

pbb continues strategic transformation

- Adjusted profit before taxes of €79 million after nine months (9M24: €87 million)
- New business volume (incl. prolongations > 1 year) increases to €4.0 billion (9M24: €2.5 billion)
- RoTE in new business at 9% above strategic target value
- Solid CET1 ratio of 15.4%
- Closing of the acquisition of Deutsche Investment Group expected for early Q1 2026
- Cautious outlook for the final quarter

Garching, 13 November 2025 - For Deutsche Pfandbriefbank AG (pbb), a leading European specialist bank for commercial real estate finance, the financial year 2025 is a year of transformation. The Bank is making good progress with the implementation of Strategy 2027. pbb's restructuring and a now stable but still subdued property market trend in Europe are shaping the income statement for the current financial year. At the end of the first nine months, pre-tax earnings adjusted for the extraordinary expenses for the initiated US exit totalled €79 million (9M24: €87 million). Of this, €14 million is attributable to the third quarter (Q324: €40 million). Taking extraordinary expenses into account, the pre-tax loss after nine months totalled €-235 million (all figures IFRS, Group, unaudited).

New business rose to €4.0 billion in the nine-month period, compared to €2.5 billion in the same period of the previous year (in each case including prolongations > 1 year). At around 230 basis points, the average gross interest margin remained only slightly below the previous year's high level of around 240 basis points. The return on tangible equity (RoTE) in new business was 9%, exceeding the strategic target of 8% for the Bank. These growth asset classes now contribute 7% to new business and continue to gain in importance.

"The market environment remains challenging. Buyers and sellers are still cautious," says Kay Wolf, CEO at pbb. "Although we are seeing slight signs of improvement, the recovery is slower than expected. Despite very good new business growth, we are not yet generating enough new business in Europe to fully compensate for the initiated US exit. The development of our REF portfolio volume is therefore still falling short of our expectations."

The transformation of the business model as part of Strategy 2027 continues to make progress. The acquisition of the Deutsche Investment Group is expected to be completed at the beginning of 2026. The Bank is also strengthening its European presence. In the third quarter, a branch was opened in Amsterdam and the back-office hub in Madrid was further strengthened in terms of personnel. The Bank has also begun to adapt its organisational and management structures to its strategic goals. This further development, which should be largely completed by the end of the year, aims to increase efficiency while maintaining operational stability.

"2025 is a year of transformation for us, in which we are laying the foundations for a sustainably profitable and diversified bank with Strategy 2027," says CEO Kay Wolf. "We are implementing the transformation step by step, but we are not yet

where we want to be. In particular, the transformation of our existing property financing portfolio towards sustainable profitability and higher quality requires further efforts."

The Bank's initiated withdrawal from the US, the further reduction of the non-core portfolio and the investments in the transformation are shaping the Bank's income statement in the current financial year. Operating income fell to €316 million at the end of the first nine months (9M24: €425 million). The decline is mainly due to the lower net interest and commission income of €314 million (9M24: €362 million), which primarily reflects the declining portfolio. Operating income includes a positive inflow from a settlement agreement in the third quarter.

The commercial real estate financing (REF) portfolio decreased to €27.6 billion (9M24: €29.1 billion) and the non-core portfolio to €8.9 billion (9M24: €10.8 billion) in the nine-month period. The de-risking continues. The US portfolio was reduced to €3.5 billion at the end of the third quarter (end of 2024: €4.2 billion). The development portfolio now stands at €1.8 billion (end of 2024: €2.2 billion).

Risk provisions amounted to €-356 million in the period from January to September (9M24: €-140 million). However, €283 million of this was attributable to the one-off expense for the decision to withdraw from the US, which was recognised in the second quarter. A further €40 million was attributable to the development portfolio for the first nine months.

Further fall in costs

The development of administrative expenses is pleasing, which at €173 million were below the previous year's figure (9M24: €179 million) despite investments in the strategic transformation totalling €16 million up to the end of September. The cost-income ratio (CIR) was 59.8% (9M24: 45.6%) due to lower income.

The Bank placed a refinancing volume of €3.1 billion on the market in the first nine months (9M24: €2.0 billion). Liquidity remains comfortable at more than €5 billion and the liquidity coverage ratio (LCR) was 209% at the end of September. The Common Equity Tier 1 capital ratio (CET1) improved to 15.4% at the end of the third quarter (H125: 15.3%). The Bank therefore remains very well capitalised.

Cautious outlook for the final quarter

Due to the still subdued market environment, pbb is now planning new business in the range of €5.5 billion to €6.0 billion for the full year 2025. The REF portfolio is expected to be between €27.5 billion and €28 billion by the end of the year.

pbb's nine-month results are largely shaped by the transformation and de-risking in the REF portfolio. The Bank wants to continue to focus on this. A positive pre-tax result is expected for the fourth quarter. Depending on the progress of de-risking, a full year PBT in a range of €-210 million and, even under very severe developments, not less than €-265 million is expected. Hence, the forecast corridor for adjusted earnings before taxes is between €50 million and €105 million for 2025.

pbb Group at a glance

Profit and loss Loss account (IFRS, in € million)	Q1/24	Q2/24	Q3/24	Q4/24	2024	Q1/25	Q2/25	Q3/25	9M/25
Net interest income	125	121	113	106	465	107	104	99	310
Net fee and commission income	1	2	0	2	5	2	2	0	4
Net income from fair value measurement	-3	-1	8	-7	-3	3	-19	-11	-27
Net income from realisations	23	12	22	22	79	2	6	4	12
Net income from hedge accounting	4	2	-2	-1	3	2	0	2	4
Impairments on equity method entities	0	0	0	0	0	0	-11	0	-11
Net other operating income	-4	-4	6	-3	-5	2	6	16	24
Operating income	146	132	147	119	544	118	88	110	316
Net income from risk provisioning	-47	-56	-37	-30	-170	-26	-297	-33	-356
General and administrative expenses	-58	-57	-64	-66	-245	-59	-56	-58	-173
Expenses from bank levies and similar dues	-2	-1	-1	0	-4	0	-3	0	-3
Net income from write-downs and write-ups on non-financial assets	-5	-5	-5	-6	-21	-5	-6	-5	-16
Net income from restructuring	0	0	0	0	0	0	-3	0	-3
Pre-tax profit	34	13	40	17	104	28	-277	14	-235
Income taxes	-5	-2	-6	-1	-14	-4	11	1	8
Net income	29	11	34	16	90	24	-266	15	-227

Key figures (%)	Q1/24	Q2/24	Q3/24	Q4/24	2024	Q1/25	Q2/25	Q3/25	9M/25
Cost/income ratio (CIR)	43.2	47.0	46.9	60.5	48.9	54.2	70.5	57.3	59.8
RoTE before tax	3.8	0.9	4.6	1.5	2.7	2.9	-40.1	1.2	-12.0
RoTE after tax	3.0	0.6	3.7	1.3	2.1	2.3	-37.0	1.2	-11.1

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

Note: The following applies to the entire press release: quarterly figures are unaudited, half-year figures audited, full-year figures audited. With respect to performance indicators used in this press release, please see:

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