

pbb: US exit shapes 2025 results – New Business grows significantly

- De-risking measures reduce portfolio volume and weigh on net interest income
- Sharp rise in risk provisions to €-410 million due to US exit and individual development loans
- New business volume (including extensions > 1 year) significantly above previous year at €6.3 billion (FY/2024: €5.1 billion)
- CET1 ratio remains high at 14.9% at year-end – liquidity remains comfortable at around €5 billion
- Pre-tax profit of between €30 million and €40 million expected for 2026

Garching, 5 March 2026 – The 2025 financial year of Deutsche Pfandbriefbank AG (pbb), one of Europe's leading specialist banks for commercial real estate financing, was significantly impacted by its withdrawal from US business. Pre-tax profit (IFRS, Group, audited, pending approval by the Supervisory Board) amounted to €-250 million (FY/2024: €104 million), which was within the most recent forecast range. Operating income fell to €422 million (FY/2024: €544 million). Operating income declined to €413 million (FY/2024: €470 million), mainly due to the lower portfolio volume.

In a market environment that remained challenging, new business rose by 23% to €6.3 billion (FY/2024: €5.1 billion; including extensions > 1 year in each case), exceeding the most recent guidance of €5.5 to €6.0 billion. The bank continued to make good progress with diversification. The share of growth asset classes rose to 7% (FY/2024: 3%) and their share of the deal pipeline to 18%. Return on tangible equity (RoTE), a key indicator of profitability, was around 8% in new business, already in line with the strategic ambition level. The gross interest margin in new business remained high at ~230 basis points (bp; FY/2024: ~240 bp).

Although the new business volume increased by €1.2 billion compared with the previous year, the portfolio decreased by €1.7 billion to €27.3 billion. The decline is primarily attributable to the reduction of the US and development portfolios, the selective approach to new business, and proactive balance sheet management. The non-core portfolio continued to decline by €1.2 billion to €8.5 billion.

The risk provision result rose to €-410 million in the past fiscal year (FY/2024: €-170 million), of which €-334 million was attributable to de-risking measures in the US and development portfolio. There was a net addition of €-42 million to risk provisions for stages 1 and 2 (FY 2024: €14 million). The net addition for stage 3 amounted to €-372 million (FY 2024: €-184 million).

“The exit from the US business and the hesitant market recovery have had a significant impact on the Bank's annual results,” said Kay Wolf, CEO of pbb. “In new business, we were able to grow in a market environment that remains challenging, to increase profitability, and to further advance portfolio diversification. However, these successes were not enough to compensate, in the short term, for the business volume we lost with our exit from the US. As a result, pre-tax profit in 2025 fell short of our expectations. For 2026, we want to continue to gain momentum in new business and drive the diversification of our income streams forward.”



**DEUTSCHE
PFANDBRIEFBANK**

Despite strategic investments, administrative expenses continued to decline in the 2025 fiscal year, falling from €245 million in the previous year to €236 million. Material expenses alone fell significantly to €100 million (FY/2024: €114 million) following the completion of the IT transformation. However, the Cost Income Ratio (CIR)¹ rose to 61% (FY/2024: 49%) due to the decline in operating income.

The Bank remains very well capitalized at the end of 2025 with a CET1 ratio of 14.9% (FY/2024: 14.4%). With total assets declining to €39.9 billion (FY/2024: €44.2 billion), the liquidity coverage ratio (LCR) amounted to around 380% (FY/2024: 200%). Liquidity is comfortable at around €5 billion (FY/2024: > €6 billion).

Slow recovery of CRE markets

For 2026, the bank expects new business (including extensions > 1 year) in the Real Estate Finance Solutions segment of €7.5 billion to €8.5 billion and a portfolio volume of €27 billion to €28 billion. Net interest income will still be impacted by hedging costs of €44 million resulting from the SRT transaction. Due to the acquisition of a majority stake in the Deutsche Investment Group (DI), the Bank expects to generate significant net commission income for the first time this year. Overall, pbb expects an operating income in the range of €375 million to €425 million for the current year.

The Bank anticipates risk costs of 25 to 30 basis points for risk provisioning. The Bank considers the risks in the US and from development financing to be largely shielded and, in some cases, already significantly reduced. As a result of lower operating income and higher costs for the integration of DI, the CIR is expected to rise temporarily to between 70% and 75%. For the current 2026 financial year, pbb is planning pre-tax earnings of between €30 million and €40 million.

Due to the extensive de-risking measures implemented in the last financial year and its focus on core European markets, the Bank aims to maintain a minimum CET1 ratio of > 13% at all times throughout the real estate cycle.

pbb's medium-term strategic financial targets remain unchanged. Without stronger tailwinds from the market, the Bank is unlikely to achieve these targets, including operating income in the region of €600 million and a RoTE of 8% for the Bank as a whole, before 2028.

pbb Deutsche Pfandbriefbank (www.pfandbriefbank.com) is a leading European specialist lender for commercial real estate finance. pbb is a major issuer of Pfandbriefe, which makes it also an important player in the European covered bond markets overall. pbb's shares are listed on the Frankfurt Stock Exchange.

¹ CIR = (General and administrative expenses + net income from write-downs and write-ups on non-financial assets)/operating income



**DEUTSCHE
PFANDBRIEFBANK**

pbb Group at a glance

Profit and loss account (IFRS, in € million)	Q1/24	Q2/24	Q3/24	Q4/24	2024	Q1/25	Q2/25	Q3/25	Q4/25	2025
Net interest income	125	121	113	106	465	107	104	99	99	409
Net fee and commission income	1	2	0	2	5	2	2	0	0	4
Net income from fair value measurement	-3	-1	8	-7	-3	3	-19	-11	-6	-33
Net income from realisations	23	12	22	22	79	2	6	4	10	22
Net income from hedge accounting	4	2	-2	-1	3	2	0	2	-1	3
Impairments on equity method entities	0	0	0	0	0	0	-11	0	3	-8
Net other operating income	-4	-4	6	-3	-5	2	6	16	1	25
Operating income	146	132	147	119	544	118	88	110	106	422
Net income from risk provisioning	-47	-56	-37	-30	-170	-26	-297	-33	-54	-410
General and administrative expenses	-58	-57	-64	-66	-245	-59	-56	-58	-63	-236
Expenses from bank levies and similar dues	-2	-1	-1	0	-4	0	-3	0	0	-3
Net income from write-downs and write-ups on non-financial assets	-5	-5	-5	-6	-21	-5	-6	-5	-5	-21
Net income from restructuring	0	0	0	0	0	0	-3	0	1	-2
Pre-tax profit	34	13	40	17	104	28	-277	14	-15	-250
Income taxes	-5	-2	-6	-1	-14	-4	11	1	-42	-34
Net income	29	11	34	16	90	24	-266	15	-57	-284

Key figures (%)	Q1/24	Q2/24	Q3/24	Q4/24	2024	Q1/25	Q2/25	Q3/25	Q4/25	2025
Cost Income Ratio (CIR)	43.2	47.0	46.9	60.5	48.9	54.2	70.5	57.3	64.2	60.9
RoTE before tax	3.8	0.9	4.6	1.5	2.7	2.9	-40.1	1.2	-3.2	-9.9
RoTE after tax	3.0	0.6	3.7	1.3	2.1	2.3	-37.0	1.2	-9.1	-10.6

Balance sheet figures (IFRS, in € billion)	Mar 24	Jun 24	Sep 24	Dec 24	Mar 25	Jun 25	Sep 25	Dec 25
Total assets	48.9	46.0	45.2	44.2	42.3	42.4	42.6	39.9
Equity	3.4	3.4	3.4	3.4	3.4	3.1	3.2	3.1
Financing volume	42.8	41.0	39.9	38.7	38.5	37.2	36.5	35.8

Note: The following applies to the entire press release: quarterly figures are unaudited, half-year figures are unaudited, but reviewed, full-year figures are audited.

Contact for the media

Sebastian Zehrer, +49 89 2880-11841, sebastian.zehrer@pfandbriefbank.com