

PBT at € 187 mn after nine months
- full-year guidance increased to € 205-215 mn

Results Q3/9M 2019

Analyst Call

11 November 2019

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Agenda

- 1. Highlights**
- 2. Markets**
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- 4. New Business & Segment Reporting**
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- 8. Summary & Outlook**

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Highlights 9M/19

Strong operating performance continued with PBT of € 187 mn after nine months
– full-year guidance increased to € 205-215 mn



| | |
|--|---|
| Financials | <ul style="list-style-type: none">■ Strong PBT of € 70 mn in Q3/19 (Q3/18: € 49 mn) results in € 187 mn for 9M/19 (+9% y-o-y; 9M/18: € 171 mn)<ul style="list-style-type: none">– NII remains on high level due to reduced funding costs and supported by increased average REF financing volume y-o-y – prepayment fees significantly higher– Risk provisioning stable y-o-y and in line with expectation – additions for UK shopping centres in Q3 resulting from valuation adjustments– GAE slightly up, mainly driven by regulatory projects and IT costs■ Full-year PBT guidance increased to € 205-215 mn (from formerly upper end or slightly above €170-190 mn) despite expected higher expenses in Q4 |
| New business¹ | <ul style="list-style-type: none">■ New business volume remains solid at € 2.6 bn in Q3, resulting in a total volume of € 7.2 bn in 9M/19 (9M/18: € 5.9 bn) – REF € 6.9 bn, PIF € 0.3 bn■ Avg. REF gross interest margin further up to >150bp for 9M/19 and thus approaching full-year 2018 level (Q1/19: ~130bp; H1/19: >140bp; FY/18: ~155bp) – selective approach continued |
| Portfolio (financing volume) | <ul style="list-style-type: none">■ Strategic REF financing volume up by € +0.9 bn ytd to € 27.7 bn, driven by solid new business – further moderate growth envisaged■ PIF nearly stable at € 6.3 bn (€ -0.1 bn ytd) – in line with hold proposition■ Value Portfolio down by € -0.9 bn ytd to € 12.3 bn – strategy provides for a further run-down in line with maturities |
| Funding | <ul style="list-style-type: none">■ Strong new funding activities with new funding volume of € 5.5 bn in 9M/19 (9M/18: € 4.2 bn)■ Even though avg. funding spreads increased y-o-y, spread level is still below maturities |
| Capital | <ul style="list-style-type: none">■ Capitalisation remains strong with CET 1 ratio of 18.3%²■ Capital ratios to come down due to regulatory initiatives (e.g. risk models/ECB TRIM, EBA Guidelines, Basel IV) |

¹ Commitments, incl. extensions >1 year ² Excl. interim result

Highlights

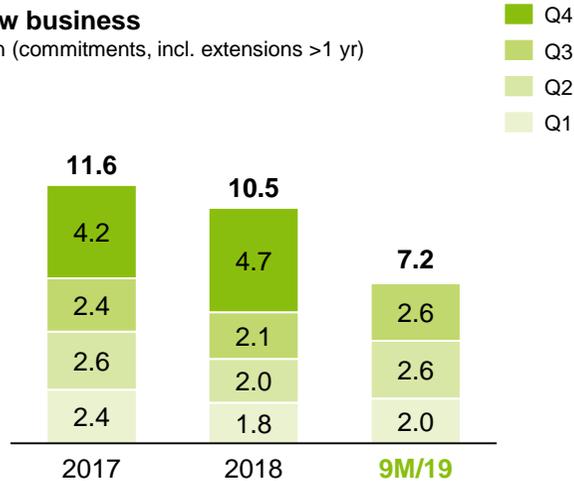
Operating and financial overview



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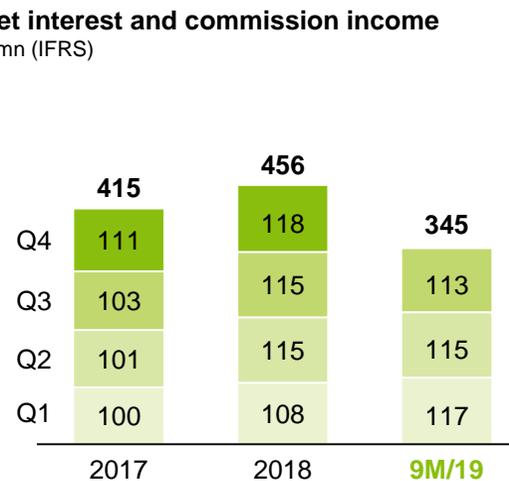
New business

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



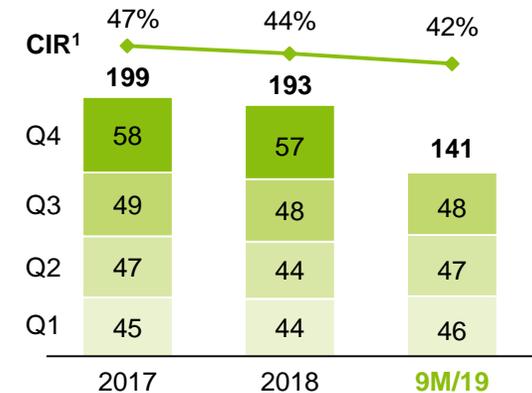
Net interest and commission income

€ mn (IFRS)



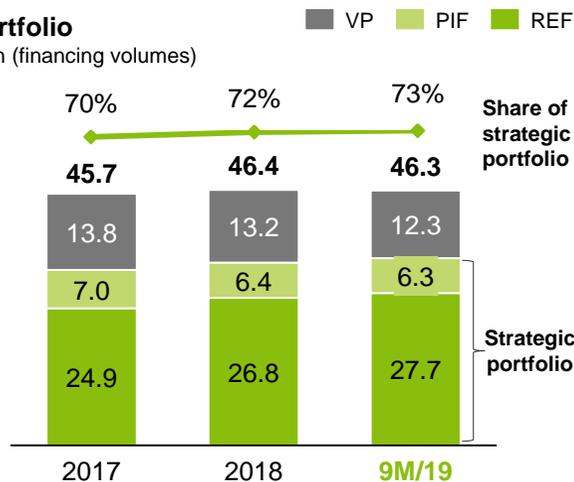
General and admin. expenses

€ mn (IFRS)



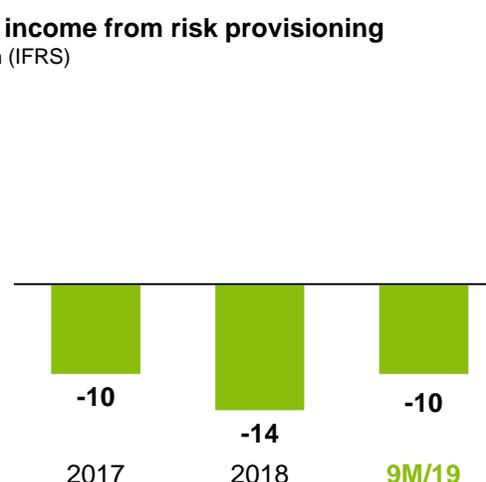
Portfolio

€ bn (financing volumes)



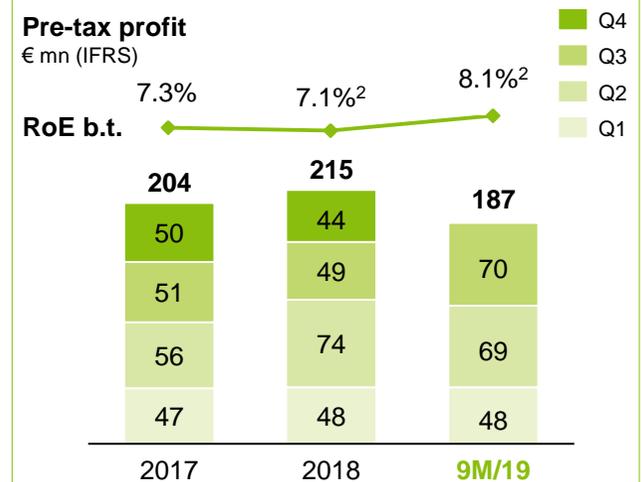
Net income from risk provisioning

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

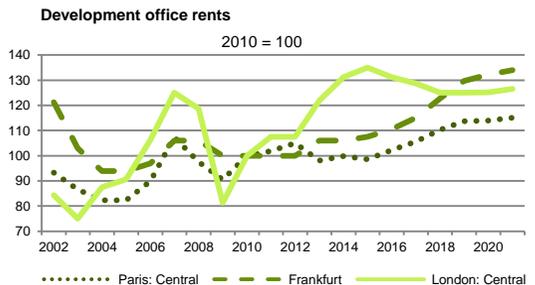
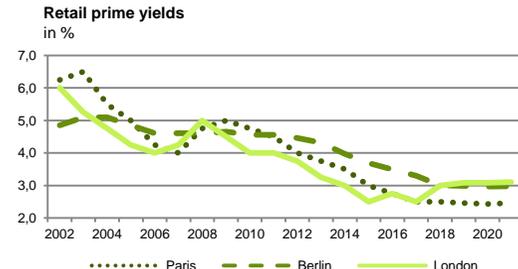
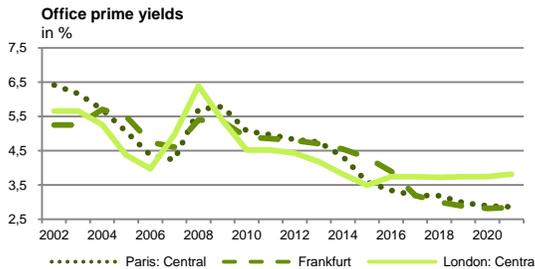
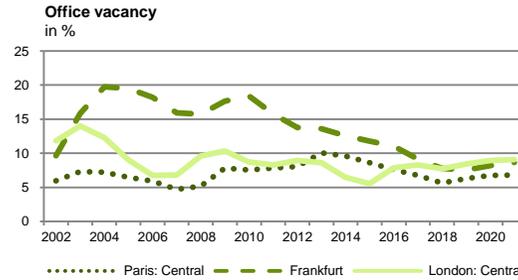
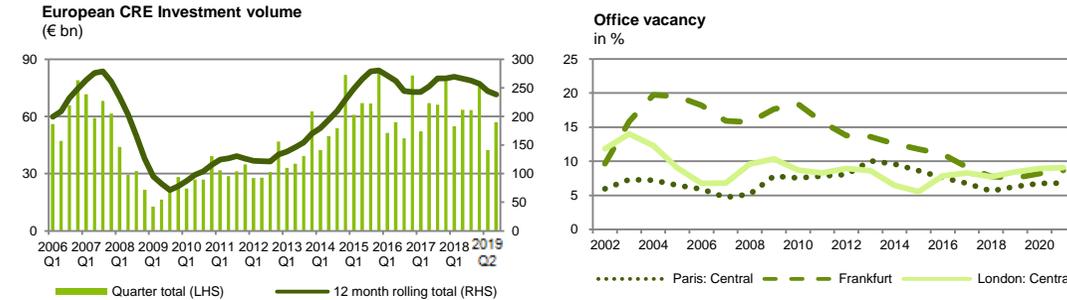
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Markets

Low interest rate environment continues to support and prolong CRE cycle – slowing economic growth and individual market developments urge some caution



- Despite recent declines, European and US CRE **investment volume** remain on solid levels
 - Investment volumes recovered in Q2 after a weak Q1 which was driven by slowing economic growth, high prices, challenges in sourcing suitable properties, interest rate increases in the US and (geo)political uncertainties
 - **European** CRE investment volumes reached € 57 bn in Q2/19, 10% below Q2/18 but still above 10-year average
 - Solid take up levels, office vacancy remains on low level
 - Yields for prime office properties at historical lows in most of the core markets; retail yields under pressure in UK
 - **US** CRE transaction volume reached US\$ 127 bn in Q2, slightly up y-o-y but with limited room for further growth

- Slowing economic growth and individual market developments (e.g. Brexit, retail sector, co-working space, etc.) urge continued **caution** – pbb remains highly selective, especially on
 - UK (in most property types)
 - Retail (structural change/online business)

1 Source: Property Market Analysis

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Financials

Strong operating performance continued

Income statement

€ mn

| | Q3/18 | Q3/19 | 9M/18 | 9M/19 |
|---|------------|------------|------------|------------|
| Operating Income | 119 | 133 | 350 | 371 |
| Net interest income | 114 | 112 | 334 | 341 |
| Net fee and commission income | 1 | 1 | 4 | 4 |
| Net income from fair value measurement | -2 | 5 | 2 | -2 |
| Net income from realisations | 8 | 15 | 23 | 31 |
| Net income from hedge accounting | 1 | -2 | -1 | -3 |
| Net other operating income | -3 | 2 | -12 | - |
| Net income from risk provisioning | -17 | -10 | -9 | -10 |
| General and administrative expenses | -48 | -48 | -136 | -141 |
| Expenses from bank levies and similar dues | -1 | -1 | -23 | -23 |
| Net income from write-downs and write-ups on non-financial assets | -4 | -5 | -11 | -13 |
| Net income from restructuring | - | 1 | - | 3 |
| Pre-tax profit | 49 | 70 | 171 | 187 |
| Income taxes | -10 | -14 | -33 | -32 |
| Net income | 39 | 56 | 138 | 155 |
| | | | | |
| RoE before tax (%) | 6.3 | 9.2 | 7.6 | 8.1 |
| RoE after tax (%) | 4.9 | 7.3 | 6.2 | 6.6 |
| CIR ¹ (%) | 43.7 | 39.8 | 41.9 | 41.5 |
| EpS (€) | 0.26 | 0.38 | 0.98 | 1.06 |

Key drivers Q3/9M 2019:

- **NII** up +2% y-o-y due to reduced funding costs and supported by increased avg. REF financing volume
 - **Fair value measurement** mainly driven by negative pull-to-par effects of derivatives, but (partially) compensated by positive interest rate and credit related valuation effects of non-derivatives; previous year benefited from one-off gain in Q2
 - **Net income from realisations** mainly driven by significantly higher prepayment fees
 - **Other operating income** balanced – last year burdened by provisions
 - **Risk provisioning** stable y-o-y – some further additions for UK shopping centres in Q3 resulting from valuation adjustments
 - **GAE** slightly up y-o-y, mainly driven by regulatory projects and IT costs
-
- **RoE and EpS** taking into account pro-rata AT 1 coupon (2018: € -12 mn; 2019: € -17 mn)

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

Financials

NII driven by reduced funding costs and supported by increased avg. REF financing volume – significantly higher prepayment fees

Income from lending business (€ mn)

| | Q3/18 | Q3/19 | 9M/18 | 9M/19 |
|-------------------------------|-------|-------|-------|-------|
| Net interest income | 114 | 112 | 334 | 341 |
| Net fee and commission income | 1 | 1 | 4 | 4 |

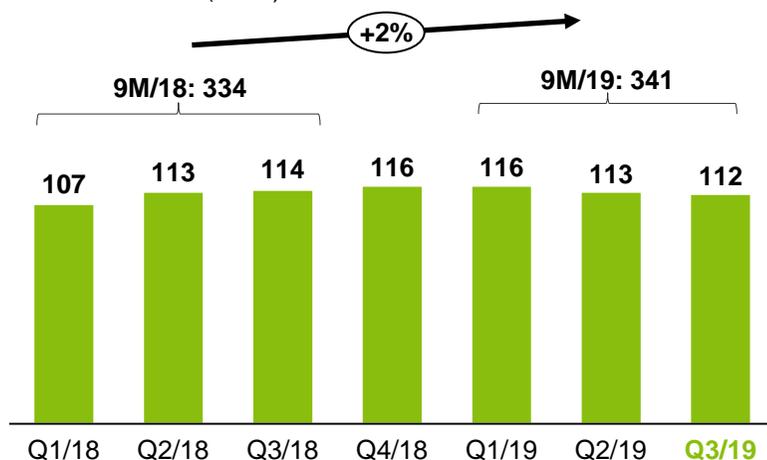
| | Q3/18 | Q3/19 | 9M/18 | 9M/19 |
|------------------------------|-------|-------|-------|-------|
| Net income from realisations | 8 | 15 | 23 | 31 |

Key drivers Q3/9M 2019:

- **NII up +2% y-o-y**
 - Avg. REF financing volume up by € +2.0 bn y-o-y to € 27.5 bn (9M/18: € 25.5 bn)
 - Lower avg. gross new business margins compared to stock mitigated by reduced funding costs due to new funding at spreads below maturities
 - Avg. total portfolio margin stable y-o-y – strategic portfolio growth compensating for higher margin maturities and decline of non-strategic portfolio

- **Net income from realisations** mainly driven by significantly higher prepayment fees
 - Prepayment Fees: € 27 mn (9M/18: € 14 mn)
 - Realisation fees: € 6 mn (9M/18: € 9 mn)

Net interest income (€ mn)



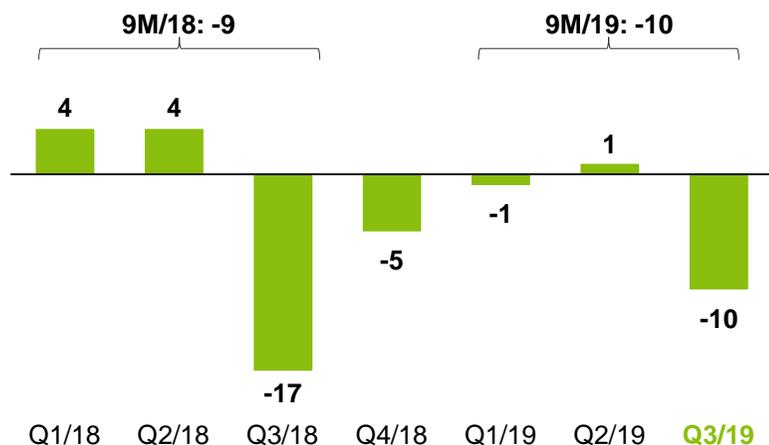
Financials

Risk provisioning in line with expectations, stable y-o-y – additions for UK shopping centres in Q3 resulting from valuation adjustments

Net income from risk provisioning

€ mn

| | Q3/18 | Q3/19 | 9M/18 | 9M/19 |
|---|-------|-------|-------|-------|
| Net income from risk provisioning | -17 | -10 | -9 | -10 |
| thereof | | | | |
| stage 1 | 1 | - | 2 | - |
| stage 2 | - | 3 | 8 | 6 |
| stage 3 | -18 | -11 | -20 | -15 |
| other loan loss provisions ² | - | -2 | 1 | -1 |



Key drivers Q3/9M 2019:

- **Risk provisioning** continues to be driven by two counterbalancing effects:
 - Stage 1 and 2: release of provisions of € 6 mn in 9M/19 (9M/18: € 10 mn) due to positive effects from maturities and property re-valuation
 - Stage 3: net additions of € -15 mn (9M/18: € -20 mn) resulting from valuation adjustments on UK shopping centres
 - Other: € -1 mn net additions for off-balance sheet items
 - Continued economic uncertainties expected to result in a precautionary adjustment of risk provisions in Q4
- **Coverage ratio:**
 - Stage 3 coverage ratio¹ down to 12% (12/18: 18%) due to new additions with low coverage
 - REF coverage ratio at approx. 100% with additional collateral 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

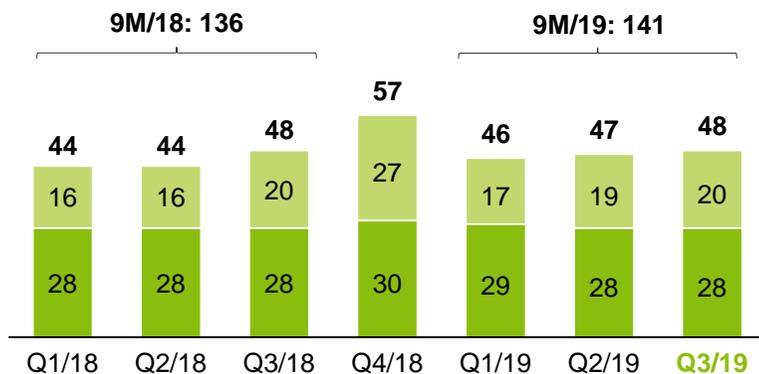
Operating costs slightly up y-o-y, mainly driven by regulatory projects and IT costs
– increase expected in Q4

General & administrative expenses and depreciations

€ mn

| | Q3/18 | Q3/19 | 9M/18 | 9M/19 |
|---|-------|-------|-------|-------|
| General admin. expenses | -48 | -48 | -136 | -141 |
| <i>Personnel</i> | -28 | -28 | -84 | -85 |
| <i>Non-personnel</i> | -20 | -20 | -52 | -56 |
| Net income from write-downs and write-ups on non-financial assets | -4 | -5 | -11 | -13 |
| <i>CIR (%)</i> ¹ | 43.7 | 39.8 | 41.9 | 41.5 |

■ Non-personnel
■ Personnel



Key drivers Q3/9M 2019:

- **GAE** slightly up y-o-y (€ 141mn; 9M/18: € 136 mn), in line with expectations
 - Personnel expenses nearly stable at € 85 mn (9M/18: € 84 mn), reflecting stable FTE development (9M/19: 750 FTE; 9M/18: 747 FTE; FY/18: 750 FTE)
 - Non-personnel costs increased to € 56 mn (9M/18: € 52 mn), mainly driven by regulatory projects and IT costs; 9M/18 benefited from release of provisions for completed projects
 - Project related increase expected in Q4, similar to last year
- **Net income from write-downs and write-ups on non-financial assets** mainly driven by scheduled depreciations; shorter write-down period since mid 2018

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

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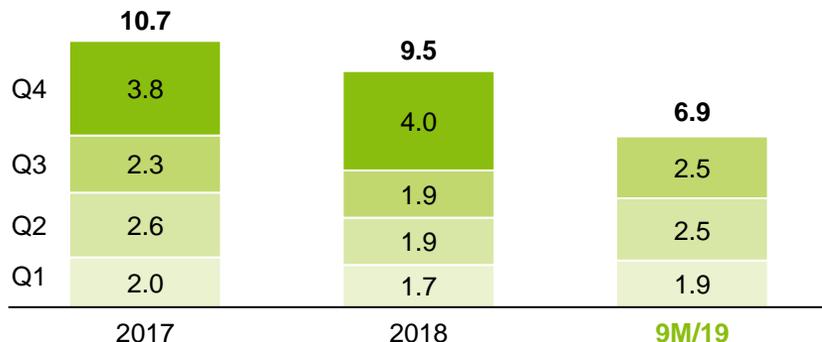
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New business

REF new business volume remains solid at € 2.5 bn in Q3, resulting in a total volume of € 6.9 bn in 9M/19 – avg. REF gross interest margin further up to >150bp in 9M/19

REF New business

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



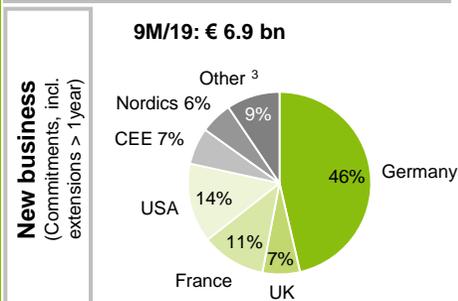
Key drivers Q3/9M 2019:

- New business **volume** stays on solid level while pbb remains highly selective – full-year guidance unchanged at € 8.5-9.5 bn
- **REF** – core portfolio with moderate growth strategy
 - Continued conservative approach
 - avg. LTV 59%²
 - cautious in UK and on Retail
 - Avg. REF gross interest margin further up to >150bp for 9M/19 and thus approaching full-year 2018 level (Q1/19: ~130bp; H1/19: >140bp)
- **PIF** – portfolio on hold; new business volume on constant low level (9M/19: € 0.3 bn; 9M/18: € 0.4 bn)

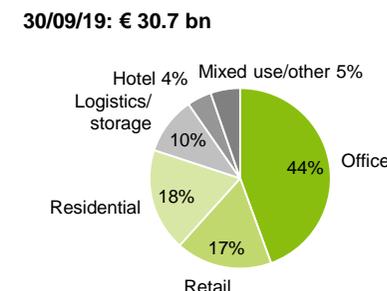
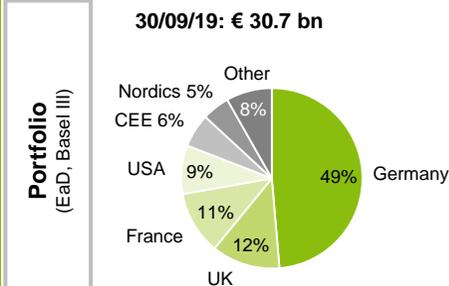
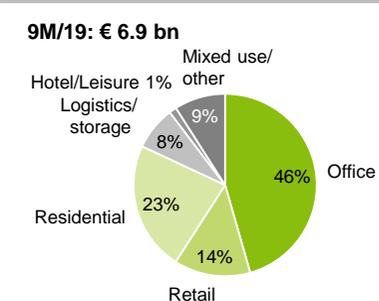
REF new business

| | 9M/18 | 2018 | 9M/19 |
|---------------------------------|-------|------|-------|
| Total volume (€ bn) | 5.5 | 9.5 | 6.9 |
| <i>thereof:</i> | | | |
| <i>Extensions >1 year</i> | 1.2 | 2.2 | 1.5 |
| No. of deals | 115 | 185 | 115 |
| Ø maturity (years) ¹ | ~4.6 | ~4.7 | ~4.6 |
| Ø LTV (%) ² | 60 | 59 | 59 |
| Ø gross interest margin (bp) | ~160 | ~155 | >150 |

Regions



Property types



Note: Figures may not add up due to rounding 1 Legal maturities 2 New commitments; avg. LTV (extensions): 9M/19: 55%; 9M/18: 57% 3 Austria, Italy, Luxembourg, Netherlands, Switzerland

Segment reporting

Segment performance in line with strategic approach

| | REF | | | | PIF | | | | Value Portfolio | | | |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------|--------------|--------------|--------------|
| Income statement (IFRS, € mn) | Q3/18 | Q3/19 | 9M/18 | 9M/19 | Q3/18 | Q3/19 | 9M/18 | 9M/19 | Q3/18 | Q3/19 | 9M/18 | 9M/19 |
| Operating income | 101 | 109 | 290 | 316 | 9 | 11 | 23 | 26 | 8 | 11 | 34 | 25 |
| <i>thereof: Net interest income</i> | 93 | 95 | 276 | 287 | 10 | 9 | 26 | 26 | 10 | 6 | 28 | 24 |
| <i>Net income from realisations</i> | 9 | 14 | 23 | 31 | - | 1 | - | 1 | -1 | - | - | -1 |
| Net income from risk provisioning | -17 | -13 | -18 | -15 | - | - | 4 | - | - | 3 | 4 | 5 |
| General administrative expenses | -38 | -39 | -108 | -115 | -7 | -6 | -19 | -17 | -3 | -3 | -9 | -9 |
| Net other revenues | -4 | -3 | -22 | -21 | - | -1 | -4 | -5 | -1 | -1 | -8 | -7 |
| Pre-tax profit | 42 | 54 | 142 | 165 | 2 | 4 | 4 | 4 | 4 | 10 | 21 | 14 |
| Key indicators | Q3/18 | Q3/19 | 9M/18 | 9M/19 | Q3/18 | Q3/19 | 9M/18 | 9M/19 | Q3/18 | Q3/19 | 9M/18 | 9M/19 |
| CIR (%) ¹ | 40.6 | 38.5 | 40.3 | 39.6 | 77.8 | 63.6 | 87.0 | 73.1 | 50.0 | 36.4 | 29.4 | 40.0 |
| RoE before tax (%) | 10.8 | 15.6 | 13.7 | 15.6 | 2.5 | 19.2 | 3.4 | 5.7 | 0.4 | 3.7 | 2.5 | 1.2 |
| Equity (€ bn) | 1.4 | 1.4 | 1.4 | 1.4 | 0.1 | 0.1 | 0.1 | 0.1 | 1.0 | 0.8 | 1.0 | 0.8 |
| RWA (€ bn) | 7.6 | 8.6 | 7.6 | 8.6 | 1.3 | 1.4 | 1.3 | 1.4 | 3.8 | 3.6 | 3.8 | 3.6 |
| Financing volume (€ bn) | 25.7 | 27.7 | 25.7 | 27.7 | 6.6 | 6.3 | 6.6 | 6.3 | 13.4 | 12.3 | 13.4 | 12.3 |

| Key drivers Q3/9M 2019: | REF | PIF | Value Portfolio |
|--------------------------------|---|--|---|
| | <ul style="list-style-type: none"> Positive financial segment performance y-o-y mainly driven by strong NII and higher prepayment fees but higher operating costs Strong new business resulted in higher financing volume and RWA | <ul style="list-style-type: none"> Stable financial segment performance y-o-y – slightly higher operating income and slightly lower operating costs, while prior year benefited from release of risk provisions | <ul style="list-style-type: none"> Financial segment performance in line with run-down strategy, resulting in lower NII Previous year benefited from one-off gain related to Heta (purchase price adjustment) |

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

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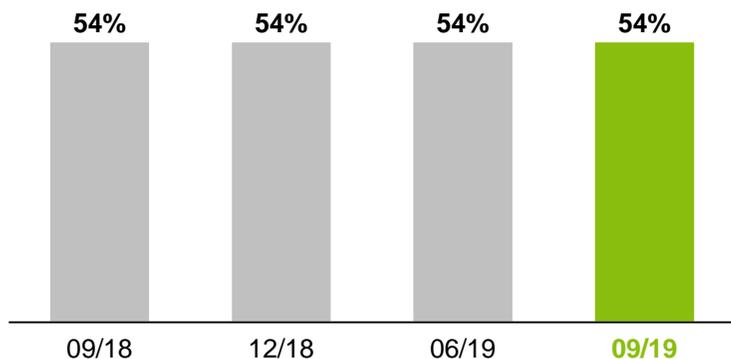
Portfolio

Stable high portfolio quality with 95% investment grade and avg. LTV of 54%



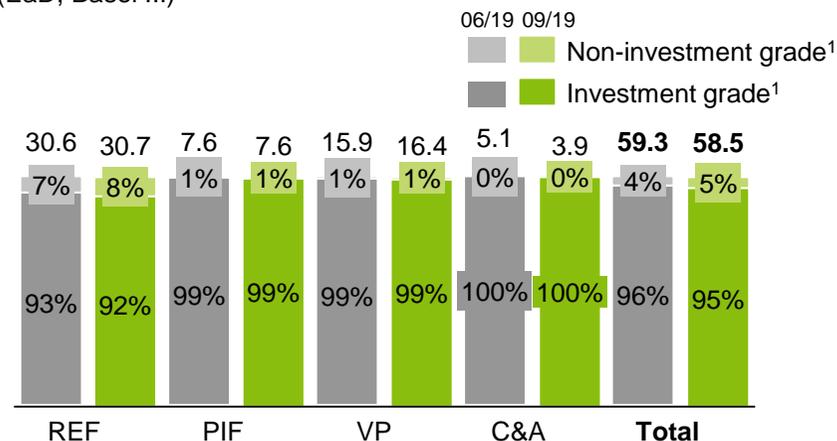
REF Portfolio: Avg. weighted LTVs

% (commitments)²



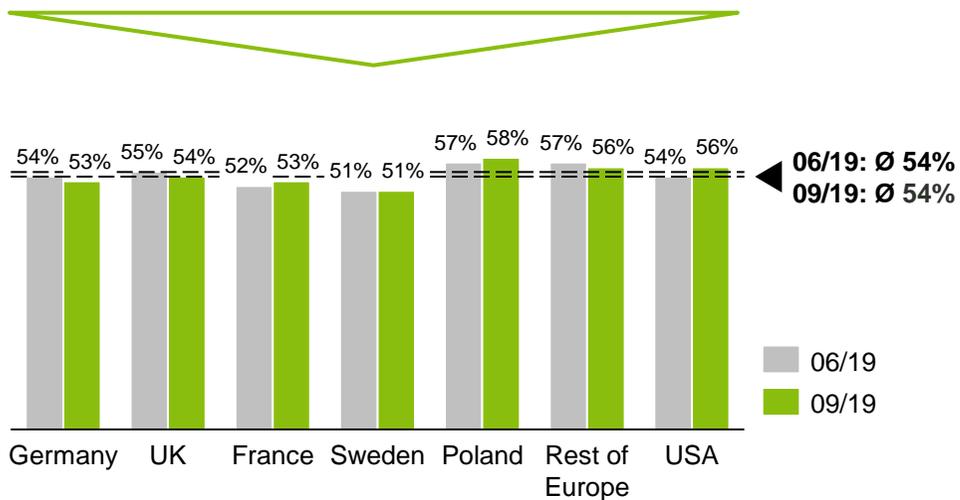
Total portfolio: Internal ratings (EL classes)

€ bn (EaD, Basel III)



Key messages

- Valuation effects on **Italy** exposure with relatively small P&L effects
 - VP: € 1.5 bn (nominal) / € 2.1 bn (EaD)
 - € 1.3 bn (~85%) booked at amortized costs; € 144 mn (~9%) in FV/OCI and € 80 mn (~5%) in FV/P&L
 - External sovereign ratings for Italy still on investment grade level
 - REF: Only marginal exposure
- Ongoing selective and cautious approach in the **UK**
 - Avg. LTV 54%²
 - Avg. ISC >300%



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

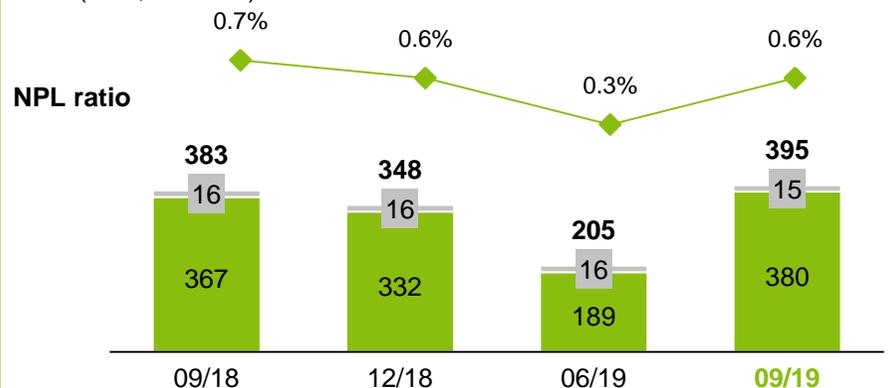
Portfolio

Non-performing loans up in Q3, but remaining at low level



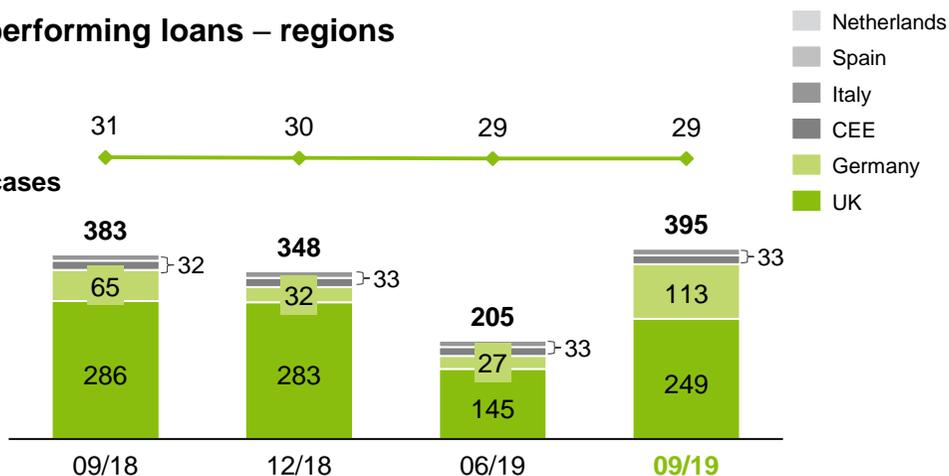
Non-performing loans

€ mn (EaD, Basel III)



Non-performing loans – regions

No. of indiv. cases



Key drivers Q3/9M 2019:

- **NPLs** up by € 190 mn in Q3 due to addition of two cases
 - One UK shopping centre with LTV impairment; no economic default
 - One fully ECA-guaranteed PIF loan
- **Estate UK-3** removed from NPL exposure already in Q2 – losses allocated in September
- NPL exposure remains at low level with **NPL ratio³** of 0.6%

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 NPL ratio = NPL volume / total assets

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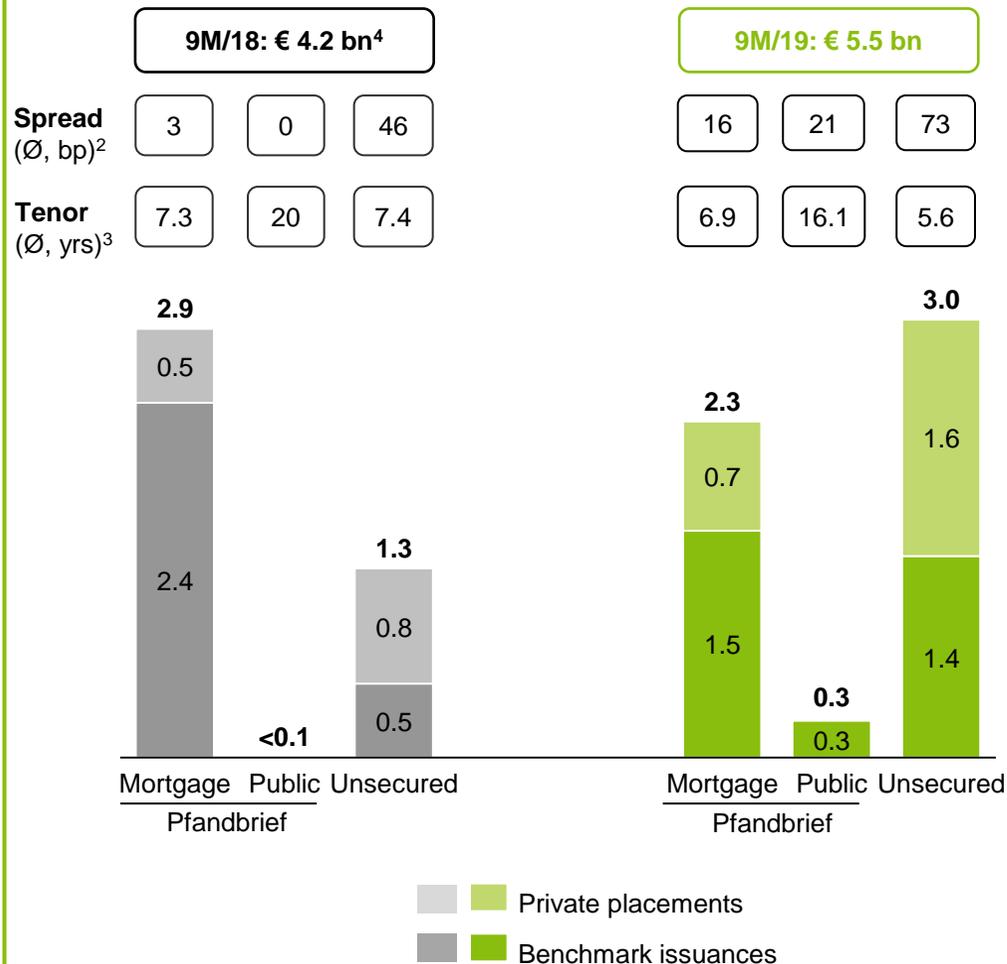
Funding

Strong new funding activities with high share of foreign currencies – even though avg. funding spreads increased y-o-y, spread level is still below maturities



New long-term funding¹

€ bn



Pfandbriefe

- Mortgage Pfandbrief Benchmarks: € 500 mn 5y in January, four taps of € 100 mn each in H1/19 as well as 1 tap of € 50 mn in September; additionally \$ 600 mn 3y in May tapped with \$ 50 mn in September
- Public Sector Pfandbrief Benchmarks: taps of € 100 mn in February and € 150 mn in March
- Additionally SEK 2.7 bn 3y and SEK 1.0 bn 4y issued in H1/19

Senior Unsecured

- € 500 mn 4y Senior Preferred Benchmark issued in January and tapped with € 250 mn in March as well as € 500 mn 5y Senior Preferred Benchmark issued in August
- CHF-Benchmark 125 mn 4y issuance in June
- € 1.3 bn and SEK 2.5 bn Senior Preferred as well as € 49 mn Senior Non-Preferred raised via private placements

pbb direkt

- Total volume managed down to € 2.8 bn (12/18: € 3.0 bn)
- Average maturity⁵ stable at 3.3 years (12/18: 3.3 yrs)

Funding structure and liquidity

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

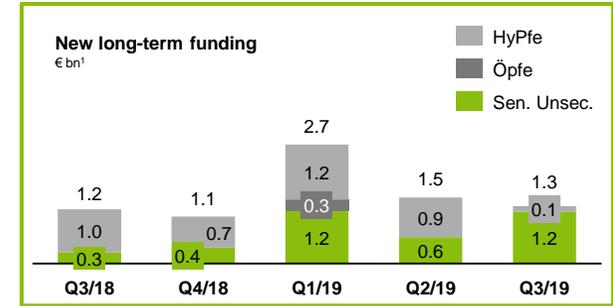
Note: Figures may not add up due to rounding 1 Excl. retail deposit business 2 vs. 3M Euribor 3 Initial weighted average maturity 4 Excl. AT1 issuance 5 Initial weighted average maturity of term deposits

Funding

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

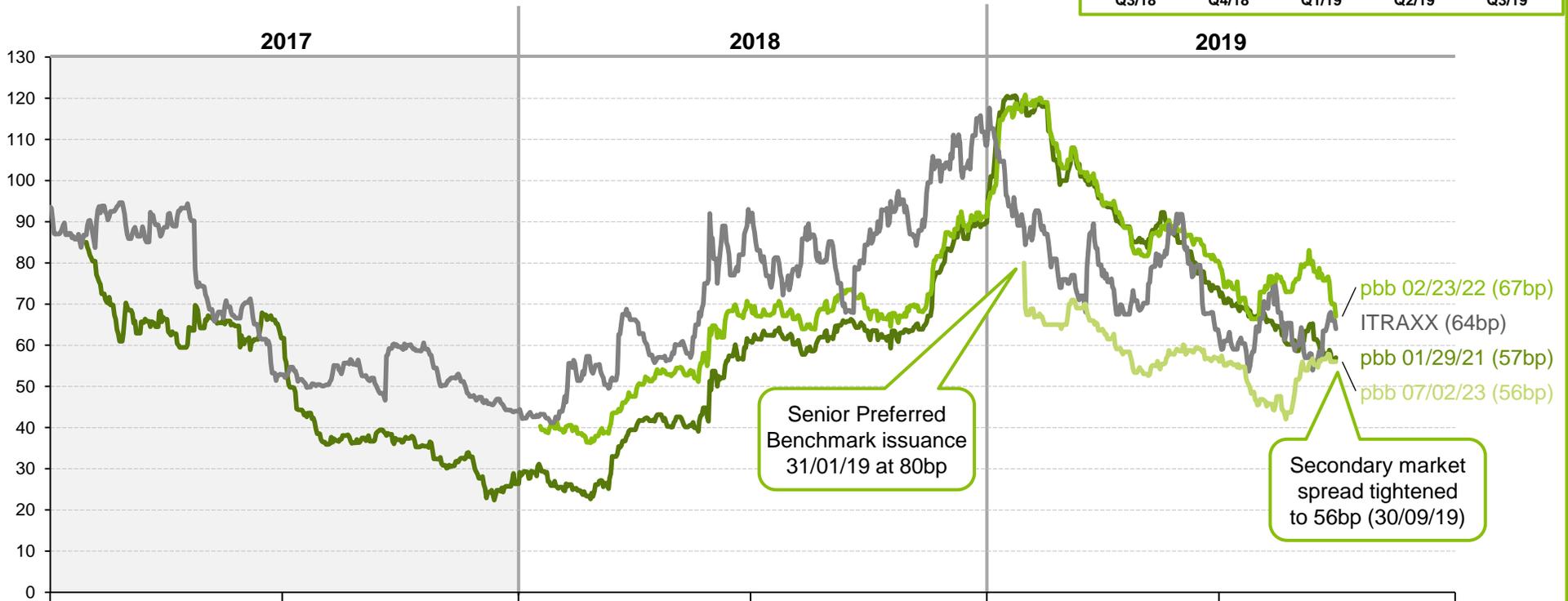


DEUTSCHE
PFANDBRIEFBANK



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

Agenda

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

Appendix
Contact details

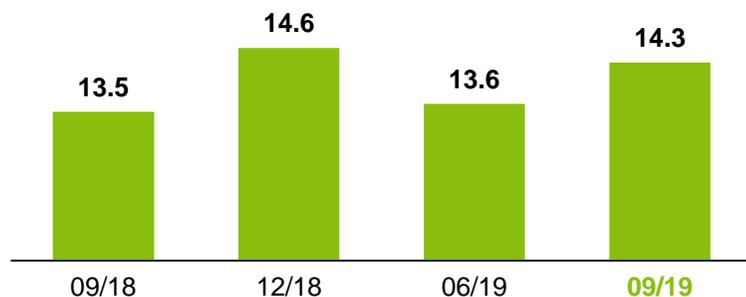
Capital

Capitalisation remains strong, providing adequate buffer for expected regulatory changes



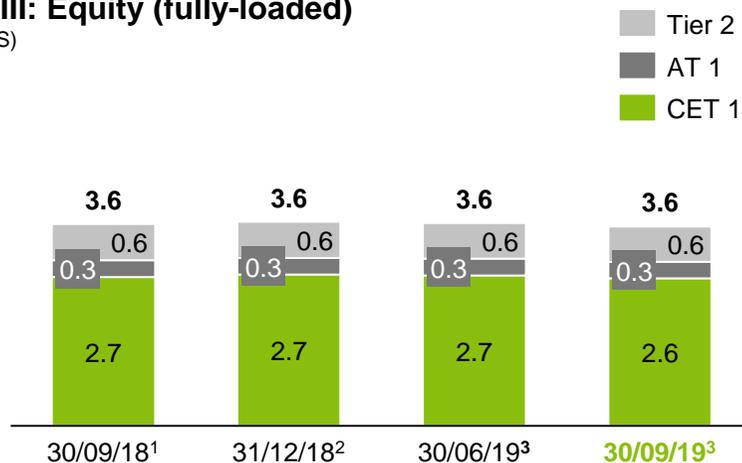
Basel III: RWA

€ bn (IFRS)



Basel III: Equity (fully-loaded)

€ bn (IFRS)



Basel III: Capital ratios

% (IFRS)

| in % | 09/18 ¹ | 12/18 ² | 06/19 ³ | 09/19 ³ | Ambition levels |
|----------------|--------------------|--------------------|--------------------|--------------------|-----------------|
| CET 1 | 19.7 | 18.5 | 19.4 | 18.3 | ≥12.5 |
| Tier 1 | 21.9 | 20.5 | 21.6 | 20.4 | ≥16 |
| Own funds | 26.7 | 24.9 | 26.3 | 24.8 | 16-18 |
| Leverage ratio | 5.3 | 5.3 | 5.0 | 5.1 | ≥3.5 |

Key drivers Q3/9M 2019:

- **RWA** increase in Q3/19 mainly reflects strong new business overcompensating for pre-/repayments
- **Capital** position slightly down due to higher deductions, i.e. pension commitments (changed reference rate), EL shortfall, intangible assets

SREP requirements 2019:

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

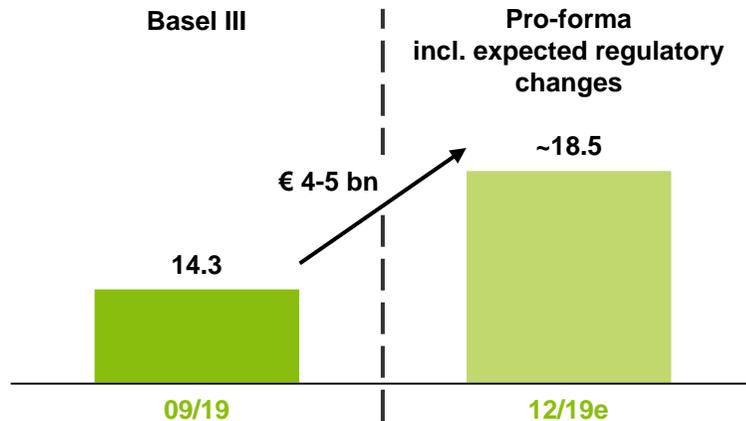
Note: Figures may not add up due to rounding 1 Incl. interim result Q1/18, post max. calc. dividend acc. to ECB methodology 2 Incl. full-year result, post proposed dividend 2018 3 Excl. Interim result 4 Incl. capital conservation buffer (2.5%) and anticipated countercyclical buffer (0.35%; actual as of 30 September 2019: 0.22%)

Capital

Pro-forma calculation on expected regulatory changes in line with guidance

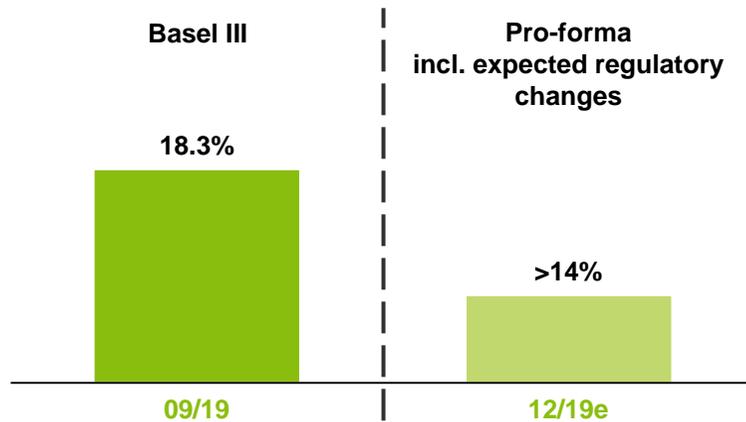
RWA

€ bn (IFRS)



CET 1 ratio

% (IFRS)



Pro-forma calculation on expected regulatory changes:

- Pro-forma calculation includes effects on RWA from **risk models/ECB TRIM, EBA Guidelines and Basel IV**
- In line with previous guidance, pbb expects a significant **RWA** increase from regulatory changes in the range of € 4-5 bn
- Based on the **pro-forma calculation**, pbb expects RWA of € ~18.5 bn with a corresponding CET 1 ratio of >14% as per year-end 2019
- To improve capital market transparency, going forward pbb will report RWAs and capital ratios including expected regulatory changes on a regular and ongoing basis

Agenda

1. **Highlights & Markets**
2. **Financials**
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Appendix

Contact details

Summary & Outlook

pbb with continued strong operating performance – full-year PBT guidance increased to € 205-215 mn



→ Strong operating performance continued in Q3/19

- New business remains solid with positive margin development in 2019 – not least because of selective approach
- Strong financial performance driven by continued strong NII and higher than expected prepayment fees while risk provisioning and operating costs stay in line with expectations

→ Full-year PBT guidance increased to € 205-215 mn – stable NII but higher expenses expected in Q4, similar to last year

- Continued economic uncertainties expected to result in a precautionary adjustment of risk provisions
- Furthermore, pbb expects higher regulatory expenses and investments

Appendix

Outlook 2019

Full-year PBT guidance 2019 increased to € 205-215 mn



| Operating trends | 2017 | 2018 | Guidance 2019 | Adjusted guidance (11/19) |
|---|------------|-------------------|---|---------------------------|
| Real Estate Finance (REF) | | | | |
| New business volume ¹ (€ bn) | 10.7 | 9.5 | € 8.5-9.5 bn | |
| Avg. gross margin (bp) | >155 | ~155 | Slightly lower | Stable |
| Financing volume (€ bn) | 24.9 | 26.8 | Moderate increase (strategic portfolio) | |
| Public Investment Finance (PIF) | | | | |
| Avg. gross margin (bp) | >100 | >60 | Slightly higher | |
| Financing volume (€ bn) | 7.0 | 6.4 | Stable (strategic portfolio in “hold” mode) | |
| Value Portfolio (VP) | | | | |
| Financing volume (€ bn) | 13.8 | 13.2 | € ~12 bn (non-strategic portfolio in run-down mode) | |
| Income statement (IFRS, EUR mn) | | | | |
| Net interest and commission income | 415 | 456 | Slightly lower | Stable |
| Loan-loss provisions | -10 | -14 | 10-15 bp EL on REF financing volume | As guided |
| General administrative expenses | -199 | -193 | Slightly higher | |
| Pre-tax profit | 204 | 215 | € 170-190 mn – updated 06/19: upper end or slightly above € 170-190 mn | € 205-215 mn |
| Key ratios (%) | | | | |
| RoE before taxes ² | 7.3 | 7.1 | 5.5-6.5% | > 6.5% |
| RoE after taxes ² | 6.5 | 5.9 | 4.0-5.0% | > 5.0% |
| CIR | 47.0 | 44.2 | Slightly higher | |
| CET1 ratio (fully loaded) | 17.6 | 18.5 ³ | Significantly above SREP requirement of 9.5% + countercyclical buffer of 0.35% (2018 ⁴ : 9.75% + 0.2%) | |

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

| Income statement (€ mn) | 2017 | Q1/18 | Q2/18 | Q3/18 | 9M/18 | 2018 | Q1/19 | Q2/19 | Q3/19 | 9M/19 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Net interest income | 407 | 107 | 113 | 114 | 334 | 450 | 116 | 113 | 112 | 341 |
| Net fee and commission income | 8 | 1 | 2 | 1 | 4 | 6 | 1 | 2 | 1 | 4 |
| Net income from fair value measurement | -5 | - | 4 | -2 | 2 | -9 | -2 | -5 | 5 | -2 |
| Net income from realisations | 45 | 9 | 6 | 8 | 23 | 32 | 6 | 10 | 15 | 31 |
| Net income from hedge accounting | -1 | -1 | -1 | 1 | -1 | -1 | -1 | - | -2 | -3 |
| Net other operating income | -1 | -4 | -5 | -3 | -12 | -7 | -1 | -1 | 2 | - |
| Operating Income | 453 | 112 | 119 | 119 | 350 | 471 | 119 | 119 | 133 | 371 |
| Net income from risk provisioning | -10 | 4 | 4 | -17 | -9 | -14 | -1 | 1 | -10 | -10 |
| General and administrative expenses | -199 | -44 | -44 | -48 | -136 | -193 | -46 | -47 | -48 | -141 |
| Expenses from bank levies and similar dues | -28 | -21 | -1 | -1 | -23 | -25 | -21 | -1 | -1 | -23 |
| Net income from write-downs and write-ups on non-financial assets | -14 | -3 | -4 | -4 | -11 | -15 | -4 | -4 | -5 | -13 |
| Net income from restructuring | 2 | - | - | - | - | -9 | 1 | 1 | 1 | 3 |
| Pre-tax profit | 204 | 48 | 74 | 49 | 171 | 215 | 48 | 69 | 70 | 187 |
| Income taxes | -22 | -9 | -14 | -10 | -33 | -36 | -8 | -10 | -14 | -32 |
| Net income | 182 | 39 | 60 | 39 | 138 | 179 | 40 | 59 | 56 | 155 |

| Key ratios (%) | 2017 | Q1/18 | Q2/18 | Q3/18 | 9M/18 | 2018 | Q1/19 | Q2/19 | Q3/19 | 9M/19 |
|------------------|------|-------|-------|-------|-------|------|-------|-------|-------|-------|
| CIR ¹ | 47.0 | 42.0 | 40.3 | 43.7 | 41.9 | 44.2 | 42.0 | 42.9 | 39.8 | 41.5 |
| RoE before tax | 7.3 | 6.7 | 9.5 | 6.3 | 7.6 | 7.1 | 6.0 | 9.0 | 9.2 | 8.1 |
| RoE after tax | 6.5 | 5.4 | 7.6 | 4.9 | 6.2 | 5.9 | 4.9 | 7.6 | 7.3 | 6.6 |

| Balance sheet (€ bn) | 12/17 | 03/18 | 06/18 | 09/18 | 09/18 | 12/18 | 03/19 | 06/19 | 09/19 | 09/19 |
|----------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Total assets | 58.0 | 57.6 | 57.8 | 57.3 | 57.3 | 57.8 | 60.3 | 60.1 | 59.8 | 59.8 |
| Equity | 2.9 | 3.0 | 3.2 | 3.2 | 3.2 | 3.3 | 3.3 | 3.2 | 3.2 | 3.2 |
| Financing volume | 45.7 | 46.3 | 45.9 | 45.7 | 45.7 | 46.3 | 47.1 | 46.4 | 46.3 | 46.3 |

| Regulatory capital ratios ² | 12/17 | 03/18 | 06/18 | 09/18 | 09/18 | 12/18 | 03/19 | 06/19 | 09/19 | 09/19 |
|--|-------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| RWA (€ bn) | 14.5 | 14.2 | 13.7 | 13.5 | 13.5 | 14.6 | 14.3 | 13.6 | 14.3 | 14.3 |
| CET 1 ratio – phase in (%) | 17.6 | 18.8 ⁴ | 19.4 ⁵ | 19.7 ⁵ | 19.7 ⁵ | 18.5 ³ | 18.8 ⁶ | 19.4 ⁷ | 18.3 ⁷ | 18.3 ⁷ |

| Personnel | 12/17 | 03/18 | 06/18 | 09/18 | 09/18 | 12/18 | 03/19 | 06/19 | 09/19 | 09/19 |
|-----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Employees (FTE) | 744 | 733 | 747 | 747 | 747 | 750 | 743 | 746 | 750 | 750 |

Note: annual results 2017 and 2018 audited

1 CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income 2 Basel III transition rules
post max. calc. dividend acc. to ECB methodology 5 Incl. interim result Q1/18, post max. calc. dividend acc. to ECB methodology

3 Incl. full-year result, post proposed dividend

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

6 Excl. interim result, post proposed dividend 2018 7 Excl. interim result

Key figures

pbb Group 9M/18 vs. 9M/19



| Income statement (€ mn) | REF | | PIF | | VP | | C&A | | pbb Group | |
|---|------------|------------|-----------|-----------|-----------|-----------|----------|----------|------------|------------|
| | 9M/18 | 9M/19 | 9M/18 | 9M/19 | 9M/18 | 9M/19 | 9M/18 | 9M/19 | 9M/18 | 9M/19 |
| Net interest income | 276 | 287 | 26 | 26 | 28 | 24 | 4 | 4 | 334 | 341 |
| Net fee and commission income | 5 | 5 | - | - | -1 | -1 | - | - | 4 | 4 |
| Net income from fair value measurement | -5 | -5 | -2 | -1 | 9 | 4 | - | - | 2 | -2 |
| Net income from realisations | 23 | 31 | - | 1 | - | -1 | - | - | 23 | 31 |
| Net income from hedge accounting | -1 | -2 | - | - | - | -1 | - | - | -1 | -3 |
| Net other operating income | -8 | - | -1 | - | -2 | - | -1 | - | -12 | - |
| Operating Income | 290 | 316 | 23 | 26 | 34 | 25 | 3 | 4 | 350 | 371 |
| Net income from risk provisioning | -18 | -15 | 4 | - | 4 | 5 | 1 | - | -9 | -10 |
| General and administrative expenses | -108 | -115 | -19 | -17 | -9 | -9 | - | - | -136 | -141 |
| Expenses from bank levies and similar dues | -13 | -14 | -3 | -3 | -7 | -6 | - | - | -23 | -23 |
| Net income from write-downs and write-ups on non-financial assets | -9 | -10 | -1 | -2 | -1 | -1 | - | - | -11 | -13 |
| Net income from restructuring | - | 3 | - | - | - | - | - | - | - | 3 |
| Pre-tax profit | 142 | 165 | 4 | 4 | 21 | 14 | 4 | 4 | 171 | 187 |

Key figures

Real Estate Finance (REF)



| Income statement (€ mn) | 2017 ³ | Q1/18 | Q2/18 | Q3/18 | 9M/18 | 2018 | Q1/19 ⁴ | Q2/19 | Q3/19 | 9M/19 |
|---|-------------------|--------------|--------------|--------------|--------------|--------------|--------------------|--------------|--------------|--------------|
| Net interest income | 334 | 89 | 94 | 93 | 276 | 372 | 97 | 95 | 95 | 287 |
| Net fee and commission income | 9 | 1 | 2 | 2 | 5 | 6 | 1 | 2 | 2 | 5 |
| Net income from fair value measurement | - | - | -4 | -1 | -5 | -8 | - | -5 | - | -5 |
| Net income from realisations | 45 | 8 | 6 | 9 | 23 | 27 | 6 | 11 | 14 | 31 |
| Net income from hedge accounting | -1 | -1 | - | 0 | -1 | -1 | -1 | 1 | -2 | -2 |
| Net other operating income | -19 | -1 | -6 | -2 | -8 | -5 | -1 | 1 | - | - |
| Operating Income | 368 | 96 | 92 | 101 | 290 | 391 | 102 | 105 | 109 | 316 |
| Net income from risk provisioning | -8 | - | - | -17 | -18 | -22 | -2 | - | -13 | -15 |
| General and administrative expenses | -158 | -35 | -35 | -38 | -108 | -154 | -37 | -39 | -39 | -115 |
| Expenses from bank levies and similar dues | -15 | -12 | - | -1 | -13 | -14 | -12 | -1 | -1 | -14 |
| Net income from write-downs and write-ups on non-financial assets | -12 | -2 | -4 | -3 | -9 | -12 | -3 | -4 | -3 | -10 |
| Net income from restructuring | 2 | - | - | - | - | -7 | 1 | 1 | 1 | 3 |
| Pre-tax profit | 177 | 47 | 53 | 42 | 142 | 182 | 49 | 62 | 54 | 165 |
| Key ratios (%) | 2017 | Q1/18 | Q2/18 | Q3/18 | 9M/18 | 2018 | Q1/19 | Q2/19 | Q3/19 | 9M/19 |
| CIR ¹ | 46.2 | 38.5 | 42.4 | 40.6 | 40.3 | 42.6 | 39.2 | 41.0 | 38.5 | 39.6 |
| RoE before tax | 15.4 | 14.5 | 14.5 | 11.4 | 13.7 | 12.9 | 13.7 | 18.3 | 15.6 | 15.6 |
| Key figures (€ bn) | 12/17 | 03/18 | 06/18 | 09/18 | 09/18 | 12/18 | 03/19 | 06/19 | 09/19 | 09/19 |
| Equity ² | 1.2 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 |
| RWA | 8,3 | 8.1 | 8.1 | 7.6 | 7.6 | 8.3 | 8.0 | 7.7 | 8.6 | 8.6 |
| Financing volume | 24.9 | 25.7 | 25.7 | 25.7 | 25.7 | 26.8 | 27.8 | 27.7 | 27.7 | 27.7 |

Note: annual results 2017 and 2018 audited 1 CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income 2 Equity now allocated according to going concern view instead of liquidation approach
³ Adjusted acc. to IFRS 8.29 ⁴ Segment allocation of net income from realisations retrospectively adjusted

Key figures

Public Investment Finance (PIF)



| Income statement (€ mn) | 2017 ³ | Q1/18 | Q2/18 | Q3/18 | 9M/18 | 2018 | Q1/19 ⁴ | Q2/19 | Q3/19 | 9M/19 |
|---|-------------------|-----------|----------|----------|-----------|-----------|--------------------|----------|-----------|-----------|
| Net interest income | 30 | 8 | 8 | 10 | 26 | 34 | 9 | 8 | 9 | 26 |
| Net fee and commission income | - | - | - | - | 0 | 1 | - | - | - | - |
| Net income from fair value measurement | -2 | - | -1 | -1 | -2 | -2 | - | -1 | - | -1 |
| Net income from realisations | - | - | - | - | 0 | 5 | - | - | 1 | 1 |
| Net income from hedge accounting | - | - | - | - | 0 | - | - | - | - | - |
| Net other operating income | -2 | -1 | - | - | -1 | - | - | -1 | 1 | - |
| Operating Income | 26 | 7 | 7 | 9 | 23 | 38 | 9 | 6 | 11 | 26 |
| Net income from risk provisioning | -6 | 2 | 2 | - | 4 | 4 | - | - | - | - |
| General and administrative expenses | -27 | -6 | -6 | -7 | -19 | -27 | -6 | -5 | -6 | -17 |
| Expenses from bank levies and similar dues | -4 | -3 | - | - | -3 | -4 | -3 | - | - | -3 |
| Net income from write-downs and write-ups on non-financial assets | -1 | -1 | - | - | -1 | -2 | -1 | - | -1 | -2 |
| Net income from restructuring | - | - | - | - | - | -1 | - | - | - | - |
| Pre-tax profit | -12 | -1 | 3 | 2 | 4 | 8 | -1 | 1 | 4 | 4 |
| Key ratios (%) | 2017 | Q1/18 | Q2/18 | Q3/18 | 9M/18 | 2018 | Q1/19 | Q2/19 | Q3/19 | 9M/19 |
| CIR ¹ | >100 | 100.0 | 85.7 | 77.8 | 87.0 | 76.3 | 77.8 | 83.3 | 63.6 | 73.1 |
| RoE before tax | -8.0 | -2.0 | 7.6 | 2.5 | 3.4 | 5.4 | -5.1 | 4.1 | 19.2 | 5.7 |
| Key figures (€ bn) | 12/17 | 03/18 | 06/18 | 09/18 | 09/18 | 12/18 | 03/19 | 06/19 | 09/19 | 09/19 |
| Equity ² | 0.2 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| RWA | 1.6 | 1.6 | 1.3 | 1.3 | 1.3 | 1.4 | 1.4 | 1.5 | 1.4 | 1.4 |
| Financing volume | 7.0 | 7.0 | 6.7 | 6.6 | 6.6 | 6.4 | 6.4 | 6.4 | 6.3 | 6.3 |

Note: annual results 2017 and 2018 audited 1 CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income 2 Equity now allocated according to going concern view instead of liquidation approach
³ Adjusted acc. to IFRS 8.29 ⁴ Segment allocation of net income from realisations retrospectively adjusted

Key figures

Value Portfolio (VP)



| Income statement (€ mn) | 2017 ³ | Q1/18 | Q2/18 | Q3/18 | 9M/18 | 2018 | Q1/19 ⁴ | Q2/19 | Q3/19 | 9M/19 |
|---|-------------------|----------|-----------|----------|-----------|-----------|--------------------|----------|-----------|-----------|
| Net interest income | 37 | 8 | 10 | 10 | 28 | 39 | 9 | 9 | 6 | 24 |
| Net fee and commission income | -1 | - | - | -1 | -1 | -1 | - | - | -1 | -1 |
| Net income from fair value measurement | -3 | - | 9 | 0 | 9 | 1 | -2 | 1 | 5 | 4 |
| Net income from realisations | - | 1 | - | -1 | 0 | - | - | -1 | - | -1 |
| Net income from hedge accounting | - | - | -1 | 1 | 0 | - | - | -1 | - | -1 |
| Net other operating income | 20 | -2 | 1 | -1 | -2 | -2 | - | -1 | 1 | - |
| Operating Income | 53 | 7 | 19 | 8 | 34 | 37 | 7 | 7 | 11 | 25 |
| Net income from risk provisioning | 4 | 2 | 2 | 0 | 4 | 4 | 1 | 1 | 3 | 5 |
| General and administrative expenses | -14 | -3 | -3 | -3 | -9 | -12 | -3 | -3 | -3 | -9 |
| Expenses from bank levies and similar dues | -9 | -6 | -1 | 0 | -7 | -7 | -6 | - | - | -6 |
| Net income from write-downs and write-ups on non-financial assets | -1 | - | - | -1 | -1 | -1 | - | - | -1 | -1 |
| Net income from restructuring | - | - | - | - | - | -1 | - | - | - | - |
| Pre-tax profit | 33 | - | 17 | 4 | 21 | 20 | -1 | 5 | 10 | 14 |
| Key ratios (%) | 2017 | Q1/18 | Q2/18 | Q3/18 | 9M/18 | 2018 | Q1/19 | Q2/19 | Q3/19 | 9M/19 |
| CIR ¹ | 28.3 | 42.9 | 15.8 | 50.0 | 29.4 | 35.1 | 42.9 | 42.9 | 36.4 | 40.0 |
| RoE before tax | 2.8 | 0.0 | 6.5 | 0.4 | 2.5 | 1.4 | -0.9 | 1.3 | 3.7 | 1.2 |
| Key figures (€ bn) | 12/17 | 03/18 | 06/18 | 09/18 | 09/18 | 12/18 | 03/19 | 06/19 | 09/19 | 09/19 |
| Equity ² | 1.1 | 0.9 | 1.0 | 1.0 | 1.0 | 1.1 | 1.1 | 1.1 | 0.8 | 0.8 |
| RWA | 3.5 | 3.5 | 3.4 | 3.8 | 3.8 | 4.0 | 4.0 | 3.8 | 3.6 | 3.6 |
| Financing volume | 13.8 | 13.6 | 13.5 | 13.4 | 13.4 | 13.2 | 12.9 | 12.3 | 12.3 | 12.3 |

Note: annual results 2017 and 2018 audited 1 CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income
 3 Adjusted acc. to IFRS 8.29 4 Segment allocation of net income from realisations retrospectively adjusted

2 Equity now allocated according to going concern view instead of liquidation approach

Balance sheet

Specialist lender with attractive German Pfandbrief as major funding instrument



Balance sheet

IFRS, € bn

| Assets | 30/09/19 | 31/12/18 | Liabilities & equity | 30/09/19 | 31/12/18 |
|--|-------------|-------------|---|-------------|-------------|
| Financial assets at fair value through P&L | 1.5 | 1.7 | Financial liabilities at fair value through P&O | 1.0 | 0.9 |
| thereof | | | thereof | | |
| Positive fair values of stand-alone derivatives | 0.8 | 0.7 | Negative fair values of stand-alone derivatives | 1.0 | 0.9 |
| Debt securities | 0.1 | 0.3 | Financial liabilities measured at amortised cost | 52.0 | 50.7 |
| Loans and advances to customers | 0.6 | 0.6 | thereof | | |
| Financial assets at fair value through OCI | 1.8 | 2.0 | Liabilities to other banks (incl. central banks) | 4.3 | 3.9 |
| thereof | | | thereof | | |
| Debt securities | 1.4 | 1.6 | <i>Registered Mortgage Pfandbriefe</i> | 0.3 | 0.2 |
| Loans and advances to other banks | - | - | <i>Registered Public Pfandbriefe</i> | 0.3 | 0.3 |
| Loans and advances to customers | 0.4 | 0.4 | Liabilities to other customers | 25.2 | 24.9 |
| Financial assets at amortised cost (after credit loss allowances) | 51.7 | 50.3 | thereof | | |
| thereof | | | <i>Registered Mortgage Pfandbriefe</i> | 4.9 | 4.6 |
| Debt securities | 7.9 | 8.0 | <i>Registered Public Pfandbriefe</i> | 10.4 | 10.2 |
| Loans and advances to other banks | 2.6 | 2.2 | Bearer Bonds | 21.9 | 21.2 |
| Loans and advances to customers | 41.2 | 40.1 | thereof | | |
| Positive fair values of hedge accounting derivatives | 2.7 | 2.2 | <i>Mortgage Pfandbriefe</i> | 12.5 | 12.4 |
| Other assets | 2.1 | 1.6 | <i>Public Pfandbriefe</i> | 4.2 | 4.7 |
| | | | Subordinated liabilities | 0.7 | 0.7 |
| | | | Negative fair values of hedge accounting derivatives | 3.0 | 2.5 |
| | | | Other liabilities | 0.6 | 0.4 |
| | | | | | |
| | | | Equity (attributable to shareholders) | 2.9 | 3.0 |
| | | | AT1-capital | 0.3 | 0.3 |
| | | | | | |
| Total Assets | 59.8 | 57.8 | Total liabilities & equity | 59.8 | 57.8 |

Share of Pfandbriefe of refinancing liabilities

63% / 64%

Note: Figures may not add up due to rounding

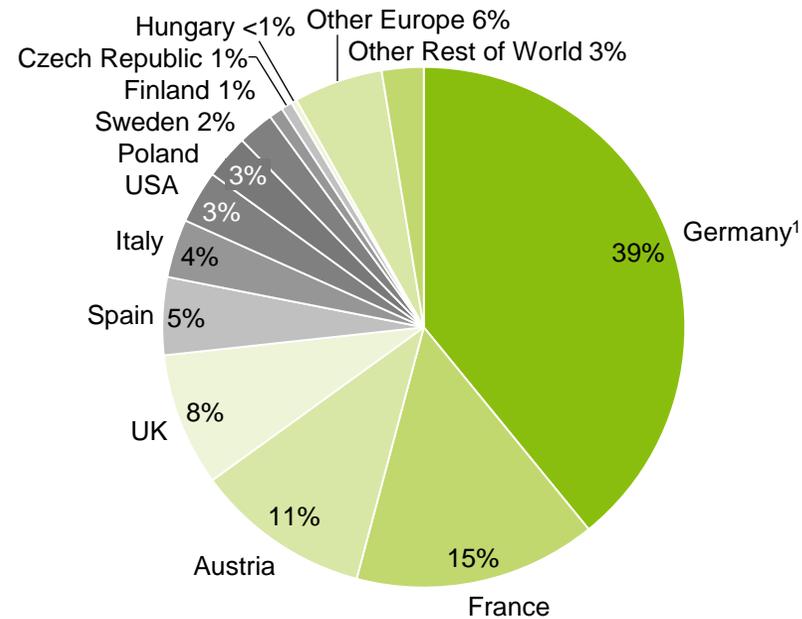
Portfolio

Total portfolio

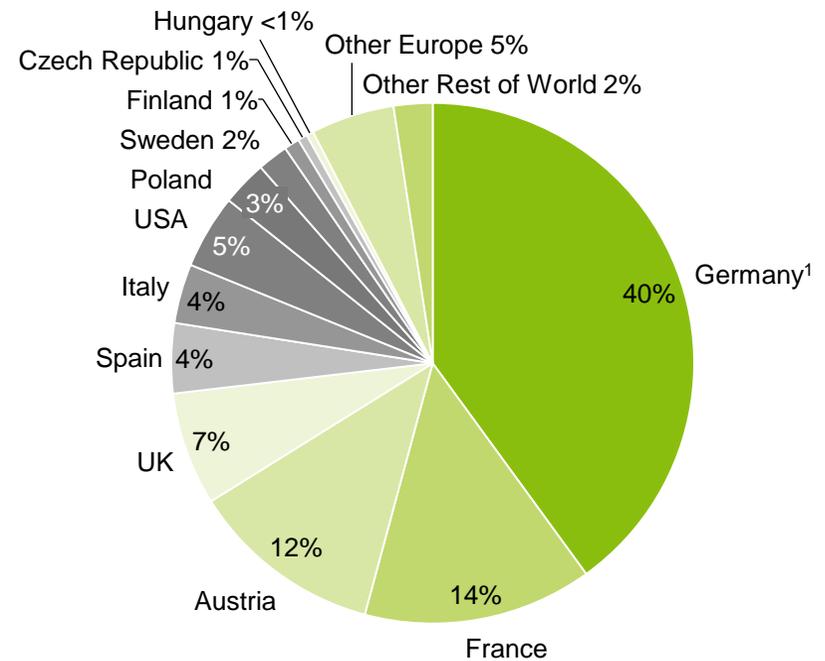
€ bn (EaD, Basel III)

Regions

31/12/2018 / Total: € 58.1 bn



30/09/2019 / Total: € 58.5 bn



Note: Figures may not add up due to rounding ¹ Incl. Bundesbank accounts (12/18: € 1.4 bn; 09/19: € 1.8 bn)

Portfolio

Real Estate Finance (REF)

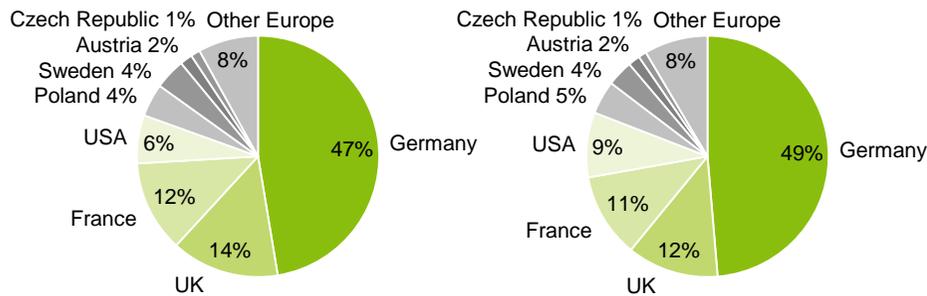


€ bn (EaD, Basel III)

Regions

31/12/2018: € 29.9 bn

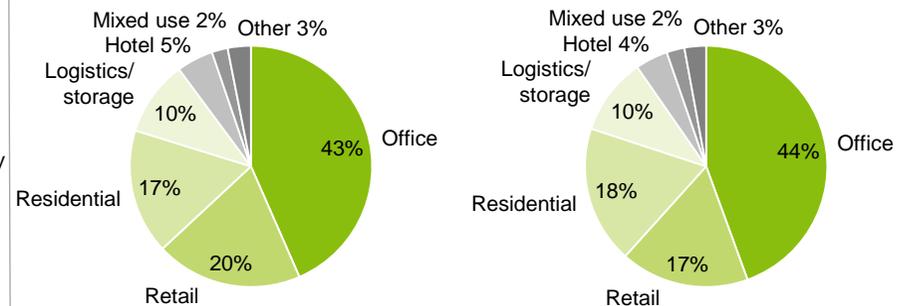
30/09/2019: € 30.7 bn



Property types

31/12/2018: € 29.9 bn

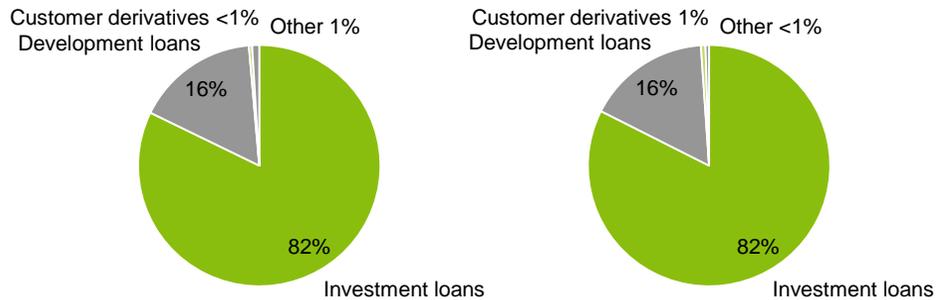
30/09/2019: € 30.7 bn



Loan types

31/12/2018: € 29.9 bn

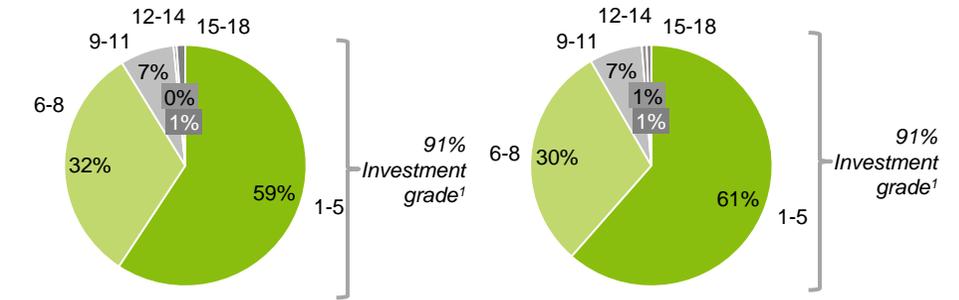
30/09/2019: € 30.7 bn



Internal ratings (EL classes)

31/12/2018: € 29.9 bn

30/09/2019: € 30.7 bn



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

Portfolio

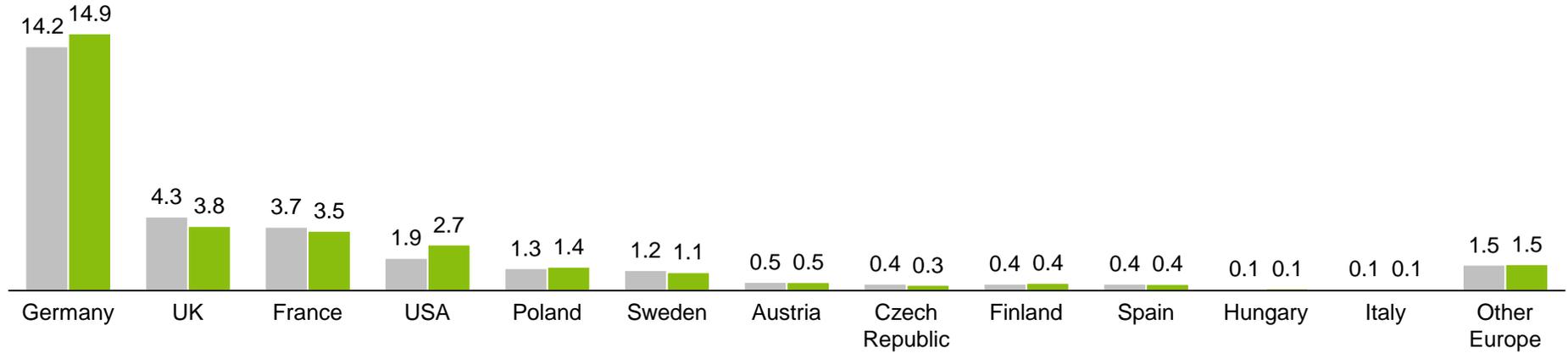
Real Estate Finance (REF)



Regions

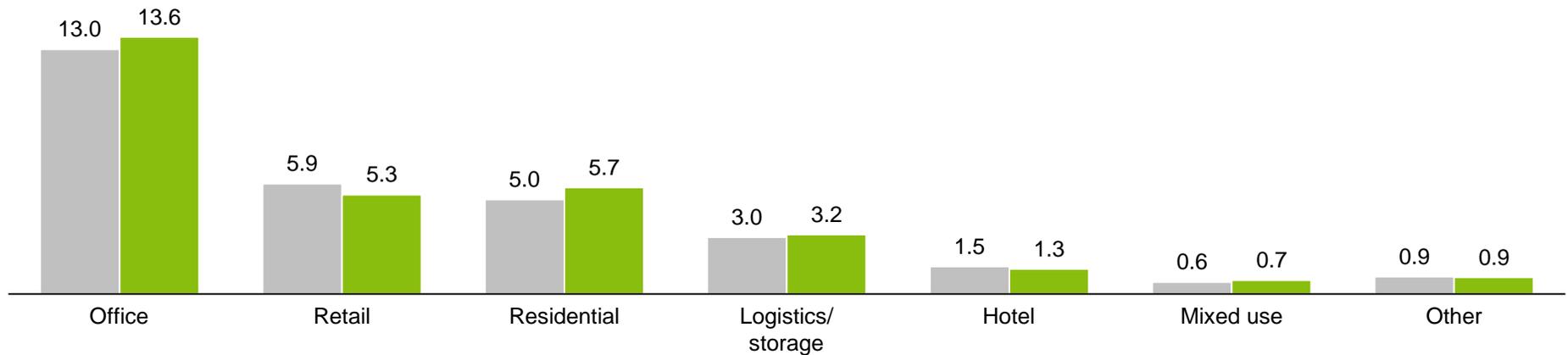
€ bn (EaD, Basel III)

31/12/2018 / Total: € 29.9 bn
 30/09/2019 / Total: € 30.7 bn



Property types

€ bn (EaD, Basel III)



Note: Figures may not add up due to rounding

Portfolio

Public Investment Finance (PIF)

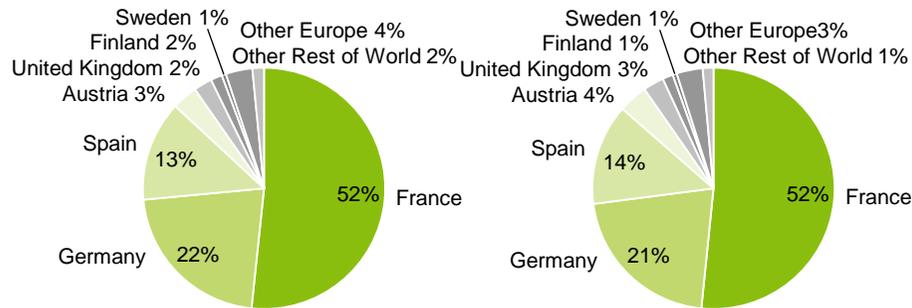


€ bn (EaD, Basel III)

Regions

31/12/2018: € 7.6 bn

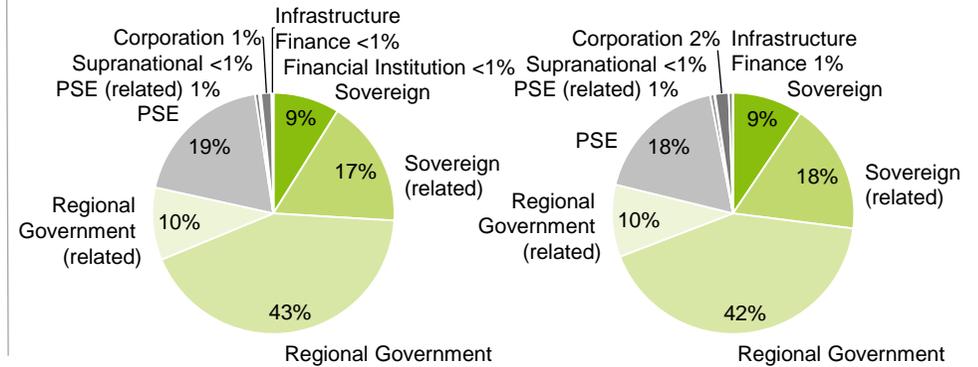
30/09/2019: € 7.6 bn



Borrower classification¹

31/12/2018: € 7.6 bn

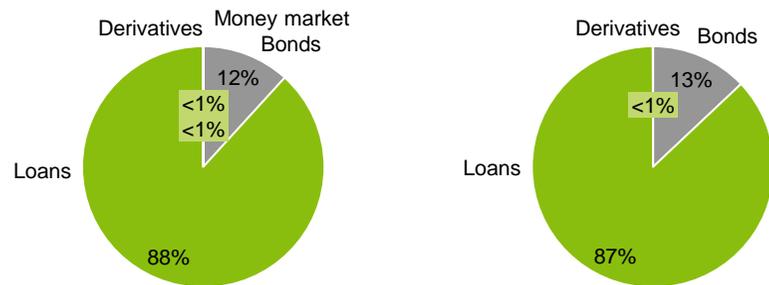
30/09/2019: € 7.6 bn



Product class

31/12/2018: € 7.6 bn

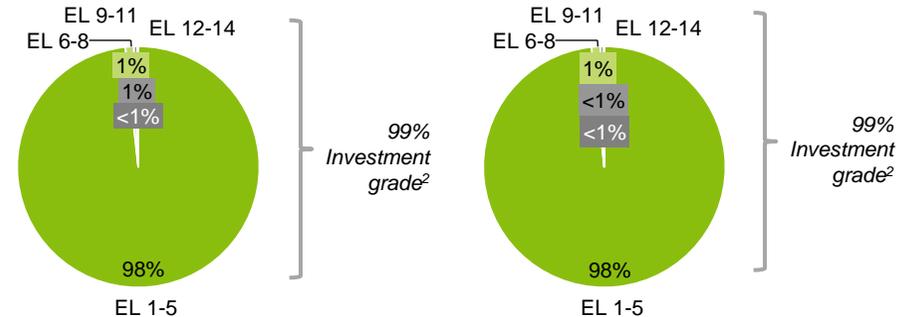
30/09/2019: € 7.6 bn



Internal ratings (EL classes)

31/12/2018: € 7.6 bn

30/09/2019: € 7.6 bn



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

Portfolio

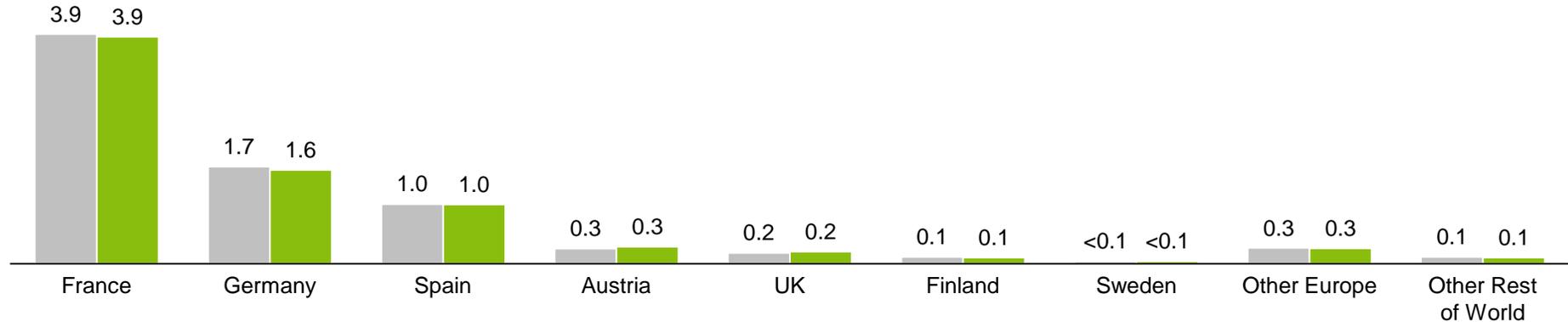
Public Investment Finance (PIF)



Regions

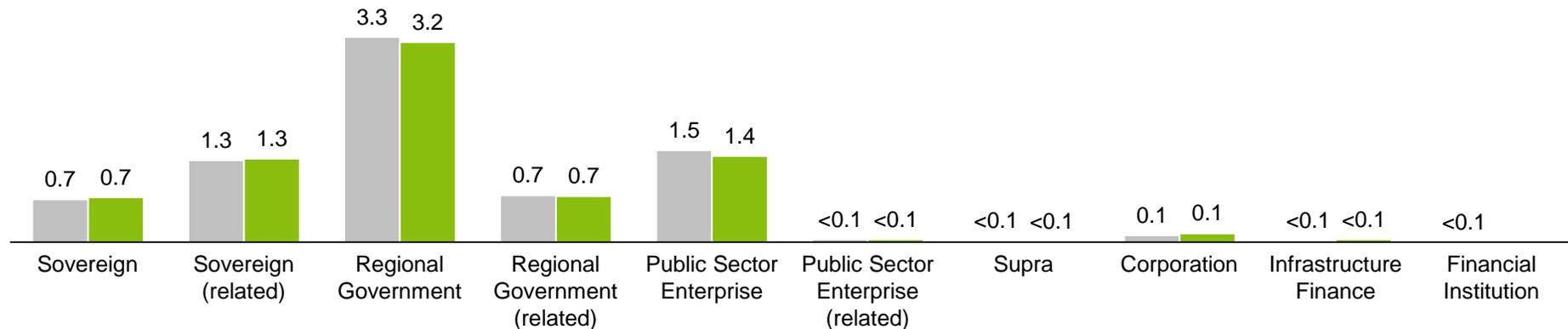
€ bn (EaD, Basel III)

31/12/2018 / Total: € 7.6 bn
 30/09/2019 / Total: € 7.6 bn



Borrower classification¹

€ bn (EaD, Basel III)



Note: Figures may not add up due to rounding

¹ See appendix for definition of borrower classification

Portfolio

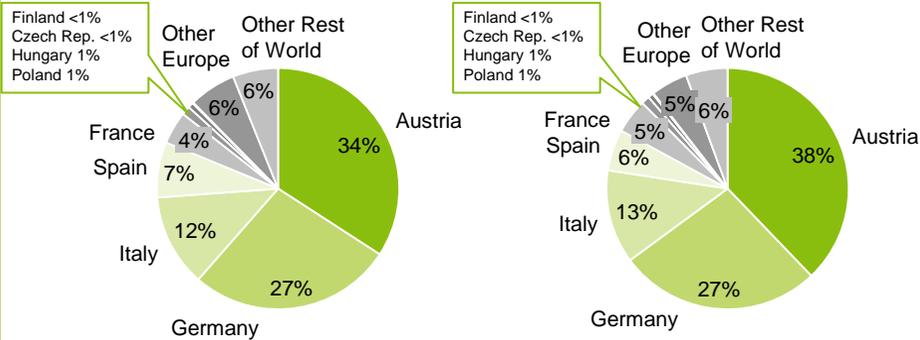
Value Portfolio (VP)

€ bn (EaD, Basel III)

Regions

31/12/2018: € 16.3 bn

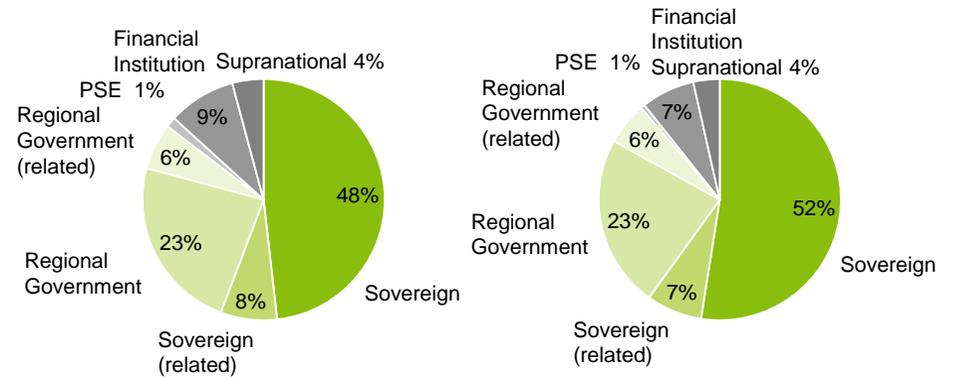
30/09/2019: € 16.4 bn



Borrower classification¹

31/12/2018: € 16.3 bn

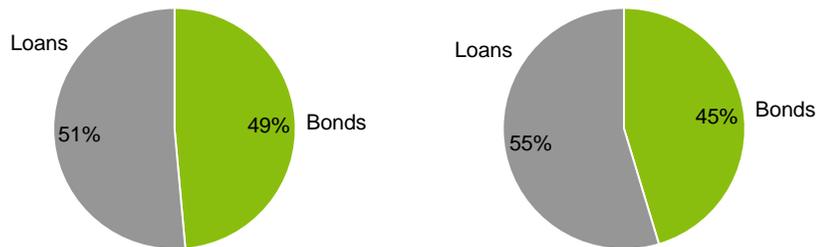
30/09/2019: € 16.4 bn



Product class

31/12/2018: € 16.3 bn

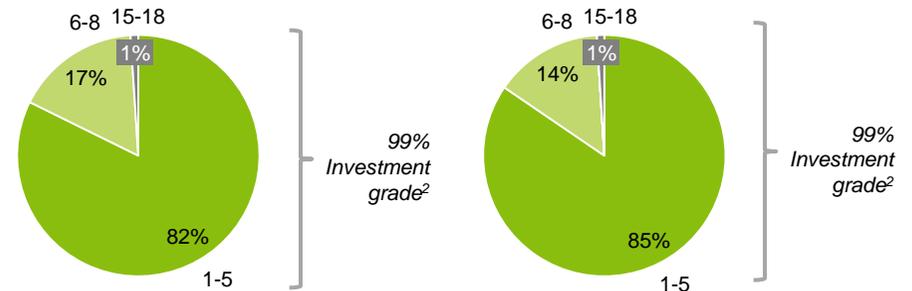
30/09/2019: € 16.4 bn



Internal ratings (EL classes)

31/12/2018: € 16.3 bn

30/09/2019: € 16.4 bn



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

Portfolio

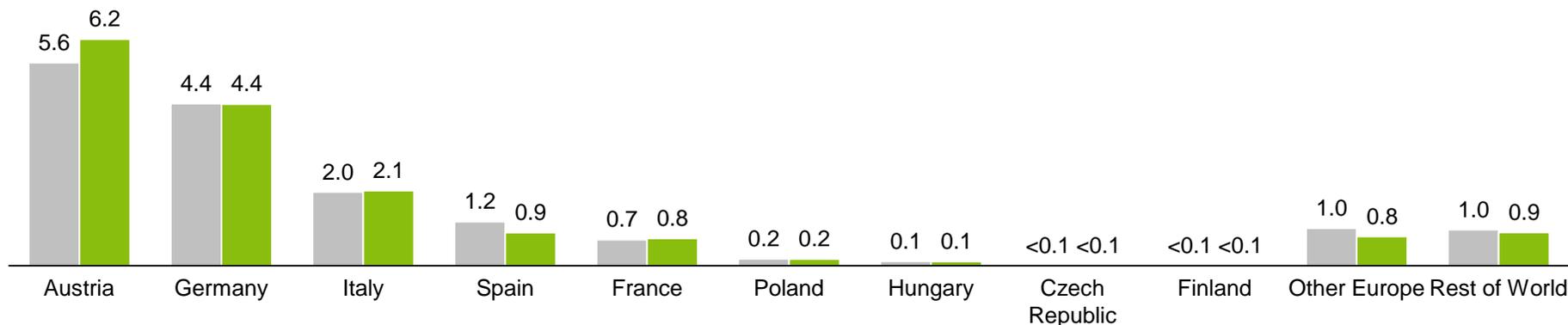
Value Portfolio (VP)



Regions

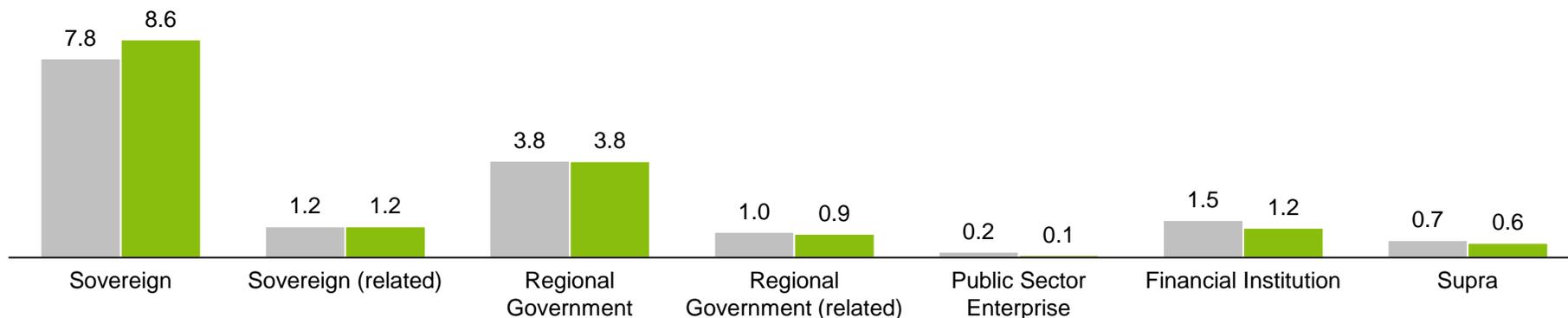
€ bn (EaD, Basel III)

31/12/2018 / Total: € 16.3 bn
 30/09/2019 / Total: € 16.4 bn



Borrower classification¹

€ 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)

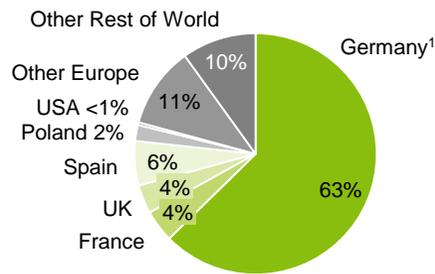
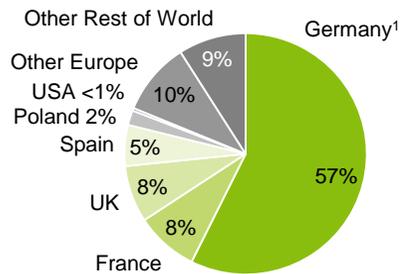


€ bn (EaD, Basel III)

Regions

31/12/2018: € 4.3 bn

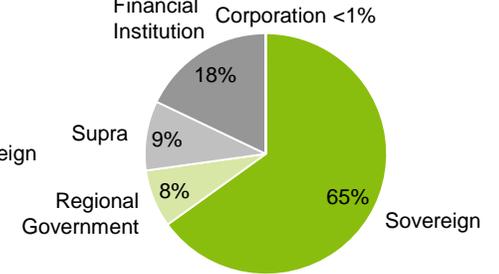
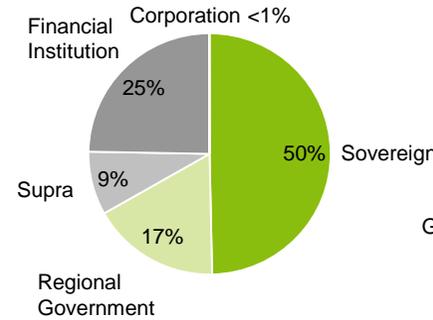
30/09/2019: € 3.9 bn



Borrower classification²

31/12/2018: € 4.3 bn

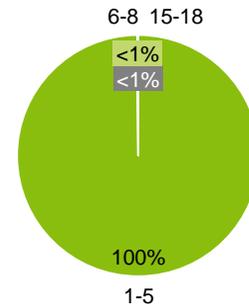
30/09/2019: € 3.9 bn



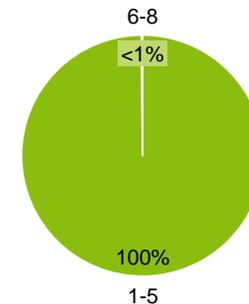
Internal ratings (EL classes)

31/12/2018: € 4.3 bn

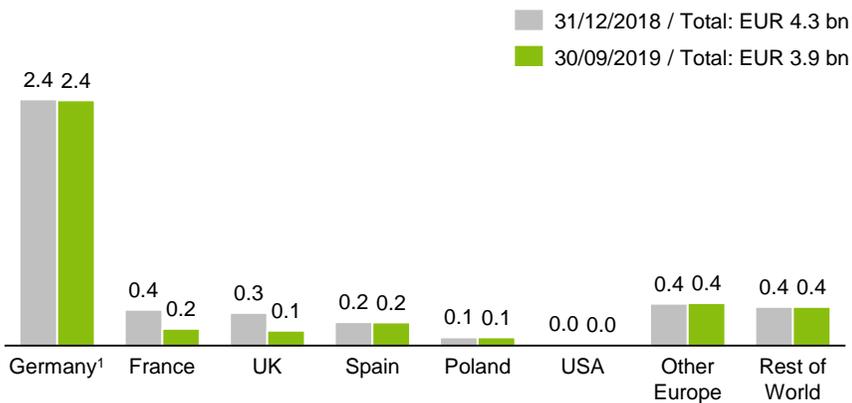
30/09/2019: € 3.9 bn



100% Investment grade³



100% Investment grade³



Note: Figures may not add up due to rounding

1 Incl. Bundesbank accounts (12/18: € 1.4 bn; 09/19: € 1.8 bn)

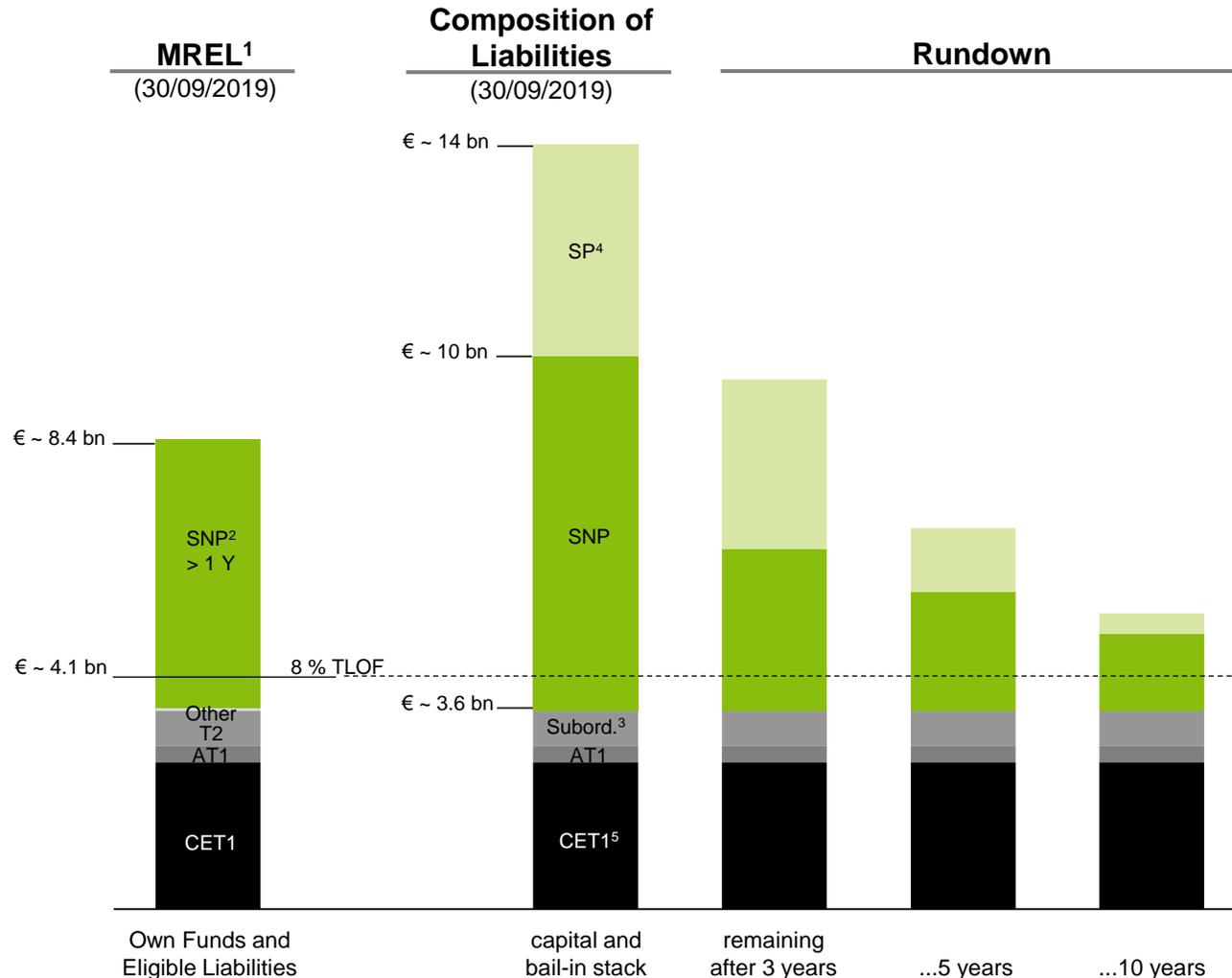
2 See appendix for definition of borrower classification

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

Funding

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

(in € as of 30/09/2019)



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

¹ With 8% TLOF, pbb has set its ambition level at the high end of the regulatory range. As of 30 Sep 2019, MREL eligible items amounted to ~16% TLOF / ~59% RWA ² MREL-eligible Senior Non-Preferred Debt >1Y according to legal maturities ³ Nominal amount of Tier 2 instruments; the capital stack includes € 300 mn AT1 issuance callable in 2023 and € 300 mn T2 issuance callable in 2022 ⁴ Senior Preferred, structured unsecured and corporate deposits (excl. protected deposits) ⁵ CET1 assumed to be constant

Funding

Public benchmark issuances since 2016



DEUTSCHE
PFANDBRIEFBANK

| 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 | 09/08/2021 | EUR 500 mn | -6 bp | 0.05% | 99.901% |
| Senior Unsecured | A2DASK | 08/02/2017 | 14/02/2020 | EUR 150 mn | +75 bp 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 | Perpetual | EUR 300 mn | +538 bp | 5.75% | 100.00% |
| Mortgage Pfandbrief (1st Tap) | A2E4ZK | 24/04/2018 | 04/12/2020 | GBP 50 mn | +26 bp ² | 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% |
| Mortgage Pfandbrief (1st Tap) | A13SWE | 31/01/2019 | 01/03/2022 | EUR 100 mn | +2 bp | 0.20% | 100.74% |
| Public Sector Pfandbrief (1st Tap) | A13SWG | 05/02/2019 | 20/04/2035 | EUR 100 mn | +17 bp | 1.25% | 99.476% |
| Mortgage Pfandbrief (1st Tap) | A2GSLL | 07/02/2019 | 22/05/2024 | EUR 100 mn | -9 bp | 0.50% | 101.638% |
| Mortgage Pfandbrief (2nd Tap) | A13SWE | 04/03/2019 | 01/03/2022 | EUR 100 mn | -3 bp | 0.20% | 100.81% |
| Public Sector Pfandbrief (2nd Tap) | A13SWG | 04/03/2019 | 20/04/2035 | EUR 150 mn | +14 bp | 1.25% | 100.057% |
| Senior Preferred (1st Tap) | A2LQNQ | 06/03/2019 | 07/02/2023 | EUR 250 mn | +72 bp | 0.75% | 100.004% |
| Senior Preferred | CH0419041246 | 15/05/2019 | 05/06/2023 | CHF 125 mn | +65 bp ⁴ | 0.125% | 100.12% |
| Mortgage Pfandbrief | A2NBJ7 | 22/05/2019 | 31/05/2022 | USD 600 mn | +32 bp ³ | 2.50% | 99.851% |
| Mortgage Pfandbrief (1st Tap) | A2GSLV | 12/06/2019 | 30/08/2027 | EUR 100 mn | 0 bp | 0.625% | 104.138% |
| Senior Preferred | A2NBKK | 29/08/2019 | 05/09/2024 | EUR 500 mn | +75 bp | 0.125% | 99.498% |
| Mortgage Pfandbrief (3rd Tap) | A13SWE | 10/09/2019 | 01/03/2022 | EUR 50 mn | -0.5bp | 0.20% | 101.795% |
| Mortgage Pfandbrief (1st Tap) | A2YNVK | 25/09/2019 | 31/05/2022 | USD 50 mn | 32 bp ³ | 2.50% | 101.619% |

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

Mandated Ratings



| Bank ratings | S&P | |
|--|----------|---------|
| 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 |

Disclaimer:

The rating information published in this presentation and on our web site are a service for our investors. The information does not necessarily represent the opinion of Deutsche Pfandbriefbank AG. Ratings should not serve as a substitute for individual analysis. The information provided should not be seen as a recommendation to buy, hold or sell securities. Deutsche Pfandbriefbank AG does not assume any liability, including for the completeness, timeliness, accuracy and selection of such information, or for any potential damages which may occur in connection with this information.

The rating agencies may alter or withdraw their ratings at any time. The rating of an individual security issued by Deutsche Pfandbriefbank AG may differ from the ratings shown above or an individual security might not be rated at all. For the evaluation and usage of the rating information (including the rating reports), please refer to the respective rating agencies’ pertinent criteria and explanations, terms of use, copyrights and disclaimers, which are to be considered.

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

Financial reporting

Change in definition of key ratios and segment allocation in 2018

CIR

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

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

Coverage Ratio

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

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

Segment Reporting

- New approach better reflects operating profitability of the segments

Major effects:

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

RoE

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

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

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)

Definition of borrower classifications

| 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 |

Contact details



Walter Allwicher

Head of Communications

+49 (0)89 2880 28787

walter.allwicher@pfandbriefbank.com

Michael Heuber

Head of Investor Relations / Rating Agency Relations

+49 (0)89 2880 28778

michael.heuber@pfandbriefbank.com

Axel Leupold

Investor Relations / Rating Agency Relations

+49 (0)89 2880 23648

axel.leupold@pfandbriefbank.com

Website

www.pfandbriefbank.com/investor-relations.html

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