

Strong half year results with PBT of EUR 117 mn  
support positive outlook for FY 2019

Results Q2/H1 2019

Analyst Call

12 August 2019

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# Agenda

1. **Highlights**
2. **Markets**
3. **Financials**
4. **New Business & Segment Reporting**
5. **Portfolio Profile**
6. **Funding**
7. **Capital**
8. **Summary & Outlook**

**Appendix**  
**Contact details**

## Highlights H1/19

### pbb remains well on track – strong operating and financial performance



<b>Financials</b>	<ul style="list-style-type: none"><li>■ Strong <b>PBT</b> of € 69 mn in Q2/19 (Q2/18: € 74 mn) results in € 117 mn in H1/19 (H1/18: € 122 mn)<ul style="list-style-type: none"><li>– Strong <b>NII</b> due to reduced funding costs and increase in strategic REF financing volume y-o-y; <b>income from realisations</b> stable</li><li>– No net additions to <b>risk provisions</b></li><li>– <b>GAE</b> slightly up</li></ul></li></ul>
<b>New business<sup>1</sup></b>	<ul style="list-style-type: none"><li>■ Solid <b>new business</b> of € 4.6 bn in H1/19 (H1/18: € 3.8 bn) – <b>REF</b> € 4.4 bn, <b>PIF</b> € 0.2 bn</li><li>■ <b>Average REF gross interest margin</b> returned to &gt;150bp in Q2/19 after ~130bp in Q1/19 (H1/19: &gt;140bp)<ul style="list-style-type: none"><li>– Regional and property mix back to previous levels</li><li>– LTV of 57%<sup>2</sup> reflects unchanged conservative approach</li></ul></li></ul>
<b>Portfolio (financing volume)</b>	<ul style="list-style-type: none"><li>■ <b>REF</b> € +0.9 bn up ytd, supported by strong new business in H1/19 – further moderate <b>growth</b> of core strategic portfolio <b>envisaged</b></li><li>■ <b>PIF</b> remains stable – in line with <b>hold proposition</b></li><li>■ <b>Value Portfolio</b> € -0.9 bn down ytd – <b>further reduction</b> due to maturities in line with strategy</li></ul>
<b>Funding</b>	<ul style="list-style-type: none"><li>■ <b>Strong new funding</b> with € 4.2 bn in H1/19 (H1/18: € 3.0 bn)</li><li>■ Despite increased funding spreads y-o-y <b>average spread level</b> still below maturities in H1/19</li></ul>
<b>Capital</b>	<ul style="list-style-type: none"><li>■ Continued <b>strong capitalisation</b> with CET 1 ratio of 19.4%<sup>3</sup> provides buffer for challenges ahead (e.g. ECB TRIM, EBA Guidelines, Basel IV)</li></ul>

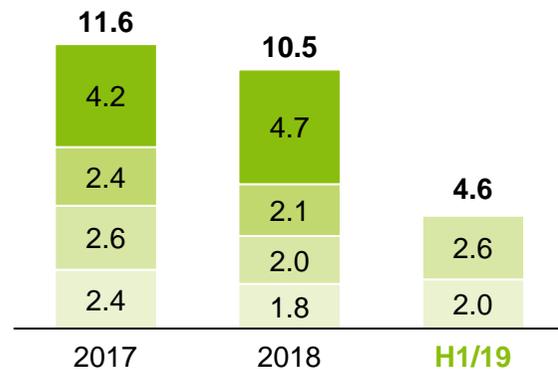
<sup>1</sup> Commitments, incl. extensions >1 year    <sup>2</sup> New commitments; avg. LTV (extensions): H1/19: 48%; H1/18: 56%    <sup>3</sup> Excl. interim result

# Highlights

## Operating and financial overview

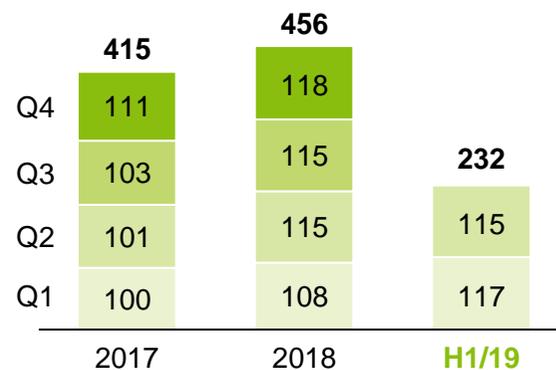
### New business

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



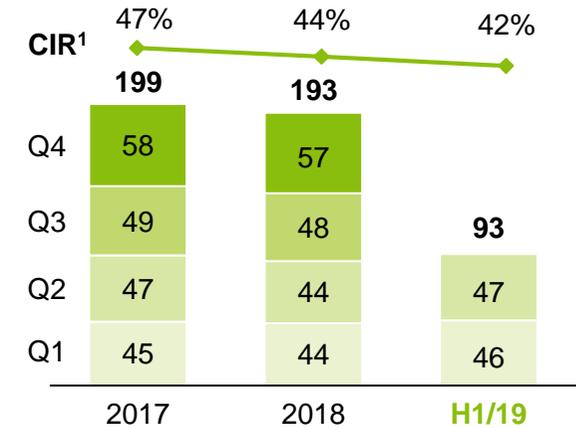
### Net interest and commission income

€ mn (IFRS)



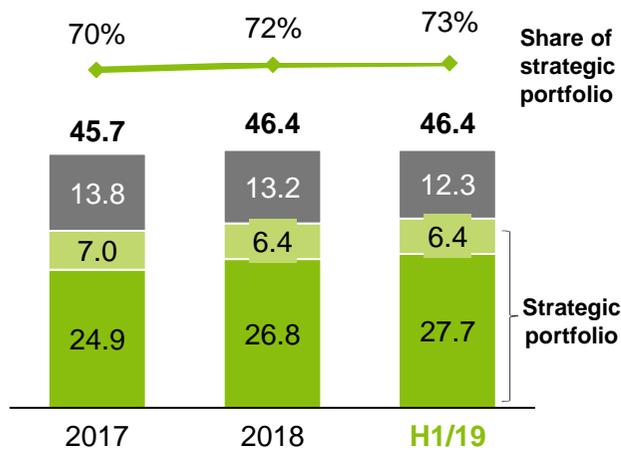
### General and admin. expenses

€ mn (IFRS)



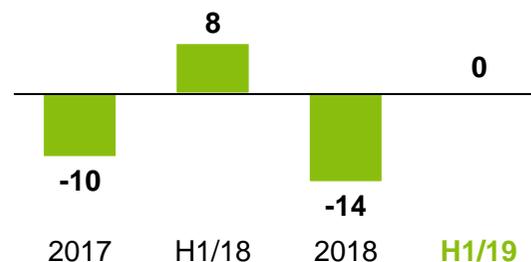
### Portfolio

€ bn (financing volumes)



### Net income from risk provisioning

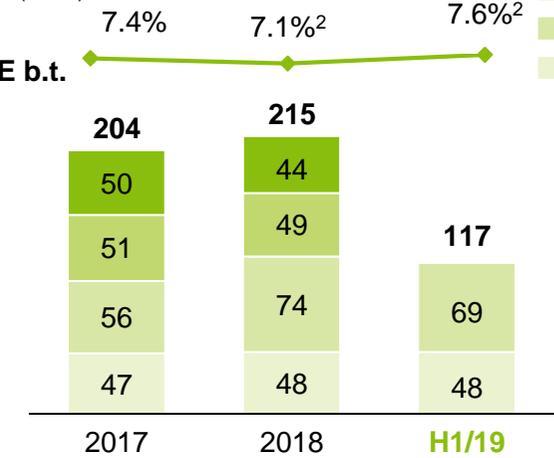
€ mn (IFRS)



### Pre-tax profit

€ mn (IFRS)

RoE b.t.



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 Taking into account pro-rata AT1 coupon (2018: € 12 mn; 2019: € 17 mn)

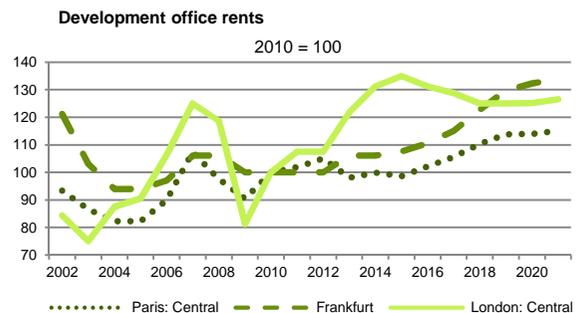
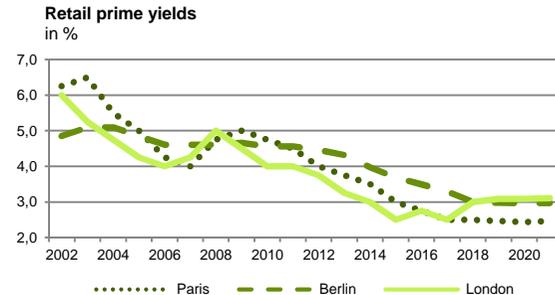
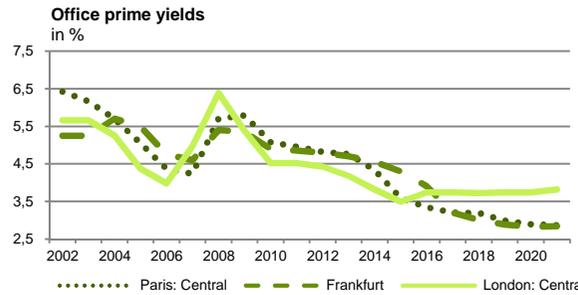
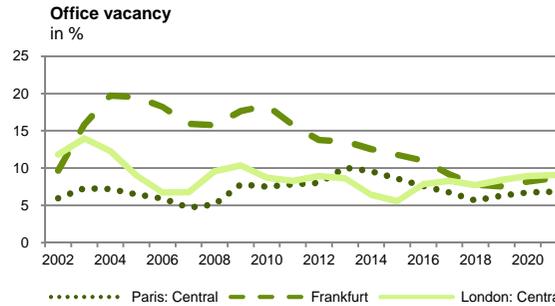
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# Markets

## CRE market environment remains highly competitive and challenging, low interest rate policy of ECB ongoing



- CRE market environment remains highly competitive – fundamentals for most Continental European markets still solid; soft indicators somewhat weaker
  - Transaction volumes remained on elevated level, even though having declined recently
  - Most property yields continued to offer high pickup on 10-year government bond yields, especially after soft ECB interest rate outlook, supporting and prolonging relative attractiveness of CRE markets (long cycle)
  - Some markets with still increasing rents and cash-flows
    - UK rental development mainly stable
    - Retail rents may come under further pressure and are already declining in UK
  - Vacancies remain on low levels in Continental Europe and UK markets; share of co-working space still high
  
- pbb remains cautious and highly selective, especially on
  - UK in most property types
  - Retail (structural change / online business)

1 Source: Property Market Analysis

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## Financials

### H1/19 shows strong performance based on continued solid underlying trends

#### Income statement

€ mn

	Q2/18	Q2/19	H1/18	H1/19
<b>Operating Income</b>	<b>119</b>	<b>119</b>	<b>231</b>	<b>238</b>
Net interest income	113	113	220	229
Net fee and commission income	2	2	3	3
Net income from fair value measurement	4	-5	4	-7
Net income from realisations	6	10	15	16
Net income from hedge accounting	-1	-	-2	-1
Net other operating income	-5	-1	-9	-2
Net income from risk provisioning	4	1	8	-
General and administrative expenses	-44	-47	-88	-93
Expenses from bank levies and similar dues	-1	-1	-22	-22
Net income from write-downs and write-ups on non-financial assets	-4	-4	-7	-8
Net income from restructuring	-	1	-	2
<b>Pre-tax profit</b>	<b>74</b>	<b>69</b>	<b>122</b>	<b>117</b>
Income taxes	-14	-10	-23	-18
<b>Net income</b>	<b>60</b>	<b>59</b>	<b>99</b>	<b>99</b>
<b>RoE before tax (%)</b>	<b>9.5</b>	<b>9.0</b>	<b>8.2</b>	<b>7.6</b>
<b>RoE after tax (%)</b>	<b>7.6</b>	<b>7.6</b>	<b>6.7</b>	<b>6.3</b>
<b>CIR<sup>1</sup> (%)</b>	<b>40.3</b>	<b>42.9</b>	<b>41.1</b>	<b>42.4</b>
<b>EpS (€)</b>	<b>0.43</b>	<b>0.41</b>	<b>0.72</b>	<b>0.67</b>

#### Key drivers Q2/H1 2019:

- NII up +4% y-o-y due to reduced funding costs and higher avg. strategic financing volume
  - Lower fair value measurement mainly driven by pull-to-par effects of derivatives, partially compensated by positive interest rate related valuation effects of non-derivatives; previous year benefitted from one-off gain
  - Net income from realisations benefits from higher prepayment and realisation fees
  - Other operating income less burdened by provisions
  - No net additions to risk provisions; previous year mainly benefitted from releases due to higher maturity effects
  - GAE slightly up y-o-y due to higher non-personnel costs resulting from regulatory projects and digitalisation initiatives
- 
- RoE and EpS taking into account pro-rata AT 1 coupon (2018: € -12 mn; 2019: € -17 mn)

<sup>1</sup> CIR = (GAE + net income from write-downs and write-ups on non-financial assets) / operating income

## Financials

**NII up 4% y-o-y – reduced funding costs and higher avg. strategic financing volume**

### Income from lending business (€ mn)

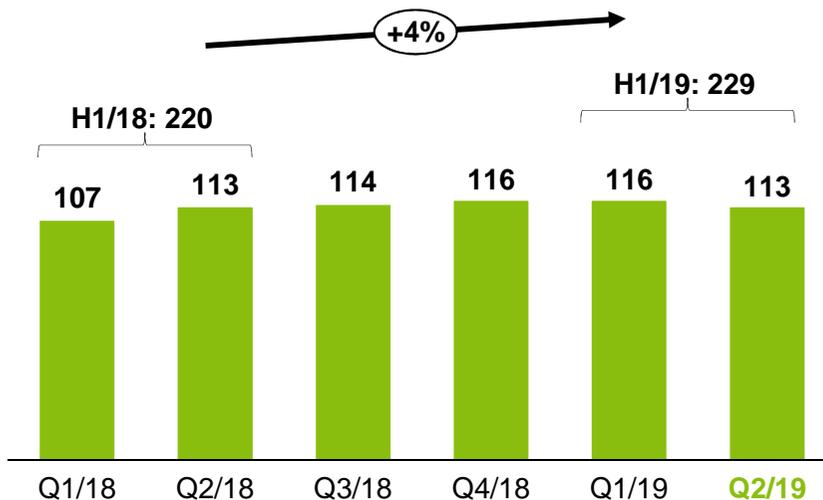
	Q2/18	Q2/19	H1/18	H1/19
Net interest income	113	113	220	229
Net fee and commission income	2	2	3	3

	Q2/18	Q2/19	H1/18	H1/19
Net income from realisations	6	10	15	16

### Key drivers Q2/H1 2019:

- NII up 4% y-o-y
  - Funding costs down y-o-y due to new funding at spreads below maturities
  - Avg. strategic REF financing volume up by € 2.0 bn y-o-y to € 27.4 bn (H1/18: € 25.4 bn)
  - Avg. total portfolio margin stable y-o-y – strategic portfolio growth compensating for higher margin maturities and decline of non-strategic portfolio
  - Q-o-q, NII suffers from lower-yielding reinvestment in equity book
  
- Net income from realisations stable y-o-y
  - Higher prepayment and realisation fees (€ 18mn, H1/18: € 13 mn) even though prepayment volumes slightly lower y-o-y
  - Lower income from redemption of assets and liabilities (€ -2 mn; H1/18 € 2 mn)

### Net interest income (€ mn)



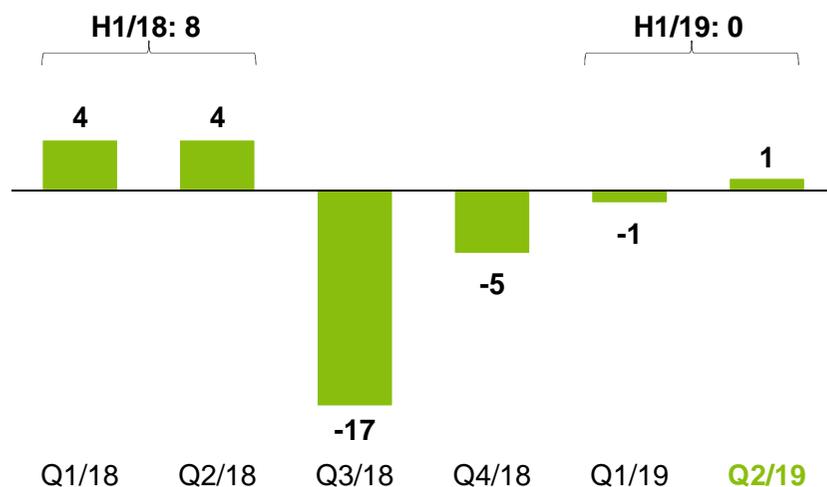
## Financials

Risk costs remain on low level – however, due to market environment higher risk cost anticipated for H2/19

### Net income from risk provisioning

€ mn

	Q2/18	Q2/19	H1/18	H1/19
Net income from risk provisioning	4	1	8	-
thereof				
stage 1	-	1	1	-
stage 2	4	3	8	3
stage 3	-1	-4	-2	-4
other loan loss provisions <sup>2</sup>	1	1	1	1



### Key drivers Q2/H1 2019:

- No net additions to risk provisions – net additions in stage 3 offset by net releases
  - Stage 3: net additions of € 4 mn (H1/18: € 2 mn) due to further cautious value adjustments for retail properties in the UK
  - Stage 1 and 2: release of provisions of € 3 mn in H1/19 (H1/18: € 9 mn) due to positive effects from maturities and property re-valuation
  - Other: € 1 mn release for off-balance sheet items
  - H1/18: release of provisions primarily driven by higher positive maturity effects in stage 2
- Coverage ratio:
  - Stage 3 coverage ratio<sup>1</sup> slightly up at 19% (12/18: 18%)
  - REF coverage ratio at approx. 100% if additional collateral was taken into account
- PBT guidance 2019 includes full-year plan figure for risk provisions due to market uncertainties

Note: Stage 3 logic acc. to IFRS 9 replaced IAS 39 Incurred Loss Modell (effective 1<sup>st</sup> Jan 18):

- Stage 1: impaired with 1 year expected credit loss
- Stage 2 and 3: impaired with lifetime expected credit loss
- Scenarios to be taken into account

<sup>1</sup> Coverage ratio = credit loss allowances on financial assets in stage 3 / gross book values in stage 3 (loans and securities)

<sup>2</sup> Incl. recoveries from written-off financial assets and provision in lending business

## Financials

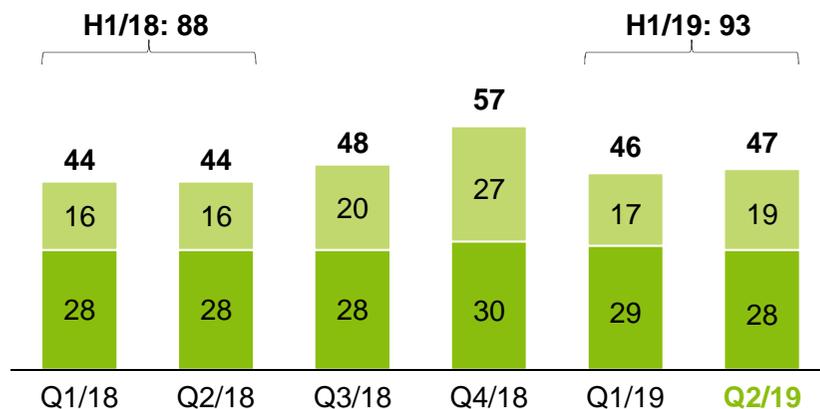
### Operating costs up y-o-y – slight further increase expected going forward

#### General & administrative expenses and depreciations

€ mn

	Q2/18	Q2/19	H1/18	H1/19
General admin. expenses	-44	-47	-88	-93
<i>Personnel</i>	-28	-28	-56	-57
<i>Non-personnel</i>	-16	-19	-32	-36
Net income from write-downs and write-ups on non-financial assets	-4	-4	-7	-8
<i>CIR (%)<sup>1</sup></i>	40.3	42.9	41.1	42.4

■ Non-personnel  
■ Personnel



#### Key drivers Q2/H1 2019:

- GAE up y-o-y (€ 93 mn; H1/18: € 88 mn), in line with expectations
  - Personnel expenses almost stable at € 57 mn (H1/18: € 56 mn), FTEs largely unchanged (H1/19: 746 FTE; H1/18: 747 FTE; FY/18: 750 FTE)
  - Non-personnel costs up to € 36 mn (H1/18: € 32 mn), mainly driven by IT and regulatory related costs plus investments in digitalisation initiatives; H1/18 benefitted from release of provisions for completed projects
- Further increase expected from regulatory projects and digitalisation initiatives
- Net income from write-downs and write-ups on non-financial assets mainly driven by scheduled depreciations; shorter write-down period since mid 2018

<sup>1</sup> CIR = (GAE + net income from write-downs and write-ups on non-financial assets) / operating income

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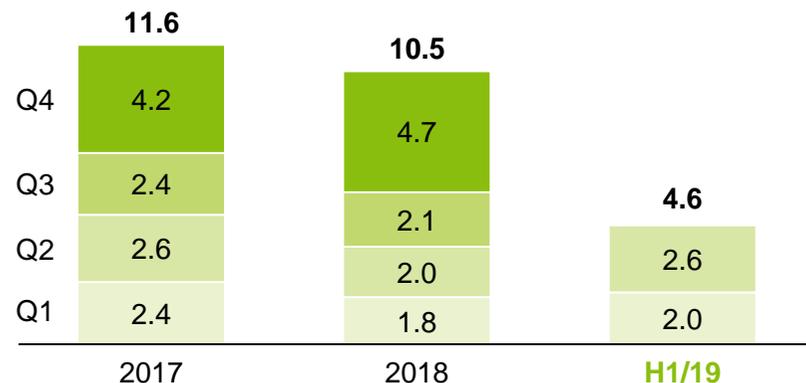
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## New business

Solid new business volume – avg. REF gross margins increased in Q2/19, returning to FY/18 levels

### New business – REF & PIF

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

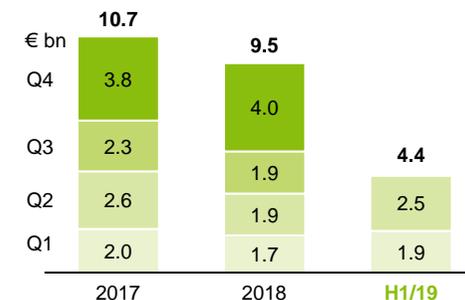


### Key drivers Q2/H1 2019:

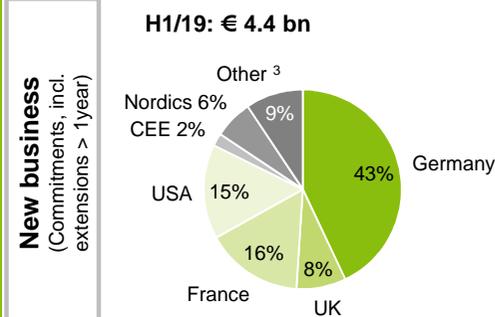
- New business volume on solid level in H1/19 (€ 4.6 bn – REF: € 4.4 bn, PIF: € 0.2 bn) despite continued selective approach and recently reduced overall transaction volumes in the market
  - US volume up as expected (H1/19: € 0.7 bn; H1/18: € 0.5 bn)
  - Higher extensions (H1/19: € 0.9 bn; H1/18: € 0.8 bn)
- REF – portfolio with moderate growth strategy
  - Regional and property mix back to previous levels
  - Average REF gross interest margin returned to >150bp in Q2/19 after ~130bp in Q1/19 (H1/19: >140bp)
  - Selective approach and conservative risk positioning, avg. LTV 57%<sup>2</sup>
- PIF – portfolio on hold
  - New business volume of € 0.2 bn on constant low level
  - Avg. gross interest margin slightly up

### REF new business

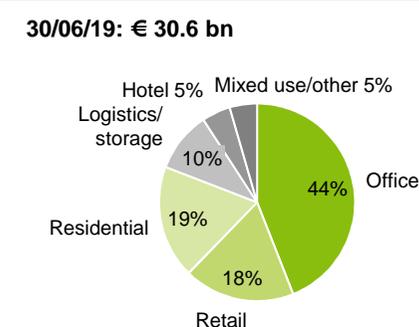
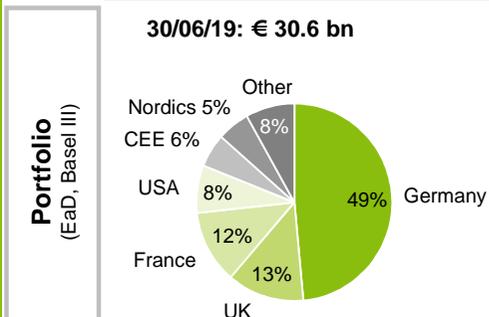
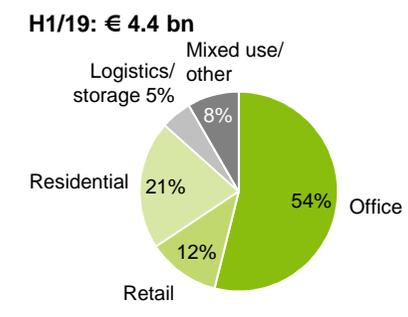
	H1/18	2018	H1/19
Total volume (€ bn)	3.6	9.5	4.4
thereof: Extensions >1 year	0.8	2.2	0.9
No. of deals	73	185	76
Ø maturity (years) <sup>1</sup>	~4.7	~4.7	~4.9
Ø LTV (%) <sup>2</sup>	59	59	57
Ø gross interest margin (bp)	>160	~155	>140



### Regions



### Property types



Note: Figures may not add up due to rounding 1 Legal maturities 2 New commitments; avg. LTV (extensions): H1/19: 48%; H1/18: 56% 3 Austria; Netherlands

## Segment reporting

### Segment performance with strong NII, low risk and slightly higher operating costs

	REF				PIF				Value Portfolio			
Income statement (IFRS, € mn)	Q2/18	Q2/19	H1/18	H1/19	Q2/18	Q2/19	H1/18	H1/19	Q2/18	Q2/19	H1/18	H1/19
Operating income	92	105	188	207	7	6	14	15	19	7	26	14
<i>thereof: Net interest income</i>	94	95	183	192	8	8	16	17	10	9	18	18
<i>Net income from realisations</i>	6	11	14	17	-	-	-	-	-	-1	1	-1
Net income from risk provisioning	-	-	-	-2	2	-	4	-	2	1	4	2
General administrative expenses	-35	-39	-70	-76	-6	-5	-12	-11	-3	-3	-6	-6
Net other revenues	-4	-4	-17	-18	-	-	-4	-4	-1	-	-7	-6
<b>Pre-tax profit</b>	<b>53</b>	<b>62</b>	<b>100</b>	<b>111</b>	<b>3</b>	<b>1</b>	<b>2</b>	<b>-</b>	<b>17</b>	<b>5</b>	<b>17</b>	<b>4</b>
Key indicators	Q2/18	Q2/19	H1/18	H1/19	Q2/18	Q2/19	H1/18	H1/19	Q2/18	Q2/19	H1/18	H1/19
CIR (%) <sup>1</sup>	42.4	41.0	40.4	40.1	85.7	83.3	92.9	80.0	15.8	42.9	23.1	42.9
RoE before tax (%)	14.5	18.3	14.5	16.0	7.6	4.1	2.0	-0.6	6.5	1.3	2.8	0.1
Equity (€ bn)	1.4	1.4	1.4	1.4	0.1	0.1	0.1	0.1	1.0	1.0	1.0	1.1
RWA (€ bn)	8.1	7.7	8.1	7.7	1.3	1.5	1.3	1.5	3.4	3.8	3.4	3.8
Financing volume (€ bn)	25.7	27.7	25.7	27.7	6.7	6.4	6.7	6.4	13.5	12.3	13.5	12.3

#### Key drivers Q2/H1 2019:

##### REF

- Financial segment performance driven by strong NII and higher prepayment and realisation fees, overcompensating slightly higher operating costs
- Financing volume up due to strong new business
- RWA mainly benefitting from positive LGD changes

##### PIF

- Financial segment performance benefiting from increased NII, costs are slightly down
- H1/18 benefitting from release of risk provisions
- Cost relief from "Focus & Invest" programme expected to set in during H2/2019

##### Value Portfolio

- Value Portfolio further reduced due to maturities in line with strategy
- Previous year's operating income benefitting from one-off gain related to Heta (purchase price adjustment)

Note: Figures may not add up due to rounding <sup>1</sup> CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income

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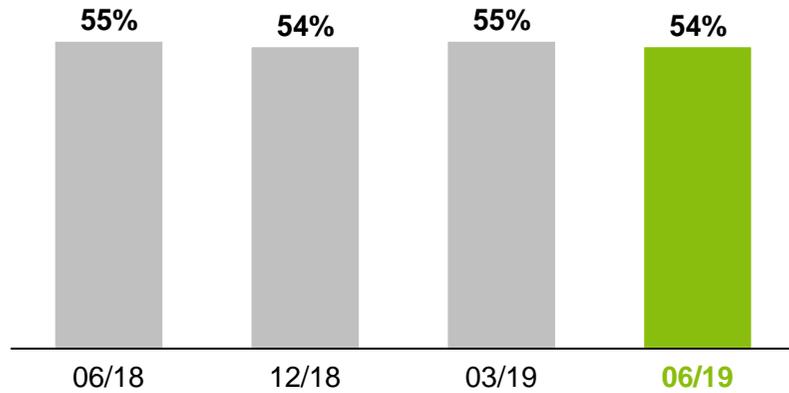
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# Portfolio

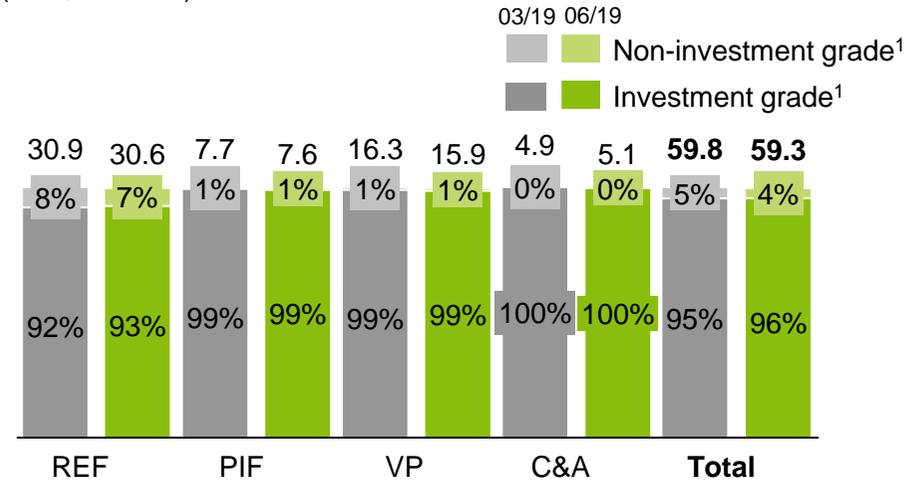
High portfolio quality with 96% investment grade and avg. LTV of 54%



REF Portfolio: Avg. weighted LTVs  
% (commitments)<sup>2</sup>

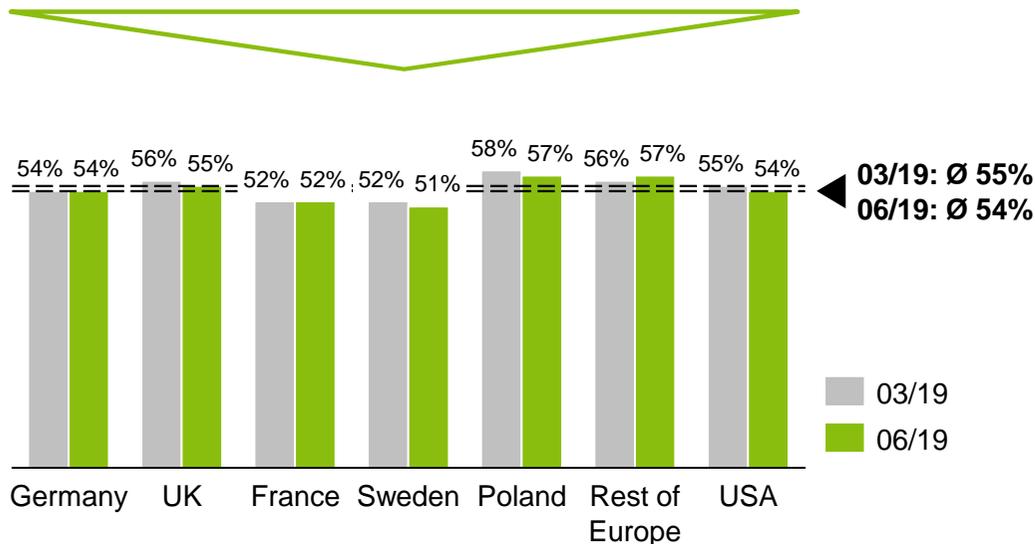


Total portfolio: Internal ratings (EL classes)  
€ bn (EaD, Basel III)



## Key messages

- Valuation effects on Italy exposure with only small P&L effects
  - VP: € 1.5 bn (nominal) / € 2.0 bn (EaD)
  - € 1.3 bn (~85%) booked at amortized costs; € 150 mn (~10%) in FV/OCI and € 80 mn (~5%) in FV/P&L
  - External sovereign ratings for Italy lately confirmed at BBB (Fitch: 22/02/19; S&P 26/04/19); Moodys rating unchanged at Baa3
  - REF: Only marginal exposure
- Ongoing selective and cautious approach in the UK
  - Avg. LTV 55%<sup>2</sup>
  - Avg. ISC >300%



Note: Figures may not add up due to rounding 1 EL classes 1-8 = Investment grade; EL classes 9-18 = Non-investment grade 2 Based on performing investment loans only

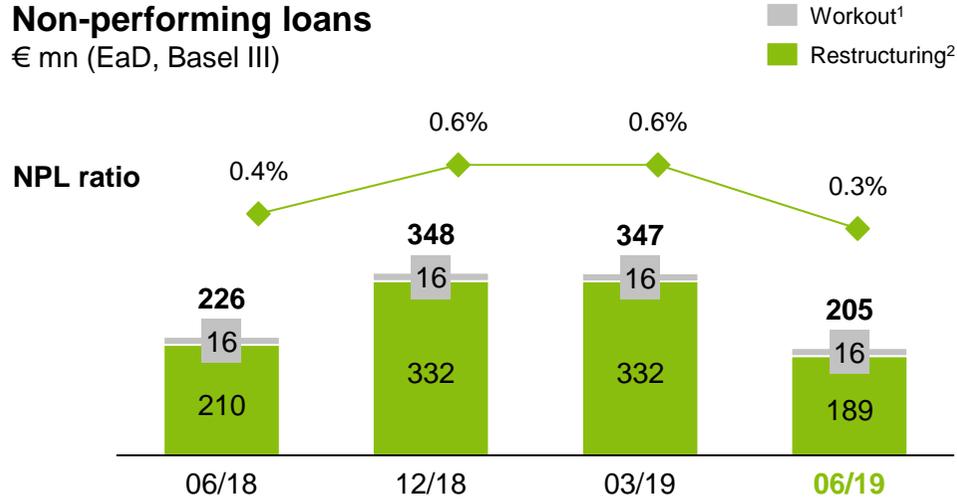
# Portfolio

## Non-performing loans further reduced – remain at historically low level



### Non-performing loans

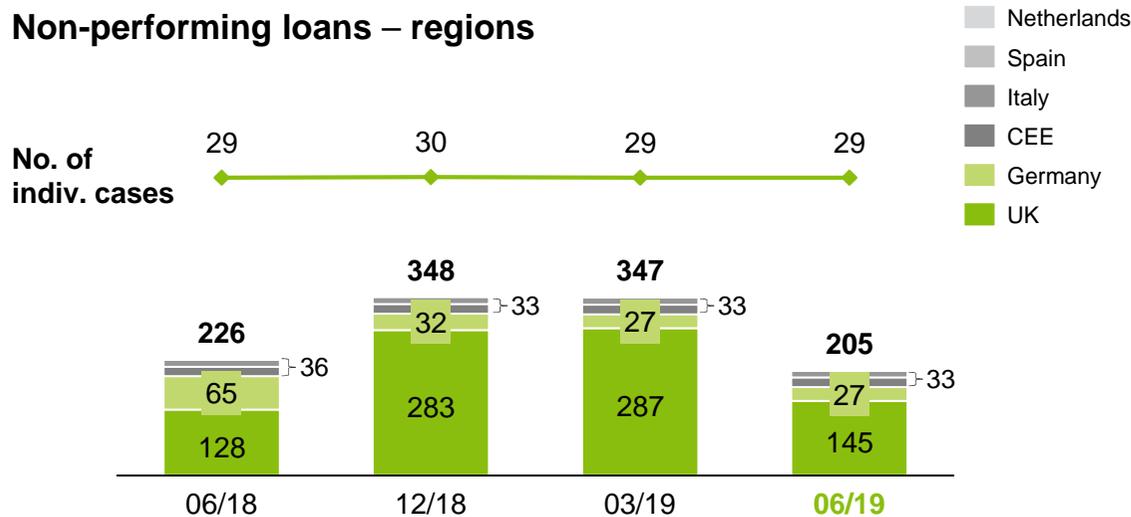
€ mn (EaD, Basel III)



### Key drivers Q2/H1 2019:

- Only small portfolio of non-performing loans (NPL) with NPL ratio<sup>3</sup> of 0.3%
  - UK problem loans related to two shopping centres
  - Estate UK-3 removed from NPL portfolio
    - Expert finds loss allocation permissible
    - Loss allocation to note holders in 09/2019
  - No NPLs in PIF and VP
  - Only € 16 mn workout loans

### Non-performing loans – regions



Note: Figures may not add up due to rounding

<sup>1</sup> Internal PD class 30: No signs that the deal will recover soon, compulsory measures necessary

<sup>2</sup> Internal PD class 28+29: Payments more than 90 days overdue or criteria acc. to respective policy apply

<sup>3</sup> NPL ratio = NPL volume / total assets

# Agenda

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# Funding

## Strong new funding in H1/19 high share of foreign currencies issuances in Q2/19



### New long-term funding<sup>1</sup>

€ bn

H1/18: € 3.0 bn

H1/19: € 4.2 bn

Spread  
(Ø, bp)<sup>2</sup>

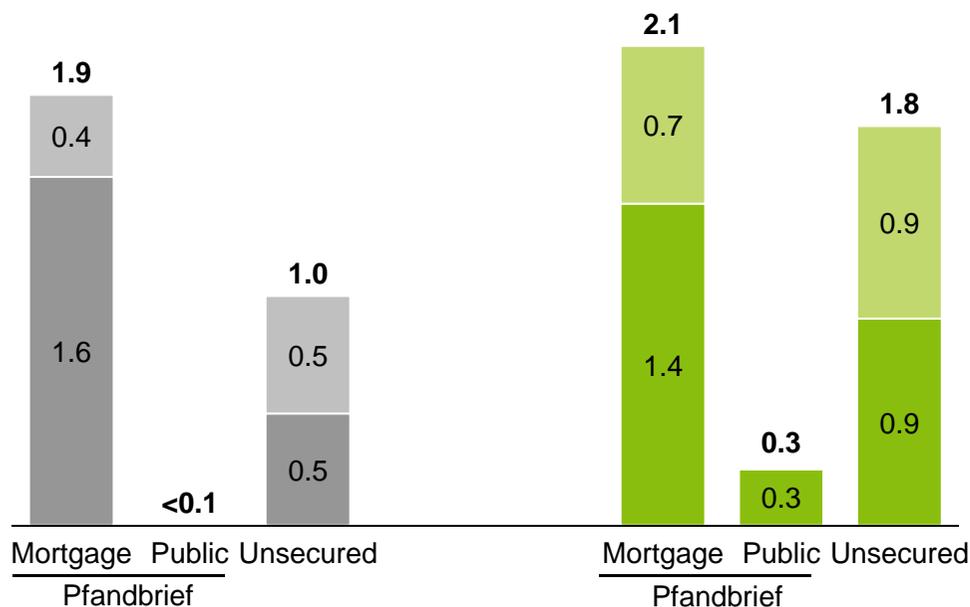
-1    0    48

16    21    74

Tenor  
(Ø, yrs)<sup>3</sup>

6.0    20    5.5

6.9    16.1    5.3



Private placements  
Benchmark issuances

### Pfandbriefe

- Mortgage Pfandbrief Benchmarks: € 500 mn 5y in January, \$ 600 mn 3y in May and four taps of € 100 mn each in H1/19
- Public Sector Pfandbrief Benchmarks: taps of € 100 mn in February and € 150 mn in March
- Additionally SEK 2.7 bn 3y and SEK 1.0 bn 4y issued

### Senior Unsecured

- € 500 mn 4y Senior Preferred Benchmark issued in January and tapped with € 250 mn in March
- CHF-Benchmark 125 mn 4y issuance in June
- € 843 mn and SEK 650 mn Senior Preferred as well as € 20 mn Senior Non-Preferred raised via private placements

### pbb direkt

- Total volume slightly down at € 2.8 bn (12/18: € 3.0 bn)
- Average maturity<sup>4</sup> stable at 3.3 years (12/18: 3.3 yrs)

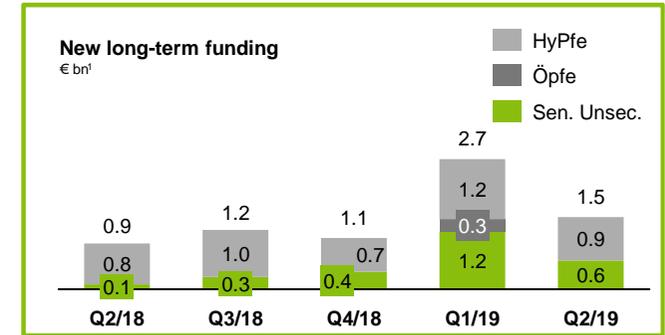
### Funding structure and liquidity

- 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 Initial weighted average maturity of term deposits

# Funding

Senior unsecured spreads back on reduced level, after widening in 2018



**Spread development of pbb Senior Non-Preferred Benchmarks vs iTraxx Bank Senior**  
(Spread in bp vs. 6m Euribor)

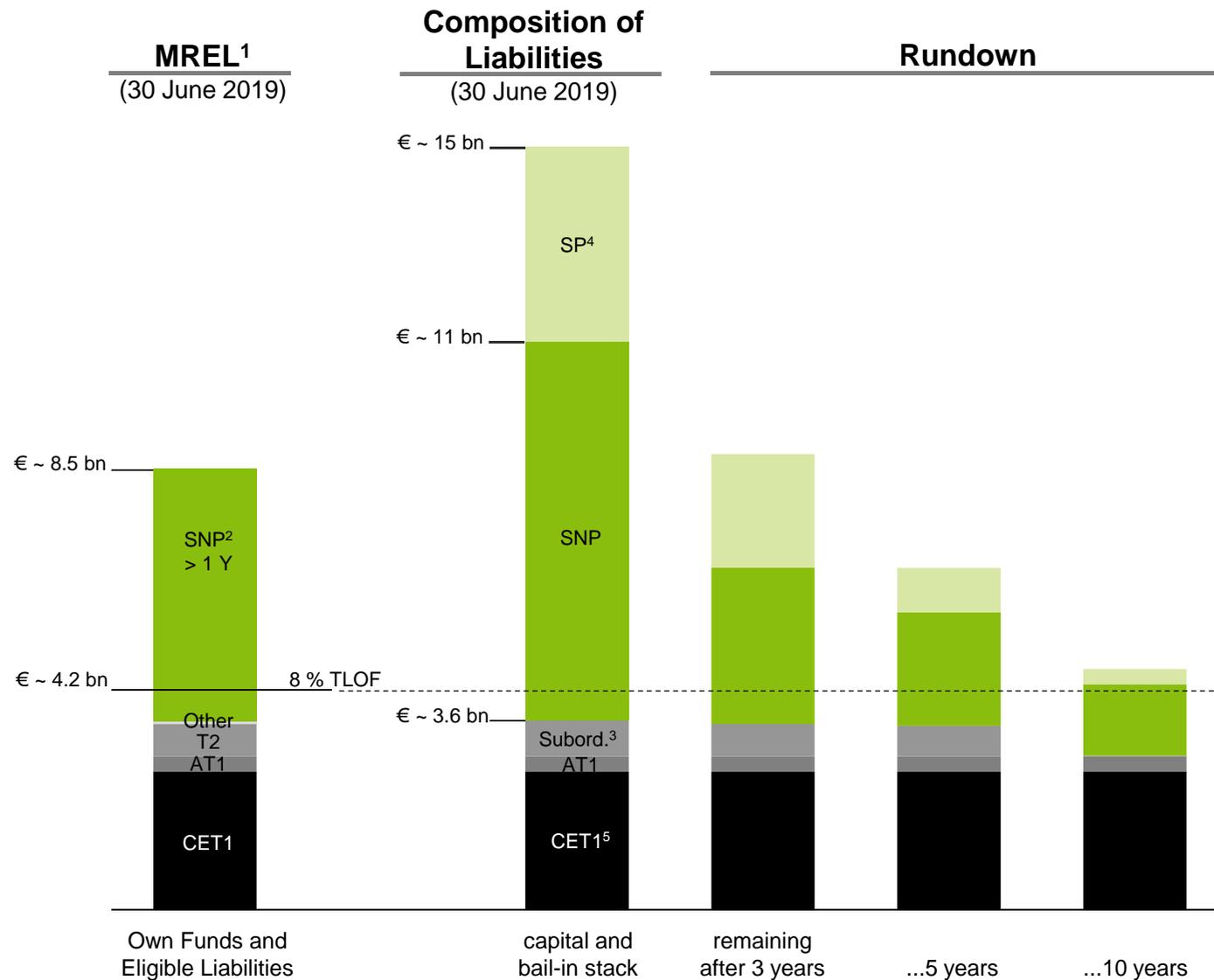


Source: Bloomberg 1 Excl. money market and deposit business

# Funding

## Ambition level for Own Funds and Eligible Liabilities of more than 8 % TLOF

(in € as of 30/06/2019)



- Substantial buffer for Senior Preferred investors due to high volume of capital instruments and Senior Non-Preferred liabilities
- Existing Senior Non-Preferred liabilities have long remaining terms
- SP is expected to be the prevailing senior product in the near-term but SNP will be an element of pbb's funding strategy
- pbb has a MREL-ambition level of > 8 % TLOF
- Regulatory requirements (SREP, MREL etc.) are comfortably met

<sup>1</sup> The MREL requirement was set as a percentage below 8% of Total Liabilities and Own Funds (TLOF) calculated on the basis of RWA as of 31 December 2017 <sup>2</sup> MREL-eligible Senior Non-Preferred Debt >1Y according to legal maturities <sup>3</sup> Nominal amount of Tier 2 instruments; the capital stack includes € 300 mn AT1 issuance callable in 2023 and € 300 mn T2 issuance callable in 2022 <sup>4</sup> Senior Preferred, structured unsecured and corporate deposits (excl. protected deposits) <sup>5</sup> CET1 assumed to be constant

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## Capital

Capitalisation remains strong – however, regulatory changes expected to result in RWA increase of ~ € 4-5 bn

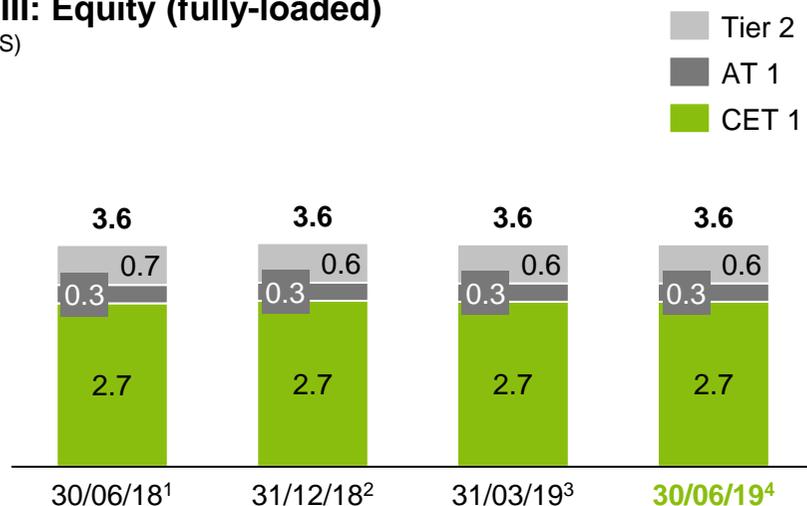
### Basel III: RWA

€ bn (IFRS)



### Basel III: Equity (fully-loaded)

€ bn (IFRS)



### Basel III: Capital ratios

% (IFRS)

in %	06/18 <sup>1</sup>	12/18 <sup>2</sup>	03/19 <sup>3</sup>	06/19 <sup>4</sup>	Ambition levels
CET 1	19.4	18.5	18.8	19.4	≥12.5
Tier 1	21.5	20.5	20.9	21.6	≥16
Own funds	26.3	24.9	25.4	26.3	16-18
Leverage ratio	5.3	5.3	5.1	5.0	≥3.5

### Key drivers Q2/H1 2019:

- Increase of capital ratios due to RWA decline, with capital position nearly unchanged
- New business exceeds maturities, but RWA further declined due to valuation related technical effects
  - Re-valuation and additional inclusion of collateral
  - Duration effects and FX changes
- Regulatory changes from ECB TRIM, EBA Guidelines and Basel IV expected to result in RWA increase of ~ € 4-5 bn with corresponding effect on capital ratios (current estimate)

### SREP requirements 2019:

- CET 1 ratio: 9.85%<sup>5</sup> (2018: 9.95% fully-loaded)
- Own funds ratio: 13.35%<sup>5</sup> (2018: 13.45% fully-loaded)
- Changes compared to 2018 requirements (fully-loaded):
  - Reduction of P2R from 2.75% to 2.50%
  - Increase of anticipated countercyclical buffer from 0.2% to 0.35%

Note: Figures may not add up due to rounding. 1 Incl. interim result Q1/18, post max. calc. dividend acc. to ECB methodology. 2 Incl. full-year result, post proposed dividend 2018. 3 Excl. Interim result, post proposed dividend 2018. 4 Excl. Interim result. 5 Incl. capital conservation buffer (2.5%) and anticipated countercyclical buffer (0.35%; actual as of 30 June 2019: 0.18%)

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## Summary & Outlook

### Strong H1/19 despite ongoing competitive environment



- **Continued good performance in Q2/19 with solid underlying trends – PBT of € 117 mn in H1/19**
  - Net interest income supported by higher than expected REF financing volume and lower refinancing costs
  - No net risk provisioning required
  
- **Full-year guidance 2019 increased end of June – PBT guidance now at upper end or slightly above the initial guidance of € 170-190 mn**
  - Ongoing demand for CRE expected to continue due to low interest rate environment; competitive market environment to remain
  - Support for NII from reduced funding costs expected to diminish throughout 2019
  - Guidance includes full-year plan figure for risk provisioning
  - Operating costs to increase from regulatory projects and digitalisation initiatives
  
- **Focus & Invest**
  - Focus:
    - Centralisation of functions finalised, including relocations from London, Paris, Madrid and Eschborn
    - Reorganisation PIF completed
  - Invest:
    - US business expanded carefully – New York office fully staffed
      - Covering the 7 big gateway cities (New York, Boston, Washington, Chicago, Seattle, L.A. and San Francisco)
      - First primary market deal on East Coast closed
    - Digitalisation initiatives ongoing
      - Capveriant with progress in Germany and start in France in Q1/19
      - Current focus on build-up of customer portal and intensifying of digital connectivity with our customers

# Appendix

## Outlook 2019

Guidance increased in June: PBT at upper end or slightly above € 170-190 mn



Operating trends	2017	2018	Guidance 2019
<b>Real Estate Finance (REF)</b>			
New business volume <sup>1</sup> (€ bn)	10.7	9.5	€ 8.5-9.5 bn
Avg. gross margin (bp)	>155	~155	Slightly lower
Financing volume (€ bn)	24.9	26.8	Moderate increase (strategic portfolio)
<b>Public Investment Finance (PIF)</b>			
Avg. gross margin (bp)	>100	>60	Slightly higher
Financing volume (€ bn)	7.0	6.4	Stable (strategic portfolio in “hold” mode)
<b>Value Portfolio (VP)</b>			
Financing volume (€ bn)	13.8	13.2	€ ~12 bn (non-strategic portfolio in run-down mode)
Income statement (IFRS, EUR mn)	2017	2018	Guidance 2019
Net interest and commission income	415	456	Slightly lower
Loan-loss provisions	-10	-14	10-15 bp EL on REF financing volume
General administrative expenses	-199	-193	Slightly higher
<b>Pre-tax profit</b>	<b>204</b>	<b>215</b>	€ 170-190 mn – updated in June to: upper end or slightly above € 170-190 mn
Key ratios (%)	2017	2018	Guidance 2019
RoE before taxes <sup>2</sup>	7.3	7.1	5.5-6.5%
RoE after taxes <sup>2</sup>	6.5	5.9	4.0-5.0%
CIR	47.0	44.2	Slightly higher
CET1 ratio (fully loaded)	17.6	18.5 <sup>3</sup>	Significantly above SREP requirement of 9.5% + countercyclical buffer of 0.35% (2018 <sup>4</sup> : 9.75% + 0.2%)

Note: Figures may not add up due to rounding 1 Incl. extensions > 1 year 2 Taking into account the AT1 coupon for 2019 3 Incl. full-year result, post proposed dividend 4 Fully-loaded

Income statement (€ mn)	2017	Q1/18	Q2/18	H1/18	2018	Q1/19	Q2/19	H1/19
Net interest income	407	107	113	220	450	116	113	229
Net fee and commission income	8	1	2	3	6	1	2	3
Net income from fair value measurement	-5	-	4	4	-9	-2	-5	-7
Net income from realisations	45	9	6	15	32	6	10	16
Net income from hedge accounting	-1	-1	-1	-2	-1	-1	-	-1
Net other operating income	-1	-4	-5	-9	-7	-1	-1	-2
<b>Operating Income</b>	<b>453</b>	<b>112</b>	<b>119</b>	<b>231</b>	<b>471</b>	<b>119</b>	<b>119</b>	<b>238</b>
Net income from risk provisioning	-10	4	4	8	-14	-1	1	-
General and administrative expenses	-199	-44	-44	-88	-193	-46	-47	-93
Expenses from bank levies and similar dues	-28	-21	-1	-22	-25	-21	-1	-22
Net income from write-downs and write-ups on non-financial assets	-14	-3	-4	-7	-15	-4	-4	-8
Net income from restructuring	2	-	-	-	-9	1	1	2
<b>Pre-tax profit</b>	<b>204</b>	<b>48</b>	<b>74</b>	<b>122</b>	<b>215</b>	<b>48</b>	<b>69</b>	<b>117</b>
Income taxes	-22	-9	-14	-23	-36	-8	-10	-18
<b>Net income</b>	<b>182</b>	<b>39</b>	<b>60</b>	<b>99</b>	<b>179</b>	<b>40</b>	<b>59</b>	<b>99</b>

Key ratios (%)	2017	Q1/18	Q2/18	H1/18	2018	Q1/19	Q2/19	H1/19
CIR <sup>1</sup>	47.0	42.0	40.3	41.1	44.2	42.0	42.9	42.4
RoE before tax	7.3	6.7	9.5	8.2	7.1	6.0	9.0	7.6
RoE after tax	6.5	5.4	7.6	6.7	5.9	4.9	7.6	6.3

Balance sheet (€ bn)	12/17	03/18	06/18	06/18	12/18	03/19	06/19	06/19
Total assets	58.0	57.6	57.8	57.8	57.8	60.3	60.1	60.1
Equity	2.9	3.0	3.2	3.2	3.3	3.3	3.2	3.2
Financing volume	45.7	46.3	45.9	45.9	46.3	47.1	46.4	46.4

Regulatory capital ratios <sup>2</sup>	12/17	03/18	06/18	06/18	12/18	03/19	06/19	06/19
RWA (€ bn)	14.5	14.2	13.7	13.7	14.6	14.3	13.6	13.6
CET 1 ratio – phase in (%)	17.6	18.8 <sup>4</sup>	19.4 <sup>5</sup>	19.4 <sup>5</sup>	18.5 <sup>3</sup>	18.8 <sup>6</sup>	19.4 <sup>7</sup>	19.4 <sup>7</sup>

Personnel	12/17	03/18	06/18	06/18	12/18	03/19	06/19	06/19
Employees (FTE)	744	733	747	747	750	743	746	746

Note: annual results 2017 and 2018 audited

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 post max. calc. dividend acc. to ECB methodology 5 Incl. interim result Q1/18, post max. calc. dividend acc. to ECB methodology 6 Excl. interim result, post proposed dividend 2018

4 Post proposed dividend for 2017, incl. interim result Q1/18, 7 Excl. interim result

## Key figures

### pbb Group H1/18 vs. H1/19



Income statement (€ mn)	REF		PIF		VP		C&A		pbb Group	
	H1/18	H1/19	H1/18	H1/19	H1/18	H1/19	H1/18	H1/19	H1/18	H1/19
Net interest income	183	192	16	17	18	18	3	2	220	229
Net fee and commission income	3	3	-	-	-	-	-	-	3	3
Net income from fair value measurement	-4	-5	-1	-1	9	-1	-	-	4	-7
Net income from realisations	14	17	-	-	1	-1	-	-	15	16
Net income from hedge accounting	-1	-	-	-	-1	-1	-	-	-2	-1
Net other operating income	-7	-	-1	-1	-1	-1	-	-	-9	-2
<b>Operating Income</b>	<b>188</b>	<b>207</b>	<b>14</b>	<b>15</b>	<b>26</b>	<b>14</b>	<b>3</b>	<b>2</b>	<b>231</b>	<b>238</b>
Net income from risk provisioning	-	-2	4	-	4	2	-	-	8	-
General and administrative expenses	-70	-76	-12	-11	-6	-6	-	-	-88	-93
Expenses from bank levies and similar dues	-12	-13	-3	-3	-7	-6	-	-	-22	-22
Net income from write-downs and write-ups on non-financial assets	-6	-7	-1	-1	-	-	-	-	-7	-8
Net income from restructuring	-	2	-	-	-	-	-	-	-	2
<b>Pre-tax profit</b>	<b>100</b>	<b>111</b>	<b>2</b>	<b>0</b>	<b>17</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>122</b>	<b>117</b>

# Key figures

## Real Estate Finance (REF)



DEUTSCHE  
PFANDBRIEFBANK

Income statement (€ mn)	2017 <sup>3</sup>	Q1/18	Q2/18	H1/18	2018	Q1/19	Q2/19	H1/19
Net interest income	334	89	94	183	372	97	95	192
Net fee and commission income	9	1	2	3	6	1	2	3
Net income from fair value measurement	-	-	-4	-4	-8	-	-5	-5
Net income from realisations	45	8	6	14	27	6	11	17
Net income from hedge accounting	-1	-1	-	-1	-1	-1	1	-
Net other operating income	-19	-1	-6	-7	-6	-1	1	-
<b>Operating Income</b>	<b>368</b>	<b>96</b>	<b>92</b>	<b>188</b>	<b>390</b>	<b>102</b>	<b>105</b>	<b>207</b>
Net income from risk provisioning	-8	-	-	-	-21	-2	-	-2
General and administrative expenses	-158	-35	-35	-70	-154	-37	-39	-76
Expenses from bank levies and similar dues	-15	-12	-	-12	-14	-12	-1	-13
Net income from write-downs and write-ups on non-financial assets	-12	-2	-4	-6	-12	-3	-4	-7
Net income from restructuring	2	-	-	-	-7	1	1	2
<b>Pre-tax profit</b>	<b>177</b>	<b>47</b>	<b>53</b>	<b>100</b>	<b>182</b>	<b>49</b>	<b>62</b>	<b>111</b>

Key ratios (%)	2017	Q1/18	Q2/18	H1/18	2018	Q1/19	Q2/19	H1/19
CIR <sup>1</sup>	46.2	38.5	42.4	40.4	42.6	39.2	41.0	40.1
RoE before tax	15.4	14.5	14.5	14.5	12.9	13.7	18.3	16.0

Key figures (€ bn)	12/17	03/18	06/18	06/18	12/18	03/19	06/19	06/19
Equity <sup>2</sup>	1.2	1.4	1.4	1.4	1.4	1.4	1.4	1.4
RWA	8,3	8.1	8.1	8.1	8.3	8.0	7.7	7.7
Financing volume	24.9	25.7	25.7	25.7	26.8	27.8	27.7	27.7

Note: annual results 2017 and 2018 audited

<sup>1</sup> CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income

<sup>2</sup> Equity now allocated according to going concern view instead of liquidation approach

<sup>3</sup> Adjusted acc. to IFRS 8.29

## Key figures

### Public Investment Finance (PIF)

**pbb**

DEUTSCHE  
PFANDBRIEFBANK

Income statement (€ mn)	2017 <sup>3</sup>	Q1/18	Q2/18	H1/18	2018	Q1/19	Q2/19	H1/19
Net interest income	30	8	8	16	34	9	8	17
Net fee and commission income	-	-	-	-	1	-	-	-
Net income from fair value measurement	-2	-	-1	-1	-2	-	-1	-1
Net income from realisations	-	-	-	-	5	-	-	-
Net income from hedge accounting	-	-	-	-	-	-	-	-
Net other operating income	-2	-1	-	-1	-	-	-1	-1
<b>Operating Income</b>	<b>26</b>	<b>7</b>	<b>7</b>	<b>14</b>	<b>38</b>	<b>9</b>	<b>6</b>	<b>15</b>
Net income from risk provisioning	-6	2	2	4	4	-	-	-
General and administrative expenses	-27	-6	-6	-12	-27	-6	-5	-11
Expenses from bank levies and similar dues	-4	-3	-	-3	-4	-3	-	-3
Net income from write-downs and write-ups on non-financial assets	-1	-1	-	-1	-2	-1	-	-1
Net income from restructuring	-	-	-	-	-1	-	-	-
<b>Pre-tax profit</b>	<b>-12</b>	<b>-1</b>	<b>3</b>	<b>2</b>	<b>8</b>	<b>-1</b>	<b>1</b>	<b>-</b>
<b>Key ratios (%)</b>	<b>2017</b>	<b>Q1/18</b>	<b>Q2/18</b>	<b>H1/18</b>	<b>2018</b>	<b>Q1/19</b>	<b>Q2/19</b>	<b>H1/19</b>
CIR <sup>1</sup>	>100	100.0	85.7	92.9	76.3	77.8	83.3	80.0
RoE before tax	-8.0	-2.0	7.6	2.0	5.4	-5.1	4.1	-0.6
<b>Key figures (€ bn)</b>	<b>12/17</b>	<b>03/18</b>	<b>06/18</b>	<b>06/18</b>	<b>12/18</b>	<b>03/19</b>	<b>06/19</b>	<b>06/19</b>
Equity <sup>2</sup>	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1
RWA	1.6	1.6	1.3	1.3	1.4	1.4	1.5	1.5
Financing volume	7.0	7.0	6.7	6.7	6.4	6.4	6.4	6.4

Note: annual results 2017 and 2018 audited

<sup>1</sup> CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income

<sup>2</sup> Equity now allocated according to going concern view instead of liquidation approach

<sup>3</sup> Adjusted acc. to IFRS 8.29

# Key figures

## Value Portfolio (VP)



DEUTSCHE  
PFANDBRIEFBANK

Income statement (€ mn)	2017 <sup>3</sup>	Q1/18	Q2/18	H1/18	2018	Q1/19	Q2/19	H1/19
Net interest income	37	8	10	18	39	9	9	18
Net fee and commission income	-1	-	-	-	-1	-	-	-
Net income from fair value measurement	-3	-	9	9	1	-2	1	-1
Net income from realisations	-	1	-	1	-	-	-1	-1
Net income from hedge accounting	-	-	-1	-1	-	-	-1	-1
Net other operating income	20	-2	1	-1	-2	-	-1	-1
<b>Operating Income</b>	<b>53</b>	<b>7</b>	<b>19</b>	<b>26</b>	<b>37</b>	<b>7</b>	<b>7</b>	<b>14</b>
Net income from risk provisioning	4	2	2	4	4	1	1	2
General and administrative expenses	-14	-3	-3	-6	-12	-3	-3	-6
Expenses from bank levies and similar dues	-9	-6	-1	-7	-7	-6	-	-6
Net income from write-downs and write-ups on non-financial assets	-1	-	-	-	-1	-	-	-
Net income from restructuring	-	-	-	-	-1	-	-	-
<b>Pre-tax profit</b>	<b>33</b>	<b>-</b>	<b>17</b>	<b>17</b>	<b>20</b>	<b>-1</b>	<b>5</b>	<b>4</b>

Key ratios (%)	2017	Q1/18	Q2/18	H1/18	2018	Q1/19	Q2/19	H1/19
CIR <sup>1</sup>	28.3	42.9	15.8	23.1	35.1	42.9	42.9	42.9
RoE before tax	2.8	0.0	6.5	2.8	1.4	-0.9	1.3	0.1

Key figures (€ bn)	12/17	03/18	06/18	06/18	12/18	03/19	06/19	06/19
Equity <sup>2</sup>	1.1	0.9	1.0	1.0	1.1	1.1	1.1	1.1
RWA	3.5	3.5	3.4	3.4	4.0	4.0	3.8	3.8
Financing volume	13.8	13.6	13.5	13.5	13.2	12.9	12.3	12.3

Note: annual results 2017 and 2018 audited

<sup>1</sup> CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income

<sup>2</sup> Equity now allocated according to going concern view instead of liquidation approach

<sup>3</sup> Adjusted acc. to IFRS 8.29

## Balance sheet

### Specialist lender with attractive German Pfandbrief as major funding instrument



## Balance sheet

IFRS, € bn

Assets	30/06/19	31/12/18	Liabilities & equity	30/06/19	31/12/18
<b>Financial assets at fair value through P&amp;L</b>	<b>1.5</b>	<b>1.7</b>	<b>Financial liabilities at fair value through P&amp;O</b>	<b>0.9</b>	<b>0.9</b>
thereof			thereof		
Positive fair values of stand-alone derivatives	0.9	0.7	Negative fair values of stand-alone derivatives	0.9	0.9
Debt securities	0.1	0.3	<b>Financial liabilities measured at amortised cost</b>	<b>52.8</b>	<b>50.7</b>
Loans and advances to customers	0.5	0.6	thereof		
<b>Financial assets at fair value through OCI</b>	<b>1.8</b>	<b>2.0</b>	Liabilities to other banks (incl. central banks)	4.6	3.9
thereof			thereof		
Debt securities	1.4	1.6	<i>Registered Mortgage Pfandbriefe</i>	0.3	0.2
Loans and advances to other banks	-	-	<i>Registered Public Pfandbriefe</i>	0.3	0.3
Loans and advances to customers	0.4	0.4	Liabilities to other customers	25.5	24.9
<b>Financial assets at amortised cost</b> (after credit loss allowances)	<b>51.3</b>	<b>50.3</b>	thereof		
thereof			<i>Registered Mortgage Pfandbriefe</i>	4.9	4.6
Debt securities	7.8	8.0	<i>Registered Public Pfandbriefe</i>	10.4	10.2
Loans and advances to other banks	2.5	2.2	Bearer Bonds	22.0	21.2
Loans and advances to customers	40.9	40.1	thereof		
<b>Positive fair values of hedge accounting derivatives</b>	<b>2.6</b>	<b>2.2</b>	<i>Mortgage Pfandbriefe</i>	12.6	12.4
<b>Other assets</b>	<b>2.9</b>	<b>1.6</b>	<i>Public Pfandbriefe</i>	4.7	4.7
			Subordinated liabilities	0.7	0.7
			<b>Negative fair values of hedge accounting derivatives</b>	<b>2.8</b>	<b>2.5</b>
			<b>Other liabilities</b>	<b>0.4</b>	<b>0.4</b>
			<b>Equity (attributable to shareholders)</b>	<b>2.9</b>	<b>3.0</b>
			<b>AT1-capital</b>	<b>0.3</b>	<b>0.3</b>
<b>Total Assets</b>	<b>60.1</b>	<b>57.8</b>	<b>Total liabilities &amp; equity</b>	<b>60.1</b>	<b>57.8</b>

Share of Pfandbriefe of refinancing liabilities

63% / 64%

Note: Figures may not add up due to rounding

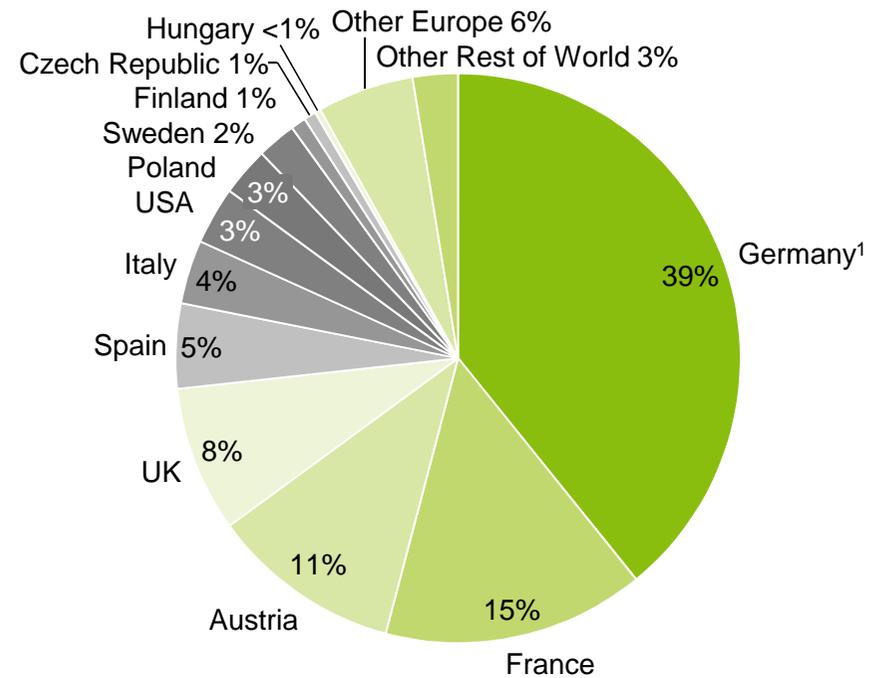
# Portfolio

## Total portfolio

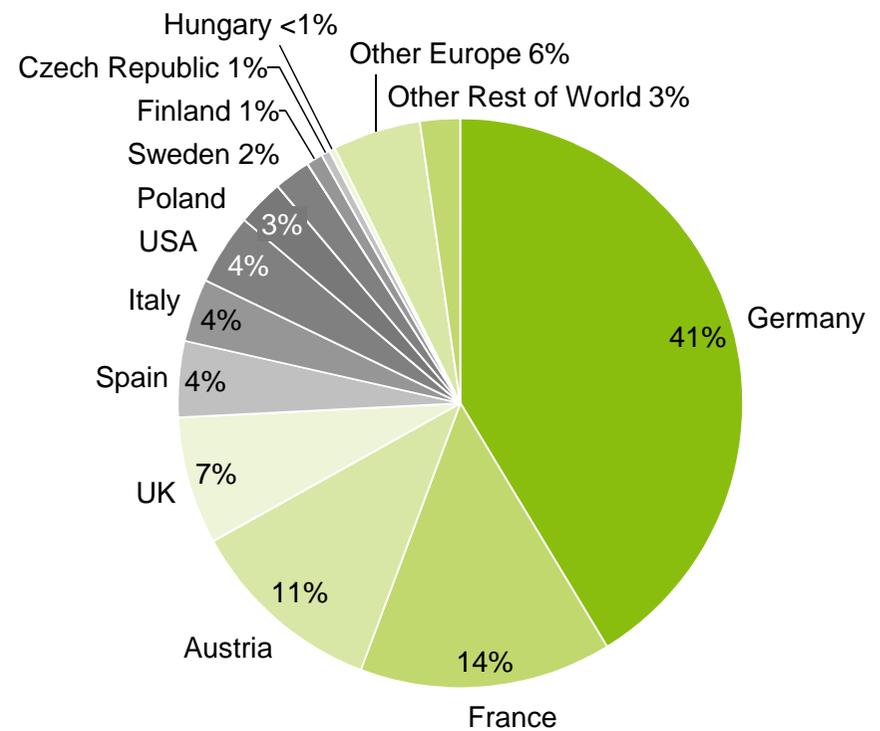
€ bn (EaD, Basel III)

### Regions

31/12/2018 / Total: € 58.1 bn



30/06/2019 / Total: € 59.3 bn



Note: Figures may not add up due to rounding 1 Incl. Bundesbank accounts (12/18: € 1.4 bn; 06/19: € 2.8 bn)

# Portfolio

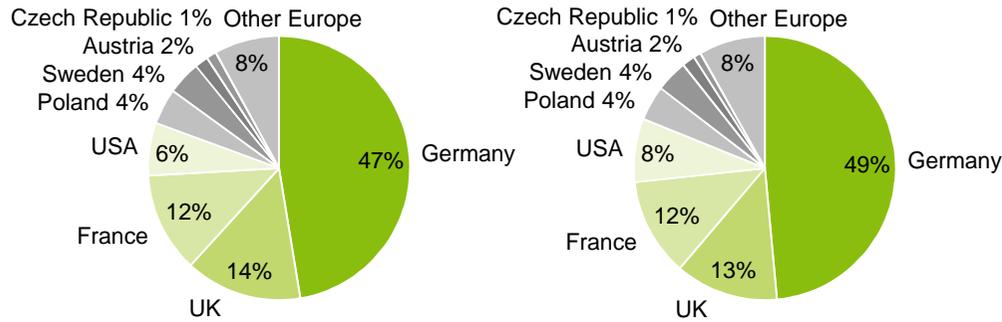
## Real Estate Finance (REF)

€ bn (EaD, Basel III)

### Regions

31/12/2018: € 29.9 bn

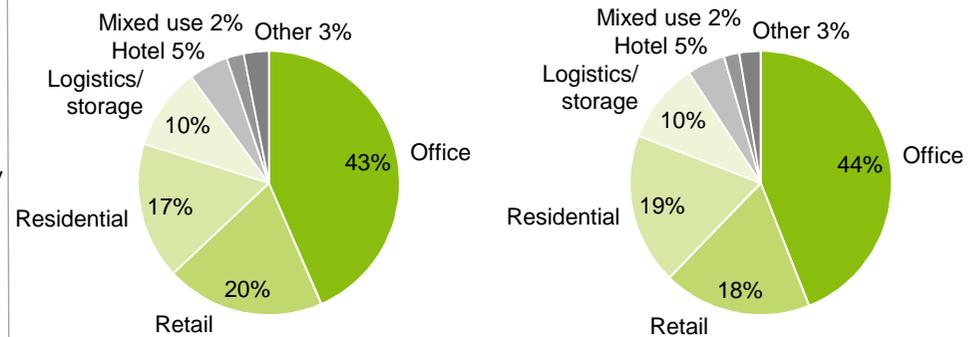
30/06/2019: € 30.6 bn



### Property types

31/12/2018: € 29.9 bn

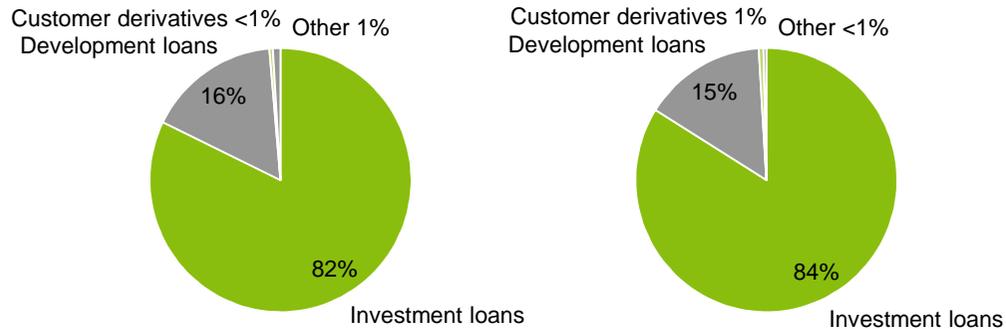
30/06/2019: € 30.6 bn



### Loan types

31/12/2018: € 29.9 bn

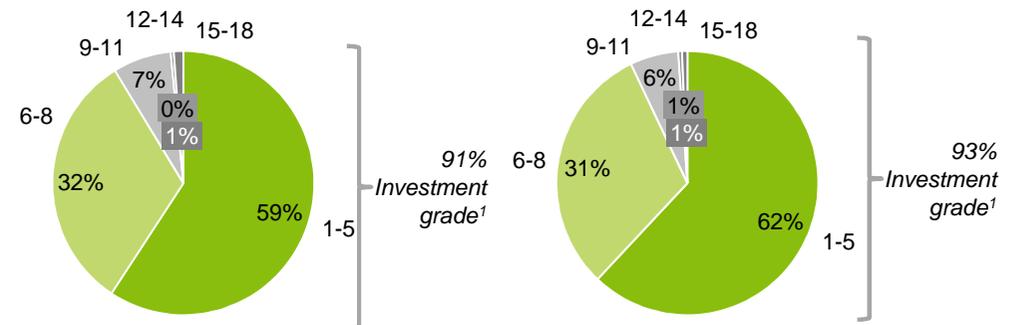
30/06/2019: € 30.6 bn



### Internal ratings (EL classes)

31/12/2018: € 29.9 bn

30/06/2019: € 30.6 bn



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

# Portfolio

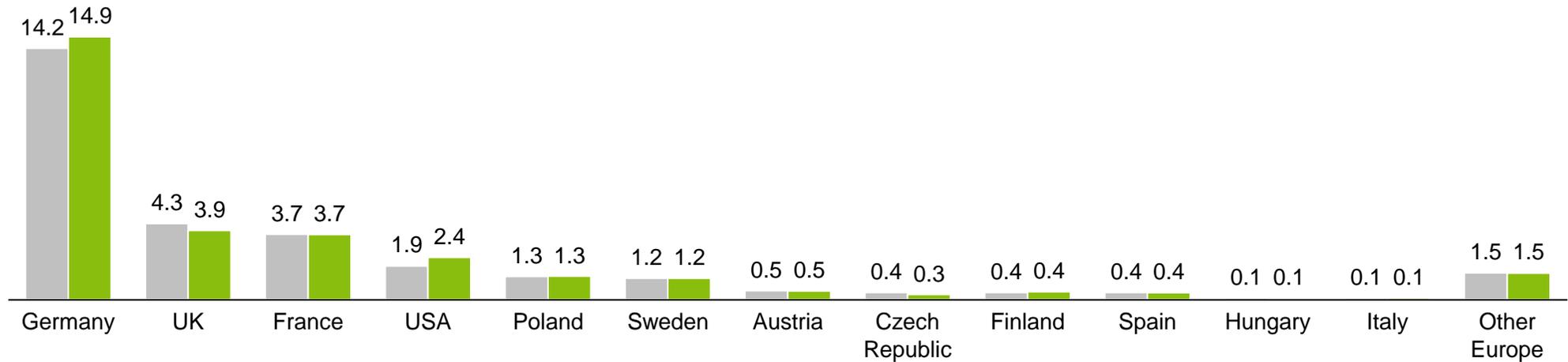
## Real Estate Finance (REF)



### Regions

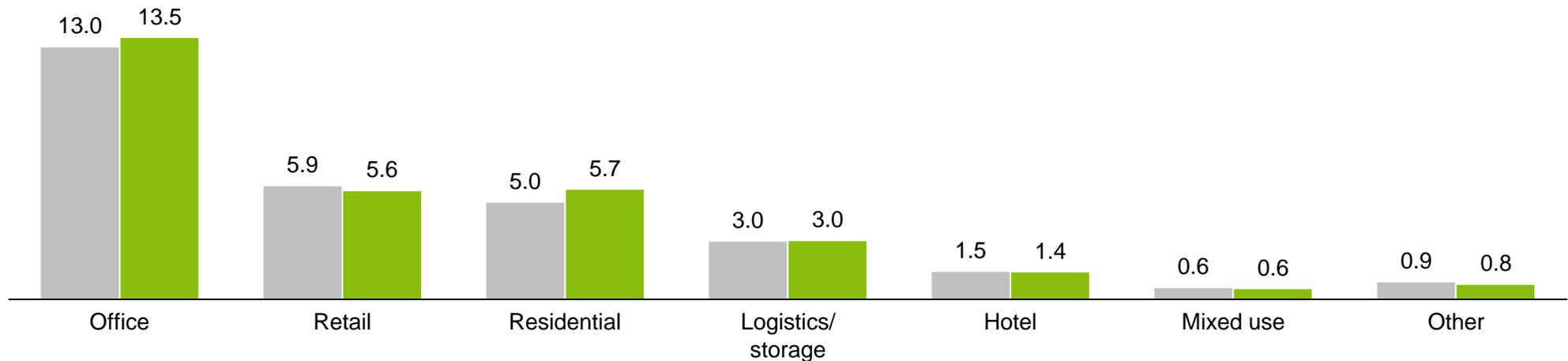
€ bn (EaD, Basel III)

■ 31/12/2018 / Total: € 29.9 bn  
 ■ 30/06/2019 / Total: € 30.6 bn



### Property types

€ bn (EaD, Basel III)



Note: Figures may not add up due to rounding

# Portfolio

## Public Investment Finance (PIF)

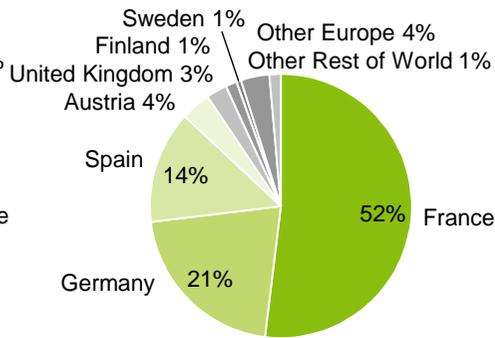
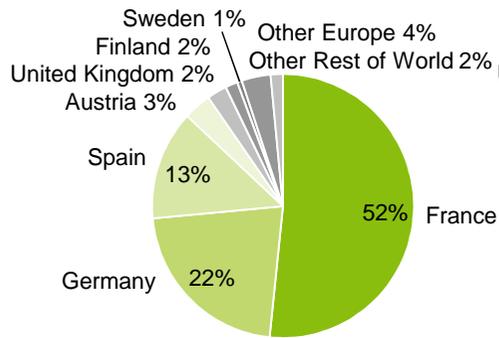


€ bn (EaD, Basel III)

### Regions

31/12/2018: € 7.6 bn

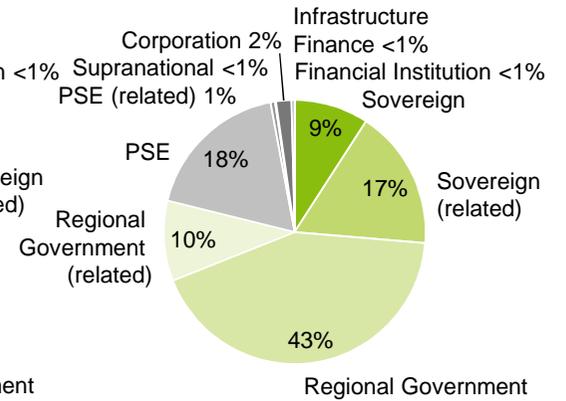
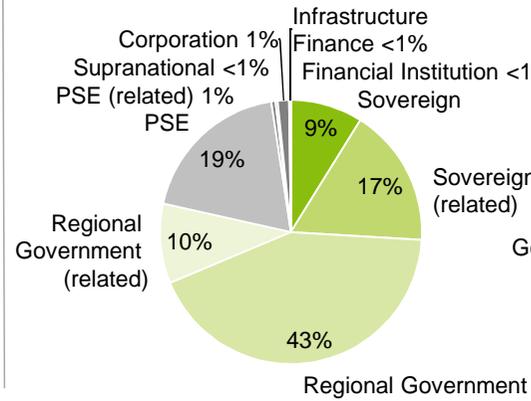
30/06/2019: € 7.6 bn



### Borrower classification<sup>1</sup>

31/12/2018: € 7.6 bn

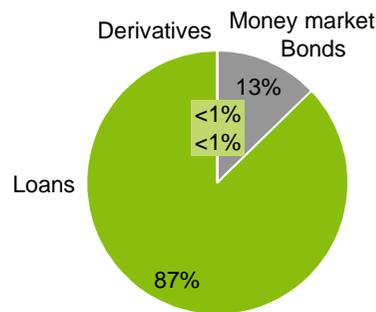
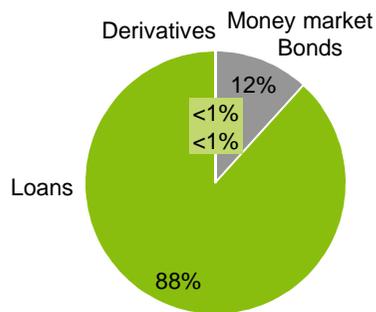
30/06/2019: € 7.6 bn



### Product class

31/12/2018: € 7.6 bn

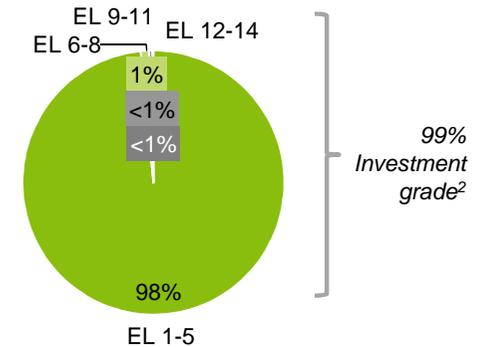
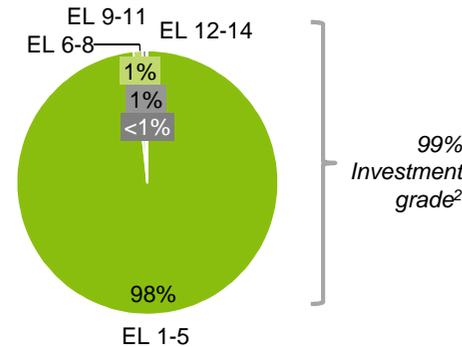
30/06/2019: € 7.6 bn



### Internal ratings (EL classes)

31/12/2018: € 7.6 bn

30/06/2019: € 7.6 bn



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

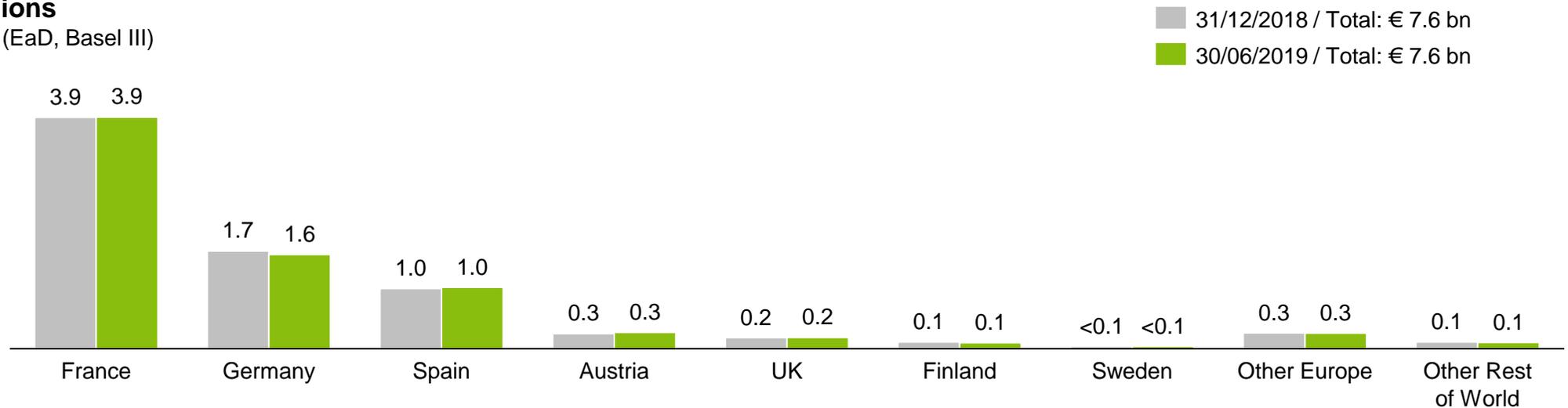
## Portfolio

### Public Investment Finance (PIF)



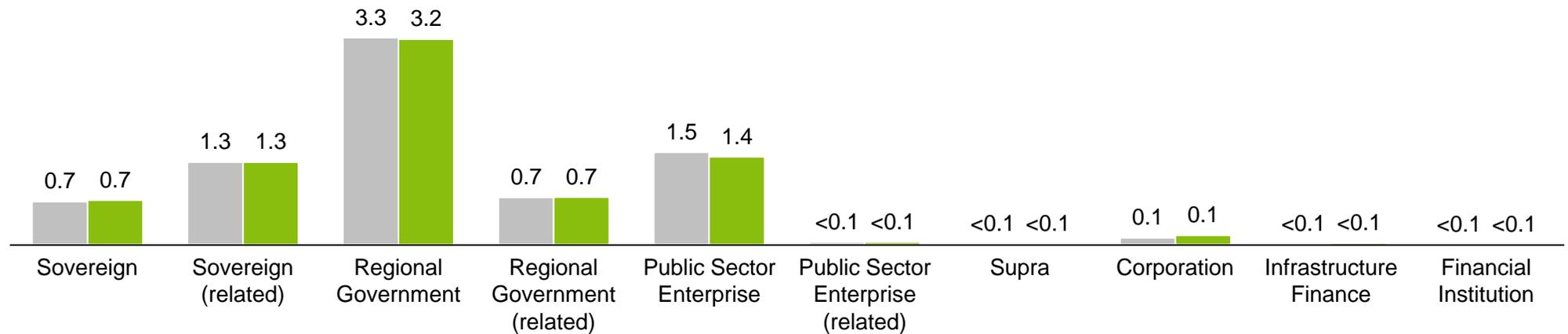
#### Regions

€ bn (EaD, Basel III)



#### Borrower classification<sup>1</sup>

€ bn (EaD, Basel III)



Note: Figures may not add up due to rounding

<sup>1</sup> See appendix for definition of borrower classification

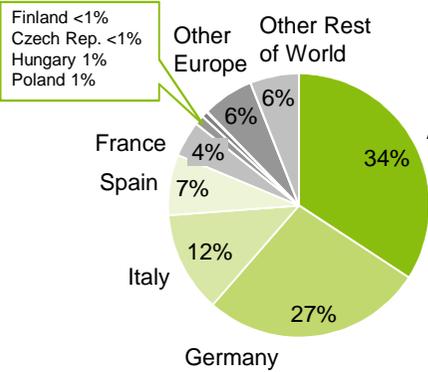
# Portfolio

## Value Portfolio (VP)

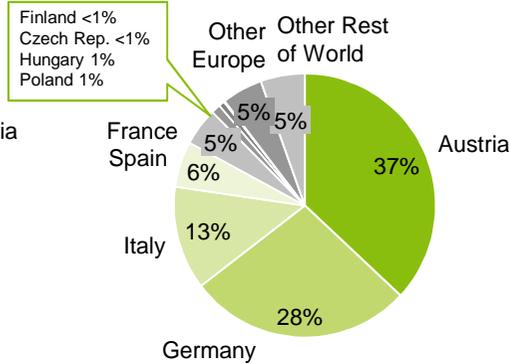
€ bn (EaD, Basel III)

### Regions

31/12/2018: € 16.3 bn

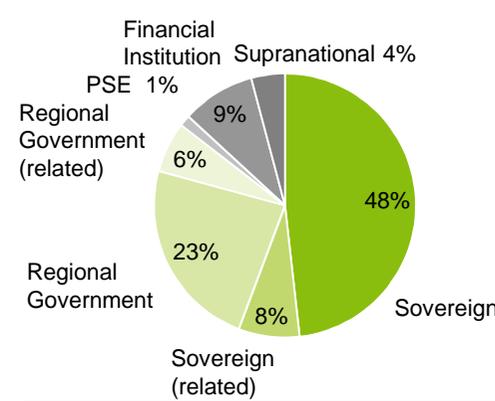


30/06/2019: € 15.9 bn

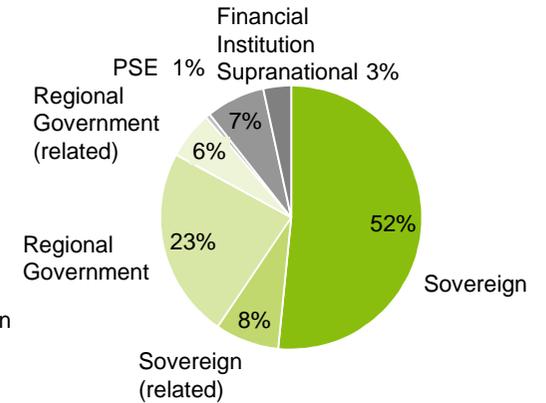


### Borrower classification<sup>1</sup>

31/12/2018: € 16.3 bn

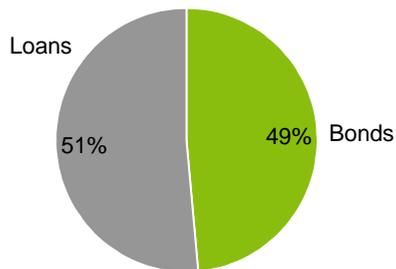


30/06/2019: € 15.9 bn

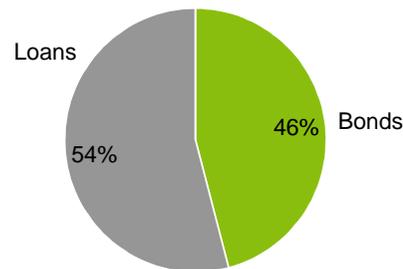


### Product class

31/12/2018: € 16.3 bn

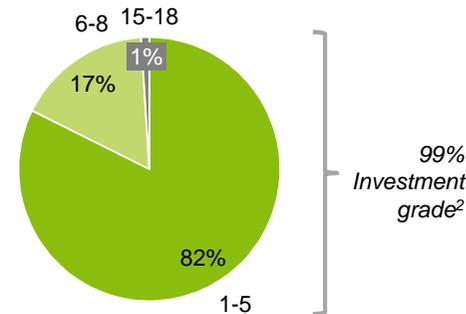


30/06/2019: € 15.9 bn

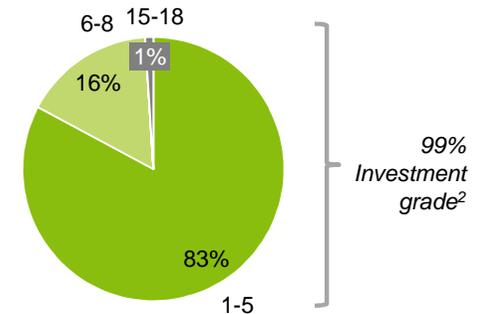


### Internal ratings (EL classes)

31/12/2018: € 16.3 bn



30/06/2019: € 15.9 bn



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

# Portfolio

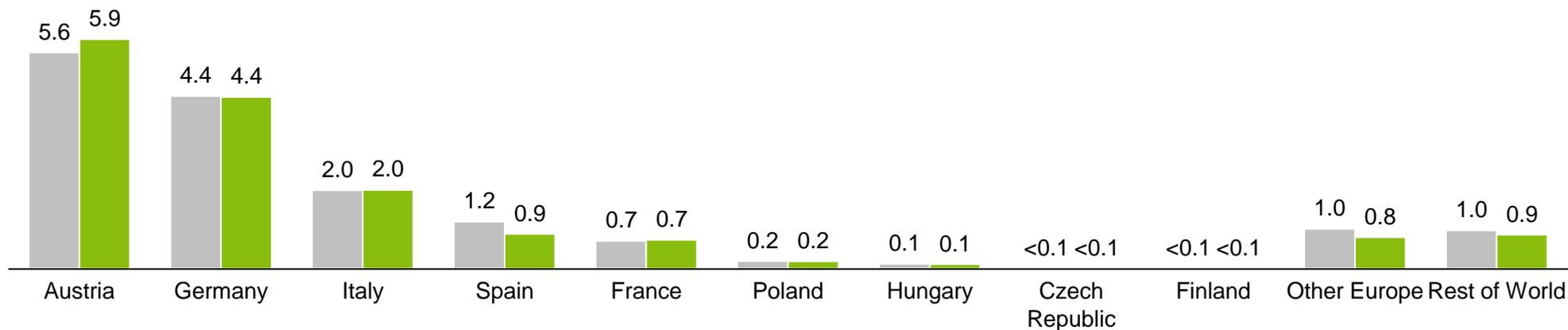
## Value Portfolio (VP)



### Regions

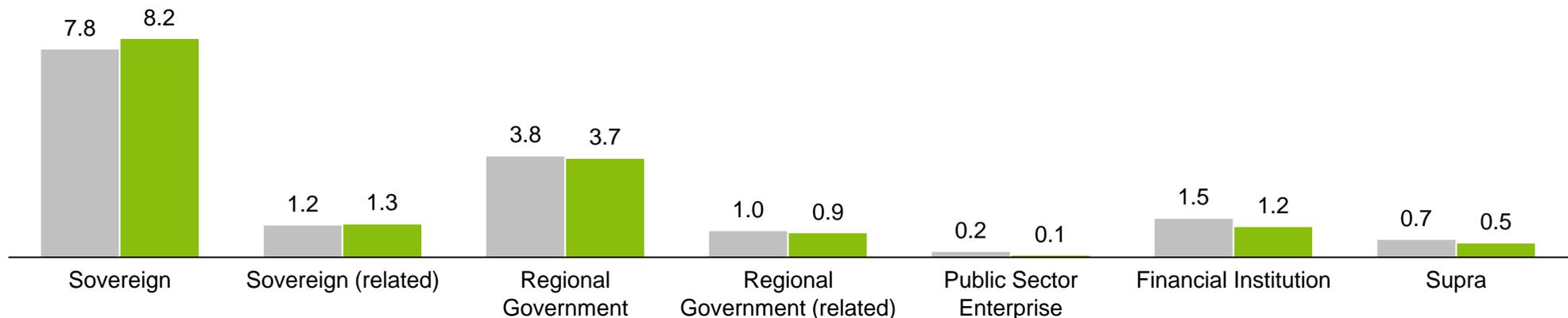
€ bn (EaD, Basel III)

■ 31/12/2018 / Total: € 16.3 bn  
 ■ 30/06/2019 / Total: € 15.9 bn



### Borrower classification<sup>1</sup>

€ bn (EaD, Basel III)



Note: Figures may not add up due to rounding      <sup>1</sup> See appendix for definition of borrower classification

# Portfolio

## Consolidation & Adjustments (C&A)

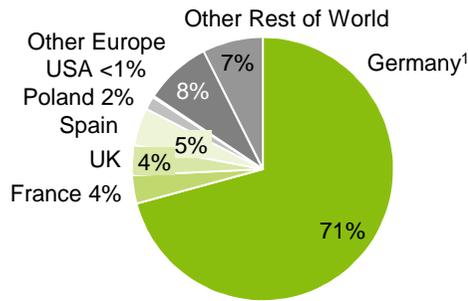
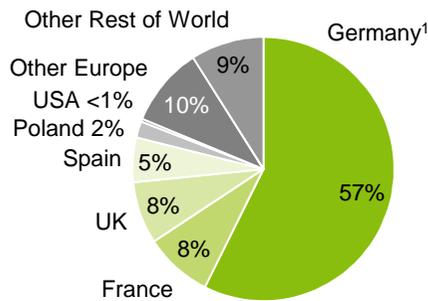


€ bn (EaD, Basel III)

### Regions

31/12/2018: € 4.3 bn

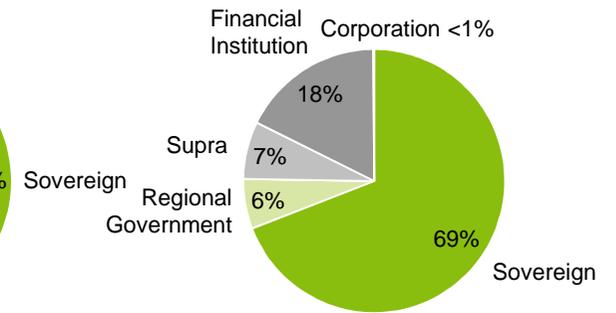
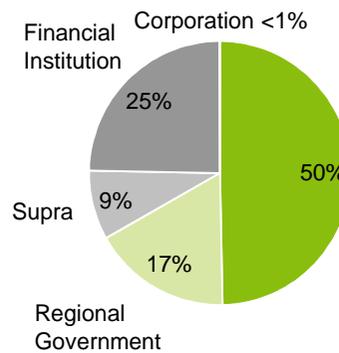
30/06/2019: € 5.1 bn



### Borrower classification<sup>2</sup>

31/12/2018: € 4.3 bn

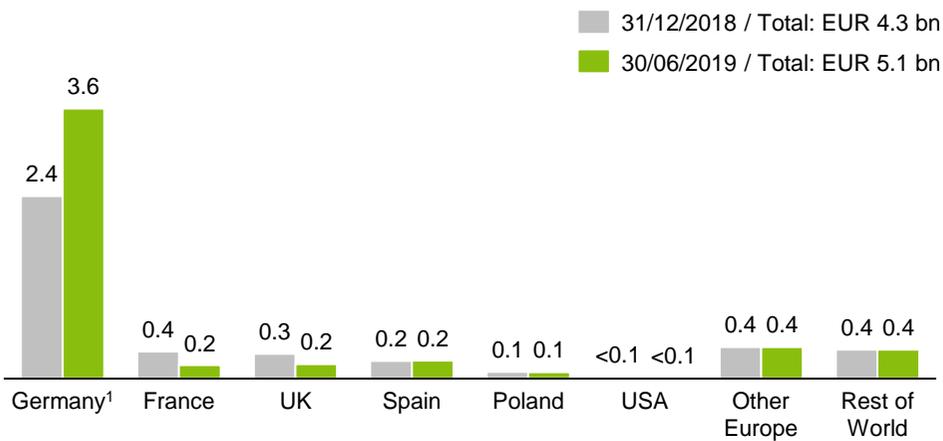
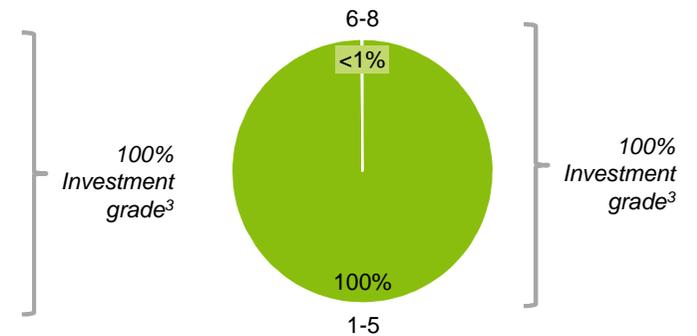
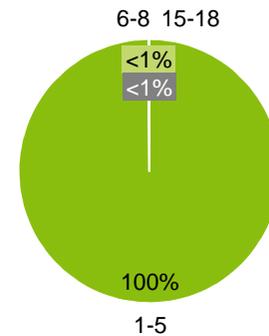
30/06/2019: € 5.1 bn



### Internal ratings (EL classes)

31/12/2018: € 4.3 bn

30/06/2019: € 5.1 bn



Note: Figures may not add up due to rounding

<sup>1</sup> Incl. Bundesbank accounts (12/18: € 1.4 bn; 06/19: € 2.8 bn)

<sup>2</sup> See appendix for definition of borrower classification

<sup>3</sup> Internal EL Classes 1-8 = Investment grade; Internal EL classes 9-18 = Non-investment grade

# Funding

## Public benchmark issuances since 2016



DEUTSCHE  
PFANDBRIEFBANK

Type	WKN	Launch Date	Maturity Date	Size	Spread <sup>1</sup>	Coupon	Issue/Reoffer Price
Mortgage Pfandbrief	A13SWC	12/01/2016	19/01/2023	EUR 750 mn	+8 bp	0.50%	99.221%
Senior Unsecured	A13SWD	28/01/2016	04/02/2019	EUR 500 mn	+140 bp	1.25%	99.816%
Mortgage Pfandbrief	A13SWE	22/02/2016	01/03/2022	EUR 500 mn	+8 bp	0.20%	99.863%
Senior Unsecured (2nd Tap)	A12UAR	04/03/2016	17/09/2019	EUR 100 mn	+130 bp	1.50%	101.209%
Public Sector Pfandbrief	A13SWG	13/04/2016	20/04/2035	EUR 500 mn	+25 bp	1.25%	99.647%
Senior Unsecured	A13SWH	19/04/2016	27/04/2020	EUR 500 mn	+125 bp	1.125%	99.751%
Mortgage Pfandbrief (3rd Tap)	A1PG3M	11/07/2016	20/12/2019	GBP 100mn	+40 bp <sup>2</sup>	1.875%	102.817%
Public Sector Pfandbrief	A2AAVU	23/08/2016	30/08/2019	USD 500 mn	+60 bp <sup>3</sup>	1.625%	99.954%
Mortgage Pfandbrief (4th Tap)	A1PG3M	19/10/2016	20/12/2019	GBP 25 mn	+38 bp <sup>2</sup>	1.875%	102.351%
Senior Unsecured	CH0341440300	20/10/2016	02/11/2021	CHF 100 mn	+80 bp <sup>4</sup>	0.30%	100.074%
Mortgage Pfandbrief	A2ADASA	05/01/2017	01/03/2022	GBP 250 mn	+55 bp <sup>2</sup>	3m-Libor +55 bp	100.00%
Mortgage Pfandbrief (5th Tap)	A1PG3M	16/01/2017	20/12/2019	GBP 50 mn	+50 bp <sup>2</sup>	1.875%	102.32%
Public Sector Pfandbrief (1st Tap)	A2AAVU	17/01/2017	30/08/2019	USD 100 mn	+55 bp <sup>3</sup>	1.625%	98.764%
Senior Unsecured	A2DASD	23/01/2017	29/01/2021	EUR 500 mn	+90 bp	0.875%	99.797%
Mortgage Pfandbrief	A2DASJ	01/02/2017	09/08/2021	EUR 500 mn	-6 bp	0.05%	99.901%
Senior Unsecured	A2DASK	08/02/2017	14/02/2020	EUR 150 mn	+75 bp <sup>5</sup>	3m-Euribor+75 bp	100.00%
Mortgage Pfandbrief	A2DASU	25/04/2017	04/05/2020	USD 600 mn	+55 bp <sup>3</sup>	2.25%	99.827%
Tier 2	XS01637926137	21/06/2017	28/06/2027	EUR 300 mn	+275bp	2.875%	99.904%
Mortgage Pfandbrief (1st Tap)	A2DASU	03/08/2017	04/05/2020	USD 100 mn	+40 bp <sup>3</sup>	2.25%	100.417%
Mortgage Pfandbrief	A2E4ZE	29/08/2017	05/09/2022	EUR 500 mn	-7 bp	0.05%	99.930%
Mortgage Pfandbrief (1st Tap)	A2DASJ	19/09/2017	09/08/2021	EUR 100 mn	-14 bp	0.05%	100.473%
Mortgage Pfandbrief	A2E4ZK	27/11/2017	04/12/2020	GBP 450 mn	+29 bp <sup>2</sup>	1.00%	99.63%
Senior Unsecured	A2GSLC6	16/01/2018	23/02/2022	EUR 500 mn	+40 bp	0.625%	99.956%
Mortgage Pfandbrief (1st Tap)	A2E4ZE	24/01/2018	05/09/2022	EUR 250 mn	-18 bp	0.05%	99.579%
Mortgage Pfandbrief	A2GSLF	08/03/2018	15/03/2023	EUR 750 mn	-13 bp	0.25%	99.520%
Additional Tier 1	XS1808862657	12/04/2018	Perpetual	EUR 300 mn	+538 bp	5.75%	100.00%
Mortgage Pfandbrief (1st Tap)	A2E4ZK	24/04/2018	04/12/2020	GBP 50 mn	+26 bp <sup>2</sup>	1.00%	98.958%
Mortgage Pfandbrief	A2GSLL	15/05/2018	22/05/2024	EUR 500 mn	-9 bp	0.500%	99.912%
Mortgage Pfandbrief	A2GSLV	22/08/2018	30/08/2027	EUR 500 mn	-2 bp	0.625%	98.933%
Mortgage Pfandbrief	A2LQNH	19/09/2018	16/12/2021	GBP 300 mn	+32 bp <sup>2</sup>	1.50%	99.802%
Mortgage Pfandbrief	A2LQNK	13/11/2018	22/11/2021	USD 600 mn	+35 bp <sup>3</sup>	3.375%	99.603%
Mortgage Pfandbrief	A2LQNP	21/01/2019	28/01/2024	EUR 500 mn	+8 bp	0.25%	99.812%
Senior Preferred	A2LQNQ	31/01/2019	07/02/2023	EUR 500 mn	+80 bp	0.75%	99.679%
Mortgage Pfandbrief (1st Tap)	A13SWE	31/01/2019	01/03/2022	EUR 100 mn	+2 bp	0.20%	100.74%
Public Sector Pfandbrief (1st Tap)	A13SWG	05/02/2019	20/04/2035	EUR 100 mn	+17 bp	1.25%	99.476%
Mortgage Pfandbrief (1st Tap)	A2GSLL	07/02/2019	22/05/2024	EUR 100 mn	-9 bp	0.50%	101.638%
Mortgage Pfandbrief (2nd Tap)	A13SWE	04/03/2019	01/03/2022	EUR 100 mn	-3 bp	0.20%	100.81%
Public Sector Pfandbrief (2nd Tap)	A13SWG	04/03/2019	20/04/2035	EUR 150 mn	+14 bp	1.25%	100.057%
Senior Preferred (1st Tap)	A2LQNQ	06/03/2019	07/02/2023	EUR 250 mn	+72 bp	0.75%	100.004%
Senior Preferred	CH0419041246	15/05/2019	05/06/2023	CHF 125 mn	+65 bp <sup>4</sup>	0.125%	100.12%
Mortgage Pfandbrief	A2NBJ7	22/05/2019	31/05/2022	USD 600 mn	+32 bp <sup>3</sup>	2.50%	99.851%
Mortgage Pfandbrief (1st Tap)	A2GSLV	12/06/2019	30/08/2027	EUR 100 mn	0 bp	0.625%	104.138%

1 vs. mid-swap 2 vs. 3m GBP-Libor 3 vs. 3m USD-Libor 4 vs. 6m CHF-Libor 5 vs 3m Euribor

## Mandated Ratings

Bank ratings	S&P	
<b>Long-term</b>	<b>A-</b>	
Outlook/Trend	Negative	
Short-term	A-2	
Stand-alone rating <sup>1</sup>	bbb	
<b>Long Term Debt Ratings</b>		
"Preferred" senior unsecured Debt <sup>2</sup>	A-	
"Non-preferred" senior unsecured Debt <sup>3</sup>	BBB-	
Subordinated Debt	BB+	
<b>Pfandbrief ratings</b>		<b>Moody's</b>
Public Sector Pfandbrief		Aa1
Mortgage Pfandbrief		Aa1

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*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.*

Note: The above list does not include all ratings    1 Stand-alone credit profile    2 "Senior Unsecured Debt"    3 "Senior Subordinated Debt"

# Financial reporting

## Change in definition of key ratios and segment allocation in 2018

### CIR

- New calculation method of CIR as a result of new P&L structure:
  - In principal, continuation of past structure
  - Better reflection of operating efficiency
  - Esp. bank levy and similar dues no longer included

$$\text{CIR} = \frac{\text{General admin. Expenses} + \text{Net income from write-downs and write-ups on non-financial assets}}{\text{Operating income}}$$

### Coverage Ratio

- Replacement of IAS 39 Incurred Loss Model by IFRS9 Expected Credit Loss Model with 3 stage logic:
  - Stage 1: impaired with 1 year expected credit loss
  - Stage 2 and 3: impaired with lifetime expected credit loss
- Coverage ratio does not take into account additional collateral

$$\text{Coverage ratio} = \frac{\text{Credit loss allowances on financial assets in stage 3}}{\text{Gross book values in stage 3 (loans and securities)}}$$

### Segment Reporting

- New approach better reflects operating profitability of the segments

#### Major effects:

- Prepayment fees now allocated on single deal level
- Costs of liquidity buffer no longer calculated on portfolio level
- Equity now allocated according to going concern view instead of liquidation approach

### RoE

- Adjustment of RoE calculation after AT1-issuance (Q2/18 onwards only)

$$\text{Return on equity} = \frac{\text{Annualised profit} - \text{accrued (pro-rata) AT1 coupon (before/after tax)}}{\text{Ø Shareholders equity}^1 \text{ (excl. AT1)}}$$

<sup>1</sup> Excl. other comprehensive income from cash flow hedge accounting and from financial assets at fair value through other comprehensive income (IAS 39: AfS reserve)

## Definition of borrower classifications

Borrower classification	Definition
<b>Sovereign</b>	Direct and indirect obligations of Central Governments, Central Banks and National Debt Agencies
<b>Sovereign (related)</b>	Indirect obligations of Non Sovereigns with an explicit first call guarantee by a Sovereign
<b>Regional Government</b>	Direct and indirect obligations of Regional, Provincial and Municipal Governments
<b>Regional Government (related)</b>	Indirect obligations of Non Regional Government with an explicit first call guarantee by a Regional Government
<b>Public Sector Enterprise</b>	Direct obligations of administrative bodies and non commercial/non-profit undertakings
<b>Public Sector Enterprise (related)</b>	Indirect obligations of Non Public Sector Enterprise with an explicit first call guarantee by a Public Sector Enterprise
<b>Financial Institution</b>	Direct and indirect obligations of Universal Banks, Investment Banks, Mortgage Institutions, Brokerages and other banks or Basel regulated institution
<b>Corporation</b>	Direct and indirect obligations of enterprises, established under corporate law and operating in a for profit or competitive environment
<b>Structured Finance</b>	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
<b>Supranational</b>	Direct obligations to international Organisations and International Investment and Development Banks
<b>Other</b>	Direct obligations to Individuals

# Contact details



## Walter Allwicher

Head of Communications

+49 (0)89 2880 28787

[walter.allwicher@pfandbriefbank.com](mailto:walter.allwicher@pfandbriefbank.com)

## Michael Heuber

Head of Investor Relations / Rating Agency Relations

+49 (0)89 2880 28778

[michael.heuber@pfandbriefbank.com](mailto:michael.heuber@pfandbriefbank.com)

## Axel Leupold

Investor Relations / Rating Agency Relations

+49 (0)89 2880 23648

[axel.leupold@pfandbriefbank.com](mailto:axel.leupold@pfandbriefbank.com)

## Website

[www.pfandbriefbank.com/investor-relations.html](http://www.pfandbriefbank.com/investor-relations.html)

© Deutsche Pfandbriefbank AG  
Parkring 28  
85748 Garching/Germany  
+49 (0) 89 28 80-0  
[www.pfandbriefbank.com](http://www.pfandbriefbank.com)