Press Release

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pbb with solid first half-year – strong growth in new business once again

- Pre-tax profit of €16 million, of which €10 million was generated in the second quarter of 2026
- New business in Real Estate Finance Solutions rises by 18% to €3.1 billion (H1 2025: €2.6 billion)
- Operating income in Real Estate Investment Solutions rose to €14 million in the second quarter of 2026 (Q1 2026: €11 million)
- Risk provisioning, at -€13 million, were significantly below the prior-year figure (H1 2025: -€323 million due to charges relating to the US exit)
- Common Equity Tier 1 (CET1) ratio rises to 14.6% as at 30 June 2026 (31 March 2026: 13.4%)

Garching, 13 August 2026 – Deutsche Pfandbriefbank AG (pbb), one of Europe's leading specialist banks for commercial real estate financing, achieved a pre-tax profit of €16 million in the first half of 2026 (IFRS, pbb Group, unaudited, but reviewed). Of this, €10 million was attributable to the second quarter (Q1 2026: €6 million). In the first half of 2025, pre-tax profit stood at -€249 million due to exceptional expenses for risk provisions resulting from the decision to strategically withdraw from the US. In the first half of 2026, risk provisioning returned to normal levels, standing at -€13 million (H1 2025: -€323 million).

"We have achieved solid half-year results in a persistently volatile market environment," said Kay Wolf, CEO at pbb. "Our business performance in the first two quarters of this year shows that the bank's transformation is well on track. Our new business continues to grow significantly and profitably. The share of asset classes, which we intend to grow, now stands at just under a quarter. We are making progress in diversifying our income, as demonstrated by the significant rise in income in the Real Estate Investment Solutions segment."

Operating income fell to €167 million in the first half of 2026 (H1 2025: €206 million), which is primarily attributable to lower net interest income of €165 million (H1 2025: €211 million). The decline is primarily attributable to the lower volume of the Real Estate Finance portfolio, as well as the costs incurred in shielding the high-performing portion of the US portfolio through the "Significant Risk Transfer" agreed in December 2025.

In Real Estate Finance Solutions (REFS), new business[1] grew significantly in the first half of 2026, rising by 18% year-on-year to €3.1 billion (Q2 2026: €1.8 billion; H1 2025: €2.6 billion). The share of new commitments rose to 67% during this period (H1 2025: 23%). The Return on Tangible Equity (RoTE) reported for profitability in European new business stood at 7% in the first half of the year, thereby remaining within pbb's target range. The types of asset classes that are strategically important for growth – hotels, senior living, student housing and data centres – accounted for 23% of the bank's new business in the second quarter (H1 2026: 14%). The volume of the REFS portfolio stabilised at €26.8 billion at mid-year (Q1 2026: €26.8 billion; H1 2025: €28.2 billion), despite the faster-than-planned reduction of the US portfolio. REFS contributed €14 million to pre-tax profit in the second quarter of 2026, representing an increase of €3 million compared with the previous quarter.

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[1] including extensions of more than one year

In Real Estate Investment Solutions (REIS), operating income rose significantly in the second quarter to €14 million (Q1 2026: €11 million). This is attributable in particular to planned income from transaction activities. Assets under management rose to €3.1 billion (Q1 2026: €3.0 billion). In total, REIS generated a pre-tax profit of €2 million in the second quarter of 2026 (Q1 2026: €0 million).

No additional risk charges in the US

The net income from risk provisioning amounted to -€13 million in the first half of 2026 (H1 2025: -€323 million). Whilst a net position of €13 million was released in stages 1 and 2, there was a net addition of €27 million in stage 3. No additional risk charges were incurred in the US.

Administrative expenses amounted to €126 million in the first half of 2026 (H1 2025: €115 million). Increased strategic investments in REIS were offset by a decline in expenses in REFS. The adjusted cost-income ratio (CIR)[2] stood at 77%. pbb remains committed to its target of achieving a CIR of between 70% and 75% for the 2026 financial year.

The Common Equity Tier 1 (CET1) ratio rose to 14.6% at the end of the first half of 2026 (H1 2025: 15.3%; Q1 2026: 13.4%). The significant increase, compared with the first quarter of 2026, is primarily attributable to positive effects resulting from regulatory adjustments to the F-IRBA standard. Liquidity remains solid, with a liquidity coverage ratio (LCR) of 402% (H1 2025: 330%).

Second half of 2026: Further growth in new business expected

For the 2026 financial year, the bank continues to forecast a new business volume of between €7.5 billion and €8.5 billion (2025: €6.3 billion). Taking into account the ongoing wind-down of its US business, pbb is aiming for a REFS financing volume of at least €27 billion by the end of the year. Despite continued high market volatility, the bank remains committed to its guidance for the 2026 financial year.

[2] Adjusted for one-off charges in Fair Value results relating to the US exit.

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pbb Group at a glance

Profit and loss account (IFRS, in € million)	**Q1/25**	**Q2/25**	**Q3/25**	**Q4/25**	**2025**	**Q1/26**	**Q2/26**	**H1/26**
Net interest income	107	104	99	99	409	84	81	165
Net fee and commission income	2	2	0	0	4	5	7	12
Net income from fair value measurement	3	-19	-11	-6	-33	-22	-4	-26
Net income from realisations	2	6	4	10	22	5	-1	4
Net income from hedge ac-counting	2	0	2	-1	3	2	-1	1
Impairments on equity method entities	0	-11	0	3	-8	-	-	-
Net other operating income	2	6	16	1	25	3	8	11
Operating income	**118**	**88**	**110**	**106**	**422**	**77**	**90**	**167**
Net income from risk provisioning	-26	-297	-33	-54	-410	-2	-11	-13
General and administrative expenses	-59	-56	-58	-63	-236	-63	-63	-126
Expenses from bank levies and similar dues	0	-3	0	0	-3	-1	-	-1
Net income from write-downs and write-ups on non-financial assets	-5	-6	-5	-5	-21	-5	-6	-11
Net income from restructuring	0	-3	0	1	-2	-	-	-
Pre-tax profit	**28**	**-277**	**14**	**-15**	**-250**	**6**	**10**	**16**
Income taxes	-4	11	1	-42	-34	-1	-	-1
Net income	**24**	**-266**	**15**	**-57**	**-284**	**5**	**10**	**15**

Key figures (%)	**Q1/25**	**Q2/25**	**Q3/25**	**Q4/25**	**2025**	**Q1/26**	**Q2/26**	**H1/26**
Cost Income Ratio (CIR)	54.2	70.5	57.3	64.2	60.9	88.3	76.7	82.0
RoTE before tax	2.9	-40.1	1.2	-3.2	-9.9	0.0	0.6	0.3
RoTE after tax	2.3	-37.0	1.2	-9.1	-10.6	-0.2	0.6	0.2

Balance sheet figures (IFRS, in € billion)	**Mar 25**	**Jun 25**	**Sep 25**	**Dec 25**	**Mar 26**	**Jun 26**
Total assets	42.3	42.4	42.6	39.9	39.7	39.1
Equity	3.4	3.1	3.2	3.1	3.1	3.1
Financing volume REFS	28.9	28.2	27.6	27.3	26.8	26.8

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.

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