



**DEUTSCHE  
PFANDBRIEFBANK**

# Alternative Performance Measures 2025

Deutsche Pfandbriefbank

# Content

<b>Jahresabschluss</b>	<b>1</b>
<b>Deutsche Pfandbriefbank Group</b>	<b>3</b>
Definitions and Usefulness	3
Reconciliation Statements	4
<b>Deutsche Pfandbriefbank AG</b>	<b>6</b>
Definitions and Usefulness	6
Reconciliation Statements	7
Imprint	8

# Deutsche Pfandbriefbank Group

The consolidated financial statements as at 31 December 2025 are based on the International Financial Reporting Standards (IFRSs) as adopted in European law by the European Commission as part of its endorsement process. Please refer to the Notes to the consolidated financial statements for further information on the accounting and measurement principles.

## Definitions and Usefulness

### RETURN ON EQUITY

$$\text{Return on tangible equity before tax} = \frac{\text{profit/loss before tax less AT1-coupon}}{\text{average equity excluding intangible assets, deferred tax assets and AT1 capital}}$$

$$\text{Return on tangible equity after tax} = \frac{\text{net income/loss less AT1-coupon}}{\text{average equity excluding intangible assets and AT1 capital}}$$

The average tangible equity is the arithmetic mean of the value at the beginning of the year and the quarterly values in the current financial year.

### Usefulness

pbb Group uses return on tangible equity before (after) tax as most important key performance indicator (KPI) to measure profitability. Return on tangible equity before tax is another KPI used in the internal management system. 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/loss before tax (or net income/loss) or average CET1 capital. In addition, annualised projections of profit/loss before tax (or net income/loss) 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 tangible 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 TANGIBLE EQUITY BEFORE TAX AND AFTER TAX

### Return on tangible equity reconciliation 1 January to 31 December 2025

in € million (if not otherwise stated)	1.1.2025	31.3.2025	30.6.2025	30.9.2025	31.12.2025
Tangible equity before tax	2,952	2,983	2,668	2,680	2,674
Tangible equity after tax	3,070	3,100	2,797	2,813	2,762
<b>Calculation</b>					<b>2025</b>
Profit/loss before tax less AT1-coupon					-275
Net income/loss less AT1-coupon					-309
Average tangible equity before tax					2,791
Average tangible equity after tax					2,908
Return on tangible equity before tax (in %)					-9.9
Return on tangible equity after tax (in %)					-10.6

### Return on tangible equity reconciliation 1 January to 31 December 2024

in € million (if not otherwise stated)	1.1.2024	31.3.2024	30.6.2024	30.9.2024	31.12.2024
Tangible equity before tax	2,885	2,908	2,891	2,936	2,952
Tangible equity after tax	3,014	3,037	3,019	3,062	3,070
<b>Calculation</b>					<b>2024</b>
Profit/loss before tax less AT1-coupon					79
Net income/loss less AT1-coupon					65
Average tangible equity before tax					2,914
Average tangible equity after tax					3,040
Return on tangible equity before tax (in %)					2.7
Return on tangible equity after tax (in %)					2.1

## COST-INCOME-RATIO

### Cost-income ratio calculation

in € million	2025	2024
General and administrative expenses and net income from write-downs and write-ups of non-financial assets	-257	-266
Operating income	422	544
Cost-income ratio (in %)	60.9	48.9

## AVERAGE FINANCING VOLUMES

### Average financing volumes reconciliation 2025

in € billion	1.1.2025	31.3.2025	30.6.2025	30.9.2025	31.12.2025	Annual average 2025
Financing volumes Real Estate Finance (REF)	29.0	28.9	28.2	27.6	27.3	28.2
Financing volumes Non-Core (NC)	9.7	9.6	9.1	8.9	8.5	9.2
Financing volumes total	38.7	38.5	37.3	36.5	35.8	37.4

### Average financing volumes reconciliation 2024

in € billion	1.1.2024	31.3.2024	30.6.2024	30.9.2024	31.12.2024	Annual average 2024
Financing volumes Real Estate Finance (REF)	31.1	31.2	29.8	29.1	29.0	30.0
Financing volumes Non-Core (NC)	12.4	11.6	11.2	10.8	9.7	11.1
Financing volumes total	43.5	42.8	41.0	39.9	38.7	41.1

# Deutsche Pfandbriefbank AG

The financial statements as at 31 December 2025 were prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch – “HGB”). Please refer to the notes to the financial statements for further information on the accounting and measurement principles.

## Definitions and Usefulness

### DEVELOPMENT IN EARNINGS

#### Definition

By way of derogation from the structure provided for income statements in form 1 of the German Ordinance on the Accounting of Credit Institutions and Financial Services Institutions (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute – “RechKredV”), Deutsche Pfandbriefbank AG (pbb) discloses aggregated income and expense items in the Development in Earnings section of the combined management report.

#### Usefulness

With the aggregation of income and expense items in the income statement, pbb intends to convey background information to the readers of the combined management report in a more transparent and comprehensible way, compared to the standardised approach provided in form 1 of the Rech- KredV. In addition, the disclosure of income statement is based on the consolidated financial statements prepared in accordance with IFRS. Although the disclosure of development in earnings according to HGB (pbb) and IFRS (pbb Group) may look very similar for many items, any comparisons or conclusions between the single-entity financial statements and the consolidated financial statements should be made with utmost care, and may not be appropriate since they are based on entirely different accounting standards. For instance, line items disclosed in the development in earnings section of both the single-entity as well as the consolidated financial statements may differ substantially.

# Reconciliation Statements

## RECONCILIATION FROM INCOME STATEMENT (RECHKREDV) TO DEVELOPMENT IN EARNINGS IN THE MANAGEMENT REPORT

### Reconciliation from income statement (RechKredV) to development in earnings in the Combined Management Report

in € million	2025	2024
<b>Net interest income</b>	<b>339</b>	<b>387</b>
Interest income from	2,655	3,452
a) lending and money market business	2,541	3,284
b) fixed-income and government-inscribed debt	114	168
Interest expenses	-2,316	-3,065
<b>Net fee and commission income</b>	<b>2</b>	<b>2</b>
Commission income	9	9
Commission expenses	-7	-7
<b>Net other operating income</b>	<b>28</b>	<b>3</b>
Other operating income	48	59
Other operating expenses	-20	-56
<b>Net operating income</b>	<b>369</b>	<b>392</b>
<b>General and administrative expenses</b>	<b>-265</b>	<b>-280</b>
Personell expenses	-139	-138
a) wages and salaries	-123	-113
b) social security contributions and expenses for pensions and other employee benefits	-16	-25
Non-personell expenses	-126	-142
a) other administrative expenses	-113	-133
b) amortisation/depreciation and write-downs of intangible and tangible assets	-13	-9
<b>Operating results (before loan loss provisions)</b>	<b>104</b>	<b>112</b>
<b>Risk provisioning</b>	<b>-410</b>	<b>-127</b>
Write-downs of claims and certain securities as well as additions to provisions in the lending business	-410	-127
Income from write-ups of claims and certain securities as well as reversals of provisions in the lending business	-	-
<b>Net income from financial investments</b>	<b>12</b>	<b>116</b>
Write-downs and impairments to participating interests, investments in associated companies and securities treated as fixed assets	12	116
Income from write-ups of participating interests, investments in associated companies and securities treated as fixed assets	-	-
Income from profit pooling, profit transfer or partial profit transfer agreements	-	-
Expenses from assumption of losses	-	-
<b>Additions to the fund for general banking risks</b>	<b>-</b>	<b>-62</b>
<b>Operating results</b>	<b>-294</b>	<b>39</b>
<b>Extraordinary result</b>	<b>-2</b>	<b>-</b>
Extraordinary income	1	-
Extraordinary expenses	-3	-
<b>Profit or loss before tax</b>	<b>-296</b>	<b>39</b>
<b>Taxes</b>	<b>-2</b>	<b>1</b>
Income taxes	-2	2
Other tax unless reported under "other operating expenses"	-	-1
<b>Net income</b>	<b>-298</b>	<b>40</b>

## Imprint

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