

PUBLIC SECTOR FINANCE  
REAL ESTATE FINANCE

pbb

DEUTSCHE  
PFANDBRIEFBANK

Annual General Meeting 2016

Deutsche Pfandbriefbank AG

13th May 2016

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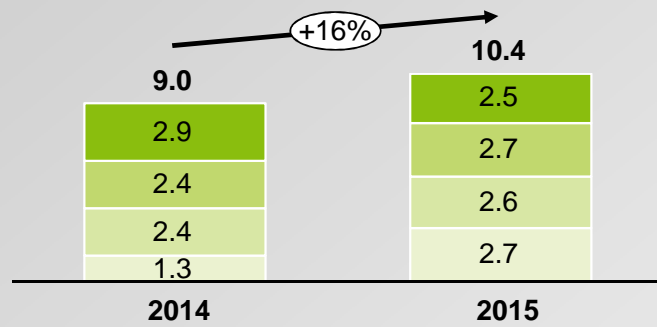
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## pbb implemented its agenda for 2015

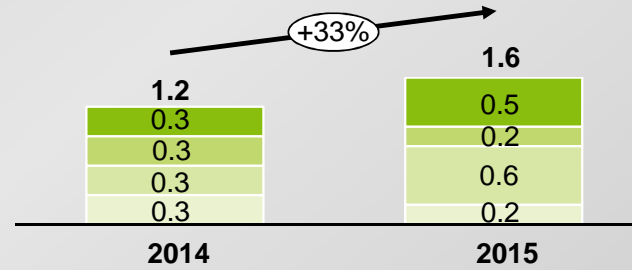
- Strategic transformation completed – successful IPO on 16th July 2015
- Operating objectives achieved – 2015 was the best year since re-start of pbb
  - New business (incl. extensions >1 year) reaching a new record level of EUR 12.0 bn
  - Return on Equity before taxes at 6.2%
  - Pre-tax profit up 12% to EUR 195 mn - best result for pbb since re-start in 2009

# New business significantly up in both business segments

Real Estate Finance  
(Commitments, incl. extensions, EUR bn)

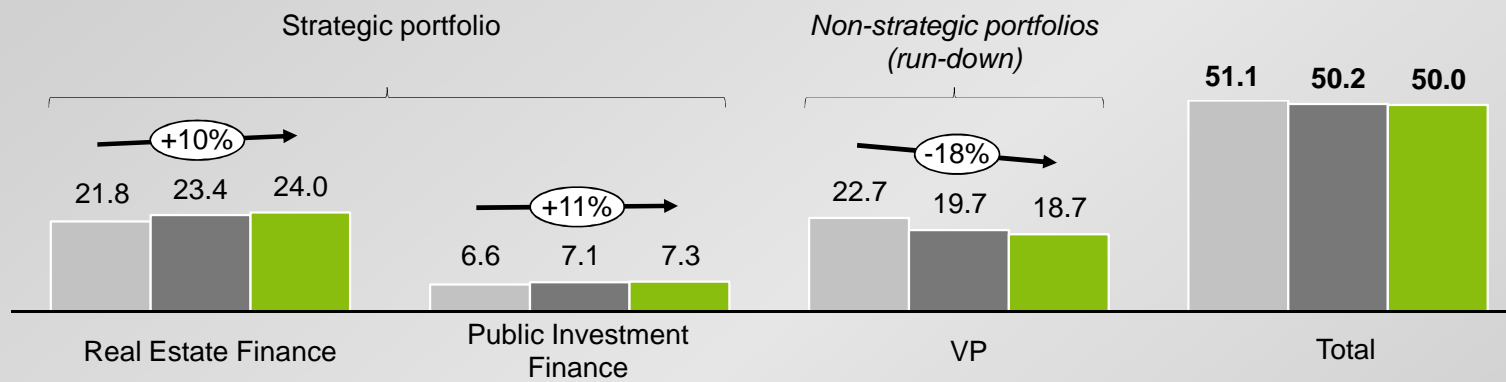


Public Investment Finance  
(Commitments, EUR bn)



# Strategic portfolio up 10% despite high early repayments

Total portfolio (Financing volumes, EUR bn)



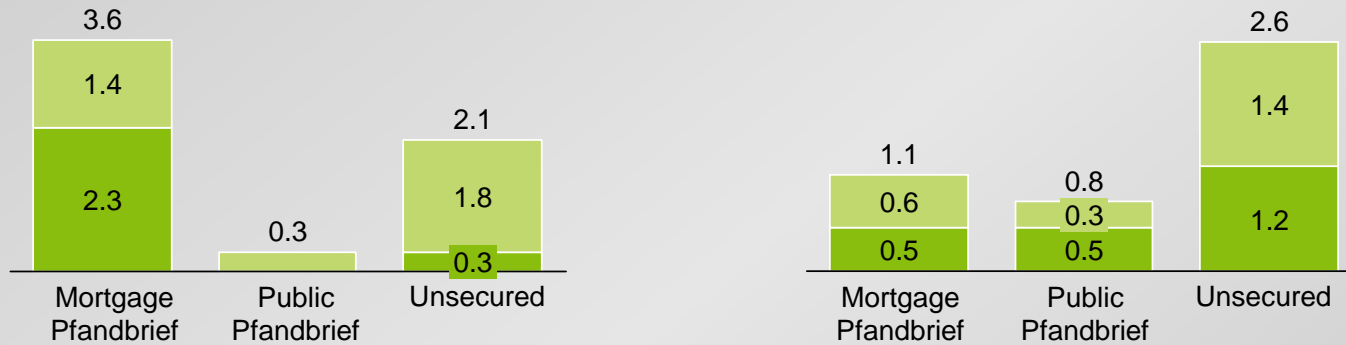
# Long-term funding activities reduced

New long-term funding (excl. money market and deposit business, EUR bn)

2014: 6.0

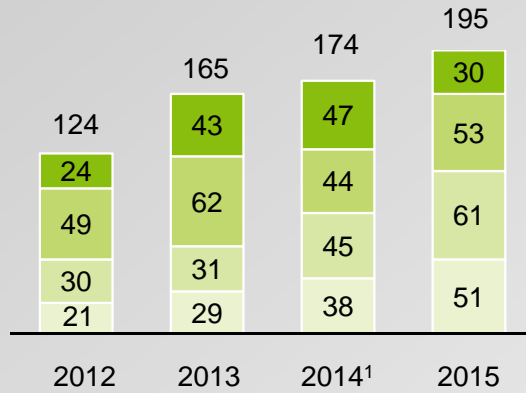
2015: 4.5

Private placements  
Benchmark issuances

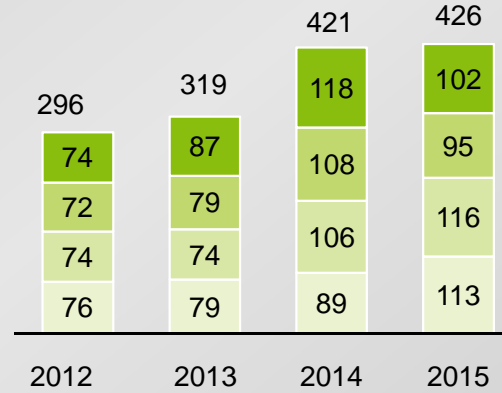


# Pre-tax profit up 12% - net interest income slightly up

Pre-tax profit (EUR mn, IFRS)



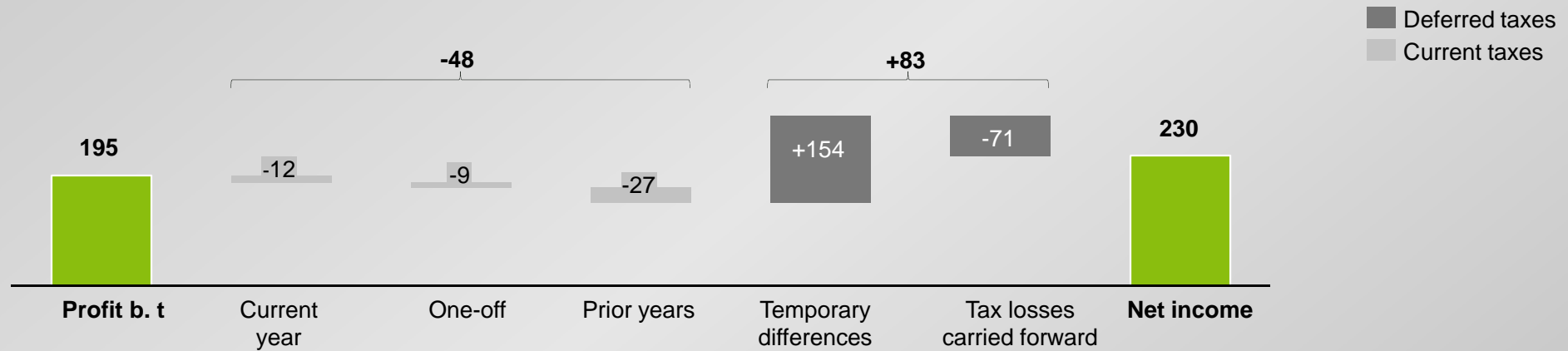
Net interest income (EUR mn, IFRS)



1) Adjusted for EUR -120 mn extraordinary effects from value adjustments on HETA exposure

# Positive tax effect from deferred taxes results in tax gain of EUR 35 mn – net income above pre-tax profit

Net income (IFRS, EUR mn)





# Capital ratios provide buffer for envisaged future strategic portfolio growth and regulatory uncertainties

## Basel III: Capital ratios (% , IFRS)

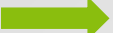
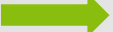

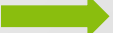
	<i>Transitional rules</i>		<i>Fully loaded<sup>5</sup></i>	
	12/14 <sup>1,2,3</sup>	12/15 <sup>4</sup>	12/15 <sup>4</sup>	Mid-term targets
CET 1	22.2	18.9	18.2	>12.5
Tier 1	23.4	20.5	18.2	>16
Own funds	26.6	23.4	19.9	16-18
Leverage ratio	5.3	4.4	3.9	>3.5

- 1) Adjusted retrospectively
- 2) Until July 2015, under the 'Waiver Rule' pbb calculated regulatory capital ratios on a voluntary basis
- 3) Incl. full-year result
- 4) Incl. preliminary full-year result, post proposed dividend
- 5) Simulation based on currently known Basel III rules, actual figures may vary significantly from simulation

## Key initiatives 2016

- Take increasing advantage of structuring expertise
- Carefully evaluate further product and market potential in line with existing risk strategy
- Increase of syndication and placement activities
- Broaden unsecured funding capabilities

## Financial Outlook - income statement

Income statement (IFRS, in Mio. €)	2015		Expectations 2016
Net interest and commission income	440		<ul style="list-style-type: none"> <li>■ NII slightly lower due to competitive situation</li> <li>■ NCI stable (operative increase as 2015 benefited from one-offs)</li> </ul>
Loan-loss provisions	1		<ul style="list-style-type: none"> <li>■ LLPs normalised</li> </ul>
General administrative expenses	-207		<ul style="list-style-type: none"> <li>■ Slightly up</li> </ul>
Pre-tax profit	195		<ul style="list-style-type: none"> <li>■ Slightly lower than good previous year result</li> </ul>

## Financial outlook - key financial indicators

Key ratios(%)	2015		Expectations 2016
Cost Income Ratio	51.8	→	■ Stable
RoE before tax	6.2 <sup>1</sup>	→	■ Stable
RoE after tax	7.4 <sup>1,2</sup>	→	■ Lower, based on normalised tax run rate (tax gain in 2015)
CET1-ratio (fully loaded) <sup>3</sup>	18.2	→	■ Above mid-term target of >12.5% – current CET1 ratio provides sound buffer for potential changes in risk weights following regulatory discussion

1) Calculation based on average equity; EUR 1 bn silent participation of Sonderfonds Finanzmarktstabilisierung (FMS) included until redemption on 6 July 2015

2) Incl. EUR 35 mn tax gain

3) Simulation based on currently known Basel III rules; actual figures may vary significantly from simulation 6 Incl. full-year result (2014); incl. full-year result, ex proposed dividend (2015)