

Full-year guidance raised after good Q3 results

– PBT of EUR 51 mn in Q3/17

Results Q3/9M 2017

Analyst Conference Call

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Unterschleissheim, 13 November 2017

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# Agenda

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  - 2 Financials**
  - 3 Segment reporting & New business**
  - 4 Portfolio**
  - 5 Funding**
  - 6 Summary & Outlook**
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**Contact details**

## Highlights

**pbb shows continued good operating and financial performance – PBT full-year guidance raised to EUR 195-200 mn**



- ➔ **Pre-tax profit** of EUR 51 mn in Q3/17 and EUR 154 mn in 9M/17 (Q3/16: EUR 159 mn; 9M/16: EUR 246 mn) – Q3/9M 2016 included extraordinary HETA gain of EUR 132 mn
  - **NII** of EUR 109 mn in Q3/17 up +12% y-o-y (9M/17: EUR 315 mn; +8% y-o-y), benefiting from a slightly increased portfolio margin and reduced funding costs, while total financing volume is slightly down due to run-down of Value Portfolio
  - **LLPs** stay low (Q3/17: EUR -2 mn; 9M/17: EUR -2 mn), benefiting from portfolio quality and continued supportive market environment
  - **GAE** up in line with expectation (Q3/17: EUR 53 mn; 9M/17: EUR 155 mn; 9M/16: EUR 147 mn)
  
- ➔ **New business** of EUR 7.4 bn in 9M/17 up y-o-y (Q3/17: EUR 2.4 bn; 9M/16: EUR 6.7 bn) while overall approach remains cautious and markets stay highly competitive
  - REF: EUR 6.9 bn (9M/16: EUR 6.3 bn)
  - PIF: EUR 0.6 bn (9M/16: EUR 0.4 bn)
  
- ➔ **CET1 ratio** of 17.1%<sup>1</sup> (fully loaded; 06/17: 19.4%<sup>2</sup>; 12/16: 19.0%<sup>3</sup>) includes RWA increase of EUR ~2 bn from ECB harmonisation of risk models
  - No further significant RWA increases expected from ECB harmonisation process
  - However, Basel IV still pending and expected to result in further RWA increase
  
- ➔ **PBT full-year guidance** raised to EUR 195-200 mn (on 2 November 2017)

<sup>1</sup> Incl. interim result    <sup>2</sup> Excl. interim result    <sup>3</sup> Incl. full-year result, post dividend

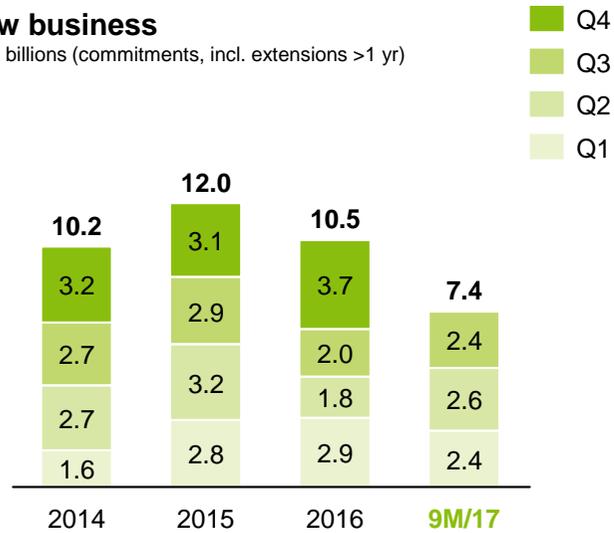
# Highlights

## Operating and financial overview



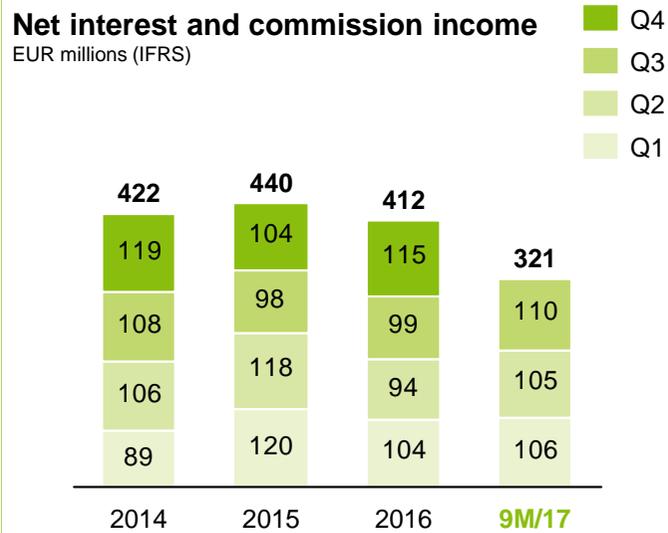
### New business

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



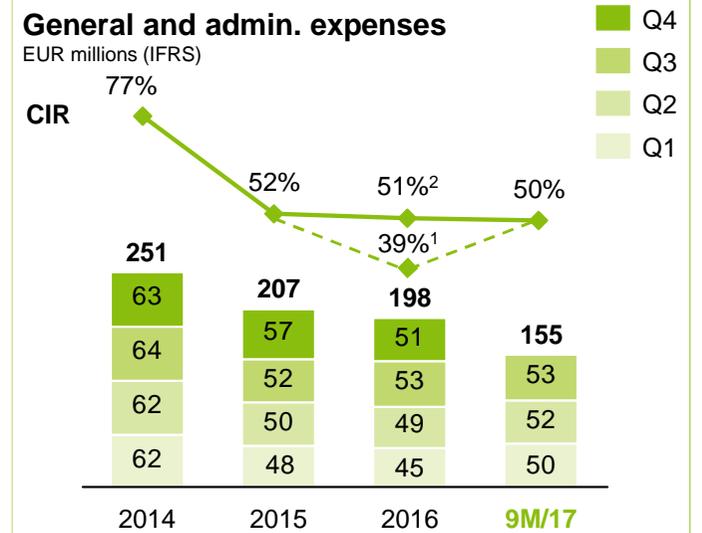
### Net interest and commission income

EUR millions (IFRS)



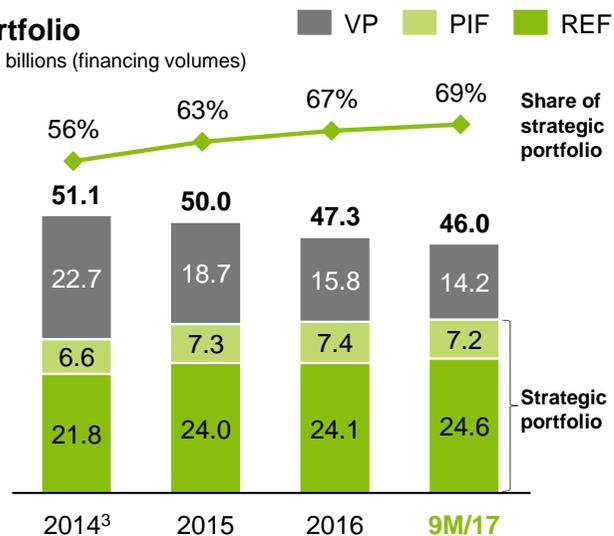
### General and admin. expenses

EUR millions (IFRS)



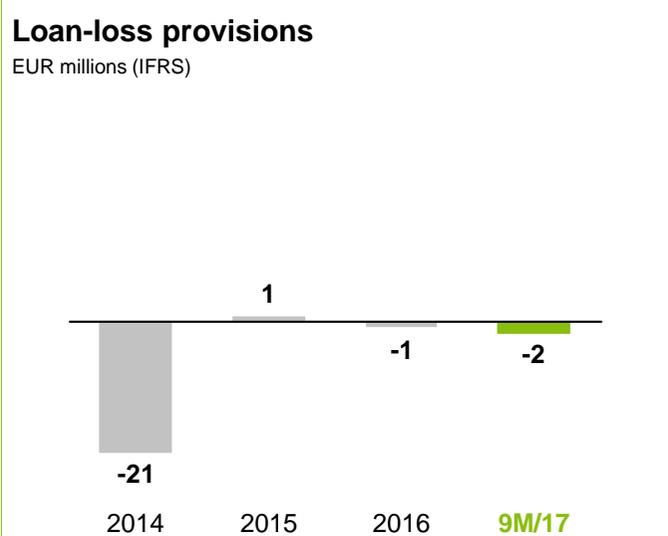
### Portfolio

EUR billions (financing volumes)



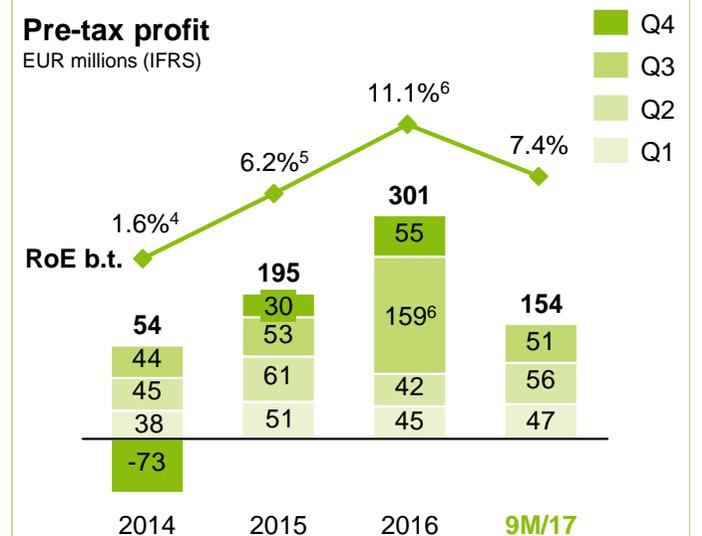
### Loan-loss provisions

EUR millions (IFRS)



### Pre-tax profit

EUR millions (IFRS)



Note: Figures may not add up due to rounding  
Sonderfonds Finanzmarktstabilisierung (FMS) adjustments on HETA exposure

1 Reported incl. extraordinary HETA-gain  
2 Adjusted for HETA-effect  
3 Restated; figures retrospectively adjusted for transfer of Italian PIF portfolio into VP (as of 01/01/15)

4 Incl. EUR 1 bn silent participation of  
5 Calculation based on average equity; EUR 1 bn silent participation of Sonderfonds Finanzmarktstabilisierung (FMS) included until redemption in July 2015

6 Incl. EUR +132 mn extraordinary gain from value

## Highlights

Market environment remains highly competitive and challenging – strategic initiatives well underway to support profitability



### CRE markets

- Heterogeneous picture in **Europe** – however, fundamentals for most continental European markets remain solid
  - Germany: Overall stable market conditions; demand still on high level despite very low yield levels – given a limited number of prime assets, high competition
  - France: Overall stable property investment volumes with high focus on Ile de France and asset class office
  - UK: Investment volumes declined in aftermath of Brexit decision, but GBP weakness acts as further incentive for overseas investors and stabilised investment volume again – London prime yields remain at record lows
  - Nordics: Sweden at peak (Stockholm CBD office vacancy rates below 2% causing sharply rising rents) whereas in Finland yields further decline in all property classes
  - CEE: Overall slightly higher market risk – in Poland higher risk for secondary office with rising vacancy levels due to limited demand; retail market in several cities shows signs of sturation or even oversaturation
- Overall stable **US** market conditions exhibit optimism despite overall concerns because of advanced markt cycle – further solid development expected for office market in New York and Boston
- pbb remains **cautious and highly selective** on
  - Scandinavia and CEE (esp. logistic properties)
  - retail properties

### Strategic initiatives

- **US business** in plan
  - 11 transaction with volume of EUR 0.7 bn signed in 9M/17
  - applications for representative office submitted
  - staffing well advanced
- **Expansion of core business** in existing markets further advanced – pipeline indicates further potential deals
  - High Net Worth Individuals (HNWI): First transaction signed (EUR 103 mn)
  - Low Leverage Lending (LLL): 7 transactions signed (9M/17: EUR 0.3 bn) with focus on property classes Office and Residential in Germany
  - Stretched Senior: 3 transactions (9M/17: EUR 32 mn) signed in Germany in property classes office and retail
- **Digital PIF platform**
  - Test phase to be completed by the end of the year
  - Roll-out in Germany beginning of 2018, France to follow later in 2018

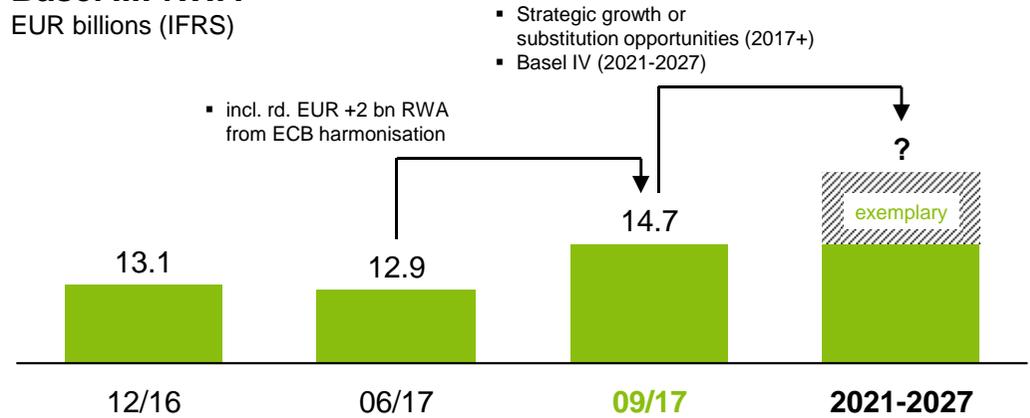
# Highlights

## Capital ratios significantly impacted by regulation

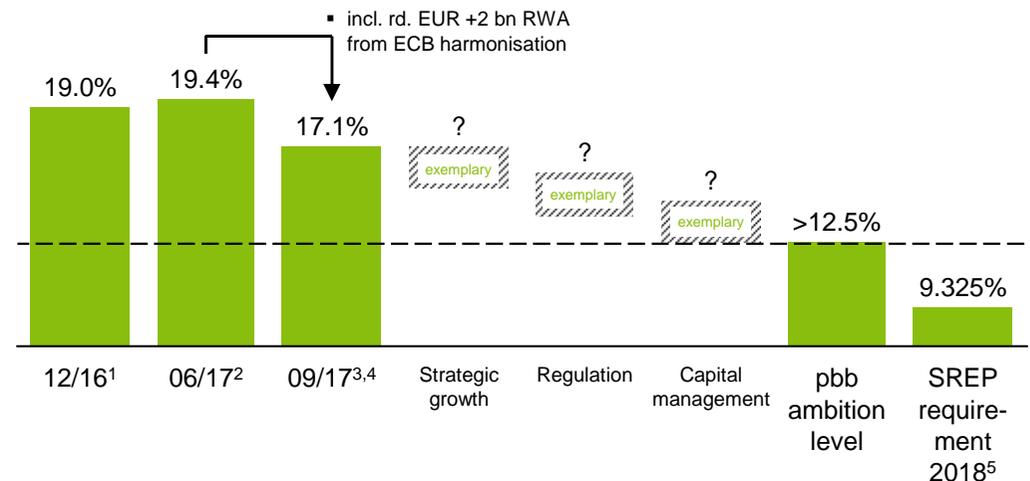


<p><b>ECB</b></p>	<ul style="list-style-type: none"> <li>RWA increase of EUR ~2 bn in Q3/17 from ECB harmonisation of risk models             <ul style="list-style-type: none"> <li>only REF affected</li> <li>higher PDs (multiplier) and LGDs (add-ons)</li> </ul> </li> <li>No further significant RWA increases expected from ECB harmonisation process</li> </ul>
<p><b>Basel IV</b></p>	<ul style="list-style-type: none"> <li>Basel IV regulation still under discussion, uncertainty remains             <ul style="list-style-type: none"> <li>Currently, output-floor (max. output of IRBA-models versus SA) of 72.5% discussed</li> <li>Finalisation expected until year-end</li> <li>Phase-in of new Basel IV requirements expected 2021-2027</li> </ul> </li> <li>Sufficient capital buffer to be adequately capitalised under Basel IV</li> </ul>
<p><b>IFRS 9</b></p>	<ul style="list-style-type: none"> <li>Only minor first-time application effects on IFRS capital</li> <li>Higher volatility in P&amp;L expected</li> </ul>
<p><b>Strategic growth</b></p>	<ul style="list-style-type: none"> <li>Moderate balance sheet growth over the next few years</li> <li>Opportunities for growth or substitution of new business via e.g. portfolio acquisitions to be evaluated</li> </ul>

**Basel III: RWA**  
EUR billions (IFRS)



**Basel III: CET 1 ratio (fully loaded)**  
% (IFRS)



Note: Figures may not add up due to rounding 1 Incl. full-year result, post dividend indication; incl. capital conservation buffer and countercyclical buffer 2 Excl. interim result 3 Incl. interim result 4 Incl. EUR ~2 bn RWA increase from ECB harmonisation of risk models 5 First draft

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## Income statement

### Underlying NII with positive development over the last quarters

## Income from lending business

EUR millions

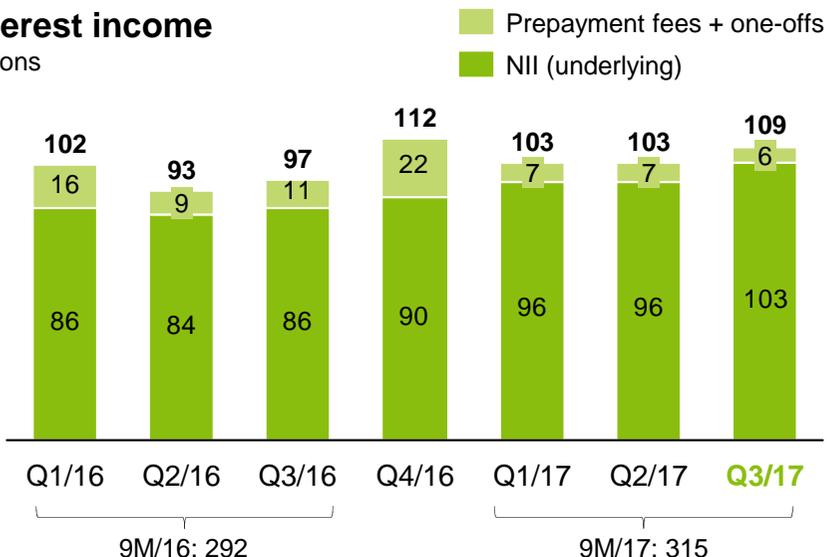
	Q3/16	Q3/17	9M/16	9M/17	
Net interest income	97	109	292	315	
<i>thereof: Prepayment fees</i>	8	5	22	21	
<i>One-off effects</i>	2	1	13	-1	
Interest income	457	417	1,383	1,257	◀ -9%
Interest expenses	-360	-308	-1,091	-942	◀ -14%
Net fee and commission income	2	1	5	6	
<b>Total</b>	<b>99</b>	<b>110</b>	<b>297</b>	<b>321</b>	

### Key drivers Q3/9M 2017:

- NII up y-o-y, less supported by positive one-off effects but benefiting from solid underlying NII
  - Avg. strategic financing volume slightly up to EUR 31.8 bn in 9M/17 (9M/16: EUR 31.3 bn)
  - Total average portfolio margin slightly up
  - Funding costs down
  - 9M/16 benefited from EUR 14 mn higher one-offs, including income from asset sales and realisation of fees
  
- However, NII continues to be influenced by following major base effects:
  - Value Portfolio run-down
  - Funding surplus due to stronger funding activities in H1
  - Low returns from (re)investments of equity/liquidity book

## Net interest income

EUR millions



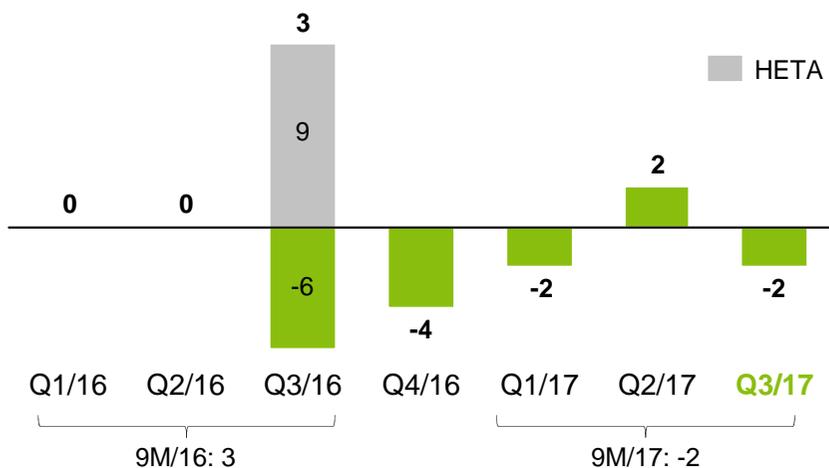
## Income statement

LLPs stay low, benefiting from portfolio quality and continued supportive market environment

## Loan-loss provisions

EUR millions

	Q3/16	Q3/17	9M/16	9M/17
Specific allowances	2	-	1	-4
<i>Additions</i>	-9	-1	-11	-6
<i>Releases</i>	11	1	12	2
Portfolio-based allowances	-2	-3	-2	1
Other allowances	-	-	1	-
Recoveries from write-offs	3	1	3	1
<b>Total</b>	<b>3</b>	<b>-2</b>	<b>3</b>	<b>-2</b>



### Key drivers Q3/9M 2017:

- No new major single cases
- Coverage ratio<sup>1</sup> up to 29% (12/16: 26%), benefiting from decrease in NPLs  
Coverage ratio does not take into account additional collateral – incl. additional collateral, REF coverage ratio at ca. 100%

<sup>1</sup> "SLLPs" in relation to "Gross book value of receivables with SLLPs"

## Income statement

Operating costs up in line with expectations – 2016 benefited from release of provisions; regulatory costs and strategic investments will increasingly weigh on overall cost level

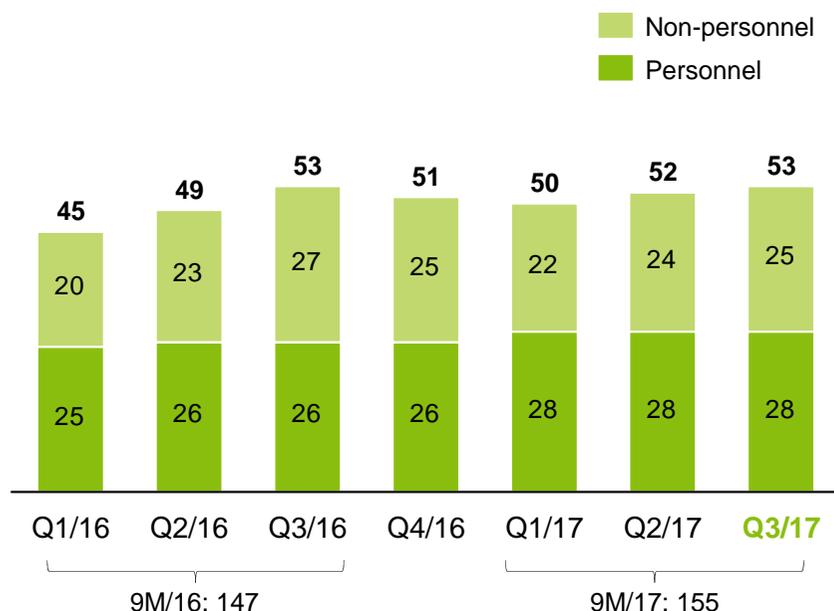
### General and administrative expenses

EUR millions

	Q3/16	Q3/17	9M/16	9M/17
General admin. expenses	-53	-53	-147	-155
Personnel	-26	-28	-77	-84
Non-personnel	-27	-25	-70	-71
CIR (%) <sup>1</sup>	24.8	50.0	37.2	50.2

#### Key drivers Q3/9M 2017:

- GAE up in line with expectation
  - Personnel expenses: Last year benefited from releases of provisions made in prior years – no such effect in 2017
  - Non-personnel expenses include project costs, esp. related to regulatory requirements
  
- All in all, operating costs tightly managed
  - Headcount: 736 FTE (06/17: 741 FTE; 12/16: 756 FTE) below year-end expectation
  - However, project costs expected to increasingly weigh on overall cost level from Q4/17
    - Regulatory costs
    - Strategic investments



<sup>1</sup> 2016 influenced by EUR +132 mn extraordinary gain from value adjustments on HETA exposure

## Income statement

### Result from financial instruments: No major one-off effects in Q3/17

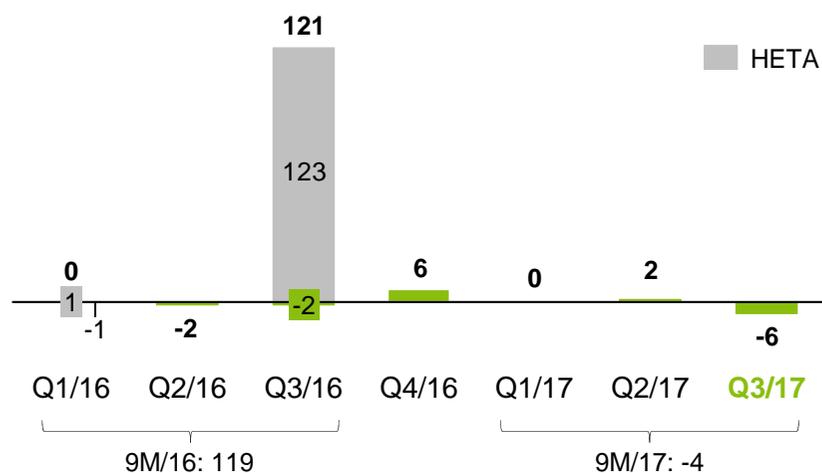
### Result from financial instruments

EUR millions

	Q3/16	Q3/17	9M/16	9M/17
Net trading income	-3	-4	-10	-4
Net income from financial investments	123	-1	128	-
<i>thereof: HETA</i>	123	-	123	-
Net income from hedging relationships	1	-1	1	-
<b>Total</b>	<b>121</b>	<b>-6</b>	<b>119</b>	<b>-4</b>

#### Key drivers Q3/9M 2017:

- NTI mainly driven by derivative valuation in Q3/17
  - EUR -3 mn pull-to-par effect from positive derivative fair values (9M/17: EUR -7 mn; 9M/16: EUR -9 mn)
  - EUR -1 mn measurement effects from interest rate and FX derivatives (9M/17: EUR -2 mn; 9M/16: EUR 7 mn)
  - No (net) bCVA effects (9M/17: EUR 5 mn; 9M/16: EUR -8 mn)
  
- No major one-off effects in NFI - last year positively affected by EUR +123 mn HETA gain



## Income statement

Result from other business activities: No major one-off effects in Q3/17

### Result from other business activities

EUR millions

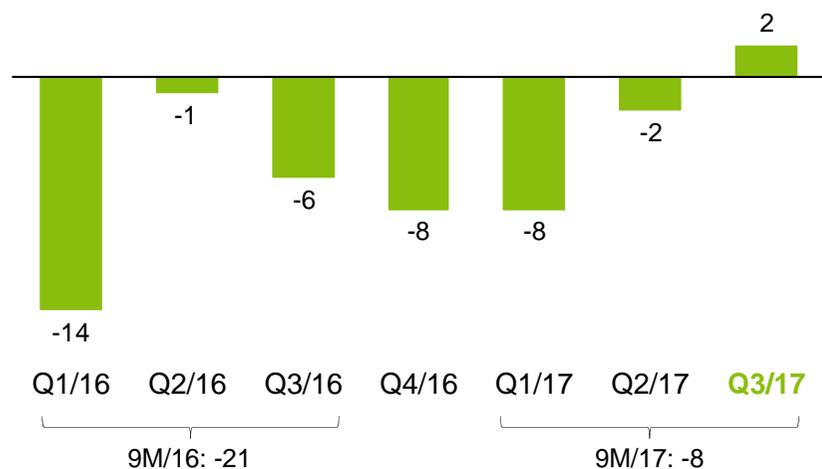
	Q3/16	Q3/17	9M/16	9M/17
Net other operating income/expenses	-6	2	-21	-8
<i>thereof: Bank levy</i>	-	-	-21	-19
Net miscellaneous income/expenses	-5	-	-5	2

#### Key drivers Q3/9M 2017:

- Other operating income/expenses mainly driven by bank levy booked in Q1/17
  - No major one-offs in Q3/17 – Q3/16 burdened by provisioning for litigation costs
  - 9M/17 benefiting from asset sales out of VP in Q1/17
  
- Miscellaneous result driven by restructuring provisions (Q2/17: EUR 1 mn; Q1/17: EUR 1 mn; 9M/16: EUR -5 mn)

### Net other operating income/expenses

EUR millions

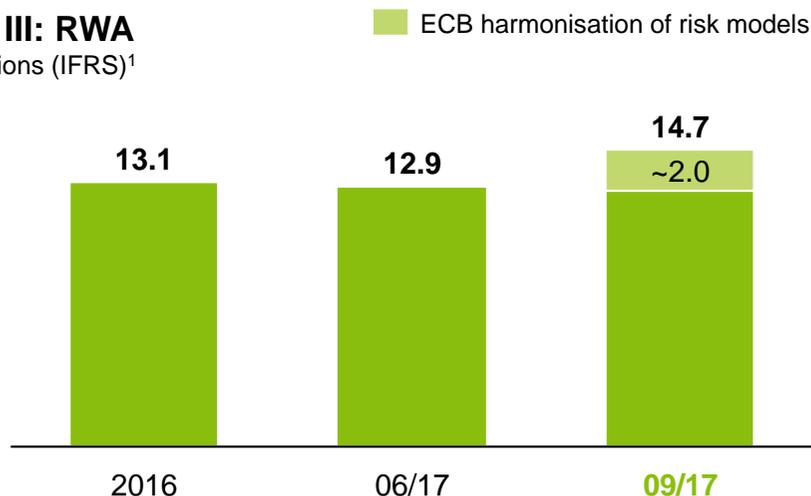


## Capitalisation

RWA increase from ECB harmonisation of risk models in Q3/17 – capitalisation remains strong, providing buffer for further RWA challenges, cyclical risk and business growth

### Basel III: RWA

EUR billions (IFRS)<sup>1</sup>



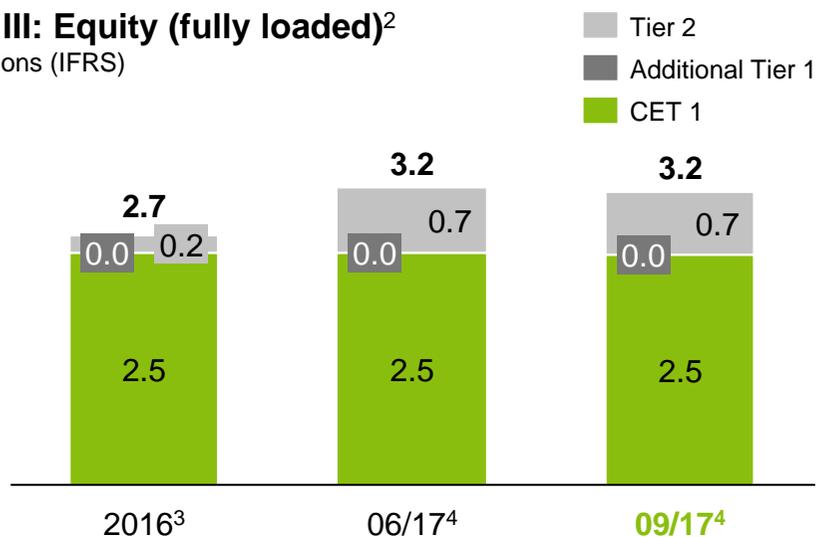
### Basel III: Capital ratios (fully loaded)

% (IFRS)

in %	12/16 <sup>3</sup>	06/17 <sup>4</sup>	09/17 <sup>5,6</sup>	Ambition levels
CET 1	19.0	19.4	17.1	≥12.5
Tier 1	19.0	19.4	17.1	≥16
Own funds	20.7	24.8	21.8	16-18
Leverage ratio	4.2	4.3	4.5	≥3.5

### Basel III: Equity (fully loaded)<sup>2</sup>

EUR billions (IFRS)



### Key drivers Q3/9M 2017:

- EUR ~2.0 bn EUR RWA increase from ECB harmonisation of risk models in Q3/17
  - Only REF affected
  - Higher PDs (multiplier) and LGDs (add-ons)
- pbb will retain capital buffers for further RWA challenges (Basel IV pending), cyclical risks and business growth

Note: Figures may not add up due to rounding 1 No transitional rules to be applied 2 Simulation based on full implementation of CRR; actual figures may vary significantly from simulation 3 Incl. full-year result, post dividend  
4 Excl. interim result 5 Incl. interim result 6 Incl. EUR ~2 bn RWA increase from ECB harmonisation of risk models

## Capitalisation

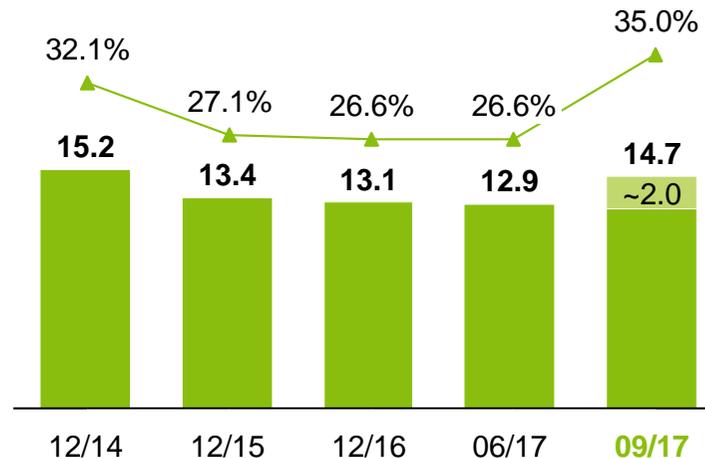
RWA increase from ECB harmonisation of risk models driven by recalibration of PD and LGD parameters; reduction of SREP requirements by -0.5%-pts through improvement of risk profile

### ECB harmonisation of risk models

(only REF affected)

REF risk-weights %

Total RWA EUR billions

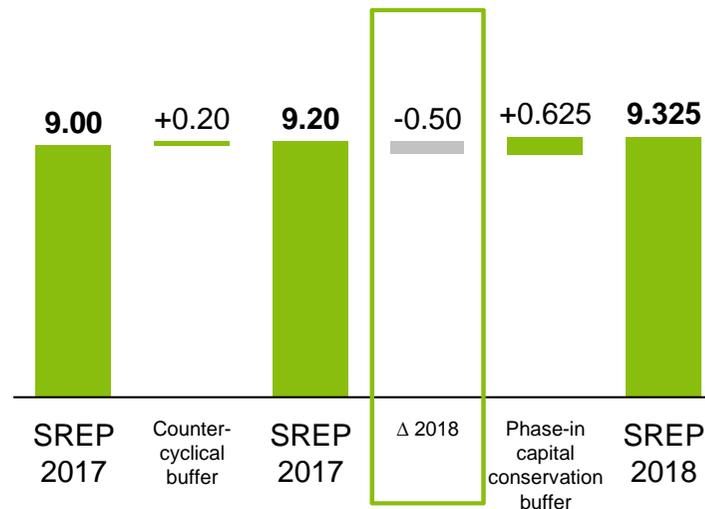


- RWA relief 2014-2017 mainly driven by re-/prepayments and rating changes, which were only partially compensated by new business
- ECB recalibration focus on PD and LGD parameter provide for more RWA stability over the cycle

### SREP requirement 2018

(First draft indication)

CET ratio (phase-in) %



- Reduction of SREP requirement by -0.5%-pts through improvement of risk profile
- Capital conservation buffer with phase-in in 2 steps – +0.625%-pts in 2018 and 2019
- SREP requirement 2018 (first draft indication)
  - CET 1 ratio
    - phase-in: 9.325% (2017: 9.2%)
    - fully-loaded: 9.95% (2017: 10.45%)
  - Own funds ratio
    - Phase-in: 12.825% (2017: 12.7%)
    - fully loaded: 13.45% (2017: 13.95%)

# Agenda

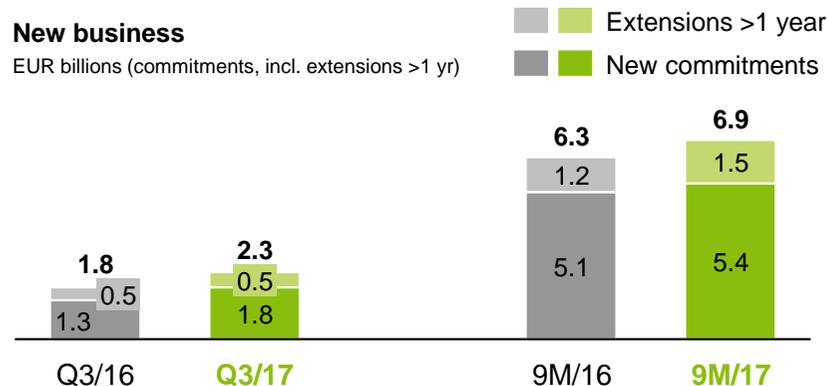
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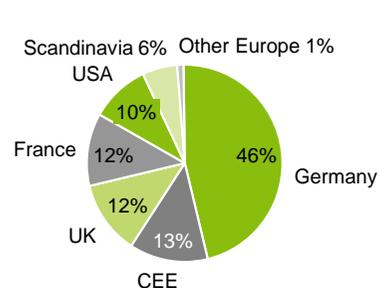
# Segment reporting: Real Estate Finance (REF)

New business on solid level – continued focus on conservative risk positioning



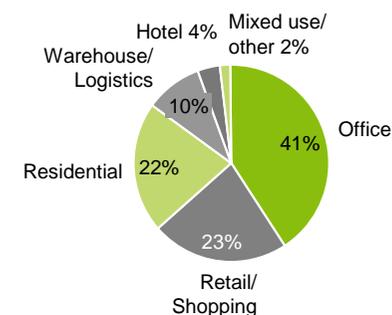
## Regions

9M/17: EUR 6.9 bn



## Property types

9M/17 EUR 6.9 bn



New business	9M/16	2016	9M/17
Total volume (EUR bn)	6.3	9.5	6.9
<i>thereof: Extensions &gt;1 year</i>	1.2	1.6	1.5
No. of deals	126	189	147
Average maturity (years) <sup>1</sup>	~5.0	~5.1	~5.1
Average LTV (%) <sup>2</sup>	62	62	61
Average gross margin (bp)	~170	>175	>160

Income statement (IFRS, EUR mn)	Q3/16	Q3/17	9M/16	9M/17
Operating income	83	86	225	245
<i>thereof: Net interest income</i>	82	88	234	255
<i>Net commission income</i>	2	2	5	7
<i>Other revenues</i>	-1	-4	-14	-17
Loan-loss provisions	-6	-2	-6	-3
General administrative expenses	-41	-42	-114	-123
<b>Pre-tax profit</b>	<b>32</b>	<b>42</b>	<b>101</b>	<b>121</b>
Key indicators	Q3/16	Q3/17	9M/16	9M/17
CIR (%)	49.4	48.8	50.7	50.2
RoE before tax (%)	20.8	25.8	24.2	25.7
Equity (EUR bn, excl. revaluation reserve)	0.5	0.6	0.5	0.6
RWA (EUR bn)	5.9	8.6	5.9	8.6
Financing volume (EUR bn)	24.0	24.6	24.0	24.6

## Key drivers Q3/9M 2017:

- New business volume on solid level with avg. gross margin slightly down in Q3/17
  - high competition, therefore continued focus on conservative risk positioning (avg. LTV 61%)
  - Higher share of investment loans
- Financing volume slightly up y-o-y and q-o-q (09/17: EUR 24.4 bn; 06/17: EUR 24.1 bn; 09/16: EUR 24.0 bn)
- Positive financial segment performance mainly driven by positive NII development, operating costs up in line with expectation, LLPs remain low

Note: Figures may not add up due to rounding 1 Legal maturities 2 New commitments; avg. LTV (extensions): 57%; 9M/16: 56%; 2016: 56%

## Segment reporting: Public Investment Finance (PIF)

### New business mainly driven by demand in Spain and UK in Q1/17

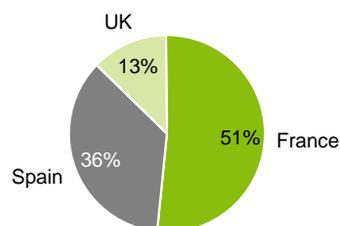
#### New business

EUR billions (commitments)



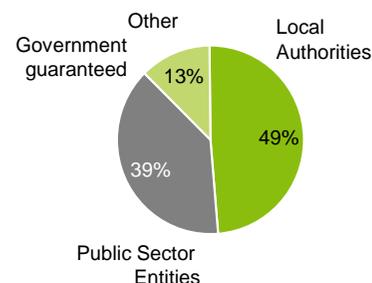
#### Regions

9M/17: EUR 0.6 bn



#### Counterparty Types

9M/17: EUR 0.6 bn



New business	9M/16	2016	9M/17
Total volume (EUR bn)	0.4	1.0	0.6
No. of deals	15	28	19
Average maturity (years) <sup>1</sup>	~8.3	~8.8	~9.0
Average gross margin (bp)	>100	~85	>90

Income statement (IFRS, EUR mn)	Q3/16	Q3/17	9M/16	9M/17
Operating income	5	8	23	22
<i>thereof: Net interest income</i>	7	8	25	26
Loan-loss provisions	-	-	-	-
General administrative expenses	-7	-7	-20	-21
<b>Pre-tax profit</b>	<b>-3</b>	<b>1</b>	<b>2</b>	<b>1</b>
Key indicators	Q3/16	Q3/17	9M/16	9M/17
CIR (%)	>100	87.5	87.0	95.5
RoE before tax (%)	-1.9	1.3	1.4	0.5
Equity (EUR bn, excl. revaluation reserve)	0.3	0.3	0.3	0.3
RWA (EUR bn)	1.5	1.4	1.5	1.4
Financing volume (EUR bn, nominal)	7.2	7.2	7.2	7.2

#### Key drivers Q3/9M 2017:

- New business mainly driven by demand in Spain and UK in Q1/17
- Financing volume slightly down in Q3/17 due to maturities, but stable y-o-y (EUR 7.2 bn)
- Financial segment performance slightly up y-o-y, but influenced by allocation effects

Note: Figures may not add up due to rounding <sup>1</sup> Weighted average lifetime

## Segment reporting: Value Portfolio (VP)

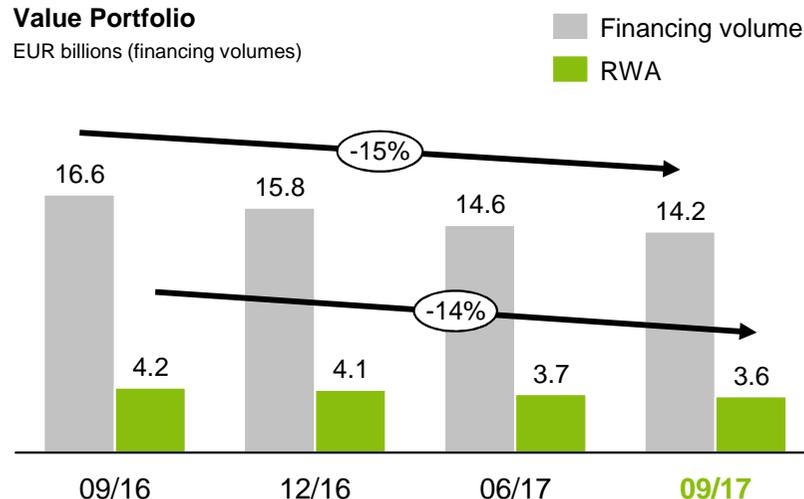
### Run-down of non-strategic Value Portfolio continued in line with strategy



DEUTSCHE  
PFANDBRIEFBANK

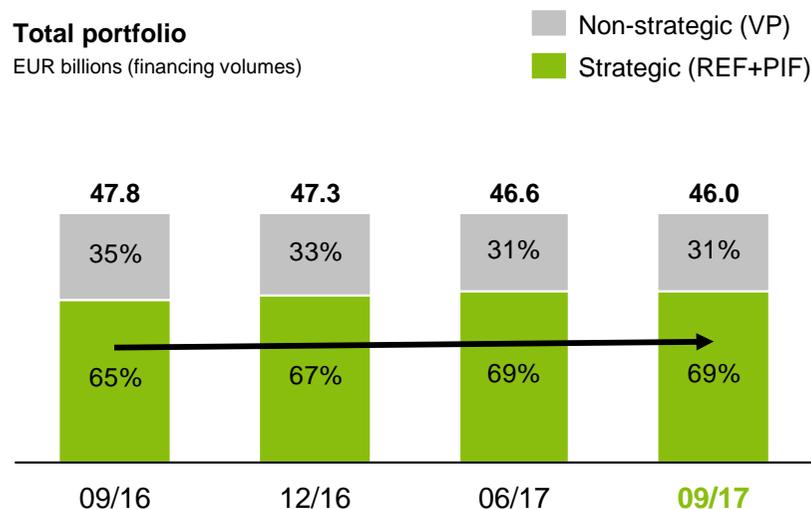
#### Value Portfolio

EUR billions (financing volumes)



#### Total portfolio

EUR billions (financing volumes)



Income statement (IFRS, EUR mn)	Q3/16	Q3/17	9M/16	9M/17
Operating income	125	9	144	37
<i>thereof: Net interest income</i>	7	10	29	29
<i>Other revenues</i>	118	-1	115	8
Loan-loss provisions	9	-	9	1
General administrative expenses	-5	-4	-13	-11
<b>Pre-tax profit/loss</b>	<b>129</b>	<b>5</b>	<b>140</b>	<b>27</b>
Key indicators	Q3/16	Q3/17	9M/16	9M/17
CIR (%)	4.0	44.4	9.0	29.7
RoE before tax (%)	34.7	1.4	12.2	2.4
Equity (EUR bn, excl. revaluation reserve)	1.6	1.5	1.6	1.5
RWA (EUR bn)	4.2	3.6	4.2	3.6
Financing volume (EUR bn, nominal)	16.5	14.2	16.6	14.2

#### Key drivers 9M/17:

- Financing volume further down in line with strategy (-3% q-o-q; -15% y-o-y)
- Financial segment performance: previous year mainly affected by extraordinary HETA gain of EUR +132 mn (financial investment income: EUR 123 mn; LLPs: EUR 9 mn)

Note: Figures may not add up due to rounding

# Agenda

- 1 **Highlights**
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**Appendix**

**Contact details**

# Portfolio

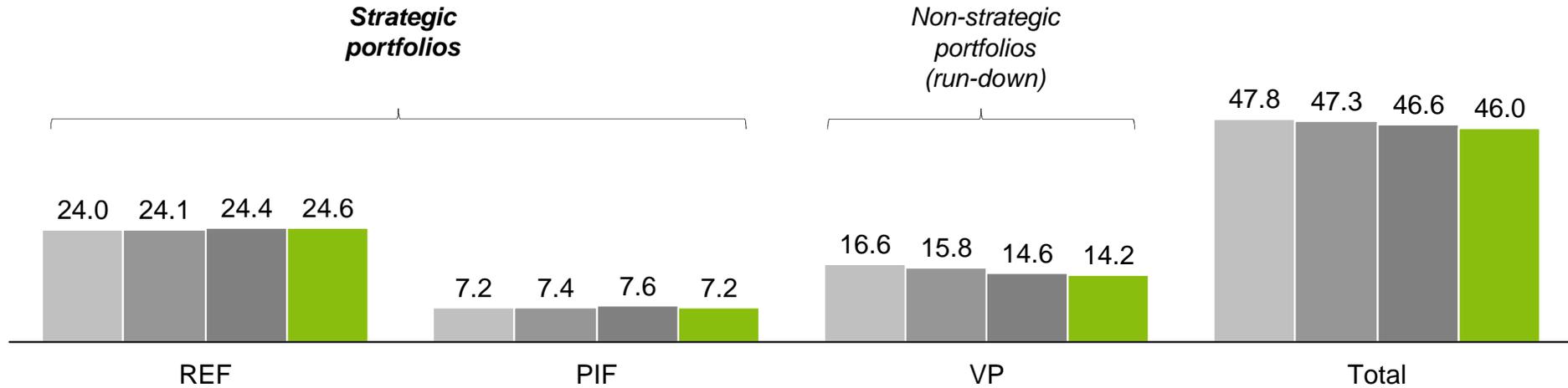
Avg. strategic portfolio slightly up y-o-y to EUR 31.8 bn in 9M/17



## Total portfolio

EUR billions (financing volumes)

09/16 12/16 06/17 09/17



### Key drivers Q3/9M 2017:

- REF portfolio slightly up in Q3/17 (EUR +0.2 bn; y-o-y: EUR +0.6 bn), based on solid new business volume
- PIF portfolio slightly down in Q3/17 (EUR -0.4 bn; y-o-y: stable) due to maturities
- Run-down of non-strategic Value Portfolio continued in line with strategy

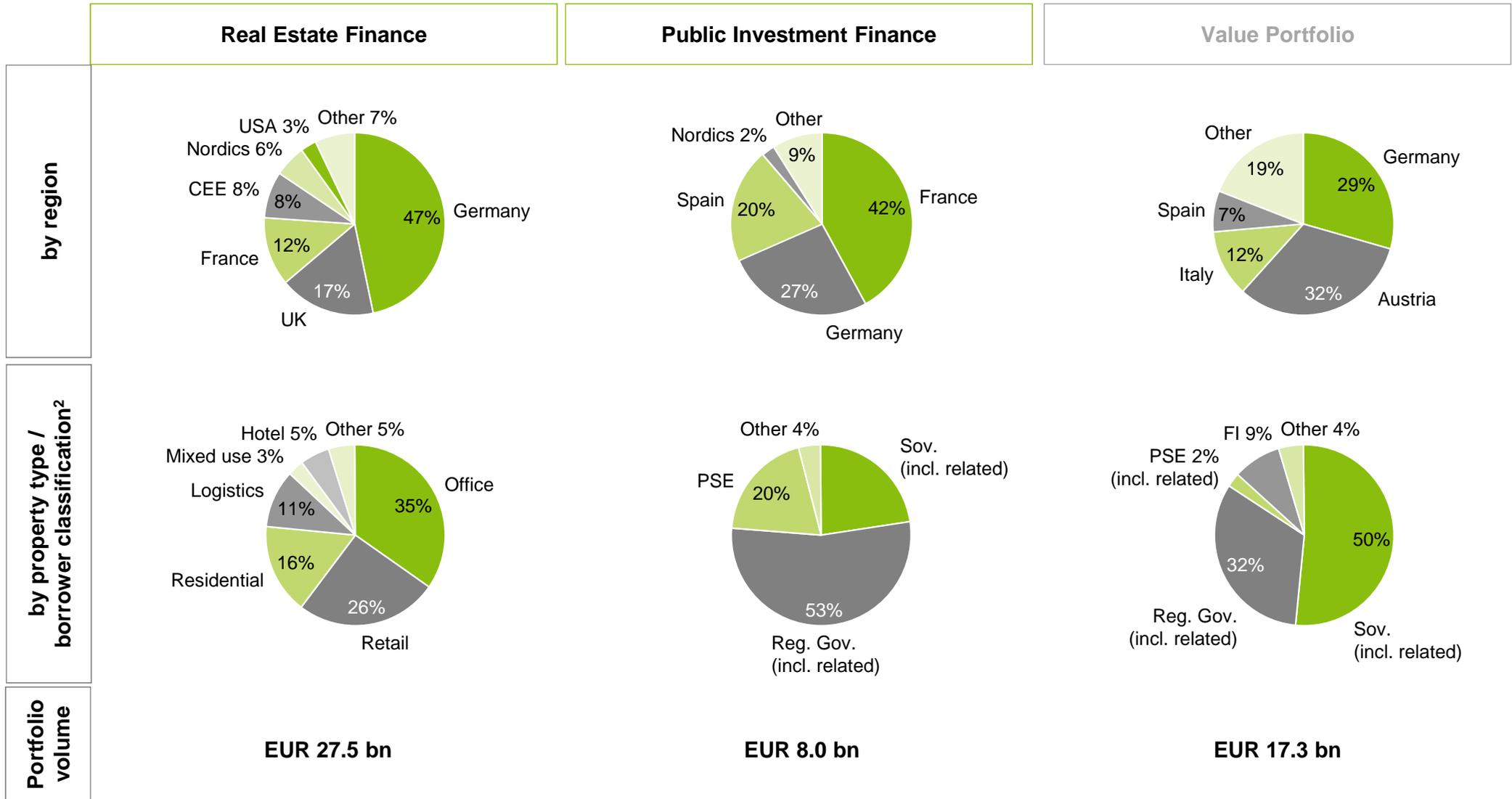
Note: Figures may not add up due to rounding

# Portfolio

Stable and well diversified portfolio with continued focus on European markets, particularly on Germany – continued cautious growth of US business



30/09/2017 (EaD, Basel III)



Note: Figures may not add up due to rounding <sup>2</sup> See appendix for definition of borrower classification

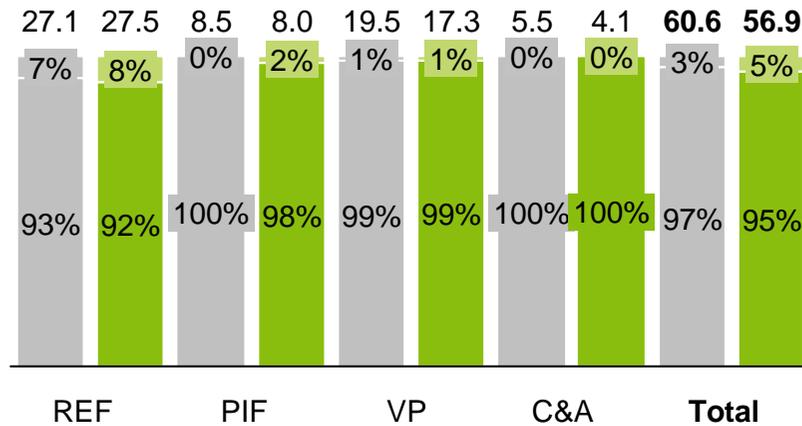
# Portfolio

Conservative business and risk strategy to continue – high portfolio quality with 95% investment-grade, avg. LTV of 56%



## Total portfolio: Internal ratings (EL classes)

EUR billions (EaD, Basel III)



12/16  
09/17

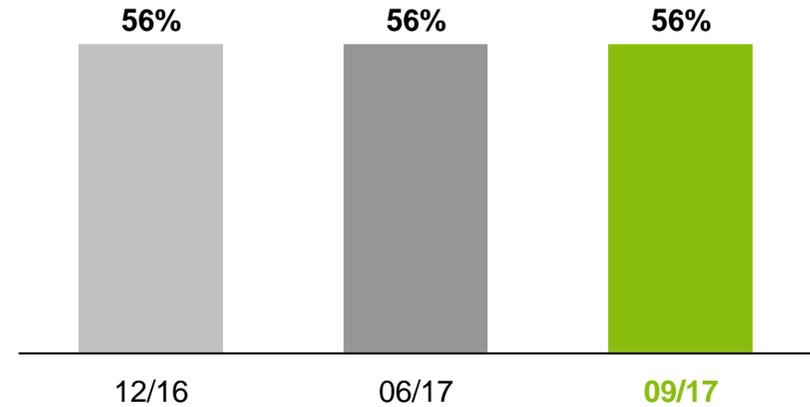
■ Non-investment grade<sup>1</sup>  
■ Investment grade<sup>1</sup>

### Key drivers Q3/9M 2017:

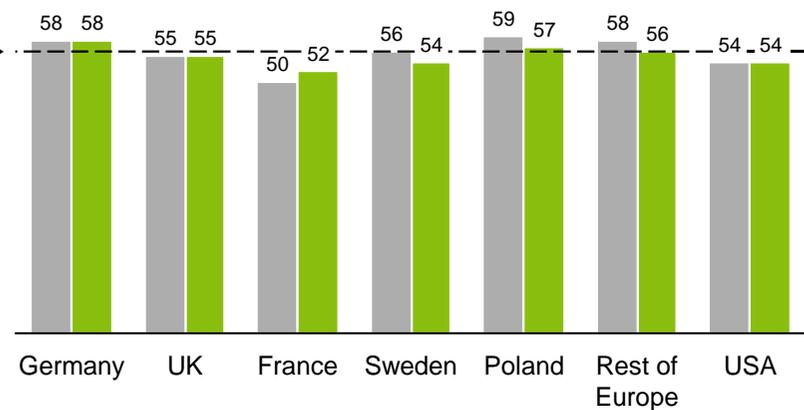
- Change of internal rating distribution mainly driven by PD and LGD recalibration from ECB harmonisation of risk models (only REF)
- Change in PIF reflects internal rating downgrade of a Southern European region

## REF Portfolio: Avg. weighted LTVs

% (commitments)<sup>2</sup>



12/16: Ø 56%  
09/17: Ø 56%



■ 12/16 ■ 09/17

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

# Portfolio

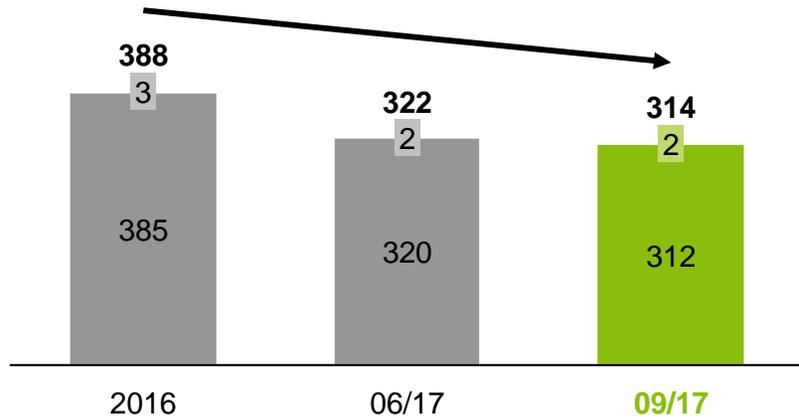
**Problem loans further down – problem loan ratio of total portfolio at 0.6%**



## Total problem loans

EUR millions (EaD, Basel III)

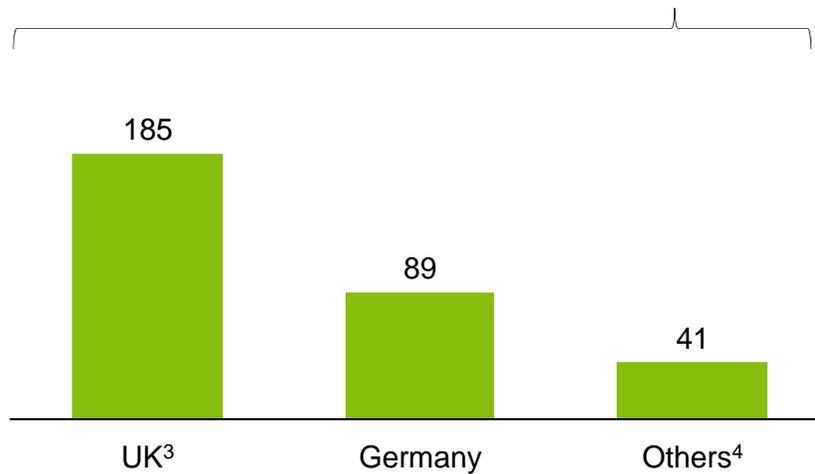
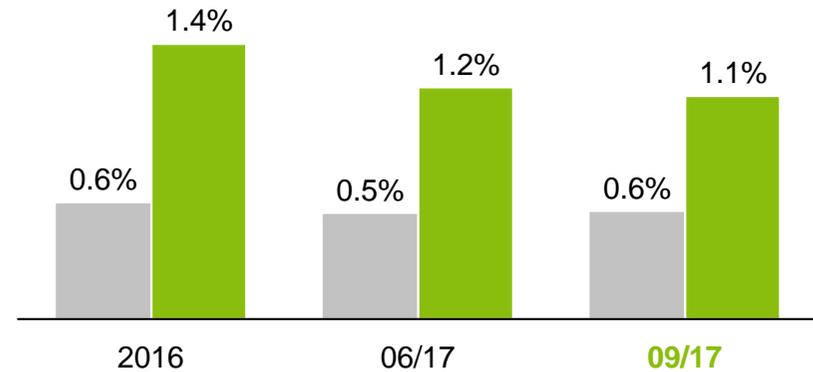
Workout<sup>1</sup>  
Restructuring<sup>2</sup>



## Problem loan ratio

% (EaD, Basel III)

Total portfolio  
Real Estate Finance



### Key drivers Q3/9M 2017:

- Further reduction of problem loans
  - Successful restructurings
  - REF only
  - 0.6% of total portfolio
- Estate UK-3: Expert mandated, process ongoing

Note: Figures may not add up due to rounding. <sup>1</sup> PD class 30: No signs that the deal will recover soon, compulsory measures necessary. <sup>2</sup> 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 problem loan – properties sold, but synthetic securitisation has not yet allocated loss. <sup>4</sup> Incl. Hungary, Italy, Spain

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# Funding

## Holistic management of capital and funding – funding costs further reduced



### New long-term funding

EUR billions<sup>1</sup>

9M/16: EUR 4.8 bn

9M/17: EUR 5.3 bn<sup>2</sup>

Spread  
(Ø, bp)<sup>3</sup>

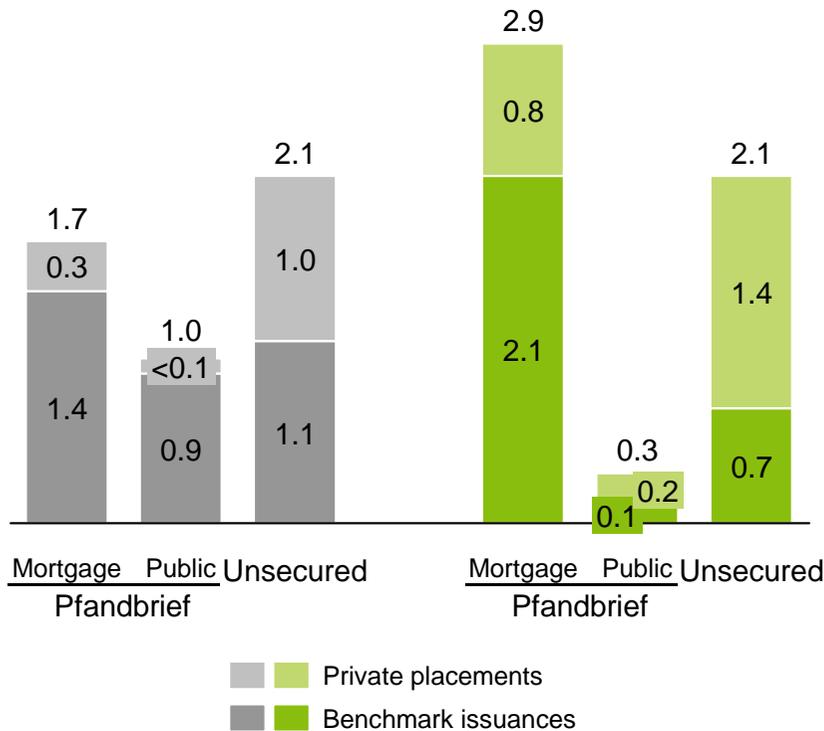
23 28 122

17 11 77

Tenor  
(Ø, yrs)<sup>4</sup>

9.4 11.8 7.2

5.8 6.2 7.4



### Pfandbriefe

#### ■ Currency matched funding:

- Mortgage Pfandbriefe: GBP 300 mn, SEK 2.6 bn; first USD benchmark USD 600 mn, tapped by USD 100 mn in August
- Public Pfandbriefe: USD 100 mn

#### ■ EUR Pfandbriefe: Two EUR 500 mn and EUR 100 mn tap

### Senior Unsecured

- EUR 500 mn + EUR 150 mn benchmarks issued in January and February
- In addition, strong private placements
- EUR 190 mn senior preferred issued (Structured Notes rated A-)

### AT1/Tier 2

- EUR 350 mn Hybrid Tier 1 redeemed in June
- New Tier 2 issuances of EUR 0.5 bn, incl. inaugural EUR 300 mn benchmark issued in June

### pbb direkt

- Total volume stable at EUR 3.4 bn (12/16: EUR 3.4 bn); average maturity<sup>5</sup> at 3.7 years (12/16: 3.4 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. money market and deposit business 2 Excl. Tier 2 issuances 3vs. 3M Euribor 4 Initial weighted average maturity 5 Initial weighted average maturity of term deposits

# Funding

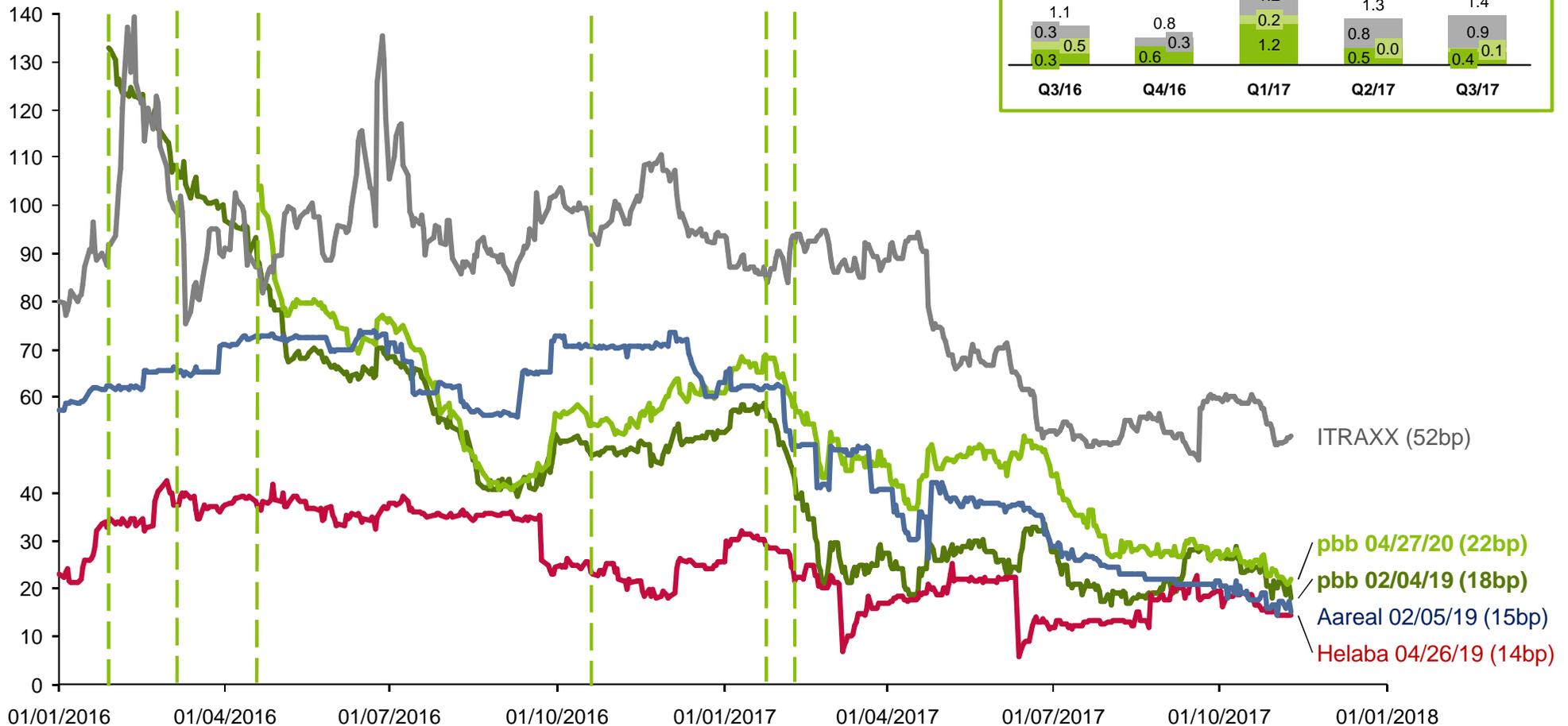
## Senior unsecured spreads converged significantly



### Spread development of pbb Senior Unsecured Benchmarks vs peers and iTraxx Bank Senior

(Spread vs. 6m Euribor)

--- pbb Senior Unsecured Benchmark issuances/taps



Source: Bloomberg 1 Excl. money market and deposit business

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## Outlook 2017/2018

**PBT guidance 2017 raised to EUR 195-200 mn – planning/PBT guidance for 2018 will again be conservative, especially with regards to risk costs**

- ➔ **PBT guidance 2017** raised to EUR 195-200 mn after good results in Q3/17 and anticipated stable development in Q4/17
  - NII and low risk costs being the drivers also into Q4/17
  - Project costs expected to increasingly weigh on overall cost level from Q4/17 (regulatory costs, strategic investments)
  - New business in line with expectations
  
- ➔ Positive factors in 2017 cannot be taken as a given for 2018 - therefore, **planning/PBT guidance for 2018** will again be conservative, especially with regards to risk costs
  - Overall **market environment** to remain challenging
    - Low interest rate environment to persist
    - Demand for Real Estate asset class to remain high – high priced asset class provides yield uplift vs. long-term government yields
    - Selective on new business as margins remain under pressure
    - Positive funding situation expected to continue
  - **Risk costs** will be influenced by IFRS 9 implementation due to change of valuation from actual credit loss model to expected credit loss model
  - **Operating costs** still to be influenced by regulatory projects and strategic investments
  
- ➔ **Dividend proposal for 2017** and **full guidance for 2018** to be provided with release of full-year results 2017

# Appendix

# Key figures

## pbb Group



Income statement (EUR millions)	2014	2015	2016 <sup>1</sup>	9M/17
Net interest income	421	426	404	315
Net fee and commission income	1	14	8	6
Net trading income	-30	15	-6	-4
Net income from financial investments	-77	-32	125	-
Net income from hedging relationships	-3	11	6	-
Net other operating income/expenses	14	-34	-29	-8
<b>Operating income</b>	<b>326</b>	<b>400</b>	<b>508</b>	<b>309</b>
Loan-loss provisions	-21	1	-1	-2
General and administrative expenses	-251	-207	-198	-155
Net miscellaneous income/expenses	-	1	-8	2
<b>Profit or loss before tax</b>	<b>54</b>	<b>195</b>	<b>301</b>	<b>154</b>
Income taxes	-50	35	-104	-28
<b>Net income/loss</b>	<b>4</b>	<b>230</b>	<b>197</b>	<b>126</b>
<b>Key ratios (%)</b>	<b>2014</b>	<b>2015</b>	<b>2016<sup>1</sup></b>	<b>9M/17</b>
CIR	77.0	51.8	39.0	50.2
RoE before tax	1.6	6.2 <sup>2</sup>	11.1	7.4
RoE after tax	0.1	7.4 <sup>2</sup>	7.3	6.0
<b>Balance sheet (EUR billions)</b>	<b>12/14</b>	<b>12/15</b>	<b>12/16</b>	<b>09/17</b>
Total assets	74.9 <sup>4</sup>	66.8	62.6	57.9
Equity (excl. revaluation reserve)	3.4	2.7	2.8	2.8
<i>thereof: Silent participation<sup>3</sup></i>	1.0	-	-	-
Financing volume	51.1	50.0	47.3	46.0
<b>Regulatory capital ratios<sup>5</sup></b>	<b>12/14</b>	<b>12/15</b>	<b>12/16<sup>1</sup></b>	<b>09/17</b>
RWA (EUR bn)	15.2 <sup>6</sup>	13.4	13.1	14.7
CET 1 ratio – phase in (%)	22.2 <sup>6,7</sup>	18.9 <sup>7</sup>	19.5 <sup>7</sup>	17.1 <sup>8</sup>
<b>Personnel</b>	<b>12/14</b>	<b>12/15</b>	<b>12/16</b>	<b>09/17</b>
Employees (FTE)	808	785	756	736

Note: Annual results 2014-2016 audited 1 Incl. EUR +132 mn extraordinary gain from value adjustments on HETA exposure 2 Calculation based on average equity; EUR 1 bn silent participation of Sonderfonds Finanzmarktstabilisierung (FMS) included until redemption on 6 July 2015 3 EUR 1 bn FMS silent participation redeemed on 6 July 2015 4 Revised due to IAS 8.14 et seq 5 Basel III transitional rules 6 Retrospectively adjusted 7 Incl. full-year result, post dividend 8 Incl. interim result

## Key figures

### pbb Group Q3/16 vs. Q3/17



Income statement (EUR millions)	REF		PIF		VP		C&A		pbb Group	
	Q3/16	Q3/17	Q3/16	Q3/17	Q3/16 <sup>1</sup>	Q3/17	Q3/16	Q3/17	Q3/16 <sup>1</sup>	Q3/17
Net interest income	82	88	7	8	7	10	1	3	97	109
Net fee and commission income	2	2	-	-	-	-1	-	-	2	1
Net trading income	1	-2	-1	-	-3	-2	-	-	-3	-4
Net income from financial investments	-	-1	-	-1	123	1	-	-	123	-1
Net income from hedging relationships	1	-1	-	-	-	-	-	-	1	-1
Net other operating income/expenses	-3	-	-1	1	-2	1	-	-	-6	2
<b>Operating income</b>	<b>83</b>	<b>86</b>	<b>5</b>	<b>8</b>	<b>125</b>	<b>9</b>	<b>1</b>	<b>3</b>	<b>214</b>	<b>106</b>
Loan-loss provisions	-6	-2	-	-	9	-	-	-	3	-2
General and administrative expenses	-41	-42	-7	-7	-5	-4	-	-	-53	-53
Net miscellaneous income/expenses	-4	-	-1	-	-	-	-	-	-5	-
<b>Profit or loss before tax</b>	<b>32</b>	<b>42</b>	<b>-3</b>	<b>1</b>	<b>129</b>	<b>5</b>	<b>1</b>	<b>3</b>	<b>159</b>	<b>51</b>
Income taxes									-38	-10
<b>Net income/loss</b>									<b>121</b>	<b>41</b>

<sup>1</sup> Incl. EUR +132 mn extraordinary gain from value adjustments on HETA exposure

## Key figures

### pbb Group 9M/16 vs. 9M/17



Income statement (EUR millions)	REF		PIF		VP		C&A		pbb Group	
	9M/16	9M/17	9M/16	9M/17	9M/16 <sup>1</sup>	9M/17	9M/16	9M/17	9M/16 <sup>1</sup>	9M/17
Net interest income	234	255	25	26	29	29	4	5	292	315
Net fee and commission income	5	7	-	-	-	-1	-	-	5	6
Net trading income	-6	-	-1	-1	-3	-3	-	-	-10	-4
Net income from financial investments	3	-1	1	-	124	1	-	-	128	-
Net income from hedging relationships	1	-	-	-	-	-	-	-	1	-
Net other operating income/expenses	-12	-16	-2	-3	-6	11	-1	-	-21	-8
<b>Operating income</b>	<b>225</b>	<b>245</b>	<b>23</b>	<b>22</b>	<b>5</b>	<b>37</b>	<b>3</b>	<b>5</b>	<b>395</b>	<b>309</b>
Loan-loss provisions	-6	-3	-	-	9	1	-	-	3	-2
General and administrative expenses	-114	-123	-20	-21	-13	-11	-	-	-147	-155
Net miscellaneous income/expenses	-4	2	-1	-	-	-	-	-	-5	2
<b>Profit or loss before tax</b>	<b>101</b>	<b>121</b>	<b>2</b>	<b>1</b>	<b>140</b>	<b>27</b>	<b>3</b>	<b>5</b>	<b>246</b>	<b>154</b>
Income taxes									-59	-28
<b>Net income/loss</b>									<b>187</b>	<b>126</b>

<sup>1</sup> Incl. EUR +132 mn extraordinary gain from value adjustments on HETA exposure

## Key figures

### Real Estate Finance (REF)



Income statement (EUR millions)	2014	2015	Q1/16	Q2/16	Q3/16	9M/16	Q4/16	2016	Q1/17	Q2/17	Q3/17	9M/17
Net interest income	294	308	77	75	82	234	87	321	83	84	88	255
Net fee and commission income	2	14	2	1	2	5	4	9	3	2	2	7
Net trading income	-13	14	-5	-2	1	-6	4	-2	-	2	-2	-
Net income from financial investments	14	18	3	-	-	3	-	3	-	-	-1	-1
Net income from hedging relationships	-2	5	-	-	1	1	2	3	-	1	-1	-
Net other operating income/expenses	-13	-1	-9	-	-3	-12	-16	-28	-13	-3	-	-16
<b>Operating income</b>	<b>282</b>	<b>358</b>	<b>68</b>	<b>74</b>	<b>83</b>	<b>225</b>	<b>81</b>	<b>306</b>	<b>73</b>	<b>86</b>	<b>86</b>	<b>245</b>
Loan-loss provisions	-14	7	-	-	-6	-6	8	2	-3	2	-2	-3
General and administrative expenses	-160	-160	-36	-37	-41	-114	-42	-156	-40	-41	-42	-123
Net miscellaneous income/expenses	-	1	-	-	-4	-4	-2	-6	1	1	-	2
<b>Pre-tax profit</b>	<b>108</b>	<b>206</b>	<b>32</b>	<b>37</b>	<b>32</b>	<b>101</b>	<b>45</b>	<b>146</b>	<b>31</b>	<b>48</b>	<b>42</b>	<b>121</b>
Key ratios	2014	2015	Q1/16	Q2/16	Q3/16	9M/16	Q4/16	2016	Q1/17	Q2/17	Q3/17	9M/17
CIR (%)	56.7	44.7	52.9	50.0	52.3	50.7	51.9	51.0	54.8	47.7	48.8	50.2
RoE before tax (%)	14.2	30.9	24.7	28.0	20.8	24.2	34.5	26.0	21.1	32.7	25.8	25.7
Key figures	12/14	12/15	03/16	06/16	09/16	09/16	12/16	12/16	03/17	06/17	09/17	09/17
Equity (EUR bn)	0.7	0.6	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6
RWA (EUR bn)	7.0 <sup>1</sup>	6.5	6.4	6.3	5.9	5.9	6.4	6.4	6.3	6.5	8.6	8.6
Financing volume (EUR bn)	21.8	24.0	24.1	24.0	24.0	24.0	24.1	24.1	24.1	24.4	24.6	24.6

Note: Annual results 2014-2016 audited; interim results unaudited. Figures 2014 restated acc. to IFRS 8.29; figures retrospectively adjusted for change in segmental equity allocation (as of 01/01/15)

## Key figures

### Public Investment Finance (PIF)



Income statement (EUR millions)	2014	2015	Q1/16	Q2/16	Q3/16	9M/16	Q4/16	2016	Q1/17	Q2/17	Q3/17	9M/17
Net interest income	40	44	9	9	7	25	10	35	9	9	8	26
Net fee and commission income	-	-	-	-	-	-	-	-	-	-	-	-
Net trading income	-4	-	-	-	-1	-1	-	-1	-1	-	-	-1
Net income from financial investments	3	5	-	1	-	1	-	1	1	-	-1	-
Net income from hedging relationships	-	2	1	-1	-	-	1	1	-	-	-	-
Net other operating income/expenses	-4	-10	-1	-	-1	-2	-4	-6	-4	-	1	-3
<b>Operating income</b>	<b>35</b>	<b>41</b>	<b>9</b>	<b>9</b>	<b>5</b>	<b>23</b>	<b>7</b>	<b>30</b>	<b>5</b>	<b>9</b>	<b>8</b>	<b>22</b>
Loan-loss provisions	-	-	-	-	-	-	-	-	-	-	-	-
General and administrative expenses	-31	-28	-6	-7	-7	-20	-6	-26	-6	-8	-7	-21
Net miscellaneous income/expenses	-	-	-	-	-1	-1	-	-1	-	-	-	-
<b>Pre-tax profit</b>	<b>4</b>	<b>13</b>	<b>3</b>	<b>2</b>	<b>-3</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>-1</b>	<b>1</b>	<b>1</b>	<b>1</b>

Key ratios	2014	2015	Q1/16	Q2/16	Q3/16	9M/16	Q4/16	2016	Q1/17	Q2/17	Q3/17	9M/17
CIR (%)	88.6	68.3	66.7	77.8	>100	87.0	85.7	86.7	>100	88.9	87.5	95.5
RoE before tax (%)	0.9	4.8	3.7	2.7	-1.9	1.4	1.3	0.9	-0.8	1.4	1.3	0.5

Key figures	12/14	12/15	03/16	06/16	09/16	09/16	12/16	12/16	03/17	06/17	09/17	09/17
Equity (EUR bn)	0.5	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
RWA (EUR bn)	1.2 <sup>1</sup>	1.4	1.4	1.4	1.5	1.5	1.4	1.4	1.4	1.4	1.4	1.4
Financing volume (EUR bn)	6.6	7.3	7.3	7.3	7.2	7.2	7.4	7.4	7.7	7.6	7.2	7.2

Note: Annual results 2014-2016 audited; interim results unaudited. Figures 2014 restated acc. to IFRS 8.29; figures retrospectively adjusted for change in segmental equity allocation and for transfer of Italian PIF portfolio (nominal: EUR 1.3 bn; RWA EUR 1.1 bn) into VP (as of 01/01/15)

## Key figures

### Value Portfolio (VP)



Income statement (EUR millions)	2014 <sup>1</sup>	2015 <sup>1</sup>	Q1/16	Q2/16	Q3/16 <sup>1</sup>	9M/16 <sup>1</sup>	Q4/16	2016 <sup>1</sup>	Q1/17	Q2/17	Q3/17	9M/17
Net interest income	79	68	14	8	7	25	12	41	10	9	10	29
Net fee and commission income	-1	-	-	-	-	-	-1	-1	-	-	-1	-1
Net trading income	-13	1	-	-	-3	-1	-	-3	-1	-	-2	-3
Net income from financial investments	-94	-55	1	-	123	1	-3	121	-	-	1	1
Net income from hedging relationships	-1	4	-	-	-	-	2	2	1	-1	-	-
Net other operating income/expenses	31	-23	-4	-	-2	-2	11	5	9	1	1	11
<b>Operating income</b>	<b>1</b>	<b>-5</b>	<b>11</b>	<b>8</b>	<b>125</b>	<b>23</b>	<b>21</b>	<b>165</b>	<b>19</b>	<b>9</b>	<b>9</b>	<b>37</b>
Loan-loss provisions	-7	-6	-	-	9	-	-12	-3	1	-	-	1
General and administrative expenses	-60	-19	-3	-5	-5	-20	-3	-16	-4	-3	-4	-11
Net miscellaneous income/expenses	-	-	-	-	-	-1	-1	-1	-	-	-	-
<b>Pre-tax profit</b>	<b>-66</b>	<b>-30</b>	<b>8</b>	<b>3</b>	<b>129</b>	<b>2</b>	<b>5</b>	<b>145</b>	<b>16</b>	<b>6</b>	<b>5</b>	<b>27</b>

Key ratios	2014 <sup>1</sup>	2015 <sup>1</sup>	Q1/16	Q2/16	Q3/16 <sup>1</sup>	9M/16 <sup>1</sup>	Q4/16	2016 <sup>1</sup>	Q1/17	Q2/17	Q3/17	9M/17
CIR (%)	>100	n/a	27.3	62.5	4.0	87.0	14.3	9.7	21.1	33.3	44.4	29.7
RoE before tax (%)	-3.5	-1.4	1.9	0.7	34.7	1.4	1.5	9.7	4.1	1.6	1.4	2.4

Key figures	12/14	12/15	03/16	06/16	09/16	09/16	12/16	12/16	03/17	06/17	09/17	09/17
Equity (EUR bn)	1.8	1.5	1.6	1.5	1.6	1.6	1.5	1.5	1.5	1.5	1.5	1.5
RWA (EUR bn)	5.5 <sup>2</sup>	4.4	4.4	4.3	4.2	4.2	4.1	4.1	4.0	3.7	3.6	3.6
Financing volume (EUR bn)	22.7	18.7	17.9	17.4	16.6	16.6	15.8	15.8	15.5	14.6	14.2	14.2

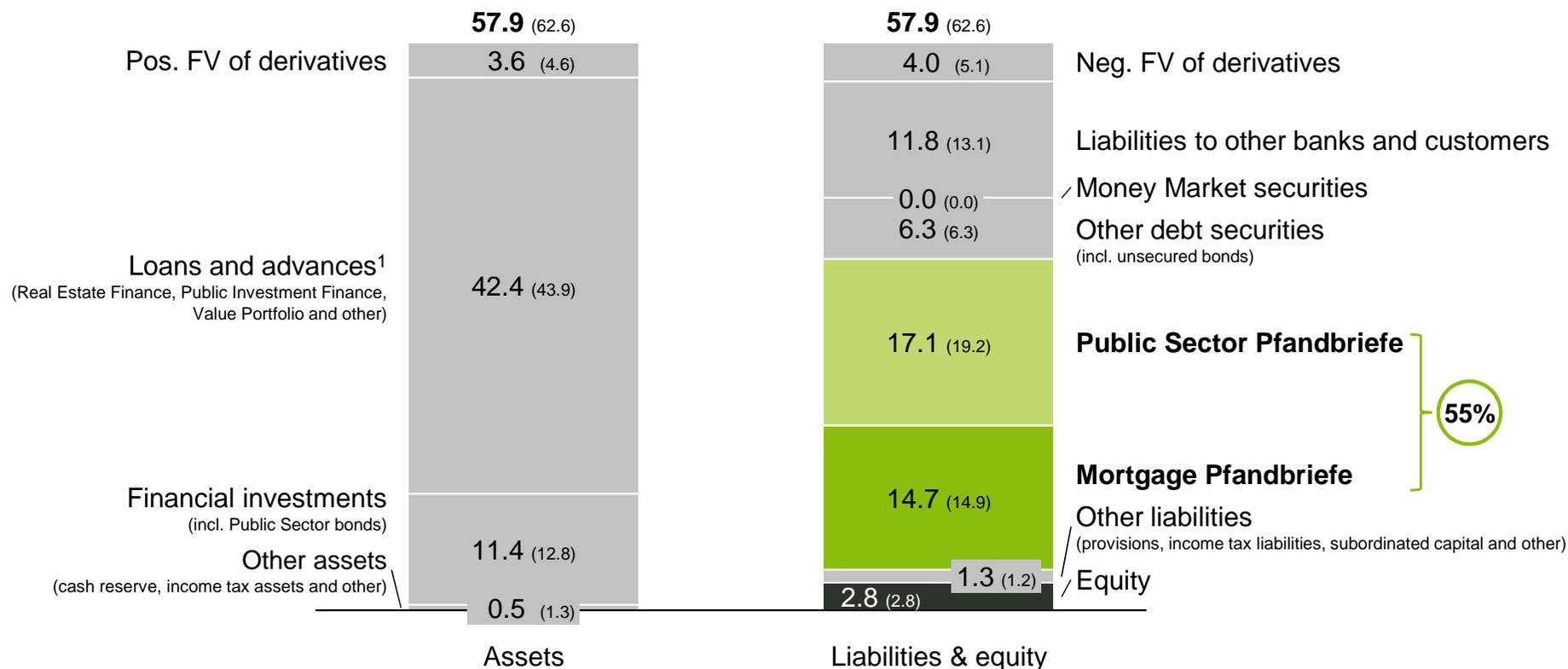
Note: Annual results 2014-2016 audited; interim results unaudited. *Figures 2014 restated acc. to IFRS 8.29; figures retrospectively adjusted for change in segmental equity allocation and for transfer of Italian PIF portfolio (nominal: EUR 1.3 bn; RWA EUR 1.1 bn) into VP (as of 01/01/15)* 1 Incl. extraordinary effects from value adjustments on HETA exposure: EUR -117 mn (2014); EUR -76 mn (Q1/15, 2015); EUR +132 mn (Q3/16, 2016) 2 Retrospectively adjusted

# Balance sheet

Specialist lender with attractive German Pfandbrief as major funding instrument



Balance sheet: 30/09/2017 (31/12/2016)  
IFRS, EUR billions



Note: Figures may not add up due to rounding 1 Incl. allowances for losses on loans and advances

# Portfolio

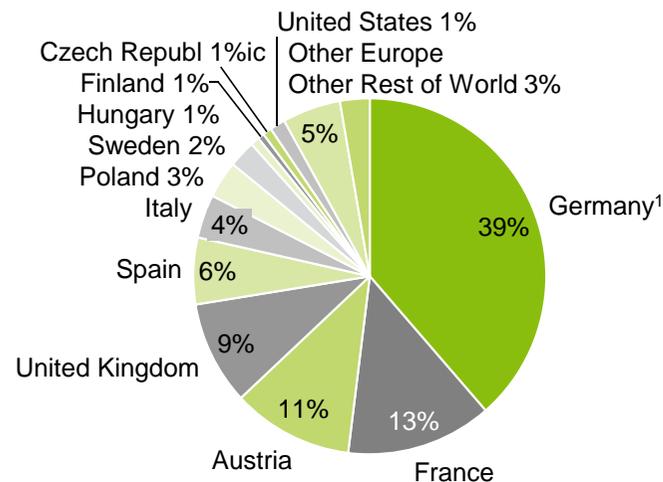
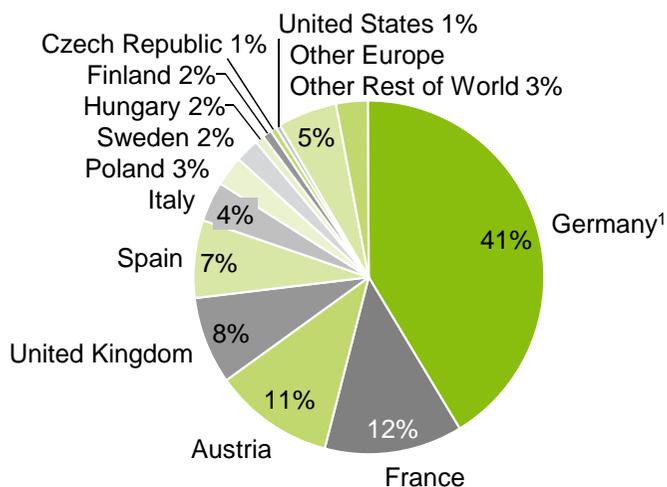
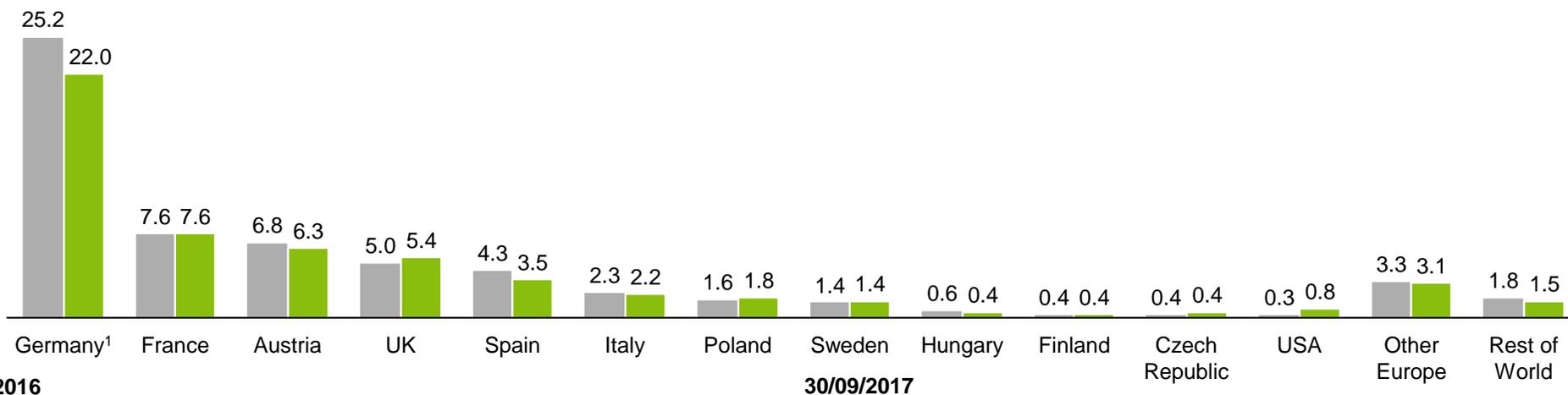
## Total portfolio



### Regions

EUR billions (EaD, Basel III)

■ 31/12/2016 / Total: EUR 60.7 bn  
■ 30/09/2017 / Total: EUR 56.9 bn



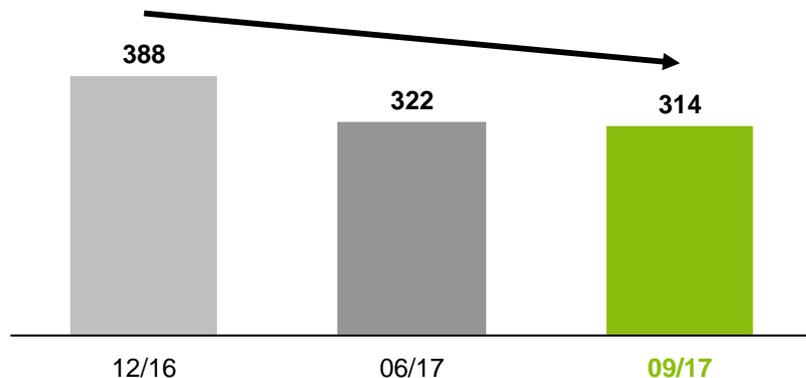
Note: Figures may not add up due to rounding 1 Incl. Bundesbank accounts (09/17: EUR 0.3 bn; 06/17: EUR 1.9 bn; 12/16: EUR 1.1 bn)

# Portfolio

## Problem loans

### Total problem loans (only REF)

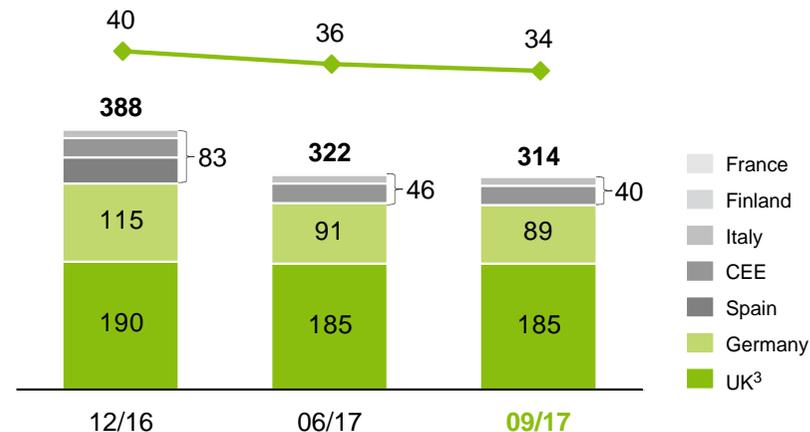
EUR millions (EaD, Basel III)



### Regions

EUR million (EaD, Basel III)

No. of individual cases



### Total problem loans

EUR millions (EaD)

	12/16				09/17			
	REF	PIF	VP	Total	REF	PIF	VP	Total
Workout loans <sup>1</sup>	3	-	-	3	2	-	-	2
Restructuring loans <sup>2</sup>	385	-	-	385	312	-	-	312
<b>Total</b>	<b>388</b>	-	-	<b>388</b>	<b>314</b>	-	-	<b>314</b>

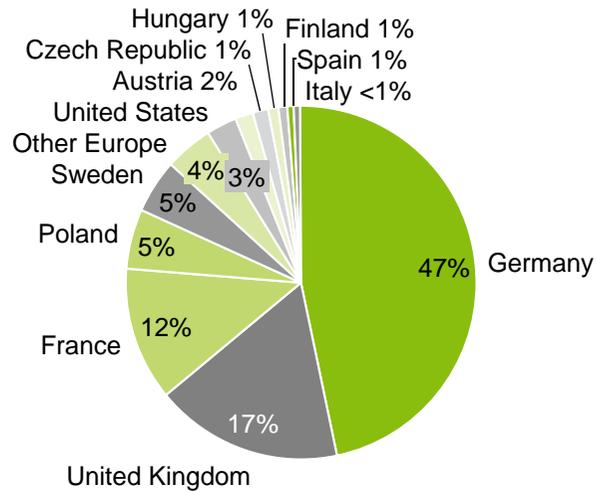
Note: Figures may not add up due to rounding <sup>1</sup> No signs that the deal will recover soon, compulsory measures necessary <sup>2</sup> Payments more than 90 days overdue or criteria acc. to respective policy apply <sup>3</sup> Estate UK-3 'technically' shown as problem loan – properties sold, but synthetic securitisation has not yet allocated loss

# Portfolio

## Real Estate Finance (REF)

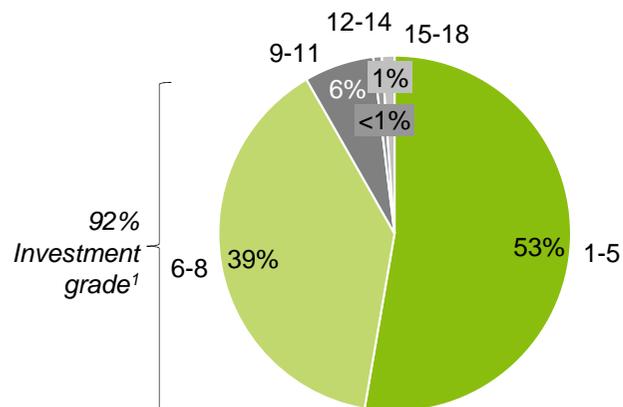
### Portfolio: Regions

30/09/2017: EUR 27.5 bn (EaD, Basel III)



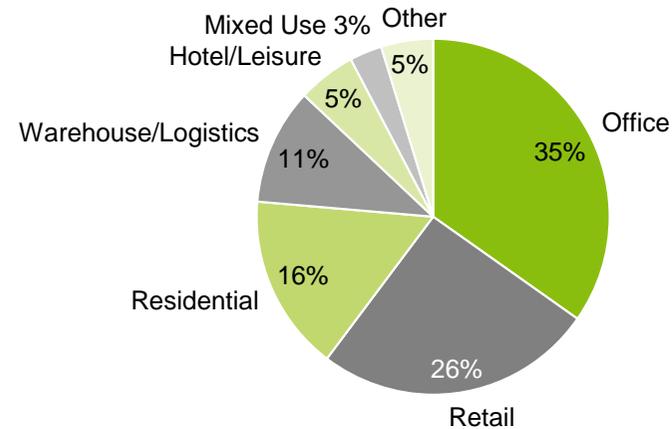
### Portfolio: Internal Ratings (EL classes)

30/09/2017: EUR 27.5 bn (EaD, Basel III)



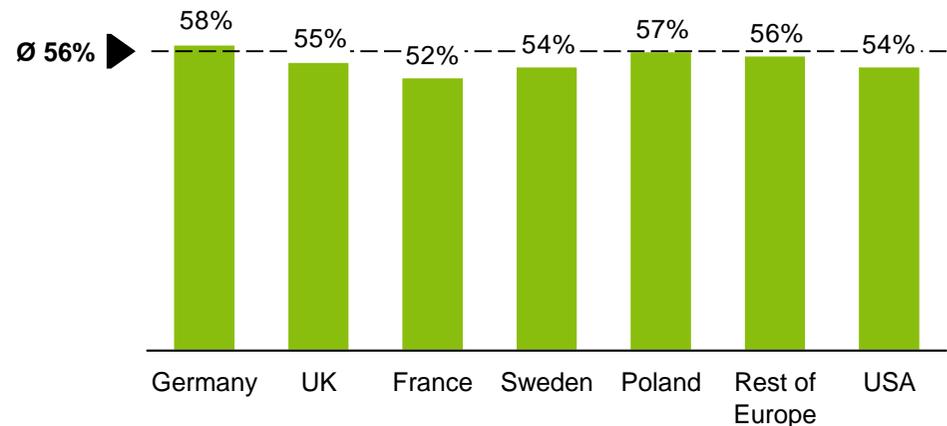
### Portfolio: Property types

30/09/2017: EUR 27.5 bn (EaD, Basel III)



### Portfolio: Avg. weighted LTVs

30/09/2017 (Commitments)<sup>2</sup>



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

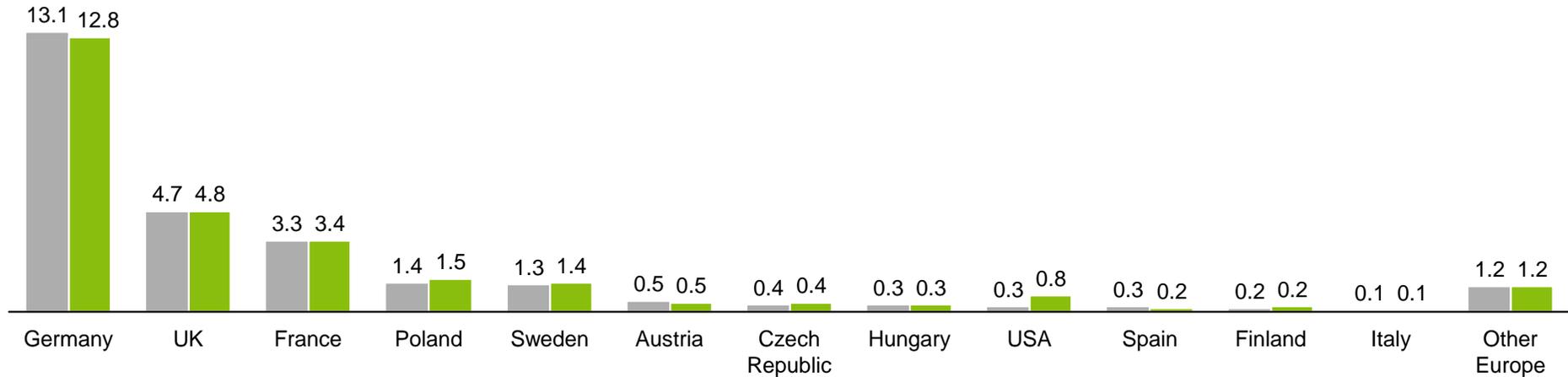
## Real Estate Finance (REF)



### Regions

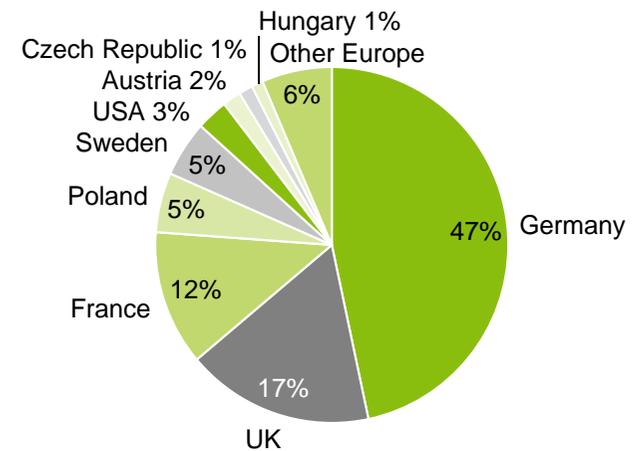
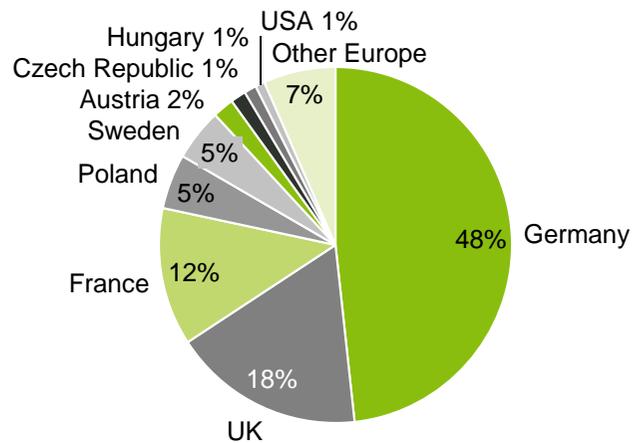
EUR billions (EaD, Basel III)

■ 31/12/2016 / Total: EUR 27.1 bn  
■ 30/09/2017 / Total: EUR 27.5 bn



31/12/2016

30/09/2017



Note: Figures may not add up due to rounding

# Portfolio

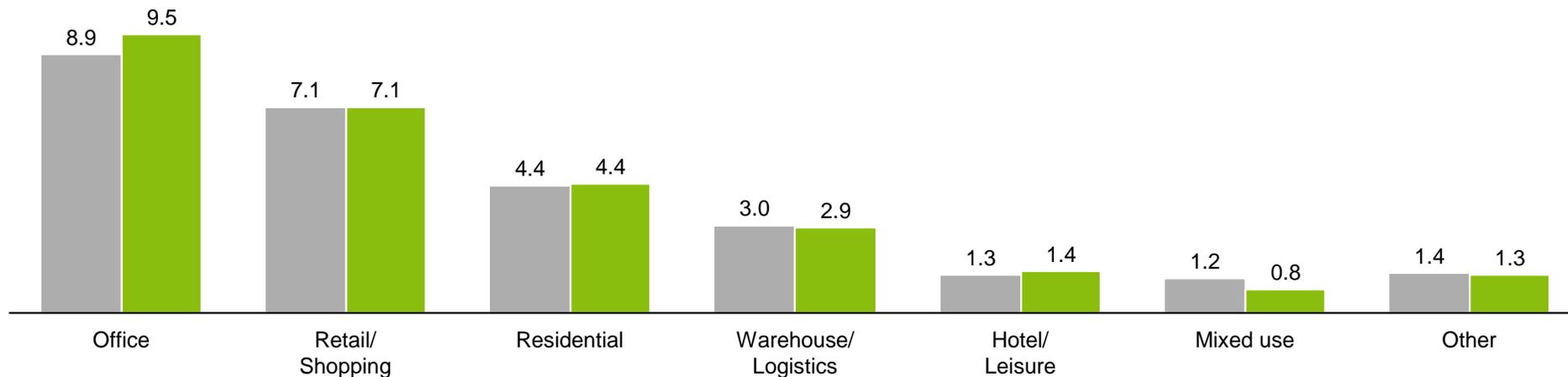
## Real Estate Finance (REF)



### Property types

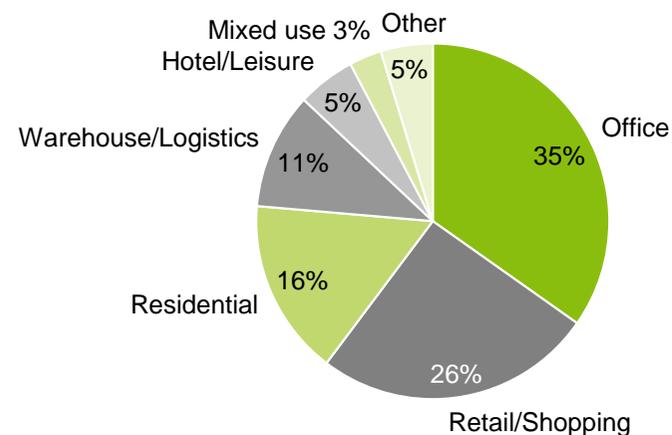
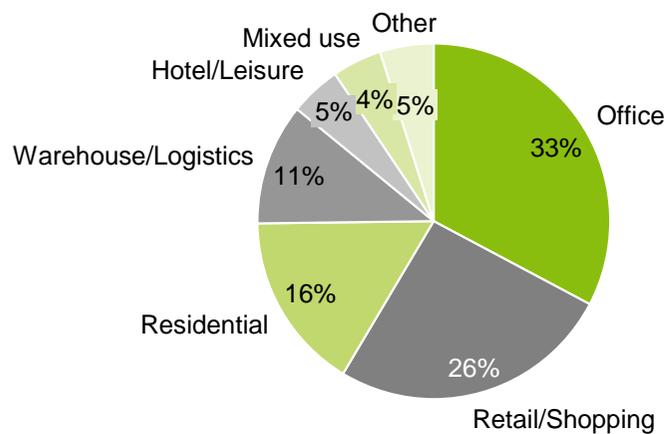
EUR billions (EaD, Basel III)

■ 31/12/2016 / Total: EUR 27.1 bn  
 ■ 30/09/2017 / Total: EUR 27.5 bn



31/12/2016

30/09/2017



Note: Figures may not add up due to rounding

# Portfolio

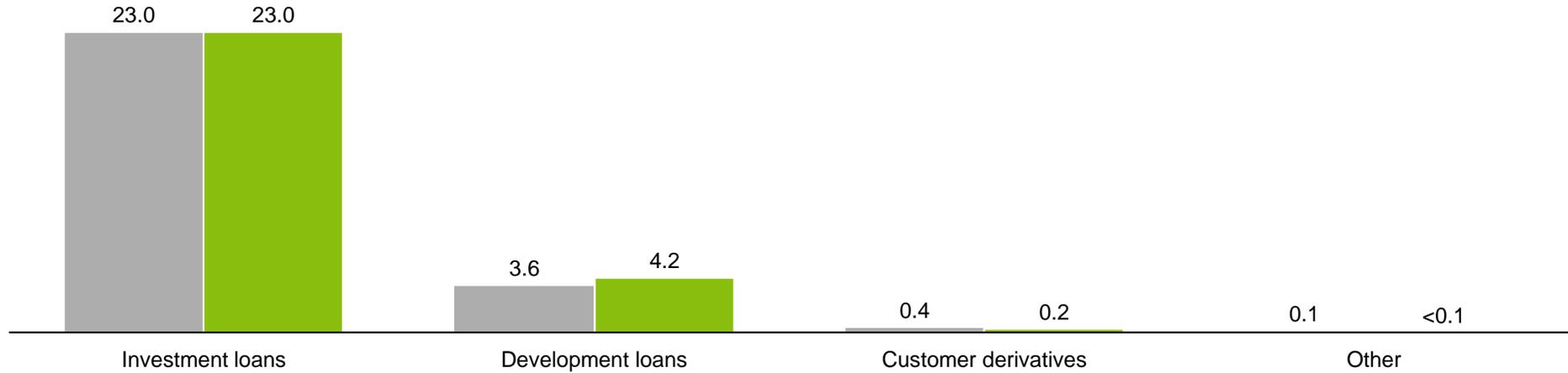
## Real Estate Finance (REF)



### Loan types

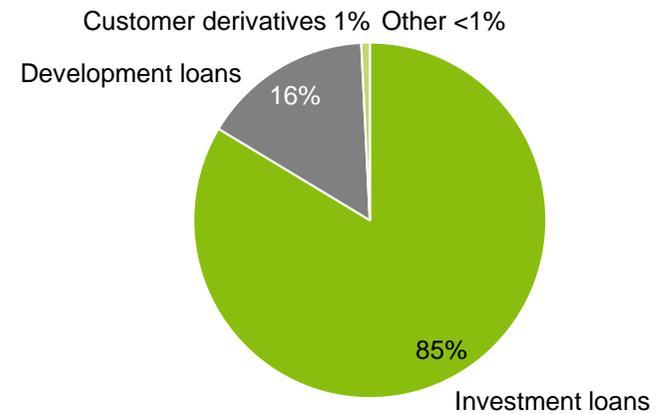
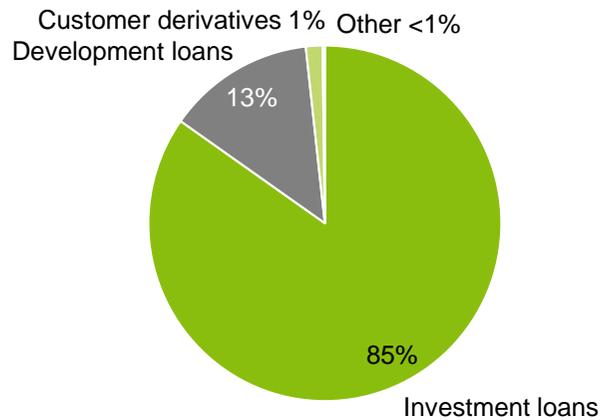
EUR billions (EaD, Basel III)

31/12/2016 / Total: EUR 27.1 bn  
 30/09/2017 / Total: EUR 27.5 bn



31/12/2016

30/09/2017



Note: Figures may not add up due to rounding

# Portfolio

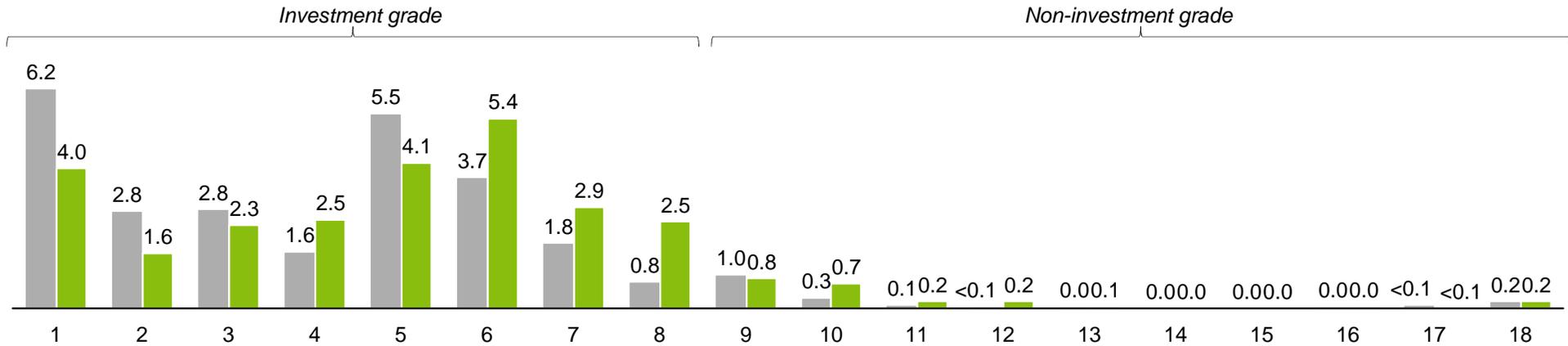
## Real Estate Finance (REF)



### Internal ratings (EL classes)

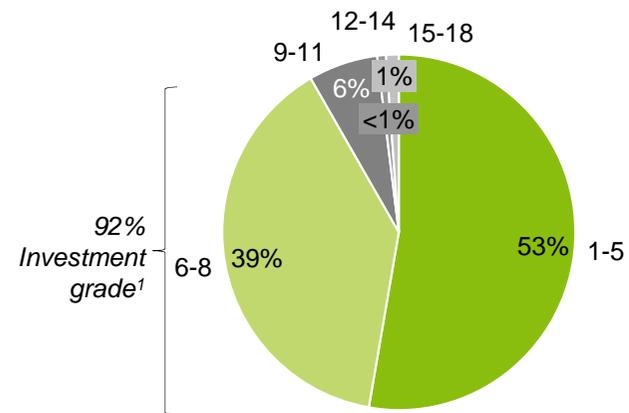
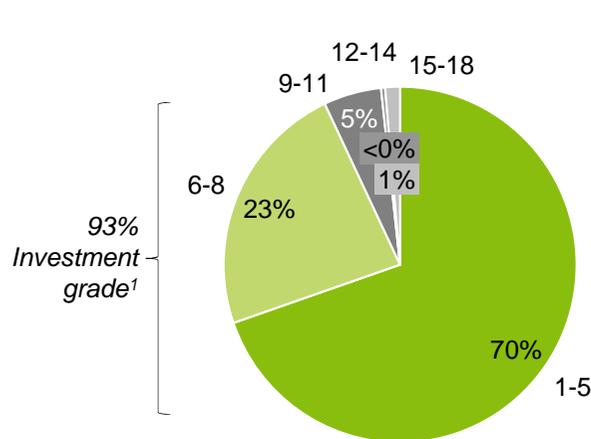
EUR billions (EaD, Basel III)

■ 31/12/2016 / Total: EUR 27.1 bn  
 ■ 30/09/2017 / Total: EUR 27.5 bn



31/12/2016

30/09/2017



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

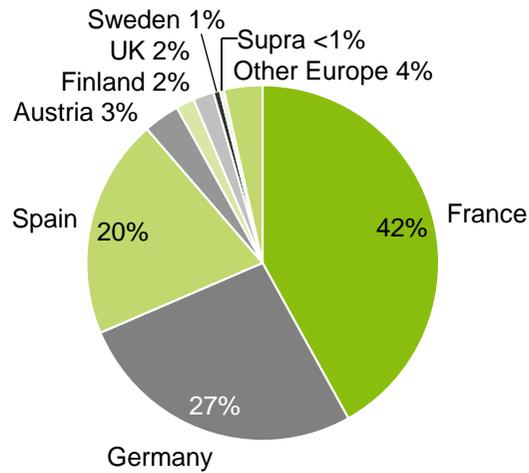
# Portfolio

## Public Investment Finance (PIF)



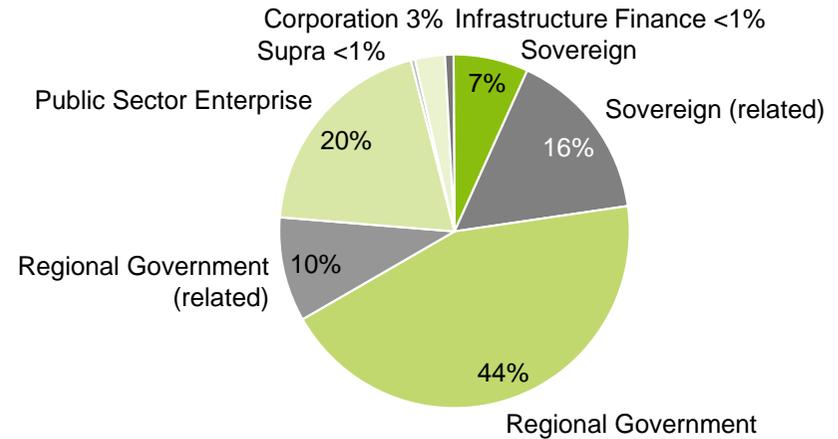
### Portfolio: Regions

30/09/2017: EUR 8.0 bn (EaD, Basel III)



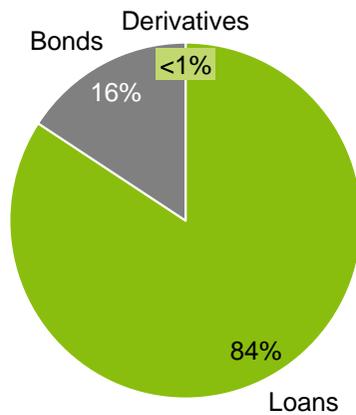
### Portfolio: Borrower classification<sup>1</sup>

30/09/2017 : EUR 8.0 bn (EaD, Basel III)



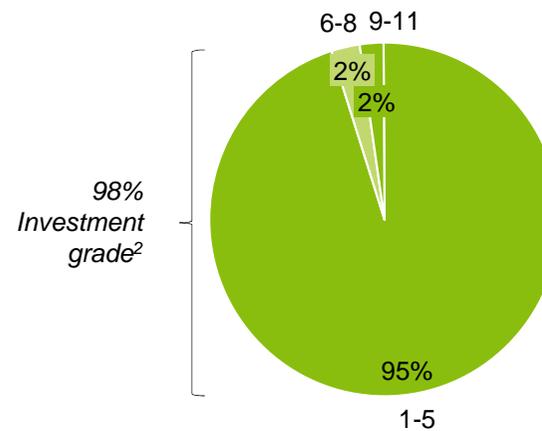
### Portfolio: Product class

30/09/2017 : EUR 8.0 bn (EaD, Basel III)



### Portfolio: Internal ratings (EL classes)

30/09/2017 : EUR 8.0 bn (EaD, Basel III)



Note: Figures may not add up due to rounding

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

<sup>2</sup> EL Classes 1-8 = Investment grade; EL classes 9-18 = Non-investment grade

# Portfolio

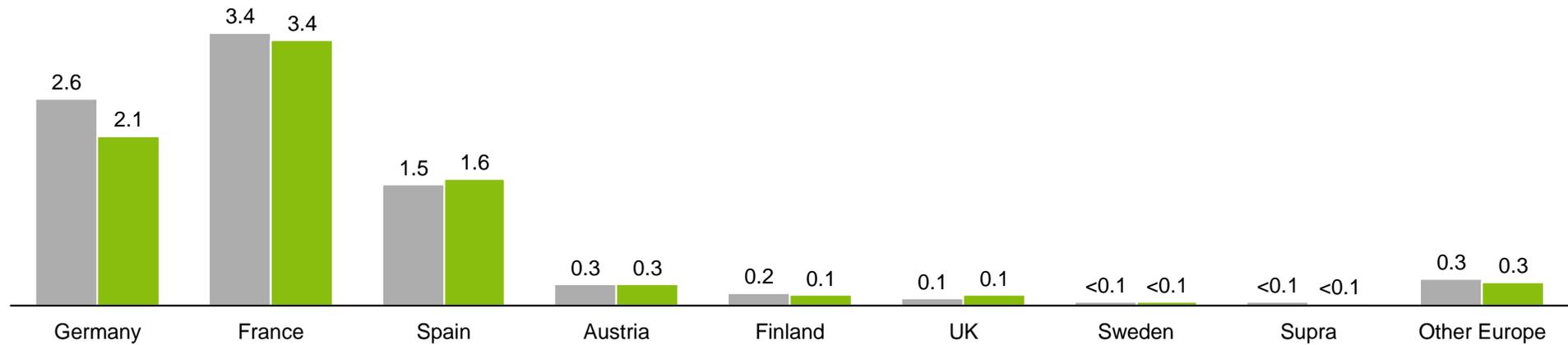
## Public Investment Finance (PIF)



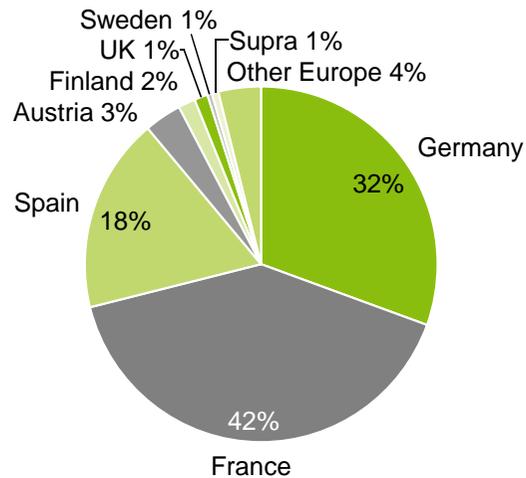
### Regions

EUR billions (EaD, Basel III)

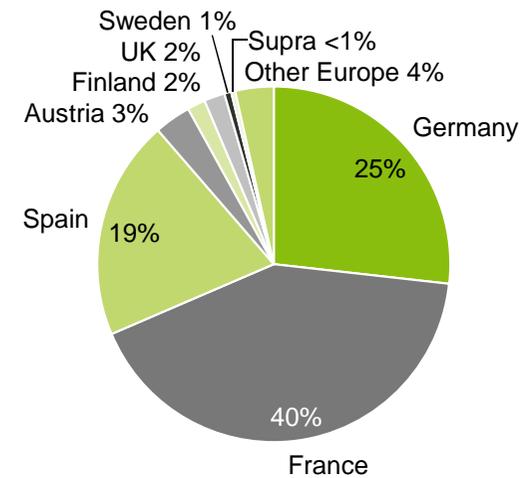
■ 31/12/2016 / Total: EUR 8.5 bn  
 ■ 30/09/2017 / Total: EUR 8.0 bn



#### 31/12/2016



#### 30/09/2017



Note: Figures may not add up due to rounding

# Portfolio

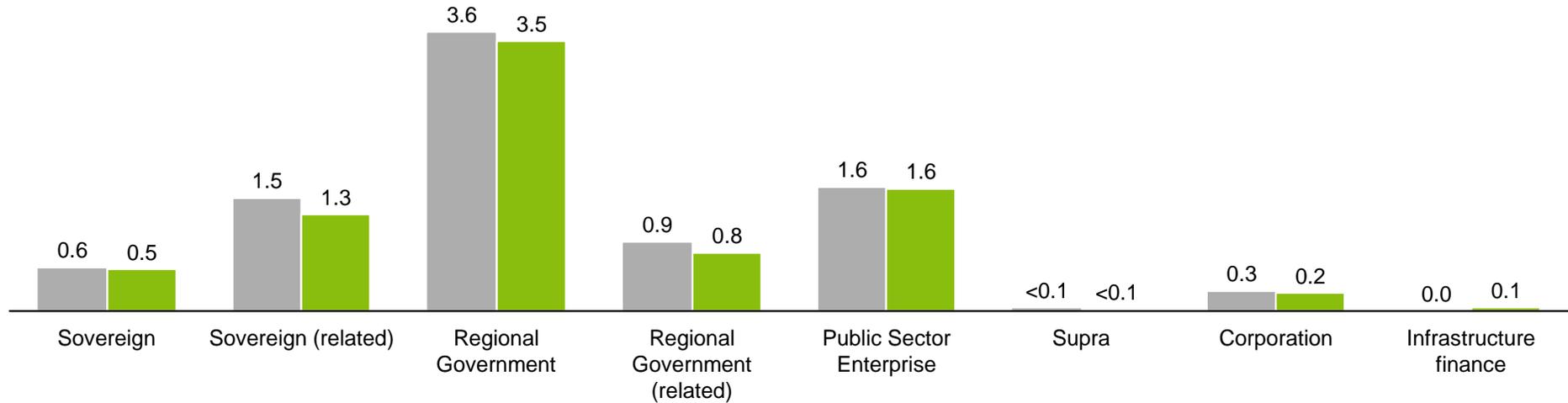
## Public Investment Finance (PIF)



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

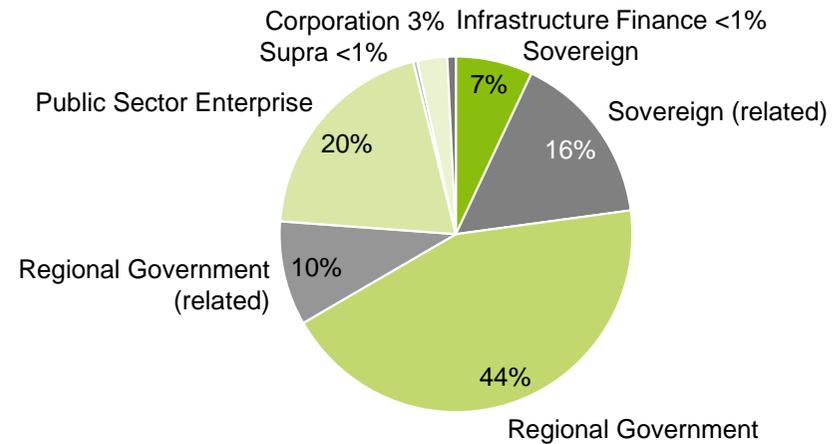
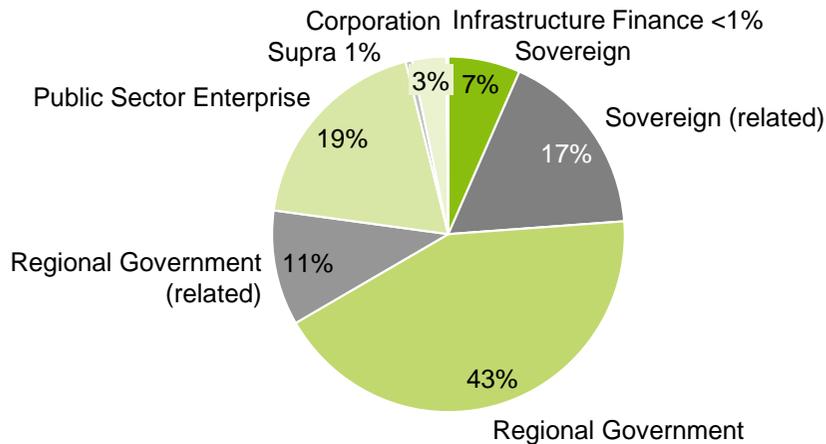
EUR billions (EaD, Basel III)

■ 31/12/2016 / Total: EUR 8.5 bn  
 ■ 30/09/2017 / Total: EUR 8.0 bn



31/12/2016

30/09/2017



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

# Portfolio

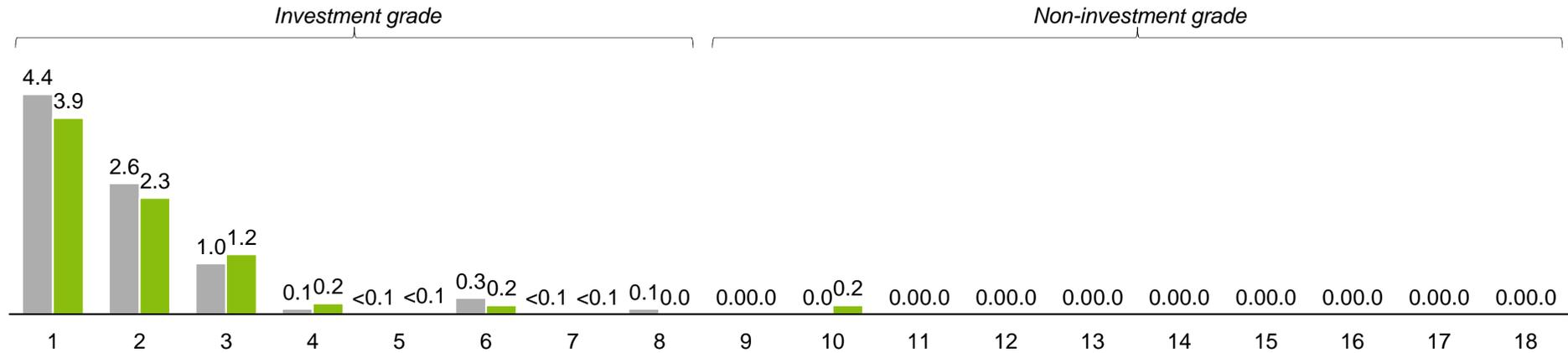
## Public Investment Finance (PIF)



### Internal ratings (EL classes)

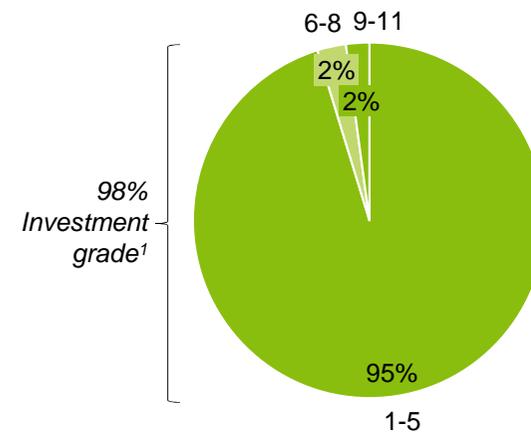
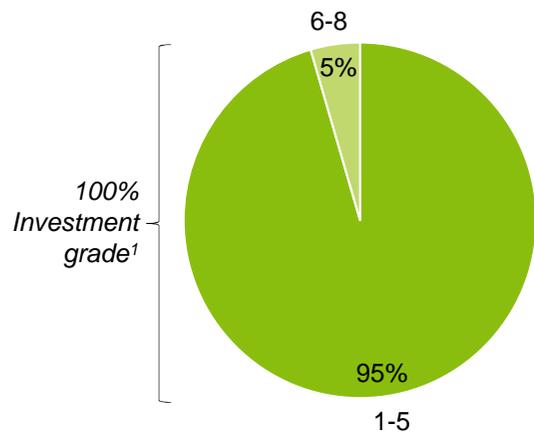
EUR billions (EaD, Basel III)

■ 31/12/2016 / Total: EUR 8.5 bn  
 ■ 30/09/2017 / Total: EUR 8.0 bn



31/12/2016

30/09/2017



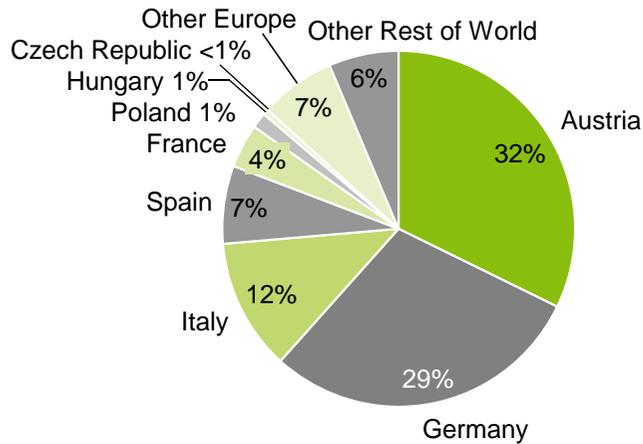
Note: Figures may not add up due to rounding 1 EL Classes 1-8 = Investment grade; EL classes 9-18 = Non-investment grade

# Portfolio

## Value Portfolio (VP)

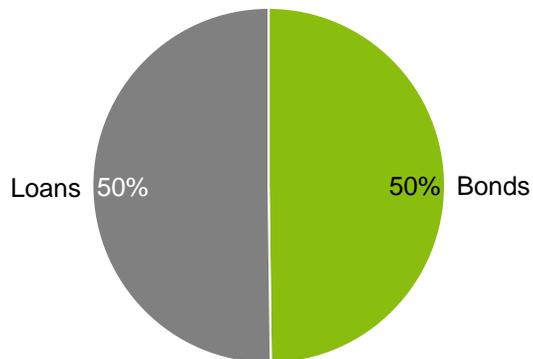
### Portfolio: Regions

30/09/2017: EUR 17.3 bn (EaD, Basel III)



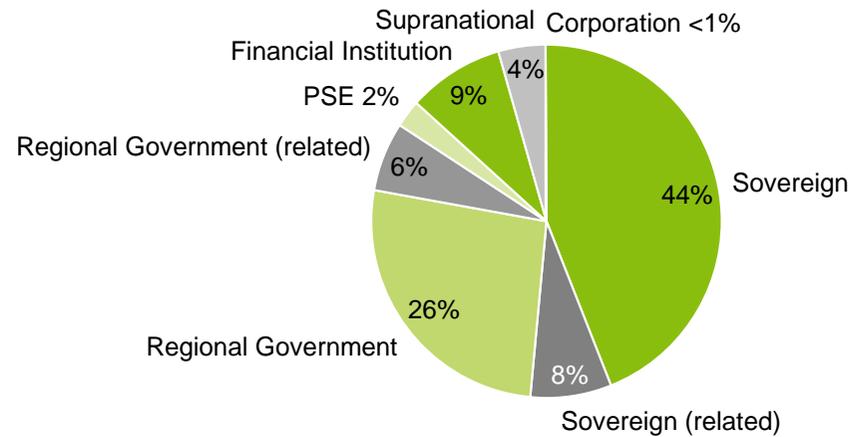
### Portfolio: Product class

30/09/2017 : EUR 17.3 bn (EaD, Basel III)



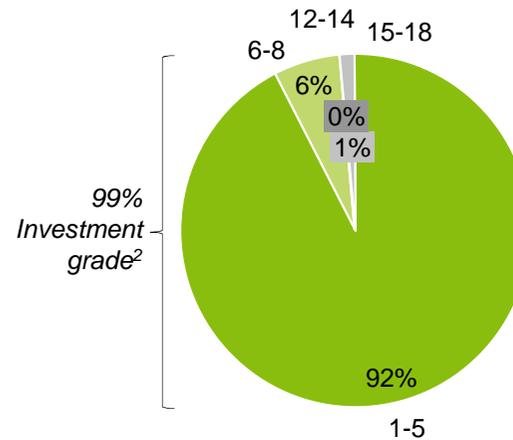
### Portfolio: Borrower classification<sup>1</sup>

30/09/2017 : EUR 17.3 bn (EaD, Basel III)



### Portfolio: Internal ratings (EL classes)

30/09/2017 : EUR 17.3 bn (EaD, Basel III)



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

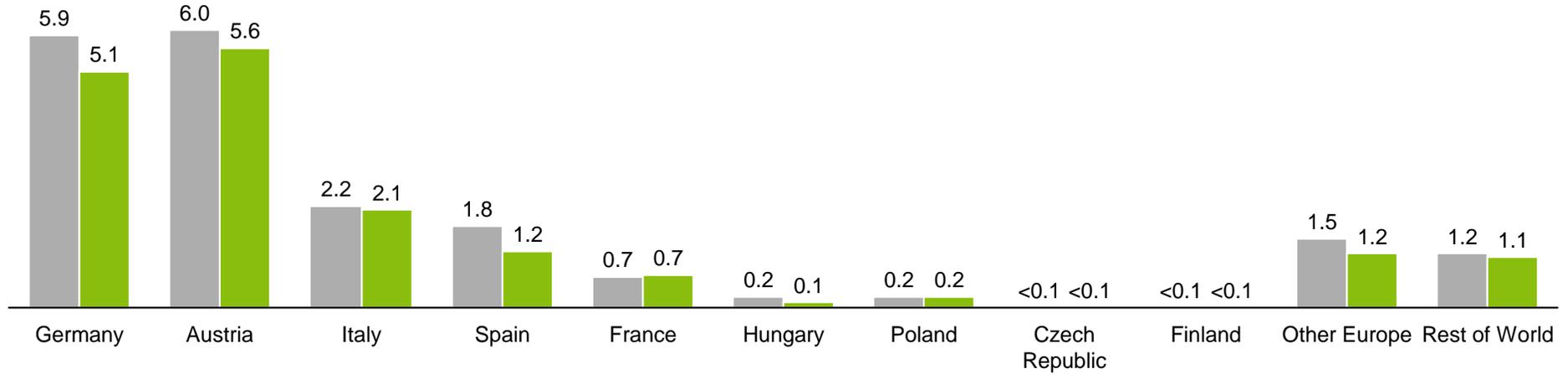
# Portfolio

## Value Portfolio (VP)

### Regions

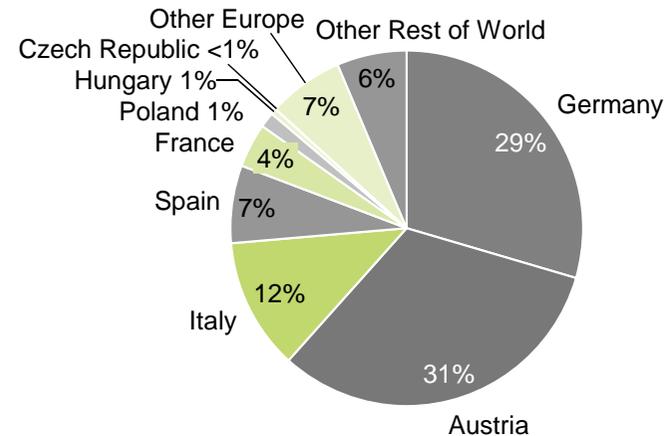
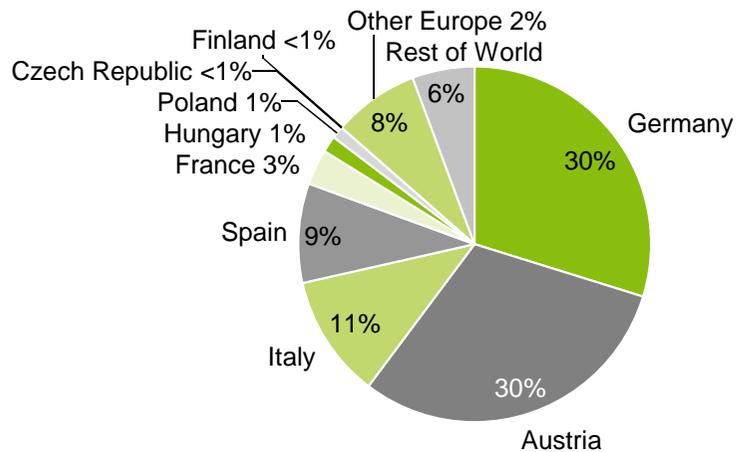
EUR billions (EaD, Basel III)

■ 31/12/2016 / Total: EUR 19.6 bn  
■ 30/09/2017 / Total: EUR 17.3 bn



31/12/2016

30/09/2017



Note: Figures may not add up due to rounding

# Portfolio

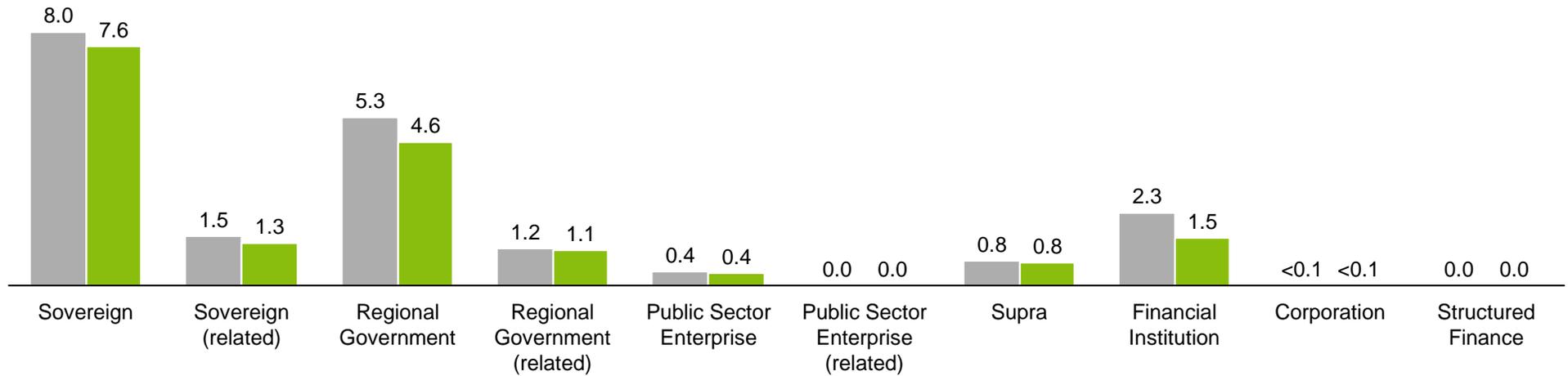
## Value Portfolio (VP)



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

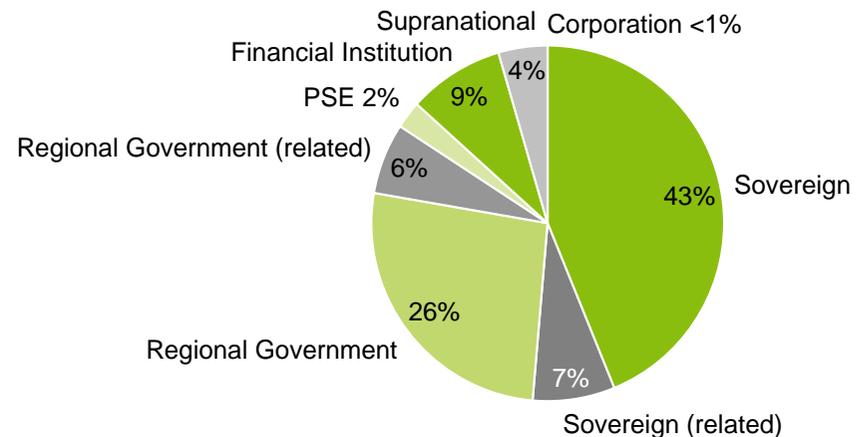
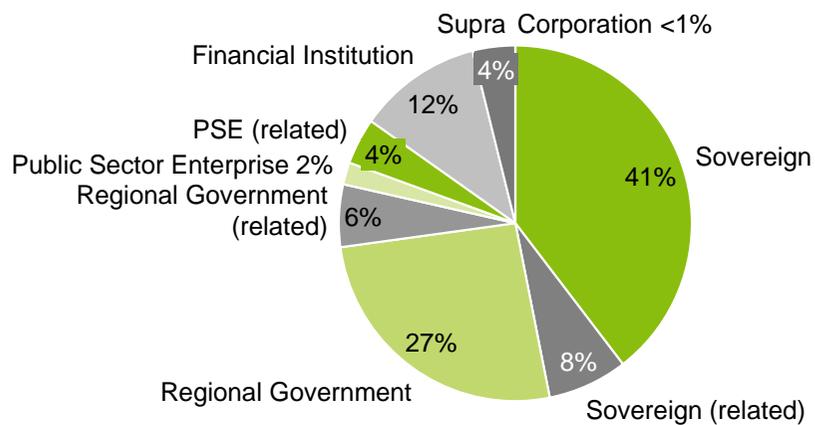
EUR billions (EaD, Basel III)

■ 31/12/2016 / Total: EUR 19.6 bn  
 ■ 30/09/2017 / Total: EUR 17.3 bn



31/12/2016

30/09/2017



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

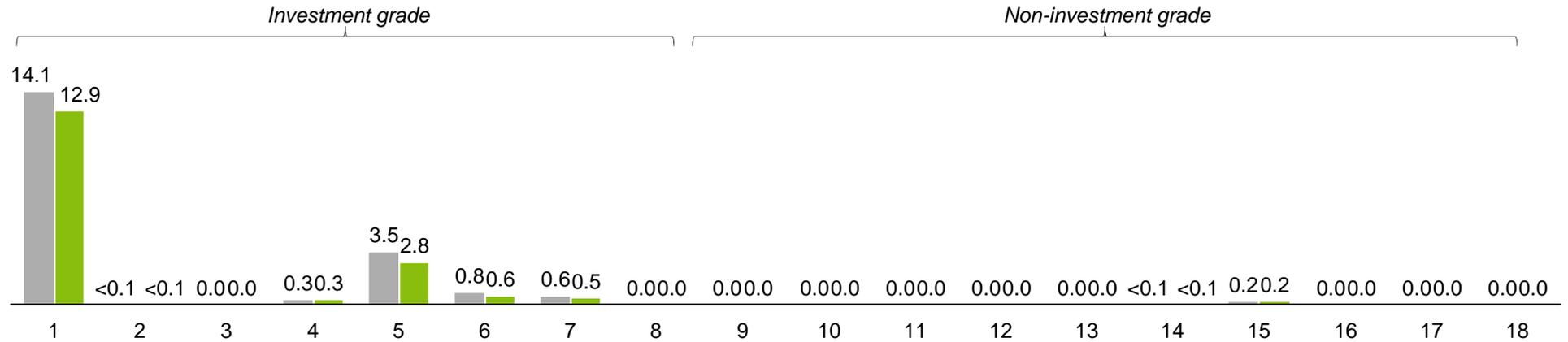
# Portfolio

## Value Portfolio (VP)

### Internal ratings (EL classes)

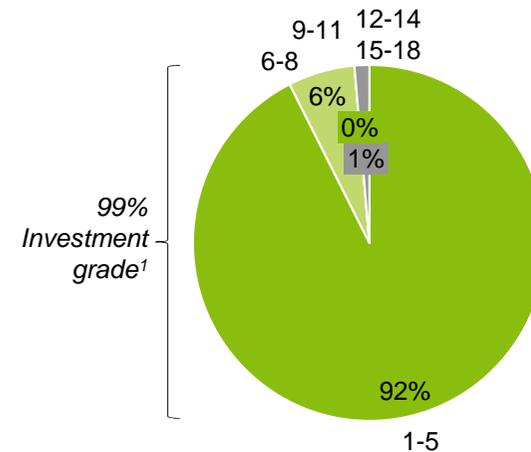
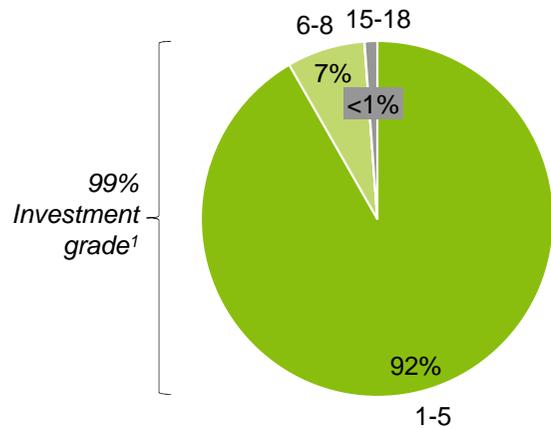
EUR billions (EaD, Basel III)

■ 31/12/2016 / Total: EUR 19.6 bn  
■ 30/09/2017 / Total: EUR 17.3 bn



31/12/2016

30/09/2017



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

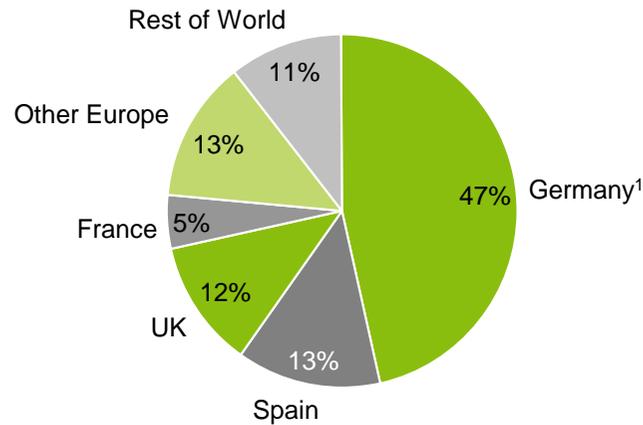
# Portfolio

## Consolidation & Adjustments (C&A)



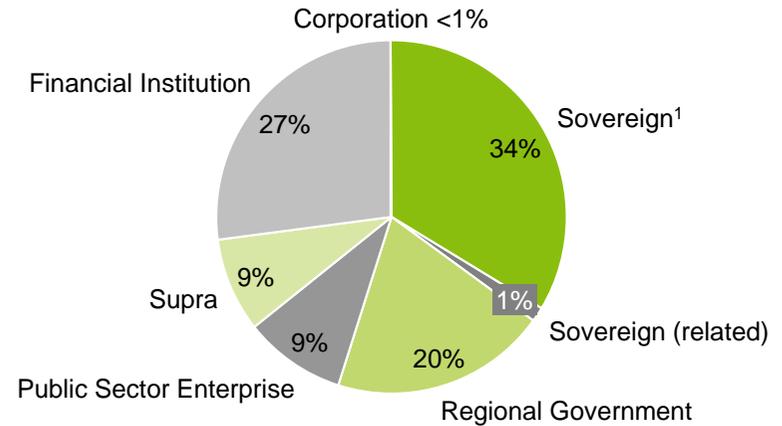
### Portfolio: Regions

30/09/2017: EUR 4.1 bn (EaD, Basel III)



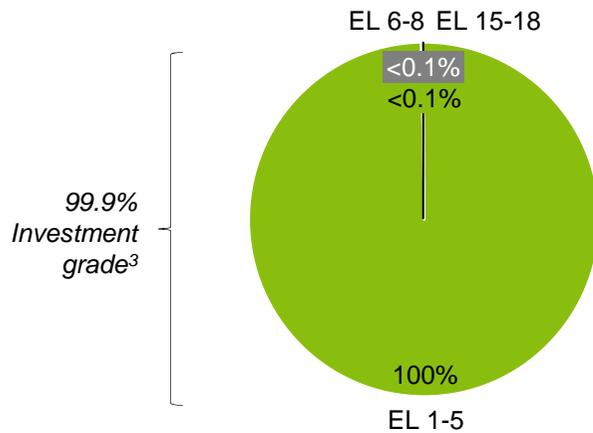
### Portfolio: Borrower classification<sup>2</sup>

30/09/2017 : EUR 4.1 bn (EaD, Basel III)



### Portfolio: Internal ratings (EL classes)

30/09/2017 : EUR 4.1 bn (EaD, Basel III)



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

<sup>1</sup> Incl. Bundesbank accounts (09/17: EUR 0.3 bn; 06/17: EUR 1.9 bn; 03/17: EUR 0.5 bn)

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

<sup>3</sup> EL Classes 1-8 = Investment

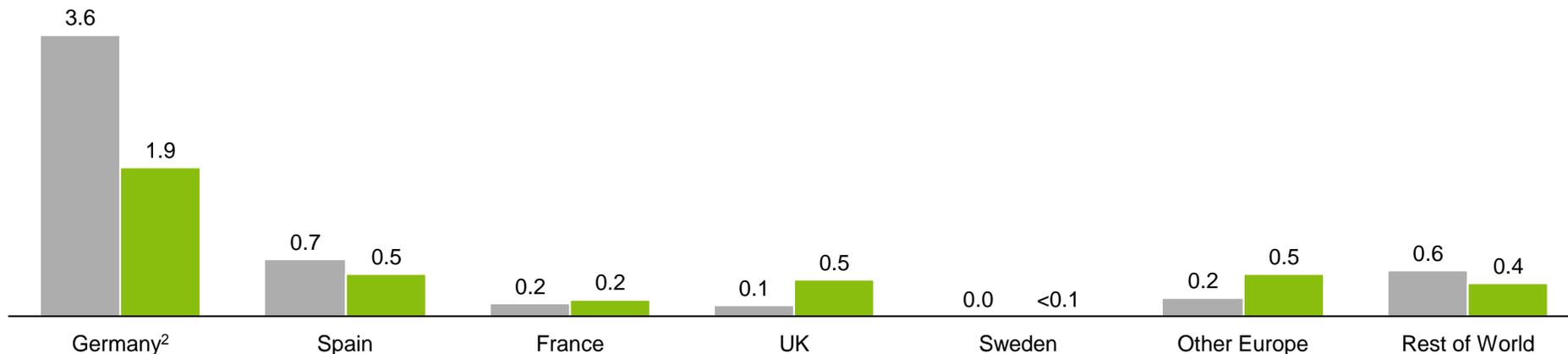
# Portfolio Consolidation & Adjustments (C&A)



## Regions

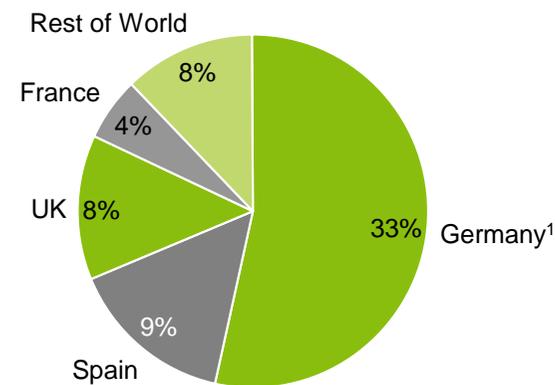
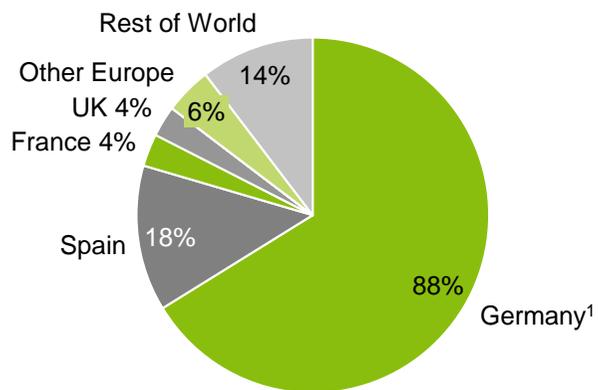
EUR billions (EaD, Basel III)

■ 31/12/2016 / Total: EUR 5.5 bn  
■ 30/09/2017 / Total: EUR 4.1 bn



31/12/2016

30/09/2017



Note: Figures may not add up due to rounding 1 Incl. Bundesbank accounts (09/17: EUR 0.3 bn; 06/17: EUR 1.9 bn; 03/17: EUR 0.5 bn)

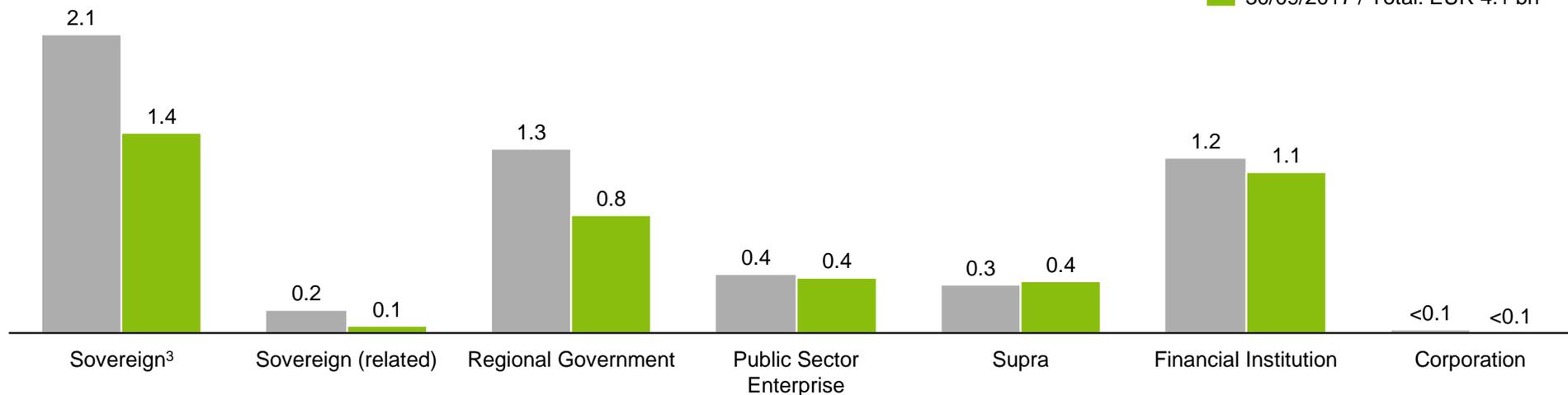
# Portfolio Consolidation & Adjustments (C&A)



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

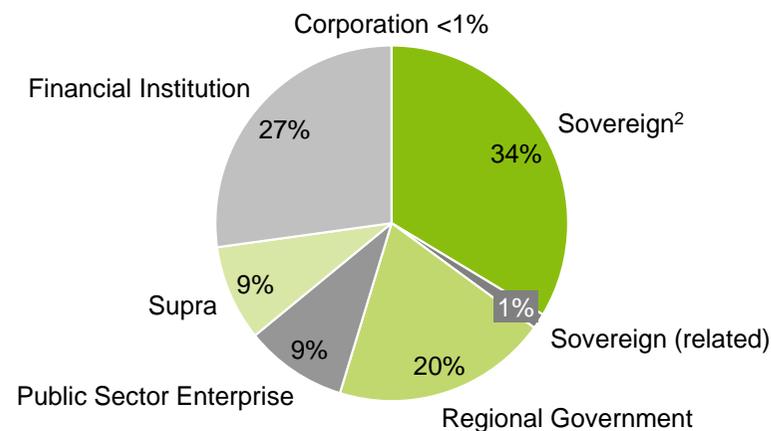
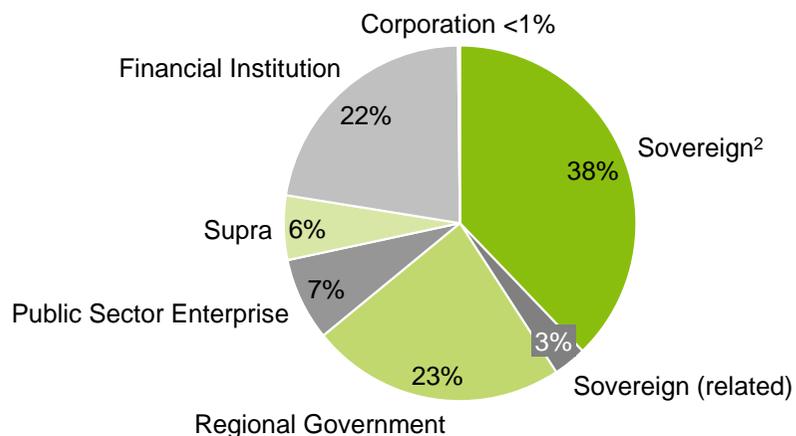
EUR billions (EaD, Basel III)

■ 31/12/2016 / Total: EUR 5.5 bn  
■ 30/09/2017 / Total: EUR 4.1 bn



31/12/2016

30/09/2017



Note: Figures may not add up due to rounding 1 See appendix for definition of borrower classification 2 Incl. Bundesbank accounts (09/17: EUR 0.3 bn; 06/17: EUR 1.9 bn; 03/17: EUR 0.5 bn)

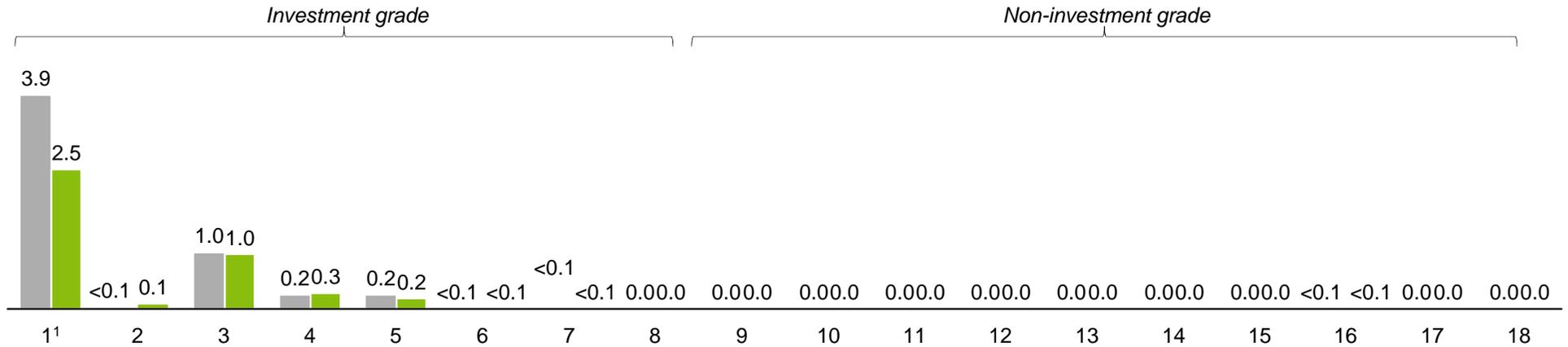
# Portfolio Consolidation & Adjustments (C&A)



## Internal ratings (EL classes)

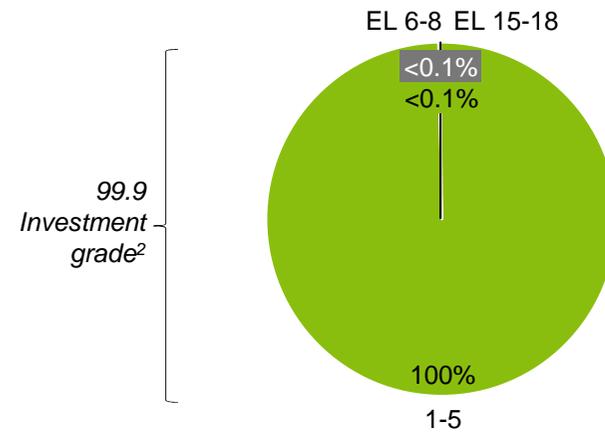
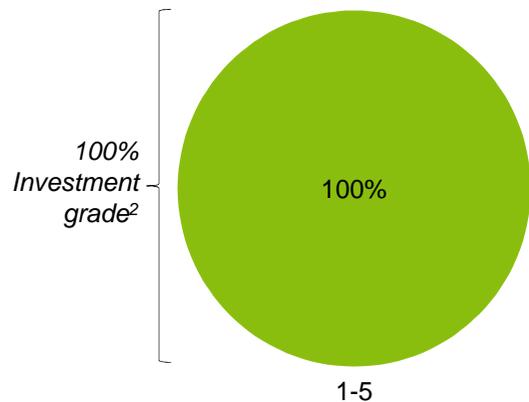
EUR billions (EaD, Basel III)

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30/09/2017



Note: Figures may not add up due to rounding 1 Incl. Bundesbank accounts (09/17: EUR 0.3 bn; 06/17: EUR 1.9 bn; 03/17: EUR 0.5 bn) 2 EL Classes 1-8 = Investment grade; EL classes 9-18 = Non-investment grade

# Funding

## Public benchmark issuances since 2015



Type	WKN	Launch Date	Maturity Date	Size	Spread <sup>1</sup>	Coupon	Issue/Reoffer Price
<b>Senior Unsecured</b>	<b>A12UA6</b>	<b>13/01/2015</b>	<b>20/01/2017</b>	<b>EUR 500 mn</b>	<b>+78 bp</b>	<b>0.875%</b>	<b>99.874%</b>
<i>Senior Unsecured (1<sup>st</sup> Tap)</i>	<i>A12UAR</i>	<i>19/01/2015</i>	<i>17/09/2019</i>	<i>EUR 200 mn</i>	<i>+100 bp</i>	<i>1.50%</i>	<i>100.918%</i>
<b>Mortgage Pfandbrief</b>	<b>A13SV8</b>	<b>23/07/2015</b>	<b>30/07/2020</b>	<b>EUR 500 mn</b>	<b>-14 bp</b>	<b>0.25%</b>	<b>99.819%</b>
<b>Senior Unsecured</b>	<b>A13SWA</b>	<b>08/10/2015</b>	<b>15/01/2018</b>	<b>EUR 500 mn</b>	<b>+140 bp</b>	<b>1.375%</b>	<b>99.826%</b>
<b>Public Sector Pfandbrief</b>	<b>A13SWB</b>	<b>20/11/2015</b>	<b>27/11/2020</b>	<b>EUR 500 mn</b>	<b>-4 bp</b>	<b>0.125%</b>	<b>99.900%</b>
<b>Mortgage Pfandbrief</b>	<b>A13SWC</b>	<b>12/01/2016</b>	<b>19/01/2023</b>	<b>EUR 750 mn</b>	<b>+8 bp</b>	<b>0.50%</b>	<b>99.221%</b>
<b>Senior Unsecured</b>	<b>A13SWD</b>	<b>28/01/2016</b>	<b>04/02/2019</b>	<b>EUR 500 mn</b>	<b>+140 bp</b>	<b>1.25%</b>	<b>99.816%</b>
<b>Mortgage Pfandbrief</b>	<b>A13SWE</b>	<b>22/02/2016</b>	<b>01/03/2022</b>	<b>EUR 500 mn</b>	<b>+8 bp</b>	<b>0.20%</b>	<b>99.863%</b>
<i>Senior Unsecured (2<sup>nd</sup> Tap)</i>	<i>A12UAR</i>	<i>04/03/2016</i>	<i>17/09/2019</i>	<i>EUR 100 mn</i>	<i>+130 bp</i>	<i>1.50%</i>	<i>101.209%</i>
<b>Public Sector Pfandbrief</b>	<b>A13SWG</b>	<b>13/04/2016</b>	<b>20/04/2035</b>	<b>EUR 500 mn</b>	<b>+25 bp</b>	<b>1.25%</b>	<b>99.647%</b>
<b>Senior Unsecured</b>	<b>A13SWH</b>	<b>19/04/2016</b>	<b>27/04/2020</b>	<b>EUR 500 mn</b>	<b>+125 bp</b>	<b>1.125%</b>	<b>99.751%</b>
<i>Mortgage Pfandbrief (3<sup>rd</sup> Tap)</i>	<i>A1PG3M</i>	<i>11/07/2016</i>	<i>20/12/2019</i>	<i>GBP 100mn</i>	<i>+40 bp<sup>2</sup></i>	<i>1.875%</i>	<i>102.817%</i>
<b>Public Sector Pfandbrief</b>	<b>A2AAVU</b>	<b>23/08/2016</b>	<b>30/08/2019</b>	<b>USD 500 mn</b>	<b>+60 bp<sup>3</sup></b>	<b>1.625%</b>	<b>99.954%</b>
<i>Mortgage Pfandbrief (4<sup>th</sup> Tap)</i>	<i>A1PG3M</i>	<i>19/10/2016</i>	<i>20/12/2019</i>	<i>GBP 25 mn</i>	<i>+38 bp<sup>2</sup></i>	<i>1.875%</i>	<i>102.351%</i>
<b>Senior Unsecured</b>	<b>CH0341440300</b>	<b>20/10/2016</b>	<b>02/11/2021</b>	<b>CHF 100 mn</b>	<b>+80 bp<sup>4</sup></b>	<b>0.30%</b>	<b>100.074%</b>
<b>Mortgage Pfandbrief</b>	<b>A2ADASA</b>	<b>05/01/2017</b>	<b>01/03/2022</b>	<b>GBP 250 mn</b>	<b>+55 bp<sup>2</sup></b>	<b>3m-Libor +55</b>	<b>100.00%</b>
<i>Mortgage Pfandbrief (5<sup>th</sup> Tap)</i>	<i>A1PG3M</i>	<i>16/01/2017</i>	<i>20/12/2019</i>	<i>GBP 50 mn</i>	<i>+50 bp<sup>2</sup></i>	<i>1.875%</i>	<i>102.32%</i>
<i>Public Sector Pfandbrief (1<sup>st</sup> Tap)</i>	<i>A2AAVU</i>	<i>17/01/2017</i>	<i>30/08/2019</i>	<i>USD 100 mn</i>	<i>+55 bp<sup>3</sup></i>	<i>1.625%</i>	<i>98.764%</i>
<b>Senior Unsecured</b>	<b>A2DASD</b>	<b>23/01/2017</b>	<b>29/01/2021</b>	<b>EUR 500 mn</b>	<b>+90 bp</b>	<b>0.875%</b>	<b>99.797%</b>
<b>Mortgage Pfandbrief</b>	<b>A2DASJ</b>	<b>01/02/2017</b>	<b>29/01/2021</b>	<b>EUR 500 mn</b>	<b>-6 bp</b>	<b>0.05%</b>	<b>99.901%</b>
<b>Senior Unsecured</b>	<b>A2DASK</b>	<b>08/02/2017</b>	<b>14/02/2020</b>	<b>EUR 150 mn</b>	<b>+75 bp<sup>5</sup></b>	<b>3m-Euribor+75</b>	<b>100.00%</b>
<b>Mortgage Pfandbrief</b>	<b>A2DASU</b>	<b>25/04/2017</b>	<b>04/05/2020</b>	<b>USD 600 mn</b>	<b>+55 bp<sup>3</sup></b>	<b>2.25%</b>	<b>99.827%</b>
<b>Tier 2</b>	<b>XS01637926137</b>	<b>21/06/2017</b>	<b>28/06/2027</b>	<b>EUR 300 mn</b>	<b>+275bp</b>	<b>2.875%</b>	<b>99.904%</b>
<i>Mortgage Pfandbrief (1<sup>st</sup> Tap)</i>	<i>A2DASU</i>	<i>03/08/2017</i>	<i>04/05/2020</i>	<i>USD 100 mn</i>	<i>+40 bp<sup>3</sup></i>	<i>2.25%</i>	<i>100.417%</i>
<b>Mortgage Pfandbrief</b>	<b>A2E4ZE</b>	<b>29/08/2017</b>	<b>05/09/2022</b>	<b>EUR 500 mn</b>	<b>-7 bp</b>	<b>0.05%</b>	<b>99.930%</b>
<i>Mortgage Pfandbrief (1<sup>st</sup> Tap)</i>	<i>A2DASJ</i>	<i>19/09/2017</i>	<i>09/08/2021</i>	<i>EUR 100 mn</i>	<i>-14 bp</i>	<i>0.05%</i>	<i>100.473%</i>

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

## Ratings

### Mandated ratings as of 10 November 2017



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

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Note: The above list does not include all ratings    1 S&P: Stand-alone credit profile; DBRS: Intrinsic Assessment    2 S&P: "Senior Unsecured Debt"; DBRS: "Senior Unsecured Debt"    3 S&P: "Senior Subordinated Debt"; DBRS: "Senior Unsecured Debt"

## 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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