

# Analyst Conference Call

## Results Q2/H1 2015

PUBLIC SECTOR FINANCE  
REAL ESTATE FINANCE

**pbb**

DEUTSCHE  
PFANDBRIEFBANK

Positive operating development continued in Q2  
– strong PBT of EUR 112 mn in H1 2015 (+35% y-o-y)

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Munich, 14 August 2015

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# Agenda

**1 Highlights Q2/H1 2015**

**2 Financials**

**3 Business units**

**4 Portfolio**

**5 Funding**

**6 Capitalisation**

**7 Key take-aways**

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## Highlights Q2/H1 2015

### Ongoing benefits from stringent execution of strategy

- ➔ Strong **pre-tax profit** of EUR 61 mn in Q2/15 (+36% y-o-y; Q2/14: EUR 45 mn) and EUR 112 mn in H1/15 (+35% y-o-y; H1/14: EUR 83 mn) resulting in H1/15 pre-tax RoE of 6.5%<sup>1</sup>
  - NII up +17% y-o-y, loan-loss provisions remain at low level (net EUR 5 mn release)
  - Operating cost base down by -21% y-o-y due to strict cost discipline
  - Net one-off effects nearly balanced: HETA effects in Q1 largely offset by one-off gains; positive one-offs in Q2 used to accelerate Value Portfolio run-down and for provisioning
  - Profit after tax of EUR 88 mn (only foreign tax and deferred taxes) corresponds to EpS of 0.65 € and RoE of 5.1%<sup>1</sup> in H1/15
- ➔ **New business** (incl. extensions >1 year) of EUR 3.2 bn marks a new Q2 record level (Q2/14: EUR 2.7 bn) and results in total volume of EUR 6.0 bn in H1/15 (H1/14: EUR 4.3 bn) – overall market environment remains favourable but strongly competitive
- ➔ **Strategic portfolio** growing (nominal: +8% ytd), whereas non-strategic Value Portfolio continues to run down (nominal: -10% ytd) supported by management measures
- ➔ Asset maturities and an adequate liquidity position allowed for reduced **funding activities** with new long-term funding of EUR 2.2 bn in H1/15 (H1/14: EUR 3.1 bn)
- ➔ Further improved **capitalisation** with a fully loaded CET1 ratio of 15.7% (Basel III)<sup>2</sup> – EUR 1 bn FMS silent participation redeemed as planned prior to IPO in July
- ➔ **IPO** successfully launched on 16 July with 80% free float and primarily long-term oriented shareholder base

<sup>1</sup> Incl. EUR 1 bn silent participation of Sonderfonds Finanzmarktstabilisierung (FMS), which has been redeemed on 6 July 2015. <sup>2</sup> The regulatory capital ratio stated are calculated on an unaudited pro-forma basis. According to the 'Waiver Rule' regulated in Article 7 CRR, Deutsche Pfandbriefbank AG, being a subsidiary of Hypo Real Estate Holding AG as of 30/06/2015, was exempt from calculating the CET1 capital ratio and the other relevant regulatory capital ratios on sub-group level.

# Highlights Q2/H1 2015

## Positive operating development continued

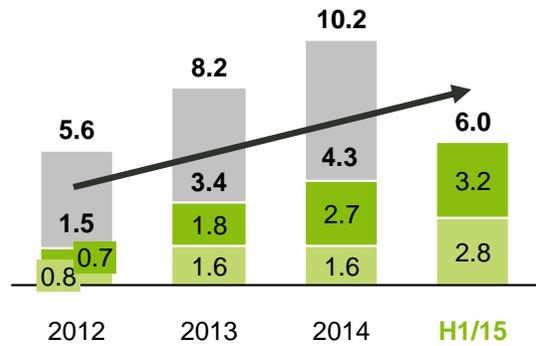


### Business volume development | Income statement development

#### New business

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

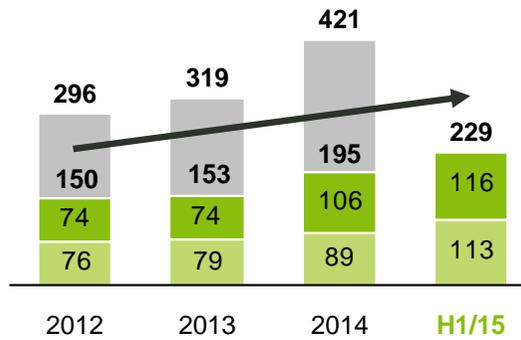
Q2  
Q1



#### Net interest and similar income

EUR millions (IFRS)

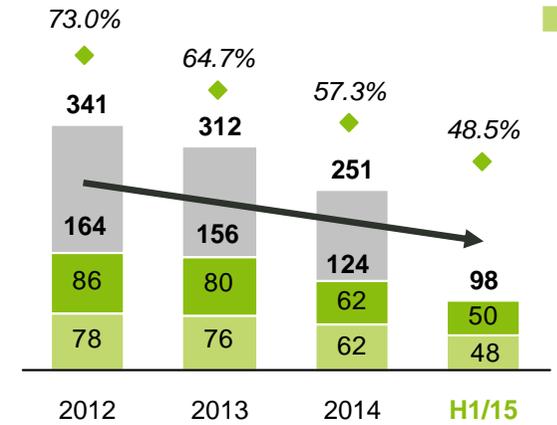
Q2  
Q1



#### General and administrative expenses

EUR millions (IFRS)

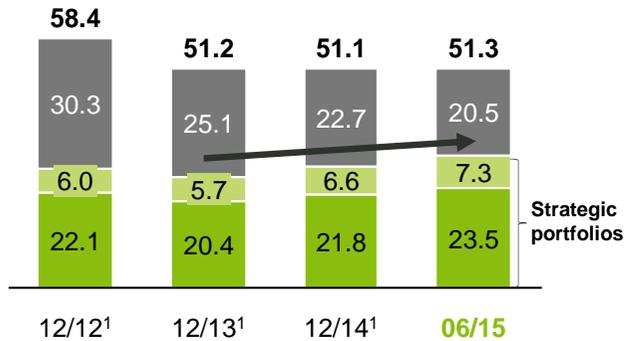
CIR  
Q2  
Q1



#### Portfolio

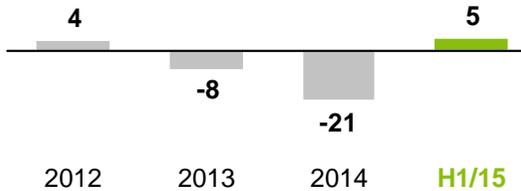
EUR billions (Financing volumes)

VP PIF REF



#### Loan-loss provisions

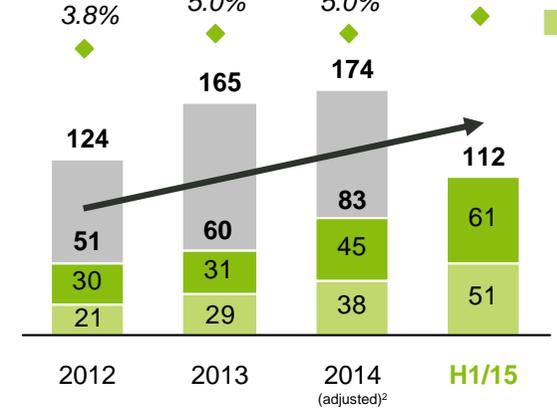
EUR millions (IFRS)



#### Pre-tax profit/RoE

EUR millions (IFRS)

RoE<sup>3</sup>  
Q2  
Q1



Note: Figures may not add up due to rounding. 1 Restated; figures retrospectively adjusted for transfer of Italian PIF portfolio into VP (as of 01/01/15) HETA exposure. 3 Incl. EUR 1 bn silent participation of Sonderfonds Finanzmarktstabilisierung (FMS), which has been redeemed on 6 July 2015

2 Adjusted for EUR -120 mn extraordinary effects from value adjustments on

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## Income statement

Net interest income benefiting from strategic portfolio growth, which more than compensates for run-down of the lower yielding non-strategic Value Portfolio

### Income from lending business

EUR millions

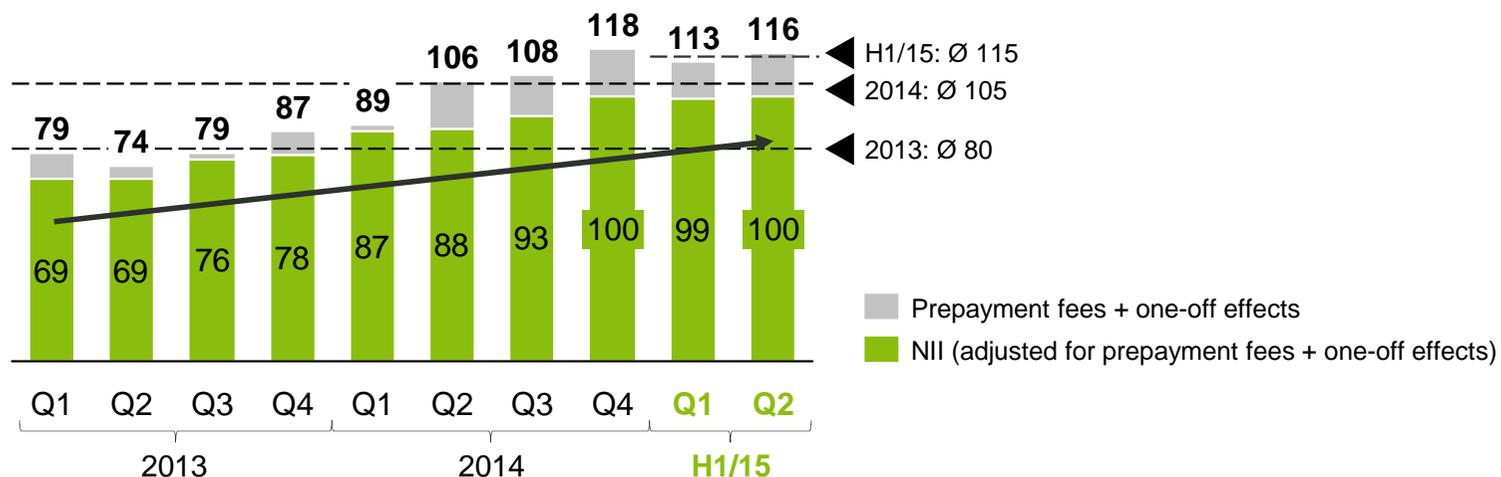
	H1/14	H1/15
Net interest and similar income	195	229
<i>thereof: Prepayment fees</i>	20	6
<i>One-off effects</i>	-	24
Net fee and commission income	-	9

#### Key drivers H1/15:

- NII driven by strategic portfolio growth and an overall increased portfolio margin as well as the following major one-offs:
  - EUR 15 mn gain from sale of a promissory note (Q1/15)
  - EUR 12 mn gain from release of cash-flow hedge reserve due to retrospective hedge inefficiency (Q2/15)
  - Adjusted for prepayment fees and one-off effects, NII up +14% y-o-y
- NCI benefited from a deferred back-end fee in Q1/15 (EUR 5 mn)

### Net interest and similar income

EUR millions



## Income statement

### Loan-loss provisions continue to benefit from portfolio-based releases

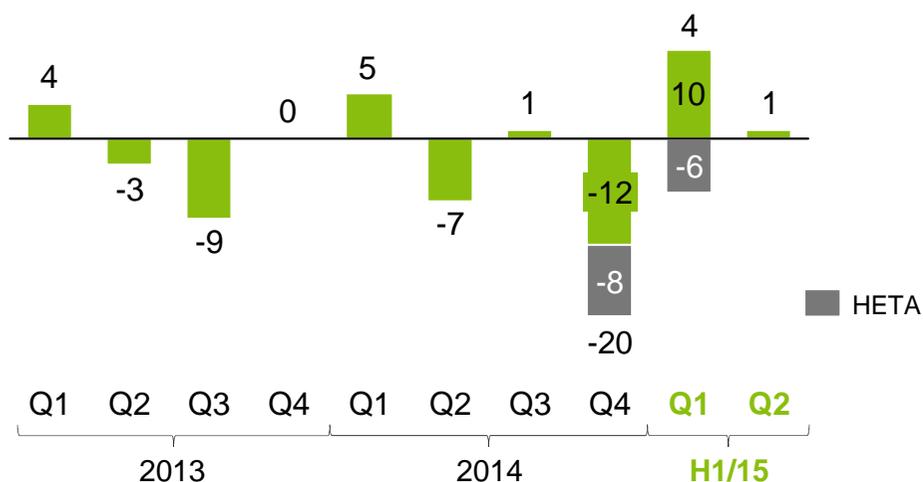
### Loan-loss provisions: Income statement

EUR millions

	H1/14	H1/15
Specific allowances	-13	-7
<i>Additions</i>	-19	-12
<i>thereof: HETA</i>	-	-6
<i>Releases</i>	6	5
Portfolio-based allowances	6	10
Other allowances	-	1
Recoveries from write-offs	5	1
<b>Total</b>	<b>-2</b>	<b>5</b>

#### Key drivers H1/15:

- EUR 5 mn release of LLPs mainly benefited from net release of portfolio-based allowances (EUR 10 mn), which more than compensated for net additions of specific allowances (EUR -7 mn, thereof EUR -6 mn referring to HETA)
- Apart from favourable market environment, low level of LLPs reflects conservative business approach
  - 96% of portfolio investment-grade<sup>1</sup>
  - 59% avg. LTV in REF portfolio
  - 1.4% share of problem loans in total portfolio
  - However, planning provides for higher provisions



<sup>1</sup> Based on internal ratings (EL classes): EL classes 1-8 = Investment grade; EL classes 9-18 = Non-investment grade

## Income statement

### Income/expenses from financial instruments primarily driven by derivative valuation and one-off effects

### Income/expenses from financial instruments

EUR millions

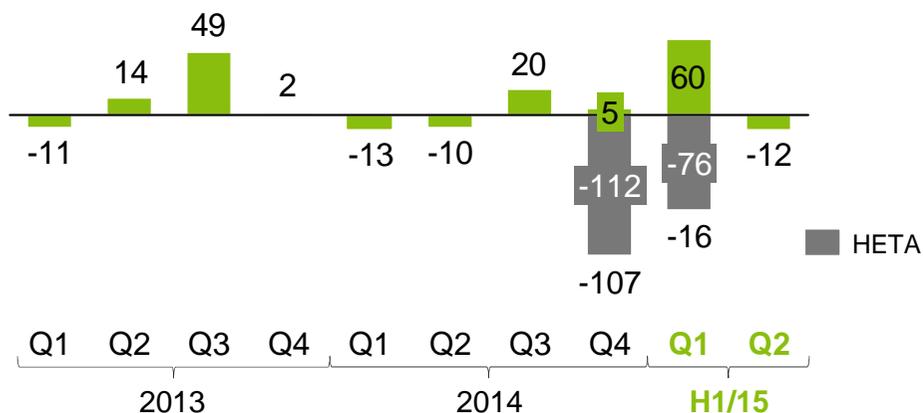
	H1/14	H1/15
Net trading income	-18	7
<i>thereof: HETA</i>	-	-3
Net income from financial investments	1	-37
<i>thereof: HETA</i>	-	-73
<i>Other one-off effects</i>	3	37
Net income from hedging relationships	-6	2
<b>Total</b>	<b>-23</b>	<b>-28</b>
<i>thereof: HETA</i>	-	-76

#### Key drivers H1/15:

- NTI positively driven by
    - derivative valuation (EUR 13 mn; H1/14: EUR -3 mn) and
    - bCVA effects (EUR 2 mn; H1/14: EUR -5 mn)
 which more than compensated for negative effects:
    - pull-to-par effects from positive derivative fair values (EUR -8 mn; H1/14: EUR -12 mn) and
    - hedge breakage costs in relation to HETA (Q1/15: EUR -3 mn)
  
  - NFI burdened by EUR -73 mn HETA valuation adjustments in Q1/15, which were partly offset by a EUR 55 mn gain from sale of a bond
- In addition, EUR -23 mn burden from sale of non-strategic assets out of the Value Portfolio in Q2/15, but with significant RWA relief

### Total result from financial instruments

EUR millions



## Income statement

### Operating cost base further reduced due to strict cost containment

### Income/expenses from further business activities

EUR millions

	H1/14	H1/15
Net other operating income/expenses	31	-8
<i>thereof: IT services DEPFA</i>	18	-
<i>Bank levy</i>	-	-25
<i>Other one-off effects</i>	-2	2
Net miscellaneous income/expenses	6	3

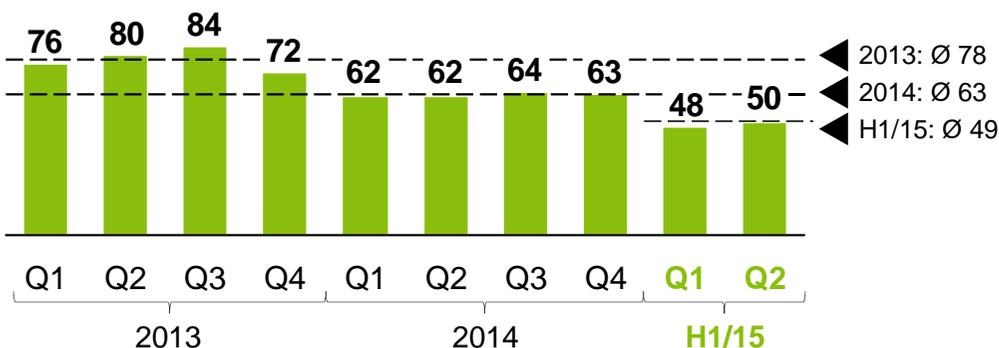
#### Key drivers H1/15:

- IT services for DEPFA terminated
- Bank levy adjusted on changed best estimate for European bank levy by EUR -3 mn in Q2/15 (Q1/15: EUR -22 mn) – final parameters not fix
- Other one-off effects include a EUR 39 mn gain from sale of a successfully restructured property in Japan, which nearly compensated for legal provisions

### General and administrative expenses

EUR millions

	H1/14	H1/15
General admin. expenses	-124	-98
<i>CIR (%)</i>	61.1	48.5



#### Key drivers H1/15:

- Operating cost base reduced by -21% y-o-y, mainly reflecting
  - strict cost discipline
  - lower expenses for IT (IT services for DEPFA terminated) and professional services (less projects)
  - GAE below plan, but some catch-up in later quarters likely

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# Real Estate Finance (REF)

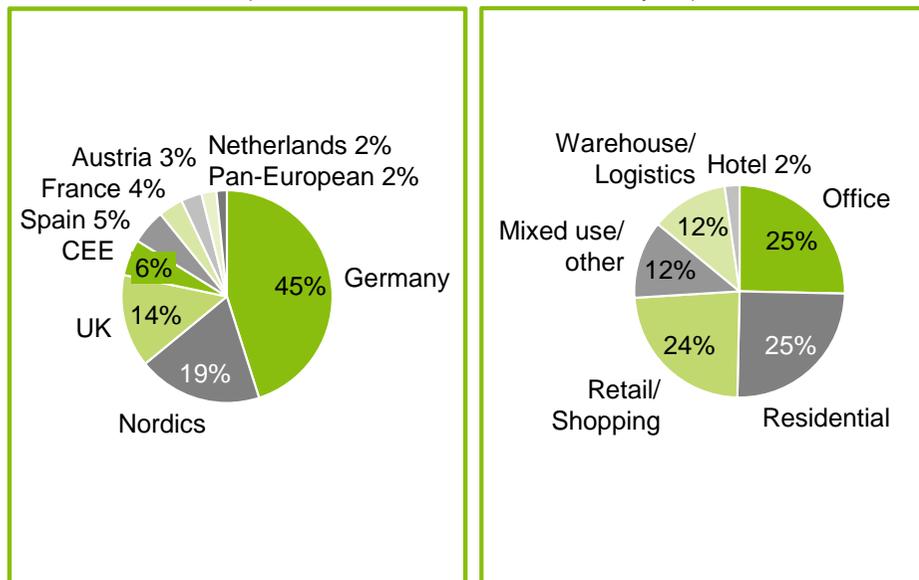
## Net interest income with continued positive trend



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### New business: Regions/property types

H1/15: EUR 5.2 bn (commitments, incl. extensions >1 year)



New business (incl. extensions >1 year)	2014	H1/15
Volume (EUR bn, commitments)	9.0	5.2
<i>thereof: Extensions &gt;1 year</i>	2.1	1.6
No. of deals	161	78
Average maturity <sub>(legal maturity)</sub> (years)	~5.1	~5.4
Average LTV <sub>(New commitments)</sub> <sup>1</sup> (%)	64	64
Average gross margin (bp)	>200	>170
Income statement (IFRS, EUR mn)	H1/14	H1/15
Operating income	148	206
<i>thereof: Net interest and similar income</i>	149	158
Loan-loss provisions	-2	11
General administrative expenses	-77	-75
<b>Pre-tax profit</b>	<b>73</b>	<b>145</b>
Key indicators	2014	H1/15
CIR (%)	56.7	36.4
RoE before tax (%)	14.2	39.7
Equity (EUR bn, excl. revaluation reserve)	0.7	0.8
RWA (EUR bn)	7.2	6.7
Financing volume (EUR bn, nominal)	21.8	23.5

Note: Figures 2014 restated acc. to IFRS 8.29; figures retrospectively adjusted for change in segmental equity allocation (as of 01/01/15).

### Key drivers H1/15:

- Markets remain strongly competitive, but declined avg. gross margin also reflects different business mix
  - Regions: e.g. Nordics 19% (2014: 7%)
  - Property types: e.g. Residential 25% (2014: 14%)
  - However, avg. gross margin kept at >170 bp in Q2/15 (Q1/15: >170 bp)
- Operating income driven by increased NII and supported by the following main effects:
  - EUR 2 mn net allocated one-offs<sup>2</sup>
  - EUR 5 mn deferred back-end fee
  - EUR 39 mn gain from sale of a successfully restructured property in Japan
  - EUR -12 mn allocated bank levy
- LLPs positive due to net releases of portfolio-based allowances – net additions to specific allowances (EUR -1 mn; H1/14: EUR -13 mn) resulted only out of a few single cases
- GAE slightly down due to lower non-personnel costs

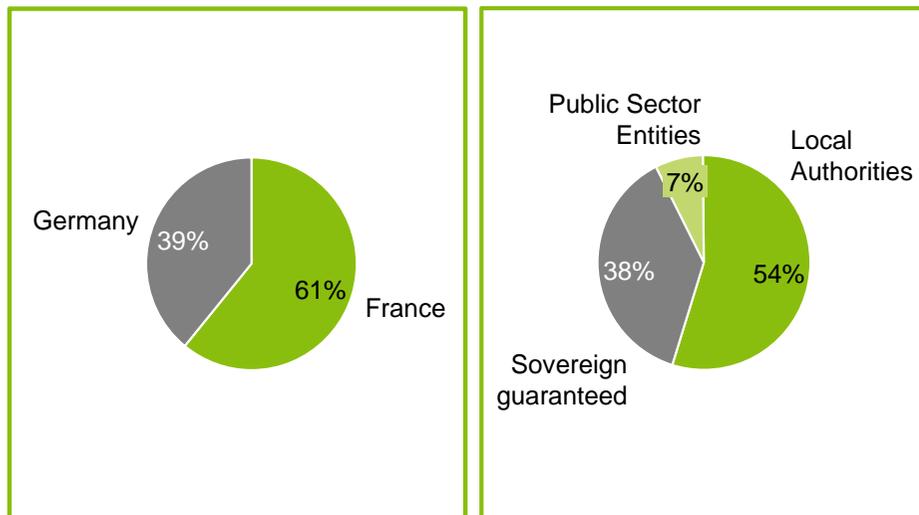
Note: Figures may not add up due to rounding    1 Avg. LTV (extensions): 57% (H1/15); 65% (2014)    2 Incl. gain from release of cash-flow hedge reserve, gain from sale of assets, legal provisions

## Public Investment Finance (PIF)

Profitability picking up, benefiting from a growing portfolio and increasing average portfolio margin

### New business: Regions/counterparty types

H1/15: EUR 0.8 billions (commitments)



New business (incl. extensions >1 year)	2014	H1/15
Volume (EUR bn, commitments)	1.2	0.8
No. of deals	42	15
Average maturity <sub>(WAL)</sub> (years)	~6.7	~7.9
Average gross margin (bp)	>75	>65
Income statement (IFRS, EUR mn)	H1/14	H1/15
Operating income	15	22
<i>thereof: Net interest and similar income</i>	17	22
Loan-loss provisions	-	-
General administrative expenses	-15	-13
<b>Pre-tax profit</b>	<b>1</b>	<b>9</b>
Key indicators	2014	H1/15
CIR (%)	88.6	59.1
RoE before tax (%)	0.9	4.8
Equity (EUR bn, excl. revaluation reserve)	0.5	0.3
RWA (EUR bn)	1.3	1.2
Financing volume (EUR bn, nominal)	6.6	7.3

Note: 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 drivers H1/15:

- Avg. gross margin slightly down, mainly reflecting the business mix with deals only in
  - France 61% (2014: 44%) and
  - Germany 39% (2014: 43%)
  - 2014: Nordics (7%), Spain (4%), UK (1%)
- Profitability picking up, benefiting from a growing portfolio and increasing average portfolio margin
- Operating income includes EUR -4 mn burden from allocated bank levy; allocated one-offs<sup>1</sup> even out

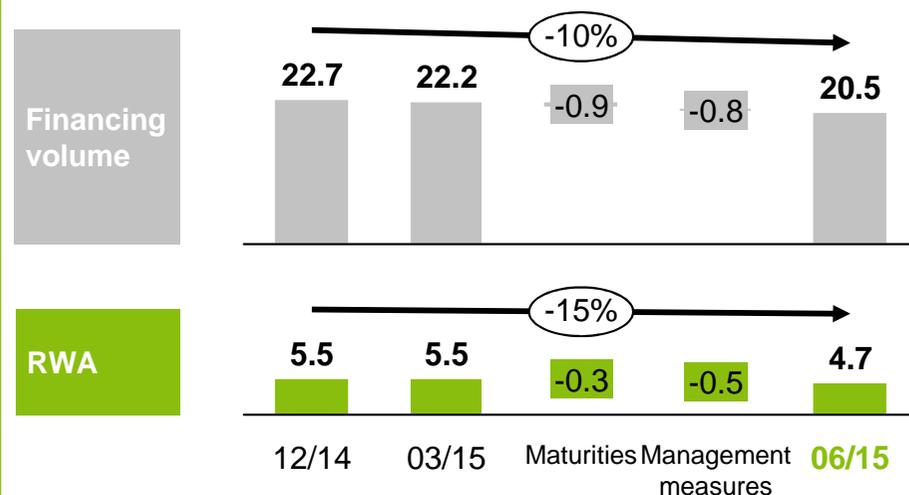
Note: Figures may not add up due to rounding 1 Incl. gain from release of cash-flow hedge reserve, gain from sale of assets, legal provisions

## Value Portfolio (VP)

Management measures support run-down of Value Portfolio with significant additional RWA relief

### Value Portfolio: Development

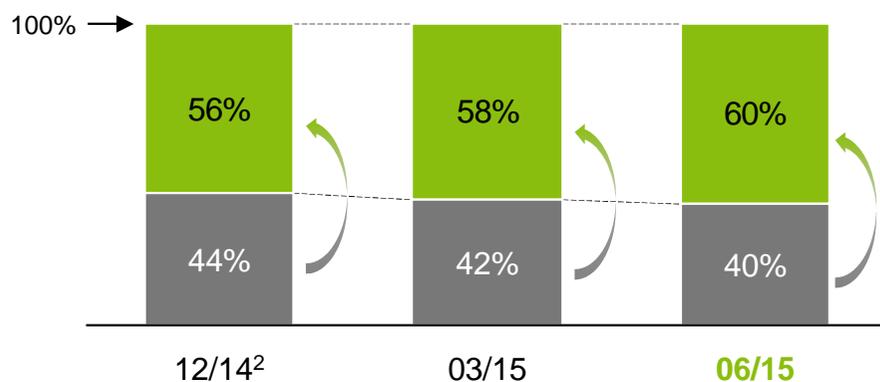
EUR billions (Financing volumes)<sup>1</sup>



### Total portfolio: Development

% (Financing volumes)<sup>1</sup>

■ Strategic portfolio (REF+PIF)  
 ■ Non-strategic portfolio (VP)



Income statement (IFRS, EUR mn)	H1/14	H1/15
Operating income	39	-28
<i>thereof: Net interest and similar income</i>	27	47
Loan-loss provisions	-	-6
General administrative expenses	-32	-10
<b>Pre-tax profit/loss</b>	<b>8</b>	<b>-44</b>
Key indicators	2014	H1/15
CIR (%)	>100.0	>100.0
RoE before tax (%)	-3.5	-4.5
Equity (EUR bn, excl. revaluation reserve)	1.8	1.8
RWA (EUR bn)	5.5	4.7
Financing volume (EUR bn, nominal)	22.7	20.5

Note: 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 drivers H1/15:

- EUR -80 mn burden from HETA in Q1/15 only partly offset gains from sale of assets:
  - EUR 15 mn gain from sale of promissory note
  - EUR 38 mn allocated gain from sale of a bond
- Further major effects:
  - EUR -11 mn net allocated one-offs<sup>3</sup>
  - EUR -10 mn burden from allocated bank levy
  - EUR -23 mn burden from sale of non-strategic assets (nominal: -0.8 bn) out of the Value Portfolio in Q2/15 with significant RWA relief (EUR -0.5 bn)
- IT services for DEPFA terminated – in H1/14 EUR 18 mn income, but also related operating costs

Note: Figures may not add up due to rounding. <sup>1</sup> Excl. FMS-WM guaranteed exposure. <sup>2</sup> Restated; figures retrospectively adjusted for transfer of Italian PIF portfolio (nominal: EUR 1.3 bn; RWA: EUR 1.1 bn) into VP (as of 01/01/15). <sup>3</sup> Incl. gain from release of cash-flow hedge reserve, gain from sale of assets, legal provisions

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# Portfolio

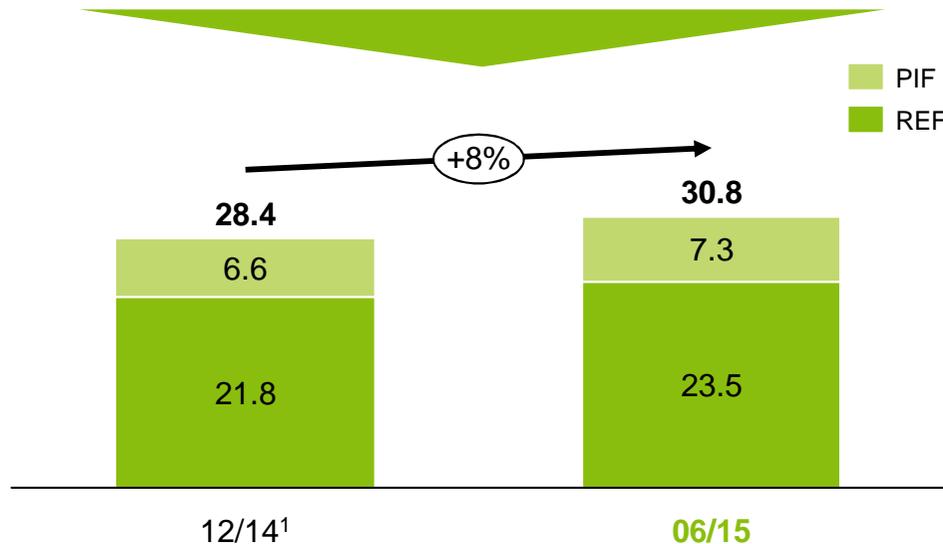
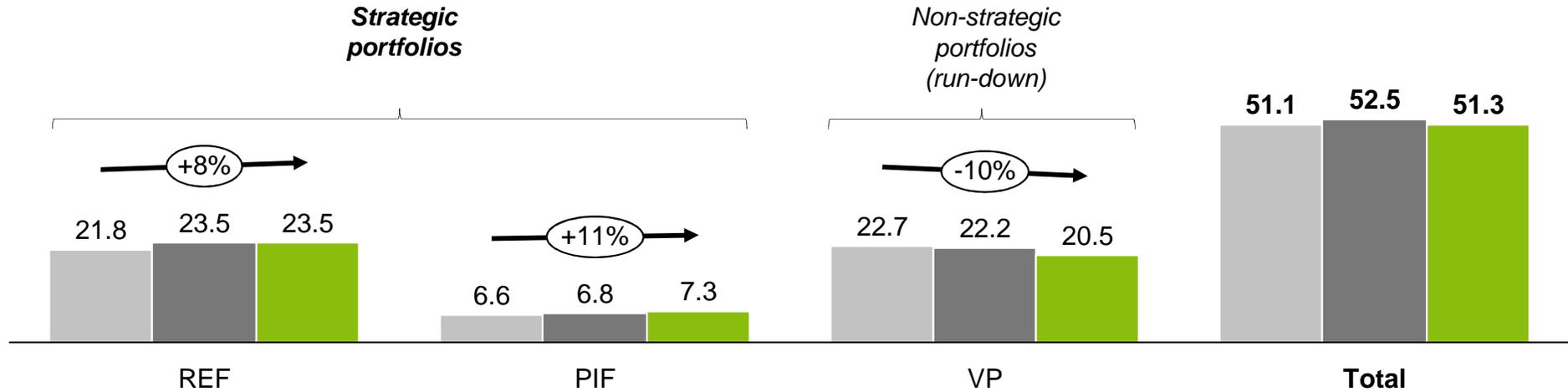
Strategic portfolio increased on the basis of strong new business – non-strategic Value Portfolio continues to run down, supported by management measures



## Total portfolio

EUR billions (Financing volumes)

12/14<sup>1</sup> 03/15 06/15



### Key drivers H1/15:

- As of 01/01/15, Italian PIF portfolio transferred into VP as Italy is no longer in strategic focus (Rome office has been closed) – prior year figures have been adjusted accordingly
- Strategic portfolio increased on the basis of strong new business
- Non-strategic Value Portfolio continues to run down, supported by management measures in Q2/15

Note: Figures may not add up due to rounding 1 Restated; figures retrospectively adjusted for transfer of Italian PIF portfolio (EUR 1.5 bn) into VP (as of 01/01/15)

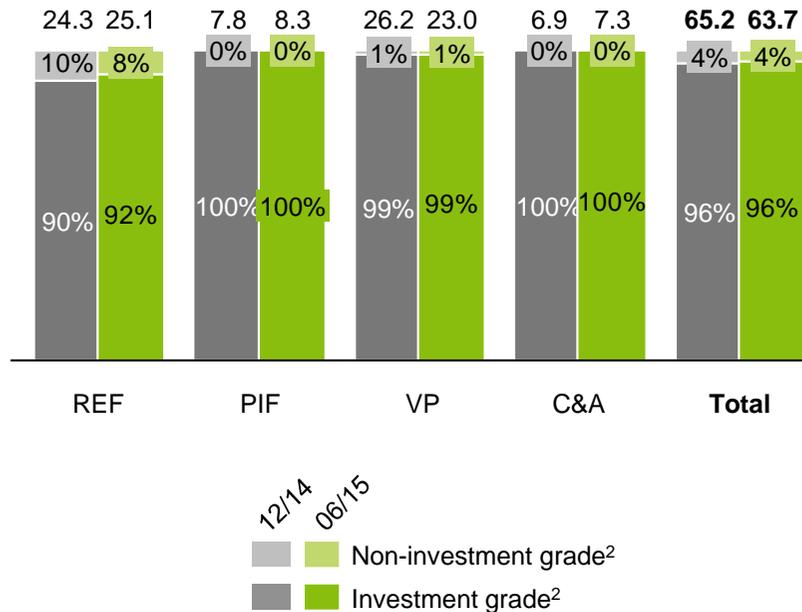
# Portfolio

## Sustained sound risk profile



### Total portfolio: Internal ratings (EL classes)

EUR billions (EaD, Basel III)<sup>1</sup>

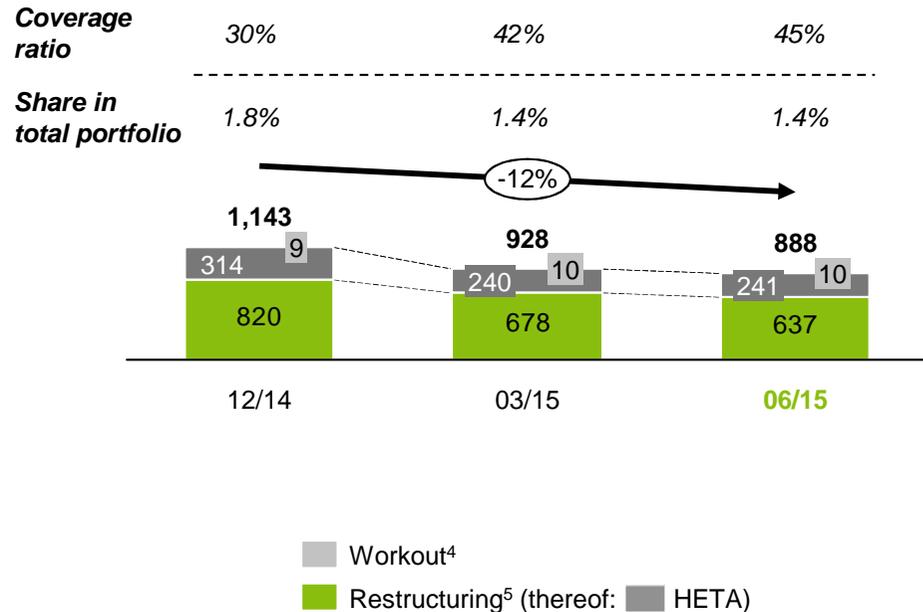


#### Key drivers H1/15:

- High portfolio quality continuously reflected in sound risk profile with investment grade share of 96% (03/15: 97%; 12/14: 96%)<sup>2</sup>

### Total problem loans

EUR millions (EaD, Basel III)<sup>3</sup>



#### Key drivers H1/15:

- Total problem loans further down (REF: EUR 645 mn; PIF: 'nil'; VP: EUR 243 mn)
- Coverage ratio does not take into account additional collateral (Total: 45%; REF: 33%; VP: 54%) – incl. additional collateral, REF coverage ratio at rd. 100%

Note: Figures may not add up due to rounding <sup>1</sup> Excl. FMS-WM guaranteed exposure <sup>2</sup> EL classes 1-8 = Investment grade; EL classes 9-18 = Non-investment grade <sup>3</sup> In addition, EUR 1 mn in C&A (03/15: EUR 1 mn; 12/14: EUR 1 mn) <sup>4</sup> PD class 30: No signs that the deal will recover soon, compulsory measures necessary <sup>5</sup> PD class 28+29: Payments more than 90 days overdue or criteria acc. to respective policy apply

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# Funding

New long-term funding activities reduced on the basis of asset maturities and an adequate liquidity position

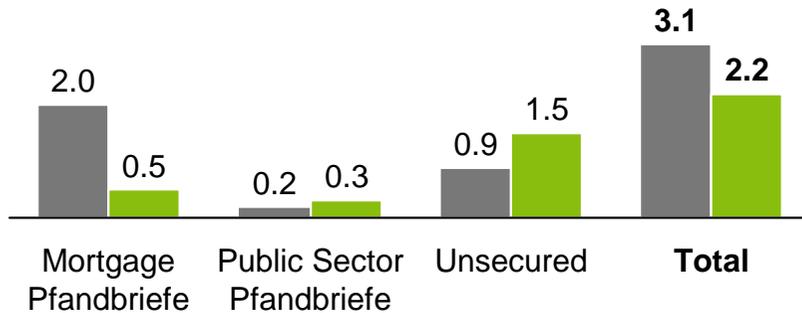


## New long-term funding

EUR billions<sup>1</sup>

∅ Spread (bps vs. 3mE)	26	10	29	12	82	83
∅ Tenor (yrs)	8.1	23.7	19.4	6.4	5.4	4.4

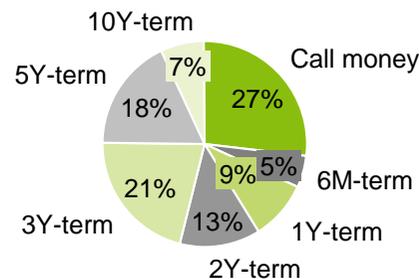
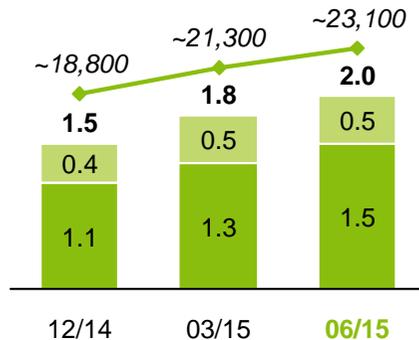
■ H1/14  
■ H1/15



## Retail deposits: Total volume

EUR billions

◆ No. of clients<sup>2</sup>  
■ Overnight deposits  
■ Term deposits



## Pfandbriefe

- No benchmark issuance in H1/15 - focus on optimisation and re-balancing of cover pools
- In July, 5yr mortgage Pfandbrief in benchmark format successfully issued at -14 bp spread vs. mid-swap

## Senior Unsecured

- EUR 500 mn (01/2017) benchmark issuance + one EUR 200 mn tap (09/2019)

## pbb direkt

- Number of clients and total volume continued to increase
- Original weighted avg. maturity of term deposits further up to 3.6 years (03/15: 3.4 yrs; 12/14: 3.1 yrs); 5y- and 10y- term deposits accounting for 25% (03/15: 24%; 12/14: 18%) of total deposits

## Funding structure and liquidity

- Well matched ALM profile and adequate liquidity position
- NSFR: >100% (ex SP: >100%)
- LCR: >200% (ex SP: >150%)

Note: Figures may not add up due to rounding 1 Excl. money market and deposit business 2 Only accounts with money inflow, excluding terminated accounts

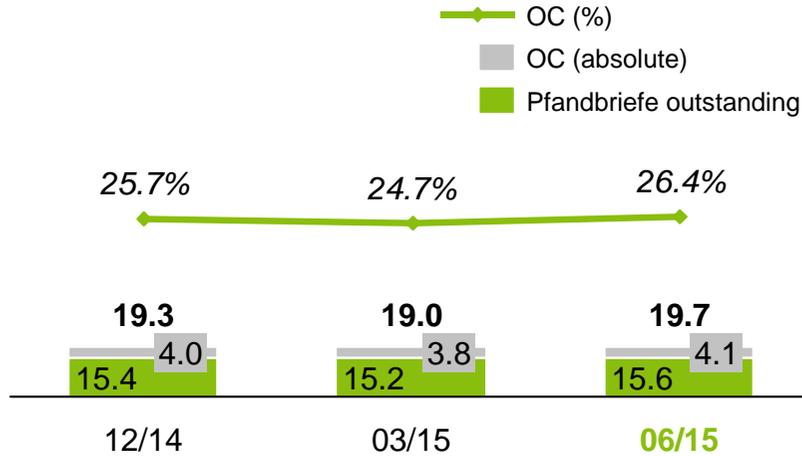
# Funding

Focus on optimisation and re-balancing of cover pools – cover pools managed on comfortable OC levels

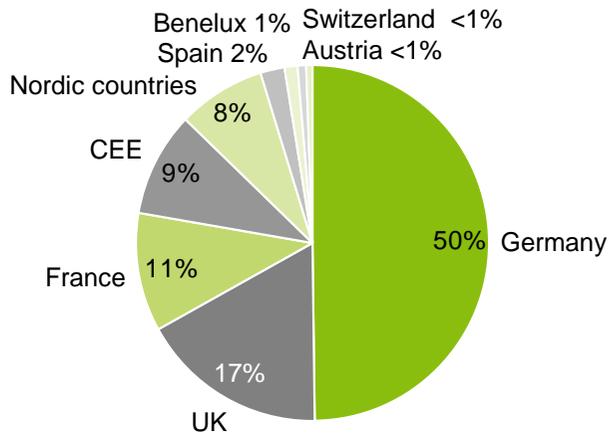


## Mortgage Cover Pool: Total cover funds

EUR billions (Nominal)

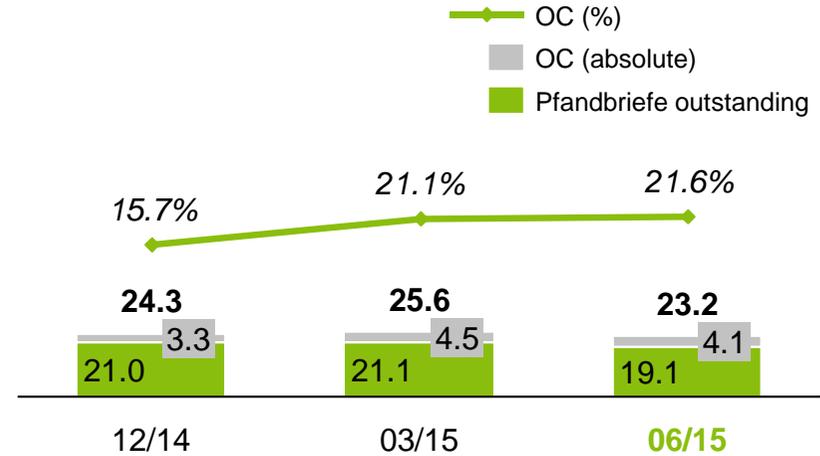


30/06/2015<sup>1</sup>

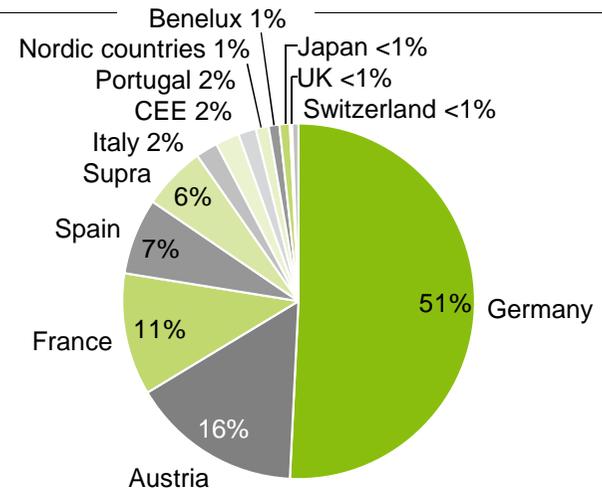


## Public Sector Cover Pool: Total cover funds

EUR billions (Nominal)



30/06/2015



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

# Agenda

**1 Highlights Q2/H1 2015**

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**3 Business units**

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**6 Capitalisation**

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**Contact details**

# Capitalisation

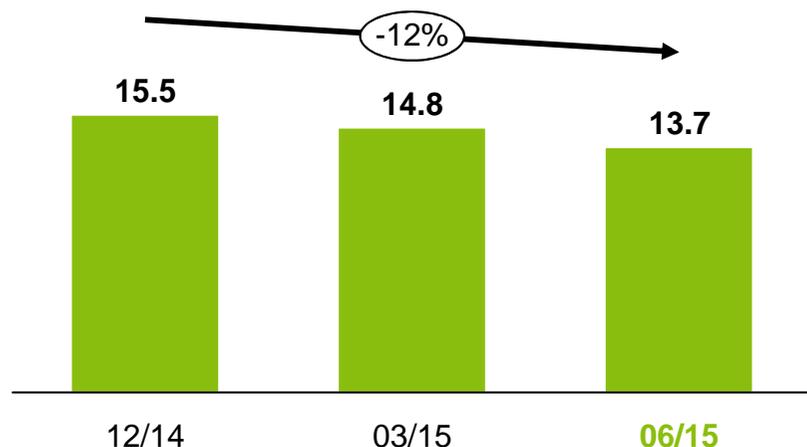
## pbb with strong capital ratios under Basel III

The regulatory capital ratios stated are calculated on an unaudited pro-forma basis. According to the 'Waiver Rule' regulated in Article 7 CRR, Deutsche Pfandbriefbank AG, being a subsidiary of Hypo Real Estate Holding AG as of 30/06/2015, was exempt from calculating the CET1 capital ratio and the other relevant regulatory capital ratios on sub-group level<sup>1</sup>



### Basel III: RWA

EUR billions (IFRS)<sup>2</sup>



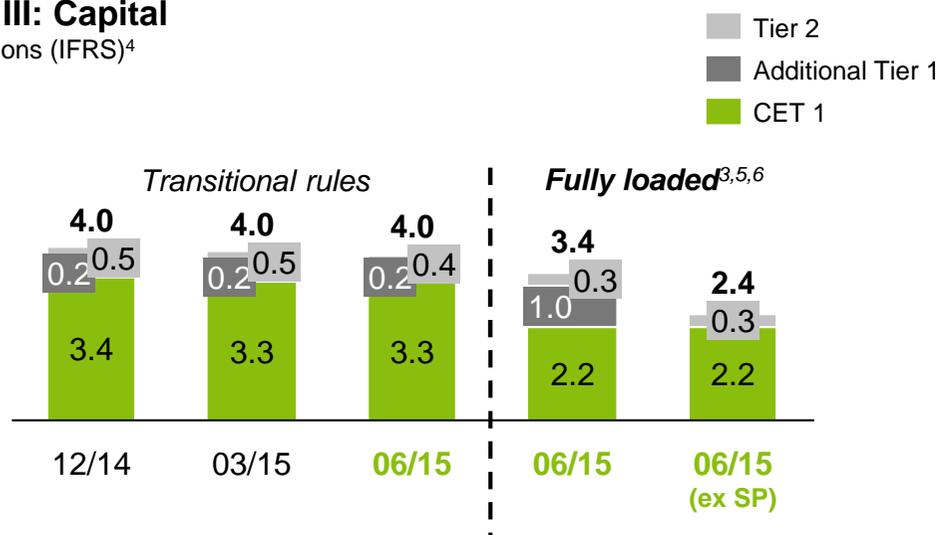
### Basel III: Capital ratios

% (IFRS)<sup>4</sup>

in %	Transitional rules			Fully loaded <sup>3,5,6</sup>		
	12/14	03/15	06/15	06/15	06/15 (ex SP)	Mid-term targets
CET 1	21.7	22.5	24.4	15.7	15.7	>12.5
Tier 1	23.0	23.7	25.8	23.0	15.7	>16
Own funds	26.1	26.8	28.9	25.1	17.8	16-18
Leverage ratio	5.3	5.1	5.5	4.9	3.4	>3.5

### Basel III: Capital

EUR billions (IFRS)<sup>4</sup>



### Key drivers H1/15:

- RWA reduction driven by repayments and positive rating changes
- FMS silent participation (EUR 1 bn) recognised in CET 1 (fully loaded: Additional Tier 1) – as planned, silent participation redeemed prior to IPO on 6 July 2015
- Hybrid capital (EUR 350 mn) currently recognised with 70% in Additional Tier I (fully loaded: not eligible)

Note: Figures may not add up due to rounding 1 Until 15/07/2015, the 'Waiver Rule' was applicable to pbb, which is why pbb was not obliged to calculate regulatory capital ratios on a sub-group level for periods before and ending 30/06/2015, but did so on a voluntary basis 2 No transitional rules to be applied 3 Simulation 4 Incl. full-year results 5 Based on currently known Basel III rules 6 Actual figures may vary significantly from simulation

# Agenda

**1 Highlights Q2/H1 2015**

**2 Financials**

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## Key take-aways

- ✓ Benefits from execution of strategy ongoing – operating performance indicators show a continued positive trend
- ✓ Successful new business activities reflect the bank's standing as one of the leading players in the commercial real estate finance market
- ✓ Sustained strong asset quality and prudent underwriting policy
- ✓ Strong capitalisation, even under Basel III fully loaded (excl. EUR 1 bn FMS silent participation)
- ✓ Proven profitability in commercial real estate finance and further structural improvement supported by further run-down of the Value Portfolio
- ✓ pbb well on track – half-year results support full-year target 2015 of a slightly increased PBT compared to adjusted PBT of EUR 174 mn in 2014<sup>1</sup>

<sup>1</sup> Adjusted for EUR -120 mn extraordinary effects from value adjustments on HETA exposure

# Appendix

# Key figures

pbb Group



Incl. EUR -120 mn  
burden from HETA

Incl. EUR -82 mn  
burden from HETA

Income statement (EUR millions)	2012	2013	2014	2014 (adjusted) <sup>1</sup>	H1/15
Net interest and similar income	296	319	421	421	229
Net fee and commission income	23	9	1	1	9
Net trading income	10	-51	-30	-27	7
Net income from financial investments	13	96	-77	32	-37
Net income from hedging relationships	-6	9	-3	-3	2
Net other operating income/expenses	131	100	14	14	-8
<b>Operating income</b>	<b>467</b>	<b>482</b>	<b>326</b>	<b>438</b>	<b>202</b>
Loan-loss provisions	4	-8	-21	-13	5
General and administrative expenses	-341	-312	-251	-251	-98
Net miscellaneous income/expenses	-6	3	-	-	3
<b>Profit or loss before tax</b>	<b>124</b>	<b>165</b>	<b>54</b>	<b>174</b>	<b>112</b>
Income taxes	-55	-5	-50	-58	-24
<b>Net income/loss</b>	<b>69</b>	<b>160</b>	<b>4</b>	<b>116</b>	<b>88</b>
Key ratios (%)	2012	2013	2014	2014 (adjusted) <sup>1</sup>	H1/15
CIR	73.0	64.7	77.0	57.3	48.5
RoE before tax <sup>4</sup>	3.8	5.0	1.6	5.0	6.5
RoE after tax <sup>4</sup>	2.1	4.9	0.1	3.4	5.1
Balance sheet (EUR billions)	12/12 <sup>2</sup>	12/13 <sup>3</sup>	12/14		06/15
Total assets	97.1	74.6	74.9 <sup>5</sup>		69.6
Equity (excl. revaluation reserve)	3.2	3.4	3.4		3.5
<i>thereof: Silent participation<sup>4</sup></i>	1.0	1.0	1.0		1.0
Financing volume (nominal)	58.4	51.2	51.1		51.3
Regulatory capital ratios (pro-forma) <sup>6</sup>	12/12 <sup>8</sup>	12/13	12/14 <sup>10</sup>		06/15 <sup>10</sup>
RWA (EUR bn)	15.3	14.1 <sup>8</sup> / 18.1 <sup>9</sup>	15.5		13.7
CET 1 ratio (%) <sup>5,7</sup>	n/a	n/a / 18.5 <sup>9</sup>	21.7		24.4
Personnel	12/12	12/13	12/14		06/15
Employees (FTE)	981	803	812		799

Note: Annual results audited, interim results unaudited 1 Adjusted for EUR -120 mn extraordinary effects from value adjustment on HETA exposure 2 Revised due to retrospective first time adoption IAS 19 3 Revised due to retrospective first time adoption IFRS 10 4 Incl. EUR 1 bn FMS silent participation, which has been redeemed on 6 July 2015 5 Revised due to IAS 8.14 et seq 6 The regulatory capital ratios stated are calculated on an unaudited pro-forma basis. According to the 'Waiver Rule' regulated in Article 7 CRR, Deutsche Pfandbriefbank AG, being a subsidiary of Hypo Real Estate Holding AG as of 30/06/2015 and before, was exempt from calculating the CET1 capital ratio and the other relevant regulatory capital ratios on sub-group level. 7 Incl. full-year results, excl. interim results 8 Basel II (SolV, HGB) 9 Basel III simulation 10 Basel III transitional rules

## Key figures

### pbb Group Q2/15



Income statement (EUR millions)	REF		PIF		VP		C&A		pbb Group	
	Q2/14	Q2/15	Q2/14	Q2/15	Q2/14	Q2/15	Q2/14	Q2/15	Q2/14	Q2/15
Net interest and similar income	77	83	10	14	18	19	1	-	106	116
Net fee and commission income	-	2	-	-	-	-	-	-	-	2
Net trading income	-4	1	-1	-	-4	1	-	-	-9	2
Net income from financial investments	1	5	-	-	1	-22	-	-	2	-17
Net income from hedging relationships	-1	2	-1	-	-1	1	-	-	-3	3
Net other operating income/expenses	3	21	1	-5	14	-13	-	-	18	3
<b>Operating income</b>	<b>76</b>	<b>114</b>	<b>9</b>	<b>9</b>	<b>28</b>	<b>-14</b>	<b>1</b>	<b>-</b>	<b>114</b>	<b>109</b>
Loan-loss provisions	-7	1	-	-	-	-	-	-	-7	1
General and administrative expenses	-38	-38	-7	-7	-17	-5	-	-	-62	-50
Net miscellaneous income/expenses	-	1	-	-	-	-	-	-	-	1
<b>Profit or loss before tax</b>	<b>31</b>	<b>78</b>	<b>2</b>	<b>2</b>	<b>11</b>	<b>-19</b>	<b>1</b>	<b>-</b>	<b>45</b>	<b>61</b>

Note: interim results unaudited. Figures Q2/14 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

### pbb Group H1/15



Income statement (EUR millions)	REF		PIF		VP		C&A		pbb Group	
	H1/14	H1/15	H1/14	H1/15	H1/14	H1/15	H1/14	H1/15	H1/14	H1/15
Net interest and similar income	149	158	17	22	27	47	2	2	195	229
Net fee and commission income	-	9	-	-	-	-	-	-	-	9
Net trading income	-8	3	-2	1	-8	3	-	-	-18	7
Net income from financial investments	2	18	-	6	-1	-61	-	-	1	-37
Net income from hedging relationships	-2	1	-2	-	-2	1	-	-	-6	2
Net other operating income/expenses	7	17	2	-7	23	-18	-1	-	31	-8
<b>Operating income</b>	<b>148</b>	<b>206</b>	<b>15</b>	<b>22</b>	<b>39</b>	<b>-28</b>	<b>1</b>	<b>2</b>	<b>203</b>	<b>202</b>
Loan-loss provisions	-2	11	-	-	-	-6	-	-	-2	5
General and administrative expenses	-77	-75	-15	-13	-32	-10	-	-	-124	-98
Net miscellaneous income/expenses	4	3	1	-	1	-	-	-	6	3
<b>Profit or loss before tax</b>	<b>73</b>	<b>145</b>	<b>1</b>	<b>9</b>	<b>8</b>	<b>-44</b>	<b>1</b>	<b>2</b>	<b>83</b>	<b>112</b>

Note: interim results unaudited. Figures H1/14 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

### Real Estate Finance (REF)



Income statement (EUR millions)	2012	2013	Q1/14	Q2/14	H1/14	Q3/14	Q4/14	2014	Q1/15	Q2/15	H1/15
Net interest and similar income	249	258	72	77	149	77	68	294	75	83	158
Net fee and commission income	25	10	-	-	-	-	2	2	7	2	9
Net trading income	2	-21	-4	-4	-8	-1	-4	-13	2	1	3
Net income from financial investments	14	96	1	1	2	9	3	14	13	5	18
Net income from hedging relationships	-3	4	-1	-1	-2	-	-	-2	-1	2	1
Net other operating income/expenses	-3	5	4	3	7	-13	-7	-13	-4	21	17
<b>Operating income</b>	<b>284</b>	<b>352</b>	<b>72</b>	<b>76</b>	<b>148</b>	<b>72</b>	<b>62</b>	<b>282</b>	<b>92</b>	<b>114</b>	<b>206</b>
Loan-loss provisions	5	-1	5	-7	-2	-	-12	-14	10	1	11
General and administrative expenses	-139	-147	-39	-38	-77	-41	-42	-160	-37	-38	-75
Net miscellaneous income/expenses	-3	2	4	-	4	-2	-2	-	2	1	3
<b>Pre-tax profit</b>	<b>147</b>	<b>206</b>	<b>42</b>	<b>31</b>	<b>73</b>	<b>29</b>	<b>6</b>	<b>108</b>	<b>67</b>	<b>78</b>	<b>145</b>
Key ratios	2012	2013	Q1/14	Q2/14	H1/14	Q3/14	Q4/14	2014	Q1/15	Q2/15	H1/15
CIR (%)	48.9	41.8	54.2	50.0	52.0	56.9	67.7	56.7	40.2	33.3	36.4
RoE before tax (%)	20.2	27.8	20.7	15.9	18.3	14.7	4.8	14.2	39.6	41.8	40.5
Key figures	12/12	12/13	03/14	06/14	06/14	09/14	12/14	12/14	03/15	06/15	06/15
Equity (EUR bn)	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.8
RWA (EUR bn)	9.6	7.4	7.2	7.5	7.5	7.6	7.2	7.2	6.8	6.7	6.7
Financing volume (EUR bn, nominal)	22.1	20.4	21.1	21.6	21.6	21.7	21.8	21.8	23.5	23.5	23.5

Note: Annual results audited; interim results unaudited. Figures 2012-2014 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)



Income statement (EUR millions)	2012	2013	Q1/14	Q2/14	H1/14	Q3/14	Q4/14	2014	Q1/15	Q2/15	H1/15
Net interest and similar income	17	24	7	10	17	11	12	40	8	14	22
Net fee and commission income	-1	1	-	-	-	-	-	-	-	-	-
Net trading income	1	-6	-1	-1	-2	-1	-1	-4	1	-	1
Net income from financial investments	-	-1	-	-	-	3	-	3	6	-	6
Net income from hedging relationships	-1	1	-1	-1	-2	-	2	-	-	-	-
Net other operating income/expenses	-2	-2	1	1	2	-4	-2	-4	-2	-5	-7
<b>Operating income</b>	<b>14</b>	<b>17</b>	<b>6</b>	<b>9</b>	<b>15</b>	<b>9</b>	<b>11</b>	<b>35</b>	<b>13</b>	<b>9</b>	<b>22</b>
Loan-loss provisions	-4	-	-	-	-	-	-	-	-	-	-
General and administrative expenses	-25	-28	-8	-7	-15	-8	-8	-31	-6	-7	-13
Net miscellaneous income/expenses	-	-	1	-	1	-1	-	-	-	-	-
<b>Pre-tax profit</b>	<b>-15</b>	<b>-11</b>	<b>-1</b>	<b>2</b>	<b>1</b>	<b>-</b>	<b>3</b>	<b>4</b>	<b>7</b>	<b>2</b>	<b>9</b>
Key ratios	2012	2013	Q1/14	Q2/14	H1/14	Q3/14	Q4/14	2014	Q1/15	Q2/15	H1/15
CIR (%)	>100	>100	>100	77.8	100.0	88.9	72.7	88.6	46.2	77.8	59.1
RoE before tax (%)	-4.0	-2.7	-0.5	2.1	0.8	0.5	1.2	0.9	9.7	1.8	4.8
Key figures	12/12	12/13	03/14	06/14	06/14	09/14	12/14	12/14	03/15	06/15	06/15
Equity (EUR bn)	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.3	0.3	0.3
RWA (EUR bn)	1.4	1.4	1.3	1.3	1.3	1.5	1.3	1.3	1.3	1.2	1.2
Financing volume (EUR bn, nominal)	6.0	5.7	6.0	6.2	6.2	6.5	6.6	6.6	6.8	7.3	7.3

Note: Annual results audited; interim results unaudited. Figures 2012-2014 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)	2012	2013	Q1/14	Q2/14	H1/14	Q3/14	Q4/14	2014	2014 (adjusted) <sup>1</sup>	Q1/15	Q2/15	H1/15
Net interest and similar income	24	30	9	18	27	17	35	79	79	28	19	47
Net fee and commission income	-1	-1	-	-	-	-	-1	-1	-1	-	-	-
Net trading income	7	-24	-4	-4	-8	-1	-4	-13	-12	2	1	3
Net income from financial investments	-1	1	-2	1	-1	10	-103	-94	15	-39	-22	-61
Net income from hedging relationships	-2	4	-1	-1	-2	1	-	-1	-1	-	1	1
Net other operating income/expenses	137	95	9	14	23	1	7	31	31	-5	-13	-18
<b>Operating income</b>	<b>164</b>	<b>105</b>	<b>11</b>	<b>28</b>	<b>39</b>	<b>28</b>	<b>-66</b>	<b>1</b>	<b>111</b>	<b>-14</b>	<b>-14</b>	<b>-28</b>
Loan-loss provisions	3	-7	-	-	-	1	-8	-7	1	-6	-	-6
General and administrative expenses	-176	-136	-15	-17	-32	-15	-13	-60	-60	-5	-5	-10
Net miscellaneous income/expenses	-3	1	1	-	1	-2	1	-	-	-	-	-
<b>Pre-tax profit</b>	<b>-12</b>	<b>-37</b>	<b>-3</b>	<b>11</b>	<b>8</b>	<b>12</b>	<b>-86</b>	<b>-66</b>	<b>52</b>	<b>-25</b>	<b>-19</b>	<b>-44</b>
Key ratios	2012	2013	Q1/14	Q2/14	H1/14	Q3/14	Q4/14	2014	2014 (adjusted) <sup>1</sup>	Q1/15	Q2/15	H1/15
CIR (%)	>100	>100	>100	60.7	82.1	53.6	n/a	>100	54.1	n/a	n/a	n/a
RoE before tax (%)	-0.7	-2.1	-0.5	2.5	1.0	2.7	-18.3	-3.5	-2.8	-4.9	-4.0	-4.2
Key figures	12/12	12/13	03/14	06/14	06/14	09/14	12/14	12/14	12/14	03/15	06/15	06/15
Equity (EUR bn)	1.7	1.8	1.8	1.9	1.9	1.9	1.8	1.8	1.8	2.0	1.8	1.8
RWA (EUR bn)	3.8	7.7	7.0	7.6	7.6	7.2	5.5	5.5	5.5	5.5	4.7	4.7
Financing volume (EUR bn, nominal)	30.3	25.1	24.3	24.0	24.0	23.7	22.7	22.7	22.7	22.2	20.5	20.5

Note: Annual results audited; interim results unaudited. Figures 2012-2014 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). <sup>1</sup> Adjusted for EUR -118 mn extraordinary effects from value adjustments on HETA exposure

## Heta Asset Resolution AG (HETA)

Total valuation adjustments of EUR 197.5 mn – pbb's HETA exposure (nominal EUR 395 mn) valued at ~50%



HETA adjustment P&L impact (EUR mn)			
	pre Q4 2014	Q4 2014	Q1 2015
Net income from financial investments	(1.5)	(109)	(73)
Loan loss provisions		(8)	(6)
<b>Total value adjustments</b>	<b>(1.5)</b>	<b>(117)</b>	<b>(79)</b>
Net trading income		(3)	(3)
<b>Total HETA effects</b>	<b>(1.5)</b>	<b>(120)</b>	<b>(82)</b>

Total value adjustments (197.5)

### 2014

- EUR -118.5 mn (thereof EUR -117 mn in Q4 2014) value adjusted on exposure of nominal EUR 395 mn (Value Portfolio)
- Decision taken in response to moves by the Austrian Financial Market Authority (FMA) and the Austrian federal government

### Q1 2015

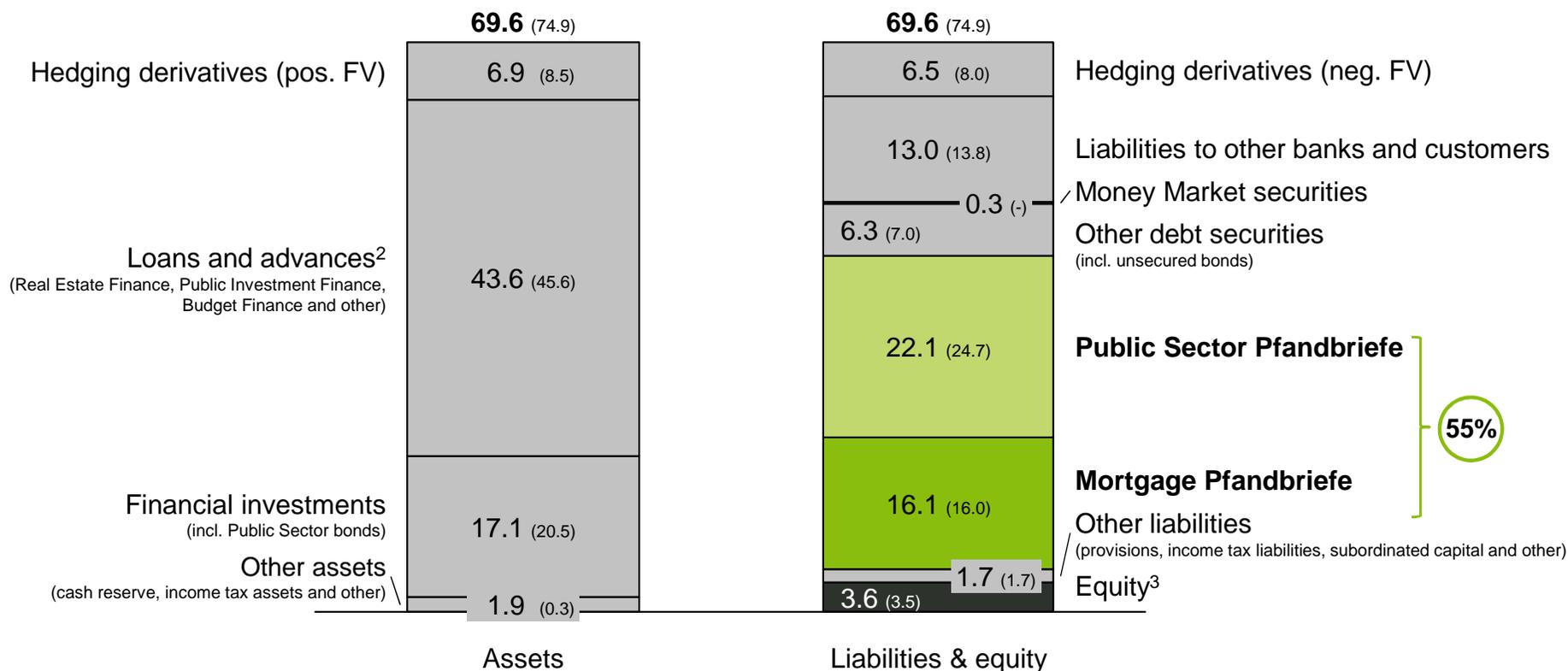
- Further value adjustments of EUR -79 mn
- Together with the provisions in 2014, the provisioning was increased to ~50% percent of the notional value
- This increase was made following recommendations made by the Financial Regulators

## Balance sheet

### Specialist lender with attractive German Pfandbrief as major funding instrument



**Balance sheet: 30/06/2015** (31/12/2014)<sup>1</sup>  
IFRS, EUR billions



Note: Figures may not add up due to rounding <sup>1</sup> 31/12/2014 revised acc. to IAS 8.14 at seq. <sup>2</sup> Incl. allowances for losses on loans and advances <sup>3</sup> Incl. EUR 1 bn silent participation of Sonderfonds Finanzmarktstabilisierung (FMS), which has been redeemed on 6 July 2015

# Portfolio

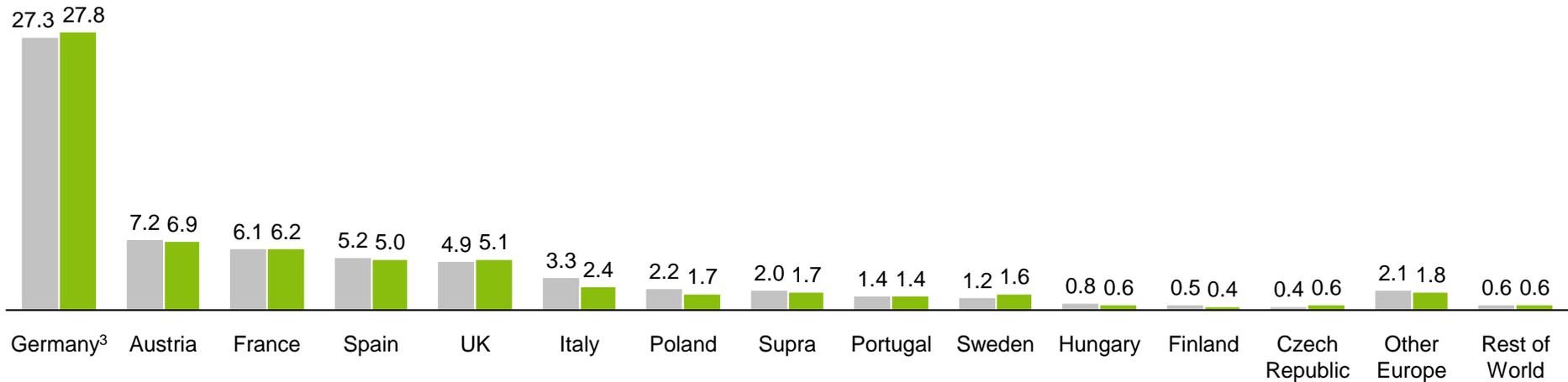
## Total portfolio



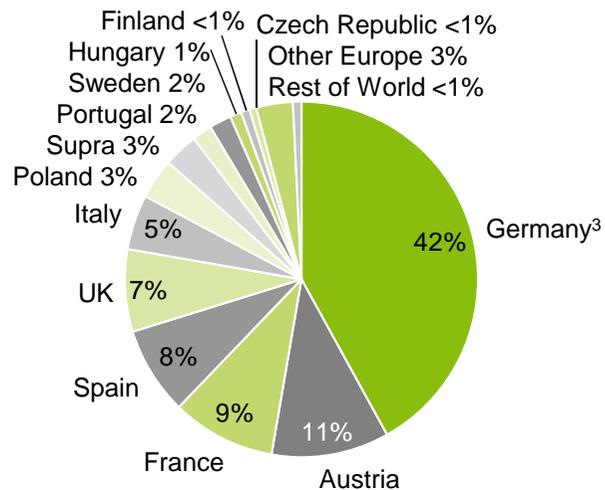
### Regions

EUR billions (EaD, Basel III)<sup>1,2</sup>

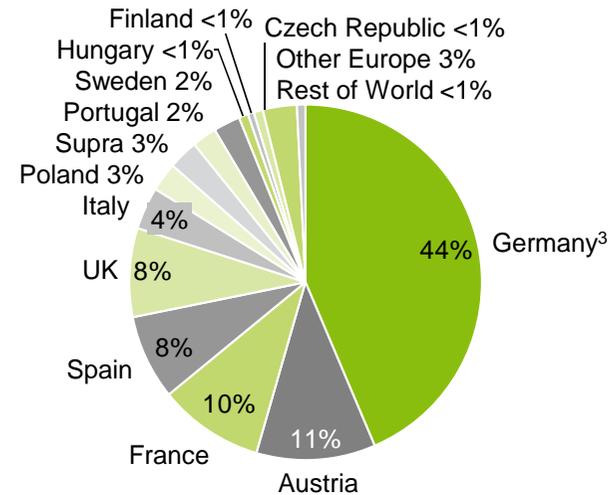
31/12/2014 / Total: EUR 65.2 bn  
 30/06/2015 / Total: EUR 63.7 bn



#### 31/12/2014



#### 30/06/2015



Note: Figures may not add up due to rounding 1 Excl. FMS-WM guaranteed exposure 2 Excl. intra-group exposure 3 Incl. central bank accounts (06/15: EUR 1.8 bn; 12/14: EUR 51 million)

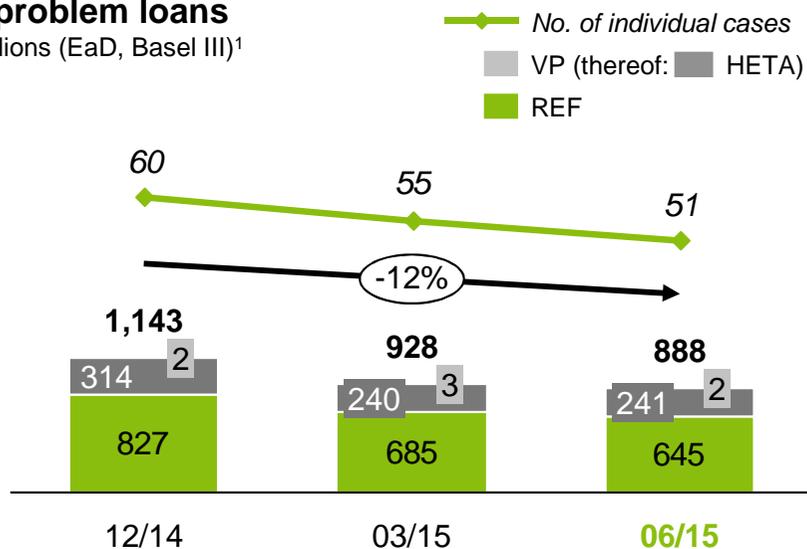
# Portfolio

## Problem loans



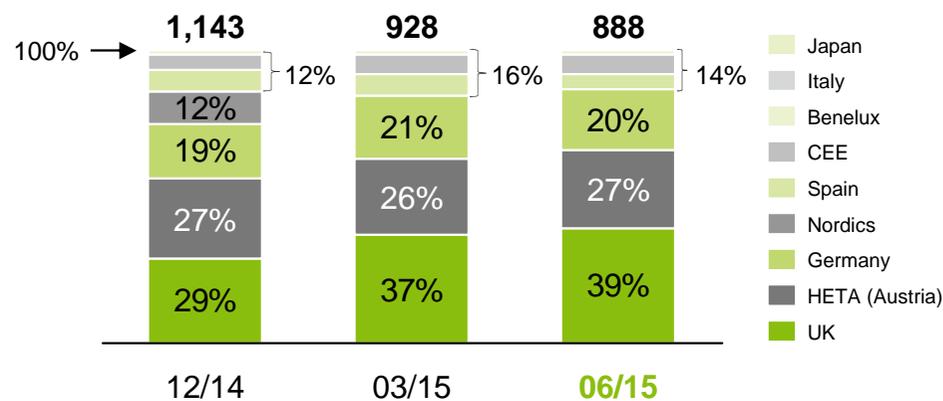
### Total problem loans

EUR millions (EaD, Basel III)<sup>1</sup>



### Regions

EUR million (EaD, Basel III)<sup>1</sup>



Total problem loans EUR millions (EaD) <sup>1</sup>	12/14				06/15			
	REF	PIF	VP	Total	REF	PIF	VP	Total
Workout loans <sup>2</sup>	9	-	-	9	10	-	-	10
Restructuring loans <sup>3</sup>	818	-	316	1,134	635	-	243	878
<b>Total</b>	<b>827</b>	<b>-</b>	<b>316</b>	<b>1,143</b>	<b>645</b>	<b>-</b>	<b>243</b>	<b>888</b>

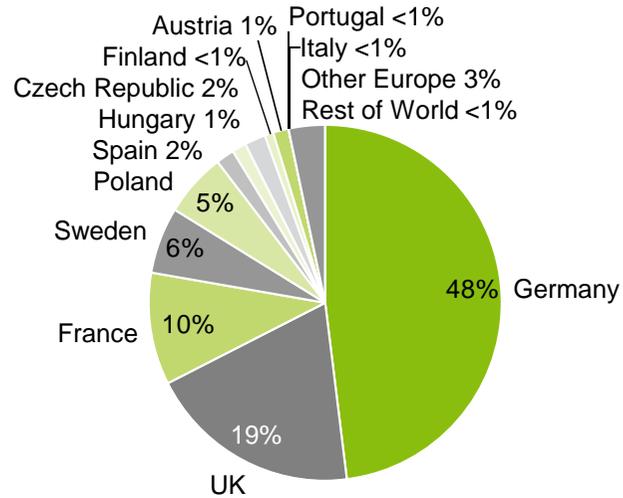
Note: Figures may not add up due to rounding <sup>1</sup> In addition, EUR 1 mn in C&A (03/15. EUR 1 mn; 12/14: EUR 1 mn) <sup>2</sup> No signs that the deal will recover soon, compulsory measures necessary <sup>3</sup> Payments more than 90 days overdue or criteria acc. to respective policy apply

# Portfolio

## Real Estate Finance (REF)

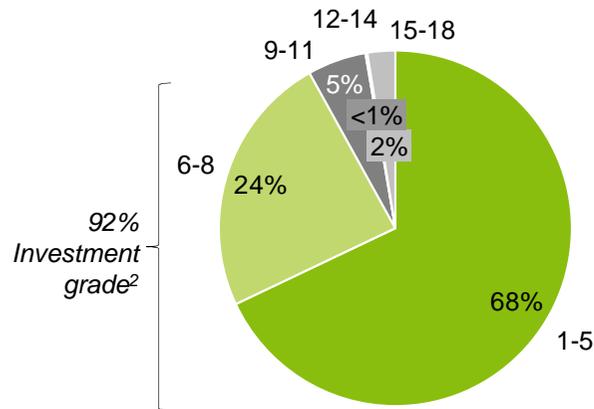
### Portfolio: Regions

30/06/2015: EUR 25.1 bn (EaD, Basel III)<sup>1</sup>



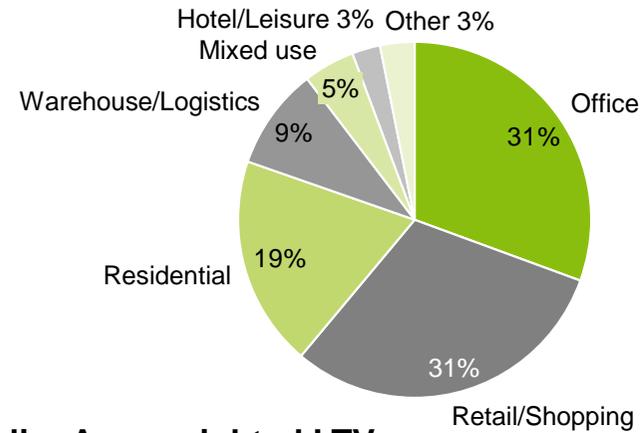
### Portfolio: Internal Ratings (EL classes)

30/06/2015: EUR 25.1 bn (EaD, Basel III)<sup>1</sup>



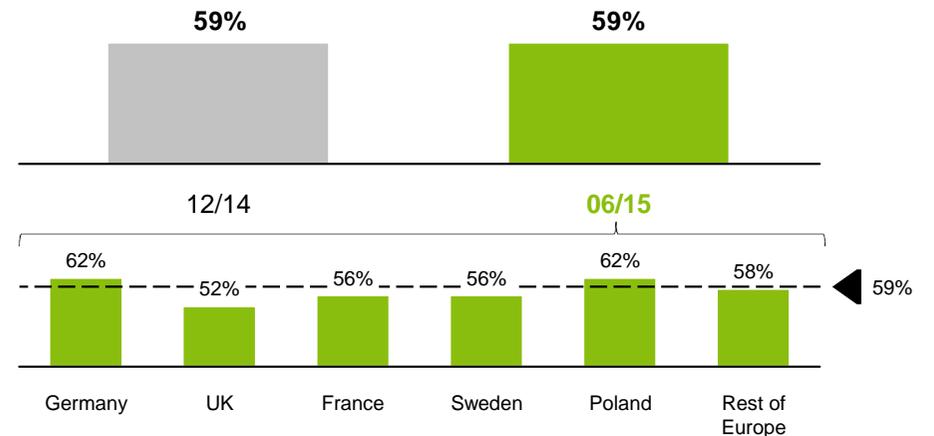
### Portfolio: Property types

30/06/2015: EUR 25.1 bn (EaD, Basel III)<sup>1</sup>



### Portfolio: Avg. weighted LTVs

(Commitments)<sup>3</sup>



Note: Figures may not add up due to rounding 1 Excl. intra-group exposure 2 EL Classes 1-8 = Investment grade; EL classes 9-18 = Non-investment grade 3 Based on performing loans only

# Portfolio

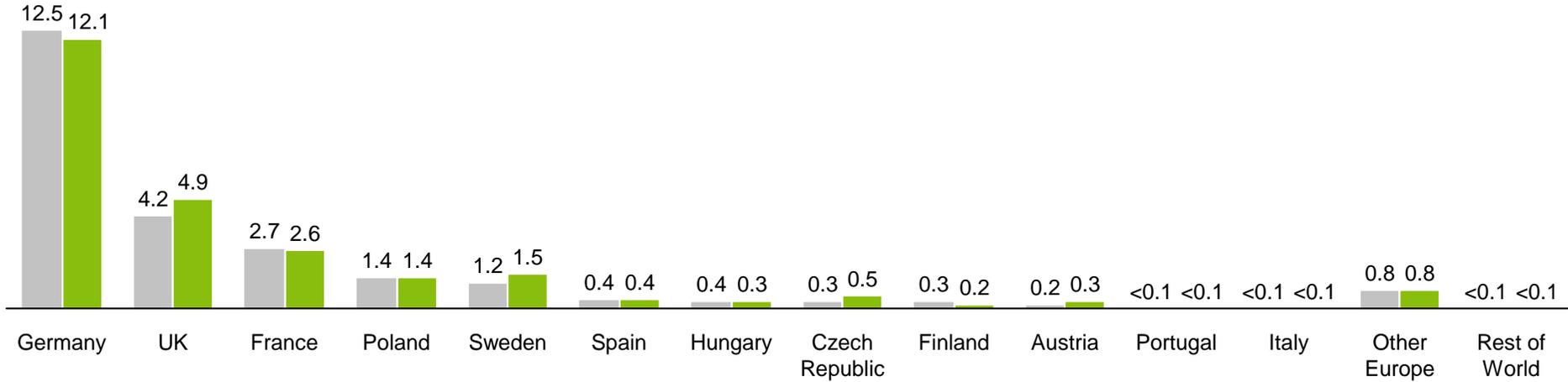
## Real Estate Finance (REF)



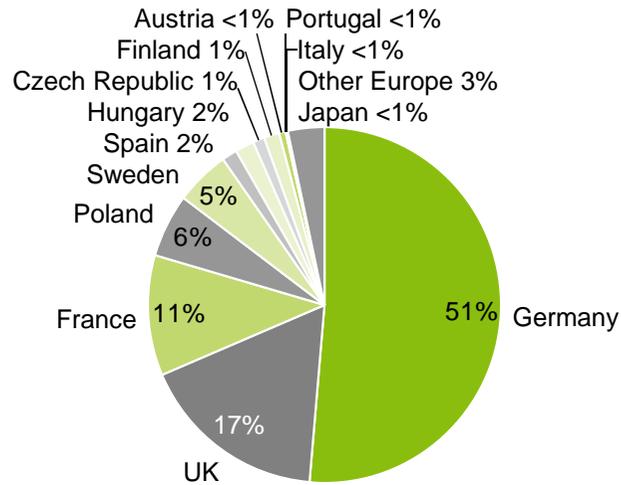
### Regions

EUR billions (EaD, Basel III)<sup>1</sup>

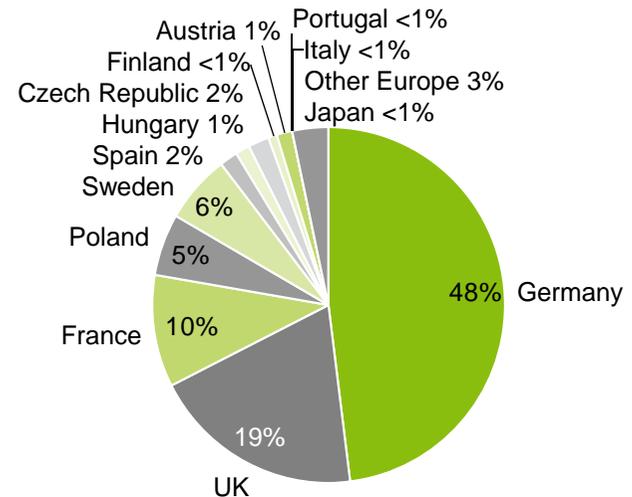
31/12/2014 / Total: EUR 24.3 bn  
 30/06/2015 / Total: EUR 25.1 bn



#### 31/12/2014



#### 30/06/2015



Note: Figures may not add up due to rounding 1 Excl. intra-group exposure

# Portfolio

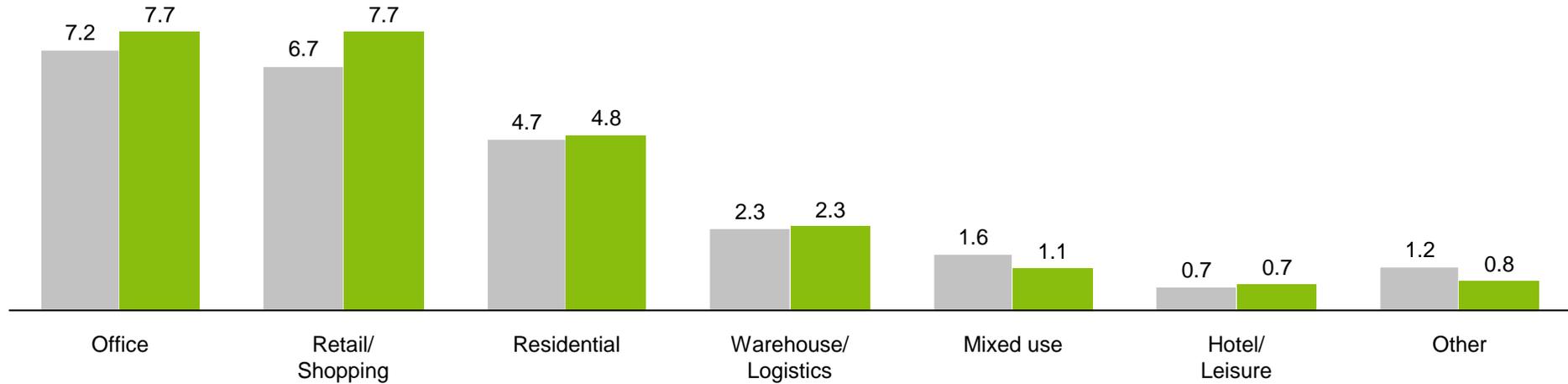
## Real Estate Finance (REF)



### Property types

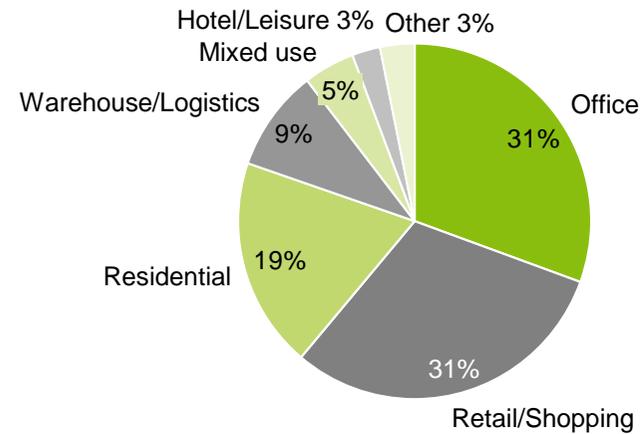
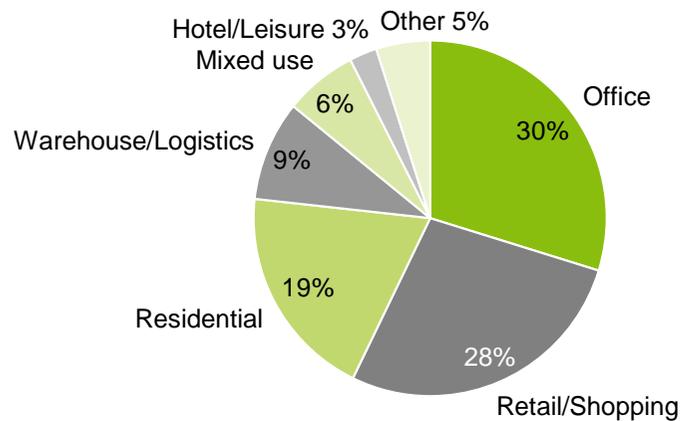
EUR billions (EaD, Basel III)<sup>1</sup>

■ 31/12/2014 / Total: EUR 24.3 bn  
■ 30/06/2015 / Total: EUR 25.1 bn



31/12/2014

30/06/2015



Note: Figures may not add up due to rounding <sup>1</sup> Excl. intra-group exposure

# Portfolio

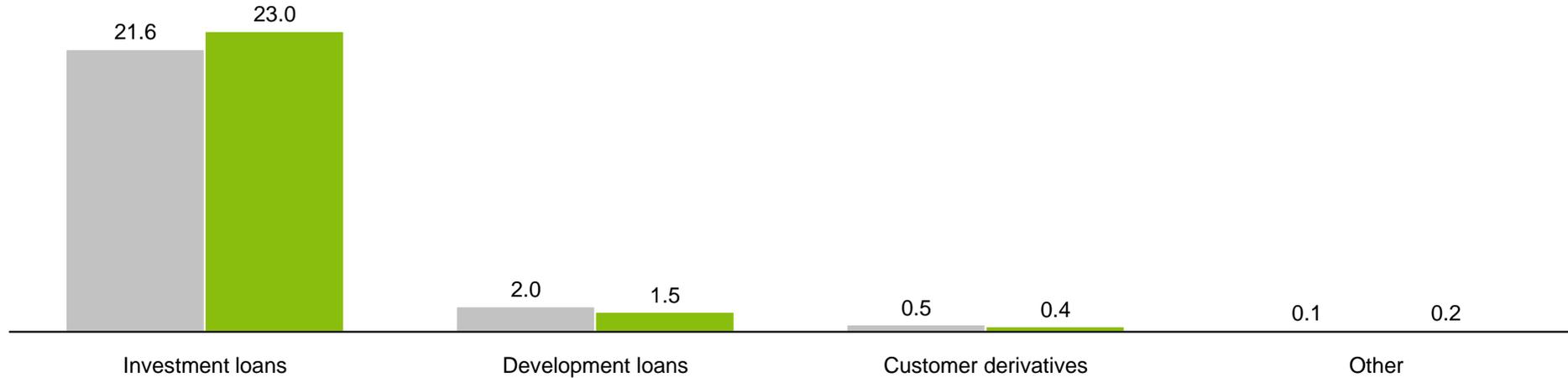
## Real Estate Finance (REF)



### Loan types

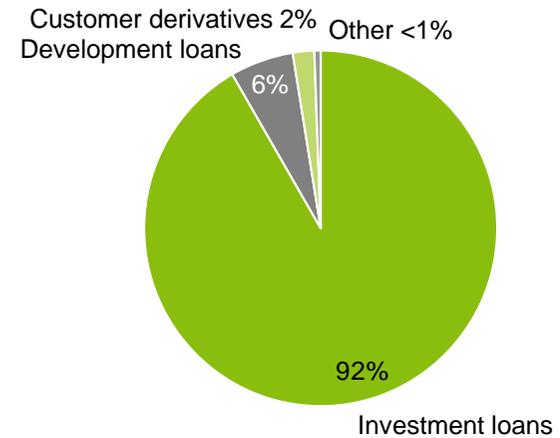
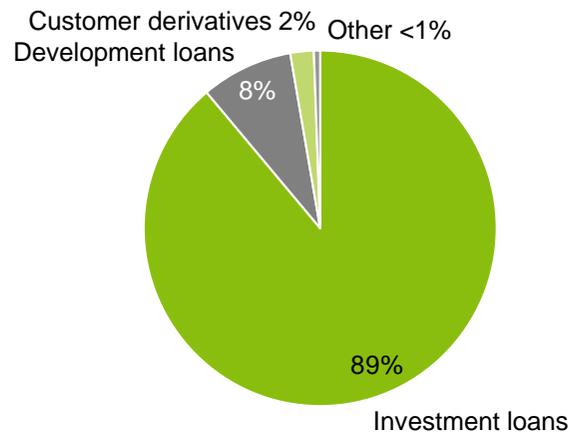
EUR billions (EaD, Basel III)<sup>1</sup>

■ 31/12/2014 / Total: EUR 24.3 bn  
■ 30/06/2015 / Total: EUR 25.1 bn



31/12/2014

30/06/2015



Note: Figures may not add up due to rounding <sup>1</sup> Excl. intra-group exposure

# Portfolio

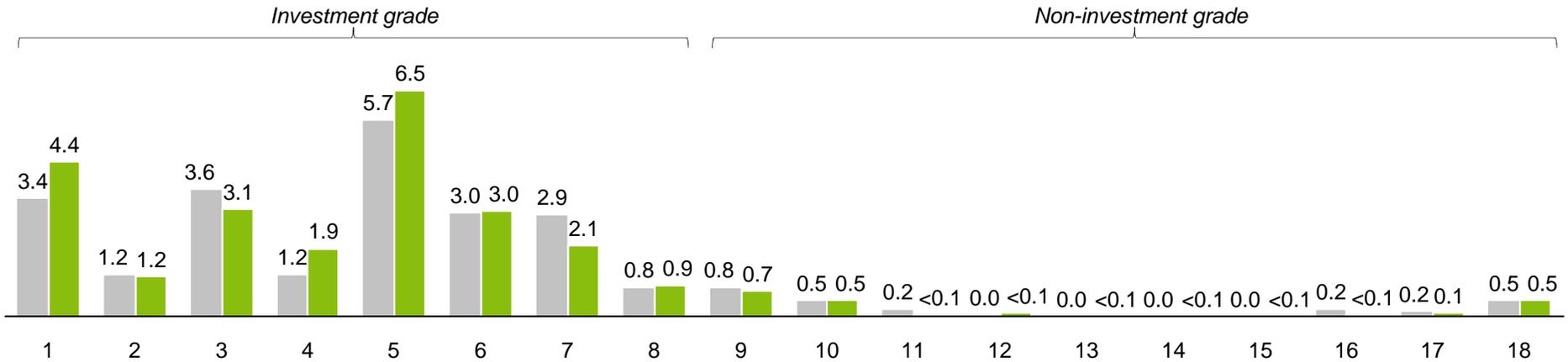
## Real Estate Finance (REF)



### Internal ratings (EL classes)

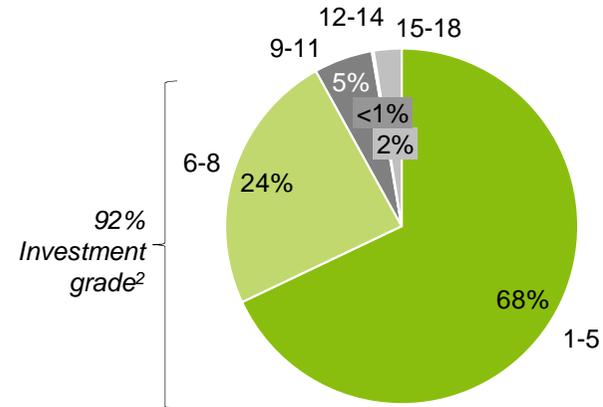
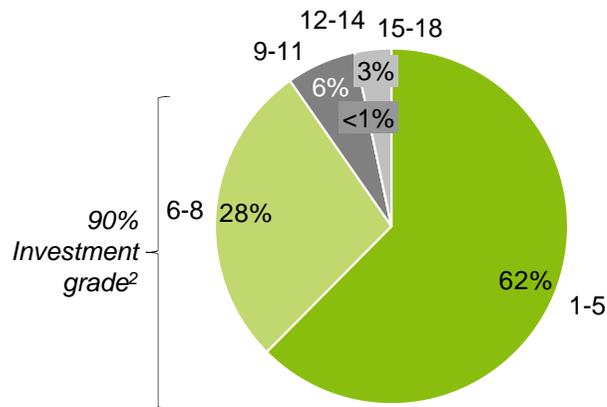
EUR billions (EaD, Basel III)<sup>1</sup>

■ 31/12/2014 / Total: EUR 24.3 bn  
■ 30/06/2015 / Total: EUR 25.1 bn



31/12/2014

30/06/2015



Note: Figures may not add up due to rounding <sup>1</sup> Excl. intra-group exposure <sup>2</sup> EL Classes 1-8 = Investment grade; EL classes 9-18 = Non-investment grade

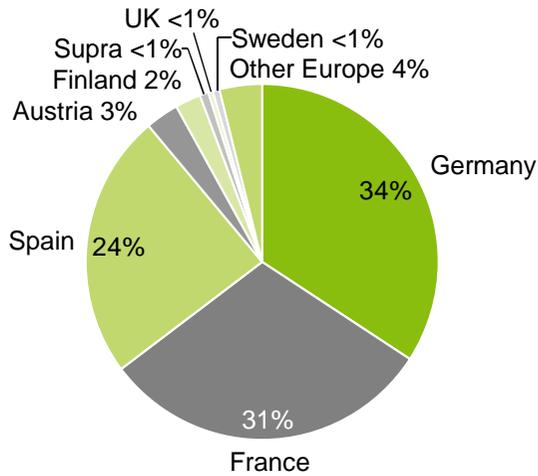
# Portfolio

## Public Investment Finance (PIF)



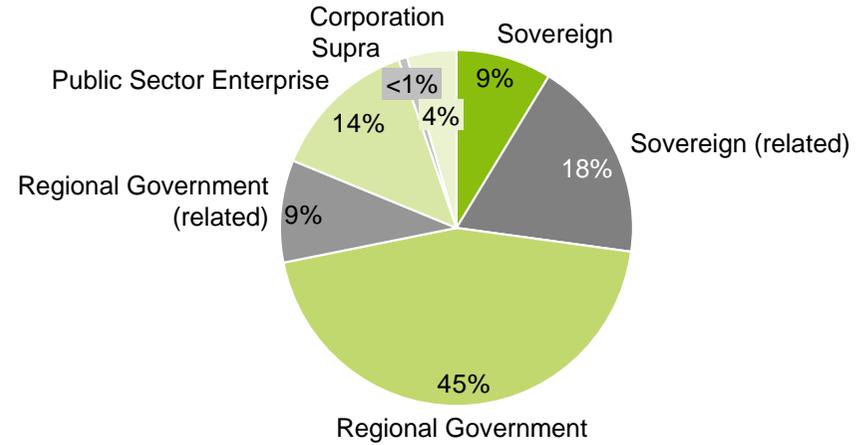
### Portfolio: Regions

30/06/2015: EUR 8.3 bn (EaD, Basel III)



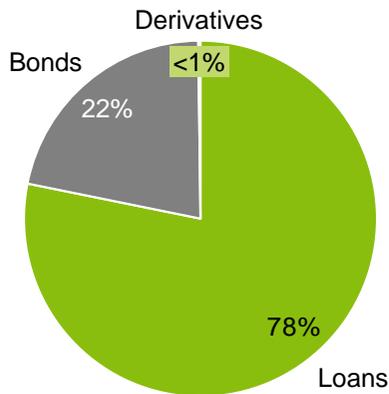
### Portfolio: Borrower classification<sup>1</sup>

30/06/2015: EUR 8.3 bn (EaD, Basel III)



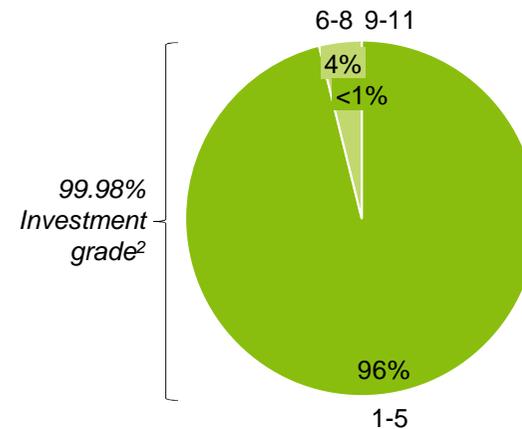
### Portfolio: Product class

30/06/2015: EUR 8.3 bn (EaD, Basel III)



### Portfolio: Internal ratings (EL classes)

30/06/2015: EUR 8.3 bn (EaD, Basel III)



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

# Portfolio

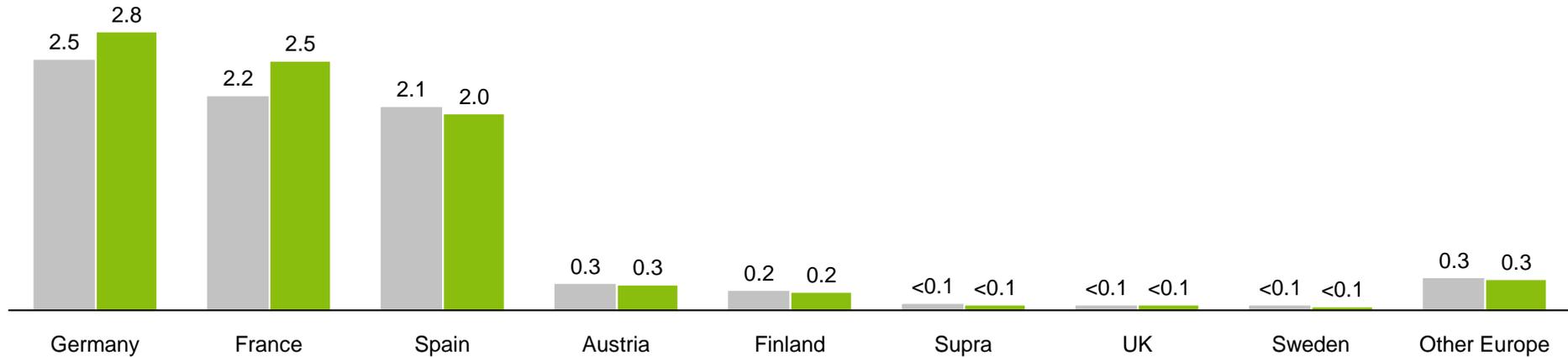
## Public Investment Finance (PIF)



### Regions

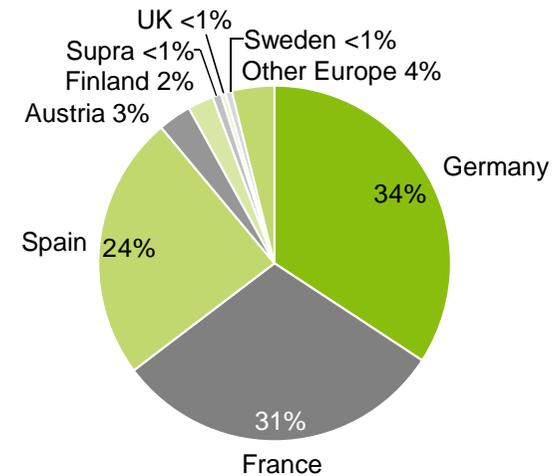
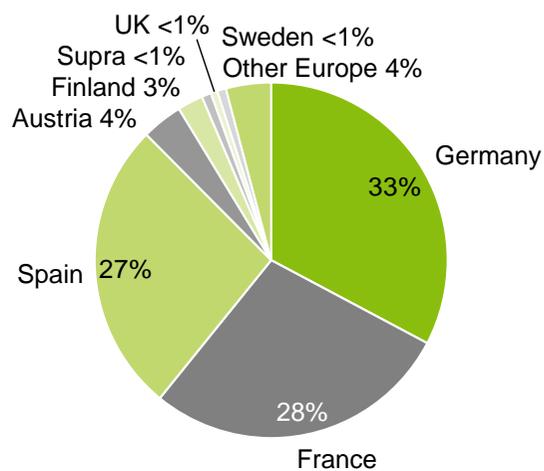
EUR billions (EaD, Basel III)

31/12/2014 / Total: EUR 7.8 bn<sup>1</sup>  
 30/06/2015 / Total: EUR 8.3 bn



31/12/2014<sup>1</sup>

30/06/2015



Note: Figures may not add up due to rounding <sup>1</sup> Restated; figures retrospectively adjusted for transfer of Italian PIF portfolio (EUR 1.5 bn) into VP (as of 01/01/15)

# Portfolio

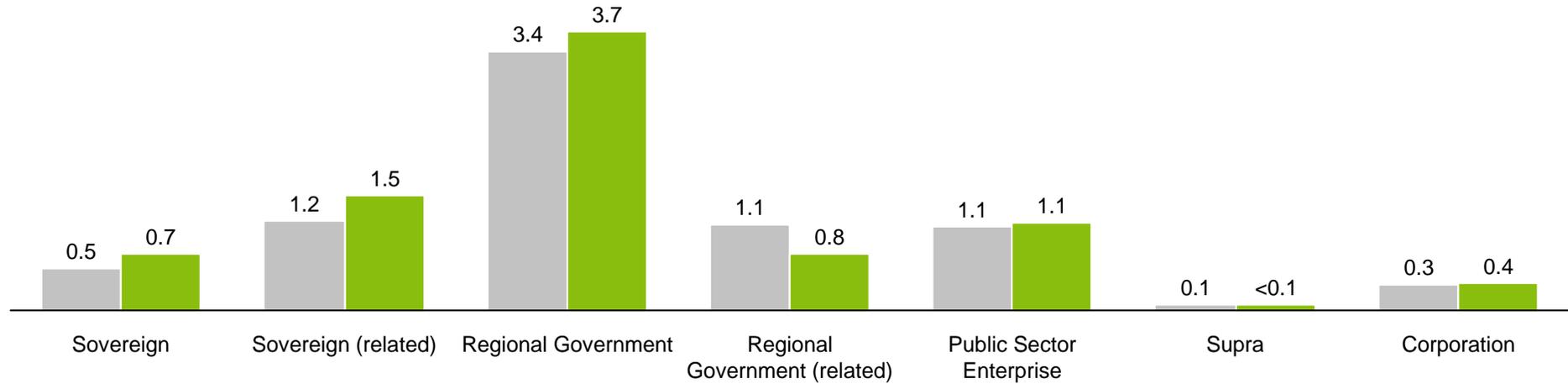
## Public Investment Finance (PIF)



### Borrower classification<sup>1</sup>

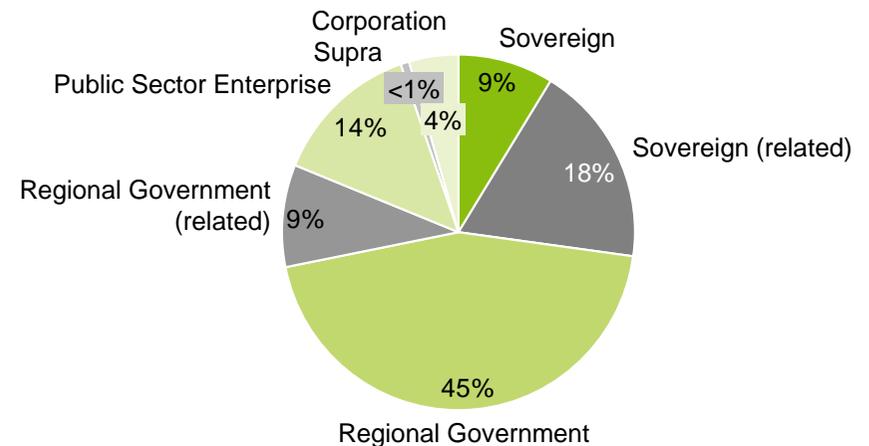
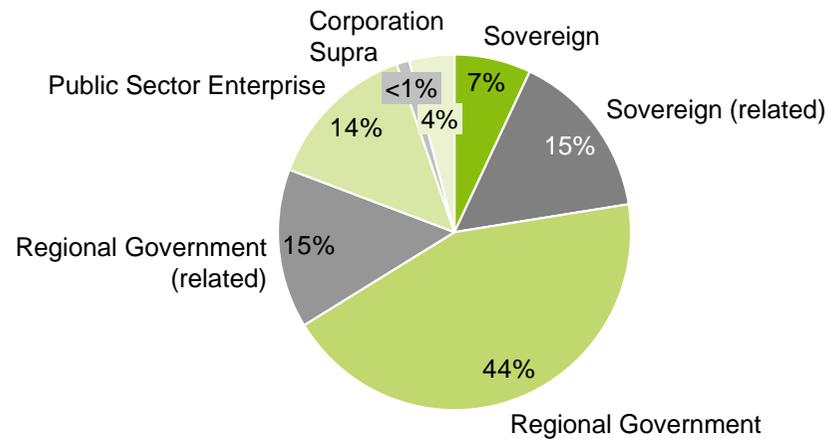
EUR billions (EaD, Basel III)

■ 31/12/2014 / Total: EUR 7.8 bn<sup>2</sup>  
■ 30/06/2015 / Total: EUR 8.3 bn



31/12/2014<sup>2</sup>

30/06/2015



Note: Figures may not add up due to rounding 1 See appendix for definition of borrower classification 2 Restated; figures retrospectively adjusted for transfer of Italian PIF portfolio (EUR 1.5 bn) into VP (as of 01/01/15)

# Portfolio

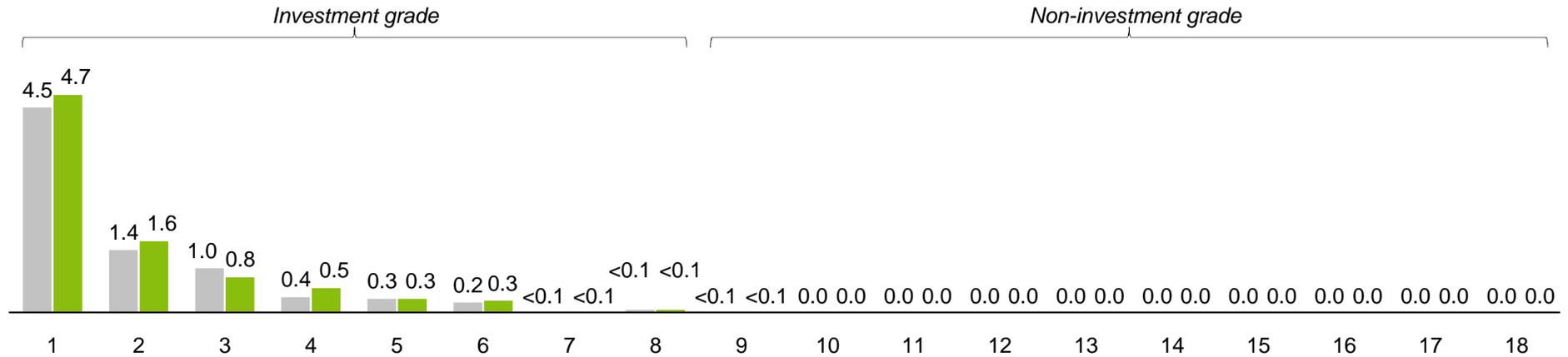
## Public Investment Finance (PIF)



### Internal ratings (EL classes)

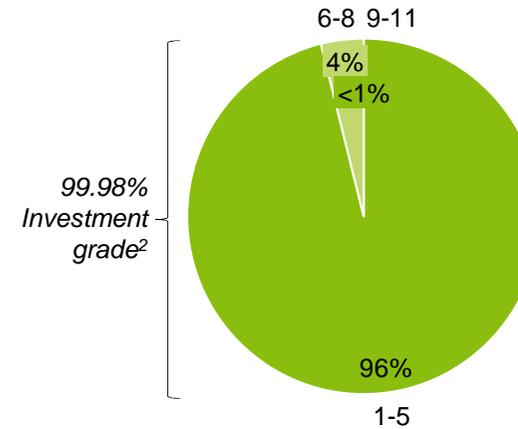
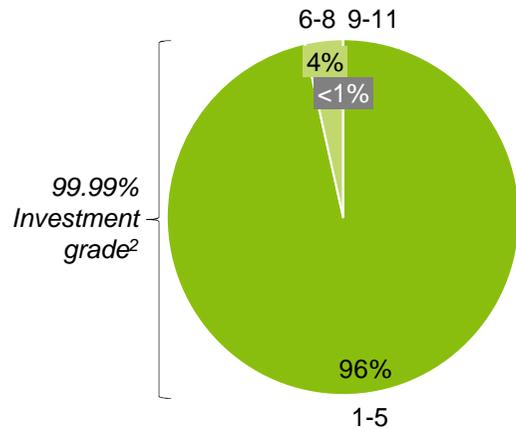
EUR billions (EaD, Basel III)

■ 31/12/2014 / Total: EUR 7.8 bn<sup>1</sup>  
■ 30/06/2015 / Total: EUR 8.3 bn



31/12/2014<sup>1</sup>

30/06/2015



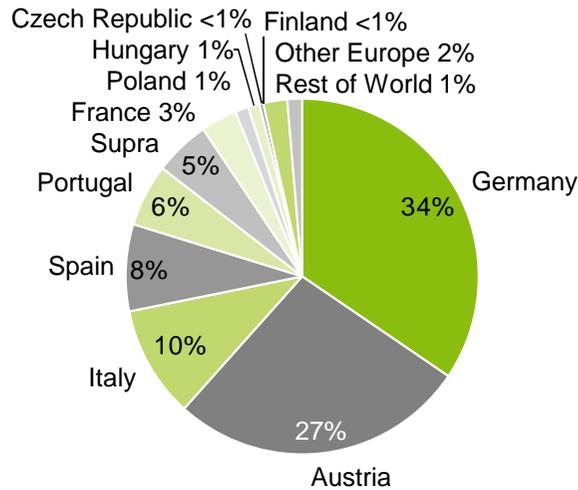
Note: Figures may not add up due to rounding <sup>1</sup> Restated; figures retrospectively adjusted for transfer of Italian PIF portfolio (EUR 1.5 bn) into VP (as of 01/01/15) <sup>2</sup> EL Classes 1-8 = Investment grade; EL classes 9-18 = Non-investment grade

# Portfolio

## Value Portfolio (VP)

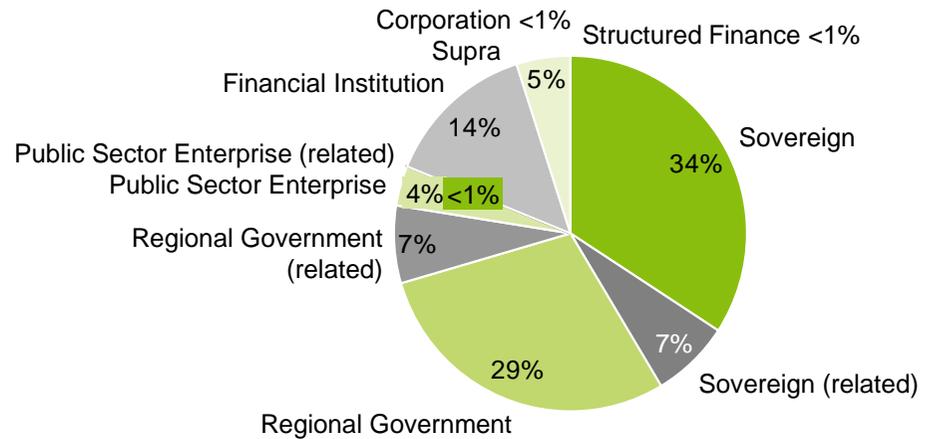
### Portfolio: Regions

30/06/2015: EUR 23.0 bn (EaD, Basel III)<sup>1</sup>



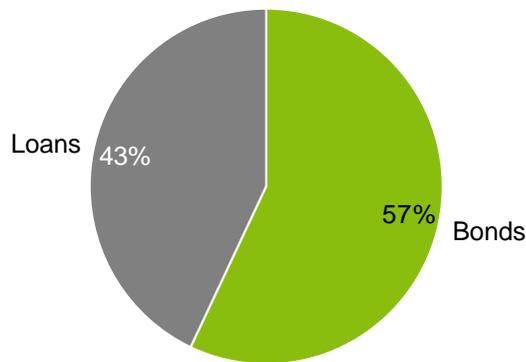
### Portfolio: Borrower classification<sup>2</sup>

30/06/2015: EUR 23.0 bn (EaD, Basel III)<sup>1</sup>



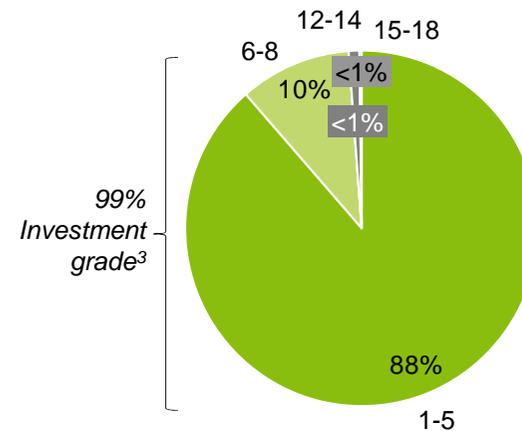
### Portfolio: Product class

30/06/2015: EUR 23.0 bn (EaD, Basel III)<sup>1</sup>



### Portfolio: Internal ratings (EL classes)

30/06/2015: EUR 23.0 bn (EaD, Basel III)<sup>1</sup>



Note: Figures may not add up due to rounding 1 Excl. FMS-WM guaranteed exposure 2 See appendix for definition of borrower classification 3 EL Classes 1-8 = Investment grade; EL classes 9-18 = Non-investment grade

# Portfolio

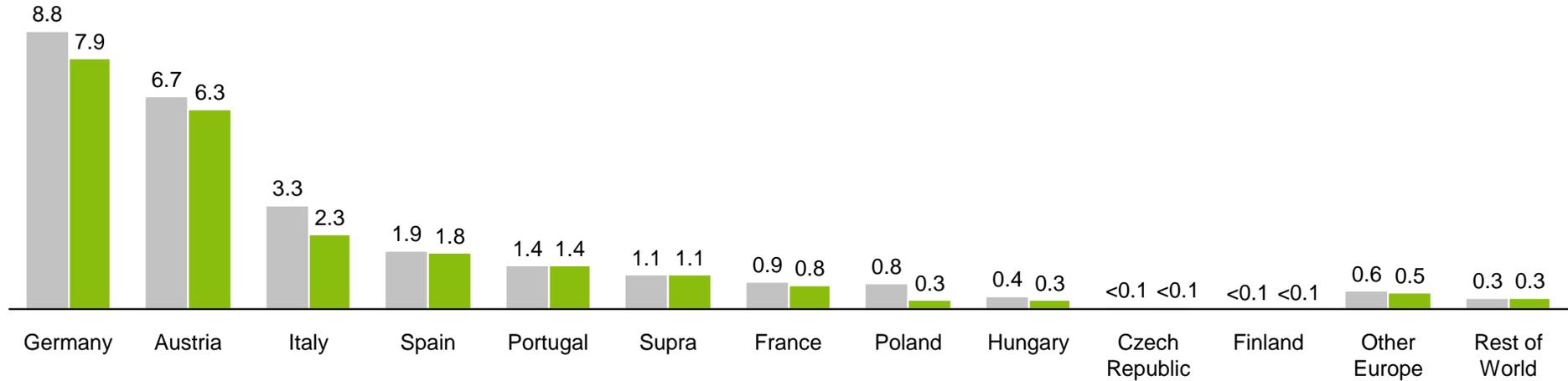
## Value Portfolio (VP)



### Regions

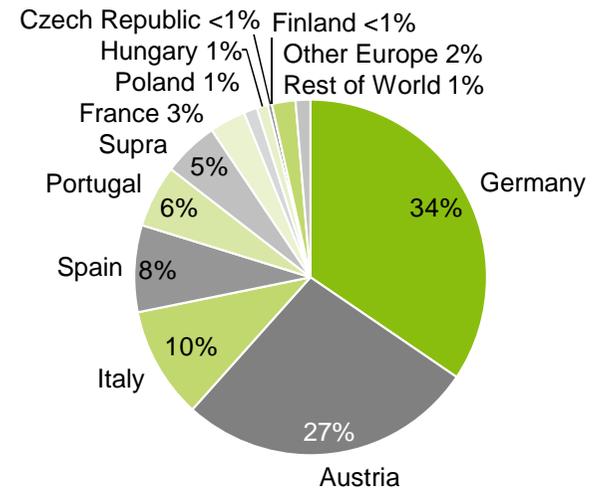
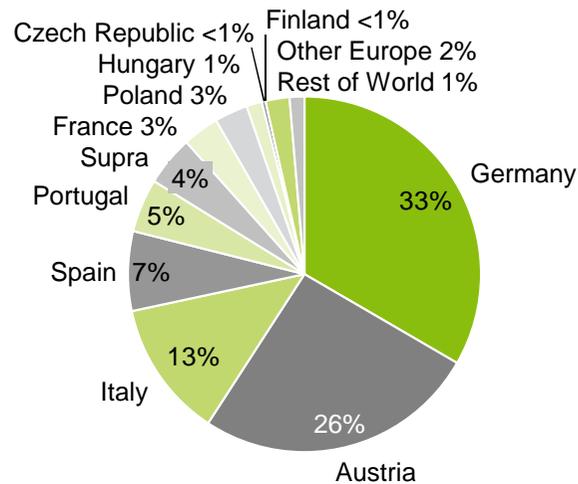
EUR billions (EaD, Basel III)<sup>1</sup>

■ 31/12/2014 / Total: EUR 26.2 bn<sup>2</sup>  
 ■ 30/06/2015 / Total: EUR 23.0 bn



31/12/2014<sup>2</sup>

30/06/2015



Note: Figures may not add up due to rounding    1 Excl. FMS-WM guaranteed exposure    2 Restated; figures retrospectively adjusted for transfer of Italian PIF portfolio (EUR 1.5 bn) into VP (as of 01/01/15)

# Portfolio

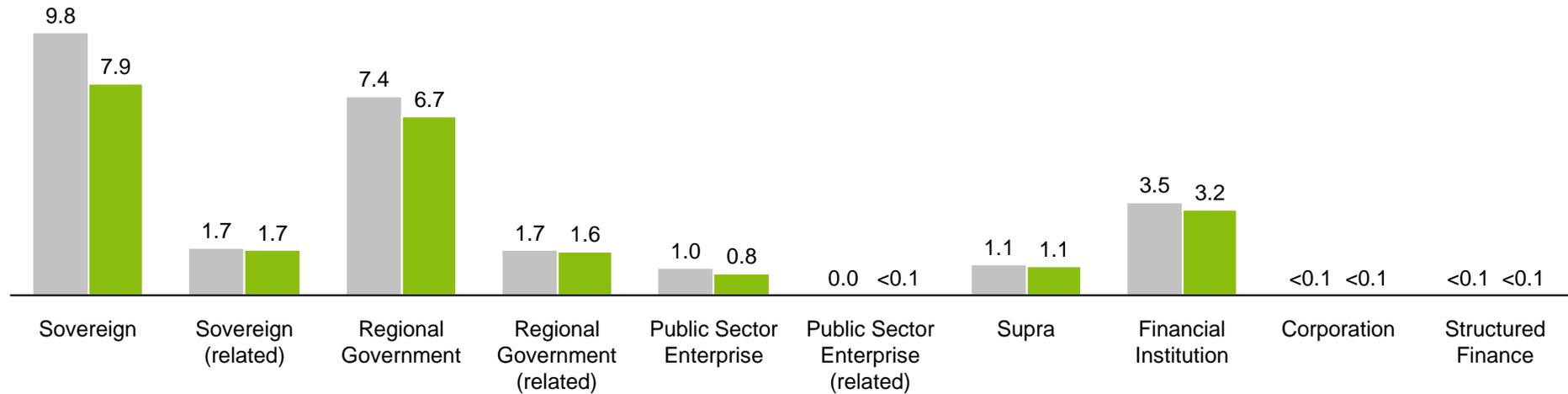
## Value Portfolio (VP)



### Borrower classification<sup>1</sup>

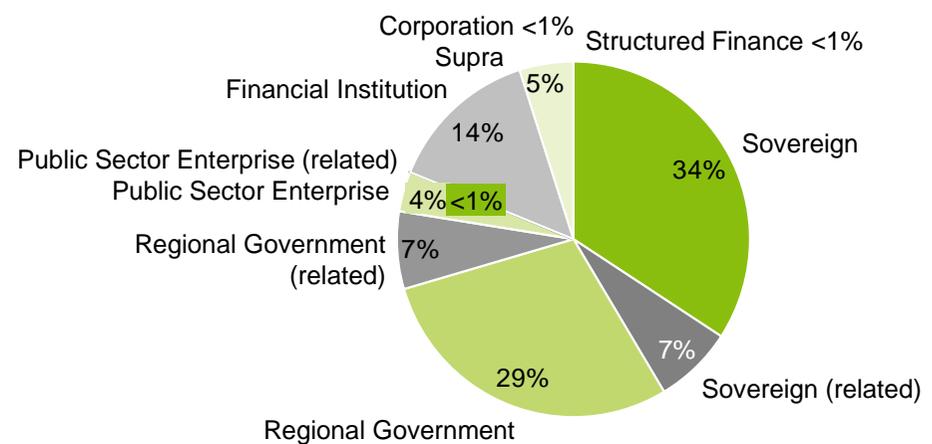
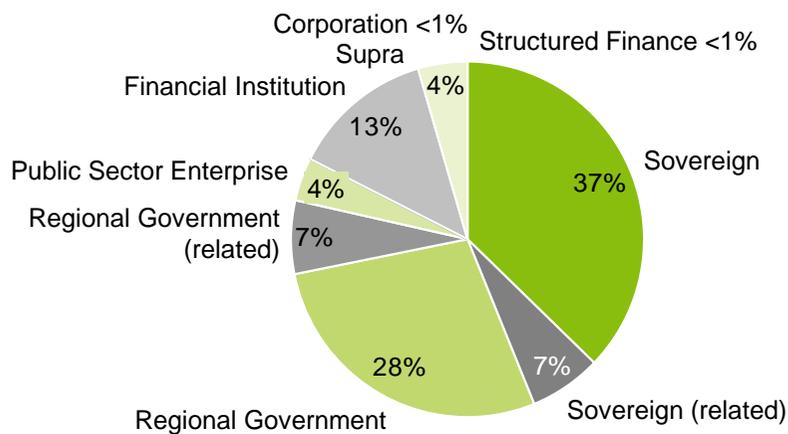
EUR billions (EaD, Basel III)<sup>2</sup>

■ 31/12/2014 / Total: EUR 26.2 bn<sup>3</sup>  
 ■ 30/06/2015 / Total: EUR 23.0 bn



31/12/2014<sup>3</sup>

30/06/2015



Note: Figures may not add up due to rounding <sup>1</sup> See appendix for definition of borrower classification <sup>2</sup> Excl. FMS-WM guaranteed exposure <sup>3</sup> Restated; figures retrospectively adjusted for transfer of Italian PIF portfolio (EUR 1.5 bn) into VP (as of 01/01/15)

# Portfolio

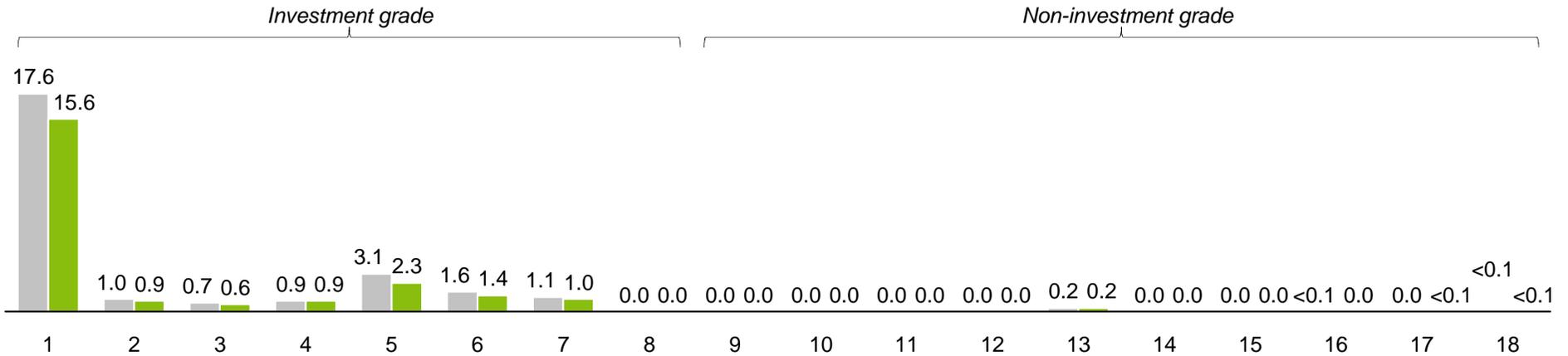
## Value Portfolio (VP)



### Internal ratings (EL classes)

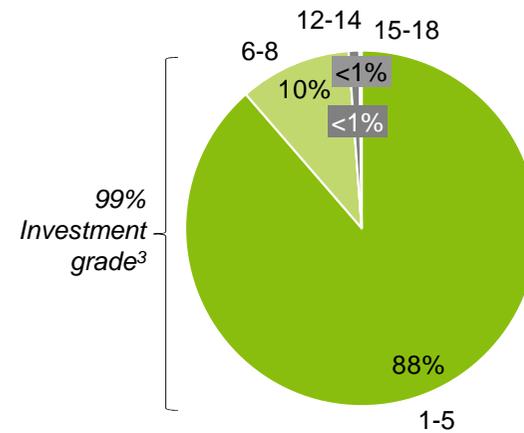
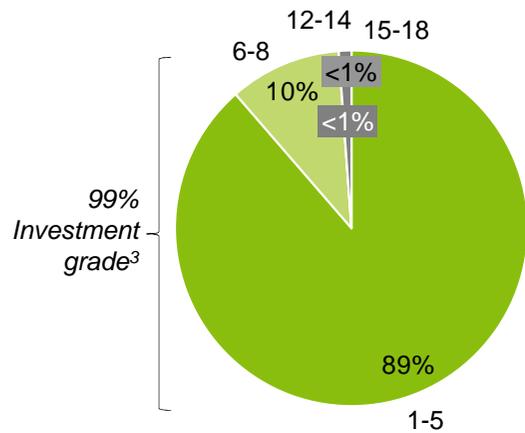
EUR billions (EaD, Basel III)<sup>1</sup>

■ 31/12/2014 / Total: EUR 26.2 bn<sup>2</sup>  
■ 30/06/2015 / Total: EUR 23.0 bn



31/12/2014<sup>2</sup>

30/06/2015



Note: Figures may not add up due to rounding <sup>1</sup> Excl. FMS-WM guaranteed exposure <sup>2</sup> Restated; figures retrospectively adjusted for transfer of Italian PIF portfolio (EUR 1.5 bn) into VP (as of 01/01/15) <sup>3</sup> EL Classes 1-8 = Investment grade; EL classes 9-18 = Non-investment grade

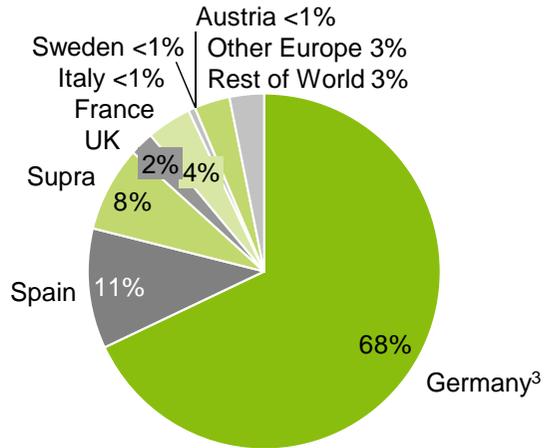
# Portfolio

## Consolidation & Adjustments (C&A)



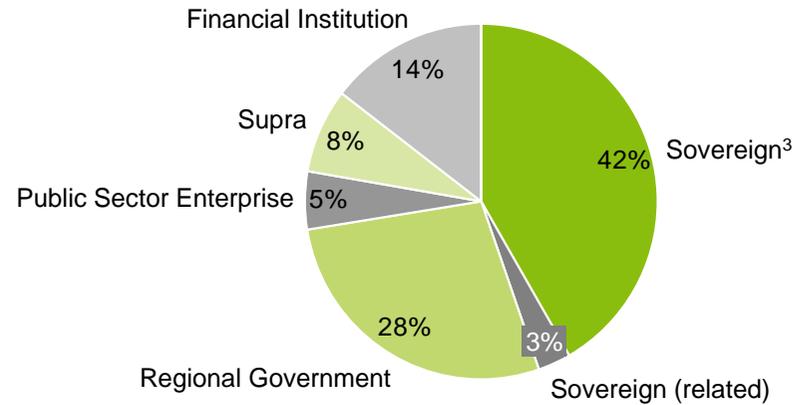
### Portfolio: Regions

30/06/2015: EUR 7.3 bn (EaD, Basel III)<sup>1,2</sup>



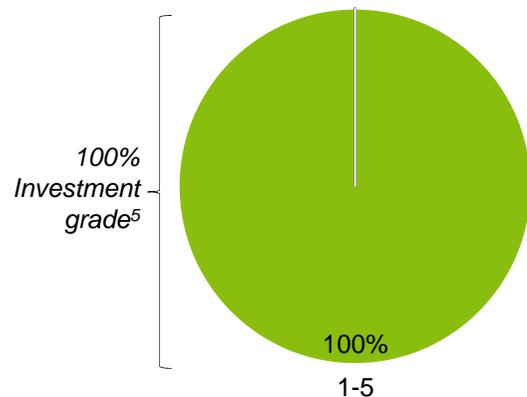
### Portfolio: Borrower classification<sup>4</sup>

30/06/2015: EUR 7.3 bn (EaD, Basel III)<sup>1,2</sup>



### Portfolio: Internal ratings (EL classes)

30/06/2015: EUR 7.3 bn (EaD, Basel III)<sup>1,2</sup>



Note: Figures may not add up due to rounding 1 Excl. FMS-WM guaranteed exposure 2 Excl. intra-group exposure 3 Incl. Bundesbank accounts (06/15: EUR 1.8 bn; 12/14: EUR 51 million) 4 See appendix for definition of borrower classification 5 EL Classes 1-8 = Investment grade; EL classes 9-18 = Non-investment grade

# Portfolio

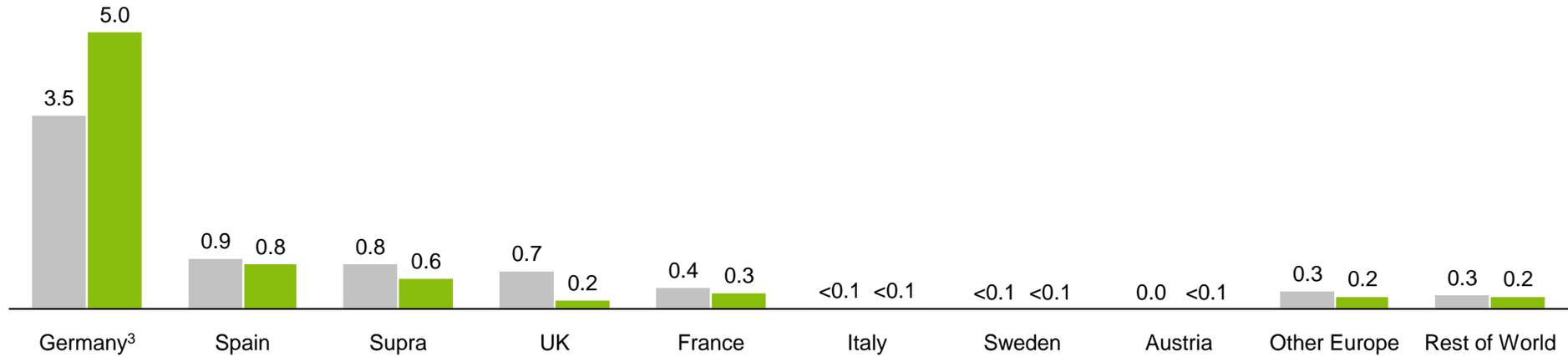
## Consolidation & Adjustments (C&A)



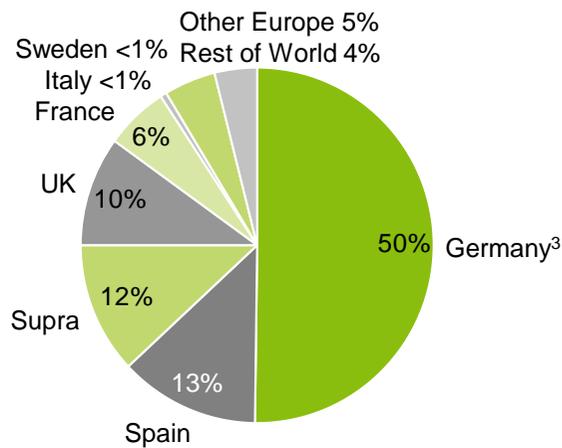
### Regions

EUR billions (EaD, Basel III)<sup>1,2</sup>

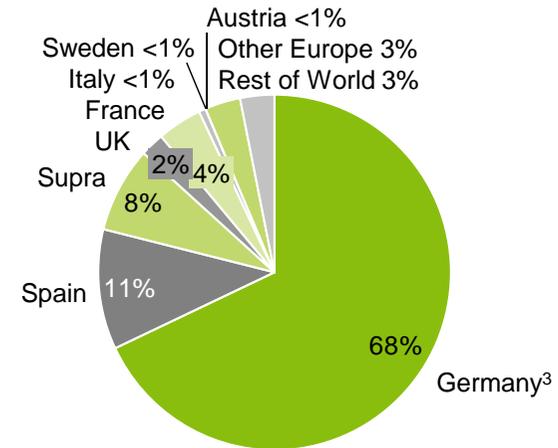
■ 31/12/2014 / Total: EUR 6.9 bn  
 ■ 30/06/2015 / Total: EUR 7.3 bn



#### 31/12/2014



#### 30/06/2015



Note: Figures may not add up due to rounding 1 Excl. FMS-WM guaranteed exposure 2 Excl. intra-group exposure 3 Incl. Bundesbank accounts (06/15: EUR 1.8 bn; 12/14: EUR 51 million)

# Portfolio

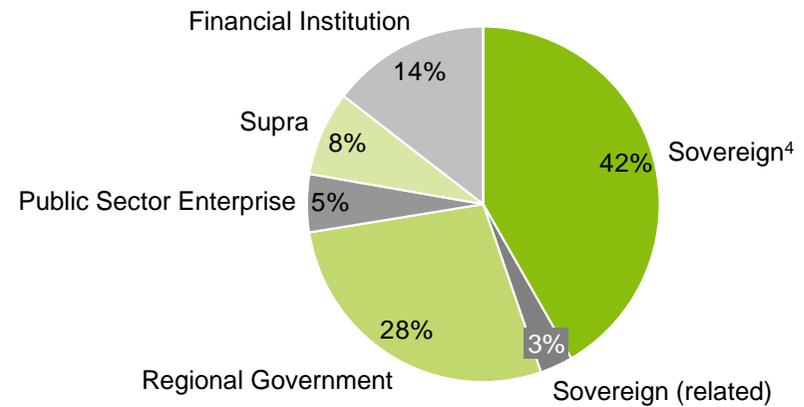
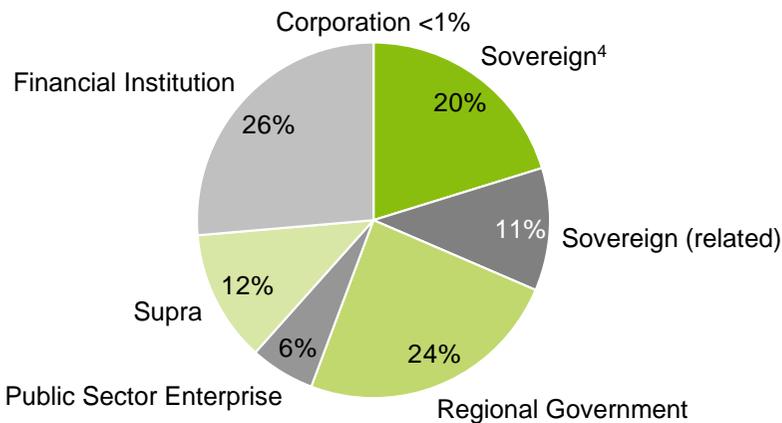
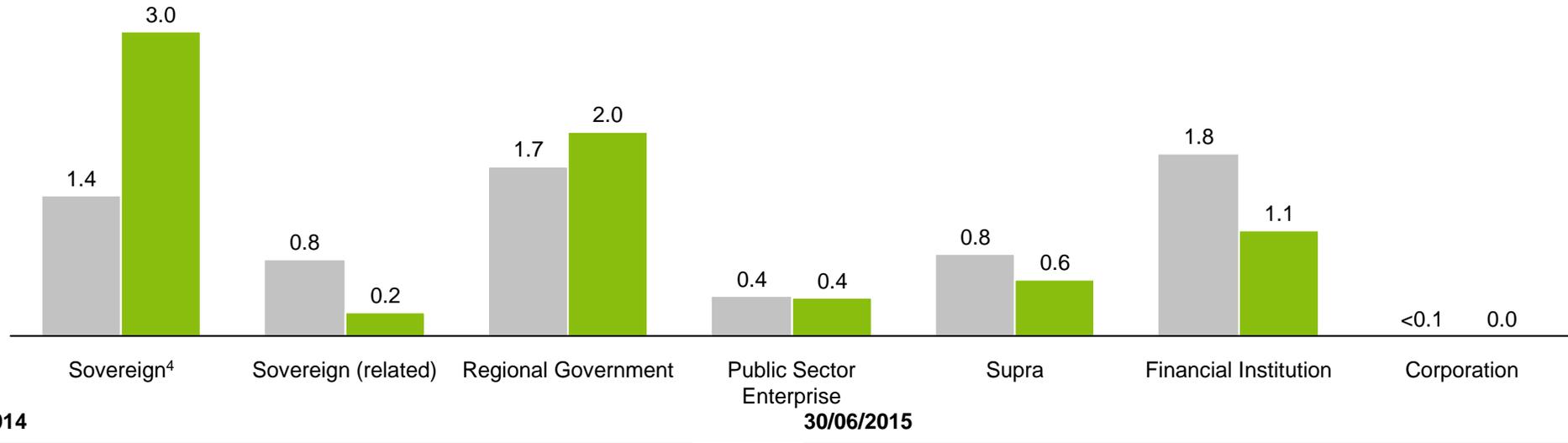
## Consolidation & Adjustments (C&A)



### Borrower classification<sup>1</sup>

EUR billions (EaD, Basel III)<sup>2,3</sup>

31/12/2014 / Total: EUR 6.9 bn  
30/06/2015 / Total: EUR 7.3 bn



Note: Figures may not add up due to rounding 1 See appendix for definition of borrower classification 2 Excl. FMS-WM guaranteed exposure 3 Excl. intra-group exposure 4 Incl. Bundesbank accounts (06/15: EUR 1.8 bn; 12/14: EUR 51 million)

# Portfolio

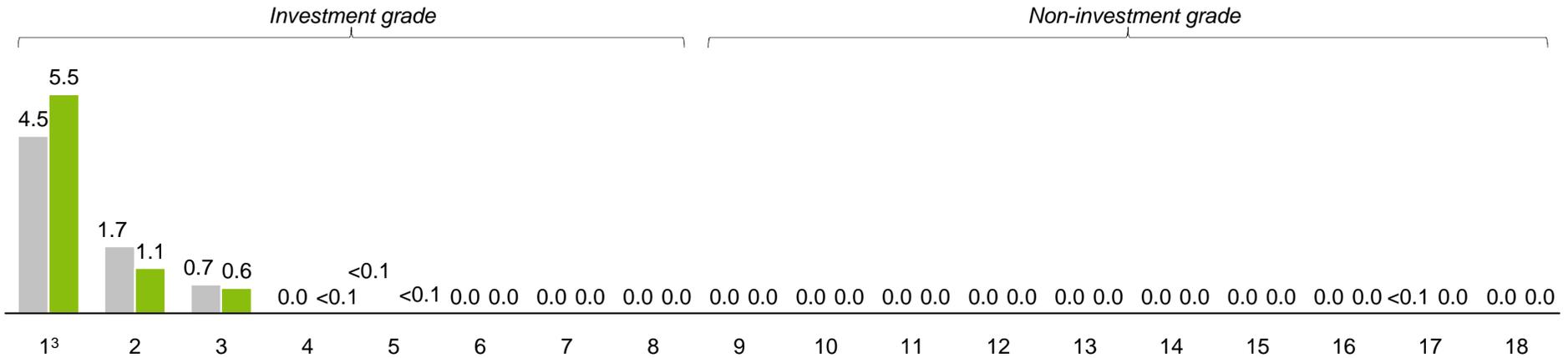
## Consolidation & Adjustments (C&A)



### Internal ratings (EL classes)

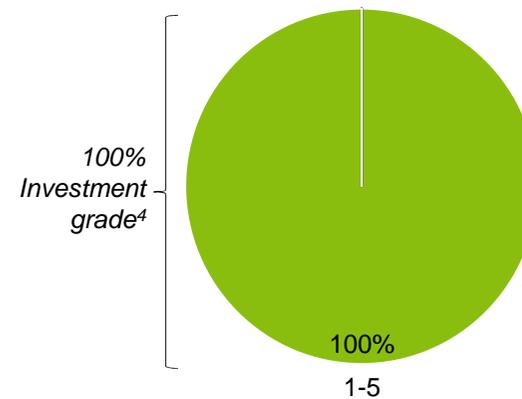
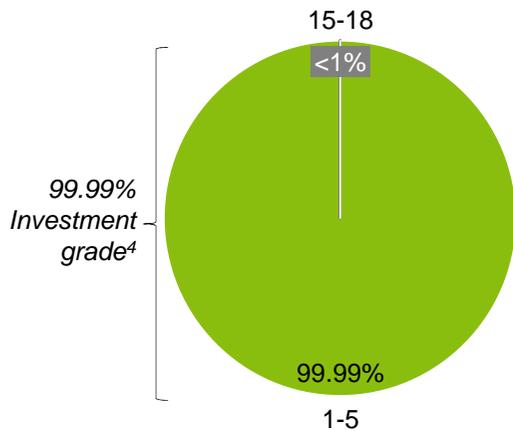
EUR billions (EaD, Basel III)<sup>1,2</sup>

31/12/2014 / Total: EUR 6.9 bn  
 30/06/2015 / Total: EUR 7.3 bn



31/12/2014

30/06/2015



Note: Figures may not add up due to rounding  
 1 Excl. FMS-WM guaranteed exposure  
 2 Excl. intra-group exposure  
 3 Incl. Bundesbank accounts (06/15: EUR 1.8 bn; 12/14: EUR 51 million)  
 4 EL Classes 1-8 = Investment grade; EL classes 9-18 = Non-investment grade

# Funding

## Public benchmark issuances since 2013



Type	WKN	Launch Date	Maturity Date	Size	Spread <sup>1</sup>	Coupon	Issue/Reoffer Price
Senior Unsecured	A1RFBU	17.01.2013	19.07.2016	EUR 500 mn	+138bp	2.000%	99.587%
Mortgage Pfandbrief	A1RFBY	23.01.2013	30.01.2017	EUR 500 mn	+8bp	0.875%	99.585%
Senior Unsecured (1 <sup>st</sup> Tap)	A1RFBU	14.02.2013	19.07.2016	EUR 360 mn	+109bp	2.000%	100.382%
Mortgage Pfandbrief	A1R052	11.03.2013	18.03.2020	EUR 500 mn	+25bp	1.500%	99.487%
Mortgage Pfandbrief	A1R058	08.05.2013	16.05.2016	GBP 200 mn	+50bp <sup>2</sup>	3mL+45bp	99.852%
Public Sector Pfandbrief	A1R06C	22.05.2013	29.05.2028	EUR 500 mn	+40bp	2.375%	98.612%
Mortgage Pfandbrief (1 <sup>st</sup> Tap)	A1R052	28.05.2013	18.03.2020	EUR 250 mn	+16bp	1.500%	100.835%
Mortgage Pfandbrief (1 <sup>st</sup> Tap)	A1PG3M	28.05.2013	20.12.2019	GBP 75 mn	+83bp <sup>3</sup>	1.875%	99.589%
Mortgage Pfandbrief (1 <sup>st</sup> Tap)	A1R058	05.08.2013	16.05.2016	GBP 50 mn	+50bp <sup>2</sup>	3mL+45bp	99.810%
Mortgage Pfandbrief (2 <sup>nd</sup> Tap)	A1PG3M	20.08.2013	20.12.2019	GBP 50 mn	+90bp <sup>3</sup>	1.875%	95.493%
Mortgage Pfandbrief	A1X256	21.08.2013	28.08.2018	EUR 500 mn	+9bp	1.375%	99.803%
Pub. Sec. Pfandbrief (1 <sup>st</sup> Tap)	A1R06C	22.08.2013	29.05.2028	EUR 200 mn	+25bp	2.375%	94.052%
Senior Unsecured	A1X26E	02.09.2013	11.09.2017	EUR 500 mn	+115bp	2.250%	99.799%
Mortgage Pfandbrief (1 <sup>st</sup> Tap)	A1RFBY	04.10.2013	30.01.2017	EUR 100 mn	-1.5bp	0.875%	100.127%
Mortgage Pfandbrief	A1X3LT	14.01.2014	21.01.2022	EUR 500 mn	+17bp	1.875%	99.362%
Mortgage Pfandbrief (2 <sup>nd</sup> Tap)	A1MLUW	13.02.2014	03.06.2019	EUR 50 mn	+10bp	2.125%	104.988%
Mortgage Pfandbrief	A11QAP	18.03.2014	25.03.2019	EUR 500 mn	+14bp	1.000%	99.400%
Senior Unsecured (1 <sup>st</sup> Tap)	A1X26E	03.06.2014	11.09.2017	EUR 150 mn	+72bp	2.250%	103.278%
Mortgage Pfandbrief (2 <sup>nd</sup> Tap)	A1RFBY	23.06.2014	30.01.2017	EUR 150 mn	-5bp	0.875%	101.466%
Mortgage Pfandbrief (1 <sup>st</sup> Tap)	A11QAP	18.08.2014	25.03.2019	EUR 175 mn	+4.5 bp	1.000%	101.915%
Mortgage Pfandbrief	A11QA31	02.09.2014	08.09.2017	EUR 500 mn	+0 bp	0.250%	99.827%
Mortgage Pfandbrief (2 <sup>nd</sup> Tap)	A11QAP	05.09.2014	25.03.2019	EUR 75 mn	+3.3 bp	1.000%	102.534%
Mortgage Pfandbrief	A12UAW2	23.09.2014	29.09.2017	GBP 300 mn	+42 bp <sup>2</sup>	3mL+40 bp	99.941%
Senior Unsecured (2 <sup>nd</sup> Tap)	A1X26E	06.11.2014	11.09.2017	EUR 100 mn	+62bp	2.250%	103.836%
Senior Unsecured	A12UA6	13.01.2015	20.01.2017	EUR 500 mn	+78bp	0.875%	99.874%
Senior Unsecured (1 <sup>st</sup> Tap)	A12UAR	19.01.2015	17.09.2019	EUR 200 mn	+100bp	1.50%	100.918%
Mortgage Pfandbrief	A13SV81	23.07.2015	30.07.2020	EUR 500 mn	-14 bp	0.25%	99.819%

1 vs. mid-swap 2 vs. 3mGBP-Libor 3 vs. UK Gilts

# Ratings

## Mandated ratings



as of 14 August 2014

	S&P	DBRS	Moody's <sup>1,2</sup>
<b>Pfandbrief ratings</b>			
Public Sector Pfandbrief	AA <sup>-3</sup>		Aa1
Mortgage Pfandbrief	AA+ <sup>4</sup>		Aa2
<b>Bank ratings</b>			
<b>Long-term</b>	<b>BBB</b>	<b>A (low)<sup>5</sup></b>	
Outlook/Trend	Negative	-	
Short-term	A-2	R-1 (low) <sup>5</sup>	
Stand-alone rating <sup>6</sup>	bbb-	BBB	

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Note: The above list does not include all ratings 1 Moody's withdrew the Unsecured Bank Ratings on June 29, 2015, following the termination of the mandate by pbb 2 Pfandbrief Rating mandate under review by pbb  
3 Negative Outlook 4 Stable Outlook 5 Under Review Negative 6 S&P: Stand-alone credit profile; DBRS: Intrinsic Assessment

## Definition of borrower classifications

Borrower classification	Definition
<b>Sovereign</b>	Direct and indirect obligations of Central Governments, Central Banks and National Debt Agencies
<b>Sovereign (related)</b>	Indirect obligations of Non Sovereigns with an explicit first call guarantee by a Sovereign
<b>Regional Government</b>	Direct and indirect obligations of Regional, Provincial and Municipal Governments
<b>Regional Government (related)</b>	Indirect obligations of Non Regional Government with an explicit first call guarantee by a Regional Government
<b>Public Sector Enterprise</b>	Direct obligations of administrative bodies and non commercial/non-profit undertakings
<b>Public Sector Enterprise (related)</b>	Indirect obligations of Non Public Sector Enterprise with an explicit first call guarantee by a Public Sector Enterprise
<b>Financial Institution</b>	Direct and indirect obligations of Universal Banks, Investment Banks, Mortgage Institutions, Brokerages and other banks or Basel regulated institution
<b>Corporation</b>	Direct and indirect obligations of enterprises, established under corporate law and operating in a for profit or competitive environment
<b>Structured Finance</b>	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
<b>Supranational</b>	Direct obligations to international Organisations and International Investment and Development Banks
<b>Other</b>	Direct obligations to Individuals

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