

pbb further raises 2018 full-year guidance on pre-tax profit, to between €205 million and €215 million

- Pre-tax profit for third quarter 2018 amounted to €49 million, thus rising to €171 million after nine months
- Positive development of net interest and commission income
- Additions to risk provisions in third quarter

Munich, 8 November 2018 – Deutsche Pfandbriefbank AG (pbb) achieved a pre-tax profit of €49 million for the third quarter of 2018 (Q3 2017: €51 million; consolidated, unaudited figures in accordance with IFRS) and thus significantly increased pre-tax profit for the first nine months, to €171 million (9M 2017: €154 million). The main drivers behind the good results were the positive development of net interest income, stable administrative expenses, as well as an extraordinary gain from the sale of a conditional additional purchase price adjustment in connection with accepting a buy-back offer for Heta Asset Resolution AG debt securities in 2016, realised in the second quarter. In the third quarter, pbb also provisioned for risk costs for credit exposures to the sub- segment UK shopping centers.

On this basis, pbb today decided to further raise its 2018 full-year guidance and now aims to achieve a pre-tax profit between €205 million and €215 million. For Q4 2018, pbb thereby expects net interest income to be stable but assumes further additions to loan loss provisions as well as an increase in administrative expenses. On 4 July 2018, pbb had already raised its guidance for pre-tax profit to €175 million - €195 million (from €150 million - €170 million previously).

Over the last nine months, net interest and commission income increased significantly, to €338 million (9M 2017: €304 million), whilst administrative expenses remained almost flat at €136 million (9M 2017: €141 million). Risk provisioning of €-10 million (9M 2017: €-3 million) included additions for credit exposures to the sub segment UK shopping centers.

New business (including extensions beyond one year) originated in the third quarter totalled €2.1 billion and was thus on a par with the previous quarters 2018. After nine months, the new business volume of €5.9 billion was markedly lower than the previous year's figure of €7.4 billion, reflecting persistent competitive pressure and pbb's selective approach. However, pbb expects another very strong fourth quarter with regards to new business and expects full year 2018 volume to be at the lower end of the existing guidance of €10-11 billion.

However, for the financial year 2019, pbb remains cautious. The market environment and the competitive dynamics in commercial real estate finance will become even more demanding in 2019. In addition, pbb expects higher funding costs and additional cost due to investments and regulatory requirements.

pbb will publish full quarterly information for the first nine months of the current financial year on 12 November 2018.

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