

Analyst Conference
Annual Results 2016
8 March 2017

PUBLIC SECTOR FINANCE
REAL ESTATE FINANCE

pbb

DEUTSCHE
PFANDBRIEFBANK

Strong full-year result with PBT of EUR 301 mn

Dividend proposal of EUR 1.05 per share (includes 100% pay-out on HETA gain)

Disclaimer



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

Agenda

- 1 Highlights 2016**
 - 2 Financials**
 - 3 New business & segment reporting**
 - 4 Portfolio**
 - 5 Funding**
 - 6 Outlook 2017**
- Appendix**
Contact details

Highlights 2016

Strong full-year result with PBT of EUR 301 mn – dividend proposal of EUR 1.05 per share



- ➔ **Strong PBT of EUR 301 mn** (Q4/16: EUR 55 mn) based on **good operating performance** and **supported by HETA gain** and above latest guidance (Nov. 2016: EUR 280 – 290 mn) – underlying NII stable throughout the year, almost no risk costs (net) and operating costs stayed low
- ➔ **Net income** of EUR 197 mn influenced by higher tax ratio of 35%; **EpS** of EUR 1.46 and **RoE after tax** 7.3%
- ➔ **New business of EUR 10.5 bn on good level** with strong Q4/16 (EUR 3.7 bn) and improved margins y-o-y – strategic portfolio stable, Value Portfolio significantly down
- ➔ **Strong funding activities (EUR 5.6 bn)** with seven Benchmark issues – secondary unsecured market spreads significantly tightened
- ➔ Strong **capitalisation** with CET1 ratio of 19.0% (Basel III, fully-loaded¹), providing buffer for regulatory changes ahead
- ➔ **Dividend proposal** of EUR 1.05 per share includes 100% pay-out on HETA gain

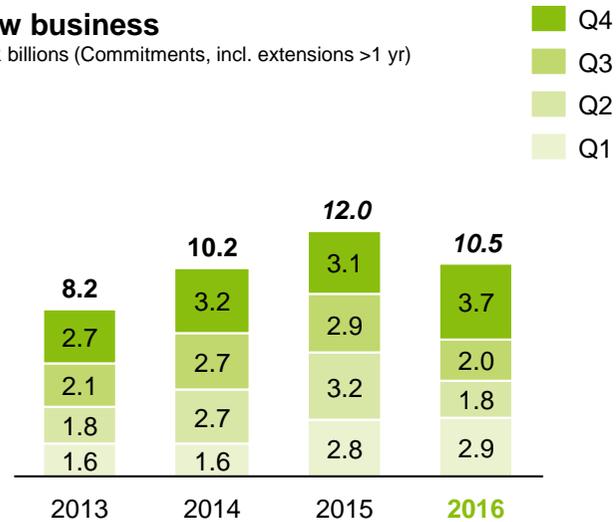
¹ incl. preliminary full-year result, post proposed dividend

Highlights 2016

Strong operating performance despite headwinds

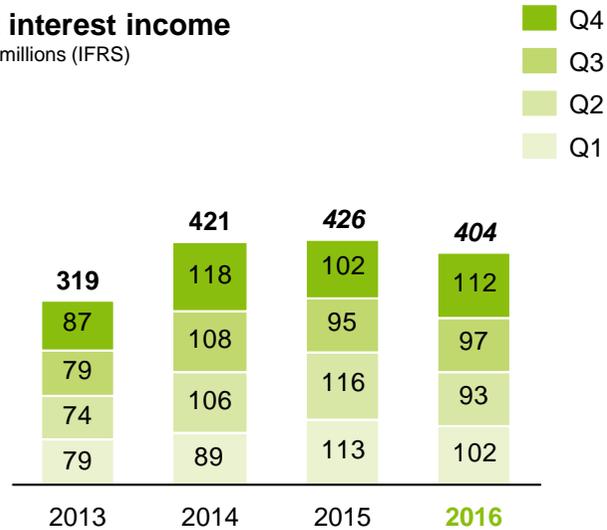
New business

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



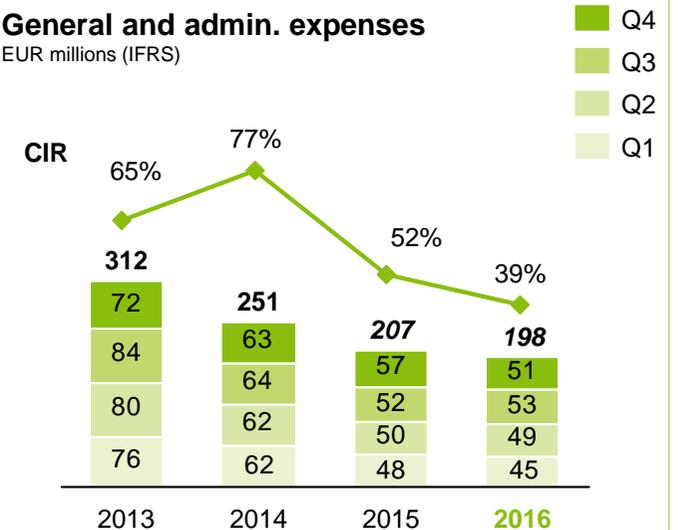
Net interest income

EUR millions (IFRS)



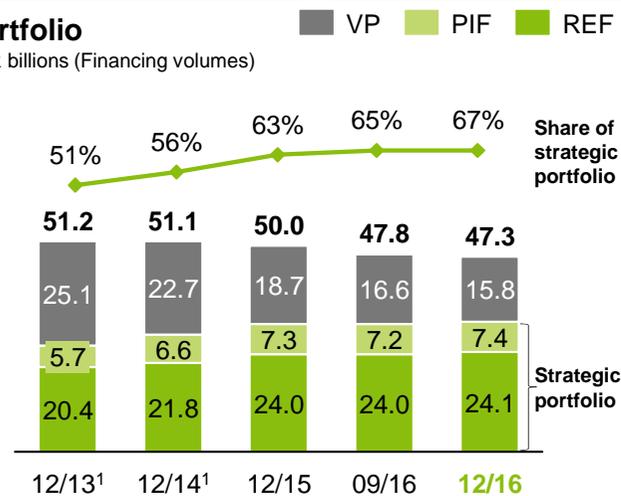
General and admin. expenses

EUR millions (IFRS)



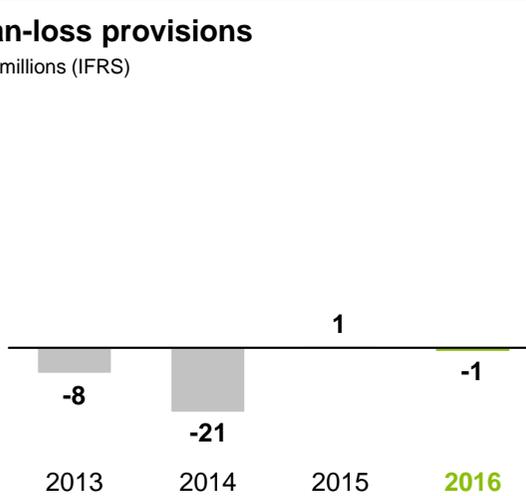
Portfolio

EUR billions (Financing volumes)



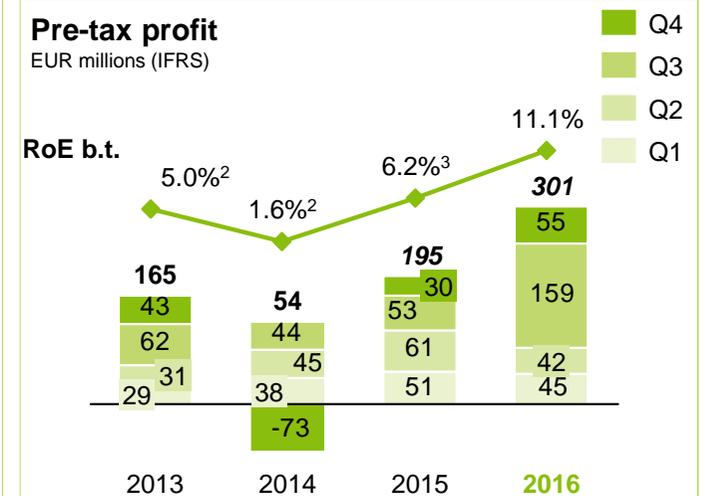
Loan-loss provisions

EUR millions (IFRS)



Pre-tax profit

EUR millions (IFRS)



Note: Figures may not add up due to rounding. ¹ Restated; figures retrospectively adjusted for transfer of Italian PIF portfolio into VP (as of 01/01/15). 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 in July 2015.

Agenda

- 1 Highlights 2016
- 2 **Financials**
- 3 New business & segment reporting
- 4 Portfolio
- 5 Funding
- 6 Outlook 2017

Appendix

Contact details

Income statement

Underlying NII relatively stable since Q3/15

Income from lending business

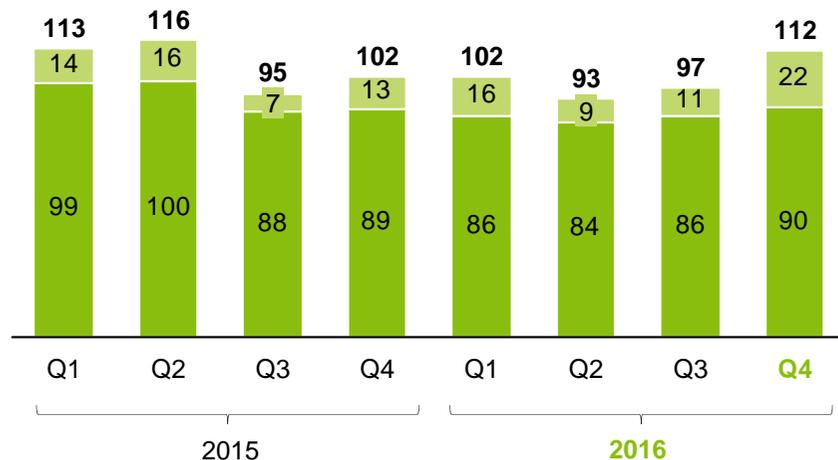
EUR millions

	Q4/15	Q4/16	2015	2016
Net interest income	102	112	426	404
<i>thereof: Prepayment fees</i>	6	22	18	44
<i>One-off effects</i>	7	0	32	14
Net fee and commission income	2	3	14	8
Total	104	115	440	412

Net interest income

EUR millions

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



Key drivers 2016:

- Underlying NII relatively stable since Q3/15, reflecting resistant gross new business margins and stable strategic portfolios
- Total NII y-o-y influenced by following major base effects:
 - High prepayment fees but less other one-offs
 - Value Portfolio run-down
 - Higher liquidity costs and costs of funding surplus
 - Lower returns from reinvestments of equity/liquidity book
- Q4/16 up +10% compared to Q4/15, benefiting from higher prepayment fees
- NCI lower y-o-y, less benefiting from one-offs (2015 included EUR 5 mn deferred back-end fee)

Income statement

Almost no net loan-loss provisions in overall still favourable market environment

Loan-loss provisions

EUR millions

	Q4/15	Q4/16	2015	2016
Specific allowances	-9	5	-16	6
Additions	-13	-2	-25	-13
thereof: HETA	-	-	-6	-
Releases	4	7	9	19
thereof: HETA	-	-	-	9
Portfolio-based allowances	-	-10	13	-12
Other allowances	-	-	1	1
Recoveries from write-offs	2	1	3	4
Total	-7	-4	1	-1



Key drivers 2016:

- No major new single LLPs
- Additions to portfolio-based allowances in Q4/16 (EUR -10 mn) mainly result from an internal rating downgrade of a region in southern Europe

Note:

Other HETA value adjustments recognised under result from financial instruments

Coverage Ratio: Change in calculation

Previous		New	
$\frac{\text{SLLPs + GLLPs}}{\text{Book value of receivables with SLLPs+GLLPs ./. securitised parts}}$		$\frac{\text{SLLPs}}{\text{Book value of receivables with SLLPs}}$	
2015	2016	2015	2016
44%	35%	22%	26%
SLLPs of internal rating class 29 + 30 GLLPs of internal rating class 28			

- Modification in anticipation of the requirements of IFRS 9
- Simplification improves comparability and transparency ("new market standard")

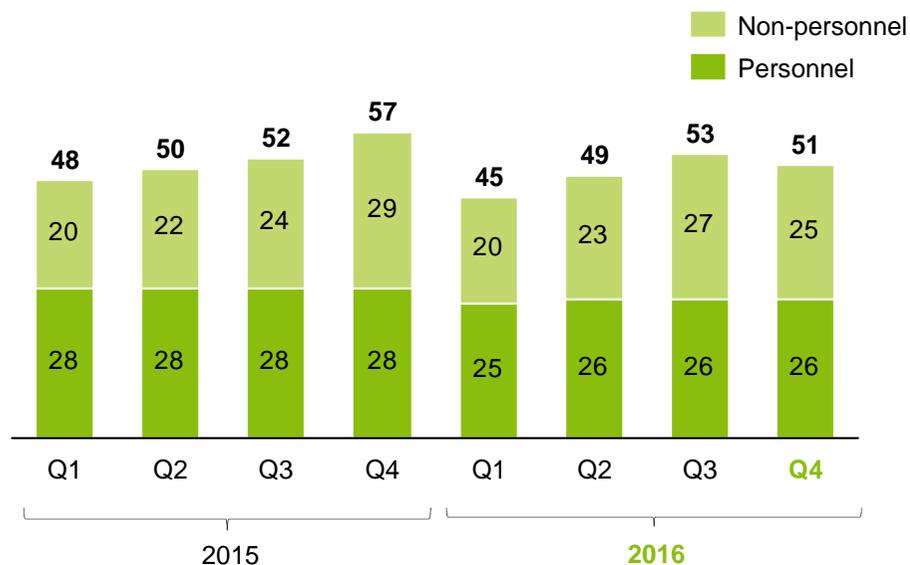
Income statement

Operating costs kept under control and clearly below initial plan

General and administrative expenses

EUR millions

	Q4/15	Q4/16	2015	2016
General admin. expenses	-57	-51	-207	-198
Personnel	-28	-26	-112	-103
Non-personnel	-29	-25	-95	-95
CIR (%)	57.0	45.1	51.8	39.0



Key drivers 2016:

- Operating cost base reduced by 4% y-o-y, mainly reflecting
 - release of provisions made in prior years (with regard to reintroduction of variable compensation after IPO) – this effect will fall away in 2017
 - decreased number of FTEs (12/16: 756 FTE; 12/15: 785 FTE)

- CIR improved due to extraordinary HETA gain; adjusted for this effect, CIR of 51.4% on previous year level

- In Q4/16, GAE reduced by release of provisions for contributions 2016 for the German deposit protection fund

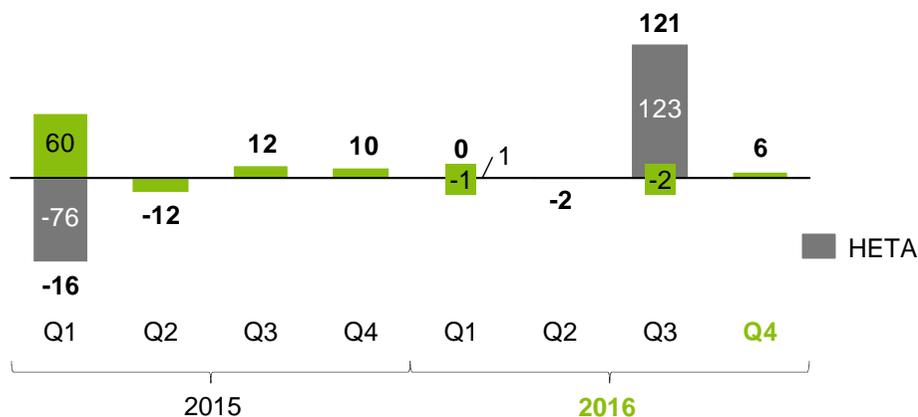
Income statement

Result from financial instruments primarily driven by extraordinary HETA gain

Result from financial instruments

EUR millions

	Q4/15	Q4/16	2015	2016
Net trading income	8	4	15	-6
<i>thereof: HETA</i>	-	-	-3	-
Net income from financial investments	0	-3	-32	125
<i>thereof: HETA</i>	-	-	-73	123
Net income from hedging relationships	2	5	11	6
Total	10	6	-6	125



Key drivers 2016:

- NTI mainly driven by following negative effects:
 - Pull-to-par effects from positive derivative fair values (EUR -13 mn; 2015: EUR -19 mn)
 - bCVA (EUR -3 mn; 2015: EUR 14 mn)
 - Introduction of funding value adjustment (EUR -2 mn)

but partly offset by

- market induced valuation effects (EUR 13 mn; 2015: EUR 20 mn) from interest and FX valuation, especially reflecting weaker USD, GBP and CHF vs. EUR
- NFI includes EUR +123 mn HETA gain in Q3/16 – prior year negatively affected by EUR -73 mn related to HETA, which were partly compensated by net gains from sale of assets

Income statement

Other revenues mainly driven by bank levy and provisioning

Result from other business activities

EUR millions

	Q4/15	Q4/16	2015	2016
Net other operating income/expenses	-14	-8	-34	-29
<i>thereof: Bank levy</i>	7	-	-18	-21
Net miscellaneous income/expenses	-6	-3	1	-8

Key drivers 2016:

- Net other operating result mainly driven by bank levy and provisioning for legal costs related to tax audits on prior years and other legal disputes (other operating expenses), but partly compensated by gain from a financial instrument sale
- Net miscellaneous income/expenses impacted by provisions for restructuring measures

Net other operating income/expenses

EUR millions

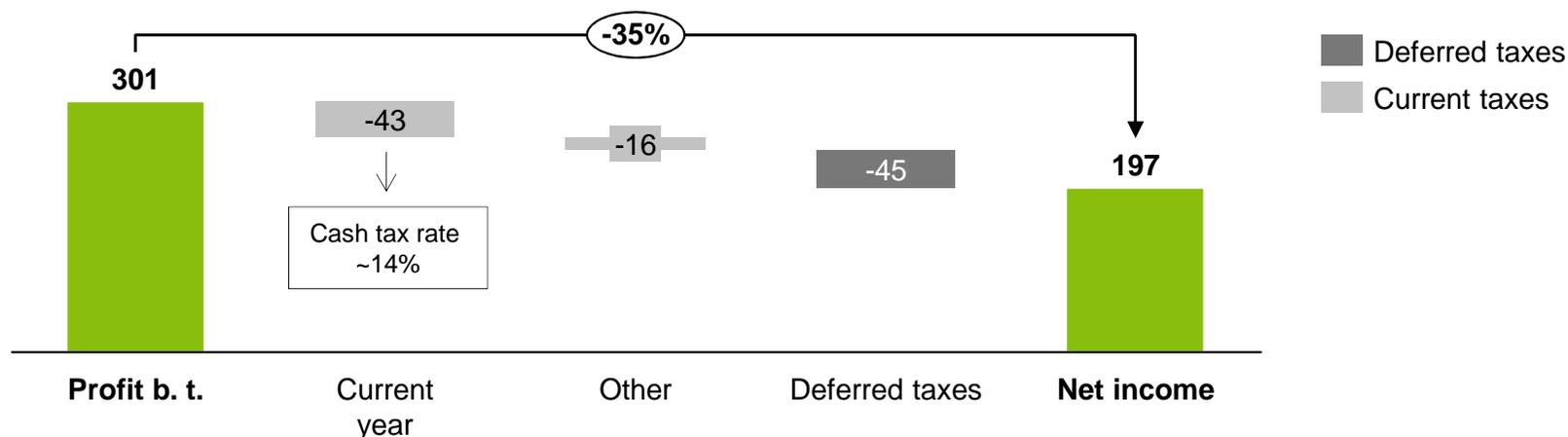


Income statement

Income taxes affected by one-off provisions for prior years and adjustment on DTAs on tax losses carried forward

Net income

EUR millions (IFRS)



Current taxes:

- Income taxes determined on the basis of German GAAP (HGB)¹
- EUR -16 mn taxes related to tax audits for prior years

Deferred taxes:

- EUR -20 mn taxes from temporary differences mainly result from sale of HETA-bonds
- EUR -25 mn adjustment of DTAs on TLCF

Unused TLCF	2015	2016
Corporate tax (EUR bn)	3.8	3.7
Trade tax (EUR bn)	3.8	3.8
TLCF for which DTAs have been accounted for	2015	2016
Corporate tax (EUR bn)	0.4	0.3
Trade tax (EUR bn)	0.3	0.2

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

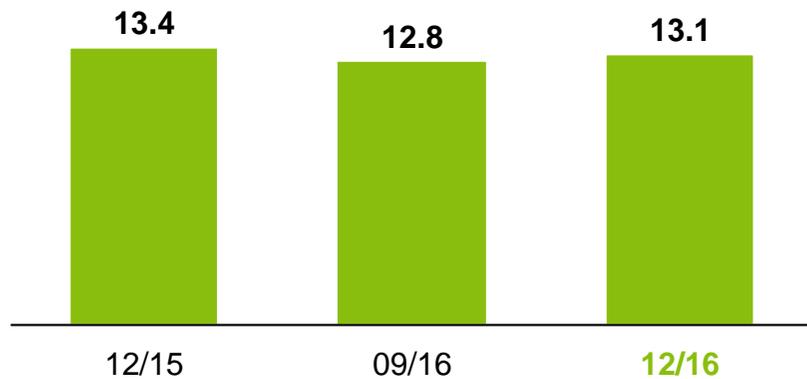
Capital

Capitalisation remains strong, providing cushion for regulatory uncertainties and envisaged future growth of strategic portfolio



Basel III: RWA

EUR billions (IFRS)¹



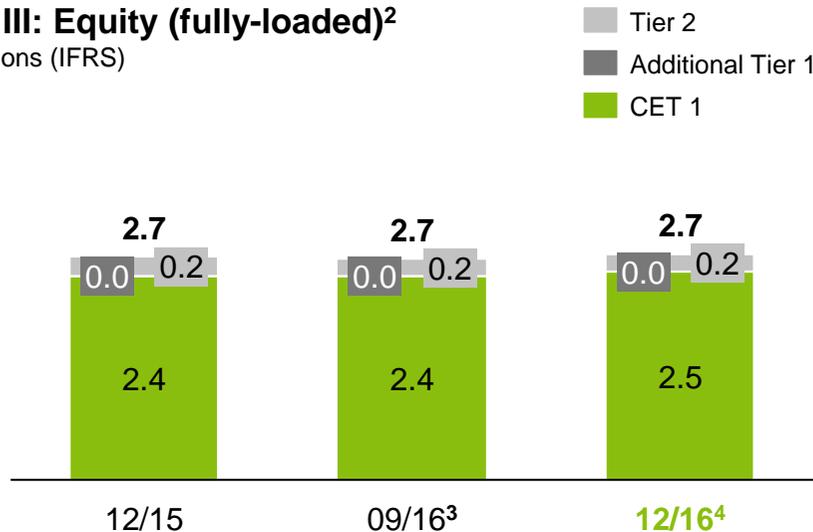
Basel III: Capital ratios (fully-loaded)

% (IFRS)

in %	12/15	09/16 ³	12/16 ⁴	Mid-term targets
CET 1	18.2	19.1	19.0	>12.5
Tier 1	18.2	19.1	19.0	>16
Own funds	19.9	20.8	20.7	16–18
Leverage ratio	3.9	4.1	4.2	>3.5

Basel III: Equity (fully-loaded)²

EUR billions (IFRS)



Key drivers 2016:

- pbb strategy aims at capital buffers to provide cushion for RWA challenges (e.g. ECB model review/'TRIM', Basel IV), business growth and cyclical risks
- RWA reduction y-o-y due to re-/prepayments, reduction of VP and positive rating changes; RWA increase in Q4 predominantly driven by strong new business volume

SREP:

- SREP requirements⁵ for 2017 decreased to 9.0% CET1 compared to 10.75% for 2016, new overall capital requirement at 12.5%

Note: Figures may not add up due to rounding 1 No transitional rules to be applied 2 Simulation based on full implementation of CRR; actual figures may vary significantly from simulation
 3 Excl. interim result 4 Incl. preliminary full-year result, post proposed dividend 5 Incl. capital conservation buffer, excl. countercyclical buffer

Agenda

- 1 Highlights 2016**
 - 2 Financials**
 - 3 New business & segment reporting**
 - 4 Portfolio**
 - 5 Funding**
 - 6 Outlook 2017**
- Appendix**
Contact details

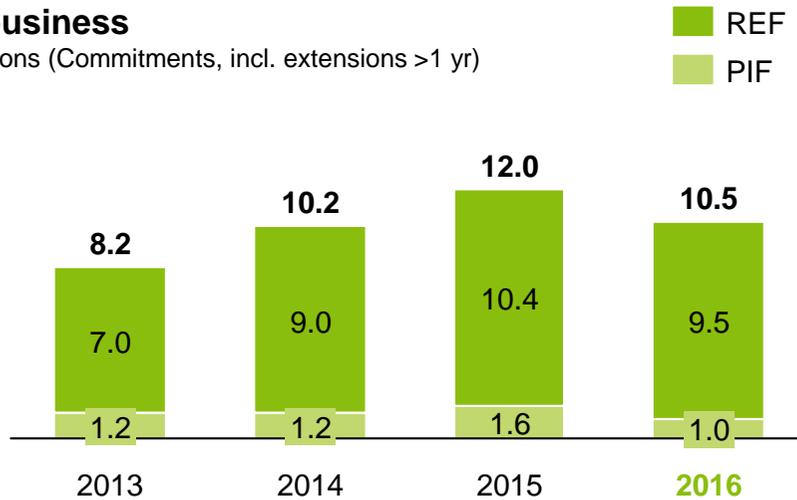
New business & segment reporting

New business on good level after strong previous year – average gross margins up without compromising on risk approach



New business

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



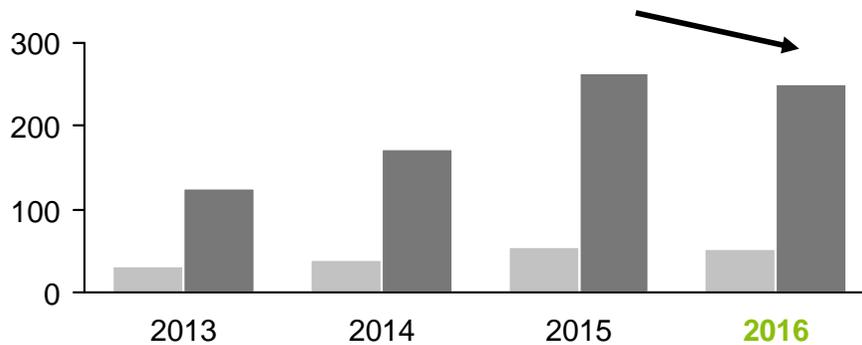
Key drivers 2016:

- Continued high competition and margin pressure – however, while CRE transactions slowed down, demand for property investments remained high allowing selective new business
- Strong competition and standstill on ECA aircraft financing in Germany weighs down on PIF new business

CRE investment volumes¹

EUR billions

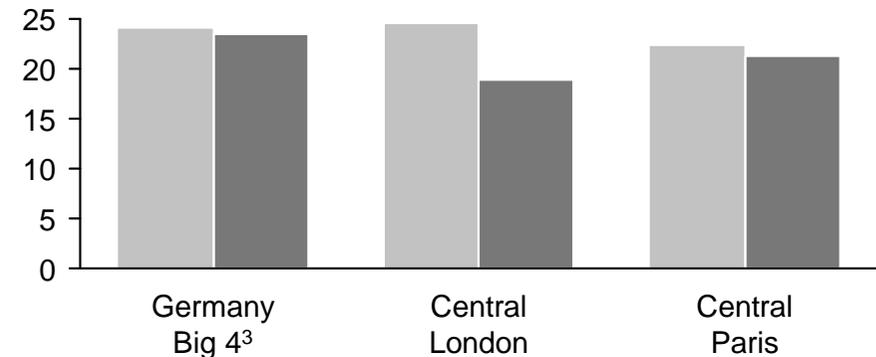
Germany EMEA



CRE investment volumes²

EUR billions

2015 2016



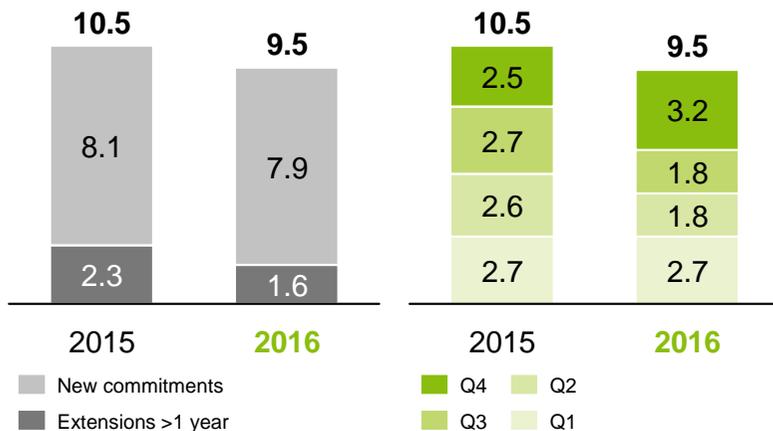
Note: Figures may not add up due to rounding 1 Source: JLL, Cushman & Wakefield, CBRE 2 Source: BNP Paribas RE 3 Berlin, Hamburg, Munich, Frankfurt

New business & segment reporting

REF: Strong Q4 and stable level of new commitments – successful US entry with 3% of new business

REF: New business

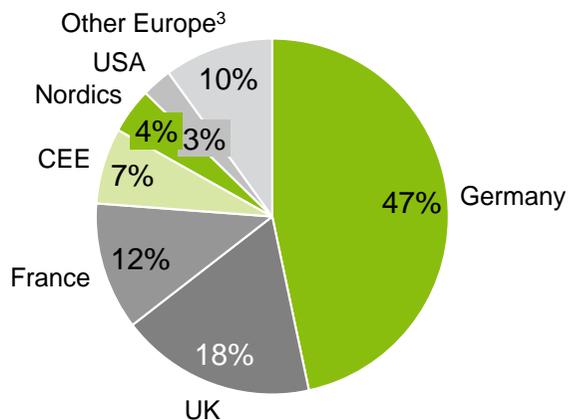
EUR billions (commitments, incl. extensions >1 yr)



REF	2015	2016
Total volume (EUR bn)	10.4	9.5
New commitments	8.1	7.9
Extensions >1 year	2.3	1.6
No. of deals	180	189
Average maturity (years) ¹	~5.7	~5.1
Average LTV (%) ²	63	62
Average gross margin (bp)	~170	>175

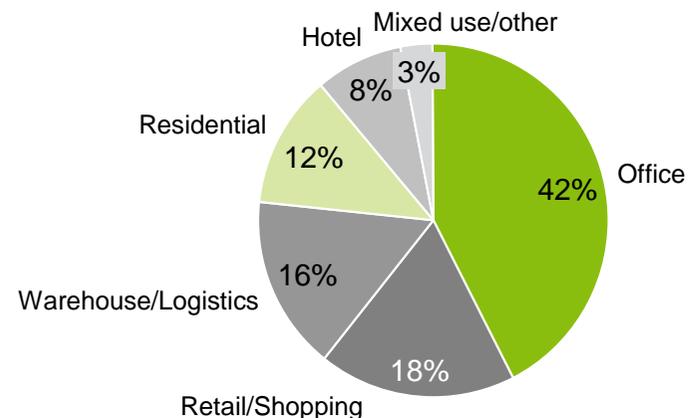
REF new business: Regions

2016: EUR 9.5 bn (commitments, incl. extensions >1 year)



REF new business: Property types

2016: EUR 9.5 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% (2016), 56% (2015) 3 Netherlands, Austria, Italy, Switzerland and Spain

New business & segment reporting

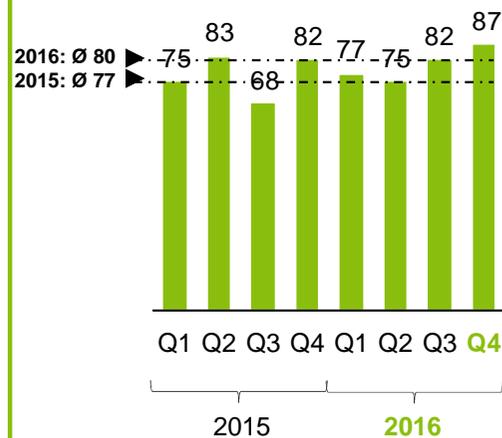
REF: Increased NII despite continued high competition and margin pressure

Income statement (IFRS, EUR mn)	2015	2016
Operating income	358	306
<i>thereof: Net interest income</i>	308	321
<i>Net commission income</i>	14	9
<i>Other revenues</i>	36	-24
Loan-loss provisions	7	2
General administrative expenses	-160	-156
Pre-tax profit	206	146
Key indicators	2015	2016
CIR (%)	44.7	51.0
RoE before tax (%)	30.9	26.0
Equity (EUR bn, excl. revaluation reserve)	0.6	0.6
RWA (EUR bn)	6.5	6.4
Financing volume (EUR bn)	24.0	24.1

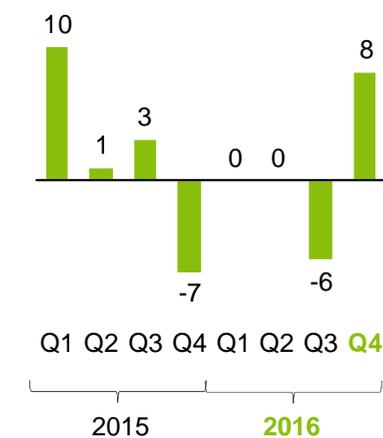
Key drivers 2016:

- NII up +4% y-o-y, positively driven by
 - increased average financing volume y-o-y (2016: EUR 24.0 bn; 2015: EUR 23.2 bn)
 - higher (allocated) prepayment fees (Δ 2016 vs. 2015: EUR +13 mn)
- Other revenues negatively affected by
 - lower net income from financial instruments, partly compensated by market induced valuation effects (NTI)
 - 2015 benefited from a sale of a restructured property in Japan (EUR +39 mn) and gains on (allocated) asset sales (compensatory measure for HETA value adjustments)
- EUR 2 mn net release of LLPs – net additions to specific allowances resulted from a few single cases only – LLPs in Q4/16 benefited from releases of specific allowances
- GAE slightly down

Net interest income
EUR millions



Loan-loss provisions
EUR millions

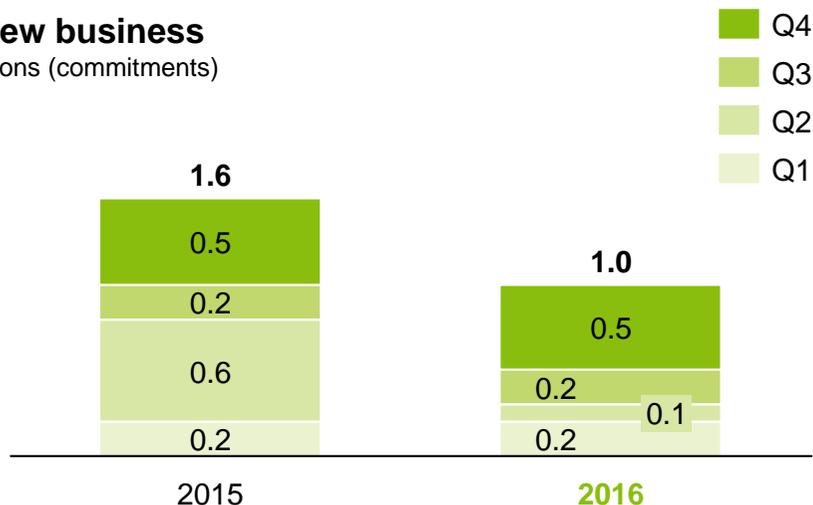


New business & segment reporting

PIF: Strong competition and standstill on ECA financing in Germany weighs down on new business volume

PIF: New business

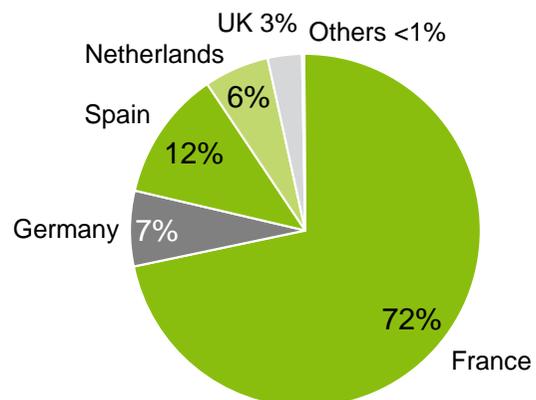
EUR billions (commitments)



PIF	2015	2016
Total volume (EUR bn)	1.6	1.0
No. of deals	48	28
Average maturity (years) ¹	~8.4	~8.8
Average gross margin (bp)	>75	~85

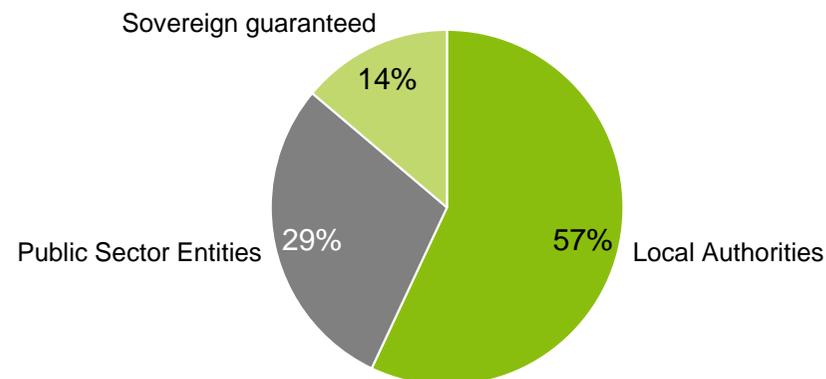
PIF new business: Regions

2016: EUR 1.0 billions (commitments)



PIF new business: Counterparty types

2016: EUR 1.0 billions (commitments)



Note: Figures may not add up due to rounding ¹ Weighted average lifetime

New business & segment reporting

PIF: Slight increase of average financing volume with stable portfolio margin

Income statement (IFRS, EUR mn)	2015	2016
Operating income	41	30
<i>thereof: Net interest income</i>	44	35
<i>Other revenues</i>	-3	-5
Loan-loss provisions	-	-
General administrative expenses	-28	-26
Pre-tax profit	13	3
Key indicators	2015	2016
CIR (%)	68.3	86.7
RoE before tax (%)	4.8	0.9
Equity (EUR bn, excl. revaluation reserve)	0.2	0.3
RWA (EUR bn)	1.4	1.4
Financing volume (EUR bn, nominal)	7.3	7.4

Key drivers 2016:

- NII down as last year benefited from EUR +9 mn (allocated) gain from asset sales (compensatory measures for HETA value adjustments)
- Increase of average financing volume to EUR 7.3 bn (2015: 7.0 bn) with stable portfolio margin
- GAE slightly down due to lower FTEs

Net interest income

EUR millions



General admin. expenses

EUR millions



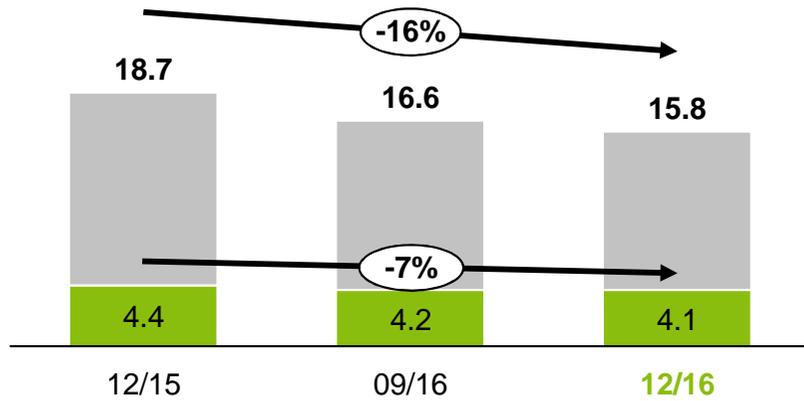
New business & segment reporting

VP: Run-down continued in line with strategy

Value Portfolio

EUR billions (Financing volumes)

■ RWA



Key drivers 2016:

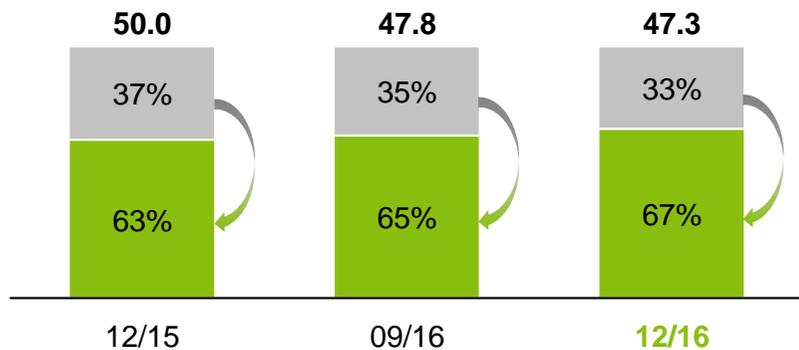
- Value Portfolio significantly down – reduction y-o-y by EUR 2.9 bn (-16%)

Total portfolio

EUR billions (Financing volumes)

■ Non-strategic (VP)

■ Strategic (REF+PIF)



Key drivers 2016:

- Continued reallocation of freed-up capital to core segments
- Share of strategic portfolio up from 63% to 67%

Note: Figures may not add up due to rounding

New business & segment reporting

VP: Financial performance 2015 and 2016 affected by value adjustments on HETA

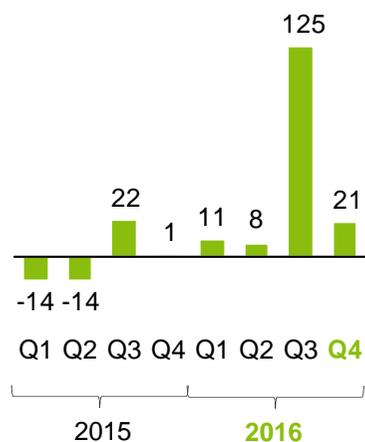
Income statement (IFRS, EUR mn)	2015 ¹	2016 ¹
Operating income	-5	165
<i>thereof: Net interest income</i>	68	41
<i>Other revenues</i>	-73	124
Loan-loss provisions	-6	-3
General administrative expenses	-19	-16
Pre-tax profit/loss	-30	145
Key indicators	2015 ¹	2016 ¹
CIR (%)	>100.0	9.7
RoE before tax (%)	-1.8	9.7
Equity (EUR bn, excl. revaluation reserve)	1.5	1.5
RWA (EUR bn)	4.4	4.1
Financing volume (EUR bn, nominal)	18.7	15.8

Key drivers 2016:

- Value Portfolio down by EUR 2.9 bn (-16%) in line with strategy
- NII affected by portfolio run-down but benefiting from higher (allocated) prepayment fees (Δ 2016 vs. 2015: EUR +10 mn) – last year benefited from (allocated) gains from asset sales (EUR 25 mn)
- Other revenues mainly affected by release of provisions on HETA exposure (EUR 132 mn: NFI EUR 123 mn, LLPs EUR 9 mn)
- Additions to portfolio-based allowances in Q4/16 (EUR -10 mn) mainly result from an internal rating downgrade of a region in southern Europe

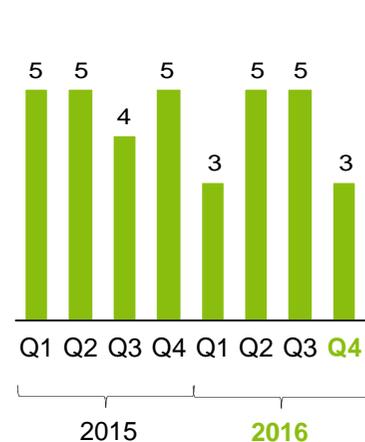
Operating income

EUR millions



General admin. expenses

EUR millions



¹ incl. extraordinary effects from value adjustments on HETA exposure: EUR -79 mn (Q1/15, 2015); EUR 132 mn (Q3/16, 2016)

Agenda

- 1 Highlights 2016**
- 2 Financials**
- 3 New business & segment reporting**
- 4 Portfolio**
- 5 Funding**
- 6 Outlook 2017**

Appendix

Contact details

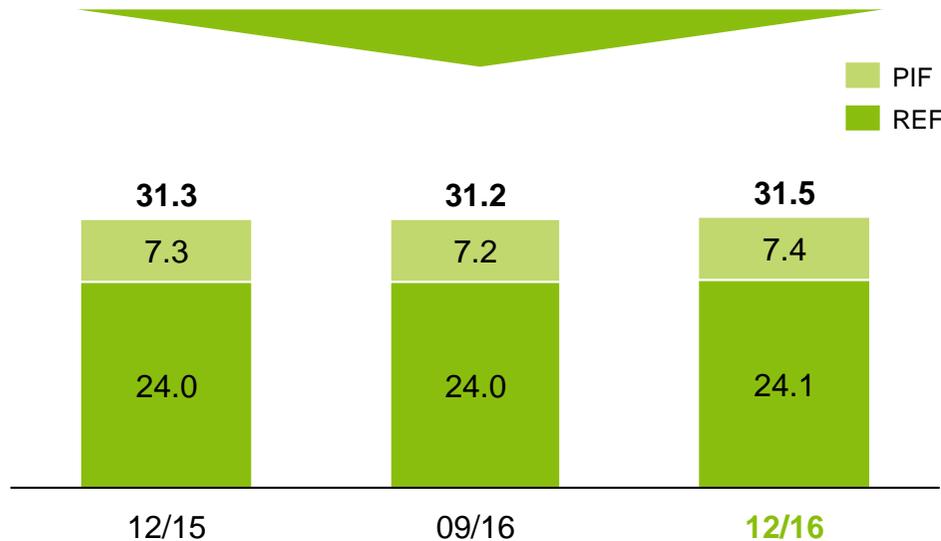
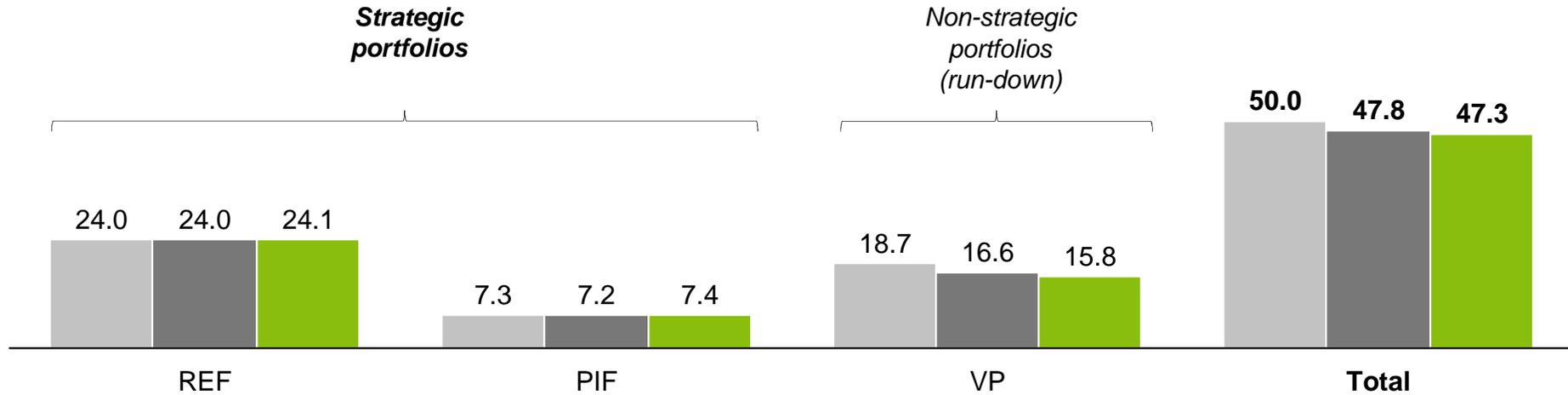
Portfolio

Strategic portfolio stable

Total portfolio

EUR billions (Financing volumes)

12/15 09/16 12/16



Key drivers 2016:

- Strategic portfolio stable; based on good new business level and despite still high early repayments
- Non-strategic Value Portfolio continued to run down in line with strategy

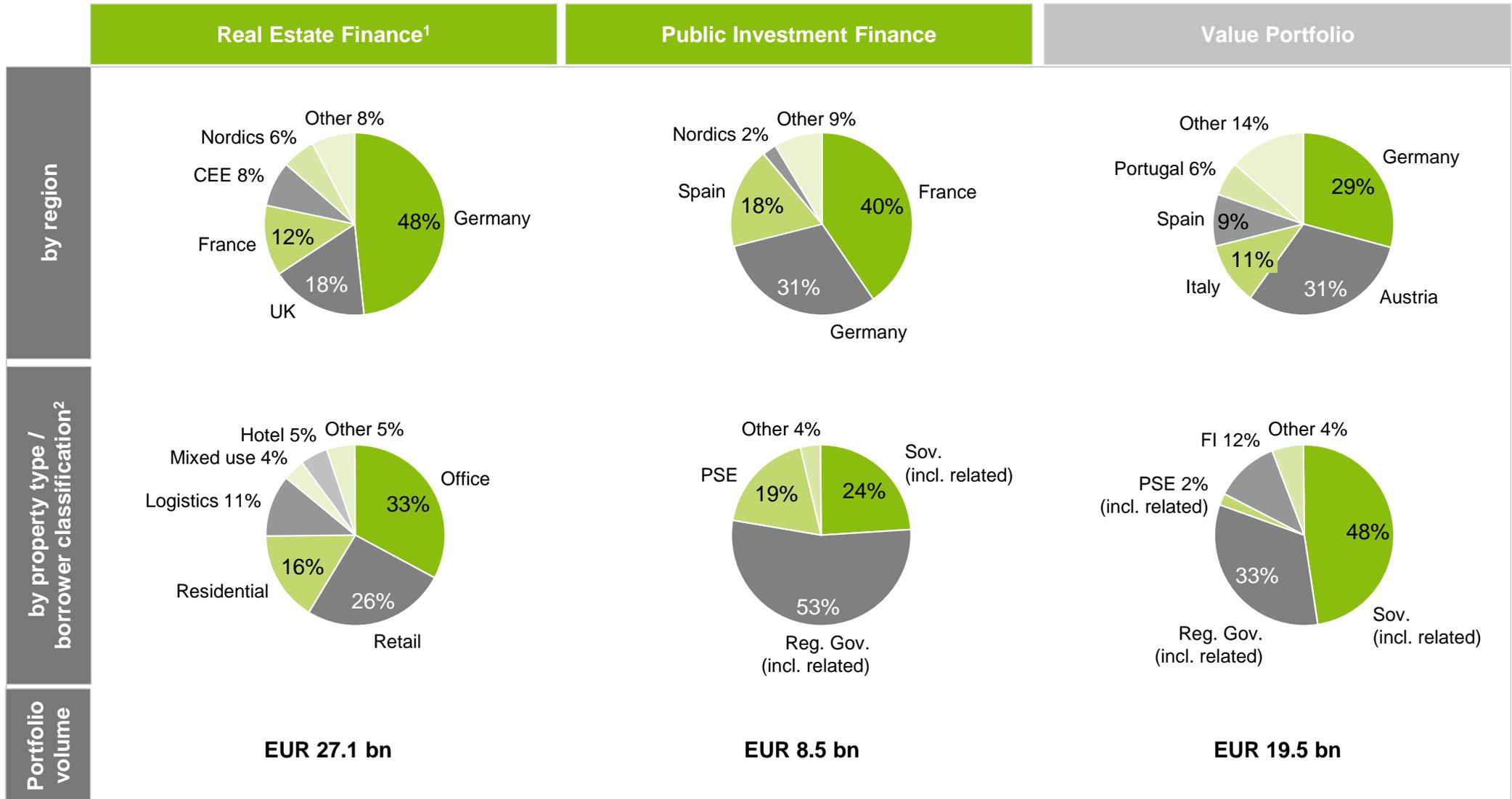
Note: Figures may not add up due to rounding

Portfolio

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



31/12/2016 (EaD, Basel III)



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

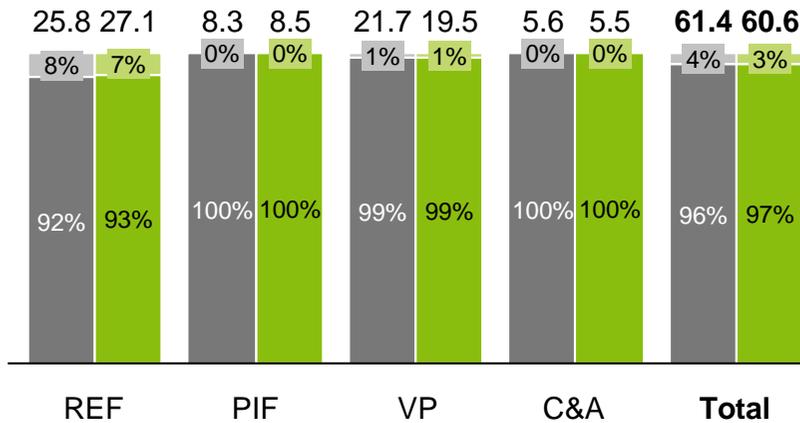
Portfolio

Conservative business and risk strategy to continue – stable high portfolio quality with 97% investment-grade, avg. LTV of 56%



Total portfolio: Internal ratings (EL classes)

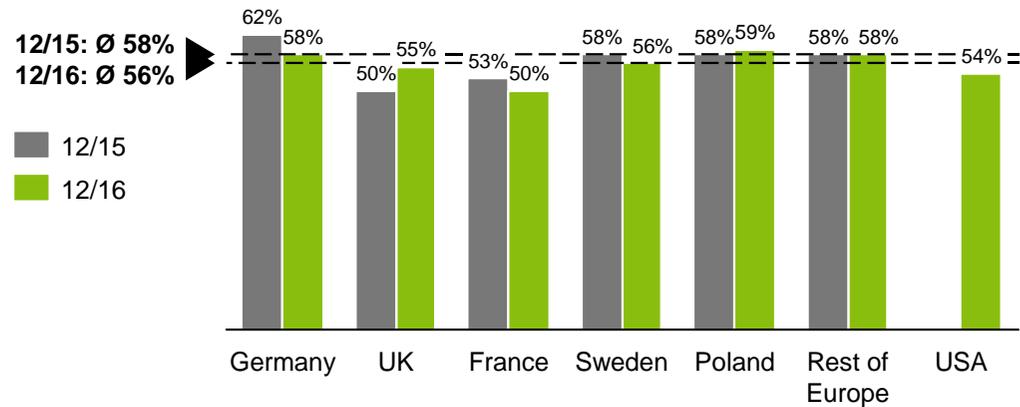
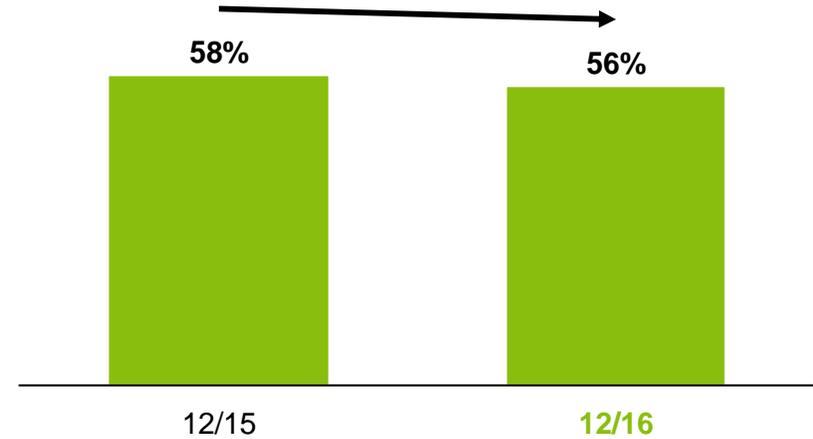
EUR billions (EaD, Basel III)



12/15 12/16
 ■ Non-investment grade¹
 ■ Investment grade¹

REF Portfolio: Avg. weighted LTVs

(Commitments)²



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

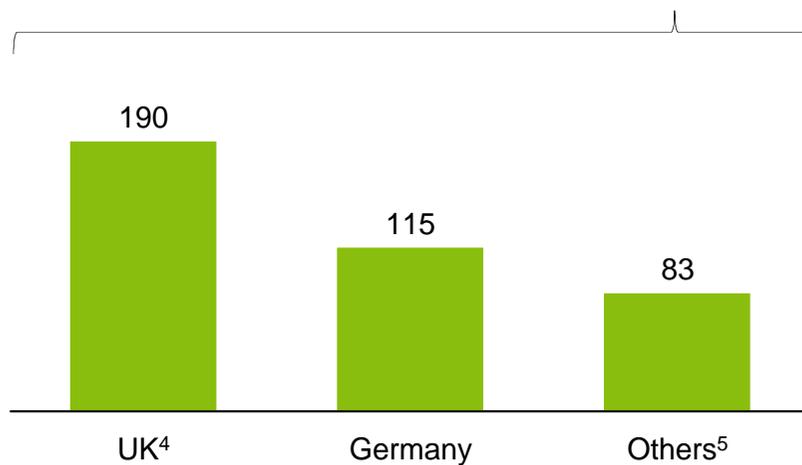
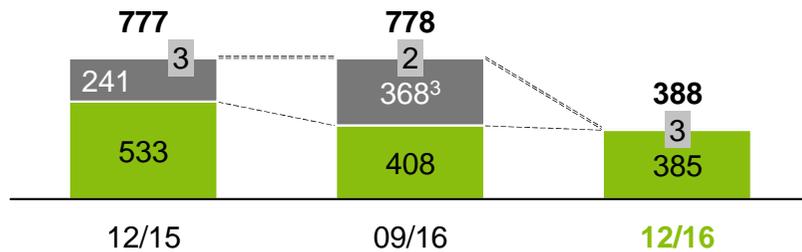
Portfolio

Sustained low share of problem loans – problem loan ratio down to 0.6%



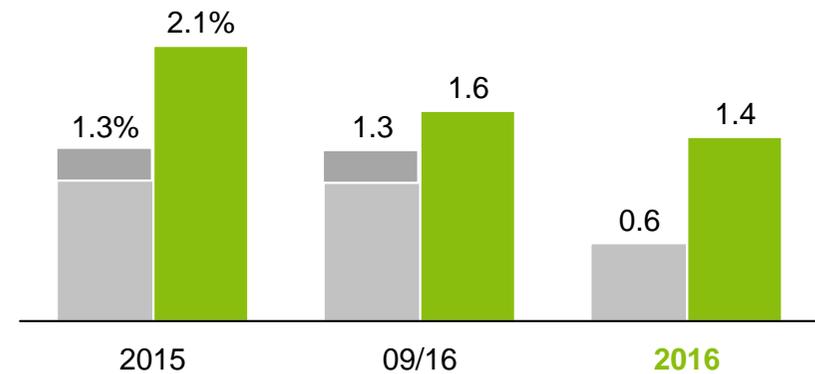
Total problem loans
EUR millions (EaD, Basel III)

Workout¹
Restructuring² (thereof: HETA)



Problem loan ratio
% (EaD, Basel III)

Total portfolio (thereof: HETA)
Real Estate Finance



Key drivers 2016:

- Total problem loans down by -50% due to repayment of HETA and successful restructuring
- Problem loans only related to REF

Note: Figures may not add up due to rounding 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 policy apply ³ Write-back of HETA exposure recognised in Q3/16 ⁴ UK-3 'technically' shown as problem loan – properties sold, but synthetic securitisation has not yet allocated loss ⁵ Incl. Spain, Hungary, Italy, France

Agenda

- 1 Highlights 2016**
- 2 Financials**
- 3 New business & segment reporting**
- 4 Portfolio**
- 5 Funding**
- 6 Outlook 2017**

Appendix

Contact details

Funding

Diverse funding base through Pfandbriefe, senior unsecured and retail deposits

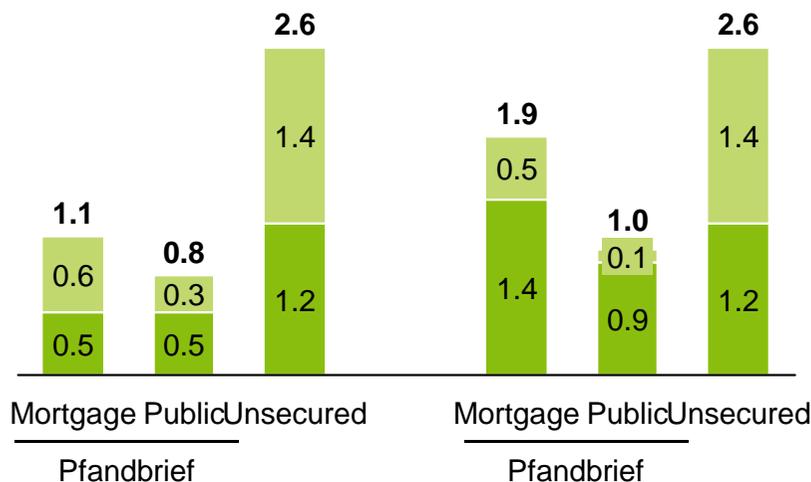


New long-term funding

EUR billions¹

	2015: EUR 4.5 bn			2016: EUR 5.6 bn ³		
Spread (Ø, bp) ²	5	11	94	22	28	111
Tenor (Ø, yrs)	15.7	5.5	4.2	9.8	11.8	6.5

- Private placements
- Benchmark issuances



Pfandbriefe

- Four public Benchmark issuances
- Focus on currency matched funding: USD 500 mn Public Pfandbrief and GBP 125 mn Mortgage Pfandbrief
- Mortgage Pfandbrief Benchmark (EUR 500 mn) issued by MS -6bp in February 2017

Senior Unsecured

- Two EUR Benchmark transactions and strong private placements
- First CHF unsecured Benchmark since 2009 (CHF 100mn, 5y, MS + 80bp – now trading at +65bp)
- Strong secondary market performance with tightening of 40-50bp in 2016
- pbb cautiously entered Tier 2 private placement market
- In January 2017, Benchmark (EUR 500 mn) issued at MS +90bp

pbb direkt

- Total volume increased y-o-y by EUR 0.8 bn to EUR 3.4 bn; average maturity at 3.5 years⁴ (09/16: 3.4 yrs; 12/15: 3.5 yrs)

Funding structure and liquidity

- ALM profile and liquidity position remain comfortable (NSFR >100%; LCR >150%)

Note: Figures may not add up due to rounding ¹ Excl. money market and deposit business ² vs. 3M Euribor ³ Incl. Tier2 issuances ⁴ Initial weighted average maturity

Funding

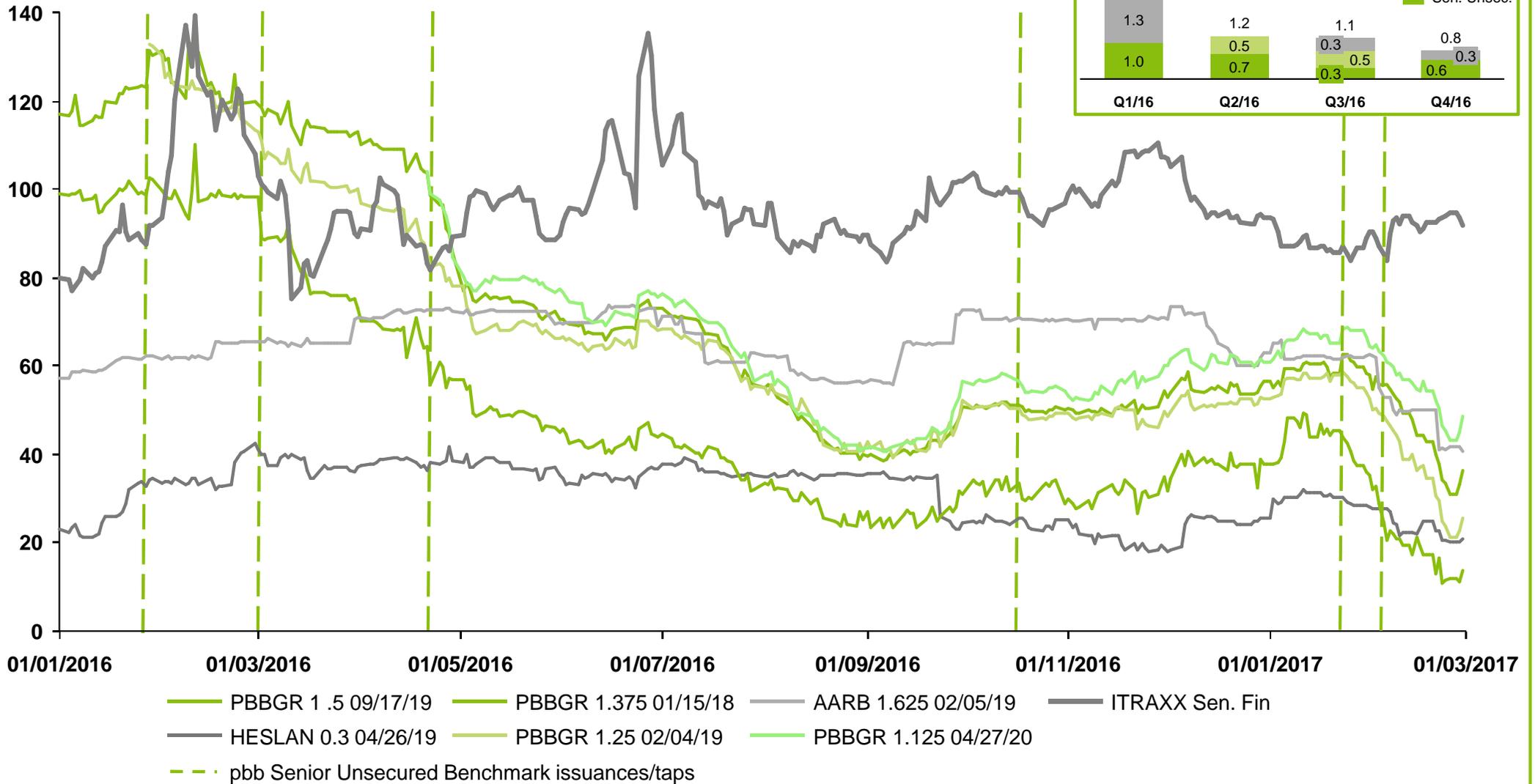
Spreads have converged – pbb’s senior unsecured spreads in secondary markets tightened relative to peers



DEUTSCHE
PFANDBRIEFBANK

Spread development of pbb Senior Unsecured Bonds vs peers and iTraxx Bank Senior

(Spread vs. 6m Euribor)



Source: Bloomberg 1 Excl. money market and deposit business

Agenda

- 1 Highlights 2016**
- 2 Financials**
- 3 New business & segment reporting**
- 4 Portfolio**
- 5 Funding**
- 6 Outlook 2017**

Appendix

Contact details

Market

- **Macro-economics** expected to **stay reasonably intact**, some political risks may dampen outlook (e.g. Brexit, elections Netherlands/France/Germany)
- While **CRE transactions** are expected to slow down, **demand for property investments** is expected to remain high due to available liquidity/equity, low interest rates and missing alternative investment opportunities
- Strong **competition** and **margin pressure** are expected to continue, but **fundamentals for CRE/REF markets** still to be considered sound

Regulation

- Regulatory environment with continued **high uncertainty** both in terms of magnitude and implementation time-line puts burden on entire industry
- Further **upward pressure on RWA** (e.g. ECB model review/'TRIM', Basel IV)

Operative targets and initiatives

- **Conservative business approach** to be continued
- **Initiatives** to support profitability
 - **Further grow US business** as complement to core European business – leverage of existing networks of partner banks and international clients; focus on core asset classes in East Coast metropolitan areas
 - **Client and product expansion** – broadening customer universe; strengthening ECA business
 - **Evaluate new platforms, products and processes** – particularly with regard to digitalisation

Outlook 2017

Financial guidance

Operating trends (EUR bn)	2015	2016	2016 (excl. HETA)	Guidance 2017
New business volume	12.0	10.5		EUR 10.5 bn to 12.5 bn
New business avg. gross margin (bp): REF PIF	~170 >75	>175 ~85		REF margins below 2016 levels; PIF stable
Strategic portfolio	31.3	31.5		Significant increase
Value Portfolio	18.7	15.8		< EUR 14.0 bn - continued systematic run-down
Income statement (IFRS, EUR mn)	2015	2016	2016 (excl. HETA)	Guidance 2017
Net interest and commission income	440	412	412	Stable to slightly lower
Loan-loss provisions <i>thereof HETA</i>	1 (-6)	-1 (9)	-10	10bp to 15bp EL on REF financing volume
General administrative expenses	-207	-198	-198	< EUR 220 mn
Pre-tax profit <i>thereof HETA</i>	195 (0)	301 (132)	169	EUR 150 mn to 170 mn
Key ratios (%)	2015	2016	2016 (excl. HETA)	Guidance 2017
RoE before tax	6.2 ¹	11.1	6.3	5.6% to 6.4%
CET1 ratio (fully loaded) ^{2,3}	18.2	19.0	19.0	> 12.5% mid-term target - current CET1 expected to decrease due to regulatory changes

Note: Figures may not add up due to rounding. ¹ Calculation based on average equity; EUR 1 bn silent participation of Sonderfonds Finanzmarktstabilisierung (FMS) included until redemption on 6 July 2015
² Simulation, based on currently known Basel III rules; actual figures may vary significantly from simulation. ³ Incl. preliminary full-year result

Appendix

Key figures

pbb Group



Income statement (EUR millions)	2013	2014	2015	2016
Net interest income	319	421	426	404
Net fee and commission income	9	1	14	8
Net trading income	-51	-30	15	-6
Net income from financial investments	96	-77	-32	125
Net income from hedging relationships	9	-3	11	6
Net other operating income/expenses	100	14	-34	-29
Operating income	482	326	400	508
Loan-loss provisions	-8	-21	1	-1
General and administrative expenses	-312	-251	-207	-198
Net miscellaneous income/expenses	3	-	1	-8
Profit or loss before tax	165	54	195	301
Income taxes	-5	-50	35	-104
Net income/loss	160	4	230	197
Key ratios (%)	2013	2014	2015	2016
CIR	64.7	77.0	51.8	39.0
RoE before tax	5.0	1.6	6.2 ²	11.1 ⁵
RoE after tax	4.9	0.1	7.4 ²	7.3 ⁵
Balance sheet (EUR billions)	12/13 ¹	12/14	12/15	12/16
Total assets	74.6	74.9 ⁴	66.8	62.6
Equity (excl. revaluation reserve)	3.4	3.4	2.7	2.8
<i>thereof: Silent participation³</i>	1.0	1.0	-	-
Financing volume	51.2	51.1	50.0	47.3
Regulatory capital ratios (pro-forma) ⁶	12/13	12/14 ⁸	12/15 ⁸	12/16 ⁸
RWA (EUR bn)	14.1 ⁶ / 18.1 ⁷	15.2 ⁹	13.4	13.1
CET 1 ratio – phase in (%)	17.6 ⁶ / 18.5 ⁷	22.2 ⁹	18.9	19.5 ¹⁰
Personnel	12/13	12/14	12/15	12/16
Employees (FTE)	803	808	785	756

Note: Annual results 2013-2016 audited 1 Revised due to retrospective first time adoption of IFRS 10 2 Calculation based on average equity; EUR 1 bn silent participation of Sonderfonds Finanzmarktstabilisierung (FMS) included until redemption on 6 July 2015 3 EUR 1 bn FMS silent participation redeemed on 6 July 2015 4 Revised due to IAS 8.14 et seq 5 Incl. preliminary full-year results 6 Basel II (SolvV, HGB) 7 Basel III simulation 8 Basel III transitional rules 9 Retrospectively adjusted 10 incl. preliminary full-year result, post proposed dividend

Key figures

pbb Group Q4/16 vs. Q4/15



Income statement (EUR millions)	REF		PIF		VP		C&A		pbb Group	
	Q4/15	Q4/16	Q4/15	Q4/16	Q4/15	Q4/16	Q4/15	Q4/16	Q4/15	Q4/16
Net interest income	82	87	16	10	2	12	2	3	102	112
Net fee and commission income	2	4	-	-	-	-1	-	-	2	3
Net trading income	7	4	-	-	1	-	-	-	8	4
Net income from financial investments	-	-	-1	-	1	-3	-	-	-	-3
Net income from hedging relationships	1	2	1	1	-	2	-	-	2	5
Net other operating income/expenses	-9	-16	-2	-4	-3	11	-	1	-14	-8
Operating income	83	81	14	7	1	21	2	4	100	113
Loan-loss provisions	-7	8	-	-	-	-12	-	-	-7	-4
General and administrative expenses	-44	-42	-8	-6	-5	-3	-	-	-57	-51
Net miscellaneous income/expenses	-5	-2	-1	-	-	-1	-	-	-6	-3
Profit or loss before tax	27	45	5	1	-4	5	2	4	30	55
Income taxes									59	-45
Net income/loss									89	10

Key figures

pbb Group 2016 vs. 2015



Income statement (EUR millions)	REF		PIF		VP		C&A		pbb Group	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
Net interest income	308	321	44	35	68	41	6	7	426	404
Net fee and commission income	14	9	-	-	-	-1	-	-	14	8
Net trading income	14	-2	-	-1	1	-3	-	-	15	-6
Net income from financial investments	18	3	5	1	-55	121	-	-	-32	125
Net income from hedging relationships	5	3	2	1	4	2	-	-	11	6
Net other operating income/expenses	-1	-28	-10	-6	-23	5	-	-	-34	-29
Operating income	358	306	41	30	-5	165	6	7	400	508
Loan-loss provisions	7	2	-	-	-6	-3	-	-	1	-1
General and administrative expenses	-160	-156	-28	-26	-19	-16	-	-	-207	-198
Net miscellaneous income/expenses	1	-6	-	-1	-	-1	-	-	1	-8
Profit or loss before tax	206	146	13	3	-30	145	6	7	195	301
Income taxes									35	-104
Net income/loss									230	197

Note: Annual results audited

Key figures

Real Estate Finance (REF)



Income statement (EUR millions)	2013	2014	Q1/15	Q2/15	Q3/15	Q4/15	2015	Q1/16	Q2/16	Q3/16	Q4/16	2016
Net interest income	258	294	75	83	68	82	308	77	75	82	87	321
Net fee and commission income	10	2	7	2	3	2	14	2	1	2	4	9
Net trading income	-21	-13	2	1	4	7	14	-5	-2	1	4	-2
Net income from financial investments	96	14	13	5	-	-	18	3	-	-	-	3
Net income from hedging relationships	4	-2	-1	2	3	1	5	-	-	1	2	3
Net other operating income/expenses	5	-13	-4	21	-9	-9	-1	-9	-	-3	-16	-28
Operating income	352	282	92	114	69	83	358	68	74	83	81	306
Loan-loss provisions	-1	-14	10	1	3	-7	7	-	-	-6	8	2
General and administrative expenses	-147	-160	-37	-38	-41	-44	-160	-36	-37	-41	-42	-156
Net miscellaneous income/expenses	2	-	2	1	3	-5	1	-	-	-4	-2	-6
Pre-tax profit	206	108	67	78	34	27	206	32	37	32	45	146
Key ratios	2013	2014	Q1/15	Q2/15	Q3/15	Q4/15	2015	Q1/16	Q2/16	Q3/16	Q4/16	2016
CIR (%)	41.8	56.7	40.2	33.3	59.4	53.0	44.7	52.9	50.0	52.3	51.9	51.0
RoE before tax (%)	27.8	14.2	39.6	41.8	23.6	19.3	30.9	24.7	28.0	20.8	34.5	26.0
Key figures	12/13	12/14	03/15	06/15	09/15	12/15	12/15	03/16	06/16	09/16	12/16	12/16
Equity (EUR bn)	0.8	0.7	0.7	0.8	0.6	0.6	0.6	0.5	0.5	0.5	0.6	0.6
RWA (EUR bn)	7.4	7.0 ¹	6.7 ¹	6.5 ¹	6.7 ¹	6.5	6.5	6.4	6.3	5.9	6.4	6.4
Financing volume (EUR bn)	20.4	21.8	23.5	23.5	23.4	24.0	24.0	24.1	24.0	24.0	24.1	24.1

Note: Annual results 2013-2016 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)

Key figures

Public Investment Finance (PIF)



Income statement (EUR millions)	2013	2014	Q1/15	Q2/15	Q3/15	Q4/15	2015	Q1/16	Q2/16	Q3/16	Q4/16	2016
Net interest income	24	40	8	14	6	16	44	9	9	7	10	35
Net fee and commission income	1	-	-	-	-	-	-	-	-	-	-	-
Net trading income	-6	-4	1	-	-1	-	-	-	-	-1	-	-1
Net income from financial investments	-1	3	6	-	-	-1	5	-	1	-	-	1
Net income from hedging relationships	1	-	-	-	1	1	2	1	-1	-	1	1
Net other operating income/expenses	-2	-4	-2	-5	-1	-2	-10	-1	-	-1	-4	-6
Operating income	17	35	13	9	5	14	41	9	9	5	7	30
Loan-loss provisions	-	-	-	-	-	-	-	-	-	-	-	-
General and administrative expenses	-28	-31	-6	-7	-7	-8	-28	-6	-7	-7	-6	-26
Net miscellaneous income/expenses	-	-	-	-	1	-1	-	-	-	-1	-	-1
Pre-tax profit	-11	4	7	2	-1	5	13	3	2	-3	1	3
Key ratios	2013	2014	Q1/15	Q2/15	Q3/15	Q4/15	2015	Q1/16	Q2/16	Q3/16	Q4/16	2016
CIR (%)	>100	88.6	46.2	77.8	>100	57.1	68.3	66.7	77.8	>100	85.7	86.7
RoE before tax (%)	-2.7	0.9	9.7	1.8	-2.2	12.3	4.8	3.7	2.7	-1.9	1.3	0.9
Key figures	12/13	12/14	03/15	06/15	09/15	12/15	12/15	03/16	06/16	09/16	12/16	12/16
Equity (EUR bn)	0.4	0.5	0.3	0.3	0.2	0.2	0.2	0.3	0.3	0.3	0.3	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	1.4	1.5	1.4	1.4
Financing volume (EUR bn)	5.7	6.6	6.8	7.3	7.1	7.3	7.3	7.3	7.3	7.2	7.4	7.4

Note: Annual results 2013-2016 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)

Key figures

Value Portfolio (VP)



Income statement (EUR millions)	2013	2014 ¹ (reported)	Q1/15 ¹	Q2/15	Q3/15	Q4/15	2015 ¹	Q1/16	Q2/16	Q3/16 ¹	Q4/16	2016 ¹
Net interest income	30	79	28	19	19	2	68	14	8	7	12	41
Net fee and commission income	-1	-1	-	-	-	-	-	-	-	-	-1	-1
Net trading income	-24	-13	2	1	-3	1	1	-	-	-3	-	-3
Net income from financial investments	1	-94	-39	-22	5	1	-55	1	-	123	-3	121
Net income from hedging relationships	4	-1	-	1	3	-	4	-	-	-	2	2
Net other operating income/expenses	95	31	-5	-13	-2	-3	-23	-4	-	-2	11	5
Operating income	105	1	-14	-14	22	1	-5	11	8	125	21	165
Loan-loss provisions	-7	-7	-6	-	-	-	-6	-	-	9	-12	-3
General and administrative expenses	-136	-60	-5	-5	-4	-5	-19	-3	-5	-5	-3	-16
Net miscellaneous income/expenses	1	-	-	-	-	-	-	-	-	-	-1	-1
Pre-tax profit	-37	-66	-25	-19	18	-4	-30	8	3	129	5	145
Key ratios	2013	2014 (reported)	Q1/15	Q2/15	Q3/15	Q4/15	2015	Q1/16	Q2/16	Q3/16 ¹	Q4/16	2016 ¹
CIR (%)	>100	>100	n/a	n/a	18.2	>100	n/a	27.3	62.5	4.0	14.3	9.7
RoE before tax (%)	-2.1	-3.5	-4.9	-4.0	5.7	-1.9	-1.4	1.9	0.7	34.7	1.5	9.7
Key figures	12/13	12/14	03/15	06/15	09/15	12/15	12/15	03/16	06/16	09/16	12/16	12/16
Equity (EUR bn)	1.8	1.8	2.0	1.8	1.3	1.5	1.5	1.6	1.5	1.6	1.5	1.5
RWA (EUR bn)	7.7	5.5 ¹	5.4 ¹	4.6 ¹	4.6 ¹	4.4	4.4	4.4	4.3	4.2	4.1	4.1
Financing volume (EUR bn)	25.1	22.7	22.2	20.5	19.7	18.7	18.7	17.9	17.4	16.6	15.8	15.8

Note: Annual results 2013-2016 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 Incl. extraordinary effects from value adjustments on HETA exposure: EUR -117 mn (2014); EUR -76 mn (Q1/15, 2015); EUR +132 mn (Q3/16, 2016)

Heta Asset Resolution AG (HETA)

pbb realised nearly 81% of the nominal value of its HETA exposure (nominal EUR 395 mn)



HETA adjustment P&L impact (EUR mn)				
	pre Q4/14	Q4/14	Q1/15	Q3/16
Net income from financial investments	-1.5	-109	-73	+123
Loan loss provisions		-8	-6	+9
Total value adjustments	-1.5	-117	-79	+132
Net trading income		-3	-3	-
Total HETA effects	-1.5	-120	-82	132

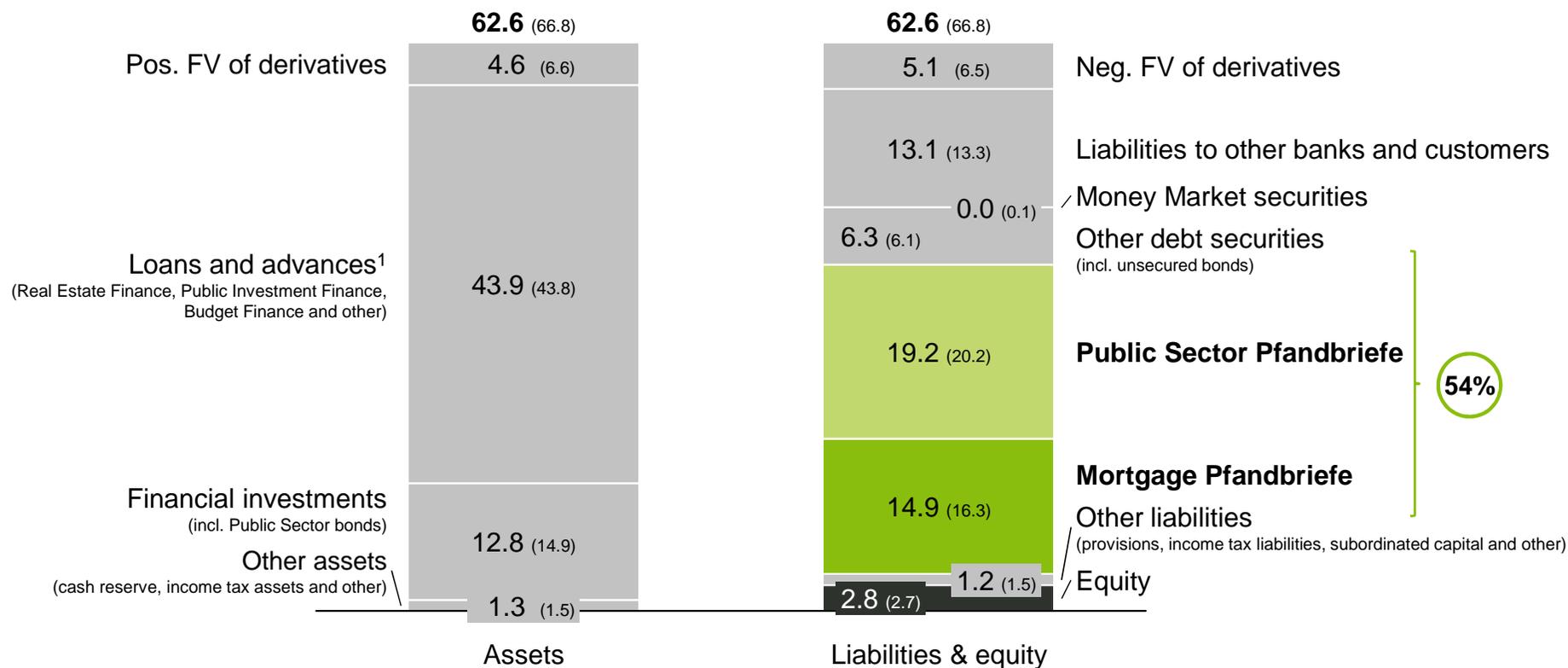
2014	<ul style="list-style-type: none"> ■ EUR -118.5 mn (thereof EUR -117 mn in Q4/14) value adjusted on exposure of nominal EUR 395 mn (Value Portfolio) ■ Decision taken in response to moves by the Austrian Financial Market Authority (FMA) and the Austrian federal government
Q1/15	<ul style="list-style-type: none"> ■ Further value adjustments of EUR -79 mn ■ Together with the provisions in 2014, the provisioning was increased to ~50% of the nominal value ■ This increase was made following recommendations made by the Financial Regulators
Q3/16	<ul style="list-style-type: none"> ■ Value adjustments of EUR 132 mn ■ Compared to 2015, the nominal value after provisioning was increased to ~81% ■ Accepting a buy-back offer from the Carinthian Compensation Payment Fund (Kärntner Ausgleichszahlungs-Fonds), adjusted for interest payments not received and other unsatisfied claims, pbb realised nearly 81% of the nominal value

Balance sheet

Specialist lender with attractive German Pfandbrief as major funding instrument



Balance sheet: 31/12/2016 (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

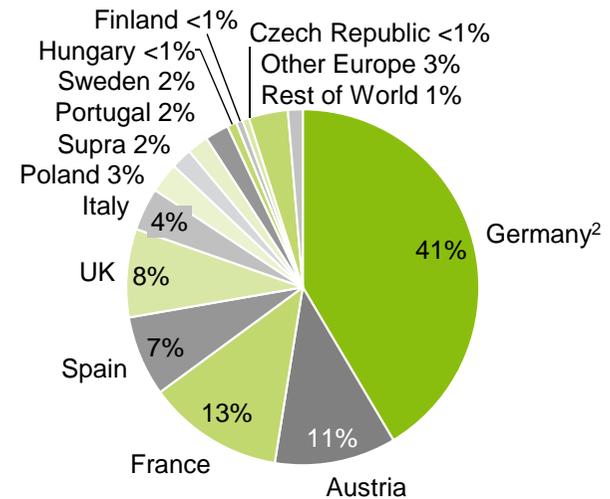
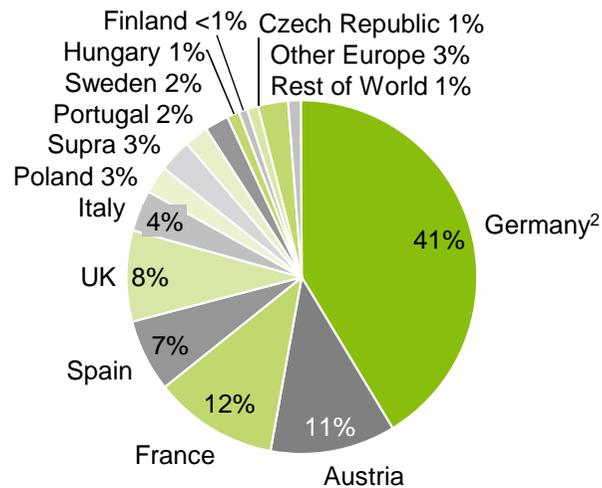
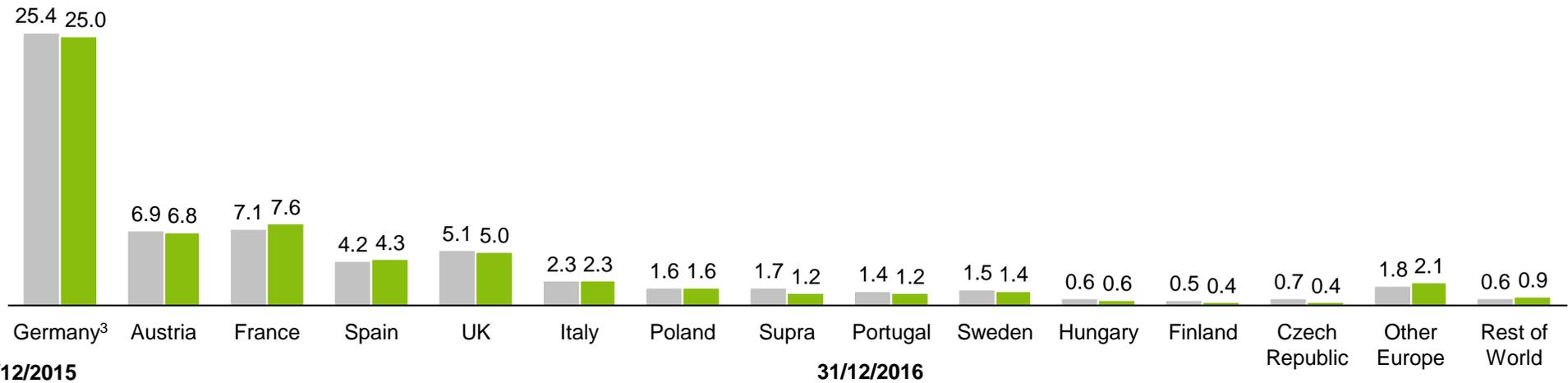
Total portfolio



Regions

EUR billions (EaD, Basel III)¹

31/12/2015 / Total: EUR 61.4 bn
 31/12/2016 / Total: EUR 60.6 bn



Note: Figures may not add up due to rounding 1 Excl. FMS-WM guaranteed exposure (EUR 0.2 bn) 2 Incl. Bundesbank accounts (12/16: EUR 1.1 bn; 12/15: EUR 1.3 bn)

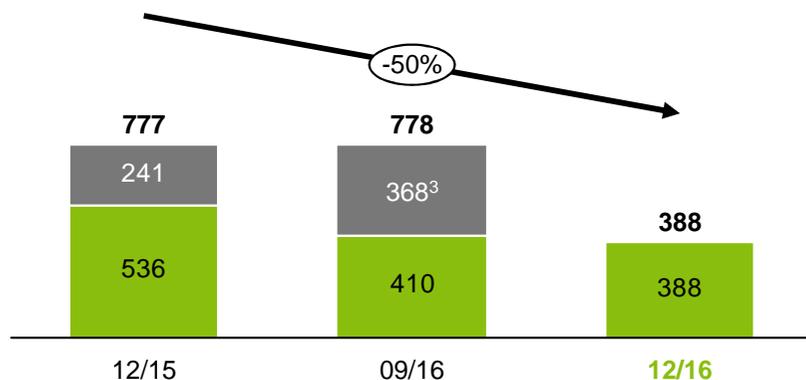
Portfolio

Problem loans

Total problem loans

EUR millions (EaD, Basel III)

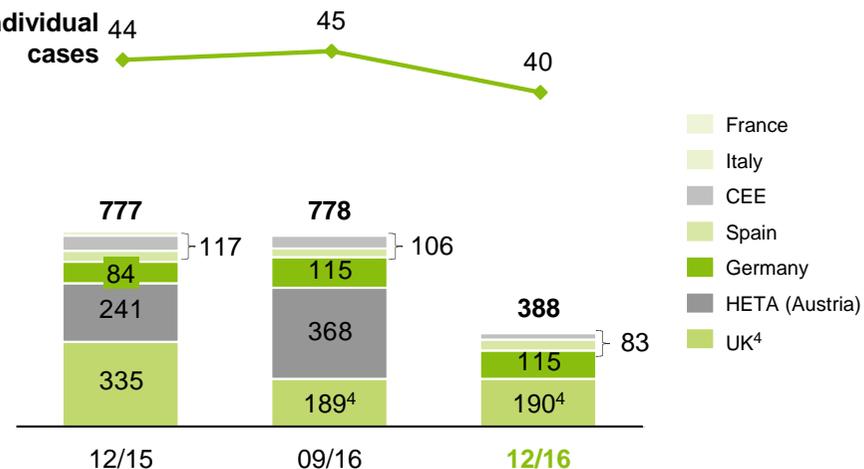
VP (thereof: HETA)
REF



Regions

EUR million (EaD, Basel III)

No. of individual cases



Total problem loans EUR millions (EaD)	12/15				12/16			
	REF	PIF	VP	Total	REF	PIF	VP	Total
Workout loans ¹	3	-	-	3	3	-	-	3
Restructuring loans ²	533	-	241	774	385	-	-	385
Total	536	-	241	777	388	-	-	388

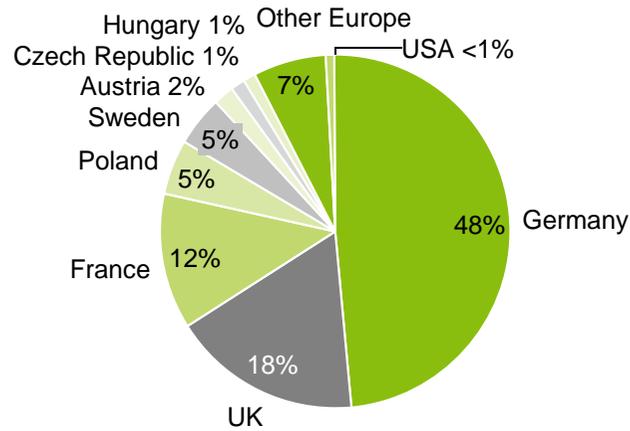
Note: Figures may not add up due to rounding. ¹ No signs that the deal will recover soon, compulsory measures necessary. ² Payments more than 90 days overdue or criteria acc. to respective policy apply. ³ Write-back of HETA exposure recognised in Q3/16; bonds have been sold in October. ⁴ UK 'technically' shown as problem loan – properties sold, but synthetic securitisation has not yet allocated loss.

Portfolio

Real Estate Finance (REF)

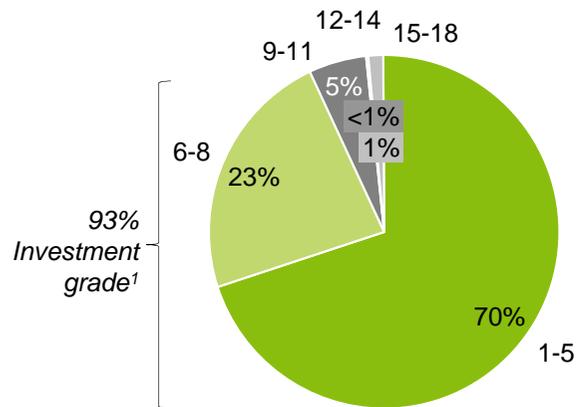
Portfolio: Regions

31/12/2016: EUR 27.1 bn (EaD, Basel III)



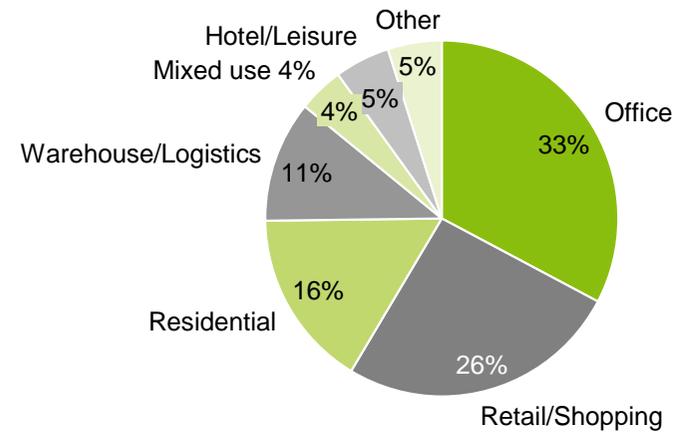
Portfolio: Internal Ratings (EL classes)

31/12/2016: EUR 27.1 bn (EaD, Basel III)



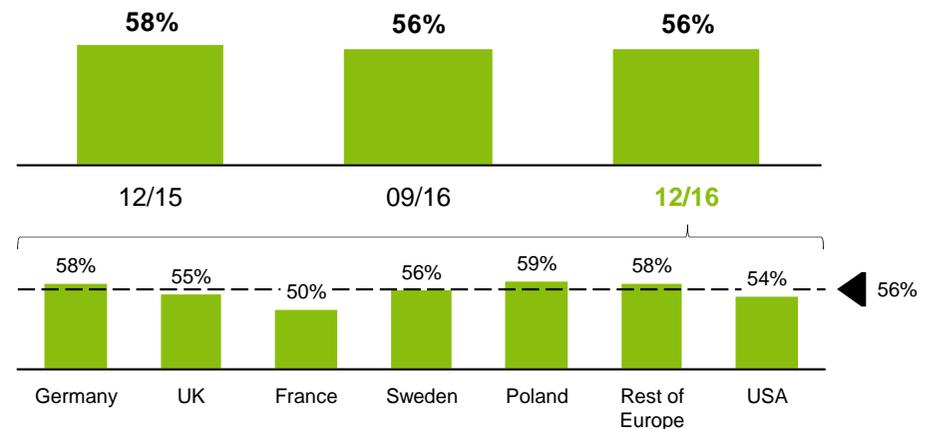
Portfolio: Property types

31/12/2016: EUR 27.1 bn (EaD, Basel III)



Portfolio: Avg. weighted LTVs

(Commitments)²



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

Portfolio

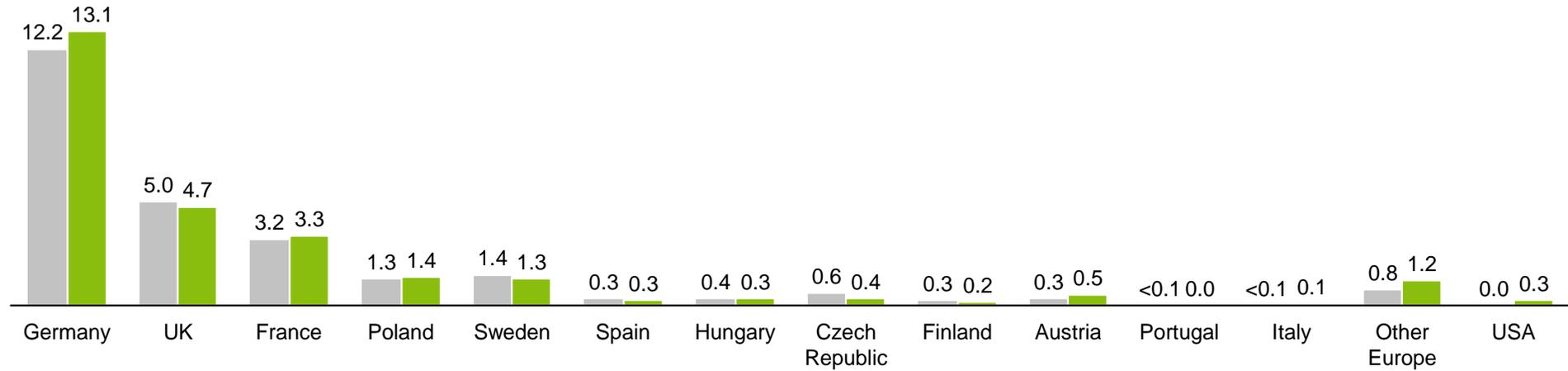
Real Estate Finance (REF)



Regions

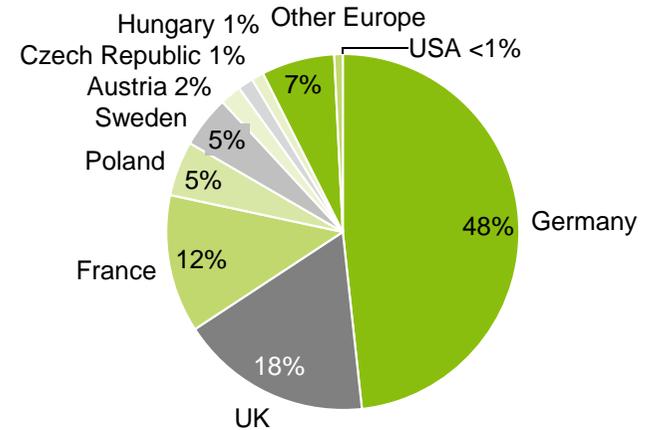
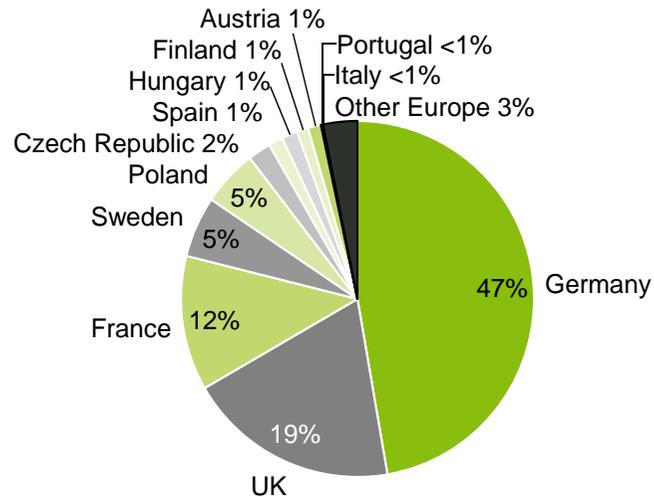
EUR billions (EaD, Basel III)

31/12/2015 / Total: EUR 25.8 bn
 31/12/2016 / Total: EUR 27.1 bn



31/12/2015

31/12/2016



Note: Figures may not add up due to rounding

Portfolio

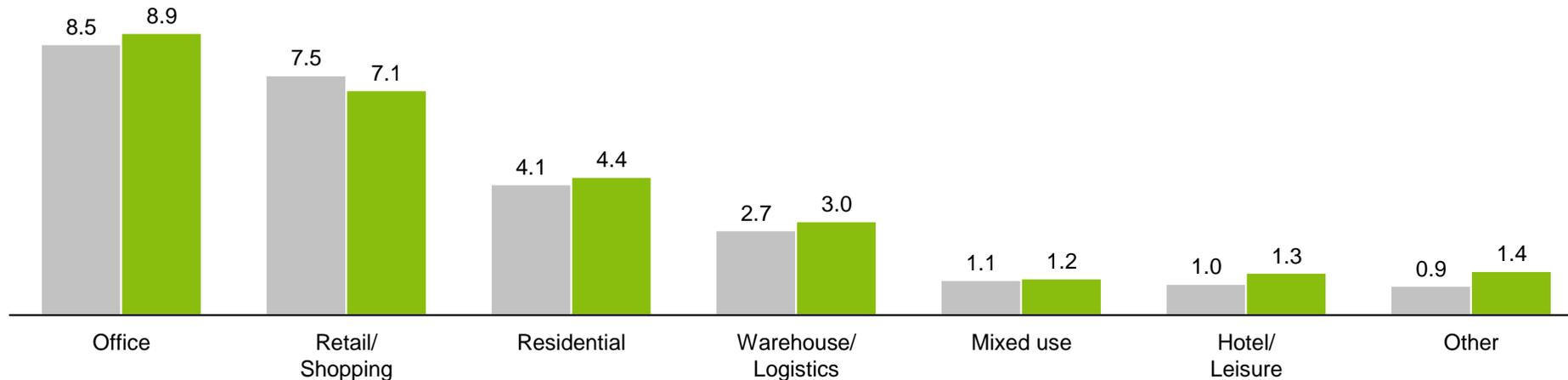
Real Estate Finance (REF)



Property types

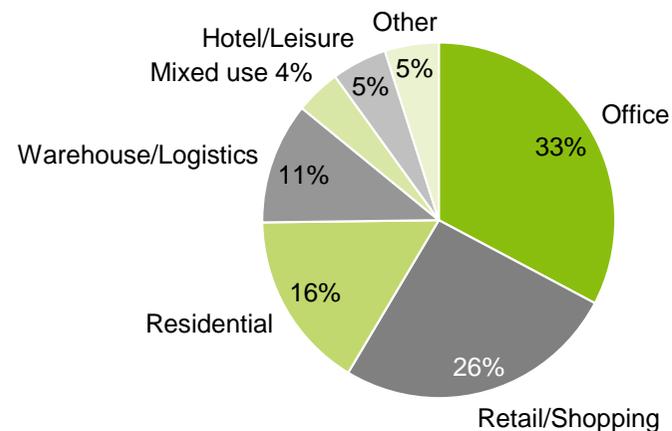
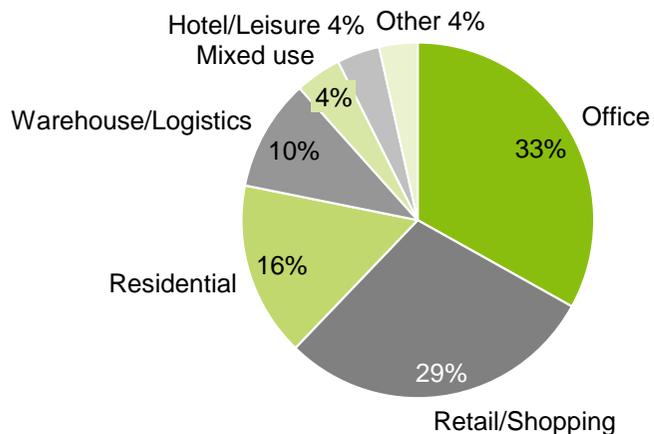
EUR billions (EaD, Basel III)

31/12/2015 / Total: EUR 25.8 bn
 31/12/2016 / Total: EUR 27.1 bn



31/12/2015

31/12/2016



Note: Figures may not add up due to rounding

Portfolio

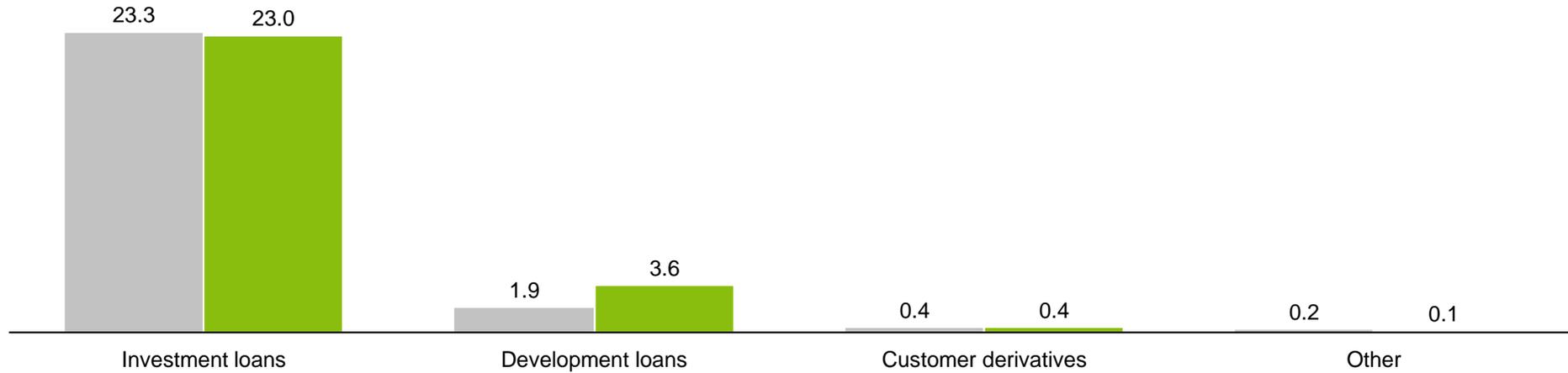
Real Estate Finance (REF)



Loan types

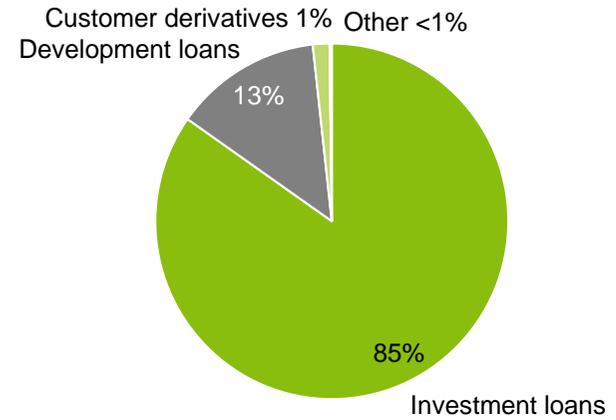
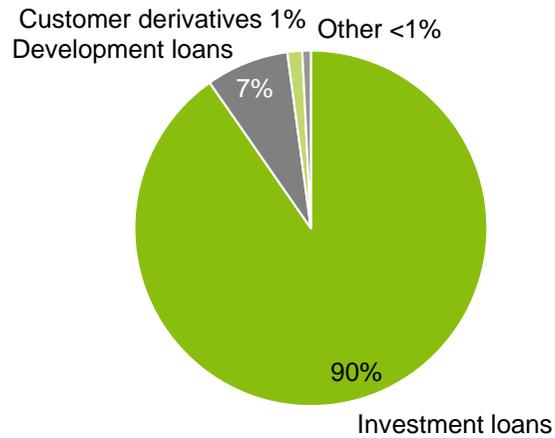
EUR billions (EaD, Basel III)

31/12/2015 / Total: EUR 25.8 bn
 31/12/2016 / Total: EUR 27.1 bn



31/12/2015

31/12/2016



Note: Figures may not add up due to rounding

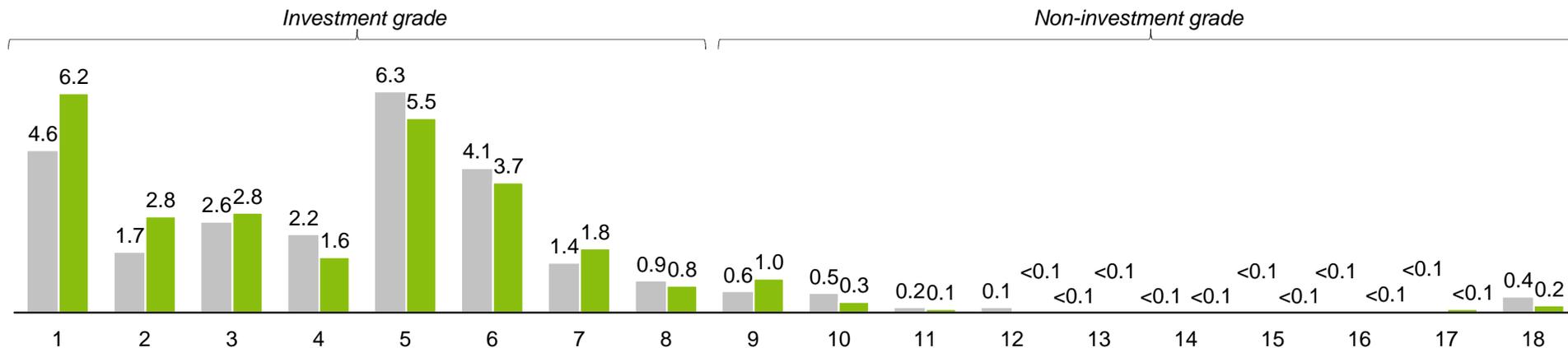
Portfolio

Real Estate Finance (REF)

Internal ratings (EL classes)

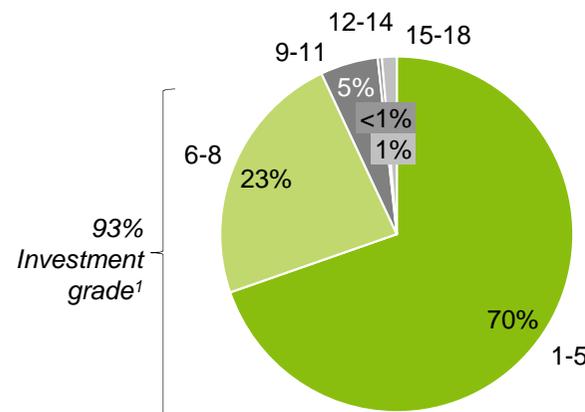
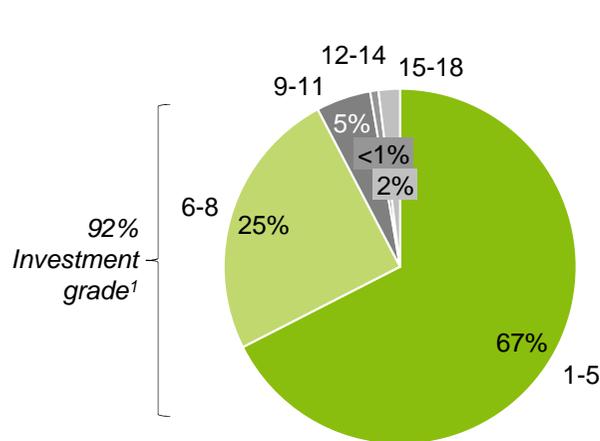
EUR billions (EaD, Basel III)

■ 31/12/2015 / Total: EUR 25.8 bn
■ 31/12/2016 / Total: EUR 27.1 bn



31/12/2015

31/12/2016



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

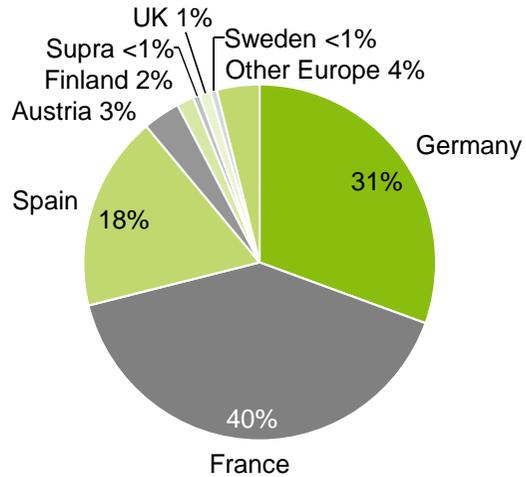
Portfolio

Public Investment Finance (PIF)



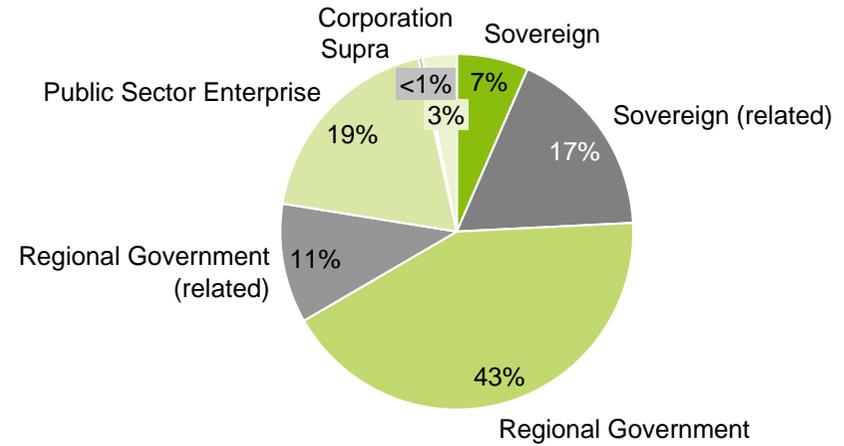
Portfolio: Regions

31/12/2016: EUR 8.5 bn (EaD, Basel III)



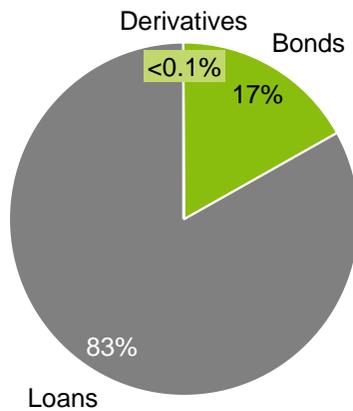
Portfolio: Borrower classification¹

31/12/2016: EUR 8.5 bn (EaD, Basel III)



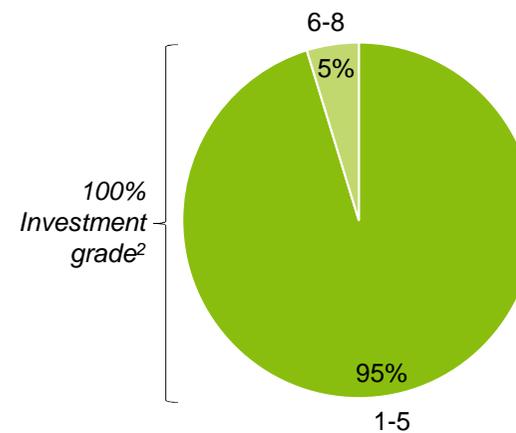
Portfolio: Product class

31/12/2016: EUR 8.5 bn (EaD, Basel III)



Portfolio: Internal ratings (EL classes)

31/12/2016: EUR 8.5 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

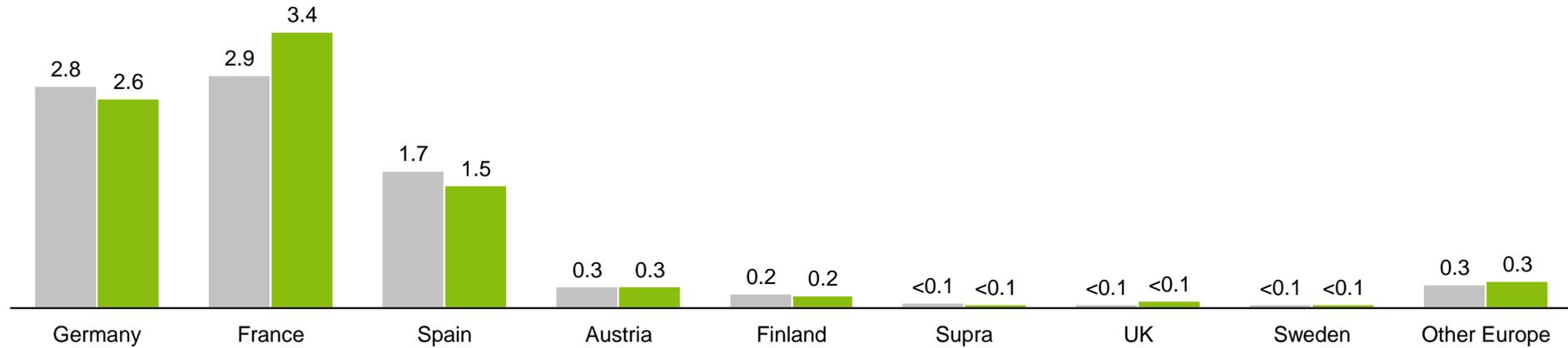
Public Investment Finance (PIF)



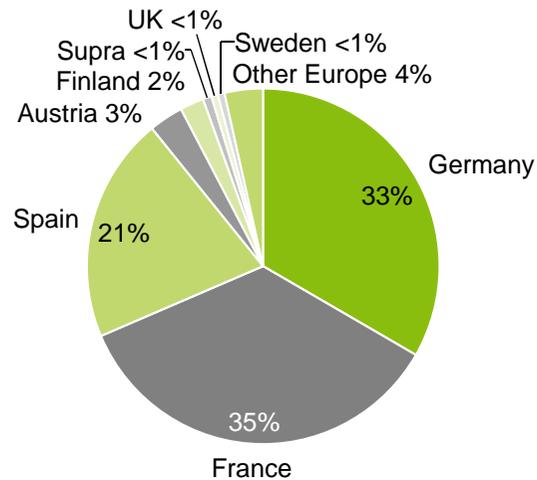
Regions

EUR billions (EaD, Basel III)

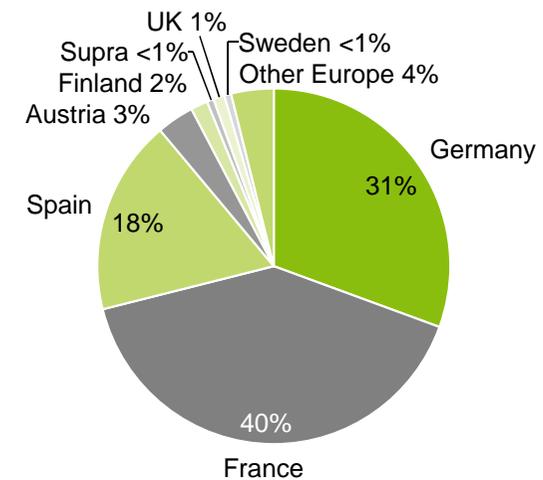
31/12/2015 / Total: EUR 8.3 bn
 31/12/2016 / Total: EUR 8.5 bn



31/12/2015



31/12/2016



Note: Figures may not add up due to rounding

Portfolio

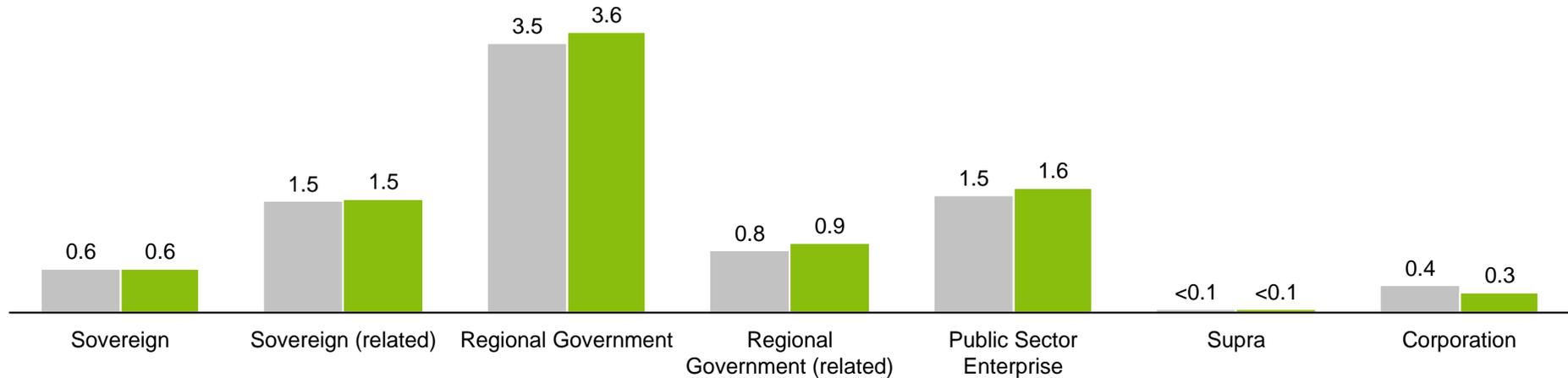
Public Investment Finance (PIF)



Borrower classification¹

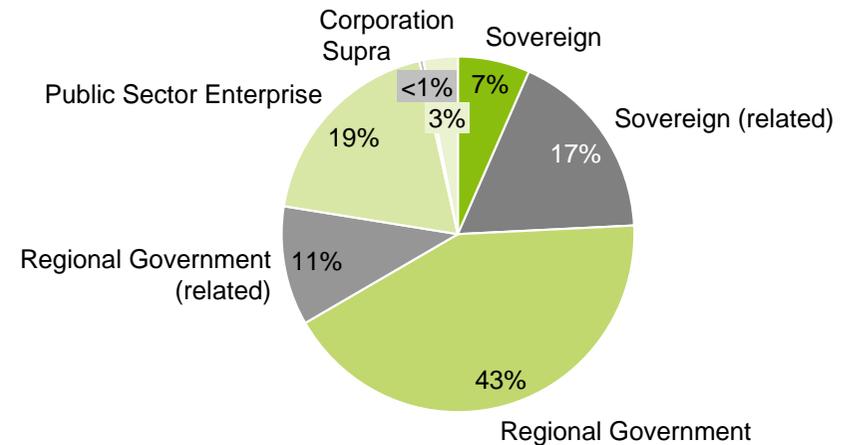
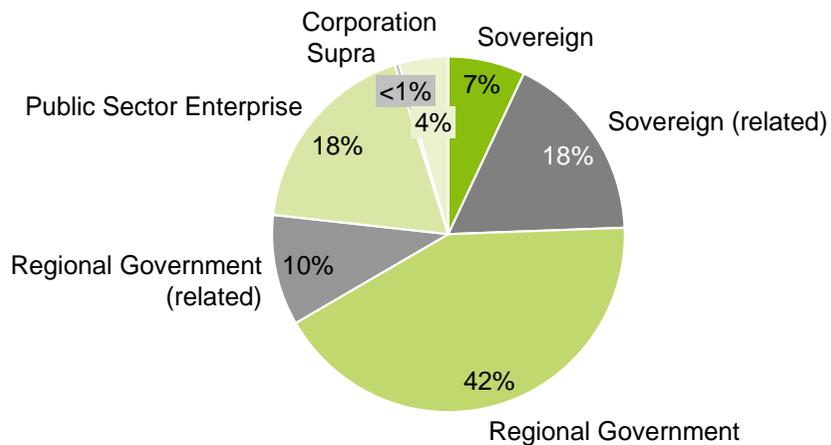
EUR billions (EaD, Basel III)

■ 31/12/2015 / Total: EUR 8.3 bn
■ 31/12/2016 / Total: EUR 8.5 bn



31/12/2015

31/12/2016



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

Portfolio

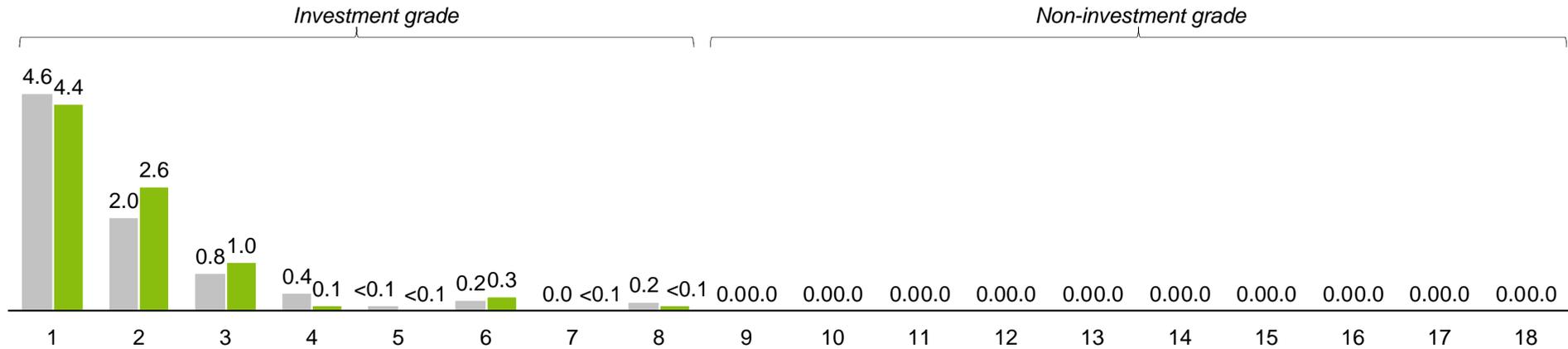
Public Investment Finance (PIF)



Internal ratings (EL classes)

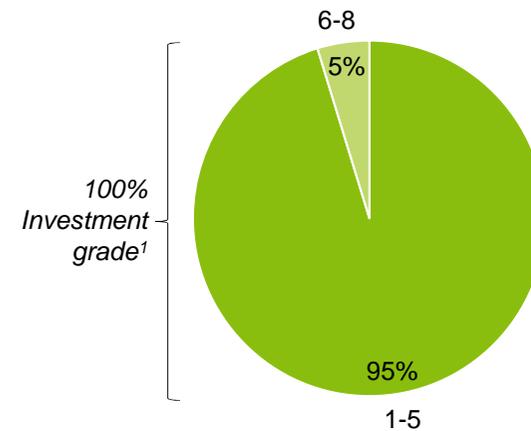
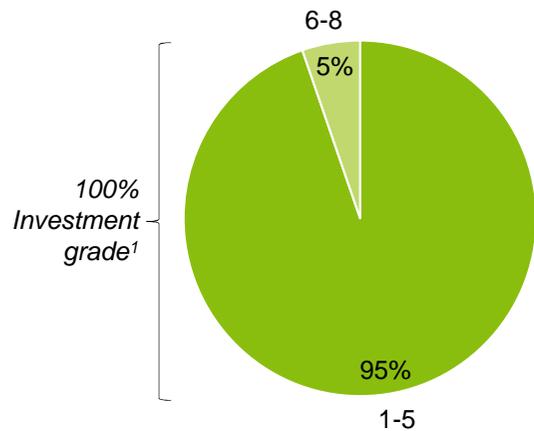
EUR billions (EaD, Basel III)

■ 31/12/2015 / Total: EUR 8.3 bn
■ 31/12/2016 / Total: EUR 8.5 bn



31/12/2015

31/12/2016



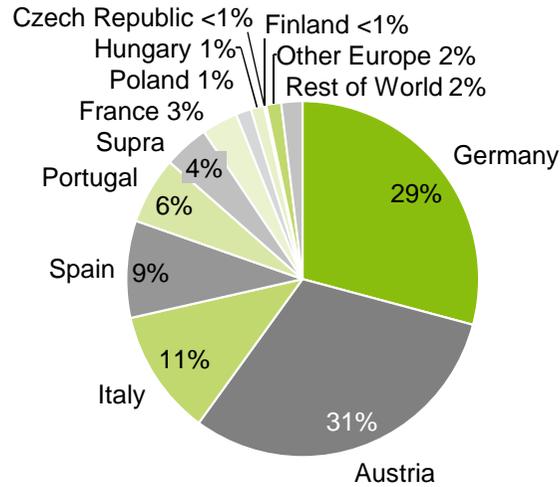
Note: Figures may not add up due to rounding 1 EL Classes 1-8 = Investment grade; EL classes 9-18 = Non-investment grade

Portfolio

Value Portfolio (VP)

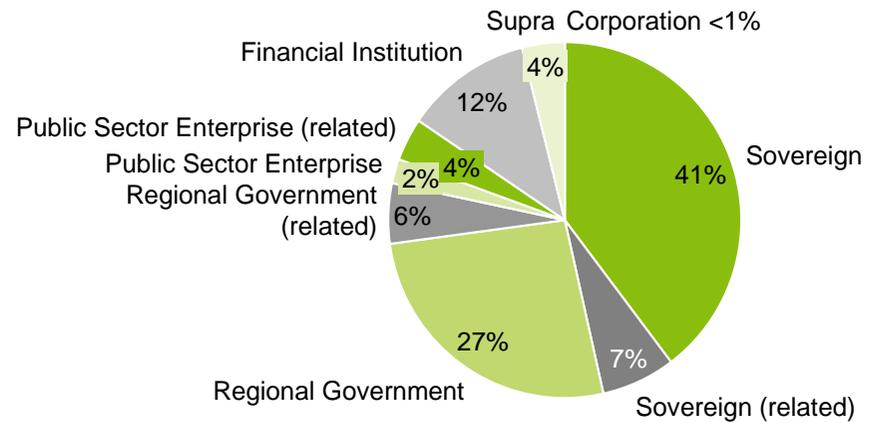
Portfolio: Regions

31/12/2016: EUR 19.5 bn (EaD, Basel III)¹



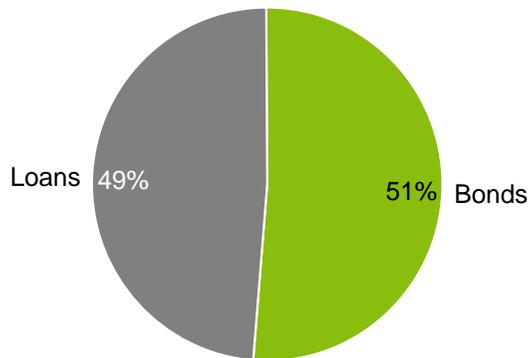
Portfolio: Borrower classification²

31/12/2016: EUR 19.5 bn (EaD, Basel III)¹



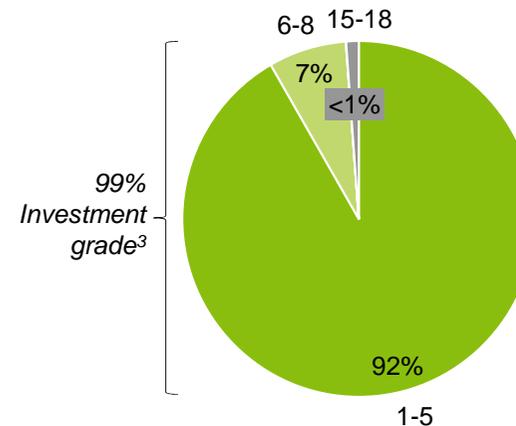
Portfolio: Product class

31/12/2016: EUR 19.5 bn (EaD, Basel III)¹



Portfolio: Internal ratings (EL classes)

31/12/2016: EUR 19.5 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

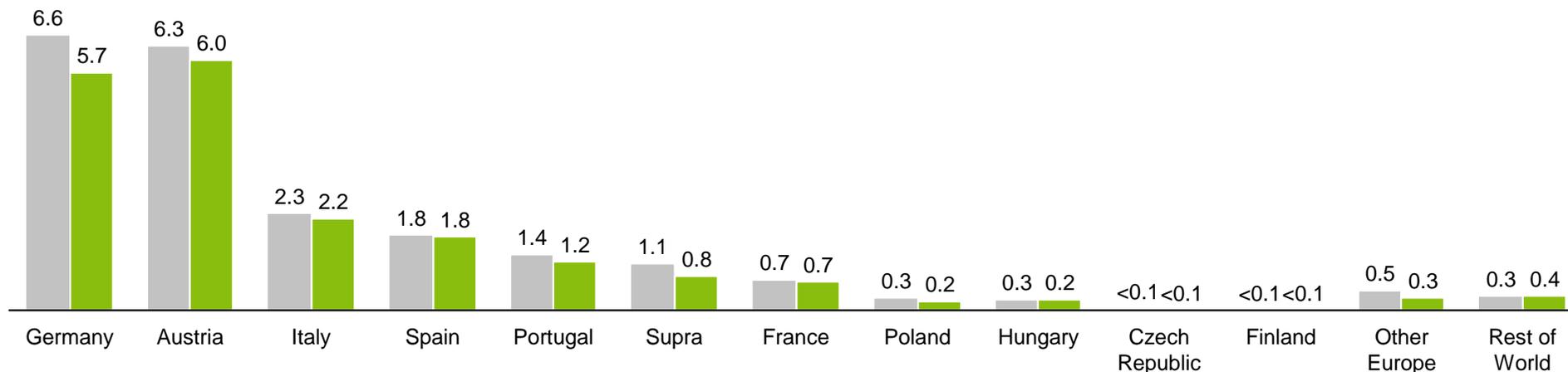
Value Portfolio (VP)



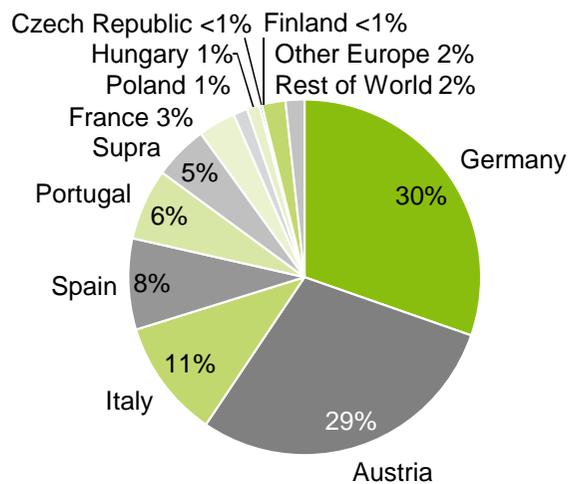
Regions

EUR billions (EaD, Basel III)¹

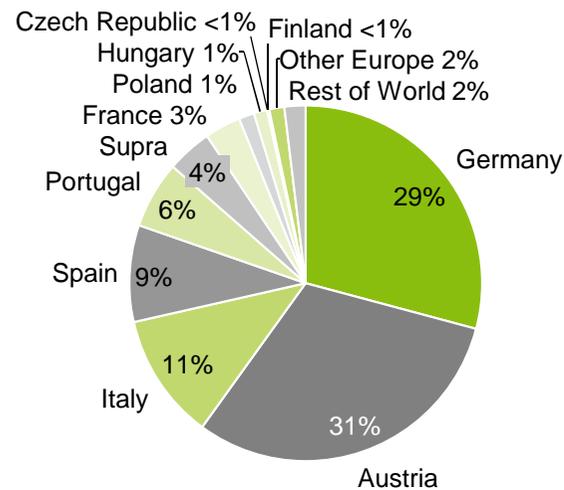
■ 31/12/2015 / Total: EUR 21.7 bn
 ■ 31/12/2016 / Total: EUR 19.5 bn



31/12/2015



31/12/2016



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

Portfolio

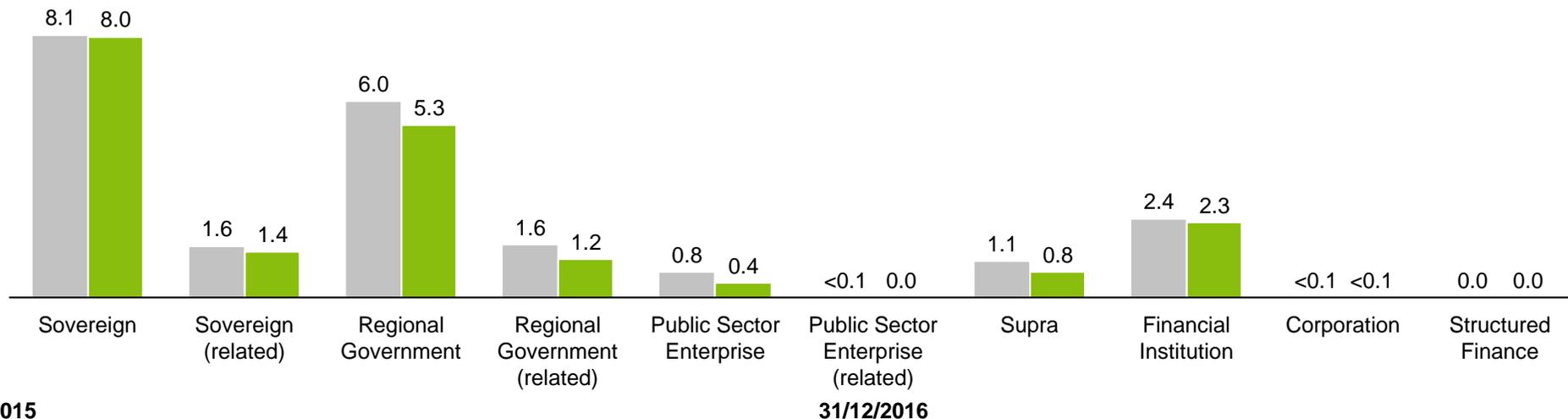
Value Portfolio (VP)



Borrower classification¹

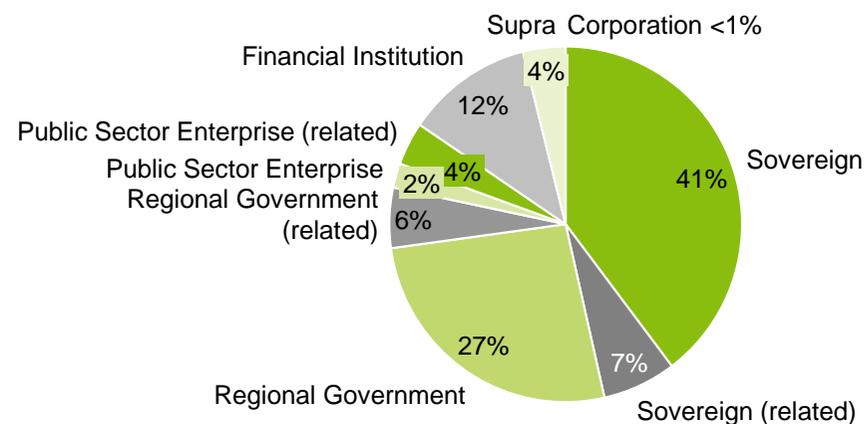
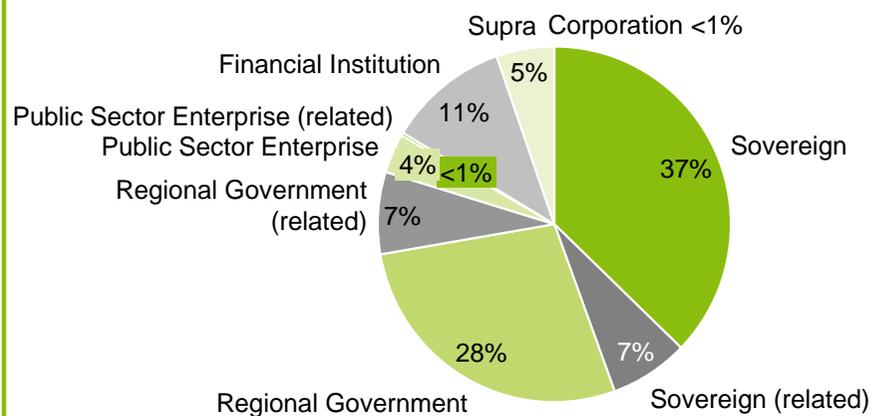
EUR billions (EaD, Basel III)²

■ 31/12/2015 / Total: EUR 21.7 bn
 ■ 31/12/2016 / Total: EUR 19.5 bn



31/12/2015

31/12/2016



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

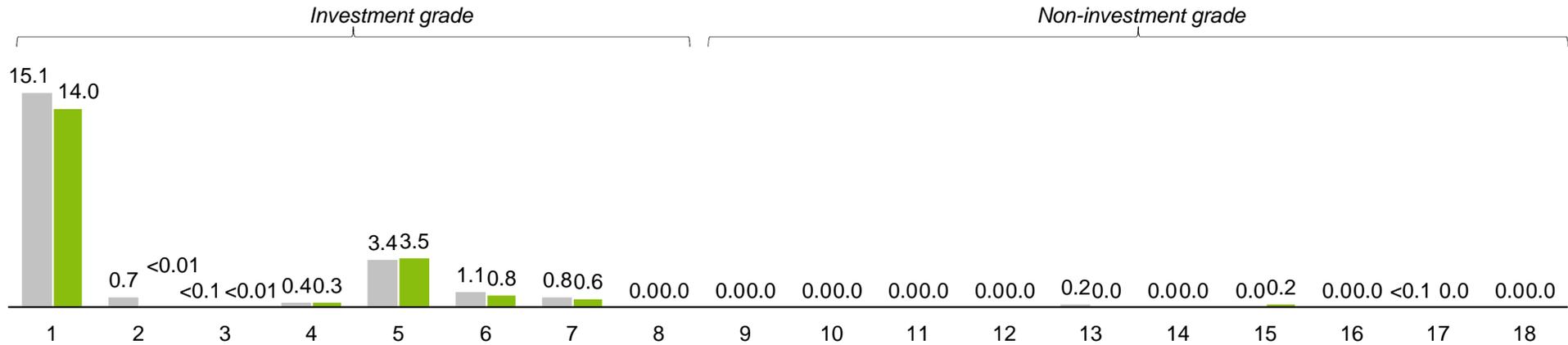
Portfolio

Value Portfolio (VP)

Internal ratings (EL classes)

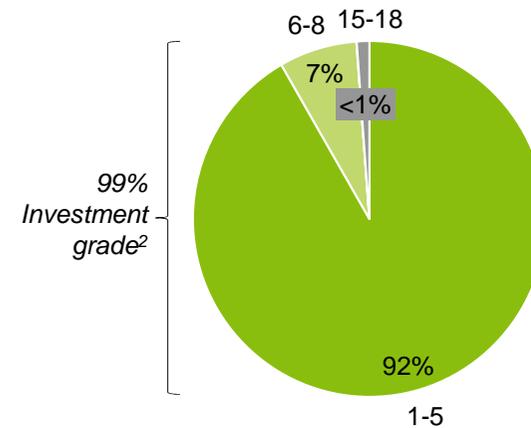
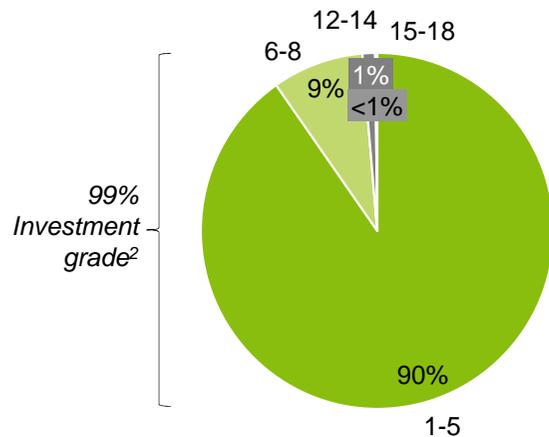
EUR billions (EaD, Basel III)¹

■ 31/12/2015 / Total: EUR 21.7 bn
■ 31/12/2016 / Total: EUR 19.5 bn



31/12/2015

31/12/2016



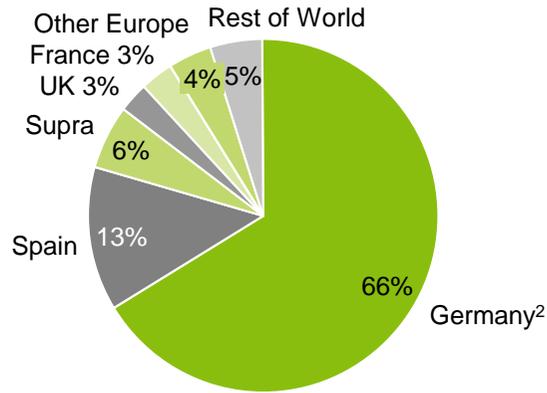
Note: Figures may not add up due to rounding 1 Excl. FMS-WM guaranteed exposure 2 EL Classes 1-8 = Investment grade; EL classes 9-18 = Non-investment grade

Portfolio

Consolidation & Adjustments (C&A)

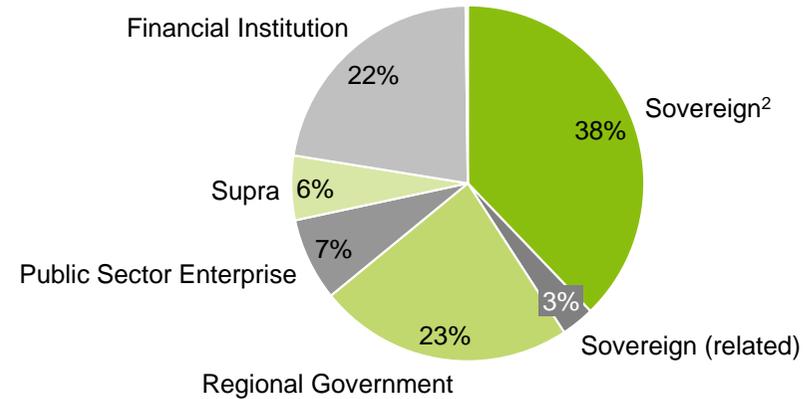
Portfolio: Regions

31/12/2016: EUR 5.5 bn (EaD, Basel III)¹



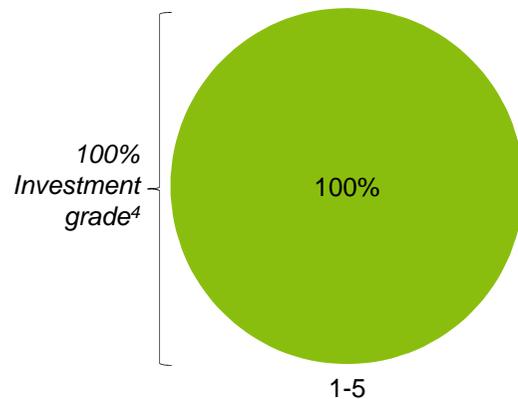
Portfolio: Borrower classification³

31/12/2016: EUR 5.5 bn (EaD, Basel III)¹



Portfolio: Internal ratings (EL classes)

31/12/2016: EUR 5.5 bn (EaD, Basel III)¹



Note: Figures may not add up due to rounding ¹ Excl. FMS-WM guaranteed exposure ² Incl. Bundesbank accounts (12/16: EUR 1.1 bn; 12/15: EUR 1.3 bn) ³ See appendix for definition of borrower classification
⁴ EL Classes 1-8 = Investment grade; EL classes 9-18 = Non-investment grade

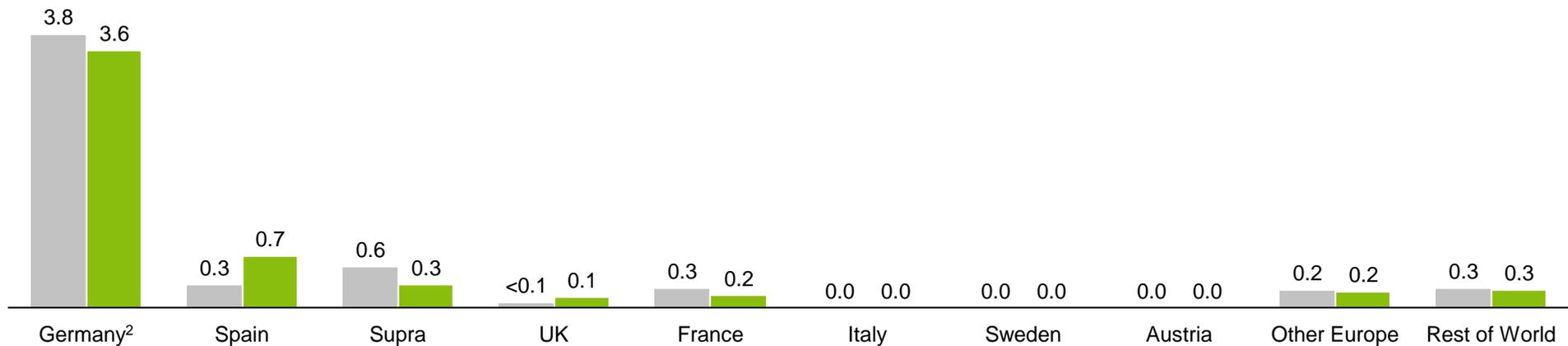
Portfolio Consolidation & Adjustments (C&A)



Regions

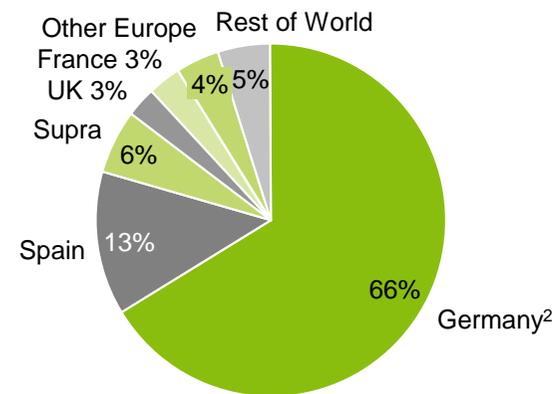
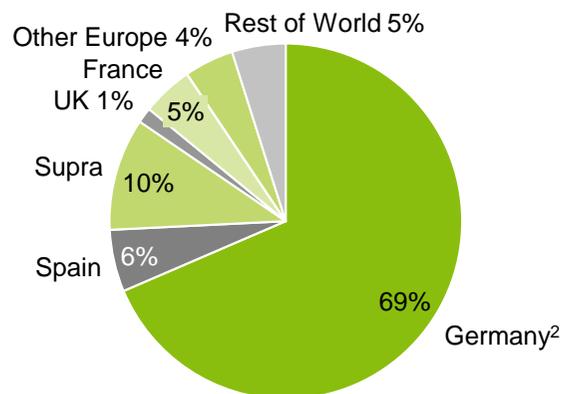
EUR billions (EaD, Basel III)¹

■ 31/12/2015 / Total: EUR 5.6 bn
■ 31/12/2016 / Total: EUR 5.5 bn



31/12/2015

31/12/2016



Note: Figures may not add up due to rounding 1 Excl. FMS-WM guaranteed exposure 2 Incl. Bundesbank accounts (12/16: EUR 1.1 bn; 12/15: EUR 1.3 bn)

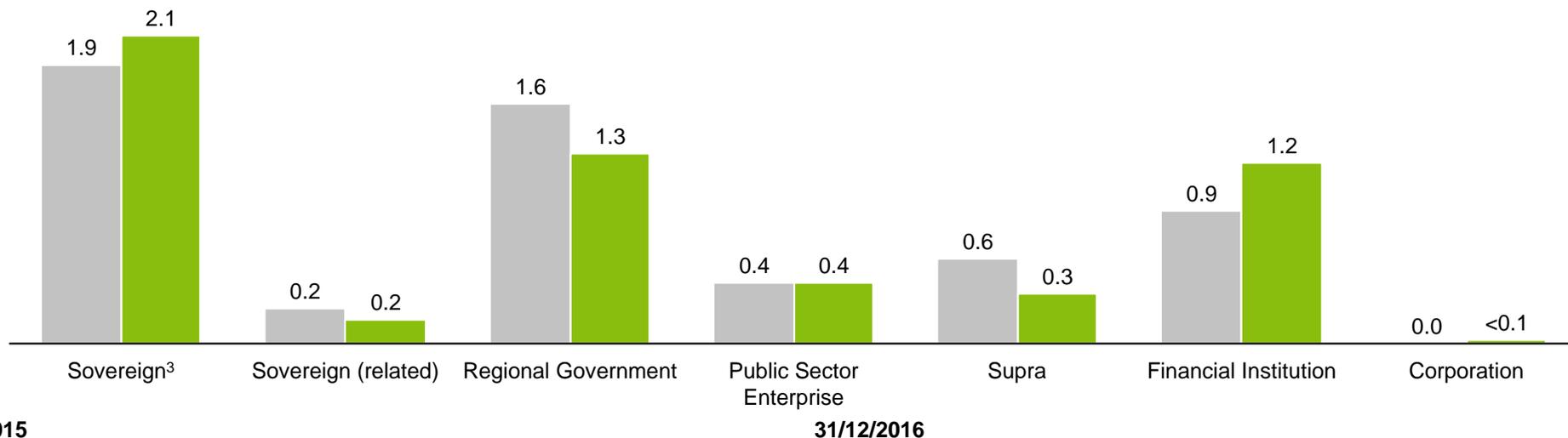
Portfolio

Consolidation & Adjustments (C&A)

Borrower classification¹

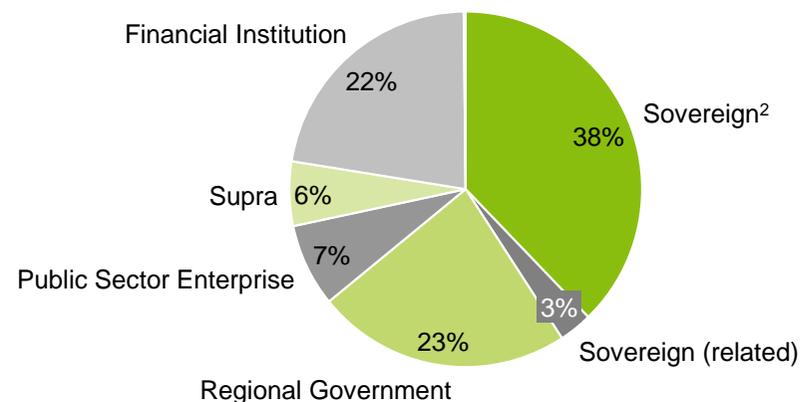
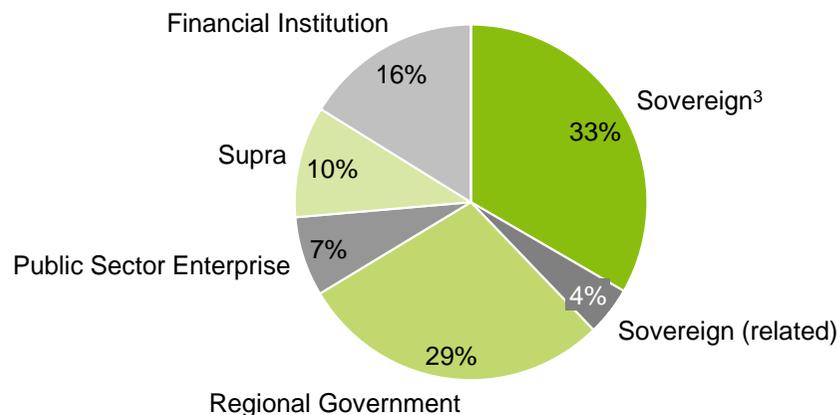
EUR billions (EaD, Basel III)²

■ 31/12/2015 / Total: EUR 5.6 bn
■ 31/12/2016 / Total: EUR 5.5 bn



31/12/2015

31/12/2016



Note: Figures may not add up due to rounding 1 See appendix for definition of borrower classification 2 Excl. FMS-WM guaranteed exposure 3 Incl. Bundesbank accounts (12/16: EUR 1.1 bn; 12/15: EUR 1.3 bn)

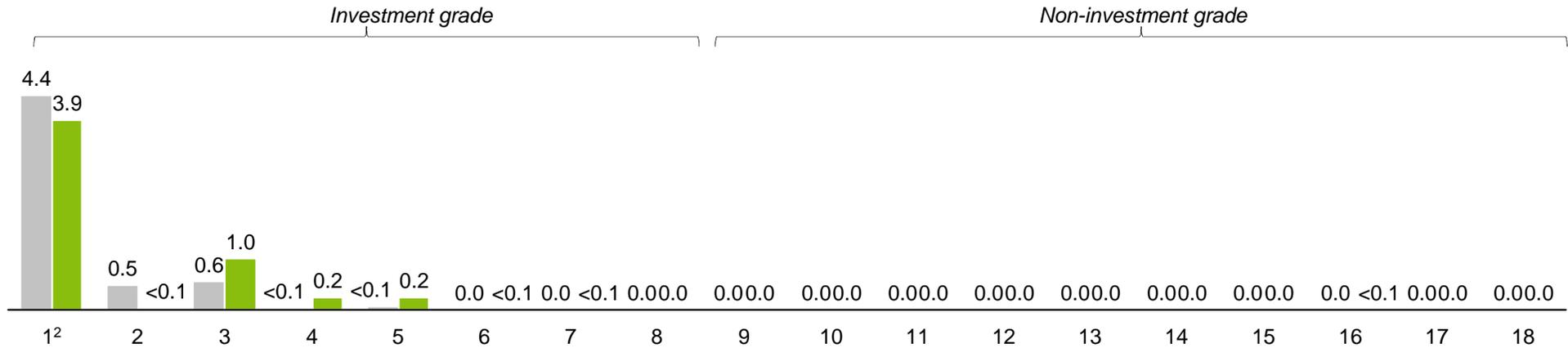
Portfolio Consolidation & Adjustments (C&A)



Internal ratings (EL classes)

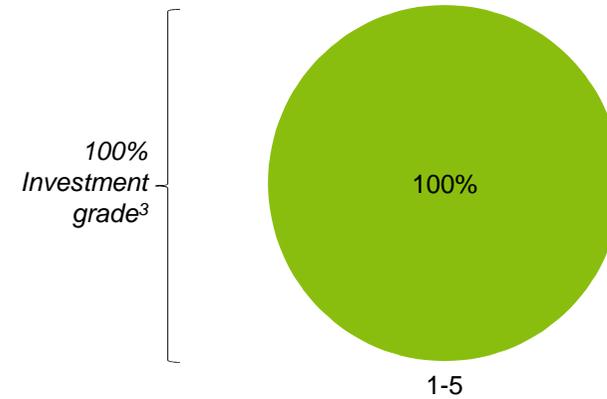
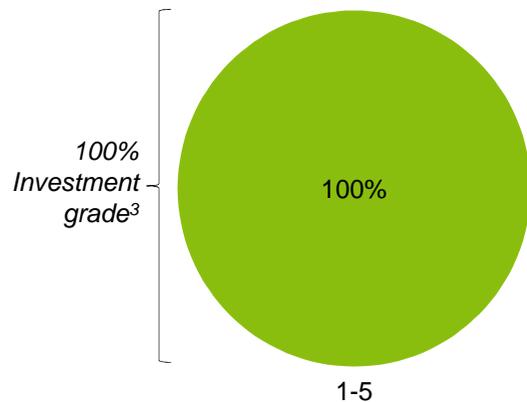
EUR billions (EaD, Basel III)¹

31/12/2015 / Total: EUR 5.6 bn
 31/12/2016 / Total: EUR 5.5 bn



31/12/2015

31/12/2016



Note: Figures may not add up due to rounding 1 Excl. FMS-WM guaranteed exposure 2 Incl. Bundesbank accounts (12/16: EUR 1.1 bn; 12/15: EUR 1.3 bn) 3 EL Classes 1-8 = Investment grade; EL classes 9-18 = Non-investment grade

Funding

Public benchmark issuances since 2015



Type	WKN	Launch Date	Maturity Date	Size	Spread ¹	Coupon	Issue/Reoffer Price
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	+140 bp	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>+130 bp</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%
<i>Mortgage Pfandbrief (3rd Tap)</i>	<i>A1PG3M</i>	<i>11/07/2016</i>	<i>20/12/2019</i>	<i>GBP 100mn</i>	<i>+40 bp²</i>	<i>1.875%</i>	<i>102.817%</i>
Public Sector Pfandbrief	A2AAVU	23.08.2016	30.08.2019	USD 500m	+60 bp³	1.625%	99.954%
<i>Mortgage Pfandbrief (4th Tap)</i>	<i>A1PG3M</i>	<i>19.10.2016</i>	<i>20.12.2019</i>	<i>GBP 25mn</i>	<i>+38 bp²</i>	<i>1.875%</i>	<i>102.351%</i>
Senior Unsecured	CH0341440300	20.10.2016	02.11.2021	CHF 100mn	+80 bp⁴	0.30%	100.074%
Mortgage Pfandbrief	A2ADASA	05/01/2017	01/03/2022	GBP 250 mn	+55 bp²	3m-Libor +55	100.00%
<i>Mortgage Pfandbrief (5th Tap)</i>	<i>A1PG3M</i>	<i>16.01.2017</i>	<i>20.12.2019</i>	<i>GBP 50mn</i>	<i>+50 bp²</i>	<i>1.875%</i>	<i>102.32%</i>
<i>Public Sector Pfandbrief (1st Tap)</i>	<i>A2AAVU</i>	<i>17.01.2017</i>	<i>30.08.2019</i>	<i>USD 100m</i>	<i>+55 bp³</i>	<i>1.625%</i>	<i>98.764%</i>
Senior Unsecured	A2DASD	23/01/2017	29/01/2021	EUR 500mn	+90 bp	0.875%	99.797%
Mortgage Pfandbrief	A2DASJ	01/02/2017	29/01/2021	EUR 500 mn	-6 bp	0.05%	99.901%
Senior Unsecured	A2DASK	08/02/2017	14/02/2020	EUR 150mn	+75 bp⁵	3m-Euribor+75	100.00%

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

Ratings

Mandated ratings



as of 07 March 2017

	S&P	DBRS	Moody's
Pfandbrief ratings			
Public Sector Pfandbrief			Aa1
Mortgage Pfandbrief			Aa1
Bank ratings			
Long-term	BBB / Watch positive	BBB	
Outlook/Trend		Stable	
Short-term	A-2	R-2 (high)	
Stand-alone rating ¹	bbb	BBB	
Other Ratings			
Senior unsecured Debt	BBB / Watch Developing	BBB / Stable	
Subordinated Debt	BB+	BBB (low) / Review Negative	

Disclaimer:

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

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

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

Contact details



Walter Allwicher

Head of Communications

+49 (0)89 2880 28787

walter.allwicher@pfandbriefbank.com

Michael Heuber

Head of Investor Relations / Rating Agency Relations

+49 (0)89 2880 28778

michael.heuber@pfandbriefbank.com

Axel Leupold

Investor Relations / Rating Agency Relations

+49 (0)89 2880 23648

axel.leupold@pfandbriefbank.com

Website

www.pfandbriefbank.com/investor-relations.html

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