Strong full-year 2018 results with PBT of EUR 215 mn

Analyst Conference
28 February 2019

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Agenda

Highlights 2018

pbb shows continued good performance – shareholders to participate with extra dividend

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Financials	■ **Strong PBT of € 215 mn** with increased NII and stable operating costs
New business & portfolio[1]	■ New business of € 10.5 bn meets guidance – **strategic REF portfolio volume up € +1.9 bn**
Funding	■ Significantly **lower spreads** y-o-y – further broadening of investor base
Capital	■ Continued **strong capitalisation** with CET 1 ratio of 18.5%[2] – adequate buffers for challenges ahead
Dividend[3]	■ **Dividend proposal of € 1.00 per share**, payout-ratio 81%
Focus & Invest	■ **„Focus & Invest"-programme initiated** – strengthen market position and support profitability
Outlook 2019	■ We remain conservative: **PBT guidance of € 170 – 190 mn**, reflecting overall market conditions

1 Financing volume, commitments, incl. extensions >1 year   2 Incl. full-year result, post proposed dividend   3 Based on IFRS group profit after tax attributable to shareholders

Highlights

Operating and financial overview

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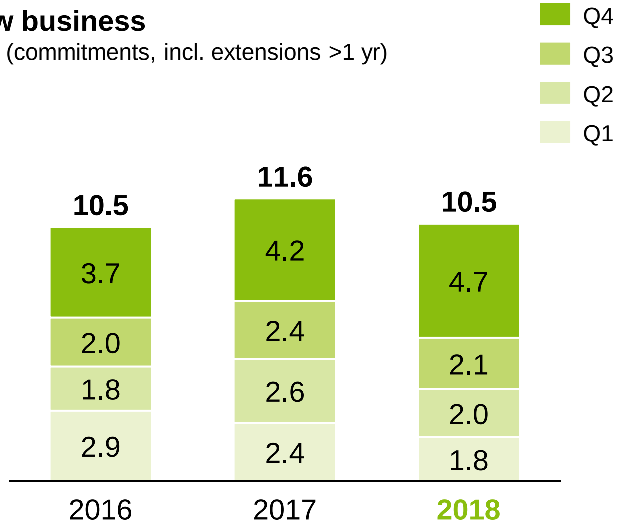
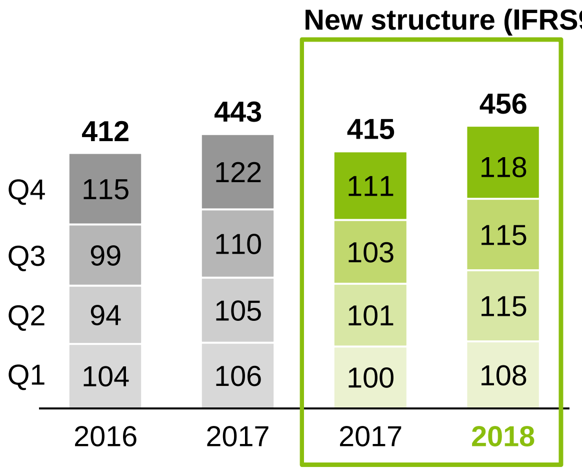
New business

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



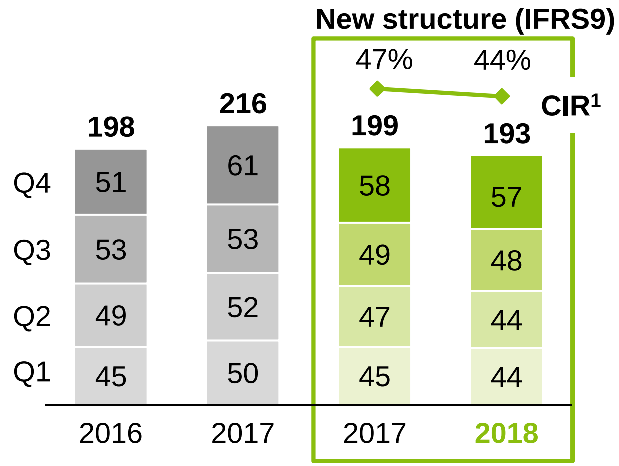
Net interest and commission income

€ mn (IFRS)



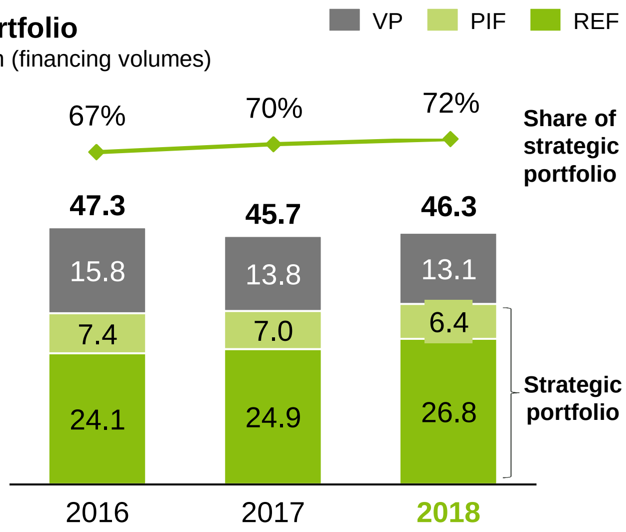
General and admin. expenses

€ mn (IFRS)



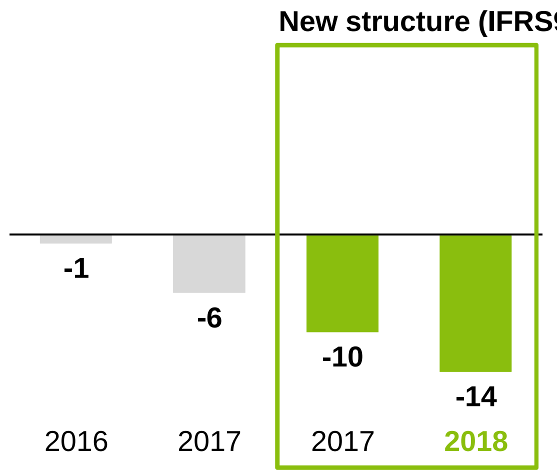
Portfolio

€ bn (financing volumes)



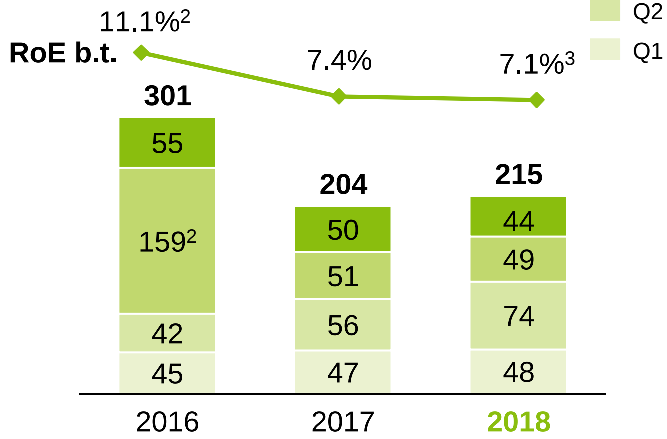
Net income from risk provisioning

€ mn (IFRS)



Pre-tax profit

€ mn (IFRS)



Note: Figures may not add up due to rounding 1 New definition: CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income 2 Incl. € +132 mn extraordinary gain from value adjustments on HETA exposure
3 Taking into account pro-rata AT1 coupon for 2018 (€ 12 mn pre-tax)

Agenda

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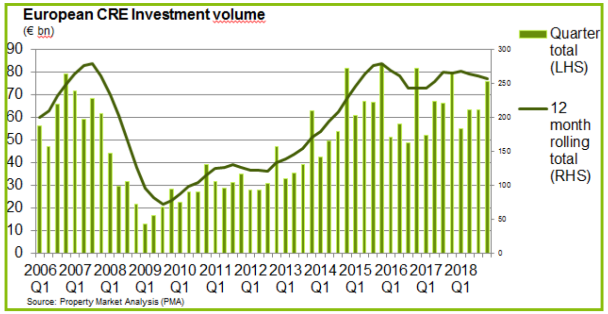
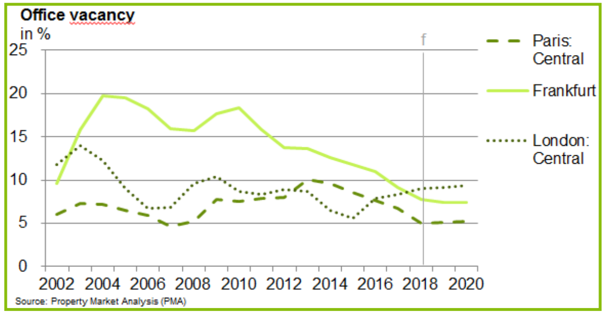
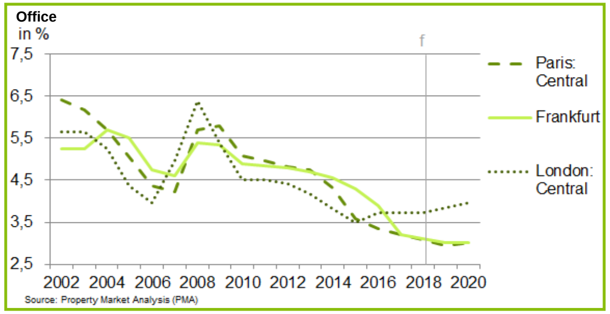
Markets

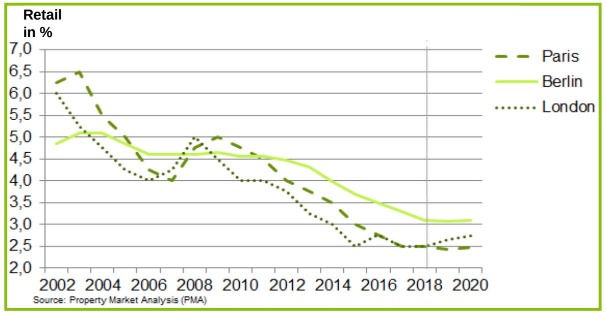
CRE market environment remains highly competitive and challenging – pbb cautious in UK and on retail properties



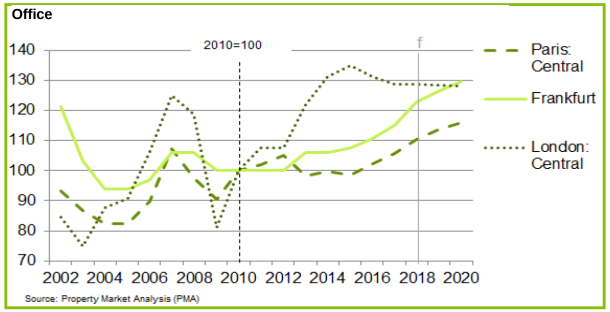


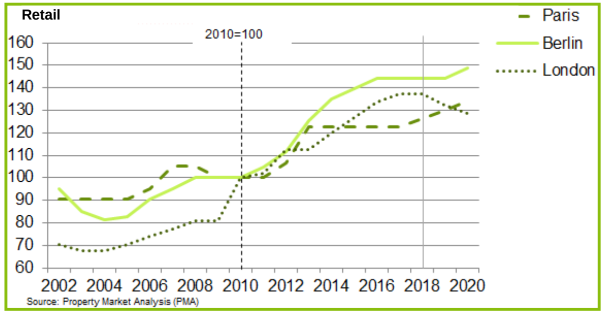
Prime yields





Rents





- CRE market environment remains highly competitive and challenging, but fundamentals for most continental European markets remain solid
  - Investment volume remains on elevated level in Europe
  - Slightly increasing rents and cash-flows in continental Europe, mainly stable rental development in UK
  - Retail rents may come under pressure
  - Vacancies remain on low level in continental Europe and regional UK markets
  - Property yields slightly decreasing in Germany; UK yields relatively stable despite uncertainty arising from Brexit
  - In Eurozone, prime office yields continue to offer pickup on 10-year government bond yields
- pbb remains cautious and highly selective on
  - UK (Brexit)
  - Retail (structural change / online business)

1 Source: pbb

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Financials

Strong performance based on continued solid underlying trends

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Income statement (new structure following IFRS 9)[1]

€ mn

	Q4/17	Q4/18	FY17	FY18
Operating Income	**119**	**121**	**453**	**471**
Net interest income	109	116	407	450
Net fee and commission income	2	2	8	6
Net income from fair value measurement	-1	-11	-5	-9
Net income from realisations	14	9	45	32
Net income from hedge accounting	-1	-	-1	-1
Net other operating income	-4	5	-1	-7
Net income from risk provisioning	-7	-5	-10	-14
General and administrative expenses	-58	-57	-199	-193
Expenses from bank levies and similar dues	-1	-2	-28	-25
Net income from write-downs and write-ups on non-financial assets	-3	-4	-14	-15
Net income from restructuring	-	-9	2	-9
Pre-tax profit	**50**	**44**	**204**	**215**
Income taxes	6	-3	-22	-36
Net income	**56**	**41**	**182**	**179**

	Q4/17	Q4/18	FY17	FY18
RoE before tax[2] (%)	7.1	5.5	7.4	7.1
RoE after tax[2] (%)	7.9	5.1	6.0	5.9
CIR[3] (%)	51.3	50.4	47.0	44.2
EpS[2] (€)	0.42	0.28	1.35	1.24

Key drivers Q4/FY 2018:

- NII up +11% y-o-y with strong Q4/18, benefitting from reduced funding costs and higher avg. strategic financing volume
- Fair value measurement mainly driven by pull-to-par and valuation effects – FY18 includes positive one-off from HETA and € -8 mn credit spread induced valuation effects from assets to be measured at FVPL according to IFRS 9
- Net income from realisations down y-o-y due to lower prepayment fees
- Other operating income includes FX effects and additions to provisions – FY/17 benefitted from positive one-offs
- Risk provisioning mainly driven by additions for UK loan exposures (sub-segment shopping centers) in Q3/18
- GAE slightly down y-o-y – FY/17 burdened by higher provisions
- Restructuring provisions built for “Focus & Invest” programme
- Tax rate of 17% slightly below guidance of ~20% – prior year (tax rate: 14%) positively affected by deferred taxes
- RoE after tax and EpS taking into account pro-rata AT 1 coupon (€ -12 mn)

1 See appendix for reconciliation from IAS 39 to IFRS 9 2 Taking into account the pro-rata AT1 coupon for 2018 (€ 12 mn pre-tax, €9 mn net) 3 CIR = (GAE + net income from write-downs and write ups on non-financial assets) / operating income

Financials

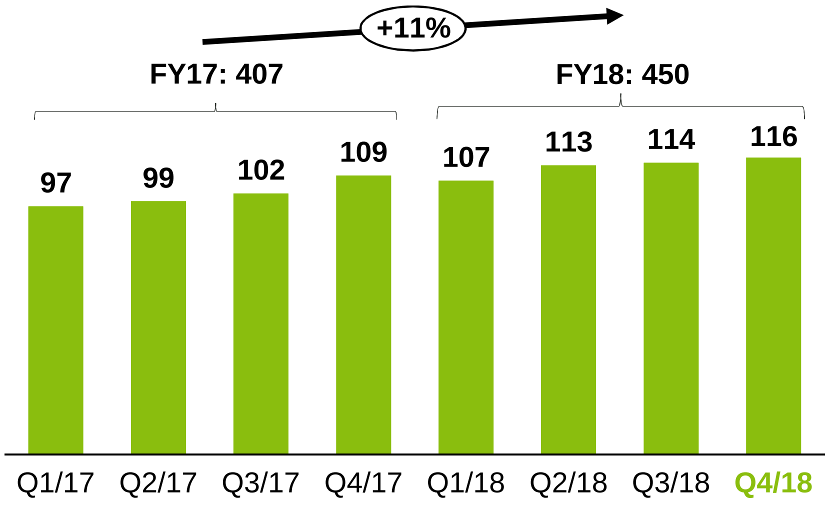
NII up +11% y-o-y with strong Q4/18 – reduced funding costs and higher avg. strategic financing volume

Income from lending business (€ mn)

	Q4/17	Q4/18	FY17	FY18
Net interest income	109	116	407	450
Net fee and commission income	2	2	8	6

	Q4/17	Q4/18	FY17	FY18
Net income from realisations	14	9	45	32

Net interest income (€ mn)



Key drivers Q4/FY 2018:

- NII continued to benefit from solid underlying drivers
  - Funding costs reduced y-o-y due to new funding at lower spreads and maturities at legacy costs
  - Avg. strategic REF financing volume up by € 1.4 bn y-o-y to € 25.8 bn (2017: € 24.4 bn)
    - Solid new business volume with strong Q4/18
    - Lower level of prepayments (€ -1.2 bn y-o-y)
  - Avg. total portfolio margin stable y-o-y, reflecting pbb's selective new business approach and growing strategic portfolio
- Net income from realisations down y-o-y due to lower prepayment fees (FY/18: € 16 mn; FY/17: € 31 mn)

Financials

Continued low level of risk costs despite additions for sub segment UK shopping center

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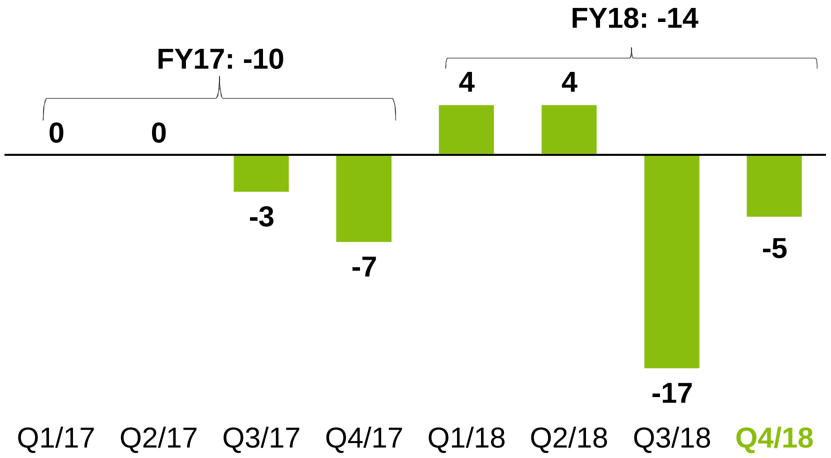
Net income from risk provisioning

€ mn

	Q4/17	Q4/18	FY17	FY18
Net income from risk provisioning	-7	-5	-10	-14
thereof				
stage 1	n/a	*-2*	n/a	*-*
stage 2		*1*		*9*
stage 3		*1*		*-19*
other loan loss provisions[2]		*-5*		*-4*



Key drivers Q4/FY 2018:

- Risk provisioning well below initial planning, driven by the following effects:

  (a) Overall portfolio provisioning still supported by benign sentiment:
  - Net release of provisions in stage 1 and 2 of € 9 mn in FY/18 (Q4/18: € 1 mn) due to improvement of PD/ LGD parameters and maturity effects

  (b) Individual adverse development in sub-segments:
  - Net additions in stage 3 of € -19 mn in FY/18 (Q4/18: € 1 mn) – thereof, € -17 mn for valuation driven provisions on UK retail shopping centers in Q3 (no payment defaults)

  (c) Additions from parameter changes in Q4/18, especially on irrevocable loan commitments (other loan loss provisions)

- Coverage ratio:
  - Stage 3 coverage ratio[1] down to 18% y-o-y (12/17: 20%), mainly driven by two newly added UK loans with 11% coverage ratio in Q3/18
  - Additional collateral not taken into account – incl. these factors, REF coverage ratio at approx. 100%

Note: IFRS 9 Expected Credit Loss Model replaced by IAS 39 Incurred Loss Model (effective 1st Jan 18) – new 3 stage logic:

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

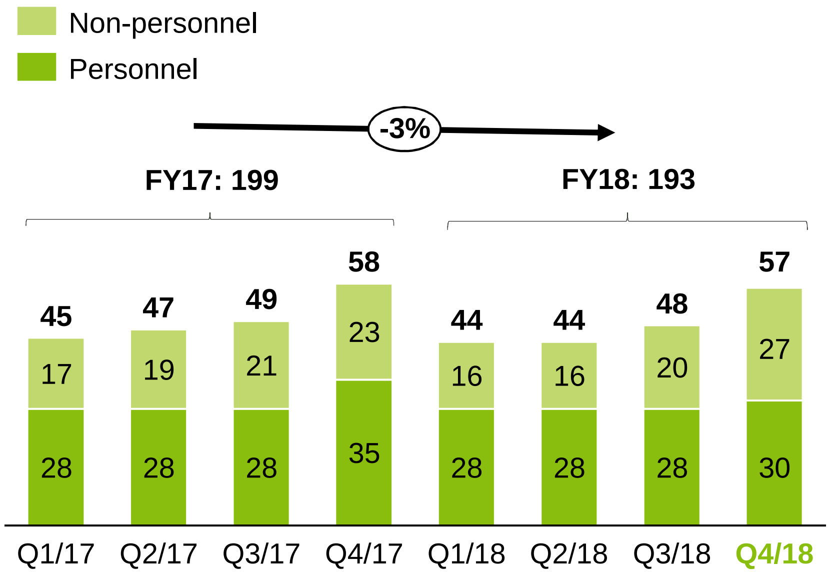
1 Coverage ratio = credit loss allowances on financial assets in stage 3 / gross book values in stage 3 (loans and securities)

2 Incl. recoveries from written-off financial assets and provision in lending business

Financials
Operating costs slightly down y-o-y with expected increase in Q4/18

General & administrative expenses and depreciations
€ mn

	Q4/17	Q4/18	FY17	FY18
General admin. expenses	-58	-57	-199	-193
Personnel	*-35*	*-30*	*-119*	*-114*
Non-personnel	*-23*	*-27*	*-80*	*-79*
Net income from write-downs and write-ups on non-financial assets	-3	-4	-14	-15
CIR (%)[1]	*51.3*	*50.4*	*47.0*	*44.2*



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

Key drivers Q4/FY 2018:

- GAE slightly down y-o-y (-3%) – increase in Q4/18 as expected
  - Personnel expenses slightly down y-o-y as prior year was burdened by higher provisions – FTEs slightly up to 750 y-o-y, but below plan (12/17: 744)
  - Non-personnel costs stable y-o-y
    - Project costs determined by investment expenditure, refinanced by lower expenses for regulatory and other projects
    - Increase in Q4/18 driven by project related costs (esp. IT), partly including accrued expenses for 2019 projects started in 2018
- Net income from write-downs and write-ups on non-financial assets mainly driven by scheduled depreciations

Agenda

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New business & segment reporting

REF: Strong new business origination while maintaining selective and risk conservative approach – financing volume up +8% y-o-y

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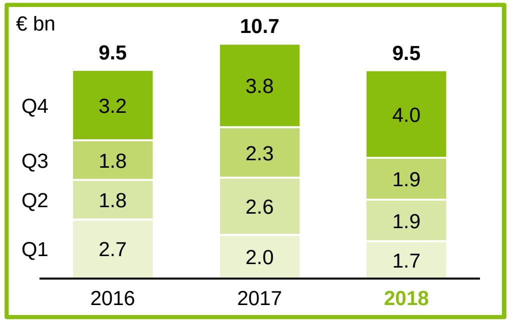
REF new business	2017	2018
Total volume (€ bn)	10.7	9.5
thereof: Extensions >1 year	*1.9*	*2.2*
No. of deals	221	185
Ø maturity (years)[1]	~5.3	~4.7
Ø LTV (%)[2]	60	59
Ø gross interest margin (bp)	>155	~155



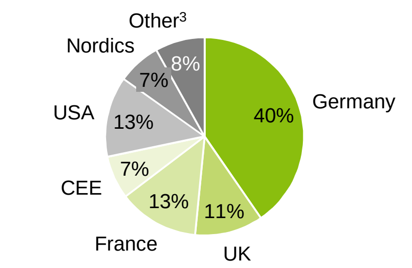
REF: Income statement (IFRS, € mn)	Q4/17[5]	Q4/18	FY17[5]	FY18
Operating income	97	101	368	391
thereof: Net interest income	*87*	*96*	*334*	*372*
Net income from realisations	*15*	*4*	*45*	*27*
Net income from risk provisioning	-4	-4	-8	-22
General administrative expenses	-46	-46	-158	-154
Net other revenues	-3	-11	-25	-33
Pre-tax profit	**44**	**40**	**177**	**182**
Key indicators	**Q4/17[5]**	**Q4/18**	**FY17[5]**	**FY18**
CIR (%)[4]	49.5	48.5	46.2	42.5
RoE before tax (%)	14.7	10.8	15.4	12.9
Equity (€ bn)	1.2	1.4	1.2	1.4
RWA (€ bn)	8.3	8.3	8.3	8.3
Financing volume (€ bn)	24.9	26.8	24.9	26.8

Regions

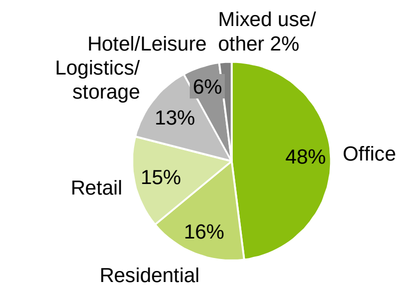
Property types

New business (Commitments, incl. extensions > 1year)

FY/18: € 9.5 bn

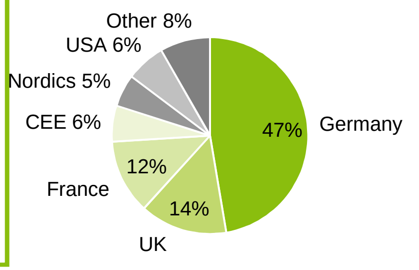


FY/18: € 9.5 bn

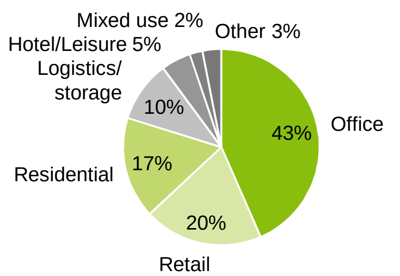


Portfolio (EaD, Basel III)

31/12/18: € 29.9 bn



31/12/18: € 29.9 bn



Key drivers Q4/FY 2018:

- Strong new business origination in Q4/18 – however, high competition and margin pressure ongoing
  - Continued selective approach with focus on conservative risk positioning (avg. LTV 59%[2])
  - Regional and product mix aligned to market developments (e.g. UK share down, US up; higher share in Office, lower Retail)
  - Avg. gross interest margin stable at ~155 bp
- Financing volume up +8% y-o-y due to strong new business and by lower prepayments
- Positive financial segment performance y-o-y mainly driven by strong NII and low level of GAE, despite lower prepayment fees and higher risk provisioning

Note: Figures may not add up due to rounding 1 Legal maturities 2 New commitments; avg. LTV (extensions): 2018: 57%; 2017: 54% 3 Spain, Netherlands, Belgium, Italy, Austria, Luxembourg 4 CIR = (GAE + net income from write-downs and write ups on non-financial assets)/operating income 5 Adjusted acc. to IFRS 8.29

New business & segment reporting

PIF: High competition continues to weigh on new business volume and margins

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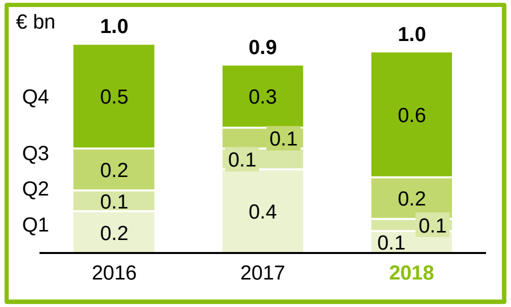
PIF new business	2017	2018
Total volume (€ bn)	0.9	1.0
No. of deals	30	25
Ø maturity (years)[1]	~8.7	~9.4
Ø gross interest margin (bp)	>100	>60



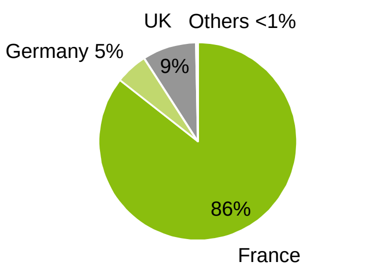
PIF: Income statement (IFRS, € mn)	Q4/17[3]	Q4/18	FY17[3]	FY18
Operating income	5	15	26	38
thereof: Net interest income	8	8	30	34
Net income from realisations	-	5	-	5
Net income from risk provisioning	-5	-	-6	4
General administrative expenses	-8	-8	-27	-27
Net other revenues	-	-3	-5	-7
Pre-tax profit	**-8**	**4**	**-12**	**8**
Key indicators	**Q4/17[3]**	**Q4/18**	**FY17[3]**	**FY18**
CIR (%)[2]	>100.0	60.0	>100.0	76.3
RoE before tax (%)	-21.3	3.4	-8.0	5.4
Equity (€ bn)	0.2	0.1	0.2	0.1
RWA (€ bn)	1.6	1.4	1.6	1.4
Financing volume (€ bn)	7.0	6.4	7.0	6.4

Regions

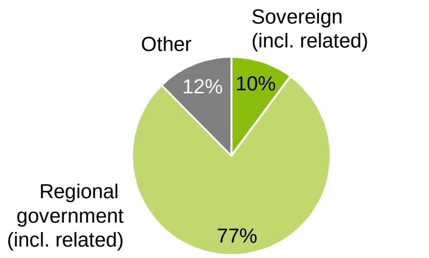
Borrower classification

New business (Commitments)

FY/18: € 1.0 bn

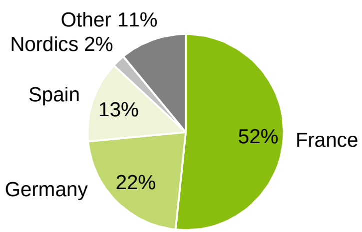


FY/18: € 1.0 bn

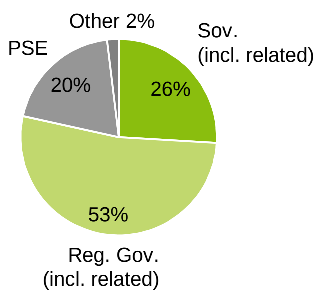


Portfolio (EaD, Basel III)

31/12/18: € 7.6 bn



31/12/18: € 7.6 bn



Key drivers Q4/FY 2018:

- High competition continues to weigh on volume and margins
  - New business volume of € 1.0 bn on constant low level
  - Avg. gross interest margin down y-o-y – however, portfolio margin benefitting from reduced funding costs
  - Financing volume down y-o-y as maturities exceed new business
- Financial segment performance y-o-y benefiting from increased NII and release of risk provisioning – FY/17 burdened by additions of risk provisions on a Southern European region

Note: Figures may not add up due to rounding 1 Weighted average lifetime 2 CIR = (GAE + net income from write-downs and write ups on non-financial assets)/operating income 3 Adjusted acc. to IFRS 8.29

New business & segment reporting

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

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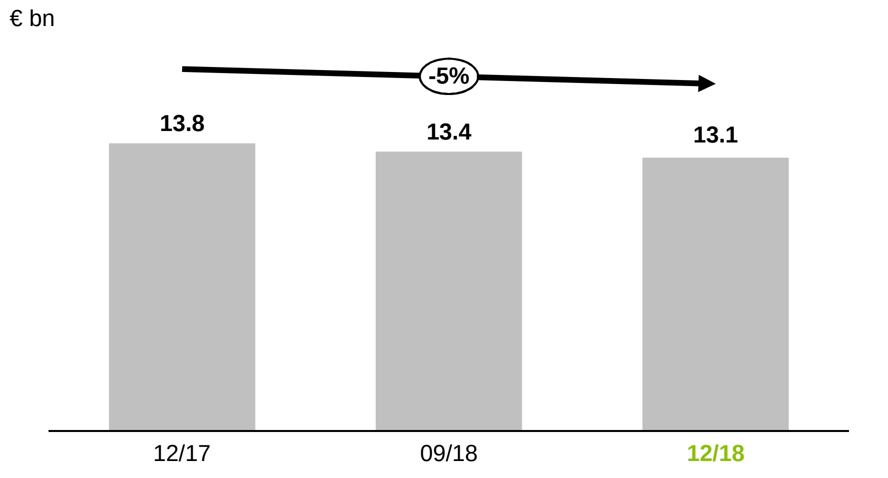
Financing volume

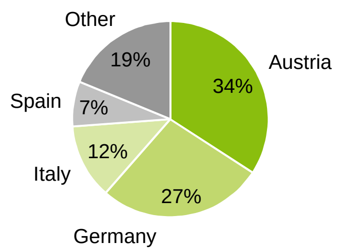


VP: Income statement (IFRS, € mn)	Q4/17[2]	Q4/18	FY17[2]	FY18
Operating income	15	3	53	37
thereof: Net interest income	12	11	37	39
Net income from realisations	-1	-	-	-
Net income from risk provisioning	2	-	4	4
General administrative expenses	-4	-3	-14	-12
Net other revenues	-1	-1	-10	-9
Pre-tax profit	**12**	**-1**	**33**	**20**
Key indicators	**Q4/17[2]**	**Q4/18**	**FY17[2]**	**FY18**
CIR (%)[1]	33.3	100.0	28.3	35.1
RoE before tax (%)	4.2	-0.7	2.8	1.4
Equity (€ bn)	1.1	1.1	1.1	1.1
RWA (€ bn)	3.5	4.0	3.5	4.0
Financing volume (€ bn)	13.8	13.1	13.8	13.1

Portfolio (EaD, Basel III)

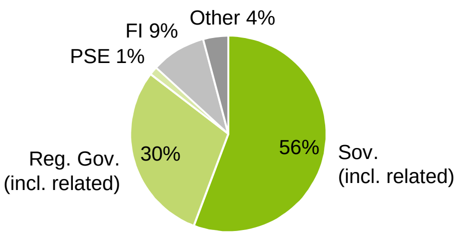
Regions

31/12/18: € 16.3 bn



Borrower classification

31/12/18: € 16.3 bn



Key drivers Q4/FY 2018:

- Value Portfolio further down in line with strategy due to maturities
- Financial segment performance influenced by allocation effects and positive one-off in Q2/18 (Heta); prior year positively affected by asset sales

Note: Figures may not add up due to rounding 1 CIR = (GAE + net income from write-downs and write ups on non-financial assets)/operating income 2 Adjusted acc. to IFRS 8.29

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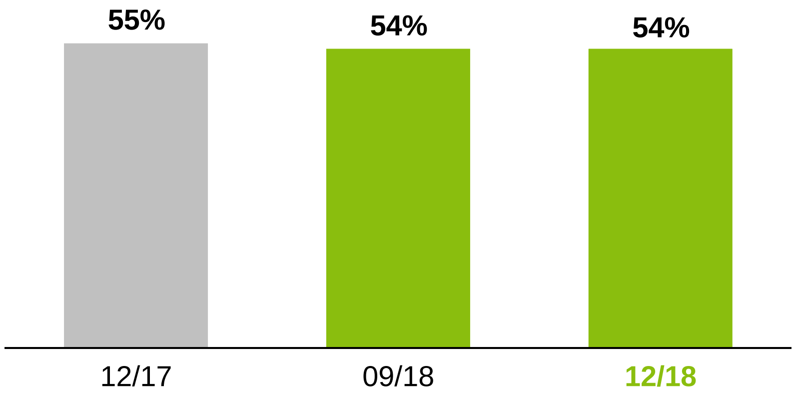
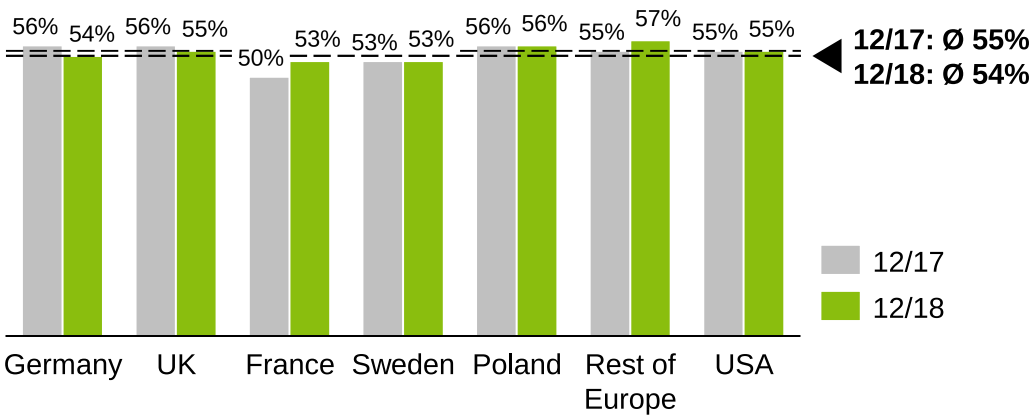
Portfolio

Conservative business and risk strategy continued – high portfolio quality with 95% investment grade and avg. LTV of 54%

REF Portfolio: Avg. weighted LTVs

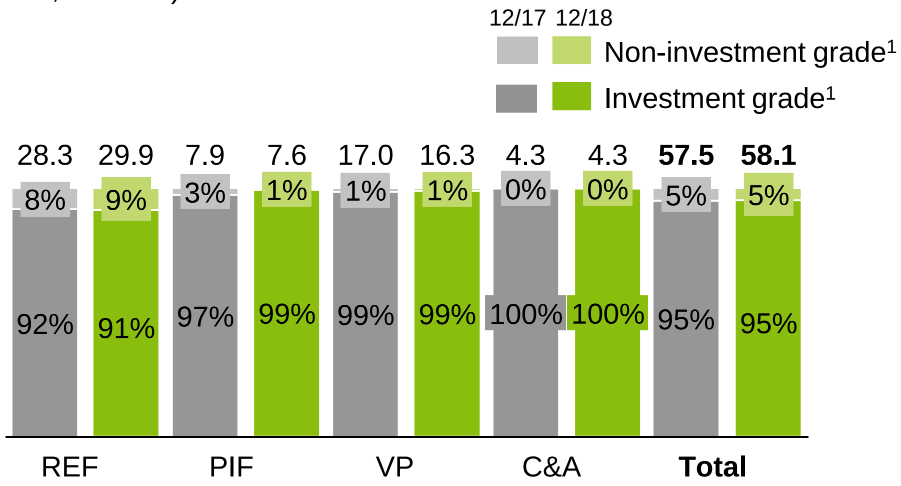
% (commitments)[2]





Total portfolio: Internal ratings (EL classes)

€ bn (EaD, Basel III)



- Italy exposure with relatively small valuation effects
  - VP: € 1.6 bn (nominal) / € 2.0 bn (EaD)
    - More than 87% booked at amortized costs; ~9% in FV/OCI and ~4% in FV/P&L
    - Fitch rating recently affirmed at BBB (22/02/19); Moody's and S&P ratings unchanged
  - REF: Only marginal exposure
- Highly selective and cautious approach in the UK – portfolio further reduced
  - Avg. LTV 55%
  - Avg. ISC of >300%

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

Portfolio

Non-performing loans continue to be at historically low level – moderate additions in 2018

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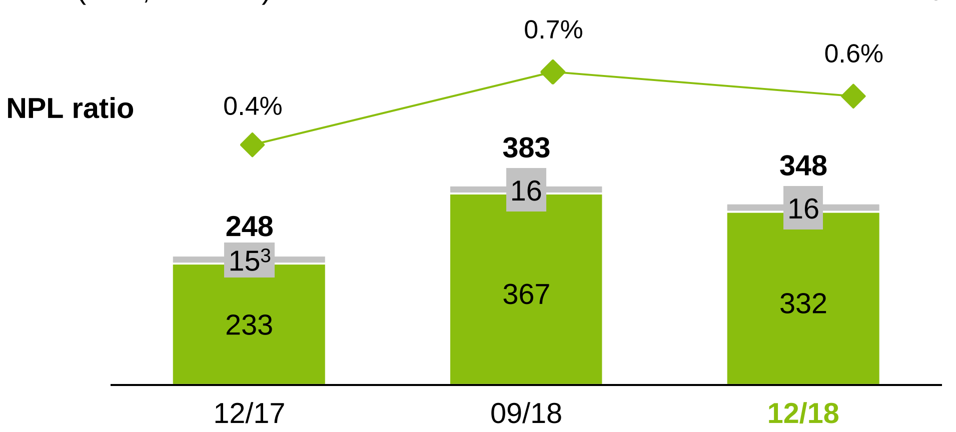
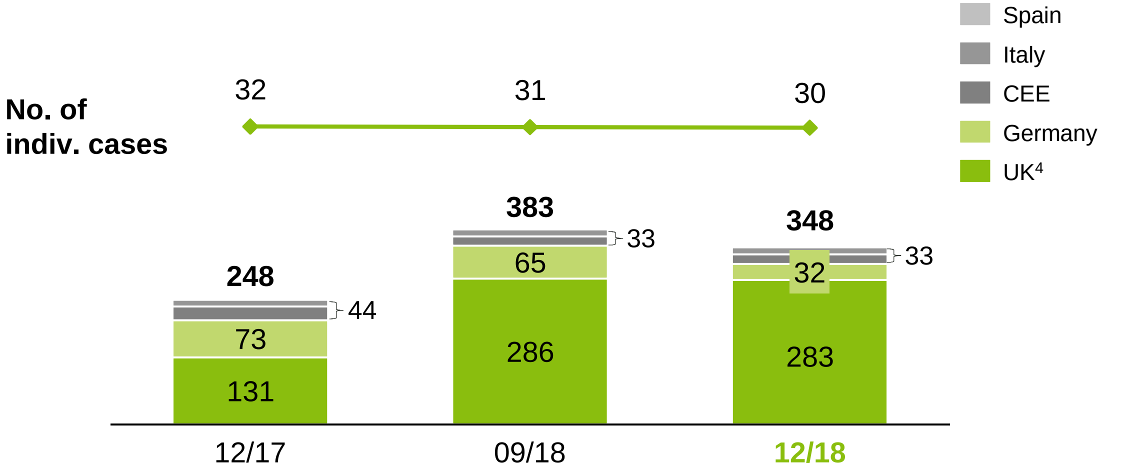
Non-performing loans

€ mn (EaD, Basel III)



Non-performing loans – regions



Key drivers Q4/FY 2018:

- Only small portfolio of non-performing loans (NPL) with NPL ratio[5] of 0.6%
  - In Q4/18 reduction of German NPL-Exposure due to repayment
  - In Q3/18, addition of UK loan exposures in the sub-segment Shopping Centers – market value assessments showed lower values, leading to covenant breach and impairment calculation; no payment default
  - No NPLs in PIF and VP
  - Only € 16 mn workout loans
- Estate UK-3 ‘technically’ shown as NPL
  - Properties sold, but synthetic securitization has not yet allocated loss
  - Expert proceeding ongoing

Note: Figures may not add up due to rounding 1 Internal PD class 30: No signs that the deal will recover soon, compulsory measures necessary 2 Internal PD class 28+29: Payments more than 90 days overdue or criteria acc. to respective policy apply 3 Internal rating downgrade of 1 loan (Italy); amount: € 14 mn 4 Estate UK-3 ‘technically’ shown as non-performing – properties sold, but synthetic securitisation has not yet allocated loss 5 NPL ratio = NPL volume / total assets

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Funding

Funding costs significantly reduced y-o-y –investor base continuous to grow with FX Pfandbriefe and “new” senior preferred bonds successfully issued

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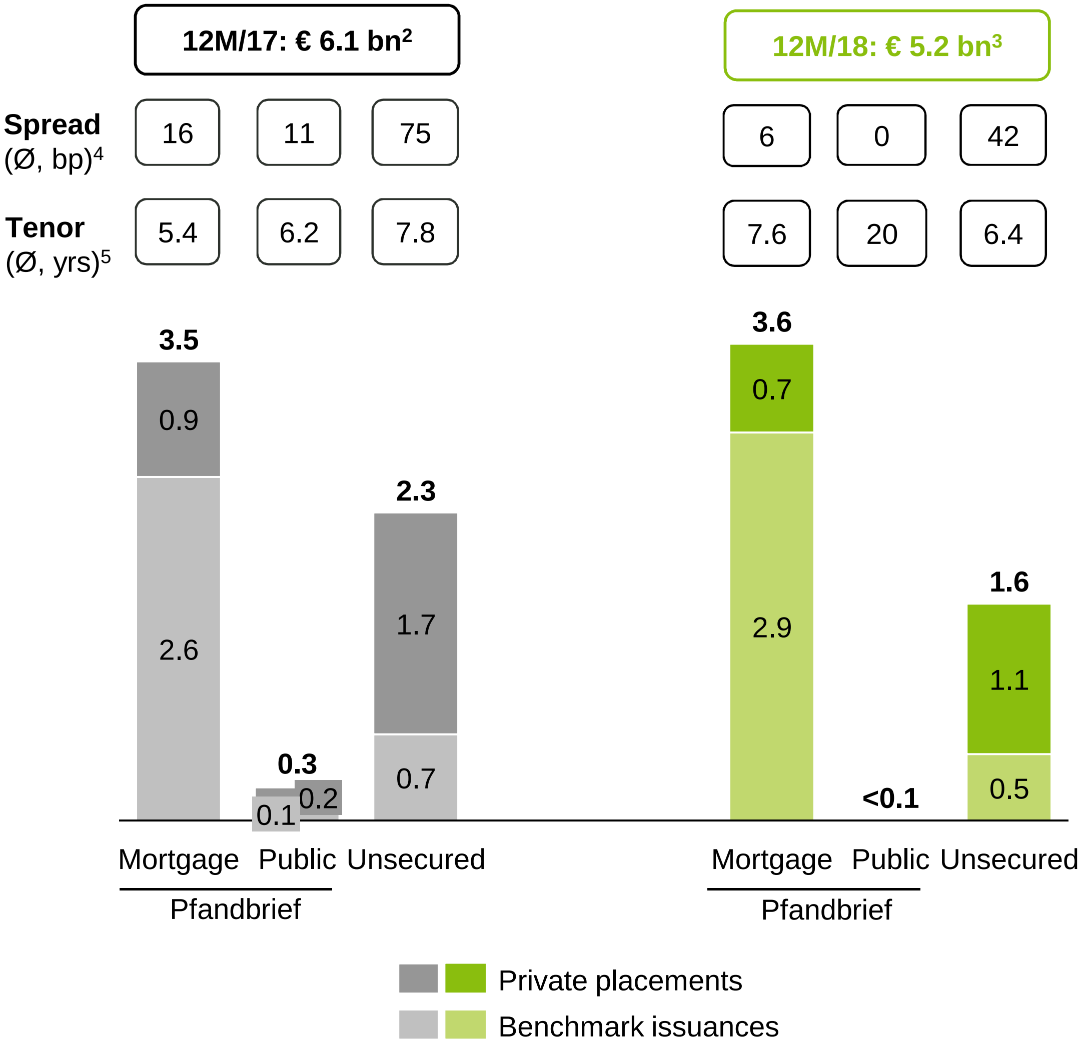
New long-term funding[1]

€ bn



Pfandbriefe

- Mortgage Pfandbrief Benchmarks: € 750 mn 5y, € 500 mn 6y, € 500 mn 9y and € 250 mn tap
- Additionally foreign currencies (£ 300 mn 3.25y, £ 50 mn tap, USD 600 mn 3y and SEK 2 bn 2y)

Senior Unsecured

- € 500 mn 4y Senior Non-Preferred benchmark issued in Q1/18 and continuous private placements throughout the year
- € 780 mn senior preferred raised via private placements in bearer bonds, registered bonds and term deposits issued

pbb direkt

- Total volume with € 3.0 bn (12/17: € 3.3 bn) slightly down, reflecting optimisation of funding structure
- Average maturity[6] increased slightly to 3.3 years (12/17: 3.1 yrs)

AT1

- € 300 mn Tier 1 (AT1) issuance in April 2018 optimises capital structure and strengthens leverage ratio

Funding structure and liquidity

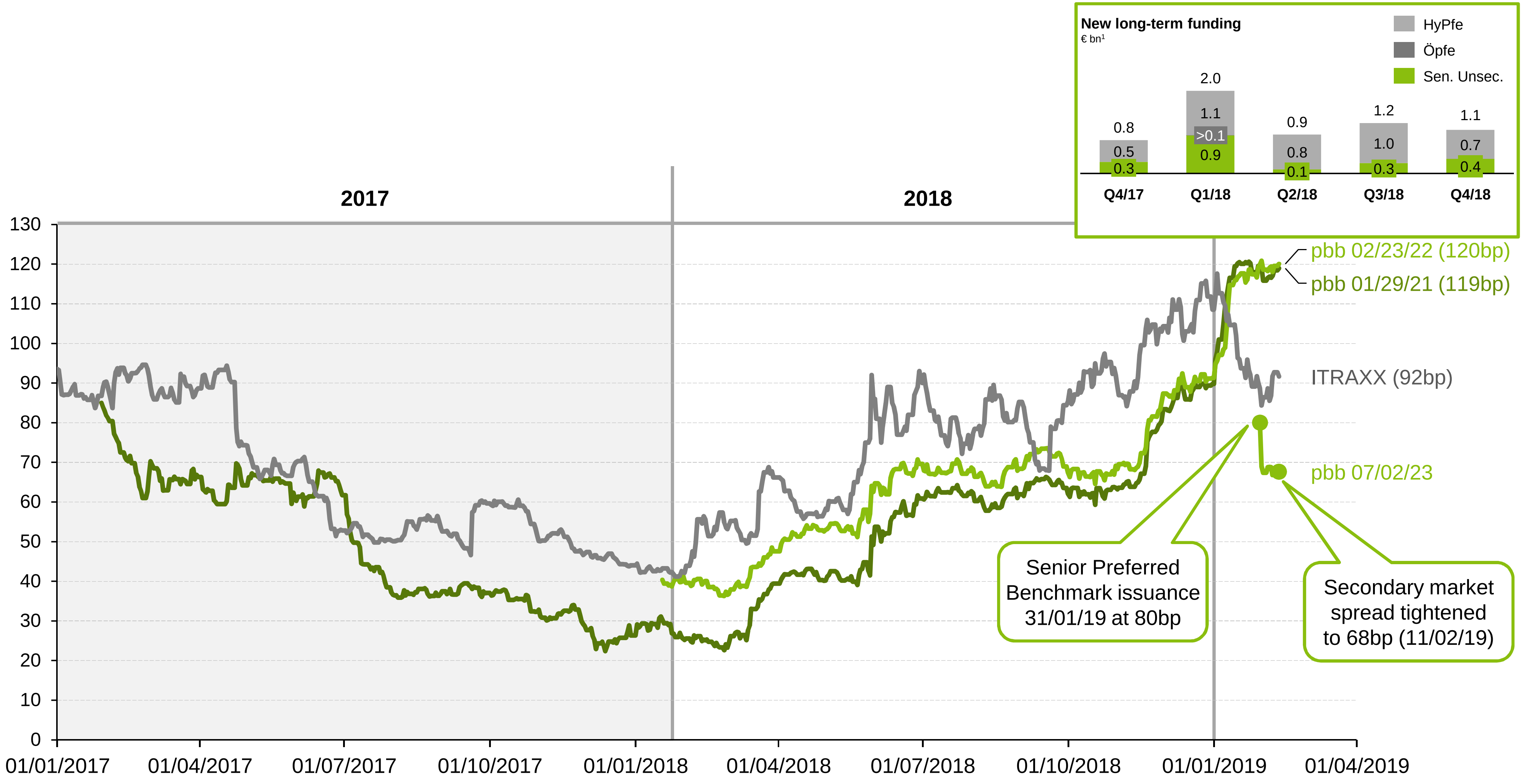
- ALM profile and liquidity position remain comfortable (NSFR >100%; LCR >150%)

Note: Figures may not add up due to rounding 1 Excl. retail deposit business 2 Excl. Tier 2 issuance € 520mn 3 Excl. AT1 issuance 4 vs. 3M Euribor 5 Initial weighted average maturity 6 Initial weighted average maturity of term deposits

Funding

Senior unsecured spreads are widening

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



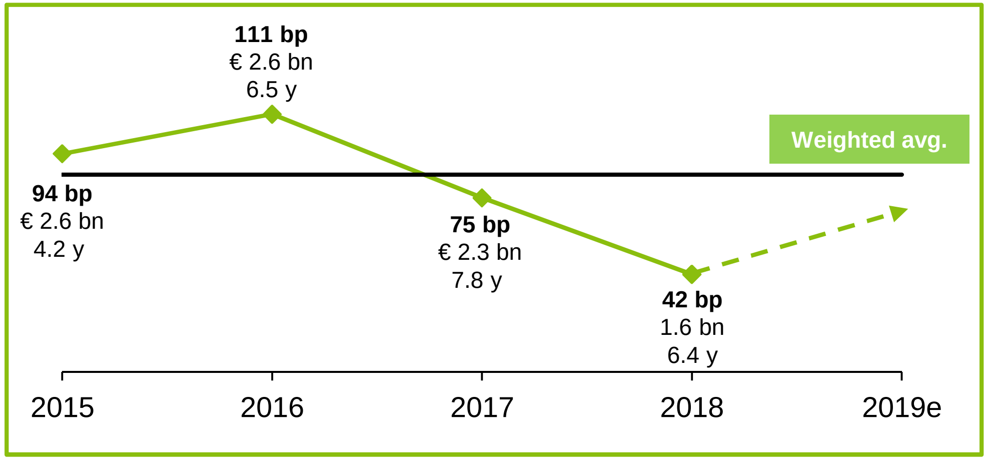
Source: Bloomberg 1 Excl. money market and deposit business

Funding

pbb expects average spread level for new funding below maturities in 2019

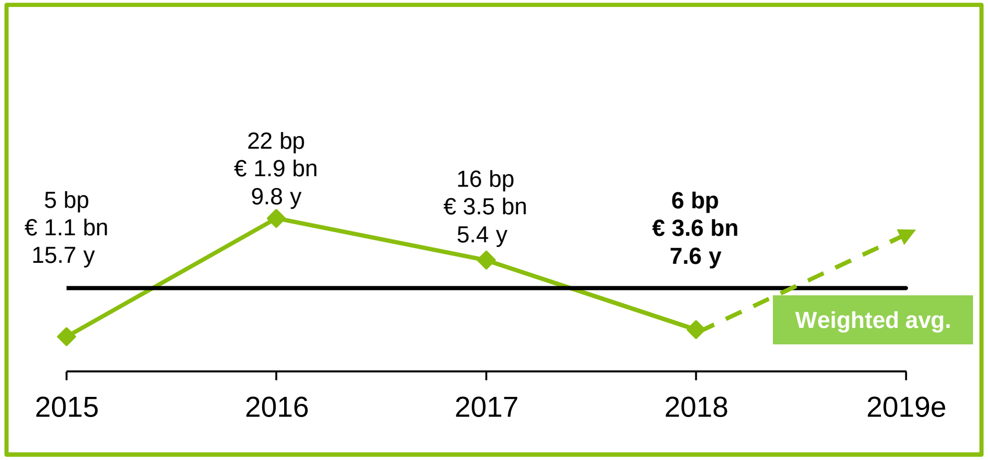
New issuance spread development – Unsecured

Avg. spread vs. 3m Euribor, bp



New issuance spread development – Mortgage Pfandbrief

Avg. spread vs. 3m Euribor, bp



New Benchmark Issuances since 2018

Type	Size	Maturity (years)	Spread (vs. 6m Euribor)
Senior	EUR 500 mn	4	+40 bp
Pfandbrief	EUR 750 mn	5	-13 bp
Tier 1 Capital	EUR 300 mn	Perpetual	+538 bp
Pfandbrief	EUR 500 mn	6	-9 bp
Pfandbrief	EUR 500 mn	9	-2 bp
Pfandbrief	GBP 300 mn	3.25	+5 bp
Pfandbrief	USD 600 mn	3	+10 bp
Pfandbrief	EUR 500 mn	5	+8 bp
Senior Preferred	EUR 500 mn	4	+80 bp

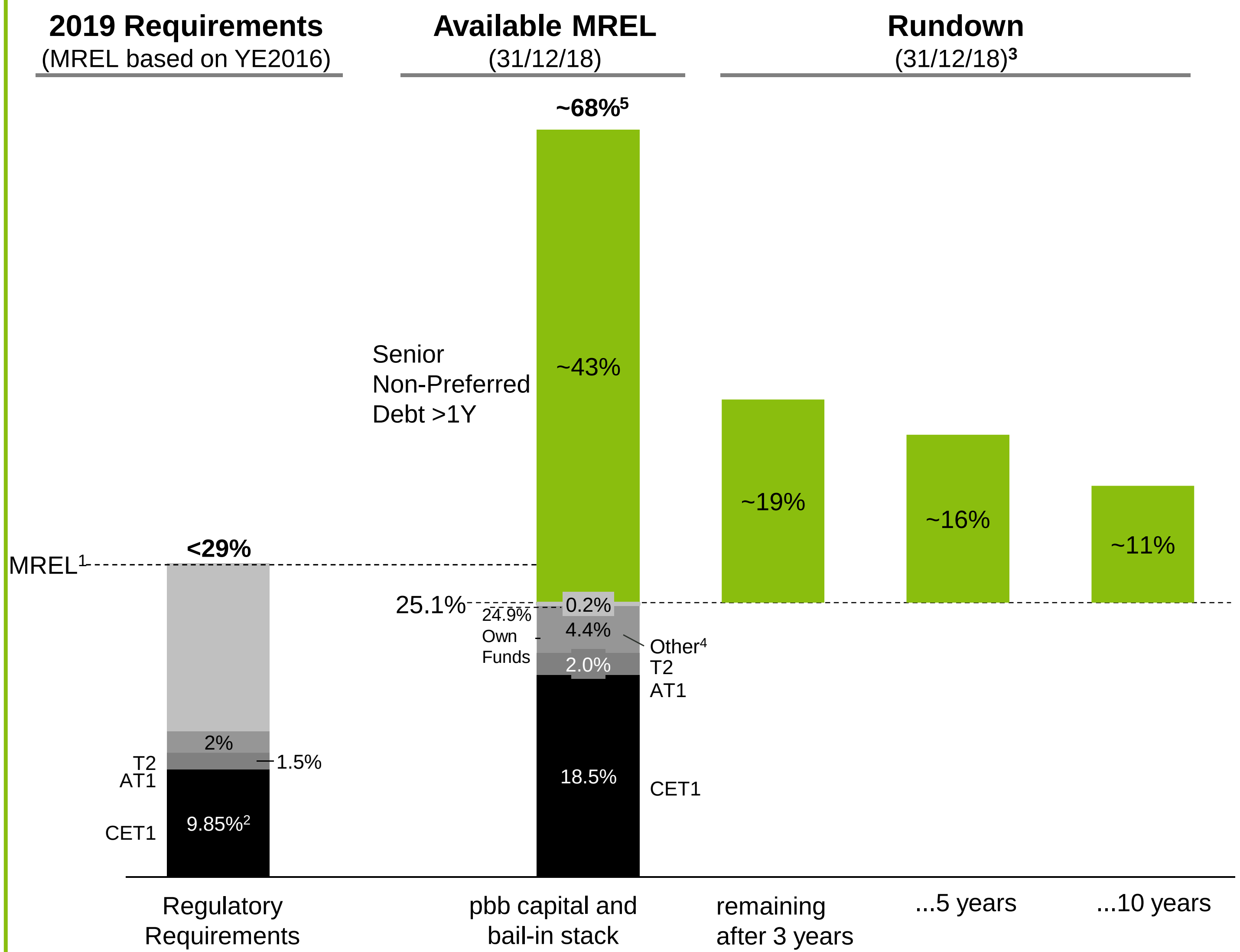
Key messages

- New issuance spreads – both, in Unsecured and Pfandbrief funding – significantly reduced over the last few years with positive effect on net new business margins and NII
- Beside recent spread increases in the secondary markets, pbb expects funding still to be supportive in 2019
  - New issuance focus is on Senior Preferred
    - Spread advantage vs. Senior Non-Preferred bonds
    - Existing Senior Non-Preferred well above minimum requirements for own funds and eligible liabilities (MREL)
  - Avg. spread of funding maturities in 2019 well above current spread levels

Funding

Significant MREL buffer allows for focus on Senior Preferred issues with higher rating and lower spreads

(in % of RWA, fully phased-in)



- Senior Preferred:
  - Expected to be the prevailing senior product in the near-term
  - A- Rating (S&P)
  - Spread advantage vs. Senior Non-Preferred bonds
- Senior Non-Preferred will remain a core element of pbb´s funding strategy going forward

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

Funding

pbb aims to mitigate recent spread increase through optimization of funding structure

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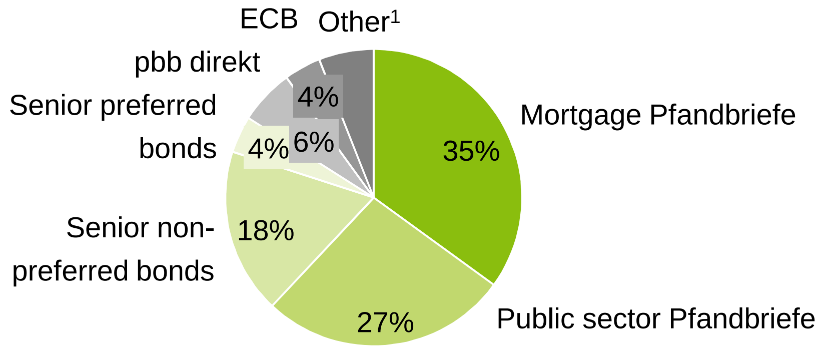
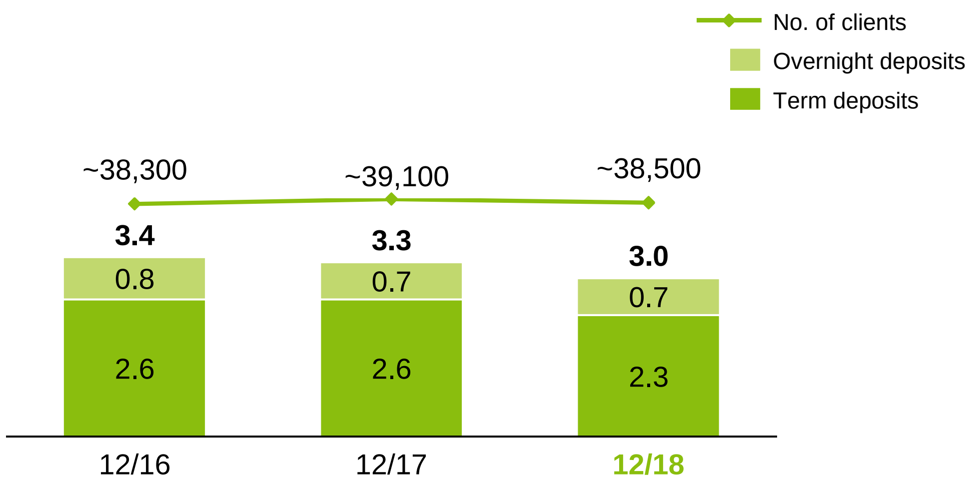
Funding structure

%-share (outstanding nominal volume, 31/12/2018)



pbb direkt: Retail Deposit Volume

EUR bn



Key messages

- Well diversified funding base – Pfandbrief is the main funding instrument
- Significant MREL buffer allows for focus on new unsecured bond class Senior Preferred – overall funding share will increase
- Direct access to retail deposits via pbb direkt:
  - Reduction of reliance on wholesale funding with 23% of total senior funding
  - Scalable source of unsecured funding that gains in relative attractiveness when interest rates rise
  - Optimize funding cost by shuffling between deposits and capital market
- Access to Interbank Funding (money markets), Repo and ECB

1 Repo, money markets, others

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Capital

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

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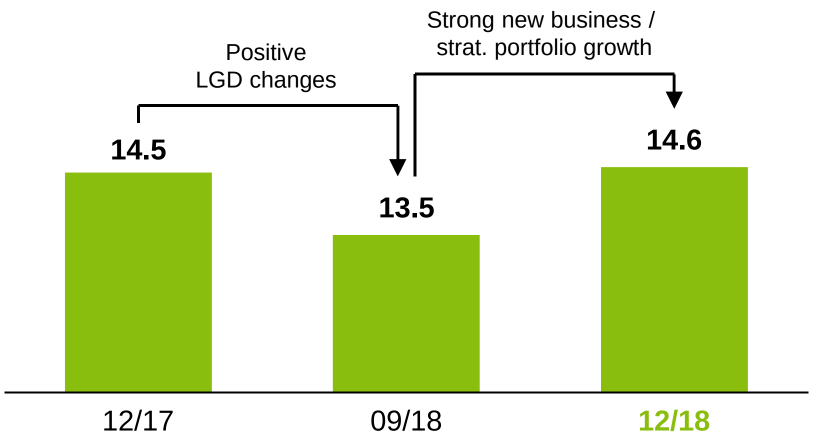
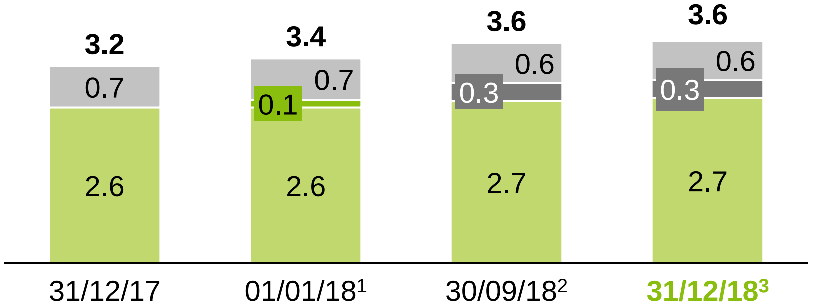
Basel III: RWA

€ bn (IFRS)



Basel III: Equity (fully-loaded)

€ bn (IFRS)



Basel III: Capital ratios (fully-loaded)

% (IFRS)

in %	12/17	09/18[2]	12/18[3]	Ambition levels
CET 1	17.6	19.7	18.5	≥12.5
Tier 1	17.6	21.9	20.5	≥16
Own funds	22.2	26.7	24.9	16-18
Leverage ratio	4.5	5.3	5.3	≥3.5

Key drivers Q4/FY 2018:

- RWA € +1.1 bn up q-o-q due to strong new business in Q4, stable y-o-y – positive effects from LGD changes counterbalanced by portfolio growth
- Year-to-date, capital up due to positive IFRS 9 first-time application effect (effective 1 January 2018) and AT 1 issuance of € 300 mn in April 2018
- pbb retains capital buffers for further RWA challenges
  - regulation (TRIM/Basel IV)
  - potential strategic growth
  - cyclical risks/ strategic measures

SREP requirements 2019:

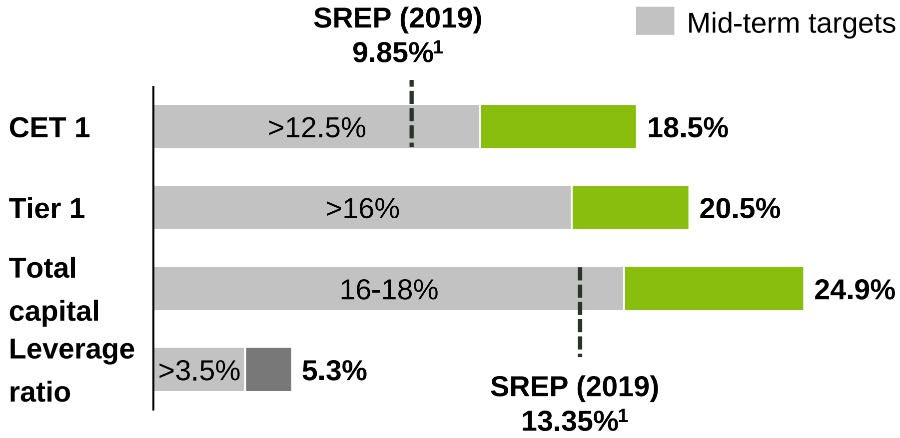
- CET 1 ratio: 9.85%[4] (2018: 9.95% fully-loaded)
- Own funds ratio: 13.35%[6] (2018: 13.45% fully-loaded)
- Changes compared to 2018 requirements (fully-loaded):
  - Reduction of P2R from 2.75% to 2.50%
  - Increase of countercyclical buffer from 0.2% to 0.35%

Note: Figures may not add up due to rounding 1 IFRS9 first-time application effect 2 incl. interim result Q1/18, post max. calc. dividend acc. to ECB methodology 3 Incl. full-year result, post proposed dividend 4 Incl. capital conservation buffer (2.5%) and anticipated countercyclical buffer (0.35%; actual as of 31.12.2018: 0.19%)

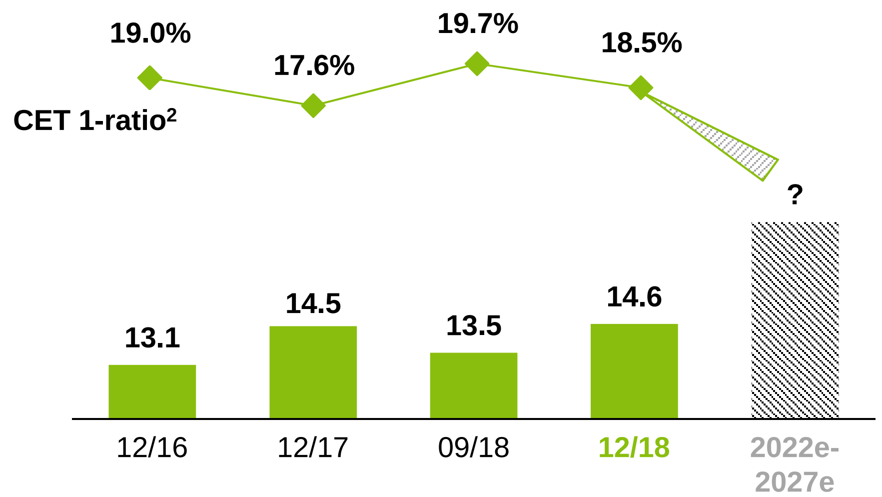
Regulatory requirements
Challenges for banks and capital

TRIM	■ Ongoing process ■ Finalisation in 2019 expected
EBA - Guidelines	■ Calibration of risk parameters ■ Consideration of every defaulted loans, not just the completed ones ■ New discounting policies ■ Increase of LGD/PD and therefore RWAs expected
Basel IV	■ Output-floor of 72.5% (max. output of IRBA-models versus SA) ■ Phase-in period 2022-2027 ■ Sufficient capital buffer to be adequately capitalised under Basel IV
ECB new NPL recommen-dation	■ ECB intends to strengthen European bank's balance sheets, stressing the importance of timely provisioning and write-off practices related to NPLs ■ Establish risk provisioning for defaulted secured loans in steps up to 40% after 3 years and 100% after 7 years

Basel III: Capital ratios
% (IFRS)



Basel III: RWA
€ bn (IFRS)



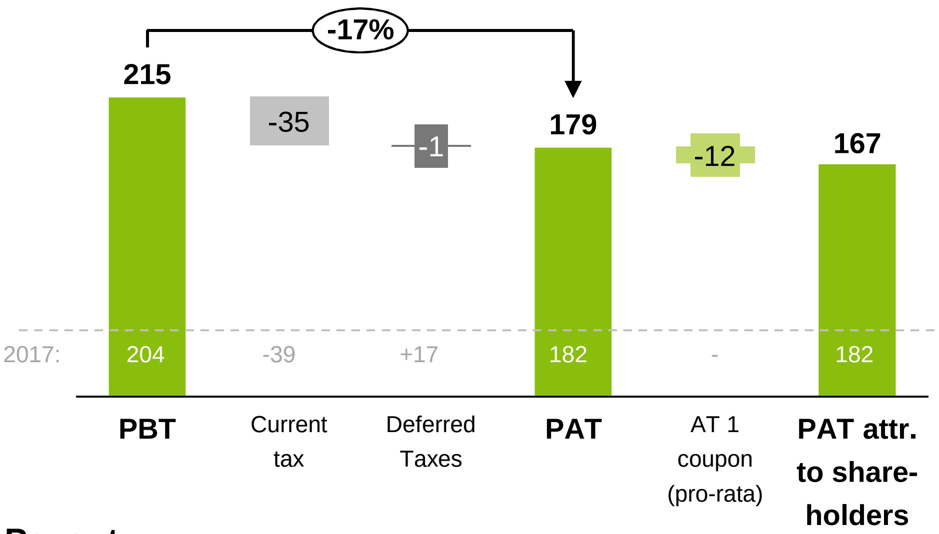
1 Incl. capital conservation buffer (2.5%) and anticipated countercyclical buffer (0.35%; actual as of 31.12.2018: 0.19%) 2 Fully-loaded

Dividend 2019

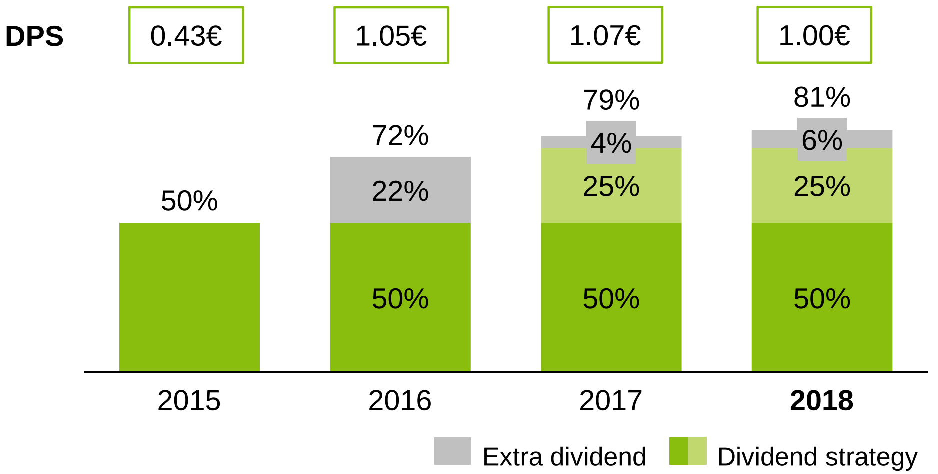
Shareholders to participate from continued strong performance – management intends to propose dividend of € 1.00 (Payout ratio of 81%[1])

Profit attributable to shareholders

€ mn (IFRS)



Payout



Dividend proposal 2018

- Dividend strategy: 50% regular dividend + 25% supplementary dividend for 2017, 2018 and 2019[1]
- In addition for 2018 payout of 100% of the earnings exceeding the upper range of our original PBT-guidance 2018 of EUR 170 mn, post taxes and AT 1-coupon
  - PAT attributable to shareholders: EUR 167 mn
  - Earnings per share[2]: EUR 1.24
  - Dividend per share[2]: EUR 1.00
  - Payout ratio of 81%
  - Dividend yield 11.4%[3] / 7.9%[4]

1 Based on IFRS group profit after tax attributable to shareholders 2 Number of outstanding shares 134,475,308 3 Based on XETRA year-end closing price 2018 of 8.74€
4 Based on annual average price 2018 (volume weighted daily XETRA closings) of 12.66€

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Focus & Invest

Pushing forward strategic initiatives to strengthen market position and support profitability

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Focus

Reorganisation of PIF business

- Change of PIF strategy from „Growth“ to „Hold“ as consequence of high competition, few opportunities and low margins
- Focus on business in France (operated from Paris) and ECA-business (operated from London) only; in addition, portfolio steering measures

Refocus of pbb resources

- Centralisation of functions at the head-office to optimise internal processes, relocating from London, Paris, Madrid and Eschborn

Re-investment of freed-up resources

Invest

US business

- Lean setup Representative Office since mid 2018
  - Expanding into primary business in established East Coast locations, while maintaining syndication business
  - Carefully expanding into new regions (Chicago, Los Angeles, San Francisco and Seattle) – initially syndication only
- Additional personnel resources will be made available by internal reallocation in support units outside US

Digitalisation

- New business area „Digitalisation“ established
- Redesign client interface, improve efficiency of processes, define and implement new business models

Digital transformation strategy

Digitalisation as an integral concept in pbb

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Digital Transformation
Develop new products and systems to improve existing products

Digitalization
Employ new technology

Digitization
Transfer information into digital formats (data)

Clients | **Efficiency** | **Income sources**

2
- Evaluation of cooperation in Fin- & Proptech sector

1
- pbb direkt
- Customer portal / data
- Credit process
- Process automation

3
- Capveriant

1 Short to mid- term value added in core process

Focus on clients and efficiency

2 Develop business model and integrate digital ecosystem

Focus on clients, efficiency and income sources

3 Develop / enhance Capveriant business model

Focus on income sources

Agenda

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

Appendix

Contact details

Outlook 2019

pbb well positioned to manage challenges ahead

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Challenges		Strategy / risk approach
Changes in economic and interest environment	■ Reduction in property valuations expected, especially in certain market segments like retail ■ Negative effects on LGD parameters	**Conservative lending criteria and intensive monitoring**
Advanced real estate cycle	■ No further increase in investment volumes, yields and vacancies on historical low level, prices peak ■ Expectation of higher volatility in risk provisioning	**Strong covenants and intensive monitoring**
Structural change in retail sector	■ Changes in shopping behaviour like online shopping influence retail property markets ■ Decreasing demand especially for shopping centres	**Cautious on Retail**
UK & Brexit	■ Macroeconomic risk increased after negative vote of the British parliament on Brexit agreement on 15/01/19 ■ Increased risk focus on UK Retail ■ Long-term view on CRE markets (prime locations, low LTV)	**Cautious on UK**
Italy & spread developments	■ Italian public sector exposure largely accounted for under amortized costs (>85%)	**Further run down of Italy portfolio**

Outlook 2019

Operating trends	2017	2018	Guidance 2019
Real Estate Finance (REF)			
New business volume[1] (EUR bn)	10.7	9.5	EUR 8.5-9.5 bn
Avg. gross margin (bp)	>155	~155	Slightly lower
Financing volume (EUR bn)	24.9	26.8	Moderate increase (strategic portfolio)
Public Investment Finance (PIF)			
Avg. gross margin (bp)	>100	>60	Slightly higher
Financing volume (EUR bn)	7.0	6.4	Stable (strategic portfolio in “hold” mode)
Value Portfolio (VP)			
Financing volume (EUR bn)	13.8	13.1	EUR ~12 bn (non-strategic portfolio in run-down mode)
Income statement (IFRS, EUR mn)	**2017**	**2018**	**Guidance 2019**
Net interest and commission income	415	456	Slightly lower
Loan-loss provisions	-10	-14	10-15 bp EL on REF financing volume
General administrative expenses	-199	-193	Slightly higher
Pre-tax profit	**204**	**215**	EUR 170-190 mn
Key ratios (%)	**2017**	**2018**	**Guidance 2019**
RoE before taxes[2]	7.4	7.1	5.5-6.5%
RoE after taxes[2]	6.0	5.9	4.0-5.0%
CIR	47.0	44.2	Slightly higher
CET1 ratio (fully loaded)	17.6	18.5[2]	Significantly above SREP requirement of 9.5% + countercyclical buffer of 0.35% (2018[3]: 9.75% + 0.2%)

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

Appendix

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Income statement

New structure based on internationally common disclosure – changes increase transparency of financial reporting

Major changes:

A. Depreciations for non financial assets in „GAE“ and „net other operating income“ are allocated to „net results from write-downs and write-ups on non-financial assets“
B. Additions/reversals of provisions for restructuring measures from „net miscellaneous income/expenses“ are allocated to „net other operating income“
C. Expenses for bank levy and deposit protection in „GAE“ and „net other operating income“ are allocated to „expenses from bank levies and similar dues“
D. Interest income and fees from early repayments of financial assets from „net interest income“ are allocated to „net income from realisations“
E. Additions/reversals of provisions with interest character from „net interest income“, „net other operating income“ and „net miscellaneous income/expenses“ are allocated to „net other operating income“
F. Rounding adjustments

Former structure (EUR mn)	12/17	A	B	C	D	E	F	12/17	New structure (EUR mn)
Net interest income	435				-45	17		407	Net interest income
Net fee and commission income	8							8	Net fee and commission income
Net trading result	-5							-5	Net income from fair value measurement
					45			45	Net income from realisations
Net income from financial investments	-4		4						
Net income from hedging relationships	-1							-1	Net income from hedge accounting
Net other operating income	-9	4		20		-17	1	-1	Net other operating income [1]
Operating Income	**424**							**453**	**Operating Income**
Loan loss provisions	-6		-4					-10	Net income from risk provisioning
General and administrative expenses	-216	10		8			-1	-199	General and administrative expenses
				-28				-28	Expenses from bank levies and similar dues
		-14						-14	Net income from write-downs and write-ups on non-financial assets
Net miscellaneous income/expenses	2							2	Net income from restructuring
Pre-tax profit	**204**							**204**	**Pre-tax profit**
Income tax	-22							-22	Income tax
Net income	**182**							**182**	**Net income**

Note: Figures may not add up due to rounding 1 “Net other operating income” includes “Net income from provisions”

Financial reporting

Change in definition of key ratios and segment allocation in 2018

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CIR	New calculation method of CIR as a result of new P&L structure: – In principal, continuation of past structure – Better reflection of operating efficiency – Esp. bank levy and similar dues no longer included	CIR = General admin. Expenses + Net income from write-downs and write-ups on non-financial assets / Operating income
Coverage Ratio	Replacement of IAS 39 Incurred Loss Model by IFRS9 Expected Credit Loss Model with 3 stage logic: – Stage 1: impaired with 1 year expected credit loss – Stage 2 and 3: impaired with lifetime expected credit loss Coverage ratio does not take into account additional collateral	Coverage ratio = Credit loss allowances on financial assets in stage 3 / Gross book values in stage 3 (loans and securities)
Segment Reporting	New approach better reflects operating profitability of the segments	Major effects: – Prepayment fees now allocated on single deal level – Costs of liquidity buffer no longer calculated on portfolio level – Equity now allocated according to going concern view instead of liquidation approach
RoE	Adjustment of RoE calculation after AT1-issuance (Q2/18 onwards only)	Return on equity = Annualised profit - accrued (pro-rata) AT1 coupon (before/after tax) / Ø Shareholders equity[1] (excl. AT1)

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

Key figures
pbb Group

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Income statement (€ mn)	Q1/17	Q2/17	Q3/17	Q4/17	2017	Q1/18	Q2/18	Q3/18	Q4/18	2018
Net interest income	97	99	102	109	407	107	113	114	116	450
Net fee and commission income	3	2	1	2	8	1	2	1	2	6
Net income from fair value measurement	-2	2	-4	-1	-5	0	4	-2	-11	-9
Net income from realisations	9	13	9	14	45	9	6	8	9	32
Net income from hedge accounting	1	0	-1	-1	-1	-1	-1	1	0	-1
Net other operating income	8	-6	1	-4	-1	-4	-5	-3	5	-7
Operating Income	**116**	**110**	**108**	**119**	**453**	**112**	**119**	**119**	**121**	**471**
Net income from risk provisioning	0	0	-3	-7	-10	4	4	-17	-5	-14
General and administrative expenses	-45	-47	-49	-58	-199	-44	-44	-48	-57	-193
Expenses from bank levies and similar dues	-22	-3	-2	-1	-28	-21	-1	-1	-2	-25
Net income from write-downs and write-ups on non-financial assets	-3	-5	-3	-3	-14	-3	-4	-4	-4	-15
Net income from restructuring	1	1	0	0	2	0	0	0	-9	-9
Pre-tax profit	**47**	**56**	**51**	**50**	**204**	**48**	**74**	**49**	**44**	**215**
Income taxes	-9	-9	-10	6	-22	-9	-14	-10	-3	-36
Net income	**38**	**47**	**41**	**56**	**182**	**39**	**60**	**39**	**41**	**179**

Key ratios (%)	Q1/17	Q2/17	Q3/17	Q4/17	2017	Q1/18	Q2/18	Q3/18	Q4/18	2018
CIR[1]	41.4	47.3	48.1	51.3	47.0	42.0	40.3	43.7	50.4	44.2
RoE before tax	6.7	8.0	7.4	7.1	7.3	6.7	9.5	6.3	5.5	7.1
RoE after tax	5.4	6.7	5.9	7.9	6.5	5.4	7.6	4.9	5.1	5.9

Balance sheet (€ bn)	03/17	06/17	09/17	12/17	12/17	03/18	06/18	09/18	12/18	12/18
Total assets	61.2	60.7	57.9	58.0	58.0	57.6	57.8	57.3	57.8	57.8
Equity	2.8	2.7	2.8	2.9	2.9	3.0	3.2	3.2	3.3	3.3
Financing volume	47.3	46.6	46.0	45.7	45.7	46.3	45.9	45.7	46.3	46.3

Regulatory capital ratios[2]	03/17	06/17	09/17	12/17	12/17	03/18	06/18	09/18	12/18	12/18
RWA (€ bn)	13.0	12.9	14.7	14.5	14.5	14.2	13.7	13.5	14.6	14.6
CET 1 ratio – phase in (%)	19.5[3]	19.6[3]	17.3	17.6[4]	17.6[4]	18.8[5]	19.4[6]	19.7	18.5	18.5

Personnel	03/17	06/17	09/17	12/17	12/17	03/18	06/18	09/18	12/18	12/18
Employees (FTE)	739	741	736	744	744	733	747	747	750	750

1 CIR = (GAE + net income from write-downs and write ups on non-financial assets)/operating income 2 Basel III transitional rules 3 Excl. interim result 4 Incl. full-year result, post proposed dividend 5 Post proposed dividend for 2017, incl. interim result, post max. calc. dividend acc. to ECB methodology 6 incl. interim result Q1/18, post max. calc. dividend acc. to ECB methodology

Key figures
pbb Group FY17 vs. FY18

Income statement (€ mn)	REF		PIF		VP		C&A		pbb Group	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Net interest income	334	372	30	34	37	39	6	5	407	450
Net fee and commission income	9	6	0	1	-1	-1	0	0	8	6
Net income from fair value measurement	0	-8	-2	-2	-3	1	0	0	-5	-9
Net income from realisations	45	27	0	5	0	0	0	0	45	32
Net income from hedge accounting	-1	-1	0	0	0	0	0	0	-1	-1
Net other operating income	-19	-5	-2	0	20	-2	0	0	-1	-7
Operating Income	**368**	**391**	**26**	**38**	**53**	**37**	**6**	**5**	**453**	**471**
Net income from risk provisioning	-8	-22	-6	4	4	4	0	0	-10	-14
General and administrative expenses	-158	-154	-27	-27	-14	-12	0	0	-199	-193
Expenses from bank levies and similar dues	-15	-14	-4	-4	-9	-7	0	0	-28	-25
Net income from write-downs and write-ups on non-financial assets	-12	-12	-1	-2	-1	-1	0	0	-14	-15
Net income from restructuring	2	-7	0	-1	0	-1	0	0	2	-9
Pre-tax profit	**177**	**182**	**-12**	**8**	**33**	**20**	**6**	**5**	**204**	**215**

Key figures
Real Estate Finance (REF)

Income statement (€ mn)	**Q1/17[3]**	**Q2/17[3]**	**Q3/17[3]**	**Q4/17[3]**	**2017[3]**	**Q1/18**	**Q2/18**	**Q3/18**	**Q4/18**	**2018**
Net interest income	81	82	84	87	334	89	94	93	96	372
Net fee and commission income	3	2	2	2	9	1	2	2	1	6
Net income from fair value measurement	-	2	-2	-	-	-	-4	-1	-3	-8
Net income from realisations	9	13	8	15	45	8	6	9	4	27
Net income from hedge accounting	-	1	-1	-1	-1	-1	-	-	-	-1
Net other operating income	-5	-6	-2	-6	-19	-1	-5	-2	3	-5
Operating Income	**88**	**94**	**89**	**97**	**368**	**96**	**93**	**101**	**101**	**391**
Net income from risk provisioning	-2	-	-2	-4	-8	-	-1	-17	-4	-22
General and administrative expenses	-36	-38	-38	-46	-158	-35	-35	-38	-46	-154
Expenses from bank levies and similar dues	-11	-2	-1	-1	-15	-12	-	-1	-1	-14
Net income from write-downs and write-ups on non-financial assets	-2	-5	-3	-2	-12	-2	-4	-3	-3	-12
Net income from restructuring	1	1	-	-	2	-	-	-	-7	-7
Pre-tax profit	**38**	**50**	**45**	**44**	**177**	**47**	**53**	**42**	**40**	**182**

Key ratios (%)	**Q1/17**	**Q2/17**	**Q3/17**	**Q4/17**	**2017**	**Q1/18**	**Q2/18**	**Q3/18**	**Q4/18**	**2018**
CIR[1]	43.2	45.7	46.1	49.5	46.2	38.5	41.9	40.6	48.5	42.5
RoE before tax	13.8	18.2	15.7	14.7	15.4	14.5	14.5	11.4	10.8	12.9

Key figures (€ bn)	**03/17**	**06/17**	**09/17**	**12/17**	**12/17**	**03/18**	**06/18**	**09/18**	**12/18**	**12/18**
Equity[2]	1.1	1.1	1.2	1.2	1.2	1.4	1.4	1.4	1.4	1.4
RWA	6.3	6.5	8.6	8.3	8,3	8.1	8.1	7.6	8.3	8.3
Financing volume	24.1	24.4	24.6	24.9	24.9	25.7	25.7	25.7	26.8	26.8

1 CIR = (GAE + net income from write-downs and write ups on non-financial assets)/operating income   2 Equity now allocated according to going concern view instead of liquidation approach   3 Adjusted acc. to IFRS 8.29

Key figures
Public Investment Finance (PIF)

DEUTSCHE PFANDBRIEFBANK

Income statement (€ mn)	Q1/17[3]	Q2/17[3]	Q3/17[3]	Q4/17[3]	2017[3]	Q1/18	Q2/18	Q3/18	Q4/18	2018
Net interest income	7	7	8	8	30	8	8	10	8	34
Net fee and commission income	-	-	-	-	-	-	-	-	1	1
Net income from fair value measurement	-1	-	-	-1	-2	-	-1	-1	-	-2
Net income from realisations	-	-	-	-	-	-	-	-	5	5
Net income from hedge accounting	-	-	-	-	-	-	-	-	-	-
Net other operating income	-1	-	1	-2	-2	-1	-	-	1	-
Operating Income	**5**	**7**	**9**	**5**	**26**	**7**	**7**	**9**	**15**	**38**
Net income from risk provisioning	1	-	-2	-5	-6	2	2	-	-	4
General and administrative expenses	-6	-6	-7	-8	-27	-6	-6	-7	-8	-27
Expenses from bank levies and similar dues	-3	-1	-	-	-4	-3	-	-	-1	-4
Net income from write-downs and write-ups on non-financial assets	-1	-	-	-	-1	-1	-	-	-1	-2
Net income from restructuring	-	-	-	-	-	-	-	-	-1	-1
Pre-tax profit	**-4**	**-**	**-**	**-8**	**-12**	**-1**	**3**	**2**	**4**	**8**

Key ratios (%)	Q1/17	Q2/17	Q3/17	Q4/17	2017	Q1/18	Q2/18	Q3/18	Q4/18	2018
CIR[1]	>100	85.7	77.8	>100	>100	100.0	85.7	77.8	60.0	76.3
RoE before tax	-16.0	0.0	0.0	-21.3	-8.0	-2.0	1.6	1.4	3.4	5.4

Key figures (€ bn)	03/17	06/17	09/17	12/17	12/17	03/18	06/18	09/18	12/18	12/18
Equity[2]	0.1	0.1	0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.1
RWA	1.4	1.4	1.4	1.6	1.6	1.6	1.3	1.3	1.4	1.4
Financing volume	7.7	7.6	7.2	7.0	7.0	7.0	6.7	6.6	6.4	6.4

1 CIR = (GAE + net income from write-downs and write ups on non-financial assets)/operating income 2 Equity now allocated according to going concern view instead of liquidation approach 3 Adjusted acc. to IFRS 8.29

Key figures
Value Portfolio (VP)

Income statement (€ mn)	Q1/17[3]	Q2/17[3]	Q3/17[3]	Q4/17[3]	2017[3]	Q1/18	Q2/18	Q3/18	Q4/18	2018
Net interest income	8	8	9	12	37	8	10	10	11	39
Net fee and commission income	-	-	-1	-	-1	-	-	-1	-	-1
Net income from fair value measurement	-1	-	-2	-	-3	-	9	-	-8	1
Net income from realisations	-	-	1	-1	-	1	-	-1	-	-
Net income from hedge accounting	1	-1	-	-	-	-	-1	1	-	-
Net other operating income	14	-	2	4	20	-2	1	-1	-	-2
Operating Income	**22**	**7**	**9**	**15**	**53**	**7**	**19**	**8**	**3**	**37**
Net income from risk provisioning	1	-	1	2	4	2	2	-	-	4
General and administrative expenses	-3	-3	-4	-4	-14	-3	-3	-3	-3	-12
Expenses from bank levies and similar dues	-8	-	-1	-	-9	-6	-1	-	-	-7
Net income from write-downs and write-ups on non-financial assets	-	-	-	-1	-1	-	-	-1	-	-1
Net income from restructuring	-	-	-	-	-	-	-	-	-1	-1
Pre-tax profit	**12**	**4**	**5**	**12**	**33**	**-**	**17**	**4**	**-1**	**20**

Key ratios (%)	Q1/17	Q2/17	Q3/17	Q4/17	2017	Q1/18	Q2/18	Q3/18	Q4/18	2018
CIR[1]	13.6	42.9	44.4	33.3	28.3	42.9	15.8	50.0	100.0	35.1
RoE before tax	3.7	1.3	1.7	4.2	2.8	0.0	1.1	-0.3	-0.7	1.4

Key figures (€ bn)	03/17	06/17	09/17	12/17	12/17	03/18	06/18	09/18	12/18	12/18
Equity[2]	1.3	1.2	1.2	1.1	1.1	0.9	1.0	1.0	1.1	1.1
RWA	4.0	3.7	3.6	3.5	3.5	3.5	3.4	3.8	4.0	4.0
Financing volume	15.5	14.6	14.2	13.8	13.8	13.6	13.5	13.4	13.1	13.1

1 CIR = (GAE + net income from write-downs and write ups on non-financial assets)/operating income 2 Equity now allocated according to going concern view instead of liquidation approach 3 Adjusted acc. to IFRS 8.29

Balance sheet

Specialist lender with attractive German Pfandbrief as major funding instrument

pbb DEUTSCHE PFANDBRIEFBANK

Balance sheet

IFRS, € bn

Assets	31/12/18	01/01/18	Liabilities & equity	31/12/18	01/01/18
Financial assets at fair value through P&L	**1.7**	**1.7**	**Financial liabilities at fair value through P&L**	**0.9**	**1.0**
thereof			thereof		
Positive fair values of stand-alone derivatives	0.7	0.9	Negative fair values of stand-alone derivatives	0.9	1.0
Debt securities	0.3	0.3	**Financial liabilities measured at amortised cost**	**50.7**	**50.9**
Loans and advances to customers	0.6	0.5	thereof		
Financial assets at fair value through OCI	**2.0**	**2.2**	Liabilities to other banks (incl. central banks)	3.9	3.8
thereof			thereof		
Debt securities	1.6	1.7	*Registered Mortgage Pfandbriefe*	*0.2*	*0.3*
Loans and advances to other banks	-	-	*Registered Public Pfandbriefe*	*0.3*	*0.2*
Loans and advances to customers	0.4	0.4	Liabilities to other customers	24.9	26.2
Financial assets at amortised cost (after credit loss allowances)	**50.3**	**50.3**	thereof		
thereof			*Registered Mortgage Pfandbriefe*	*4.6*	*4.8*
Debt securities	8.0	8.7	*Registered Public Pfandbriefe*	*10.2*	*10.8*
Loans and advances to other banks	2.2	2.4	Bearer Bonds	21.2	19.9
Loans and advances to customers	40.1	39.3	thereof		
Positive fair values of hedge accounting derivatives	**2.2**	**2.7**	*Mortgage Pfandbriefe*	*12.4*	*10.0*
Other assets	**1.6**	**1.2**	*Public Pfandbriefe*	*4.7*	*5.7*
			Subordinated liabilities	0.7	1.0
			Negative fair values of hedge accounting derivatives	**2.5**	**2.8**
			Other liabilities	**0.4**	**0.4**
			Equity (attributable to shareholders)	**3.0**	**3.0**
			AT1-capital	**0.3**	**-**
Total Assets	**57.8**	**58.1**	**Total liabilities & equity**	**57.8**	**58.1**

Share of Pfandbriefe of refinancing liabilities

64% / 62%

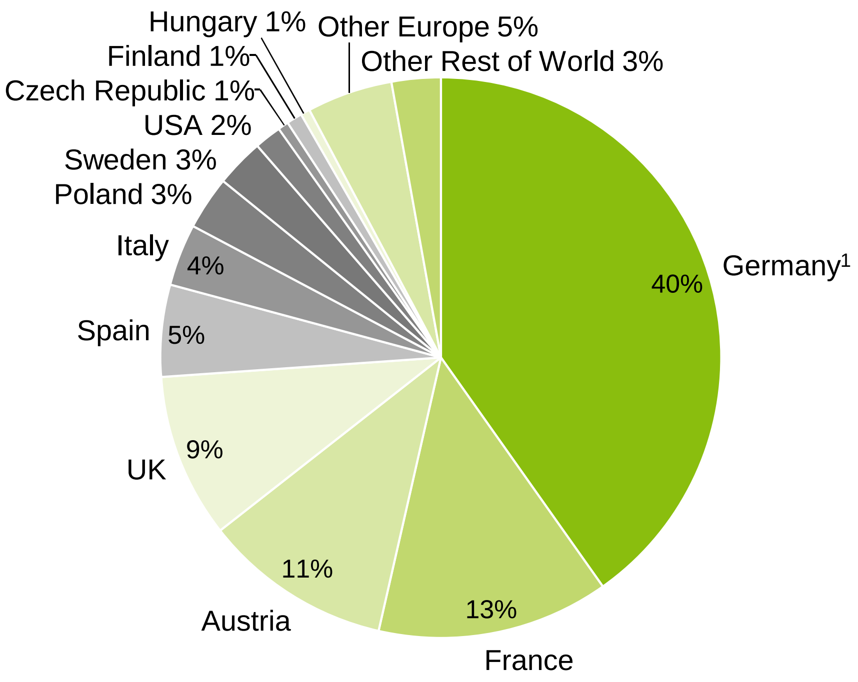
Note: Figures may not add up due to rounding

Portfolio
Total portfolio

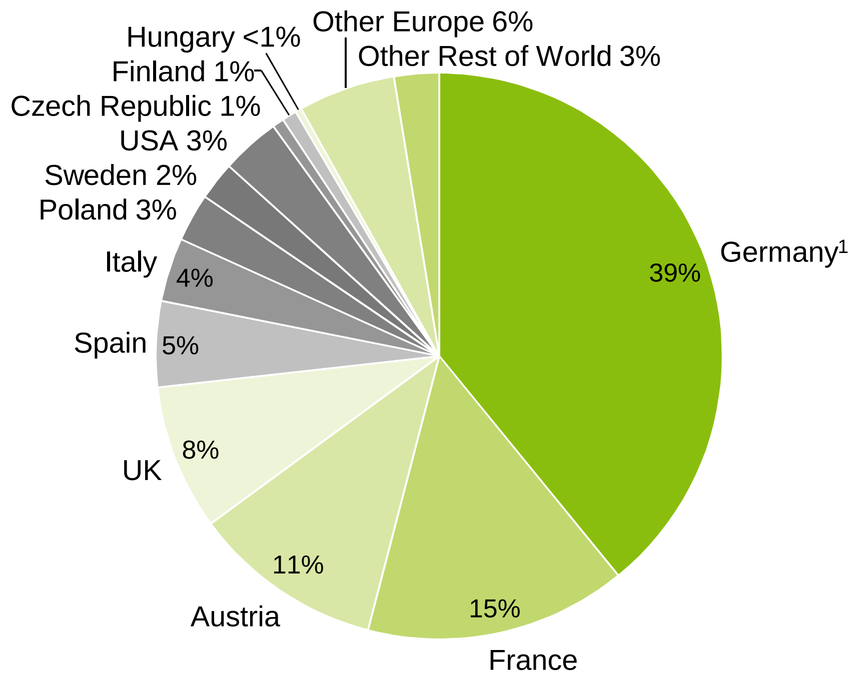
€ bn (EaD, Basel III)

Regions

31/12/2017 / Total: € 57.5 bn



31/12/2018 / Total: € 58.1 bn



Note: Figures may not add up due to rounding   1 Incl. Bundesbank accounts (12/17: € 1.0 bn; 12/18: € 1.4 bn)

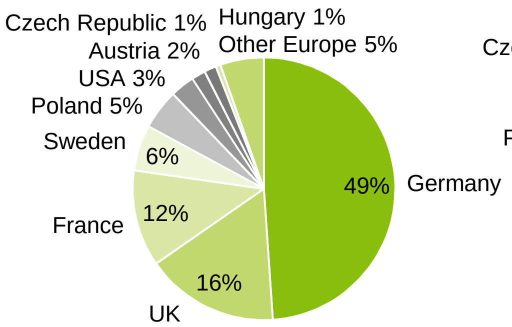
Portfolio
Real Estate Finance (REF)

DEUTSCHE PFANDBRIEFBANK

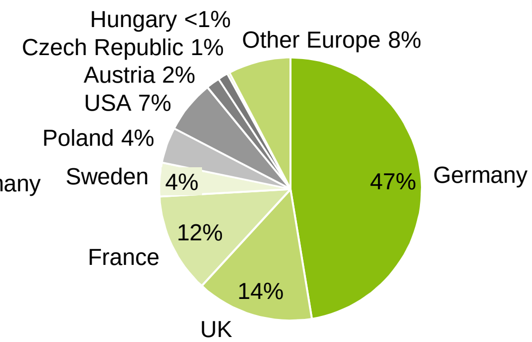
€ bn (EaD, Basel III)

Regions

31/12/2017: € 28.3 bn

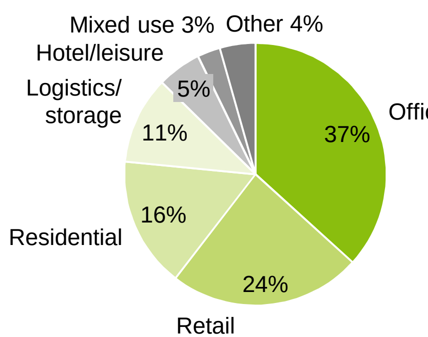


31/12/2018: € 29.9 bn

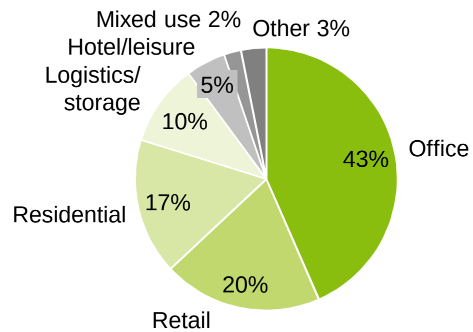


Property types

31/12/2017: € 28.3 bn

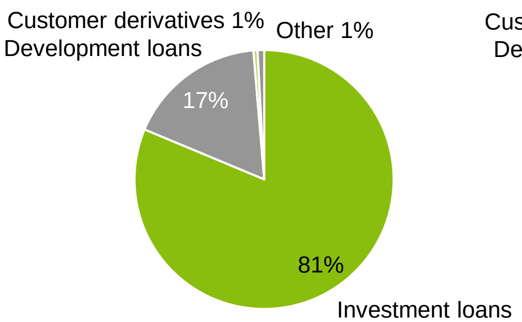


31/12/2018: € 29.9 bn

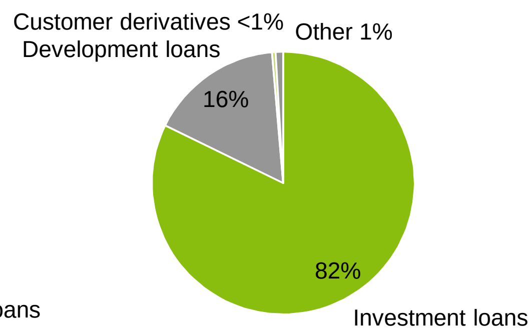


Loan types

31/12/2017: € 28.3 bn

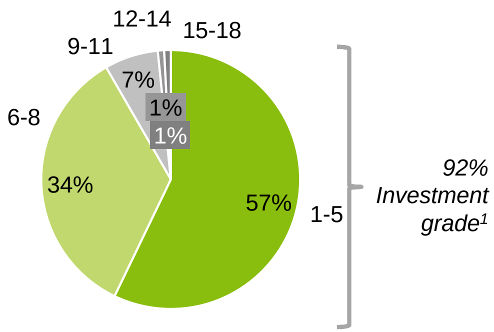


31/12/2018: € 29.9 bn

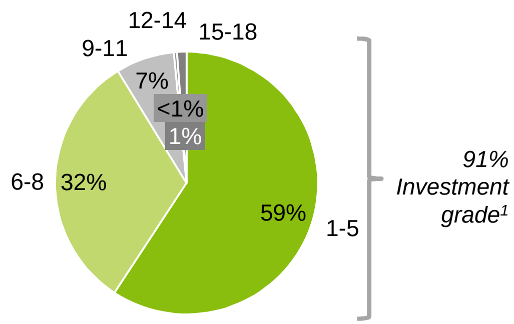


Internal ratings (EL classes)

31/12/2017: € 28.3 bn



31/12/2018: € 29.9 bn

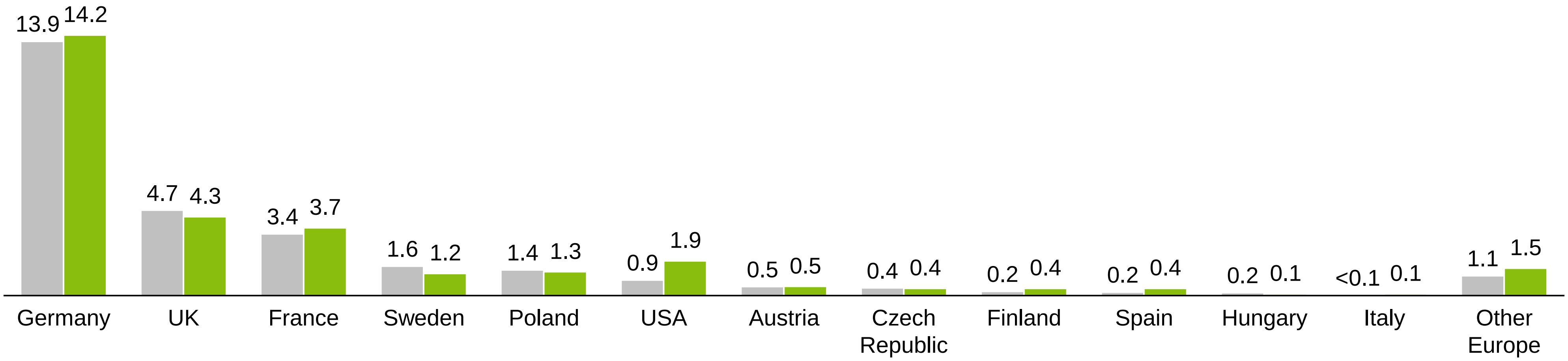


Note: Figures may not add up due to rounding 1 Internal EL Classes 1-8 = Investment grade; Internal EL classes 9-18 = Non-investment grade

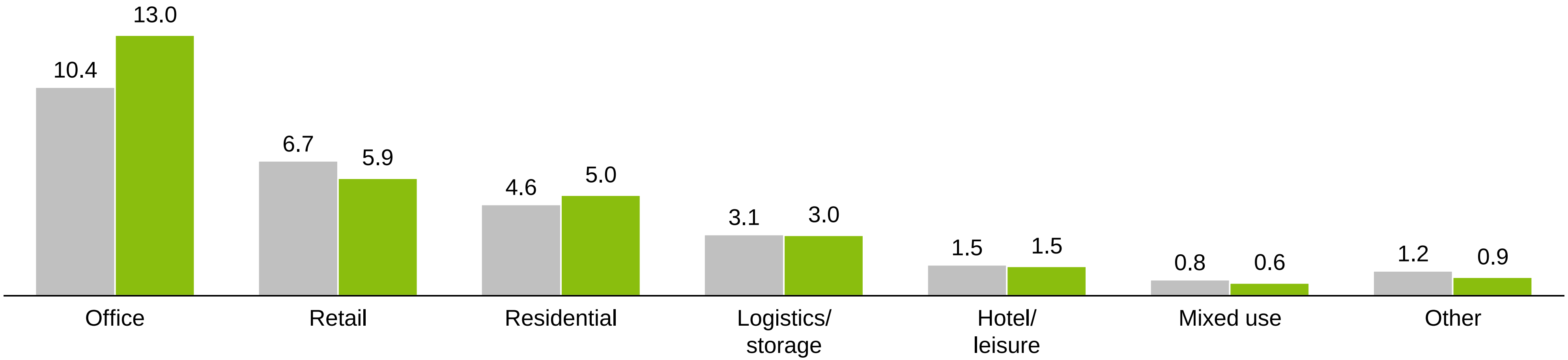
Portfolio
Real Estate Finance (REF)

DEUTSCHE PFANDBRIEFBANK

Regions
€ bn (EaD, Basel III)



Property types
€ bn (EaD, Basel III)



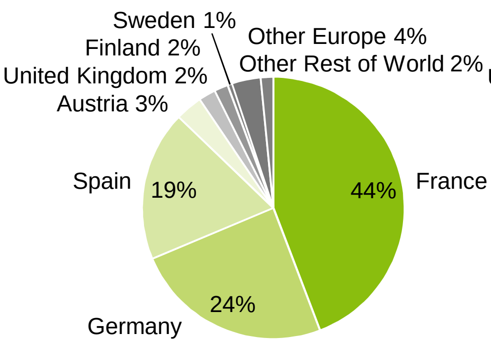
Note: Figures may not add up due to rounding

Portfolio
Public Investment Finance (PIF)

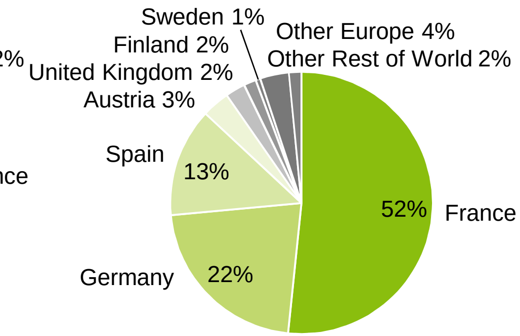
€ bn (EaD, Basel III)

Regions

31/12/2017: € 7.9 bn

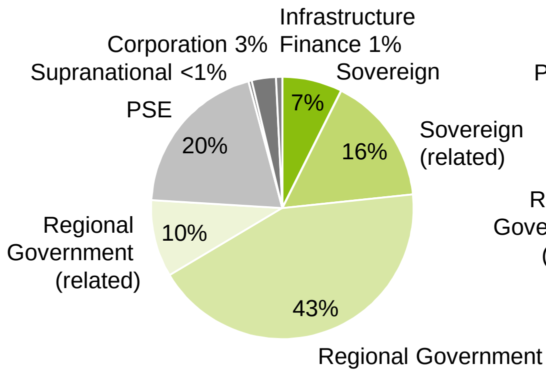


31/12/2018: € 7.6 bn

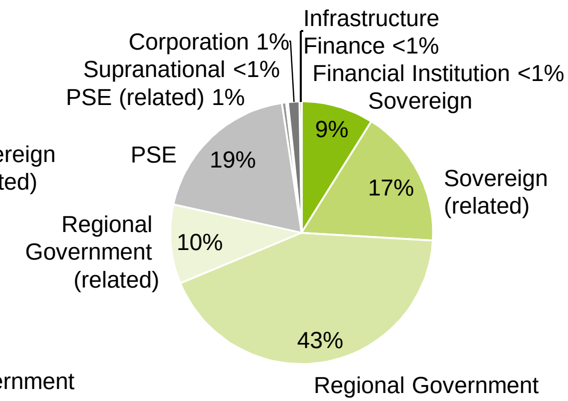


Borrower classification[1]

31/12/2017: € 7.9 bn

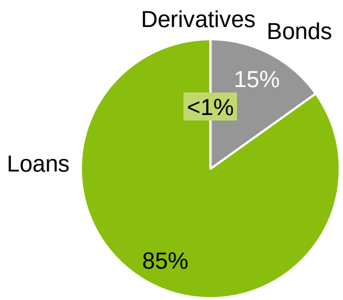


31/12/2018: € 7.6 bn

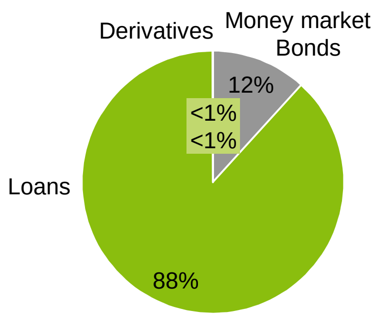


Product class

31/12/2017: € 7.9 bn

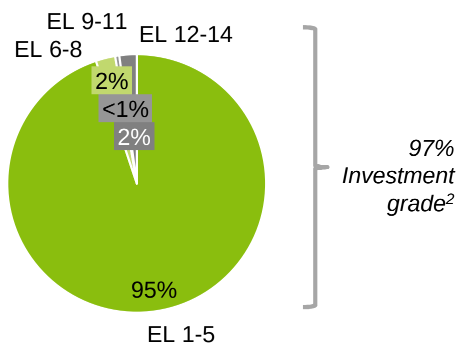


31/12/2018: € 7.6 bn

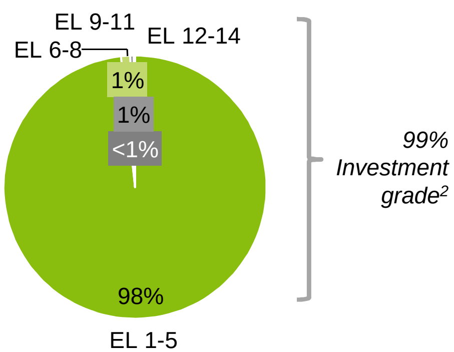


Internal ratings (EL classes)

31/12/2017: € 7.9 bn



31/12/2018: € 7.6 bn



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

Portfolio

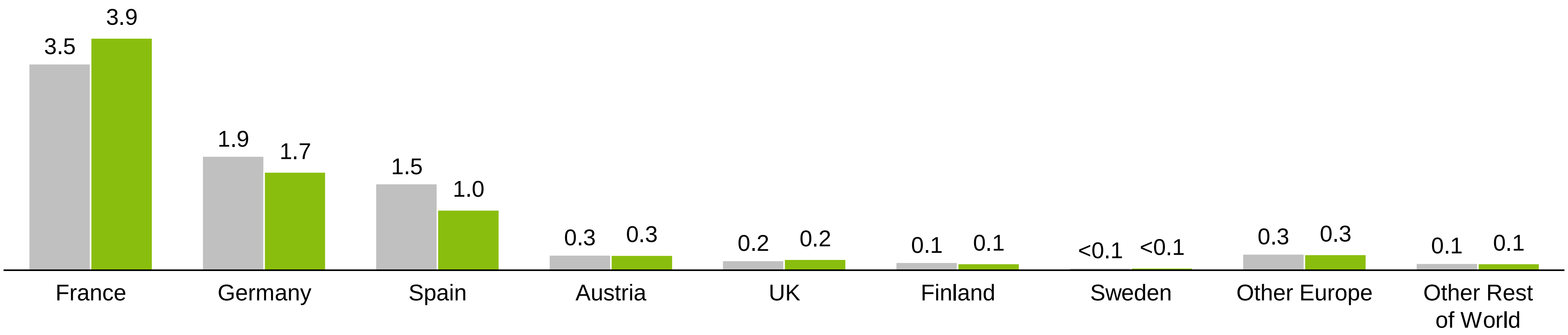
Public Investment Finance (PIF)

Regions

€ bn (EaD, Basel III)

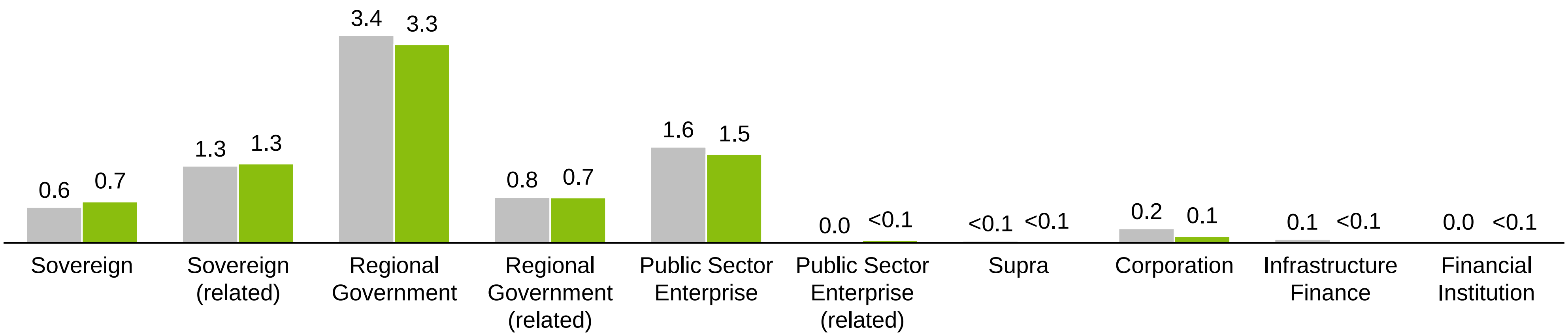
31/12/2017 / Total: € 7.9 bn

31/12/2018 / Total: € 7.6 bn



Borrower classification[1]

€ bn (EaD, Basel III)



Note: Figures may not add up due to rounding

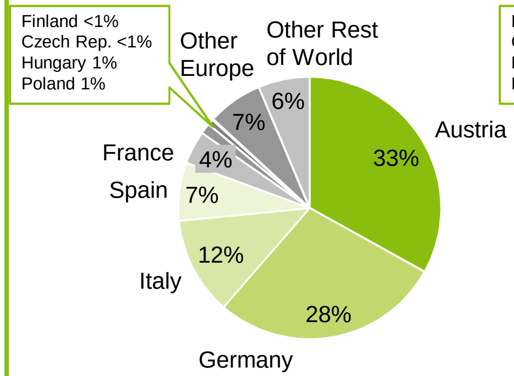
1 See appendix for definition of borrower classification

Portfolio
Value Portfolio (VP)

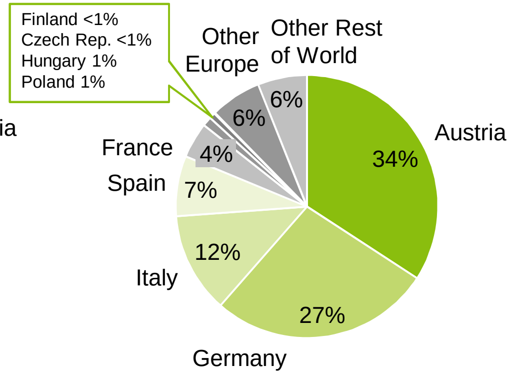
€ bn (EaD, Basel III)

Regions

31/12/2017: € 17.0 bn

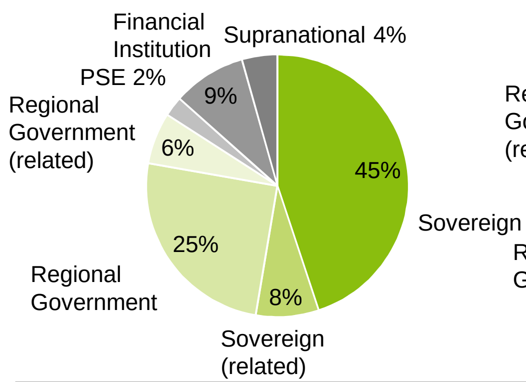


31/12/2018: € 16.3 bn

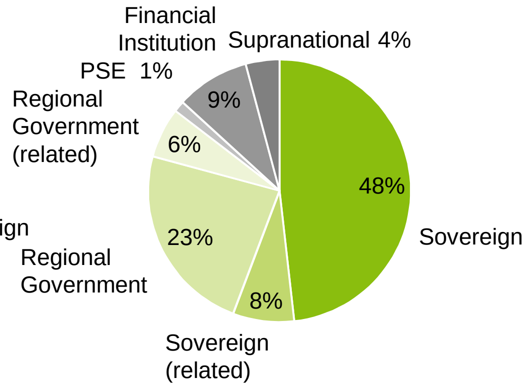


Borrower classification[1]

31/12/2017: € 17.0 bn

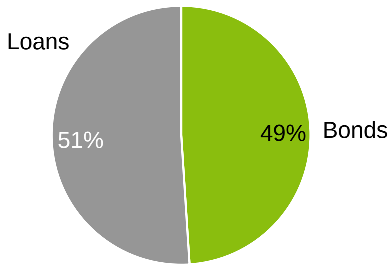


31/12/2018: € 16.3 bn

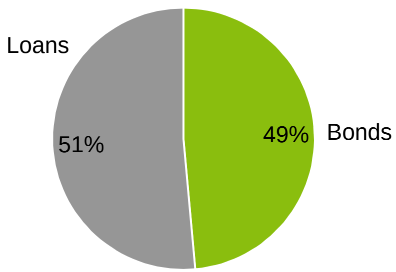


Product class

31/12/2017: € 17.0 bn

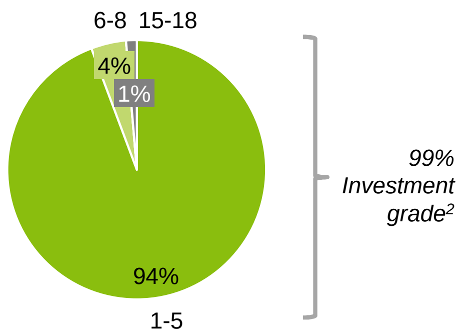


31/12/2018: € 16.3 bn

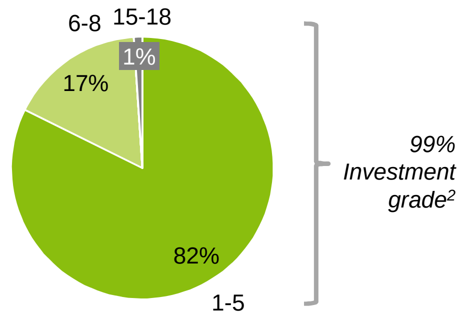


Internal ratings (EL classes)

31/12/2017: € 17.0 bn



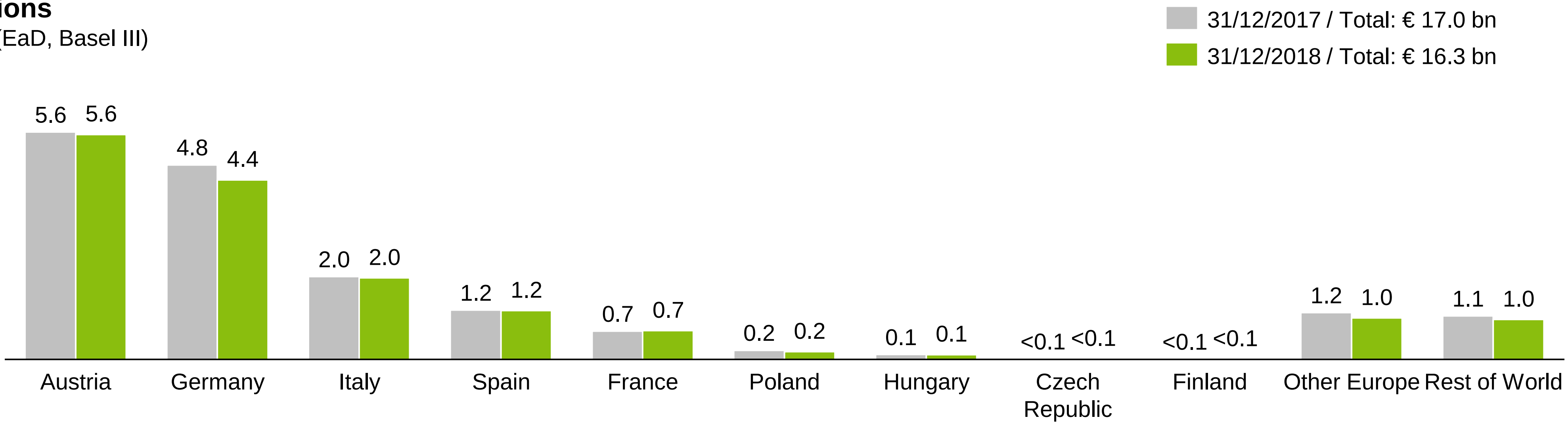
31/12/2018: € 16.3 bn



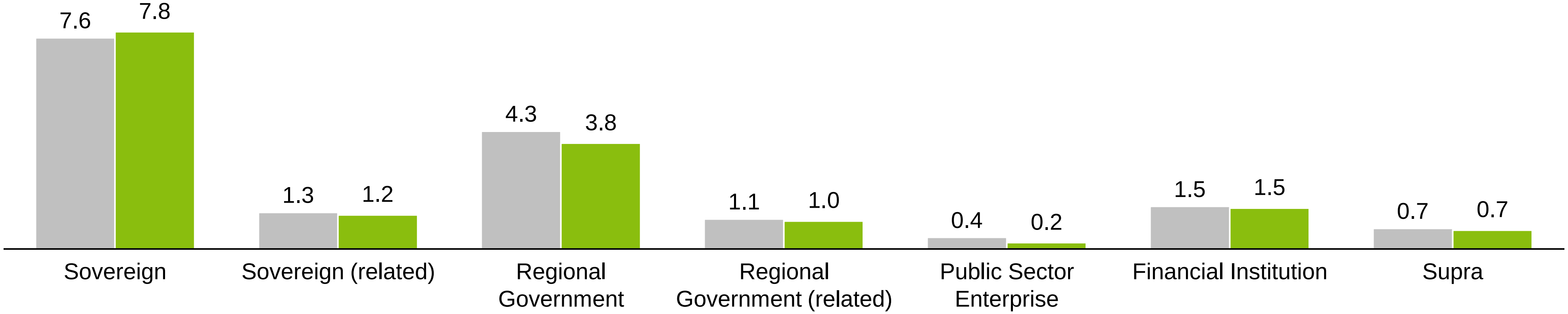
Note: Figures may not add up due to rounding 1 See appendix for definition of borrower classification 2 Internal EL Classes 1-8 = Investment grade; Internal EL classes 9-18 = Non-investment grade

Portfolio
Value Portfolio (VP)

Regions
€ bn (EaD, Basel III)



Borrower classification[1]
€ bn (EaD, Basel III)



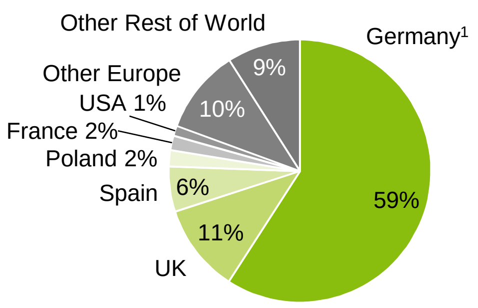
Note: Figures may not add up due to rounding 1 See appendix for definition of borrower classification

Portfolio
Consolidation & Adjustments (C&A)

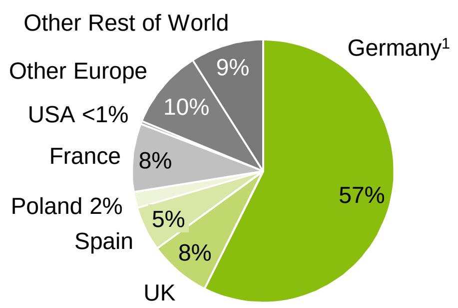
€ bn (EaD, Basel III)

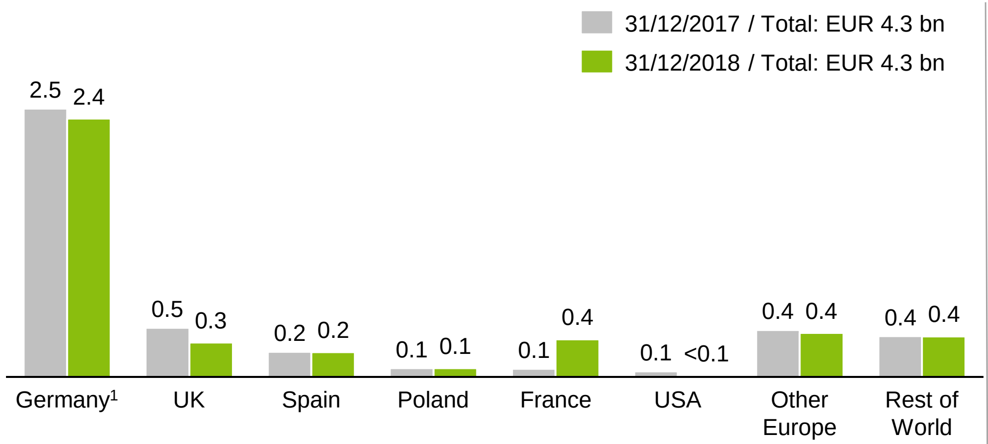
Regions

31/12/2017: € 4.3 bn



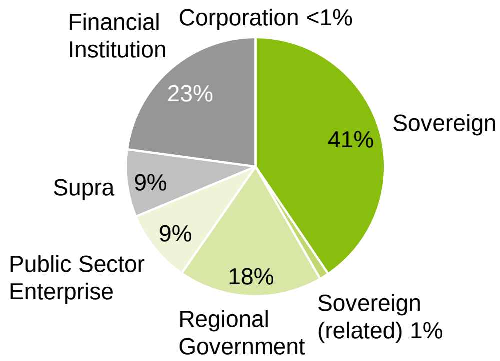
31/12/2018: € 4.3 bn



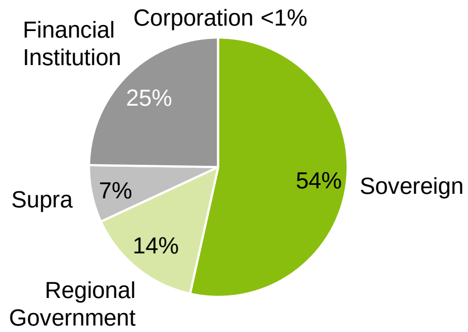


Borrower classification[2]

31/12/2017: € 4.3 bn

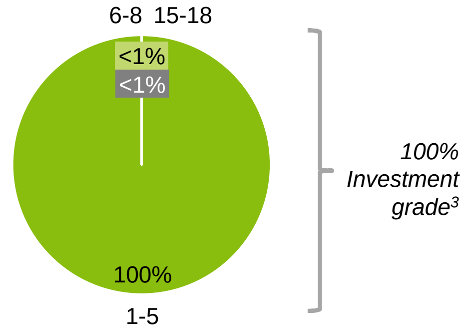


31/12/2018: € 4.3 bn

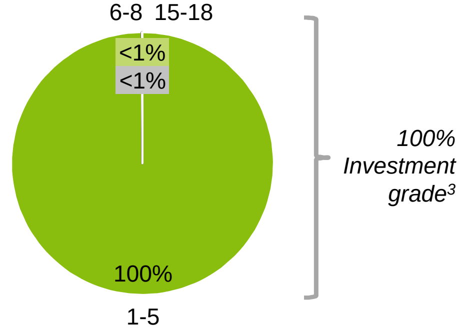


Internal ratings (EL classes)

31/12/2017: € 4.3 bn



31/12/2018: € 4.3 bn



Note: Figures may not add up due to rounding
1 Incl. Bundesbank accounts (12/17: € 1.0 bn; 12/18: € 1.4 bn) 2 See appendix for definition of borrower classification 3 Internal EL Classes 1-8 = Investment grade; Internal EL classes 9-18 = Non-investment grade

Funding
Public benchmark issuances since 2016

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

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

Mandated Ratings

pbb DEUTSCHE PFANDBRIEFBANK

Bank ratings	S&P	
Long-term	**A-**	
Outlook/Trend	Negative	
Short-term	A-2	
Stand-alone rating[1]	bbb	
Long Term Debt Ratings		
“Preferred” senior unsecured Debt[2]	A-	
“Non-preferred” senior unsecured Debt[3]	BBB-	
Subordinated Debt	BB+	

Pfandbrief ratings		Moody’s
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 2 S&P: "Senior Unsecured Debt" 3 S&P: "Senior Subordinated Debt"

Definition of borrower classifications

DEUTSCHE PFANDBRIEFBANK

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

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