

Company Presentation

June 2019

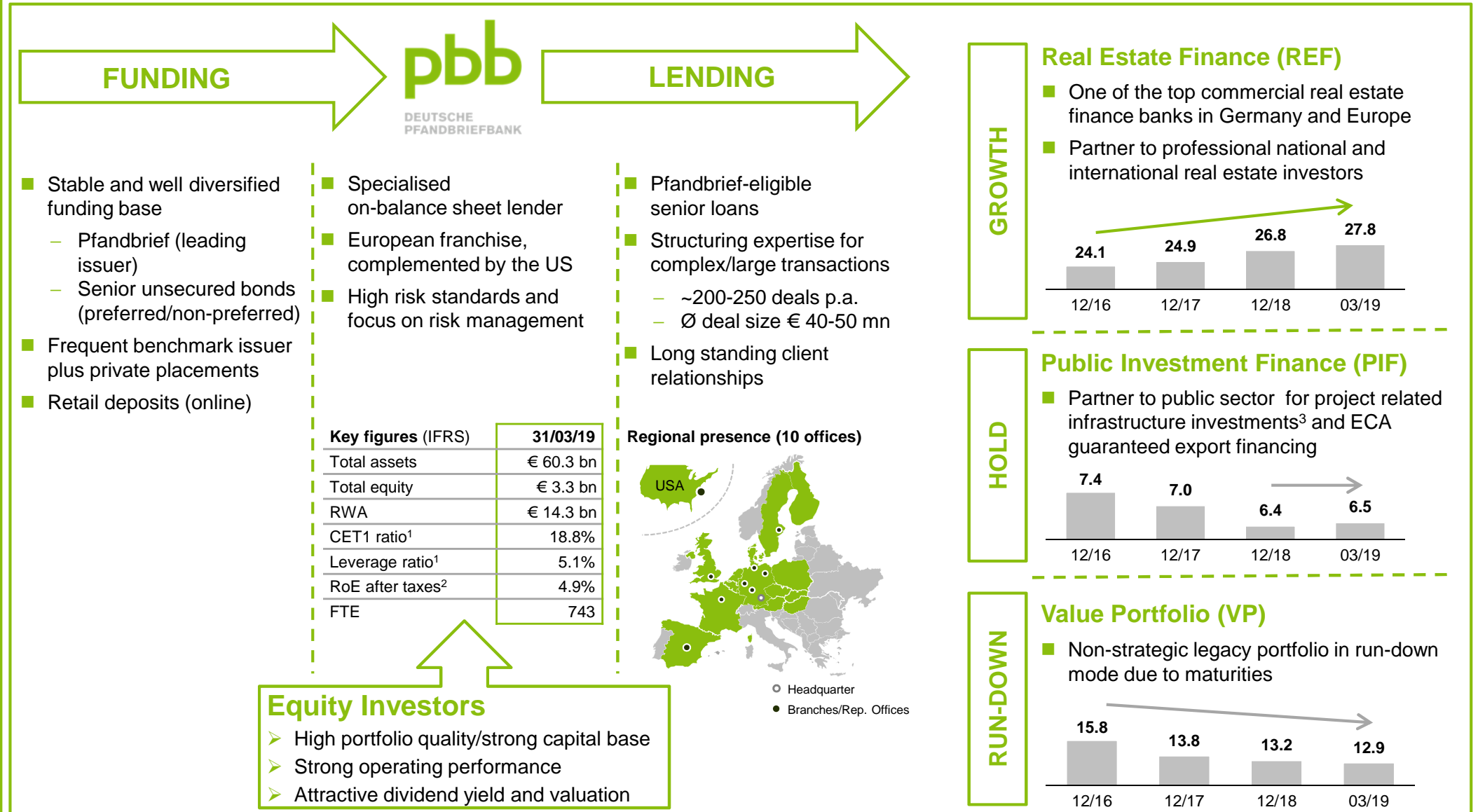
Disclaimer



- This presentation is not an offer or invitation to subscribe for or purchase any securities in any jurisdiction, including any jurisdiction of the United States. Securities may not be offered or sold in the United States absent registration or pursuant to an available exemption from registration under the U.S. Securities Act. Deutsche Pfandbriefbank AG does not intend to conduct a public offering of securities in the United States.
- No warranty is given as to the accuracy or completeness of the information in this presentation. You must make your own independent investigation and appraisal of the business and financial condition of Deutsche Pfandbriefbank AG and its direct and indirect subsidiaries and their securities. Nothing in this presentation shall form the basis of any contract or commitment whatsoever.
- This presentation may only be made available, distributed or passed on to persons in the United Kingdom in circumstances in which section 21(1) of the Financial Services and Markets Act 2000 does not apply.
- This presentation may only be made available, distributed or passed on to persons in Australia who qualify as 'wholesale clients' as defined in section 761G of the Australian Corporations Act.
- This presentation is furnished to you solely for your information. You may not reproduce it or redistribute to any other person.
- This presentation contains forward-looking statements based on calculations, estimates and assumptions made by the company's top management and external advisors and are believed warranted. These statements may be identified by such words as 'may', 'plans', 'expects', 'believes' and similar expressions, or by their context and are made on the basis of current knowledge and assumptions. Various factors could cause actual future results, performance or events to differ materially from those described in these statements. Such factors include general economic conditions, the conditions of the financial markets in Germany, in Europe, in the United States and elsewhere, the performance of pbb's core markets and changes in laws and regulations. No obligation is assumed to update any forward-looking statements.
- By participating in this presentation or by accepting any copy of the slides presented, you agree to be bound by the noted limitations.

Business model & Strategy

pbb is a leading commercial real estate lender with a complementary public investment finance business



Highlights Q1/19

Good performance in Q1/19 benefits from increase in strategic REF financing volume



Financials	<ul style="list-style-type: none"> ■ Stable PBT of € 48 mn y-o-y – increase in NII compensates lower income from realisations while risk provisions and GAE are moderately up
New business¹	<ul style="list-style-type: none"> ■ Solid new business of € 2.0 bn (€ 1.8 bn Q1/18) – REF € 1.9 bn, PIF € 0.1 bn ■ Average REF gross interest margin unusually low at 130 bp, low LTV of 58%² <ul style="list-style-type: none"> – impacted by regional and product mix (high share in Germany, France and Residential, low share in UK and CEE as well as Retail and Logistics) – Q2/19 solid rebound expected due to return to higher margin business in line with risk strategy
Portfolio (financing volume)	<ul style="list-style-type: none"> ■ REF € +1.0 bn up ytd, supported by drawings of new business in Q4/18 – core strategic portfolio with further growth envisaged ■ PIF remains stable – in line with hold proposition ■ Value Portfolio € -0.3 bn down ytd – further reduction in line with strategy due to maturities
Funding	<ul style="list-style-type: none"> ■ Strong Funding with € 2.7 bn in Q1/19, compared to € 2.0 bn in Q1/18 ■ “New” product senior preferred successfully established ■ Increased funding spreads y-o-y, but average spread level still below maturities in Q1/19
Capital	<ul style="list-style-type: none"> ■ Continued strong capitalisation with CET 1 ratio of 18.8%³ – adequate buffers for challenges ahead

¹ Financing volume, commitments, incl. extensions >1 year

² New commitments; avg. LTV (extensions): Q1/19. 54%; 2018: 57%; Q1/18. 68%

³ Excl. Interim result, post proposed dividend 2018

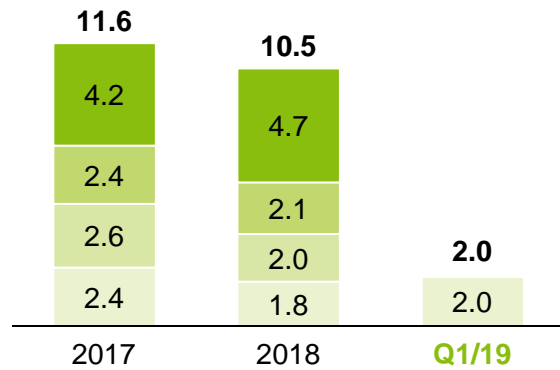
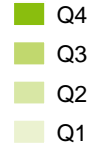
Highlights

Operating and financial overview



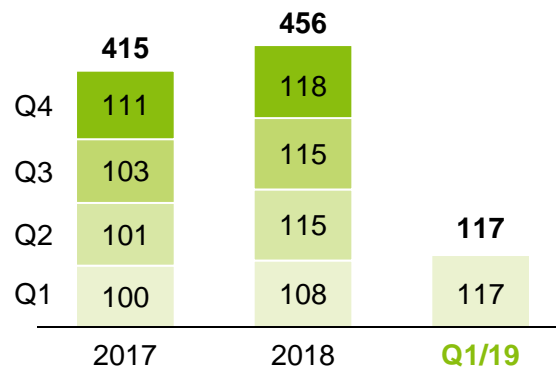
New business

€ bn (commitments, incl. extensions >1 yr)



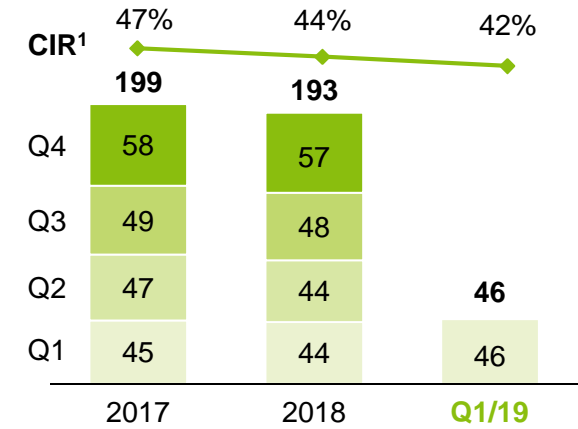
Net interest and commission income

€ mn (IFRS)



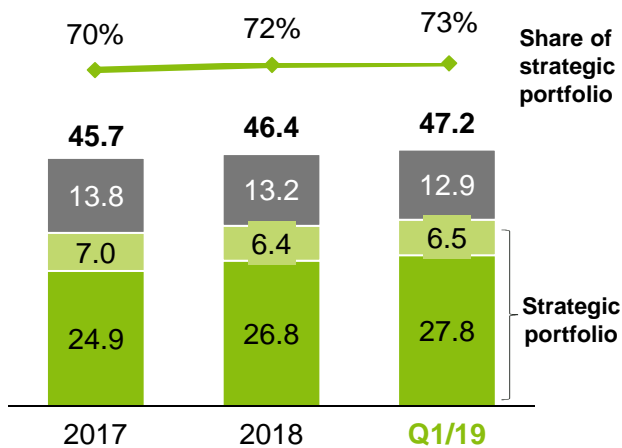
General and admin. expenses

€ mn (IFRS)



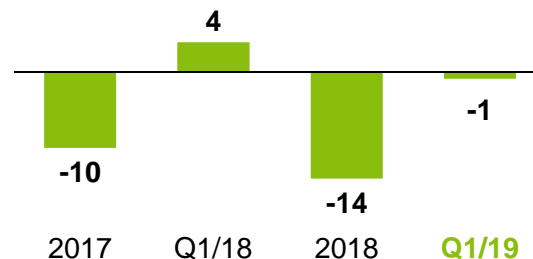
Portfolio

€ bn (financing volumes)



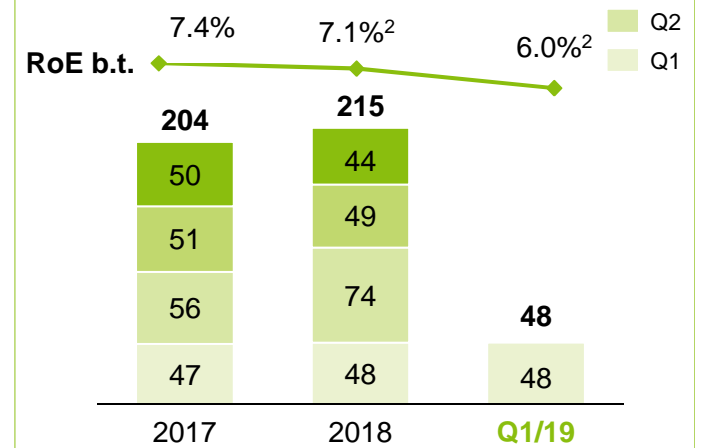
Net income from risk provisioning

€ mn (IFRS)



Pre-tax profit

€ mn (IFRS)

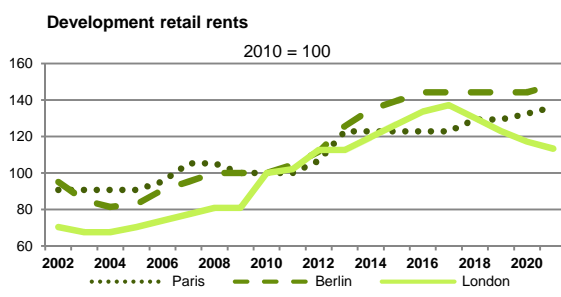
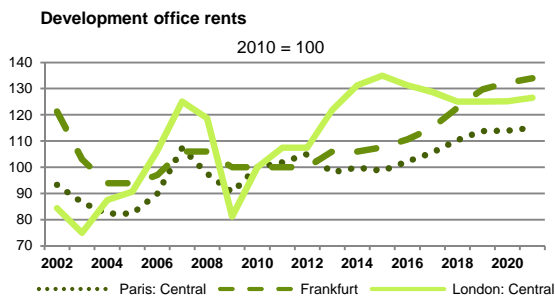
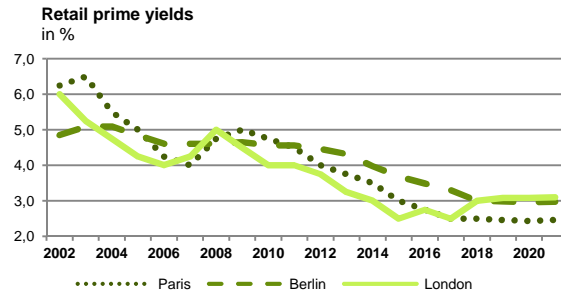
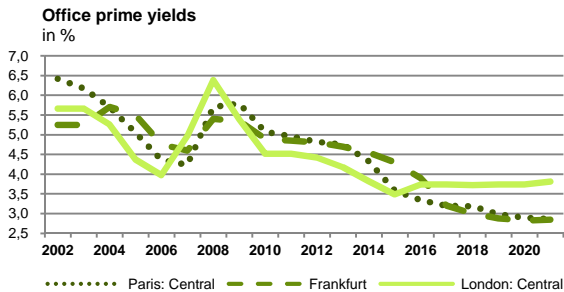
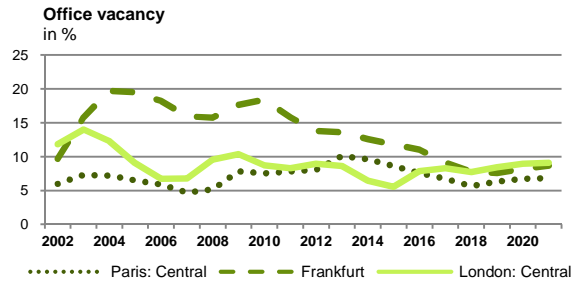
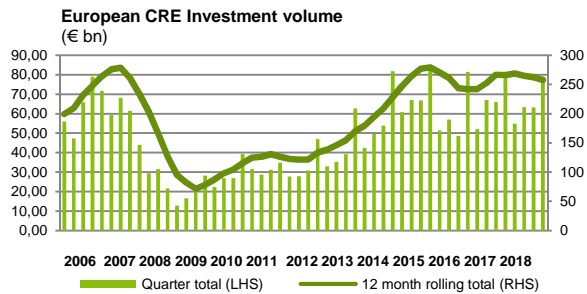


Note: Figures may not add up due to rounding 1 New definition: CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income

2 Taking into account pro-rata AT1 coupon (2018: € 12 mn; 2019: € 17 mn)

Markets

CRE market environment remains highly competitive and challenging – pbb cautious in UK and on retail properties



- CRE market environment remains highly competitive – fundamentals for most continental European markets still solid; soft indicators somewhat weaker
 - Most property yields in Continental Europe continue to offer high pickup on 10-year government bond yields, especially after soft ECB outlook on interest, supporting and prolonging relative attractiveness of CRE-Markets – long cycle
 - Transaction volumes remain on elevated level
 - Some markets in Continental Europe with still increasing office rents and cash-flows; UK mainly stable rental development
 - Retail rents may come under further pressure in continental Europe and are already declining in UK
 - Vacancies remain on low level in continental Europe and UK markets; share of co-working space still high

- pbb remains cautious and highly selective on
 - UK (re: Brexit) in most property types
 - Retail (structural change / online business)

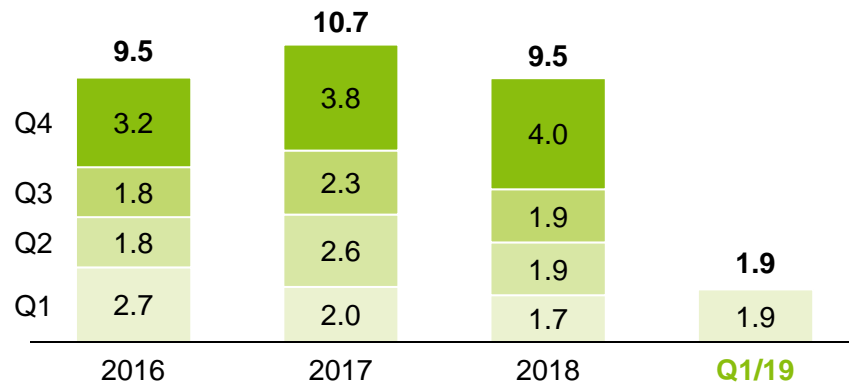
1 Source: pbb

New business

Solid new business volume – lower gross margins, due to regional and product mix in REF new business

REF New business

€ bn (commitments, incl. extensions >1 yr)

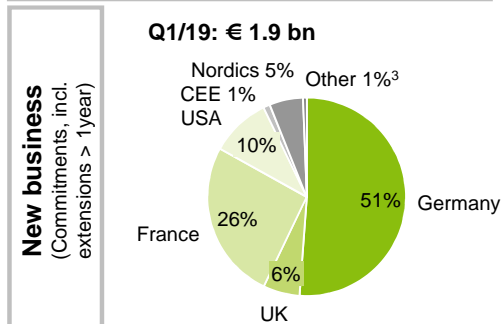


Key drivers Q1/19:

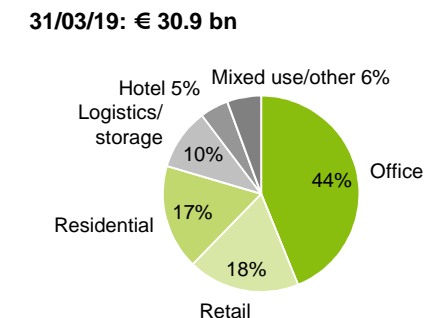
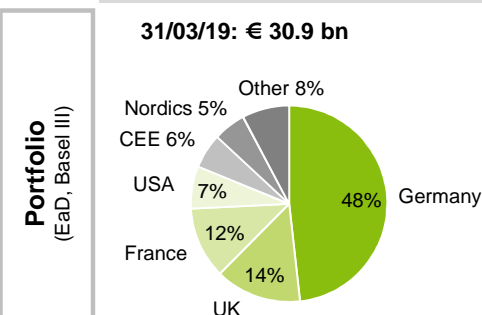
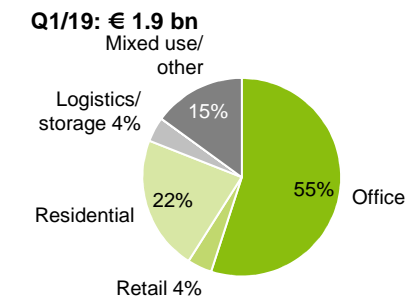
- Solid new business origination in Q1/19
- However, high competition and margin pressure ongoing
- REF – solid new business volume
 - Continued selective approach with focus on conservative risk positioning (avg. LTV 58%²)
 - Avg. gross interest margin down to ~130 bp, due to regional and product mix (high share in France and Residential, low share in UK and CEE as well as Retail and Logistics)

	Q1/18	2018	Q1/19
Total volume (€ bn)	1.7	9.5	1.9
<i>thereof:</i>			
<i>Extensions >1 year</i>	0.2	2.2	0.2
No. of deals	34	185	29
Ø maturity (years) ¹	4.6	~4.7	~5.9
Ø LTV (%) ²	62	59	58
Ø gross interest margin (bp)	>170	~155	~130

Regions



Property types



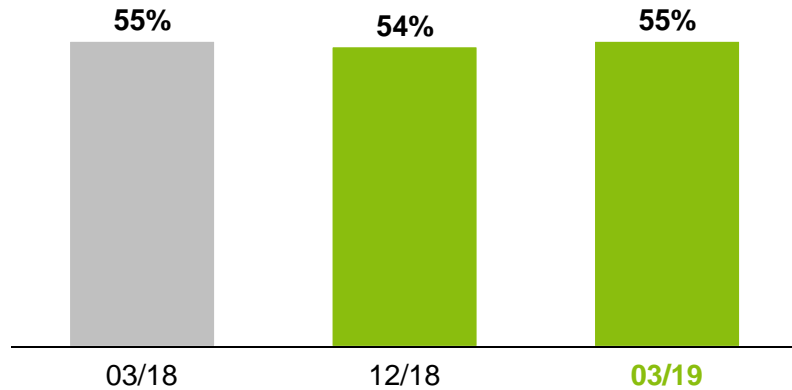
Note: Figures may not add up due to rounding 1 Legal maturities 2 New commitments; avg. LTV (extensions): Q1/19, 54%; 2018: 57%; Q1/18, 68% 3 Netherlands

Portfolio

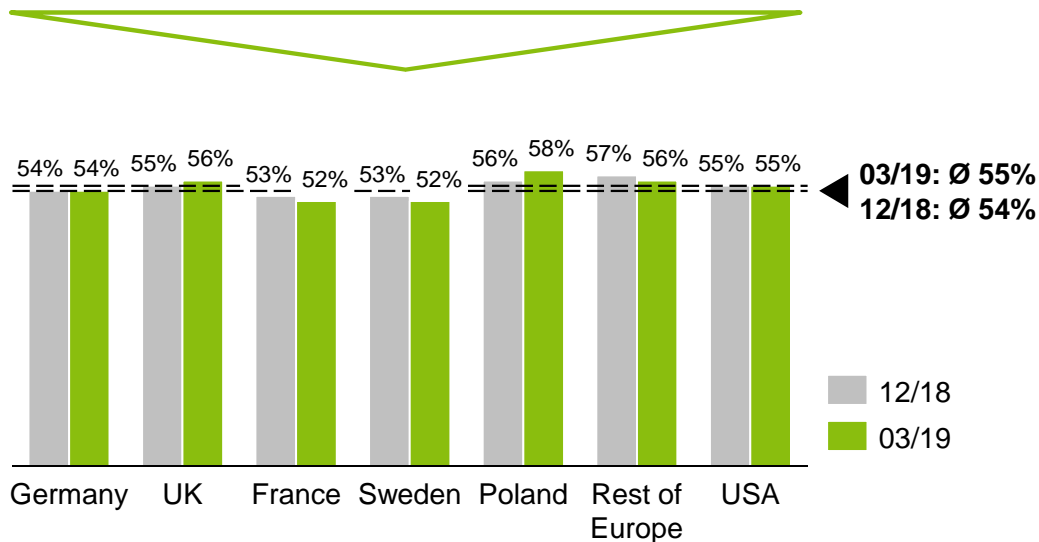
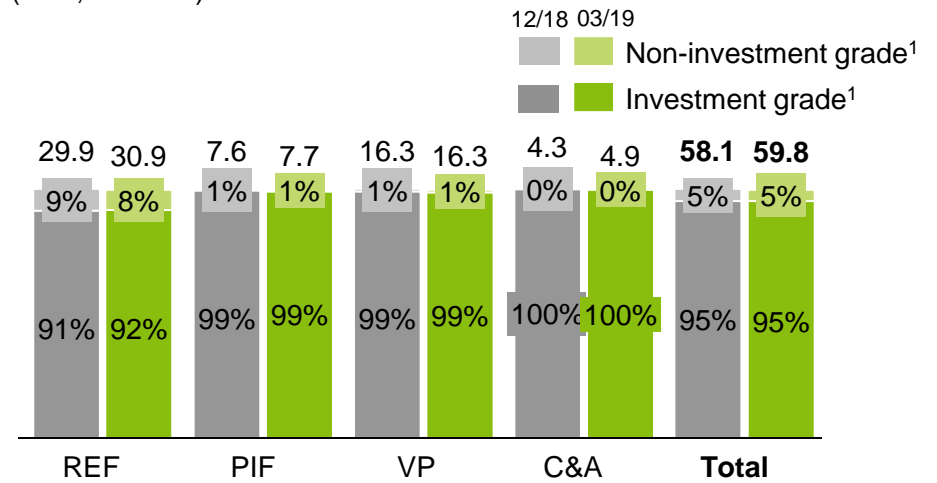
High portfolio quality with 95% investment grade and avg. LTV of 55%



REF Portfolio: Avg. weighted LTVs
% (commitments)²



Total portfolio: Internal ratings (EL classes)
€ bn (EaD, Basel III)



Key messages

- Italy exposure with relatively small valuation effects
 - VP: € 1.6 bn (nominal) / € 2.0 bn (EaD)
 - Almost € 1.8 bn (>88%) booked at amortized costs; € 169 mn (~8%) in FV/OCI and € 80 mn (~4%) in FV/P&L
 - Ratings recently affirmed at BBB (Fitch: 22/02/19; S&P 26/04/19); Moodys rating unchanged at Baa3
 - REF: Only marginal exposure
- Ongoing selective and cautious approach in the UK
 - Avg. LTV 56%²
 - Avg. ISC >300%

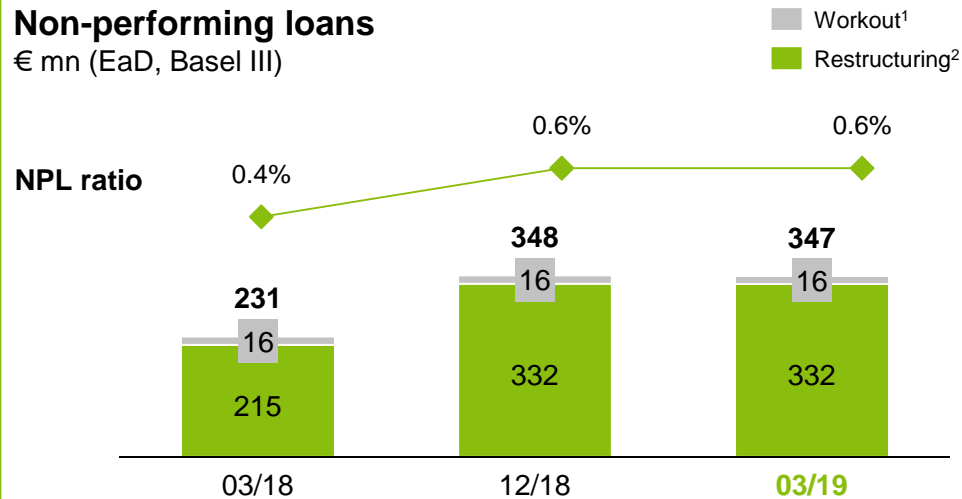
Note: Figures may not add up due to rounding 1 EL classes 1-8 = Investment grade; EL classes 9-18 = Non-investment grade 2 Based on performing investment loans only

Portfolio

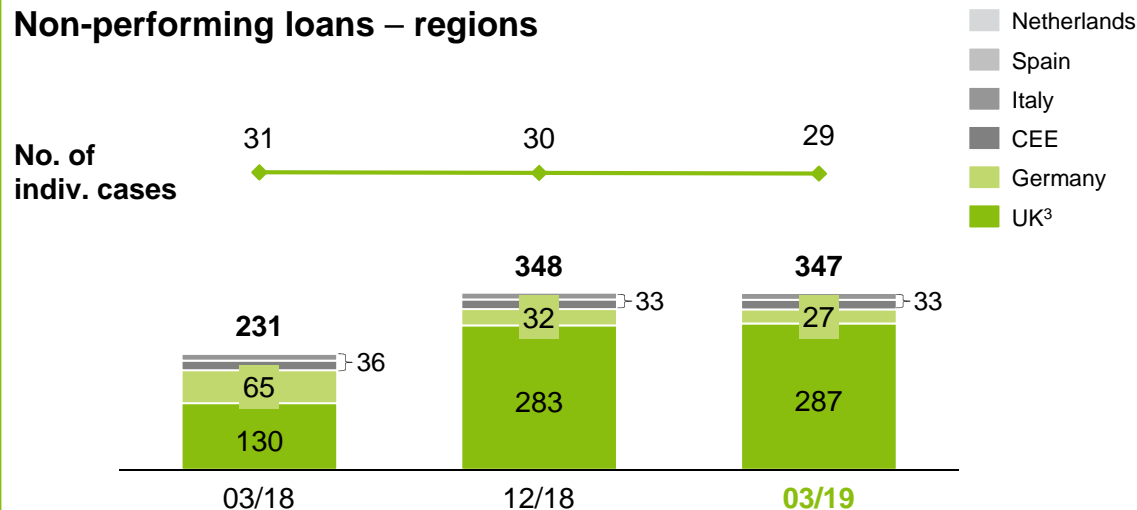
Non-performing loans remain at historically low level

Non-performing loans

€ mn (EaD, Basel III)



Non-performing loans – regions



Key drivers Q1/19:

- Only small portfolio of non-performing loans (NPL) with NPL ratio⁴ of 0.6%
 - Reduction of German NPL-Exposure due to repayments
 - Net increase in UK exposure due to neg. FX effects
 - No NPLs in PIF and VP
 - Only € 16 mn workout loans
- Estate UK-3 'technically' shown as NPL
 - Properties sold, but synthetic securitization has not yet allocated loss
 - Expert proceeding ongoing

Note: Figures may not add up due to rounding. ¹ Internal PD class 30: No signs that the deal will recover soon, compulsory measures necessary. ² Internal PD class 28+29: Payments more than 90 days overdue or criteria acc. to respective policy apply. ³ Estate UK-3 'technically' shown as non-performing – properties sold, but synthetic securitisation has not yet allocated loss. ⁴ NPL ratio = NPL volume / total assets

Funding

Strong Funding in Q1 – “new” product senior preferred successfully established



New long-term funding¹

€ bn

Q1/18: € 2.0 bn

Q1/19: € 2.7 bn

Spread
(Ø, bp)²

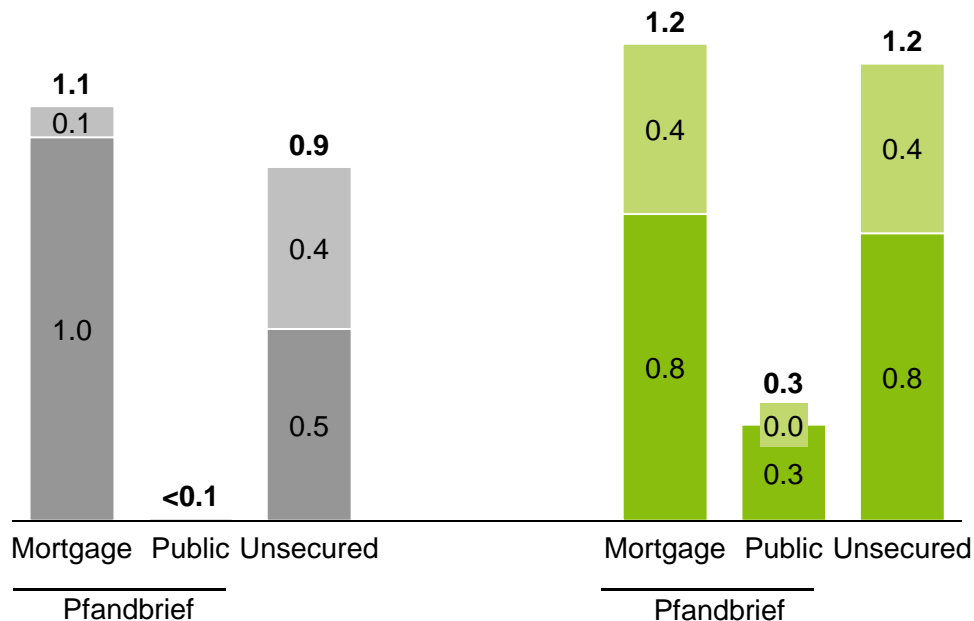
-4 0 49

16 21 78

Tenor
(Ø, yrs)³

6.0 20 5.6

7.0 16.1 5.4



Private placements
Benchmark issuances

Pfandbriefe

- Mortgage Pfandbrief Benchmarks: € 500 mn 5y in January and three taps of € 100 mn each in Q1/19
- Public Sector Pfandbrief Benchmarks: taps of € 100 mn in February and € 150 mn in March 2019
- Additionally issues in foreign currency (SEK 2.7 bn 3y)

Senior Unsecured

- € 500 mn 4y Senior Preferred benchmark issued in January and tapped with € 250 mn in March
- € 437 mn Senior Preferred raised via private placements in bearer bonds, registered bonds and term deposits issued

pbb direkt

- Total volume slightly down at € 2.9 bn (12/18: € 3.0 bn), reflecting optimisation of funding structure
- Average maturity⁴ decreased slightly to 3.2 years (12/18: 3.3 yrs)

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. retail deposit business 2 vs. 3M Euribor 3 Initial weighted average maturity 4 Initial weighted average maturity of term deposits

Funding

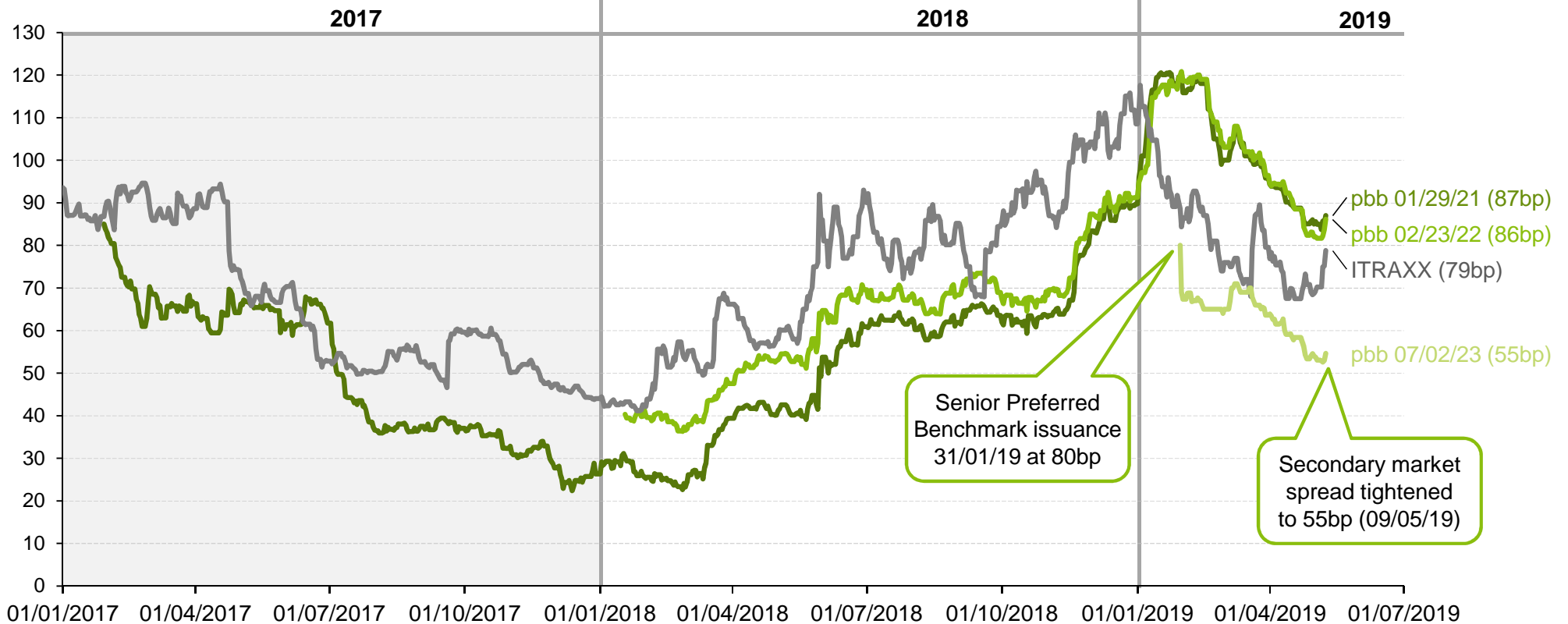
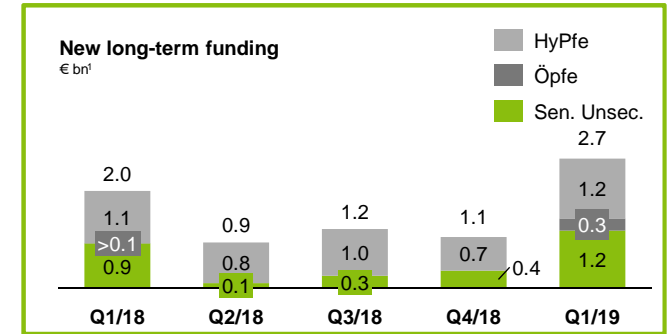
Senior unsecured spreads widened in 2018

Spread development of pbb Senior Non-Preferred Benchmarks vs iTraxx Bank Senior

(Spread in bp vs. 6m Euribor)



DEUTSCHE
PFANDBRIEFBANK



Source: Bloomberg 1 Excl. money market and deposit business

Company Presentation, June 2019 (IFRS, pbb Group, unaudited)

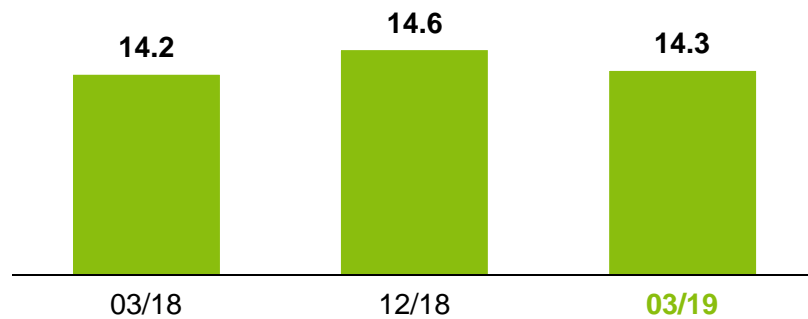
Capital

Capitalisation remains strong – adequate buffers, essential for regulatory changes, operational stability and strategic flexibility



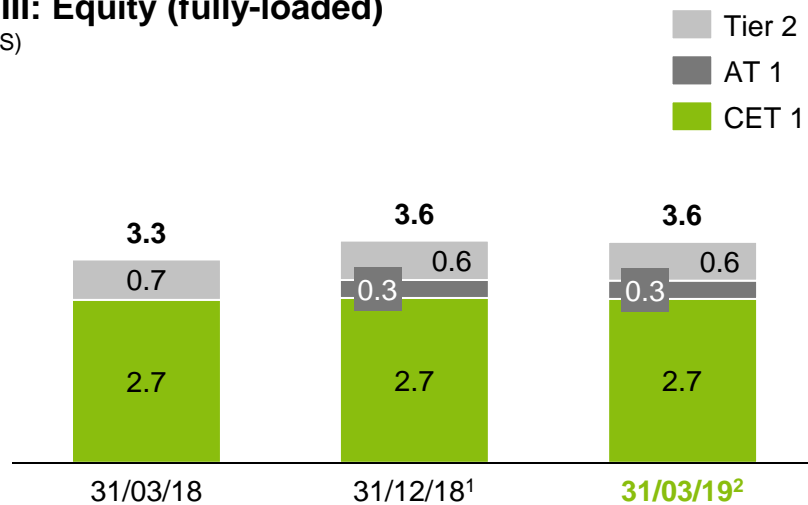
Basel III: RWA

€ bn (IFRS)



Basel III: Equity (fully-loaded)

€ bn (IFRS)



Basel III: Capital ratios

% (IFRS)

in %	03/18 ¹	12/18 ²	03/19 ³	Ambition levels
CET 1	18.8	18.5	18.8	≥12.5
Tier 1	18.8	20.5	20.9	≥16
Own funds	23.5	24.9	25.4	16-18
Leverage ratio	4.8	5.3	5.1	≥3.5

Key drivers Q1/19:

- RWA € -0.3 bn down - increase in strategic portfolio offset by
 - technical and valuation driven effects (LGD changes)
 - rating changes
- Capitalisation hardly unchanged, capital ratios slightly improved
- Capital buffers for further RWA challenges
 - Regulation (ECB TRIM/EBA/Basel IV)
 - Potential strategic growth
 - Cyclical risks/strategic measures

SREP requirements 2019:

- CET 1 ratio: 9.85%⁴ (2018: 9.95% fully-loaded)
- Own funds ratio: 13.35%⁴ (2018: 13.45% fully-loaded)
- Changes compared to 2018 requirements (fully-loaded):
 - Reduction of P2R from 2.75% to 2.50%
 - Increase of anticipated countercyclical buffer from 0.2% to 0.35%

Note: Figures may not add up due to rounding ¹ Post proposed dividend for 2017, incl. interim result, post max. calc. dividend acc. to ECB methodology ² Incl. full-year result, post proposed dividend 2018 ³ Excl. Interim result, post proposed dividend 2018 ⁴ Incl. capital conservation buffer (2.5%) and anticipated countercyclical buffer (0.35%; actual as of 31.12.2018: 0.19%)

Focus & Invest

Strategic initiatives strengthen market position and support profitability funded by freed-up resources

Focus

Reorganisation of PIF business completed

- Change of PIF strategy from „Growth“ to „Hold“
- Focus on business in France (operated from Paris) and ECA-business (operated from London) only; in addition, portfolio steering measures

Refocus of pbb resources almost finalized

- Further centralisation of functions at the head-office to optimise internal processes, relocating from London, Paris, Madrid and Eschborn
- 90% of personnel measures have already been started, 67% are completed

Invest

US business

- Office setup almost staffed and completed
- New business share of 13% in 2018 – slight increase for 2019 envisaged
- First syndication deals on West Coast

Digitalisation

- Setup new client portal to improve efficiency and customer satisfaction
- Capveriant
 - Traffic on platform increased
 - Two-digit number of local authorities and investors onboarded
 - Tender volume has increased significantly
 - Successful launch of platform in France in April

 **pbb well on track** – good start into 2019

 **Focus & Invest**

■ Focus:

- Further centralisation of functions almost finalized
- Reorganization PIF completed

■ Invest:

- Several digitalisation initiatives ongoing
- Capveriant with progress in Germany and start in France
- US business expanded carefully

 **Full-year guidance 2019** unchanged

- Ongoing competitive market sentiment with low interest rate environment
- Support from reduced funding costs expected to diminish throughout 2019

Appendix



Outlook

pbb well positioned to manage challenges ahead

Challenges

Changes in economic and interest environment	<ul style="list-style-type: none"> ■ Reduction in property valuations expected, especially in certain market segments like retail ■ Negative effects on LGD parameters
Advanced real estate cycle	<ul style="list-style-type: none"> ■ Instability risks increase – soft indicators somewhat weaker ■ Investment volumes, yields and vacancies on historical low level, prices peak ■ Expectation of higher volatility in risk provisioning
Structural change in retail sector	<ul style="list-style-type: none"> ■ Changes in shopping behaviour like online shopping influence retail property markets ■ Decreasing demand especially for shopping centres
UK & Brexit	<ul style="list-style-type: none"> ■ Increased risk focus on UK Retail ■ Long-term view on CRE markets (prime locations, low LTV)
Italy & spread developments	<ul style="list-style-type: none"> ■ Italian public sector exposure largely accounted for under amortized costs (>88%)

Strategy / risk approach

Conservative lending criteria and intensive monitoring

Strong covenants and intensive monitoring

Cautious on Retail

Cautious on UK

Further run down of Italian portfolio

Outlook

Guidance 2019 confirmed with publication of Q1/19 results



Operating trends	2017	2018	Guidance 2019
Real Estate Finance (REF)			
New business volume ¹ (EUR bn)	10.7	9.5	EUR 8.5-9.5 bn
Avg. gross margin (bp)	>155	~155	Slightly lower
Financing volume (EUR bn)	24.9	26.8	Moderate increase (strategic portfolio)
Public Investment Finance (PIF)			
Avg. gross margin (bp)	>100	>60	Slightly higher
Financing volume (EUR bn)	7.0	6.4	Stable (strategic portfolio in "hold" mode)
Value Portfolio (VP)			
Financing volume (EUR bn)	13.8	13.1	EUR ~12 bn (non-strategic portfolio in run-down mode)
Income statement (IFRS, EUR mn)	2017	2018	Guidance 2019
Net interest and commission income	415	456	Slightly lower
Loan-loss provisions	-10	-14	10-15 bp EL on REF financing volume
General administrative expenses	-199	-193	Slightly higher
Pre-tax profit	204	215	EUR 170-190 mn
Key ratios (%)	2017	2018	Guidance 2019
RoE before taxes ²	7.4	7.1	5.5-6.5%
RoE after taxes ²	6.0	5.9	4.0-5.0%
CIR	47.0	44.2	Slightly higher
CET1 ratio (fully loaded)	17.6	18.5 ²	Significantly above SREP requirement of 9.5% + countercyclical buffer of 0.35% (2018 ³ : 9.75% + 0.2%)

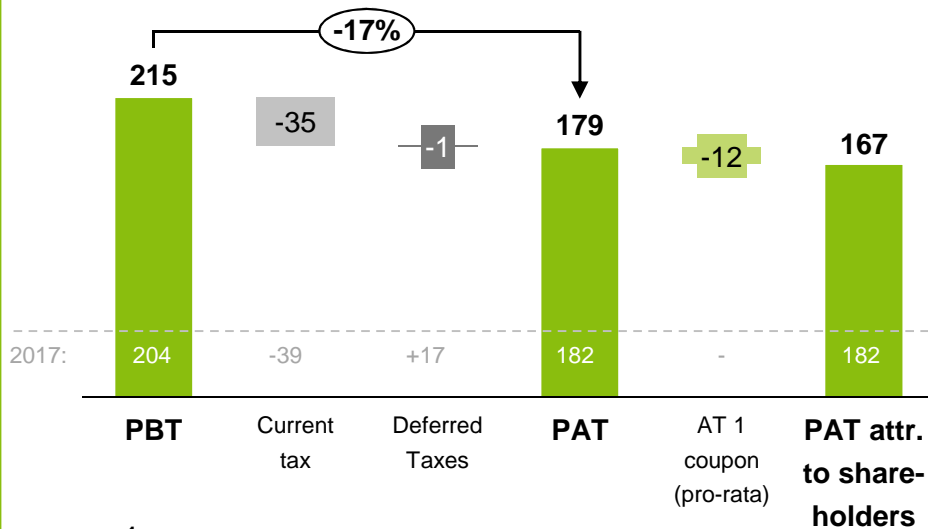
Note: Figures may not add up due to rounding 1 Incl. extensions > 1 year 2 Taking into account the AT1 coupon for 2019 2 Incl. full-year result, post proposed dividend 3 Fully-loaded

Dividend strategy

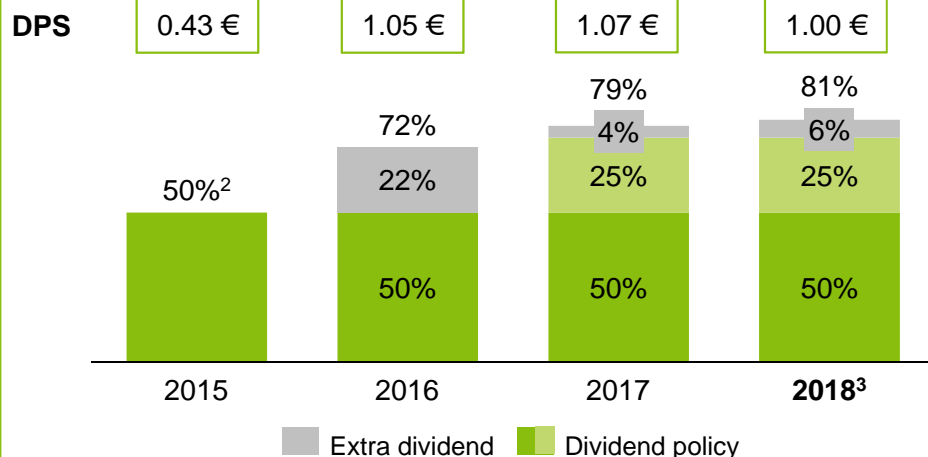
Dividend strategy: 50% regular + 25% supplementary dividend until 2019
 – for 2018, dividend proposal of € 1.00 (payout 81%)¹

FY/18: Profit attributable to shareholders

€ mn (IFRS)



Payout¹



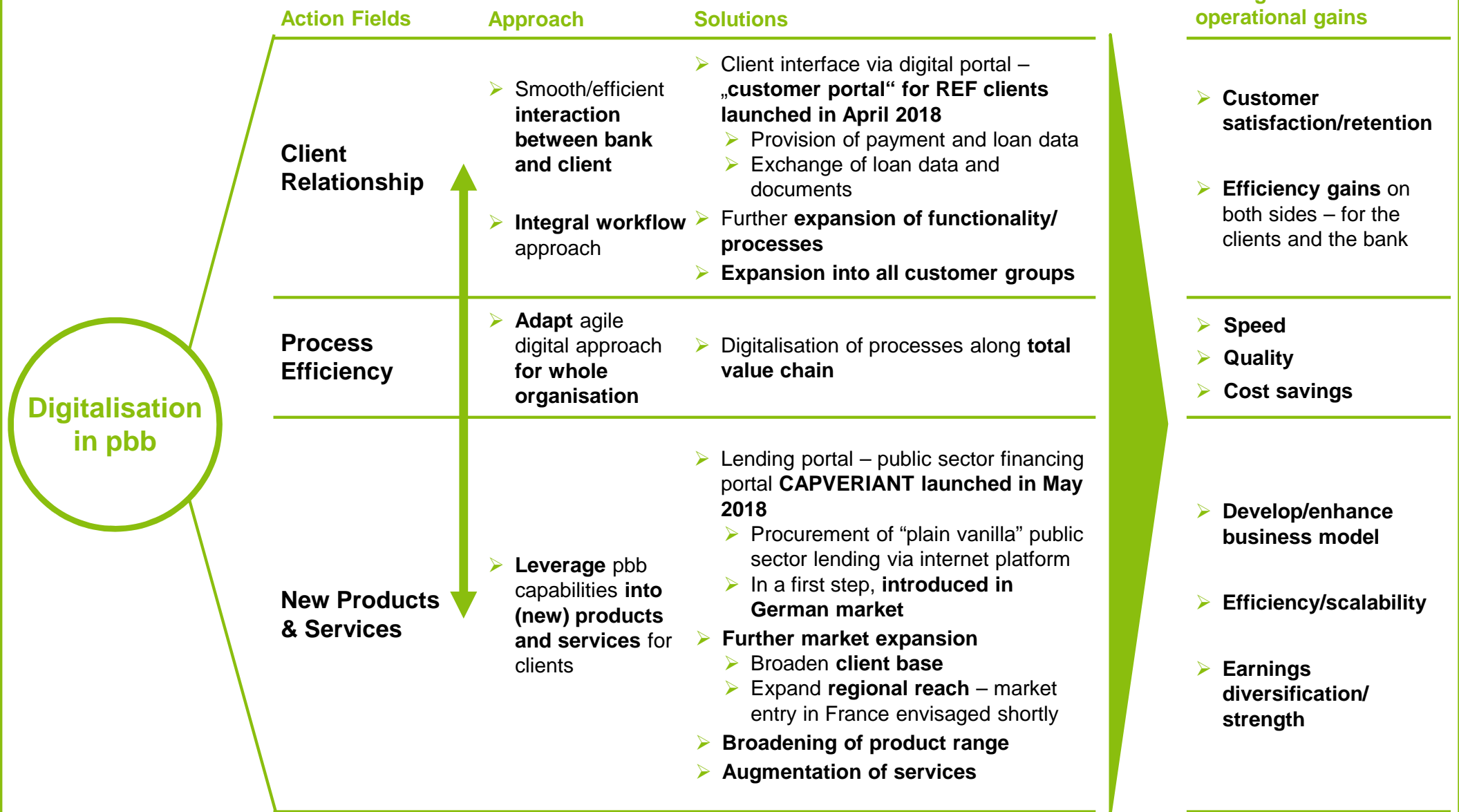
Dividend strategy:

- 50% regular dividend + 25% supplementary until and including 2019¹
- Dividend strategy contains the reflection of different determinants, which include
 - planned strategic growth
 - regulation (e.g. ECB TRIM, EBA guidelines, Basel IV)
 - strategic measures/cyclicality
 - requirements from rating agencies and market participants
- Dividend strategy is subject to regulatory permissibility, regulatory and other legal requirements as well as economic viability

Dividend payment:

- Since IPO, payout ratios consistently ≥50% – extra dividends paid for 2016 and 2017 as well as proposed for 2018
 - 2016: 100% payout on extraordinary HETA gain
 - 2017: 100% payout of profit exceeding initial PBT guidance, post taxes
 - 2018: Dividend proposal 2018 once again contains extra dividend: 100% payout of profit exceeding the upper end of the original PBT guidance of € 170 mn, post taxes and AT1 coupon
 - PAT attr. to shareholders: € 167 mn
 - EPS^{1,4}: € 1.24
 - DPS³: € 1.00
 - Payout ratio^{1,3}: 81%
 - Dividend yield³: 11.4%⁵ / 7.9%⁶

¹ Based on IFRS group profit after tax attributable to shareholders ² Annualised; dividend payment only for period after IPO (16.07.2015) XETRA year-end closing price 2018 of 8.74 € ³ Dividend proposal ⁴ Number of outstanding shares 134,475,308 ⁵ Based on XETRA year-end closing price 2018 of 8.74 € ⁶ Based on annual average price 2018 (volume weighted daily XETRA closings) of 12.66 €



Financials

Q1/19 shows strong performance based on continued solid underlying trends



Income statement

€ mn

	Q1/18	Q4/18	Q1/19
Operating Income	112	121	119
Net interest income	107	116	116
Net fee and commission income	1	2	1
Net income from fair value measurement	-	-11	-2
Net income from realisations	9	9	6
Net income from hedge accounting	-1	-	-1
Net other operating income	-4	5	-1
Net income from risk provisioning	4	-5	-1
General and administrative expenses	-44	-57	-46
Expenses from bank levies and similar dues	-21	-2	-21
Net income from write-downs and write-ups on non-financial assets	-3	-4	-4
Net income from restructuring	-	-9	1
Pre-tax profit	48	44	48
Income taxes	-9	-3	-8
Net income	39	41	40
<i>of which: allocated to ordinary shareholders</i>	39	37	36
<i>of which: allocated to AT1 investors¹</i>	-	4	4

RoE before tax ² (%)	6.7	5.5	6.0
RoE after tax ² (%)	5.4	5.1	4.9
CIR ³ (%)	42.0	50.4	42.0
EpS ² (€)	0.29	0.28	0.27

Key drivers Q1/19:

- NII up +8% y-o-y due to reduced funding costs and higher avg. strategic financing volume
- Fair value measurement mainly driven by pull-to-par, largely compensated by positive valuation effects mainly resulting from decreased interest rate levels
- Net income from realisations down y-o-y as prior year benefitted from higher realisation of fees and redemption of liabilities
- Other operating income includes FX effects and net additions to provisions
- Slight increase in risk provisioning y-o-y, due to changes in PD and macro-economic parameters
- GAE on low level in Q1, in line with previous years
- Bank levy of EUR 20 mn booked in Q1 + EUR 1 mn deposit protection scheme – no change to Q1/18

- RoE and EpS taking into account pro-rata AT 1 coupon (2018: € -12 mn; 2019: € -17 mn)

¹ € 300 mn AT1 bond issued in April 2018 ² Taking into account pro-rata AT1 coupon (2018: € 12 mn; 2019: € 17 mn) ³ CIR = (GAE + net income from write-downs and write-ups on non-financial assets) / operating income

Balance sheet

Specialist lender with attractive German Pfandbrief as major funding instrument



Balance sheet

IFRS, € bn

Assets	31/03/19	31/12/18	Liabilities & equity	31/03/19	31/12/18
Financial assets at fair value through P&L	1.4	1.7	Financial liabilities at fair value through P&L	1.0	0.9
thereof			thereof		
Positive fair values of stand-alone derivatives	0.7	0.7	Negative fair values of stand-alone derivatives	1.0	0.9
Debt securities	0.1	0.3	Financial liabilities measured at amortised cost	52.9	50.7
Loans and advances to customers	0.6	0.6	thereof		
Financial assets at fair value through OCI	2.0	2.0	Liabilities to other banks (incl. central banks)	4.5	3.9
thereof			thereof		
Debt securities	1.6	1.6	<i>Registered Mortgage Pfandbriefe</i>	0.3	0.2
Loans and advances to other banks	-	-	<i>Registered Public Pfandbriefe</i>	0.3	0.3
Loans and advances to customers	0.4	0.4	Liabilities to other customers	25.4	24.9
Financial assets at amortised cost (after credit loss allowances)	52.0	50.3	thereof		
thereof			<i>Registered Mortgage Pfandbriefe</i>	4.7	4.6
Debt securities	8.2	8.0	<i>Registered Public Pfandbriefe</i>	10.4	10.2
Loans and advances to other banks	2.5	2.2	Bearer Bonds	22.3	21.2
Loans and advances to customers	41.3	40.1	thereof		
Positive fair values of hedge accounting derivatives	2.4	2.2	<i>Mortgage Pfandbriefe</i>	12.8	12.4
Other assets	2.5	1.6	<i>Public Pfandbriefe</i>	5.0	4.7
			Subordinated liabilities	0.7	0.7
			Negative fair values of hedge accounting derivatives	2.7	2.5
			Other liabilities	0.4	0.4
			Equity (attributable to shareholders)	3.0	3.0
			AT1-capital	0.3	0.3
Total Assets	60.3	57.8	Total liabilities & equity	60.3	57.8

Share of Pfandbriefe of refinancing liabilities

63% / 64%

Note: Figures may not add up due to rounding

Income statement (€ mn)	2017	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19
Net interest income	407	107	113	114	116	450	116
Net fee and commission income	8	1	2	1	2	6	1
Net income from fair value measurement	-5	0	4	-2	-11	-9	-2
Net income from realisations	45	9	6	8	9	32	6
Net income from hedge accounting	-1	-1	-1	1	0	-1	-1
Net other operating income	-1	-4	-5	-3	5	-7	-1
Operating Income	453	112	119	119	121	471	119
Net income from risk provisioning	-10	4	4	-17	-5	-14	-1
General and administrative expenses	-199	-44	-44	-48	-57	-193	-46
Expenses from bank levies and similar dues	-28	-21	-1	-1	-2	-25	-21
Net income from write-downs and write-ups on non-financial assets	-14	-3	-4	-4	-4	-15	-4
Net income from restructuring	2	0	0	0	-9	-9	1
Pre-tax profit	204	48	74	49	44	215	48
Income taxes	-22	-9	-14	-10	-3	-36	-8
Net income	182	39	60	39	41	179	40
Key ratios (%)	2017	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19
CIR ¹	47.0	42.0	40.3	43.7	50.4	44.2	42.0
RoE before tax	7.3	6.7	9.5	6.3	5.5	7.1	6.0
RoE after tax	6.5	5.4	7.6	4.9	5.1	5.9	4.9
Balance sheet (€ bn)	12/17	03/18	06/18	09/18	12/18	12/18	03/19
Total assets	58.0	57.6	57.8	57.3	57.8	57.8	60.3
Equity	2.9	3.0	3.2	3.2	3.3	3.3	3.3
Financing volume	45.7	46.3	45.9	45.7	46.4	46.4	47.2
Regulatory capital ratios²	12/17	03/18	06/18	09/18	12/18	12/18	03/19
RWA (€ bn)	14.5	14.2	13.7	13.5	14.6	14.6	14.3
CET 1 ratio – phase in (%)	17.6	18.8 ⁴	19.4 ⁴	19.7 ⁴	18.5 ³	18.5 ³	18.8 ⁵
Personnel	12/17	03/18	06/18	09/18	12/18	12/18	03/19
Employees (FTE)	744	733	747	747	750	750	743

¹ CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income
⁵ Excl. interim result, post proposed dividend 2018

² fully-loaded

³ Incl. full-year result, post proposed dividend

⁴ Incl. interim result Q1/18, post max. calc. dividend acc. to ECB methodology

Key figures

Real Estate Finance (REF)



Income statement (€ mn)	2017 ³	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19
Net interest income	334	89	94	93	96	372	97
Net fee and commission income	9	1	2	2	1	6	1
Net income from fair value measurement	-	-	-4	-1	-3	-8	-
Net income from realisations	45	8	6	9	4	27	4
Net income from hedge accounting	-1	-1	-	-	-	-1	-1
Net other operating income	-19	-1	-5	-2	3	-5	-1
Operating Income	368	96	93	101	101	391	100
Net income from risk provisioning	-8	-	-1	-17	-4	-22	-2
General and administrative expenses	-158	-35	-35	-38	-46	-154	-37
Expenses from bank levies and similar dues	-15	-12	-	-1	-1	-14	-12
Net income from write-downs and write-ups on non-financial assets	-12	-2	-4	-3	-3	-12	-3
Net income from restructuring	2	-	-	-	-7	-7	1
Pre-tax profit	177	47	53	42	40	182	47

Key ratios (%)	2017	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19
CIR ¹	46.2	38.5	41.9	40.6	48.5	42.5	40.0
RoE before tax	15.4	14.5	14.5	11.4	10.8	12.9	13.1

Key figures (€ bn)	12/17	03/18	06/18	09/18	12/18	12/18	03/19
Equity ²	1.2	1.4	1.4	1.4	1.4	1.4	1.4
RWA	8,3	8.1	8.1	7.6	8.3	8.3	8.0
Financing volume	24.9	25.7	25.7	25.7	26.8	26.8	27.8

¹ CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income

² Equity now allocated according to going concern view instead of liquidation approach

³ Adjusted acc. to IFRS 8.29

Key figures

Public Investment Finance (PIF)



DEUTSCHE
PFANDBRIEFBANK

Income statement (€ mn)	2017 ³	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19
Net interest income	30	8	8	10	8	34	9
Net fee and commission income	-	-	-	-	1	1	-
Net income from fair value measurement	-2	-	-1	-1	-	-2	-
Net income from realisations	-	-	-	-	5	5	1
Net income from hedge accounting	-	-	-	-	-	-	-
Net other operating income	-2	-1	-	-	1	-	-
Operating Income	26	7	7	9	15	38	10
Net income from risk provisioning	-6	2	2	-	-	4	-
General and administrative expenses	-27	-6	-6	-7	-8	-27	-6
Expenses from bank levies and similar dues	-4	-3	-	-	-1	-4	-3
Net income from write-downs and write-ups on non-financial assets	-1	-1	-	-	-1	-2	-1
Net income from restructuring	-	-	-	-	-1	-1	-
Pre-tax profit	-12	-1	3	2	4	8	-

Key ratios (%)	2017	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19
CIR ¹	>100	100.0	85.7	77.8	60.0	76.3	70.0
RoE before tax	-8.0	-2.0	1.6	1.4	3.4	5.4	-0.6

Key figures (€ bn)	12/17	03/18	06/18	09/18	12/18	12/18	03/19
Equity ²	0.2	0.2	0.1	0.1	0.1	0.1	0.1
RWA	1.6	1.6	1.3	1.3	1.4	1.4	1.4
Financing volume	7.0	7.0	6.7	6.6	6.4	6.4	6.5

¹ CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income

² Equity now allocated according to going concern view instead of liquidation approach

³ Adjusted acc. to IFRS 8.29

Key figures

Value Portfolio (VP)



DEUTSCHE
PFANDBRIEFBANK

Income statement (€ mn)	2017 ³	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19
Net interest income	37	8	10	10	11	39	9
Net fee and commission income	-1	-	-	-1	-	-1	-
Net income from fair value measurement	-3	-	9	-	-8	1	-2
Net income from realisations	-	1	-	-1	-	-	1
Net income from hedge accounting	-	-	-1	1	-	-	-
Net other operating income	20	-2	1	-1	-	-2	-
Operating Income	53	7	19	8	3	37	8
Net income from risk provisioning	4	2	2	-	-	4	1
General and administrative expenses	-14	-3	-3	-3	-3	-12	-3
Expenses from bank levies and similar dues	-9	-6	-1	-	-	-7	-6
Net income from write-downs and write-ups on non-financial assets	-1	-	-	-1	-	-1	-
Net income from restructuring	-	-	-	-	-1	-1	-
Pre-tax profit	33	-	17	4	-1	20	0

Key ratios (%)	2017	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19
CIR ¹	28.3	42.9	15.8	50.0	100.0	35.1	37.5
RoE before tax	2.8	0.0	1.1	-0.3	-0.7	1.4	-0.6

Key figures (€ bn)	12/17	03/18	06/18	09/18	12/18	12/18	03/19
Equity ²	1.1	0.9	1.0	1.0	1.1	1.1	1.1
RWA	3.5	3.5	3.4	3.8	4.0	4.0	4.0
Financing volume	13.8	13.6	13.5	13.4	13.2	13.2	12.9

¹ CIR = (GAE + net income from write-downs and write-ups on non-financial assets)/operating income

² Equity now allocated according to going concern view instead of liquidation approach

³ Adjusted acc. to IFRS 8.29

Portfolio

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



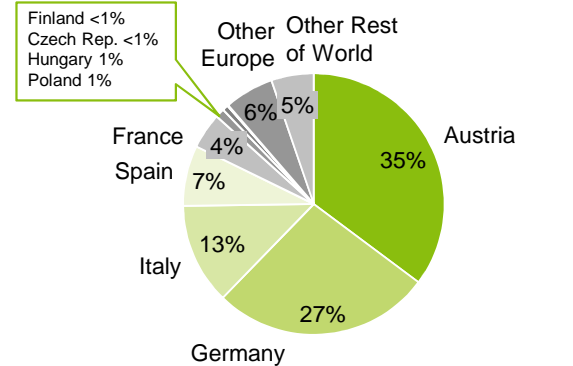
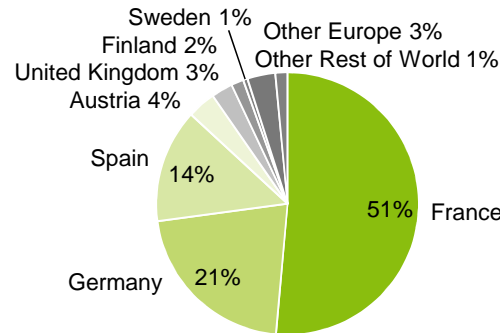
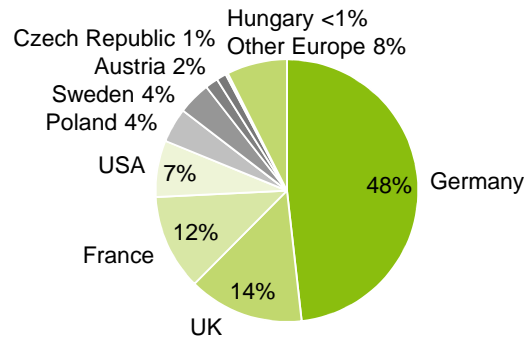
31/03/2019 (EaD, Basel III)

Real Estate Finance

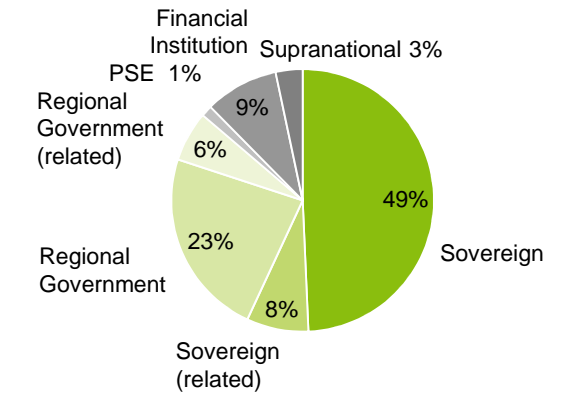
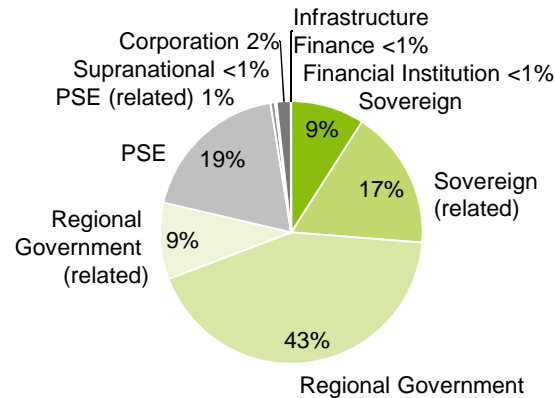
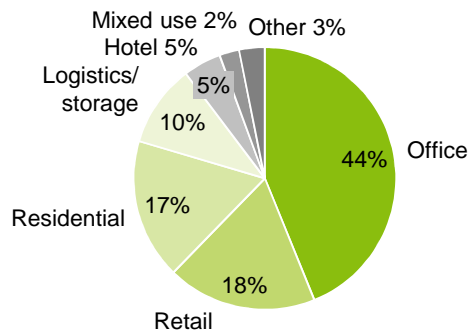
Public Investment Finance

Value Portfolio

by region



by property type / borrower classification¹



Vol.

€ 30.9 bn

€ 7.7 bn

€ 16.3 bn

Strategy

Strategic portfolio – moderate growth targeted

Strategic portfolio – in “hold” mode

Non-strategic portfolio – in run-down mode

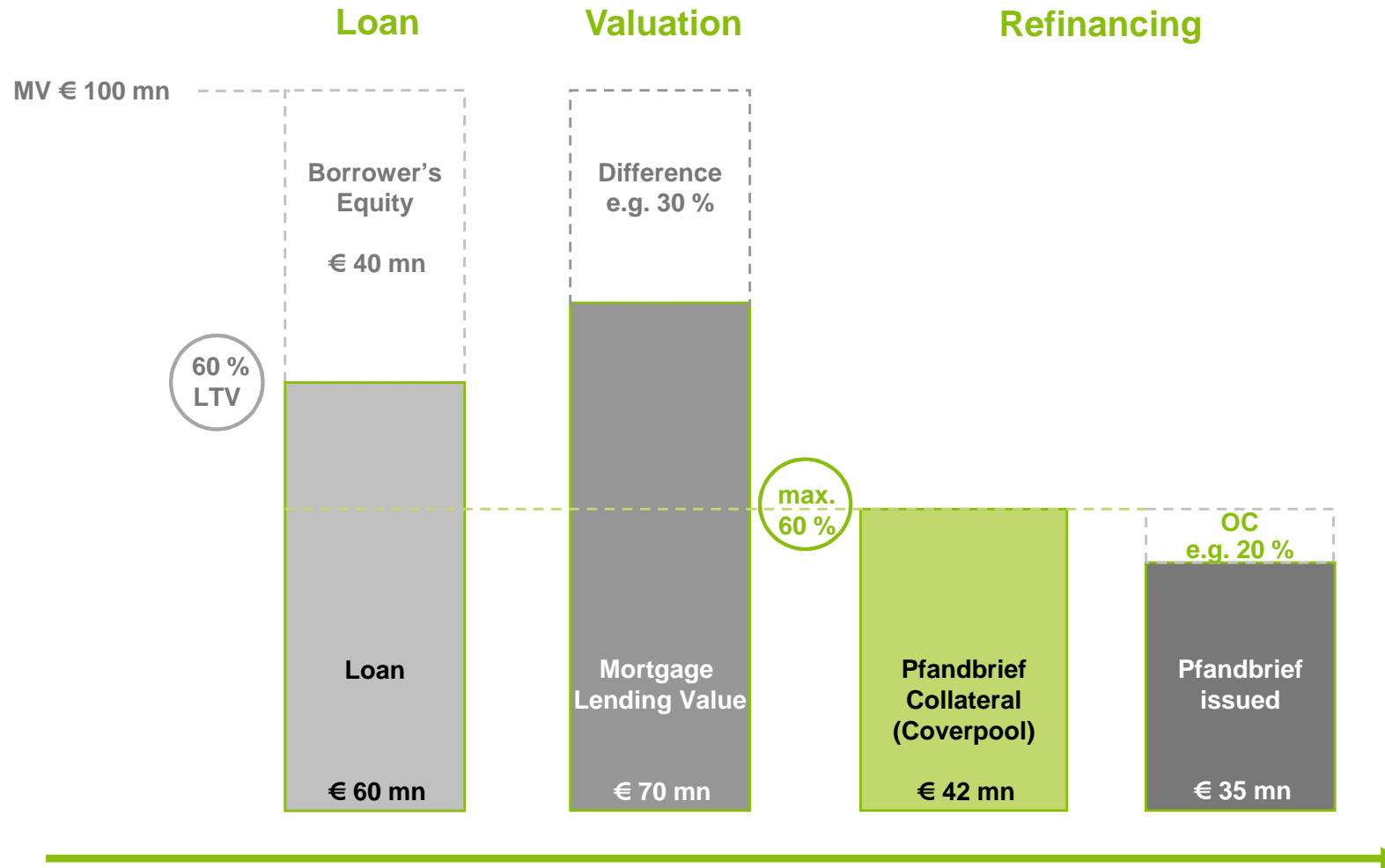
Note: Figures may not add up due to rounding 1 See appendix for definition of borrower classification

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

Funding

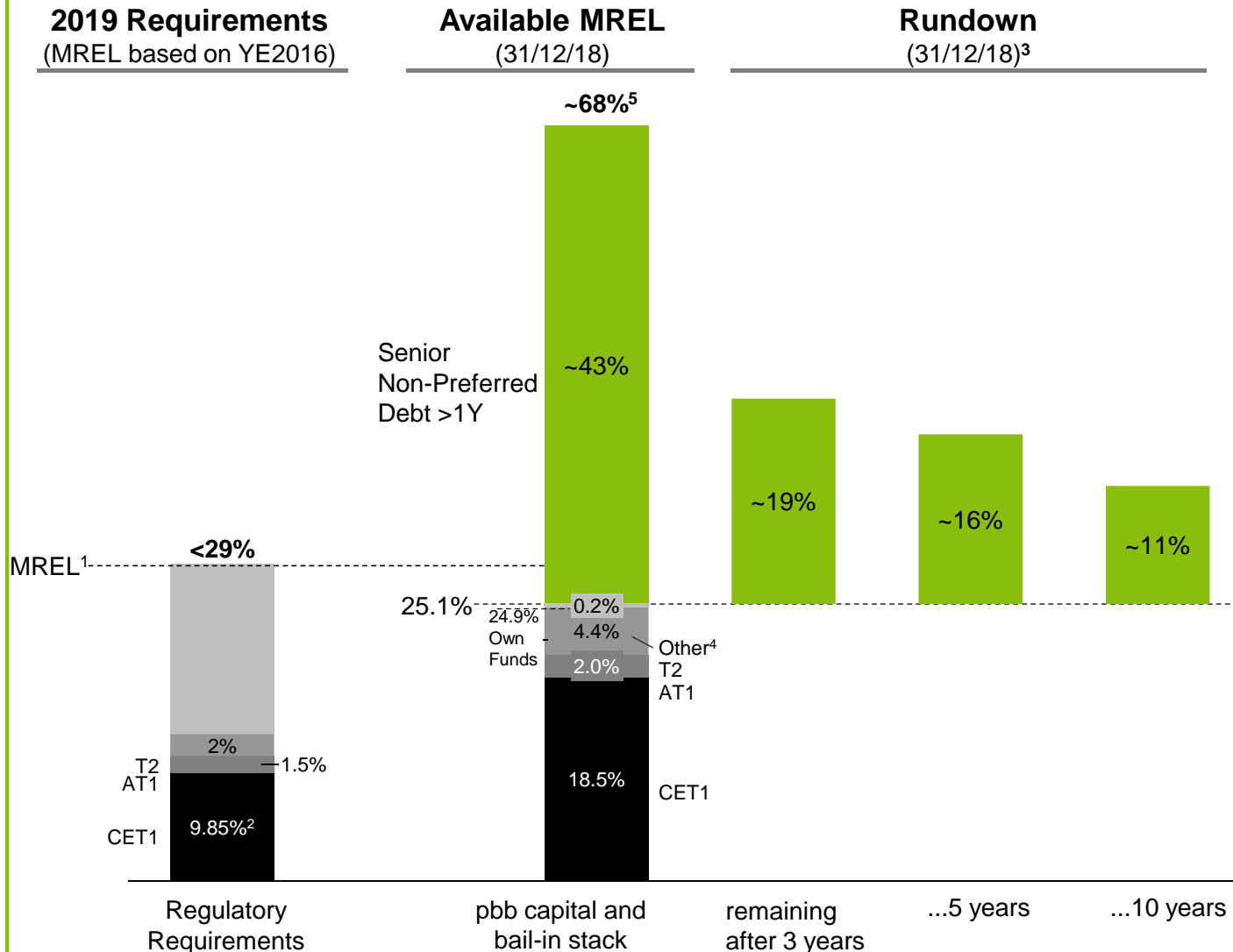
Pfandbrief funding – effect of the Mortgage Lending Value (very simplified example)



Funding

Significant MREL buffer allows for focus on Senior Preferred issues with higher rating and lower spreads

(in % of RWA, fully phased-in)



- Senior Preferred:
 - Expected to be the prevailing senior product in the near-term
 - Spread advantage vs. Senior Non-Preferred bonds

- Senior Non-Preferred will remain a core element of pbb's funding strategy going forward

1 MREL may vary; the 2018 MREL requirement is set as a percentage below 8% of Total Liabilities and Own Funds (TLOF) calculated on the basis of RWA as of 31 December 2016 (0.35%; actual as of 31.12.2018: 0.19%) 2 Incl. capital conservation buffer (2.5%) and anticipated countercyclical buffer (0.35%; actual as of 31.12.2018: 0.19%) 3 MREL-eligible Senior Non-Preferred Debt >1Y according to legal maturities; in % of RWA assuming constant regulatory RWA as of 31 December 2018; the capital stack includes € 300 mn AT1 issuance callable in 2023 and € 300 mn T2 issuance callable in 2022 4 T2 instruments no longer eligible for Own Funds but eligible for MREL 5 Due to amortization of SNP debt %-MREL approx. 8% points lower YE 2018.

Funding

Public benchmark issuances since 2016



DEUTSCHE
PFANDBRIEFBANK
Issue/Reoffer Price

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 bp	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 bp	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%
Mortgage Pfandbrief	A2GSLF	08/03/2018	15/03/2023	EUR 750 mn	-13 bp	0.25%	99.520%
Additional Tier 1	XS1808862657	12/04/2018	Perpetual	EUR 300 mn	+538 bp	5.75%	100.00%
Mortgage Pfandbrief (1 st Tap)	A2E4ZK	24/04/2018	04/12/2020	GBP 50 mn	+26 bp	1.00%	98.958%
Mortgage Pfandbrief	A2GSSL	15/05/2018	22/05/2024	EUR 500 mn	-9 bp	0.500%	99.912%
Mortgage Pfandbrief	A2GSLV	22/08/2018	30/08/2027	EUR 500 mn	-2 bp	0.625%	98.933%
Mortgage Pfandbrief	A2LQNH	19/09/2018	16/12/2021	GBP 300 mn	+32 bp ²	1.50%	99.802%
Mortgage Pfandbrief	A2LQNK	13/11/2018	22/11/2021	USD 600 mn	+35 bp ³	3.375%	99.603%
Mortgage Pfandbrief	A2LQNP	21/01/2019	28/01/2024	EUR 500 mn	+8 bp	0.25%	99.812%
Senior Preferred	A2LQNQ	31/01/2019	07/02/2023	EUR 500 mn	+80 bp	0.75%	99.679%
Mortgage Pfandbrief (1 st Tap)	A13SWE	31/01/2019	01/03/2022	EUR 100 mn	+2 bp	0.20%	100.74%
Public Sector Pfandbrief (1 st Tap)	A13SWG	05/02/2019	20/04/2035	EUR 100 mn	+17 bp	1.25%	99.476%
Mortgage Pfandbrief (1 st Tap)	A2GSSL	07/02/2019	22/05/2024	EUR 100 mn	-9 bp	0.50%	101.638%
Mortgage Pfandbrief (2 nd Tap)	A13SWE	04/03/2019	01/03/2022	EUR 100 mn	-3 bp	0.20%	100.81%
Public Sector Pfandbrief (2 nd Tap)	A13SWG	04/03/2019	20/04/2035	EUR 150 mn	+14 bp	1.25%	100.057%
Senior Preferred (1 st Tap)	A2LQNQ	06/03/2019	07/02/2023	EUR 250 mn	+72 bp	0.75%	100.004%

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

Mandated Ratings (12 March 2019)

Bank ratings	S&P	
Long-term	A-	
Outlook/Trend	Negative	
Short-term	A-2	
Stand-alone rating ¹	bbb	
Long Term Debt Ratings		
“Preferred” senior unsecured Debt ²	A-	
“Non-preferred” senior unsecured Debt ³	BBB-	
Subordinated Debt	BB+	
Pfandbrief ratings		Moody’s
Public Sector Pfandbrief		Aa1
Mortgage Pfandbrief		Aa1

Disclaimer:

The rating information published in this presentation and on our web site are a service for our investors. The information does not necessarily represent the opinion of Deutsche Pfandbriefbank AG. Ratings should not serve as a substitute for individual analysis. The information provided should not be seen as a recommendation to buy, hold or sell securities. Deutsche Pfandbriefbank AG does not assume any liability, including for the completeness, timeliness, accuracy and selection of such information, or for any potential damages which may occur in connection with this information.

The rating agencies may alter or withdraw their ratings at any time. The rating of an individual security issued by Deutsche Pfandbriefbank AG may differ from the ratings shown above or an individual security might not be rated at all. For the evaluation and usage of the rating information (including the rating reports), please refer to the respective rating agencies’ pertinent criteria and explanations, terms of use, copyrights and disclaimers, which are to be considered.

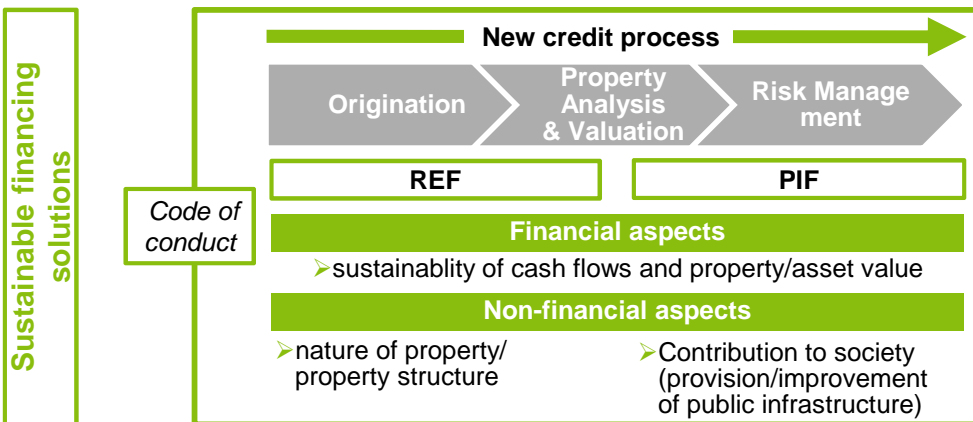
Note: The above list does not include all ratings 1 S&P: Stand-alone credit profile 2 S&P: "Senior Unsecured Debt" 3 S&P: "Senior Subordinated Debt"

CSR Concept

CSR structurally anchored in pbb – financial and non-financial aspects condition each other



- **General framework defined** by code of conduct, providing non-negotiable standards to all employees
- **CSR Committee implemented**
 - Direct Board Member responsibility
 - Comprising representatives from all relevant business areas
 - Taking decisions on CSR strategy
- **Non-financial report** published for the first time for financial year 2017 according to CSR Directive Implementation Act (CSR-Richtlinie-Umsetzungsgesetz)
 - In line with best practice
 - Audited with limited assurance by KPMG
- **Material topics and aspects** identified through **materiality analysis** for pbb



Material topics and aspects

Topics	Aspects	Main targets
Corporate Governance	▪ Compliance	<ul style="list-style-type: none"> ▪ Guarantee compliance with laws and regulations ▪ Avoid compliance related issues (e.g. money laundering, terrorist financing, corruption /bribery, data protection)
	▪ Human rights	<ul style="list-style-type: none"> ▪ Respect and comply with human rights throughout the whole value chain
Employee matters	▪ Remuneration and employee benefits	<ul style="list-style-type: none"> ▪ Guarantee a performance-related fair remuneration and employee benefits in line with the market
	▪ Working environment	<ul style="list-style-type: none"> ▪ Provide an attractive, modern, secure and healthy workplace with fair working conditions, promotion of the reconciliation of work and private life, assurance of involvement and co-determination)
	▪ Training and continuing professional development	<ul style="list-style-type: none"> ▪ Highly qualified employees through continuous training /professional development, knowledge management and securing new talent/employer attractiveness
Environment	▪ Mobility	<ul style="list-style-type: none"> ▪ Handle natural resources responsibly and make active contribution to climate protection by minimizing requirements for energy and raw materials, and to avoid environmental impacts – esp. with focus on travel and car policy
Industry-specific aspects	▪ Client orientation	<ul style="list-style-type: none"> ▪ Client satisfaction /loyalty and best possible fulfilment of client need's
	▪ Risk management	<ul style="list-style-type: none"> ▪ Minimize risks and loss potential
	▪ Sustainable financing solutions	<ul style="list-style-type: none"> ▪ Sustainability of cash-flows and property structure to secure loan repayment/ property value

External CSR Ratings

Actively supported ratings with oekom (“Prime”) and imug (“Positive BB”) reflect excellent standing and continuous improvement



oekom “Prime“ since initiation in 2012



2016



2017



2018 (Top 3 “Best of same Sector“)



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