

pbb posts stable result for Q1/19 with PBT of EUR 48 mn

Results Q1/19

Analyst Call

13 May 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. Focus & Invest**
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## Highlights Q1/19

### Good performance in Q1/19 benefits from increase in strategic REF financing volume



<b>Financials</b>	<ul style="list-style-type: none"><li>■ <b>Stable PBT of € 48 mn y-o-y</b> – increase in <b>NII</b> compensates lower <b>income from realisations</b> while <b>risk provisions and GAE</b> are moderately up</li></ul>
<b>New business<sup>1</sup></b>	<ul style="list-style-type: none"><li>■ Solid <b>new business</b> of € 2.0 bn (€ 1.8 bn Q1/18) – <b>REF</b> € 1.9 bn, <b>PIF</b> € 0.1 bn</li><li>■ <b>Average REF gross interest margin</b> unusually low at 130 bp, low <b>LTV</b> of 58%<sup>2</sup><ul style="list-style-type: none"><li>– impacted by regional and product mix (high share in Germany, France and Residential, low share in UK and CEE as well as Retail and Logistics)</li><li>– Q2/19 solid rebound expected due to return to higher margin business in line with risk strategy</li></ul></li></ul>
<b>Portfolio (financing volume)</b>	<ul style="list-style-type: none"><li>■ <b>REF</b> € +1.0 bn up ytd, supported by drawings of new business in Q4/18 – core strategic portfolio with further <b>growth envisaged</b></li><li>■ <b>PIF</b> remains stable – in line with <b>hold proposition</b></li><li>■ <b>Value Portfolio</b> € -0.3 bn down ytd – <b>further reduction</b> in line with strategy due to maturities</li></ul>
<b>Funding</b>	<ul style="list-style-type: none"><li>■ <b>Strong Funding</b> with € 2.7 bn in Q1/19, compared to € 2.0 bn in Q1/18</li><li>■ “New” product senior preferred successfully established</li><li>■ Increased funding spreads y-o-y, but <b>average spread level</b> still below maturities in Q1/19</li></ul>
<b>Capital</b>	<ul style="list-style-type: none"><li>■ Continued <b>strong capitalisation</b> with CET 1 ratio of 18.8%<sup>3</sup> – adequate buffers for challenges ahead</li></ul>

<sup>1</sup> Financing volume, commitments, incl. extensions >1 year

<sup>2</sup> New commitments; avg. LTV (extensions): Q1/19. 54%; 2018: 57%; Q1/18. 68%

<sup>3</sup> Excl. Interim result, post proposed dividend 2018

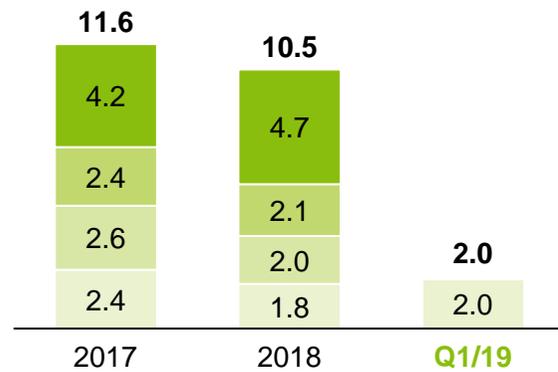
# Highlights

## Operating and financial overview

### New business

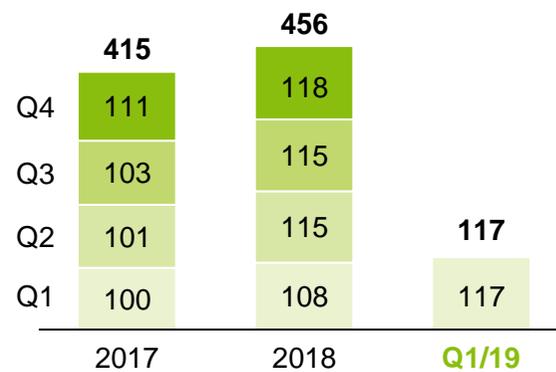
€ bn (commitments, incl. extensions >1 yr)

■ Q4  
■ Q3  
■ Q2  
■ Q1



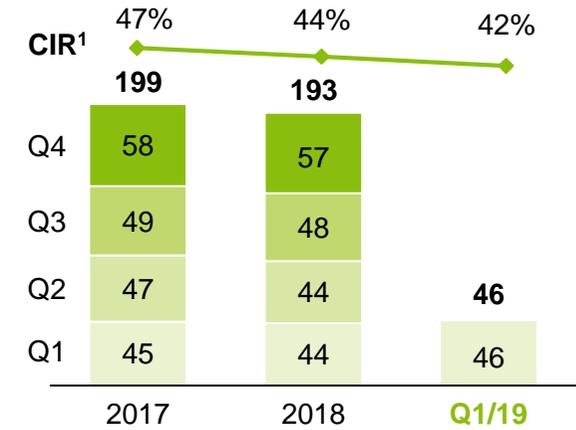
### Net interest and commission income

€ mn (IFRS)



### General and admin. expenses

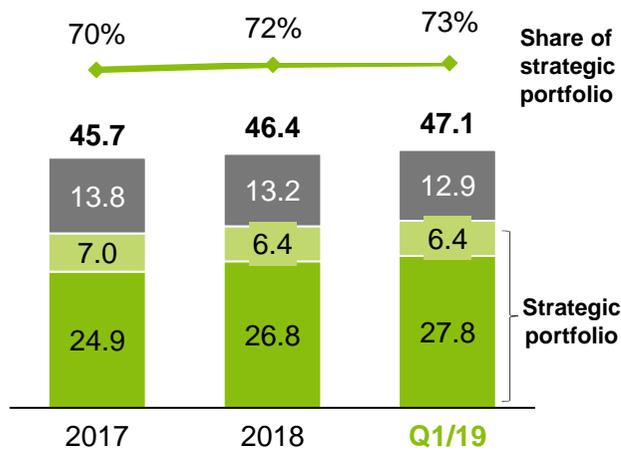
€ mn (IFRS)



### Portfolio

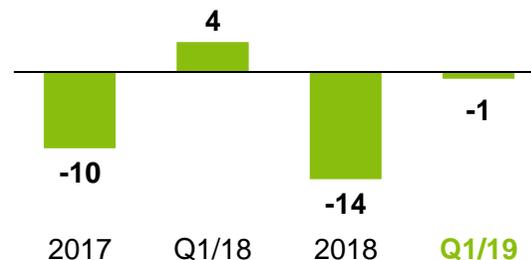
€ bn (financing volumes)

■ VP ■ PIF ■ REF



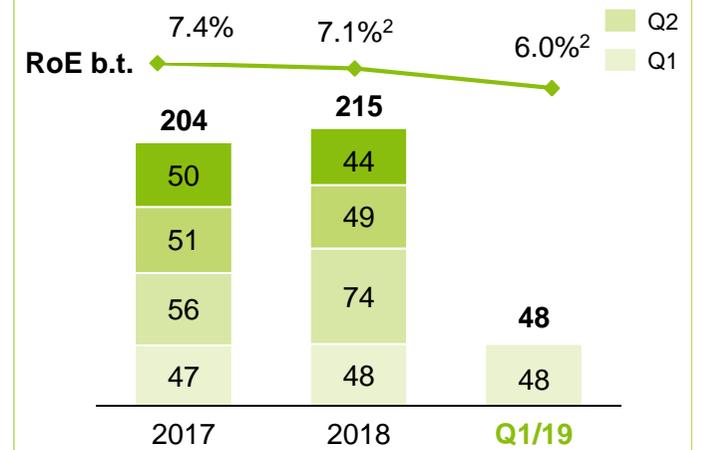
### Net income from risk provisioning

€ mn (IFRS)



### Pre-tax profit

€ mn (IFRS)



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

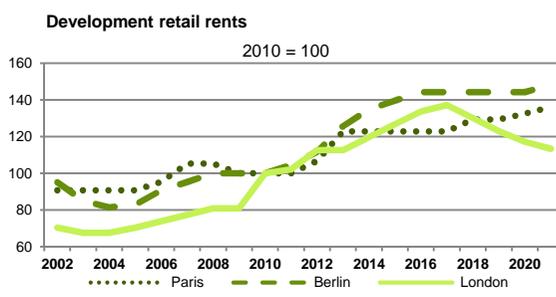
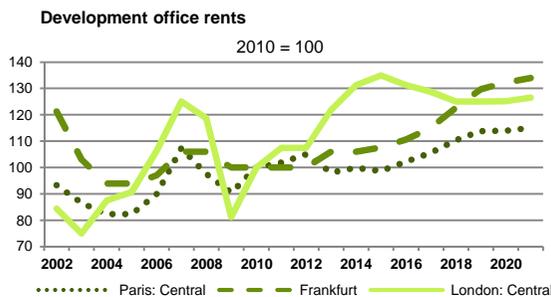
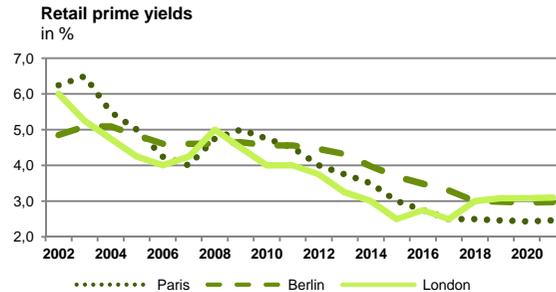
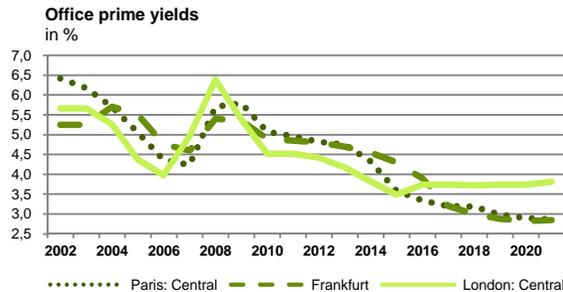
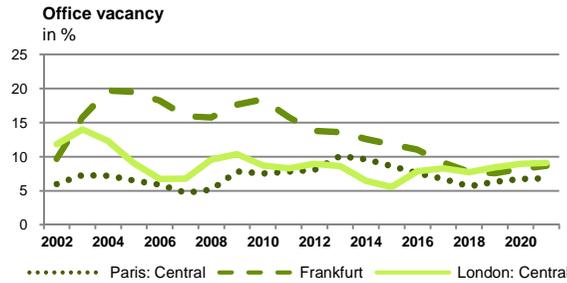
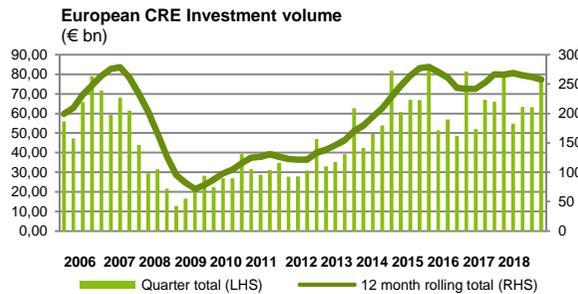
2 Taking into account pro-rata AT1 coupon (2018: € 12 mn; 2019: € 17 mn)

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# Markets

## CRE market environment remains highly competitive and challenging – pbb cautious in UK and on retail properties



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

1 Source: pbb

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## Financials

### Q1/19 shows strong performance based on continued solid underlying trends

#### Income statement

€ mn

	Q1/18	Q4/18	Q1/19
<b>Operating Income</b>	<b>112</b>	<b>121</b>	<b>119</b>
Net interest income	107	116	116
Net fee and commission income	1	2	1
Net income from fair value measurement	-	-11	-2
Net income from realisations	9	9	6
Net income from hedge accounting	-1	-	-1
Net other operating income	-4	5	-1
Net income from risk provisioning	4	-5	-1
General and administrative expenses	-44	-57	-46
Expenses from bank levies and similar dues	-21	-2	-21
Net income from write-downs and write-ups on non-financial assets	-3	-4	-4
Net income from restructuring	-	-9	1
<b>Pre-tax profit</b>	<b>48</b>	<b>44</b>	<b>48</b>
Income taxes	-9	-3	-8
<b>Net income</b>	<b>39</b>	<b>41</b>	<b>40</b>

RoE before tax <sup>1</sup> (%)	6.7	5.5	6.0
RoE after tax <sup>1</sup> (%)	5.4	5.1	4.9
CIR <sup>2</sup> (%)	42.0	50.4	42.0
EpS <sup>1</sup> (€)	0.29	0.28	0.27

#### Key drivers Q1/19:

- NII up +8% y-o-y due to reduced funding costs and higher avg. strategic financing volume
- Fair value measurement mainly driven by pull-to-par, largely compensated by positive valuation effects mainly resulting from decreased interest rate levels
- Net income from realisations down y-o-y as prior year benefitted from higher realisation of fees and redemption of liabilities
- Other operating income includes FX effects and net additions to provisions
- Slight increase in risk provisioning y-o-y, due to changes in PD and macro-economic parameters
- GAE on low level in Q1, in line with previous years
- Bank levy of EUR 20 mn booked in Q1 + EUR 1 mn deposit protection scheme – no change to Q1/18

- RoE and EpS taking into account pro-rata AT 1 coupon (2018: € -12 mn; 2019: € -17 mn)

<sup>1</sup> Taking into account pro-rata AT1 coupon (2018: € 12 mn; 2019: € 17 mn)    <sup>2</sup> CIR = (GAE + net income from write-downs and write-ups on non-financial assets) / operating income

## Financials

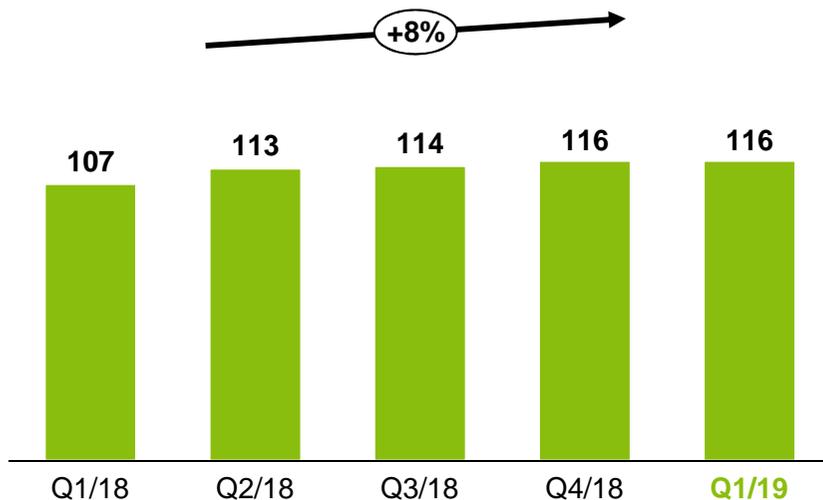
**NII up 8% y-o-y – reduced funding costs and higher avg. strategic financing volume**

### Income from lending business (€ mn)

	Q1/18	Q4/18	Q1/19
Net interest income	107	116	116
Net fee and commission income	1	2	1

	Q1/18	Q4/18	Q1/19
Net income from realisations	9	9	6

### Net interest income (€ mn)



### Key drivers Q1/19:

- NII up 8% y-o-y – benefitting from
  - reduced funding costs y-o-y due to new funding at spreads below legacy costs of maturities
  - avg. strategic REF financing volume up by € 2.0 bn y-o-y to € 27.3 bn (Q1/18: € 25.3 bn; Q4/18: € 26.3 bn)
  - avg. total portfolio margin stable y-o-y, reflecting pbb's selective new business approach and growing strategic portfolio
  
- Net income from realisations down y-o-y due to
  - lower prepayment and realisation fees (€ 6 mn, Q1/18: € 7 mn)
  - Q1/18 benefitted from redemption of liabilities (none; Q1/18 € 2 mn)

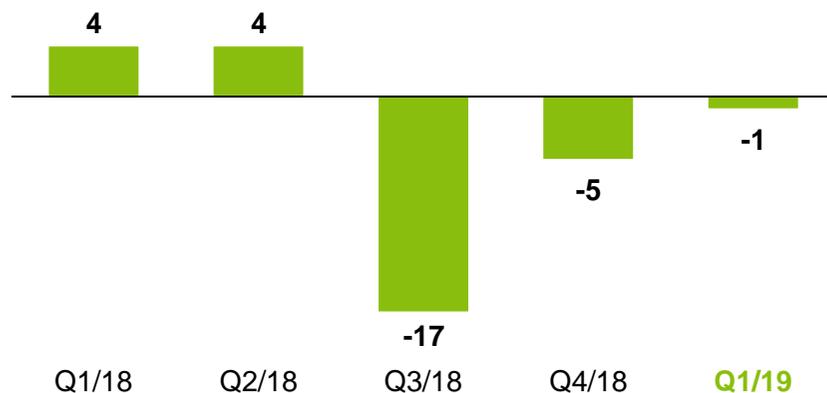
## Financials

### Continued low level of risk costs – slight increase as expected

#### Net income from risk provisioning

€ mn

	Q1/18	Q4/18	Q1/19
Net income from risk provisioning	4	-5	-1
thereof			
stage 1	1	-2	-1
stage 2	4	1	-
stage 3	-1	1	-
other loan loss provisions <sup>2</sup>	-	-5	-



#### Key drivers Q1/19:

- Net additions of provisions in stage 1 and 2 of € -1 mn in Q1/19 (Q1/18: € +1 mn) due to adjusted PD and macro-economic parameters; no provisioning in stage 3 (Q1/18: € -1 mn)
- Q1/18 primarily driven by positive maturity effects in stage 1 and 2
- Coverage ratio:
  - Stage 3 coverage ratio<sup>1</sup> stable at 18% (12/18: 18%)
  - Additional collateral not taken into account – incl. these factors, REF coverage ratio at approx. 100%

Note: New 3 stage logic after IAS 39 Incurred Loss Modell replaced IFRS 9 Expected Credit Loss Model (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

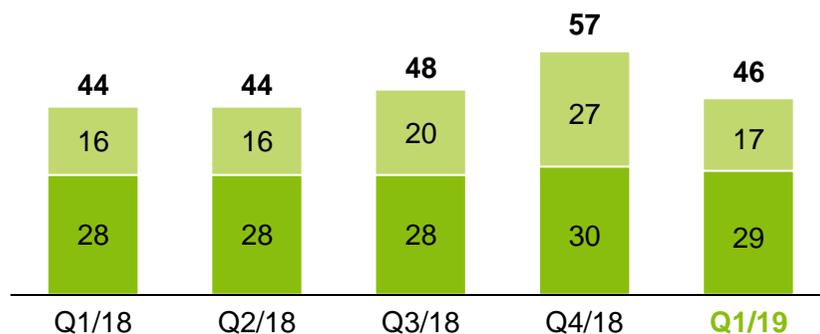
### Operating costs stable y-o-y – increase expected going forward

#### General & administrative expenses and depreciations

€ mn

	Q1/18	Q4/18	Q1/19
General admin. expenses	-44	-57	-46
<i>Personnel</i>	-28	-30	-29
<i>Non-personnel</i>	-16	-27	-17
Net income from write-downs and write-ups on non-financial assets	-3	-4	-4
<i>CIR (%)<sup>1</sup></i>	42.0	50.4	42.0

■ Non-personnel  
■ Personnel



#### Key drivers Q1/19:

- GAE almost stable y-o-y (€ 46 mn; Q1/18: € 44 mn), in line with expectations
  - Personnel expenses almost stable at € 29 mn (Q1/18: € 28 mn; Q4/18: € 30 mn), FTEs largely unchanged (Q1/19: 743 FTE; Q1/18: 733 FTE; Q4/18: 750 FTE)
  - Non-personnel costs in Q4/18 were mainly driven by project related costs (esp. IT), partly including accrued expenses for 2019 projects started in 2018
- Regulatory costs and strategic investments (e.g. further digital transformation) will continue to weigh on overall cost level going forward
- 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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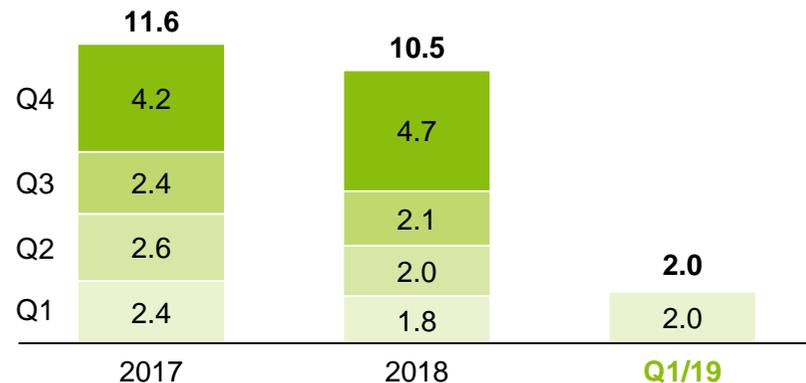
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## New business

**Solid new business volume – lower gross margins, due to regional and product mix in REF new business**

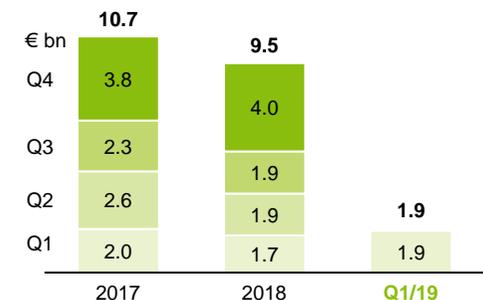
### New business – REF & PIF

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



### REF new business

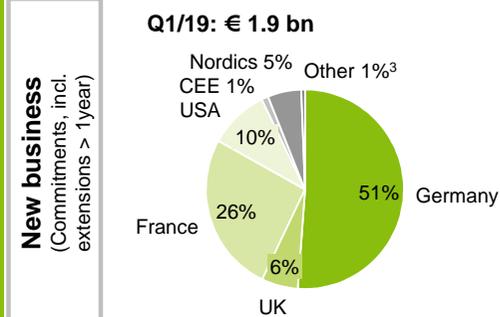
	Q1/18	2018	Q1/19
Total volume (€ bn)	1.7	9.5	1.9
thereof: Extensions >1 year	0.2	2.2	0.2
No. of deals	34	185	29
Ø maturity (years) <sup>1</sup>	4.6	~4.7	~5.9
Ø LTV (%) <sup>2</sup>	62	59	58
Ø gross interest margin (bp)	>170	~155	~130



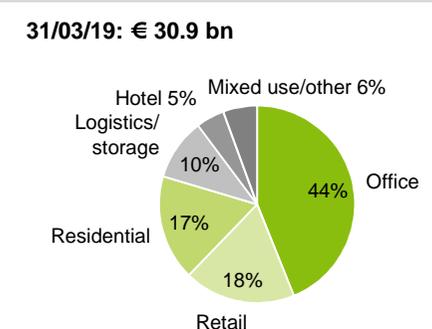
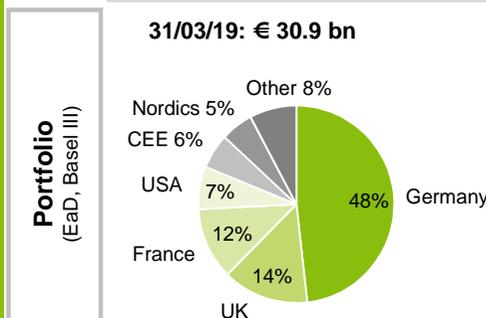
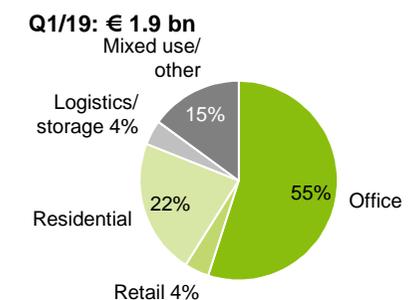
### Key drivers Q1/19:

- Solid new business origination in Q1/19
- However, high competition and margin pressure ongoing
- REF – solid new business volume
  - Continued selective approach with focus on conservative risk positioning (avg. LTV 58%<sup>2</sup>)
  - Avg. gross interest margin down to ~130 bp, due to regional and product mix (high share in France and Residential, low share in UK and CEE as well as Retail and Logistics)
- PIF – portfolio on hold
  - New business volume of € 0.1 bn on constant low level
  - Avg. gross interest margin slightly up

### Regions



### Property types



Note: Figures may not add up due to rounding 1 Legal maturities 2 New commitments; avg. LTV (extensions): Q1/19. 54%; 2018: 57%; Q1/18. 68% 3 Netherlands

## Segment reporting

### Segment performance with strong NII and low risk and operating costs

	REF			PIF			Value Portfolio		
<b>Income statement (IFRS, € mn)</b>	<b>Q1/18</b>	<b>Q4/18</b>	<b>Q1/19</b>	<b>Q1/18</b>	<b>Q4/18</b>	<b>Q1/19</b>	<b>Q1/18</b>	<b>Q4/18</b>	<b>Q1/19</b>
Operating income	96	101	100	7	15	10	7	3	8
<i>thereof: Net interest income</i>	89	96	97	8	8	9	8	11	9
<i>Net income from realisations</i>	8	4	4	-	5	1	1	-	1
Net income from risk provisioning	-	-4	-2	2	-	-	2	-	1
General administrative expenses	-35	-46	-37	-6	-8	-6	-3	-3	-3
Net other revenues	-14	-11	-14	-4	-3	-4	-6	-1	-6
<b>Pre-tax profit</b>	<b>47</b>	<b>40</b>	<b>47</b>	<b>-1</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>0</b>
<b>Key indicators</b>	<b>Q1/18</b>	<b>Q4/18</b>	<b>Q1/19</b>	<b>Q1/18</b>	<b>Q4/18</b>	<b>Q1/19</b>	<b>Q1/18</b>	<b>Q4/18</b>	<b>Q1/19</b>
CIR (%) <sup>1</sup>	38.5	48.5	40.0	100.0	60.0	70.0	42.9	100.0	37.5
RoE before tax (%)	14.5	10.8	13.1	-2.0	3.4	-0.6	0.0	-0.7	-0.6
Equity (€ bn)	1.3	1.4	1.4	0.2	0.1	0.1	1.0	1.1	1.1
RWA (€ bn)	8.1	8.3	8.0	1.6	1.4	1.4	3.5	4.0	4.0
Financing volume (€ bn)	25.7	26.8	27.8	7.0	6.4	6.4	13.6	13.2	12.9

#### Key drivers Q1/19:

#### REF

- Financial segment performance driven by strong NII, compensating for slightly higher risk and operating costs
- Financing volume up due to strong new business
- RWA mainly benefitting from LGD changes

#### PIF

- Financial segment performance benefiting from increased NII, whereas costs are stable
- Cost relief from “Focus & Invest” programme to set in H2/2019

#### Value Portfolio

- Value Portfolio further down in line with strategy due to maturities

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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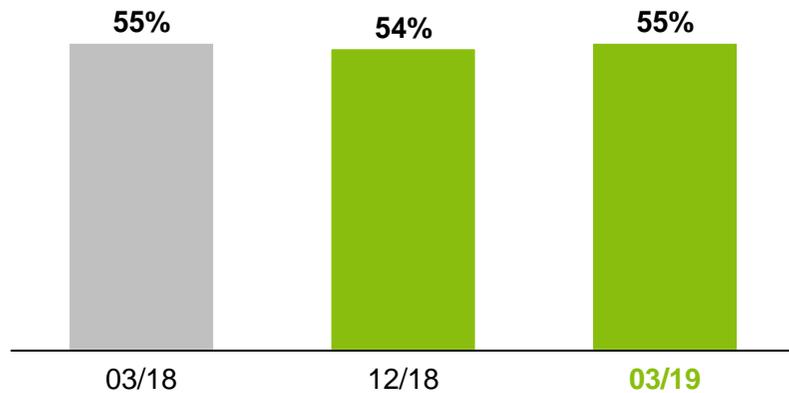
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# Portfolio

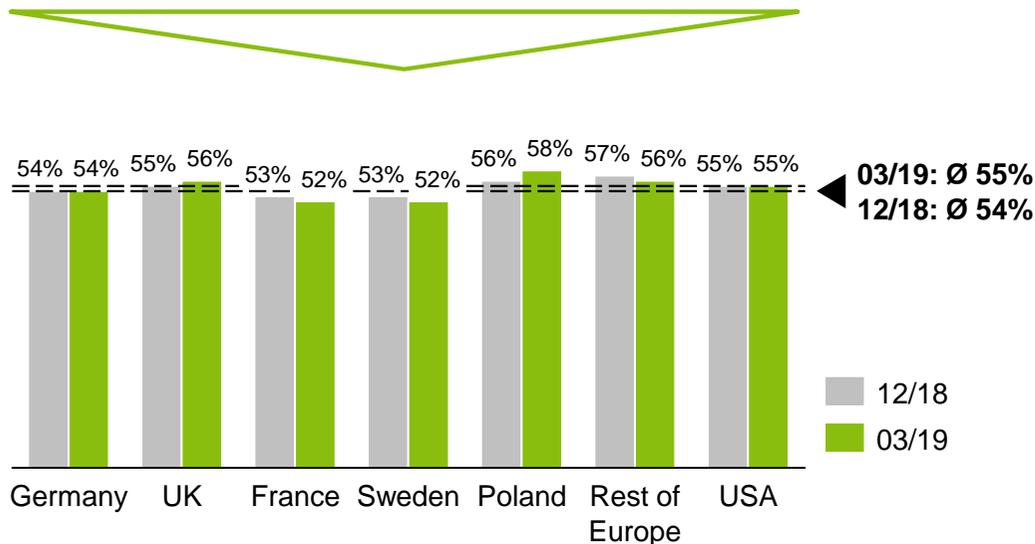
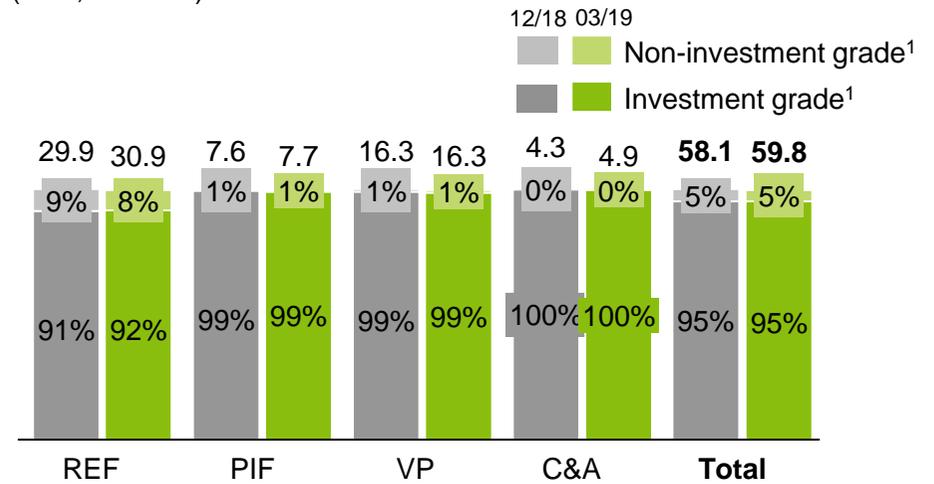
High portfolio quality with 95% investment grade and avg. LTV of 55%



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



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



## Key messages

- Italy exposure with relatively small valuation effects
  - VP: € 1.6 bn (nominal) / € 2.0 bn (EaD)
  - Almost € 1.8 bn (>88%) booked at amortized costs; € 169 mn (~8%) in FV/OCI and € 80 mn (~4%) in FV/P&L
  - Ratings recently affirmed 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 56%<sup>2</sup>
  - Avg. ISC >300%

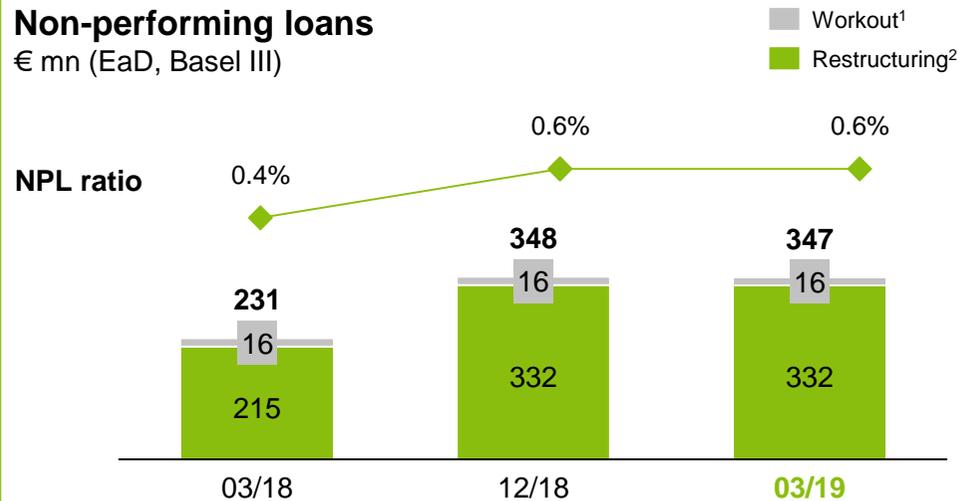
Note: Figures may not add up due to rounding 1 EL classes 1-8 = Investment grade; EL classes 9-18 = Non-investment grade 2 Based on performing investment loans only

# Portfolio

## Non-performing loans remain at historically low level

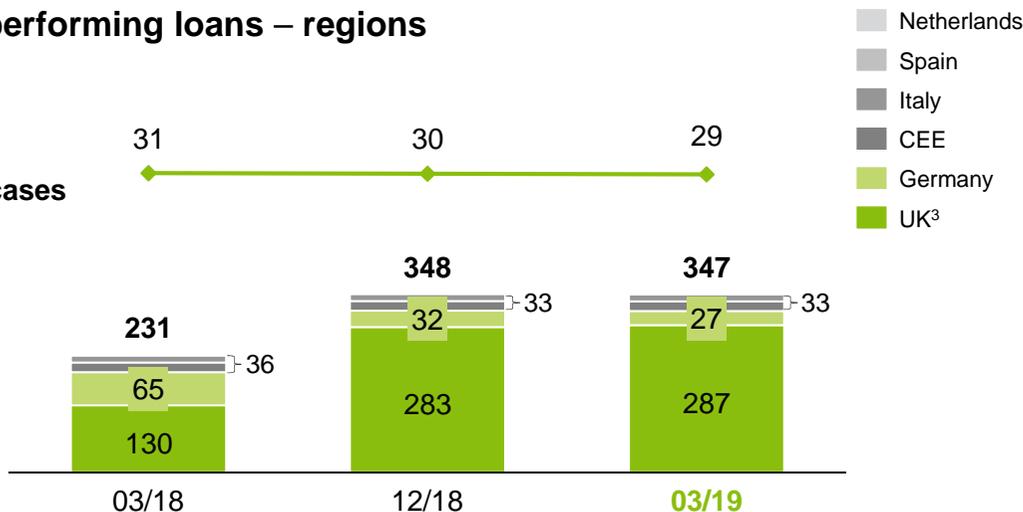
### Non-performing loans

€ mn (EaD, Basel III)



### Non-performing loans – regions

No. of indiv. cases



### Key drivers Q1/19:

- Only small portfolio of non-performing loans (NPL) with NPL ratio<sup>4</sup> of 0.6%
  - Reduction of German NPL-Exposure due to repayments
  - Net increase in UK exposure due to neg. FX effects
  - No NPLs in PIF and VP
  - Only € 16 mn workout loans
- Estate UK-3 'technically' shown as NPL
  - Properties sold, but synthetic securitization has not yet allocated loss
  - Expert proceeding ongoing

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> Estate UK-3 'technically' shown as non-performing – properties sold, but synthetic securitisation has not yet allocated loss. <sup>4</sup> NPL ratio = NPL volume / total assets

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# Funding

## Strong Funding in Q1 – “new” product senior preferred successfully established



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

€ bn

Q1/18: € 2.0 bn

Q1/19: € 2.7 bn

Spread  
(Ø, bp)<sup>2</sup>

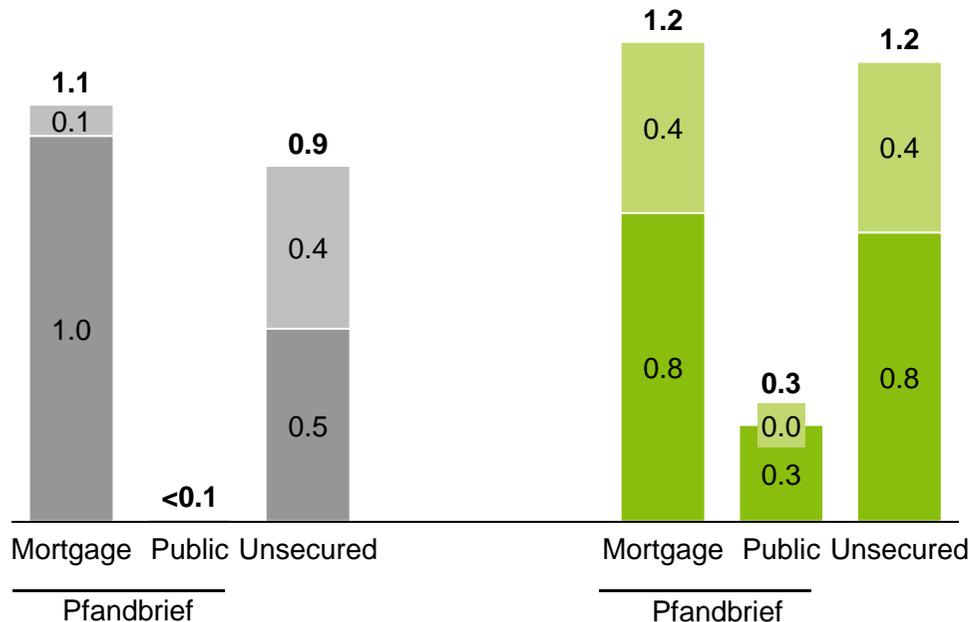
-4    0    49

16    21    78

Tenor  
(Ø, yrs)<sup>3</sup>

6.0    20    5.6

7.0    16.1    5.4



Private placements  
Benchmark issuances

### Pfandbriefe

- Mortgage Pfandbrief Benchmarks: € 500 mn 5y in January and three taps of € 100 mn each in Q1/19
- Public Sector Pfandbrief Benchmarks: taps of € 100 mn in February and € 150 mn in March 2019
- Additionally issues in foreign currency (SEK 2.7 bn 3y)

### Senior Unsecured

- € 500 mn 4y Senior Preferred benchmark issued in January and tapped with € 250 mn in March
- € 437 mn Senior Preferred raised via private placements in bearer bonds, registered bonds and term deposits issued

### pbb direkt

- Total volume slightly down at € 2.9 bn (12/18: € 3.0 bn), reflecting optimisation of funding structure
- Average maturity<sup>4</sup> decreased slightly to 3.2 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

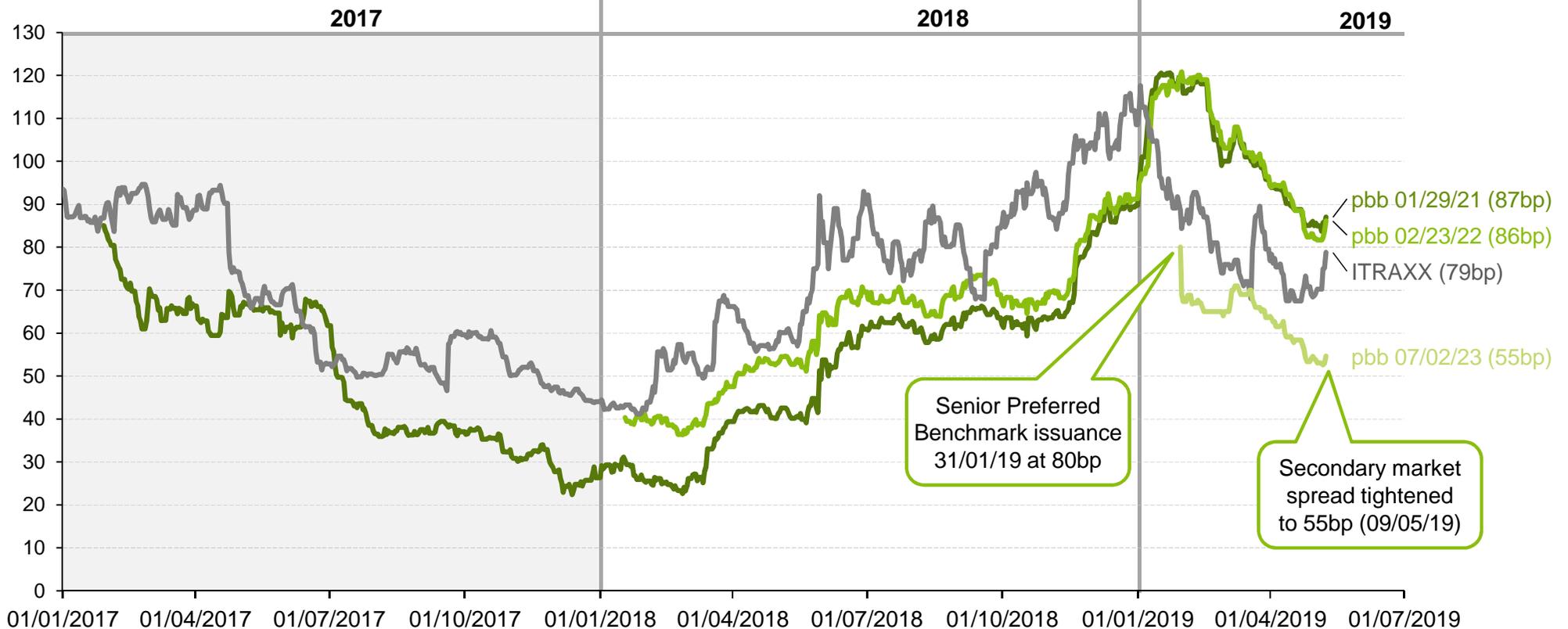
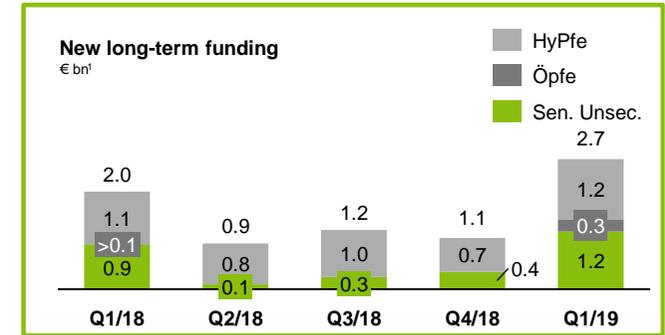
## Senior unsecured spreads widened in 2018

### Spread development of pbb Senior Non-Preferred Benchmarks vs iTraxx Bank Senior

(Spread in bp vs. 6m Euribor)



DEUTSCHE  
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Source: Bloomberg 1 Excl. money market and deposit business

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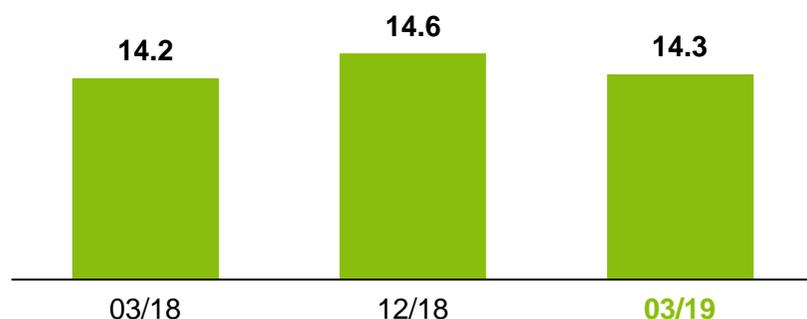
# Capital

Capitalisation remains strong – adequate buffers, essential for regulatory changes, operational stability and strategic flexibility



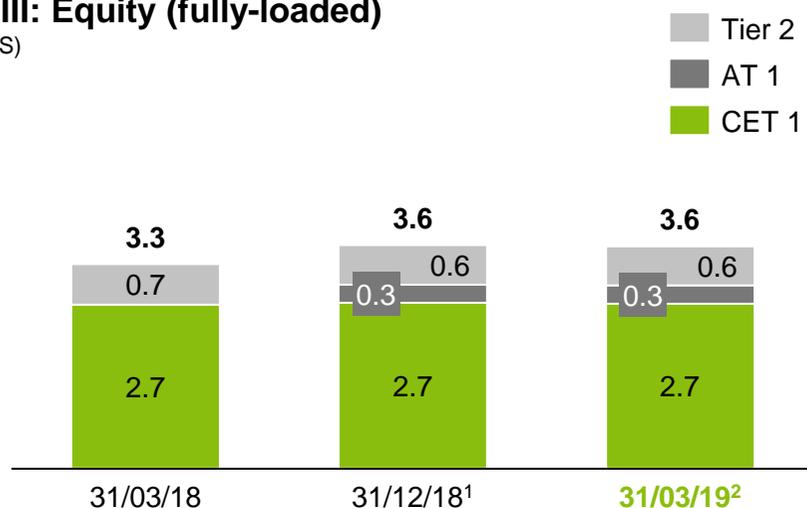
## Basel III: RWA

€ bn (IFRS)



## Basel III: Equity (fully-loaded)

€ bn (IFRS)



## Basel III: Capital ratios

% (IFRS)

in %	03/18 <sup>1</sup>	12/18 <sup>2</sup>	03/19 <sup>3</sup>	Ambition levels
CET 1	18.8	18.5	18.8	≥12.5
Tier 1	18.8	20.5	20.9	≥16
Own funds	23.5	24.9	25.4	16-18
Leverage ratio	4.8	5.3	5.1	≥3.5

### Key drivers Q1/19:

- RWA € -0.3 bn down - increase in strategic portfolio offset by
  - technical and valuation driven effects (LGD changes)
  - rating changes
- Capitalisation hardly unchanged, capital ratios slightly improved
- Capital buffers for further RWA challenges
  - Regulation (ECB TRIM/EBA/Basel IV)
  - Potential strategic growth
  - Cyclical risks/strategic measures

### SREP requirements 2019:

- CET 1 ratio: 9.85%<sup>4</sup> (2018: 9.95% fully-loaded)
- Own funds ratio: 13.35%<sup>4</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 <sup>1</sup> Post proposed dividend for 2017, incl. interim result, post max. calc. dividend acc. to ECB methodology <sup>2</sup> Incl. full-year result, post proposed dividend 2018 <sup>3</sup> Excl. Interim result, post proposed dividend 2018 <sup>4</sup> Incl. capital conservation buffer (2.5%) and anticipated countercyclical buffer (0.35%; actual as of 31.12.2018: 0.19%)

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## Focus & Invest

Strategic initiatives strengthen market position and support profitability funded by freed-up resources

### Focus

#### Reorganisation of PIF business completed

- Change of PIF strategy from „Growth“ to „Hold“
- Focus on business in France (operated from Paris) and ECA-business (operated from London) only; in addition, portfolio steering measures

#### Refocus of pbb resources almost finalized

- Further centralisation of functions at the head-office to optimise internal processes, relocating from London, Paris, Madrid and Eschborn
- 90% of personnel measures have already been started, 67% are completed

### Invest

#### US business

- Office setup almost staffed and completed
- New business share of 13% in 2018 – slight increase for 2019 envisaged
- First syndication deals on West Coast

#### Digitalisation

- Setup new client portal to improve efficiency and customer satisfaction
- Capveriant
  - Traffic on platform increased
  - Two-digit number of local authorities and investors onboarded
  - Tender volume has increased significantly
  - Successful launch of platform in France in April

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## Summary & Outlook

### Good start into 2019

➔ **pbb well on track** – good start into 2019

➔ **Focus & Invest**

■ Focus:

- Further centralisation of functions almost finalized
- Reorganization PIF completed

■ Invest:

- Several digitalisation initiatives ongoing
- Capveriant with progress in Germany and start in France
- US business expanded carefully

➔ **Full-year guidance 2019** unchanged

- Ongoing competitive market sentiment with low interest rate environment
- Support from reduced funding costs expected to diminish throughout 2019

# Appendix

# Outlook 2019

## Guidance



Operating trends	2017	2018	Guidance 2019
<b>Real Estate Finance (REF)</b>			
New business volume <sup>1</sup> (EUR bn)	10.7	9.5	EUR 8.5-9.5 bn
Avg. gross margin (bp)	>155	~155	Slightly lower
Financing volume (EUR 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 (EUR bn)	7.0	6.4	Stable (strategic portfolio in “hold” mode)
<b>Value Portfolio (VP)</b>			
Financing volume (EUR bn)	13.8	13.1	EUR ~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>	EUR 170-190 mn
Key ratios (%)	2017	2018	Guidance 2019
RoE before taxes <sup>2</sup>	7.4	7.1	5.5-6.5%
RoE after taxes <sup>2</sup>	6.0	5.9	4.0-5.0%
CIR	47.0	44.2	Slightly higher
CET1 ratio (fully loaded)	17.6	18.5 <sup>2</sup>	Significantly above SREP requirement of 9.5% + countercyclical buffer of 0.35% (2018 <sup>3</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    2 Incl. full-year result, post proposed dividend    3 Fully-loaded

# Key figures

## pbb Group



DEUTSCHE  
PFANDBRIEFBANK

Income statement (€ mn)	2017	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19
Net interest income	407	107	113	114	116	450	116
Net fee and commission income	8	1	2	1	2	6	1
Net income from fair value measurement	-5	0	4	-2	-11	-9	-2
Net income from realisations	45	9	6	8	9	32	6
Net income from hedge accounting	-1	-1	-1	1	0	-1	-1
Net other operating income	-1	-4	-5	-3	5	-7	-1
<b>Operating Income</b>	<b>453</b>	<b>112</b>	<b>119</b>	<b>119</b>	<b>121</b>	<b>471</b>	<b>119</b>
Net income from risk provisioning	-10	4	4	-17	-5	-14	-1
General and administrative expenses	-199	-44	-44	-48	-57	-193	-46
Expenses from bank levies and similar dues	-28	-21	-1	-1	-2	-25	-21
Net income from write-downs and write-ups on non-financial assets	-14	-3	-4	-4	-4	-15	-4
Net income from restructuring	2	0	0	0	-9	-9	1
<b>Pre-tax profit</b>	<b>204</b>	<b>48</b>	<b>74</b>	<b>49</b>	<b>44</b>	<b>215</b>	<b>48</b>
Income taxes	-22	-9	-14	-10	-3	-36	-8
<b>Net income</b>	<b>182</b>	<b>39</b>	<b>60</b>	<b>39</b>	<b>41</b>	<b>179</b>	<b>40</b>
<b>Key ratios (%)</b>	<b>2017</b>	<b>Q1/18</b>	<b>Q2/18</b>	<b>Q3/18</b>	<b>Q4/18</b>	<b>2018</b>	<b>Q1/19</b>
CIR <sup>1</sup>	47.0	42.0	40.3	43.7	50.4	44.2	42.0
RoE before tax	7.3	6.7	9.5	6.3	5.5	7.1	6.0
RoE after tax	6.5	5.4	7.6	4.9	5.1	5.9	4.9
<b>Balance sheet (€ bn)</b>	<b>12/17</b>	<b>03/18</b>	<b>06/18</b>	<b>09/18</b>	<b>12/18</b>	<b>12/18</b>	<b>03/19</b>
Total assets	58.0	57.6	57.8	57.3	57.8	57.8	60.3
Equity	2.9	3.0	3.2	3.2	3.3	3.3	3.3
Financing volume	45.7	46.3	45.9	45.7	46.4	46.4	47.2
<b>Regulatory capital ratios<sup>2</sup></b>	<b>12/17</b>	<b>03/18</b>	<b>06/18</b>	<b>09/18</b>	<b>12/18</b>	<b>12/18</b>	<b>03/19</b>
RWA (€ bn)	14.5	14.2	13.7	13.5	14.6	14.6	14.3
CET 1 ratio – phase in (%)	17.6	18.8 <sup>4</sup>	19.4 <sup>4</sup>	19.7 <sup>4</sup>	18.5 <sup>3</sup>	18.5 <sup>3</sup>	18.8 <sup>5</sup>
<b>Personnel</b>	<b>12/17</b>	<b>03/18</b>	<b>06/18</b>	<b>09/18</b>	<b>12/18</b>	<b>12/18</b>	<b>03/19</b>
Employees (FTE)	744	733	747	747	750	750	743

1 CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income  
5 Excl. interim result, post proposed dividend 2018

2 fully-loaded

3 Incl. full-year result, post proposed dividend

4 Incl. interim result Q1/18, post max. calc. dividend acc. to ECB methodology

## Key figures

### pbb Group Q1/18 vs. Q1/19



Income statement (€ mn)	REF		PIF		VP		C&A		pbb Group	
	Q1/18	Q1/19	Q1/18	Q1/19	Q1/18	Q1/19	Q1/18	Q1/19	Q1/18	Q1/19
Net interest income	89	97	8	9	8	9	2	1	107	116
Net fee and commission income	1	1	0	0	0	0	0	0	1	1
Net income from fair value measurement	0	0	0	0	0	-2	0	0	0	-2
Net income from realisations	8	4	0	1	1	1	0	0	9	6
Net income from hedge accounting	-1	-1	0	0	0	0	0	0	-1	-1
Net other operating income	-1	-1	-1	0	-2	0	0	0	-4	-1
<b>Operating Income</b>	<b>96</b>	<b>100</b>	<b>7</b>	<b>10</b>	<b>7</b>	<b>8</b>	<b>2</b>	<b>1</b>	<b>112</b>	<b>119</b>
Net income from risk provisioning	0	-2	2	0	2	1	0	0	4	-1
General and administrative expenses	-35	-37	-6	-6	-3	-3	0	0	-44	-46
Expenses from bank levies and similar dues	-12	-12	-3	-3	-6	-6	0	0	-21	-21
Net income from write-downs and write-ups on non-financial assets	-2	-3	-1	-1	0	0	0	0	-3	-4
Net income from restructuring	0	1	0	0	0	0	0	0	0	1
<b>Pre-tax profit</b>	<b>47</b>	<b>47</b>	<b>-1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>48</b>	<b>48</b>

# Key figures

## Real Estate Finance (REF)



Income statement (€ mn)	2017 <sup>3</sup>	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19
Net interest income	334	89	94	93	96	372	97
Net fee and commission income	9	1	2	2	1	6	1
Net income from fair value measurement	-	-	-4	-1	-3	-8	-
Net income from realisations	45	8	6	9	4	27	4
Net income from hedge accounting	-1	-1	-	-	-	-1	-1
Net other operating income	-19	-1	-5	-2	3	-5	-1
<b>Operating Income</b>	<b>368</b>	<b>96</b>	<b>93</b>	<b>101</b>	<b>101</b>	<b>391</b>	<b>100</b>
Net income from risk provisioning	-8	-	-1	-17	-4	-22	-2
General and administrative expenses	-158	-35	-35	-38	-46	-154	-37
Expenses from bank levies and similar dues	-15	-12	-	-1	-1	-14	-12
Net income from write-downs and write-ups on non-financial assets	-12	-2	-4	-3	-3	-12	-3
Net income from restructuring	2	-	-	-	-7	-7	1
<b>Pre-tax profit</b>	<b>177</b>	<b>47</b>	<b>53</b>	<b>42</b>	<b>40</b>	<b>182</b>	<b>47</b>

Key ratios (%)	2017	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19
CIR <sup>1</sup>	46.2	38.5	41.9	40.6	48.5	42.5	40.0
RoE before tax	15.4	14.5	14.5	11.4	10.8	12.9	13.1

Key figures (€ bn)	12/17	03/18	06/18	09/18	12/18	12/18	03/19
Equity <sup>2</sup>	1.2	1.4	1.4	1.4	1.4	1.4	1.4
RWA	8,3	8.1	8.1	7.6	8.3	8.3	8.0
Financing volume	24.9	25.7	25.7	25.7	26.8	26.8	27.8

<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)



DEUTSCHE  
PFANDBRIEFBANK

Income statement (€ mn)	2017 <sup>3</sup>	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19
Net interest income	30	8	8	10	8	34	9
Net fee and commission income	-	-	-	-	1	1	-
Net income from fair value measurement	-2	-	-1	-1	-	-2	-
Net income from realisations	-	-	-	-	5	5	1
Net income from hedge accounting	-	-	-	-	-	-	-
Net other operating income	-2	-1	-	-	1	-	-
<b>Operating Income</b>	<b>26</b>	<b>7</b>	<b>7</b>	<b>9</b>	<b>15</b>	<b>38</b>	<b>10</b>
Net income from risk provisioning	-6	2	2	-	-	4	-
General and administrative expenses	-27	-6	-6	-7	-8	-27	-6
Expenses from bank levies and similar dues	-4	-3	-	-	-1	-4	-3
Net income from write-downs and write-ups on non-financial assets	-1	-1	-	-	-1	-2	-1
Net income from restructuring	-	-	-	-	-1	-1	-
<b>Pre-tax profit</b>	<b>-12</b>	<b>-1</b>	<b>3</b>	<b>2</b>	<b>4</b>	<b>8</b>	<b>-</b>

Key ratios (%)	2017	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19
CIR <sup>1</sup>	>100	100.0	85.7	77.8	60.0	76.3	70.0
RoE before tax	-8.0	-2.0	1.6	1.4	3.4	5.4	-0.6

Key figures (€ bn)	12/17	03/18	06/18	09/18	12/18	12/18	03/19
Equity <sup>2</sup>	0.2	0.2	0.1	0.1	0.1	0.1	0.1
RWA	1.6	1.6	1.3	1.3	1.4	1.4	1.4
Financing volume	7.0	7.0	6.7	6.6	6.4	6.4	6.5

<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)



Income statement (€ mn)	2017 <sup>3</sup>	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19
Net interest income	37	8	10	10	11	39	9
Net fee and commission income	-1	-	-	-1	-	-1	-
Net income from fair value measurement	-3	-	9	-	-8	1	-2
Net income from realisations	-	1	-	-1	-	-	1
Net income from hedge accounting	-	-	-1	1	-	-	-
Net other operating income	20	-2	1	-1	-	-2	-
<b>Operating Income</b>	<b>53</b>	<b>7</b>	<b>19</b>	<b>8</b>	<b>3</b>	<b>37</b>	<b>8</b>
Net income from risk provisioning	4	2	2	-	-	4	1
General and administrative expenses	-14	-3	-3	-3	-3	-12	-3
Expenses from bank levies and similar dues	-9	-6	-1	-	-	-7	-6
Net income from write-downs and write-ups on non-financial assets	-1	-	-	-1	-	-1	-
Net income from restructuring	-	-	-	-	-1	-1	-
<b>Pre-tax profit</b>	<b>33</b>	<b>-</b>	<b>17</b>	<b>4</b>	<b>-1</b>	<b>20</b>	<b>0</b>

Key ratios (%)	2017	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19
CIR <sup>1</sup>	28.3	42.9	15.8	50.0	100.0	35.1	37.5
RoE before tax	2.8	0.0	1.1	-0.3	-0.7	1.4	-0.6

Key figures (€ bn)	12/17	03/18	06/18	09/18	12/18	12/18	03/19
Equity <sup>2</sup>	1.1	0.9	1.0	1.0	1.1	1.1	1.1
RWA	3.5	3.5	3.4	3.8	4.0	4.0	4.0
Financing volume	13.8	13.6	13.5	13.4	13.2	13.2	12.9

<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	31/03/19	31/12/18	Liabilities & equity	31/03/19	31/12/18
<b>Financial assets at fair value through P&amp;L</b>	<b>1.4</b>	<b>1.7</b>	<b>Financial liabilities at fair value through P&amp;L</b>	<b>1.0</b>	<b>0.9</b>
thereof			thereof		
Positive fair values of stand-alone derivatives	0.7	0.7	Negative fair values of stand-alone derivatives	1.0	0.9
Debt securities	0.1	0.3	<b>Financial liabilities measured at amortised cost</b>	<b>52.9</b>	<b>50.7</b>
Loans and advances to customers	0.6	0.6	thereof		
<b>Financial assets at fair value through OCI</b>	<b>2.0</b>	<b>2.0</b>	Liabilities to other banks (incl. central banks)	4.5	3.9
thereof			thereof		
Debt securities	1.6	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	25.4	24.9
<b>Financial assets at amortised cost</b> (after credit loss allowances)	<b>52.0</b>	<b>50.3</b>	thereof		
thereof			<i>Registered Mortgage Pfandbriefe</i>	4.7	4.6
Debt securities	8.2	8.0	<i>Registered Public Pfandbriefe</i>	10.4	10.2
Loans and advances to other banks	2.5	2.2	Bearer Bonds	22.3	21.2
Loans and advances to customers	41.3	40.1	thereof		
<b>Positive fair values of hedge accounting derivatives</b>	<b>2.4</b>	<b>2.2</b>	<i>Mortgage Pfandbriefe</i>	12.8	12.4
<b>Other assets</b>	<b>2.5</b>	<b>1.6</b>	<i>Public Pfandbriefe</i>	5.0	4.7
			Subordinated liabilities	0.7	0.7
			<b>Negative fair values of hedge accounting derivatives</b>	<b>2.7</b>	<b>2.5</b>
			<b>Other liabilities</b>	<b>0.4</b>	<b>0.4</b>
			<b>Equity (attributable to shareholders)</b>	<b>3.0</b>	<b>3.0</b>
			<b>AT1-capital</b>	<b>0.3</b>	<b>0.3</b>
<b>Total Assets</b>	<b>60.3</b>	<b>57.8</b>	<b>Total liabilities &amp; equity</b>	<b>60.3</b>	<b>57.8</b>

Share of Pfandbriefe of refinancing liabilities

63% / 64%

Note: Figures may not add up due to rounding

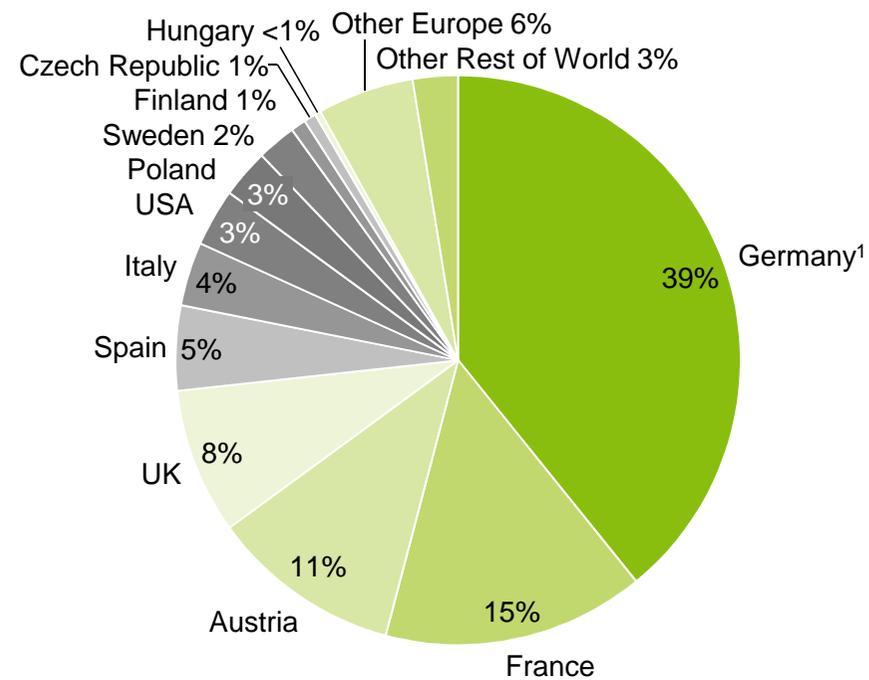
# Portfolio

## Total portfolio

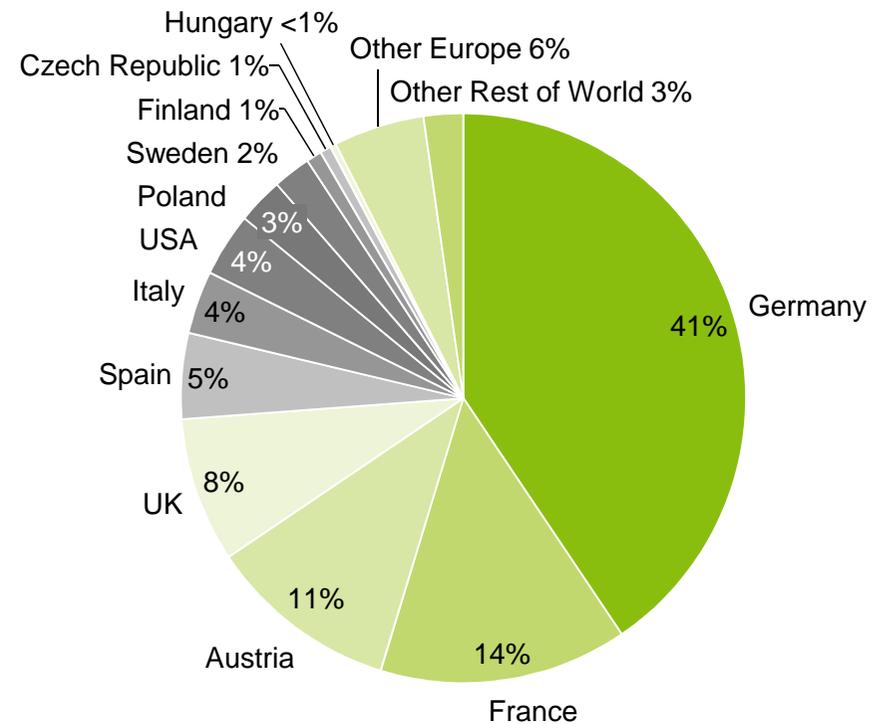
€ bn (EaD, Basel III)

### Regions

31/12/2018 / Total: € 58.1 bn



31/03/2019 / Total: € 59.8 bn



Note: Figures may not add up due to rounding 1 Incl. Bundesbank accounts (12/18: € 1.4 bn; 03/19: € 2.2 bn)

# Portfolio

## Real Estate Finance (REF)

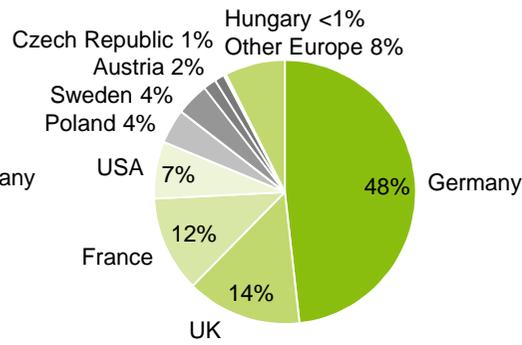
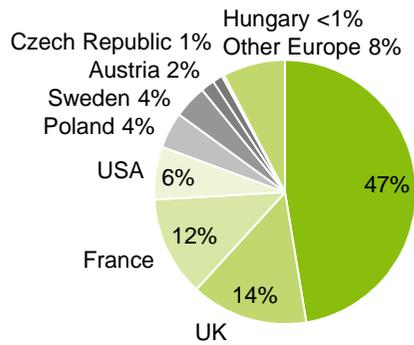


€ bn (EaD, Basel III)

### Regions

31/12/2018: € 29.9 bn

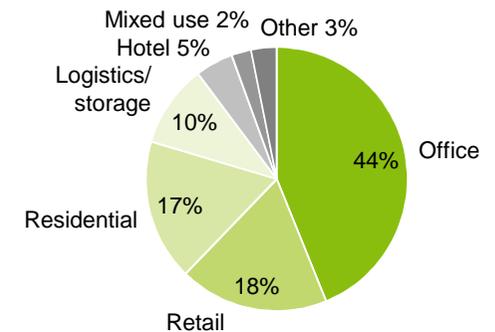
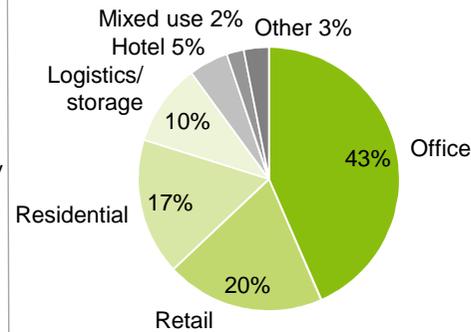
31/03/2019: € 30.9 bn



### Property types

31/12/2018: € 29.9 bn

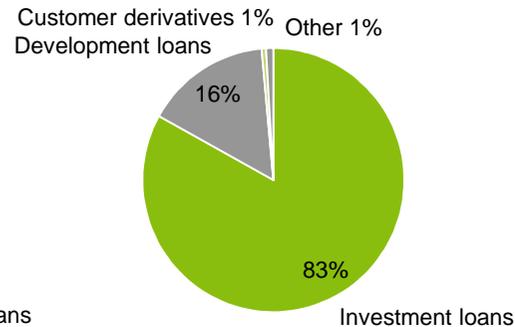
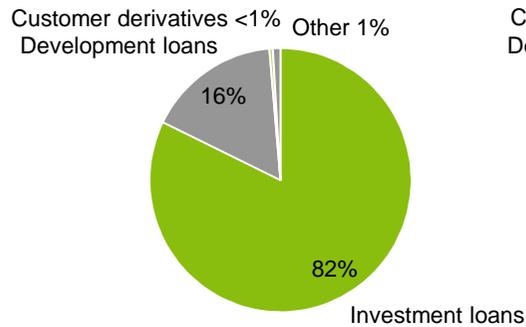
31/03/2019: € 30.9 bn



### Loan types

31/12/2018: € 29.9 bn

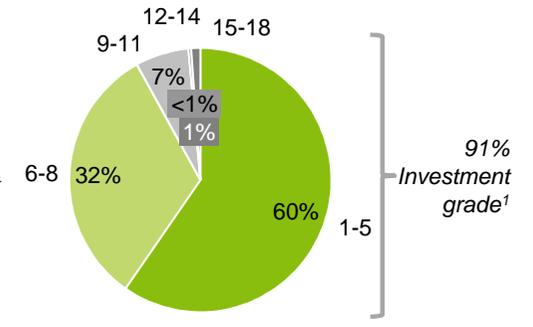
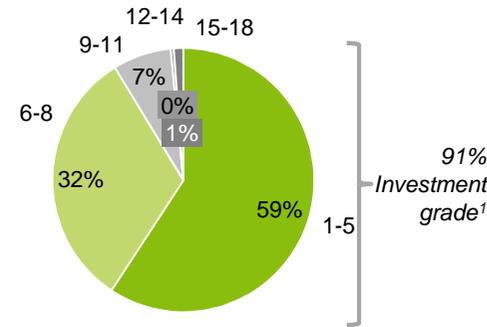
31/03/2019: € 30.9 bn



### Internal ratings (EL classes)

31/12/2018: € 29.9 bn

31/03/2019: € 30.9 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

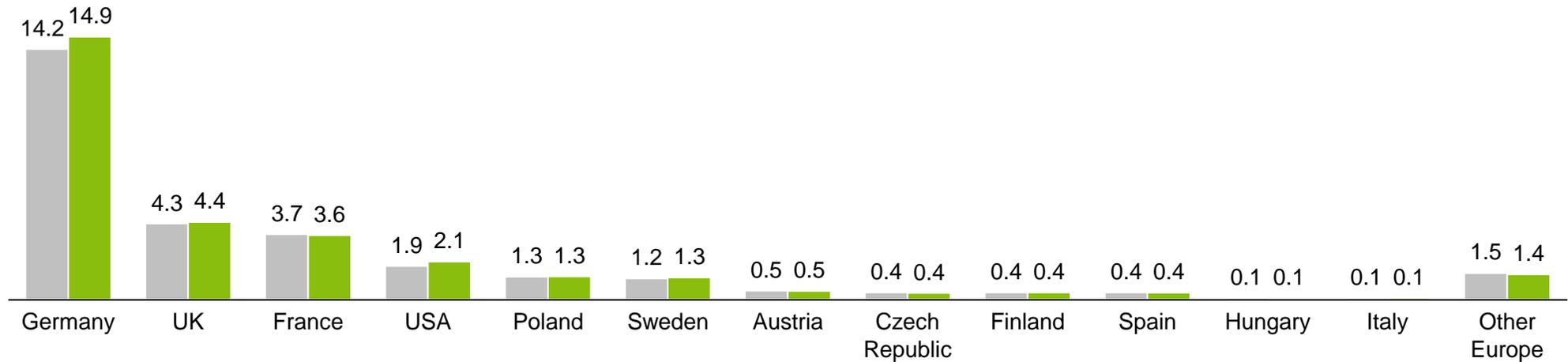
## Real Estate Finance (REF)



### Regions

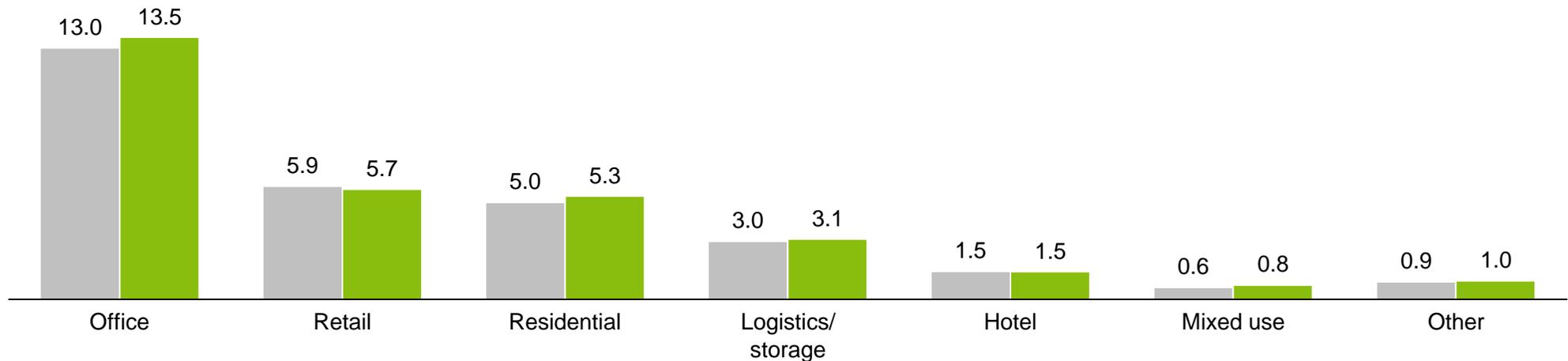
€ bn (EaD, Basel III)

■ 31/12/2018 / Total: € 29.9 bn  
 ■ 31/03/2019 / Total: € 30.9 bn



### Property types

€ bn (EaD, Basel III)



Note: Figures may not add up due to rounding

# Portfolio

## Public Investment Finance (PIF)

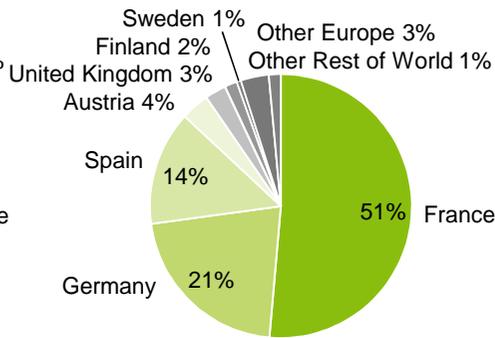
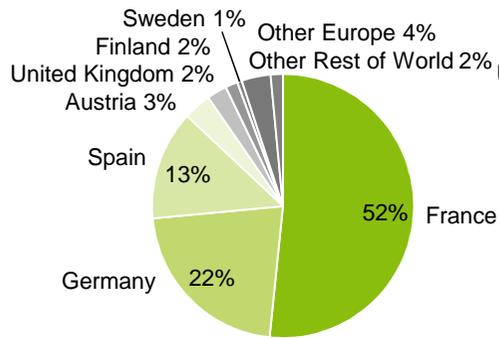


€ bn (EaD, Basel III)

### Regions

31/12/2018: € 7.6 bn

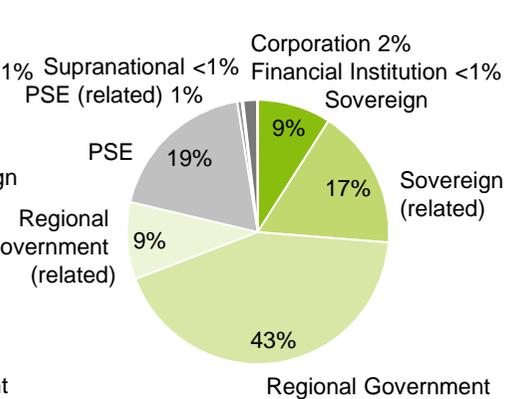
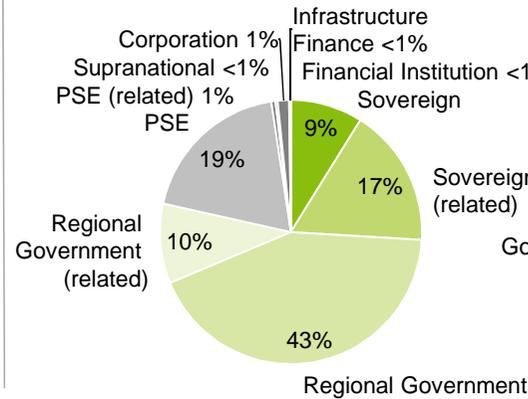
31/03/2019: € 7.7 bn



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

31/12/2018: € 7.6 bn

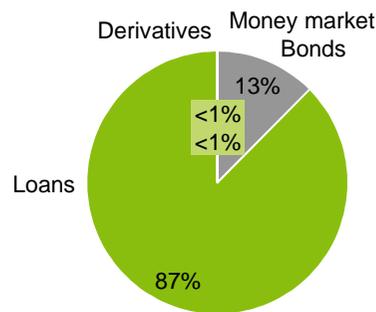
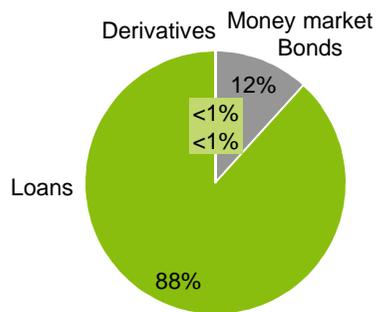
31/03/2019: € 7.7 bn



### Product class

31/12/2018: € 7.6 bn

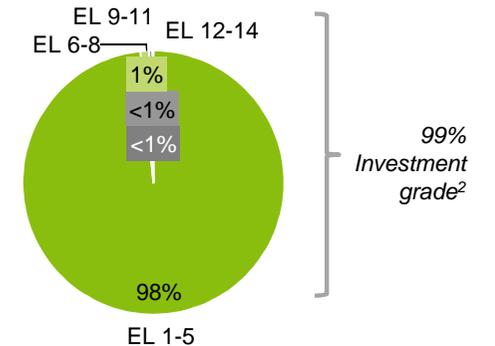
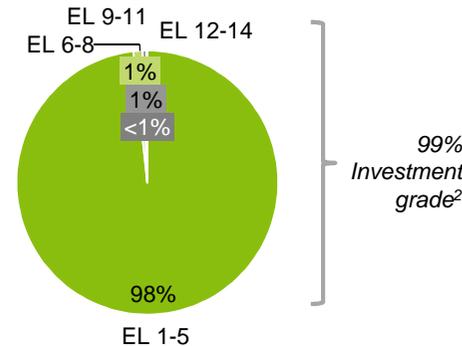
31/03/2019: € 7.7 bn



### Internal ratings (EL classes)

31/12/2018: € 7.6 bn

31/03/2019: € 7.7 bn



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

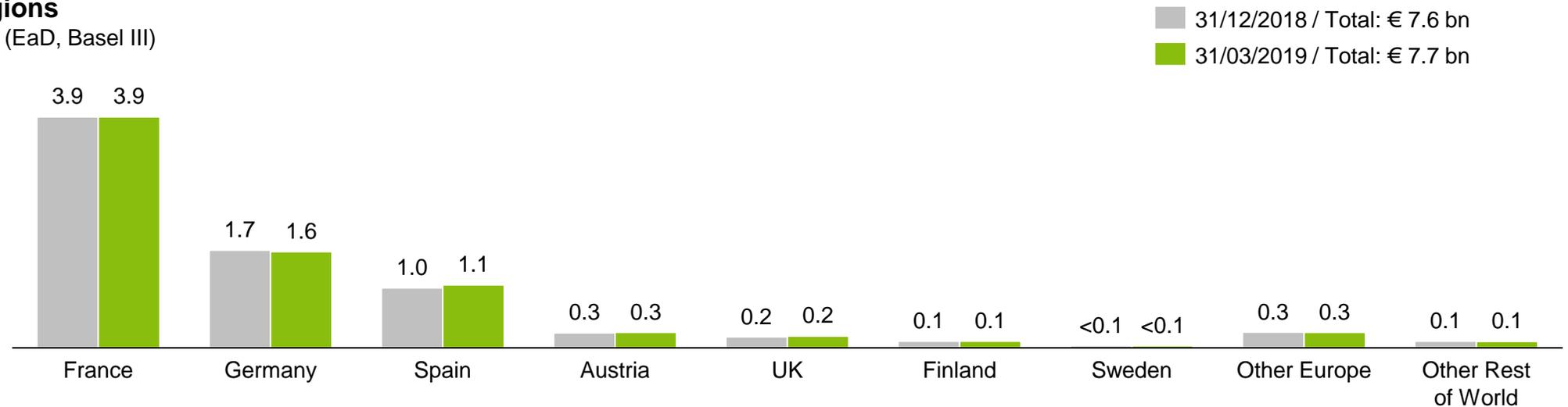
## Portfolio

### Public Investment Finance (PIF)



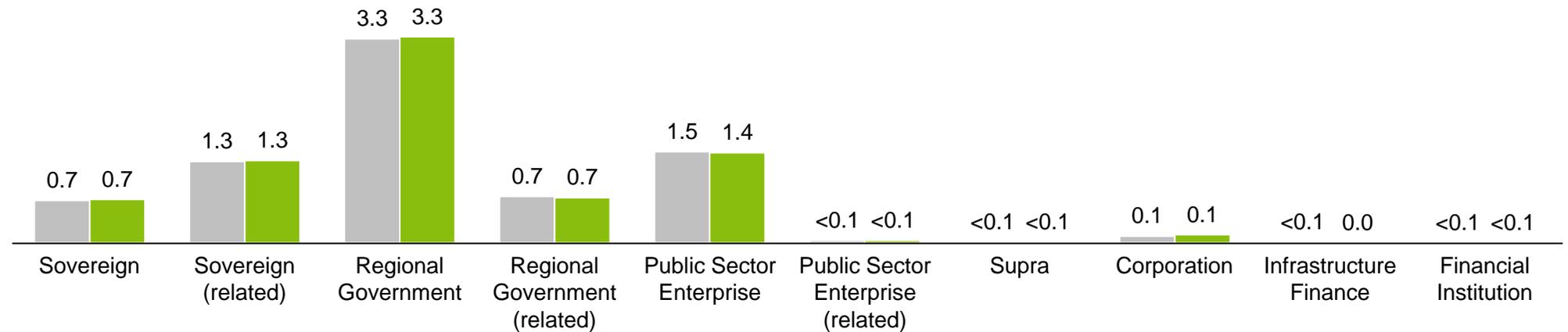
#### Regions

€ 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

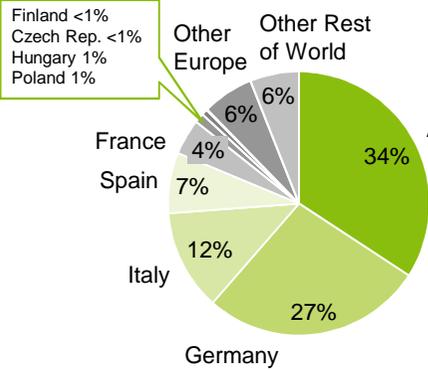
# Portfolio

## Value Portfolio (VP)

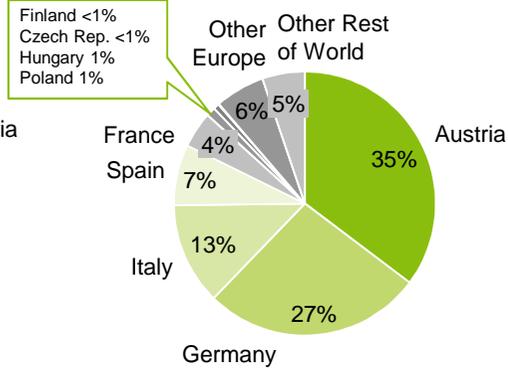
€ bn (EaD, Basel III)

### Regions

31/12/2018: € 16.3 bn

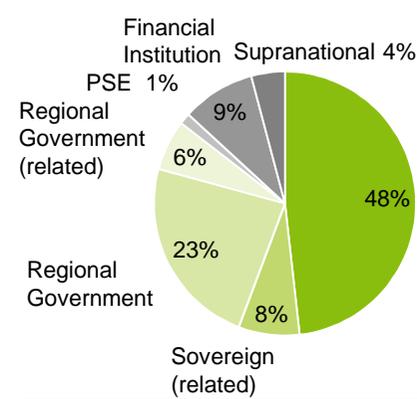


31/03/2019: € 16.3 bn

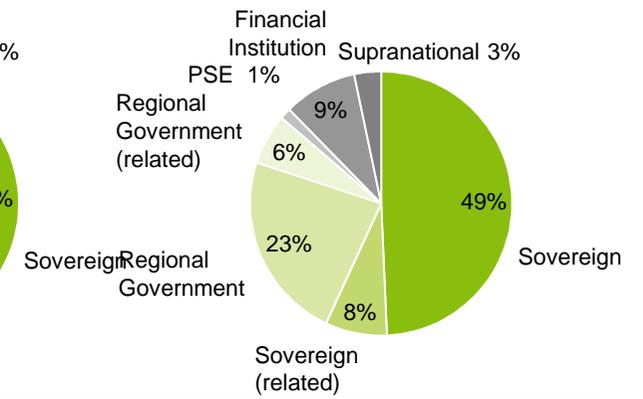


### Borrower classification<sup>1</sup>

31/12/2018: € 16.3 bn

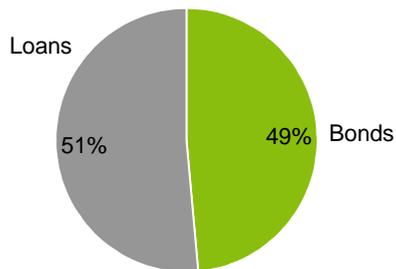


31/03/2019: € 16.3 bn

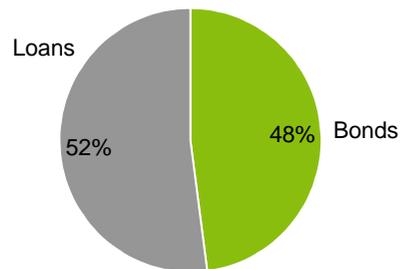


### Product class

31/12/2018: € 16.3 bn

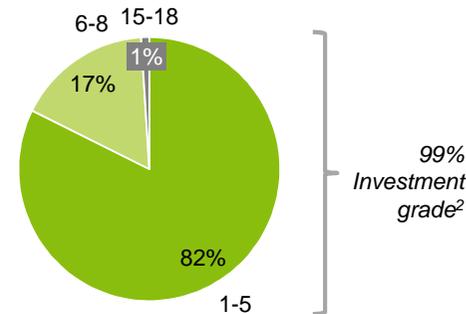


31/03/2019: € 16.3 bn

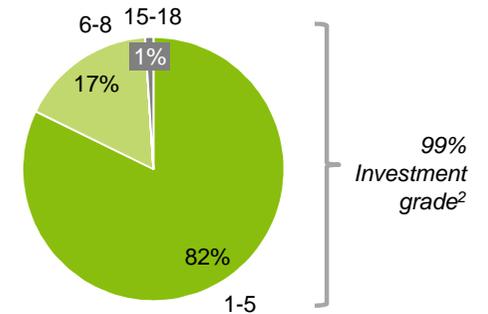


### Internal ratings (EL classes)

31/12/2018: € 16.3 bn



31/03/2019: € 16.3 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

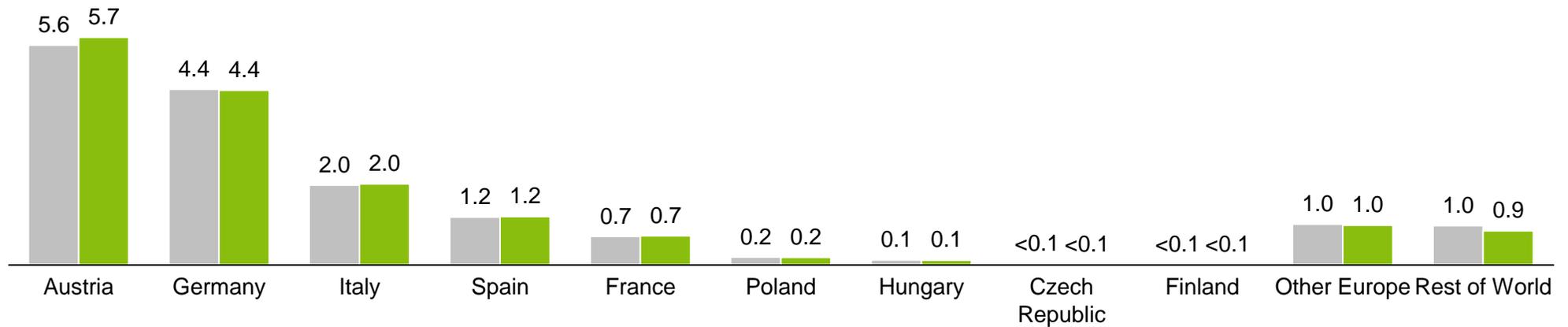
## Value Portfolio (VP)



### Regions

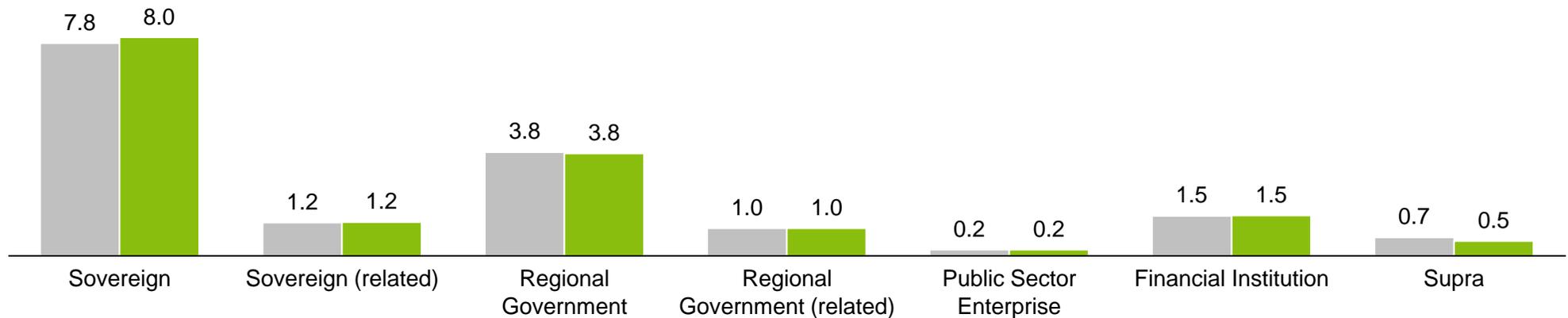
€ bn (EaD, Basel III)

■ 31/12/2018 / Total: € 16.3 bn  
 ■ 31/03/2019 / Total: € 16.3 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

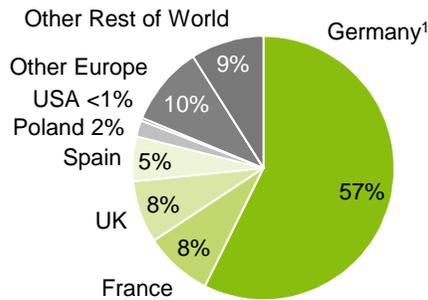
# Portfolio

## Consolidation & Adjustments (C&A)

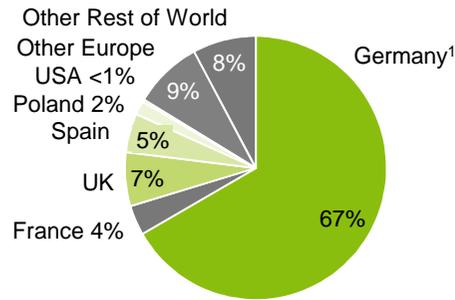
€ bn (EaD, Basel III)

### Regions

31/12/2018: € 4.3 bn

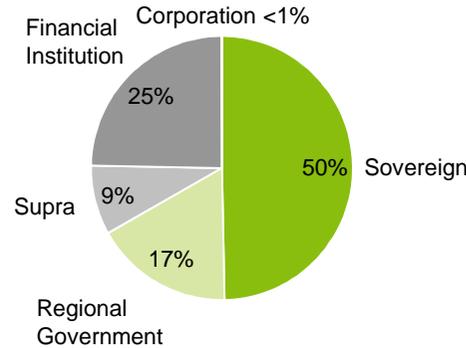


31/03/2019: € 4.9 bn

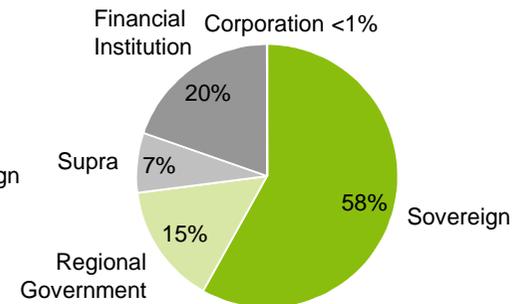


### Borrower classification<sup>2</sup>

31/12/2018: € 4.3 bn

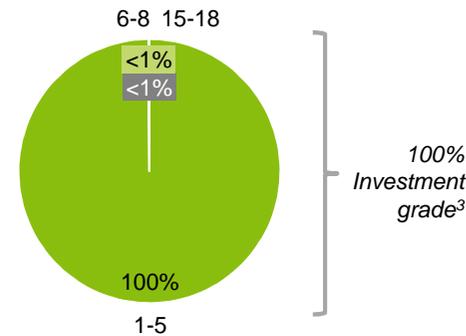


31/03/2019: € 4.9 bn

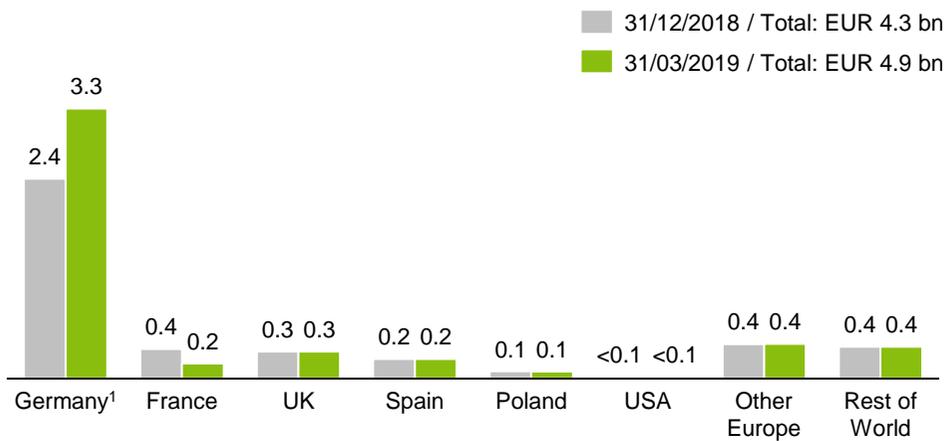
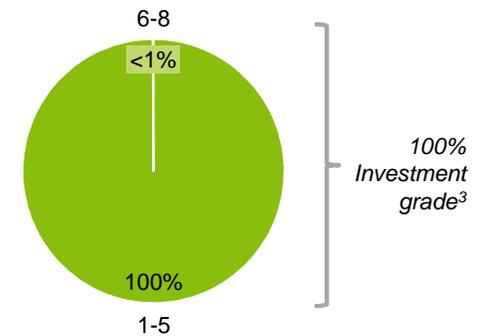


### Internal ratings (EL classes)

31/12/2018: € 4.3 bn



31/03/2019: € 4.9bn



Note: Figures may not add up due to rounding

<sup>1</sup> Incl. Bundesbank accounts (12/18: € 1.4 bn; 03/19: € 2.2 bn)

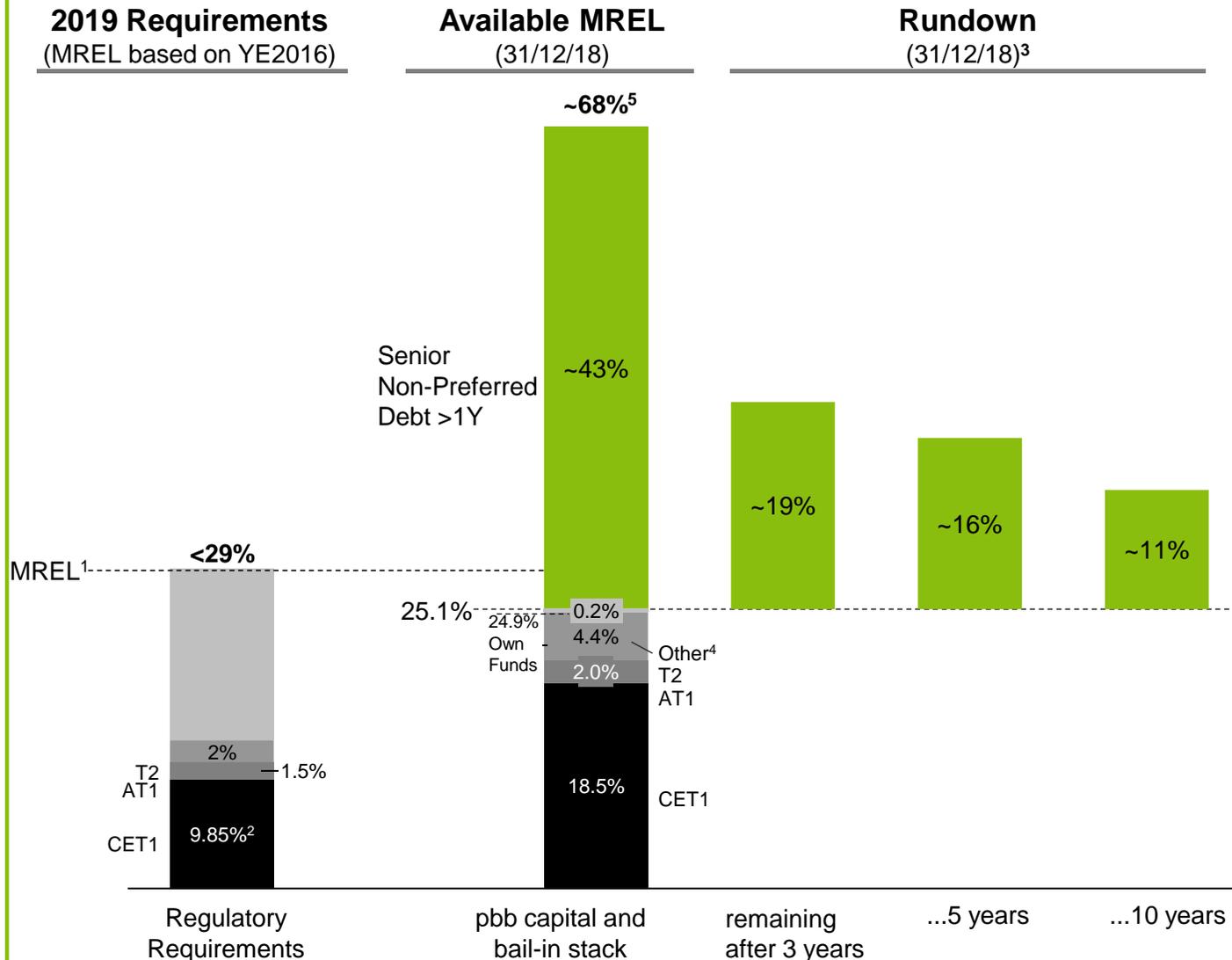
<sup>2</sup> See appendix for definition of borrower classification

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

# Funding

## Significant MREL buffer allows for focus on Senior Preferred issuance

(in % of RWA, fully phased-in)



### Key messages

- Senior Preferred:
  - Expected to be the prevailing senior product in the near-term
  - Spread advantage vs. Senior Non-Preferred bonds
- Senior Non-Preferred will remain a core element of pbb's funding strategy going forward

1 MREL may vary; the 2018 MREL requirement is set as a percentage below 8% of Total Liabilities and Own Funds (TLOF) calculated on the basis of RWA as of 31 December 2016 (0.35%; actual as of 31.12.2018: 0.19%) 2 Incl. capital conservation buffer (2.5%) and anticipated countercyclical buffer (0.35%; actual as of 31.12.2018: 0.19%) 3 MREL-eligible Senior Non-Preferred Debt >1Y according to legal maturities; in % of RWA assuming constant regulatory RWA as of 31 December 2018; the capital stack includes € 300 mn AT1 issuance callable in 2023 and € 300 mn T2 issuance callable in 2022 4 T2 instruments no longer eligible for Own Funds but eligible for MREL 5 Due to amortization of SNP debt %-MREL approx. 8% points lower YE 2018.

# Funding

## Public benchmark issuances since 2016



DEUTSCHE  
PFANDBRIEFBANK  
Issue/Reoffer Price

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 (2 <sup>nd</sup> 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 (3 <sup>rd</sup> 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 (4 <sup>th</sup> 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 (5 <sup>th</sup> Tap)	A1PG3M	16/01/2017	20/12/2019	GBP 50 mn	+50 bp <sup>2</sup>	1.875%	102.32%
Public Sector Pfandbrief (1 <sup>st</sup> 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	29/01/2021	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 (1 <sup>st</sup> 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 (1 <sup>st</sup> 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 (1 <sup>st</sup> 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 (1 <sup>st</sup> Tap)	A2E4ZK	24/04/2018	04/12/2020	GBP 50 mn	+26 bp	1.00%	98.958%
Mortgage Pfandbrief	A2GSSL	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 (1 <sup>st</sup> Tap)	A13SWE	31/01/2019	01/03/2022	EUR 100 mn	+2 bp	0.20%	100.74%
Public Sector Pfandbrief (1 <sup>st</sup> Tap)	A13SWG	05/02/2019	20/04/2035	EUR 100 mn	+17 bp	1.25%	99.476%
Mortgage Pfandbrief (1 <sup>st</sup> Tap)	A2GSSL	07/02/2019	22/05/2024	EUR 100 mn	-9 bp	0.50%	101.638%
Mortgage Pfandbrief (2 <sup>nd</sup> Tap)	A13SWE	04/03/2019	01/03/2022	EUR 100 mn	-3 bp	0.20%	100.81%
Public Sector Pfandbrief (2 <sup>nd</sup> Tap)	A13SWG	04/03/2019	20/04/2035	EUR 150 mn	+14 bp	1.25%	100.057%
Senior Preferred (1 <sup>st</sup> Tap)	A2LQNQ	06/03/2019	07/02/2023	EUR 250 mn	+72 bp	0.75%	100.004%

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

<b>Bank ratings</b>	<b>S&amp;P</b>	
<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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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

<b>Borrower classification</b>	<b>Definition</b>
<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

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