

### **pbb plans to issue Additional Tier 1 capital**

- Optimising the capital structure through previously unused Additional Tier 1 (AT1) capital
- Tier 1 ratio, own funds ratio and leverage ratio strengthened

**Munich, 5 April 2018** – Following the successful Tier 2 issuance in the capital markets in 2017, Deutsche Pfandbriefbank AG (pbb) plans to supplement its regulatory capital through a debut Additional Tier 1 (AT1) issuance, in the form of a perpetual subordinated bond with a total nominal amount of up to €300 million. With this planned AT1 issuance, pbb will employ a capital instrument which it has not used to date – in order to strengthen its Leverage Ratio and further optimise its capital structure.

The instrument shall comply with applicable regulatory requirements for AT1 under the EU Capital Requirements Regulation (CRR), thereby qualifying in full as additional tier 1 capital. The bond will be callable by pbb regularly every five years. If pbb's Common Equity Tier 1 (CET1) ratio falls below a threshold of 7.0%, the bond's terms and conditions provide for a temporary write-down of the nominal amount. The threshold of 7.0% is based on a consolidated basis in accordance with IFRS – or additionally in accordance with German GAAP on a single-entity basis, should pbb no longer be exempt from determining regulatory ratios on a single-entity basis. Payment of the coupon will be subject to commercial and regulatory requirements in particular.

The planned issuance will raise the Tier 1 ratio and the own funds ratio, and will improve the leverage ratio. The transaction will not affect the bank's Common Equity Tier 1 (CET1) capital: the current CET1 ratio will be unchanged at 17.6% (fully phased-in, based on consolidated figures in accordance with IFRS as at 31 December 2017).

Goldman Sachs International, J.P. Morgan Securities plc and UBS Investment Bank have been mandated as Joint Lead Managers.

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