



DEUTSCHE
PFANDBRIEFBANK

Alternative Performance Measures 30 June 2023

Deutsche Pfandbriefbank Group

Deutsche Pfand- briefbank Group

The consolidated financial statements as at 30 June 2023 are based on the International Financial Reporting Standards (IFRSs) as adopted in European law by the European Commission as part of its endorsement process.

Definitions and Usefulness

RETURN ON CET1 CAPITAL

Definition

$$\text{Return on CET1 capital before tax} = \frac{\text{annualised profit before tax attributable to shareholders less accrued AT1-coupon}}{\text{average CET1 capital}}$$

$$\text{Return on CET1 capital after tax} = \frac{\text{annualised net income attributable to shareholders less accrued AT1-coupon}}{\text{average CET1 capital}}$$

During the course of the year, the annualised profit before tax (net income) is based on the current figure (before/after tax) as disclosed according to IFRS, divided by the number of months elapsed and multiplied by the factor 12.

Average CET1 capital is the arithmetic mean based on the amount at the beginning of the year and the amounts as disclosed at the quarterly reporting dates of the current financial year.

Usefulness

pbb Group uses return on CET1 capital before (after) tax as most important key performance indicator (KPI) to measure profitability. Return on CET1 capital after tax is another KPI used in the internal managementsystem. However, the informative value of the respective KPI is limited by the fact that they represent rates (quota). Therefore, they do not provide information (and cannot be used to draw conclusions) on the absolute amount of profit or loss before tax (or net income) or average CET1 capital. In addition, annualised projections of profit before tax (or net income) provided during the course of the year may be inaccurate due to the linear extrapolation method. Moreover, non-recurring effects may have an influence on return on equity before and after tax without any long-term repercussions on pbb Group's profitability.

COST-INCOME RATIO

Definition

$$\text{Cost-income ratio} = \frac{\text{general and administrative expenses and net income from write-downs and write-ups on non-financial assets}}{\text{operating income}}$$

Operating income comprises the sum of net interest income, net fee and commission income, net income from fair value measurement, net income from realisations, net income from hedge accounting and net other operating income.

Usefulness

Cost-income ratio is used within pbb Group as most important key indicator to monitor cost discipline and efficiency, and is defined as KPI in the internal management system. However, the informative value of the cost-income ratio is limited by the fact that it represents a rate (quota). Therefore, it does not provide information (and cannot be used to draw conclusions) on the absolute amount of general and administrative expenses, net income from write-downs and write-ups on non-financial assets or operating income. Non-recurring effects may have an influence on the cost-income ratio through income and expenses without any long-term repercussions on pbb Group's efficiency.

FINANCING VOLUMES

Definition

Financing volume is the notional amount of the drawn parts of granted loans and the securities portfolio (customer business). The financing volume includes "Financial assets at fair value through profit or loss", "Financial assets at fair value through other comprehensive income" and "Financial assets at amortised cost after credit loss allowances".

The average financing volume is the arithmetic mean based on the value at the beginning of the year and the values at the quarterly reporting dates of the current financial year.

Usefulness

The financing volumes of the strategic segments Real Estate Finance is defined as financial KPIs in the internal management system. The financing volume is a significant factor influencing the future earning power of pbb Group, since it represents the interest-bearing part of active customer business. New business volume, as well as repayments, are the main drivers for the financing volume. However, new business volume provides only a limited basis from which to draw conclusions regarding financing volume amounts, since pbb Group's influence on repayments is limited. In addition, financing volumes are subject to foreign exchange rate movements beyond pbb Group's sphere of influence.

Reconciliation Statements

RETURN ON CET1 CAPITAL BEFORE TAX AND AFTER TAX

Return on CET1 capital reconciliation 1 January to 30 June 2023

in € million (if not otherwise stated)	1.1.2023	31.3.2023	30.6.2023
CET1 capital	2,843	2,831	2,775
Calculation			1.1-30.6.2023
Annualised profit before tax attributable to shareholders less accrued AT1-coupon			139
Annualised net income attributable to shareholders less accrued AT1-coupon			115
Average CET1 capital			2,816
Return on CET1 capital before tax (in %)			4.9
Return on CET1 capital after tax (in %)			4.1

Return on CET1 capital reconciliation 1 January to 30 June 2022

in € million (if not otherwise stated)	1.1.2022	31.3.2022	30.6.2022
CET1 capital	2,875	2,824	2,841
Calculation			1.1-30.6.2022
Annualised profit before tax attributable to shareholders less accrued AT1-coupon			199
Annualised net income attributable to shareholders less accrued AT1-coupon			167
Average CET1 capital			2,847
Return on CET1 capital before tax (in %)			7.0
Return on CET1 capital after tax (in %)			5.9

COST-INCOME-RATIO

Cost-income ratio calculation

in € million	1.1.-30.6.2023	1.1.-30.6.2022
General and administrative expenses and net income from write-downs and write-ups of non-financial assets	133	115
Operating income	259	272
Cost-income ratio (in %)	51.4	42.3

AVERAGE FINANCING VOLUMES**Average financing volumes reconciliation 2023**

in € billion	1.1.2023	31.3.2023	30.6.2023	Semi-annual average 2023
Financing volumes Real Estate Finance (REF)	29.3	29.4	30.2	29.6
Financing volumes Non-Core (NC)	14.4	14.1	13.1	13.9
Financing volumes total	43.7	43.5	43.3	43.5

Average financing volumes reconciliation 2022

in € billion	1.1.2022	31.3.2022	30.6.2022	Semi-annual average 2022
Financing volumes Real Estate Finance (REF)	27.6	28.0	28.4	28.0
Financing volumes Non-Core (NC)	16.1	15.8	14.9	15.6
Financing volumes total	43.7	43.8	43.3	43.6

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