

Analyst Conference Call

Results Q1/16

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Solid operating performance – PBT at EUR 45 mn in Q1/16

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Agenda

- 1 Highlights Q1/16**
 - 2 Financials**
 - 3 Segment reporting**
 - 4 Portfolio**
 - 5 Funding**
 - 6 Key take-aways**
- Appendix**
Contact details

Highlights Q1/16

Solid operating performance – PBT at EUR 45 mn in Q1/16



Pre-tax profit at EUR 45 mn (+50% q-o-q; -12% y-o-y)

- **Net interest income** stable q-o-q (EUR 102 mn; Q4/15: EUR 102 mn) – however, y-o-y net interest income suffers from base effects of high early extensions/prepayments of higher margin loans in 2015 (Q1/15: EUR 113 mn)
- No **loan-loss provisions** (net) in Q1/16 (Q4/15: EUR -7 mn; Q1/15: EUR 4 mn) – markets overall intact but characterized by ongoing strong competition, conservative business approach continued
- **General administrative expenses** at low level (EUR -45 mn), reflecting usually lower Q1 compared to the rest of the year (Q4/15: EUR -57 mn; Q1/15: EUR -48 mn)
- EUR -21 mn **bank levy** recognised in Q1 vs. EUR -18 mn in 2015 – no major **one-off effects**



New business volume (incl. extensions >1 year) at good level of EUR 2.9 bn (Q4/15: EUR 3.1 bn; Q1/15: EUR 2.8 bn) – margins and LTVs kept stable vs. 2015 full-year average



Strategic portfolio more or less stable in Q1/16 (+0.3%) and slightly up y-o-y (+4%) despite high level of early extensions/prepayments in 2015 and also in Q1/16; non-strategic Value Portfolio continues to run down (-4% q-o-q; -19% y-o-y)



Strong **funding activities** with already five benchmark issuances in 2016 – long-term funding volume in Q1/16 at EUR 2.3 bn (Q4/15: EUR 1.6 bn; Q1/15: EUR 1.4 bn)



Capitalisation remains strong with fully-loaded CET1 ratio of 18.1%¹ (12/15²: 18.2%; Basel III, fully loaded) – RWA slightly down to EUR 13.3 bn (12/15: EUR 13.4 bn; 03/15³: EUR 14.5 bn)

1 Incl. full-year result 2015, post proposed dividend; excl. interim result 2 Incl. full-year result 2015, post proposed dividend 3 Retrospectively adjusted

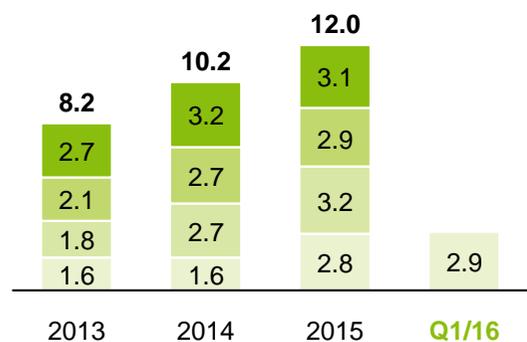
Highlights Q1/16

Solid operating performance – pbb remains on track



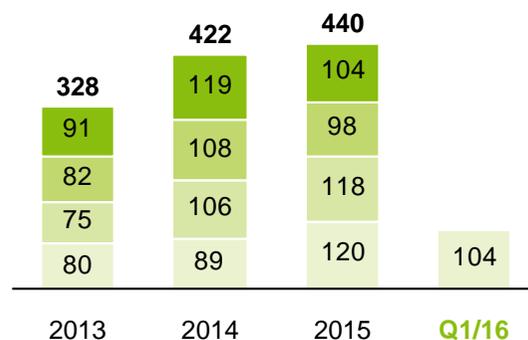
New business

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



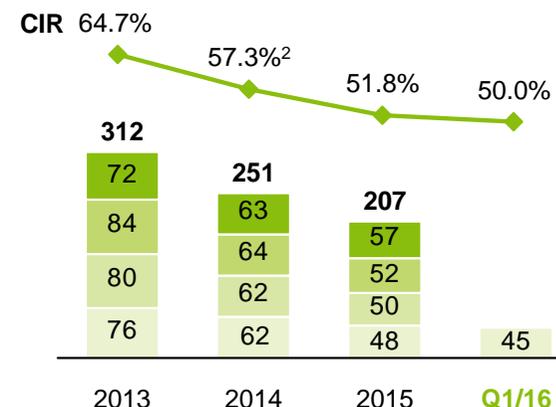
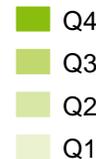
Net interest and commission income

EUR millions (IFRS)



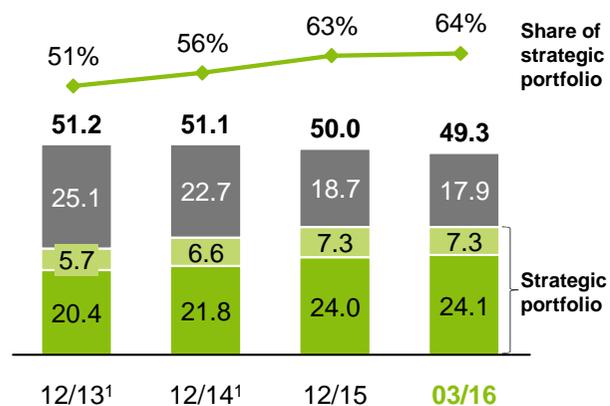
General and admin. expenses

EUR millions (IFRS)



Portfolio

EUR billions (Financing volumes)



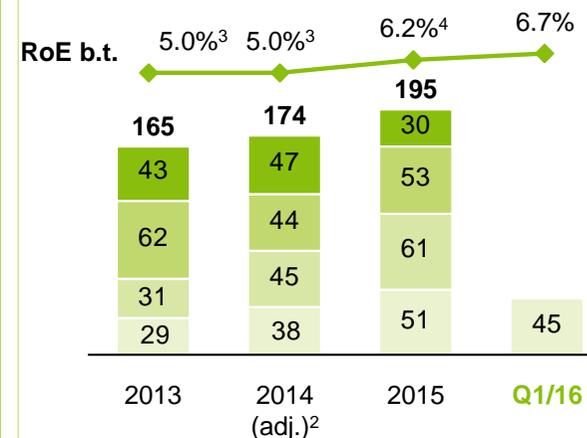
Loan-loss provisions

EUR millions (IFRS)



Pre-tax profit

EUR millions (IFRS)



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

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Income statement

Net interest income stable q-o-q, but y-o-y suffers from base effect on portfolio from high early extensions/ prepayments of higher margin loans

Income from lending business

EUR millions

	Q1/15	Q4/15	Q1/16
Net interest income	113	102	102
<i>thereof: Prepayment fees</i>	1	6	12
<i>One-off effects</i>	13 ¹	7	4
Net fee and commission income	7	2	2
Total	120	104	104

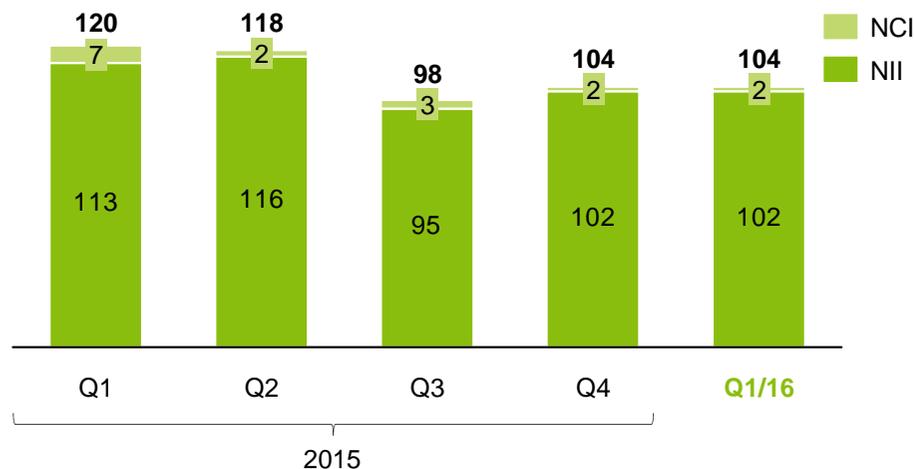
Key drivers Q1/16:

- NII stable q-o-q, but y-o-y suffers from base effect on portfolio from high early extensions/ prepayments of higher margin loans in 2015 and in Q1/16
 - average gross margin on new business stable
 - strategic portfolio up +4% y-o-y

- NCI lower y-o-y as Q1/15 benefited from EUR 5 mn deferred back-end fee

Net interest and commission income

EUR millions



¹ Incl. EUR 15 mn gain from sale of promissory note

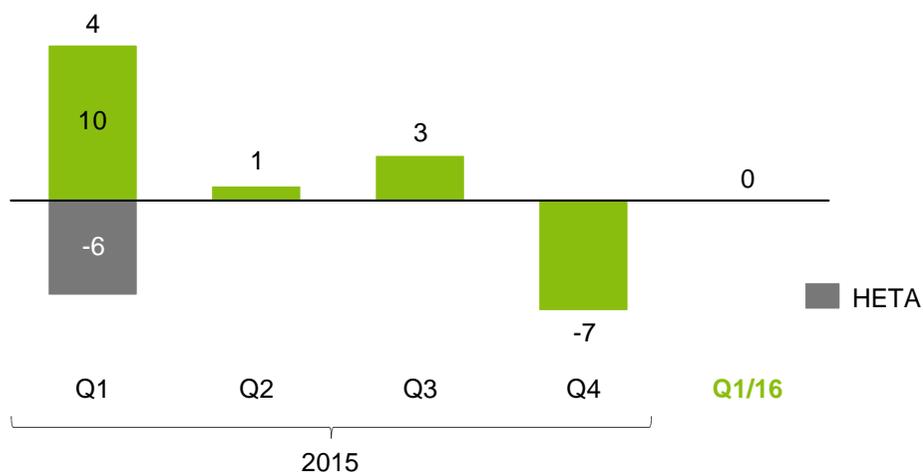
Income statement

No loan-loss provisions (net) in Q1/16 – markets overall intact but characterized by ongoing strong competition, conservative business approach continued

Loan-loss provisions

EUR millions

	Q1/15	Q4/15	Q1/16
Specific allowances	-5	-9	1
<i>Additions</i>	-8	-13	-
<i>thereof: HETA</i>	-6	-	-
<i>Releases</i>	3	4	1
Portfolio-based allowances	8	-	-2
Other allowances	-	-	1
Recoveries from write-offs	1	2	-
Total	4	-7	0



Key drivers Q1/16:

- No major single cases – markets overall intact but characterized by ongoing strong competition, conservative business approach continued
 - 96% of portfolio investment-grade¹ (12/15: 96%; 03/15: 97%)
 - 56% avg. LTV in REF portfolio (12/15: 58%; 03/15: 59%)
 - 1.0% share of problem loans in total portfolio (12/15: 1.3%; 03/15: 1.5%)

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

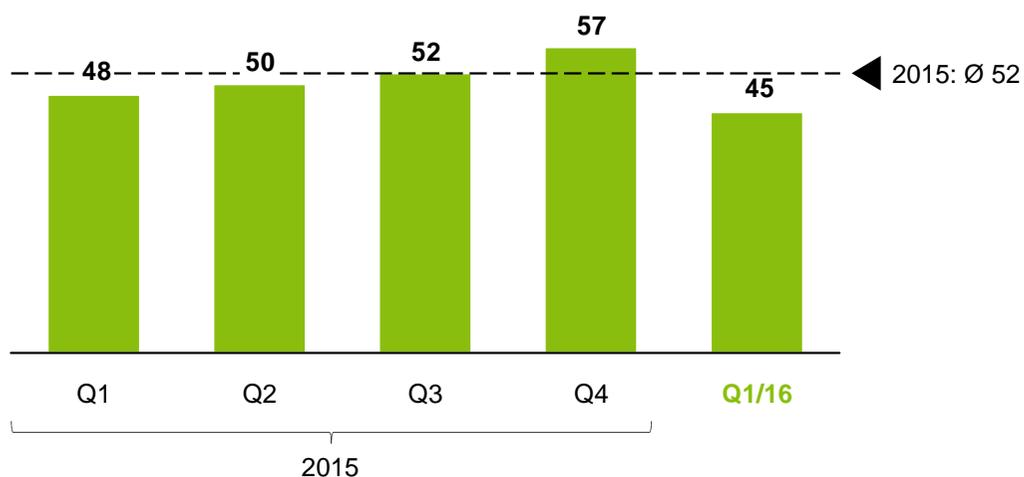
Income statement

Operating cost base on low level – Q1 usually lower compared to the rest of the year

General and administrative expenses

EUR millions

	Q1/15	Q4/15	Q1/16
General admin. expenses	-48	-57	-45
<i>Personnel</i>	-28	-28	-25
<i>Non-personnel</i>	-20	-29	-20
<i>CIR (%)</i>	51.6	57.0	50.0



Key drivers Q1/16:

- Strict cost discipline continued – Q1 usually lower compared to the rest of the year
 - Personnel expenses reduced due to lower average number of employees (816; 2015: 842) and consumption of provisions
 - Non-personnel expenses flat y-o-y – however, project related costs expected to increase

- In Q4/15, GAE included costs for a newly launched project relating to the timely implementation of all regulatory and reporting requirements until 2018

Income statement

Result from financial instruments primarily driven by derivative valuation

Result from financial instruments

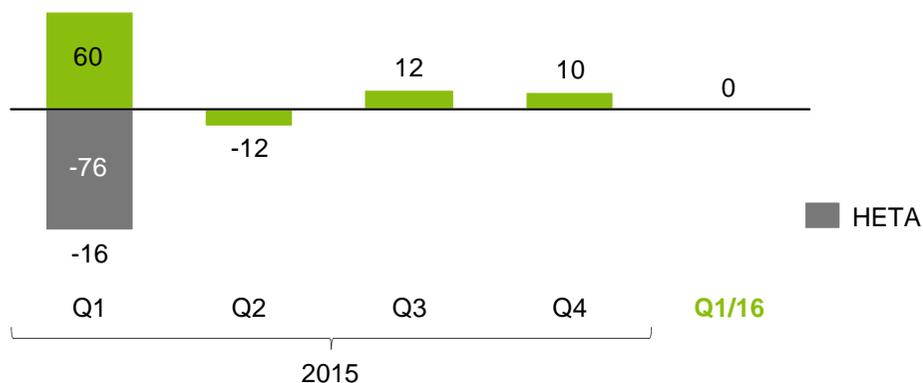
EUR millions

	Q1/15	Q4/15	Q1/16
Net trading income	5	8	-5
<i>thereof: HETA</i>	-3	-	-
Net income from financial investments	-20	0	4
<i>thereof: HETA</i>	-73	-	1
<i>Other one-off effects</i>	54	-1	3
Net income from hedging relationships	-1	2	1
Total	-16	10	0

Key drivers Q1/16:

- NTI mainly driven by derivative valuation
 - pull-to-par effect from positive derivative fair values: EUR -3 mn (Q4/15: EUR -5 mn; Q1/15: EUR -4 mn)
 - bCVA effects: EUR -7 mn (Q4/15: EUR 10 mn; Q1/15: EUR -4 mn)
 - valuation effects: EUR 4 mn (Q4/15: EUR 2 mn; Q1/15: EUR 14 mn)

- NFI includes minor gains from asset sales; Q1/15 burdened by EUR -73 mn HETA valuation adjustments, which were partly compensated by net gains from sale of assets



Income statement

Result from further business activities includes bank levy in Q1

Result from further business activities

EUR millions

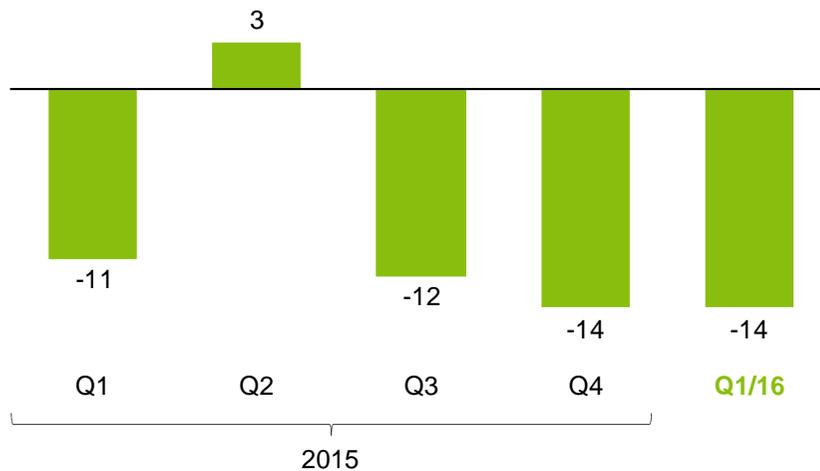
	Q1/15	Q4/15	Q1/16
Net other operating income/expenses	-11	-14	-14
<i>thereof: Bank levy</i>	-22	7	-21
<i>One-off effects</i>	3	-20	5
Net miscellaneous income/expenses	2	-6	-

Key drivers Q1/16:

- Bank levy of EUR -21 mn recognised in Q1 vs. EUR -18 mn in 2015 (Q4/15: EUR +7 mn; Q1/15: EUR -22 mn)
- Minor one-off effects (VAT refund overcompensated for write-down on a rescue acquisition)

Net other operating income/expenses

EUR millions

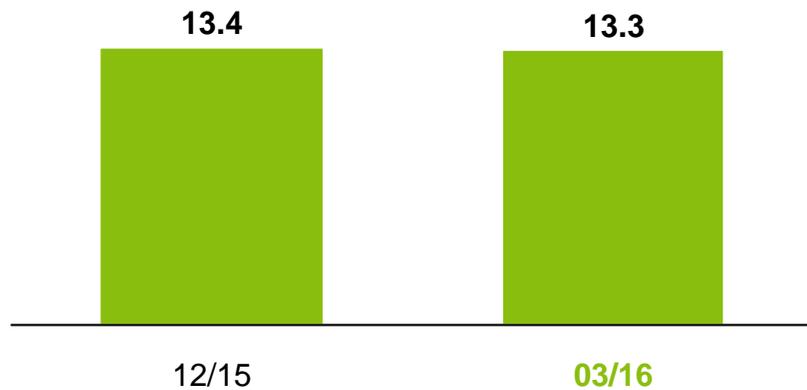


Capitalisation

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



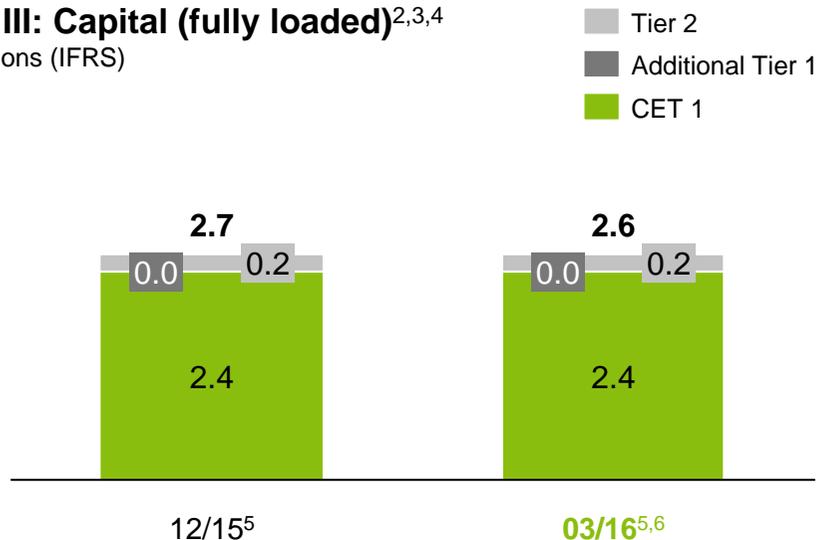
Basel III: RWA
EUR billions (IFRS)¹



Basel III: Capital ratios (fully loaded)^{2,3,4}
% (IFRS)

in %	12/15 ⁵	03/16 ^{5,6}	Mid-term targets
CET 1	18.2	18.1	>12.5
Tier 1	18.2	18.1	>16
Own funds	19.9	19.8	16-18
Leverage ratio	3.9	3.8	>3.5

Basel III: Capital (fully loaded)^{2,3,4}
EUR billions (IFRS)



Key drivers Q1/16:

- RWA slightly down, mainly driven by parameter changes
- Capital (fully loaded) nearly unchanged reflecting capital deduction like lower IFRS capital from revaluation reserve
- Leverage ratio (fully loaded) nearly unchanged - slightly higher exposure as well as slightly lower comparable capital
- Regulatory developments (e.g. ECB, "Basel IV") remain uncertain and challenging – regulation puts upward pressure on RWA

Note: Figures may not add up due to rounding 1 No transitional rules to be applied 2 Simulation 3 Based on currently known Basel III rules 4 Actual figures may vary significantly from simulation
5 Incl. full-year result 2015, post proposed dividend 6 Excl. interim result

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Segment reporting: Real Estate Finance (REF)

New business volume (incl. extensions >1 yr) at good level of EUR 2.7 bn – unchanged conservative business approach



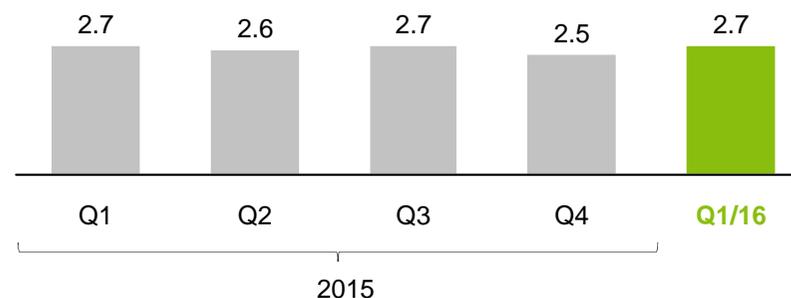
Income statement (IFRS, EUR mn)	Q1/15	Q1/16
Operating income	92	68
<i>thereof: Net interest income</i>	75	77
<i>Net commission income</i>	7	2
Loan-loss provisions	10	-
General administrative expenses	-37	-36
Pre-tax profit	67	32
Key indicators	Q1/15	Q1/16
CIR (%)	40.2	52.9
RoE before tax (%)	39.6	24.7
Equity (EUR bn, excl. revaluation reserve)	0.7	0.5
RWA (EUR bn)	6.7 ¹	6.4
Financing volume (EUR bn)	23.5	24.1

Key drivers Q1/16:

- New business well on track – volume at good level, margins and LTVs stable vs. 2015
- Portfolio slightly up in Q1/16 and +4% y-o-y despite high level of early extensions/prepayments in 2015 and Q1/16
- PBT of EUR 32 mn does not include any major one-offs – Q1/15 positively affected by
 - allocated gains from asset sales
 - release of LLPs

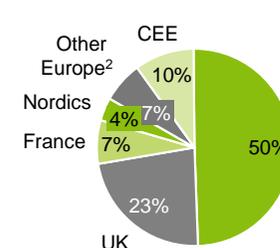
New business

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



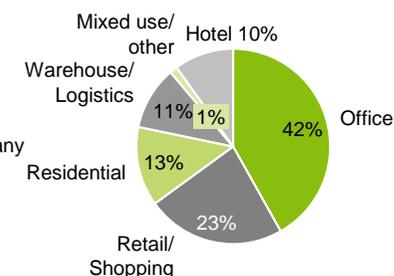
Regions

Q1/16: EUR 2.7 bn



Property types

Q1/16: EUR 2.7 bn



New business	Q1/15	2015	Q1/16
Total volume (EUR bn)	2.7	10.4	2.7
<i>thereof: Extensions >1 year</i>	0.7	2.3	0.3
No. of deals	33	180	44
Average maturity (years) ³	~5.6	~5.7	~5.3
Average LTV (%) ⁴	61	63	63
Average gross margin (bp)	>170	~170	~170

Note: Figures may not add up due to rounding 1 Retrospectively adjusted 2 Austria, Netherlands 3 Legal maturities 4 New commitments; avg. LTV (extensions): 56%; 56% (2015); 53% (Q1/15)

Segment reporting: Public Investment Finance (PIF)

New business usually lower in Q1 – net interest income benefits from portfolio growth (+7% y-o-y)

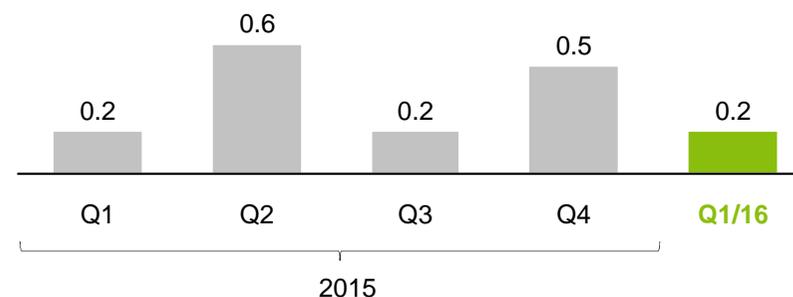
Income statement (IFRS, EUR mn)	Q1/15	Q1/16
Operating income	13	9
<i>thereof: Net interest income</i>	8	9
Loan-loss provisions	-	-
General administrative expenses	-6	-6
Pre-tax profit	7	3
Key indicators	Q1/15	Q1/16
CIR (%)	46.2	66.7
RoE before tax (%)	9.7	3.7
Equity (EUR bn, excl. revaluation reserve)	0.3	0.3
RWA (EUR bn)	1.2 ¹	1.4
Financing volume (EUR bn, nominal)	6.8	7.3

Key drivers Q1/16:

- New business usually lower in Q1 – portfolio flat in Q1/16 but up +7% y-o-y
- PBT of EUR 3 mn does not include any major one-offs – Q1/15 positively affected by allocated gains from asset sales

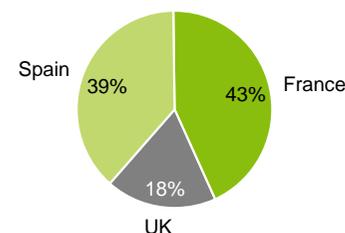
New business

EUR billions (commitments)



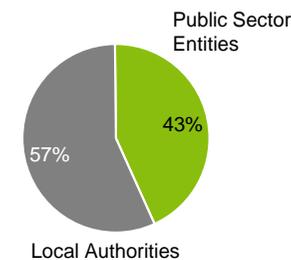
Regions

Q1/16: EUR 0.2 bn



Counterparty Types

Q1/16: EUR 0.2 bn



New business	Q1/15	2015	Q1/16
Total volume (EUR bn)	0.2	1.6	0.2
No. of deals	7	48	7
Average maturity (years) ²	~8.0	~8.4	~8.2
Average gross margin (bp)	>100	>75	>75

Note: Figures may not add up due to rounding 1 Retrospectively adjusted 2 WAL

Segment reporting: Value Portfolio (VP)

VP down by -4% in Q1/16 and -19% y-o-y: freed-up capital continuously reallocated to core segments

Income statement (IFRS, EUR mn)	Q1/15	Q1/16
Operating income	-14	11
<i>thereof: Net interest income</i>	28	14
Loan-loss provisions	-6	-
General administrative expenses	-5	-3
Pre-tax profit/loss	-25	8
Key indicators	Q1/15	Q1/16
CIR (%)	n/a	27.3
RoE before tax (%)	-4.9	1.9
Equity (EUR bn, excl. revaluation reserve)	2.0	1.6
RWA (EUR bn)	5.4 ¹	4.4
Financing volume (EUR bn, nominal)	22.2	17.9

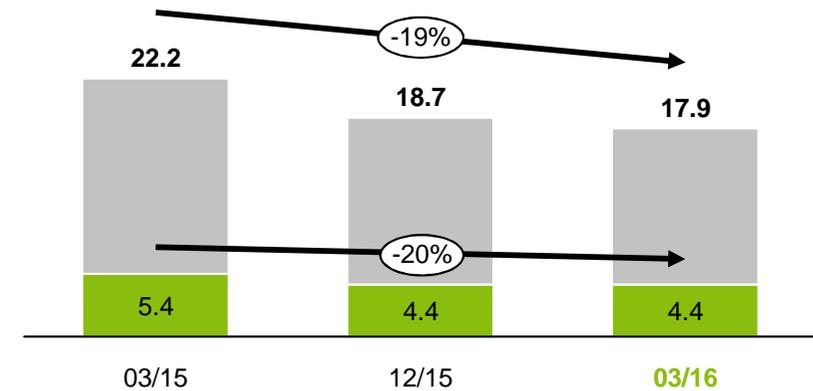
Key drivers Q1/16:

- Portfolio further down in line with strategy (-4% Q1/16; -19% y-o-y) – share of strategic portfolio increased to 64% (12/15: 63%; 03/15: 58%)
- Q1/15 negatively affected by valuation adjustments on HETA, which were only partly offset by (allocated) gains from asset sales

Value Portfolio

EUR billions (financing volumes)

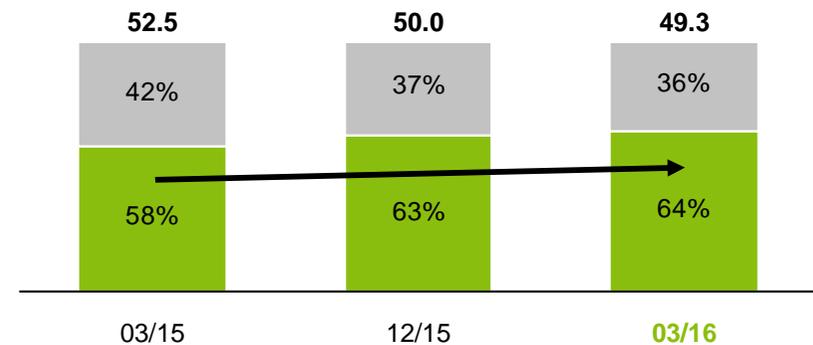
■ RWA



Total portfolio

EUR billions (financing volumes)

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



Note: Figures may not add up due to rounding 1 Retrospectively adjusted

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Portfolio

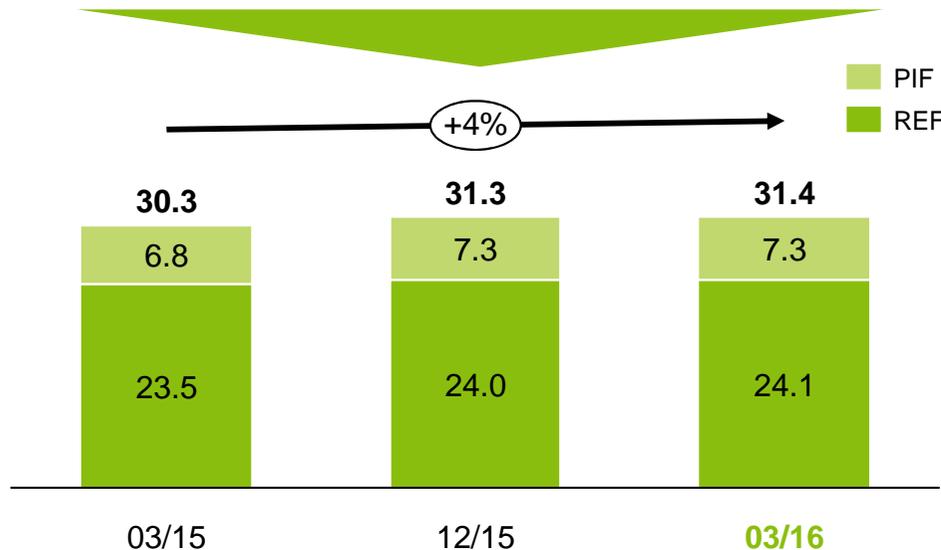
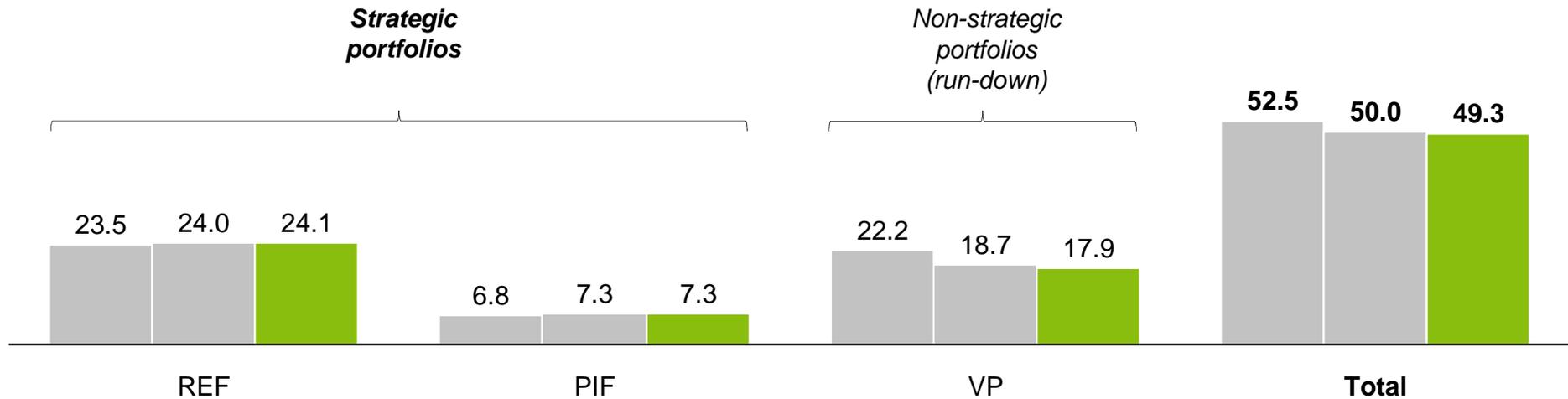
Strategic portfolio more or less stable in Q1/16 and up +4% y-o-y despite high level of early extensions/prepayments in 2015 and also in Q1/16



Total portfolio

EUR billions (Financing volumes)

03/15 12/15 03/16



Key drivers Q1/16:

- REF: Portfolio more or less stable in Q1/16 (+0.4%) and slightly up y-o-y (+3%) despite high levels of early extensions/prepayments in 2015 and also in Q1/16
- PIF: Portfolio stable in Q1/16 but +7% y-o-y due to new business activities
- VP: Further run-down of non-strategic segment – reduced by -4% during Q1/16 and by significant -19% y-o-y due to maturities and active management

Note: Figures may not add up due to rounding

Portfolio

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



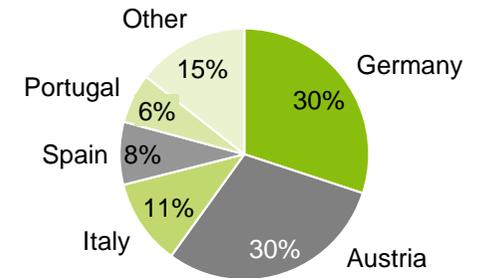
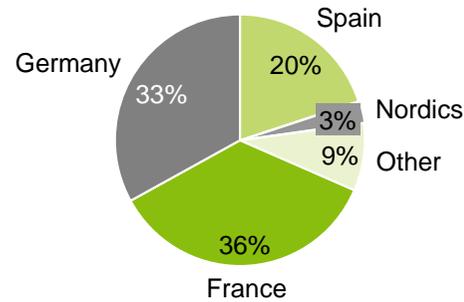
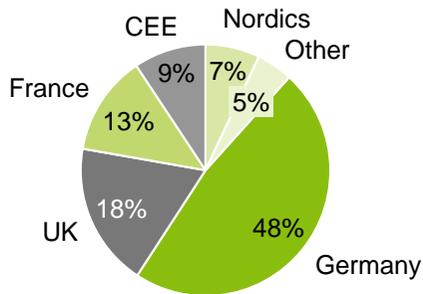
31/03/2016 (EaD, Basel III)

Real Estate Finance¹

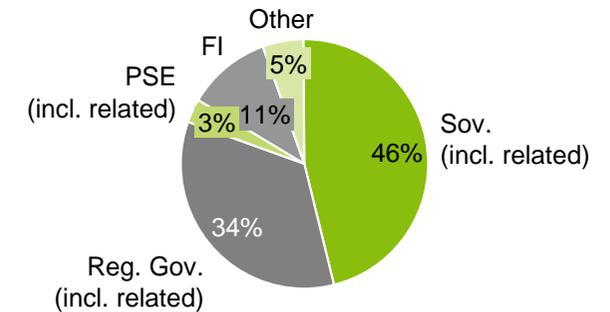
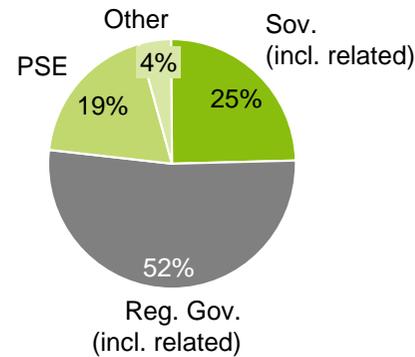
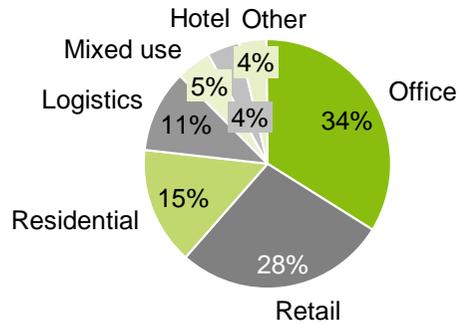
Public Investment Finance

Value Portfolio²

by region



by property type / borrower classification³



EUR 26.1 bn

EUR 8.3 bn

EUR 21.8 bn

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

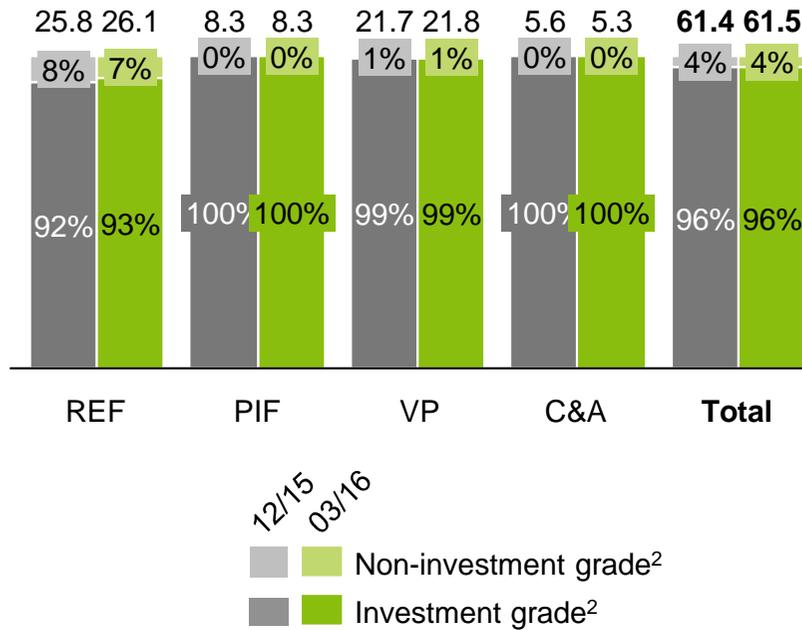
Portfolio

Conservative business approach continued to retain high portfolio quality



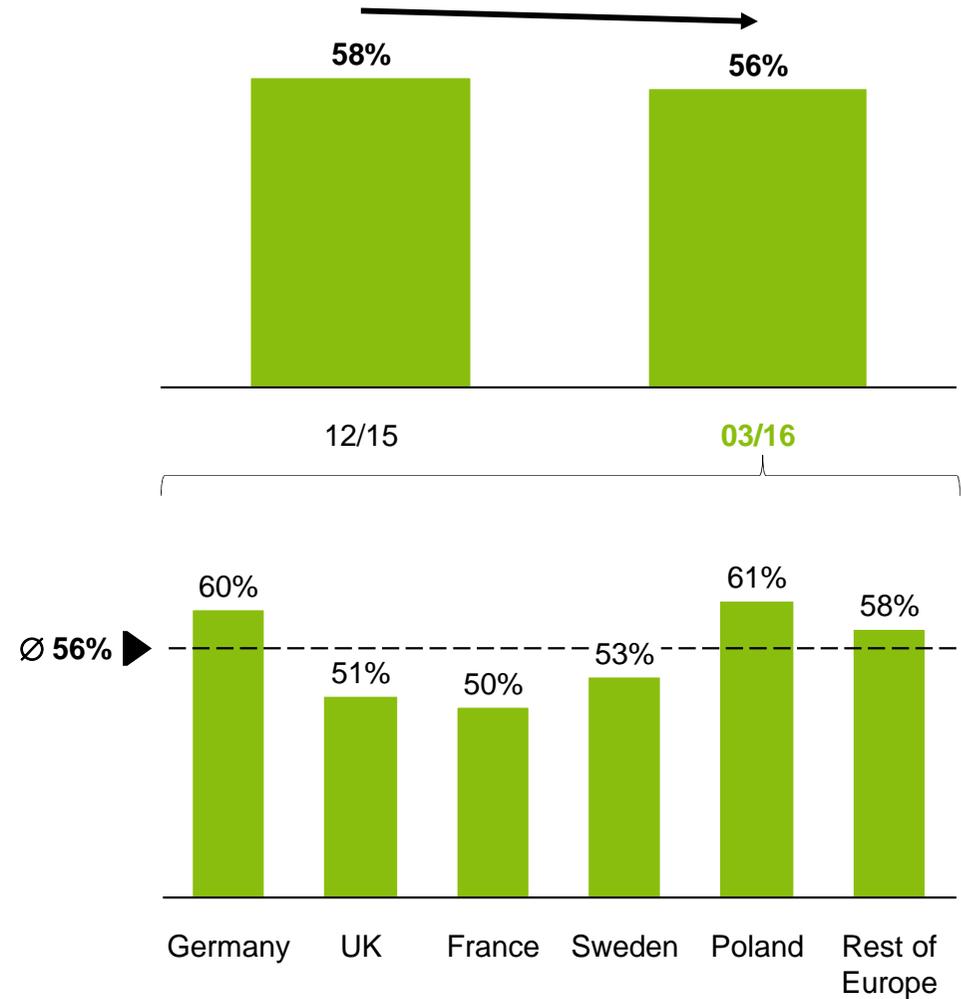
Total portfolio: Internal ratings (EL classes)

EUR billions (EaD, Basel III)¹



REF Portfolio: Avg. weighted LTVs

(Commitments)³



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

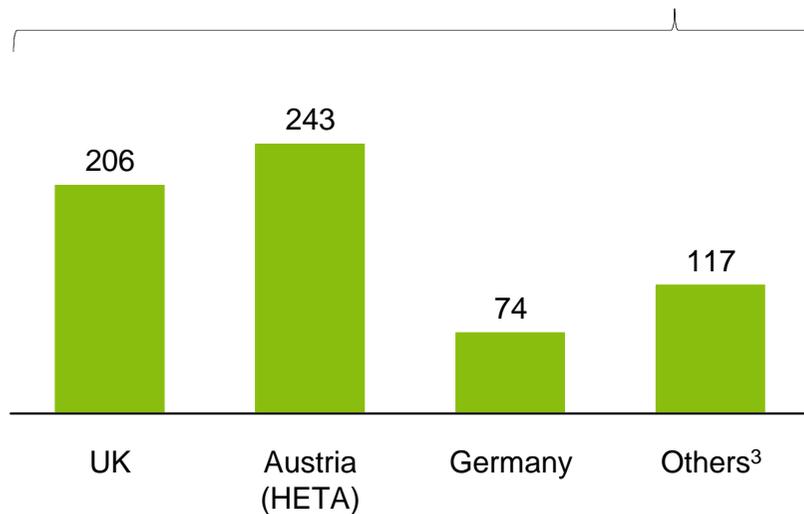
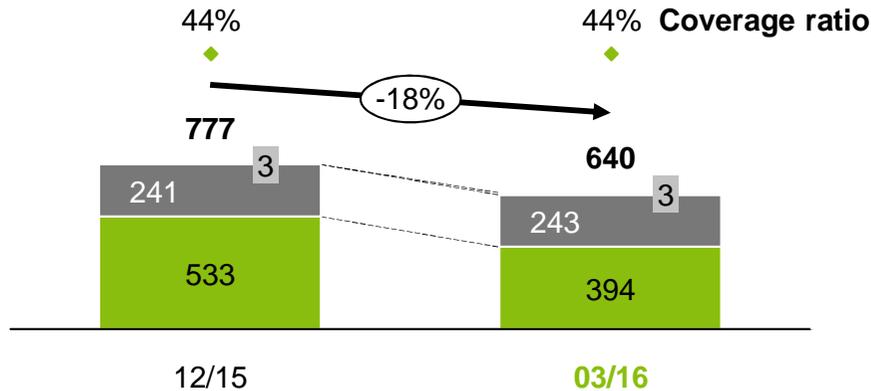
Sustained low share of problem loans



Total problem loans

EUR millions (EaD, Basel III)

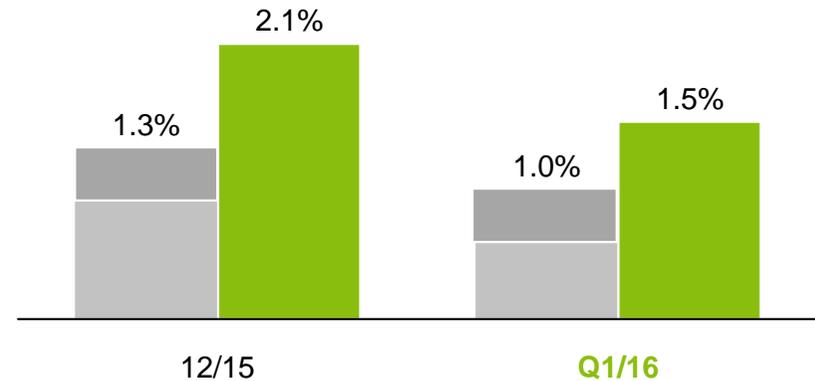
Workout¹
Restructuring² (thereof: HETA)



Problem loan ratio

% (EaD, Basel III)

Total portfolio (thereof: HETA)
Real Estate Finance



Key drivers Q1/16:

- Total problem loans further down due to continued successful restructuring activities
- Problem loans by segment:
 - REF: EUR 397 mn
 - PIF: 'nil'
 - VP: EUR 243 mn (only HETA)
- Coverage ratio of 44% does not take into account additional collateral – incl. additional collateral, REF coverage ratio at rd. 100%

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

Agenda

- 1 Highlights Q1/16
- 2 Financials
- 3 Segment reporting
- 4 Portfolio
- 5 **Funding**
- 6 Key take-aways

Appendix

Contact details

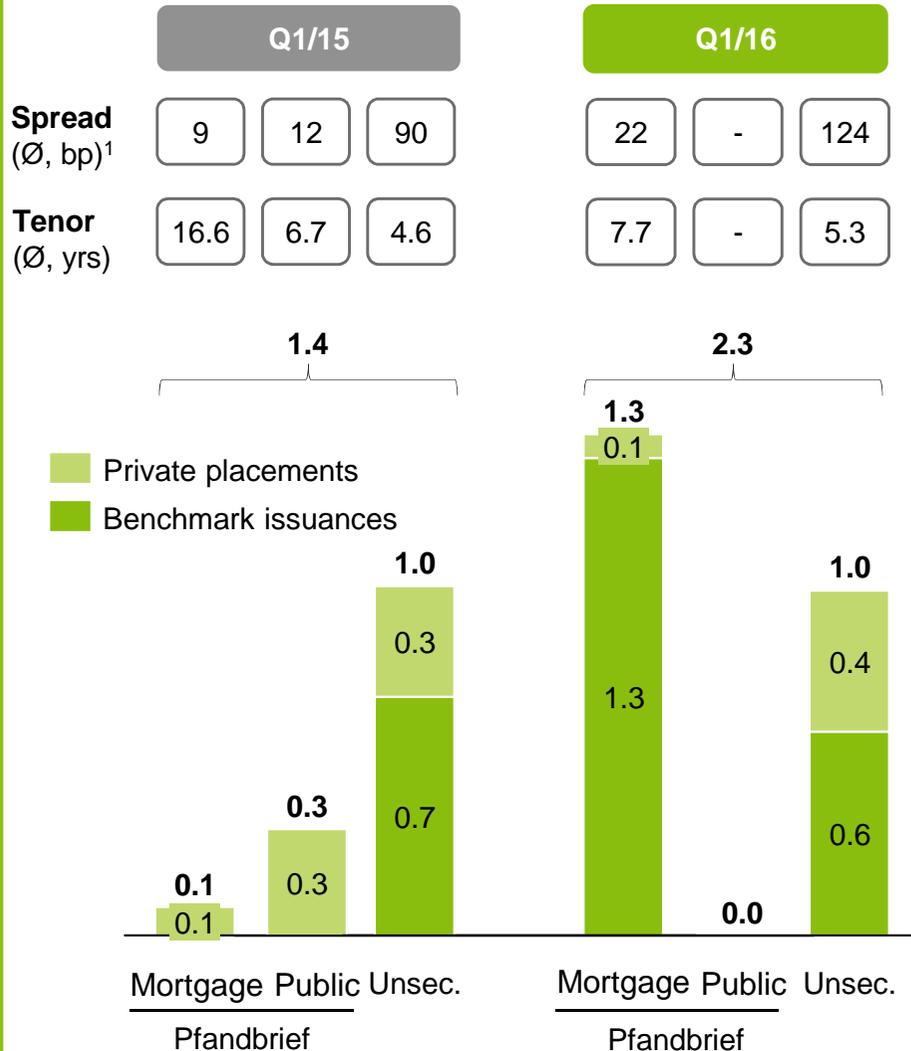
Funding

Strong funding activities with already five benchmark issuances YTD – funding costs affected by overall higher spread environment and higher share of benchmark issuances



New long-term funding

EUR billions¹



Pfandbriefe

- Two Mortgage Pfandbrief benchmarks placed in January '16 (EUR 750 mn, 7yr, +8 bp/MS) and February '16 (EUR 500 mn, 6yr, +8 bp/MS)
- One Public Sector Pfandbrief benchmark placed in April '16 (EUR 500 mn, 19yr, +25 bp/MS)

Senior Unsecured

- EUR 500 mn Unsecured benchmark (3yr) successfully placed in difficult market environment end of January '16 at +140 bp/MS (secondary market spread tightened to rd. +70 bp/MS since issuance)
- EUR 100 mn tap (3.5yr) at +130bp/MS in March '16
- EUR 500 mn Unsecured benchmark (4yr) placed at +125 bp/MS in April '16 (secondary market spread tightened to rd. +80 bp/MS since issuance)

Funding structure and liquidity

- ALM profile and liquidity position remain comfortable (NSFR >100%; LCR >300%)

Note: Figures may not add up due to rounding ¹ Excl. money market and deposit business; vs. 3M Euribor

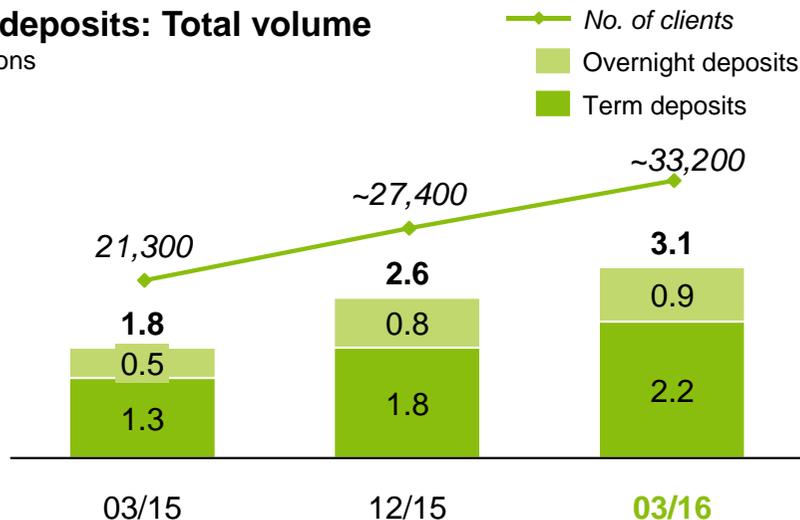
Funding

pbb direkt – steady growth of retail deposit base



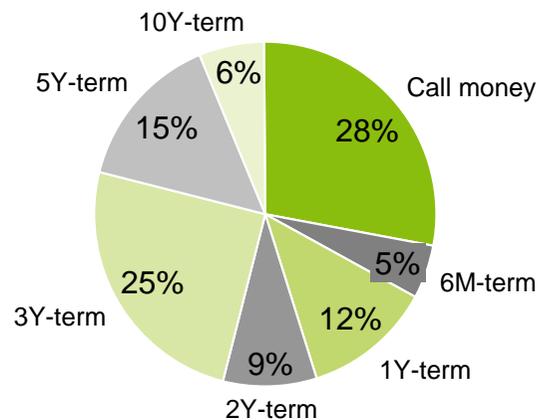
Retail deposits: Total volume

EUR billions



Retail deposits: Terms

31/03/2016: EUR 3.1 bn



Key drivers Q1/2016

- Number of clients and total volume further up
 - Clients: +5,800 (+21%)
 - Volume: EUR +0.5 bn (+19%)

Key drivers Q1/2016

- Term money being main growth driver
 - Clients shifted from call money mainly into 1y-term money
 - share of call money on total deposits reduced from 31% (12/15) to 28%
- Initial weighted avg. maturity of term deposits at 3.3 years (12/15: 3.5 yrs; 03/15: 3.4 yrs)
- 5y- and 10y-term deposits account for 21% of total deposits (12/15: 22%; 03/15: 24%)

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

Agenda

- 1 **Highlights Q1/16**
- 2 **Financials**
- 3 **Segment reporting**
- 4 **Portfolio**
- 5 **Funding**
- 6 **Key take-aways**

Appendix

Contact details

Key take-aways

- ➔ Financial performance remains solid – net interest income stable q-o-q, no loan-loss provisions (net), operating cost base remains at low level
- ➔ New business volume at good level, margins and LTVs stable
- ➔ Conservative business approach continued – portfolio quality remains high, problem loans stay low
- ➔ Funding activities strong – however, funding costs affected by overall higher spread environment and higher share of benchmark issuances
- ➔ Strong capital ratios provide cushion for envisaged future strategic portfolio growth and regulatory uncertainties



Regulatory initiatives and strong competition result in challenges for entire sector

Appendix

Key figures

pbb Group



Income statement (EUR millions)	2013	2014 (reported)	2014 (adjusted) ¹	2015	Q1/16
Net interest income	319	421	421	426	102
Net fee and commission income	9	1	1	14	2
Net trading income	-51	-30	-27	15	-5
Net income from financial investments	96	-77	32	-32	4
Net income from hedging relationships	9	-3	-3	11	1
Net other operating income/expenses	100	14	14	-34	-14
Operating income	482	326	438	400	90
Loan-loss provisions	-8	-21	-13	1	-
General and administrative expenses	-312	-251	-251	-207	-45
Net miscellaneous income/expenses	3	-	-	1	-
Profit or loss before tax	165	54	174	195	45
Income taxes	-5	-50	-58	35	-11
Net income/loss	160	4	116	230	34
Key ratios (%)	2013	2014 (reported)	2014 (adjusted) ¹	2015	Q1/16
CIR	64.7	77.0	57.3	51.8	50.0
RoE before tax ²	5.0	1.6	5.0	6.2	6.7
RoE after tax ²	4.9	0.1	3.4	7.4	5.1
Balance sheet (EUR billions)	12/13 ³	12/14		12/15	03/16
Total assets	74.6	74.9 ⁵		66.8	68.1
Equity (excl. revaluation reserve)	3.4	3.4		2.7	2.7
<i>thereof: Silent participation⁴</i>	1.0	1.0		-	-
Financing volume	51.2	51.1		50.0	49.3
Regulatory capital ratios	12/13 ⁶	12/14 ^{6,10}		12/15 ^{6,10}	03/16 ¹⁰
RWA (EUR bn)	14.1 ⁸ / 18.1 ⁹	15.2 ¹¹		13.4	13.3
CET 1 ratio (%) ⁷	17.6 ⁸ / 18.5 ⁹	22.2 ¹¹		18.9	18.7
Personnel	12/13	12/14		12/15	03/16
Employees (FTE)	803	808		785	775

Note: Annual results 2013-2014 audited 1 Adjusted for EUR -120 mn extraordinary effects from value adjustment on HETA exposure 2 Calculation based on average equity; EUR 1 bn silent participation of Sonderfonds Finanzmarktstabilisierung (FMS) included until redemption on 6 July 2015 3 Revised due to retrospective first time adoption of IFRS 10 4 EUR 1 bn FMS silent participation redeemed on 6 July 2015 5 Revised due to IAS 8.14 et seq 6 Until July 2015, pro-forma under the 'Waiver Rule' pbb calculated regulatory capital ratios on a voluntary basis 7 Incl. full-year results, excl. interim results; post proposed dividend 8 Basel II (SolvV, HGB) 9 Basel III simulation 10 Basel III transitional rules 11 Retrospectively adjusted

Key figures

pbb Group Q1/15 vs. Q1/16



Income statement (EUR millions)	REF		PIF		VP		C&A		pbb Group	
	Q1/15	Q1/16	Q1/15	Q1/16	Q1/15	Q1/16	Q1/15	Q1/16	Q1/15	Q1/16
Net interest income	75	77	8	9	28	14	2	2	113	102
Net fee and commission income	7	2	-	-	-	-	-	-	7	2
Net trading income	2	-5	1	-	2	-	-	-	5	-5
Net income from financial investments	13	3	6	-	-39	1	-	-	-20	4
Net income from hedging relationships	-1	-	-	1	-	-	-	-	-1	1
Net other operating income/expenses	-4	-9	-2	-1	-5	-4	-	-	-11	-14
Operating income	92	68	13	9	-14	11	-	-	93	90
Loan-loss provisions	10	-	-	-	-6	-	-	-	4	-
General and administrative expenses	-37	-36	-6	-6	-5	-3	-	-	-48	-45
Net miscellaneous income/expenses	2	-	-	-	-	-	-	-	2	-
Profit or loss before tax	67	32	7	3	-25	8	2	2	51	45
Income taxes									-12	-11
Net income/loss									39	34

Note: Interim results unaudited

Key figures

Real Estate Finance (REF)



Income statement (EUR millions)	2013	2014	Q1/15	Q2/15	Q3/15	Q4/15	2015	Q1/16
Net interest income	258	294	75	83	68	82	308	77
Net fee and commission income	10	2	7	2	3	2	14	2
Net trading income	-21	-13	2	1	4	7	14	-5
Net income from financial investments	96	14	13	5	-	-	18	3
Net income from hedging relationships	4	-2	-1	2	3	1	5	-
Net other operating income/expenses	5	-13	-4	21	-9	-9	-1	-9
Operating income	352	282	92	114	69	83	358	68
Loan-loss provisions	-1	-14	10	1	3	-7	7	-
General and administrative expenses	-147	-160	-37	-38	-41	-44	-160	-36
Net miscellaneous income/expenses	2	-	2	1	3	-5	1	-
Pre-tax profit	206	108	67	78	34	27	206	32
Key ratios	2013	2014	Q1/15	Q2/15	Q3/15	Q4/15	2015	Q1/16
CIR (%)	41.8	56.7	40.2	33.3	59.4	53.0	44.7	52.9
RoE before tax (%)	27.8	14.2	39.6	41.8	23.6	19.3	30.9	24.7
Key figures	12/13	12/14	03/15	06/15	09/15	12/15	12/15	03/16
Equity (EUR bn)	0.8	0.7	0.7	0.8	0.6	0.6	0.6	0.5
RWA (EUR bn)	7.4	7.0 ¹	6.7 ¹	6.5 ¹	6.7 ¹	6.5	6.5	6.4
Financing volume (EUR bn)	20.4	21.8	23.5	23.5	23.4	24.0	24.0	24.1

Note: Annual results 2013-2014 audited; interim results unaudited. Figures 2013-2014 restated acc. to IFRS 8.29; figures retrospectively adjusted for change in segmental equity allocation (as of 01/01/15) 1 Retrospectively adjusted

Key figures

Public Investment Finance (PIF)



Income statement (EUR millions)	2013	2014	Q1/15	Q2/15	Q3/15	Q4/15	2015	Q1/16
Net interest income	24	40	8	14	6	16	44	9
Net fee and commission income	1	-	-	-	-	-	-	-
Net trading income	-6	-4	1	-	-1	-	-	-
Net income from financial investments	-1	3	6	-	-	-1	5	-
Net income from hedging relationships	1	-	-	-	1	1	2	1
Net other operating income/expenses	-2	-4	-2	-5	-1	-2	-10	-1
Operating income	17	35	13	9	5	14	41	9
Loan-loss provisions	-	-	-	-	-	-	-	-
General and administrative expenses	-28	-31	-6	-7	-7	-8	-28	-6
Net miscellaneous income/expenses	-	-	-	-	1	-1	-	-
Pre-tax profit	-11	4	7	2	-1	5	13	3
Key ratios	2013	2014	Q1/15	Q2/15	Q3/15	Q4/15	2015	Q1/16
CIR (%)	>100	88.6	46.2	77.8	>100	57.1	68.3	66.7
RoE before tax (%)	-2.7	0.9	9.7	1.8	-2.2	12.3	4.8	3.7
Key figures	12/13	12/14	03/15	06/15	09/15	12/15	12/15	03/16
Equity (EUR bn)	0.4	0.5	0.3	0.3	0.2	0.2	0.2	0.3
RWA (EUR bn)	1.4	1.2 ¹	1.2 ¹	1.2 ¹	1.2 ¹	1.4	1.4	1.4
Financing volume (EUR bn)	5.7	6.6	6.8	7.3	7.1	7.3	7.3	7.3

Note: Annual results 2013-2014 audited; interim results unaudited. Figures 2013-2014 restated acc. to IFRS 8.29; figures retrospectively adjusted for change in segmental equity allocation and for transfer of Italian PIF portfolio (nominal: EUR 1.3 bn; RWA EUR 1.1 bn) into VP (as of 01/01/15) ¹ Retrospectively adjusted

Key figures

Value Portfolio (VP)



Income statement (EUR millions)	2013	2014 (reported)	2014 (adjusted) ¹	Q1/15	Q2/15	Q3/15	Q4/15	2015	Q1/16
Net interest income	30	79	79	28	19	19	2	68	14
Net fee and commission income	-1	-1	-1	-	-	-	-	-	-
Net trading income	-24	-13	-12	2	1	-3	1	1	-
Net income from financial investments	1	-94	15	-39	-22	5	1	-55	1
Net income from hedging relationships	4	-1	-1	-	1	3	-	4	-
Net other operating income/expenses	95	31	31	-5	-13	-2	-3	-23	-4
Operating income	105	1	111	-14	-14	22	1	-5	11
Loan-loss provisions	-7	-7	1	-6	-	-	-	-6	-
General and administrative expenses	-136	-60	-60	-5	-5	-4	-5	-19	-3
Net miscellaneous income/expenses	1	-	-	-	-	-	-	-	-
Pre-tax profit	-37	-66	52	-25	-19	18	-4	-30	8
Key ratios	2013	2014 (reported)	2014 (adjusted) ¹	Q1/15	Q2/15	Q3/15	Q4/15	2015	Q1/16
CIR (%)	>100	>100	54.1	n/a	n/a	18.2	>100	n/a	27.3
RoE before tax (%)	-2.1	-3.5	-2.8	-4.9	-4.0	5.7	-1.9	-1.4	1.9
Key figures	12/13	12/14	12/14	03/15	06/15	09/15	12/15	12/15	03/16
Equity (EUR bn)	1.8	1.8	1.8	2.0	1.8	1.3	1.5	1.5	1.6
RWA (EUR bn)	7.7	5.5 ²	5.5 ²	5.4 ²	4.6 ²	4.6 ²	4.4	4.4	4.4
Financing volume (EUR bn)	25.1	22.7	22.7	22.2	20.5	19.7	18.7	18.7	17.9

Note: Annual results 2013-2014 audited; interim results unaudited. Figures 2013-2014 restated acc. to IFRS 8.29; figures retrospectively adjusted for change in segmental equity allocation and for transfer of Italian PIF portfolio (nominal: EUR 1.3 bn; RWA EUR 1.1 bn) into VP (as of 01/01/15). ¹ Adjusted for EUR -118 mn extraordinary effects from value adjustments on HETA exposure ² Retrospectively adjusted

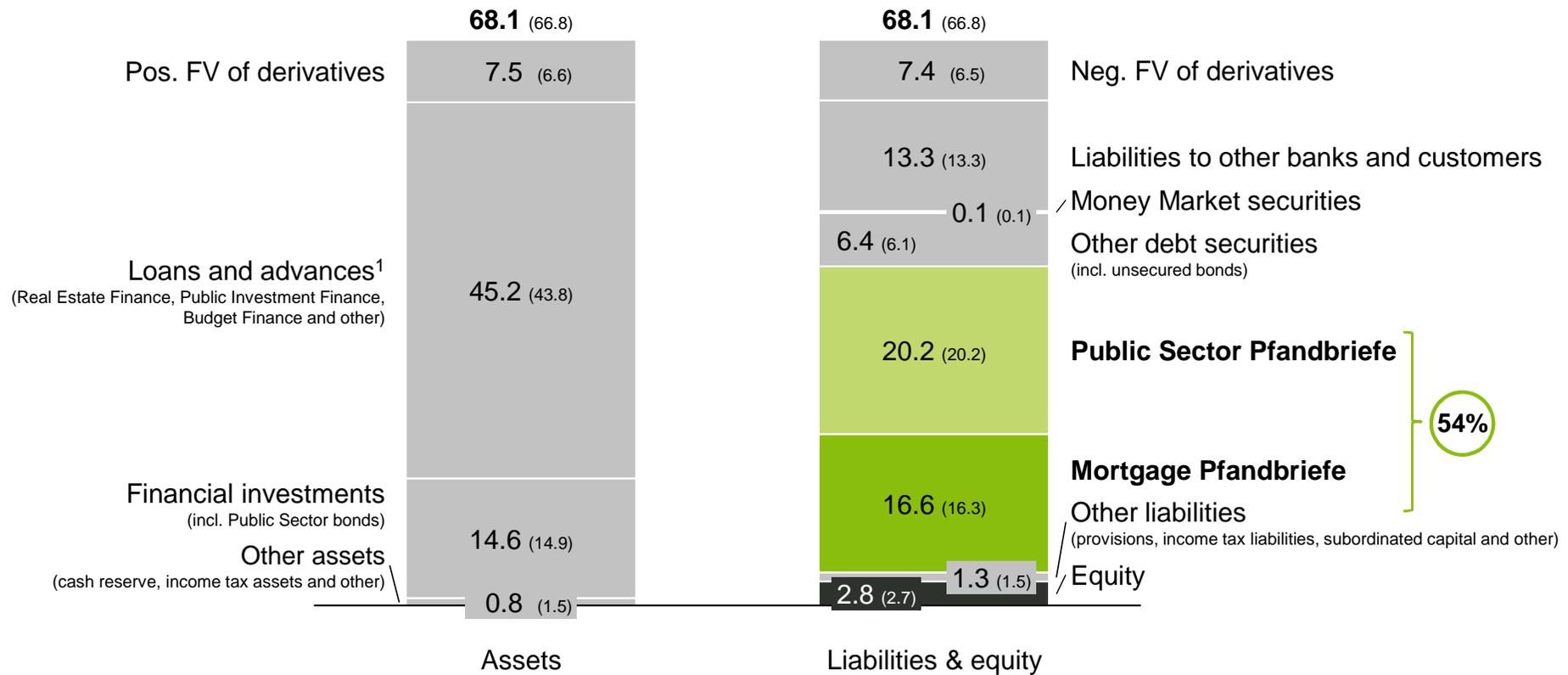
Balance sheet

Specialist lender with attractive German Pfandbrief as major funding instrument



Balance sheet: 31/03/2016 (31/12/2015)

IFRS, EUR billions



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

Portfolio

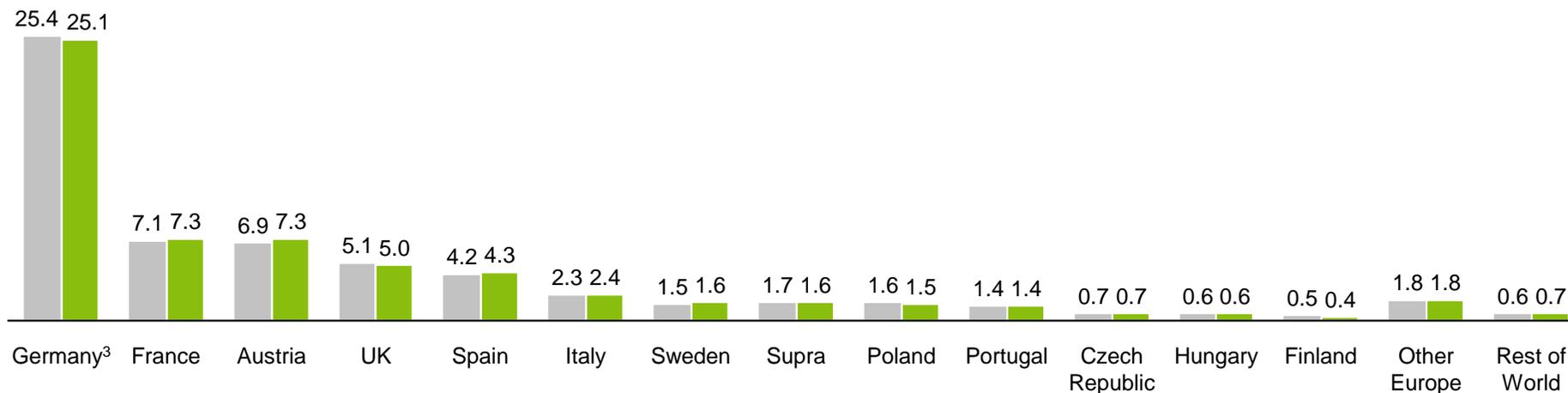
Total portfolio



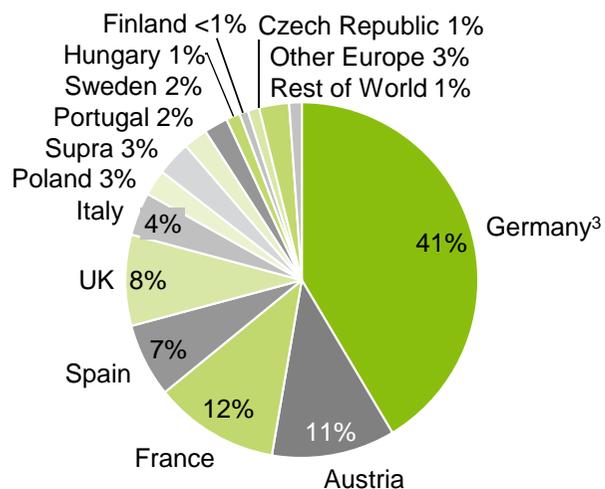
Regions

EUR billions (EaD, Basel III)^{1,2}

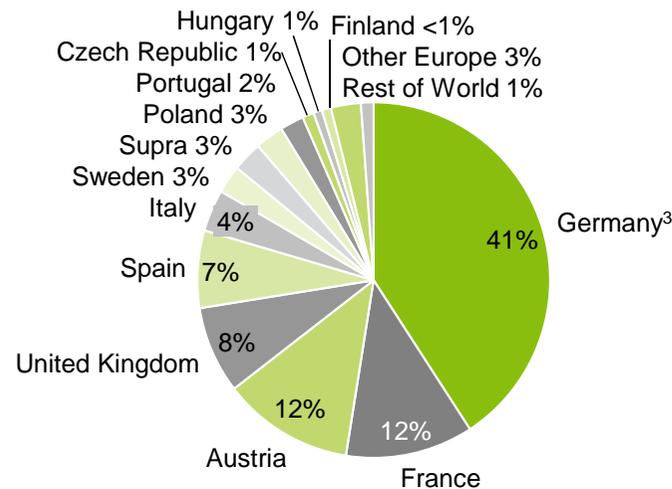
■ 31/12/2015 / Total: EUR 61.4 bn
 ■ 31/03/2016 / Total: EUR 61.5 bn



31/12/2015



31/03/2016



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 (03/16: EUR 0.7 bn; 12/15: EUR 1.3 bn)

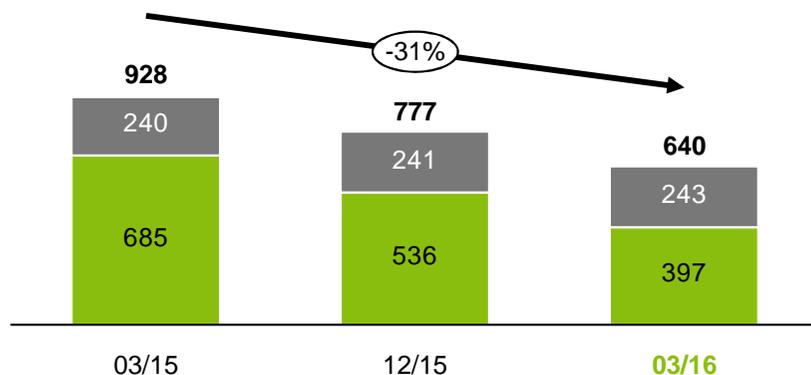
Portfolio

Problem loans

Total problem loans

EUR millions (EaD, Basel III)

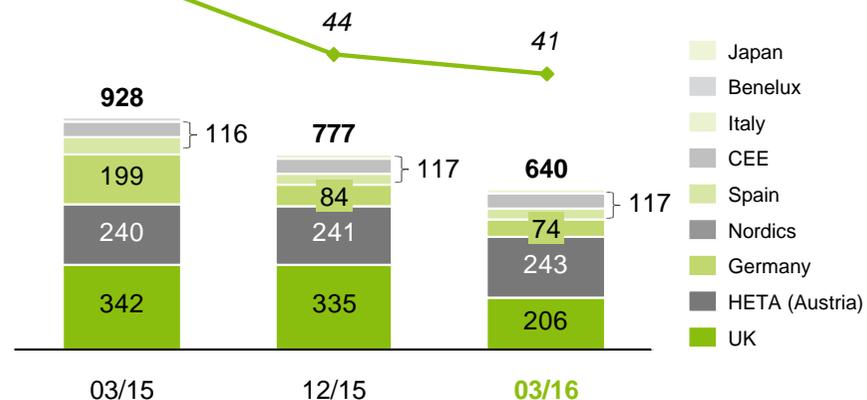
VP (thereof: HETA)
REF



Regions

EUR million (EaD, Basel III)

No. of individual cases



Total problem loans EUR millions (EaD)	03/15				12/15				03/16			
	REF	PIF	VP	Total	REF	PIF	VP	Total	REF	PIF	VP	Total
Workout loans ¹	10	-	-	10	3	-	-	3	3	-	-	3
Restructuring loans ²	675	-	243	918	533	-	241	774	394	-	243	637
Total	685	-	243	928	536	-	241	777	397	-	243	640

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

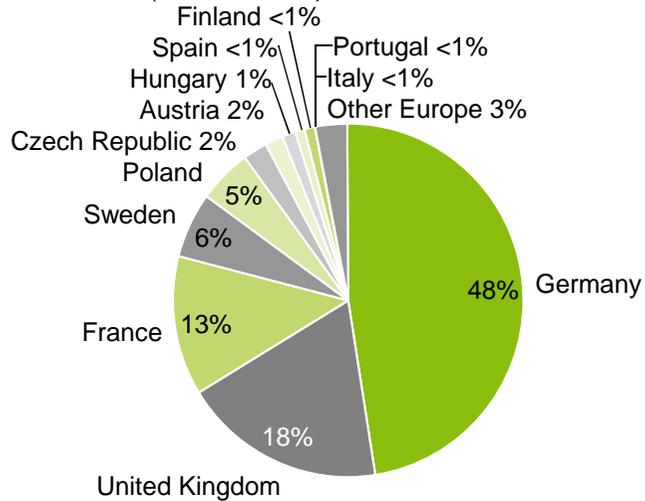
Portfolio

Real Estate Finance (REF)



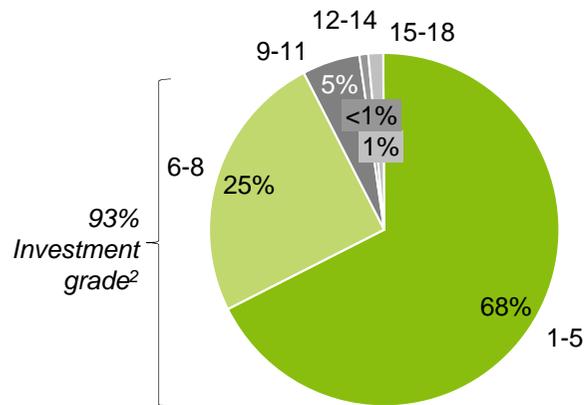
Portfolio: Regions

31/03/2016: EUR 26.1 bn (EaD, Basel III)¹



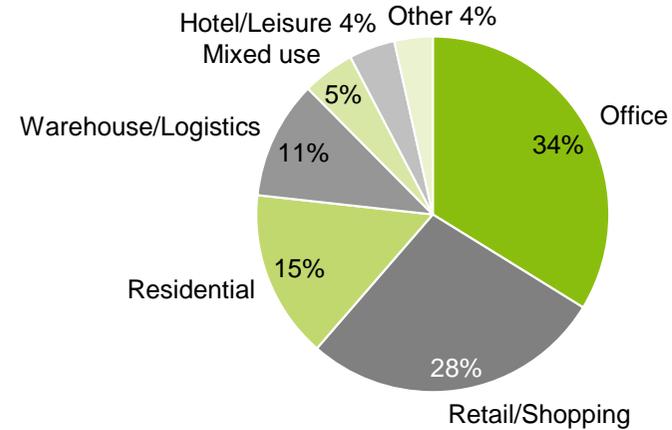
Portfolio: Internal Ratings (EL classes)

31/03/2016: EUR 26.1 bn (EaD, Basel III)¹



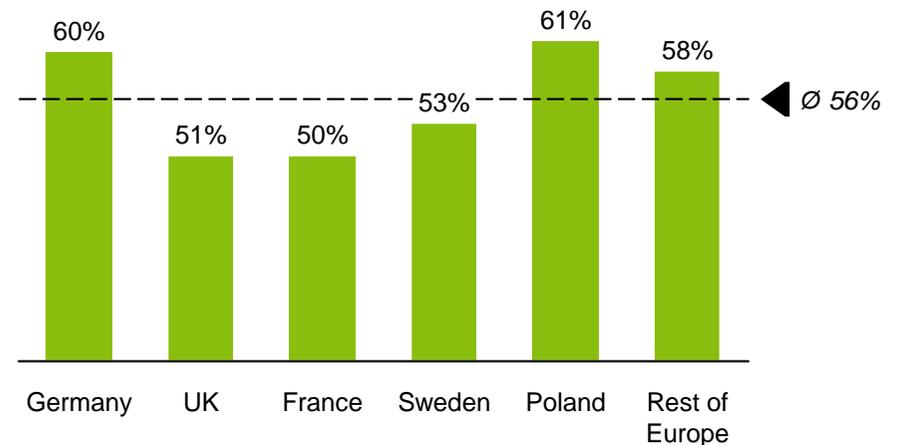
Portfolio: Property types

31/03/2016: EUR 26.1 bn (EaD, Basel III)¹



Portfolio: Avg. weighted LTVs

31/03/2016 (Commitments)³



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 investment loans only

Portfolio

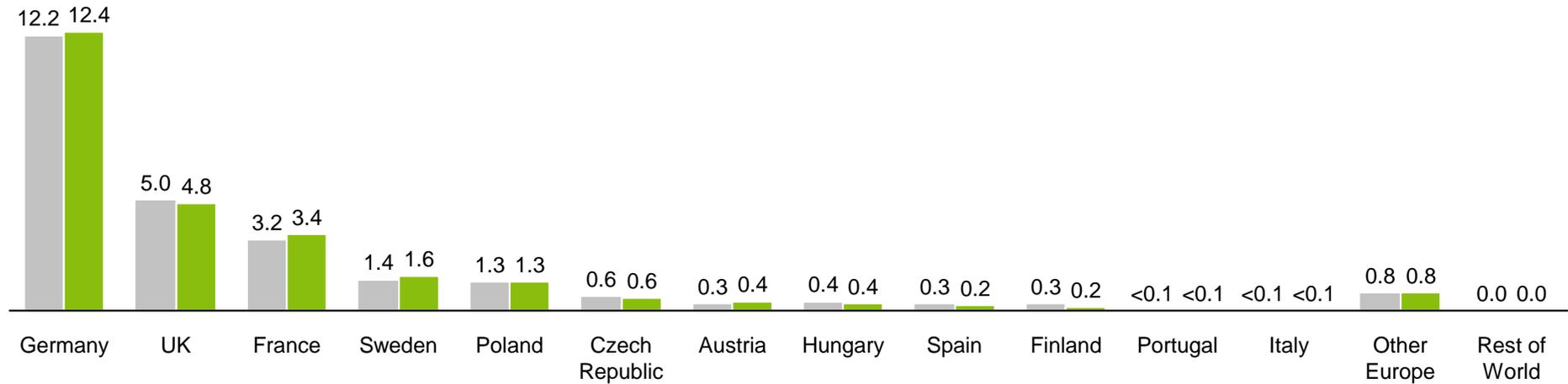
Real Estate Finance (REF)



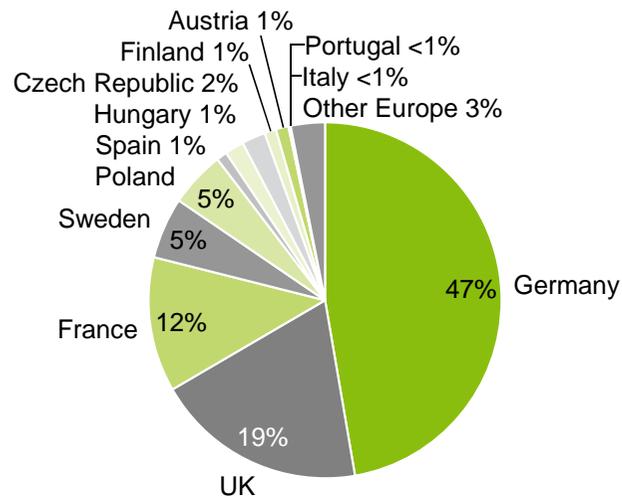
Regions

EUR billions (EaD, Basel III)¹

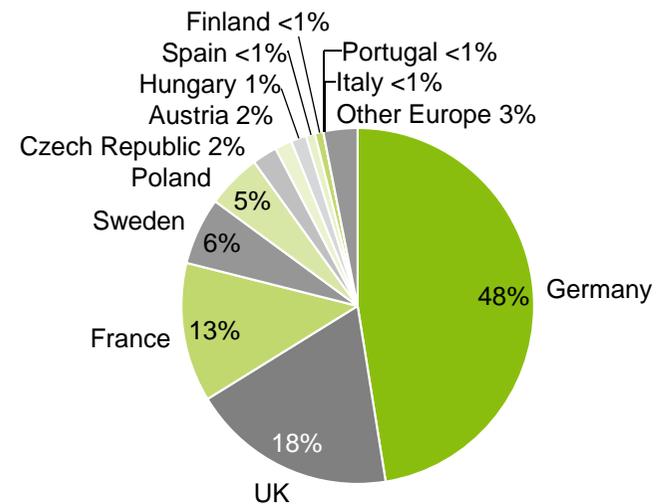
31/12/2015 / Total: EUR 25.8 bn
 31/03/2016 / Total: EUR 26.1 bn



31/12/2015



31/03/2016



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

Portfolio

Real Estate Finance (REF)

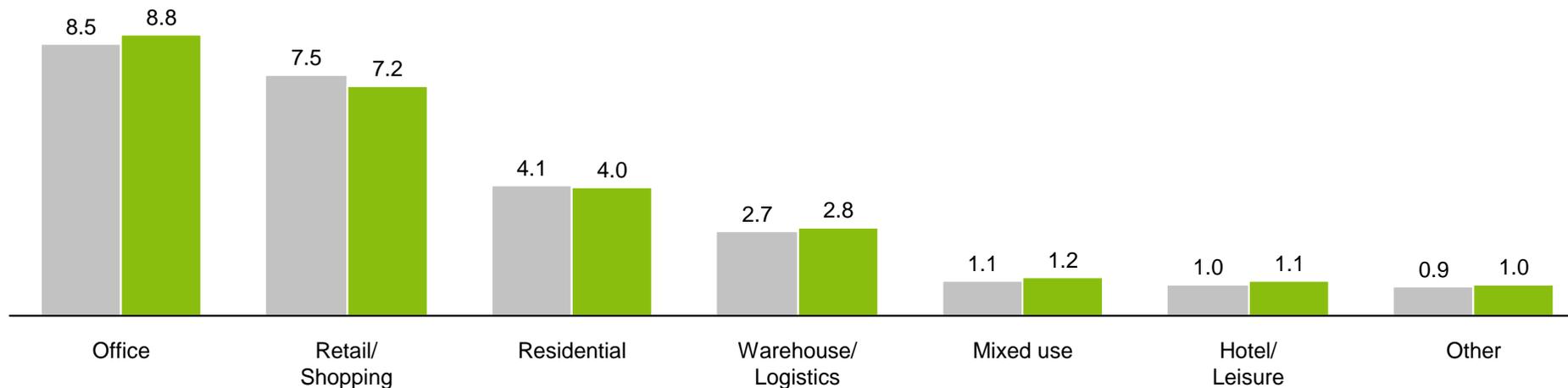


Property types

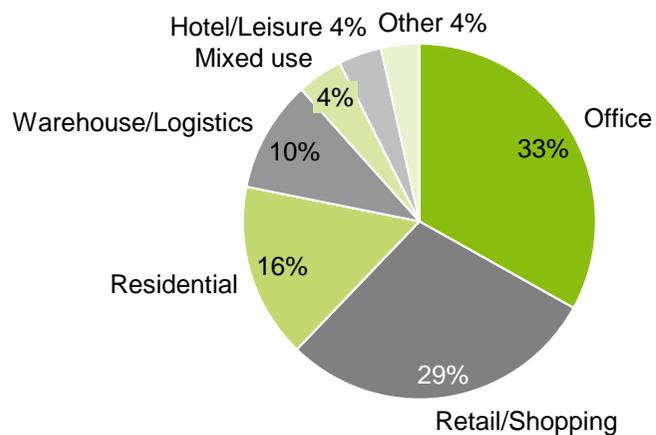
EUR billions (EaD, Basel III)¹

31/12/2015 / Total: EUR 25.8 bn

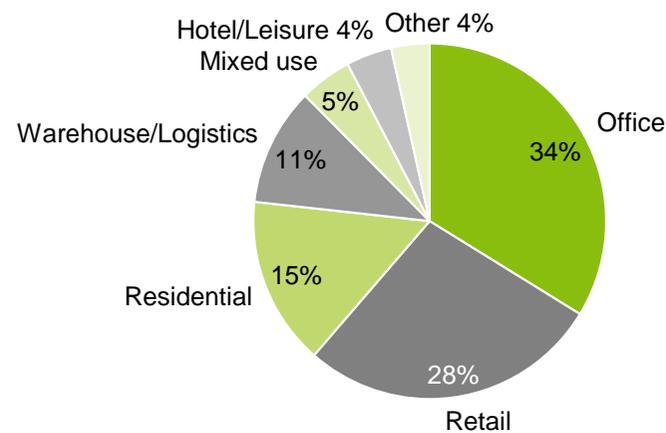
31/03/2016 / Total: EUR 26.1 bn



31/12/2015



31/03/2016



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

Portfolio

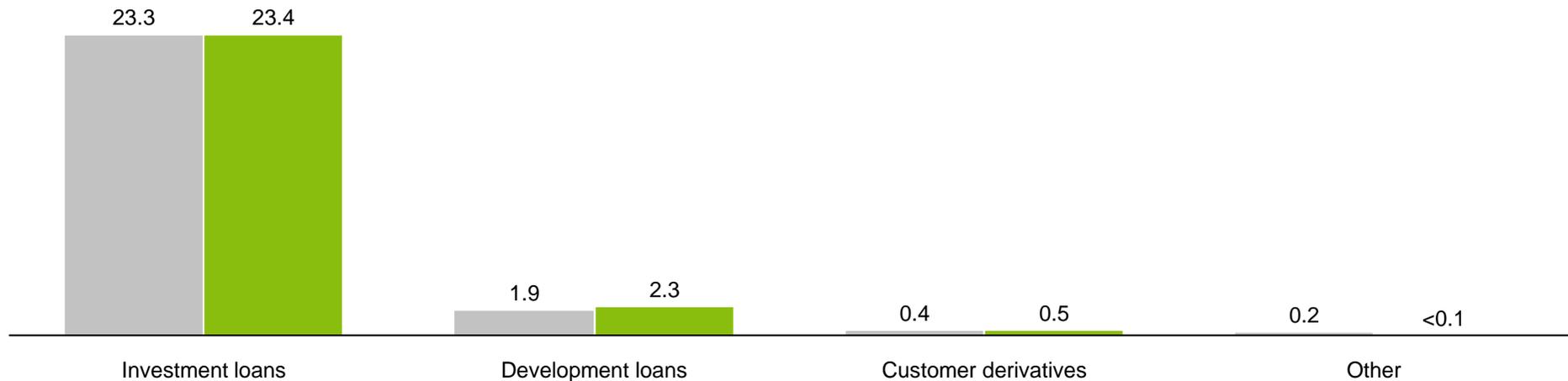
Real Estate Finance (REF)



Loan types

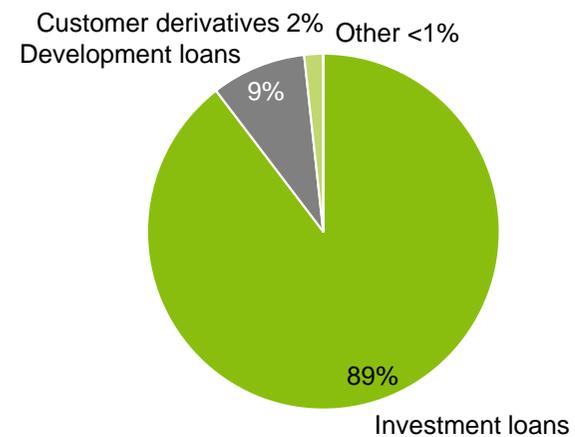
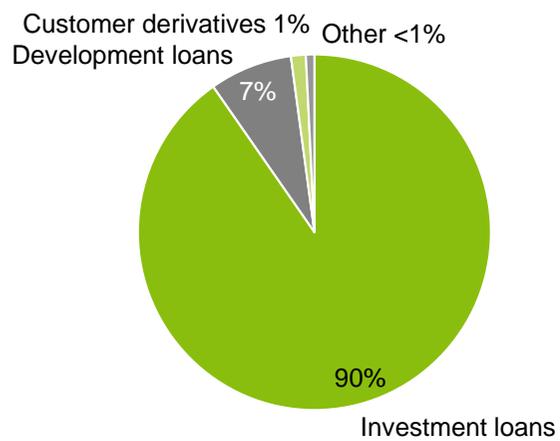
EUR billions (EaD, Basel III)¹

31/12/2015 / Total: EUR 25.8 bn
 31/03/2016 / Total: EUR 26.1 bn



31/12/2015

31/03/2016



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

Portfolio

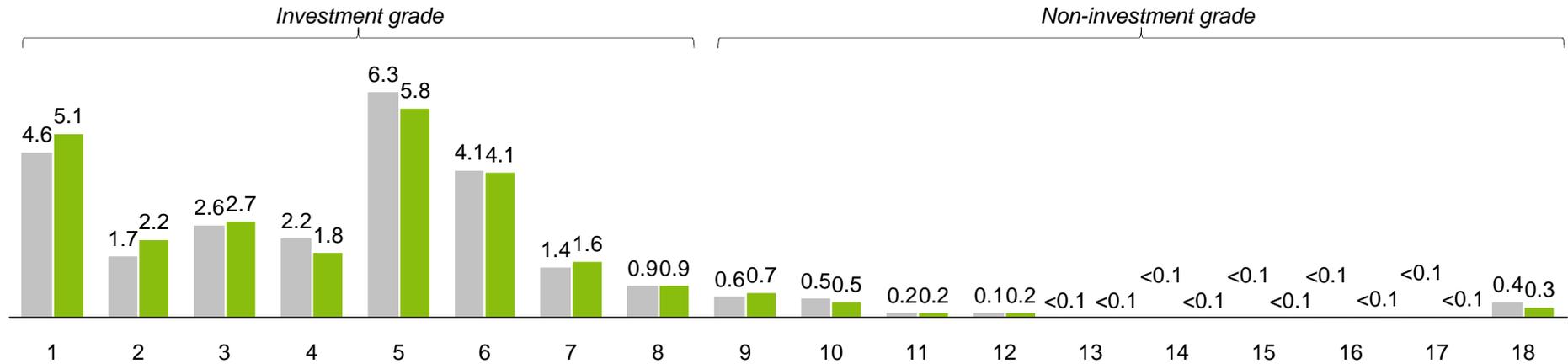
Real Estate Finance (REF)



Internal ratings (EL classes)

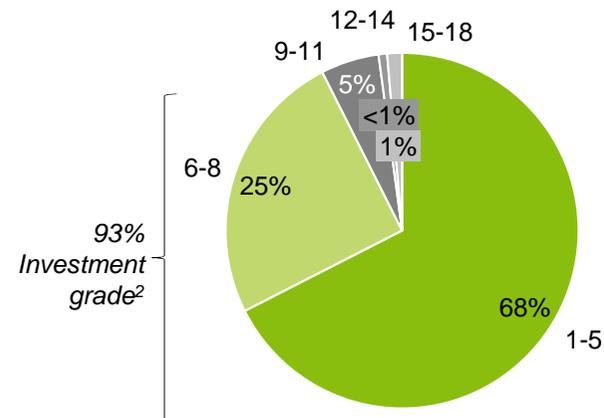
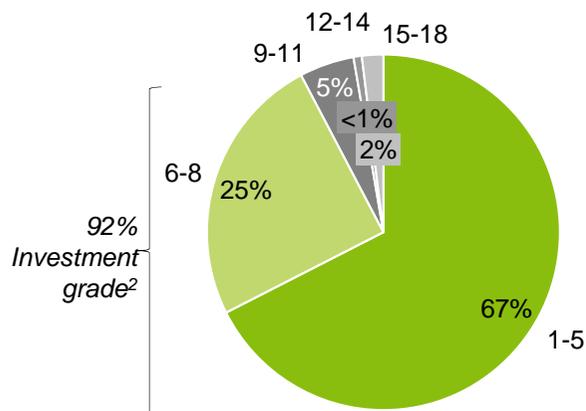
EUR billions (EaD, Basel III)¹

■ 31/12/2015 / Total: EUR 25.8 bn
■ 31/03/2016 / Total: EUR 26.1 bn



31/12/2015

31/03/2016



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

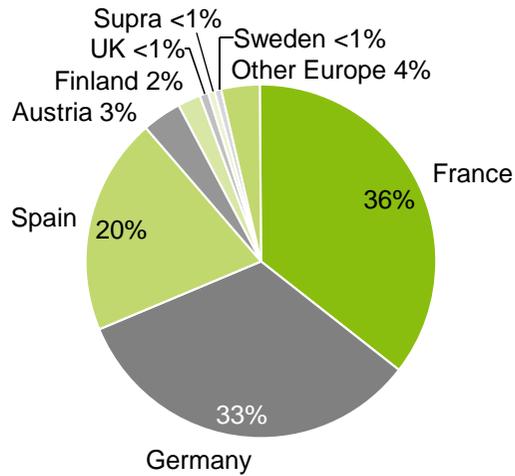
Portfolio

Public Investment Finance (PIF)



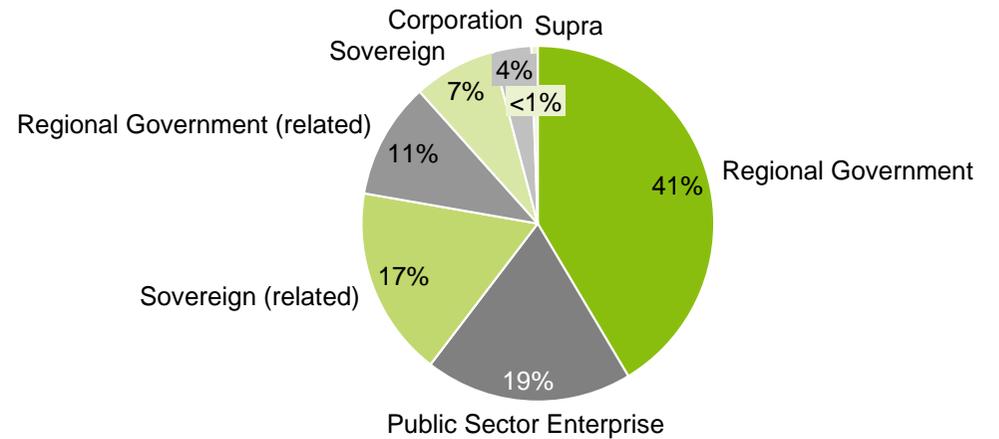
Portfolio: Regions

31/03/2016: EUR 8.3 bn (EaD, Basel III)



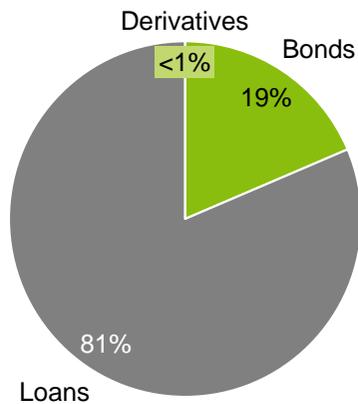
Portfolio: Borrower classification¹

31/03/2016: EUR 8.3 bn (EaD, Basel III)



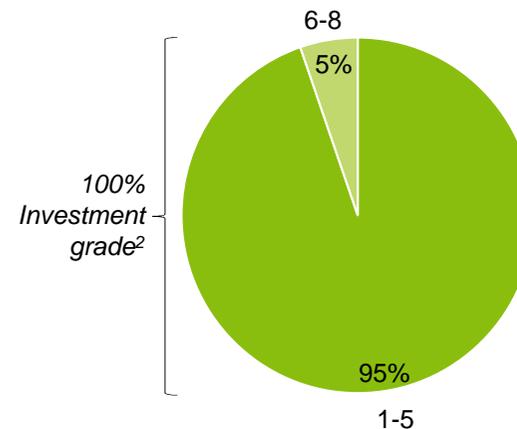
Portfolio: Product class

31/03/2016: EUR 8.3 bn (EaD, Basel III)



Portfolio: Internal ratings (EL classes)

31/03/2016: 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

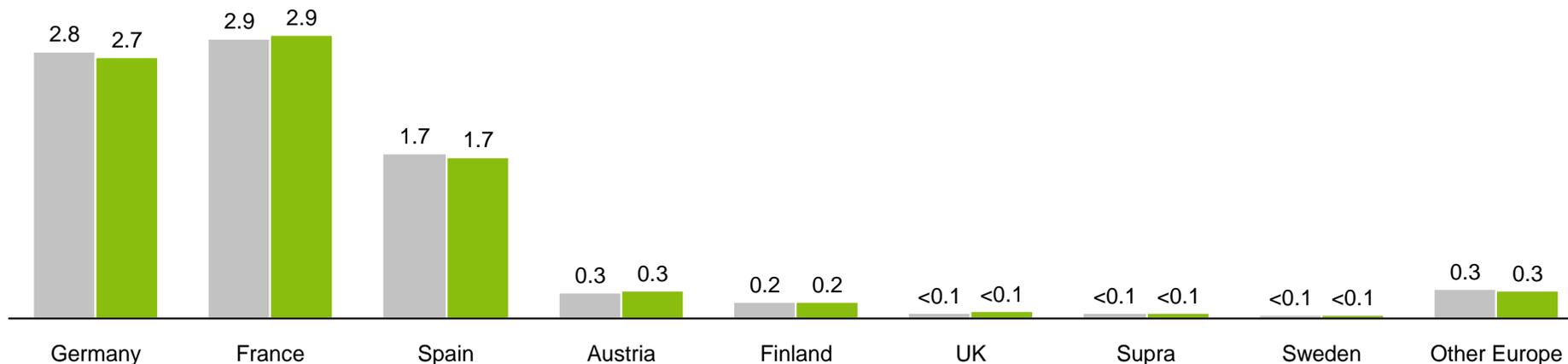
Public Investment Finance (PIF)



Regions

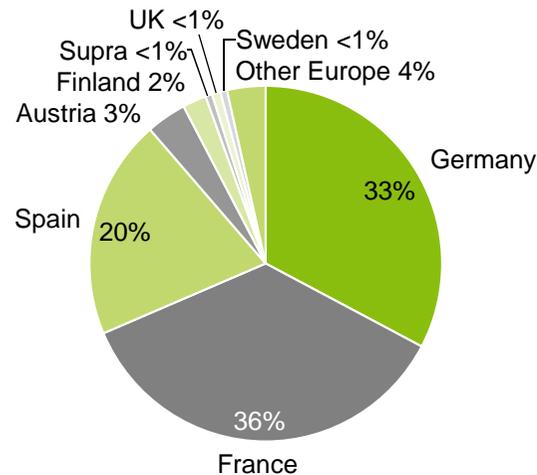
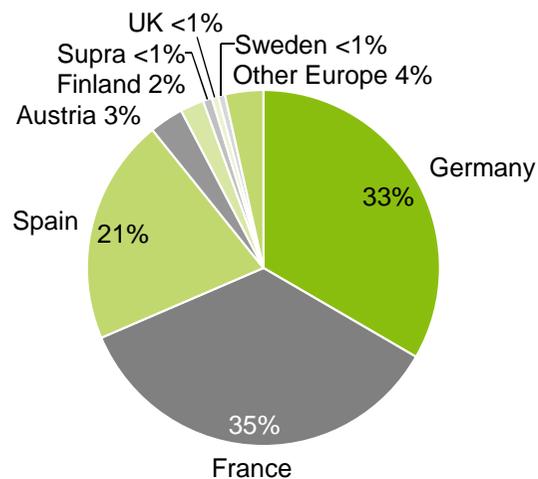
EUR billions (EaD, Basel III)

■ 31/12/2015 / Total: EUR 8.3 bn
■ 31/03/2016 / Total: EUR 8.3 bn



31/12/2015

31/03/2016



Note: Figures may not add up due to rounding

Portfolio

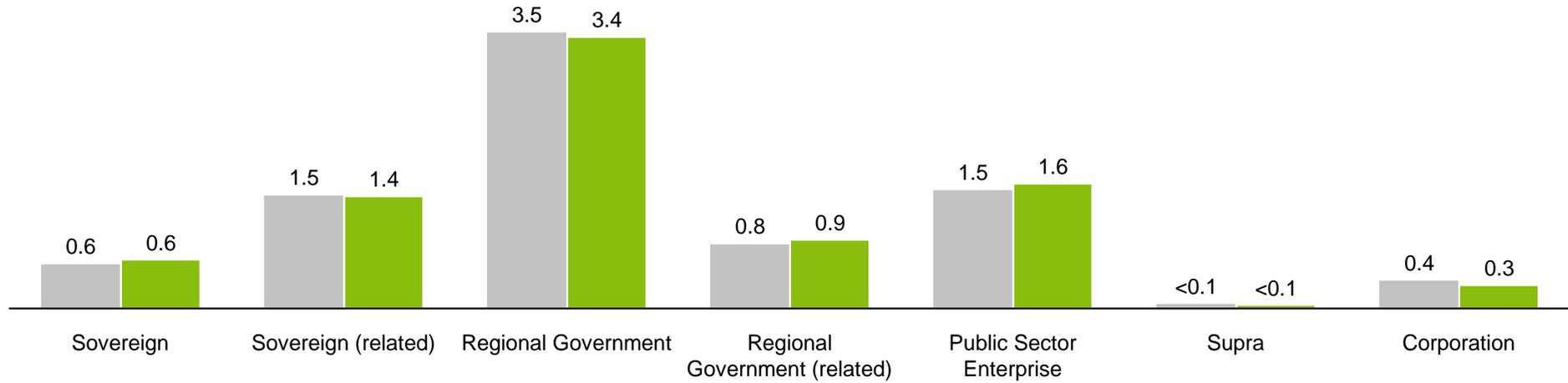
Public Investment Finance (PIF)



Borrower classification¹

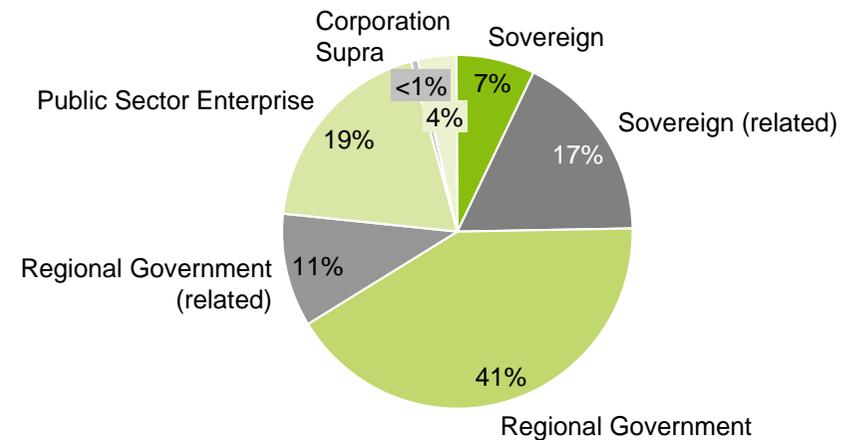
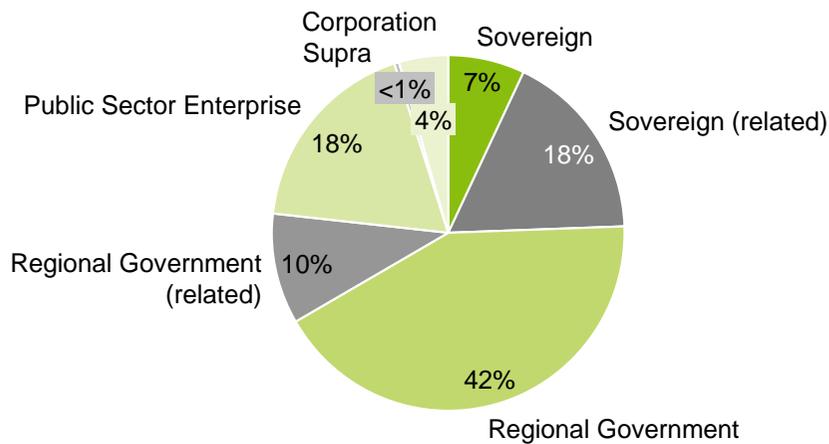
EUR billions (EaD, Basel III)

■ 31/12/2015 / Total: EUR 8.3 bn
■ 31/03/2016 / Total: EUR 8.3 bn



31/12/2015

31/03/2016



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

Portfolio

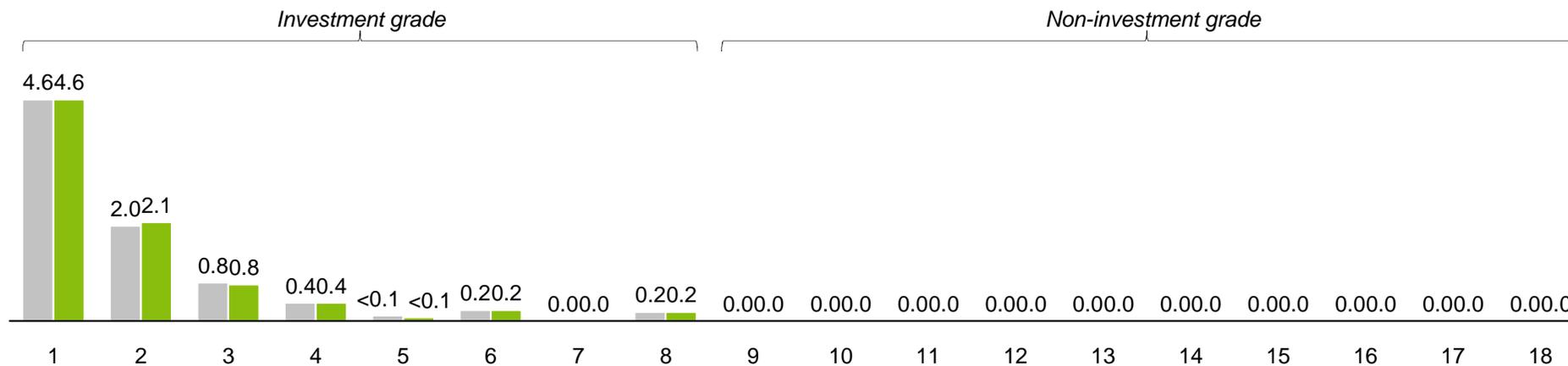
Public Investment Finance (PIF)

Internal ratings (EL classes)

EUR billions (EaD, Basel III)

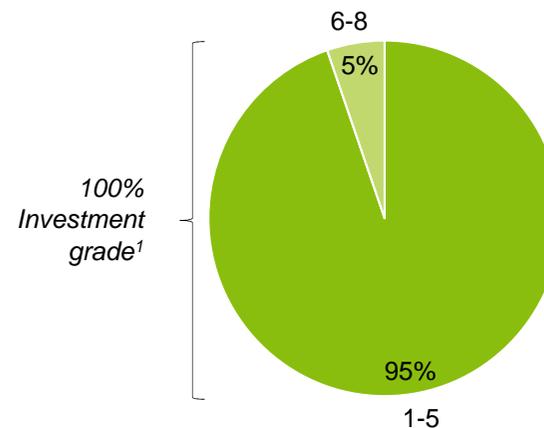
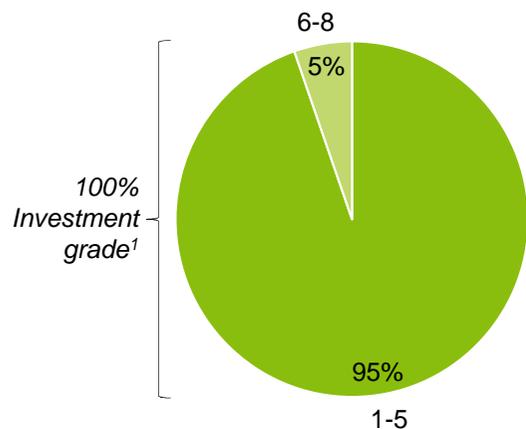
31/12/2015 / Total: EUR 8.3 bn

31/03/2016 / Total: EUR 8.3 bn



31/12/2015

31/03/2016



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

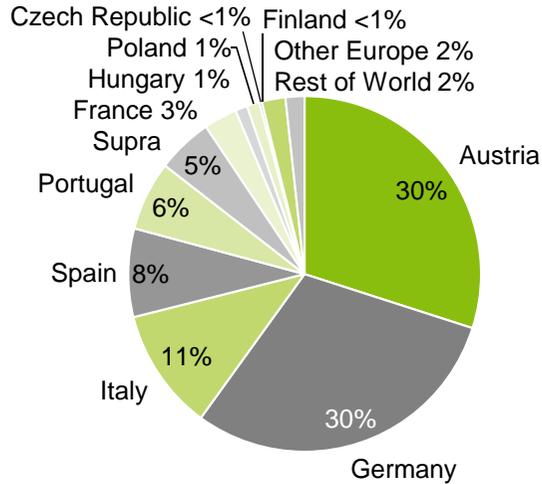
Portfolio

Value Portfolio (VP)



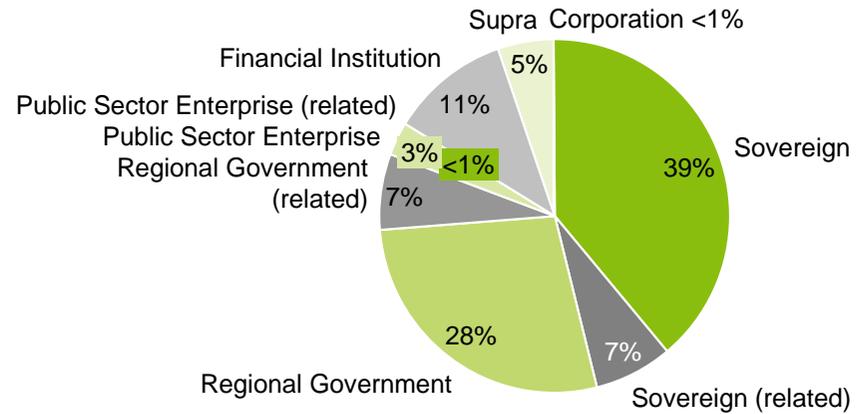
Portfolio: Regions

31/03/2016: EUR 21.8 bn (EaD, Basel III)¹



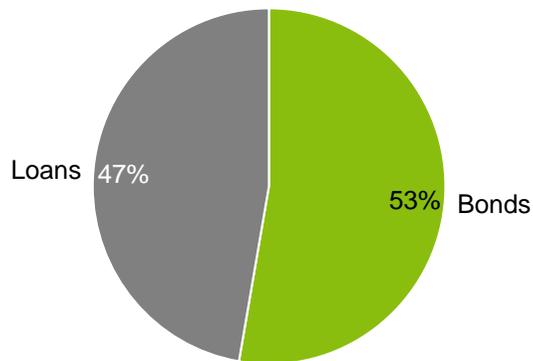
Portfolio: Borrower classification²

31/03/2016: EUR 21.8 bn (EaD, Basel III)¹



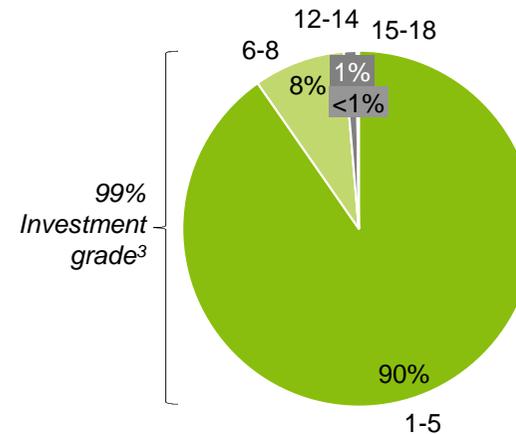
Portfolio: Product class

31/03/2016: EUR 21.8 bn (EaD, Basel III)¹



Portfolio: Internal ratings (EL classes)

31/03/2016: EUR 21.8 bn (EaD, Basel III)¹



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

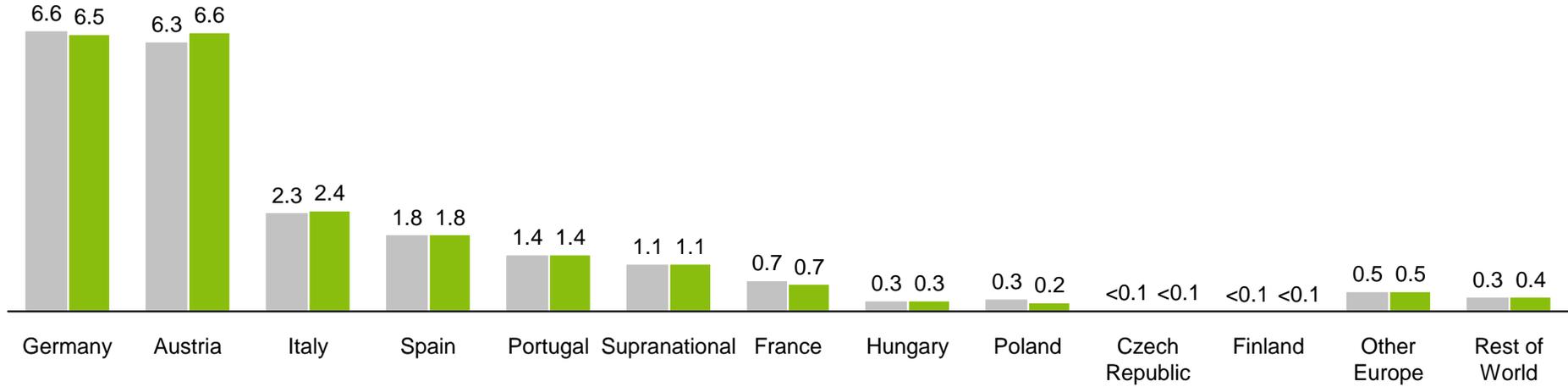
Value Portfolio (VP)



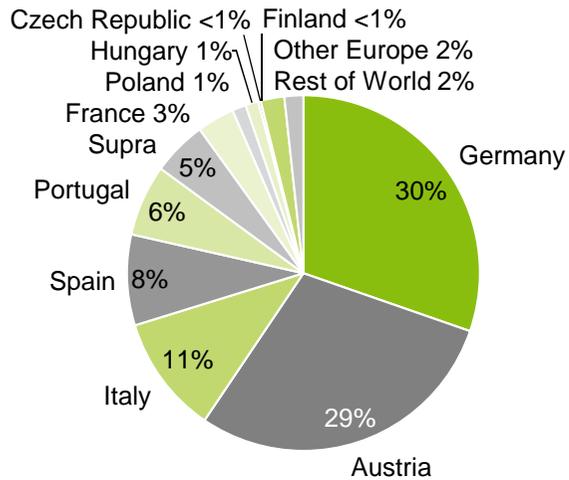
Regions

EUR billions (EaD, Basel III)¹

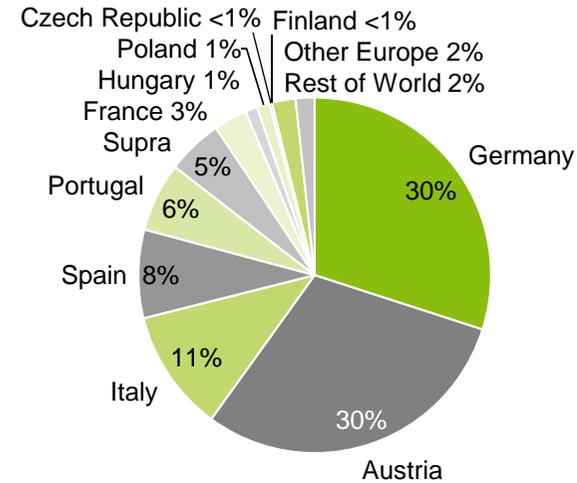
■ 31/12/2015 / Total: EUR 21.7 bn
 ■ 31/03/2016 / Total: EUR 21.8 bn



31/12/2015



31/03/2016



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

Portfolio

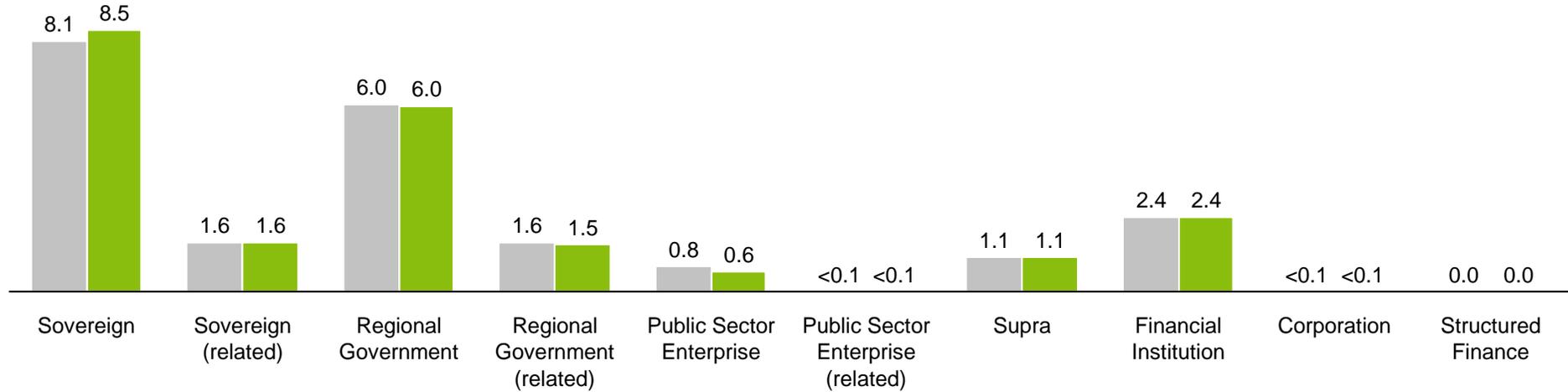
Value Portfolio (VP)



Borrower classification¹

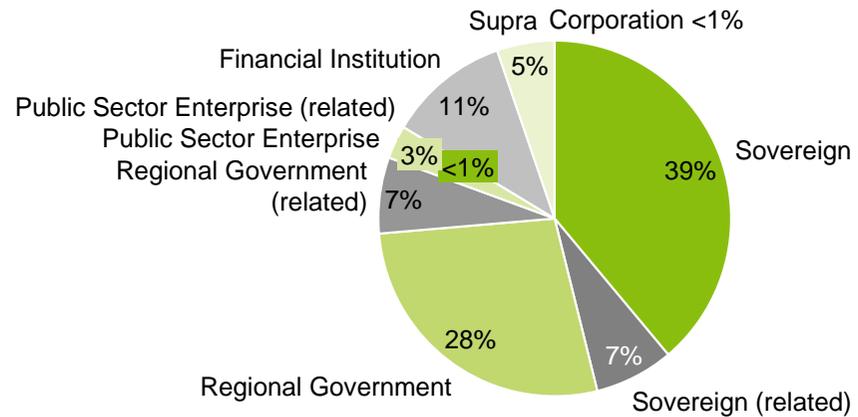
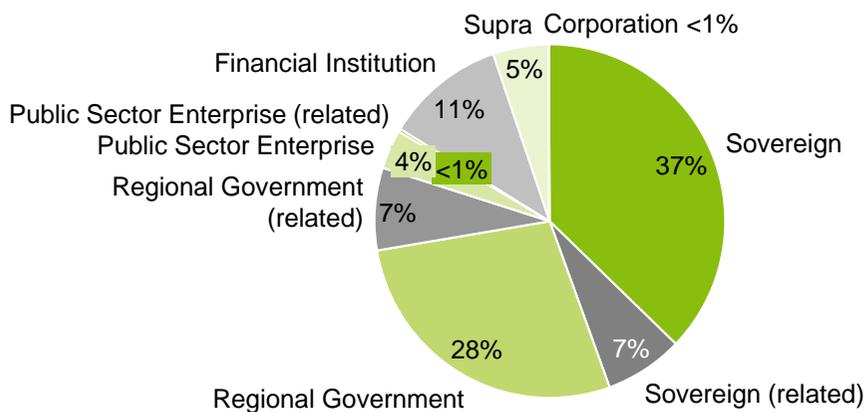
EUR billions (EaD, Basel III)²

■ 31/12/2015 / Total: EUR 21.7 bn
■ 31/03/2016 / Total: EUR 21.8 bn



31/12/2015

31/03/2016



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

Portfolio

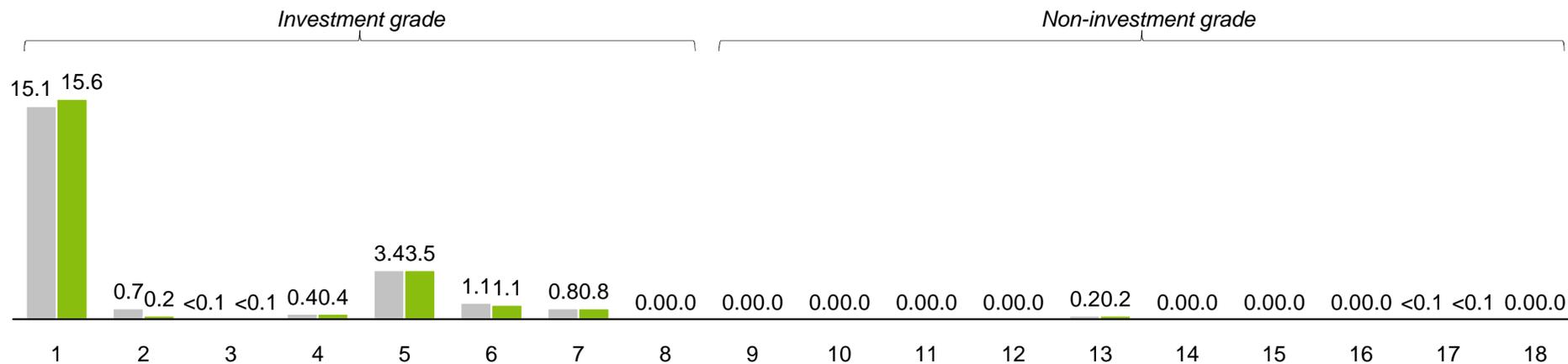
Value Portfolio (VP)

Internal ratings (EL classes)

EUR billions (EaD, Basel III)¹

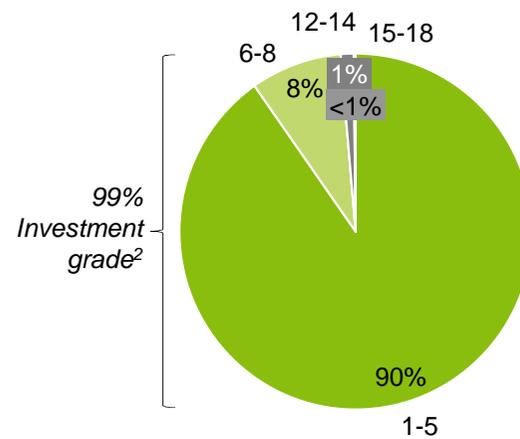
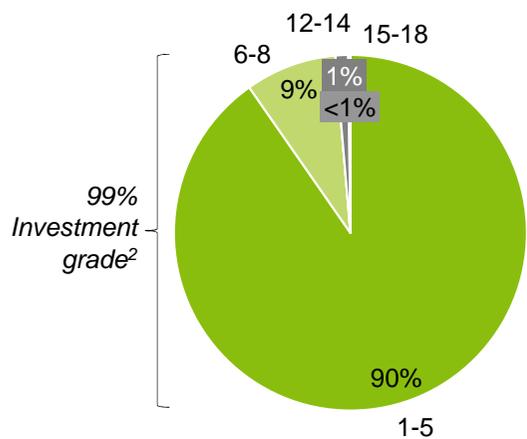
■ 31/12/2015 / Total: EUR 21.7 bn

■ 31/03/2016 / Total: EUR 21.8 bn



31/12/2015

31/03/2016



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

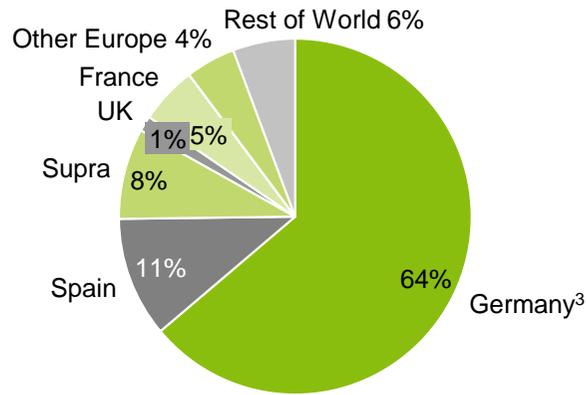
Portfolio

Consolidation & Adjustments (C&A)



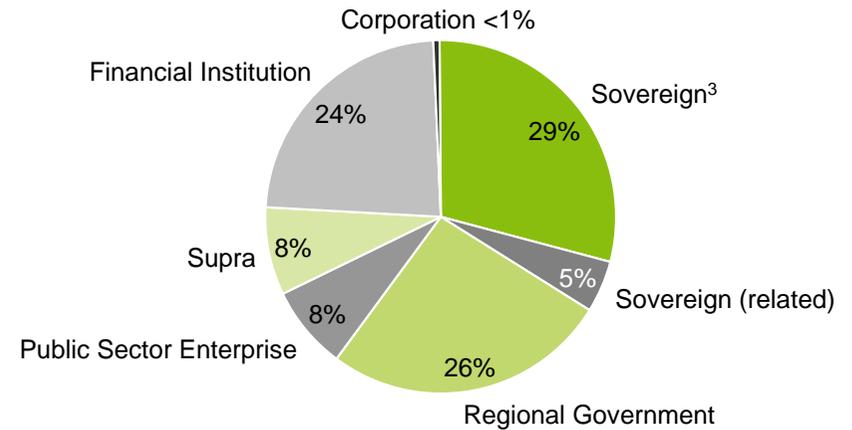
Portfolio: Regions

31/03/2016: EUR 5.3 bn (EaD, Basel III)^{1,2}



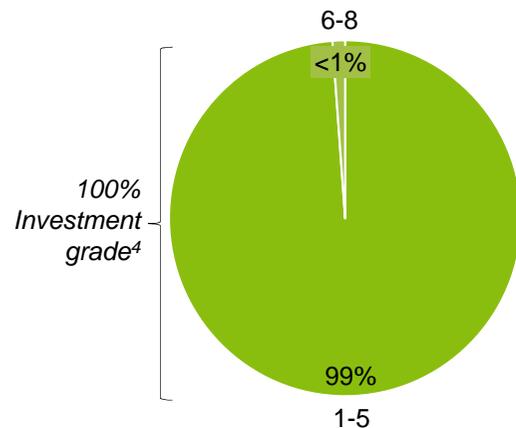
Portfolio: Borrower classification⁴

31/03/2016: EUR 5.3 bn (EaD, Basel III)^{1,2}



Portfolio: Internal ratings (EL classes)

31/03/2016: EUR 5.3 bn (EaD, Basel III)^{1,2}



Note: Figures may not add up due to rounding
 1 Excl. FMS-WM guaranteed exposure
 2 Excl. intra-group exposure
 3 Incl. Bundesbank accounts (01/16: EUR 0.7 bn)
 4 See appendix for definition of borrower classification
 5 EL Classes 1-8 = Investment grade; EL classes 9-18 = Non-investment grade

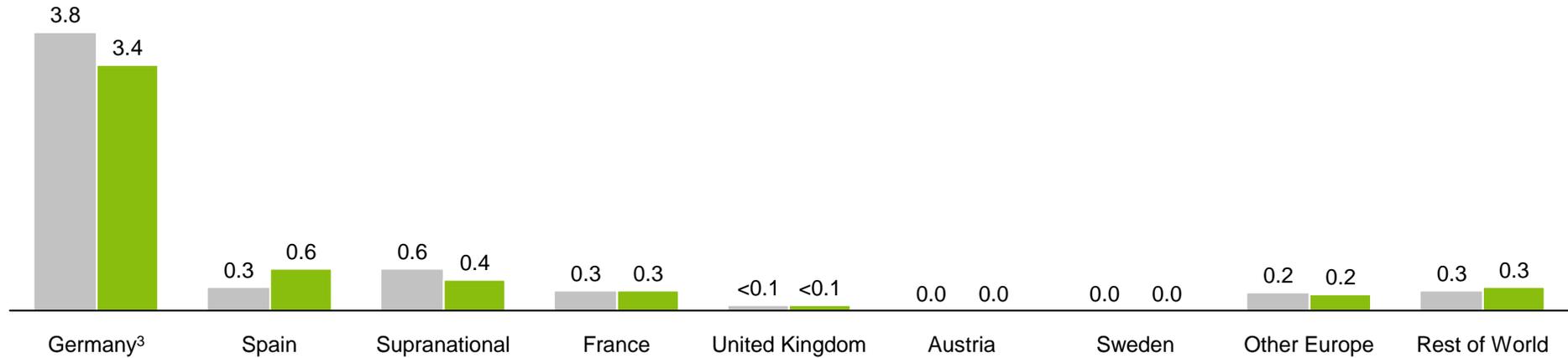
Portfolio Consolidation & Adjustments (C&A)



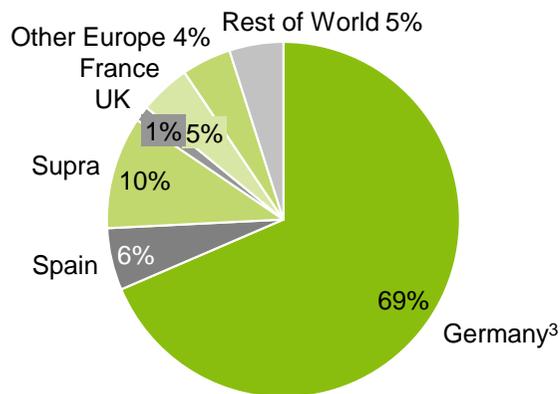
Regions

EUR billions (EaD, Basel III)^{1,2}

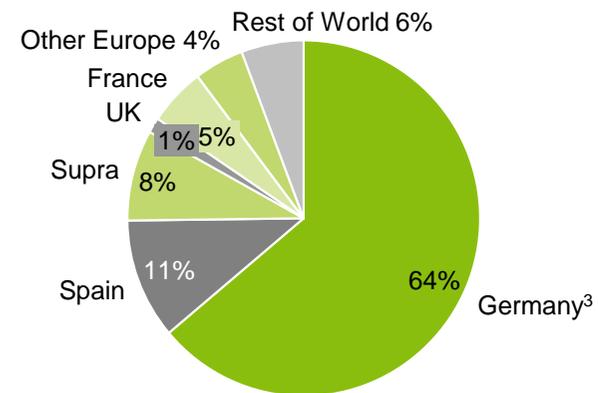
■ 31/12/2015 / Total: EUR 5.6 bn
■ 31/03/2016 / Total: EUR 5.3 bn



31/12/2015



31/03/2016



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 0.7 bn; 12/15: EUR 1.3 bn)

Portfolio

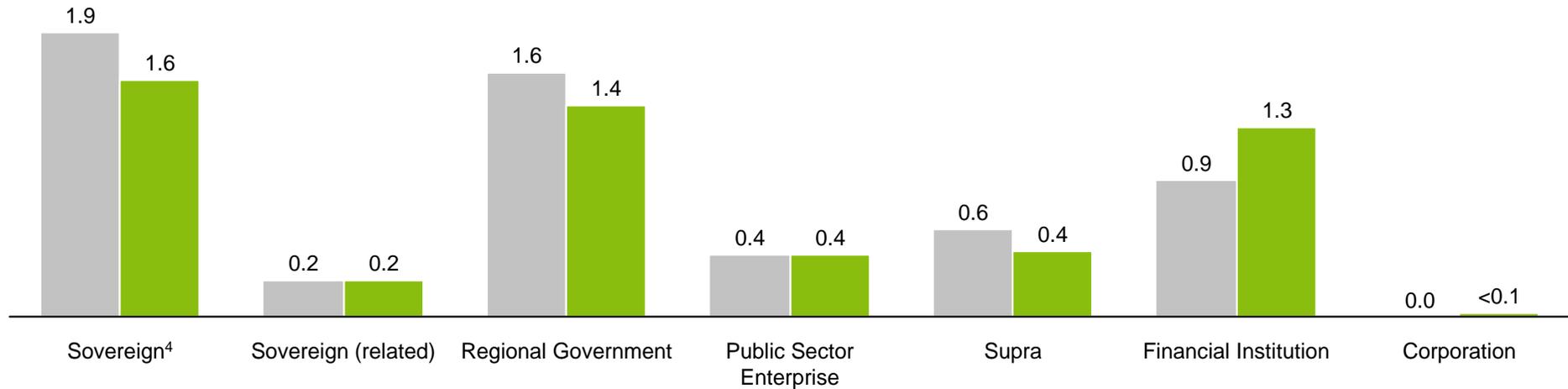
Consolidation & Adjustments (C&A)



Borrower classification¹

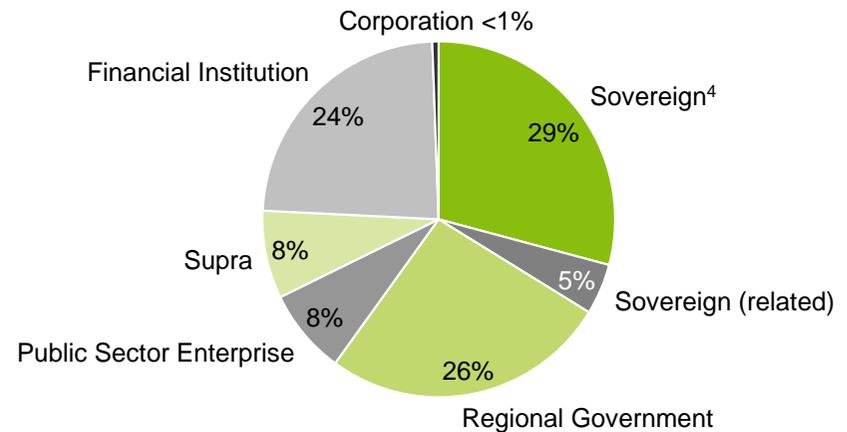
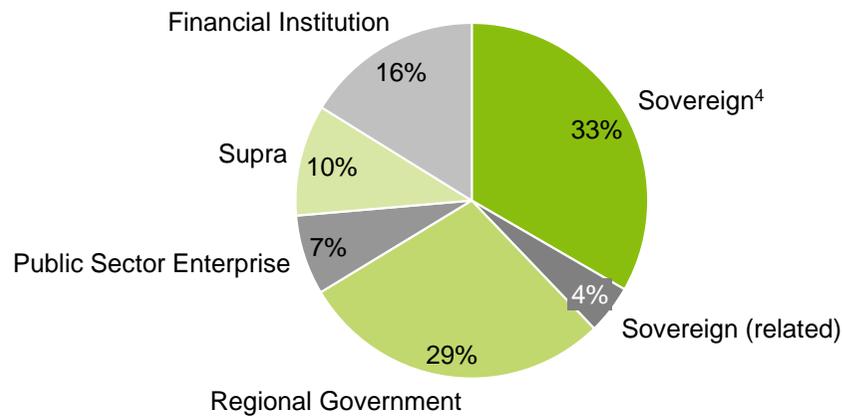
EUR billions (EaD, Basel III)^{2,3}

■ 31/12/2015 / Total: EUR 5.6 bn
 ■ 31/03/2016 / Total: EUR 5.3 bn



31/12/2015

31/03/2016



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 (03/16: EUR 0.7bn; 12/15: EUR 1.3 bn)

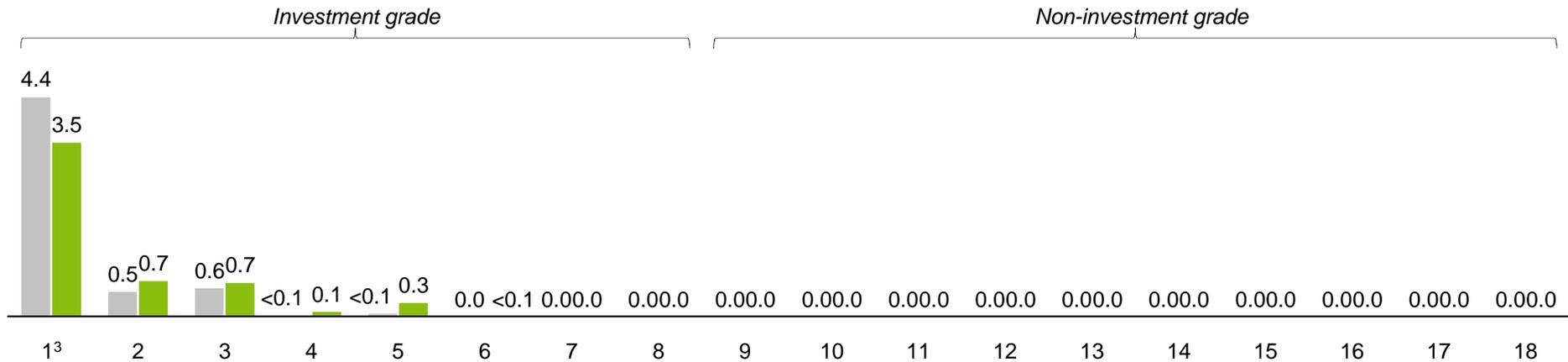
Portfolio Consolidation & Adjustments (C&A)



Internal ratings (EL classes)

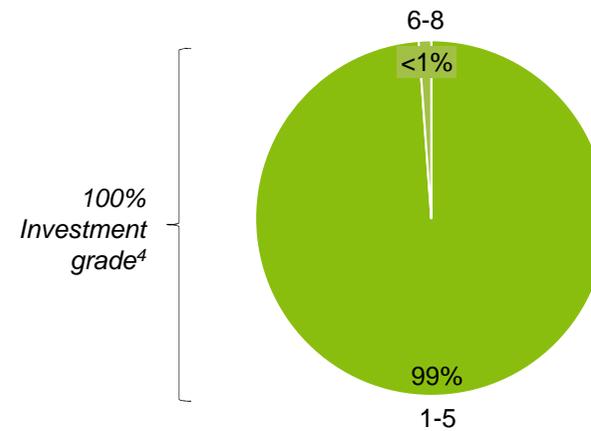
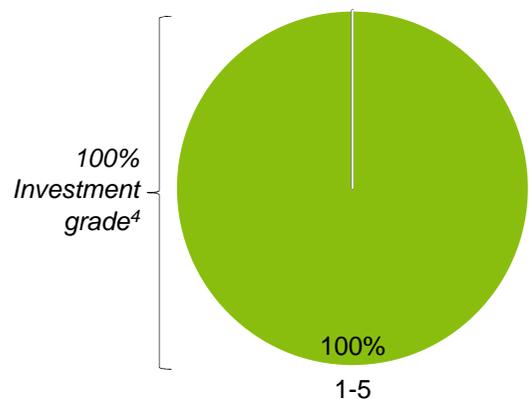
EUR billions (EaD, Basel III)^{1,2}

■ 31/12/2015 / Total: EUR 5.6 bn
■ 31/03/2016 / Total: EUR 5.3 bn



31/12/2015

31/03/2016



Note: Figures may not add up due to rounding
 1 Excl. FMS-WM guaranteed exposure
 2 Excl. intra-group exposure
 3 Incl. Bundesbank accounts (03/16: EUR 0.7 bn; 12/15: EUR 1.3 bn)
 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 ¹	Coupon	Issue/Reoffer Price
Mortgage Pfandbrief	A1X3LT	14.01.2014	21.01.2022	EUR 500 mn	+17bp	1.875%	99.362%
<i>Mortgage Pfandbrief (2nd 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>
Mortgage Pfandbrief	A11QAP	18.03.2014	25.03.2019	EUR 500 mn	+14bp	1.000%	99.400%
<i>Senior Unsecured (1st 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 (2nd 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 (1st 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>
Mortgage Pfandbrief	A11QA3	02.09.2014	08.09.2017	EUR 500 mn	+0 bp	0.250%	99.827%
<i>Mortgage Pfandbrief (2nd 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>
Mortgage Pfandbrief	A12UAW	23.09.2014	29.09.2017	GBP 300 mn	+42 bp²	3mL+40 bp	99.941%
<i>Senior Unsecured (2nd 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>
Senior Unsecured	A12UA6	13.01.2015	20.01.2017	EUR 500 mn	+78bp	0.875%	99.874%
<i>Senior Unsecured (1st 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>
Mortgage Pfandbrief	A13SV8	23.07.2015	30.07.2020	EUR 500 mn	-14 bp	0.25%	99.819%
Senior Unsecured	A13SWA	08.10.2015	15.01.2018	EUR 500 mn	+140bp	1.375%	99.826%
Public Sector Pfandbrief	A13SWB	20.11.2015	27.11.2020	EUR 500 mn	-4bp	0.125%	99.900%
Mortgage Pfandbrief	A13SWC	12.01.2016	19.01.2023	EUR 750 mn	+8 bp	0.50%	99.221%
Senior Unsecured	A13SWD	28.01.2016	04.02.2019	EUR 500 mn	+140bp	1.25%	99.816%
Mortgage Pfandbrief	A13SWE	22.02.2016	01.03.2022	EUR 500 mn	+8 bp	0.20%	99.863%
<i>Senior Unsecured (2nd Tap)</i>	<i>A12UAR</i>	<i>04.03.2016</i>	<i>17.09.2019</i>	<i>EUR 100 mn</i>	<i>+130bp</i>	<i>1.50%</i>	<i>101.209%</i>
Public Sector Pfandbrief	A13SWG	13.04.2016	20.04.2035	EUR 500 mn	+25 bp	1.25%	99.647%
Senior Unsecured	A13SWH	19.04.2016	27.04.2020	EUR 500mn	+125 bp	1.125%	99.751%

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

Ratings

Mandated ratings



as of 12 May 2016

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

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Note: The above list does not include all ratings 1 S&P: Stand-alone credit profile; DBRS: Intrinsic Assessment

Definition of borrower classifications

Borrower classification	Definition
Sovereign	Direct and indirect obligations of Central Governments, Central Banks and National Debt Agencies
Sovereign (related)	Indirect obligations of Non Sovereigns with an explicit first call guarantee by a Sovereign
Regional Government	Direct and indirect obligations of Regional, Provincial and Municipal Governments
Regional Government (related)	Indirect obligations of Non Regional Government with an explicit first call guarantee by a Regional Government
Public Sector Enterprise	Direct obligations of administrative bodies and non commercial/non-profit undertakings
Public Sector Enterprise (related)	Indirect obligations of Non Public Sector Enterprise with an explicit first call guarantee by a Public Sector Enterprise
Financial Institution	Direct and indirect obligations of Universal Banks, Investment Banks, Mortgage Institutions, Brokerages and other banks or Basel regulated institution
Corporation	Direct and indirect obligations of enterprises, established under corporate law and operating in a for profit or competitive environment
Structured Finance	Obligations of an SPV which references the risk of an underlying pool of securitised assets, either synthetically via CDS or directly, the tranches issued by the SPV have different seniority to each other
Supranational	Direct obligations to international Organisations and International Investment and Development Banks
Other	Direct obligations to Individuals

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