

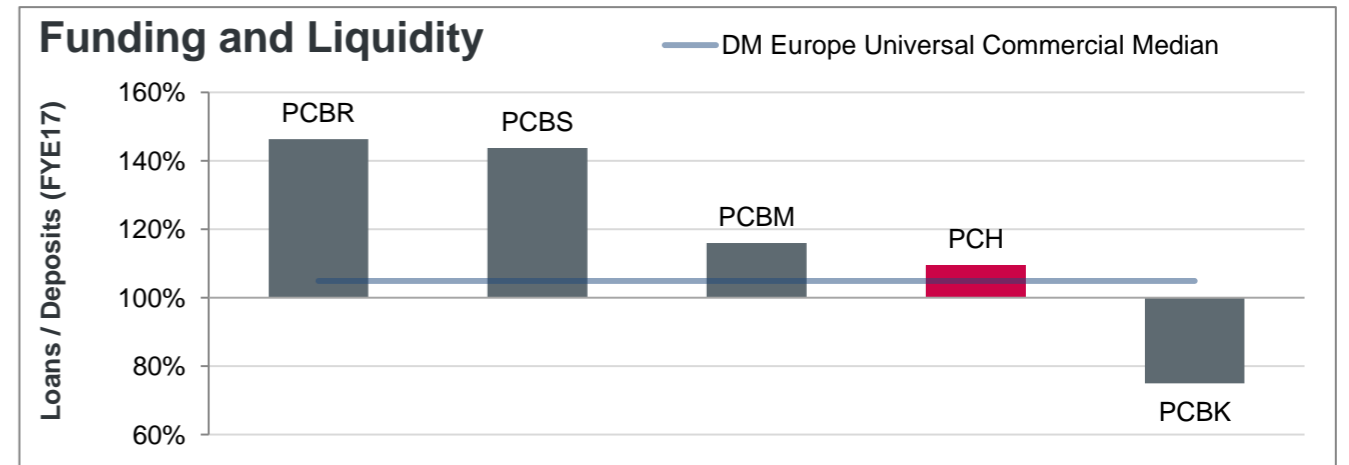
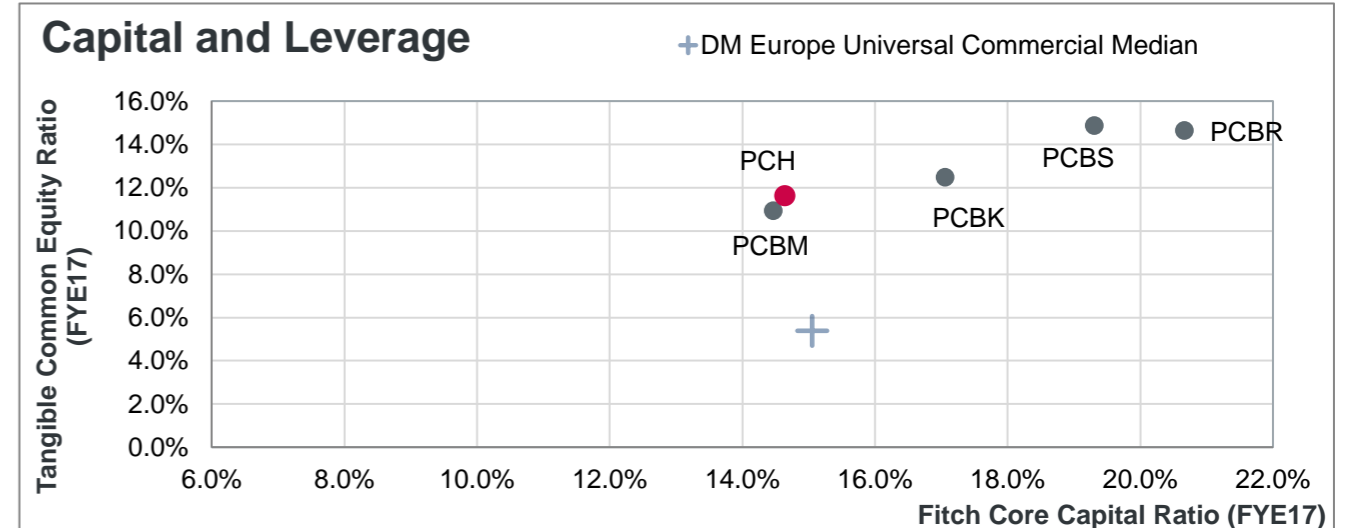
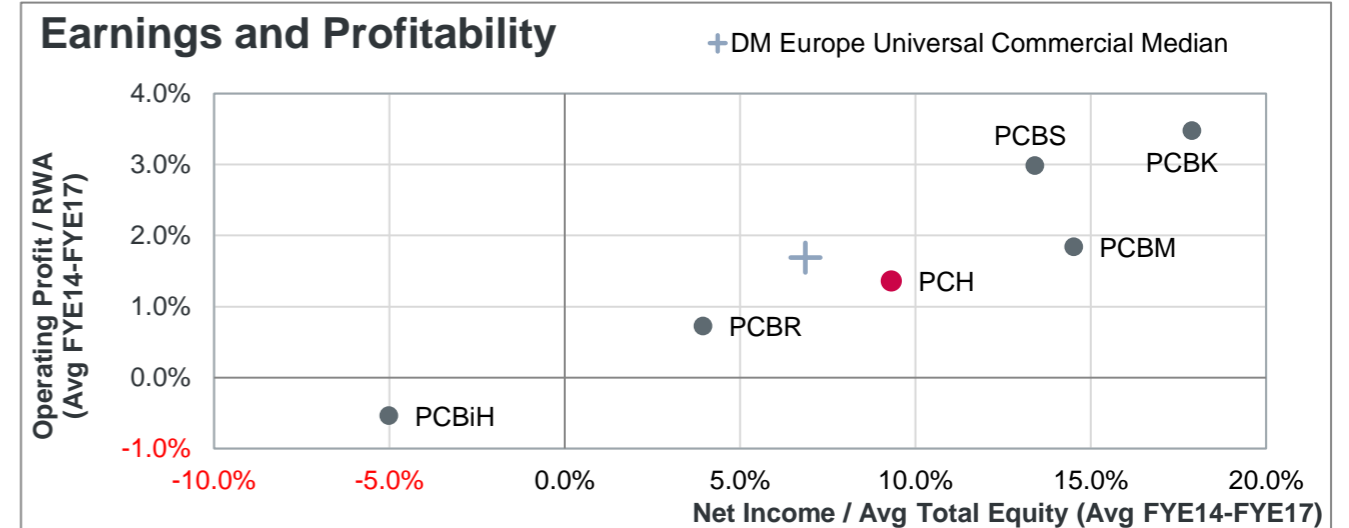
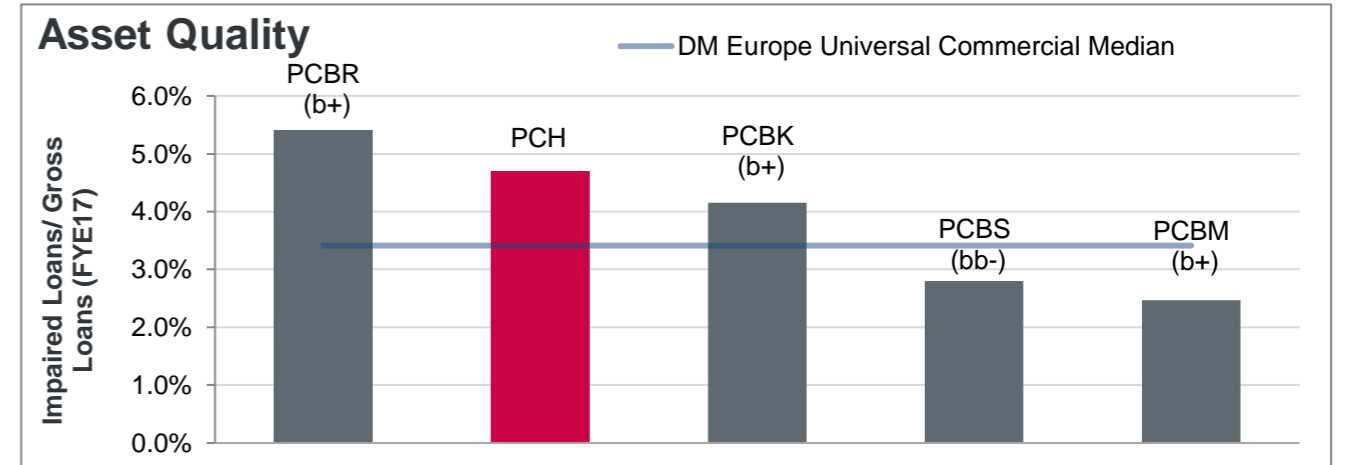
Banks Ratings Navigator		
Navigator date:	13 Jun 2018	
Last rating action:	22 May 2018	
Sector Details:		
Bank sector:	Universal Commercial	
Region:	DM Europe	
Country:	Germany	
Country IDR:	AAA Stable	
Last action:	09 Feb 18 Affirmed	
Country ceiling:	AAA	
Macro prudential indicator:	1	
Bank systemic indicator:	a	
Bank Rating History		
Viability Rating (VR)		
22 May 18	bb-	Affirmed
24 May 17	bb-	Affirmed
26 May 16	bb-	Affirmed
Issuer Default Rating (IDR)		
22 May 18	BBB Stable	Affirmed
24 May 17	BBB Stable	Affirmed
26 May 16	BBB Stable	Affirmed
Support Rating Floor (SRF)		
Bar Chart Legend:		
Vertical bars = VR range of Rating Factor		
Bar Colors = Influence on final VR		
■	Higher Influence	
■	Moderate Influence	
■	Lower Influence	
Bar Arrows = Rating Factor Outlook		
↑	Positive	↓ Negative
↕	Evolving	□ Stable
Peer Ratings bars = Count of banks		
71	DM Europe Universal Commercial	
6	Germany Universal Commercial	
Relevant Criteria & References		
Bank Rating Criteria (Mar 2018)		
Macro-Prudential Risk Monitor (Mar 2018)		
Analysts		
Artur Szeski (+48 22 338 6292)		
Monika Panasiuk (22 330 67 04)		

Peer Ratings	Operating Environment	Company Profile	Management & Strategy	Risk Appetite	Financial Profile				Viability Rating	Institutional Support		Issuer Default Rating
					Asset Quality	Earnings & Profitability	Capitalisation & Leverage	Funding & Liquidity		AAA	Stable	
aaa									aaa	AAA	Stable	AAA
aa+									aa+	AA+	Stable	AA+
aa									aa	AA	Stable	AA
aa-									aa-	AA-	Stable	AA-
a+									a+	A+	Stable	A+
a									a	A	Stable	A
a-									a-	A-	Stable	A-
bbb+									bbb+	BBB+	Stable	BBB+
bbb									bbb	BBB	Stable	BBB
bbb-									bbb-	BBB-	Stable	BBB-
bb+									bb+	BB+	Stable	BB+
bb									bb	BB	Stable	BB
bb-									bb-	BB-	Stable	BB-
b+									b+	B+	Stable	B+
b									b	B	Stable	B
b-									b-	B-	Stable	B-
ccc+									ccc+	CCC+	Stable	CCC+
ccc									ccc	CCC	Stable	CCC
ccc-									ccc-	CCC-	Stable	CCC-
cc									cc	CC	Stable	CC
c									c	C	Stable	C
f									f	NF	Stable	D or RD

Institutional Support				Value			
Parent IDR				AAA			
Total Adjustments (notches)				-8			
Institutional Support:				BBB			
Support Factors (negative)				Equalised	1 Notch	2+ Notches	
Parent ability to support and subsidiary ability to use support							
Parent/group regulation							✓
Relative size							✓
Country risks							✓
Parent Propensity to Support							
Role in group							✓
Potential for disposal							✓
Implication of subsidiary default							✓
Integration							✓
Size of ownership stake							✓
Support track record							✓
Subsidiary performance and prospects							✓
Branding							✓
Legal commitments							✓
Cross-default clauses							✓

Drivers & Sensitivities	
Support Drives IDRs	PCH's IDRs and Support Rating are driven by Fitch's view of the potential support from its core IFI shareholders. This view is based on their strategic commitment, as highlighted by their role within PCH's structure and a record of debt and capital support.
Operating Environment, Business Model Risk	PCH's VR reflects the group's exposure to difficult emerging-market environments, the relatively narrow (except PCBK) franchises of the subsidiary banks in their respective jurisdictions and credit risks inherent in PCH's business model based on lending to SMEs.
Good Asset Quality	At end-2017, impaired loans accounted for 4.7% of gross loans (end-2016: 6.3%). The coverage of impaired loans with specific reserves was modest at about 45%, partly reflecting the highly collateralised profile of the loan book. The overall provision coverage was more adequate at 70%.
Margin Pressures Offset by Efficiency Gains	Pressure on revenue from a tightening net interest margin has been gradually offset by efficiency gains. Recurring operating profitability of the group moderately improved in 2017 supported by, extraordinarily low in our view, impairment charges of about 14bp of average gross loans.
Capitalisation Improved but Still Moderate	The Fitch Core Capital ratio increased by about 100bp to 14.7% at end-2017. Following the capital increase completed in February 2018, the group's regulatory capitalisation has improved further with a CET1 ratio of 14.4% at reported at end-1Q18.
Diversified Funding Structure	Granular customer deposits are the group's main source of funding. Senior and subordinated debt issued by PCH as well as bank funding at PCH and IFI funding extended directly to subsidiaries complement the funding structure. Liquidity is well managed across the group.
IDR Sensitivities	A change in Fitch's view of the support available to PCH could be negative for PCH's IDRs. However, the Stable Outlook reflects Fitch's view that the propensity and ability of PCH's owners to provide support are unlikely to change in the medium term.
VR Sensitivities	Upside for PCH's VR could result from an improvement in the operating environments of the jurisdictions where the group operates and strengthening of asset quality and capitalisation metrics. A marked deterioration in asset quality and capitalisation would be negative for the VR.

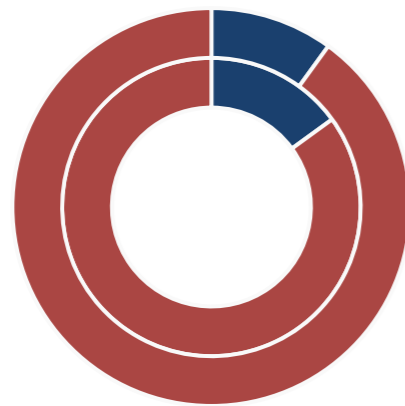
Key Financial Ratios (07 Jun 2018)	PCH				Direct Peers Median				Region Sector Median							
	Number of Banks:				5	5	6	5								
	Statement:				FYE17	FYE16	FYE15	FYE14	FYE17	FYE16	FYE15	FYE14	FYE17	FYE16	FYE15	FYE14
Size (EURm)																
Total assets	5,499	5,668	6,010	5,968	795	719	498	615	256,322	234,455	218,167	229,749				
Risk weighted assets (RWA)	4,330	4,603	5,258	5,102	581	555	416	550	84,582	70,467	61,957	72,936				
Total equity	659	654	604	555	99	91	64	96	14,343	13,352	13,059	12,887				
Fitch core capital (FCC)	635	629	576	518	99	91	62	94	12,806	11,715	10,148	10,488				
Asset Quality																
Impaired loans/gross loans	4.7%	6.3%	7.4%	8.1%	4.2%	5.7%	7.5%	8.1%	3.4%	3.7%	4.1%	5.1%				
Growth of gross loans	7.8%	-11.6%	-5.3%	3.5%	6.4%	2.7%	2.0%	9.6%	1.9%	1.0%	1.2%	0.4%				
Reserves for impaired loans/impaired loans	70.0%	65.6%	57.9%	54.0%	70.0%	65.6%	60.8%	67.3%	58.8%	57.3%	55.9%	55.6%				
Loan impairment charges/avg gross loans	0.1%	0.5%	1.0%	1.3%	-0.1%	0.4%	0.9%	1.3%	0.2%	0.2%	0.3%	0.5%				
Earnings and Profitability																
Operating profit/risk weighted assets	1.4%	1.3%	1.0%	1.7%	2.0%	1.8%	1.4%	1.7%	1.8%	1.7%	1.7%	1.5%				
Net interest income/average earning assets	5.0%	5.4%	5.6%	8.2%	4.9%	5.4%	6.3%	8.2%	1.5%	1.5%	1.5%	1.5%				
Non-interest expense/gross revenues	76.4%	73.5%	71.3%	69.3%	64.7%	62.7%	68.4%	69.3%	67.9%	64.3%	64.3%	63.3%				
Loans & secs imp charges/pre-imp op. profit	8.0%	23.3%	43.9%	39.6%	8.0%	9.6%	34.9%	40.8%	13.6%	15.0%	21.7%	24.3%				
Operating profit/average total assets	1.1%	1.0%	0.9%	1.4%	1.5%	1.5%	1.2%	1.4%	0.6%	0.7%	0.6%	0.5%				
Net income/average total equity	7.3%	9.9%	10.5%	9.6%	9.3%	11.8%	12.6%	9.6%	7.0%	6.8%	7.4%	6.2%				
Capital and Leverage																
FCC/FCC-adjusted risk weighted assets	14.7%	13.7%	11.0%	10.2%	17.1%	16.1%	13.5%	13.9%	15.1%	14.7%	13.9%	12.7%				
CET1 capital ratio	13.7%	12.5%	10.2%	10.1%	16.0%	15.0%	13.6%	10.8%	14.9%	14.1%	14.3%	13.5%				
Basel leverage ratio	10.5%	9.9%	n.a.	n.a.	10.5%	11.0%	n.a.	n.a.	5.5%	5.4%	5.3%	4.7%				
Tangible common equity/tangible assets	11.6%	11.1%	9.6%	8.7%	12.5%	11.1%	10.5%	10.4%	5.4%	5.6%	5.9%	4.9%				
Imp loans less reserves for imp Loans/FCC	8.7%	12.6%	22.3%	31.0%	5.0%	12.6%	23.0%	16.0%	14.9%	13.7%	15.2%	22.6%				
Funding and Liquidity																
Loans/customer deposits	109.5%	104.4%	108.2%	108.5%	116.0%	112.3%	117.2%	120.2%	104.9%	106.1%	109.8%	109.9%				
Liquidity coverage ratio	179.0%	194.0%	n.a.	n.a.	179.0%	194.0%	n.a.	n.a.	145.1%	140.3%	132.0%	122.0%				
Customer deposits/total funding excl derivs	74.3%	75.4%	75.4%	74.6%	74.3%	75.4%	74.7%	74.6%	66.3%	66.6%	67.2%	64.2%				



Business Mix

(by profit or revenue)

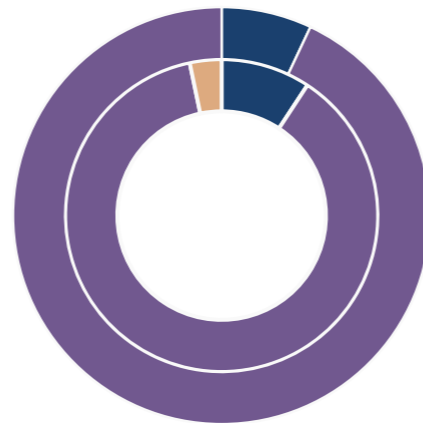
- Retail banking (10%)
- SME banking (90%)
- Corporate banking (0%)
- Investment banking (0%)
- Transaction banking (0%)
- Asset management (0%)
- Insurance (0%)
- Other (0%)



Outer: PCH
Inner: Direct Peers Average

Lending Type

- Resi mortgages (7%)
- Comm mortgages (0%)
- Asset finance (0%)
- Other secured (93%)
- Personal unsecured (0%)
- Comm unsecured (0%)
- Fls & Sovs (0%)
- High yield (0%)
- Other unsecured (0%)



Outer: PCH
Inner: Direct Peers Average

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