

Annual General Meeting 2018 of Deutsche Pfandbriefbank AG

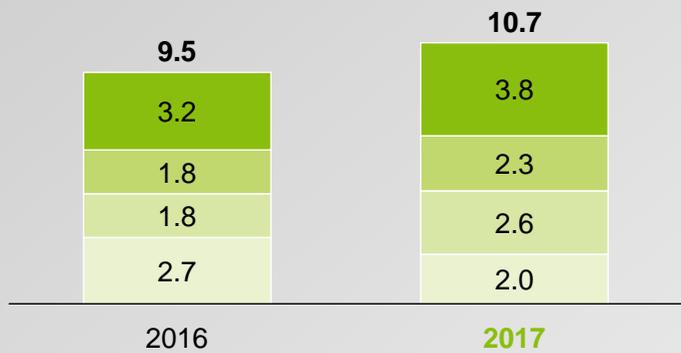
Presentation by the Management Board

21 June 2018

New business up to € 11.6 bn - pbb prudently expands business activities

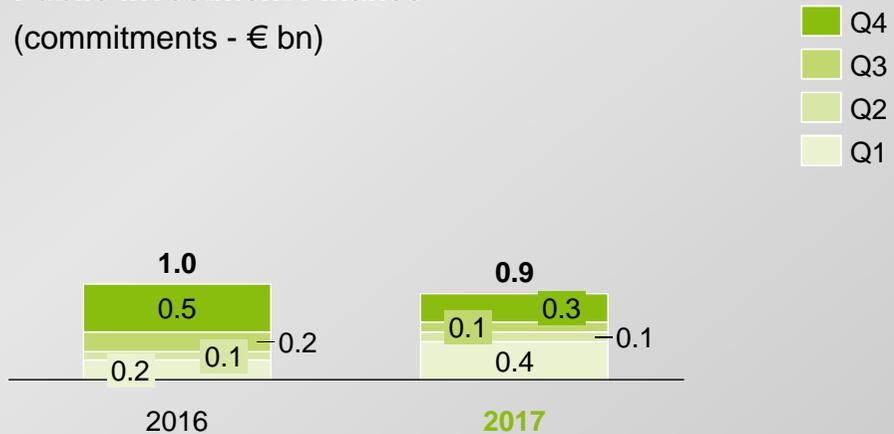
Real Estate Finance

(commitments incl. extensions >1Y - € bn)



Public Investment Finance

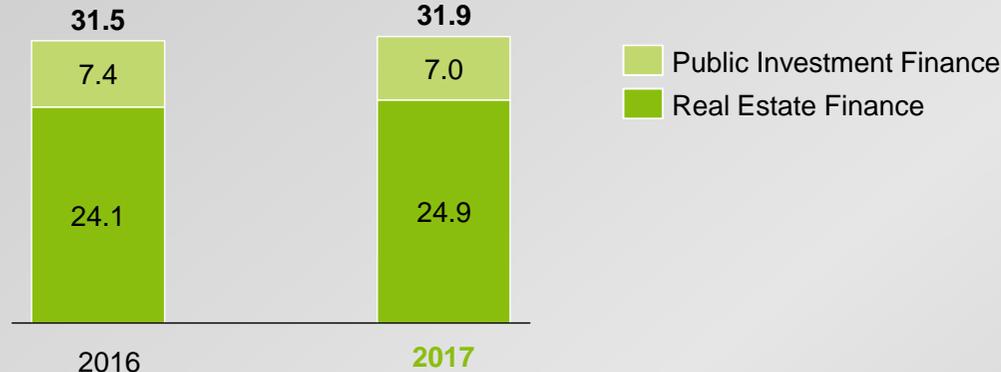
(commitments - € bn)



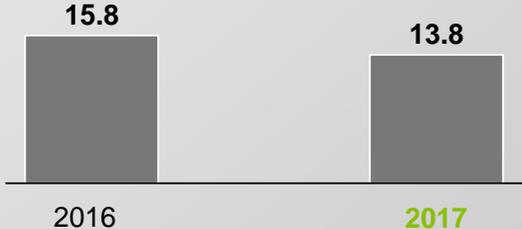
Figures may not add up due to rounding

Strategic portfolio growing – pbb prevails against competition

Strategic Portfolio (financing volume, € bn)

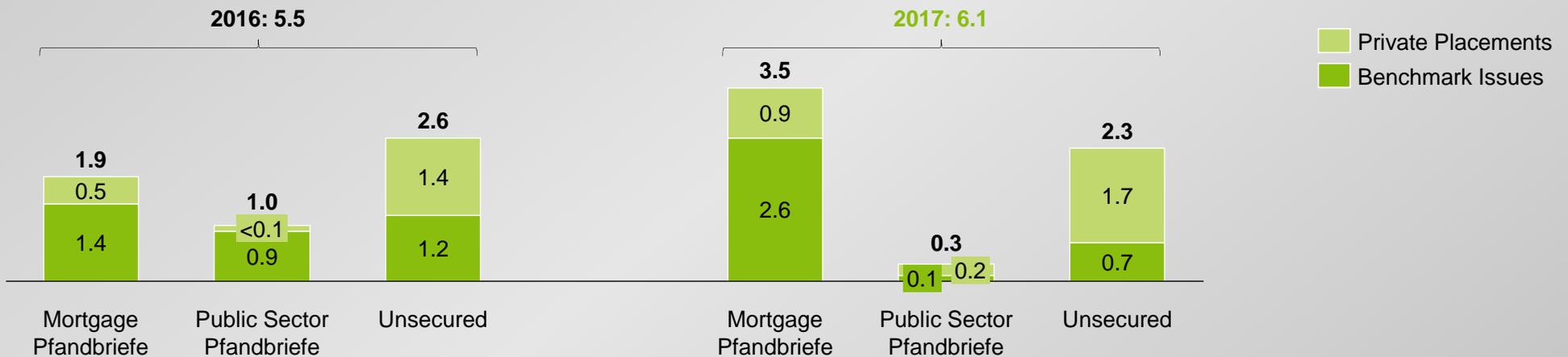


Value Portfolio (financing volume, € bn)



Funding increased together with new business – Pfandbriefe most relevant funding instrument for pbb

New long-term funding (€ bn, excluding money market, deposit taking business and subordinated instruments)



Figures may not add up due to rounding

NII increased – pbb benefits from improved funding conditions

Net interest income (€ mn; in accordance with IFRS, consolidated)



Figures may not add up due to rounding

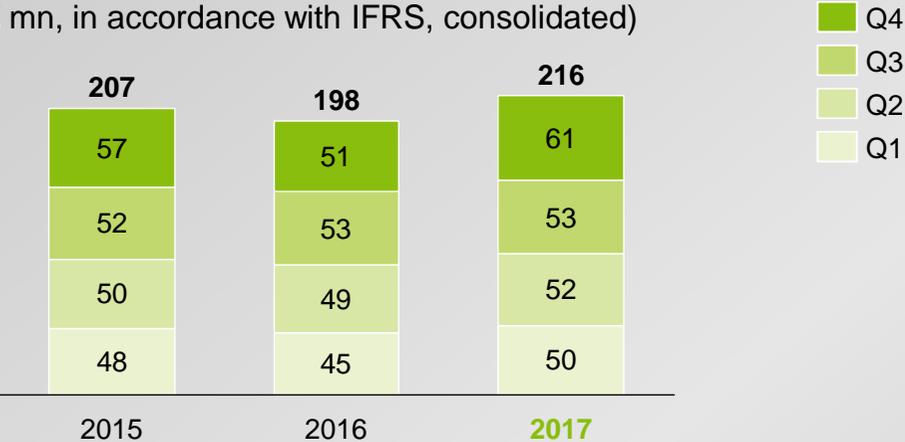
Loan loss provisions remain at low levels – pbb's conservative risk standards pay off

Loan loss provisions (€ mn; in accordance with IFRS, consolidated)



Increase in general administrative expenses technically driven – pbb invests in strategic projects

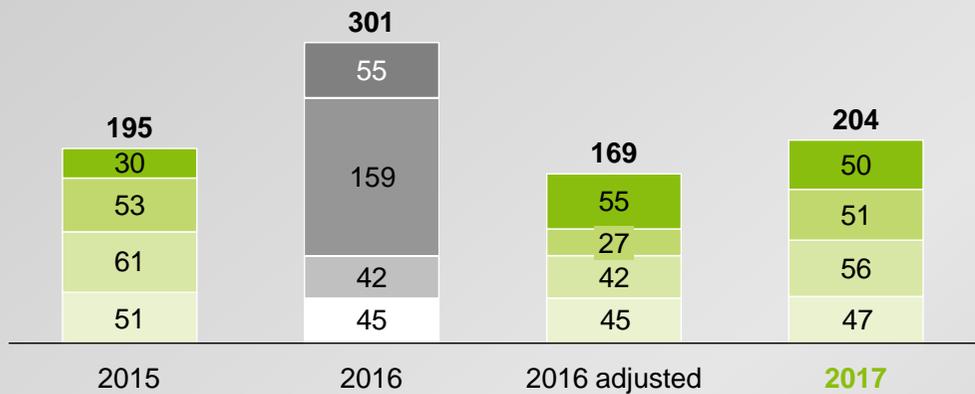
General administrative expenses
(€ mn, in accordance with IFRS, consolidated)



Figures may not add up due to rounding

2017 pre-tax profit clearly exceeds adjusted figure for previous year – pbb demonstrates operating strength

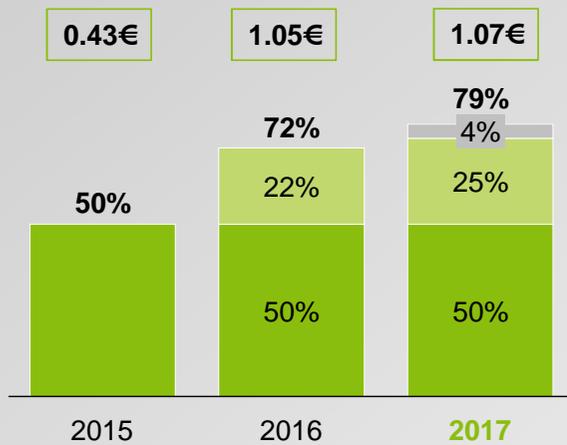
Pre-tax profit (€ mn, in accordance with IFRS, consolidated)



Figures may not add up due to rounding

Dividend proposal again provides for higher pay-out –
pbb plans annual distribution of 75% up to and including 2019

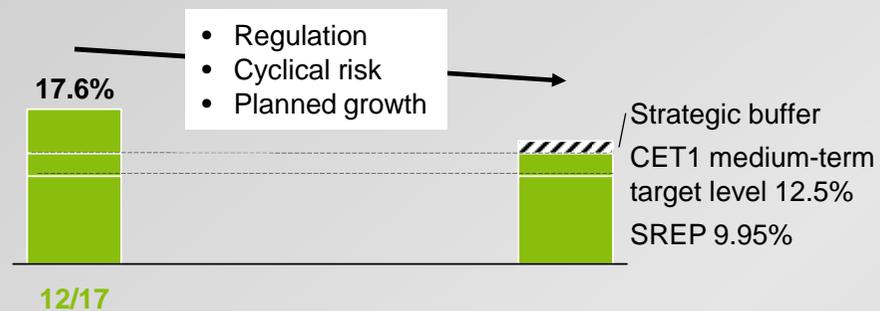
Pay-out ratio and dividend (€ DPS)



Increase of RWA expected due to regulatory initiatives - pbb equipped with capital buffer

Expected development of capital ratios

(Basel III, in %, IFRS, consolidated, fully loaded)



Capital ratios Basel III

(%, IFRS, in accordance with IFRS, fully loaded)

	12/17	Medium-term targets
CET 1	17.6	≥12.5
Tier 1	17.6	≥16
Own funds	22.2	16-18
Leverage ratio	4.5	≥3.5

Pre-tax profit guidance of € 150 - 170 mn for 2018 – pbb implements initiatives

Challenges

- Highly **competitive environment**
- Continued margin pressure
- **Property cycle** far advanced



Initiatives

- Prudent expansion of **US-business**
- Broaden spectrum of target customers through **low leverage lending**
- **Digitalisation** of processes/interfaces and implementation of digital business models



Financial outlook

- Slightly lower **net interest in and commission income**
- Normalized **loan-loss provisions**
- **General administrative expenses** stable



Operating targets

- **New business volume of € 10 -11 bn**
- Even more prudent **selection** regarding margins and risk
- Moderately increasing **financing volume** of strategic portfolios and stable portfolio margins

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