

Analyst Conference
Annual Results 2017
7 March 2018

Strong full-year result with PBT of EUR 204 mn

Increase of pay-out ratio for 2017-2019

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Agenda

- 1 Highlights 2017**
 - 2 Financials**
 - 3 New business & segment reporting**
 - 4 Portfolio**
 - 5 Funding**
 - 6 Outlook 2018**
- Appendix**
Contact details

Highlights 2017

Strong full-year result with PBT of EUR 204 mn – increase of pay-out ratio for 2017-2019 and dividend proposal of EUR 1.07 per share for 2017



- ➔ **Strong PBT of EUR 204 mn** (Q4/17: EUR 50 mn) based on **good operating performance** and above latest guidance (Nov. 2017: EUR 195-200 mn)
 - NII up +8% y-o-y, even though less supported by prepayment fees and one-offs but benefitting from reduced funding costs
 - risk costs (net) on low level
 - operating costs in line with guidance
- ➔ **Net income** of EUR 182 mn based on lower than expected tax ratio; **EpS** of EUR 1.35 and **RoE after tax** 6.5%
- ➔ **New business of EUR 11.6 bn on good level** with strong Q4/17 (EUR 4.2 bn); total portfolio margin stable y-o-y – strategic portfolio slightly increased, Value Portfolio significantly down
- ➔ **Strong funding activities (EUR 6.1 bn)** with seven Benchmark issues – secondary unsecured market spreads significantly tightened
- ➔ Strong **capitalisation** with CET1 ratio of 17.6%¹ (Basel III, fully-loaded), providing buffer for regulatory changes, potential strategic growth and cyclical risks and/or strategic measures
- ➔ **Increase of pay-out ratio** for 2017-2019 with **dividend proposal** of EUR 1.07 per share for 2017

¹ Incl. full-year result, post proposed dividend

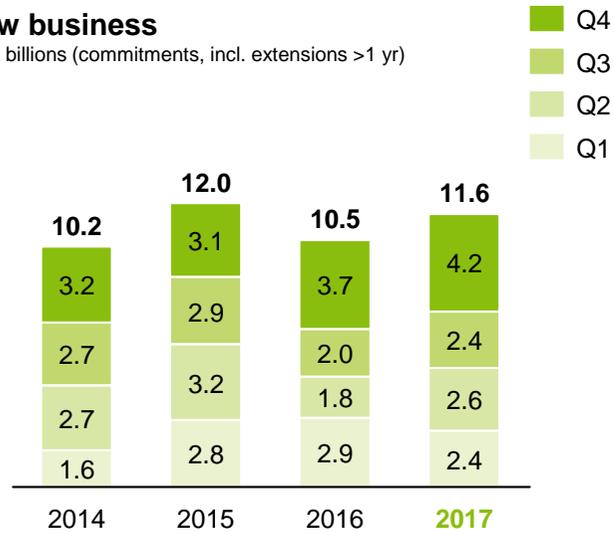
Highlights

Operating and financial overview



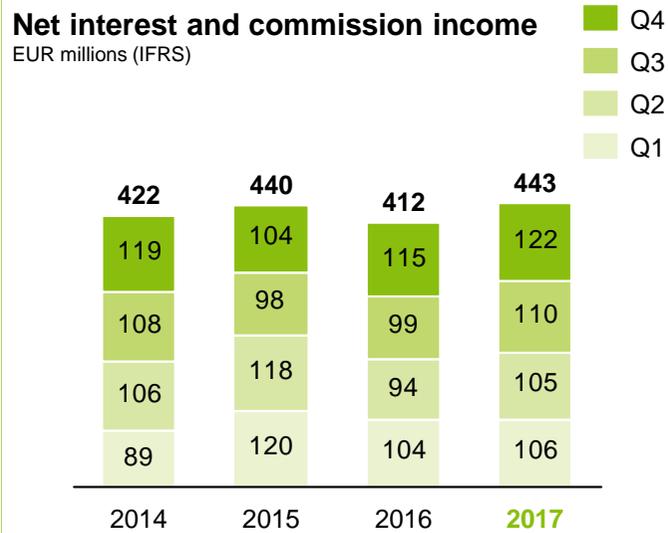
New business

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



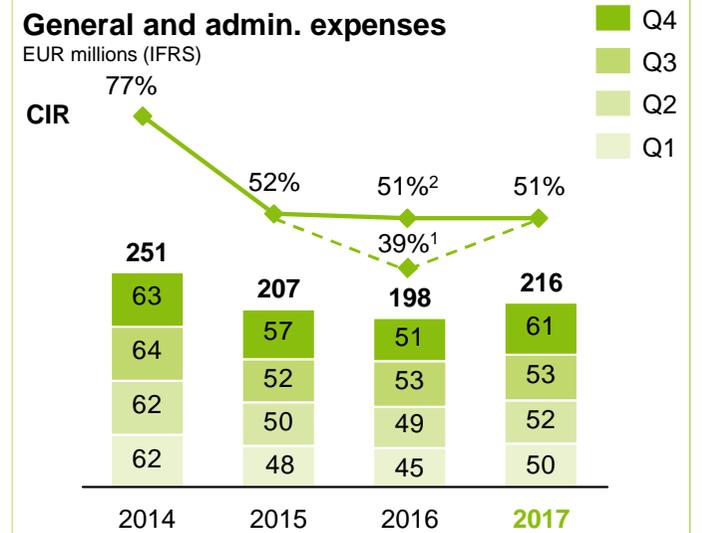
Net interest and commission income

EUR millions (IFRS)



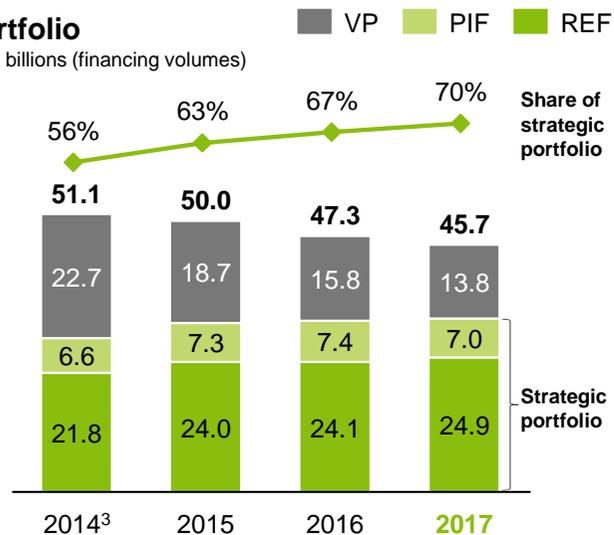
General and admin. expenses

EUR millions (IFRS)



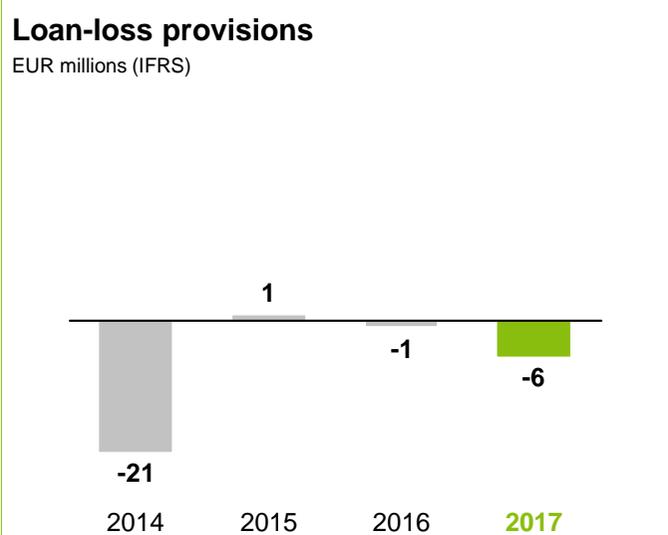
Portfolio

EUR billions (financing volumes)



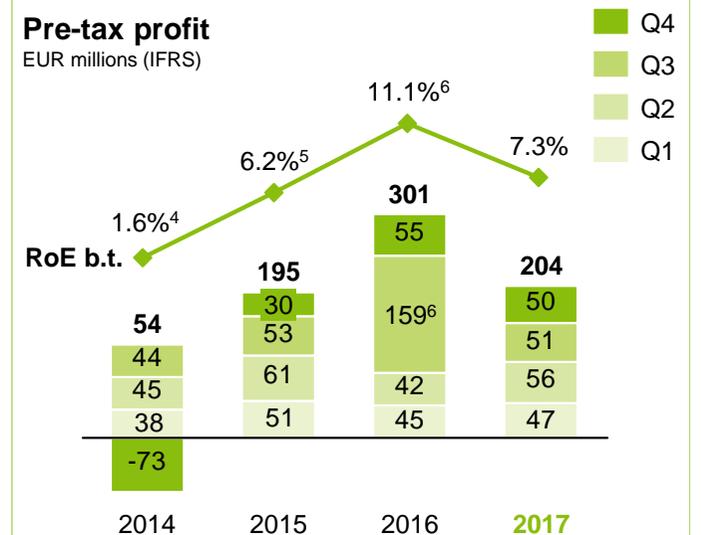
Loan-loss provisions

EUR millions (IFRS)



Pre-tax profit

EUR millions (IFRS)



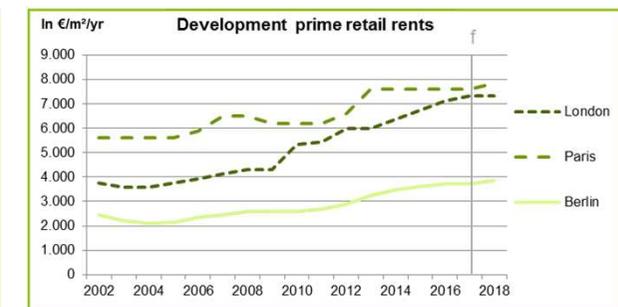
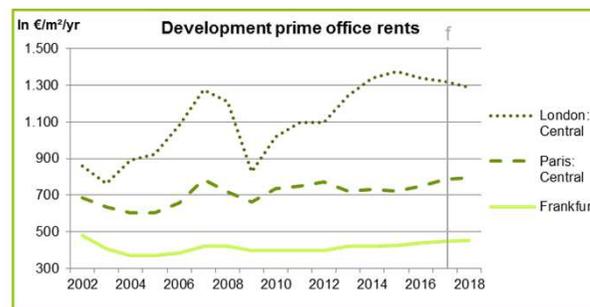
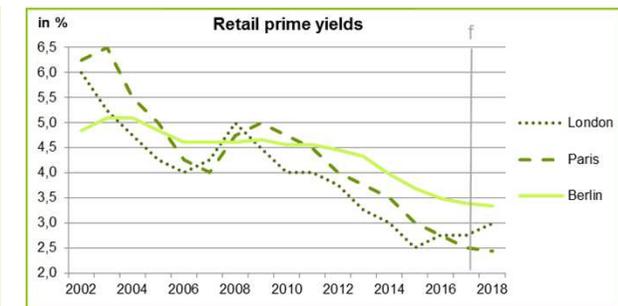
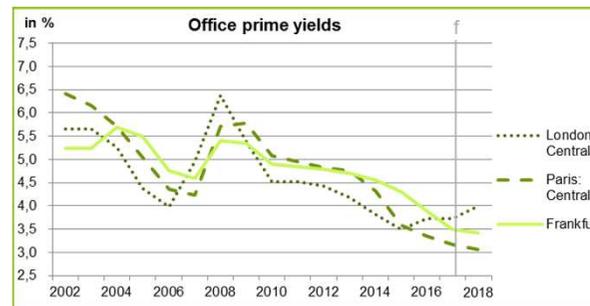
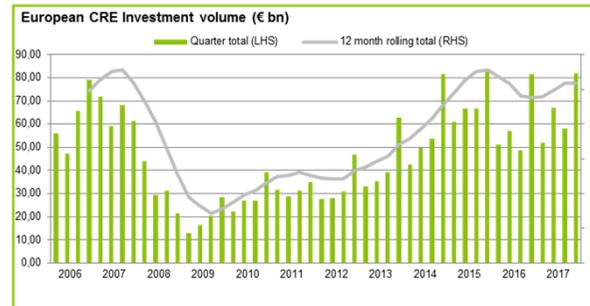
Note: Figures may not add up due to rounding
 1 Reported incl. extraordinary HETA-gain
 2 Adjusted for HETA-effect
 3 Restated; figures retrospectively adjusted for transfer of Italian PIF portfolio into VP (as of 01/01/15)
 4 Incl. EUR 1 bn silent participation of Sonderfonds Finanzmarktstabilisierung (FMS) adjustments on HETA exposure
 5 Calculation based on average equity; EUR 1 bn silent participation of Sonderfonds Finanzmarktstabilisierung (FMS) included until redemption in July 2015
 6 Incl. EUR +132 mn extraordinary gain from value

Highlights

CRE market environment remains highly competitive and challenging – pbb cautious in UK, Nordics and CEE as well as on retail properties

- Even though CRE market environment remains highly competitive and challenging, fundamentals for most continental European markets remain solid
 - Investment volume remains on elevated level in Europe and USA
 - Slightly increasing rents and cash-flows in continental Europe, mainly stable rental development in UK
 - Vacancy remains on low level in continental Europe and regional UK markets, Central London vacancy rates may rise
 - Property yields slightly decreasing in Germany; UK yields relatively stable despite uncertainty arising from Brexit
 - In Eurozone, spread between prime office yields and 10-year government bond yields continues to offer pickup

- pbb remains cautious and highly selective on
 - UK (in aftermath of Brexit)
 - Nordics (i.e. Sweden)
 - CEE (esp. on logistic properties)
 - Retail (shift into online business)



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Appendix

Contact details

Income statement

NII up +8% y-o-y, even though less supported by prepayment fees and one-offs as benefiting from reduced funding costs

Income from lending business

EUR millions

	Q4/16	Q4/17	2016	2017	
Net interest income	112	120	404	435	
<i>thereof: Prepayment fees</i>	22	10	44	31	
<i>One-off effects</i>	0	3	14	2	
Interest income	460	415	1,843	1,672	-9%
Interest expenses	-348	-295	-1,439	-1,237	-14%
Net fee and commission income	3	2	8	8	
Total	115	122	412	443	

Key drivers 2017:

- NII benefiting from solid underlying drivers
 - Avg. strategic financing volume slightly up to EUR 31.8 bn (12/16: EUR 31.3 bn)
 - Total average portfolio margin slightly up
 - Funding costs down by reduced financing volume and replacements of funding at lower costs
 - Stronger underlying y-o-y due to less prepayments fees and one-offs (EUR 25 mn)

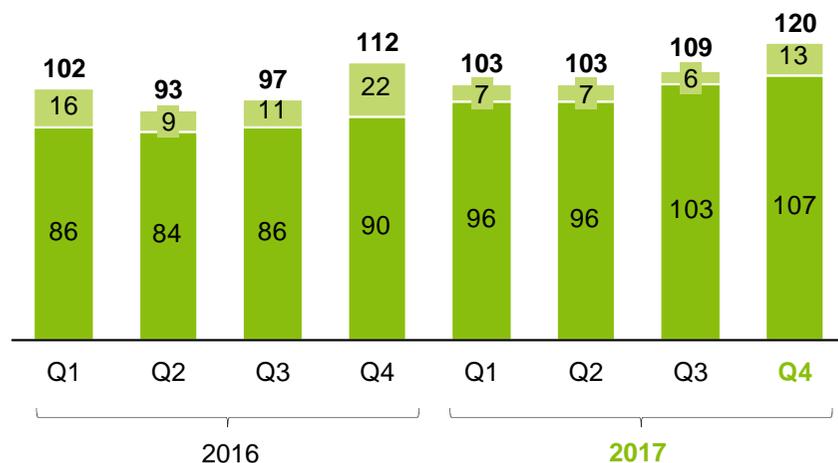
- However, NII continues to be negatively influenced by following major base effects:
 - Margin pressure
 - Value Portfolio run-down
 - Low returns from (re)-investments of liquidity/equity book

- NCI stable y-o-y

Net interest income

EUR millions

■ Prepayment fees + one-offs
■ NII (underlying)



Income statement

Loan-loss provisions on low level reflecting overall still favourable market environment

Loan-loss provisions

EUR millions

	Q4/16	Q4/17	2016	2017
Specific allowances	5	1	6	-3
<i>Additions</i>	-2	-1	-13	-7
<i>Releases</i>	7	2	19	4
<i>thereof: HETA</i>	-	-	9	-
Portfolio-based allowances	-10	-5	-12	-4
Other allowances	-	-	1	-
Recoveries from write-offs	1	-	4	1
Total	-4	-4	-1	-6



Key drivers 2017:

- No major new single LLPs
- Additions to portfolio-based allowances in Q4/17 (EUR -5 mn) mainly result from PD and LGD adjustments following regulatory add-ons
- Coverage ratio down to 12% (12/16: 26%), based on decreased NPLs - adjusted for UK-3 portfolio (not provisioned) coverage ratio would be at 30%
- As of 31/12/17, no provisioning for Estate UK-3 as loss allocation "more likely than not" (IAS 39) - however, first-time application of IFRS 9 requires provisioning according to new impairment logic, taking into account probabilities of different scenarios

Note: Coverage ratio does not take into account additional collateral – incl. these factors, REF coverage ratio at approx. 100%

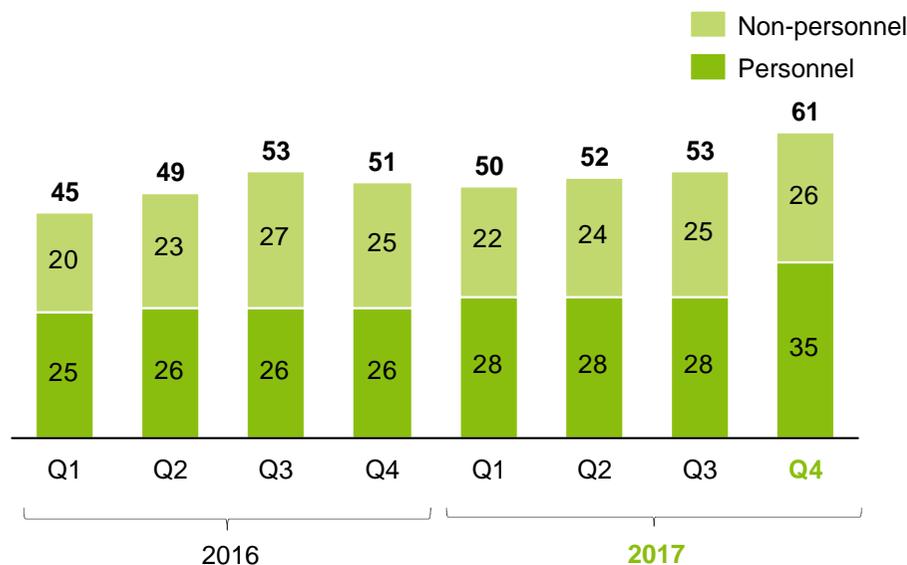
Income statement

Operating costs up in line with expectation – 2016 benefited from release of provisions; regulatory costs and strategic investments will increasingly weigh on overall cost level

General and administrative expenses

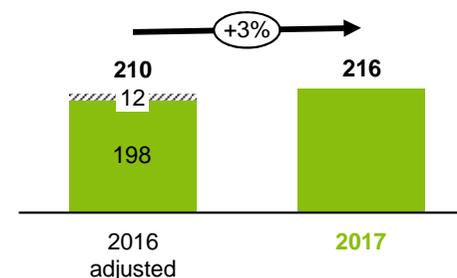
EUR millions

	Q4/16	Q4/17	2016	2017
General admin. expenses	-51	-61	-198	-216
Personnel	-26	-35	-103	-119
Non-personnel	-25	-26	-95	-97
CIR (%)	45.1	53.0	39.0 ¹	50.9



Key drivers 2017:

- Last year benefited from EUR 12 mn release of provisions made in prior years – no such effect in 2017



- Addition of provisions for HR optimization measures (Q4/17)
- Overall small increase in personnel expenses compensated by tail-end effects from former restructuring measures and decrease in number of staff (744 FTE; 12/16: 756 FTE)
- Non-personnel expenses include higher project costs, esp. related to regulatory requirements and strategic initiatives compensated by cost savings otherwise
- Regulatory costs and strategic investments (e.g. further digital transformation) expected to weigh on overall cost level going forward

¹ Affected by EUR +132 mn extraordinary gain from value adjustments on HETA exposure

Income statement

Result from financial instruments with no major one-off effects

Result from financial instruments

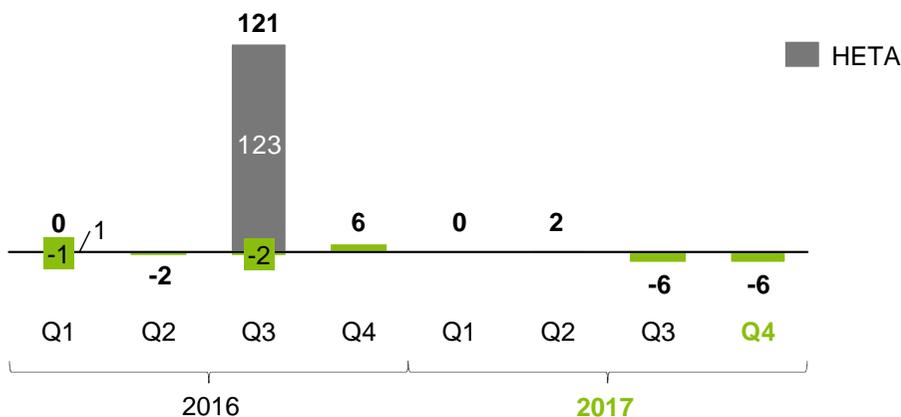
EUR millions

	Q4/16	Q4/17	2016	2017
Net trading income	4	-1	-6	-5
Net income from financial investments	-3	-4	125	-4
<i>thereof: HETA</i>	-	-	123	-
Net income from hedging relationships	5	-1	6	-1
Total	6	-6	125	-10

Key drivers 2017:

- NTI mainly driven by the following negative effects:
 - Pull-to-par effects from positive derivative fair values (EUR -12 mn; 2016: EUR -13 mn)
 but partly offset by
 - bCVA (EUR 6 mn; 2016: EUR -3 mn)
 - market induced valuation effects (EUR 1 mn; 2016: EUR 13 mn) from interest rate and FX derivatives

- NFI includes portfolio based provisioning for a Southern European region (last year positively affected by EUR +123 mn HETA gain)



Income statement

Other revenues mainly driven by bank levy

Result from other business activities

EUR millions

	Q4/16	Q4/17	2016	2017
Net other operating income/expenses	-8	-1	-29	-9
<i>thereof: Bank levy</i>	-	-	-21	-19
Net miscellaneous income/expenses	-3	-	-8	2

Net other operating income/expenses

EUR millions



Key drivers 2017:

- Other operating income/expenses negatively driven by
 - bank levy (booked in Q1/17)
 - provisioning for litigation costs
 but partly compensated by gains from
 - asset sales out of VP
 - arbitration proceedings
 - tax refunds
 - rental income

- Previous year burdened by higher provisioning for litigation costs

- Miscellaneous result driven by restructuring provisions

Capital

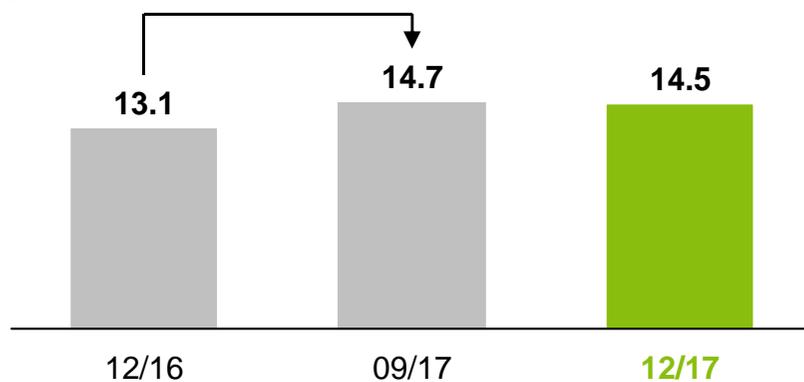
Capitalisation remains strong, even after EUR +2 bn RWA increase from ECB harmonisation of risk models in Q3/17



Basel III: RWA

EUR billions (IFRS)

■ incl. rd. EUR +2 bn RWA from ECB harmonisation



Basel III: Capital ratios (fully-loaded)

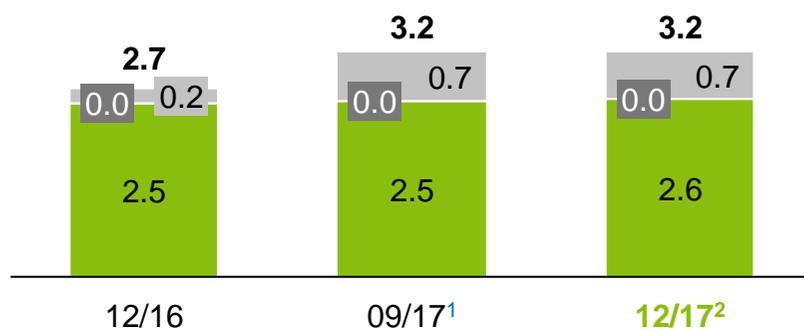
% (IFRS)

in %	12/16	09/17 ¹	12/17 ²	Ambition levels
CET 1	19.0	17.1	17.6	≥12.5
Tier 1	19.0	17.1	17.6	≥16
Own funds	20.7	21.8	22.2	16-18
Leverage ratio	4.2	4.5	4.5	≥3.5

Basel III: Equity (fully-loaded)

EUR billions (IFRS)

■ Tier 2
■ Additional Tier 1
■ CET 1



Key drivers 2017:

- pbb retains capital buffers for further RWA challenges: regulation (TRIM/Basel IV), potential strategic growth and cyclical risks and/or strategic measures
- RWA up y-o-y due to EUR ~2.0 bn RWA increase from ECB harmonisation of risk models in Q3/17 – RWA reduction in Q4 due to reduction of VP and LGD changes

SREP:

- SREP requirements 2018³:
 - CET 1 ratio phase-in: 9.325% (2017: 9.2%) / fully-loaded: 9.95% (2017: 10.45%)
 - Own funds ratio phase-in: 12.825% (2017: 12.7%) / fully loaded: 13.45% (2017: 13.95%)

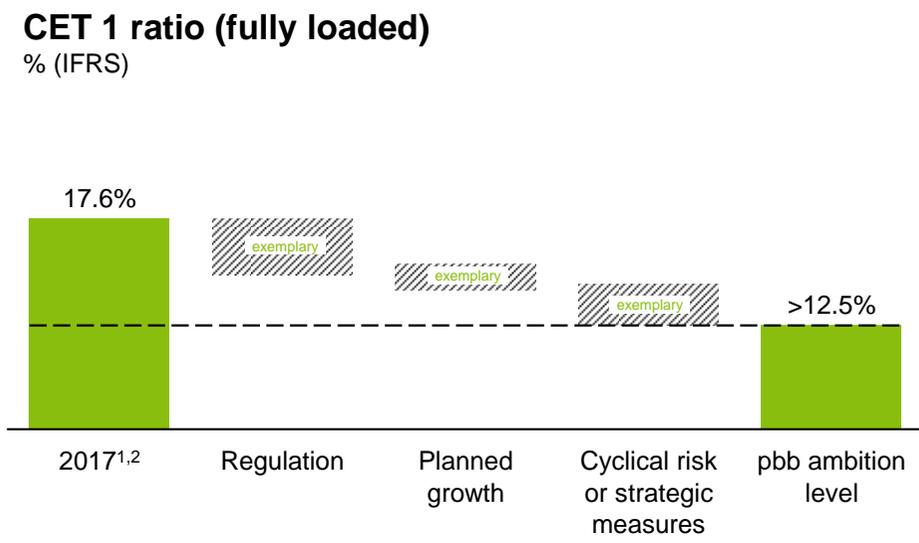
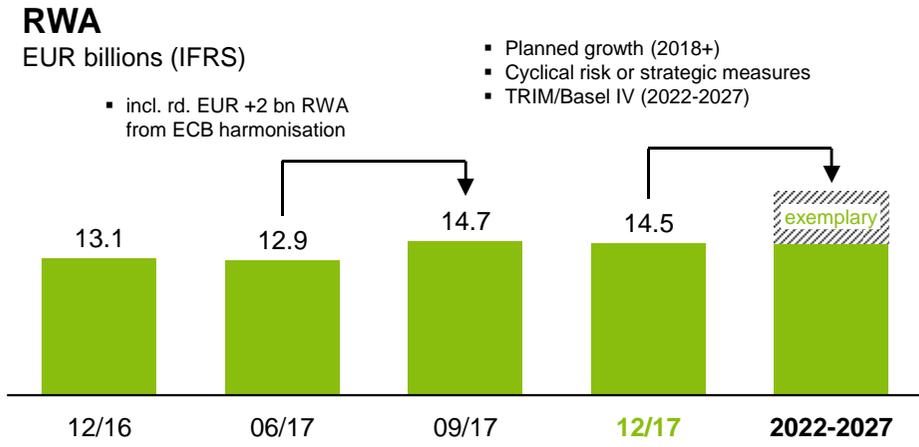
Note: Figures may not add up due to rounding 1 Incl. interim result 2 Incl. full-year result, post proposed dividend 3 First draft indication; incl. capital conservation buffer (1.875%) and anticipated countercyclical buffer (0.2%; actual as of 31.12.2017: 0.11%)

Capital

Adequate buffers for regulatory changes, strategic growth and cyclical risks or strategic measures essential for operational stability and flexibility



<p>Regulation</p>	<ul style="list-style-type: none"> Finalization of TRIM process expected by end of 2019, publication and implementation expected in 2020 Decision on Basel IV regulation on 7 December 2017 <ul style="list-style-type: none"> Output-floor (max. output of IRBA-models versus SA) of 72.5% Phase-in of new Basel IV requirements expected 2022-2027 EU/national implementation still open Sufficient capital buffer to be adequately capitalized under regulation requirements
<p>Planned growth</p>	<ul style="list-style-type: none"> Moderate balance sheet growth over the next few years Opportunities for growth or substitution of new business via e.g. portfolio acquisitions to be evaluated
<p>IFRS 9</p>	<ul style="list-style-type: none"> Positive first-time application effect of 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)



Note: Figures may not add up due to rounding 1 Incl. full-year result, post proposed dividend (1.875%) and anticipated countercyclical buffer (0.2%; actual as of 31.12.2017: 0.11%) 2 Incl. EUR ~2 bn RWA increase from ECB harmonisation of risk models 3 First draft indication; incl. capital conservation buffer

Agenda

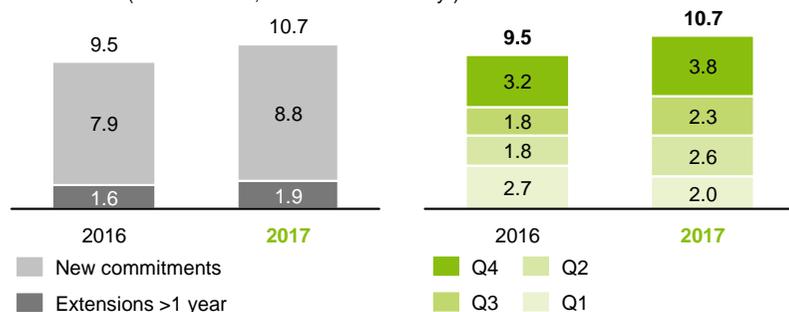
- 1 **Highlights 2017**
 - 2 **Financials**
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 - 5 **Funding**
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- Appendix**
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New business & segment reporting

REF: Strong Q4 and solid level of new business – continued focus on conservative risk positioning

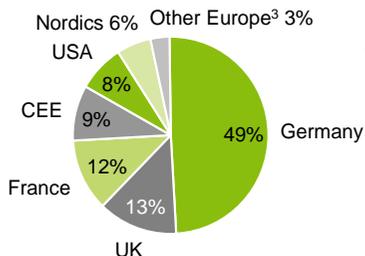
New business

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



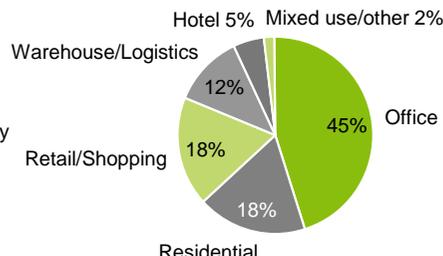
Regions

2017: EUR 10.7 bn



Property types

2017: EUR 10.7 bn



New business

	2016	2017
Total volume (EUR bn)	9.5	10.7
<i>thereof: Extensions >1 year</i>	1.6	1.9
No. of deals	189	221
Average maturity (years) ¹	~5.1	~5.3
Average LTV (%) ²	62	60
Average gross margin (bp)	>175	>155

Note: Figures may not add up due to rounding 1 Legal maturities 2 New commitments; avg. LTV (extensions): 54% (2017), 56% (2016) 3 Netherlands, Belgium, Austria, Italy and Spain

Income statement (IFRS, EUR mn)	2016	2017
Operating income	306	337
<i>thereof: Net interest income</i>	321	350
<i>Net commission income</i>	9	9
<i>Other operating revenues</i>	-24	-22
Loan-loss provisions	2	-7
General administrative expenses	-156	-172
Pre-tax profit	146	160
Key indicators	2016	2017
CIR (%)	51.0	51.0
RoE before tax (%)	26.0	24.9
Equity (EUR bn, excl. revaluation reserve)	0.6	0.6
RWA (EUR bn)	6.4	8.3
Financing volume (EUR bn)	24.1	24.9

Key drivers 2017:

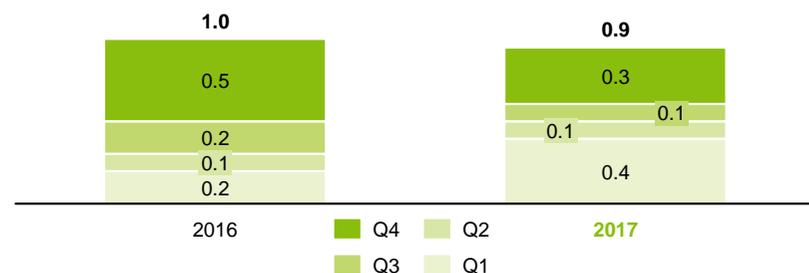
- New business volume on solid level with avg. gross margin down and stable risk profile in 2017
 - High competition and margin pressure, but continued focus on conservative risk positioning (avg. LTV 60%)
 - Focus on Prime business
 - Regional and product mix (e.g. Germany slightly up, UK down, high margin pressure France, Low-Leverage-Lending, higher residential, lower retail/shopping)
- Financing volume slightly up y-o-y due to strong new business
- Positive financial segment performance mainly driven by positive NII development, operating costs up in line with expectation, LLPs remain low
- RWA increase y-o-y reflects effects from ECB harmonisation of risk models

New business & segment reporting

PIF: Strong competition weighs on new business volume

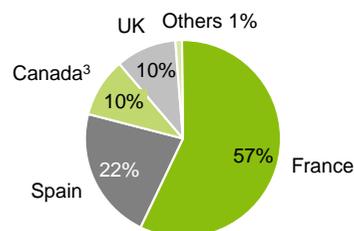
New business

EUR billions (commitments)



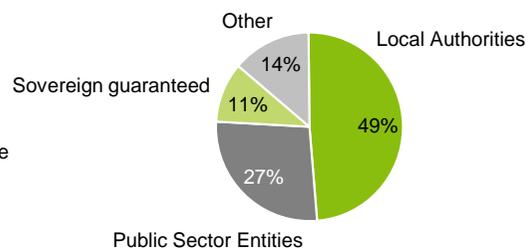
Regions

2017: EUR 0.9 bn



Counterparty Types

2017: EUR 0.9 bn



New business

	2016	2017
Total volume (EUR bn)	1.0	0.9
No. of deals	28	30
Average maturity (years) ¹	~8.8	~8.7
Average gross margin (bp)	~85	>100

Income statement (IFRS, EUR mn)

	2016	2017
Operating income	30	24
<i>thereof: Net interest income</i>	35	36
<i>Other operating revenues</i>	-5	-12
Loan-loss provisions	-	-
General administrative expenses	-26	-29
Pre-tax profit	3	-5
Key indicators	2016	2017
CIR (%)	86.7	>100
RoE before tax (%)	0.9	-1.7
Equity (EUR bn, excl. revaluation reserve)	0.3	0.3
RWA (EUR bn)	1.4	1.6
Financing volume (EUR bn, nominal)	7.4	7.0

Key drivers 2017:

- PIF remains strong contribution business with EUR ~6 mn direct costs vs. EUR ~23 mn allocated overhead (allocation based on financing volume)
- New business stable at higher avg. gross margin but financing volume down y-o-y due to maturities
- Financial segment performance down y-o-y, mainly due to portfolio based LLPs on Southern European region (other operating revenues) and higher allocated GAE - otherwise positive pre-tax profit
- RWA increase mainly related to internal rating downgrade of a Southern European region

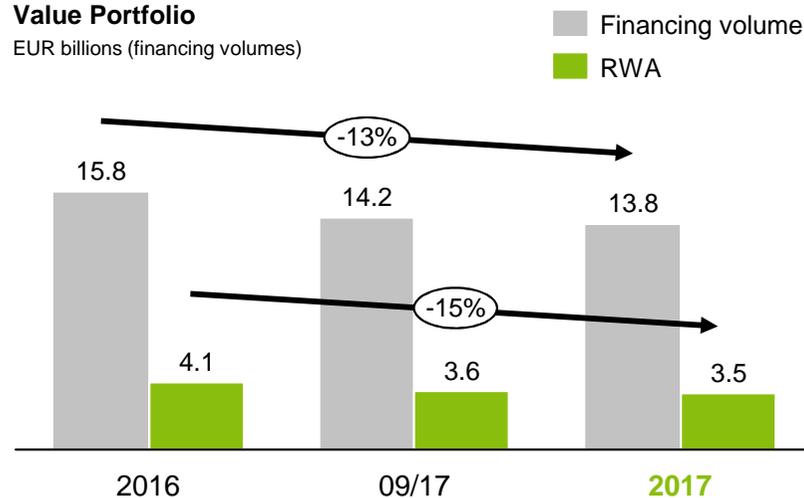
Note: Figures may not add up due to rounding 1 Weighted average lifetime 3 Two ECA transactions with Canada as guarantor

New business & segment reporting

VP: Run-down of non-strategic Value Portfolio continued in line with strategy

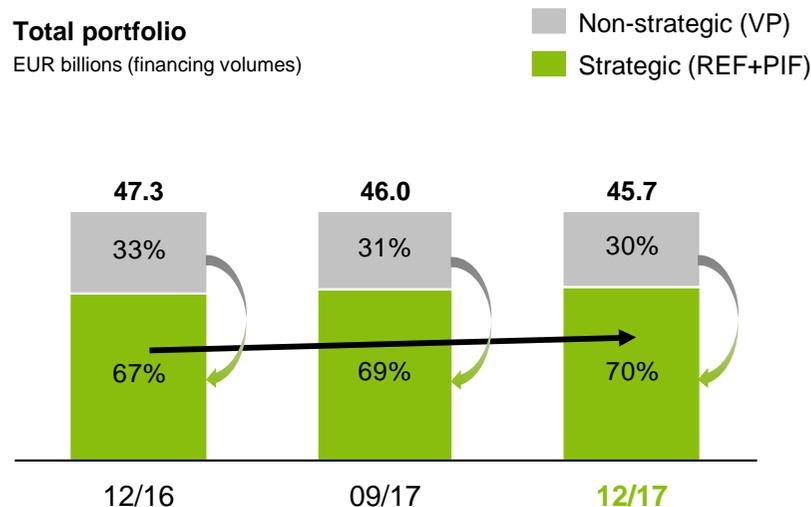
Value Portfolio

EUR billions (financing volumes)



Total portfolio

EUR billions (financing volumes)



Income statement (IFRS, EUR mn)

	2016 ¹	2017
Operating income	165	56
<i>thereof: Net interest income</i>	41	42
<i>Other operating revenues</i>	124	14
Loan-loss provisions	-3	1
General administrative expenses	-16	-15
Pre-tax profit/loss	145	42
Key indicators	2016¹	2017
CIR (%)	9.7	26.8
RoE before tax (%)	9.7	2.8
Equity (EUR bn, excl. revaluation reserve)	1.5	1.5
RWA (EUR bn)	4.1	3.5
Financing volume (EUR bn, nominal)	15.8	13.8

Key drivers 2017:

- Value Portfolio significantly down by EUR -2.0 bn (-13%) y-o-y
- Continued reallocation of freed-up capital to core segments - share of strategic portfolio up from 67% to 70%
- Financial segment performance influenced by allocation effects and asset sales in Q1/17; previous year mainly affected by extraordinary HETA gain of EUR +132 mn (financial investment income: EUR 123 mn; LLPs: EUR 9 mn)

Note: Figures may not add up due to rounding

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Appendix

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Portfolio

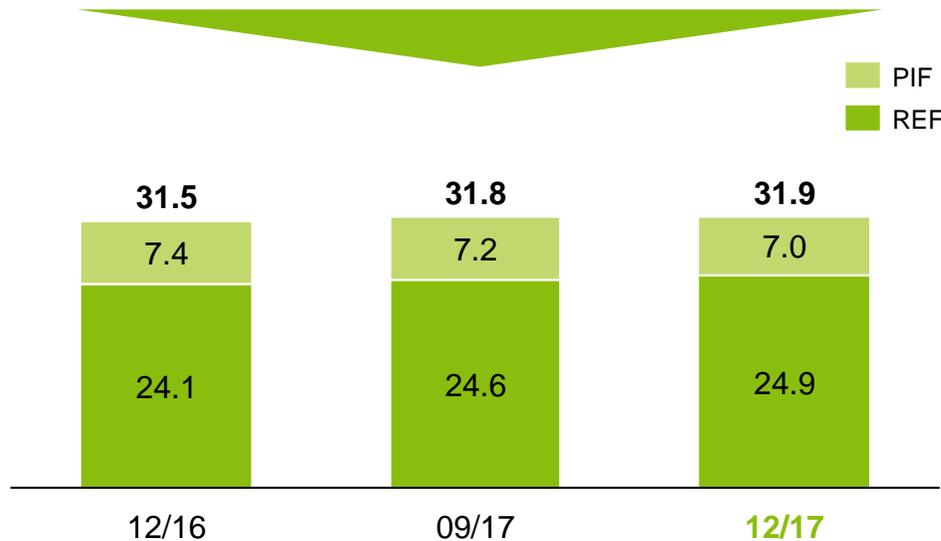
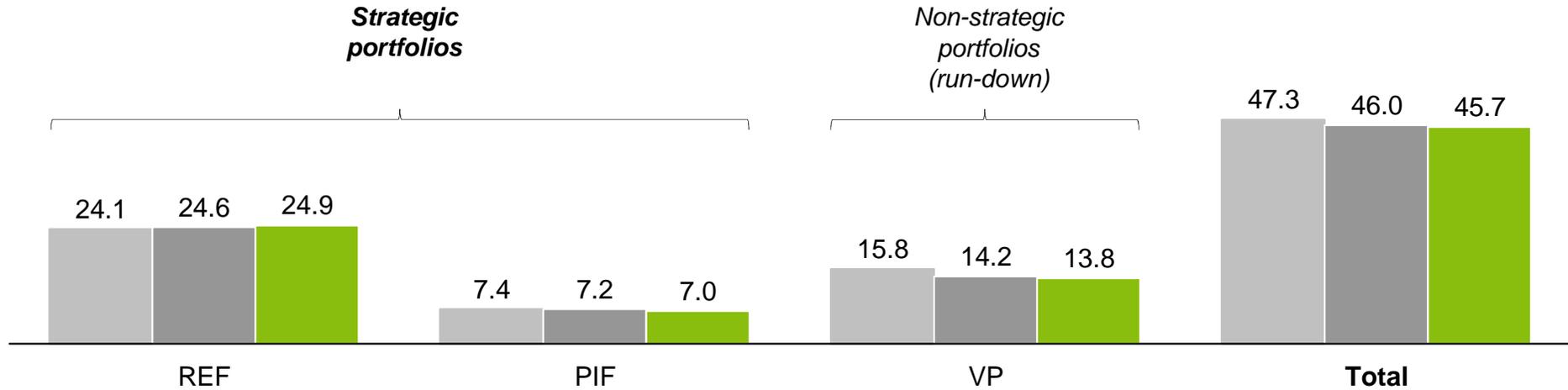
Slight increase of strategic portfolio



Total portfolio

EUR billions (Financing volumes)

12/16 09/17 12/17



Key drivers 2017

- Strategic portfolio up; based on good new business level and despite early repayments still on relatively high level
 - REF EUR +0.8 bn reflecting strong new business
 - PIF EUR -0.4 bn due to high repayments
- Non-strategic Value Portfolio continued to run down in line with strategy

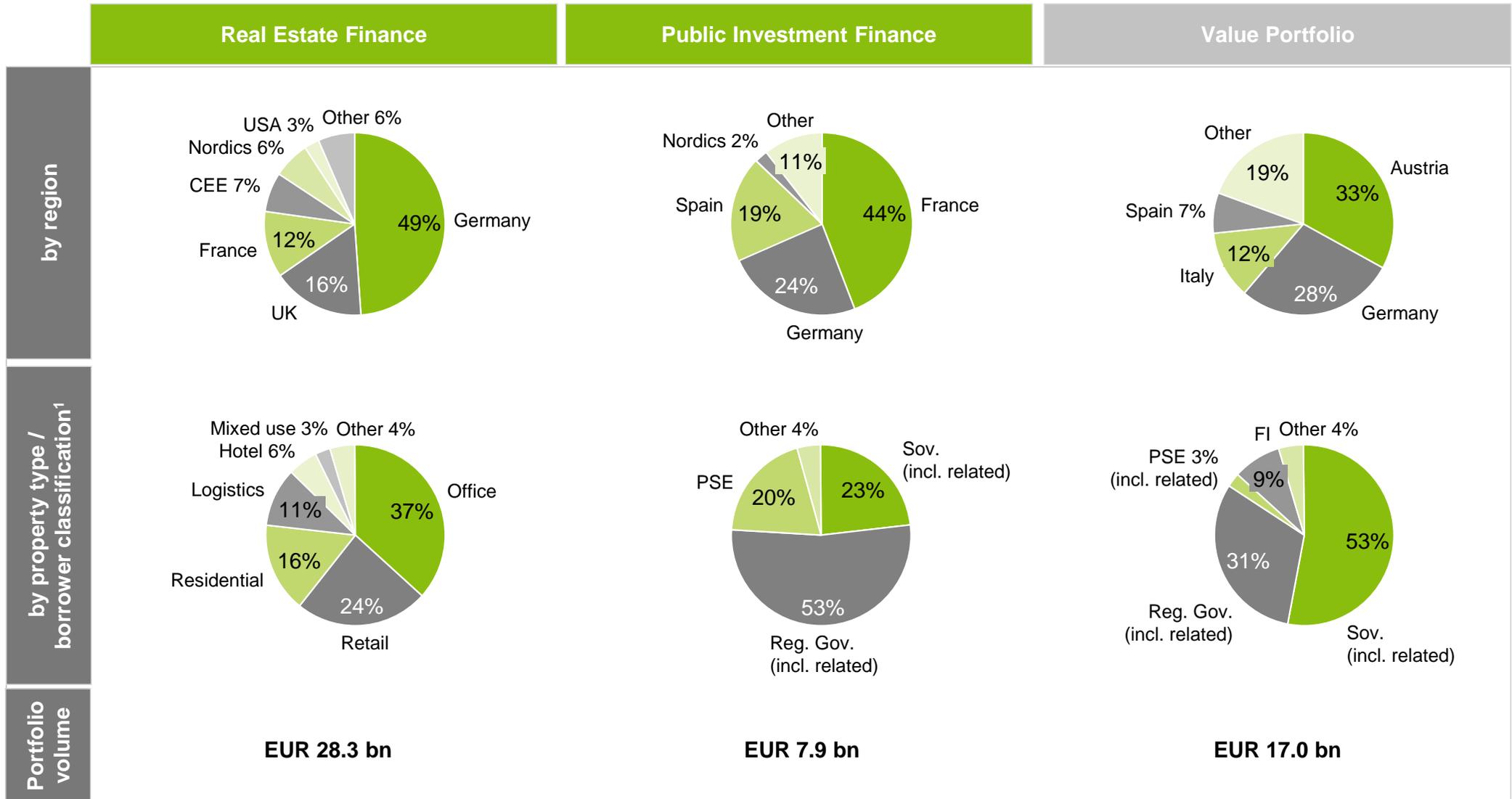
Note: Figures may not add up due to rounding

Portfolio

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



31/12/2017 (EaD, Basel III)



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

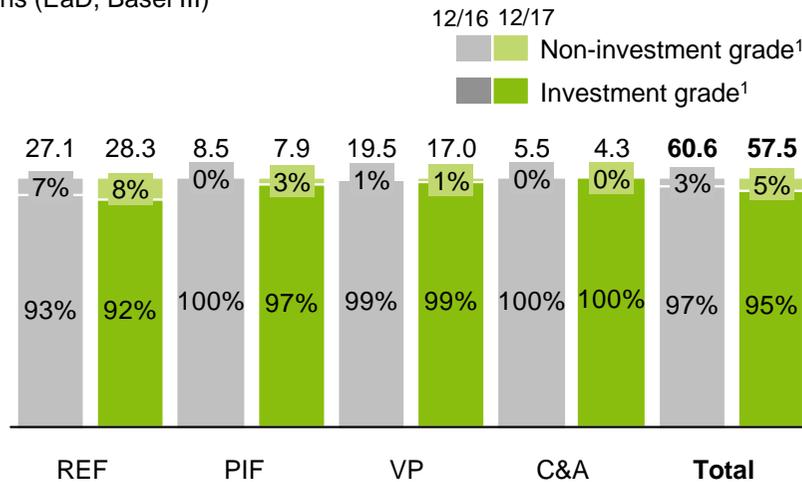
Portfolio

Conservative business and risk strategy continued – stable high portfolio quality with 95% investment grade, avg. LTV of 55%, problem loan ratio on total portfolio down to 0.4%



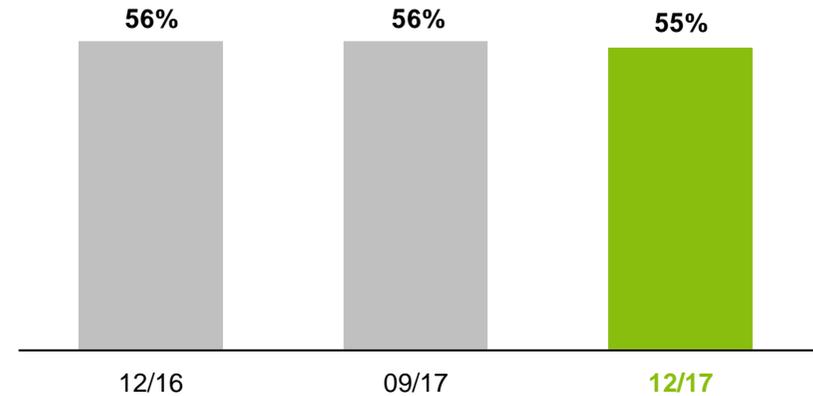
Total portfolio: Internal ratings (EL classes)

EUR billions (EaD, Basel III)



REF Portfolio: Avg. weighted LTVs

% (commitments)²

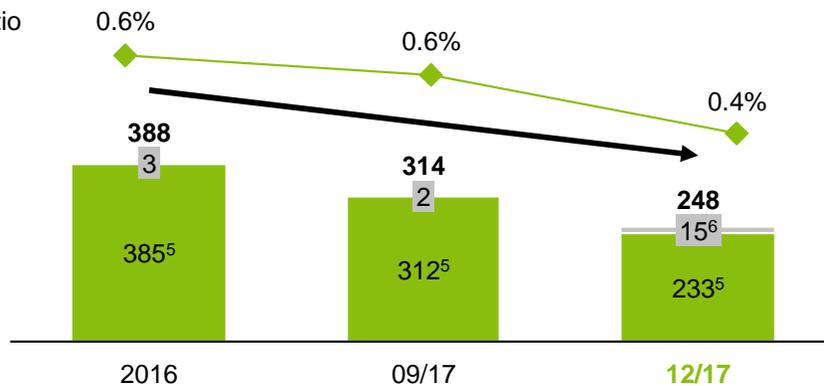


Total problem loans

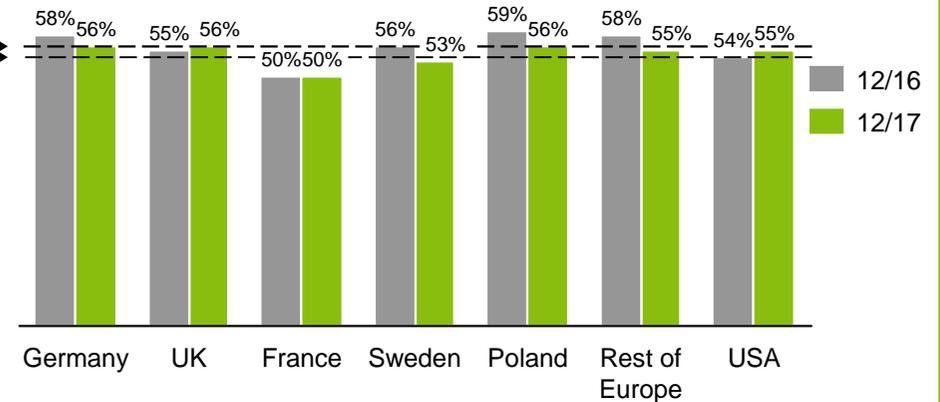
EUR millions (EaD, Basel III)

Total problem loan ratio

Workout³ Restructuring⁴



12/16: Ø 56%
12/17: Ø 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 loans only
 3 Internal PD class 30: No signs that the deal will recover soon, compulsory measures necessary to respective policy apply
 4 Internal PD class 28+29: Payments more than 90 days overdue or criteria acc. to respective policy apply
 5 Estate UK-3 'technically' shown as problem loan – properties sold, but synthetic securitisation has not yet allocated loss
 6 Internal rating downgrade of 1 loan (Italy); amount: EUR 14 mn

Agenda

- 1 **Highlights 2017**
- 2 **Financials**
- 3 **New business & segment reporting**
- 4 **Portfolio**
- 5 **Funding**
- 6 **Outlook 2018**

Appendix

Contact details

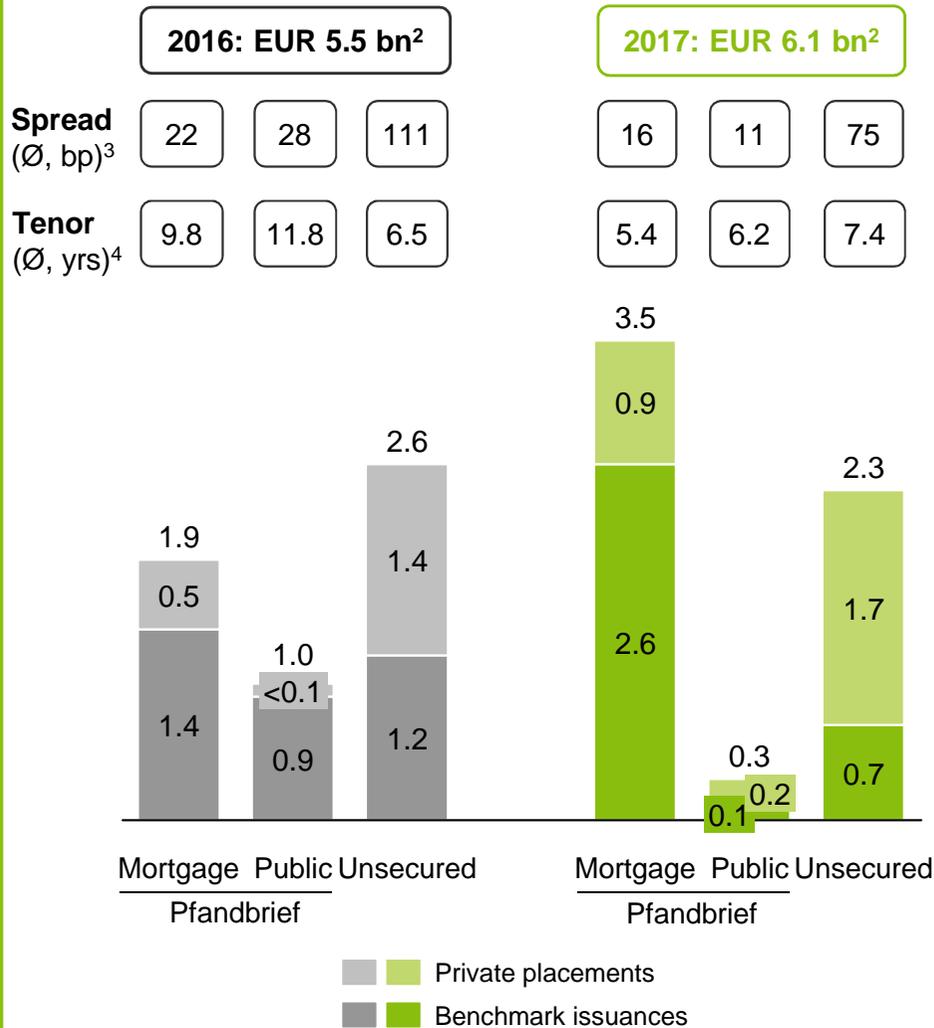
Funding

Stable, diversified funding profile – strong year for currency matched Pfandbrief funding - further reduction of funding costs in 2017



New long-term funding¹

EUR billions



Pfandbriefe

- Currency matched funding:
 - Mortgage Pfandbriefe: GBP 750 mn, SEK 3.6 bn; first USD benchmark USD 600 mn, tapped by USD 100 mn in August 2017
 - Public Pfandbriefe: USD 100 mn
- EUR Pfandbriefe: Two EUR 500 mn benchmarks and one EUR 100 mn tap

Senior Unsecured

- EUR 500 mn + EUR 150 mn benchmarks issued in January and February 2017 and strong private placements throughout 2017
- EUR 190 mn senior preferred issued
- Started 2018 with a EUR 500mn 4y benchmark at MS +40bp

HT1/Tier 2

- EUR 350 mn Hybrid Tier 1 (HT1) redeemed in June 2017
- New Tier 2 issuances of EUR 0.5 bn, incl. inaugural EUR 300 mn benchmark issued in June 2017; improving pbb's capital efficiency by replacing maturing Tier 2 and redeemed HT1

pbb direkt

- Total volume stable at EUR 3.3 bn (12/16: EUR 3.4 bn); average maturity⁵ 3.7 years (12/16: 3.4 yrs)

MREL

- Comfortable volume of MREL eligible items (EUR ~11 bn, thereof EUR ~8 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 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

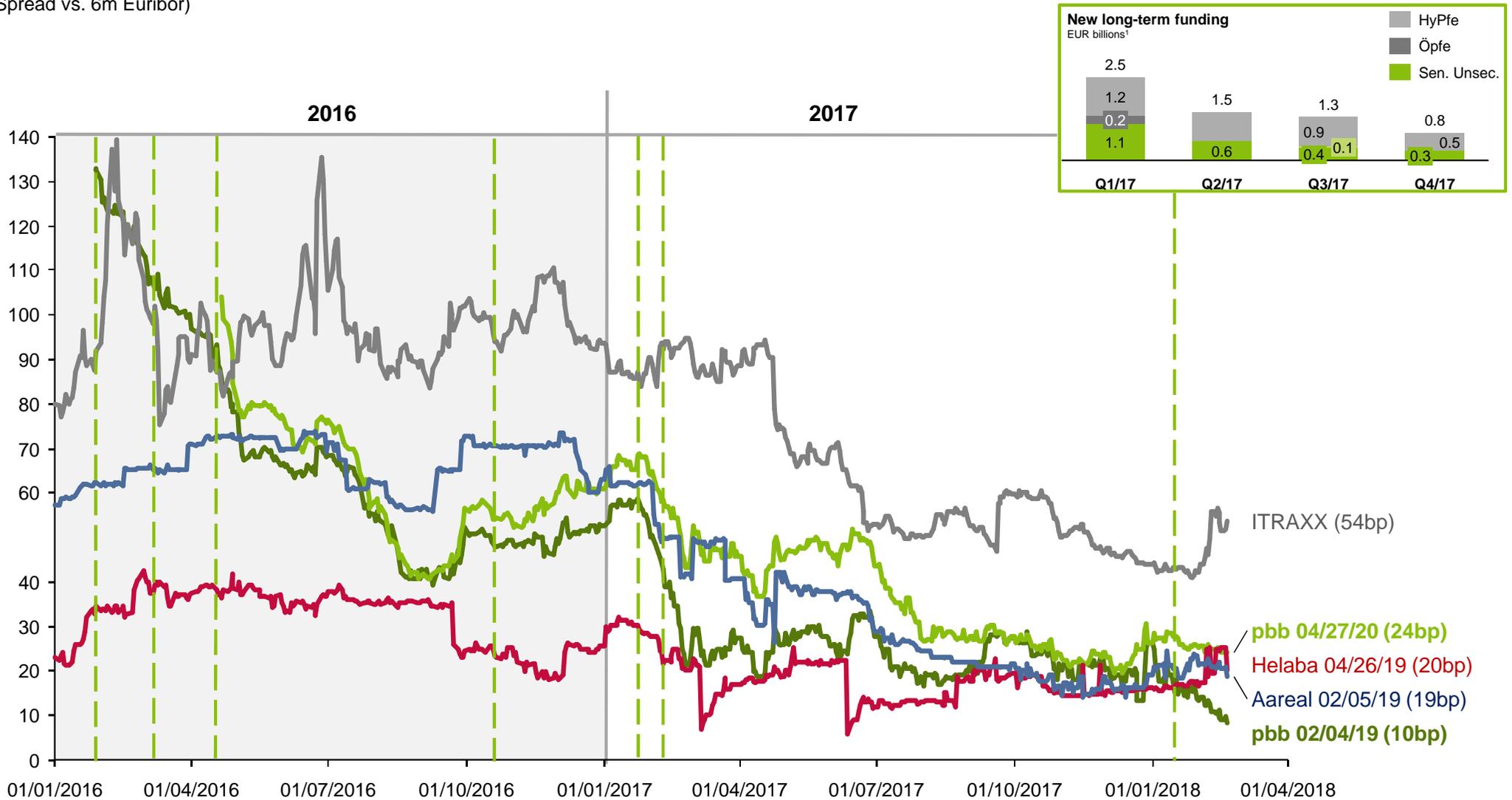
Senior unsecured spreads converged significantly



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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

--- pbb Senior Unsecured Benchmark issuances/taps

Agenda

- 1 Highlights 2017**
- 2 Financials**
- 3 New business & segment reporting**
- 4 Portfolio**
- 5 Funding**
- 6 Outlook 2018**

Appendix

Contact details

<p>Markets</p>	<ul style="list-style-type: none"> ■ Macro-economics expected to stay reasonably intact <ul style="list-style-type: none"> – 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 ■ While CRE transactions are expected to slow down, demand for property investments is expected to remain high due to available liquidity/equity, low interest rates and missing alternative investment opportunities ■ Strong competition and margin pressure are expected to continue, but fundamentals for CRE/REF markets still considered as sound
<p>Regulation</p>	<ul style="list-style-type: none"> ■ Decision on Basel IV regulation on 7 December 2017 <ul style="list-style-type: none"> – 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)
<p>IFRS 9</p>	<ul style="list-style-type: none"> ■ IFRS 9 with positive first-time application effect <ul style="list-style-type: none"> – EUR 109 mn after deferred tax on IFRS capital; lower effect on regulatory capital – Higher volatility in P&L expected – Significant disclosure change (structure of B/S and P&L line items)
<p>Operative targets and initiatives</p>	<ul style="list-style-type: none"> ■ Conservative business approach to be continued ■ Initiatives to support profitability <ul style="list-style-type: none"> – Further growth of US business as complement to core European business <ul style="list-style-type: none"> • Opening representative office in H1/18 • Moderate expansion of core asset classes beyond East Coast metropolitan areas New York, Boston and Washington – Further client and product expansion <ul style="list-style-type: none"> • Broadening customer universe • Strengthening ECA business – Digitalisation <ul style="list-style-type: none"> • Launch of PIF platform CAPVERIANT in a first step in Germany • Further digitalisation initiatives in our core business planned

Outlook 2018



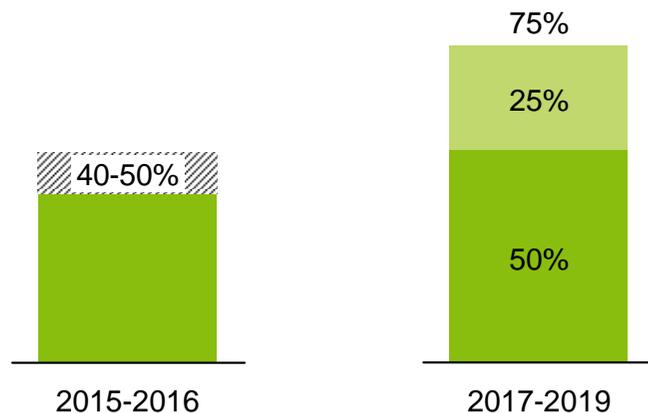
Operating trends (EUR bn)	2016	2016 (excl. HETA)	2017	Guidance 2018
New business volume	10.5		11.6	EUR 10.0-11.0 bn
New business avg. gross margin (bp): REF PIF	>175 ~85		>155 >100	Margins slightly below 2017 levels
Strategic portfolio	31.5		31.9	Moderate increase
Value Portfolio	15.8		13.8	< EUR 13.5 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
Loan-loss provisions <i>thereof HETA</i>	-1 (9)	-10	-6	10-15 bp EL on REF financing volume
General administrative expenses	-198	-198	-216	< EUR 220 mn
Pre-tax profit <i>thereof HETA</i>	301 (132)	169	204	EUR 150-170 mn
				Limited comparability due to IFRS 9 shifts in 2018
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

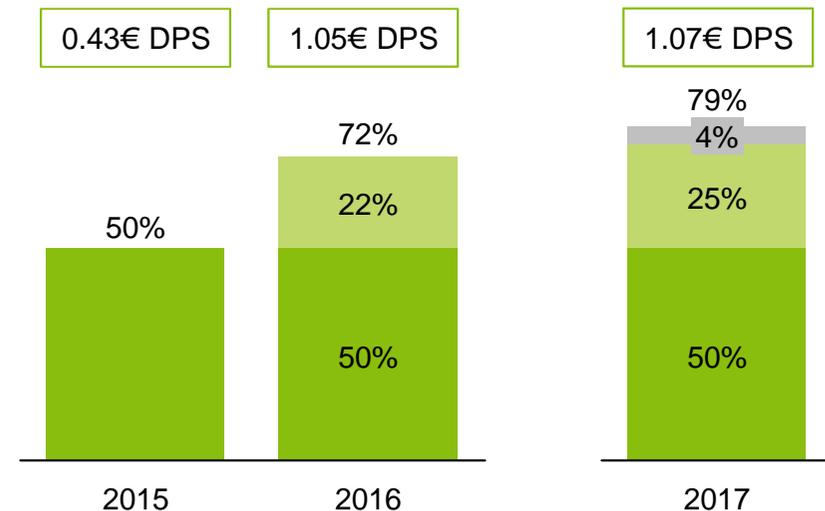
Outlook 2018

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

Dividend strategy



Payout



New dividend strategy

- 50% regular dividend + 25% supplementary dividend for 2017, 2018 and 2019¹
- 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 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 share²: EUR 1.35
 - Dividend per share²: 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€

Appendix

Key figures

pbb Group



Income statement (EUR millions)	2014	2015	2016 ¹	2017
Net interest income	421	426	404	435
Net fee and commission income	1	14	8	8
Net trading income	-30	15	-6	-5
Net income from financial investments	-77	-32	125	-4
Net income from hedging relationships	-3	11	6	-1
Net other operating income/expenses	14	-34	-29	-9
Operating income	326	400	508	424
Loan-loss provisions	-21	1	-1	-6
General and administrative expenses	-251	-207	-198	-216
Net miscellaneous income/expenses	-	1	-8	2
Profit or loss before tax	54	195	301	204
Income taxes	-50	35	-104	-22
Net income/loss	4	230	197	182
Key ratios (%)	2014	2015	2016¹	2017
CIR	77.0	51.8	39.0	50.9
RoE before tax	1.6	6.2 ²	11.1	7.3 ⁴
RoE after tax	0.1	7.4 ²	7.3	6.5 ⁴
Balance sheet (EUR billions)	12/14	12/15	12/16	12/17
Total assets	74.9 ⁴	66.8	62.6	58.0
Equity (excl. revaluation reserve)	3.4	2.7	2.8	2.9
<i>thereof: Silent participation³</i>	1.0	-	-	-
Financing volume	51.1	50.0	47.3	45.7
Regulatory capital ratios⁵	12/14	12/15	12/16¹	12/17
RWA (EUR bn)	15.2 ⁶	13.4	13.1	14.5
CET 1 ratio – phase in (%)	22.2 ^{6,7}	18.9 ⁷	19.5 ⁷	17.7 ⁸
Personnel	12/14	12/15	12/16	12/17
Employees (FTE)	808	785	756	744

Note: Annual results 2014-2017 audited 1 Incl. EUR +132 mn extraordinary gain from value adjustments on HETA exposure 2 Calculation based on average equity; EUR 1 bn silent participation of Sonderfonds Finanzmarktstabilisierung (FMS) included until redemption on 6 July 2015 3 EUR 1 bn FMS silent participation redeemed on 6 July 2015 4 Revised due to IAS 8.14 et seq 5 Basel III transitional rules 6 Retrospectively adjusted 7 Incl. full-year result, post dividend 8 Incl. full-year result, post proposed dividend

Key figures

pbb Group Q4/16 vs. Q4/17



Income statement (EUR millions)	REF		PIF		VP		C&A		pbb Group	
	Q4/16	Q4/17	Q4/16	Q4/17	Q4/16	Q4/17	Q4/16	Q4/17	Q4/16 ¹	Q4/17
Net interest income	87	95	10	10	12	13	3	2	112	120
Net fee and commission income	4	2	-	-	-1	-	-	-	3	2
Net trading income	4	-	-	-1	-	-	-	-	4	-1
Net income from financial investments	-	-	-	-6	-3	2	-	-	-3	-4
Net income from hedging relationships	2	-1	1	-	2	-	-	-	5	-1
Net other operating income/expenses	-16	-4	-4	-1	11	4	1	-	-8	-1
Operating income	81	92	7	2	21	19	4	2	113	115
Loan-loss provisions	8	-4	-	-	-12	-	-	-	-4	-4
General and administrative expenses	-42	-49	-6	-8	-3	-4	-	-	-51	-61
Net miscellaneous income/expenses	-2	-	-	-	-1	-	-	-	-3	-
Profit or loss before tax	45	39	1	-6	5	15	4	2	55	50
Income taxes									-45	6
Net income/loss									10	56

¹ Incl. EUR +132 mn extraordinary gain from value adjustments on HETA exposure

Key figures

pbb Group 2017 vs. 2016



Income statement (EUR millions)	REF		PIF		VP		C&A		pbb Group	
	2016	2017	2016	2017	2016	2017	2016	2017	2016 ¹	2017
Net interest income	321	350	35	36	41	42	7	7	404	435
Net fee and commission income	9	9	-	-	-1	-1	-	-	8	8
Net trading income	-2	-	-1	-2	-3	-3	-	-	-6	-5
Net income from financial investments	3	-1	1	-6	121	3	-	-	125	-4
Net income from hedging relationships	3	-1	1	-	2	-	-	-	6	-1
Net other operating income/expenses	-28	-20	-6	-4	5	15	-	-	-29	-9
Operating income	306	337	30	24	165	56	7	7	508	424
Loan-loss provisions	2	-7	-	-	-3	1	-	-	-1	-6
General and administrative expenses	-156	-172	-26	-29	-16	-15	-	-	-198	-216
Net miscellaneous income/expenses	-6	2	-1	-	-1	-	-	-	-8	2
Profit or loss before tax	146	160	3	-5	145	42	7	7	301	204
Income taxes									-104	-22
Net income/loss									197	182

¹ Incl. EUR +132 mn extraordinary gain from value adjustments on HETA exposure

Key figures

Real Estate Finance (REF)



Income statement (EUR millions)	2014	2015	Q1/16	Q2/16	Q3/16	Q4/16	2016	Q1/17	Q2/17	Q3/17	Q4/17	2017
Net interest income	294	308	77	75	82	87	321	83	84	88	95	350
Net fee and commission income	2	14	2	1	2	4	9	3	2	2	2	9
Net trading income	-13	14	-5	-2	1	4	-2	-	2	-2	-	-
Net income from financial investments	14	18	3	-	-	-	3	-	-	-1	-	-1
Net income from hedging relationships	-2	5	-	-	1	2	3	-	1	-1	-1	-1
Net other operating income/expenses	-13	-1	-9	-	-3	-16	-28	-13	-3	-	-4	-20
Operating income	282	358	68	74	83	81	306	73	86	86	92	337
Loan-loss provisions	-14	7	-	-	-6	8	2	-3	2	-2	-4	-7
General and administrative expenses	-160	-160	-36	-37	-41	-42	-156	-40	-41	-42	-49	-172
Net miscellaneous income/expenses	-	1	-	-	-4	-2	-6	1	1	-	-	2
Pre-tax profit	108	206	32	37	32	45	146	31	48	42	39	160
Key ratios	2014	2015	Q1/16	Q2/16	Q3/16	Q4/16	2016	Q1/17	Q2/17	Q3/17	Q4/17	2017
CIR (%)	56.7	44.7	52.9	50.0	52.3	51.9	51.0	54.8	47.7	48.8	53.3	51.0
RoE before tax (%)	14.2	30.9	24.7	28.0	20.8	34.5	26.0	21.1	32.7	25.8	22.3	24.9
Key figures	12/14	12/15	03/16	06/16	09/16	12/16	12/16	03/17	06/17	09/17	12/17	12/17
Equity (EUR bn)	0.7	0.6	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6
RWA (EUR bn)	7.0	6.5	6.4	6.3	5.9	6.4	6.4	6.3	6.5	8.6	8.3	8.3
Financing volume (EUR bn)	21.8	24.0	24.1	24.0	24.0	24.1	24.1	24.1	24.4	24.6	24.9	24.9

Note: Annual results 2014-2017 audited; interim results unaudited. Figures 2014 restated acc. to IFRS 8.29; figures retrospectively adjusted for change in segmental equity allocation (as of 01/01/15)

Key figures

Public Investment Finance (PIF)

pbb

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Income statement (EUR millions)	2014	2015	Q1/16	Q2/16	Q3/16	Q4/16	2016	Q1/17	Q2/17	Q3/17	Q4/17	2017
Net interest income	40	44	9	9	7	10	35	9	9	8	10	36
Net fee and commission income	-	-	-	-	-	-	-	-	-	-	-	-
Net trading income	-4	-	-	-	-1	-	-1	-1	-	-	-1	-2
Net income from financial investments	3	5	-	1	-	-	1	1	-	-1	-6	-6
Net income from hedging relationships	-	2	1	-1	-	1	1	-	-	-	-	-
Net other operating income/expenses	-4	-10	-1	-	-1	-4	-6	-4	-	1	-1	-4
Operating income	35	41	9	9	5	7	30	5	9	8	2	24
Loan-loss provisions	-	-	-	-	-	-	-	-	-	-	-	-
General and administrative expenses	-31	-28	-6	-7	-7	-6	-26	-6	-8	-7	-8	-29
Net miscellaneous income/expenses	-	-	-	-	-1	-	-1	-	-	-	-	-
Pre-tax profit	4	13	3	2	-3	1	3	-1	1	1	-6	-5

Key ratios	2014	2015	Q1/16	Q2/16	Q3/16	Q4/16	2016	Q1/17	Q2/17	Q3/17	Q4/17	2017
CIR (%)	88.6	68.3	66.7	77.8	>100	85.7	86.7	>100	88.9	87.5	>100	>100
RoE before tax (%)	0.9	4.8	3.7	2.7	-1.9	1.3	0.9	-0.8	1.4	1.3	-8.0	-1.7

Key figures	12/14	12/15	03/16	06/16	09/16	12/16	12/16	03/17	06/17	09/17	12/17	12/17
Equity (EUR bn)	0.5	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
RWA (EUR bn)	1.2	1.4	1.4	1.4	1.5	1.4	1.4	1.4	1.4	1.4	1.6	1.6
Financing volume (EUR bn)	6.6	7.3	7.3	7.3	7.2	7.4	7.4	7.7	7.6	7.2	7.0	7.0

Note: Annual results 2014-2017 audited; interim results unaudited. Figures 2014 restated acc. to IFRS 8.29; figures retrospectively adjusted for change in segmental equity allocation and for transfer of Italian PIF portfolio (nominal: EUR 1.3 bn; RWA EUR 1.1 bn) into VP (as of 01/01/15)

Key figures

Value Portfolio (VP)



Income statement (EUR millions)	2014 ¹	2015 ¹	Q1/16	Q2/16	Q3/16 ¹	Q4/16	2016 ¹	Q1/17	Q2/17	Q3/17	Q4/17	2017
Net interest income	79	68	14	8	7	12	41	10	9	10	13	42
Net fee and commission income	-1	-	-	-	-	-1	-1	-	-	-1	-	-1
Net trading income	-13	1	-	-	-3	-	-3	-1	-	-2	-	-3
Net income from financial investments	-94	-55	1	-	123	-3	121	-	-	1	2	3
Net income from hedging relationships	-1	4	-	-	-	2	2	1	-1	-	-	-
Net other operating income/expenses	31	-23	-4	-	-2	11	5	9	1	1	4	15
Operating income	1	-5	11	8	125	21	165	19	9	9	19	56
Loan-loss provisions	-7	-6	-	-	9	-12	-3	1	-	-	-	1
General and administrative expenses	-60	-19	-3	-5	-5	-3	-16	-4	-3	-4	-4	-15
Net miscellaneous income/expenses	-	-	-	-	-	-1	-1	-	-	-	-	-
Pre-tax profit	-66	-30	8	3	129	5	145	16	6	5	15	42

Key ratios	2014 ¹	2015 ¹	Q1/16	Q2/16	Q3/16 ¹	Q4/16	2016 ¹	Q1/17	Q2/17	Q3/17	Q4/17	2017
CIR (%)	>100	n/a	27.3	62.5	4.0	14.3	9.7	21.1	33.3	44.4	21.1	26.8
RoE before tax (%)	-3.5	-1.4	1.9	0.7	34.7	1.5	9.7	4.1	1.6	1.4	4.1	2.8

Key figures	12/14	12/15	03/16	06/16	09/16	12/16	12/16	03/17	06/17	09/17	12/17	12/17
Equity (EUR bn)	1.8	1.5	1.6	1.5	1.6	1.5	1.5	1.5	1.5	1.5	1.5	1.5
RWA (EUR bn)	5.5 ²	4.4	4.4	4.3	4.2	4.1	4.1	4.0	3.7	3.6	3.5	3.5
Financing volume (EUR bn)	22.7	18.7	17.9	17.4	16.6	15.8	15.8	15.5	14.6	14.2	13.8	13.8

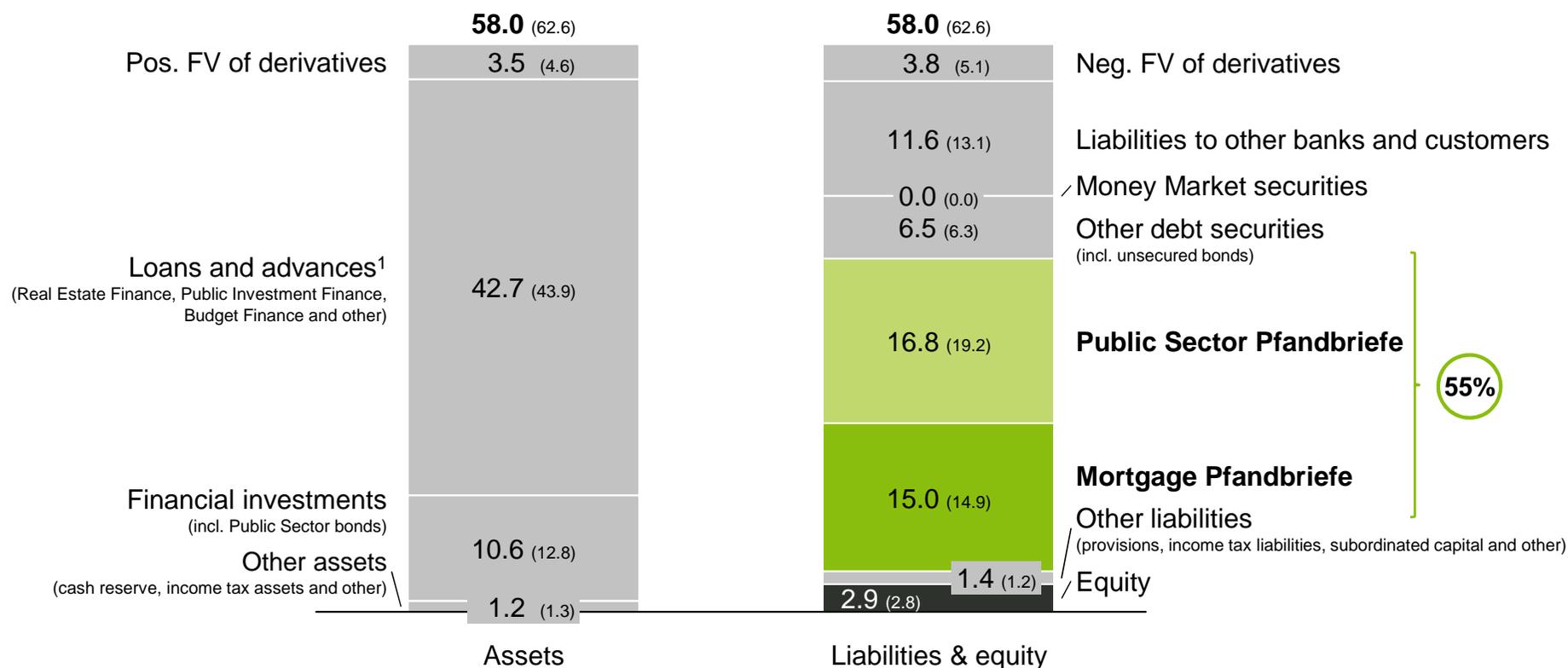
Note: Annual results 2014-2017 audited; interim results unaudited. Figures 2014 restated acc. to IFRS 8.29; figures retrospectively adjusted for change in segmental equity allocation and for transfer of Italian PIF portfolio (nominal: EUR 1.3 bn; RWA EUR 1.1 bn) into VP (as of 01/01/15) 1 Incl. extraordinary effects from value adjustments on HETA exposure: EUR -117 mn (2014); EUR -76 mn (Q1/15, 2015); EUR +132 mn (Q3/16, 2016) 2 Retrospectively adjusted

Balance sheet

Specialist lender with attractive German Pfandbrief as major funding instrument



Balance sheet: 31/12/2017 (31/12/2016)
IFRS, EUR billions



Note: Figures may not add up due to rounding 1 Incl. allowances for losses on loans and advances

Portfolio

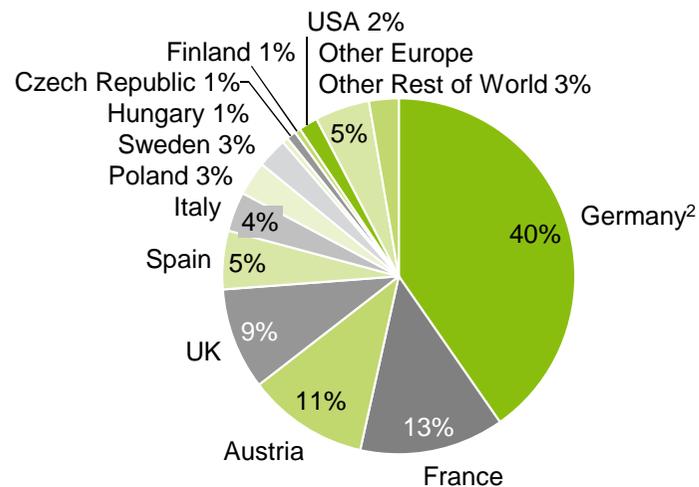
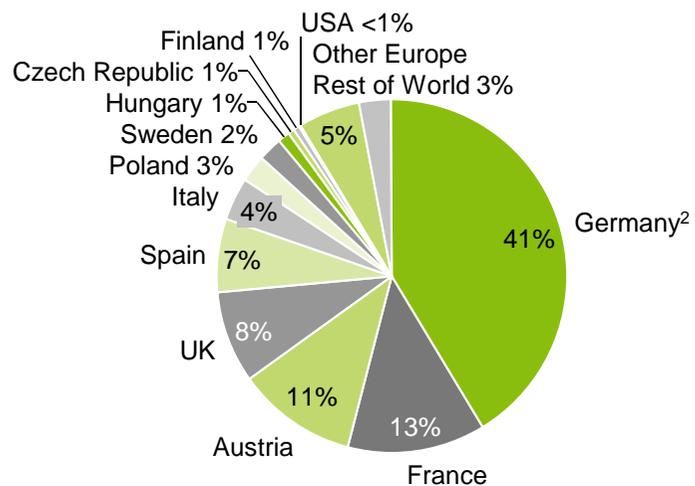
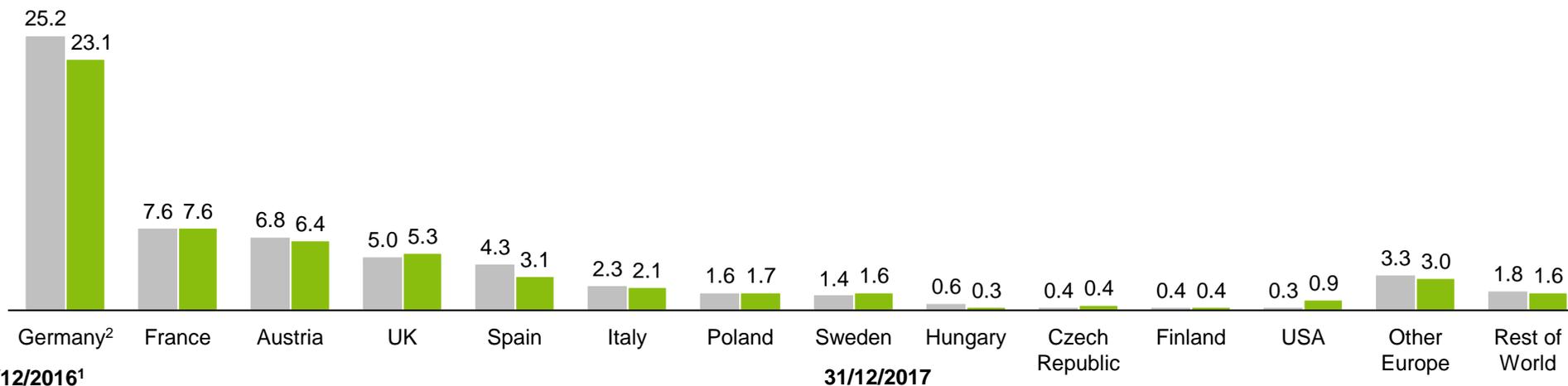
Total portfolio



Regions

EUR billions (EaD, Basel III)

31/12/2016 / Total: EUR 60.6 bn¹
 31/12/2017 / Total: EUR 57.5 bn



Note: Figures may not add up due to rounding 1 Excl. FMS-WM guaranteed exposure (EUR 0.2 bn) 2 Incl. Bundesbank accounts (12/16: EUR 1.1 bn; 12/17: EUR 1.0 bn)

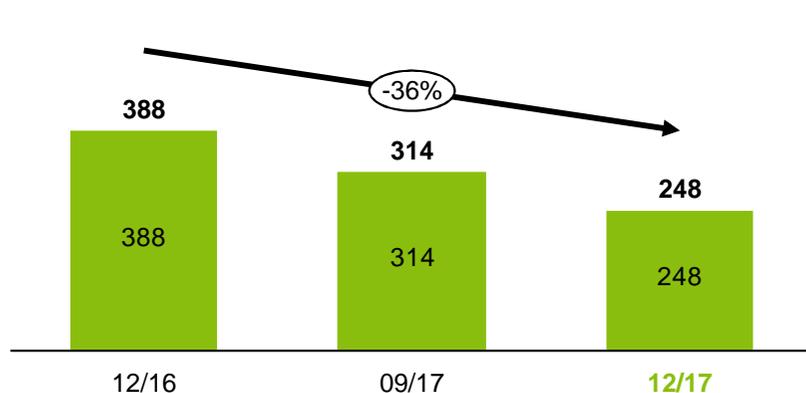
Portfolio

Problem loans

Total problem loans

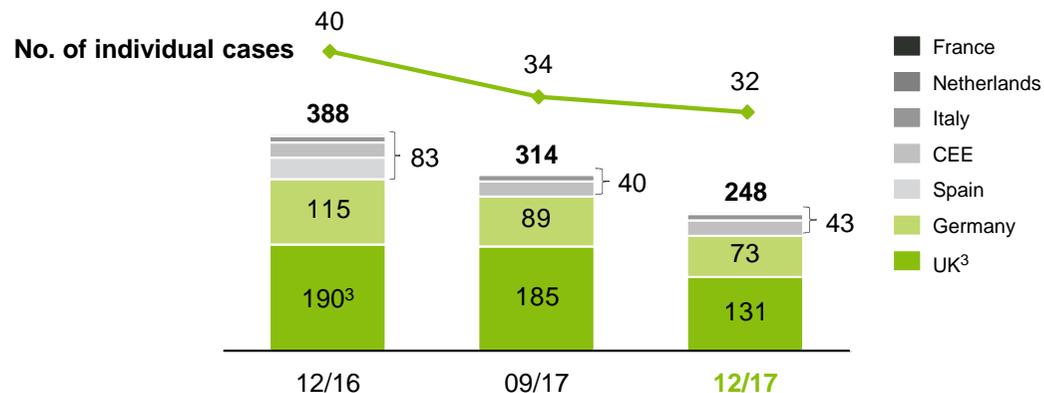
EUR millions (EaD, Basel III)

VP REF



Regions

EUR million (EaD, Basel III)



Total problem loans

EUR millions (EaD)

	12/16				12/17			
	REF	PIF	VP	Total	REF	PIF	VP	Total
Workout loans ¹	3	-	-	3	15 ⁴	-	-	15 ⁴
Restructuring loans ²	385	-	-	385	233	-	-	233
Total	388	-	-	388	248	-	-	248

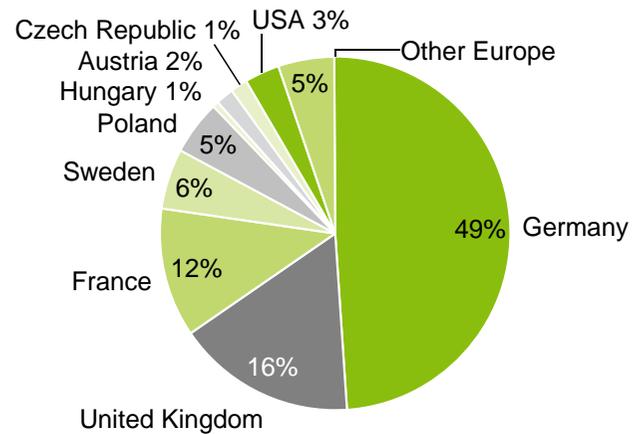
Note: Figures may not add up due to rounding 1 No signs that the deal will recover soon, compulsory measures necessary 2 Payments more than 90 days overdue or criteria acc. to respective policy apply
 3 UK 'technically' shown as problem loan – properties sold, but synthetic securitisation has not yet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

Portfolio

Real Estate Finance (REF)

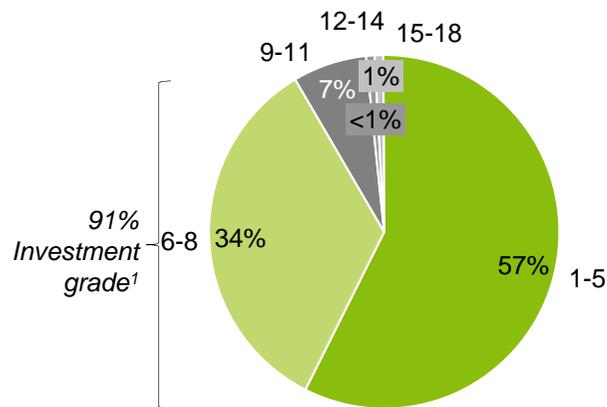
Portfolio: Regions

31/12/2017: EUR 28.3 bn (EaD, Basel III)



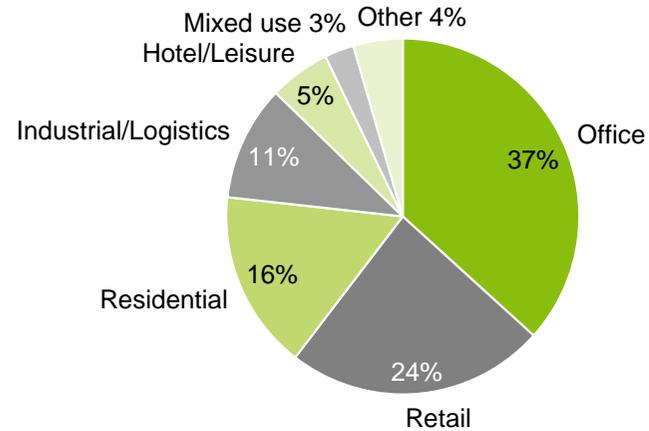
Portfolio: Internal Ratings (EL classes)

31/12/2017: EUR 28.3 bn (EaD, Basel III)



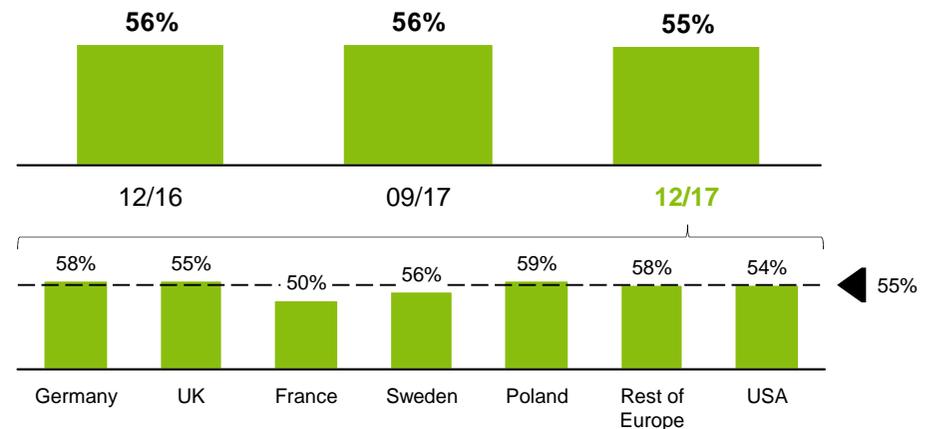
Portfolio: Property types

31/12/2017: EUR 28.3 bn (EaD, Basel III)



Portfolio: Avg. weighted LTVs

(Commitments)²



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

Portfolio

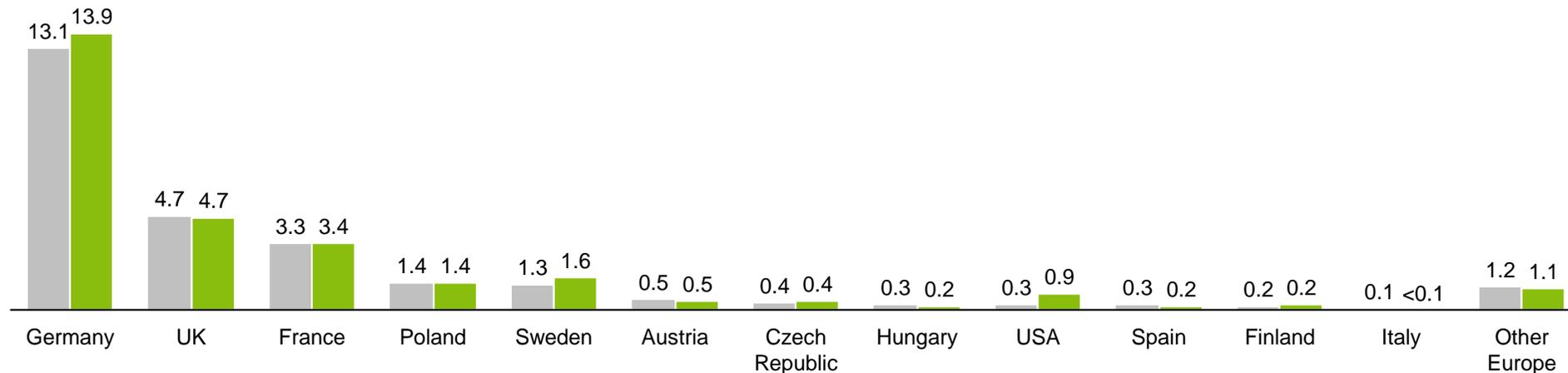
Real Estate Finance (REF)



Regions

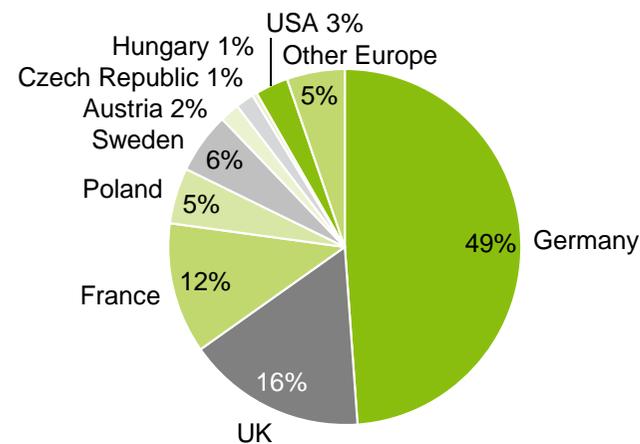
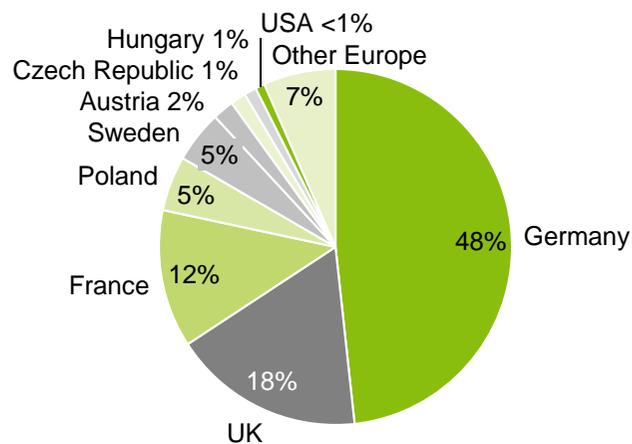
EUR billions (EaD, Basel III)

31/12/2016 / Total: EUR 27.1 bn
 31/12/2017 / Total: EUR 28.3 bn



31/12/2016

31/12/2017



Note: Figures may not add up due to rounding

Portfolio

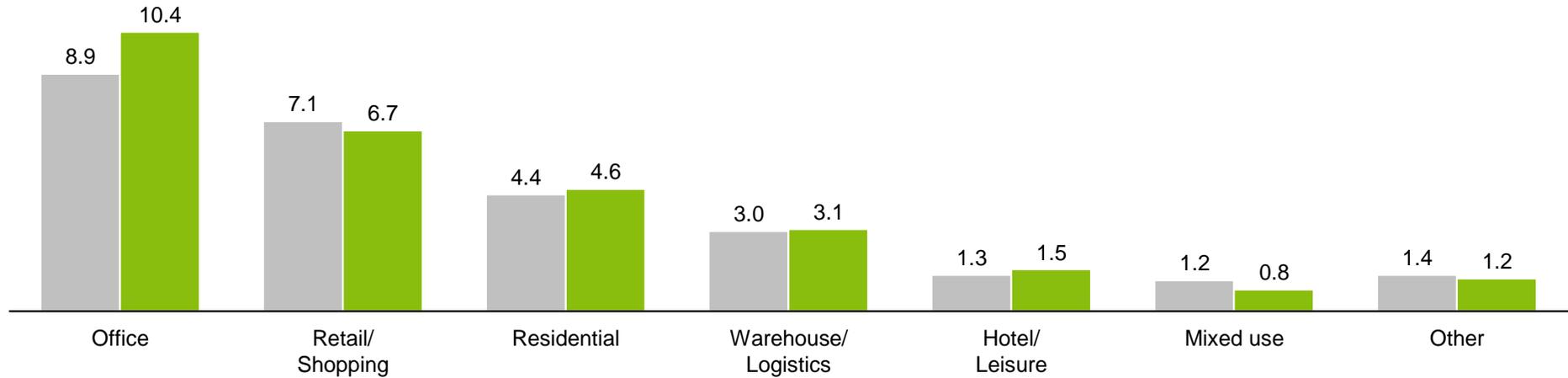
Real Estate Finance (REF)



Property types

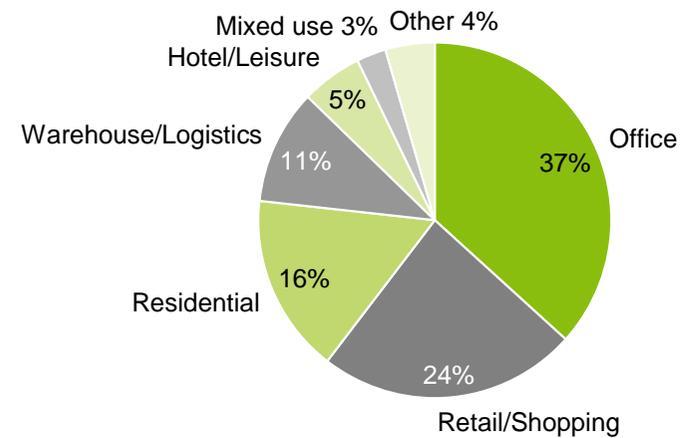
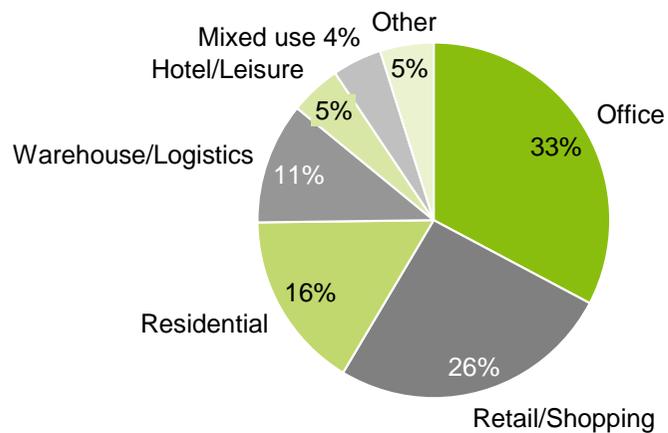
EUR billions (EaD, Basel III)

31/12/2016 / Total: EUR 27.1 bn
 31/12/2017 / Total: EUR 28.3 bn



31/12/2016

31/12/2017



Note: Figures may not add up due to rounding

Portfolio

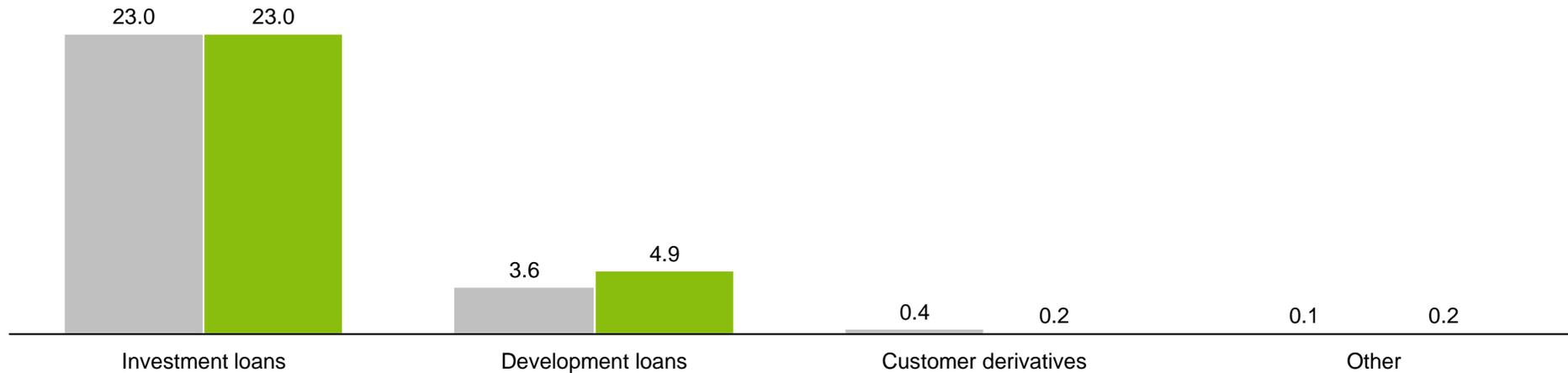
Real Estate Finance (REF)



Loan types

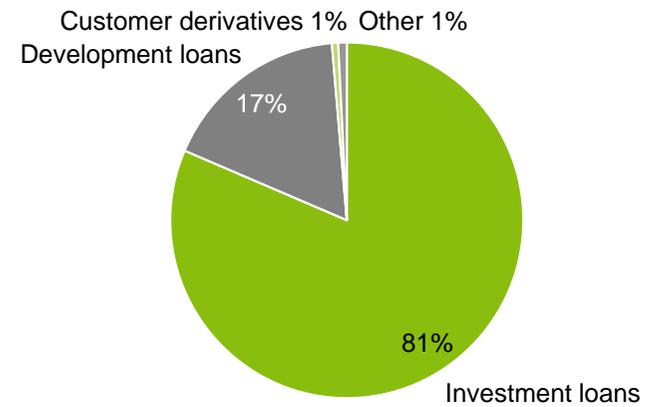
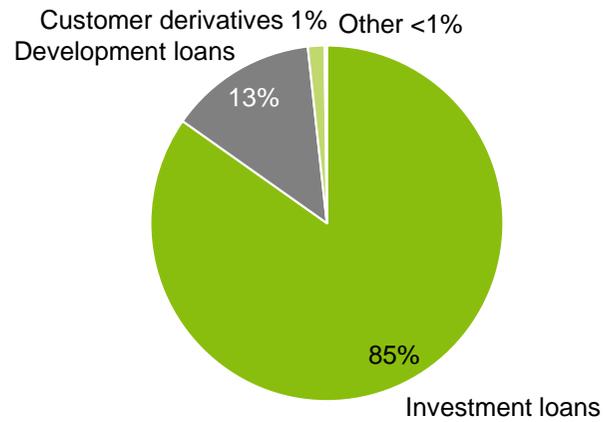
EUR billions (EaD, Basel III)

31/12/2016 / Total: EUR 27.1 bn
 31/12/2017 / Total: EUR 28.3 bn



31/12/2016

31/12/2017



Note: Figures may not add up due to rounding

Portfolio

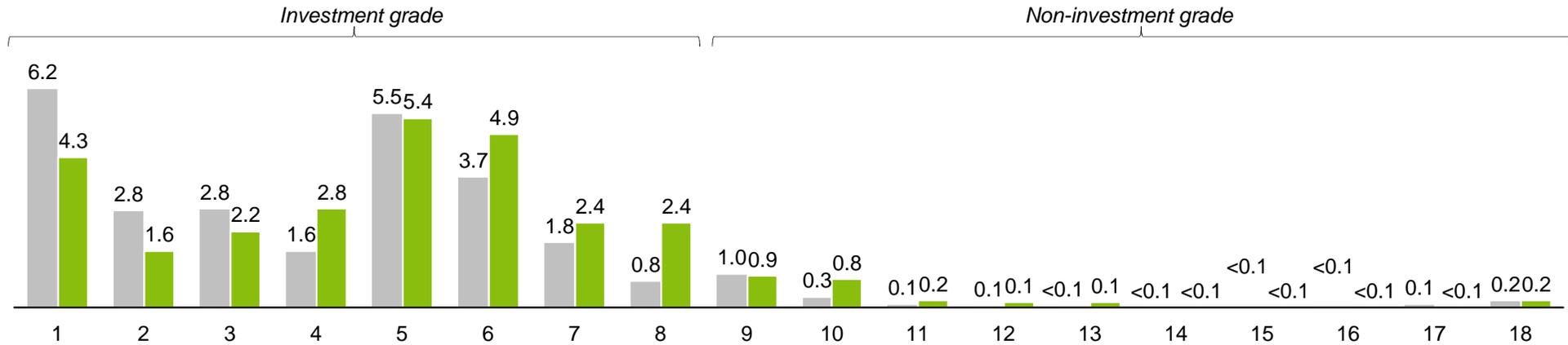
Real Estate Finance (REF)



Internal ratings (EL classes)

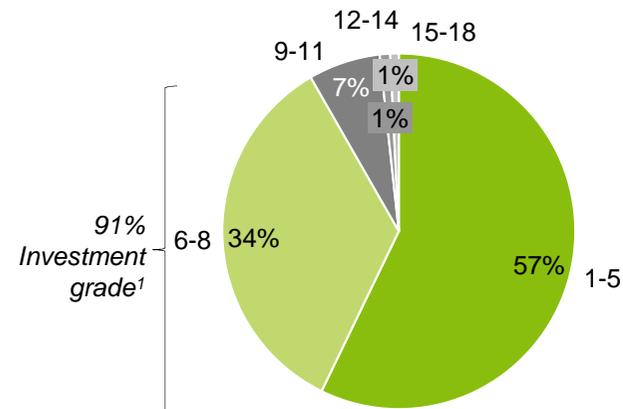
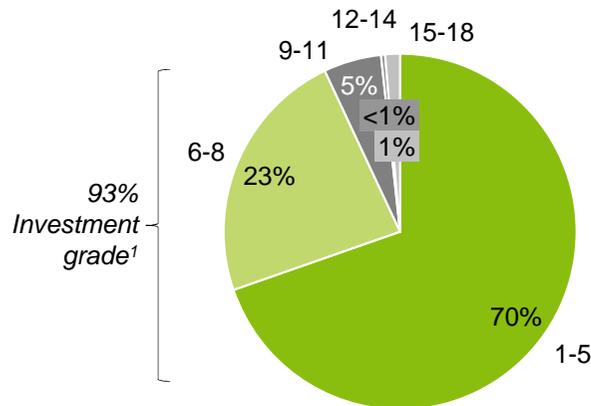
EUR billions (EaD, Basel III)

■ 31/12/2016 / Total: EUR 27.1 bn
■ 31/12/2017 / Total: EUR 28.3 bn



31/12/2016

31/12/2017



Note: Figures may not add up due to rounding ¹ Internal EL Classes 1-8 = Investment grade; Internal EL classes 9-18 = Non-investment grade

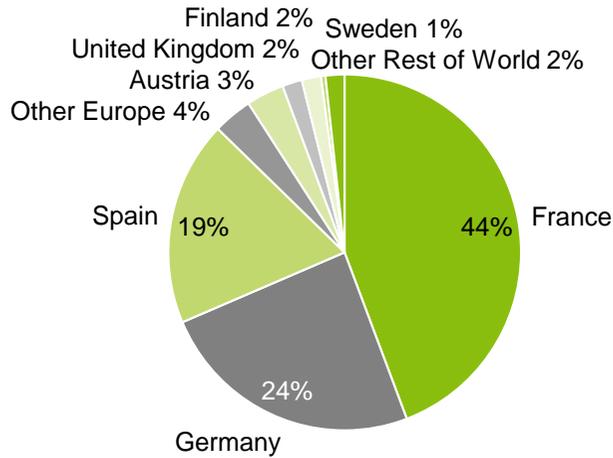
Portfolio

Public Investment Finance (PIF)



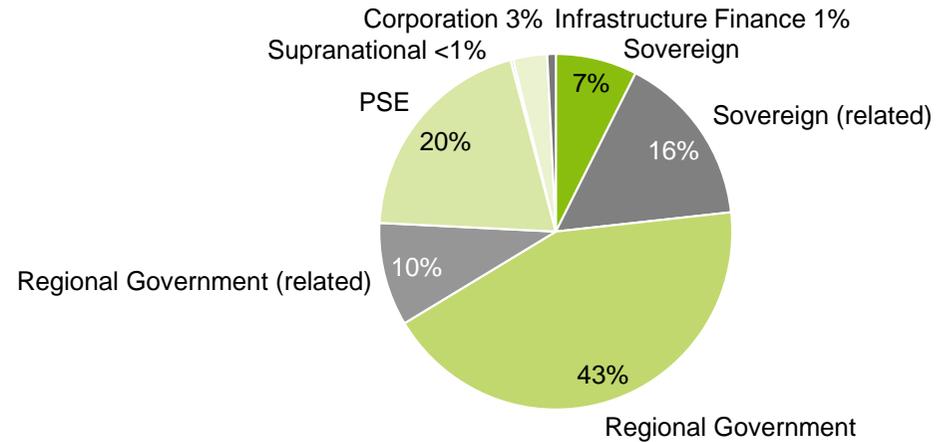
Portfolio: Regions

31/12/2017: EUR 7.9 bn (EaD, Basel III)



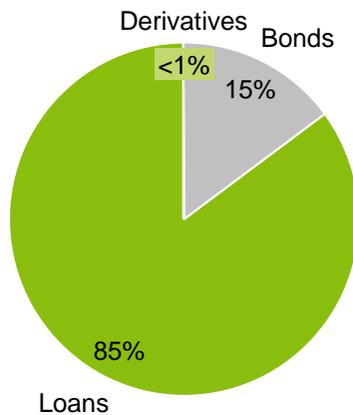
Portfolio: Borrower classification¹

31/12/2017: EUR 7.9 bn (EaD, Basel III)



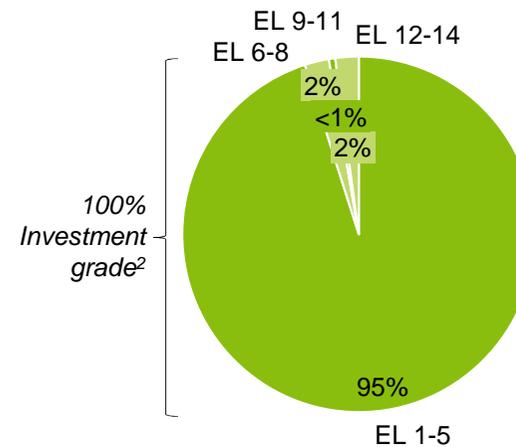
Portfolio: Product class

31/12/2017: EUR 7.9 bn (EaD, Basel III)



Portfolio: Internal ratings (EL classes)

31/12/2017: EUR 7.9 bn (EaD, Basel III)



Note: Figures may not add up due to rounding ¹ See appendix for definition of borrower classification ² Internal EL Classes 1-8 = Investment grade; Internal EL classes 9-18 = Non-investment grade

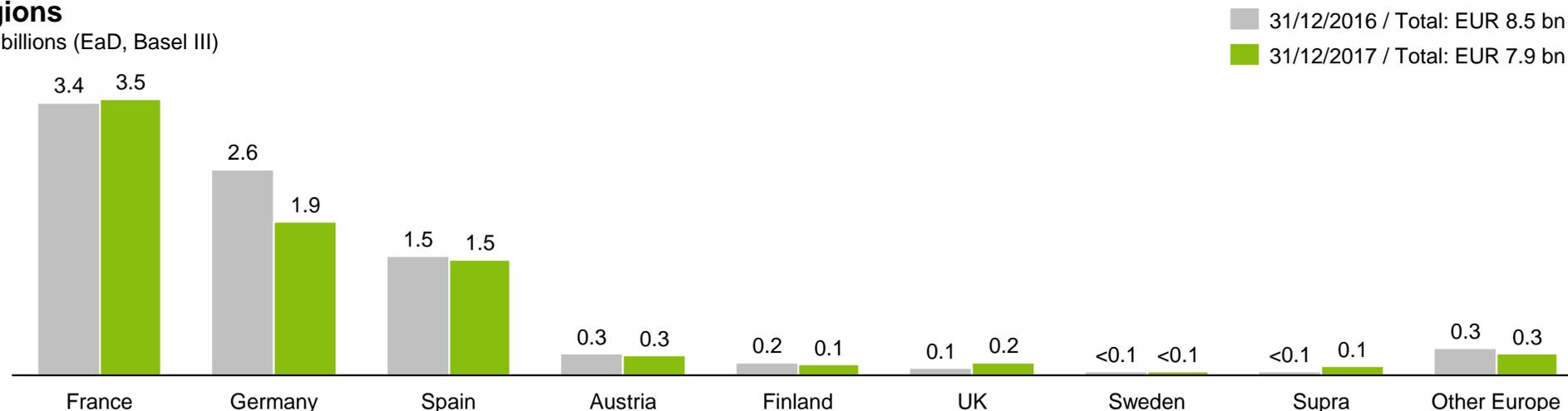
Portfolio

Public Investment Finance (PIF)



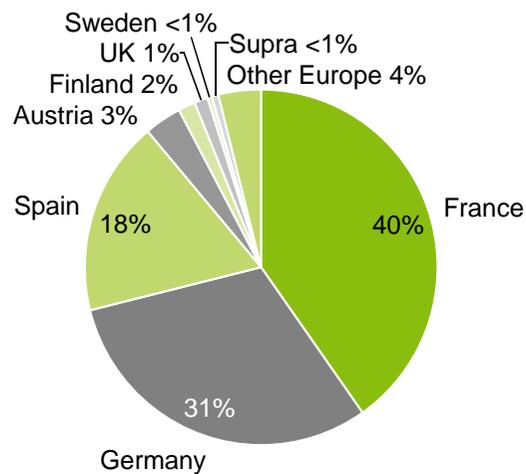
Regions

EUR billions (EaD, Basel III)

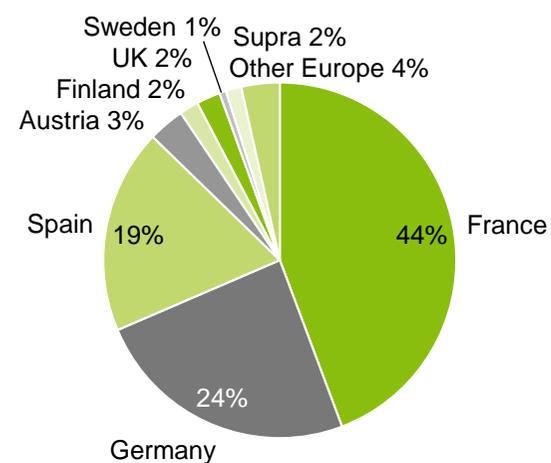


■ 31/12/2016 / Total: EUR 8.5 bn
■ 31/12/2017 / Total: EUR 7.9 bn

31/12/2016



31/12/2017



Note: Figures may not add up due to rounding

Portfolio

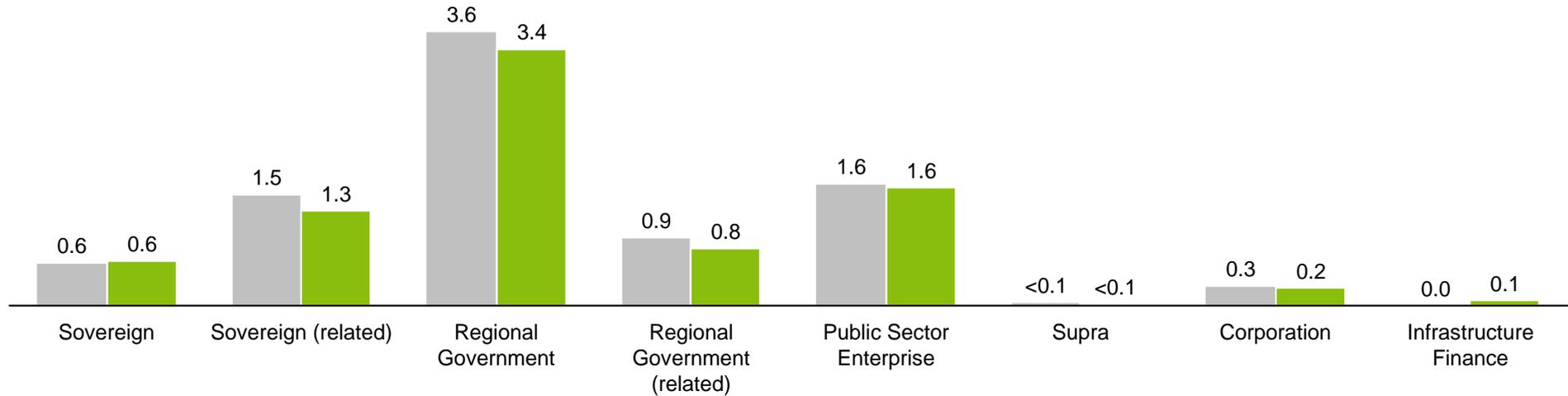
Public Investment Finance (PIF)



Borrower classification¹

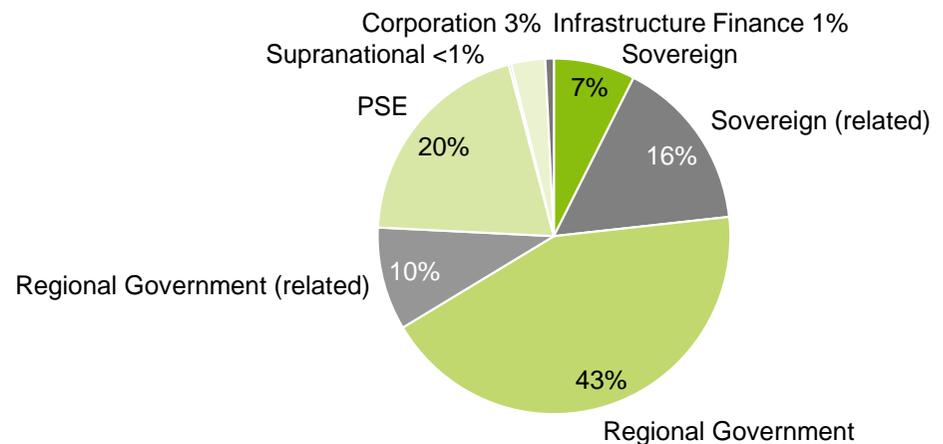
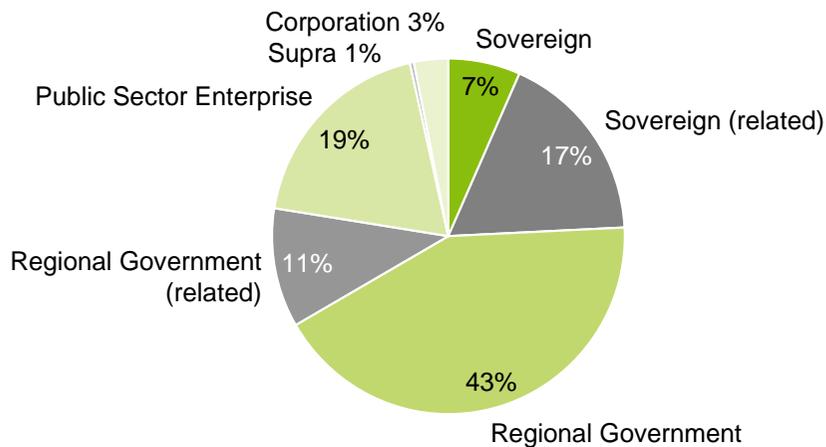
EUR billions (EaD, Basel III)

■ 31/12/2016 / Total: EUR 8.5 bn
■ 31/12/2017 / Total: EUR 7.9 bn



31/12/2016

31/12/2017



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

Portfolio

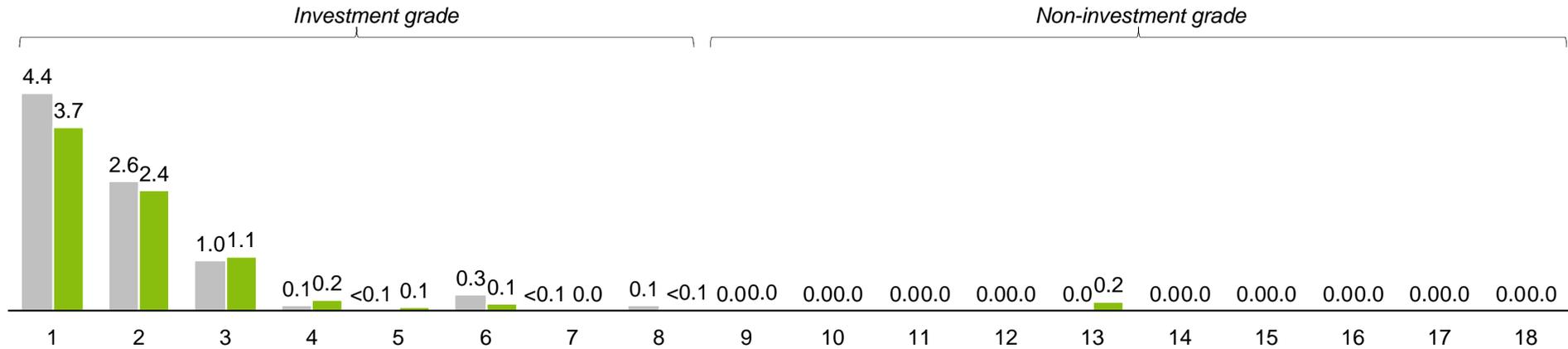
Public Investment Finance (PIF)



Internal ratings (EL classes)

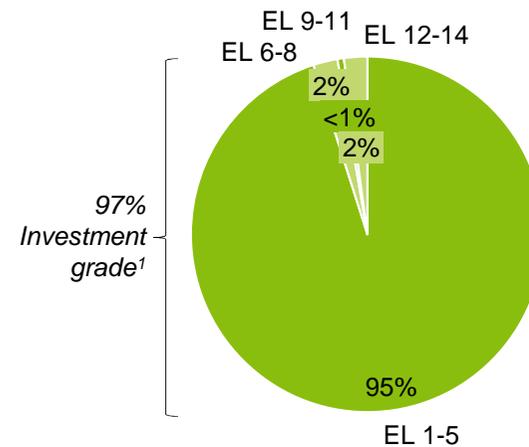
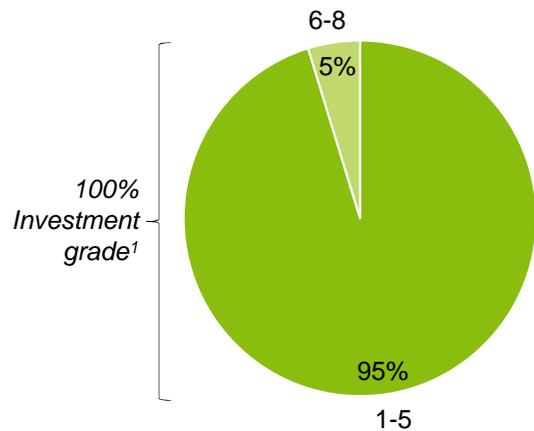
EUR billions (EaD, Basel III)

■ 31/12/2016 / Total: EUR 8.5 bn
■ 31/12/2017 / Total: EUR 7.9 bn



31/12/2016

31/12/2017



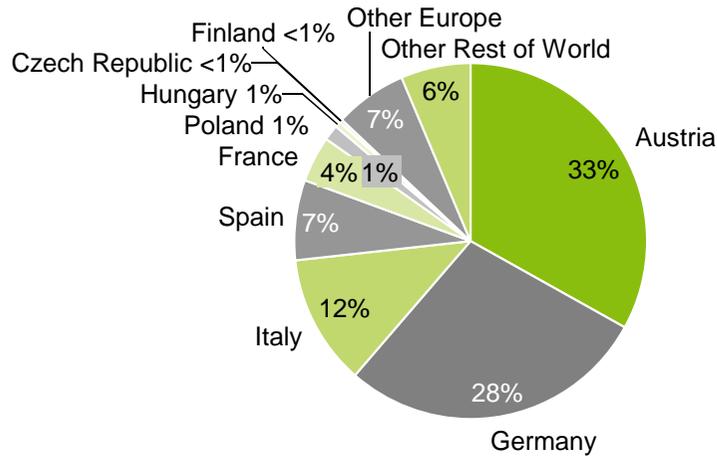
Note: Figures may not add up due to rounding 1 Internal EL Classes 1-8 = Investment grade; Internal EL classes 9-18 = Non-investment grade

Portfolio

Value Portfolio (VP)

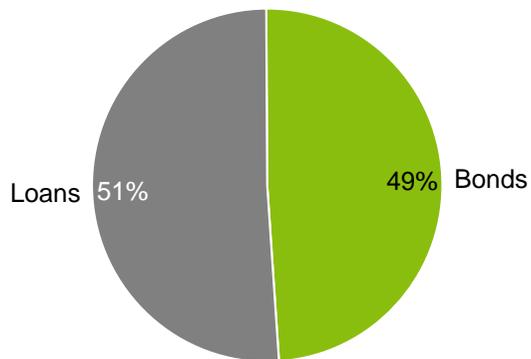
Portfolio: Regions

31/12/2017: EUR 17.0 bn (EaD, Basel III)



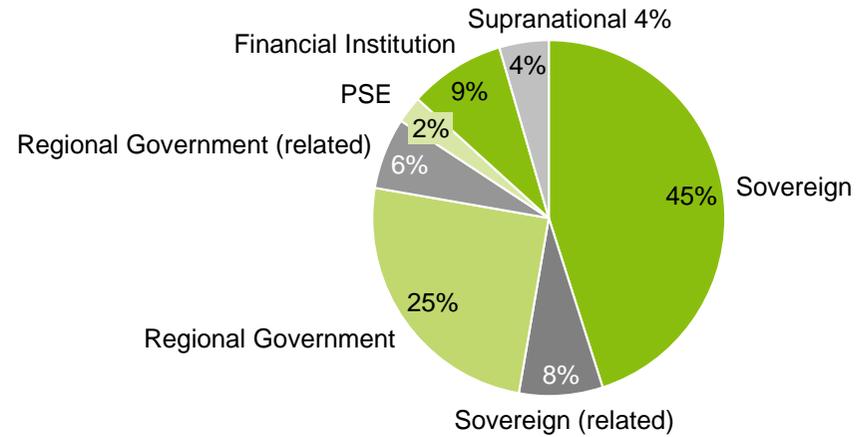
Portfolio: Product class

31/12/2017: EUR 17.0 bn (EaD, Basel III)



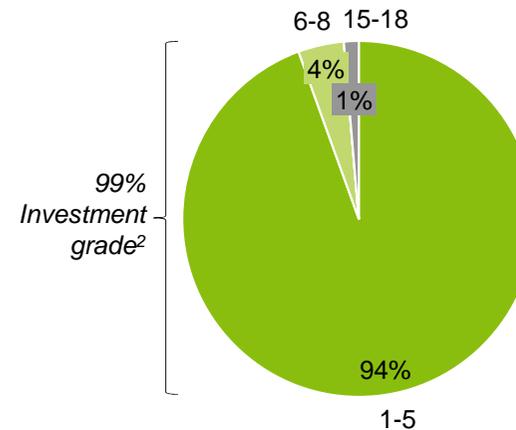
Portfolio: Borrower classification¹

31/12/2017: EUR 17.0 bn (EaD, Basel III)



Portfolio: Internal ratings (EL classes)

31/12/2017: EUR 17.0 bn (EaD, Basel III)



Note: Figures may not add up due to rounding ¹ See appendix for definition of borrower classification ² Internal EL Classes 1-8 = Investment grade; Internal EL classes 9-18 = Non-investment grade

Portfolio

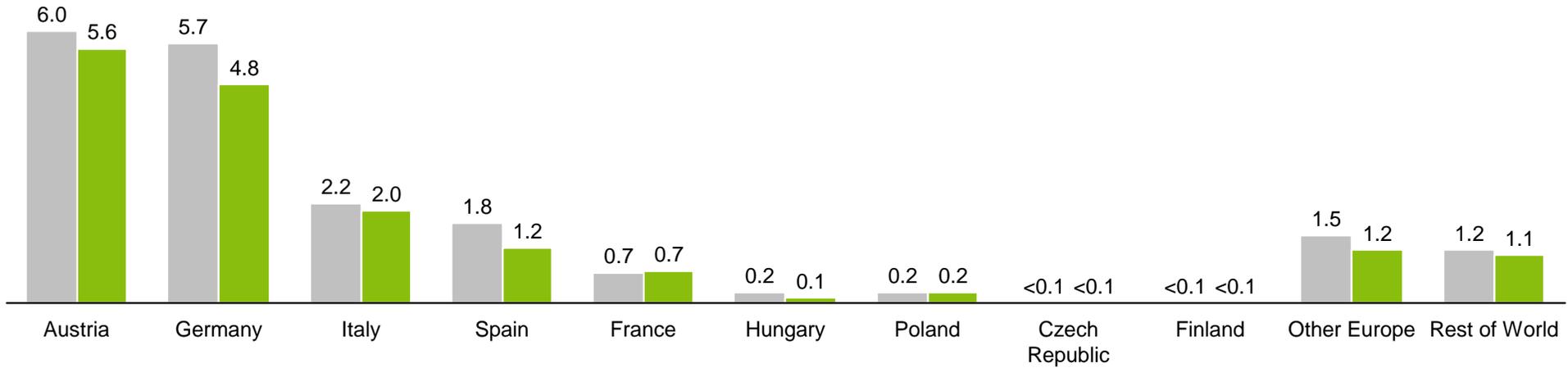
Value Portfolio (VP)



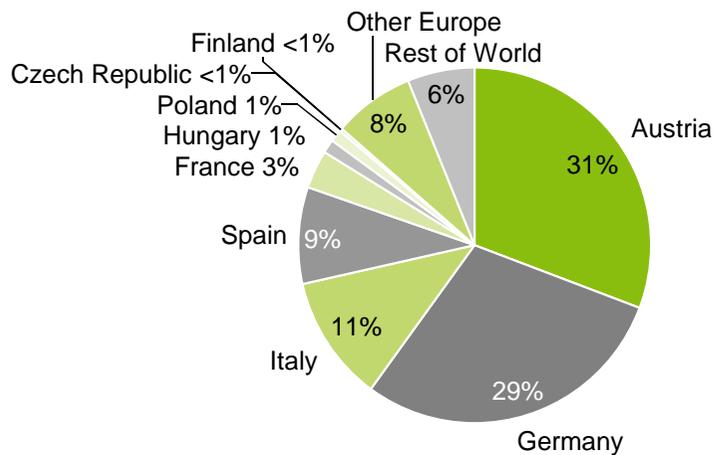
Regions

EUR billions (EaD, Basel III)

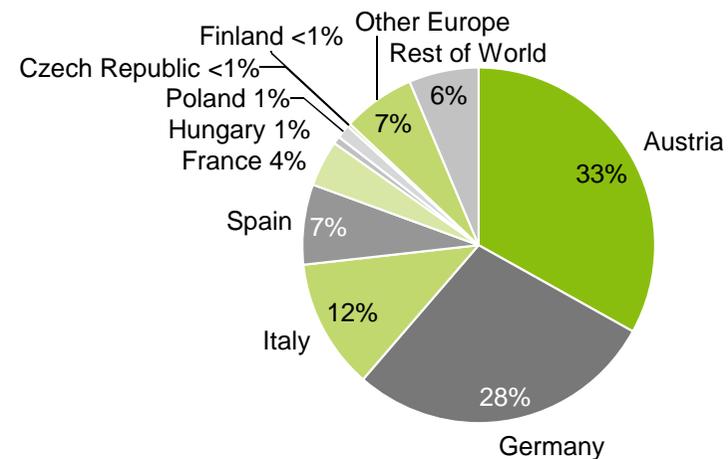
■ 31/12/2016 / Total: EUR 19.5 bn¹
 ■ 31/12/2017 / Total: EUR 17.0 bn



31/12/2016¹



31/12/2017



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

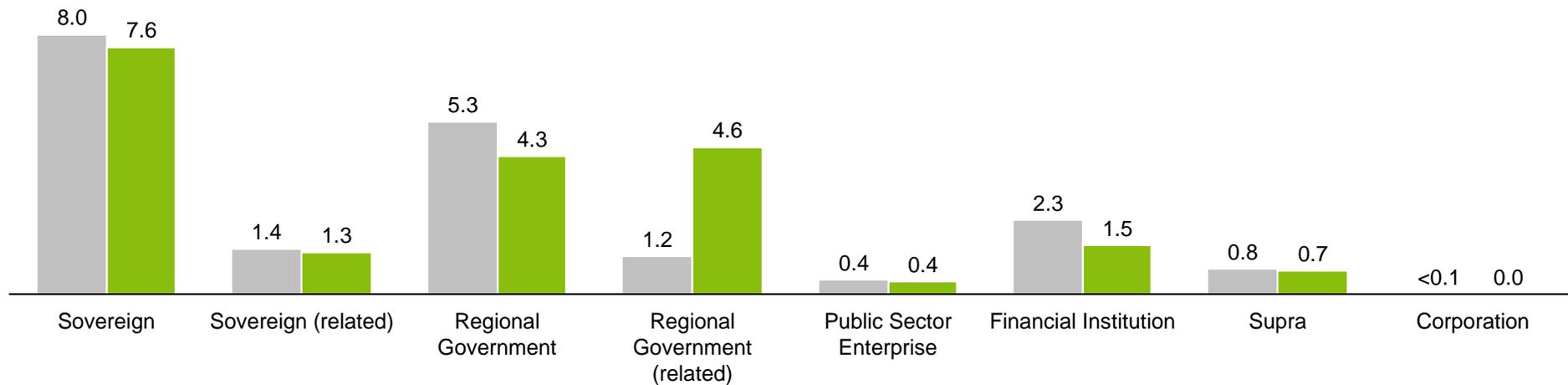
Portfolio

Value Portfolio (VP)

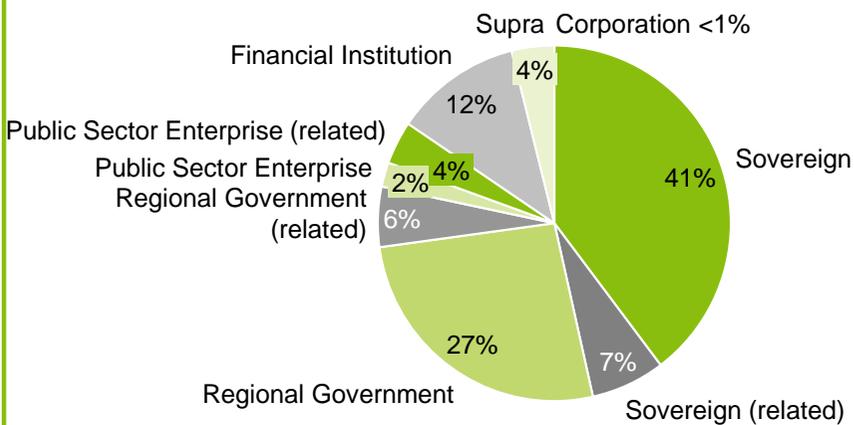
Borrower classification¹

EUR billions (EaD, Basel III)

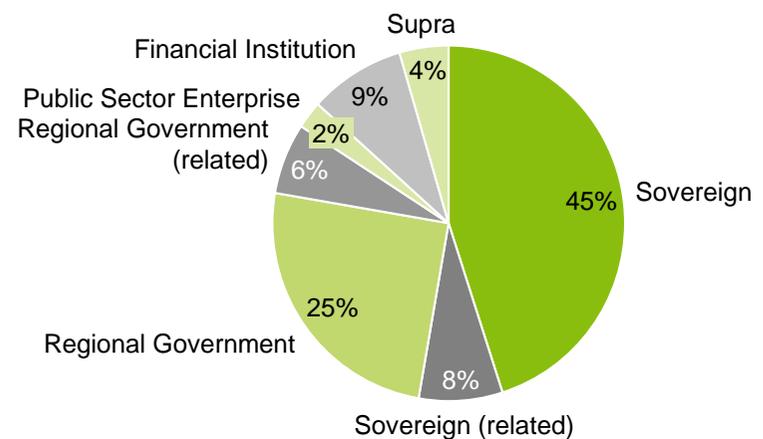
■ 31/12/2016 / Total: EUR 19.5 bn²
 ■ 31/12/2017 / Total: EUR 17.0 bn



31/12/2016²



31/12/2017



Note: Figures may not add up due to rounding 1 See appendix for definition of borrower classification 2 Excl. FMS-WM guaranteed exposure

Portfolio

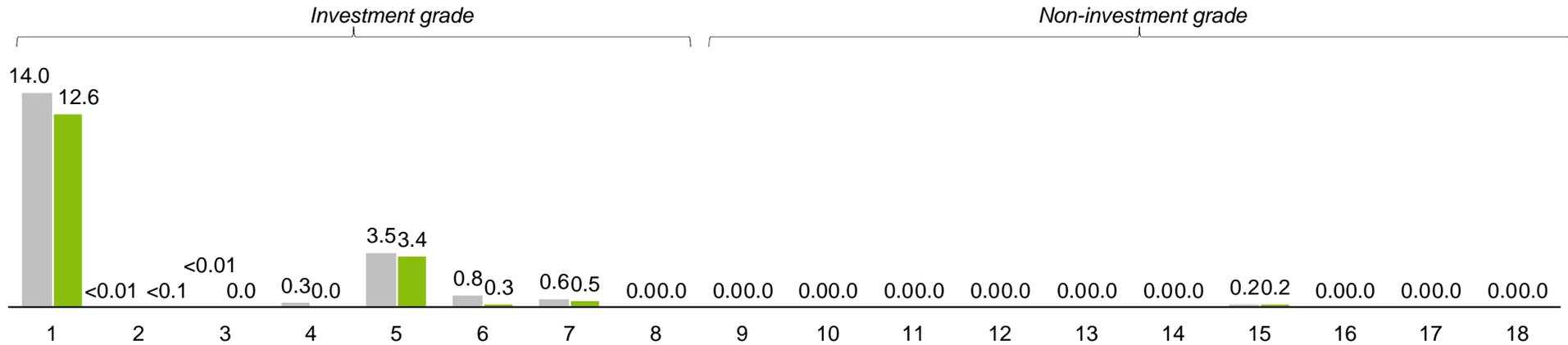
Value Portfolio (VP)



Internal ratings (EL classes)

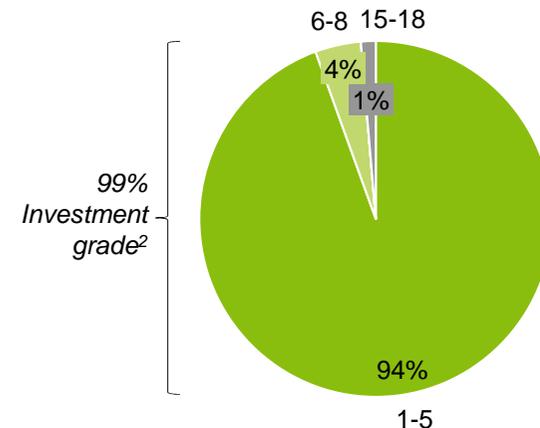
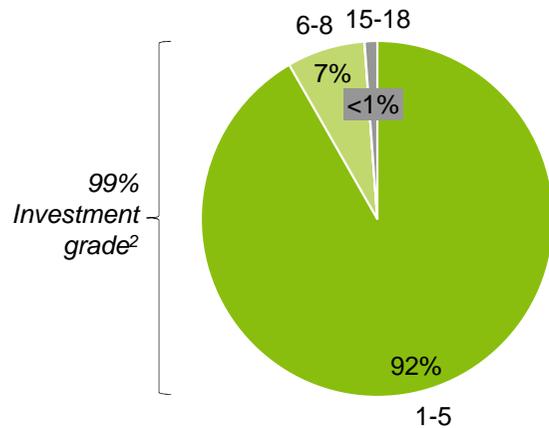
EUR billions (EaD, Basel III)

■ 31/12/2016 / Total: EUR 19.5 bn¹
 ■ 31/12/2017 / Total: EUR 17.0 bn



31/12/2016¹

31/12/2017



Note: Figures may not add up due to rounding 1 Excl. FMS-WM guaranteed exposure 2 Internal EL Classes 1-8 = Investment grade; Internal EL classes 9-18 = Non-investment grade

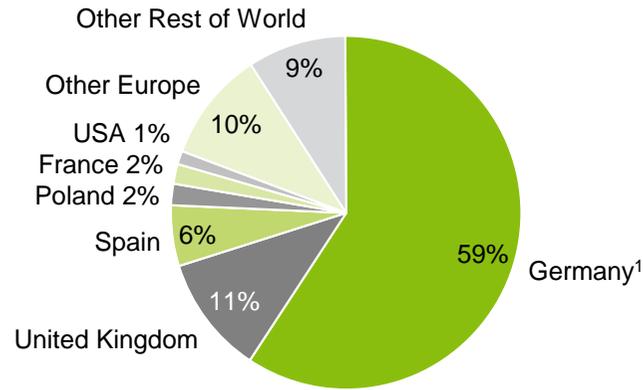
Portfolio

Consolidation & Adjustments (C&A)



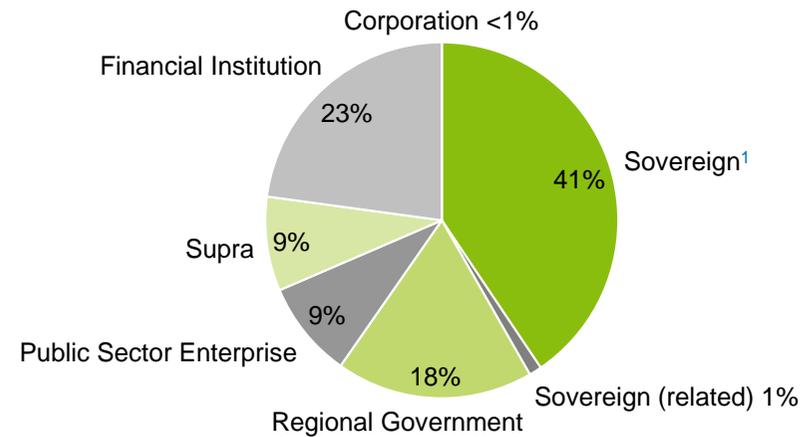
Portfolio: Regions

31/12/2017: EUR 4.3 bn (EaD, Basel III)



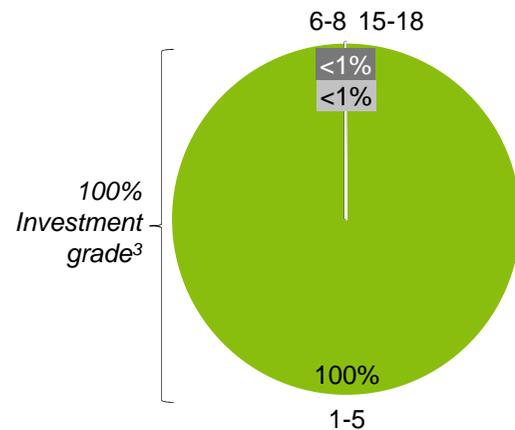
Portfolio: Borrower classification²

31/12/2017: EUR 4.3 bn (EaD, Basel III)



Portfolio: Internal ratings (EL classes)

31/12/2017: EUR 4.3 bn (EaD, Basel III)



Note: Figures may not add up due to rounding. ¹ Incl. Bundesbank accounts (12/16: EUR 1.1 bn; 12/17: EUR 1.0 bn) ² See appendix for definition of borrower classification ³ Internal EL Classes 1-8 = Investment grade; Internal EL classes 9-18 = Non-investment grade

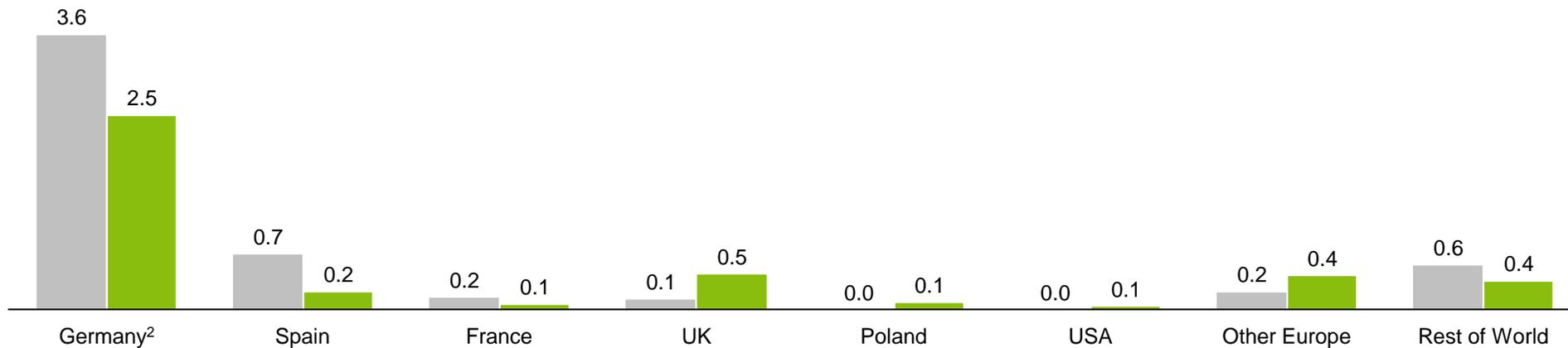
Portfolio Consolidation & Adjustments (C&A)



Regions

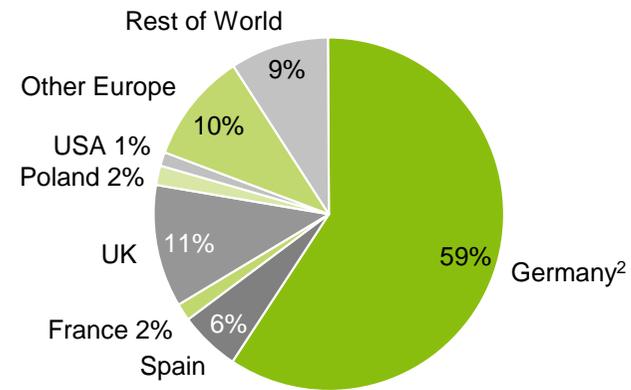
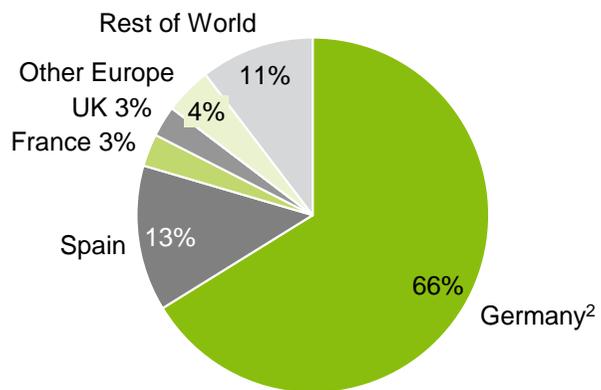
EUR billions (EaD, Basel III)

■ 31/12/2016 / Total: EUR 5.5 bn¹
■ 31/12/2017 / Total: EUR 4.3 bn



31/12/2016¹

31/12/2017



Note: Figures may not add up due to rounding 1 Excl. FMS-WM guaranteed exposure 2 Incl. Bundesbank accounts (12/16: EUR 1.1 bn; 12/17: EUR 1.0 bn)

Portfolio

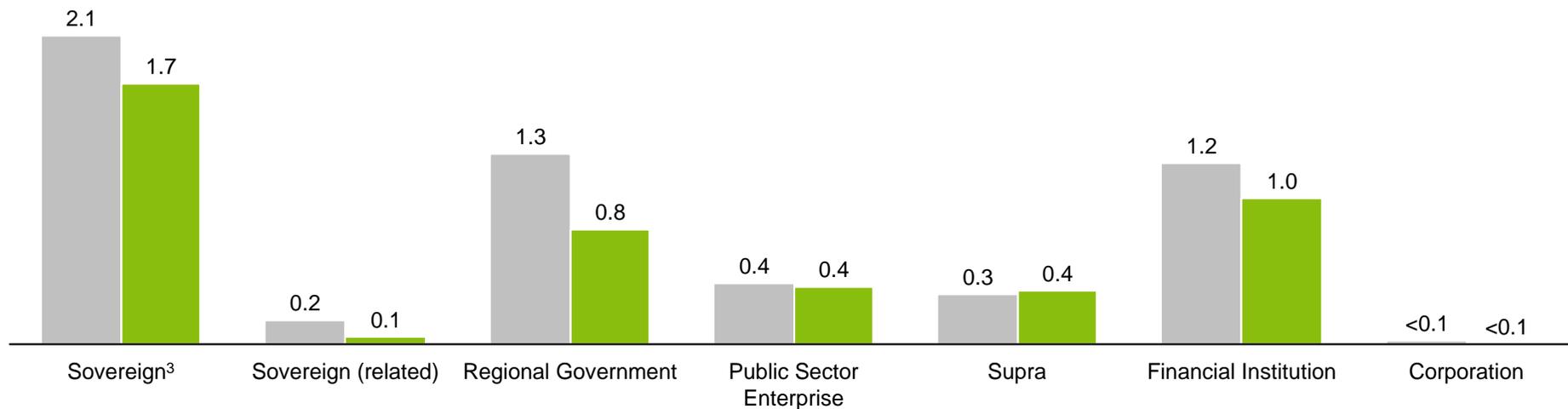
Consolidation & Adjustments (C&A)



Borrower classification¹

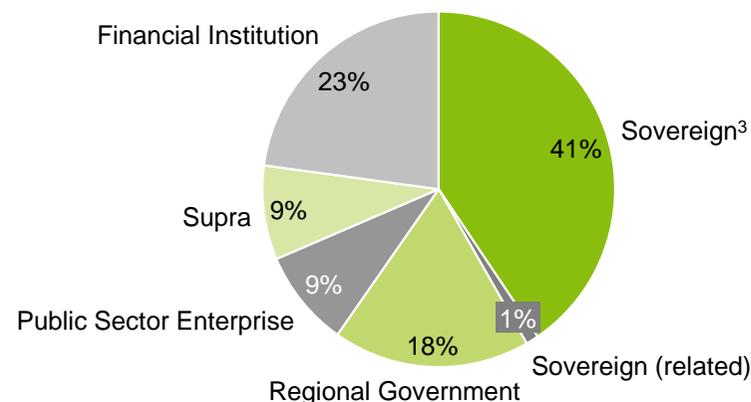
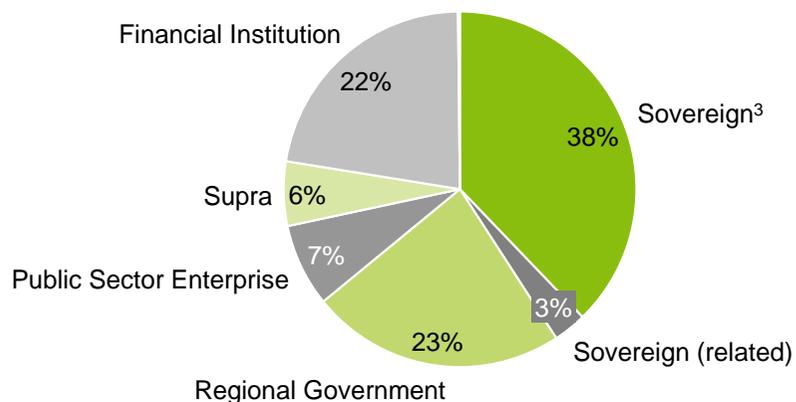
EUR billions (EaD, Basel III)

■ 31/12/2016 / Total: EUR 5.5 bn²
 ■ 31/12/2017 / Total: EUR 4.3 bn



31/12/2016²

31/12/2017



Note: Figures may not add up due to rounding 1 See appendix for definition of borrower classification 2 Excl. FMS-WM guaranteed exposure 3 Incl. Bundesbank accounts (12/16: EUR 1.1 bn; 12/17: EUR 1.0 bn)

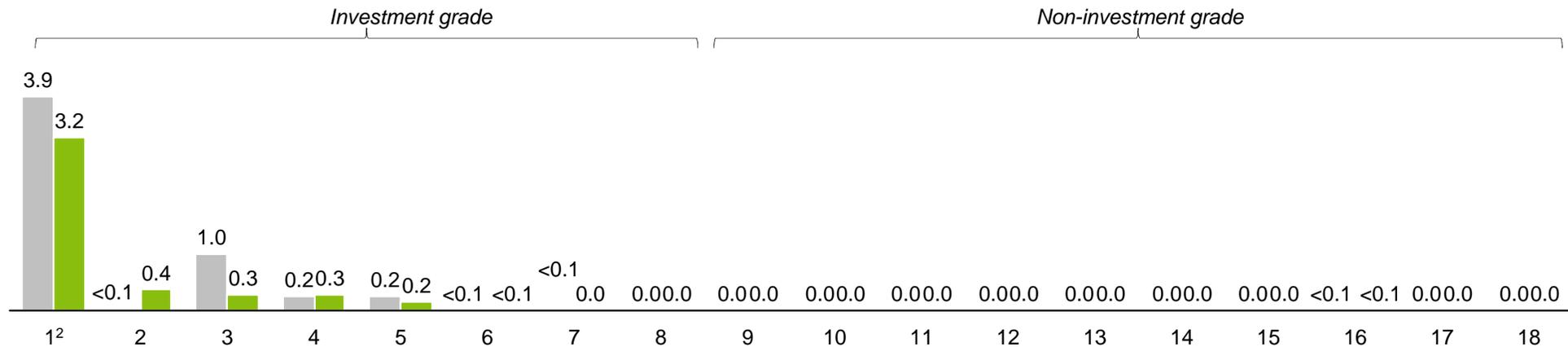
Portfolio Consolidation & Adjustments (C&A)



Internal ratings (EL classes)

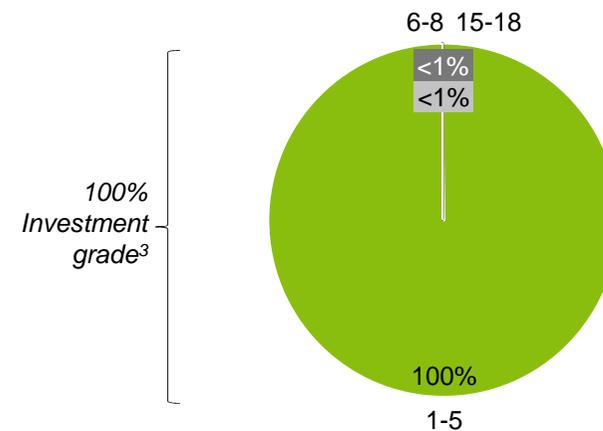
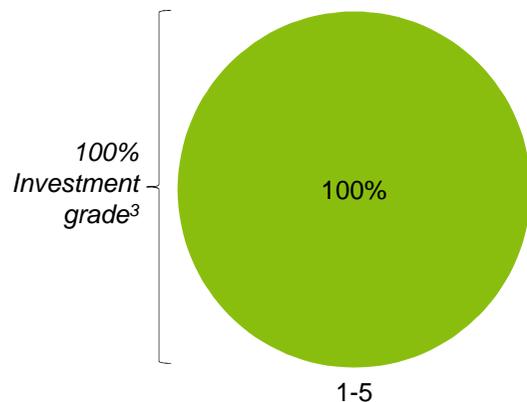
EUR billions (EaD, Basel III)

31/12/2016 / Total: EUR 5.5 bn¹
 31/12/2017 / Total: EUR 4.3 bn



31/12/2016¹

31/12/2017



Note: Figures may not add up due to rounding
¹ Excl. FMS-WM guaranteed exposure
² Incl. Bundesbank accounts (12/16: EUR 1.1 bn; 12/17: EUR 1.0 bn)
³ Internal EL Classes 1-8 = Investment grade; Internal EL classes 9-18 = Non-investment grade

Excursion: Brexit and US-market entry

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

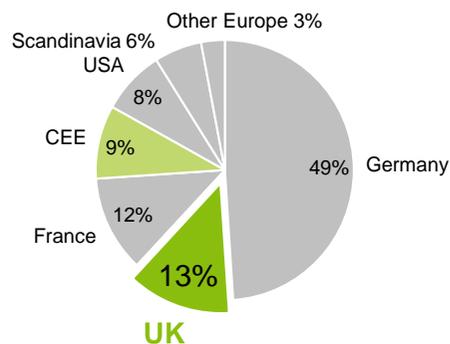
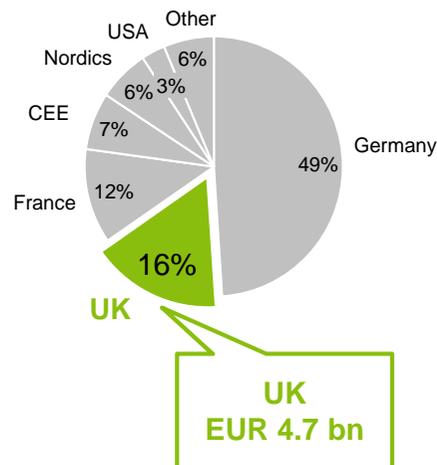
REF Portfolio

31/12/2017: EUR 28.3 bn (EaD, Basel III)

REF New business

12/17: EUR 10.7 bn (commitments incl. extensions >1J)

Brexit

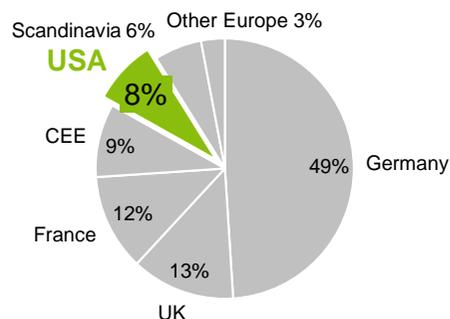
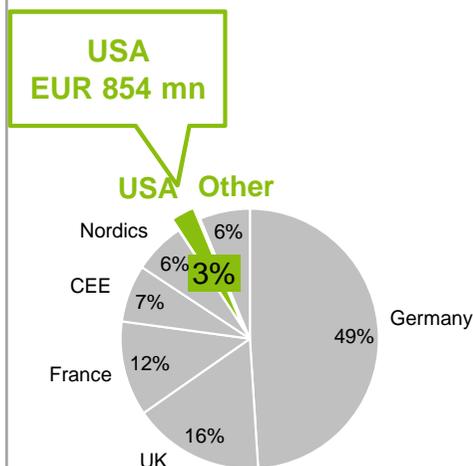


High portfolio quality

- Avg. LTV 55%, 1 exposure >75% LTV
- Avg. ISC of ~360% provides solid cushion
- 41 % Central London, remainder geographical spread
- Property types with focus on retail (40%), office buildings (32%) and logistics (13%)
- No problem loans in UK-portfolio¹

- 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 15 deals closed (thereof 13 in 2017), all 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

Funding

Public benchmark issuances since 2016



Type	WKN	Launch Date	Maturity Date	Size	Spread ¹	Coupon	Issue/Reoffer Price
Mortgage Pfandbrief	A13SWC	12/01/2016	19/01/2023	EUR 750 mn	+8 bp	0.50%	99.221%
Senior Unsecured	A13SWD	28/01/2016	04/02/2019	EUR 500 mn	+140 bp	1.25%	99.816%
Mortgage Pfandbrief	A13SWE	22/02/2016	01/03/2022	EUR 500 mn	+8 bp	0.20%	99.863%
Senior Unsecured (2 nd Tap)	A12UAR	04/03/2016	17/09/2019	EUR 100 mn	+130 bp	1.50%	101.209%
Public Sector Pfandbrief	A13SWG	13/04/2016	20/04/2035	EUR 500 mn	+25 bp	1.25%	99.647%
Senior Unsecured	A13SWH	19/04/2016	27/04/2020	EUR 500 mn	+125 bp	1.125%	99.751%
Mortgage Pfandbrief (3 rd Tap)	A1PG3M	11/07/2016	20/12/2019	GBP 100mn	+40 bp ²	1.875%	102.817%
Public Sector Pfandbrief	A2AAVU	23/08/2016	30/08/2019	USD 500 mn	+60 bp ³	1.625%	99.954%
Mortgage Pfandbrief (4 th Tap)	A1PG3M	19/10/2016	20/12/2019	GBP 25 mn	+38 bp ²	1.875%	102.351%
Senior Unsecured	CH0341440300	20/10/2016	02/11/2021	CHF 100 mn	+80 bp ⁴	0.30%	100.074%
Mortgage Pfandbrief	A2ADASA	05/01/2017	01/03/2022	GBP 250 mn	+55 bp ²	3m-Libor +55	100.00%
Mortgage Pfandbrief (5 th Tap)	A1PG3M	16/01/2017	20/12/2019	GBP 50 mn	+50 bp ²	1.875%	102.32%
Public Sector Pfandbrief (1 st Tap)	A2AAVU	17/01/2017	30/08/2019	USD 100 mn	+55 bp ³	1.625%	98.764%
Senior Unsecured	A2DASD	23/01/2017	29/01/2021	EUR 500 mn	+90 bp	0.875%	99.797%
Mortgage Pfandbrief	A2DASJ	01/02/2017	29/01/2021	EUR 500 mn	-6 bp	0.05%	99.901%
Senior Unsecured	A2DASK	08/02/2017	14/02/2020	EUR 150 mn	+75 bp ⁵	3m-Euribor+75	100.00%
Mortgage Pfandbrief	A2DASU	25/04/2017	04/05/2020	USD 600 mn	+55 bp ³	2.25%	99.827%
Tier 2	XS01637926137	21/06/2017	28/06/2027	EUR 300 mn	+275bp	2.875%	99.904%
Mortgage Pfandbrief (1 st Tap)	A2DASU	03/08/2017	04/05/2020	USD 100 mn	+40 bp ³	2.25%	100.417%
Mortgage Pfandbrief	A2E4ZE	29/08/2017	05/09/2022	EUR 500 mn	-7 bp	0.05%	99.930%
Mortgage Pfandbrief (1 st Tap)	A2DASJ	19/09/2017	09/08/2021	EUR 100 mn	-14 bp	0.05%	100.473%
Mortgage Pfandbrief	A2E4ZK	27/11/2017	04/12/2020	GBP 450 mn	+29 bp ²	1.00%	99.63%
Senior Unsecured	A2GSLC6	16/01/2018	23/02/2022	EUR 500 mn	+40 bp	0.625%	99.956%
Mortgage Pfandbrief (1 st Tap)	A2E4ZE	24/01/2018	05/09/2022	EUR 250 mn	-18 bp	0.05%	99.579%

1 vs. mid-swap 2 vs. 3m GBP-Libor 3 vs. 3m USD-Libor 4 vs. 6m CHF-Libor 5 vs 3m Euribor

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)	
			Moody’s
Public Sector Pfandbrief			Aa1
Mortgage Pfandbrief			Aa1

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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

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

Contact details



Walter Allwicher

Head of Communications

+49 (0)89 2880 28787

walter.allwicher@pfandbriefbank.com

Michael Heuber

Head of Investor Relations / Rating Agency Relations

+49 (0)89 2880 28778

michael.heuber@pfandbriefbank.com

Axel Leupold

Investor Relations / Rating Agency Relations

+49 (0)89 2880 23648

axel.leupold@pfandbriefbank.com

Website

www.pfandbriefbank.com/investor-relations.html

© Deutsche Pfandbriefbank AG
Freisinger Strasse 5
85716 Unterschleissheim/Germany
+49 (0) 89 28 80-0
www.pfandbriefbank.com