

# Analyst Conference

## Preliminary Results 2015

2 March 2016

PUBLIC SECTOR FINANCE  
REAL ESTATE FINANCE

**pbb**

DEUTSCHE  
PFANDBRIEFBANK

Strong Operating Performance – PBT of EUR 195 mn (+12%)

Dividend proposal at 43 Cent per share

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## 2015: A good year for pbb

### pbb successfully positioned

- **Privatisation done**  
– IPO successfully completed in difficult market environment
- **pbb firmly established as a leading European Real Estate and Public Investment Finance Bank**
- **Cost target delivered**
- **Strategy after IPO** – focus on risk conservative profile remains



### Operating performance in good shape

- **New business** of EUR 12 bn marks new **record level**  
– PIF gained momentum (+33% y-o-y)
- **Strategic portfolio growth** by +10%  
– despite high early extensions/prepayments
- **Best result for pbb since re-start in 2009: PBT of EUR 195 mn**  
– NII slightly up, risk cost (net) at zero and operating costs significantly down



### First time dividend

- **Dividend** proposal **43 Cent** per share
- **Pay-out ratio equals ~50%** (annualised)



## 2016: Outlook on markets and regulatory environment with increasing uncertainties

### Markets

- **Macroeconomics** in core Europe expected to remain **reasonably intact** – despite political tensions
- **ECB policy of QE to extend** through 2016; low/negative interest rates to stay
- **Demand for commercial real estate** to stay **strong** in pbb's relevant markets – still **relatively low risk of oversupply**
- **High competition and margin pressure** expected to continue



### Regulation

- Regulatory developments (e.g. ECB, “Basel IV”) **remain uncertain and challenging**
- Regulation puts further **upward pressure on RWA**



### Operating objectives

- **New business** on ambitious **2015 level**
- Further **growth of strategic portfolio**
- **Pre-tax profit** after normalised level of loan-loss provisions **slightly lower than good 2015 level**



# Agenda

**1 Highlights 2015**

**2 Financials**

**3 Business units**

**4 Portfolio**

**5 Funding**

**6 Capitalisation**

**7 Outlook 2016**

**Appendix**

**Contact details**

## Highlights 2015

**Pre-tax profit of EUR 195 mn exceeds initial full-year expectation of at least EUR 174 mn by +12%**

-  **Pre-tax profit** at EUR 195 mn (+12% y-o-y) – fourth quarter PBT of EUR 30 mn q-o-q affected by additions to loan-loss provisions, higher general administrative expenses and personnel provisions
  - **Net interest income** slightly up y-o-y to EUR 426 mn (2014: EUR 421 mn), despite ongoing margin compression and high early extensions/prepayments of higher margin loans – Q4/15 up +7% q-o-q to EUR 102 mn, after weaker Q3/15 (EUR 95 mn)
  - **Loan-loss provisions** remain at low level (net release of EUR 1 mn; Q4/15: EUR -7 mn; Q3/15: EUR 3 mn)
  - **General administrative expenses** down by -18% y-o-y to EUR -207 mn (CIR: 52%) due to strict cost discipline – Q4/15 includes higher project related costs
  - Positive **one-off effects** largely compensated through: (1) HETA effects (Q1/15), (2) loss taken on accelerated run-down of Value Portfolio (Q2/15) and (3) other provisioning
  
-  **Net income** of EUR 230 mn benefits from EUR 35 mn tax gain, which corresponds to **EpS** of EUR 1.71 and **RoE after tax** 7.4%<sup>1</sup> – management board to propose **dividend** of EUR 0.43 per share
  
-  **New business** (incl. extensions >1 year) up +18%, reaching a new record level of EUR 12.0 bn (Q4/15: EUR 3.1 bn) – continued high demand in CRE markets allowed for selective new business
  
-  **Strategic portfolio** up +10% (Q4/15: +3%) despite strong prepayments; non-strategic Value Portfolio continues to run down as expected (-18%; Q4/15: -5%)
  
-  Re-/prepayments and liquidity position allowed for reduced **funding activities** with new long-term funding of EUR 4.5 bn (2014: EUR 6.0 bn)
  
-  Strong **capitalisation** with fully-loaded CET1 ratio of 18.2%<sup>2</sup> (Basel III) – EUR 1 bn FMS silent participation redeemed as planned prior to IPO in July 2015

<sup>1</sup> Calculation based on average equity; EUR 1 bn silent participation of Sonderfonds Finanzmarktstabilisierung (FMS) included until redemption in July 2015    <sup>2</sup> Incl. preliminary full-year result, post proposed dividend

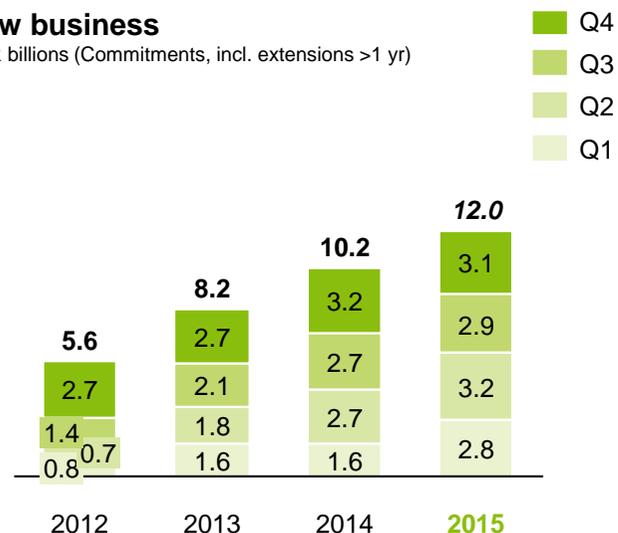
# Highlights 2015

Strong operating performance – NII slightly up y-o-y, despite ongoing margin compression and high early extensions/prepayments



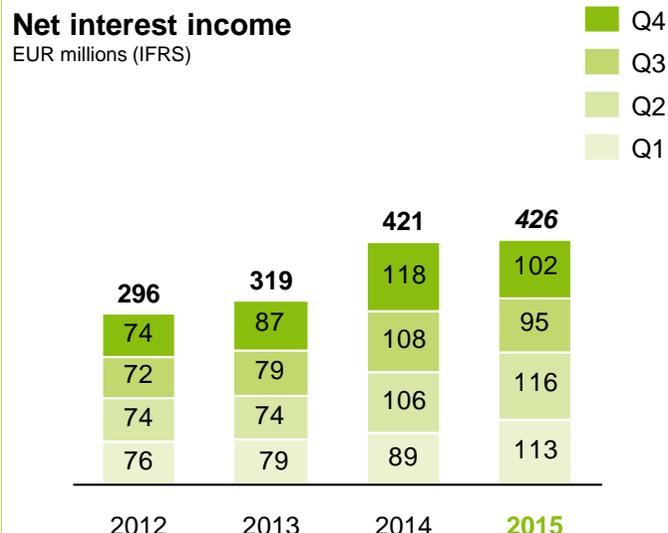
## New business

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



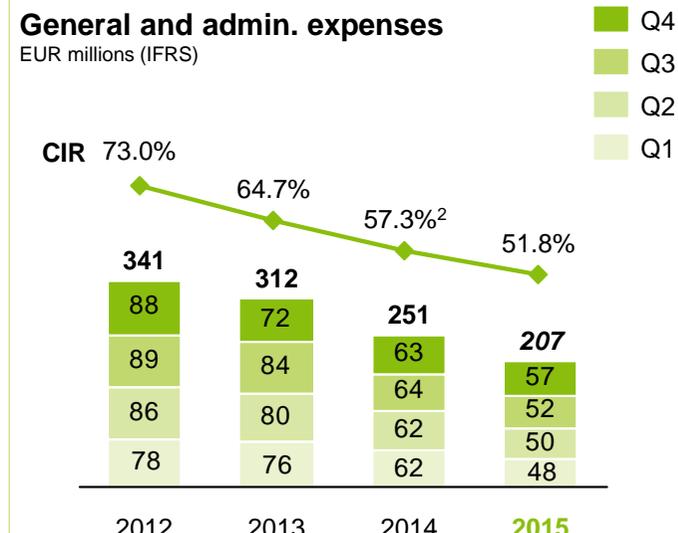
## Net interest income

EUR millions (IFRS)



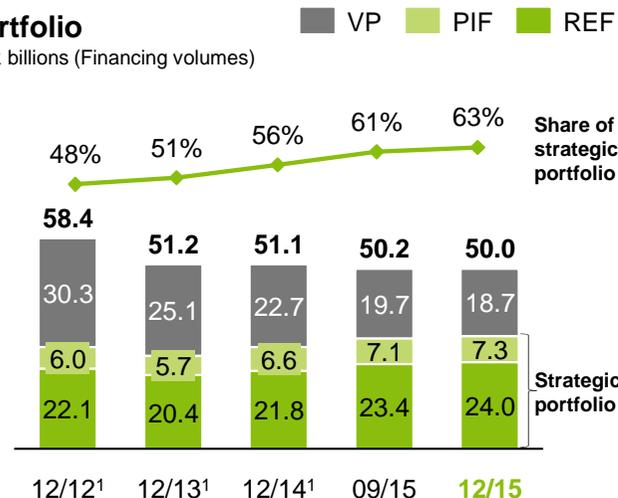
## General and admin. expenses

EUR millions (IFRS)



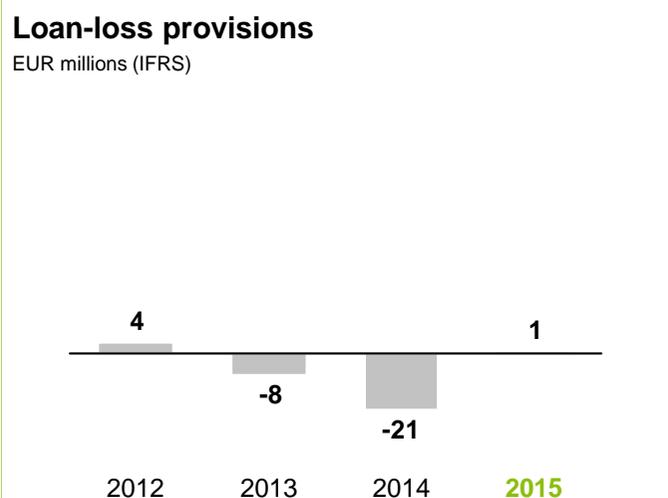
## Portfolio

EUR billions (Financing volumes)



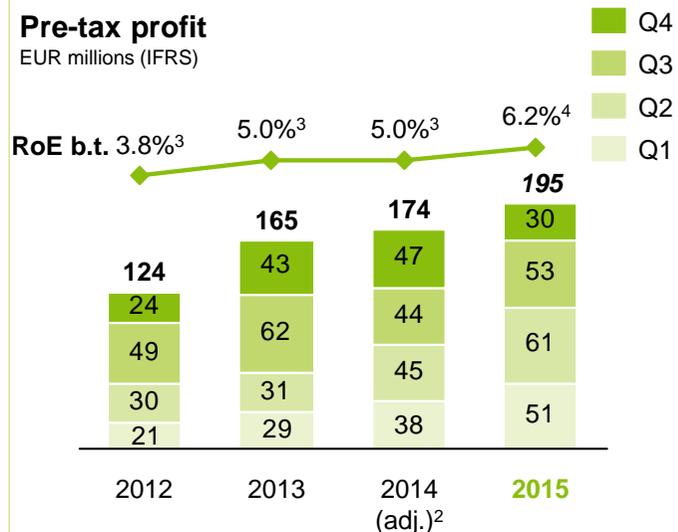
## Loan-loss provisions

EUR millions (IFRS)



## Pre-tax profit

EUR millions (IFRS)



Note: Figures may not add up due to rounding. <sup>1</sup> Restated; figures retrospectively adjusted for transfer of Italian PIF portfolio into VP (as of 01/01/15). <sup>2</sup> Adjusted for EUR -120 mn extraordinary effects from value adjustments on HETA exposure. <sup>3</sup> Incl. EUR 1 bn silent participation of Sonderfonds Finanzmarktstabilisierung (FMS). <sup>4</sup> Calculation based on average equity; EUR 1 bn silent participation of Sonderfonds Finanzmarktstabilisierung (FMS) included until redemption in July 2015.

# Highlights 2015

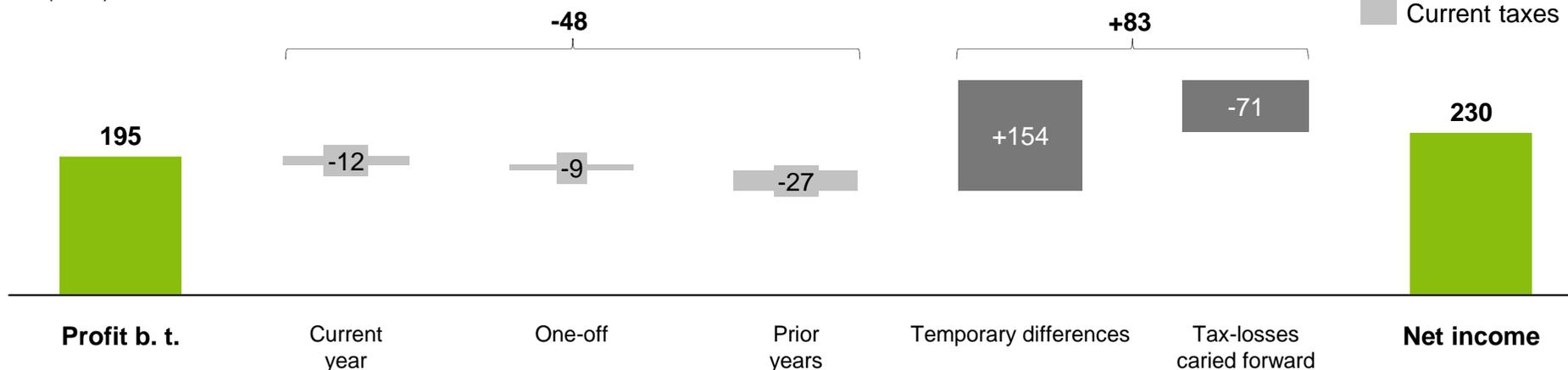
## Positive tax effect from deferred taxes results in tax gain of EUR 35 mn



### Net income

EUR millions (IFRS)

■ Deferred taxes  
■ Current taxes



#### Current taxes:

- Income taxes determined on the basis of German GAAP (HGB)<sup>1</sup>
- Repayment of FMS silent participation fully tax deductible
- No German corporate taxes in 2015 – taxes for current year include EUR -6 mn German trade taxes and EUR -6 mn foreign taxes
- EUR -9 mn one-off tax burden in relation to sale of a restructured property in Japan (Q2/15)
- EUR -27 mn tax provisions for prior years

#### Deferred taxes:

- EUR 154 mn tax gain from temporary differences mainly results from derivative novations
- EUR -71 mn adjustment of DTAs on TLCF

Unused TLCF	2014	2015
Corporate tax (EUR bn)	3.7	3.8
Trade tax (EUR bn)	3.8	3.8
TLCF for which DTAs have been accounted for	2014	2015
Corporate tax (EUR bn)	0.6	0.4
Trade tax (EUR bn)	0.7	0.3

<sup>1</sup> Mathematical tax rate of ~11% after utilization of TLCF (40% subject to combined tax rate of 27.7%, 60% off-settable against TLCF)

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## Income statement

Net interest and commission income up by +4% y-o-y despite margin compression and high early extensions/prepayments of higher margin loans

### Income from lending business

EUR millions

	Q4/14	Q4/15	2014	2015
Net interest income	118	102	421	426
<i>thereof: Prepayment fees</i>	27	6	51	18
<i>One-off effects</i>	-9	7	2	32
Net fee and commission income	1	2	1	14
<b>Total</b>	<b>119</b>	<b>104</b>	<b>422</b>	<b>440</b>

### Key drivers 2015:

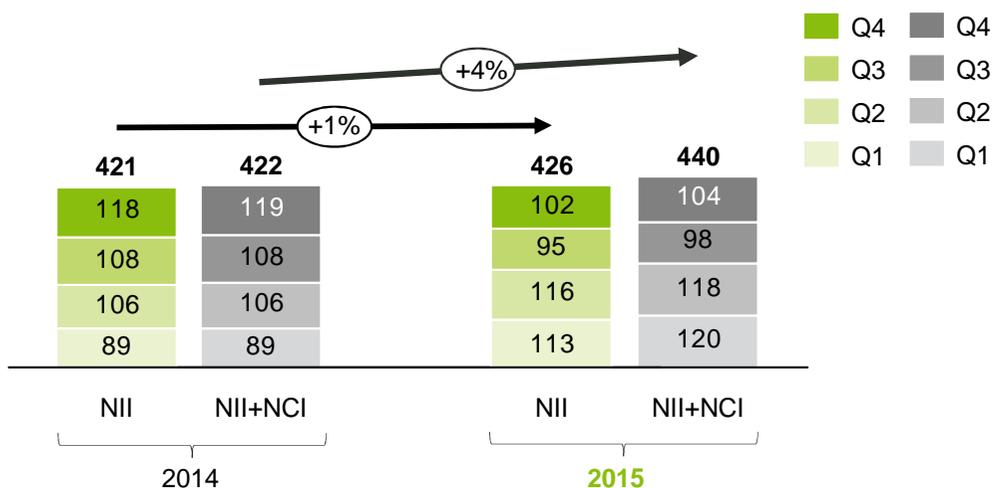
- NII positively driven by strategic portfolio growth (+10% y-o-y), but burdened by
  - Margin compression on new business Q1/2015 – stable thereafter
  - high early extensions/prepayments of higher margin loans

#### Major one-off effects:

- Gains from sale of promissory notes (Q1/15: EUR 15 mn; Q3/15: EUR 10 mn; Q4/15: EUR 9 mn)
  - Gain from release of cash-flow hedge reserve due to retrospective hedge inefficiency (Q2/15: EUR 12 mn)
  - Negative one-offs mainly include interest accruals in relation to legal risks and tax issues
- NCI includes EUR 5 mn deferred back-end fee (Q1/15)

### Net interest and commission income

EUR millions



## Income statement

### Loan-loss provisions on low levels in overall still favourable market environment

## Loan-loss provisions

EUR millions

	Q4/14	Q4/15	2014	2015
Specific allowances	-18	-9	-32	-16
<i>Additions</i>	-21	-13	-43	-25
<i>thereof: HETA</i>	-8	-	-8	-6
<i>Releases</i>	3	4	11	9
Portfolio-based allowances	-3	-	5	13
Other allowances	-	-	-	1
Recoveries from write-offs	1	2	6	3
<b>Total</b>	<b>-20</b>	<b>-7</b>	<b>-21</b>	<b>1</b>



### Key drivers 2015:

- Net release of portfolio-based allowances (EUR 13 mn) nearly compensated for net additions of specific allowances (EUR -16 mn, thereof EUR -6 mn referring to HETA in Q1/15)
- Additions to specific allowances in Q4/15 (EUR -13 mn) resulted from a few single cases and were partly offset by releases (EUR 4 mn)
- Low level of LLPs also reflects continued conservative business approach
  - 96% of portfolio investment-grade<sup>1</sup> (12/14: 96%)
  - 58% avg. LTV in REF portfolio (12/14: 59%)
  - 1.3% share of problem loans in total portfolio (12/14: 1.8%)

Note:

Other HETA value adjustments recognised under result from financial instruments

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

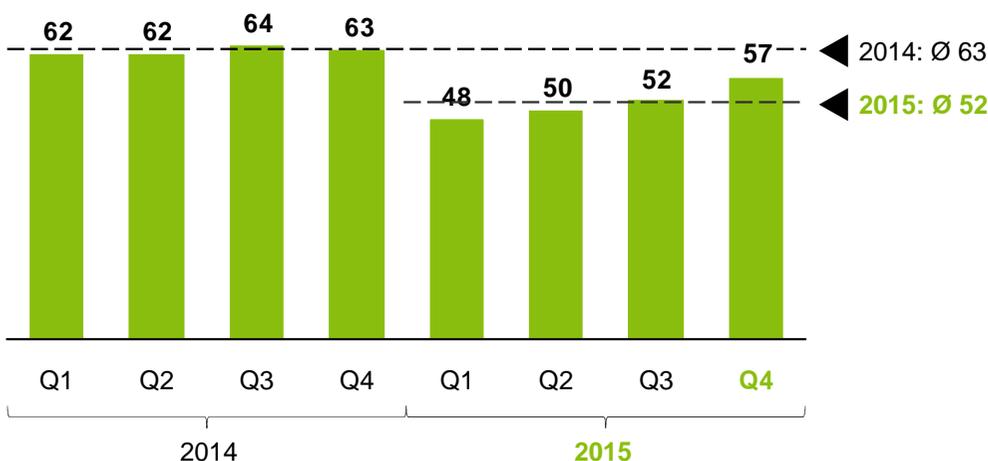
## Income statement

Operating cost base significantly reduced by -18% due to strict cost containment  
– cost target achieved

### General and administrative expenses

EUR millions

	Q4/14	Q4/15	2014	2015
General admin. expenses	-63	-57	-251	-207
Personnel	-29	-28	-110	-112
Non-personnel	-34	-29	-141	-95
CIR (%)	>100	57.0	57.3 <sup>1</sup>	51.8



#### Key drivers 2015:

- Operating cost base significantly reduced by -18% y-o-y, mainly reflecting
  - strict cost discipline
  - lower expenses for IT (IT services for DEPFA terminated) and professional services (less projects)
- In Q4/15, GAE include costs for a newly launched project relating to the timely implementation of all regulatory and reporting requirements until 2018
- Mid-term expectation remains below EUR 220 mn p.a.

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

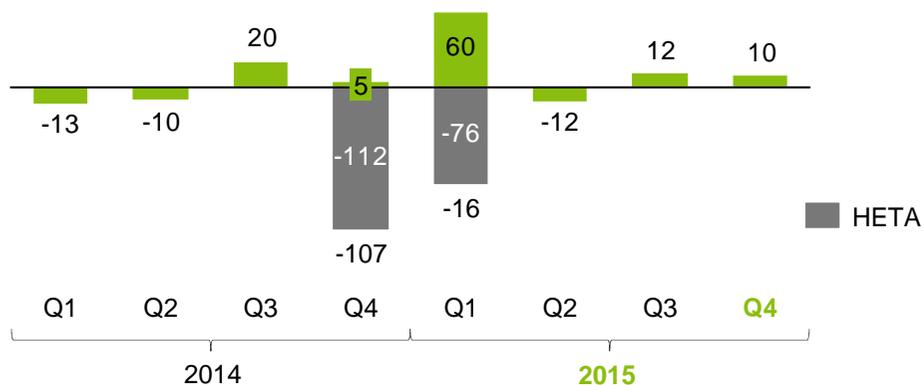
## Income statement

### Result from financial instruments primarily driven by derivative valuation and one-off effects

### Result from financial instruments

EUR millions

	Q4/14	Q4/15	2014	2015
Net trading income	-9	8	-30	15
<i>thereof: HETA</i>	-3	-	-3	-3
Net income from financial investments	-100	0	-77	-32
<i>thereof: HETA</i>	-109	-	-109	-73
<i>Other one-off effects</i>	3	-1	27	40
Net income from hedging relationships	2	2	-3	11
<b>Total</b>	<b>-107</b>	<b>10</b>	<b>-110</b>	<b>-6</b>



#### Key drivers 2015:

- NTI positively driven by
  - interest rate and FX related derivative valuation effects (EUR 20 mn; 2014: EUR 3 mn) and
  - bCVA effects (EUR 14 mn; 2014: EUR -12 mn)
 which more than compensated for negative effects:
  - pull-to-par effects from positive derivative fair values (EUR -19 mn; 2014: EUR -21 mn) and
  - hedge breakage costs in relation to HETA (Q1/15: EUR -3 mn)
  
- NFI mainly burdened by EUR -73 mn HETA valuation adjustments in Q1/15, which were partly compensated by net gains from sale of assets (EUR 40 mn)
  
- Hedge result includes EUR 5 mn gain from change of valuation estimate on options

## Income statement

### Net Other Operating Result driven by bank levy and one-off effects

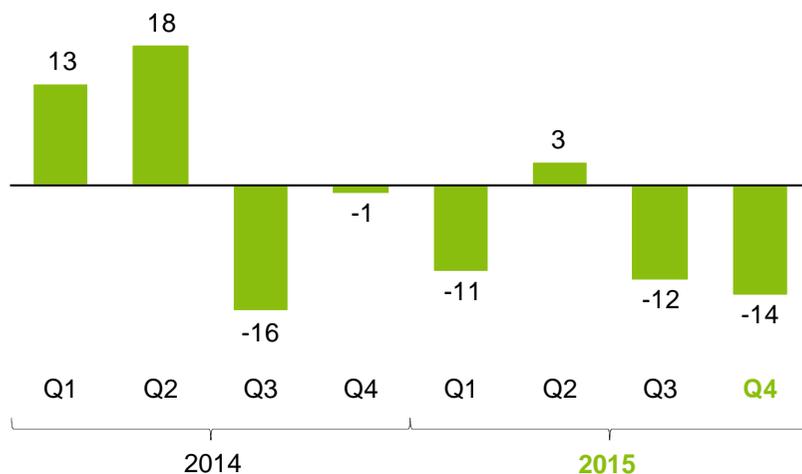
### Result from further business activities

EUR millions

	Q4/14	Q4/15	2014	2015
Net other operating income/expenses	-1	-14	14	-34
<i>thereof: IT services DEPFA</i>	5	-	30	-
<i>Bank levy</i>	-	7	-1	-18
<i>One-off effects</i>	-8	-20	-37	-35
Net miscellaneous income/expenses	-1	-6	-	1

### Net other operating income/expenses

EUR millions



### Key drivers 2015:

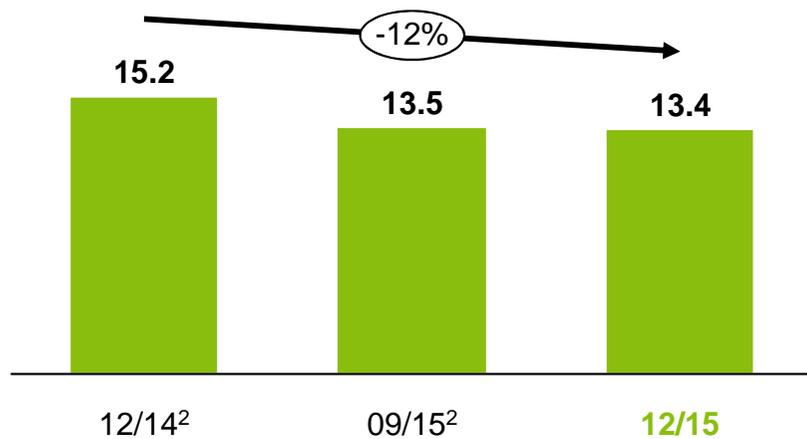
- No more income from IT services for DEPFA (terminated by end of 2014)
- Cash collateral provided in Q4/15 reduced P&L effect of bank levy by EUR 7 mn to EUR -18 mn
- Major one-offs:
  - Gain from sale of a successfully restructured property in Japan (Q2/15)
  - Provisions for legal risks, procedural costs related to HETA, rescue acquisitions and personnel

# Capitalisation

Strong capital ratios provide cushion for envisaged future strategic portfolio growth and regulatory uncertainties



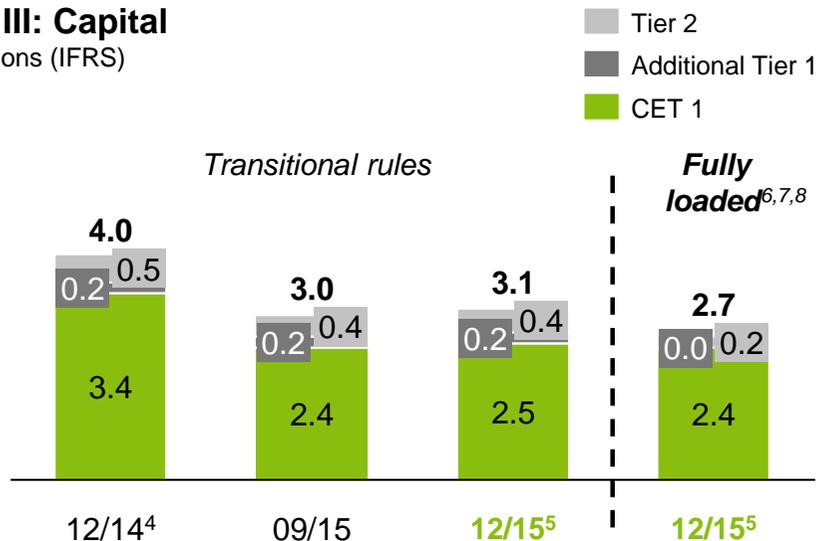
**Basel III: RWA**  
EUR billions (IFRS)<sup>1</sup>



**Basel III: Capital ratios**  
% (IFRS)

in %	Transitional rules			Fully loaded <sup>6,7,8</sup>	
	12/14 <sup>2,3,4</sup>	09/15 <sup>2</sup>	12/15 <sup>5</sup>	12/15 <sup>5</sup>	Mid-term targets
CET 1	22.2	17.4	18.9	18.2	>12.5
Tier 1	23.4	18.9	20.5	18.2	>16
Own funds	26.6	21.9	23.4	19.9	16-18
Leverage ratio	5.3	4.1	4.4	3.9	>3.5

**Basel III: Capital**  
EUR billions (IFRS)



**Key drivers 2015:**

- RWA reduction mainly driven by re-/prepayments and positive rating changes
- As planned, FMS silent participation (EUR 1 bn) redeemed prior to IPO in July 2015 (formerly recognised in CET 1)
- CET1 fully loaded reflects 2015 profit attribution and dividend; CET1 excl. these effects amounts to 16.8%
- SREP ratio: 10.75% (incl. capital conservation buffer); based on CET1 mid-term target, buffer against regulatory uncertainties >5%

Note: Figures may not add up due to rounding 1 No transitional rules to be applied 2 Retrospectively adjusted 3 Until July 2015, under the 'Waiver Rule' pbb calculated regulatory capital ratios on a voluntary basis  
4 Incl. full-year result 5 Incl. preliminary full-year result, post proposed dividend 6 Simulation 7 Based on currently known Basel III rules 8 Actual figures may vary significantly from simulation

## Segment reporting: Real Estate Finance (REF)

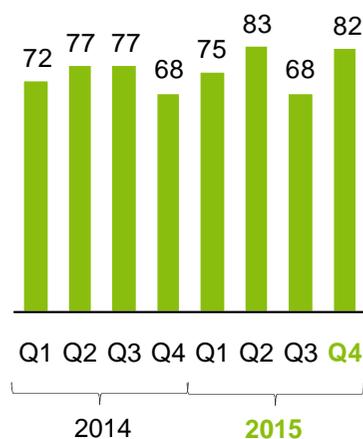
Net interest income up +5% y-o-y despite continued margin compression and high early extensions/prepayments – new business margins stable during 2015

Income statement (IFRS, EUR mn)	2014 <sup>1</sup>	2015
Operating income	282	358
<i>thereof: Net interest income</i>	294	308
<i>Net commission income</i>	2	14
Loan-loss provisions	-14	7
General administrative expenses	-160	-160
<b>Pre-tax profit</b>	<b>108</b>	<b>206</b>
Key indicators	2014 <sup>1</sup>	2015
CIR (%)	56.7	44.7
RoE before tax (%)	14.2	30.9
Equity (EUR bn, excl. revaluation reserve)	0.7	0.6
RWA (EUR bn)	7.0	6.5
Financing volume (EUR bn)	21.8	24.0

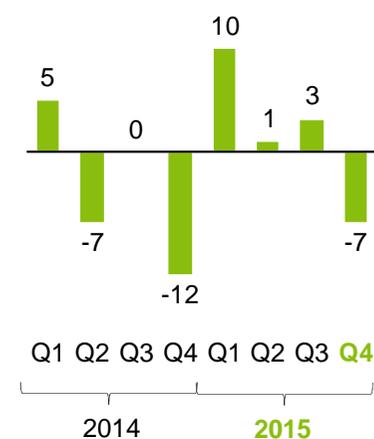
### Key drivers 2015:

- Operating income up +27%, supported by one-off effects
  - NII positively driven by portfolio growth (+10% y-o-y), but burdened by
    - margin compression and
    - high early extensions/prepayments of higher margin loans
  - Other key effects:
    - EUR 9 mn allocated prepayment fees
    - EUR -9 mn allocated bank levy
    - EUR 35 mn net one-offs<sup>2,3</sup>
- EUR 7 mn net release of LLPs – net additions to specific allowances resulted from a few single cases only
- GAE remained stable

**Net interest income**  
EUR millions



**Loan-loss provisions**  
EUR millions



<sup>1</sup> restated acc. to IFRS 8.29; figures retrospectively adjusted for change in segmental equity allocation (as of 01/01/15)    <sup>2</sup> One-offs (direct): Incl. EUR 39 mn gain from sale of a successfully restructured property in Japan, EUR 12 mn CVA releases, EUR 5 mn deferred back-end fee, EUR -12 mn write-offs on rescue acquisitions    <sup>3</sup> One-offs (allocated): Incl. gain from release of cash-flow hedge reserve, gains from sale of assets, legal provisions

## Segment reporting: Public Investment Finance (PIF)

### Increase of profitability based on continued portfolio growth

Income statement (IFRS, EUR mn)	2014 <sup>1</sup>	2015
Operating income	35	41
<i>thereof: Net interest income</i>	40	44
Loan-loss provisions	-	-
General administrative expenses	-31	-28
<b>Pre-tax profit</b>	<b>4</b>	<b>13</b>
Key indicators	2014 <sup>1</sup>	2015
CIR (%)	88.6	68.3
RoE before tax (%)	0.9	4.8
Equity (EUR bn, excl. revaluation reserve)	0.5	0.2
RWA (EUR bn)	1.2	1.4
Financing volume (EUR bn, nominal)	6.6	7.3

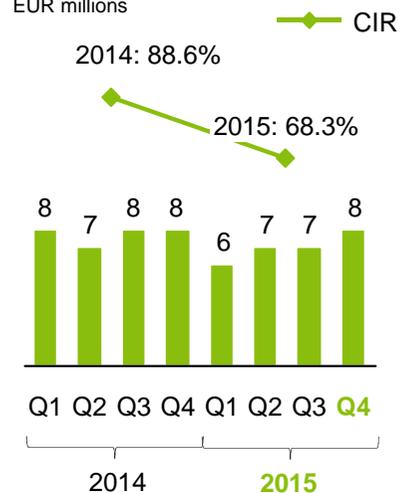
#### Key drivers 2015:

- Operating revenues up +17%, mainly driven by portfolio growth (+11% y-o-y)
- Other key effects:
  - EUR 3 mn allocated prepayment fees
  - EUR -3 mn allocated bank levy
  - EUR -4 mn net allocated one-offs<sup>1</sup>
- GAE down due to lower non-personnel costs

**Net interest income**  
EUR millions



**General admin. expenses**  
EUR millions



<sup>1</sup> 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> Incl. gain from release of cash-flow hedge reserve, gains from sale of assets, legal provisions

## Segment reporting: Value Portfolio (VP)

Continued run-down in line with strategy – 2014 and 2015 affected by value adjustments on HETA

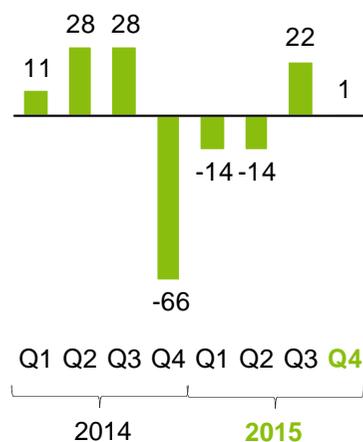
Income statement (IFRS, EUR mn)	2014 <sup>1</sup>	2015
Operating income	1	-5
<i>thereof: Net interest income</i>	79	68
Loan-loss provisions	-7	-6
General administrative expenses	-60	-19
<b>Pre-tax profit/loss</b>	<b>-66</b>	<b>-30</b>
Key indicators	2014 <sup>1</sup>	2015
CIR (%)	>100.0	>100.0
RoE before tax (%)	-3.5	-1.8
Equity (EUR bn, excl. revaluation reserve)	1.8	1.5
RWA (EUR bn)	5.5	4.4
Financing volume (EUR bn, nominal)	22.7	18.7

### Key drivers 2015:

- Value Portfolio continues to run down in line with strategy – further run-down through additional asset sales:
  - EUR 0.8 bn (RWA relief of EUR 0.5 bn) in Q2/15 resulted in one-off of EUR -23 mn
  - Additional clean up Italian exposure USD 35 mn (nominal) at EUR -2 mn in Q4/15
- Other key effects:
  - EUR 7 mn allocated prepayment fees
  - EUR -7 mn allocated bank levy
  - EUR -26 mn total net one-offs<sup>2,3</sup> – EUR -80 mn effects from value adjustments on HETA in Q1/15 partly offset by net gains from asset sales
- IT services for DEPFA terminated by end of 2014 – in 2014 EUR 30 mn income, but also related operating costs

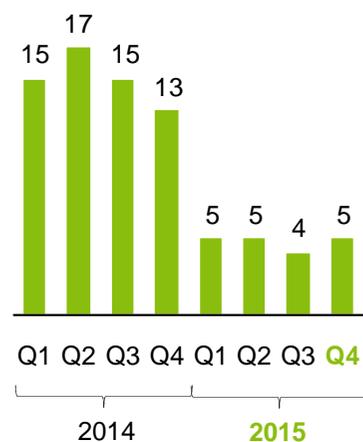
### Operating income

EUR millions



### General admin. expenses

EUR millions



<sup>1</sup> 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>2</sup> One-offs (direct): Incl. EUR 34 mn gain from sale of promissory notes, EUR -80 mn effects from value adjustments on HETA    <sup>3</sup> One-offs (allocated): Incl. gain from release of cash-flow hedge reserve, gains from sale of assets, legal provisions

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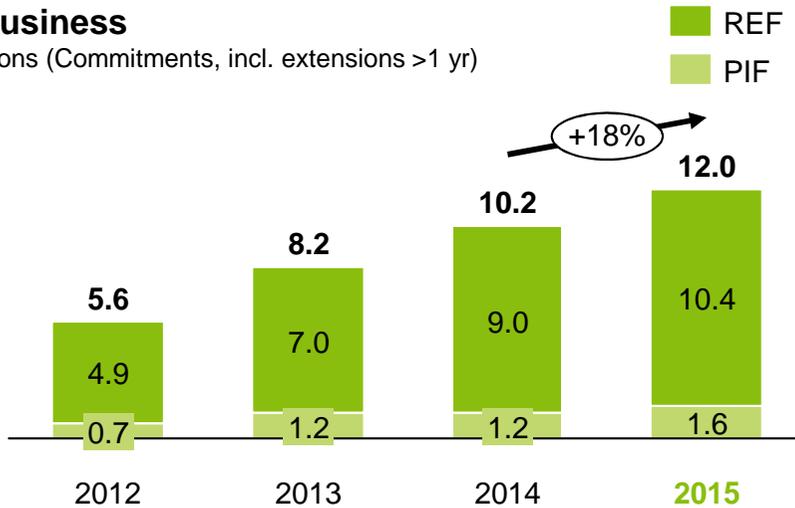
## New business

New business at record level of EUR 12 bn after careful pipeline selection  
 – supported by continued high demand in CRE markets



### New business

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



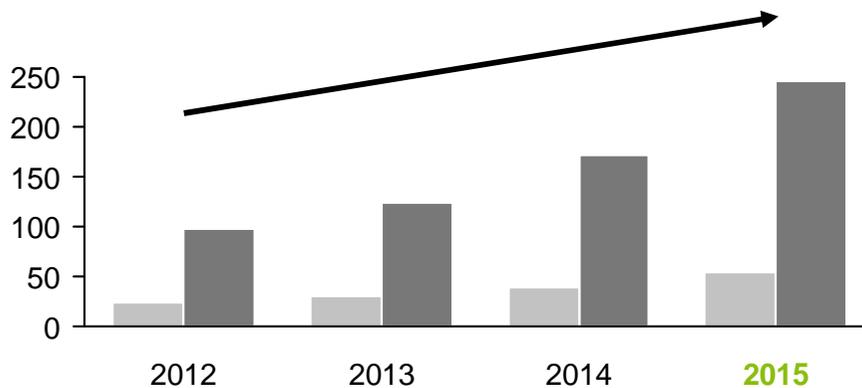
### Key drivers 2015:

- Continued high demand in CRE markets allowed for selective new business
- Overall favourable market environment attracts more financing providers, resulting in increased competition and margin compression

### CRE investment volumes<sup>1</sup>

EUR billions

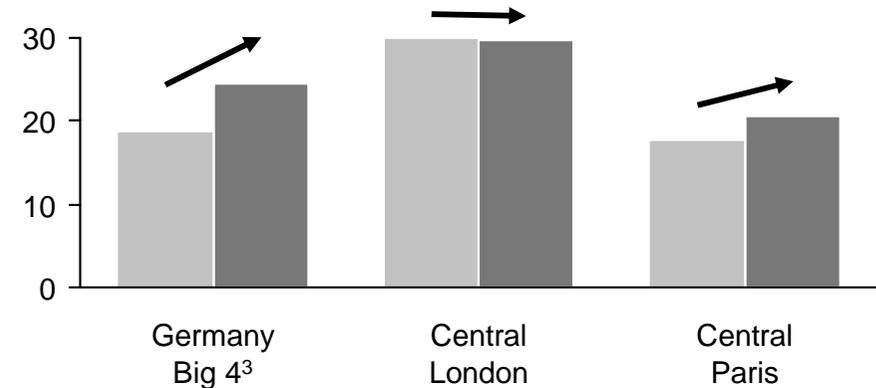
Germany EMEA



### CRE investment volumes<sup>2</sup>

EUR billions

2014 2015



Note: Figures may not add up due to rounding 1 Source: JLL, Cushman & Wakefield 2 Source: BNP Paribas RE 3 Berlin, Hamburg, Munich, Frankfurt

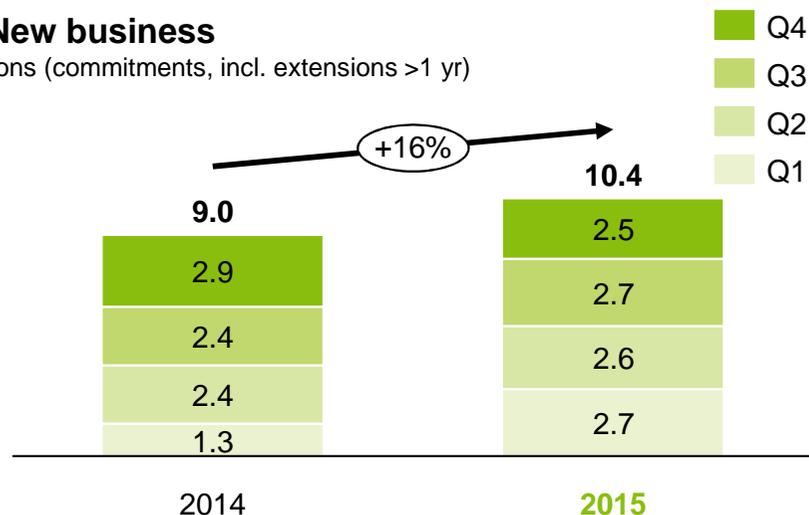
## New business

**Real Estate Finance (REF): Average gross margin down y-o-y, but kept at nearly stable level throughout the year without compromising on conservative risk approach**



### REF: New business

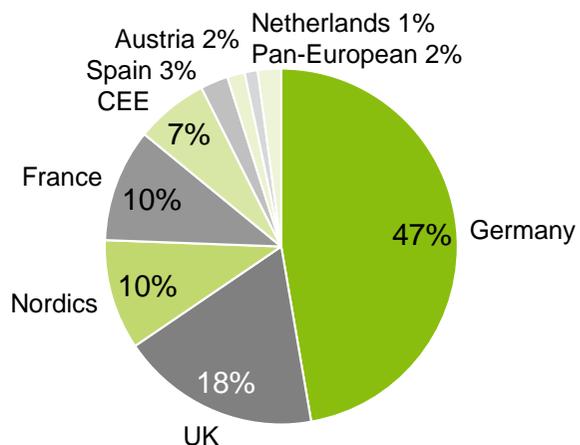
EUR billions (commitments, incl. extensions >1 yr)



REF	2014	2015
Total volume (EUR bn)	9.0	10.4
New commitments	6.9	8.1
Extensions >1 year	2.1	2.3
No. of deals	161	180
Average maturity (years) <sup>1</sup>	~5.1	~5.7
Average LTV (%) <sup>2</sup>	64	63
Average gross margin (bp)	>200	~170

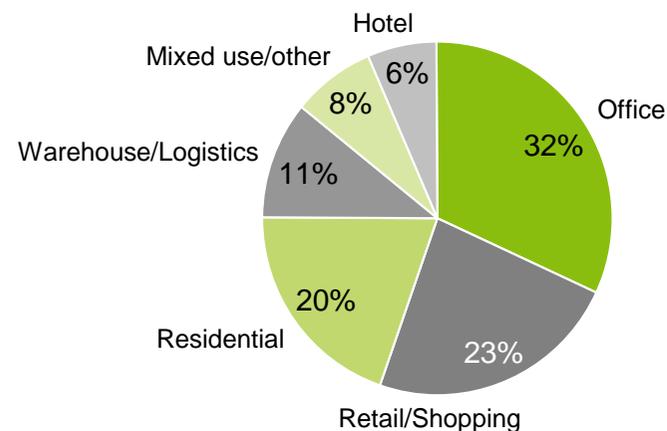
### REF new business: Regions

2015: EUR 10.4 bn (commitments, incl. extensions >1 year)



### REF new business: Property types

2015: EUR 10.4 bn (commitments, incl. extensions >1 year)



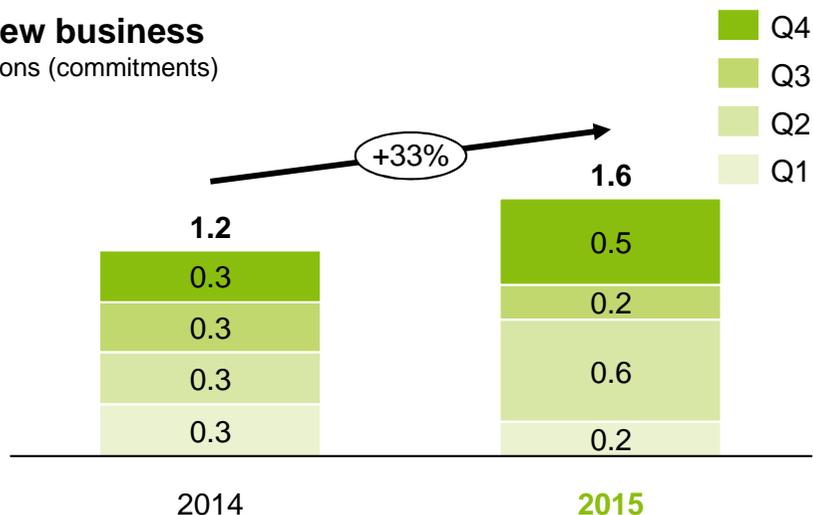
Note: Figures may not add up due to rounding 1 Legal maturities 2 New commitments; avg. LTV (extensions): 56% (2015), 65% (2014)

## New business

### Public Investment Finance (PIF): New business volume up +33% at stable average gross margin

#### PIF: New business

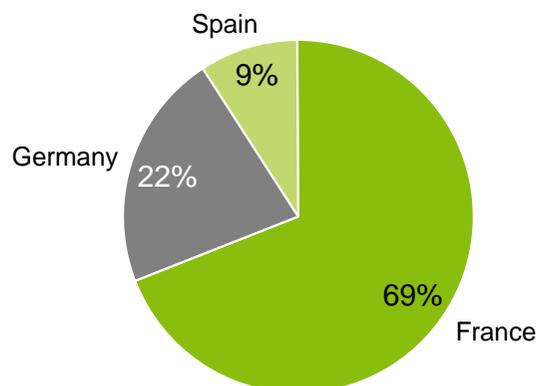
EUR billions (commitments)



PIF	2014	2015
Total volume (EUR bn)	1.2	1.6
No. of deals	42	48
Average maturity (years) <sup>1</sup>	~6.7	~8.4
Average gross margin (bp)	>75	>75

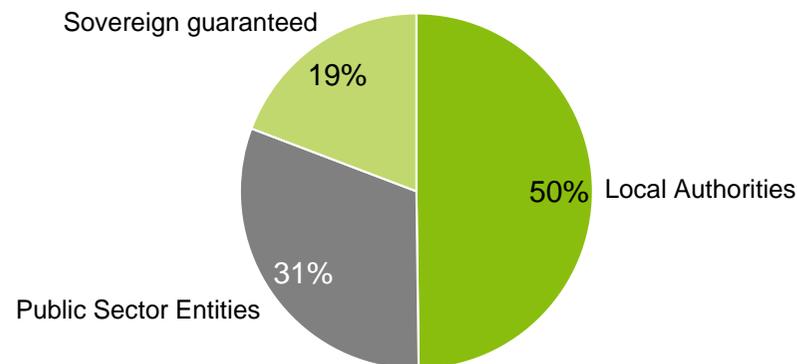
#### PIF new business: Regions

2015: EUR 1.6 billions (commitments)



#### PIF new business: Counterparty types

2015: EUR 1.6 billions (commitments)



Note: Figures may not add up due to rounding 1 WAL

# Agenda

**1 Highlights 2015**

**2 Financials**

**3 New business**

**4 Portfolio**

**5 Funding**

**6 Outlook 2016**

**Appendix**

**Contact details**

# Portfolio

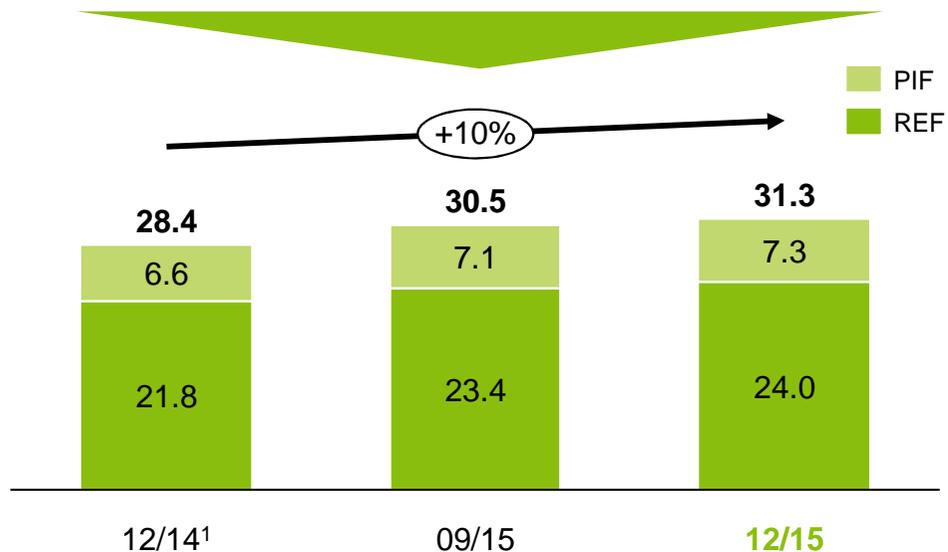
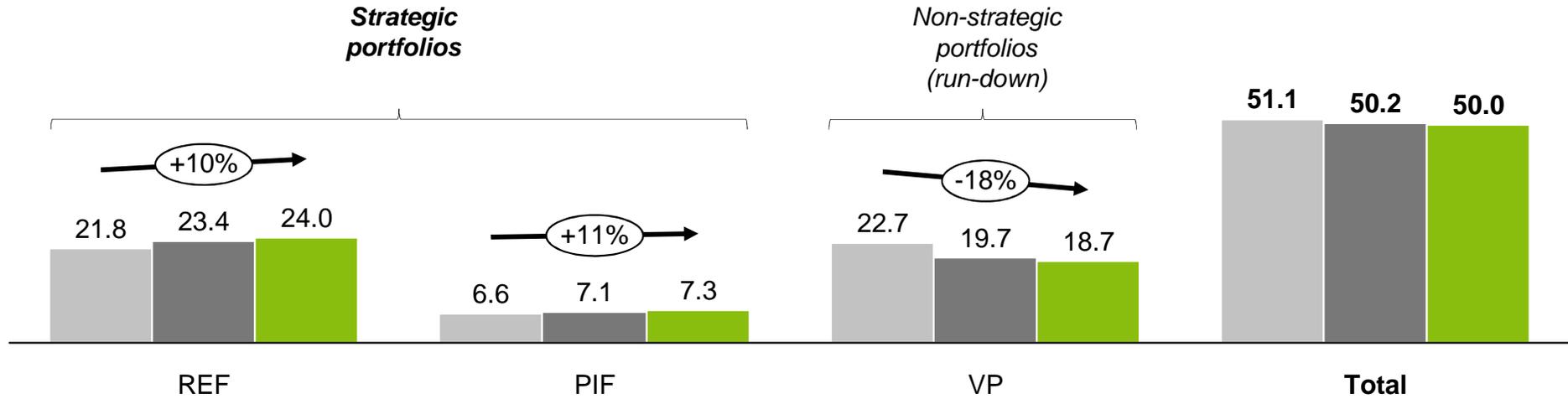
## Strategic portfolios up +10% despite high early repayments



### Total portfolio

EUR billions (Financing volumes)

12/14<sup>1</sup> 09/15 12/15



### Key drivers 2015:

- Strategic portfolio up +10% based on strong new business and despite high early repayments
- Non-strategic Value Portfolio continued to run down in line with strategy

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) as Italy is no longer in strategic focus

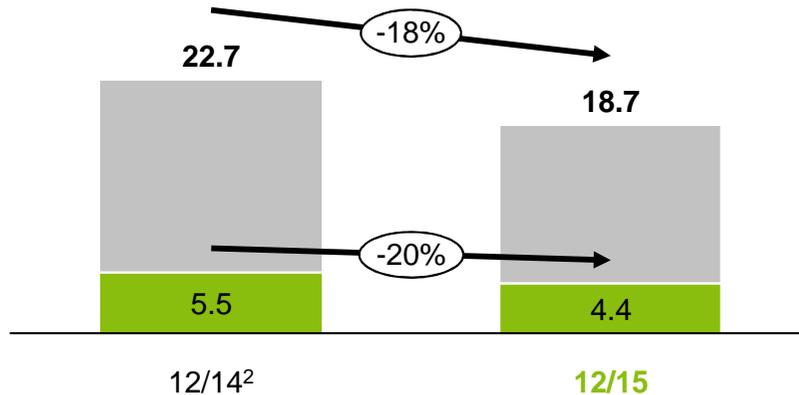
# Portfolio

## Value Portfolio (VP): Freed-up capital continuously reallocated to core segments

### Value Portfolio

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

■ RWA



### Key drivers 2015:

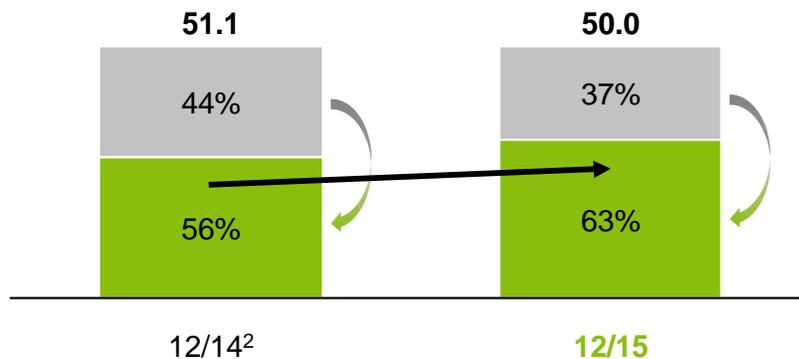
- Value Portfolio continued to run down in line with strategy, supported by management measures:
  - Asset sale of EUR 0.8 bn with RWA relief of EUR 0.5 bn in Q2/15
  - Additional clean up Italian exposure USD 35 mn (nominal) in Q4/15

### Total portfolio

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

■ Non-strategic (VP)

■ Strategic (REF+PIF)



### Key drivers 2015:

- Freed-up capital continuously reallocated to core segments
- Share of strategic portfolio up from 56% to 63%

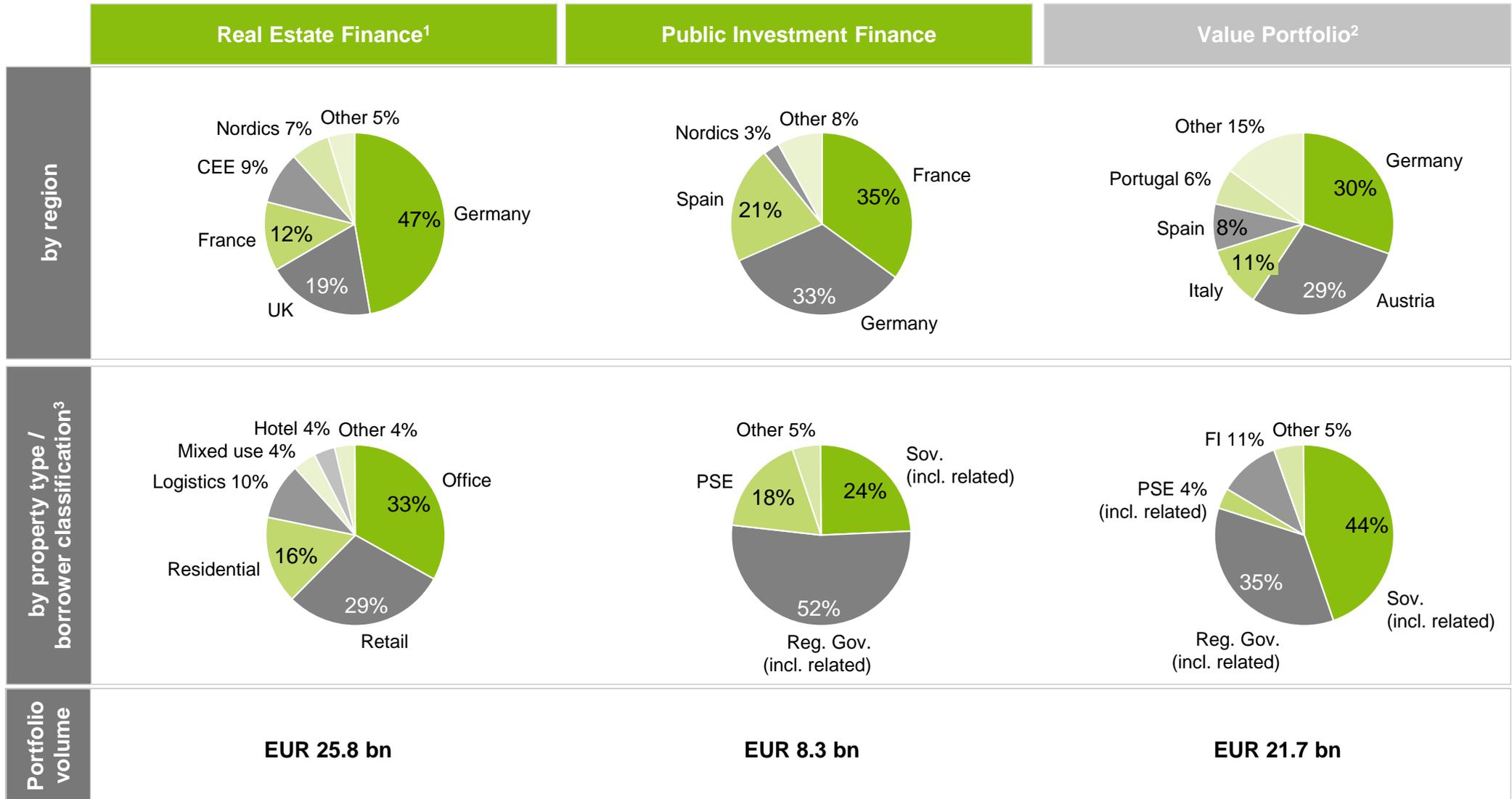
Note: Figures may not add up due to rounding <sup>1</sup> Excl. FMS-WM guaranteed exposure <sup>2</sup> restated; figures retrospectively adjusted for transfer of Italian PIF portfolio (nominal: EUR 1.3 bn; RWA: EUR 1.1 bn) into VP (as of 01/01/15)

# Portfolio

Well diversified portfolio with focus on European markets, particularly on Germany



31/12/2015 (EaD, Basel III)



Note: Figures may not add up due to rounding 1 Excl. intra-group exposure 2 Excl. FMS-WM guaranteed exposure (EUR 0.2 bn) 3 See appendix for definition of borrower classification

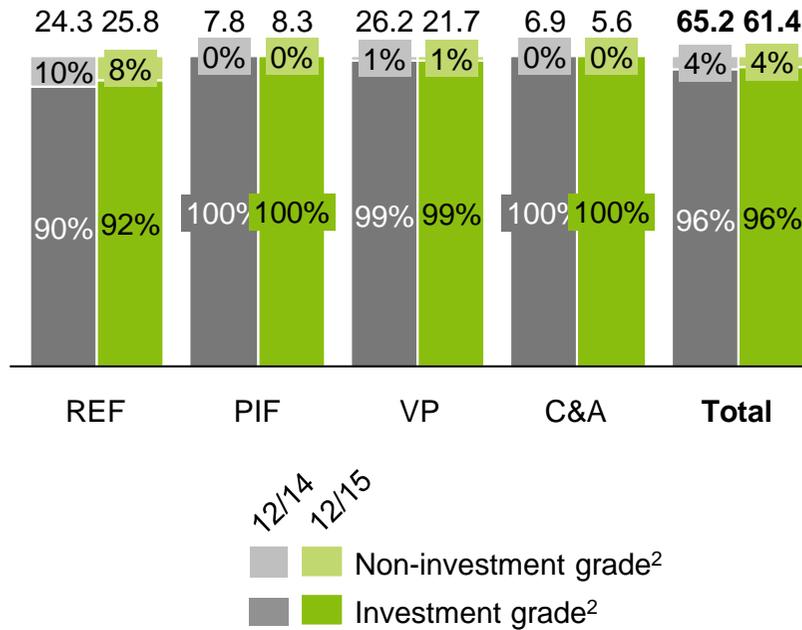
# Portfolio

Conservative business and risk strategy to continue – stringent risk policy and integrated front-to-back risk management designed to retain high portfolio quality



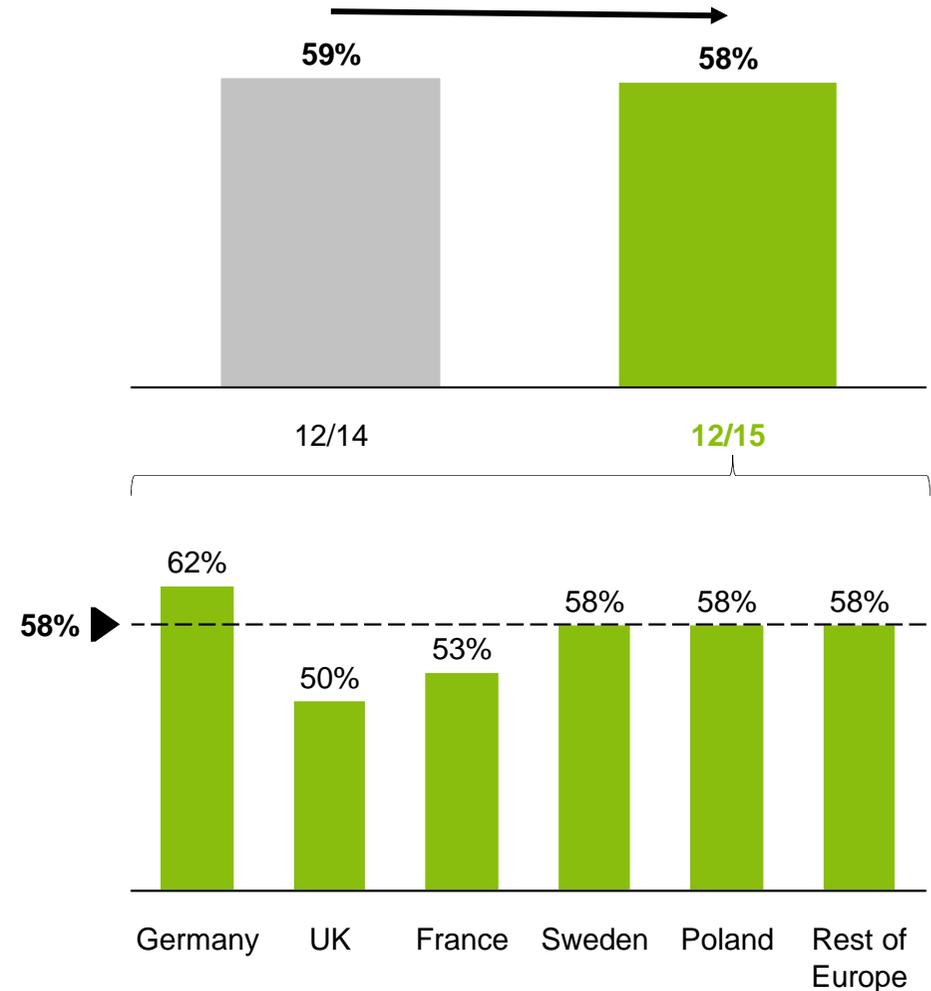
## Total portfolio: Internal ratings (EL classes)

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



## REF Portfolio: Avg. weighted LTVs

(Commitments)<sup>3</sup>



Note: Figures may not add up due to rounding 1 Excl. FMS-WM guaranteed exposure (EUR 0.2 bn) 2 EL classes 1-8 = Investment grade; EL classes 9-18 = Non-investment grade 3 Based on performing investment loans only

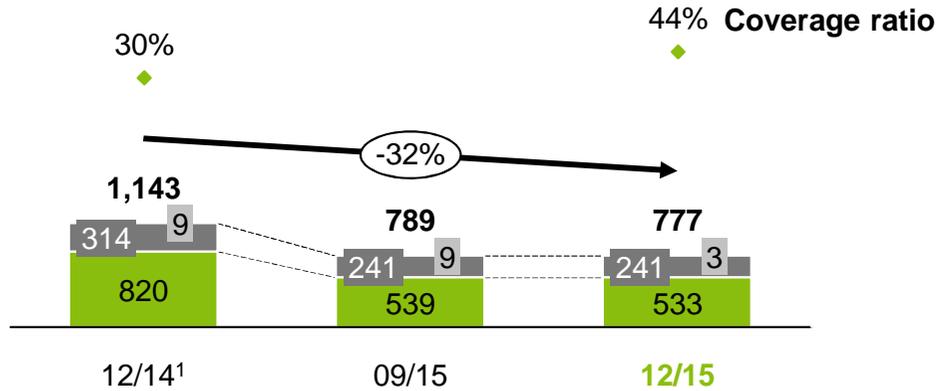
# Portfolio

## Sustained low share of problem loans



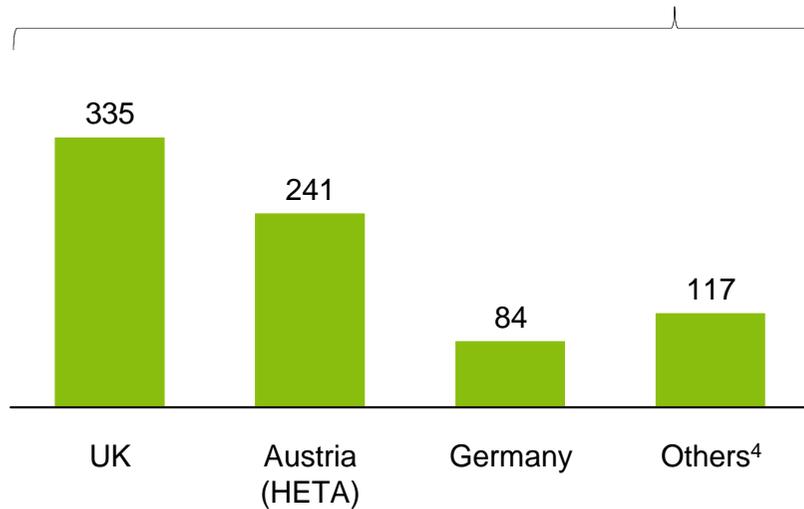
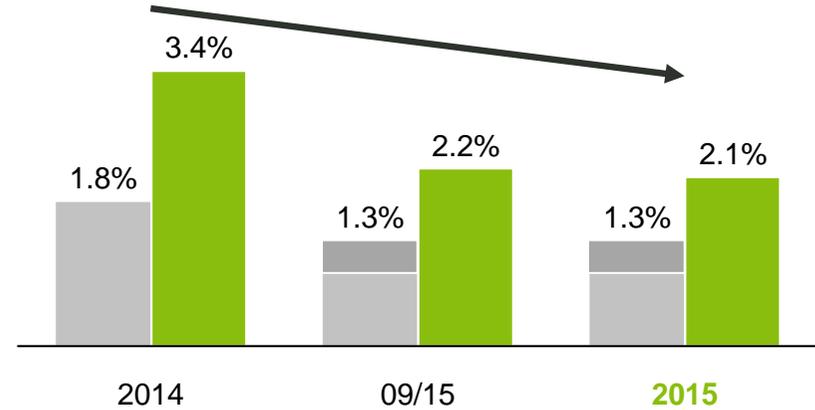
**Total problem loans**  
EUR millions (EaD, Basel III)

Workout<sup>2</sup>  
Restructuring<sup>3</sup> (thereof: HETA)



**Problem loan ratio**  
% (EaD, Basel III)

Total portfolio (thereof: HETA)  
Real Estate Finance



### Key drivers 2015:

- Total problem loans down by -32% due to successful restructuring
- Problem loans by segment:
  - REF: EUR 536 mn
  - PIF: 'nil'
  - VP: EUR 241 mn (only HETA)
- Coverage ratio does not take into account additional collateral (Total: 44%; REF: 40%; VP: 46%) – incl. additional collateral, REF coverage ratio at rd. 100%

Note: Figures may not add up due to rounding  
 1 In addition, EUR 1 mn in C&A overdue or criteria acc. to respective policy apply  
 2 PD class 30: No signs that the deal will recover soon, compulsory measures necessary  
 3 PD class 28+29: Payments more than 90 days  
 4 Incl. Hungary, Spain, Italy

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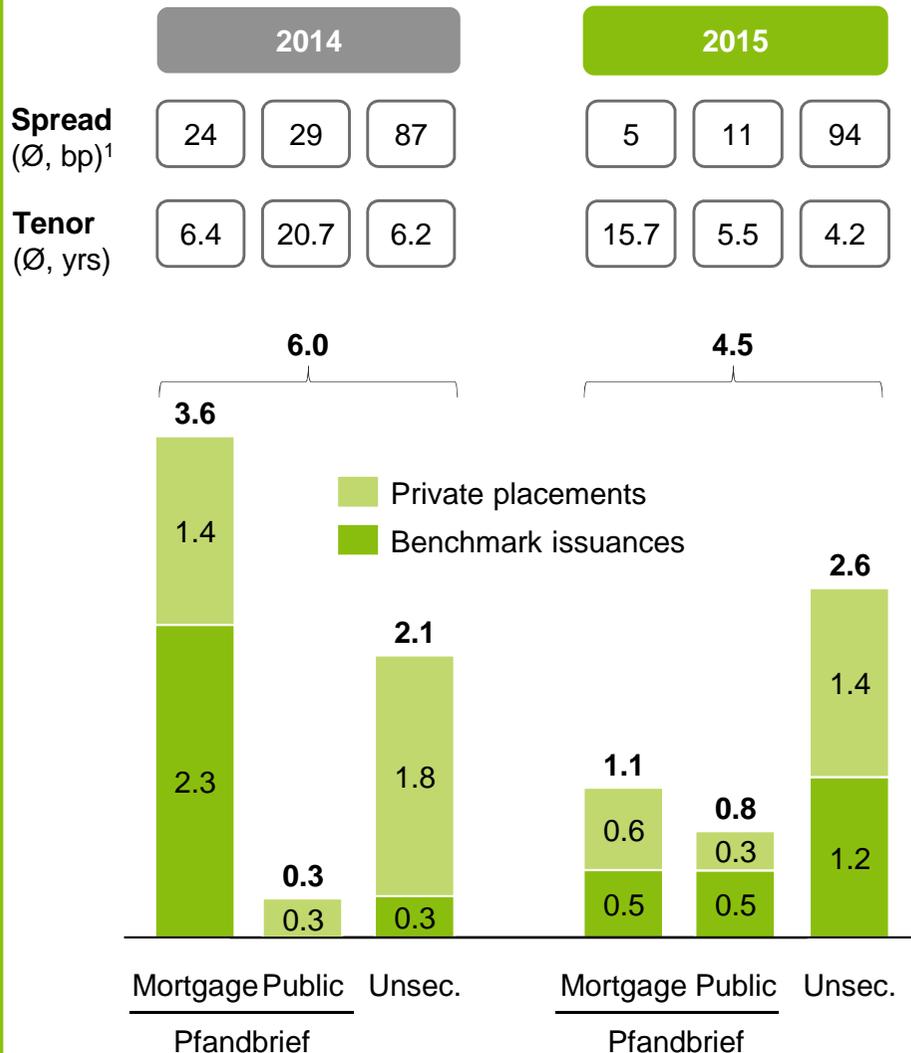
# Funding

Strong early loan repayments and liquidity position allowed for reduced funding activities



## New long-term funding

EUR billions<sup>1</sup>



## Pfandbriefe

- No benchmark issuance prior to IPO – focus on optimisation and re-balancing of cover pools
- Mortgage and Public Pfandbrief in benchmark format successfully placed in H2/15
- Successful start into 2016 – two Mortgage Pfandbrief benchmarks placed in 01/16 (EUR 750 mn, 7yr, +8 bp/MS) and 02/16 (EUR 500 mn, 6yr, +8 bp/MS)

## Senior Unsecured

- Strong private placements and three benchmark transactions
  - Prior to IPO one benchmark issuance (EUR 500 mn) and one tap (EUR 200 mn)
  - First benchmark issuance after IPO in 10/15 at +140bp/MS (EUR 500 mn; 01/18) – since issuance, secondary market spread tightened to +98 bp/MS
- EUR 500 mn Unsecured benchmark (3yr) successfully placed in difficult market environment end of 01/16 at +140 bp/MS (secondary market spread tightened to +114 bp/MS since issuance)

## Funding structure and liquidity

- ALM profile and liquidity position remain comfortable (NSFR >100%; LCR >200%)

Note: Figures may not add up due to rounding <sup>1</sup> Excl. money market and deposit business

## Funding

Ratings optimised and strengthened – optimisation of Pfandbrief ratings will result in a reduction of future unsecured funding need

	Pre-IPO	Post-IPO <sup>1</sup>
<b>Moody's<sup>2</sup></b>		
Mortgage Pfandbrief	Aa2	<b>Aa1</b>
Public Sector Pfandbrief	Aa1	Aa1
<b>S&amp;P<sup>3</sup></b>		
Long-term / Outlook	BBB / Developing	BBB / <b>Stable</b>
Short-term	A-2	A-2
<b>DBRS</b>		
Long-term / Outlook	A (low) <sup>4</sup> / -	BBB / Stable
Short-term	R-1 (low)	R-2 (high)

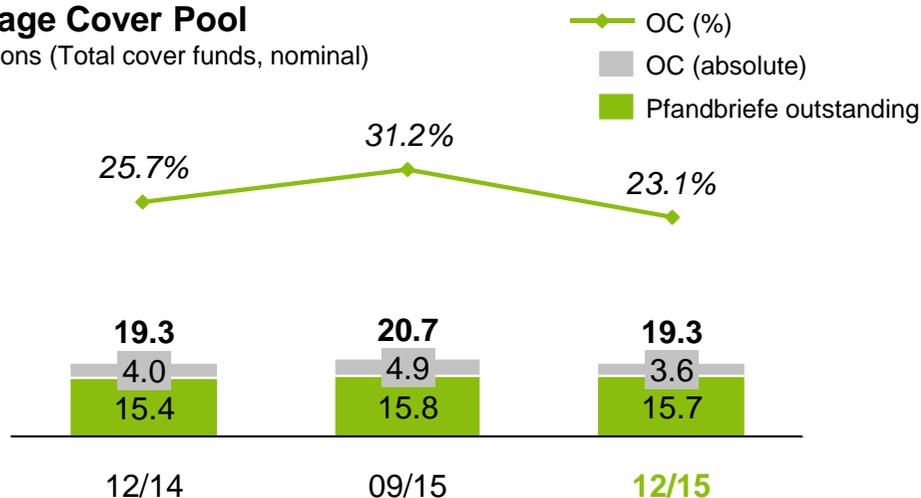
Note: The above list does not include all ratings. 1 Post-IPO Ratings as of 29 Feb 2016. 2 Unsecured Bank Ratings withdrawn by Moody's on 29 Jun 2015, following the termination of the mandate by pbb. 3 Pfandbrief Ratings withdrawn by S&P on 11 Dec 2015, following the termination of the mandate by pbb. 4 Under Review Negative

### Rating development:

- Increase of Mortgage Pfandbrief Rating from Moody's based on OC commitment in 11/15 – optimisation of Pfandbrief ratings will result in a reduction of future unsecured funding need
- S&P raised Outlook to 'Stable' in 12/15 from 'Developing' Outlook assigned at IPO
- DBRS rating affected by industry wide rating review and elimination of systemic support elements (2 notches) due to BRRD in 09/15

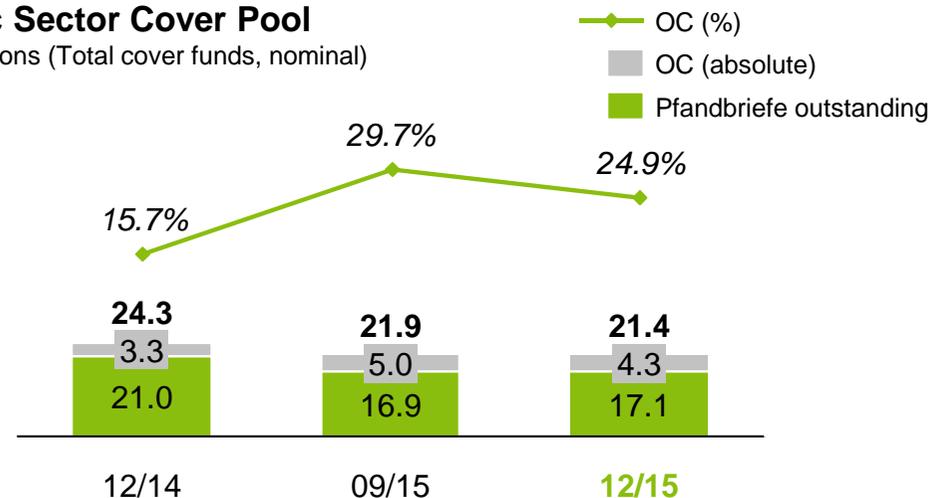
### Mortgage Cover Pool

EUR billions (Total cover funds, nominal)



### Public Sector Cover Pool

EUR billions (Total cover funds, nominal)



**Disclaimer:** The rating information published in this presentation is 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. 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.

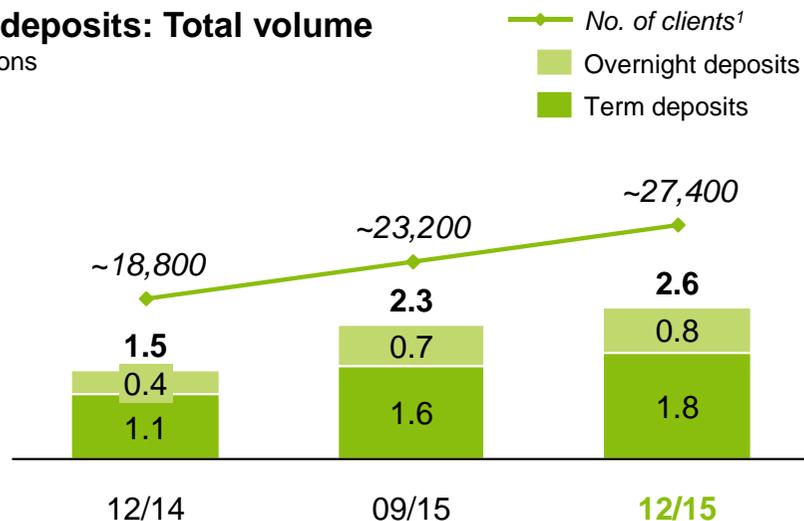
# Funding

## pbb direkt – retail deposit base continued to increase



### Retail deposits: Total volume

EUR billions

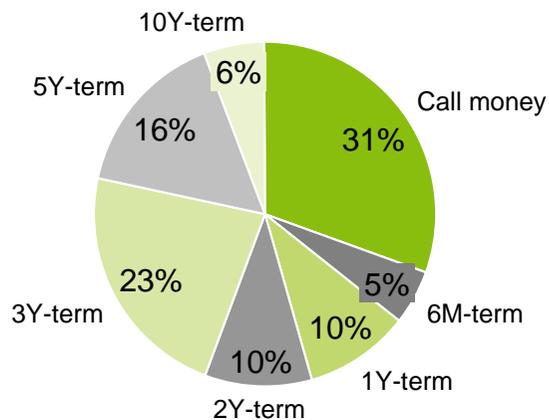


### Key drivers 2015:

- Number of clients and total volume continued to increase
  - Clients: +8,600 (+46%)
  - Volume: EUR +1.1 bn (+73%)

### Retail deposits: Terms

31/12/2015: EUR 2.6 bn



### Key drivers 2015:

- Initial weighted avg. maturity of term deposits at 3.5 years (09/15: 3.5 yrs; 12/14: 3.1 yrs)
- 5y- and 10y-term deposits account for 22% of total deposits (09/15: 23%; 12/14: 18%)

Note: Figures may not add up due to rounding 1 Only accounts with money inflow, excluding terminated accounts

# Agenda

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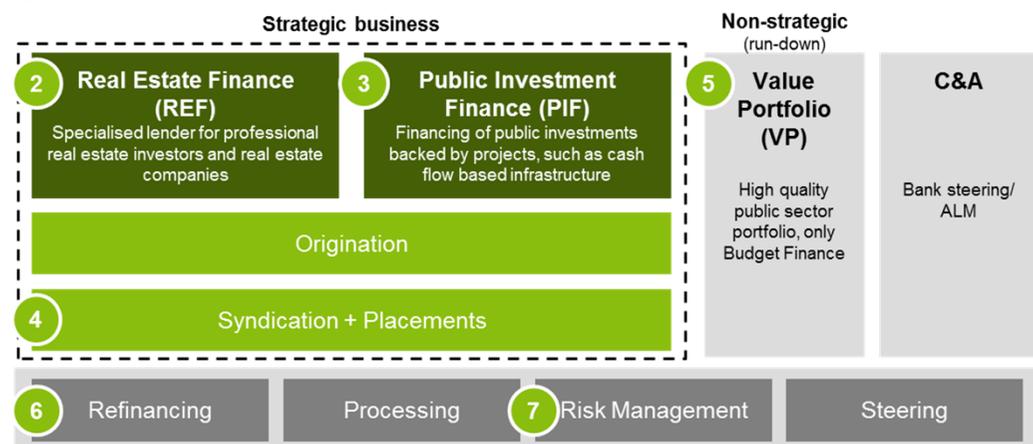
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# Outlook 2016

## Post IPO: Business model and strategy largely unchanged

- 1 European presence with strong footprint in Germany
- 2 REF well established with long-standing client relationships and highly experienced, skilled and stable origination teams
- 3 PIF developing as complementary contributor to REF, supporting revenue stream
- 4 Margin enhancement through syndication and placement activities
- 5 Capital reallocation from Value Portfolio enables growth in higher-margin strategic portfolio
- 6 Stable and well diversified funding base with German Pfandbrief as main funding instrument
- 7 Fully integrated front-to-back risk governance on unified and up-to-date IT platforms ensures efficient and effective workflows



1 In addition, one subsidiary in Tokyo which will be closed

## Outlook 2016

Financing environment and CRE markets expected to remain supportive, but highly competitive market and regulatory developments challenging

	Opportunities		Challenges
Supportive financing environment	<ul style="list-style-type: none"> <li>■ <b>Macroeconomics</b> in core Europe expected to remain <b>reasonably intact</b> – despite political tensions</li> <li>■ <b>ECB policy of QE to extend</b> through 2016; low/negative interest rates to stay</li> </ul>	Volatile market environment	<ul style="list-style-type: none"> <li>■ Overall <b>volatile market environment</b></li> <li>■ <b>Geopolitical risks</b></li> </ul>
High demand for CRE investments	<ul style="list-style-type: none"> <li>■ <b>Demand for commercial real estate to stay strong</b> in pbb's relevant markets, benefiting from low interest and yield levels for alternative investments                             <ul style="list-style-type: none"> <li>– European investment activity expected to result in volume EUR &gt;260 bn (2015: EUR 246 bn)<sup>1</sup></li> <li>– Positive outlook for Germany – investment volumes to stay on high level EUR &gt;50 bn (2015: EUR 55 bn)<sup>2</sup></li> </ul> </li> <li>■ <b>Risk of oversupply</b> in relevant markets expected to <b>remain relatively low</b>, given <b>low level of vacancy rates</b> – however, in some markets slow down of rent increase</li> </ul>	Highly competitive CRE markets	<ul style="list-style-type: none"> <li>■ <b>High competition and margin pressure</b> expected to <b>continue</b></li> <li>■ Overall favourable market environment attracts <b>more financing providers</b>, also from non-banking sector</li> </ul>
		Increasing funding spreads	<ul style="list-style-type: none"> <li>■ <b>Low yield levels of Pfandbrief</b> lower demand from financial investors</li> <li>■ <b>Pfandbrief spreads</b> expected to <b>increase further</b></li> </ul>
		Uncertainties on regulation	<ul style="list-style-type: none"> <li>■ <b>Regulatory discussion</b> – especially on risk-weights (e.g. ECB “TRIM”, “Basel IV”) <b>remains challenging</b> and...</li> <li>■ ...potentially puts further <b>pressure on RWA</b></li> </ul>

1 Source: Cushman & Wakefield 2 Source: JLL

**1** Take increasing advantage of structuring expertise, which allows for higher margins

**2** Carefully evaluate further product and market potential in line with existing risk strategy

**3** Increase of syndication and placement activities

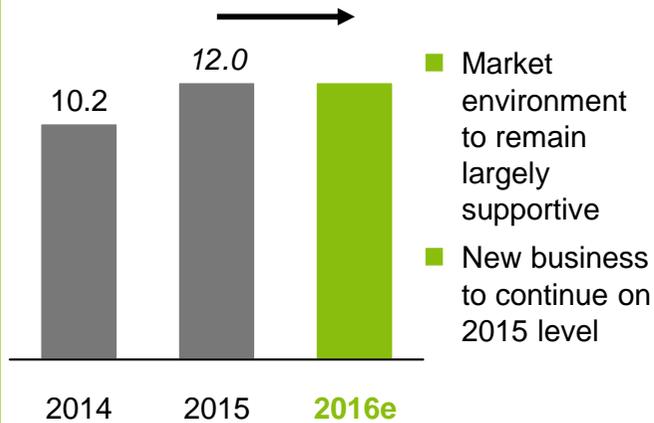
**4** Broaden unsecured funding capabilities in terms of products and markets

# Outlook 2016

## Operating trends

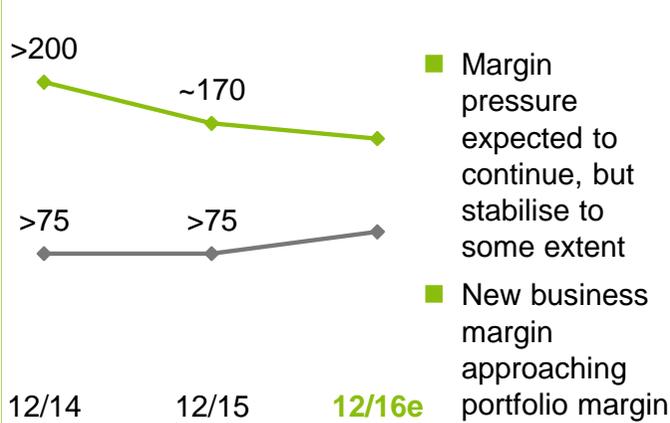
### New business (volume)

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



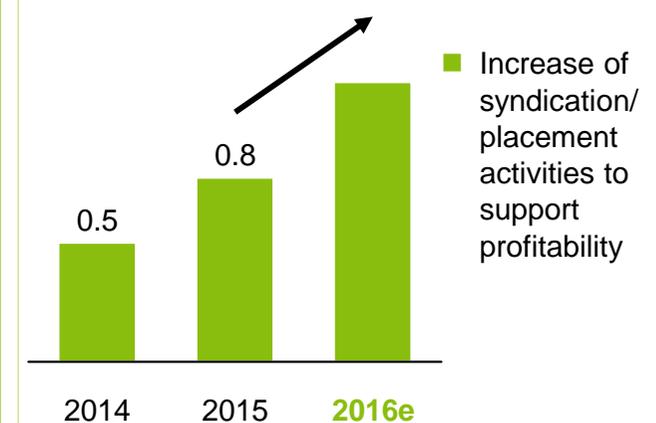
### New business (margin)

bp (gross)



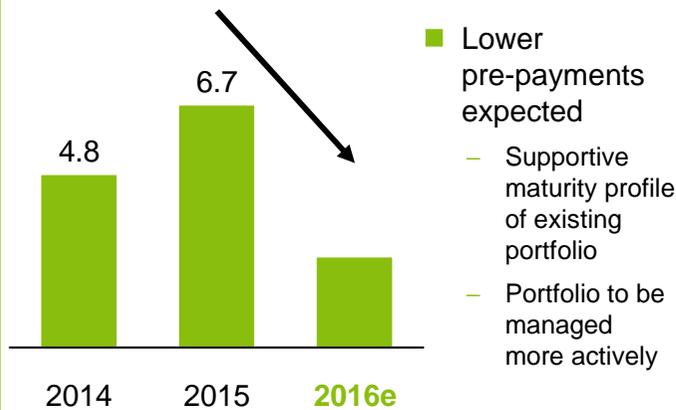
### Syndication/placements

EUR billions (nominal)<sup>1</sup>



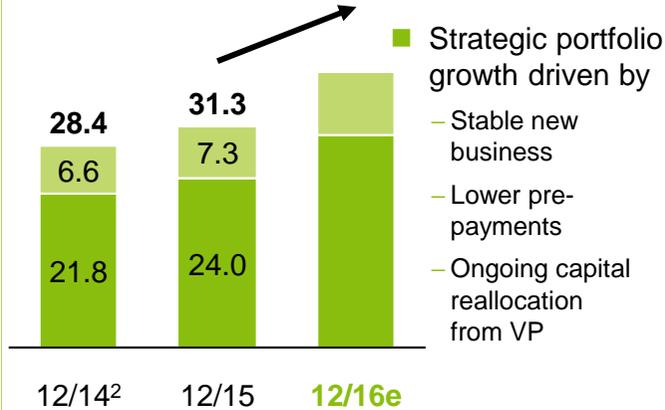
### Prepayments

EUR billions (nominal)



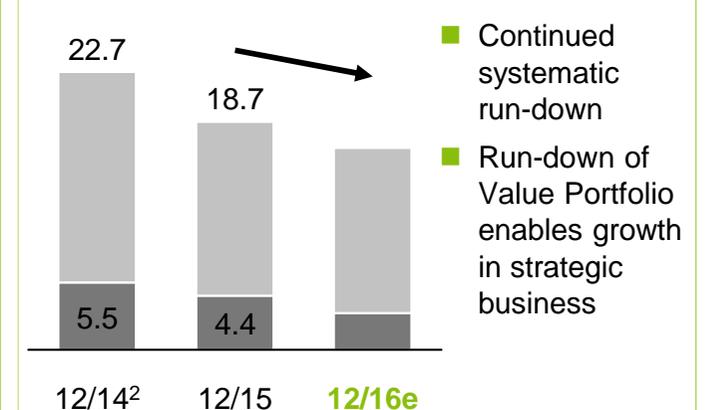
### Strategic portfolio

EUR billions (Financing volumes)



### Value Portfolio

EUR billions (Financing volumes)



Note: Figures may not add up due to rounding 1 Excl. pre-syndications 2 Restated; figures retrospectively adjusted for transfer of Italian PIF portfolio into VP (as of 01/01/15)

# Outlook 2016

## Financial expectations

Income statement (IFRS, EUR mn)	2014 (adj.) <sup>1</sup>	2015	Expectations 2016
Net interest and commission income	422	440	<ul style="list-style-type: none"> <li>■ NII slightly lower due to competitive situation</li> <li>■ NCI stable (operative increase as 2015 benefited from one-offs)</li> </ul>
Result from financial instruments and other operating result	16	-40	<ul style="list-style-type: none"> <li>■ As before, driven by negative pull-to-par and bank levy (bank levy to be recognised in Q1)</li> <li>■ Moderate write-up of HETA-exposure based on credit analysis</li> <li>■ No guidance on valuation result due to market volatility</li> </ul>
Loan-loss provisions	-13	1	<ul style="list-style-type: none"> <li>■ LLPs normalised along EL (10-12bp) on strategic REF portfolio</li> </ul>
General administrative expenses	-251	-207	<ul style="list-style-type: none"> <li>■ Slightly up</li> </ul>
<b>Pre-tax profit</b>	<b>174</b>	<b>195</b>	<ul style="list-style-type: none"> <li>■ Slightly lower than good previous year result</li> <li>■ Q1 to include burden from bank levy</li> </ul>
Key ratios (%)	2014 (adj.) <sup>1</sup>	2015	Expectations 2016
CIR	57.3	51.8	<ul style="list-style-type: none"> <li>■ Stable</li> </ul>
RoE before tax	5.0 <sup>2</sup>	6.2 <sup>3</sup>	<ul style="list-style-type: none"> <li>■ Stable</li> </ul>
RoE after tax	3.4 <sup>2</sup>	7.4 <sup>3,4</sup>	<ul style="list-style-type: none"> <li>■ Lower, based on normalised tax run rate (tax gain in 2015)</li> </ul>
CET1 ratio (fully loaded) <sup>5, 6</sup>	13.8 <sup>7,8</sup>	18.2	<ul style="list-style-type: none"> <li>■ Above mid-term target of &gt;12.5% – current CET1 ratio provides sound buffer for potential changes in risk weights following actual regulatory discussion on “TRIM” and “Basel IV”</li> </ul>

Note: Figures may not add up due to rounding. 1 Adjusted for extraordinary effects from value adjustments on HETA exposure. 2 Incl. EUR 1 bn silent participation of Sonderfonds Finanzmarktstabilisierung (FMS). 3 Calculation based on average equity; EUR 1 bn silent participation of Sonderfonds Finanzmarktstabilisierung (FMS) included until redemption on 6 July 2015. 4 Incl. EUR 35 mn tax gain. 5 Simulation, based on currently known Basel III rules; actual figures may vary significantly from simulation. 6 Incl. full-year result (2014); incl. full-year result, ex proposed dividend (2015). 7 Until July 2015, under the 'Waiver Rule' pbb calculated regulatory capital ratios on a voluntary basis. 8 Retrospectively adjusted.

# Appendix

# Key figures

## pbb Group



Income statement (EUR millions)	2012	2013	2014 (reported)	2014 (adjusted) <sup>1</sup>	2015
Net interest income	296	319	421	421	426
Net fee and commission income	23	9	1	1	14
Net trading income	10	-51	-30	-27	15
Net income from financial investments	13	96	-77	32	-32
Net income from hedging relationships	-6	9	-3	-3	11
Net other operating income/expenses	131	100	14	14	-34
<b>Operating income</b>	<b>467</b>	<b>482</b>	<b>326</b>	<b>438</b>	<b>400</b>
Loan-loss provisions	4	-8	-21	-13	1
General and administrative expenses	-341	-312	-251	-251	-207
Net miscellaneous income/expenses	-6	3	-	-	1
<b>Profit or loss before tax</b>	<b>124</b>	<b>165</b>	<b>54</b>	<b>174</b>	<b>195</b>
Income taxes	-55	-5	-50	-58	35
<b>Net income/loss</b>	<b>69</b>	<b>160</b>	<b>4</b>	<b>116</b>	<b>230</b>
Key ratios (%)	2012	2013	2014 (reported)	2014 (adjusted) <sup>1</sup>	2015
CIR	73.0	64.7	77.0	57.3	51.8
RoE before tax <sup>4</sup>	3.8	5.0	1.6	5.0	6.2
RoE after tax <sup>4</sup>	2.1	4.9	0.1	3.4	7.4
Balance sheet (EUR billions)	12/12 <sup>2</sup>	12/13 <sup>3</sup>	12/14		12/15
Total assets	97.1	74.6	74.9 <sup>6</sup>		66.8
Equity (excl. revaluation reserve)	3.2	3.4	3.4		2.7
<i>thereof: Silent participation<sup>5</sup></i>	1.0	1.0	1.0		-
Financing volume	58.4	51.2	51.1		50.0
Regulatory capital ratios (pro-forma) <sup>7</sup>	12/12 <sup>9</sup>	12/13	12/14 <sup>11</sup>		12/15 <sup>11</sup>
RWA (EUR bn)	15.3	14.1 <sup>9</sup> / 18.1 <sup>10</sup>	15.2 <sup>12</sup>		13.4
CET 1 ratio (%) <sup>8</sup>	n/a	17.6 <sup>9</sup> / 18.5 <sup>10</sup>	22.2 <sup>12</sup>		18.9
Personnel	12/12	12/13	12/14		12/15
Employees (FTE)	981	803	808		785

Note: Annual results 2012-2014 audited 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 of IFRS 10 4 Calculation based on average equity; EUR 1 bn silent participation of Sonderfonds Finanzmarktstabilisierung (FMS) included until redemption on 6 July 2015 5 EUR 1 bn FMS silent participation redeemed on 6 July 2015 6 Revised due to IAS 8.14 et seq 7 Until July 2015, under the 'Waiver Rule' pbb calculated regulatory capital ratios on a voluntary basis 8 Incl. full-year results, excl. interim results; post proposed dividend 9 Basel II (SolVV, HGB) 10 Basel III simulation 11 Basel III transitional rules 12 Retrospectively adjusted

## Key figures

### pbb Group Q4/15 vs. Q4/14



Income statement (EUR millions)	REF		PIF		VP		C&A		pbb Group	
	Q4/14	Q4/15	Q4/14	Q4/15	Q4/14	Q4/15	Q4/14	Q4/15	Q4/14	Q4/15
Net interest income	68	82	12	16	35	2	3	2	118	102
Net fee and commission income	2	2	-	-	-1	-	-	-	1	2
Net trading income	-4	7	-1	-	-4	1	-	-	-9	8
Net income from financial investments	3	-	-	-1	-103	1	-	-	-100	-
Net income from hedging relationships	-	1	2	1	-	-	-	-	2	2
Net other operating income/expenses	-7	-9	-2	-2	7	-3	1	-	-1	-14
<b>Operating income</b>	<b>62</b>	<b>83</b>	<b>11</b>	<b>14</b>	<b>-66</b>	<b>1</b>	<b>4</b>	<b>2</b>	<b>11</b>	<b>100</b>
Loan-loss provisions	-12	-7	-	-	-8	-	-	-	-20	-7
General and administrative expenses	-42	-44	-8	-8	-13	-5	-	-	-63	-57
Net miscellaneous income/expenses	-2	-5	-	-1	1	-	-	-	-1	-6
<b>Profit or loss before tax</b>	<b>6</b>	<b>27</b>	<b>3</b>	<b>5</b>	<b>-86</b>	<b>-4</b>	<b>4</b>	<b>2</b>	<b>-73</b>	<b>30</b>
Income taxes									-31	59
<b>Net income/loss</b>									<b>-104</b>	<b>89</b>

Note: Interim results unaudited. Figures Q4/14 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 2015 vs. 2014



Income statement (EUR millions)	REF		PIF		VP		C&A		pbb Group	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Net interest income	294	308	40	44	79	68	8	6	421	426
Net fee and commission income	2	14	-	-	-1	-	-	-	1	14
Net trading income	-13	14	-4	-	-13	1	-	-	-30	15
Net income from financial investments	14	18	3	5	-94	-55	-	-	-77	-32
Net income from hedging relationships	-2	5	-	2	-1	4	-	-	-3	11
Net other operating income/expenses	-13	-1	-4	-10	31	-23	-	-	14	-34
<b>Operating income</b>	<b>282</b>	<b>358</b>	<b>35</b>	<b>41</b>	<b>1</b>	<b>-5</b>	<b>8</b>	<b>6</b>	<b>326</b>	<b>400</b>
Loan-loss provisions	-14	7	-	-	-7	-6	-	-	-21	1
General and administrative expenses	-160	-160	-31	-28	-60	-19	-	-	-251	-207
Net miscellaneous income/expenses	-	1	-	-	-	-	-	-	-	1
<b>Profit or loss before tax</b>	<b>108</b>	<b>206</b>	<b>4</b>	<b>13</b>	<b>-66</b>	<b>-30</b>	<b>8</b>	<b>6</b>	<b>54</b>	<b>195</b>
Income taxes									-50	35
<b>Net income/loss</b>									<b>4</b>	<b>230</b>

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

## Key figures

### Real Estate Finance (REF)



Income statement (EUR millions)	2012	2013	Q1/14	Q2/14	Q3/14	Q4/14	2014	Q1/15	Q2/15	Q3/15	Q4/15	2015
Net interest income	249	258	72	77	77	68	294	75	83	68	82	308
Net fee and commission income	25	10	-	-	-	2	2	7	2	3	2	14
Net trading income	2	-21	-4	-4	-1	-4	-13	2	1	4	7	14
Net income from financial investments	14	96	1	1	9	3	14	13	5	-	-	18
Net income from hedging relationships	-3	4	-1	-1	-	-	-2	-1	2	3	1	5
Net other operating income/expenses	-3	5	4	3	-13	-7	-13	-4	21	-9	-9	-1
<b>Operating income</b>	<b>284</b>	<b>352</b>	<b>72</b>	<b>76</b>	<b>72</b>	<b>62</b>	<b>282</b>	<b>92</b>	<b>114</b>	<b>69</b>	<b>83</b>	<b>358</b>
Loan-loss provisions	5	-1	5	-7	-	-12	-14	10	1	3	-7	7
General and administrative expenses	-139	-147	-39	-38	-41	-42	-160	-37	-38	-41	-44	-160
Net miscellaneous income/expenses	-3	2	4	-	-2	-2	-	2	1	3	-5	1
<b>Pre-tax profit</b>	<b>147</b>	<b>206</b>	<b>42</b>	<b>31</b>	<b>29</b>	<b>6</b>	<b>108</b>	<b>67</b>	<b>78</b>	<b>34</b>	<b>27</b>	<b>206</b>
Key ratios	2012	2013	Q1/14	Q2/14	Q3/14	Q4/14	2014	Q1/15	Q2/15	Q3/15	Q4/15	2015
CIR (%)	48.9	41.8	54.2	50.0	56.9	67.7	56.7	40.2	33.3	59.4	53.0	44.7
RoE before tax (%)	20.2	27.8	20.7	15.9	14.7	4.8	14.2	39.6	41.8	23.6	19.3	30.9
Key figures	12/12	12/13	03/14	06/14	09/14	12/14	12/14	03/15	06/15	09/15	12/15	12/15
Equity (EUR bn)	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.8	0.6	0.6	0.6
RWA (EUR bn)	9.6	7.4	7.2	7.5	7.6	7.0	7.0 <sup>1</sup>	6.7 <sup>1</sup>	6.5 <sup>1</sup>	6.7 <sup>1</sup>	6.5	6.5
Financing volume (EUR bn)	22.1	20.4	21.1	21.6	21.7	21.8	21.8	23.5	23.5	23.4	24.0	24.0

Note: Annual results 2012-2014 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) <sup>1</sup> Retrospectively adjusted

## Key figures

### Public Investment Finance (PIF)



Income statement (EUR millions)	2012	2013	Q1/14	Q2/14	Q3/14	Q4/14	2014	Q1/15	Q2/15	Q3/15	Q4/15	2015
Net interest income	17	24	7	10	11	12	40	8	14	6	16	44
Net fee and commission income	-1	1	-	-	-	-	-	-	-	-	-	-
Net trading income	1	-6	-1	-1	-1	-1	-4	1	-	-1	-	-
Net income from financial investments	-	-1	-	-	3	-	3	6	-	-	-1	5
Net income from hedging relationships	-1	1	-1	-1	-	2	-	-	-	1	1	2
Net other operating income/expenses	-2	-2	1	1	-4	-2	-4	-2	-5	-1	-2	-10
<b>Operating income</b>	<b>14</b>	<b>17</b>	<b>6</b>	<b>9</b>	<b>9</b>	<b>11</b>	<b>35</b>	<b>13</b>	<b>9</b>	<b>5</b>	<b>14</b>	<b>41</b>
Loan-loss provisions	-4	-	-	-	-	-	-	-	-	-	-	-
General and administrative expenses	-25	-28	-8	-7	-8	-8	-31	-6	-7	-7	-8	-28
Net miscellaneous income/expenses	-	-	1	-	-1	-	-	-	-	1	-1	-
<b>Pre-tax profit</b>	<b>-15</b>	<b>-11</b>	<b>-1</b>	<b>2</b>	<b>-</b>	<b>3</b>	<b>4</b>	<b>7</b>	<b>2</b>	<b>-1</b>	<b>5</b>	<b>13</b>
Key ratios	2012	2013	Q1/14	Q2/14	Q3/14	Q4/14	2014	Q1/15	Q2/15	Q3/15	Q4/15	2015
CIR (%)	>100	>100	>100	77.8	88.9	72.7	88.6	46.2	77.8	>100	57.1	68.3
RoE before tax (%)	-4.0	-2.7	-0.5	2.1	0.5	1.2	0.9	9.7	1.8	-2.2	12.3	4.8
Key figures	12/12	12/13	03/14	06/14	09/14	12/14	12/14	03/15	06/15	09/15	12/15	12/15
Equity (EUR bn)	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.3	0.3	0.2	0.2	0.2
RWA (EUR bn)	1.4	1.4	1.3	1.3	1.5	1.2	1.2 <sup>1</sup>	1.2 <sup>1</sup>	1.2 <sup>1</sup>	1.2 <sup>1</sup>	1.4	1.4
Financing volume (EUR bn)	6.0	5.7	6.0	6.2	6.5	6.6	6.6	6.8	7.3	7.1	7.3	7.3

Note: Annual results 2012-2014 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> Retrospectively adjusted

## Key figures

### Value Portfolio (VP)



Income statement (EUR millions)	2012	2013	Q1/14	Q2/14	Q3/14	Q4/14	2014 (reported)	2014 (adjusted) <sup>1</sup>	Q1/15	Q2/15	Q3/15	Q4/15	2015
Net interest income	24	30	9	18	17	35	79	79	28	19	19	2	68
Net fee and commission income	-1	-1	-	-	-	-1	-1	-1	-	-	-	-	-
Net trading income	7	-24	-4	-4	-1	-4	-13	-12	2	1	-3	1	1
Net income from financial investments	-1	1	-2	1	10	-103	-94	15	-39	-22	5	1	-55
Net income from hedging relationships	-2	4	-1	-1	1	-	-1	-1	-	1	3	-	4
Net other operating income/expenses	137	95	9	14	1	7	31	31	-5	-13	-2	-3	-23
<b>Operating income</b>	<b>164</b>	<b>105</b>	<b>11</b>	<b>28</b>	<b>28</b>	<b>-66</b>	<b>1</b>	<b>111</b>	<b>-14</b>	<b>-14</b>	<b>22</b>	<b>1</b>	<b>-5</b>
Loan-loss provisions	3	-7	-	-	1	-8	-7	1	-6	-	-	-	-6
General and administrative expenses	-176	-136	-15	-17	-15	-13	-60	-60	-5	-5	-4	-5	-19
Net miscellaneous income/expenses	-3	1	1	-	-2	1	-	-	-	-	-	-	-
<b>Pre-tax profit</b>	<b>-12</b>	<b>-37</b>	<b>-3</b>	<b>11</b>	<b>12</b>	<b>-86</b>	<b>-66</b>	<b>52</b>	<b>-25</b>	<b>-19</b>	<b>18</b>	<b>-4</b>	<b>-30</b>
Key ratios	2012	2013	Q1/14	Q2/14	Q3/14	Q4/14	2014 (reported)	2014 (adjusted) <sup>1</sup>	Q1/15	Q2/15	Q3/15	Q4/15	2015
CIR (%)	>100	>100	>100	60.7	53.6	n/a	>100	54.1	n/a	n/a	18.2	>100	n/a
RoE before tax (%)	-0.7	-2.1	-0.5	2.5	2.7	-18.3	-3.5	-2.8	-4.9	-4.0	5.7	-1.9	-1.4
Key figures	12/12	12/13	03/14	06/14	09/14	12/14	12/14	12/14	03/15	06/15	09/15	12/15	12/15
Equity (EUR bn)	1.7	1.8	1.8	1.9	1.9	1.8	1.8	1.8	2.0	1.8	1.3	1.5	1.5
RWA (EUR bn)	3.8	7.7	7.0	7.6	7.2	5.5	5.5 <sup>2</sup>	5.5 <sup>2</sup>	5.4 <sup>2</sup>	4.6 <sup>2</sup>	4.6 <sup>2</sup>	4.4	4.4
Financing volume (EUR bn)	30.3	25.1	24.3	24.0	23.7	22.7	22.7	22.7	22.2	20.5	19.7	18.7	18.7

Note: Annual results 2012-2014 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 <sup>2</sup> Retrospectively adjusted

## 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 Q4/14	Q4/14	Q1/15
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)**

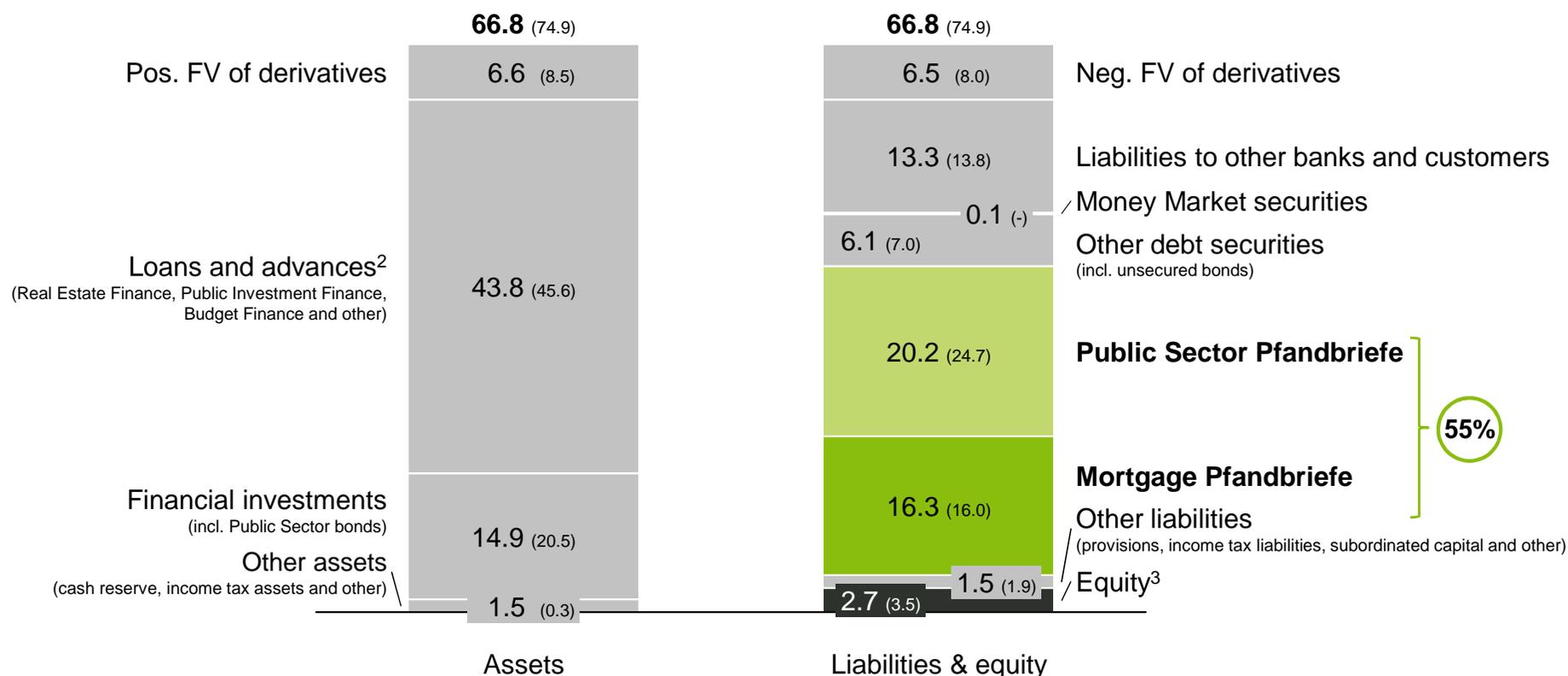
<b>2014</b>	<ul style="list-style-type: none"> <li>■ EUR -118.5 mn (thereof EUR -117 mn in Q4/14) value adjusted on exposure of nominal EUR 395 mn (Value Portfolio)</li> <li>■ Decision taken in response to moves by the Austrian Financial Market Authority (FMA) and the Austrian federal government</li> </ul>
<b>Q1/15</b>	<ul style="list-style-type: none"> <li>■ Further value adjustments of EUR -79 mn</li> <li>■ Together with the provisions in 2014, the provisioning was increased to ~50% of the nominal value</li> <li>■ This increase was made following recommendations made by the Financial Regulators</li> </ul>

# Balance sheet

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



**Balance sheet: 31/12/2015** (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> 31/12/2014: Incl. EUR 1 bn silent participation of Sonderfonds Finanzmarktstabilisierung (FMS), which has been redeemed on 6 July 2015

# Portfolio

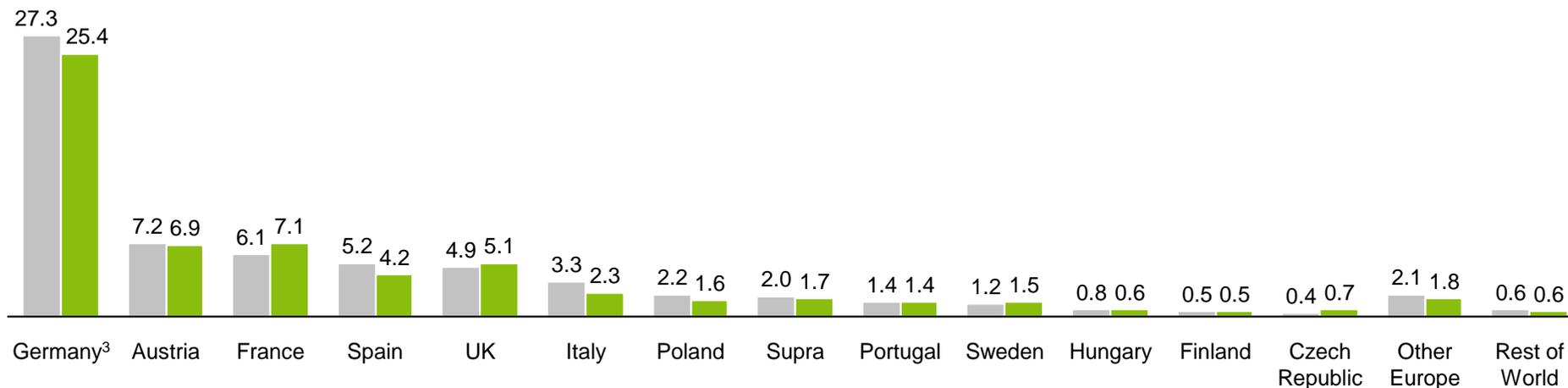
## Total portfolio



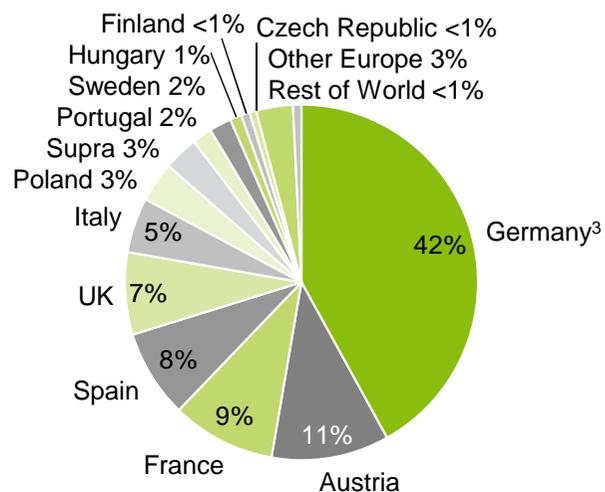
### Regions

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

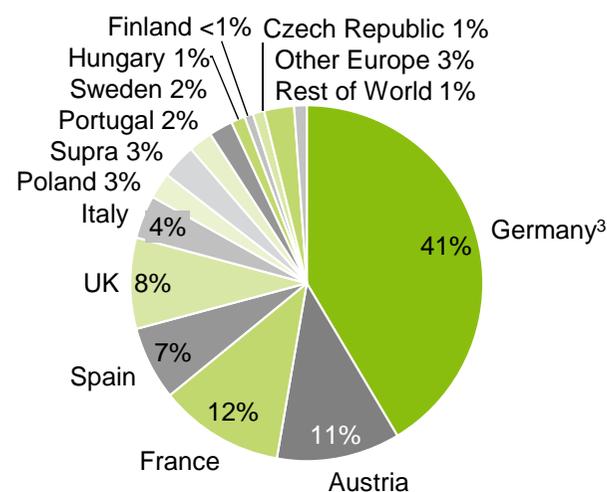
31/12/2014 / Total: EUR 65.2 bn  
 31/12/2015 / Total: EUR 61.4 bn



#### 31/12/2014



#### 31/12/2015



Note: Figures may not add up due to rounding 1 Excl. FMS-WM guaranteed exposure (EUR 0.2 bn) 2 Excl. intra-group exposure 3 Incl. Bundesbank accounts (12/15: EUR 1.3 bn; 12/14: EUR 51 million)

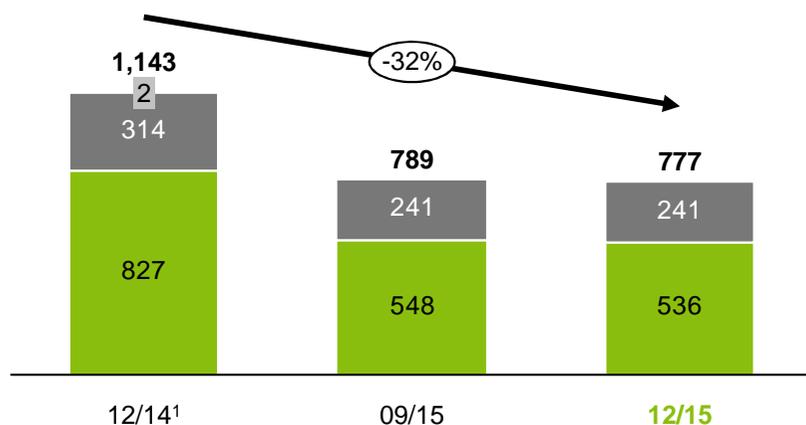
# Portfolio

## Problem loans

### Total problem loans

EUR millions (EaD, Basel III)

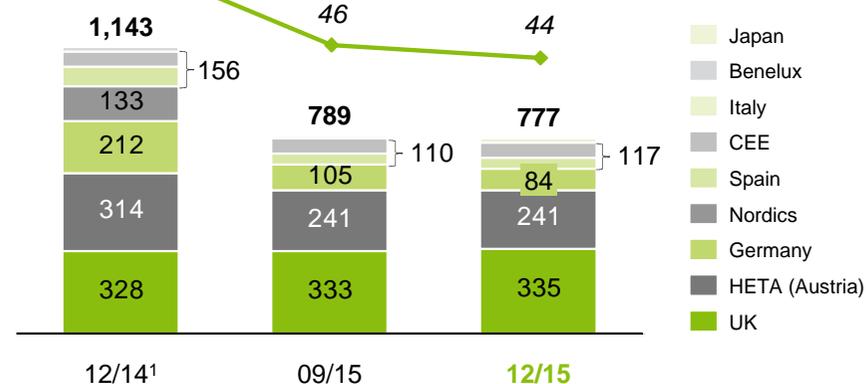
VP (thereof: HETA)  
REF



### Regions

EUR million (EaD, Basel III)

No. of individual 60 cases



Total problem loans EUR millions (EaD)	12/14 <sup>1</sup>				12/15			
	REF	PIF	VP	Total	REF	PIF	VP	Total
Workout loans <sup>2</sup>	9	-	-	9	3	-	-	3
Restructuring loans <sup>3</sup>	818	-	316	1,134	533	-	241	774
<b>Total</b>	<b>827</b>	<b>-</b>	<b>316</b>	<b>1,143</b>	<b>536</b>	<b>-</b>	<b>241</b>	<b>777</b>

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

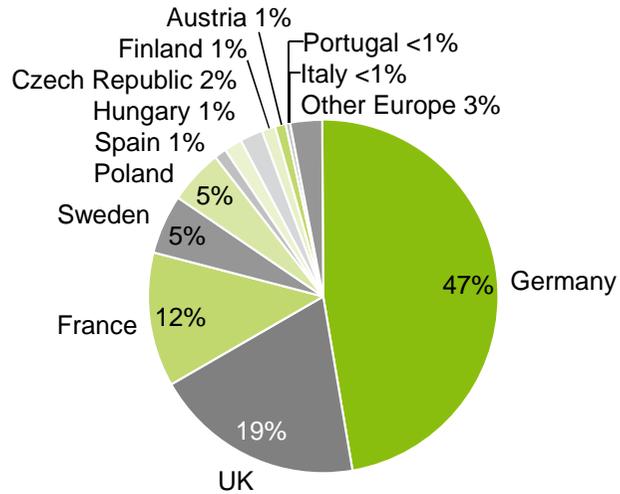
# Portfolio

## Real Estate Finance (REF)



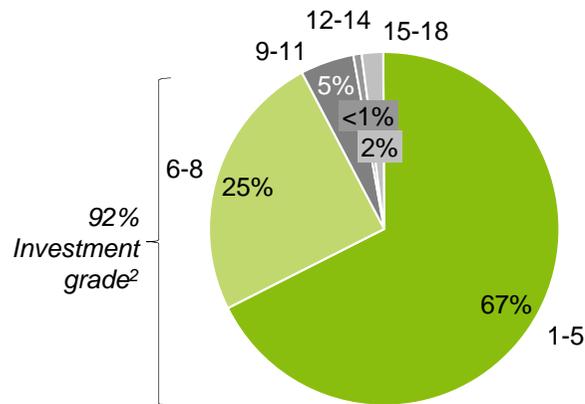
### Portfolio: Regions

31/12/2015: EUR 25.8 bn (EaD, Basel III)<sup>1</sup>



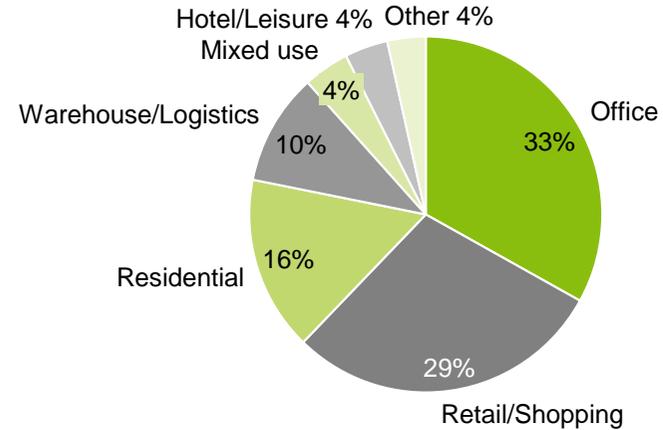
### Portfolio: Internal Ratings (EL classes)

31/12/2015: EUR 25.8 bn (EaD, Basel III)<sup>1</sup>



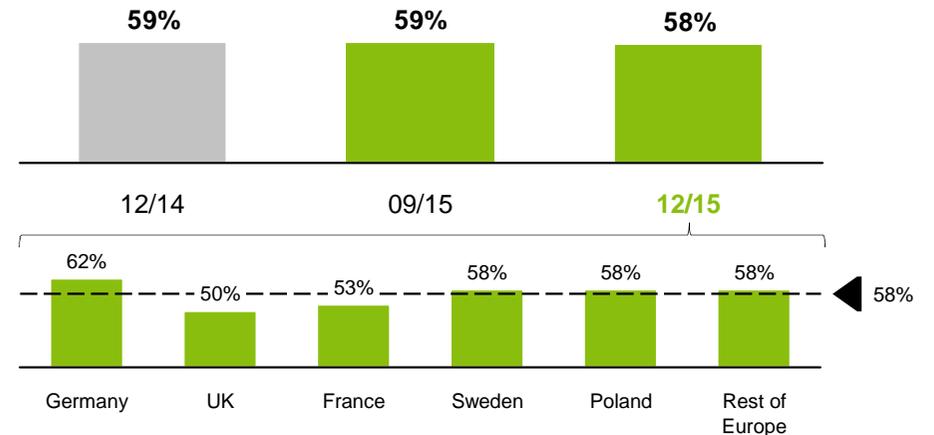
### Portfolio: Property types

31/12/2015: EUR 25.8 bn (EaD, Basel III)<sup>1</sup>



### Portfolio: Avg. weighted LTVs

(Commitments)<sup>3</sup>



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 <sup>3</sup> Based on performing investment loans only

# Portfolio

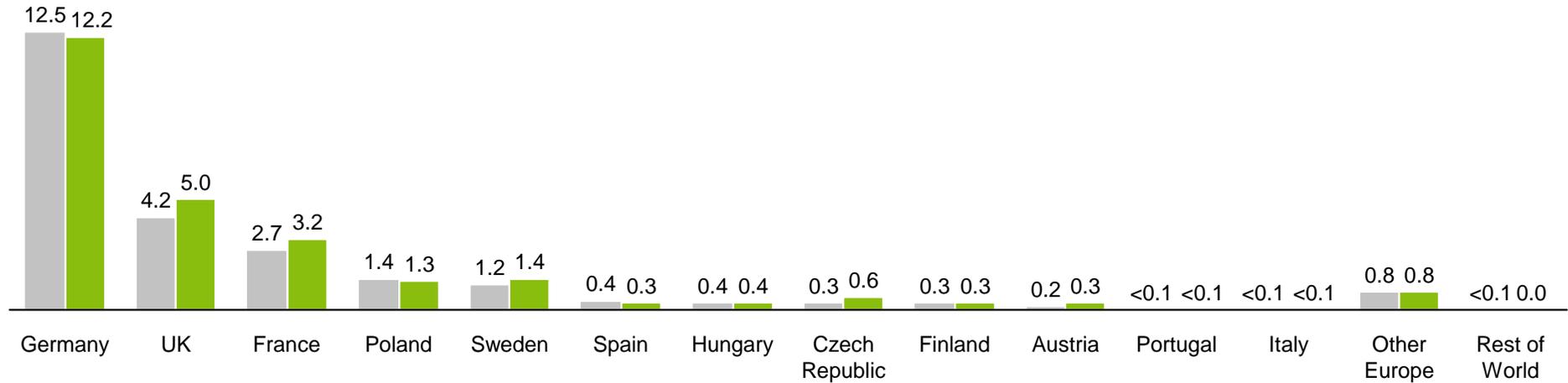
## Real Estate Finance (REF)



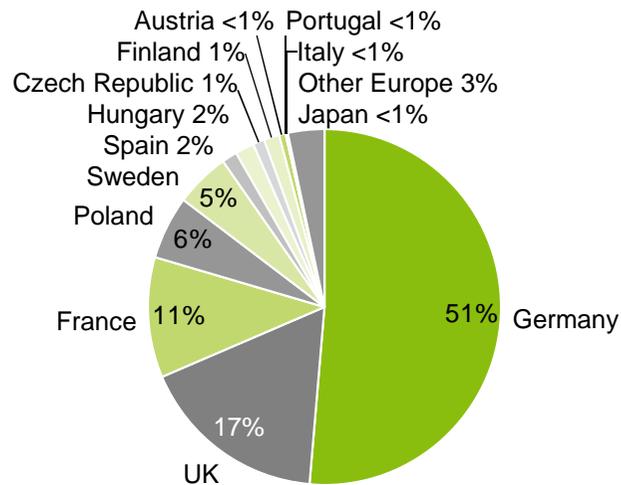
### Regions

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

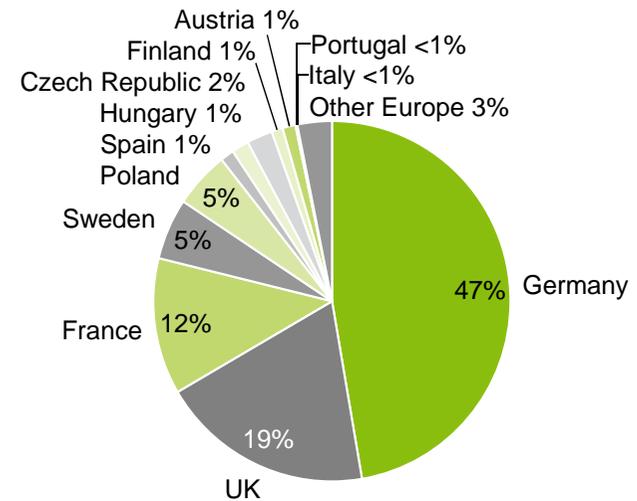
31/12/2014 / Total: EUR 24.3 bn  
 31/12/2015 / Total: EUR 25.8 bn



### 31/12/2014



### 31/12/2015



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

# Portfolio

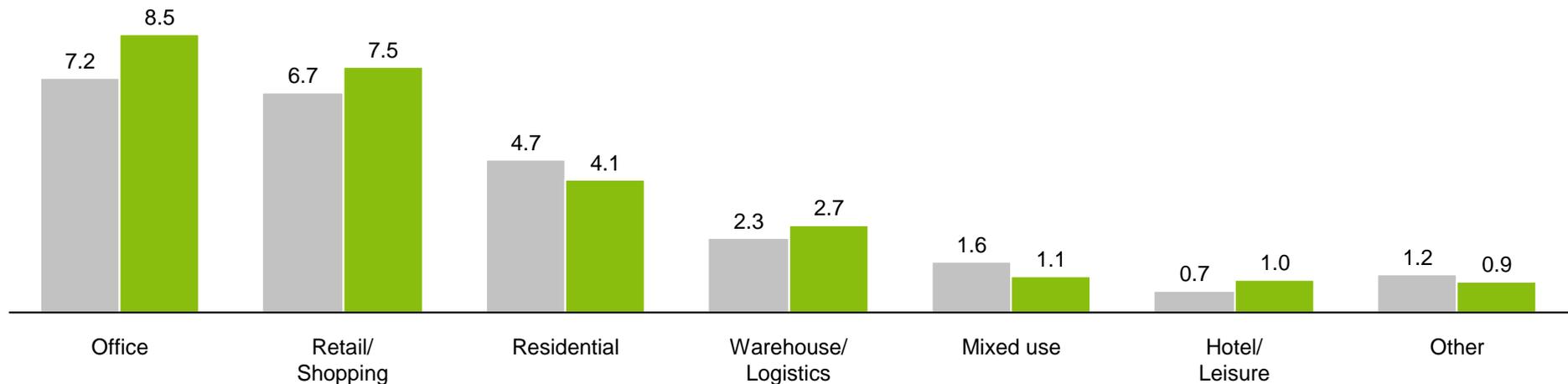
## Real Estate Finance (REF)



### Property types

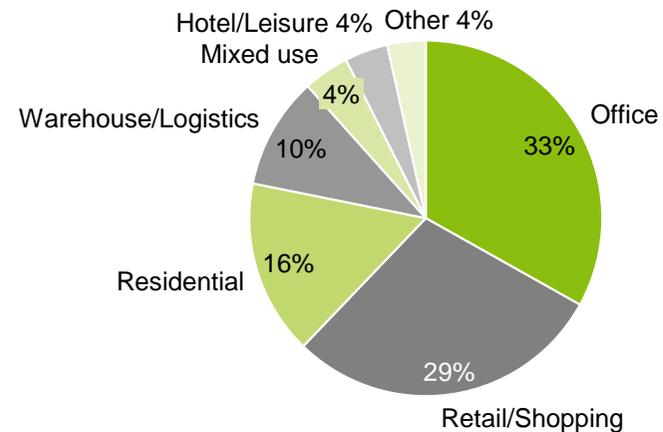
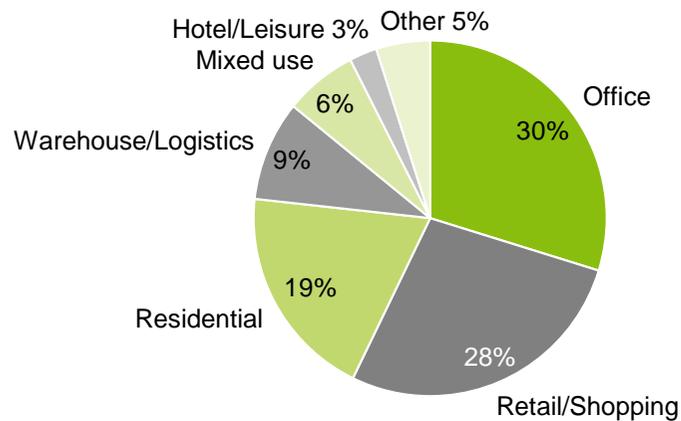
EUR billions (EaD, Basel III)<sup>1</sup>

31/12/2014 / Total: EUR 24.3 bn  
 31/12/2015 / Total: EUR 25.8 bn



31/12/2014

31/12/2015



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

# Portfolio

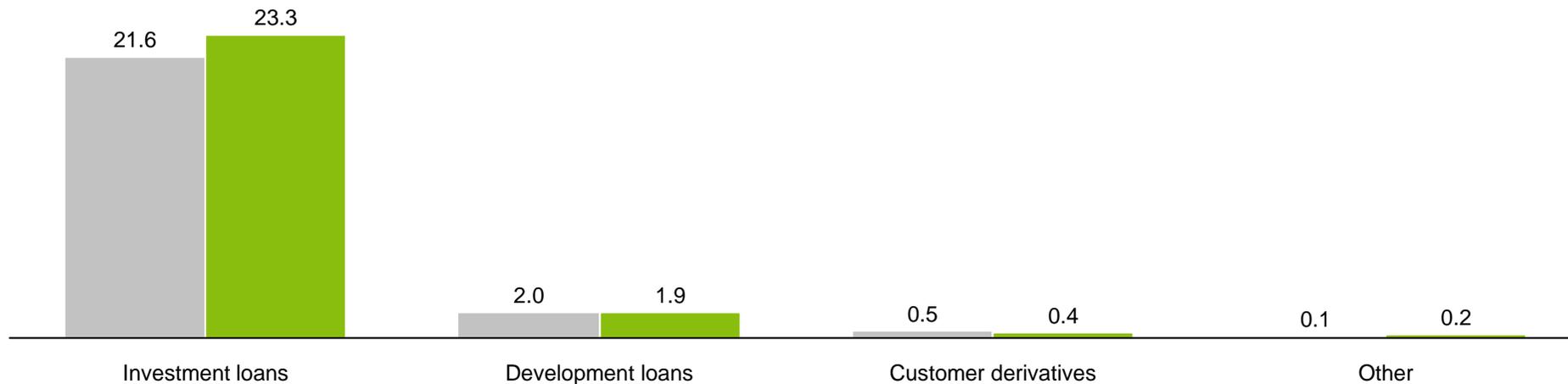
## Real Estate Finance (REF)



### Loan types

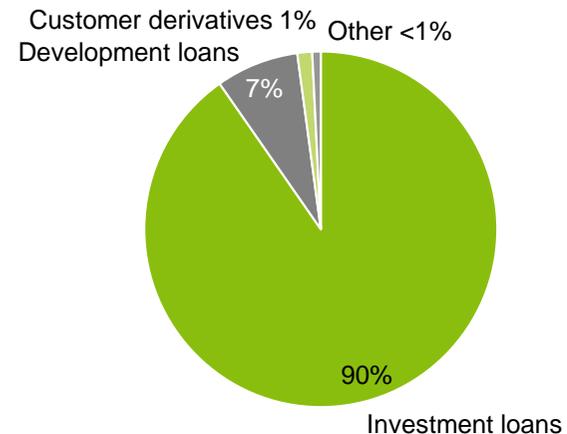
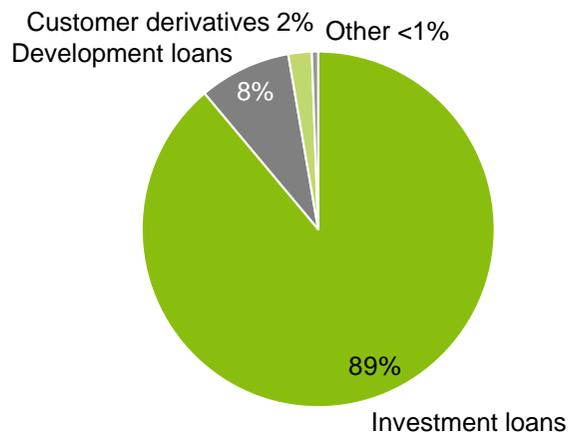
EUR billions (EaD, Basel III)<sup>1</sup>

■ 31/12/2014 / Total: EUR 24.3 bn  
■ 31/12/2015 / Total: EUR 25.8 bn



31/12/2014

31/12/2015



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

# Portfolio

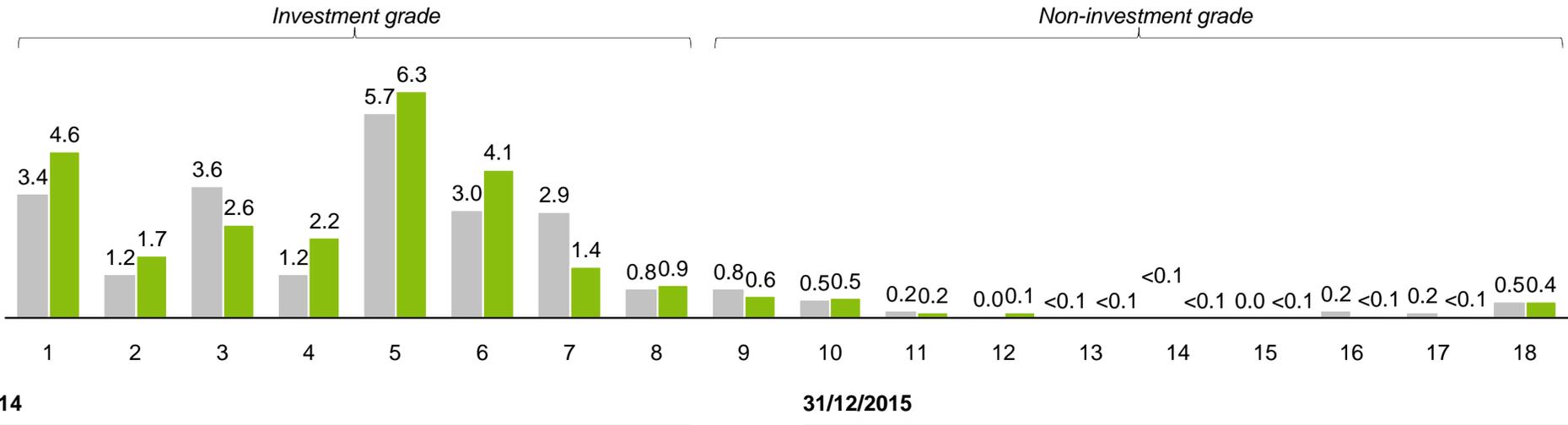
## Real Estate Finance (REF)



### Internal ratings (EL classes)

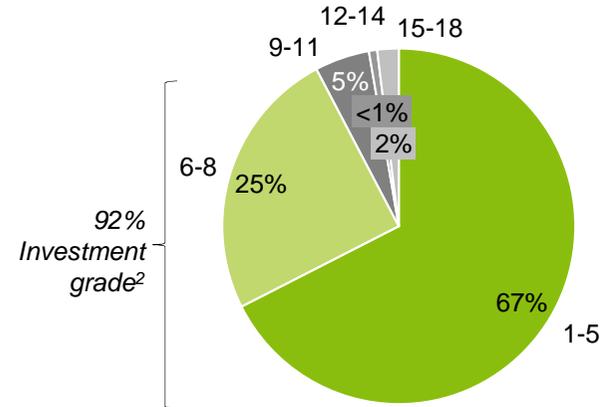
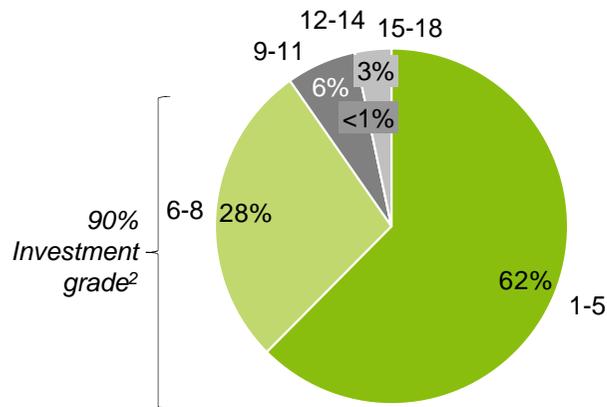
EUR billions (EaD, Basel III)<sup>1</sup>

■ 31/12/2014 / Total: EUR 24.3 bn  
 ■ 31/12/2015 / Total: EUR 25.8 bn



31/12/2014

31/12/2015



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

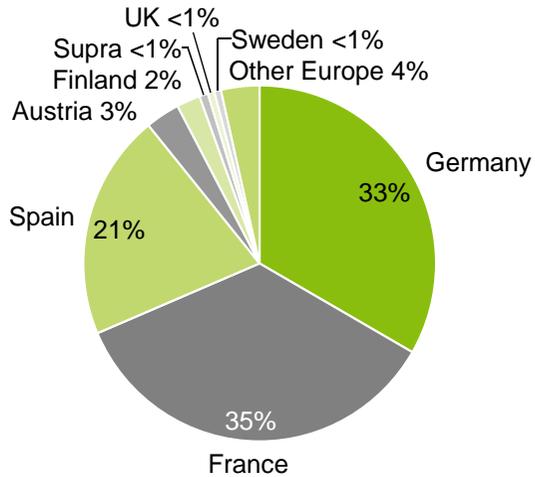
# Portfolio

## Public Investment Finance (PIF)



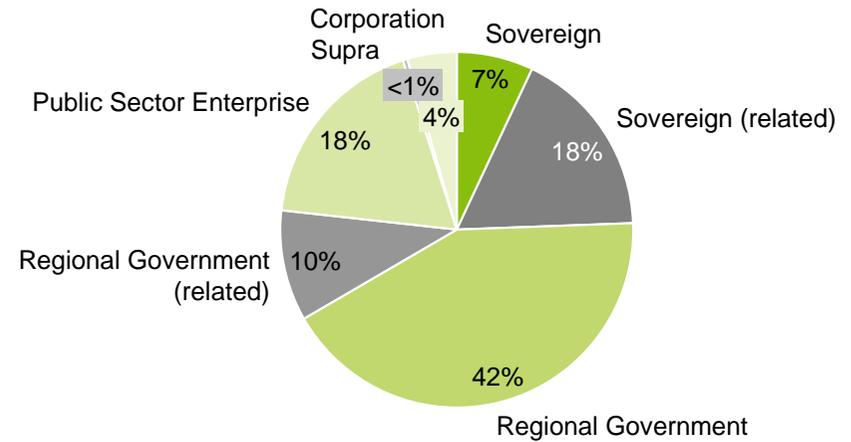
### Portfolio: Regions

31/12/2015: EUR 8.3 bn (EaD, Basel III)



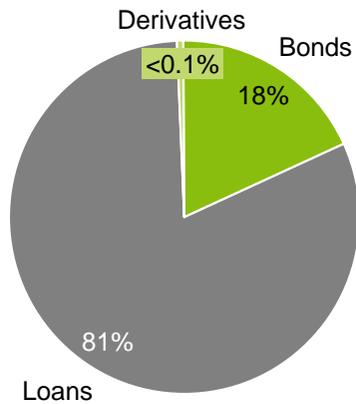
### Portfolio: Borrower classification<sup>1</sup>

31/12/2015: EUR 8.3 bn (EaD, Basel III)



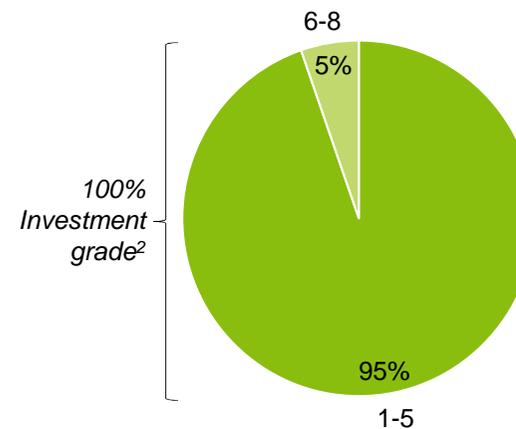
### Portfolio: Product class

31/12/2015: EUR 8.3 bn (EaD, Basel III)



### Portfolio: Internal ratings (EL classes)

31/12/2015: EUR 8.3 bn (EaD, Basel III)



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

# Portfolio

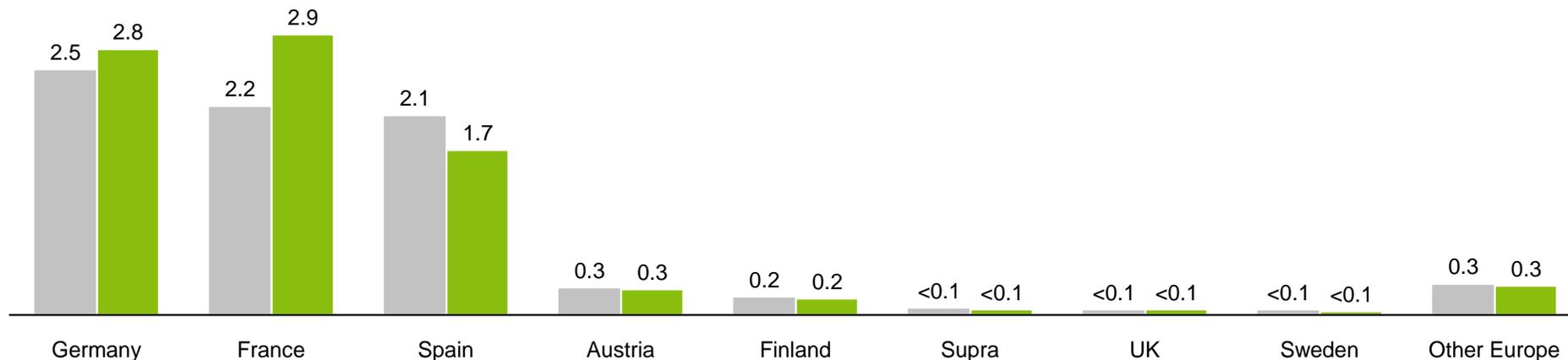
## Public Investment Finance (PIF)



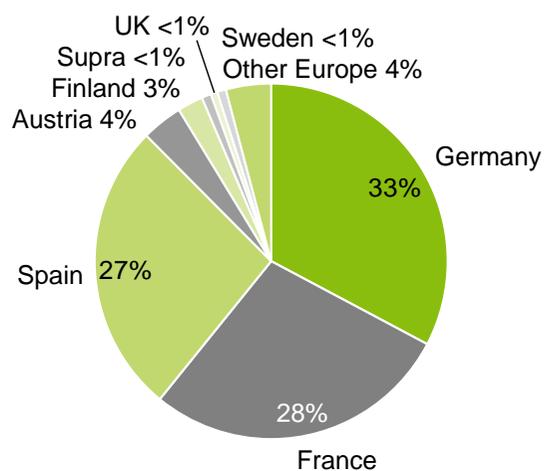
### Regions

EUR billions (EaD, Basel III)

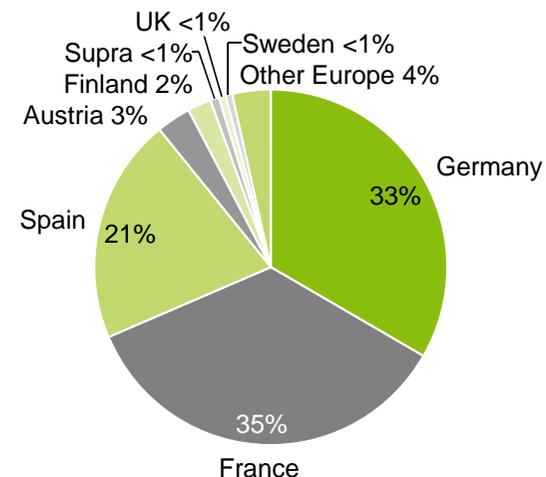
■ 31/12/2014 / Total: EUR 7.8 bn<sup>1</sup>  
 ■ 31/12/2015 / Total: EUR 8.3 bn



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



31/12/2015



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

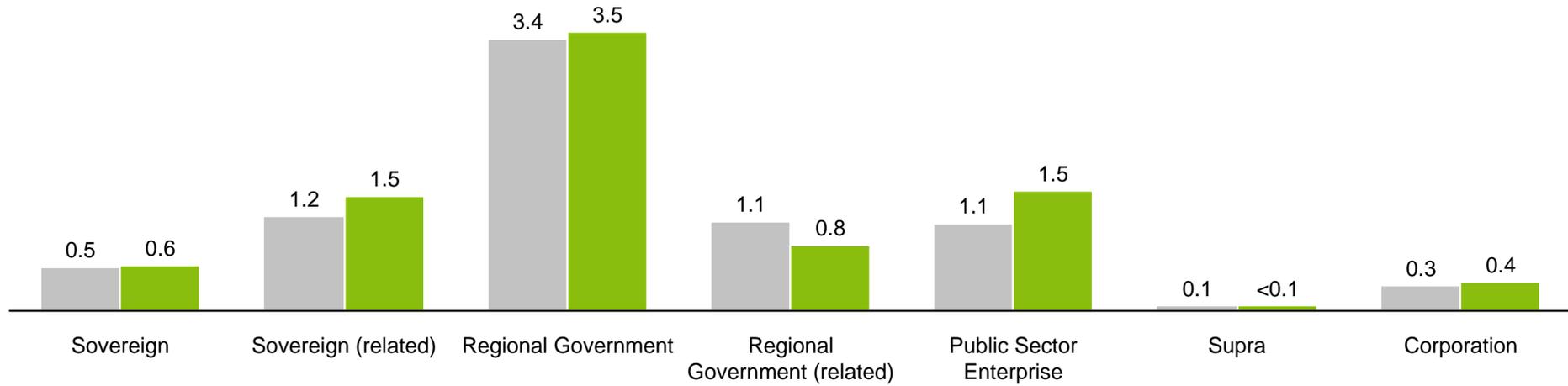
## Public Investment Finance (PIF)



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

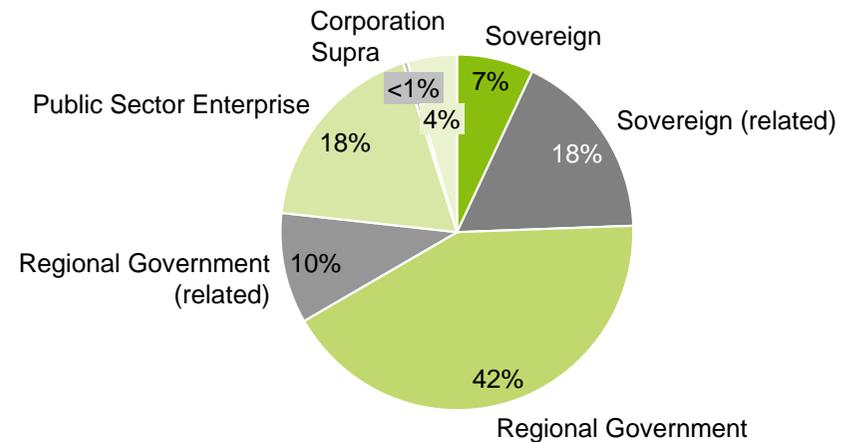
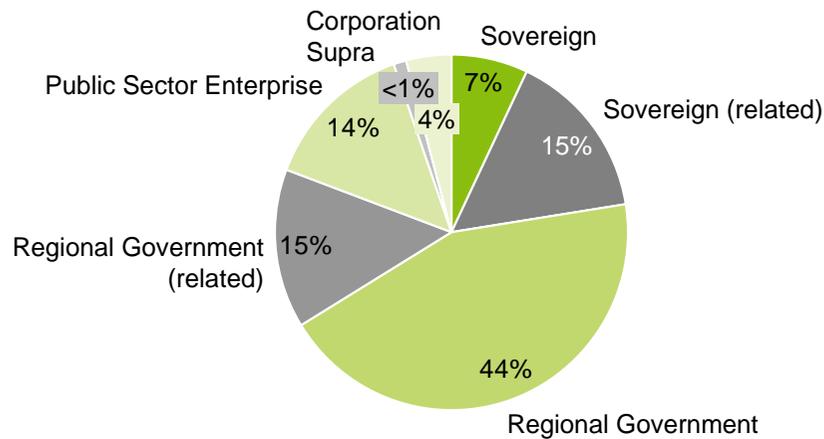
EUR billions (EaD, Basel III)

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



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

31/12/2015



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

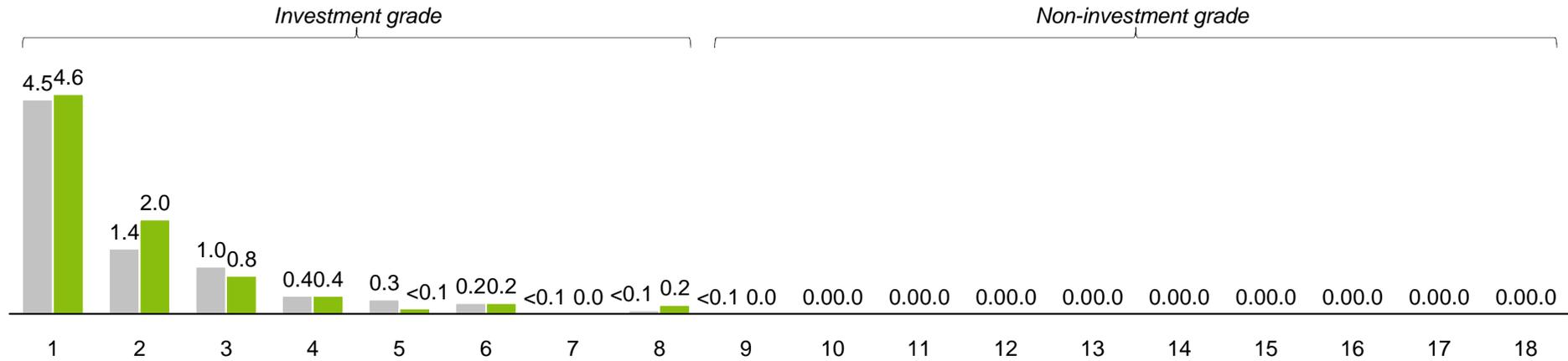
## Public Investment Finance (PIF)



### Internal ratings (EL classes)

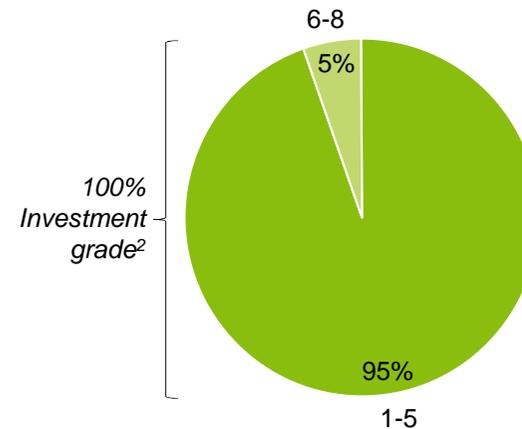
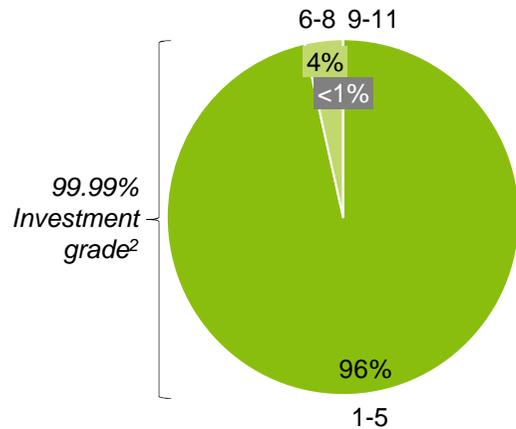
EUR billions (EaD, Basel III)

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



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

31/12/2015



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

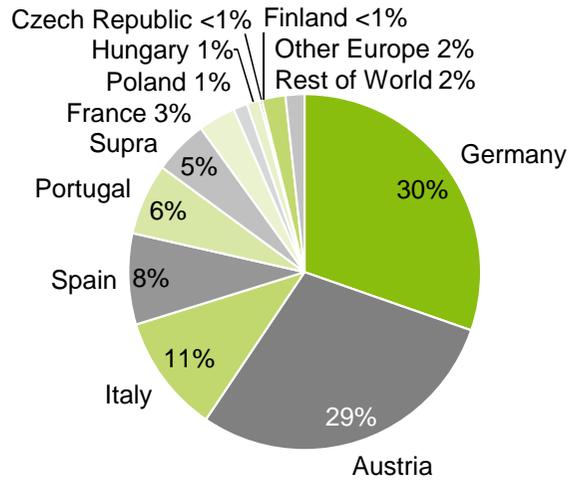
# Portfolio

## Value Portfolio (VP)



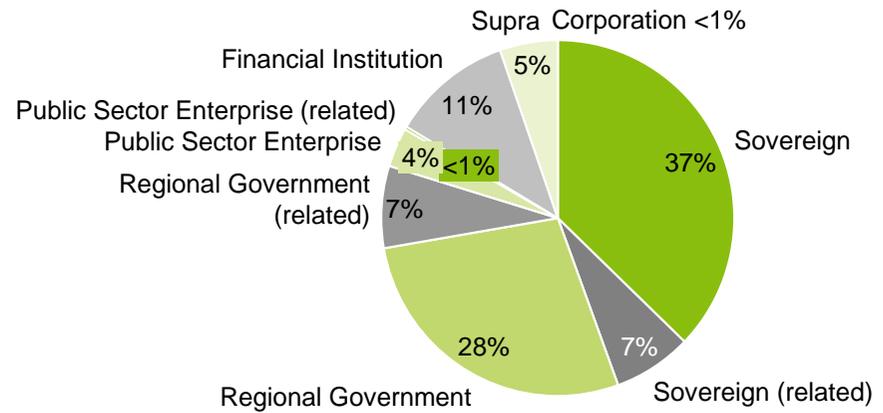
### Portfolio: Regions

31/12/2015: EUR 21.7 bn (EaD, Basel III)<sup>1</sup>



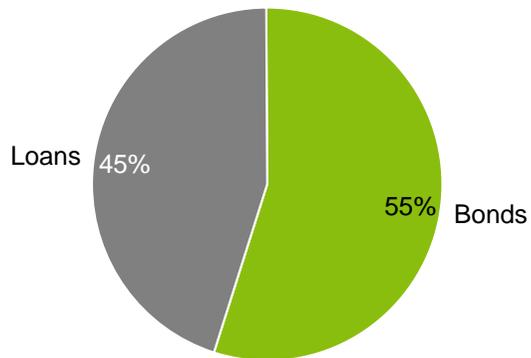
### Portfolio: Borrower classification<sup>2</sup>

31/12/2015: EUR 21.7 bn (EaD, Basel III)<sup>1</sup>



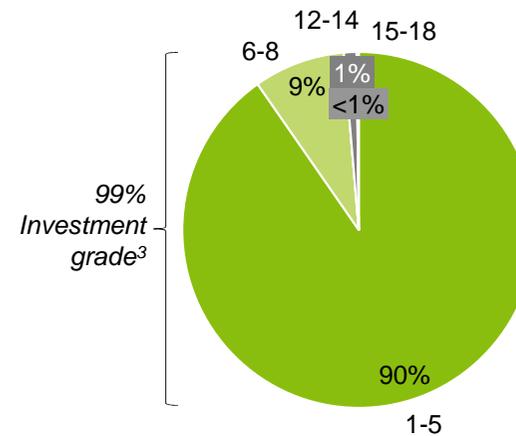
### Portfolio: Product class

31/12/2015: EUR 21.7 bn (EaD, Basel III)<sup>1</sup>



### Portfolio: Internal ratings (EL classes)

31/12/2015: EUR 21.7 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

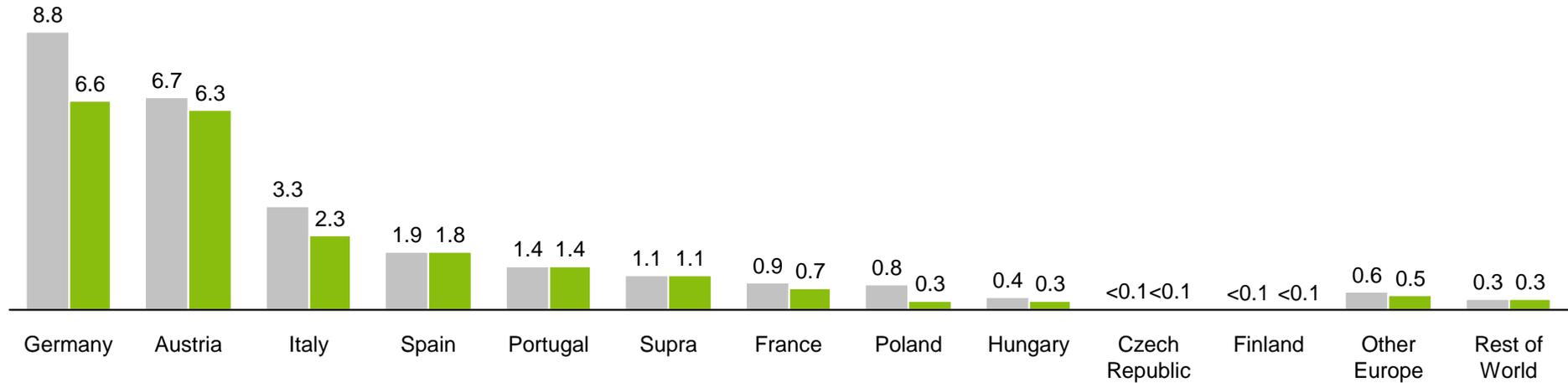
## Value Portfolio (VP)



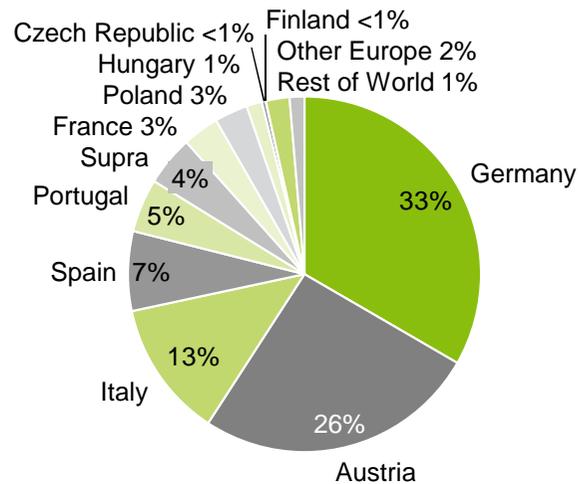
### Regions

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

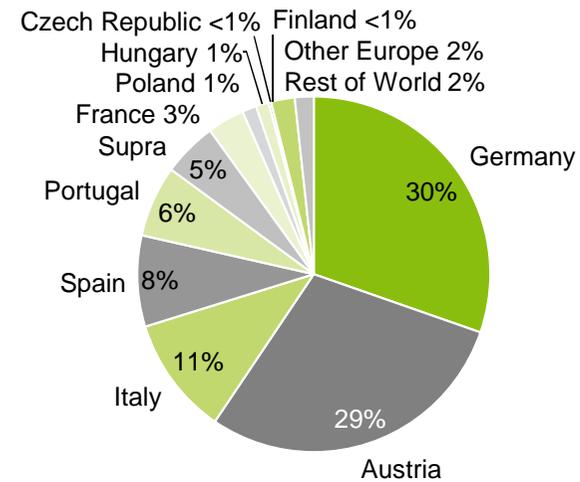
■ 31/12/2014 / Total: EUR 26.2 bn<sup>2</sup>  
 ■ 31/12/2015 / Total: EUR 21.7 bn



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



31/12/2015



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

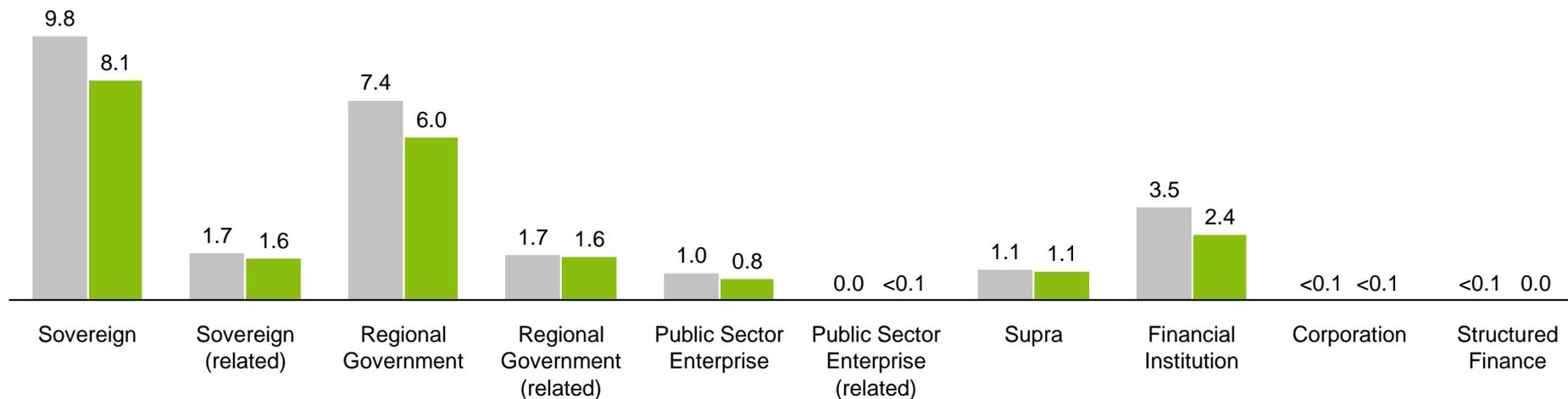
## Value Portfolio (VP)



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

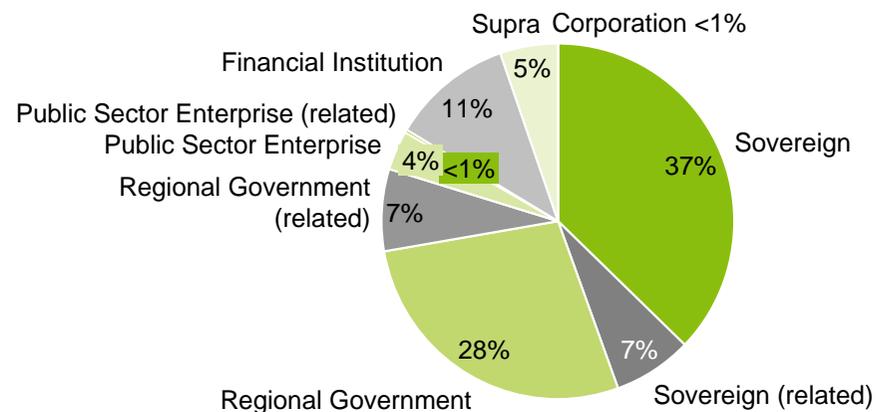
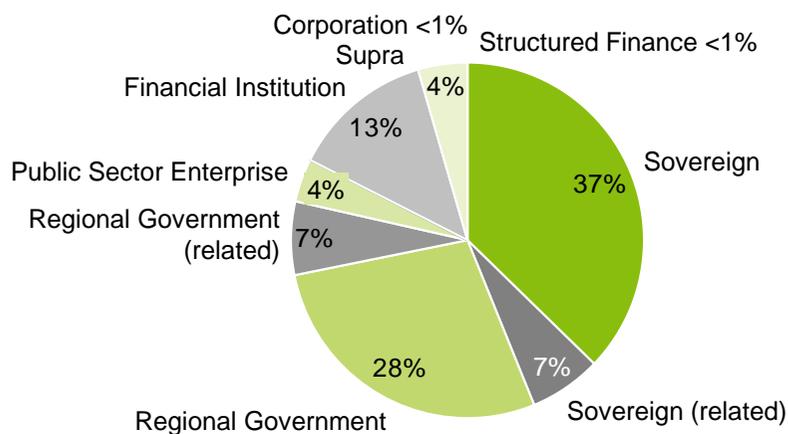
EUR billions (EaD, Basel III)<sup>2</sup>

■ 31/12/2014 / Total: EUR 26.2 bn<sup>3</sup>  
 ■ 31/12/2015 / Total: EUR 21.7 bn



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

31/12/2015



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)

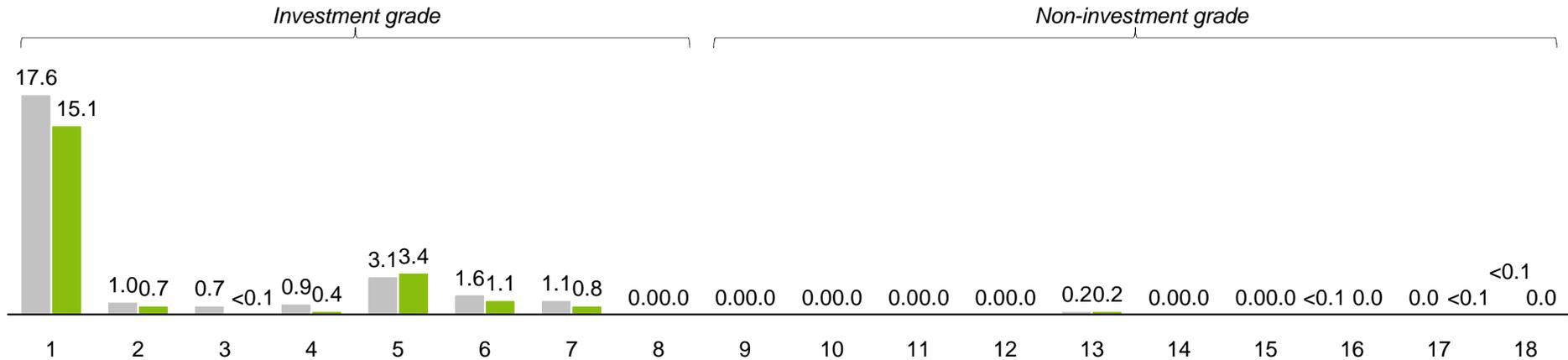
# Portfolio

## Value Portfolio (VP)

### Internal ratings (EL classes)

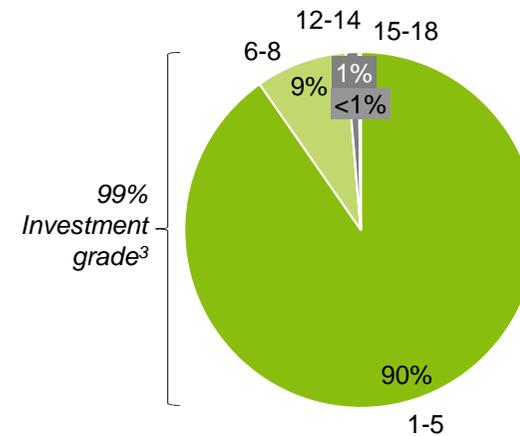
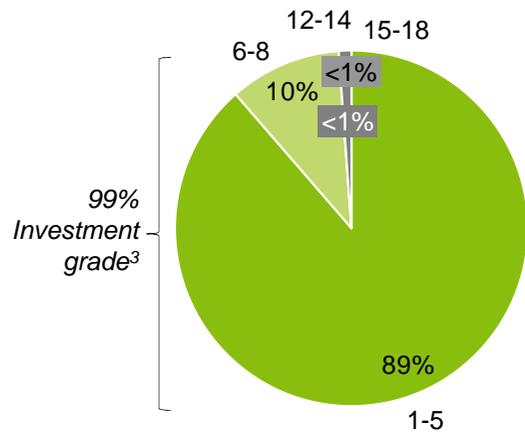
EUR billions (EaD, Basel III)<sup>1</sup>

■ 31/12/2014 / Total: EUR 26.2 bn<sup>2</sup>  
 ■ 31/12/2015 / Total: EUR 21.7 bn



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

31/12/2015



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

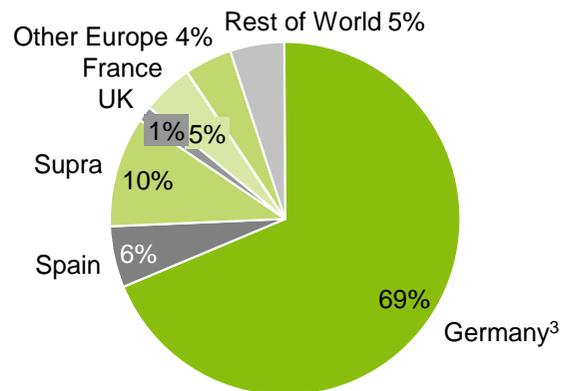
2 Restated; figures retrospectively adjusted for transfer of Italian PIF portfolio (EUR 1.5 bn) into VP (as of 01/01/15)

# Portfolio

## Consolidation & Adjustments (C&A)

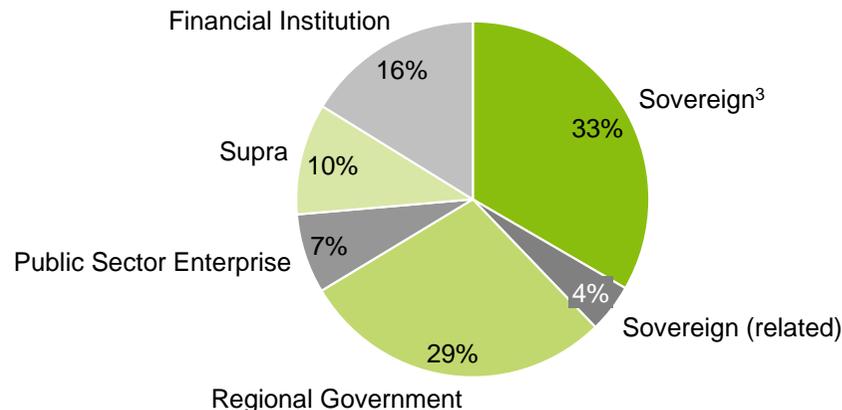
### Portfolio: Regions

31/12/2015: EUR 5.6 bn (EaD, Basel III)<sup>1,2</sup>



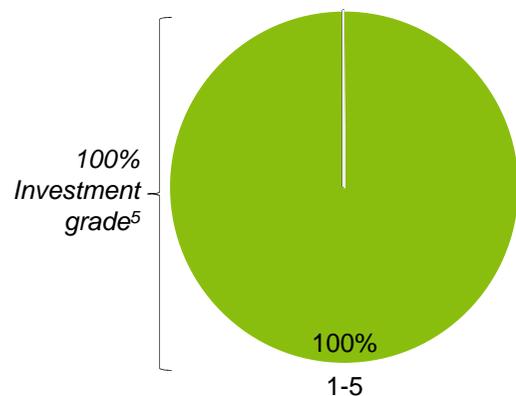
### Portfolio: Borrower classification<sup>4</sup>

31/12/2015: EUR 5.6 bn (EaD, Basel III)<sup>1,2</sup>



### Portfolio: Internal ratings (EL classes)

31/12/2015: EUR 5.6 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 (12/15: EUR 1.3 bn) 4 See appendix for definition of borrower classification 5 EL Classes 1-8 = Investment grade; EL classes 9-18 = Non-investment grade

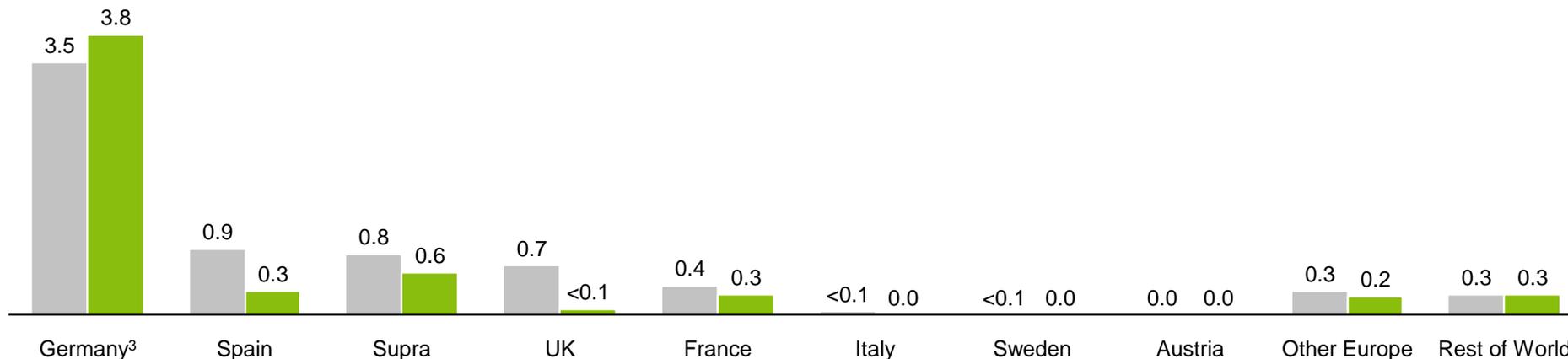
# Portfolio Consolidation & Adjustments (C&A)



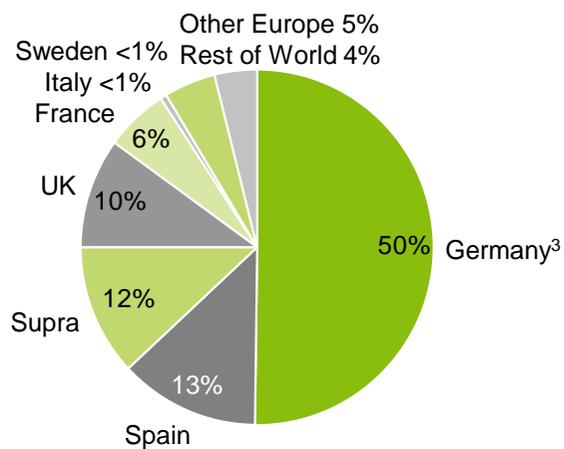
## Regions

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

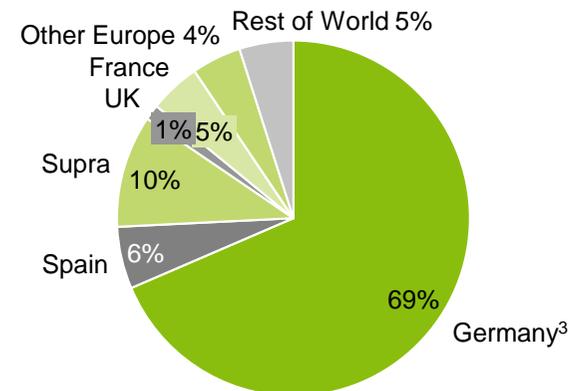
■ 31/12/2014 / Total: EUR 6.9 bn  
■ 31/12/2015 / Total: EUR 5.6 bn



31/12/2014



31/12/2015



Note: Figures may not add up due to rounding 1 Excl. FMS-WM guaranteed exposure 2 Excl. intra-group exposure 3 Incl. Bundesbank accounts (12/15: EUR 1.3 bn; 12/14: EUR 51 million)

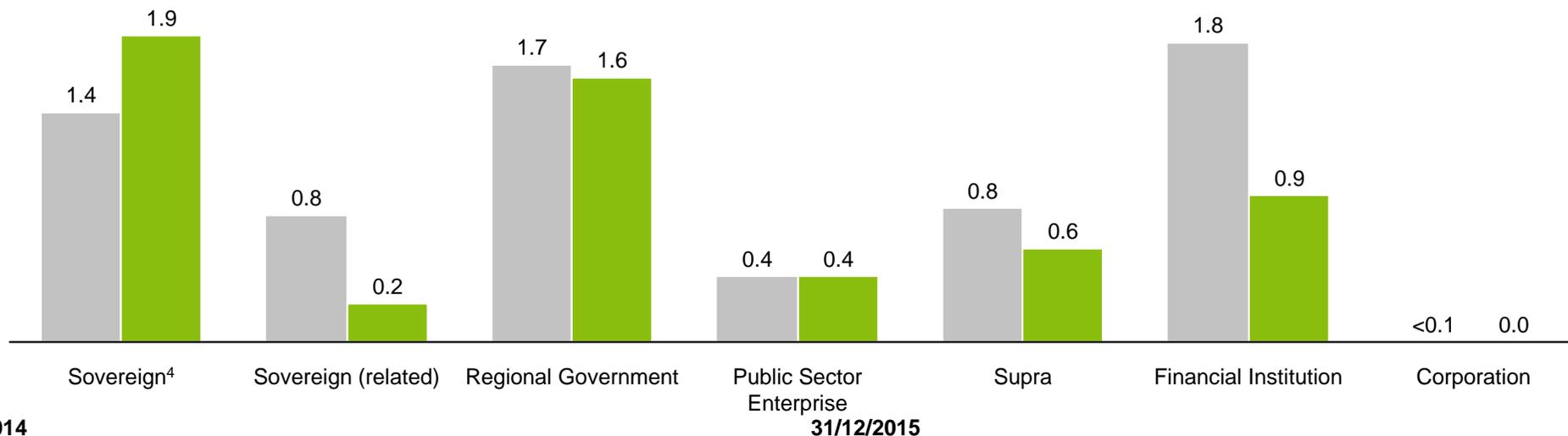
# Portfolio Consolidation & Adjustments (C&A)



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

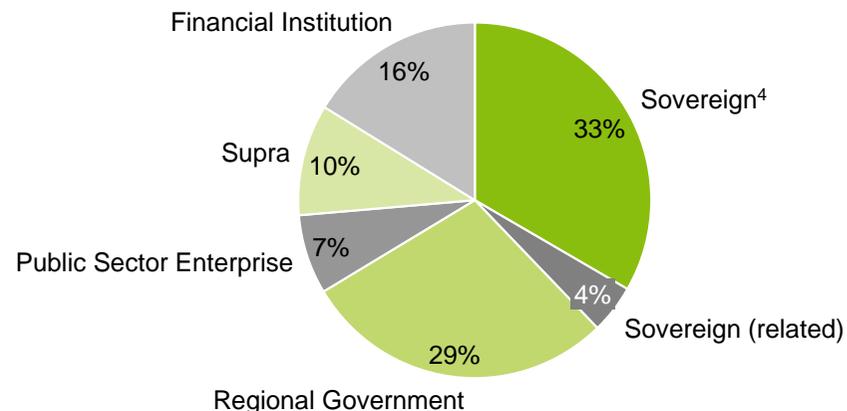
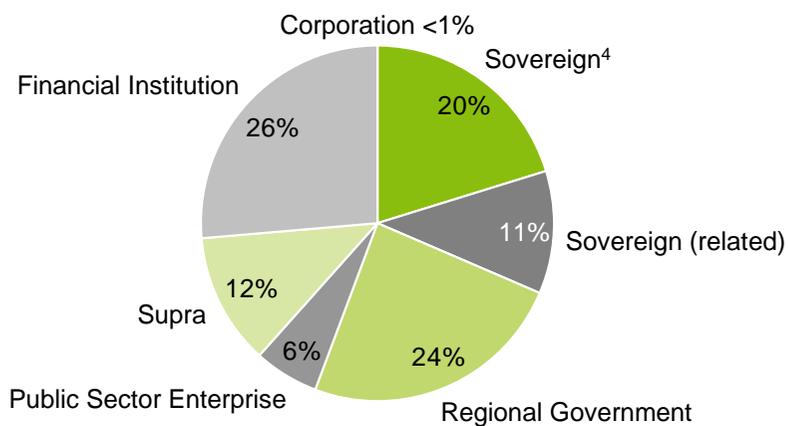
EUR billions (EaD, Basel III)<sup>2,3</sup>

31/12/2014 / Total: EUR 6.9 bn  
31/12/2015 / Total: EUR 5.6 bn



31/12/2014

31/12/2015



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 (12/15: EUR 1.3 bn; 12/14: EUR 51 million)

# Portfolio Consolidation & Adjustments (C&A)

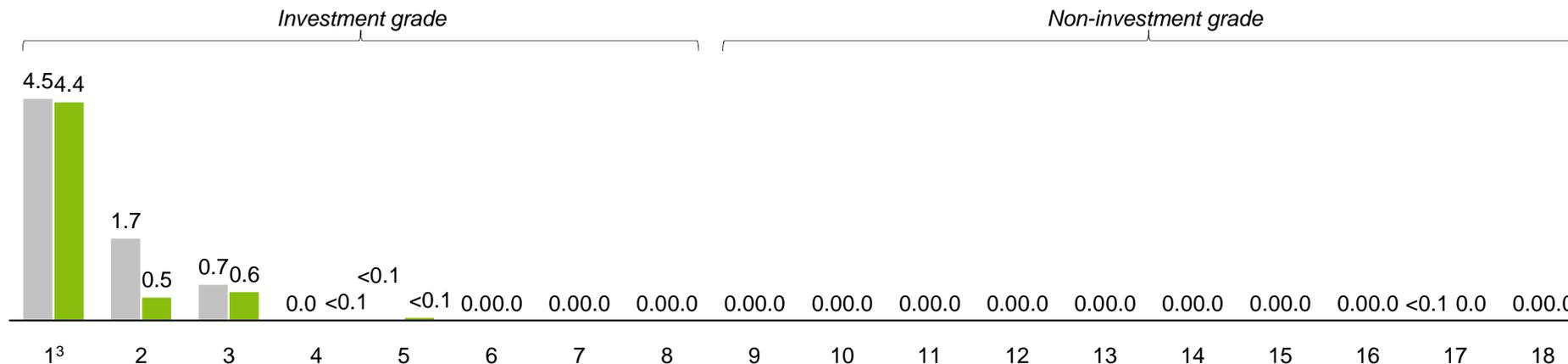


## Internal ratings (EL classes)

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

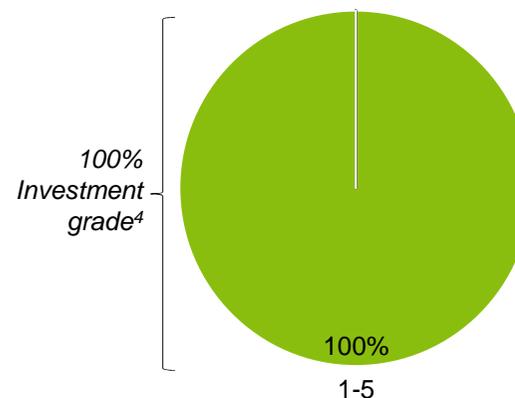
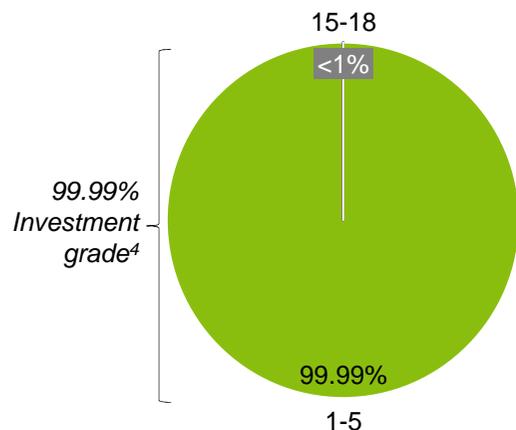
31/12/2014 / Total: EUR 6.9 bn

31/12/2015 / Total: EUR 5.6 bn



31/12/2014

31/12/2015



Note: Figures may not add up due to rounding  
 1 Excl. FMS-WM guaranteed exposure  
 2 Excl. intra-group exposure  
 3 Incl. Bundesbank accounts (12/15: EUR 1.3 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 2014



Type	WKN	Launch Date	Maturity Date	Size	Spread <sup>1</sup>	Coupon	Issue/Reoffer Price
<b>Mortgage Pfandbrief</b>	<b>A1X3LT</b>	<b>14.01.2014</b>	<b>21.01.2022</b>	<b>EUR 500 mn</b>	<b>+17bp</b>	<b>1.875%</b>	<b>99.362%</b>
<i>Mortgage Pfandbrief (2<sup>nd</sup> Tap)</i>	<i>A1MLUW</i>	<i>13.02.2014</i>	<i>03.06.2019</i>	<i>EUR 50 mn</i>	<i>+10bp</i>	<i>2.125%</i>	<i>104.988%</i>
<b>Mortgage Pfandbrief</b>	<b>A11QAP</b>	<b>18.03.2014</b>	<b>25.03.2019</b>	<b>EUR 500 mn</b>	<b>+14bp</b>	<b>1.000%</b>	<b>99.400%</b>
<i>Senior Unsecured (1<sup>st</sup> Tap)</i>	<i>A1X26E</i>	<i>03.06.2014</i>	<i>11.09.2017</i>	<i>EUR 150 mn</i>	<i>+72bp</i>	<i>2.250%</i>	<i>103.278%</i>
<i>Mortgage Pfandbrief (2<sup>nd</sup> Tap)</i>	<i>A1RFBY</i>	<i>23.06.2014</i>	<i>30.01.2017</i>	<i>EUR 150 mn</i>	<i>-5bp</i>	<i>0.875%</i>	<i>101.466%</i>
<i>Mortgage Pfandbrief (1<sup>st</sup> Tap)</i>	<i>A11QAP</i>	<i>18.08.2014</i>	<i>25.03.2019</i>	<i>EUR 175 mn</i>	<i>+4.5 bp</i>	<i>1.000%</i>	<i>101.915%</i>
<b>Mortgage Pfandbrief</b>	<b>A11QA31</b>	<b>02.09.2014</b>	<b>08.09.2017</b>	<b>EUR 500 mn</b>	<b>+0 bp</b>	<b>0.250%</b>	<b>99.827%</b>
<i>Mortgage Pfandbrief (2<sup>nd</sup> Tap)</i>	<i>A11QAP</i>	<i>05.09.2014</i>	<i>25.03.2019</i>	<i>EUR 75 mn</i>	<i>+3.3 bp</i>	<i>1.000%</i>	<i>102.534%</i>
<b>Mortgage Pfandbrief</b>	<b>A12UAW2</b>	<b>23.09.2014</b>	<b>29.09.2017</b>	<b>GBP 300 mn</b>	<b>+42 bp<sup>2</sup></b>	<b>3mL+40 bp</b>	<b>99.941%</b>
<i>Senior Unsecured (2<sup>nd</sup> Tap)</i>	<i>A1X26E</i>	<i>06.11.2014</i>	<i>11.09.2017</i>	<i>EUR 100 mn</i>	<i>+62bp</i>	<i>2.250%</i>	<i>103.836%</i>
<b>Senior Unsecured</b>	<b>A12UA6</b>	<b>13.01.2015</b>	<b>20.01.2017</b>	<b>EUR 500 mn</b>	<b>+78bp</b>	<b>0.875%</b>	<b>99.874%</b>
<i>Senior Unsecured (1<sup>st</sup> Tap)</i>	<i>A12UAR</i>	<i>19.01.2015</i>	<i>17.09.2019</i>	<i>EUR 200 mn</i>	<i>+100bp</i>	<i>1.50%</i>	<i>100.918%</i>
<b>Mortgage Pfandbrief</b>	<b>A13SV81</b>	<b>23.07.2015</b>	<b>30.07.2020</b>	<b>EUR 500 mn</b>	<b>-14 bp</b>	<b>0.25%</b>	<b>99.819%</b>
<b>Senior Unsecured</b>	<b>A13SWA</b>	<b>08.10.2015</b>	<b>15.01.2018</b>	<b>EUR 500 mn</b>	<b>+140bp</b>	<b>1.375%</b>	<b>99.826%</b>
<b>Public Sector Pfandbrief</b>	<b>A13SWB</b>	<b>20.11.2015</b>	<b>27.11.2020</b>	<b>EUR 500 mn</b>	<b>-4bp</b>	<b>0.125%</b>	<b>99.900%</b>
<b>Mortgage Pfandbrief</b>	<b>A13SWC</b>	<b>12.01.2016</b>	<b>19.01.2023</b>	<b>EUR 750 mn</b>	<b>+8 bp</b>	<b>0.50%</b>	<b>99.221%</b>
<b>Senior Unsecured</b>	<b>A13SWD</b>	<b>28.01.2016</b>	<b>04.02.2019</b>	<b>EUR 500 mn</b>	<b>+140bp</b>	<b>1.25%</b>	<b>99.816%</b>
<b>Mortgage Pfandbrief</b>	<b>A13SWE6</b>	<b>22.02.2016</b>	<b>01.03.2022</b>	<b>EUR 500 mn</b>	<b>+8 bp</b>	<b>0.20%</b>	<b>99.863%</b>

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

# Ratings

## Mandated ratings



as of 29 February 2016

	S&P <sup>1</sup>	DBRS	Moody's <sup>2</sup>
<b>Pfandbrief ratings</b>			
Public Sector Pfandbrief			Aa1
Mortgage Pfandbrief			Aa1
<b>Bank ratings</b>			
<b>Long-term</b>	<b>BBB</b>	<b>BBB</b>	
Outlook/Trend	Stable	Stable	
Short-term	A-2	R-2 (high)	
Stand-alone rating <sup>3</sup>	bbb-	BBB	

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Note: The above list does not include all ratings 1 Pfandbrief Ratings withdrawn by S&P on 11 December 2015, following the termination of the mandate by pbb 2 Unsecured Bank Ratings withdrawn by Moody's on 29 June 2015, following the termination of the mandate by pbb 3 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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