Banks’ Day 2012

pbb Successfully Re-Established in the Lending and Funding Markets

PUBLIC SECTOR FINANCE
REAL ESTATE FINANCE

pbb

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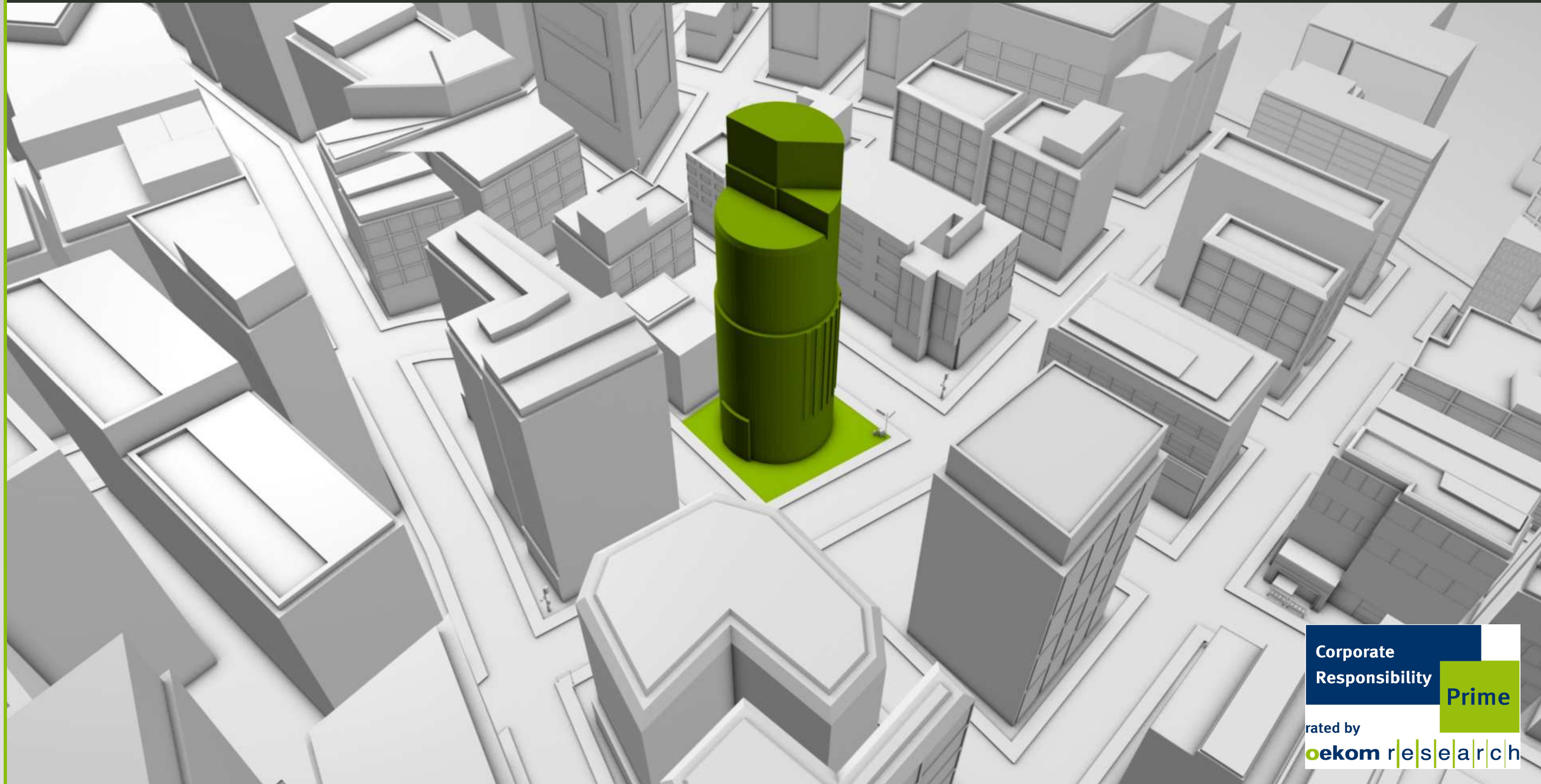

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Agenda

9:30 am	**Registration starts**
10:00 am	*Focus on core business and customers* **Manuela Better** Chief Executive Officer
	Origination power proven with EUR 11 bn new business since 2011 at attractive risk-return **Bernhard Scholz** Real Estate Finance/Public Sector Finance
11:00 am	**“***Current developments in European real estate markets”* **Drazenko Grahovac** Savills Deutschland,Managing Director/Head of European Valuations,
11:30 am	**Coffee break**
12:00 am	*Successful funding activities and re-establishment of pbb as issuer in the capital markets* **Wolfgang Groth** Treasury/Asset Management
	Strict portfolio monitoring after de-risking **Manuela Better** Chief Risk Officer
	Lower end of PBT full-year target range of EUR 100-140 mio for 2012 already achieved after nine months **Alexander von Uslar** Chief Financial Officer
ca. 01:30 pm	**Lunch**

Manuela Better

Focus on Core Business and Customers

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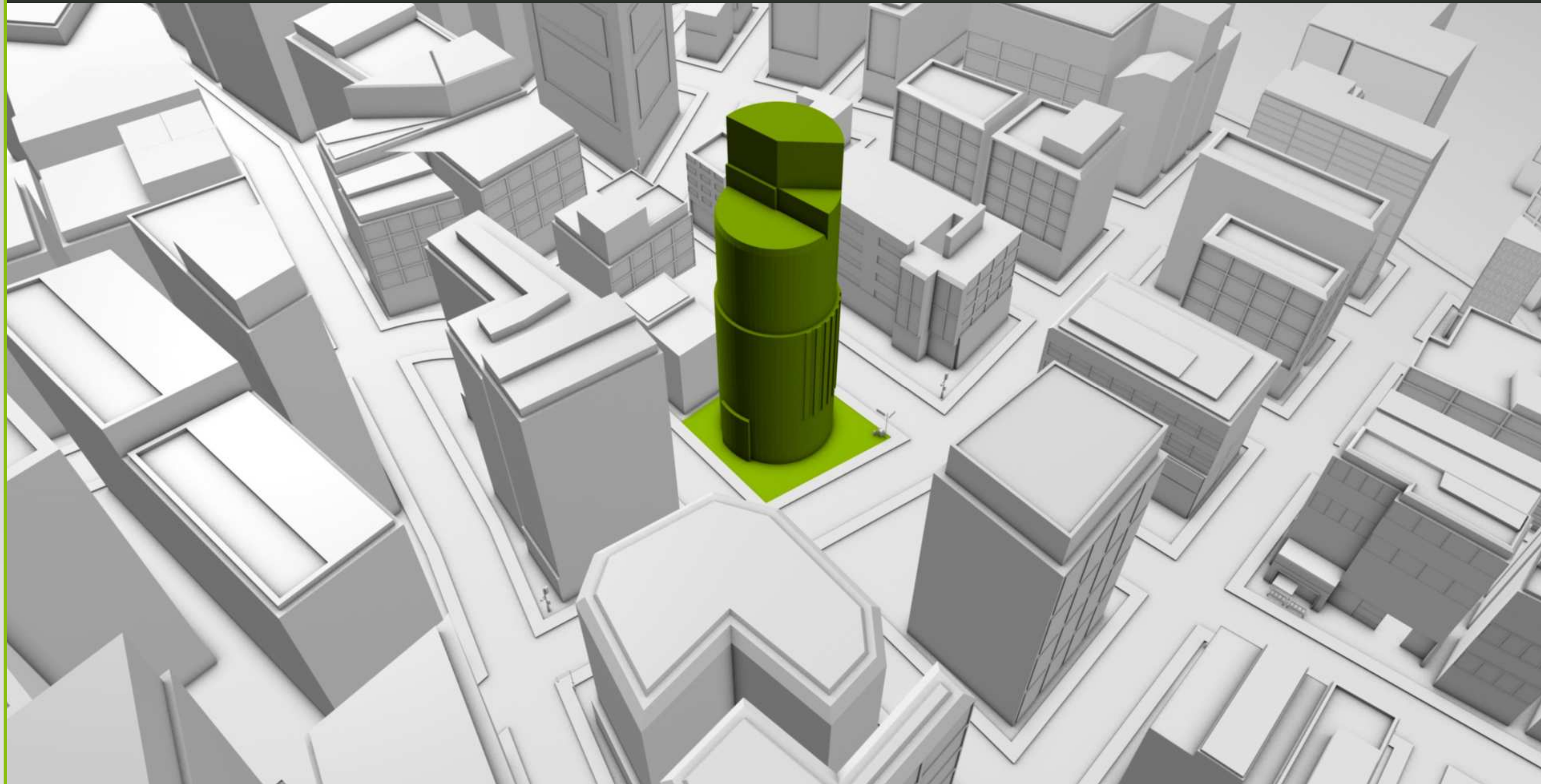
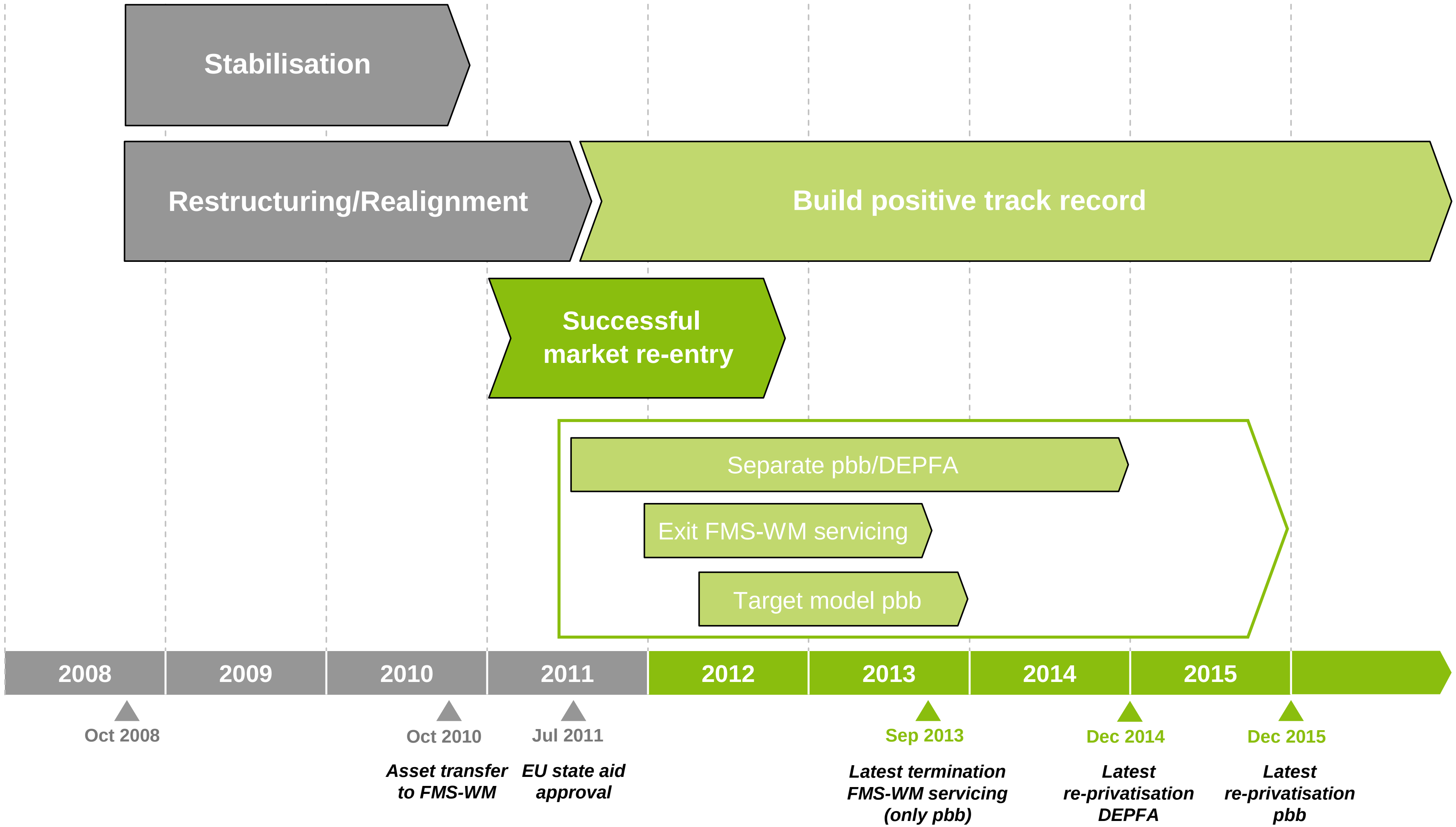


pbb Banks' Day 2012, 19th November 2012

Building a Positive Track Record After Successful Market Re-Entry



After Successfully Re-Entering the Markets in 2011 pbb has Established its Position

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Successful market re-entry

- **Proven origination power** with new business volume of EUR 11 bn since beginning of 2011
  - New business in-line with strategy
  - Continuously attractive risk-return profiles
- **Successful re-entrance into funding markets**
  - Four Pfandbriefe in benchmark format publicly issued and tapped since 09/2011
  - Senior unsecured bond in benchmark format placed and subsequently tapped in Q3 2012
  - GBP Mortgage Pfandbrief issued in Q4 2012
  - Frequent issuer via private placements, particularly in the German SSD market
- **pbb profitable for nine consecutive quarters since Q3 2010**
  - Ongoing stable operating income based on of real estate and public investment finance
  - Limited loan loss provisioning needs
  - Success to stabilize cost base

Focus on Customers and Core Activities

Separate pbb/DEPFA

- **Minor intra-group relations** still exist between pbb/DEPFA, primarily in the following areas:
  - Derivatives
  - IT services provided to DEPFA

Exit FMS-WM servicing

- **Servicing** of assets was **an inevitable consequence of the asset transfer** to FMS-WM **but** was already set to be **of a temporary nature**
- **Exit** of servicing **is condition** imposed by the EU **but also a strategic necessity**
  - Not part of pbb's core business model
  - Allows for a stronger focus on core business activities, i.e. real estate and public investment finance
- Project to deal with **separation of IT systems of FMS-WM and pbb/DEPFA** kicked off

Target model pbb

- **Focus on customers/increase in market penetration**
  - Expand market teams and strengthen local origination presence
  - Adjust processes to meet customer needs more quickly
  - Set-up specialized teams
- **Optimise set-up/increase efficiency/**
  - Streamline processes and bundle tasks
  - Reduce non-personnel costs (e.g. professional services, IT)

Based on a Stable and Reliable Pfandbrief Business Model, pbb is Building a Positive Track Record

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Build positive track record

- **Financial performance**
  - Positive loan loss history
  - Further cost reduction to achieve a CIR level of <40%
  - Increase in profitability over time to achieve an RoE of >8% on a sustainalbe basis
- **Ongoing funding success in the Pfandbrief as well as the Unsecured** debt capital **markets**
  - One of the main issuers in the German Pfandbrief market
  - Regular but occasional issuance of unsecured securities in the public market, if possible in benchmark format
  - Frequent issuer via private placements, particularly in the German SSD market
  - Further diversification of funding sources and pbb's investor base
- **Achieve target portfolio structure**
  - Grow strategic REF/PIF portfolio
  - Improve underlying portfolio margin
- **Continuous provider of debt to the commercial real estate as well as the public sector, rendering a service to the respective clients**

A prerequisite for sustainable success in the markets but also for reprivatisation

Focused Business Model as a Specialised European Lender for Real Estate Finance and Public Investment Finance with the Pfandbrief as the Main Funding Instrument

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	Real Estate Finance	Public Investment Finance
	Financing of professional real estate investors/companies	***Financing of public infrastructure***
Clients	▪ Real Estate companies ▪ Institutional Investors ▪ Real Estate Funds ▪ Local mid-size real estate investors ('Mittelstand')	▪ Pfandbrief eligible public borrowers ▪ Pfandbrief eligible publicly guaranteed companies and special purpose entities
Products	▪ Office ▪ Residential (commercial, no retail residential) ▪ Retail/Shopping ▪ Logistics/Warehouse	▪ Public facilities ▪ Social housing ▪ Health/geriatric care ▪ Utilities ▪ Public transportation
Lending criteria	▪ Investment loans (cash flow based); development loans only on non-speculative selective basis ▪ Portfolio transactions ▪ Other: bridge loans, acquisition lines, client derivatives ▪ Deal size: EUR 20-100 mio	▪ Specific purpose with an asset and/or invest-ment character ▪ Financing on the basis of cash flows and/ or public guarantees or other public warranty ▪ Focus on non-sovereign entities without access to capital markets – no financing of budget deficits
Markets	▪ Germany, France and UK ▪ Spain (currently no new business) ▪ Other selective countries in Scandinavia and CEE	▪ Germany and France ▪ Spain and Italy (currently no new business) ▪ Other selective countries in Scandinavia and CEE

Favourable Market Environment Provides Sufficient Potential for Growth in Strategic Business Lines

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Increasing demand

- Up-turn in relevant real estate markets
- Low interest rates in comparison to property yields
- Implied inflation protection and safety of real estate investments
- Need for refinancing of CMBS structures and expiring real estate loans
- Investments in public infrastructure need to be financed

Decreasing supply

- Reduced competition
  - Competitors are de-leveraging and thus reducing business activities
  - Some competitors are even exiting markets completely
- However, in some sub-markets competition remains strong

Higher margins

- Margins higher than pre-crisis, i.e. customers accept higher risk compensation
- Investors are providing more equity in financings / accept lower leverage (LTVs)

Dr. Bernhard Scholz

Origination Power Proven with EUR 11 bn New Business since 2011 at Attractive Risk-Return

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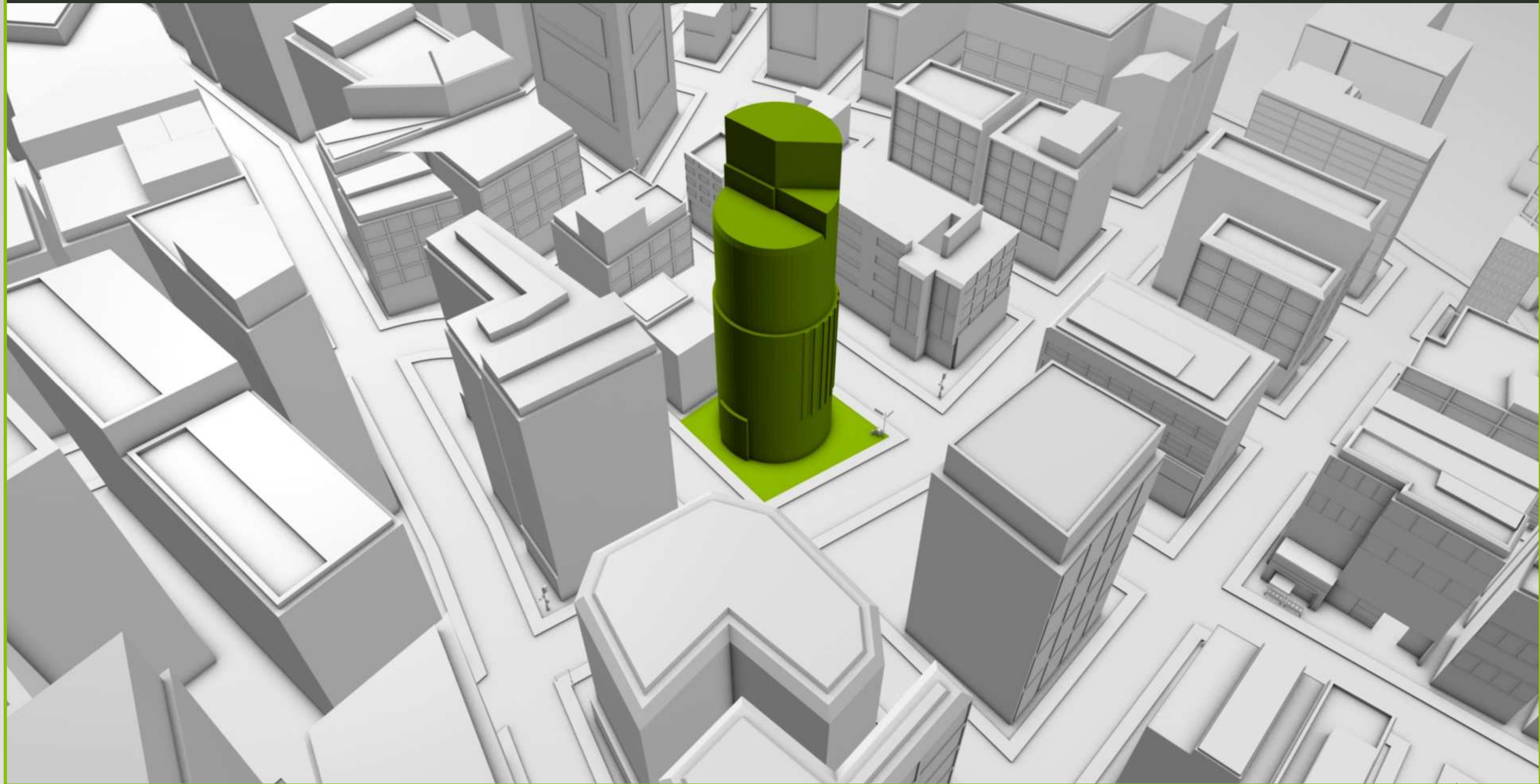

pbb Banks' Day 2012, 19th November 2012

Summary

- New business volume of EUR 11 bn since 2011 proves pbb‘s origination power and position in the market
- Origination network strengthened to enhance customer reach
- Distinct new business criteria compliant with conservative risk strategy and Pfandbrief eligibility
- Attractive risk-return profile of new business in line with EU requirements
- New strategic business to replace lower margin existing business
- Strong trend visible in new business in the second half of 2012

New Business

Origination network strengthened to bring pbb's expertise closer to the customer – additional office locations opened in Stockholm, Hamburg and Berlin

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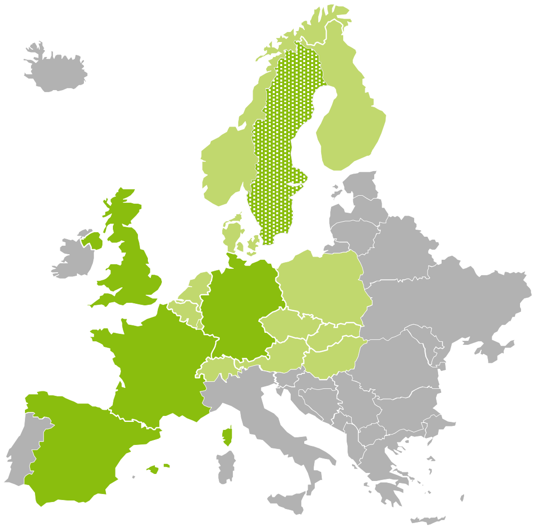
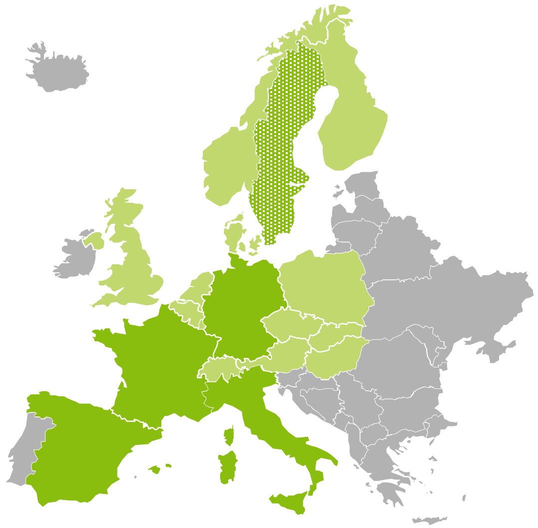
Real Estate Finance (REF)



Public Investment Finance (PIF)



- Core countries with sales locations
- New sales location for Scandinavian market
- Other strategic countries

Countries	Sales locations
Germany	Munich/Unterschleissheim Frankfurt/Eschborn Berlin (opened Oct 2012) Hamburg (opened Oct 2012)
UK	London
France	Paris
Italy	Rome
Spain	Madrid
Sweden	Stockholm (opened Sept. 2012)

REF:

- New business focus currently on Germany, UK, France and CEE
- At present, new business in Spain will only be conducted on a very conservative and selective basis
- New offices in Stockholm, Hamburg and Berlin
- Additional office in Düsseldorf planned to be opened in Q1 2013

PIF:

- New business focus currently on Germany and France
- Additional office locations can be used to leverage PIF activities in Germany
- At present, no new business in Spain and Italy

New Business
Risk assessment and underwriting

Origination	Risk Assessment & Due Diligence	Credit Decision & Approval	Closing and Drawdown
Deal Origination Prospecting Preparation of New Deal Committee Paper / Deal Brief Treasury	New Deal Committee Underwriting and Due Diligence Check Due Diligence PD & LGD Rating Valuation	Credit Application Credit Committee	Customer Dialogue Binding Termsheet Legal Due Diligence Loan Agreement Closing & Drawdown Drawdown Funding Cover Pool Valuation

Risk

Credit Authorities

Credit Process Guidelines

	Origination	Risk Assessment & Due Diligence	Credit Decision & Approval	Closing and Drawdown
Risk	Large Exposure Limits	Disclosure of Borrower's Financial Cond. Collateral Management & Valuation standards Rating PD/LGD	Risk Charter Authority Grid Voting / Credit Decision	Closing & Drawdown Procedures
Other Departments	Origination Procedures Compliance, Money Laundering Borrower Units §19 KWG			Underwriting Procedures

New Business

REF: Clear definition of targeted asset types and regions

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		Core countries		Other selected countries			
	Asset type	**Germany & France**	**UK**	**Benelux**	**Scandinavia**	**Spain**	**CEE** (mainly Poland & Czech Republic)
Clear strategic fit	**Office**	I Big cities I Other cities: Long-term lease contract or positive re-lettability prognosis	I London I Other cities: Long-term ease contract or positive re-lettability prognosis	I Dominant cities with established office market I Prime properties, in good condition, preferable CBD I Long lease contract and/or strong re-lettability prognosis if shorter leases		I Good location and good property in larger cities and long-term lease contract	
Clear strategic fit	**Retail**	I Established city locations, established out-of-town centers with long anchor lease I Retail boxes with long anchor lease contract		I Rather selective I Established city locations, established out-of-town centers with long anchor lease I Retail boxes with long anchor lease	I Established city locations, established out-of-town centers with long anchor lease I Retail boxes with long anchor lease contract	I Good location and good property in larger cities and long-term lease contract	I Established city locations, established out-of-town centers with long anchor lease
Clear strategic fit	**Residential**	I Cities with positive demographics I "Mittelstand" (Germ.)			I Cities with good demographics		
Clear strategic fit	**Logistics/ Warehouse**	I Location: At least above average logistics hub (e.g. harbours, motorway junctions, airports) with adequate access (train, highway etc.) I Property: Modern (state-of-the-art) logistics standard and specifications with at least good state of repair not older than 5Y I Tenant: Lease agreements with a term between 5-10Y (or WALT >5Y) with professional companies					
With conditions	**Hotel[1]**	I Selective prime locations, long-term lease contract and hotel management company with good reputation, but no resort hotels					
With conditions	**Other managed properties[1]**	I Nursing homes w/ established managers					
With conditions	**Land[2]**	I Not in focus					

1 With additional risk buffer of 10-20% only 2 With additional risk buffer of 20-30% only

New Business

Origination power proven with EUR 11 bn new business since 2011 – acceleration of new business in the second half of 2012 visible

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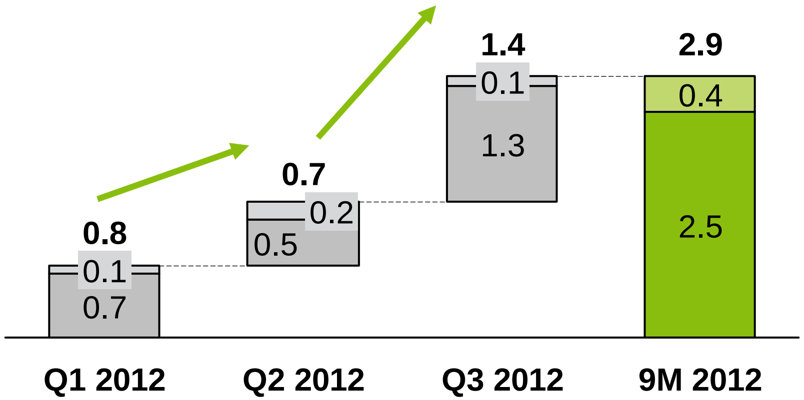
Total New Business (incl. extensions >1 yr)

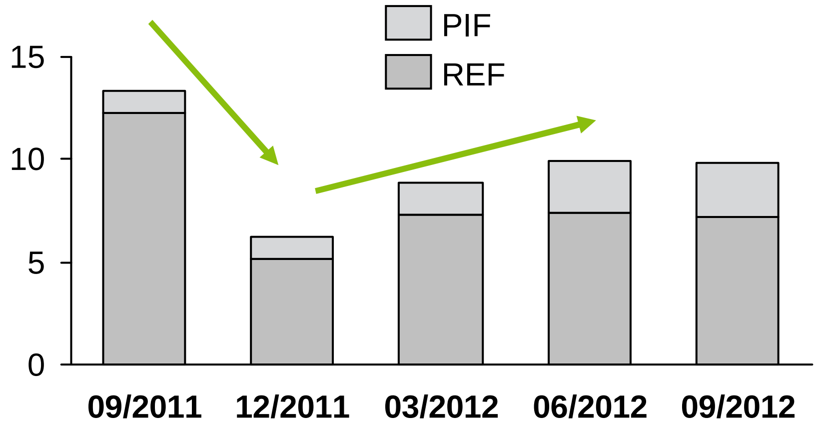
EUR billions



- In line with successful funding activities, new deal pipeline has been built up again since beginning of the year and is well stocked
- Given an average time lag of ~120 days between take-up of deal into pipeline and closing, new business volumes gained momentum in Q3 and are expected to accelerate further in Q4
- However, it will be difficult to make up for the lower new business volumes of H1 2012

Deal Pipeline[2]

EUR billions



Note: Figures may not add up due to rounding

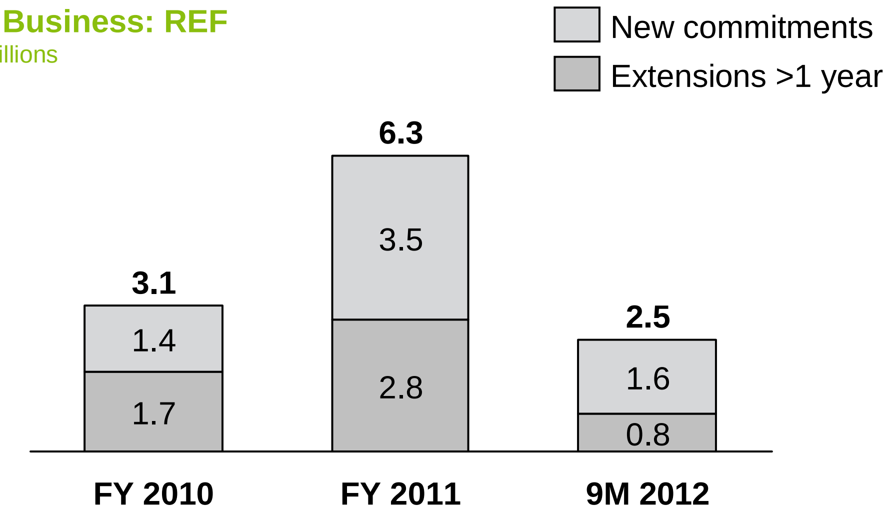
1 Incl. EUR 0.2 bn Public Budget Finance (prior to EU decision in July 2011)

2 Incl. deals with status Pre-New Deal Committee, New Deal Committee and Credit Committee

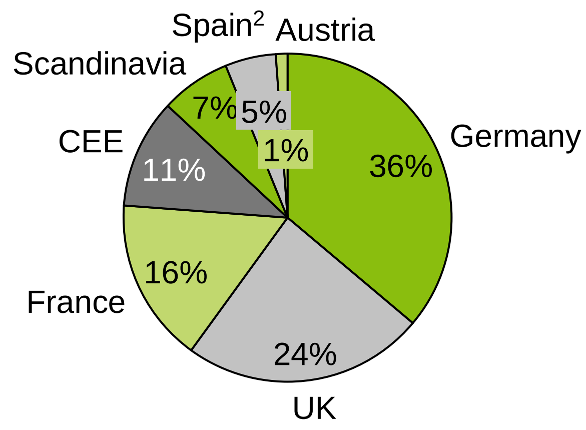
New Business

REF: New business written at continuously high margins despite lower LTVs and reduced proportion of development financing

New Business: REF
EUR billions

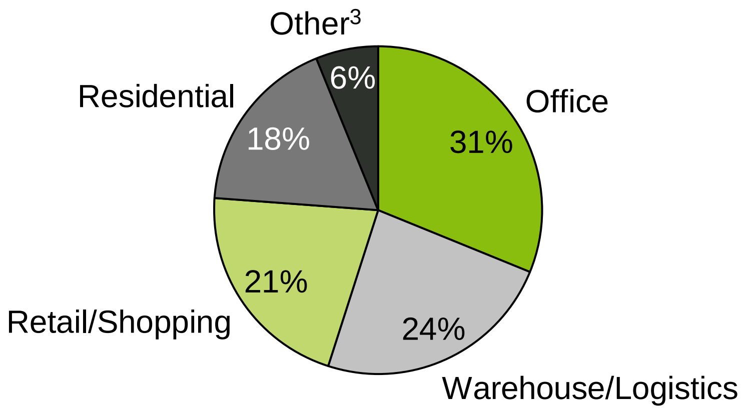


By Region (9M 2012)



Real Estate Finance (REF)	FY 2010	FY 2011	9M 2012
No. of deals	65	88	50
Average maturity	~3.9 yrs	~4.2 yrs	~4.4 yrs
Average LTV (New commitments)[1]	64%	65%	55%
Average gross margin	>200 bp	>205 bp	>240 bp
Share of development financing	13.3%	8.4%	4.5%

By Property Type (9M 2012)

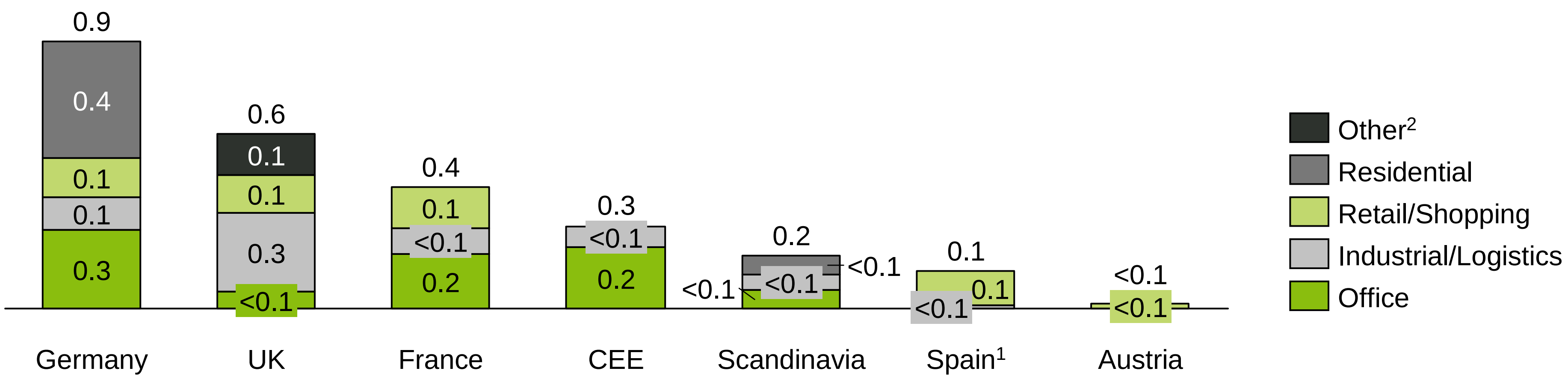


Note: Figures may not add up due to rounding 1 Extensions: 74% (9M 2012) 2 No new commitments since Q2; average LTV: 41% 3 Incl. Hotel, Land, Mixed Use

New Real Estate Finance business by region and property type

By Region and Property Type

9M 2012: EUR 2.5 bn



Note: Figures may not add up due to rounding 1 No new commitments since Q2; average LTV: 41% 2 Incl. Hotel, Land, Mixed Use

New Business

Examples of Real Estate Finance (REF) transactions

O&H Holdings
Office & Retail Portfolio
£ 25 million
Investment Financing
London, UK
July 2012

Blackstone
UK Logistics Portfolio
£ 159 million
Acquisition Financing, Club Deal
pbb acting as Facility and Security Agent
pbb stake £ 53 million
April 2012

ProLogis
European Properties Fund II
Prime Logistics Property
£ 40 million
Investment Financing
Daventry, UK
July 2012

CeGeREAL
Office Portfolio
€ 400 million
Investment Financing, Club Deal
pbb acts as Co-Arranger – pbb stake € 75 million
Paris, France
July 2012

Aviva Investors
CEE Portfolio
€ 148 million
Investment Loan
Club deal arranged by pbb – pbb stake € 74 million
Pan-CEE
June 2012

Invesco Real Estate
Alpha Park II
€ 36 million
Acquisition Financing
France
October 2012

Deutsche Wohnen AG
8.500 Residential Units
€ 285 million
Investment Financing
Germany
August 2012

e-shelter
Datacenter Rüsselsheim
€ 60 million
pbb as Arranger
Germany
August 2012

OFI REIM – FOSCA I Fund
Prime Paris Portfolio
€ 231 million
Investment Loan, Club Deal
pbb as Mandated Lead Arranger –
pbb stake € 46,3 million
Paris, France
April 2012

GLL Real Estate Partners
Roosevelt Office Building
€ 60 million
Refinancing Facility
pbb as Agent & Arranger – pbb stake € 30 million
Budapest, Hungary
March 2012

NLI
Fastigheter Holding AB
Logistics Portfolio
SEK 464 million
Investment Financing
Sweden
August 2012

Hyresbostäder i Sverige II AB
Two residential portfolios
SEK 550 million
Investment Financing
Sweden
September 2012

New Business
REF: Sample transaction (I)
FOSCA I - Paris (France)

Borrower:	FOSCA I with OFI REIM as asset and Fund manager
Facility type:	Portfolio refinancing
Property:	The portfolio consists of 12 mixed-use buildings in Paris, mainly in prime locations – 4 Place de l'Opéra (35% of the total value), Boulevard Haussmann, Rue Saint Honoré, Boulevard Malesherbe, Rue de Rivoli, Rue Saint Lazare, Rue Tronchet. Total area of 67,000 sqm with total rent of EUR 25 mio. Market value of EUR 500 mio.
Property location:	Paris / France
Property type:	Office / Retail
Total loan amount:	EUR 231 mio (pbb as mandated Lead Arranger and 4 French banks as co-Arrangers)
pbb loan amount:	EUR 46.3 mio
Closing date:	April 2012

New Business
REF: Sample transaction (II)
Prologis Daventry (UK)

Borrower:	Prologis European Properties Fund II
Facility type:	Investment financing
Property:	The property in Daventry is a new, 76,000 m² distribution centre let to Tesco Stores Ltd. on a 25 year, full repairing and insuring lease, and is regarded as one of the prime logistics properties in the United Kingdom. It forms part of the Daventry International Rail Freight Terminal (DIRFT) which is ideally placed for both road and rail transportation and distribution. At this location, the M42, M1 and M6 major motorways form the logistics "Golden Triangle" and over 98% of the UK population can be accessed within 4 hours' truck drive. In addition, DIRFT also enjoys direct rail connection, as one of the earliest post-Channel Tunnel road-rail intermodal terminals.
Property location:	Daventry / UK
Property type:	Logistics
Total loan amount:	GBP 40 mio (pbb as Arranger, Sole Lender and Hedge Provider)
Closing date:	June 2012

PIF: Clear definition of targeted asset types and criteria

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Public Investment Finance (PIF)

Clients

- Pfandbrief eligible public borrowers (specific purpose with an asset and/or investment character)
- Pfandbrief eligible publicly guaranteed companies and special purpose entities

Financing of…

Basic Infrastructure

Municipal Facilities

- Social housing
- Administrative buildings
- Education, sports and culture

Health & Age

- Health care
- Hospitals
- Geriatric care

Social Supply

Utilities

- Energy and alternatives
- Water management
- Waste management

Infrastructure & Capital goods

- Road-, train- and air-traffic
- Rolling stock, aircraft and other machinery

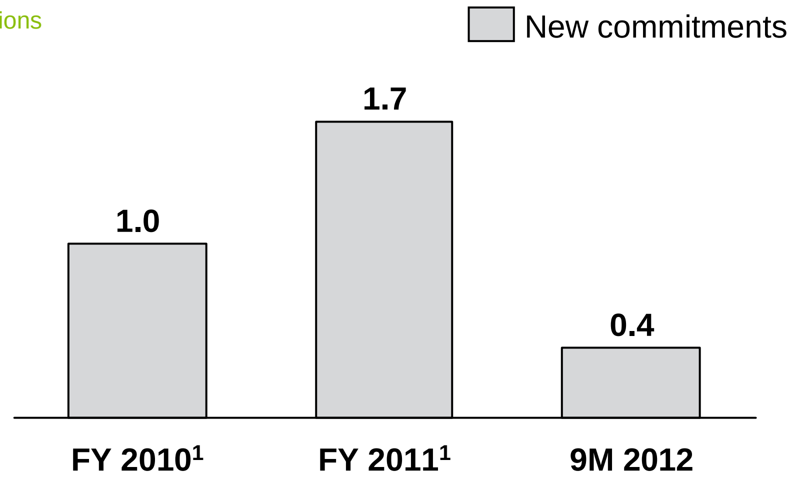
Lending criteria

- Financing on the basis of project cash flows and/or public guarantees or other public warranty
- Clear focus on direct customer/loan business
- Focus on non-sovereign entities (regions, municipalities) without access to capital markets to provide added-value to these customers

PIF: New business focus currently on Germany and France

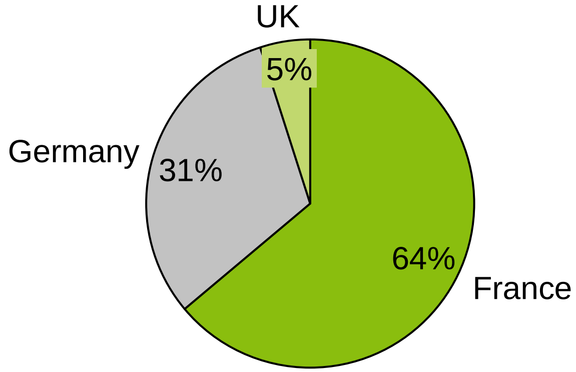
New Business: PIF

EUR billions

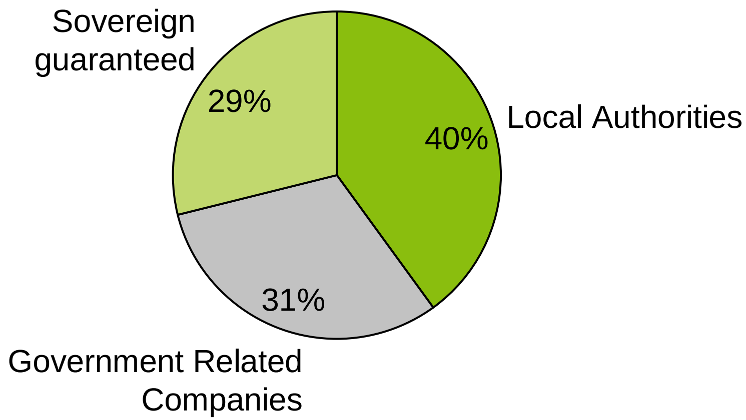


Public Investment Finance	FY 2010[1]	FY 2011[1]	9M 2012
No. of deals	51	42	29
Average maturity	~7.4 yrs	~10.3 yrs	~6.9 yrs
Average gross margin	>100 bp	>105 bp	>140 bp

By Region (9M 2012)



By Counterparty Type (9M 2012)



Note: Figures may not add up due to rounding 1 Incl. EUR 0.2 bn Public Budget Finance (prior to EU decision in July 2011)

New Business
Examples of Public Investment Finance transactions

degewo
€ 90 million
Lender
Germany
October & December 2011

New Administrative Center PPP
€ 27 million
Mandated Lead Arranger
France
December 2011

Paris-Bercy Arena Concession
€ 125 million
Mandated Lead Arranger
France
December 2011

Conseil Général du Finistère
€ 10 million
Lender
France
April 2012

Landeshauptstadt Hannover Neubau von 8 Kindertagesstätten
€ 20 Millionen
Langfristige Finanzierung
Deutschland
Mai 2012

Troyes Hospital
€ 10 million
Lender
France
June 2012

New Business
PIF: Sample transaction
CITY OF HANOVER (GERMANY) – eight child day-care centers

Borrower:	City of Hanover
Facility type:	Long-term financing
Property:	pbb Deutsche Pfandbriefbank provided financing for the building of eight child day-care centres in Hannover, the state capital of Lower Saxony in Germany. The child day-care centers offer places for a total of 745 children. Construction will be completed by mid-2013 and will be carried out according to passive house standards – an exemplary energy saving model. pbb provides funds to the construction company during the construction phase and a long-term financing to the city of Hanover within the operating phase. This long-term funding will be provided as a forfaiting with a waiver of objections to receive conditions similar to public sector loans. pbb will then purchase the receivables against the city of Hanover that result from the construction contract between the city and the construction company.
Property location:	Hanover / Germany
Property type:	Child day-care centres
Total loan amount:	EUR 20 mio (pbb as lender)
Closing date:	May 2012

Manuela Better

Strict Portfolio Monitoring after De-Risking

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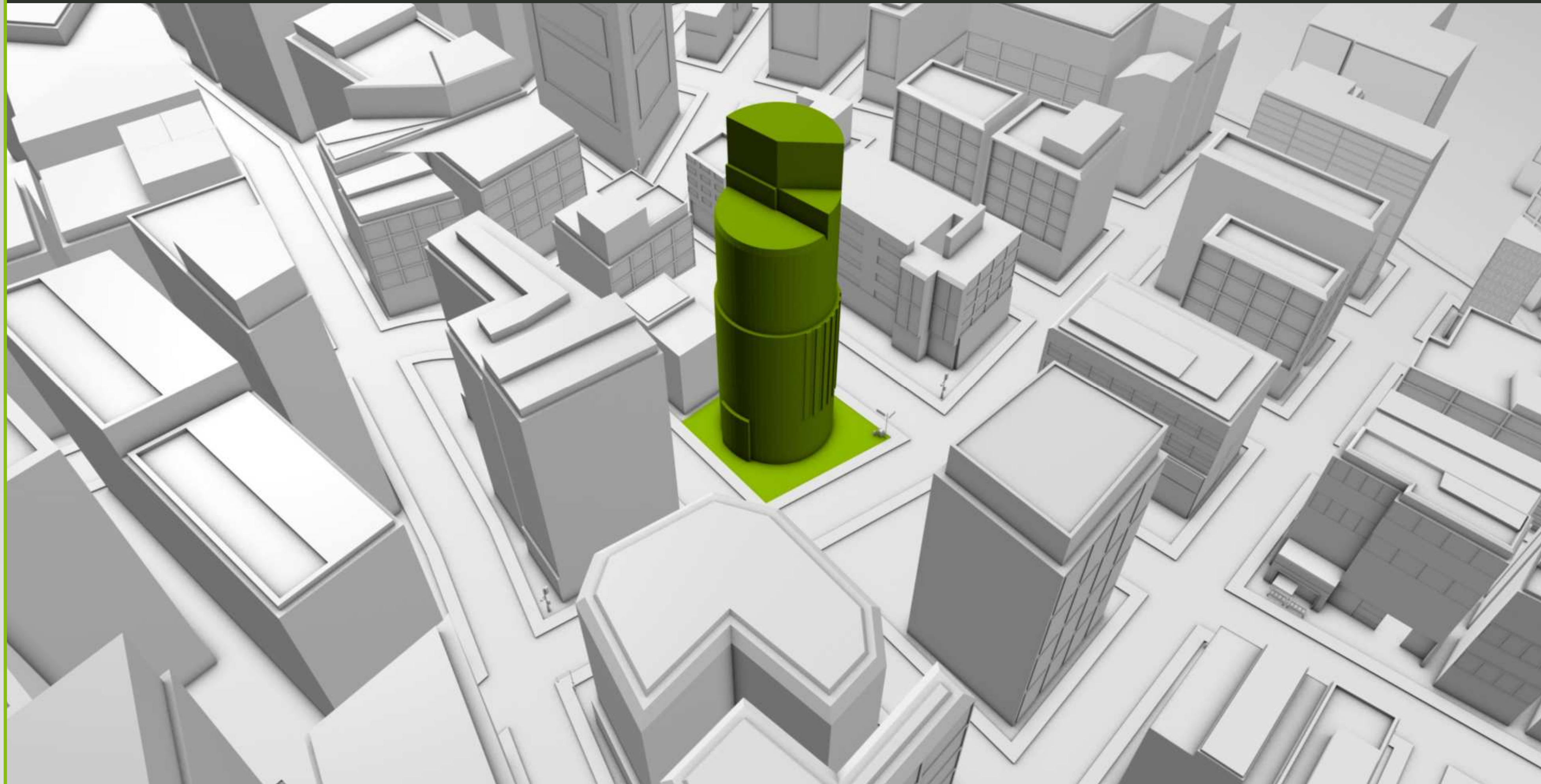

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Portfolio
pbb's good portfolio quality maintained during the ongoing sovereign crisis

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- Portfolio developing according to pbb's strategy with focus on Germany and other core European markets
- Good credit quality of pbb's REF and PIF portfolio maintained during the ongoing sovereign debt crisis:
  – Non-REF: high level of credit quality (~65% of portfolio rated AAA to AA+)
  – REF: clear focus on investment loans, stable markets and limited LTVs
- Problem loan exposure continues on low level and is adequately covered
- Exposure to Portugal, Spain and Italy reduced through to active management as well as maturities:
  – Reduction of Italian sovereign exposure by more than 50% during 2012
  – Countries "in focus" are closely monitored and exposures reduced or restructured where possible
- Exposure to FMS-WM (Non-Core Portfolio) further decreasing, remainder mainly relates to back-to-back derivatives

Total Portfolio
pbb significantly de-risked

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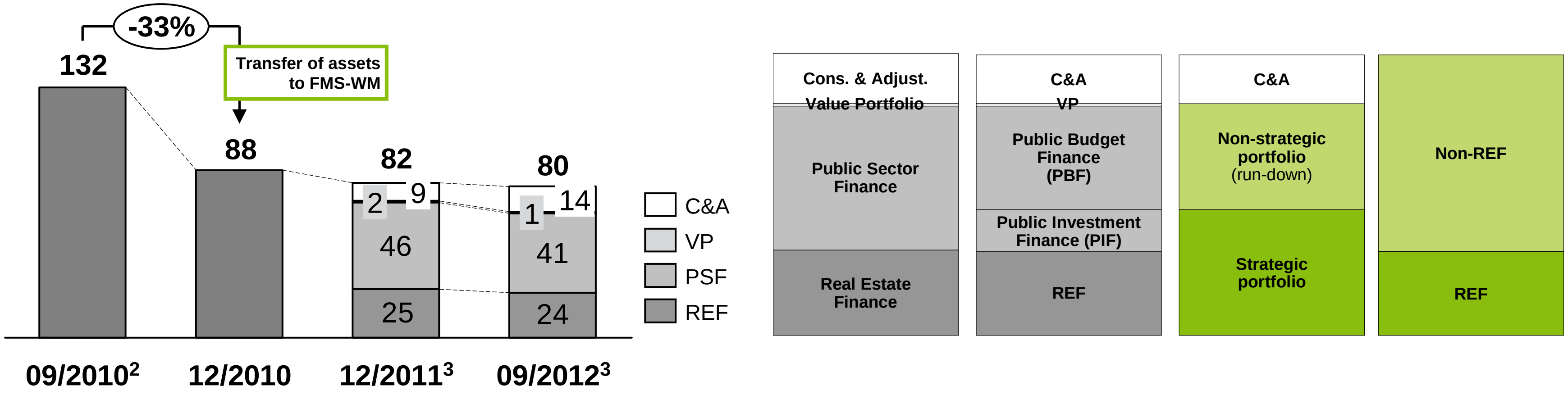
Total Portfolio
EUR billions (EaD)[1]



- Total portfolio (EaD) further declining – maturities in the existing portfolio higher than new business volumes
- In the future, portfolio growth in strategic business areas REF and PIF expected to largely compensate mid-term for run-down of Public Budget Finance
- Non-lending business exposure (e.g. assets for bank steering and asset-liability management purposes) recently separated into C&A (‘Consolidation&Adjustments’), providing for a better transparency

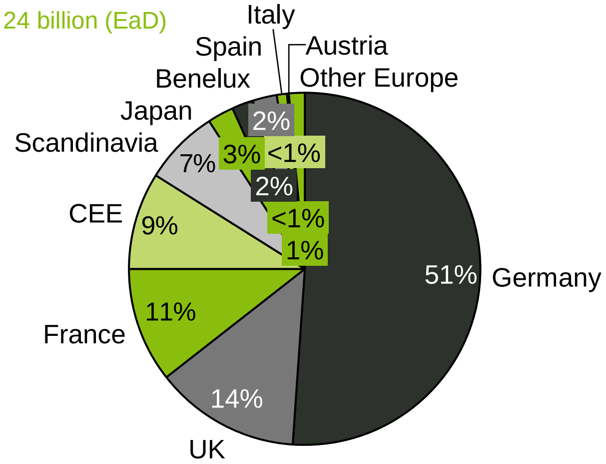
Note: Figures may not add up due to rounding
1 Excl. FMS-WM guaranteed exposure, back-to-back derivatives and pass-through funding
2 Excl. intra-group exposure
3 Incl. FMS-WM bonds (09/2012: EUR 1.3 bn; 12/2011: EUR 3.0 bn)

Real Estate Portfolio

Focus on investment loans, less volatile real estate markets and sub-sectors – comparably high credit quality of real estate loans

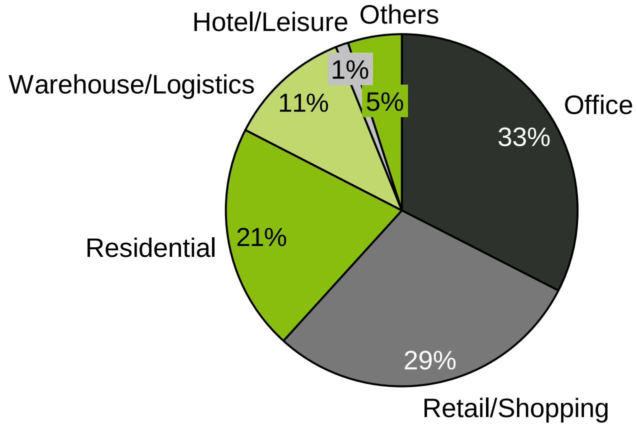
Regions

30/09/2012: EUR 24 billion (EaD)



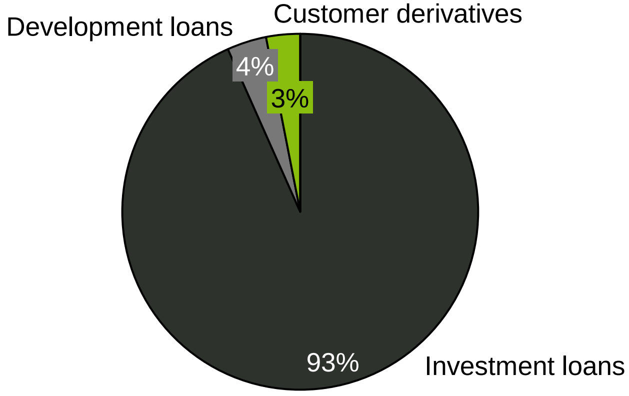
Property Types

30/09/2012: EUR 24 billion (EaD)



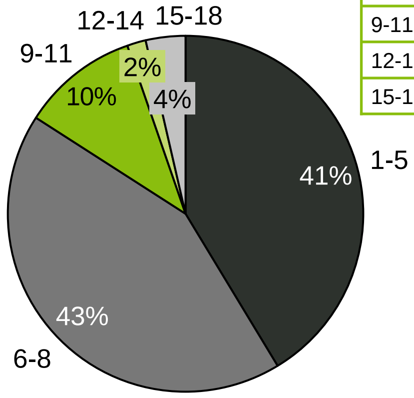
Loan Types

30/09/2012: EUR 24 billion (EaD)



EL Classes

30/09/2012: EUR 24 billion (EaD)

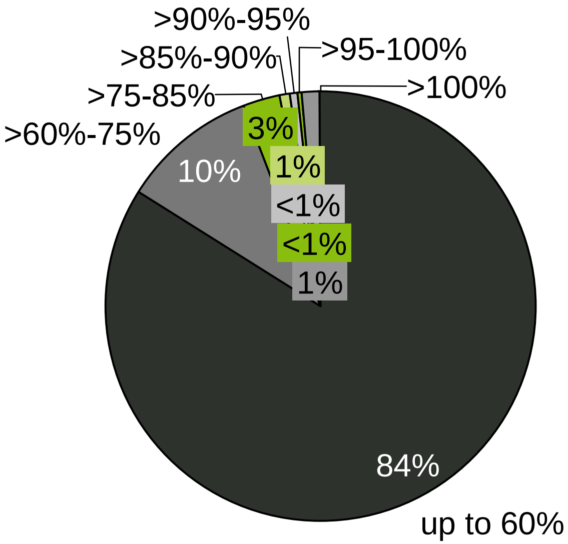


EL class	S&P rating scale
1-5	AAA to A-
6-8	BBB+ to BBB-
9-11	BB+ to BB-
12-14	B+ to B-
15-18	CCC+ and below

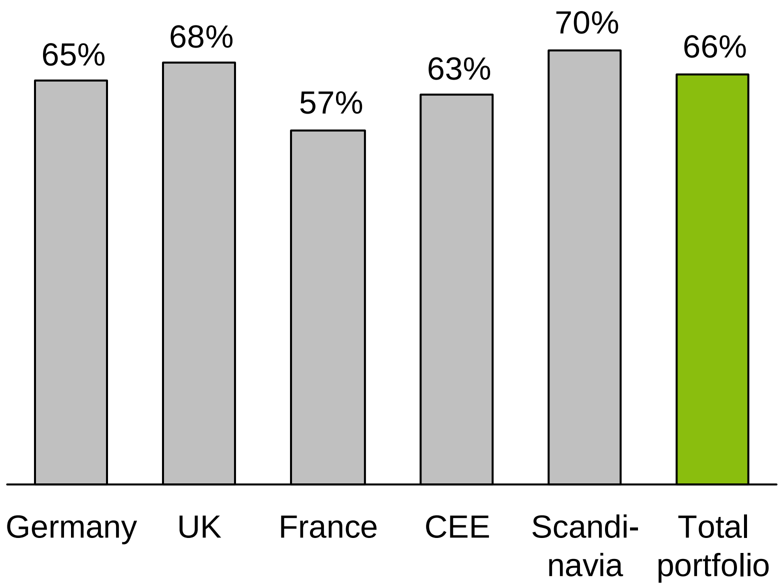
Note: Figures may not add up due to rounding

Real Estate Portfolio
More than 80% of loan volume with LTVs ≤60%

Layered LTV Classes
30/09/2012: EUR 22 billion (Commitments)[1]



Avg. Weighted LTVs by Regions
30/09/2012: EUR 22 billion (Commitments)[1]



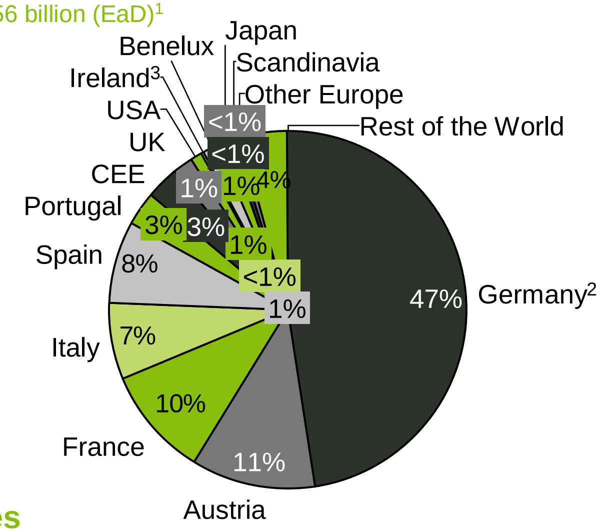
Note: Figures may not add up due to rounding 1 Only investment loans, excl. derivatives; deals virtually tranched in different LTV classes

Non-Real Estate Portfolio

Portfolio well diversified and of high quality with ~65% in PD classes 1+2 (AAA and AA+)

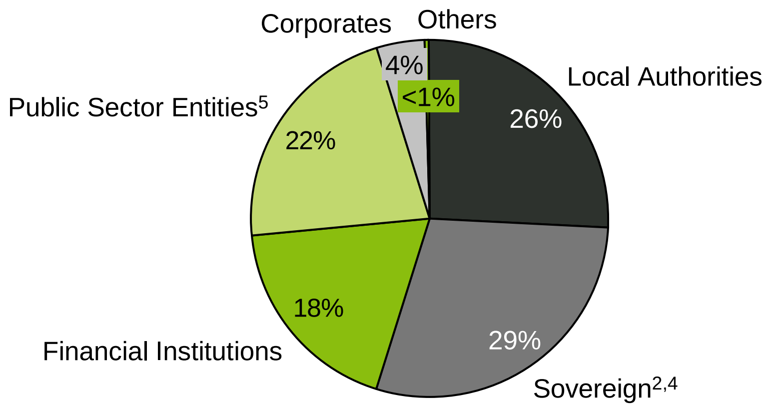
Regions

30/09/2012: EUR 56 billion (EaD)[1]



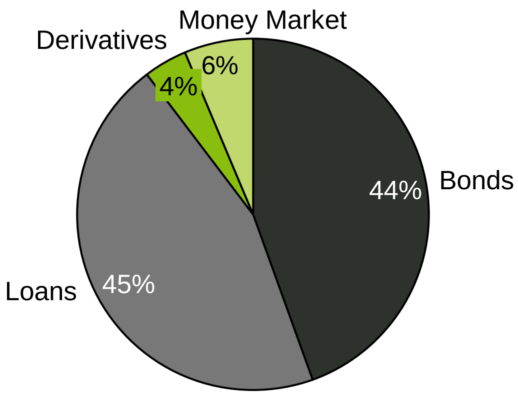
Counterparty Types

30/09/2012: EUR 56 billion (EaD)[1]



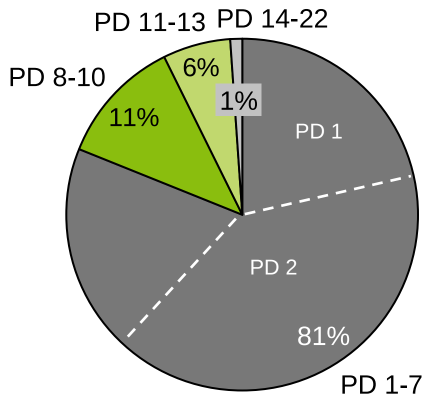
Product Types

30/09/2012: EUR 56 billion (EaD)[1]



PD Classes

30/09/2012: EUR 56 billion (EaD)[1]



PD class	S&P rating scale
1-7	AAA to A-
8-10	BBB+ to BBB-
11-13	BB+ to BB-
14-22	B+ to B-
23-27	CCC+ to CCC-
28-30	D

Note: Figures may not add up due to rounding

1 Excl. FMS-WM guaranteed exposure, back-to-back derivatives and pass-through funding

2 Incl. accounts with German Central Bank (EUR 6.3 bn)

3 Only exposure to other entities of HRE Group

4 Incl. Government Related Companies/Institutions (e.g. airports, healthcare, private/public education, water/sewage)

5 Entities with explicit or implicit financial support from tax-raising authority

Non-REF Portfolio

Exposure to peripheral European countries continuously reduced – exposure to sovereign Italy will be halved during the course of 2012

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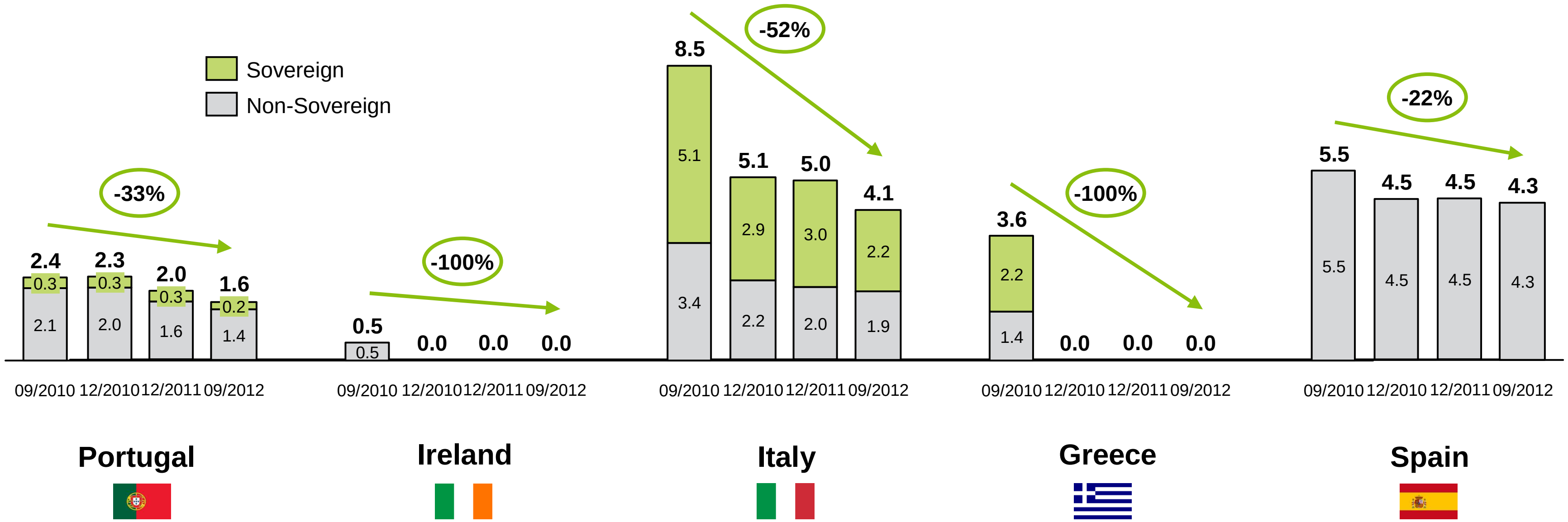
Non-REF: Exposure in Selected Countries by Counterparty Types

EUR billions (EaD)[1]

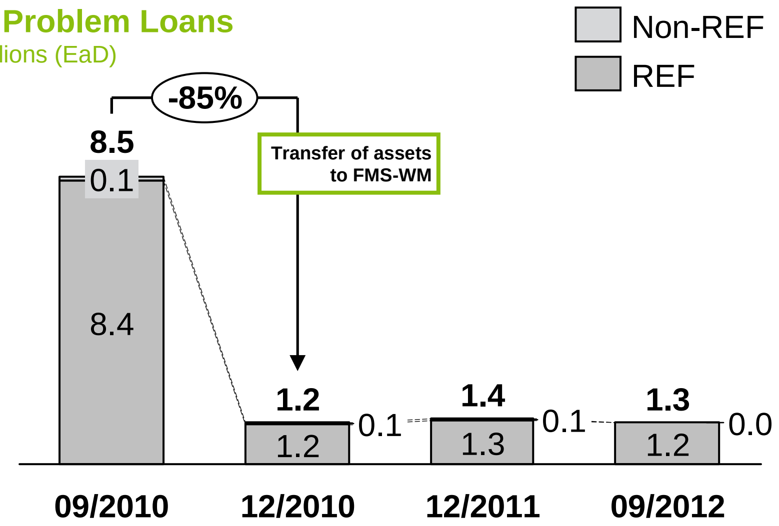


- Total exposure to southern European peripheral countries considerably reduced since beginning of the year due to maturities and active portfolio management
- No Sovereign exposure to Ireland, Greece and Spain
- Sovereign exposure to Italy expected to decline further by year-end 2012, given maturities of EUR 0.8 bn

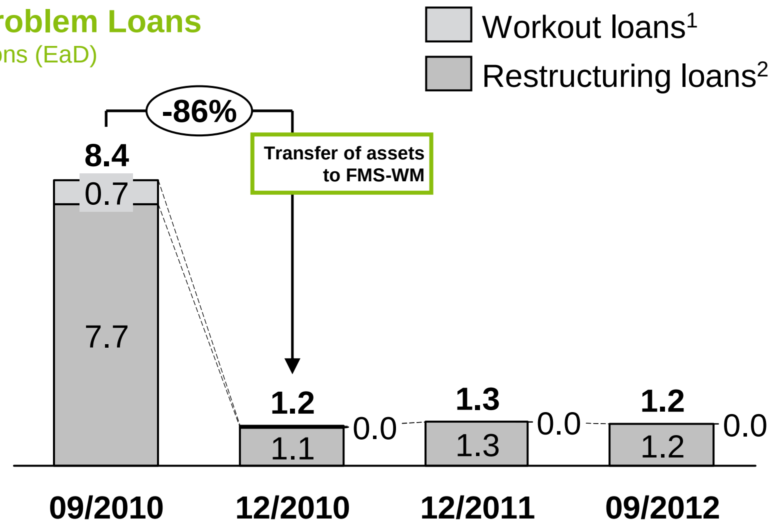
Note: Figures may not add up due to rounding 1 Excl. FMS-WM and exposure to other entities of HRE Group

Problem Loan Portfolio
Total problem loans continue to stay on low level

Total Problem Loans
EUR billions (EaD)

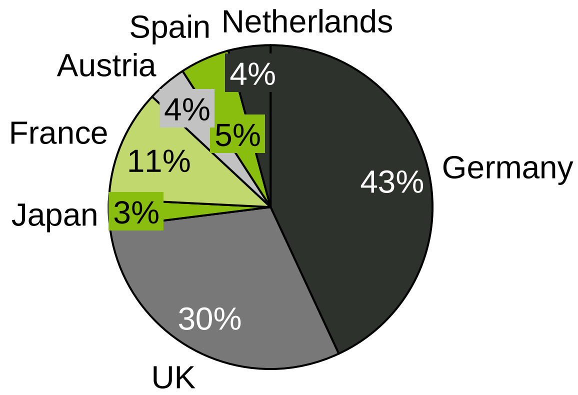


REF Problem Loans
EUR billions (EaD)



- Total problem loans significantly reduced due to asset transfer to FMS-WM
- Remaining problem loans stay on low level (30/09/2012: EUR 1.3 bn/82 individual cases) and are adequately covered:
  - Non-REF (EUR 25 mio): ~72%
  - REF (EUR 1.2 bn): ~27%

REF Problem Loans by Regions
EUR billions (EaD)



Note: Figures may not add up due to rounding
1 No signs that the deal will recover soon, compulsory measures necessary
2 Payments more than 90 days overdue or criteria acc. to respective policy apply

Wolfgang Groth

Successful Funding Activities and Re-Establishment of pbb as Issuer in the Capital Markets

PUBLIC SECTOR FINANCE
REAL ESTATE FINANCE

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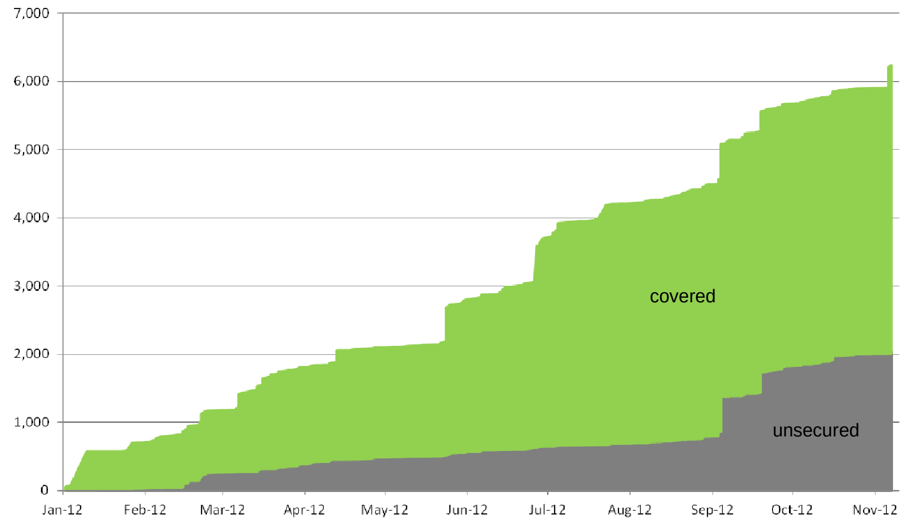
pbb Banks' Day 2012, 19th November 2012

Funding
Successful funding activities in 2012

- Successful funding activities topped 2012 targets with a YTD long-term funding volume of more than EUR 6.2 bn[1]
- Evenly spread between a strong number of private placements and re-establishment as frequent benchmark issuer
- Issued 3 Mortgage Pfandbriefe in Euro benchmark format and tapped 3 issues
- GBP Mortgage Pfandbrief issued in Q4 2012
- First unsecured benchmark issued since 2007
- New funding volumes and average tenors perfectly match 2012 new business targets
  - av. tenor covered: 7.5yrs
  - av. tenor unsecured: 4.2yrs

New Long-Term Funding Volumes 2012 YTD[1]
EUR billions

	secured	unsecured	Total	
Public issuances[2]	2.287	0.750	**3.037**	48%
Private placements	1.918	1.308	**3.225**	52%
Total	**4.205**	**2.058**	**6.262**	100%
	67%	33%		



1 Excl. money market and ECB repo transactions 2 Excl. money market and ECB repo transactions

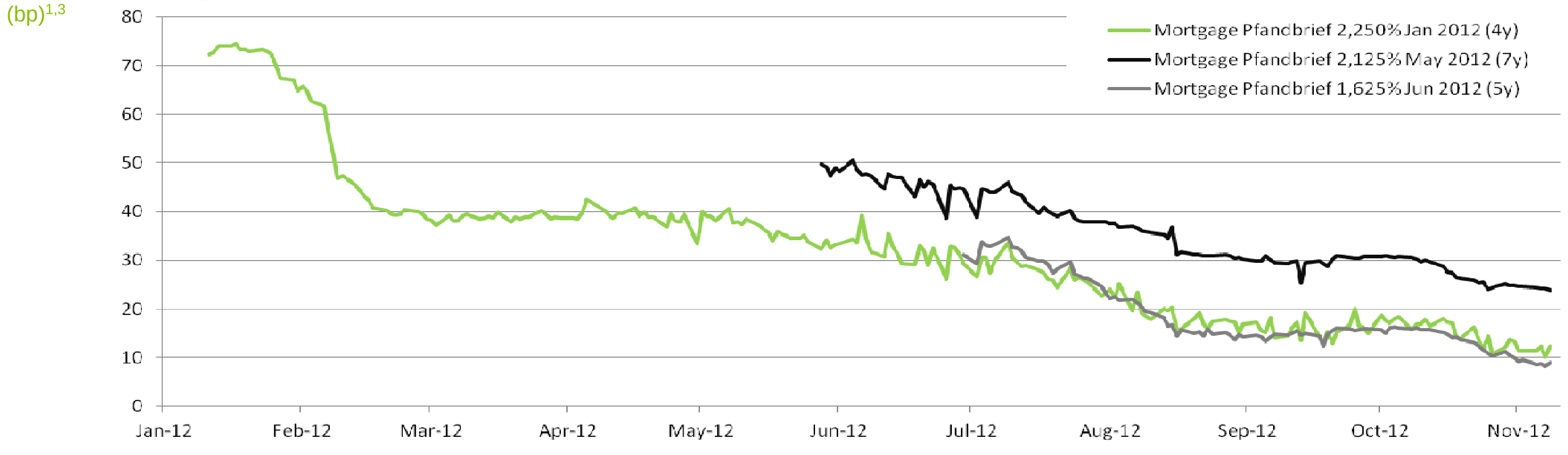
Funding

All Pfandbrief benchmark issues with good performance

Public Benchmark Pfandbrief Issuances 2012

		Launch date	Maturity	Volume	Spread[1]	Coupon	Issue/reoffer price
Mortgage Pfandbrief	A1K0RS	10.01.2012	18.01.2016	EUR 500 mio	+75bp	2.250%	99.970%
Mortgage Pfandbrief (1. Tap)[2]	A1EWJU	22.02.2012	06.10.2016	EUR 100 mio	+57bp	2.625%	102.579%
Mortgage Pfandbrief (1. Tap)	A1K0RS	07.03.2012	18.01.2016	EUR 175 mio	+48bp	2.250%	101.904%
Mortgage Pfandbrief	A1MLUW	24.05.2012	03.06.2019	EUR 500 mio	+60bp	2.125%	99.800%
Mortgage Pfandbrief	A1PGTJ	27.06.2012	04.07.2017	EUR 500 mio	+38bp	1.625%	99.433%
Mortgage Pfandbrief (1. Tap)	A1MLUW	23.07.2012	03.06.2019	EUR 200 mio	+40bp	2.125%	102.806%
Mortgage Pfandbrief	A1PG3M	06.11.2012	20.12.2019	GBP 250 mio	+90bp[4]	1.875%	99,641%

Spread Developments Pfandbriefe

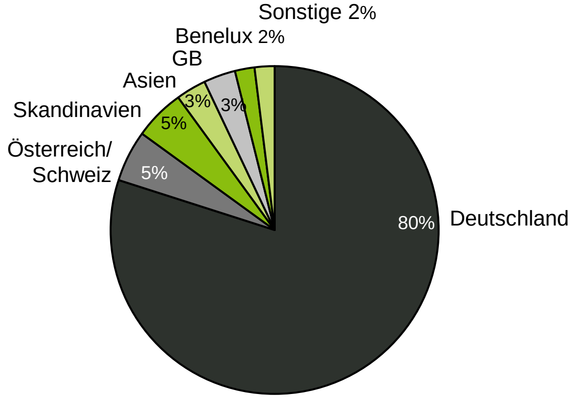


1 vs. mid-swap 2 Tap of an initially EUR 500 mio issue from 06.10.2011 3 Source: Bloomberg 4 vs. UK Gilts

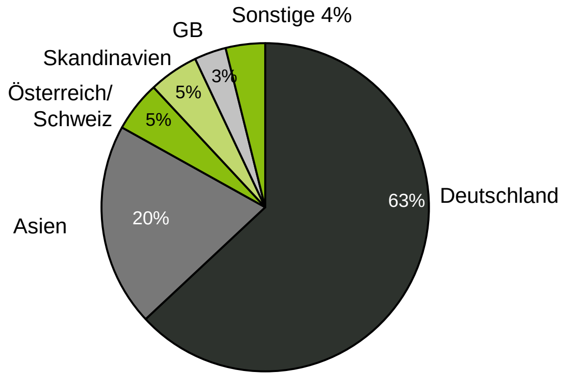
Funding
Successful re-entry in the capital market with high quality orderbooks

- pbb benefited from „the flight to quality“ and the strong demand for the German Pfandbrief
- Orderbooks of the last two benchmark transactions considerably oversubscribed
  - 7y Mortgage Pfandbrief 05/2019 EUR 1.3 bn with 84 accounts
  - 5y Mortgage Pfandbrief 07/2017 EUR 1.3 bn with 86 accounts
- Well diversified investor base
  - Lions‘ share based in Germany (80% and 63%)
  - Increasing demand from Asian investors and sovereign wealth funds

7y Mortgage Pfandbrief 05/2019 (May 2012)



5y Mortgage Pfandbrief 07/2017 (June 2012)



Funding

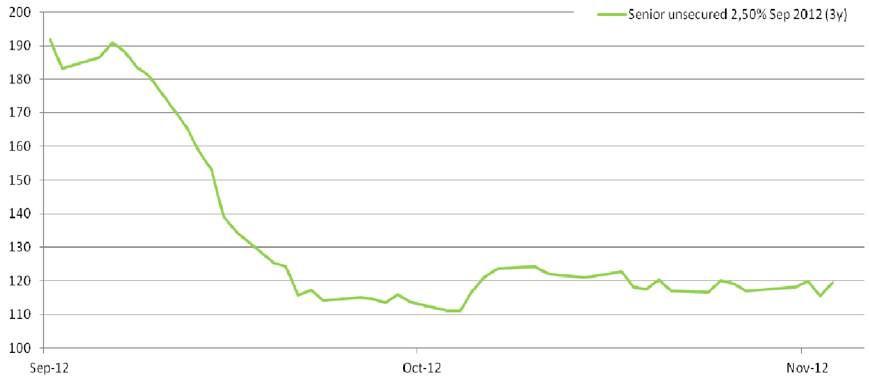
The first unsecured benchmark issue was well received, successfully tapped and showed a strong performance in the secondary market

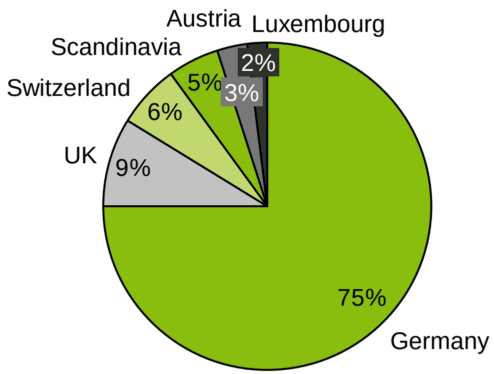
Public Unsecured Benchmark Issuance 2012

Type	WKN	Launch date	Maturity	Volume	Spread[1]	Coupon	Issue/reoffer price
Senior Unsecured	A1PG3A	04.09.2012	11.09.2015	EUR 500 mio	+195bp	2.500%	99.852%
Senior Unsecured (1. Tap)	A1PG3A	19.09.2012	11.09.2015	EUR 250 mio	+168bp	2.500%	100.603%

Spread Development Senior Unsecured Benchmark

(bp)[1,2]





- pbb's first senior unsecured benchmark since 2007 marks a further milestone in the re-establishment of the bank
  - Initial issuance of an EUR 500 mio (3y) senior unsecured benchmark bond in September at ms +195bp
  - 121 accounts
  - High granularity with average order size of EUR ~4 mio
  - Strong investor base in Germany (75%), rest diversified in Europe
  - Not only larger banks (44%) attracted, but also smaller retail banks and funds
  - Meanwhile, issue has even been successfully tapped by EUR 250 mio (ms +168bp)

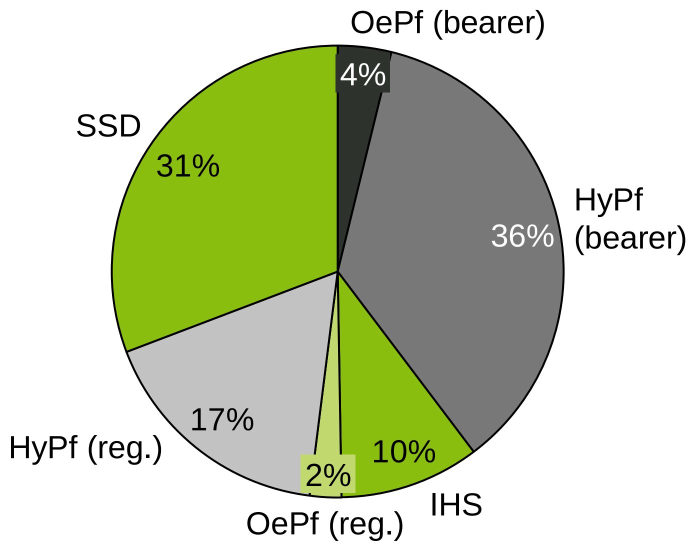
1 vs. mid-swap 2 Source: Bloomberg

Strong activity in the private placement market

- Private placement market is an important pillar of pbb's refinancing - approx. half of funding is done through PPs
- Evenly split between registered and bearer bonds
- Long average tenor of registered Pfandbriefe
- In 2012, only minor portion in Public Sector Pfandbriefe
- SSD market - with its special characteristics - plays a major role in unsecured funding
  - Well diversified, broad investor base
  - Small ticket size
  - Mainly domesticly driven
- High flexibility regarding tailor-made structures (starting with a volume of Euro 3 mio)
  - FRN, leveraged, collared
  - Zero, step-up coupon
  - Callables (currently no putable structures)
  - CMS-linked, CMS Spread, amortizing issues

Private Placements YTD

	Type	Volume[1]	Trades	av. size[2]	av. tenor[3]
Pfandbriefe[4]	Bearer	1.281	56	22.9	3.2
	Registered	637	36	17.7	22.9
Unsecured	Bearer	324	22	14.7	3.5
	Registered	983	164	6.0	5.3
Total		**3.225**	**278**	**11.6**	**7.7**

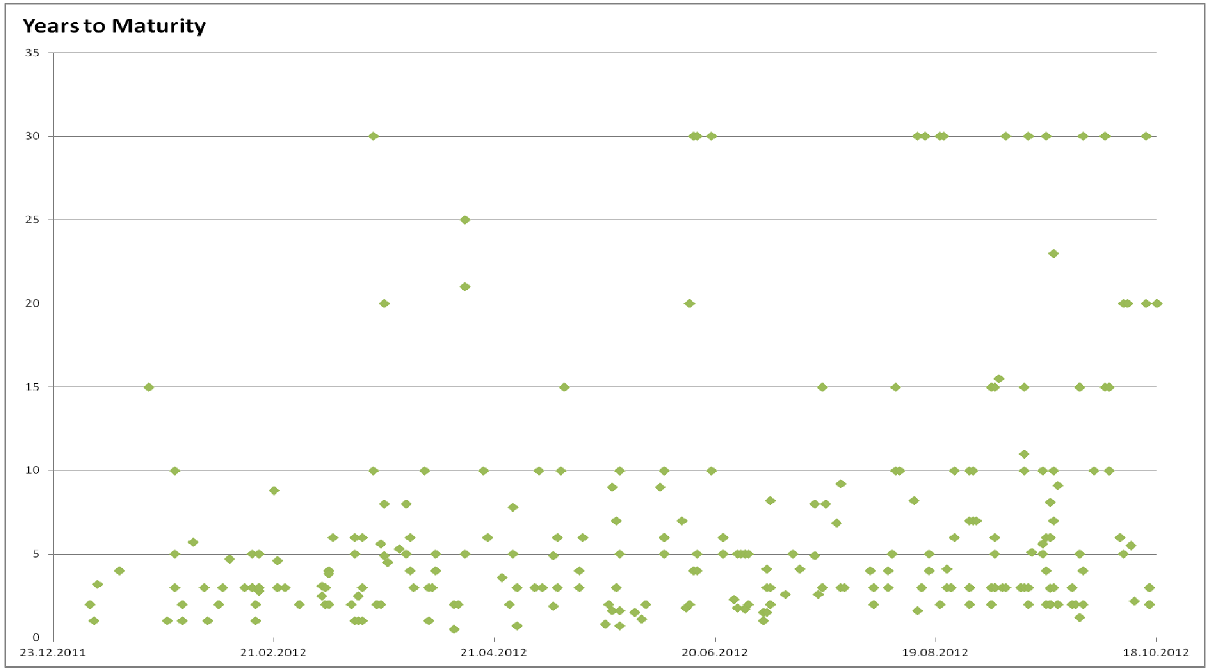


1 EUR billions 2 EUR millions 3 in years 4 Mortgage and Public Sector Pfandbriefe

Funding
Individual tickets

Diversification in the Number of Transactions

- High number of tickets
- Different in size and maturity
- Issuance up to 30 years
- Main term mirrors the term of the assets



Private placement levels

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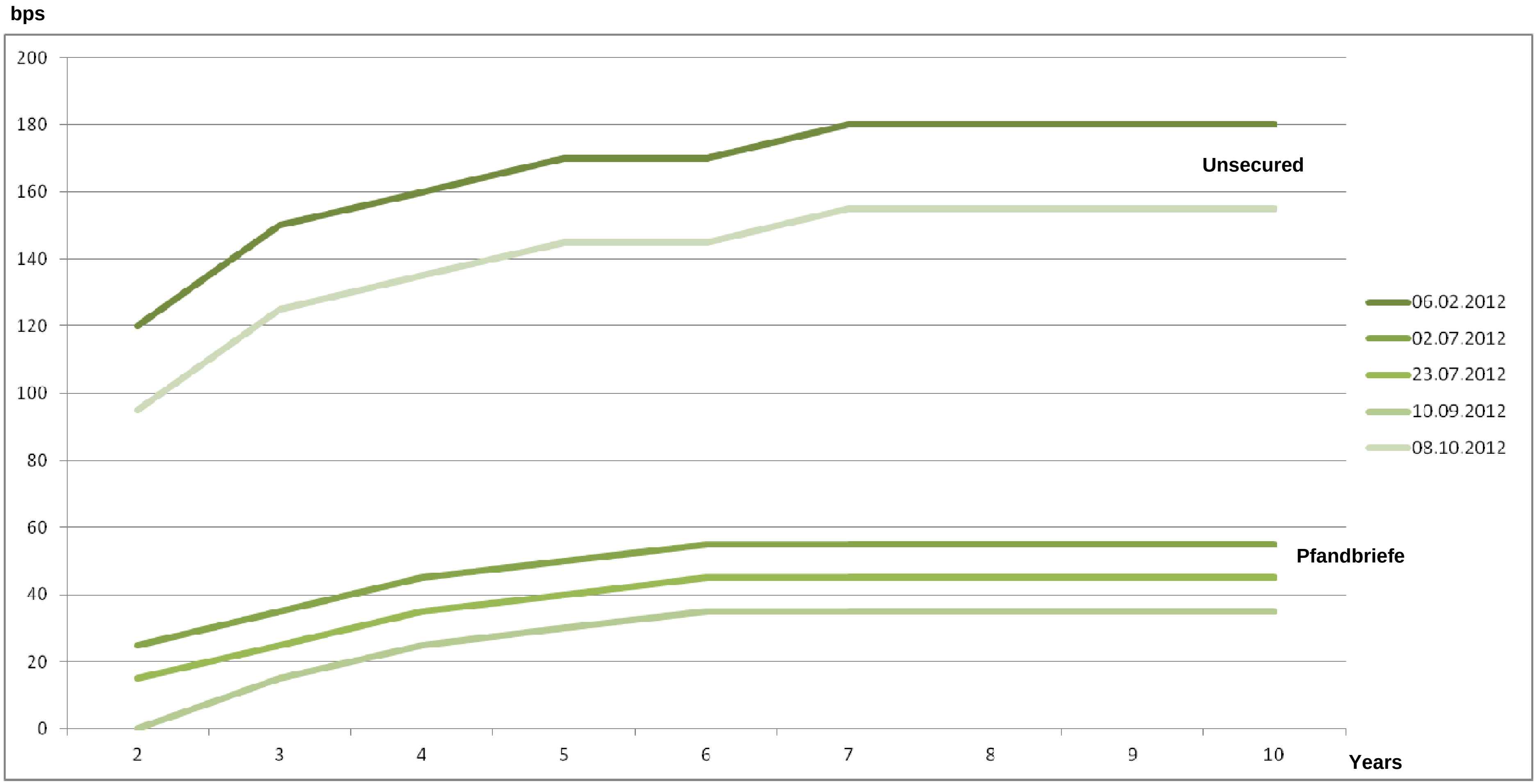
Private Placement Levels Reduced Several Times in 2012



Cover Pools
Mortgage cover pool

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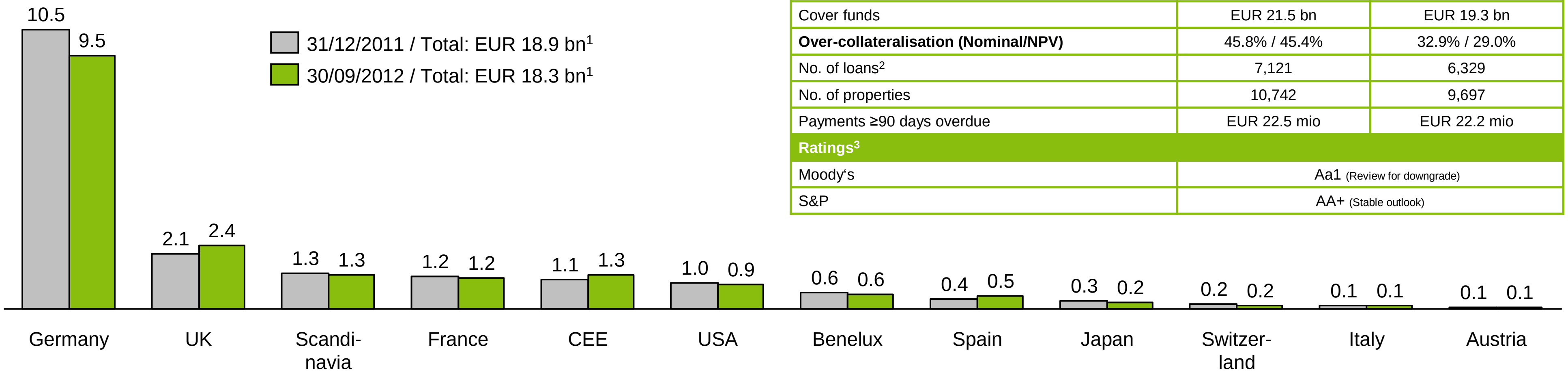
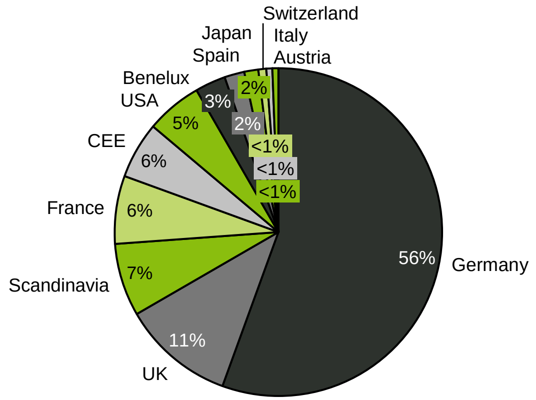
Cover Funds by Region
EUR billions (Nominal)

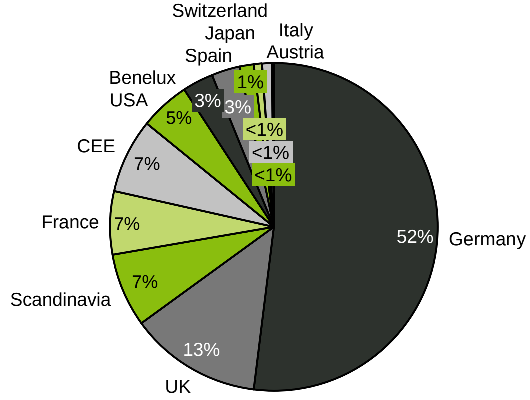


Mortgage cover pool (Nominal)	31/12/2011	30/09/2012
Pfandbriefe outstanding	EUR 14.7 bn	EUR 14.5 bn
Cover funds	EUR 21.5 bn	EUR 19.3 bn
Over-collateralisation (Nominal/NPV)	45.8% / 45.4%	32.9% / 29.0%
No. of loans[2]	7,121	6,329
No. of properties	10,742	9,697
Payments ≥90 days overdue	EUR 22.5 mio	EUR 22.2 mio
Ratings[3]		
Moody's	Aa1 (Review for downgrade)	
S&P	AA+ (Stable outlook)	

31/12/2011



30/09/2012

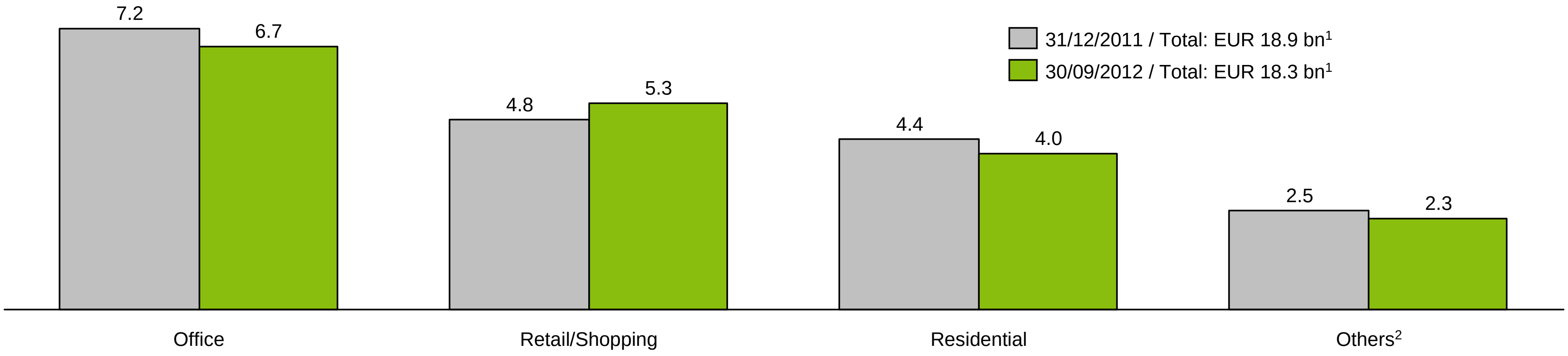


Note: Figures may not add up due to rounding
1 Excl. additional cover assets (substitute collateral)
2 Excl. derivatives

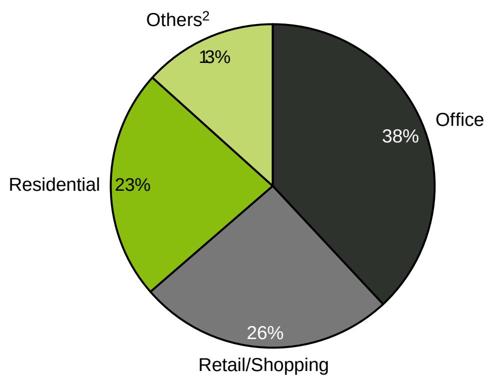
3 On 09/08/2012, pbb ended Fitch's mandate for Mortgage Pfandbriefe and has asked Fitch to withdraw the rating. The rating agency subsequently put the rating under review for possible downgrade and withdrew the rating on 28/09/2012 downgrading the Mortgage Pfandbriefe to AA (previously AA+).

Cover Pools
Mortgage cover pool

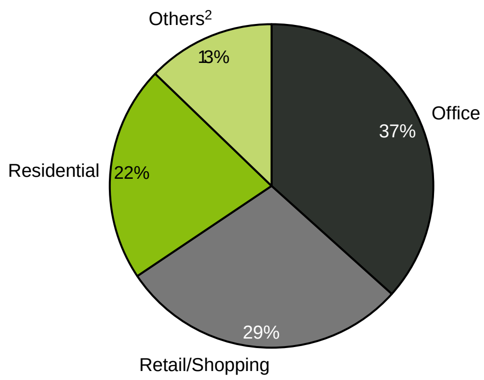
Cover Funds by Property Type
EUR billions (Nominal)



31/12/2011



30/09/2012



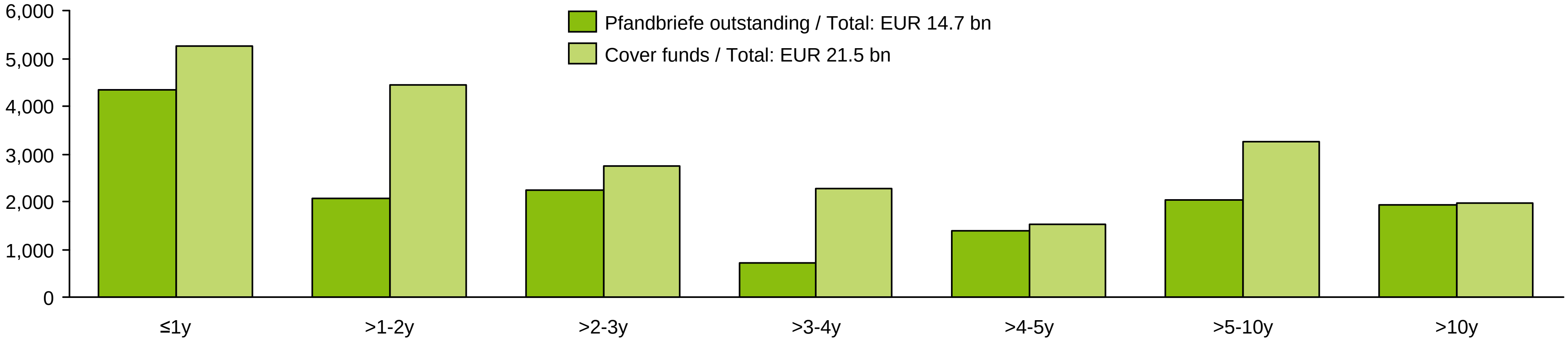
Note: Figures may not add up due to rounding 1 Excl. additional cover assets (substitute collateral) 2 Incl. Warehouse/Logistics

Mortgage cover pool

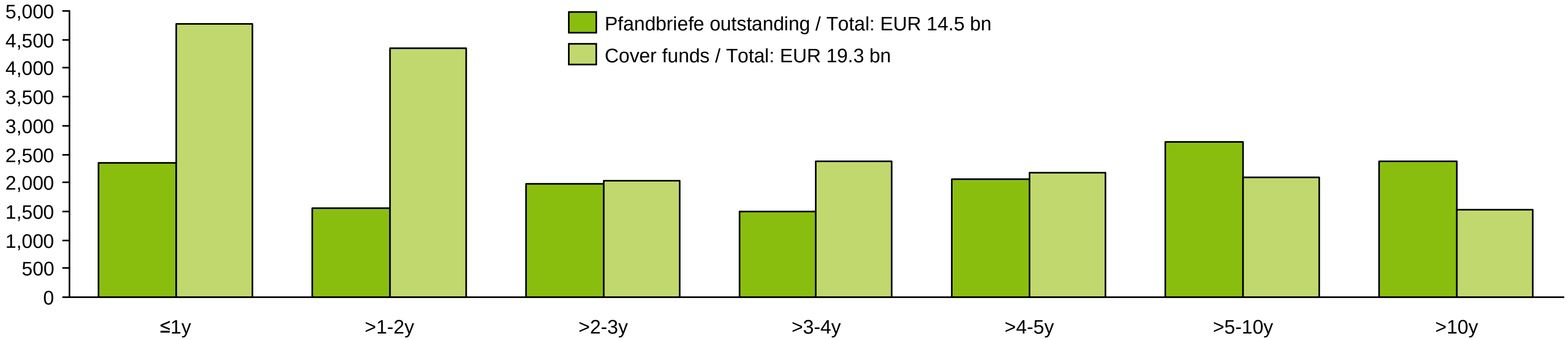
DEUTSCHE PFANDBRIEFBANK

Maturity Profile[1]

31/12/2011: EUR millions (Nominal)



30/09/2012: EUR millions (Nominal)



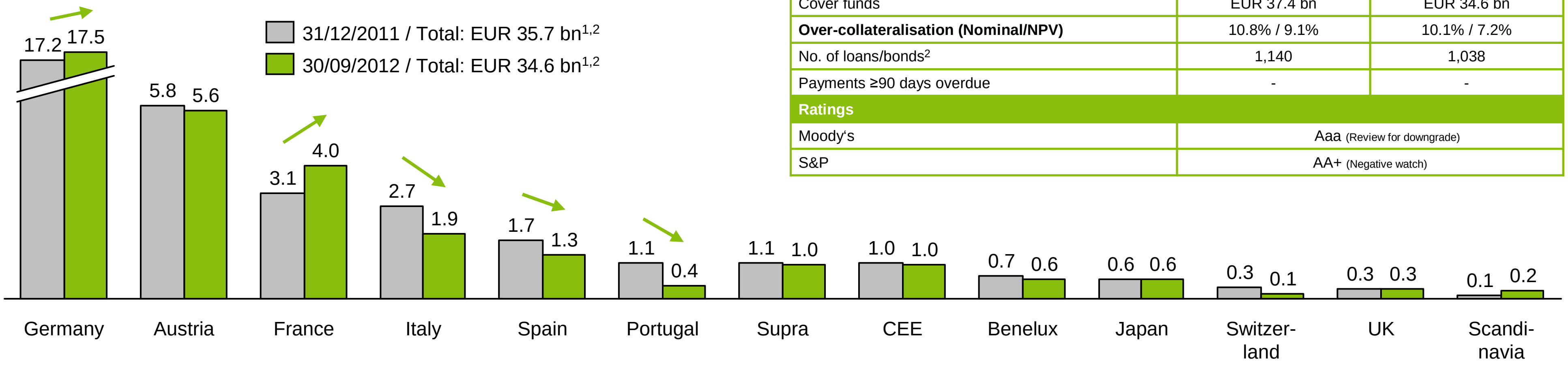
Note: Figures may not add up due to rounding 1 Assets to interest reset date; liabilities to legal maturity

Cover Pools

Public Sector cover pool: Cover pool quality considerably improved due to active cover pool management

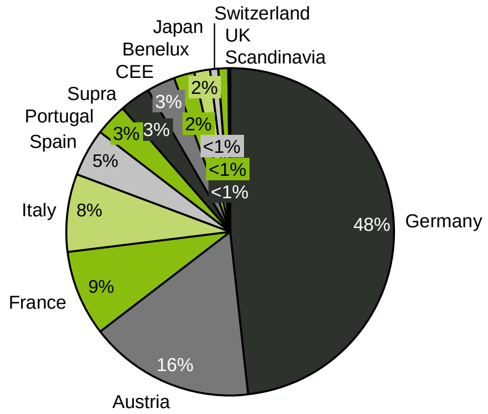
Cover Funds by Region

EUR billions (Nominal)

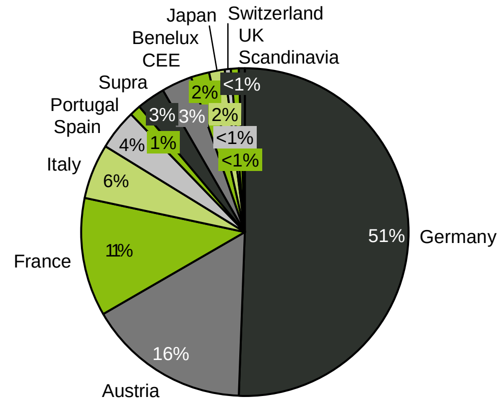


Public Sector cover pool (Nominal)	31/12/2011	30/09/2012
Pfandbriefe outstanding	EUR 33.7 bn	EUR 31.4 bn
Cover funds	EUR 37.4 bn	EUR 34.6 bn
Over-collateralisation (Nominal/NPV)	10.8% / 9.1%	10.1% / 7.2%
No. of loans/bonds[2]	1,140	1,038
Payments ≥90 days overdue	-	-
Ratings		
Moody's	Aaa (Review for downgrade)	
S&P	AA+ (Negative watch)	

31/12/2011



30/09/2012



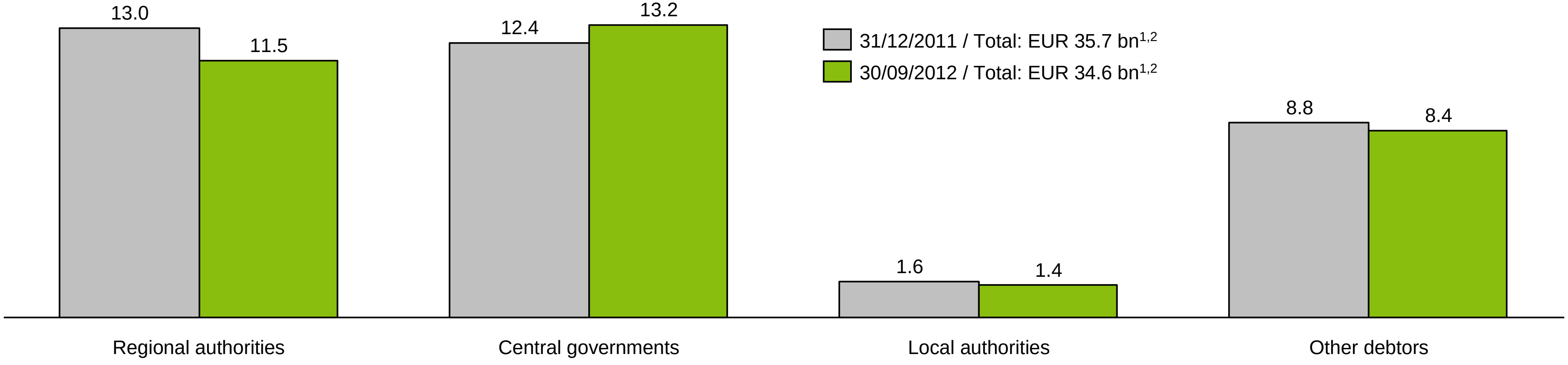
Note: Figures may not add up due to rounding 1 Excl. additional cover assets (substitute collateral) 2 Excl. derivatives

Cover Pools

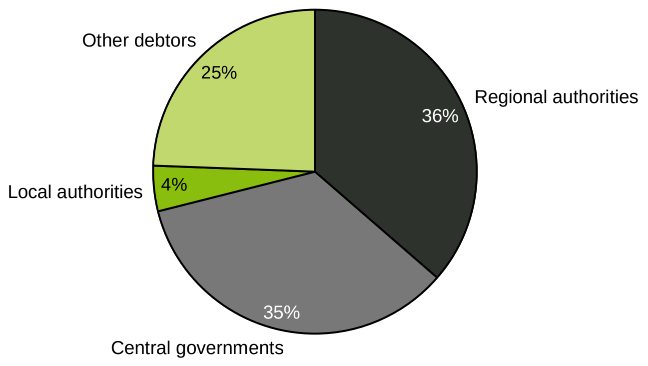
Public Sector cover pool

Cover Funds by Counterparty Type

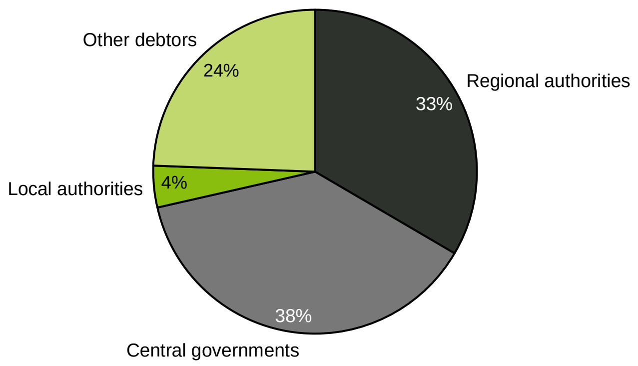
EUR billions (Nominal)



31/12/2011



30/09/2012



Note: Figures may not add up due to rounding 1 Excl. additional cover assets (substitute collateral) 2 Excl. derivatives

Public Sector cover pool

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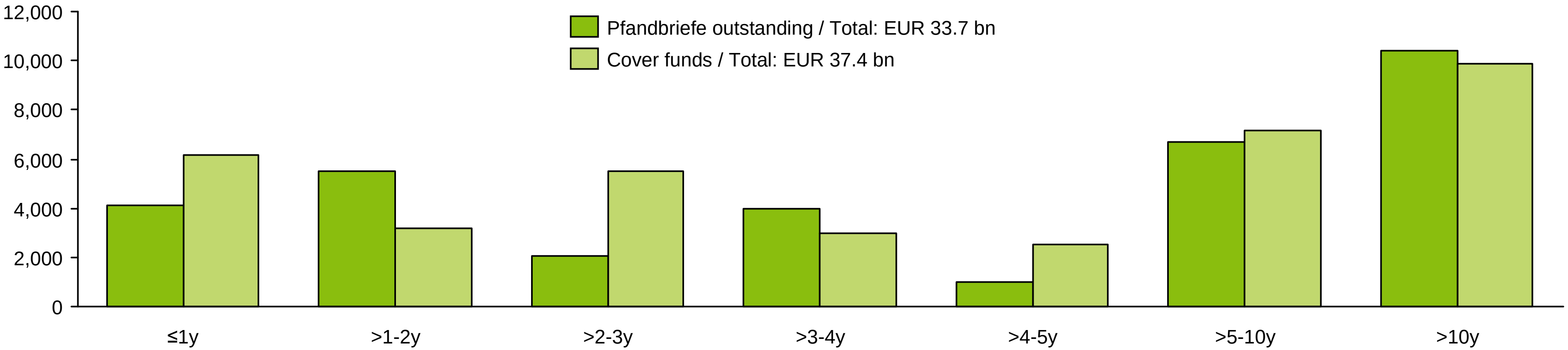
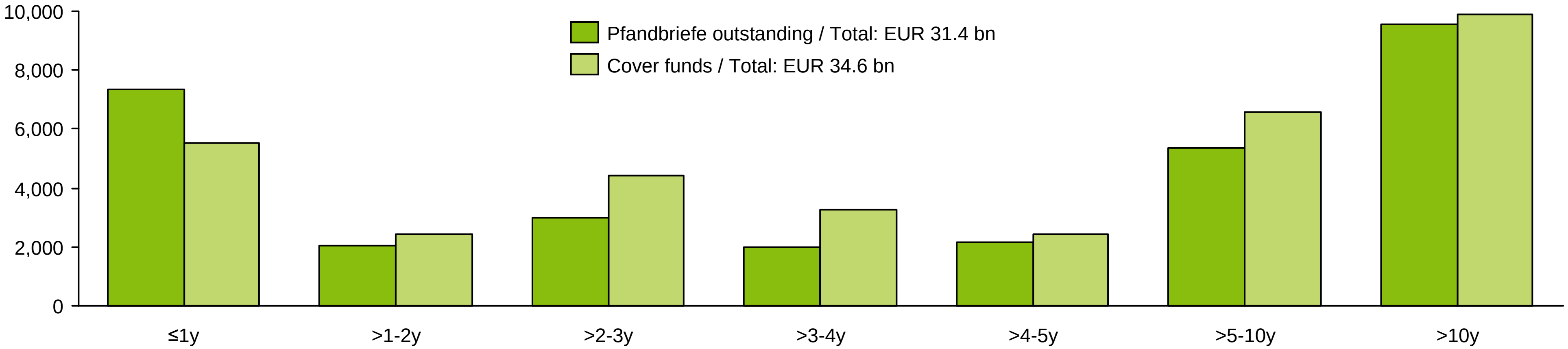
Maturity Profile[1]

31/12/2011: EUR millions (Nominal)



30/09/2012: EUR millions (Nominal)



Note: Figures may not add up due to rounding   1 Assets to interest reset date; liabilities to legal maturity

Next steps, targets and needs in 2013

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Pfandbrief funding	▪ Funding volume in 2013 determined by new business volumes ▪ Well balanced ALM profile supports funding strategy ▪ Successful pre-funding in the current year ▪ Approx. four Mortgage Pfandbrief benchmark transactions ▪ Carefully watching market environment concerning public sector Pfandbrief in benchmark format depending on newly originated public sector business ▪ Further strengthening of the importance of Private Placements
Unsecured	▪ Similar unsecured volumes as in 2012 ▪ Further benchmark transaction planned subject to market conditions ▪ Diversification through small-ticket-sized SSD market ▪ Alternative sources to broaden funding base
Currencies	▪ Currency-congruent refinancing ▪ Further need of GBP and SEK funding concerning Mortgage Pfandbriefe ▪ Public Sector will require GBP and only minor USD funding ▪ Unsecured funding will be taken in various currencies

Diversification of funding sources and broadening of investor base

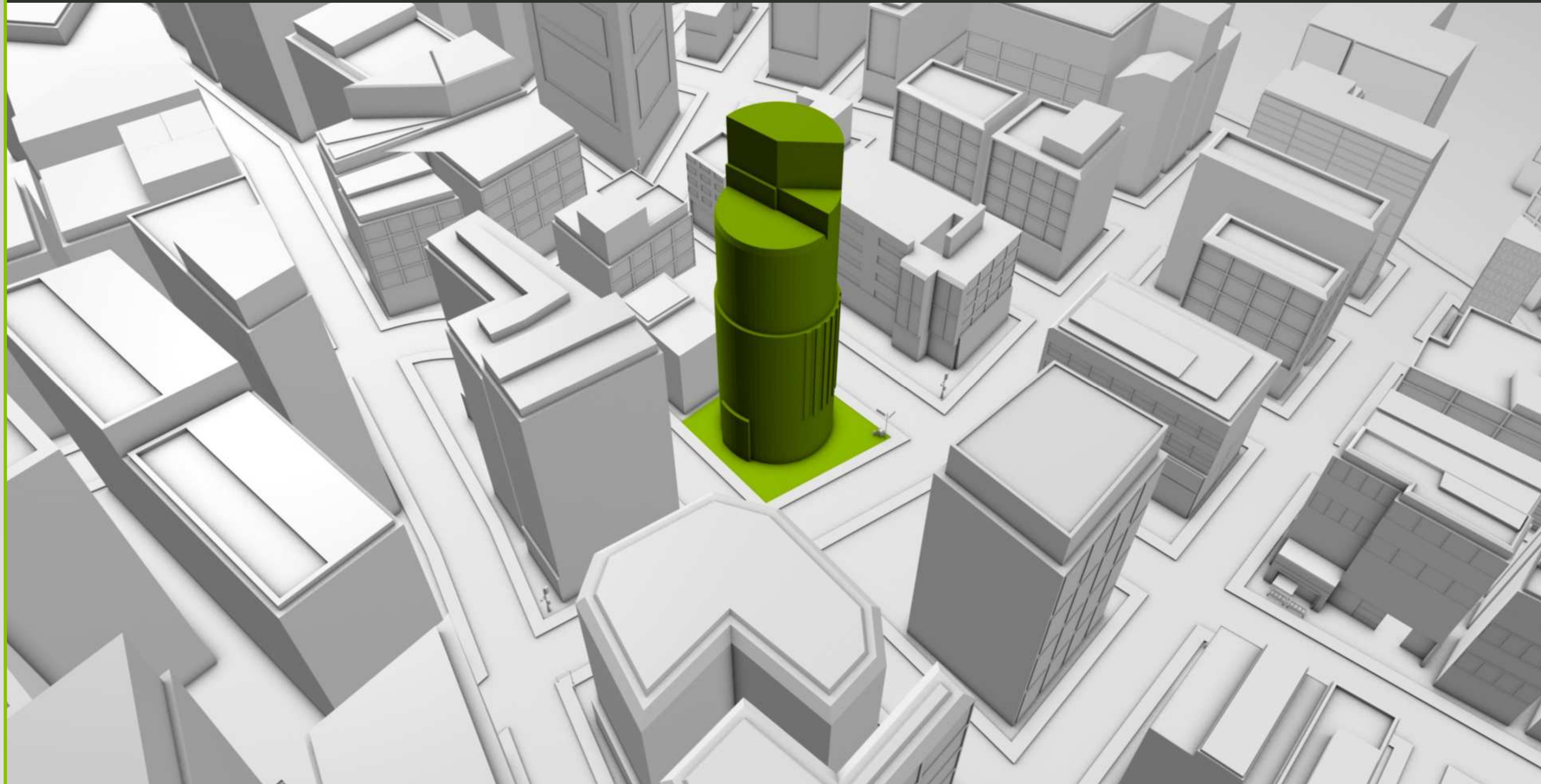
Alexander von Uslar-Gleichen

Lower End of PBT Full-Year Target Range of EUR 100-140 mio for 2012 Already Achieved after Nine Months

PUBLIC SECTOR FINANCE
REAL ESTATE FINANCE

pbb

DEUTSCHE
PFANDBRIEFBANK



Income Statement

Nine-month pre-tax profit of EUR 100 mio already at lower end of full-year target range of EUR 100-140 mio

pbb DEUTSCHE PFANDBRIEFBANK

Income Statement (IFRS)

EUR millions

	Q1 2012	Q2 2012	Q3 2012	9M 2012
Operating revenues	**103**	**120**	**130**	**353**
Net interest and similar income	76	74	72	222
Net commission income	3	3	14	20
Net trading income	0	-2	1	-1
Net income from financial investments	-4	9	6	11
Net income from hedge relationships	-2	-1	3	0
Balance of other operating income/expenses	30	37	34	101
thereof: FMS-WM servicing	*28*	*25*	*25*	*78*
IT services for DEPFA Group	*8*	*9*	*13*	*30*
Bank levy	*-7*	*-5*	*-6*	*-18*
Provisions for losses on loans and advances	**-4**	**-5**	**7**	**-2**
General administrative expenses	**-78**	**-86**	**-89**	**-253**
Balance of other income/expenses	**0**	**1**	**1**	**2**
Pre-tax profit/loss	**21**	**30**	**49**	**100**

- Net interest income suffered from a declining nominal asset base as well as lower interest rate levels and a conservative liquidity strategy
- Net commission income includes EUR 10 mio back-end-fees/exit fees in Q3
- In Q2 and Q3, net income from financial investments includes gains from sale of assets related to an adjustment of the liquidity buffer
- No material new additions to individual LLPs
- General administrative expenses affected by costs for IT landscape consolidation
  - Roll-out of last IT release carried out successfully in Q3
  - However, further costs to incur in relation with transfer of FMS-WM servicing

Income Statement

pbb on track for sustainable profitability with mid-term growth potential

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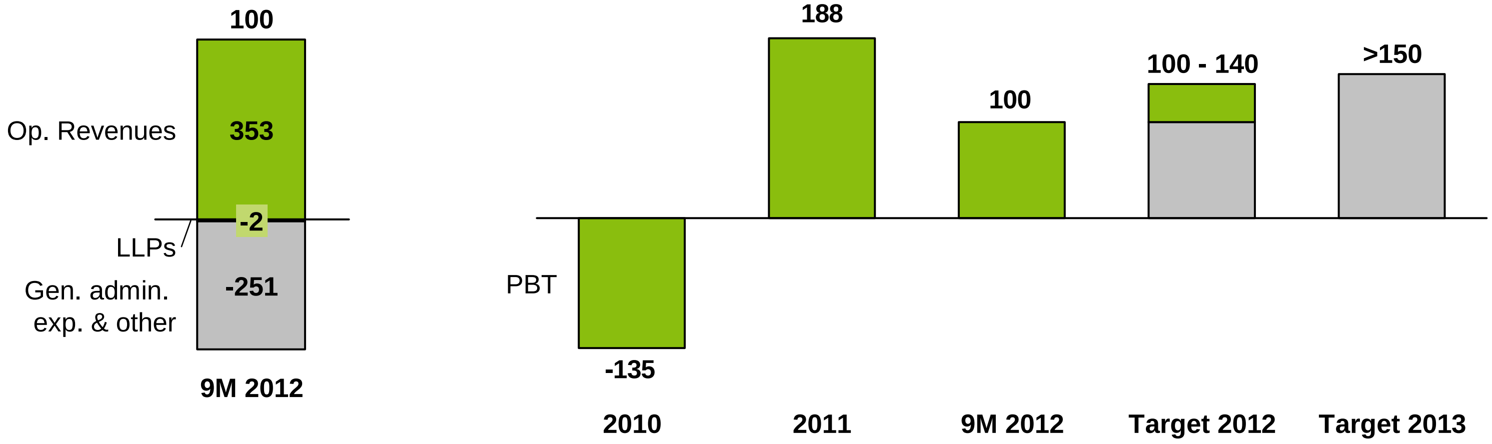
Income Statement (IFRS)

EUR millions



- **Stable and sufficient income base from interest bearing assets and reduced volatility of income lines after the asset transfer in September 2010**
- **PBT in 2011 still affected by positive one-off effects from the asset transfer**
- **Earnings base to improve mid-term in-line with the development of the strategic portfolio – medium-term RoE target of >8%**
- **Operating cost base planned to come down by up to a third from 2011 to 2015**
- **Current low provisioning level not sustainable – planning assumption is higher**

Low volatility of operating income lines

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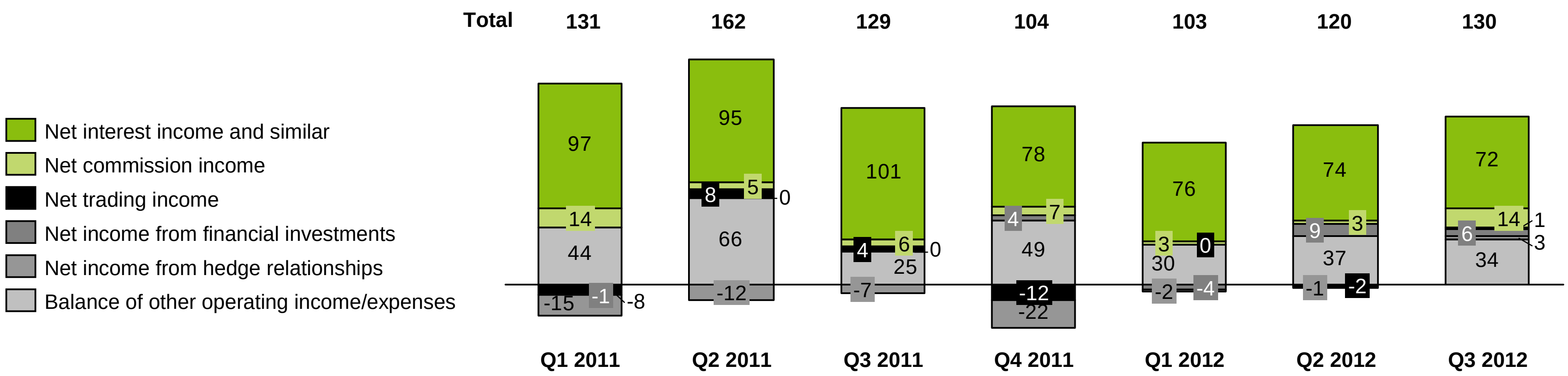
Operating Revenues (IFRS)

EUR millions



- **Low volatility of income lines reflecting the lower risk character of the Pfandbrief-based business model**
- **2011 quarterly development still showed positive one-off effects from the asset transfer**

Operating revenues to benefit from higher-margin REF and PIF business, replacing Public Budget Finance over time

Income Statement

Operating revenues to benefit from higher-margin REF and PIF business, replacing Public Budget Finance over time

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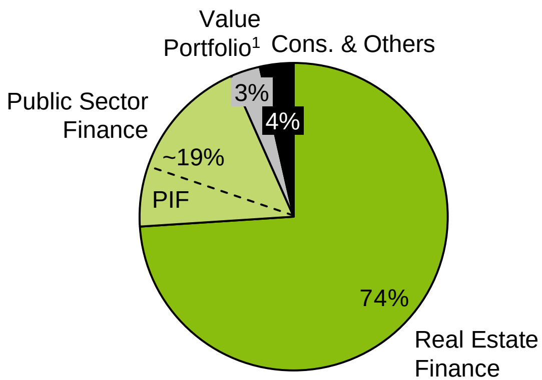
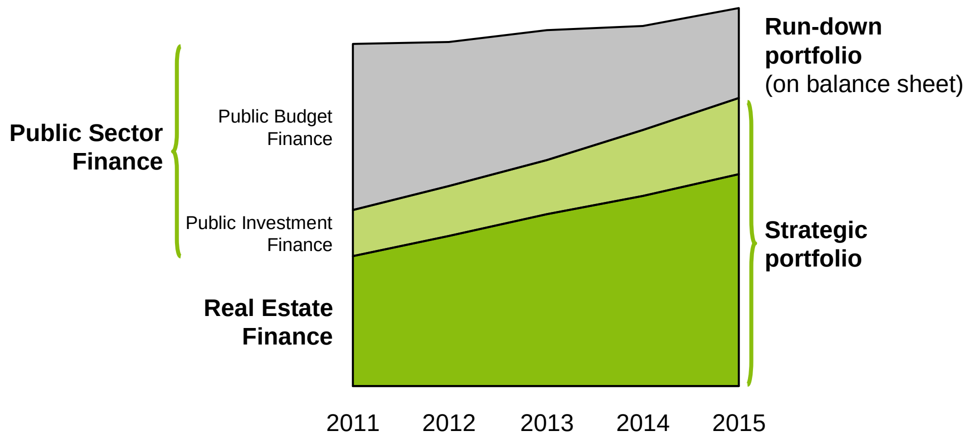
Net Interest and Similar Income (IFRS)

9M 2012



Planned Portfolio Development[2]



- **Net interest income mainly generated from Real Estate Finance (REF) business – Public Sector Finance (PSF) includes mostly lower-margin Public Budget Finance (PBF), which will be run down on balance sheet**
- **Higher-margin Real Estate Finance (REF) and Public Investment Finance (PIF) new business to replace existing PBF business over time**
- **Total portfolio to remain largely stable until 2013, but expected to grow slightly thereafter**
- **Increasing average portfolio margin will strengthen future operating revenue base**

1 The business segment 'Value Portfolio' (VP) comprises securities issued by FMS-WM and some selected structured products which will be run down over time 2 Scenario calculation based on EU restructuring plan

Less loan-loss provisions on stable and low level due to significantly de-risked balance sheet and conservative underwriting

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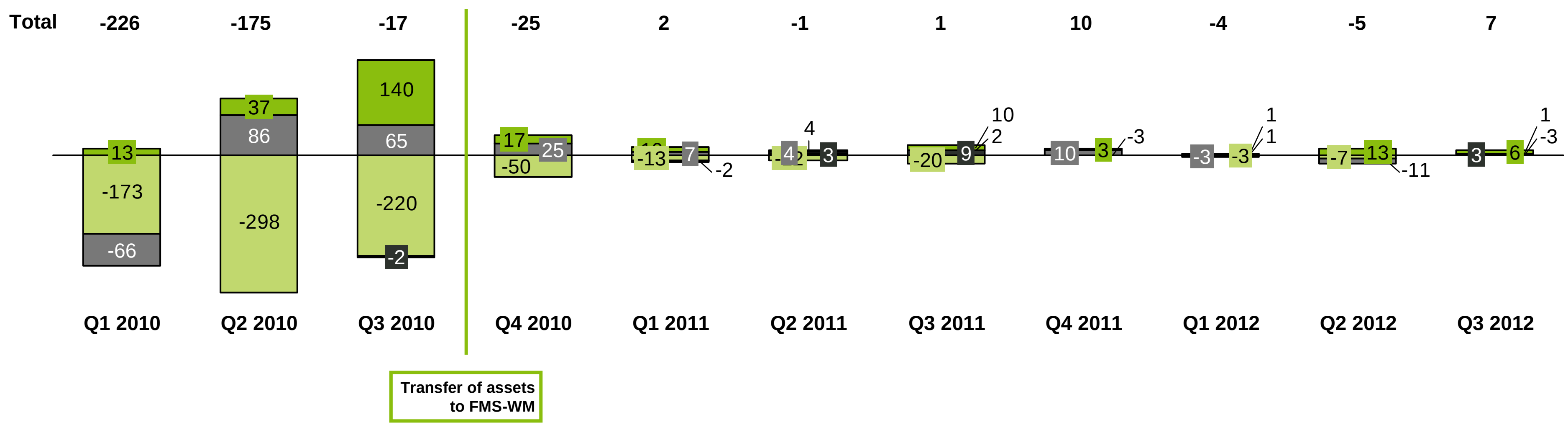
Loan-Loss Provisions (IFRS)

EUR millions



- Loan-loss provisions significantly down and remaining on low level since Q4 2010
- Current low provisioning level not sustainable on an ongoing basis
- Planning of future earnings assumes the expected loss, i.e. rd. 24 bp on the real estate portfolio p.a.

1 Provisions for contingent liabilities and other commitments + recoveries from written-off loans and advances

Operating cost base has been stabilized and is supposed to come down continuously until 2015

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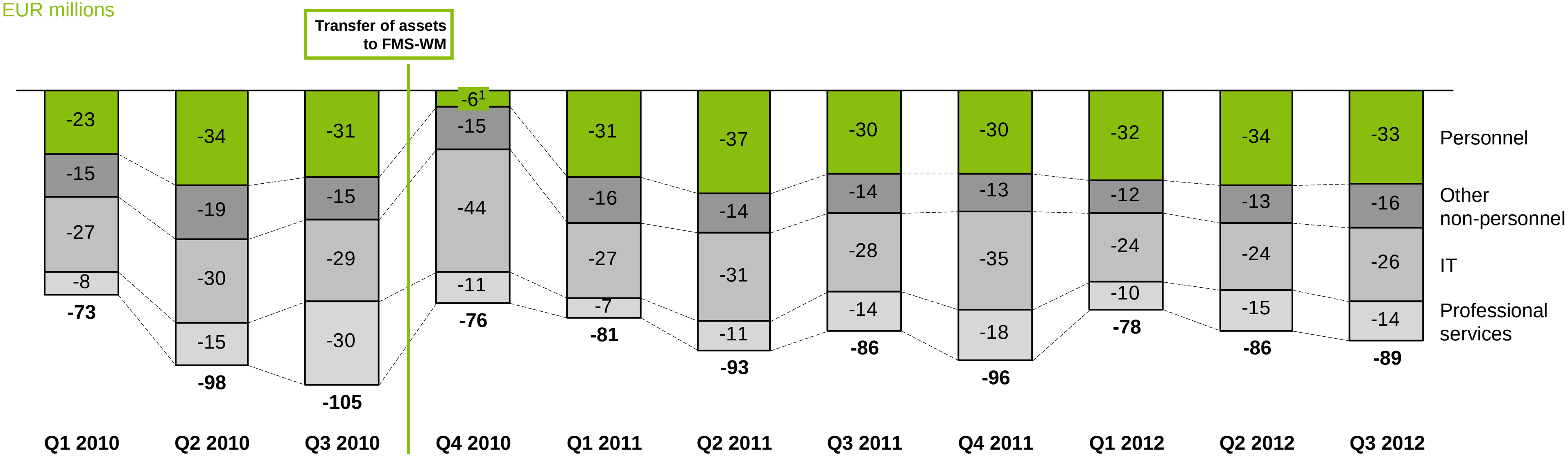
General Administrative Expenses (IFRS)

EUR millions



Operating cost base supposed to come down by one third until 2015 (on the basis of 2011)

- Strict cost management imposed
- Reduction of expenses for professional services
- IT projects will gradually fade
- Organisational separation from FMS-WM by end of September 2013

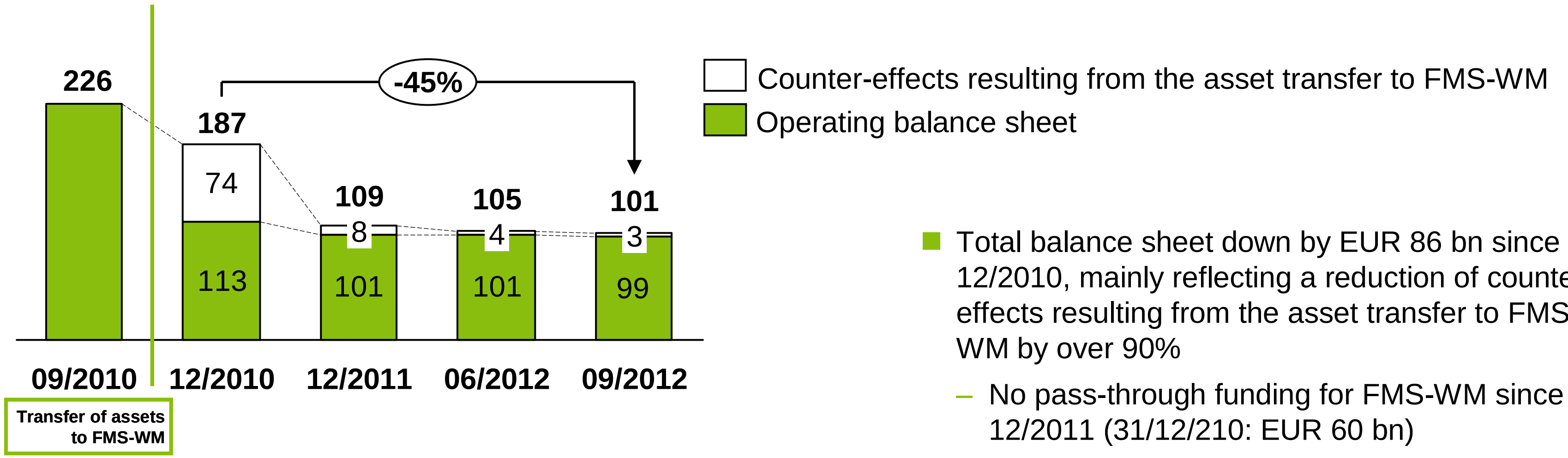
Medium-term (2015) CIR target of below 40%

1 Incl. EUR 13 mio gain from release of accruals for variable compensation

Balance Sheet

Stable development of balance sheet after de-leveraging – counter-effects resulting from the asset transfer to FMS-WM reduced by over 90%

Total Assets (IFRS)
EUR billions



- Total balance sheet down by EUR 86 bn since 12/2010, mainly reflecting a reduction of counter-effects resulting from the asset transfer to FMS-WM by over 90%
  - No pass-through funding for FMS-WM since 12/2011 (31/12/210: EUR 60 bn)
  - Back-to-back derivatives reduced by EUR 12 bn to EUR 2 bn
- Operating balance sheet size of EUR 99 bn remains well below year-end limit of EUR 105 bn required by the EU

Operating balance sheet of EUR ~100 bn expected to be maintained mid-term

Note: Figures may not add up due to rounding

Capitalisation

pbb significantly de-risked after the asset transfer to FMS-WM – Tier I ratio (pro-forma) at 17.4% as of 09/2012

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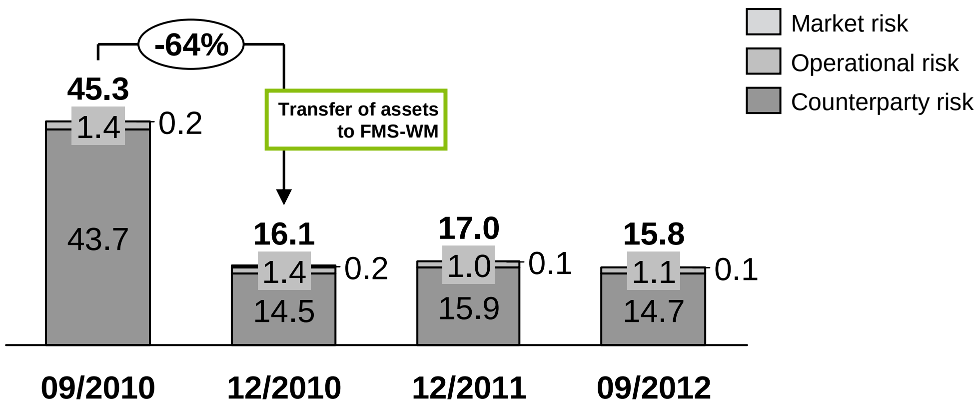
Pro-Forma Risk-Weighted Assets (RWA)

EUR billions

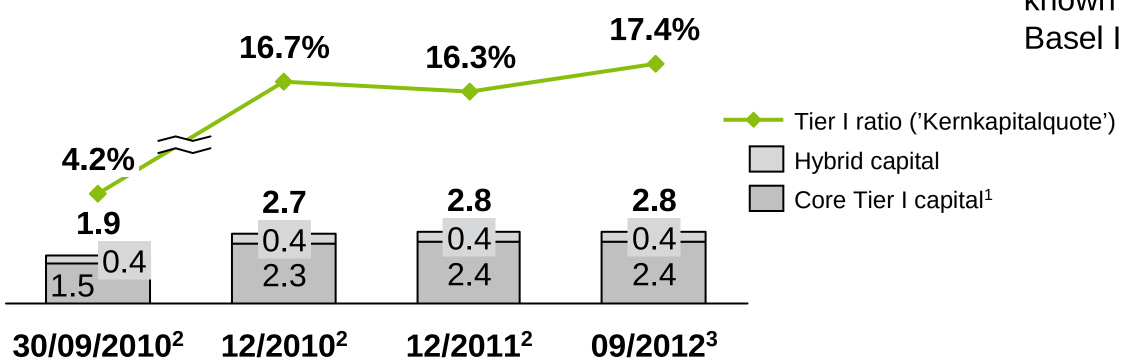


The regulatory capital ratios stated are calculated on an unaudited pro-forma basis. According to the 'Waiver Rule' regulated in Sec. 2a KWG (German Banking Act), Deutsche Pfandbriefbank AG is exempt from calculating the equity capital ratio and the core capital ratio on a sub-group level.

- RWA remain on low level after the asset transfer to FMS-WM
- Tier I ratio up to 17.4%, given an increased Tier I capital of EUR 2.8 bn (excl. year-to-date result/adjustments)
- Tier I ratio expected to stay comfortably above 10%, even including a full repayment of the silent participation of SoFFin – impacts from currently known regulatory requirements according to Basel III expected to be manageable

Pro-Forma Tier I Capital/Ratio (SolvV, German GAAP/HGB)

EUR billions



Note: Figures may not add up due to rounding 1 Incl. silent participation of SoFFin 2 Incl. year-to-date result/adjustments 3 Year-to-date result/adjustments not yet included

Summary

- pbb continues to be well capitalised: Tier 1 ratio of 17.4%, core Tier 1 ratio of 15.2% as of 30/09/2012
- Profit retention until re-privatisation for the purpose of repaying the silent participation of the SoFFin
- Tier I ratio expected to stay comfortably above 10%, even including a full repayment of the silent participation, as impacts of increasing regulatory requirements are expected to be manageable
- Significant potential to reduce the operating cost base to achieve a CIR of <40% by 2015
- Significant room for RoE improvement on the basis of cost reductions and increase in operating revenues to achieve an RoE >8% by 2015

Manuela Better

Key Take-Aways

PUBLIC SECTOR FINANCE
REAL ESTATE FINANCE

pbb

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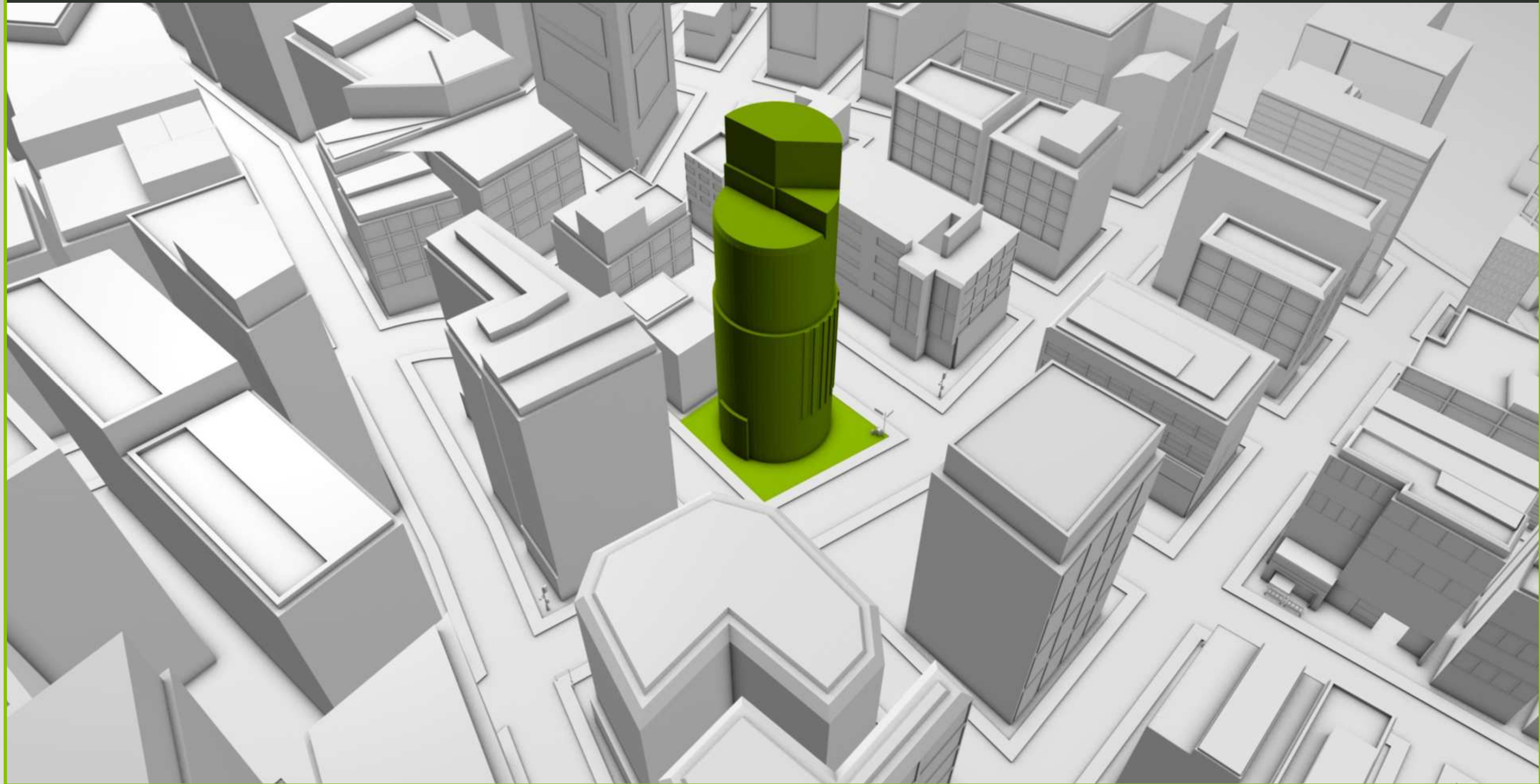

Key Take-Aways
On track to build a positive track record

- Clearly focussed and reliable Pfandbriefbank business model
- Strict credit risk processes and monitoring of portfolios
- Sufficient room for future new business growth taking advantage of an enlarged office location network
- Expansion of refinancing capabilities to optimise funding costs and to leverage a good position in the German Pfandbrief market
- Operational tasks of disentanglement from DEPFA, exit from FMS-WM servicing and optimisation of IT-infrastructure well under way
- Significant potential to reduce costs and to enhance profitability short- to medium-term
- Target model for pbb to focus on customers and optimise pbb's set-up in place

Building a positive track record for reprivatisation

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