

pbb makes a solid start into 2025

- €28 million profit before taxes
- Risk provisions around 45% below the same quarter of the previous year
- Capitalisation and liquidity remain solid
- Market situation more volatile than expected, especially in the USA
- Implementation of the strategic transformation is making progress

Garching, 14 May 2025 - Deutsche Pfandbriefbank AG (pbb), a leading European specialist bank for commercial real estate finance, generated pre-tax profit of €28 million (IFRS, Group, unaudited) in the first quarter of the current financial year. Although this fell short of the first quarter of 2024 (€34 million) as an expected consequence of the ongoing implementation of Strategy 2027, it exceeded the fourth quarter of 2024. Risk costs continued to decline, falling from -€47 million (Q1 2024) to -€26 million in a persistently unsettled market environment.

While the Bank benefited from above-average net income from realisations and a larger REF portfolio in the previous year, the focus in the first quarter of 2025 was on the operating result of the core business with interest and commission income of €109 million as part of the strategic transformation. After €108 million in the fourth quarter of 2024, pbb was able to slightly improve this despite a stable REF portfolio of around €29 billion. Unlike in the same quarter of the previous year (€23 million), the net income from realisations of €2 million does not include any income from asset sales.

Risk provisions fell to -€26 million in the first quarter of 2025, around 45% reduction compared to the first quarter of 2024, when they totalled -€47 million. Positive effects of €5 million were achieved in stages 1 and 2 of risk provisioning. Stage 3 risk provisioning declined to -€31 million (Q1 2024: -€37 million)

"This was a solid quarter for pbb. We were able to consolidate income in our core business and significantly reduce risk costs. Our overarching goal remains increasing our profitability and return on tangible equity, and reducing costs by the end of 2027, despite all the uncertainties on the markets", explains Kay Wolf, CEO at pbb.

With a new business volume¹ of €1.1 billion (Q1 2024: €0.7 billion) in the first three months of the current financial year, a significant increase was achieved. The portfolio volume of €28.9 billion declined (Q1 2024: €31.2 billion). The gross interest margin in new business rose to around 250 basis points (Q1 2024: around 245 basis points). The RoTE (return on tangible equity) in new business, as a key indicator of the bank's profitability, is around 9% and therefore above the target for 2027 of 8%.

pbb's liquidity and capitalisation remained solid. This ensures strategic flexibility. With a liquidity position of over €5 billion and a liquidity coverage ratio of 211% at the end of the first quarter, the Bank continues to be well above the regulatory minimum requirements. At 15.5% (Basel IV, F-IRBA), the CET 1 ratio is at a good

¹ including extensions of more than one year.

level.

Focus on implementing Strategy 2027

pbb is making good progress with its transformation. In future, there will be two sales divisions. In Real Estate Finance Solutions, commercial property financing will remain the Bank's core business as a senior lender. Hotels and new asset classes such as serviced and senior living are being expanded and now account for 15 per cent of the deal pipeline, with an upward trend. In Real Estate Investment Solutions, Originate & Cooperate (O&C), the Bank's platform business with partners, has got off to a good start. pbb is in advanced discussions and has built up a transaction pipeline with currently more than 15 deals.

In order to successfully implement Strategy 2027, pbb will further adjust its organisational structure and cooperation model. The aim is to make processes in all business activities more efficient and interlinked, and above all to align them even more with the needs of our clients, partners and investors. The focus will be even more strongly on digitalisation and the use of new technologies.

"We are focussing our efforts on the most promising markets and business areas in line with our strategy. While the economic situation in Germany and Europe is stabilising, we are seeing a significant increase in volatility in the USA. However, a prerequisite for our business activities is the stability of economic and political conditions. Neither is currently the case in the USA," Wolf continues.

Against this background, pbb has decided not to enter into any new business on the US property markets, and to look at all options for the existing US business with an open mind. In view of this significantly changed macroeconomic environment in the US, pbb is also reviewing the timing of the execution of the planned share buy-back. For 2024, pbb proposed the payment of a cash dividend of 15 cents per share at the Annual General Meeting.

pbb Deutsche Pfandbriefbank (www.pfandbriefbank.com) is a leading specialist bank for financing investments in commercial property in Europe and the USA. It is one of the largest Pfandbrief issuers and is therefore also an important issuer of covered bonds in Europe. The shares of Deutsche Pfandbriefbank AG are listed on the Frankfurt Stock Exchange.

pbb Group at a glance

Profit and loss Loss account (IFRS, in € million)	Q1/24	Q2/24	Q3/24	Q4/24	2024	Q1/25
Net interest income	125	121	113	106	465	107
Net commission income	1	2	0	2	5	2
Fair value Valuation result	-3	-1	8	-7	-3	3
Realisation result	23	12	22	22	79	2
Result from Hedging relationships	4	2	-2	-1	3	2
Other operating result result	-4	-4	6	-3	-5	2
Operating income	146	132	147	119	544	118
Risk provision result	-47	-56	-37	-30	-170	-26
Administrative expenses	-58	-57	-64	-66	-245	-59
Expenses for bank levy and similar expenses	-2	-1	-1	0	-4	0
Result from amortisation of non-financial assets	-5	-5	-5	-6	-21	-5
Earnings before taxes	34	13	40	17	104	28
Income taxes	-5	-2	-6	-1	-14	-4
Earnings after taxes	29	11	34	16	90	24

Key figures (%)	Q1/24	Q2/24	Q3/24	Q4/24	2024	Q1/25
Cost/income ratio	43.2	47.0	46.9	60.5	48.9	54.2
Return on Tangible Equity (RoTE) before taxes	3.8	0.9	4.6	1.5	2.7	2.9
Return on Tangible Equity (RoTE) after taxes	3.0	0.6	3.7	1.3	2.1	2.3

Balance sheet figures (IFRS, in € billion)	03/24	06/24	09/24	12/24	03/25
Balance sheet total	48.9	46.0	45.2	44.2	42.3
Equity capital	3.4	3.4	3.4	3.4	3.4
Financing volume	42.8	41.0	39.9	38.7	38.5

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

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