Deutsche Pfandbriefbank

Issuer View • 14 August 2025

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Ratings

Deutsche Pfandbriefbank AG

	Rating	Outlook
Fitch	-	-
Moody's	-	-
S&P	BBB-	Stable

Homepage

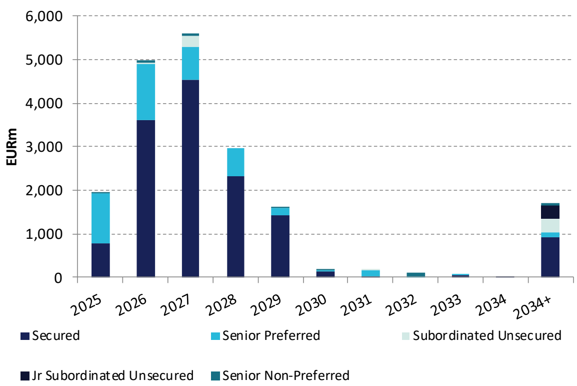
www.pfandbriefbank.com

Deutsche Pfandbriefbank AG (pbb) is a leading European specialist bank for commercial real estate financing, with a focus on Pfandbriefe-eligible business. pbb's core business is the granting of real estate loans, including individual financing and the use of derivatives for risk hedging. pbb divides its business segments along the financed properties into the operating areas „Real Estate Finance" (REF; H1/2025: 92.7% of operating income) and non-core (NC; 7.3%) as well as the non-operating segment „Consolidation & Adjustments". Geographically, the majority of the REF loan portfolio is spread across Germany (45%), the US (13%) and France (12%). The share of green loans in the REF portfolio rose to 31.3% in H1/2025 and already exceeded the 2026 target of 30%. The most important asset class in the REF portfolio is office real estate with a share of 50% (H1/2025), followed by logistics and residential real estate with 18% and 17% respectively. The Bank's funding is mainly provided through placements on the capital market, in particular in the form of Pfandbrief issues (H1/2025: 51.0% of the funding mix). In order to diversify refinancing, customer deposits in EUR and USD are increasingly being raised via *pbb direkt*, whose share totalled EUR 7.5bn at the end of H1/2025 (18.3% of the funding mix). In addition, the bank is active on the market as an issuer of green bonds, with an outstanding volume of EUR 3.0bn (H1/2025).

Balance Sheet / Income Statement

	2023Y	2024Y	2025H1
Total Assets (EURbn)	50.9	44.2	42.4
Risk-weighted Assets (EURbn)	18.5	20.6	17.7
Net Interest Income (EURm)	482	465	211
Operating Income (EURm)	603	544	206
Pre-tax Profit (EURm)	90	104	-249
Company Ratios			
Cost-income ratio	45.8%	48.9%	61.2%
RoE after tax	2.2%	2.1%	-16.8%
Leverage Ratio	6.2%	7.5%	7.3%
Core Tier 1 Ratio	15.7%	14.4%	15.3%
Liquidity Coverage Ratio	212%	200%	330%

Redemption Profile

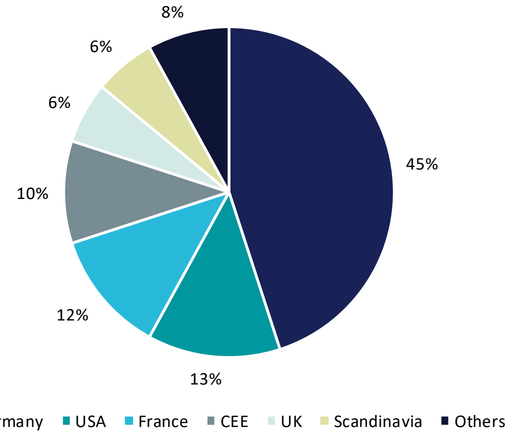


As of 14 August 2025; Source: Bloomberg, pbb, NORD/LB Floor Research

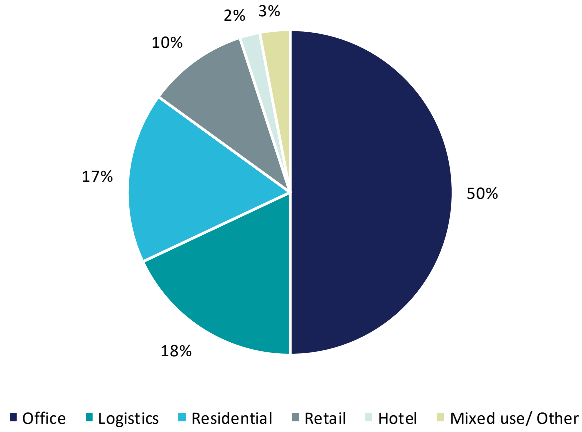
Withdrawal from the US business results in negative pre-tax profit in H1/2025

pbb's half-year report is dominated by the bank's withdrawal from the US business, which was announced in June. pbb plans to wind up its business activities in the USA in full over the next six to twelve months. The bank intends to wind-down, securitise or sell the US portfolio with a volume of around EUR 3.8bn during this period in a way that preserves its value. Mainly due to the Bank's withdrawal from the US business, pbb recognised loan loss provisions of EUR 297m for H1/2025. Against this backdrop in particular, pre-tax profit fell to EUR -249m in the first six months of the year, after a decline in Q1, a profit of EUR 28m was still recorded. Overall, the Bank estimates the one-off risk costs for the withdrawal from the USA at EUR -314m. Excluding allowance for credit losses for the fair value measurement of the US exposure, operating income in Q2/2025 was EUR 119m, only EUR 1m below the previous quarter. According to pbb, the CET 1 (CET1) ratio fell by -40bp due to the US withdrawal alone and is currently trading at 15.3% (H1/2025). With MREL-eligible assets with a volume of EUR 7.4bn, the bank exceeds the minimum regulatory requirement (EUR 4.4bn). In addition to Common Equity Tier 1 capital (EUR 2.7bn), the most important components are Senior Preferred and Senior Non-Preferred Bond with 29.7% and 24.4% of the MREL-eligible assets.

REF Portfolio (Performing) by region



REF Portfolio (Performing) by type

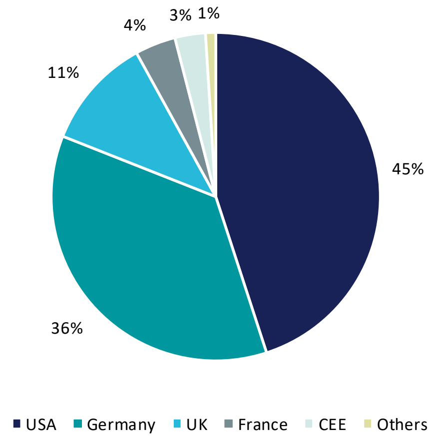


Source: pbb, NORD/LB Floor Research

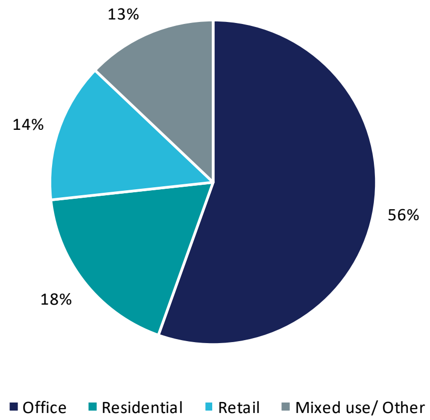
After withdrawing from the USA, pbb plans to strengthen its business in three areas

To compensate for the loss of US business, which accounted for around 13% of the entire bank's REF loan portfolio in H1/2025, pbb plans to strengthen its business in three areas in particular as part of its *Strategy 2027*. Firstly, the freed-up resources are to be used to focus more strongly on the European markets and to further expand the diversification and profitability of its business activities. Secondly, the asset and investment solutions division is to be strengthened, including through acquisitions. Against this backdrop, the bank announced its intention to acquire a majority stake in Deutsche Investment Group (real estate investment manager), which has assets under management of around EUR 3bn and generated commission income of EUR 34m in 2024. pbb expects the transaction to be completed in Q1/2026, being still subject to approval by the regulatory authorities. As a third point, the bank is striving for a leaner organizational structure. Among other things, management positions are to be reduced and customer-related processes are to be further optimized.

REF Portfolio NPL by region



REF Portfolio NPL by type



Source: pbb, NORD/LB Floor Research

Strengths / Opportunities

- Capitalization
- Geographical diversification
- Stable funding base (retail and covered bonds)

Risks / Weaknesses

- Credit concentration CRE
- Asset quality (office real estate portfolio USA)
- Profitability

Appendix
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