and operators ▪ Retail-parks/discounter with strong local demand: largely stable development. ▪ High street properties: declines in rents and rise in yields. ▪ Downward trend in secondary locations and smaller cities expected to intensify. ▪ Specialized Retail (e.g. FOC) is doing good as Pre-Corona. ▪ Rising commodity costs dampen consumer confidence and purchasing power.	▪ Short Term: threats to income stability as well as decreasing consumer spending / consumer confidence (war in Ukraine leading inter alia to strong increase of energy costs), however partially compensated by recovery effects post Corona. Therefore performing retail assets from present downturn less impacted than other (sub-)asset classes ▪ Mid Term: structural changes (online sale, change of high street retailer structure from smaller regional chains/owner occupied shops towards national/international chains and brands) leading to continued pressure on rents and to substantial oversupply of space in particular outside A-locations	▪ Selective approach with foresighted reduction of retail portfolio by ~55% or € 3.8 bn since 2016 (03/23: € 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 ▪ Current approach is no new commitments for shopping centres
Hotel (Business Hotels only) € 1.1 bn (4%)		▪ Rising competition led to insolvencies for operators and licensees and rebuilt secondary hotels for other uses (temporary office, longstay, etc.). ▪ Hotels dependent on international tourist and business traveller still not expected to fully recover in short-/mid-term. ▪ However, due to catch-up effects (Revenge Travel), city hotels in good locations are now almost back to pre-Corona occupancy levels. ▪ Leisure hotels focused on domestic guests with good accessibility will recover faster. ▪ Economic uncertainty triggered by the military conflict and lower disposable income because of inflation will slow the recovery.	▪ Recovery in progress with some locations close or even above to pre-Corona-levels in terms of occupancy and room rates. ▪ Airport/Fair hotels being late in recovery cycle due to inter alia changing travel habits as well as fairs still substantially from pre-COVID-level of activity. ▪ Recovery of business hotels focus on central locations, fringe locations expected to be late in recovery, too. ▪ Shortage of qualified personnel in parts of the industry, furthermore increasing operating costs squeeze margins and often compensate substantial 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 € 1.1 bn ▪ Focus on prime location secures base value of properties ▪ Conservative risk positioning: avg. LTV of 53%[1] provides good buffer and supports commitment of investors/sponsors ▪ Focus on strong sponsors with ability to inject more equity

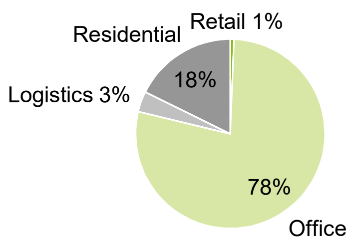
1. Based on performing investment loans only

FOCUS: US PORTFOLIO

Risk profile strictly monitored and managed – only small risk provisioning need

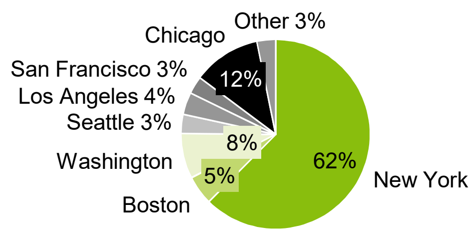
US portfolio: Property types

31/03/2023: € 4.9 bn (EaD, Basel III)



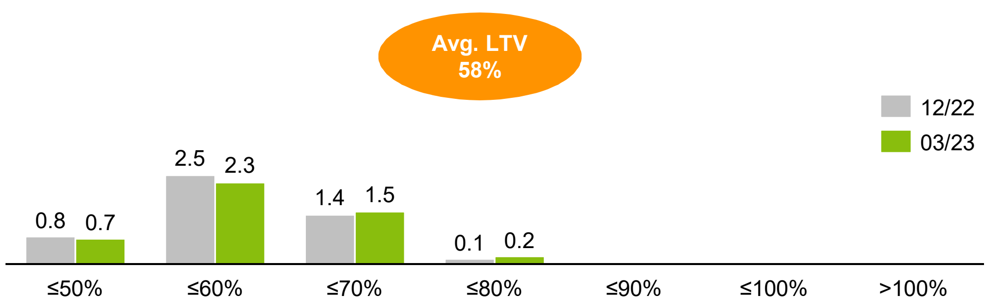
US portfolio: Regions

31/03/2023: € 4.9 bn (EaD, Basel III)



US portfolio[1]: LTV ratio

31/03/2023: € 4.7 bn (€ bn, financing volume, Basel III, LTV not sliced)



- Weak fundamentals esp. for the US Office market with high vacancies but significant discrepancies between regional markets and sub-segments
  - Prime properties in A-locations still with visibly higher presence in office and lower structural vacancies than average
  - Fundamentals primarily driven by: interest, “working from home” quota, ESG compliance and location
- Valuations of Office and – to a lesser extent – Logistics properties presently subject to significant corrections – dependent on regional and structural differences
- While serious concerns regarding US real estate markets prevail, US markets expected to recover relatively fast compared to most European markets

US NPL portfolio

31/03/2023: € 320 mn (EaD, Basel III)

- 6 NPL loans
- Total volume € 320 mn
- Only small risk provisioning of € 7 mn necessary
- All multi-tenant office properties

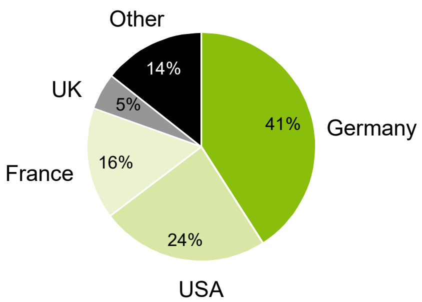
1. Based on performing investment loans only **Note:** Figures may not add up due to rounding

FOCUS: OFFICE PORTFOLIO

Risk profile strictly monitored and managed – solid risk parameters

Office portfolio: Regions

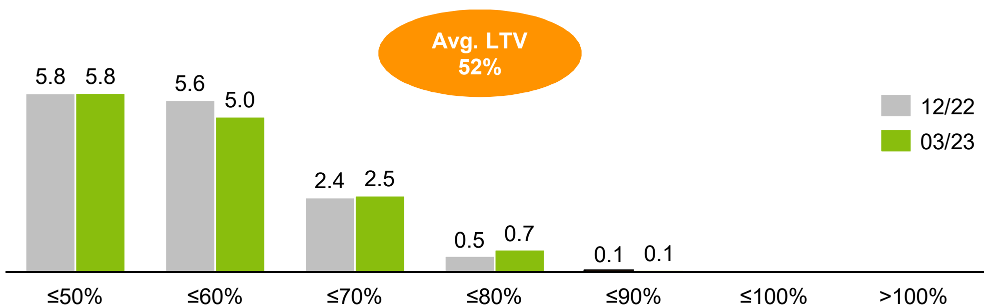
31/03/2023: € 16.0 bn (EaD, Basel III)



- Office investment volumes are at historic lows, only a few 1A-properties with long term leases and good tenants are still transacted
- Above average increase in vacancies in office properties which are not fulfilling the current property requirements (Prime location, Green property); but in many markets still on comparatively low levels
- Price adjustments coming through

Office portfolio[1]: LTV ratio

31/03/2023: € 14.4 bn (%, financing volume, Basel III, LTV not sliced)



Office NPL portfolio: Regions

31/03/2023: € 395 mn (EaD, Basel III)

- 9 NPL loans
- Total volume € 395 mn, thereof € 320 mn US loans
- Only small risk provisioning of € 18 mn

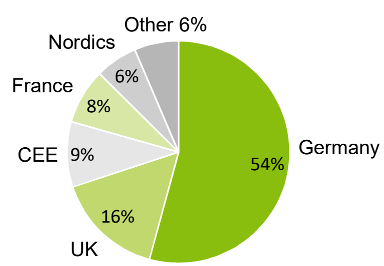
1. Based on performing investment loans only **Note:** Figures may not add up due to rounding

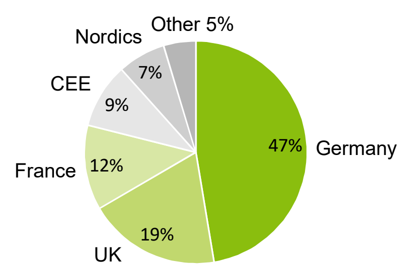
REF PORTFOLIO

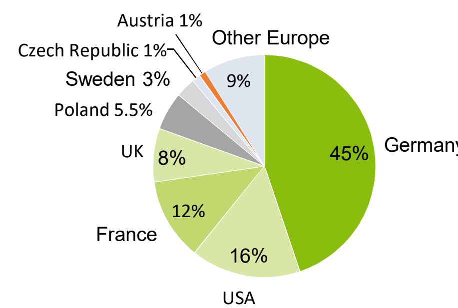
Portfolio shift over the years reflects pbb´s conservative risk approach

	31/12/2013 / Total: € 22.2 bn[1]	31/12/2015[2] / Total: € 25.8 bn[1]	31/12/2022 / Total: € 31.0 bn[1]

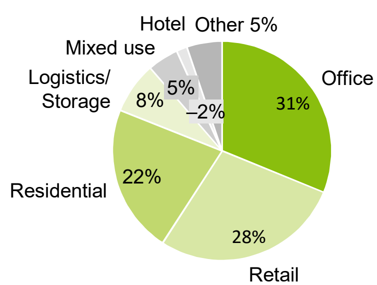
Regions

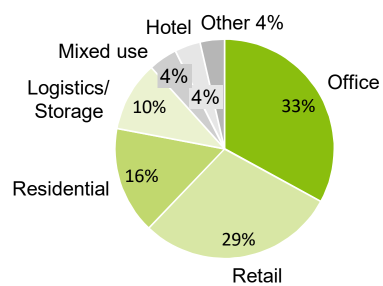


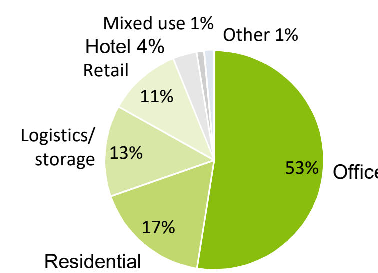




Property types



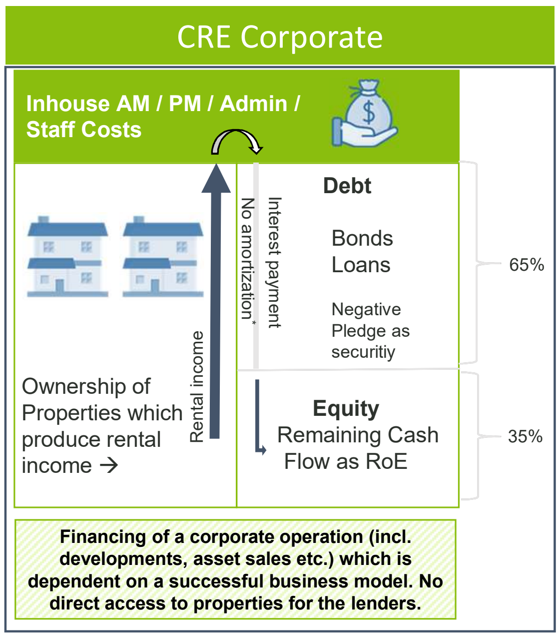


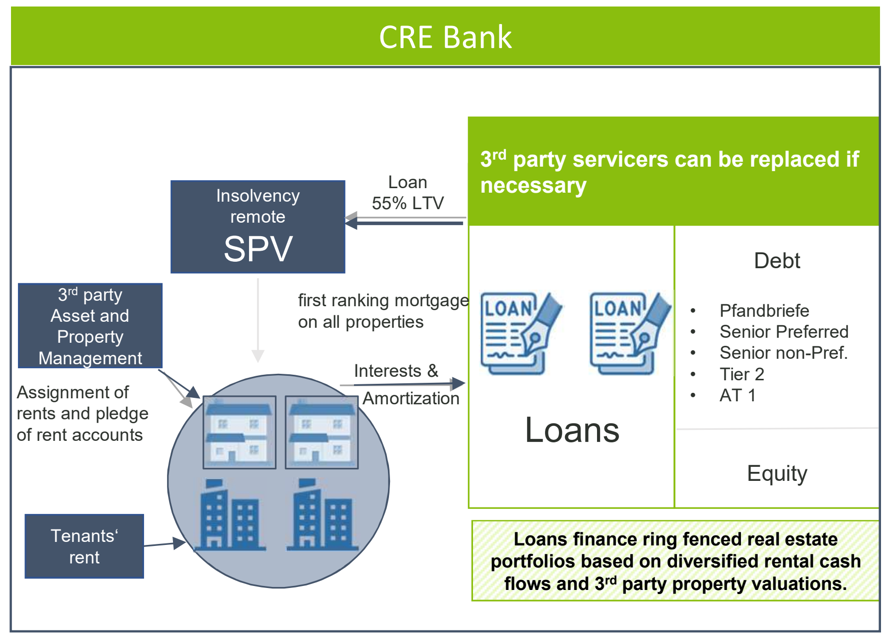


Note: Figures may not add up due to rounding 1 EaD, Basel III 2 prior to the Brexit referendum in 2016

Simplified description of CRE business models

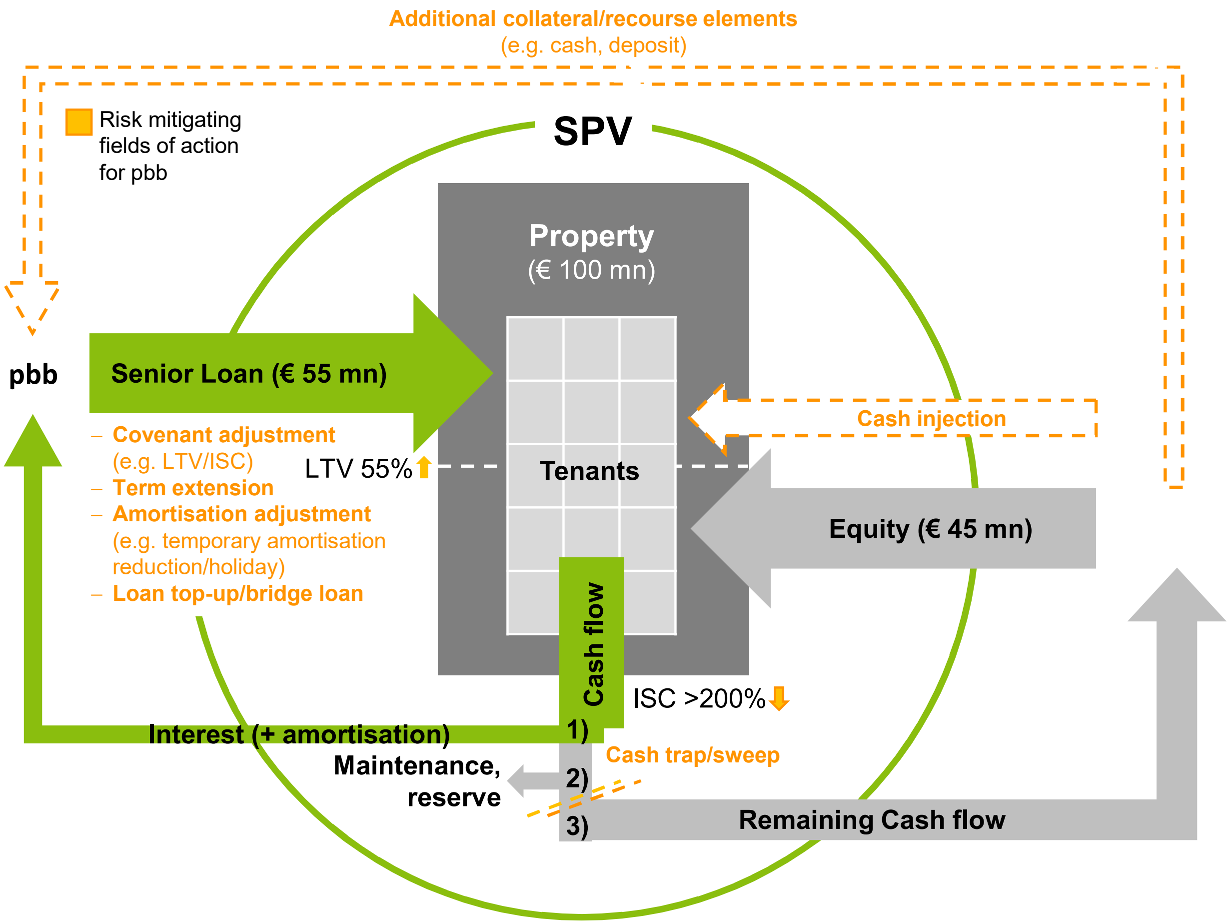
CRE Bank Lending Business compared to CRE Corporate's business





RISK MANAGEMENT

Risk mitigating fields of action for pbb in worsening credit situations



- Conservative **risk positioning**, strong **covenant structures**, close **monitoring process** 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

Cover Pools

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

Interest Service Cover Ratio

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

minus

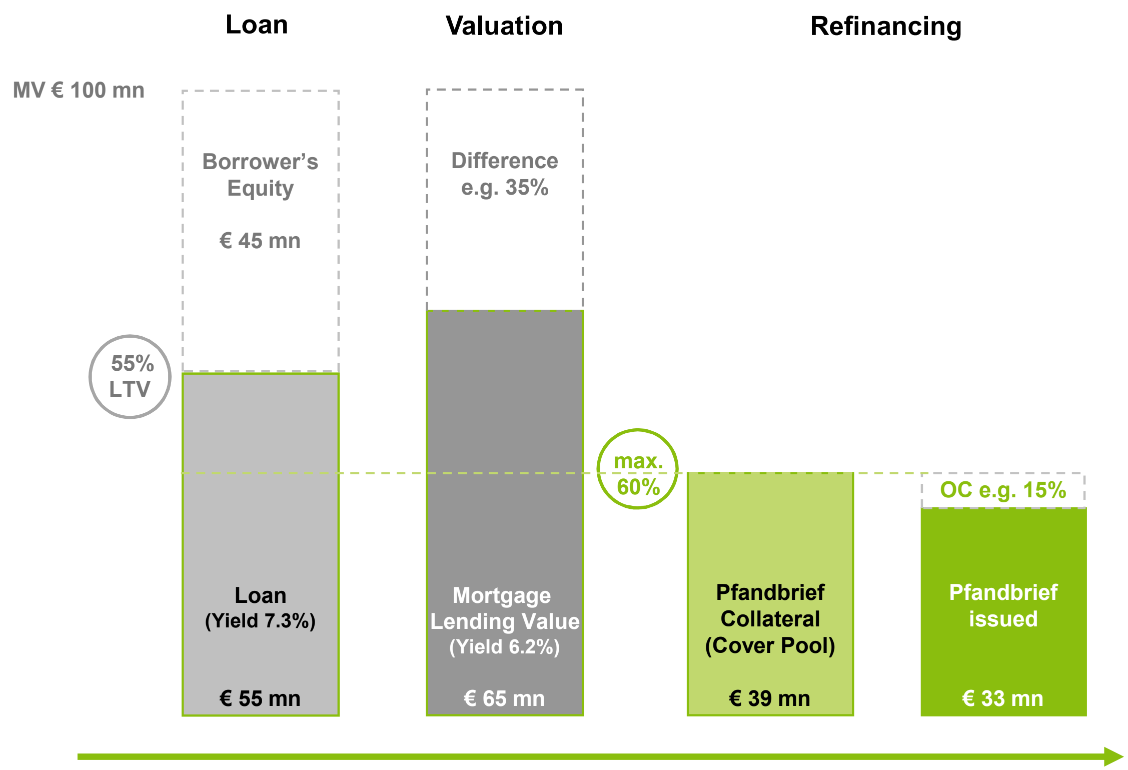
€ 1.1 mn interest payment p.a. for a € 55 mn loan at 2% interest rate

€ 2.9 mn excess cash

$$\frac{€\ 4.0\text{ mn rent}}{€\ 1.1\text{ mn interest}} = \sim 360\%\text{ ISCR}$$

[at current interest rates of approx. 3 % the ICR drops to ~ 240%]

Loan - to - Value Ratio



MONITORING PROCESS

Multi-level valuation review process

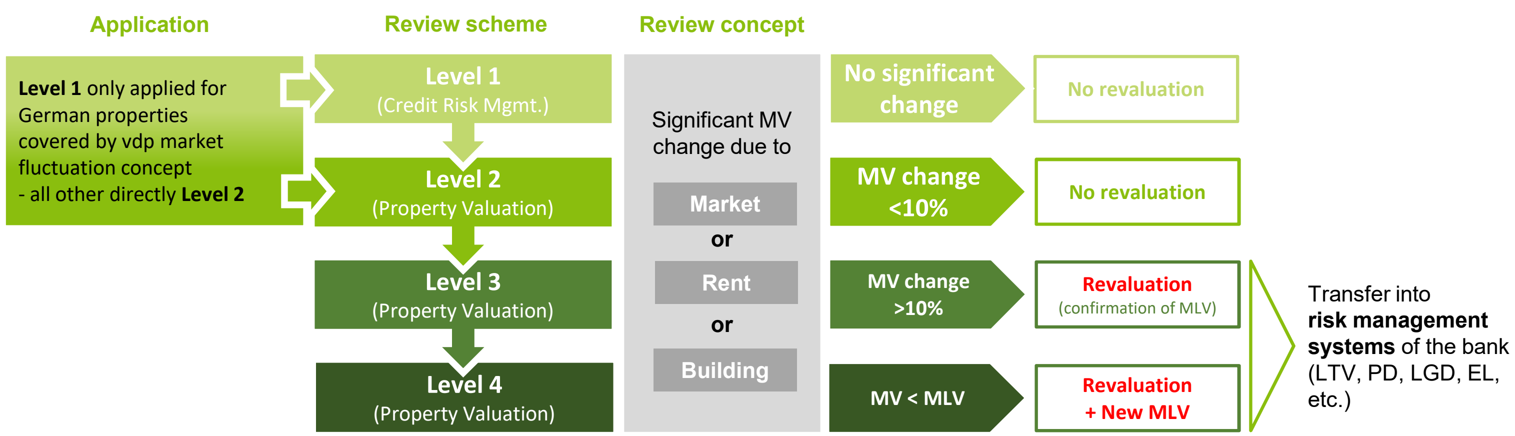
- **Regular annual review** (Level 1/2) – revaluation mandatory in case of significant changes (Level 3/4)
- **Mandatory revaluation** (Level 3) **after 3 years**

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)

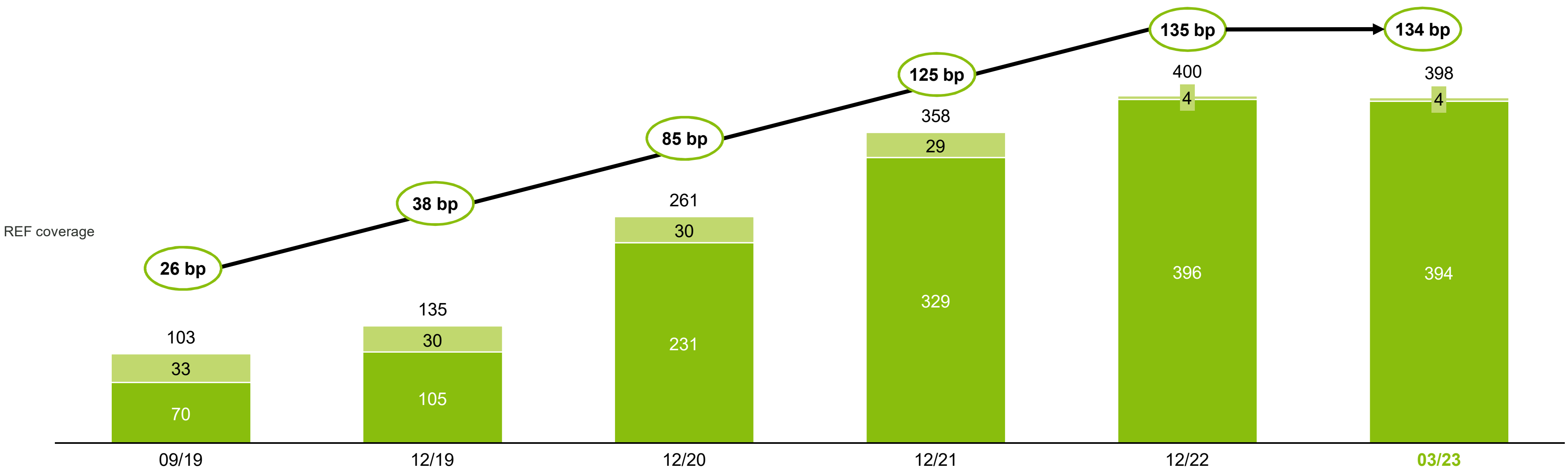


RISK PROVISIONING

Conservative risk profile aims at a long-term sustainable provisioning level of 40-80bp on the REF portfolio throughout the cycle

Balance sheet – loss allowances

€ mn



	09/19	12/19	12/20	12/21	12/22	03/23
Mgmt. overlay	-	-	-	54	69	42

Note: Figures may not add up due to rounding

CONTACT DETAILS

Götz Michl

Head of Funding & Debt Investor Relations

+49 (0)6196 9990 2931

goetz.michl@pfandbriefbank.com

Silvio Bardeschi

Funding & Debt Investor Relations

+49 (0)6196 9990 2934

silvio.bardeschi@pfandbriefbank.com

Website

www.pfandbriefbank.com/investor-relations.html

Parkring 28 ,85748 Garching/Germany
+49 (0) 89 28 80-0
www.pfandbriefbank.com