

Analyst/Investor Presentation

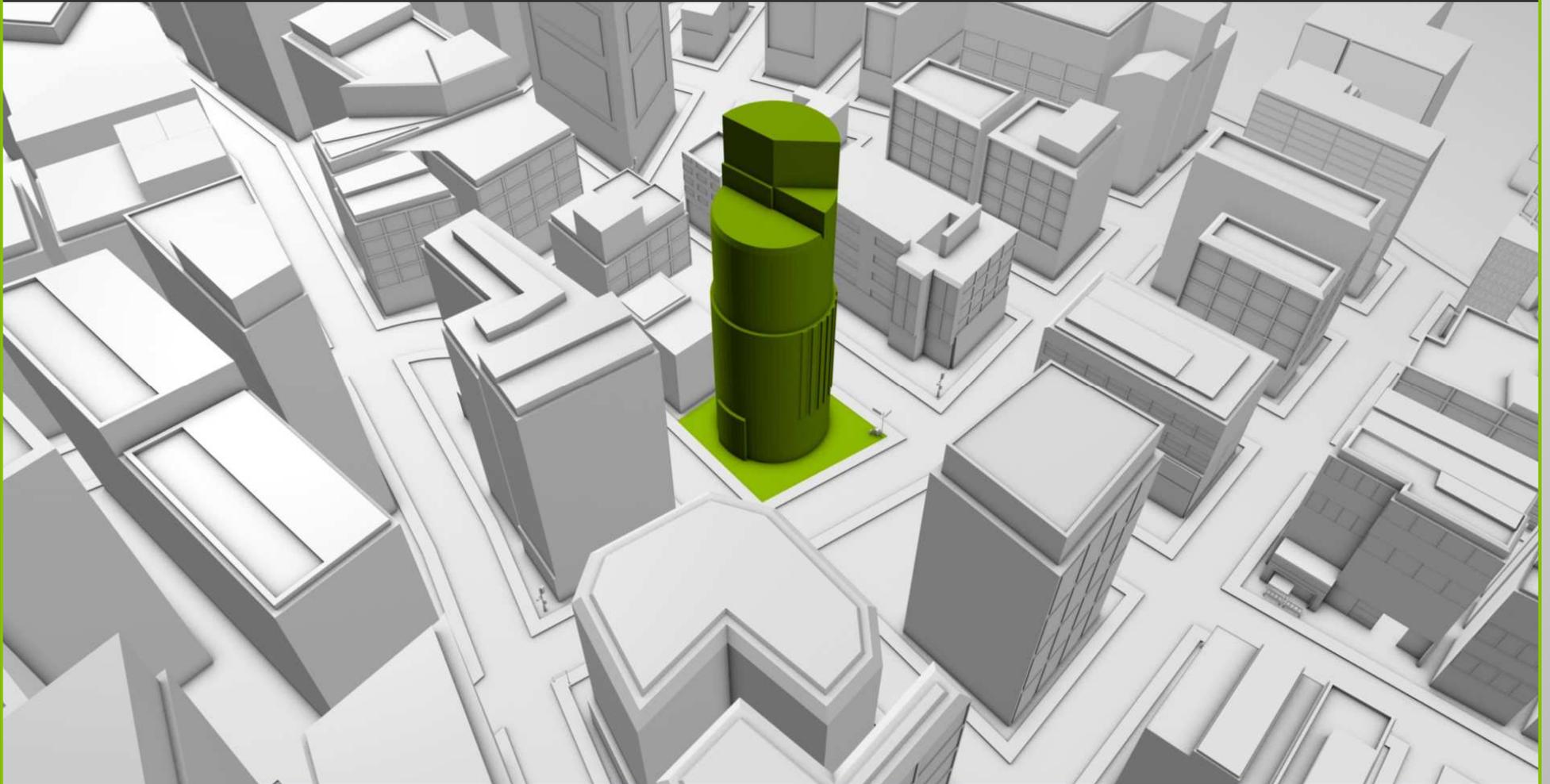
Results Q2 2011:

pbb profitable with pre-tax profit of EUR 68 mio

PUBLIC SECTOR FINANCE
REAL ESTATE FINANCE

pbb

DEUTSCHE
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- ✓ **Q2 2011 with pre-tax profit of EUR 68 mio marks fourth consecutive profitable quarter**
- ✓ **New business (incl. extensions >1 year) of EUR 1.9 bn in Q2 2011 in line with full-year target of EUR ~8 bn**
- ✓ **Balance sheet further down to EUR 126 bn (31/03/2011: EUR 155 bn), following reduction of counter-effects resulting from the asset transfer to FMS-WM – operating balance sheet now at EUR 94 bn but expected to increase mid-term**
- ✓ **Sufficient capitalisation with a Tier I ratio of 18.0% as of 30/06/2011**
- ✓ **Roadshow for Jumbo Pfandbrief issuance planned – comfortable liquidity position allows for gradual re-entrance into the Pfandbrief market and unsecured capital markets**

Income statement

Q2 2011 with pre-tax profit of EUR 68 mio marks fourth consecutive profitable quarter



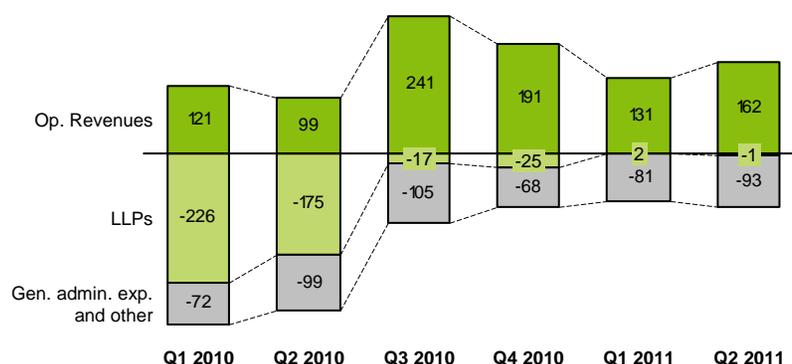
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Income statement (IFRS)

EUR millions

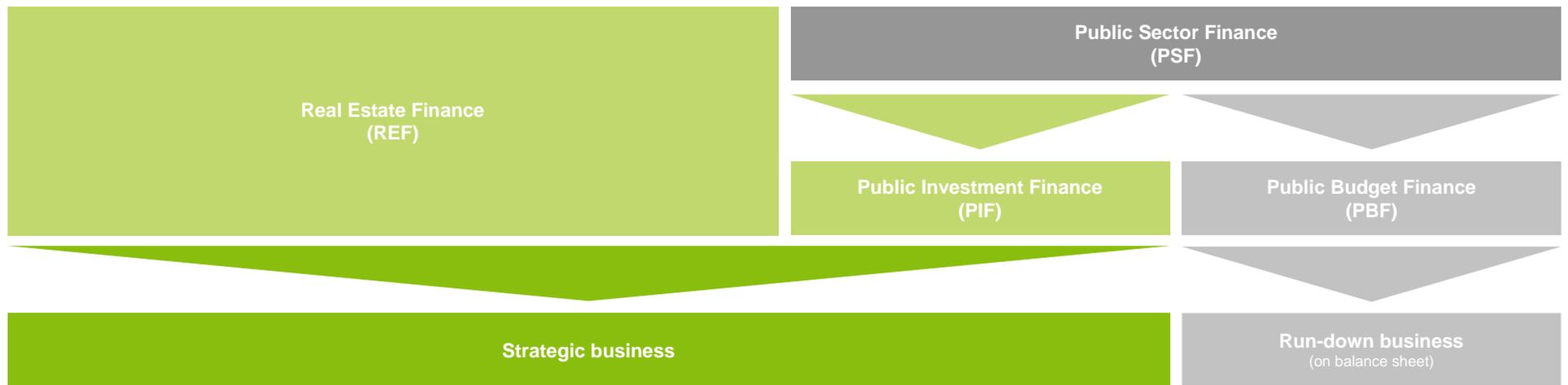
	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011
Operating revenues	121	99	241	191	131	162
Net interest and similar income	166	164	161	109	97	95
Net commission income	-7	-1	-12	10	14	5
thereof: SoFFin guarantees	-24	-22	-26	-2	0	0
Net trading income	-12	-36	110	15	-8	8
Net income from financial investments	-13	-4	-1	1	-1	0
Net income from hedge relationships	-17	-22	-2	-4	-15	-12
Balance of other operating income/expenses	4	-2	-15	60	44	66
Provisions for losses on loans and advances	-226	-175	-17	-25	2	-1
General administrative expenses	-73	-98	-105	-76	-81	-93
Balance of other income/expenses	1	-1	0	8	0	0
Pre-tax profit/loss	-177	-175	119	98	52	68

- Net interest income benefited less from gains from buy-backs of debt instruments (Q2 2011: EUR 5 mio, Q1 2011: EUR 12 mio)
- Net commission income stable, not taking into account EUR 7 mio back-end fees on loan termination in Q1 2011
- Net trading income positive, resulting from derivatives
- Other operating income includes EUR 36 mio income from servicing for FMS-WM (Q1 2011: EUR 29 mio) and EUR 10 mio income from pbb Services for IT services to DEPFA (Q1 2011: EUR 11 mio)
- Loan-loss provisions only marginal – net additions to individual loan-loss provisions (EUR -8 mio) nearly offset by net releases of portfolio-based provisions (EUR 4 mio) and other provisions (EUR 2 mio)
- General administrative expenses include expenses relating to the servicing for FMS-WM – Q4 2010 included EUR 13 mio gain from release of accruals for variable compensation



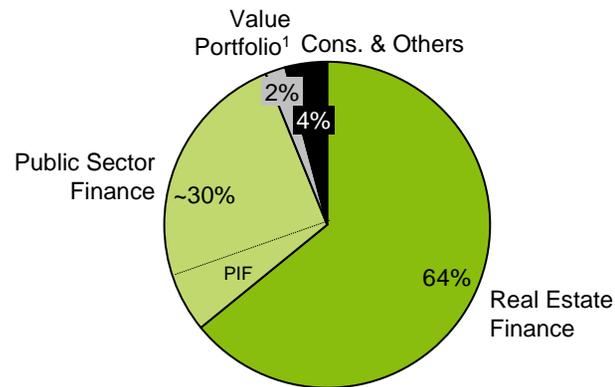
Income statement

Public Budget Finance will be run down on balance sheet, continuing to generate interest income and to be replaced by higher-margin strategic business over time



Net interest and similar income (IFRS)

H1 2011



- Net interest income mainly generated from Real Estate Finance (REF) business
- Public Budget Finance (PBF) – being main part of PSF – will be run down on balance sheet, continuing to generate interest income
- Higher-margin Real Estate Finance (REF) and Public Investment Finance (PIF) business to replace Public Budget PBF business over time

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

Balance sheet

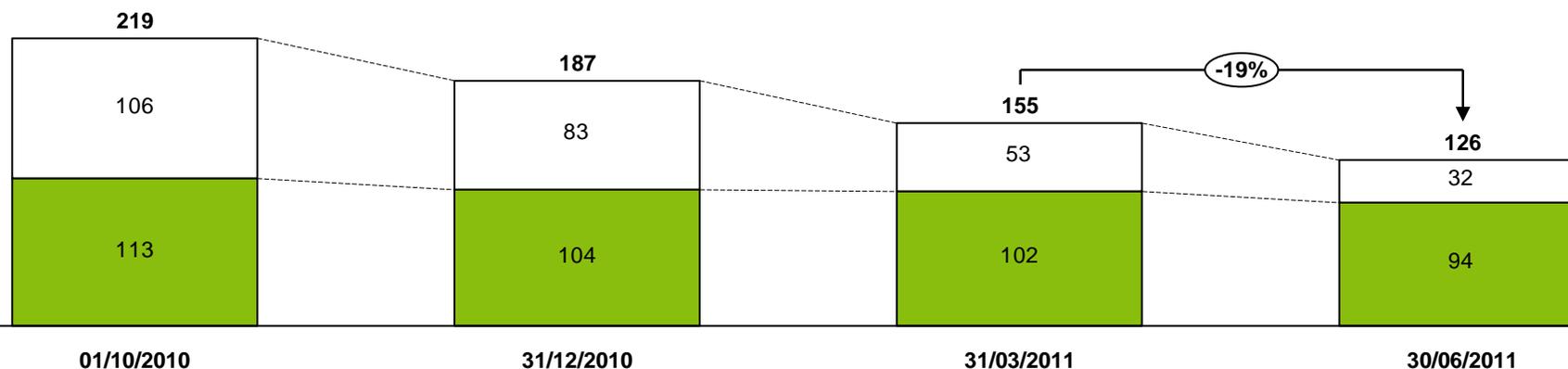
Operating balance sheet now at EUR 94 bn but expected to increase mid-term



Total assets (IFRS)

EUR billions

- Counter-effects resulting from the asset transfer to FMS-WM
- Operating balance sheet



- In Q2 2011, total assets further down by EUR 29 bn (-19%) to EUR 126 bn, predominantly as counter-effects resulting from the asset transfer to FMS-WM have been further reduced
 - In Q2, total counter-effects reduced by EUR 21 bn (-40%) to EUR 32 bn
 - The main counter-effects are as follows:
 - Pass-through funding for FMS-WM: FMS-WM does not have a banking status. Therefore, pbb provides access to the ECB for FMS-WM by entering into reverse repo transactions with FMS-WM (pass-through funding). In Q2, these reverse repo transactions with FMS-WM have been reduced by EUR 16 bn (-46%) to EUR 19 bn (31/03/2011: EUR 35 bn, 31/12/2010: EUR 60 bn).
 - Back-to-back derivatives were used to transfer market price risks of derivatives to FMS-WM by way of entering into derivative transactions with FMS-WM at counter-identical conditions. These derivative transactions resulted in an increase of the balance sheet. In Q2, these back-to-back derivatives have been reduced by EUR 3 bn to EUR 7 bn (31/03/2011: EUR 10 bn, 31/12/2010: EUR 14 bn) due to novations
 - Since the asset transfer at Oct 1, 2010, total counter-effects were reduced by 70% – these will be reduced further over time as pass-through funding for FMS-WM is expected to decline further and derivatives will get novated
- Excluding these counter-effects, pbb's operating balance sheet further declined to EUR 94 bn (-8%), primarily due to maturities (pre-/ re-payments) in the existing loan portfolio exceeding new business volumes as well as market-related effects
- pbb's operating balance sheet expected to increase mid-term – run-down Public Budget Finance (PBF) business to be replaced by strategic higher-margin Real Estate Finance (REF) and Public Investment Finance (PIF) business

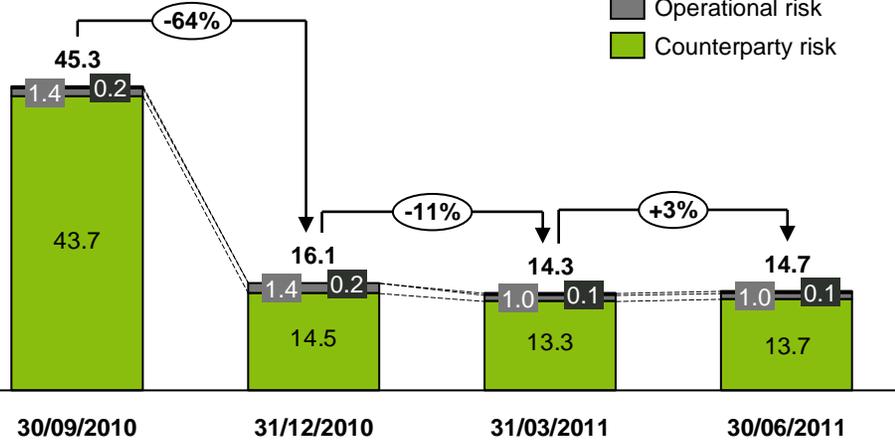
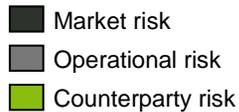
Note: Figures may not add up due to rounding

Capitalisation

Sufficient capitalisation with a Tier I ratio of 18.0%

Pro-forma Risk-Weighted Assets (RWA)

EUR billions

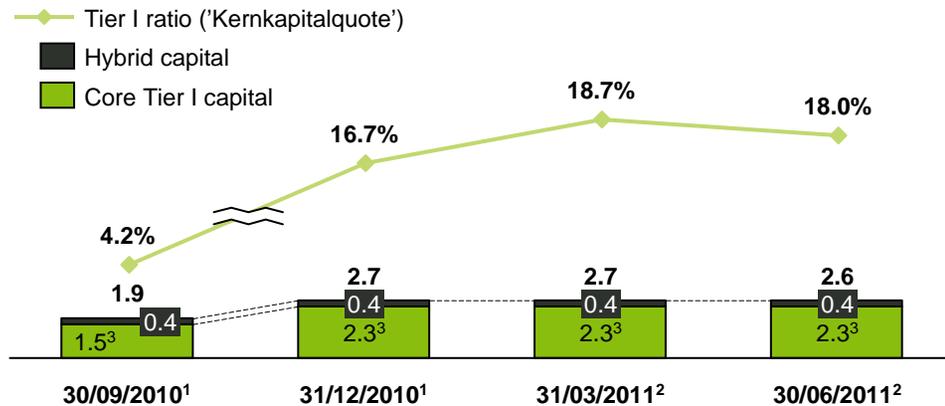


Deutsche Pfandbriefbank AG is according to the 'Waiver Rule' regulated in Sec. 2a KWG (German Banking Act) not obliged to determine the equity capital ratio and the core capital ratio on a sub-group level. Therefore the regulatory capital ratios stated are calculated on an unaudited pro-forma basis.

- RWA slightly increased to EUR 14.7 bn (+3%), primarily reflecting rating downgrades
- Tier I capital stable (excluding year-to-date profit/adjustments) – silent participation included in core Tier I capital following the permission by the German regulatory authorities
- Tier I ratio now at 18.0%
- Within the framework of the transfer of assets to FMS-WM, FMSA has reserved the right to stipulate a compensation payment of up to EUR 1.59 bn in order to avoid distortion of competition
 - With this, the FMSA can, for reasons of fair competition, reduce the capitalisation of individual legal entities to the required extent, if the Tier I ratio of the relevant legal entity is >15%
 - Under the terms of the EU state aid approval, a total purchase price adjustment of EUR 1.59 bn will be required from HRE Group. Such adjustment will most probably materialise mainly at the level of DEPFA sub-group.
- Additionally, the EU requires a full retention of profits at pbb until re-privatisation to pay back the silent participation of SoFFin

Pro-forma Tier I capital/ratio (SolvV, German GAAP/HGB)

EUR billions

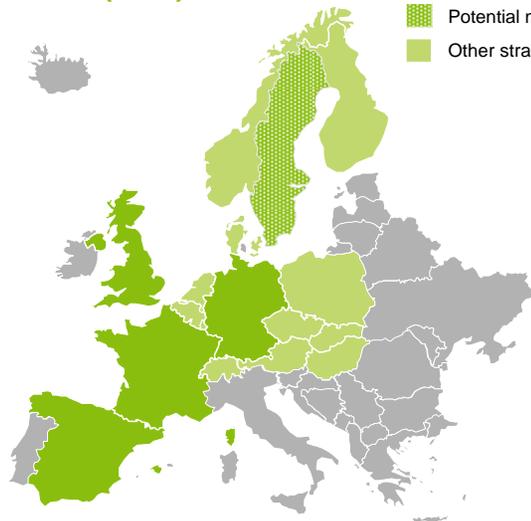


Note: Figures may not add up due to rounding 1 Incl. year-to-date losses/adjustments 2 Excl. year-to-date profits/adjustments 3 Incl. silent participation; 30/09/2010 and 31/12/2010 restated

New business

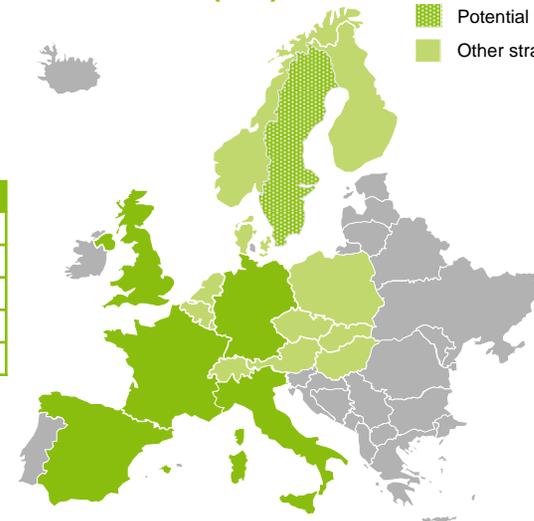
New business origination focused on Germany and other European countries – potential to expand local presence in Germany and in Sweden

Real Estate Finance (REF)



- Core countries with sales locations
- Potential new location in Sweden
- Other strategic countries

Public Investment Finance (PIF)



- Core countries with sales locations
- Potential new location in Sweden
- Other strategic countries

Core countries	Current sales locations
Germany	Unterschleissheim, Eschborn
UK	London
France	Paris
Italy	Rome
Spain	Madrid

- ➔ Local presence with increased importance, given the focus on smaller loan sizes in PIF as well as mid-size REF business
- ➔ Potential to expand existing branch network by 3 additional offices in Germany (Hamburg, Berlin, Rhine-Ruhr area) and one in Sweden (Stockholm)
- ➔ Synergies arise from the use of existing customer networks in REF and PIF as well as homogenous acquisition, credit and back-office processes

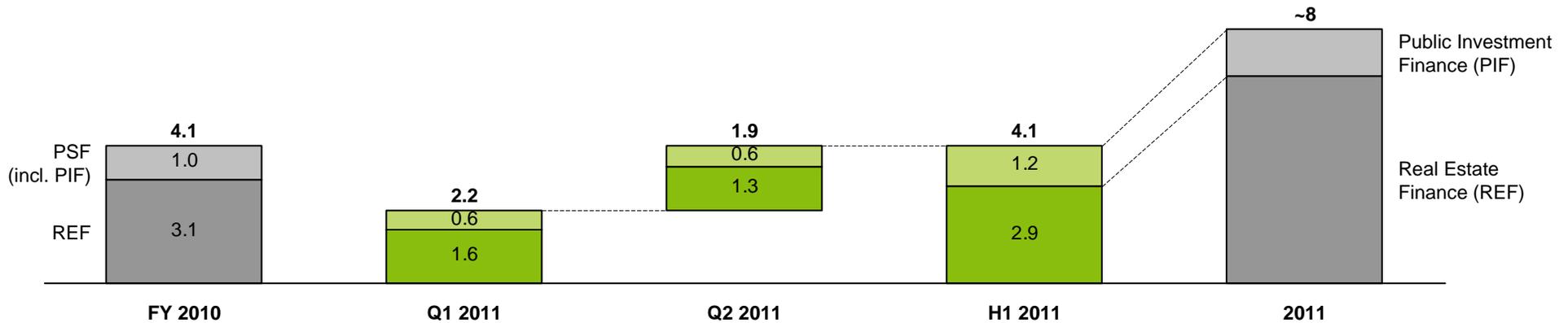
New business

Total new business of EUR 4.1 bn in H1 2011 in line with full-year target of EUR ~8 bn



Total new business¹

EUR billions



- New business of EUR 1.9 bn in Q2 brings total new business up to EUR 4.1 bn for H1 2011, which is at the level of FY 2010 and in line with full-year target of EUR ~8 bn for FY 2011
- Sufficient room for new business growth in strategic business areas Real Estate Finance (REF) and Public Investment Finance (PIF) to take advantage of the current market environment following the EU state aid approval – volumes not used can be carried forward

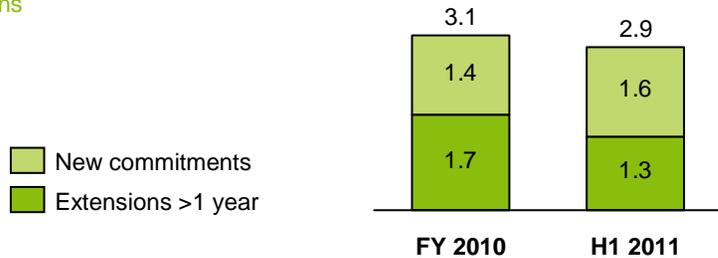
Note: Figures may not add up due to rounding ¹ Incl. extensions >1 year

New business

New business origination successfully re-started at attractive margins

Real Estate Finance (REF)

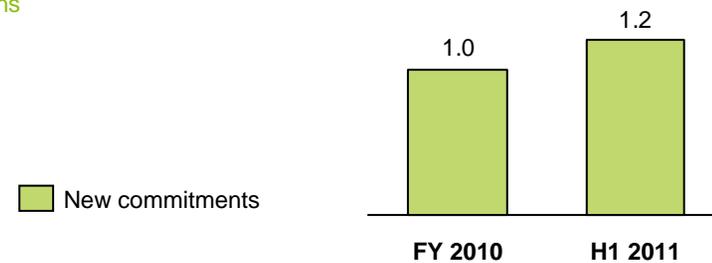
EUR billions



	FY 2010	H1 2011
No. of deals	65	41
Average maturity	~3.9 yrs	~4.3 yrs
Average LTV	66%	71%
Average gross margin	>200	>190 bp

Public Sector Finance (PSF)

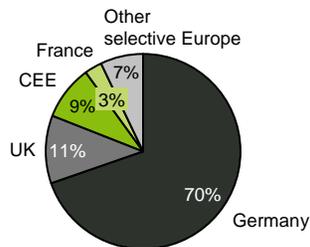
EUR billions



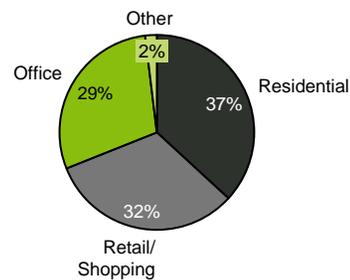
	FY 2010	H1 2011
No. of deals	51	22
Average maturity	~7.4 yrs	~7.7 yrs
Average gross margin	>100 bp	>100 bp

H1 2011: EUR 2.9 bn

by region

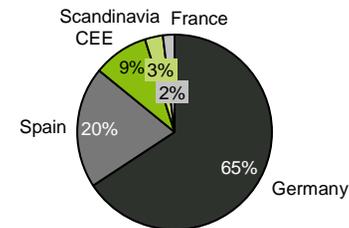


by property type

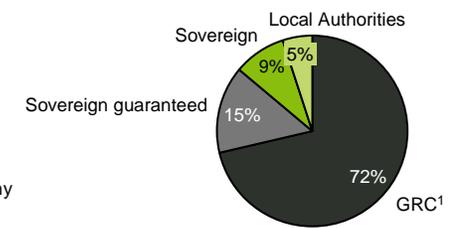


H1 2011: EUR 1.2 bn

by region



by counterparty type



Note: Figures may not add up due to rounding 1 Government Related Companies

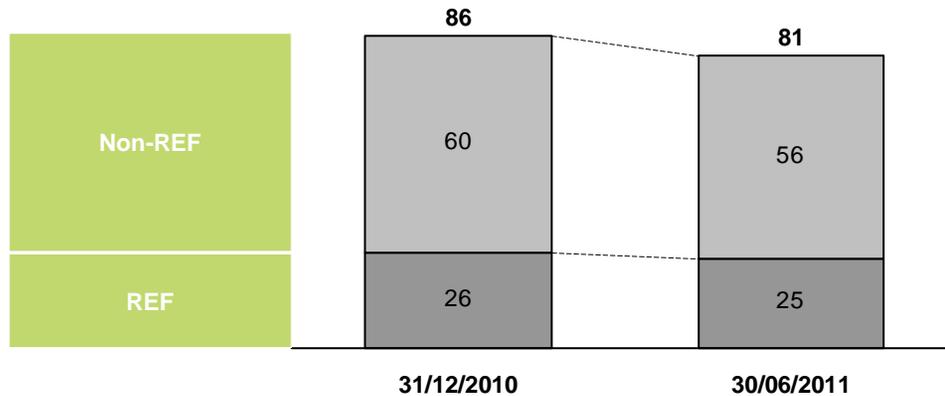
Portfolio

Envisaged portfolio growth in strategic business areas will compensate for the decline in Public Budget Finance



Total portfolio (EaD)

EUR billions



- Total portfolio reduced by EUR 5 bn (-6%) to EUR 81 bn, primarily reflecting maturities (pre-/repayments) in the existing loan portfolio exceeding new business volumes
 - The existing portfolio mainly consists of cover pool eligible assets in Germany and Europe
 - No sovereign exposure in Greece, Spain and Ireland – only limited sovereign exposure to Portugal (EUR 0.3 bn) and Italy (EUR 2.8 bn)
- Total portfolio to remain largely stable until 2013, but expected to grow thereafter as portfolio growth in strategic business areas will overcompensate for the run-down of Public Budget Finance (PBF)

Planned portfolio development¹

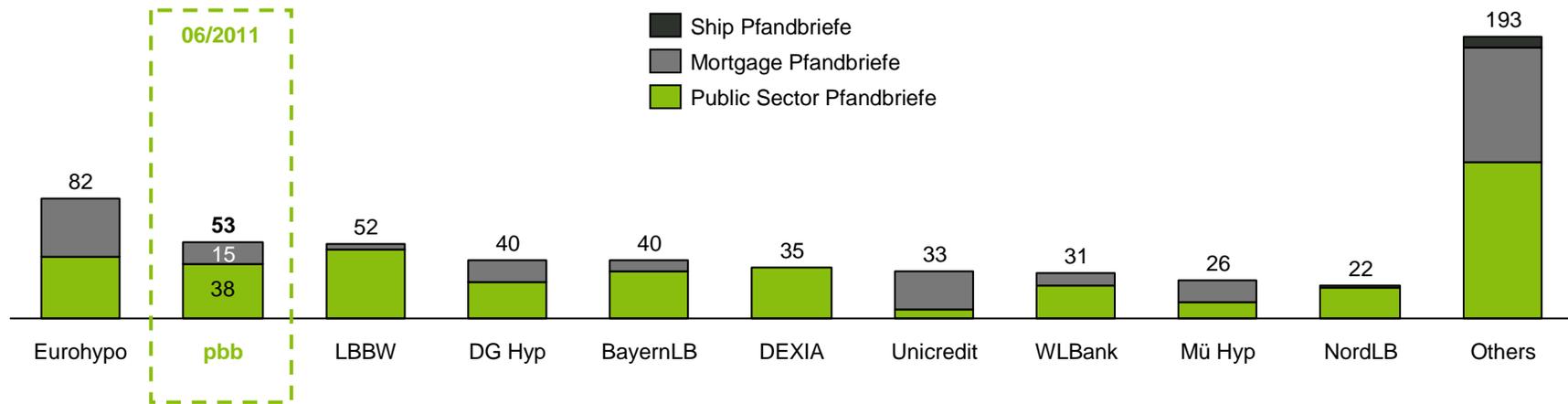
EUR billions



¹ Scenario calculation based on EU restructuring plan; new planning process in progress following the final approval of state aid by the EU Commission

Total Pfandbriefe outstanding¹ (Nominal)

03/2011: EUR billions



pbb to remain one of the largest issuers of Pfandbriefe

- Outstanding Public Sector Pfandbriefe expected to decline following the run-down of Public Budget Finance (PBF), which will only partly mitigated by new Public Investment Finance (PIF) business
- Increase in Mortgage Pfandbriefe expected to largely compensate for decline in Public Sector Pfandbriefe



Public Sector cover pool will show a shift from sovereign to non-sovereign assets over time



Funding volumes largely depending on new business

Roadshow for Jumbo Pfandbrief issuance planned

¹ Source: German Pfandbrief Association (vdp)

- ➔ **pbb profitable since one year**
- ➔ **Successful re-start of new business origination at attractive margins and with reduced risk appetite**
- ➔ **Public Budget Finance will be run down on balance sheet**
 - continues to generate interest income
 - to be replaced by strategic higher-margin REF and PIF business over time
- ➔ **Roadshow for Jumbo Pfandbrief issuance planned – comfortable liquidity position allows for gradual re-entrance into the Pfandbrief market and unsecured capital markets**
- ➔ **Medium-term re-privatisation target for pbb**

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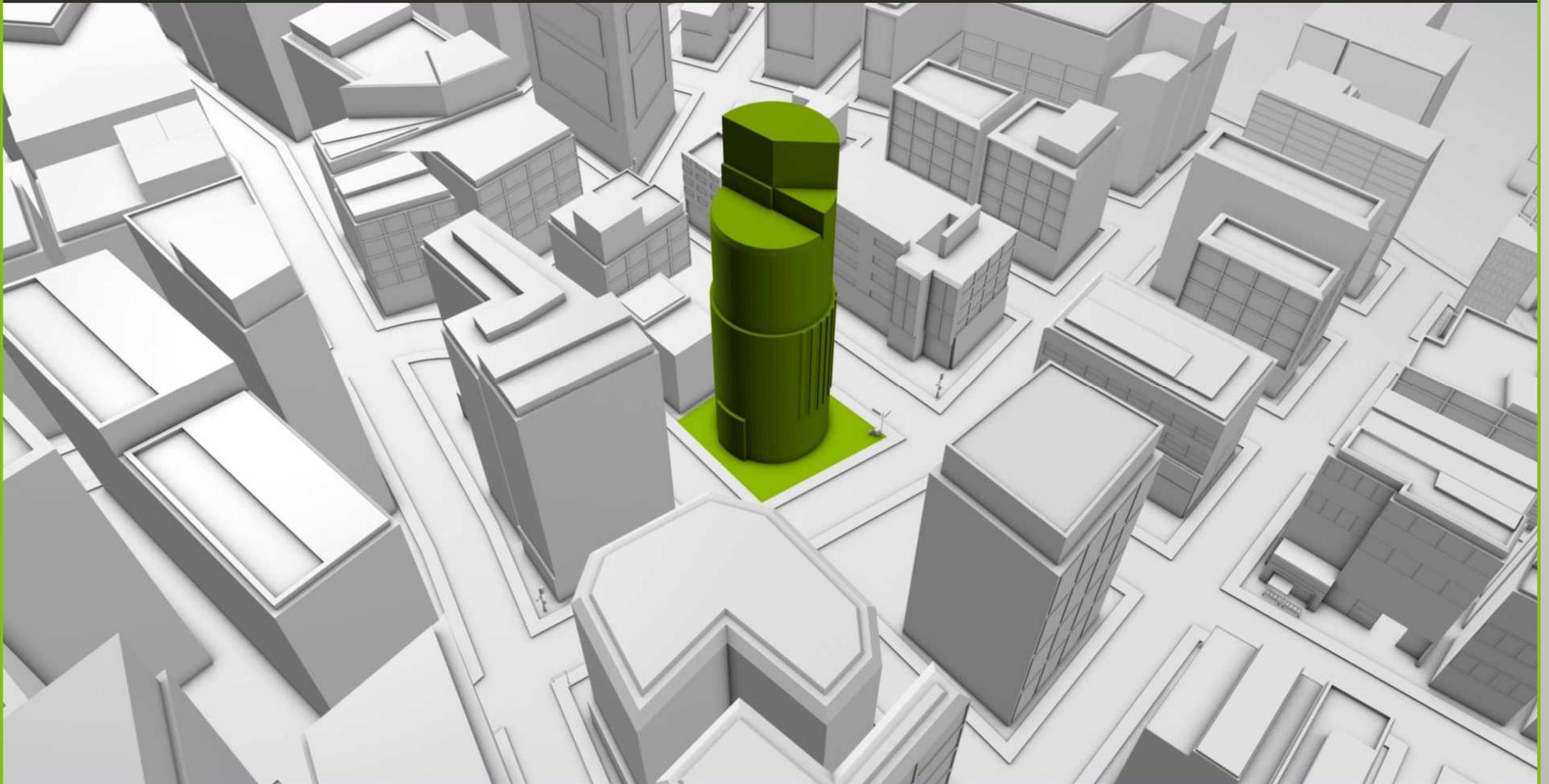
Appendix 1 – pbb

Results Q2 2011

PUBLIC SECTOR FINANCE
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Financial Results

Total Portfolio

- Real Estate Portfolio

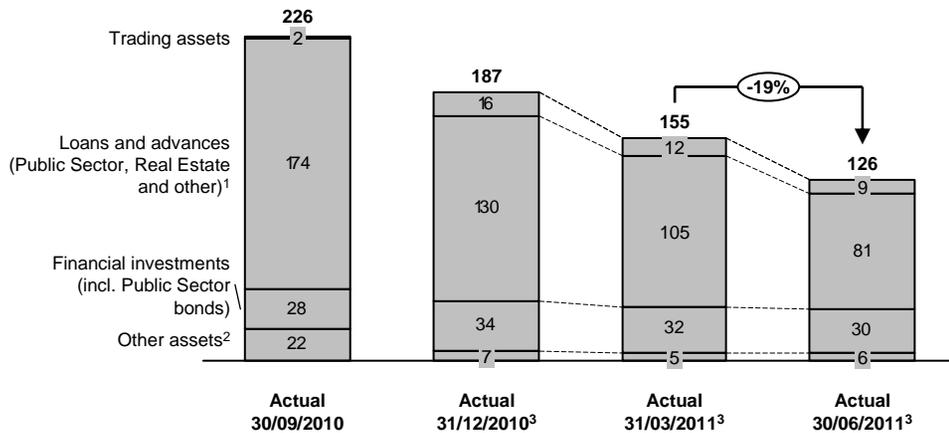
- Non-Real Estate Portfolio

Cover Pools

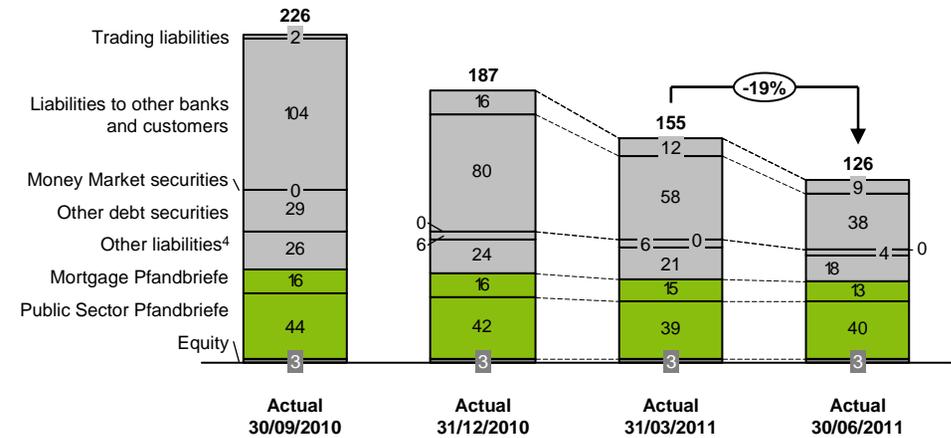
- Mortgage Cover Pool

- Public Sector Cover Pool

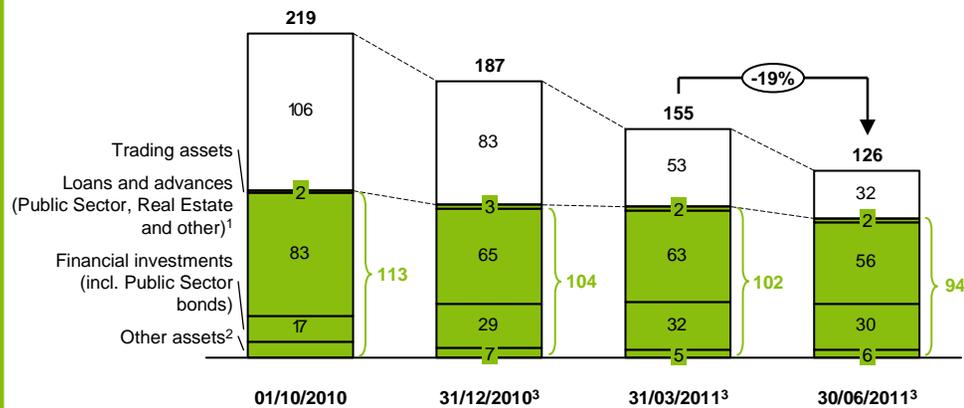
Total assets (IFRS)
EUR billions



Total liabilities and equity (IFRS)
EUR billions



□ Counter-effects resulting from the asset transfer to FMS-WM



Note: Figures may not add up due to rounding

1 Incl. allowances for losses on loans and advances
 2 Cash reserve, other assets (esp. positive market values of hedging derivatives), income tax assets
 3 Incl. reclassification of securities from 'Loans and advances' to 'Financial investments' for the purpose of consistent reporting of all securities with IFRS category LaR in the same balance sheet position
 4 Provisions, other liabilities (esp. negative market values of hedging derivatives), income tax liabilities

pbb Deutsche Pfandbriefbank

Balance sheet



Assets (IFRS) EUR millions	30.06.2011 ¹	31.12.2010 ¹	Change	
			EUR mio	%
Cash reserve	131	224	-93	-41.5
Trading assets	9,239	16,168	-6,929	-42.9
Loans and advances to other banks	8,445	12,128	-3,683	-30.4
Loans and advances to customers	73,454	118,642	-45,188	-38.1
Allowances for losses on loans and advances	-492	-561	69	12.3
Financial investments	29,839	33,605	-3,766	-11.2
Property, plan and equipment	4	5	-1	-20.0
Intangible assets	33	32	1	3.1
Other assets	3,824	5,035	-1,211	-24.1
Income tax assets	1,528	1,545	-17	-1.1
Total assets	126,005	186,823	-60,818	-32.6

Equity and liabilities (IFRS) EUR millions	30.06.2011	31.12.2010	Change	
			EUR mio	%
Liabilities to other banks	23,906	62,587	-38,681	-61.8
Liabilities to customers	14,554	17,384	-2,830	-16.3
Liabilities evidenced by certificates	56,802	63,846	-7,044	-11.0
Trading liabilities	9,279	16,294	-7,015	-43.1
Provisions	189	176	13	7.4
Other liabilities	13,957	18,883	-4,926	-26.1
Income tax liabilities	1,504	1,526	-22	-1.4
Subordinated capital	2,489	2,766	-277	-10.0
Liabilities	122,680	183,462	-60,782	-33.1
Subscribed capital	380	380	-	-
Silent participation	999	999	-	-
Additional paid-in capital	5,036	5,036	-	-
Retained earnings	-3,275	-3,089	-186	-6.0
Foreign currency reserve	-33	-35	2	5.7
Revaluation reserve	141	255	-114	-44.7
<i>Afs reserve</i>	-271	-259	-12	-4.6
<i>Cash flow hedge reserve</i>	412	514	-102	-19.8
Consolidated profit/loss 2010	0	-185	185	100.0
Consolidated profit/loss H1 2011	77	0	77	>100.0
Equity attributable to equity holders	3,325	3,361	-36	-1.1
Non-controlling interest in equity	0	0	-	-
Equity	3,325	3,361	-36	-1.1
Total equity and liabilities	126,005	186,823	-60,818	-32.6

1 Incl. reclassification of securities from 'Loans and advances to other banks/customers' to 'Financial investments' for the purpose of consistent reporting of all securities with IFRS category LaR in the same balance sheet position

Financial Results

Total Portfolio

Real Estate Portfolio

Non-Real Estate Portfolio

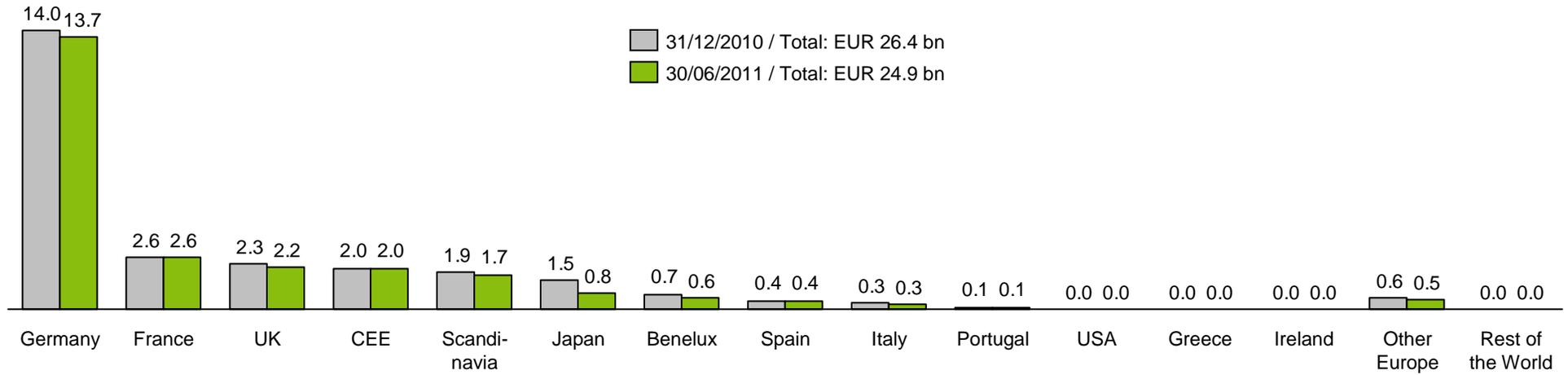
Cover Pools

Mortgage Cover Pool

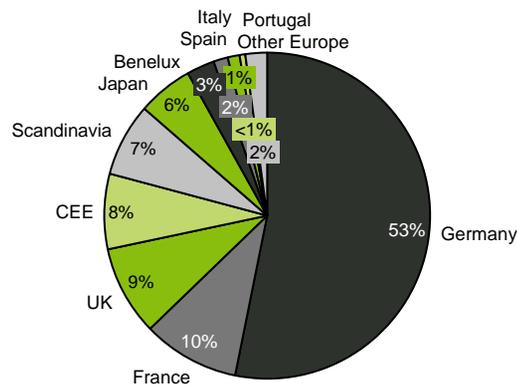
Public Sector Cover Pool

Exposure by region (EaD)¹

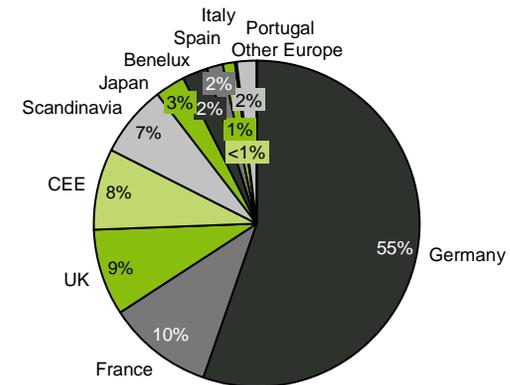
EUR billions



31/12/2010



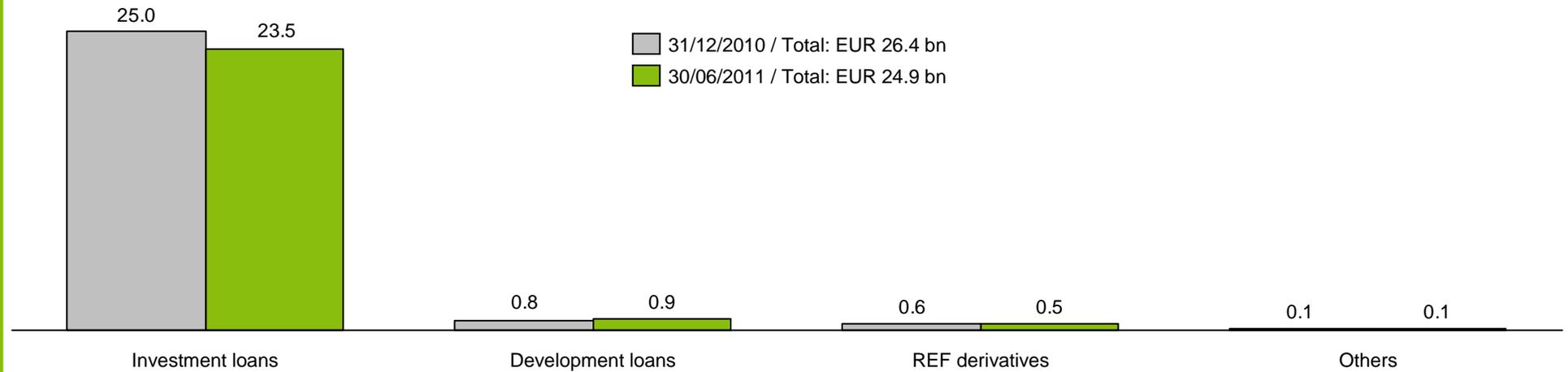
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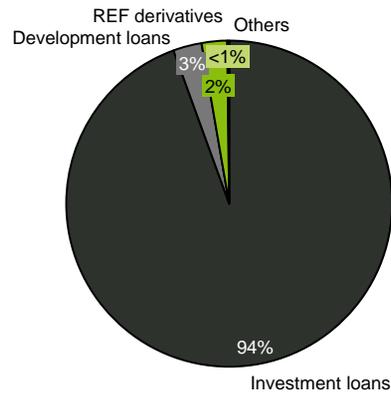
Note: Figures may not add up due to rounding 1 Excl. FMS-WM guaranteed exposure/compensation claims

Exposure by loan type (EaD)¹

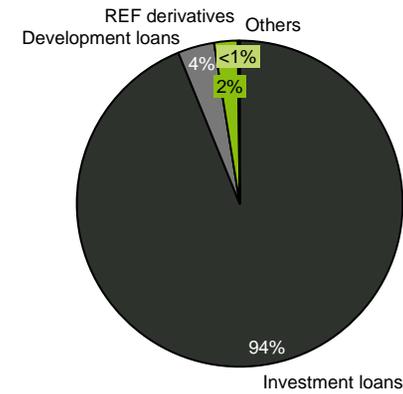
EUR billions



31/12/2010



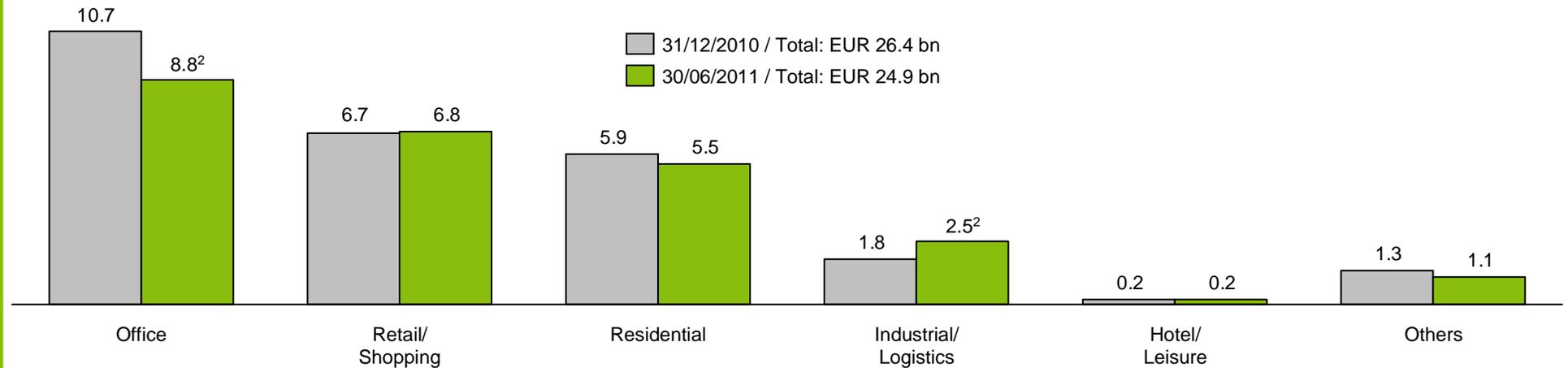
30/06/2011



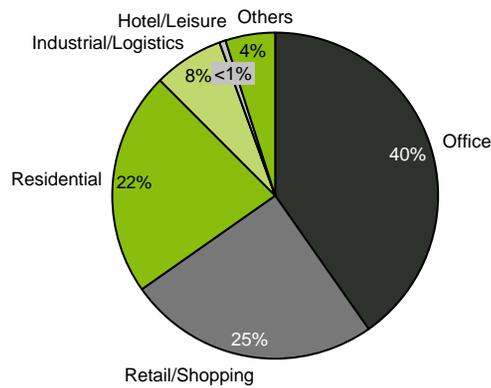
Note: Figures may not add up due to rounding 1 Excl. FMS-WM guaranteed exposure/compensation claims

Exposure by property type (EaD)¹

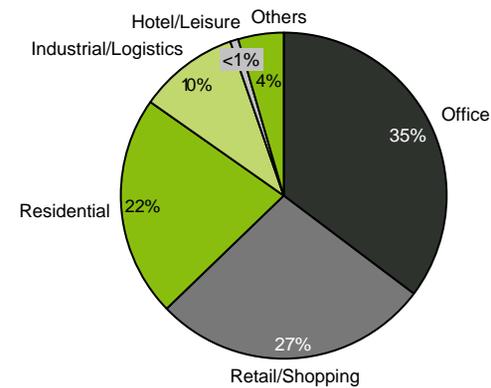
EUR billions



31/12/2010



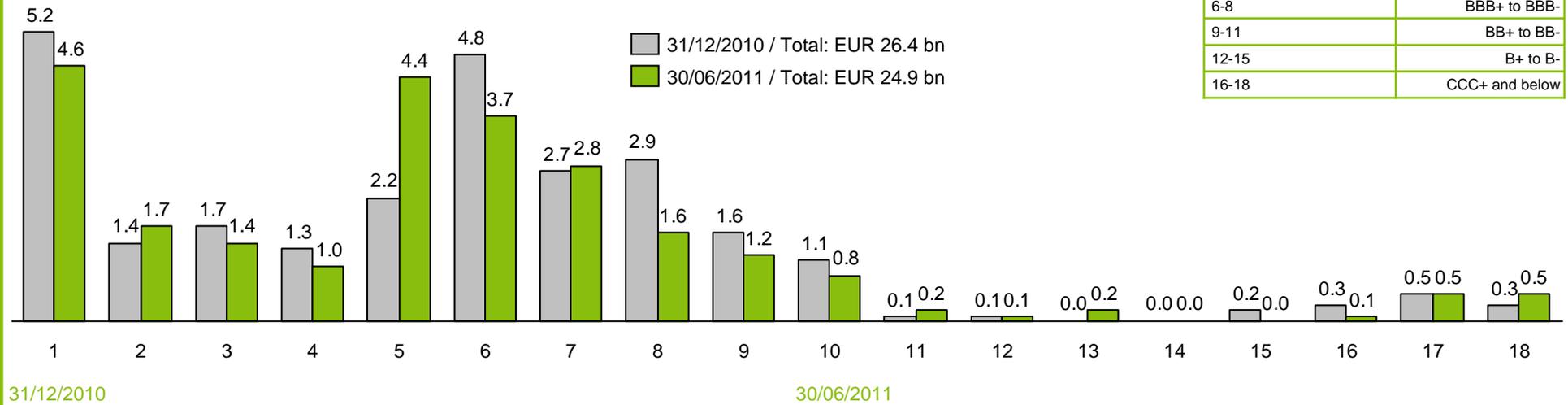
30/06/2011



Note: Figures may not add up due to rounding ¹ Excl. FMS-WM guaranteed exposure/compensation claims ² Change of main property type from 'Office' to 'Industrial/Logistics' in a portfolio transaction (EUR 0.6 bn)

Exposure by EL classes (EaD)¹

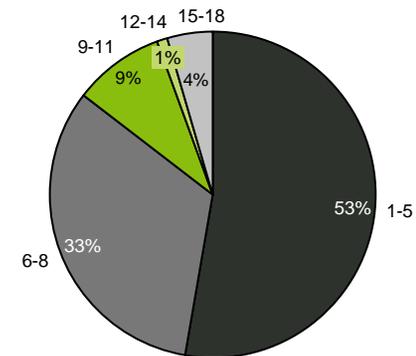
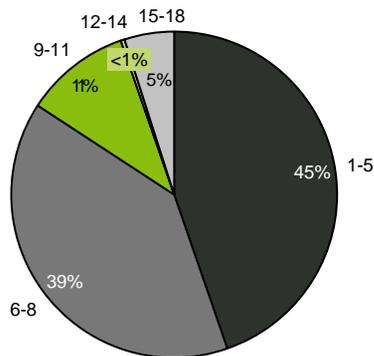
EUR billions



EL class	S&P rating scale
1-5	AAA to A-
6-8	BBB+ to BBB-
9-11	BB+ to BB-
12-15	B+ to B-
16-18	CCC+ and below

31/12/2010

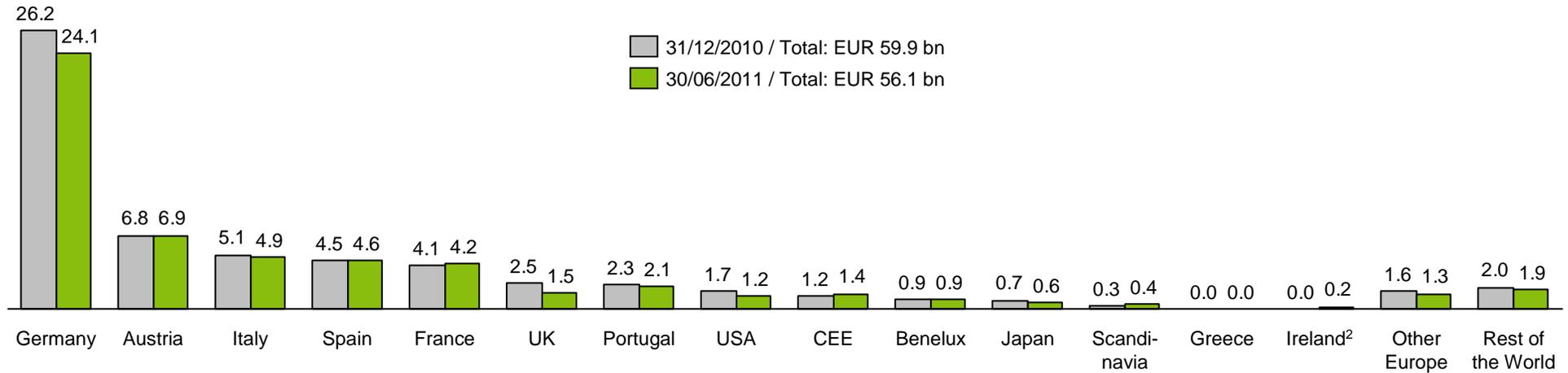
30/06/2011



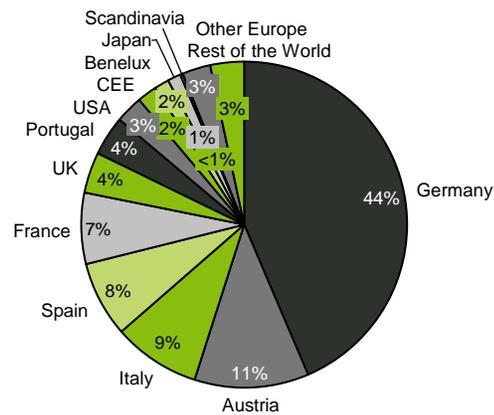
Note: Figures may not add up due to rounding 1 Excl. FMS-WM guaranteed exposure/compensation claims

Exposure by region (EaD)¹

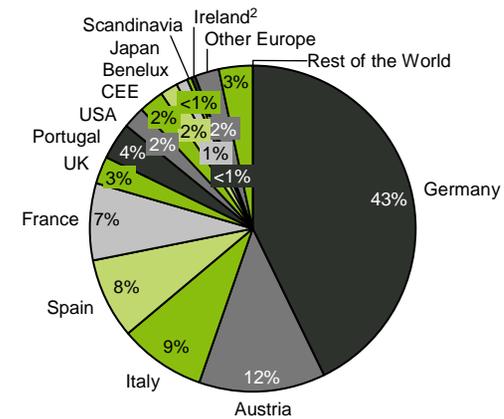
EUR billions



31/12/2010



30/06/2011



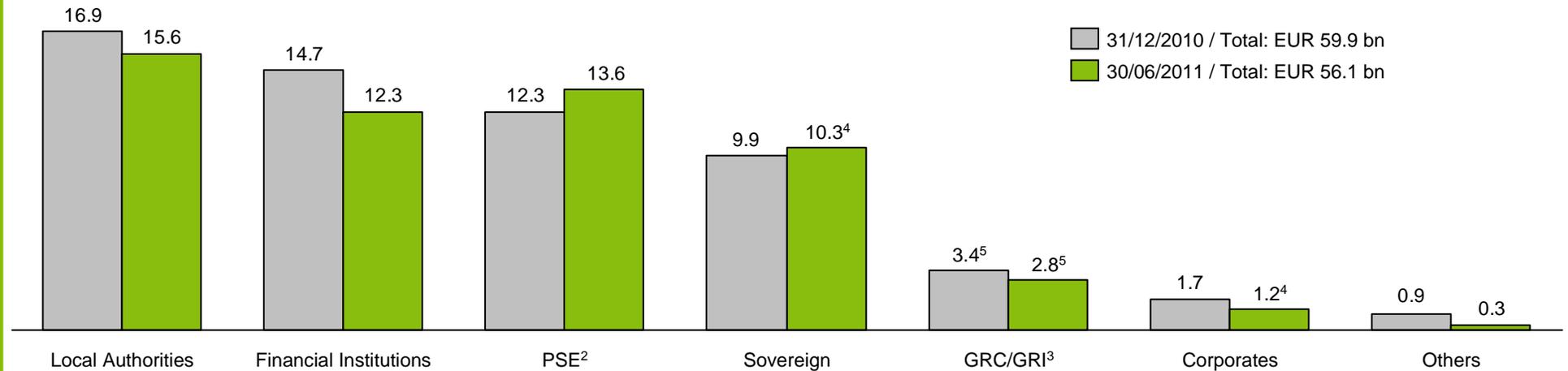
Note: Figures may not add up due to rounding

¹ Excl. FMS-WM guaranteed exposure/compensation claims

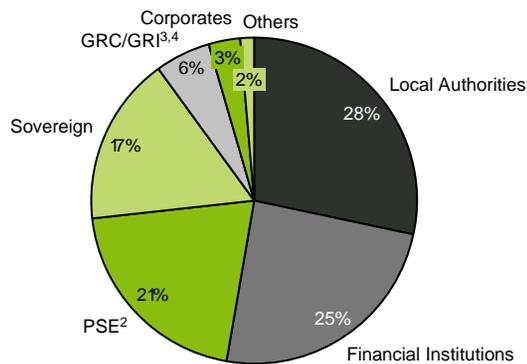
² Excl. intra-group exposure; increase due to derivative positions with international investment banks (Dublin branches)

Exposure by counterparty type (EaD)¹

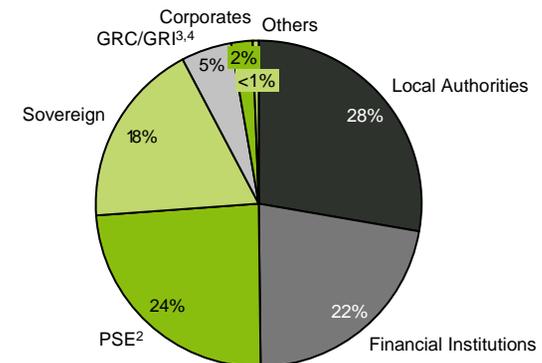
EUR billions



31/12/2010



30/06/2011



Note: Figures may not add up due to rounding

1 Excl. FMS-WM guaranteed exposure/compensation claims

2 Public Sector Entities (entities with explicit or implicit financial support from a tax raising authority)

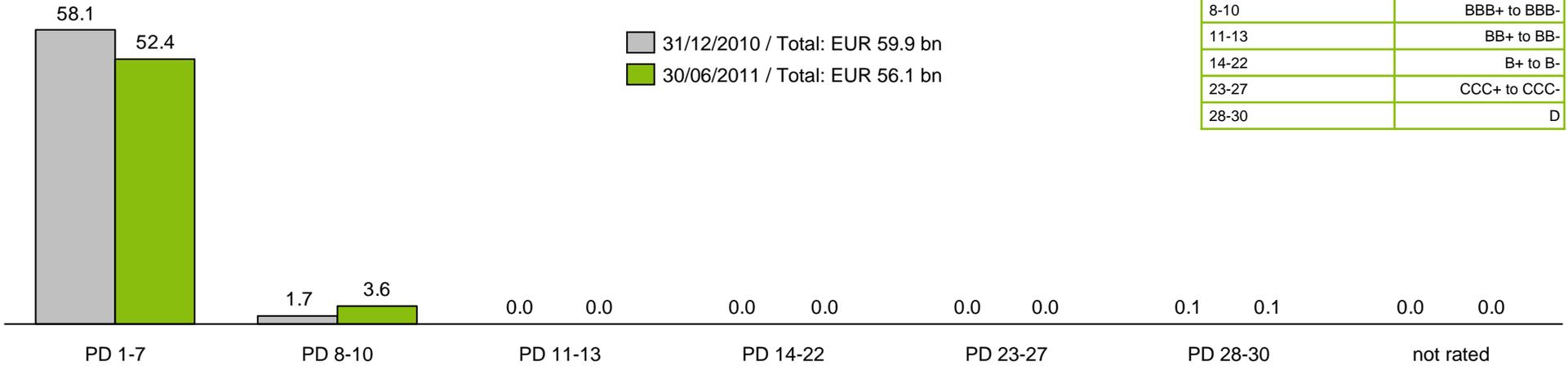
3 Government Related Companies/Institutions (e.g. airports, healthcare, private/public education, water/sewage)

4 Change of a German counterparty from counterparty type 'Corporates' to 'Sovereign' (EUR 0.5 bn)

5 Incl. accounts with German Central Bank (31/12/2010: EUR 3.3 bn; 30/06/2011: EUR 2.7 bn)

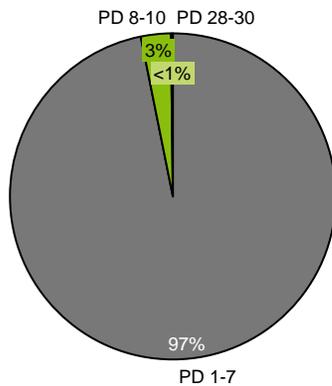
Exposure by PD class (EaD)¹

EUR billions

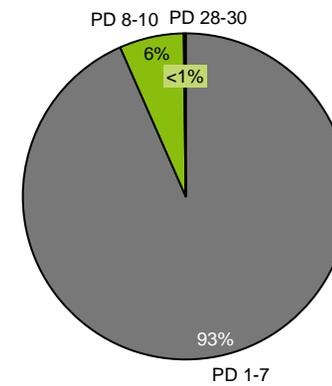


PD class	S&P rating scale
1-7	AAA to A-
8-10	BBB+ to BBB-
11-13	BB+ to BB-
14-22	B+ to B-
23-27	CCC+ to CCC-
28-30	D

31/12/2010



30/06/2011



Note: Figures may not add up due to rounding 1 Excl. FMS-WM guaranteed exposure/compensation claims

PSF: Sovereign exposure (EaD)¹

EUR billions

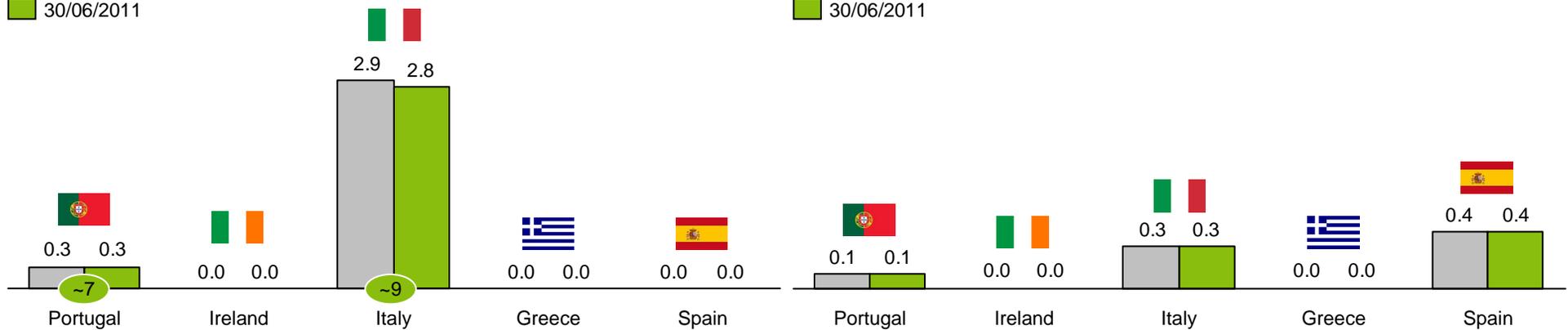
31/12/2010
30/06/2011

xx Avg maturity in years

REF: Real Estate exposure (EaD)¹

EUR billions

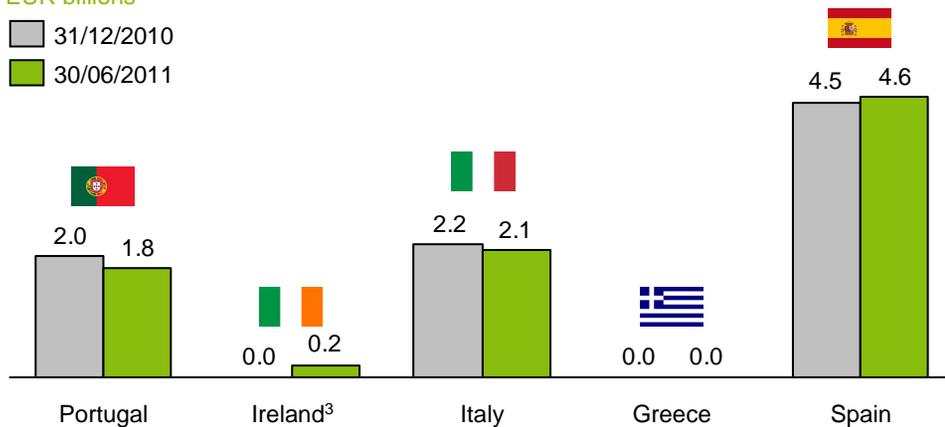
31/12/2010
30/06/2011



PSF: Non-sovereign exposure (EaD)^{1,2}

EUR billions

31/12/2010
30/06/2011



Note: Figures may not add up due to rounding

1 Excl. FMS-WM guaranteed exposure/compensation claims

2 Sub-Sovereign (Local/Regional Authorities, Municipalities), Financial Institutions (FI), Public Sector Entities (PSE), Government Related Companies/Institutions (GRC/GRI), Corporates, Others

3 Excl. intra-group exposure; increase due to derivative positions with international investment banks (Dublin branches)

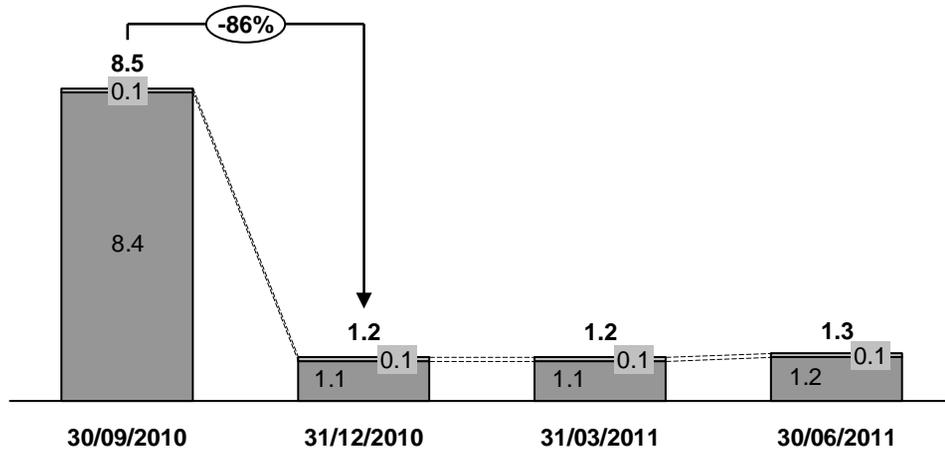
Total problem loans (EaD)

EUR billions

■ Non-REF
■ REF

■ Total problem loans stable – EUR 1.3 bn problem loans consist of 95 individual cases (31/03/2011: 93), which are adequately covered by loan-loss provisions

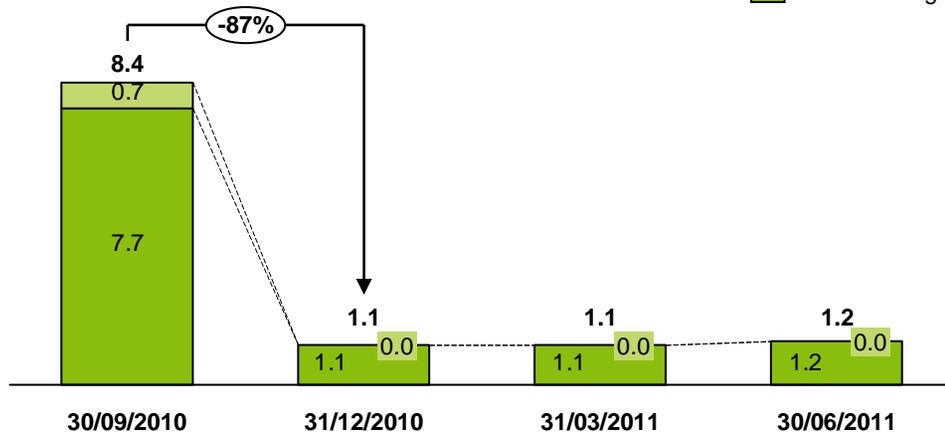
- Non-REF: EUR 0.1 bn – coverage ratio ~51% (31/03/2011: ~47%)
- REF: EUR 1.2 bn – coverage ratio ~33% (31/03/2011: ~33%); mainly properties in
 - Germany (40%)
 - UK (29%)
 - and Japan (21%)



REF. Problem loans (EaD)

EUR billions

■ Workout¹
■ Restructuring²



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

Financial Results

Total Portfolio

Real Estate Portfolio

Non-Real Estate Portfolio

Cover Pools

Mortgage Cover Pool

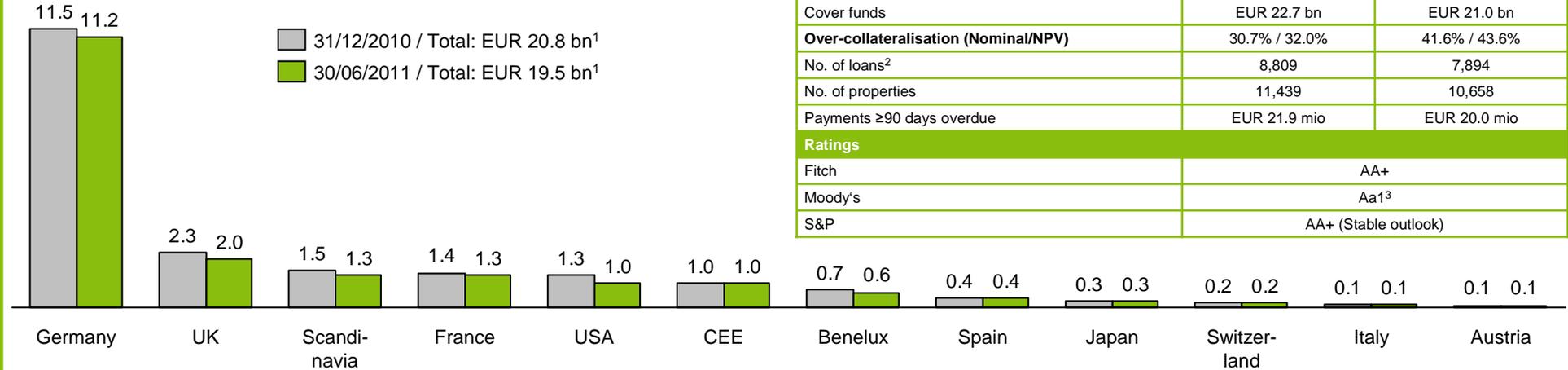
Public Sector Cover Pool

pbb Deutsche Pfandbriefbank Mortgage cover pool



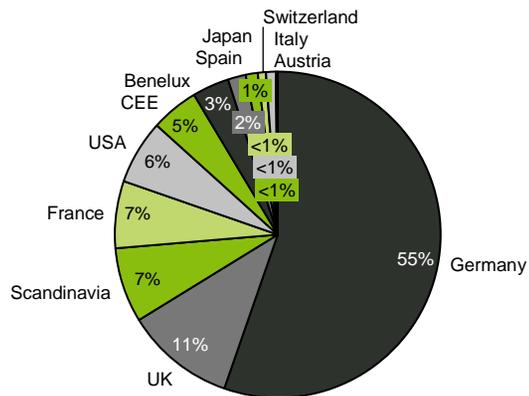
Cover funds by region

EUR billions (Nominal)

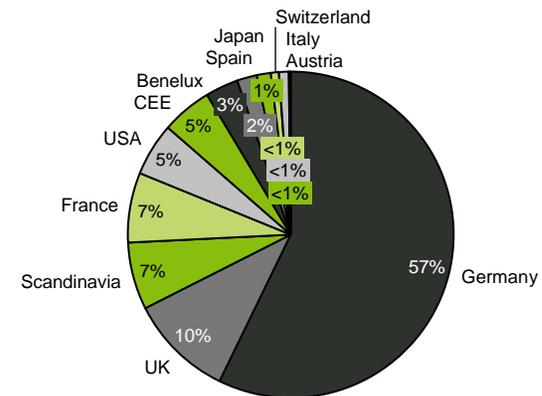


Mortgage cover pool (Nominal)	31/12/2010	30/06/2011
Pfandbriefe outstanding	EUR 17.4 bn	EUR 14.8 bn
Cover funds	EUR 22.7 bn	EUR 21.0 bn
Over-collateralisation (Nominal/NPV)	30.7% / 32.0%	41.6% / 43.6%
No. of loans ²	8,809	7,894
No. of properties	11,439	10,658
Payments ≥90 days overdue	EUR 21.9 mio	EUR 20.0 mio
Ratings		
Fitch	AA+	
Moody's	Aa1 ³	
S&P	AA+ (Stable outlook)	

31/12/2010



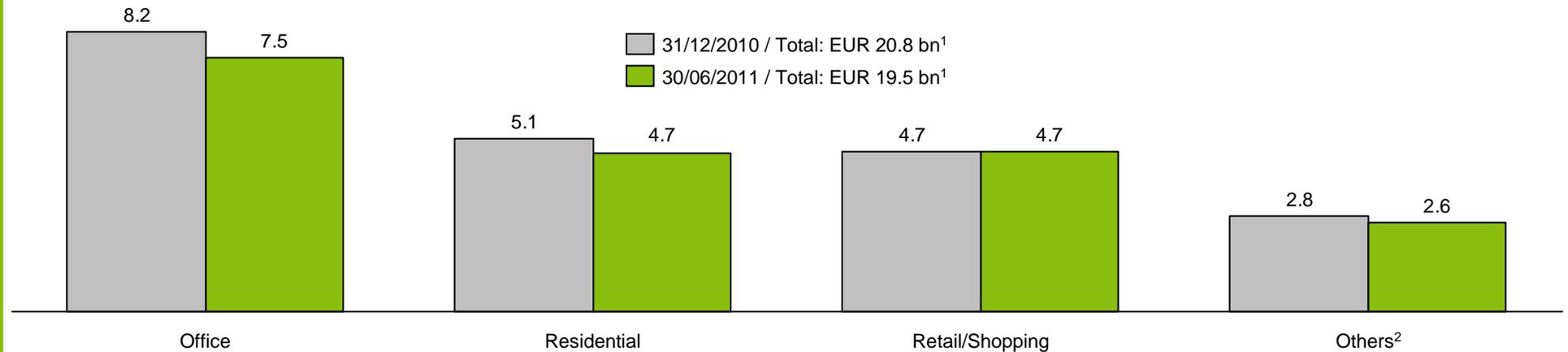
30/06/2011



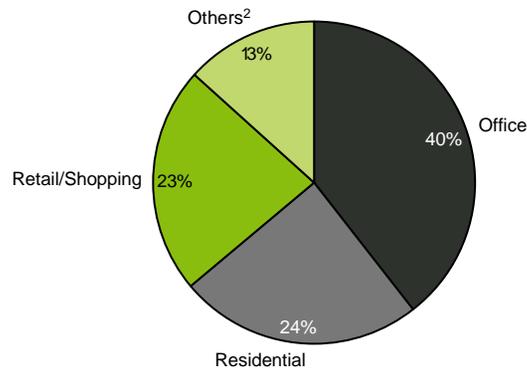
Note: Figures may not add up due to rounding 1 Excl. additional cover assets (substitute collateral) 2 Excl. derivatives 3 Collateral Risk Score: 12.9%, Cover Pool Loss Score: 20.9%

Cover funds by property type

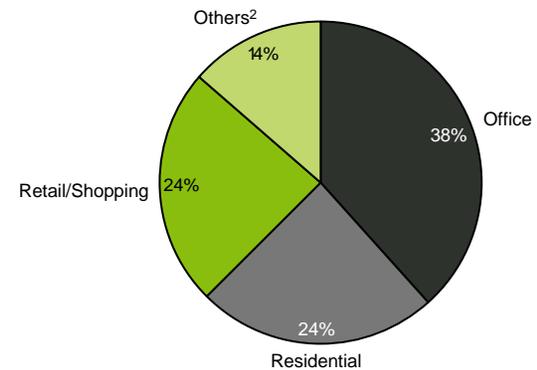
EUR billions (Nominal)



31/12/2010



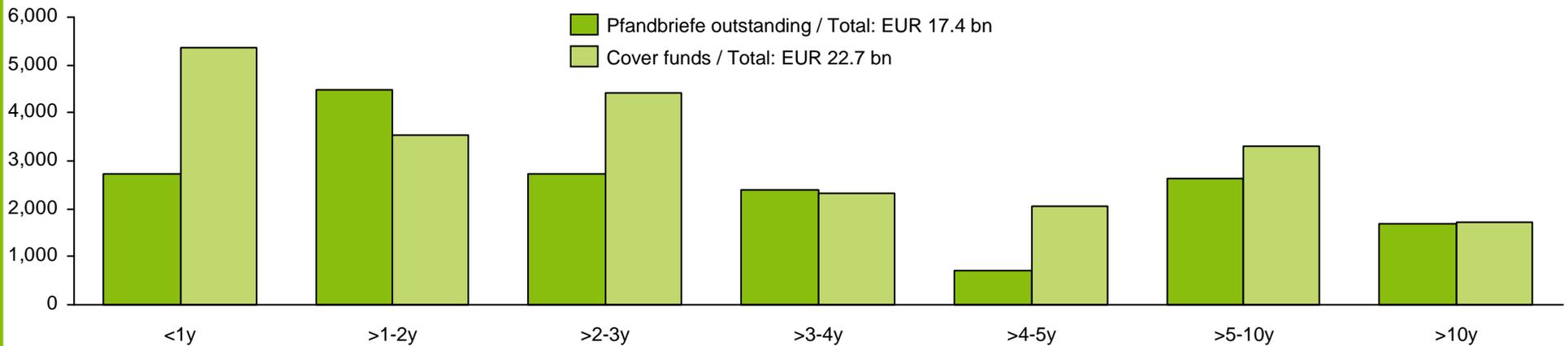
30/06/2011



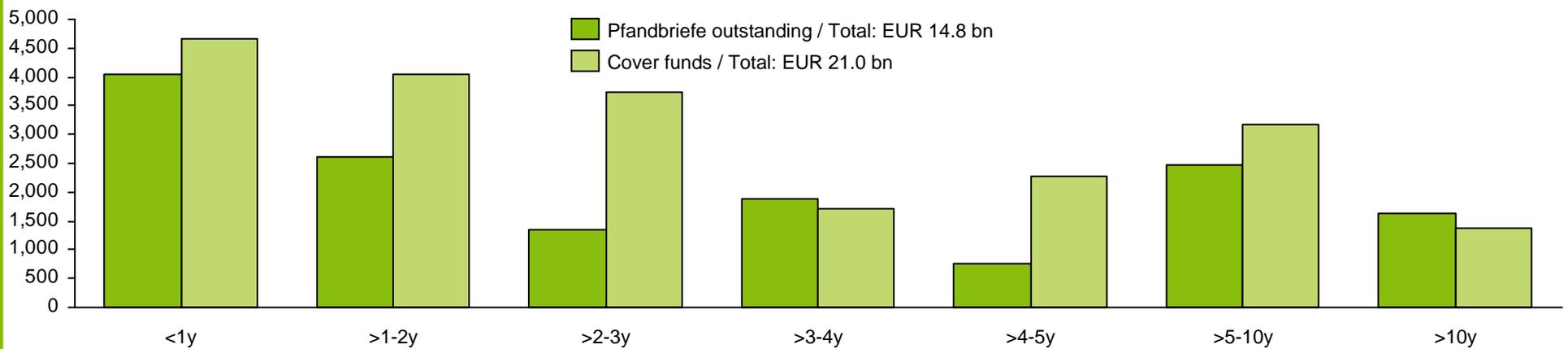
Note: Figures may not add up due to rounding 1 Excl. additional cover assets (substitute collateral) 2 Incl. Industrial/Logistics

Maturity profile^{1,2}

31/12/2010: EUR millions (Nominal)



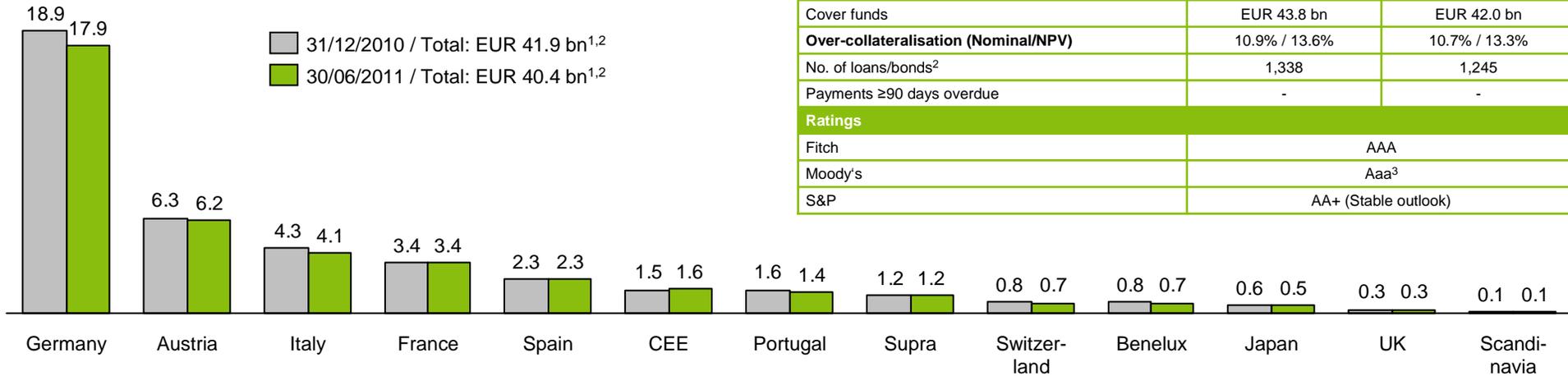
30/06/2011: EUR millions (Nominal)



Note: Figures may not add up due to rounding 1 Assets to interest reset date; liabilities to legal maturity 2 Incl. additional cover assets (substitute collateral) and derivatives

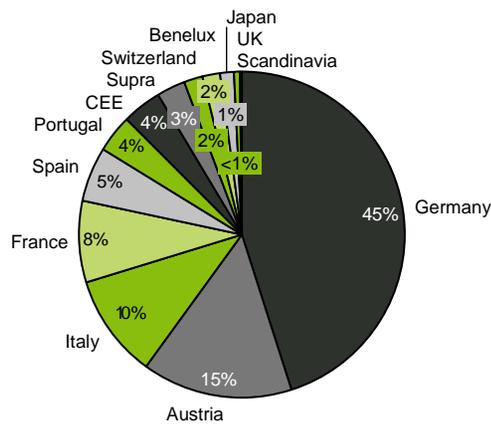
Cover funds by region

EUR billions (Nominal)

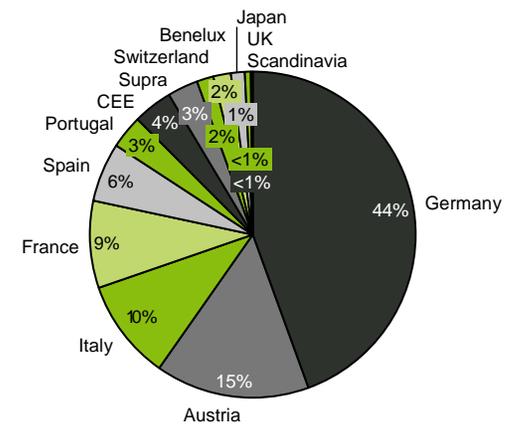


Public Sector cover pool (Nominal)	31/12/2010	30/06/2011
Pfandbriefe outstanding	EUR 39.5 bn	EUR 37.9 bn
Cover funds	EUR 43.8 bn	EUR 42.0 bn
Over-collateralisation (Nominal/NPV)	10.9% / 13.6%	10.7% / 13.3%
No. of loans/bonds ²	1,338	1,245
Payments ≥90 days overdue	-	-
Ratings		
Fitch	AAA	
Moody's	Aaa ³	
S&P	AA+ (Stable outlook)	

31/12/2010

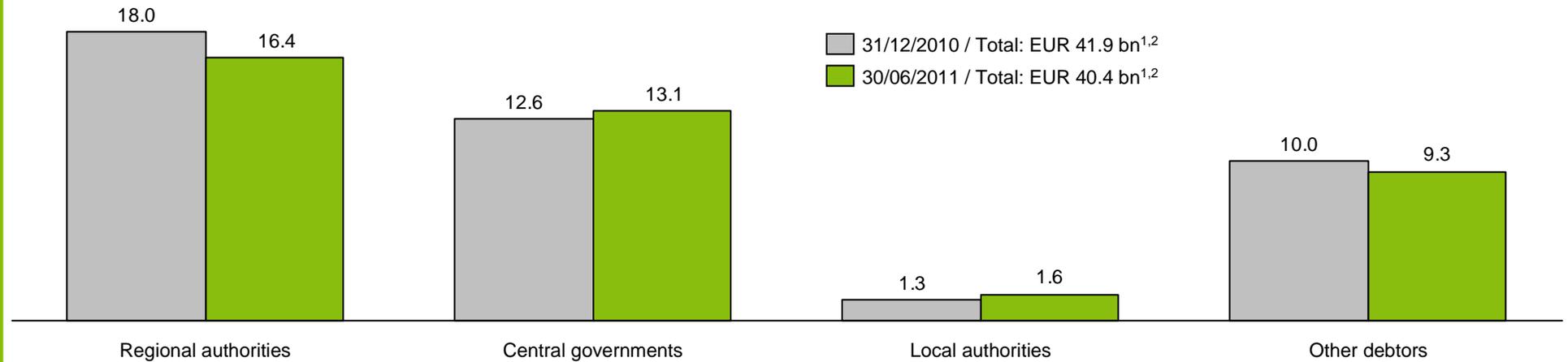


30/06/2011



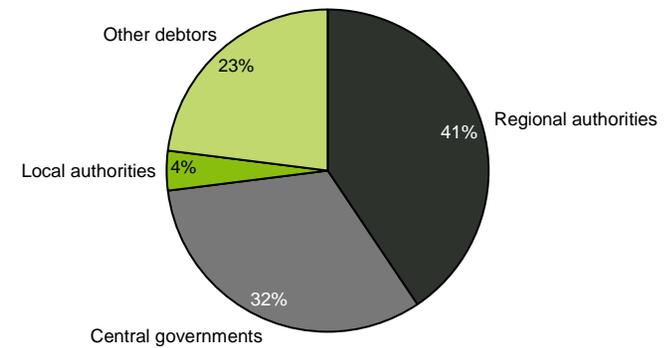
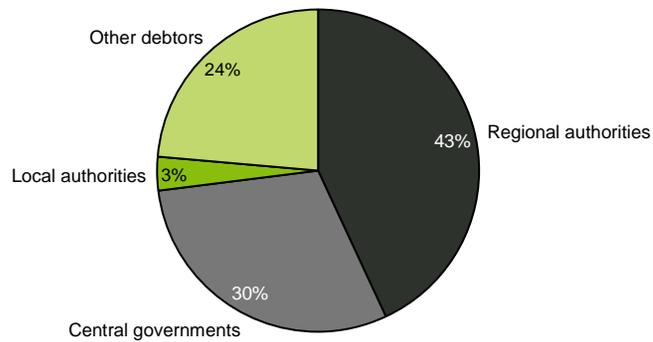
Note: Figures may not add up due to rounding 1 Excl. additional cover assets (substitute collateral) 2 Excl. derivatives 3 Collateral Risk Score: 3.5%, Cover Pool Loss Score: 8.6%

Cover funds by counterparty type
EUR billions (Nominal)



31/12/2010

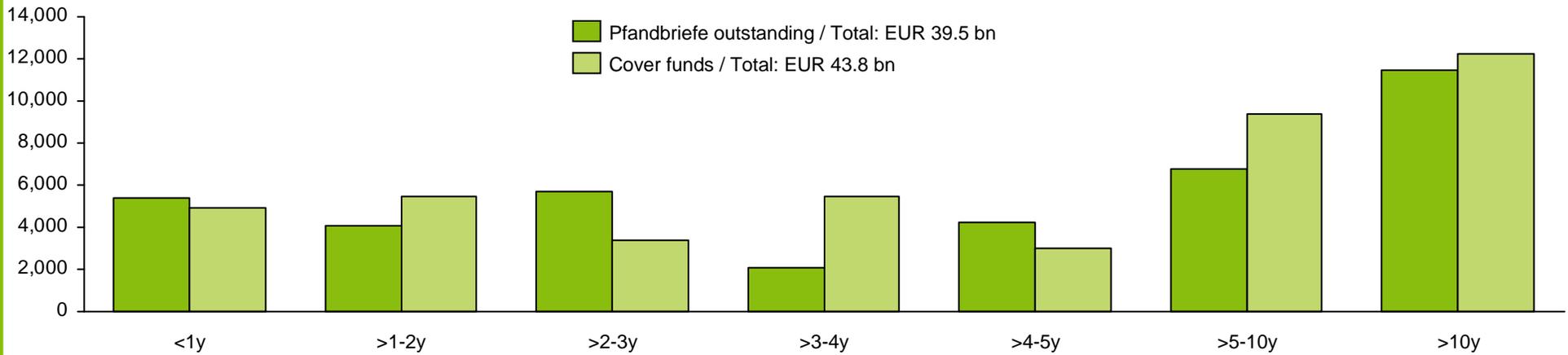
30/06/2011



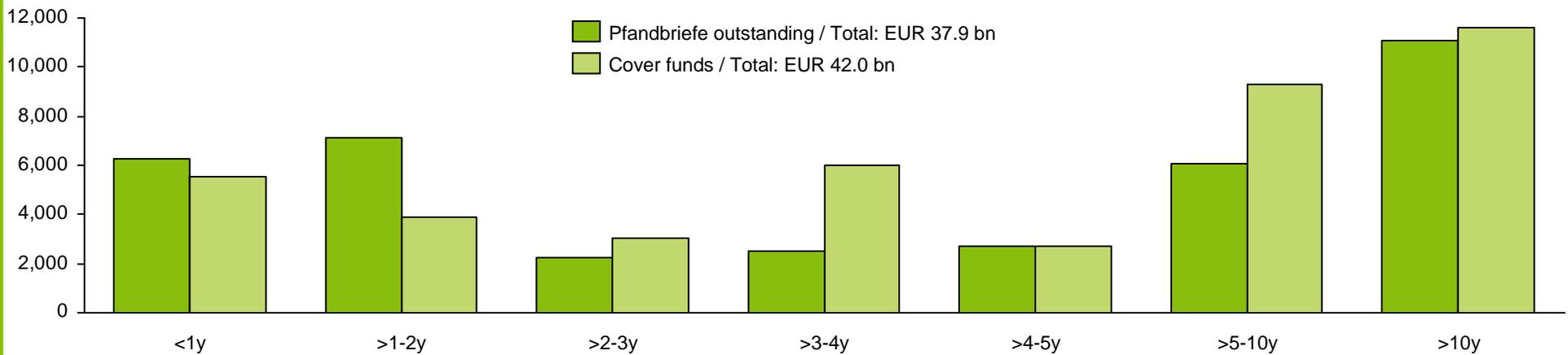
Note: Figures may not add up due to rounding 1 Excl. additional cover assets (substitute collateral) 2 Excl. derivatives

Maturity profile^{1,2}

31/12/2010: EUR millions (Nominal)



30/06/2011: EUR millions (Nominal)



Note: Figures may not add up due to rounding 1 Assets to interest reset date; liabilities to legal maturity 2 Incl. additional cover assets (substitute collateral) and derivatives

Appendix 2 – DEPFA

Results Q2 2011

DEPFA

Agenda

pbb

Appendix 1 – pbb

Appendix 2 – DEPFA

Appendix 3 – HRE Group

Financial Results

Total Portfolio

ACS Cover Pool

HPBI Cover Pool

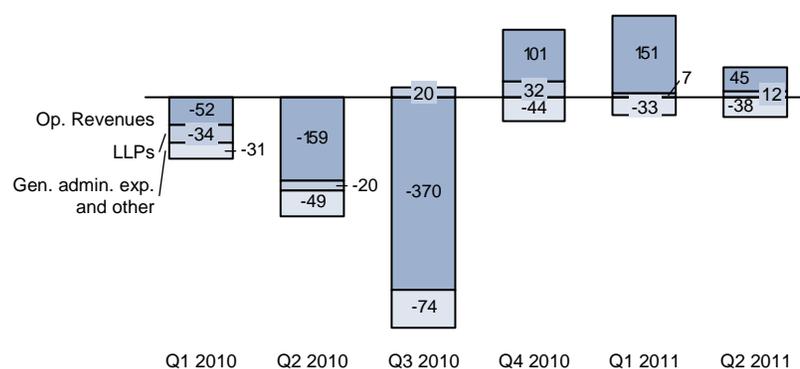
DEPFA

Income statement

Income statement (IFRS)

EUR millions

	Q1 2010 ¹	Q2 2010 ¹	Q3 2010 ¹	Q4 2010 ¹	Q1 2011	Q2 2011
Operating revenues	-52	-159	-370	101	151	45
Net interest and similar income	77	77	34	-11	122	46
Net commission income	-94	-96	-112	-8	-6	-4
thereof: Intra-group refinancing ²	-95	-98	-114	-3	0	0
Net trading income	-85	-145	-278	51	2	8
Net income from financial investments	50	25	19	12	-19	-15
Net income from hedge relationships	0	-29	10	8	12	-5
Balance of other operating income/expenses	0	9	-43	49	40	15
Provisions for losses on loans and advances	-34	-20	20	32	7	12
General administrative expenses	-31	-50	-73	-49	-33	-39
Balance of other income/expenses	0	1	-1	5	0	1
Pre-tax profit/loss	-117	-228	-424	89	125	19



- In Q2 2011, net interest income benefited less from gains from buy-backs of debt instruments (Q2 2011: EUR 23 mio, Q1 2011: EUR 118 mio)

However, the sale of the assets which have been released from the cover pool as a result of these buy-backs, resulted in a loss of EUR 15 mio (net income from financial investments)

- Net commission income since Q1 2011 not burdened any more by expenses for intra-group refinancing, which had been provided by pbb and guaranteed by SoFFin
- Net trading income EUR 8 mio (Q1 2011: € 2 mio), primarily resulting from derivatives – Q4 2010 included EUR 33 mio one-off gain from early termination of GICs³
- Other operating income includes EUR 21 mio (Q1 2011: 21 mio) income from servicing for FMS-WM and EUR -8 mio (Q1 2011: EUR 17 mio) FX effects
- Loan-loss provisions positive due to release of EUR 7 mio individual and EUR 5 mio portfolio-based allowances
- General administrative expenses include expenses relating to the servicing for FMS-WM
 - Personnel costs of EUR 15 mio (Q1 2011: EUR 14 mio)
 - Non-personnel costs of EUR 24 mio (Q1 2011: EUR 19 mio)
 - Q4 2010 included EUR 6 mio release of accruals for variable compensation

¹ Incl. P&L effects from reclassification of securities from 'Loans and advances to other banks/customers' to 'Financial investments' for the purpose of consistent reporting of all securities with IFRS category LaR

² SoFFin guaranteed refinancing provided by pbb

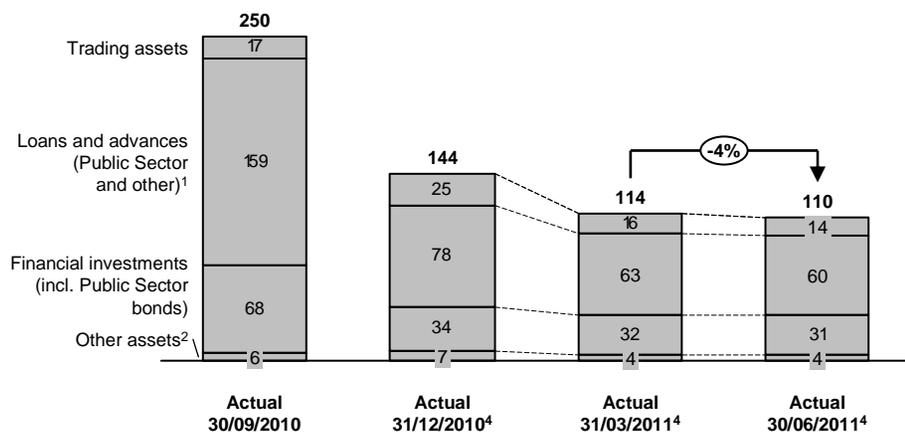
³ Guaranteed Investment Contracts

DEPFA

Balance sheet

Total assets (IFRS)

EUR billions



- In Q2 2011, total assets further down by EUR 4 bn (-4%) to EUR 110 bn, predominantly as counter-effects resulting from the asset transfer to FMS-WM have been further reduced

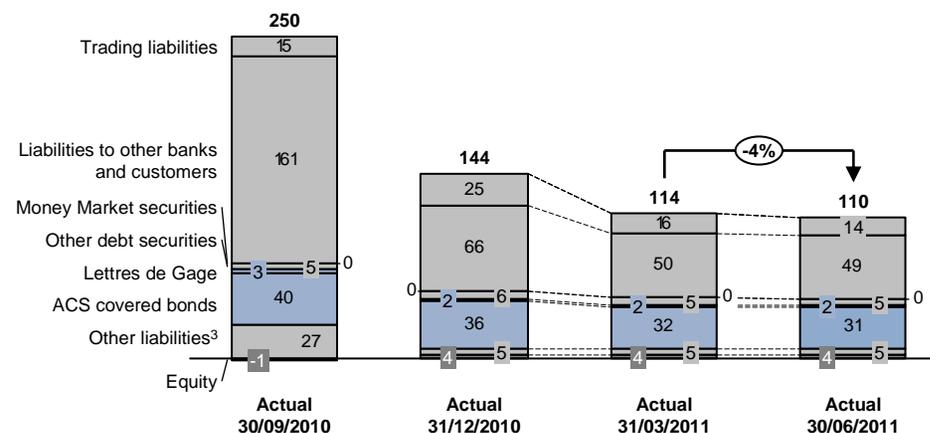
- The main counter-effects are as follows:

- Pass-through funding for FMS-WM: FMS-WM does not have a banking status. Therefore, DEPFA provides access to the ECB for FMS-WM by entering into reverse repo transactions with FMS-WM (pass-through funding). In Q2, these reverse repo transactions with FMS-WM have remained stable at EUR 26 bn
- Back-to-back derivatives were used to transfer market price risks of derivatives to FMS-WM by way of entering into derivative transactions with FMS-WM at counter-identical conditions. These derivative transactions resulted in an increase of the balance sheet. In Q2, these back-to-back derivatives have been reduced by EUR 2 bn to EUR 8 bn due to novations
- Moreover, this reduced the collateral positions provided and received for these derivatives to EUR 7 bn

- These counter-effects will be reduced further over time

Total liabilities and equity (IFRS)

EUR billions



- Liquidity profile balanced – net liability maturities are anticipated to be financed from available cash, through the sale of assets or with cash generated from repo activities with the ECB and/or bilateral counterparties; in excess, more than 50% of cover pool assets are repoable

- Under the terms of the EU state aid approval, no new business allowed prior to re-privatisation

- Business activities only in the framework of maintaining value, refinancing and hedging of existing portfolios as well as fulfilling legal obligations
- Balance sheet continues to shrink through natural redemptions as well as balance sheet management

- Therefore, no capital market issuances planned

Note: Figures may not add up due to rounding

¹ Incl. allowances for losses on loans and advances

² Cash reserve, other assets (esp. positive market values of hedging derivatives), income tax assets

³ Provisions, other liabilities (esp. negative market values of hedging derivatives), income tax liabilities

⁴ Incl. reclassification of securities from 'Loans and advances' to 'Financial investments' for the purpose of consistent reporting of all securities with IFRS category LaR in the same balance sheet position

DEPFA

Balance sheet

Assets (IFRS) EUR millions	30.06.2011 ¹	31.12.2010 ¹	Change	
			EUR mio	%
Cash reserve	406	2,283	-1,877	-82.2
Trading assets	14,301	24,740	-10,439	-42.2
Loans and advances to other banks	12,479	21,565	-9,086	-42.1
Loans and advances to customers	47,789	56,859	-9,070	-16.0
Allowances for losses on loans and advances	-81	-100	19	19.0
Financial investments	31,104	33,845	-2,741	-8.1
Property, plan and equipment	1	1	-	-
Intangible assets	18	19	-1	-5.3
Other assets	3,657	4,655	-998	-21.4
Income tax assets	107	128	-21	-16.4
Total assets	109,781	143,995	-34,214	-23.8

Equity and liabilities (IFRS) EUR millions	30.06.2011	31.12.2010	Change	
			EUR mio	%
Liabilities to other banks	32,487	39,803	-7,316	-18.4
Liabilities to customers	16,714	25,856	-9,142	-35.4
Liabilities evidenced by certificates	37,783	44,288	-6,505	-14.7
Trading liabilities	13,569	24,618	-11,049	-44.9
Provisions	80	96	-16	-16.7
Other liabilities	4,216	4,524	-308	-6.8
Income tax liabilities	152	169	-17	-10.1
Subordinated capital	1,072	1,072	-	-
Liabilities	106,073	140,426	-34,353	-24.5
Share capital	106	106	-	-
Share premium	1,142	1,142	-	-
Capital reserve	1,500	1,500	-	-
Preferred securities	1,136	1,136	-	-
Retained earnings	-124	-256	132	-51.6
Other reserves	-52	-59	7	11.9
<i>Available-for-sale</i>	-51	-59	8	13.6
<i>Currency translation</i>	-1	0	-1	>-100.0
Equity	3,708	3,569	139	3.9
Total equity and liabilities	109,781	143,995	-34,214	-23.8

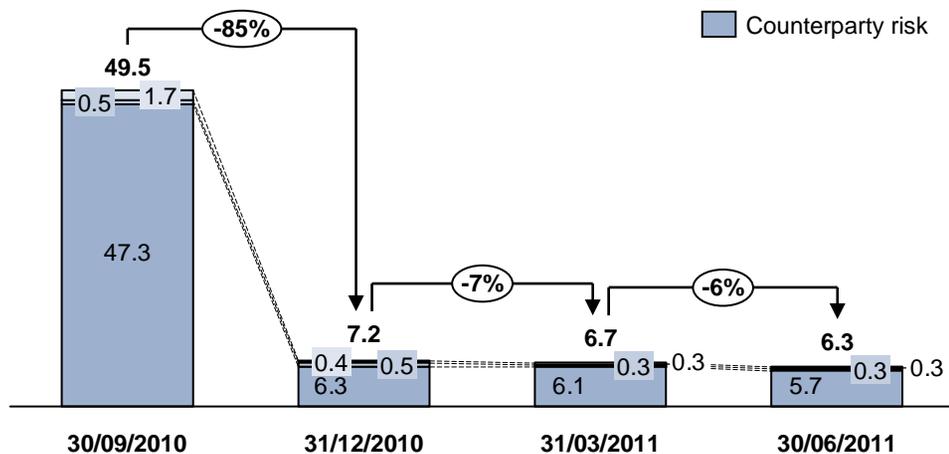
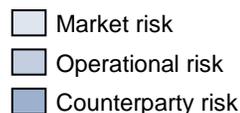
¹ Incl. reclassification of securities from 'Loans and advances to other banks/customers' to 'Financial investments' for the purpose of consistent reporting of all securities with IFRS category LaR in the same balance sheet position

DEPFA

Capitalisation

Risk-weighted Assets (RWA)

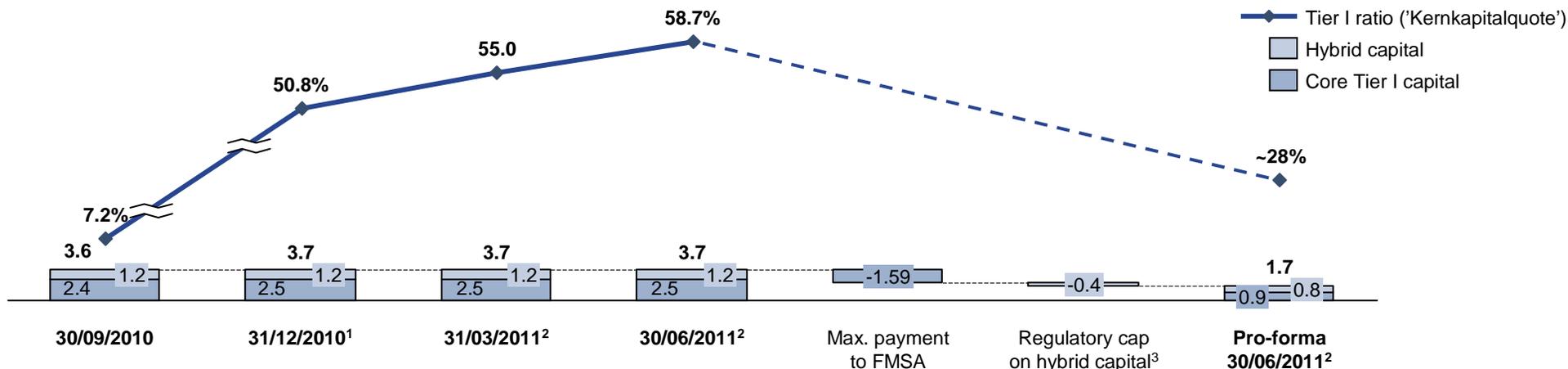
EUR billions



- RWA reduced further by EUR 0.4 bn (-6%) to EUR 6.3 bn, primarily reflecting maturities (pre-/repayments)
- Tier I capital stable (excluding year-to-date profit/adjustments)
- Tier I ratio now at 58.7%
- Within the framework of the transfer of assets to FMS-WM, FMSA has reserved the right to stipulate a compensation payment of up to EUR 1.59 bn in order to avoid distortion of competition
 - With this, the FMSA can, for reasons of fair competition, reduce the capitalisation of individual legal entities to the required extent, if the Tier I ratio of the relevant legal entity is >15%
 - Under the terms of the EU state aid approval, a total purchase price adjustment of EUR 1.59 bn will be required from HRE Group. Such adjustment will most probably materialise mainly at the level of DEPFA sub-group and not affect the income statement
 - Including this payment, the pro-forma Tier I ratio of DEPFA sub-group would have been approx. 28% as of 30/06/2011
- Additionally, the EU requires DEPFA sub-group to pay an annual fee until re-privatisation, limited by certain caps that provide for – inter alia – DEPFA neither having to record losses nor breaching regulatory or statutory provisions

Tier I capital/ratio (Central Bank of Ireland)

EUR billions



Note: Figures may not add up due to rounding 1 Incl. year-to-date losses/adjustments 2 Excl. year-to-date result/adjustments 3 To be included in Tier II capital

DEPFA

Agenda

Financial Results

Total Portfolio

ACS Cover Pool

HPBI Cover Pool

pbb

Appendix 1 – pbb

Appendix 2 – DEPFA

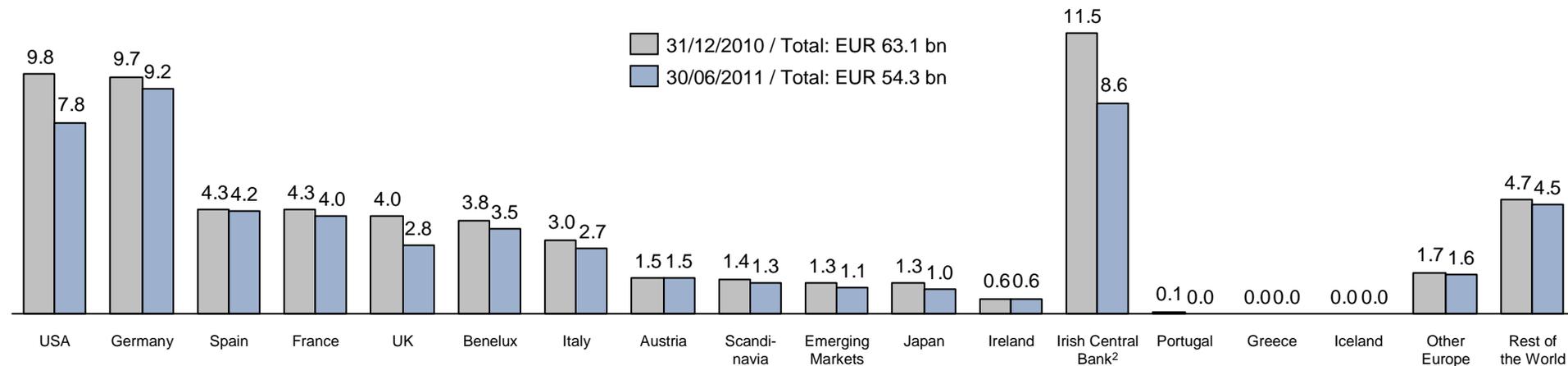
Appendix 3 – HRE Group

DEPFA

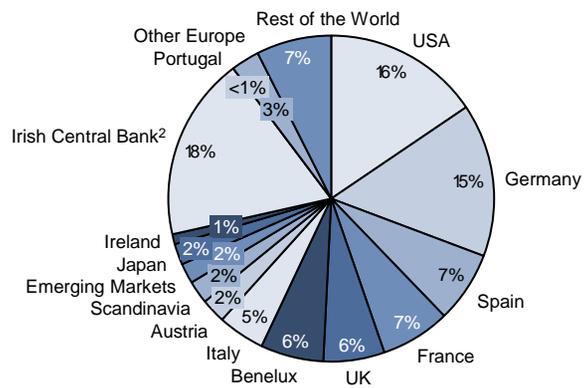
Total portfolio

Exposure by region (EaD)¹

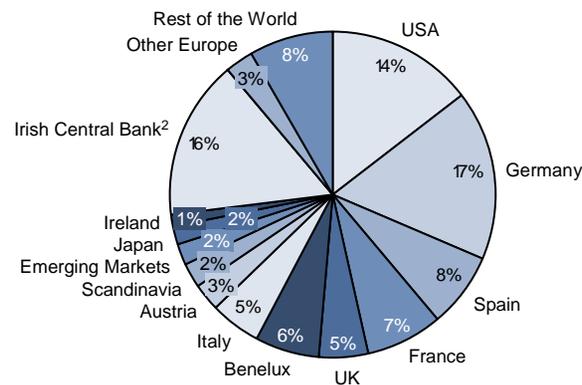
EUR billions



31/12/2010



30/06/2011



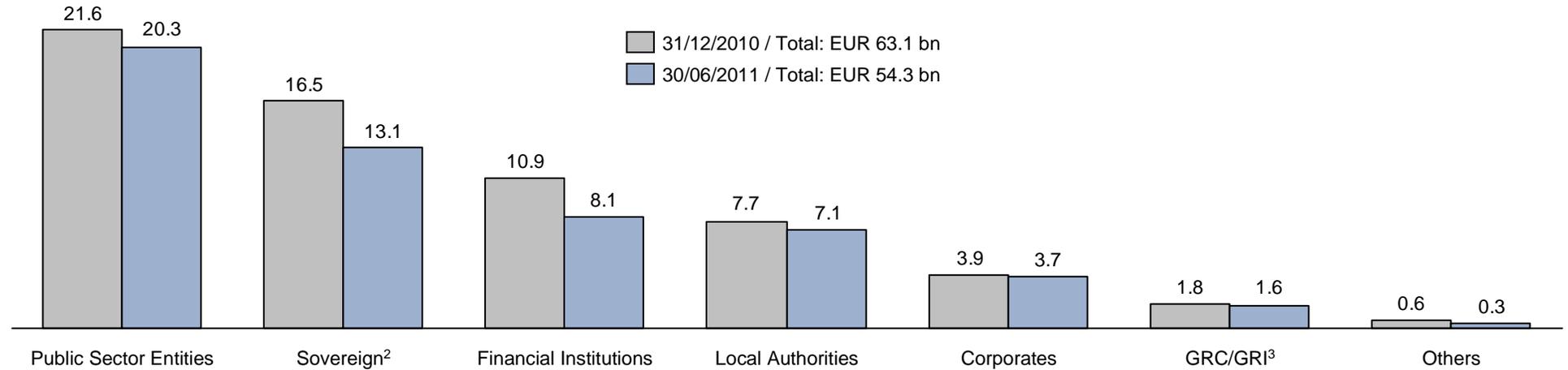
Note: Figures may not add up due to rounding 1 Excl. FMS-WM guaranteed exposure/compensation claims 2 Claims against the Irish Central Bank out of secured refinancing (repo) transactions for FMS-WM

DEPFA

Total portfolio

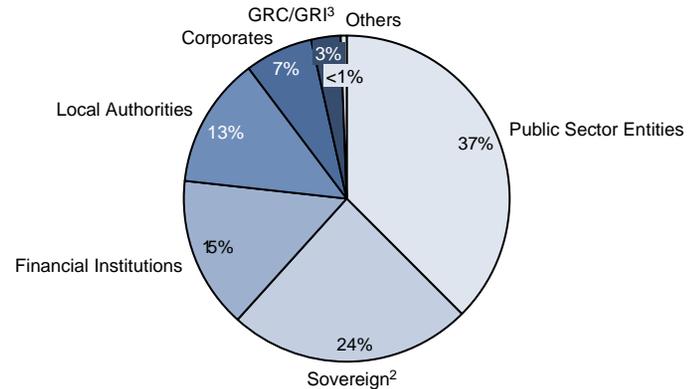
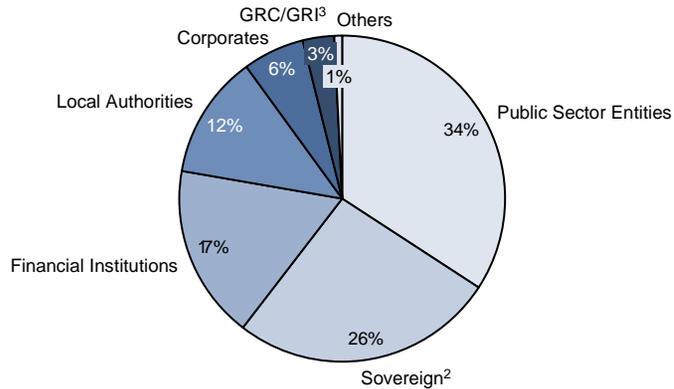
Exposure by counterparty type (EaD)¹

EUR billions



31/12/2010

30/06/2011



Note: Figures may not add up due to rounding

1 Excl. FMS-WM guaranteed exposure/compensation claims

2 Incl. claims against the Irish Central Bank out of secured refinancing (repo) transactions for FMS-WM (31/12/2010: EUR 11.5 bn, 30/06/2011: EUR 8.6 bn)

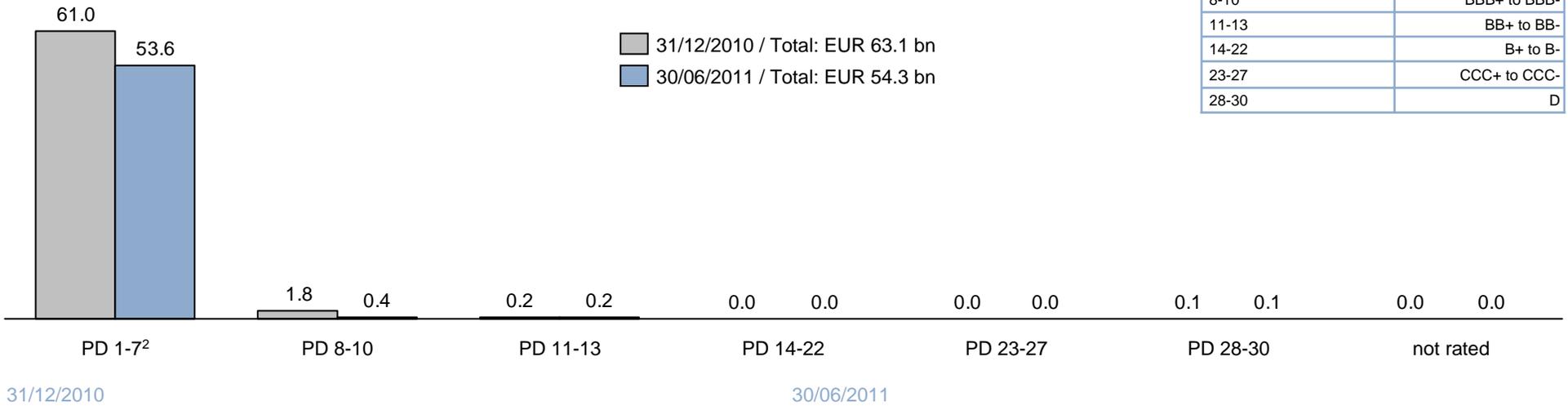
3 Government Related Companies/Institutions

DEPFA

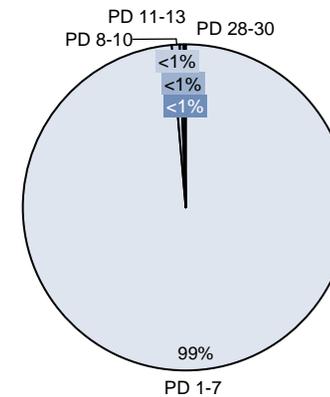
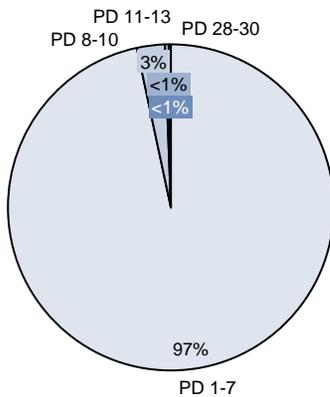
Total portfolio

Exposure by PD class (EaD)¹

EUR billions



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/compensation claims

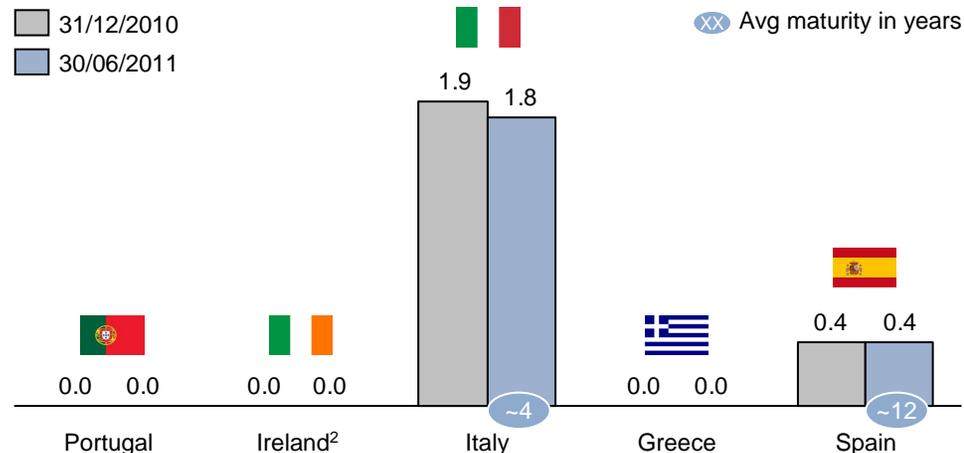
² Incl. claims against the Irish Central Bank out of secured refinancing (repo) transactions for FMS-WM (31/12/2010: EUR 11.5 bn, 30/06/2011: EUR 8.6 bn)

DEPFA

Exposure in selected countries

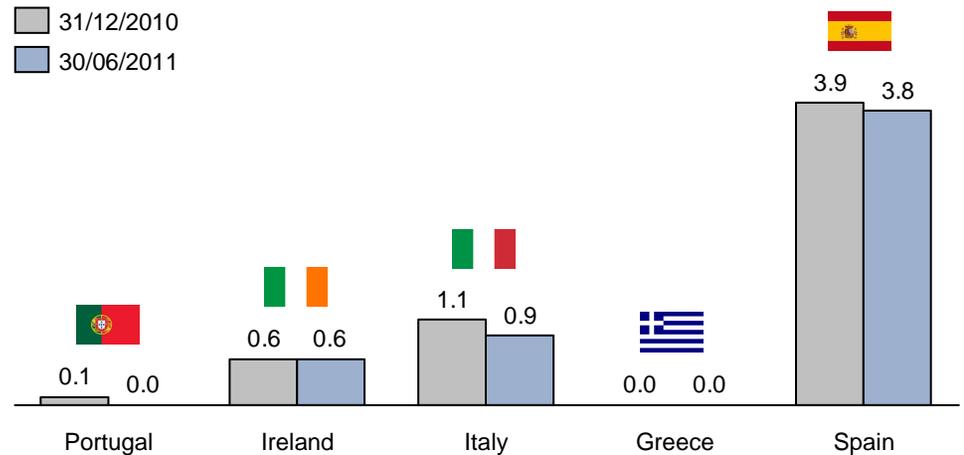
Sovereign exposure (EaD)¹

EUR billions



Non-sovereign exposure (EaD)^{1,3}

EUR billions



Note: Figures may not add up due to rounding

¹ Excl. FMS-WM guaranteed exposure/compensation claims

² Excl. claims against the Irish Central Bank out of secured refinancing (repo) transactions for FMS-WM (31/12/2010: EUR 11.5 bn, 30/06/2011: EUR 8.6 bn)

³ Sub-sovereign (Local/Regional Authorities, Municipalities), Financial Institutions (FI), Public Sector Entities (PSE), Government Related, Companies/Institutions (GRC/GRI), Corporates, Others

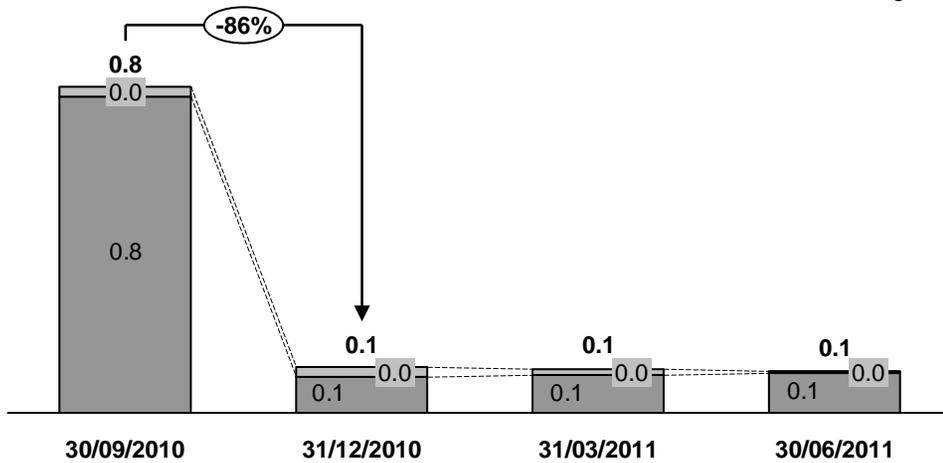
DEPFA

Total problem loans

Total problem loans (EaD)

EUR billions

Workout¹
Restructuring²



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

DEPFA

Agenda

Financial Results

Total Portfolio

ACS Cover Pool

HPBI Cover Pool

pbb

Appendix 1 – pbb

Appendix 2 – DEPFA

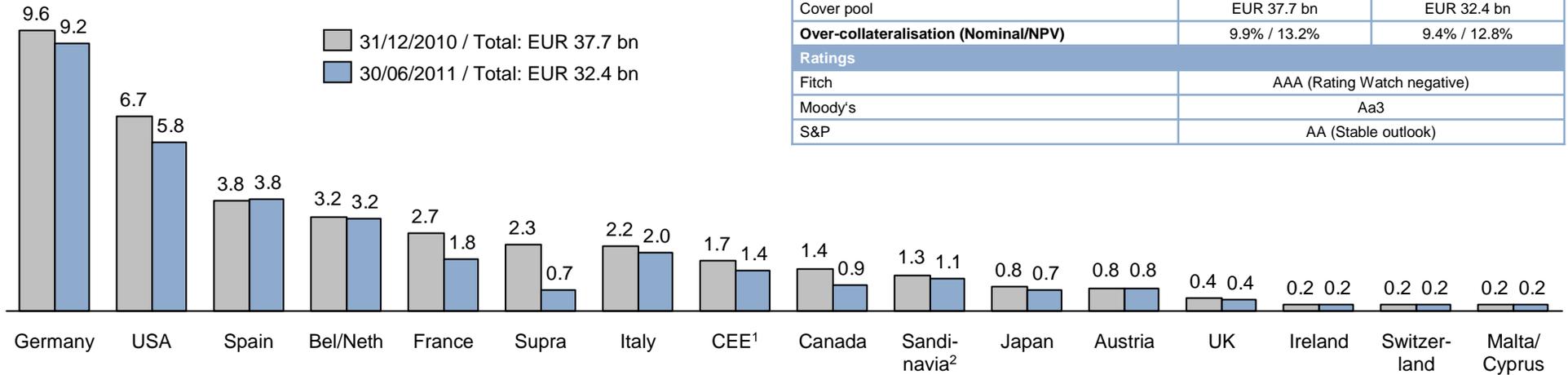
Appendix 3 – HRE Group

DEPFA ACS Bank

ACS cover pool

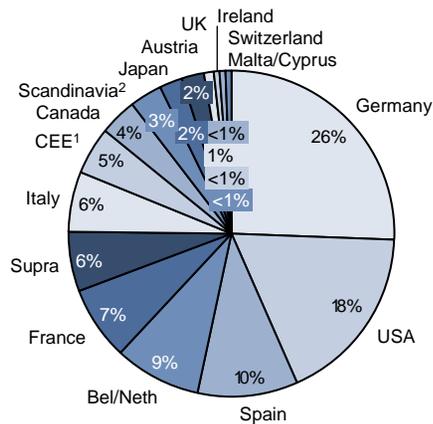
Cover pool by region

EUR billions (Nominal)

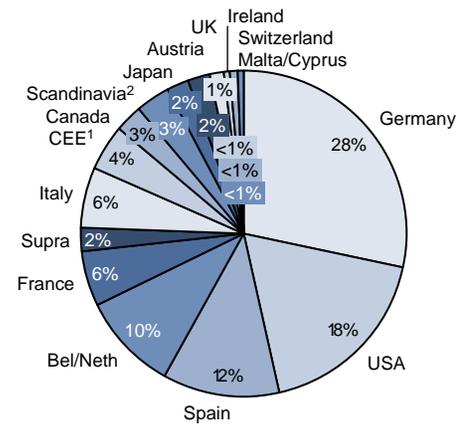


ACS cover pool (Nominal)	31/12/2010	30/06/2011
Public Sector ACS outstanding	EUR 34.3 bn	EUR 29.6 bn
Cover pool	EUR 37.7 bn	EUR 32.4 bn
Over-collateralisation (Nominal/NPV)	9.9% / 13.2%	9.4% / 12.8%
Ratings		
Fitch	AAA (Rating Watch negative)	
Moody's	Aa3	
S&P	AA (Stable outlook)	

31/12/2010



30/06/2011



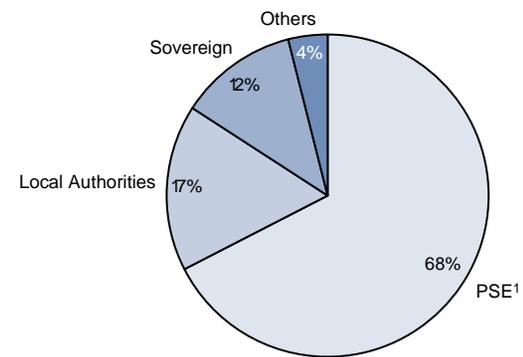
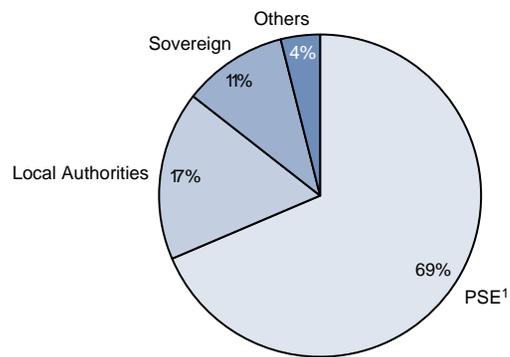
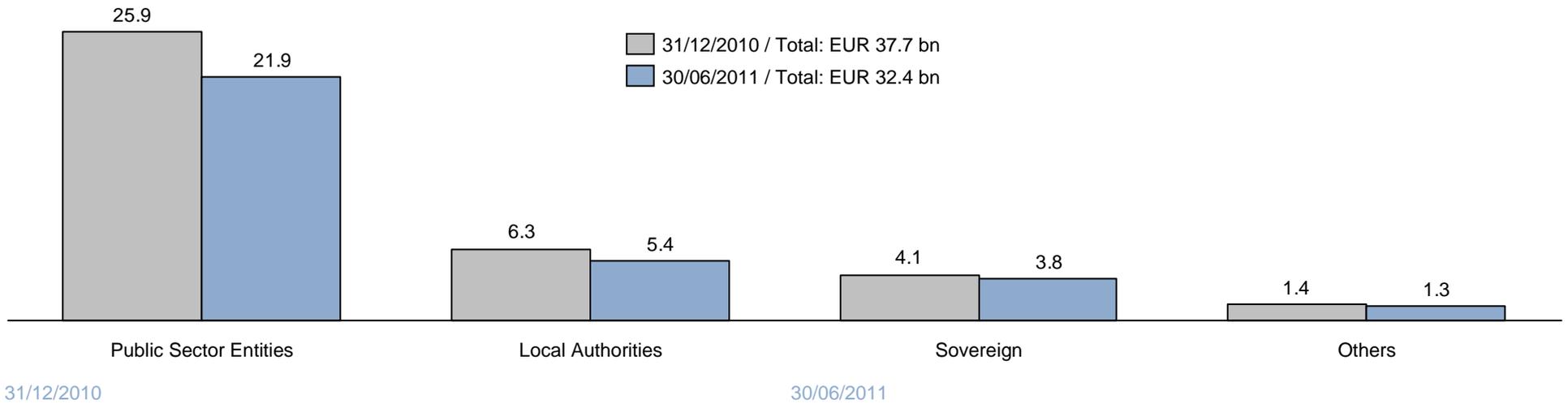
Note: Figures may not add up due to rounding 1 Poland, Slovenia, Czech Republic, Slovakia and Estonia (in order of exposure) 2 Sweden, Finland, Norway and Denmark (in order of exposure)

DEPFA ACS Bank

ACS cover pool

Cover pool by counterparty type

EUR billions (Nominal)



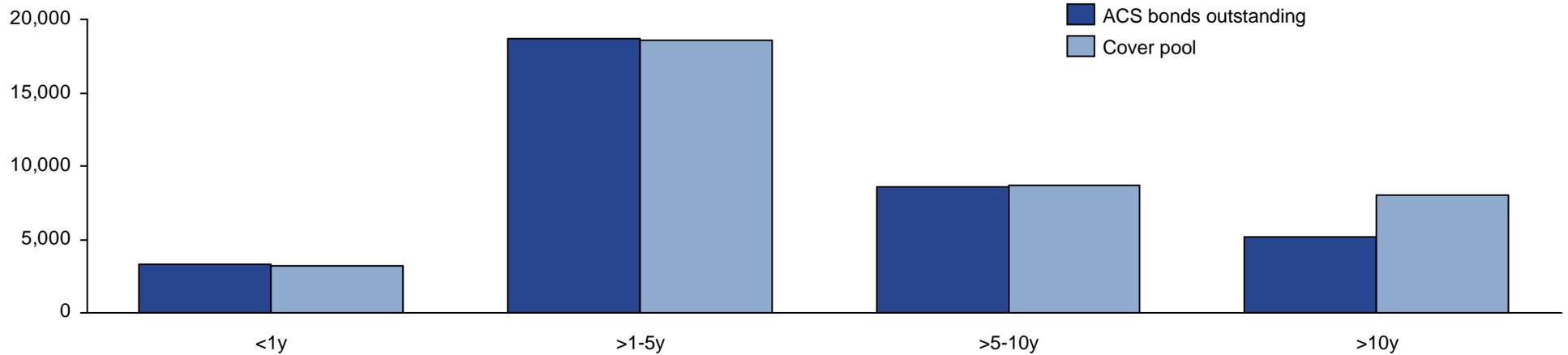
Note: Figures may not add up due to rounding

DEPFA ACS Bank

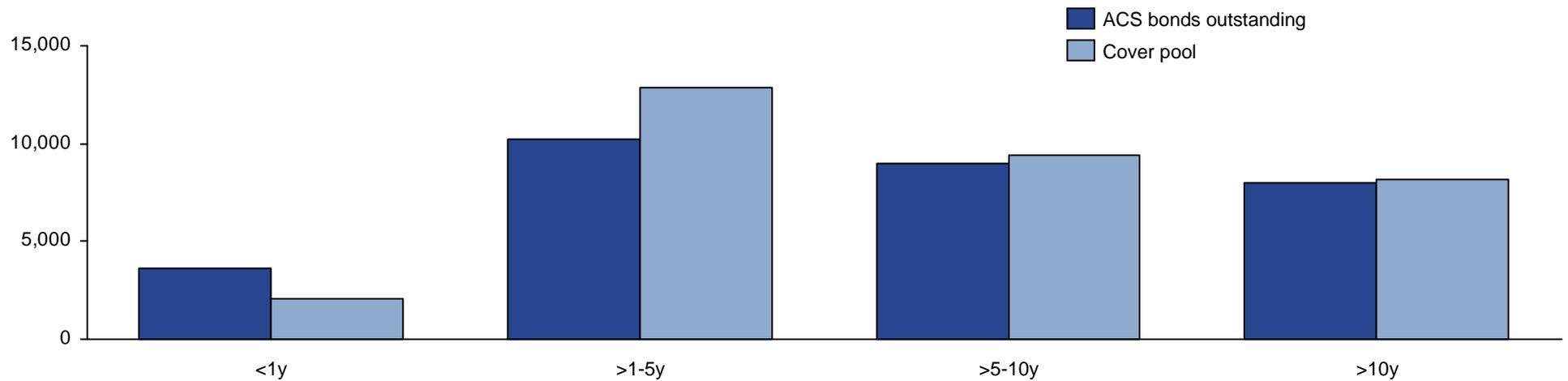
ACS cover pool

Maturity profile¹

31/12/2010: EUR millions (Nominal)



30/06/2011: EUR millions (Nominal)



Note: Figures may not add up due to rounding 1 Assets and liabilities considered on a nominal basis, excl. optionality, interest flows and derivatives; zero bonds treated as bullets

DEPFA (sub-group)

Agenda

Financial Results

Total Portfolio

ACS Cover Pool

HPBI Cover Pool

pbb

Appendix 1 – pbb

Appendix 2 – DEPFA

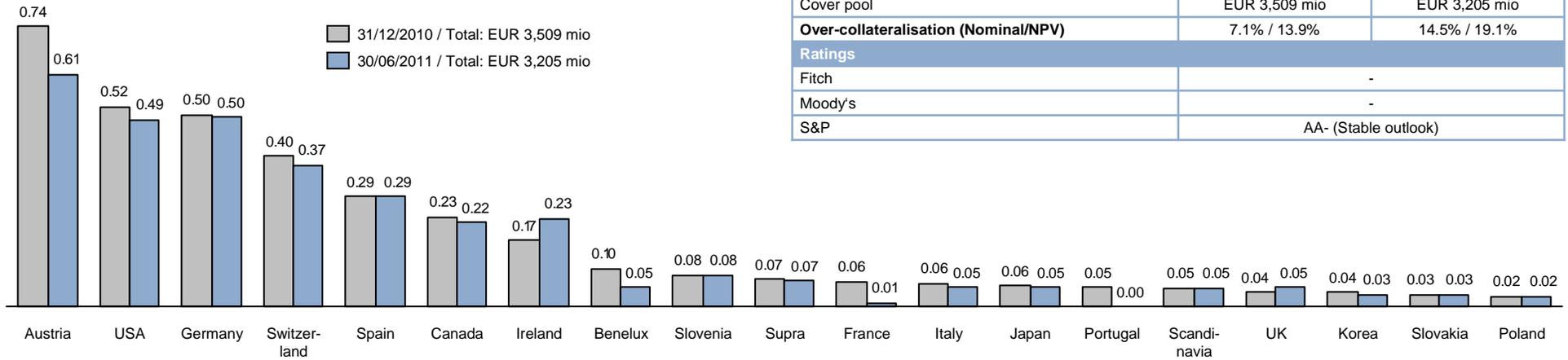
Appendix 3 – HRE Group

Hypo Pfandbrief Bank International (HPBI)

HPBI cover pool

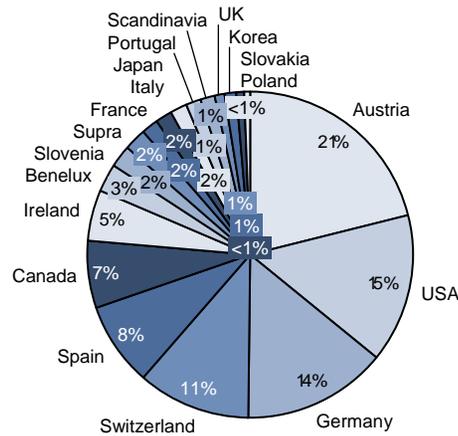
Cover pool by region

EUR billions (Nominal)

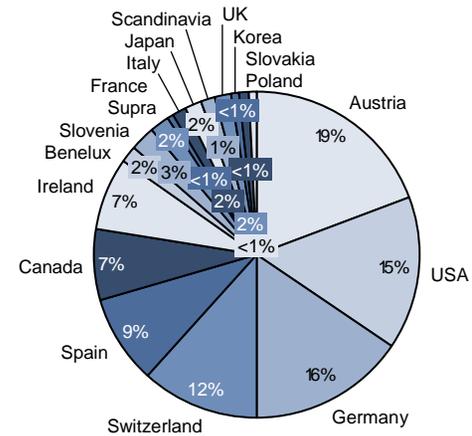


LdG cover pool	31/12/2010	30/06/2011
Lettres de Gage outstanding	EUR 3,276 mio	EUR 2,800 mio
Cover pool	EUR 3,509 mio	EUR 3,205 mio
Over-collateralisation (Nominal/NPV)	7.1% / 13.9%	14.5% / 19.1%
Ratings		
Fitch	-	
Moody's	-	
S&P	AA- (Stable outlook)	

31/12/2010



30/06/2011



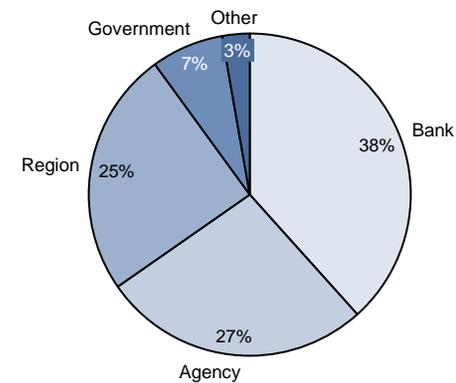
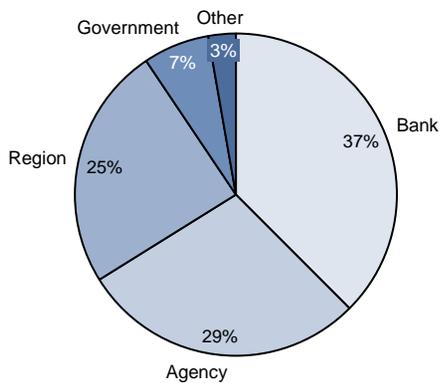
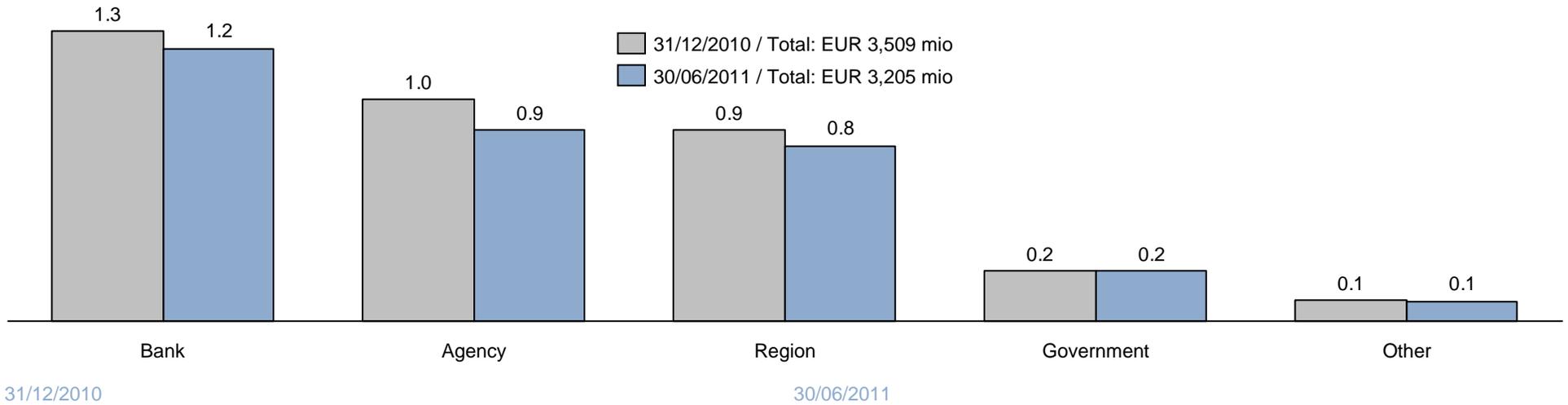
Note: Figures may not add up due to rounding

Hypo Pfandbrief Bank International (HPBI)

HPBI cover pool

Cover pool by counterparty type

EUR billions (Nominal)



Note: Figures may not add up due to rounding

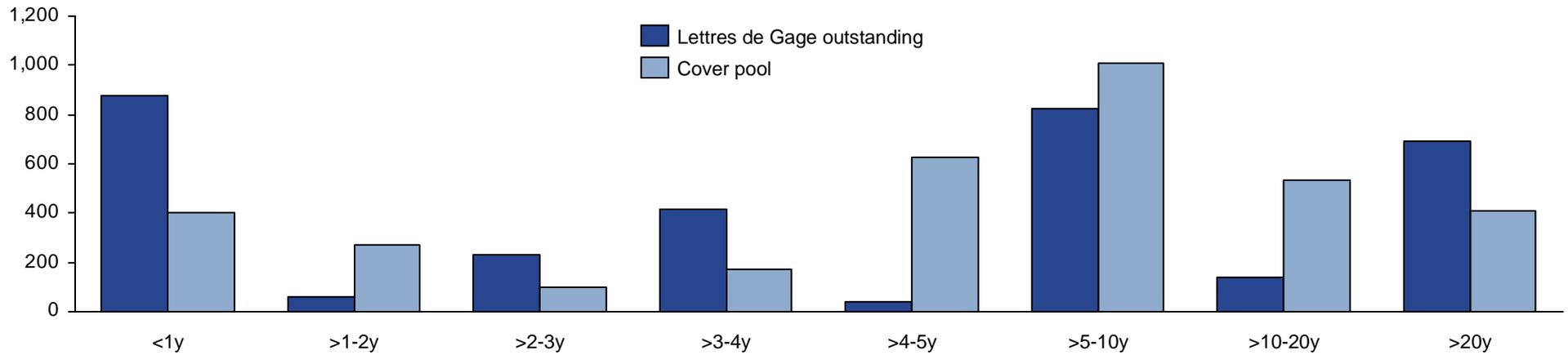
Results Q2 2011, August 11, 2011

Hypo Pfandbrief Bank International (HPBI)

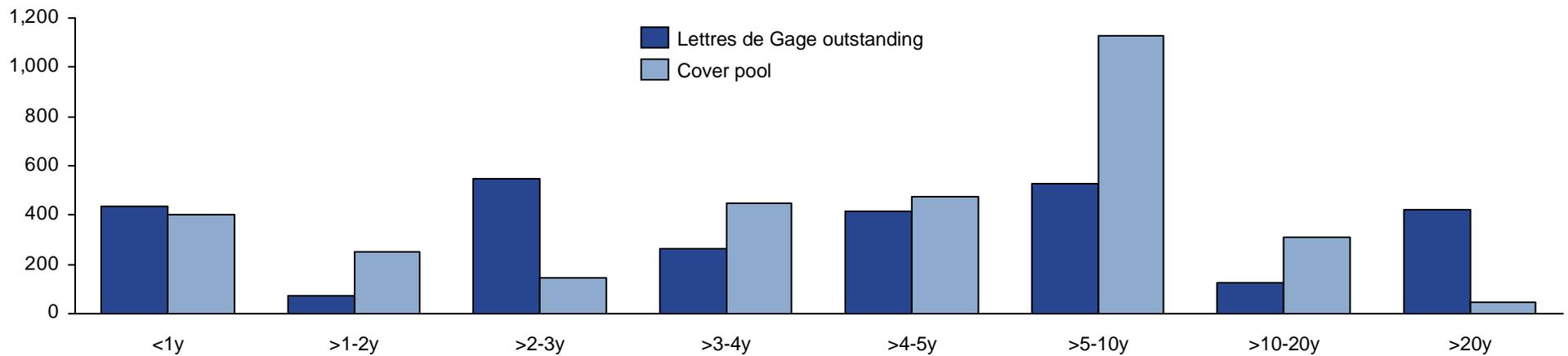
HPBI cover pool

Maturity profile¹

31/12/2010: EUR millions (Nominal)



30/06/2011: EUR millions (Nominal)



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

Appendix 3 – HRE Group Results Q2 2011



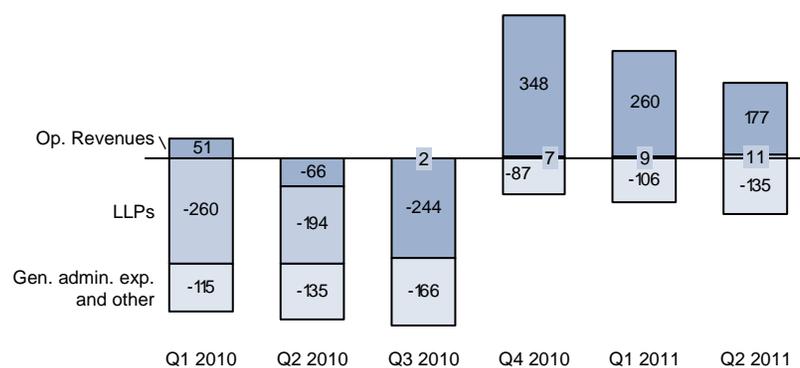
HRE Group

Income statement

Income statement (IFRS)

EUR millions

	Q1 2010 ¹	Q2 2010 ¹	Q3 2010 ¹	Q4 2010 ¹	Q1 2011	Q2 2011
Operating revenues	51	-66	-244	348	260	177
Net interest and similar income	243	235	197	90	218	141
Net commission income	-100	-98	-125	4	8	0
thereof: SoFFin guarantees	-119	-120	-139	-6	0	0
Net trading income	-105	-173	-153	67	-7	12
Net income from financial investments	37	22	18	12	-20	-15
Net income from hedge relationships	-20	-44	1	7	-4	-17
Balance of other operating income/expenses	-4	-8	-182	168	65	56
Provisions for losses on loans and advances	-260	-194	2	7	9	11
General administrative expenses	-115	-137	-167	-97	-106	-136
Balance of other income/expenses	0	2	1	10	0	1
Pre-tax profit/loss	-324	-395	-408	268	163	53



¹ Incl. P&L effects from reclassification of securities from 'Loans and advances to other banks/customers' to 'Financial investments' for the purpose of consistent reporting of all securities with IFRS category LaR

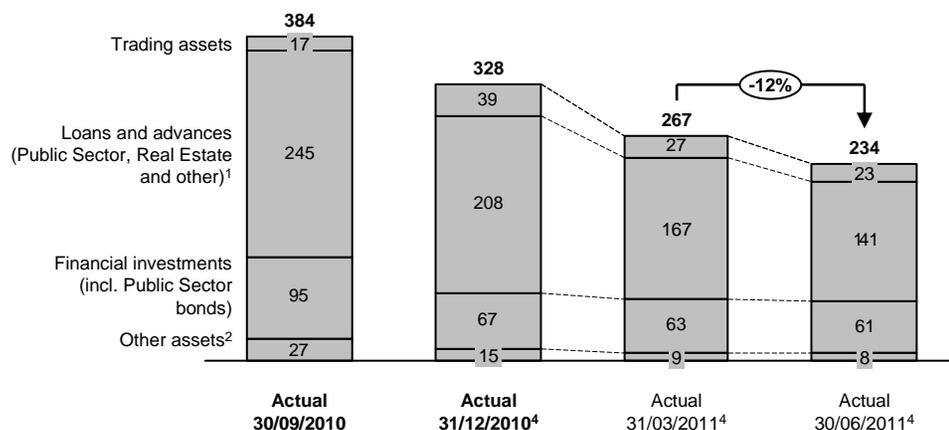
Results Q2 2011, August 11, 2011

HRE Group

Balance sheet

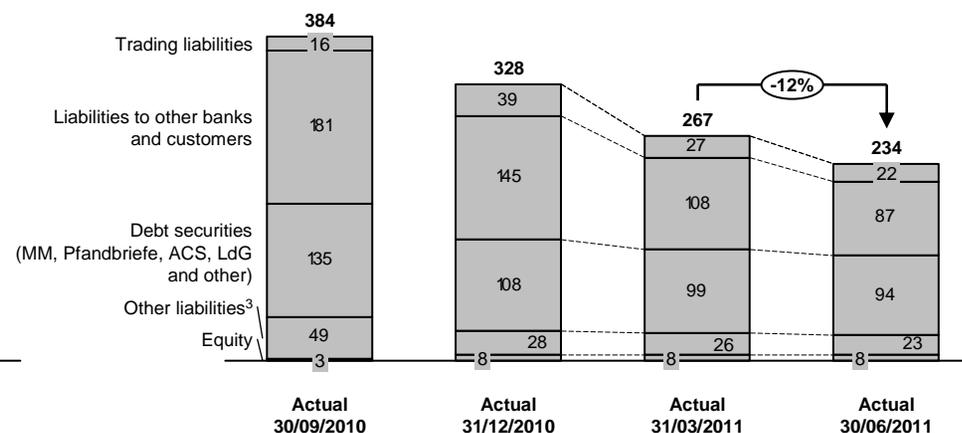
Total assets (IFRS)

EUR billions



Total liabilities and equity (IFRS)

EUR billions



- In Q2 2011, total assets further down by EUR 33 bn (-12%) to EUR 234 bn, predominantly as counter-effects resulting from the asset transfer to FMS-WM have been further reduced
- The main counter-effects are as follows:
 - Pass-through funding for FMS-WM: FMS-WM does not have a banking status. Therefore, HRE provides access to the ECB for FMS-WM by entering into reverse repo transactions with FMS-WM (pass-through funding). In Q2, these reverse repo transactions with FMS-WM have been reduced to EUR 45 bn
 - Back-to-back derivatives were used to transfer market price risks of derivatives to FMS-WM by way of entering into derivative transactions with FMS-WM at counter-identical conditions. These derivative transactions resulted in an increase of the balance sheet. In Q2, these back-to-back derivatives have been reduced to EUR 15 bn due to novations
 - Moreover, this reduced the collateral positions provided and received for these derivatives

- These counter-effects will be reduced further over time

Note: Figures may not add up due to rounding

¹ Incl. allowances for losses on loans and advances

² Cash reserve, other assets (esp. positive market values of hedging derivatives), income tax assets

³ Provisions, other liabilities (esp. negative market values of hedging derivatives), income tax liabilities

⁴ Incl. reclassification of securities from 'Loans and advances' to 'Financial investments' for the purpose of consistent reporting of all securities with IFRS category LaR in the same balance sheet position

HRE Group

Balance sheet

Assets (IFRS) EUR millions	30.06.2011 ¹	31.12.2010 ¹	Change	
			EUR mio	%
Cash reserve	537	2,507	-1,970	-78.6
Trading assets	22,504	39,114	-16,610	-42.5
Loans and advances to other banks	20,435	32,614	-12,179	-37.3
Loans and advances to customers	121,273	175,724	-54,451	-31.0
Allowances for losses on loans and advances	-573	-661	88	13.3
Financial investments	60,692	66,819	-6,127	-9.2
Property, plan and equipment	5	6	-1	-16.7
Intangible assets	45	49	-4	-8.2
Other assets	7,253	10,244	-2,991	-29.2
Income tax assets	1,662	1,703	-41	-2.4
Total assets	233,833	328,119	-94,286	-28.7

Equity and liabilities (IFRS) EUR millions	30.06.2011	31.12.2010	Change	
			EUR mio	%
Liabilities to other banks	55,404	101,382	-45,978	-45.4
Liabilities to customers	31,241	43,216	-11,975	-27.7
Liabilities evidenced by certificates	94,350	107,898	-13,548	-12.6
Trading liabilities	21,789	39,109	-17,320	-44.3
Provisions	313	313	-	-
Other liabilities	18,010	23,226	-5,216	-22.5
Income tax liabilities	1,673	1,714	-41	-2.4
Subordinated capital	3,239	3,508	-269	-7.7
Liabilities	226,019	320,366	-94,347	-29.4
Subscribed capital	2,668	2,668	-	-
Additional paid-in capital	8,091	8,091	-	-
Retained earnings	-5,168	-4,260	-908	-21.3
Foreign currency reserve	-46	-44	-2	-4.5
Revaluation reserve	-30	72	-102	>100
<i>Afs reserve</i>	-427	-421	-6	-1.4
<i>Cash flow hedge reserve</i>	397	493	-96	-19.5
Consolidated profit/loss 2010	0	-910	910	100.0
Consolidated profit/loss H1 2011	163	0	163	>100.0
Equity attributable to equity holders	5,678	5,617	61	1.1
Hybrid capital instruments ²	1,137	1,137	-	-
Silent participation ³	999	999	-	-
Non-controlling interest in equity	2,136	2,136	-	-
Equity	7,814	7,753	61	0.8
Total equity and liabilities	233,833	328,119	-94,286	-28.7

1 Incl. reclassification of securities from 'Loans and advances to other banks/customers' to 'Financial investments' for the purpose of consistent reporting of all securities with IFRS category LaR in the same balance sheet position

2 Hybrid capital instruments of the subsidiary DEPFA Bank plc which had to be reclassified according to IAS 32 under equity instead of under subordinated capital

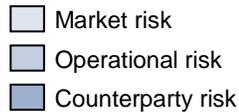
3 Silent participation of SoFFin in the subsidiary Deutsche Pfandbriefbank AG

HRE Group

Capitalisation

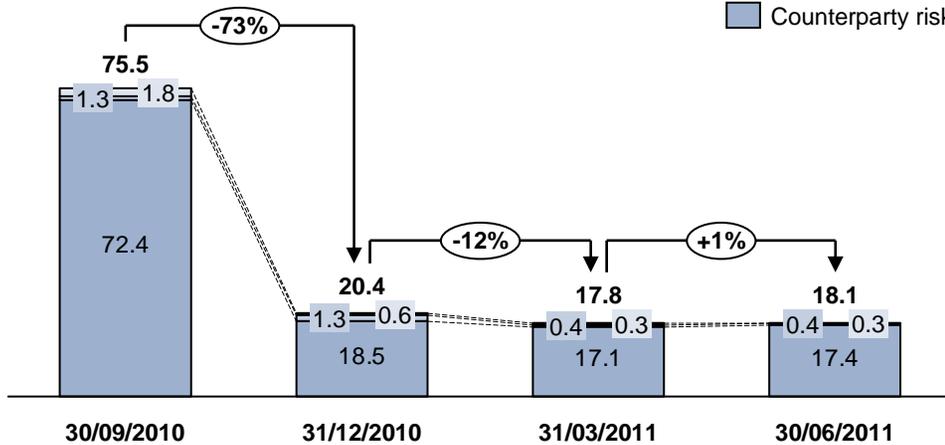
Risk-weighted assets (RWA)

EUR billions



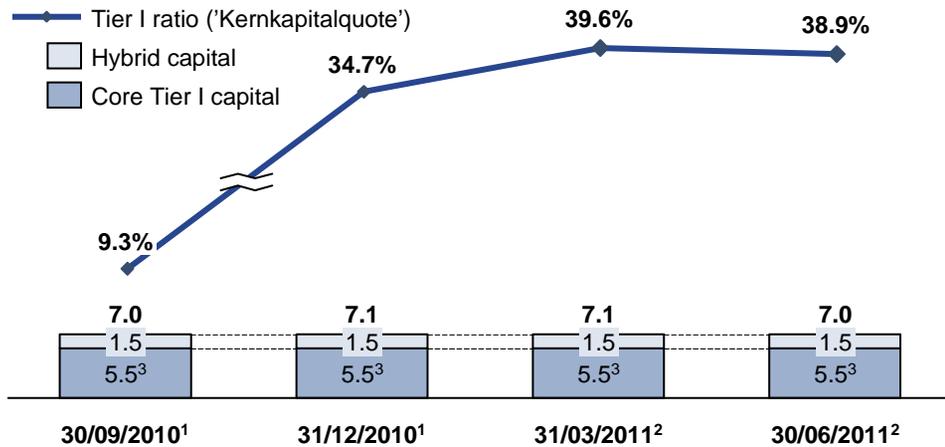
- RWA slightly increased to EUR 18.1 bn (+1%), primarily reflecting rating downgrades
- Tier I capital stable (excluding year-to-date profit/adjustments)
- Tier I ratio now at 38.9%

- Within the framework of the transfer of assets to FMS-WM, FMSA has reserved the right to stipulate a compensation payment of up to EUR 1.59 bn in order to avoid distortion of competition
 - With this, the FMSA can, for reasons of fair competition, reduce the capitalisation of individual legal entities to the required extent, if the Tier I ratio of the relevant legal entity is >15%
 - Under the terms of the EU state aid approval, a total purchase price adjustment of EUR 1.59 bn will be required from HRE Group. Such adjustment will most probably materialise mainly at the level of DEPFA sub-group and not affect the income statement
 - Including this payment, the pro-forma Tier I ratio of HRE Group would have been approx. 30% as of 30/06/2011



Tier I capital/ratio (SolvV, German GAAP/HGB)

EUR billions



- Additionally, the EU requires a full retention of profits at pbb until re-privatisation to pay back the silent participation of SoFFin as well as DEPFA sub-group to pay an annual fee until re-privatisation, limited by certain caps that provide for – inter alia – DEPFA neither having to record losses nor breaching regulatory or statutory provisions

Note: Figures may not add up due to rounding 1 Incl. year-to-date losses/adjustments 2 Excl. year-to-date result/adjustments 3 Incl. silent participation; 30/09/2010 and 31/12/2010 restated