DEUTSCHE
PFANDBRIEFBANK

Disclosure Report

in accordance with Part 8 of the Capital Requirements Regulation (CRR)

as at 30 June 2026

Deutsche Pfandbriefbank Group

Overview

Deutsche Pfandbriefbank Group (“pbb Group”)

EU KM1: Key parameters

	All figures are in € million, unless otherwise stated	a 30.06.2026	b 31.03.2026	c 31.12.2025	d 30.09.2025	e 30.06.2025
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	2,394	2,408	2,565	2,707	2,701
2	Tier 1 capital	2,692	2,705	2,863	3,004	2,998
3	Total capital	3,051	3,079	3,252	3,446	3,186
	Risk-weighted exposure amounts (RWA)					
4	Total risk-weighted exposure amount	16,442	17,997	17,495	17,528	17,668
4a	Total risk exposure before the floor	16,442	17,997	17,495	17,528	17,668
	Capital ratios (as a percentage of RWA)					
5	Common Equity Tier 1 ratio (%)	14.6	13.4	14.7	15.4	15.3
5b	Common Equity Tier 1 ratio taking into account unfloored TREA (%)	14.6	13.4	14.7	15.4	15.3
6	Tier 1 ratio (%)	16.4	15.0	16.4	17.1	17.0
6b	Tier 1 ratio taking into account unfloored TREA (%)	16.4	15.0	16.4	17.1	17.0
7	Total capital ratio (%)	18.6	17.1	18.6	19.7	18.0
7b	Total capital ratio taking into account unfloored TREA (%)	18.6	17.1	18.6	19.7	18.0
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of RWA)					
EU 7d	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.25	3.25	3.25	3.25	3.25
EU 7e	of which: to be comprised of CET1 capital (percentage points)	1.8	1.8	1.8	1.8	1.8
EU 7f	of which: to be comprised of Tier 1 capital (percentage points)	2.4	2.4	2.4	2.4	2.4
EU 7g	Total SREP own funds requirements (%)	11.25	11.25	11.25	11.25	11.25
	Combined buffer and overall capital requirement (as a percentage of RWA)					
8	Capital conservation buffer (%)	2.50	2.50	2.50	2.50	2.50
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at Member State level (%)	-	-	-	-	-
9	Institution-specific countercyclical capital buffer (%)	0.92	0.95	0.96	0.87	0.81
EU 9a	Systemic risk buffer (%)	0.07	0.07	0.07	0.07	0.07
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
EU 10a	Buffer for other systemically important institutions (%)	-	-	-	-	-
11	Combined buffer requirement (%)	3.49	3.52	3.53	3.44	3.38
EU 11a	Overall capital requirements (%)	14.74	14.77	14.78	14.69	14.63
12	CET1 available after meeting the total SREP own funds requirements (%)	7.3	5.9	7.3	8.4	6.8
	Leverage ratio					
13	Total exposure measure	36,706	37,369	37,173	41,991	40,971
14	Leverage ratio (%)	7.3	7.2	7.7	7.2	7.3
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of the total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-	-	-
EU 14b	of which: to be comprised of CET1 capital (percentage points)	-	-	-	-	-
EU 14c	Total SREP leverage ratio requirements (%)	3.0	3.0	3.0	3.0	3.0
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of the total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)	-	-	-	-	-
EU 14e	Overall leverage ratio requirements (%)	3.0	3.0	3.0	3.0	3.0

	All figures are in € million, unless otherwise stated	a 30.06.2026	b 31.03.2026	c 31.12.2025	d 30.09.2025	e 30.06.2025
	Liquidity Coverage Ratio (LCR)					
15	Total high-quality liquid assets (HQLA) (weighted average)	3,893	3,916	3,621	3,483	3.475
EU 16a	Cash outflows – Total weighted value	1,805	1,766	1,715	1,676	1,691
EU 16b	Cash inflows – Total weighted value	465	477	512	489	420
16	Total net cash outflows (adjusted value)	1,364	1,312	1,227	1,211	1,271
17	Liquidity coverage ratio (%)	342	367	355	349	299
	Net Stable Funding Ratio (NSFR)					
18	Total available stable funding	31,855	31,775	34,190	35,402	35,366
19	Total required stable funding	28,157	27,922	28,917	30,425	31,170
20	NSFR ratio (%)	113	114	118	116	113

Note:

Monetary figures in the pbb Group's Disclosure Report are presented in millions of euros in accordance with Article 25(4)(a) of Regulation (EU) 2024/3172 (Pillar 3 framework). The figures are rounded in accordance with commercial practice. Due to rounding, the totals shown in the tables may differ slightly from the arithmetic sums of the individual figures reported. Individual figures of less than 500 T€ are generally not shown due to the commercial rounding applied; these are shown as zero or as zero balances with a dash. In the disclosure of information, the principle of materiality in accordance with Article 432(1) of the CRR is observed.

With regard to the Capital Requirements Regulation (CRR) and Capital Requirements Directive (CRD), there remains uncertainty as to how some of these provisions are to be interpreted, and some of the related binding regulatory standards are not yet available in their final version. Consequently, Deutsche Pfandbriefbank AG ("pbb") will continuously adjust its assumptions and models as the understanding and interpretation of the rules and those of the industry evolve. Against this background, current CRR/CRD metrics may not be comparable with previous expectations. Furthermore, CRR/CRD metrics may not be comparable with similarly named metrics used by competitors, as their assumptions and assessments may differ from those of pbb.

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Introduction

Deutsche Pfandbriefbank ("pbb")

The Deutsche Pfandbriefbank Group ("pbb Group") consists predominantly of the parent company Deutsche Pfandbriefbank AG ("pbb"). pbb, headquartered in Munich/Garching, is a leading European specialist bank for commercial property financing, focusing on business eligible for Pfandbrief issuance. pbb issues mortgage Pfandbriefe secured by mortgages and, in terms of outstanding volume, is one of the largest issuers of Pfandbriefe and thus also a major issuer of covered bonds in Europe. In its core markets, pbb offers its clients a strong local presence with expertise across all functions of the financing process. Thanks to its expertise in structuring loans, its cross-border approach and its collaboration with financing partners, pbb carries out both complex financing arrangements and cross-border transactions.

Furthermore, since the beginning of 2026, the pbb Group has been operating an investment management division, which offers institutional investors fund and individual investment products in the areas of equity and debt investment, and combines the core business of commercial property financing with the established investment and asset management expertise of the Deutsche Investment Group (DI).

pbb's shares are listed on the Prime Standard segment of the Regulated Market of the Frankfurt Stock Exchange. They are included in the SDAX®.

Under the Single Supervisory Mechanism (SSM), pbb is classified as a significant supervised institution in a Member State of the euro area and is therefore directly supervised by the European Central Bank (ECB). However, pbb is not classified as a global systemically important institution (G-SRI). Disclosure in accordance with Article 441 of the Capital Requirements Regulation (CRR) 'Disclosure of indicators of global systemic importance' is not relevant to the pbb Group.

Purpose of the Disclosure Report

With this Disclosure Report, pbb (LEI code: DZZ47B9A52ZJ6LT6VV95), as the parent institution of the regulatory group, implements the disclosure requirements set out in Part 8 of the CRR for the pbb Group as at 30 June 2026.

The disclosure obligations are set out in Articles 431 to 455 of the CRR; additional requirements are contained in Section 26a(1), first sentence, of the German Banking Act (KWG). To fulfil these disclosure obligations, pbb applies the standardised disclosure templates of the European Banking Authority (EBA) in accordance with Implementing Regulation (EU) 2024/3172 (Pillar 3 framework). The reporting currency is the euro.

pbb is a large institution within the meaning of Article 4(1)(146) of the CRR and therefore implements the frequency requirements set out in Article 433a of the CRR. The relevant disclosure period for this report is from 31 March 2026 to 30 June 2026, although the reference period for certain tables and information may differ depending on the respective disclosure cycle in accordance with Article 433a of the CRR. For information to be disclosed on a half-yearly basis, the comparative reference date is 31 December 2025. For information required on a quarterly basis, the comparative reference date is 31 March 2026.

Unlike the pbb Group's half-yearly financial report, this Disclosure Report focuses primarily on the regulatory perspective. In accordance with Article 433a(1)(b) of the CRR, this Disclosure Report includes, in particular, information on:

- Own funds, as well as capital ratios and buffers
- Own funds requirements and risk-weighted assets (RWA),
  the effects of applying own funds floors ('output floor')
- the leverage ratio
- Credit risk (Credit risk, Counterparty credit risk, CVA risk, Securitisations)
- Market risk (including interest rate risk in the investment book)
- Liquidity and funding risk
- Environmental, Social and Governance (ESG) risk.

In accordance with Article 432 of the CRR, institutions may refrain from disclosing one or more items of information specified in Part 8, Titles II and III of the CRR if such information is not considered material or is classified as a trade secret or as confidential. pbb has not made use of this provision.

Formal procedures and arrangements for fulfilling disclosure obligations

A key component of meeting Pillar 3 disclosure requirements is – in addition to the Disclosure Report itself – the written documentation of the policies and procedures applied in the context of disclosure. To this end, the pbb Group has, in accordance with Article 431(3) of the CRR, implemented formal procedures and arrangements designed to ensure compliance with disclosure obligations and their appropriateness in accordance with the CRR, and has documented these in a disclosure policy. The policy sets out all the key, inherent principles of disclosure in accordance with Part 8 of the CRR, such as the nature and scope of disclosure – including the use of so-called disclosure waivers – the adequacy of the information provided, the medium and deadlines for disclosure, the frequency of publication, responsibilities, and the integration of the disclosure process into the bank's internal workflows and structures. Furthermore, the Disclosure Policy contains guidelines on the regular review of the adequacy and appropriateness of the disclosure practices followed within the pbb Group, as well as the established disclosure standards and processes. The Disclosure Policy is reviewed regularly and adapted to current market requirements.

As part of the disclosure process, the pbb Group has put in place various control procedures to verify that the disclosed data is complete, accurate and appropriate. The business processes and regulations implemented for disclosure are also subject to regular monitoring by the internal audit department and to review by external auditors. The pbb Group's external auditors do not audit the Disclosure Report itself; consequently, the Pillar 3 disclosures in this report are not certified.

The Disclosure Report is approved by the full pbb Executive Board. The Executive Board's certification in accordance with Article 431(3) of the CRR can be found at the end of this Disclosure Report.

Means of disclosure

In accordance with Article 434 of the CRR, the Disclosure Report is published on the EBA's website (Pillar 3 Data Hub, P3DH, or European Data Access Portal, EDAP Portal) and additionally on pbb's website (www.pfandbriefbank.com) under Investors / Regulatory Disclosures / Disclosure Report in accordance with Part 8 of the CRR. pbb will notify the ECB, the Deutsche Bundesbank and the Federal Financial Supervisory Authority (BaFin) of the date and medium of publication.

Scope

In accordance with Article 13(1) of the CRR, the Disclosure Report contains disclosures based on the consolidated financial position of the pbb Group. Additional disclosure at the level of individual institutions or on a sub-consolidated basis in accordance with Articles 6 and 13 of the CRR is not required for pbb as the ultimate parent institution of the prudential group. pbb itself is an EU parent institution in accordance with Article 4(1)(29) of the CRR.

The basis is the regulatory scope of consolidation in accordance with Articles 18 to 24 of the CRR. As at the disclosure date, there are differences between the regulatory scope of consolidation and the accounting scope of consolidation for the pbb consolidated financial statements (IFRS). Disclosure based on the consolidated financial position requires that business relationships within the pbb Group be offset and intra-group transactions eliminated. The regulatory figures and key ratios are determined on the basis of the IFRS accounting standards, the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS).

A list of pbb's subsidiaries included in the regulatory consolidation is contained in the Disclosure Report as at 31 December 2025 (chapter 'Regulatory and accounting consolidation', page 28), Table EU LI3 'Description of the differences between the consolidation scopes (by individual company)'. Compared with the end of 2025, the following changes occurred in the first half of 2026:

> In the first quarter of 2026, the wholly-owned subsidiary Alabama Seven Asset Management LLC was included for the first time in the interim consolidated financial statements as at 31 March 2026.

  The company is classified for regulatory purposes as a financial institution under Article 4(1)(26) of the CRR and has since also been included in the regulatory scope of consolidation.

> With effect from 1 January 2026, legal and beneficial ownership of the majority of the following companies within the Deutsche Investment Group was transferred: 89.9% of Deutsche Investment Kapitalverwaltung AG ("DIK"), 74.9% in DIR Deutsche Investment Retail GmbH, 100% in EB Immobilienmanagement GmbH, 100% in B worx Project GmbH, 100% in B worx Service GmbH and, indirectly via B worx Service GmbH, 100% in B worx Facility Management GmbH. The purchaser was pbb invest GmbH (a wholly-owned subsidiary of pbb Beteiligungs GmbH, which in turn is a wholly-owned subsidiary of pbb). The voting rights correspond to the shareholdings. The merger of B worx Facility Management GmbH into B worx Service GmbH was notarised in the first quarter of 2026 and took effect in the second quarter of 2026 upon entry in the commercial register on 15 May 2026.

  DIK is classified for regulatory purposes as a financial institution under Article 4(1)(26) of the CRR and was consolidated for regulatory purposes for the first time as at 31 March 2026. The other companies of the Deutsche Investment Group are excluded from regulatory consolidation.

  As a result of the acquisition of ownership, pbb has controlled the acquired companies since 1 January 2026. The acquisition serves to diversify sources of income and strengthen the new Real Estate Investment Solutions (REIS) segment. DIK is a capital management company that launches and manages property funds. The other companies support it with asset, investment, property and facility management services, or offer services in these areas to external third parties.

Waiver provision under the CRR

pbb is making use of the relief provided by the so-called waiver provision under Article 7(3) of the CRR. In accordance with a decision by the ECB, pbb, as the supervised parent undertaking of the pbb Group, is permitted to comply with certain supervisory requirements only on a consolidated group basis and not additionally at the level of the individual institution.

pbb continues to meet the conditions set out in Article 7(3) of the CRR:

- Within the pbb Group, there are no significant factual or legal obstacles to the immediate transfer of own funds or the repayment of liabilities to the parent undertaking (pbb), nor are any such obstacles foreseeable. The company essential to the financial stability of the pbb Group, namely pbb, has its registered office in Germany. Furthermore, pbb is the only credit institution within the pbb Group. pbb's holding in the subsidiaries subject to regulatory consolidation regularly amounts to 100% of the voting rights. pbb exercises a controlling influence over each subsidiary. Furthermore, the existence of a formal intra-group decision-making process for the transfer of own funds between pbb, as the parent undertaking and the parent institution of the pbb Group, and the subsidiary enables such transfers to take place without delay . In the first half of 2026, there were no transfers of own funds or repayments of liabilities within the meaning of Article 7 (1) (a) of the CRR.

- The pbb Group has an integrated risk management system covering the entire Group, which includes pbb and its subsidiaries that fall within the pbb Group's regulatory consolidation scope. The pbb Executive Board is responsible for the risk management system and decides on the strategies and key issues relating to risk management and risk organisation. The principles, methods and processes of the pbb Group's risk management system are centrally defined by pbb and are applied throughout the pbb Group (subject to the implementation required under company law and any necessary modifications at the level of the respective Group company). pbb employees are integrated into the decision-making bodies of the pbb Group's companies as members of the respective company's governing bodies, thereby ensuring sufficient involvement in all strategic decisions of the pbb Group. Furthermore, this ensures that risk appetite and risk management are handled consistently across the pbb Group's companies. In addition, pbb has a risk control unit responsible for the consistent application of risk management within the pbb Group. This is intended to ensure that risk measurement procedures and risk reporting are consistent across the pbb Group and that risk indicators are comparable.

Furthermore, pbb makes use of a waiver granted by the ECB pursuant to Section 2a(2) of the German Banking Act (KWG). Accordingly, pbb is exempt at the individual institution level from applying the requirements of Section 25a(1), third sentence, Nos. 1, 2 and 3(b) and (c) of the German Banking Act (KWG) regarding the risk control function to the management of risks, with the exception of liquidity risk. The conditions required for the granting of the waiver under Article 7(3) of the CRR are met: there is neither any material factual or legal obstacle to the immediate transfer of own funds or the repayment of liabilities to the parent institution in a Member State, nor is any such obstacle foreseeable. The risk assessment, risk measurement and risk control procedures required for consolidated supervision also extend to the parent institution in a Member State.

pbb has provided a firm commitment to DIK with effect from 1 January 2026, meaning that the conditions for the two aforementioned waivers continue to be met in this respect as well. There are no significant factual or legal obstacles, either in relation to pbb invest GmbH and pbb Beteiligungs GmbH or in relation to DIK, to the immediate transfer of own funds or the repayment of liabilities by or to pbb. pbb extends the parent company's risk assessment, measurement and control procedures to DIK, and the functions within pbb responsible for risk management, compliance and internal audit also monitor and manage the corresponding functions at DIK.

The pbb Group has not made use of consolidation on a line-by-line basis in accordance with Article 9 of the CRR.

Own funds and assets

Own funds

This chapter presents the information in accordance with Article 437 of the CRR regarding the pbb Group's own funds.

Regulatory own funds

Regulatory own funds, which are decisive for meeting regulatory own funds requirements and thus for the capital adequacy of the risk categories Credit risk (Counterparty credit risk, CVA risk, Securitisations), Market risk, Operational risk and Settlement risk, are determined in accordance with the provisions of Part 2 of the CRR. They comprise:

- Common Equity Tier 1 (CET1) capital
- Additional Tier 1 Capital (AT1) and
- Tier 2 Capital (T2).

They are based on the pbb consolidated financial statements (IFRS) using the regulatory scope of consolidation, taking into account regulatory adjustments.

The following EU CC1 table, in accordance with Article 437(a), (d), (e) and (f) of the CRR and Article 444(e) of the CRR, shows the composition of the pbb Group's own funds, as well as the capital ratios and capital buffers, as at the disclosure date. The basis for the own funds shown in the table is the COREP report on the pbb Group's own funds and own funds requirements as at 30 June 2026. Table EU CC1 contains cross-references (column b) to the respective item in Table EU CC2 for the reconciliation of regulatory own funds with the published pbb Group balance sheet and the balance sheet equity (IFRS).

EU CC1: Composition of regulatory own funds

		a	b
All figures in € million, unless otherwise stated		**30.06.2026**	**Source based on the reference numbers/letters of the balance sheet within the regulatory scope of consolidation**
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	2,017	G + H
1a	of which: subscribed capital	380	G
1b	of which: additional paid-in capital	1,637	H
2	Retained earnings	898	I
3	Accumulated other comprehensive income (and other reserves)	-114	J
EU-3a	Funds for general banking risk	-	
4	Amount of qualifying items referred to in Article 484(3) of the CRR and the related share premium accounts subject to phase-out from CET1	-	
5	Minority interests (amount allowed in consolidated CET1)	-2	K
EU-5a	Independently reviewed interim profits, net of any foreseeable charge or dividend	-	L
6	**Common Equity Tier 1 (CET1) capital before regulatory adjust-ments**	**2,800**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-3	A
8	Intangible assets (net of related tax liability) (negative amount)	-50	B
10	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38(3) of the CRR are met) (negative amount)	-5	C
11	Fair value reserves relating to gains or losses on cash flow hedges of financial instruments that are not measured at fair value	43	D
12	Negative amounts resulting from the calculation of expected loss amounts	-285	
13	Any increase in equity resulting from securitised assets (negative amount)	-	
14	Gains or losses on liabilities measured at fair value arising from chang-es in the Group's own credit standing	-	
15	Defined-benefit pension fund assets (negative amount)	-	
16	Direct, indirect and synthetic holdings by an institution of its own CET1 instruments (negative amount)	-	
17	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross-holdings with the institution designed to artificially inflate the institu-tion's own funds (negative amount)	-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above the 10% thresh-old and net of eligible short positions) (negative amount)	-	
EU-20a	Exposure amount of the following items which qualify for a risk weight of 1,250%, where the institution opts for the deduction alternative	-	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	-	
EU-20c	of which: securitisation positions (negative amount)	-	
EU-20d	of which: free deliveries (negative amount)	-	

All figures are in € million, unless otherwise stated		(a) 30.06.2026	(b) Source based on reference numbers/letters of the balance sheet within the regulatory scope of consolidation
21	Deferred tax assets arising from temporary differences (amount exceeding the 10% threshold, net of related tax liability where the conditions in Article 38(3) of the CRR are met) (negative amount)	-	
22	Amount exceeding the 17.65% threshold (negative amount)	-	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities in which the institution has a significant investment	-	
25	of which: deferred tax assets arising from temporary differences	-	
EU-25a	Losses for the current financial year (negative amount)	-	
EU-25b	Foreseeable tax charges relating to CET1 items, except where the institution suitably adjusts the amount of CET1 items to the extent that such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	
27	Qualifying AT1 deductions that exceed the institution's AT1 items (negative amount)	-	
27a	Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments where applicable)	-106	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-405**	
29	**Common Equity Tier 1 (CET1) capital**	**2,394**	
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	298	E
31	of which: classified as equity under applicable accounting standards	-	E
32	of which: classified as liabilities under applicable accounting standards	298	
33	Amount of qualifying items referred to in Article 484(4) of the CRR and the related share premium accounts subject to phase-out from AT1 as described in Article 486(3) of the CRR	-	
EU-33a	Amount of qualifying items referred to in Article 494a(1) of the CRR subject to phase-out from AT1	-	
EU-33b	Amount of qualifying items referred to in Article 494b(1) of the CRR subject to phase-out from AT1	-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	
35	of which: instruments issued by subsidiaries subject to phase-out	-	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**298**	
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct, indirect and synthetic holdings by an institution of its own AT1 instruments (negative amount)	-	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross-holdings with the institution designed to artificially inflate the institution's own funds (negative amount)	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	

All figures in € million, unless otherwise stated		(a) 30.06.2026	(b) Source based on the reference numbers/letters of the balance sheet within the regulatory scope of consolidation
41	Empty set in the EU	-	
42	Qualifying T2 deductions that exceed the institution's T2 items (negative amount)	-	
42a	Other regulatory adjustments to AT1 capital	-	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**-**	
44	**Additional Tier 1 (AT1) capital**	**298**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**2,692**	
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	359	F
47	Amount of qualifying items referred to in Article 484(5) of the CRR and the related share premium accounts subject to phase-out from T2 as described in Article 486(4) of the CRR	-	
EU-47a	Amount of qualifying items referred to in Article 494a(2) of the CRR subject to phase-out from T2	-	
EU-47b	Amount of qualifying items referred to in Article 494b(2) of the CRR subject to phase-out from T2	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	
49	of which: instruments issued by subsidiaries subject to phase-out	-	
50	Credit risk adjustments	-	
51	**Tier 2 (T2) capital before regulatory adjustments**	**359**	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct, indirect and synthetic holdings by an institution of its own T2 instruments and subordinated loans (negative amount)	-	
53	Direct, indirect and synthetic holdings of T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross-holdings with the institution designed to artificially inflate the institution's own funds (negative amount)	-	
54	Direct, indirect and synthetic holdings of T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	-	
55	Direct, indirect and synthetic holdings by the institution of T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
EU-56a	Deductions from qualifying eligible liabilities that exceed the institution's eligible liabilities (negative amount)	-	
EU-56b	Other regulatory adjustments to T2 capital	-	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**-**	
58	**Tier 2 (T2) capital**	**359**	
59	**Total capital (TC = T1 + T2)**	**3,051**	
60	**Total risk exposure amount**	**16,442**	

All figures in € million, unless otherwise stated		(a) 30.06.2026	(b) Source based on reference numbers/letters of the balance sheet within the regulatory scope of consolidation
61	**Common Equity Tier 1 (as a percentage of total risk exposure amount)**	**14.56%**	
62	**Tier 1 (as a percentage of total risk exposure amount)**	**16.37%**	
63	**Total capital (as a percentage of total risk exposure amount)**	**18.55%**	
64	The institution's overall CET1 capital requirement (CET1 requirement in accordance with Article 92(1) of the CRR, plus the additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) of the CRD, plus the combined buffer requirement in accordance with Article 128(6) of the CRD), expressed as a percentage of the risk exposure amount)	9.83%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical buffer requirement	0.92%	
67	of which: systemic risk buffer requirement	0.08%	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	-	
EU-67b	of which: additional own funds requirements to address risks other than the risk of excessive leverage	1.83%	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	7.30%	
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below the 10% threshold and net of eligible short positions)	-	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below the 17.65% threshold and net of eligible short positions)	-	
75	Deferred tax assets arising from temporary differences (amount below the 17.65% threshold, net of related tax liability where the conditions in Article 38(3) of the CRR are met)	83	
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to the standardised approach (prior to the application of the cap)	-	
77	Cap on the inclusion of credit risk adjustments in T2 under the standardised approach	51	
78	Credit risk adjustments included in T2 in respect of exposures subject to the internal ratings-based approach (prior to the application of the cap)	-	
79	Cap on the inclusion of credit risk adjustments in T2 under the internal ratings-based approach	64	
Capital instruments subject to phase-out arrangements (applicable only between 1 January 2014 and 1 January 2022)			
80	Current cap on CET1 instruments subject to phase-out arrangements	-	
81	Amount excluded from CET1 due to the cap (excess over the cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase-out arrangements	-	
83	Amount excluded from AT1 due to the cap (excess over the cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase-out arrangements	-	
85	Amount excluded from T2 due to the cap (excess over the cap after redemptions and maturities)	-	

Tier 1 Capital

Regulatory Tier 1 Capital (T1) in accordance with Article 25 of the CRR consists of Common Equity Tier 1 (CET1) and Additional Tier 1 Capital (AT1). It is based on balance sheet equity under IFRS amounting to €3,091 million (regulatory scope of consolidation), adjusted for regulatory adjustments.

Common Equity Tier 1

As at the disclosure date, the conditions for Common Equity Tier 1 capital in accordance with Articles 26 to 50 of the CRR apply.

As at 30 June 2026, pbb's subscribed capital (share capital) remains unchanged at approximately €380 million (EU CC1, line 1a). Share capital is the capital to which the shareholders' liability for the company's obligations to creditors is limited. It is divided into 134,475,308 bearer ordinary shares in the form of no-par value shares, each representing a notional share in the subscribed capital (share capital) of approximately €2.83 per share. pbb did not hold any treasury shares in the first half of 2026.

In addition to the subscribed capital (share capital), the Common Equity Tier 1 capital comprises the capital reserve of €1,637 million (EU CC1, line 1b) and the retained earnings of €898 million (EU CC1, lines 2 and EU-5a) – after taking into account the AT1 coupon payment of €25 million made in April 2026 and the profit after tax for the period from 1 January to 30 June 2026 amounting to €15 million – and the accumulated other comprehensive income of €-114 million (EU CC1, line 3).

Common Equity Tier 1 (CET1) capital before regulatory adjustments – after deducting the minority interests (non-controlling interests) of the prudentially consolidated Deutsche Investment Kapitalverwaltung AG (DIK) amounting to €2 million (EU CC1, line 5) – amounts to €2,800 million (EU CC1, line 6). It is subject to regulatory adjustments in accordance with various items prescribed by the CRR; a total of €405 million was deducted (EU CC1, line 28):

> The value adjustments resulting from the requirements for prudent valuation of assets carried at fair value, amounting to €3 million, are deducted in full from CET1 (EU CC1, line 7).

  When calculating its own funds, the pbb Group takes into account the requirements for the prudent valuation of assets carried at fair value in accordance with Article 34 of the CRR in conjunction with Article 105 of the CRR. The pbb Group applies the simplified approach to determine these additional valuation adjustments. Institutions may use this approach if the sum of the absolute value of assets and liabilities carried at fair value as per the annual financial statements, net of offsetting opportunities, is below the threshold of €15 billion. For the pbb Group, this figure amounts to €3.3 billion as at the disclosure date, according to the pbb Group financial statements (IFRS).

> Intangible assets (primarily acquired and internally developed software, as well as goodwill) totalling €52 million are recognised in accordance with Article 37 of the CRR in conjunction with Article 36(1(b) of the CRR, in the amount of €50 million – including goodwill arising from the acquisition of DIK and the shares in subsidiaries not consolidated for regulatory purposes – are deducted from CET1 (EU CC1, line 8).

  The software assets not deducted from CET1 are risk-weighted under the standardised approach to Credit risk, in the 'Other items' exposure class.

> Deferred income tax assets total €86 million. Of these, deferred tax assets not arising from temporary differences (after offsetting against deferred tax liabilities in the balance sheet) are deducted from CET1 in accordance with Article 38(3) of the CRR in the amount of €5 million (EU CC1, line 10).

  Deferred tax assets of €81 million, arising from temporary differences, are risk-weighted under the standardised approach to Credit risk, in the 'Other items' exposure class.

> The cash flow hedge reserve of €-43 million still included in accumulated other comprehensive income is neutralised in CET1 in accordance with Article 33 of the CRR (EU CC1, line 11: €+43 million).

> Institutions that apply the IRB approach (A-IRBA or F-IRBA) based on internal bank rating procedures must treat credit risk adjustments (Stages 1 to 3) in accordance with the provisions of Article 159 of the CRR, Article 62(d) of the CRR and Article 36(1)(d) of the CRR. This means that if there is a shortfall in value adjustments (Stages 1 to 3) and provisions in the lending business compared with the expected loss, this shortfall must be deducted from CET1. At the end of the first half of 2026, there was a shortfall in loan loss provisions of -€285 million (EU CC1, line 12).

> The item "Other regulatory adjustments" amounting to -€106 million (EU CC1, line 27a) comprises the following deductions from CET1:

- Liabilities arising from banking levies amounting to €52 million. These include, in particular, expenses relating to security deposits for the European banking levy paid to BaFin as the national resolution authority, as well as payments made to the German Banks' Compensation Scheme (statutory deposit guarantee scheme) and the Deposit Guarantee Fund for private banks administered by the Federal Association of German Banks (BdB). An obligation to deduct arises from the ECB's SREP decision.

- An amount of €16 million for the minimum coverage of non-performing exposures (NPL backstop). The €16 million relates predominantly to defaulted loans and credits in accordance with Article 47a et seq. of the CRR, which were granted or increased after 26 April 2019. €0 relates to exposures that defaulted before 1 April 2018 (legacy portfolio). The loan defaults giving rise to an NPL backstop under the ECB Addendum amount to less than €0.1 million. The ECB Addendum extended the requirements to include defaulted exposures that have defaulted since 1 April 2018 and are therefore not covered by the aforementioned Article 47a et seq. of the CRR.

- Gains and losses on derivative liabilities carried at fair value arising from the institution's own Credit risk (Debt Value Adjustment, DVA) amounting to €3 million. The requirement to deduct the DVA arises from Article 33(1)(c) of the CRR.

- Additions to impairment allowances (Stages 1 to 3) and provisions in the lending business under the IRB approach amounting to €35 million. The intra-year (as yet unaudited) additions under the IRB approach are to be deducted from CET1 in addition to the aforementioned IRBA impairment shortfall.

In total, the pbb Group's Common Equity Tier 1 (CET1) capital as at the reporting date amounts to €2,394 million.

Additional Tier 1 Capital

The pbb Group's Tier 1 Capital consists, in addition to Common Equity Tier 1 (CET1), of Additional Tier 1 Capital (AT1), to which the provisions of Articles 51 to 61 of the CRR apply.

The Additional Tier 1 Capital consists of subordinated bearer bonds with a total nominal value of €300 million and an initial interest rate of 5.750% p.a., which were issued by pbb in April 2018 and are available on a perpetual basis without any redemption incentives. Since 28 April 2023, a coupon of 8.474% p.a. has applied, based – as stipulated in the terms and conditions of the bond – on the reference rate applicable on the relevant date (five-year euro mid-swap rate) plus 5.383% p.a. For balance sheet purposes, the AT1 capital also qualifies as equity under IFRS, as – subject to certain conditions – there is no obligation to repay it or to service it on an ongoing basis (in principle, a discretionary coupon). It is reported under the liability item 'Additional equity instruments (AT1)'.

In April 2026, a coupon payment of €25 million was made on the AT1 capital.

The bonds have no final maturity date; however, they were initially callable by pbb on 28 April 2023 and have been callable every five years since then. Furthermore, for regulatory and tax reasons, the bonds are callable by pbb, subject in each case to the prior approval of the relevant supervisory authority. Creditors do not have a right of ordinary termination.

The terms of the bonds also provide for a temporary write-down of the nominal amount in the event that the Common Equity Tier 1 Ratio falls below the threshold of 7.0%. The 7.0% threshold relates primarily to the pbb Group under IFRS. In addition, the threshold also applies at the individual institution level under the German Commercial Code (HGB), provided that pbb is no longer exempt from calculating regulatory ratios on an individual institution basis. In addition to the aforementioned contractual right to write-down, in the event of a crisis at pbb, the competent resolution authority has the (statutory) option, under conditions defined in more detail by law, to convert the bonds into shares in pbb or to write down the bonds (known as a 'bail-in').

The bonds constitute direct, unsecured, subordinated liabilities of pbb, which rank equally amongst themselves but take precedence over pbb's liabilities arising from Common Equity Tier 1 Capital instruments. In the event of resolution measures relating to pbb and in the event of pbb's dissolution, liquidation or insolvency, the liabilities arising from the bonds will only be met after the Tier 2 Capital has been repaid.

No regulatory adjustments have been made to the Additional Tier 1 Capital.

With this issue, the pbb Group's Additional Tier 1 Capital (AT1) amounts to €298 million (nominal value €300 million less €2 million in issue costs).

Tier 2 Capital

The pbb Group's Tier 2 Capital (T2) comprises longer-term subordinated liabilities to which the provisions of Articles 62 to 65 of the CRR apply.

All subordinated liabilities bear interest at market rates. The issuer has no obligation to repay them early. They are subordinated to all claims of creditors who are not themselves subordinated (in the event of liquidation, insolvency or any other insolvency or similar proceedings), but take precedence over both the liquidation claims of shareholders and the claims of Additional Tier 1 Capital (additional Tier 1 Capital). No subsequent restriction on subordination, maturity or the notice period is permitted. Debtor's rights of termination are possible subject to certain contractual conditions. The original maturities are at least 5 years and are generally between 10 and 20 years. In the event of a crisis at pbb, the competent resolution authority has the (statutory) option, under conditions defined in more detail by law, to convert the Tier 2 Capital into pbb shares or to write down the Tier 2 Capital (known as a "bail-in").

No regulatory adjustments have been made to the Tier 2 Capital.

As at the disclosure date, the Tier 2 Capital (T2) amounts to €359 million, taking into account discounts and amortisation in accordance with Article 64 of the CRR.

Own funds

The pbb Group's regulatory own funds, which are decisive for meeting regulatory own funds requirements and thus for capital adequacy, total €3,051 million (down €201 million compared with 31 December 2025). This comprises €2,394 million in Common Equity Tier 1 capital (CET1) (down €171 million compared with 31 December 2025), €298 million in Additional Tier 1 Capital (AT1) and €359 million in Tier 2 Capital (a decrease of €30 million compared with 31 December 2025; T2).

The €171 million reduction in Common Equity Tier 1 (CET1) capital is mainly attributable to increased capital deductions (regulatory adjustments), in particular for the provisions for impairment made during the year (not yet audited) and the impairment shortfall in the IRB approach (changes in valuations in the so-called ‘Hard test’ for the commercial property market in the US led to an increase in the expected loss; see also the section “Own funds requirements and RWA”). Following a careful review of EBA Q&A 2026_7688 dated 27 February 2026, pbb had adjusted its RWA calculation accordingly as at 31 March 2026 (loss of the LGD collateralisation privilege for property in the US). By contrast, the figures as at 31 December 2025 were still based on the assumption that the “Hard test” for the US had been met. Furthermore, capital deductions relating to the acquired companies of the Deutsche Investment Group had an impact on CET1, including those for goodwill and the minority interests of the regulatory-consolidated DIK, as well as for the shares in the non-consolidated subsidiaries. The positive after-tax result in the first half of 2026 had an offsetting effect.

The €30 million decline in Tier 2 Capital (T2) results from redemptions of maturing Tier 2 instruments and reductions in the eligibility of existing subordinated bonds, due to daily amortisation in accordance with Article 64 of the CRR.

Reconciliation of regulatory own funds and balance sheet equity

The following EU CC2 table presents, in accordance with Article 437(a) of the CRR, a comparison of the published pbb Group balance sheet (IFRS) based on the accounting scope of consolidation (column a) with the carrying amounts under the regulatory scope of consolidation (column b), as well as the reconciliation of regulatory Own funds with the published pbb Group balance sheet, in particular the accounting equity (IFRS). Table EU CC2 contains a cross-reference (column c) between the balance sheet items and the respective regulatory own funds item in Table EU CC1, whereby this cross-reference in column c is linked to the cross-reference in column b of Table EU CC1. Table EU CC2 shows the items of the pbb Group balance sheet to the level of detail required for deriving regulatory own funds (EU CC1).

The pbb Group’s accounting equity (IFRS) amounted to €3,091 million at the end of the first half of 2026 (EU CC2, row 31). Further information on the composition of balance sheet equity (IFRS) and its development is set out in the pbb Group’s half-year financial report as at 30 June 2026 (published on the pbb website), in the notes “Statement of Changes in Equity” (page 36) and ‘Equity’ (page 49). The differences between the two consolidation scopes are explained in the “Introduction” chapter, under the “Scope of Application” section of this Disclosure Report.

EU CC2: Reconciliation of regulatory own funds with the balance sheet contained in the audited financial statements

All figures in € million		a Balance sheet in the published financial statements in accordance with the accounting scope of consolidation 30.06.2026	b Balance sheet in the published financial statements in accordance with the regulatory scope of consolidation 30.06.2026	c Reference
Assets – Breakdown by asset class according to the balance sheet in the published financial statements				
1	Cash reserve	1,636	1,636	
2	Financial assets at fair value through profit or loss	957	978	A
3	Financial assets at fair value through other comprehensive income	1,442	1,442	A
4	Financial assets at amortised cost, net of credit loss allowances	34,694	34,692	
5	Positive fair values of derivatives subject to hedge accounting	86	86	
6	Valuation adjustment from portfolio hedge accounting (assets)	-27	-27	
7	Investments accounted for using the equity method	1	1	
8	Tangible assets	32	29	
9	Intangible assets	72	52	B
10	Other assets	95	86	
11	Current income tax assets	23	23	
12	Deferred income tax assets	88	86	C
13	**Total assets**	**39,099**	**39,085**	
Liabilities – Breakdown by liability class according to the balance sheet in the published financial statements				
14	Financial liabilities at fair value through profit or loss	241	241	A
15	Financial liabilities measured at amortised cost	35,055	35,055	
16	Subordinated liabilities [1]	630	630	F
17	Negative fair values of derivatives used in hedge accounting	567	567	
18	Valuation adjustment from portfolio hedge accounting (liabilities)	-32	-32	
19	Commissions	92	92	
20	Other liabilities	70	58	
21	Current income tax liabilities	8	8	
22	Deferred tax liabilities	7	5	
23	**Liabilities**	**36,008**	**35,994**	
24	Equity attributable to pbb shareholders	2,791	2,791	
25	Subscribed capital	380	380	G
26	Additional paid-in capital	1,637	1,637	H
27	Retained earnings	888	888	I + L
28	Accumulated other comprehensive income	-114	-114	D + J
29	Additional equity instruments (AT1) [1]	298	298	E
30	Non-controlling interests	2	2	K
31	**Equity**	**3,091**	**3,091**	
32	**Total equity and liabilities**	**39,099**	**39,085**	

[1] Additional Tier 1 Capital (AT1) qualifies as equity for IFRS purposes, as there is no obligation to repay it or to service it on an ongoing basis. Tier 2 Capital (T2) instruments are included in liabilities on the IFRS balance sheet.

Own funds and eligible liabilities (MREL)

This chapter presents the information in accordance with Article 45i of the EU Directive on the Recovery and Resolution of Credit Institutions (Bank Recovery and Resolution Directive, BRRD), implemented in Germany by Section 51 of the Recovery and Resolution Act (SAG), regarding the Minimum Requirements for Own Funds and Eligible Liabilities (MREL) of the pbb Group.

Disclosure in accordance with Articles 437a and 447(h) of the CRR (Total Loss-Absorbing Capacity, TLAC) is not relevant to the pbb Group, as these requirements apply exclusively to globally systemically important resolution entities. pbb is not classified as a global systemically important institution (G-SRI) and is therefore not subject to the TLAC requirements under Articles 92a and 92b of the CRR. Notwithstanding this, the TLAC standard and MREL pursue the same objective, namely to ensure that institutions established in the EU have sufficient loss-absorbing and recapitalisation capacity.

Minimum Requirements for Own Funds and Eligible Liabilities (MREL)

Institutions in the EU are required, in addition to regulatory own funds, to hold liabilities convertible into equity at all times in an amount equal to the so-called MREL ratio. This is intended to ensure that, in the event of resolution, sufficient loss-absorption capacity is available to avoid recourse to taxpayers' money. However, there are clear limits to the possibility of converting liabilities into equity (bail-in capacity). In particular, there is the principle that no creditor may be placed in a worse position than they would be under normal insolvency proceedings (Principle of No Creditor Worse Off; NCWO). This means, amongst other things, that deposits, insofar as they are covered by the national deposit guarantee scheme, are not eligible for bail-in and are therefore excluded from conversion.

The minimum requirements are set by the competent resolution authorities for each supervised bank on a case-by-case basis and depending on the preferred resolution strategy. For pbb, the institution-specific requirements – as part of the annual reassessment of the Own funds to be held and eligible liabilities – are set by the EU's Single Resolution Board (SRB). The metrics used are the Total Risk Exposure Amount (TREA) and the Total Exposure Measure (TEM) for the Leverage ratio. The bank's internal management system applies the higher of the two requirements.

Regulatory MREL key parameters

Table EU KM2 shows the key regulatory MREL parameters in accordance with Implementing Regulation (EU) 2024/1618, the stock of own funds and eligible liabilities, and compliance with the MREL. The MREL disclosure builds on the MREL/TLAC report and includes a simplified presentation of the MREL ratio and its components, without deducting the capital buffer to be maintained with CET1 capital from own funds.

For the pbb Group, there are no differences between the resolution group and the regulatory institution group as at the disclosure reference date. The Own funds reported in Table EU KM2 correspond in this respect to the regulatory own funds of the institution group.

The differences between the regulatory scope of consolidation and the accounting scope of consolidation for the pbb consolidated financial statements (IFRS) are described in the chapter “Introduction”, section “Scope of Application” of this Disclosure Report. With regard to the differences between the disclosed regulatory own funds and the own funds calculated in full in accordance with IFRS 9 at the resolution group level, reference is made to the chapter ‘Own Funds’, section ‘Reconciliation of Regulatory Own Funds and Accounting Equity’, Table EU CC2.

The minimum requirements to be maintained by pbb in accordance with the current MREL decision of the SRB amount to 21.69% in relation to the TREA (31 December 2025: 21.69%) and 8.06% in relation to the TEM (31 December 2025: 8.06%). The pbb Group's MREL ratios as at the disclosure date amount to 40.05% in respect of TREA (31 December 2025: 43.30%) and 17.94% in respect of TEM (31 December 2025: 20.38%). The pbb Group is therefore well within the minimum MREL requirements for TREA and TEM as set out in the SRB decision. As at the disclosure date, the pbb Group had exceeded the MREL requirement (whichever is higher between TREA and TEM) by more than €1.8 billion, including buffer requirements (31 December 2025: €2.2 billion).

EU KM2: Key parameters – MREL and, where applicable, the G-SRI requirement for Own funds and eligible liabilities

		a	b	c	d	e	f
		Minimum requirement for own funds and eligible liabilities (MREL)	**G-SII requirement for own funds and eligible liabilities (TLAC) [1)]**				
All figures in € million, unless otherwise stated		**30.06.2026**	**30.06.2026**	**31.03.2026**	**31.12.2025**	**30.09.2025**	**30.06.2025**
Own funds and eligible liabilities, ratios and components							
1	Own funds and eligible liabilities	6,585	-	-	-	-	-
EU-1a	of which own funds and subordinated liabilities	4,697	—	—	—	—	—
2	Total risk exposure amount of the resolution group (TREA)	16,442	-	-	-	-	-
3	Own funds and eligible liabilities as a percentage of the TREA (in %)	40.05	-	-	-	-	-
EU-3a	of which own funds and subordinated liabilities (as a percentage)	28.57	—	—	—	—	—
4	Total exposure measure (TEM) of the resolution group	36,706	-	-	-	-	-
5	Own funds and eligible liabilities as a percentage of the TEM (in %)	17.94	-	-	-	-	-
EU-5a	of which own funds or subordinated liabilities (as a percentage)	12.80	—	—	—	—	—
6a	Does the subordination exemption in Article 72b(4) of Regulation (EU) No 575/2013 apply? (5% exemption) yes / no	—	-	-	-	-	-
6b	Aggregate amount of permitted non-subordinated eligible liabilities instruments if the subordination discretion in accordance with Article 72b(3) of Regulation (EU) No 575/2013 is applied (maximum 3.5% exemption)	—	-	-	-	-	-
6c	If a capped subordination exemption applies in accordance with Article 72b(3) of Regulation (EU) No 575/2013, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised under row 1, divided by the funding issued that ranks pari passu with excluded liabilities and that would be recognised under row 1 if no cap were applied (as a percentage)	—	-	-	-	-	-
Minimum requirement for own funds and eligible liabilities (MREL)							
EU-7	MREL expressed as a percentage of the TREA (in %)	21.69	—	—	—	—	—
EU-8	of which to be met by own funds or subordinated liabilities (as a percentage)	13.75	—	—	—	—	—
EU-9	MREL expressed as a percentage of the TEM (in %)	8.06	—	—	—	—	—
EU-10	of which to be met by own funds or subordinated liabilities (as a percentage)	8.06	—	—	—	—	—

[1)] Columns b to f need only be disclosed by undertakings classified as G-SRIs and subject to the TLAC requirements under Article 92a of the CRR. Neither of these applies to pbb or the pbb Group.

Countercyclical capital buffer

This section sets out information for the pbb Group on the countercyclical capital buffer (CCyB) and the capital buffer for systemic risks (sectoral systemic risk buffer, SRP) in accordance with Article 440 of the CRR.

Countercyclical capital buffer

The countercyclical capital buffer (CCyB) pursuant to Section 10d of the German Banking Act (KWG) is regarded as a macroprudential instrument of banking supervision. In particular, it is intended to counteract the risk of excessive credit growth in the banking sector; that is to say, in periods of excessive credit growth, banks are required to build up an additional capital buffer – held in the form of Common Equity Tier 1 (CET1) capital – which increases the banks' loss-absorbing capacity in the event of a crisis.

In accordance with Article 140(4) of the CRD, the relevant credit risk exposures for the calculation of the countercyclical capital buffer are all exposure classes under the standardised approach to credit risk, with the exception of the exposure classes specified in Article 112(a) to (f) of the CRR. In this respect, exposures to central governments or central banks, regional or local authorities, public sector entities, multilateral development banks, international organisations and institutions are not included in the calculation.

Domestic countercyclical capital buffer

In accordance with Section 10d (3) of the German Banking Act (KWG), the ratio of the domestic countercyclical capital buffer (CCB) may generally range from 0 to 2.5% of the total risk-weighted assets (RWA) and is reviewed quarterly by BaFin to assess its appropriateness for Germany and adjusted where necessary. To this end, BaFin assesses the intensity of the cyclical systemic risk and determines what level of the domestic countercyclical capital buffer is appropriate.

The rate for Germany remains unchanged at 0.75%. BaFin last raised the domestic countercyclical capital buffer rate by 0.75 percentage points with effect from 1 February 2023, with the aim of proactively strengthening the resilience of the German banking system.

Institution-specific countercyclical capital buffer

The pbb Group must calculate its own institution-specific countercyclical capital buffer (IAKP). In doing so, the value of the countercyclical capital buffer applicable to Germany at any given time must be taken into account and applied to the sum of the relevant credit risk positions located in Germany. In addition to the domestic countercyclical capital buffer, foreign countercyclical capital buffers from countries in which the pbb Group has exposures must also be taken into account. The countercyclical capital buffers applicable in those countries (EU CCyB1, column m) must be taken into account on a pro rata basis. The institution-specific countercyclical capital buffer for the pbb Group is thus calculated as the weighted average of the domestic and foreign capital buffers of those countries in which the pbb Group holds relevant credit risk exposures to the private sector (EU CCyB1: calculated as the sum of the weighted own funds requirements per country as per column l, multiplied by the country-specific CCyB in % as per column m).

Capital buffer for systemic risks

In addition to the countercyclical capital buffer (CCyB), pbb applies the sectoral systemic risk buffer (SRP) of 1.00 % introduced by BaFin. This systemic risk buffer applies to credit risk positions secured by residential property in Germany and is intended to further counteract the specific risks in the residential property market that cannot be fully covered by the aforementioned domestic countercyclical capital buffer.

Furthermore, since 31 March 2026, pbb has been applying the systemic risk buffer of 1.00% set by the Austrian Financial Market Authority (FMA) for certain loans secured by commercial property in Austria, and subsequently mandated by BaFin for German institutions in respect of their corresponding risk positions in Austria. This sectoral systemic risk buffer aims to increase the risk-bearing capacity of the Austrian banking system and to minimise the risk arising from disruptions in the Austrian commercial property market.

The risk-weighted exposure amounts (RWA) for these loans, secured by residential property in Germany (€1,102 million) and by the relevant commercial property in Austria (€70 million), total €1,172 million (31 December 2025: €1,247 million, comprising loans secured exclusively by residential property in Germany). This results in own funds requirements of €12 million (i.e. 0.07% of total RWA, see EU KM1, line EU 9a). The own funds requirement for the sectoral systemic risk buffer, like the institution-specific countercyclical capital buffer, must be held in Common Equity Tier 1 (CET1) capital.

Quantitative information on the countercyclical capital buffer

The following tables, in accordance with Article 440(a) and (b) of the CRR, show the amount of the individual institution-specific countercyclical capital buffer (EU CCyB2) for the pbb Group, as well as the geographical distribution of the risk positions relevant for the calculation of the institution-specific countercyclical capital buffer (EU CCyB1).

The institution-specific countercyclical capital buffer (IAKP) for the pbb Group stood at 0.92% as at the disclosure date (31 December 2025: 0.96%) and is thus well below the applicable maximum ratio of 2.5%.

The own funds requirements of €152 million (0.92% of total risk-weighted exposure amounts) must be held in Common Equity Tier 1 (CET1) capital in accordance with Section 10d(1) of the German Banking Act (KWG). The pbb Group has €1,654 million in Common Equity Tier 1 capital available for this purpose – as well as for the own funds requirements of the sectoral systemic risk buffer (SRP) and the capital conservation buffer (KEP) – following compliance with the Common Equity Tier 1 Ratio of 4.5% of the total risk exposure amount.

EU CCyB2: Amount of the institution-specific countercyclical capital buffer

All figures in € million, unless otherwise stated		a
1	Total risk exposure amount [1)]	16,442
2	Institution-specific countercyclical capital buffer rate (%)	0.92
3	Institution-specific countercyclical capital buffer requirement [2]	152

[1)] Total risk-weighted exposure amounts (Risk-weighted Assets, RWA) in accordance with EU OV1, column (a).
[2)] Own funds requirements for the IAKP, calculated by multiplying row 1 by row 2.

EU CCyB1: Geographical distribution of credit risk exposures relevant for the calculation of the countercyclical capital buffer

			a	b	c	d	e	f	g	h	i	j	k	l	m
			General credit exposures		**Relevant credit exposures – Market risk**		**Securitisation exposures**	**Total exposure value** [1)]	**Own funds requirements**				**Risk-weighted exposure amounts** [2)]	**Own funds requirements weights** [3)] **(%)**	**Countercyclical buffer rate** [4)] **(%)**
All figures in € million, unless otherwise stated			**Exposure value under the standardised approach**	**Exposure value under the IRB approach**	**Sum of long and short positions in trading book exposures under the standardised approach**	**Value of trading book exposures for internal models**	**Exposure value for the non-trading book**		**Relevant credit risk exposures – Credit risk**	**Relevant credit exposures – Market risk**	**Relevant credit exposures – Securitisation positions in the non-trading book**	**Total**			
10	**Breakdown by country** [5)]														
1	(AT)	Austria	223	263	-	-	-	486	11	-	-	11	143	0.94	0.00
2	(BD)	Bangladesh	12	-	-	-	-	12	-	-	-	-	1	0.00	-
3	(BE)	Belgium	94	92	-	-	-	186	5	-	-	5	64	0.42	1.00
4	(BM)	Bermuda	-	1	-	-	-	1	-	-	-	-	1	0.01	-
5	(CH)	Switzerland	-	29	-	-	-	29	1	-	-	1	14	0.09	0.00
6	(CZ)	Czech Republic	-	451	-	-	-	451	20	-	-	20	253	1.66	1.25
7	(DE)	Germany	4,914	7,383	-	-	-	12,297	510	-	-	510	6,381	41.92	0.75
8	(DK)	Denmark	-	59	-	-	-	59	2	-	-	2	28	0.18	2.50
9	(ES)	Spain	559	697	-	-	-	1,256	42	-	-	42	526	3.46	0.50
10	(FI)	Finland	50	612	-	-	-	662	36	-	-	36	455	2.99	0.00
11	(FR)	France	736	2,717	-	-	-	3,453	130	-	-	130	1,629	10.71	1.00
12	(GB)	United Kingdom	47	1,307	-	-	-	1,353	107	-	-	107	1,333	8.76	2.00
13	(GG)	Guernsey	1	-	-	-	-	1	-	-	-	-	1	0.01	-
14	(GH)	Ghana	13	-	-	-	-	13	-	-	-	-	2	0.01	-
15	(HU)	Hungary	-	84	-	-	-	84	5	-	-	5	60	0.39	1.00
16	(IE)	Ireland	24	-	-	-	-	24	-	-	-	-		0.00	1.50
17	(IT)	Italy	28	181	-	-	-	209	15	-	-	15	186	1.22	0.00
18	(JE)	Jersey	-	3	-	-	-	3	-	-	-	-	4	0.02	-
19	(LU)	Luxembourg	218	85	-	-	-	303	17	-	-	17	211	1.39	0.50
20	(NL)	Liechtenstein	50	1.289	-	-	-	1,339	53	-	-	53	666	4.37	2.00

			a	b	c	d	e	f	g	h	i	j	k	l	m
			General credit exposures		**Relevant credit exposures – Market risk**		**Securitisation exposures**	**Total exposure value [1]**	**Own funds requirements**				**Risk-weighted exposure amounts [2]**	**Own funds requirements weights [3] (%)**	**Countercyclical buffer rate [4] (%)**
All figures in € million, unless otherwise stated			**Exposure value under the standardised approach**	**Exposure value under the IRB approach**	**Sum of long and short positions in trading book exposures under the standardised approach**	**Value of trading book exposures for internal models**	**Exposure value for the non-trading book**		**Relevant credit risk exposures – Credit risk**	**Relevant credit exposures – Market risk**	**Relevant credit exposures – Securitisation positions in the non-trading book**	**Total**			
10	**Breakdown by country [5]**														
21	(OM)	Oman	17	-	-	-	-	17	-	-	-	-	-	-	-
22	(PL)	Poland	98	1,855	-	-	-	1,953	85	-	-	85	1.065	7.00	1.00
23	(RO)	Romania	123	34	-	-	-	157	7	-	-	7	88	0.58	1.00
24	(SE)	Sweden	-	1,049	-	-	-	1,049	59	-	-	59	739	4.85	2.00
25	(SK)	Slovakia	-	87	-	-	-	87	7	-	-	7	89	0.58	1.50
26	(US)	United States of America	23	949	-	-	1,376	2,348	49	-	54	103	1,283	8.43	0.00
20	**Total**		**7,230**	**19,227**	**-**	**-**	**1,376**	**27,833**	**1,164**	**-**	**54**	**1,218**	**15,220**	**100.00**	——

[1] Exposure at Default (EAD), calculated as the sum of the EAD amounts in columns a to e.
[2] Risk-weighted assets (RWA).
[3] The weighting applied to the countercyclical capital buffer ratio in each country, calculated as the sum of the own funds requirements in the respective country (column j) divided by the sum of all own funds requirements (column j, row 020).
[4] Country-specific countercyclical capital buffer (CCyB) rates as specified by the European Systemic Risk Board (ESRB) or the Bank for International Settlements (BIS).
[5] Country: the location of the debtor, i.e. the debtor's habitual residence or, in the case of specialised financing, the location of the assets (property).

Own funds requirements and RWA

This chapter provides information on the own funds requirements and risk-weighted assets (RWA) for the pbb Group in accordance with Article 438 of the CRR. As the parent undertaking of the group of institutions within the meaning of Section 10a of the German Banking Act (KWG) in conjunction with Article 11 et seq. of the CRR, pbb is responsible for compliance with the own funds requirements on an aggregated basis (regulatory consolidation scope).

Capital Adequacy Procedures

The pbb Group applies the provisions of the CRR and is therefore subject to the disclosure requirements of Part 8 of the CRR. The provisions of the CRR/CRD form the basis for the minimum level of own funds and the determination of own funds requirements. To ensure compliance with own funds requirements, capital must be allocated to cover Counterparty credit risk (Credit risk, Counterparty credit risk, CVA risk, Securitisations), Market risk, Operational risk and Settlement risk. The regulatory ratios are calculated on the basis of IFRS accounting standards.

Credit risk (excluding Counterparty credit risk)

Within the pbb Group, two approaches are applied as at the disclosure date for determining the Own funds requirements for the Credit risk of a risk position. These are the Foundation Internal Ratings-Based Approach (F-IRBA), based on the Bank's internal rating procedures in accordance with Articles 142 et seq. of the CRR, for the majority of commercial property financing, and the Standardised Approach (SA) in accordance with Articles 111 et seq. of the CRR for the remaining risk positions.

Counterparty credit risk

To calculate the own funds requirements for Counterparty credit risk in accordance with Part 3, Title II, Chapter 6 of the CRR (i.e. for derivative transactions), the pbb Group applies the Standardised Approach (SA-CCR) in accordance with Articles 274 et seq. of the CRR. The Group does not currently use its own internal models (Internal Model Method, IMM).

For securities financing transactions (securities repurchase agreements/securities lending transactions), the pbb Group applies the provisions on credit risk mitigation set out in Chapter 4 of the CRR, specifically the comprehensive method for recognising financial collateral in accordance with Articles 223 et seq. of the CRR.

To calculate the own funds requirements for contributions to the default fund of a qualifying central counterparty, the pbb Group applies the risk-sensitive approach set out in Article 308 of the CRR.

CVA risk

To calculate the additional own funds requirements for OTC derivatives relating to credit valuation adjustment risk (CVA risk) in accordance with Part 3, Title VI of the CRR, the pbb Group uses the reduced basic approach (R-BA) as set out in Article 384 of the CRR.

Settlement risk

The calculation of own funds requirements for settlement and pre-performance risk in accordance with Part 3, Title V of the CRR is carried out in accordance with the rules set out in Articles 378 and 379 of the CRR.

Securitisations

For the calculation of own funds requirements for originator securitisations under Part 3, Title II, Chapter 5 of the CRR, the pbb Group applies the SEC-IRBA regulatory approach in accordance with Articles 258 et seq. of the CRR.

Market risk

The calculation of capital requirements for Market risk under Part 3, Title IV of the CRR is carried out within the pbb Group – until the introduction of the Fundamental Review of the Trading Book (FRTB) framework – using the standardised approach in accordance with the CRR II regulations in conjunction with the Implementing Regulation (EU) 2021/637. The bank's own internal models (Internal Models Approach, IMA) are not used. The European Commission has postponed the introduction of the FRTB framework – and with it the new Market risk disclosure requirements introduced by CRR III in accordance with Articles 445 and 455 of the CRR – until 1 January 2027.

Operational risk

The pbb Group calculates the capital requirements for operational risk under Part 3, Title III of the CRR using the standardised approach in accordance with Articles 311a et seq. of the CRR.

Quantitative information on own funds requirements and RWA

Table EU OV1, in accordance with Article 438(d) of the CRR, shows the risk-weighted exposure amounts (RWA) and the associated minimum Own funds requirements, broken down by risk category in accordance with Part 3 of the CRR. Table EU CR10.5, in accordance with Article 438(e) of the CRR, also shows the on-balance-sheet and off-balance-sheet risk positions, the risk-weighted exposure amounts and the associated expected losses for equity risk positions in accordance with Article 133(3) to (6) in conjunction with Article 495a(3) of the CRR.

Tables EU CR10.1 to EU CR10.4 in accordance with Article 438(e) of the CRR for specialised financing under the slotting approach in accordance with Article 153(5) of the CRR are not relevant to the pbb Group. The pbb Group does not use the slotting approach for its risk positions arising from specialised financing. Nor is the disclosure of tables EU INS1 pursuant to Article 438(f) of the CRR and EU INS2 (financial conglomerate) pursuant to Article 438(g) of the CRR relevant to the pbb Group. pbb holds no qualifying holding in an insurance undertaking, a reinsurance undertaking or an insurance holding company, nor has it received authorisation from the competent supervisory authority in accordance with Article 49(1) of the CRR not to deduct such holdings of own funds instruments.

EU OV1: Overview of total risk amounts

		a	b	c
		Total risk exposure amount (TREA) 1)	Total risk exposure amount (TREA) 1)	Total own funds requirement
All figures in € million		30.06.2026	31.03.2026	30.06.2026
1	**Credit risk (excluding counterparty credit risk)**	**14,702**	**16,127**	**1,176**
2	of which: the standardised approach	4,006	3,887	320
3	of which: the Foundation IRB approach (F-IRBA)	10,696	12,239	856
4	of which: slotting approach	-	-	-
EU 4a	of which: equities under the simple risk-weighted approach	-	-	-
5	of which: the advanced IRB approach (A-IRBA)	-	-	-
6	**Counterparty credit risk**	**94**	**96**	**8**
7	of which: the standardised approach (SA-CCR) 2)	89	88	7
8	of which: internal model method (IMM)	-	-	-
EU 8a	of which: exposures to a CCP 3)	5	5	0
9	of which: other CCR 4)	-	3	-
10	**Credit valuation adjustment risk (CVA risk)**	**118**	**123**	**9**
EU 10a	of which: standardised approach (SA)	-	-	-
EU 10b	of which: basic approach (F-BA and R-BA)	118	123	9
EU 10c	of which: simplified approach	-	-	-
15	**Settlement risk**	**-**	**-**	**-**
16	**Securitisation exposures in the non-trading book (after the cap)**	**672**	**677**	**54**
17	of which: SEC-IRBA approach	672	677	54
18	of which: SEC-ERBA (including IAA)	-	-	-
19	of which: SEC-SA approach	-	-	-
EU 19a	of which: 1.250% / deduction	-	-	-
20	**Position, foreign exchange and commodities risks (Market risk)**	**28**	**146**	**2**
21	of which: alternative standardised approach (A-SA)	-	-	-
EU 21a	of which: simplified standardised approach (S-SA)	28	146	2
22	of which: alternative internal model approach (A-IMA)	-	-	-
EU 22a	**Large exposures 5)**	**-**	**-**	**-**
23	**Reclassifications between the trading and non-trading books**	**-**	**-**	**-**
24	**Operational risk**	**827**	**827**	**66**
EU 24a	**Exposures to crypto-assets**	**-**	**-**	**-**
25	Amounts below the thresholds for deduction (subject to a 250% risk weight) – for information 6)	208	210	17
26	Output floor applied (%)	55	55	
27	Floor adjustment (before application of the transitional cap)	-	-	
28	Floor adjustment (after application of the transitional cap)	-	-	
29	**Total**	**16,442**	**17,997**	**1,315**

1) Risk-weighted exposure amounts (Risk-weighted Assets, RWA, or Total Risk Exposure Amounts, TREA).
2) Risk exposures calculated in accordance with Part 3, Title II, Chapter 6 of the CRR (derivative transactions).
3) Risk exposures for contributions to the default fund of a central counterparty (Eurex Clearing).
4) Risk positions for securities financing transactions (securities lending/repo transactions).
5) The pbb Group does not maintain a trading book for securities and derivatives portfolios held with the intention of realising short-term profits.
6) Deferred tax assets that are essentially dependent on future profitability, arising from or not arising from temporary differences.
The figure shown on this line is for information purposes only; the amount is already included in line 1 (Credit risk) and line 2 (of which: standardised approach).

EU CR10.5: Equity investments

	a	b	c	d	e	f
	Equity exposures under Articles 133(3) to (6) and 495a(3) of the CRR					
Equity investments in accordance with the standard approach [1)] All figures in € million, unless otherwise stated	**On-balance-sheet exposure [2)]**	**Off-balance-sheet exposure [2)]**	**Risk weight [3)]**	**Exposure value [4)]**	**Risk-weighted exposure amount [5)]**	**Expected loss amount [6)]**
Risk weight 0%	-	-	0%	-	-	-
Risk weight 100%	-	-	100%	-	-	-
Risk weight 250%	11	3	250%	12	30	-
Risk weight 400%	-	-	400%	-	-	-
Total	**11**	**3**		**12**	**30**	**-**

1) With the introduction of CRR III, equity exposures may now only be recognised under the standardised approach. The former Article 155 of CRR II (simple risk weight approach for IRBA equity exposures) and Articles 186 to 188 of CRR II (equity exposures when using internal models) have been repealed without replacement.
2) Carrying amount on the balance sheet (nominal value for off-balance-sheet items)
3) KSA risk weight for equity exposures
4) Exposure at Default (EAD)
5) Risk-weighted assets (RWA)
6) Expected loss (EL)

Risk-weighted assets (RWA)

The pbb Group's risk-weighted assets across all risk categories amounted to €16,442 million as at the reporting date (31 March 2026: €17,997 million), representing a total decrease of €1,555 million in the second quarter of 2026.

In the case of credit risk (€-1,425 million compared with 31 March 2026, IRB approach and standardised approach), the main factor was changes in valuations in the so-called 'Hard test'. A key driver of the RWA and capital requirements stemmed from the rules applicable in both the F-IRBA and the Standardised Approach for calculating the RWA of loans secured by property. Under certain conditions, these rules allow for a favourable risk weighting for such risk-weighted assets. Such a favourable treatment is possible, amongst other things, if the most recent overall loss rates published by the relevant supervisory authorities for the respective commercial property market fall below certain thresholds (the so-called "Hard test").

On 6 July 2026, the EBA published an overview of the loss data relevant for the purposes of the Hard test. According to this, the published overall loss rates in the respective commercial property markets of the following countries have fallen below the regulatory threshold of 0.5% (with the respective impact on RWA and the CET1 ratio as at 30 June 2026): Poland 0.497% (RWA €-861 million, CET1 ratio +0.86 percentage points), Finland 0.30% (RWA €-173 million, CET1 ratio +0.17 percentage points), Austria 0.21% (RWA €-134 million, CET1 ratio +0.13 percentage points), Belgium 0.17% (RWA €-32 million, CET1 ratio +0.03 percentage points). By contrast, the published overall loss ratio in the Slovak commercial property market has risen to 0.88% (RWA €+42 million, CET1 ratio -0.04 percentage points).

For the commercial property market in the USA, pbb had already adjusted its RWA calculation as at 31 March 2026 following a careful review of EBA Q&A 2026_7688 dated 27 February 2026 (loss of the LGD collateralisation privilege for property in the USA).

Counterparty default risk (down €2 million compared with 31 March 2026) remains at the level recorded in the first quarter of 2026. The slight increase in the volume of derivatives (€+1 million compared with 31 March 2026) was offset by the decline in the volume of securities financing transactions (€-3 million compared with 31 March 2026). Exposures to the central counterparty Eurex Clearing remain unchanged at €5 million (31 March 2026: €5 million).

With regard to CVA risk for OTC derivatives, the calculation of which is based on the reduced basis approach (R-BA) based on a combination of the counterparty's sector and associated credit quality step, changes in EAD (Exposure at Default) and maturities of derivative transactions led to a decrease in RWA (€-5 million compared with 31 March 2026).

The reduction in securitisations in the investment book (€5 million lower than at 31 March 2026) results from repayments. The synthetic originator securitisation (Significant Risk Transfer, SRT) is based on non-non-performing US property finance, primarily loans for office buildings.

The decline in market risk (€-118 million compared with 31 March 2026) is mainly due to an adjustment to the LGD factors for the US property loans underlying the synthetic originator Securitisation.

Operational risk, for which the regulatory Own funds requirements are calculated annually at the end of the financial year, remain unchanged at €827 million (31 March 2026: €827 million).

Own funds requirements

The minimum own funds requirement for the aforementioned risk categories remains unchanged at 8.0% of RWA as at 30 June 2026. As at the reporting date, it totals €1,315 million (31 March 2026: €1,440 million). In line with the pbb Group's business model, with commercial property financing as its core business, 95% of the own funds requirements relate to Credit risk (Counterparty credit risk, CVA risk, securitisation positions), less than 1% to Market risk and around 5% to Operational risk.

The total capital requirement – including the capital conservation buffer (CCB) of 2.5%, the institution-specific countercyclical capital buffer (ISCB) of 0.92%, the sectoral systemic risk buffer (SRP) of 0.07% and the Pillar 2 capital requirement (P2R) of 3.25% – amounts to 14.74% (EU KM1, line EU 11a). As at the disclosure date, it amounts to €2,424 million (31 March 2026: €2,658 million).

Excess own funds

The own funds surplus (available own funds less the minimum own funds requirement in accordance with EU OV1) amounts to €1,736 million as at the disclosure date (31 March 2026: €1,639 million).

Total risk exposure amount taking into account the output floor

The tables EU CMS1 and EU CMS2 in accordance with Article 438(d) and (da) of the CRR also show a comparison of RWA calculated using internal models (such as the F-IRBA for Credit risk) and standardised approaches, both at the level of risk categories (EU CMS1) and using exposure classes for Credit risk (EU CMS2).

Accordingly, the application of the own funds floor ('Output Floor', 55% from 1 January 2026 to 31 December 2026) has no impact on the calculation of risk-weighted exposure amounts or own funds for the pbb Group. The pbb Group has not made use of the transitional relief provisions under Article 465 of the CRR 'Transitional provisions for the output floor' for the calculation of output floor exposure amounts.

EU CMS1: Comparison of modelled and standardised risk-weighted exposure amounts at risk level

		a	b	c	d	EU d
		Risk-weighted exposure amounts (RWA)				
All figures in € million		**RWA for modelled approaches for which banks have supervisory approval** [1]	**RWA for portfolios where standardised approaches are used** [2]	**Total actual RWA** [3] **(a + b)**	**RWA calculated using the full standardised approach** [4]	**RWA forming the basis of the output floor** [5]
1	Credit risk (excluding counterparty credit risk)	10,696	4,006	14,702	15,935	15,935
2	Counterparty credit risk	48	46	94	86	86
3	Credit valuation adjustment	———	118	118	118	118
4	Securitisation exposures in the banking book	672	-	672	206	206
5	Market risk	-	28	28	28	28
6	Operational risk	———	827	827	827	827
7	Other risk-weighted exposure amounts	———	-	-	-	-
8	**Total**	**11,417**	**5,025**	**16,442**	**17,201**	**17,201**

[1] Risk-weighted assets (RWA) calculated using internal models approved by the competent authority.
[2] Risk-weighted assets (RWA) calculated using standardised approaches.
[3] Sum of columns a and b; the RWA in row 8, column c correspond to the amount before adjustment in accordance with the output floor.
[4] Standardised Total Risk Exposure Amount (S-TREA) without applying the transitional provisions of Article 465 of the CRR. The total amount shown in row 8, column d forms the basis for calculating the output floor at the end of the transitional period.
[5] Standardised Total Risk Exposure Amount (S-TREA) following application of the transitional provisions of Article 465 of the CRR. The total amount shown in row 8, column EU d forms the basis for calculating the output floor as at the disclosure reference date.

EU CMS2: Comparison of modelled and standardised risk-weighted exposure amounts for Credit risk at asset class level

		a	b	c	d	EU d
		Risk-weighted exposure amounts (RWA)				
All figures in € million		RWA for modelled approaches for which institutions have supervisory approval to use [1]	RWA for column (a) if recalculated using the standardised approach [2]	Total actual RWA [3]	RWA calculated using the full standardised approach [4]	RWA forming the basis of the output floor [5]
1	Central governments and central banks	-	-	31	31	31
EU 1a	Regional governments or local authorities	-	-	72	72	72
EU 1b	Public sector entities	-	-	73	73	73
EU 1c	Classified as Multilateral Development Banks in South Africa	-	-	-	-	-
EU 1d	Classified as international organisations in South Africa	-	-	-	-	-
2	Institutional	-	-	12	12	12
3	Equity	-	-	30	30	30
5	Corporates	181	163	377	359	359
5.1	of which: F-IRB is applied [6]	10,696	11,929	10,696	11,929	11,929
5.2	of which: A-IRB is applied	-	-	-	-	-
EU 5a	of which: Corporates – General [6]	181	163	377	163	163
EU 5b	of which: Corporates – Specialised lending [6]	-	-	-	-	-
EU 5c	of which: Corporates – Purchased receivables	-	-	-	-	-
6	Retail	-	-	-	-	-
6.1	of which: Retail – Qualifying revolving	-	-	-	-	-
EU 6.1a	of which: Retail – Purchased receivables	-	-	-	-	-
EU 6.1b	of which: Retail – Other	-	-	-	-	-
6.2	of which: Retail – Secured by residential property	-	-	-	-	-
EU 7a	Classified as secured by immovable property and ADC exposures in South Africa	10,515	9,829	13,356	12,670	12,670
EU 7b	Collective investment undertakings (CIU)	-	-	7	7	7
EU 7c	Classified as exposures in default in SA	-	1,937	434	2,371	2,371
EU 7d	Classified as subordinated debt exposures in SA	-	-	-	-	-
EU 7e	Classified as covered bonds in South Africa	-	-	31	31	31
EU 7f	Classified as claims on institutions and corporates with a short-term credit assessment in SA	-	-	-	-	-
8	Other non-credit obligation assets	-	-	281	281	281
9	**Total**	**10,696**	**11,929**	**14,702**	**15,935**	**15,935**

[1] Risk-weighted exposure amounts (RWA) calculated in accordance with the F-IRBA approved by the competent authority. However, the line-by-line disclosure is not made in accordance with the original IRBA exposure classes as set out in Article 147 of the CRR, but in accordance with the exposure classes of the standardised approach to Credit risk as set out in Article 112 of the CRR, provided that the IRBA exposures are allocated to a different exposure class under the standardised approach.
[2] Risk-weighted exposure amounts (RWA) in column a calculated in accordance with the Standardised Approach (KSA).
[3] Total actual RWA as at the disclosure reference date, calculated in accordance with the F-IRBA or the Standardised Approach (KSA).
[4] Standardised Total Risk Exposure Amount (S-TREA) without applying the transitional provisions of Article 465 of the CRR. The total credit risk amount reported in row 9, column d forms the basis for calculating the output floor at the end of the transitional period.
[5] Standardised Total Risk Exposure Amount (S-TREA) following application of the transitional provisions of Article 465 of the CRR. The total credit risk exposure amount reported in row 9, column EU d forms the basis for calculating the output floor as at the disclosure reference date.
[6] In accordance with the EBA mapping rules in conjunction with EBA/ITS/2024/05, rows 5.1, EU 5a and EU 5b include only those risk-weighted positions for which the pbb Group applies the F-IRBA. Credit risk positions calculated using the Standardised Approach (SA) are not included.
Row 5.1 shows the total actual RWA under the F-IRBA, calculated in accordance with the F-IRBA or the full Standardised Approach (output floor).

Capital ratios

The information in this chapter on the regulatory minimum capital ratios and the supervisory SREP requirements for minimum capital adequacy supplements the information in the chapter 'Own funds' (Article 437 CRR).

Regulatory minimum capital ratios

The CRR/CRD form the basis for determining regulatory capital adequacy and minimum capital ratios. According to these regulations, the Common Equity Tier 1 Ratio (Common Equity Tier 1 divided by RWA) must not fall below 4.5%, the Tier 1 Ratio (Tier 1 divided by RWA) must not fall below 6.0%, and the Own Funds Ratio (own funds divided by RWA) must not fall below 8.0%. As the parent undertaking of the group of institutions within the meaning of Section 10a of the German Banking Act (KWG) in conjunction with Article 11 et seq. of the CRR, pbb is responsible for ensuring compliance with these capital ratios on a consolidated basis.

The pbb Group met these requirements at all times during the first half of 2026. As at 30 June 2026, the capital ratios (see EU CC1, lines 61 to 63) were as follows:

- Common Equity Tier 1 Ratio (CET1): 14.6% (31 December 2025: 14.7%)
- Tier 1 Ratio: 16.4% (31 December 2025: 16.4%)
- Own Funds Ratio: 18.6% (31 December 2025: 18.6%)

The pbb Group's capital ratios remain at the same level as at the end of 2025. The reduction in regulatory own funds (total capital: €-201 million compared with 31 December 2025) was offset by the decline in risk-weighted asset (RWA) amounts (RWA: €-1,053 million compared with 31 December 2025).

Disclosure in accordance with Article 437(f) of the CRR is not relevant for the pbb Group, as pbb applies the provisions of the CRR.

SREP

The pbb Group complied at all times during the first half of 2026 with the requirements for minimum capital adequacy under the ECB's Supervisory Review and Evaluation Process (SREP), which go beyond the existing regulatory requirements.

The aim of the SREP is to carry out a holistic analysis of the institutions supervised by the ECB. This includes an assessment of the business model, risk management and corporate governance, the risk profile, and capital and liquidity adequacy. On the basis of the results of this analysis and benchmark comparisons, the ECB may impose requirements on an institution's minimum capital or liquidity levels that go beyond the existing supervisory requirements.

CET1 minimum ratio

The Pillar 2 capital requirement (P2R) applicable to pbb in 2026 is 3.25%, as in the previous year. Consequently, pbb was required to maintain a minimum CET1 ratio of 8.8% (excluding the countercyclical capital buffer, which varies by country and therefore by portfolio, and excluding the sectoral systemic risk buffer). This requirement comprises, in addition to the Pillar 2 capital requirement (3.25%), the Pillar 1 minimum capital requirement (4.5%) and the capital conservation buffer (2.5%), with the Pillar 2 capital requirement accounting for around 1.8% (56.25% of P2R) must be held in Common Equity Tier 1 (CET1) capital and around 2.4% (75.00% of P2R) in Tier 1 Capital.

The applicable CET1 minimum capital requirement also represents the threshold below which the calculation of a so-called Maximum Distributable Amount (MDA) is mandatory. This generally limits distributions to CET1 capital, new performance-related remuneration and interest payments on Additional Tier 1 Capital (AT1).

Total capital requirement

In addition to the minimum CET1 ratio, pbb must meet a total capital requirement of 13.75% in 2026 (excluding the Countercyclical capital buffer, which varies by country and is therefore portfolio-specific, and excluding the sectoral systemic risk buffer). This comprises the Pillar 1 minimum own funds requirement (8.0%), the capital conservation buffer (2.5%) and the Pillar 2 capital requirement (3.25%).

Leverage ratio

This chapter presents the information for the pbb Group in accordance with Article 451 of the CRR regarding the leverage ratio and the monitoring and management of the risk of excessive leverage.

The leverage ratio, as a non-risk-based capital requirement, is defined in Article 429(2) of the CRR as the ratio of an institution's capital measure (Tier 1 Capital) to its total risk exposure measure and is expressed as a percentage. As a non-risk-sensitive indicator, it complements the risk-based approach to Own funds requirements and capital ratios. The aim is to limit the increase in debt within the banking sector, to mitigate the risk of destabilising debt accumulation that could harm the financial system and the economy, and to supplement the risk-based requirements with a simple, non-risk-based safety mechanism.

In accordance with Article 92(1) of the CRR, institutions must comply with a minimum leverage ratio of 3% at all times. The pbb Group met this requirement at all times during the first half of 2026.

Total risk exposure measure

The CRR forms the basis for determining the total risk exposure measure of the Leverage ratio. According to the CRR, the pbb Group's total risk exposure measure is generally the sum of the risk exposure amounts of assets, derivative contracts, securities financing transactions and off-balance-sheet items. The relevant measure for assets is, in principle, the carrying amount on the balance sheet. Specific regulatory provisions apply to derivatives and securities financing transactions, as well as off-balance-sheet items.

On-balance-sheet risk positions

The exposure values used to calculate the Leverage ratio for assets (excluding derivative contracts and securities financing transactions) generally comprise the carrying amount of the respective positions, adjusted for regulatory adjustments relating to those positions that are deducted when calculating regulatory Tier 1 Capital.

Derivatives

The risk exposure amounts for the Leverage ratio relating to derivatives are determined on the basis of the standard regulatory approach (SA-CCR). According to this approach, the risk exposure amount of a netting set – that is, for all transactions covered by a contractual, bilateral netting agreement – is calculated as 1.4 times the sum of the current replacement cost and the potential future risk exposure amount. When determining the risk exposure amount per netting set, factors such as margin calls, collateral and the maturities of the derivative transactions, as well as the minimum transfer amount, are taken into account.

Securities financing transactions

The exposure values for the Leverage ratio relating to securities financing transactions (securities repurchase and securities lending transactions) are generally based on the carrying amount of the respective positions on the balance sheet. However, receivables and liabilities arising from securities financing transactions with the same counterparty may be offset (bilateral netting agreements) provided that certain conditions set out in the CRR are met. The exposure values for securities financing transactions in this context represent a net claim against the counterparty. In addition to the (balance sheet) risk exposure amount for securities financing transactions, a mark-up for Counterparty credit risk arising from these transactions is taken into account, either at the netting set level or at the transaction level.

Off-balance-sheet risk positions

The exposure values for the Leverage ratio relating to off-balance-sheet items are based on the nominal value of the items, adjusted for regulatory adjustments to the items that are deducted when calculating regulatory Tier 1 Capital, and take into account the credit conversion factors (Credit Conversion Factor, CCF) from the Standardised Approach to credit risk (SACR), depending on the risk category (sub-class).

Quantitative information on the leverage ratio

The following tables – EU LR1-LRSum, EU LR2-LRCom and EU LR3-LRSpl – in accordance with Article 451 of the CRR show a breakdown of the total risk exposure measure, a reconciliation of this figure with the assets in the published pbb Group balance sheet in accordance with the regulatory scope of consolidation, and the Leverage ratio for the pbb Group.

The leverage ratio for the pbb Group stood at 7.3% as at the disclosure date (31 December 2025: 7.7%) and is thus well above the minimum requirement. The reduction in the first half of 2026 resulted from the decline in the total risk exposure measure (€467 million compared with 31 December 2025), primarily due to a reduction in on-balance-sheet risk positions, and the change in Tier 1 Capital, which was more pronounced during this period (€-171 million, Tier 1).

The ECB has not imposed an additional own funds requirement (as a percentage of the total risk exposure measure) on pbb for the risk of excessive leverage (REL) pursuant to Article 104(1)(a) of the CRD (Pillar 2 own funds requirement, P2R: 0%).

EU LR1 – LRSum: Summary reconciliation between assets recognised on the balance sheet and risk positions for the Leverage ratio

All figures in € million		a Applicable amount
1	**Total assets as per published financial statements [1)]**	**39,085**
2	Adjustment for entities that are consolidated for accounting purposes but are outside the scope of regulatory consolidation [2)]	-
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transfer)	-
4	(Adjustment for temporary exemption of exposures to the central bank (if applicable))	-
5	(Adjustment for fiduciary assets recognised on the balance sheet in accordance with the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with point (i) of point (i) of Article 429a(1) of the CRR)	-
6	Adjustment for purchases and sales of financial assets in the ordinary course of business subject to trade date accounting	-
7	Adjustment for eligible cash pooling transactions	-
8	Adjustments for derivative financial instruments [3)]	36
9	Adjustment for securities financing transactions (SFTs) [4)]	102
10	Adjustment for off-balance-sheet items (i.e. conversion to credit equivalent amounts of off-balance-sheet exposures) [5)]	611
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) and point (ca) of Article 429a(1) of the CRR)	-
EU-11b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (j) of Article 429a(1) of the CRR)	-
12	Other adjustments	-3,128
13	**Leverage ratio (total exposure measure)**	**36,706**

[1)] Line 1: Total assets (balance sheet total) of the pbb consolidated financial statements (IFRS).
[2)] Line 2: There are discrepancies as at the disclosure reference date between the regulatory scope of consolidation for Pillar 3 disclosure and the accounting scope of consolidation for the pbb consolidated financial statements (IFRS).
[3)] Line 8: Difference between the accounting book value (IFRS) of the derivatives and the regulatory exposure value (EAD).
[4)] Line 9: Difference between the IFRS carrying amount of securities financing transactions and the regulatory exposure amount (EAD).
[5)] Line 10: Addition of off-balance-sheet risk positions after taking into account the credit conversion factors (CCF) from the standardised approach to credit risk (KSA).
[6)] Line 12: Other adjustments primarily comprise cash collateral provided by pbb in its derivatives business.

EU LR2 - LRCom: Uniform disclosure of the leverage ratio

All figures in € million, unless otherwise stated		a CRR leverage ratio exposures 30.06.2026	b CRR leverage ratio exposures 31.12.2025
On-balance-sheet exposures (excluding derivatives and SFTs)			
1	On-balance-sheet items (excluding derivatives and SFTs, but including collateral)	36,772	37,031
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets in accordance with the applicable accounting framework	-	-
3	(Deductions from receivables assets for cash variation margin provided in derivatives transactions)	-698	-651
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(General credit risk adjustments to on-balance-sheet items)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	-343	-227
7	**Total on-balance-sheet exposures (excluding derivatives and SFTs)**	**35,732**	**36,153**
Derivative exposures			
8	Replacement cost associated with SA-CCR derivative transactions (i.e. net of eligible cash variation margin)	49	59
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	213	219
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	-
EU-9b	Exposure determined under the original exposure method	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (original exposure method)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	**Total derivatives exposures**	**262**	**278**
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (without recognition of netting), after adjustment for sales accounting transactions	-	-
15	(Netted amounts of cash payables and cash receivables relating to gross SFT assets)	100	100
16	Counterparty credit risk exposure for SFT assets	2	1
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 of the CRR	-	-
17	Agent transaction exposures	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-
18	**Total securities financing transaction exposures**	**102**	**101**
Other off-balance-sheet exposures			
19	Off-balance-sheet exposures at gross notional amount	1,510	1,582
20	(Adjustments for conversion to credit equivalent amounts)	-899	-939
21	(General provisions associated with off-balance-sheet exposures deducted in determining Tier 1 capital)		-
22	**Off-balance-sheet exposures**	**611**	**642**
Excluded exposures			
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) and point (ca) of Article 429a(1) of the CRR)	-	-
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (1) of the CRR (on and off balance sheet))	-	-
EU-22c	(Excluded exposures of public development banks (or units) – Public sector investments)	-	-
EU-22d	(Excluded exposures of public development banks (or units) – Promotional loans)	-	-
EU-22e	(Excluded pass-through promotional loan exposures by non-public development banks (or units))	-	-
EU-22f	(Excluded guaranteed portions of exposures arising from export credits)	-	-

All figures are in € million, unless otherwise stated		a CRR leverage ratio exposures 30.06.2026	b CRR leverage ratio exposures 31.12.2025
EU-22g	(Excluding excess collateral deposited with triparty agents)	-	-
EU-22h	(Excluded CSD-related services provided by CSDs or institutions in accordance with point (o) of Article 429a (1) of the CRR)	-	-
EU-22i	(Excluded CSD-related services of designated institutions in accordance with point (p) of Article 429a(1) of the CRR)	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
EU-22k	(Excluded exposures to shareholders in accordance with Article 429a (1) (da) of the CRR)	-	-
EU-22l	(Exposures deducted in accordance with point (q) of Article 429a (1) of the CRR)	-	-
EU-22m	**(Total exempted exposures)**	**-**	**-**
Capital and total exposure measure			
23	**Tier 1 capital**	**2,692**	**2,863**
24	**Leverage ratio (total exposure measure)**	**36,706**	**37,173**
Leverage ratio			
25	**Leverage ratio**	**7.3**	**7.7**
EU-25	Leverage ratio (excluding the impact of the exemption for public sector investments and promotional loans) (%)	7.3	7.7
25a	Leverage ratio (excluding the impact of any applicable temporary exemption from central bank reserves)	7.3	7.7
26	Regulatory minimum leverage ratio requirement (%)	3.0	3.0
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%) [1]	-	-
EU-26b	of which: to be comprised of CET1 capital	-	-
27	Leverage ratio buffer requirement (%)	-	-
EU-27a	Overall leverage ratio requirement (%) [2]	3.0	3.0
Choice regarding transitional arrangements and relevant exposures			
EU-27b	Choice regarding transitional arrangements for the definition of the capital measure	fully implemented	fully implemented
Disclosure of mean values			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and net of associated cash payables and cash receivables 6)	101	100
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and net of associated cash payables and cash receivables 6)	100	100
30	Total exposures (including the impact of any applicable temporary exemption from central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and net of associated cash payables and cash receivables)	36,708	37,174
30a	Total exposures (excluding the impact of any applicable temporary exemption from central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and net of associated cash payables and cash receivables)	36,708	37,174
31	Leverage ratio (including the impact of any applicable temporary exemption from central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and net of associated cash payables and cash receivables) (%)	7.3	7.7
31a	Leverage ratio (excluding the impact of any applicable temporary exemption from central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and net of associated cash payables and cash receivables) (%)	7.3	7.7

[1] Row EU-26a: Additional own funds requirements imposed by the competent authority (ECB) to mitigate the risk of excessive leverage.

[2] Row EU-27a: Sum of rows 26 and EU-26a. Row 27 applies only to G-SRIs and is therefore not relevant to pbb.

EU LR3 - LRSpl: Breakdown of on-balance-sheet risk positions (excluding derivatives, SFTs and exempted risk positions)

All figures in € million		a CRR leverage ratio exposures
EU-1	**Total on-balance-sheet exposures (excluding derivatives, SFTs and exempted exposures), of which:**	**36,074**
EU-2	Trading book exposures [1]	-
EU-3	Banking book exposures, of which:	36,074
EU-4	Covered bonds	309
EU-5	Exposures treated as sovereigns	6,325
EU-6	Exposures to regional governments, MDBs, international organisations and PSEs not treated as sov-ereigns	4,461
EU-7	Institutions	354
EU-8	Secured by mortgages on immovable property	16,670
EU-9	Retail exposures	-
EU-10	Corporate	4,343
EU-11	Exposures in default	1,675
EU-12	Other exposures (e.g. equity, securitisations and other non-credit obligation assets)	1,939

[1] The pbb Group does not maintain a trading book for securities and derivatives portfolios held with the intention of generating short-term profits.

Procedures for monitoring the risk of excessive indebtedness

In line with its business structure and business model, as well as its business and risk strategy, the pbb Group has implemented formal procedures and regulations to assess the risk of excessive indebtedness. In particular, as part of the restructuring plan (in accordance with the Restructuring and Resolution Act, SAG), the pbb Group has defined a set of selected indicators tailored to its business and risk situation, which enables it to identify and implement appropriate courses of action in good time. In addition to the leverage ratio and capital ratios, these indicators include measures of liquidity (which, amongst other things, encompass asset encumbrance and the net stable funding ratio (NSFR)), profitability and portfolio quality, as well as market-based and macroeconomic indicators.

The leverage ratio is calculated monthly and, like the other indicators, forms an integral part of the pbb Group’s risk management system. Both the leverage ratio and the other indicators are subject to an early warning threshold and a recovery threshold, so that any fall below these levels can be identified at an early stage. Falling below the early warning threshold is intended to enable the pbb Group to take appropriate countermeasures promptly. The status of all indicators is monitored regularly and reported to the Executive Board, the Supervisory Board and the banking supervisory authority. The ongoing monitoring of the leverage ratio covers both its numerator (Tier 1 Capital) and its denominator (the total risk exposure measure). The pbb Executive Board is informed of the Leverage ratio monthly as part of the Flash Report and quarterly as part of the Management Report and the Restructuring Plan Report. Furthermore, the Leverage ratio forms part of the pbb Group’s capital and multi-year planning.

Credit risk

Credit risk (Credit risk, Counterparty credit risk, CVA risk, Securitisations) generally refers to the risk of an unexpected default or decline in the market value of a receivable (loan or bond) or a derivative (or, alternatively, an entire portfolio of receivables or derivatives), resulting from a deterioration in the value of collateral or a deterioration in the creditworthiness of a country or a counterparty.

Credit risk

This chapter presents the information required under Article 442 of the CRR on credit risk, in particular regarding loans and credits, securities/debt instruments and off-balance-sheet exposures, as well as their credit quality and credit risk adjustments. This includes both risk positions for which the pbb Group calculates risk-weighted exposure amounts using the IRB approach (F-IRBA) and those calculated using the standardised approach (KSA).

Excluded are counterparty credit risk positions (derivatives and securities financing transactions) as well as Securitisations, which are presented separately in the following chapters “Counterparty Credit Risk” and “Securitisations”.

Credit portfolio

The following tables, EU CR1, EU CR1-A and EU CR2, in accordance with Article 442(c), (f) and (g) of the CRR, present information on performing and non-performing/defaulted credit risk exposures, on the value adjustments and provisions recognised in the lending business, and on the collateral and financial guarantees received, broken down by type of exposure and by counterparty.

On-balance-sheet and off-balance-sheet credit risk exposures

The gross carrying amounts of on-balance-sheet and off-balance-sheet credit risk exposures as at 30 June 2026, including balances with central banks and demand deposits (EU CR1, line 005), totalled €40,985 million (31 December 2025: €41,934 million). Of this total of approximately €41.0 billion, €31,088 million relates to loans and credits, and €6,136 million to debt securities; off-balance-sheet risk positions, such as loan commitments and financial guarantees, account for €1,517 million.

Overall, on-balance-sheet and off-balance-sheet credit risk positions declined in the first half of 2026 (down €949 million compared with 31 December 2025). Further details on the development of assets are set out in the pbb Group’s Semi Annual Financial Report 2026 (published on the pbb website), including in the note “Development in Assets” (page 11).

Non-performing risk positions

The portfolio (based on gross carrying amounts) of non-performing loans and credits amounted to €2,422, million as at the reporting date (31 December 2025: €2,405 million), representing an increase of €17 million in the first half of 2026. In commercial property finance (Real Estate Finance Solutions, REFS), loans were newly classified as non-performing loans (EU CR2, line 020), the majority of which related to financing for office buildings in Germany. This was offset by the repayment of financing and loan repayments (EU CR2, line 030). Of the total portfolio of non-performing loans, €0.5 billion relates to the USA (31 December 2025: €0.9 billion).

The Stage 3 impairment allowances recognised against the €2,422 million in non-performing loans and credits amount to €627 million, whilst the collateral and financial guarantees received in this regard amount to €1,609 million.

NPL ratio and provisioning

The net provisioning result for the period from 1 January to 30 June 2026 amounts to €-13 million (financial year 2025: €-410 million, influenced by the decision taken in June 2025 to withdraw from the US market). Net provisions for financial assets in stages 1 and 2 were reversed by €13 million. By contrast, a net amount of €27 million was added to Stage 3 provisions. Whilst additions were required in Germany and France (primarily relating to office financing), Stage 3 provisions for financing in the US were reversed on a net basis.

The NPL ratio (non-performing loans) based on gross carrying amounts – which takes into account only loans and advances, but excludes bonds and off-balance-sheet exposures (such as irrevocable loan commitments), no loans and advances held for sale, and no balances with central banks or other demand deposits – stood at 7.8% as at the reporting date (31 December 2025: 7.5%).

EU CR1: Performing and non-performing exposures and related provisions

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount [1]						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received [2]	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
All figures in € million			of which: stage 1	of which: stage 2		of which: stage 2	of which: stage 3		of which: stage 1	of which: stage 2		of which: stage 2	of which: stage 3			
005	Cash balances at central banks and other demand deposits	2,243	2,243	-	-	-	-	-	-	-	-	-	-	-	-	-
010	**Loans and advances**	**28,666**	**23,454**	**4,682**	**2,422**	**-**	**2,051**	**-126**	**-32**	**-93**	**-757**	**-**	**-627**	**-**	**24,934**	**1,609**
020	Central banks [3]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	General government	2,771	2,643	-	-	-	-	-	-	-	-	-	-	-	38	-
040	Credit institutions	552	552	-	-	-	-	-	-	-	-	-	-	-	547	-
050	Other financial corporations	978	978	-	-	-	-	-	-	-	-	-	-	-	844	-
060	Non-financial corporations	24,365	19,281	4,682	2,422	-	2,051	-125	-32	-93	-757	-	-627	-	23,504	1,609
070	of which: SMEs	13,022	9,319	3,475	1,920	-	1,655	-91	-16	-75	-571	-	-498	-	12,728	1,308
080	Households	1	-	-	-	-	-	-	-	-	-	-	-	-	1	-
090	**Debt securities**	**6,136**	**6,092**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**505**	**-**
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	General government	5,204	5,204	-	-	-	-	-	-	-	-	-	-	-	223	-
120	Credit institutions	929	888	-	-	-	-	-	-	-	-	-	-	-	282	-
130	Other financial corporations	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150	**Off-balance-sheet exposures**	**1,421**	**1,210**	**156**	**96**	**-**	**96**	**-4**	**-2**	**-1**	**-**	**-**	**-**	———	**1.003**	**80**
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	———	-	-
170	General government	80	28	-	-	-	-	-	-	-	-	-	-	———	-	-
180	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	———	-	-
190	Other financial corporations	8	5	-	-	-	-	-	-	-	-	-	-	———	5	-
200	Non-financial corporations	1,334	1,178	156	96	-	96	-4	-2	-1	-	-	-	———	998	80
210	Households	-	-	-	-	-	-	-	-	-	-	-	-	———	-	-
220	**Total [4]**	**38,466**	**32,999**	**4,838**	**2,519**	**-**	**2,148**	**-130**	**-35**	**-95**	**-757**	**-**	**-627**	**-**	**26,441**	**1,688**

[1] Gross carrying amount (nominal value for off-balance-sheet items) before deduction of impairment losses on financial assets and provisions in the lending business, but after write-downs, before the application of credit risk mitigation techniques and before credit conversion factors (CCF).
[2] The value of the reported collateral and guarantees is limited to the carrying amount (nominal value for off-balance-sheet items) of the secured/guaranteed exposures.
[3] The classification of a counterparty according to the FINREP sectors is based on the direct counterparty (such as the direct borrower, counterparty or issuer of the securities) or, in the case of exposures entered into jointly by several debtors, on the more significant or dominant debtor.
[4] Including ‘balances with central banks and sight deposits’ reported in row 005.

EU CR1-A: Remaining maturity of exposures

		a	b	c	d	e	f
		Net exposure value [1]					
All figures in € million		On demand [2]	≤ 1 year	> 1 year <= 5 years	> 5 years	No stated maturity [3]	Total
010	Loans and advances [4]	550	8,327	16,238	5,092	-	30,206
020	Debt securities	-	847	1,432	3,857	-	6,136
030	**Total**	**550**	**9,174**	**17,670**	**8,948**	**-**	**36,342**

[1] Net value of the risk position: gross carrying amount after deduction of impairment losses on financial assets and write-downs, but before the application of Credit risk mitigation techniques. Off-balance-sheet items are not taken into account in EU CR1-A.
[2] The counterparty has the option to choose when the risk position is repaid (such as short-term receivables or similar).
[3] The risk position has no fixed remaining maturity for reasons other than the counterparty's ability to choose the repayment date.
[4] In accordance with the Pillar 3 framework, Annex XVI, loans and credits held for sale, as well as balances with central banks and demand deposits are excluded.

EU CR2: Change in the stock of non-performing loans and credits

		a
All figures in € million		Gross carrying amount [1]
010	**Initial stock of non-performing loans and advances [2]**	**2,405**
020	Inflows into non-performing portfolios [3]	824
030	Outflows from non-performing portfolios [4]	-807
040	Outflows due to write-offs	-27
050	Outflow due to other circumstances [5]	-780
060	**Closing balance of non-performing loans and advances [6]**	**2,422**

[1] Gross carrying amount (nominal value for off-balance-sheet items) of defaulted on-balance-sheet and off-balance-sheet exposures before deduction of value adjustments on financial assets and provisions in the lending business, but after write-downs, before the application of Credit risk mitigation techniques and before credit conversion factors (CCF).
[2] Portfolio of defaulted loans and credits at the end of the last financial year.
[3] Loans and credits that have become non-performing during the disclosure period.
[4] Loans and advances that, as at the disclosure reference date, have regained 'non-defaulted' status, i.e. are no longer classified as defaulted or non-performing.
[5] Other reductions in the carrying amount of loans and credits that do not constitute write-downs. Specifically, a balancing item comprising increases in restructuring commitments during the disclosure period, less repayments/redemptions, wind-ups/restructurings, etc., taking currency effects into account.
[6] Portfolio of non-performing loans and credits as at the disclosure reference date.

Credit quality

The following tables, EU CQ1, EU CQ4 and EU CQ5, in accordance with Article 442(c) and (e) of the CRR, provide information on the credit quality of on-balance-sheet and off-balance-sheet credit risk positions. Among other things, they provide information on forborne (restructured) exposures, on non-performing and defaulted exposures amongst these, and on associated credit risk adjustments. Furthermore, the tables contain information on collateral received and financial guarantees, and show breakdowns by counterparty, geographical area (country) and economic sector (NACE code).

Defaulted and non-defaulted exposures

The gross carrying amounts of on-balance-sheet (loans and advances, debt securities, balances with central banks and sight deposits) and off-balance-sheet credit risk positions (such as irrevocable credit commitments) totalled €40,985 million as at the disclosure date. Of these, the risk positions serviced in accordance with the terms of the contracts amount to €38,466 million, or around 94%.

The defaulted risk positions (loans and credits as well as off-balance-sheet credit risk positions) amount to €2,519 million. A stage 3 impairment provision of €627 million has already been recognised against the defaulted loans and credits of €2,422 million; the collateral and financial guarantees received in this regard amount to €1,609 million.

A risk position under the IRB approach and the standardised approach is considered ‘in default’ if a default has occurred in accordance with Article 178 of the CRR or if another contractual or regulatory trigger applies. In this context, the pbb Group assumes a default if, for example, a borrower is more than 90 days past due with significant arrears or overdrafts, or if it is unlikely that the borrower will meet their payment obligations in full. A debtor’s risk positions that meet one or more default criteria are assigned a PD class with a probability of default (PD) of 100%.

Under IFRS 9, the same definition of default is used as for regulatory purposes.

Non-‘defaulted’ exposures are claims that are deemed not to have defaulted in accordance with Article 178 of the CRR, i.e. where none of the default events specified therein have occurred.

Non-performing exposure

The pbb Group also regards all exposures for which a default is deemed to have occurred in accordance with Article 178 of the CRR as ‘non-performing’. In this respect, the defaulted receivables mentioned above, amounting to €2,519 million, are also regarded as ‘non-performing’ exposures.

An exposure is considered ‘non-performing’ if one of the following criteria is met: they are material exposures that are more than 90 days past due, or they are exposures where it is considered unlikely that the obligor will settle their liabilities in full without the realisation of collateral, irrespective of whether payments are already past due and irrespective of the number of days of any payment delay.

This classification as ‘non-performing’ is made regardless of whether the exposure has been classified as ‘defaulted’ for supervisory purposes within the meaning of Article 178 of the CRR or as impaired (written down) for accounting purposes within the meaning of the applicable IFRS accounting standards.

Impaired exposures

An exposure is considered to be “impaired” if, in accordance with the accounting standards applied by the pbb Group – the International Financial Reporting Standards (IFRS) – a Stage 3 impairment loss has been recognised. As at the reporting date, the balance of Stage 3 impairment losses amounted to €627 million (31 December 2025: €691 million), whilst the gross carrying amount of the impaired risk positions (loans and credits) amounts to €2,051 million (31 December 2025: €2,108 million).

The pbb Group also classifies all exposures for which an impairment (Stage 3 impairment loss) has been recognised in accordance with IFRS accounting standards as “non-performing”.

The policies and methods for impairment under IFRS 9 are described in the Disclosure Report as at 31 December 2025 (chapter “Credit Risk”, section “Credit Risk Adjustments”, page 122 et seq.).

Past-due exposures

A risk position is classified as ‘past due’ – for both accounting and regulatory purposes – in the case of receivables in arrears where the debtor has failed to meet their contractually agreed interest or principal repayment obligations by the due date.

Credit risk positions (loans and credits) that were partially or fully past due as at the disclosure date totalled €2,548 million (31 December 2025: €2,893 million, gross carrying amount), of which exposures more than 90 days past due (and non-performing) amount to €949 million (31 December 2025: €948 million). These exposures more than 90 days past due are also considered to be impaired.

Forbearance (restructured) exposures

On the reporting date, on-balance-sheet and off-balance-sheet exposures subject to forbearance measures totalled €4,652 million (31 December 2025: €4,568 million), of which €2,185 million are considered to be serviced in accordance with the terms of the contract and €2,467 million are classified as non-performing. Provisions totalling €752 million have already been made against the non-performing, forbearance-covered risk positions. The collateral and financial guarantees received for risk positions subject to forbearance measures amount to €3,797 million, of which €1,644 million relates to the non-performing, forbearance-covered risk positions.

Exposures at risk of default are restructured by the pbb Group – provided there is a positive going concern prognosis for the respective credit exposure – in the event of the borrower experiencing financial difficulties. This is achieved by amending the underlying contractual arrangements by means of unilateral or mutual declarations of intent. Restructuring agreements are intended to increase the chances of realising the outstanding receivables or, at the very least, to reduce the default risk of the exposure. They typically include standstill agreements, extensions of the term, amended interest payment/repayment dates or the suspension of contractual provisions (e.g. financial covenants), so that the borrower can once again meet their contractual payment obligations. The counterparty default risk associated with restructured loans is managed by the Group’s credit risk management units.

Write-downs

A financial asset must be written off, where appropriate by drawing on a provision already recognised, if, following a reasonable assessment, it is no longer considered recoverable. This is particularly the case where, following the realisation of collateral, it is foreseeable that a residual claim will remain and no further contributions are to be expected from the debtor (e.g. due to insolvency or lack of assets). In justified individual cases, attempts are made to recover the residual claim in full or at least in part through enforcement measures.

In the first half of 2026, the pbb Group recognised write-downs on financial assets (utilisation of value adjustments) amounting to €126 million (financial year 2025: €121 million).

EU CQ1: Credit quality of deferred exposures

		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures subject to forbearance measures [1]				**Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions**		**Collateral received and financial guarantees received on exposures subject to forbearance [2]**	
		Performing with forbearance [3]	**Non-performing exposures subject to forbearance [3]**			**On performing exposures subject to forbearance**	**On non-performing exposures subject to forbearance**		**of which: collateral and financial guarantees received on non-performing exposures subject to forbearance measures**
All figures in € million				**of which: in default**	**of which: impaired**				
005	Cash balances with central banks and other demand deposits	-	-	-	-	-	-	-	-
010	**Loans and advances**	**2,133**	**2,406**	**2,406**	**2,035**	**-27**	**-752**	**3,699**	**1,597**
020	Central banks	-	-	-	-	-	-	-	-
030	General governments	-	-	-	-	-	-	-	-
040	Credit institutions	-	-	-	-	-	-	-	-
050	Other financial corporations	-	-	-	-	-	-	-	-
060	Non-financial corporations	2,133	2,406	2,406	2,035	-27	-752	3,699	1,597
070	Households	-	-	-	-	-	-	-	-
080	**Debt Securities**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
090	**Loan commitments granted**	**51**	**62**	**62**	**62**	**-**	**-**	**98**	**47**
100	**Total**	**2,185**	**2,467**	**2,467**	**2,097**	**-27**	**-752**	**3,797**	**1,644**

[1] Gross carrying amount (nominal value for loan commitments granted) before deduction of impairment losses on financial assets and provisions in the lending business, but after write-downs, before the application of Credit risk mitigation techniques and before credit conversion factors (CCF).

[2] The value of the reported collateral and guarantees is limited to the carrying amount (nominal value of loan commitments granted) of the secured/guaranteed forborne exposures.

[3] Exposures subject to forbearance measures under Article 47b of the CRR may be classified as performing or non-performing, depending on whether they meet the conditions set out in Article 47a of the CRR regarding ‘non-performing exposures’.

EU CQ4: Quality of non-performing exposures by geographical area

All figures in € million			a	b	c	d	e	f	g
			Gross carrying/nominal amount [1]				Accumulated impairment [3]	Provisions for off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures [4]
				of which: non-performing		of which: subject to impairment [2]			
					of which: in default				
010	**On-balance-sheet exposures [5]**		**37,224**	**2,422**	**2,422**	**36,279**	**-753**	——	**-130**
1	(DE)	Germany	12,275	960	960	11,781	-230	——	-6
2	(FR)	France	5,246	243	243	5,246	-44	——	-
3	(AT)	Austria	3,579	-	-	3,579	-1	——	-
4	(LU)	Luxembourg	3,046	426	426	2,983	-146	——	-11
5	(US)	United States of America	3,017	618	618	2,838	-234	——	-104
6	(PL)	Poland	1,634	78	78	1,609	-5	——	-9
7	(ES)	Spain	1,631	-	-	1,631	-2	——	-
8	(NL)	Netherlands	1,275	-	-	1,275	-2	——	-
9	(SE)	Sweden	1,031	-	-	933	-2	——	-
10		Other countries [6]	4,492	97	97	4,405	-86	——	-
020	**Off-balance-sheet exposures [5]**		**1,517**	**96**	**96**	——	——	**4**	——
1	(DE)	Germany	787	71	71	——	——	2	——
2	(LU)	Luxembourg	256	1	1	——	——	-	——
3	(FR)	France	227	-	-	——	——	-	——
4	(US)	United States of America	68	24	24	——	——	-	——
5	(ES)	Spain	53	-	-	——	——	-	——
6	(SE)	Sweden	40	-	-	——	——	-	——
7	(NL)	Netherlands	34	-	-	——	——	-	——
8		Other countries [7]	53	-	-	——	——	-	——
030	**Total**		**38,742**	**2,519**	**2,519**	**36,279**	**-753**	**4**	**-130**

[1] Gross carrying amount (nominal value for off-balance-sheet items) before deduction of impairment losses on financial assets and provisions in the lending business, but after write-downs, before the application of Credit risk mitigation techniques and before credit conversion factors (CCF).
[2] An impairment in accordance with the three impairment stages under IFRS 9.
[3] Impairment losses (Stages 1 to 3) on financial assets measured at amortised cost.
[4] Cumulative negative changes in fair value attributable to credit risk; for financial assets measured at fair value through profit or loss, a fair value allowance is implied.
[5] The regional allocation of risk positions to a country is based on the country of residence of the direct counterparty (such as the direct borrower, counterparty or issuer of the securities).
[6] Balance sheet credit risk exposures: For reasons of materiality, the pbb Group does not disclose individual country breakdowns in accordance with the Pillar 3 framework.
The line 'Other countries' comprises other countries whose share of on-balance-sheet credit risk exposures is less than 2% in each case: United Kingdom, Finland, Czech Republic, Italy, Jersey, Portugal, Slovakia, Romania, Belgium, Denmark, Bermuda, Slovenia, Mauritius, Switzerland, Latvia, Ireland, Oman, Ghana, Bangladesh, Cameroon and Liechtenstein.
Furthermore, the line 'Other countries' includes risk exposures to supranational organisations. In accordance with the Pillar 3 framework, these are to be allocated to this category rather than to the institution's country of domicile.
[7] Off-balance-sheet risk exposures: For reasons of materiality, the pbb Group does not disclose all countries individually in accordance with the Pillar 3 framework.
The line 'Other countries' groups together further countries whose share of off-balance-sheet credit risk exposures is less than 2% in each case: the United Kingdom, Jersey, Finland, Italy, Bermuda, Poland and Denmark.

EU CQ5: Credit quality of loans and credit to non-financial corporations by economic sector

		a	b	c	d	e	f
		Gross carrying amount [1]				**Accumulated impairment**	**Accumulated negative changes in fair value due to credit risk on non-performing exposures**
			of which: non-performing		**of which: loans and advances subject to impairment**		
All figures in € million				**of which: in default**			
010	Agriculture, forestry and fishing [2) 3)]	0	0	0	0	0	0
020	Mining and quarrying	0	0	0	0	0	0
030	Manufacturing	17	0	0	17	0	0
040	Electricity, gas, steam and air conditioning supply	14	0	0	14	0	0
050	Water supply	49	0	0	49	0	0
060	Construction	22	0	0	22	0	0
070	Wholesale and retail trade	0	0	0	0	0	0
080	Transport and storage	101	0	0	101	0	0
090	Accommodation and food service activities	53	0	0	53	0	0
100	Information and communication	20	0	0	20	0	0
110	Financial and insurance activities	0	0	0	0	0	0
120	Property activities	26,020	2,422	2,422	25,247	-752	-130
130	Professional, scientific and technical activities	56	0	0	56	0	0
140	Administrative and support service activities	24	0	0	24	0	0
150	Public administration and defence, compulsory social security	0	0	0	0	0	0
160	Education	62	0	0	62	0	0
170	Human health services and social work activities	347	0	0	347	0	0
180	Arts, entertainment and recreation	0	0	0	0	0	0
190	Other services	1	0	0	1	0	0
200	**Total**	**26,787**	**2,422**	**2,422**	**26,014**	**-752**	**-130**

[1] Gross carrying amount (nominal value for off-balance-sheet items) before deduction of impairment losses on financial assets and provisions in the lending business, but after write-downs, before the application of Credit risk mitigation techniques and before credit conversion factors (CCF).
[2] Classification according to the counterparty's NACE code is based on the principal business activity of the direct counterparty (such as the direct borrower, counterparty or issuer of the securities) or that of the most significant or decisive debtor. The NACE codes correspond to the NACE Regulation: Statistical Classification of Economic Activities in the European Community.
[3] When classifying a counterparty, only those counterparties falling within sectors relating to non-financial corporations are taken into account. The FINREP sector 'Non-financial corporations' comprises, in accordance with Implementing Regulation (EU) 2021/451, corporations and quasi-corporations that are not engaged in financial intermediation but are principally involved in the production of market goods and the provision of non-financial services.

Table EU CQ7, in accordance with Article 442(c) of the CRR, provides an overview of the rescue acquisitions made by the institution, which originate from non-performing exposures and were acquired through repossession.

In January 2024, pbb, through its wholly-owned and consolidated subsidiary Niagara Asset Management LLC, Atlanta, USA, acquired 21.7% of the shares in the company 161 North Clark Holdco LLC, New York City, USA, as part of a rescue acquisition carried out with consortium partners. The pbb Group accounts for its shares in 161 North Clark Holdco LLC using the equity method and recognises them in the balance sheet under the heading 'Investments accounted for using the equity method'. The carrying amount on initial recognition in the pbb Group balance sheet was €13 million; the carrying amount as at the disclosure date is approximately €1 million (31 December 2025: €4 million).

EU CQ7: Collateral acquired through repossession and enforcement proceedings

		a	b
		Collateral obtained by taking possession	
All figures in € million		Value on initial recognition[1]	Accumulated negative changes [2]
010	Property, plant and equipment (PP&E)	-	-
020	Other than PP&E	13	-13
030	Residential property	-	-
040	Commercial immovable property	13	-13
050	Movable property (cars, shipping, etc.)	-	-
060	Equity and debt instruments	-	-
070	Other collateral	-	-
080	**Total [3]**	**13**	**-13**

[1] Gross carrying amount on initial recognition in the balance sheet.
[2] Cumulative impairment or cumulative negative changes in the value of the collateral obtained on initial recognition.
[3] The balance of collateral obtained recognised in the balance sheet as at the disclosure date, i.e. the original balance (at the end of the last financial year) plus additions and disposals during the disclosure period (since the end of the last financial year).

Credit risk mitigation techniques

This chapter presents the information required under Article 453 of the CRR regarding the credit risk mitigation techniques used within the pbb Group for credit risk (arising from loans and credits, debt securities and off-balance-sheet exposures) and Counterparty credit risk (arising from derivative and securities financing transactions), as well as the types of collateral utilised in this context.

The key features of the rules and procedures for the valuation and management of this eligible collateral, as well as for the netting used by the pbb Group for regulatory purposes, are described in the Disclosure Report as at 31 December 2025 (chapter 'Credit risk mitigation techniques', sections 'Valuation and Management of Eligible Collateral' and 'On-balance-sheet and Off-balance-sheet Netting', page 128 et seq.) are described in the Disclosure Report as at 31 December 2025.

Significant collateral used for credit risk mitigation

The pbb Group's core business is commercial property finance (Real Estate Finance Solutions, REFS), with a focus on transactions eligible for mortgage-backed securities. In the context of Counterparty credit risk mitigation (Credit risk, Counterparty credit risk), the pbb Group takes the following significant collateral into account:

- Property (mortgages)
- Sureties and guarantees
- Financial collateral.

In particular, mortgages (property) are of key importance in property financing. Furthermore, the pbb Group accepts sureties and guarantees as well as financial collateral (primarily cash collateral and, to some extent, securities) as security. Financial collateral serves as security for the pbb Group within the framework of netting agreements for derivatives and securities financing transactions (securities repurchase agreements and securities lending transactions).

The pbb Group did not enter into any hedging transactions involving credit derivatives (purchased or sold credit hedges) in the first half of 2026, either as a hedging beneficiary or as a hedging provider.

The guarantors are primarily financial institutions and public-sector clients. The guarantors have a very good credit rating. Financial Risk & Control (FR&C) reports regularly on the largest guarantors as part of the risk reporting process to the pbb Executive Board.

Use of collateral to reduce own funds requirements

Real estate collateral is taken into account as a credit risk mitigant in the calculation of own funds requirements, specifically when determining the risk weights for risk positions secured by real estate, in accordance with the provisions of the CRR. In addition to property, collateral in property financing generally also includes rent assignments and the assignment of insurance proceeds. This collateral is not taken into account as a credit risk mitigant for the purposes of capital adequacy.

Sureties and guarantees are recognised as credit risk mitigants by means of the substitution principle. This means that the secured portion of a claim is assigned the lower risk weight of the surety or guarantor.

Financial collateral is recognised as a credit risk mitigant when determining exposure at default (EAD).

The procedures for accepting collateral within the pbb Group are governed by internal processing guidelines for each type of collateral. To ensure legal enforceability, standardised contract terms are generally used, which are continuously reviewed in light of the changing legal environment. To this end, a Group-wide process has been established to ensure that the enforceability of all CRR-relevant collateral is subject to ongoing legal monitoring . The calculation and determination of collateral values are documented in a transparent manner. Valuation reports used to estimate a liquidation value contain statements regarding the marketability of the collateral.

Quantitative information on credit risk mitigation

The following EU CR3 table, in accordance with Article 453(f) of the CRR, shows the credit risk positions secured by eligible collateral on the basis of net carrying amount (broken down by loans and credits, including balances with central banks and demand deposits, as well as debt securities), for which the pbb Group calculates the risk-weighted exposure amounts in accordance with the IRB approach (F-IRBA) or the standardised approach (KSA).

EU CR3: Overview of credit risk mitigation techniques

		a	b	c	d	e
		Unsecured net carrying amount [3]	Secured net carrying amount [1) 2)]			
				of which: secured by collateral [4]	of which: secured by financial guarantees	
All figures in € million						of which: secured by credit derivatives
1	Loans and advances	5,906	26,543	25,526	1,017	-
2	Debt securities	5,631	505	-	505	———
3	**Total**	**11,537**	**27,047**	**25,526**	**1,521**	**-**
4	of which: non-performing exposures	57	1,609	1,606	3	-
5	of which: in default	57	1,609	———	———	———

[1] EU CR3 shows the net value of risk positions: gross carrying amount after deduction of impairment losses on financial assets and write-downs, but before the application of Credit risk mitigation techniques. Off-balance-sheet items are not included.
[2] Exposures to which at least one credit risk mitigation mechanism in accordance with Part 3, Title II, Chapter 4 of the CRR is assigned. These are collateral/guarantees that may be taken into account as risk-reducing factors when calculating Own funds requirements for lending activities. The value of the reported collateral/guarantees is limited to the net value of the secured/guaranteed exposures.
[3] Risk positions to which no Credit risk mitigation techniques have been applied, for which neither collateral has been pledged nor guarantees received. 'Loans and advances' here also include balances with central banks and claims on credit institutions repayable on demand.
[4] Risk positions secured by collateral (mortgages on property).

Credit risk – Standardised approach

This chapter presents the information in accordance with Articles 444(e) and 453(g), (h) and (i) of the CRR on on-balance-sheet and off-balance-sheet credit risk exposures for which the pbb Group calculates the risk-weighted exposure amounts using the standardised approach (SA).

Application of the Standardised Approach

The pbb Group uses the Standardised Approach in accordance with Articles 111 et seq. of the CRR – alongside the F-IRBA – for all credit risk exposures that are not subject to the ‘SPV investors’ PD rating system (primarily the IRBA exposure class ‘corporate – specialised financing’).

Effect of credit risk mitigation

Under the Standardised Approach, sureties and guarantees are taken into account as mitigants for credit risk through a standard substitution of the risk weight. This means that the secured portion of an exposure is assigned the lower risk weight of the surety or guarantor. This means that the secured portion of an IRBA exposure (for example, a corporate exposure) is reported under the Standardised Approach using the lower risk weight of the guarantor (for example, a public-sector entity), or that guaranteed KSA exposures are assigned the lower risk weight and exposure class of the guarantor. The guarantors are primarily financial institutions and public-sector clients that are treated under the Standardised Approach.

Quantitative disclosures on credit risk exposures under the Standardised Approach

The following tables, EU CR4 and EU CR5, in accordance with Articles 444(e) and 453(g), (h) and (i) of the CRR, show, for on-balance-sheet and off-balance-sheet KSA credit risk positions – broken down by exposure class in each case – the exposure values (before and after credit risk mitigation), the risk-weighted exposure amounts (RWA), the risk weights and the RWA density, as well as the effects of the credit conversion factors (Credit Conversion Factor, CCF) and eligible collateral.

EU CR4: Standardised Approach – Credit Risk and the Effect of Credit Risk Mitigation

		a	b	c	d	e	f
	Exposure classes	**Exposures prior to CCF and prior to CRM [1)]**		**Exposures after CCF and after CRM [2)]**		**RWAs and RWA density**	
All figures in € million, unless otherwise stated		**On-balance-sheet exposures**	**Off-balance-sheet exposures**	**On-balance-sheet exposures**	**Off-balance-sheet amount**	**RWAs [3)]**	**RWA density [4)] (%)**
1	Central governments or central banks	6,074	-	6,938	-	31	0.44
2	Non-central government public sector entities	4,122	28	4,091	11	145	3.53
EU 2a	Regional governments or local authorities	2,839	28	3,482	11	72	2.05
EU 2b	Public sector entities	1,283	-	609	-	73	11.99
3	Multilateral development banks	339	-	339	-	-	-
EU 3a	International organisations	250	-	250	-	-	-
4	Institutional	354	-	47	-	12	25.89
5	Covered bonds	309	-	309	-	31	10.00
6	Corporates	671	122	186	54	196	81.56
6.1	of which: specialised lending	-	-	-	-	-	-
7	Subordinated debt exposures and equity	11	3	11	1	30	250.00
EU 7a	Subordinated debt exposures	-	-	-	-	-	-
EU 7b	Equity	11	3	11	1	30	250.00
8	Retail	-	-	-	-	-	-
9	Secured by mortgages on immovable property and ADC exposures	5,431	619	5,431	249	2,840	50.01
9.1	secured by mortgages on residential immovable property – non-IPRE	1,995	40	1,995	16	430	21.37
9.2	secured by mortgages on residential immovable property - IPRE	121	125	121	50	38	22.23
9.3	secured by mortgages on commercial immovable property – non-IPRE	2,425	53	2,425	22	1,368	55.93
9.4	secured by mortgages on commercial immovable property – IPRE	566	113	566	45	344	56.31
9.5	Acquisition, Development and Construction (ADC)	325	289	325	116	661	150.00
10	Exposures in default	276	51	276	24	434	144.53
EU 10a	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
EU 10b	Collective investment undertakings (CIU)	3	-	3	-	7	260.00
EU 10c	Other items	156	-	156	-	281	179.92
12	**Total**	**17,996**	**823**	**18,037**	**338**	**4,006**	**21.80**

1) Net value of KSA risk positions: gross carrying amount after deduction of value adjustments/provisions and write-downs, but before application of Credit risk mitigation techniques and credit conversion factors (CCF).
2) KSA exposure at default (EAD) values, both after deduction of value adjustments/provisions and write-downs and after application of Credit risk mitigation techniques and credit conversion factors (CCF).
3) Risk-weighted KSA exposure amounts (Risk-weighted Assets, RWA).
4) RWA density (%): Calculated by dividing the RWA per KSA exposure class (column e) by the respective EAD (columns c plus d).

EU CR5: Standardised Approach

		a	d	e	f	j	k	p	t	u	y	z	aa
	Exposure classes	**Risk weight [1]**										**Total**	**Of which unrated [2]**
All figures in € million, unless otherwise stated		**0%**	**10%**	**20%**	**30%**	**50%**	**60%**	**100%**	**150%**	**250%**	**Other**		
1	Central governments or central banks	**6787**	**-**	**150**	-	-	-	-	-	-	-	**6,938**	**6,150**
2	Non-central government public sector entities	3,598	-	359	-	146	-	-	-	-	-	4,102	3,500
EU 2a	Regional governments or local authorities	3,135	-	359	-	-	-	-	-	-	-	3,493	2,893
EU 2b	Public sector entities	463	-	-	-	146	-	-	-	-	-	609	608
3	Multilateral development banks	339	-	-	-	-	-	-	-	-	-	339	339
EU 3a	International organisations	250	-	-	-	-	-	-	-	-	-	250	250
4	Institutional	-	-	19	27	-	-	-	-	-	-	47	47
5	Covered bonds	-	309	-	-	-	-	-	-	-	-	309	309
6	Corporates	-	-	42	-	-	-	197	1	-	-	240	240
6.1.	of which: specialised lending	-	-	-	-	-	-	-	-	-	-	-	-
7	Subordinated debt exposures and equity	-	-	-	-	-	-	-	-	12	-	12	12
EU 7a	Subordinated debt exposures	-	-	-	-	-	-	-	-	-	-	-	-
EU 7b	Equity	-	-	-	-	-	-	-	-	12	-	12	12
8	Retail exposures	-	-	-	-	-	-	-	-	-	-	-	-
9	Secured by mortgages on immovable property and ADC exposures	-	-	2,117	-	-	2,865	257	440	-	-	5,680	5,680
9.1	secured by mortgages on residential immovable property – non-IPRE	-	-	1,956	-	-	-	56	-	-	-	2,012	2,012
9.1.1	no loan splitting applied	-	-	-	-	-	-	-	-	-	-	-	-
9.1.2	loan splitting applied (secured)	-	-	1,956	-	-	-	-	-	-	-	1,956	1,956
9.1.3	loan splitting applied (unsecured)	-	-	-	-	-	-	56	-	-	-	56	56
9.2	secured by mortgages on residential immovable property - IPRE	-	-	161	-	-	-	9	-	-	-	171	171
9.3	secured by mortgages on commercial immovable property – non-IPRE	-	-	-	-	-	2,316	130	-	-	-	2,446	2,446
9.3.1	no loan splitting applied	-	-	-	-	-	-	-	-	-	-	-	-
9.3.2	loan splitting applied (secured)	-	-	-	-	-	2,316	-	-	-	-	2,316	2,316
9.3.3	loan splitting applied (unsecured)	-	-	-	-	-	-	130	-	-	-	130	130
9.4	secured by mortgages on commercial immovable property - IPRE	-	-	-	-	-	549	62	-	-	-	611	611
9.5	Acquisition, Development and Construction (ADC)	-	-	-	-	-	-	-	440	-	-	440	440
10	Exposures in default	-	-	-	-	-	-	33	267	-	-	300	300
EU 10a	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
EU 10b	Collective investment undertakings (CIU)	-	-	-	-	-	-	-	-	-	3	3	3
EU 10c	Other items	-	-	-	-	-	-	73	-	83	-	156	156
EU 11c	**Total**	10,974	309	2,687	27	146	2,865	560	709	95	3	18,375	16,986

[1] The EU CR5 table shows the KSA exposure at default (EAD) figures both after deduction of value adjustments/provisions and write-downs, and after application of Credit risk mitigation techniques and credit conversion factors (CCF). The table shows only those columns (risk weights) in which the pbb Group reports exposures. Accordingly, the risk weight columns not shown (hidden) are not relevant to the pbb Group.
[2] A rating from a recognised rating agency (External Credit Assessment Institutions, ECAI) is not available.

Credit risk – IRB approach

This chapter presents the information in accordance with Articles 452 and 453(g) and (j), as well as Article 438(h) of the CRR, on on-balance-sheet and off-balance-sheet credit risk exposures for which the pbb Group calculates the risk-weighted exposure amounts using the IRB Basic Approach (F-IRBA) based on internal bank rating procedures, in accordance with Article 142 et seq. CRR.

The pbb Group uses the F-IRBA for the majority of its commercial property financing, namely for all credit risk positions assigned to the “SPV investors” PD rating system (primarily the corporate exposure class – special financing).

Quantitative information on credit risk positions under the IRB approach

The following EU CR6 table, in accordance with Article 452(g) of the CRR, shows the on-balance-sheet and off-balance-sheet credit risk exposures for the portfolios falling within the scope of the IRB approach and rated using a prudentially approved rating procedure. It shows the key IRBA parameters that are decisive for the calculation of own funds requirements. Table EU CR6 is shown here only for the exposure classes relevant to the pbb Group.

In addition, Table EU CR7-A, in accordance with Article 453(g) of the CRR, shows the impact of eligible collateral under the IRB approach.

Table EU CR7, in accordance with Article 453(j) of the CRR, concerning the impact of credit derivatives used as credit risk mitigation techniques on risk-weighted exposure amounts (RWA), is not relevant to the pbb Group. As at the disclosure date, the pbb Group had no credit derivatives in its portfolio.

EU CR6: IRB approach – Credit risk exposures by exposure class and PD band

All figures in € million, unless otherwise stated

F-IRB	PD range 1)	a On-balance-sheet expo-sures 2)	b Off-balance-sheet expo-sures pre-CCF 3)	c Exposure-weighted average CCF 4)	d Exposure post-CCF and post-CRM 5)	e Exposure-weighted average PD (%) 6)	f Number of obligors	g Exposure-weighted average LGD (%) 7)	h Exposure-weighted average maturity (years)	i Risk-weighted exposure amount after supporting factors 8)	j Density of risk-weighted exposure amount (%) 9)	k Expected loss amount	l Value adjust-ments and provisions
Corporates – General	0.00 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.00 to <0.10	-	-	-	-	-	-	-	-	-	-	-	-
	0.10 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to <2.50	62	-	-	62	1.31	1	20.00	3	28	44.97	-	-
	0.75 to <1.75	62	-	-	62	1.31	1	20.00	3	28	44.97	-	-
	1.75 to <2.5	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to <10.00	40	-	-	40	4.41	3	20.62	3	17	42.57	-	-
	2.5 to <5	40	-	-	40	4.41	2	20.61	3	17	42.54	-	-
	5 to <10	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
	10 to <20	-	-	-	-	-	-	-	-	-	-	-	-
	20 to <30	-	-	-	-	-	-	-	-	-	-	-	-
	30.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (default)	114	-	-	114	100.00	1	33.68	3	-	-	38	-49
Subtotal		**216**	**-**	**-**	**216**	**53.98**	**5**	**27.34**	**3**	**45**	**20.79**	**39**	**-49**

F-IRB		a	b	c	d	e	f	g	h	i	j	k	l
	PD range [1]	**On-balance-sheet exposures [2]**	**Off-balance-sheet exposures pre-CCF [3]**	**Exposure-weighted average CCF [4]**	**Exposure post-CCF and post-CRM [5]**	**Exposure-weighted average PD (%) [6]**	**Number of obligors**	**Exposure-weighted average LGD (%) [7]**	**Exposure-weighted average maturity (years)**	**Risk-weighted exposure amount after taking supporting factors into account [8]**	**Density of risk-weighted exposure amount (%) [9]**	**Expected loss amount**	**Value adjustments and provisions**
All figures in € million, unless otherwise stated													
Corporates – Specialised lending [10]	0.00 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.00 to <0.10	-	-	-	-	-	-	-	-	-	-	-	-
	0.10 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to <0.50	120	-	-	120	0.42	4	20.00	3	31	25.92	-	-
	0.50 to <0.75	148	-	-	148	0.60	4	23.89	3	43	29.42	-	-
	0.75 to <2.50	3,526	28	40.09	3,537	1.77	66	21.93	3	1,710	48.36	14	-4
	0.75 to <1.75	1.725	28	40.09	1.736	1.33	35	20.58	3	718	41.37	5	-1
	1.75 to <2.5	1,800	-	-	1,800	2.20	31	23.24	3	992	55.10	9	-2
	2.50 to <10.00	12,108	581	40.17	12,300	4.74	227	23.45	3	7,657	62.25	140	-32
	2.5 to <5	8,019	334	40.00	8,153	3.91	150	22.65	3	4,710	57.77	73	-16
	5 to <10	4,088	247	40.41	4.148	6.38	77	25.01	3	2,946	71.04	67	-16
	10.00 to <100.00	1,062	31	40.00	1.074	15.05	33	30 December	3	1,210	112.68	53	-27
	10 to <20	965	20	40.00	974	11.98	30	29.10	3	1,042	107.02	35	-18
	20 to <30	33	10	40.00	37	23.35	2	40.00	3	57	154.80	3	-3
	30.00 to <100.00	63	1	40.00	64	57.04	1	40.00	3	112	174.79	15	-6
	100.00 (default)	1,772	45	40.00	1,790	100.00	28	32.87	3		-	588	-438
Subtotal		**18,734**	**684**	**40.15**	**18,969**	**13.70**	**362**	**24.41**	**3**	**10,651**	**56.15**	**795**	**-501**
Total (all exposure classes)		**18,950**	**684**	**40.15**	**19,184**	——	**366**	——	**3**	**10,696**	**55.75**	**834**	**-550**

[1] PD ranges for the estimated probability of default (PD) without taking into account substitution effects arising from Credit risk mitigation techniques.
[2] Gross carrying amount before deduction of impairment losses (but after write-downs) and before the application of Credit risk mitigation techniques.
[3] Nominal value before deduction of provisions, before the application of Credit risk mitigation techniques and before credit conversion factors (CCF).
[4] Risk-weighted average conversion factor for off-balance-sheet exposures, weighted by the off-balance-sheet exposure as per column (c).
[5] IRBA exposure at default (EAD) after the application of credit risk mitigation techniques and credit conversion factors (CCF), but before the deduction of value adjustments/provisions.
[6] Exposure-weighted average probability of default (PD), weighted by the exposure value as set out in column (e).
[7] Exposure-weighted average loss given default (LGD), weighted by the exposure value as set out in column (e).
[8] Risk-weighted IRBA exposure amounts (Risk-weighted Assets, RWA) following support factors for SMEs and infrastructure in accordance with Articles 501 and 501a of the CRR. The IRBA exposure classes 'Equity' and 'Other assets that are not credit obligations", which are not based on own LGD and/or CCF estimates, are not reported.
[9] RWA ratio (%): Calculated by dividing RWA (column j) by the respective EAD (column e).
[10] Excluding specialised financing within the meaning of Article 153(4) of the CRR.

EU CR7-A: IRB approach – Disclosure of the extent of the use of credit risk mitigation techniques

		a	b	c	d	e	f	g	h	i	j	k	l	m	n
		Total exposures [1]	**Credit risk mitigation techniques** [2]											**Credit risk mitigation methods in the calculation of RWEAs**	
			Funded credit Protection (FCP)									**Unfunded credit protection (UFCP)**			
			Proportion of exposures covered by financial collateral (%)	**Proportion of exposures covered by other eligible collateral (%)**				**Proportion of exposures covered by other funded credit protection (%)**				**Proportion of exposures covered by guarantees (%)**	**Proportion of exposures covered by credit derivatives (%)**	**RWA without substitution effects (reduction effects only)** [3]	**RWA with substitution effects (both reduction and substitution effects)** [4]
	A-IRB				**Proportion of exposures covered by immovable property collateral (%)**	**Proportion of exposures covered by receivables (%)**	**Proportion of exposures covered by other physical collateral (%)**		**Proportion of exposures covered by cash on deposit (%)**	**Proportion of exposures covered by life insurance policies (%)**	**Proportion of exposures covered by instruments held by a third party (%)**				
All figures in € million, unless otherwise stated															
1	Central governments and central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Regional governments and local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Institutional	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Corporates	19,184	-	78.90	78.90	-	-	-	-	-	-	-	-	10,696	10,696
5.1	Corporates – General	216	-	63.31	63.31	-	-	-	-	-	-	-	-	45	45
5.2	Corporates – Specialised lending	18,969	-	79.07	79.07	-	-	-	-	-	-	-	-	10,651	10,651
5.3	Corporates – Purchased receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	**Total**	**19,184**	**-**	**78.90**	**78.90**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**10,696**	**10,696**

[1] Exposure at Default (EAD) based on credit conversion factors (CCF), but excluding Credit risk mitigation techniques/substitution effects arising from a guarantee.

[2] The collateral reported in columns (b) to (l) shows, in each case, the proportion of the total risk positions as per column (a) that is secured by the respective collateral. The value of the collateral is, in each case, relative to the value of the secured risk position.

[3] Risk-weighted IRBA exposure amounts (Risk-weighted Assets, RWA) by Credit risk mitigation techniques. Classification into an IRBA exposure class was based on the relevant exposure class of the original obligor.

[4] Risk-weighted IRBA exposure amounts (Risk-weighted Assets, RWA) by Credit risk mitigation techniques. Classification into an IRBA exposure class was determined by the relevant exposure class of the collateral provider.

Credit risk positions

The relevant regulatory exposure measure for determining risk-weighted assets (RWA) or for calculating own funds requirements is the exposure at default (EAD). The CRR-compliant EAD for IRBA credit risk positions represents the outstanding claim in the event of a default and, for most products, corresponds to the IFRS carrying amount on the balance sheet (including accrued interest). In the case of an existing committed undrawn credit facility, this – multiplied by the product-specific credit conversion factor (CCF) – is included as a further component in the EAD. The CCF indicates how much of an undrawn credit facility is expected to be drawn down within one year prior to a potential default. Under F-IRBA, however, the CCF is prescribed by regulatory requirements and amounts to 40% for the vast majority of products in the pbb portfolio. The EAD is calculated for all exposures, regardless of whether a default event has actually already occurred or not.

For on-balance-sheet and off-balance-sheet IRBA credit risk positions, the EAD amounts to €19,184 million and the RWA to €10,696 million (31 March 2026: €12,239 million). The main reasons for the reduction in RWA in the second quarter of 2026 (€-1,534 million compared with 31 March 2026) are shown in the following EU CR8 table in accordance with Article 438(h) of the CRR.

EU CR8: RWA flow statement for credit risks under the IRB approach

All figures in € million		a Risk-weighted exposure amount [1]
1	**Risk-weighted exposure amount as at the end of the previous reporting period**	**12,239**
2	Asset size (+/-)	-303
3	Asset quality (+/-)	-99
4	Model updates (+/-)	-
5	Methodology and policy (+/-)	-1.066
6	Acquisitions and disposals (+/-)	-
7	Foreign exchange movements (+/-)	6
8	Other (+/-)	-81
9	**Risk-weighted exposure amount at the end of the reporting period**	**10,696**

[1] Risk-weighted IRBA exposure amounts (RWA) following application of the SME support factor in accordance with Article 501 of the CRR, Counterparty default risk positions (derivatives and securities financing transactions), however, are not included in EU CR8.

Factors influencing the development of RWA included, amongst others, regular and early repayments, which exceeded the new business written in commercial property finance in the second quarter of 2026 (EU CR8, line 2), rating downgrades on credit exposures, new defaults on risk positions (which are assigned a 0% risk weight under the F-IRBA) and increases in LGD (Loss Given Default) due to falling market values of property (EU CR8, line 3), currency effects (EU CR8, line 7), mainly relating to the US dollar (USD), and, in particular, the changes in valuations described in the chapter “Own funds requirements and RWA” in the so-called “Hard test” (EU CR8, line 5).

RWA density

The average RWA density for the IRBA credit risk positions “Corporate – Specialised Financing” is 56.2% (31 December 2025: 61.2%). Risk weights are a key component in determining the risk-weighted exposure amounts to be underwritten with capital; RWA is calculated by multiplying the risk weight by the exposure at default (EAD).

PD

The probability of default (PD) indicates the probability that a borrower/counterparty will be unable to service their loan in accordance with the terms of the contract over the course of a year (irrespective of the amount of the receivable and the collateral provided). The PD for the IRBA credit risk positions 'Corporate – Specialised Financing' averages 13.7% (31 December 2025: 13.1%).

LGD

Loss Given Default (LGD) indicates the expected loss ratio that an institution will incur in the event of a customer's default. For the IRBA credit risk positions 'Corporate – Specialised Financing', this averages 24.4% (31 December 2025: 25.4%). The LGD is calculated using an internal model; however, this is not applied in the Pillar 1 calculation, as the pbb portfolio is not subject to the Advanced IRB approach (A-IRBA).

CCF

The undrawn IRBA credit commitments under 'Corporate – Specialised Financing' (before CCF) total €684 million (31 December 2025: €849 million). The average CCF, which indicates the proportion of an undrawn facility that is expected to be drawn down within one year prior to a potential default, stands at 40.2% (31 December 2025: 40.6%). Under the F-IRBA, a CCF of 40% is prescribed by regulatory requirements for the vast majority of products in the pbb portfolio.

Counterparty credit risk

This section presents information on the pbb Group's counterparty credit risk arising from derivative and securities financing transactions (securities repurchase agreements/securities lending transactions), in accordance with Article 439 of the CRR, as well as Articles 438(h), 444(e) and 452(g) of the CRR.

Counterparty credit risk (CCR) refers to the risk of a counterparty defaulting in the context of a derivative or securities financing transaction before the final settlement of the payments associated with that transaction.

Objective and counterparties

Derivatives

Within the pbb Group, derivatives are primarily used to hedge market risks arising, for example, from changes in interest rates and exchange rates. These hedging transactions are matched by underlying transactions relating to asset or liability positions. Hedging against interest rate and currency risks is aimed at reducing or avoiding market risks. The counterparties in derivatives transactions are primarily OECD credit institutions or Eurex Clearing. In addition, the pbb Group provides derivatives to clients so that they, in turn, can specifically hedge market risks associated with commercial property financing, for example.

Securities financing transactions

The use of securities repurchase agreements and securities lending transactions serves the purpose of short-term liquidity management and is also a key source of secured refinancing for pbb. The counterparties are primarily OECD credit institutions or Eurex Repo.

Qualified central counterparty

pbb is a direct clearing member of Eurex Clearing. Eurex Clearing is the central clearing house used by pbb, or the qualified central counterparty (qualified CCP) in accordance with Article 4(88) of the CRR. This enables the pbb Group to settle certain types of contracts via a central counterparty, thereby reducing bilateral counterparty risk.

Capital adequacy procedures

Derivatives

To calculate the own funds requirements for Counterparty credit risk in accordance with Part 3, Title II, Chapter 6 of the CRR (i.e. for derivative transactions), the pbb Group applies the standardised approach (SA-CCR) in accordance with Articles 274 et seq. of the CRR. The Group does not currently use its own internal models (Internal Model Method, IMM).

Securities financing transactions

For securities financing transactions (securities repurchase agreements/securities lending transactions), the pbb Group applies the provisions on credit risk mitigation set out in Chapter 4 of the CRR, specifically the comprehensive method for recognising financial collateral in accordance with Articles 223 et seq. of the CRR.

Qualified central counterparty

To calculate the own funds requirements for contributions to the default fund of a qualifying central counterparty, the pbb Group applies the risk-sensitive approach set out in Article 308 of the CRR.

Quantitative information on counterparty credit risk

The following tables, EU CCR1, EU CCR3, EU CCR4, EU CCR5 and EU CCR8, show the pbb Group's counterparty credit risk positions as at the disclosure reference date of 30 June 2026.

Table EU CCR6 "Exposures in credit derivatives" in accordance with Article 439(j) of the CRR is not relevant to the pbb Group. The pbb Group has not entered into any hedging transactions involving credit derivatives (purchased or sold credit protection), either as a hedging party or as a counterparty.

Similarly, Table EU CCR7 'RWA flow statement for CCR exposures under the IMM' in accordance with Article 438(h) of the CRR is not relevant to the pbb Group. The pbb Group does not use an internal model-based approach (IMM) for Counterparty credit risk.

Counterparty default risk positions

The exposure values based on Exposure at Default (EAD) for Counterparty credit risk – excluding initial margin payments and contributions to the default fund – amount to €269 million (31 December 2025: €297 million), of which €86 million (31 December 2025: €88 million) relates to receivables from the central counterparty Eurex Clearing.

The €28 million decrease in EAD in the first half of 2026 is primarily due to the reduction in the volume of derivatives (down €26 million compared with 31 December 2025). Exposures to the central counterparty Eurex Clearing remain at the level recorded at the end of 2025 (down €2 million compared with 31 December 2025).

Of the total EAD of €269 million, €226 million relates to risk positions treated under the Standardised Approach (KSA) and €43 million to risk positions under the IRB approach (F-IRBA). Under the Standardised Approach, the exposure values to Eurex Clearing are reported, amongst other things (exposure class 'Institutions').

The risk positions relating to contributions to Eurex Clearing's Default Fund amount to €15 million (31 December 2025: €15 million). The Default Fund serves to cover losses that may arise from the default of one or more clearing members and which exceed the losses covered by initial margin requirements.

Mitigation of counterparty default risk and collateralisation

Transactions involving derivatives, as well as securities repurchase and securities lending transactions, are usually concluded by means of standardised bilateral netting agreements, which serve to minimise legal risk as well as economic and regulatory counterparty default risk and which enable the offsetting of mutual risks (netting). This allows the positive and negative market values of all contracts covered by a netting agreement to be offset against one another, whilst also reducing the future regulatory risk premiums for these products. As part of the netting process, credit risk is reduced to a single net claim against the counterparty. The pbb Group does not apply cross-product netting (derivatives versus securities financing transactions).

In line with the netting agreements, the pbb Group also enters into standard market collateral agreements (German Collateral Annex to the DRV or ISDA Collateral Support Annex) with certain counterparties, in addition to the netting agreements, in order to secure the net receivable or liability resulting from netting (receipt or provision of collateral). The collateral agreements limit credit risk through the timely valuation and adjustment of the customer exposure (limit relief), thereby creating scope for new business transactions within the granted counterparty credit lines.

Financial collateral, predominantly cash but in some cases also securities, is accepted as security in connection with derivatives and securities repurchase agreements/securities lending transactions. Collateral is generally provided by way of a transfer of full title; in the case of securities, it may also be provided by way of a pledge. pbb generally provides or receives cash collateral in euros. Table EU CCR5 shows the breakdown of collateral received and provided as at the disclosure reference date.

Table EU CCR1 shows the counterparty credit risk in accordance with the method used pursuant to Article 439(f), (g), (k) and (m) of the CRR. Risk positions vis-à-vis central counterparties are not included here; these are shown separately in the following Table EU CCR8.

EU CCR1: Analysis of the CCR risk position by approach

		a	b	c	d	e	f	g	h
All figures are in € million, unless otherwise stated		**Replacement cost (RC) 4)**	**Potential future exposure (PFE) 5)**	**EEPE 6)**	**Alpha used to calculate the regulatory exposure value**	**Exposure value pre-CRM 7)**	**Exposure value post-CRM 8)**	**Exposure value 9)**	**RWA 10)**
EU-1	EU – Original Exposure Method (for derivatives)	-	-	——	1.4	-	-	-	-
EU-2	EU – Simplified SA-CCR (for derivatives)	-	-	——	1.4	-	-	-	-
1	SA-CCR (for derivatives) 1) 2)	112	203	——	1.4	319	183	183	89
2	IMM (for derivatives and SFTs)	——	——	-	-	-	-	-	-
2a	of which: securities financing transaction netting sets	——	——	-	——	-	-	-	-
2b	of which: derivatives and long settlement transactions netting sets	——	——	-	——	-	-	-	-
2c	of which: from contractual cross-product netting sets	——	——	-	——	-	-	-	-
3	Simple method for financial collateral (for SFTs)	——	——	——	——	-	-	-	-
4	Comprehensive method for financial collateral (for SFTs) 3)	——	——	——	——	-	-	-	-
5	VaR for SFTs	——	——	——	——	-	-	-	-
6	**Total**	——	——	——	——	**319**	**183**	**183**	**89**

1) Table EU CCR1 does not include risk positions vis-à-vis central counterparties (CCPs).
2) pbb calculates the exposure value for Counterparty credit risk on derivative transactions using the standardised approach (SA-CCR) in accordance with Part 3, Chapter 6, Section 3 of the CRR.
3) For securities financing transactions (securities lending/repo transactions), pbb applies the provisions on credit risk mitigation in accordance with Part 3, Chapter 4 of the CRR, using the comprehensive method set out in Article 223 et seq. of the CRR.
4) Replacement cost (RC), taking into account collateral received/provided, calculated in accordance with Article 275 of the CRR.
5) Potential Future Exposure (PFE) calculated in accordance with Article 278 of the CRR.
6) Effective expected positive replacement value (effective EPE) in accordance with Article 272(22) of the CRR when applying the internal model method (IMM).
7) Derivatives (row 1): exposure value after netting, but before credit risk mitigation (collateral received) and excluding CVA (Credit Valuation Adjustment) losses recognised in the profit and loss account.
SFTs (row 4): Exposure value (cash or securities amount) before netting and before credit risk mitigation.
8) Derivatives (row 1): Exposure value after netting and after credit risk mitigation (collateral received), but excluding CVA losses recognised in the profit and loss account.
SFTs (row 4): Exposure at Default (EAD) after netting and credit risk mitigation.
9) Exposure at Default (EAD), the relevant amount (which is assigned the counterparty's risk weight) for the calculation of risk-weighted exposure amounts (column h).
The EAD of a netting set is calculated as follows: EAD = 1.4 × (RC + PFE).
Derivatives (row 1): Exposure at Default after netting and credit risk mitigation (collateral received), and after taking into account CVA losses recognised in the profit and loss account.
SFTs (row 4): Exposure value after netting and credit risk mitigation.
10) Risk-weighted assets (RWA) for determining own funds requirements under the standardised or IRB approach to credit risk.

Table EU CCR8 shows the risk positions vis-à-vis central counterparties in accordance with Article 439(i) of the CRR. The qualified central counterparty (qualified CCP) used by pbb is Eurex Clearing.

EU CCR8: Exposures to central counterparties (CCPs)

All figures in € million, unless otherwise stated		a **Exposure value** [1]	b **RWA** [2]
1	**Exposures to QCCPs (total)**	—	**5**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	86	2
3	(i) OTC derivatives	11	-
4	(ii) Exchange-traded derivatives	-	-
5	(iii) SFTs	75	1
6	(iv) netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin [3]	-	—
8	Non-segregated initial margin [4]	-	-
9	Pre-funded default fund contributions	-	-
10	Unfunded default fund contributions	15	4
11	**Exposures to non-QCCPs (total)**	—	-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC derivatives	-	-
14	(ii) Exchange-traded derivatives	-	-
15	(iii) SFTs	-	-
16	(iv) netting sets where cross-product netting has been approved	-	—
17	Segregated initial margin	-	-
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

[1] Exposure at Default (EAD), excluding exposures to non-CCPs (CCP: Central Counterparty).
[2] Risk-weighted assets (RWA), excluding exposures to non-CCPs.
[3] Collateral held out of court in a manner that is protected against insolvency within the meaning of Article 300(1) of the CRR.
[4] Collateral not held out of court in a manner that is protected against insolvency within the meaning of Article 300(1) of the CRR.

Table EU CCR3 shows Counterparty credit risk under the standardised approach by exposure class and risk weight in accordance with Articles 439(l) and 444(e) of the CRR. Under the standardised approach, the exposure values to Eurex Clearing are reported, amongst others (exposure class 'institutions').

EU CCR3: Standardised Approach – CCR risk positions by regulatory exposure class and risk weight

		a	b	c	d	e	f	g	h	i	j	k	l
	Exposure classes	**Risk weight**											**Total exposure value [1)]**
All figures in € million, unless otherwise stated		**0%**	**2%**	**4%**	**10%**	**20%**	**50%**	**70%**	**75%**	**100%**	**150%**	**Others**	
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	1	-	-	-	-	-	-	-	-	-	-	1
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutional	-	86	-	-	43	-	-	-	-	-	93	222
7	Corporates	-	-	-	-	-	-	-	-	3	-	-	3
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-
9	Institutions and corporates with a short-term credit rating	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-	-	-	-	-	-	-
11	**Total exposure value**	**1**	**86**	**-**	**-**	**43**	**-**	**-**	**-**	**3**	**-**	**93**	**226**

[1)] Exposure at Default (EAD), including transactions cleared through Eurex Clearing, in accordance with the regulatory COREP reporting on own funds and own funds requirements.

Table EU CCR4 shows the Counterparty credit risk under the IRB approach by exposure class and PD scale in accordance with Articles 439(l) and 452(g) of the CRR. The table is presented only for the exposure class 'Corporates – Specialised Financing'. No counterparty default risk positions are allocated to the other IRBA exposure classes as at the disclosure reference date.

EU CCR4: IRB approach – CCR risk positions by exposure class and PD scale

			a	b	c	d	e	f	g
All figures in € million, unless otherwise stated	**Exposure class**	**PD scale** [1]	**Exposure value** [2]	**Exposure-weighted average PD (%)** [3]	**Number of obligors**	**Exposure-weighted average LGD (%)** [4]	**Exposure-weighted average maturity (years)**	**RWA** [5]	**Density of risk-weighted exposure amounts (%)** [6]
1	**Corporates – Specialised Lending**	0.00 to <0.15	-	-	-	-	-	-	-
2		0.15 to <0.25	-	-	-	-	-	-	-
3		0.25 to <0.50	-	-	-	-	-	-	-
4		0.50 to <0.75	-	-	-	-	-	-	-
5		0.75 to <2.50	4	2	15	37	3	4	95
6		2.50 to <10.00	37	5	73	39	3	41	111
7		10.00 to <100.00	2	11	1	40	3	4	175
8		100.00 (default)	-	-	-	-	-	-	-
	Sub-total		**43**	**5**	**91**	**39**	**3**	**48**	**112**
Total (all CCR-relevant risk position classes)			**43**	**5**	**91**	**39**	**3**	**48**	**112**

[1] PD ranges for the estimated probability of default (PD) without taking into account substitution effects arising from Credit risk mitigation techniques.
[2] Exposure at Default (EAD).
[3] Exposure-weighted average probability of default (PD), weighted by the exposure value as set out in column (a).
[4] Exposure-weighted average loss given default (LGD), weighted by the exposure value as set out in column (a).
[5] Risk-weighted assets (RWA).
[6] RWA density (%): Calculated by dividing the RWA (column f) by the respective EAD (column a).

Table EU CCR5 shows the collateral received and posted for Counterparty credit risk, broken down by derivatives and securities financing transactions, in accordance with Article 439(e) of the CRR.

EU CCR5: Composition of collateral for CCR risk positions

		a	b	c	d	e	f	g	h
		Collateral used in derivative transactions				**Collateral used in SFTs**			
	Type of collateral	**Fair value of collateral received**		**Fair value of posted collateral**		**Fair value of collateral received**		**Fair value of posted collateral**	
All figures in € million		**Segregated [1)]**	**Unsegregated [2)]**	**Segregated [1)]**	**Unsegregated [2)]**	**Segregated [1)]**	**Unsegregated [2)]**	**Segregated [1)]**	**Unsegregated [2)]**
1	Cash – domestic currency	-	-	-	-	-	-	-	-
2	Cash – other currencies	-	-	-	-	-	-	-	-
3	Domestic sovereign debt	-	-	-	-	-	-	-	-
4	Other sovereign debt	-	-	-	-	-	-	-	-
5	Government agency debt	-	-	-	-	-	-	-	-
6	Corporate bonds	-	-	-	-	-	-	-	-
7	Equity securities	-	-	-	-	-	-	-	-
8	Other collateral	-	-	-	-	-	210	-	-
9	**Total**	**-**	**-**	**-**	**-**	**-**	**210**	**-**	**-**

[1)] Collateral held out of court in a manner that is protected against insolvency within the meaning of Article 300(1) of the CRR.
[2)] Collateral that is not held out of court with insolvency protection within the meaning of Article 300(1) of the CRR.

CVA risk

This chapter provides information in accordance with Article 445a of the CRR in conjunction with Article 438 of the CRR on the credit valuation adjustment (CVA) risk of the pbb Group arising from over-the-counter (i.e. bilateral) OTC derivative transactions.

Procedures for CVA risk

CVA and DVA

To take account of the expected counterparty default risk, the pbb Group applies Credit Valuation Adjustments (CVA) and Debt Valuation Adjustments (DVA) to OTC derivatives; these are valuation adjustments applied when valuing OTC derivatives for accounting purposes. CVA refers to the valuation adjustments for the counterparty's default risk (deterioration in credit quality), whilst DVA refers to the adjustments for the Group's own default risk (deterioration in its own credit quality) vis-à-vis a counterparty. CVA losses are recognised in the profit and loss account and taken into account when determining the exposure value. The DVA adjustments are deducted from Common Equity Tier 1 Capital.

CVA charge

The CVA charge is the additional own funds requirement for the risk of a change in credit ratings for OTC derivatives, i.e. for potential (unexpected) losses in market value arising from a deterioration in the creditworthiness of counterparties or changes in credit spreads. Transactions with Eurex Clearing are not included in the own funds requirements for CVA risk.

Methodology for capital allocation

To calculate the additional own funds requirements for OTC derivatives relating to the risk of a credit valuation adjustment (CVA risk) in accordance with Part 3, Title VI of the CRR, the pbb Group uses the reduced basic approach (R-BA) as set out in Article 384 of the CRR. The conditions set out in Article 273a(2) of the CRR are met; the volume of the pbb Group's on- and off-balance-sheet derivative transactions does not exceed any of the thresholds specified therein.

The risk-weighted exposure amounts (RWA) for CVA risk amounted to €118 million as at the disclosure date (31 December 2025: €124 million) and the own funds requirements to €9 million (31 December 2025: €10 million). The reduction in RWA in the first half of 2026 results from changes in EAD and maturity in the derivative transactions.

The EU CVA4 table (Standardised Approach, SA), which is subject to quarterly disclosure, is not relevant to the pbb Group.

Securitisations

This section presents information on the pbb Group's securitisation positions in accordance with Article 449 of the CRR. A securitisation refers to a transaction or structure whereby the Credit risk associated with an exposure or a pool of exposures is divided into tranches and which meets all the criteria set out in Article 2(1) of the Securitisation Regulation (Regulation (EU) 2017/2402).

Description of securitisation activities

In its securitisation business, pbb operates exclusively in the regulatory role of originator. Securitisations in the regulatory roles of sponsor or investor, as well as re-securitisations, are not undertaken. pbb generally holds originator securitisations in the investment book. The pbb Group does not maintain a trading book for securities and derivatives portfolios held with the intention of generating short-term profits.

Originator

In December 2025, the pbb Group, acting as originator, carried out a synthetic on-balance-sheet Securitisation for the purpose of a significant risk transfer (SRT). The aim of the transaction was capital and risk management, but also, to a significant extent, the strategic withdrawal from the US business. The transaction was based on 26 commercial property loans granted by pbb in the US, primarily in the office segment. The reference portfolio amounted to USD 2.1 billion; after deducting a 5% pari passu retention, pbb retained a first-loss piece and insured a USD 321 million mezzanine tranche by means of a cash-backed credit-linked note. The remaining senior tranche continues to be held on pbb's balance sheet. As part of its ongoing capital and risk management, pbb will continue to explore options for Securitisations of the bank's own receivables.

Types of risk arising for institutions from their securitisation activities

Credit risk

Credit risk essentially relates to the value and performance of the underlying securitised receivables portfolio. It should be noted that the pbb Group holds a first-loss position as well as a senior position.

Market risk and liquidity risk

The market and liquidity risks to which the pbb Group is exposed as a result of originator securitisations are taken into account by integrating the securitisation position into the internal management processes for these types of risk.

Operational risk

In general, securitisation activities may give rise to operational risks, including legal risks. To mitigate losses, resulting operational risks are integrated into the Group-wide operational risk management framework and the internal control system.

Methods for calculating risk-weighted exposure amounts and designated rating agencies

Regulatory approach to calculating risk-weighted exposure amounts

The originator securitisation positions are based exclusively on securitisations falling within the scope of the IRB approach; consequently, the SEC-IRBA regulatory approach is used to calculate the risk-weighted exposure amounts for the originator securitisation positions. The collateralisation of the mezzanine tranche by a credit-linked note is taken into account when determining the risk-weighted exposure amounts. The synthetic originator securitisation is not a so-called STS securitisation ('simple, transparent and standardised securitisation') in accordance with Articles 243 and 270 of the CRR in conjunction with Chapter 4 of the Securitisation Regulation.

Designated rating agencies

No use is made of rating agencies (External Credit Assessment Institutions, ECAIs) in the originator securitisation.

Internal Assessment Approach (IAA)

The pbb Group does not apply the Internal Assessment Approach (IAA) to determine the risk weight of a securitisation position.

Securitisation special-purpose vehicles and legal entities

Securitisation special-purpose vehicles and legal entities

As at the disclosure date, the pbb Group does not use any securitisation special purpose entities or legal entities within the meaning of Article 449(d) and (e) of the CRR.

Entities affiliated with the institution that invest in Securitisations

As at the disclosure date, there are no legal entities affiliated with the pbb Group that invest in Securitisations within the meaning of Article 449(f) of the CRR.

Summary of accounting policies for securitisation activities

Originator

The pbb Group generally distinguishes between securitisations involving the transfer of receivables (so-called traditional securitisations or true-sale securitisations) and securitisations without the transfer of receivables (so-called synthetic securitisations).

In the case of traditional securitisations (true-sale transactions), the transfer of risk and the release of capital are achieved through the sale of on-balance-sheet assets. The assets are generally derecognised in accordance with the derecognition criteria of IFRS 9 once substantially all the risks and rewards have been transferred to third parties.

In the case of synthetic securitisations, the securitised portfolio is generally not derecognised under IFRS. The securitisations may not be derecognised, as the derecognition criteria under IFRS 9 are not met. The underlying receivables continue to be classified in their assigned IFRS category and are therefore recognised in the pbb Group's financial statements. The recognition and measurement of these receivables continue to be carried out in accordance with the rules of this IFRS category.

Quantitative information on securitisation positions

The following tables, EU SEC1, EU SEC3 and EU SEC5, show the pbb Group's securitisation risk positions as at the disclosure reference date of 30 June 2026.

Table EU SEC2 'Securitisation positions in the trading book' in accordance with Article 449(j) of the CRR is not relevant to the pbb Group. The pbb Group does not maintain a trading book for securities and derivatives portfolios held with the intention of realising short-term profits.

Similarly, Table EU SEC4 'Securitisation positions in the investment book and associated capital requirements – institution acting as an investor' in accordance with Article 449(k) of the CRR is not relevant to the pbb Group. In its securitisation business, pbb acts in the regulatory role of originator. However, it does not act in the regulatory role of investor.

Securitisation risk positions

The carrying amount of the originator securitisation positions (the securitised risk positions) as at the disclosure date is €1,701 million (31 December 2025: €1,710 million). The exposure value based on the Exposure at Default (EAD) for these securitisation positions amounts to €1,376 million (31 December 2025: €1,386 million), after taking into account eligible collateral. The securitisations are classified neither as defaulted (Article 178 CRR) nor as impaired (Stage 3 impairment).

The risk-weighted exposure amounts (RWA) for the originator securitisation positions amount to €672 million (31 December 2025: €209 million) and the minimum own funds requirements to €54 million (31 December 2025: €17 million). The increase in securitisation positions in the investment book (up €463 million compared with 31 December 2025) results from the revised valuations under the so-called "Hard test" for the commercial property market in the US. The synthetic originator securitisation (Significant Risk Transfer, SRT) is based on non-non-performing US property finance, primarily loans for office buildings.

Following a careful review of EBA Q&A 2026_7688 dated 27 February 2026, pbb had adjusted its RWA calculation as at 31 March 2026 accordingly (loss of the LGD collateralisation privilege for property in the US); see Disclosure Report as at 31 March 2026 (chapter "Own funds requirements and RWA", page 13). The figures as at 31 December 2025, on the other hand, are still based on the assumption that the 'Hard test' for the US has been met.

EU SEC1: Securitisation positions in the investment book

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		The institution acts as originator							Institution acts as sponsor				Institution acts as an investor			
		Traditional				Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
		STS		Non-STS			of which SRT		STS	Non-STS			STS	Non-STS		
			of which SRT		of which SRT											
All figures in € million																
1	**Total exposures [1]**	**-**	**-**	**-**	**-**	**1,376**	**1,376**	**1,376**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2	Retail (total)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Residential mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Credit card	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Other retail exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Wholesale (total)	-	-	-	-	1,376	1,376	1,376	-	-	-	-	-	-	-	-
8	Loans to corporates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Commercial mortgage	-	-	-	-	1,376	1,376	1,376	-	-	-	-	-	-	-	-
10	Leases and receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Other wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

[1] Exposure at Default (EAD) following the application of Credit risk mitigation techniques.
[2] 'STS': 'Simple, Transparent and Standardised Securitisations' in accordance with Article 18 et seq. of the Securitisation Regulation.
[3] 'SRT': securitisation positions where the originator has transferred significant Credit risk to third parties (Articles 244 and 245 of the CRR).

EU SEC3: Securitisation positions in the investment book and associated capital requirements – institution acting as originator or sponsor

		a	b	c	d	e	f	g	h	i
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)			
All figures in € million		<= 20% RW	> 20% to 50% RW	> 50% to 100% RW	> 100% to < 1,250% RW	1,250% RW/deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1,250% RW/deductions
1	**Total exposures**	**-**	**1,376**	**-**	**-**	**-**	**1,376**	**-**	**-**	**-**
2	Traditional transactions	-	-	-	-	-	-	-	-	-
3	Securitisation	-	-	-	-	-	-	-	-	-
4	Retail	-	-	-	-	-	-	-	-	-
5	of which STS	-	-	-	-	-	-	-	-	-
6	Wholesale	-	-	-	-	-	-	-	-	-
7	of which STS	-	-	-	-	-	-	-	-	-
8	Re-securitisation	-	-	-	-	-	-	-	-	-
9	Synthetic transactions	-	1,376	-	-	-	1,376	-	-	-
10	Securitisation	-	1,376	-	-	-	1,376	-	-	-
11	Retail underlying	-	-	-	-	-	-	-	-	-
12	Wholesale	-	1,376	-	-	-	1,376	-	-	-
13	Re-securitisation	-	-	-	-	-	-	-	-	-

		j	k	l	m	n	o	EU-p	EU-q
		RWA (by regulatory approach)				Capital charge after cap			
All figures in € million		SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1.250% RW/deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1.250% RW/deductions
1	**Total exposures**	**672**	**-**	**-**	**-**	**54**	**-**	**-**	**-**
2	Traditional transactions	-	-	-	-	-	-	-	-
3	Securitisation	-	-	-	-	-	-	-	-
4	Retail	-	-	-	-	-	-	-	-
5	of which STS	-	-	-	-	-	-	-	-
6	Wholesale	-	-	-	-	-	-	-	-
7	of which STS	-	-	-	-	-	-	-	-
8	Re-securitisation	-	-	-	-	-	-	-	-
9	Synthetic transactions	672	-	-	-	54	-	-	-
10	Securitisation	672	-	-	-	54	-	-	-
11	Retail underlying	-	-	-	-	-	-	-	-
12	Wholesale	672	-	-	-	54	-	-	-
13	Re-securitisation	-	-	-	-	-	-	-	-

EU SEC5: Securitisations of exposures performed by the institution – defaulted exposures and specific credit risk adjustments

		a	b	c
		Exposures securitised by the institution – the institution acts as originator or sponsor		
		Total outstanding nominal amount		**Total amount of specific credit risk adjustments made during the period [1)]**
All figures in € million			**of which exposures in default**	
1	**Total exposures**	**1,701**	**-**	**-**
2	Retail (total)	-	-	-
3	Residential mortgage	-	-	-
4	Credit card	-	-	-
5	Other retail exposures	-	-	-
6	Re-securitisation	-	-	-
7	Wholesale (total)	1,701	-	-
8	Loans to corporates	-	-	-
9	Commercial mortgage	1,701	-	-
10	Leases and receivables	-	-	-
11	Other wholesale	-	-	-
12	Re-securitisation	-	-	-

[1)] Level 3 impairment allowances recognised in accordance with IFRS 9.

Shadow banking entities

As at the disclosure date, the pbb Group had no exposures to Shadow banking entities. Disclosure in accordance with Article 449b of the CRR, 'Disclosure of aggregate exposures to Shadow banking entities', is therefore not relevant to the pbb Group.

Market risk

Market risk describes the risk of a loss in fair value or a negative change in the periodic interest income due to fluctuations in the market prices of financial instruments. The pbb Group's transactions are primarily subject to the following types of market risk: general interest rate risk (risk arising from changes in general market interest rates), basis risk (risk arising from changes in tenor basis spreads or cross-currency basis spreads), volatility risk (risk arising from changes in implied volatilities), credit spread risk (risk arising from changes in credit spreads), foreign exchange risk (risk arising from changes in foreign exchange rates) and concentration risk (risk arising from an unbalanced portfolio composition).

This chapter sets out information on the market risk (including interest rate risk in the banking book) of the pbb Group for the purpose of determining Own funds requirements in accordance with Article 445 of the CRR, and on interest rate risk in the banking book in accordance with Article 448 of the CRR.

Own funds requirements for market risk

Market risks must be underwritten by own funds in accordance with Part 3, Title IV of the CRR. The pbb Group continues not to maintain a trading book for securities and derivatives portfolios held with the intention of generating short-term profits. In this respect, the pbb Group's transactions are subject exclusively to the Own funds requirements for foreign exchange risk in the banking book (the risk arising from changes in foreign exchange rates), as set out in the following table: EU MR1 in accordance with Article 445 of the CRR in conjunction with Implementing Regulation (EU) 2021/637.

The calculation of capital requirements for Market risk in accordance with Part 3, Title IV of the CRR is carried out within the pbb Group – until the introduction of the Fundamental Review of the Trading Book (FRTB) framework[1] – using the standardised approach in accordance with the CRR II regulations in conjunction with Implementing Regulation (EU) 2021/637[2]. The pbb Group does not use its own internal models (Internal Models Approach, IMA). Accordingly, the tables EU MR2-A/EU MR2-B, EU MR3 and EU MR4 pursuant to Articles 455 and 438(h) of the CRR are not relevant to the pbb Group.

Quantitative information on market risk

Table EU MR1, in accordance with Article 445 of the CRR in conjunction with the Implementing Regulation (EU) 2021/637, shows the own funds requirements and the risk-weighted exposure amounts (RWA) for the pbb Group's market risk.

As at the disclosure date, the RWA amounted to €28 million (31 December 2025: €224 million). The significant decline in RWA of €196 million in the first half of 2026 is primarily due to an adjustment to the LGD factors for the US property finance underlying the synthetic originator Securitisation (Significant Risk Transfer, SRT), as well as from repayments of US property finance facilities and changes in credit spreads on the US dollar (USD). The capital requirement for market risks amounted to €2 million as at the reporting date (31 December 2025: €18 million).

[1] The introduction of the Fundamental Review of the Trading Book (FRTB) framework – a conceptual and methodological overhaul of both the standardised and internal model approaches, as well as a clarification of the definition of the trading book in accordance with the framework of the Basel Committee on Banking Supervision – and consequently also the new Market risk disclosure requirements introduced by CRR III in accordance with Articles 445 and 455 of the CRR, has been postponed by the European Commission, on the basis of Article 461a of the CRR, until 1 January 2027. Until then, or until the introduction of the new FRTB framework, the provisions of CRR II in conjunction with Implementing Regulation (EU) 2021/637 will continue to apply to Market risk; this includes the calculation of Own funds requirements for Market risk as well as the related disclosure requirements (Pillar 3).

[2] Disclosure of the new tables EU MR1 to EU MR3, introduced by CRR III in accordance with Articles 445 and 455 of the CRR in conjunction with Implementing Regulation (EU) 2024/3172 – by which Implementing Regulation (EU) 2021/637 was generally repealed with effect from 1 January 2025, i.e. with the exception of Article 15 'Disclosure of the use of the standardised approach and internal market risk models' of this Implementing Regulation (EU) – is only required upon the introduction of the FRTB regulations.

EU MR1: Market risk under the standardised approach

All figures in € million		a Risk-weighted assets (RWA)	a Minimum capital requirement
	Outright products		
1	Interest rate risk (general and specific)	-	-
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	28	2
4	Commodity risk	-	-
	Options		
5	Simplified approach	-	-
6	Delta-plus approach	-	-
7	Scenario approach	-	-
8	Securitisation (specific risk)	-	-
9	**Total**	**28**	**2**

Interest rate risk in the banking book

Unlike credit risks, other market risks (foreign exchange risks) or operational risks, the CRR does not provide for any regulatory capital requirement for interest rate risk in the banking book.

Notwithstanding the fact that no capital requirements are envisaged, the pbb Group applies the same methods and processes to interest rate risk in the banking book as it does for market risk measurement, as described in the Disclosure Report as at 31 December 2025 (chapter 'Management of Market Risk', page 165 et seq.). As set out there, pbb takes into account not only present-value interest rate risks but also periodic interest rate risks, and measures, manages and monitors these risks on a regular basis.

pbb is subject to direct supervision by the ECB and meets the additional own funds requirements and capital requirements in accordance with the ECB's SREP.

Risk metrics and risk reporting

Present value interest rate risk

Present value interest rate risks in the investment book comprise the risk relating to an institution's economic value arising from adverse interest rate movements affecting interest rate-sensitive instruments, including yield curve risk (gap risk), basis risk and option risk. These present value risks, measured in terms of sensitivities and Value at Risk (VaR) metrics, are determined on a daily basis by Financial Risk & Control (FR&C) – independently of trading activities – for all interest-rate-sensitive positions in the banking book. Compliance with sensitivity triggers and Value at Risk (VaR) limits is also reviewed on a daily basis and reported to pbb's Executive Board. On a monthly basis, the internal and regulatory stress scenarios specific to the present value interest rate risk in the banking book are calculated in accordance with the requirements of the EBA Guidelines EBA/GL/2022/14.

Periodic interest rate risk

The periodic interest rate risk in the banking book reflects the risk associated with changes in yield curves in relation to the Bank's earnings position. The measurement considers changes in net interest income, assuming a constant balance sheet total (Delta Static Net Interest Income) in accordance with IFRS 9, resulting from changes in interest rates. The calculation is carried out quarterly with a simulation horizon covering the following four quarters.

In addition, the Dynamic Earnings Model is used for the internal management of periodic interest rate risk – in accordance with EBA/GL/2022/14. Unlike the Static Net Interest Income, this model does not assume a constant balance sheet total; instead, new business data is taken from the multi-year plan, and in addition to net interest income, net commission income, net realised gains or losses, net income from financial instruments measured at fair value through profit or loss, and changes in accumulated other comprehensive income are calculated. Negative deviations from the baseline are always monitored at the end of each quarter, with a separate trigger for changes in the profit and loss account and in accumulated other comprehensive income. In pbb's various interest rate stress scenarios, the triggers were not activated during the reporting period from 31 December 2025 to 30 June 2026. The periodic interest rate risk is assessed quarterly as part of the Dynamic Earnings Model.

Quantitative information on interest rate risk in the banking book

Table EU IRRBB1, in accordance with Article 448(1)(a) and (b) of the CRR, shows the interest rate risk in the banking book for the pbb Group. The table includes the change in net interest income and the present value of banking book positions in the event of shifts in the yield curves within the six regulatory interest rate scenarios.

Present value interest rate risk

Overall, as at the end of June 2026, under the above-mentioned assumptions in accordance with Guidelines EBA/GL/2022/14, the pbb Group reports the greatest potential for a negative change in present value from the interest rate shock scenario, which simulates a parallel upward shift in the yield curves. In this scenario, the present value loss in the investment book amounts to €115 million.

Periodic interest rate risk

With regard to periodic interest rate risk, a sudden parallel rise in yield curves would have a negative impact on the Delta Static NII. The change in the Delta Static NII as at 30 June 2026, in the event of a positive currency-specific parallel shift in the yield curves, to a total of €-21 million, or in the event of a negative currency-specific parallel shift – with a dynamic interest rate floor in accordance with EBA/GL/2022/14 – to €+24 million. The change compared with the previous reporting period is mainly attributable to the balance sheet structure and maturing business, in conjunction with the Static NII method.

EU IRRBB1: Interest rate risk in the investment book

		a	b	c	d
	Supervisory shock scenarios	Changes in the economic value of equity [1]		Changes in net interest income [2]	
All figures in € million		30.06.2026	31.12.2025	30.06.2026	31.12.2025
1	Parallel up	-115	-160	-21	-13
2	Parallel down	55	79	24	20
3	Steepener	20	17	-	-
4	Flattener	-66	-69	-	-
5	Short rate up	-94	-110	-	-
6	Short rate down	50	58	-	-

[1] ∆ EVE: A measure of changes in the present value of all interest-rate-sensitive instruments in the investment portfolio resulting from sudden movements in interest rates, assuming that all positions in the investment portfolio expire without replacement.
[2] ∆ NII: The change in NII is an income-based metric that measures the change in net interest income resulting from a sudden movement in interest rates over the following four quarters. The NII figures shown at∆ relate to a currency-specific parallel shift in the yield curves of +/- 200 basis points for all currencies, with the exception of CHF (+/-100 basis points) and GBP (+/-250 basis points).

Liquidity and funding risk

Liquidity risk is the risk of being unable to meet existing or future payment obligations in full, on time or in accordance with their time structure.

This chapter provides information on the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) of the pbb Group in accordance with Article 451a(2) and (3) of the CRR.

Liquidity coverage ratio

The liquidity coverage requirement, or Liquidity Coverage Ratio (LCR), is calculated as the ratio of an institution's liquidity buffer (i.e. its holdings of high-quality liquid assets) to its net liquidity outflows during a 30-calendar-day stress period, and is expressed as a percentage.

In accordance with Article 412 of the CRR, the LCR is intended to require institutions to maintain a liquidity buffer in the form of highly liquid assets in order to be able to offset net cash outflows over a period of 30 days in the event of stress. The specified stress scenario encompasses both market-wide and institution-specific impacts. During periods of stress, institutions may use their liquid assets to cover their net liquidity outflows, even if such use of liquid assets causes the LCR to fall below the applicable minimum threshold of 100% during such periods.

For regulatory purposes, a minimum LCR of 100% must be maintained. The figures calculated for the pbb Group in the first half of 2026 remained well above this minimum at all times. The LCR as at the disclosure date of 30 June 2026 was 402% (31 March 2026: 185%).

Information on the Liquidity coverage ratio

The following EU LIQ1 table, in accordance with Article 451a(2) of the CRR, sets out information on the LCR for the pbb Group. The information includes the figures and values as at the disclosure reference date of 30 June 2026, as well as for each of the three calendar quarters preceding the disclosure reference date. Unlike the reference date figures mentioned above, these values and figures are calculated as simple averages of the month-end data for the twelve months preceding the end of each quarter. The EU LIQ1 table contains all items relevant to the LCR calculation.

The average LCR as at 30 June 2026 is 342% (EU LIQ1, row 23, column e). This is primarily attributable to the high liquidity reserve, consisting of highly liquid assets (HQLA). Changes in the liquidity reserve and in net liquidity outflows arise from the differing dynamics of new business in property finance and its refinancing.

Liquidity management within the pbb Group

pbb is the only credit institution within the pbb Group. Group-wide liquidity management is carried out centrally by pbb's Treasury division.

Refinancing sources

The pbb Group utilises a broad spectrum of refinancing sources. In addition to deposits from retail and institutional customers, refinancing is achieved through the issuance of mortgage bonds, promissory notes and unsecured bonds on the capital market, as well as through open market operations with the ECB and repo transactions on the interbank market and on Eurex.

Liquidity buffer

As at the disclosure date, liquidity reserves amounted to €3,893 million (average figure), consisting of highly liquid Level 1 assets. The liquidity buffer consists predominantly of liquid cash and Level 1 HQLA bonds. Level 1 includes withdrawable deposits with the Deutsche Bundesbank, debt securities issued by central governments, regional or local authorities, public bodies, multilateral development banks or international organisations, and credit institutions with state guarantees.

Liquidity outflows and inflows

Liquidity inflows are influenced in particular by expected loan repayments and refinancing funds raised. Liquidity outflows comprise the following:

- mortgage loans or other loans that have been committed but not yet drawn down
- maturing refinancing funds
- potential margin calls.

Cash flows from derivative positions accounted for only a small proportion, on average, of total net cash flows in the first half of 2026. The pbb Group uses a historical look-back approach (HLBA) to calculate potential margin calls on derivatives; this involves analysing margin calls observed in the past and deriving a conservative estimate for potential future margin calls from this data. On average, this figure stood at €416 million. No significant impact on the provision of collateral is expected from any potential changes in credit ratings.

Significant foreign currency

As at 30 June 2026, the pbb Group had no foreign currency, or no significant currency as defined in Article 415(2a) of the CRR, for which aggregate liabilities amounted to at least 5% of total liabilities. The foreign currency positions have no significant impact on the liquidity position.

EU LIQ1: Quantitative disclosures on the LCR

	All figures are in € million, unless otherwise stated	a	b	c	d	e	f	g	h
		Total unweighted value (average) [1]				Total weighted value (average) [1]			
EU 1a	**Quarter ending on:**	**30.06.2026**	**31.03.2026**	**31.12.2025**	**30.09.2025**	**30.06.2026**	**31.03.2026**	**31.12.2025**	**30.09.2025**
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
High-quality liquid assets									
1	Total high-quality liquid assets (HQLA)	—	—	—	—	**3,893**	**3,916**	**3,621**	**3,483**
Cash outflows									
2	Retail deposits and deposits from small business customers, of which:	898	912	910	935	215	217	215	223
3	Stable deposits	-	-	-	-	-	-	-	-
4	Less stable deposits	854	868	869	890	171	174	174	178
5	Unsecured wholesale funding	671	679	630	629	525	534	491	495
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-	-	-	-	-
7	Non-operational deposits (all counterparties)	345	342	327	320	199	196	188	186
8	Unsecured debt	326	338	303	309	326	338	303	309
9	Secured wholesale funding	—	—	—	—	60	60	85	50
10	Additional requirements	416	437	445	457	416	437	445	457
11	Outflows relating to derivative exposures and other collateral requirements	416	437	445	457	416	437	445	457
12	Outflows relating to the loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	-	-	-	-	-	-	-	-
14	Other contractual funding obligations	62	64	54	53	39	42	33	32
15	Other contingent funding obligations	1,503	1,397	1,346	1,311	549	475	446	420
16	**Total cash outflows**	—	—	—	—	**1,805**	**1,766**	**1,715**	**1,676**
Cash inflows									
17	Secured lending (e.g. reverse repos)	-	9	42	42	-	-	-	-
18	Inflows from fully performing exposures	542	469	486	459	333	294	305	290
19	Other cash inflows	132	183	206	199	132	183	206	199
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)	—	—	—	—	-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)	—	—	—	—	-	-	-	-
20	**Total cash inflows**	674	660	734	700	**465**	**477**	**512**	**489**
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to a 90% cap	-	-	-	-	49	73	-	-
EU-20c	Inflows subject to a 75% cap	674	660	734	700	416	404	512	489
Total adjusted value									
EU-21	**Liquidity buffer**	—	—	—	—	**3,893**	**3,916**	**3,621**	**3,483**
22	**Total net cash outflows**	—	—	—	—	**1,364**	**1,312**	**1,227**	**1,211**
23	**Liquidity coverage ratio (%)**	—	—	—	—	**342**	**367**	**355**	**349**

[1] The figures and values are calculated as at the reporting date and for each of the three calendar quarters preceding the reporting date, based on the simple averages of the month-end surveys covering the twelve months preceding the end of each quarter.

Net stable funding ratio

The Net stable funding ratio (NSFR) is calculated as the ratio of Available Stable Funding (ASF) to Required Stable Funding (RSF); the NSFR is expressed as a percentage.

Unlike the Liquidity Coverage Ratio (LCR), which is intended to ensure a liquidity buffer over a 30-day period in the event of stress, the Net Stable Funding Ratio (NSFR) is designed to ensure medium- and long-term structural, stable liquidity. The aim of the NSFR is to ensure a sustainable maturity structure for assets and liabilities. Key factors within the pbb Group in this regard are property financing on the one hand and the corresponding refinancing on the other. The pbb Group does not treat any assets and liabilities as interdependent.

Under regulatory requirements, a minimum NSFR of 100% must be maintained. The figures calculated for the pbb Group in the first half of 2026 were consistently well above this minimum at all times. The NSFR as at the disclosure date of 30 June 2026 was 113% (31 December 2025: 118%).

Quantitative information on the net stable funding ratio

The following EU LIQ2 tables, in accordance with Article 451a (3) of the CRR, show the end-of-quarter figures for the pbb Group's NSFR for each quarter of the relevant disclosure period in 2026.

The fluctuations in the NSFR in the first half of 2026 result primarily from changes in the maturity structure and composition of assets and liabilities.

EU LIQ2: Net stable funding ratio (end of quarter as at 30 June 2026)

	Quarter-end figures as at 30 June 2025 All figures in € million, unless otherwise stated	a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
Available stable funding (ASF) items						
1	Capital items and instruments	3,011	-	-	670	3,680
2	Own funds	3,011	-	-	670	3,680
3	Other capital instruments	———	-	-	-	-
4	Retail deposits	———	1,309	1,817	2,731	5,545
5	Stable deposits	———	-	-	-	-
6	Less stable deposits	———	1,309	1,817	2,731	5,545
7	Wholesale funding:	———	3,911	4,243	20,304	22,630
8	Operating deposits	———	-	-	-	-
9	Other wholesale funding	———	3,911	4,243	20,304	22,630
10	Interdependent liabilities	———	-	-	-	-
11	Other liabilities:	35	197	-	-	-
12	NSFR derivative liabilities	35	———	———	———	———
13	All other liabilities and capital instruments not included in the above categories	———	197	-	-	-
14	**Total available stable funding (ASF)**	———	———	———	———	**31,855**
Required stable funding (RSF) items						
15	Total high-quality liquid assets (HQLA)	———	———	———	———	3.145
EU-15a	Assets encumbered for more than 12m in the cover pool	———	-	-	14,942	12,701
16	Deposits held at other financial institutions for operational purposes	———	-	-	-	-
17	Performing loans and securities:	———	3,835	3,534	7,398	9,639
18	Conducting securities financing transactions with financial customers, collateralised by Level 1 HQLA subject to a 0% haircut	———	102	-	-	-
19	Conducting securities financing transactions with financial customers secured by other assets, and loans and advances to financial institutions	———	349	12	301	341
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns and public sector entities (PSEs), of which:	———	3,261	2,607	6,009	9,102
21	With a risk weight of 35% or less under the Basel II Standardised Approach for credit risk	———	48	60	60	959
22	Performing residential mortgages, of which:	———	112	670	1,009	-
23	With a risk weight of 35% or less under the Basel II Standardised Approach for credit risk	———	21	563	883	-
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and on-balance-sheet trade finance products	———	12	245	78	195
25	Interdependent assets	———	-	-	-	-
26	Other assets:	-	2,271	-	600	2,169
27	Physical commodities traded	———	———	———	-	-
28	Assets posted as initial margin for derivative contracts and contributions to CCP default funds	———	-	-	-	-
29	NSFR derivative assets	———	-	-	-	-
30	NSFR derivative liabilities before deduction of variation margin posted	———	739	-	-	37
31	All other assets not included in the above categories	———	1,533	-	600	2,133
32	Off-balance-sheet items	———	-	-	1,965	503
33	**Total RSF**	———	———	———	———	**28,157**
34	**Net stable funding ratio (%)**	———	———	———	———	**113**

EU LIQ2: Net stable funding ratio (end of quarter as at 31 March 2026)

	Quarter-end figures as at 31 March 2025 All figures in € million, unless otherwise stated	a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
Available stable funding (ASF) items						
1	Capital items and instruments	3,036	-	-	359	3,395
2	Own funds	3,036	-	-	359	3,395
3	Other capital instruments	———	-	-	-	-
4	Retail deposits	———	1,827	1,153	3,028	5,710
5	Stable deposits	———	-	-	-	-
6	Less stable deposits	———	1,827	1,153	3,028	5,710
7	Wholesale funding:	———	4,009	4,859	19,915	22,671
8	Operating deposits	———	-	-	-	-
9	Other wholesale funding	———	4,009	4,859	19,915	22,671
10	Interdependent liabilities	———	-	-	-	-
11	Other liabilities:	44	140	-	-	-
12	NSFR derivative liabilities	44	———	———	———	———
13	All other liabilities and capital instruments not included in the above categories	———	140	-	-	-
14	**Total available stable funding (ASF)**	———	———	———	———	**31,775**
Required stable funding (RSF) items						
15	Total high-quality liquid assets (HQLA)	———	———	———	———	2,194
EU-15a	Assets encumbered for more than 12m in the cover pool	———	-	-	16,375	13,919
16	Deposits held at other financial institutions for operational purposes	———	-	-	-	-
17	Performing loans and securities:	———	2,646	4,137	6,718	8,906
18	Conducting securities financing transactions with financial customers collateralised by Level 1 HQLA subject to a 0% haircut	———	-	101	-	51
19	Carrying out securities financing transactions with financial customers secured by other assets, and loans and advances to financial institutions	———	81	323	289	459
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns and public sector entities (PSEs), of which:	———	2,136	3,441	5,030	8,096
21	With a risk weight of 35% or less under the Basel II Standardised Approach for credit risk	———	63	56	11	961
22	Performing residential mortgages, of which:	———	383	257	1,081	-
23	With a risk weight of 35% or less under the Basel II Standardised Approach for credit risk	———	219	235	1,025	-
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and on-balance-sheet trade finance products	———	47	16	317	301
25	Interdependent assets	———	-	-	-	-
26	Other assets:	-	2,352	-	562	2,072
27	Physical commodities traded	———	———	———	-	-
28	Assets posted as initial margin for derivative contracts and contributions to CCP default funds	———	-	-	-	-
29	NSFR derivative assets	———	-	-	-	-
30	NSFR derivative liabilities before deduction of variation margin posted	———	887	-	-	44
31	All other assets not included in the above categories	———	1,465	-	562	2,028
32	Off-balance-sheet items	———	-	-	2,233	831
33	**Total RSF**	———	———	———	———	**27,922**
34	**Net stable funding ratio (%)**	———	———	———	———	**114**

Environmental, Social and Governance (ESG) risk

This chapter sets out information on environmental, social and governance risks (ESG risks) in accordance with Article 449a of the CRR in conjunction with Article 435 of the CRR. The disclosure requirement under Article 449a of the CRR applies to large, capital market-oriented institutions and comprises qualitative information on the management of ESG risks (business model and strategy, corporate governance and management, risk management), as well as quantitative information on climate and environmental risks, physical risks and, in particular, transition risks arising from the process of adapting to a low-carbon and more environmentally sustainable economy.

Management of ESG risk

Definition

The pbb Group defines ESG risk in accordance with EBA/REP/2021/18 and the ECB’s guidance on climate and environmental risks as the risk of adverse financial impacts on the institution arising from current or anticipated effects of ESG factors on its counterparties or the assets under management. ESG factors are environmental, social or governance issues that may have a positive or negative impact on the financial performance or solvency of a company, a state or an individual. ESG risk also encompasses negative financial, economic and social impacts that could arise from the institution’s own activities. ESG risk comprises the following components:

Environmental risks

pbb defines climate and environmental risks as the risks of losses and adverse impacts resulting from climate change and environmental degradation. It is generally understood that climate and environmental risks encompass the following two main risk drivers:

> Physical risk: Physical risk refers to the financial impacts of a changing climate. These impacts include, amongst other things, the more frequent occurrence of extreme weather events and gradual climate changes, as well as environmental degradation (such as air and water pollution, land contamination, water stress, loss of biodiversity and deforestation). A physical risk is considered acute if it arises from extreme events such as droughts, floods and storms. If it is the result of gradual changes (e.g. rising temperatures, sea-level rise, water stress, loss of biodiversity, land-use change, habitat destruction and resource scarcity), it is classified as chronic. The impacts may be direct (e.g. property damage or reduced productivity) or indirect, for example through secondary events such as the disruption of supply chains.

> Transition risk: By ‘transition risk’ (also known as ‘transition risk’), pbb means financial losses that may arise directly or indirectly as a result of the process of adapting to a low-carbon and more environmentally sustainable economy. This risk could materialise, for example, as a result of political measures on climate and environmental protection being adopted rather suddenly, due to technological progress, or due to changes in market sentiment and preferences.

Social risks

pbb defines Social risks as the risks of negative financial impacts on the institution arising from the current or future effects of social factors – in particular from the failure to respect human and labour rights and concerns, from any negative impacts of economic activities on society/ communities in general or in specific cases (e.g. on indigenous minorities or similar groups), as well as from product safety and end customers – on its counterparties or the assets under management. Similarly, negative impacts arising from social factors may result from the institution's own activities.

Governance risks

pbb defines governance risks as the risks of adverse financial consequences for the institution arising from the current or future effects of governance factors on its counterparties or the invested assets. Similarly, adverse effects may result from governance factors arising from the institution's own activities.

Real Estate Investment Solutions (REIS)

In line with its management approach, the pbb Group has changed its segment structure with effect from the start of 2026. The primary reason for this was the acquisition of a majority stake in companies belonging to the Deutsche Investment Group (DI).

The Real Estate Finance Solutions (REFS) segment comprises the provision of commercial property finance. In the Real Estate Investment Solutions (REIS) segment, the primary objective is to generate commission income through transactions that do not burden the balance sheet. This includes asset management in the form of brokering and placing funds comprising commercial property or commercial property finance. In addition, the properties held in the funds are managed and administered. Furthermore, REIS encompasses the syndication and arrangement of commercial property financing. The pbb invest and Originate & Cooperate divisions are grouped together under REIS.

pbb plans to revise the management of ESG risk in the REIS segment as at the disclosure reference date of 31 December 2026, based on the 2026 risk inventory.

pbb's sustainability strategy and understanding of sustainability

For the pbb Group, the principle of sustainability is the guiding philosophy in fulfilling its corporate responsibility and thus forms the basis of its governance. Sustainability is defined here as the commitment to making a significant contribution to securing the long-term future through one's own actions, whilst taking into account the consequences for all of the company's stakeholders, as well as for society and the environment.

The pbb Group is convinced that compliance with the law and acting with integrity, responsible corporate governance and adherence to high ethical standards are essential prerequisites for long-term business success. The pbb Group therefore aims to combine economic success with sustainability considerations on a lasting basis, thereby creating long-term benefits for society and conserving natural resources. As part of the financial sector, the pbb Group sees itself as a financier of transformation and regards it as its mission to increasingly channel investment funds towards sustainable uses.

The pbb Group is committed to the Paris Agreement and its goal of limiting global warming to well below 2 degrees Celsius, and ideally to 1.5 degrees Celsius, compared with pre-industrial levels. In practical terms, this means that the pbb Group is working to align both its loan portfolio and its own business operations with the 1.5 degrees Celsius target.

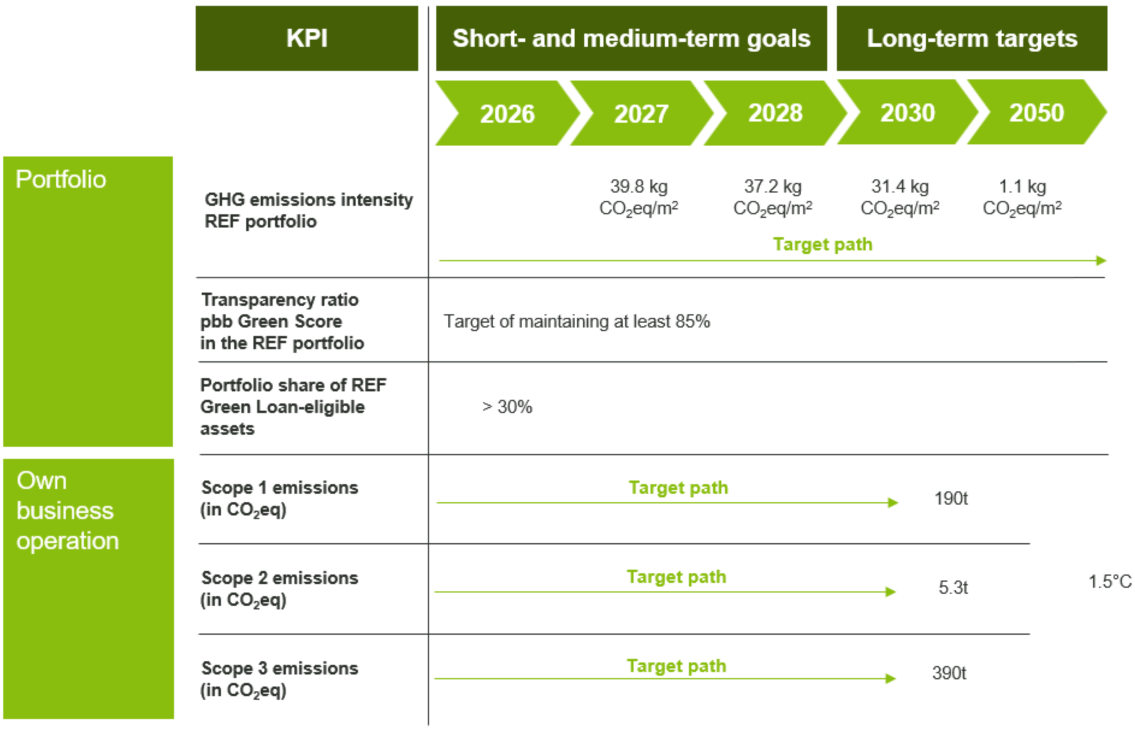
The pbb Group has defined a total of five overarching strategic objectives in the context of sustainability. Two of these objectives relate to the Group's business model. Specifically, these are its positioning as a transformation (re)financier in the property sector and sustainable (re)financing overall. Further objectives relate to sustainable operational practices and compliance with regulatory requirements. Furthermore, comprehensive transparency and communication contribute to the economic success of the pbb Group and its values.

To identify the material sustainability aspects, the pbb Group has been conducting an annual CSRD materiality analysis since 2023, based on the principle of double materiality. This takes into account both the ‘inside-out’ perspective, which examines the company’s impact on people and the environment, and the ‘outside-in’ perspective, which analyses the company’s financial risks and opportunities in relation to sustainability aspects. In terms of financial materiality, the CSRD materiality analysis draws on the well-established findings of the risk analyses from the pbb Group’s risk inventory, particularly in the area of climate and environmental risks. For the portfolio, the climate- and environment-related aspects of adaptation to climate change and physical risks, climate change mitigation (emissions), energy, environmental pollution, and resource use and the circular economy were assessed as material. For business operations, social aspects relating to working conditions and equality/non-discrimination among the company’s own employees, as well as governance aspects, were assessed as material.

In 2021, pbb adopted a comprehensive sustainability strategy for the first time, which forms part of its business strategy, and has been continuously developing it ever since. This recognises the importance of sustainability for society and the economy and encourages all organisational units within the pbb Group to engage with the topic of sustainability. With its ESG Strategy 2026, the pbb Group is building on this foundation and strategically further developing its positioning in the context of sustainability. The sustainability aspects relating to banking operations in the business strategy concern the active portfolio (Real Estate Finance Solutions, REFS).

For quantitative management, pbb uses a system of key performance indicators that also takes regulatory indicators and market developments into account.

E-targets



The pbb Group has developed a decarbonisation pathway with the aim of aligning the REFS portfolio with the 1.5-degree Celsius target and actively steering it towards a reduction in GHG emissions intensity. The decarbonisation pathway is geared towards limiting global warming to 1.5 degrees Celsius, calculated from pre-industrial levels up to the year 2050, and incorporates the decarbonisation pathways customary in the property sector as set out by the Carbon Risk Real Estate Monitor (CRREM) as a reference. The focus was placed on the REFS portfolio as this constitutes the pbb Group's strategic portfolio. For those parts of the pbb portfolio recognised in the Corporate Centre segment, the aim is to reduce the volume of financing. Furthermore, the decarbonisation pathway does not apply to the REIS segment. The key figure for GHG emissions reduction – with a target value for 2050 and interim targets – is derived from the decarbonisation pathway developed. In 2024, work began on implementing control measures to reduce GHG emissions. Further measures were taken in 2025 and are continuing.

This decarbonisation pathway for the strategic REFS portfolio illustrates decarbonisation in terms of physical emission intensities (kg CO_2eq/m²) and defines a final target for 2050 as well as the following (interim) targets (base year 2024):

- In 2027: 39.8 kg CO_2eq/m²
- In 2028: 37.2 kg CO_2eq/m²
- In 2030: 31.4 kg CO_2eq/m²
- In 2050: 1.1 kg CO_2eq/m².

Physical emissions intensity is used as the primary performance indicator for the decarbonisation of the financing business (asset side) in order to ensure better comparability with reference scenarios (CRREM). The development is based on CRREM's GHG emissions intensity pathways aligned with the 1.5-degree Celsius target.

Emissions data is available for every property financed by pbb, at various levels of data quality. pbb uses the PCAF data quality score classification of one to four for this purpose. For data with data quality scores of one to three, data from customers' energy performance certificates (consumption certificates or demand certificates) is used; this data was collected as part of the data collection process from pbb's own customers and is received by the pbb Group through standard processes. As a rule, these energy performance certificates only take CO_2 emissions into account. Data with a data quality score of four is estimated using PCAF emission factors based on the property type and the country of the financed property. Only properties with data quality scores of one to three were used to develop the decarbonisation pathway. In addition, the five main property types (residential, office, retail, industrial/logistics and hotel/leisure) were used. Consequently, a total of around 75% of the REFS portfolio (based on commitments) was used to develop the climate pathway.

The determined portfolio baseline makes it possible to forecast the decarbonisation of the property finance portfolio, taking into account the current business plan and its projection up to 2050. As at 30 June 2026, the GHG emission intensity of the REFS portfolio stood at 41.6 kg CO_2eq/m².

To define the decarbonisation pathway, the pbb Group modelled various scenarios. pbb's business plan up to 2027 forms the basis for all scenarios. This takes into account planned changes in sales volumes or shifts in the bank's product portfolio up to 2027. The 2027 plan was used as the basis for the subsequent period up to 2050. The targets were validated taking into account the approved business plan for the years 2026 to 2028. An annual update ensures that changes to the business plan are continuously taken into account, which may lead to an adjustment of the targets where necessary. The global CRREM pathway (CRREM Global Pathways V2) was used as the reference pathway for defining the targets, as this is the general market standard for deriving decarbonisation pathways for the property sector. A pbb-specific reference pathway was developed based on country- and building-type-specific sub-CRREM pathways. The targets developed follow a reduction pathway which takes into account the pbb REFS portfolio as at the reference date and approximates the pbb-specific reference pathway. Thanks to the chosen methodology, the decarbonisation pathway incorporates the assumptions and methodologies underlying the CRREM pathways, meaning that assumptions regarding regulatory factors and new technologies are factored into the targets. Furthermore, annual portfolio growth and an increase in 'green' financing were assumed.

The pbb Group has developed a transition plan which sets out the current status of implementation of the pbb Group's climate change mitigation activities whilst also defining its strategic climate ambitions. In addition, the transition plan sets out targets for the banking business and the corresponding implementation measures. In 2025, the transition plan was supplemented with elements of the risk strategy and risk management.

To ensure the environmental sustainability of its REFS loan portfolios, the pbb Group began portfolio management based on the pbb Green Scoring Model in 2021. To this end, pbb has developed the Green Loan and Green Bond Framework, including the respective products, and has set itself an initial operational interim target of having more than 30% of assets in its property finance portfolio eligible for Green Loans by 2026. Green Loan eligibility is assessed using the pbb Green Scoring Model, which evaluates defined environmental criteria – based on the three pillars of energy efficiency, 'Green Building' certifications and additional sustainability criteria (e.g. proximity to public transport, use of green electricity) – with an overall score between 0 and 100, or aligns with the EU Taxonomy. In addition to this assessment, various other analyses are carried out, including as part of the new business analysis, e.g. using the decarbonisation tool based on the CRREM tool to determine the climate risks of individual properties. Furthermore, particular focus is placed on opportunities for transforming properties into sustainable assets. As at 31 March 2026, the proportion of assets eligible for green loans in the property finance portfolio stood at 30.2% of the total property finance portfolio. Consequently, it was determined that the target had been met, and this was formally confirmed. The assessed portion of the property finance portfolio stood at 85.0% as at 30 June 2026.

The basis for achieving this target is the comprehensive assessment of the properties to be financed as part of the credit decision-making process. Within this framework, a detailed analysis is carried out of the information contained in the property's energy performance certificates, in particular regarding energy consumption and GHG emissions. These key figures are compared with standard market benchmarks such as CREEM or those contained in the EU Taxonomy. This provides an overview of the property and its positioning in the market. Consequently, assessment mechanisms such as the pbb Group's ESG scoring system and the selection mechanisms based on it are applied to prevent the financing of energy-intensive properties compared with prevailing market standards. The pbb Group has set itself targets regarding green lending, the proportion of green properties in the portfolio and the GHG intensity of the financed portfolio. These play a decisive role in the lending process.

Progress towards pbb's internally defined ESG targets is assessed using dedicated tools. Reporting takes place as part of a quarterly reporting process, which is submitted to both the full Executive Board and the Supervisory Board. A review of the target values and the management framework is carried out annually by the ESG Committee.

Measures

In the area of financing, the most important lever for achieving these targets is the reduction of emissions from the properties being financed. The sustainability strategy therefore focuses on supporting the financing of the acquisition of green properties, as well as green developments and transformation projects (manage-to-green), such as energy-efficient refurbishments and the resulting improvements to the energy efficiency of existing buildings. Based on a Green Loan Framework developed in accordance with the LMA Green Loan Principles, the pbb Group offers 'green' loans, known as Green Loans.

On the liabilities side, the pbb Group has the option, under certain conditions, to refinance 'green' assets via green bonds. These raise funds for activities (in this case, the financing of new or existing property assets) that serve (among other things) to reduce or prevent damage to the climate. Through this mutually reinforcing combination of the pbb Group's asset and liability products, the aim is to allocate liability funds to environmentally friendly investments and, ultimately, to achieve the climate targets demanded by society and politicians.

The pbb Group is further expanding its commission-based business within the REIS segment. The aim of the REIS segment is to offer property investment products (both equity and debt investment products) with sustainability features to institutional investors.

The pbb Group has established a data-driven ESG ecosystem to better understand the risks – as well as the opportunities – for clients in the REFS portfolio within a sustainability context and to act as an active partner in this transformation. As a first step, comprehensive data on various sustainability aspects of the financed property assets is collected and recorded. In addition to standard market-based data exchange methods from third-party providers, standardised pbb questionnaires and the pbb client portal can also be used for structured data transfer. In the Green Tool, the pbb Group consolidates relevant ESG data from internal sources and external providers (including physical risk data). Based on the ESG data collected, various ESG analyses are carried out, such as the E-taxonomy assessment, the Green Score analysis and the analysis of physical risks, as well as the CRREM path and XDC degree analyses. The pbb Group uses these analysis results, amongst other things, in client meetings to facilitate early dialogue, to identify potential ESG opportunities and develop them in collaboration with the client, as well as for its ESG product range.

Environmental risks

The pbb Group has defined sustainable finance as a central pillar of its sustainability strategy. The aim is to promote sustainable financing in both lending and refinancing. In doing so, the pbb Group aims to make an active contribution to achieving the Paris Agreement and to align its loan portfolio with the 1.5-degree Celsius target. Consequently, the Climate & Environment pillar remains central to the assessment of the sustainability of the financed portfolio.

The sustainability strategy relating to environmental risks focuses on providing support for the financing of green properties, as well as green development and transformation projects (manage-to-green), such as energy-efficiency refurbishments and the resulting improvements to the energy efficiency of existing buildings. Since the fourth quarter of 2021, the pbb Group has been offering green loans. The pbb Green Loan Framework was developed to assess which properties and financing arrangements qualify as ‘green’. It is based on two elements: pbb’s own scoring model or the EU taxonomy.

In 2023, pbb’s internal guidelines and instructions on managing ESG risks in the lending process were expanded. Since then, non-green office properties in non-prime locations have been deemed a breach of the risk strategy. Any deviations from the principles of the risk strategy in lending decisions must be approved separately.

The classification of the existing portfolio was carried out by collecting the relevant data points as part of a client survey and has since been embedded in standard processes. On the basis of this data, as at 30 June 2026, pbb had classified and assessed 85.0% of its real estate portfolio using a pbb Green Score. As a result, the pbb Group has gained a meaningful overview of the sustainability of its loan portfolio and the associated environmental risks, and has laid the foundations for the long-term management of ESG risks. The data collected has been integrated into pbb’s own IT infrastructure and is continuously supplemented and updated.

Monitoring is carried out monthly with regard to all properties subject to pbb’s “Green” scoring, as well as the scores achieved, the breakdown by asset class and country, and the identification of potential risk clusters. In addition, quarterly monitoring is carried out with regard to early warning indicators, to monitor and manage the REFS portfolio at an early stage. The early warning indicators comprise a combination of LTV and the pbb Green Score on a country-by-country basis and are designed to flag any adverse developments at portfolio level at an early stage. Compliance with, or any breaches of, the warning indicators is reported quarterly in the ‘Group Risk Report’ by Financial Risk & Control (FRC).

In addition to the initial and regular risk analyses for new and existing business, ESG portfolio analyses are carried out on a regular basis. The aim is to identify early deviations from the ESG strategy and to develop mitigating measures. To this end, early warning indicators have been defined and implemented at portfolio and individual contract level.

Social and Governance Risks

As part of its strategic materiality analysis, the pbb Group has not classified social risks as material. However, the issues of respect for human rights and the fight against corruption and bribery are relevant to the pbb Group.

With regard to borrowers, as part of the introduction of reporting and to assess compliance with the EU taxonomy, pbb has implemented an assessment of compliance with minimum (social) protection standards at counterparty level, differentiated by (non-)financial enterprises and local or regional authorities ('MSS assessment'). The assessment was carried out for transactions that meet the criterion of 'significant environmental contribution' and do not significantly undermine any other environmental objective ('do no significant harm').

With regard to (non-)financial enterprises, the pbb Group carries out a risk-based MSS assessment in this respect, which is largely based on the relevant recommendations of the Platform on Sustainable Finance (PSF) – adapted to the pbb Group's business activities – and accordingly covers the areas of compliance with or breaches of human and fundamental labour rights, corruption, breaches of competition law and tax law.

Borrowers in the (non-)financial enterprises category comprise small and medium-sized enterprises (SMEs) and, in particular, special purpose vehicles (SPVs). In line with the PSF's recommendations for MSS assessments of SMEs, the MSS assessment for these counterparties therefore focuses on the so-called 'outcome level', that is to say, whether there are specific negative findings regarding the counterparty in relation to the four areas mentioned above, for example convictions in connection with violations of human rights and fundamental labour rights, or in corruption, tax or competition law proceedings, or similar matters. In this regard, the pbb Group utilises existing 'Know Your Customer' (KYC) tools, whose database is continuously updated by the provider and which automatically generate alerts in the event of relevant convictions, for example.

Where the SME counterparty has employees or – beyond the holding and management of the property financed by the pbb Group – carries out operational activities, the pbb Group also obtains information as to whether the counterparty has made a voluntary commitment to comply with human rights and fundamental labour rights and has established a – due diligence process that is proportionate to its operational activities, including its supply chain, its size and its influence (for example, on suppliers), in order to continuously identify and, where necessary, address, prevent or mitigate any significant adverse impacts of its business activities on human rights and fundamental labour rights, and to report on these.

Where the counterparty is a special purpose vehicle (SPV) with no employees which – apart from holding and managing the property financed by the pbb Group – does not engage in any operational activities, the pbb Group refrains from making a corresponding enquiry in the absence of any apparent risk posed by the counterparty to human rights and fundamental labour rights. In this respect, the pbb Group confines itself to the outcome assessment described above and any negative findings in this regard; this outcome assessment then – in accordance with the PSF's recommendations – also extends to a holding company immediately above the SPV in which the pbb Group holds a stake of more than 50%.

The pbb Group monitors compliance with minimum (social) protection standards throughout the entire life cycle of the asset. The review cycle is based on the counterparty's risk and relevance classification.

In the case of local or regional authorities, the data from the respective higher-level central government may generally be used. Relevant human rights conventions must have been signed and implemented by the higher-level government. Results from indices such as those published by Freedom House in the field of human rights or the Corruption Perception Index by Transparency International are decisive in the assessment. This information is usually available online.

Risk management

The components of ESG risk – climate and environment, social and societal issues, and corporate governance – are firmly embedded at a high level in both the business strategy and the risk strategy of the pbb Group.

Identification and assessment of the materiality of ESG risks

ESG factors affect the financial performance of institutions by potentially manifesting themselves in the financial risk categories of counterparty, market, liquidity and funding risks, as well as in non-financial risks such as operational risk and reputational risk. The decisive factors here are the institution's business activities and invested assets, as well as the channels through which the risk factors operate.

To ensure that ESG risk is adequately taken into account in risk management processes, an identification and assessment process for ESG risk drivers has been established as an integral part of the annual risk inventory. By identifying and describing the potential impact channels of possible ESG risk factors, it became clear to what extent

- a company's economic and financial activities are affected (financial materiality/outside-in) or
- how a company's activities impact ESG factors (environmental and social materiality/inside-out)

and over what timeframe. The distinction between these two perspectives stems from the application of the principle of "double materiality" and must be applied when assessing materiality.

Overall, risk factors relating to climate, the environment, social issues and governance were analysed. At the conclusion of the assessment, the influence of the identified potential ESG risk drivers on the individual risk categories is examined and assessed.

All relevant experts within the pbb Group are involved in the steps of the assessment process, in particular those with expertise in lending and property valuation, as well as experts from the HR, legal and compliance departments and from the Risk Management & Control department.

The process of identifying material risk factors consists of the following four steps:

- Step 1 'Categorised list of risk factors'

  The starting point is a list of potential risk factors, which comprehensively covers ESG risk factors drawn from both external publications – such as the ECB's guidance on climate and environmental risks, the EU Taxonomy or the CSRD requirements, as well as from internal sources, such as the non-financial materiality analysis or expert opinions, and which is regularly reviewed and expanded.

- Step 2 "Impact channels, effects and time horizon"

  Impact channels refer to the causal chains that explain how these risk drivers affect pbb.

  'Outside-in' impact channels are taken into account, including a decline in customer creditworthiness or in property value or the value of collateral, as well as the costs of repairs following a loss event (e.g. arising from physical risks) or business interruptions. The analysis of the impacts also takes into account mitigation measures and the timing of the occurrence of the impact under consideration (time horizon). pbb distinguishes between the following time horizons: short term (within one year), medium term (1 to 5 years), medium to long term (more than 5 to 10 years) and long term (10 years or more), whereby risk factors that are already relevant in the short term remain so in the medium and long term.

  'Inside-out' impacts include societal influences or environmental issues, such as potential environmental pollution, which may result from the company's activities.

- Step 3: 'Analysis and assessment of the impacts in terms of materiality'

  The analysis of impacts forms the basis for determining financial materiality. An assessment of the ESG risk factor reveals whether and to what extent there is an impact on metrics and benchmarks relevant to the institution (e.g. creditworthiness, property values, market shares) and, consequently, on the bank's risk profile . In addition, it is determined whether there is environmental and social materiality with regard to the risk factor.

> Step 4 'Relevance to other risk types'

  Based on the analysis of the impact channels and the relevant metrics and benchmarks, it becomes clear which types of risk are affected. Overall, Credit risk, Market risk, business and strategic risk, Liquidity and funding risk, as well as Operational risk and reputational risk may be affected; other types of risk may also be involved where applicable.[3]

  All relevant experts within the pbb Group are involved in the steps of the assessment process. With regard to climate and environmental risk, these are, in particular, those individuals with expertise in lending and property valuation. With regard to S&G risk, experts from the HR, legal and compliance departments are involved. In addition, the experts for the individual risk types – in particular from the areas of Financial Risk & Control (FRC), Non-Financial Risk & Control (NFRC), IT and Legal – are responsible for assessing the relevance to the respective risk type.

The results of the assessment of the ESG risk factors ('ESG materiality') are recorded in the appendix to the risk inventory (risk register 'ESG Risk Factor Assessment Template'). The risk drivers examined, their potential impact channels, time horizons and the potential influence on other risk types are documented.

The results of the risk inventory regarding 'ESG materiality' serve as the basis for formulating the ESG risk appetite as part of the risk strategy.

Analysed ESG risk factors

The ESG materiality assessment takes into account acute and chronic climate risks in accordance with the EU Taxonomy. For the environmental and transitional factors assessed, the bank has drawn up and analysed its own list, designed to reflect its business activities and meet regulatory requirements.

The list of social and governance factors was derived from the CSRD (overarching) themes required by regulatory authorities. All ESG risk factors analysed as part of the 2026 risk inventory are listed in the table below.

[3] In particular, an assessment is being carried out to determine whether the influence of ESG risks could alter the materiality classification of intangible risks.

ESG risk factors

Type	ESG risk factors
Environmental **Physical risk:** **Acute climate-related hazards**	Floods, heavy rainfall, storms (including cyclones, hurricanes and typhoons), tornadoes, forest fires, drought, heatwaves, cold spells/freezes, landslides, glacial lake outburst floods, avalanches, subsidence
Physical risk: **Chronic climate-related hazards**	Changes in wind patterns, coastal erosion, soil degradation, soil erosion, solifluction, changes in precipitation patterns and types, sea-level rise, water scarcity, temperature variability, heat stress, permafrost thawing, variability in precipitation and/or hydrology, ocean acidification and saltwater intrusion
Physical risk: **Environmental factors**	Loss of biodiversity / land-use change / over-exploitation of organisms / invasive alien species / habitat destruction, environmental pollution / contamination, generation of hazardous waste / reusability / recyclability, water consumption intensity of objects / financing, exploitation of marine resources, earthquakes, volcanism, tsunamis
Transitory risk factors	Energy efficiency, carbon footprint (Scope 1, 2 and 3 emissions), new sustainability and environmental regulations / carbon pricing, market sentiment, financing of environmentally or socially harmful and unsafe industries – granting of financing
Social **Risk factors**	Discrimination and inequality, consumer/end-user dissatisfaction, violation of other labour-related rights, inadequate working conditions, exploitation of workers in the value chain, disregard for affected communities; lack of social engagement
Governance **Risk factors**	Unethical corporate culture, unethical corporate behaviour – greenwashing, supplier management / unethical supplier behaviour and payment practices, anti-competitive behaviour, political involvement or lobbying, corruption and bribery

Environmental risks

The materiality assessment was carried out separately for pbb's business activities in the Real Estate Finance Solutions (REFS) segment and the Corporate Centre (CC) segment, and differentiated according to acute and chronic climate risks, as well as biodiversity risks and other environmental risks. pbb plans to include the REIS segment in the assessment as of the disclosure reference date of 31 December 2026, based on the 2026 risk inventory.

Real Estate Finance Solutions

Assessment procedure

The assessment of the materiality of ESG risk factors for REFS transactions is a multi-stage process. Firstly, quantitative analyses are carried out for each risk factor within the portfolio segment, provided that suitable data – such as location-specific risk data on individual climate hazards – is available to determine potential exposures. A quantitative materiality definition is then applied to the quantitative results for each risk factor. This materiality definition is based on the general materiality definition from a normative perspective and is derived and defined accordingly depending on the data type and portfolio segment.

In addition, a scenario-based sensitivity analysis is considered for physical risks. This assumes the 'Hot House World' climate scenario, in which the probability of extreme weather events increases massively and the expected loss rises accordingly. This scenario-based analysis is incorporated into the materiality assessment.

Irrespective of this, to meet CSRD requirements, the previous year's assessment is updated via a circulation procedure and, where necessary, focus sessions are held on selected topics to assess material ESG aspects in a structured, qualitative manner. In the next step, these qualitative results are used for the materiality analysis, particularly for risk factors for which quantitative assessments are currently not possible. All results – those from the quantitative materiality assessment as well as those from the CSRD materiality analysis – are finally assessed for materiality by the relevant expert.

Acute climate risks

In order to determine the exposure of properties in the REFS segment – which are used as collateral in current loan agreements – to acute climate hazards, external, location-specific risk data was obtained from a suitable provider and analysed. Loss expectations based on the properties' location data exist for flooding, heavy rainfall, storms and tornadoes. From these loss expectations, an annual expected loss for the properties can be determined, which can be translated into a potential change in the customer's (gross) LGD. Thus, assuming that all properties in the portfolio suffer a loss due to acute climate hazards, the (gross) LGD change for all customers with regard to the respective climate hazard can be determined. This translates into an expected loss for pbb in relation to counterparty default risk. pbb uses this expected gross loss for its clients as the basis for the quantitative materiality assessment and explicitly sets a quantitative materiality threshold. The expected loss under consideration does not take into account insurance or property-specific individual mitigation measures. In addition to this quantitative materiality assessment, an individual qualitative expert judgement is mandatory in order to identify material climate risks. The materiality analysis regarding climate risks is therefore based both on historical data and potential adverse climate scenarios – the latter through a conservatively (low) set materiality threshold – as well as on the experts' assessment of the individual risk factors.

For other acute climate hazards, the aforementioned data are not available. For these factors, pbb obtains hazard data from a public source [PB1.1] for the property locations for the purposes of risk classification. However, this risk classification does not include expected loss values; the classification is based solely on the probability of material damage occurring. In this respect, for each risk factor, the market value shares of the REFS portfolio are categorised into different risk classes ("no risk" to "high"). Furthermore, a materiality threshold is defined for each factor based on the size of the corresponding share in the 'high' category. For the quantitative materiality assessment of a climate hazard, the portfolio's market value in the "high risk" category is used and the associated threshold is explicitly defined. As the exact loss potential cannot be quantified, the final qualitative assessment must be carried out by an expert.

Chronic climate hazards

In the same way as data from public sources for acute climate hazards, risk classes for the chronic risk factors of sea-level rise and coastal erosion can be retrieved from public sources. For a materiality assessment of these chronic climate hazards, pbb applies the same definition of materiality as for the quantitative assessment of acute climate hazards from public sources; that is, a risk factor is considered material if the market value of the REFS portfolio assigned to the 'high' risk class exceeds a certain threshold. For chronic risk factors, too, the mandatory final qualitative assessment by an expert is decisive.

Transitory risks

Relevant transitional risk factors include, in particular, the low energy efficiency or high energy consumption of the financed properties, as well as a high CO_2 footprint (Scope 1, 2, 3). Financed properties with poor energy efficiency and an excessively high CO_2 footprint are not eligible for green loans and contribute to a reduced proportion of green assets ("green asset ratio") at the bank. In addition, there is a risk of reputational damage and a potentially reduced property value. New sustainability and environmental regulations or CO_2 pricing could result in properties no longer being eligible for Green Bonds or Green Loans, a reduction in the proportion of 'green' assets, potential reputational damage, or a fall in property values. The question is whether affected properties can be retrofitted; this may involve renovation costs that could adversely affect the creditworthiness of the property borrowers. The future usability of the property could also be restricted. The general market sentiment is another relevant transitional risk factor. A change in customer or market sentiment regarding ESG aspects or products may lead to lower demand for credit (lower income from new business), losses of market share (lower revenue) and increased legal costs. With regard to market sentiment towards natural hazards (due to climate change) in disaster-affected regions and similar risk situations arising therefrom, market prices may fall regardless of whether actual damage has occurred. The materiality of the aforementioned transitory risk factors was assessed qualitatively – based on expert judgement. In addition, the potential impact of transitory risk factors identified as material on Credit risk was quantified in various (climate) scenarios using appropriate assumptions as part of the macroeconomic stress test.

ESG risk concentrations

At pbb, risk concentrations are also examined using a ‘heatmap’ analysis of the ESG risk categories. To this end, property locations exhibiting increased exposure to various physical ESG risk factors were analysed. Similarly, a separate heatmap is used to illustrate the transitory risk based on CO_2 pricing. Overall, ESG risk concentrations for the REFS portfolio are classified as immaterial.

Corporate Centre

Acute and chronic climate hazards

A three-stage assessment procedure is used to evaluate acute and chronic climate risks in the Corporate Centre segment. As location-specific risk data is not available, relevant climate and environmental risk data was identified at regional level, and probabilities of occurrence and damage severity were assigned to the risk factors currently identified as critical. The classification is then carried out using five viability risk levels for environmental events: “no risk”, “very low”, “low”, “medium” and “high”, each based on the deviation of the event from the event-specific norm.

In a second step (gross risk arising from an environmental event), the consequences of these existential risks associated with the respective environmental event for the affected borrowers/debtors or guarantors are then assessed, taking into account their creditworthiness (in the form of the currently assigned PD rating class) as an expression of their ability to potentially absorb losses.

For the net risk assessment, a third step additionally takes into account transaction-specific or counterparty-specific mitigating factors, such as precautionary measures, contingency plans, adaptation projects, indemnity insurance, etc.

At all three levels (existential risk, gross risk and net risk), the risk levels “none/no risk”, “very low” and “low” are regarded as still falling within the scope of normal environmental risk influences, which pbb’s customers can generally absorb within the limits of their normal economic capacity or normal risk reserves. The risk levels ‘medium’ and ‘high’ identify an environmental risk as exceeding the normal scope of economic risks and must be regularly reviewed in risk monitoring measures to assess the potential for loss to the bank due to increased default risks, and evaluated as part of the annual credit monitoring process.

Secondly, the assessment of climate and environmental risks at financial institutions and multilateral institutions is based on the ESG risk assessments in the respective external ratings issued by the external rating agencies (S&P, Moody’s and Fitch).

Transitional risks

A two-stage assessment procedure is applied to evaluate transitional environmental risks in the Corporate Centre (CC) segment. Essentially, three transitional risks are assessed in terms of their potential impact on Credit risk.

Primarily, the CO_2 emissions attributable to a borrower/debtor or guarantor – or to their economic activity – are regarded as the starting point for the necessary transformation and the resulting pressure to act, as well as for the associated organisational and financial costs. These data are collected directly from the customer or replaced by CO_2 emissions data as proxy values. The greater the gap between current CO_2 emissions and the goal of climate neutrality – i.e. zero CO_2 emissions – the greater the pressure to transform and the expected costs for the borrower/debtor. To determine the gross risk as a first step, CO_2 intensity is therefore calculated as the ratio of economic output to the CO_2 emissions required to achieve it, and assigned to three intensity – and thus transformation risk – levels: low, medium and high.

In a second step, this gross risk – in the form of CO_2 intensity and transformation risk – is then weighed against the borrower's, debtor's or guarantor's capacity for transformation. For local authorities, this capacity for transformation is assessed using the NDGAIN evaluation of states' capacity for transformation, based on an assessment of the necessary willingness and capacity in the areas of the economy, governance, social structure and adaptability, using the NDGAIN readiness factor for the central government in question. For municipal and state-owned enterprises, the impact of this state's transformation capacity is assumed, and the NDGAIN readiness factor of the relevant central government is therefore applied. In the case of ECA-covered financing, the transformation risk is neutralised by the ECA guarantor's cover ratio and is to be assessed as residual risk only for the uncovered portion. For private enterprises, this transformation capacity is assessed primarily on the basis of economic strength – i.e. the credit rating – and the actual, demonstrated efforts made on a transformation path, and is factored in in the form of an individual transformation factor. The net risk is then calculated as the product of the gross risk (CO_2 intensity) and the reciprocal of the NDGAIN Readiness factor or the individual transformation factor. Secondary transformation risks relating to the fulfilment of energy efficiency and sustainability requirements are assessed in a similar manner in two stages.

Biodiversity

To identify pbb's biodiversity risk, sector-specific biodiversity scores were used and a portfolio analysis was carried out to obtain an overview of biodiversity risk from a more general perspective. Both the inside-out perspective (impact) and the outside-in perspective (dependence) were taken into account. Based on this analysis, no significant exposure or contribution to biodiversity loss was identified for the portfolio.

For REFS transactions, further granular analyses of the land cover type at the property locations were also carried out. To this end, external satellite data was used to classify pbb's REFS portfolio [PB1.1] – comprising collateral locations in Europe – in terms of biodiversity risks resulting from land-use changes. The few buildings for which an increased risk was identified as part of this land-use analysis were examined individually in a further expert assessment, which also made it possible to largely rule out any biodiversity risk arising from land-use change. The same applies to pbb's sites and the data centre and server locations, which were also analysed. The US portion of the REFS portfolio could not be considered in this analysis; however, environmental regulations governing planning permission there are similarly stringent to those in Europe. In addition to the analyses mentioned, estimates of the probability of occurrence and impact for various biodiversity and environmental pollution aspects are determined as part of the CSRD materiality analysis and the OpRisk scenario analysis, and are also taken into account. Overall, biodiversity is classified as non-material for pbb.

Further environmental risks

Climate-related environmental risk factors have already been analysed as part of the transitional factors. To assess non-climate-related environmental factors, the sector-specific biodiversity scores mentioned in the previous section are used again; these are derived from various individual scores relating to environmental aspects. Consequently, for the non-climate-related environmental factors relevant from pbb's perspective – pollution/contamination, the production of hazardous waste, reusability/recyclability, exploitation of marine resources and water consumption – high consumption intensity of properties/financing [PB1.1] – suitable environmental scores regarding the impact of a sector on the aforementioned environmental aspects can be used as quantitative proxies. The scores indicate which sectors pose a high, moderate or low risk in terms of negative impacts on a particular environmental aspect. In addition, the impacts and probabilities of occurrence identified in the CSRD materiality analysis and the OpRisk scenario analysis are determined and also taken into account during the assessment. Finally, a qualitative assessment of the aforementioned factors must also be provided by the relevant pbb experts from the REFS and Corporate Centre segments, as the sector assessment cannot evaluate the Bank's specific individual exposures.

For the REFS segment – as with the assessment of acute climate hazards – external, location-specific risk data can be retrieved from a suitable provider using the property location data and analysed, and loss expectations for the risk factors of volcanic activity, earthquakes and tsunamis can be used for the assessment. As with the assessment of acute climate hazards, a materiality threshold is applied to the expected loss (Credit risk) for all REFS clients resulting from the aforementioned risk factors. In addition to this quantitative materiality assessment, a final individual qualitative expert judgement is mandatory.

For the Corporate Centre segment, risk data relating to tsunamis, volcanic activity and earthquakes are also considered for other, non-climate-related environmental risks. In the event of tsunamis, earthquakes or volcanic eruptions, similar business interruption risks and reconstruction costs arise, as do government subsidies or aid, as is the case with acute climate-related environmental events. This can weaken or place a sustained strain on the borrower's creditworthiness. The assessment is carried out in the same way as for physical climate risks, using a three-stage process to determine the presence of other environmental risks, to calculate the gross risk for borrowers, debtors or guarantors, and to make the final reconciliation to the net risk for these parties. The risk levels 'Medium' and 'High' identify an environmental risk as exceeding the normal level of economic risk and must be regularly reviewed as part of risk monitoring measures to assess the potential for loss to the bank due to increased default risks, and evaluated in the annual credit monitoring process. With regard to other, non-climate-related environmental risks, no economic risks exceeding the normal level are apparent in the Corporate Centre segment; consequently, no material impact on debt servicing in the context of pbb's financing is to be expected.

Social and Governance Factors

Experts from the HR, legal and compliance departments are involved in assessing S&G risk. All assessments were carried out on the basis of expert judgement and an internal materiality analysis in accordance with CSRD/ESRS from the perspective of various stakeholders. Various social and governance factors were analysed.

The list of social and governance topics was derived from the (overarching) topics required under CSRD/ESRS. For each topic, one or more scenarios within the CSRD framework were analysed in terms of IROs ('Impacts, risks and opportunities') to determine whether 'financial materiality' or 'impact materiality' existed. From a CSRD perspective, the overarching topic was classified as material if the assessment of at least one associated impact or risk scenario exceeded the defined materiality threshold. The results are gross assessments, as mitigation measures are not taken into account in the assessment. The procedure is based on the approach set out in EFRAG's ESRG 1 'Double Materiality Conceptual Guidelines for standard-setting', published in January 2022; EFRAG's 'Materiality Assessment Implementation Guidance', published in May 2024; and the materiality analysis methodology outlined in EFRAG's ESRS 1. In a subsequent step, the results of the consultation process and the focus sessions with relevant stakeholders were forwarded to pbb's risk experts and examined in detail in a further cycle. This resulted in the final assessment of the materiality of the risks in the context of social and governance issues, with expert-based adjustments being made.

Results of the materiality assessment

The pbb Group has set out the results of the materiality assessment of the ESG factors from the 2025 risk inventory in the table below. The physical and transitory climate and environmental hazards, as well as the governance factors listed there, were identified as material. Portfolio relevance, time horizon and perspective are also listed.

Materiality of ESG risk factors

Type	Designation	Portfolio	Time horizon	Perspective
Environmental **Physical risk: acute climate risks**	Flood, storm (including cyclone, hurricane, typhoon)	REFS / CC	Medium term (1–5 years)	Financially material (outside-in)
	Heavy rainfall		Medium to long term (> 5 years < 10 years)	
	Heatwave, landslide, forest fire	CC	Medium term (1–5 years)	
	Drought	CC	Long term (> 10 years)	
	Tornado	REFS	Medium term (1–5 years)	
Physical risk: chronic climate risks	None	-	-	-
Physical risk: environmental factors	Pollution / contamination	REFS	Short-term (< 1 year)	Financially material (outside-in) and environmentally and socially material (inside-out)
	Volcanism	CC	Short-term (< 1 year)	Financially material (outside-in)
	Earthquakes	REFS / CC	Short-term (< 1 year)	Financially material (outside-in)
	Tsunami	REFS	Short-term (< 1 year)	Financially material (outside-in)
Transitory risk factors	Low energy efficiency / high energy consumption, high CO_2 footprint (Scope 1, 2, 3 emissions)	REFS / CC	Medium term (1–5 years)	Financially material (outside-in) and environmentally and socially material (inside-out)
	New sustainability and environmental regulations / CO_2 pricing	REFS	Medium to long term (> 5 years < 10 years)	Financially material (outside-in)
	Market sentiment			Financially material (outside-in) and environmentally and socially material (inside-out)
Social **Risk factors**	None	-	-	-
Governance **Risk factors**	Unethical corporate culture, unethical corporate behaviour – greenwashing, anti-competitive behaviour, corruption and bribery	-	Short-term (< 1 year)	Financially material (outside-in) and environmentally and socially material (inside-out)

[1] Portfolio by business segment: Real Estate Finance Solutions (REFS) and Corporate Centre (CC). An expansion of the risk factors in the Real Estate Investment Solutions (REIS) segment will take place on the basis of the 2026 risk inventory as at the disclosure reference date of 31 December 2026.

Impact on risk categories

Physical and transitional environmental risk factors influence the creditworthiness of customers; they are therefore relevant to Credit risk. The assessment was primarily based on the described impact channels relating to the financial materiality of the individual potential risk factors with regard to the property portfolio (REFS business division) and the Corporate Centre segment. In addition, the potential impact of transitory risk factors on credit risk was quantitatively assessed in various (climate) scenarios using appropriate assumptions as part of the macroeconomic stress test. ESG risk is classified as immaterial in terms of both Market risk and liquidity and funding risk. No direct sustainability risks are currently identifiable for either pbb’s market risk position or its liquidity position. All material aspects of ESG risk that may be relevant to Liquidity risk are already taken into account in the known prudential risk categories (such as counterparty default risk and Market risk).

Certain acute physical risk factors (heavy rainfall, storms and tornadoes) could, with a low probability and to a limited extent, lead to damage to physical assets or disruptions to the Bank’s business continuity and are therefore relevant to Operational risk. Furthermore, there is a potential impact of transitory, environmental and governance factors on reputational, legal and liability risks, as well as on business and strategic risk.

ESG risks in the rating process

Since December 2024, the ‘PD SPV Investor’ and ‘PD SPV Developer’ rating models have been automatically generating a technical ESG warning signal at borrower level based on property-specific information regarding:

- transitory climate risks (expressed as the properties’ CO_2 emissions) and
- physical environmental risks (measured using the “K.A.R.L.” analysis data from “KA Köln.Assekuranz Agentur GmbH”).

The technical ESG warning signal does not directly affect the probability of default (PD) (“zero-notch warning signal”).

If the technical ESG warning signal triggers a warning, the rating analyst must assess whether an expert-based, rating-downgrading manual adjustment (override) of the PD rating is necessary. The analyst must document their decision and the implementation of the adjustment.

The analyst may also manually activate the ESG warning signal to identify further risks that were not detected automatically (e.g. other environmental risks, social risks, Governance risks). In such a case, too, the analyst may subsequently carry out an expert-based, rating-downgrading manual adjustment to the PD rating.

Inclusion in economic and regulatory capital

Based on the findings of the materiality analysis and the risk inventory, including the results regarding the impacts on the individual risk categories, ESG risks have been taken into account in economic and regulatory capital and are thus fully integrated into the ICAAP.

Climate and environmental risks are taken into account in regulatory capital (i) through their consideration in collateral valuation and (ii) through the implementation of a technical warning signal and an override option in the rating process. In the property business, these two measures aim to take climate and environmental risks into account for both transactions under the Standardised Approach and those under the IRB approach.

To quantify economic capital, climate and environmental risks are explicitly taken into account in the risk models for Operational risk, business and strategic risk, and Credit risk. For the latter, this was implemented by means of a risk buffer. For other types of risk, such as Market risk, the risk inventory found that climate and environmental risk contributions are not relevant.

Furthermore, climate- and environmental-risk-related stress effects are taken into account as part of the regular annual stress testing programme. The scenarios considered have been expanded to cover both physical and transitional risks, and the short-term transition scenario has been designed as a reverse stress test; in other words, the aim of the scenario is to limit global warming.

- In order to systematically examine the potential vulnerability of the pbb portfolio and capital position with regard to medium-term transitional climate and environmental risks, a corresponding short-term transition scenario has been defined, calculated and analysed in full within the normative and economic perspectives of the ICAAP, and finally firmly integrated into the stress test programme.

- To extend the focus to potential events that manifest over a long-term period, a combined long-term transition risk and chronic physical risk scenario was calculated. In this scenario, the period up to 2050 was examined under various climate transition pathways.

- The impact of acute physical risks was analysed in a dedicated scenario.

Furthermore, the results of pbb's climate and environmental stress tests are limited in terms of capital ratios and are therefore relevant to the implementation of its business model and capital management.

Inclusion in the ILAAP

As an integral part of the Internal Liquidity Adequacy Assessment Process (ILAAP), potential risk drivers of environmental, social and governance (ESG) risk on liquidity are examined at least annually. To identify potential impacts, a bank-wide integrated ESG stress test is carried out. The results from an ILAAP perspective are presented to the Risk Committee and, where necessary, a change to the methodology is proposed. There are currently no material ESG risks for the purposes of the ILAAP assessment.

Risk management in banking operations

Environmental risks

From a risk perspective, the focus is on opportunities to exert influence across the entire value chain of commercial property finance, starting with funding, through business development and the entire loan management process, right through to repayment or the realisation of collateral. However, the main focus is clearly on the areas of lending, risk assessment and the management of ESG risks within the portfolio.

Within the pbb Group, ESG risks are managed in accordance with the 'Three Lines of Defence' (3 LoD) principle, whereby the risk owners (division heads) of the various specialist departments that are particularly close to clients or the public form the first line of defence. The second line of defence is generally comprised of the Financial Risk & Control, Legal and Non-Financial Risk & Control departments, with support functions from HR and IT. The Internal Audit (IA) department constitutes the third line of defence.

In REFS new business, the e-scoring system developed by pbb is consistently applied in line with the 'Green Loan' concept (including analysis of physical risks and the provision of a range of products tailored to the intended use). The process of aligning each property to be financed with the corresponding climate pathway (CRREM pathway) has been firmly established since April 2022 and supports the transformation of the portfolio towards alignment with the overarching Paris Agreement climate target.

The implementation of any mitigating measures (e.g. insurance, structural measures, etc.) relating to (potential) physical climate risks forms a key component of the lending process.

In the existing portfolio of the Real Estate segment, E-scoring has been applied to a very large proportion of the existing portfolio following extensive supplementary collection of building data in recent years, thereby laying the foundations for long-term climate management. This is not planned for the existing portfolio in the Corporate Centre segment.

Social and Governance Risks

In anticipation of further clarification of the regulatory requirements for the identification and management of external governance and social risks, pbb has begun to analyse relevant S and G sustainability criteria, insofar as these are relevant to its business model. In order to comply with the relevant disclosure requirements in this regard, a process has been established, amongst other things, to verify clients' compliance with the so-called 'Minimum Social Safeguards' (MSS) in accordance with Article 18 of the EU Taxonomy.

To ensure the efficient organisation of appropriate, ongoing legal monitoring, the pbb Group uses a workflow system (RWC). This enables the comprehensive and early identification of new developments (or changes) relating to relevant regulatory requirements and guidelines. It also supports the definition of suitable measures to comply with relevant regulations and guidelines, their implementation, and the monitoring of that implementation. Furthermore, the workflow system provides a separate breakdown of standards relating to ESG issues.

The monitoring and management of counterparties' social and corporate governance risks focuses on the prevention of money laundering and terrorist financing, compliance with financial sanctions and embargoes, and the prevention of fraud and other criminal offences, in particular the prevention of corruption. The pbb Group has taken appropriate precautions in this regard and, in addition to the Code of Conduct, has issued various other internal guidelines, instructions and process descriptions. Compliance monitors adherence to these requirements.

Risk reporting

Specific risk indicators have been defined and assigned to the individual components for the purpose of monitoring the various aspects of the Group's own ESG risk (inside-out perspective). Based on the traffic light system, yellow and red thresholds have been defined for these risk indicators. The risk indicators are reported on a quarterly basis as part of the "Key Risk Indicator" (KRI) reporting for non-financial risks to the Group Risk Committee, the Executive Board and the divisional heads. Both the ESG risk indicators and the internal targets relating to the various aspects of ESG risk are continuously being further developed, expanded and refined. The monitoring of environmental risk (outside-in perspective) currently focuses on the aspects of climate change mitigation and adaptation associated with the property assets we finance.

In internal risk reporting, a monitoring framework has been established for exposures potentially affected by physical and transitional risks, as well as by the risk of environmental pollution, for both the REFS portfolio and the investment portfolio segment. Information on E-related market risk sensitivities and ESG-related losses arising from Operational risk in the REFS portfolio also provides additional transparency in internal reporting. Internal reporting is continuously expanded in line with the available data. The quarterly KRI report includes portfolio information regarding transparency, based on the overall "scored" proportion and the proportion of the portfolio assessed as "green".

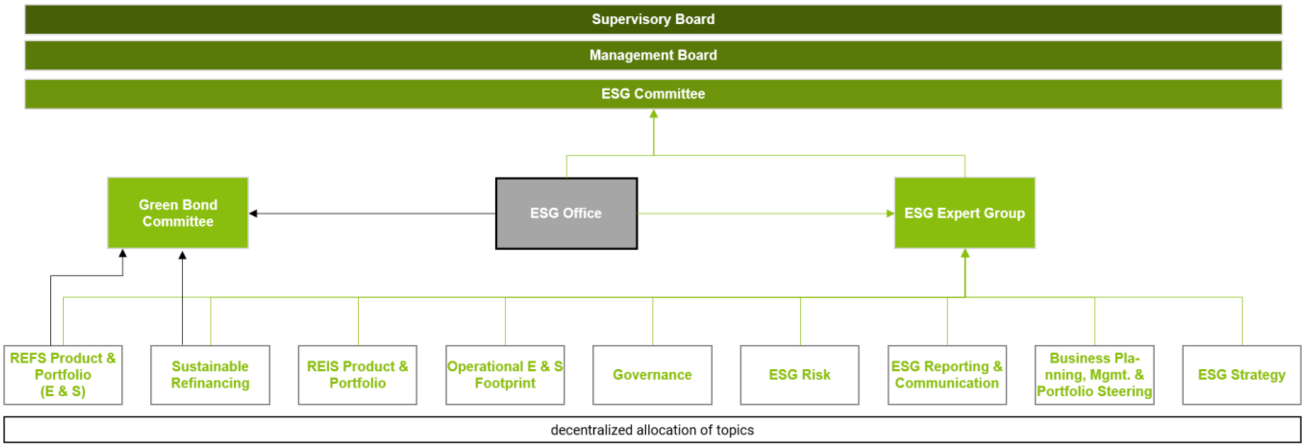
Organisation and Responsibilities

The pbb Group has systematically integrated all three dimensions of ESG into its governance structures. The issues and processes are handled and implemented within the line organisation. A decision was taken in July 2026 to phase out the ESG programme structures. The ESG programme, launched in 2021, was designed to ensure the centrally organised and managed implementation of ESG issues, particularly with regard to data transparency and the long-term development of product, risk and business strategies. With the established governance structures and the comprehensive development of relevant ESG expertise, a level of maturity in these areas has been achieved across the specialist departments, enabling the continued decentralised handling of ESG issues and thus ensuring that the tasks of the ESG programme are taken over. The prioritisation of ESG issues remains unchanged.

In 2021, the pbb Executive Board established the ESG Committee as a specialist committee responsible for steering and monitoring, comprising, amongst others, all members of the Executive Board, selected divisional heads and representatives of selected ESG topics. It plays a key role in developing the ESG business strategy and monitoring the relevant implementation measures, and usually meets on a quarterly basis. A report is also submitted to the Supervisory Board on a quarterly basis.

The ESG Office is responsible for developing the ESG strategy and ESG KPIs, for cross-divisional management and support regarding new regulatory and strategic ESG issues, and for long-term monitoring of these issues.

Organisation of ESG risk management



The decentralised integration of ESG issues across specialist departments and core processes ensures that ESG issues are deeply embedded within the pbb Group. The ESG Expert Group facilitates cross-departmental and consistent dialogue on ESG issues, as well as the identification and consistent resolution of cross-functional issues. New ESG tasks are also addressed and coordinated within this group. Staff from different departments receive training tailored to their needs – ranging from general basic training and self-study modules (Learning Nuggets) available on the intranet to external ESG training programmes for the targeted professional development of ESG specialists in individual pbb departments. This is aimed in particular at realising synergy effects in the context of addressing ESG issues, ensuring a smooth transition of ESG tasks into standard processes, and building up subject-specific ESG expertise in these areas.

Remuneration

The pbb Group promotes behaviours aligned with its climate, environmental and social risk approach as part of the variable remuneration component by linking variable remuneration to the achievement of relevant ESG targets.

The variable remuneration of pbb employees is determined through a standardised and formalised process. The calculation of variable remuneration is based on quantitative and qualitative targets that are taken into account at corporate, divisional and individual levels. The qualitative and quantitative divisional targets are set annually, derived from the corporate targets and the planning for the respective financial year. To this end, as a first step, the members of the Executive Board specify overarching strategic priorities for the divisional targets, which are closely interlinked with the key institutional targets and plans derived from the business and risk strategy (Corporate Strategic Priorities). At an individual level, an annual target agreement setting out qualitative and quantitative targets for the current financial year is concluded with every pbb employee. The individual targets are aligned with the divisional targets and are therefore also fundamentally aligned with the Corporate Strategic Priorities.

Strategic priorities relating to ESG issues also form part of the Corporate Strategic Priorities for 2026. In this way, the pbb Group intends to continue promoting behaviours in line with its climate and environmental risk approach in 2026. To measure the extent to which a division has achieved its targets – and thus to determine the variable remuneration – a 100% target value is defined in advance for each of the relevant targets. Climate- and environment-related targets include, in particular, targets relating to the financing of properties classified as ‘green’ or the consideration and minimisation of ESG risks as part of the credit analysis and loan selection process.

For the members of pbb's Executive Board, pbb's climate and environmental risk approach is directly embedded in the remuneration system: as part of the long-term performance measurement (Long-Term Incentive), the pbb Group's decarbonisation pathway is taken into account as an ESG performance target, weighted at one-sixth. In addition, the departmental and individual targets of the Executive Board members, as part of the short-term performance measurement (Short-Term Incentive), also include targets relating to ESG.

Climate and environmental risk

This chapter presents the quantitative information in accordance with Article 449a of the CRR relating to climate and environmental risks, in particular transition risks arising from climate change (Tables EU ESG1 to EU ESG4) and physical risks arising from climate change (Table EU ESG5).

The pbb Group has opted not to disclose information on the EU taxonomy eligibility and EU taxonomy compliance of its risk positions (Tables EU ESG6 to EU ESG10, as well as EU ESG1, column c, and EU ESG4, column c), in light of the no-action letter (EBA/Op/2025/11) published by the EBA on 6 August 2025 (EBA/Op/2025/11) and the FAQs published by the ECB on 9 December 2025 regarding the application of ESG disclosure requirements following the publication of the No-Action Letter.

Climate and Environment – Transition risks arising from climate change

EU ESG1: Investment portfolio – indicators of potential transition risks arising from climate change: credit quality of risk positions by sector, emissions and remaining maturity

Table EU ESG1 shows a breakdown of risk positions (loans and credits, debt securities, equity instruments) held in relation to non-financial corporations operating in economic sectors (by NACE codes) that contribute significantly to climate change and are therefore more exposed to the risks that may arise from the transition to a low-carbon and climate-resilient economy (transition risks). Furthermore, the table contains information on the quality of these risk exposures and their maturity structure (remaining maturity). Economic sectors that contribute significantly to climate change include, according to Recital 6 of Delegated Regulation (EU) 2020/1818, oil, gas, mining and transport, amongst others. The data basis for Table EU ESG1 is the FINREP framework (the reporting of financial information in accordance with IFRS).

The financed CO_2 emissions in tonnes of CO_2 equivalents (tCO_2e) are calculated in accordance with the international standard for measuring CO_2 emissions set out by the Partnership for Carbon Accounting Financials (PCAF). For property clients, the underlying PCAF calculation methodology is based on the financial proportion of a loan to a financed property and on the total emissions of the respective property. To calculate the CO_2 emissions of property clients, the pbb Group uses demand/consumption data provided by the counterparty as well as proxies to determine financed emissions:

- To determine Scope 1 and Scope 2 emissions, the Group draws on both the electricity and energy requirements/consumption of the financed properties and on PCAF proxies to calculate emissions approximately.
- Financed Scope 3 emissions from property clients are calculated on the basis of industry averages using economic emission factors.

For companies in the Corporate Centre (CC) segment of the pbb Group, the entire calculation of CO_2 emissions is based on industry averages using economic emission factors.

The calculation models are still undergoing continuous development.

In line with the pbb Group’s business model, with commercial property finance as its core business, 97% of these risk positions vis-à-vis non-financial companies relate to the economic sectors ‘L – Land and housing’ (€26.0 billion, line 52) and ‘F – Construction’ (€22 million, line 40). The combined share of the remaining economic sectors amounts to around 3%, whilst individually they account for less than 1% of the risk positions.

The pbb Group does not hold any exposures to companies excluded from the Paris-aligned EU benchmarks (such as arms, tobacco, hard coal and lignite, crude oil, gaseous fuels, etc.) in its portfolio (EU ESG1, column b).

EU ESG1: Investment book – Indicators of potential transition risks arising from climate change: credit quality of risk positions by sector, emissions and remaining maturity

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount [2]					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG-financed emissions (Scope 1, Scope 2 and Scope 3 emissions of the counterparty) (in tonnes of CO_2 equivalent)		GHG emissions (column i) [4]	Remaining maturity				
	Sector/subsector [1]		of which exposures to companies excluded from EU Paris-aligned benchmarks [3]	of which environmentally sustainable (CCM)	of which Stage 2 exposures	of which non-performing exposures		of which Stage 2 exposures	of which non-performing exposures		of which Scope 3 financed emissions		≤ 5 years	> 5 years <= 10 years	> 10 years <= 20 years	> 20 years	Weighted average maturity
All figures in € million, unless otherwise stated																	
1	**Exposures to sectors that contribute significantly to climate change***	**26,224**	**-**	**-**	**4,786**	**2,422**	**-752**	**-93**	**-627**	**721,579**	**450,181**	**30%**	**23,967**	**1,667**	**499**	**90**	**3**
2	A – Agriculture, forestry and fishing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	B – Mining and quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	B.05 – Mining of coal and lignite	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	B.06 – Extraction of crude petroleum and natural gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	B.07 - Mining of metal ores	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	B.08 – Other mining and quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	B.09 - Mining support service activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	C - Manufacturing	17	-	-	-	-	-	-	-	9,578	6,172	0%	-	17	-	-	5
10	C.10 - Manufacture of food products	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	C.11 - Manufacture of beverages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	C.12 - Manufacture of tobacco products	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	C.13 - Manufacture of textiles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	C.14 - Manufacture of clothing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	C.15 - Manufacture of leather and related products	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	C.17 - Manufacture of pulp, paper and paperboard	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	C.18 – Printing and service activities related to printing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	C.19 – Manufacture of coke oven products	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	C.20 – Production of chemicals	17	-	-	-	-	-	-	-	9,578	6,172	0%	-	17	-	-	5

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount [2]					**Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions**			**GHG-financed emissions (Scope 1, Scope 2 and Scope 3 emissions of the counterparty) (in tonnes of CO_2 equivalent)**		**GHG emissions (column i)** [4]	**Remaining maturity**				
	Sector/subsector [1]		**of which exposures to companies excluded from EU Paris-aligned benchmarks** [3]	**of which environmentally sustainable (CCM)**	**of which Stage 2 exposures**	**of which non-performing exposures**		**of which Stage 2 exposures**	**of which non-performing exposures**		**of which Scope 3 financed emissions**		**≤ 5 years**	**> 5 years <= 10 years**	**> 10 years <= 20 years**	**> 20 years**	**Weighted average maturity**
All figures in € million, unless otherwise stated																	
21	C.21 - Manufacture of pharmaceutical preparations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	C.22 - Manufacture of rubber products	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	C.23 - Manufacture of other non-metallic mineral products	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	C.24 - Manufacture of basic metals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26	C.26 - Manufacture of computer, electronic and optical products	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	C.27 - Manufacture of electrical equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	C.28 – Manufacture of machinery and equipment n.e.c.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	C.30 - Manufacture of other transport equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	C.31 - Manufacture of furniture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	C.32 – Other manufacturing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	C.33 - Repair and installation of machinery and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	D - Electricity, gas, steam and air conditioning supply	14	-	-	-	-	-	-	-	50,156	3,954	0%	14	-	-	-	4
35	D35.1 - Electricity generation, transmission and distribution	14	-	-	-	-	-	-	-	50,156	3,954	0%	14	-	-	-	4
36	D35.11 - Production of electricity	14	-	-	-	-	-	-	-	50,156	3,954	0%	14	-	-	-	4
37	D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
38	D35.3 - Steam and air conditioning supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39	E - Water supply; sewerage, waste management and remediation activities	49	-	-	-	-	-	-	-	49,150	26,905	0%	3	41	5	-	7

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount [2]					**Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions**			**GHG-financed emissions (Scope 1, Scope 2 and Scope 3 emissions of the counterparty) (in tonnes of CO_2 equivalent)**		**GHG emissions (column i) [4]**	**Remaining maturity**				
	Sector/subsector [1]		**of which exposures to companies excluded from EU Paris-aligned benchmarks [3]**	**of which environmentally sustainable (CCM)**	**of which Stage 2 exposures**	**of which non-performing exposures**		**of which Stage 2 exposures**	**of which non-performing exposures**		**of which Scope 3 financed emissions**		**≤ 5 years**	**> 5 years <= 10 years**	**> 10 years <= 20 years**	**> 20 years**	**Weighted average maturity**
	All figures in € million, unless otherwise stated																
40	F – Construction	22	-	-	-	-	-	-	-	307	184	40%	22	-	-	-	1
41	F.41 - Construction of buildings	22	-	-	-	-	-	-	-	307	184	40%	22	-	-	-	1
42	F.42 - Civil engineering	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43	F.43 - Specialised construction activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
44	G – Wholesale and retail trade; repair of motor vehicles and motorcycles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
45	H – Transport and storage	101	-	-	14	-	-	-	-	38,259	35,354	0%	30	6	65	-	10
46	H.49 – Land transport and transport via pipelines	43	-	-	-	-	-	-	-	3,339	3,175	0%	17	6	21	-	10
47	H.50 – Water transport	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
48	H.51 – Air transport	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
49	H.52 – Warehousing and support activities for transport	58	-	-	14	-	-	-	-	34,920	32,179	0%	14	-	44	-	10
50	H.53 - Postal and courier activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
51	I - Accommodation and food service activities	53	-	-	-	-	-	-	-	2,629	2,327	0%	53	-	-	-	3
52	L - Real estate activities	26,020	-	-	4,772	2,422	-752	-93	-627	574,130	377,612	41%	23,898	1,603	429	90	3
53	**Exposures to sectors other than those that contribute significantly to climate change***	**563**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	———	———	———	**180**	**128**	**160**	**95**	**10**
54	K – Financial and insurance activities [5]	-	-	-	-	-	-	-	-	———	———	———	-	-	-	-	-
55	Exposures to other sectors (NACE codes J, M – U)	510	-	-	-	-	-	-	-	———	———	———	127	128	160	95	11
56	**Total**	**26,787**	**-**	**-**	**4,786**	**2,422**	**-752**	**-93**	**-627**	**869,575**	**572,486**	**24%**	**24,147**	**1,795**	**659**	**185**	**3**

[1] Classification according to the counterparty's NACE code is based on the main business activity of the direct counterparty (such as the direct borrower, counterparty or issuer of the securities) or that of the most significant or decisive debtor. The NACE codes correspond to the NACE Regulation: Statistical Classification of Economic Activities in the European Community.

[2] Gross carrying amount – before deduction of impairment losses on financial assets, after depreciation, and before the application of Credit risk mitigation techniques – of loans and advances, debt securities and equity instruments in the investment book, i.e. excluding financial assets held for trading or for sale.

[3] Exposures to undertakings that are excluded from Paris-aligned EU benchmarks pursuant to Article 12(1)(d) to (g) and Article 12(2) of Regulation (EU) 2020/1818.

[4] Greenhouse gas emissions (GHG). Column k shows the percentage of the portfolio for which information on counterparties' Scope 1/2/3 emissions is already available.

[5] In line with the adjustment to the validation rules, Sector I is classified under 'exposures to sectors other than those that contribute significantly to climate change'.

[6] Row 54 (Sector K) includes exposures to non-financial corporations (as per FINREP); exposures to credit institutions and other financial corporations, however, are not included.

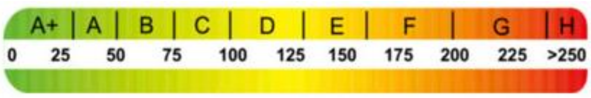
EU ESG2: Investment book – Indicators of potential transition risks arising from climate change: Loans secured by property – Energy efficiency of collateral

The EU ESG2 table shows the climate change transition risk arising from the shift towards a lower-carbon and more environmentally sustainable economy for loans and credits secured by commercial and residential property, and for repossessed property collateral. The energy efficiency of commercial and residential properties is presented on the basis of specific energy consumption (in kWh/m²) or the EPC label (Energy Performance Certificate, EPC) of the underlying property collateral. The risk positions are broken down according to the geographical location of the property collateral (EU and non-EU).

In the pbb Group's commercial property financing, the portfolio continues to be dominated by investment financing. This term encompasses the financing of properties whose debt servicing capacity is derived primarily from the property's ongoing cash flow. The properties financed are mainly office, residential, logistics/warehouse, retail, hotel and leisure buildings. Of the risk positions shown in Table EU ESG2 – that is, loans and credits secured by property – 84% relate to commercial property and 16% to residential property. Geographically, the focus is on Europe; accordingly, 86% of the risk positions are in EU countries and 14% in non-EU countries. The key markets in Europe are Germany, France, the United Kingdom, the Nordic countries, selected Central and Eastern European countries, Spain and the Benelux countries.

The general data basis for the EU ESG2 table is the FINREP framework (the reporting of financial information in accordance with IFRS). Furthermore, for information on the energy efficiency of the properties, a final energy consumption figure (in kWh/m²) has been assigned to each property ID. Thus, EU ESG2 (columns h to n) lists the risk positions for which an EPC label (Energy Performance Certificate) is available for the property collateral. Categories with EPC labels A/A+ are grouped under label A, and those with EPC labels G/H under label G. The information on final energy consumption (kWh/m²) of the properties, as per the EPC label, is used to classify the risk positions according to the Energy Performance Score (EPS; columns b to g). Where no information on final energy consumption was available, the properties were assigned an estimated final energy consumption based on property type and year of construction. Rows 5 and 10 show the extent to which energy efficiency was estimated in the absence of an available EPC label, compared with final energy consumption. The methodology used to estimate final energy consumption (kWh/m²) and the statistical data sources utilised are described below.

Each residential property for which an EPC label is known was assigned to an EPC category based on the German EPC classification for residential buildings. For each residential property with a known EPC label, information on annual final energy consumption in kWh/m² is also available. For commercial properties in Germany, there is no scale with uniform standards for energy efficiency labels. However, the final energy consumption (kWh/m²) is known if the Energy Performance Score (i.e. the energy efficiency in kWh/m²) is known. The relationship between the Energy Performance Score and the EPC label corresponds to the classification scale for German residential buildings shown below.



German EPC classification scale for residential buildings in kWh/m²
(Energy efficiency for residential buildings – fuel consumption in kilowatt-hours per square metre per year (abbreviated to: kWh/m²).

Average final energy consumption for residential buildings has fallen steadily as the year of construction has become more recent, as the table below shows. These statistical averages form the basis for the estimation function for final energy consumption by year of construction.

Year of construction	Primary energy demand in kWh/m²	Final energy demand in kWh/m²	Final energy consumption in kWh/m²
1918–1934	260	225	150
1935–1947	265	230	150
1948–1949	255	205	150
1950–1959	255	205	145
1960–1977	240	180	145
1978–1989	220	165	140
1990–1999	165	125	125
2000	125	100	125
2001	125	100	100
2002–2003	100	95	80
2004	95	80	80
2005	90	80	80
2006–2007	80	70	75
2008	75	70	75
2009–2027	55	50	75

Average final energy consumption by year of construction. Source: https://www.dena.de/fileadmin/user_upload/8162_dena-Gebaeudereport.pdf
The source applies only to residential buildings. Proxies have been assigned to other building types using a building-type-dependent scaling method.

In addition, the average final energy consumption, which varies according to building category, is taken into account. The table below shows the statistically recorded categories and the scaling factor relative to the residential building category. The estimated final energy consumption for properties without a recorded Energy Performance Score thus corresponds to the year-of-construction-dependent mean value, as determined by the estimation function, multiplied by the property-type-dependent scaling factor.

Building category	Annual energy consumption (electricity) in kWh/m²	Annual energy consumption (heating) in kWh/m²	Total energy consumption in kWh/m²	Scaling factor total
Hotel	60	95	155	1.14
Retail	85	70	155	1.14
Office	85	110	195	1.43
Logistics	35	30	65	0.48
Residential	34	102	136	1.00

Average final energy consumption by building type according to the following sources for non-residential buildings (https://geg-info.de/geg/210503_bmwi_bmi_regeln_energieverbrauchskennwerte_nichtwohnbestand.pdf) and residential buildings (https://www.bmwk.de/Redaktion/DE/Downloads/Studies/Preliminary-Investigations-into-the-Long-Term-Renovation-Strategy-Supplement.pdf?__blob=publicationFile&v=6).

Reporting on the energy efficiency of the financed properties is an integral part of the pbb Group's regular internal reporting to management.

EU ESG2: Investment portfolio – indicators of potential transition risks arising from climate change: Property-backed loans – energy efficiency of the collateral

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Total gross carrying amount [1)]															
			Level of energy efficiency [2)] (EP score in kWh/m² of collateral)						**Level of energy efficiency (EPC label of collateral) [3)]**							**Without an EPC label for the proper-ty**	
	Counterparty sector		**0; <= 100**	**> 100; <= 200**	**> 200; ≤ 300**	**> 300; <= 400**	**> 400; <= 500**	**> 500**	**A**	**B**	**C**	**D**	**E**	**F**	**G**		**of which estimated energy efficiency level [4)]**
All figures are in € million, unless otherwise stated																	
1	**Total EU area**	**22,823**	**9,373**	**10,064**	**2,211**	**836**	**309**	**30**	**1,883**	**1,857**	**1,871**	**1,347**	**416**	**345**	**533**	**14,572**	**19%**
2	of which: Loans secured by commercial immovable property	18,787	7,615	7,908	2,116	807	309	30	1,367	1,341	1,327	876	161	130	515	13,071	19%
3	of which loans secured by residential property	4,037	1,758	2,155	95	29	-	-	516	516	544	471	255	215	18	1,501	23%
4	of which collateral obtained by taking possession: residential and commercial immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	of which estimated energy efficiency level (EP score in kWh/m² of collateral)	4,700	1,561	2,594	544	-	-	-	—	—	—	—	—	—	—	4,700	100%
6	**Total non-EU area**	**3,828**	**602**	**2,241**	**595**	**121**	**122**	**147**	**148**	**734**	**117**	**36**	**3**	**109**	**-**	**2,680**	**27%**
7	of which: Loans secured by commercial immovable property	3,629	602	2,151	485	121	122	147	148	734	117	36	3	-	-	2,590	26%
8	of which loans secured by residential property	199	-	90	109	-	-	-	-	-	-	-	-	109	-	90	45%
9	of which collateral obtained by taking possession: residential and commercial immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	of which estimated energy efficiency level (EP score in kWh/m² of collateral)	1,295	107	1,089	99	-	-	-	—	—	—	—	—	—	—	1,295	100%

[1)] Gross carrying amount of loans and advances secured by property, before deduction of impairment losses on financial assets, but after depreciation, and before the application of Credit risk mitigation techniques.
[2)] Columns b to g: Risk positions by energy efficiency class based on the specific energy consumption (in kWh/m²) of the collateral.
[3)] Columns h to n: Risk positions by energy performance certificate class (EPC label) of the collateral, for those collateral assets for which the pbb Group holds an Energy Performance Certificate (EPC).
[4)] Column p: Percentage of the exposures in column o (in accordance with EBA Q&A 2022-6625) for which the energy efficiency level (EPS of the collateral in kWh/m²) has been estimated.

EU ESG3: Investment portfolio – Indicators of potential transition risks arising from climate change: Alignment parameters

The EU ESG3 table contains information for specific economic sectors (by IEA sectors and NACE sectors) on the pbb Group's sustainability efforts to align with the objectives of the Paris Agreement. The information relates to the 'Net Zero Emissions by 2050' (Net Zero Emissions by 2050 Scenario, NZE2050 Scenario) of the International Energy Agency (IEA) and shows the alignment parameters used by the pbb Group, the deviation from the climate pathway, and the targets for each relevant economic sector. Table EU ESG3 contains the risk positions (loans and credits, debt securities, equity instruments) vis-à-vis non-financial corporations. The data is based on the FINREP framework (the reporting of financial information in accordance with IFRS).

The EU ESG3 table shows only the alignment metric for the Real Estate Finance Solutions (REFS) portfolio (various NACE sectors). Whilst the pbb Group also holds risk positions in other climate-relevant (NACE) sectors, these are considered immaterial in comparison to the REFS portfolio. Furthermore, the non-strategic Corporate Centre (CC) segment is to be phased out gradually by ceasing to take on new business. Strategic management of business activities to achieve the NZE2050 scenario is therefore already ensured through the cessation of new business. In this respect, the pbb Group has chosen not to disclose corresponding explanations for the CC exposure in the EU ESG3 table. As the NACE codes listed in the EU ESG3 table partly include CC portfolios, the total gross carrying amounts differ from those in the EU ESG1 template.

To determine emission intensities, the pbb Group uses the international PCAF standard for calculating financed emissions in the financial sector. Emissions data for the financed property assets are calculated using the emissions data provided by the counterparties and, where information is lacking, by using PCAF proxies. Emissions data are available for each property financed by pbb at different data quality levels. For this purpose, pbb uses the PCAF data quality score classification ranging from 1 to 4. For data with data quality scores of 1 to 3, data from customers' energy performance certificates (energy consumption certificates or energy demand certificates) is used; this data was collected as part of the data collection process from pbb's own customers and is received by the pbb Group through standard processes. As a rule, these energy performance certificates only include CO_2 emissions. Data with a data quality score of 4 is estimated using PCAF emission factors based on the property type and the country of the financed property. For the property sector, contrary to the requirements of Implementing Regulation (EU) 2022/2453, the IEA NZE2050 climate pathway is not used; instead, the climate pathway according to CRREM Global Pathways is applied. This deviation was made because, in pbb's assessment, the CRREM climate pathway is better suited to the property finance sector – which is the dominant business segment within the pbb Group – due to its differentiated consideration of the country and the intended use of the property, whereas the IEA NZE2050 provides for only a single global pathway. Scope 3 emissions are excluded when determining deviations from the CRREM pathway. The calculation is based on the continuation of the strategy first established in 2023 for 2024, which was defined taking into account Scope 1 and Scope 2 emissions.

The target is set on a decarbonisation pathway up to 2050, which was developed on the basis of the pbb Core financing portfolio comprising the five largest property types by financing volume (residential, office, retail, industrial/logistics and hotel/leisure), excluding PCAF proxies and taking into account data from Scope 1 and Scope 2 emissions. To this end, the pbb Group has modelled various scenarios. pbb's business plan up to 2027 forms the basis for all scenarios. This takes into account planned changes in sales volume or shifts in the bank's product portfolio up to 2027. The 2027 business plan was used as the basis for the subsequent period up to 2050. The targets were validated taking into account the approved business plan for the years 2026 to 2028. An annual update ensures that changes to the business plan are continuously taken into account, which may lead to an adjustment of the targets where necessary. The CRREM pathway (CRREM Global Pathways V2) was used as the reference pathway for defining the targets, as this is the general market standard for deriving decarbonisation pathways for the property sector. A pbb-specific reference pathway was developed based on country- and building-type-specific sub-CRREM pathways. The targets developed follow a reduction pathway which takes into account the pbb REFS portfolio as at a specific reference date and approximates the pbb-specific reference pathway. Through the chosen methodology, the decarbonisation pathway incorporates the assumptions and methods underlying the CRREM pathways, thereby ensuring that assumptions regarding regulatory factors and new technologies are factored into the targets. Furthermore, annual portfolio growth and an increase in green financing were assumed.

EU ESG3: Investment portfolio – indicators of potential transition risks arising from climate change: alignment parameters

	a	b	c	d	e	f	g
	IEA Sectors [1]	NACE Sectors [2] (at a minimum)	Gross carrying amount of the portfolio [3]	Alignment metric [4] (in tCO_2/m^2)	Year of reference [5]	Distance to IEA scenario NZE2050 [6] (in %)	Target [7] (reference year + 3 years)
All figures in € million, unless otherwise stated							
1	Property activities	L68, F41, I, M-S	25.969	0.0378 tCO_2/m^2)	2026	189%	0.0345

[1] Industry sectors as defined by the International Energy Agency (IEA).
[2] Economic sectors in accordance with the NACE Regulation (EU), the Statistical Classification of Economic Activities in the European Community (Nomenclature Générale des Activités Économiques dans les Communautés Européennes, NACE). Classification according to the counterparty's NACE code is based on the principal business activity of the direct counterparty (such as the direct borrower, counterparty or issuer of the securities) or that of the most significant or decisive debtor.
[3] Gross carrying amount – before deduction of impairment losses on financial assets, after depreciation, before the application of Credit risk mitigation techniques – of loans and advances, debt securities and equity instruments in the investment book, i.e. excluding financial assets held for trading or for sale.
[4] Alignment parameters relating to the IEA's 'Net Zero Emissions by 2050' (NZE2050) scenario.
[5] Reference year for measuring the alignment parameters of the respective sector.
[6] The gap (in %) between the alignment parameters and the data points applicable for 2030 in the IEA's 'Net Zero Emissions by 2050' (NZE2050) scenario. This gap corresponds to the degree of alignment with the 2030 scenario indicators as set out in the IEA report 'Net Zero Emissions by 2050: A Roadmap for the Global Energy Sector' (2023 update). For NACE sector L, the pbb Group uses the CRREM pathway.
[7] The pbb Group's 3-year target relative to the reference year (column e) and with regard to the alignment parameters (column d). The target relates to Scope 1 and Scope 2 emissions. The calculation is carried out without taking proxy data into account.

EU ESG4: Investment portfolio – indicators of potential transition risks arising from climate change: risk exposures to the 20 most CO_2-intensive companies

The EU ESG4 table is not relevant to the pbb Group. As at the disclosure date, the pbb Group had no exposures to the 20 most carbon-intensive companies worldwide. The publicly available Carbon Majors Database was used to identify the most carbon-intensive companies (Climate Accountability Institute: https://climateaccountability.org/carbon-majors/, Launch Report, April 2024).

Climate and Environment – Physical Risk

EU ESG5: Investment portfolio – Indicators of potential physical risks arising from climate change: exposures subject to physical risk

The EU ESG5 table contains information on risk positions (loans and credits, debt securities and equity instruments) vis-à-vis non-financial corporations, on loans secured by property and repossessed property collateral, which may be exposed to physical risk (chronic and acute hazards) arising from climate change. In addition, the table contains information on the credit quality and the maturity structure/remaining maturity of these risk positions. Counterparties are broken down by economic sector (in accordance with NACE codes) and geographical area, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). As geographical areas that may be vulnerable to certain climate-related hazards, the pbb Group presents the table for Germany and, in summary form, for all other countries.

Germany accounts for around 34% of these risk positions vis-à-vis non-financial corporations, 99% of which relate to the economic sectors "L – Real estate and housing" and "F – Construction". The remaining countries account for around 66% of the risk exposures, 96% of which relate to the economic sectors "L – Real estate and housing" and "F – Construction".

There are no risk exposures in Germany that are vulnerable solely to the effects of chronic events resulting from climate change; in the other countries, these amount to €7 million. A physical risk is classified as chronic if it is the result of gradual changes (such as rising sea levels). A physical risk is considered acute if it arises from extreme events (such as droughts, floods and storms). The risk exposures that are vulnerable only to the impacts of acute events resulting from climate change amount to €1,966 million in Germany – representing 21% of the risk exposures attributable to Germany – and, when taken together, to €10,183 million in the other countries, corresponding to 58% of the risk exposures attributable to these countries. Exposures vulnerable to the impacts of both chronic and acute events resulting from climate change amount to €75 million in Germany – representing 0.8% of the exposures attributable to Germany – and, when aggregated across the other countries, to €301 million, corresponding to 1.7% of the exposures attributable to these countries.

The general data basis for the EU ESG5 table is the FINREP framework (the regulatory reporting of financial information in accordance with IFRS). The methodology used to assess sensitivity to physical events resulting from climate change and the data sources utilised are described below. For secured financing, the sensitivity analysis takes into account the risk assessment of the collateral (commercial and residential property). For unsecured financing, on the other hand, the counterparty and its area of business are used for the assessment.

Physical risk assessments for secured financing are available at property level. The risk assessment for a (chronic and/or acute) physical risk associated with the relevant contracts is derived directly from the property assigned to the contract that is subject to the highest risk. Physical risk assessments for unsecured financing are carried out on the basis of the counterparty. The risk assessment for the financing is derived from the postcode of the counterparty's head office. The Nomenclature of Territorial Units for Statistics (NUTS) classification was used for this purpose.

The results of the physical risk assessment from the pbb Group's risk inventory were used to determine the sensitivity of the financing arrangements to the risks posed by climate change. pbb carries out a comprehensive risk inventory at least once a year in order to systematically identify and analyse potential risks that may arise from the business model or from the external environment of the pbb Group. The aim of the risk inventory is to establish a complete risk profile in which all risks are identified, assessed in terms of their materiality for capital and liquidity requirements, and examined for potential risk concentrations. To ensure that ESG risk is adequately taken into account in the risk management processes, an identification and assessment process for ESG risk drivers has been established as an integral part of the annual risk inventory.

As part of the risk assessment in the risk inventory, each property was assigned a qualitative risk level on a risk scale (“risk traffic light”) for ten acute climate risks (flooding, heavy rain, storm surge, storm, tornado, hail, drought, wildfire, heatwave, landslide) and two chronic climate risks (coastal erosion, sea-level rise). The traffic-light scales for most of these risks are determined by the external sources used (K.A.R.L. data, ThinkHazard, WRI Aqueduct). The climate risks associated with wildfires and landslides form an exception; these were reviewed by pbb on the basis of expert estimates and supplemented with relevant properties following an analysis of vegetation and elevation profiles. The pbb Group thus fully covers the physical climate risks cited as examples in the DVO (EU) 2022/2453 in its assessment.

The distinction between acute and chronic risks is based, amongst other things, on the EBA report ‘Report on the management and supervision of ESG risks for credit institutions and investment firms’ (EBA/REP/2021/18). If the risk associated with an asset or a counterparty was assessed at the second-highest level for at least one of the acute risks under consideration, that asset was classified as sensitive to acute physical risks. The same applies to chronic physical risks. Due to the very conservative approach adopted, the figure shown in Table EU ESG5 can be regarded as the upper bound of the risk for the pbb Group. Furthermore, the assessment should be viewed from a gross perspective, i.e. prior to any risk mitigation techniques and individual climate analysis (for example, through insurance and/or the possibility of structural measures on the part of the borrower, as well as through possible changes to contractual terms or specific ‘due diligence’ on the part of the bank).

The risk assessments for flooding, heavy rain, storm surges, storms, tornadoes and hail were carried out on the basis of K.A.R.L. data (Köln.Assekuranz Risiko Lösungen). K.A.R.L. offers an analysis tool for the location-specific and property-specific identification and calculation of risks caused by natural hazards. To assess the risk situation, K.A.R.L. combines the site-specific hazard profile with the vulnerability of the property under investigation (e.g. a building, industrial site) using a damage function specific to each property type. The expected annual damage amounts were therefore included in the EU ESG5 table, which were then translated into a five-level qualitative assessment of the risk situation at the site using a risk traffic light system based on the K.A.R.L. scale.

Risk	Lower barrier in %	Upper barrier in %
No risk	-	-
Very low risk	-	0.05
Low risk	0.05	0.10
Medium risk	0.10	0.70
High risk	0.70	-

Risk assessment per property based on the expected damage as a percentage for the physical risks covered by K.A.R.L.

The risks of drought, wildfire, heatwaves, landslides, sea-level rise and coastal erosion were assessed using publicly available hazard maps from ThinkHazard (a World Bank project) and WRI Aqueduct (the body setting the standards for the ‘Greenhouse Gas Protocol’). The assessment fully follows the methodology defined by ThinkHazard, using the thresholds developed there for the traffic-light scale. For risks not assessed by ThinkHazard, the ThinkHazard thresholds were derived via expert estimation (coastal erosion, sea-level rise).

For the risk assessment of geographical areas, the Nomenclature of Territorial Units for Statistics (NUTS) and the European Union’s division into EU regions were used. For non-European areas, the area was approximated using a geocoordinate together with a realistic radius of impact.

EU ESG5: Appendix – Indicators for potential physical risks arising from climate change: risk exposures involving physical risk (Germany)

	Variable: Geographical area subject to physical climate change risk – acute and chronic events [2) 3)] Germany	a	b	c	d	e	f	g	h	i	j	k	l	m	n
		Gross carrying amount [1)]													
			of which exposures sensitive to the impact of physical climate change events												
			Breakdown by maturity bucket					of which exposures sensitive to the impact of chronic climate change events	of which exposures sensitive to the impact of acute climate change events	of which exposures sensitive to the impacts of both chronic and acute climate change events	of these Stage 2 exposures	of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
All figures are in € million, unless otherwise stated			<= 5 years	> 5 years <= 10 years	> 10 years ≤ 20 years	> 20 years [4)]	Weighted average maturity							of these Stage 2 exposures	of which non-performing exposures
1	A – Agriculture, forestry and fishing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	B – Mining and quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	C - Manufacturing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	D - Electricity, gas, steam and air conditioning supply	2	2	-	-	-	3	-	2	-	-	-	-	-	-
5	E - Water supply; sewerage, waste management and remediation activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	F - Construction	22	-	-	-	-	-	-	-	-	-	-	-	-	-
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	H – Transport and storage	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	L – Real estate activities	9,102	1,879	43	7	44	3	-	1,898	75	149	273	-126	-1	-123
10	Loans secured by residential property	3,012	224	21	3	23	4	-	270	-	4	113	-28	-	-28
11	Loans secured by commercial immovable property	6,049	1,605	19	3	21	3	-	1,573	75	146	114	-52	-1	-49
12	Repossessed collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Other relevant sectors	99	-	66	-	-	10	-	66	-	-	-	-	-	-
13a	M – Professional, scientific and technical activities	31	-	-	-	-	-	-	-	-	-	-	-	-	-
13b	Q - Human health services and social work activities	67	-	66	-	-	10	-	66	-	-	-	-	-	-
13c	S - Other services	1	-	-	-	-	1	-	-	-	-	-	-	-	-

[1)] Gross carrying amount – before deduction of impairment losses on financial assets, after depreciation, before the application of Credit risk mitigation techniques – of loans and advances, debt securities and equity instruments in the investment portfolio, i.e. excluding financial assets held for trading or for sale.
[2)] Classification according to the counterparty's NACE code is based on the principal business activity of the direct counterparty (such as the direct borrower, counterparty or issuer of the securities) or that of the most significant or decisive debtor. The NACE codes correspond to the NACE Regulation: Statistical Classification of Economic Activities in the European Community.
[3)] The classification into a geographical area that may be exposed to a physical risk (chronic and acute hazards) arising from climate change is determined by the location of the debtor, i.e. the debtor's habitual residence or, in the case of specialised financing, the location of the assets (property).
[4)] In accordance with EBA/ITS/2022/01, the maturity band '> 20 years' may also include exposures that do not have a fixed remaining maturity for reasons other than the counterparty being able to choose the repayment date.

EU ESG5: Investment book – Indicators of potential physical risks arising from climate change: Risk positions with physical risk (other countries)

	Variable: Geographical area subject to physical climate change risk – acute and chronic events [2) 3)]	a	b	c	d	e	f	g	h	i	j	k	l	m	n
		Gross carrying amount [1)]													
			of which exposures sensitive to the impact of physical climate change events												
			Breakdown by maturity bucket					of which exposures sensitive to the impact of chronic climate change events	of which exposures sensitive to the impact of acute climate change events	of which exposures sensitive to the impacts of both chronic and acute climate change events	of these Stage 2 exposures	of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
	Other countries (excluding Germany)		<= 5 years	> 5 years <= 10 years	> 10 years <= 20 years	> 20 years [4)]	Weighted average maturity							of these Stage 2 exposures	of which non-performing exposures
	All figures in € million, unless otherwise stated														
1	A – Agriculture, forestry and fishing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	B – Mining and quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	C - Manufacturing	17	-	17	-	-	5	-	17	-	-	-	-	-	-
4	D - Electricity, gas, steam and air conditioning supply	12	12	-	-	-	5	-	12	-	-	-	-	-	-
5	E - Water supply; sewerage, waste management and remediation activities	49	3	41	5	-	7	-	49	-	-	-	-	-	-
6	F - Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	H – Transport and storage	101	30	6	65	-	10	-	101	-	14	-	-	-	-
9	L – Real estate activities	16,918	9,462	263	137	-	2	7	9,554	301	2,441	760	-319	-51	-248
10	Loans secured by residential property	1,146	474	18	-	-	2	-	492	-	164	90	-6	-2	-4
11	Loans secured by commercial immovable property	15,492	8,958	245	-	-	2	7	8,932	264	2,277	671	-313	-49	-245
12	Repossessed collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Other relevant sectors	465	149	61	160	80	11	-	450	-	-	-	-	-	-
13a	I - Accommodation and food service activities	53	53	-	-	-	3	-	53	-	-	-	-	-	-
13b	J – Information and communication	20	20	-	-	-	3	-	20	-	-	-	-	-	-
13c	M – Professional, scientific and technical activities	25	25	-	-	-	2	-	25	-	-	-	-	-	-
13d	N - Administrative and support service activities	24	24	-	-	-	1	-	24	-	-	-	-	-	-
13e	P - Education	62	-	-	-	47	21	-	47	-	-	-	-	-	-
13f	Q - Human health services and social work activities	281	27	61	160	33	12	-	281	-	-	-	-	-	-

1) Gross carrying amount – before deduction of impairment losses on financial assets, after depreciation, before the application of Credit risk mitigation techniques – of loans and advances, debt securities and equity instruments in the investment portfolio, i.e. excluding financial assets held for trading or for sale.
2) Classification according to the counterparty’s NACE code is based on the principal business activity of the direct counterparty (such as the direct borrower, counterparty or issuer of the securities) or that of the most significant or most decisive debtor. The NACE codes correspond to the NACE Regulation: Statistical Classification of Economic Activities in the European Community.
3) The classification into a geographical area that may be exposed to a physical risk (chronic and acute hazards) arising from climate change is determined by the location of the debtor, i.e. the debtor’s habitual residence or, in the case of specialised financing, the location of the assets (property).
4) In accordance with EBA/ITS/2022/01, the maturity band ‘> 20 years’ may also include risk positions that do not have a fixed remaining maturity for reasons other than the counterparty being able to choose the repayment date.

Outlook

Pillar 3 disclosure requirements

On 22 June 2026, the EBA published its final draft of technical implementing standards (EBA/ITS/2026/02), which amend the framework for the disclosure of ESG risks and introduce Pillar 3 disclosure requirements for Shadow banking entities and holdings. Standard EBA/ITS/2026/02 completes the implementation of the disclosure requirements under Part 8 of the CRR, which have been in force since 1 January 2025 pursuant to the CRR III/CRD VI banking package ('Basel IV').

Standard EBA/ITS/2026/02 is expected – subject to adoption by the European Commission – to apply for the first time as from the disclosure reference date of 31 December 2026 (for small and non-complex institutions (SNCIs) as from 31 December 2027).

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Certification by the Management Board

pursuant to Article 431(3), sentences 1 to 3, of the CRR

The Management Board of pbb hereby declares, to the best of its knowledge, that this Disclosure Report has been prepared in accordance with and in compliance with the formal procedures and regulations implemented within the pbb Group to fulfil the disclosure obligations under Part 8 of the CRR.

Munich, 15 September 2026

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