Company Presentation

June 2018

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Business model & strategy

A leading senior specialist lender for Commercial Real Estate, complemented by Public Investment Finance

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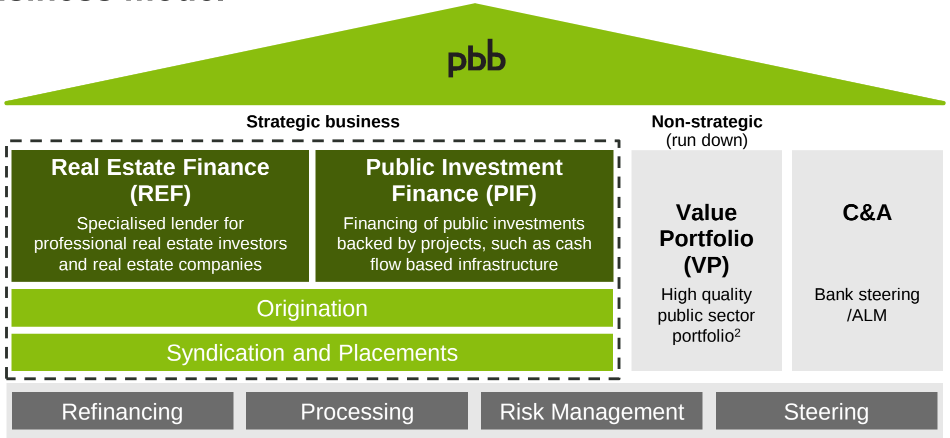
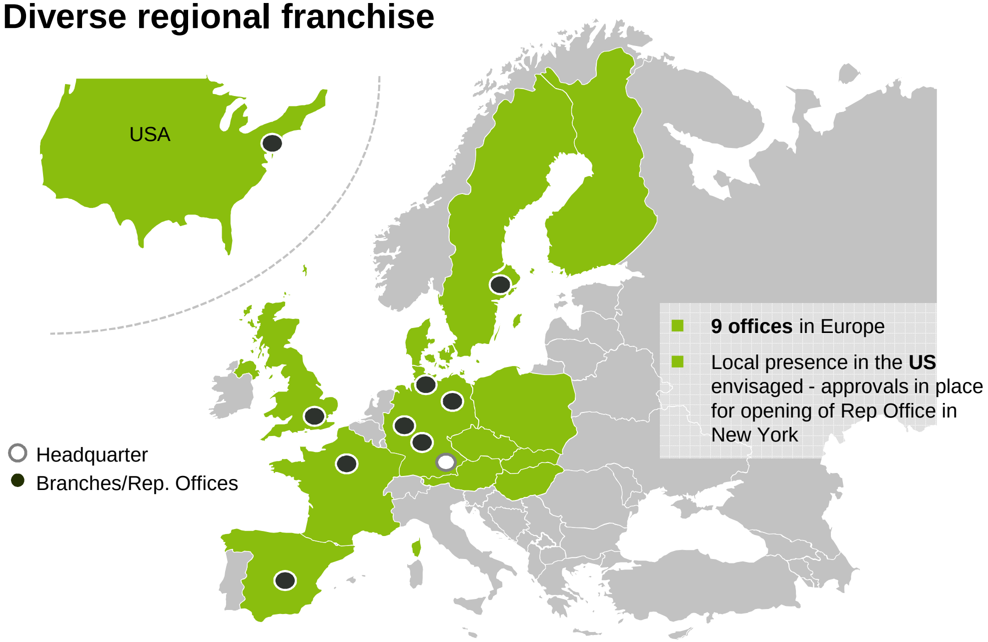
Business model



Diverse regional franchise



1 As of 31 December 2017 2 Incl. minor real estate finance assets

pbb's strengths

Market position

- Strong diversified European **franchise**, complemented by the US
- **Long-standing relationship** with **professional** national and international **clients**
- Specialist staff with **local knowledge**
- **Adding value** particularly to more complex, larger ticket transactions requiring high **loan structuring expertise**
- Stable, well diversified **funding base** – one of the largest **Pfandbrief issuers** in Germany

Intrinsic

- Strong **operating performance** after successful restructuring and repositioning post financial crisis
- High **portfolio quality** and **risk standards**
- Strong **capital** base

Valuation and dividend

- Attractive **P/B ratio**
- Attractive **dividend yield**

Key figures (as of March 2018)

Total assets	EUR 57.6 bn
Risk weighted assets	EUR 14.2 bn
Total equity	EUR 3.0 bn
CET1 ratio (fully phased-in)	18.8%
Leverage Ratio (fully phased-in)	4.8%
Net income	EUR 39 mn
ROE after tax	5.4%

Business model & strategy

Market environment and regulation pose major challenges to the entire industry – pbb well positioned

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Challenges to CRE Banks

Market driven earnings' pressure

- Intense **competition/margin pressure** and higher repayments:
  - Low portfolio growth
  - Pressure on portfolio margin
- **low interest rate** environment:
  - lower returns from reinvestment of equity book/liquidity

Real Estate cycle

- **Real estate cycle** already far advanced
- **"Low risk cost" environment** will not last forever

Regulation

- Further upward pressure on **RWA** (ECB 'TRIM', Basel IV)
- Regulatory environment with continued **high uncertainty** puts burden on entire industry

pbb's answers

- Stick to **risk/return standards**
- Defend margins with **structuring skills** for more complex transactions
- Adjust **business mix** (e.g. US market entry)
- Control **risk cost** and **admin. expenses**

- Keep sufficient **capital buffers** during times of uncertainty

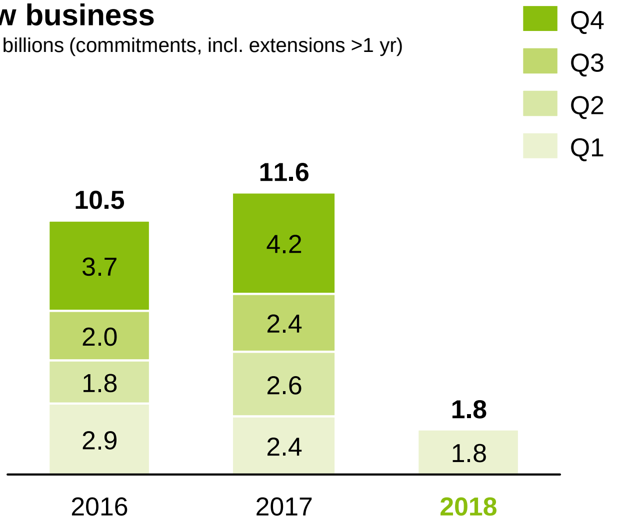
Strategic challenges

- **Risk profile / property cycle**
- **Future investments**
- **Policy on capital- and dividends**

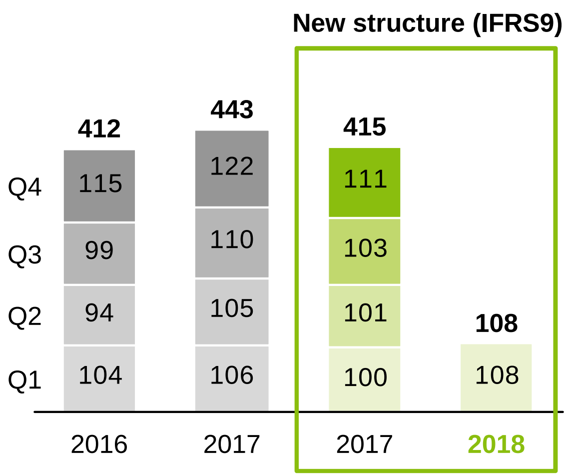
Highlights
Operating and financial overview

Figures for 2017 and Q1/18 based on new reporting structure (IFRS9)

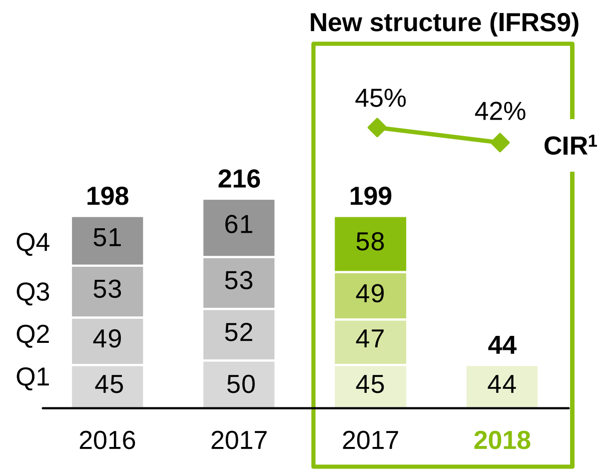
New business
EUR billions (commitments, incl. extensions >1 yr)



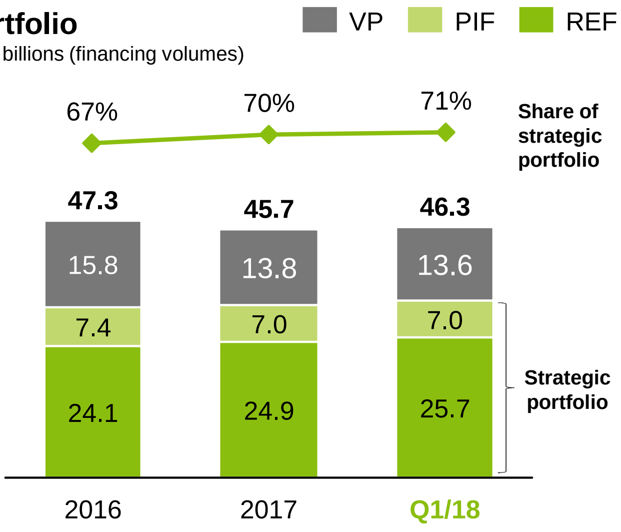
Net interest and commission income
EUR millions (IFRS)



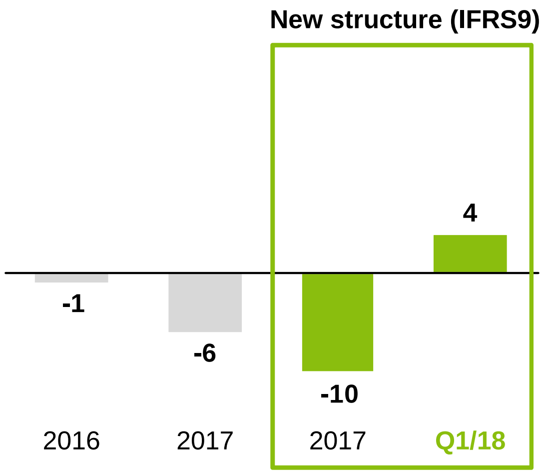
General and admin. expenses
EUR millions (IFRS)



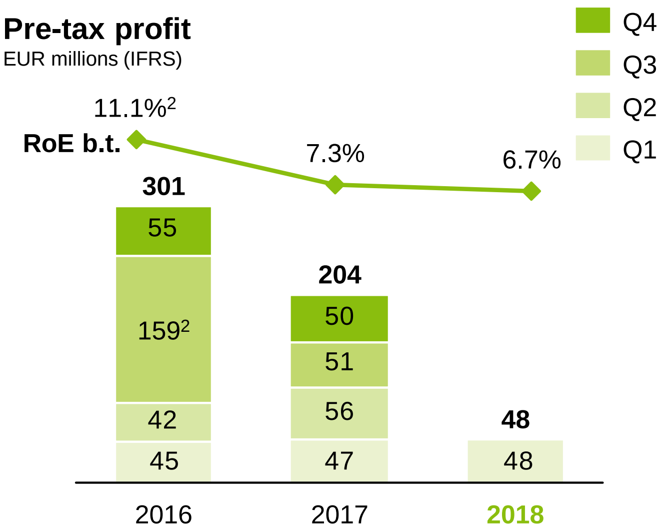
Portfolio
EUR billions (financing volumes)



Net result from risk provisions
EUR millions (IFRS)



Pre-tax profit
EUR millions (IFRS)



Note: Figures may not add up due to rounding 1 New definition: CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income 2 Incl. EUR +132 mn extraordinary gain from value adjustments on HETA exposure

Strategic business: Real Estate Finance (REF) and Public Investment Finance (PIF)

Continued focus on risk-conservative positioning

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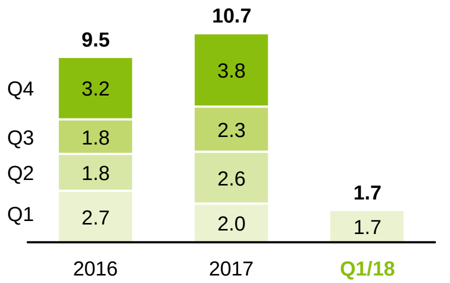
New business (Commitments, incl. extensions >1 year)

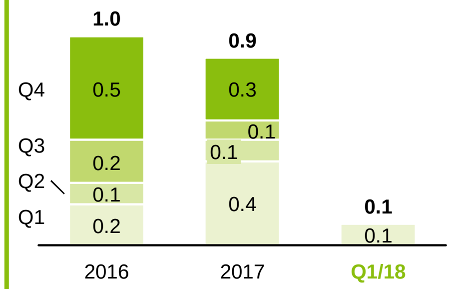
Real Estate Finance

New business	Q1/17	2017	Q1/18
Total volume (EUR bn)	2.0	10.7	1.7
thereof: Extensions >1 year	*0.3*	*1.9*	*0.2*
No. of deals	48	221	34
Ø maturity (years)[1]	~5.6	~5.3	4.6
Ø LTV (%)[2]	62	60	62
Ø gross margin (bp)	>160	>155	>170



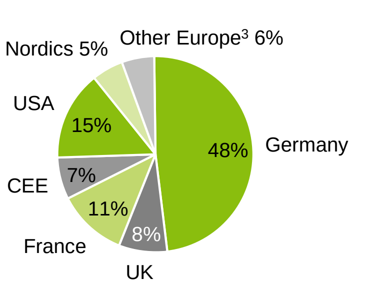
Public Investment Finance

New business	Q1/17	2017	Q1/18
Total volume (EUR bn)	0.4	0.9	0.1
No. of deals	7	30	3
Ø maturity (years)[4]	~8.9	~8.7	~7.9
Ø gross margin (bp)	>90	>100	~60



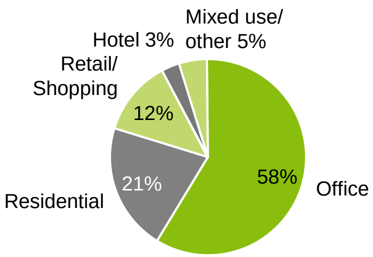
Regions (REF)

Q1/18: EUR 1.7 bn



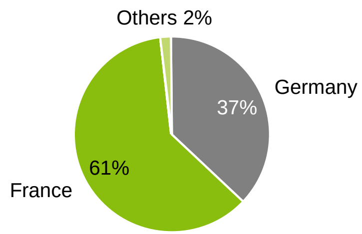
Property types

Q1/18: EUR 1.7 bn



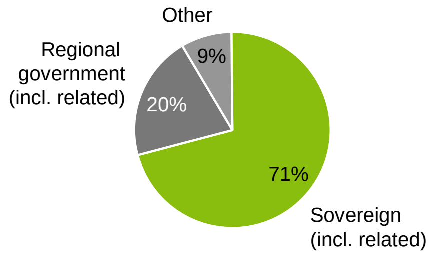
Regions (PIF)

Q1/18: EUR 0.1 bn



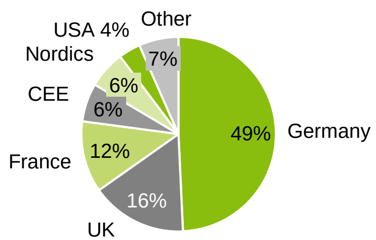
Borrower classification

Q1/18: EUR 0.1 bn

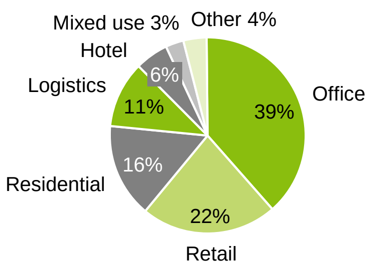


Portfolio (IEaD, Basel III)

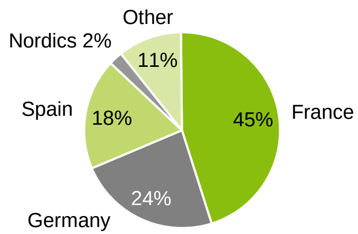
31/03/18: EUR 28.6 bn



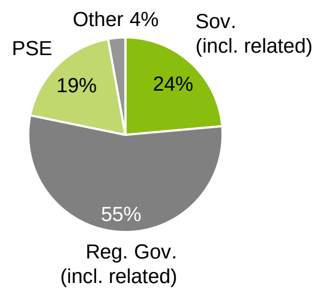
31/03/18: EUR 28.6 bn



31/03/18: EUR 7.9 bn



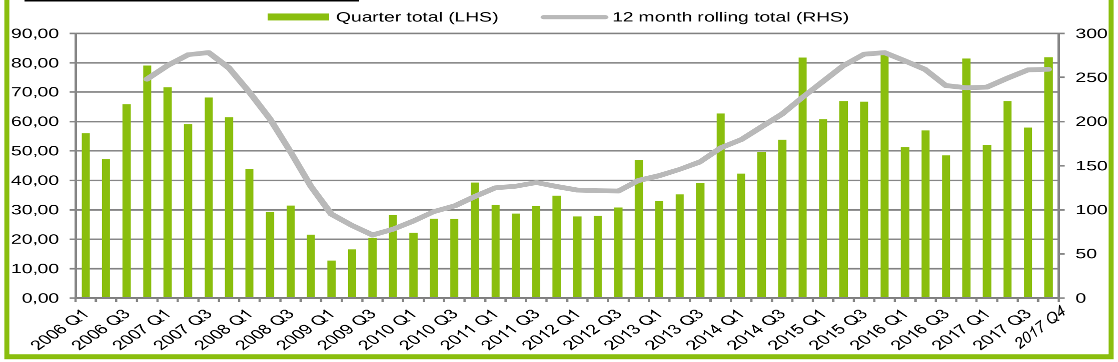
31/03/18: EUR 7.9 bn

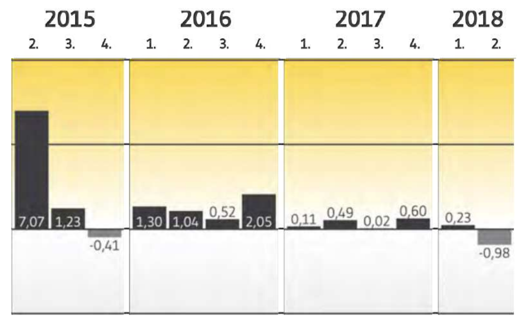


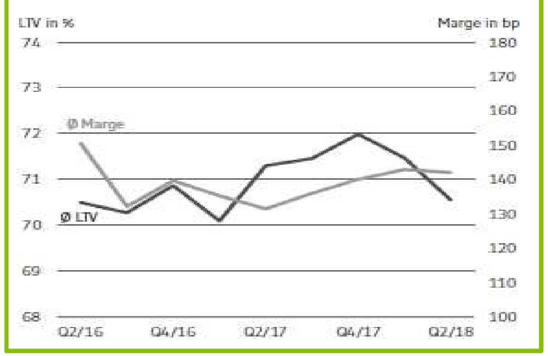
Note: Figures may not add up due to rounding 1 Legal maturities 2 New commitments; avg. LTV (extensions): Q1/18: 68%, Q1/17: 44% 3 Spain 4 Weighted average lifetime

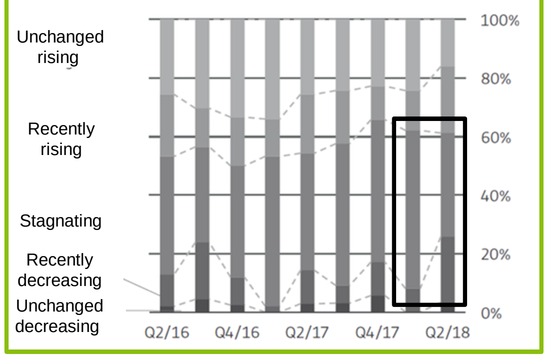
Markets

CRE market environment remains highly competitive and challenging – pbb sticks to risk-conservative approach









- Real estate investment market in Europe at elevated levels
  - Volume saw another pick-up in Q4/17
  - For Q1/18 decline in CRE investment volume expected
- Prime yields are expected to remain mainly stable, UK retail prime yields have increased
- All in all, European economy in good shape and Europe looks set for another year of robust investment activity in 2018, supported by positive fundamentals
- BF Quartalsbarometer for CRE Germany fell to 5-year low in Q2/18
  - New business volumes expected to decline whereas refinancing costs tend to increase
  - Demand for prime properties significantly exceeds supply
- Avg. LTVs recently down while margins kept relatively stable – risk awareness seems to increase
- Change in expectation from “stagnating” to “recently decreasing” new business volumes

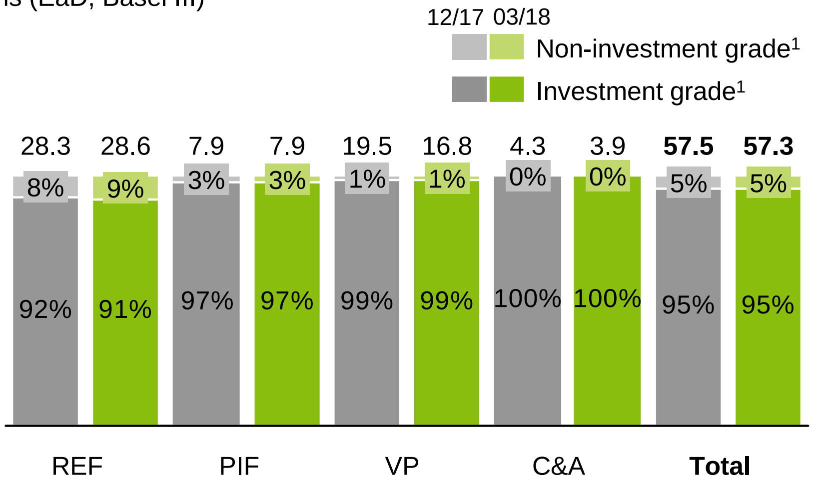
Source: Own source, bulwien gesa, BF direkt Real Estate Finance, BF Quartalsbarometer, Quartalsbericht Q2/18

Portfolio

Conservative business and risk strategy continued – high portfolio quality with 95% investment grade and avg. LTV of 55%

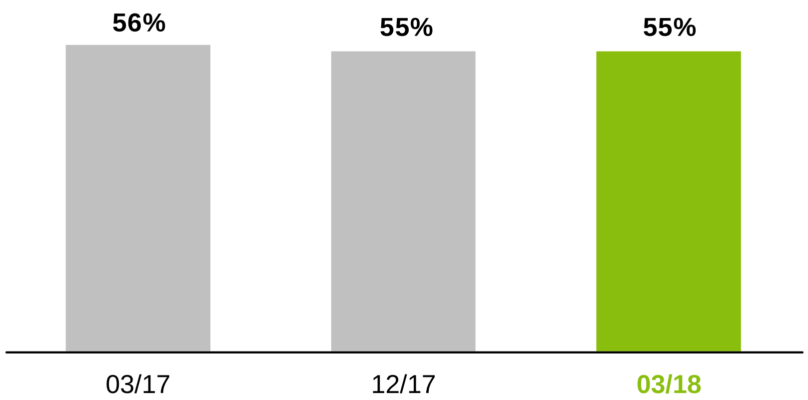
Total portfolio: Internal ratings (EL classes)

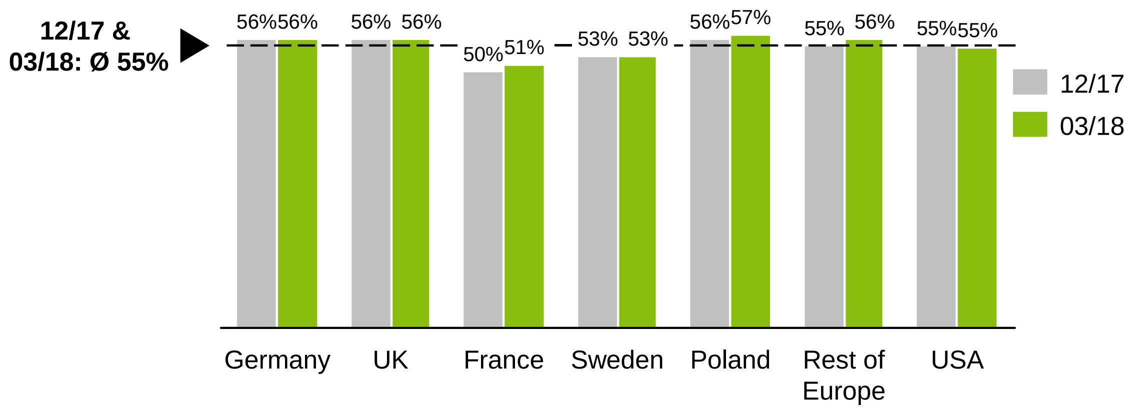
EUR billions (EaD, Basel III)



REF Portfolio: Avg. weighted LTVs

% (commitments)[2]





Key drivers Q1/18:

- Stable high portfolio quality
  - 95% investment grade (based on internal ratings)
  - Avg. LTV of 55%

Note: Figures may not add up due to rounding 1 EL classes 1-8 = Investment grade; EL classes 9-18 = Non-investment grade 2 Based on performing investment

Portfolio
Total problem loans continue to be at historically low level

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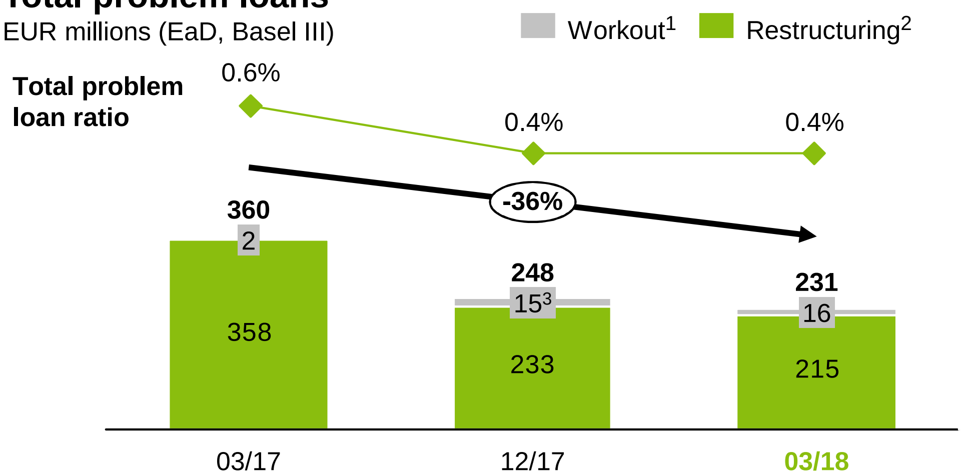
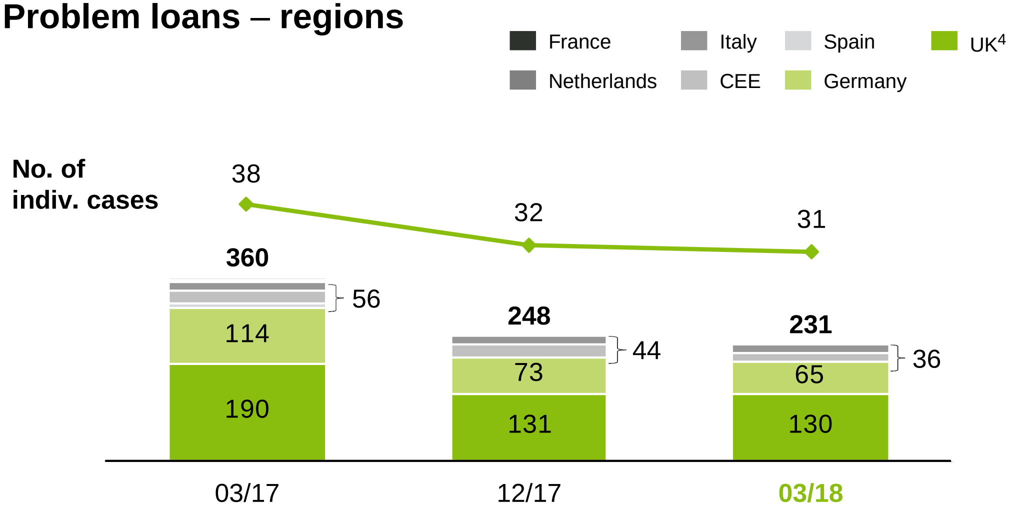
Total problem loans
EUR millions (EaD, Basel III)



Problem loans – regions



Key drivers Q1/18:

- Total problem loans down -36% y-o-y
  - No problem loans in PIF and VP
  - Only EUR 16 mn workout loans
  - Expert proceeding on Estate UK-3 ongoing

Note: Figures may not add up due to rounding 1 Internal PD class 30: No signs that the deal will recover soon, compulsory measures necessary 2 Internal PD class 28+29: Payments more than 90 days overdue or criteria acc. to respective policy apply 3 Internal rating downgrade of 1 loan (Italy); amount: EUR 14 mn 4 Estate UK-3 'technically' shown as problem loan – properties sold, but synthetic securitisation has not yet allocated loss

Funding

Stable, diversified funding profile – further reduction of funding costs in Q1/18

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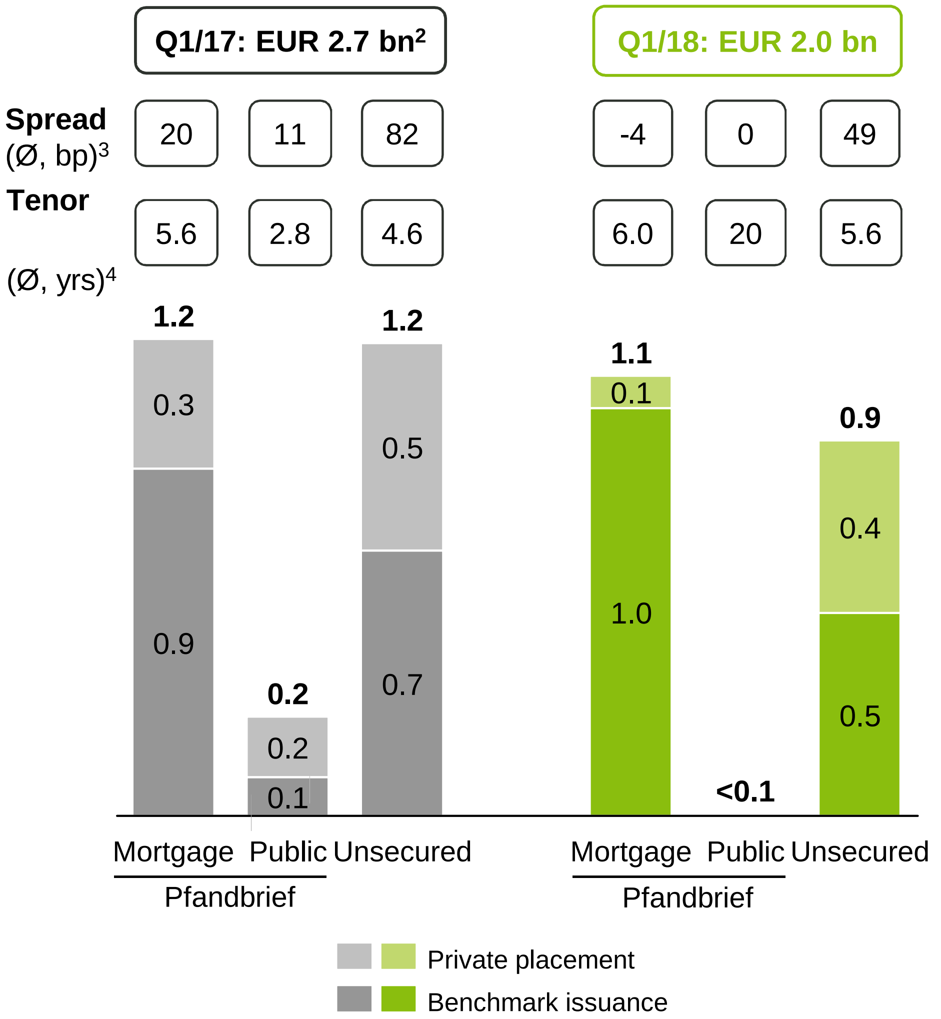
New long-term funding[1]

EUR billions



Pfandbriefe

- Mortgage Pfandbriefe: EUR 250 mn tap issued in January 2018 and EUR 750 mn benchmark issued in March 2018

Senior Unsecured

- EUR 500 mn 4y benchmark issued in January 2018 and continuous private placements in Q1/2018
- EUR 20 mn senior preferred issued

AT1

- Inaugural EUR 300 mn Tier 1 (AT1) issuance in April 2018 optimizing capital structure and strengthening leverage ratio

pbb direkt

- Total volume stable at EUR 3.2 bn (12/17: EUR 3.3 bn); average maturity[5] 3.2 years (12/17: 3.1 yrs)

MREL

- Comfortable volume of MREL eligible items (EUR ~11 bn, thereof EUR ~7.7 bn senior unsecured)[6] allows for primary focus on preferred issuances going forward

Funding structure and liquidity

- ALM profile and liquidity position remain comfortable (NSFR >100%; LCR >150%)

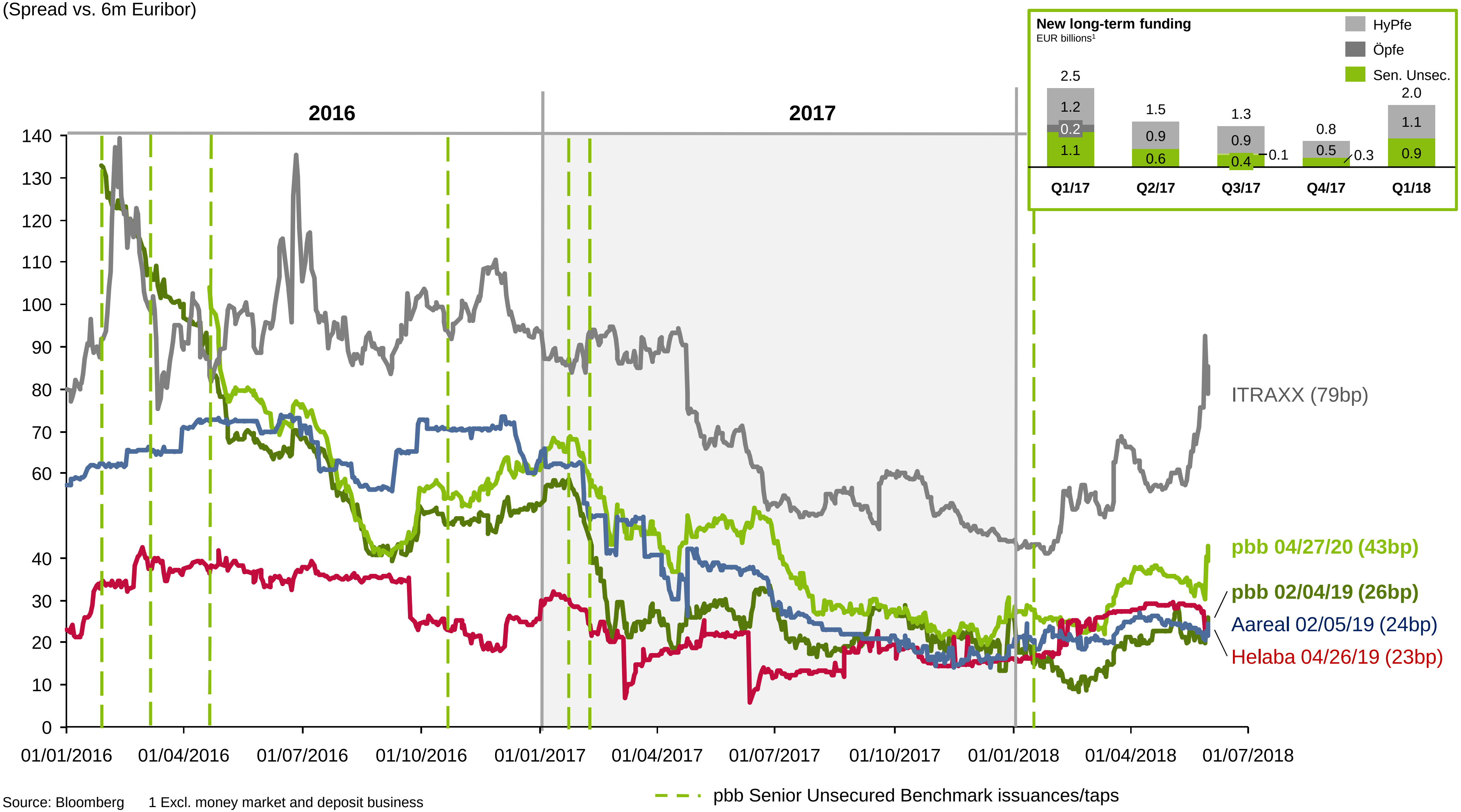
Note: Figures may not add up due to rounding
1 Excl. money market and retail deposit business 2 Excl. Tier 2 issuances 3 vs. 3M Euribor 4 Initial weighted average maturity 5 Initial weighted average maturity of term deposits 6 Based on pbb preliminary calculation

Funding

Senior unsecured spreads converged significantly, but recently some pick-up

Spread development of pbb Senior Unsecured Benchmarks vs peers and iTraxx Bank Senior

(Spread vs. 6m Euribor)



Source: Bloomberg 1 Excl. money market and deposit business

Capital

Capitalisation remains strong – positive IFRS9 first-time application effect

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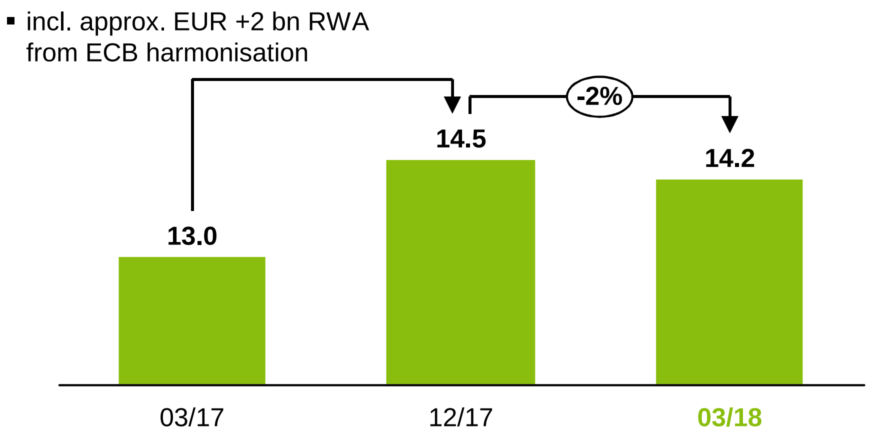
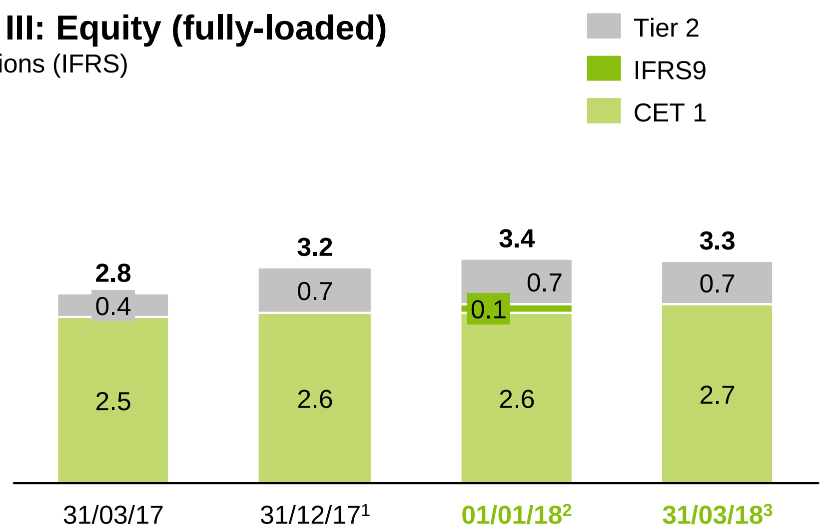
Basel III: RWA

EUR billions (IFRS)



Basel III: Equity (fully-loaded)

EUR billions (IFRS)



Basel III: Capital ratios (fully-loaded)

% (IFRS)

in %	03/17[2]	12/17[1]	03/18[2]	Ambition levels
CET 1	19.2	17.6	18.8	≥12.5
Tier 1	19.2	17.6	18.8	≥16
Own funds	21.9	22.2	23.5	16-18
Leverage ratio	4.3	4.5	4.8	≥3.5

Key drivers Q1/18:

- RWA down by EUR -0.3 bn mainly due to LGD changes
- Capital up due to positive IFRS9 first-time application effect
- pbb retains capital buffers for further RWA challenges: regulation (TRIM/Basel IV), potential strategic growth and cyclical risks and/or strategic measures

IFRS9:

- EUR 109 mn IFRS9 first-time application effect in IFRS capital
  - Negative effects from impairments (EUR -32 mn before deferred tax)
  - Positive effects from classification & measurements (EUR 158 mn before deferred tax)

SREP:

- SREP requirements 2018[4]:
  - CET 1 ratio phase-in: 9.325% / fully-loaded: 9.95%
  - Own funds ratio phase-in: 12.825% / fully loaded: 13.45%

Note: Figures may not add up due to rounding 1 Incl. full-year result, post proposed dividend 2 IFRS9 first-time application effect 3 Post proposed dividend for 2017, incl. interim result, post max. calc. dividend acc. to ECB methodology 4 Incl. capital conservation buffer (1.875%) and anticipated countercyclical buffer (0.2%; actual as of 31.12.2017: 0.11%)

Key components of capital planning

Capital structure optimised – AT1 issuance in April supports regulatory capital structure, Available Financial Resources/Economic Capital and rating agencies requirements

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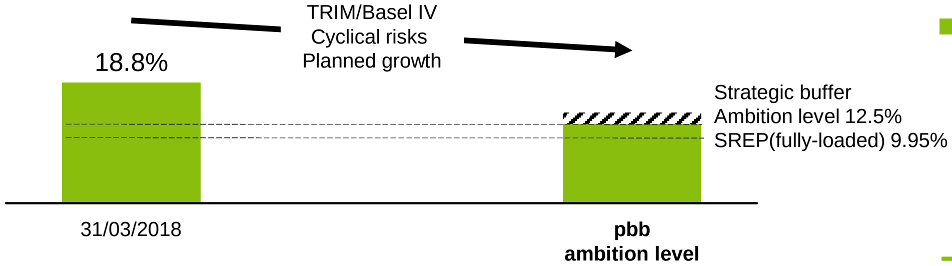
Regulatory view

(Pillar 1)

CET1 ratios (fully-loaded)



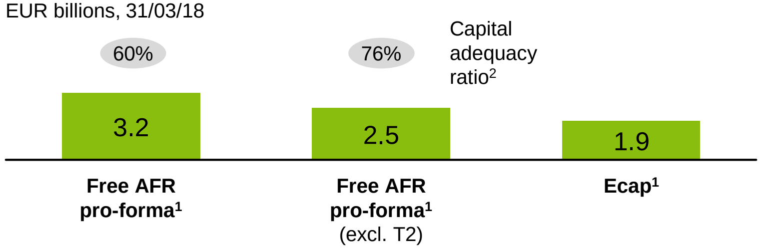
- Sufficient capital buffer to be adequately capitalized under future regulatory requirements

Economic view

(Pillar 2)

Available Financial Resources & Economic Capital

Economic Perspective (formerly Gone Concern)
EUR billions, 31/03/18

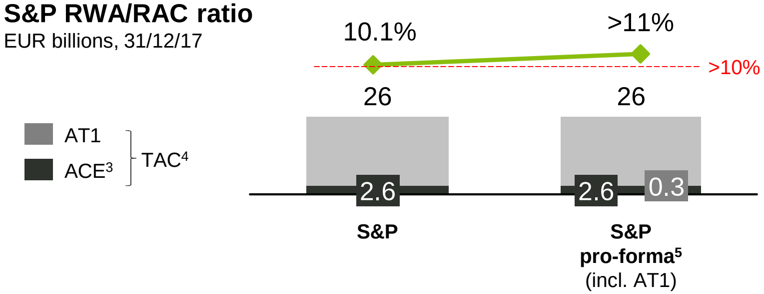


- pbb needs a substantial buffer of excess free Available Financial Resources (free AFR) to always comfortably cover ECap requirement, i.e. sufficient loss absorbing capacity in extreme stress (99.9% conf. level)
- According to ECB ICAAP Guideline (03/2018, draft) T2 instruments will most likely lose eligibility to cover risk in the Economic Perspective – AT1 issuance supports ECap buffer

Rating

S&P RWA/RAC ratio

EUR billions, 31/12/17



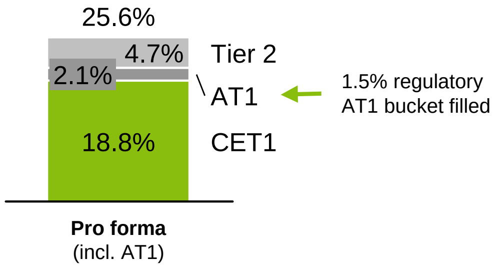
- S&P requires a certain capital level going forward to maintain the current strong capital & earnings assessment – AT1 issuance supports S&P's RAC ratio forecast
- Furthermore, AT1 issuance supports ratings in general

Capital structure optimisation

(Pillar 1)

Capital ratios (fully-loaded)

31/03/18



- Capital structure strategically optimised by filling 1.5% regulatory AT1 bucket, providing more strategic flexibility
- Maturities will lead to decrease of T2 stack going forward

1 Post proposed dividend 2017 2 Capital adequacy ratio = Total diversified ECap / free AFR (required to be substantially less than 95%) 3 S&P Adjusted Common Equity 4 S&P Total Adjusted Capital 5 pbb calculation

Dividend policy

Change of dividend strategy for 2017-2019 - 50% regular dividend + 25% supplementary dividend

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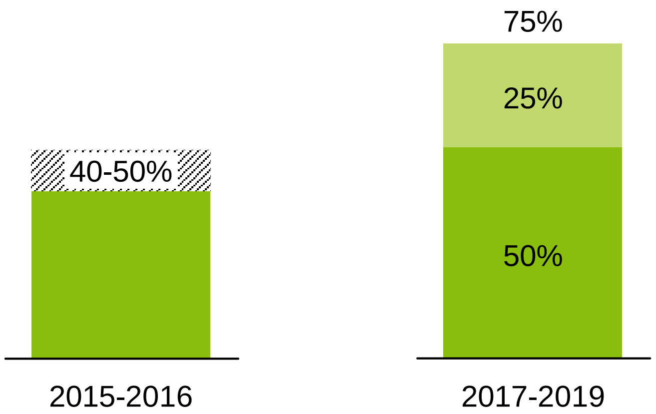
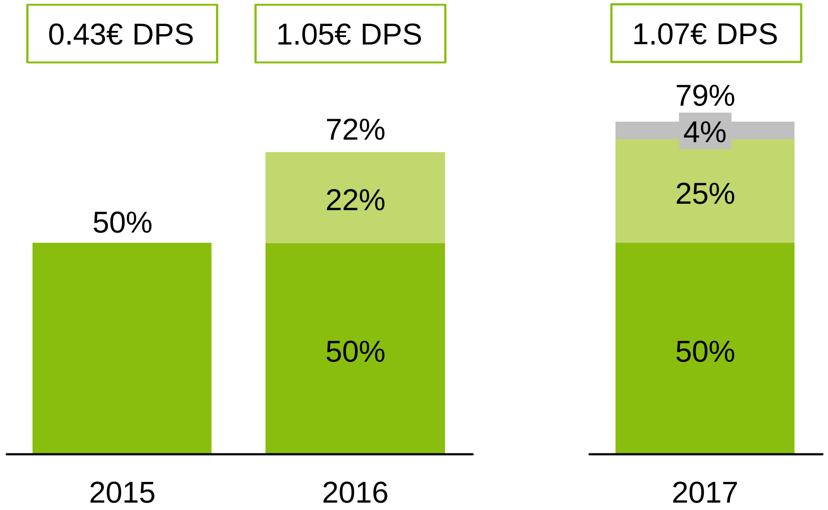
Dividend strategy



Payout



New dividend strategy

- 50% regular dividend + 25% supplementary dividend for 2017, 2018 and 2019[1]
- New dividend strategy contains the reflection of different determinants, which includes planned strategic growth, regulation, strategic measures/cyclicality as well as requirements from rating agencies and market participants
- Dividend strategy is subject to regulatory permissibility or regulatory requirements and economic viability

Dividend proposal for 2017

- In addition, for 2017 payout of 100% of the earnings exceeding the upper range of our original PBT-guidance 2017 of EUR 170 mn, post taxes
  - Profit after tax: EUR 182 mn
  - Earnings per share[2]: EUR 1.35
  - Dividend per share[2]: EUR 1.07
  - Payout ratio of 79%
  - Dividend yield 8.0%[3]

1 Based on IFRS group profit after tax 2 Class of shares 134,475,308 3 XETRA year-end closing price 2017 of 13.36€

What happened since 1st quarter 2018

Short overview about recent developments

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AT1 issuance (April)	■ AT1 issuance of EUR 300 mn in April 2018 as logical step to further complement strong capital structure ■ Increase of pbb's financial, regulatory, and rating flexibility – Raise going concern loss absorbing capital to comfortably fill the 1.5% AT1 bucket with cheapest-to-deliver instrument – Further strengthen key financial metrics, including leverage ratio – Support the Group's rating position with all relevant rating agencies (hence high trigger)
Shareholder structure (May)	■ Fed. Rep. of Germany / HRE Holding sells 16.5% stake and stays invested with 3.5% (180-days lock-up period till 14 November 2018) ■ Accelerated book-building solely to institutional investors – successful and diversified international placement ■ RAG-Stiftung with 4.5% new long-term corner stone shareholder
MDAX (May)	■ Deutsche Börse Free Float increased from 80% to 100% following the reduction of the stake of Fed. Rep. of Germany / HRE Holding – thus, MDAX ranking improves ■ Deutsche Börse decided on change of rules for MDAX/SDAX/TecDAX (becoming effective in September) – Separation of the segments Tech and Classic dissolved – TechDAX companies wil be integrated in MDAX/SDAX – Changes of number of companies in indices (MDAX: 50 to 60; SDAX: 50 to 70; TecDAX: unchanged at 30, but only additional to MDAX/SDAX) ■ No impact on index-affiliation for pbb
Digitalisation (May)	■ CAPVERIANT, pbb's new platform for public-sector financings, launched mid of May – in a first step in Germany, France to follow ■ Settlement of "plain vanilla" public-sector lending in a fully automated process, bringing together demand and supply in an efficient way ■ Further digitalisation initiatives in core business planned

Outlook 2018

pbb well positioned to face market and regulatory challenges

Markets

- **Macro-economics expected to stay reasonably intact**
  - No economic downturn or significant interest rate changes immediately expected in Eurozone
  - UK depending on results from Brexit negotiations
  - US could benefit from new tax reform
- CRE transactions are expected to slow down but…
- **… demand for property investments is expected to remain high** due to
  - available liquidity/equity
  - low interest rates
  - missing alternative investment opportunities
- **Strong competition and margin pressure** are expected to continue, but fundamentals for CRE/REF markets still considered as sound

Operative targets and initiatives

- **Conservative business approach to be continued**
- **Initiatives** to support profitability
  - Further growth of **US business** as complement to core European business
    - Opening representative office in due course
    - Moderate expansion of core asset classes beyond East Coast metropolitan areas New York, Boston and Washington
  - Further **client and product expansion**
    - Broadening customer universe / Strengthening ECA business
  - **Digitalisation**
    - Portal for REF clients launched in April, providing payment information and documents – further expansion of functionality and processes envisaged
    - Launch of PIF plattform CAPVERIANT in a first step in Germany

Regulation

- Decision on Basel IV regulation on 7 December 2017
  - **Output-floor (72.5%)** and phase-in period (2022-2027)
  - EU/national **implementation still pending**
- Further upward **pressure on RWA** (e.g. TRIM/Basel IV)
- pbb provides for **sufficient capital buffer** to be adequately capitalized under regulation requirements

IFRS 9

- IFRS 9 with **positive first-time application effect**
  - EUR 109 mn after deferred tax on IFRS capital; lower effect on regulatory capital
  - Negative effects from impairments (EUR -32 mn before deferred tax) overcompensated by positive effects from classification & measurements (EUR 158 mn before deferred tax)
- Higher **volatility in P&L** expected
- Significant **disclosure change** (structure of B/S and P&L line items)

Outlook 2018

Operating and financial expectations (former IAS 39 P&L structure)

DEUTSCHE PFANDBRIEFBANK

Operating trends (EUR bn)	**2016**	**2016** (excl. HETA)	**2017**	**Guidance 2018**	
New business volume	10.5		11.6	EUR 10.0-11.0 bn	
New business avg. gross margin (bp): REF PIF	 >175 ~85		 >155 >100	Margins slightly below 2017 levels	
Strategic portfolio	31.5		31.9	Moderate increase	
Value Portfolio	15.8		13.8	< EUR 13.5 bn - continued systematic run-down	
Income statement (IFRS, EUR mn)	**2016**	**2016** (excl. HETA)	**2017**	**Guidance 2018**	
Net interest and commission income	412	412	443	Slightly lower	Limited comparabilty due to IFRS 9 shifts in 2018
Loan-loss provisions *thereof HETA*	-1 *(9)*	-10	-6	10-15 bp EL on REF financing volume	
General administrative expenses	-198	-198	-216	< EUR 220 mn	
Pre-tax profit *thereof HETA*	**301** *(132)*	**169**	**204**	EUR 150-170 mn	
Key ratios (%)	**2016**	**2016** (excl. HETA)	**2017**	**Guidance 2018**	
RoE after tax	7.3	3.3	6.5	4.0% to 5.0%	
CIR	39.0	51.4	50.9	Slightly higher	
CET1 ratio (fully loaded)	19.0	19.0	17.6[1]	Significantly above SREP requirement of 9.125% plus countercyclical buffer	

Note: Figures may not add up due to rounding   1 Incl. full-year result, post proposed dividend

Outlook 2018

Good start into 2018 with solid underlying trends in Q1/18

pbb well on track – good start into 2018

Full-year guidance 2018 unchanged

- Ongoing competitive market sentiment
- Deminishing support from funding costs expected

Strategic initiatives underway to strengthen market position and support profitability

- Expand US business
  - All approvals/licenses in place
  - Representative office to be opened in due course
- Digitalisation
  - Portal for REF clients launched in April, providing payment information and documents – further expansion of functionality and processes envisaged
  - Platform for public sector lending CAPVERIANT to be launched in May 2018

Appendix

Changes in financial reporting

New structure following IFRS9 implementation – major changes

indicative only

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Income statement Former structure (IAS 39) (EUR mn)

	Q1/17	FY17
Net interest income	**103**	**435**
Net income from financial investments	1	-4
Net other operating income	-8	-9
Loan loss provisions	**-2**	**-6**
General and administrative expenses	**-50**	**-216**

Major changes

- Early repayments and provisions related to interest
- Provisions on securities
- Bank levy and other non-risk provisions
- Depreciations and deposit protection scheme
- Early repayments
- Provisions on loans and securities
- Depreciations
- Bank levy and deposit protection scheme
- Provisions related to interest and other non-risk provisions

Income statement New structure (IFRS9) (EUR mn)

Q1/17	FY17	Q1/18	
97	**407**	**107**	**Net interest income**
9	45	9	Net income from realisations
-	**-10**	**4**	**Net income from risk provisioning**
-45	**-199**	**-44**	**General and administrative expenses**
-3	-14	-3	Net income from write-downs and write-ups on non-financial assets
-28	-28	-21	Expenses from bank levies and similar dues
-7	-22	-1	Net income from provisions

Changes in financial reporting

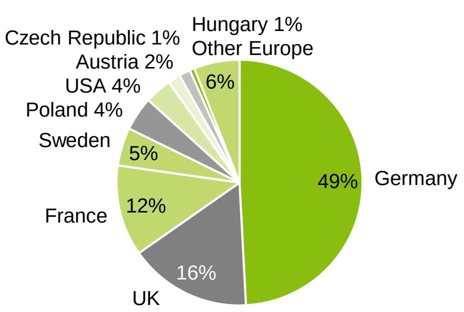
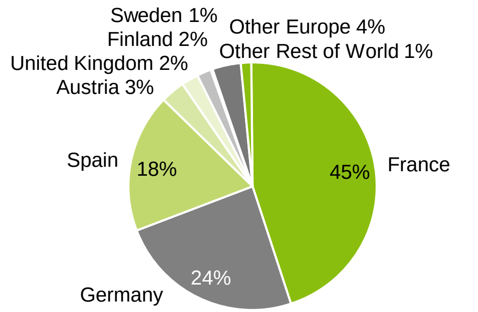
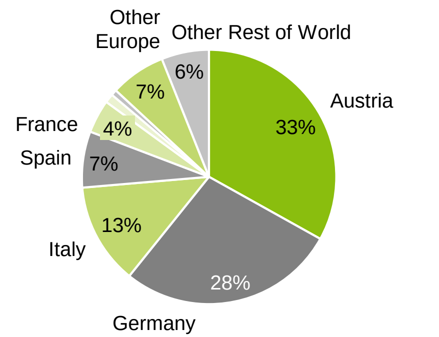
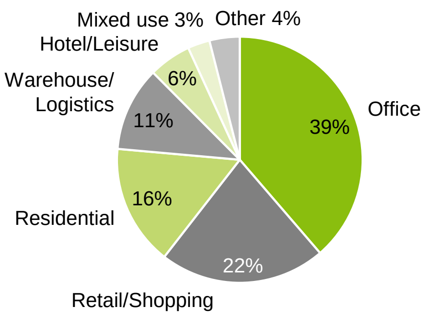
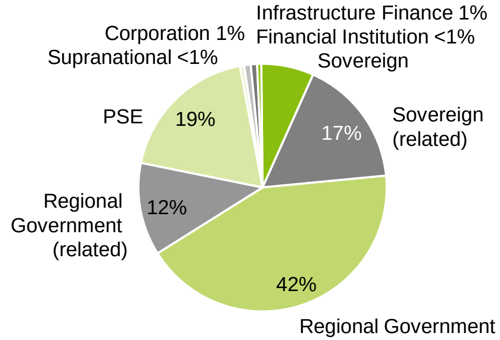
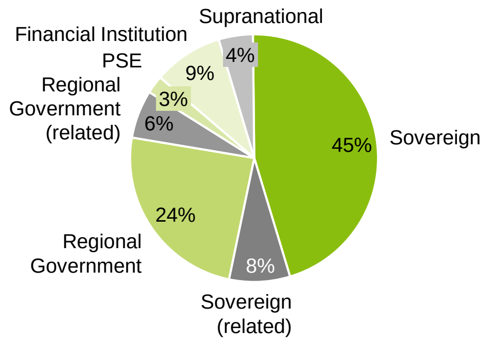
Change in definition of key ratios and segment allocation

CIR	■ New calculation method of CIR as a result of new P&L structure: – In principal, continuation of past structure – Better reflection of operating efficiency – Esp. bank levy and similar dues no longer included	$$\text{CIR} = \frac{\text{General admin. Expenses + Net income from write-downs and write-ups on non-financial assets}}{\text{Operating income}}$$
Coverage Ratio	■ Replacement of IAS 39 Incurred Loss Model by IFRS9 Expected Credit Loss Model with 3 stage logic: – Stage 1: impaired with 1 year expected credit loss – Stage 2 and 3: impaired with lifetime expected credit loss ■ Coverage ratio does still not take into account additional collateral	$$\text{Coverage ratio} = \frac{\text{Credit loss allowances on financial assets in stage 3}}{\text{Gross book values in stage 3 (loans and securities)}}$$
Segment Reporting	■ New approach better reflects operating profitability of the segments	Major effects: – Prepayment fees now allocated on single deal level – Costs of liquidity buffer no longer calculated on portfolio level – Equity now allocated according to going concern view instead of liquidation approach However, no changes in allocation of operating costs
RoE	■ Adjustment of RoE calculation after AT1-issuance (Q2/18 onwards only)	$$\text{Return on equity} = \frac{\text{Profit before/after tax - AT1 coupon}}{\text{Ø Shareholders equity (excl. AT1)}}$$

Portfolio

Stable and well diversified portfolio with continued focus on European markets, particularly on Germany

31/03/2018 (EaD, Basel III)

	Real Estate Finance	Public Investment Finance	Value Portfolio
by region			
by property type / borrower classification[1]			
Portfolio volume	**EUR 28.6 bn**	**EUR 7.9 bn**	**EUR 16.8 bn**

Real Estate Finance, by region:

Public Investment Finance, by region:

Value Portfolio, by region:

Real Estate Finance, by property type:

Public Investment Finance, by borrower classification:

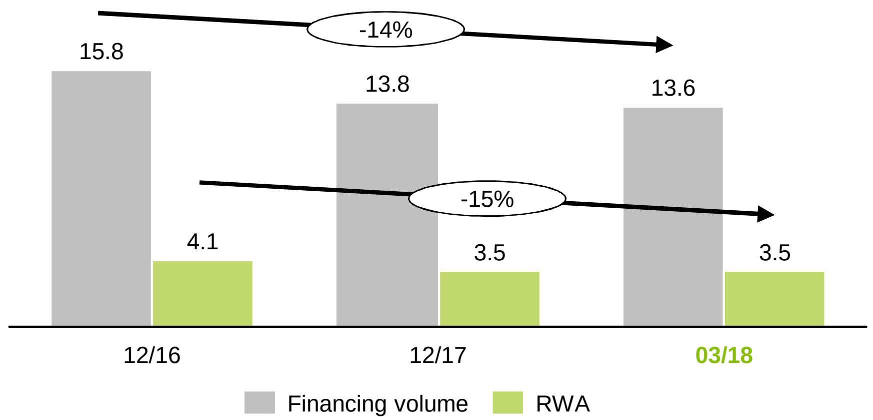
Value Portfolio, by borrower classification:

Note: Figures may not add up due to rounding 1 See appendix for definition of borrower classification

Non-strategic portfolio: Value Portfolio

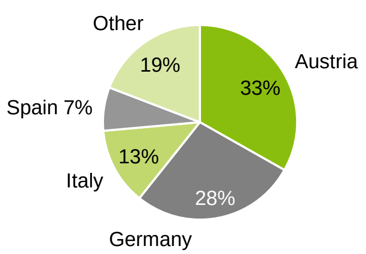
Run-down of non-strategic Value Portfolio continues in line with strategy

Value Portfolio (EaD, Basel III)



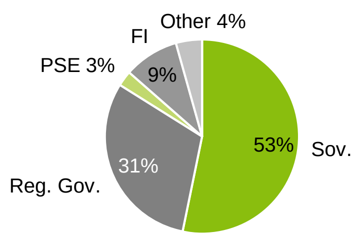
Regions

31/03/18: EUR 16.8 bn

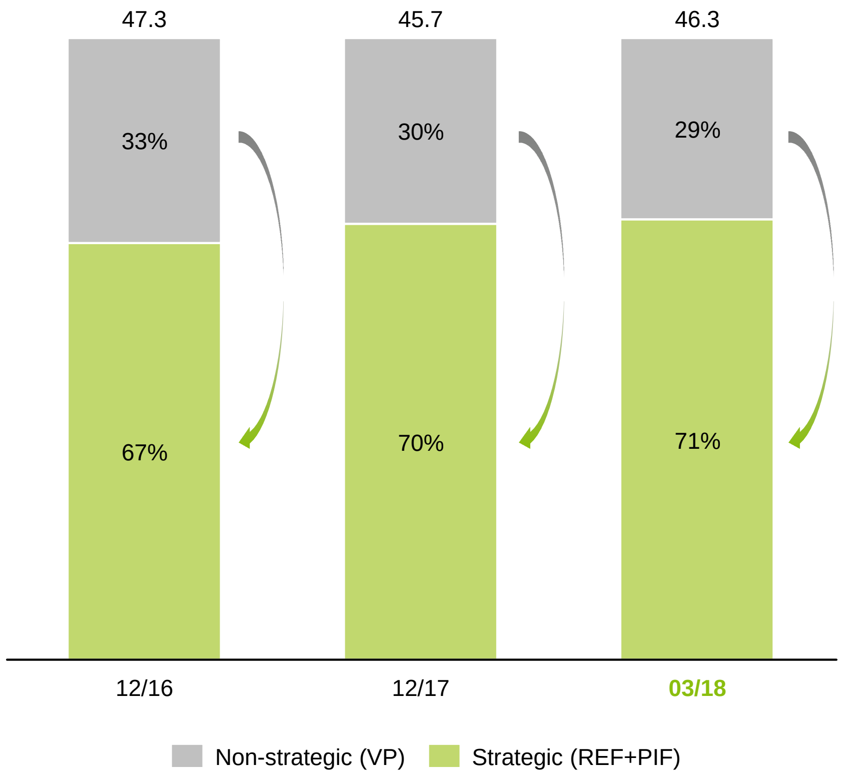


Borrower classification

31/03/18: EUR 16.8 bn



Total Portfolio (Financing volume, EUR bn)



Note: Figures may not add up due to rounding

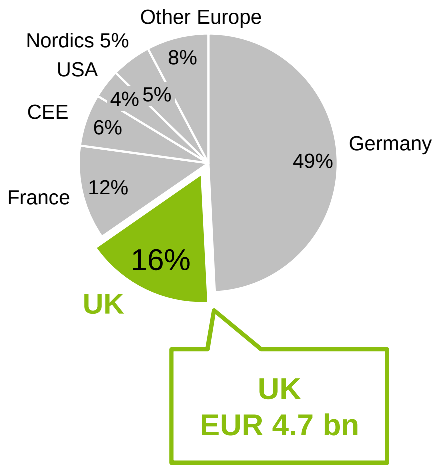
Excursion: Brexit and US-market entry

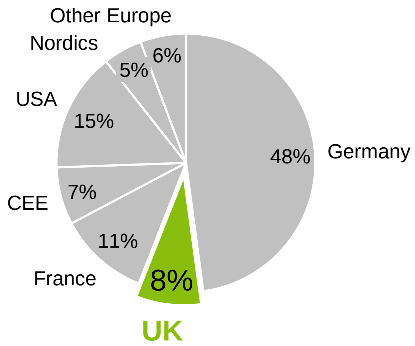
REF: High portfolio quality in UK and selective new business with low LTVs in US

REF Portfolio
31/03/2018: EUR 28.6 bn (EaD, Basel III)

REF New business
03/18: EUR 1.7 bn (commitments incl. extensions >1J)

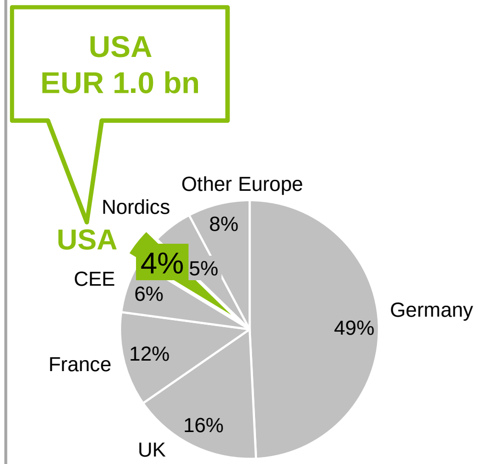
Brexit

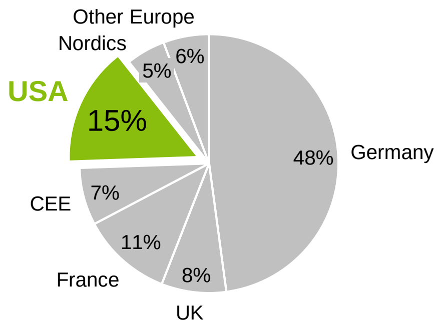




- High portfolio quality
  - Avg. LTV 56%, 1 exposure >75% LTV
  - Avg. ISC of ~300% provides solid cushion
  - 40 % Central London, remainder geographical spread
  - Property types with focus on retail (39%), office buildings (32%) and logistics (13%)
  - No problem loans in UK-portfolio[1]
- Investment volumes declined in aftermath of Brexit decision, but GBP weakness acts as further incentive for overseas investors and stabilised investment volume again – London prime yields remain at record lows

US-market entry





- Cautious step-by-step market entry since Q3/16
  - Leverage of existing networks of partner banks and international clients
  - Focus on main asset classes office / residential in East Coast metropolitan areas
  - Currently 17 deals closed; mainly arranged as syndication loans in New York and Boston
  - Avg. LTV 55%, no exposure >75% LTV
- Strengthening of market position by local presence - opening Rep Office in New York planned for H1/18
  - pbb with experience and knowledge in the US market
  - Network of international clients also focusing on US market
  - Well-known position for financing of complex, large deals in focused areas
  - Pfandbrief eligibility given

Note: Figures may not add up due to rounding 1 Estate UK-3 'technically' shown as problem loan – properties sold, but synthetic securitisation has not yet allocated loss

Key figures
pbb Group

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Income statement – former structure (EUR millions)	2016[1]	2017
Net interest income	404	435
Net fee and commission income	8	8
Net trading income	-6	-5
Net income from financial investments	125	-4
Net income from hedging relationships	6	-1
Net other operating income/expenses	-29	-9
Operating income	**508**	**424**
Loan-loss provisions	-1	-6
General and administrative expenses	-198	-216
Net miscellaneous income/expenses	-8	2
Pre-tax profit	**301**	**204**
Income taxes	-104	-22
Net income	**197**	**182**

Income statement – new structure (EUR millions)	Q1/17	Q2/17	Q3/17	Q4/17	2017	Q1/18
Net interest income	97	99	102	109	407	107
Net fee and commission income	3	2	1	2	8	1
Net income from fair value measurement	-2	2	-4	-1	-5	-
Net income from realisations	9	13	9	14	45	9
Net income from hedge accounting	1	-	-1	-1	-1	-1
Net other operating income	16	3	-1	5	23	-3
Operating Income	**124**	**119**	**106**	**128**	**477**	**113**
Net income from risk provisioning	-	-	-3	-7	-10	4
General and administrative expenses	-45	-47	-49	-58	-199	-44
Expenses from bank levies and similar dues	-22	-3	-2	-1	-28	-21
Net income from write-downs and write-ups on non-financial assets	-3	-5	-3	-3	-14	-3
Net income from provisions	-7	-8	2	-9	-22	-1
Pre-tax profit	**47**	**56**	**51**	**50**	**204**	**48**
Income taxes	-9	-9	-10	6	-22	-9
Net income	**38**	**47**	**41**	**56**	**182**	**39**

Key ratios (%)	2016[1]	2017
CIR	39.0	50.9
RoE before tax	11.1	7.3[2]
RoE after tax	7.3	6.5[2]

Key ratios (%)	Q1/17	Q2/17	Q3/17	Q4/17	12/17	03/18
CIR[6]	38.7	43.7	49.1	47.7	44.7	41.6
RoE before tax	6.7	8.0	7.4	7.1	7.3	6.7
RoE after tax	5.4	6.7	5.9	7.9	6.5	5.4

Balance sheet (EUR billions)	12/16	12/17
Total assets	62.7[2]	58.0
Equity	2.8	2.9
Financing volume	47.3	45.7

Balance sheet (EUR billions)	03/17	06/17	09/17	12/17	12/17	03/18
Total assets	61.2	60.7	57.9	58.0	58.0	57.6
Equity	2.8	2.7	2.8	2.9	2.9	3.0
Financing volume	47.3	46.6	46.0	45.7	45.7	46.3

Regulatory capital ratios[3]	12/16[1]	12/17
RWA (EUR bn)	13.1	14.5
CET 1 ratio – phase in (%)	19.5[4]	17.7[5]

Regulatory capital ratios[3]	03/17	06/17	09/17	12/17	12/17	03/18
RWA (EUR bn)	13.0	12.9	14.7	14.5	14.5	14.2
CET 1 ratio – phase in (%)	19.5[7]	19.6[7]	17.3[8]	17.7[5]	17.7[5]	18.8[9]

Personnel	12/16	12/17
Employees (FTE)	756	744

Personnel	03/17	06/17	09/17	12/17	12/17	03/18
Employees (FTE)	739	741	736	744	744	733

Note: Annual results 2016-2017 audited 1 Incl. EUR +132 mn extraordinary gain from value adjustments on HETA exposure 2 Revised due to IAS 8.14 et seq 3 Basel III transitional rules 4 Incl. full-year result, post dividend 5 Incl. full-year result, post proposed dividend 6 CIR = (GAE + net income from write-downs and write ups on non-financial assets)/operating income 7 Excl. interim result 8 Incl. interim result, post max. calc. dividend acc. to ECB methodology 9 Post proposed dividend for 2017, incl. interim result, post max. calc. dividend acc. to ECB methodology

Key figures
Real Estate Finance (REF)

DEUTSCHE PFANDBRIEFBANK

Income statement – former structure (EUR millions)	**2016**	**2017**	**Income statement – new structure** (EUR millions)	**Q1/17[3]**	**Q2/17[3]**	**Q3/17[3]**	**Q4/17[3]**	**2017[3]**	**Q1/18**
Net interest income	321	350	Net interest income	81	82	84	87	334	89
Net fee and commission income	9	9	Net fee and commission income	3	2	2	2	9	1
Net trading income	-2	-	Net income from fair value valuations	-	2	-2	-	-	-
Net income from financial investments	3	-1	Net income from realisations	9	13	8	15	45	8
Net income from hedging relationships	3	-1	Net income from hedge accounting	-	1	-1	-1	-1	-1
Net other operating income/expenses	-28	-20	Net other operating income	-	2	-1	-	1	-1
Operating income	**306**	**337**	**Operating Income**	**93**	**102**	**90**	**103**	**388**	**96**
Loan-loss provisions	2	-7	Net income from risk provisioning	-2	-	-2	-4	-8	-
General and administrative expenses	-156	-172	General and administrative expenses	-36	-38	-38	-46	-158	-35
			Expenses from bank levies and similar dues	-11	-2	-1	-1	-15	-12
			Net income from write-downs and write-ups on non-financial assets	-2	-5	-3	-2	-12	-2
Net miscellaneous income/expenses	-6	2	Net income from provisions	-4	-7	-1	-6	-18	-
Pre-tax profit	**146**	**160**	**Pre-tax profit**	**38**	**50**	**45**	**44**	**177**	**47**

Key ratios (%)	**2016**	**2017**	**Key ratios (%)**	**Q1/17**	**Q2/17**	**Q3/17**	**Q4/17**	**2017**	**Q1/18**
CIR	51.0	51.0	CIR[1]	40.9	42.2	45.6	46.6	43.8	38.5
RoE before tax	26.0	24.9	RoE before tax	13.8	18.2	15.7	14.7	15.4	14.5

Key figures (EUR billions)	**12/16**	**12/17**	**Key figures** (EUR billions)	**03/17**	**06/17**	**09/17**	**12/17**	**12/17**	**03/18**
Equity	0.6	0.6	Equity[2]	1.1	1.1	1.2	1.2	1.2	1.4
RWA	6.4	8.3	RWA	6.3	6.5	8.6	8.3	8.3	8.1
Financing volume	24.1	24.9	Financing volume	24.1	24.4	24.6	24.9	24.9	25.7

Note: Annual results 2016-2017 audited; interim results unaudited 1 CIR = (GAE + net income from write-downs and write ups on non-financial assets)/operating income 2 Equity now allocated according to going concern view instead of liquidation approach 3 Adjusted acc. to IFRS 8.29

Key figures
Public Investment Finance (PIF)

pbb DEUTSCHE PFANDBRIEFBANK

Income statement – former structure (EUR millions)	**2016**	**2017**
Net interest income	35	36
Net fee and commission income	-	-
Net trading income	-1	-2
Net income from financial investments	1	-6
Net income from hedging relationships	1	-
Net other operating income/expenses	-6	-4
Operating income	**30**	**24**
Loan-loss provisions	-	-
General and administrative expenses	-26	-29
Net miscellaneous income/expenses	-1	-
Pre-tax profit	**3**	**-5**

Income statement – new structure (EUR millions)	**Q1/17[3]**	**Q2/17[3]**	**Q3/17[3]**	**Q4/17[3]**	**2017[3]**	**Q1/18**
Net interest income	7	7	8	8	30	8
Net fee and commission income	-	-	-	-	-	-
Net income from fair value valuations	-1	-	-	-1	-2	-
Net income from realisations	-	-	-	-	-	-
Net income from hedge accounting	-	-	-	-	-	-
Net other operating income	-	-	-	-1	-1	-1
Operating Income	**6**	**7**	**8**	**6**	**27**	**7**
Net income from risk provisioning	1	-	-2	-5	-6	2
General and administrative expenses	-6	-6	-7	-8	-27	-6
Expenses from bank levies and similar dues	-3	-1	-	-	-4	-3
Net income from write-downs and write-ups on non-financial assets	-1	-	-	-	-1	-1
Net income from provisions	-1	-	1	-1	-1	-
Pre-tax profit	**-4**	**0**	**0**	**-8**	**-12**	**-1**

Key ratios (%)	**2016**	**2017**
CIR	86.7	>100
RoE before tax	0.9	-1.7

Key ratios (%)	**Q1/17**	**Q2/17**	**Q3/17**	**Q4/17**	**2017**	**Q1/18**
CIR[1]	>100	100.0	95.2	>100	>100	100.0
RoE before tax	-16.0	-	-	-21.3	-8.0	-2.0

Key figures (EUR billions)	**12/16**	**12/17**
Equity	0.3	0.3
RWA	1.4	1.6
Financing volume	7.4	7.0

Key figures (EUR billions)	**03/17**	**06/17**	**09/17**	**12/17**	**12/17**	**03/18**
Equity[2]	0.1	0.1	0.1	0.2	0.2	0.2
RWA	1.4	1.4	1.4	1.6	1.6	1.6
Financing volume	7.7	7.6	7.2	7.0	7.0	7.0

Note: Annual results 2016-2017 audited; interim results unaudited 1 CIR = (GAE + net income from write-downs and write ups on non-financial assets)/operating income 2 Equity now allocated according to going concern view instead of liquidation approach 3 Adjusted acc. to IFRS 8.29

Key figures
Value Portfolio (VP)

pbb DEUTSCHE PFANDBRIEFBANK

Income statement – former structure (EUR millions)	2016[1]	2017	Income statement – new structure (EUR millions)	Q1/17[4]	Q2/17[4]	Q3/17[4]	Q4/17[4]	2017[4]	Q1/18
Net interest income	41	42	Net interest income	8	8	9	12	37	8
Net fee and commission income	-1	-1	Net fee and commission income			-1		-1	
Net trading income	-3	-3	Net income from fair value valuations	-1		-2		-3	
Net income from financial investments	121	3	Net income from realisations			1	-1		1
Net income from hedging relationships	2	-	Net income from hedge accounting	1	-1				
Net other operating income/expenses	5	15	Net other operating income	16	1		6	23	-1
Operating income	**165**	**56**	**Operating Income**	**24**	**8**	**7**	**17**	**56**	**8**
Loan-loss provisions	-3	1	Net income from risk provisioning	1		1	2	4	2
General and administrative expenses	-16	-15	General and administrative expenses	-3	-3	-4	-4	-14	-3
			Expenses from bank levies and similar dues	-8		-1		-9	-6
			Net income from write-downs and write-ups on non-financial assets				-1	-1	
Net miscellaneous income/expenses	-1	-	Net income from provisions	-2	-1	2	-2	-3	-1
Pre-tax profit	**145**	**42**	**Pre-tax profit**	**12**	**4**	**5**	**12**	**33**	**0**

Key ratios (%)	2016	2017	**Key ratios** (%)	Q1/17	Q2/17	Q3/17	Q4/17	2017	Q1/18
CIR	9.7	26.8	CIR[2]	12.5	37.5	57.1	29.4	26.8	37.5
RoE before tax	9.7	2.8	RoE before tax	3.7	1.3	1.7	4.2	2.8	-

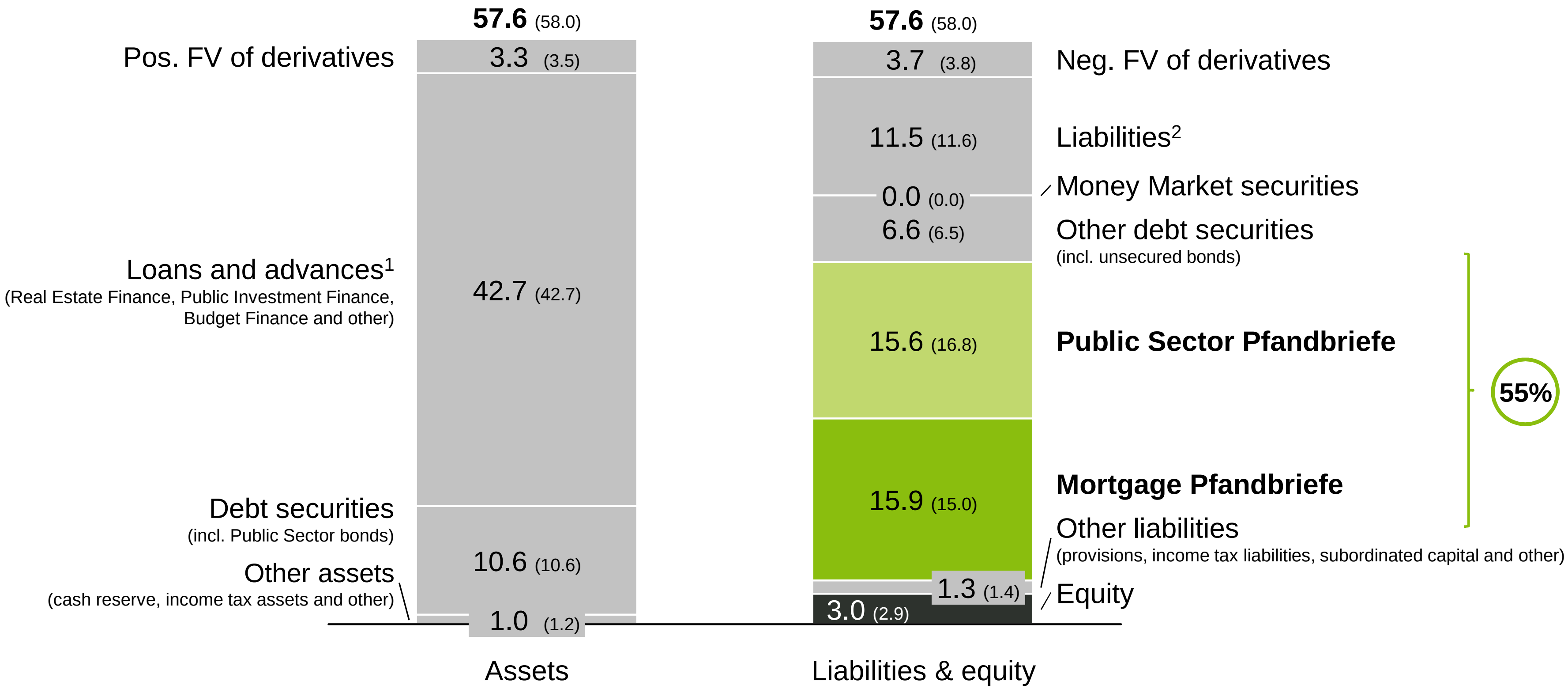
Key figures (EUR billions)	12/16	12/17	**Key figures** (EUR billions)	03/17	06/17	09/17	12/17	12/17	03/18
Equity	1.5	1.5	Equity[3]	1.3	1.2	1.2	1.1	1.1	0.9
RWA	4.1	3.5	RWA	4.0	3.7	3.6	3.5	3.5	3.5
Financing volume	15.8	13.8	Financing volume	15.5	14.6	14.2	13.8	13.8	13.6

Note: Annual results 2016-2017 audited; interim results unaudited. 1 Incl. extraordinary effects from value adjustments on HETA exposure: EUR -117 mn (2014); EUR -76 mn (Q1/15, 2015); EUR +132 mn (Q3/16, 2016)
2 CIR = (GAE + net income from write-downs and write ups on non-financial assets)/operating income 3 Equity now allocated according to going concern view instead of liquidation approach 4 Adjusted acc. to IFRS 8.29

Balance sheet

Specialist lender with attractive German Pfandbrief as major funding instrument

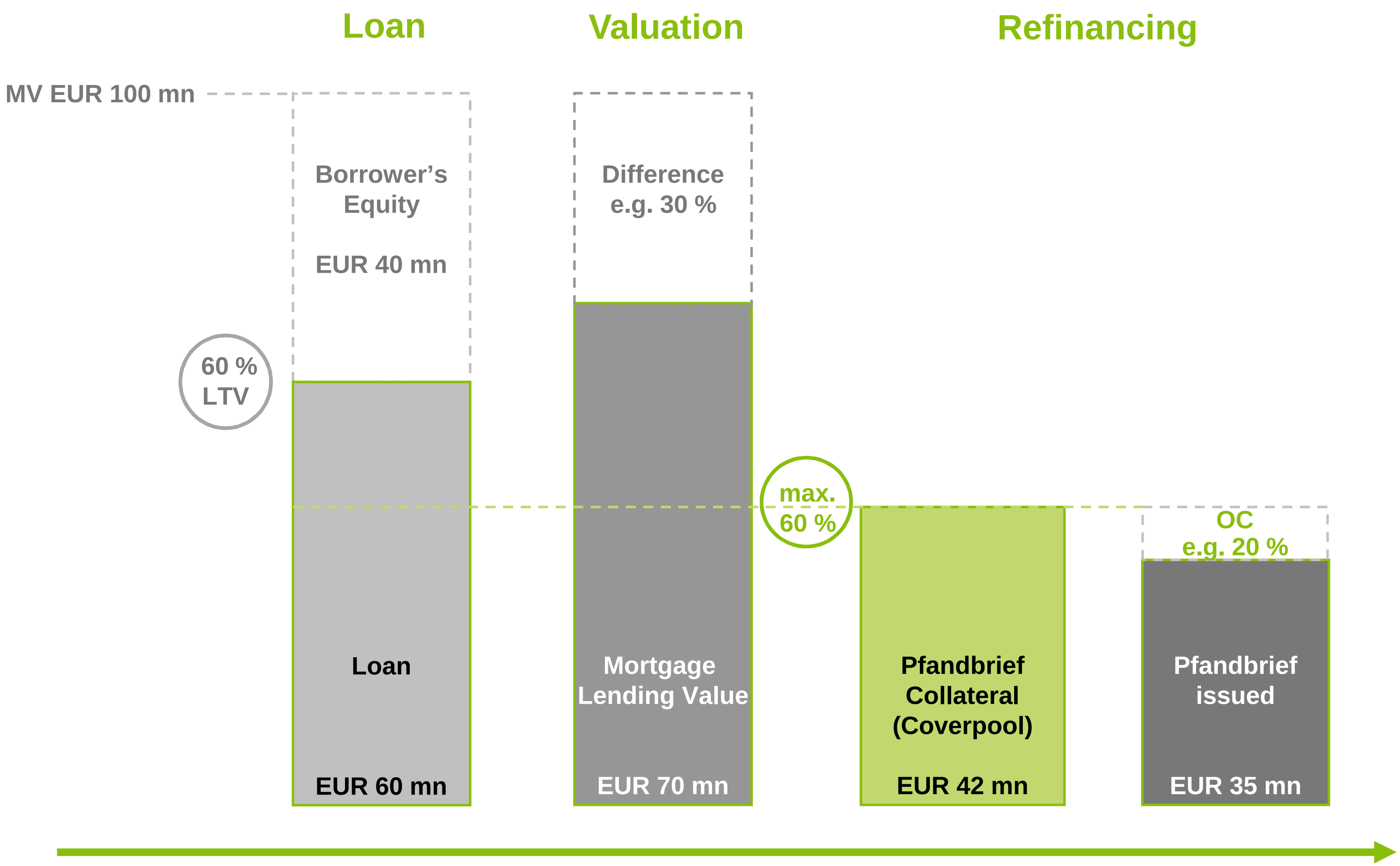
Balance sheet: 31/03/2018 (31/12/2017)
IFRS, EUR billions



Note: Figures may not add up due to rounding 1 Incl. allowances for losses on loans and advances 2 incl. liabilities to central banks, promissory notes and liabilities to other banks and customers

Pfandbrief refinancing

Effect of the Mortgage Lending Value – very simplified example



Ratings

Bank ratings	S&P	DBRS	
Long-term	**A-**	**BBB**	
Outlook/Trend	Negative	Stable	
Short-term	A-2	R-2 (high)	
Stand-alone rating[1]	bbb	BBB	
Long Term Debt Ratings			
“Preferred” senior unsecured Debt[2]	A-	BBB	
“Non-preferred” senior unsecured Debt[3]	BBB-	BBB	
Subordinated Debt	BB+	BB (high)	

Pfandbrief ratings			Moody’s
Public Sector Pfandbrief			Aa1
Mortgage Pfandbrief			Aa1

Disclaimer:

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Note: The above list does not include all ratings 1 S&P: Stand-alone credit profile; DBRS: Intrinsic Assessment 2 S&P: "Senior Unsecured Debt"; DBRS: "Senior Unsecured Debt" 3 S&P: "Senior Subordinated Debt"; DBRS: "Senior Unsecured Debt"

Definition of borrower classifications

pbb DEUTSCHE PFANDBRIEFBANK

Borrower classification	Definition
Sovereign	Direct and indirect obligations of Central Governments, Central Banks and National Debt Agencies
Sovereign (related)	Indirect obligations of Non Sovereigns with an explicit first call guarantee by a Sovereign
Regional Government	Direct and indirect obligations of Regional, Provincial and Municipal Governments
Regional Government (related)	Indirect obligations of Non Regional Government with an explicit first call guarantee by a Regional Government
Public Sector Enterprise	Direct obligations of administrative bodies and non commercial/non-profit undertakings
Public Sector Enterprise (related)	Indirect obligations of Non Public Sector Enterprise with an explicit first call guarantee by a Public Sector Enterprise
Financial Institution	Direct and indirect obligations of Universal Banks, Investment Banks, Mortgage Institutions, Brokerages and other banks or Basel regulated institution
Corporation	Direct and indirect obligations of enterprises, established under corporate law and operating in a for profit or competitive environment
Structured Finance	Obligations of an SPV which references the risk of an underlying pool of securitised assets, either synthetically via CDS or directly, the tranches issued by the SPV have different seniority to each other
Supranational	Direct obligations to international Organisations and International Investment and Development Banks
Other	Direct obligations to Individuals

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