

pbb posts stable result for Q1/19 with PBT of EUR 48 mn

Results Q1/19

Press Briefing, 13 May 2019

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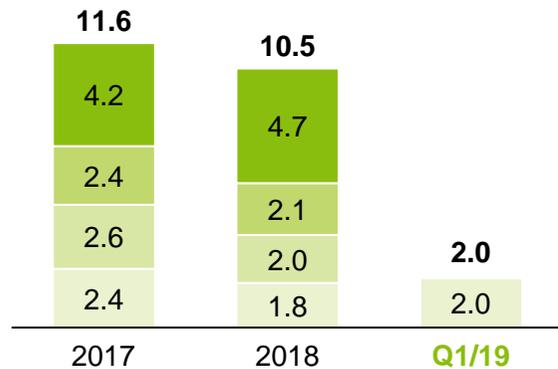
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Highlights

Operating and financial overview

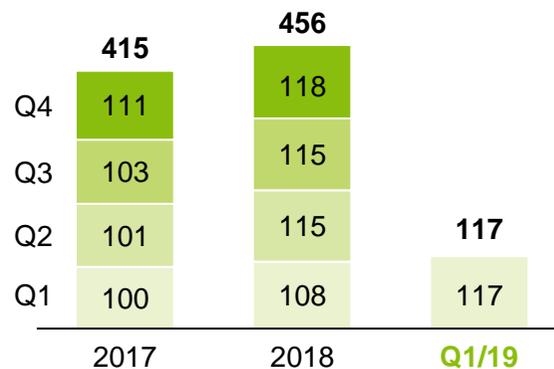
New business

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



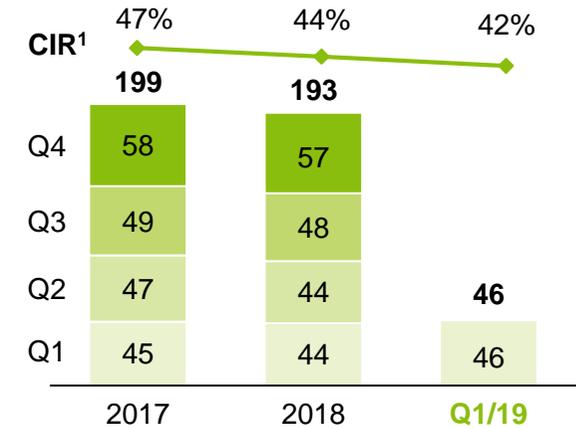
Net interest and commission income

€ mn (IFRS)



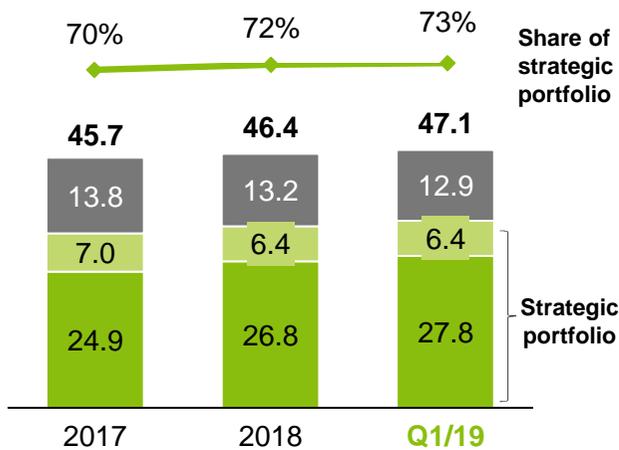
General and admin. expenses

€ mn (IFRS)



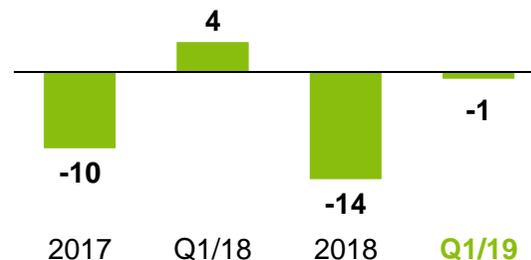
Portfolio

€ bn (financing volumes)



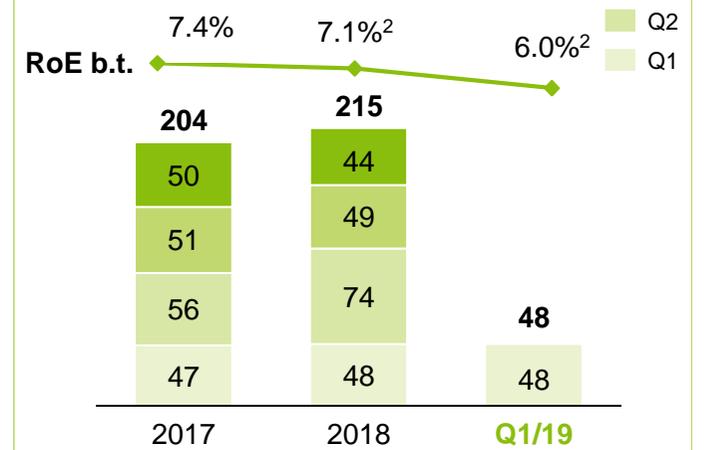
Net income from risk provisioning

€ 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)

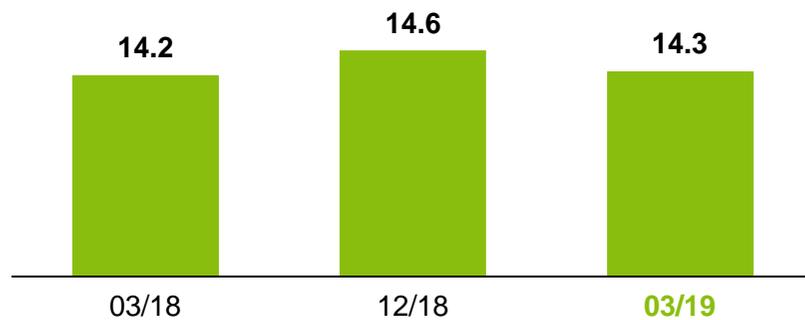
Capital

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



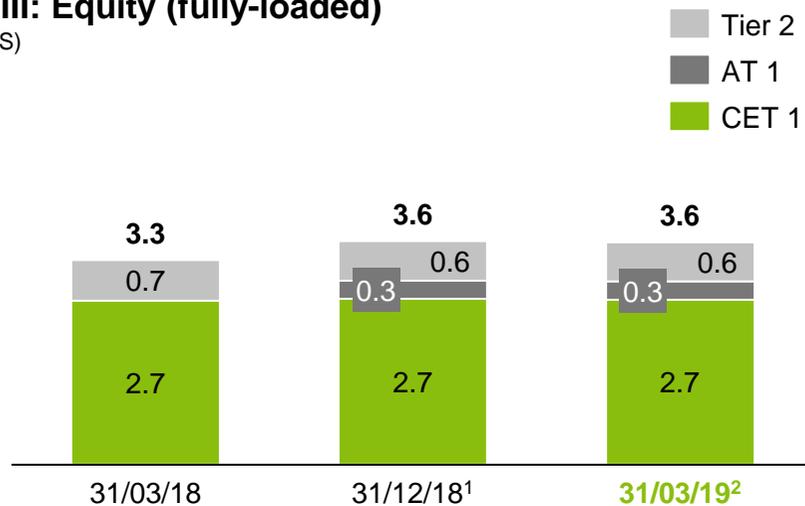
Basel III: RWA

€ bn (IFRS)



Basel III: Equity (fully-loaded)

€ bn (IFRS)



Basel III: Capital ratios

% (IFRS)

in %	03/18 ¹	12/18 ²	03/19 ³	Ambition levels
CET 1	18.8	18.5	18.8	≥12.5
Tier 1	18.8	20.5	20.9	≥16
Own funds	23.5	24.9	25.4	16-18
Leverage ratio	4.8	5.3	5.1	≥3.5

Key drivers Q1/19:

- RWA € -0.3 bn down - increase in strategic portfolio offset by
 - technical and valuation driven effects (LGD changes)
 - rating changes
- Capitalisation hardly unchanged, capital ratios slightly improved
- Capital buffers for further RWA challenges
 - Regulation (ECB TRIM/EBA/Basel IV)
 - Potential strategic growth
 - Cyclical risks/strategic measures

SREP requirements 2019:

- CET 1 ratio: 9.85%⁴ (2018: 9.95% fully-loaded)
- Own funds ratio: 13.35%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%

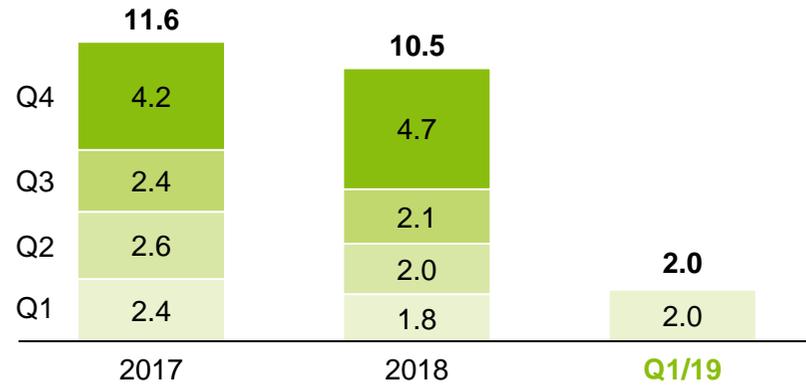
Note: Figures may not add up due to rounding ¹ Post proposed dividend for 2017, incl. interim result, post max. calc. dividend acc. to ECB methodology ² Incl. full-year result, post proposed dividend 2018 ³ Excl. Interim result, post proposed dividend 2018 ⁴ Incl. capital conservation buffer (2.5%) and anticipated countercyclical buffer (0.35%; actual as of 31.12.2018: 0.19%)

New business

Solid new business volume – lower gross margins, due to regional and product mix in REF new business

New business – REF & PIF

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

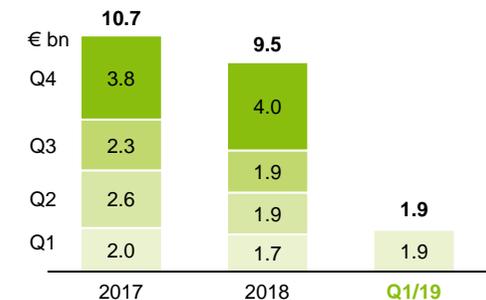


Key drivers Q1/19:

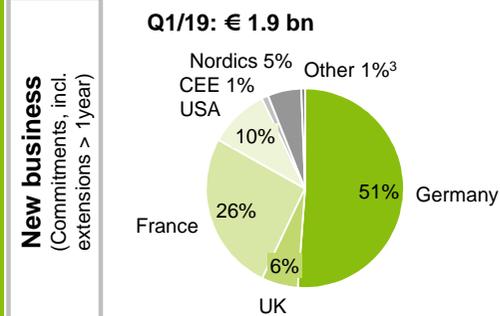
- Solid new business origination in Q1/19
- However, high competition and margin pressure ongoing
- REF – solid new business volume
 - Continued selective approach with focus on conservative risk positioning (avg. LTV 58%²)
 - Avg. gross interest margin down to ~130 bp, due to regional and product mix (high share in France and Residential, low share in UK and CEE as well as Retail and Logistics)
- PIF – portfolio on hold
 - New business volume of € 0.1 bn on constant low level
 - Avg. gross interest margin slightly up

REF new business

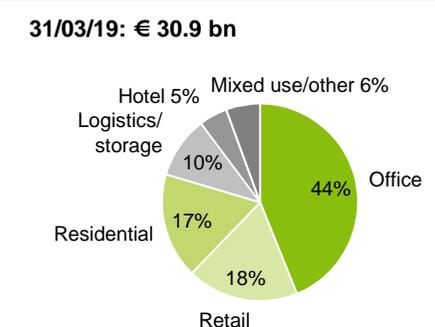
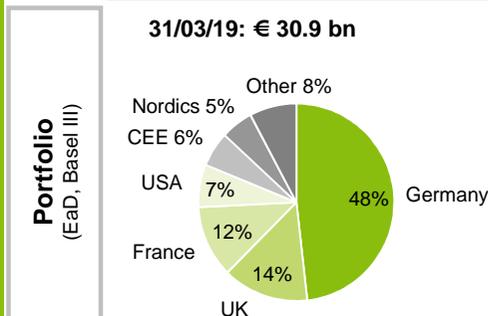
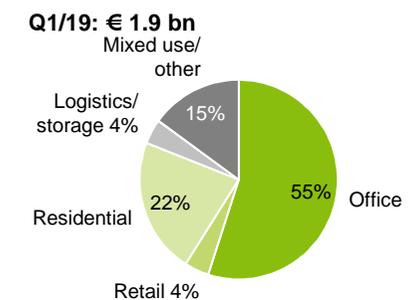
	Q1/18	2018	Q1/19
Total volume (€ bn)	1.7	9.5	1.9
thereof: Extensions >1 year	0.2	2.2	0.2
No. of deals	34	185	29
Ø maturity (years) ¹	4.6	~4.7	~5.9
Ø LTV (%) ²	62	59	58
Ø gross interest margin (bp)	>170	~155	~130



Regions



Property types



Note: Figures may not add up due to rounding 1 Legal maturities 2 New commitments; avg. LTV (extensions): Q1/19. 54%; 2018: 57%; Q1/18. 68% 3 Netherlands

Focus & Invest

Strategic initiatives strengthen market position and support profitability funded by freed-up resources

Focus

Reorganisation of PIF business completed

- Change of PIF strategy from „Growth“ to „Hold“
- Focus on business in France (operated from Paris) and ECA-business (operated from London) only; in addition, portfolio steering measures

Refocus of pbb resources almost finalized

- Further centralisation of functions at the head-office to optimise internal processes, relocating from London, Paris, Madrid and Eschborn
- 90% of personnel measures have already been started, 67% are completed

Invest

US business

- Office setup almost staffed and completed
- New business share of 13% in 2018 – slight increase for 2019 envisaged
- First syndication deals on West Coast

Digitalisation

- Setup new client portal to improve efficiency and customer satisfaction
- Capveriant
 - Traffic on platform increased
 - Two-digit number of local authorities and investors onboarded
 - Tender volume has increased significantly
 - Successful launch of platform in France in April

Summary & Outlook

Good start into 2019

➔ **pbb well on track** – good start into 2019

➔ **Focus & Invest**

■ Focus:

- Further centralisation of functions almost finalized
- Reorganization PIF completed

■ Invest:

- Several digitalisation initiatives ongoing
- Capveriant with progress in Germany and start in France
- US business expanded carefully

➔ **Full-year guidance 2019** unchanged

- Ongoing competitive market sentiment with low interest rate environment
- Support from reduced funding costs expected to diminish throughout 2019

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