

pbb continues strong performance in 2019  
– PBT of EUR 216 mn

Preliminary Annual Results 2019  
Analyst Conference  
4 March 2020

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# Agenda

- 1. Highlights**
- 2. Markets**
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- 4. Capital**
- 5. New Business & Segment Reporting**
- 6. Portfolio Profile**
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## Highlights 2019

### pbb continues strong performance in 2019

#### – PBT of EUR 216 mn slightly above latest guidance



<b>Financials</b>	<ul style="list-style-type: none"><li>■ Strong <b>PBT</b> of € 216 mn in 2019 based on good operating performance and slightly above latest guidance (Nov. 2019: € 205-215 mn)<ul style="list-style-type: none"><li>– <b>NII</b> slightly up y-o-y due to reduced funding costs and supported by increased average REF financing volume – in addition, higher <b>prepayment fees</b></li><li>– Higher <b>risk provisioning</b> reflects increased cautiousness through higher general provisions because of higher (macro)economic risks plus additional provisions on revaluations of UK shopping centres</li><li>– <b>GAE</b> slightly up, mainly driven by regulatory projects and investments; increase in Q4 in line with expectation</li></ul></li><li>■ <b>Net income</b> stable at € 179 mn (before AT1); <b>EpS</b> of € 1.20</li></ul>
<b>New business<sup>1</sup></b>	<ul style="list-style-type: none"><li>■ <b>New business volume</b> of € 9.3 bn (2018: € 10.5 bn) in line with guidance, whilst pbb remains highly selective – REF € 9.0 bn, PIF € 0.3 bn</li><li>■ <b>Avg. REF gross interest margin</b> of ~155 bp stable y-o-y</li></ul>
<b>Portfolio</b> (financing volume)	<ul style="list-style-type: none"><li>■ Strategic <b>REF financing volume</b> (strategic focus: “moderate growth”) slightly up to € 27.1 bn, driven by solid new business</li><li>■ In line with strategy, <b>PIF volume</b> (“hold” strategy) nearly stable at € 6.3 bn and <b>Value Portfolio</b> (in “run-down”) reduced by € -1.1 bn to € 12.1 bn</li></ul>
<b>Funding</b>	<ul style="list-style-type: none"><li>■ Strong <b>new funding volume</b> of € 6.7 bn in 2019 (2018: € 5.2 bn); funding spreads below maturities</li></ul>
<b>Capital</b>	<ul style="list-style-type: none"><li>■ <b>Higher RWA</b> in line with market communication taking into account ECB/TRIM requirements and EBA guidelines, resulting in a calibration of risk weights around expected Basel IV levels</li><li>■ <b>CET 1 ratio</b> of 15.2%<sup>2</sup></li></ul>
<b>Dividend</b>	<ul style="list-style-type: none"><li>■ Attractive <b>dividend proposal of € 0.90</b> per share with <b>dividend yield of 6.2%<sup>3</sup> / 7.9%<sup>4</sup></b> above sector average</li><li>■ Confirmation of <b>dividend policy</b> of 50% regular dividend plus 25% supplementary dividend for 2020-2022</li></ul>
<b>Outlook 2020</b>	<ul style="list-style-type: none"><li>■ <b>PBT guidance of € 180 – 200 mn</b>, reflecting overall market conditions</li></ul>

1 Commitments, incl. extensions >1 year 2 Incl. full-year result, post proposed dividend 2019 3 Based on XETRA year-end closing price 2019 of 14.56€ 4 Based on annual average price 2019 (volume weighted daily XETRA closings) of 11.43€

# Highlights

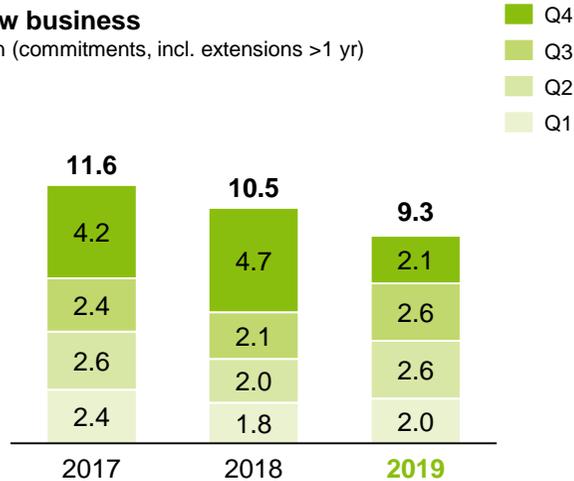
## Operating and financial overview



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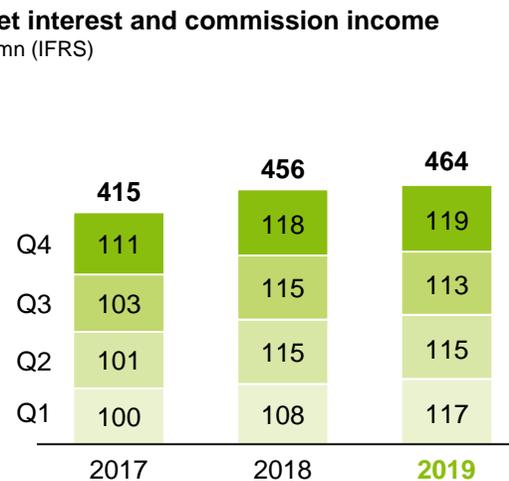
### New business

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



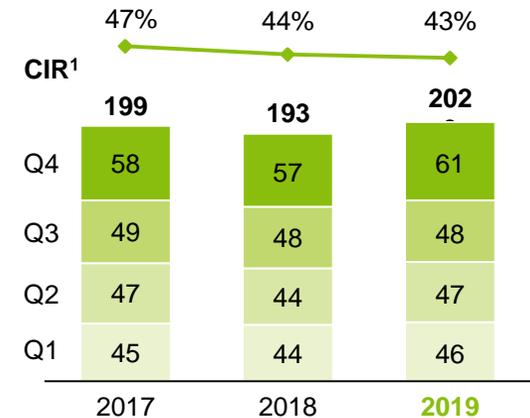
### Net interest and commission income

€ mn (IFRS)



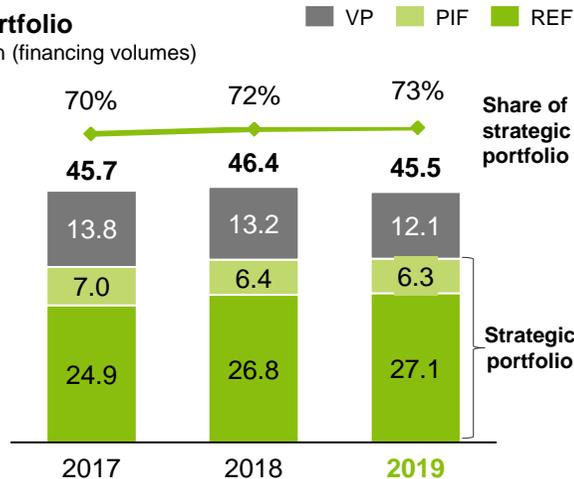
### General and admin. expenses

€ mn (IFRS)



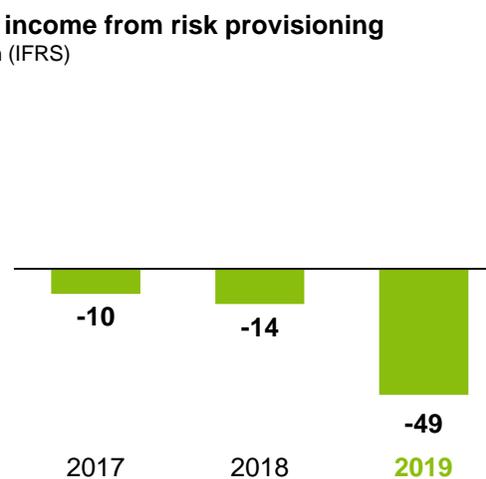
### Portfolio

€ bn (financing volumes)



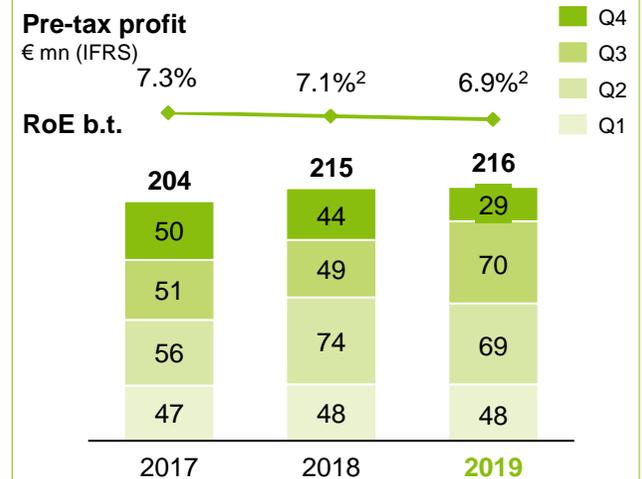
### Net income from risk provisioning

€ 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 AT1 coupon (2018 pro rata: € 12 mn; 2019: € 17 mn)

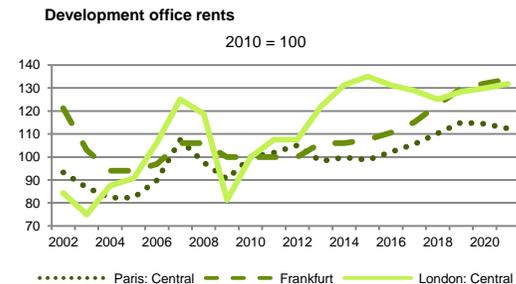
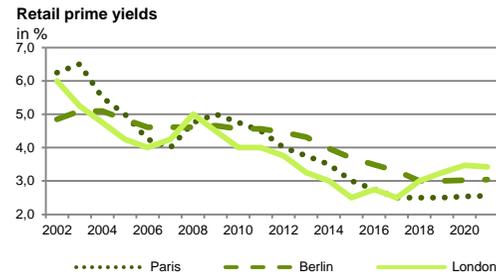
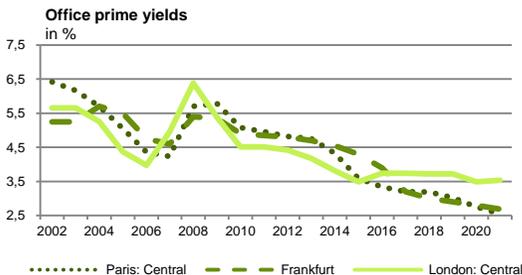
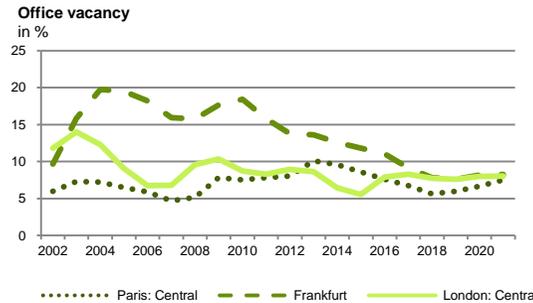
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# Markets

Low interest rate environment continues to support and prolong CRE cycle – slowing economic growth and individual market risks require even more cautious approach



- European and US CRE investment volumes remain on solid levels
  - Investment volumes recovered in Q2 and Q3 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
  - Commercial real estate investments in **Europe** reached € 65 bn in Q3/19, 1.5% above Q3/18 and above 10-year average
    - Solid **take up** levels, **office vacancy** remains on low level
    - **But: yields** for prime office properties at **historical lows** in most core markets which increases valuation risks; yields on UK retail properties already increasing with significant valuation discounts to follow
  - **US** CRE transaction volume reached \$ 157 bn in Q3, slightly below y-o-y number – limited room for further growth
  
- Slowing economic growth and individual market risks (e.g. Brexit, retail sector, co-working space, corona virus, etc.) urge continued higher **caution** – pbb remains highly selective, especially on
  - UK (in most property types)
  - Retail (structural change/online business)
  - temporarily also hotel

1 Source: Property Market Analysis

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## Financials

Strong operating performance maintained – supported by increased average REF financing volume, funding costs below maturities and high prepayment fees



### Income statement

€ mn

	Q4/18	Q4/19	FY18	FY19
<b>Operating Income</b>	<b>121</b>	<b>135</b>	<b>471</b>	<b>506</b>
Net interest income	116	117	450	458
Net fee and commission income	2	2	6	6
Net income from fair value measurement	-11	-5	-9	-7
Net income from realisations	9	17	32	48
Net income from hedge accounting	-	1	-1	-2
Net other operating income	5	3	-7	3
Net income from risk provisioning	-5	-39	-14	-49
General and administrative expenses	-57	-61	-193	-202
Expenses from bank levies and similar dues	-2	-1	-25	-24
Net income from write-downs and write-ups on non-financial assets	-4	-5	-15	-18
Net income from restructuring	-9	-	-9	3
<b>Pre-tax profit</b>	<b>44</b>	<b>29</b>	<b>215</b>	<b>216</b>
Income taxes	-3	-5	-36	-37
<b>Net income</b>	<b>41</b>	<b>24</b>	<b>179</b>	<b>179</b>
RoE before tax (%)	5.5	3.4	7.1	6.9
RoE after tax (%)	5.1	2.7	5.9	5.7
CIR <sup>1</sup> (%)	50.4	48.9	44.2	43.5
EpS (€)	0.28	0.15	1.24	1.20

### Key drivers 2019:

- **NII** slightly up 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, partially compensated by positive interest rate and credit related valuation effects of financial assets
- **Net income from realisations** benefited from higher prepayment fees y-o-y
- **Other operating income** includes FX-effects and release of provisions – last year burdened by provisions
- **Risk costs** considering a more likely (macro)economic downturn affecting Stage 1 and 2 plus additions on revaluations of UK shopping centres (Stage 3)
- **GAE** driven by additional regulatory projects and ongoing and increased investment activities
- **Net income from restructuring** benefited from release of provisions – in 2018, provisions built for “Focus & Invest” programme
- **RoE and EpS** taking into account pro-rata AT 1 coupon (2018: € -12 mn; 2019: € -17 mn)

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

## Financials

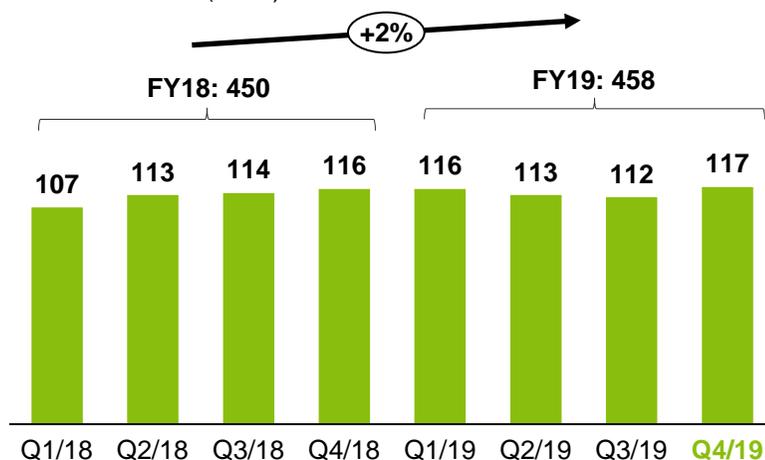
**NII benefited from higher financing volume and higher portfolio margin and was supported by lower funding costs – significantly higher prepayment fees**

### Income from lending business (€ mn)

	Q4/18	Q4/19	FY18	FY19
Net interest income	116	117	450	458
Net fee and commission income	2	2	6	6

	Q4/18	Q4/19	FY18	FY19
Net income from realisations	9	17	32	48

### Net interest income (€ mn)



### Key drivers 2019:

- **NII** slightly up y-o-y
  - Avg. REF financing volume up by € +1.6 bn y-o-y to € 27.4 bn (2018: € 25.8 bn) overcompensating for slightly lower average REF portfolio margin and scheduled run-down of value portfolio
  - NII continues to benefit from floor income
  - As before: Low/negative interest rates lead to visibly lower income from equity and liquidity book; exacerbated by maturity of high yield bond in Q2
  - Funding costs reduced further y-o-y due to new funding at spreads below maturities – positive effect expected to diminish over time
  - Summing up all effects: Avg. total portfolio margin slightly up y-o-y due to higher share of strategic portfolio while liabilities support NII through relative spread advantage from new placements
  
- **Net income from realisations** positively driven by significant higher prepayment fees y-o-y
  - Prepayment fees: € 39 mn (2018: € 16 mn)
  - Realisation fees<sup>1</sup>: € 9 mn (2018: € 16 mn)

<sup>1</sup> Incl. sale of assets and redemption of liabilities

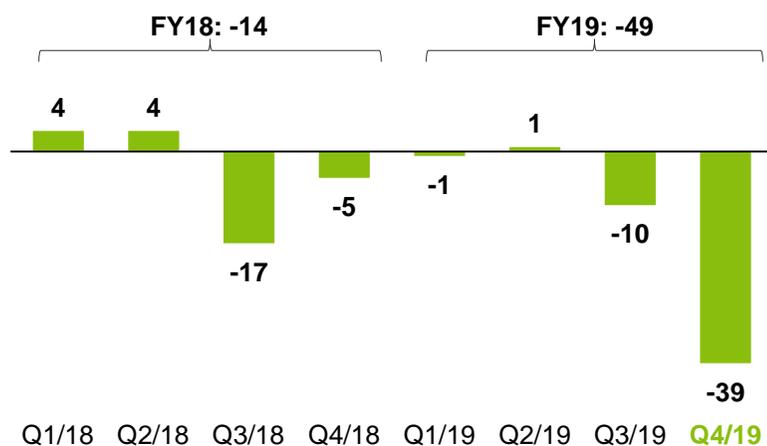
## Financials

Risk provisioning mainly reflecting the expectation of worsening market conditions as well as revaluation effects on UK shopping centres

### Net income from risk provisioning

€ mn

	Q4/18	Q4/19	FY18	FY19
Net income from risk provisioning	-5	-39	-14	-49
thereof				
Stage 1	-2	-15	-	-15
Stage 2	1	-7	9	-1
Stage 3	1	-18	-19	-33
other loan loss provisions <sup>2</sup>	-5	1	-4	-



### Key drivers 2019:

#### ■ Risk provisioning mainly driven by two effects:

(a) Provisioning for Stage 1 and 2 accounting for expected worsening of market conditions (€ -16 mn; 2018: € +9 mn):

- € 31 mn addition (gross) considering a more likely economic downturn affecting performing exposure and extension of underlying historical data period
- € 15 mn release (gross) due to maturity effects and LGD improvements, especially on Southern European bonds

(b) Individual development in sub-segments (Stage 3):

- € 14 mn higher addition compared to previous year (2019: € 33 mn; 2018: € 19 mn), resulting from valuation adjustments for UK shopping centres
- No payment defaults

#### ■ Coverage ratio:

- Stage 3 coverage ratio<sup>1</sup> down to 11% (2018: 18%) due to new additions with lower coverage (incl. a 100% ECA covered public sector loan of € 97 mn EaD without provision)
- REF coverage ratio at approx. 100% with additional collateral taken into account

<sup>1</sup> Coverage ratio = credit loss allowances on financial assets in stage 3 / gross book values in stage 3 (loans and securities)    <sup>2</sup> Incl. recoveries from written-off financial assets and provision in lending business

## Financials

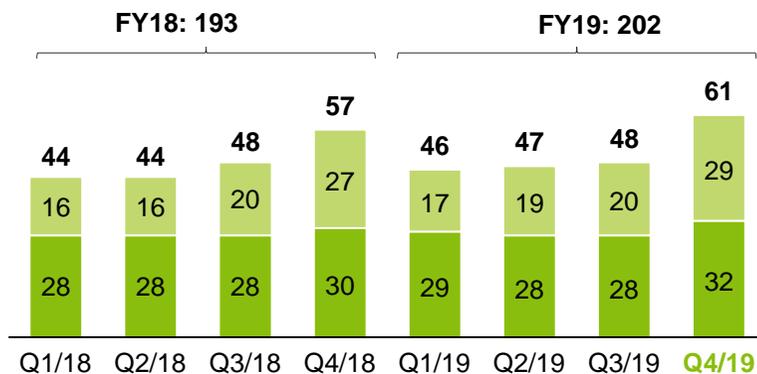
Operating costs increased y-o-y as expected, mainly driven by investments and regulatory projects

### General & administrative expenses and depreciations

€ mn

	Q4/18	Q4/19	FY18	FY19
General admin. expenses	-57	-61	-193	-202
<i>Personnel</i>	-30	-32	-114	-117
<i>Non-personnel</i>	-27	-29	-79	-85
Net income from write-downs and write-ups on non-financial assets	-4	-5	-15	-18
<i>CIR (%)</i> <sup>1</sup>	50.4	48.9	44.2	43.5

■ Non-personnel  
■ Personnel



### Key drivers 2019:

- **GAE** slightly up y-o-y (€ 202 mn; 2018: € 193 mn) to a more normalised level – in line with expectations as 2018 benefited from releases
  - Personnel expenses slightly up by 2.6% (2019: € 117mn; 2018: € 114 mn)
  - FTE stable (2019: 752 FTE; 2018: 750 FTE), but higher personnel costs for strategic initiatives and projects
  - Non-personnel expenses increased to € 85 mn (2018: € 79 mn), mainly driven by regulatory projects and IT costs; 2018 benefited from release of provisions for completed projects
  - Similar to last year and in line with expectation, increase in Q4/19 driven by project related costs (esp. regulatory projects)
- **Net income from write-downs and write-ups on non-financial assets** mainly driven by scheduled depreciations; 2019 first-time application of lease contracts to be recognised as right-of-use-assets (IFRS 16)

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

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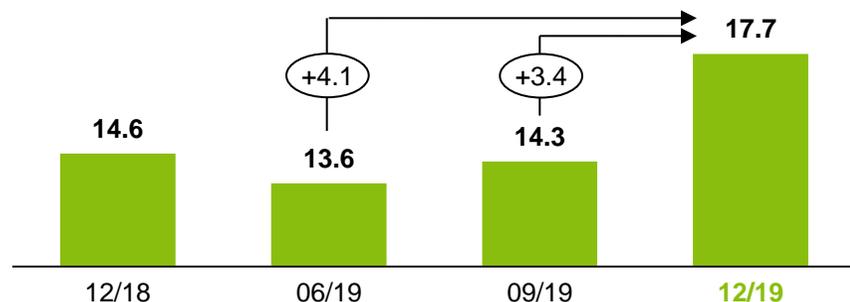
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## Capital

Capitalisation remains strong – as expected and already communicated RWA increase in Q4 due to LGD parameter recalibration; EBA and Basel IV anticipated

### Basel III: RWA

€ bn (IFRS)



### Key drivers Q4/19:

- Risk weights geared to expected requirements from EBA and Basel IV
  - Recalibration of LGD parameters as of 31.12.2019 towards expected Basel IV levels
  - Transfer of parts of the portfolio into standard approach (KSA), predominantly affecting public sector assets
- RWA increase in line with expected and communicated range of € 4-5 bn (vs. Q2/19: € +4.1 bn; vs. Q3/19: € +3.4 bn)

### Basel III: Equity and capital ratios

(IFRS)

Capital in € bn	12/18 <sup>1</sup>	09/19 <sup>2</sup>	12/19 <sup>3</sup>
CET 1	2.7	2.6	2.7
AT 1	0.3	0.3	0.3
Tier 2	0.6	0.6	0.6
<b>Total Equity</b>	<b>3.6</b>	<b>3.6</b>	<b>3.6</b>

Capital ratios in %	12/18 <sup>1</sup>	09/19 <sup>2</sup>	12/19 <sup>3</sup>
CET 1	18.5	18.3	15.2
Tier 1	20.5	20.4	16.9
Own funds	24.9	24.8	20.4
Leverage ratio	5.3	5.1	5.4

### SREP requirements 2020:

- Requirements for CET1 and Own funds unchanged:
  - CET 1 ratio: 9.5% (2019: 9.5%)
  - Own funds ratio: 13.0% (2019: 13.0%)
- Anticipated countercyclical buffer increased from 35bp to 45bp

## Dividend

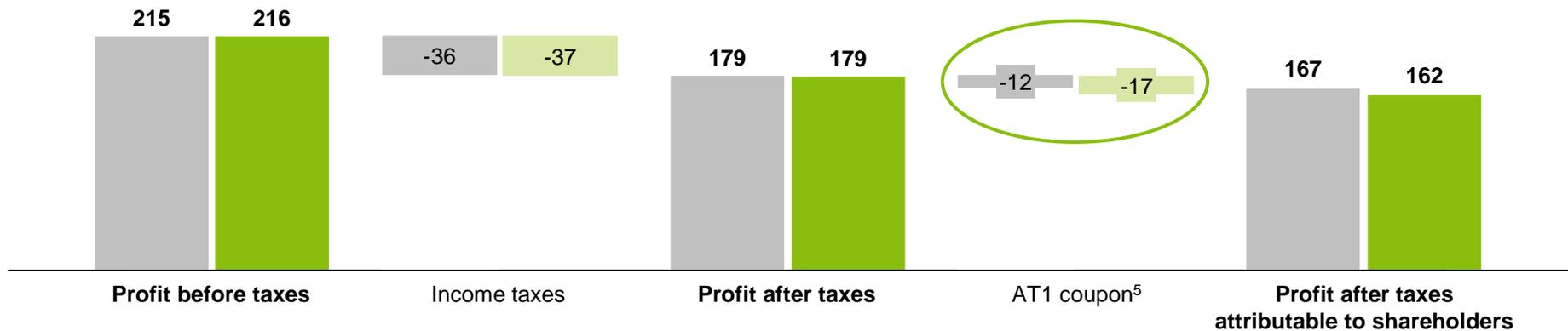
Shareholders to participate from continued strong performance – in line with pbb's dividend policy, management intends to propose dividend of € 0.90 per share (payout 75%<sup>1</sup>)



### Profit attributable to shareholders

€ mn (IFRS)

■ 2018 ■ 2019



### Dividend proposal for 2019

- Management intends to propose a dividend of € 0.90 per share (in line with dividend policy of 50% regular dividend plus 25% supplementary dividend)
  - PAT attributable to shareholders: € 162 mn
  - Earnings per share<sup>2</sup>: € 1.20
  - Dividend per share<sup>2</sup>: € 0.90
- 2019 dividend proposal underscores pbb's positioning as a dividend/yield share – dividend yield above sector average
  - Payout ratio of 75%<sup>1</sup>
  - Dividend yield 6.2%<sup>3</sup> / 7.9%<sup>4</sup>

### Proposed dividend policy for 2020-2022

- Confirmation of dividend policy for next three years 2020-2022
- Payout ratio of 50% regular dividend plus 25% supplementary dividend
- The dividend payment is subject to
  - economic viability, a potentially more cautious expectation on overall macroeconomic and in particular CRE markets developments as well as regulatory demands and needs
  - regular review

<sup>1</sup> Based on IFRS group profit after tax attributable to shareholders weighted daily XETRA closings) of 11.43€

<sup>2</sup> Number of outstanding shares 134,475,308

<sup>3</sup> Based on XETRA year-end closing price 2019 of 14.56€

<sup>4</sup> Based on annual average price 2019 (volume

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## New business

REF new business volume of € 9.0 bn in line with guidance – avg. REF gross interest margin stable at ~155 bp y-o-y

### REF New business

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



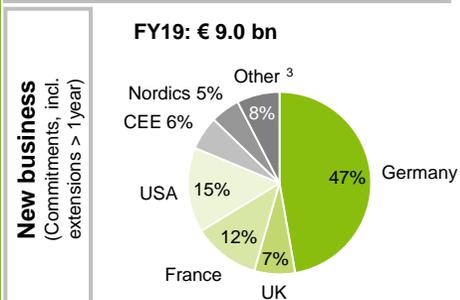
### Key drivers 2019:

- New business **volume** stays on solid level while pbb remains highly selective – in line with guidance of € 8.5-9.5 bn
- **REF** – core portfolio with moderate growth strategy
  - Continued conservative approach
  - Avg. LTV 58%<sup>2</sup>
  - Cautious in UK and on Retail
  - Supplemented by USA, Office and Residential
  - Avg. REF gross interest margin stable at ~155 bp (2018: ~155 bp)
- **PIF** – portfolio on hold with low new business volume (2019: € 0.3 bn; 2018: € 1.0 bn)

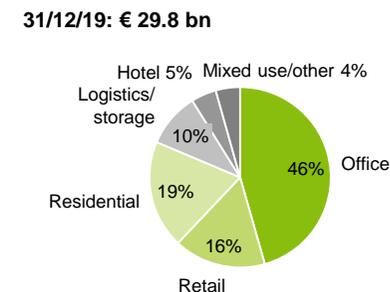
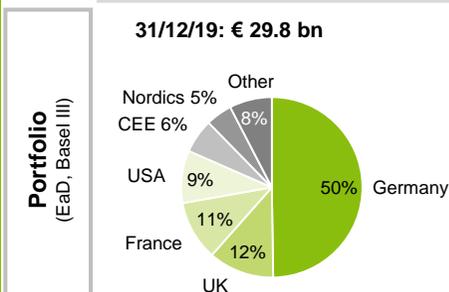
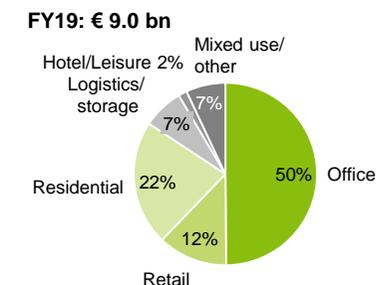
### REF new business

	FY18	9M/19	FY19
Total volume (€ bn)	9.5	6.9	9.0
<i>thereof:</i>			
<i>Extensions &gt;1 year</i>	2.2	1.5	1.9
No. of deals	185	115	155
Avg. maturity (years) <sup>1</sup>	~4.7	~4.6	~4.6
Avg. LTV (%) <sup>2</sup>	59	59	58
Avg. gross interest margin (bp)	~155	>150	~155

#### Regions



#### Property types



Note: Figures may not add up due to rounding 1 Legal maturities 2 New commitments; avg. LTV (extensions): 2019: 55%; 2018: 57% 3 Austria, Italy, Luxembourg, Netherlands, Switzerland

## Segment reporting

### Overall key drivers also reflected in segment performance

	REF				PIF				Value Portfolio			
	Q4/18	Q4/19	FY/18	FY/19	Q4/18	Q4/19	FY/18	FY/19	Q4/18	Q4/19	FY/18	FY/19
<b>Income statement (IFRS, € mn)</b>												
Operating income	101	117	391	433	15	8	38	34	3	9	37	34
<i>thereof: Net interest income</i>	96	98	372	385	8	9	34	35	11	9	39	33
<i>Net income from realisations</i>	4	17	27	48	5	-	5	1	-	-	-	-1
Net income from risk provisioning	-4	-42	-22	-57	-	-	4	-	-	3	4	8
General administrative expenses	-46	-49	-154	-164	-8	-8	-27	-25	-3	-4	-12	-13
Net other revenues	-11	-5	-33	-26	-3	-	-7	-5	-1	-1	-9	-8
<b>Pre-tax profit</b>	<b>40</b>	<b>21</b>	<b>182</b>	<b>186</b>	<b>4</b>	<b>-</b>	<b>8</b>	<b>4</b>	<b>-1</b>	<b>7</b>	<b>20</b>	<b>21</b>
<b>Key indicators</b>												
CIR (%) <sup>1</sup>	48.5	46.2	42.5	41.3	60.0	100.0	76.3	79.4	100.0	44.4	35.1	41.2
RoE before tax (%)	10.8	5.2	12.9	12.9	15.4	-0.7	5.4	4.3	-1.0	2.6	1.4	1.5
Financing volume (€ bn)	26.8	27.1	26.8	27.1	6.4	6.3	6.4	6.3	13.2	12.1	13.2	12.1

#### Key drivers 2019:

##### REF

- Positive financial segment performance y-o-y mainly driven by strong NII and higher prepayment fees, over-compensating higher operating and risk costs

##### PIF

- Financial segment performance in line with hold strategy
- Stable NII, reduced GAE, but affected by some individual effects – in addition, prior year benefited from release of risk provisions

##### Value Portfolio

- Financial segment performance in line with run-down strategy, resulting in lower NII
- Previous year benefited from one-off gain related to Heta (sale of conditional purchase price adjustment)

# Agenda

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

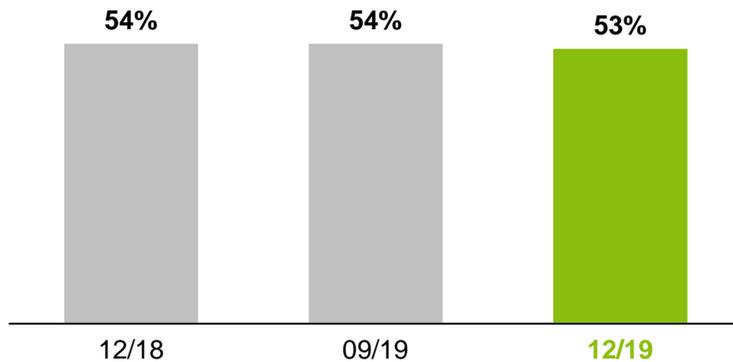
**Appendix**  
**Contact details**

# Portfolio

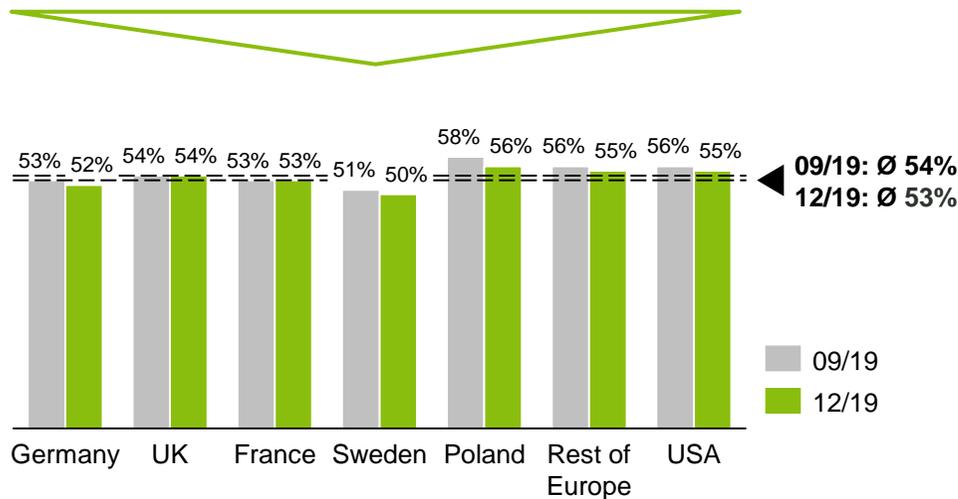
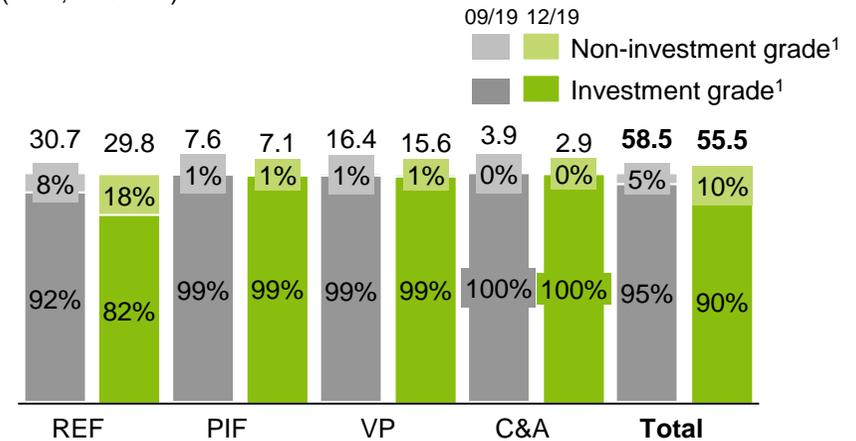
## Continued high portfolio quality – internal rating distribution reflects recalibration of risk parameters



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



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



### Key messages

- Average LTVs further improved
- EL classification reflects a more conservative calibration of risk parameters
  - Mainly REF, resulting in lower investment grade share
  - No impact on PIF and VP
  - Intrinsic portfolio quality unchanged
- Ongoing selective and cautious approach in the UK
  - Avg. LTV 54%<sup>2</sup>
  - Avg. ISC >300%

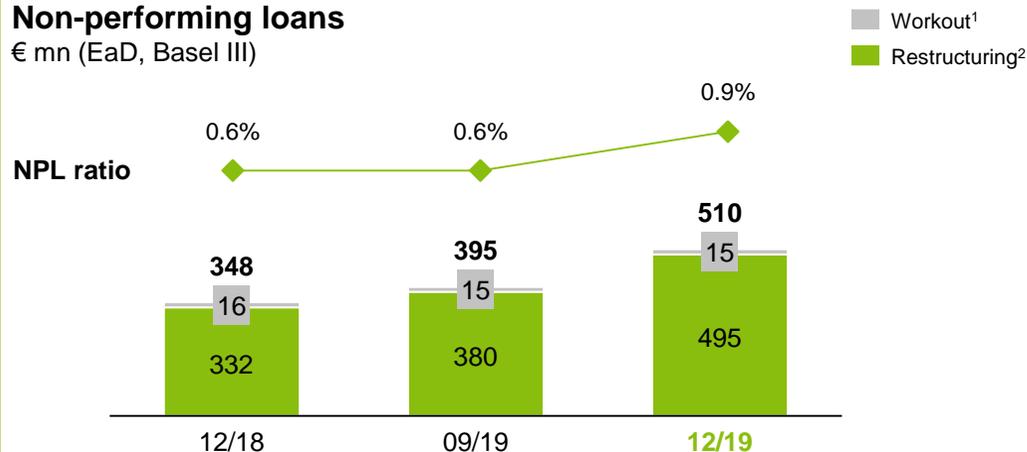
Note: Figures may not add up due to rounding 1 EL classes 1-8 = Investment grade; EL classes 9-18 = Non-investment grade 2 Based on performing investment loans only

# Portfolio

## Non-performing loans up in 2019, but still on low level

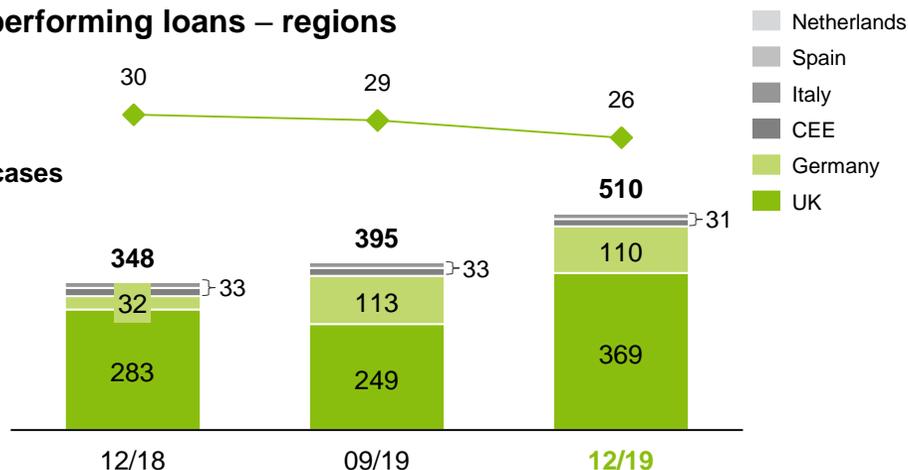
### Non-performing loans

€ mn (EaD, Basel III)



### Non-performing loans – regions

No. of indiv. cases



### Key drivers 2019:

- **Non-performing loans (NPL)** with NPL ratio<sup>3</sup> of 0.9% up in 2019, but still on low level
  - Increase by € 162 mn y-o-y reflects
    - addition of three UK loan exposures (€ 283 mn) in the sub-segment shopping centres with LTV impairment; no payment default
    - successful restructuring/sale of assets (€ 218 mn), thereof one UK asset with small LLP-release
    - addition of one fully ECA-guaranteed PIF loan (€ 97 mn) – successfully restructured, but still in probationary period (“Wohlverhaltensphase”)
  - Workout loans unchanged with only € 15 mn
- **Estate UK-3** removed from NPL exposure already in Q2 – losses allocated in September

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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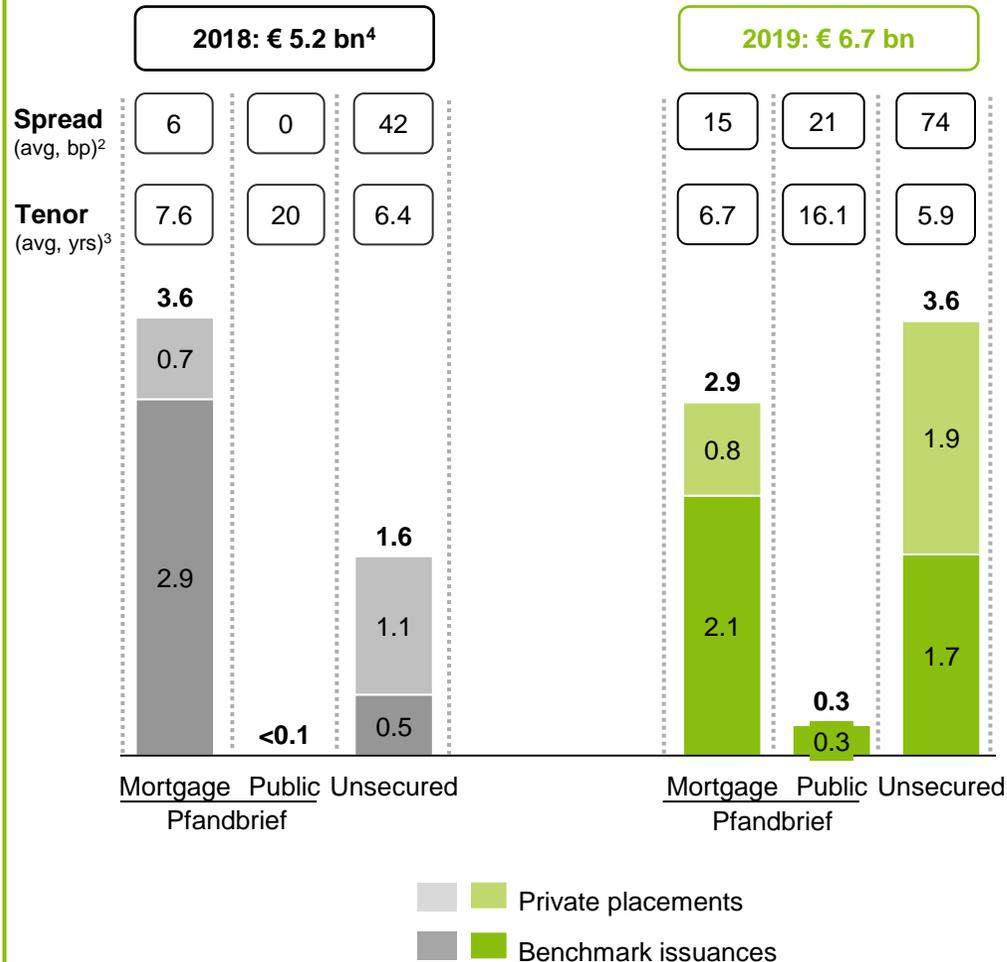
# Funding

## Successful funding activities in line with plan



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

€ bn



### Funding 2019

- Strong funding activities (2019: € 6.7 bn; 2018: 5.2 bn) with focus on foreign currencies
  - Pfandbrief volume dominated by benchmark issuances
    - € 1.6 bn (two benchmarks plus taps) and \$ 650 mn (one benchmark plus tap) Mortgage Pfandbriefe
    - Largest Pfandbrief issuer in SEK with SEK 3.7 bn
  - Senior Unsecured issuance with strong focus on senior preferred bonds
    - € 1.3 bn (two benchmarks plus tap) as well as CHF 125 mn and GBP 250 mn (both benchmarks) plus strong private placement activities with € 1.6 bn and SEK 2.5 bn
  
- Avg. funding spreads higher y-o-y, reflecting higher funding volumes in H1 at elevated spread levels – however, new funding spreads below maturities
  
- pbb direkt – total volume reduced to € 2.8 bn (12/18: € 3.0 bn) to further optimise funding costs; Average maturity<sup>5</sup> increased to 4.2 years (12/18: 4.0 yrs)
  
- 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



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## Strategic Initiatives

### Innovation & Digitalisation to strengthen competitiveness – Sustainable Finance to take responsibility

#### Digitalisation

#### Sustainable Finance

##### Fields of Action

- **Customer Interfaces** – development and implementation of CRM portal
- **Efficiency** – optimising of internal processes, inter alia, by using AI
- **Products & Services** – new sources of income

##### Workflows

- **pbb next** – bundling of strategic initiatives; pbb looks at how digitalisation can help to further develop the business model of pbb
- **pbb core** – pbb's existing core processes to be digitised with the focus on improving the customer interface and efficiency
- **pbb fit for digital** – measures are being implemented to establish pbb as an organisation ready to face the challenges of digitization
- **CAPVERIANT** as a "corporate startup" – first concrete implementation of a digital business model in pbb

##### Lending Business

- Project to integrate ESG factors into the credit process / lending initiated in 2019
- Focus 2020 on identifying suitable criteria for "green buildings"

##### Green Bond

- Integration of ESG factors also allows issuance of Green Bonds
- Green Bond framework in preparation

##### Carbon Emission

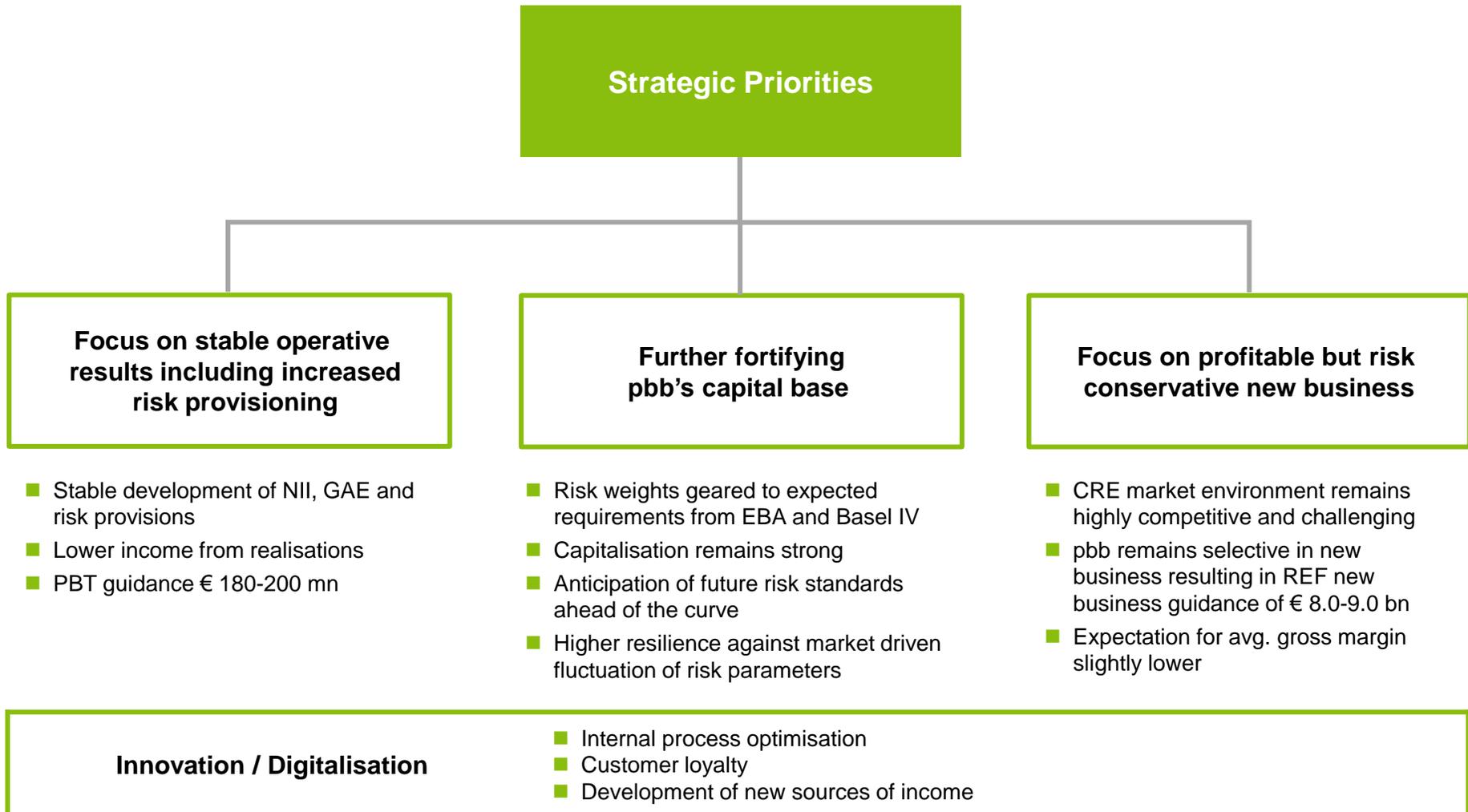
- Building up a data base with regards to ESG criteria, including carbon emission data

##### ESG Risks

- ESG risks structurally included in overall Risk Management landscape
- Expanding scope of monitoring and reporting

➤ **Creating a digital organisation that takes advantage of agile methods**

➤ **Gradually integrating sustainability criteria into the credit process to identify and originate green assets for better risk management steering and facilitating the issuance of green bonds**



## Outlook 2020



Operating trends	2018	2019	Guidance 2020
<b>Real Estate Finance (REF)</b>			
New business volume <sup>1</sup> (€ bn)	9.5	9.0	€ 8.0-9.0 bn
Avg. gross margin (bp)	~155	~155	Slightly lower
Financing volume (€ bn)	26.8	27.1	Moderate increase (strategic portfolio)
<b>Public Investment Finance (PIF)</b>			
Avg. gross margin (bp)	>60	>80	Stable (strategic portfolio in “hold” mode)
Financing volume (€ bn)	6.4	6.3	
<b>Value Portfolio (VP)</b>			
Financing volume (€ bn)	13.1	12.1	< € 11.5bn (non-strategic portfolio in run-down mode)
Income statement (IFRS, EUR mn)	2018	2019	Guidance 2020
Net interest and commission income	456	464	Largely stable
Loan-loss provisions	-14	-49	Stable; 15-20bp EL on REF financing volume
General administrative expenses	-193	-202	Stable
<b>Pre-tax profit</b>	<b>215</b>	<b>216</b>	€ 180-200 mn
Key ratios (%)	2018	2019	Guidance 2020
RoE before taxes	7.1	6.9	5.5-6.5%
RoE after taxes	5.9	5.7	4.0-5.0%
CIR	44.2	43.5	Slightly higher
CET1 ratio <sup>2</sup>	18.5	15.2	Significantly above SREP requirement of 9.5% + countercyclical buffer of 0.45% (2019 <sup>3</sup> : 9.5% + 0.35%)

Note: Figures may not add up due to rounding 1 Incl. extensions > 1 year 2 Incl. full-year result, post (proposed) dividend

# Appendix



# Key figures

## pbb Group



DEUTSCHE  
PFANDBRIEFBANK

Income statement (€ mn)	2017	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19	Q2/19	Q3/19	Q4/19	2019
Net interest income	407	107	113	114	116	450	116	113	112	117	458
Net fee and commission income	8	1	2	1	2	6	1	2	1	2	6
Net income from fair value measurement	-5	-	4	-2	-11	-9	-2	-5	5	-5	-7
Net income from realisations	45	9	6	8	9	32	6	10	15	17	48
Net income from hedge accounting	-1	-1	-1	1	-	-1	-1	-	-2	1	-2
Net other operating income	-1	-4	-5	-3	5	-7	-1	-1	2	3	3
<b>Operating Income</b>	<b>453</b>	<b>112</b>	<b>119</b>	<b>119</b>	<b>121</b>	<b>471</b>	<b>119</b>	<b>119</b>	<b>133</b>	<b>135</b>	<b>506</b>
Net income from risk provisioning	-10	4	4	-17	-5	-14	-1	1	-10	-39	-49
General and administrative expenses	-199	-44	-44	-48	-57	-193	-46	-47	-48	-61	-202
Expenses from bank levies and similar dues	-28	-21	-1	-1	-2	-25	-21	-1	-1	-1	-24
Net income from write-downs and write-ups on non-financial assets	-14	-3	-4	-4	-4	-15	-4	-4	-5	-5	-18
Net income from restructuring	2	-	-	-	--9	-9	1	1	1	-	3
<b>Pre-tax profit</b>	<b>204</b>	<b>48</b>	<b>74</b>	<b>49</b>	<b>44</b>	<b>215</b>	<b>48</b>	<b>69</b>	<b>70</b>	<b>29</b>	<b>216</b>
Income taxes	-22	-9	-14	-10	-3	-36	-8	-10	-14	-5	-37
<b>Net income</b>	<b>182</b>	<b>39</b>	<b>60</b>	<b>39</b>	<b>41</b>	<b>179</b>	<b>40</b>	<b>59</b>	<b>56</b>	<b>24</b>	<b>179</b>

Key ratios (%)	2017	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19	Q2/19	Q3/19	Q4/19	2019
CIR <sup>1</sup>	47.0	42.0	40.3	43.7	50.4	44.2	42.0	42.9	39.8	48.9	43.5
RoE before tax	7.3	6.7	9.5	6.3	5.5	7.1	6.0	9.0	9.2	3.4	6.9
RoE after tax	6.5	5.4	7.6	4.9	5.1	5.9	4.9	7.6	7.3	2.7	5.7

Balance sheet (€ bn)	12/17	03/18	06/18	09/18	12/18	12/18	03/19	06/19	09/19	12/19	12/19
Total assets	58.0	57.6	57.8	57.3	57.8	57.8	60.3	60.1	59.8	56.8	56.8
Equity	2.9	3.0	3.2	3.2	3.3	3.3	3.3	3.2	3.2	3.2	3.2
Financing volume	45.7	46.3	45.9	45.7	46.4	46.4	47.1	46.4	46.3	45.5	45.5

Regulatory capital ratios <sup>2</sup>	12/17	03/18	06/18	09/18	12/18	12/18	03/19	06/19	09/19	12/19	12/19
RWA (€ bn)	14.5	14.2	13.7	13.5	14.6	14.6	14.3	13.6	14.3	17.7	17.7
CET 1 ratio – phase in (%)	17.6	18.8 <sup>4</sup>	19.4 <sup>5</sup>	19.7 <sup>5</sup>	18.5 <sup>3</sup>	18.5 <sup>3</sup>	18.8 <sup>6</sup>	19.4 <sup>7</sup>	18.3 <sup>7</sup>	15.2 <sup>8</sup>	15.2 <sup>8</sup>

Personnel	12/17	03/18	06/18	09/18	12/18	12/18	03/19	06/19	09/19	12/19	12/19
Employees (FTE)	744	733	747	747	750	750	743	746	750	752	752

Note: annual results 2017, 2018 and 2019 audited, interim results unaudited (Q1/Q3 2018 and 2019), interim results Q2 2018 and 2019 reviewed

1 CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income 2 Basel III transition rules 3 Incl. full-year result, post dividend 4 Post dividend for 2017, incl. interim result Q1/18, post max. calc. dividend acc. to ECB methodology 5 Incl. interim result Q1/18, post max. calc. dividend acc. to ECB methodology 6 Excl. interim result, post dividend 2018 7 Excl. interim result 8 Incl. full-year result, post proposed dividend 2019

## Key figures

### pbb Group 2018 vs. 2019

Income statement (€ mn)	REF		PIF		VP		C&A		pbb Group	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
Net interest income	372	385	34	35	39	33	5	5	450	458
Net fee and commission income	6	7	1	-	-1	-1	0	-	6	6
Net income from fair value measurement	-8	-8	-2	-2	1	3	0	-	-9	-7
Net income from realisations	27	48	5	1	0	-1	0	-	32	48
Net income from hedge accounting	-1	-1	0	-	0	-1	0	-	-1	-2
Net other operating income	-5	2	0		-2	1	0	-	-7	3
<b>Operating Income</b>	<b>391</b>	<b>433</b>	<b>38</b>	<b>34</b>	<b>37</b>	<b>34</b>	<b>5</b>	<b>5</b>	<b>471</b>	<b>506</b>
Net income from risk provisioning	-22	-57	4	-	4	8	0	-	-14	-49
General and administrative expenses	-154	-164	-27	-25	-12	-13	0	-	-193	-202
Expenses from bank levies and similar dues	-14	-14	-4	-3	-7	-7	0	-	-25	-24
Net income from write-downs and write-ups on non-financial assets	-12	-15	-2	-2	-1	-1	0	-	-15	-18
Net income from restructuring	-7	3	-1	-	-1	-	0	-	-9	3
<b>Pre-tax profit</b>	<b>182</b>	<b>186</b>	<b>8</b>	<b>4</b>	<b>20</b>	<b>21</b>	<b>5</b>	<b>5</b>	<b>215</b>	<b>216</b>

Note: annual results 2018 and 2019 audited,

# Key figures

## Real Estate Finance (REF)



Income statement (€ mn)	2017 <sup>3</sup>	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19 <sup>4</sup>	Q2/19	Q3/19	Q4/19	2019
Net interest income	334	89	94	93	96	372	97	95	95	98	385
Net fee and commission income	9	1	2	2	1	6	1	2	2	2	7
Net income from fair value measurement	-	-	-4	-1	-3	-8	-	-5	-	-3	-8
Net income from realisations	45	8	6	9	4	27	6	11	14	17	48
Net income from hedge accounting	-1	-1	-	0	-	-1	-1	1	-2	1	-1
Net other operating income	-19	-1	-6	-2	3	-5	-1	1	-	2	2
<b>Operating Income</b>	<b>368</b>	<b>96</b>	<b>92</b>	<b>101</b>	<b>101</b>	<b>391</b>	<b>102</b>	<b>105</b>	<b>109</b>	<b>117</b>	<b>433</b>
Net income from risk provisioning	-8	-	-	-17	-4	-22	-2	-	-13	-42	-57
General and administrative expenses	-158	-35	-35	-38	-46	-154	-37	-39	-39	-49	-164
Expenses from bank levies and similar dues	-15	-12	-	-1	-1	-14	-12	-1	-1	-	-14
Net income from write-downs and write-ups on non-financial assets	-12	-2	-4	-3	-3	-12	-3	-4	-3	-5	-15
Net income from restructuring	2	-	-	-	-7	-7	1	1	1	-	3
<b>Pre-tax profit</b>	<b>177</b>	<b>47</b>	<b>53</b>	<b>42</b>	<b>40</b>	<b>182</b>	<b>49</b>	<b>62</b>	<b>54</b>	<b>21</b>	<b>186</b>

Key ratios (%)	2017	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19	Q2/19	Q3/19	Q4/19	2019
CIR <sup>1</sup>	46.2	38.5	42.4	40.6	48.5	42.5	39.2	41.0	38.5	46.2	41.3
RoE before tax	15.4	14.5	14.5	11.4	10.8	12.9	13.7	18.3	15.6	5.2	12.9

Key figures (€ bn)	12/17	03/18	06/18	09/18	12/18	12/18	03/19	06/19	09/19	12/19	12/19
Equity <sup>2</sup>	1.2	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.5	1.5
RWA	8,3	8.1	8.1	7.6	8.3	8.3	8.0	7.7	8.6	15.8	15.8
Financing volume	24.9	25.7	25.7	25.7	26.8	26.8	27.8	27.7	27.7	27.1	27.1

Note: annual results 2017, 2018 and 2019 audited, interim results unaudited (Q1/Q3 2018 and 2019), interim results Q2 2018 and 2019 reviewed

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 <sup>3</sup>	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19 <sup>4</sup>	Q2/19	Q3/19	Q4/19	2019
Net interest income	30	8	8	10	8	34	9	8	9	9	35
Net fee and commission income	-	-	-	-	1	1	-	-	-	-	-
Net income from fair value measurement	-2	-	-1	-1	-	-2	-	-1	-	-1	-2
Net income from realisations	-	-	-	-	5	5	-	-	1	-	1
Net income from hedge accounting	-	-	-	-	-	-	-	-	-	-	-
Net other operating income	-2	-1	-	-	1	-	-	-1	1	-	-
<b>Operating Income</b>	<b>26</b>	<b>7</b>	<b>7</b>	<b>9</b>	<b>15</b>	<b>38</b>	<b>9</b>	<b>6</b>	<b>11</b>	<b>8</b>	<b>34</b>
Net income from risk provisioning	-6	2	2	-	-	4	-	-	-	-	-
General and administrative expenses	-27	-6	-6	-7	-8	-27	-6	-5	-6	-8	-25
Expenses from bank levies and similar dues	-4	-3	-	-	-1	-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	-1	-	-	-	-	-
<b>Pre-tax profit</b>	<b>-12</b>	<b>-1</b>	<b>3</b>	<b>2</b>	<b>4</b>	<b>8</b>	<b>-1</b>	<b>1</b>	<b>4</b>	<b>-</b>	<b>4</b>

Key ratios (%)	2017	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19	Q2/19	Q3/19	Q4/19	2019
CIR <sup>1</sup>	>100	100.0	85.7	77.8	60.0	76.3	77.8	83.3	63.6	100.0	79.4
RoE before tax	-8.0	-2.0	7.6	2.5	15.4	5.4	-5.1	4.1	19.2	-0.7	4.3

Key figures (€ bn)	12/17	03/18	06/18	09/18	12/18	12/18	03/19	06/19	09/19	12/19	12/19
Equity <sup>2</sup>	0.2	0.2	0.1	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	1.4	1.4	1.4	1.5	1.4	0.8	0.8
Financing volume	7.0	7.0	6.7	6.6	6.4	6.4	6.4	6.4	6.3	6.3	6.3

Note: annual results 2017, 2018 and 2019 audited, interim results unaudited (Q1/Q3 2018 and 2019), interim results Q2 2018 and 2019 reviewed

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 <sup>3</sup>	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19 <sup>4</sup>	Q2/19	Q3/19	Q4/19	2019
Net interest income	37	8	10	10	11	39	9	9	6	9	33
Net fee and commission income	-1	-	-	-1	-	-1	-	-	-1	-	-1
Net income from fair value measurement	-3	-	9	0	-8	1	-2	1	5	-1	3
Net income from realisations	-	1	-	-1	-	-	-	-1	-	-	-1
Net income from hedge accounting	-	-	-1	1	-	-	-	-1	-	-	-1
Net other operating income	20	-2	1	-1	-	-2	-	-1	1	1	1
<b>Operating Income</b>	<b>53</b>	<b>7</b>	<b>19</b>	<b>8</b>	<b>3</b>	<b>37</b>	<b>7</b>	<b>7</b>	<b>11</b>	<b>9</b>	<b>34</b>
Net income from risk provisioning	4	2	2	0	-	4	1	1	3	3	8
General and administrative expenses	-14	-3	-3	-3	-3	-12	-3	-3	-3	-4	-13
Expenses from bank levies and similar dues	-9	-6	-1	0	-	-7	-6	-	-	-1	-7
Net income from write-downs and write-ups on non-financial assets	-1	-	-	-1	-	-1	-	-	-1	-	-1
Net income from restructuring	-	-	-	-	-1	-1	-	-	-	-	-
<b>Pre-tax profit</b>	<b>33</b>	<b>-</b>	<b>17</b>	<b>4</b>	<b>-1</b>	<b>20</b>	<b>-1</b>	<b>5</b>	<b>10</b>	<b>7</b>	<b>21</b>

Key ratios (%)	2017	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19	Q2/19	Q3/19	Q4/19	2019
CIR <sup>1</sup>	28.3	42.9	15.8	50.0	100.0	35.1	42.9	42.9	36.4	44.4	41.2
RoE before tax	2.8	0.0	6.5	0.4	-1.0	1.4	-0.9	1.3	3.7	2.6	1.5

Key figures (€ bn)	12/17	03/18	06/18	09/18	12/18	12/18	03/19	06/19	09/19	12/19	12/19
Equity <sup>2</sup>	1.1	0.9	1.0	1.0	1.1	1.1	1.1	1.1	0.8	0.8	0.8
RWA	3.5	3.5	3.4	3.8	4.0	4.0	4.0	3.8	3.6	0.5	0.5
Financing volume	13.8	13.6	13.5	13.4	13.2	13.2	12.9	12.3	12.3	12.1	12.1

Note: annual results 2017, 2018 and 2019 audited, interim results unaudited (Q1/Q3 2018 and 2019), interim results Q2 2018 and 2019 reviewed

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

## Balance sheet

### Specialist lender with attractive German Pfandbrief as major funding instrument



## Balance sheet

IFRS, € bn

Assets	31/12/19	31/12/18	Liabilities & equity	31/12/19	31/12/18
<b>Financial assets at fair value through P&amp;L</b>	<b>1.3</b>	<b>1.7</b>	<b>Financial liabilities at fair value through P&amp;L</b>	<b>0.8</b>	<b>0.9</b>
thereof			thereof		
Positive fair values of stand-alone derivatives	0.7	0.7	Negative fair values of stand-alone derivatives	0.8	0.9
Debt securities	0.1	0.3	<b>Financial liabilities measured at amortised cost</b>	<b>49.7</b>	<b>50.7</b>
Loans and advances to customers	0.5	0.6	thereof		
<b>Financial assets at fair value through OCI</b>	<b>1.7</b>	<b>2.0</b>	Liabilities to other banks (incl. central banks)	4.2	3.9
thereof			thereof		
Debt securities	1.3	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	24.0	24.9
<b>Financial assets at amortised cost</b> (after credit loss allowances)	<b>50.2</b>	<b>50.3</b>	thereof		
thereof			<i>Registered Mortgage Pfandbriefe</i>	4.6	4.6
Debt securities	7.7	8.0	<i>Registered Public Pfandbriefe</i>	9.9	10.2
Loans and advances to other banks	2.4	2.2	Bearer Bonds	20.9	21.2
Loans and advances to customers	40.2	40.1	thereof		
<b>Positive fair values of hedge accounting derivatives</b>	<b>2.2</b>	<b>2.2</b>	<i>Mortgage Pfandbriefe</i>	12.4	12.4
<b>Other assets</b>	<b>1.4</b>	<b>1.6</b>	<i>Public Pfandbriefe</i>	3.0	4.7
			Subordinated liabilities	0.7	0.7
			<b>Negative fair values of hedge accounting derivatives</b>	<b>2.6</b>	<b>2.5</b>
			<b>Other liabilities</b>	<b>0.5</b>	<b>0.4</b>
			<b>Equity (attributable to shareholders)</b>	<b>2.9</b>	<b>3.0</b>
			<b>AT1-capital</b>	<b>0.3</b>	<b>0.3</b>
<b>Total Assets</b>	<b>56.8</b>	<b>57.8</b>	<b>Total liabilities &amp; equity</b>	<b>56.8</b>	<b>57.8</b>

Share of Pfandbriefe of refinancing liabilities

61% / 64%

Note: Figures may not add up due to rounding

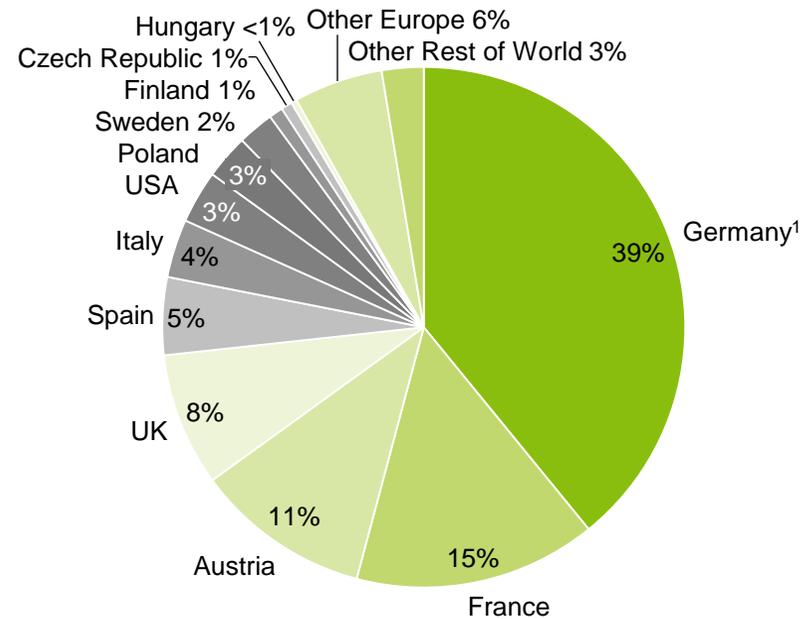
# Portfolio

## Total portfolio

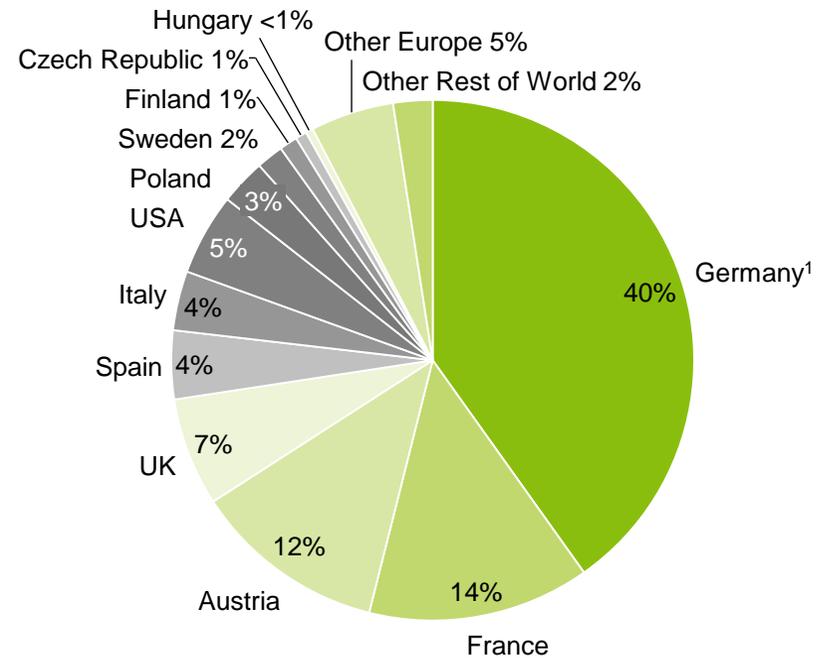
€ bn (EaD, Basel III)

### Regions

31/12/2018 / Total: € 58.1 bn



31/12/2019 / Total: € 55.5 bn



Note: Figures may not add up due to rounding 1 Incl. Bundesbank accounts (12/18: € 1.4 bn; 12/19: € 1.1 bn)

# Portfolio

## Real Estate Finance (REF)

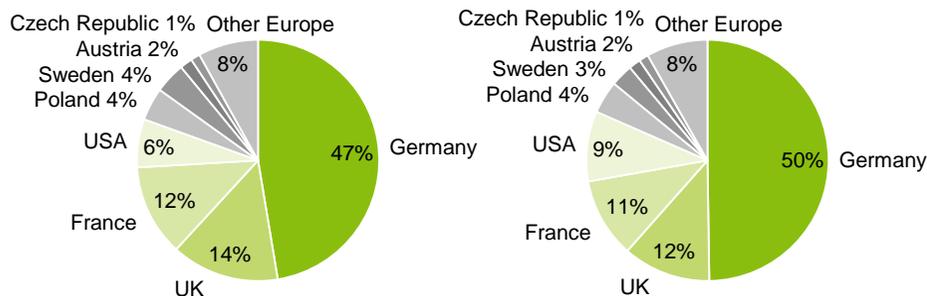


€ bn (EaD, Basel III)

### Regions

31/12/2018: € 29.9 bn

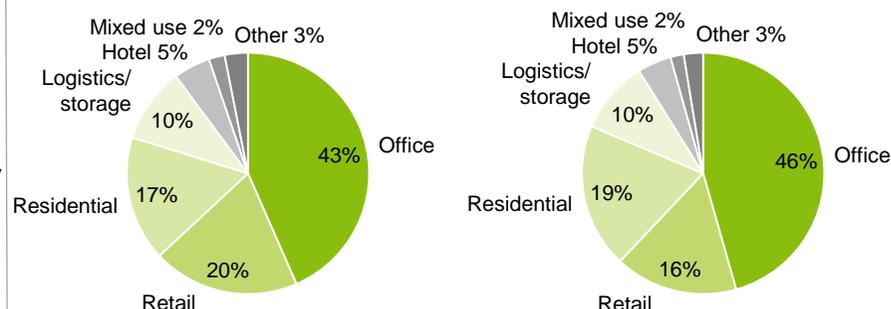
31/12/2019: € 29.8 bn



### Property types

31/12/2018: € 29.9 bn

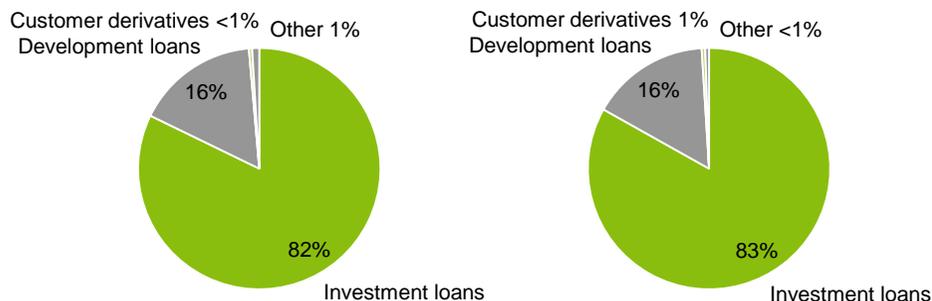
31/12/2019: € 29.8 bn



### Loan types

31/12/2018: € 29.9 bn

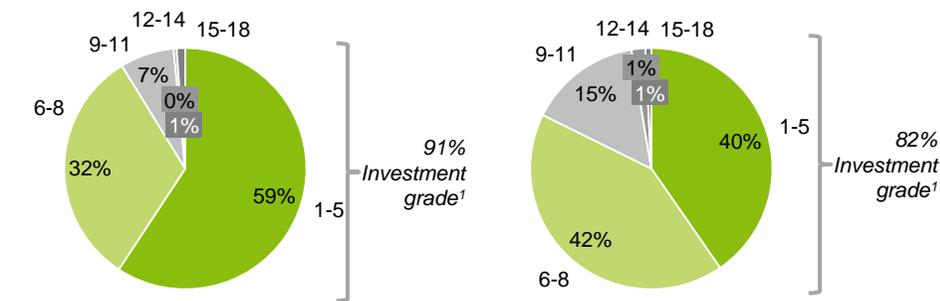
31/12/2019: € 29.8 bn



### Internal ratings (EL classes)

31/12/2018: € 29.9 bn

31/12/2019: € 29.8 bn



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

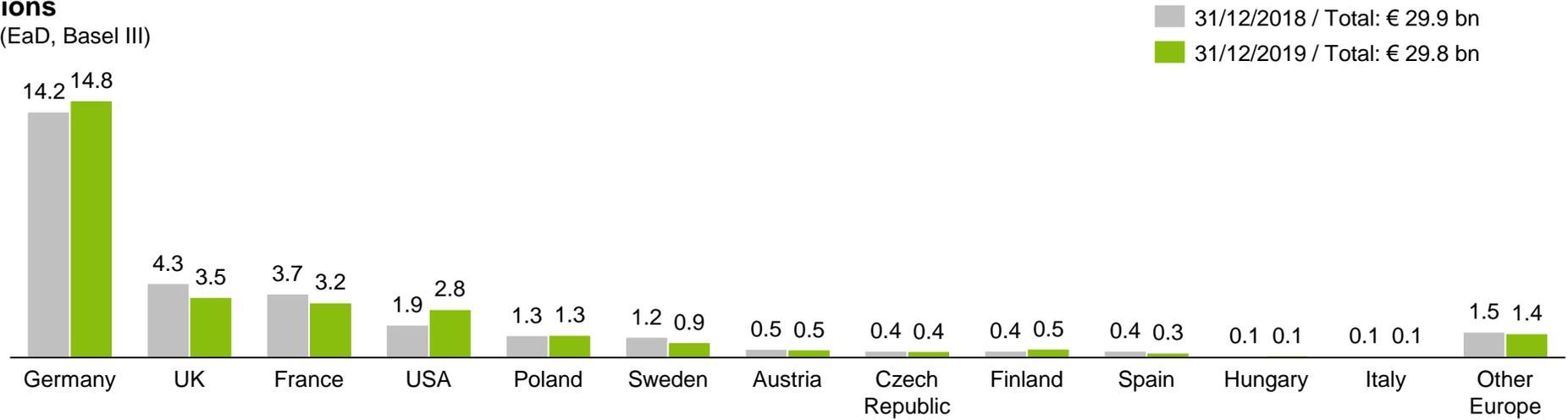
# Portfolio

## Real Estate Finance (REF)



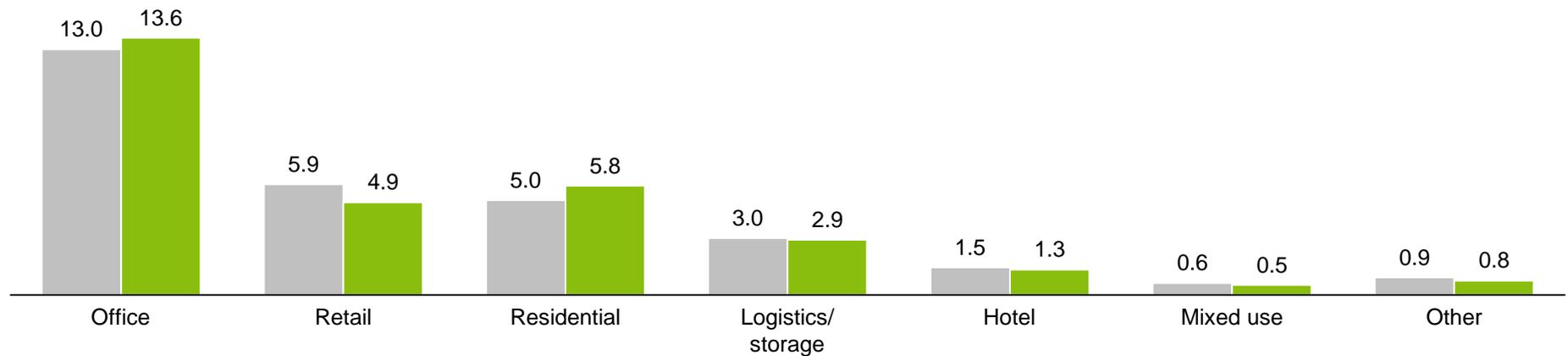
### Regions

€ bn (EaD, Basel III)



### Property types

€ bn (EaD, Basel III)



Note: Figures may not add up due to rounding

# Portfolio

## Public Investment Finance (PIF)

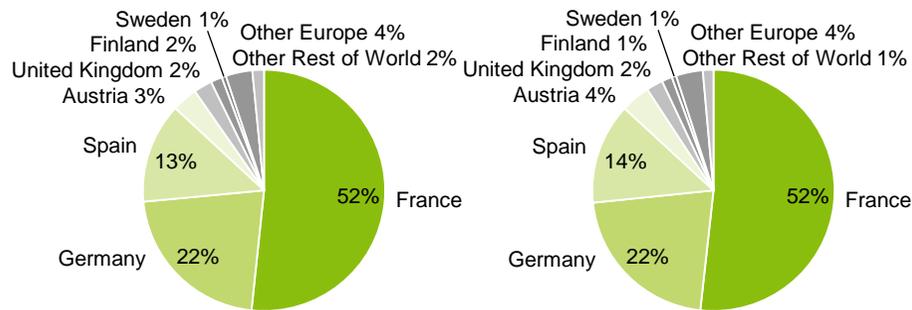


€ bn (EaD, Basel III)

### Regions

31/12/2018: € 7.6 bn

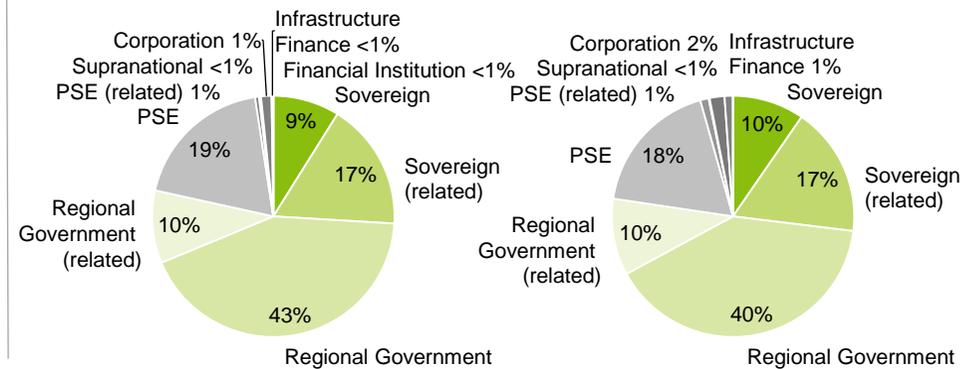
31/12/2019: € 7.1 bn



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

31/12/2018: € 7.6 bn

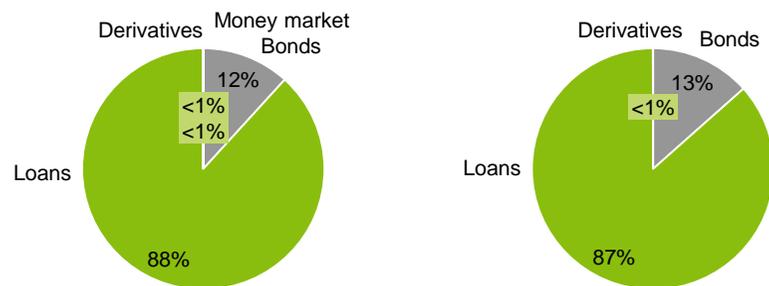
31/12/2019: € 7.1 bn



### Product class

31/12/2018: € 7.6 bn

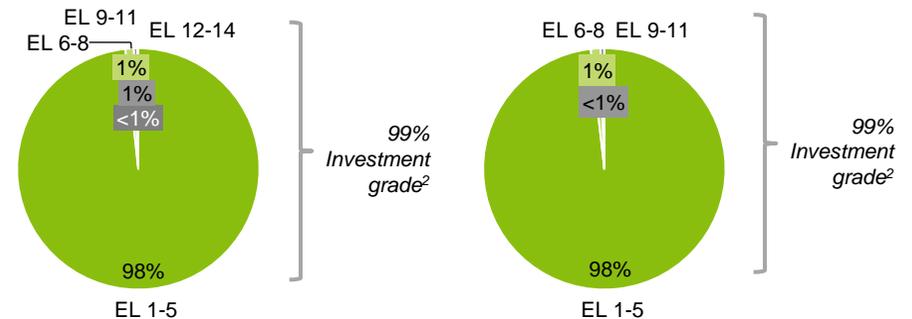
31/12/2019: € 7.1 bn



### Internal ratings (EL classes)

31/12/2018: € 7.6 bn

31/12/2019: € 7.1 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

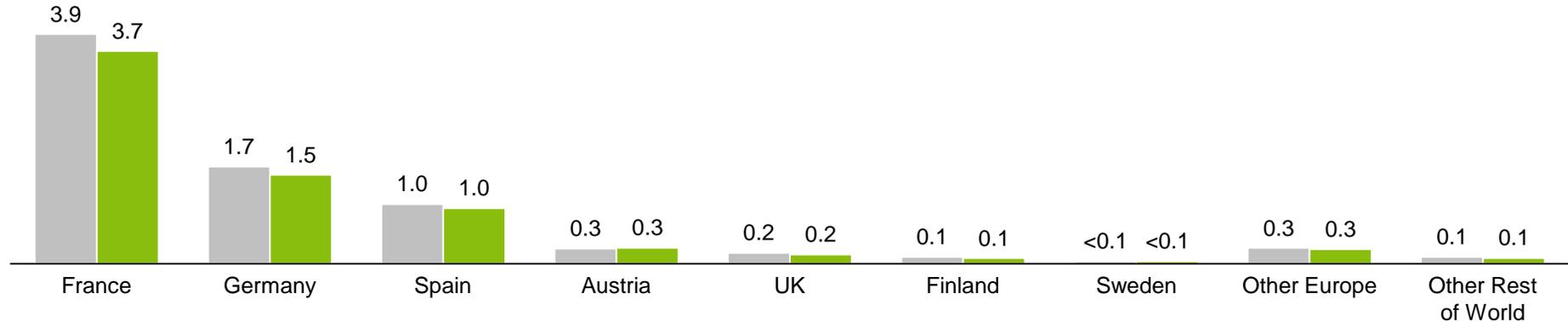
## Public Investment Finance (PIF)



### Regions

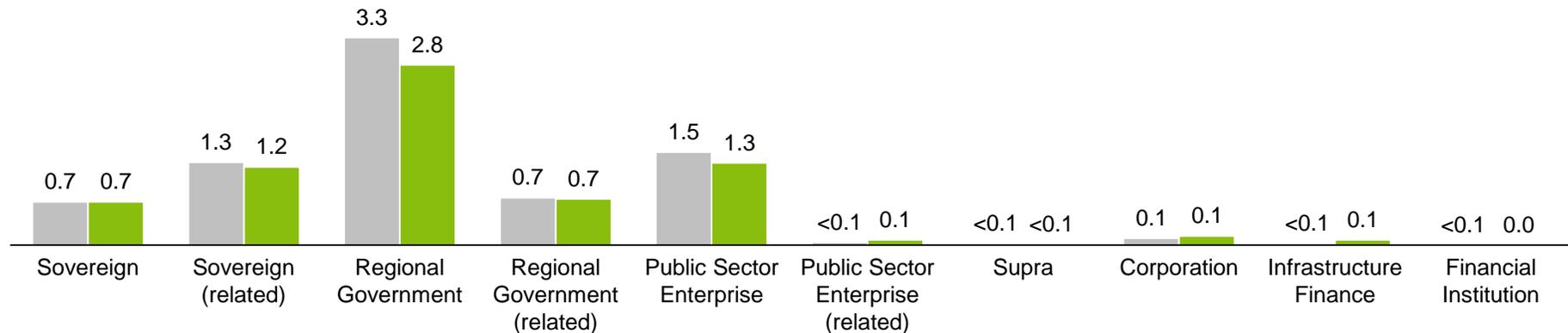
€ bn (EaD, Basel III)

31/12/2018 / Total: € 7.6 bn  
 31/12/2019 / Total: € 7.1 bn



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

€ bn (EaD, Basel III)



Note: Figures may not add up due to rounding

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

# Portfolio

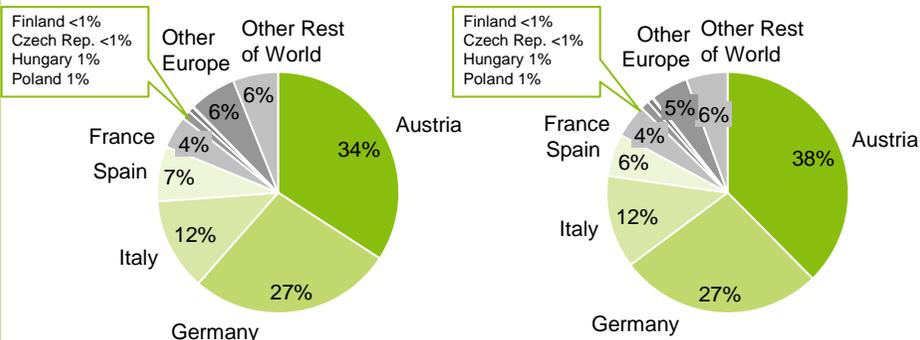
## Value Portfolio (VP)

€ bn (EaD, Basel III)

### Regions

31/12/2018: € 16.3 bn

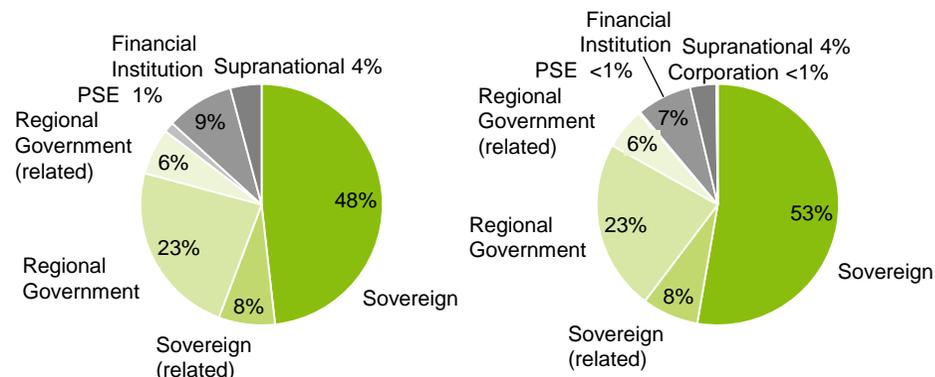
31/12/2019: € 15.6 bn



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

31/12/2018: € 16.3 bn

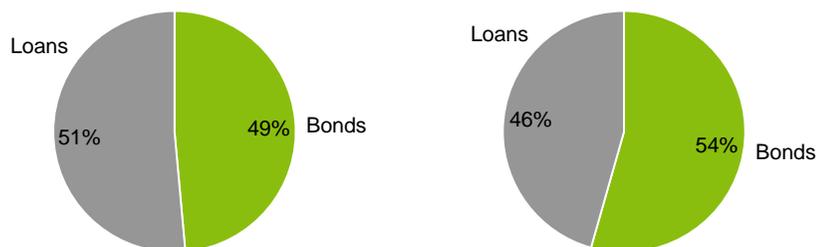
31/12/2019: € 15.6 bn



### Product class

31/12/2018: € 16.3 bn

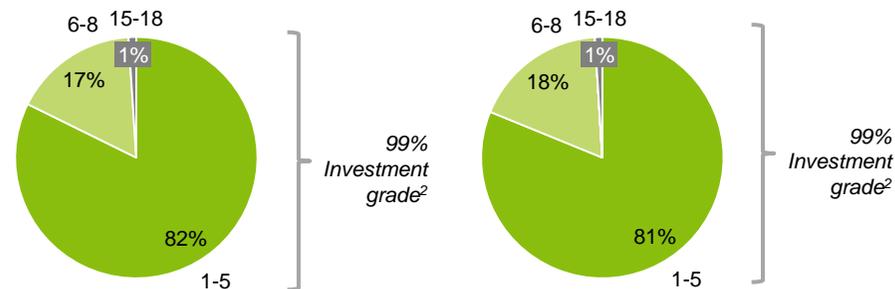
31/12/2019: € 15.6 bn



### Internal ratings (EL classes)

31/12/2018: € 16.3 bn

31/12/2019: € 15.6 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

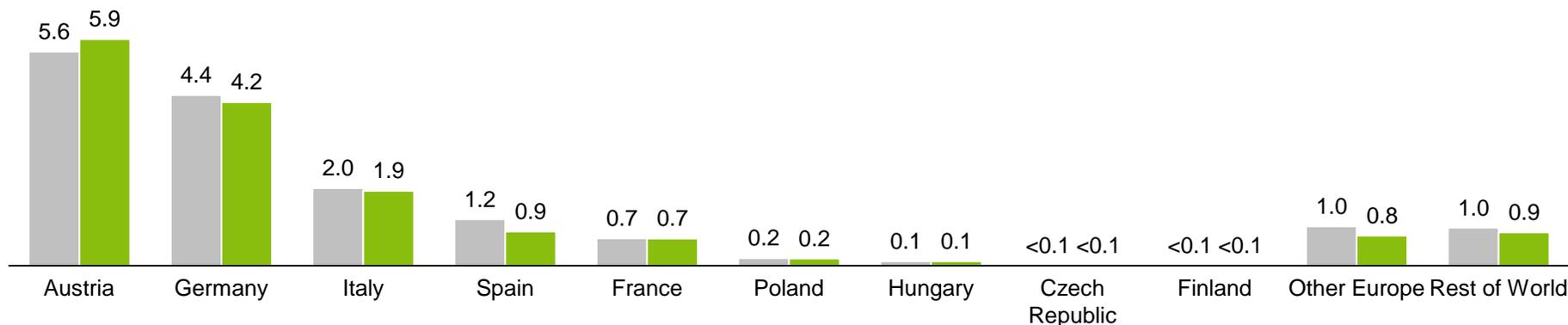
## Value Portfolio (VP)



### Regions

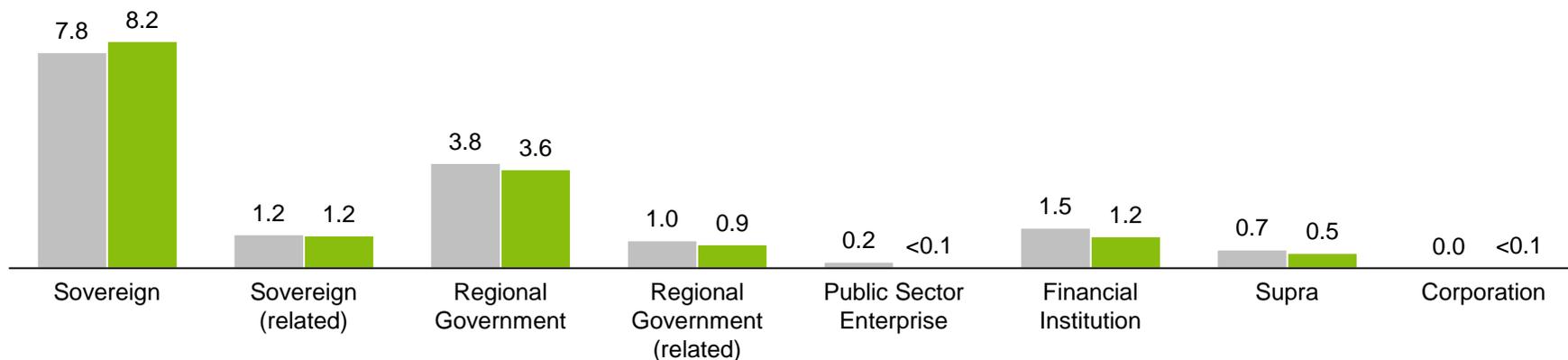
€ bn (EaD, Basel III)

31/12/2018 / Total: € 16.3 bn  
 31/12/2019 / Total: € 15.6 bn



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

€ bn (EaD, Basel III)



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

# Portfolio

## Consolidation & Adjustments (C&A)

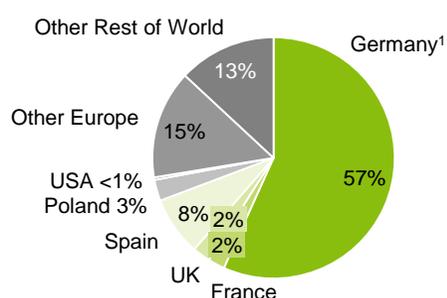
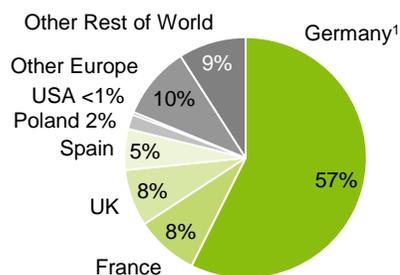


€ bn (EaD, Basel III)

### Regions

31/12/2018: € 4.3 bn

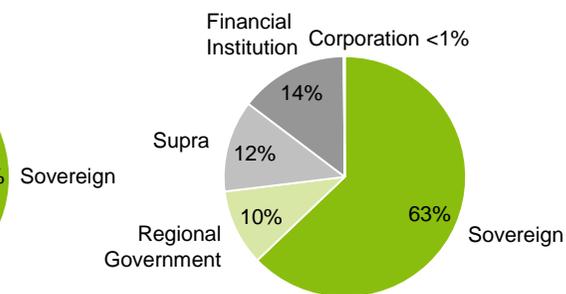
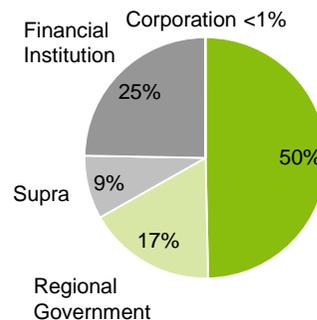
31/12/2019: € 2.9 bn



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

31/12/2018: € 4.3 bn

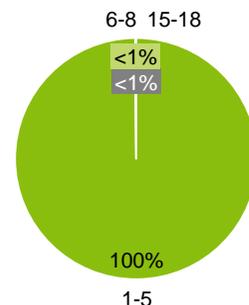
31/12/2019: € 2.9 bn



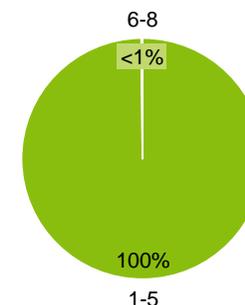
### Internal ratings (EL classes)

31/12/2018: € 4.3 bn

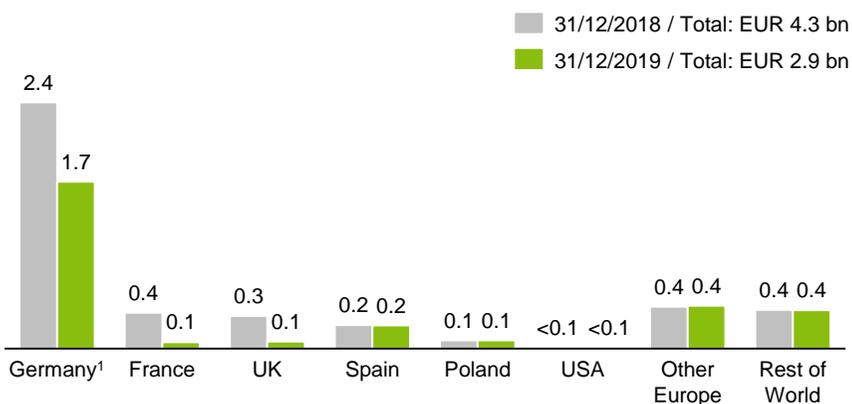
31/12/2019: € 2.9 bn



100% Investment grade<sup>3</sup>



100% Investment grade<sup>3</sup>



Note: Figures may not add up due to rounding

1 Incl. Bundesbank accounts (12/18: € 1.4 bn; 12/19: € 1.1 bn)

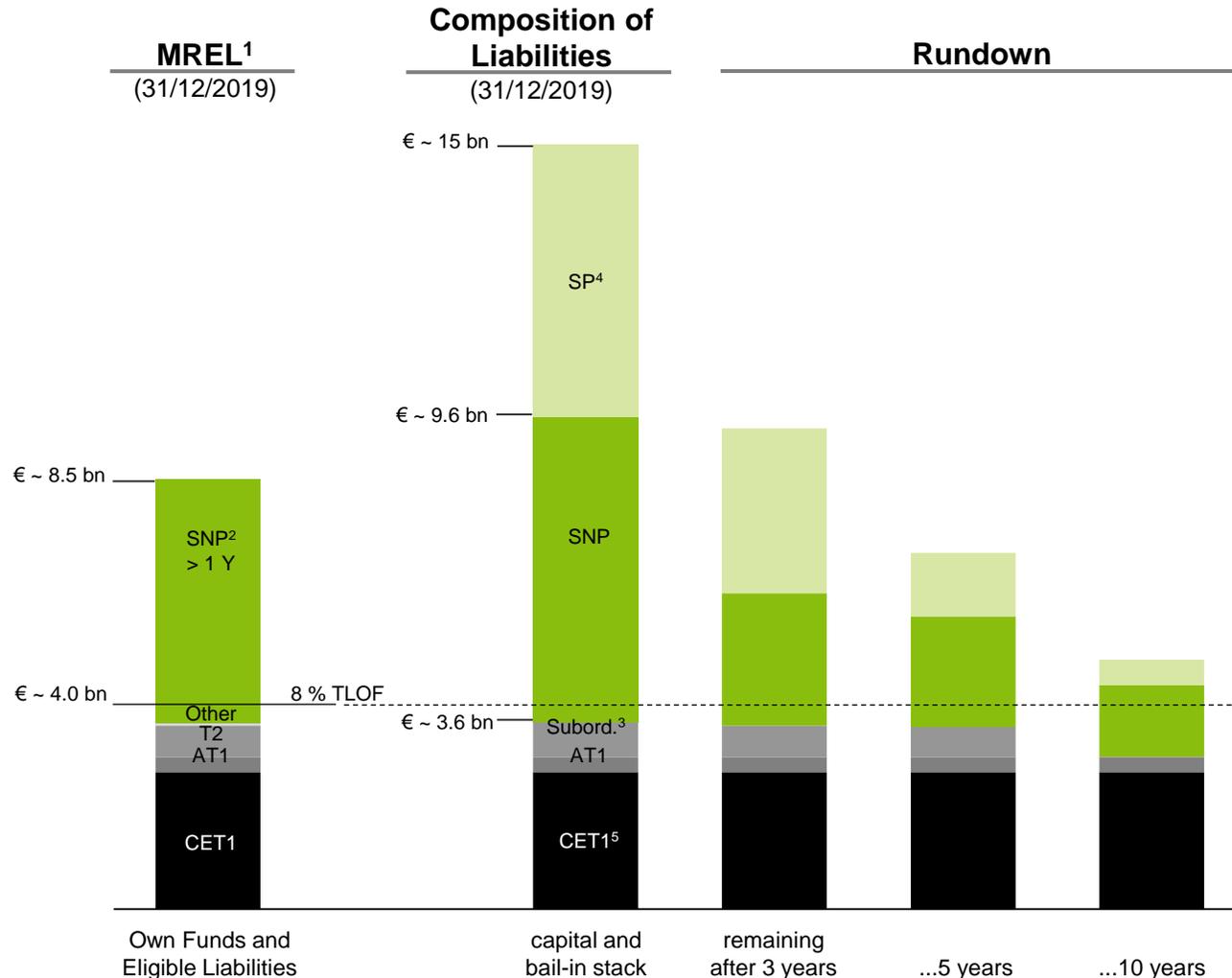
2 See appendix for definition of borrower classification

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 31/12/2019)



- 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

<sup>1</sup> pbb has set its ambition level at > 8% TLOF. As of 31 Dec 2019, MREL eligible items amounted to ~17% TLOF / ~48% RWA    <sup>2</sup> MREL-eligible Senior Non-Preferred Debt >1Y according to legal maturities    <sup>3</sup> 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    <sup>4</sup> Senior Preferred, structured unsecured and corporate deposits (excl. protected deposits)    <sup>5</sup> CET1 assumed to be constant

# Funding

## Public benchmark issuances since 2017



Type	WKN	Launch Date	Maturity Date	Size	Spread <sup>1</sup>	Coupon	Issue/Reoffer Price
Mortgage Pfandbrief	A2ADASA	05/01/2017	01/03/2022	GBP 250 mn	+55 bp <sup>2</sup>	3m-Libor +55 bp	100.00%
Mortgage Pfandbrief (5 <sup>th</sup> Tap)	A1PG3M	16/01/2017	20/12/2019	GBP 50 mn	+50 bp <sup>2</sup>	1.875%	102.32%
Public Sector Pfandbrief (1 <sup>st</sup> Tap)	A2AAVU	17/01/2017	30/08/2019	USD 100 mn	+55 bp <sup>3</sup>	1.625%	98.764%
Senior Unsecured	A2DASD	23/01/2017	29/01/2021	EUR 500 mn	+90 bp	0.875%	99.797%
Mortgage Pfandbrief	A2DASJ	01/02/2017	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 <sup>5</sup>	3m-Euribor+75 bp	100.00%
Mortgage Pfandbrief	A2DASU	25/04/2017	04/05/2020	USD 600 mn	+55 bp <sup>3</sup>	2.25%	99.827%
Tier 2	XS01637926137	21/06/2017	28/06/2027	EUR 300 mn	+275 bp	2.875%	99.904%
Mortgage Pfandbrief (1 <sup>st</sup> Tap)	A2DASU	03/08/2017	04/05/2020	USD 100 mn	+40 bp <sup>3</sup>	2.25%	100.417%
Mortgage Pfandbrief	A2E4ZE	29/08/2017	05/09/2022	EUR 500 mn	-7 bp	0.05%	99.930%
Mortgage Pfandbrief (1 <sup>st</sup> Tap)	A2DASJ	19/09/2017	09/08/2021	EUR 100 mn	-14 bp	0.05%	100.473%
Mortgage Pfandbrief	A2E4ZK	27/11/2017	04/12/2020	GBP 450 mn	+29 bp <sup>2</sup>	1.00%	99.63%
Senior Unsecured	A2GSLC6	16/01/2018	23/02/2022	EUR 500 mn	+40 bp	0.625%	99.956%
Mortgage Pfandbrief (1 <sup>st</sup> Tap)	A2E4ZE	24/01/2018	05/09/2022	EUR 250 mn	-18 bp	0.05%	99.579%
Mortgage Pfandbrief	A2GSLF	08/03/2018	15/03/2023	EUR 750 mn	-13 bp	0.25%	99.520%
Additional Tier 1	XS1808862657	12/04/2018	Perpetual	EUR 300 mn	+538 bp	5.75%	100.00%
Mortgage Pfandbrief (1 <sup>st</sup> Tap)	A2E4ZK	24/04/2018	04/12/2020	GBP 50 mn	+26 bp <sup>2</sup>	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	22/08/2027	EUR 500 mn	-2 bp	0.625%	98.933%
Mortgage Pfandbrief	A2LQNH	19/09/2018	16/12/2021	GBP 300 mn	+32 bp <sup>2</sup>	1.50%	99.802%
Mortgage Pfandbrief	A2LQNK	13/11/2018	22/11/2021	USD 600 mn	+35 bp <sup>3</sup>	3.375%	99.603%
Mortgage Pfandbrief	A2LQNP	21/01/2019	29/01/2024	EUR 500 mn	+8 bp	0.25%	99.812%
Senior Preferred	A2LQNQ	31/01/2019	07/02/2023	EUR 500 mn	+80 bp	0.75%	99.679%
Mortgage Pfandbrief (1 <sup>st</sup> Tap)	A13SWE	31/01/2019	01/03/2022	EUR 100 mn	+2 bp	0.20%	100.74%
Public Sector Pfandbrief (1 <sup>st</sup> Tap)	A13SWG	05/02/2019	20/04/2035	EUR 100 mn	+17 bp	1.25%	99.476%
Mortgage Pfandbrief (1 <sup>st</sup> Tap)	A2GSLL	07/02/2019	22/05/2024	EUR 100 mn	-9 bp	0.50%	101.638%
Mortgage Pfandbrief (2 <sup>nd</sup> Tap)	A13SWE	04/03/2019	01/03/2022	EUR 100 mn	-3 bp	0.20%	100.81%
Public Sector Pfandbrief (2 <sup>nd</sup> Tap)	A13SWG	04/03/2019	20/04/2035	EUR 150 mn	+14 bp	1.25%	100.057%
Senior Preferred (1 <sup>st</sup> Tap)	A2LQNQ	06/03/2019	07/02/2023	EUR 250 mn	+72 bp	0.75%	100.004%
Senior Preferred	CH0419041246	15/05/2019	05/06/2023	CHF 125 mn	+65 bp <sup>4</sup>	0.125%	100.12%
Mortgage Pfandbrief	A2NBJ7	22/05/2019	31/05/2022	USD 600 mn	+32 bp <sup>3</sup>	2.50%	99.851%
Mortgage Pfandbrief (1 <sup>st</sup> 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 (3 <sup>rd</sup> Tap)	A13SWE	10/09/2019	01/03/2022	EUR 50 mn	-0.5 bp	0.20%	101.795%
Mortgage Pfandbrief (1 <sup>st</sup> Tap)	A2YNVK	25/09/2019	31/05/2022	USD 50 mn	32 bp <sup>3</sup>	2.50%	101.619%
Mortgage Pfandbrief	A2YNVM	09/10/2019	16/10/2025	EUR 500 mn	+5 bp	0.01%	101.984%
Senior Preferred	A2YNVU	13/11/2019	21/11/2022	GBP 250 mn	+114 bp <sup>2</sup>	1.75%	99.849%
Mortgage Pfandbrief (1 <sup>st</sup> Tap)	A1X3LT	19/11/2019	21/01/2022	EUR 100 mn	0 bp	1.875%	104.77%
Mortgage Pfandbrief	A2YNVY	14/01/2020	21/01/2028	EUR 750 mn	+5 bp	0.10%	99.992%
Mortgage Pfandbrief (2 <sup>nd</sup> Tap)	A1X3LT	15/01/2020	21/01/2022	EUR 150 mn	0 bp	1.875%	104.36%
Mortgage Pfandbrief (1 <sup>st</sup> Tap)	A2LQNP	22/01/2020	29/01/2024	EUR 250 mn	+1 bp	0.25%	101.919%
Senior Preferred	A2YNV3	23/01/2020	28/07/2023	EUR 300 mn	+55 bp	3m-Euribor+90 bp	101.237%
Public Sector Pfandbrief (3 <sup>rd</sup> Tap)	A13SWG	18/02/2020	20/04/2035	EUR 50 mn	+0 bp	1.25%	116.16%

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

## Mandated Ratings



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

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*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.*

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

# Financial reporting

## Definition of key ratios

### CIR

- Calculation method of CIR:

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

### Coverage Ratio

- 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

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

### RoE

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

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

<sup>1</sup> Excl. other comprehensive income from cash flow hedge accounting and from financial assets at fair value through other comprehensive income

## Definition of borrower classifications

<b>Borrower classification</b>	<b>Definition</b>
<b>Sovereign</b>	Direct and indirect obligations of Central Governments, Central Banks and National Debt Agencies
<b>Sovereign (related)</b>	Indirect obligations of Non Sovereigns with an explicit first call guarantee by a Sovereign
<b>Regional Government</b>	Direct and indirect obligations of Regional, Provincial and Municipal Governments
<b>Regional Government (related)</b>	Indirect obligations of Non Regional Government with an explicit first call guarantee by a Regional Government
<b>Public Sector Enterprise</b>	Direct obligations of administrative bodies and non commercial/non-profit undertakings
<b>Public Sector Enterprise (related)</b>	Indirect obligations of Non Public Sector Enterprise with an explicit first call guarantee by a Public Sector Enterprise
<b>Financial Institution</b>	Direct and indirect obligations of Universal Banks, Investment Banks, Mortgage Institutions, Brokerages and other banks or Basel regulated institution
<b>Corporation</b>	Direct and indirect obligations of enterprises, established under corporate law and operating in a for profit or competitive environment
<b>Structured Finance</b>	Obligations of an SPV which references the risk of an underlying pool of securitised assets, either synthetically via CDS or directly, the tranches issued by the SPV have different seniority to each other
<b>Supranational</b>	Direct obligations to international Organisations and International Investment and Development Banks
<b>Other</b>	Direct obligations to Individuals

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