



DEUTSCHE
PFANDBRIEFBANK

Alternative Performance Measures 2023

Deutsche Pfandbriefbank

Content

Deutsche Pfandbriefbank Group	3
Definitions and Usefulness	3
Reconciliation Statements	4
Deutsche Pfandbriefbank AG	6
Definitions and Usefulness	6
Reconciliation Statements	7
Imprint	8

Deutsche Pfandbriefbank Group

The consolidated financial statements as at 31 December 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. Please refer to the Notes to the consolidated financial statements for further information on the accounting and measurement principles.

Definitions and Usefulness

RETURN ON CET1 CAPITAL

Definition

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

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

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 before tax (or net income) or average CET1 capital. 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 31 December 2023

in € million (if not otherwise stated)	1.1.2023	31.3.2023	30.6.2023	30.9.2023	31.12.2023
CET1 capital	2,839	2,831	2,775	2,695	2,910
Calculation					2023
Annualised profit before tax attributable to shareholders less AT1-coupon					67
Annualised net income attributable to shareholders less AT1-coupon					68
Average CET1 capital					2,810
Return on CET1 capital before tax (in %)					2.4
Return on CET1 capital after tax (in %)					2.4

Return on CET1 capital reconciliation 1 January to 31 December 2022

in € million (if not otherwise stated)	1.1.2022	31.3.2022	30.6.2022	30.9.2022	31.12.2022
CET1 capital	2,875	2,824	2,841	2,823	2,839
Calculation					2022
Annualised profit before tax attributable to shareholders less AT1-coupon					197
Annualised net income attributable to shareholders less AT1-coupon					171
Average CET1 capital					2,841
Return on CET1 capital before tax (in %)					6,9
Return on CET1 capital after tax (in %)					6,0

COST-INCOME-RATIO

Cost-income ratio calculation

in € million	2023	2022
General and administrative expenses and net income from write-downs and write-ups of non-financial assets	276	242
Operating income	603	531
Cost-income ratio (in %)	45.8	45.6

AVERAGE FINANCING VOLUMES

Average financing volumes reconciliation 2023

in € billion	1.1.2023	31.3.2023	30.6.2023	30.9.2023	31.12.2023	Annual average 2023
Financing volumes Real Estate Finance (REF)	29.3	29.4	30.2	30.5	31.1	30.1
Financing volumes Non-Core (NC)	14.4	14.1	13.1	12.9	12.4	13.4
Financing volumes total	43.7	43.5	43.3	43.4	43.5	43.5

Average financing volumes reconciliation 2022

in € billion	1.1.2022	31.3.2022	30.6.2022	30.9.2022	31.12.2022	Annual average 2022
Financing volumes Real Estate Finance (REF)	27.6	28.0	28.4	29.5	29.3	28.6
Financing volumes Non-Core (NC)	16.1	15.8	14.9	14.8	14.4	15.2
Financing volumes total	43.7	43.8	43.3	44.3	43.7	43.8

Deutsche Pfandbriefbank AG

The financial statements as at 31 December 2023 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	2023	2022
Net interest income	394	508
Interest income from	3,504	2,302
a) lending and money market business	3,287	2,068
b) fixed-income and government-inscribed debt	217	234
Interest expenses	-3,110	-1,794
Net fee and commission income	2	5
Commission income	7	8
Commission expenses	-5	-3
Net other operating income	82	-9
Other operating income	122	40
Other operating expenses	-40	-49
Net operating income	478	504
General and administrative expenses	-284	-290
Personnel expenses	-154	-172
a) wages and salaries	-123	-104
b) social security contributions and expenses for pensions and other employee benefits	-31	-68
Non-personnel expenses	-130	-118
a) other administrative expenses	-123	-112
b) amortisation/depreciation and write-downs of intangible and tangible assets	-7	-6
Operating results (before loan loss provisions)	194	214
Risk provisioning	-186	-81
Write-downs of claims and certain securities as well as additions to provisions in the lending business	-186	-81
Income from write-ups of claims and certain securities as well as reversals of provisions in the lending business	-	-
Net income from financial investments	32	-5
Write-downs and impairments to participating interests, investments in associated companies and securities treated as fixed assets	32	-5
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	-	-
Additions to the fund for general banking risks	-30	-
Operating results	10	128
Extraordinary result	-	-
Extraordinary income	-	-
Extraordinary expenses	-	-
Profit or loss before tax	10	128
Taxes	-10	-14
Income taxes	-9	-13
Other tax unless reported under "other operating expenses"	-1	-1
Net income	-	114

Imprint

Deutsche Pfandbriefbank AG (publisher)
Parkring 28
85748 Garching
Germany

T +49 (0)89 2880-0
info@pfandbriefbank.com
www.pfandbriefbank.com