# Annual Financial Statements 2022

Deutsche Pfandbriefbank AG

# Combined Management Report

The Management Report of Deutsche Pfandbriefbank AG (pbb) and the Group Management Report are combined pursuant to section 315 (5) of the German Commercial Code (Handelsgesetzbuch – HGB) in connection with section 298 (2) HGB and is published in the Annual Report 2022 of Deutsche Pfandbriefbank Group (pbb Group).

The Annual Financial Statements and the Management Report combined with the Group Management Report for the financial year 2022 will be published by the operator of the German Company Register (Unternehmensregister).

pbb's Annual Financial Statements and pbb Group's Annual Report are also available online at www.pfandbriefbank.com.

# Annual Financial Statements

# Income Statement

**Income Statement of Deutsche Pfandbriefbank AG for the time from 1 January to 31 December 2022**

| in € million | | | **2022** | **2021** |
|---|---|---|---|---|
| 1. Interest income from | | | | |
| a) lending and money market business | 2,068 | | | 1,914 |
| b) fixed-income and government-inscribed debt | 234 | 2,302 | | 243 |
| 2. Interest expenses | | -1,794 | | -1,574 |
| | | | 508 | 583 |
| 3. Current income from | | | | |
| a) equity shares and other variable-income securities | | - | | - |
| b) participating interests | | - | | - |
| c) investments in affiliated companies | | - | | - |
| | | | - | - |
| 4. Income from profit pooling, profit transfer or partial profit transfer agreements | | | - | - |
| 5. Commission income | | 8 | | 9 |
| 6. Commission expenses | | -3 | | -3 |
| | | | 5 | 6 |
| 7. Other operating income | | | 40 | 22 |
| 8. General and administrative expenses | | | | |
| a) personnel expenses | | | | |
| aa) wages and salaries | -104 | | | -113 |
| ab) social security contributions and expenses for pensions and other employee benefits | -68 | -172 | | -22 |
| thereof: for pensions €51 million (31.12.2021: €7 million) | | | | |
| b) other administrative expenses | | -112 | | -106 |
| | | | -284 | -241 |
| 9. Amortisation/depreciation and write-downs of intangible and tangible assets | | | -6 | -5 |
| 10. Other operating expenses | | | -49 | -58 |
| 11. Write-downs of claims and certain securities as well as additions to provisions in the lending business | | -81 | | -85 |
| 12. Income from write-ups of claims and certain securities as well as reversals of provisions in the lending business | | - | | - |
| | | | -81 | -85 |
| 13. Write-downs and impairments to participating interests, investments in affiliated companies and securities treated as fixed assets | | -5 | | -2 |
| 14. Income from write-ups to participating interests, investments in affiliated companies and securities treated as fixed assets | | - | | - |
| | | | -5 | -2 |
| 15. Additions to the fund for general banking risks | | | - | - |
| 16. Expenses from assumption of losses | | | - | - |
| 17. Result from ordinary activities | | | 128 | 220 |
| 18. Extraordinary income | | | - | - |
| 19. Extraordinary expenses | | | - | - |
| 20. Extraordinary result | | | - | - |
| 21. Income taxes | | -13 | | -38 |
| 22. Other tax unless reported under item no. 10 | | -1 | | - |
| | | | -14 | -38 |
| 23. Net income/loss | | | 114 | 182 |
| 24. Profit/loss carried forward from the previous year | | | - | 37 |
| | | | 114 | 219 |
| 25. Withdrawals from additional paid-in capital | | | - | - |
| 26. Refilling of profit participation capital/withdrawals from profit participation capital | | | - | - |
| 27. Allocation to retained earnings/ Withdrawals from retained earnings | | | 14 | -60 |
| **28. Unappropriated retained earnings** | | | **128** | **159** |

# Balance Sheet

### Annual Balance Sheet of Deutsche Pfandbriefbank AG as at 31 December 2022

#### Assets

| in € million | | | 31.12.2022 | 31.12.2021 |
|---|---|---|---|---|
| 1. Cash reserve | | | | |
| a) cash on hand | | - | | - |
| b) balances with central banks | | 46 | | 6,607 |
| thereof: with the Deutsche Bundesbank €46 million (31.12.2021: €6,607 million) | | | | |
| | | | 46 | 6,607 |
| 2. Loans and advances to other banks | | | | |
| a) mortgage loans | | - | | - |
| b) public-sector loans | | 551 | | 550 |
| c) other loans and advances | | 6,998 | | 2,934 |
| thereof: repayable on demand €2,489 million (31.12.2021: €1,579 million) | | | | - |
| thereof: collateralised by securities €0 million (31.12.2021: €0 million) | | | | |
| | | | 7,549 | 3,484 |
| 3. Loans and advances to customers | | | | |
| a) mortgage loans | | 29,041 | | 27,280 |
| b) public-sector loans | | 9,045 | | 9,849 |
| c) other loans and advances | | 259 | | 277 |
| thereof: collateralised by securities €0 million (31.12.2021: €0 million) | | | | |
| | | | 38,345 | 37,406 |
| 4. Bonds and other fixed-income securities | | | | |
| a) money market instruments | | | | |
| aa) of public-sector issuers | - | | | - |
| thereof: eligible as collateral for Deutsche Bundesbank €0 million (31.12.2021: €0 million) | | | | |
| ab) of other issuers | - | | | - |
| thereof: eligible as collateral for Deutsche Bundesbank €0 million (31.12.2021: €0 million) | | | | |
| | | - | | - |
| b) Bonds and notes | | | | |
| ba) of public-sector issuers | 4,985 | | | 4,873 |
| thereof: eligible as collateral for Deutsche Bundesbank €3,742 million (31.12.2021: €3,492 million) | | | | |
| bb) of other issuers | 1,646 | | | 2,093 |
| thereof: eligible as collateral for Deutsche Bundesbank €1,357 million (31.12.2021: €1,818 million) | | | | |
| | | 6,631 | | 6,966 |
| c) own debt securities | | - | | - |
| notional amount €0 million (31.12.2021: €0 million) | | | | |
| | | | 6,631 | 6,966 |
| 5. Equity shares and other variable-income securities | | | 2 | 2 |
| 6. Participating interests | | | - | - |
| thereof: in banks €0 million (31.12.2021: €0 million) | | | | |
| thereof: in financial services institutions €0 million (31.12.2021: €0 million) | | | | |
| thereof: in Securities and Investment Institute €0 million (31.12.2021: €0 million) | | | | |
| 7. Investments in affiliated companies | | | 5 | 13 |
| thereof: in banks €0 million (31.12.2021: €0 million) | | | | |
| thereof: in financial services institutions €0 million (31.12.2021: €0 million) | | | | |
| thereof: in Securities and Investment Institute €4 million (31.12.2021: €0 million) | | | | |
| 8. Assets held in trust | | | - | - |
| thereof: loans on a trust basis €0 million (31.12.2021: €0 million) | | | | |
| **Carryover** | | | **52,578** | **54,478** |

| in € million | | | 31.12.2022 | 31.12.2021 |
|---|---|---|---|---|
| **Carryover** | | | **52,578** | **54,478** |
| 9. Intangible assets | | | | |
| a) internally generated commercial property rights and similar rights and assets | | - | | - |
| b) purchased concessions, commercial property rights and similar rights and assets as well as licences in such rights and assets | | 13 | | 14 |
| c) goodwill | | - | | - |
| d) down-payments | | 16 | | 5 |
| | | | 29 | 19 |
| 10. Tangible assets | | | 2 | 3 |
| 11. Sundry assets | | | 229 | 87 |
| 12. Prepaid expenses | | | | |
| a) from the issuance and loan business | | 139 | | 140 |
| b) other | | 154 | | 119 |
| | | | 293 | 259 |
| 13. Overfunded plan assets | | | - | - |
| **Total assets** | | | **53,131** | **54,846** |

## Liabilities and equity

| in € million | | | | |
|---|---|---|---|---|
| 1. Liabilities to other banks | | | | |
| a) registered Mortgage Pfandbriefe issued | | 370 | | 335 |
| b) registered Public Pfandbriefe issued | | 538 | | 447 |
| c) other liabilities | | 7,113 | | 10,218 |
| thereof: repayable on demand €460 million (31.12.2021: €649 million) | | | | |
| | | | 8,021 | 11,000 |
| thereof: delivered to lender as collateral for received loans | | | | |
| registered Mortgage Pfandbriefe €0 million (31.12.2021: €0 million) | | | | |
| registered Public Pfandbriefe €0 million (31.12.2021: €0 million) | | | | |
| 2. Liabilities to customers | | | | |
| a) registered Mortgage Pfandbriefe issued | | 3,429 | | 3,321 |
| b) registered Public Pfandbriefe issued | | 5,547 | | 6,306 |
| c) savings deposits | | | | |
| ca) with agreed notice period of three months | - | | | - |
| cb) with agreed notice period of more than three months | - | | | - |
| | | | - | - |
| d) other liabilities | | 9,218 | | 8,401 |
| thereof: repayable on demand €1,535 million (31.12.2021: €1,097 million) | | | | |
| | | | 18,194 | 18,028 |
| thereof: delivered to lender as collateral for received loans | | | | |
| registered Mortgage Pfandbriefe €0 million (31.12.2021: €0 million) | | | | |
| registered Public Pfandbriefe €0 million (31.12.2021: €5 million) | | | | |
| 3. Securitised liabilities | | | | |
| a) bonds in issue | | | | |
| aa) Mortgage Pfandbriefe | 12,291 | | | 12,265 |
| ab) Public Pfandbriefe | 2,148 | | | 2,092 |
| ac) other bonds | 7,852 | | | 6,777 |
| | | 22,291 | | 21,134 |
| b) other securitised liabilities | | - | | - |
| thereof: money market instruments €0 million (31.12.2021: €0 million) | | | | |
| | | | 22,291 | 21,134 |
| **Carryover** | | | **48,506** | **50,162** |

| in € million | | 31.12.2022 | 31.12.2021 |
|---|---|---|---|
| **Carryover** | | **48,506** | **50,162** |
| 4. Liabilities held in trust | | - | - |
| thereof: liabilities on a trust basis €0 million (31.12.2021: €0 million) | | | |
| 5. Sundry liabilities | | 21 | 26 |
| 6. Deferred income | | | |
| a) from issuance and loan business | 226 | | 219 |
| b) other | 251 | | 251 |
| | | 477 | 470 |
| 7. Provisions | | | |
| a) provisions for pensions and similar obligations | 133 | | 88 |
| b) provisions for taxes | 19 | | 34 |
| c) other provisions | 115 | | 142 |
| | | 267 | 264 |
| 8. Subordinated liabilities | | 638 | 657 |
| 9. Additional Tier 1 capital instruments | | 312 | 312 |
| 10. Fund for general banking risks | | 47 | 47 |
| 11. Equity | | | |
| a) share capital | | 380 | 380 |
| b) additional paid-in capital | | 1,639 | 1,639 |
| c) retained earnings | | | |
| ca) legal reserve | 13 | | 13 |
| cb) reserve for shares in a controlling or major shareholding entity | - | | - |
| cc) statutory reserves | - | | - |
| cd) other retained earnings | 703 | | 717 |
| | | 716 | 730 |
| d) unappropriated retained earnings | | 128 | 159 |
| | | 2,863 | 2,908 |
| **Total liabilities and equity** | | **53,131** | **54,846** |
| 1. Contingent liabilities | | | |
| a) contingent liabilities from settled rediscounted bills of exchange | - | | - |
| b) liabilities from guarantees and indemnity agreements | 70 | | 185 |
| c) liability arising from the provision of collateral for third-party liabilities | - | | - |
| | | 70 | 185 |
| 2. Other commitments | | | |
| a) repurchase obligations from non-genuine sale and repurchase agreements | - | | - |
| b) placement and underwriting obligations | - | | - |
| c) irrevocable loan commitments | 2,989 | | 3,101 |
| | | 2,989 | 3,101 |
| **Total of contingent liabilities and other commitments** | | **3,059** | **3,286** |

# Notes

## ACCOUNTING POLICIES

### 1 Accounting Regulations

The Deutsche Pfandbriefbank AG (pbb), with its headquarters in Munich, is registered in the commercial register of the Amtsgericht (local court) Munich (HRB 41054).

The 2022 annual financial statements of pbb were prepared in accordance with the financial reporting principles set out in the German Commercial Code (Handelsgesetzbuch – "HGB") and the additional provisions of the German Public Limited Companies Act (Aktiengesetz – "AktG"), the German Banking Act (Kreditwesengesetz – "KWG") and the German Pfandbrief Act (Pfandbriefgesetz – "PfandBG"), as applicable to specific legal forms and institutions. The structure and the content of balance sheet and income statement is mainly prescribed by the German Accounting Directive for Banks and Financial Services Providers (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute – "RechKredV").

The annual financial statements comprise income statement, balance sheet and notes to the financial statements. In addition, a management report was prepared pursuant to the requirements of section 289 HGB. pbb exercised the option of section 315 (5) HGB in connection with section 298 (2) HGB to combine the Group Management Report with the Management Report. The combined Management Report is included in Deutsche Pfandbriefbank Group's (pbb Group) Annual Report 2022.

### 2 Accounting and Measurement Principles

The Management Board prepared and authorised these annual financial statements on 7 March 2023 under the going-concern assumption .

**Cash reserve**
Cash reserve is measured at notional amounts.

**Loans and advances**
Loans and advances are recognised at nominal value, in accordance with section 340e (2) of the HGB, with recognised loan loss provisions deducted. The difference between the nominal value and the actual payment has characteristics of interest and is reported as prepaid expenses. It is amortised in proportion to the principal and pro rata temporis, and recognised in the income statement under net interest income. Pro-rata interest and similar amounts are assigned to the (sub-)item they relate to.

**Risk provisioning**
All identifiable individual default risks in the lending business were covered by specific allowances and provisions in the amount of expected losses. In the context of specific impairments, the expected individual cash flows are determined on the basis of the expected value of various possible scenarios in order to adequately take into account acute default risk in accordance with the principle of commercial prudence.

As regards the measurement of specific impairments, expected individual cash flows also include interest and the discount to fair value, in addition to repayments. To the extent that the receivable underlying interest calculations has already been written down or written off because of non-recoverability, no interest income will be recognised. Gains or losses from discounting or unwinding of the discount in relation to risk provisioning are reported in "Write-downs and valuation allowances of loans and advances and specific securities, as well as additions to loan loss provisions” and “Income from amounts written back on loans and advances and specific securities, and from the reversal of loan loss provisions”, respectively.

Portfolio-based allowances and provisions in the lending business (general loan loss provisioning) are recognised for potential default risks in the lending business. When determining amounts for general loan loss provisioning, pbb applies a model-based procedure using the regulatory risk parameters (probability of default – PD, loss given default – LGD) and contractual information on loans and advances such as contractually agreed cash flows. Regulatory risk parameters are transformed appropriately. The transformation uses parameters that are based on historical loss experience. The probability of default is transformed using expected fair market values for real estate and the expected absolute change in the unemployment rate (models for special purpose entities) or the expected unemployment rate (models for entities other than special purpose entities). Furthermore, the expected five-year swap rate for each currency is taken into account as an additional transformation parameter.

General loan loss provisioning is determined through probability weighting of various scenarios. The baseline scenario used by pbb to determine general loan loss provisioning is weighted at 55% (31 December 2021: 55%): the positive scenario has a weighting of 5% (31 December 2021: 5%) and the negative scenario has a weighting of 40% (31 December 2021: 40%). For loan receivables which were subject to a significant increase in the risk of losses or default since the loan was granted, lifetime expected credit losses are recognised.

pbb has not experienced any significant direct effects from the war between Russia and Ukraine, since pbb has no direct exposure to borrowers domiciled in Russia, Belarus or Ukraine, nor has it financed any properties in these countries. Moreover, pbb has not extended any financings to persons included on the European Union’s sanctions lists as at the reporting date. pbb has two Russia-related public investment financings with a gross carrying amount totalling €24 million in its portfolio, which are guaranteed by the Federal Republic of Germany to a very large extent. The uncovered part amounted to just under €2 million, nearly all of which was almost completely specifically impaired.

However, the war between Russia and Ukraine and the subsequent reciprocal sanctions have macroeconomic consequences such as reduced economic growth, significantly increased inflation, higher interest rates and supply chain issues, all of which could have an indirect impact on pbb's financings. Due to the war, any assessment of future developments is currently characterised by a particularly high degree of uncertainty.

Apart from the high level of macroeconomic uncertainty, there are also specific uncertainty factors which affect pbb's portfolios to varying degrees. One contributing factor is that the financed properties have developed inconsistently in recent years, for example in terms of yields. Future development of the financed office properties in the portfolio is particularly uncertain. Demand for office property was high until the outbreak of the COVID-19 pandemic – and although office property yields have not fallen over the three years since, uncertainty remains high for office properties going forward. Among the reasons for this is the trend towards working from home, which may lead to lower demand for office space. Another factor is a heightened need for improved sustainability of office properties. This represents a particular challenge for office properties, as the changing world of work is also intensifying the shift to a tenant’s market. Both of these factors may lead to a significant decline in the market values of office properties down the road. This risk could hit older office properties in less desirable locations especially hard.

The market value forecasts used in the model to determine general loan loss provisioning for office financings are based primarily on external sources. These projections only partially account for the specific risks of the trend towards working from home and the need for improved sustainability. Notably, the worsening of indicators towards the end of 2022 has not yet been adequately reflected. pbb has therefore provided for the additional risk in the form of a management overlay in the amount of €69 million, assuming a steady continuation of its model. A discount was applied to the expected office property market values in the baseline and negative scenarios. Moreover, the risk of a further rise in interest rates was taken into account in the negative scenario, as this may not be offset – or only to a limited extent – by future rent increases, especially for office properties outside of prime locations.

At the same time, pbb completely reversed the €62 million management overlay which was in place on 31 December 2021 to consider delayed defaults and bankruptcies following government support measures to mitigate the economic consequences of the COVID-19 pandemic. This decision was based on the almost complete withdrawal of COVID-19-related social restrictions and hence the significantly lowered risk of credit defaults in connection with the pandemic.

In 2022, pbb made three changes as regards the calculation of general loan loss provisioning:

Firstly: regulatory risk parameters, including the probability of default (PD) and the loss given default (LGD), are used as a basis for determining the amount of expected credit losses of of general loan loss provisioning. The regulatory longer-term assessment over various economic cycles (through-the-cycle) that refers to a particular point in time is transferred into a reporting date-based or exact estimate of the current situation (point-in-time) as required under IFRS 9. For this purpose, reasonable and supportable information about past events, current conditions and projections of future economic conditions available at the reporting date without undue cost or effort is to be taken as a basis.

The expected five-year swap rate per currency is taken into account as a transformation parameter. Based on portfolio-specific analyses, the five-year swap rate determined as at the average maturity dates of a portfolio is now used for calculations to specific dates. Previously, the five-year swap rate was calculated based on a monthly average and without considering specific maturities.

The change in accounting estimates during the second quarter of 2022 benefited pbb's net income from risk provisioning (write-downs and impairments to receivables and certain securities and additions of provisions in credit business) in the amount of €7 million and was almost completely attributable to impairments on balance sheet business.

Secondly: PD and LGD were previously transformed to the current point in time at the level of homogeneous sub-portfolios. From now on, the point-in-time transformation is even more granular for each financial instrument and is based on changed input parameters in the institutions' own rating systems. The change in accounting estimates reflects findings from the ongoing project to revise regulatory approaches for determining risk parameters.

The change in accounting estimates during the fourth quarter of 2022 resulted in a reversal of impairments recognised in net income from risk provisioning (write-downs and impairments to receivables and certain securities and additions of provisions in credit business) in the amount of €55 million. Of that amount, €37 million related to impairments of balance sheet transactions, while €18 million was attributable to as yet undisbursed amounts, i.e. off-balance sheet transactions.

Thirdly: In determining the impairment and provisions, the maximum period over which expected credit losses are measured corresponds to the maximum contractual period over which the entity is exposed to credit risk. In determining the period over which the entity is expected to be exposed to credit risk but where the expected credit losses would not be absorbed by the entity's normal credit risk management activities, an entity is required to consider factors such as historical information and historical patterns.

Among other things, the increased level of market interest rates has changed clients' behaviour regarding loan renewals. Accordingly, when measuring of general loan loss provisioning, pbb assumes a higher probability of clients exercising their loan renewal options. This change in accounting estimates implemented during the fourth quarter of 2022 resulted in an increase of €10 million in the pbb's net income from risk provisioning (write-downs and impairments to receivables and certain securities and additions of provisions in credit business), attributable almost completely to balance sheet transactions.

Use was made of the cross-offsetting option permitted under section 340f (3) of the HGB in conjunction with section 340c (2) of the HGB for the compensatory recognition of income and expenses.

Statement IDW RS BFA 7 on general loan loss provisions at credit institutions is applicable for the first time to financial years beginning after 31 December 2021. Early application was permissible, and pbb has voluntarily applied IDW RS BFA 7 already since the financial year 2020. The subject of this IDW statement on accounting is the consideration of foreseeable counterparty risks in the lending business of credit institutions that have not yet been specified for individual borrowers. IDW RS BFA 7 enables IFRS reporting entities to also apply the IFRS 9 methodology to determine general loan loss provisions in accordance with the HGB.

**Securities**
Securities of the liquidity reserve, which are not part of a valuation unit, are measured at the lower of cost or market value and recognised at their lower value as of the balance sheet date in accordance with section 253 (4) clause 1 of the HGB. The principle of lower of cost or market value is applied to the unhedged risk for securities of the liquidity reserve combined in portfolio hedges pursuant to section 254 of the HGB.

Securities treated as fixed assets are recognised at cost of purchase respectively at amortised cost in accordance with section 253 (3) HGB in conjunction with section 340e HGB. (modified lower-of-cost-or-market principle). In case of an expected permanent impairment, securities treated as fixed assets are carried at the lower fair value. The review as to whether there is an expected permanent impairment is performed regularly. A permanent impairment is deemed to exist, subject to a rebuttable presumption, when there are doubts – due to credit quality issues – as to whether the expected future cash flows can be recovered. A general allowance is recorded for potential default risks in relation to securities treated as fixed assets. They are determined based on expected losses. If the reason for a write-down ceases to exist, a write-up up to amortised cost has to be recognised.

The fair values are generally determined using transaction or stock exchange prices as at the relevant reporting date. If such prices are not available, recognised measurement models are used where the model parameters are derived from comparable market transactions. Internal measurement models were used when there were no transaction or stock exchange prices available for transactions. Market parameters or market prices arising from involuntary liquidation or distressed sales are not used for measurement purposes.

In compliance with statement IDW RH HFA 1.014, pbb reclassified illiquid securities of German issuers with a volume of €101 million from current assets to non-current assets in the financial year 2022 due to a change in purpose. The lower-of-cost-or-market write-downs of less than €1 million recognised until the reclassification will be amortised on a scheduled basis over the remaining term of the securities.

**Securities lending transactions**
Repurchase transactions are reported in accordance with the principles set out in section 340b of the HGB: pbb continues to carry securities lent, given beneficial ownership, whilst borrowed securities are not carried on the balance sheet. Cash collateral pledged for securities lending transactions is carried as a receivable (depending on the counterparty, in loans and advances to banks or loans and advances to customers), whilst collateral received is carried as a liability (liabilities to banks or liabilities to customers).

**Investments in affiliated companies and participating interests**
Investments in affiliated companies and participating interests are recognised at cost of purchase, reduced, if appropriate, by impairment write-downs to the lower fair value. Write-ups are recorded if the reasons for the write-down cease to exist.

pbb has performed impairment tests on its significant participating interests in accordance with section 253 (3) of the HGB. Measurement was carried out in accordance with the IDW S1 standard. One write-down of €8 million was recognised due to an expected permanent impairment, since the fair value is below the carrying amount.

**Intangible assets**
Purchased intangible assets are carried at cost (not exceeding amortised cost), reduced by amortisation and, where necessary, write-downs. Software products that are closely related in terms of technology and function are combined and accounted for as a single asset. Amortisation is determined using the asset's useful life. The capitalisation option of the § 248 (2) HGB for internally generated intangible assets held as fixed assets is not exercised.

**Tangible assets**
Tangible assets are measured at cost of purchase or production, reduced by depreciation and, where necessary, impairment write-downs. Depreciation is recorded on a straight-line basis and is subject to the depreciation rates that correspond to the estimated useful lives which are also used for tax purposes. Leasehold improvements have useful lives of 5 to 15 years; IT-equipment (in its broader sense) 3 to 5 years; other operating and office equipment 3 to 25 years.

Low-value assets with a cost of not more than €250 are written off in full during the year of acquisition. A collective account pursuant to section 6 (2a) of the German Income Tax Act (Einkommensteuergesetz – "EStG") was recorded for depreciable movable assets with a cost of more than €250 and up to €1,000. This collective account is depreciated on a straight-line basis over a period of five years.

**Overfunded plan assets**
Reinsurance claims assigned to employees represent assets which are protected from access by all other creditors, and which are exclusively intended to settle liabilities from retirement benefit obligations or comparable long-term obligations. Therefore, these claims are measured at fair value in accordance with section 253 (1) sentence 4 HGB in conjunction with section 246 (2) sentence 2 HGB, and netted against provisions related to the respective benefit plan. The relevant repurchase values are used as fair values. Accordingly, expenses and income from reinsurance and from the discounting of the associated pension provisions are netted. Any excess of plan assets over post-employment benefit liabilities is reported in a separate line item and is designated accordingly.

**Derivatives**
Derivative financial instruments are used primarily to hedge interest rate and currency risks within the context of the overall bank's risk management. The bank enters into customer derivatives which customers use for protection against interest rate risks. The customer derivatives are regularly hedged by offsetting transactions on the interbank market or controlled within the framework of macro interest rate management. The derivative contracts are regularly hedged by compensating transactions at the interbank market. Interest-rate-related derivative financial instruments are accounted for as part of valuation units pursuant to section 254 HGB as well as within the framework of an overall analysis of the interest rate risk of the banking ledger (banking ledger management). Currency-related derivative financial instruments are recognised within the context of currency translation in accordance with section 340h HGB. Interest income and expenses arising from derivative financial transactions are reported on a gross basis.

**Liabilities**
Liabilities are recognised at settlement price. The difference between settlement price and issue price of the liabilities is recorded as prepaid expenses or deferred income in accordance with the option provided for under section 250 (3) HGB. It is amortised in proportion to the principal and pro rata temporis, and recognised in the income statement in net interest income. Pro-rata interest and similar amounts are assigned to the (sub-)item they relate Zero-coupon bonds are recognised at their issue price plus pro rata interest based on the issue yield.

In the financial year 2022, pbb participated in the ECB's Targeted Longer Term Refinancing Operations (TLTRO III) with a nominal volume of €8.4 billion. The ECB's Governing Council amended the conditions of TLTRO III in October 2022, with effect from 23 November 2022, and granted participating banks additional early repayment options. pbb made use of the additional repayment options to effect early repayment of TLTRO tranches for a total nominal volume of €5.8 billion by the reporting date. To the extent that certain criteria were met (in particular the increase in eligible net lending in comparison to the benchmark), pbb received an interest rate premium of 50 basis points on nominal volume of TLTRO III for the special interest period (24 June 2021 to 23 June 2022), which was recognised in net interest income pro rata temporis. Interest and interest rate premium were granted by the ECB in form of a (pro-rata) waiver of the principal debt. In 2022, pbb recorded interest and interest premium from TLTRO III in the amount of €26 million and €20 million, respectively, in net interest income. As at the reporting date, the carrying amount of TLTRO liabilities reported under liabilities to central banks amounted to €2.6 billion.

**Provisions**
Provisions are recognised for uncertain liabilities and pending losses in the required settlement amount, as determined based upon prudent commercial judgement. If the original remaining term of a provision is more than one year, the provision is discounted using the interest rates for matching maturities, as published by Deutsche Bundesbank. To the extent that provisions are recognised for pending losses arising from the fair value measurement of executory contracts determined on the basis of market value calculations using present values, such provisions are not discounted in accordance with IDW RS HFA 4 no. 44, but instead recorded at their negative fair value. The discounting option is not exercised for provisions with an original remaining term of up to one year. Unwinding effects relating provisions are calculated on a monthly basis.

The measurement of the provisions for legal risks is mainly based on the amount in dispute and potential utilisations. These are determined by pbb on the basis of opinions prepared by external lawyers.

Gains or losses from discounting and unwinding of the discount in relation to provisions which are not related to the banking business are reported in other operating income or other operating expenses, whereas gains or losses from discounting and unwinding of the discount in relation to provisions related to banking business are reported in interest income or interest expense.

The provisions for pensions and similar obligations are measured using the projected unit credit method. This method represents an appropriate method which is based on verifiable criteria.

Calculations were based on the following assumptions:
- Discount rate: 1.78% p.a. (31 December 2021: 1.87% p.a.)
- Rate of increase in future compensation: 2.50% p.a. (31 December 2021: 2.50% p.a.)
- Rate of increase in pension obligations: 2.50% p.a. (31 December 2021: 1.50% p.a.)
- Mortality tables: actuarial tables issued by K. Heubeck in 2018 ("Richttafeln 2018 G")

Age-related fluctuations were taken into account for the calculation. A 0% salary trend was assumed for Management Board members in office during the financial years 2022 and 2021.

Provisions for pensions and similar obligations were discounted in the financial year 2022 pursuant to section 253 (2) HGB on a lump-sum basis, using the published average market interest rate for the past ten years which is determined based on an assumed remaining term of 15 years. The difference between the recognition of provisions for pensions as at 31 December 2022, using an average market interest rate for the past ten years 1.78% (31 December 2021: 1.87%), and the average market interest rate for the past seven years 1.44% (31 December 2021: 1.35%), amounts to €15 million (31 December 2021: €20 million) and is not available for dividend distribution.

First-time application of statement IDW RH FAB 1.021 for the valuation of provisions for reinsured pension obligations resulted in a reduction of claims from reinsurance policies in the amount of €14 million. Implementation of the Accounting Practice Statement was carried out using the actuarial reserve procedure, selecting the liability method (Passivprimat). Using the biometric factors specified by the German Association of Actuaries (DAV), a multiplicative reestimation of the biometric calculation bases between the Klaus Heubeck 2018 G mortality tables and the DAV tables was carried out.

Contingent liabilities and other commitments are disclosed as off-balance sheet items at notional value less any recognised provisions.

**Valuation units**

Valuation units are accounted for in the annual financial statements of pbb in accordance with section 254 HGB. This relates to micro valuation units used to hedge interest rate risks. Only those hedging relationships are taken into account where a high effectiveness can be expected from the hedge. The effective portion of the fair value changes is not recognised for the hedged item and the hedging instrument (net hedge presentation method). The ineffective portion from the hedged risk of valuation units is recognised as provision for anticipated losses in respect of the imparity principle. Value changes from risks that are not hedged are recognised on the basis of the general accounting policies, without taking into account the existing valuation units. If the fair value of derivatives that are not part of a hedging relationship pursuant to section 254 HGB falls below the remaining carrying amount, a provision for anticipated losses is recognised in the amount of the difference, to the extent that this is not taken into account within the framework of an overall analysis of the interest rate risk of the banking ledger.

Since the financial year 2022, pbb has primarily based the measurement of interest rate risks on a macro basis in line with overall bank management and therefore no longer recognises any new valuation units (micro hedging relationships) as a matter of principle.

**Loss-free valuation**

In accordance with the statement of the IDW (IDW RS BFA 3 new version) regarding the loss-free measurement of interest-bearing transactions included in the banking ledger, pbb conducted a loss free measurement using the present value method as at the balance sheet date. The valuation object analysed is, in accordance with risk management, an interest ledger of on-balance sheet and off-balance sheet transactions. The calculated present value margin of the existing transactions in the interest rate portfolio is compared to imputed funding costs as well as any administrative and risk costs incurred on existing exposures that are included until the interest rate transactions mature and which are determined using present values. There was no surplus of liabilities in relation to the valuation object as at 31 December 2022 and 31 December 2021.

**Negative Interest**

pbb reports negative interest on financial assets in interest expenses, and positive interest on financial liabilities in interest income.

**IBOR-reform**

Interbank offered rates (IBOR) are used as reference rates when determining the prices of numerous financial instruments and calculating the related cash flows. Given the weaknesses of interbank rates used to date, which became evident for the first time as part of the LIBOR scandal, legislators and regulatory authorities worldwide have been working on establishing a system of transaction-based risk-free reference interest rates or to reform the determination of reference interest rates. In the EU, the EU Benchmark Regulation (EU BMR), which has been in force since 1 January 2018, provides the legal foundation for this matter. Specifically, IBOR rates have been replaced by alternative reference rates – especially by risk-free overnight interest rates based on actual transactions, determined as an average rate for overnight interbank deposits (borrowings) or for deposits from large customers. For example alternative reference interest rates – based on the risk-free overnight interest rates €STR, SONIA, SOFR and SARON – have been established in the EUR, GBP, USD and CHF currency areas.

To meet challenges resulting from the replacement of existing IBOR reference rates, pbb launched a cross-divisional project for implementation of the IBOR reform already back in 2018. The project team regularly reports to pbb’s Management Board. Topics addressed by the project include finding fallback rules for discontinued reference rates, the changeover of LIBOR-based business, introduction of post-IBOR products as well as several operational issues. For instance, all new contracts pbb has entered into since 2019 which relate to a reference interest rate affected by the IBOR reform include a fallback provision that facilitates a swift changeover to a substitute reference rate preferred by regulators or established in the market. In some cases, fallback provisions for derivatives and financial liabilities were already agreed upon under framework or individual agreements. Moreover, pbb is monitoring the development of alternative reference rates discussed by supervisory authorities and market participants very closely indeed, in order to be able to assess the resulting impact upon pbb at an early stage.

Already in 2020 pbb implemented a changeover to the new risk-free interest rates for all products with respect to the fair value discount curves used for discounting, measurement and its risk models. In anticipation of the termination of the GBP-LIBOR publication, the Bank of England introduced deadlines for the changeover to alternative interest rates that market participants have to adhere to. In compliance with these requirements and based on the common recommendation issued by the European Commission, the EBA, the ECB and the ESMA, pbb has discontinued new business in GBP-LIBOR as well as in EUR-LIBOR and CHF-LIBOR from the second quarter of 2021 and instead offered an alternative interest rate. In this context, the recommendations as well as the conventions currently emerging on the market were taken into account. Moreover, in the financial year 2021, the transition of the existing LIBOR contracts based on GBP, EUR and CHF to alternative interest rates was conducted. The transition of a small number of contracts has been made early in 2022 prior to the first coupon fixing. The transition from USD LIBOR (at the end of the first half of 2023) to alternative interest rates will be executed mainly on the same basis. Some USD lending transactions have already been shifted by pbb in 2022.

In 2019, the European Money Markets Institute (EMMI) revised the calculation methodology of the EURIBOR interest rate and switched to a hybrid method. EMMI has been calculating and publishing the reformed EURIBOR interest rate since July 2019. Thanks to the EU-BMR conformity of the revised EURIBOR reference rates, market participants (including pbb) are be able to use EURIBOR reference rates until further notice, for both existing and new contracts. However, pbb is following developments in supervision and the market very closely - for example, the consultation process of the ECB's working group, the Belgian Financial Services and Markets Authority (FSMA), the European Securities and Markets Authority (ESMA), and the European Commission as regards alternative interest rates on the basis of a weighted €STR product. Risk-free overnight interest rates are now also published for the Scandinavian currencies (for example SWESTER for SEK, NOWA for NOK). However, existing IBOR reference rates (e.g. STIBOR) will continue to be used in the market for the foreseeable future.

As a result of the IBOR reform, there are various new developments with regard to the reference rates used. pbb continuously monitors the market and prepares for these developments (e.g. CME term SOFR, SOFR index, €STR-based term rates).

Regarding the potential impact on financial reporting under German commercial law, the Corporate Reporting Committee of the Institute of Public Auditors in Germany (IDW), in cooperation with the IDW's Banking Committee, issued the Accounting Practice Statement "Consequences of changes to certain reference interest rates ('IBOR reform') for financial instruments for accounting and financial reporting under German commercial law" (IDW RH FAB 1.020) in September 2019. pbb has taken this accounting guidance into consideration in the preparation of its annual financial statements for 2022, especially with respect to assessing the prospective effectiveness of hedging relationships. Moreover, in accordance with IDW RH FAB 1.020, pbb assumes that variable-rate financial instruments where only the reference rate changes (but all other material characteristics remain unchanged) will not have to be derecognized and the valuation units can be carried on.

**Foreign currency translation**
Foreign currency assets, liabilities and off-balance sheet items are translated using the average spot exchange rate as at the balance sheet date as part of specific coverage pursuant to section 340h HGB in conjunction with section 256a HGB. The concept of specific coverage used by pbb for currency translation only includes foreign currency assets and liabilities which have identical amounts and currencies. The fulfilment of these two criteria is ensured through an internal funding model. For the sake of clarity and convenience, the resulting currency translation gains and losses, in deviation from section 340a (1) HGB in conjunction with section 277 (5) sentence 2 HGB, were not reported as separate items of other operating income or other operating expenses in the income statement. The corresponding disclosures were made in the notes to the income statement items nos. 7 and 10, respectively. Open foreign currency posi-

tions resulting from hedged items are closed largely by means of spot transactions or suitable derivatives. Currency translation gains or losses from fractional amounts in a currency are generally accounted for on a portfolio basis. Income and expenses in foreign currencies are recorded using the exchange rates applicable at the respective transaction dates. Against this overall background, the special rules applicable to foreign currency translation under commercial law at financial institutions (IDW RS BFA 4) were fully complied with.

**Deferred taxes**

Deferred taxes are determined for temporary differences between the carrying amount of assets, liabilities, deferred income and prepaid expenses as determined under the commercial law (HGB) and under tax law. In connection with the recognition of deferred taxes pursuant to section 274 (1) HGB, pbb generally exercises the option to offset deferred tax assets against deferred tax liabilities. Any excess of deferred tax assets over deferred tax liabilities is not recognised.

Deferred tax assets are recognised at pbb in particular for other provisions not accepted for tax purposes, for differences in the measurement of pension provisions in the balance sheet and tax accounts, measurement differences due to a so-called unilateral termination of discontinued hedging relationships, differences in the recognition of a non-interest-bearing liability and for differences in the recognition of allowances for credit losses. Deferred tax liabilities were recognised as of the balance sheet date for differences in the measurement of a so-called unilateral termination of discontinued hedging relationships. The existing tax loss carryforwards increase the deferred tax assets in an amount that is equivalent to their realisation. The measurement of deferred taxes was based on a combined income tax rate of 27.7% (2021: 27.7%) which comprises corporation tax, trade tax and solidarity surcharge.

**Prepaid expenses and deferred income**

Amounts paid or received before balance sheet date which represent expenses or income after balance sheet date have to be recognised as prepaid expenses and deferred income pursuant to section 250 (1), (2) HGB. pbb recognises discounts from debt securities and loans received and premiums from loans and advances granted as prepaid expenses, and discounts from loans and advances granted and premiums from debt securities and loans received as deferred income. Prepaid expenses and deferred income in connection with derivatives are recognised for option and upfront premiums.

**Notice**

The annual financial statements are prepared in euros and generally rounded to the nearest million euros (€ million). Information is presented in accordance with the principle of materiality. Minor differences may occur regarding the figures added, due to rounding. All amounts of less than €500,000 are shown as a zero, or a zero balance indicated by a hyphen.

## NOTES TO THE INCOME STATEMENT

### 3 Net Interest Income (Income Statement Items Nos. 1 & 2)

Interest income from lending and money-market transactions include early repayment or non-utilisation fees of €18 million (2021: €84 million).

Interest expenses relating to Mortgage Pfandbriefe, Public Sector Pfandbriefe and other debt securities amounted to €601 million (2021: €614 million).

Claims from finance lease agreements in the amount of €157 million (31 Dec 2021: €170 million), which are reported under receivables from customers, resulted in interest income of €3 million (31 Dec 2021: €4 million).

Negative interest from non-derivative financial assets amounted to €-25 million (2021: € -41 million) and were disclosed in interest expenses. Within the interest income positive interest from non-derivative financial liabilities in the amount of €54 million (2021: €88 million) were shown. From swap transactions positive interest expenses resulted in the amount of net €5 million (2021: €19 million).

### 4 Net Commission Income (Income Statement Items Nos. 5 & 6)

Commission income mainly results from upfront fees of €6 million (2021: €6 million) and from guarantee commissions of €2 million (2021: €3 million). The commission expenses include, amongst others, fees from securities and custodial business of €2 million (2021: €1 million).

### 5 Other Operating Income (Income Statement Item No. 7)

Other operating income includes mainly reversals of other provisions in non-lending business of €35 million (2021: €21 million) and income from previous reporting periods of €1 million (2021: €1 million). In 2022 the income from foreign currency translation effects was €0 million (2021: €0 million).

The balance of net interest income from reinsurance policies and expenses from the unwinding of discounting pension obligations was a net income of €1 million (2021: net income of less than €1 million).

Income from the unwinding of discounting other provisions was less than €1 million (2021: less than €1 million).

### 6 General and Administrative Expenses (Income Statement Item No. 8)

General and administrative expenses consist of personnel expenses of €172 million (2021: €135 million) and other administrative expenses of €112 million (2021: €106 million).

### 7 Other Operating Expenses (Income Statement Item No. 10)

Other operating expenses include mainly additions to other provisions in non-lending business of €11 million (2021: €24 million) and expenses for bank levy of €31 million (2021: €27 million) considering collateral pledged in the amount of 15% from total bank levy. Expenses from foreign currency translation effects amounted to €4 million (2021: €6 million).

Expenses from unwinding the discount on other provisions are recognised under other operating expenses, and amounted to less than €1 million (2021: less than €1 million).

### 8 Write-downs, Write-ups and Impairments to Receivables and Certain Securities and Additions and Reversals of Provisions in Credit Business (Income Statement Items Nos. 11 & 12)

In the financial year 2022 net expense of €81 million (2021: net expense of €85 million) resulted from write-downs, write-ups and impairments to assets and certain securities and additions and reversals of provisions in credit business. The net expense consisted of net release from portfolio-based allowances in the amount of €5 million (2021: net write-off in the amount of €45 million), net expense from specific allowances and sale of securities and loans in the amount of €86 million (2021: net of €41 million). In 2022 no income from written-off receivables was generated (2021: €1 million).

A management overlay was recognised, which is described in detail in the general accounting policies.

### 9 Write-downs, Write-ups and Impairments to Participating Interests, Investments in Affiliated Companies and Securities Treated as Fixed Assets (Income Statement Items Nos. 13 & 14)

In the financial year 2022 net expenses of €5 million (2021: net expenses of €2 million) resulted from write-ups, sales proceeds and expenses from write-downs of securities treated as fixed assets. Thereof net income in the amount of €3 million was applicable to the reversal of portfolio-based allowances (2021: net expenses in the amount of €2 million for of portfolio-based allowances and losses on sales). The write-downs on investments in affiliated companies amounted to €8 million. Net expenses from participating interest and investments in affiliated companies amounted to less than €1 million (2021: net write-ups less than €1 million).

### 10 Extraordinary Result (Income Statement Item No. 20)

The extraordinary result amounted to €0 million (2021: €0 million).

### 11 Income Taxes (Income Statement Item No. 21)

Expenses for income taxes amounted to €13 million (2021: €38 million), thereof expenses of €23 million (2021: €46 million) were attributable to the current financial year and income of €10 million was attributable to previous years (2021: €8 million).

# NOTES TO THE BALANCE SHEET

## 12 Mortgage Loans (Assets Side Items Nos. 2 & 3)/Pfandbriefe Outstanding (Liabilities Side Items Nos. 1, 2 & 3)

### Cover statement

| in € million | 31.12.2022 | 31.12.2021 |
|---|---|---|
| **A. Mortgage Pfandbriefe** | | |
| Cover assets | | |
| Loans and advances to other banks | | |
| a) Mortgage loans | - | - |
| Loans and advances to customers | | |
| a) Mortgage loans | 18,446 | 17,330 |
| Tangible assets (land charges on the Bank's own property) | - | - |
| Sundry assets | - | - |
| | 18,446 | 17,330 |
| Further cover assets | | |
| Other loans and advances to other banks | - | - |
| Bonds and other fixed-income securities | 1,327 | 1,896 |
| Claims from derivatives | - | - |
| **Total cover assets** | **19,773** | **19,226** |
| Total Mortgage Pfandbriefe requiring cover | 15,981 | 16,422 |
| thereof liabilities from derivatives | - | - |
| **Over-collateralisation** | **3,792** | **2,804** |
| **B. Public Pfandbriefe** | | |
| Cover assets | | |
| Loans and advances to other banks | | |
| a) Mortgage loans | - | - |
| b) Public-sector loans | 250 | 250 |
| Loans and advances to customers | | |
| a) Mortgage loans | 5 | 5 |
| b) Public-sector loans | 9,036 | 9,811 |
| Bonds and other fixed-income securities | 1,622 | 1,354 |
| | 10,913 | 11,420 |
| Further cover assets | | |
| Other loans and advances to other banks | - | - |
| Claims from derivatives | - | - |
| **Total cover assets** | **10,913** | **11,420** |
| Total Public Pfandbriefe requiring cover | 8,771 | 10,174 |
| thereof liabilities from derivatives | - | - |
| **Over-collateralisation** | **2,142** | **1,246** |

## 13 Maturities of Selected Balance Sheet Items

### Maturities of selected balance sheet items

| in € million | 31.12.2022 | 31.12.2021 |
|---|---|---|
| **Loans and advances to other banks (assets side item no. 2)** | **7,549** | **3,484** |
| Repayable on demand | 2,489 | 1,579 |
| Loans and advances with duration | 5,060 | 1,905 |
| up to 3 months | 514 | 1,355 |
| more than 3 months to 1 year | 3,996 | - |
| more than 1 year to 5 years | 250 | 250 |
| more than 5 years | 300 | 300 |
| **Loans and advances to customers (assets side item no. 3)** | **38,345** | **37,406** |
| of undetermined duration | - | - |
| up to 3 months | 2,074 | 1,951 |
| more than 3 months to 1 year | 5,398 | 4,643 |
| more than 1 year to 5 years | 17,579 | 16,019 |
| more than 5 years | 13,294 | 14,793 |
| **Bonds and other fixed-interest securities (assets side item no. 4)** | **6,631** | **6,966** |
| thereof maturing in the subsequent year | 1,381 | 1,019 |
| **Liabilities to other banks (liabilities side item no. 1)** | **8,021** | **11,000** |
| Repayable on demand | 460 | 649 |
| Liabilities with agreed duration or notice period | 7,561 | 10,351 |
| up to 3 months | 3,288 | 350 |
| more than 3 months to 1 year | 1,933 | 344 |
| more than 1 year to 5 years | 1,769 | 9,044 |
| more than 5 years | 571 | 613 |
| **Liabilities to customers (liabilities side item no. 2)** | **18,194** | **18,028** |
| Repayable on demand | 1,535 | 1,097 |
| Liabilities with agreed duration or notice period | 16,659 | 16,931 |
| up to 3 months | 810 | 1,028 |
| more than 3 months to 1 year | 2,846 | 2,701 |
| more than 1 year to 5 years | 4,425 | 4,294 |
| more than 5 years | 8,578 | 8,908 |
| **Securitised liabilities (liabilities side item no. 3)** | **22,291** | **21,134** |
| a) bonds in issue | 22,291 | 21,134 |
| thereof maturing in the subsequent year | 4,402 | 4,261 |
| b) other securitised liabilities | - | - |
| up to 3 months | - | - |
| more than 3 months to 1 year | - | - |
| more than 1 year to 5 years | - | - |
| more than 5 years | - | - |

## 14 Subordinated Assets (Assets Side Items Nos. 2, 3, 4 & 11)

There are no subordinated assets to be recognised neither as of 31. December 2022 nor as of 31 December 2021.

## 15 Breakdown Of Marketable Securities and Other Financial Investments (Assets Side Items Nos. 4, 5, 6 & 7)

The marketable securities disclosed under corresponding balance sheet items are attributable to listed or unlisted criterion as follows:

**Marketable securities and other financial investments**

| | listed | | unlisted | |
|---|---|---|---|---|
| in € million | **31.12.2022** | **31.12.2021** | **31.12.2022** | **31.12.2021** |
| Bonds and other fixed-income securities | 6,234 | 6,512 | 397 | 454 |
| Equity shares and other variable-income securities | - | - | 2 | 2 |
| Participating interests | - | - | - | - |
| Investments in affiliated companies | - | - | - | - |

## 16 Bonds and Other Fixed-Income Securities (Assets Side Item No. 4)

Of the bonds and other fixed-income securities (assets side item No. 4), pbb holds third-party bonds with a carrying amount of €6,631 million (31 December 2021: €6,966 million). Of this amount, €5,564 million (31 December 2021: €6,342 million) are treated as fixed assets, and €1,067 million (31 December 2021: €624 million) are treated as current assets.

Overall, securities treated as fixed assets with a carrying amount of €1,744 million (31 December 2021: €2,571 million) are not measured with the lower fair value as at the balance sheet date of €1,610 million (31 December 2021: €2,484 million). The unrecognised write-downs to the lower fair value in the amount of €134 million (31 December 2021: €87 million) are attributable to the following issuer groups:

**Omitted write-downs, by issuer**

| | | | | **31.12.2022** | **31.12.2021** |
|---|---|---|---|---|---|
| in € million | Public issuers | Other banks | Other issuers | **Total** | **Total** |
| Carrying amount | 1,576 | 163 | 5 | 1,744 | **2,571** |
| Fair value | 1,447 | 158 | 5 | 1,610 | **2,484** |
| Omitted write-downs of fixed assets | 129 | 5 | - | 134 | **87** |

pbb assumes, for all securities with unrecognised write-downs, that the fair value is below the carrying amount only temporarily. There are no payment defaults or doubts regarding the recoverability of these securities.

## 17 Participating Interests and Investments in Affiliated Companies (Assets Side Items Nos. 6 & 7)

**Investments in affiliated companies (assets side item no. 7)**

| Name and registered office | Capital share section 16 (4) AktG | of which held indirectly | Equity in thousand | Net income in thousand | Currency |
|---|---|---|---|---|---|
| CAPVERIANT GmbH, Munich[1)] | 71.43% | - | 5,965 | -4,673 | EUR |
| IMMO Invest Real Estate GmbH, Munich[2)] | 100.00% | - | 947 | - | EUR |

[1)] Financial figures from the financial year 2021
[2)] Profit transfer by shareholders on the basis of profit and loss transfer agreement.

**Participating interests (assets side item no. 6)**

| Name and registered office | Capital share section 16 (4) AktG | of which held indirectly | Equity in thousand | Net income in thousand | Currency |
|---|---|---|---|---|---|
| SOMA Grundstücks-Vermietungsgesell-schaft mbH & Co. Objekt Darmstadt KG, Düsseldorf[1)] | 33.33% | - | 2,269 | 2,501 | EUR |

[1)] Financial figures from the financial year 2021

pbb was not general partner in any company disclosed under the positions participating interests (assets side item no. 6) and affiliated companies (assets side item no. 7).

Furthermore, pbb held one equity instrument of one company with a capital share and voting right less than 1%.

## 18 Trust Business (Assets Side Item No. 8 & Liabilities Side Item No. 4)

As of 31 December 2022 and as of 31 December 2021 neither assets nor liabilities were held in trust. Trust assets and trust liabilities include assets and liabilities held by pbb in its own name for the account of others. These items are measured at amortised cost.

## 19 Intangible Assets (Assets Side Item No. 9)

Intangible assets include €16 million down-payments (31.12.2021: €5 million) and purchased software in the amount of €13 million (31 December 2021: €14 million).

## 20 Tangible Assets (Assets Side Item No. 10)

Tangible assets include operating equipment of €2 million (31 December 2021: €3 million).

## 21 Development in Fixed Assets (Assets Side Items Nos. 4, 6, 7, 9 & 10)

### Development in fixed assets

| in € million | Intangible assets | Tangible assets | Securities treated as fixed assets | Participating interests | Shares in affiliated companies |
|---|---|---|---|---|---|
| **Cost of purchase or production** | | | | | |
| **1.1.2021** | **52** | **15** | | | |
| Additions | 5 | - | | | |
| Disposals | - | - | | | |
| Transfers | - | - | | | |
| Foreign currency translation effects | - | - | | | |
| **31.12.2021** | **57** | **15** | | | |
| **1.1.2022** | **57** | **15** | | | |
| Additions | 15 | - | | | |
| Disposals | - | - | | | |
| Transfers | - | - | | | |
| Foreign currency translation effects | - | - | | | |
| **31.12.2022** | **72** | **15** | | | |
| **Write-down** | | | | | |
| **1.1.2021** | **-34** | **-11** | | | |
| Write-up | - | - | | | |
| Disposals | - | - | | | |
| Transfers | - | - | | | |
| Depreciation or amortisation | -4 | -1 | | | |
| Impairment write-down | - | - | | | |
| Foreign currency translation effects | - | - | | | |
| **31.12.2021** | **-38** | **-12** | | | |
| **1.1.2022** | **-38** | **-12** | | | |
| Write-up | - | - | | | |
| Disposals | - | - | | | |
| Transfers | - | - | | | |
| Depreciation or amortisation | -5 | -1 | | | |
| Impairment write-down | - | - | | | |
| Foreign currency translation effects | - | - | | | |
| **31.12.2022** | **-43** | **-13** | | | |
| **Carrying amounts** | | | | | |
| **1.1.2021** | **18** | **4** | **6,853** | **-** | **14** |
| Aggregation according to section 34(3) RechKredV | | | -511 | - | -1 |
| **31.12.2021** | **19** | **3** | **6,342** | **-** | **13** |
| **1.1.2022** | **19** | **3** | **6,342** | **-** | **13** |
| Aggregation according to section 34(3) RechKredV | | | -778 | - | -8 |
| **31.12.2022** | **29** | **2** | **5,564** | **-** | **5** |

## 22 Sundry Assets (Assets Side Item No. 11)

In addition to the adjustment items resulting from the measurement of hedged foreign currency transactions recognised in note “Financial Derivatives” the major part of sundry assets resulted from income tax assets in the amount of €31 million (31. December 2021: €3 million). Furthermore, sundry assets include cash collateral of €42 million (31 December 2021: €36 million) pledged within the scope of the bank levy.

In accordance with section 246 (2) sentence 2 HGB, other assets include unpledged claims from reinsurance policies for pensions in the amount of €1 million (31 December 2021: €1 million).

The fair values of pledged claims from retirement benefit obligations, if any, after setting off reinsured pension provisions and provisions for partial retirement schemes, are reported in the item “overfunded plan assets”.

## 23 Overfunded Plan Assets (Assets Side Item No. 13)

As of 31 December 2022 and as of 31 December 2021, no overfunded plan assets were recognised pursuant to section 246 (2) sentences 2 and 3 HGB due to the fact that provisions for pensions and similar obligations exceeded the fair values of plan assets.

## 24 Prepaid Expenses and Deferred Income (Assets Side Item No. 12 & Liabilities Side Item No. 6)

**Prepaid expenses and deferred income**

| in € million | 31.12.2022 | 31.12.2021 |
|---|---|---|
| **Assets side item no. 12a)** | | |
| Prepaid expenses from the issuance and loan business | 139 | 140 |
| thereof: | | |
| discount from debt securities and loans received | 52 | 40 |
| premium from loans and advances granted | 87 | 100 |
| **Liabilities side item no. 6a)** | | |
| Deferred income from the issuance and loan business | 226 | 219 |
| thereof: | | |
| discount from debt securities and loans received | 114 | 88 |
| premium from loans and advances granted | 112 | 131 |

## 25 Sundry Liabilities (Liabilities Side Item No. 5)

In addition to the adjustment items resulting from the measurement of hedged foreign currency transactions recognised in note “Financial Derivatives” the major part of sundry liabilities is trade accounts payable amounting to €9 million (31 December 2021: €9 million).

## 26 Provisions for Pensions and Similar Obligations (Liabilities Side Item No. 7a)

As at 31 December 2022 this item included, pursuant to section 246 (2) sentence 2 of the HGB, only provisions for pensions and similar obligations after offsetting against plan assets (pension provisions of €293 million [31 December 2021: €265 million], of which an amount of €161 million was offset against the fair value or amortised cost of plan assets [31 December 2021: €177 million]).

The pension provisions and similar obligations to former Management Board members and their surviving dependants amounted to €67 million (31 December 2021: €62 million).

## 27 Other Provisions (Liabilities Side Item No. 7c)

The following major single items are included in other provisions:
> Provisions relating to valuation units €2 million (31 December 2021: €6 million)
> Provisions of €10 million (2021: €10 million) for termination benefits from the termination of employment relationships
> Provisions for legal and litigation risks and corresponding default interest payments of €39 million (31 December 2021: €57 million)

## 28 Subordinated Liabilities (Liabilities Side Item No. 8)

This item refers to promissory note loans, bearer bonds and registered bonds. The interest rates for fixed-income issues are between 3.25% p.a. and 8.06% p.a. They mature between 2023 and 2032.

Interest expenses of €27 million (2021: €25 million) were incurred for subordinated liabilities. This balance sheet item includes interest in the amount of €17 million (31 December 2021: €15 million).

Outstanding subordinated liabilities are not subject to any contractual regulations for the conversion into equity capital or into another type of debt. Subordinated liabilities do not provide for any early repayment obligation for pbb. In the event of liquidation or insolvency, claims on interest and principal from these liabilities are subordinated to the claims of all other creditors of pbb, which are not themselves subordinated.

Two euro-denominated issues included in this item exceed 10% of the total amount of subordinated liabilities:

| Year of issue | Notional in € million | Interest rate in % | Maturity |
|---|---|---|---|
| 2017 | 150 | 4.6 | 2027 |
| 2017 | 300 | 4.679 | 2027 |

These bonds are subject to the following terms and conditions:
> In February 2017 pbb issued a subordinated bond in the principal amount of €150 million and an interest rate of 4.6% p.a. with a term to maturity of 10 years. The issuer has the option to call the bond for tax or regulatory reasons only, and subject to the approval of the responsible regulatory authority. The bond cannot be called by the bearer. In the event of the Bank’s liquidation or insolvency, the liabilities from the debt securities are subordinated to the claims of other unsubordinated creditors, with payments on subordinated debt securities not being made until the claims of these other unsubordinated creditors are fully satisfied. Offsetting claims to subordinated debt securities against claims of the issuer is not permitted. Guarantees or collateral which tend to change the priorities may not be provided. If there is a risk jeopardising pbb’s existence as a going concern, the Resolution Board may order a bail-in which could result in the write-down of the bond and/or its conversion into equity.

- In June 2017 pbb issued a Tier 2 bond in the principal amount of €300 million and a coupon of 4.679% p.a. with a term to maturity of 10 years. The issuer may call the bond after five years. Otherwise, the issuer has the option to call the bond for tax or regulatory reasons only, and subject to the approval of the responsible regulatory authority. The bond cannot be called by the bearer. If pbb does not call the bond after five years, the interest rate will be reset to cover the remaining term to maturity. In the event of the Bank's liquidation or insolvency, the liabilities from the debt securities are subordinated to the claims of other unsubordinated creditors, with payments on subordinated debt securities not being made until the claims of these other unsubordinated creditors are fully satisfied. Offsetting claims to subordinated debt securities against claims of the issuer is not permitted. Guarantees or collateral which tend to change the priorities may not be provided. If there is a risk jeopardising pbb's existence as a going concern the Resolution Board may order a bail-in, which could result in the write-down of the bond and/or its conversion into equity.

### 29 Additional Tier 1 Capital Instruments (Liabilities Side Item No. 9)

pbb follows the guideline of the IDW dated 22 December 2014 and recognises under "instruments of additional regulatory core capital" AT1 capital in the total principal amount of €300 million with a carrying amount of €312 million (including accrued interest of €12 million recognised in interest expenses). For the instruments of additional regulatory core capital coupon payment amounted to €17 million (2021: €17 million).

The bond – issued by pbb in April 2018 – carries an initial coupon of 5.75% p.a. and has no final maturity. pbb may call the bond for the first time 5 years after the issue. Coupons are generally payable at pbb's discretion. If pbb pays its shareholders a dividend or takes similar measures, interest must be paid on the AT1 bond. By contrast, coupon payments are not permitted if they are prohibited by regulatory authorities and/or would result in CET1 capital falling below the agreed trigger level (generally based on the consolidated CET1 ratio for groups accounted for under IFRSs, as well as on the single-entity CET1 ratio in accordance with the HGB if the regulatory waiver is cancelled or suspended), or if coupon payments would exacerbate an existing shortfall below these levels. Coupon payments are not cumulative, which means investors investing in AT1 instruments will not be compensated for suspended coupon payments in subsequent years. There is no contractual provision to convert the AT1 instrument into shares in pbb should the ratio mentioned drop below the threshold; instead, the AT1 instrument is written down and (if the ratio mentioned rises again above the threshold) written up again. If there is a risk jeopardising pbb's existence as a going concern the resolution board may order a bail-in of the AT1 instruments which could result in a write-down and/or a conversion into equity shares. They are recognised in the HGB balance sheet as liabilities and not as equity.

### 30 Fund for General Banking Risks (Liabilities Side Item No. 10)

The fund for general banking risks pursuant to section 340g HGB remained unchanged at €47 million as of 31 December 2022 (31. December 2021: €47 million), since no amounts were transferred to or withdrawn from the fund within the financial year 2022.

## 31 Development in Equity (Liabilities Side Item No. 11)

Subscribed capital is the maximum liability of the shareholder for the liabilities of the corporation to its creditors. Additional paid-in capital includes contributions from a previous financial year as well as premiums from the issue of shares. Retained earnings were generally created only from net income of the current financial year or previous periods. This includes legal reserves to be created from net income/loss and other reserves.

| | | | Retained Earnings | | | | |
|---|---|---|---|---|---|---|---|
| in € million | Share capital | Additional paid-in capital | Legal reserve | Other reserves | **Total** | Unappropriated retained earnings | **Total** |
| **Equity as of 1.1.2021** | **380** | **1,639** | **13** | **657** | **670** | **115** | **2,804** |
| Net income/loss | - | - | - | - | - | 182 | 182 |
| Dividend distribution | - | - | - | - | - | -78 | -78 |
| Additions to retained earnings/ Withdrawal from retained earnings | - | - | - | 60 | 60 | -60 | - |
| **Equity as of 31.12.2021** | **380** | **1,639** | **13** | **717** | **730** | **159** | **2,908** |
| | | | | | | | |
| **Equity as of 1.1.2022** | **380** | **1,639** | **13** | **717** | **730** | **159** | **2,908** |
| Net income/loss | - | - | - | - | - | 114 | 114 |
| Dividend distribution | - | - | - | - | - | -159 | -159 |
| Additions to retained earnings/ Withdrawal from retained earnings | - | - | - | -14 | -14 | 14 | - |
| **Equity as of 31.12.2022** | **380** | **1,639** | **13** | **703** | **716** | **128** | **2,863** |

## 32 Share Capital (Liabilities Side Item No. 11a)

Share capital amounted to €380,376,059.67 during the entire financial years 2022 and 2021 and is divided into 134,475,308 ordinary bearer shares with no par value representing a theoretical interest in the share capital of approximately €2.83 per share. pbb did not hold any treasury shares during the entire financial years 2022 and 2021.

For information on authorised and contingent capital please refer to the chapter “Supplemental Information” in the section “Disclosures Pursuant to Section 315a (1) HGB” of the Combined Management Report in pbb Group’s Annual Report 2022.

## 33 Additional Paid-in Capital (Liabilities Side Item No. 11b)

In the financial years 2022 and 2021 there were no transfers to or withdrawals from additional paid-in capital.

Pursuant to section 272 (2) no. 4 of the HGB; additional paid-in capital includes shareholders’ other contributions to equity. Except for legal reserves pursuant to section 150 (2) of the AktG of €25,383,131.91 (31 December 2021: €25,383,131.91), additional paid-in capital is freely available.

## 34 Retained Earnings (Liabilities Side Item No. 11c)

In the financial years 2022 and 2021 the legal reserve remained unchanged. €14 million was withdrawn from other retained earnings (2021: €60 million was allocated to other retained earnings, comprising €23 million from net income and €37 million from profits carried forward from 2020).

Retained earnings include legal reserves pursuant to section 150 (2) of the AktG of €12,654,474.06 (31 December 2021: €12,654,474.06).

## 35 Foreign Currency Assets and Liabilities

Foreign currency assets amounted to €9,133 million (31 December 2021: €8,068 million), whereas foreign currency liabilities amounted to €9,252 million (31 December 2021: €8,441 million).

## 36 Assets transferred as Collateral

The following assets were transferred as collateral for own liabilities:

**Assets transferred as collateral**

| | Carrying amount | |
|---|---|---|
| in € million | **31.12.2022** | **31.12.2021** |
| Pledging of securities arising from open market transactions with ECB | - | - |
| Pledging of securities arising from TLTRO with the ECB | 1,326 | 5,355 |
| Securities held under repurchase agreements | 1,086 | - |
| Securities held connected with EUREX transactions | 199 | 191 |
| Loans and advances held under repurchase agreements | 23 | 27 |
| Pledging of loans and advances as collateral for loans and advances received | 291 | 258 |
| Pledging of securities as collateral for loans and advances received | - | - |
| Cash collateral deposited at other banks | 1,461 | 1,512 |
| Cash collateral deposited at clients | 37 | 61 |

All assets reported in the table contain pro rata interest and were transferred completely for liabilities to other banks.

In addition, own covered issues in an amount of €730 million (31 December 2021: €2,143 million that were not outstanding, as well as loans in the amount of €139 million (31 December 2021: €142 million) including pro rata interest were pledged to the ECB within the context of the TLTRO.

In addition, cash collateral was provided in a total amount of €42 million (31 December 2021: €36 million) for the irrevocable payment obligations to the Single Resolution Board/BaFin resulting from the bank levy, and to the deposit guarantee scheme of German banks.

## 37 Loans and Advances and Liabilities to Affiliated and Participated Companies

**Loans and advances and liabilities to affiliated and participated companies**

| in € million | to affiliated companies 31.12.2022 | to affiliated companies 31.12.2021 | to participated companies 31.12.2022 | to participated companies 31.12.2021 |
|---|---|---|---|---|
| Loans and advances to other banks (assets side item no. 2) | - | - | - | - |
| Loans and advances to customers (assets side item no. 3) | - | - | 10 | 13 |
| Bonds and other fixed-interest securities (assets side item no. 4) | - | - | - | - |
| Liabilities to other banks (liabilities side item no. 1) | - | - | - | - |
| Liabilities to customers (liabilities side item no. 2) | 1 | 3 | - | - |
| Securitised liabilities (liabilities side item no. 3) | - | - | - | - |
| Subordinated liabilities (liabilities side item no. 8) | - | - | - | - |

## OTHER NOTES

## 38 Supplemental Disclosures According to Section 28 PfandBG

**Loans and advances and liabilities to affiliated and participated companies**

| in € million | Notional 31.12.2022 | Notional 31.12.2021 | Present value 31.12.2022 | Present value 31.12.2021 | Risk-adjusted present value[1] 31.12.2022 | Risk-adjusted present value[1] 31.12.2021 |
|---|---|---|---|---|---|---|
| Total outstanding | | | | | | |
| Mortgage Pfandbriefe | 15,981 | 16,422 | 15,385 | 17,237 | 14,932 | 17,052 |
| therof derivatives | - | - | - | - | - | - |
| Cover Pool | 19,773 | 19,226 | 19,704 | 20,258 | 18,929 | 19,880 |
| therof derivatives | - | - | - | - | - | - |
| **Over-collateralisation** | **3,792** | **2,804** | **4,318** | **3,021** | **3,997** | **2,829** |
| Over-collateralisation in of Pfandbriefe outstanding | 23.7% | 17.1% | 28.1% | 17.5% | 26.8% | 16.6% |
| Legal Over-collateralisation [2] | 613 | | 308 | | - | |
| Contractual Over-collateralisation [2] | - | | - | | - | |
| Voluntary Over-collateralisation [2] | 3,180 | | 4,011 | | - | |
| Over-collateralisation in consideration of vdp-credit-quality-differentiation model | 3,792 | 2,804 | 4,318 | 3,021 | - | - |
| Over-collateralisation in of Pfandbriefe outstanding | 23.7% | 17.1% | 28.1% | 17.5% | - | - |

[1] For the calculation of risk cash value the dynamic rate method is applied according to section 5 (1) no. 1 PfandBarwertV.
[2] Article 2 G. v. 12.5.2021 (BGBl. I p. 1063) amended § 28 PfandBG and the new version has been in force since 8 July 2022. The first publication of new or amended mandatory data took place on the reference date 30 September 2022. According to the transitional provision (§ 55 PfandBG), the publication of previous year's data is only possible on the reference date 30 September 2023.

| **Maturity structure (remaining term) notional** | Mortgage Pfandbriefe | | Cover pool | | Maturity postponement (12 month) 1)3)4) | |
|---|---|---|---|---|---|---|
| in € million | **31.12.2022** | **31.12.2021** | **31.12.2022** | **31.12.2021** | **31.12.2022** | **31.12.2021 2)** |
| up to 0.5 years | 1,676 | 2,323 | 2,647 | 3,771 | - | |
| more than 0.5 years to 1 year | 629 | 848 | 2,379 | 1,634 | - | |
| more than 1 year to 1.5 years | 2,969 | 1,987 | 1,418 | 1,104 | 1,676 | |
| more than 1.5 years to 2 years | 851 | 960 | 1,864 | 1,940 | 629 | |
| more than 2 years to 3 years | 1,909 | 3,784 | 2,924 | 2,537 | 3,820 | |
| more than 3 years to 4 years | 1,859 | 1,123 | 1,978 | 2,270 | 1,909 | |
| more than 4 years to 5 years | 2,181 | 900 | 1,990 | 1,502 | 1,859 | |
| more than 5 years to 10 years | 1,384 | 2,000 | 4,170 | 4,188 | 3,340 | |
| more than 10 years | 2,523 | 2,497 | 403 | 280 | 2,748 | |
| **total** | **15,981** | **16,422** | **19,773** | **19,226** | **15,981** | |

1) Effects of an extension of maturity on the maturity structure of the Pfandbriefe / extension scenario: 12 months. This is an extremely unlikely scenario, which could only come into play after the appointment of a cover pool administrator.
2) Article 2 G. v. 12.5.2021 (BGBl. I p. 1063) amended § 28 PfandBG and the new version has been in force since 8 July 2022. The first publication of new or amended mandatory data took place on the reference date 30 September 2022. According to the transitional provision (§ 55 PfandBG), the publication of previous year's data is only possible on the reference date 30 September 2023.
3) Prerequisites for the extension of maturity of the Pfandbriefe: The extension of the maturity is necessary in order to avoid the imminent insolvency of the Pfandbrief bank with limited business activity, the Pfandbrief bank with limited business activity is not overindebted and there is reason to believe that the Pfandbrief bank with limited business activity will be able to meet its liabilities then due after the expiry of the maximum possible extension date, taking into account further possibilities for extension. See also, in addition, section 30 (2b) PfandBG.
4) Powers of the cover pool administrator in the event of the extension of maturity of the Pfandbriefe: The cover pool administrator may extend the maturity dates of the principle payments, if the relevant requirements pursuant to section 30 (2b) PfandBG are met. The administrator shall determine the period of the extension of the maturity, which may not exceed a period of 12 months, in accordance with necessity. The cover pool administrator may extend the maturity dates of the principal and interest payments falling due within one month after the appointment of the cover pool administrator to the end of that monthly period. If the cover pool administrator decides in favor of such a extension of the maturity, the existence of the prerequisites pursuant to section 30 (2b) PfandBG shall be irrefutably presumed. Such an extension shall be taken into account within the maximum extension period of 12 months. The cover pool administrator may only exercise his authority uniformly for all Pfandbriefe of an issue. In this connection, the maturities may be extented in full or on a pro rata basis. The cover pool administrator must extend the maturity for a Pfandbrief issue in such a way that the original order of servicing of the Pfandbriefe which could be overtaken by the postponement is not changed (prohibition of overtaking). This may result in the maturities of later maturing issues also having to be extended in order to comply with the prohibition on overtaking. See also, in addition, section 30 (2a) and (2b) PfandBG.

**Further cover assets for Mortgage Pfandbriefe as of 31 December 2022**

| in € million | Claims according section 19 (1) set 1 no. 2a) and b) PfandBG Total | thereof: covered bonds | Claims according section 19 (1) set 1 no. 3a) until c) PfandBG Total | thereof: covered bonds | Claims according section 19 (1) set 1 no. 4 PfandBG | Total |
|---|---|---|---|---|---|---|
| Germany | - | - | - | - | 106 | 106 |
| Belgium | - | - | - | - | 25 | 25 |
| Irland | - | - | - | - | 75 | 75 |
| Italy | - | - | - | - | 170 | 170 |
| Latvia | - | - | - | - | 25 | 25 |
| Luxembourg | - | - | - | - | 58 | 58 |
| Austria | - | - | - | - | 235 | 235 |
| Slovakia | - | - | - | - | 100 | 100 |
| Slovenia | - | - | - | - | 50 | 50 |
| Spain | - | - | - | - | 295 | 295 |
| other States/ Institutions | - | - | 188 | - | - | 188 |
| **Total of all coun-tries** | **-** | **-** | **188** | **-** | **1,139** | **1,327** |

Note: Article 2 of the Act of 12 May 2021 (Federal Law Gazette I p. 1063) amended § 28 PfandBG and the new version has been in force since 8 July 2022. The first publication of new or amended mandatory disclosures took place as of 30 September 2022. The disclosures of the following previous year's data for "further cover assets for Mortgage Pfandbriefe" are therefore made before 8 July 2022 due to amended requirements pursuant to § 28 PfandBG in the old version.

**Further cover assets for Mortgage Pfandbriefe as of 31 December 2021**

| in € million | Equalisation claims | Money claims: Total money claims | Money claims: thereof: covered bonds | Bonds | Total |
|---|---|---|---|---|---|
| Belgium | - | 25 | - | - | 25 |
| Germany | - | 1,606 | - | 100 | 1,706 |
| Italy | - | - | - | 80 | 80 |
| Ireland | - | - | - | - | - |
| Austria | - | - | - | 2 | 2 |
| Slovacia | - | - | - | - | - |
| Slovenia | - | - | - | - | - |
| Spain | - | - | - | 13 | 13 |
| Luxembourg | - | 70 | - | - | 70 |
| International Organisations | - | - | - | - | - |
| **Total of all countries** | **-** | **1,701** | **-** | **195** | **1,896** |

**Volume of claims used to cover Mortgage Pfandbriefe, split by countries where the property is located, and by property type**

| | | | thereof: residential | | | | | |
|---|---|---|---|---|---|---|---|---|
| in € million | 31.12. | Total of used claims | Apartments | Single-and two-family houses | Multi-family houses | Buildings under construc-tion | Building land | **Total residential** |
| Germany | 2022 | 7,651 | 232 | 2 | 2,213 | 123 | - | 2,570 |
| | 2021 | 7,756 | 260 | 12 | 2,169 | 178 | - | 2,619 |
| Belgium | 2022 | 13 | - | - | - | - | - | - |
| | 2021 | 81 | - | - | - | - | - | - |
| Finland | 2022 | 202 | - | - | - | - | - | - |
| | 2021 | 195 | - | - | 14 | - | - | 14 |
| France | 2022 | 2,299 | - | - | - | - | - | - |
| | 2021 | 2,130 | - | - | - | - | - | - |
| Great Britain | 2022 | 1,444 | - | - | - | - | - | - |
| | 2021 | 1,474 | - | - | - | - | - | - |
| Italy | 2022 | 51 | - | - | - | - | - | - |
| | 2021 | 51 | - | - | - | - | - | - |
| Luxembourg | 2022 | 47 | - | - | - | - | - | - |
| | 2021 | 54 | - | - | - | - | - | - |
| Netherlands | 2022 | 641 | 58 | - | 44 | - | - | 102 |
| | 2021 | 561 | 58 | - | 46 | - | - | 104 |
| Austria | 2022 | 194 | - | - | - | - | - | - |
| | 2021 | 194 | - | - | - | - | - | - |
| Poland | 2022 | 1,043 | - | - | - | - | - | - |
| | 2021 | 881 | - | - | - | - | - | - |
| Romania | 2022 | 110 | - | - | - | - | - | - |
| | 2021 | 143 | - | - | - | - | - | - |
| Sweden | 2022 | 620 | - | - | 27 | - | - | 27 |
| | 2021 | 636 | - | - | - | - | - | - |
| Slovakia | 2022 | 88 | - | - | - | - | - | - |
| | 2021 | 88 | - | - | - | - | - | - |
| Slovenia | 2022 | 44 | - | - | - | - | - | - |
| | 2021 | 45 | - | - | - | - | - | - |
| Spain | 2022 | 188 | - | - | - | - | - | - |
| | 2021 | 201 | - | - | - | - | - | - |
| Czech Republic | 2022 | 215 | - | - | - | - | - | - |
| | 2021 | 254 | - | - | - | - | - | - |
| Hungary | 2022 | 139 | - | - | - | - | - | - |
| | 2021 | 139 | - | - | - | - | - | - |
| Switzerland | 2022 | 46 | - | - | - | - | - | - |
| | 2021 | 77 | - | - | - | - | - | - |
| USA | 2022 | 3,411 | - | - | 338 | - | - | 338 |
| | 2021 | 2,370 | - | - | 251 | - | - | 251 |
| Other OECD countries | 2022 | - | - | - | - | - | - | - |
| | 2021 | - | - | - | - | - | - | - |
| **Total of all countries** | **2022** | **18,446** | **290** | **2** | **2,622** | **123** | **-** | **3,037** |
| | 2021 | 17,330 | 318 | 12 | 2,480 | 178 | - | 2,988 |

**Volume of claims used to cover Mortgage Pfandbriefe, split by countries where the property is located, and by property type**

| in € million | 31.12. | Office buildings | Retail buildings | Industrial buildings | other commercially used buildings | Buildings under construction | Building land | **Total commercial** |
|---|---|---|---|---|---|---|---|---|
| Germany | 2022 | 2,803 | 756 | 69 | 739 | 637 | 77 | 5,081 |
| | 2021 | 2,855 | 761 | 70 | 699 | 686 | 66 | 5,137 |
| Belgium | 2022 | 13 | - | - | - | - | - | 13 |
| | 2021 | 81 | - | - | - | - | - | 81 |
| Finland | 2022 | 118 | 84 | - | - | - | - | 202 |
| | 2021 | 95 | 86 | - | - | - | - | 181 |
| France | 2022 | 1,556 | 159 | 55 | 322 | 207 | - | 2,299 |
| | 2021 | 1,492 | 151 | 54 | 291 | 142 | - | 2,130 |
| Great Britain | 2022 | 584 | 343 | 25 | 492 | - | - | 1,444 |
| | 2021 | 496 | 393 | 48 | 537 | - | - | 1,474 |
| Italy | 2022 | 37 | - | - | 14 | - | - | 51 |
| | 2021 | 37 | - | - | 14 | - | - | 51 |
| Luxembourg | 2022 | 20 | - | - | 27 | - | - | 47 |
| | 2021 | 27 | - | - | 27 | - | - | 54 |
| Netherlands | 2022 | 181 | 42 | - | 316 | - | - | 539 |
| | 2021 | 196 | 42 | - | 219 | - | - | 457 |
| Austria | 2022 | 52 | 77 | - | 65 | - | - | 194 |
| | 2021 | 52 | 77 | - | 65 | - | - | 194 |
| Poland | 2022 | 495 | 272 | 15 | 261 | - | - | 1,043 |
| | 2021 | 432 | 269 | 15 | 165 | - | - | 881 |
| Romania | 2022 | 110 | - | - | - | - | - | 110 |
| | 2021 | 110 | 33 | - | - | - | - | 143 |
| Sweden | 2022 | 280 | 157 | - | 156 | - | - | 593 |
| | 2021 | 276 | 152 | - | 208 | - | - | 636 |
| Slovakia | 2022 | - | 22 | - | 66 | - | - | 88 |
| | 2021 | - | 22 | - | 66 | - | - | 88 |
| Slovenia | 2022 | - | 44 | - | - | - | - | 44 |
| | 2021 | - | 45 | - | - | - | - | 45 |
| Spain | 2022 | 75 | 67 | - | 46 | - | - | 188 |
| | 2021 | 75 | 86 | - | 40 | - | - | 201 |
| Czech Republic | 2022 | 33 | 92 | 45 | 45 | - | - | 215 |
| | 2021 | 76 | 92 | 41 | 45 | - | - | 254 |
| Hungary | 2022 | 78 | 49 | - | 12 | - | - | 139 |
| | 2021 | 78 | 49 | - | 12 | - | - | 139 |
| Switzerland | 2022 | 46 | - | - | - | - | - | 46 |
| | 2021 | 77 | - | - | - | - | - | 77 |
| USA | 2022 | 2,650 | 17 | 38 | 368 | - | - | 3,073 |
| | 2021 | 1,769 | 16 | 36 | 298 | - | - | 2,119 |
| Other OECD countries | 2022 | - | - | - | - | - | - | - |
| | 2021 | - | - | - | - | - | - | - |
| **Total of all countries** | **2022** | **9,131** | **2,181** | **247** | **2,929** | **844** | **77** | **15,409** |
| | 2021 | 8,224 | 2,274 | 264 | 2,686 | 828 | 66 | 14,342 |

### Claims used to cover Mortgage Pfandbriefe

| in € million | Total amount of payments in arrears for at least 90 days | | Total amount of these claims in as much as the respective amount in arrears is at least 5% of the claim | |
|---|---|---|---|---|
| | **31.12.2022** | **31.12.2021** | **31.12.2022** | **31.12.2021** |
| Germany | - | - | - | - |
| France | - | - | - | - |
| Spain | - | - | - | - |
| **Total of all countries** | **-** | **-** | **-** | **-** |

### Claims used to cover Mortgage Pfandbriefe

| in € million | 31.12.2022 | 31.12.2021 |
|---|---|---|
| up to € 300 thousand | 51 | 61 |
| more than € 300 thousand up to €1 million | 115 | 130 |
| more than €1 million up to €10 million | 1,101 | 1,241 |
| more than €10 million | 17,179 | 15,898 |
| **Total** | **18,446** | **17,330** |

### Key figures about outstanding Mortgage Pfandbriefe and cover pool used

| in € million | | 31.12.2022 | 31.12.2021 |
|---|---|---|---|
| Outstanding Mortgage Pfandbriefe | | 15,981 | 16,422 |
| thereof fixed-rate Pfandbriefe | | 90.4% | 85.2% |
| Cover pool | | 19,773 | 19,226 |
| thereof total amount of claims which exceed the limits according to section 13 (1) set 2 PfandBG | | - | - |
| thereof total amount of the claims according section 19 (1) which exceed the limits according to section 19 (1) set 7 PfandBG | | - | - |
| total amount of the claims which exceed the limits according to section 19 (1) no. 2 PfandBG [1] | | - | - |
| total amount of the claims which exceed the limits according to section 19 (1) no. 3 PfandBG [1] | | - | - |
| total amount of the claims which exceed the limits according to section 19 (1) no. 4 PfandBG [1] | | - | - |
| thereof fixed-rate cover assets | | 56.5% | 58.4% |
| "Net present value pursuant to section 6 (1) of the Pfandbrief Net Present Value Regulation for each foreign currency in € section 28 (1) no. 14 (Net Total of asset/liability)" | CHF | 48 | 94 |
| | DKK | - | - |
| | GBP | 482 | 329 |
| | JPY | - | - |
| | NOK | - | - |
| | SEK | 276 | 30 |
| | USD | 1,683 | 576 |
| Volume-weighted average time in years (seasoning) | | 3.5 | 3.4 |
| Weighted average loan-to-value ratio | | 55.6% | 54.4% |
| Weighted average loan-to-value ratio, based upon the market value – optional – | | 32.1% | 31.4% |
| Key figures regarding liquidity according section 28 (1) set 1 no. 6 PfandBG [1] | | | |
| Largest negative amount within the next 180 days within the meaning of section 4 (1a) s. 3 PfandBG for Pfandbriefe | | 1,068 | - |
| Day on which the largest negative sum occurs | | 88 | - |
| Total amount of cover assets meeting the requirements of section 4 (1a) s. 3 PfandBG | | 1,326 | - |
| Key figures according section 28 (1) no. 7 PfandBG | | | |
| share of derivative transactions included in the cover pools according section 19 (1) no. 1 PfandBG (credit quality step 3) | | - | - |
| share of derivative transactions included in the cover pools according section 19 (1) no. 2 c PfandBG (credit quality step 2) | | - | - |
| share of derivative transactions included in the cover pools according section 19 (1) no. 3 d PfandBG (credit quality step 1) | | - | - |
| share of derivative transactions in liabilities to be covered according section 19 (1) no. 1 PfandBG (credit quality step 3) | | - | - |
| share of derivative transactions in liabilities to be covered according section 19 (1) no. 2 c PfandBG (credit quality step 2) | | - | - |
| share of derivative transactions in liabilities to be covered according section 19 (1) no. 3 d PfandBG (credit quality step 1) | | - | - |
| Key figures according section 28 (1) no. 15 PfandBG | | - | - |
| Share of cover assets in the cover pool for which or for whose debtor a default pursuant to Art. 178 (1) of Regulation (EU) no. 575/2013 is deemed to have occurred. | | - | - |

[1] Article 2 G. v. 12.5.2021 (BGBl. I p. 1063) amended § 28 PfandBG and the new version has been in force since 8 July 2022. The first publication of new or amended mandatory data took place on the reference date 30 September 2022. According to the transitional provision (§ 55 PfandBG), the publication of previous year's data is only possible on the reference date 30 September 2023.

**List of international securities identification numbers of the International Organisation for Standardisation (ISIN)**

| | 31.12.2022 | 31.12.2021 [1] |
|---|---|---|
| DE000A11QA15, DE000A11QA56, DE000A11QAL5, DE000A11QAM3, DE000A11QAQ4, DE000A11QAT8, DE000A11QAU6, DE000A11QAV4, DE000A11QAX0, DE000A11QAY8, DE000A13SV24, DE000A13SV65, DE000A13SWC0, DE000A1RFB30, DE000A1RFBQ3, DE000A1X3LL4, DE000A1X3LZ4, DE000A254ZN3, DE000A254ZP8, DE000A289PQ3, DE000A2AAV88, DE000A2AAVX2, DE000A2E4Y05, DE000A2E4Y39, DE000A2E4ZA7, DE000A2E4ZD1, DE000A2GSLB8, DE000A2GSLF9, DE000A2GSLJ1, DE000A2GSLL7, DE000A2GSLP8, DE000A2GSLQ6, DE000A2GSLV6, DE000A2LQNP8, DE000A2LQNV6, DE000A2NBJ96, DE000A2YNV44, DE000A2YNVM8, DE000A2YNVV9, DE000A2YNVY3, DE000A30WF01, DE000A30WF19, DE000A30WF27, DE000A30WFS7, DE000A30WFU3, DE000A30WFZ2, DE000A3E5K73, DE000A3E5K99, DE000A3E5KW9, DE000A3E5KY5, DE000A3E5KZ2, DE000A3H2Z49, DE000A3H2Z80, DE000A3H2ZW1, DE000A3T0X48, DE000A3T0X63, DE000A3T0YB8, DE000A3T0YC6, DE000A3T0YD4, DE000A3T0YE2, DE000A3T0YF9, DE000A3T0YG7, DE000A3T0YH5, DE000A3T0YJ1, DE000A3T0YL7, DE000A3T0YM5 | | |

[1] Article 2 G. v. 12.5.2021 (BGBl. I p. 1063) amended § 28 PfandBG and the new version has been in force since 8 July 2022. The first publication of new or amended mandatory data took place on the reference date 30 September 2022. According to the transitional provision (§ 55 PfandBG), the publication of previous year's data is only possible on the reference date 30 September 2023.

**Enforcement measures (assets side nos. 2 and 3)**

| | Number of cases | | thereof: commercial | | thereof: residential | |
|---|---|---|---|---|---|---|
| in € million | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Pending as of 31 December | | | | | | |
| Forced sales | - | 3 | - | - | - | 3 |
| Administrative receiver-ship | - | - | - | - | - | - |
| therof included in pending forced sales | - | - | - | - | - | - |
| Forced sales in the current financial year | - | 1 | - | - | - | 1 |

**Properties acquired or purchased by auction (assets side items nos. 10 & 11):** In the current and the previous financial year pbb did not take salvage acquisitions to avoid losses in mortgages.

**Overdue interests (assets side items nos. 2 & 3):** Total overdue interests to be paid by mortgage debtors (if not written off in previous periods) amounted to €0 million (31 December 2021: €0 million) for commercial purposes and to €0 million (31 December 2021: €0 million) for residential purposes.

### Public Pfandbriefe outstanding and their cover

| in € million | Notional 31.12.2022 | Notional 31.12.2021 | Present value 31.12.2022 | Present value 31.12.2021 | Risk-adjusted net present value[1] 31.12.2022 | Risk-adjusted net present value[1] 31.12.2021 |
|---|---|---|---|---|---|---|
| **Total outstanding** | | | | | | |
| Public Pfandbriefe | 8,771 | 10,174 | 9,157 | 12,520 | 7,475 | 11,799 |
| therof derivatives | - | - | - | - | - | - |
| Cover Pool | 10,913 | 11,420 | 11,480 | 14,205 | 9,383 | 13,184 |
| therof derivatives | - | - | - | - | - | - |
| **Over-collateralisation** | 2,142 | 1,246 | 2,323 | 1,685 | 1,908 | 1,385 |
| Legal Over-collateralisation [2)3)] | 338 | | 183 | | - | |
| Contractual Over-collateralisation [2)3)] | - | | - | | - | |
| Voluntary Over-collateralisation [2)3)] | 1,804 | | 2,140 | | - | |
| Over-collateralisation of Pfandbriefe outstanding | 24.4% | 12.2% | 25.4% | 13.5% | 25.5% | 11.7% |
| Over-collateralisation in consideration of vdp-credit-quality-differentiation model | 2,142 | 1,246 | 2,323 | 1,685 | - | - |
| Over-collateralisation in of Pfandbriefe outstanding | 24.4% | 12.2% | 25.4% | 13.5% | - | - |

[1] For the calculation of risk cash value the dynamic rate method is applied according to section 5 (1) no. 1 PfandBarwertV.
[2] The statutory overcollateralization requirement is composed of the net present value of statutory overcollateralization pursuant to section 4 (1) PfandBG, including interest rate and currency stress scenarios, and the nominal value of statutory overcollateralization pursuant to section 4 (2) PfandBG. In accordance with section 55 of the PfandBG, the previous year's data will not be published until Q3 2023.
[3] Article 2 G. v. 12.5.2021 (BGBl. I p. 1063) amended § 28 PfandBG and the new version has been in force since 8 July 2022. The first publication of new or amended mandatory data took place on the reference date 30 September 2022. According to the transitional provision (§ 55 PfandBG), the publication of previous year's data is only possible on the reference date 30 September 2023.

### Maturity structure (remaining term) notional

| in € million | Public Pfandbriefe 31.12.2022 | Public Pfandbriefe 31.12.2021 | Cover pool 31.12.2022 | Cover pool 31.12.2021 | Maturity postponement (12 month)[1)3)4)] 31.12.2022 | Maturity postponement (12 month)[1)3)4)] 31.12.2021[2)] |
|---|---|---|---|---|---|---|
| up to 0.5 years | 102 | 333 | 352 | 440 | - | |
| more than 0.5 years to 1 year | 303 | 445 | 324 | 365 | - | |
| more than 1 year to 1.5 years | 255 | 351 | 389 | 374 | 102 | |
| more than 1.5 years to 2 years | 448 | 501 | 226 | 345 | 303 | |
| more than 2 years to 3 years | 642 | 829 | 485 | 631 | 704 | |
| more than 3 years to 4 years | 838 | 689 | 861 | 495 | 642 | |
| more than 4 years to 5 years | 468 | 893 | 521 | 862 | 838 | |
| more than 5 years to 10 years | 2,681 | 2,892 | 3,154 | 3,108 | 2,944 | |
| more than 10 years | 3,034 | 3,241 | 4,601 | 4,800 | 3,238 | |
| **total** | **8,771** | **10,174** | **10,913** | **11,420** | **8,771** | |

[1] Effects of an extension of maturity on the maturity structure of the Pfandbriefe / extension scenario: 12 months. This is an extremely unlikely scenario, which could only come into play after the appointment of a cover pool administrator.
[2] Article 2 G. v. 12.5.2021 (BGBl. I p. 1063) amended § 28 PfandBG and the new version has been in force since 8 July 2022. The first publication of new or amended mandatory data took place on the reference date 30 September 2022. According to the transitional provision (§ 55 PfandBG), the publication of previous year's data is only possible on the reference date 30 September 2023.
[3] Prerequisites for the extension of maturity of the Pfandbriefe: The extension of the maturity is necessary in order to avoid the imminent insolvency of the Pfandbrief bank with limited business activity, the Pfandbrief bank with limited business activity is not overindebted and there is reason to believe that the Pfandbrief bank with limited business activity will be able to meet its liabilities then due after the expiry of the maximum possible extension date, taking into account further possibilities for extension. See also, in addition, section 30 (2b) PfandBG.
[4] Powers of the cover pool administrator in the event of the extension of maturity of the Pfandbriefe: The cover pool administrator may extend the maturity dates of the principle payments, if the relevant requirements pursuant to section 30 (2b) PfandBG are met. The administrator shall determine the period of the extension of the maturity, which may not exceed a period of 12 months, in accordance with necessity. The cover pool administrator may extend the maturity dates of the principal and interest payments falling due within one month after the appointment of the cover pool administrator to the end of that monthly period. If the cover pool administrator decides in favor of such a extension of the maturity, the existence of the prerequisites pursuant to section 30 (2b) PfandBG shall be irrefutably presumed. Such an extension shall be taken into account within the maximum extension period of 12 months. The cover pool administrator may only exercise his authority uniformly for all Pfandbriefe of an issue. In this connection, the maturities may be extented in full or on a pro rata basis. The cover pool administrator must extend the maturity for a Pfandbrief issue in such a way that the original order of servicing of the Pfandbriefe which could be overtaken by the postponement is not changed (prohibition of overtaking). This may result in the maturities of later maturing issues also having to be extended in order to comply with the prohibition on overtaking. See also, in addition, section 30 (2a) and (2b) PfandBG.

### Further cover assets for Mortgage Pfandbriefe as of 31 December 2022[1)]

| in € million | Claims according section 20 (2) s.1 no. 3a) to c) PfandBG | | Claims according section 20 (2) s.1 no. 4 PfandBG | | Claims according section 20 (2) s.1 no. 2 PfandBG | |
|---|---|---|---|---|---|---|
| | Total | thereof: covered bonds | Total | thereof: covered bonds | | **Total** |
| **Total of all countries** | **-** | **-** | **-** | **-** | **-** | **-** |

[1)] Article 2 G. v. 12.5.2021 (BGBl. I p. 1063) amended § 28 PfandBG and the new version has been in force since 8 July 2022. The first publication of new or amended mandatory data took place on the reference date 30 September 2022. According to the transitional provision (§ 55 PfandBG), the publication of previous year's data is only possible on the reference date 30 September 2023.

### Volume of claims used to cover Public Pfandbriefe

| in € million | 31.12. | **Cover pool** | | thereof owed by | | | | thereof guaranteed by | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **Total** | thereof warranties received granted for reasons of promoting exports | Central state | Regional authorities | Local authorities | Other | Central state | Regional authorities | Local authorities | Other |
| Germany | 2022 | **3,319** | 221 | 696 | 1,878 | 59 | 275 | 226 | 121 | 64 | - |
| | 2021 | **3,097** | 389 | 195 | 1,952 | 70 | 275 | 393 | 139 | 73 | - |
| Belgium | 2022 | **93** | - | - | - | - | - | 50 | 43 | - | - |
| | 2021 | **112** | - | - | - | - | - | 50 | 62 | - | - |
| Finland | 2022 | **46** | - | 9 | - | 20 | 17 | - | - | - | - |
| | 2021 | **65** | - | 9 | - | 23 | 33 | - | - | - | - |
| France | 2022 | **2,455** | 12 | 157 | 761 | 606 | 633 | 112 | 55 | 131 | - |
| | 2021 | **2,664** | 20 | 169 | 828 | 636 | 707 | 123 | 60 | 141 | - |
| Great Britain | 2022 | **152** | 1 | - | 11 | 140 | - | 1 | - | - | - |
| | 2021 | **170** | 6 | - | 12 | 152 | - | 6 | - | - | - |
| Italy | 2022 | **188** | - | - | 181 | 7 | - | - | - | - | - |
| | 2021 | **224** | - | - | 213 | 11 | - | - | - | - | - |
| Netherlands | 2022 | **52** | 52 | - | - | - | - | 52 | - | - | - |
| | 2021 | **52** | 52 | - | - | - | - | 52 | - | - | - |
| Austria | 2022 | **3,843** | - | 3,175 | - | - | - | 370 | 241 | 57 | - |
| | 2021 | **3,897** | - | 3,175 | - | - | - | 370 | 291 | 61 | - |
| Portugal | 2022 | **293** | - | - | - | - | 180 | - | 113 | - | - |
| | 2021 | **307** | - | - | - | - | 180 | - | 127 | - | - |
| Slovenia | 2022 | **-** | - | - | - | - | - | - | - | - | - |
| | 2021 | **18** | - | - | - | - | - | 18 | - | - | - |
| Spain | 2022 | **180** | - | - | 153 | - | 27 | - | - | - | - |
| | 2021 | **323** | - | - | 283 | - | 40 | - | - | - | - |
| Japan | 2022 | **227** | - | 167 | - | 60 | - | - | - | - | - |
| | 2021 | **240** | - | 180 | - | 60 | - | - | - | - | - |
| Canada | 2022 | **60** | 60 | - | - | - | - | - | - | - | 60 |
| | 2021 | **69** | 69 | - | - | - | - | - | - | - | 69 |
| International Organisations | 2022 | **5** | - | - | - | - | 5 | - | - | - | - |
| | 2021 | **182** | - | - | - | - | 182 | - | - | - | - |
| **Total of all countries** | **2022** | **10,913** | **346** | **4,204** | **2,984** | **892** | **1,137** | **811** | **573** | **252** | **60** |
| | 2021 | **11,420** | **536** | **3,728** | **3,288** | **952** | **1,417** | **1,012** | **679** | **275** | **69** |

On balance sheet date (and as in the previous year), no payments exist that are past due more than 90 days and no receivables exist with a past due amount of more than 5% of the total claim.

### Claims used as cover for Public Pfandbriefe according to their amount in tranches

| in € million | 31.12.2022 | 31.12.2021 |
|---|---|---|
| up to €10 million | 361 | 361 |
| more than €10 million up to €100 million | 3,172 | 3,351 |
| more than €100 million | 7,380 | 7,708 |
| **Total** | **10,913** | **11,420** |

### Key figures about outstanding Public Pfandbriefe and cover pool used

| in € million | | 31.12.2022 | 31.12.2021 |
|---|---|---|---|
| Outstanding Public Pfandbriefe | | 8,771 | 10,174 |
| thereof fixed-rate Pfandbriefe | | 76.9% | 71.3% |
| Cover pool | | 10,913 | 11,420 |
| thereof total amount of the claims according section 20 (1) and (2) which exceed the limits laid down in section 20 ( 3 (section 28 (1) no. 11 PfandBG) | | - | - |
| claims which exceed the limits laid down in section 20 (2) no. 2 (section 28 (1) no. 12 PfandBG) [1] | | - | - |
| claims which exceed the limits laid down in section 20 (2) no. 3 (section 28 (1) no. 12 PfandBG) [1] | | - | - |
| thereof percentage share of fixed-rate cover assets section 28 (1) no. 13 PfandBG | | 75.6% | 72.5% |
| Net present value pursuant to section 6 (1) of the Pfandbrief Net Present Value Regulation for each foreign currency in € section 28 (1) no. 10 PfandBG (Net Total of asset/liability) | CAD | 14 | 13 |
| | CHF | 49 | 67 |
| | GBP | 211 | 178 |
| | JPY | 210 | 201 |
| | USD | 183 | 518 |
| Key figures on liquidity according section 28 (1) no. 6 PfandBG [1] | | - | - |
| Largest negative amount within the next 180 days within the meaning of section 4 (1a) s. 3PfandBG for Pfandbriefe | | - | - |
| Day on which the largest negative sum results | | - | - |
| Total amount of cover assets meeting the requirements of section 4 (1a) s. 3 PfandBG | | 820 | - |
| Key figures according section 28 (1) no. 7 PfandBG | | - | - |
| share of derivative transactions included in the cover pools according section 20 (2) no. 1 PfandBG (credit quality step 3) | | - | - |
| share of derivative transactions included in the cover pools according section 20 (2) no. 2 PfandBG (credit quality step 2) | | - | - |
| share of derivative transactions included in the cover pools according section 20 (2) no. 3c PfandBG (credit quality step 1) | | - | - |
| share of derivative transactions in liabilities to be covered according section 20 (2) no. 1 PfandBG (credit quality step 3) | | - | - |
| share of derivative transactions in liabilities to be covered according section 20 (2) no. 2 PfandBG (credit quality step 2) | | - | - |
| share of derivative transactions in liabilities to be covered according section 20 (2) no. 3c PfandBG (credit quality step 1) | | - | - |
| Key figures according section 28 (1) no. 15 PfandBG | | - | - |
| Share of cover assets in the cover pool for which or for whose debtor a default pursuant to Art. 178 (1) of Regulation (EU) no. 575/2013 is deemed to have occurred. | | - | - |

[1] Article 2 G. v. 12.5.2021 (BGBl. I p. 1063) amended § 28 PfandBG and the new version has been in force since 8 July 2022. The first publication of new or amended mandatory data took place on the reference date 30 September 2022. According to the transitional provision (§ 55 PfandBG), the publication of previous year's data is only possible on the reference date 30 September 2023.

**List of international securities identification numbers of the International Organisation for Standardisation (ISIN)**

| | 31.12.2022 | 31.12.2021[1)] |
|---|---|---|
| CH0026714276, DE0001468361, DE0006619778, DE0008119504, DE0008153289, DE0008217910, DE000A0B1K04, DE000A11QAR2, DE000A11QAS0, DE000A11QAW2, DE000A12UA83, DE000A13SWG1, DE000A1A6LJ8, DE000A1CR6S0, DE000A1EWJQ9, DE000A1R06C5, DE000A1X2558, DE000A1X26J6, DE000A2AAVW4, DE000A3E5K24, DE000A3E5K32 | | |

[1)] Article 2 G. v. 12.5.2021 (BGBl. I p. 1063) amended § 28 PfandBG and the new version has been in force since 8 July 2022. The first publication of new or amended mandatory data took place on the reference date 30 September 2022. According to the transitional provision (§ 55 PfandBG), the publication of previous year's data is only possible on the reference date 30 September 2023.

## 39 Contingent Liabilities (Off-Balance-Sheet Item No. 1b)

The liabilities from guarantees and indemnity agreements of €70 million (31 December 2021: €185 million) were granted in connection with banking business. Prior to granting, the potential guarantee or indemnity holders are subjected to a thorough credit assessment. Any subsequent credit deteriorations are closely monitored, and corresponding provisions are recorded, if appropriate. Potential risks from guarantee or indemnity agreements are reflected through the recognition of additional general allowances. In this connection, pbb does not have any indication that would suggest additional future defaults.

## 40 Other Commitments (Off-Balance-Sheet Item No. 2c)

The reported amount of irrevocable loan commitments of a total of €2,989 million (31 December 2021: €3,101 million) comprises commitments for mortgage loans of €2,855 million (31 December 2021: €2,885 million) and loan commitments to the public sector in the amount of €134 million (31 December 2021: €216 million). Prior to granting, potential borrowers are subjected to a thorough credit assessment. Any subsequent credit deteriorations are closely monitored, and corresponding provisions are recorded, if appropriate. Potential risks from irrevocable loan commitments are reflected through the recognition of additional general allowances. pbb does not have any indication that would suggest additional future defaults.

## 41 Off-Balance-Sheet Transactions and Other Financial Commitments

Non-terminable operate lease agreements for land and buildings existed as of 31 December 2022 and as of 31 December 2021.

**Future minimum lease payments by maturities**

| in € million | 31.12.2022 | 31.12.2021 |
|---|---|---|
| up to 1 year | 8 | 8 |
| more than 1 year to 5 years | 11 | 18 |
| more than 5 years | - | - |
| **Total** | **19** | **26** |

In addition, cash collateral was provided in a total amount of €42 million (31 December 2021: €36 million) for the irrevocable payment obligations to the Single Resolution Board/BaFin resulting from the bank levy, and to the deposit guarantee scheme of German banks. In addition, pbb is required to make additional contributions to the bank levy upon request. These are considered a risk for the Bank’s financial position as defined in section 285 No. 3 of the HGB.

Other commitments that existed on the balance sheet date are within the usual business scope.

## 42 Legal Risks (Litigation Risks)

Given the nature of business and international expansion of activities and the large number of relevant requirements and regulations, pbb is involved in litigation, arbitration and administrative proceedings in some countries. pbb recognises provisions for the uncertain obligations arising from these proceedings if the potential outflow of resources is sufficiently likely and the amount of the obligation can be estimated. The probability of outflow of resources, which often cannot be estimated with certainty, is highly dependent on the outcome of the proceedings. The assessment of this probability and the quantification of the obligation are largely based on estimates. The actual liability can vary considerably from this estimate. Accounting for the individual legal procedure, pbb analyses developments of the individual case as well as of comparable cases. Depending on the significance and complexity of the respective case, pbb is drawing on its own expertise or opinions by external consultants and in particular by legal advisors. The provisions recognised for the proceedings are not reported separately as pbb believes that the outcome of the proceedings would be seriously compromised by their disclosure.

The profit participation certificates issued by the predecessor institutions participated in significant losses due to the net losses for the period incurred in the years 2008 et. seq. respectively pbb's unappropriated retained losses since this time. The redemption amounts have reduced and interest payment has been suspended. Individual investors therefore initiated legal proceedings, contesting in particular various individual clauses relating to loss participation and replenishment following loss participation. The key questions in this connection are which balance sheet items must be taken into account to calculate loss participation and whether replenishment is required if pbb records a net income, unappropriated retained earnings or another income. Courts have decided against the legal opinion of pbb in view of the individual decisions regarding profit participation certificates. These proceedings resulted in a partial or comprehensive increase in redemption claims, or in the subsequent distribution of cancelled coupon payments or interest payment claims. There are no legal proceedings pending here, after the last reported legal proceeding with an amount in dispute of approximately €20 million plus interest was settled.

Hypo Real Estate Bank International AG, a predecessor institution of pbb, issued Credit Linked Notes ("CLNs") in 2007, within the scope of the Estate UK-3 ("UK-3") synthetic securitisation transaction. The CLNs were issued in order to hedge the credit risk exposure of a real estate loan portfolio in the UK. The real estate loan portfolio subsequently suffered a loan default. pbb envisaged allocating a resulting loss of GBP 113.8 million to the credit linked notes. Deloitte GmbH Wirtschafts-prüfungsgesellschaft, acted as the trustee of UK-3, expressed doubts with respect to the permissibility of the loss allocation. In June 2017, the trustee therefore appointed an independent expert to determine whether the conditions for a loss allocation were met. On 28 June 2019, the independent expert informed pbb on its findings. It found the allocation of the full amount of a credit loss of GBP 113.8 million permissible. According to the terms of the CLN, the determination of the expert is final and binding – except in the absence of manifest error. On 13 September 2019, the trustee confirmed that he had reviewed the expert's report and found no apparent inaccuracy. Accordingly, the trustee has informed pbb that in his opinion the intended loss allocation is permissible. The loss allocation was made on 20 September 2019 and results in a corresponding reduction of the repayment claim under the CLN. On 20 March 2020 the CLN have been repaid (Scheduled Final Maturity).

Moreover, no proceedings exist for which the Management Board believes the probability of an out-flow of resources – or another impact on pbb's business activities – to be likely (or which are of material significance to pbb for other reasons) with an amount in dispute in excess of €5 million. However, pbb is subject to prudential proceedings, which bear the risk of a material outflow of resources, or another impact on pbb business activities.

## 43 Financial Derivatives

The financial derivatives are almost exclusively entered into to hedge interest rate and currency risks (only OTC products) within the context of our asset/liability management and as micro hedges. To that extent, the negative balance from the market values of the financial derivatives is generally offset with positive market values from corresponding hedged items. The counterparties of the derivatives are sovereigns, banks and financial institutions from OECD countries as well as customers.

The customer derivatives are exclusively entered into in order to hedge risks in connection with a particular loan transaction. Bilateral netting arrangements are concluded to reduce both economic risk and regulatory credit risk (counterparty default risk). In doing so, the positive and negative market values of derivative contracts included in one netting arrangement may be netted, and the future regulatory risk premiums for these products may be reduced. As a result of the netting process, the credit risk is reduced to one single net receivable from one individual counterparty.

These risk-reducing methods are used for both regulatory reporting and internal measurement and monitoring of credit exposures – only when these are enforceable upon the relevant business partner's insolvency in the respective jurisdiction. The enforceability is reviewed on the basis of legal opinions prepared for this purpose.

In addition, pbb enters into collateral agreements with its business partners to hedge the net receivable/liability resulting from the netting process (receive or provide collateral). This collateral management leads to credit risk mitigation by means of a timely (mostly daily) measurement and adjustment of the unsecured credit risk per counterparty.

As at 31 December 2022, the notional volume of the off-balance sheet derivatives amounted to €62,185 million (31 December 2021: €60,880 million). Under the mark-to-market method, the counterparty default risk exposure (before netting) currently amounts to €2,017 million (31 December 2021: €3,697 million), which corresponds to 3.2% (2021: 6.1%) of the notional volume. The fair value of the derivatives was calculated on the basis of generally recognised actuarial models (discounted cash flow method, Black-Scholes model, Hull-White model, Bachelier model).

### Financial derivatives (before netting)

| in € million | Notional amounts | | Fair value positive | | Fair value negative | |
|---|---|---|---|---|---|---|
| | 31.12.2022 | 31.12.2021 | 31.12.2022 | 31.12.2021 | 31.12.2022 | 31.12.2021 |
| **Interest-based transactions** | **57,398** | **56,966** | **1,894** | **3,688** | **3,409** | **4,555** |
| OTC products | | | | | | |
| Forwards | - | - | - | - | - | - |
| Interest rate swaps | 48,557 | 47,795 | 1,764 | 3,678 | 3,271 | 4,506 |
| Interest options | 8,841 | 9,171 | 130 | 10 | 138 | 49 |
| other interest derivative contracts | - | - | - | - | - | - |
| **Currency-based transactions** | **4,787** | **3,914** | **123** | **9** | **7** | **46** |
| OTC products | | | | | | |
| Forward exchange transactions | 3,475 | 2,779 | 56 | 4 | 3 | 22 |
| Cross-currency swaps | 1,312 | 1,135 | 67 | 5 | 4 | 24 |
| Foreign exchange options | - | - | - | - | - | - |
| **Total** | **62,185** | **60,880** | **2,017** | **3,697** | **3,416** | **4,601** |

### Accrued interest

| in € million | 31.12.2022 Interest-based transactions | 31.12.2022 Currency-based transactions | 31.12.2022 Total | 31.12.2021 Total |
|---|---|---|---|---|
| Loans and advance to other banks (assets side item no. 2) | 269 | -3 | 266 | 321 |
| Loans and advance to customers (assets side item no. 3) | 3 | - | 3 | 10 |
| Sundry assets (assets side item no. 11) | - | - | - | - |
| Liabilities to other banks (liabilities side item no. 1) | -413 | - | -413 | -443 |
| Liabilities to customers (liabilities side item no. 2) | -7 | - | -7 | -4 |
| Sundry liabilities (liabilities side item no. 5) | - | - | - | - |
| **Total** | **-148** | **-3** | **-151** | **-116** |

### Currency effect

| in € million | 31.12.2022 Interest-based transactions | 31.12.2022 Currency-based transactions | 31.12.2022 Total | 31.12.2021 Total |
|---|---|---|---|---|
| Sundry assets (assets side item no. 11) | - | 139 | 139 | 43 |
| Sundry liabilities (liabilities side item no. 5) | - | -1 | -1 | -11 |
| **Total** | **-** | **138** | **138** | **32** |

### Option an upfront premiums

| in € million | 31.12.2022 Interest-based transactions | 31.12.2022 Currency-based transactions | 31.12.2022 Total | 31.12.2021 Total |
|---|---|---|---|---|
| Prepaid expenses (assets side item no. 12) | 148 | -10 | 138 | 104 |
| Deferred income (liabilities side item no. 6) | -251 | - | -251 | -250 |
| **Total** | **-103** | **-10** | **-113** | **-146** |

**Pending loss provisions**

| in € million | 31.12.2022 Interest-based transactions | 31.12.2022 Currency-based transactions | 31.12.2022 Total | 31.12.2021 Total |
|---|---|---|---|---|
| Other provisions (liabilities side item no. 7) | -2 | - | -2 | -6 |

## 44 Credit Derivatives

As was the case in the previous year, pbb did not act as guarantor or as guarantee for credit derivatives.

## 45 Valuation Units

pbb currently recognises only interest rate risks within the framework of valuation units. The carrying amounts of the hedged items included in the valuation units (fair value in case of derivatives) are shown in the following table:

**Valuation units**

| in € million | Carrying amounts 31.12.2022 | Carrying amounts 31.12.2021 |
|---|---|---|
| **Assets** | | |
| Bonds and other fixed-income securities | 1,455 | 4,581 |
| Loans and advances to customers | 2,233 | 7,251 |
| Loans and advances to other banks | 301 | 300 |
| **Liabilities** | | |
| Securitised liabilities | 5,311 | 8,483 |
| Liabilities to customers | 4,803 | 9,991 |
| Liabilities to other banks | 233 | 450 |
| Subordinated liabilities | 26 | 47 |
| Positive fair values (clean) of derivatives | 257 | 2,385 |
| Negative fair values (clean) of derivatives | 1,061 | 3,121 |

The amount of the risk that is hedged in the valuations units (equivalent to the risk-induced portion of the fair value) is disclosed in the following table:

**Amount of hedged risks**

| in € million | 31.12.2022 effective portion | 31.12.2022 negative ineffective portion | 31.12.2021 effective portion | 31.12.2021 negative ineffective portion |
|---|---|---|---|---|
| **Assets** | | | | |
| Bonds and other fixed-income securities | 30 | - | 908 | - |
| Loans and advances to customers | -58 | -1 | 1,992 | -1 |
| Loans and advances to other banks | -7 | - | 2 | - |
| **Liabilities** | | | | |
| Securitised liabilities | -339 | - | 90 | - |
| Liabilities to customers | -458 | - | 2,100 | 3 |
| Liabilities to other banks | -2 | - | 62 | - |
| Subordinated liabilities | - | - | 2 | - |
| Positive fair values (clean) of derivatives | 196 | - | 2,328 | - |
| Negative fair values (clean) of derivatives | 960 | 1 | 2,976 | 2 |

The negative, ineffective portion, in total €2 million (2021: €6 million), represents the effects resulting from valuation units with a negative ineffectiveness, for which a provision for pending losses from executory contracts has to be recorded. In the current financial year, provisions for pending losses were reversed accordingly in the amount of €4million (2021: €1 million was added).

Due to the fact that pbb enters into hedged items and hedging transactions on identical or very similar terms and conditions, it can be expected that the risks of the transactions combined into valuation units are comparable, and will largely be characterised by offsetting developments. Hedging relationships are generally concluded for a period until maturity of the hedge. Earlier discontinuations of hedging relationships or hedges for a limited period are possible in individual cases.

The effectiveness of hedging relationships is assessed using sensitivity and regression analyses. To calculate the amount of the previous ineffectiveness, the risk-induced values of hedged item and hedging instrument are compared.

## 46 Auditor's fees

The auditors' fee for Deloitte GmbH Wirtschaftsprüfungsgesellschaft primarily referred to the audit of the consolidated financial statements and the single-entity annual financial statements, including legal and contractually agreed extensions of the audit assignment of pbb. Interim financial statements were reviewed in addition.

**Maturities of selected balance sheet items**

| in € million | 2022 | 2021 |
|---|---|---|
| Audit | 1,658 | 1,799 |
| Other assurance services | 319 | 289 |
| Tax advisory services | - | - |
| Other non-audit services | 100 | 82 |
| **Total** | **2,077** | **2,170** |

Other assurance services mainly concerned the preparation of two letters of comfort in connection with bond issues, the review of scenario calculations in risk provisioning for the financing of office properties, the review of the combined non-financial report, and the review of the notification of eligible loans for the TLTRO III.

Other non-audit services mainly comprised an advisory support in document management which is unrelated to the introduction or implementation of internal control and risk management procedures.

## 47 Regulatory own funds

### Regulatory own funds

| in € million | 31.12.2022 | 31.12.2021 |
| --- | --- | --- |
| **Common Equity Tier 1 Capital (CET 1)** | **2,630** | **2,707** |
| thereof items of CET 1 | 2,783 | 2,796 |
| Subscribed capital acc. to Art. 26 (1) a) CRR | 380 | 380 |
| Additional paid-in capital acc. to Art. 26 (1) b) CRR | 1,639 | 1,639 |
| Retained earnings acc. to Art. 26 (1) c) CRR | 716 | 730 |
| Fund for general banking risks (§ 340g HGB) acc. to Art. 26 (1) f) CRR | 47 | 47 |
| thereof deductible items | -152 | -89 |
| Intangible assets acc. to Art. 36 (1) b) CRR | -29 | -19 |
| Impairment shortfall for IRBA risk positions acc. to Art. 36 (1) d) CRR | - | - |
| Assets of defined benefit pension funds | - | - |
| Additional deduction from CET 1 acc. to Art. 3 CRR | -81 | -34 |
| Irrevocable payment obligations to deposit guarantee schemes and resolution funds | -42 | -36 |
| **Additional Tier 1 (AT 1) Capital** | **-** | **-** |
| **Tier 1 (T 1) Capital** | **2,630** | **2,707** |
| **Tier 2 (T 2) Capital** | **865** | **903** |
| thereof items of T 2 | 865 | 903 |
| Capital instruments and subordinated loans acc. to Art. 62 a) CRR incl. premium acc. to Art. 62 b) CRR | 804 | 885 |
| Credit risk adjustments acc. to Art. 62 d) CRR | 61 | 18 |
| **Own funds** | **3,495** | **3,610** |

## 48 Board Members

### Supervisory Board of pbb in financial year 2022

| **Name** and place of residence<br>Function in Supervisory Board<br>Initial appointment | **Principal occupation**<br>Functions in the Committees of the Supervisory Board | **Supervisory Board memberships and other directorships in 2022** |
|---|---|---|
| **Dr Günther Bräunig**<br>Frankfurt/Main, Germany<br>Chairman<br>14.8.2009 | **Consultant and former Chairman of the management board of KfW**<br>Chairman of the Executive and Nomination Committee and of the Remuneration Committee;<br>Chairman (until 19.5.2022) resp.member (from 19.5.2022) of the Audit and Digitalisation Committee;<br>Member of the Risk Management and Liquidity Strategy Committee | **Deutsche Telekom AG, Bonn** – Member of the Supervisory Board |
| **Hanns-Peter Storr**<br>Frankfurt/Main, Germany<br>Member; Deputy Chairman<br>12.5.2021 | **Entrepreneur**<br>Chairman of the Risk Management and Liquidity Strategy Committee<br>Member of the Audit and Digitalisation Committee | **BHW Bausparkasse AG, Hameln** – Member of the Supervisory Board |
| **Gertraud Dirscherl**<br>Landshut<br>Member<br>2.2.2022 | **Entrepreneur**<br>Member (from 25.2.2022) and Chairwoman (from 19.5.2022) of the Audit and Digitalisation Committee;<br>Member of the Remuneration Committee and the Risk Management and Liquidity Strategy Committee (from 25.2.2022) | **Hans DEHN SE, Neumarkt i.d. Oberpfalz –** Member of the Supervisory Board<br>**DEHN SE, Neumarkt i.d. Oberpfalz –** Member of the Supervisory Board |
| **Dr Thomas Duhnkrack**<br>Kronberg/Taunus, Germany<br>Member<br>21.7.2015 | **Entrepreneur**<br>Member of the Audit and Digitalisation Committee and of the Executive and Nomination Committee | **Hauck Aufhäuser Lampe Privatbank AG, Frankfurt/Main –** Member of the Supervisory Board |
| **Prof. Dr. Kerstin Hennig**<br>Schmitten<br>Member<br>19.07.2022 | **University Professor EBS University**<br>Member of the Risk Management and Liquidity Strategy Committee (from 5.8.2022) | **DWS Grundbesitz GmbH, Frankfurt/Main** – Member of the Supervisory Board<br>**DEMIRE Deutsche Mittelstand Real Estate AG, Frankfurt/Main** – Member of the Supervisory Board |
| **Susanne Klöß-Braekler**<br>Munich, Germany<br>Member<br>12.5.2021 | **Independent supervisory and advisory board member, Investor, Senior Advisor**<br>Member of the Executive and Nomination Committee and of the Remuneration Committee | **ING-DiBa AG, Frankfurt/Main** – Chairman of the Supervisory Board<br>**Oddo BHF AG, Frankfurt/Main** – Member of the Supervisory Board<br>**Cembra Money Bank AG, Zürich** – Member of the Supervisory Board |
| **Georg Kordick**<br>Poing, Germany<br>Employee Representative<br>22.2.1990 | **Bank employee** | - |
| **Olaf Neumann**<br>Munich, Germany<br>Employee Representative<br>12.5.2021 | **Bank employee** | - |
| **Oliver Puhl**<br>Frankfurt/Main, Germany<br>Member (until 19.05.2022)<br>13.5.2016 | **Entrepreneur**<br>Member of the Risk Management and Liquidity Strategy Committee | - |
| **Heike Theißing**<br>Munich, Germany<br>Employee Representative<br>7.7.2011 | **Bank employee**<br>Member of the Remunaration Committee | - |

### Management Board of pbb in financial year 2022

| **Name** and place of residence | **Function in the Management Board** | **Supervisory Board memberships** |
|---|---|---|
| **Andreas Arndt**<br>Munich | CEO/CFO | - |
| **Thomas Köntgen**<br>Frankfurt am Main | Deputy CEO<br>Treasury and Real Estate Finance | - |
| **Andreas Schenk**<br>Dreieich | CRO | - |
| **Marcus Schulte**<br>Grünwald | Treasury | - |

## 49 Disclosures According to Section 340a (4) No. 1 HGB

In the financial years 2022 and 2021, neither the legal representatives nor other employees held offices in legally prescribed supervisory boards of large corporations within the meaning of section 267 (3) HGB.

## 50 Employees According to Section 285 No. 7 HGB

**Average number of employees**

| | 2022 | 2021 |
|---|---|---|
| Employees (excluding apprentices) | 805 | 801 |
| Thereof: senior staff in Germany | 18 | 18 |
| **Total** | **805** | **801** |

## 51 Disclosures According to Section 285 No. 9 HGB

**Provisions for pensions under HGB**

| | 2022[1)] | |
|---|---|---|
| in € thousand | Additions/ Reversals | Total |
| Management Board members who were in office during the financial year 2022 | 4,895 | 18,567 |
| Management Board members who retired prior to the financial year 2022 | 4,292 | 66,600 |
| **Total** | **9,187** | **85,167** |

[1)] Provisions for pensions for Management Board members who were in office during the financial year 2021 amounted to €13,672 thousand. Provisions for pensions to Management Board members who were retired prior the financial year 2021 amounted to €62,308 thousand as of 31 December 2021.

For 2022, pension payments for former members of the Executive Board and their surviving dependants amounted to € 4,758 thousand (2021: € 4,709 thousand).

**Remuneration paid to Management Board members of pbb**

| | 2022[1)] | |
|---|---|---|
| in € thousand | Remunerati-on | Total |
| Management Board members who were in office during the financial year 2022 | 3,247 | 3,247 |
| Management Board members who retired prior to the financial year 2022 | - | - |
| **Total** | **3,247** | **3,247** |

[1)] Remuneration paid to Management Board members who were in office during the financial year 2021 amounted to €3,142 thousand. Management Board members who retired prior the financial year 2021 did not receive any remuneration in 2021.

As of balance sheet date, there were no receivables to related persons from loans or advances or other commitments.

**Remuneration paid to Supervisory Board members of pbb[1)]**

| | 2022[2)] |
|---|---|
| in € thousand | Total fixed remuneration |
| Supervisory Board members who were in office during the financial year 2022 | 683 |
| Supervisory Board members who retired prior to the financial year 2022 | - |
| **Total** | **683** |

[1)] Remuneration paid to Supervisory Board members who were in office during the financial year 2021 amounted to €740 thousand in the year 2021. Supervisory Board members who retired prior the financial year 2021 did not receive any remuneration in 2021.
[2)] Remunerations based on employment contracts that employee representatives of the Supervisory Board receive additionally to their function in the Supervisory Board are not shown.

Except from the employee representatives in the Supervisory Board who receive remuneration from pbb based on their employment contracts, other Supervisory Board members did not receive any remuneration in 2022 for services rendered in person.

**Amount of cash-settled share-based payment transactions**
The total amount of outstanding virtual shares in relation to the share-based payment arrangements developed as follows:

**Amount of cash-settled share-based payment transactions**

| Quantity (number) | 2022 | 2021 |
|---|---|---|
| Balance (outstanding) at 1.1. | 314,773 | 263,845 |
| granted during the reporting period | 176,337 | 141,777 |
| expired during the reporting period | - | - |
| exercised during the reporting period | 123,349 | 90,849 |
| Balance (outstanding) at 31.12. | 367,761 | 314,773 |
| of which: exercisable | - | - |

The fair value of the virtual shares granted during the reporting period amounted to €1 million (2021: €1 million) as at the balance sheet date. The obligation from share-based payment transactions as at 31 December 2021 amounted to €4 million (2021: €6 million). It is reported in the statement of financial position under provisions.

The virtual shares exercised during the reporting year were converted at a weighted average price of the pbb share of €11.11 (2021: €8.35).

The total amount expensed for share-based payment transactions during the financial year 2022 was €2 million (2021: €2 million).

An amount of €0 million (2021: €0 million) was expensed for former members of the Management Board.

## 52 Disclosures of Contingecies According to Section 34 (2) No. 4 RechKredV

Liabilities from contingencies within the meaning of section 251 HGB are disclosed off-balance sheet, as well as in the notes “Contingent Liabilities (Off-Balance-Sheet Item No. 1b)” and „Other commitments (Off-Balance-Sheet Item No. 2c)” as well as “Off-Balance-Sheet Transactions And Other Financial Commitments”.

## 53 Disclosures According to Section 33 et seq WpHG

In accordance with section 160 (1) No. 8 of the AktG, disclosures have to be made in relation to the existence of shareholdings of which pbb received notifications pursuant to section 33 (1), (2) of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG). In addition to the legal requirements, we also disclose the reportable istruments pursuant to section 38 of the WpHG as well as voting rights and instruments pursuant to section 39 of the WpHG, notified respectively in the financial year 2022, in the following table. All notifications of shareholdings were published by pbb in the financial year 2022 pursuant to section 40 (1) of the WpHG and are available, amongst others, on ppb’s website under www.pfandbriefbank.com/investoren. Please note that the disclosures on shareholdings may have become outdated in the meantime.

| Notifying party | Date of reaching, exceeding or falling below the threshold | Notified holding (voting rights and/or options) in % | Voting rights | Instruments | **Total voting rights and instruments** |
|---|---|---|---|---|---|
| DWS Investment GmbH | 4.1.2022 | 4.91 | 6,599,349 | - | 6,599,349 |
| DWS Investment GmbH | 5.1.2022 | 5.00 | 6,724,449 | - | 6,724,449 |
| DWS Investment GmbH | 6.1.2022 | 4.98 | 6,696,651 | - | 6,696,651 |
| DWS Investment GmbH | 15.4.2022 | 2.98 | 4,006,734 | - | 4,006,734 |
| DWS Investment GmbH | 20.4.2022 | 3.05 | 4,103,737 | - | 4,103,737 |
| DWS Investment GmbH | 25.4.2022 | 2.34 | 3,145,424 | - | 3,145,424 |
| MainFirst SICAV | 27.4.2022 | 2.99 | 4,019,240 | - | 4,019,240 |
| DWS Investment GmbH | 3.5.2022 | 3.12 | 4,190,844 | - | 4,190,844 |
| DWS Investment GmbH | 18.5.2022 | 2.85 | 3,839,157 | - | 3,839,157 |
| DWS Investment GmbH | 26.5.2022 | 3.49 | 4,695,405 | - | 4,695,405 |
| DWS Investment GmbH | 9.6.2022 | 2.68 | 3,607,363 | - | 3,607,363 |
| DWS Investment GmbH | 14.6.2022 | 3.30 | 4,436,451 | - | 4,436,451 |
| DWS Investment GmbH | 17.6.2022 | 2.55 | 3,424,036 | - | 3,424,036 |
| DWS Investment GmbH | 20.6.2022 | 3.33 | 4,484,516 | - | 4,484,516 |
| DWS Investment GmbH | 30.6.2022 | 2.61 | 3,509,854 | - | 3,509,854 |
| DWS Investment GmbH | 1.7.2022 | 3.24 | 4,355,243 | - | 4,355,243 |
| DWS Investment GmbH | 13.7.2022 | 2.89 | 3,892,698 | - | 3,892,698 |
| DWS Investment GmbH | 7.9.2022 | 3.18 | 4,275,240 | - | 4,275,240 |
| DWS Investment GmbH | 27.10.2022 | 2.53 | 3,397,132 | - | 3,397,132 |
| DWS Investment GmbH | 28.10.2022 | 3.35 | 4,509,806 | - | 4,509,806 |
| Dimensional Holdings Inc. | 7.11.2022 | 2.995 | 4,027,956 | - | 4,027,956 |
| Allianz Global Investors GmbH | 23.11.2022 | 2.99 | 4,022,461 | - | 4,022,461 |

## 54 Consolidated Financial Statements according to Section 285 No. 14a HGB

pbb, as the ultimate parent company, prepares consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements are published in the German Company Register (Unternehmensregister). The consolidated financial statements are also available online under www.pfandbriefbank.com/en/investors.

## 55 Appropriation of Net Income according to Section 285 No. 34 HGB

Based on unappropriate retained earnings in accordance with the HGB for the financial year 2022 in the amount of €127,751,542.60 the Management Board and the Supervisory Board will propose the payment of a dividend of €0.95 per dividend-entitled share to the Annual General Meeting; this corresponds to a total dividend payout of €127,751,542.60 based on the total number of shares issued (134,475,308).

## 56 Major Post Balance Sheet Date Events According to Section 285 No. 33 HGB

The Supervisory Board resolved on 10 January 2023 to nominate Dr Louis Hagen for election to the Supervisory Board at the Annual General Meeting on 25 May 2023 – subject to regulatory approvals. If elected, it is intended that Dr Hagen will take over as Chairman of the Supervisory Board from Dr Günther Bräunig, who will retire from the Supervisory Board upon expiry of his office at the end of the Annual General Meeting.

## 57 Statement of Compliance with the German Corporate Governance Kodex

The statement of compliance with the German Corporate Governance Kodex in accordance § 161 AktG of Management Board and Supervisory Board is published online under www.pfandbriefbank.com/en/the-company/corporate-governance.html.

Munich, 7 March 2023

Deutsche Pfandbriefbank AG
The Management Board

Andreas Arndt    Thomas Köntgen    Andreas Schenk    Marcus Schulte

# Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, these annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Deutsche Pfandbriefbank AG, Munich and the management report includes a fair review of the development and performance of the business and the position of the Bank, together with a description of the material opportunities and risks associated with the expected development of the Bank.

Munich, 7 March 2023

Deutsche Pfandbriefbank AG
The Management Board

| | | | |
|---|---|---|---|
| Andreas Arndt | Thomas Köntgen | Andreas Schenk | Marcus Schulte |

# Independent Auditor's Report

**To Deutsche Pfandbriefbank AG, Munich/Germany**

**REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT**

**Audit Opinions**

We have audited the annual financial statements of Deutsche Pfandbriefbank AG, Munich/Germany, which comprise the balance sheet as at 31 December 2022, and the statement of profit and loss for the financial year from 1 January to 31 December 2022, and the notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the combined management report for the parent and the group of Deutsche Pfandbriefbank AG, Munich/Germany, for the financial year from 1 January to 31 December 2022. In accordance with the German legal requirements, we have not audited the sections "Organisation and Principles of Internal Control System" and "Appropriateness and Effectiveness of the Internal Control and Risk Management System" of the combined management report, which are marked as "unaudited", nor the content of the combined corporate governance statement, including the further reporting on corporate governance included therein, nor the combined separate non-financial report, each of which is made reference to in the combined management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2022 and of its financial performance for the financial year from 1 January to 31 December 2022 in compliance with German Legally Required Accounting Principles, and
- the accompanying combined management report as a whole provides an appropriate view of the Company's position. In all material respects, this combined management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of the sections "Organisation and Principles of Internal Control System" and "Appropriateness and Effectiveness of the Internal Control and Risk Management System" of the combined management report stated above, nor the content of the combined corporate governance statement stated above, including the further reporting on corporate governance included therein, nor the combined separate non-financial report stated above.

Pursuant to Section 322 (3) sentence 1 German Commercial Code (HGB), we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the combined management report.

**Basis for the Audit Opinions**

We conducted our audit of the annual financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the combined management report.

**Key Audit Matters in the Audit of the Annual Financial Statements**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2022. These matters were addressed in the context of our audit of the annual financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following we present the determination of risk provisioning in the lending business, which we have determined to be a key audit matter in the course of our audit.

Our presentation of this key audit matter has been structured as follows:

a) description (including reference to corresponding information in the annual financial statements)
b) auditor's response

**Determination of risk provisioning in the lending business**

a) As at 31 December 2022, a total of bEUR 45.9 in loans and advances to customers and other banks are recognised in the annual financial statements of Deutsche Pfandbriefbank AG, which makes up 86.4% of total assets. The existing risk provisioning of mEUR 388 has already been deducted from these loans and advances. Risk provisioning includes both individually determined specific allowances of mEUR 211 and general allowances determined using a model-based approach of mEUR 177 that include a management overlay of mEUR 69 on account of the uncertainties regarding the further development of the property class "office property". Additional contingent liabilities and other commitments amount to bEUR 3.1, for which provisions of mEUR 13 have been made in the lending business, which almost fully relate to general allowances determined using a model-based approach.

   The Bank assesses the recoverability of loans and advances in the lending business on a regular basis and whenever there are objective indications that the assets may be impaired. According to the procedures defined by the Bank, any need for impairment, i.e. a write-down to the lower fair value, is generally measured as the difference between the current carrying amount of the loans and advances and the expected future payments received. The expected future cash flows derived from probability-weighted scenarios are discounted at the initial effective interest rate of these loans or advances. Where applicable, corresponding provisions are made for off-balance sheet transactions subject to either an imminent risk of utilisation by doubtful borrowers (guarantees, warranties) or to expected impairments due to payment obligations (irrevocable loan commitments).

Following the determination of risk provisions under IFRS, the Bank calculates general allowances and lumpsum specific allowances on the basis of parameters. For determining general allowances, the Bank generally uses a model-based procedure based on the regulatory risk parameters (probability of default, loss given default) and on the rules agreed in the loan agreements underlying the loans and advances, such as contractually agreed cash flows. Regulatory risk parameters are transformed based on accounting requirements. General allowances are measured using different scenarios weighted by their probability of occurrence.

As at the balance sheet date 31 December 2022, a management overlay of mEUR 69 was added to the general allowance that was determined by taking into account the uncertainty expected by the executive directors of the Bank in the property class "office property" as a consequence of a future expected lower floor demand as well as higher requirements for sustainability of existing office properties in the form of discounts applied to market values as part of a scenario calculation in the forecast parameters. Further-more, the risk of an interest rate increase was taken into account for this segment. The management overlay of mEUR 62 set up as at 31 December 2021 as a consequence of uncertainties related to the COVID-19 pandemic was fully released in the reporting year.

Given the fact that the lending business is one of the Bank's core business activities and both individual and model-based measurement of loans and advances as well as the determination of the settlement amount of provisions as is necessary according to sound business judgement requires the executive directors to make judgements and estimates, for example with respect to the design of the measurement models, estimates such as the expected future payments received, the measurement of collateral or other expected defaults, there is a higher risk that the amount of the risk provisioning, if necessary, may not be appropriate. This matter was of particular relevance as part of our audit since the recoverability of loans and advances in the lending business and, in correspondence with that, the appropriate determination of risk provisioning is prone to uncertainties.

The disclosures on the determination of risk provisioning in the lending business can be found in the notes to the financial statements in chapter 2 "Accounting and measurement policies", subsection "Allowances".

b) Based on our risk assessment, our risk-based audit approach involved an examination of the relevant system of internal control and the performance of substantive procedures. The test of design and implementation and of operating effectiveness comprised the controls with respect to the processes for identifying indications for impairment (risk early recognition process), customer ratings as well as cash flow-based determination of impairment (determination of specific allowances). Moreover, we conducted a test of design and implementation and of operating effectiveness of the controls with respect to the determination of the general allowance.

In addition, we conducted an evaluation of the appropriate identification of indications for impairment based on individual cases selected according to risk aspects, as well as of the measurement of loans and advances for which the Bank considered it necessary to carry out an impairment test, including the acceptability of the estimated values. Within the scope of this evaluation, we particularly reviewed those methods, assumptions and data used by the client for determining the estimated values. With respect to the measurement of loans and advances, we reviewed the underlying assumptions, especially the amount and timing as well as the discounting of expected future payments received in the different scenarios as well as their weighting. In this context, we also evaluated the amounts of collateral taken into account in the scenarios.

Furthermore, we traced the general allowances determined based on a representative sample of financial instruments and evaluated the methodology for deriving the management overlay and the appropriateness of the underlying assumptions that were essential for forming the management overlay, especially identified property classes, the discounts applied to market values and the forecasts underlying the interest rate increase, on the estimated values. In this context, our evaluation also took into account industry reports and research results from real estate market observation. Likewise, we reconstructed the calculation of the management overlay.

For the purpose of assessing the determination of the general allowance including the management overlay and assessing the measurement of collateral, we called in our internal specialists.

In addition, we audited the accuracy and completeness of the disclosures made in the notes to the financial statements.

**Other Information**

The executive directors and/or the supervisory board are responsible for the other information. The other information comprises

- the report of the supervisory board,
- the combined corporate governance statement pursuant to Section 289f and Section 315d HGB including the further reporting on corporate governance included therein, to which reference is made in the combined management report,
- the combined separate non-financial report pursuant to Sections 315b and 315c HGB in conjunction with Sections 289b to 289e HGB, to which reference is made in the combined management report and which is published together with the combined management report,
- the executive directors' confirmation regarding the annual financial statements and the combined management report pursuant to Section 264 (2) sentence 3 and Section 289 (1) sentence 5 HGB,
- the unaudited content of the combined management report marked as "unaudited", and
- all other parts of the annual report,
- but not the annual financial statements, not the audited content of the combined management report and not our auditor's report thereon.

The supervisory board is responsible for the report of the supervisory board. The executive directors and the supervisory board are responsible for the statement according to Section 161 German Stock Corporation Act (AktG) concerning the German Corporate Governance Code, which is part of the combined corporate governance statement. Otherwise the executive directors are responsible for the other information.

Our audit opinions on the annual financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the audited content of the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

**Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Combined Management Report**

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the combined management report.

**Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report**

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the annual financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- evaluate the consistency of the combined management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements for the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

## OTHER LEGAL AND REGULATORY REQUIREMENTS

### Report on the Audit of the Electronic Reproductions of the Annual Financial Statements and of the Combined Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB

#### Audit Opinion

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the annual financial statements and of the combined management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the file, which has the SHA-256 value 785be69befcf5bdd241bd6a 6882911d6e444bd3a908699e7af0084b272a94316, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the annual financial statements and the combined management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the annual financial statements and of the combined management report prepared for publication contained in the file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying annual financial statements and on the accompanying combined management report for the financial year from 1 January to 31 December 2022 contained in the "Report on the Audit of the Annual Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

### Basis for the Audit Opinion

We conducted our audit of the electronic reproductions of the annual financial statements and of the combined management report contained in the file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (06.2022)). Our responsibilities in this context are further described in the "Auditor's Responsibilities for the Audit of the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

### Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents based on the electronic files of the annual financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB.

In addition, the executive directors of the Company are responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

### Group Auditor's Responsibilities for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited annual financial statements and to the audited combined management report.

**Further information pursuant to Article 10 of the EU Audit Regulation**

We were elected as auditor by the annual general meeting on 19 May 2022. We were engaged by the supervisory board on 12 August 2022. We have been the auditor of Deutsche Pfandbriefbank AG, Munich/Germany, since the financial year 2021.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

**OTHER MATTER – USE OF THE AUDITOR'S REPORT**

Our auditor's report must always be read together with the audited annual financial statements and the audited combined management report as well as with the audited ESEF documents. The annual financial statements and the combined management report converted into the ESEF format – including the versions to be submitted for inclusion in the Company Register – are merely electronic reproductions of the audited annual financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

**GERMAN PUBLIC AUDITOR RESPONSIBLE FOR ENGAGEMENT**

The German Public Auditor responsible for the engagement is Martin Kopatschek.

Munich/Germany, 8 March 2023

**Deloitte GmbH**
Wirtschaftsprüfungsgesellschaft

Signed: Prof. Dr. Carl-Friedrich Leuschner
Wirtschaftsprüfer
(German Public Auditor)

Signed: Martin Kopatschek
Wirtschaftsprüfer
(German Public Auditor)

# Future-oriented statements

This report contains future-oriented statements in the form of intentions, assumptions, expectations or forecasts. These statements are based on the plans, estimates and predictions currently available to the management board of pbb. Future-oriented statements therefore only apply on the day on which they are made. We do not undertake any obligation to update such statements in light of new information or future events. By their nature, future-oriented statements contain risks and factors of uncertainty. A number of important factors can contribute to actual results deviating considerably from future-oriented statements. Such factors include the condition of the financial markets in Germany, Europe and the USA, the possible default of borrowers or counterparties of trading companies, the reliability of our principles, procedures and methods for risk management as well as other risks associated with our business activity.

# Imprint

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The German version of these Annual Financial Statements and of the Combined Management Report are the authoritative versions and only these German versions were audited by the auditors.