

# Annual General Meeting 2019 of Deutsche Pfandbriefbank AG

Presentation

7 June 2019

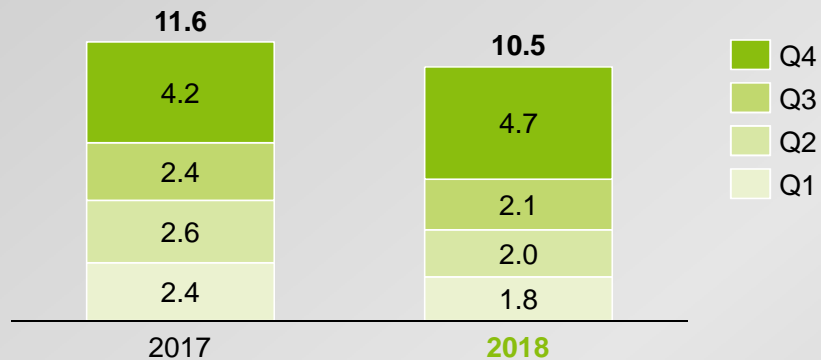
## pbb successfully closes 2018 financial year – investments in the future of the bank

- Successful fiscal year 2018 - pbb pays **attractive dividend** to shareholders
- Potential for instability on the real estate markets - pbb will focus even more strongly on **quality** in 2019
- Innovation and invest - pbb expands **US business** and drives **digitalisation** forward

# New business volume reaches € 10.5 billion – Strategic portfolio grows by € 1 billion to € 33.2 billion

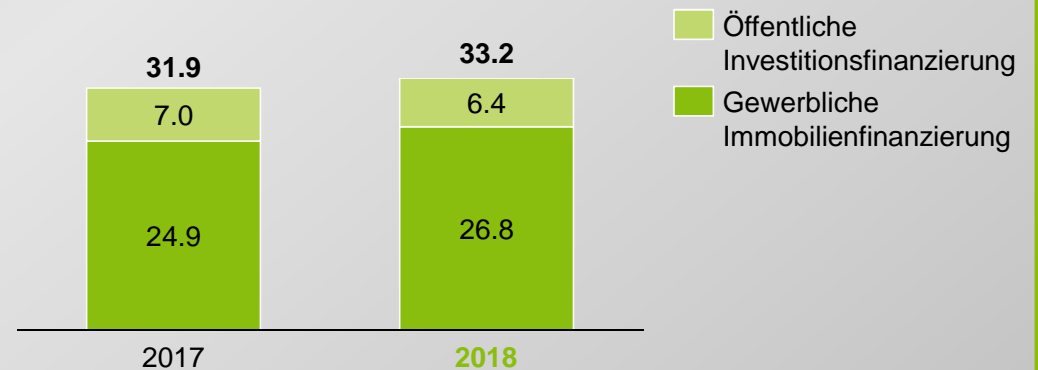
## New business – REF & PIF

(commitments, incl. extensions >1 year, in € billion)



## Strategic Portfolio

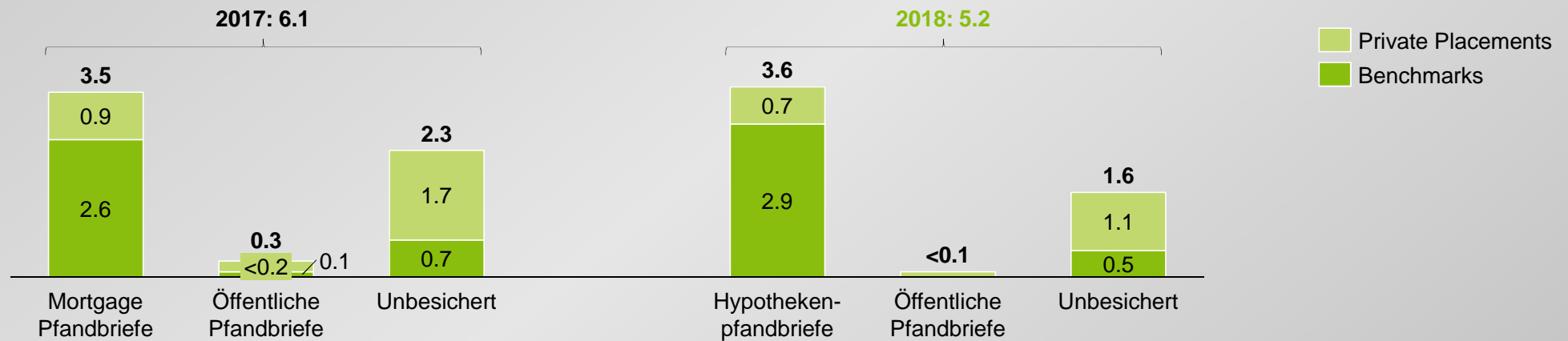
(financing volume, in € billion)



# Funding volumes develop in line with new business – spreads significantly reduced

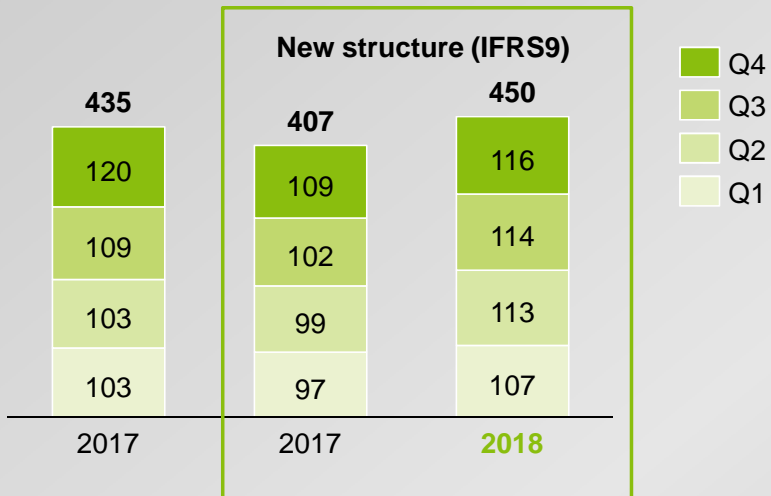
## New long-term funding

(in € billion, without money market, deposits and subordinated instruments)



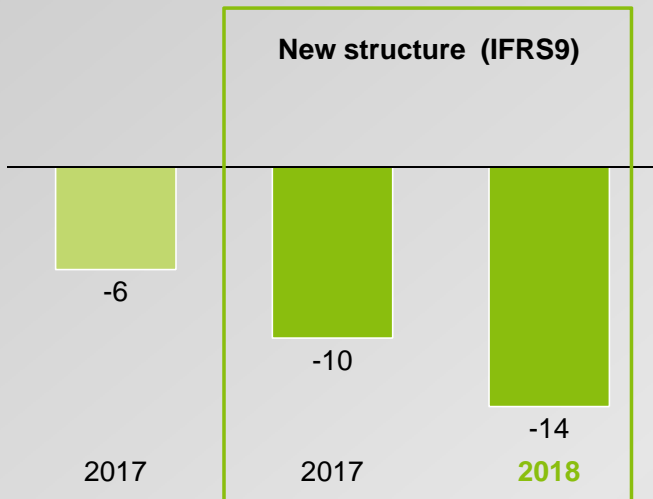
# Net interest income as pbb's most important income item rises by 11% - income up and expenses down

Net interest income (in € million, IFRS, consolidated)

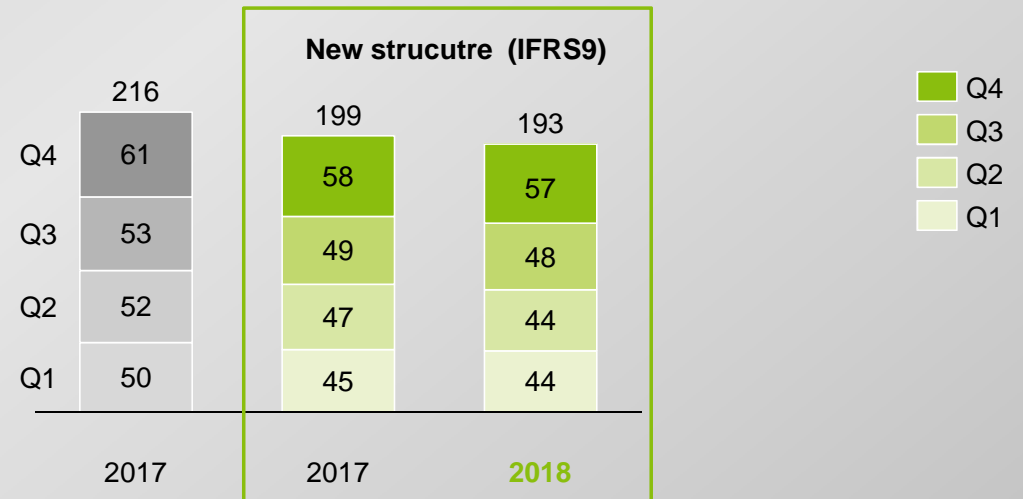


# Risk provisions for the loan portfolio largely stable – administrative expenses slightly lower

**Risk provisions** (in € million, IFRS, consolidated)



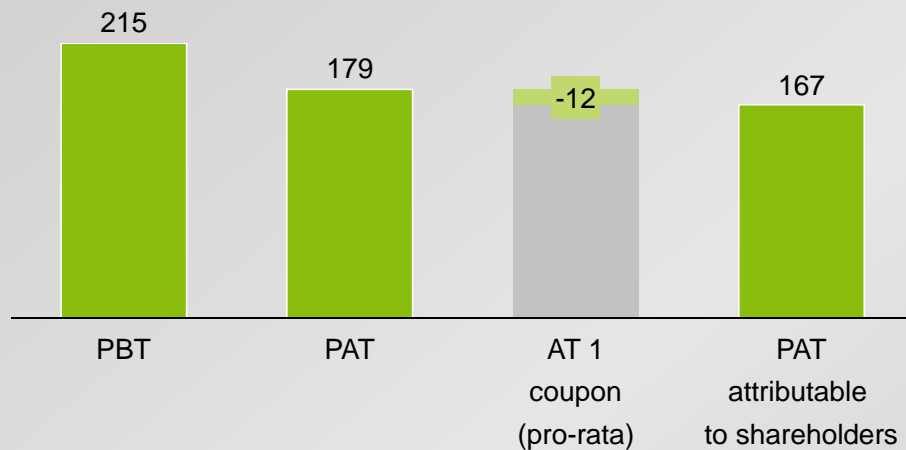
**General and administrative expenses** (in € million, IFRS, consolidated)



Earnings before taxes again exceed the previous year -  
after tax/AT1 coupon pbb distributes 81% or €1 dividend

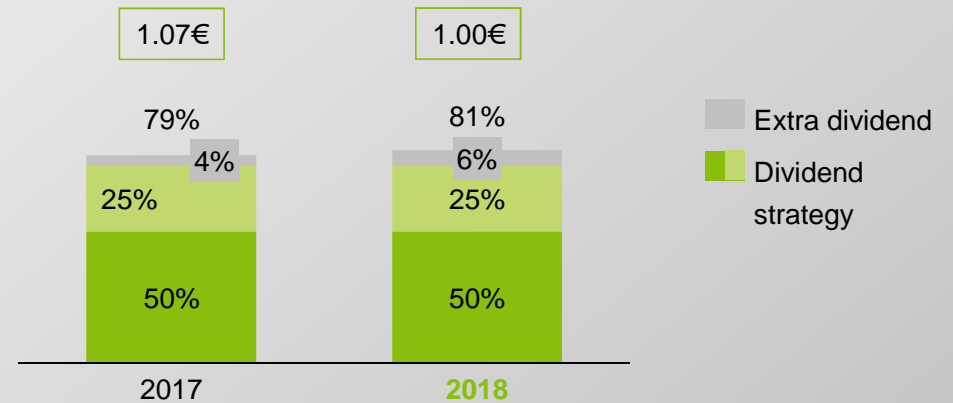
**Profit before tax and profit attributable to shareholders**

(in € million, IFRS, consolidated)



**Payout ratio and dividend**

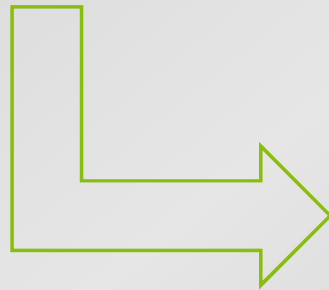
(ratio in %, dividend in € per share)



## Potential for instability in the real estate finance markets – pbb focuses even more strongly on quality

### **Instability potential - sub-segments with special dynamics**

- UK - Uncertainty due to Brexit
- Retail properties - changed market structure
- Office markets – increasing importance of co-working providers



### **Focus on quality**

- Value stability of properties
- Cycle-tested investors who can provide additional financing
- Covenants to protect lenders



## Good start into 2019 financial year – Q1 2019 with stable earnings

- **New business volume** rises by 12% year-on-year to € 1.9 billion – growth due to rising volume in commercial real estate financing
- Very conservative risk profile reduces **gross new business margin** to around 130 basis points – expected to rise already in the 2nd quarter towards the previous year's average
- Net interest income increases by more than 8% to € 116 million – at € 48 million, **pre-tax earnings** reach the level of the previous year's quarter
- **Administrative expenses** almost stable at € 46 million – **Risk provisioning** of € 1 million below plan

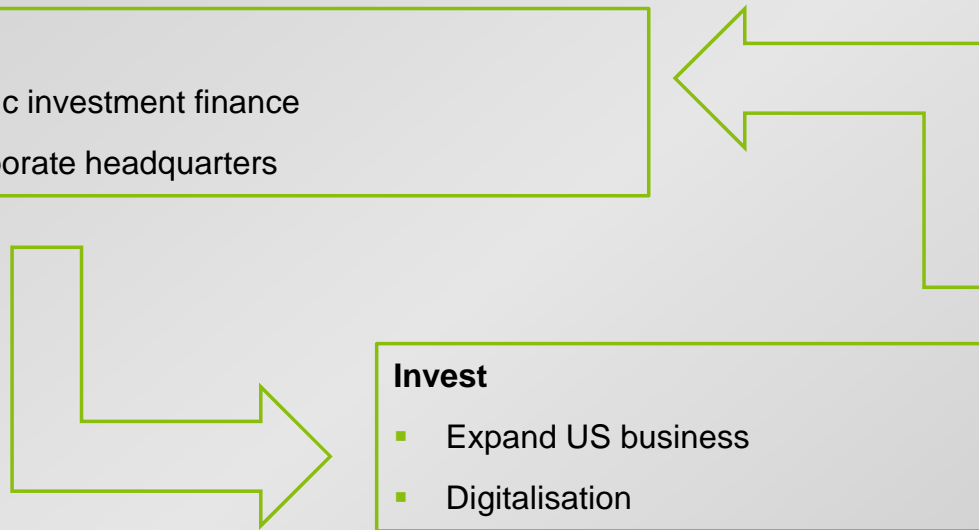
## Focus and invest – expansion of US business and digitalisation are internally financed

### Focus

- Rightsize business in public investment finance
- Relocation of tasks to corporate headquarters

### Invest

- Expand US business
- Digitalisation



## pbb continues to act risk-conservatively after a good year 2018 - investments in the future started

- pbb achieved **good results** in 2018 and demonstrated operating strength – **attractive dividend** of €1 per share
- pbb remains cautious and **risk-conservative** in order to cushion cyclical risks – strong capital base, stable refinancing and stable ratings as a **solid basis**
- pbb invests in the future by expanding its **US business and digitalisation initiatives** – **internal financing** of these investments through focusing