

# Results Q3/9M 2014 (unaudited)

PUBLIC SECTOR FINANCE  
REAL ESTATE FINANCE



DEUTSCHE  
PFANDBRIEFBANK

PBT of EUR 127 mn after nine months (Q3: EUR 44 mn) well in line with full-year guidance of EUR >140 mn

## Analyst Call

**Munich/Unterschleissheim, 14<sup>th</sup> November 2014**

Andreas Arndt, Co-CEO/CFO

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## Key developments in Q3/14

### Income statement

- pbb well on track with **pre-tax profit** of EUR 44 mn in Q3 (Q2: EUR 45 mn; Q1: EUR 38 mn), reflecting an ongoing positive operating development and supported by one-off effects
- Continued positive trend in base line **revenues from lending business** and unchanged low level of **loan-loss provisions** (EUR 1 mn release)
- **Operating cost base** significantly reduced (-24% y-o-y)

### Balance sheet & Capital

- Ongoing conservative balance sheet management with overall matched **maturity profile** and strong **liquidity position**
- Stable sound capitalisation with **CET 1 ratio** of 18.6%<sup>1</sup>

### New business & Markets

- **New business** of EUR 2.7 bn in Q3 (+25% y-o-y) marks another strong quarter after already strong Q2 and once again proves pbb's origination power
- Despite increased competition in core markets, new business written at slightly lower but still attractive **margins** while maintaining a conservative **risk profile**

### Funding

- **New long-term funding** of EUR 2.5 bn with avg. duration of 6.2 years in Q3 (Q3/13: EUR 2 bn) illustrates well-established capital market access
- However, overall lower **funding needs** due to optimisation of funding profile on the basis of a more than adequate liquidity position

### Portfolio & Risk

- **Strategic portfolios** constantly growing (Q3: +2.5%; Q2: +2.5%; Q1: +2.6%)
- Strict risk management and underwriting discipline continued, therefore persistently high **portfolio quality** and low risk costs
- Total **problem loans** further down (-4% q-o-q), reflecting only 1.2% of the total portfolio

<sup>1</sup> Pro-forma according to the 'Waiver Rule' regulated in Article 7 CRR; Basel III transitional rules

### Real estate markets

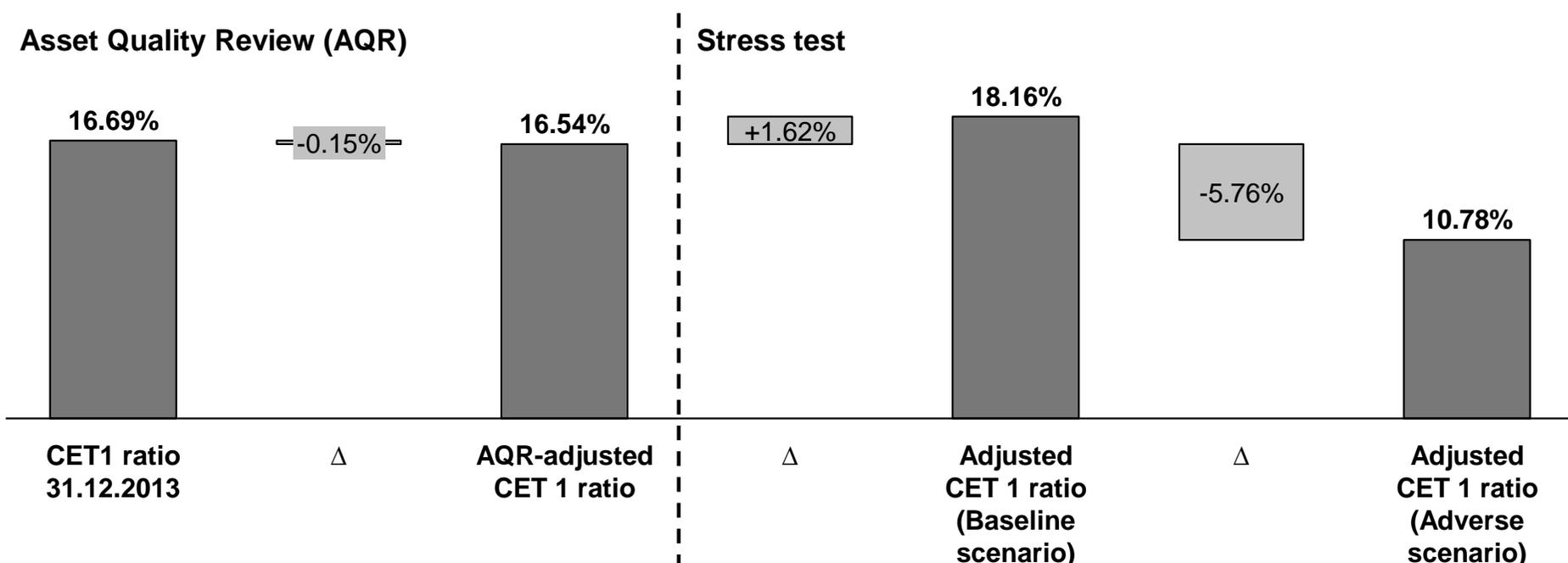
- Increasing **property values** in most European countries lead to declining **yields**
- However, high demand for **property investments** continues
  - Historically low interest rates promote search for higher yielding assets
  - Yield gap vs. government bonds remains attractive
  - Increasing competition leads to margin pressure and thus to more favorable financing conditions – high level of early repayments continues
- Further positive **development in pbb's core real estate markets** expected near-term albeit lower growth rates, but assuming no serious economic shocks
  - Development in Germany, UK and Sweden expected to be above-average
  - Stable development expected in France and CEE
- While **pbb's portfolio margins** still improve and new business margins in Q3 were resilient, margins on new business/pipeline are under pressure

### Capital markets

- Europe's **economies developing heterogeneously**; in addition, markets affected by **geo-political uncertainties**
- However, **ECB continues exceptional stimulus measures**
- **New issuance activities** significantly gained momentum following the AQR/stress test results and first ECB covered bond purchases under the new CBPP3
  - pbb's Pfandbrief Benchmarks tightened 5-10 bp across the curve on secondary markets since announcement of CBPP3
  - Total covered bond issuances year-to-date (November) already exceed total issuance volume 2013

## HRE Group successfully passed AQR and stress test

- ▶ AQR and stress test confirm **quality of the portfolio** and are evidence of an **adequate capitalisation**, even under stressed assumptions
- ▶ The result has affirmed HRE's **conservative risk policy** and provides a solid foundation for steps ahead, within the framework of the reprivatisation of pbb
- ▶ Prudential adjustments only for regulatory purposes – no accounting impact



- **Valuation adjustments** of EUR 37 mn for HRE Group's aggregate exposure (Total assets: EUR 122 bn) confirm conservative valuation policy
- **No changes to HRE Group's financial statements** will be required as a result of these valuation adjustments

- In line with the approach taken by the ECB, stress test result **excludes DEPFA** (due to impending sale by end of 2014) – this reduced both consolidated assets and equity
- Stress test results also **exclude SoFFin silent participation** of EUR 1 bn in pbb

## Key figures 9M/14

		9M/14 (EUR)	
<b>Income statement</b>	PBT	127 mn	<ul style="list-style-type: none"> <li>■ <b>Pre-tax profit</b> up +4% y-o-y to EUR 127 mn (9M/13: EUR 122 mn) and thus well in line with full-year target of EUR &gt;140 mn</li> <li>– <b>Net interest income</b> strongly up by +25% (adjusted for prepayment fees and other one-offs)</li> <li>– <b>Loan-loss provisions</b> remain on low level (EUR -1 mn)</li> <li>– <b>Operating cost base</b> significantly reduced (-22%) due to strict cost containment and following the termination of the FMS-WM servicing by end of Sep 2013</li> </ul>
	NII	303 mn	
	LLPs	-1 mn	
	GAE	-188 mn	
<b>Capital</b>	RWA	17.9 bn	<ul style="list-style-type: none"> <li>■ <b>RWA</b> slightly down (-1%) to EUR 17.9 bn despite strong new business and growth of strategic portfolios</li> <li>■ Sound <b>CET 1 ratio</b> of 18.6%<sup>1</sup> (simulation as of 12/13: 18.4%)</li> </ul>
	CET 1 <sup>1</sup>	18.6 %	
<b>New business</b>	Total	7.0 bn	<ul style="list-style-type: none"> <li>■ Strong origination activities in Q2 and Q3 bring total <b>new business</b> volume after nine months to EUR 7.0 bn in 9M/14 (+26% y-o-y; 9M/13: EUR 5.5 bn)</li> <li>■ New business written at slightly lower but still attractive <b>margins</b> while maintaining a conservative <b>risk profile</b> – REF: avg. LTV 63% (new commitments)</li> </ul>
	REF	6.1 bn	
	PIF	0.9 bn	
<b>Funding</b>	LT	5.6 bn	<ul style="list-style-type: none"> <li>■ <b>New long-term funding</b> of EUR 5.6 bn (9M/13: EUR 7.0 bn) reflects lower funding needs due to optimisation of funding profile on the basis of a more than adequate liquidity position</li> <li>■ <b>'pbbdirekt.com'</b> – total deposits of EUR 1.5 bn (12/13: EUR 0.6 bn) in line with expectations</li> </ul>
	pbb direkt	1.5 bn	
<b>Portfolio &amp; Risk</b>	Total	65.4 bn	<ul style="list-style-type: none"> <li>■ <b>Strategic portfolios</b> growing (+8%) – new business more than compensates for maturities</li> <li>■ Total <b>problem loans</b> down by -14% to EUR 808 mn (12/13: EUR 941 mn) – total problem exposure adequately covered by 32%</li> </ul>
	REF	23.9 bn	
	PIF	9.1 bn	

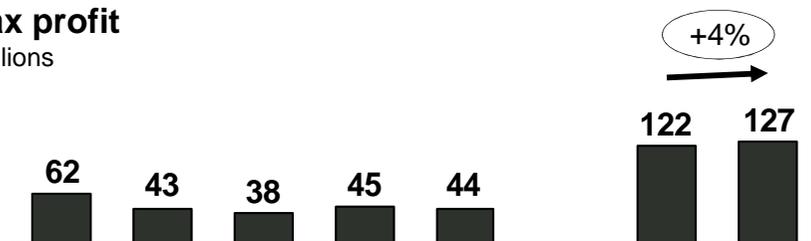
<sup>1</sup> Pro-forma according to the 'Waiver Rule' regulated in Article 7 CRR; Basel III transitional rules

## Income statement

Continued positive trend in base line revenues from lending business and significantly reduced operating cost base

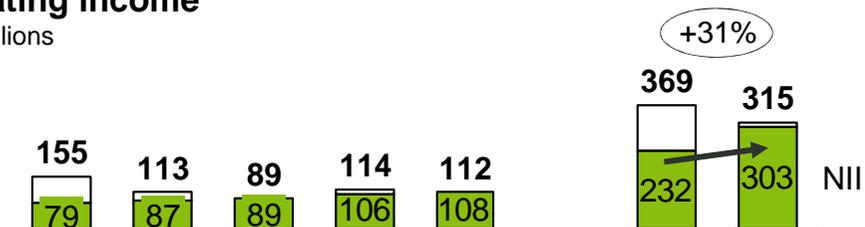
### Pre-tax profit

EUR millions



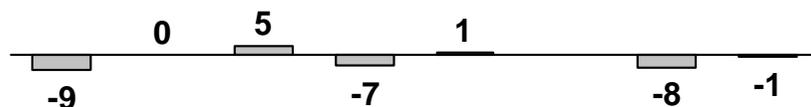
### Operating income

EUR millions



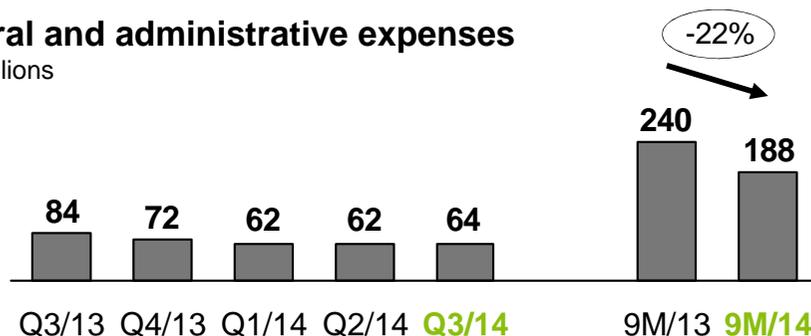
### Loan-loss provisions

EUR millions



### General and administrative expenses

EUR millions



### Key drivers 9M/14 vs. 9M/13:

- Continued positive trend in base line revenues from lending business
  - LLPs remain on low level
  - Operating cost base significantly reduced
- 
- NII driven by higher-margin and growing strategic portfolios – excluding prepayment fees and one-offs, NII +25%
  - No fee income from FMS-WM servicing<sup>1</sup> since Oct 2013 (9M/13: EUR 59 mn)
- 
- LLPs required for only a few individual cases
- 
- Termination of FMS-WM servicing<sup>1</sup> and transfer of related staff by end of Sep 2013
  - Lower expenses for IT and professional services – EUR 2 mn higher IT-costs in Q3/14 (q-o-q) include costs for DEPFA separation
  - Strict cost containment

<sup>1</sup> Except for a few services that cannot be obtained otherwise and which have continued to be provided after Sep 2013

## Income statement

### Net interest income continues positive trend

### Income/expenses from lending business

EUR millions

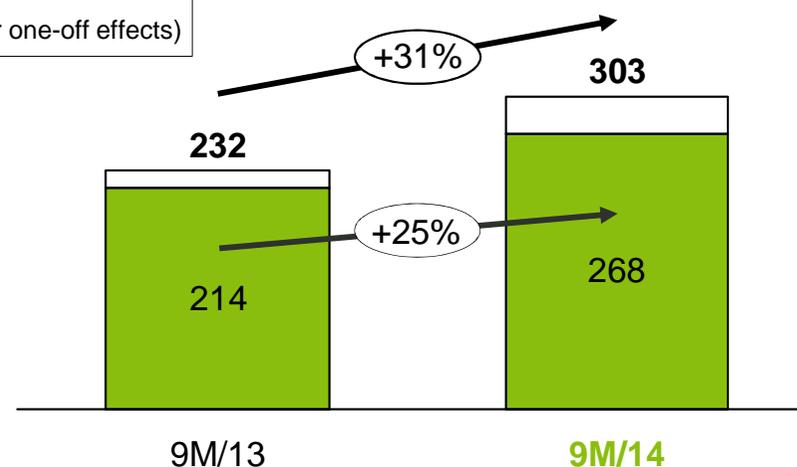
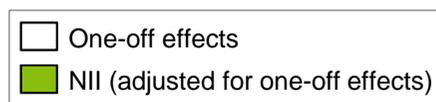
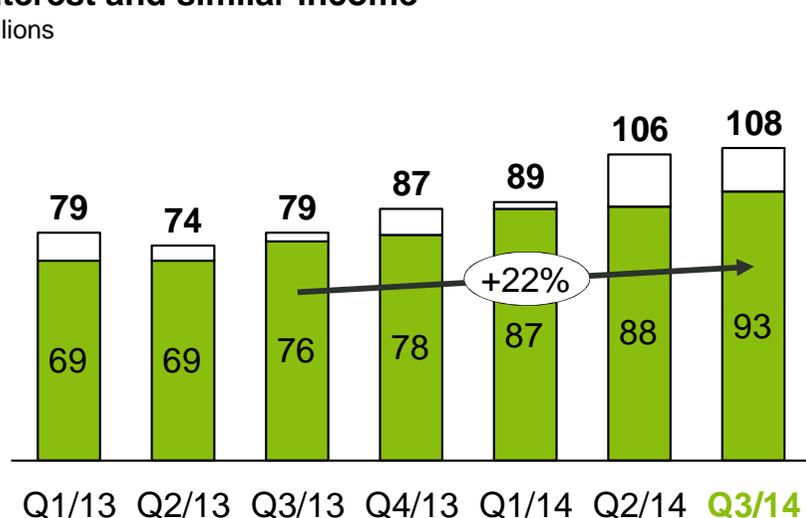
	9M/13	9M/14
Net interest and similar income	232	303
<i>thereof: prepayment fees + other one-off effects</i>	18	35
Net fee and commission income	5	-
<i>thereof: one-off effects</i>	1	-
Loan-loss provisions	-8	-1

### Key drivers 9M/14 vs. 9M/13:

- NII driven by higher-margin and growing strategic portfolios
- One-off effects mainly consist of prepayment fees – Q3/14 includes an additional EUR +15 mn gain from termination of a derivative transaction
- LLPs required for only a few individual cases

### Net interest and similar income

EUR millions



## Income statement

Operating cost base significantly reduced (-22% y-o-y) due to strict cost containment and following the termination of the FMS-WM servicing by end of Sep 2013

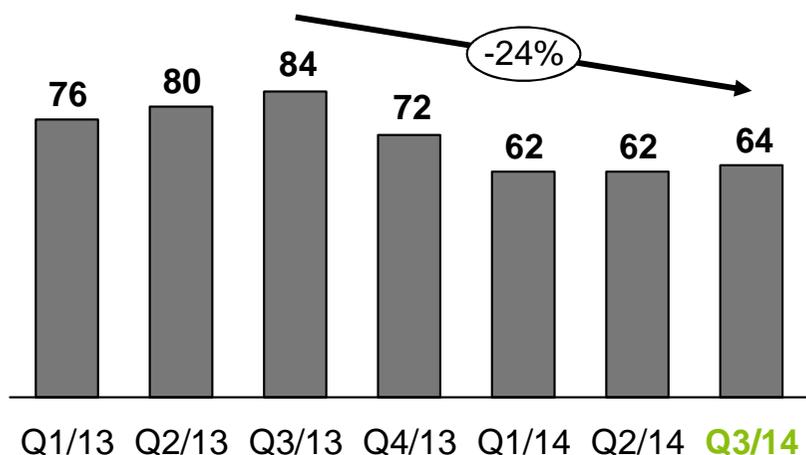
### Income/expenses from further business activities

EUR millions

	9M/13	9M/14
Net other operating income/expenses	80	15
<i>thereof: FMS-WM servicing<sup>1</sup></i>	59	-
<i>IT services DEPFA</i>	28	25
Net miscellaneous income/expenses	1	1
General and administrative expenses	-240	-188

### General and administrative expenses

EUR millions



### Key drivers 9M/14 vs. 9M/13:

- No fee income from FMS-WM servicing<sup>1</sup> since Oct 2013; EUR +7 mn release of related provisions in Q3/14
- Q3/14 burdened by IT write-offs, additions to provisions and FX effects
- EUR +1 mn release of restructuring provisions (Q1/14: EUR +6 mn release; Q3/14: EUR -5 mn addition)
- Operating cost base significantly reduced
  - Termination of FMS-WM servicing<sup>1</sup> and transfer of related staff by end of Sep 2013
  - Strict cost containment
    - Lower expenses for IT and professional services – EUR 2 mn higher IT-costs in Q3/14 (q-o-q) include costs for DEPFA separation
    - Personnel expenses down -17% y-o-y and remaining flat q-o-q

<sup>1</sup> Except for a few services that cannot be obtained otherwise and which have continued to be provided after Sep 2013

## Income statement

### Income/expenses from financial instruments primarily driven by derivative valuation and one-off effects

### Income/expenses from financial instruments

EUR millions

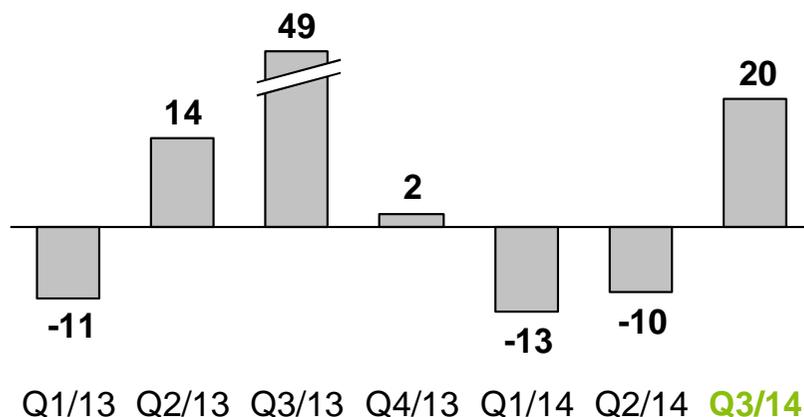
	9M/13	9M/14
Net trading income	-53	-21
<i>thereof: one-off effects</i>	-55	-
Net income from financial investments	98	23
<i>thereof: one-off effects</i>	92	21
Net income from hedging relationships	7	-5
<b>Total</b>	<b>52</b>	<b>-3</b>

#### Key drivers 9M/14 vs. 9M/13:

- EUR -8 mn bCVA effect, mainly resulting from worsening of counterparty credit spreads; 9M/13: EUR +4 mn bCVA effect; EUR -55 mn negative one-off effect from change to Overnight Index Swaps (OIS) and termination of a derivative
- Q3/14 includes EUR +21 mn one-off gain from payback of subordinated debt; 9M/13: EUR +92 mn gain from sale of a successfully restructured property

### Total result from financial instruments

EUR millions



# Capital

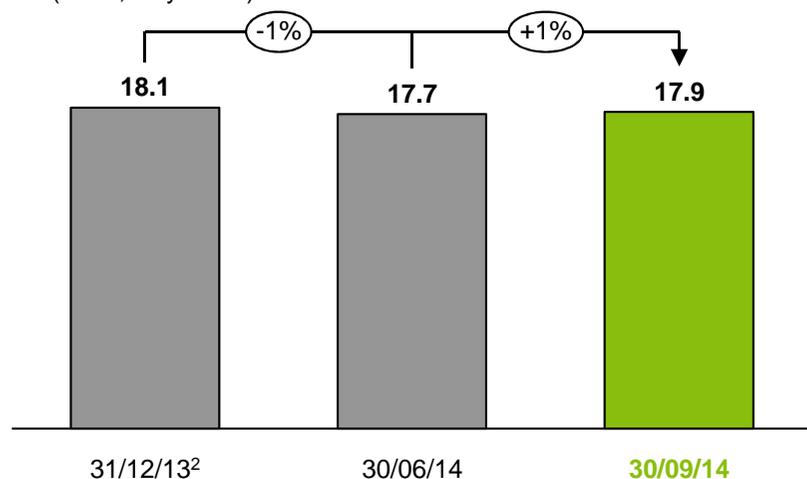
## pbb with solid capital ratios under Basel III

The regulatory capital ratios stated are calculated on an unaudited pro-forma basis. According to the 'Waiver Rule' regulated in Article 7 CRR, Deutsche Pfandbriefbank AG is exempt from calculating the equity capital ratio and the core capital ratio on a sub-group level.



### Basel III: RWA

EUR billions (IFRS, fully IRBA)<sup>1</sup>



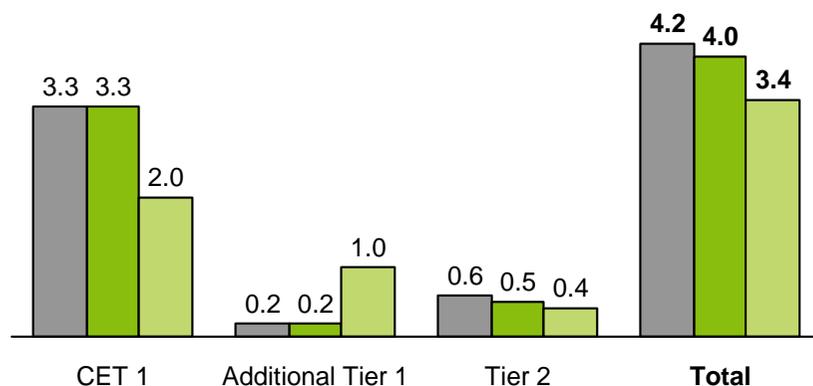
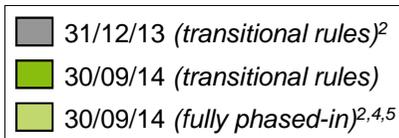
### Basel III: Capital ratios

% (IFRS, fully IRBA)<sup>3</sup>

	31/12/13 (transitional rules) <sup>2</sup>	30/09/14 (transitional rules)	30/09/14 (fully phased-in) <sup>2,4,5</sup>
<b>CET 1</b> <i>(min.)</i>	18.4 <i>(4.0)</i>	18.6 <i>(4.0)</i>	11.4 <i>(7.0)</i>
<b>Tier 1</b> <i>(min.)</i>	19.6 <i>(5.5)</i>	19.7 <i>(5.5)</i>	17.0 <i>(8.5)</i>
<b>Own funds</b> <i>(min)</i>	23.1 <i>(8.0)</i>	22.5 <i>(8.0)</i>	19.0 <i>(10.5)</i>

### Basel III: Capital

EUR billions (IFRS, fully IRBA)<sup>3</sup>



- RWA only slightly up in Q3 despite strong new business
- SoFFin silent participation (EUR 1 bn) currently recognised in CET 1 (fully phased-in: Additional Tier 1)
- Hybrid capital (EUR 350 mn) currently recognised with 80% in Additional Tier I (fully phased-in: not eligible)

Note: Figures may not add up due to rounding

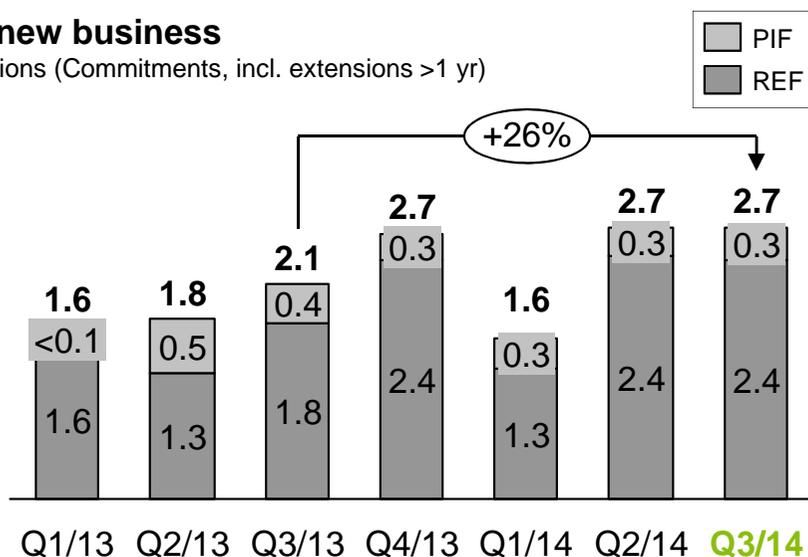
1 No transitional rules to be applied 2 Simulation, incl. SolvV 100 netting 3 Incl. full-year result 2013 4 Based on currently known Basel III rules 5 Actual figures may vary significantly from simulation

## New business

Strong new business in Q2 and Q3 brings total new business volume after nine months to EUR 7.0 bn (+26% y-o-y)

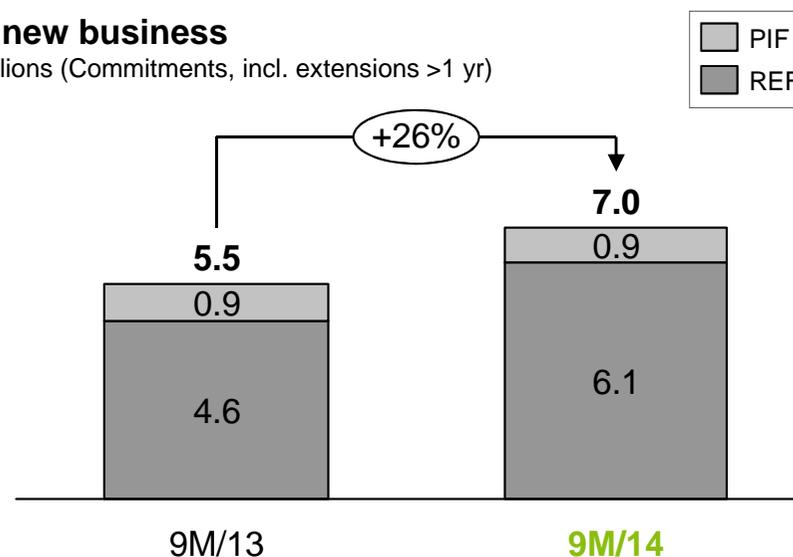
### Total new business

EUR billions (Commitments, incl. extensions >1 yr)



### Total new business

EUR billions (Commitments, incl. extensions >1 yr)



REF	2013	9M/14
Total new business	EUR 7.0 bn	EUR 6.1 bn
<i>thereof: Extensions &gt;1 year</i>	<i>EUR 1.7 bn</i>	<i>EUR 1.7 bn</i>
No. of deals	131	113
Average maturity <sub>(legal maturity)</sub>	~4.4 yrs	~5.1 yrs
Average LTV <sub>(New commitments)<sup>1</sup></sub>	61%	63%
Average gross margin	>225 bp	>210 bp

- Lower avg. gross margin in 9M/14 reflects increased competition in core markets

PIF	2013	9M/14
Total new business	EUR 1.2 bn	EUR 0.9 bn
No. of deals	34	28
Average maturity <sub>(WAL)</sub>	~8.1 yrs	~6.3 yrs
Average gross margin	>100 bp	>70 bp

- Lower avg. gross margin in 9M/14 reflects higher share (50%) of lower margin German business (2013: 38%)

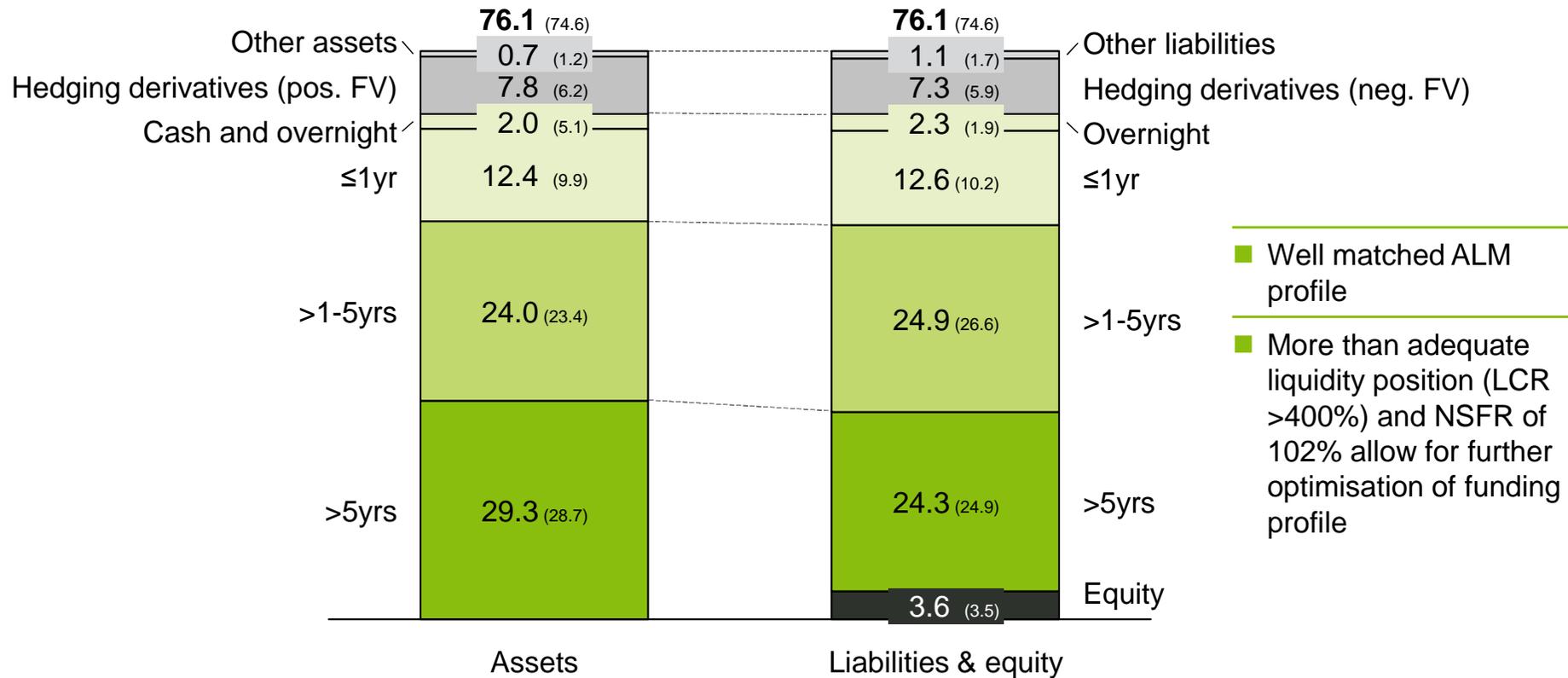
Note: Figures may not add up due to rounding 1 Avg. LTV (extensions): 68% (9M/14); 74% (2013)

## Balance sheet

pbb operates conservative balance sheet management with overall matched ALM profile and strong liquidity position

Balance sheet: 30/09/2014 (31/12/2013)

EUR billions



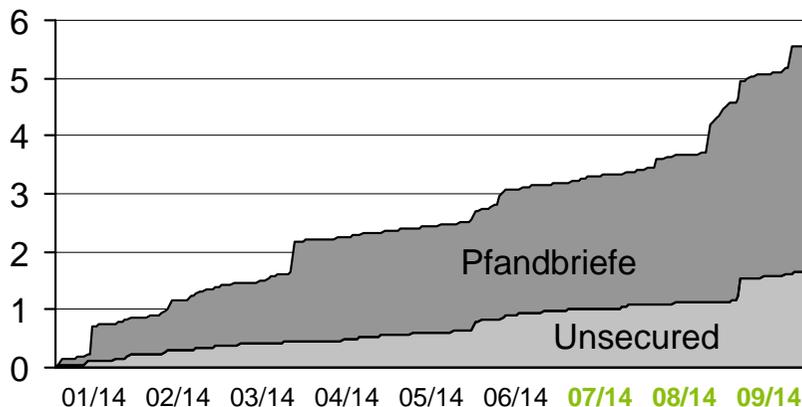
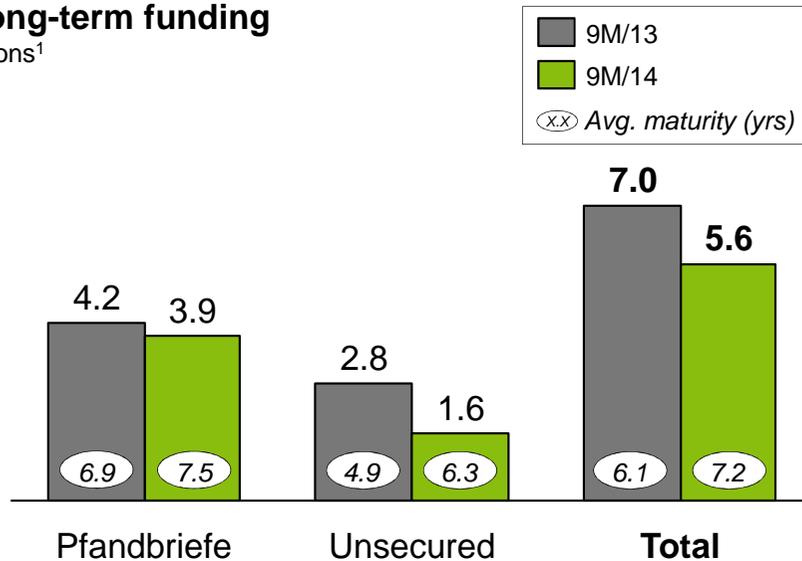
Note: Figures may not add up due to rounding

## Funding

New long-term funding of EUR 5.6 bn (-20%) reflects lower funding needs due to further optimisation of funding profile on the basis of a more than adequate liquidity position

### New long-term funding

EUR billions<sup>1</sup>



### Key drivers 9M/14 vs. 9M/13:

- New long-term funding of EUR 2.5 bn in Q3 (Q1: EUR 2.3 bn; Q2: EUR 0.8 bn) illustrates well-established capital market access

### Mortgage Pfandbriefe

- Three EUR-benchmarks with 3-, 5- and 8-year maturities + four taps; one 3-year GBP-benchmark
- Tight Pfandbrief spreads and low yield environment led to higher demand for longer maturities
- Still only issuer of SEK with strong private placements (SEK 1,450 mn)

### Public Sector Pfandbriefe

- Strong asset maturities by end of 2013 led to reduced funding need

### Senior Unsecured

- No need for a public benchmark issuances in 9M/14 – however, one tap in Q2
- Private placements at reduced spread levels
- Issuance of first unsecured bonds in SEK in Q1 (SEK 550 mn)

Note: Figures may not add up due to rounding <sup>1</sup> Excl. money market and deposit business

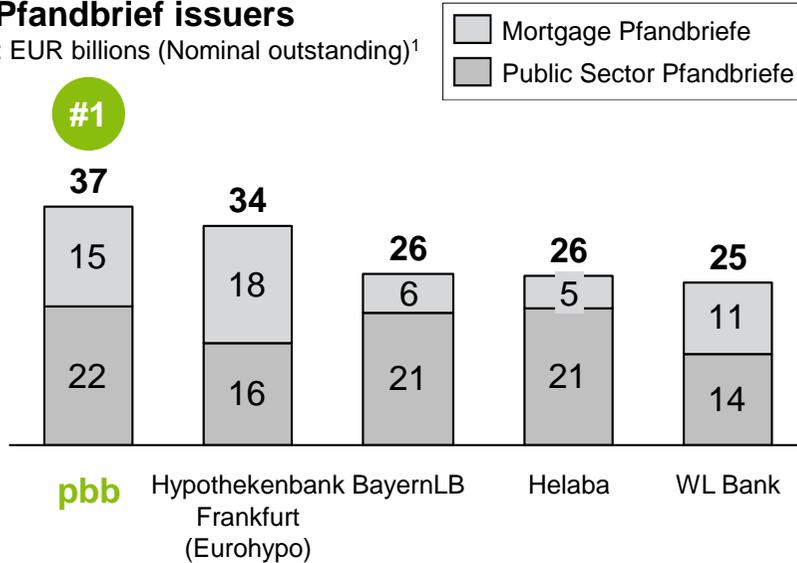
# Funding

Cover pools managed on comfortable OC levels, which provide the basis for upcoming issuances



## Top 5 Pfandbrief issuers

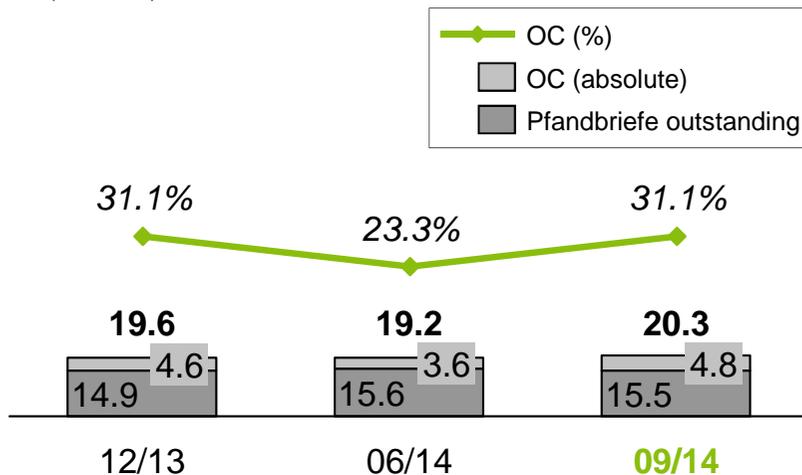
30/09/14: EUR billions (Nominal outstanding)<sup>1</sup>



- pbb is one of the most frequent issuers in the German Pfandbrief market
- Largest Pfandbrief issuer with a total outstanding Pfandbrief volume of EUR 37 bn
- New asset inclusions in both cover pools resulted in increased OC, which provides the basis for upcoming issuances

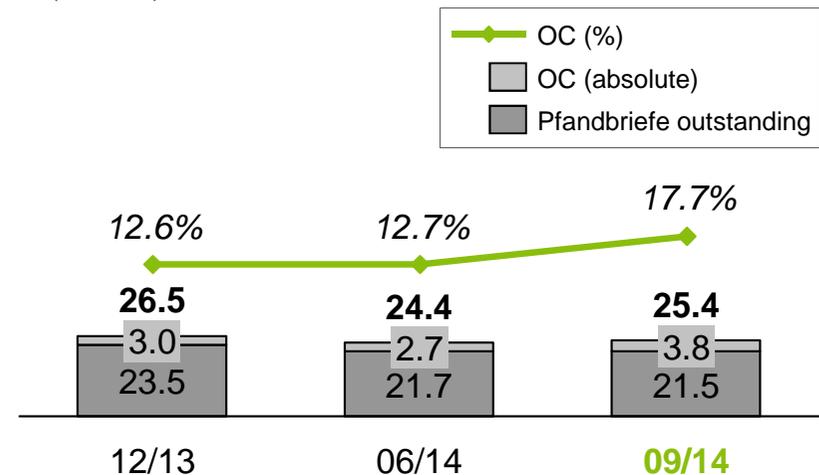
## Mortgage Cover Pool: Total cover funds

EUR billions (Nominal)



## Public Sector Cover Pool: Total cover funds

EUR billions (Nominal)



Note: Figures may not add up due to rounding 1 Source: Publications according to §28 Pfandbrief Act

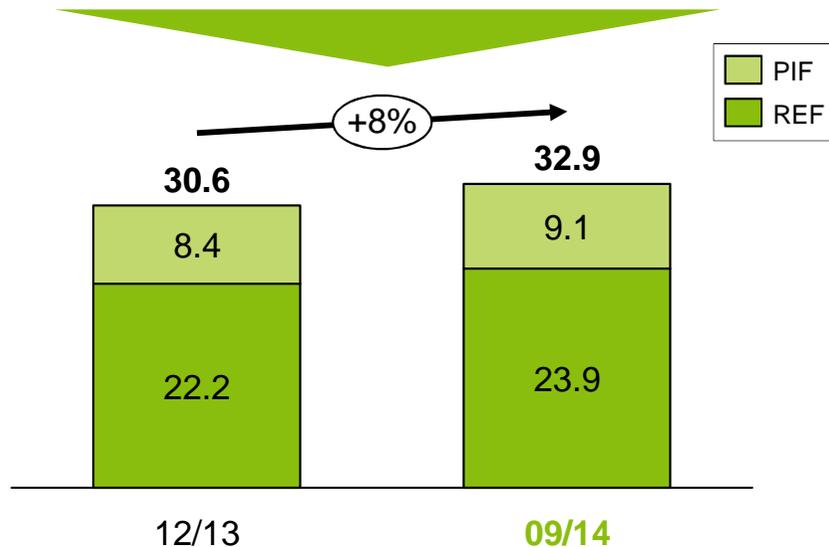
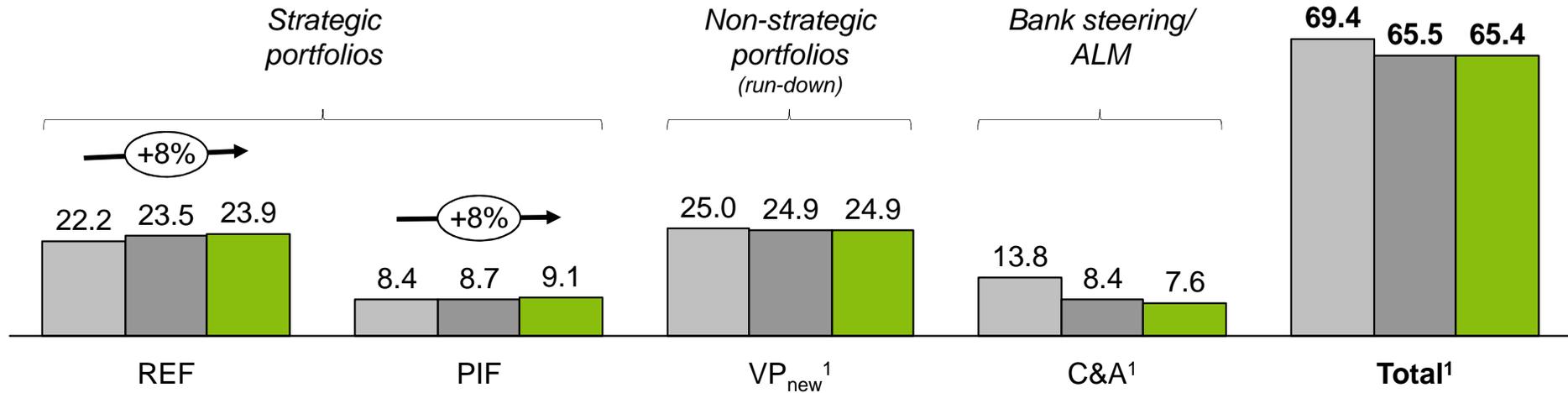
# Portfolio

## Strategic portfolios growing



### Total portfolio

EUR billions (EaD, Basel III)



- Strategic portfolios further growing in Q3 – strong new business more than compensated for maturities
- Non-strategic Value Portfolio (VP) stable, primarily reflecting increased hedge adjustments on the basis of declined long-term interest rates
- Bank steering/ALM portfolio (C&A) optimised, given the negative central bank deposit rate (shift to reverse repo transactions, which allow for collateral netting)

Note: Figures may not add up due to rounding 1 Excl. FMS-WM guaranteed exposure

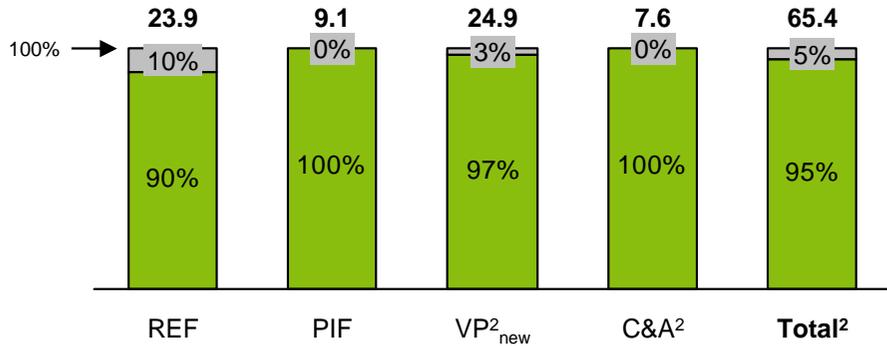
# Portfolio

High portfolio quality reflected in sound risk profile and low share of problem loans



## Total portfolio: Rating

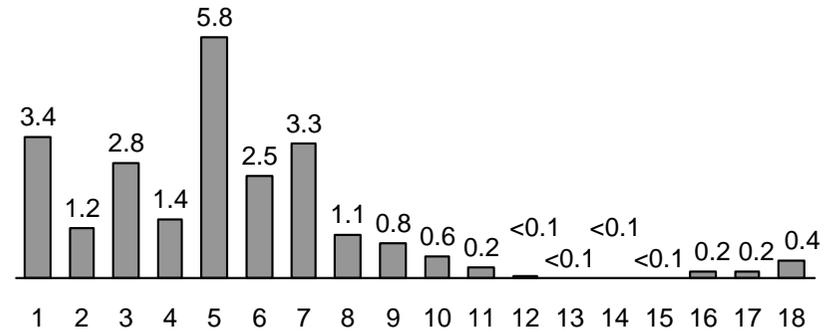
30/09/2014: EUR billions (EaD, Basel III)<sup>1</sup>



## REF portfolio: EL classes

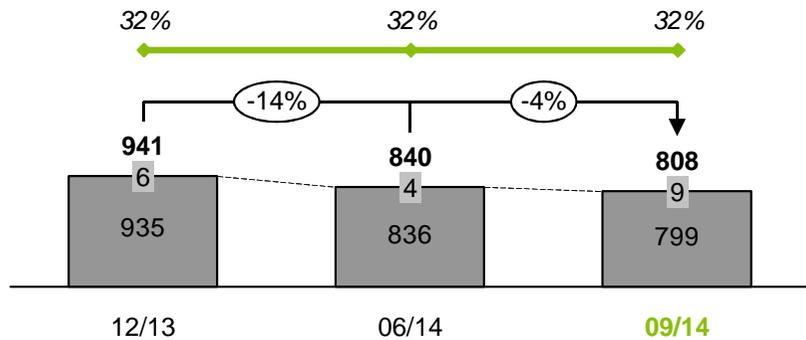
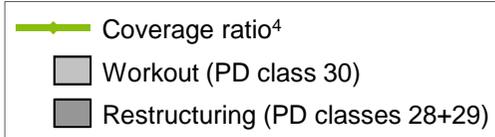
30/09/2014: EUR 23.9 billions (EaD, Basel III)

EL class	S&P scale
1-5	AAA to A-
6-8	BBB+ to BBB-
9-11	BB+ to BB-
12-14	B+ to B-
15-18	CCC+ and below



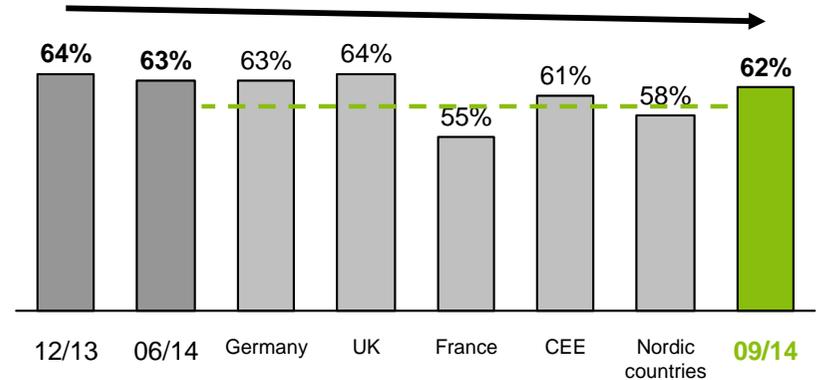
## Total problem loans

EUR millions (EaD, Basel III)<sup>11,3</sup>



## REF portfolio: Avg. weighted LTVs

(Commitments)



Note: Figures may not add up due to rounding

<sup>1</sup> Excl. FMS-WM guaranteed exposure

<sup>2</sup> S&P scale; based on EL classes (investment grade = EL Classes 1-8; non-investment grade = EL classes 9-18)

<sup>3</sup> In addition, EUR 1 mn in C&A (06/14: EUR 1 mn; 12/13: EUR 6 mn)

<sup>4</sup> Individual LLPs (incl. interest) on non-performing exposure + portfolio-based LLPs on PD class 28 / total problem loans + structured products (recognised with nominal amount) - securitised loan parts; disregarding all other collateral

## Key take-aways

- ▶ **Development of sustainable earnings base on track**
  - ▶ Positive earnings trend from lending business
  - ▶ Strategic core business growing, providing for increasing earnings
  
- ▶ **Sound capitalisation covers further growth and regulatory challenges comfortably**
  
- ▶ **Successful new business activities reflect the bank's standing as one of the leading players in its segment**
  
- ▶ **Stable funding base with diversified funding sources and investor base**
  
- ▶ **Well matched ALM profile with strong liquidity position**
  
- ▶ **Sustained strong asset quality – prudent underwriting and risk management framework designed to manage assets through the cycle**



# Appendix

## Income statement

### Income/Expenses

EUR millions

	2010	2011	2012	Q1/13	Q2/13	Q3/13	9M/13	Q4/13	2013	Q1/14	Q2/14	Q3/14	9M/14
<b>Operating income</b>	<b>652</b>	<b>526</b>	<b>467</b>	<b>101</b>	<b>113</b>	<b>155</b>	<b>369</b>	<b>113</b>	<b>482</b>	<b>89</b>	<b>114</b>	<b>112</b>	<b>315</b>
<i>Net interest and similar income</i>	600	371	296	79	74	79	232	87	319	89	106	108	303
<i>Net fee and commission income</i>	-10	32	23	1	1	3	5	4	9	0	0	0	0
<i>Net trading income</i>	77	-8	10	-12	10	-51	-53	2	-51	-9	-9	-3	-21
<i>Net income from financial investments</i>	-17	3	13	1	0	97	98	-2	96	-1	2	22	23
<i>Net income from hedging relationships</i>	-45	-56	-6	0	4	3	7	2	9	-3	-3	1	-5
<i>Net other operating income/expenses</i>	47	184	131	32	24	24	80	20	100	13	18	-16	15
<b>Loan-loss provisions</b>	<b>-443</b>	<b>12</b>	<b>4</b>	<b>4</b>	<b>-3</b>	<b>-9</b>	<b>-8</b>	<b>0</b>	<b>-8</b>	<b>5</b>	<b>-7</b>	<b>1</b>	<b>-1</b>
<b>General and administrative expenses</b>	<b>-352</b>	<b>-357</b>	<b>-341</b>	<b>-76</b>	<b>-80</b>	<b>-84</b>	<b>-240</b>	<b>-72</b>	<b>-312</b>	<b>-62</b>	<b>-62</b>	<b>-64</b>	<b>-188</b>
<b>Net miscellaneous income/expenses</b>	<b>8</b>	<b>7</b>	<b>-6</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>6</b>	<b>0</b>	<b>-5</b>	<b>1</b>
<b>Pre-tax profit/loss</b>	<b>-135</b>	<b>188</b>	<b>124</b>	<b>29</b>	<b>31</b>	<b>62</b>	<b>122</b>	<b>43</b>	<b>165</b>	<b>38</b>	<b>45</b>	<b>44</b>	<b>127</b>

Note: Annual results audited; interim results unaudited

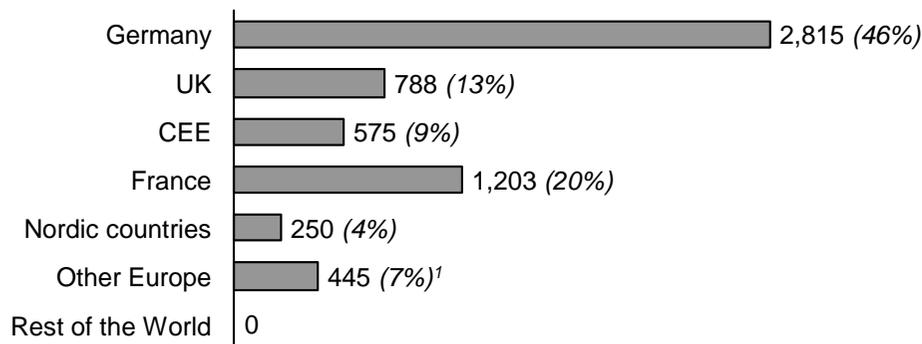
## New business

### Real Estate Finance (REF)



#### New business: Regions

9M/2014: EUR 6,075 million (Commitments, incl. extensions >1 yr)



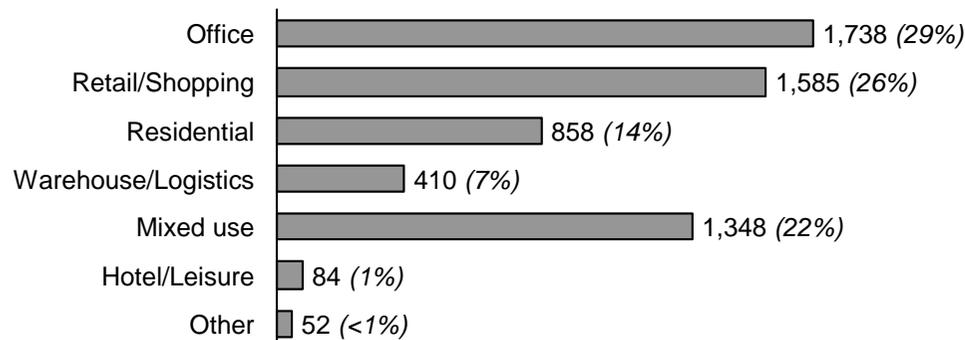
#### Portfolio: Regions

EUR billions (EaD, Basel III)

	12/13		09/14	
Germany	12.1	54%	12.3	51%
UK	3.5	16%	4.0	17%
CEE	2.1	9%	2.3	10%
France	1.8	8%	2.5	10%
Nordic countries	1.4	6%	1.5	6%
Other Europe	1.4	6%	1.3	5%
Rest of the World	<0.1	<1%	<0.1	<1%
<b>Total</b>	<b>22.2</b>	<b>100%</b>	<b>23.9</b>	<b>100%</b>

#### New business: Property types

9M/2014: EUR 6,075 million (Commitments, incl. extensions >1 yr)



#### Portfolio: Property types

EUR billions (EaD, Basel III)

	12/13		09/14	
Office	6.9	31%	7.3	30%
Retail/Shopping	6.2	28%	6.5	27%
Residential	4.9	22%	4.7	20%
Warehouse/Logistics	1.7	8%	2.0	8%
Mixed use	1.0	5%	1.5	6%
Hotel/Leisure	0.4	2%	0.5	2%
Other	1.2	5%	1.4	6%
<b>Total</b>	<b>22.2</b>	<b>100%</b>	<b>23.9</b>	<b>100%</b>

Note: Figures may not add up due to rounding 1 CH: EUR 243 mn; A: EUR 112 mn; L: EUR 40 mn (extensions); NL: EUR 39 mn (extensions); P: EUR 11 mn (extensions)

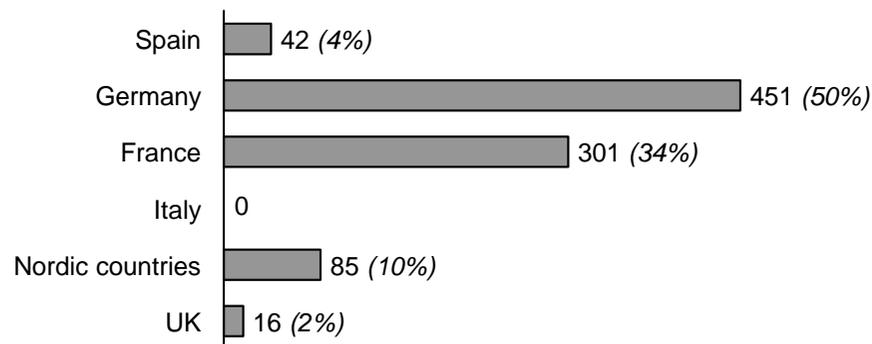
## New business

### Public Investment Finance (PIF)



#### New business: Regions

9M/2014: EUR 895 million (New commitments)



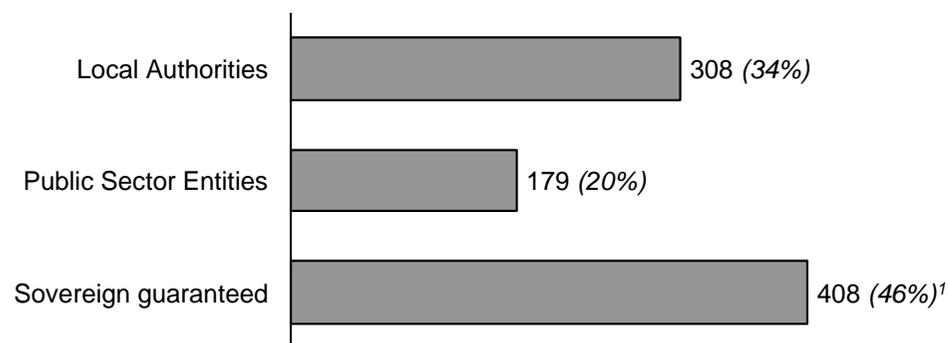
#### Portfolio: Regions

EUR billions (EaD, Basel III)

	12/13		09/14	
Spain	2.1	25%	2.1	23%
Germany	2.0	24%	2.5	27%
France	1.7	20%	1.9	21%
Italy	1.6	19%	1.6	17%
Nordic countries	0.2	2%	0.2	3%
Other Europe	1.0	10%	0.8	9%
<b>Total</b>	<b>8.4</b>	<b>100%</b>	<b>9.1</b>	<b>100%</b>

#### New business: Counterparty types

9M/2014: EUR 895 million (New commitments)



#### Portfolio: Counterparty types

EUR billions (EaD, Basel III)

	12/13		09/14	
Local Authorities	4.6	55%	4.2	47%
Public Sector Entities	1.8	21%	2.2	24%
Corporates and other	1.7	20%	1.7	19%
Sovereign	0.3	4%	0.9	10%
<b>Total</b>	<b>8.4</b>	<b>100%</b>	<b>9.1</b>	<b>100%</b>

Note: Figures may not add up due to rounding 1 100% Germany

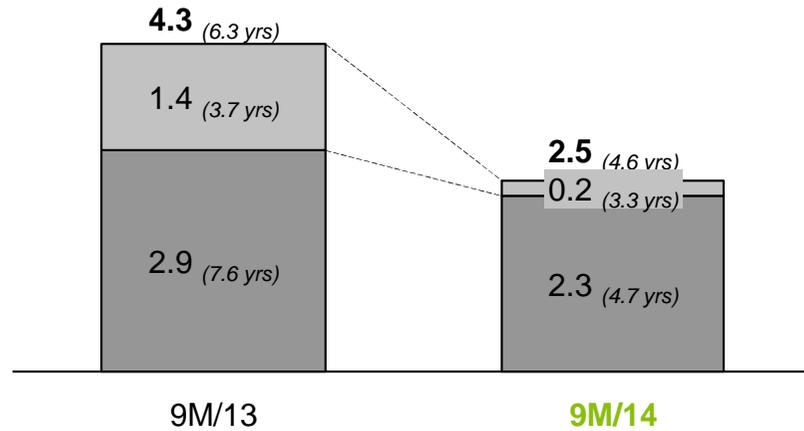
# Funding

## New long-term funding



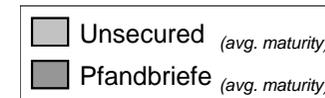
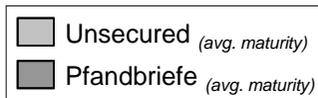
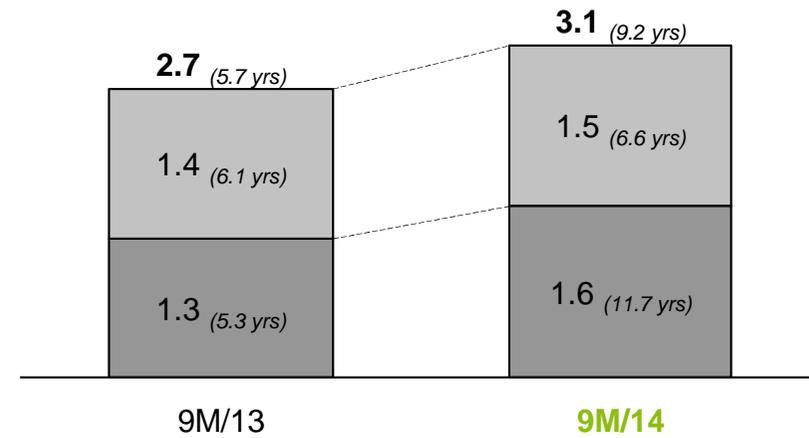
### Public issues

EUR billions<sup>1</sup>



### Private placements

EUR billions<sup>1</sup>



Note: Figures may not add up due to rounding <sup>1</sup> Excl. money market and deposit business

# Funding

## Public benchmark issuances since 2013



Type	WKN	Launch Date	Maturity Date	Size	Spread <sup>1</sup>	Coupon	Issue/Reoffer Price
<b>Senior Unsecured</b>	<b>A1RFBU</b>	<b>17.01.2013</b>	<b>19.07.2016</b>	<b>EUR 500 mn</b>	<b>+138bp</b>	<b>2.000%</b>	<b>99.587%</b>
<b>Mortgage Pfandbrief</b>	<b>A1RFBY</b>	<b>23.01.2013</b>	<b>30.01.2017</b>	<b>EUR 500 mn</b>	<b>+8bp</b>	<b>0.875%</b>	<b>99.585%</b>
<i>Senior Unsecured (1<sup>st</sup> Tap)</i>	<i>A1RFBU</i>	<i>14.02.2013</i>	<i>19.07.2016</i>	<i>EUR 360 mn</i>	<i>+109bp</i>	<i>2.000%</i>	<i>100.382%</i>
<b>Mortgage Pfandbrief</b>	<b>A1R052</b>	<b>11.03.2013</b>	<b>18.03.2020</b>	<b>EUR 500 mn</b>	<b>+25bp</b>	<b>1.500%</b>	<b>99.487%</b>
<b>Mortgage Pfandbrief</b>	<b>A1R058</b>	<b>08.05.2013</b>	<b>16.05.2016</b>	<b>GBP 200 mn</b>	<b>+50bp<sup>2</sup></b>	<b>3mL+45bp</b>	<b>99.852%</b>
<b>Public Sector Pfandbrief</b>	<b>A1R06C</b>	<b>22.05.2013</b>	<b>29.05.2028</b>	<b>EUR 500 mn</b>	<b>+40bp</b>	<b>2.375%</b>	<b>98.612%</b>
<i>Mortgage Pfandbrief (1<sup>st</sup> Tap)</i>	<i>A1R052</i>	<i>28.05.2013</i>	<i>18.03.2020</i>	<i>EUR 250 mn</i>	<i>+16bp</i>	<i>1.500%</i>	<i>100.835%</i>
<i>Mortgage Pfandbrief (1<sup>st</sup> Tap)</i>	<i>A1PG3M</i>	<i>28.05.2013</i>	<i>20.12.2019</i>	<i>GBP 75 mn</i>	<i>+83bp<sup>3</sup></i>	<i>1.875%</i>	<i>99.589%</i>
<i>Mortgage Pfandbrief (1<sup>st</sup> Tap)</i>	<i>A1R058</i>	<i>05.08.2013</i>	<i>16.05.2016</i>	<i>GBP 50 mn</i>	<i>+50bp<sup>2</sup></i>	<i>3mL+45bp</i>	<i>99.810%</i>
<i>Mortgage Pfandbrief (2<sup>nd</sup> Tap)</i>	<i>A1PG3M</i>	<i>20.08.2013</i>	<i>20.12.2019</i>	<i>GBP 50 mn</i>	<i>+90bp<sup>3</sup></i>	<i>1.875%</i>	<i>95.493%</i>
<b>Mortgage Pfandbrief</b>	<b>A1X256</b>	<b>21.08.2013</b>	<b>28.08.2018</b>	<b>EUR 500 mn</b>	<b>+9bp</b>	<b>1.375%</b>	<b>99.803%</b>
<i>Pub. Sec. Pfandbrief (1<sup>st</sup> Tap)</i>	<i>A1R06C</i>	<i>22.08.2013</i>	<i>29.05.2028</i>	<i>EUR 200 mn</i>	<i>+25bp</i>	<i>2.375%</i>	<i>94.052%</i>
<b>Senior Unsecured</b>	<b>A1X26E</b>	<b>02.09.2013</b>	<b>11.09.2017</b>	<b>EUR 500 mn</b>	<b>+115bp</b>	<b>2.250%</b>	<b>99.799%</b>
<i>Mortgage Pfandbrief (1<sup>st</sup> Tap)</i>	<i>A1RFBY</i>	<i>04.10.2013</i>	<i>30.01.2017</i>	<i>EUR 100 mn</i>	<i>-1.5bp</i>	<i>0.875%</i>	<i>100.127%</i>
<b>Mortgage Pfandbrief</b>	<b>A1X3LT</b>	<b>14.01.2014</b>	<b>21.01.2022</b>	<b>EUR 500 mn</b>	<b>+17bp</b>	<b>1.875%</b>	<b>99.362%</b>
<i>Mortgage Pfandbrief (2<sup>nd</sup> Tap)</i>	<i>A1MLUW</i>	<i>13.02.2014</i>	<i>03.06.2019</i>	<i>EUR 50 mn</i>	<i>+10bp</i>	<i>2.125%</i>	<i>104.988%</i>
<b>Mortgage Pfandbrief</b>	<b>A11QAP</b>	<b>18.03.2014</b>	<b>25.03.2019</b>	<b>EUR 500 mn</b>	<b>+14bp</b>	<b>1.000%</b>	<b>99.400%</b>
<i>Senior Unsecured (1<sup>st</sup> Tap)</i>	<i>A1X26E</i>	<i>03.06.2014</i>	<i>11.09.2017</i>	<i>EUR 150 mn</i>	<i>+72bp</i>	<i>2.250%</i>	<i>103.278%</i>
<i>Mortgage Pfandbrief (2<sup>nd</sup> Tap)</i>	<i>A1RFBY</i>	<i>23.06.2014</i>	<i>30.01.2017</i>	<i>EUR 150 mn</i>	<i>-5bp</i>	<i>0.875%</i>	<i>101.466%</i>
<i>Mortgage Pfandbrief (1<sup>st</sup> Tap)</i>	<i>A11QAP</i>	<i>18.08.2014</i>	<i>25.03.2019</i>	<i>EUR 175 mn</i>	<i>+4.5 bp</i>	<i>1.000%</i>	<i>101.915%</i>
<b>Mortgage Pfandbrief</b>	<b>A11QA31</b>	<b>02.09.2014</b>	<b>08.09.2017</b>	<b>EUR 500 mn</b>	<b>+0 bp</b>	<b>0.250%</b>	<b>99.827%</b>
<i>Mortgage Pfandbrief (2<sup>nd</sup> Tap)</i>	<i>A11QAP</i>	<i>05.09.2014</i>	<i>25.03.2019</i>	<i>EUR 75 mn</i>	<i>+3.3 bp</i>	<i>1.000%</i>	<i>102.534%</i>
<b>Mortgage Pfandbrief</b>	<b>A12UAW2</b>	<b>23.09.2014</b>	<b>29.09.2017</b>	<b>GBP 300 mn</b>	<b>+42 bp<sup>2</sup></b>	<b>3mL+40 bp</b>	<b>99.941%</b>

1 vs. mid-swap 2 vs. 3mGBP-Libor 3 vs. UK Gilts

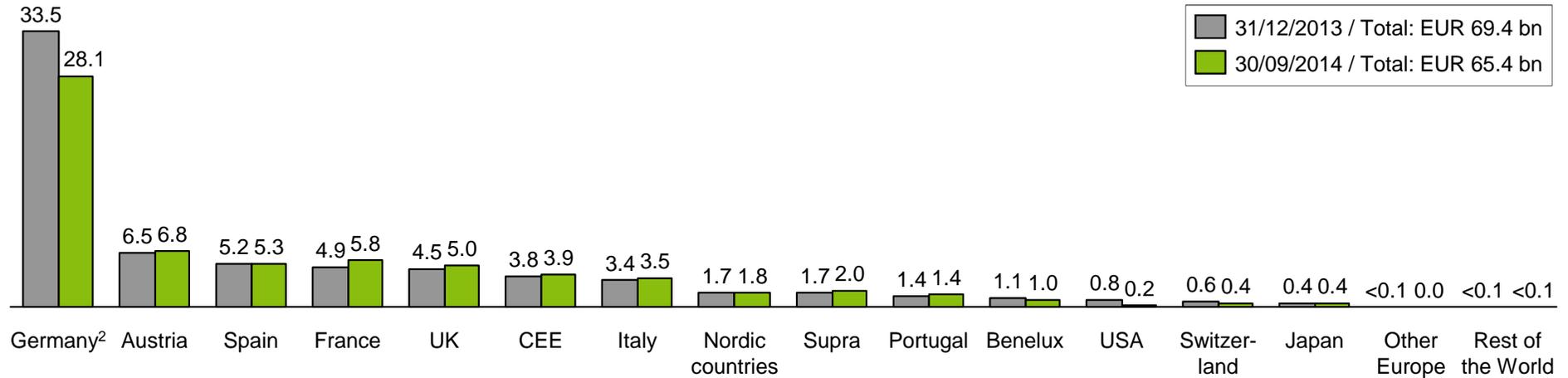
# Portfolio

## Total portfolio

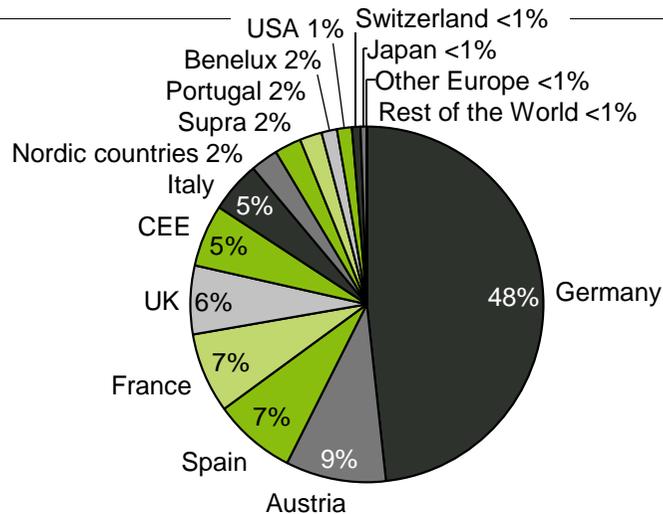


### Total portfolio: Regions

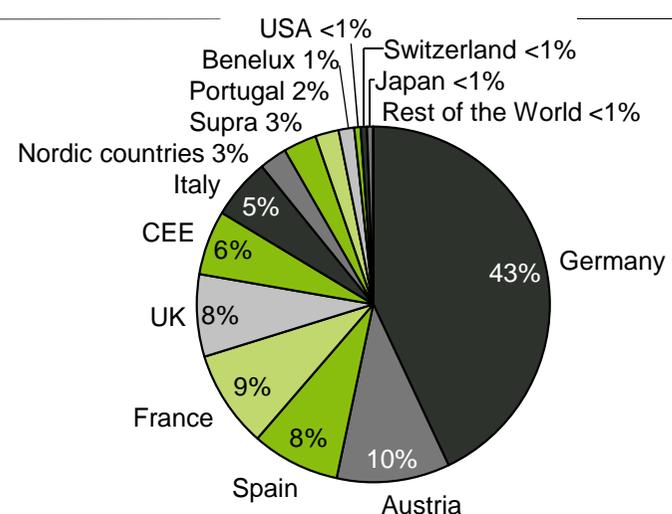
EUR billions (EaD, Basel III)<sup>1</sup>



#### 31/12/2013



#### 30/09/2014



Note: Figures may not add up due to rounding 1 Excl. FMS-WM guaranteed exposure 2 Incl. central bank accounts (09/14: EUR 9 million; 12/13: EUR 4.3 bn)

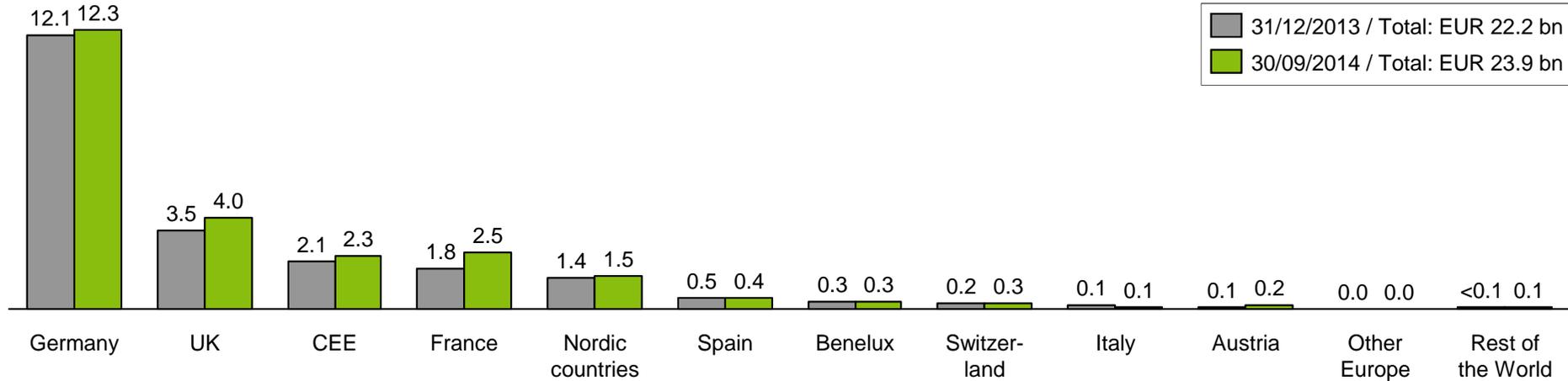
# Portfolio

## Real Estate Finance (REF)



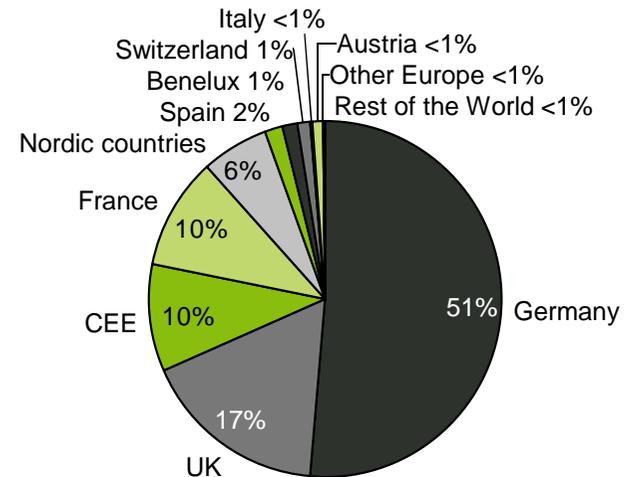
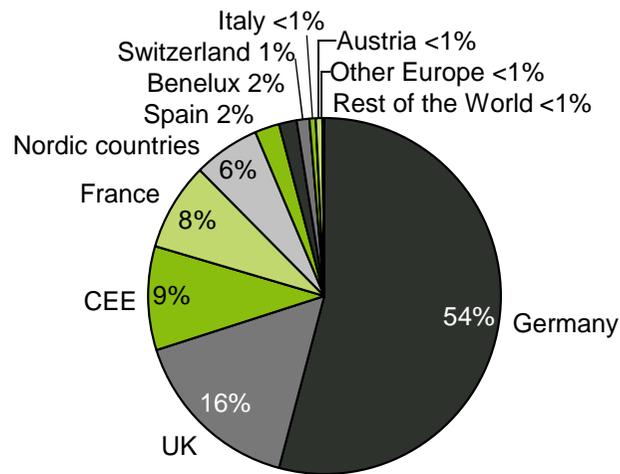
### REF portfolio: Regions

EUR billions (EaD, Basel III)



31/12/2013

30/09/2014



Note: Figures may not add up due to rounding

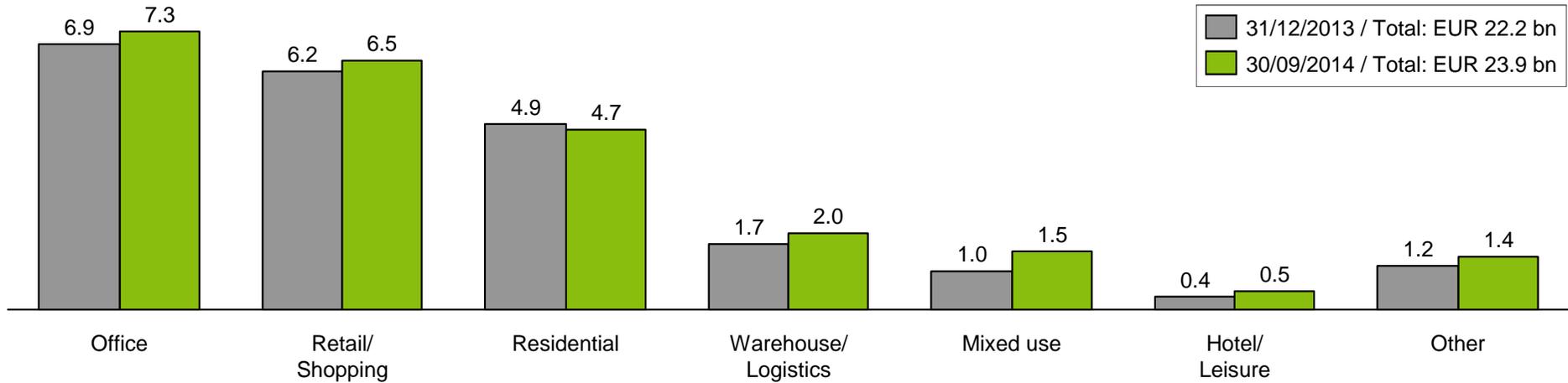
# Portfolio

## Real Estate Finance (REF)



### REF portfolio: Property types

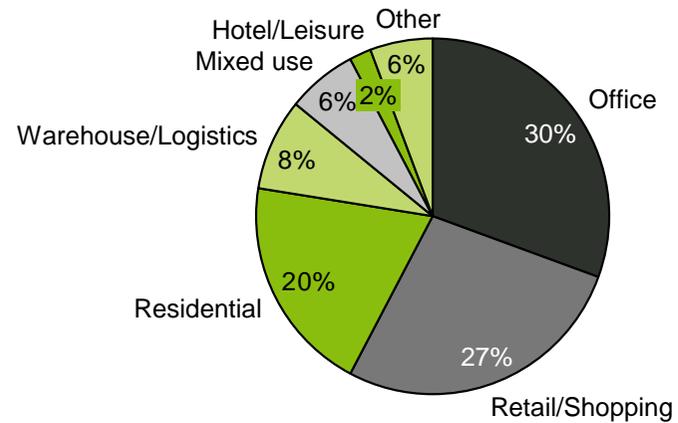
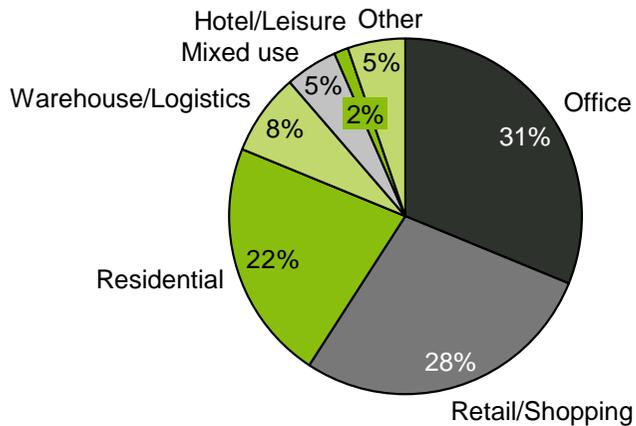
EUR billions (EaD, Basel III)



31/12/2013 / Total: EUR 22.2 bn  
 30/09/2014 / Total: EUR 23.9 bn

31/12/2013

30/09/2014



Note: Figures may not add up due to rounding

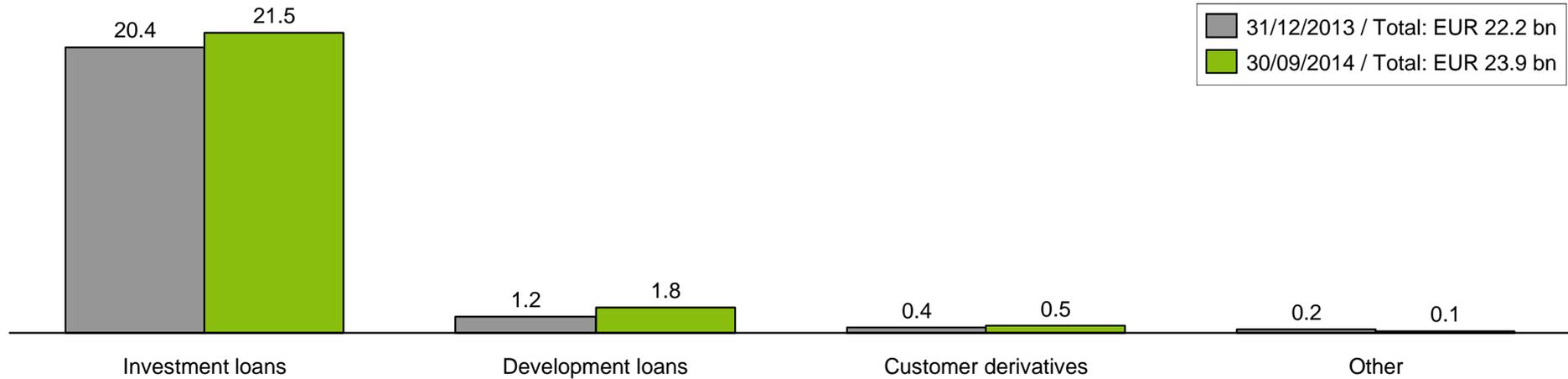
# Portfolio

## Real Estate Finance (REF)



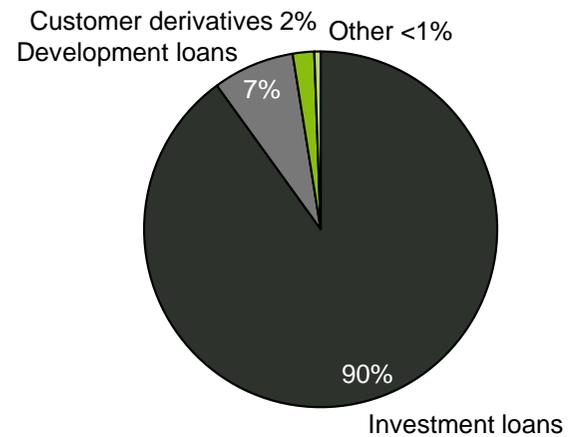
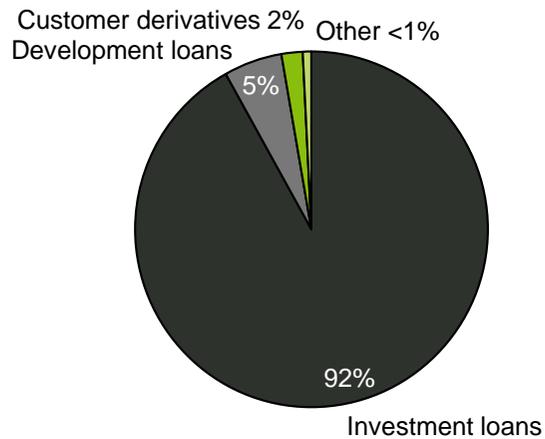
### REF portfolio: Loan types

EUR billions (EaD, Basel III)



31/12/2013

30/09/2014



Note: Figures may not add up due to rounding

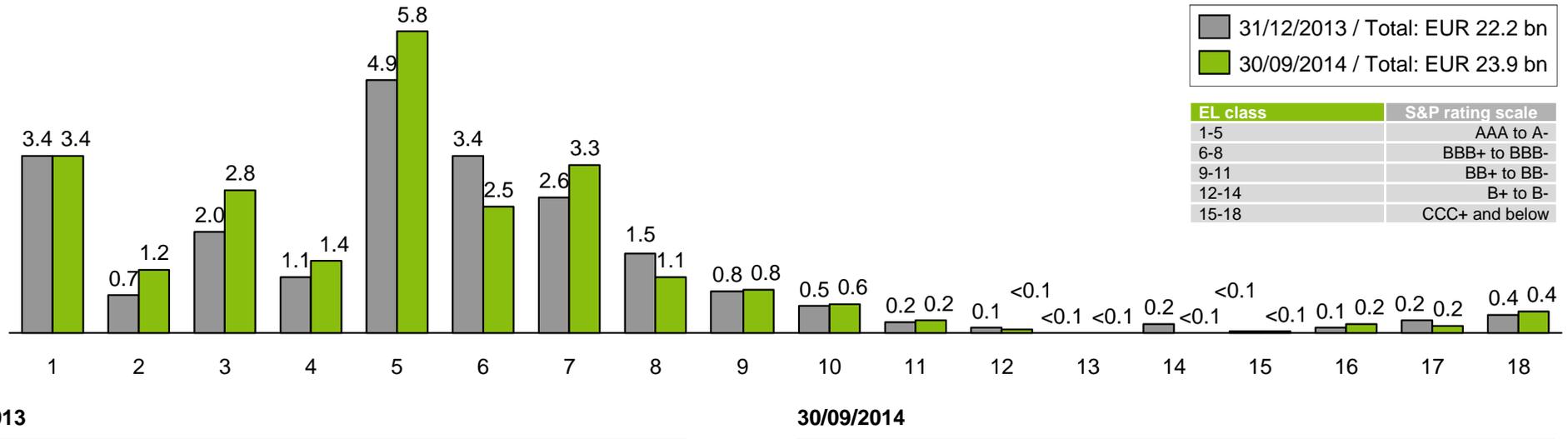
# Portfolio

## Real Estate Finance (REF)



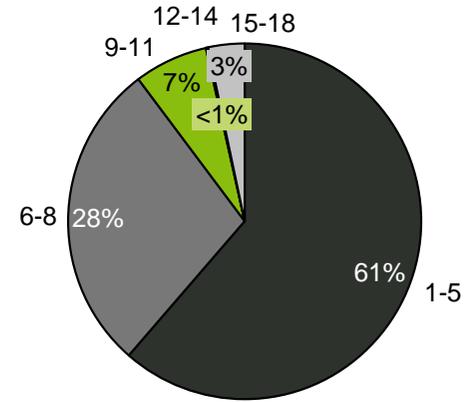
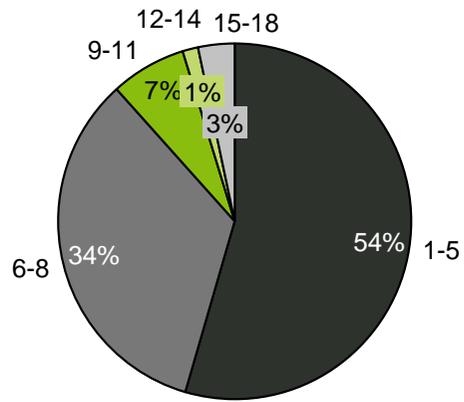
### REF portfolio: EL classes

EUR billions (EaD, Basel III)



31/12/2013

30/09/2014



Note: Figures may not add up due to rounding

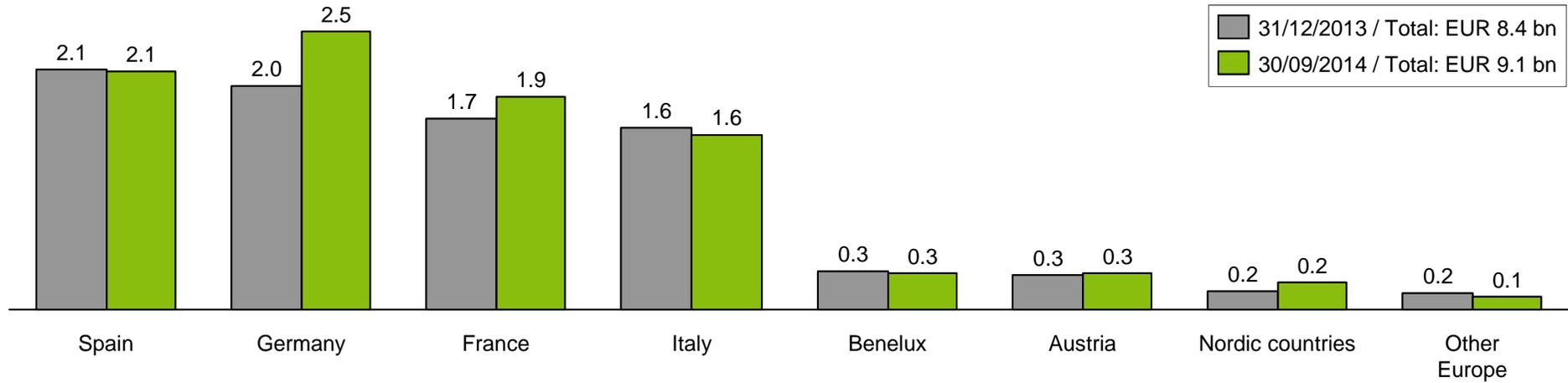
# Portfolio

## Public Investment Finance (PIF)



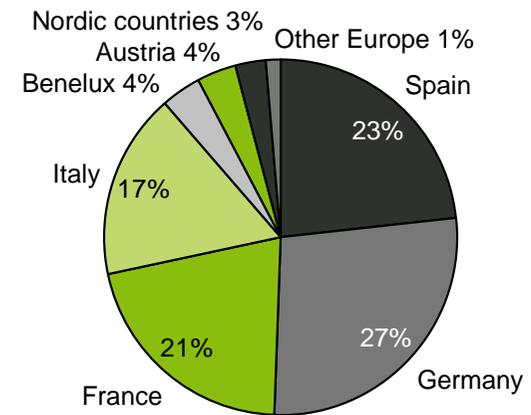
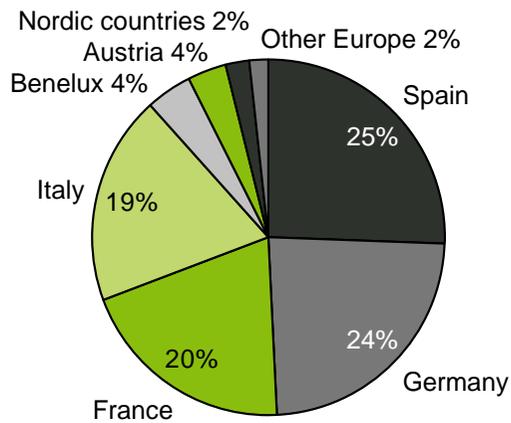
### PIF portfolio: Regions

EUR billions (EaD, Basel III)



31/12/2013

30/09/2014



Note: Figures may not add up due to rounding

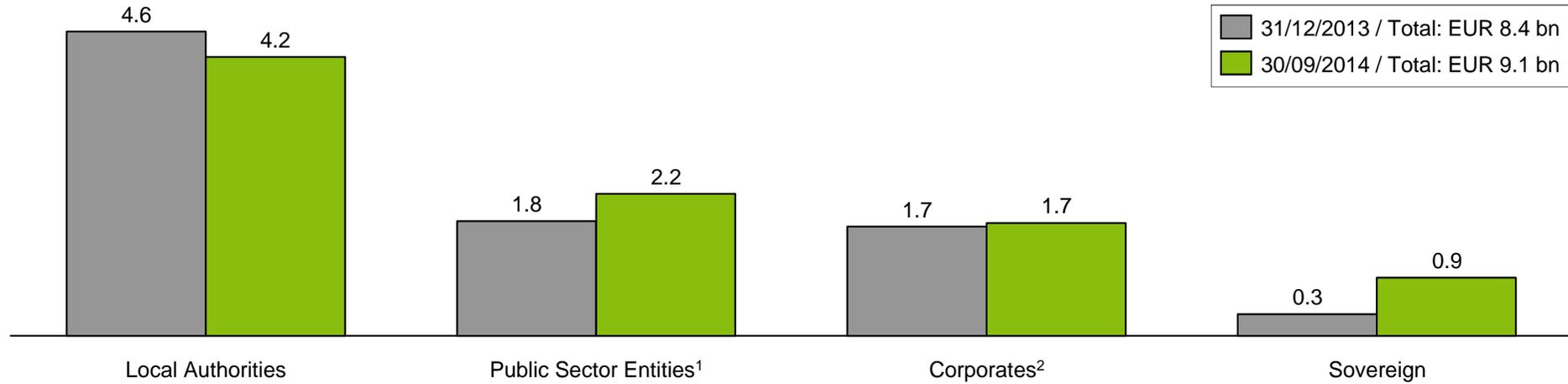
# Portfolio

## Public Investment Finance (PIF)



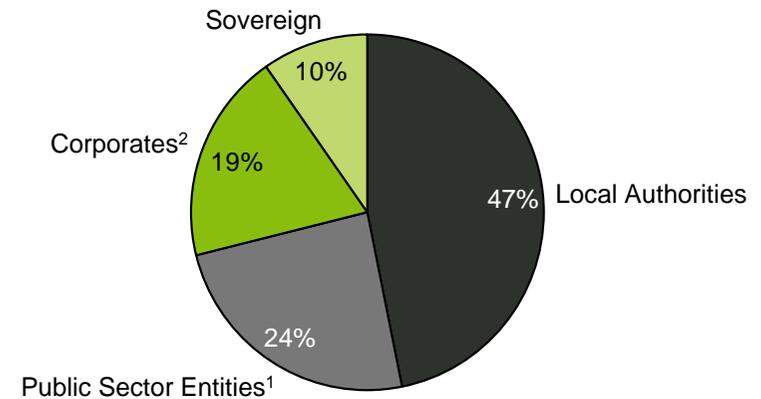
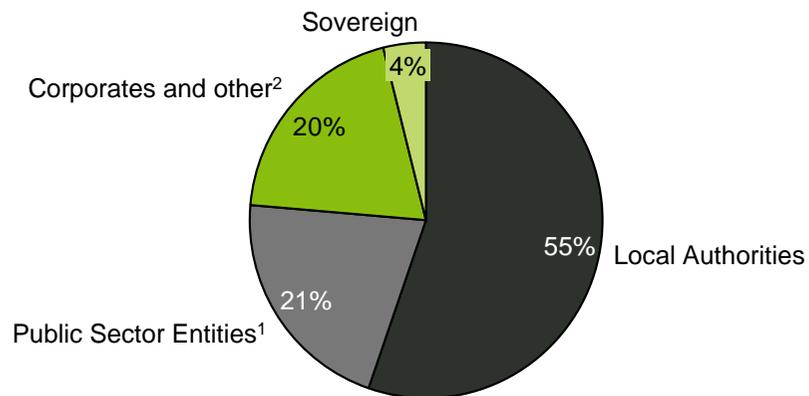
### PIF portfolio: Counterparty types

EUR billions (EaD, Basel III)



31/12/2013

30/09/2014



Note: Figures may not add up due to rounding 1 Entities with explicit or implicit financial support from a tax raising authority 2 >50% Sovereign/Regional Government related and/or guaranteed

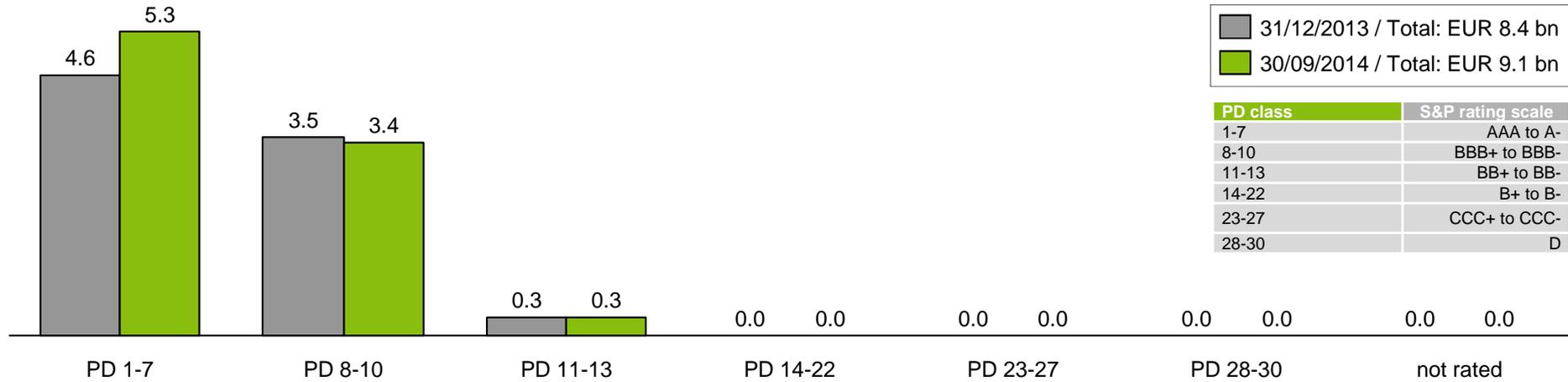
# Portfolio

## Public Investment Finance (PIF)



### PIF portfolio: PD classes

EUR billions (EaD, Basel III)

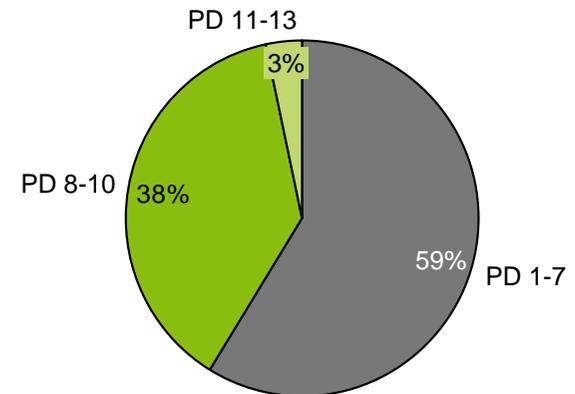
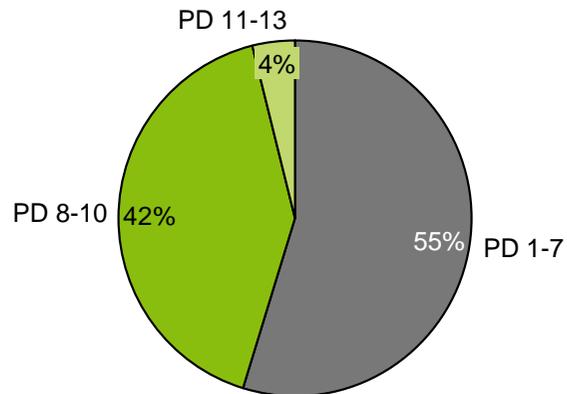


31/12/2013 / Total: EUR 8.4 bn  
 30/09/2014 / Total: EUR 9.1 bn

PD class	S&P rating scale
1-7	AAA to A-
8-10	BBB+ to BBB-
11-13	BB+ to BB-
14-22	B+ to B-
23-27	CCC+ to CCC-
28-30	D

31/12/2013

30/09/2014



Note: Figures may not add up due to rounding

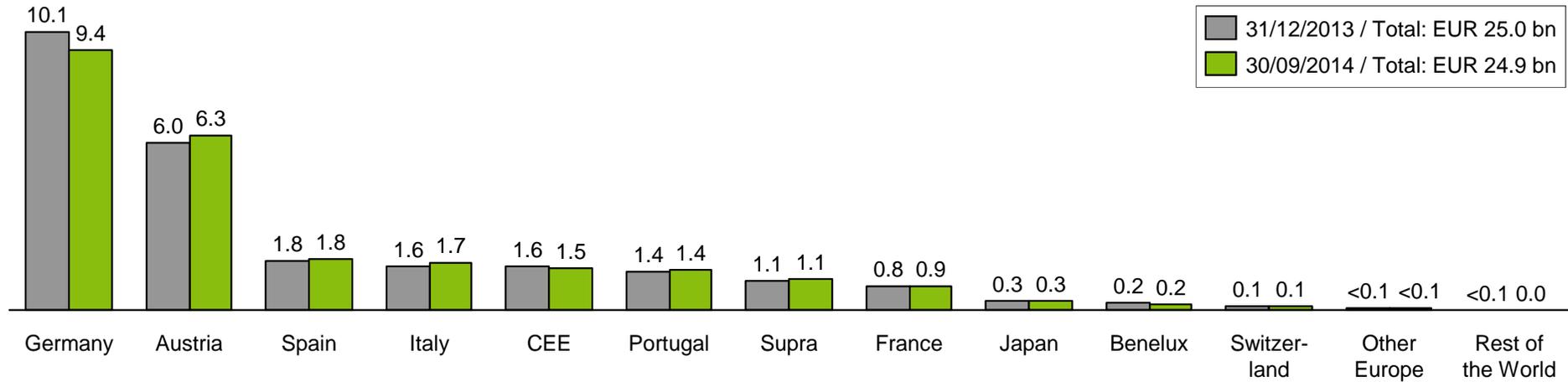
# Portfolio

## Value Portfolio<sub>new</sub> (VP<sub>new</sub>)

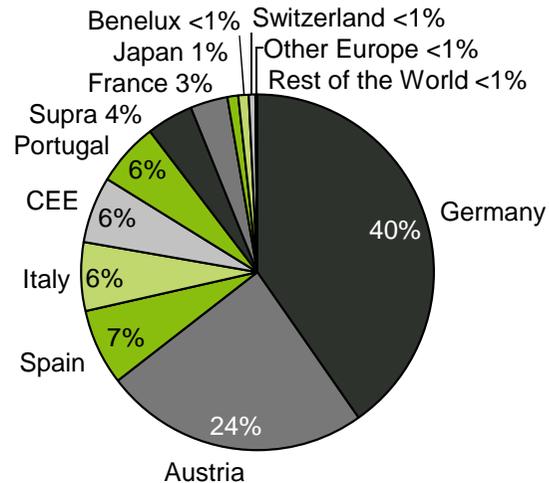


### VP<sub>new</sub> - Regions

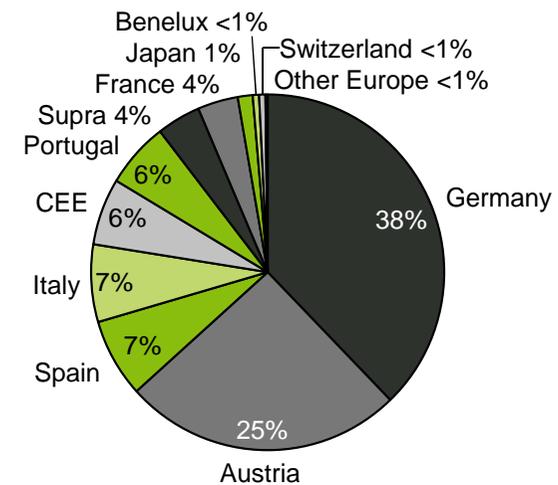
EUR billions (EaD, Basel III)<sup>1</sup>



31/12/2013



30/09/2014



Note: Figures may not add up due to rounding 1 Excl. FMS-WM guaranteed exposure

# Portfolio

## Value Portfolio<sub>new</sub> (VP<sub>new</sub>)



### VP<sub>new</sub> : Counterparty types

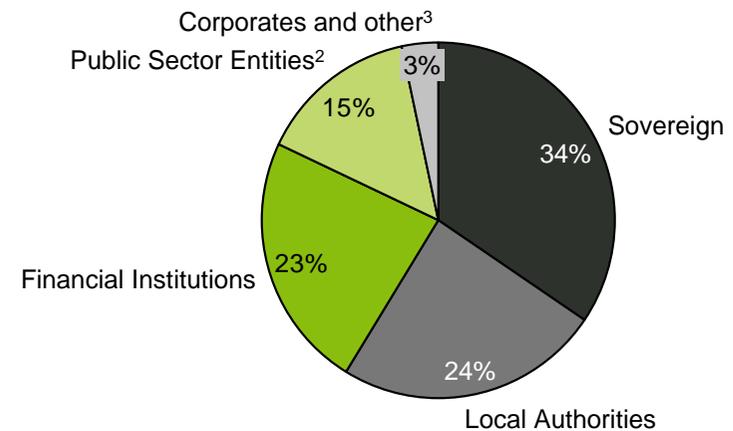
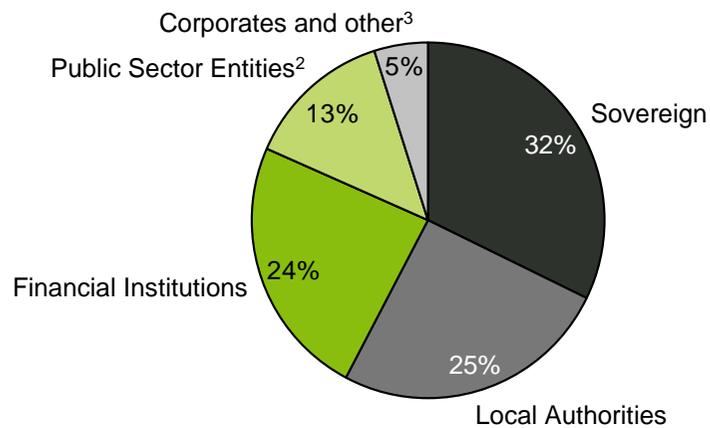
EUR billions (EaD, Basel III)<sup>1</sup>



31/12/2013 / Total: EUR 25.0 bn  
 30/09/2014 / Total: EUR 24.9 bn

31/12/2013

30/09/2014



Note: Figures may not add up due to rounding <sup>1</sup> Excl. FMS-WM guaranteed exposure <sup>2</sup> Entities with explicit or implicit financial support from a tax raising authority <sup>3</sup> >50% Sovereign/Regional Government related and/or guaranteed

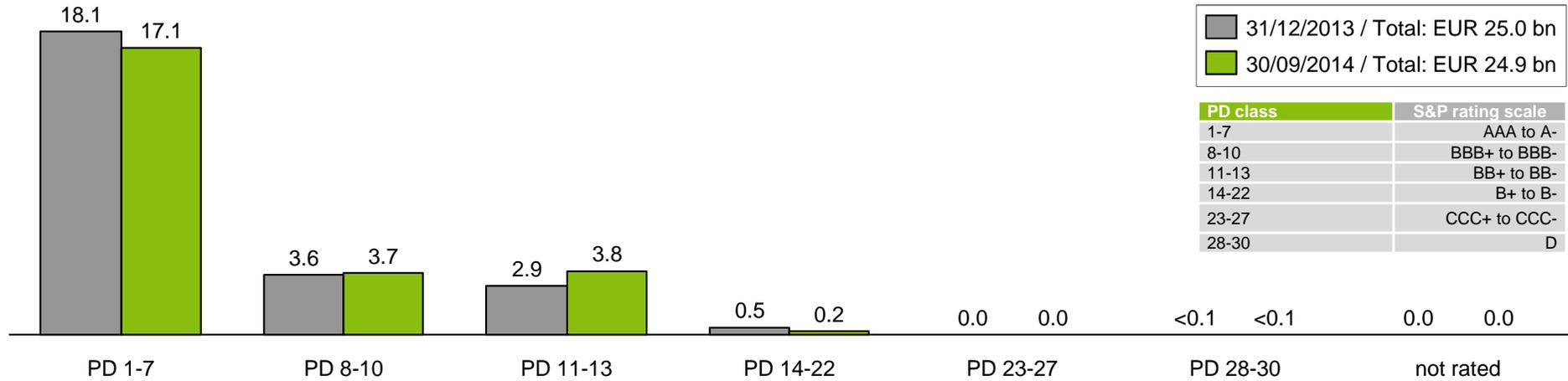
# Portfolio

## Value Portfolio<sub>new</sub> (VP<sub>new</sub>)



### VP<sub>new</sub> : PD classes

EUR billions (EaD, Basel III)<sup>1</sup>

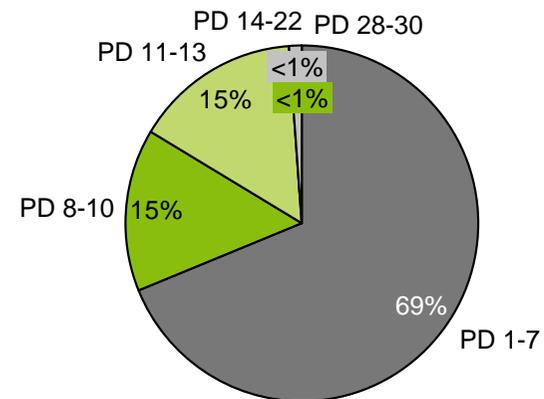
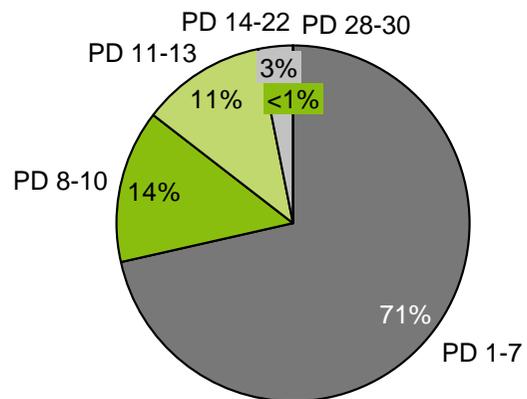


31/12/2013 / Total: EUR 25.0 bn  
 30/09/2014 / Total: EUR 24.9 bn

PD class	S&P rating scale
1-7	AAA to A-
8-10	BBB+ to BBB-
11-13	BB+ to BB-
14-22	B+ to B-
23-27	CCC+ to CCC-
28-30	D

31/12/2013

30/09/2014



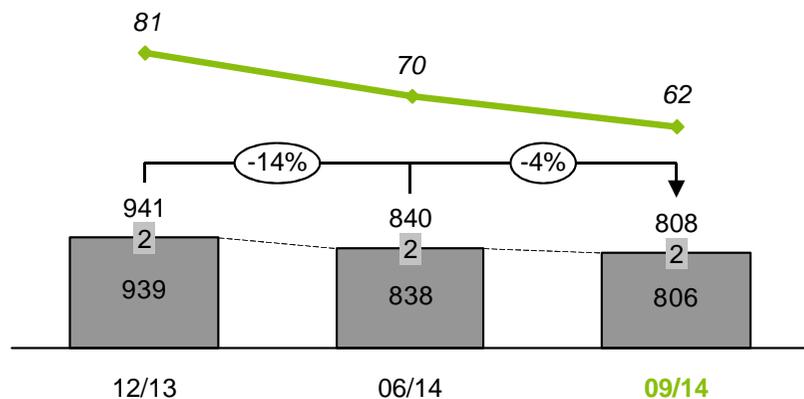
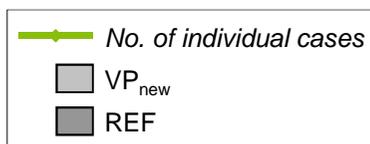
Note: Figures may not add up due to rounding 1 Excl. FMS-WM guaranteed exposure

# Portfolio

## Total problem loans

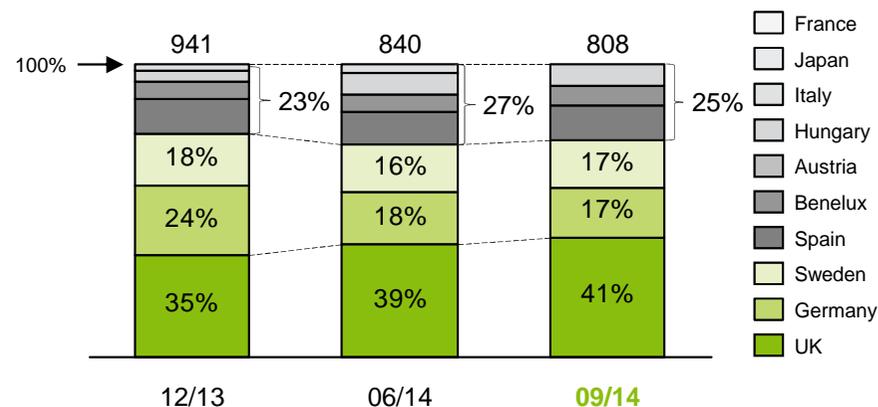
### Total problem loans: Segments

EUR millions (EaD, Basel III)



### Total problem loans: Regions

EUR millions (EaD, Basel III)



Total problem loans EUR millions (EaD)	31/12/13				30/09/14			
	REF	PIF	VP <sub>new</sub>	Total <sup>1</sup>	REF	PIF	VP <sub>new</sub>	Total <sup>1</sup>
Workout loans <sup>2</sup>	6	-	-	6	9	-	-	9
Restructuring loans <sup>3</sup>	933	-	2	935	797	-	2	799
<b>Total<sup>1</sup></b>	<b>939</b>	<b>-</b>	<b>2</b>	<b>941</b>	<b>806</b>	<b>-</b>	<b>2</b>	<b>808</b>

Note: Figures may not add up due to rounding

1 In addition, EUR 1 mn in C&A (06/14: EUR 1 mn; 12/13: EUR 6 mn)

2 No signs that the deal will recover soon, compulsory measures necessary

3 Payments more than 90 days overdue or criteria acc. to respective policy apply

## Contact details



### Communications

- **Walter Allwicher** +49 (0)89 2880 28787  
[walter.allwicher@pfandbriefbank.com](mailto:walter.allwicher@pfandbriefbank.com)

### Investor Relations

- **Michael Heuber** +49 (0)89 2880 28778  
[michael.heuber@pfandbriefbank.com](mailto:michael.heuber@pfandbriefbank.com)
- **Website** [www.pfandbriefbank.com/investor-relations.html](http://www.pfandbriefbank.com/investor-relations.html)

© Deutsche Pfandbriefbank AG  
Freisinger Strasse 5  
85716 Unterschleissheim/Germany  
+49 (0) 89 28 80-0  
[www.pfandbriefbank.com](http://www.pfandbriefbank.com)